

Cardiff University Pension Fund

Annual Report and Financial Statements

For the year ended 31 July 2022

Registration Number: 10209997

Cardiff University Pension Fund

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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 (resigned 31 December 2021)
Dr P Sagoo

Member Appointee:

Mr C Morgan (resigned 19 December 2021)
Ms R Williams-Sharp
Mr T Gogan (appointed 23 September 2022)
Mr J Dyke (appointed 23 September 2022)
Mr N Yar (appointed 23 September 2022)

Fund Administrators

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

Fund 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
Leeds Central Square
Wellington Street
Leeds
LS1 4DL

Bankers

HSBC
1 Centenary Square,
Birmingham,
B1 1HQ

Life Assurance Provider

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

Investment Advisors

Quantum Advisory
Summers House
Pascal Close
Cardiff
CF3 0LW

Solicitors

Burges Salmon LLP
One Glass Wharf
Bristol
BS2 0ZX

Cardiff University Pension Fund

Trustees and Fund Advisers (continued)

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

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 (ceased 1 September 2021)
Walton Street
Aylesbury
Bucks
HP21 7QW

AEGON
Edinburgh Park
Edinburgh
EH12 9SE

Cardiff University Pension Fund

Trustees' Report for the year ended 31 July 2022

The Trustees are pleased to present their annual report for the year ended 31 July 2022.

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 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 17.

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 2022 there were vacancies for two employer-nominated Trustees and three member-nominated Trustees.

The Trustees met on four occasions during the year to 31 July 2022 and in addition three Investment Sub-Committee meetings were held.

Cardiff University Pension Fund

Trustees' Report for the year ended 31 July 2022 (continued)

Fund Membership

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

(a) Contributing members

	No.
At 1 August 2021	1,832
Opening adjustments	(7)
New Members	269
Refunds	(32)
Leavers with deferred benefits	(212)
Retirements	(39)
Flex retirements ceasing	(3)
Death in Service	(2)
At 31 July 2022	<u>1,806</u>

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 2021	1,721
Opening adjustments	(1)
Leavers with deferred benefits	212
Transfers out	(10)
Deaths	(2)
Retirements	(29)
Full commutation	(3)
At 31 July 2022	<u>1,888</u>

(c) Pensioners

	No.
At 1 August 2021	1,099
Contributing members who retired	39
Deferred pensions who retired	29
Spouses and dependent pensions becoming payable	11
Deaths	(39)
Cessation	(1)
At 31 July 2022	<u>1,138</u>

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 39 full retirees.

Included in the above pensioner members as at 31 July 2022, are 191 dependents (2021 – 191) and 2 members paid by annuities (2021 – 2).

Cardiff University Pension Fund

Trustees' Report for the year ended 31 July 2022 (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% (plus half of any excess over 5%, subject to an overall cap of 10%)	2.65% p.a.

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

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

Cardiff University Pension Fund

Trustees' Report for the year ended 31 July 2022 (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:	<p>Nil for members who have elected to participate in salary sacrifice.</p> <p>6.5% per annum of pensionable salary for CARE members (not electing to participate in salary sacrifice).</p> <p>7.5% p.a. of pensionable salary for non-CARE members (not electing to participate in salary sacrifice).</p>
Employer contributions:	<p>15.2% per annum of total pensionable salary of all active members who have not elected to participate in salary sacrifice.</p> <p>21.7% per annum of total pensionable salary of all active CARE members who have elected to participate in salary sacrifice.</p> <p>22.7% per annum of total pensionable salary of all active non-CARE members who have elected to participate in salary sacrifice.</p>

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 and amended in the Schedule of Contributions certified by the Scheme Actuary on 30 December 2021. The Actuarial Certificates are shown on pages 42 and 45 of the financial statements.

Cardiff University Pension Fund

Trustees' Report for the year ended 31 July 2022 (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.

During the year contributions were paid to the Fund in line with the dates set out in the Schedule of Contributions, with the exception of those noted in the Summary of Contributions on page 39.

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. 10 members were paying AVCs at 31 July 2022 (2021: 14 members) and these contributions are invested with the normal contributions.

Cardiff University Pension Fund

Trustees' Report for the year ended 31 July 2022 (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. Utmost Life & Pensions fund was fully disinvested during the year.

