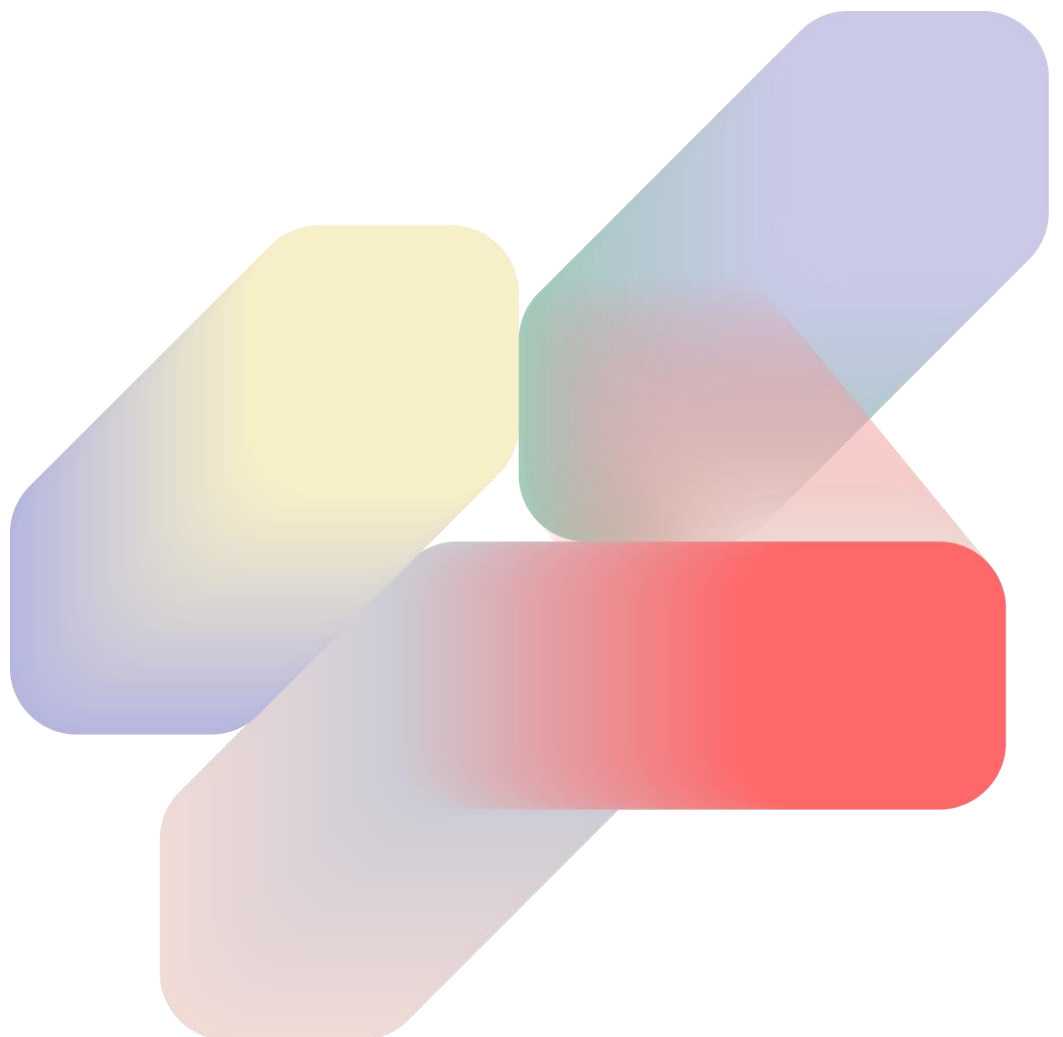


Mobius Life Limited

Stewardship Policy 2024



Introduction

Mobius Life Limited (Mobius) is an authorised UK life insurer, independently owned, and dedicated to supporting UK pension schemes and asset managers in achieving their investment goals.

As an independent, client-focused business, we provide a wide range of investment solutions within a life company structure to help clients achieve their financial and sustainable objectives.

Our name comes from the iconic Möbius strip. It's an extraordinary, infinite loop. To us, it's a symbol of continuous evolution and boundless possibilities. We've been on a journey of progress since 1997, when we first began serving the UK pensions industry. In 2014, Mobius Life was born when a management buy-out gave us the freedom to set the foundations for a truly unique investment platform. We've been building on it ever since.

Our mission is to transform investor outcomes and become the UK's leading pension and savings investment platform. We listen carefully, think creatively, innovate continuously, and deliver tailored solutions that only an independent firm can offer.

We are pleased to present the sixth edition of our Stewardship Report that provides in-depth commentary about the stewardship work undertaken by Mobius during 2024.

