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Trustees

Employer Appointee:
Mr S Allin
Mr P Gorin
Mr S S Harries (resigned 31 July 2020)
Ms J Killick
Ms L Phillips
(2 vacancies)

Member Appointee:
Ms P Farthing (appointed 28 October 2019)
Mr W R K Howells
Mr C Morgan
Ms R Williams-Sharp

Fund Administrators

Deloitte Total Reward & Benefits Limited
27-45 Great Victoria Street
Belfast
BT2 7SL

Scheme Secretary

Deloitte Total Reward & Benefits Limited
27-45 Great Victoria Street
Belfast
BT2 7SL

Scheme Actuary

Mark McClintock FIA
Deloitte Total Reward & Benefits Limited
27-45 Great Victoria Street
Belfast
BT2 7SL

Independent Auditors

PricewaterhouseCoopers LLP
One Kingsway
Cardiff
CF10 3PW

Bankers

The Co-operative Bank PLC (closed 21 August 2019)
16-17 High Street
Cardiff
CF10 1AX

HSBC (opened 11 June 2020)
1 Centenary Square,
Birmingham,
B1 1HQ

Lloyds Bank
1 Queen Street
Cardiff
CF10 2AF

Life Assurance Provider

Zurich Municipal
The Zurich Centre
3000B Parkway
Fareham
PO15 7JZ

Investment Advisors

Quantum Advisory
Summers House
Pascal Close
Cardiff
CF3 0LW
Cardiff University Pension Fund
Trustees and Fund Advisers (continued)

Solicitors
Burges Salmon LLP
One Glass Wharf
Bristol
BS2 0ZX

Investment Managers
Newton Investment Management Limited
BNY Mellon Centre
160 Queen Victoria Street
London
EC4V 4LA

M&G Investments (M&G)
Laurence Poutney Hill
London
EC4R 0HH

Legal & General Assurance (Pensions Management) Limited
One Coleman Street
London
EC2R 5AA

Barings Asset Management Limited
155 Bishopsgate
London
EC2M 3XY

Partners Group (UK) Limited
14th Floor
110 Bishopsgate
London
EC2N 4AY

Insight Investment Management (Global) Limited
160 Queen Victoria Street
London
EC4V 4LA

Additional Voluntary Contribution (AVC) Provider
Utmost Life & Pensions (formerly The Equitable Life Assurance Society)
Walton Street
Aylesbury
Bucks
HP21 7QW

AEGON (formerly Scottish Equitable)
Edinburgh Park
Edinburgh
EH12 9SE

Custodians
For Newton Investment Management Limited:
BNY Mellon SA/NV London Branch

For M&G Investments:
HSBC Bank Plc
and State Street Bank & Trust Company

For Legal & General Assurance (Pensions Management) Limited:
HSBC Global Investor Services
and Citigroup

For Barings Asset Management Limited:
Northern Trust Fiduciary Services (Ireland) Limited

For Partners Group (UK) Limited:
BNY Mellon Trust & Depositary (UK) Limited

For Insight Investment Management (Global) Limited:
Northern Trust International Fund Admin
Administration Services(Ireland Limited)
Cardiff University Pension Fund

Trustees’ Report for the year ended 31 July 2020

The Trustees are pleased to present their annual report for the year ended 31 July 2020.

Constitution of the Fund

Cardiff University Pension Fund (‘CUPF’ or the ‘Fund’) is a defined benefit scheme and provides benefits for both non-academic and certain academic employees of the University. The CUPF is established under and governed by a trust deed and rules.

Up to 5 April 2016, in accordance with the Pension Schemes Act 1993 (as amended) the Fund members were contracted out of the State Second Pension (S2P). The government decided to end contracting-out from 6 April 2016 and replace the two tier arrangement with a new single tier flat rate State Pension.

The Fund is a registered pension scheme for the purposes of the Finance Act 2004. This means that contributions by employers and employees are normally eligible for tax relief, and income and capital gains earned by the Fund receive preferential tax treatment.

In accordance with the trust deed, the Trustees are appointed and may be dismissed by other Trustees in a formal meeting. The Trustees are responsible for the administration and investment policy of the Fund.

The Fund is established as a trust under English law. The address for enquiries to the Fund is included in the Trustees Report on page 2.

Appointment of Trustees

In accordance with the Occupational Pensions Schemes (Member Nominated Trustees) Regulations, the arrangements for the CUPF are as follows:

There are ten trustee positions in total, six employer-nominated and four member-nominated trustees. Nominations are sought as vacancies arise. Normally Member Trustees serve for a three year term, at the end of which they are eligible to stand again. If there is more than one candidate, an election is held by secret ballot of the members. Employer-nominated Trustees normally serve for a period of five years in the first instance.

As at 31 July 2020 there were vacancies for two employer-nominated Trustees.

The Trustees met on five occasions during the year to 31 July 2020 (four Trustee Board meetings and one Trustee Awayday) and in addition three Investment Sub-Committee meetings were held.
Fund Membership

Details of the current membership of the Fund are given below:

   (a) Contributing members

<table>
<thead>
<tr>
<th></th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>At 1 August 2019</td>
<td>1,793</td>
</tr>
<tr>
<td>Opening adjustments</td>
<td>3</td>
</tr>
<tr>
<td>New Members</td>
<td>267</td>
</tr>
<tr>
<td>Flex retirements commencing</td>
<td>1</td>
</tr>
<tr>
<td>Refunds</td>
<td>(5)</td>
</tr>
<tr>
<td>Leavers with deferred benefits</td>
<td>(139)</td>
</tr>
<tr>
<td>Retirements</td>
<td>(28)</td>
</tr>
<tr>
<td>Flex retirements ceasing</td>
<td>(3)</td>
</tr>
<tr>
<td>Death in Service</td>
<td>(1)</td>
</tr>
<tr>
<td><strong>At 31 July 2020</strong></td>
<td><strong>1,888</strong></td>
</tr>
</tbody>
</table>

New members joining are stated net of auto-enrolment opt-outs where contributions were never remitted to the Fund.

   (b) Deferred members

<table>
<thead>
<tr>
<th></th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>At 1 August 2019</td>
<td>1,484</td>
</tr>
<tr>
<td>Opening adjustments</td>
<td>(8)</td>
</tr>
<tr>
<td>Leavers with deferred benefits</td>
<td>139</td>
</tr>
<tr>
<td>Transfers out</td>
<td>(6)</td>
</tr>
<tr>
<td>Deaths</td>
<td>(1)</td>
</tr>
<tr>
<td>Retirements</td>
<td>(23)</td>
</tr>
<tr>
<td>Full commutation</td>
<td>(3)</td>
</tr>
<tr>
<td><strong>At 31 July 2020</strong></td>
<td><strong>1,582</strong></td>
</tr>
</tbody>
</table>

   (c) Pensioners

<table>
<thead>
<tr>
<th></th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>At 1 August 2019</td>
<td>1,048</td>
</tr>
<tr>
<td>Opening adjustments</td>
<td>3</td>
</tr>
<tr>
<td>Contributing members who retired</td>
<td>28</td>
</tr>
<tr>
<td>Deferred pensions who retired</td>
<td>23</td>
</tr>
<tr>
<td>Spouses and dependants pensions becoming payable</td>
<td>12</td>
</tr>
<tr>
<td>Leavers</td>
<td>(1)</td>
</tr>
<tr>
<td>Deaths</td>
<td>(40)</td>
</tr>
<tr>
<td><strong>At 31 July 2020</strong></td>
<td><strong>1,073</strong></td>
</tr>
</tbody>
</table>

The opening adjustments above relate to retrospective changes regarding the status of members due to the timing of notification of the change.

Contributing members who retired comprised of 28 full retirees and 3 flexible retirees who are still active contributing members.

Included in the above pensioner members, as at 31 July 2020, 2 members are paid by annuities (2019 – 2).
Report on Actuarial Liabilities

As required by Financial Reporting Standard 102, “The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland” (FRS 102), the financial statements do not include liabilities in respect of promised retirement benefits.

Under section 222 of the Pensions Act 2004, every scheme is subject to the Statutory Funding Objective, which is to have sufficient and appropriate assets to cover its Technical Provisions, which represent the present value of benefits to which members are entitled based on pensionable service to the valuation date. This is assessed at least every 3 years using assumptions agreed between the Trustees of the Cardiff University Pension Fund (“the Fund”) and Cardiff University (“the University”) and set out in the Statement of Funding Principles, a copy of which is available to Fund members on request.

The most recent Actuarial Valuation of the Fund, performed by Mark McClintock, was carried out as at 31 July 2019 ("the Valuation Date"). This valuation used the Projected Unit Method.

Following discussions with the University, the Trustees have determined and agreed with the University the assumptions to be used to calculate the 'Technical Provisions'. This is the amount needed to be held by the Fund to provide the benefits that will be paid from the Fund in the future, assuming the Fund continues in its present form. The calculation is based on assumptions about various factors that will influence the Fund in the future, such as the levels of investment returns and pension increases, when members will retire and how long members will live.

The main assumptions underlying the valuation calculations were:

- Pre-retirement discount interest rate 3.85% p.a.
- Post-retirement discount interest rate 2.20% p.a.
- Retail Price Inflation ('RPI') 3.40% p.a.
- Consumer Price Inflation ('CPI') 2.65% p.a.
- Salary increases 2.65% p.a.
- Deferred pension revaluation (based on (CPI)) 2.65% p.a.
- Increases to pensions in payment:
  - CPI max 3% * 2.20% p.a.
  - CPI inflation 2.65% p.a.
  - CPI max 5% (plus half of any excess over 5%, subject to an overall cap of 10%) 2.65% p.a.

* An allowance for the cap has been made using a Blacks model and an inflation volatility assumption of 1.5% p.a.

Mortality: SAPS S2 Pensioner tables based on year of birth with various scaling factors, with future improvements in longevity in line with CMI 2019 projections with a 1.5% p.a. long term trend, core smoothing parameter of 7.0 and additional factor of 0.5%.
Report on Actuarial Liabilities (continued)

A summary of the funding position at the Valuation Date and the previous valuation date is as follows:

<table>
<thead>
<tr>
<th></th>
<th>31 July 2019</th>
<th>31 July 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market value of assets</td>
<td>229.6</td>
<td>184.9</td>
</tr>
<tr>
<td>Technical provisions</td>
<td>264.6</td>
<td>210.3</td>
</tr>
<tr>
<td>Funding deficit</td>
<td>(35.0)</td>
<td>(25.4)</td>
</tr>
<tr>
<td>Funding Ratio</td>
<td>87%</td>
<td>88%</td>
</tr>
</tbody>
</table>

A Recovery Plan was agreed between the Trustees and the University on 29 October 2020 in order to eliminate this deficit by 31 July 2029:

- between 1 November 2020 and 31 July 2021 the University agrees to pay deficit contributions of 0.80% per annum of total pensionable salary;
- between 1 August 2021 and 31 July 2029, the University agrees to pay deficit contributions of:
  - 8.2% per annum of total pensionable salary; and
  - £1,000,000 per annum

In respect of ongoing accrual the following contribution rates were agreed:

**Member contributions:**
- Nil for members who have elected to participate in salary sacrifice.
- 6.5% per annum of pensionable salary for CARE members (not electing to participate in salary sacrifice).
- 7.5% p.a. of pensionable salary for non-CARE members (not electing to participate in salary sacrifice).

**Employer contributions:**
- 19.2% per annum of total pensionable salary of all active members who have not elected to participate in salary sacrifice.
- 25.7% per annum of total pensionable salary of all active CARE members who have elected to participate in salary sacrifice.
- 26.7% per annum of total pensionable salary of all active non-CARE members who have elected to participate in salary sacrifice.

*The final salary section was closed to new members from 31 December 2011 and from 1 January 2012 all new CUPF members are enrolled in the Career Average Revalued Earnings (CARE) section.*

An allowance of 1.50% per annum has been included in the ongoing contributions for administrative expenses, insurance premiums and levies payable in respect of the Fund as these are paid directly from the Fund’s assets.

These arrangements were formalised in a Schedule of Contributions certified by the Scheme Actuary on 29 October 2020.

The Actuarial Certificate is shown on page 45 of the financial statements.
If the University goes out of business or decides to stop contributing to the Fund, the Fund may be "wound-up" and the University could be required to pay additional money to buy all members' benefits from an insurance company. The comparison of the Fund's assets to the cost of buying the benefits from an insurance company is known as the "buy-out position". A pension scheme's buy-out position will often show a larger shortfall than the standard actuarial valuation as insurers are obliged to take a very cautious view of the future, and they also need to make a profit.

The actuarial valuation at 31 July 2019 showed that the Fund's assets would not have been enough to buy all members' benefits from an insurance company, as the "buy-out position" at that date was:

<table>
<thead>
<tr>
<th>31 July 2019</th>
<th>£m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Estimated cost of buying benefits with an insurance company</td>
<td>484.5</td>
</tr>
<tr>
<td>Value of the assets</td>
<td>229.6</td>
</tr>
<tr>
<td>Funding level</td>
<td>47%</td>
</tr>
</tbody>
</table>

This does not mean that the University is thinking of winding up the Fund. The fact that there is a shortfall at the Valuation Date has not affected the pensions paid from the Fund and all members who have retired have received the full amount of their pension.

It is worth remembering that a valuation is just a "snap shot" of the Fund's funding position and it can change considerably if there are sudden changes in share prices, gilt yields or life expectancies.

**Next actuarial valuation**

The next triennial valuation is as at 31 July 2022 and this will provide an opportunity to fully re-examine the position of the Fund in the light of the market conditions as at that date.

**Contributions**

The annual contributions to the Fund by Cardiff University are based on actuarial advice as noted previously and, in respect of existing staff, are related to pensionable salaries taking into account an assessment of future salary increases and inflation.

**Additional Voluntary Contributions (AVCs)**

Until 31 March 2012, the Fund provided a facility for final salary members to contract to pay AVCs into the Fund to enhance their benefits at retirement. From 1 April 2012 existing contracts have been allowed to continue to maturity, but no new contracts are able to be started. CUPF CARE members are not able to purchase AVCs through the Fund.

The payments made under AVCs are used to purchase “added years” of service for the members. 14 members were paying AVCs at 31 July 2020 (2019: 20 members) and these contributions are invested with the normal contributions.
Additional Voluntary Contributions (AVCs) (continued)

Historically, money purchase AVCs made by ex-members of Cardiff University (Wales College of Medicine) Superannuation Scheme were invested with either Utmost Life & Pensions or Aegon. These AVC contracts are no longer active but the funds will remain with the providers until maturity or transfer.

Statements are sent annually to members paying AVCs, in respect of their contributions and the accumulation of their funds.

Increase in pensions and deferred pensions

It is the current policy of the Fund to increase pensions and deferred pensions in accordance with the provisions of the Pensions (Increase) Act 1971 for public service employees.

The latest increase in public service pensions took effect from 6 April 2020. The increase relevant to this Fund was 1.7%. Increases to pensions in payment provided in earlier years are shown below. None of the increases was discretionary.

<table>
<thead>
<tr>
<th>Date</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>8 April 2019</td>
<td>2.4%</td>
</tr>
<tr>
<td>9 April 2018</td>
<td>3.0%</td>
</tr>
<tr>
<td>10 April 2017</td>
<td>1.0%</td>
</tr>
<tr>
<td>11 April 2016</td>
<td>0.0%</td>
</tr>
<tr>
<td>6 April 2015</td>
<td>1.2%</td>
</tr>
<tr>
<td>7 April 2014</td>
<td>2.7%</td>
</tr>
<tr>
<td>8 April 2013</td>
<td>2.2%</td>
</tr>
</tbody>
</table>

Pension increases in CUPF are required to follow those of Official Pensions, accordingly from April 2011 pension increases have been in line with the Consumer Price Index (CPI) rather than, as previously, the Retail Price Index (RPI).

