

DC provider insights

From performance to outcomes – what it means for members

JULY 2026

Introduction

Welcome to our Defined Contribution (DC) provider insights, where we assess the impact of the evolving default investment strategies across the master trusts and group personal pensions (GPPs) on member outcomes.

In a market responding to regulatory and economic pressures, strategic asset allocations within default strategies and the choice of provider remain key in determining member outcomes.

Market volatility in response to geopolitical and global economic factors has been a core part of the DC investment conversation for a while. Q1 2026 proved no different. Escalation of conflict in the Middle East tested the widely accepted view that DC members benefit from exposure to more volatile and 'risk on' asset classes with public equity markets in many regions posting negative returns for the quarter. It's crucial we zoom out from short-term market movement, as this proved to be unpredictable. Instead, we should appreciate that outcomes for DC savers are determined on much longer timescales. While we must remain aware of the impact of short-term volatility and changing market dynamics, the assessment of the performance and resilience of DC strategies should reflect the long-term horizon of members.

For members far from retirement, outcomes are largely determined by exposure to growth assets within the default strategy. Sustained investment in listed equities has historically driven higher long-term returns, despite short-term volatility. This creates a clear trade-off as members approach retirement between reducing sequencing risk* and maintaining sufficient growth.

Across the provider market similarities in strategy design principles exist at a headline level. However, differences in asset allocation, portfolio construction and the universe of available options used result in wide variations in performance and projected outcomes across providers. Increasing integration of private markets and significant differences in the types and structure of these assets across the market throughout the retirement journey are poised to drive further dispersion in outcomes. The spotlight on DC outcomes will be strengthened as we move towards widespread adoption of the new value for money (VFM) framework.

Looking ahead, as DC pots grow and retirement journeys become longer and more personalised, provider choice will play an even bigger role in shaping whether members benefit from resilient strategies and better outcomes.

A key theme throughout this edition, is the Pension Schemes Act 2026. This received Royal Assent on 29 April 2026. Our feature article is on the new VFM framework. We also cover scale requirements, guided retirement and asset allocation requirements, all through the lens of improving outcomes for members.

Pension Schemes Act 2026, which received Royal Assent, is just the end of the beginning. We can expect multiple consultation exercises over the coming months and years detailing the design and delivery of secondary legislation. Against this backdrop of a transforming landscape, designing resilient strategies will be critical.

**Sequencing risk is the risk that the timing of investment returns, especially early losses around retirement or during withdrawals, has a lasting negative impact on a member's final outcome.*

Where do providers currently stand on the road to achieving scale?

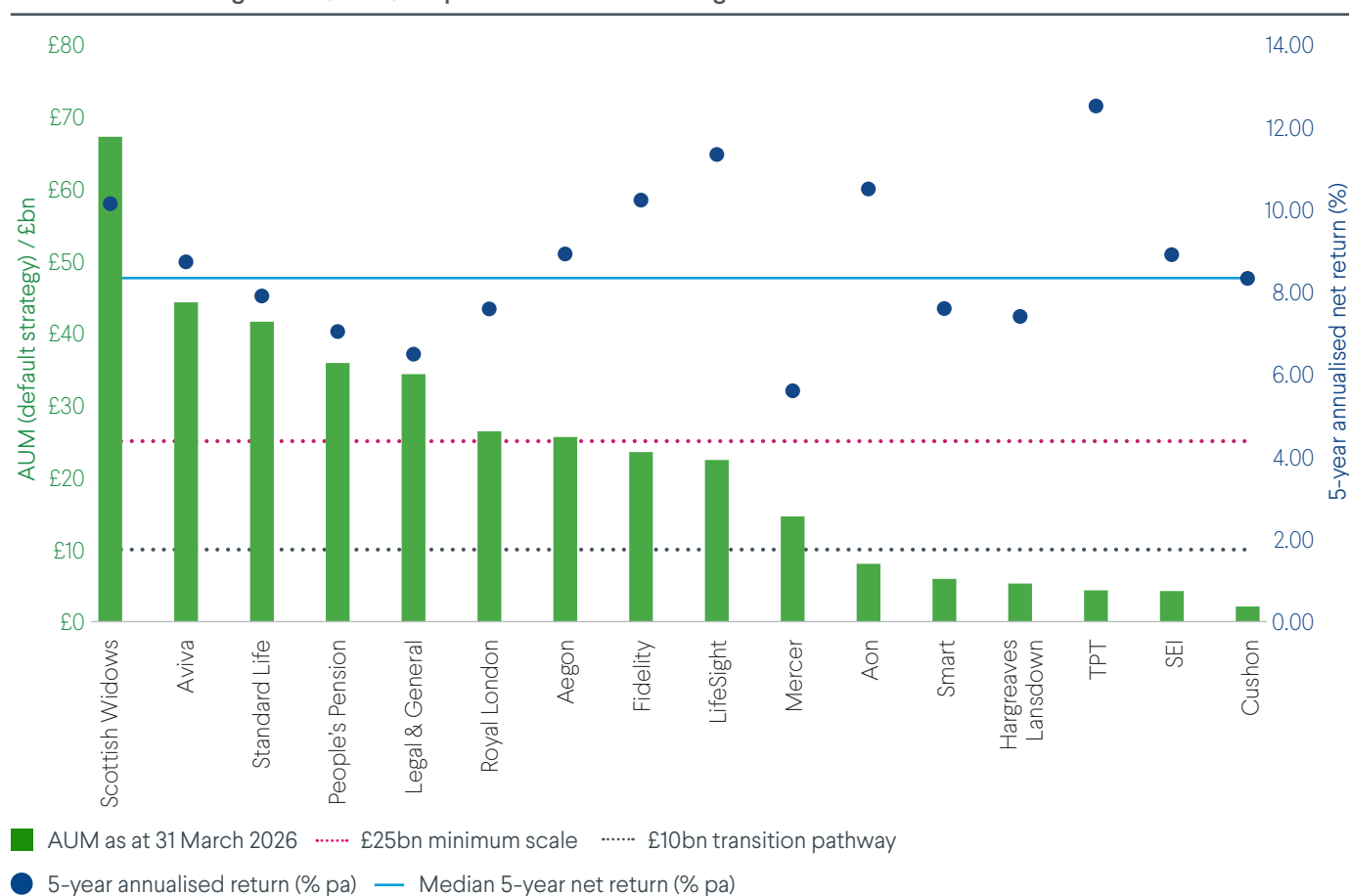
The Pension Schemes Act 2026 sets out that master trusts and GPP providers will need to demonstrate that their main scale default arrangement either exceeds £25 billion in assets by 2030, or they are on a plausible path to reaching that threshold by 2035, with at least £10 billion by 2030.

