

Cardiff University Pension Fund

Annual Report and Financial Statements

For the year ended 31 July 2021

Registration Number: 10209997

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Cardiff University Pension Fund

Trustees and Fund Advisers

Trustees

Employer Appointee:

Mr S Allin
Mr P Gorin
Ms J Killick
Ms L Phillips
Ms E Douglas (appointed 16 December 2020,
resigned 18 June 2021)
Dr P Sagoo (appointed 1 March 2021)

Member Appointee:

Ms P Farthing (resigned 21 June 2021)
Mr W R K Howells (resigned 18 June 2021)
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

HSBC
1 Centenary Square,
Birmingham,
B1 1HQ

Life Assurance Provider

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

Lloyds Bank (closed 6 October 2020)

1 Queen Street
Cardiff
CF10 2AF

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 (ceased 13
November 2020)
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
Walton Street
Aylesbury
Bucks
HP21 7QW

AEGON
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 2021

The Trustees are pleased to present their annual report for the year ended 31 July 2021.

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 dated 18 November 1998, as amended from time to time.

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 and 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 2021 there were vacancies for one employer-nominated Trustees and two member-nominated Trustees.

The Trustees met on four occasions during the year to 31 July 2021 and in addition three Investment Sub-Committee meetings were held.

Cardiff University Pension Fund

Trustees' Report for the year ended 31 July 2021 (continued)

Fund Membership

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

(a) Contributing members

	No.
At 1 August 2020	1,888
Opening adjustments	(5)
New Members	170
Refunds	(12)
Leavers with deferred benefits	(170)
Retirements	(32)
Flex retirements ceasing	(1)
Death in Service	(4)
Full commutation	(2)
At 31 July 2021	1,832

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

(b) Deferred members

	No.
At 1 August 2020	1,582
Opening adjustments	1
Leavers with deferred benefits	170
Transfers out	(13)
Deaths	(1)
Retirements	(16)
Full commutation	(2)
At 31 July 2021	1,721

(c) Pensioners

	No.
At 1 August 2020	1,073
Opening adjustments	(1)
Contributing members who retired	32
Deferred pensions who retired	16
Spouses and dependants pensions becoming payable	21
Deaths	(42)
At 31 July 2021	1,099

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 32 full retirees.

Included in the above pensioner members as at 31 July 2021, are 191 dependants (2020 – 181) and 2 members paid by annuities (2020 – 2).

Cardiff University Pension Fund

Trustees' Report for the year ended 31 July 2021 (continued)

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%	2.65% p.a.
(plus half of any excess over 5%, subject to an overall cap of 10%)	

* 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%.

Cardiff University Pension Fund

Trustees' Report for the year ended 31 July 2021 (continued)

Report on Actuarial Liabilities (continued)

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

	31 July 2019	31 July 2016
	£m	£m
Market value of assets	229.6	184.9
Technical provisions	264.6	210.3
Funding deficit	(35.0)	(25.4)
Funding Ratio	87%	88%

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.

Cardiff University Pension Fund

Trustees' Report for the year ended 31 July 2021 (continued)

Report on Actuarial Liabilities (continued)

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:

	31 July 2019
	£m
Estimated cost of buying benefits with an insurance company	484.5
Value of the assets	229.6
Funding level	47%

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 2021 (2020: 14 members) and these contributions are invested with the normal contributions.

Cardiff University Pension Fund

Trustees' Report for the year ended 31 July 2021 (continued)

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 2021. The increase relevant to this Fund was 0.5%. Increases to pensions in payment provided in earlier years are shown below. None of the increases was discretionary.

6 April 2020	1.7%
8 April 2019	2.4%
9 April 2018	3.0%
10 April 2017	1.0%
11 April 2016	0.0%
6 April 2015	1.2%
7 April 2014	2.7%
8 April 2013	2.2%

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

The Trustees approved an amending Deed which clarified the ability of Trustees to exercise powers during virtual meetings and to take decisions by email. This reflected the new way of working during the COVID 19 pandemic.

Cardiff University Pension Fund

Trustees' Report for the year ended 31 July 2021 (continued)

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 2021 the Fund had five Investment Managers, these were Legal & General Assurance (Pensions Management) Limited ("Legal & General"), Newton Investment Management Limited ("Newton"), M&G Investments ("M&G"), 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. 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.

HSBC Global Investor Services and Citigroup act as custodians for Legal & General, BNY Mellon SA/NV London Branch act as custodians for Newton, HSBC Bank Plc and State Street Bank & Trust Company act as custodians for M&G, BNY Mellon Trust & Depositary (UK) Limited act as custodians for Partners Group and Northern Trust International Fund Administration Services (Ireland) Limited act as custodians for Barings and Insight.

The Fund did not hold any employer related investments during the year or at the year-end (2020: 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:

<u>Asset Class</u>	<u>Parameter</u>	<u>31 July 2021</u>	
	<u>%</u>	<u>%</u>	<u>£'000</u>
Equities	18.0 - 22.0	22.9	60,495
Diversified Target return	33.5 - 41.5	33.0	87,196
Corporate Bonds	8.5 - 11.5	10.2	26,877
Alternatives	12.5	12.1	32,043
LDI Strategy	20.0	<u>21.8</u>	<u>57,560</u>
		<u>100.0</u>	<u>264,171</u>

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.

Cardiff University Pension Fund

Trustees' Report for the year ended 31 July 2021 (continued)

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 2021

This report identifies the returns for each of the investment managers and also the combined Fund return over the year ending 31 July 2021.

Total Fund Returns

Over the year, the total Fund returned 12.2%.

Market Overview

During Q3 2020 many major economies continued to recover from the steep declines witnessed earlier in the year, supported by highly accommodative policies from central banks and governments as well as a resurgence in economic activity as restrictions were eased. The Federal Reserve announced it would move to use average inflation targeting in setting its policy interest rate, allowing for temporary overshoots in inflation, whilst the EU approved a €750 billion fund (made up of grants and loans) to help member states recover. However, despite positive news surrounding potential vaccines, towards the end of the quarter worries started to take hold over sharply rising COVID-19 infections in many European countries. These worries, along with uncertainty provoking headlines from the US presidential election, meant that market volatility started to increase once again. Investor sentiment remained buoyant as global equities rose by 6.8% (in local terms), but the performance of regional equities saw divergence. US equities led the way returning 9.5% (in local terms), followed by emerging markets, Japanese and Asian equities which returned 8.7%, 4.8% and 4.6% respectively. The US benefitted from better than expected economic data, such as unemployment levels, and China was helped by their success in containing the virus. European and UK equities lagged the rest of the world, returning 2.0% and -2.9% respectively. The UK's exposure to poorly performing oil and financial stocks, coupled with fading fiscal stimulus, a lack of progress in the Brexit negotiations and a rising number of COVID-19 infections all weighed on performance. Government bond yields ended the quarter slightly higher, resulting in nominal and index-linked bonds both returning -2.5% respectively. This was driven by an increase in investor risk appetite and falling demand for safe-haven assets. Corporate bonds also fell slightly over the quarter, with longer-dated, higher quality sterling corporate bonds returning -1.0%.