Transfer Values

Cash equivalents paid during the Fund year with respect to transfers have been calculated and verified in the manner prescribed by the Pension Schemes Act 1993 and do not include discretionary benefits.

Rule Changes

There were no Rule changes in the year to 31 July 2020.
Investment report and performance

The Trustees are responsible for the broad investment policy for the Fund. However, responsibility for the continuing routine investment transactions has been delegated to the Investment Managers. As at 31 July 2020 the Fund had six Investment Managers, these were Legal & General Assurance (Pensions Management) Limited (“Legal & General”), Newton Investment Management Limited (“Newton”), M&G Investments (“M&G”), Barings Asset Management Limited (“Barings”), Partners Group (UK) Limited (“Partners Group”) and Insight Investment Management (Global) Limited (“Insight”).

Legal & General Investment management fees are paid quarterly and comprise a tiered ad-valorem fee based on the value of the assets under management. Newton management fees are paid quarterly in arrears. M&G charge their fees via a continuing investment charge which is calculated on the net asset value of the funds at each valuation day and this is reflected in the unit price of the fund. Barings DAAF’s management fees are accrued and are charged through the fund via the unit price of the fund. The management fees for Partners Group Generations Fund are taken from the Fund and are reflected in the unit price. In addition, the Fund has a performance fee whereby 10% of net profits are subject to a high watermark and this is reflected in the unit price. The Fund also has a TER cap of 2.25% which applies to the total fee (management and performance fee). Insight’s funds have standard management charges which are reflected through the unit price of the various funds. They also calculate on a tiered basis at each month end the fees due based on the market value of the CUPF’s holdings in each fund and where this is less than the standard charge, they rebate the fees and return the excess to the CUPF on a quarterly basis.


The Fund did not hold any employer related investments during the year or at the year-end (2019: Nil).

The Investment Managers appointed on behalf of the Trustees to manage funds under section 34 of the Pensions Act 2005 are appropriately authorised under the Financial Services and Markets Act 2000 to manage investments. They are considered to have the appropriate knowledge and experience to manage the particular investments delegated to them.

The Trustees have produced a Statement of Investment Principles (SIP) as required by Section 35 of the Pensions Act 1995 and a copy is available on request. The statement was updated with effect from 26 June 2019 and reflects, amongst other things, the ESG factors considered.

Overall Asset allocation parameters for the Fund, agreed in June 2019 are as follows:

<table>
<thead>
<tr>
<th>Asset Class</th>
<th>Parameter</th>
<th>31 July 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>%</td>
<td>£'000</td>
</tr>
<tr>
<td>Equities</td>
<td>18.0 - 22.0</td>
<td>19.3</td>
</tr>
<tr>
<td>Diversified Target return</td>
<td>33.5 - 41.5</td>
<td>33.7</td>
</tr>
<tr>
<td>Corporate Bonds</td>
<td>8.5 - 11.5</td>
<td>11.3</td>
</tr>
<tr>
<td>Alternatives</td>
<td>12.5</td>
<td>11.7</td>
</tr>
<tr>
<td>LDI Strategy</td>
<td>20.0</td>
<td>24.0</td>
</tr>
</tbody>
</table>

The Trustees periodically review the LDI hedge allocation. The Trustees/ISC recognised that the allocation had drifted from its target, however, a re-balancing was not undertaken as the LDI allocation is being reviewed as part of the wider investment strategy review exercise.

The Trustees employ professional investment advisors to provide regular independent investment performance reports to assist them with their review of the Investment Managers performance.
Investment report and performance (continued)

Responsible Investment and Corporate Governance
Corporate governance activities, including social, environmental and ethical considerations, have been delegated to the Funds’ investment managers with the requirement that voting rights are exercised in the best interests of the funds. The Trustees will, from time to time, ask the funds’ investment managers to explain their corporate governance policy and practices, and review their voting activities.

Quantum investment monitoring report for the year to 31 July 2020
This report identifies the returns for each of the investment managers and also the combined Fund return over the year ending 31 July 2020.

Total Fund Returns
Over the year, the total Fund returned 2.8%.

Market Overview
Global growth generally slowed over the second quarter in 2019. In the UK, GDP was confirmed to have contracted 0.2%, which was primarily due to declining industrial output and a slump in business investment. In the US, GDP growth moderated to 0.5% over the quarter, with trade disputes being the principal concern for investors. Further to the ongoing trade war with China, the US government threatened to impose $7.5 billion worth of tariffs on EU goods, following a World Trade Organisation ruling relating to a dispute over aviation subsidies. Elsewhere, Eurozone economic data moderated over the period; German GDP contracted over the second quarter with PMI figures released over the third quarter in 2019 suggesting a technical recession was now likely. In response to the slowdown in economic growth, global central banks loosened monetary policy, with further stimulus expected. Both risk assets and traditional safe haven assets generated gains as investors priced in further economic stimulus, but geopolitical headwinds remained. Developed market equities were up c1.7% (in local terms), whereas emerging market equities trailed, returning c-1.8%. Emerging market equities underperformed their developed counterparts as risk aversion increased amid increasing global trade tensions. Amid central bank easing and rising trade tensions, Q3 2019 was a positive quarter for government bond markets, as investors sought security from the uncertain economic environment. It also proved to be a positive quarter for global investment grade credit, which was supported by the performance of the underlying government bonds. In the UK, the Over 15 Year Gilts Index and the Over 5 Year Index-Linked Gilts Index returned c11.0% and c8.7%, respectively.

Global markets responded positively to encouraging geopolitical developments and further loosening of monetary policy in Q4 2019. In the UK, markets rallied following the solid election result for the Conservative Party and initial Q3 2019 GDP figures that suggested the UK would avoid a technical recession. However, gains were soon tempered by the announcement that legislation would be passed ensuring no further extensions to the post-Brexit transition period past the end of 2020. In the US, markets rose following the announcement of the first phase of a US-China trade agreement, as well as an additional rate cut by the Federal Reserve (the third of the year) and better than expected economic data. EU markets benefitted from the US-China trade progress, as well as economic data from Germany that was stronger than anticipated. UK equities rose by 4.2% over Q4 2019, but the pre-election uncertainty saw them trail wider developed equity markets (which themselves rose by 7.5% in local terms). US and EU equities rose by 9.1% and 5.3% (both in local terms), respectively, whilst emerging market equities rose by 9.6% (local terms). Developed market government bonds generally fell in value. In the UK, higher confidence in risk-markets and the Conservative Party election win had a negative impact on government bonds (with the Over 15 Year Gilt Index and Over 5 Year Index-Linked Gilts Index falling by 6.6% and 9.4%, respectively) and Sterling denominated Corporate Debt. US Treasuries fell 0.8%. 
Market Overview (continued)

Concerns regarding the impact of COVID-19 dominated markets over the first quarter in 2020, with oil price volatility being a secondary concern (but noteworthy), with investor fears of a global recession mounting as the quarter progressed. In spite of historic stimulus packages announced by all major central banks, global equities ended Q1 2020 c.20% lower, in local terms, compared to the end of 2019. To contextualise, some of the market falls experienced globally had been as significant as the crashes of 2008 (the “Financial Crisis”), 2001 (the “Dot.com bubble”) and 1987 (“Black Monday”). Specific in this market event was the extent to which large portions of the global economy have been temporarily shut down in an effort to contain the spread of the virus. A lack of discretionary household spending, on non-essential items, hit retail and leisure businesses hardest. Intra-market comparisons revealed no major equity markets were unscathed. However, it is important to note that, of the major developed equity markets considered, UK equities fell furthest (down 25.1%, driven by the fall in the price of oil), European markets fared somewhat better (falling 21.0%), and US and Japanese markets fell the least (returning -19.6% and -17.2%, respectively). All returns noted are in local terms. Despite being highly volatile and subject to liquidity concerns, developed market government bonds rose in value following a combination of significant interest rate cuts and a flight to safety by investors. Nominal and index-linked gilts rose by 11.2% and 1.9% respectively (the latter being constrained by falling inflation expectations). Corporate bond markets were another casualty of the sharp falls in risk markets, as concerns around the increased expectations for defaults, as well as illiquidity, rose; sterling corporate bonds fell by 4.7%.

An extraordinary level of central bank stimulus, government support and growing optimism concerning a vaccine resulted in a large rebound for major stock markets during the second quarter of 2020. However, this rebound was not wholly sufficient to reverse the steep declines experienced during the first quarter of the year. Whilst the global scientific consensus would position countries as having crested their first wave of the COVID-19 pandemic, the virus was by no means a past event. Over the period, economies began to tentatively reopen following the same pattern in which they closed, with workforces returning to work first in Asia and then mainland Europe and the UK. The US, with its spectrum of state-level pandemic responses, bucked this trend with some states opening for business in the period and others remaining closed. Global equities rose 18.6% (in local terms). Uncertainty continued to pervade markets, with some attributing equity rises to lower infection cases and others regarding them as evidence of a ‘bear-market’ rally (where short term gains are temporary and followed by later losses). Within businesses, outlooks have improved significantly with PMI surveys pointing to higher confidence in the manufacturing, services and construction sectors in June, however these should be considered against sustained falls in employment over the same period. US equities performed strongly over the period (returning 21.6% in local terms), outperforming many of their regional counterparts, buoyed by the strong performance of large technology companies. Emerging, European (ex. UK) and Japanese markets lagged global equities to varying extents, returning 16.8%, 15.4% and 11.8% respectively (in local terms). UK equities generated returns of 9.2%, held back by Brexit concerns and the low price of oil, underperforming the vast majority of regions over Q2 2020. This is significant given the stark underperformance of UK markets over the preceding quarter. Despite rises in risk markets, economic uncertainty remained high over the period, as evidenced in the further gains made by government bonds (nominal and index-linked bonds rose by 2.5% & 10.3% respectively). Corporate bonds rallied over the period, recovering losses incurred over Q1 2020, with longer-dated, higher quality Sterling corporate bonds returning 16.3%, reflecting investors “risk on” appetite and the sustained support from central policy institutions.
Quantum investment monitoring report for the year to 31 July 2020 (continued)

Fund Values
The market values of the Fund’s invested assets as at 31 July 2020 are shown below:

<table>
<thead>
<tr>
<th>Assets</th>
<th>Legal &amp; General (£’m)</th>
<th>Newton (£’m)</th>
<th>M&amp;G (£’m)</th>
<th>Barings (£’m)</th>
<th>Partners Group (£’m)</th>
<th>Insight (£’m)</th>
<th>Total (£’m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equities</td>
<td>45.2</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>45.2</td>
</tr>
<tr>
<td>Multi Asset Funds</td>
<td>--</td>
<td>28.9</td>
<td>24.8</td>
<td>24.9</td>
<td>--</td>
<td>--</td>
<td>78.6</td>
</tr>
<tr>
<td>Private markets</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>27.4</td>
<td>--</td>
<td>27.4</td>
</tr>
<tr>
<td>Corporate bonds</td>
<td>--</td>
<td>--</td>
<td>26.4</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>26.4</td>
</tr>
<tr>
<td>LDI and cash</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>56.1</td>
<td>56.1</td>
</tr>
<tr>
<td>Total</td>
<td>45.2</td>
<td>28.9</td>
<td>51.2</td>
<td>24.9</td>
<td>27.4</td>
<td>56.1</td>
<td>233.7</td>
</tr>
</tbody>
</table>

Historic Assets

<table>
<thead>
<tr>
<th>Date</th>
<th>Legal &amp; General (£’m)</th>
<th>Newton (£’m)</th>
<th>M&amp;G (£’m)</th>
<th>Barings (£’m)</th>
<th>Partners Group (£’m)</th>
<th>Insight (£’m)</th>
<th>Total (£’m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>31 July 2019</td>
<td>43.4</td>
<td>27.9</td>
<td>49.9</td>
<td>26.2</td>
<td>28.1</td>
<td>41.4</td>
<td>217.0</td>
</tr>
</tbody>
</table>

Totals may not cast due to rounding.

The Fund assets held with Legal & General, M&G, BNY Mellon, Barings, Partners Group and Insight are within appropriate tolerance around the strategic benchmark.

Investment performance

The table below shows an approximate return for the Fund over a 1, 3 and 5 year period to 31 July 2019.

<table>
<thead>
<tr>
<th></th>
<th>1 year %</th>
<th>3 year (p.a.) %</th>
<th>5 year (p.a.) %</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2.8</td>
<td>6.0</td>
<td>7.2</td>
</tr>
</tbody>
</table>

Three and five year performance is approximate and is calculated using the annual net cash inflow to the investment assets/funds, assuming this total value was invested/withdrawn half way through the Fund’s reporting year.
**Investment performance (continued)**

Performance of the Fund’s investments over short and longer periods is summarised below to 31 July 2020:

<table>
<thead>
<tr>
<th>Return seeking assets</th>
<th>1 Year (p.a.)%</th>
<th>3 Year (p.a.)%</th>
<th>5 Year (p.a.)%</th>
</tr>
</thead>
<tbody>
<tr>
<td>L&amp;G World Equity Index GBP Hedged</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Performance - net of fees</td>
<td>3.7</td>
<td>6.1</td>
<td>6.6</td>
</tr>
<tr>
<td>Target</td>
<td>4.0</td>
<td>6.3</td>
<td>6.8</td>
</tr>
<tr>
<td>M&amp;G Episode Allocation</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Performance - net of fees</td>
<td>(2.8)</td>
<td>(0.9)</td>
<td>3.7</td>
</tr>
<tr>
<td>Target</td>
<td>5.6</td>
<td>5.7</td>
<td>5.6</td>
</tr>
<tr>
<td>BNY Mellon Real Return</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Performance - net of fees</td>
<td>3.5</td>
<td>4.3</td>
<td>3.6</td>
</tr>
<tr>
<td>Target</td>
<td>4.5</td>
<td>4.6</td>
<td>4.5</td>
</tr>
<tr>
<td>Barings Dynamic Asset Allocation</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Performance - net of fees</td>
<td>(5.1)</td>
<td>0.4</td>
<td>2.1</td>
</tr>
<tr>
<td>Target</td>
<td>4.6</td>
<td>4.7</td>
<td>4.6</td>
</tr>
<tr>
<td>Partners Group Generations Fund¹</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Performance - net of fees</td>
<td>(2.6)</td>
<td>4.2</td>
<td>N/A</td>
</tr>
<tr>
<td>Target</td>
<td>7.0</td>
<td>7.0</td>
<td>N/A</td>
</tr>
</tbody>
</table>

Source: Legal & General, M&G, BNY Mellon, Barings, Partners Group.
Quantum investment monitoring report for the year to 31 July 2020 (continued)

**Investment performance (continued)**

<table>
<thead>
<tr>
<th>Liability-driven assets</th>
<th>1 Year (p.a.%)</th>
<th>3 Year (p.a.%)</th>
<th>5 Year (p.a.%)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>M&amp;G Long Dated Corporate Bonds</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Performance - net of fees</td>
<td>13.9</td>
<td>9.0</td>
<td>9.9</td>
</tr>
<tr>
<td>Benchmark</td>
<td>13.5</td>
<td>9.1</td>
<td>9.8</td>
</tr>
<tr>
<td><strong>Insight LDI Enhanced Selection Inflation</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Performance - gross of fees</td>
<td>(28.2)</td>
<td>(6.5)</td>
<td>(10.0)</td>
</tr>
<tr>
<td>Gilt Benchmark</td>
<td>(30.1)</td>
<td>(8.1)</td>
<td>(11.4)</td>
</tr>
<tr>
<td>Swap Benchmark</td>
<td>(34.5)</td>
<td>(13.0)</td>
<td>(14.4)</td>
</tr>
<tr>
<td><strong>Insight LDI Enhanced Selection Longer Real</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Performance - gross of fees</td>
<td>25.0</td>
<td>25.8</td>
<td>26.9</td>
</tr>
<tr>
<td>Gilt Benchmark</td>
<td>27.5</td>
<td>27.8</td>
<td>27.8</td>
</tr>
<tr>
<td>Swap Benchmark</td>
<td>16.9</td>
<td>17.4</td>
<td>20.1</td>
</tr>
<tr>
<td><strong>Insight LDI Enhanced Selection Shorter Real</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Performance - gross of fees</td>
<td>6.4</td>
<td>21.4</td>
<td>25.3</td>
</tr>
<tr>
<td>Gilt Benchmark</td>
<td>1.7</td>
<td>19.9</td>
<td>24.0</td>
</tr>
<tr>
<td>Swap Benchmark</td>
<td>2.2</td>
<td>14.1</td>
<td>19.5</td>
</tr>
<tr>
<td><strong>Insight LDI Liquidity Plus Holding</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Performance - gross of fees</td>
<td>1.1</td>
<td>0.9</td>
<td>0.9</td>
</tr>
<tr>
<td>Benchmark</td>
<td>0.7</td>
<td>0.5</td>
<td>0.5</td>
</tr>
</tbody>
</table>

Source: Legal & General, M&G, BNY Mellon, Barings, Partners Group, (net of fees). Insight (gross of fees).