We look at where the providers stand in relation to the £10 billion target and the £25 billion target across their master trust and GPP arrangements. We also assess their respective annualised net returns over a **five-year** period.

As DC providers continue the road towards mega-scale, the challenges faced and opportunities available will evolve. Anthony Ellis, Investment Partner and Head of DC Trustee Market, recently highlighted the changes we expect to see in the UK market as we head towards £100bn schemes at our [Pensions and Retirement conference 2026](#).

As at 31 March 2026, 7 out of 16 providers listed here meet the £25 billion scale requirements and a further 3 meet the £10 billion threshold. The definition of qualifying assets for the scale test is subject to further clarity. We understand that some providers expect to point to wider asset pools, which could increase reported Assets under Management, or allow them to meet the scale requirements through other measures.

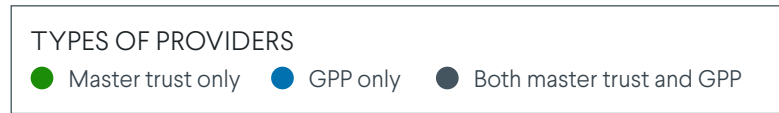
Assets under Management (AUM) for providers' default arrangements



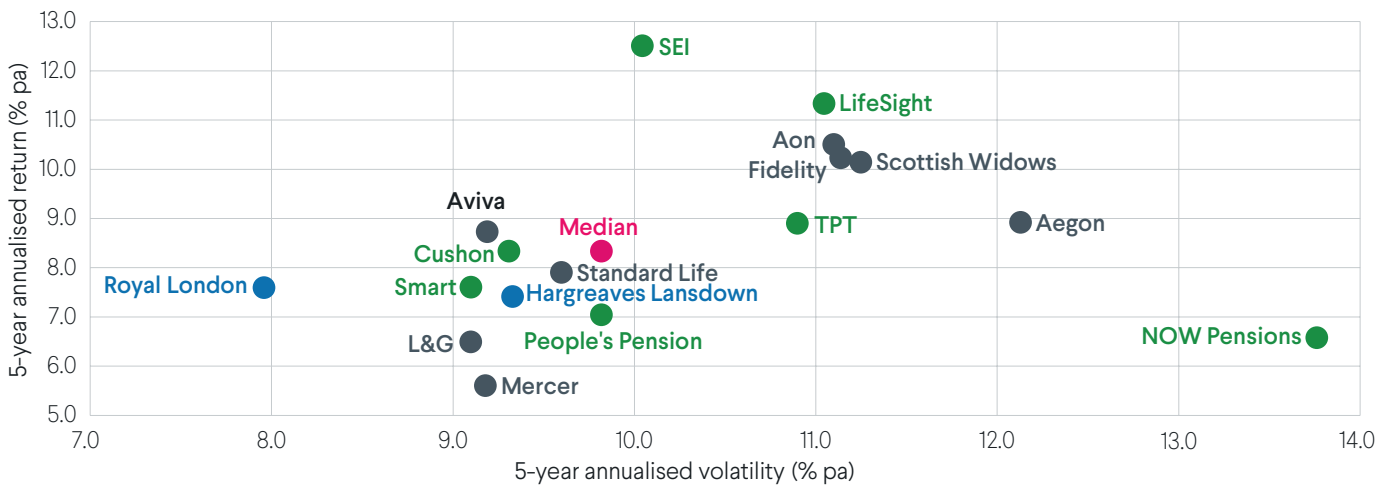
Please see notes on the last page of the report.

