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The Pensions Trust 2016
Annual Report
and Financial
Statements **2020**

t|p|t
Retirement Solutions

Pension Scheme Registration Number 12013479

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Trustee and Advisors

Trustee	Verity Trustees Limited
Chair of the Trustee Board	Joanna Matthews
Co-opted Directors	Joanna Matthews – Independent Chair Michael Ramsey David Robertson
Employer-Nominated Directors	Jonathan Wheeler Paul Oldroyd Jonathan Cawthra (appointed 01/10/2019)
Member-Nominated Directors	Thomas Hague Andrew Newberry Linda Henry (appointed 01/10/2019)
Trust Administrator and Chief Executive	Michael Ramsey, TPT Retirement Solutions
Scheme Actuary	Steven Robinson FIA (resigned 30/11/2020) Michael Kelly FIA (appointed 01/12/2020) Mercer UK
Independent Auditors	PricewaterhouseCoopers LLP
Solicitors	Linklaters LLP CMS Cameron McKenna Nabarro LLP
Investment Managers	Aberdeen Standard Investments Alcentra Limited Apollo Group Ares Management Corporation (appointed 02/01/2020) Ashmore Investment Management Limited BlackRock Investment Management (UK) Limited Capital Fund Management LLP (resigned 30/06/2020) Chorus Capital Management Limited (appointed 08/09/2020) Hayfin Capital Management LLP IFM Investors Pty, Limited King Street Capital Management L.P. KKR & Co. Inc. Legal & General Investment Management Limited Man Group Marathon Asset Management Nephila Capital Limited Ownership Capital B.V Pacific Investment Management Company Partners Group RBC Global Asset Management (UK) Limited Royal London Asset Management Limited

	Ruffer LLP Sands Capital Management LLC Siguler Guff & Company, LP Standard Life Investments Limited TwentyFour Asset Management (appointed 02/12/2019) Wellington Management International Limited (appointed 21/04/2020)
External AVC Policy Providers	Aviva Life & Pensions UK Limited Clerical Medical Coventry Building Society Legal & General Assurance (Pensions Management) Limited Scottish Widows Limited Utmost Life and Pensions Limited (formerly The Equitable Life Assurance Society until January 2020)
Insurance Policy Providers	See listing in Note 14
Investment Consultants	Mercer Investment Consulting Redington Investments Limited
Custodian	The Northern Trust Company
Custody Consultants	Thomas Murray Data Services
Address for enquiries	TPT Retirement Solutions Verity House 6 Canal Wharf Leeds West Yorkshire LS11 5BQ Email: enquiries@tpt.org.uk Website: www.tpt.org.uk

Trustee's Report

For the year ended 30 September 2020

Verity Trustees Limited (the "Trustee") presents its Annual Report on The Pensions Trust 2016 (the "Trust"), together with the Financial Statements of the Trust for the year ended 30 September 2020.

Trust Constitution and Management

The Trust is governed by Verity Trustees Limited, the sole corporate Trustee. As at 30 September 2020 the Trustee Board consisted of nine Directors, three of whom are nominated by the members, three by the employers and three co-opted onto the Trustee Board by the member and employer-nominated Directors. Verity Trustees Limited is also the corporate Trustee of The Pensions Trust. The Pensions Trust 2016 and The Pensions Trust operate under the name TPT Retirement Solutions ("TPT"). Directors of Verity Trustees Limited, other than those who are co-opted, can be nominated by members and employers of either Trust.

The Articles of Association of the corporate Trustee and the Rules of the Trust contain provisions for the appointment and removal of Trustee Directors.

Joanna Matthews was the Independent Chair of the Trustee Board for the year ended 30 September 2020.