¹ Fund inception: April 2016.
Investment performance (continued)

Return seeking assets

Legal & General World Equity Index – GBP Hedged Fund
- Legal & General World Equity Index Fund - GBP Currency Hedged benchmark is the FTSE World Index (less withholding tax where applicable) – GBP Hedged (with the exception of advanced emerging markets), which is a customised index.
- Legal & General’s target is to track the benchmark to within 0.5% pa for two years out of three (gross of fees).

M&G Episode Allocation Fund
- The M&G Episode Allocation Fund (the “Fund”) follows a highly flexible investment approach, with the freedom to invest in different types of assets. The Fund gains access to assets directly and indirectly through derivatives.
- The investment objective of the Fund is to maximise total return in the long term, through the combination of income and growth of capital. The Fund's benchmark is 3 month LIBOR +5% (p.a.).

BNY Mellon Real Return Fund
- The BNY Mellon Real Return Fund (the “Fund”) is an actively managed, multi-asset strategy fund seeking significant real rates of return. The Fund invests in a broad range of traditional and alternative asset classes which may include, but is not limited to, equities, investment grade and high yield bonds, property, private equity, infrastructure, commodities and currencies. The Fund may also use derivatives for investment purposes as well as hedging or risk reduction purposes.
- BNY Mellon’s aim is to outperform the benchmark (1 month LIBOR) by 4% p.a. over rolling 5 year periods (gross of fees).

Barings Dynamic Asset Allocation Fund
- The Barings Dynamic Asset Allocation Fund (the “Fund”) manages a range of asset classes (primarily fixed income securities, equities and alternative assets) on an active basis.
- The investment objective of the Fund is to provide an absolute return of UK 3 month LIBOR + 4% pa (net of fees) over rolling three year periods.
- The Barings DAAF has a small allocation (£962,000 or c.4.0% as at 31 July 2020) to Property (via two underlying Property fund holdings).

Partners Group Generations Fund
- The Partners Group Generations Fund (the “Fund”) seeks to generate equity like returns with low correlation to equities and lower volatility.
- The Fund offers a private markets multi-asset solution, comprising a broad range of asset classes, including private equity, private real estate, private debt and private infrastructure, complemented by listed private markets and liquid portfolio strategies.
- The Fund targets a return of 7% to 11% pa net of fees over a full market cycle. The lower end of this target (i.e. 7% pa) has been used in the performance table above.

Liability-driven assets

M&G – Long Dated Corporate Bond Fund
- The M&G Long Dated Corporate Bond Fund (“the Fund”) invests mainly in high quality sterling corporate bonds with over 15 years to maturity. The Fund is actively managed against its performance benchmark of the iBoxx Sterling Over 15 Years Non-Gilts Index. The Fund may also hold UK government gilts and derivatives (such as options and swaps) together with limited amounts of non-sterling and high yield corporate bonds where this may prove beneficial in the shorter term.
- The Fund’s target is to achieve a return of 0.8% per annum (gross of fees) above the benchmark on a rolling three year basis.
Insight – LDI funds

- The Insight LDI Enhanced Selection Inflation Fund, the Insight LDI Enhanced Selection Longer Real Fund and the Insight LDI Enhanced Selection Shorter Real Fund have a Gilt benchmark and a Swap benchmark. The gilt benchmark is a set of cashflows reflecting the liabilities of a typical pension scheme discounted using gilt interest rates and inflated using gilt inflation. The swap benchmark is a set of cashflows reflecting the liabilities of a typical pension scheme discounted using swap interest rates and inflated using swap inflation.
- The Insight LDI Liquidity Plus Fund’s benchmark is 3 month LIBID.
- Investment income of £6,346,973 was the result of a special dividend payment to shareholders from Insight, one of the Fund’s investment managers, due to an increase in the investment fund’s value.

Investment Sub-Committee

The Investment Sub-Committee, established by the Trustees, is charged with reviewing investment arrangements, performance and strategy. It met on three occasions during the year to 31 July 2020 and continues to oversee the investment strategy and regularly monitor the performance of the investment managers and report to the Trustees Board.

Uncertainty in the economic environment

On 11 March 2020, COVID-19 was declared a pandemic by the World Health Organisation. The Trustees are monitoring the impact on the Fund’s funding level, investments and employer covenant, and are following advice from the Pensions Regulator and duly appointed Fund’s advisers. At this time, however, an estimate of the substantive effect on the Fund and the security of members’ benefits is still being considered.

There has not been, nor expected to be, any application from the Employer for a suspension or reduction in pension contributions, or a concern over its ability to continue to make contributions over the next twelve months, hence the Trustees expect that all future contributions will be paid in accordance with the Schedule of Contributions. Further, there has been no application or indication by the Employer to wind up the Fund. However, should there be a reduction or suspension in contributions from the Employer the Trustees consider that there is sufficient value and liquidity in the Fund’s investment assets to fund any shortfall that could arise in the next twelve months.

The Trustees have performed an assessment of the operational and financial resilience of service providers to the Fund and no issues have been identified in relation to the continuing provision of services to the Fund. There has been no interruption to the payment and calculation of benefits.

Consequently, the measurement of assets and liabilities in the financial statements are not being adjusted, and the Trustees consider that it is appropriate to prepare the Fund’s financial statements on a going concern basis.
Further information

The attached financial statements have been prepared and audited in accordance with regulations made under Sections 41(1) and (6) of the Pensions Act 1995.

Members and recognised trades unions, i.e. unions recognised for the purposes of collective bargaining in relation to members, are entitled to inspect copies of documents giving information about the Fund. In some circumstances, copies of the documents can be provided but a charge will be made for copies of the trust documents (deed and rules) and of the Actuarial Valuation Report.

There are written agreements in place between the Trustees and each of the Investment Managers listed on page 3 of these financial statements.

Any enquiries about the Fund, including requests from individuals for information about their benefits, should be sent to:

Mrs Jacqueline Magee
Deloitte Total Reward & Benefits Limited
Lincoln Building
27-45 Great Victoria Street
Belfast
BT2 7SL
Email: cupfadmin@deloitte.co.uk
Cardiff University Pension Fund

Trustees’ Report for the year ended 31 July 2020 (continued)

Statement of Trustees’ Responsibilities

The financial statements, which are prepared in accordance with UK Generally Accepted Accounting Practice, including the Financial Reporting Standard applicable in the UK (FRS 102) are the responsibility of the Trustees. Pension scheme regulations require, and the Trustees are responsible for ensuring, that those financial statements:

- show a true and fair view of the financial transactions of the Fund during the Fund year and of the amount and disposition at the end of the Fund year of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the Fund year, and

- contain the information specified in Regulation 3A of The Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, including a statement whether the financial statements have been prepared in accordance with the relevant financial reporting framework applicable to occupational pension schemes.

In discharging the above responsibilities, the Trustees are responsible for selecting suitable accounting policies, to be applied consistently, making any estimates and judgements on a prudent and reasonable basis, and for the preparation of the financial statements on a going concern basis unless it is inappropriate to presume that the Fund will not be wound up.

The Trustees are also responsible for making available certain other information about the Fund in the form of a Trustees’ Report.

The Trustees also has a general responsibility for ensuring that adequate accounting records are kept and for taking such steps as are reasonably open to them to safeguard the assets of the Fund and to prevent and detect fraud and other irregularities including the maintenance of an appropriate system of internal control.

Trustees’ responsibilities in respect of contributions

The Trustees are responsible under pensions’ legislation for preparing, maintaining and from time to time reviewing and if necessary revising a schedule of contributions showing the rates of contributions payable towards the Fund by or on behalf of the employer and the active members of the Fund and the dates on or before which such contributions are to be paid.

The Trustees are also responsible for keeping records in respect of contributions received in respect of any active member of the Fund and for adopting risk-based processes to monitor whether contributions are made to the Fund by the employer in accordance with the schedule of contributions.

Where breaches of the schedule occur, the Trustees are required by the Pensions Acts 1995 and 2004 to consider making reports to The Pensions Regulator and the members.

The Trustees’ Report was approved by the Trustees and signed on behalf of the Trustees by:

______________________________
Peter Gorin

Date: 24 February 2021
Cardiff University Pension Fund

Compliance Statement

Fund information

It is hoped that all members feel sufficiently well informed and that specified requests are dealt with fully. Members who are dissatisfied or concerned about any matter relating to the Fund should first contact the Administrator to resolve the matter, contact details can be found on page 18 of this report. If it is still unresolved they may then seek advice or help from a number of outside bodies:

(i) Pension Tracing

The Fund is registered with the Pension Tracing Service which maintains a list of up to date addresses of schemes to assist ex-members trace their rights if they have lost contact with the previous employers’ scheme. The address for the Pension Tracing Service is:

The Pension Tracing Service 9
Mail Handling Site A
Wolverhampton
WV98 1LU

0345 600 2537

https://www.gov.uk/find-lost-pension

(ii) Resolving difficulties/Internal Dispute Resolution

It is expected that most queries relating to benefits can be resolved with the Fund’s administration. In the event that a complaint cannot be resolved members can make a formal complaint using the Fund’s Internal Dispute Resolution (“IDR”) procedure details of which can be obtained from the Fund’s administrator. The Trustees have in place a two stage dispute resolution procedure, details of which have been sent to members.

The Pensions Ombudsman deals with complaints and disputes which concern the administration and/or management of occupational and personal pension schemes.

Contact with The Pensions Ombudsman about a complaint needs to be made within three years of when the event(s) happened or, within three years of when the event(s) was first known about it (or ought to have been known about). There is discretion for those time limits to be extended.

The Pensions Ombudsman can be contacted at:

10 South Colonnade,
Canary Wharf,
E14 4PU

Tel: 0800 917 4487

Email: enquiries@pensions-ombudsman.org.uk
Website: www.pensions-ombudsman.org.uk

Complaints can also be submitted online: www.pensions-ombudsman.org.uk/our-service/make-a-complaint/
(iii) The Pensions Regulator

The Pensions Regulator ("TPR") is the UK regulator of work-based pension schemes.

TPR's role is to act to protect the interest of pension scheme members and to enforce the law as it applied to occupational pensions.

The regulations set out clearly the areas that TPR covers and the powers that are vested in it. For example, TPR can prohibit or disqualify Trustees for acting unlawfully, and can impose fines on wrongdoers.

TPR can be contacted at:

The Pensions Regulator
Napier House
Trafalgar Place
Brighton
BN1 4DW

Telephone: 0345 600 1011
Email: customersupport@tpr.gov.uk

(iv) The Pension Protection Fund

The Pension Protection Fund was established to provide compensation to members of eligible defined benefit pension schemes, when there is a qualifying insolvency event in relation to the employer and where there are insufficient assets in the pension scheme to cover Pension Protection Fund levels of compensation.

The Pension Protection Fund is a statutory fund run by the Board of the Pension Protection Fund, a statutory corporation established under the provisions of the Pensions Act 2004. The Pension Protection Fund became operational on 6 April 2005.

The contact details are as follows:

Knollys House
17 Addiscombe Road
Croydon CR0 6SR

Telephone: 0845 600 2541
Website: www.pensionprotectionfund.org.uk

(v) Money and Pensions Service

The Money and Pensions Service is a free money guidance and debt advice service launched in January 2019, combining the Money Advice Service, The Pensions Advisory Service and Pension Wise to form a single guidance body.

The Money and Pension Service can be contacted at:

Money and Pension Service
Holborn Centre
120 Holborn
London
EC1N 2TD

Website: www.moneyandpensionservice.org.uk
Email: contact@maps.org.uk
Tel: 01159 659570
Cardiff University Pension Fund

Independent Auditors’ Report for the year ended 31 July 2020

Report on the audit of the financial statements

Opinion

In our opinion, Cardiff University Pension Fund’s financial statements:

- show a true and fair view of the financial transactions of the Fund during the year ended 31 July 2020, and of the amount and disposition at that date of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the year;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards comprising FRS 102 “The Financial Reporting Standard applicable in the UK and Republic of Ireland”, and applicable law); and
- contain the information specified in Regulation 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996.

We have audited the financial statements, included in the Annual Report and Financial Statements, which comprise: the Statement of net assets available for benefits as at 31 July 2020; the Fund account for the year then ended; and the Notes to the Financial Statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors’ responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC’s Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you where:

- the Trustees’ use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Fund’s ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Fund’s ability to continue as a going concern.
Reporting on other information

The other information comprises all the information in the Annual Report and Financial Statements other than the financial statements, our auditors’ report thereon and our auditors’ statement about contributions. The Trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance thereon.

In connection with our audit of the financial statements, 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 audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. 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 based on these responsibilities.

Responsibilities for the financial statements and the audit

Responsibilities of the Trustees for the financial statements

As explained more fully in the statement of Trustees’ responsibilities, the Trustees are responsible for ensuring that the financial statements are prepared in accordance with the applicable framework and for being satisfied that they show a true and fair view. The Trustees are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In the preparation of the financial statements, the Trustees are responsible for assessing the Fund’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 Trustees either intend to wind up the Fund, or has no realistic alternative but to do so.