How have providers' default investment strategies performed in the past, over different stages?

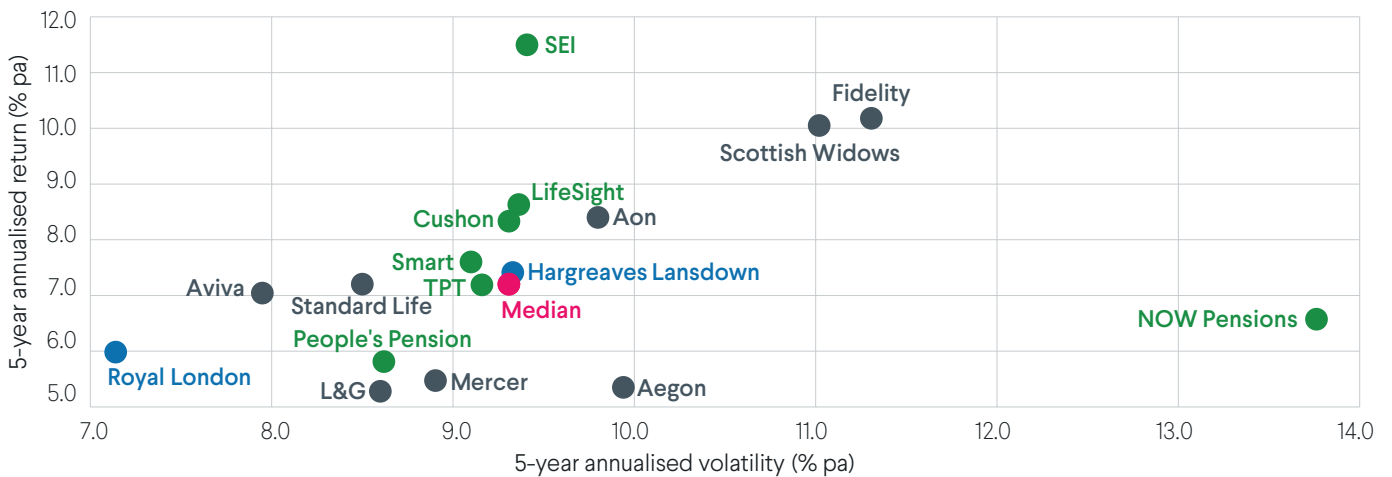
The charts below show past investment performance in the five years to 31 March 2026.



