

HBOS Investment Fund Managers Limited

Annual Report and Accounts
2025

Member of Lloyds Banking Group

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COMPANY INFORMATION**Board of Directors**

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K Doran
S C Guild
S T Nyahasha
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Company Secretary

C A Riddy

Independent Auditor

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00941082

STRATEGIC REPORT

The Directors present their strategic report on HBOS Investment Fund Managers Limited (the 'Company') for the year ended 31 December 2025.

The Company is a direct subsidiary of Scottish Widows Group Limited (SWG) following the sale in the year by Halifax Financial Services (Holdings) Limited. The Company contributes to the results of the Insurance, Pensions and Investments (IP&I) Division of Lloyds Banking Group.

Principal activities

The principal activity of the Company is that of an Authorised Corporate Director (ACD) of four Open-Ended Investment Companies (OEICs) and the manager of Individual Savings Accounts (ISAs). The Company's funds are not actively marketed but the Company continues to receive increments on existing business.

Result for the Year

The result of the Company for the year ended 31 December 2025 is a profit after tax of £12.1 million (2024 : £20.2 million), reflective of lower revenue from Annual Management Charges (AMCs), together with lower investment income received and an increase in administrative expenses.

There was a £5.1 million (9.5 per cent) fall in AMC revenue during the year (2024: £2.2 million decrease). This decrease reflects the continued impact of prior-year changes, notably AMC rate reductions for certain retail customers and the fund mergers and closures undertaken in 2024. Average retail Funds under Management (FUM) ended the year marginally higher than prior year despite the changes noted above, following positive investment performance and lower than expected net outflows.

Administrative expenses rose by £2.3 million (2024: £0.7 million increase). The key drivers were a £6.7 million increase in recharges from other group companies in 2025, relating primarily due to project cost increases linked with the migration to the new customer administration platform, and other heritage platform related expense allocations. This was partially offset by a £4.1 million reduction in external costs related to Custody, Fund Accounting and Investment Manager expenses which were lower over the full reporting year following investment strategy changes made in 2024.

Total equity for the Company decreased by £12.9 million (2024: £29.8 million decrease), as a result of a £25 million interim dividend paid in March, offset by the current year's profit retained in cash and cash equivalents.

Climate Change

The Company is a subsidiary of Lloyds Banking Group. Lloyds Banking Group is committed to supporting the aims of the 2015 Paris Agreement, in transitioning to a more sustainable, low carbon economy and recognises the importance of embedding climate-related risks and opportunities into business operations and strategy.

In 2025, Scottish Widows published an updated Transition Plan that outlines how climate strategy is being advanced to deliver good outcomes for customers. Scottish Widows remains committed to the ambition of achieving net zero across the investment portfolio by 2050, with the interim target of halving the carbon footprint by 2030 (relative to a 2019 baseline). The Plan shifts focus from portfolio decarbonisation towards enabling real-world emissions reduction and delivering resilient, responsible investment outcomes for customers. Further information can be found in the [Scottish Widows Transition Plan](#).

The Company is supportive of the Task Force on Climate Related Financial Disclosures (TCFD) framework. The Company is subject to the requirements of the FCA's Environmental, Social and Governance (ESG) sourcebook (the sourcebook) and must therefore publish its own entity level TCFD aligned report which complies with the sourcebook requirements. The report for the 2025 year-end will be published on the Scottish Widows website at www.scottishwidows.co.uk/climatereport prior to the 30 June 2026 deadline. Product level reporting will also be published on the Scottish Widows website, offering climate related information on customer funds.

Key performance indicators

The Company is focused on ensuring it maximises capital efficiency and returns for its shareholder and the IP&I Division of Lloyds Banking Group. To support this, the Company is focused on the following financial key performance indicators (KPIs).

Funds under management

FUM managed by the Company on behalf of customers was £14.6 billion (2024: £13.7 billion) at the balance sheet date. The net increase of £0.9 billion is a result of positive market movements since prior year and lower than expected amounts of retail policy run-off. The average total FUM balance over the year was £14.0 billion (2024: £14.2 billion).

Revenue

Revenue from institutional business and retail AMCs (charged as a percentage of customer funds under management) was £48.4 million (2024: £53.4 million).

Capital Resources

The Directors believe that the Company currently has adequate capital resources, £195.0 million (2024: £207.9 million); and will continue to do so in the foreseeable future. Further information on the capital position of the Company is given in note 21 d).

STRATEGIC REPORT (continued)*Liquidity*

The Company regularly monitors its liquidity position, to ensure that, even under stressed conditions, the Company has sufficient liquidity to meet its obligations and remains within its approved risk appetite.

Other Sources

The development, performance and position of the IP&I Division of Lloyds Banking Group are presented within Lloyds Banking Group's Annual Report, which does not form part of this report and will be issued in Q1 2026.

The Directors consider that the above are the key performance indicators which are appropriate to the principal activity of the Company. These, together with other metrics which cover customer, operational measures and capital, are included in the balanced scorecard which is used to measure all aspects of the performance of the business. In addition, the Directors are of the opinion that the information contained in the Company's Financial Conduct Authority (FCA) returns on capital resources and requirements, in conjunction with the information presented in the financial statements as a whole, provide the management information necessary for the Directors to understand the development, performance and position of the business of the Company.

Review of the business

In addition to the progress made against the strategic initiatives summarised earlier there are other areas that are worthy of note and these are described below. Decisions taken in the areas described below and in pursuit of our strategy are brought to the Company's Board for due consideration and approval.

Sale from HFS(SH)L to SWG

In the year, the Company was sold by Halifax Financial Services (Holdings) Limited to SWG. This transaction completed on 11th September, and was part of a broader legal entity simplification programme within the IP&I Division. Benefits include more straightforward facilitation of dividend payments to SWG.

Outsourcing of long-standing customer administration platform

During 2025, the Company, along with its strategic partner, Diligenta, successfully migrated the Company's books of business across to its new platform. The warranty period was exited on 22nd November 2025.

Outlook

The Directors consider that the Company's principal activities will continue to be unchanged in the foreseeable future.

Principal risks and uncertainties

Risks and uncertainties to our strategic plan, both positive and negative, are considered by product through the planning process. The following table describes the principal risks faced by the Company. Further details on the key financial risks can be found in note 21.

Financial risks

Principal Risk	Note reference	Description
Market risk	21(a)	Market risk is the risk that the Company's capital or earnings profile is affected by adverse market rates. Of particular importance to the Company are equity risk and interest rate risk. External rates are outside the Company's control, so mitigation is via having sufficient financial reserves to cover reduced earnings.
Credit risk	21(b)	Credit risk is the risk that parties with whom we have contracted, fail to meet their financial obligations. The Company is subject to credit risk through a variety of counterparties through invested assets including units held in Managers Box, cash in liquidity funds, bank accounts and derivatives. Credit risk is mitigated via the Credit Risk Policy framework, which ensures exposures are appropriately monitored and action taken where necessary.
Liquidity risk	21(c)	Liquidity risk is the risk that the Company does not have sufficient financial resources to meet its commitments as they fall due or can only secure them at excessive cost. The Company is exposed to liquidity risk from payments to shareholders and non-shareholder related activity, such as investment purchases and the payment of shareholder expenses. Liquidity risk is mitigated by applying the Liquidity Risk Policy, which includes controls to maintain liquidity at necessary levels.
Capital risk	21(d)	Capital risk is the risk that an insufficient quantity or quality of capital is held to meet regulatory requirements or to support business strategy, an inefficient level of capital is held or that capital is inefficiently deployed across the Company. The business of the Company is regulated by the FCA. The FCA specifies the minimum amount of capital that must be held by the Company in addition to its liabilities. The minimum required capital must be maintained at all times throughout the year. These capital requirements and the capital available to meet them are regularly estimated in order to ensure that capital maintenance requirements are being met. Capital risk is managed via the Capital Risk Policy, which includes tools and governance to monitor capital requirements and assign capital accordingly.