Auditors’ 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 auditors’ 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 http://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors’ report.
Use of this report

This report, including the opinion, has been prepared for and only for the Trustees as a body in accordance with Section 41 of the Pensions Act 1995 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Cardiff

26 February 2021

Date
## Contributions and benefits

<table>
<thead>
<tr>
<th>NOTE</th>
<th>2020 (£)</th>
<th>2019 (£)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employer contributions</td>
<td>5</td>
<td>10,384,753</td>
</tr>
<tr>
<td>Employee contributions</td>
<td>5</td>
<td>224,610</td>
</tr>
<tr>
<td><strong>Total Contributions</strong></td>
<td></td>
<td>10,609,363</td>
</tr>
<tr>
<td>Other income</td>
<td>6</td>
<td>175,690</td>
</tr>
<tr>
<td><strong>Net additions from dealings with members</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Benefits paid or payable</td>
<td>7</td>
<td>7,668,186</td>
</tr>
<tr>
<td>Payments to and on account of leavers</td>
<td>8</td>
<td>200,782</td>
</tr>
<tr>
<td>Premiums on life assurance policies</td>
<td></td>
<td>211,632</td>
</tr>
<tr>
<td>Administrative expenses</td>
<td>9</td>
<td>517,302</td>
</tr>
<tr>
<td><strong>Returns on investments</strong></td>
<td></td>
<td>8,597,902</td>
</tr>
</tbody>
</table>

### Returns on investments

<table>
<thead>
<tr>
<th>NOTE</th>
<th>2020 (£)</th>
<th>2019 (£)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment income</td>
<td>10</td>
<td>6,348,653</td>
</tr>
<tr>
<td>Change in market value of investments</td>
<td>11</td>
<td>(481,472)</td>
</tr>
<tr>
<td>Investment management expenses</td>
<td>14</td>
<td>(83,954)</td>
</tr>
<tr>
<td><strong>Net returns on investments</strong></td>
<td></td>
<td>5,783,227</td>
</tr>
<tr>
<td><strong>Net increase in the fund</strong></td>
<td></td>
<td>7,970,378</td>
</tr>
<tr>
<td><strong>Opening net assets of the fund</strong></td>
<td></td>
<td>229,592,137</td>
</tr>
<tr>
<td><strong>Closing net assets of the fund</strong></td>
<td></td>
<td>237,562,515</td>
</tr>
</tbody>
</table>

The notes on pages 27 to 37 form part of these financial statements.
## Statement of Net Assets (available for benefits) for the year ended 31 July 2020

<table>
<thead>
<tr>
<th>NOTE</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£</td>
<td>£</td>
</tr>
<tr>
<td>Investment assets</td>
<td>11</td>
<td></td>
</tr>
<tr>
<td>Pooled investment vehicles</td>
<td>233,711,563</td>
<td>217,031,273</td>
</tr>
<tr>
<td>AVC investments</td>
<td>2,019</td>
<td>1,546</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>233,713,582</strong></td>
<td><strong>217,032,819</strong></td>
</tr>
<tr>
<td>Current assets</td>
<td>15</td>
<td></td>
</tr>
<tr>
<td>3,978,857</td>
<td>12,856,830</td>
<td></td>
</tr>
<tr>
<td>Current liabilities</td>
<td>16</td>
<td></td>
</tr>
<tr>
<td>(129,924)</td>
<td>(297,512)</td>
<td></td>
</tr>
<tr>
<td><strong>Net Current Assets</strong></td>
<td><strong>3,848,933</strong></td>
<td><strong>12,559,318</strong></td>
</tr>
<tr>
<td><strong>Total net assets available for benefits</strong></td>
<td><strong>237,562,515</strong></td>
<td><strong>229,592,137</strong></td>
</tr>
</tbody>
</table>

The notes on pages 27 to 37 form part of these financial statements.

The financial statements summarise the transactions of the Fund and deal with the net assets for benefits at the disposal of the Trustees. They do not take account of obligations to pay pensions and benefits which fall due after the end of the Fund year. The actuarial position of the Fund, which takes into account such obligations for the defined benefit section, is dealt with in the Report on Actuarial Liabilities on pages 6 to 8 of the Annual Report, and these financial statements should be read in conjunction with this report.

The notes on pages 27 to 37 form part of these financial statements.

These financial statements were approved by the Board of Directors of the Trustees on ___________(date).

Signed on behalf of the Trustees:

**Peter Gorin** 24 February 2021

Trustee: .................................................................

**R M Williams** 25 February 2021

Trustee: .................................................................
1. General Information and basis of preparation

Cardiff University Pension Fund (‘CUPF’ or the ‘Fund’) is a defined benefit scheme and provides benefits for both non-academic and certain academic employees of the University. The CUPF is established under and governed by a trust deed and rules.

The Fund is a Defined Benefit (DB) scheme with two sections; a final salary section which is no longer open to new members but existing members continue to accrue benefits and a CARE section which is open to new members and is used as an auto-enrolment scheme by the sponsoring employer, Cardiff University. Cardiff University’s principal address is Main Building, Park Place, Cardiff CF10 3AT.

The Fund is a registered pension scheme for the purposes of the Finance Act 2004. This means that contributions by employers and employees are normally eligible for tax relief, and income and capital gains earned by the Fund receive preferential tax treatment.

The individual financial statements of Cardiff University Pension Fund have been prepared in accordance with the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, Financial Reporting Standard (FRS) 102 – The Financial Reporting Standard applicable in the UK and Republic of Ireland issued by the Financial Reporting Council (“FRS 102”) and the guidance set out in the Statement of Recommended Practice “Financial Reports of Pension Schemes” (revised June 2018) (“the SORP”).

This is the first year the revised SORP has applied to the Fund’s financial statements. There was no effect on these financial statements.

2. Identification of the financial statements

The Fund is established as a trust under English law. The address for enquiries to the fund is included on page 18.

3. Summary of significant accounting policies

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

a. Currency

The Fund’s functional currency and presentational currency is pounds sterling (GBP).

b. Contributions

Normal contributions, both from the members and from the employer, are accounted for as they fall due under the Schedule of Contributions. Employer’s augmentation contributions are accounted for in accordance with the agreement under which they are paid or, in its absence, on a cash basis. Additional voluntary added years contributions from the members are accounted for in the month deducted from the payroll. Employer’s deficit funding contributions are accounted for in accordance with the due date set out in the schedule of contributions under which they are being paid or, if earlier, with the agreement of the employer and trustees, on receipt. With regards to new active members, contributions are remitted to the fund from date of joining. However, if a member opts out within 3 months of joining, the contributions are refunded to the member via payroll and the contributions are then claimed back from the fund. If a member withdraws from the scheme after 3 months, they are treated as a normal leaver.
c. Transfer to and from other schemes
Transfer values from other pension schemes are accounted for when received. Transfers to other pension schemes in respect of former members are accounted for when paid. These transfers have been calculated and verified in the manner prescribed by the Pensions Schemes Act 1993. There is no discretionary benefit included within that value.

d. Benefits
Pensions in payment are accounted for in the period to which they relate.

Members can choose whether to take their benefits as a pension or pensions and lump sum. Pensions and lump sums are accounted for on an accruals basis on the later of the day following the date of retirement and the date the option is exercised.

Other benefits are accounted for on an accruals basis on the date of retirement or death as appropriate. Refunds and opt outs are accounted for when the Trustees are notified of the member’s decision to leave the Fund.

e. Administrative expenses and and premiums on term insurance policies
Administration expenses and premiums on term insurance policies are accounted for on an accruals basis.

f. Investment income and expenditure
Interest receivable on bank deposits is accounted for as it accrues. Income from pooled investment vehicles is accounted for on an accruals basis and is reflected in unit price. Realised and unrealised capital gains and losses on investments are dealt with in the fund account in the year in which they arise.

Transaction costs are included in the cost of purchases and sale proceeds. Transaction costs include costs charged directly to the Fund such as fees, commissions, stamp duty and other fees.

g. Investment management fees
Investment management fees are accounted for an on accruals basis.

h. Valuation and classification of investments
Investment assets and liabilities are included in the financial statements at fair value. Where separate bid and offer prices are available, the bid price is used for investment assets and the offer price for investment liabilities. Otherwise, the closing single price, single dealing price or most recent transaction price is used.

Where quoted or other unit prices are not available, the Trustees adopt valuation techniques appropriate to the class of investment.
4. **Summary of significant accounting policies (continued)**

**h. Valuation and classification of investments (continued)**

The methods of determining the fair value for the pooled investment vehicles which are not traded on an active market, but where the manager is able to demonstrate that they are priced daily, weekly or at each month end, and are actually traded on substantially all pricing days are included at the last price provided by the investment manager at or before the year end.

**i. Judgements in applying accounting policies and key sources of estimation uncertainty**

The preparation of the financial statements requires the Trustees to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The Trustees confirm that no judgements or estimates have had a significant effect on amounts recognised in the financial statements.

5. **Contributions**

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contributions from employer:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Normal</td>
<td>4,999,885</td>
<td>4,763,558</td>
</tr>
<tr>
<td>Deficit funding</td>
<td>2,864,921</td>
<td>2,738,108</td>
</tr>
<tr>
<td>Salary sacrifice</td>
<td>2,519,947</td>
<td>2,414,455</td>
</tr>
<tr>
<td></td>
<td><strong>10,384,753</strong></td>
<td><strong>9,916,121</strong></td>
</tr>
<tr>
<td>Contributions from employee:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Normal</td>
<td>205,060</td>
<td>204,617</td>
</tr>
<tr>
<td>Additional voluntary – added years</td>
<td>19,550</td>
<td>27,054</td>
</tr>
<tr>
<td></td>
<td><strong>224,610</strong></td>
<td><strong>231,671</strong></td>
</tr>
<tr>
<td>Total</td>
<td><strong>10,609,363</strong></td>
<td><strong>10,147,792</strong></td>
</tr>
</tbody>
</table>

Normal and deficit funding contributions received during the year have been at rates recommended by the Scheme Actuary, in compliance with the Schedule of Contributions certified by the Scheme Actuary on 23 June 2017.

Deficit contributions paid to the Fund by the Employer represent 7.3% of pensionable salaries per annum. This additional contribution will continue for a period of 10 years and eight months (from 1 May 2017 to 31 December 2027) in accordance with the recovery plan dated 21 June 2017, in order to improve the Fund’s funding position.

6. **Other income**

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annuity income</td>
<td>-</td>
<td>2,843</td>
</tr>
<tr>
<td>VAT Recovery</td>
<td>-</td>
<td>12,212</td>
</tr>
<tr>
<td>Interest on cash deposits</td>
<td><strong>111,951</strong></td>
<td>-</td>
</tr>
<tr>
<td>Claim on term insurance policies</td>
<td><strong>63,739</strong></td>
<td><strong>296,192</strong></td>
</tr>
<tr>
<td></td>
<td><strong>175,690</strong></td>
<td><strong>311,247</strong></td>
</tr>
</tbody>
</table>
7. Benefits paid or payable

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pensions</td>
<td>5,535,249</td>
<td>5,315,210</td>
</tr>
<tr>
<td>Commutations and lump sums on retirement</td>
<td>2,039,863</td>
<td>869,452</td>
</tr>
<tr>
<td>Lump sums:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>on death in service</td>
<td>58,836</td>
<td>272,060</td>
</tr>
<tr>
<td>on death in deferment</td>
<td>-</td>
<td>672</td>
</tr>
<tr>
<td>on death in retirement</td>
<td>34,238</td>
<td>34,009</td>
</tr>
<tr>
<td></td>
<td><strong>7,668,186</strong></td>
<td><strong>6,491,403</strong></td>
</tr>
</tbody>
</table>

8. Payments to and on account of leavers

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Refunds to members leaving service</td>
<td>6,941</td>
<td>4,886</td>
</tr>
<tr>
<td>Payments to members joining state scheme</td>
<td>-</td>
<td>1,343</td>
</tr>
<tr>
<td>Individual transfers out</td>
<td><strong>193,841</strong></td>
<td><strong>257,933</strong></td>
</tr>
<tr>
<td></td>
<td><strong>200,782</strong></td>
<td><strong>264,162</strong></td>
</tr>
</tbody>
</table>

9. Administrative expenses

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Actuarial fees</td>
<td>45,000</td>
<td>21,011</td>
</tr>
<tr>
<td>Consultancy fees</td>
<td>37,205</td>
<td>40,232</td>
</tr>
<tr>
<td>Administration expenses</td>
<td>147,415</td>
<td>181,772</td>
</tr>
<tr>
<td>Pension Protection Fund levy</td>
<td>210,287</td>
<td>199,241</td>
</tr>
<tr>
<td>Legal fees</td>
<td>15,978</td>
<td>4,166</td>
</tr>
<tr>
<td>Audit fees</td>
<td>14,665</td>
<td>12,380</td>
</tr>
<tr>
<td>Trustee Liability Insurance</td>
<td>8,960</td>
<td>-</td>
</tr>
<tr>
<td>Other fees</td>
<td>37,792</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td><strong>517,302</strong></td>
<td><strong>458,802</strong></td>
</tr>
</tbody>
</table>

The administration and management for the Fund is provided, in part, by the Principal Employer. The Trustees have entered into an agreement with the Principal Employer which includes provision for fees to be payable by the Fund for services rendered in accordance with authorised budgets (see Note 18).

10. Investment Income

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment Income</td>
<td><strong>6,346,973</strong></td>
<td>-</td>
</tr>
<tr>
<td>Annuity Income</td>
<td>1,680</td>
<td>-</td>
</tr>
<tr>
<td>Income on cash deposits</td>
<td>-</td>
<td>34,572</td>
</tr>
<tr>
<td></td>
<td><strong>6,348,653</strong></td>
<td><strong>34,572</strong></td>
</tr>
</tbody>
</table>

Investment income of £6,346,973 was the result of a special dividend payment to shareholders from Insight, one of the Fund’s investment managers, due to an increase in the investment fund’s value.

The annuity is immaterial and has not been valued for the Trustees report.
11. Investment assets

<table>
<thead>
<tr>
<th>Investment Managers</th>
<th>Value as at 1 August 2019 £</th>
<th>Purchases at Cost £</th>
<th>Sales Proceeds £</th>
<th>Change in Market Value £</th>
<th>Value as at 31 July 2020 £</th>
</tr>
</thead>
<tbody>
<tr>
<td>Legal &amp; General</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>World Equity</td>
<td>43,442,700</td>
<td>-</td>
<td>-</td>
<td>1,717,215</td>
<td>45,159,915</td>
</tr>
<tr>
<td>M&amp;G</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bonds</td>
<td>23,227,483</td>
<td>-</td>
<td>-</td>
<td>3,193,893</td>
<td>26,421,376</td>
</tr>
<tr>
<td>Diversified Growth</td>
<td>26,651,218</td>
<td>4,492</td>
<td>-</td>
<td>(1,825,892)</td>
<td>24,829,818</td>
</tr>
<tr>
<td>Newton</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Diversified Growth</td>
<td>27,929,263</td>
<td>-</td>
<td>-</td>
<td>966,227</td>
<td>28,895,490</td>
</tr>
<tr>
<td>Barings</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Diversified Growth</td>
<td>26,210,145</td>
<td>863,921</td>
<td>(863,921)</td>
<td>(1,307,612)</td>
<td>24,902,533</td>
</tr>
<tr>
<td>Partners Group</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Alternatives</td>
<td>28,129,525</td>
<td>-</td>
<td>-</td>
<td>(737,897)</td>
<td>27,391,628</td>
</tr>
<tr>
<td>Insight (LDI)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Insight ESF Inflation</td>
<td>2,852,148</td>
<td>823,561</td>
<td>-</td>
<td>(731,564)</td>
<td>2,944,145</td>
</tr>
<tr>
<td>Insight ESF Longer</td>
<td>17,453,164</td>
<td>-</td>
<td>-</td>
<td>820,761</td>
<td>18,273,925</td>
</tr>
<tr>
<td>Insight ESF Shorter</td>
<td>14,578,686</td>
<td>-</td>
<td>-</td>
<td>(2,633,069)</td>
<td>11,945,617</td>
</tr>
<tr>
<td>Insight Liquidity Plus</td>
<td>6,556,941</td>
<td>16,334,182</td>
<td>-</td>
<td>55,993</td>
<td>22,947,116</td>
</tr>
<tr>
<td>Total</td>
<td><strong>217,031,273</strong></td>
<td><strong>18,026,156</strong></td>
<td><strong>(863,921)</strong></td>
<td><strong>(481,945)</strong></td>
<td><strong>233,711,563</strong></td>
</tr>
</tbody>
</table>

AVC Providers

| Ultmost Life & Pensions | 378 |                     | 434 | 812 |
| Aegon                   | 1,168 | - | - | 39 | 1,207 |
|                         | 1,546 | - | - | 473 | 2,019 |
| Total investment assets | **217,032,819** | **18,026,156** | **(863,921)** | **(481,472)** | **233,713,582** |

The changes in market value of investments comprise realised and unrealised gains and losses during the year.

Historically, money purchase AVCs made by ex-members of Cardiff University (Wales College of Medicine) Superannuation Scheme were invested with either Ultmost Life & Pensions or Aegon. These AVC contracts are no longer active but the funds will remain with the providers until maturity or transfer.

The only material transaction costs incurred in the year were indirect costs incurred through the bid-offer spread on investments within pooled investment vehicles (PIV). The value of these indirect costs is not separately disclosed.