30 years to retirement



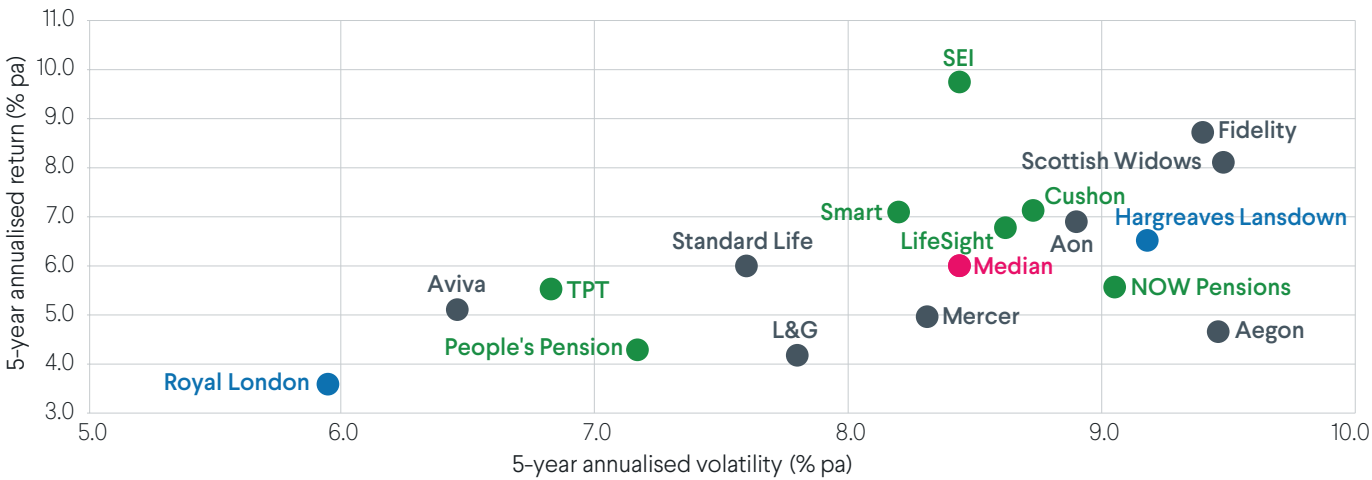
10 years to retirement



TYPES OF PROVIDERS

- Master trust only
- GPP only
- Both master trust and GPP

5 years to retirement



Our insights

Over the last five years, members have enjoyed all-round positive returns across all stages of the retirement journey. However, there are significant differences when we look across the market. Historic conservative positioning, differences in portfolio construction and regional differences in equity market exposure have driven around 7% pa difference between the best and worst performers for younger members. Success over the period in question is heavily defined by the extent and form of listed equity market exposure, despite periods of significant volatility. This is also true for later stages of the glidepath, where risk appetite and differences in how providers use credit have led to wide variation in outcomes.

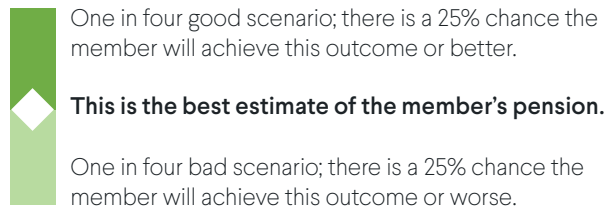
Intra-day volatility also had a meaningful impact on performance reported at the end of Q1 2026. With fast moving geo-politics dominating the headlines, intra-day market volatility had a notable impact on reported returns depending on the time of the day that underlying funds are priced.

While past performance supports the trend toward sustaining 'higher risk strategies for longer', concentration risks and volatile policy risks remain important considerations. Strategy construction and resilience has an outsized impact on retirement adequacy. Members will feel the impacts and benefits of successful investment management over the long term. It is important to note that past performance is not a guide to future performance, and no returns are guaranteed. In the next section, we look at expected future outcomes.

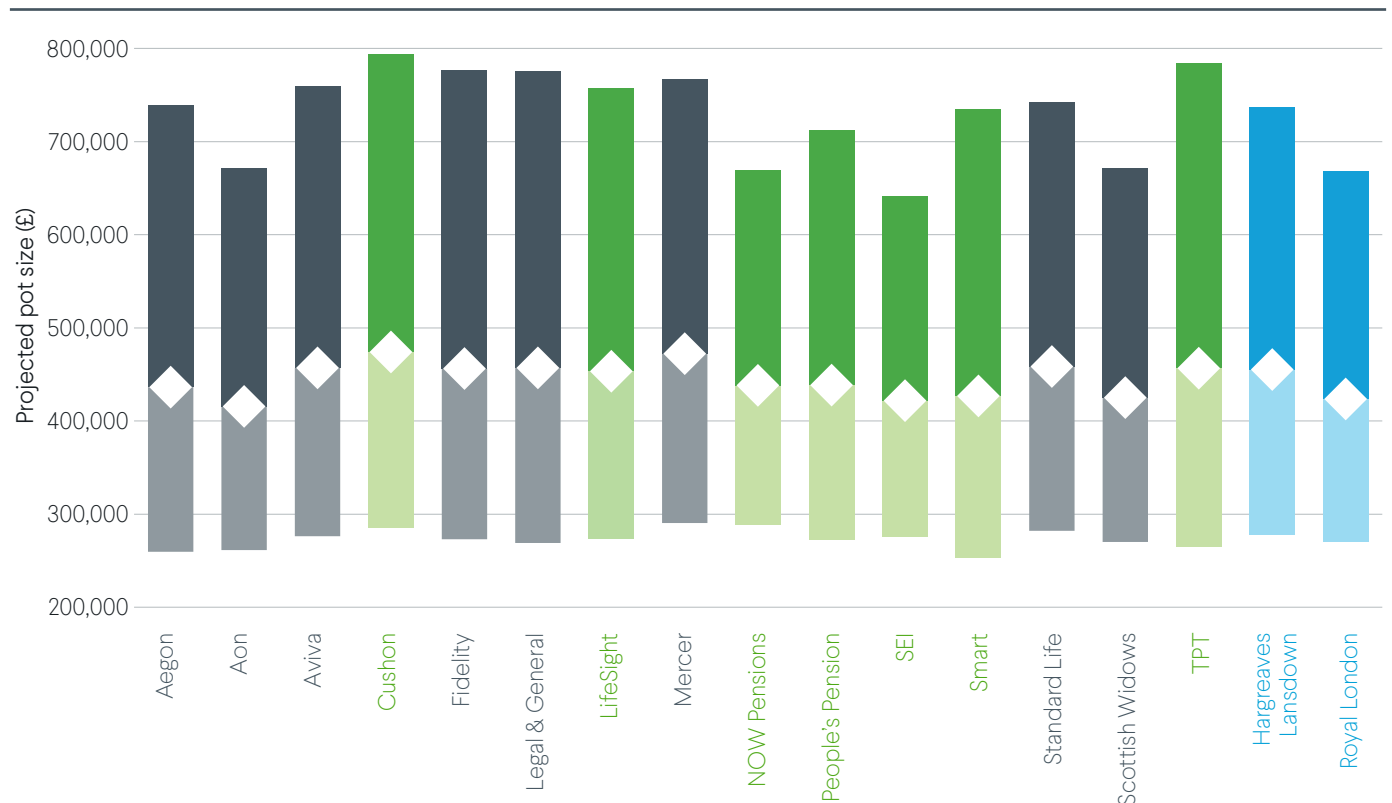
What impact are providers' default investment strategies expected to have on future projected member outcomes?