TPT operates a two-tier governance structure. The supervisory Trustee Board appoints and holds to account the Management Oversight Board which holds delegated authority to make decisions about the operation of TPT and to oversee the day-to-day running of TPT. There are five members of the Management Oversight Board: four independent non-executives and the Chief Executive. For the Trust year commencing 1 October 2019, David Robertson was the Chair of the Management Oversight Board. David is also a co-opted Director of Verity Trustees Limited. The other non-executive members of the Management Board at 30 September 2020 were Mike Balfour and Richard Coates who are also the respective chairs of the Investment and Audit, Risk & Compliance Committees. On 19 March 2020 Wendy Mayall resigned as both a member of the Management Oversight Board and Chair of the Funding Committee. Recruitment for a successor commenced immediately and Colin Richardson was appointed with effect from 1 December 2020. In the interim the Chair of the Trustee Board, Joanna Matthews, temporarily assumed the role of Chair of the Funding Committee. There was a vacancy on the Management Oversight Board between the date of Wendy Mayall's resignation and Colin Richardson's appointment.

The Trustee has appointed professional advisors and other organisations to support it in delivering the Trust's objectives. These individuals and organisations are listed on pages 1 and 2. The Trustee has written agreements in place with each of them.

On 30th November 2020, Steven Robinson (Mercer UK) resigned his position as Scheme Actuary. In his statement on leaving the position, he noted no circumstances connected with his resignation which, in his opinion, significantly affected the interests of the members or the prospective members

of, or beneficiaries under, the Trust. His colleague Michael Kelly was appointed as Scheme Actuary in his place.

The Trust is a centralised occupational pension fund for non-associated employers (“employers”). There are 8 (2019: 6) segregated schemes (“schemes”) within the Trust.

Financial Developments and Financial Statements

The Financial Statements included in this annual report are the accounts required by the Pensions Act 1995. The Financial Statements set out on pages 17 to 40 have been prepared and audited in compliance with regulations made under sections 41(1) and (6) of that Act.

The summary financial performance of the Trust is as follows:

	Year ended 30 Sept 2020	Year ended 30 Sept 2019
	£'000	£'000
Contributions Receivable	4,453.9	9,099.6
Transfers In and Other Income	38,623.3	281,077.7
Benefits Paid or Payable	(9,725.2)	(4,778.9)
Transfers Out to Other Schemes	(4,033.8)	(2,224.2)
Administrative Expenses (incl. PPF levy)	(922.8)	(524.9)
Net Additions from dealings with Members	28,395.4	282,649.3
Investment Income*	4,390.0	2,452.5
Change in Market Value of Investments	3,551.8	43,754.6
Investment management expenses	(1,897.3)	(801.1)
Net Returns on Investments	6,044.5	45,406.0
Net Increase in the Fund during year	34,439.9	328,055.3
Net Assets at beginning of year	402,674.1	74,618.8
Net Assets at end of year	437,114.0	402,674.1

*Prior year investment income includes £2.5m of income from annuities previously disclosed under ‘Other Income’

Significant developments affecting the financial performance of the Trust during the year include:

- Contributions receivable have decreased by 51.1% when compared to the prior year, from £9,099.6k to £4,453.9k, mainly due to a one-off payment of £6,000k made by Coventry Building Society Staff Superannuation Scheme in the prior year.
- Transfers In and Other Income include bulk transfer values relating to National Counties Building Society Pension Scheme and Seabourne Pension Scheme.
- Within Benefits Payable, the pensions payable have increased by 107.7% from £4,012.0k to £8,334.2k. This reflects benefit payments made for the two aforementioned new schemes which transferred to the Trust within the year and also full year pension payments being made for the three new schemes transferred to the Trust in the prior year: Coventry Building Society Staff

Superannuation Scheme, Hinckley & Rugby Building Society Defined Benefit Pension Scheme and Medicash Pension Fund.

- Transfers Out to Other Schemes shows an increase in the current year mainly due to a high number of transfers for the Coventry Building Society Staff Superannuation Scheme and the Medicash Pension Fund.
- The overall net return on investments was 1.4% in 2020 (2019: 21.8% during the prior year).

Membership and Benefits

As at the year end, there were 8 (2019: 6) participating employers.

The change in membership during the year is as follows:

	Active Members	Deferred Members	Pensioners	Beneficiaries	Total
At the start of the year	49	1,577	1,002	87	2,715
New members*	75	153	107	16	351
Members retiring	-	(51)	51	-	-
Member leaving prior to retirement age	(6)	6	-	-	-
Transfers out	-	(15)	-	-	(15)
Full commutations	-	(4)	-	-	(4)
Deaths	-	(2)	(17)	(5)	(24)
New beneficiaries**	-	-	-	10	10
Reclassifications	-	1	(1)	-	-
At the end of the year	118	1,665	1,142	108	3,033

* New members include bulk transfers in and new joiners to existing schemes.