The Fund does not hold any employer related investments (2019: Nil).
11. Investment assets (continued)

Pooled Investment vehicles analysis by type

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Equities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>L&amp;G World Equity</td>
<td>45,159,915</td>
<td>43,442,700</td>
</tr>
<tr>
<td><strong>Bond</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>M&amp;G PP Long Dated Corp Bond Fund</td>
<td>26,421,376</td>
<td>23,227,483</td>
</tr>
<tr>
<td><strong>Diversified Growth</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Newton Real Return Fund X Shares (Acc)</td>
<td>28,895,490</td>
<td>27,929,263</td>
</tr>
<tr>
<td>M&amp;G Episode Allocation Fund</td>
<td>24,829,818</td>
<td>26,651,218</td>
</tr>
<tr>
<td>Barings Dynamic Asset Allocation Fund</td>
<td>24,902,533</td>
<td>26,210,145</td>
</tr>
<tr>
<td><strong>Alternatives</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Partners Group Generation Fund I</td>
<td>27,391,628</td>
<td>28,129,525</td>
</tr>
<tr>
<td><strong>Liability Driven Investment</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Insight ESF Inflation</td>
<td>2,944,145</td>
<td>2,852,148</td>
</tr>
<tr>
<td>Insight ESF Longer</td>
<td>18,273,925</td>
<td>17,453,164</td>
</tr>
<tr>
<td>Insight ESF Shorter</td>
<td>11,945,617</td>
<td>14,578,686</td>
</tr>
<tr>
<td>Insight Liquidity Plus</td>
<td>22,947,116</td>
<td>6,556,941</td>
</tr>
<tr>
<td><strong>Total pooled investment vehicles</strong></td>
<td>233,711,563</td>
<td>217,031,273</td>
</tr>
</tbody>
</table>

Concentration of Investments

Investments accounting for more than 5% of the net assets of the Fund are shown below.

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pooled investment vehicles</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Legal &amp; General World Equity Fund</td>
<td>45,159,915</td>
<td>43,442,700</td>
</tr>
<tr>
<td>Newton Real Return Fund</td>
<td>28,895,490</td>
<td>27,929,263</td>
</tr>
<tr>
<td>Partners Group Generation Fund IP Shares</td>
<td>27,391,628</td>
<td>28,129,525</td>
</tr>
<tr>
<td>M&amp;G PP Long Dated Corporate Bond Fund</td>
<td>26,421,376</td>
<td>23,227,483</td>
</tr>
<tr>
<td>M&amp;G PP Episode Allocation Fund</td>
<td>24,829,818</td>
<td>26,651,218</td>
</tr>
<tr>
<td>Barings Dynamic Asset Allocation Fund</td>
<td>24,902,533</td>
<td>26,210,145</td>
</tr>
<tr>
<td>Insight LDI GBP Liquidity Plus Holding Fund</td>
<td>22,947,116</td>
<td>6,556,941</td>
</tr>
<tr>
<td>Insight LDI Enhanced SEL Longer Real Fund</td>
<td>18,273,925</td>
<td>17,453,164</td>
</tr>
<tr>
<td>Insight LDI Enhanced SEL Shorter Real Fund</td>
<td>11,945,617</td>
<td>14,578,686</td>
</tr>
</tbody>
</table>

Each pooled investment vehicle has multiple underlying assets, none of which exceed 5% of the net assets of the Fund.
12. Fair value of investments

The fair value of investments has been determined using the following fair value hierarchy:

- Level 1 – Assets with quoted price in active market (e.g. direct equity or bond holdings);
- Level 2 – Assets valued based on market data (e.g. direct property holdings);
- Level 3 – Assets values using information which is not based on market data (e.g. buy-in contracts or longevity swaps)

The Fund’s investment assets have been included at fair value within these categories as follows:

<table>
<thead>
<tr>
<th></th>
<th>Level 1 (£)</th>
<th>Level 2 (£)</th>
<th>Level 3 (£)</th>
<th>Total (£)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>As at 31 July 2020</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pooled investment vehicles</td>
<td>-</td>
<td>206,319,935</td>
<td>27,391,628</td>
<td>233,711,563</td>
</tr>
<tr>
<td>AVC investments</td>
<td>-</td>
<td>2,019</td>
<td>-</td>
<td>2,019</td>
</tr>
<tr>
<td><strong>Total investments</strong></td>
<td>-</td>
<td>206,321,954</td>
<td>27,391,628</td>
<td>233,713,582</td>
</tr>
<tr>
<td><strong>As at 31 July 2019</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pooled investment vehicles</td>
<td>-</td>
<td>188,901,748</td>
<td>28,129,525</td>
<td>217,031,273</td>
</tr>
<tr>
<td>AVC investments</td>
<td>-</td>
<td>1,546</td>
<td>-</td>
<td>1,546</td>
</tr>
<tr>
<td><strong>Total investments</strong></td>
<td>-</td>
<td>188,903,294</td>
<td>28,129,525</td>
<td>217,032,819</td>
</tr>
</tbody>
</table>

Investments reported under Level 3 are included at fair value based on values estimated by the underlying fund managers using accepted valuation methodologies and use of market information in the absence of observable market data.
13. Investment risk disclosures

The following table summarises the extent to which the various investment funds are affected by financial risks:

<table>
<thead>
<tr>
<th>Manager</th>
<th>Fund</th>
<th>Credit risk</th>
<th>Currency risk</th>
<th>Interest rate risk</th>
<th>Other price risk</th>
<th>Asset split (%)</th>
<th>2020 value (£000’s)</th>
<th>2019 value (£000’s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pooled Investment Vehicles</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Legal &amp; General</td>
<td>World Equity Index – GBP Hedged</td>
<td>⬜</td>
<td>⬜</td>
<td>⬜</td>
<td>⬜</td>
<td>19.3</td>
<td>45,160</td>
<td>43,443</td>
</tr>
<tr>
<td>M&amp;G</td>
<td>Episode Allocation</td>
<td>⬜</td>
<td>⬜</td>
<td>⬜</td>
<td>⬜</td>
<td>10.6</td>
<td>24,830</td>
<td>26,651</td>
</tr>
<tr>
<td>M&amp;G</td>
<td>Long Dated Corporate Bond</td>
<td>⬜</td>
<td>⬜</td>
<td>⬜</td>
<td>⬜</td>
<td>11.3</td>
<td>26,421</td>
<td>23,227</td>
</tr>
<tr>
<td>Newton</td>
<td>Real Return</td>
<td>⬜</td>
<td>⬜</td>
<td>⬜</td>
<td>⬜</td>
<td>12.4</td>
<td>28,895</td>
<td>27,929</td>
</tr>
<tr>
<td>Barings</td>
<td>Dynamic Asset Allocation</td>
<td>⬜</td>
<td>⬜</td>
<td>⬜</td>
<td>⬜</td>
<td>10.7</td>
<td>24,903</td>
<td>26,210</td>
</tr>
<tr>
<td>Partners Group</td>
<td>Generations</td>
<td>⬜</td>
<td>⬜</td>
<td>⬜</td>
<td>⬜</td>
<td>11.7</td>
<td>27,392</td>
<td>28,130</td>
</tr>
<tr>
<td>Insight</td>
<td>LDI Enhanced Select Inflation</td>
<td>⬜</td>
<td>⬜</td>
<td>⬜</td>
<td>⬜</td>
<td>1.3</td>
<td>2,944</td>
<td>2,852</td>
</tr>
<tr>
<td>Insight</td>
<td>LDI Enhanced Selection Longer Real</td>
<td>⬜</td>
<td>⬜</td>
<td>⬜</td>
<td>⬜</td>
<td>7.8</td>
<td>18,274</td>
<td>17,453</td>
</tr>
<tr>
<td>Insight</td>
<td>LDI Enhanced Selection Shorter Real</td>
<td>⬜</td>
<td>⬜</td>
<td>⬜</td>
<td>⬜</td>
<td>5.1</td>
<td>11,946</td>
<td>14,579</td>
</tr>
<tr>
<td>Insight</td>
<td>LDI Liquidity Plus Holding</td>
<td>⬜</td>
<td>⬜</td>
<td>⬜</td>
<td>⬜</td>
<td>9.8</td>
<td>22,947</td>
<td>6,557</td>
</tr>
<tr>
<td>Total investments</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>100.0</td>
<td>233,712</td>
<td>217,031</td>
</tr>
</tbody>
</table>

Key: ⬜ Exposure  ⬜ No exposure
13. Investment risk disclosures (continued)

Further information on these risks is set out in the following sections. This does not include the AVC investments or any annuities held as these are not considered significant in relation to the overall investments of the Fund.

The Trustees have considered ‘Risk’ and their approach to risk management is included in the Statement of Investment Principles.

**Credit risk**

This is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The Fund invests in pooled investment vehicles and is therefore directly exposed to credit risk in relation to the pooled vehicles held and is indirectly exposed to credit risks arising on the underlying financial instruments held by the pooled investment vehicles. The Fund is 100% exposed to credit risk through each of the funds in which it is invested.

The pooled investment vehicles that the Fund invests in are unrated. Direct credit risk arising from pooled investment vehicles is mitigated by the underlying assets of the pooled arrangements being ring-fenced from the Investment Manager, the regulatory environments in which the Investment Managers operate and the diversification of investments amongst a number of pooled arrangements. The Trustees carry out due diligence checks on the appointment of new pooled investment managers and, on an ongoing basis, monitor any changes to the regulatory and operating environment of the Investment Manager.

Credit risk is managed by the Investment Managers through several methods. The Investment Managers reduce credit risk through:

- Investment in a diversified range of bond issuers;
- Detailed credit analysis;
- Diversifying their portfolio across a number of securities.

A summary of pooled investment vehicles by type of arrangement is as follows:

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Pooled investment vehicles</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unit linked insurance contracts</td>
<td>96,411,109</td>
<td>93,321,401</td>
</tr>
<tr>
<td>Open ended investment companies</td>
<td>109,908,826</td>
<td>95,580,347</td>
</tr>
<tr>
<td>Non-UCITS retail scheme (“NURS”) fund of alternative investment funds (“FAIF”)</td>
<td>27,391,628</td>
<td>28,129,525</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>233,711,563</strong></td>
<td><strong>217,031,273</strong></td>
</tr>
</tbody>
</table>

**Market risk**

This comprises currency risk, interest rate risk and other price risk.

- **Currency risk**: this is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in foreign exchange rates.
- **Interest rate risk**: this is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in market interest rates.
- **Other price risk**: this is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.
13. Investment risk disclosures (continued)

Currency risk
The Fund is exposed to currency risk through its holdings in the M&G Episode Allocation Fund, the BNY Mellon Real Return Fund, the Barings Dynamic Asset Allocation Fund and the Partners Group Generations Fund.

The currency exposure for each of these funds is actively managed in line with the wider fund strategy.

Interest rate risk
The Fund is subject to interest rate risk through the M&G Episode Allocation Fund, the M&G Long Dated Corporate Bond Fund, the BNY Mellon Real Return Fund, the Barings Dynamic Asset Allocation Fund, the Partners Group Generations Fund and the Insight LDI funds.

Interest rate exposure is intended to align movements of assets with that of the Fund’s liabilities.

Other price risk
Other price risk arises particularly in relation to the Fund’s return seeking portfolio, which is invested in pooled investment vehicles. The Fund is subject to other price risk through the Legal & General World Equity Index – GBP Hedged Fund, the M&G Episode Allocation Fund, the BNY Mellon Real Return Fund, the Barings Dynamic Asset Allocation Fund and the Partners Group Generations Fund.

Within the Fund’s corporate bond, property and private market holdings, liquidity risk has been identified as a potential issue. Under normal market conditions, liquidity risk would be low. However, under times of heightened market stress, liquidity could become scarce, resulting in increased liquidity risk.

Liquidity risk is potentially significant for the Fund’s holdings in the Partners Group Generations Fund.

This risk is managed by investing in a diverse portfolio of investments across various markets.

14. Investment management expenses

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment advisory fees</td>
<td>34,471</td>
<td>32,010</td>
</tr>
<tr>
<td>Investment management fees</td>
<td>80,111</td>
<td>179,930</td>
</tr>
<tr>
<td>Investment fee rebates</td>
<td>(30,628)</td>
<td>(6,158)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>83,954</strong></td>
<td><strong>205,782</strong></td>
</tr>
</tbody>
</table>

15. Current assets

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash at bank</td>
<td>3,939,539</td>
<td>12,856,830</td>
</tr>
<tr>
<td>Sundry debtors</td>
<td>39,318</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>3,978,857</strong></td>
<td><strong>12,856,830</strong></td>
</tr>
</tbody>
</table>
Cardiff University Pension Fund

Notes to the Financial Statements for the year ended 31 July 2020 (continued)

16. Current liabilities

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unpaid benefits</td>
<td>71,372</td>
<td>-</td>
</tr>
<tr>
<td>Unpaid individual transfer out</td>
<td>-</td>
<td>57,106</td>
</tr>
<tr>
<td>Term insurance premiums</td>
<td>19,012</td>
<td>187,864</td>
</tr>
<tr>
<td>Accrued expenses</td>
<td>39,540</td>
<td>52,542</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>129,924</td>
<td>297,512</td>
</tr>
</tbody>
</table>

17. Contingent Liabilities and Contractual Commitments

In October 2018, the High Court determined that benefits provided to members who had contracted out of their pension scheme must be recalculated to reflect the equalisation of state pension ages between May 1990 and April 1997 for both men and women. The Trustees are now reviewing, with their advisers, the implication of this ruling on the Fund and the equalisation of guaranteed minimum pensions between men and women; in the context of the rules of the Fund and the value of any liability. As soon as this review is finalised and any liability quantified, members will receive further communication and any impact on financial reporting will be considered by the Trustees. Further to this, on 20 November 2020, the High Court ruled that pension scheme will also need to equalise all past transfers out, meaning that they will have to pay a top up to the receiving scheme. The Trustees, with their advisors, are in the early stages of the review of the implications of this ruling. Other than this, the Fund had no contingent liabilities and no contractual commitments at 31 July 2020 (2019: Nil).

18. Related Party Transactions

The following related party transactions arose during the year which are not disclosed elsewhere in the financial statements:

Key management personnel

During the year to 31 July 2020 one member-nominated Trustees received a pension in accordance with the rules of the Fund (31 July 2019: one) and three member-nominated Trustees were accruing benefits (31 July 2019: two).

Employer and other related parties

Administration and accountancy services were provided by the Principal Employer, Cardiff University. Fees payable and paid by the Fund for the year in respect of these services amounted to £38,215 (2019: £37,576).

The University agreed to fund the cost of the Chair of Trustees for the time spent on Chair duties (principally in relation to the four Trustee Board Meetings per year). During the year the University incurred gross costs of £4,975 (2019: £6,226).
Cardiff University Pension Fund

Independent Auditors’ Statement about contributions

Opinion

In our opinion, the contributions paid to the Fund by the University under the Schedule of Contributions for the Fund year ended 31 July 2020 as reported in Cardiff University Pension Fund’s Summary of Contributions have, in all material respects, been paid in accordance with the Schedule of Contributions certified by the Scheme Actuary on 23 June 2017.

We have examined Cardiff University Pension Fund’s Summary of Contributions for the Fund year ended 31 July 2020 which is set out on the following page.

Basis for opinion

Our examination involves obtaining evidence sufficient to give reasonable assurance that contributions reported in the Summary of Contributions have, in all material respects, been paid in accordance with the relevant requirements. This includes an examination, on a test basis, of evidence relevant to the amounts of contributions payable to the Fund under the Schedule of Contributions and the timing of those payments.

Responsibilities for the statement about contributions

Responsibilities of the Trustees in respect of contributions

As explained more fully in the Statement of Trustees’ Responsibilities, the Fund’s Trustees are responsible for preparing, and from time to time reviewing and if necessary revising, a Schedule of contributions and for monitoring whether contributions are made to the Fund by employers in accordance with relevant requirements.