Despite rising numbers of new COVID-19 infection cases, global financial markets rallied for the third consecutive quarter in Q4 2020; with investor confidence being buoyed by news of several vaccine trials (such as BioNTech, Moderna and AstraZeneca/Oxford). A path to the end of the pandemic appeared in sight, but investors were reminded of the fragility of the recovery with new strains of the COVID-19 virus emerging and a new round of global lockdowns being imposed. The results of the US election, which saw Joe Biden and the Democratic party beat Donald Trump and the Republicans, appeared to raise investor confidence further. After tense negotiations from both sides, the UK and EU finally secured a post-Brexit deal, but only time will tell how the UK economy will perform after the transition period. Global equities rose by 12.5% during Q4 2020 (in local terms), with cyclical sectors such as value, energy and airlines outperforming their less-cyclical counterparts. Pacific ex Japan and emerging market equities led the way returning 19.0% and 15.1% respectively (in local terms). Both regions benefitted from aspirations of cyclical recovery and an increase in global trade, following the vaccine news, to which their respective economies are sensitive. US, UK and Japanese equities followed returning 12.9%, 12.6% and 12.3% (in local terms) respectively.

Cardiff University Pension Fund

Trustees' Report for the year ended 31 July 2021 (continued)

Quantum investment monitoring report for the year to 31 July 2021 (continued)

Market Overview (continued)

The US and the UK benefitted from the vaccine news and further stimulus measures announced by both governments, whilst Japanese equities reacted well to the vaccine news and outcome of the US election. European ex UK equities was the worst performing region, despite returning 10.3% (in local terms). The performance of global bonds was generally positive during Q4, with many investors continuing to believe that governments would continue their bond-buying programmes. Higher risk fixed income assets (notably High Yield bonds) outperformed their higher credit quality counterparts, with vaccine hopes spurring investors to target higher risk assets. UK government bond yields ended the quarter slightly lower, resulting in nominal and index-linked bonds returning 1.1% and 1.4% respectively. Vaccine optimism resulted in sentiment for safe-haven assets falling, but demand was again driven by Brexit uncertainty and further lockdown restrictions.

Economic activity and growth generally strengthened across the globe during the first quarter of 2021. This was fuelled by soaring optimism as a result of the continued reopening of major economies, successful vaccine roll outs, particularly in the UK and US, and further government stimulus measures. Of the major economies, the UK was leading the way in terms of administering vaccines as over 57% of UK adults had received their first vaccine dose as at quarter end. The success of the vaccine programmes and, in the US, President Joe Biden's \$1.9 trillion coronavirus relief bill has resulted in rising bond yields globally, as investors transition out of traditional "safe-haven" investments due to increased risk appetites and fears of increasing inflation. Global equities rose by 6.3%, in local terms (it is worth noting that global equities have risen by 51.5% over a 12-month period to the quarter end, more than recouping the heavy losses incurred at the start of the pandemic). Value stocks performed well over the quarter, particularly financial and energy stocks, benefitting from rising bond yields and commodity prices, respectively. Smaller, domestically driven stocks also fared well. Japanese and Europe (ex UK) equities lead the way over the quarter, returning 9.3% and 8.2% respectively (in local terms). Pacific ex Japan equities returned 7.4% (in local terms), despite slower vaccination roll outs, relative to other regions. US stocks were helped by President Biden's major fiscal stimulus package, returning 5.6% (in local terms). Given their bias towards low-valued, economically sensitive areas, UK equities also performed well, returning 5.2%. Despite posting positive returns of 4.1% (in local terms), emerging market equities lagged other regions owing to a stronger US dollar, slower vaccination programmes and an increase in infection rates, leading to new lockdown measures in some areas. Fears of excess inflation, coupled with a risk-on environment, meant that investor demand for fixed income fell, resulting in yields rising significantly, causing negative returns over the quarter. UK government bond yields ended the quarter markedly higher, resulting in nominal and index-linked bonds returning -12.5% and -7.0% respectively. Sterling corporate bonds fell further than their sovereign counterparts, returning -13.7%, and higher risk fixed income assets (notably global high yield bonds) outperformed their investment grade sterling counterparts, experiencing a marginally positive return (in local terms).

Economic activity continued to rally across most major economies over the second quarter of 2021. Vaccination programmes powered growth, particularly in Europe after an initially sluggish start (when compared to the UK and US). Governments in most developed economies continued to ease COVID-19 lockdown restrictions, which helped economic activity levels improve. Emerging economies continued to lag developed economies with regards to the administration of vaccines and some emerging economies, notably India, struggled to cope with rising case numbers and new, more virulent, strains of COVID-19 over the quarter. Global equities rose by 7.7% (in local currency terms) over the second quarter; growth stocks outperformed value stocks owing to a fall in US treasury yields (which was driven by the reassurance central banks provided to investors around the pace of monetary policy tightening). The rebound of growth stocks, along with strong first-quarter corporate earnings and the potential for an additional \$600bn fiscal stimulus package, helped US equities outperform their regional counterparts, returning 8.8% in local terms. Europe (ex UK) led the rest of the pack, returning 7.2% (in local currency terms), buoyed by the re-opening of economies throughout the continent and strong demand globally for European goods.

Cardiff University Pension Fund

Trustees' Report for the year ended 31 July 2021 (continued)

Quantum investment monitoring report for the year to 31 July 2021 (continued)

Market Overview (continued)

Despite delays to the planned further re-opening of the economy, UK equities returned a positive 5.6% over the quarter. Pacific (ex Japan) and Emerging Market equities returned 4.9% and 4.1% respectively in local currency terms, with Chinese monetary policy tightening and regulatory concerns weighing on the performance of the wider Asian and Emerging Market indices. Meanwhile, Japanese equities remained broadly flat in local terms, returning 0.1% due to the slow progress of Japan's vaccination programme. Low sovereign bond yields and a significant rise in inflation in some economies, caused by the easing of lockdown measures and subsequent increase in consumer spending/demand, led investors to search for higher yielding and inflation linked assets. As a result, emerging market debt and inflation-linked bonds performed well. In the UK, government bond yields fell, resulting in nominal and index-linked bonds returning 3.2% and 3.9% respectively. Sterling corporate bonds slightly outperformed their sovereign counterparts returning 4.1%.