"Here at Mobius, we connect institutional investors with the world's leading investment products and solutions, opening up new potential for pensions. Delivering award winning portfolio administration takes collaboration between our clients, their advisers and our entire team. We're in it together, it's how we make opportunities for investment, unbound"

James Finch

Chief Executive Officer



Activities supporting stewardship

ESG questionnaire responses in 2024

- 60 questions
- 55+ asset managers
- 600+ funds

At Mobius, we believe stewardship is integral to our business and investment thinking. We are dedicated to going beyond our primary responsibility of overseeing our clients' assets, holding our asset manager partners accountable for delivering high-quality, transparent information. Our Client Relations and Investment teams are key to this process. In 2024, our Client Relations team resolved over 12,574 client service queries, marking a 14% increase from the previous year. Our teams continuously assess our ability to understand and address client needs, regularly reviewing and refining our approach to ensure we remain aligned with their evolving expectations.

Our ESG & TCFD questionnaires encompass a broad range of engagement and ESG integration activities, from understanding managers' voting practices to gathering the detailed information our clients need to meet their regulatory obligations for TCFD reporting.



Our products and clients

All of our clients are UK-registered pension schemes, to whom we provide a Mobius unit-linked policy. We support investment consultants, trustees, and schemes across both DB, DC and SIPP sectors. Our comprehensive investment offering is diversified across regions and asset classes, tailored to meet the long-term needs of our schemes.

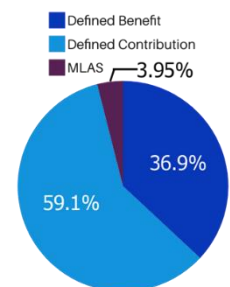
As an open architecture investment platform, our product suite reflects the interests of our schemes and our ability to accommodate a wide range of strategies, including LDI (liability-driven investments) and income-distributing funds. This flexibility has made us particularly appealing to trustees of small and medium-sized pension schemes.

We take pride in providing pension schemes and their members with the investment opportunities they need to achieve optimal outcomes. With a forward-thinking approach, we collaborate with industry leaders and capitalize on market opportunities to deliver superior value. Private markets are a key component in our strategy, offering sustainable investment options that align perfectly with the long-term nature of pension funds. These investments provide members with tangible, impactful exposure to the economy and society. By giving DC members direct access to private market opportunities and focusing on sustainability, we not only enhance potential financial returns but also create positive societal impact.

Our clients generally have a long-term investment horizon, and a sustainable investment approach is key to achieving their goals.

Assets Under Administration

As at the end of December 2024 Mobius' assets under Administration Were £27.7bn, split 59.1% DC and 36.9% DB.



AUA c. £27.7bn



Key accomplishments in 2024

Our commitment to collaborating closely with clients has been the foundation of our solutions. Below are just a few of the highlights from 2024 that demonstrate our dedication to delivering innovative solutions which support our clients' members and help them achieve a successful retirement journey.

Implementing the industry's first closed-ended specialist fund for a DC Scheme

Accessing private market fund structures can be challenging for Master Trusts and Single Trust schemes. Staying true to our commitment to innovation, we became the first platform to invest in a closed-ended specialist fund—creating an exciting opportunity for DC members to access private credit. Our structuring, investment, operational, and risk teams carried out rigorous due diligence, assessing every aspect of the fund—from investment processes and dealing cycles to liquidity provisions.

We are proud to be leading the way in private markets and look forward to expanding similar solutions across the industry to deliver better outcomes for members.

Implementing a bespoke Structured Equity

We facilitated a bespoke structured equity solution whereby the manager will hold a total return swap to deliver the return of the index plus a margin alongside a basket of equities. Overall, this structure delivered certainty of index returns for no management fee. This solution provides lower operational risks, overall custody and transaction costs and a lower tracking error than physical replication. This also allows the facilitation and access of private markets solutions due to the liquidity and low-cost nature of this product, freeing up liquidity and fee budget for the default solution.

Extending the tool kit for smaller DB Schemes

DB schemes seeking excess returns, inflation-linked cash flows, and improved sustainability are increasingly turning to direct real assets like low-carbon investments and infrastructure debt. However, access to these assets has often been restricted by barriers such as minimum investment requirements, governance complexities, operational challenges, and legal constraints. We've addressed these obstacles to expand the range of direct real asset strategies available to DB schemes, enabling them to access assets that were traditionally beyond their reach, and supporting them on their investment journey.



Engagement Policy

The Shareholder Rights Directive II (SRD II) took effect in 2019 and promotes better shareholder engagement, effective stewardship and long-term decision making.

The SRD II requires asset owners, such as Mobius, to make disclosures about their long-term investment strategies, arrangements with asset managers and engagement with the companies they invest in to the extent investments are made in shares traded on a regulated market.

This policy explains Mobius' approach to shareholder engagement and fulfils the requirements of SRD II.