Auditors’ responsibilities in respect of the statement about contributions

It is our responsibility to provide a statement about contributions and to report our opinion to you.

Use of this report

This report, including the opinion, has been prepared for and only for the Trustees as a body in accordance with section 41 of the Pensions Act 1995 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

Cardiff

Date: 26 February 2021
Cardiff University Pension Fund

Summary of Contributions

During the year, the contributions payable to the Fund by the Employer and Employees were as follows:

<table>
<thead>
<tr>
<th>Employer</th>
<th>Employee</th>
</tr>
</thead>
<tbody>
<tr>
<td>£</td>
<td>£</td>
</tr>
</tbody>
</table>

Required by the Schedule of Contributions

Normal contributions:
- by or on behalf of employee  205,060  2,519,947
- by employer -  4,999,885

Deficit contributions -  2,864,921

Total required by the Schedule of Contributions  205,060  10,384,753

Other contributions payable

Additional voluntary-added years  19,550 -

Total (as per Fund Account)  224,610  10,384,753

Included above are Employee contributions totalling £2,519,947 (2019: £2,414,455) classified as Employer contributions under the salary sacrifice arrangements.

Approved by and signed on behalf of the Trustees:

_________________________________  Date:  24 February 2021
Peter Gorin
Schedule of Contributions

Cardiff University Pension Fund

Schedule of Contributions for the purposes of Part 3 of the Pensions Act 2004 and Section 9 of the Occupational Pensions Schemes (Scheme Funding) Regulations 2005.

Status

This Schedule of Contributions for the Cardiff University Pension Fund ("the Fund") has been prepared by the Trustees of the Fund, after obtaining the advice of Mark McClintock FIA, the Scheme Actuary. This Schedule of Contributions, put in place for the Fund, supersedes the previous schedule dated 18 June 2014.

The contribution rates and payment dates have been agreed between the Trustees and the Employer, Cardiff University.

Contributions to be paid to the Fund (from 1 May 2017 to 31 December 2027)

Contributions in respect of future service

Member contributions:
- Nil for members who have elected to participate in salary sacrifice.
- 6.5% per annum of pensionable salary for CARE members (not electing to participate in salary sacrifice).
- 7.5% p.a. of pensionable salary for non-CARE members (not electing to participate in salary sacrifice).

Employer contributions:
- 12.7% per annum of total pensionable salary of all active members who have not elected to participate in salary sacrifice.
- 19.2% per annum of total pensionable salary of all active CARE members who have elected to participate in salary sacrifice.
- 20.2% per annum of total pensionable salary of all active non-CARE members who have elected to participate in salary sacrifice.

The above contributions are to be paid to the Fund on a monthly basis. All contributions shall fall due on the last day of each calendar month in respect of that month, and shall be paid by the 19th of the subsequent month.

Contributions in respect of the funding shortfall in accordance with the recovery plan dated 21/06/2017.
Contributions in respect of administration expenses and other costs

Administrative expenses, premiums and levies payable in respect of the Fund will be paid from the Fund assets and an allowance for these costs has been made in the above contributions.

This Schedule of Contributions has been agreed by Cardiff University and the Trustees of the Fund:

Signed on behalf of the Trustees of the Cardiff University Pension Fund

Signature: [Signature]
Name: Peter Gooin
Position: TRUSTEE
Date: 21/6/2017

Signed on behalf of Cardiff University

Signature: [Signature]
Name: D M Davies
Position: DIRECTOR OF FINANCE
Date: 19/6/17
Actuary’s certification of Schedule of Contributions

Name of Fund: Cardiff University Pension Fund

Adequacy of rates of contributions

1. I certify that, in my opinion, the rates of contributions shown in this Schedule of Contributions are such that the statutory funding objective can be expected to be met by the end of the period specified in the Recovery Plan certified at the date of signing.

Adherence to statement of funding principles

2. I hereby certify that, in my opinion, this schedule of contributions is consistent with the Statement of Funding Principles dated 21/06/2017.

The certification of the adequacy of the rates of contributions for the purpose of securing that the statutory funding objective can be expected to be met is not a certification of their adequacy for the purpose of securing the Fund’s liabilities by the purchase of annuities, if the Cardiff University Pension Fund were to be wound up.

Signature: [Signature]

Date: 23/06/2017

Name: Mark McClintock

Qualification: Fellow of the Institute and Faculty of Actuaries

Address:
Deloitte Total Reward and Benefits Limited
Lincoln Building
27-45 Great Victoria Street
Belfast
BT2 7SL
Cardiff University Pension Fund

Appendix 1 - Actuarial Certificates (continued)

Cardiff University Pension Fund

Schedule of Contributions for the purposes of Part 3 of the Pensions Act 2004 and Section 9 of the Occupational Pensions Schemes (Scheme Funding) Regulations 2005.

Status

This Schedule of Contributions for the Cardiff University Pension Fund ("the Fund") has been prepared by the Trustees of the Fund, after obtaining the advice of Mark McClintock FIA, the Scheme Actuary. This Schedule of Contributions put in place for the Fund, supersedes the previous schedule dated 21 June 2017.

The contribution rates and payment dates have been agreed between the Trustees and Cardiff University ("the University").

Contributions in respect of future service

Contributions to be paid to the Fund from 1 November 2020 to 31 July 2029

Member contributions: Nil for members who have elected to participate in salary sacrifice.

6.5% per annum of pensionable salary for CARE members (not electing to participate in salary sacrifice).

7.5% p.a. of pensionable salary for non-CARE members (not electing to participate in salary sacrifice).

Employer contributions: 19.2% per annum of total pensionable salary of all active members who have not elected to participate in salary sacrifice.

25.7% per annum of total pensionable salary of all active CARE members who have elected to participate in salary sacrifice.

26.7% per annum of total pensionable salary of all active non-CARE members who have elected to participate in salary sacrifice.

The above contributions are to be paid to the Fund on a monthly basis. All contributions shall fall due on the last day of each calendar month in respect of that month, and shall be paid by the 19th of the subsequent month.
Contributions in respect of funding shortfall

Contributions in respect of the funding shortfall in accordance with the Recovery Plan dated 29 October 2020 | 08:33:06 GMT

Employer contributions:

- between 1 November 2020 and 31 July 2021 the University agrees to pay deficit contributions of 0.80% per annum of total pensionable salary;
- between 1 August 2021 and 31 July 2029, the University agrees to pay deficit contributions of:
  - 8.2% per annum of total pensionable salary; and
  - £1,000,000 per annum.

The above contributions are to be paid to the Fund in equal monthly instalments. All contributions shall fall due on the last day of each calendar month in respect of that month, and shall be paid by the 19th of the subsequent month.

Contributions in respect of benefit augmentations

The Employer will pay any contributions required to meet any benefit augmentations granted or benefit improvements as agreed with the Scheme Actuary.

Contributions in respect of administration expenses and other costs

Administrative expenses, premiums and levies payable in respect of the Fund will be paid from the Fund assets and an allowance for these costs has been made in the above contributions in respect of future service.

This Schedule of Contributions has been agreed by Cardiff University and the Trustees of the Cardiff University Pension Fund:

Signed on behalf of the Trustees of Cardiff University Pension Fund

Signature: 

Name: Peter Gorin

Position: Chair Cardiff University Pension Fund

Date: 29 October 2020 | 08:33:06 GMT

Signed on behalf of Cardiff University

Signature: 

Name: Robert Williams

Position: Chief Financial Officer

Date: 29 October 2020 | 09:53:00 GMT
Actuary’s certification of Schedule of Contributions

Name of scheme: Cardiff University Pension Fund

Adequacy of rates of contributions

1. I certify that, in my opinion, the rates of contributions shown in this Schedule of Contributions are such that the statutory funding objective, can be expected to be met by the end of the period specified in the Recovery Plan dated ___________ for the Fund.

Adherence to statement of funding principles

2. I hereby certify that, in my opinion, this schedule of contributions is consistent with the Statement of Funding Principles dated ____________.

The certification of the adequacy of the rates of contributions for the purpose of ensuring that the statutory funding objective can be expected to be met is not a certification of their adequacy for the purpose of securing the Fund’s liabilities by the purchase of annuities, if the Cardiff University Pension Fund were to be wound up.

Signature

[Signature]

Date 29 October 2020 | 10:48:51 GMT

Name Mark McClintock

Qualification Fellow of the Institute and Faculty of Actuaries

Address

Deloitte Total Reward and Benefits Limited
Lincoln Building
27–45 Great Victoria Street
Belfast
BT2 7SL
Cardiff University Pension Fund
Implementation Statement – 2020

This document has been prepared by the Trustees of the Cardiff University Pension Fund (the “Trustees”), in their capacity as Trustees of the Cardiff University Pension Fund (the “Pension Fund”).

It sets out the stewardships\(^1\) policies of the Pension Fund’s investment managers, the Trustees voting and engagement policies (that are also stated in the Pension Fund’s Statement of Investment Principles ("SIP") dated June 2019), and demonstrates how these policies have been followed over the year to 31 July 2020.

Please note, the SIP was updated after the end of the Pension Fund’s year-end to incorporate additional information on the Trustees policies in line with the Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019 requirements.

References herein to the actions, review work or determinations of the Trustees refer to activity that has been carried out either by the Trustee board, the Investment Sub-Committee or its investment advisers on behalf of the Trustees.

1. Trustees policies regarding stewardship

The Trustees have appointed providers to manage the Pension Fund’s investments. The Trustees recognise that the size and nature of the Pension Fund’s investments means that they are more constrained in the influence they can have on the companies the Pension Fund invests in as this responsibility ultimately lies with the investment managers. The Trustees do, however, acknowledge the need to be responsible stewards and exercise the rights associated with the Pension Fund’s investments in a responsible manner. This is accomplished using the following processes:

1. The Trustees consider how stewardship factors are integrated into the investment processes when: (i) appointing new investment managers; and (ii) reviewing existing investment managers. The Trustees have provided the appointed investment managers with full discretion concerning the stewardship of their investments.

2. Whilst the Trustees have delegated voting rights to their investment managers, they do review voting behaviour and raise any concerns. A frequent occurrence of disagreement would result in the Trustees terminating the investment manager on the premise that their beliefs are not consistent with those of the Trustees.

The Trustees review the voting activity of the investments managers/funds where there is the opportunity to influence positive practices (namely those that invest in equities). The Pension Fund was invested in equities through the LGIM World Equity Index GBP Hedged Fund, the BNY Mellon Real Return Fund (which is managed by Newton), the M&G Episode Allocation Fund, the Barings Dynamic Asset

\(^1\) Investment stewardship refers to engagement with public companies to promote corporate governance practices that are consistent with encouraging long-term value creation for shareholders in the company. Engagement and voting provide shareholders an opportunity to express their views.
Appendix 2 - Implementation Statement (continued)

Allocation Fund (“DAAF”) and the Partners Generations Fund (at the time of the Pension Fund’s year-end). The Trustees have reviewed the managers’ voting policies and processes including most significant votes cast over the period. This information, and the conclusions that Trustees have drawn, are set out in the following pages.

2. Manager’s voting policies

This section summarises the voting policies and processes of the LGIM World Equity Index GBP Hedged Fund, the BNY Mellon Real Return Fund (which is managed by Newton), M&G Episode allocation fund, Barings DAAF and the Partners Generations Fund.

LGIM

LGIM’s Investment Stewardship team make all voting decisions, in accordance with LGIM’s Corporate Governance & Responsible Investment and Conflicts of Interest policy documents which are reviewed annually. Each member of the team is allocated a specific sector globally so that the voting is undertaken by the same individuals who engage with the relevant company. This is intended to ensure LGIM’s stewardship approach flows smoothly throughout the engagement and voting process and that engagement is fully integrated into the vote decision process, therefore sending consistent messaging to companies.

LGIM’s voting and engagement activities are driven by ESG professionals and their assessment of the requirements in these areas seeks to achieve the best outcome for all of their clients. LGIM’s voting policies are reviewed annually and take into account feedback from clients.

LGIM’s Investment Stewardship team uses the Institutional Share Services (“ISS’s”) ‘ProxyExchange’ electronic voting platform to electronically vote clients’ shares. All voting decisions are made by LGIM and strategic decisions are not outsourced. The use of ISS recommendations is purely to augment LGIM’s own research and proprietary ESG assessment tools. The Investment Stewardship team also uses the research reports of Institutional Voting Information Services (IVIS) to supplement the research reports that are received from ISS for UK companies when making specific voting decisions.

To ensure the proxy provider votes in accordance with LGIM’s position on ESG, LGIM have put in place a custom voting policy with specific voting instructions. These instructions apply to all markets globally and seek to uphold what LGIM consider are minimum best practice standards which LGIM believe all companies globally should observe, irrespective of local regulation or practice. LGIM retain the ability in all markets to override any vote decisions, which are based on their custom voting policy. This may happen where engagement with a specific company has provided additional information that allows LGIM to apply a qualitative overlay to their voting judgement. LGIM have strict monitoring controls to ensure their votes are fully and effectively executed in accordance with their voting policies by their service provider. This includes a regular manual check of the votes input into the platform, and an electronic alert service to inform us of rejected votes which require further action.

Every year, LGIM holds a stakeholder roundtable event where clients and other stakeholders (civil society, academia, the private sector and fellow investors) are invited to express their views directly to the members of the Investment Stewardship team. The views expressed by attendees during this event form a key consideration as LGIM continue to develop their voting and engagement policies and define strategic priorities in the years ahead. LGIM also take into account client feedback received at regular meetings and/or ad-hoc comments or enquiries.
BNY Mellon

The BNY Mellon Real Return Fund is managed by Newton Investment Management ("Newton"). All statements and information relating to this fund has been provided by Newton.

Newton prefer to retain discretion in relation to exercising voting rights and have established policies and procedures to ensure the exercise of global voting rights.

Newton intend to exercise voting rights in all markets where they retain voting authority. All voting decisions are made by Newton; the recommendations of the appointed voting service provider (Institutional Shareholder Services) ("ISS") is only given precedence in the event of a material potential conflict of interest.

All voting notifications are communicated to Newton’s responsible investment team through an electronic voting platform. The responsible investment team reviews all resolutions for contentious issues, aided by advice from proxy research service providers. Voting decisions take into account local market best practice, rules and regulations while also supporting their investment rationale.

Contentious issues may be referred to the appropriate analyst for comment. Where an issue remains contentious, Newton may also decide to confer with the company or other interested parties for further clarification. Each voting decision taken by a member of the responsible investment team has to be authorised by an alternate member of the team. Newton’s corporate actions team is responsible for the administrative elements surrounding the exercise of voting rights by ensuring Newton have the risk to exercise individual clients’ votes and that these are exercised.

Where Newton plan to vote against management on an issue, they often engage with the company in order to provide an opportunity for their concerns to be allayed. In such situations, it would not be a surprise should they vote against management. Newton only communicate their voting intentions ahead of the meeting direct to the company and not to third parties. Newton do alert a company regarding an action they have taken at their annual general meeting (AGM) through an email, to explain their thought process. They then often hold a call with the board/investor relations teams to gain a better understanding of the situation and communicate further. This can often be in tandem with the sponsoring global industry analyst.

Newton employs the services of voting service providers to help inform their voting intentions. Voting decisions are taken on a case-by-case basis, and Newton do not have a rigid policy with their voting service provider. Only in the event of a conflict of interest do Newton follow the recommendations of a service provider. As part of their outsourcing service policy, Newton conduct due diligence of their voting service provider at least twice a year.

Newton’s voting policy and procedures have been formulated and approved by their Responsible and Ethical Investment Oversight Group. Implementation of the voting policy and procedures involves the head of responsible investment and responsible investment analysts in collaboration with the global section analysts and portfolio managers.