Fund Values

The market values of the Fund's invested assets as at 31 July 2021 are shown below:

Assets	Legal & General (£'m)	Newton (£'m)	M&G (£'m)	Barings (£'m)	Partners Group (£'m)	Insight (£'m)	Total (£'m)
Equities	60.5	--	--	--	--	--	60.5
Multi Asset Funds	26.9	31.9	28.5	--	--	--	87.2
Private markets	--	--	--	--	32.0	--	32.0
Corporate bonds	--	--	26.9	--	--	--	26.9
LDI and cash	--	--	--	--	--	57.6	57.6
Total	87.4	31.9	55.3	--	32.0	57.6	264.2
Historic Assets							
31 July 2020	45.2	28.9	51.2	24.9	27.4	56.1	233.7

Totals may not cast due to rounding.

As at the year-end, some of the Fund's assets held with L&G, M&G, BNY Mellon, Partners Group and Insight fell outside of the pre-determined tolerance ranges that have been set around the strategic benchmark. The Trustees were in the process of implementing a new investment strategy, and corrective action was therefore not taken. The new investment strategy was implemented in August 2021.

Investment performance

The table below shows an approximate return for the Fund over a 1, 3 and 5 year period to 31 July 2021.

1 year %	3 year (p.a.) %	5 year (p.a.) %
12.2	8.5	6.9

Return for the Fund has been calculated using a money weighted rate of return and excludes assets held in the bank account.

Cardiff University Pension Fund

Trustees' Report for the year ended 31 July 2021 (continued)

Quantum investment monitoring report for the year to 31 July 2021 (continued)

Investment performance (continued)

Performance of the Fund's investments over short and longer periods is summarised below to 31 July 2021:

Annualised return over	1 Year (p.a.)%	3 Year (p.a.)%	5 Year (p.a.)%
Return seeking assets			
L&G World Equity Index GBP Hedged			
Performance - net of fees	33.7	12.7	13.1
Target	34.0	13.0	13.4
M&G Episode Allocation			
Performance - net of fees	14.6	3.0	5.5
Target	5.1	5.5	5.5
BNY Mellon Real Return			
Performance - net of fees	10.4	7.2	3.7
Target	4.0	4.4	4.4
LGIM Dynamic Diversified Fund			
Performance – net of fees	11.3	5.7	6.2
Target	4.6	4.9	4.9
Partners Group Generations Fund ¹			
Performance - net of fees	17.0	8.1	8.0
Target	7.0	7.0	7.0

Source: Legal & General, M&G, BNY Mellon, and Partners Group.

Cardiff University Pension Fund

Trustees' Report for the year ended 31 July 2021 (continued)

Quantum investment monitoring report for the year to 31 July 2021 (continued)

Investment performance (continued)

Annualised return over	1 Year (p.a.)%	3 Year (p.a.)%	5 Year (p.a.)%
Liability-driven assets			
M&G Long Dated Corporate Bonds			
Performance - net of fees	2.0	9.9	6.3
Benchmark	2.1	9.7	6.0
Insight LDI Enhanced Selection Inflation			
Performance - gross of fees	33.0	(1.0)	9.3
Gilt Benchmark	34.2	(2.8)	8.2
Swap Benchmark	28.5	(5.1)	2.2
Insight LDI Enhanced Selection Longer Real			
Performance - gross of fees	(3.4)	20.6	15.6
Gilt Benchmark	(1.9)	21.7	17.2
Swap Benchmark	(7.1)	17.7	7.0
Insight LDI Enhanced Selection Shorter Real			
Performance - gross of fees	(3.9)	18.0	14.1
Gilt Benchmark	(2.3)	17.0	16.6
Swap Benchmark	(8.9)	13.8	6.0
Insight LDI Liquidity Plus Holding			
Performance - gross of fees	0.5	0.8	0.8
Benchmark	0.0	0.4	0.4

Source: M&G and Insight

Cardiff University Pension Fund

Trustees' Report for the year ended 31 July 2021 (continued)

Quantum investment monitoring report for the year to 31 July 2021 (continued)

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).

LGIM Dynamic Diversified Fund

- The LGIM Dynamic Diversified Fund ("Fund") provides exposure to a range of different asset classes including equities, bonds, property, commodities and listed infrastructure, private equity and global real estate companies, which may be actively or passively managed.
- The investment objective of the Fund is to provide an absolute return of Bank of England Base Rate + 4.5% pa (gross of fees) over rolling three year periods.

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.

Cardiff University Pension Fund

Trustees' Report for the year ended 31 July 2021 (continued)

Quantum investment monitoring report for the year to 31 July 2021 (continued)

Investment performance (continued)

Liability-driven assets

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 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 2021 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 have followed advice from the Pensions Regulator and received quarterly updates from their appointed professional advisers to assist them with monitoring the impact on the Fund's funding level, investments and employer covenant. The Trustees do not believe that there has been a long-term substantive effect on the Fund or the security of members' benefits.

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.

Cardiff University Pension Fund

Trustees' Report for the year ended 31 July 2021 (continued)

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 2021 (continued)

Statement of Trustees' Responsibilities

Trustees' responsibilities in respect of the financial statements

The financial statements, which are prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including the Financial Reporting Standard applicable in the UK and Republic of Ireland ("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 making a statement whether the financial statements have been prepared in accordance with the relevant financial reporting framework applicable to occupational pension schemes.

In discharging these 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 ensuring that the financial statements are prepared on a going concern basis unless it is inappropriate to presume that the Fund will continue as a going concern.

The Trustees are also responsible for making available certain other information about the Fund in the form of an annual report.

The Trustees have a general responsibility for ensuring that 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, and from time to time reviewing and if necessary revising, a schedule of contributions showing the rates of contributions payable to the Fund by or on behalf of employers 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 that fall due to be paid are paid into the Fund 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 to members.