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 2022. The increase relevant to this Fund was 3.1%. Increases to pensions in payment provided in earlier years are shown below. None of the increases was discretionary.

6 April 2021	0.5%
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

The transfer values paid during the year were calculated in accordance with regulations under The Occupational Pension Schemes (Transfer Values) Regulations 1996. All transfer values represented the full cash equivalent of members' leaving service rights. The basis used to calculate transfer values does not include an allowance for future discretionary increases to pensions in payment.

Cardiff University Pension Fund

Trustees' Report for the year ended 31 July 2022 (continued)

Rule Changes

The Trustees agreed that the process undertaken by the University to implement rule changes was adequate and properly conducted and, therefore, that it would be reasonable for them to agree to implement the proposed changes by agreeing to the suggested Rule changes set out in the Deed of Amendment. The Deed, which was signed on 23 December 2021, made the following the changes to benefits accrued in the Scheme with effect from 1 January 2022:

- Change the rate of accrual from 1/80th to 1/85th
- Increase Normal Pension Date from 65 to 66
- Change the rate at which pensions in payment are increased
- Change the rate at which CARE Pension is revalued each year

None of the changes affect benefits accrued by reference to Pensionable Service prior to 1 January 2022.

In addition, the Fund was closed to new entrants on 1 January 2022.

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 2022 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 at the year-end (2021: 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 December 2021 and reflects, amongst other things, the ESG factors considered.

Cardiff University Pension Fund

Trustees' Report for the year ended 31 July 2022 (continued)

Investment report and performance (continued)

Overall Asset allocation parameters for the Fund, as agreed in the December 2021 SIP, are as follows:

<u>Asset Class</u>	<u>Parameter</u>	<u>31 July 2022</u>	
	<u>%</u>	<u>%</u>	<u>£'000</u>
Equities	13.5 – 17.5	17.1	39,111
Diversified Target return	33.5 - 41.5	37.4	85,707
Corporate Bonds	8.5 - 11.5	9.7	22,323
Alternatives	12.5	13.6	31,288
LDI Strategy	24.5	<u>22.2</u>	<u>50,941</u>
		<u>100.0</u>	<u>229,370</u>

The Trustees periodically review the LDI hedge allocation. As a result of significant market movements after the Fund's year end there have been a number of investment transactions. In October 2022 a total of £21,782,042 was disinvested from the holdings with M&G, £6,157,545 was disinvested from the holdings with Legal & General and £7,616,923 was disinvested from the holdings with Partners. These amounts were invested in the LDI holdings with Insight. An additional £1,600,000 was invested in the LDI holdings with Insight in September 2022.

The Trustees plan on doing a full review of the allocation in 2023.

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

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 2022

This report identifies the returns for each of the investment managers and also the combined Fund return over the year ending 31 July 2022.

Total Fund Returns

Over the year, the total Fund returned -17.6%.

Market Overview

Most major economies had a relatively disruptive third quarter of 2021, as activity was slowed by supply shocks, commodity price spikes and rising inflation. However, successful vaccination programmes allowed most developed economies to remain open, preventing economic growth from grinding to a halt. Emerging economies continued to lag behind the developed world. A poor administration of vaccines and the re-imposition of Covid-19 restrictions, combined with power supply shortages, doubts over the health of the property sector and more aggressive regulatory environment in China, hindered emerging market performance.

During the fourth quarter of 2021, the emergence of the Omicron variant dampened economic activity, as governments in some major developed economies reintroduced COVID-19 lockdown restrictions. Inflation continued to rise, forcing some major central banks across the globe to make monetary policy changes to combat the surge. President Biden signed the Infrastructure Investment and Jobs Act; a long awaited \$1.2 trillion bipartisan infrastructure bill which includes \$550 billion of additional spending. Strong earnings growth and positive economic indicators, such as lower unemployment and higher job vacancies, helped returns.

Cardiff University Pension Fund

Trustees' Report for the year ended 31 July 2022 (continued)

Quantum investment monitoring report for the year to 31 July 2022 (continued)

Market Overview (continued)

A surprise interest rate hike by the Bank of England (in an effort to combat rising inflation) caused an uptick in yields late in the quarter, however, this was not enough to offset the fall in gilt yields experienced during October and November.