** New beneficiaries include bulk transfers in.

The above membership reflects the number of records held rather than individual members.

Included in the above are 89 (2019: 2) pensioners and beneficiaries whose benefits are secured by annuities. Included within the number of active members are 43 (2019:24) paid-up members. Paid-up members are ones who are still in employment but are not contributing to the Trust, though they still maintain a salary link.

Pension Increases

The Rules make provision for increases to pensions in payment and deferred pensions. The increases applied depend on when the benefits were accrued and under which pension scheme. Decisions on increases are made in accordance with the provisions of each scheme, taking into account the financial position of the scheme, other relevant factors and the interests of all the categories of beneficiaries. Where pensions in payment are increased annually this is normally by at least Limited Price Indexation (LPI), which means that the increase is capped at a maximum of either 2.5% or 5.0% depending upon when the benefits were accrued.

The table below summarises the most recent increases applied:

	Minimum	Maximum	Average
Effective date			
Pensions in payment			
6 April 2020	0.0%	3.3%	1.7%
6 April 2019	0.0%	3.3%	1.7%

There have been no discretionary increases awarded during the reporting period.

Transfer Values

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

Report on Actuarial Liabilities

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

Under section 222 of the Pensions Act 2004, every scheme within the Trust 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 Trustee and the employer and set out in the Statement of Funding Principles, a copy of which is available to scheme members on request from the contact for enquiries on page 2.

All the Trust's schemes have completed triennial valuations, with the exception of any new schemes transferred in within the last 12 months. Details of the individual schemes' actuarial valuation certifications are contained in the Summary of Actuarial Certificates section of the annual report on pages 44 and 45. In the years in between full actuarial valuations, an actuarial update is prepared by the Scheme Actuary. The actuarial update is a roll-forward of the full actuarial valuation.

The aggregate valuation of all the Trust's schemes at 30 September 2019 (the latest aggregate valuation available) is the sum total of either the full actuarial valuations at that date or the latest actuarial update.

	2019	2018
	£'000	£'000
Valuation date 30 September		
Value of Technical Provisions	426,661	99,615
Value of Assets Available to meet Technical Provisions*	402,001	74,068
as a percentage of Technical Provisions	94%	74%

**Note: In accordance with SORP 2018, the value of assets available to meet technical provisions is as at the date of the related actuarial valuation, both in 2019 and 2018. The asset value quoted above excludes assets in respect of schemes which have not yet undergone an actuarial valuation, and therefore have no technical provisions.*

The value of technical provisions is based on the Pensionable Service accrued to the valuation date and assumptions about various factors that will influence each scheme in the future, such as the levels of investment returns and pay increases, when members will retire and how long members will live. The method and significant actuarial assumptions used in the 2019 calculations are as follows:

Method

The actuarial method used in the calculation of the technical provisions is the Projected Unit Method, with a control period of one year for open schemes and of duration to Normal Pension Age for schemes closed to new entrants.

Significant Actuarial Assumptions

Discount Interest Rate: Scheme specific set by reference to a fixed interest gilt curve at the valuation date, with an adjustment for expected outperformance from scheme assets.

Future Retail Price Inflation: Set by reference to a market implied inflation curve as derived from gilt prices at the valuation date.

Future Consumer Price Inflation: Retail Price Inflation less 1.0% per annum.

Pension Increases: Derived from the term dependent rates for future retail or consumer price inflation, allowing for the caps and floors on pension increases according to the provisions of the schemes' rules.

Pay Increases: General pay increases of 2.0% per annum above the rates for the future consumer price inflation, with some scheme specific variations.

Mortality: Mortality and morbidity tables produced by the CMI (Continuous Mortality Investigation) with the support of the Institute and Faculty of Actuaries are used. No allowance is made for the period pre-retirement. For the period post-retirement, a scheme specific loading to the S2PxA tables is used, with future improvements based on CMI tables with a long-term scaling factor of 1.5% for males and 1.25% for females.