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



Date: 6 January 2022

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

Tel: 0800 731 0193

Website: <https://www.gov.uk/find-pension-contact-details>

Please note that currently it is not possible to request contact details by post from the Pensions Tracing Service because of COVID-19.

(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/submit-complaint/

For general requests for information or guidance concerning pension arrangements contact:

MoneyHelper
The Money and Pensions Service
Holborn Centre
120 Holborn
London
EC1N 2TD

Telephone: 01159 659570

Email: contact@maps.org.uk

Website: www.maps.org.uk/moneyhelper

Cardiff University Pension Fund

Compliance Statement (continued)

(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@thepensionsregulator.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.ppf.co.uk

Cardiff University Pension Fund

Independent Auditors' Report to the Trustees of Cardiff University Pension Fund

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 2021, 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 2021; 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

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

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

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the Fund's ability to continue as a going concern.

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

Cardiff University Pension Fund

Independent Auditors' Report to the Trustees of Cardiff University Pension Fund (continued)

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 have 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.

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

Based on our understanding of the Fund and its environment, we identified that the principal risks of non-compliance with laws and regulations related to the administration of the Fund in accordance with the Pensions Acts 1995 and 2004 and regulations made under them, and codes of practice issued by the Pensions Regulator; and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered the direct impact of these laws and regulations on the financial statements.

Cardiff University Pension Fund

Independent Auditors' Report to the Trustees of Cardiff University Pension Fund (continued)

Auditors' responsibilities for the audit of the financial statements (continued)

We evaluated incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of override of controls, by the Trustees and those responsible for, or involved in, the preparation of the underlying accounting records and financial statements, and determined that the principal risks were related to posting inappropriate journals to conceal misappropriation of assets and inappropriate adjustments of asset valuations. Audit procedures performed included:

- Testing of journals where we identified particular risk criteria.
- Obtaining independent confirmations of material investment valuations and cash balances at the year end.
- Reviewing estimates and judgements made in the preparation of the financial statements.
- Reviewing meeting minutes, any correspondence with the Pensions Regulator, contracts and agreements, and holding discussions with the Trustees to identify significant or unusual transactions and known or suspected instances of fraud or non-compliance with laws and regulations.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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

11 January 2022

Date

Cardiff University Pension Fund

Fund Account for the year ended 31 July 2021

	NOTE	2021 £	2020 £
Contributions and benefits			
Employer contributions	4	10,411,370	10,384,753
Employee contributions	4	<u>202,597</u>	<u>224,610</u>
Total Contributions		10,613,967	10,609,363
Other income	5	<u>349,258</u>	<u>175,690</u>
		<u>10,963,225</u>	<u>10,785,053</u>
Benefits paid or payable	6	7,542,978	7,668,186
Payments to and on account of leavers	7	607,064	200,782
Premiums on life assurance policies		208,708	211,632
Administrative expenses	8	<u>792,769</u>	<u>517,302</u>
		<u>9,151,519</u>	<u>8,597,902</u>
Net additions from dealings with members		1,811,706	2,187,151
Returns on investments			
Investment income	9	19,402	6,348,653
Change in market value of investments	10	31,422,121	(481,472)
Investment management expenses	13	<u>(264,131)</u>	<u>(83,954)</u>
Net returns on investments		<u>31,177,392</u>	<u>5,783,227</u>
Net increase in the fund		32,989,098	7,970,378
Opening net assets of the fund		<u>237,562,515</u>	<u>229,592,137</u>
Closing net assets of the fund		<u>270,551,613</u>	<u>237,562,515</u>

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

Cardiff University Pension Fund

Statement of Net Assets (available for benefits) for the year ended 31 July 2021

	NOTE	2021 £	2020 £
Investment assets	10		
Pooled investment vehicles		264,170,874	233,711,563
AVC investments		<u>2,346</u>	<u>2,019</u>
		<u>264,173,220</u>	<u>233,713,582</u>
Current assets	14	6,959,505	3,978,857
Current liabilities	15	<u>(581,112)</u>	<u>(129,924)</u>
Net Current Assets		<u>6,378,393</u>	<u>3,848,933</u>
Total net assets available for benefits		<u>270,551,613</u>	<u>237,562,515</u>

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 6 January 2022.

Signed on behalf of the Trustees:

Trustee: 

Trustee: 

Cardiff University Pension Fund

Notes to the Financial Statements for the year ended 31 July 2021

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").

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.

Cardiff University Pension Fund

Notes to the Financial Statements for the year ended 31 July 2021 (continued)

3. Summary of significant accounting policies (continued)

c. Transfer to and from other schemes

Individual transfers to and from other schemes are accounted for when the member liability is accepted or discharged. In the case of individual transfers, this is normally when the payment of the transfer value is received or made. 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 on an 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.

Cardiff University Pension Fund

Notes to the Financial Statements for the year ended 31 July 2021 (continued)

3. 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.

4. Contributions

	2021 £	2020 £
Contributions from employer:		
Normal	9,457,604	7,519,832
Deficit funding	953,766	2,864,921
	<u>10,411,370</u>	<u>10,384,753</u>
Contributions from employee:		
Normal	185,874	205,060
Additional voluntary – added years	16,723	19,550
	<u>202,597</u>	<u>224,610</u>
Total contributions	<u>10,613,967</u>	<u>10,609,363</u>

Employer normal contributions include contributions in respect of salary sacrifice arrangements made available to certain members by the Employer.

Normal and deficit funding contributions received during the year have been at rates recommended by the Scheme Actuary, in compliance with the Schedules of Contributions certified by the Scheme Actuary on 23 June 2017 and 29 October 2020.

During the year deficit contributions were paid to the Fund by the Employer as follows:

- From 1 August to 31 October 2020 at a rate of 7.3% of pensionable salaries,
- From 1 November 2020 to 31 July 2021 deficit contributions at a rate of 0.8% of pensionable salaries.

Post year end, the Employer has agreed to pay deficit contributions at a rate of 8.2% per annum of total pensionable salary and additional contributions of £1,000,000 per annum for a period of 8 years (from 1 August 2021 to 31 July 2029) in accordance with the recovery plan dated 29 October 2020.