Financial markets experienced a disruptive start to 2022 as rising inflation, interest rate hikes and COVID-19 restrictions continued to test major economies. The rise in inflation was further exacerbated by issues in the supply of key commodities such as oil, gas and wheat as a result of the war between Russia and Ukraine. The main concern now is that investors and central banks believe that inflation is persistent. Investors favoured UK equities which are dominated by companies in the oil, financial, mining and healthcare sectors, all of which benefitted as a result of the market environment at the time. The EU's reliance on Russia's energy supply, and the US' ban on resources from Russia resulted in sharp increase in energy and fuel prices for both households and manufacturers. In China, strict Covid-19 restrictions and regulatory blockades have hindered performance. In the UK, Government bond yields rose following the two interest rate hikes during the quarter. In the US, the level at which yields had shifted triggered one of the worst-ever recorded sell offs in US Treasuries.

The second quarter of 2022 saw a continuation of the prevailing trends, with another period of negative returns. Inflationary pressure caused by supply shocks continued to dominate, as fears over an inflationary recession became more prominent. These fears fed through to consumer and manufacturer confidence and weighed on investor sentiment. As a result, central banks became more hawkish, raising interest rates in order to try and control inflation, taking the wind out of both equity and fixed income markets. While it was expected that equities would struggle as monetary policy tightened, developed market equities suffered some of their biggest declines since the onset of the COVID-19 pandemic.

Globally, bonds suffered as a result of hawkish monetary policy due to the high inflation environment, delivering materially weaker returns than equities. In the UK, interest rates were hiked by 25bp in May and June. Performance of various asset classes over the year to 31 July 2022 are shown below (in local terms):

UK Equities	US Equities	Europe ex UK	Japanese Equities	Pacific Ex Japan	Emerging Markets	Over 15 Year Gilts	Over 5 Year Index-Linked Gilts	Sterling Corporate Bonds	UK Cash
5.5	(6.8)	(7.0)	4.7	(8.8)	(12.7)	(24.0)	(19.9)	(28.5)	0.7

Fund Values

The market values of the Fund's invested assets as at 31 July 2022 are shown below:

Assets	Legal & General (£'m)	Newton (£'m)	M&G (£'m)	Partners Group (£'m)	Insight (£'m)	Total (£'m)
Equities	39.1	--	--	--	--	39.1
Multi Asset Funds	32.6	30.7	22.5	--	--	85.8
Private markets	--	--	--	31.3	--	31.3
Corporate bonds	--	--	22.3	--	--	22.3
LDI and cash	--	--	--	--	50.9	50.9
Total	71.7	30.7	44.8	31.3	50.9	229.4
Historic Assets						
31 July 2021	87.4	31.9	55.3	32.0	57.6	264.2

Totals may not cast due to rounding.

The Trustees implemented a new investment strategy, utilising the same investment funds, in August 2021.

Cardiff University Pension Fund

Trustees' Report for the year ended 31 July 2022 (continued)

Quantum investment monitoring report for the year to 31 July 2022 (continued)

Investment performance

The table below shows an approximate return for the Fund over a 1, 3 and 5 year period to 31 July 2022.

1 year %	3 year (p.a.) %	5 year (p.a.) %
(17.6)	1.3	2.1

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

Performance of the Fund's investments over short and longer periods is summarised below to 31 July 2022:

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	(5.9)	9.3	8.5
Target	(5.8)	9.5	8.7
M&G Episode Allocation			
Performance - net of fees	(2.7)	1.3	1.7
Target	5.4	5.4	5.5
BNY Mellon Real Return			
Performance - net of fees	(4.2)	3.0	3.7
Target	4.4	4.3	4.4
LGIM Dynamic Diversified Fund			
Performance – net of fees	(3.5)	2.0	3.6
Target	5.0	4.9	5.0
Partners Group Generations Fund ¹			
Performance - net of fees	3.3	5.6	6.4
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 2022 (continued)