The charts below show projected member outcomes as at 31 March 2026, with varying ages, pension pots and salary.

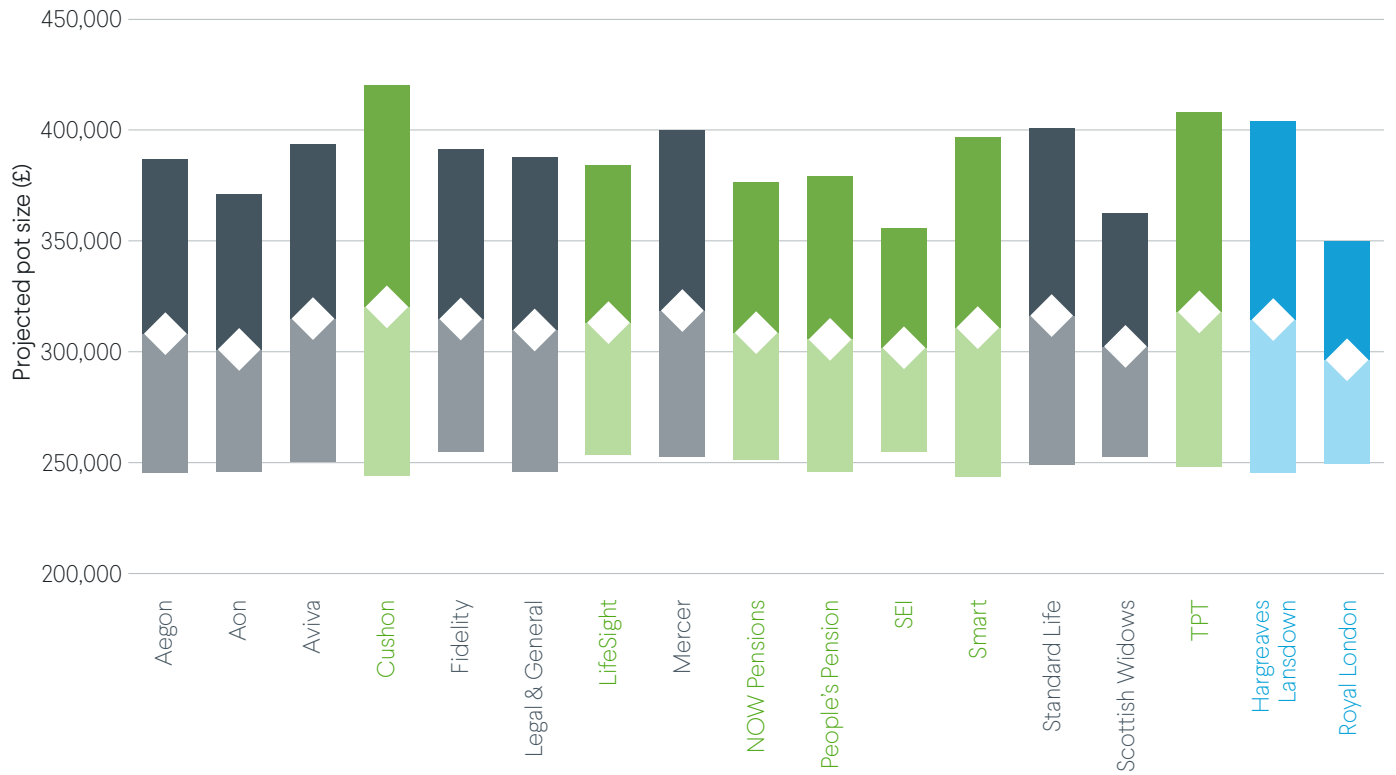
Illustrating uncertainty in outcomes



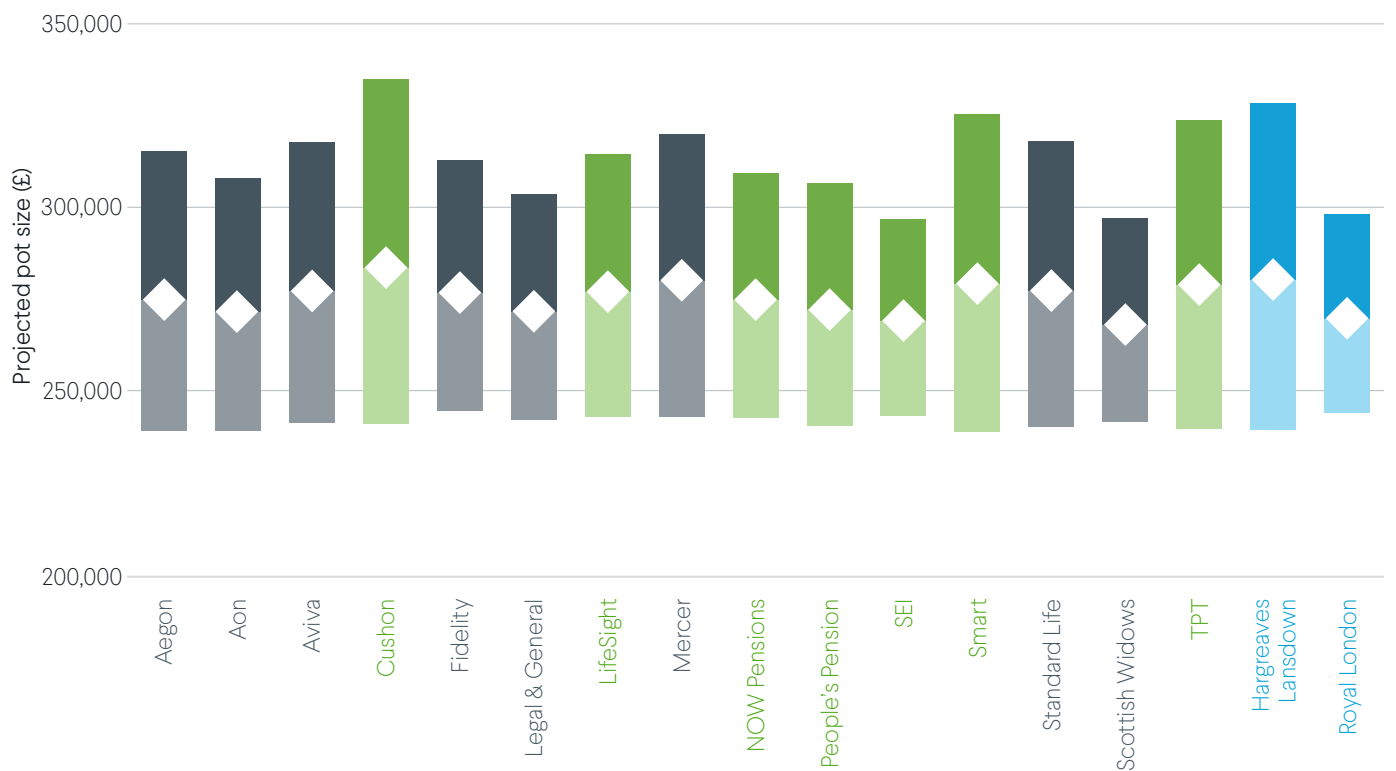
30 years to retirement



10 years to retirement



5 years to retirement



Our insights

The range of projected outcomes continue to vary widely across the market, at every stage of the retirement journey. While median projected outcomes for younger members have broadly converged as most providers have evolved to adopt higher-risk strategies, real differences emerge at later stages of the glidepath.

Best-case scenarios continue to show differentiation across the market. This is driven by notable variations in asset allocation and strategy construction. Tangible allocations to private assets within reported strategic asset allocations are emerging across a wider range of providers at 31 March 2026. This is contributing to some of the upside differences in projected outcomes. However, as we have previously highlighted, extreme care needs to be taken around strategy design and implementation, alongside the quality of manager and deal selection.

No future performance is guaranteed and the value of investments can go down, as well as up.