5. Other income

	2021 £	2020 £
Interest on cash deposits	-	111,951
Claim on term insurance policies	349,258	63,739
	<u>349,258</u>	<u>175,690</u>

Cardiff University Pension Fund

Notes to the Financial Statements for the year ended 31 July 2021 (continued)

6. Benefits paid or payable

	2021 £	2020 £
Pensions	5,687,850	5,535,249
Commutations and lump sums on retirement	1,382,112	2,039,863
Lump sums:		
on death in service	322,392	58,836
on death in retirement	150,624	34,238
	<u>7,542,978</u>	<u>7,668,186</u>

7. Payments to and on account of leavers

	2021 £	2020 £
Refunds to members leaving service	-	6,941
Individual transfers out	607,064	193,841
	<u>607,064</u>	<u>200,782</u>

8. Administrative expenses

	2021 £	2020 £
Actuarial fees	40,500	45,000
Consultancy fees	61,505	37,205
Administration expenses	147,768	147,415
Pension Protection Fund levy	363,328	210,287
Legal fees	124,310	15,978
Audit fees	16,968	14,665
Trustee Liability Insurance	14,640	8,960
Other fees	22,983	37,792
Bank charges	767	-
	<u>792,769</u>	<u>517,302</u>

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).

9. Investment Income

	2021 £	2020 £
Investment Income	17,647	6,346,973
Annuity Income	1,755	1,680
	<u>19,402</u>	<u>6,348,653</u>

Investment income of £6,346,973 received in the year ended 31 July 2020 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.

Cardiff University Pension Fund

Notes to the Financial Statements for the year ended 31 July 2021 (continued)

10. Investment assets

	Value as at 1 August 2020 £	Purchases at Cost £	Sales Proceeds £	Change in Market Value £	Value as at 31 July 2021 £
Investment Managers					
<u>Legal & General</u>					
World Equity	45,159,915	-	-	15,334,711	60,494,626
Diversified Growth	-	24,456,388	-	2,423,618	26,880,006
<u>M&G</u>					
Bonds	26,421,376	-	-	455,619	26,876,995
Diversified Growth	24,829,818	-	-	3,631,072	28,460,890
<u>Newton</u>					
Diversified Growth	28,895,490	-	-	2,959,202	31,854,692
<u>Barings</u>					
Diversified Growth	24,902,533	-	(25,418,870)	516,337	-
<u>Partners Group</u>					
Alternatives	27,391,628	-	-	4,650,987	32,042,615
<u>Insight (LDI)</u>					
Insight ESF Inflation	2,944,145	-	-	972,346	3,916,491
Insight ESF Longer	18,273,925	2,867,719	-	307,787	21,449,431
Insight ESF Shorter	11,945,617	2,223,854	-	85,444	14,254,915
Insight Liquidity Plus	22,947,116	-	(5,091,574)	84,671	17,940,213
	<u>233,711,563</u>	<u>29,547,961</u>	<u>(30,510,444)</u>	<u>31,421,794</u>	<u>264,170,874</u>
AVC Providers					
Utmost Life & Pensions	812	-	-	99	911
Aegon	1,207	-	-	228	1,435
	<u>2,019</u>	<u>-</u>	<u>-</u>	<u>327</u>	<u>2,346</u>
Total investment assets	<u>233,713,582</u>	<u>29,547,961</u>	<u>(30,510,444)</u>	<u>31,422,121</u>	<u>264,173,220</u>

Included in purchases and sales are switches between funds of £5,091,574.

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 Utmost 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 (2020: Nil).

Cardiff University Pension Fund

Notes to the Financial Statements for the year ended 31 July 2021 (continued)

10. Investment assets (continued)

Pooled Investment vehicles analysis by type

£	2021		2020	
	£		£	
Equities				
L&G World Equity	60,494,626		45,159,915	
Bond				
M&G PP Long Dated Corp Bond Fund	26,876,995		26,421,376	
Diversified Growth				
Newton Real Return Fund X Shares (Acc)	31,854,692		28,895,490	
M&G Episode Allocation Fund	28,460,890		24,829,818	
Barings Dynamic Asset Allocation Fund	-		24,902,533	
L&G Dynamic Diversified	26,880,006		-	
	<u>87,195,588</u>		<u>78,627,841</u>	
Alternatives				
Partners Group Generation Fund I	32,042,615		27,391,628	
Liability Driven Investment				
Insight ESF Inflation	3,916,491		2,944,145	
Insight ESF Longer	21,449,431		18,273,925	
Insight ESF Shorter	14,254,915		11,945,617	
Insight Liquidity Plus	17,940,213		22,947,116	
	<u>57,561,050</u>		<u>56,110,803</u>	
Total pooled investment vehicles	<u>264,170,874</u>		<u>233,711,563</u>	

Concentration of Investments

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

	2021		2020	
	£	%	£	%
Pooled investment vehicles				
Legal & General World Equity Fund	60,494,626	22.4	45,159,915	19.0
Newton Real Return Fund	31,854,692	11.8	28,895,490	12.2
Partners Group Generation Fund IP Shares	32,042,615	11.8	27,391,628	11.5
M&G PP Long Dated Corporate Bond Fund	26,876,995	9.9	26,421,376	11.1
M&G PP Episode Allocation Fund	28,460,890	10.5	24,829,818	10.5
Barings Dynamic Asset Allocation Fund	-	-	24,902,533	10.5
Insight LDI GBP Liquidity Plus Holding Fund	17,940,213	6.6	22,947,116	9.7
Insight LDI Enhanced SEL Longer Real Fund	21,449,431	7.9	18,273,925	7.7
Insight LDI Enhanced SEL Shorter Real Fund	14,254,915	5.3	11,945,617	5.0
Legal & General Dynamic Diversified Fund	26,880,006	9.9	N/A	N/A

Cardiff University Pension Fund

Notes to the Financial Statements for the year ended 31 July 2021 (continued)

11. 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:

	Level 1 (£)	Level 2 (£)	Level 3 (£)	Total (£)
As at 31 July 2021				
Pooled investment vehicles	-	232,128,259	32,042,615	264,170,874
AVC investments	-	2,346	-	2,346
Total investments	-	232,130,605	32,042,615	264,173,220

	Level 1 (£)	Level 2 (£)	Level 3 (£)	Total (£)
As at 31 July 2020				
Pooled investment vehicles	-	206,319,935	27,391,628	233,711,563
AVC investments	-	2,019	-	2,019
Total investments	-	206,321,954	27,391,628	233,713,582

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.