STRATEGIC REPORT (continued)**Principal risks and uncertainties (continued)***Non-financial risks*

Principal Risk	Description
Operational risk	Operational risk is the risk of actual or potential impact (financial and/or non-financial) from inadequate or failed internal processes, people and systems or from external events. This includes risks in relation to Cyber, Data and Privacy, Information Security, Change Execution, Internal and External Supplier Service Provisions, Economic Crime, Financial Reporting, IT Systems, Business Continuity. Operational risk is managed through an operational risk framework, including a risk and control self-assessment process, and operational risk policies. The Company maintains a formal approach to operational risk event escalation, whereby material events are identified, captured and escalated. Root causes of events are determined, and action plans put in place to ensure an optimum level of control to keep customers and the business safe, reduce costs, and improve efficiency. This may involve management of incidents/issues both internally or within our outsourced partners. The Company has material arrangements with outsourced partners. The associated risks are managed via Internal and External Supplier Risk policies which support the delivery of good outcomes for customers.
Data risk	Data risk is defined as the risk of inappropriate use or management of data in the course of delivering customer / colleague and business objectives. The risk arises from failing to effectively and lawfully govern, manage and control data (including data processed by third party suppliers), and may lead to unethical decisions, poor customer outcomes, loss of value and mistrust. This risk is measured through a series of quantitative and qualitative indicators, covering data governance, data management, records management, data privacy and ethics, and managed via the Data & Privacy Risk policy. Data risks and controls are monitored and governed in line with an embedded risk management framework, which involves identification, measurement, management, monitoring and reporting.
Conduct risk	The risk of customer detriment through actions and behaviours across the customer lifecycle, including: failures in product management, poor investment performance, distribution, servicing activities and the communication of product changes; from other risks materialising, or other activities which could undermine the integrity of the market or distort competition, leading to unfair customer outcomes, regulatory censure, reputational damage or financial loss. It can come about from the failure to deliver fair outcomes for customers, across the customer lifecycle and throughout their relationship with the Company, or a knock-on impact from other activities that may have customer impacts, including operational resilience and loss events. Conduct Risk is managed via the Customer Policy which supports the delivery of good outcomes for customers.
Climate risk	Climate risk is the risk that the Company experiences losses and/or reputational damage, as a result of climate change, either directly or through its customers. These may be realised from physical weather events, the adaptation required to transition to a low carbon economy, or as a consequence of the responses to managing these changes. The Company has no appetite to fail to proactively manage the risks and opportunities for its business as a result of climate risk. We will take action to support the Company and our customers' transition to net zero, and maintain our resilience against the risks relating to climate change. As a cross-cutting risk, climate change impacts will emerge through other existing risks. Internal policies where climate risk impacts might be expected have been reviewed and where relevant updated, along with any related procedures and underlying processes.
Change / Execution risk	The risk of failure to effectively prioritise, execute, implement and adopt change to achieve organisational objectives and/or mitigate adverse impacts on customers and colleagues arising from change. This could occur through failing to follow the change methodology. The safe delivery of change initiatives is supported by a Change Execution Risk Policy.
Economic crime risk	Economic Crime Risk is defined as the risk that the Company implements ineffective policies, systems, processes and controls to prevent, detect and respond to the risk of fraud and / or financial crime including anti-bribery, sanctions and money laundering, resulting in increased losses, regulatory censure / fines and / or adverse publicity.
Payments & transaction execution risk	The risk to the Company of payment errors or errors in transaction execution (by colleagues, systems, or third parties operating on its behalf) have an impact on customers, clients, or internal operations.
Business Continuity risk	Business Continuity risk is defined as the inability to prevent, detect, respond, recover, and learn from internal or external events of disruption, in line with appetite, due to inadequate response and recovery capability, impacting the ability to continue operations and minimise the impact to customers, the Company, and/or the wider financial sector and UK economy. Business Continuity risk is managed via the Business Continuity Risk Policy.
Regulatory and Legal Compliance risk	Regulatory and Legal Risk is defined as the risk of financial penalties, regulatory censure, criminal or civil enforcement action or customer detriment as a result of failure to identify, assess, correctly interpret, comply with, or manage regulatory and / or legal requirements. The Company has relevant policies relating to compliance and legal risk management to mitigate this risk.
People risk	The risk that the Company fails to provide a high performing customer centric culture, supported by robust reward and wellbeing policies and processes; effective leadership to manage colleague resources; effective talent and succession management; and robust control to ensure all colleague-related requirements are met. People risk is managed through relevant policies, which include the People Policy and the Remuneration Policy.

STRATEGIC REPORT (continued)**Principal risks and uncertainties (continued)***Non-financial risks (continued)*

Principal Risk	Description
Model Risk	Model Risk is defined as the potential for adverse consequences from model errors or the inappropriate use of modelled outputs to inform business decisions. Adverse consequences could lead to a deterioration in the prudential position, non-compliance with applicable laws and/or regulations, or damage to the Company's reputation. Model risk can also lead to financial loss, as well as qualitative limitations such as the imposition of restrictions on business activities. Models play a key part in the pricing and asset optimisation of customer funds and are used to calculate regulatory capital and liquidity positions.

Section 172(1) Statement and Statement of Engagement with Other Stakeholders

This section constitutes the Company's Section 172(1) statement for the purposes of the Companies Act 2006 (the 'Act'), describing how the Directors have had regard to the matters set out in Section 172(1)(a) to (f) when fulfilling their duty to promote the success of the Company.

The directors remain mindful in all their deliberations of the long-term consequences of their decisions, as well as the importance of the SWG maintaining a reputation for high standards of business conduct and the Board engaging with, and taking account of the views of, key stakeholders, including customers, shareholders, regulators, suppliers, communities and the environment.

Further detail on stakeholder interaction is provided in the Directors' Report on pages 11 to 12.

This statement also includes examples of how the Directors have had regard to stakeholder interests in accordance with the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended by the Companies (Miscellaneous Reporting) Regulations 2018).

As a subsidiary of Lloyds Banking Group plc, the Company follows many of Lloyds Banking Group's processes and practices, which are referred to in this statement where relevant.

Stakeholder Engagement and Board Oversight

Engaging with stakeholders at every level is integral to the Company's role in supporting the delivery of Lloyds Banking Group's **Helping Britain Prosper** strategy.

The Board recognises that engaging with its stakeholders is key to achieving the strategy and long-term objectives of SWG. Managing and understanding their interests forms a key part of the Board's ongoing activities and training and the Board delegates day to day engagement with stakeholders to senior management as part of running the business. The Board considers its stakeholders when making decisions. To gain an understanding of their perspectives, the Board receives feedback from stakeholders through engagement both inside and outside of the boardroom.

Senior management supports Board decision making by addressing stakeholder implications in proposals submitted to the Board for consideration and routinely provides the Board with details of material stakeholder interactions.

Customers

The Board remains committed to understanding and addressing customer needs, which is central to achieving the Company's ambitions. The Company serves a wide variety of different customers and aims to meet their diverse needs through its range of funds, and the quality of service provided. Strategic decision-making undertaken by the Board considers customer interests and where relevant, customer feedback and/or related management information is utilised.

A key priority is the Company's adherence to its regulatory duties as an Authorised Fund Manager (AFM) to ensure that all customers receive good outcomes, pricing is fair, correct, and transparent and undue costs charged to customers are prevented. The Board undertakes an annual review of the Company's funds and share classes to assess overall value delivered to customers. The approach the Board takes to assess the value delivered by the Company's funds, and the decisions taken by the Board during the year to improve outcomes for customers, are based on a detailed review of how each fund is performing, how much the fund costs to operate, and how well the investment style meets customers' needs. The results of individual assessments for each fund and actions taken can be found in the Company's Assessment of Value Report published on the Scottish Widows website.

Fund Mergers, Closures and Acquisitions

The Board's goal is to make sure the Company's funds deliver good value, perform well over time and are managed in the best interests of customers. Board decision making is also informed by reporting from the Board's Investment Committee.

The Company's business model of partly outsourcing fund management means third-party investment managers who specialise in specific areas of the market are selected to deliver the investment performance expected by customers within the constraints of the Company's mandates. Additionally, controls are implemented to enable the Company to keep the performance of its appointed investment managers under constant review.

STRATEGIC REPORT (continued)**Section 172(1) Statement and Statement of Engagement with Other Stakeholders (continued)****Customers (continued)****Fund Mergers, Closures and Acquisitions (continued)**

During 2024, the Board had observed some of the Company's funds had not been performing as well as expected or had become too small to manage efficiently. The Board also had concerns with the long-term performance from the investment strategy used for some of the Company's larger funds. The Board took the decision to implement a programme of fund mergers and closures from 2024 and into 2025, inviting customers to vote on proposed changes. With the support of customers, the Board believes the decisions taken will benefit customers in several ways including better potential long-term performance by focusing on stronger and larger funds, lower costs for many customers especially those moved into tracker funds, more diversified investments which can help reduce risk, and a simpler, easier-to-understand fund range.

In view of property market challenges, and on the recommendation of the Board Investment Committee, the Board also made the decision to consolidate its Property Fund via a takeover of two sub-funds from another AFM (Scottish Widows Unit Trust Managers Limited) within SWG. This consolidation is planned to complete in 2026. The benefit of consolidation provides the Company with the ability to offer continued, diversified exposure to direct property as an asset class.

Service and Technology Transformation

The delivery of the planned migration of the Company's funds to Diligenta's BaNCs platform in May 2025 marked an important strategic milestone. The platform will provide customers with an enhanced service experience offering new journeys to support managing their investments online and the ability to access information quickly and easily. This will include some online self-service, digital banking solutions, simplified processes, automation and strengthened financial and operational controls.

Whilst digital transformation has remained a key focus in improving the customer experience, the Board acknowledges that many customers still value being able to contact customer service staff over the phone. The importance of the Company continuing to offer and improve this service is recognised by the Board. Ongoing monitoring of customer feedback on the standard of service, via customer support teams, has ensured customer issues are resolved quickly, processes are streamlined and complaints reduced.

Consumer Duty

The Board oversees the Company's activities to embed the FCA's Consumer Duty (CD) principle. This aims to strengthen the Company's focus on the delivery of good outcomes for customers, specifically ensure customers receive information they can understand, products and services that meet their needs and offer fair value, and ensure customers receive the support they need.