M&G

M&G’s Corporate Finance and Stewardship team support their investment teams on various issues that can affect the investments over the long term. The team coordinates M&G’s Stewardship activities, and engages with companies on a number of issues from corporate governance to environmental
sustainability, alongside the investment teams. The team also undertakes M&G's voting responsibilities at shareholder meetings.

Across asset-classes, M&G consider the end goal of stewardship activities is to best serve their customers by achieving positive outcomes, and helping ensure investee companies are effectively dealing with the material risks affecting them. This could require continued engagement to bring about positive change or voting against management and board members or ultimately disinvesting from a company. M&G do not solicit their clients views, but take them into account if they are made aware of them.

M&G use the Institutional Shareholder Service voting platform, and have built a custom voting service that reflects their public voting policy. M&G use research firm ISS, and the voting information service "IVIS", for UK companies, to highlight any contentious issues that they are not aware of from previous consultations with investee companies. M&G will discuss any straightforward issues with their stewardship team before deciding to abstain or vote. For more contentious issues, the relevant fund managers will also be involved in the decision making.

Barings

Barings engages a proxy voting service provider ("Service Provider") responsible for processing and maintaining records of proxy votes. In addition, the Service Provider will retain the services of an independent third party research provider ("Research Provider") to provide research and recommendations on proxies. Barings' policy is to generally vote all Client proxies for which it has proxy voting discretion in accordance with the recommendations of the Research Provider or with the Research Provider's proxy voting guidelines ("Guidelines"), in absence of a recommendation. In circumstances where the Research Provider has not provided a recommendation, the proxy will be analysed on a case-by-case basis.

Barings recognizes that there may be times when it is in the best interests of Clients to vote proxies against the Research Provider's recommendations or Guidelines. In such events a Proxy Administrator will vote the proxy in accordance with the Proxy Analyst's recommendation so long as (i) no other Proxy Analyst disagrees with such recommendation; and (ii) no known material conflict of interest ("Material Conflict") is identified. Barings can vote, in whole or part, against the Research Provider's recommendations or Guidelines as it deems appropriate. Procedures are designed to ensure that votes against the Research Provider's recommendations or Guidelines are made in the best interests of Clients and are not the result of any Material Conflict. For purposes of this Policy, a Material Conflict is defined as any position, relationship or interest, financial or otherwise, of Barings or Associate that could reasonably be expected to affect the independence or judgment concerning proxy voting.

If a Material Conflict is identified by a Proxy Analyst or Proxy Administrator, the proxy will be submitted to the relevant Governance Committee to determine how the proxy is to be voted in order to achieve the Clients' best interests.

There could be circumstances where Barings is unable or determines not to vote a proxy on behalf of its Clients. The following is a non-inclusive list of examples whereby Barings may decide not to vote proxies on behalf of its Clients:

- The cost of voting a proxy for a foreign security outweighs the expected benefit to the Client, so long as refraining from voting does not materially harm the Client;
Appendix 2 - Implementation Statement (continued)

- Barings is not given enough time to process the vote (i.e. receives a meeting notice and proxy from the issuer too late to permit voting);
- Barings may hold shares on a company’s record date, but sells them prior to the company’s meeting date;
- The company has participated in share blocking, which would prohibit Barings ability to trade or loan shares for a period of time;
- Barings has outstanding sell orders on a particular security and the decision to refrain from voting may be made in order to facilitate such sale; or
- The underlying securities have been lent out pursuant to a security lending program.

**Partners Group**

Where Partners Group’s client accounts contain listed equity securities in dedicated programs/allocation buckets (“Liquid Private Markets investments”) and Partners Group has discretion to vote on a proxy stemming from such securities (a “Proxy Request”), Partners Group will make a decision on such Proxy Requests to protect and promote the economic value of the securities held in such client accounts. The following high-level proxy voting principles (the “Principles”) are intended to outline Partners Group’s general approach to proxy voting considerations that frequently arise for its Liquid Private Markets investments:

- Boards and directors
- Compensation
- Accounts, audit and internal control
- Capital structure and shareholder rights
- Environmental and social matters

These Principles are not intended to provide a strict guide to how Partners Group will vote in every instance, but rather how Partners Group typically approaches core aspects of corporate governance in Liquid Private Markets investments. These Principles are applied with discretion, taking into account the range of considerations, local corporate governance practices, and applicable regulations specific to a particular company and the individual ballot item.

Proxy Requests related to Liquid Private Markets investments may be administered by third party service providers. These service providers will follow the principles listed above in all instances. Should a voting recommendation by a service provider be against the recommendation by the respective company’s management, Partners Group’s Liquid Private Markets team will review and decide on the ultimate vote.

In certain circumstances, Partners Group receives Proxy Requests for publicly traded securities within a private markets portfolio. When such Proxy Requests arise, the recipient, typically the respective investment team or Partners Group Guernsey serving as administrator, will forward it to be reviewed and evaluated by Transactions Services together with the relevant investment team and/or the relevant Investment Committee.

Partners Group have a group form which seeks to ensure that all Proxy Requests, included in the broader term ‘corporate actions’, are reviewed and processed in a timely manner.

Partners Group use Glass Lewis & Co as their proxy voting service provider. Partners Group instruct Glass Lewis & Co on how they wish to vote and see them largely as an executor in the process. In the event of disagreement, Partners Group will submit their vote manually to the company in question.
3. Voting eligibility and activity

Voting statistics
The table below sets out the key statistics on voting eligibility and actions over the year to 31 July 2020 for the BNY Mellon Real Return Fund, the Barings Dynamic Asset Allocation Fund, the M&amp;G Episode Allocation Fund and over the year to 30 June 2020 LGIM World Equity Index GBP Hedged Fund, and the Partners Generations Fund².

<table>
<thead>
<tr>
<th>Statistic</th>
<th>LGIM World Equity Index – GBP Hedged Fund²</th>
<th>BNY Mellon Real Return Fund</th>
<th>Barings DAAP</th>
<th>M&amp;G Episode Allocation Fund</th>
<th>Partners Generations Fund²</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of equity holdings</td>
<td>2,743</td>
<td>83</td>
<td>83</td>
<td>7</td>
<td>58</td>
</tr>
<tr>
<td>Meetings eligible to vote at</td>
<td>2,365</td>
<td>80</td>
<td>109</td>
<td>21</td>
<td>52</td>
</tr>
<tr>
<td>Resolutions eligible to vote on</td>
<td>29,837</td>
<td>1,169</td>
<td>1,210</td>
<td>327</td>
<td>743</td>
</tr>
<tr>
<td>Proportion of eligible resolutions voted on</td>
<td>99.8%</td>
<td>98.4%</td>
<td>97.6%</td>
<td>91.4%</td>
<td>100.0%</td>
</tr>
<tr>
<td>Votes with management</td>
<td>81.0%</td>
<td>85.7%</td>
<td>91.0%</td>
<td>91.0%</td>
<td>95.0%</td>
</tr>
<tr>
<td>Votes against management</td>
<td>18.9%</td>
<td>14.3%</td>
<td>9.1%</td>
<td>9.0%</td>
<td>5.0%</td>
</tr>
<tr>
<td>Votes abstained from</td>
<td>0.1%</td>
<td>0.0%</td>
<td>0.4%</td>
<td>0.3%</td>
<td>3.0%</td>
</tr>
<tr>
<td>Meetings where at least one vote was against management</td>
<td>75.6%</td>
<td>39.0%</td>
<td>38.7%</td>
<td>50.0%</td>
<td>27.0%</td>
</tr>
<tr>
<td>Votes contrary to the recommendation of the proxy adviser</td>
<td>12.8%</td>
<td>13.0%</td>
<td>1.0%</td>
<td>3.0%</td>
<td>6.0%</td>
</tr>
</tbody>
</table>

Source: LGIM, Newton, Barings, M&amp;G and Partners Group.

The Trustees are satisfied with the level of voting activity that has been undertaken. The Trustees queried the proportion of votes M&amp;G exercised as this is lower than the other managers. M&amp;G have confirmed that they did not participate in voting at three meetings. One was because M&amp;G were conflicted and the other two were because of their systematic trade blocking. For some holdings, trading is prohibited for a period of time around shareholder meetings for those shareholders that have voted. M&amp;G therefore decided not to vote as it would have blocked their ability to trade.

² LGIM only report voting information on a quarterly basis and Partners Group semi-annually. The closest report to the year-end has been used.
Most significant votes cast
Appendix 1 lists the most significant votes cast (as defined by the managers) in relation to the BNY Mellon Real Return Fund, the Barings DAAF, the M&G Episode Allocation Fund over the year to 31 July 2020 and in relation to the LGIM Word Equity Index – GBP Hedged Fund and the Partners Generations Fund over the year to 30 June 2020.

The criteria the managers have applied in selecting the most significant votes is set out below.

Newton
The most significant votes for Newton have been deemed as those that have been against management of the companies held. Newton have stated that these have the potential for the greatest impact, as areas for improvement can be highlighted and there is no automatic positive intent of ownership.

Barings
Barings have based their most significant votes on those votes that they have cast against management.

M&G
M&G have determined their own definition of significant votes following internal discussion and consider external guidance. Furthermore, those that represent less than 3% shareholding have largely been disregarded.

LGIM
In determining significant votes, LGIM’s Investment Stewardship team consider the criteria provided by the Pensions & Lifetime Savings Association consultation (PLSA). This includes but is not limited to:

- High profile vote which has such a degree of controversy that there is high client and/or public scrutiny;
- Significant client interest for a vote: directly communicated by clients to the Investment Stewardship team at LGIM’s annual Stakeholder roundtable event, or where LGIM note a significant increase in requests from clients on a particular vote;
- Sanction vote as a result of a direct or collaborative engagement; and
- Vote linked to an LGIM engagement campaign, in line with LGIM Investment Stewardship’s 5-year ESG priority engagement themes.

Partners Group
Partners Group have based their most significant votes on the size of the holding.

Conclusions
The Trustees have reviewed the most significant votes cast by each investment manager over the reporting period and is generally satisfied.

The Trustees have asked M&G why only four votes have been provided and are awaiting a response.

LGIM have determined their ten most significant votes at a firmwide level. Of these, the World Equity Index – GBP Hedged Fund only holds three of these companies. Furthermore, because of this approach, LGIM have not disclosed the size of the holding (as a proportion of the fund size). The Trustees have challenged LGIM on the approach they have taken and is awaiting a response.
4. Managers’ conflicts of interest

This section assesses whether LGIM, Newton, Barings, M&G and Partners are affected by the following conflicts of interest, and how these are managed.

1. The asset management firm overall having an apparent client-relationship conflict e.g. the manager provides significant products or services to a company in which they also have an equity or bond holding;

2. Senior staff at the asset management firm holding roles (e.g. as a member of the Board) at a company in which the asset management firm has equity or bond holdings;

3. The asset management firm’s stewardship staff having a personal relationship with relevant individuals (e.g. on the Board or the company secretariat) at a company in which the firm has an equity or bond holding;

4. A situation where the interests of different clients diverge. An example of this could be a takeover, where one set of clients is exposed to the target and another set is exposed to the acquirer; and

5. Differences between the stewardship policies of managers and their clients.

**LGIM**

LGIM have not directly commented on which of the above conflicts of interest they are affected by. The Trustees are challenging this.

The Trustees have received a copy of the conflicts of interest policy from LGIM and will request sight of this document and details of any relevant conflicts of interest annually from LGIM.

**Newton**

When engaging with a conflicted company, Newton declare and explain the conflict to the company at the outset. Engagement activity then continues as normal, which includes the production of meeting notes that are shared with all investment staff and retained in accordance with regulations surrounding the retention of documentation.

Newton are affected by the following conflict of interest across the fund holdings:

“The asset management firm overall has an apparent client-relationship conflict e.g. the manager provides significant products or services to a company in which they also have an equity or bond holding.”

Newton provided the following examples to the Trustees, of how this conflict may arise, and commented on how these conflicts are managed.

**Example 1:** A conflict might exist if Newton manage monies for the underlying company, subsidiary of the underlying company or the company employee’s pension scheme.

Newton maintain a list of all companies where there may be a potential material conflict of interest. The list includes all funds managed or owned by Newton or its parent company, BNY Mellon, and also includes companies that are directly linked to their underlying clients, such as corporate pension funds. If
any potential material conflict of interest between Newton, the investee company and/or a client is identified, the recommendation of Newton’s external voting service provider will take precedence.

Newton’s quarterly reports highlight any instances where voting activity was outsourced due to a conflict of interest.

**Example 2:** A conflict might exist where Newton has invested on behalf of its clients in two or more parties that are involved in a corporate event, such as a takeover.

In these situations, Newton ensures that any voting activity is in the best interests of each individual client as an investor in each single entity.

Newton is not affected by the other conflicts of interests outlined above.

**Barings**
Barings have confirmed that they are not currently aware of any material conflict of interest that would impair its ability to act as the manager to the Barings DAAF.

**M&G**
M&G have confirmed that they are not affected by any material conflict of interest that would impair their ability to act as the manager to the M&G Episode Allocation Fund.

**Partners**
With regard to the Partners Generations Fund’s listed investments, Partners Group are not aware, to the best of their knowledge, of any apparent client-relationship conflict that would impair their ability to act as the manager of the Partners Generations Fund. Partners Group have confirmed that the Generations Fund is invested in shares of Partners Group, the exposure to which is c.0.2% of the overall Fund.
Appendix 1 – Most significant votes cast
Cardiff University Pension Fund

Appendix 2 - Implementation Statement (continued)

Newton Real Return Fund: Most significant votes

<table>
<thead>
<tr>
<th>Company Name</th>
<th>Issue Date</th>
<th>Proxy Vote</th>
<th>Recommended Shareholder Vote</th>
<th>Reason for Vote</th>
</tr>
</thead>
<tbody>
<tr>
<td>[Company 1]</td>
<td>[Date]</td>
<td>[Proxy Vote]</td>
<td>[Recommended Shareholder Vote]</td>
<td>[Reason for Vote]</td>
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<tr>
<td>[Company 2]</td>
<td>[Date]</td>
<td>[Proxy Vote]</td>
<td>[Recommended Shareholder Vote]</td>
<td>[Reason for Vote]</td>
</tr>
</tbody>
</table>

Newitz Real Return Fund: Most significant votes

<table>
<thead>
<tr>
<th>Company Name</th>
<th>Issue Date</th>
<th>Proxy Vote</th>
<th>Recommended Shareholder Vote</th>
<th>Reason for Vote</th>
</tr>
</thead>
<tbody>
<tr>
<td>[Company 3]</td>
<td>[Date]</td>
<td>[Proxy Vote]</td>
<td>[Recommended Shareholder Vote]</td>
<td>[Reason for Vote]</td>
</tr>
<tr>
<td>[Company 4]</td>
<td>[Date]</td>
<td>[Proxy Vote]</td>
<td>[Recommended Shareholder Vote]</td>
<td>[Reason for Vote]</td>
</tr>
</tbody>
</table>

Appendix 2 - Implementation Statement (continued)

Cardiff University Pension Fund

Appendix 2 - Implementation Statement (continued)

Newton Real Return Fund: Most significant votes

<table>
<thead>
<tr>
<th>Company Name</th>
<th>Issue Date</th>
<th>Proxy Vote</th>
<th>Recommended Shareholder Vote</th>
<th>Reason for Vote</th>
</tr>
</thead>
<tbody>
<tr>
<td>[Company 5]</td>
<td>[Date]</td>
<td>[Proxy Vote]</td>
<td>[Recommended Shareholder Vote]</td>
<td>[Reason for Vote]</td>
</tr>
<tr>
<td>[Company 6]</td>
<td>[Date]</td>
<td>[Proxy Vote]</td>
<td>[Recommended Shareholder Vote]</td>
<td>[Reason for Vote]</td>
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</table>

Newitz Real Return Fund: Most significant votes

<table>
<thead>
<tr>
<th>Company Name</th>
<th>Issue Date</th>
<th>Proxy Vote</th>
<th>Recommended Shareholder Vote</th>
<th>Reason for Vote</th>
</tr>
</thead>
<tbody>
<tr>
<td>[Company 7]</td>
<td>[Date]</td>
<td>[Proxy Vote]</td>
<td>[Recommended Shareholder Vote]</td>
<td>[Reason for Vote]</td>
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<tr>
<td>[Company 8]</td>
<td>[Date]</td>
<td>[Proxy Vote]</td>
<td>[Recommended Shareholder Vote]</td>
<td>[Reason for Vote]</td>
</tr>
</tbody>
</table>

Appendix 2 - Implementation Statement (continued)

Newton Real Return Fund: Most significant votes

<table>
<thead>
<tr>
<th>Company Name</th>
<th>Issue Date</th>
<th>Proxy Vote</th>
<th>Recommended Shareholder Vote</th>
<th>Reason for Vote</th>
</tr>
</thead>
<tbody>
<tr>
<td>[Company 9]</td>
<td>[Date]</td>
<td>[Proxy Vote]</td>
<td>[Recommended Shareholder Vote]</td>
<td>[Reason for Vote]</td>
</tr>
<tr>
<td>[Company 10]</td>
<td>[Date]</td>
<td>[Proxy Vote]</td>
<td>[Recommended Shareholder Vote]</td>
<td>[Reason for Vote]</td>
</tr>
</tbody>
</table>
## Implementation Statement (continued)

### Appendix 2 - Implementation Statement (continued)

<table>
<thead>
<tr>
<th>Date</th>
<th>Description</th>
<th>Yes/No</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>31 October</td>
<td>Cardiff University Pension Fund CIO, Investment Director, and relevant fund managers provided input to the implementation statement, as indicated in the previous table.</td>
<td>Yes</td>
<td>Details may be found in the relevant fund managers' documentation.</td>
</tr>
<tr>
<td>31 October</td>
<td>In addition to the implementation statement, the Cardiff University Pension Fund CIO, Investment Director, and relevant fund managers provided input to the relevant fund managers' documentation.</td>
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</table>

### Rationale for the voting decisions

We supported two shareholder resolutions which management recommended voting against.