Cardiff University Pension Fund

Notes to the Financial Statements for the year ended 31 July 2021 (continued)

12. Investment risk disclosures

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

Manager	Fund	Credit risk	Currency risk	Interest rate risk	Other price risk	Asset split (%)	2021 value (£000's)	2020 value (£000's)
Pooled Investment Vehicles								
Legal & General	World Equity Index – GBP Hedged					22.9	60,495	45,160
M&G	Episode Allocation					10.8	28,461	24,830
Legal & General	Dynamic Diversified Fund					10.2	26,880	--
M&G	Long Dated Corporate Bond					10.2	26,877	26,421
BNY Melon	Real Return					12.1	31,855	28,895
Barings	Dynamic Asset Allocation					--	--	24,903
Partners Group	Generations					12.1	32,043	27,392
Insight	LDI Enhanced Select Inflation					1.5	3,916	2,944
Insight	LDI Enhanced Selection Longer Real					8.1	21,449	18,274
Insight	LDI Enhanced Selection Shorter Real					5.4	14,255	11,946
Insight	LDI Liquidity Plus Holding					6.8	17,940	22,947
Total investments						100.0	264,171	233,712
Key:			Exposure		No exposure			

Cardiff University Pension Fund

Notes to the Financial Statements for the year ended 31 July 2021 (continued)

12. Investment risk disclosures (continued)

Further information on these risks is set out in the following sections. This does not include the AVC investments 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 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 pooled 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:

	2021	2020
	£	£
Pooled investment vehicles		
Unit linked insurance contracts	142,712,517	96,411,109
Open ended investment companies	89,415,742	109,908,826
Non-UCITS retail scheme ("NURS") fund of alternative investment funds ("FAIF")	32,042,615	27,391,628
	<u>264,170,874</u>	<u>233,711,563</u>

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.

Cardiff University Pension Fund

Notes to the Financial Statements for the year ended 31 July 2021 (continued)

12. 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 LGIM Dynamic Diversified 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 LGIM Dynamic Diversified 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 Scheme'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 LGIM Dynamic Diversified Fund, the M&G Corporate Bond 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 is expected to 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.

13. Investment management expenses

	2021	2020
	£	£
Investment advisory fees	63,150	34,471
Investment management fees	219,988	80,111
Investment fee rebates	(19,007)	(30,628)
	<u>264,131</u>	<u>83,954</u>

14. Current assets

	2021	2020
	£	£
Cash at bank	6,061,054	3,939,539
Sundry debtors	11,971	39,318
Contributions receivable	886,480	-
	<u>6,959,505</u>	<u>3,978,857</u>

Contributions receivable at year end relate to July 2021 and were received in line with the Schedules of Contributions certified by the Scheme Actuary on 29 October 2020.

Cardiff University Pension Fund

Notes to the Financial Statements for the year ended 31 July 2021 (continued)

15. Current liabilities

	2021	2020
	£	£
Unpaid benefits	381,872	71,372
Term insurance premiums	-	19,012
Accrued expenses	199,207	39,540
Annuity income	33	-
	<u>581,112</u>	<u>129,924</u>

16. 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 2021 one member-nominated Trustees received a pension in accordance with the rules of the Fund (31 July 2020: one) and two member-nominated Trustees were accruing benefits (31 July 2020: two).

Employer and other related parties

From 1 July 2020 Deloitte Total Reward and Benefits Limited have provided administration and accountancy services to the Fund. Previously these 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 £Nil (2020: £38,215).

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 £11,480 (2020: £6,217).

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 schemes 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 are aware of the issue and are working with their advisors to consider the implications and decide on the appropriate next steps.

Other than this, the Fund had no contingent liabilities and no contractual commitments at 31 July 2021 (2020: Nil).

Cardiff University Pension Fund

Independent Auditors' Statement about contributions to the Trustees of Cardiff University Pension Fund

Statement about contributions

Opinion

In our opinion, the contributions required by the Schedules of Contributions for the Fund year ended 31 July 2021 as reported in Cardiff University Pension Fund's summary of contributions have, in all material respects, been paid in accordance with the schedules of contributions certified by the Fund actuary on 23 June 2017 and 29 October 2020.

We have examined Cardiff University Pension Fund's summary of contributions for the Fund year ended 31 July 2021 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 schedules 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: 11 January 2022

Cardiff University Pension Fund

Summary of Contributions

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

	Employee £	Employer £
Required by the Schedules of Contributions		
Normal contributions:		
– by or on behalf of employee	185,874	2,535,293
– by employer	-	6,922,311
Deficit contributions	<u>-</u>	<u>953,766</u>
Total required by the Schedules of Contributions	185,874	10,411,370
 Other contributions payable		
Additional voluntary-added years	<u>16,723</u>	<u>-</u>
Total (as per Fund Account)	<u>202,597</u>	<u>10,411,370</u>

Included above are Employee contributions totalling £2,535,293 (2020: £2,519,947) classified as Employer contributions under the salary sacrifice arrangements.

Approved by and signed on behalf of the Trustees:



Date: 6 January 2022

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.

Cardiff University Pension Fund

Appendix 1 - Actuarial Certificates (continued)

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: 

Name: PETER GODWIN

Position: TRUSTEE

Date: 21.6.2017

Signed on behalf of Cardiff University

Signature: 

Name: J 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

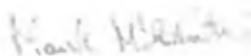
1. I certify that, in my opinion, the rates of contributions shown in this Schedule of Contributions are such that the statutory funding objective can be expected to be met by the end of the period specified in the Recovery Plan certified at the date of signing.

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



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.

Cardiff University Pension Fund

Appendix 1 - Actuarial Certificates (continued)

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:

DocuSigned by:
Peter Gorin

Name:

Peter Gorin

Position:

Chair Cardiff University Pension Fund

Date:

29 October 2020 | 08:33:06 GMT

Signed on behalf of Cardiff University

Signature:

DocuSigned by:
Robert Williams

Name:

Robert Williams

Position:

Chief Financial Officer

Date:

29 October 2020 | 09:53:00 GMT

Cardiff University Pension Fund

Appendix 1 - Actuarial Certificates (continued)

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	 0AAD82EF9ECE491...	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

Appendix 2 - Implementation Statement

1. Introduction

In June 2019, the UK Government published the Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations (the “Regulations”). The Regulations require that the Trustees of the Cardiff University Pension Fund (the “Pension Fund”) outline how they have ensured compliance with the policies, on the exercise of rights and undertaking of engagement activities with investment managers, as set out in the Pension Fund’s Statement of Investment Principles (“SIP”) dated September 2020. This was the SIP in place at the Pension Fund’s year-end date, 31 July 2021.

This Statement has been prepared by the Trustees with the assistance of their appointed Investment Consultant (Quantum Advisory). This statement does not cover the additional voluntary contributions of the Scheme, due to the size of the holding.