Recovery Plan

The arrangements for each scheme are formalised in Schedules of Contributions that are certified by the Scheme Actuary. Details of the date of certification of each schedule can be found on page 45. A copy of the example certificate can be found on page 44.

National Counties Building Society Pension Scheme and Seabourne Pension Scheme have interim Schedules of Contributions until the Scheme Actuary certifies a full Schedule of Contributions.

GMP Equalisation

The Trustee is currently reviewing with its advisors the impact of a High Court ruling made in October 2018 concerning Guaranteed Minimum Pension (GMP) Equalisation. Further details of this can be found in note 22.

Brexit

To date there has been no material impact on investment returns nor employers' ability to meet current levels of regular and deficit contributions as a consequence of the withdrawal of the UK from the European Union (EU). Although agreement has been reached on the trading rules that now apply between the UK and the EU, the full impact of these changes is yet to materialise and there is still the potential for risk and uncertainty in respect of sponsoring employer covenant and investment returns. The Trustee has considered these impacts, has taken advice from its legal, investment and covenant advisors and will continue to monitor and respond to developments.

COVID-19

Since the outbreak of COVID-19 and the accompanying global uncertainty, the Trustee and its appointed advisors have carried out a significant amount of work to understand the risks posed to the Trust as a result of COVID-19 in order to ensure that steps were taken to mitigate the exposure where appropriate and to protect the security of the Trust and members' benefits.

The Trustee identified and prioritised the risks to delivering services to members as well as to the Trustee's objectives. The impact of COVID-19 on these risks was discussed and various mitigation actions were agreed and incorporated into the existing risk management framework. The following key areas were discussed in particular:

- Operational — the Trustee has sought information from its advisors regarding their ability to continue to operate despite the restrictions resulting from COVID-19. This is monitored on at least a monthly basis and all advisors continue to provide services as normal following the implementation of their resilience plans to facilitate remote working.
- Trustee effectiveness — the Trustee, in conjunction with their advisors and TPT staff, has also sought to review its own effectiveness as a decision-making body in light of the risks posed by COVID-19. As a result of these discussions, the Trustee is comfortable that there is sufficient flexibility within the Rules to enable decision-making processes to operate largely unaffected. The Trustee and its advisors have also successfully transitioned to virtual meetings in order to facilitate the effective running of the Trust.
- Investment (DB) — advice was sought from the Trust's DB Investment Advisor on the impact of COVID-19 on the Trust's investment portfolio. The Trust's investment strategy is designed to weather market volatility and it does so by holding a well-diversified portfolio of assets. Therefore, whilst the fall in equity values in Q1 2020 had some impact on the Trust's DB assets, it has not been material. Below we have specified what additional

work has been undertaken to ensure that the Trustee is comfortable with the valuations as at 30 September 2020.

- Funding — advice was sought from the Scheme Actuary who confirmed that the funding position has not seen a material change as a result of the impact of COVID-19 though the Trustee continues to monitor the position.
- Communication — Since the beginning of the pandemic TPT’s website has included regular updates to provide reassurance to members that the Trustee is monitoring the developing situation closely.
- Liquidity — close monitoring of the cash position was in place pre-pandemic and this was enhanced to ensure that sufficient cash was available in the event it was needed.

In light of the COVID-19 pandemic the Trustee contacted all of its investment managers to obtain further information from them in relation to their valuations and to ask if there were any trading restrictions or impact to the certainty of those valuations on our investments as at the year end 30 September 2020. The Trustee also sought details from the investment managers of the impact COVID-19 has had on their control environment and operations, if any. Responses were received from all investment managers who confirmed that their control environments had not been impacted by the pandemic and therefore they were able to fulfil their obligations to the Trust. They also confirmed that they were able to provide valuations of the Trust’s investments as at 30 September 2020.

Investment managers have also confirmed that, to the best of their knowledge, there have been no other substantial changes to their systems and processes which would adversely affect the control environment. No material weaknesses or significant deficiencies have been identified or corrective actions taken that have not already been disclosed to the Trustee.

The Trustee continues to monitor the position given the constantly evolving nature of the global pandemic. Nonetheless, the Trustee does not believe that the impact of COVID-19 will have a material effect on the security of the Trust and members’ benefits.