1. The second resolution related to improving minority shareholder rights by allowing the right to adopt written consent. This would provide an opportunity for minority shareholders to consent to the actions of the company without having to convene a meeting. This resolution was opposed by management, which argued that it could be costly and time-consuming, and that it might be difficult to ensure that all shareholders were aware of the resolution. We believe that these arguments are misplaced, and that the resolution would provide minority shareholders with a valuable tool for protecting their interests. We therefore voted in favor of the resolution.

2. The second resolution related to improving minority shareholder rights by allowing the right to adopt written consent. This would provide an opportunity for minority shareholders to consent to the actions of the company without having to convene a meeting. This resolution was opposed by management, which argued that it could be costly and time-consuming, and that it might be difficult to ensure that all shareholders were aware of the resolution. We believe that these arguments are misplaced, and that the resolution would provide minority shareholders with a valuable tool for protecting their interests. We therefore voted in favor of the resolution.

We voted against several resolutions owing to significant corporate governance concerns about which the company was unable to provide us with sufficient information. These resolutions were intended to improve accountability and transparency, but the company was unable to provide us with sufficient information to assess their likely impact.

We also opposed several resolutions related to executive compensation, which we believe were not in the best interests of shareholders. These resolutions were intended to limit executive compensation and provide shareholders with greater say in the selection of new executive directors. However, we believe that the company's current executive compensation structure is appropriate and that the company is taking steps to align executive compensation with shareholder interests.

In addition to our opposition to several resolutions, we also supported several resolutions related to environmental and social issues. These resolutions were intended to improve the company's performance on these issues and to ensure that the company is taking steps to address these important concerns.

### Outcome of the vote

- 25% against (50 votes)
- 25% against (50 votes)
- 25% against (50 votes)
- 25% against (50 votes)
- 25% against (50 votes)

### Epilogues of the various resolutions and what they mean for shareholders'

We believe that the resolutions were well received by shareholders, and that they provide an opportunity for shareholders to have a greater say in the company's affairs. We encourage shareholders to vote on these resolutions in future years, and to consider other ways in which they can actively engage with the company to ensure that it is acting in their best interests.

We are committed to supporting shareholders in exercising their rights and to ensuring that the company is acting in the best interests of its shareholders. We will continue to monitor the company's operations and to engage with management to ensure that shareholders are well represented.

### Appendix 2 - Implementation Statement (continued)

<table>
<thead>
<tr>
<th>Date</th>
<th>Description</th>
<th>Yes/No</th>
<th>Details</th>
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We are committed to supporting shareholders in exercising their rights and to ensuring that the company is acting in the best interests of its shareholders. We will continue to monitor the company's operations and to engage with management to ensure that shareholders are well represented.

### Outcome of the vote

- 25% against (50 votes)
- 25% against (50 votes)
- 25% against (50 votes)
- 25% against (50 votes)
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### Epilogues of the various resolutions and what they mean for shareholders'

We believe that the resolutions were well received by shareholders, and that they provide an opportunity for shareholders to have a greater say in the company's affairs. We encourage shareholders to vote on these resolutions in future years, and to consider other ways in which they can actively engage with the company to ensure that it is acting in their best interests.

We are committed to supporting shareholders in exercising their rights and to ensuring that the company is acting in the best interests of its shareholders. We will continue to monitor the company's operations and to engage with management to ensure that shareholders are well represented.
### Active voting: examples

#### Example votes against management
(Holdings of DAAF, Year ending June 2020)

<table>
<thead>
<tr>
<th>Date of vote</th>
<th>Stryker Corp</th>
<th>Unibail-Rodamco-Westfield</th>
<th>Crystal Amber fund ltd</th>
<th>JPEL Private Equity</th>
<th>Doric Nimrod Ltd</th>
<th>Diageo plc</th>
<th>Tesco plc</th>
<th>Diploma plc</th>
<th>Lg chem ltd</th>
<th>Nissan chemical corporation</th>
</tr>
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<tbody>
<tr>
<td>01/05/2019</td>
<td>01/05/2019</td>
<td>22/11/2019</td>
<td>25/11/2019</td>
<td>19-Sep-19</td>
<td>11-Feb-20</td>
<td>15-Jan-20</td>
<td>20-Mar-20</td>
<td>25-Jun-20</td>
<td>&lt;0.5%</td>
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<td>Approximate size</td>
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<td>&lt;0.5%</td>
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<td>of holding (as %</td>
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<td>of portfolio)</td>
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</tr>
<tr>
<td>Summary of the</td>
<td>Re-appointment of Ernst &amp; Young LLP as auditor</td>
<td>Board remuneration</td>
<td>To wind up the company</td>
<td>Re-election of John Loudon as a non-executive</td>
<td>Removal of the cap on remuneration of the Board</td>
<td>Re-election of H Kwong as a director</td>
<td>Board remuneration</td>
<td>Board remuneration</td>
<td>Election of a non-permanent director: Kwong Young Soo</td>
<td>Appoint a director Kinoita, Kojro</td>
</tr>
<tr>
<td>resolution</td>
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<td>For / Against</td>
<td>Against</td>
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<td>For</td>
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<tr>
<td>Engagement ahead of</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
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<td>vote?</td>
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<tr>
<td>Rationale for the</td>
<td>Ernst &amp; Young have been the auditors for circa 45 years.</td>
<td>Westfield deal has been bad for the company, but saw the Board get paid more</td>
<td>We want to wind up the company which is trading at a discount to NAV.</td>
<td>Four directors is too many and we need to keep costs down.</td>
<td>Insufficient audit committee independence</td>
<td>Questionable remuneration for incoming CEO</td>
<td>This is a bad plan. The amendment is not in best interests of shareholders</td>
<td>Board is not sufficiently independent</td>
<td>Insufficient gender diversity policy</td>
<td></td>
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<tr>
<td>voting decision</td>
<td></td>
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</tbody>
</table>

Source: Barings, June 2020.
## M&G Episode Allocation Fund - Most significant votes

<table>
<thead>
<tr>
<th>Company name</th>
<th>Vote 1</th>
<th>Vote 2</th>
<th>Vote 3</th>
<th>Vote 4</th>
</tr>
</thead>
<tbody>
<tr>
<td>Methanex Corporation</td>
<td>30/04/2020</td>
<td>21/05/2020</td>
<td>05/19/2020</td>
<td>15/04/2020</td>
</tr>
</tbody>
</table>

**Approximate size of fund’s/mandate’s holding as at the date of the vote (as % of portfolio)**

- **Methanex Corporation**
  - Elect Director
  - Shareholder resolution requesting that the Board issue a report describing how JPMorgan Chase plans to respond to rising reputational risks for the Company and questions about its role in society related to involvement in Canadian oil sands production, oil sands pipeline companies, and Arctic oil and gas exploration and production.
  - Require Shareholder Approval of Bylaw Amendments Adopted by the Board of Directors

**How you voted**
- Washold
- Oppose
- For
- For

**Where you voted against management, did you communicate your intent to the company ahead of the vote?**
- Yes
- Not recorded
- No
- No

**Rationale for the voting decision**
- Withholding support due to concerns over corporate governance and strategy
- Concerns over remuneration and the dividend
- Supportive, as in our view it is in shareholders' interest, but shareholders should approve all bylaw amendments

**Implications of the outcome eg were there any lessons learned and what likely future steps will you take in response to the outcome?**
- Issue/subject matter that has high sensitivity to clients, stakeholders, the Company or M&G
- Issue/subject matter that has high sensitivity to clients, stakeholders, the Company or M&G
- Issue/subject matter that has high sensitivity to clients, stakeholders, the Company or M&G
- Shareholders' rights
In relation to the Fund named above, which 10 votes over the year to 30/06/2020 do you consider to be most significant for the Plan?

### LGIM World Equity Index Fund - Most significant votes

<table>
<thead>
<tr>
<th>Vote 1</th>
<th>Vote 2</th>
<th>Vote 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Company name</td>
<td>BARCLAYS</td>
<td>AMAZON</td>
</tr>
<tr>
<td>Vote date</td>
<td>1/06/2020</td>
<td>1/06/2020</td>
</tr>
<tr>
<td>Approximate size of fund’s holding as at the date of the vote (as % of portfolio)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Summary of the resolution</td>
<td>Resolution 20 - Approve Barclays’ Commitment to Tackling Climate Change</td>
<td>Resolution 20 - Approve ShareAction: Required Resolution</td>
</tr>
<tr>
<td>Why you voted</td>
<td>LGIM voted for resolution 20, proposed by Barclays and for resolution 20, proposed by ShareAction.</td>
<td>LGIM publicly communicates its vote instructions in monthly regional vote reports on its website with the rationale for all votes against management. It is our policy not to engage with our investee companies in the three weeks prior to an AGM as our engagement is not limited by shareholder meeting topics.</td>
</tr>
<tr>
<td>Where you voted against management, did you communicate your intent to the company ahead of the vote?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reasons for the voting decision</td>
<td>The resolution proposed by Barclays sets out its long-term plans and has the backing of ShareAction and its clients. We are particularly grateful to the Invester Forum for the significant role it played in coordinating this outcome.</td>
<td>In addition to facing a full slate of proxy proposals, in the two months leading up to the annual meeting, ShareAction was on the front lines of a pandemic response. The company was already on the back foot owing to the hard workplace practices alleged by the author of a seminal article in the New York Times published in 2015, which depicted a brutal culture. The news of a string of workers catching COVID-19, the company’s responses, and subsequent details, have all become major news and an important topic for our engagements leading up to the proxy vote. Our team has had multiple engagements with Amazon over the past 12 months. The topics of our engagements touched on most aspects of ESG, with an emphasis on social topics: Governance, Environmental and board chair roles, plus the plans for directors to participate in engagement meetings, on Environment, details about the data transparency connected to its Climate Pledge: Social: Establishment of workplace culture, employee health and safety</td>
</tr>
<tr>
<td>Outcome of the vote</td>
<td>Resolution 20 - supported by 90.9% of shareholders Resolution 20 - supported by 23.9% of shareholders (source: Company website)</td>
<td>Resolution 20 - supported by 90.9% of shareholders</td>
</tr>
<tr>
<td>Implications of the outcome ag were there any lessons learned and what likely future steps will you take in response to the outcome?</td>
<td>The hard work is just beginning. Our focus will now be to help Barclays on the detail of their plans and targets, more detail of which is to be published this year. We plan to continue to work closely with the Barclays board and management to train in the development of their plans and will continue to liaise with ShareAction, Investor Forum, and other large investors, to ensure a consistency of messaging and to continue to discuss positive change.</td>
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</tr>
<tr>
<td>On which criteria (as explained in the cover email) have you assessed this vote to be the ‘most significant’?</td>
<td></td>
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</tbody>
</table>

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### Appendix 2 - Implementation Statement (continued)

<table>
<thead>
<tr>
<th>Patient Group: Most significant risks in relation to the fund named above, which 15 weeks at a minimum) during the reporting period do you consider to be most significant for the scheme?</th>
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<tbody>
<tr>
<td><strong>Vista 1</strong></td>
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<tr>
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</tr>
<tr>
<td>Company</td>
</tr>
<tr>
<td>Date of Notice</td>
</tr>
<tr>
<td>Appraisal of fund's plan, since last looking as at the date of the report (as % of portfolio)</td>
</tr>
</tbody>
</table>

### Summary of the resolution

The resolution was regarding the independence of the board of directors, the compensation policy of management as well as the board of directors.

During our final week of research at the end of 2019, our ESG & Sustainability team met with the management teams of each of Cardiff University's business lines to gain a deeper understanding of their commitment to sustainability. We identified key risks and opportunities to improve health and safety across the business.

### Is this a risk?

- No
- Yes
- In favour of management
- In favour of management
- Yes
- Yes
- Yes
- Yes
- Yes

### Risk analysis

- **Inadequate disclosure of performance targets linked to remuneration:** The board should be independent in order to oversee management. The independence of annual remuneration and management compensation should be reassessed.
- **Insufficient equity received by the company's customers:** Confront health does not currently have any Melbourne sales revenue or cost.
- **Inadequate management:** Mineral resources management is successful. Waste management was identified as a key ESG issue for Cardiff, and a successful project is underway. The company plans to implement total services measures to improve the environment.
- **Inadequate management:** A wind farm in Ireland's mine also uses renewable energy, although the project is currently under construction. Cardiff is a growing tech hub and home to companies looking for green energy solutions.
- **Inadequate management:** The project received an environmental sustainability rating by the Green Building Council, with a score of 85.
- **Inadequate management:** Cardiff is implementing strategies to increase renewable energy supply through targeted investments.
- **Inadequate management:** Cardiff is improving energy consumption and has received a score of 85.

### Further analysis

- **Inadequate management:** The company's score increased from 56% in 2013 to 52% in 2015. Management already made a few improvements in the remuneration plan, but these were insufficient to compensate for the deficit.
- **Inadequate management:** Waste recycling management is a key ESG issue for Cardiff. The company plans to implement total services measures to improve the environment.
- **Inadequate management:** The project did not receive any environmental sustainability rating.
- **Inadequate management:** The company's score increased from 56% in 2013 to 52% in 2015. Management already made a few improvements in the remuneration plan, but these were insufficient to compensate for the deficit.
- **Inadequate management:** Waste recycling management is a key ESG issue for Cardiff. The company plans to implement total services measures to improve the environment.
- **Inadequate management:** The project did not receive any environmental sustainability rating.

### Outcomes of the vote

- **Inadequate management:** The company's score increased from 56% in 2013 to 52% in 2015. Management already made a few improvements in the remuneration plan, but these were insufficient to compensate for the deficit.
- **Inadequate management:** Waste recycling management is a key ESG issue for Cardiff. The company plans to implement total services measures to improve the environment.
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