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

2. Trustees policies regarding stewardship

Over the Pension Fund year, the Trustees:

- Updated the SIP to incorporate: (i) additional information on the Trustees’ policies in line with the requirements of the Regulations; and (ii) a change to the Pension Fund’s investments during the second half of 2020.
- Reviewed the voting and engagement activity of the funds that invest in equities. The Trustees are generally content that the Pension Fund’s investment managers have appropriately carried out their stewardship duties.
- Are of the opinion that they have complied with the relevant policies and procedures as identified in the SIP.

It should be noted that the funds that do not hold equities have not been reviewed as part of this statement, as these have fewer (if any) voting opportunities. Further detail on each of these matters is presented in the pages that follow. The Trustees review the voting activity of the investments managers/funds where there is the opportunity to influence positive practises (namely those that invest in equities). The Pension Fund was invested in equities through the LGIM World Equity Index GBP Hedged Fund, the LGIM Dynamic Diversified Fund (“DDF”), the BNY Mellon Real Return Fund (which is managed by Newton), the M&G Episode Allocation Fund, 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.

It should be noted that in September 2020, the Pension Fund sold its holding in the Barings Dynamic Asset Allocation Fund (“DAAF”). The Trustees have not reviewed the voting policies and processes, of the DAAF.

Cardiff University Pension Fund

Appendix 2 - Implementation Statement (continued)

3. Stewardship and voting policies

Trustees' policies

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.

Manager's voting policies

Information on each of the managers' voting policies is provided in Appendix 1.

4. Voting eligibility and activity

As part of preparing this statement, the Trustees reviewed the voting activity of funds where there is an increased ability to influence positive practises (namely those that invest in equities). The following funds have been reviewed:

- LGIM World Equity Index Fund – GBP Hedged
- LGIM Dynamic Diversified Fund (introduced during Q4 2020)
- BNY Mellon Real Return
- M&G Episode Allocation
- Partners Group Generations

The following table sets out the key statistics on voting eligibility and actions over the year to 31 July 2021 for the BNY Mellon Real Return Fund, the M&G Episode Allocation Fund and over the year to 30 June 2021 for the LGIM World Equity Index GBP Hedged Fund, and the Partners Generations Fund¹.

¹ LGIM only report voting information on a quarterly basis and Partners Group semi-annually. The closest report to the year-end has been used.

Cardiff University Pension Fund

Appendix 2 - Implementation Statement (continued)

Statistic	LGIM World Equity Index – GBP Hedged Fund	LGIM Dynamic Diversified Fund	BNY Mellon Real Return Fund	M&G Episode Allocation Fund	Partners Generations Fund ²
Number of equity holdings	2,667	6,597	87	8	60
Meetings eligible to vote at	2,906	6,070	112	17	76
Resolutions eligible to vote on	35,448	65,734	1,558	232	1,012
Eligible resolutions voted on	>99%	>99%	99%	70%	98%
Votes with management	81%	83%	84%	83%	91%
Votes against management	18%	16%	16%	17%	5%
Votes abstained from	<1%	<1%	0%	0%	4%
Meetings where at least one vote was against management	72%	60%	44%	70%	N/A
Votes contrary to the recommendation of the proxy adviser	13%	10%	12%	15%	2%

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

The Trustees are satisfied with the level of voting activity that has been undertaken. The Trustees noted that the proportion of eligible resolutions voted on by M&G was lower than the other managers, and that this was because M&G are prohibited from trading securities if it votes on resolutions linked to those securities. As the M&G Episode Allocation Fund seeks to respond tactically to market opportunities, M&G refrain from voting on such resolutions (i.e. opting to trade instead). The majority of resolutions which M&G have not voted relate to bond investments.

Significant votes

The Trustees have reviewed the significant votes cast by the investment managers and are generally satisfied with their voting behaviour.

A cross-section of the votes cast by each manager is set out in Appendix 2.

Cardiff University Pension Fund

Appendix 2 - Implementation Statement (continued)

5. Managers' conflicts of interest

This section provides information on whether the managers are affected by the following conflicts of interest.

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

Having reviewed the available information, the Trustees have not raised any material concerns regarding the managers' conflicts of interest over the period or the policies in place.

The following sections provide the responses received from the managers.

LGIM

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

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

Newton have confirmed that it is affected by point 1 and point 4 above, but there are processes in place to manage / mitigate conflicts. Newton has also confirmed that it is not currently aware of any material conflict of interest that would impair its ability to act as the manager to the Real Return Fund.

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 their external voting service provider will take precedence. Newton's quarterly reports detail each instance where they have outsourced the voting activity owing to a potential material conflict of interest.

With regards to point 4, Newton ensures that any voting activity is in the best interests of each individual client as an investor in each single entity.

M&G

M&G was unable to comment on whether the five conflicts of interest, detailed above, impacted the Episode Allocation Fund over the period. However, M&G has confirmed that it is not affected by any material conflict of interest that would impair its ability to act as the manager to the M&G Episode Allocation Fund. However, M&G did confirm that in one instance it was unable to vote on a resolution due to a conflict of interest relating to an investment within an M&G fund.

Cardiff University Pension Fund

Appendix 2 - Implementation Statement (continued)

Partners Group

With regards to Partners Group's listed exposure, to the best of their knowledge, they are not affected by points 1, 3, 4 and 5. With regards to point 2, the Fund is also invested in shares of Partners Group. These holdings are through the Fund's listed private equity investments, whereby the associated benchmark has a notable exposure to Partners Group shares. This is an exceptional case and for this exposure the Fund endeavours to maintain a close to neutral weighting (i.e. no significant active over/underweights to the allocation) to minimise any perceived conflicts of interest. The exposure was c.0.3% of the overall Fund (as of 30 June 2021), which is deemed to be relatively small.

Cardiff University Pension Fund

Appendix 2 - Implementation Statement (continued)

Appendix 1 – Manager voting policies

The following pages provide details of the most significant votes cast (as defined by each fund manager) over the 12-month period to 30 June 2020 for the relevant funds. The Trustee has reviewed the most significant votes cast by each investment manager over the reporting period and is generally satisfied.

LGIM's voting policies and processes

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.

LGIM's Investment Stewardship team uses 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 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 voting 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 them of rejected votes which require further action.