Regulation and Governance

The Pensions Trust 2016 is regulated by The Pensions Regulator. The Trustee has in place policies and processes to enable it to monitor compliance with applicable laws and regulations.

Investment Management

Investment Strategy and Principles

The Trustee is responsible for determining the Trust’s investment strategy.

In accordance with section 35 of the Pensions Act 1995, the Trustee has agreed a Statement of Investment Principles (“SIP”). The version in place at 30 September 2020 was approved in September 2020. A copy of the SIP may be obtained from the contact for enquiries on page 2 or can be found on TPT’s website.

Trustees of most schemes with 100 or more members, such as Verity Trustees Limited, must include an Implementation Statement when they publish the scheme's first Annual Report and Accounts which is produced on or after 1 October 2020. The Implementation Statement requirements differ between DC/hybrid schemes and pure DB schemes, but the statement must set out information about how the Trustee has put their SIP into practice, particularly in relation to stewardship and engagement. The Trustee is required to set out its opinion on how its policy and the SIP have been followed; to describe voting behaviour; and to explain any change to the SIP and the reason for it. The Trustee must also publish the Implementation Statement online and inform members about its availability.

A copy of the Implementation Statement can be found in Appendix 1.

Management and Custody of Investments

The Trustee has delegated management of its investments to professional investment managers which are listed on pages 1 and 2. These managers, which are regulated by the appropriate regulatory body in their country of operation, such as the Financial Conduct Authority in the United Kingdom, manage the investments within the restrictions set out in investment management agreements. These are designed to ensure that the objectives and policies set out in the SIP are followed.

The mandates put in place by the Trustee specify how rights attaching to the Trust's segregated investments are acted upon. This includes active voting participation and a requirement to consider environmental, social and governance ("ESG"), and ethical factors when making investment decisions. The Trustee has less influence over the underlying investments within pooled investment vehicles held by the Trust but reviews the managers' policies and statements of compliance in respect of these matters.

The Trustee is committed to being a Responsible Investor, an approach which seeks to integrate ESG considerations into investment management processes and ownership practices. Of the environmental risks that the Trustee considers, climate change potentially presents the most material long-term risk. In line with the recommendations set out in the Financial Stability Board Taskforce's Recommendations on Climate-Related Financial Disclosure, we have disclosed the Trust's approach to climate risk management on our website.

The Trustee has appointed The Northern Trust Company to keep custody of the Trust's investments, other than:

- Pooled investment vehicles, where the manager makes its own arrangements for custody of underlying investments; and
- Additional Voluntary Contributions and other investments which are in the form of insurance policies, where the master policy documents are held by the Trustee.

Investment Performance

The performance of the Trust's investments is summarised below. The Trust manages and monitors its DB investments in one main portfolio.

The overall net return on investments was 1.54% in 2020 (2019: 21.77%).

The table below summarises investment performance compared to benchmark:

Annualised return over:	1 Year	3 Years
Growth Assets		
Quoted Equities	15.13%	11.92%
<i>Benchmark</i>	9.33%	7.81%
Credit	(4.68)%	(3.16)%
<i>Benchmark</i>	(3.07)%	(1.77)%
Market Neutral	(4.03)%	(1.23)%
<i>Benchmark</i>	0.66%	0.68%
Illiquidity	3.62%	-
<i>Benchmark</i>	0.66%	-
Insurance	(6.30)%	-
<i>Benchmark</i>	3.78%	-
Total Growth Assets	4.05%	5.70%
<i>Benchmark</i>	0.66%	0.68%
Liability Driven Investments*	2.85%	16.52%
<i>Composite benchmark</i>	2.14%	8.38%
Matching Plus	2.05%	-
<i>Composite benchmark</i>	3.22%	-
Main Portfolio**	1.54%	9.41%
<i>Composite benchmark</i>	4.62%	9.78%

*These assets are managed relative to liabilities and move broadly in line with the liabilities they cover.

**The Main Portfolio includes certain assets transferred in with new schemes which do not fit within the sub-categories above. These are not reported separately but are included in the overall performance.

Employer Related Investments

Details of Employer Related Investments are included in note 25.