During the year a key area of Board discussion and challenge has been CD outcome monitoring and the demonstration of customer understanding of investments.

With the platform migration now complete, the outcomes of improvements to customer communications to further evidence customer understanding of investments will remain a key focus for the Board.

Shareholders

The Company is a wholly owned subsidiary of Lloyds Banking Group and as such the Board ensures that the strategy, priorities, processes, and practices of the Company are aligned where appropriate to those of Lloyds Banking Group, ensuring that its interests as the Company's shareholder are duly acknowledged. Further information in respect of the relationship of Lloyds Banking Group with its shareholders is included in the Strategic Report within the Lloyds Banking Group Annual Report and Accounts for 2025, available on the Lloyds Banking Group website.

Interim Dividends

The views and interests of the Company's shareholders are key considerations when the Board determined the level of interim dividend payments (further details of which can be found on page 4 of the Strategic Report) as well as when approving the Company's business strategy and long-term objectives.

Impact on the Community and Environment

The delivery of improved outcomes for customers is a key priority guiding Board decisions on responsible investments. The Board approaches the opportunities and risks associated with responsible investments in two ways. Firstly, the potential for better risk-adjusted financial returns in the long term through the integration of ESG factors into the Company's investment approach; and secondly more investment in companies with stronger ESG credentials to deliver better risk-adjusted returns in a responsible way, with a positive impact on society.

The Board is supported on environmental matters by the Board's Investment Committee. The Committee's responsibilities include oversight of the investment management strategy and responsible investment activities of the Company's funds. The Chair of the Investment Committee reports regularly to the Board on key responsible investment matters relevant to the Company.

STRATEGIC REPORT (continued)**Section 172(1) Statement and Statement of Engagement with Other Stakeholders (continued)****Impact on the Community and Environment (continued)**

During the year the Company continued to make progress in halving the carbon footprint of its investment portfolio by 2030, on its path to achieving net zero by 2050 across all its investments. Further information on the Scottish Widows Transition Plan can be found on the Scottish Widows website.

Annual Climate Related Financial Disclosures

During 2025, the Company published its annual **Taskforce on Climate-related Disclosures (TCFD) Report**. Oversight and approval of the Company's TCFD Report is undertaken by the Board. The Report sets out the governance in place for how the Company assesses and manages climate-related risks and opportunities and includes a summary of performance against targets to manage climate-related risks. The TCFD Report can be found on the Scottish Widows website.

Regulators

The Board and the Company continue to maintain strong, open, and transparent relationships with relevant regulators and government authorities. Liaison with regulators and the Government, both directly and as part of Lloyds Banking Group, is an ongoing priority at all levels of the organisation, ensuring Lloyds Banking Group, and the Company's strategic aims align with the requirement of these important stakeholders.

Regulatory Agenda

Individual Directors have, in the ordinary course of business, held discussions with the FCA on key aspects of the regulatory agenda impacting the Company.

The Board, in turn received quarterly updates on these and the wider IP&I business' regulatory interactions during the year. This has included updates on the Consumer Duty and Operational Resilience.

In addition, throughout the year, the Board received details of the key regulatory developments impacting the Company which included (but were not limited to): the FCA's Strategy for Supervising Asset Managers and Alternatives, the FCA's proposed changes to Complaints Reporting, the Stewardship Code, and Assessment of Value reporting.

During the year, the Board also received an update on the Company's client money management arrangements including an annual attestation required to be made by management to the Board on compliance with the FCA's CASS Resolution Pack rules.

During the year, the FCA requires all UK fund managers to carry out an annual review of the funds they manage to assess the overall value delivered to customers, considering seven specific criteria. See earlier section 'Customers' on page 7.

Suppliers

As part of Lloyds Banking Group, the Company has entered into strategic partnerships for important aspects of its operations and customer service provision. As well as external partners, the Company relies on intra-group supplier arrangements for certain services. The Board recognises the importance of its role in overseeing these relationships, which are integral to the Company's future success.

The advantage of being part of a larger group means there are robust processes in place to monitor and review costs with third parties who provide services to the Company's funds. The outsourced business model allows the Company to negotiate competitive fees and commercial terms with its service suppliers to control costs for all our customers.

Supplier Framework

Importance is placed on having the right supplier framework to operate responsibly. Lloyds Banking Group's Sourcing & Supply Chain Management Policy applies to all its businesses units, divisions, and subsidiaries, including the Company, with the Directors assuming ultimate responsibility for its application as relevant to the Company. This ensures the most significant supplier contracts receive the approval of the Board, including those which are key in progressing strategic priorities. The framework also ensures appropriate Executive oversight of supplier spending not considered by the Board, allowing challenge to be made where appropriate, and minimising risks and unnecessary cost.

Suppliers are required to adhere to relevant Lloyds Banking Group policies and comply with its Code of Supplier Responsibility which can be found on the Lloyds Banking Group website. This defines expectations for responsible business behaviour, underpinning the efforts of the Company and Lloyds Banking Group to share and extend good practice. All material contracts are subject to rigorous cost management governance with regular reviews of key supplier risks.

Annual Reviews

Recognising the role of suppliers in the Company's day-to-day operations, and its future ambitions, the Board undertakes regular reviews of the Company's core investment managers and outsourced service providers. This is informed by performance reporting via management updates to the Board.

The Board's approach to annual reviews is collaborative with participation from both management and suppliers. During the year representatives from Diligenta, State Street Bank & Trust, and State Street Trustees Ltd attended a Company Board meeting to support the annual reviews.

STRATEGIC REPORT (continued)**Section 172(1) Statement and Statement of Engagement with Other Stakeholders (continued)****Suppliers (continued)****Modern Slavery**

The Responsible Business Committee of the Board of Lloyds Banking Group governs Lloyds Banking Group's approach to human rights. Lloyds Banking Group's Human Rights Position Statement can be found on the Lloyds Banking Group website.

The Group's day-to-day management of modern slavery and human rights is supported and coordinated by the Group Human Rights Manager, who is part of the Group Sustainable Business function, and is guided by a cross divisional working group, the Modern Slavery and Human Rights Working Group.

Lloyds Banking Group's Modern Slavery & Human Trafficking Statement covers all its subsidiary companies, including the Company, which is required to publish an annual statement, and sets out the steps taken to prevent modern slavery in Lloyds Banking Group's business and supply chains.

The IP&I Executive Committee governs (and approves) this Statement as it relates to the Company. The Statement is published on the Scottish Widows website.

Approved / authorised for issue by the Board of Directors



S T Nyahasha

Director

26 January 2026

DIRECTORS' REPORT

The Directors present the audited financial statements of the Company. The Company is a private company limited by shares, domiciled and incorporated in England and Wales.

The Company is a wholly owned subsidiary of SWG. The Company's ultimate parent company and ultimate controlling party is Lloyds Banking Group.

Results and dividend

The result of the Company for the year ended 31 December 2025 is a profit after tax of £12.1 million (2024: £20.2 million), reflective of lower revenue from Annual Management Charges (AMCs), together with lower investment income received and an increase in administrative expenses.

There was a £5.1 million (9.5 per cent) decrease (2024: £2.2 million decrease) in AMC revenue during the year. This decrease reflects the continued impact of prior-year changes, notably AMC rate reductions for certain retail customers and the fund mergers and closures undertaken in 2024. Average retail FUM ended the year marginally higher than prior year despite the changes noted above, following positive investment performance and lower than expected net outflows.

The Company receives income from its investment of cash reserves in liquidity funds, which have been lower than prior year following the dividend paid in the year together with reductions in interest yields.

An interim dividend of £25.0 million was paid during the year (2024: £50.0 million). The Directors do not recommend the payment of a final dividend in respect of the year ended 31 December 2025 (2024: £nil).

Total equity for the Company decreased by £12.9 million (2024: £29.8 million decrease), as a result of a £25 million interim dividend paid in March, offset by the current year's profit retained in cash and cash equivalents.

The Directors consider the result for the year to be satisfactory in light of these factors. Further information can be found in the Strategic Report.

Post balance sheet events

Further information on post balance sheet events is set out in note 24.

Directors

The names of the current Directors are listed on page 3. Changes in Directorships during the year and since the end of the year are as follows:

D L Davies	(resigned 18 March 2025)
M R Downie	(resigned 1 April 2025)
E J Watkins	(resigned 1 May 2025)
S C Guild	(appointed 1 May 2025)

Particulars of the Directors' emoluments are set out in note 22.

Directors' indemnities

Lloyds Banking Group plc has granted to the Directors of the Company a deed of indemnity which constitutes 'qualifying third party indemnity provisions' for the purposes of the Companies Act 2006. The deed was in force during the whole of the financial year and at the date of approval of the financial statements or from the date of appointment in respect of any Director who joined the board of the Company during the financial year. Directors no longer in office but who served on the Board of the Company at any time in the financial year had the benefit of this deed of indemnity during that period of service. The Deed for existing Directors is available for inspection at the registered office of Lloyds Banking Group plc. In addition, the Group has in place appropriate Directors and Officers Liability Insurance cover which was in place throughout the financial year.