Diversification will continue to be a key theme as we look ahead. Differences in styles, regions, sectors, factors and even currency exposure have driven differences in outcomes in the past and will continue to do so as we look forward.

Over a 30-year horizon, these differences can materially influence long-term projected wealth accumulation. We have also seen several changes coming through in later stages of the glidepath and expect this to materially evolve over the coming years. Higher best-case outcomes continue to be driven by the extent of equity exposure and the split between corporate and alternative credit vs government bonds.

The Pension Schemes Act 2026 introduces Guided Retirement, requiring schemes to offer a suitable default option for turning savings into a regular retirement income. The fundamental question remains: how do you deliver a suitable default investment strategy at such an individualised point in the retirement journey?

Spotlight: value for money

The Pension Schemes Act 2026 paves the way for a new VFM framework, moving the industry beyond a narrow focus on cost towards a more holistic, outcome-driven assessment of member value.

For trustees and providers, the framework introduces both an opportunity and a challenge. It'll bring greater transparency and sharper comparisons across the market. It's expected to highlight where schemes are delivering for members, and where they are not.

A key area of the framework is the value delivered through investment defaults, introducing forward-looking metrics, in addition to past performance metrics. This is a material shift.

Looking backwards, and forwards

The proposed integration of forward-looking investment metrics (FLM), alongside historical performance, is a welcome addition. FLMs provide critical insight into the prospects of pension arrangements, complementing the historical perspective offered by backwards-looking metrics (BLMs). Relying solely on historical data can penalise schemes that have made recent improvements, while focusing only on future projections may overlook persistent underperformance. A near-equal weighting of BLMs and FLMs provides a more accurate and holistic view of value, recognising both past outcomes and future potential.

However, the use of scheme-specific assumptions to calculate FLMs will lead to inconsistencies in determining value for money across providers, create scope for gaming and undermine comparability.

In our DC Provider Insights Report the assumptions underlying our calculations of forward-looking projected member outcomes are consistent across providers, making comparisons easier.

We use stochastic modelling to reflect uncertainty and apply standardised economic assumptions. We also project key differences in providers' strategies at key phases of the glidepath.

To improve consistency and credibility under the VFM framework, the market would benefit from a central, standardised set of assumptions, with any departures clearly explained. This would reduce the scope for manipulation and support more consistent, comparable disclosures. Independent external advice when preparing FLMs will help to ensure that decision-makers fully understand the underlying figures and assumptions. This reduces the risk of misinterpretation and supports more informed decision-making.

If done well, FLMs can move decision-making forward. If not, they risk adding more noise than clarity.

Member value goes beyond investment

This publication focuses on investment metrics. While an important part of the story, it's not the whole picture. When choosing a provider and assessing the value they provide to members, we remind corporates and trustees that areas such as, administration and service quality, governance and oversight, communications and support can help inform a complete picture of whether a provider is offering good value. These are all features that shape member outcomes.

The first iteration of the VFM framework is likely to lean heavily on investment metrics. Over time, we expect a broader view, incorporating engagement and service quality metrics, building a fair and rounded assessment of value.

The VFM framework is a significant step forward. Its success will depend on striking the right balance between robustness and practicality. It must ensure it reflects real member outcomes, supports fair comparisons, and ultimately drives better decisions across DC pensions.

Further details on the framework is expected through 2026/27, with the first assessments expected from 2028.

What trustees and employers should consider

Trustees and employers should consider whether:

- ▶ their current default strategies have performed well, and are they comfortable they remain fit for purpose when looking ahead
- ▶ default strategies provide sufficient exposure to growth assets, especially for members a long way from retirement
- ▶ growth risk assets are maintained late enough into the glidepath to support long-term outcomes, particularly in response to changing retirement behaviours and longer longevity expectations
- ▶ value is being demonstrated beyond investment alone
- ▶ members are engaging with the options and tools being made available to them, and is there more to be done to boost member interaction to support better outcomes

Regularly revisiting these questions is essential as markets evolve, pots grow and regulatory expectations increase. The VFM framework will make value more visible. For some, that'll reinforce a strong position and for others, it'll prompt change.

If you would like to discuss how your provider compares, or whether your current default strategy remains aligned to your members' needs, please [get in touch](#).