Quantum investment monitoring report for the year to 31 July 2022 (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	(23.5)	(4.0)	0.1
Benchmark	(23.2)	(3.8)	0.4
Insight Partially Funded Gilts Funds 2021-2030*			
Performance - gross of fees	N/A	N/A	N/A
Customised LDI benchmark	N/A	N/A	N/A
Insight Partially Funded Gilts Funds 2051-2060*			
Performance - gross of fees	N/A	N/A	N/A
Customised LDI benchmark	N/A	N/A	N/A
Insight Partially Funded Gilts Funds 2061-2070*			
Performance - gross of fees	N/A	N/A	N/A
Customised LDI benchmark	N/A	N/A	N/A
Insight Partially Funded Index – Linked Gilts Funds 2021-2030*			
Performance - gross of fees	N/A	N/A	N/A
Customised LDI benchmark	N/A	N/A	N/A
Insight Partially Funded Index – Linked Gilts Funds 2031-2040*			
Performance - gross of fees	N/A	N/A	N/A
Customised LDI benchmark	N/A	N/A	N/A
Insight Partially Funded Index – Linked Gilts Funds 2041 – 2050*			
Performance - gross of fees	N/A	N/A	N/A
Customised LDI benchmark	N/A	N/A	N/A
Insight Partially Funded Index – Linked Gilts Funds 2051-2060*			
Performance - gross of fees	N/A	N/A	N/A
Customised LDI benchmark	N/A	N/A	N/A
Insight Partially Funded Index – Linked Gilts Funds 2061-2070*			
Performance - gross of fees	N/A	N/A	N/A
Customised LDI benchmark	N/A	N/A	N/A
Insight LDI Liquidity Plus Holding			
Performance - gross of fees	0.1	0.4	0.6
Customised LDI benchmark	0.5	0.3	0.4

Source: M&G and Insight

*Performance figures have not been included as funds have been held for less than one year.

Cardiff University Pension Fund

Trustees' Report for the year ended 31 July 2022 (continued)

Quantum investment monitoring report for the year to 31 July 2022 (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 target is SONIA +5% (p.a.), gross of fees, over any five-year period. Prior to 19 July 2021 the target was 3-month LIBOR +5% (p.a.), gross of fees, over any five-year period.

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 cash SONIA 30-day compounded + 4% p.a. (gross of fees) over 5 years.

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.

Cardiff University Pension Fund

Trustees' Report for the year ended 31 July 2022 (continued)

Quantum investment monitoring report for the year to 31 July 2022 (continued)

Investment performance (continued)

Liability-driven assets

M&G – Long Dated Corporate Bond Fund

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

Insight – LDI funds

- The Insight LDI Partially funded Gilts and Index–Linked Gilts funds have a customised LDI benchmark. This LDI benchmark seeks to mirror the exposure of the LDI funds to allow a suitable comparator against fund performance.
- The Insight LDI Liquidity Plus Fund’s benchmark is SONIA.

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 2022 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

Whilst the impact of the COVID-19 pandemic has caused less disruption this year, the ongoing conflict in Ukraine, increasing energy prices and higher than anticipated rates of inflation has meant that we have not seen a return to more normal economic conditions and asset values have been impacted in line with market conditions during the year.

Following the end of the Fund year, the assets the Fund invests in, particularly the Liability Driven Investments (“LDI”), experienced large market fluctuations as a result of the UK Government’s mini-budget announcements. Between the end of September and mid-October, bond yields increased in such a manner that the Bank of England stepped in to stabilise the market. The increase in bond yields will have driven down both the value of the Fund’s LDI portfolio and the Fund’s liabilities. Given that the Pension Fund does not hedge 100% of the Scheme’s interest/inflation rate risk, the Fund's funding level improved as the value of the Fund’s liabilities fell by a larger magnitude relative to the assets.

The Trustees have 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.

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 2022 (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 2022 (continued)

Statement of Trustees' Responsibilities

The 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.

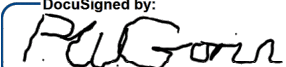
The Trustees' responsibilities in respect of contributions

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 on pages 4 to 18 and the related appendices on pages 40 to 57 were approved by the Trustees and signed on behalf of the Trustees by:

DocuSigned by:

C9D8B5913A34460...

Date:

20 December 2022 | 15:16:16 GMT

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 17 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: 0800 011 3797
Email: contact@maps.org.uk
Website: www.moneyhelper.org.uk

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 0707
Email: customersupport@tpr.gov.uk
Website: www.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 2022, 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 2022; 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 by the engagement team included:

- Testing journal entries where we identified particular fraud risk criteria.
- Obtaining independent confirmations of material investment valuations and cash balances at the year end.
- Testing estimates and judgements made in the preparation of the financial statements for indicators of bias.
- Reviewing meeting minutes, any correspondence with the Pensions Regulator, and significant contracts and agreements.
- Holding discussions with the Trustees to identify significant or unusual transactions and known or suspected instances of fraud or non-compliance with applicable laws and regulations.
- Assessing financial statement disclosures, and agreeing these to supporting evidence, for compliance with the Pensions Acts 1995 and 2004 and regulations made under them.

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

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Leeds

20 December 2022

Cardiff University Pension Fund

Fund Account for the year ended 31 July 2022

	NOTE	2022 £	2021 £
Contributions and benefits			
Employer contributions	4	13,996,208	10,411,370
Employee contributions	4	195,500	202,597
Total Contributions		14,191,708	10,613,967
Other income	5	350,785	349,258
		14,542,493	10,963,225
Benefits paid or payable	6	(7,947,015)	(7,542,978)
Payments to and on account of leavers	7	(61,263)	(607,064)
Premiums on life assurance policies		(168,362)	(208,708)
Administrative expenses	8	(809,969)	(792,769)
		(8,986,609)	(9,151,519)
Net additions from dealings with members		5,555,884	1,811,706
Returns on investments			
Investment income	9	10,531,819	19,402
Change in market value of investments	10	(54,480,764)	31,422,121
Investment management expenses	13	(284,737)	(264,131)
Net returns on investments		(44,233,682)	31,177,392
Net (decrease)/increase in the Fund		(38,677,798)	32,989,098
Opening net assets of the Fund		270,551,613	237,562,515
Closing net assets of the Fund		231,873,815	270,551,613

The notes on pages 26 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 2022

	NOTE	2022 £	2021 £
Investment assets			
Pooled investment vehicles	10	229,370,204	264,170,874
AVC investments	10	1,356	2,346
		<u>229,371,560</u>	<u>264,173,220</u>
Current assets	14	2,993,951	6,959,505
Current liabilities	15	(491,696)	(581,112)
Net Current Assets		<u>2,502,255</u>	<u>6,378,393</u>
Total net assets available for benefits		<u>231,873,815</u>	<u>270,551,613</u>

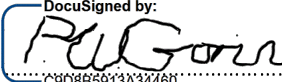
The financial statements summarise the transactions of the Fund and deal with the net assets for benefits at the disposal of the Trustees. They do not take account of obligations to pay pensions and benefits which fall due after the end of the Fund year. The actuarial position of the Fund, which takes 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 26 to 37 form part of these financial statements

20 December 2022 | 15:16:16 GMT

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

Signed on behalf of the Trustees:

Trustee:  C9D8E5913A34460...

Cardiff University Pension Fund

Notes to the Financial Statements for the year ended 31 July 2022

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 2022 (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 which distribute income is accounted for on an accruals basis. 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.

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.

Cardiff University Pension Fund

Notes to the Financial Statements for the year ended 31 July 2022 (continued)

3. Summary of significant accounting policies (continued)

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. With reference to how the fair value of investments has been determined, please see note 11 for further analysis.

4. Contributions

	2022 £	2021 £
Contributions from employer:		
Normal	9,624,295	9,457,604
Deficit funding	4,371,913	953,766
	<u>13,996,208</u>	<u>10,411,370</u>
Contributions from employee:		
Normal	181,458	185,874
Additional voluntary – added years	14,042	16,723
	<u>195,500</u>	<u>202,597</u>
Total contributions	<u>14,191,708</u>	<u>10,613,967</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 29 October 2020 and 30 December 2021.

During the year deficit contributions were paid to the Fund by the Employer at a rate of 8.2% per annum of total pensionable salary, along with further deficit 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.

A proportion of the deficit contributions for the month August 2021 were paid later than the due date set out in the Schedule of Contributions, this is referred to more fully in the Summary of Contributions on page 39.

5. Other income

	2022 £	2021 £
Claim on term insurance policies	341,673	349,258
Interest on cash deposits	9,112	-
	<u>350,785</u>	<u>349,258</u>

Cardiff University Pension Fund

Notes to the Financial Statements for the year ended 31 July 2022 (continued)

6. Benefits paid or payable

	2022 £	2021 £
Pensions	5,886,785	5,687,850
Commutations and lump sums on retirement	1,825,240	1,382,112
Lump sums:		
on death in service	196,173	322,392
on death in retirement	15,971	150,624
on death in deferment	22,846	-
	<u>7,947,015</u>	<u>7,542,978</u>

7. Payments to and on account of leavers

	2022 £	2021 £
Individual transfers out	<u>61,263</u>	<u>607,064</u>

8. Administrative expenses

	2022 £	2021 £
Actuarial fees	51,408	40,500
Consultancy fees	44,237	61,505
Administration expenses	146,908	147,768
Pension Protection Fund levy	335,195	363,328
Legal fees	147,115	124,310
Audit fees	22,535	16,968
Trustee Liability Insurance	28,569	14,640
Other fees	33,428	22,983
Bank charges	574	767
	<u>809,969</u>	<u>792,769</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 16).

9. Investment Income

	2022 £	2021 £
Income from pooled investment vehicles	10,530,024	17,647
Annuity income	1,795	1,755
	<u>10,531,819</u>	<u>19,402</u>

Income from pooled investment vehicles of £10,530,024 received in the year ended 31 July 2022 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 2022 (continued)

10. Investment assets

	Value as at 1 August 2021 £	Purchases at Cost £	Sales Proceeds £	Change in Market Value £	Value as at 31 July 2022 £
Investment Managers					
Legal & General	87,374,632	6,811,665	(19,255,599)	(3,205,732)	71,724,966
M&G	55,337,885	5,800,153	(8,820,000)	(7,533,190)	44,784,848
Newton	31,854,692	1,600,000	(1,340,000)	(1,483,599)	30,631,093
Partners Group	32,042,615	951,730	(2,840,000)	1,133,826	31,288,171
Insight (LDI)	57,561,050	110,859,393	(74,087,318)	(43,391,999)	50,941,126
Total pooled investment vehicles	264,170,874	126,022,941	(106,342,917)	(54,480,694)	229,370,204
AVC Providers					
Utmost Life & Pensions	911	-	(920)	9	-
Aegon	1,435	-	-	(79)	1,356
Total AVCs	2,346	-	(920)	(70)	1,356
Total investment assets	264,173,220	126,022,941	(106,343,837)	(54,480,764)	229,371,560

Included in purchases and sales are switches between funds of £22,425,248.

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. Utmost Life & Pensions fund was fully disinvested during the year.

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

The Fund does not hold any employer related investments (2021: Nil).

Pooled investment vehicles analysis by type

	2022 £	2021 £
Equities	39,110,556	60,494,626
Bond	22,322,983	26,876,995
Diversified Growth	85,707,368	87,195,588
Alternatives	31,288,171	32,042,615
Liability Driven Investment	50,941,126	57,561,050
Total pooled investment vehicles	229,370,204	264,170,874

Cardiff University Pension Fund

Notes to the Financial Statements for the year ended 31 July 2022 (continued)

10. Investment assets (continued)

Concentration of Investments

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

	2022		2021	
	£	%	£	%
Pooled investment vehicles				
Legal & General World Equity Fund	39,110,556	16.9	60,494,626	22.4
Legal & General Dynamic Diversified Fund	32,614,410	14.1	26,880,006	9.9
Partners Group Generation Fund IP Shares	31,288,171	13.5	32,042,615	11.8
Newton Real Return Fund	30,631,093	13.2	31,854,692	11.8
M&G PP Episode Allocation Fund	22,461,865	9.7	28,460,890	10.5
M&G PP Long Dated Corporate Bond Fund	22,322,983	9.6	26,876,995	9.9
Insight LDI GBP Liquidity Plus Holding Fund	8,863,477	3.8	17,940,213	6.6
Insight LDI Enhanced SEL Longer Real Fund	-	-	21,449,431	7.9
Insight LDI Enhanced SEL Shorter Real Fund	-	-	14,254,915	5.3

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 2022				
Pooled investment vehicles	-	198,082,033	31,288,171	229,370,204
AVC investments	-	1,356	-	1,356
Total investments	-	198,083,389	31,288,171	229,371,560

Cardiff University Pension Fund

Notes to the Financial Statements for the year ended 31 July 2022 (continued)

11. Fair value of investments (continued)

Prior year analysis 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



















































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 2022 (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 (%)	2022 value (£000's)	2021 value (£000's)
Legal & General	World Equity Index – GBP Hedged					17.1	39,111	60,495
M&G	Episode Allocation					9.8	22,462	28,461
Legal & General	Dynamic Diversified Fund					14.2	32,614	26,880
M&G	Long Dated Corporate Bond					9.7	22,323	26,877
BNY Mellon	Real Return					13.4	30,631	31,855
Partners Group	Generations					13.6	31,288	32,043
Insight	LDI Enhanced Select Inflation					-	-	3,916
Insight	LDI Enhanced Selection Longer Real					-	-	21,449
Insight	LDI Enhanced Selection Shorter Real					-	-	14,255
Insight	LDI Liquidity Plus Holding					3.9	8,863	17,940
Insight	LDI Partially Funded Gilts					0.8	1,799	-
Insight	LDI Partially Funded Index-Linked Gilts					17.6	40,280	-
Total investments						100.0	229,370	264,171
Key:			Exposure		No exposure			

Cardiff University Pension Fund

Notes to the Financial Statements for the year ended 31 July 2022 (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

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/funds 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 pooled manager, the regulatory environments in which the pooled 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.

Indirect credit risk is managed by the Fund's managers through several methods including:

- 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:

	2022	2021
	£	£
Pooled investment vehicles		
Unit linked insurance contracts	116,509,814	142,712,517
Open ended investment companies	81,572,219	89,415,742
Non-UCITS retail scheme ("NURS") fund of alternative investment funds ("FAIF")	31,288,171	32,042,615
	229,370,204	264,170,874

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 2022 (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 Fund's liabilities.

Other price risk

Other price risk arises particularly in relation to the Fund's return seeking portfolio, which is invested in pooled investment vehicles. The Fund is subject to other price risk through the LGIM 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.

The Fund is also exposed to inflation risks through the Insight Partially Funded Index-Linked Gilt funds, with the intended purpose of offsetting the inflation risk in the Fund's liabilities. This helps mitigate inflation risks that arise from the Fund's liabilities.

13. Investment management expenses

	2022	2021
	£	£
Investment advisory fees	49,761	63,150
Investment management fees	240,083	219,988
Investment fee rebates	(5,107)	(19,007)
	<u>284,737</u>	<u>264,131</u>

14. Current assets

	2022	2021
	£	£
Cash at bank	1,837,786	6,061,054
Sundry debtors	16,678	11,971
Contributions receivable	1,017,719	886,480
Claims on term insurance policies	121,768	-
	<u>2,993,951</u>	<u>6,959,505</u>

Cardiff University Pension Fund

Notes to the Financial Statements for the year ended 31 July 2022 (continued)

14. Current assets (continued)

Contributions receivable at year end relate to July 2022 and were received in line with the Schedules of Contributions certified by the Scheme Actuary on 30 December 2021.

15. Current liabilities

	2022	2021
	£	£
Unpaid benefits	261,832	381,872
Term insurance premiums	15,530	-
Accrued expenses	214,334	199,207
Annuity income	-	33
	491,696	581,112

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 2022 no member-nominated Trustees were receiving a pension (31 July 2021: one member-nominated Trustee received a pension in accordance with the rules of the Fund) and two member-nominated Trustees were accruing benefits (31 July 2021: two).

Employer and other related parties

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 £11,302 (2021: £11,480).

17. Subsequent events

Following the end of the Fund year, the assets the Fund invests in, particularly the Liability Driven Investments ("LDI"), experienced large market fluctuations as a result of the UK Government's mini-budget announcements. Between the end of September and mid-October, bond yields increased in such a manner that the Bank of England stepped in to stabilise the market. The increase in bond yields will have driven down both the value of the Fund's LDI portfolio and the Fund's liabilities. Given that the Pension Fund does not hedge 100% of the Scheme's interest/inflation rate risk, the Fund's funding level improved as the value of the Fund's liabilities fell by a larger magnitude relative to the assets.

In accordance with the requirements of FRS102 and the Pensions SORP the fair valuations at the date of the statement of net assets reflect the economic conditions in existence at that date.

The Trustees have evaluated all subsequent events or transactions for potential recognition or disclosure through to the date on which the Trustees' Report is approved and has determined that there were no additional subsequent events requiring adjustment to or disclosure in the Annual Report. However, as the situation is fluid and unpredictable, an estimate of the precise financial effect on investment assets and liabilities is not possible at the date of approval of the financial statements.

Cardiff University Pension Fund

Notes to the Financial Statements for the year ended 31 July 2022 (continued)

18. Contingent Liabilities and Contractual Commitments

The Fund had no contingent liabilities and no contractual commitments at 31 July 2022 (2021: Nil).

Cardiff University Pension Fund

Independent auditors' statement about contributions to the Trustees of Cardiff University Pension Fund

Statement about contributions

Qualified opinion

In our opinion, except for the matter described in the basis for qualified opinion paragraph below, the contributions for the Fund year ended 31 July 2022 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 29 October 2020 and 30 December 2021.

We have examined Cardiff University Pension Fund's summary of contributions for the Fund year ended 31 July 2022 which is set out on the following page.

Basis for qualified opinion

The summary of contributions discloses details of the late contributions which have led us to qualify our 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
Leeds

20 December 2022

Cardiff University Pension Fund

Summary of Contributions


During the year to 31 July 2022, 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	181,458	2,660,882
– by employer	-	6,963,413
Deficit contributions	<u>-</u>	<u>4,371,913</u>
Total required by the Schedules of Contributions	181,458	13,996,208
Other contributions payable		
Additional voluntary-added years	<u>14,042</u>	<u>-</u>
Total (as per Fund Account)	<u>195,500</u>	<u>13,996,208</u>

Included above are Employee contributions totalling £2,660,882 (2021: £2,535,293) classified as Employer contributions under the salary sacrifice arrangements.

Due to an administrative oversight a proportion of the deficit contributions, totalling £231,616, for August 2021 were paid later than the due date set out in the Schedule of Contributions. The contributions were due to be received by 19th September 2021 and were received 44 days late on 2nd November 2021.

Approved by and signed on behalf of the Trustees:

DocuSigned by:

 C9D8B5913A34460...

Date: 20 December 2022 | 15:16:16 GMT

Cardiff University Pension Fund

Appendix 1 - Actuarial Certificates

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: 
Name: Peter Gorin
Position: Chair Cardiff University Pension Fund
Date: 29 October 2020 | 08:33:06 GMT

Signed on behalf of Cardiff University

Signature: 
Name: Robert Williams
Position: Chief Financial Officer
Date: 29 October 2020 | 09:53:00 GMT

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	 0AAD02EF9ECE491	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 1 - Actuarial Certificates (continued)

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 29 October 2020.

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 January 2022 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:	15.2% per annum of total pensionable salary of all active members who have not elected to participate in salary sacrifice. 21.7% per annum of total pensionable salary of all active CARE members who have elected to participate in salary sacrifice. 22.7% 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.

Employer contributions:

- between 1 January 2022 and 31 July 2029, the University agrees to pay deficit contributions of:
 - 8.2% per annum of total pensionable salary; and
 - £1,000,000 per annum.

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

Contributions in respect of benefit augmentations

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

Contributions in respect of administration expenses and other costs

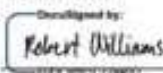
Administrative expenses, premiums and levies payable in respect of the Fund will be paid from the Fund assets and an allowance for these costs has been made in the above contributions in respect of future service.

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

Signed on behalf of the Trustees of Cardiff University Pension Fund

Signature:  _____
Name: Peter Gorin _____
Position: Chair of Trustees _____
Date: 30 December 2021 | 12:17:59 GMT _____

Signed on behalf of Cardiff University

Signature:  _____
Name: Robert Williams _____
Position: Chief Financial Officer _____
Date: 30 December 2021 | 10:04:59 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, as at the valuation date of 31 July 2019, it is my opinion that 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 29 October 2020 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 29 October 2020.

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		Date	30 December 2021
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