Disclosure of information to auditors

Each person who is a Director at the date of approval of this report confirms that, so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware and each Director has taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information. This confirmation is given, and should be interpreted in accordance with, the provisions of the Companies Act 2006.

Future developments

Details of any future developments are provided in the Company Strategic Report.

Financial risk management

Disclosures relating to financial risk management are included in note 21 of the accounts and are therefore incorporated into this report by reference.

DIRECTORS' REPORT (continued)**Engagement with suppliers, customers and others**

Disclosures relating to engagement with suppliers, customers and others are included in the Strategic Report and are therefore incorporated into this report by reference.

Streamlined energy and climate reporting

The Company has taken advantage of the exemption from Streamlined Energy and Carbon Reporting (SECR) reporting requirements in its own Directors' Report, as it is covered by the Group SECR report of its ultimate parent company, given in the Lloyds Banking Group plc 2025 Annual Report and Accounts, available at www.lloydsbankinggroup.com/investors/financial-downloads.html.

Independent auditor

Pursuant to section 487 of the Companies Act 2006, auditors duly appointed by the members of the Company shall, subject to any resolution to the contrary, be deemed to be reappointed for the next financial year and Deloitte LLP will therefore continue in office.

Statement of Directors' responsibilities

The Directors are responsible for preparing the Annual Report and Accounts in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable international accounting standards in conformity with the requirements of the Companies Act 2006 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgments and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Each of the Directors whose names are listed on page 3 confirms that, to the best of their knowledge:

- the Company financial statements, which have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006, give a true and fair view of the assets, liabilities, financial position and financial performance of the Company; and
- the Strategic Report on pages 4 to 10, and the Directors' Report on pages 11 to 12 include a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that it faces.

Approved / authorised for issue by the Board of Directors



S T Nyahaha

Director

26 January 2026

Independent auditor's report to the members of HBOS Investment Fund Managers Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of HBOS Investment Fund Managers Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2025 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- the balance sheet;
- the statement of cash flows;
- the statement of changes in equity; and
- the related notes 1 to 24 (excluding information on regulatory capital, marked "unaudited" in note 21).

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom adopted international accounting standards.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ('ISAs (UK)') and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Independent auditor's report to the members of HBOS Investment Fund Managers Limited (continued)

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the company's industry and its control environment and reviewed the company's documentation of its policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management and the directors about their own identification and assessment of the risks of irregularities, including those that are specific to the company's business sector.

We obtained an understanding of the legal and regulatory framework that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act, HMRC Corporate tax manual; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty. These included FCA regulations including client assets, GDPR, Bribery Act, and Financial Services and Markets Act 2000.

We discussed among the audit engagement team including relevant internal specialists such as IT regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management, and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with the FCA.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Independent auditor's report to the members of HBOS Investment Fund Managers Limited (continued)**Matters on which we are required to report by exception**

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Peter van Daesdonk FCA (Senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

London, United Kingdom

26 January 2026

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2025

	Note	2025 £'000	2024 £'000
Revenue	3	48,821	53,797
Gross profit		48,821	53,797
Investment income	4	8,475	11,961
Net loss on financial assets at fair value through profit or loss	5	(175)	(87)
Administrative expenses	6	(40,883)	(38,562)
Finance costs	8	(115)	(128)
Profit before tax		16,123	26,981
Taxation charge	9	(4,031)	(6,755)
Profit and total comprehensive income for the year		12,092	20,226

There are no items of comprehensive income which have not already been presented in arriving at the profit for the year. Accordingly, the profit for the year is the same as total comprehensive income from continuing operations for the year.

The notes set out on pages 20 to 37 are an integral part of these financial statements.

BALANCE SHEET AS AT 31 DECEMBER 2025

	Note	2025 £'000	2024 £'000
ASSETS			
Deferred tax assets	10	44	66
Financial assets:			
Financial assets at fair value through profit or loss	11	84	1,500
Derivative financial instruments	12	—	48
Trade and other receivables	13	30,001	20,798
Cash and cash equivalents	14	198,937	210,017
Total Assets		229,066	232,429
EQUITY AND LIABILITIES			
Capital and reserves attributable to the Company's equity shareholder			
Share capital	15	8,000	8,000
Retained profits		187,093	200,001
Total equity		195,093	208,001
Liabilities			
Current tax liabilities	16	4,009	6,733
Provisions for other liabilities and charges	17	244	783
Financial liabilities:			
Trade and other payables	18	29,720	16,912
Total liabilities		33,973	24,428
Total equity and liabilities		229,066	232,429

Retained earnings of the Company includes profit for the year of £12.1 million (2024: £20.2 million).

The notes set out on pages 20 to 37 are an integral part of these financial statements.

The financial statements on pages 16 to 37 were approved and signed on behalf of the Board on 26 January 2026.



S T Nyahasha, Director

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2025

	Note	2025 £'000	2024 £'000
Cash flows from operating activities			
Profit before tax		16,123	26,981
Net decrease in operating assets and liabilities	19	4,530	4,109
Finance costs		115	128
Taxation paid		(6,733)	(7,139)
Net cash flows generated from operating activities		14,035	24,079
Cash flows from financing activities			
Dividends paid	20	(25,000)	(50,000)
Finance costs		(115)	(128)
Net cash flows used in financing activities		(25,115)	(50,128)
Net decrease in cash and cash equivalents		(11,080)	(26,049)
Cash and cash equivalents at the beginning of the year		210,017	236,066
Net cash and cash equivalents at the end of the year	14	198,937	210,017

The notes set out on pages 20 to 37 are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2025

	Note	Share capital £'000	Retained profits £'000	Total equity £'000
Balance as at 1 January 2024		8,000	229,775	237,775
Profit and total comprehensive income for the year		—	20,226	20,226
Dividends paid	20	—	(50,000)	(50,000)
Balance as at 31 December 2024 and 1 January 2025		8,000	200,001	208,001
Profit and total comprehensive income for the year		—	12,092	12,092
Dividends paid	20	—	(25,000)	(25,000)
Balance as at 31 December 2025		8,000	187,093	195,093

Not all of the above amounts can be distributed to the equity holder since the Company is required to meet regulatory capital requirements. Further details are given in note 21 d).

The notes set out on pages 20 to 37 are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

1. Accounting policies

The accounting policies adopted in the preparation of the financial statements, which have been consistently applied to all periods presented in these financial statements unless stated otherwise, are set out below.

(a) Basis of preparation

The financial statements of the Company have been prepared:

- (1) in accordance with the UK-adopted International Accounting Standards (IASs) in conformity with the requirements of the Companies Act 2006 (IFRSs);
- (2) in accordance with those parts of the Companies Act 2006 applicable to companies reporting under IFRSs; and
- (3) under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities at fair value through profit or loss, as set out in the relevant accounting policies.

The Directors are satisfied that the Company has adequate resources to continue in business for the foreseeable future. Accordingly, the financial statements of the Company have been prepared on a going concern basis.

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in "GBP" (£), which is the Company's presentation currency. All transactions are in GBP and the Company does not transact in other currencies.

In accordance with IAS 1 'Presentation of Financial Statements', assets and liabilities in the balance sheet are presented in accordance with management's estimated order of liquidity. Analysis of the assets and liabilities of the Company into amounts expected to be received or settled within 12 months after the reporting date (current) and more than 12 months after the reporting date (non-current) is presented in the notes.

Standards and interpretations effective in 2025

The Company has adopted the following amendments to IFRS as at 1 January 2025. Adoption has had no material impact on the financial position of the Company.

- Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments Disclosure.

Future accounting developments

The following pronouncements are not applicable for the year ending 31 December 2025 and have not been applied in preparing these financial statements. Save as disclosed below, the full impact of these accounting changes is being assessed by the Group, and reliable estimates cannot be made at this stage.

There are a number of new accounting pronouncements issued by the IASB with an effective date of 1 January 2027. This includes IFRS 18 Presentation and Disclosure in Financial Statements and IFRS 19 Subsidiaries without Public Accountability: Disclosures.

IFRS 18 Presentation and Disclosure in Financial Statements which replaces IAS 1 Presentation of Financial Statements. While many of the existing requirements of IAS 1 Presentation of Financial Statements are retained, IFRS 18 Presentation and Disclosure in Financial Statements introduces additional disclosure obligations in relation to the structure of the income statement, management-defined performance measures, and the aggregation and disaggregation of financial information. IFRS 18 will impact only the presentation of financial information, it will not impact recognition or measurement. IFRS 18 has yet to be endorsed for use in the UK.

IFRS 19 Subsidiaries without Public Accountability: Disclosure is being assessed and is not expected to have a significant impact on the Company. IFRS 19 has yet to be endorsed for use in the UK.

The IASB has issued its annual improvements and a number of amendments to the IFRS Accounting Standards effective 1 January 2026, including Amendments to IFRS 9 Financial Instruments and Amendments to IFRS 7 Financial Instruments Disclosures. These improvements and amendments are not expected to have a significant impact on the Company.

There are no other standards or interpretations that are not yet effective and that would be expected to have a material impact on the Company.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

1. Accounting policies (continued)**(b) Revenue recognition****Revenue**

The majority of revenue, which arose wholly in the United Kingdom, is derived from the management of shares in OEIC sub-funds. Total revenue represents the following:

- Annual management charges (AMCs) relate to net fee remuneration, from the management of shares in OEIC sub funds, based on fixed rates per shareclass, are recognised as revenue in the statement of comprehensive income when the Company's performance obligations have been met, are recognised over a period of time, and settled monthly;
- AMC revenue also includes Investment Manager Fee rebates from related parties investing in the OEICs managed by the Company, and are recognised as revenue in the statement of comprehensive income when the Company's performance obligations have been met, are recognised over a period of time, are settled monthly;
- Income from unit dealing relates to net fee income from the sale of shares in OEIC sub funds and other similar fees, are recognised as revenue in the statement of comprehensive income when the Company's performance obligations have been met, are recognised over a period of time, and are settled on a daily basis; and
- Other income, which includes registration fees and initial charges, are recognised as revenue in the statement of comprehensive income when the Company's performance obligations have been met, are recognised over a period of time, and are settled daily or as received.

The Company incurs investment management fees in the course of its investment management services as described in accounting policy (d). Where these fees are incurred on OEICs invested in by a related party, the Company recharges a proportion of the fee to that related party as compensation for the investment management service provided. The amount of the fee recharged is calculated as the percentage of the OEIC investment held by the related party, and is recognised as revenue in the statement of comprehensive income.

Fee income, including registration fees and initial charges, and remuneration are recognised as revenue in the statement of comprehensive income when the Company's performance obligations have been met, which is the period in which the services are being provided.

Net gains and losses on assets and liabilities at fair value through profit or loss

Net gains and losses on assets and liabilities at fair value through profit or loss includes both realised and unrealised gains and losses on derivative contracts. Movements are recognised in the statement of comprehensive income in the period in which they arise.

(c) Investment income

Interest income arises from investments in liquidity funds, derivative contracts and from units held in Managers Box. Income for all interest-bearing financial instruments is recognised in the statement of comprehensive income as it accrues, within investment income.

(d) Expense recognition**Administrative expenses**

These consist of recharges from group companies and fund management fees that are recognised in the statement of comprehensive income as they accrue.

Finance costs

Interest expense for all interest-bearing financial instruments is recognised in the statement of comprehensive income as it accrues, within finance costs.

(e) Financial assets and financial liabilities

Management determines the classification of its financial assets and financial liabilities at initial recognition. Management's policies for the recognition of specific financial assets and financial liabilities, as identified on the balance sheet, are set out under the relevant accounting policies.

On initial recognition, financial assets are classified as measured at amortised cost or fair value through profit or loss, depending on the Company's business model for managing the financial assets and whether the cash flows represent solely payments of principal and interest. The Company assesses its business models at a portfolio level based on its objectives for the relevant portfolio, how the performance of the portfolio is managed and reported, and the frequency of asset sales. The Company reclassifies financial assets when and only when its business model for managing those assets changes. A reclassification will only take place when the change is significant to the Company's operations and will occur at a portfolio level and not for individual instruments; reclassifications are expected to be rare.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

1. Accounting policies (continued)**(e) Financial assets and financial liabilities (continued)**

The Company initially recognises financial assets and liabilities when the Company becomes a party to the contractual provisions of the instrument.

Financial assets are derecognised when the contractual right to receive cash flows from those assets has expired or when the Company has transferred its contractual right to receive the cash flows from the assets and either: substantially all of the risks and rewards of ownership have been transferred; or the Company has neither retained nor transferred substantially all of the risks and rewards, but has transferred control.

Financial liabilities are derecognised when the obligation is discharged, cancelled or expires.

Transaction costs incidental to the acquisition of a financial asset are expensed through the statement of comprehensive income, within net gains and losses on assets and liabilities at fair value through profit or loss.

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet only when there is a legally enforceable right to offset the recognised amounts, both in the normal course of business and in the event of default, and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

(f) Fair value methodology

All assets and liabilities carried at fair value, or for which a fair value measurement is disclosed, are categorised into a 'fair value hierarchy' as follows:

(i) Level 1

Valued using quoted prices in active markets for identical assets and liabilities to those being valued. An active market is one in which similar arm's length transactions in the instrument occur with both sufficient frequency and volume to provide pricing information on an on-going basis. Examples include listed equities, listed debt securities, Open Ended Investment Companies (OEICs) and unit trusts traded in active markets, and exchange traded derivatives such as futures.

(ii) Level 2

Valued using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices). If the asset or liability has a specified (contractual) term, a Level 2 input must be observable for substantially the full term of the asset or liability. Level 2 inputs include the following:

- Quoted prices for similar (but not identical) instruments in active markets
- Quoted prices for identical or similar instruments in markets that are not active, where prices are not current, or price quotations vary substantially either over time or among market makers
- Inputs other than quoted prices that are observable for the instrument (for example, interest rates and yield curves observable at commonly quoted intervals and default rates)
- Inputs that are derived principally from, or corroborated by, observable market data by correlation or other means

Examples of these are securities measured using discounted cash flow models based on market observable swap yields such as Over the Counter interest rate swaps, listed debt and restricted equity securities.

(iii) Level 3

Valuations are based on mathematical models, market prices/data (where available) and subjective assumptions, including unobservable inputs. Unobservable inputs may have been used to measure fair value where observable inputs are not available. This approach allows for situations in which there is little, if any, market activity for the asset or liability at the measurement date (or market information for the inputs to any valuation models). Unobservable inputs reflect the assumptions the Company considers that market participants would use in pricing the asset or liability, for example private equity investments held by the Company. Where estimates are used, these are based on a combination of independent third-party evidence and internally developed models, calibrated to market observable data where possible.

Further analysis of the Company's instruments held at fair value is set out at note 21.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

1. Accounting policies (continued)**(g) Trade and other receivables**

Trade and other receivables at amortised cost are financial assets, other than cash and cash equivalents that are held to collect contractual cash flows where those cash flows represent solely payments of principal and interest. A basic lending arrangement results in contractual cash flows that are solely payments of principal and interest on the principal amount outstanding. Where the contractual cash flows introduce exposure to risks or volatility unrelated to a basic lending arrangement such as changes in equity prices or commodity prices, the payments do not comprise solely principal and interest.

Trade and other receivables at amortised cost are initially recognised at fair value less directly attributable transaction costs and subsequently measured at amortised cost, subject to impairment. Further information on the Company's impairment policy is set out at policy (i).

(h) Cash and cash equivalents

Cash and cash equivalents include cash at bank and investments in liquidity funds, which are short-term highly liquid investments with original maturities of three months or less (excluding such investments as otherwise meet this definition but which are held for investment purposes rather than for the purposes of meeting short-term cash commitments).

Holdings in liquidity funds are measured at fair value through profit or loss, with income received recognised in investment income.

The fair value of holdings in liquidity funds is determined as the last published price applicable to the vehicle at the reporting date.

Holdings in liquidity funds are categorised as level 1 in the fair value hierarchy. These assets are valued using quoted prices in active markets for identical assets to those being valued. An active market is one in which similar arm's length transactions in the instrument occur with both sufficient frequency and volume to provide pricing information on an ongoing basis.

(i) Impairment**Financial assets**

An impairment charge would be recognised in the statement of comprehensive income, and would include any change in expected credit losses for financial assets held at amortised cost. Expected credit losses are calculated by using an appropriate probability of default, adjusted to take into account a range of possible future economic scenarios, and applying this to the estimated exposure of the Company at the point of default after taking into account the value of any collateral held or other mitigants of loss.

At initial recognition, allowance is made for expected credit losses resulting from default events that are possible within the next 12 months (12-month expected credit losses). In the event of a significant increase in credit risk, allowance is made for expected credit losses resulting from all possible default events over the expected life of the financial instrument (lifetime expected credit losses). Financial assets where 12-month expected credit losses are recognised are considered to be Stage 1; financial assets which are considered to have experienced a significant increase in credit risk are in Stage 2; and financial assets which have defaulted or are otherwise considered to be credit impaired are allocated to Stage 3.

An assessment of whether credit risk has increased significantly since initial recognition considers the change in the risk of default occurring over the remaining expected life of the financial instrument. The assessment is unbiased, probability-weighted and uses forward-looking information consistent with that used in the measurement of expected credit losses. The credit risk of financial assets is deemed to have increased significantly when more than 30 days past due. Where the credit risk subsequently improves such that it no longer represents a significant increase in credit risk since origination, the asset is transferred back to Stage 1.

For financial instruments that are considered to have low credit risk, the credit risk is assumed to not have increased significantly since initial recognition. Financial instruments are considered to have low credit risk when the borrower is considered to have a low risk of default from a market perspective, such as external bank accounts.

The loss allowance for trade receivables without a significant financing component is measured at an amount equal to lifetime expected credit losses, in accordance with the simplified approach in IFRS 9.

Assets are transferred to Stage 3 when they have defaulted or are otherwise considered to be credit impaired. IFRS 9 contains a rebuttable presumption that default occurs no later than when a payment is 90 days past due. The Company uses this 90 day backstop.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

1. Accounting policies (continued)**(i) Impairment****Non-financial assets**

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its estimated recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

If there is objective evidence that an impairment loss has occurred, the amount of the loss is charged to the relevant line in the statement of comprehensive income in the period in which it occurs. Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

(j) Taxes

Tax expense comprises current and deferred tax. Current and deferred tax are charged or credited in the statement of comprehensive income except to the extent that the tax arises from a transaction or event which is recognised, in the same or a different period, outside the statement of comprehensive income (either in other comprehensive income, directly in equity, or through a business combination), in which case the tax appears in the same statement as the transaction that gave rise to it.

Current tax

Current tax is the amount of corporate income taxes expected to be payable or recoverable based on the profit for the period as adjusted for items that are not taxable or not deductible, and is calculated using tax rates and laws that were enacted or substantively enacted at the balance sheet date.

Current tax includes amounts provided in respect of uncertain tax positions when management expects that, upon examination of the uncertainty by His Majesty's Revenue and Customs (HMRC) or another tax authority, it is more likely than not that an economic outflow will occur. Provisions reflect management's best estimate of the ultimate liability based on their interpretation of tax law, precedent and guidance, informed by external tax advice as necessary. Changes in facts and circumstances underlying these provisions are reassessed at each balance sheet date, and the provisions are re-measured as required to reflect current information.

Deferred tax

Deferred tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the balance sheet. Deferred tax is calculated using tax rates and laws that have been enacted or substantively enacted at the balance sheet date, and which are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax liabilities are generally recognised for all taxable temporary differences but not recognised for taxable temporary differences arising on investments in subsidiaries where the reversal of the temporary difference can be controlled and it is probable that the difference will not reverse in the foreseeable future. Deferred tax liabilities are not recognised on temporary differences that arise from goodwill which is not deductible for tax purposes.

Deferred tax assets are recognised to the extent it is probable that taxable profits will be available against which the deductible temporary differences can be utilised, and are reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. In certain cases where forecast profits are not expected to be sufficient to support the recognition of a deferred tax asset on a standalone entity basis, further consideration has been given to the availability of UK group relief with connected companies to support the recognition.

Deferred tax assets and liabilities are not recognised in respect of temporary differences that arise on initial recognition of assets and liabilities acquired other than in a business combination. Deferred tax is not discounted.

The Company has applied the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar 2 income taxes currently required by IAS12 Income Taxes.

(k) Share capital

Shares are classified as equity when there is no obligation to transfer cash or other assets. Incremental costs directly attributable to the issue of equity instruments are shown in equity as a deduction from the proceeds, net of tax.

Dividends payable

Dividends payable on ordinary shares are recognised in equity in the period in which they are approved.

(l) Trade and other payables

Trade and other payables are initially recognised at fair value less directly attributable transaction costs and subsequently measured at amortised cost. In practice, the carrying value of these balances equates to the fair value due to the short-term nature of the amounts included within trade and other payables.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

1. Accounting policies (continued)**(m) Provisions for other liabilities and charges**

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, when it is probable that the obligation will result in an outflow of resources to settle the obligation and when a reliable estimate of the amount of the obligation can be made. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and, where appropriate, the risks specific to the liability.

The Company recognises a provision for onerous contracts when the expected benefits to be derived from contracts are less than the unavoidable costs of meeting the obligations under the contracts.

Contingent liabilities are possible obligations whose existence depends on the outcome of uncertain future events or those present obligations where the outflows of resources are uncertain or cannot be measured reliably. Contingent liabilities are not recognised in the financial statements but are disclosed unless the likelihood of possible obligations arising is remote.

(n) Derivative financial instruments

All derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at their fair value.

Changes in the fair value of derivatives are recognised in the statement of comprehensive income, through net gains and losses on assets and liabilities at fair value through profit or loss.

(o) Financial assets at fair value through profit or loss**Classification**

Financial asset investment balances comprise the manager's box holdings in OEIC funds and investments held through liquidity funds.

Recognition

Purchases and sales of financial assets are recognised on the trade date, i.e. the date the Company commits to purchase the asset from, or deliver the asset to, the counterparty. Investments are initially recognised at cost, being the fair value of the consideration given, and are subsequently re-measured at fair value.

Measurement

The fair values of investments are based on a combination of current bid, mid or offer prices. If the market for a financial asset is not active, fair value is established by using valuation techniques. These include the use of similar arm's length transactions and reference to other instruments that are substantially the same, making maximum use of market inputs and relying as little as possible on entity-specific inputs.

For equity investments that are quoted and actively traded in organised financial markets, fair value is determined by reference to Stock Exchange quoted market bid prices at the final pricing point on the reporting date. Prices are provided by vendors such as Reuters or Bloomberg or by direct reference to the Stock Exchange.

The fair value of holdings in collective investment vehicles (including OEICs and unit trusts) is determined as the last published price applicable to the vehicle at the reporting date.

2. Critical accounting judgements or key sources of estimation uncertainty

There were no critical accounting judgements that would have a significant effect on the amounts recognised in the company financial statements or key sources of estimation uncertainty at the balance sheet date that would have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

3. Revenue

	2025	2024
	£'000	£'000
Annual management charges	48,362	53,431
Income / (loss) from unit dealing	6	(76)
Interest income	5	14
Other income	448	428
Total	48,821	53,797

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

4. Investment Income

	2025	2024
	£'000	£'000
Investment income	8,475	11,961
Total	8,475	11,961

5. Net loss on financial assets at fair value through profit or loss

	2025	2024
	£'000	£'000
Loss on derivative financial instruments at fair value through profit or loss	(175)	(87)
Total	(175)	(87)

6. Administrative expenses

	2025	2024
	£'000	£'000
Recharges from other group companies	35,683	29,009
Investment expenses	3,589	6,924
Custodian and administration fees	689	1,034
Trustee and other investment fees	324	698
Other fees (including provisions for the year)	598	897
Total	40,883	38,562

Administrative expenses relate to the costs incurred in the administration and investment management of ISAs and OEIC shares.

Other fees includes the IFRS 9 provision movement of £(45)k (2024: £0k). See Trade Receivables note 13 for the IFRS 9 impairment allowance.

The Company had no direct employees during the year (2024: nil). The employee costs, including pension costs are included in the recharges from other group companies noted above.

7. Auditor remuneration

	2025	2024
	£000	£000
Fees payable to the Company's auditors for the audit of the Company's annual financial statements	81	59
Fees payable to the Company's auditors and their associates for other services:		
Audit-related assurance services	125	117
Total fees payable	206	176

Audit fees for 2024 and 2025 were borne by another Lloyds Banking Group entity and recharged to the Company.

8. Finance costs

	2025	2024
	£'000	£'000
Finance costs	115	128
Total	115	128

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

9. Taxation charge

(a) Current year tax charge

	2025	2024
	£'000	£'000
Current tax:		
UK corporation tax	4,009	6,733
Total current tax	4,009	6,733
Deferred tax:		
Origination and reversal of timing differences	22	22
Deferred tax charge	22	22
Tax charge	4,031	6,755

Corporation Tax is calculated at a rate of 25.00 per cent (2024: 25.00 per cent) of the taxable profit for the year.

(b) Reconciliation of tax charge

	2025	2024
	£'000	£'000
Profit before tax	16,123	26,981
Tax at 25% (2024: 25%)	4,031	6,745
Effects of:		
Disallowable items	—	10
Total	4,031	6,755
Effective rate	25.00%	25.04%

The Company has applied the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar 2 income taxes currently required by IAS12 Income Taxes. No provision for Pillar 2 current tax is required in respect of this period.

10. Deferred tax assets

The movement in the deferred tax asset is as follows:

	2025	2024
	£'000	£'000
Brought forward	66	88
Charge for the year	(22)	(22)
Total	44	66

The deferred tax charge in the year comprises the following temporary differences:

	2025	2024
	£'000	£'000
Other temporary differences	(22)	(22)
Total	(22)	(22)

Deferred tax asset comprises:

	2025	2024
	£'000	£'000
Other temporary differences	44	66
Total	44	66

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

11. Financial assets at fair value through profit or loss

	2025	2024
	£'000	£'000
OEIC fund holdings	84	1,500
Total investments at fair value	84	1,500

OEIC fund holdings comprise shares held in the OEIC funds that are managed by the Company which are classified at fair value through profit or loss as part of the manager's daily box holdings. Purchases and sales are recognised on the trade date, i.e. the date the Company commits to purchase the asset from, or deliver the asset to, the counterparty.

Interests in unconsolidated structured entities

Interests in unconsolidated structured entities of £0.1 million (2024: £1.5 million), and £196.2 million (2024: £204.3 million) are included in Financial assets at FVTPL and Cash and cash equivalents (note 14) respectively, arising from investments in collective investment vehicles.

The investments are carried at fair value and the Company's maximum exposure to loss is equal to the carrying value of the investment. At 31 December 2025, the total net assets of unconsolidated collective investment vehicles in which the Company held a beneficial interest were £21.0 billion (2024: £20.3 billion). During the year the Company has not provided any non-contractual financial or other support to these unconsolidated collective investment vehicles.

The Company sponsors a range of collective investment vehicles where it acts as the decision maker over the investment activities and markets the funds under one of Lloyds Banking Group's brands. The Company earns fees from managing the investments of these funds. The fees that the Company earned from these sponsored unconsolidated collective investment vehicles and limited partnerships, including those in which the Company held no interest at 31 December 2025 was £46.7 million (2024: £49.4 million).

12. Derivative financial instruments

The Company's derivative financial instruments were invested into with the purpose of offsetting the risk of unforeseen losses in operating the OEIC Holdings (see note 11). Following completion of the migration to the new Transfer Agent platform, these instruments are no longer required.

	2025	2024
	£'000	£'000
Derivative assets	—	48
Total derivative assets	—	48

The contract amount of the derivatives is £nil (2024: £2.1 million). The carrying amount disclosed reflects the fair values at the year end, and relates to derivative contracts maturing within the next 12 months.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

13. Trade and other receivables

	2025	2024
	£'000	£'000
Trade receivables	29,747	20,497
Amounts due from group undertakings (see note 22)	247	304
Other receivables	55	—
IFRS 9 impairment allowance	(48)	(3)
Total	30,001	20,798

Within trade receivables there are OEIC settlement balances with both investors and sub funds, the ongoing settlement of these subscriptions and redemptions does not generate income for the company. A number of group undertakings including the parent company subscribe and redeem from the sub funds via the Company on each dealing day, these balances settle within three working days.

None of the above balances are interest-bearing or secured (2024: none), and are repayable on demand. Further information in respect of credit risk in relation to trade and other receivables is given in note 22.

Of the above total, £nil (2024: £nil) is expected to be settled more than one year after the reporting date.

14. Cash and cash equivalents

Cash and cash equivalents for the purposes of the statement of cash flows include the following:

	2025	2024
	£'000	£'000
Cash at bank	2,768	5,700
Investments held through liquidity funds	196,169	204,317
Total	198,937	210,017

Cash and cash equivalents does not include client monies held on deposit of £10.8 million (2024: £11.6 million). These amounts are similarly excluded from current liabilities.

Investments held through liquidity funds are used to optimise returns on excess funds held by the Company. Further information in respect of credit risk in relation to cash and cash equivalents is given in note 21.

15. Share capital

	2025	2024
	£'000	£'000
Authorised:		
8,000,000 ordinary 'A' shares of £1 each	8,000	8,000
Total	8,000	8,000
Issued and fully paid share capital:		
8,000,000 (2024: 8,000,000) ordinary 'A' shares of £1 each	8,000	8,000
Total	8,000	8,000

There were no changes in share capital during the year. All shares rank equally with regard to the Company's residual assets.

16. Current tax liabilities

	2025	2024
	£'000	£'000
Current tax liabilities	4,009	6,733
Total	4,009	6,733

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

17. Provisions for other liabilities and charges

	2025	2024
	£'000	£'000
At 1 January	783	1,180
Amounts provided during the year	64	230
Amount utilised in the period	(603)	(468)
Provision released in the year	—	(159)
At 31 December	244	783

Of the above total, £nil (2024: £nil) is expected to be settled more than one year after the reporting date.

The outstanding amount of £0.2 million relates to the rectification of charges applied to certain HBOS OEIC and ISA investment plans.

18. Trade and other payables

	2025	2024
	£'000	£'000
Trade payables	24,741	13,872
Amounts due to group undertakings (see note 22)	4,559	2,717
Other payables	420	323
Total	29,720	16,912

Within trade payables there are OEIC settlement balances with both investors and sub funds, the ongoing settlement of these subscriptions and redemptions does not generate expenditure for the company. A number of group undertakings including the parent company subscribe and redeem from the sub funds via the Company on each dealing day, these balances settle within three working days.

None of the above balances are interest-bearing or secured (2024: none), and are repayable on demand. Further information in respect of liquidity risk in relation to trade and other payables is given in note 21.

Of the above total, £nil (2024: £nil) is expected to be settled more than one year after the reporting date.

19. Net decrease in operating assets and liabilities

	2025	2024
	£'000	£'000
Net (increase) / decrease in operating assets		
Derivative financial instruments	48	(48)
Trade and other receivables	(9,203)	8,665
Financial assets at fair value through profit or loss	1,417	2,206
Net (increase) / decrease in operating assets	(7,738)	10,823
Net increase / (decrease) in operating liabilities		
Derivative financial instruments	—	(62)
Trade and other payables and provisions	12,268	(6,652)
Net increase / (decrease) in operating liabilities	12,268	(6,714)
Net decrease in operating assets and liabilities	4,530	4,109

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

20. Dividends paid

	2025	2024
	£'000	£'000
Dividends paid	(25,000)	(50,000)

During the year an interim dividend of £25.0 million was paid in respect of 2025 (2024: £50.0 million). The dividend paid in the year amounted to £3.125 per share (2024: £6.25 per share).

No final dividend is proposed in respect of the year ended 31 December 2025 (2024: £nil).

21. Risk management

The Company is part of Lloyds Banking Group. The principal activity of the Company is that of an ACD of four OEICs and a manager of ISAs. The Company's funds are not actively marketed but the Company continues to receive increments on existing business.

This note summarises the financial risks and the way in which they are managed.

Financial risks

During the year, the Company is exposed to a range of financial risks through its financial assets and financial liabilities. The most important components of financial risk are credit, market, capital and liquidity risks.

The market risks that the Company primarily faces due to the nature of its financial assets and financial liabilities are interest rate and equity risk.

The Company manages these risks in a number of ways, including risk appetite assessment and monitoring of capital resource requirements.

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or at amortised cost. The material accounting policy information (note 1) describes how the classes of financial instruments are measured and how income and expenses, including fair value gains and losses, are recognised.

The timing of the unwind of the deferred tax assets and liabilities is dependent on the timing of the unwind of the temporary timing differences, arising between the tax bases of the assets and liabilities and their carrying amounts for financial reporting purposes, to which these balances relate.

The sensitivity analyses given throughout this note are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur as changes in some of the assumptions may be correlated, for example changes in interest rates and changes in market values. The sensitivity analysis presented also represents management's assessment of a reasonably possible alternative in respect of each sensitivity, rather than worst case scenario positions.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

21. Risk management (continued)

Financial risks (continued)

a) Market risk

Market risk is defined as the risk that our capital or earnings profile is affected by adverse market rates.

Market risk is managed in line with the Lloyds Banking Group Market Risk Policy which sets out the principles of the market risk control framework.

Below is an analysis of financial assets and financial liabilities at fair value through profit or loss according to their fair value hierarchy (as defined in note 1 (f)):

As at 31 December 2025

	Fair value hierarchy			Total
	Level 1	Level 2	Level 3	
	£'000	£'000	£'000	
Financial assets at fair value through profit or loss	84	—	—	84
Cash and cash equivalents	198,937	—	—	198,937
Total assets	199,021	—	—	199,021

As at 31 December 2024

	Fair value hierarchy			Total
	Level 1	Level 2	Level 3	
	£'000	£'000	£'000	
Financial assets at fair value through profit or loss	1,500	—	—	1,500
Derivative financial assets	48	—	—	48
Cash and cash equivalents	210,017	—	—	210,017
Total assets	211,565	—	—	211,565

In addition to market risk on directly held assets and liabilities, the Company has an exposure to indirect market risk. This arises from the fact that the annual management charges collected and associated costs for the management of the funds fluctuate with the market movements impacting the value of customer funds. For example if the underlying market value of customer funds fell by 10 per cent, profit with regards to investment management services are estimated to fall by £4.3 million (2024: £4.1 million) based on year end values. These are classified as indirect market risks.

(i) Interest rate risk

Interest rate risk is the risk that the value of future cash flows of a financial instrument will fluctuate because of changes in interest rates and the shape of the yield curve. The sensitivity analysis below illustrates how the fair value of future cash flows in respect of interest-bearing financial assets held by customers will fluctuate because of changes in market interest rates at the reporting date.

	Impact on profit after tax and equity for the year	
	2025 £'000	2024 £'000
25 basis points (2024: 25 basis points) increase in yield curves	(128)	(148)
25 basis points (2024: 25 basis points) decrease in yield curves	128	148
50 basis points (2024: 50 basis points) increase in yield curves	(261)	(301)
50 basis points (2024: 50 basis points) decrease in yield curves	261	301

(ii) Equity risk

The Directors do not believe that the Company has a large exposure to direct equity risk, given the small amount of equity directly held in OEIC holdings. As such equity risk is not considered material.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

21. Risk management (continued)

Financial risks (continued)

b) Credit risk

The risk that parties with whom we have contracted, fail to meet their financial obligations (both on and off balance sheet).

Credit risk is managed in line with the Insurance Credit Risk Policy and the wider Lloyds Banking Group Credit Risk Policy which set out the principles of the credit control framework.

Credit risk to the Company arises primarily from exposure to trade debtors and financial assets at fair value through profit or loss. Exposure to trade debtors is assessed on a case by case basis, using a credit rating agency where appropriate.

Expected credit losses are calculated using three key input parameters: the probability of default (PD) (except for lifetime expected credit losses), the loss given default (LGD) and the exposure at default (EAD). The probability of default and expected loss given default are determined using internally generated credit ratings.

Expected credit losses are measured on a collective basis for certain groups of financial assets, such as trade receivables due from external parties which are considered to be homogenous in terms of their risk of default.

The following table sets out details of the credit quality of financial assets that are neither past due nor impaired:

	2025	2024
	£'000	£'000
Trade and other receivables	30,001	20,798
Cash and cash equivalents	198,937	210,017
Total assets bearing credit risk	228,938	230,815

The tables below analyse financial assets subject to credit risk using Standard & Poor's rating or equivalent.

As at 31 December 2025

	Total	AAA	AA	A	Not rated
	£'000	£'000	£'000	£'000	£'000
Stage 1 assets					
Trade and other receivables	30,049	—	—	247	29,802
Cash and cash equivalents	2,768	—	—	2,768	—
Loss allowance	(48)	—	—	—	(48)
Exposure to credit risk	32,769	—	—	3,015	29,754
Assets at fair value through profit and loss					
Cash and cash equivalents	196,169	—	—	196,169	—
Total	228,938	—	—	199,184	29,754

Of the unrated assets; approximately £7.0 million (2024: £4.3 million) relate to payments due from OEICs.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

21. Risk management (continued)

Financial risks (continued)

b) Credit risk (continued)

As at 31 December 2024

	Total £'000	AAA £'000	AA £'000	A £'000	Not rated £'000
Stage 1 assets					
Trade and other receivables	20,801	—	—	304	20,497
Cash and cash equivalents	5,700	—	—	5,700	—
Loss allowance	(3)	—	—	—	(3)
Exposure to credit risk	26,498	—	—	6,004	20,494
Assets at fair value through profit and loss					
Cash and cash equivalents	204,317	—	—	204,317	—
Total	230,815	—	—	210,321	20,494

Amounts classified as 'not rated' in the above tables are not rated by Standard and Poor's or an equivalent rating agency.

Exposure to credit risk is concentrated across counterparties as follows:

	2025 Total £'000	2024 Total £'000
Trade and other receivables:		
Amounts due from trustees	18,824	15,422
Amounts due from group undertakings	247	304
Other receivables	10,930	5,072
Cash and cash equivalents:		
Amounts due from group undertakings	2,268	4,751
Other cash and cash equivalents	196,169	204,317
Total	228,438	229,866

c) Liquidity risk

Liquidity risk is defined as the risk that the Company does not have sufficient financial resources to meet its commitments as they fall due, or can only secure them at excessive cost. Liquidity risk may result from either the inability to sell financial assets quickly at their fair values or from the inability to generate cash inflows as anticipated.

Liquidity risk is managed in line with the Insurance Liquidity Risk Policy and the wider Lloyds Banking Group Funding and Liquidity Policy.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

21. Risk management (continued)

Financial risks (continued)

c) Liquidity risk (continued)

The following tables indicate the timing of the contractual cash flows arising from the Company's financial liabilities, as required by IFRS 7:

Liabilities	Contractual cash flows (undiscounted)						
	Carrying amount	No stated maturity	Less than 1 month	1-3 months	3-12 months	1-5 years	More than 5 years
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Trade and other payables	29,720	—	29,720	—	—	—	—
Total	29,720	—	29,720	—	—	—	—

Liabilities	Contractual cash flows (undiscounted)						
	Carrying amount	No stated maturity	Less than 1 month	1-3 months	3-12 months	1-5 years	More than 5 years
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Trade and other payables	16,912	—	16,912	—	—	—	—
Total	16,912	—	16,912	—	—	—	—

The contractual cash flow analysis set out above has been based on the earliest possible contractual date, regardless of the surrender penalties that might apply and has not been adjusted to take account of such penalties.

d) Capital risk (unaudited)

Capital risk is defined as the risk that the Company has a sub-optimal quantity or quality of capital or that capital is inefficiently deployed across the Company. The risk that:

- the Company has insufficient capital to meet its regulatory capital requirements;
- the Company has insufficient capital to provide a stable resource to absorb all losses up to a confidence level defined in the risk appetite;
- the Company loses reputational status by having capital that is regarded as inappropriate, either in quantity, type or distribution; and/or
- the capital structure is inefficient.

The business of the Company is regulated by the FCA. The FCA specifies the minimum amount of capital that must be held by the Company in addition to its liabilities.

Within the IP&I Division, capital risk is actively monitored by Insurance, Pensions and Investments Asset Liability Committee (IPIALCO).

The minimum required capital must be maintained at all times throughout the year. These capital requirements and the capital available to meet them are regularly estimated in order to ensure that capital maintenance requirements are being met.

Capital risk is managed in line with the Lloyds Banking Group Capital Risk Policy which sets out the principles of the capital risk control framework.

The Company's objectives when managing capital are:

- to have sufficient further capital to safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for the shareholder and benefits for other stakeholders;
- to comply with the regulatory capital requirements set out by the FCA in the UK.

The Company's capital comprises all components of equity, movements in which are set out in the statement of changes in equity.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

21. Risk management (continued)**d) Capital risk (unaudited) (continued)**

The table below sets out the regulatory capital requirement and the required capital held at 31 December in each year. The current year information is confirmed on approval of the annual report and accounts.

	2025	2024
	£'000	£'000
Regulatory capital held	195,049	207,935
Regulatory capital requirement	10,326	9,726

All minimum regulatory requirements were met during the year.

22. Related party transactions**(a) Ultimate parent and shareholding**

HBOS Investment Managers Limited (the Company) is a private Company limited by shares incorporated in the United Kingdom under the Companies Act 2006, domiciled and registered in England and Wales. The address of the Company's registered office is shown on page 3.

The Company's immediate parent undertaking is Scottish Widows Group Limited, a Company registered in the United Kingdom.

The Company has taken advantage of the provisions of the Companies Act 2006 and has not produced consolidated Financial Statements.

The ultimate parent undertaking and controlling party is Lloyds Banking Group plc, which is the parent undertaking of the only group to consolidate these Financial Statements. Once approved, copies of the consolidated Annual Report and Financial Statements of Lloyds Banking Group plc may be obtained from Lloyds Banking Group's head office at 33 Old Broad Street, London, EC2N 1HZ or downloaded via www.lloydsbankinggroup.com.

(b) Transactions and balances with related parties**Transactions with other Lloyds Banking Group companies**

The Company acts as an Authorised Corporate Director for 6 authorised OEIC sub-funds (2024: 7).

Transactions and balances in respect of these sub-funds are as follows:

	2025	2024
	£'000	£'000
OEIC sub funds		
Aggregate total transactions for the year:		
Creations	903,040	9,040,371
Cancellations	(1,686,136)	(3,703,803)
Aggregate amounts due to trustee and depositary:		
Accrued at year end	47	29
Amounts received by the Company		
Gross annual investment management fees	46,658	49,412
Amounts receivable at the year-end:		
Investment management fees	4,116	3,877
Managers' box		
Managers' box held at year end	84	1,500

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

22. Related party transactions (continued)

(b) Transactions and balances with related parties (continued)

Transactions between the Company and other Lloyds Banking Group companies

The Company has entered into the following transactions with other related parties during the year and holds the following balances with other related parties at the end of the year:

Relationship	2025			
	Income during period	Expenses during period†*	Payable at period end	Receivable at period end
	£'000	£'000	£'000	£'000
Parent	—	25,000	—	—
Other related parties	2,669	35,682	4,559	247

Relationship	2024			
	Income during period	Expenses during period†*	Payable at period end	Receivable at period end
	£'000	£'000	£'000	£'000
Parent	—	50,000	—	—
Other related parties	4,972	29,009	2,717	304

* Included within Expenses during the period is a dividend paid to the parent company of £25.0 million (2024: £50.0 million), recorded in the statement of changes in equity, for further details see note 20.

In addition to the balances disclosed in the table, balances of £196.2 million (2024: £205.0 million) and income of £8.5 million (2024: £12.0 million) in respect of liquidity funds controlled by Lloyds Banking Group meet the definition of related parties. The above balances are unsecured in nature and are expected to be settled in cash.

Transactions between the Company and key management

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company which, for the Company, are the Directors.

The Executive Directors consider that they receive no remuneration for their services to the Company. The Non-Executive Directors received short-term employee benefits and remuneration in respect of qualifying services totalling £17,155 (2024 – £18,875). None of the Non-Executive Directors are entitled to receive share options, retirement benefits or amounts under long-term incentive schemes.

23. Contingent liabilities and capital commitments

Given the nature of the business the Company undertakes, it may from time to time receive complaints against it. The Company has procedures in place to assess the veracity of the claims and provision has been made to cover its best estimate of the exposure in respect of these matters which requires significant judgement and subjective assumptions. No provisions have been recorded for other contingencies, as the Company's obligations under them are not probable and estimable.

Outsourcing of long-standing customer administration platform

The outsourcing contract signed with Diligenta on 25 September 2017 provided for certain future payments which were contingent on contractual milestones being achieved. As migration to the new Diligenta platform completed in the year, no further payments are required to be incurred by the Company (2024: £2.8 million).

24. Events after the reporting date

There are no events after the reporting date.