

Equity Biased Fund

EBF returns

The EBF has an investment objective to produce a return, expressed as a percentage interest rate, which consists of two parts – a Guarantee Component and a Bonus Component.

Guarantee Component – this rate is based on the return during each calendar month on the Sterling Overnight Index Average (SONIA) (or any other index which from time to time the Management Trustees consider is appropriate having taken suitable advice).

Bonus Component – From April 2019, this rate is usually announced monthly, in arrears (the rate for each month is worked out on the last day of that month).

The calculation of the Bonus Component is based on an independent range of investments with the aim of providing returns from a mixture of different assets, with the largest investments related to stock markets. The returns therefore rise and fall in line with the performance of the stock markets. The returns are smoothed over time so that some of the investment returns in years of good performance are kept in reserve to cover years when returns may not be so good. This makes sure that the return in the EBF can never be negative, but it is possible for the Bonus Component to be zero.

The Bonus Component contains an allowance for the cost of making sure that the overall EBF return is no lower than the return achieved by the Guarantee Component. The cost of providing this guarantee is currently 2.3% a year, which is deducted from the Bonus Component rate.

How interest is credited

Money that is invested in an EBF Account for the whole of a calendar month will be credited with interest for the month at a rate comprising both the relevant Guarantee and Bonus Components declared for that month.

Money withdrawn from an EBF Account part-way through a calendar month will be credited with interest based on the Guarantee Component only for that part month, pro-rated according to the number of days in the month during which the money was invested.

Classification of the EBF

EBF Accounts are not classed as money purchase benefits, but as 'cash-balance' or 'non-money purchase', which are defined benefit in nature. This is because the EBF has an element of investment return that is guaranteed.

If NAPS was ever to wind up with insufficient funds to pay all of the promised benefits in full, it could result in money held in the EBF being used partly or wholly to make good other promised Scheme benefits. The exact impact would depend on the funding position in the Scheme at the time it wound up.

Equity Biased Fund

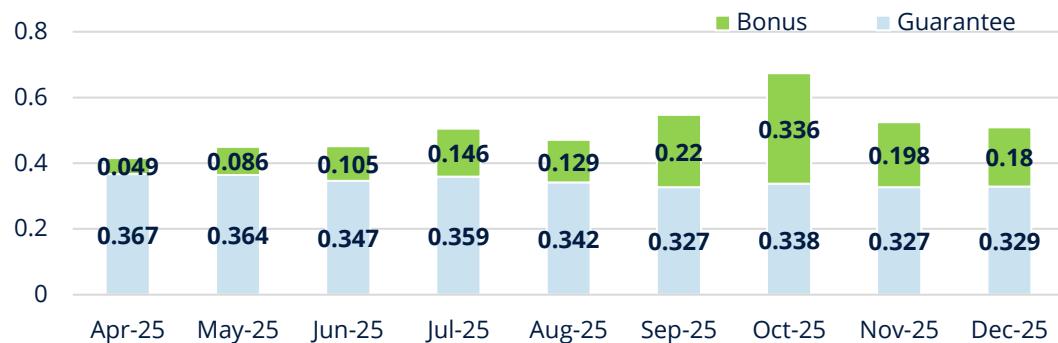
Monthly interest rates so far this year

From April 2019, the interest rate you will see each month is the rate to be applied for that month only. Only at the end of the year will you be able to see the total annualised rate of return provided.

The accumulated return for the year so far assuming funds are held in the EBF from 1 April 2025.

The cumulative EBF return from 01 April 2025 to 31 December 2025 is: 4.639%.

Your AVC balance will receive the total monthly percentage increase rate comprising of both the Guarantee and Bonus components. The monthly rates will appear in the columns below as they are announced. For simplicity the monthly rates displayed are not presented with full precision.



For example, if you had an EBF balance of £1,000 on 1 April and the total monthly rate for each of the following 12 months was 0.56%, your AVC balance at the end of the 21/22 year would be calculated as your £1,000 balance increased by 0.56% interest per month on a compound basis, giving an AVC balance at the end of March 2022 of £1,069.31. This would represent a total yearly return of 6.931%. Of course, the bonus rate is likely to vary (up and down) over the year, but the total monthly return will always be greater than zero.

Actual returns over the past 5 years:

