



University  
of Glasgow | Pension  
Scheme

# University of Glasgow Pension Scheme

## Trustees' Annual Report and Financial Statements for the year ended 31 March 2023

Scheme Registration No: 10046480



# UNIVERSITY OF GLASGOW PENSION SCHEME

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# UNIVERSITY OF GLASGOW PENSION SCHEME

## TRUSTEES AND THEIR ADVISERS

<b>Sponsoring Employer :</b>	The University Court of the University of Glasgow
<b>Trustees :</b>	Moat Pensions Limited, (represented by June Crombie) Independent Chairperson of Trustee Board Mr James Ross Ms Lesley Cummings Dr David Duncan Mr Christopher Green (resigned 4 November 2022) Mr George Gillespie* Mrs Alison Halley* Mrs Sally Baxter* Mr Christopher Kennedy* Mrs Amber Higgins (appointed 24 November 2022)
	* Member Nominated
<b>Secretary to the Trustees :</b>	Mr James Ross
<b>Scheme Actuary :</b>	Ms Heather Allingham, Hymans Robertson LLP
<b>Independent Auditor :</b>	Ernst & Young LLP
<b>Bankers :</b>	Bank of Scotland
<b>Investment Managers :</b>	BlackRock Investment Management Limited Pyrford International Limited (fully disinvested from 25 July 2022) Insight Investment Fund Management Limited JPMorgan Asset Management Partners Group (UK) Limited AEW UK Investment Management LLP Apollo Management International LLP (fully disinvested from 1 January 2023) IFM Investors Pty Limited
<b>Investment Custodians :</b>	The Bank of New York Europe Limited Northern Trust State Street Ireland (fully disinvested from 25 July 2022) BNY Mellon JPMorgan Chase Bank RBC Investor Services Bank SA
<b>AVC Provider :</b>	Prudential Life Assurance Company
<b>Legal Adviser :</b>	CMS
<b>Administrators :</b>	XPS Administration Limited
<b>Investment Consultants :</b>	Isio Group Limited
<b>Life Assurance Company :</b>	MetLife UNUM

## TRUSTEES AND THEIR ADVISERS (continued)

### ***Annuity Providers :***

Aviva  
Phoenix Life  
Sun Life

### ***Contact for further information & complaints about the Scheme :***

Mr James Ross  
Secretary to the Trustees  
Finance Office  
Tay House  
University of Glasgow  
Glasgow  
G12 8QQ  
Email: [Jim.Ross@Glasgow.ac.uk](mailto:Jim.Ross@Glasgow.ac.uk)

# UNIVERSITY OF GLASGOW PENSION SCHEME

## TRUSTEES' REPORT FOR THE YEAR ENDED 31 MARCH 2023

### **Introduction**

The Trustees of the University of Glasgow Pension Scheme have pleasure in presenting the Annual Report and audited financial statements for the year ended 31 March 2023.

This Report relates to the operation of the University of Glasgow Pension Scheme ("the Scheme") during the year ended 31 March 2023. The University pays a substantial proportion of the cost of providing the benefits and of running the Scheme.

This Report is addressed primarily to the Scheme's members.

The Scheme closed to new members with effect from 1 April 2014.

### **Constitution**

The Scheme is a defined benefit scheme governed by a Definitive Trust Deed dated 26 July 1965, which was supplemented by a Definitive Trust Deed and Rules effective from 1 April 1985 and a Replacement Definitive Deed and Rules dated 18 May 2000, along with subsequent amendments.

### **The Management of the Scheme**

The Occupational Pension Schemes (Member Nominated Trustees & Directors) Regulations 2006 came into force on 6 April 2006 and prescribe the composition of trustee boards. The existing arrangements are that four of the Trustees are nominated by the members under the rules notified to the members of the Scheme. The Trustee Board completed a recruitment process with the campus trade unions during the prior year and three new Trustees were appointed, bringing the Board composition back up to its full complement.

The Trustees, as listed on page 2, are responsible for the administration and investment policy of the Scheme.

The power to appoint and remove Trustees is vested in the University Court. Trustee appointments however will cease if the Trustee ceases to be a member of the Scheme or resigns from the University. Appointment and removal of Trustees must be exercised by Deed.

The Trustee body includes membership representative Trustees nominated by the main unions represented within the membership and one elected by the pensioner members.

Trustees are invited to attend Trustees' meetings at which the majority must be present for valid decisions to be taken. Decisions require the majority support of those Trustees present.

During the year, the Trustees held two scheduled meetings and one additional meeting. Four investment subcommittee meetings were also held during the year as well as a two Governance, Compliance and Discretionary Decisions subcommittee meetings.

### **Governance & Risk Management**

The Trustees have in place policies and procedures that set out their objectives in areas such as administration, investment, funding and communication. This, together with a list of the main priorities and timetable for completion, helps the Trustees run the Scheme efficiently and serves as useful reference documentation.

A Risk Register is in place which sets out the key risks to which the Scheme is subject along with the controls in place to mitigate these.

### **Trustees' Knowledge & Understanding**

The Pensions Act 2004 requires Trustees to have sufficient knowledge and understanding of pensions and trust law and be conversant with the Scheme documentation. The Pensions Regulator has published a Code of Practice on Trustee Knowledge and Understanding to assist Trustees on this matter which became effective from 6 April 2006. The Risk Register highlights areas on which the Trustees should focus; the use of the trustees' toolkit to develop knowledge and to develop training logs to ensure compliance and record details of the training received each year.

# UNIVERSITY OF GLASGOW PENSION SCHEME

## TRUSTEES' REPORT FOR THE YEAR ENDED 31 MARCH 2023 (continued)

### Principal Employer

The Scheme is provided for all eligible employees of the Principal Employer. The Principal Employer's registered address is University of Glasgow, Glasgow, G12 8QQ.

### Membership

The number of members as at the year-end was:

	<b>2023</b>
<b>Active Members</b>	
<b>Active members at the start of the year</b>	<b>907</b>
Adjustments in respect of prior periods*	(52)
Retirements	(40)
Members leaving with preserved benefits	(16)
Deaths	(2)
<b>Active members at the end of the year</b>	<b>797</b>
<b>Pensioners</b>	
<b>Pensioners at the start of the year</b>	<b>1,835</b>
Adjustments in respect of prior periods*	(9)
Active members retiring during the year	40
Members with preserved benefits reaching retirement	33
Spouses and dependants	19
Pensioners who died during the year	(71)
<b>Pensioners at the end of the year**</b>	<b>1,847</b>
<b>Members with preserved benefits</b>	
<b>Number at the start of the year</b>	<b>1,375</b>
Adjustments in respect of prior periods*	43
Members leaving with preserved benefits	16
Members with preserved benefits retiring during the year	(33)
Transfers out during the year	(1)
Deaths	(1)
Commutated pensions	(5)
<b>Preserved at the end of the year</b>	<b>1,394</b>
<b>Total membership at the end of the year</b>	<b>4,038</b>

\*Adjustments relate to movements notified to the Scheme administrator after the completion of the previous renewal.

\*\*Pensioners include 13 annuitants (2022: 13). Pensioners also include 243 spouses and dependants of members in receipt of a pension (2022: 243). In addition to the above, the Scheme also has 145 members at the year-end who have left the Scheme with decisions pending (2022: 145).

### Pension increases

All excess pensions in payment were increased by 3.10% with effect from April 2022 (April 2021 0.5%). Post 88 GMPs in payment were capped at 3% with effect from April 2022 (April 2021 0.5%). Any Guaranteed Minimum Pension which was earned in respect of the service before April 1988 did not increase.

# UNIVERSITY OF GLASGOW PENSION SCHEME

## TRUSTEES' REPORT FOR THE YEAR ENDED 31 MARCH 2023 (continued)

### **Calculation of Transfer Values**

During the year all cash equivalent transfer values and buy outs paid by the Scheme on behalf of members who have left service have been calculated and verified as prescribed in Section 93 of the Pension Schemes Act 1993 and subsequent amendments (The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 (SI 2008/1050) and The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 (SI 2008/2450)). From 31 March 2015 all transfer values have been calculated on a non Public-Sector Transfer Club basis.

Discretionary benefits are not included in the calculation of transfer values.

As the Scheme closed to new members with effect from 1 April 2014 the Trustees decided that no new transfers in would be agreed after 31 March 2017.

### **Current Market Conditions**

The Trustees continue to monitor the latest financial market conditions and their effect on the Scheme's assets, technical provisions, and the employer covenant. This includes monitoring the impact of the Ukraine conflict, elevated inflation, and significant recent increases in gilt yields. At the date of signing these financial statements the Trustees believe that the Scheme is able to comfortably cover its outgoings until at least 12 months from signing.

Risks associated with movements in investment market prices and how they are mitigated are detailed in Note 18 to the financial statements.

### **Financial Development of the Scheme**

The financial statements for the year have been prepared and audited in accordance with Sections 41(1) and (6) of the Pensions Act 1995.

Changes in the Scheme's net assets during the year were as follows:

	£
Net assets at 31 March 2022	483,885,745
Net withdrawals from dealings with members	(4,068,304)
Net returns on investments	<u>(150,404,365)</u>
Net assets at 31 March 2023	<u><u>329,413,076</u></u>

### **Enquiries**

All enquiries about the Scheme and individual benefit entitlements should be addressed to the Scheme Trustees:

Mr James Ross  
Head of Pay & Pensions  
Finance Office  
Tay House  
University of Glasgow  
Glasgow G12 8QQ

Email: [Jim.Ross@Glasgow.ac.uk](mailto:Jim.Ross@Glasgow.ac.uk)

## TRUSTEES' REPORT FOR THE YEAR ENDED 31 MARCH 2023 (continued)

### **MoneyHelper**

MoneyHelper provides pension guidance, money guidance and debt advice. These services were previously provided by three separate government entities; The Pensions Advisory Service (TPAS), Pension Wise and the Money Advice Service. MoneyHelper can be contacted at:

MoneyHelper  
Holborn Centre  
120 Holborn  
London EC1N 2TD

Tel: 0800 011 3797

Email: [pensions.enquiries@moneyhelper.org.uk](mailto:pensions.enquiries@moneyhelper.org.uk)

Website: [www.moneyhelper.org.uk](http://www.moneyhelper.org.uk)

### **Pensions Ombudsman**

Any concern connected with the Scheme should be referred to Mr James Ross who will try to resolve the problem as quickly as possible. If a member has a complaint against the Scheme that has not been resolved to his or her satisfaction, the government appointed Pensions Ombudsman can investigate complaints of injustice caused by bad administration, either by the Trustees or Scheme administrators, or disputes of fact or law. The Pensions Ombudsman can be contacted at:

10 South Colonnade  
Canary Wharf  
London E14 4PU

Tel: 0800 917 4487

Email: [enquiries@pensions-ombudsman.org.uk](mailto:enquiries@pensions-ombudsman.org.uk)

Website: [www.pensions-ombudsman.org.uk](http://www.pensions-ombudsman.org.uk)

### **The Pension Scheme Registry**

The Scheme is registered with the Pension Scheme Registry which is part of the Pensions Regulator's office. The registration number is 10046480. The data held by the Registry is used by the Pension Tracing Service to assist former members of schemes to trace their scheme benefits. The Pension Tracing Service can be contacted at:

The Pension Service  
Post Handling Site A  
Wolverhampton WV98 1AF

Tel: 0800 731 0193

Website: [www.gov.uk/find-pension-contact-details](http://www.gov.uk/find-pension-contact-details)

### **The Pensions Regulator (TPR)**

The Pensions Regulator can intervene if they consider that a scheme's Trustee, advisers, or the employer are not carrying out their duties correctly. The address for the Pensions Regulator is:

Telecom House  
125-135 Preston Road  
Brighton BN1 6AF

Tel: 0345 600 0707

Email: [customersupport@tpr.gov.uk](mailto:customersupport@tpr.gov.uk)

Website: [www.thepensionsregulator.gov.uk](http://www.thepensionsregulator.gov.uk)



# UNIVERSITY OF GLASGOW PENSION SCHEME

## INVESTMENT REPORT

### General

All investments, with the exception of AVCs which are managed by Prudential, have been managed during the year under review by BlackRock Investment Management Limited, Pyrford International Limited (until disinvestment on 25 July 2022), Insight Investment Fund Management Limited, JP Morgan Asset Management, Partners Group (UK) Limited, AEW UK Investment Management LLP, Apollo Capital Management LLC (until disinvestment on 1 January 2023) and IFM Investors Pty Limited.

There is a degree of delegation of responsibility for investment decisions given to the investment managers.

The investment strategy is agreed by the Trustees after taking appropriate advice. Subject to complying with the agreed strategy, which specifies the target proportions of the fund which should be invested in the principal market sectors, the day-to-day management of the Scheme's asset portfolio which includes full discretion for stock selection is the responsibility of the Investment Managers.

### Investment Principles

The Trustees have produced a Statement of Investment Principles in accordance with Section 35 of the Pensions Act 1995. A copy of the statement is available on request or can be viewed / downloaded at <https://www.gla.ac.uk/myglasgow/payandpensions/pensions/universityofglasgowpensionscheme/>

The Trustees' overall investment policy falls into two parts. The strategic management of the assets is the responsibility of the Trustees acting on expert advice and is determined by their investment objectives set out in the Statement of Investment Principles. The remaining elements of the Trustees' investment policy concern the day-to-day management of the Scheme's asset portfolio.

In February 2023, the Trustees agreed to implement an interim investment strategy while awaiting proceeds from disinvestments of some of the more illiquid mandates. Following this, a final revised strategy will be agreed by the Trustees and implemented during second half of 2023. The interim strategic asset allocations as at 31 March 2023 was as follows; 12.6% Diversified Growth, 15.6% Direct Lending, 6.9% Hybrid Property, 7.6% Long Lease Property, 5.0 Diversified Credit, 5.3% Infrastructure Equity, 39.5% LDI (Tier 1) and 7.5% Asset Backed Securities (Tier 2).

There were no new investment manager appointments over the period to 31 March 2023 however, the Scheme's commitment for the IFM Global Infrastructure Fund was called in August 2022. The Scheme removed two managers from the portfolio over the period, Apollo Capital Management and Pyrford International following the full redemptions of their holdings in the Apollo Total Return Fund and Pyrford Diversified Growth Fund respectively.

### Code of Best Practice

During the year the Trustees, in conjunction with their professional advisers, have continued their work of reviewing the Scheme's level of compliance with the recommendations contained in the Government's Code of Best Practice. This ongoing review is aimed at benchmarking the Scheme's level of compliance with these recommendations and identifying any actions that still need to be taken. There is an investment sub-committee which has Terms of Reference and reports to the main Trustee Board.

The Trustees understand that the primary purpose of the Code of Practice is to ensure that the Trustees have the right skill set and decision-making structures and also that they have clear objectives for the Scheme and an appropriate and well-documented strategy in place for achieving these objectives. In a similar vein, the Trustees know that they should set explicit goals for the fund managers used by the Scheme.

Progress has continued to be made against the principles set out in the Code. The Trustees have complied with the requirements for setting clear objectives and making strategic asset allocation decisions for the Scheme. The Trustees continue to review and agree mandates, appropriate benchmarks and performance targets with the investment managers. The Statement of Investment Principles is reviewed regularly and is available to all members on request. Continued compliance with these principles is monitored by the Trustees.

In addition, the Trustees continually review their training needs and the skills of its members to ensure effective decision-making. Where appropriate, they take independent expert advice.

# UNIVERSITY OF GLASGOW PENSION SCHEME

## INVESTMENT REPORT (continued)

### Deployment of Investments (excluding AVCs and unsettled transactions)

The distribution of the Scheme's underlying assets at the end of the year is set out below:

	<b>2023</b>	<b>2022</b>
	<b>%</b>	<b>%</b>
<b>Pooled investment vehicles</b>		
- Diversified growth	12.7	19.0
- LDI	44.8	38.3
- Property	17.0	13.2
- Diversified credit	4.9	8.7
- Direct lending	15.3	7.6
- Semi-liquid credit	-	13.2
- Infrastructure Equity	5.3	0.0
	<b>100.0</b>	<b>100.0</b>

Note: All values based on single priced valuations, with exception of AEW and BlackRock Sterling Liquidity which are priced at bid.  
Source: Investment Managers; Isio Calculations.

### Fund Performance

The table below shows the performance of the Fund against its benchmark (where appropriate) to 31 March 2023:

	<b>1 year</b>	<b>3 Years</b>	<b>5 Years</b>
	<b>%</b>	<b>% p.a.</b>	<b>% p.a.</b>
<b>BlackRock Dynamic Diversified Growth Portfolio</b>	(3.4)	4.3	2.6
<i>Benchmark (SONIA)</i>	2.3	0.8	0.7
<b>Insight – Liquid ABS Fund</b>	3.4	N/A*	N/A*
<i>Benchmark (SONIA)</i>	2.3	N/A*	N/A*
<b>JP Morgan Unconstrained Bond Fund</b>	0.4	3.1	1.6
<i>ICE Overnight GBP SONIA</i>	2.3	0.8	0.7
<b>Insight – LDI Portfolio</b>	(80.5)	(40.6)	(22.5)
<i>Benchmark (Customised LDI benchmark)</i>	(80.5)	(40.6)	(22.5)
<b>BlackRock Investment Management Limited UK Long Lease Property Fund</b>	(12.5)**	0.6**	2.3**
<i>Benchmark (RPI)</i>	13.5	7.9	5.7

# UNIVERSITY OF GLASGOW PENSION SCHEME

## INVESTMENT REPORT (continued)

### Fund Performance (continued)

	1 year %	3 Years % p.a.	5 Years % p.a.
<b>AEW Investment Management Limited UK Real Return Fund</b>	(3.9)**	2.3**	3.3*
<i>Benchmark (RPI)</i>	13.5	7.9	5.7
<b>Partners Group AG – Private Markets Strategies 2 S.A (2016)</b>	3.9	3.9	3.6
<i>Benchmark (SONIA)</i>	2.3	0.8	2.3
<b>Partners Group AG - Private Markets Strategies (2018)</b>	1.9	6.9	N/A*
<i>Benchmark (SONIA)</i>	2.3	0.8	N/A*
<b>Partners Group AG - Private Markets Strategies (2020)</b>	5.4	N/A*	N/A*
<i>Benchmark (SONIA)</i>	2.3	N/A*	N/A*
<b>IFM Investors – Global Infrastructure Fund***</b>	N/A*	N/A*	N/A*
<b>Total Scheme</b>	(31.2)	(8.4)	(3.3)
<i>Scheme Objective</i>	(24.6)	(6.2)	(0.8)

Note:

Total Scheme return and benchmark are estimates based on Isio calculations. Total Scheme returns are net of management fees. Scheme benchmark is calculated from manager objectives as opposed to specific benchmarks.

All individual fund performance has been provided on a net of fees basis, unless stated otherwise.

\*Performance unavailable given inception date of investment.

\*\* Performance is calculated as money weighted rate of return, and doesn't include spread costs incurred on entrance.

\*\*\*No benchmark, Fund objective is to achieve 10% p.a. net of all fees over long term, ranging between 8-12% depending on market cycle.

Source: Investment Managers; Isio Calculations.

### Investment commentary

The 12-month period to 31 March 2023 was defined by heightened inflation and rising interest rates in key developed market regions (US, UK, Europe). Against this backdrop, markets faced a challenging and volatile period as central bank rhetoric and investor sentiment fluctuated.

Investor focus at the beginning of the accounting period centred on central bank policy, with investors concerned over the impact of rising interest rates and the removal of accommodative monetary policy as central banks attempted to stem heightened inflation. Alongside this sentiment, investors remained cognisant of the ongoing conflict in Ukraine and the impact this continued to have on global markets, with Russia hit by economic sanctions and retaliatory measures on Russian oil exports and gas supply issues in Europe. This combination of supply chain pressures, rising energy prices and transportation costs exacerbated the already pronounced increase in inflation, putting further pressure on central banks to accelerate planned interest rate hikes. The sharp rise in interest rates amid heightened and stubborn inflation significantly weakened global economic growth forecasts and increased fears of a global recession over Q2 2022 and Q3 2022.

## INVESTMENT REPORT (continued)

### Investment commentary (continued)

At the end of September 2022, the UK Government announced its plans for a substantial unfunded fiscal package. The announcement raised concerns over the UK's credibility to pay back long-term debt, resulting in a sharp fall in Sterling and the biggest sell-off in long dated UK government bonds since the 1990s. To provide some stability to markets, the Bank of England intervened with a short-term government bond purchasing programme over the first two weeks of October. The reversal of many of the policies announced in the "mini budget", and a change in political leadership, saw UK gilt yields stabilise over the final quarter of 2022. As a result, domestically focused areas of the UK equity market benefitted from the recovering outlook.

Financial markets ended the year more positively, as investors pared back expectations of the pace and magnitude of near-term rate rises as elevated inflation began to ease slightly. This was despite a partial setback in December as central banks reaffirmed their commitment to the rate hiking cycle. Having sold off significantly in September, UK markets bounced back from their depleted valuations owing to the reversal of many of the policies announced in September's 'mini budget' and the Bank of England's emergency relief measures in an attempt to stabilise UK bond markets.

Financial markets started 2023 positively, continuing the positive sentiment that global inflation may have peaked and that interest rate hikes may slow or stop earlier than expected. This was despite a partial setback in March 2023 due to corporate liquidity fears caused by the collapse of Silicon Valley Bank and the UBS takeover of Credit Suisse. However, any volatility or concern arising from this was more than offset by the increase in valuations over January and February.

### Custodial Arrangements

The investment managers appointed the Bank of New York Europe Limited, Northern Trust, BNY Mellon, JPMorgan Chase Bank and RBC Investor Services Bank S.A as custodians of the Scheme's assets. The custodians are responsible for the safe keeping, monitoring and reconciliation of documentation relating to the ownership of listed investments. Investments are held in the name of the custodian's nominee companies, in line with common practice for pension scheme investments.

The Trustees are responsible for ensuring the Scheme's assets continue to be securely held. They review the custodian arrangements from time to time.

### Equity markets

Equity markets were largely negative over the 12-month period. Global equities returned -5.1% (MSCI AC, GBP hedged) in local currency terms over the year, while unhedged equities returned -0.9% (MSCI AC, unhedged). Despite the negative sentiment from events in September and October, the UK performed strongly, benefitting from its heavy bias to energy and financials, posting a gain of 2.9% (FTSE All Share) for the year. US equities detracted over the period, delivering a return of -7.7% (S&P 500, GBP hedged) due to significant exposure to highly valued "growth" style stocks, which are more sensitive to investor sentiment which was largely negative. Similarly, emerging markets detracted primarily due to the negative impact of China's strict lockdown measures to control COVID-19. Overall, Emerging Market equities ended the year negative, delivering a return of -6.2% (MSCI EM, GBP hedged).

### Bonds

Fixed income markets were sharply negative over the year, owing to rising base rates and heightened inflation, both of which erode future fixed income streams. Despite the negative investor risk sentiment, investment grade credit underperformed subordinated debt, due to its greater sensitivity to interest rates. Global investment grade credit ended the year posting a negative return of -4.9% (source: PIMCO). Global high yield credit delivered a negative return of -3.1% (source: PIMCO).

Fixed interest gilts (FTSE Gilts Over 15 years) and index-linked gilts (FTSE Index Linked Gilts Over 5 years) returned -29.7% and -30.4% over the period respectively, driven by the Bank of England's rate hiking cycle and increasing inflation expectations. Gilt yields, and thus valuations, were significantly volatile over September and October owing to the market reaction to the UK government's "mini budget".

## **INVESTMENT REPORT (continued)**

### **Property**

The UK property market also underperformed, despite a strong first half of 2022. The property market saw significant negative performance over the second half of the year, with valuation declines driven primarily by rising interest rates and the rising cost of debt.

### **Basis of Investment Managers' Fees**

#### **BlackRock Investment Management Limited**

The tiered management fee for the BlackRock Dynamic Diversified Growth is calculated as follows:

- 0.55% per annum of the first £50 million;
- 0.5% per annum thereafter.

The management charge for the BlackRock UK Long Lease Property Fund is 0.40% per annum.

The management charge for the BlackRock Sterling Liquidity Fund is 0.095% per annum.

#### **Insight Investment Fund Management Limited**

The management charge for the Liquid ABS Fund is 0.15% per annum.

The management fee for the LDI Funds is 0.06% per annum based on the greater of A) the present value of the benchmark or B) the absolute present value of the real leg of the RPI notional included in the benchmark. Insight have the ability to actively manage the portfolio and will receive a performance fee of 20% on any performance achieved over the liability benchmark.

The fees above are subject to a 10% discount.

#### **JP Morgan Asset Management**

The management charge for the JP Morgan Unconstrained Bond Fund is 0.40% per annum.

#### **Partners Group AG**

The management charge for the Partners Group Private Markets Credit Strategies 2 S.A. – Compartment 2016 (VIII) Fund, Private Markets Credit Strategies (2018) and Private Markets Credit Strategies (2020) Funds is 0.80% per annum. The Fund also charged 0.1% on committed capital for the setup of the Fund. Partners Group will also receive a performance fee of 8% net of costs after achieving a 4% per annum return for investors (with catch-up).

#### **AEW UK Investment Management LLP**

The management charge for the AEW UK Real Return Fund is 0.75% per annum on invested capital

#### **IFM Investors**

The management charge for the IFM Global Infrastructure Fund is 0.77% per annum.

#### **Employer related investments**

There were no employer-related investments at any time during the year (2022: none).

# UNIVERSITY OF GLASGOW PENSION SCHEME

## REPORT ON ACTUARIAL LIABILITIES

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 and the University and set out in the Statement of Funding Principles, a copy of which is available to Scheme members on request.

The last full actuarial valuation of the Scheme was completed as at an effective date of 1 April 2022 and was the sixth valuation carried out under the scheme specific funding requirements of the Pensions Act 2004. At that date the valuation assessed that the Scheme had technical provisions (the target level of Scheme assets given its commitments to pay pensions and other benefits) of £515.1m, assets of £482.4m, a deficit of £32.7m, and a funding level (ratio of assets to technical provisions) of 94%.

As a result of the 2022 valuation, it was agreed that the University will continue to contribute 22.5% of the monthly pensionable salary roll into the Scheme. Members will contribute 7.5% p.a. of their pensionable salary into the Scheme in respect of future benefit accrual. In addition, in order to eliminate the funding deficit, it was agreed that the University would contribute £4.05 million p.a. with the first payment due by 31 March 2024 and increasing by 2.5% per annum. The payments continue annually until 2034.

### Actuarial method

The actuarial method used in the calculation of the technical provisions is the Projected Unit method.

### Actuarial assumptions

The key assumptions used for calculating the "technical provisions" for the Scheme were:

#### Principal actuarial assumptions for valuation as at 1 April 2022

Discount rate before retirement	Dependent on term and assumed to be 1% p.a. above the yield on fixed interest government bonds
Discount rate after retirement	Dependent on term and assumed to be 1% p.a. above the yield on fixed interest government bonds
RPI price inflation	Market expectation of future inflation dependent on term as measured by the difference between yields on fixed and index-linked government bonds
Consumer Price Inflation	RPI curve less 1% p.a. prior to 2030. RPI curve less 0% p.a. from 2030 onwards.
Pension increases in payment	Assumed to be in line with CPI, with a floor of 0% p.a. and a cap of 10% p.a. for pensions in excess of the GMP
Salary increases	7% for 2023 and 3.5% thereafter*
GMP equalisation	0.12% of liabilities
Expenses	An allowance for Scheme expenses are included in the University's ongoing contributions in respect of the fees, charges, levies and expenses.
Pre-retirement longevity	S3PA tables
Post-retirement longevity	Club Vita base tables
Future mortality improvements	Future improvements assumed to be in line with the CMI 2021 model with starting rates based on improvements observed in England and Wales population data up to the end of 2021, an initial addition to improvements of 0.25%, no weighting on 2020/2021 data, a smoothing parameter of 7.5, a long term rate of improvement of 1.5% p.a. and tapering of long term rate between ages 85 and 110.

\*based on information provided by the University.

## **REPORT ON ACTUARIAL LIABILITIES (continued)**

### **Wind up funding level**

The estimated funding position of the Scheme on a wind-up basis, had the Scheme been discontinued and wound up as at the date of the actuarial valuation of 1 April 2022, indicated that the Scheme had liabilities of £654m, assets of £482m, a deficit of £171m and hence a funding level of 74%. The winding up liabilities are much higher than the ongoing funding liabilities noted previously because the estimated cost of purchasing insurance policies to secure the benefits is significantly higher than the anticipated cost of providing the benefits from the Scheme's assets. This information is provided for legislative purposes only and the trustees have no plans to wind up the Scheme in the foreseeable future.

### **Updated funding position of the Scheme**

An updated actuarial position of the Scheme as at 31 March 2023 indicated that the funding level has decreased over the year from 94% to 89%. The value of the Scheme's liabilities decreased over the period due the change to market conditions, in particular a rise in government bond yields used to set the discount rate. However, this was more than offset by the decrease in the value of the assets, driven by market volatility in response to inflationary pressures and the government's mini-budget of 23 September 2022.

## ACTUARIAL STATEMENTS AND CERTIFICATE

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University of Glasgow Pension Scheme | Hymans Robertson LLP

## University of Glasgow Pension Scheme Schedule of Contributions

This schedule sets out the contributions that will be paid to the University of Glasgow Pension Scheme (the "Scheme"). This schedule is dated June 2023 and applies from 1 April 2023 until 1 April 2034. It replaces the previous schedule dated 26 June 2020.

This schedule has been prepared after consultation with the Court of the University of Glasgow (the "University") and after taking the advice of Heather Allingham ('the Scheme Actuary'). This schedule has been certified by the Scheme Actuary and the certificate is included in the appendix.

### Salary definition

Some of the contributions which are due to be paid to the Scheme are based on the salaries of the members. A member's pensionable salary for contribution purposes is defined in the Scheme rules to be basic salary plus, if appropriate, additional contractual earnings.

### Member contributions

Members shall pay contributions at the rate of 7.5% of pensionable salary. These are due to be paid to the Scheme not later than 19 days from the end of the month in which the deduction from pay is made.

### Sponsor contributions for new benefits

The University shall pay the following contributions to the Scheme on a monthly basis in respect of the accrual of new benefits and expenses:

- contributions at the rate of 22.5% of monthly pensionable salary roll

All monthly contributions from the University shall be paid to the Scheme not later than 19 days after the end of the calendar month to which they relate.

### Sponsor deficit reduction contributions

The 1 April 2022 actuarial valuation showed that the Scheme had a funding deficit relative to the Scheme's statutory funding objective. The sponsor shall pay the following deficit reduction contributions:

- £4.050m p.a. with effect from March 2024, increasing at 2.5% per annum. The first of these annual payments is to be made no later than 31 March 2024, and the subsequent payments by each 31 March thereafter until 2034.

The sponsor shall also pay to the Scheme any additional contributions required from time-to-time on the advice of the Scheme Actuary as required from time to time under the Scheme's trust deed and rules.



## ACTUARIAL STATEMENTS AND CERTIFICATE (continued)

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University of Glasgow Pension Scheme | Hymans Robertson LLP

### Expenses, Levies, Fees and Insurance Premiums

The University's contributions include an allowance for the following which are payable by the Scheme:

- the Pension Protection Fund levy (the last levy was approximately £171k)\*
- the Pension Protection Fund administration levy
- the Pension Regulator's general levy
- life insurance premiums
- fees payable to the Scheme's administrators, investment managers and other professional advisors
- investment charges and expenses; and
- other Scheme expenses that are reasonably incurred in the course of the trustees performing their duties.

*\*The trustees reserve the right to request additional contributions in respect of the PPF levy, if the annual levy rises above £300k.*

### Prepared by the trustees of the Scheme

Signature  on behalf of the trustees  
Print name **Jim Ross** Position **Trustee & Secretary to the Trustees**  
Date **22-Jun-2023 | 15:57 BST**

### Agreed by the University of Glasgow

Signature  on behalf of the University of Glasgow  
Print name **Gregor Caldwell** Position **Gregor Caldwell, Executive Director of Finance**  
Date **23-Jun-2023 | 12:00 BST**

This schedule of contributions is provided to meet the requirements of section 227 of the Pensions Act 2004.

## ACTUARIAL STATEMENTS AND CERTIFICATE (continued)

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University of Glasgow Pension Scheme | Hymans Robertson LLP

## University of Glasgow Pension Scheme Schedule of Contributions – Actuarial Certificate


### Adequacy of contributions

In my opinion, the contributions shown in this schedule are such that the statutory funding objective on 1 April 2022 can be expected to be met by the end of the period specified in the recovery plan dated June 2023.

### Consistency with statement of funding principles

In my opinion, this schedule of contributions is consistent with the statement of funding principles dated June 2023.

Please note that the adequacy of contributions statement in this certificate relates to the Scheme's statutory funding objective. For the avoidance of doubt this certificate does not mean that the contributions shown in this schedule would be enough to secure the scheme's full liabilities with annuities if the scheme were to wind up.

Signature	 BAFFC3D7BCCE4E0...
Date	26-Jun-2023   19:52 BST
Name	Heather Allingham
Qualification	Fellow of the Institute and Faculty of Actuaries
Name of Employer	Hymans Robertson LLP
Address	20 Waterloo Street, Glasgow, G2 6DB

This certificate is provided to meet the requirements of regulation 10(6) of The Occupational Pension Schemes (Scheme Funding) Regulations 2005.

# UNIVERSITY OF GLASGOW PENSION SCHEME

## STATEMENT OF TRUSTEES' RESPONSIBILITIES

The financial statements, which are prepared in accordance with UK Generally Accepted Accounting Practice, including the Financial Reporting Standard applicable in the UK (FRS 102) are the responsibility of the Trustees. Pension scheme regulations require the Trustees to make available to Scheme members, beneficiaries and certain other parties, audited financial statements for each Scheme year which:

- show a true and fair view of the financial transactions of the Scheme during the Scheme year and of the amount and disposition at the end of the Scheme year of its assets and liabilities, other than the liabilities to pay pensions and benefits after the end of the Scheme year; and
- contain the information specified in Regulation 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, including a statement whether the financial statements have been prepared in accordance with the Statement of Recommended Practice "Financial Reports of 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 the preparation of the financial statements on a going concern basis unless it is inappropriate to presume that the Scheme will continue as a going concern.

The Trustees are also responsible for making available certain other information about the Scheme in the form of an Annual Report.

The Trustees are responsible under pensions legislation for ensuring that there is prepared, maintained and from time to time revised a Schedule of Contributions showing the rates of contributions payable towards the Scheme by or on behalf of the employer and the active members of the Scheme 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 Scheme and for monitoring whether contributions are made to the Scheme by the employer in accordance with the Schedule of Contributions. Where breaches of the Schedule occur, the Trustees are required by the Pensions Acts 1995 and 2004 to consider making reports to The Pensions Regulator and the members.

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

### Approval of the Trustees' Report

The Trustees' Report, which includes the Investment Report, the Report on Actuarial Liabilities, the Statement of Trustees' Responsibilities and the Implementation Statement, was approved by the Trustees on:

.....  
Trustee Date

.....  
Trustee Date

# UNIVERSITY OF GLASGOW PENSION SCHEME

## INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF UNIVERSITY OF GLASGOW PENSION SCHEME

### Opinion

We have audited the financial statements of the University of Glasgow Pension Scheme for the year ended 31 March 2023 which comprise the Fund Account, the Statement of Net Assets available for benefits and the related notes 1 to 25, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the financial transactions of the Scheme during the year ended 31 March 2023, 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; 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, made under the Pensions Act 1995.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Scheme in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Scheme's ability to continue as a going concern for a period of 12 months from when the Scheme's financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Trustees with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Scheme's ability to continue as a going concern.

### Other information

The other information comprises the information included in the annual report, other than the financial statements, our auditor's report thereon and our auditor's statement about contributions. The Trustees are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

## **INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF UNIVERSITY OF GLASGOW PENSION SCHEME (continued)**

### **Responsibilities of the Trustees**

As explained more fully in the Trustees' responsibilities statement set out on page 18, the Trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements the Trustees are responsible for assessing the Scheme'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 Scheme or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

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

### **Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud**

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. 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. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with the Trustees.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Scheme and determined that the most significant related to pensions legislation and the financial reporting framework. These are the Pensions Act 1995 and 2004 (and regulations made thereunder), FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Statement of Recommended Practice (Financial Reports of Pension Schemes). We considered the extent to which a material misstatement of the financial statements might arise as a result of non-compliance.
- We understood how the Scheme is complying with these legal and regulatory frameworks by making enquiries of the Trustees. We corroborated our enquiries through our review of the Trustees' meeting minutes.
- We assessed the susceptibility of the Scheme's financial statements to material misstatement, including how fraud might occur by considering the key risks impacting the financial statements and documenting the controls that the Scheme has established to address risks identified, or that otherwise seek to prevent, deter or detect fraud. In our assessment, we considered the risk of management override of controls. Our audit procedures included verifying cash balances and investment balances to independent confirmations, testing manual journals on a sample basis and also those journals where there is an increased risk of override, and an assessment of segregation of duties. These procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error.
- Based on this understanding, we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved making enquiries of the Trustees for their awareness of any non-compliance of laws or regulations, inspecting correspondence with the Pensions Regulator and review of Trustees' minutes.

## **INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF UNIVERSITY OF GLASGOW PENSION SCHEME (continued)**

### **Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud (continued)**

- The Scheme is required to comply with UK pensions regulations. As such, we have considered the experience and expertise of the engagement team including the use of specialists where appropriate, to ensure that the team had an appropriate understanding of the relevant pensions regulations to assess the control environment and consider compliance of the Scheme with these regulations as part of our audit procedures.

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

### **Use of our report**

This report is made solely to the Scheme's Trustees, as a body, in accordance with the Pensions Act 1995 and Regulations made thereunder. Our audit work has been undertaken so that we might state to the Scheme's Trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Scheme's Trustees as a body, for our audit work, for this report, or for the opinions we have formed.

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Ernst & Young LLP  
Statutory Auditor  
London

Date: \_\_\_\_\_

# UNIVERSITY OF GLASGOW PENSION SCHEME

## FUND ACCOUNT

For the year ended 31 March 2023

	Note	2023 £	2022 £
<b>CONTRIBUTIONS AND BENEFITS</b>			
Employer contributions	4	10,770,652	7,060,140
Employee contributions	4	252,705	202,379
<b>Total contributions</b>		<u>11,023,357</u>	<u>7,262,519</u>
Other income	5	257,240	360
		<u>11,280,597</u>	<u>7,262,879</u>
Benefits paid or payable	6	(13,869,905)	(15,893,774)
Payments to and on account of leavers	7	(318,806)	(386,455)
Other payments	8	(174,820)	(188,645)
Administrative expenses	9	(985,370)	(1,051,756)
		<u>(15,348,901)</u>	<u>(17,520,630)</u>
<b>NET WITHDRAWALS FROM DEALINGS WITH MEMBERS</b>		<u>(4,068,304)</u>	<u>(10,257,751)</u>
<b>RETURNS ON INVESTMENTS</b>			
Investment income	10	7,671,765	7,458,035
Change in market value of investments	12	(158,097,806)	9,125,534
Investment management expenses	11	21,676	228,648
<b>NET RETURNS ON INVESTMENTS</b>		<u>(150,404,365)</u>	<u>16,812,217</u>
<b>NET (DECREASE)/INCREASE IN THE FUND FOR THE YEAR</b>		(154,472,669)	6,554,466
<b>OPENING NET ASSETS</b>		<u>483,885,745</u>	<u>477,331,279</u>
<b>CLOSING NET ASSETS</b>		<u><u>329,413,076</u></u>	<u><u>483,885,745</u></u>

The notes on pages 24 to 36 form part of these financial statements.

# UNIVERSITY OF GLASGOW PENSION SCHEME

## STATEMENT OF NET ASSETS (AVAILABLE FOR BENEFITS)

At 31 March 2023

	Note	2023 £	2022 £
<b>INVESTMENT ASSETS</b>	12		
Pooled investment vehicles	13	324,286,777	476,729,818
Insurance policies	15	173,807	229,105
AVC investments	16	1,464,656	1,498,243
Cash deposits	12	1,995	531
Other investment balances	12	160,000	135,000
		<u>326,087,235</u>	<u>478,592,697</u>
<b>CURRENT ASSETS</b>	20	6,863,345	6,335,231
<b>CURRENT LIABILITIES</b>	21	(3,537,504)	(1,042,183)
<b>CLOSING NET ASSETS</b>		<u>329,413,076</u>	<u>483,885,745</u>

The financial statements summarise the transactions of the Scheme and deal with the net assets 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 Scheme year. The actuarial position of the Scheme, which takes into account such obligations is dealt with in the Report on Actuarial Liabilities on pages 13 to 14 of the Annual Report and these financial statements should be read in conjunction with this report.

The notes on pages 24 to 36 form part of these financial statements.

These financial statements on pages 22 to 36 were approved by the Trustees on .....

Signed on behalf of the Trustees

.....  
Trustee Date

.....  
Trustee Date



## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2023

### 1. BASIS OF PREPARATION

The financial statements have been prepared in accordance with the Occupational Pensions Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, Financial Reporting Standard 102 – The Financial Reporting Standard applicable in the UK and Republic of Ireland issued by the Financial Reporting Council and the guidance set out in the Statement of Recommended Practice (Revised 2018).

### 2. IDENTIFICATION OF THE FINANCIAL STATEMENTS

The Scheme is established as a trust under English law. The address for enquiries to the Scheme is included in the Trustees' Report.

### 3. ACCOUNTING POLICIES

#### (a) *Accounting Convention*

The financial statements are prepared on an accruals basis.

#### (b) *Contributions*

Normal contributions from the employer and members, including members' additional voluntary contributions, are accounted for on an accruals basis in the payroll period to which they relate at the rates agreed between the Trustees and the Employer based on the recommendations of the Actuary and the Schedule of Contributions.

Employer deficit funding contributions are recognised on the due dates in accordance with the Schedule of Contributions.

#### (c) *Payments to Members*

Pensions in payment are recognised in the month to which they relate. Pension benefits paid in respect of which annuity income is received are included within benefits payable.

Other benefits payable (except for transfers to and from other schemes which are accounted for as disclosed below) are included on an accruals basis when the member notifies the Trustees as to the type or amount of benefit to be taken, or where there is no choice, on the date of retirement or leaving.

Transfer values represent the capital sums either receivable in respect of members from other schemes of previous employers or payable to the pension schemes of new employers for members who have left the Scheme. They are accounted for on an accruals basis on the date the Trustees of the receiving scheme accept the liability.

#### (d) *Expenses*

Administrative expenses and investment management expenses are met by the Scheme and are accounted for on an accruals basis.

#### (e) *Investment Income*

Income from equities and any pooled investment vehicles which distribute income is accounted for on an accruals basis on the date the securities are quoted ex-dividend. Income arising from the underlying investments of the pooled investment vehicles that is rolled up within the pooled investment vehicle is reflected in the unit price. Such income is reported within the change in market value. Interest on bank deposits is accounted for as it accrues. Income arising from annuity policies is accounted for on an accruals basis and is included in investment income and the pensions paid included in pension benefit payments.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2023

### 3. ACCOUNTING POLICIES (continued)

#### (f) *Investments*

Investments are included at fair value as follows.

- Unitised pooled investment vehicles which are priced daily, weekly or at the end of each month are included at the last price provided by the manager at or before the year end i.e. at the closing bid price if both bid and offer prices are available, or at the closing single price.
- The value of shares in other pooled investment vehicles which are not quoted or actively traded on a quoted market is primarily driven by the fair value of the underlying assets. The net asset value advised by the fund manager is considered a suitable approximation to fair value.
- Annuity policies are valued by the Scheme Actuary at the amount of the related obligation, determined using the most recent Scheme Funding valuation assumptions updated for market conditions at the reporting date.
- Additional Voluntary Contributions (AVCs) investments are included in the Statement of Net Assets (available for benefits) at the surrender value of the policies as determined by the AVC provider.
- Change in market value of investments during the year comprises all increases and decreases in the market value of investments held at any time during the year including profits and losses realised on sales of investments during the year and unrealised changes in market value. In the case of pooled investment vehicles which are accumulation funds, change in market value also includes income, net of withholding tax, which is reinvested in the fund.

#### (g) *Functional and presentational currency*

The functional and presentational currency of the Scheme is sterling, rounded to the nearest pound.

#### (h) *Critical accounting estimates and judgements*

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 Net Asset Statement date and the amounts reported for income and expenditure during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The Trustees confirm that no judgements have had a significant effect on amounts recognised in the financial statements, but note estimation uncertainty in the valuation of annuity policies, as disclosed in Note 15.

# UNIVERSITY OF GLASGOW PENSION SCHEME

## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2023

<b>4. CONTRIBUTIONS</b>	2023	2022
	£	£
Employer contributions		
Normal	6,819,652	7,060,140
Deficit funding	<u>3,951,000</u>	<u>-</u>
	<u>10,770,652</u>	<u>7,060,140</u>
Employee contributions		
Normal	114,457	71,379
Additional voluntary	<u>138,248</u>	<u>131,000</u>
	<u>252,705</u>	<u>202,379</u>
	<u>11,023,357</u>	<u>7,262,519</u>

From 1 October 2008 the Scheme implemented a salary sacrifice scheme. Employee contributions paid under this arrangement are disclosed under employer normal contributions.

In accordance with the Schedule of Contributions certified by the Actuary on 26 June 2022 the following contributions are payable into the Scheme from 1 April 2023 to 1 April 2034:

- Member contributions: 7.5% of pensionable salary;
- Employer contributions: 22.5% of pensionable salary; and
- Deficit contributions: £3.951m p.a. with effect from March 2023, £4.050m p.a. with effect from March 2024, increasing at 2.5% per annum. These annual payments are to be made by each 31 March until 2034.

<b>5. OTHER INCOME</b>	2023	2022
	£	£
Transfer calculation fees	-	360
Claims on term insurance policies	<u>257,240</u>	<u>-</u>
	<u>257,240</u>	<u>360</u>

<b>6. BENEFITS PAID OR PAYABLE</b>	2023	2022
	£	£
Pensions	11,263,107	10,563,385
Commutation of pensions and lump sum retirement benefits	2,258,349	5,330,389
Lump sum death benefits	257,240	-
Refunds of contributions on death	<u>91,209</u>	<u>-</u>
	<u>13,869,905</u>	<u>15,893,774</u>

<b>7. PAYMENTS TO AND ON ACCOUNT OF LEAVERS</b>	2023	2022
	£	£
Individual transfers out to other schemes	<u>318,806</u>	<u>386,455</u>

# UNIVERSITY OF GLASGOW PENSION SCHEME

## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2023

<b>8. OTHER PAYMENTS</b>		2023	2022		
		£	£		
Premiums on term insurance policies		<u>174,820</u>	<u>188,645</u>		
<b>9. ADMINISTRATIVE EXPENSES</b>		2023	2022		
		£	£		
Administration		258,316	349,470		
Actuarial fees		173,050	146,439		
Independent Trustee fees		78,432	55,423		
Investment advice		155,740	189,400		
Audit fees		24,000	20,850		
PPF levy		200,079	205,972		
Salary costs		91,256	61,932		
Other directly attributable charges including pension regulator charges		<u>4,497</u>	<u>22,270</u>		
		<u>985,370</u>	<u>1,051,756</u>		
<b>10. INVESTMENT INCOME</b>		2023	2022		
		£	£		
Income from pooled investment vehicles		7,531,187	7,434,692		
Interest on cash deposits		119,897	1,489		
Annuity income		<u>20,681</u>	<u>21,854</u>		
		<u>7,671,765</u>	<u>7,458,035</u>		
<b>11. INVESTMENT MANAGEMENT EXPENSES</b>		2023	2022		
		£	£		
Investment fees – fee and unit rebates		(174,225)	(384,076)		
Investment fees - management & custody		<u>152,549</u>	<u>155,428</u>		
		<u>(21,676)</u>	<u>(228,648)</u>		
<b>12. RECONCILIATION OF INVESTMENTS</b>					
	Value at	Purchases at	Sales	Change in	Value at
	31.03.2022	cost	proceeds	market value	31.03.2023
	£	£	£	£	£
Pooled investment vehicles	476,729,818	161,721,095	(156,113,201)	(158,050,935)	324,286,777
Insurance policies	229,105	-	-	(55,298)	173,807
AVC investments	<u>1,498,243</u>	<u>137,819</u>	<u>(179,833)</u>	<u>8,427</u>	<u>1,464,656</u>
	<u>478,457,166</u>	<u>161,858,914</u>	<u>(156,293,034)</u>	<u>(158,097,806)</u>	<u>325,925,240</u>
Cash deposits	531				1,995
Investment income receivable	<u>135,000</u>				<u>160,000</u>
	<u>478,592,697</u>				<u>326,087,235</u>

# UNIVERSITY OF GLASGOW PENSION SCHEME

## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2023

### 12. RECONCILIATION OF INVESTMENTS (continued)

The pooled investment vehicles are held under managed fund policies in the name of the Scheme.

Transaction costs charged directly to the Scheme are included in the cost of purchases and sale proceeds. Indirect transaction costs are also borne by the Scheme in relation to transactions in pooled investment vehicles. Such costs are taken into account in calculating the bid-offer spread of these investments and are not separately reported.

There were no employer-related investments at any time during the year (2022: none).

The companies managing the investments are registered in the United Kingdom.

### 13. POOLED INVESTMENT VEHICLES

The Scheme's investments in pooled investment vehicles at the year-end comprised:

	2023	2022
	£	£
Diversified growth	41,175,634	90,691,569
LDI (see Note 14 below)	145,242,105	182,531,549
Property	55,204,928	62,809,512
Diversified credit	15,878,146	41,487,913
Direct lending	49,518,704	36,312,086
Semi-liquid credit	-	62,897,189
Infrastructure	17,267,260	-
	<u>324,286,777</u>	<u>476,729,818</u>

### 14. QUALIFYING INVESTMENT FUND

The Insight LDI Active 58 Fund Class B Funds is considered a Qualifying Investment Fund ("QIF"). The QIF is a pooled arrangement where the Scheme is the only participant in the fund. At the year end the holdings in the QIF were as follows:

	2023	2022
	£	£
Fixed Income:		
Investment funds	-	35,652,358)
Govt bonds	18,770,535	39,869,183
Govt Index-linked bonds	175,941,271	338,403,702
Interest rate Swaps*	(732,978)	(353,865)
RPI Swaps**	(32,310)	71,160
Repurchase agreements	(74,107,888)	(269,922,629)
Cash and cash instruments	25,598,690	37,511,090
Pending trades	-	1,286,782
Accrued income	-	13,768
Other pricing adjustments	(195,215)	-
Total value of Fund	<u>145,242,105</u>	<u>182,531,549</u>

# UNIVERSITY OF GLASGOW PENSION SCHEME

## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2023

### 14. QUALIFYING INVESTMENT FUND (continued)

		Market value asset £	Market value liability £
*Interest rate Swap contracts:	Nominal		
Interest rate Swaps	2,680,900.00	-	(1,485,553)
Interest rate Swaps	4,556,100.00	2,084,733	-
Interest rate Swaps	6,500,000.00	-	(1,276)
Interest rate Swaps	8,519,800.00	-	(9,416)
Interest rate Swaps	482,300.00	-	(244,891)
Interest rate Swaps	13,000,000.00	-	(84,209)
Interest rate Swaps	7,800,000.00	-	(235,563)
Interest rate Swaps	1,306,000.00	-	(538,588)
Interest rate Swaps	10,100,000.00	-	(180,521)
Interest rate Swaps	(7,172,246.16)	-	(7,490,451)
Interest rate Swaps	4,600,000.00	7,452,757	-
		<u>9,537,490</u>	<u>(10,270,468)</u>
		<u>(732,978)</u>	
		Market value asset £	Market value liability £
**RPI Swap contracts:	Nominal		
RPI rate Swaps	510,761	-	(176,185)
RPI rate Swaps	60,176	23,473	-
RPI rate Swaps	166,760	-	(32,973)
RPI rate Swaps	371,300	11,113	-
RPI rate Swaps	879,500	142,262	-
		<u>176,848</u>	<u>(209,158)</u>
		<u>(32,310)</u>	

### 15. INSURANCE POLICIES

The Scheme held insurance policies at the year-end as follows:

	2023 £	2022 £
Annuity policies with Aviva, Phoenix Life and Sun Life	<u>173,807</u>	<u>229,105</u>

The Trustees hold a number of insurance policies that secure pensions payable to specified members. These policies remain assets of the Trustees and are valued on the Scheme funding basis at the period end, as advised by the Scheme Actuary. These policies will continue in payment until the death of the last remaining insured member. Annuities are issued by Aviva, Phoenix Life and Sun Life.

# UNIVERSITY OF GLASGOW PENSION SCHEME

## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2023

### 16. AVC INVESTMENTS

The Trustees hold assets invested separately from the main fund investments to secure additional benefits on a money purchase basis for those members electing to pay additional voluntary contributions. Members participating in this arrangement receive an annual statement made up to the year-end confirming the value of their fund and the movements in the year. The aggregate amounts of AVC investments are as follows:

	2023 £	2022 £
Prudential	<u>1,464,656</u>	<u>1,498,243</u>

### 17. FAIR VALUE DETERMINATION

The fair value of financial instruments has been estimated using the following fair value hierarchy:

- Level 1: The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.
- Level 3: Inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

The Scheme's investment assets and liabilities fall within the above hierarchy as follows:

	At 31 March 2023			
	Level 1 £	Level 2 £	Level 3 £	Total £
Pooled investment vehicles	-	202,295,886	121,990,891	324,286,777
Insurance policies	-	-	173,807	173,807
AVC investments	-	-	1,464,656	1,464,656
Cash	1,995	-	-	1,995
Other investment balances	<u>160,000</u>	<u>-</u>	<u>-</u>	<u>160,000</u>
	<u>161,995</u>	<u>202,295,886</u>	<u>123,629,354</u>	<u>326,087,235</u>

	At 31 March 2022			
	Level 1 £	Level 2 £	Level 3 £	Total £
Pooled investment vehicles	-	314,711,031	162,018,787	476,729,818
Insurance policies	-	-	229,105	229,105
AVC investments	-	-	1,498,243	1,498,243
Cash	531	-	-	531
Other investment balances	<u>135,000</u>	<u>-</u>	<u>-</u>	<u>135,000</u>
	<u>135,531</u>	<u>314,711,031</u>	<u>163,746,135</u>	<u>478,592,697</u>

## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2023

### 18. INVESTMENT RISK DISCLOSURES

#### Investment Strategy

##### Overall Investment Strategy

The Trustees currently set the Scheme's investment strategy after consultation with the Principal Employer, taking into account considerations such as the strength of the Employers' covenant and after receiving professional advice from Isio, in order to achieve the following objectives:

- To adopt a statutory funding objective which is that the Scheme must have sufficient and appropriate assets to cover the expected cost of providing members' past service benefits; and
- To generate surplus assets, over and above the cost of providing members' past service benefits, through an expectation of actual experience, particularly investment returns, being more favourable than the assumptions adopted for the Statutory Funding Objective. The aim will be over time to use some, or all of this surplus, to reduce the proportion of assets that offer greater expected returns, with a corresponding greater level of risk, and to adopt an investment strategy that is more closely matched to the nature of past service benefits.

##### Current Investment Strategy

As documented in the Statement of Investment Principles, the Trustees have translated their objectives into a suitable strategic asset allocation benchmark for the Scheme which is reflected in the investment mandates given to the Scheme's investment managers.

The investment objectives of each investment manager, allocation benchmarks and associated risk limits are implemented through investment management agreements in place with each of the investment managers that are monitored by the Trustees through regular reviews of the investment portfolios.

We note that the Scheme is currently moving to the agreed investment strategy in a phased manner and therefore the current asset allocation and manager structure is not fully reflective of the desired position.

As at 31 March 2023, the Scheme's assets are invested as follows:

- BlackRock: 12.7% in diversified growth funds and 10.5% in property funds (all pooled);
- Insight: 37.3% in LDI and 7.5% in liquid asset-backed securities (pooled);
- Partners Group: 15.3% in direct lending funds (pooled);
- JP Morgan: 4.9% in diversified credit funds (pooled);
- IFM: 5.3% of assets held in infrastructure equity funds (pooled) and;
- AEW: 6.6% of assets held in property funds (pooled).



## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2023

### 18. INVESTMENT RISK DISCLOSURES (continued)

#### Investment risks

FRS 102 requires the disclosure of information in relation to certain investment risks. These risks are set out by FRS 102 as follows:

**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.

**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 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.

The Trustees' approach to risk management and the Scheme's exposure to the market (currency, interest and other price risk) and credit risks are reported below. This does not include annuity insurance policies as these match the related future obligations or AVC investments or other investments as these are not considered significant in relation to the overall investments of the Scheme.

#### Credit Risk

The Scheme is subject to direct credit risk within the investment portfolio to the extent of the holdings in pooled investment vehicles and cash holdings as detailed within the investment table.

The Scheme's holdings in pooled investment vehicles 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 manager;
- the regulatory environments in which the managers operate; and
- the diversification of investments amongst a number of pooled arrangements.

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 manager. The Scheme's cash deposits of £1,995 (2022: £531) are held with institutions which are at least investment grade credit rated.

The Scheme is indirectly exposed to credit risks arising on the underlying financial instruments held within the pooled investment vehicles. At the year-end approximately 94.6% of the Scheme's investment assets were held in funds that proportionately invest in bond and cash type securities (2022: approximately 99.9%).

	2023	2022
	£m	£m
Authorised unit trusts	62.4	88.2
Open ended investment companies	195.1	264.7
Other	66.8	123.8
	<u>324.3</u>	<u>476.7</u>

## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2023

### 18. INVESTMENT RISK DISCLOSURES (continued)

#### Currency risk

The Scheme is not directly exposed to currency risk as the pooled investment vehicles and cash held are denominated in sterling.

Indirect exposure to currency risk is due to a proportion of the underlying financial instruments held within the pooled investment vehicles being denominated in overseas currencies. The BlackRock Diversified Growth Fund, JP Morgan Unconstrained Bond Fund and Partners Group Direct Lending Funds equating to approximately 33% of the Scheme's investment assets (2022: approximately 49%), all have a proportion invested in overseas assets.

#### Interest rate risk

As a result of some of the pooled funds held by the Scheme investing in fixed interest securities such as government and corporate bonds, the Scheme is exposed indirectly to interest rate risk as movements in interest rates will have a bearing on the price of those underlying assets. Insight's mandates, JP Morgan's Unconstrained Bond Fund, BlackRock's Diversified Growth Fund, Sterling Liquidity Fund, AEW's Real Return Fund, BlackRock's Long Lease Property Fund, and the IFM Global Infrastructure Fund, equating to approximately 85% of the Scheme's investment assets (2022: approximately 92%), all have exposure to fixed interest securities.

However, this risk offsets a proportion of the interest rate risk associated with the liabilities. If interest rates fall, the value of these investments will rise to help match the increase in the actuarial value of the liabilities arising from a fall in the discount rate. Similarly, if interest rates rise, these assets will fall in value as will the actuarial value of the liabilities because of an increase in the discount rate.

#### Other price risk

At the year-end none of the Scheme's investment assets are held directly in equities (2022 – zero). Approximately 72% of the Scheme's investment assets are also indirectly exposed to other price risk via its pooled investment vehicles which have a proportion invested in assets including equities and properties (2022: approximately 71%). The Trustees manage other price risk by constructing a diverse portfolio of investments across various markets and with various investment managers.

The table below illustrates the extent to which the Scheme's investments are subject to the above indirect risks:

	Credit Risk	Interest Rate Risk	Currency Risk	Other Price Risk
Pooled Investment vehicles - Diversified growth	Yes	Yes	Yes	Yes
Pooled Investment vehicles - LDI	Yes	Yes	No	Yes
Pooled Investment vehicles - Property	Yes	Yes	No	Yes
Pooled Investment vehicles - Diversified credit	Yes	Yes	Yes	No
Pooled Investment vehicle – Direct Lending	Yes	No	Yes	Yes
Pooled Investment vehicles – Infrastructure Equity	No	Yes	No	Yes
Cash and cash instruments	Yes	No	No	No

# UNIVERSITY OF GLASGOW PENSION SCHEME

## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2023

### 19. CONCENTRATION OF INVESTMENTS

The following investments have a market value exceeding investments have a market value exceeding 5% of the value of the Scheme's net assets:

	2023		2022	
	£	%	£	%
Insight LDI Active 58 Fund Class B Funds	145,242,105	44.1	182,531,549	37.7
BlackRock BIJF DYN Diversified Growth Fund (Acc)	41,175,634	12.5	66,097,476	13.7
BlackRock UK Long Lease Property Fund	33,941,062	10.3	40,693,537	8.4
Partners Private Market Strategies 2020	25,967,024	7.9	-	-
AEW UK Real Estate Fund	21,263,865	6.5	-	-
Partners Group Private Markets Credit Strategies Fund 2018	17,204,714	5.2	-	-
IFM Global Infrastructure (UK) GBP, L.P. Class D Interests	17,267,260	5.2	-	-
Apollo Total Return Fund	-	-	62,897,189	13
JP Morgan Unconstrained Bond Fund I Gross Accumulation	-	-	41,487,913	8.6
Pyrford Global Total Return (Sterling) Fund (Class A Stg Acc)	-	-	24,594,094	5.1

### 20. CURRENT ASSETS

	2023	2022
	£	£
Bank balance	4,895,845	4,827,748
Contributions receivable - employer	600,120	571,197
Contributions receivable - members	21,428	16,453
Investment management fee rebates due	7,786	5,298
Pensions paid in advance	1,008,428	914,535
Claims on term insurance policies receivable	145,544	-
Life assurance paid in advance	184,194	-
	<u>6,863,345</u>	<u>6,335,231</u>

All contributions receivable were paid into the Scheme within the timescale required by the Schedule of Contributions currently in force.

### 21. CURRENT LIABILITIES

	2023	2022
	£	£
Unpaid benefits	435,288	40,638
Accrued expenses	185,466	84,830
Amounts due to the University of Glasgow	2,915,575	916,715
Annuities received in advance	1,175	-
	<u>3,537,504</u>	<u>1,042,183</u>

## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2023

### 22. TAXATION STATUS

In accordance with the provision of Schedule 36 of the Finance Act 2004, the Scheme became a "Registered Pension Scheme" under Chapter 2 of part 4 of the Finance Act with effect from 6 April 2006. The Trustees know of no reason why this approval may be prejudiced or withdrawn.

### 23. RELATED PARTY TRANSACTIONS

No Trustees in office (2022: none) were contributing members of the Scheme during the year. Trustee contributions are received into the Scheme in accordance with the Scheme Rules and with the recommendations of the Actuary. One Trustee (2022: one) in office during the year was a pensioner of the Scheme. Pension benefits paid to the Trustee were calculated in accordance with the Scheme rules.

The administration of pensions in payment to retired Employees and other beneficiaries is the responsibility of the Pensions Department of the Employer.

Pensions are paid by the Employer and subsequently reimbursed by the Trustees. The balance due to the Employer at 31 March 2023, as shown in note 21 represents pensions paid by the Employer on behalf of the Trustees, which were not reimbursed by the Trustees until after the year end.

Independent Trustee fees totalling £78,432 were payable in respect of the Scheme year ended 31 March 2023 (2022: £55,423). Of this balance £19,819 was not paid until after the year end (2022: £13,500).

### 24. COMMITMENTS

Scheme commitments:

- the Trustees entered a commitment to invest £40 million in the BlackRock UK Long Lease Property Fund. At 31 March 2023 £40 million had been invested with £nil still to be invested;
- the Trustees entered a commitment to invest £20 million in the Partners Group Private Markets Credit Strategies Fund 2016. At 31 March 2023 £20 million had been invested with £nil still to be invested;
- the Trustees entered a commitment to invest £21 million in the Partners Group Private Markets Credit Strategies Fund 2018. At 31 March 2023 £21 million had been invested with £nil million still to be invested;
- the Trustees entered a commitment to invest £30 million in the Partners Group Private Markets Credit Strategies Fund 2020. At 31 March 2023 £24.7 million had been invested with £5.3 million still to be invested;
- the Trustees entered a commitment to invest £20 million in the AEW UK Real Return Fund. At 31 March 2023 £20 million had been invested with £nil still to be invested; and
- the Trustees entered a commitment to invest £24 million in the IFM Global Infrastructure (UK) GBP L.P Fund. At 31 March 2023 £24 million had been invested with £nil million still to be invested.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2023

### 25. GMP EQUALISATION

On 26 October 2018, the High Court handed down a judgment involving the Lloyds Banking Group's defined benefit pension schemes. The judgment concluded that schemes should be amended to equalise pension benefits for men and women in relation to guaranteed minimum pension benefits. On 20 November 2020, the High Court also ruled that pension schemes will need to revisit individual transfer payments made since May 1990.

Under the rulings, schemes are required to backdate benefit and transfer out adjustments in relation to GMP equalisation and provide interest on the backdated amounts. Based on an initial assessment of the likely backdated amounts and related interest the Trustees do not expect these to be material to the financial statements and therefore have not included a liability in respect of these matters in these financial statements. They will be accounted for in the year they are paid.

# UNIVERSITY OF GLASGOW PENSION SCHEME

## **INDEPENDENT AUDITOR'S STATEMENT ABOUT CONTRIBUTIONS TO THE TRUSTEES OF UNIVERSITY OF GLASGOW PENSION SCHEME**

We have examined the Summary of Contributions to the University of Glasgow Pension Scheme for the Scheme year ended 31 March 2023 to which this statement is attached.

In our opinion contributions for the Scheme year ended 31 March 2023 as reported in the Summary of Contributions and payable under the Schedule of Contributions have in all material respects been paid at least in accordance with the Schedule of Contributions certified by the Scheme actuary on 29 June 2020.

### **Scope of work on Statement about Contributions**

Our examination involves obtaining evidence sufficient to give reasonable assurance that contributions reported in the Summary of Contributions on page 38 have in all material respects been paid at least in accordance with the Schedule of Contributions. This includes an examination, on a test basis, of evidence relevant to the amounts of contributions payable to the Scheme and the timing of those payments under the Schedule of Contributions.

### **Respective responsibilities of Trustees and the auditor**

As explained more fully in the Statement of Trustees' Responsibilities, the Scheme'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 Scheme by the employer in accordance with the Schedule of Contributions.

It is our responsibility to provide a Statement about Contributions paid under the Schedule of Contributions and to report our opinion to you.

### **Use of our statement**

This statement is made solely to the Scheme's Trustees, as a body, in accordance with regulation 4 of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, made under the Pensions Act 1995. Our audit work has been undertaken so that we might state to the Scheme's Trustees those matters we are required to state to them in an auditor's statement and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Scheme's Trustees as a body, for our work, for this statement, or the opinions we have formed.

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Ernst & Young LLP  
Statutory Auditor  
London

Date: \_\_\_\_\_

# UNIVERSITY OF GLASGOW PENSION SCHEME

## SUMMARY OF CONTRIBUTIONS PAID IN THE YEAR

During the year, the contributions paid to the Scheme by the Employer under the Schedule of Contributions were as follows:

	£
Employer normal contributions	6,819,652
Employer deficit contributions	3,951,000
Employee normal contributions	114,457
Total contributions paid	<u>10,885,109</u>
Reconciliation to the financial statements:	
Contributions paid under the Schedule of Contributions	10,885,109
Members' Additional Voluntary Contributions	138,248
<b>Contributions receivable per the financial statements</b>	<b><u>11,023,357</u></b>

This Summary was approved by the Trustees on .....

Signed on behalf of the Trustees:

.....  
Trustee Date

.....  
Trustee Date

## IMPLEMENTATION STATEMENT

### Background

The regulatory landscape continues to evolve as ESG becomes increasingly important to regulators and society. The Department for Work and Pensions ('DWP') has increased the focus around ESG policies and stewardship activities by issuing further regulatory guidance relating to voting and engagement policies and activities. These regulatory changes recognise the importance of managing ESG factors as part of a Trustee's fiduciary duty.

### Statement of Investment Principles (SIP)

The SIP can be found online at the web address:

<https://www.gla.ac.uk/myglasgow/payandpensions/pensions/universityofglasgowpensionscheme/>

The SIP in the above link was updated in August 2023. Changes to the SIP are detailed on the following pages.

### Implementation Report

This Implementation Report is to provide evidence that the Scheme continues to follow and act on the principles outlined in the SIP. This report details:

- actions the Trustees have taken to manage financially material risks and implement the key policies in its SIP
- the current policy and approach with regards to ESG and the actions taken with managers on managing ESG risks
- the extent to which the Trustees have followed policies on engagement, covering engagement actions with its fund managers and in turn the engagement activity of the fund managers with the companies they invest
- voting behaviour covering the reporting year up to 31 March 2023 for and on behalf of the Scheme including the most significant votes cast by the Scheme or on its behalf



## IMPLEMENTATION STATEMENT (continued)

### Summary of key actions undertaken over the Scheme's reporting year

- The Trustees agreed to fully redeem their Insight Buy and Maintain Corporate Bonds over the reporting period, this was to top up the collateral base to support the LDI mandate.
- The Trustees also instructed the full redemptions of the Scheme's holdings in the Apollo Total Return Fund and Pырford Diversified Growth Fund over the period. The proceeds from the Pырford redemption were used to meet the capital call for the Scheme's commitment to the IFM Global Infrastructure Fund in August.
- In October, the Trustees agreed to reduce the Scheme's LDI hedge with Insight from 70% to 40% (measured on a gilts basis) in order to preserve capital and ensure there was appropriate collateral to support any further rate rises. In February, the Trustees agreed to increase the hedge back to 60% on a gilts flat basis.

### Implementation Statement

This report demonstrates that the University of Glasgow Pension Scheme has adhered to its investment principles and its policies for managing financially material considerations including ESG factors and climate change.

Signed

Position

Date

# UNIVERSITY OF GLASGOW PENSION SCHEME

## IMPLEMENTATION STATEMENT (continued)

### Managing risks and policy actions

Risk/ Policy	Definition	Policy	Actions over reporting period
Interest rates and inflation	The risk of mismatch between the value of the Scheme assets and present value of liabilities from changes in interest rates and inflation expectations.	To hedge 60% (on a flat gilts basis) of the total liabilities movements caused by changes to interest and inflation rates.	The Scheme decreased its level of hedging to 40% in order to preserve capital and to ensure there was appropriate collateral to support any further rate rises. This was then increased to 60% (the first tranche was completed in March 2023, with the second tranche completed in April 2023).
Liquidity	Difficulties in raising sufficient cash when required without adversely impacting the fair market value of the investment.	To maintain a sufficient allocation to liquid assets so that there is a prudent buffer to pay members benefits as they fall due (including transfer values), and to provide collateral to the LDI manager.	The Trustees regularly monitor the collateral and liquidity position to reduce the impact of this risk via a specific quarterly report provided by the investment consultant.
Market	Experiencing losses due to factors that affect the overall performance of the financial markets.	To remain appropriately diversified and hedge away any unrewarded risks, where practicable.	The Trustees agreed to implement an interim investment strategy in Q1 2023. A final strategy will be agreed following an LDI review using the revised cashflows from the formal valuation as at 1 April 2022.  These changes will be reflected in an updated SIP following implementation.
Credit	Default on payments due as part of a financial security contract.	To diversify this risk by investing in a range of credit markets across different geographies and sectors.  To appoint investment managers who actively manage this risk by seeking to invest only in debt securities where the yield available sufficiently compensates the Scheme for the risk of default.	The allocation to credit assets remains diversified in terms of number of managers and credit sub-asset classes.

# UNIVERSITY OF GLASGOW PENSION SCHEME

## IMPLEMENTATION STATEMENT (continued)

Risk/ Policy	Definition	Policy	Actions over reporting period
Environmental, Social and Governance (ESG)	Exposure to Environmental, Social and Governance factors, including but not limited to climate change, which can impact the performance of the Scheme's investments.	Please see Appendix 3 of the Scheme's SIP for the policy relating to managing Environmental, Social and Governance considerations.	ESG actions undertaken: <ul style="list-style-type: none"> <li>- The Trustees received an ESG beliefs training session in August 2022 and reviewed the ESG policies of the Scheme's underlying investment managers in February 2023, in the form of an 'impact assessment'.</li> <li>- The Trustees are still to agree on a formal ESG policy for the Scheme.</li> </ul>
Currency	The potential for adverse currency movements to have an impact on the Scheme's investments.	Hedge all currency risk on all assets that deliver a return through contractual income.	No additional action or change over reporting period.
Non-financial	The views of Scheme members and beneficiaries in relation to ethical considerations, social and environmental impact, or present and future quality of life of the members and beneficiaries of the Scheme in the selection, retention and realisation of investments.	Non-financial matters are not taken into account in the selection, retention or realisation of investments unless specifically requested as part of the evaluation criteria when selecting managers. However, the Trustees may take specific non-financial matters into consideration if they represent the view of a majority of Scheme members.	No additional action or change over reporting period.

## IMPLEMENTATION STATEMENT (continued)

### Changes to the SIP

<b>Policies added to the SIP over reporting period</b>	
<b>Date updated: August 2022</b>	
How investment managers exercise rights (include voting rights).	<ul style="list-style-type: none"> <li>The Trustees will in advance explain to their investment managers what they consider to be most significant votes in line with the Scheme's stewardship priorities via the investment consultant.</li> </ul>
Environmental, Social and Governance Consideration	<ul style="list-style-type: none"> <li>On an annual basis, the Trustees assess the voting and engagement activity of their assets managers. The results of this analysis feeds into the Trustees' investment decision making.</li> </ul>
How the Trustees monitor and engage with investment managers Stewardship priorities.	<ul style="list-style-type: none"> <li>The Trustees are in the process of developing stewardship priorities as part of an ESG beliefs review. Once these priorities are agreed, they will be shared with the investment managers, via their investment adviser, going forward.</li> </ul>

# UNIVERSITY OF GLASGOW PENSION SCHEME

## IMPLEMENTATION STATEMENT (continued)

### Implementing the current ESG policy and approach

#### ESG as a financially material risk

The SIP describes the Scheme's policy with regarding to ESG as a financially material risk. This page details how the Scheme's ESG policy is implemented, while the following page outlines Isio's assessment criteria as well as the ESG beliefs used in evaluating the Scheme's managers' ESG policies and procedures. The rest of this statement details our view of the managers, our actions for engagement and an evaluation of the stewardship activity.

The below table outlines the areas which the Scheme's investment managers are assessed on when evaluating their ESG policies and engagements. The Trustee intend to review the Scheme's ESG policies and engagements periodically to ensure they remain fit for purpose.

#### Implementing the Current ESG Policy

Areas for engagement	Method for monitoring and engagement
Risk Management	<ol style="list-style-type: none"> <li>Integrating ESG factors, including climate change risk, represents an opportunity to increase the effectiveness of the overall risk management of the Scheme</li> <li>ESG factors can be financially material and managing these risks forms part of the fiduciary duty of the Trustee</li> </ol>
Approach / Framework	<ol style="list-style-type: none"> <li>The Trustee should understand how asset managers make ESG decisions and will seek to understand how ESG is integrated by each asset manager.</li> <li>ESG factors are relevant to investment decisions in all asset classes.</li> <li>Managers investing in companies' debt, as well as equity, have a responsibility to engage with management on ESG factors.</li> </ol>
Reporting & Monitoring	<ol style="list-style-type: none"> <li>Ongoing monitoring and reporting of how asset managers manage ESG factors is important.</li> <li>ESG factors are dynamic and continually evolving; therefore the Trustee will receive training as required to develop their knowledge.</li> <li>The role of the Scheme's asset managers is prevalent in integrating ESG factors; the Trustee will, alongside the investment advisor, monitor ESG in relation to the asset managers' investment decisions.</li> </ol>
Voting & Engagement	<ol style="list-style-type: none"> <li>The Trustee will seek to understand each asset managers' approach to voting and engagement when reviewing the asset managers' approach.</li> <li>Engaging is more effective in seeking to initiate change than disinvesting</li> </ol>
Collaboration	<ol style="list-style-type: none"> <li>Asset managers should sign up and comply with common codes and practices such as the UNPRI &amp; Stewardship code. If they do not sign up, they should have a valid reason why.</li> <li>Asset managers should engage with other stakeholders and market participants to encourage best practice on various issues such as board structure, remuneration, sustainability, risk management and debtholder rights.</li> </ol>

# UNIVERSITY OF GLASGOW PENSION SCHEME

## IMPLEMENTATION STATEMENT (continued)

### ESG summary and engagement with the investment managers

Manager and Fund	ESG Summary	Actions identified	Engagement details
AEW Real Return Fund	<p>AEW have a clear ESG policy focused on social impact and awareness of key climate issues. However, AEW need to demonstrate the implementation of these policies at a fund level.</p> <p>Over time, we expect clearly defined ESG objectives for the funds and regular reporting on how the funds are performing versus its ESG objectives.</p>	<p>AEW should make a fund level commitment on ESG objectives and develop a net zero target and pathway. They should introduce climate risk scenarios and finalise its Diversity and Inclusion Policy. In addition, have fund level stewardship priorities in place. To include ESG metrics in quarterly reporting.</p>	<p>Isio engaged with AEW on the Trustee's behalf to review their ESG policies and set actions and priorities. Isio regularly reports back to the ISC with updates on the AEW engagements.</p>
BlackRock Dynamic Diversified Growth Fund	<p>There remains no dedicated ESG policy in place for this fund and the fund lacks any quantifiable objective or a specific journey to net zero. However, the fund has demonstrated no investment decisions based on sustainability grounds and actively seek ESG investment opportunities. They have a publicly available Global Stewardship Policy and a central stewardship team. ESG metrics are available on request and are updated monthly. BlackRock has a PRI rating of A+ for strategy, governance and integration of responsible investment related issues whilst being a signatory of UNPRI, NZAM and TCFD.</p>	<p>BlackRock should report on alignment with temperature pathway and impact of climate change scenarios. As well as create fund level stewardship priorities. They should introduce GHG metrics for reporting and implement specific ESG policy for the fund.</p>	<p>Isio engaged with BlackRock on the Trustee's behalf to review their ESG policies and set actions and priorities. Isio regularly reports back to the ISC with updates on BlackRock engagements.</p>

# UNIVERSITY OF GLASGOW PENSION SCHEME

## IMPLEMENTATION STATEMENT (continued)

<p>BlackRock UK Long Lease Property Fund</p>	<p>BlackRock have a robust firm wide ESG process that is well integrated within their Real Assets platform. Each asset within the portfolio is reviewed from an ESG standpoint to ensure ESG is monitored throughout the lifecycle of an investment, although they admit their limited control over properties and the importance of engaging with tenants going forward. BlackRock have committed to improving their ESG framework on an ongoing basis to identify the ESG risk and rewards associated with each underlying asset.</p> <p>BlackRock currently report on some ESG metrics for the Fund however are actively looking to improve their reporting once data quality is improved.</p>	<p>BlackRock should provide evidence they are providing detailed ESG metrics within their regular reporting cycle.</p> <p>In addition, consider updating their ESG scorecard more frequently. Also, report and monitor engagement effectiveness overtime.</p>	<p>Isio engaged with BlackRock on the Trustee's behalf to review their ESG policies and set actions and priorities. Isio regularly reports back to the ISC with updates on BlackRock engagements.</p>
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# UNIVERSITY OF GLASGOW PENSION SCHEME

## IMPLEMENTATION STATEMENT (continued)

<p>JP Morgan – Unconstrained Bond Fund</p>	<p>While the firm’s ESG policies are integrated at a Fund level, which differs depending on the underlying sub-asset class, the Fund still lacks specific ESG objectives and priorities. JPM have an investment stewardship team which manages engagements and are able to provide engagement evidence in line with firm-level stewardship priorities. Going forward, JPM should work to improve their overall portfolio engagement figures.</p>	<p>JPM should introduce a fund-level ESG scorecard across all sub-asset classes and update this at regular intervals (at least annually). BlackRock should also introduce a fund-level ESG score</p> <p>They should also improve tracking and reporting of Fund engagements, consider introducing engagement targets.</p> <p>Additionally, Implement fund-level ESG targets and objectives</p> <p>Reporting – Introduce and track social metrics as part of ESG reporting</p> <p>Climate – Set a clear temperature pathway with climate objectives</p>	<p>Isio engaged with JPM on the Trustee’s behalf to review their ESG policies and set actions and priorities. Isio regularly reports back to the ISC with updates on JPM engagements.</p>
<p>Partners Group - Direct Lending (PMCS 2016, 2018 &amp; 2020)</p>	<p>While PG have demonstrated growth within their ESG team and practices, they are lagging compared to peers across a number of areas, primarily reporting. PG should consider the below proposed actions in order to improve their ESG score.</p>	<p>Partners Group should adopt engagement targets and include engagement information in quarterly reporting. In addition, provide a Diversity Report and improve diversity reporting metrics. They should also, report on TFCO Climate Change Metrics and incorporate ESG metrics into quarterly reports. Isio suggested that they Identify Fund Level ESG targets.</p>	<p>Isio engaged with Partners Group on the Trustee’s behalf to review their ESG policies and set actions and priorities. Isio regularly reports back to the ISC with updates on the Partners Group engagements. Partners Group has made suitable progress with actions identified such that their overall ESG rating has been upgraded.</p>



# UNIVERSITY OF GLASGOW PENSION SCHEME

## IMPLEMENTATION STATEMENT (continued)

<p>IFM Global Infrastructure Fund</p>	<p>IFM comprehensively integrate the firm's Responsible Investment Charter throughout the investment process and have a clear process for ESG integration through the investment process.</p> <p>They have specifically included climate concerns throughout their assessment approach, with quantifiable metrics and targets at Fund level. GIF should complete its emission reduction plans at the asset level at the earliest opportunity to assess alignment with its net zero targets.</p> <p>Reporting is now TCFD aligned but there is potential for more detail in fund-level ESG metrics scoring and reporting, especially for social scoring</p>	<p>IFM should develop an ESG scorecard approach to quantify ESG risks. IFM should also improve climate scenario testing on fund value. In addition, they should also continue to improve overall fund level reporting on ESG metrics, particularly social metrics.</p>	<p>Isio engaged with Partners Group on the Trustee's behalf to review their ESG policies and set actions and priorities. Isio regularly reports back to the ISC with updates on the Partners Group engagements. Partners Group has made suitable progress with actions identified such that their overall ESG rating has been upgraded.</p>
<p>Insight Liability Driven Investment ("LDI")</p>	<p>Insight have a robust ESG scoring system for the counterparties they deal with.</p> <p>Insight have made improvements to their counterparty engagement process with the aim of achieving a greater level of impact in their engagements with counterparties.</p>	<p>Insight should consider the inclusion of an engagement summary in regular reporting. In addition, consider key KPIs and milestones for engagement..</p>	<p>Isio engaged with Insight on the Trustee's behalf to review their ESG policies and set actions and priorities. Isio regularly reports back to the ISC with updates on Insight engagements.</p>

## IMPLEMENTATION STATEMENT (continued)

<p>Insight Asset Backed Securities ("ABS")</p>	<p>Insight has shown a good level of engagement and data collection from the originators, however there is still a clear lack of data collection quality, which is common in the ABS market.</p> <p>Insight has improved their risk management with the introduction of the 'ESG Academy' that provides firm-wide compulsory training on ESG matters on an ongoing basis.</p>	<p>Insight should continue to engage with originators to improve the quality of ESG data collection. In addition, develop a quantitative scorecard for originators. Insight should also publish the Stewardship policy. They should include engagement metrics in their ESG reporting as well.</p>	<p>Isio engaged with Insight on the Trustee's behalf to review their ESG policies and set actions and priorities. Isio regularly reports back to the ISC with updates on Insight engagements.</p>
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# UNIVERSITY OF GLASGOW PENSION SCHEME

## IMPLEMENTATION STATEMENT (continued)

### Engagement

As the Scheme invests via fund managers the managers provided details on their engagement actions including a summary of the engagements by category for the 12 months to 31 March 2023.

Fund name	Engagement summary	Commentary
AEW Real Return Fund	AEW currently do not provide details of their engagement activities due to the nature of the Fund. Isio will work with AEW on the development of the firm's engagement reporting.	AEW can only engage with the tenants of the assets which are held in the Fund, and their overall influence as a landlord is limited. They maintain dialogue with all occupiers, and as part of this ESG-related behaviours are encouraged.
BlackRock Dynamic Diversified Growth Fund	Total Engagements: 384  Environmental: 337  Social: 151  Governance: 176  One engagement can comprise of more than one topic across each company	BlackRock engage with their companies through their Investment Stewardship team in order to provide feedback and inform their voting decisions.  An examples of a significant engagement includes:  Shell Plc – BlackRock met with Shell to discuss the Company's Energy Transition Strategy and how it plans to manage climate-related risks and opportunities. Shell demonstrated that their strategy is consistent with what BlackRock looks for in companies in which it invests – resilience across a range of climate scenarios. In addition, Shell has updated its emissions reduction targets to reduce scope 1 and 2 emissions by 50% by 2030. BlackRock were comfortable that the Company has a clear plan to manage climate-related risks and opportunities which they believe is progressing well.
BlackRock UK Long Lease Property Fund	BlackRock currently do not provide details of their engagement activities due to the nature of the Fund. Isio will work with BlackRock on the development of the firm's engagement reporting.	BlackRock's ESG related engagement is led by the BlackRock Investment Stewardship (BIS) team. BlackRock lease on full repairing and insuring ("FRI") terms, which means that whilst a tenant is in a property BlackRock has little control over that property, therefore engagement opportunities are scarce.

# UNIVERSITY OF GLASGOW PENSION SCHEME

## IMPLEMENTATION STATEMENT (continued)

<p>JP Morgan Unconstrained Bond Fund</p>	<p>Total Engagements: 278</p> <p>Environmental: 128</p> <p>Social: 167</p> <p>Governance: 120</p>	<p>JP Morgan’s engagement activities are formed as part of their Stewardship model, in which investment professionals liaise with Stewardship specialists on a global scale. The engagements included within their report span beyond fixed income, given the scale of the strategy’s holdings and global dialogue with investee companies.</p> <p>An example of a significant engagement includes:</p> <p>TotalEnergies – JP Morgan sent a letter to the Chairman of the Board at TotalEnergies outlining recommended actions around climate change risk, including expectations for the companies greenhouse gas (GHG) emission reporting, methane emissions reduction targets and how the business model may change when moving towards a net zero emissions economy. As a result of such engagement, the Company was made aware of needed improvements in their disclosures/reporting, such as providing GHG emissions reports on non-operated assets and publishing the methane emissions data. The Company has made tangible steps since and JP Morgan will continue to monitor their progress.</p>
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# UNIVERSITY OF GLASGOW PENSION SCHEME

## IMPLEMENTATION STATEMENT (continued)

<p>Partners Group Private Market Credit Strategies 2016 Fund</p>	<p>Total engagements: 4</p> <p>Corporate: 4</p> <p>*Note that Partners Group provide data semi-annually, and as such the engagement data shown reflects their activity over the 2022 calendar year.</p>	<p>Partners Group maintains ongoing contact with the management teams of their portfolio companies, however, given their position as lenders they will typically rely on the equity sponsor to report ESG-related concerns and drive ESG improvements. Investing in private companies also reduces the transparency of the information available to assess ESG risks.</p> <p>Partners Group has engaged on mostly governance related issues over the period, rather than environmental or social considerations. An example of a significant corporate governance activity within the portfolio project includes:</p> <p>IDEMIA – Partners Group had a call with the company’s sponsor to receive an update on trading and business performance. Despite inflationary pressures, the company has shown positive performance across all business lines and a third party has been employed to progress a sales process for 2023.</p>
<p>Partners Group Private Market Credit Strategies 2018 Fund</p>	<p>Total engagements: 3</p> <p>Corporate: 3</p> <p>*Note that Partners Group provide data semi-annually, and as such the engagement data shown reflects their activity over the 2021 calendar year</p>	<p>Partners Group maintain ongoing contact with the management teams of their portfolio companies, however, given their position as lenders they will typically rely on the equity sponsor to report ESG-related concerns and drive ESG improvements. Investing in private companies also reduces the transparency of the information available to assess ESG risks.</p> <p>Partners Group has engaged on mostly governance related issues over the period, rather than environmental or social considerations. An example of a significant corporate governance activity within the portfolio project includes:</p> <p>Azets – Partners Group had several engagements with the sponsor on the refinancing of the capital structure of the company. Following the engagement, Azets confirmed that the original debt exposure was fully repaid.</p>

# UNIVERSITY OF GLASGOW PENSION SCHEME

## IMPLEMENTATION STATEMENT (continued)

<p>Partners Group Private Markets Credit Strategies 2020 Fund</p>	<p>Total engagements: 4</p> <p>ESG: 2</p> <p>Corporate: 2</p>	<p>Partners Group maintain ongoing contact with the management teams of their portfolio companies, however, given their position as lenders they will typically rely on the equity sponsor to report ESG-related concerns and drive ESG improvements. Investing in private companies also reduces the transparency of the information available to assess ESG risks.</p> <p>Partners Group has engaged on mostly governance related issues over the period, rather than environmental or social considerations. An example of a significant corporate governance activity within the portfolio project includes:</p> <p>Ligentia– Partners Group engaged with about add-on Investment with ESG margin ratchet. Partners Group had discussions with the sponsor and the company on the inclusion of ESG related SLL terms on the new financing. The exact terms of the ESG margin ratchet are currently being agreed on</p>
<p>IFM Global Infrastructure Fund</p>	<p>IFM currently do not provide details of their engagement activities due to the nature of the Fund. Isio will work with IFM on the development of the firm’s engagement reporting.</p>	<p>IFM engage through board representation in both their private equity and public market portfolio holdings. IFM will only invest in companies which have appropriate governance structures in place. IFM bring together key executives of their portfolio companies to help spread good ESG practice and objectives across the portfolio.</p> <p>Buckeye Partners: Buckeye and IFM have begun looking for Merger &amp; Acquisition opportunities to acquire renewable development projects as well as currently developing solar projects. Both of these projects together may generate enough renewable power to offset over 200% of Buckeye’s 2019 electricity consumption.</p>

# UNIVERSITY OF GLASGOW PENSION SCHEME

## IMPLEMENTATION STATEMENT (continued)

Insight Liquid ABS	Total engagements: 50	<p>Insight engages with their underlying portfolio projects on a range of ESG issues, mainly related to corporate governance within portfolio companies and share issuance.</p> <p>An example of an engagement includes: European Data Warehouse (EDW)– Insight met with EDW to discuss data provision and the reporting of market level ESG data. Insight made suggestions to the company of how they could improve upon their availability and comparability of data across the wider market, including the implementation of data aggregation tool. The company were receptive of Insight’s suggestions how but acknowledged this will take time to achieve. Insight will continue to engage with the company on this and monitor their progress.</p>
Insight LDI	Insight currently do not provide details of their engagement activities for LDI Funds.	<p>Insight has engaged with a number of industry participants on long term strategic issues in relation to LDI, including:</p> <ul style="list-style-type: none"> <li>- Green gilt issuance</li> <li>- Liaising with the FCA and TCFD in relation to climate change reporting disclosures</li> <li>- Working with derivative counterparty banks on the integration of ESG factors into the assessment of credit risk</li> </ul> <p>The team regularly engages with regulators, governments and other industry participants to address long term structural issues, aiming to stay ahead of regulatory changes and adopt best practice.</p>

# UNIVERSITY OF GLASGOW PENSION SCHEME

## IMPLEMENTATION STATEMENT (continued)

### Voting (for equity/multi asset funds only)

As the Scheme invests via fund managers the managers provided details on their voting actions including a summary of the activity covering the reporting year up to 31 March 2023. The managers also provided examples of any significant votes.

Fund name	Engagement summary	Examples of significant votes	Commentary
BlackRock Dynamic Diversified Growth Fund	<p>Meetings eligible to vote for: 905</p> <p>Resolutions eligible to vote for: 11,472</p> <p>Resolutions voted for: 94.6%</p> <p>Resolutions voted with management: 89.4%</p> <p>Resolutions voted against management: 5.2%</p> <p>Resolutions abstained from: 1.5%</p> <p>*Data as at 28 February 2023</p>	<p>Berkshire Hathaway Inc – BlackRock voted in favour of the production of a Report on Climate-Related Risks and Opportunities. BlackRock’s rationale for the vote was due to Berkshire Hathaway’s current disclosures not meeting BlackRock’s expectations of how a business model aligns with a low-carbon economy.</p> <p>Charter Communications, Inc. – BlackRock voted in favour of a resolution proposing a Report on Effectiveness of Diversity, Equity and Inclusion Efforts and Metrics by the company. BlackRock acknowledged Charter Communications’ efforts on this topic but they viewed this as an opportunity for the company to accelerate their existing progress on social issues.</p>	<p>BlackRock use Institutional Shareholder Services (ISS) electronic platform to execute vote instructions. BlackRock categorise their voting actions into two groups: holdings directors accountable and supporting shareholder proposals. Where BlackRock have concerns around the lack of effective governance on an issue, they usually vote against the re-election of the directors responsible to express this concern.</p>