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Notes

AUM CHART – page 2

1. AUM from providers as at 31 March 2026.
2. NEST and NOW Pensions are not included as this information was unavailable.
3. Currently there is not a consensus approach to reporting scale, with some providers disclosing AUM for all their defaults with similar funds and some of them only disclosing for their “main” default. We expect more consistency of approach over time as the Government’s definition of scale becomes clearer. We have provided the AUM that providers expect to report as their ‘main scale default’ AUM.
4. 5-year annualised net return is for the main default.
5. The following defaults have been shown in the chart:

Provider	Default
Aegon	LifePath & Universal Lifestyle Collection
Aon	Managed Core Retirement Pathway Funds
Aviva	My Future Focus
Cushon	Sustainable Investment Strategy
Fidelity	FutureWise Target Dated Funds
Hargreaves Lansdown	HL Growth, BlackRock Consensus 85 & MyMap 4, Schroder Managed Balances
Legal & General	Target Date Fund
LifeSight	Low, Medium, High Risk Drawdown
Mercer	Mercer SmartPath
People’s Pension	Balanced Profile
Royal London	Balanced Lifestyle Strategy (Drawdown)
Scottish Widows	Balanced PIA, Lifetime Growth Path
SEI	Master Trust Flexi Default Option
Smart	Sustainable Growth Targeting Flexible Income Lifestyle (Drawdown)
Standard Life	Sustainable Multi Asset
TPT	TPT Target Date Fund

PERFORMANCE AND MEMBER OUTCOMES CHARTS – pages 3-6

1. Past performance charts are based on net performance and volatility to 31 March 2026, supplied by the providers and relates to their default investment option. Performance is net of investment fees where available, otherwise net of bundled fees. Please see below a list of the defaults which are used in the charts.

Provider	Default
Aegon	LifePath
Aon	Managed Core Retirement Pathway Funds
Aviva	My Future Focus
Cushon	Sustainable Investment Strategy
Fidelity	FutureWise Target Dated Funds
Hargreaves Lansdown	HL Growth
Legal & General	Target Date Fund
LifeSight	Medium Risk
Mercer	Mercer SmartPath
NOW Pensions	Now: lump sum fund
People's Pension	Balanced Profile
Royal London	Balanced Lifestyle Strategy (Drawdown)
Scottish Widows	Lifetime Growth Path
SEI	Master Trust Flexi Default Option
Smart	Sustainable Growth Targeting Flexible Income Lifestyle (Drawdown)
Standard Life	Sustainable Multi Asset Universal
TPT	TPT Target Date Fund

2. NEST are not included as this information was unavailable.
3. Please note that the performance figures are actual performance, except for those from Scottish Widows Lifetime Growth which are simulated using the underlying benchmark indices.
4. Projected member outcomes assumptions are based on three members:
- A member 30 years from retirement on 31 March 2026, with a starting fund value of £50k, earning £30k p.a. and with a total contribution rate of 10% p.a.
 - A member 10 years from retirement on 31 March 2026, with a starting fund value of £150k, earning £50k p.a. and with a total contribution rate of 10% p.a.
 - A member 5 years from retirement on 31 March 2026, with a starting fund value of £200k, earning £55k p.a. and with a total contribution rate of 10% p.a.
 - All projections are shown in real terms (i.e. adjusted for inflation).

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This report does not constitute legal or tax advice. Hymans Robertson LLP (HR) is not qualified to provide such advice, which should be sought independently.

Member outcomes modelling

The distributions of outcomes depend significantly on the Economic Scenario Service (ESS), our (proprietary) stochastic asset model. This type of model is known as an economic scenario generator and uses probability distributions to project a range of possible outcomes for the future behaviour of asset returns and economic variables. Some of the parameters of the model are dependent on the current state of financial markets and are updated each month (for example, the current level of equity market volatility) while other more subjective parameters do not change with different calibrations of the model. Key subjective assumptions are the average excess equity return over the risk-free asset, the volatility of equity returns and the level and volatility of yields, credit spreads, inflation and expected (breakeven) inflation, which affect the projected liability and bond returns. The output of the model is also affected by other more subtle effects, such as the correlations between economic and financial variables.

The returns presented here are time weighted returns over the specified period and are unaffected by the timing of any contributions received or pensions paid over that period. Such returns are, in general, a poor estimator of money weighted returns, which are sensitive to the timing of cashflows.

While the model allows for the possibility of scenarios that would be extreme by historical standards, including very significant downturns in equity markets, large systemic and structural dislocations are not captured by the model. Such events are unknowable in effect, magnitude and nature, meaning that the most extreme possibilities are not necessarily captured within the distributions of results.

Evaluating risk/return trade-offs from different investment strategies can be a subjective process and the output from our model should be used to inform discussion and decisions on investment strategy rather than provide a definitive answer.

Given the context of this modelling, we have not undertaken any sensitivity analysis to assess how different the results might be with alternative calibrations of the economic scenario generator.

The material and charts included herewith are provided as background information for illustration purposes only. It is not a definitive analysis of the subjects covered, nor is it specific to circumstances of any person, scheme or organisation. It is not advice and should not be relied upon. Hymans Robertson LLP accepts no liability for errors or omissions or reliance upon any statement or opinion.

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