BNY Mellon's voting policies and processes

Newton's head of responsible investment ("RI") is responsible for the decision-making process of the RI team when reviewing meeting resolutions for contentious issues. They do not maintain a strict proxy voting policy. Instead, Newton prefer to take into account a company's individual circumstances, their investment rationale and any engagement activities together with relevant governing laws, guidelines and best practices. Contentious issues may be referred to the appropriate industry analyst for comment and, where relevant, they may confer with the company or other interested parties for further clarification or to reach a compromise or to achieve a commitment from the company.

Voting decisions are approved by either the deputy chief investment officer or a senior investment team member (such as the head of global research). For the avoidance of doubt, all voting decisions are made by Newton. It is only in the event of a material potential conflict of interest between Newton, the investee company and/or a client that the recommendations of the voting service used (ISS) will take precedence. It is also only in these circumstances when they may register an abstention given their stance of either voting in favour or against any proposed resolutions.

Newton employ a variety of research providers that aid in the vote decision-making process, including proxy advisors such as ISS. They utilise ISS for the purpose of administering proxy voting, as well as its research reports on individual company meetings.

Cardiff University Pension Fund

Appendix 2 - Implementation Statement (continued)

M&G's voting policies and processes

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. The team also undertakes M&G's voting responsibilities.

M&G use the ISS voting platform, and have built a custom voting service that reflects their public voting policy. Routine and non-controversial resolutions (according to M&G's voting policy) are voted in line with the board recommendation automatically through the ISS platform. M&G use research firms ISS and the Investment Association, 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. For more contentious issues, the relevant fund managers will be involved, alongside the stewardship team, in the decision making process.

Partners Group voting policies and process

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.

Proxy Requests related to Liquid Private Markets investments may be administered by third party service providers (currently, Glass Lewis). These service providers will follow Partners Group's Proxy Voting Directive in all instances. Should a voting recommendation by a service provider be against the recommendation by the respective company's management, Partners Group will vote manually on those proposals.

In certain circumstances, Partners Group receives Proxy Requests for publicly traded securities. 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.

Cardiff University Pension Fund

Appendix 2 - Implementation Statement (continued)

Appendix 2 – Most significant votes cast

The tables below set out a cross section of significant votes undertaken by the investment managers of the funds held by the Pension Fund. Information on further significant votes undertaken by the Pension Fund’s investment managers have been reviewed by the Trustees.

LGIM

In determining significant votes, LGIM’s Investment Stewardship team consider the criteria provided by the Pensions & Lifetime Savings Association (“PLSA”) consultation. 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.

LGIM have not disclosed the size of the holdings as a proportion of the fund sizes.

LGIM World Equity Index – GBP Hedged Fund

Company Name	McDonalds	Citrix Systems, Inc.
Date of Vote	20 May 2021	04 June 2021
Summary of the resolution	Resolution 5 Report on Antibiotics and Public Health Costs	Resolution 1.b Elect Director Nanci E. Caldwell
How the firm voted	LGIM voted in favour of the shareholder resolution (against management).	Against the resolution
Outcome of the vote	11.3% of shareholders supported the resolution	93.3% of shareholders supported the resolution
On which criteria have LGIM assessed this vote to be "most significant"?	LGIM consider this vote to be significant as LGIM took the rare step of publicly pre-declaring it before the shareholder meeting. Publicly pre-declaring their vote intention is an important tool for their engagement activities. LGIM decide to pre-declare their vote intention for a number of reasons, including as part of their escalation strategy, where they consider the vote to be contentious, or as part of a specific engagement programme.	LGIM views gender diversity as a financially material issue for their clients, with implications for the assets they manage.

Source: Investment Manager.

Cardiff University Pension Fund

Appendix 2 - Implementation Statement (continued)

LGIM Dynamic Diversified Fund

Company Name	Aston Martin Lagonda Global Holdings Plc	Medtronic
Date of Vote	25 May 2021	11 December 2020
Summary of the resolution	Re-elect Lawrence Stroll as Director	Advisory Vote to Ratify Named Executive Officers' Compensation
How the firm voted	Against the resolution	Against the resolution
Outcome of the vote	83.3% of shareholders supported the resolution	91.7% of shareholders supported the resolution
On which criteria have you assessed this vote to be "most significant"?	LGIM views gender diversity as a financially material issue for their clients, with implications for the assets they manage.	LGIM believe it is contrary to best practice in general and their pay principles in particular to award one-off awards, especially if they are to compensate for a forgone payment.

Source: Investment Manager.

BNY Mellon Real Return Fund

The most significant votes for Newton are 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.

Company Name	AstraZeneca	Citigroup Inc
Date of Vote	11-May-2021	27 April-21
Summary of the resolution	Remuneration Policy	Amend Proxy Access Right
How the firm voted	Against	Voted for the Resolution
Outcome of the vote	39.8% against – approve remuneration policy	32.1% voted for the resolution
On which criteria have you assessed this vote to be "most significant"?	Newton believe investor scrutiny of pay arrangements is increasing. The significance of the high vote against is important to note given that a majority of pay proposals from companies rarely see such high levels of dissent.	This vote demonstrates the increased tendency of shareholders to vote in support of such proposals. In addition the actual level of support, at 32.1%, is considered significant.

Cardiff University Pension Fund

Appendix 2 - Implementation Statement (continued)

M&G Episode Allocation Fund

Company Name	Bank of America Corporation	Methanex Corporation
Date of Vote	20/04/2021	29/04/2021
Summary of the resolution	Request on Racial Equity Audit	Elect Directors
How the firm voted	For	Withhold
Outcome of the vote	Fail	Pass
On which criteria have M&G assessed this vote to be "most significant"?	Social – in M&G's view the audit will enable the company and shareholders to better identify key areas to focus on going forward.	Shareholder rights and governance - M&G Withheld support due to concerns over corporate governance and strategy.

Partners Group Generations Fund

In determining the most significant votes, Partners Group consider the size of the holding relative to the fund itself.

Company Name	Ferrovial	Techem
Date of Vote	April 2020	N/A ¹
Summary of the resolution	Remuneration proposal	Governance proposal
How the firm voted	Against the proposal	For the proposal
Outcome of the vote	The vote passed	N/A ¹
On which criteria have you assessed this vote to be "most significant"?	Partners Group deemed the vote significant given the overall size of the position within the Fund.	Partners Group deemed the vote significant given the overall size of the position within the Fund.

Source: Investment Manager. ¹Please note, the firm maintains a controlling level of private investment in the company and as such the resolution was not proposed at a single formal meeting of investors.