Shareholder engagement and our investment strategy

Mobius Life Limited is a UK authorised unit-linked life insurance company. It is independently owned and committed to helping UK institutional pension schemes, Defined Benefit (DB) and Defined Contribution (DC), and asset managers implement their investment strategies.

Mobius offer institutional pension schemes investment administration services through a platform enabling pension schemes to consolidate their investments in one place. Pension scheme trustees design and determine their investment strategy with their investment adviser and instruct Mobius to implement their decisions. Mobius does not provide advice over the investment design or strategy.

Mobius writes a single product, the Mobius Life Trustee Investment Plan (TIP), for UK registered pension schemes. The TIP is a long-term insurance policy. Mobius maintains a number of unit-linked funds for the purpose of offering investment administration services to clients and, by way of reinsurance, to the assets of other authorised insurance companies. The policy is written on a unit-linked basis i.e. the value of each unit held is linked to the underlying investments.

Mobius operates an open architecture platform, giving its clients access to 700+ funds and allowing them full discretion over the underlying assets they invest in. Most of those underlying assets are collective investment schemes e.g. (UCITS, NURS, AIFS) and Mobius, as a unit holder, does not have any direct control over how they are invested or how the underlying asset manager votes on their shareholdings. Our focus is to ensure asset managers have a robust voting policy in place, and we expect them to adhere to it.



Engagement Policy (continued)

In the rare cases where we hold direct securities, these are typically managed under an Investment Management Agreement (IMA) with an asset manager, who is responsible for ensuring their voting practices align with the terms agreed with us.

Working with investee companies

We understand the importance of engaging with investee companies to promote best practice, and we achieve this through our trusted third-party asset managers. These managers are responsible for making day-to-day investment decisions, and we closely monitor their activities, with a particular focus on voting and engagement, using the Mobius ESG Questionnaire to ensure the information provided aligns with our expectations.

Voting

We require our asset managers to use both internal and external data sources to assess the companies within their strategies. Asset managers must exercise their voting rights, set clear engagement objectives, and escalate issues when necessary. Additionally, we expect asset managers to maintain a record of their voting and engagement activities and provide annual disclosures on their voting practices and disclose details of significant votes in our ESG questionnaires. This not only includes a summary of voting behaviour but also requests the rationale and context behind each vote, helping us evaluate their stewardship efforts.

Monitoring

We regularly monitor and review the data provided by our asset managers, ensuring continuous dialogue to address any challenges and improve collaboration.



Conflicts of interest & Mobius's approach to Conflicts Management

Unlike other providers, we do not manage proprietary funds, which allows us to avoid the conflicts of interest typically associated with proprietary fund providers. Mobius does not offer advice to clients nor provide guidance to investment managers on their strategies. As a result, the likelihood of any conflict of interest arising between the investment interests of our clients and Mobius is minimal.

Mobius's clients are classified as professional investors, except for those with less than £10m in assets or fewer than 50 members. All our clients are UK registered pension schemes who invest on the Mobius platform following advice from an external authorised entity. In the rare instance that Trustees have not taken advice, they will sign confirmation that they have not received advice from Mobius.

As part of our governance process, all Mobius staff receive Conflicts of Interest Training upon joining us and annually thereafter. Any perceived, potential or actual conflicts are recorded on our conflicts register. All staff are responsible for identifying and escalating any conflicts they become aware of.

Conflicts of interest occur where one or more persons or entities have competing interests and the serving of one interest may involve detriment to another. Mobius' policy applies to the extent that a conflict of interest gives rise to the risk of one or more of the following:

- i. Mobius being likely to make a financial gain, or avoid a financial loss, to the potential detriment of a client;
- ii. Mobius and/or an employee having a financial or other incentive to favour the interest of one client or group of clients over the interests of another client or group of clients;
- iii. Mobius and/or an employee failing to fulfil a duty of care owed to another person or entity such as a client;
- iv. Mobius and/or an employee failing to comply with legal or regulatory obligations;
- v. an employee's professional judgement and objectivity being compromised and/or hindering the proper discharge of their duties and responsibilities;
- vi. an employee engaging in unethical conduct; and/or
- vii. Mobius obtaining improper advantage or treatment or giving rise to the appearance of impropriety and reputational damage.

We expect the asset managers we engage with to have the necessary policies in place in order to address and mitigate potential conflicts of interest that arise in their investment and stewardship activity. We believe our independence and our focus on offering the most efficient investment platform solution to our clients significantly reduced the potential for conflicts of interest. We have seen conflicts of interest arise from platform ownership structures where the ownership lies with an asset manager or consultant. In these instances, pension schemes may be limited to investment products managed by that asset manager or advised by that consultant.

Our Conflicts of Interest Policy is available upon request.