Statement of Trustee's responsibilities

Trustee's responsibilities in respect of the financial statements

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

- show a true and fair view of the financial transactions of the Trust during the Trust year and of the amount and disposition at the end of the Trust year of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the Trust year; and
- contain the information specified in Regulation 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, including making a statement whether the financial statements have been prepared in accordance with the relevant financial reporting framework applicable to occupational pension schemes.

In discharging these responsibilities, the Trustee is responsible for selecting suitable accounting policies, to be applied consistently, making any estimates and judgements on a prudent and reasonable basis, and for ensuring that the financial statements are prepared on a going concern basis unless it is inappropriate to presume that the Trust will continue as a going concern.

The Trustee is also responsible for making available certain other information about the Trust in the form of an annual report.

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

Trustee's responsibilities in respect of contributions

The Trustee is responsible under pensions legislation for preparing, and from time to time reviewing and if necessary revising, a Schedule of Contributions showing the rates of contributions payable to the Trust by or on behalf of employers and the active members of the Trust and the dates on or before which such contributions are to be paid.

The Trustee is also responsible for keeping records in respect of contributions received in respect of any active member of the Trust and for adopting risk-based processes to monitor whether contributions that fall due to be paid are paid into the Trust in accordance with the Schedule of Contributions.

Where breaches of the Schedule occur, the Trustee is required by the Pensions Acts 1995 and 2004 to consider making reports to the Pensions Regulator and to members.

Further Information

Requests for additional information about the Trust generally, or queries relating to members' own benefits, should be made to the contact listed on page 2.

Approval

The Trustee's Report on pages 3 to 13 was approved and signed for and on behalf of the Trustee on 16th March 2021.

Joanna Matthews
Independent Chair
Verity Trustees Limited

Independent auditors' report to the Trustee of The Pensions Trust 2016

Report on the audit of the financial statements

Opinion

In our opinion, The Pensions Trust 2016's financial statements:

- show a true and fair view of the financial transactions of the Trust during the year ended 30 September 2020, and of the amount and disposition at that date of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the year;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- contain the information specified in Regulation 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996.

We have audited the financial statements, included in the Annual Report and Financial Statements, which comprise: the Statement of Net Assets (available for benefits) as at 30 September 2020; the Fund Account for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

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

Conclusions relating to going concern

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

- the Trustee's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustee has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Trust's ability to continue to adopt the going concern basis

of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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

Reporting on other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

Responsibilities for the financial statements and the audit

Responsibilities of the Trustee for the financial statements

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

In the preparation of the financial statements, the Trustee is responsible for assessing the Trust'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 Trustee either intends to wind up the Trust, or has no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

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

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

Use of this report

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

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Leeds
16 March 2021

Financial Statements

Fund Account

For the year ended 30 September 2020

	Note	Year ended 30 Sept 2020 £'000	Year ended 30 Sept 2019 £'000
Employer Contributions		4,386.6	9,099.4
Employee Contributions		67.3	0.2
Total Contributions	4	4,453.9	9,099.6
Transfers in*	5	38,623.3	281,077.7
		43,077.2	290,177.3
Benefits Paid or Payable	6	(9,725.2)	(4,778.9)
Transfers Out to Other Schemes	7	(4,033.8)	(2,224.2)
Administrative Expenses	8	(922.8)	(524.9)
		(14,681.8)	(7,528.0)
Net additions from dealings with Members		28,395.4	282,649.3
Net Returns on Investments			
Investment Income*	9	4,390.0	2,452.5
Change in Market Value of Investments	10	3,551.8	43,754.6
Investment Management Expenses	11	(1,897.3)	(801.1)
		6,044.5	45,406.0
Net Increase in the Fund		34,439.9	328,055.3
Opening Net Assets		402,674.1	74,618.8
Closing Net Assets available for benefits		437,114.0	402,674.1

*Prior year investment income includes £2.5m of income from annuities previously disclosed under 'Other Income'

The notes on pages 19 to 40 form part of these Financial Statements.

Statement of Net Assets (available for benefits)

As at 30 September 2020

	Note	Total 2020 £'000	Total 2019 £'000
Investment Assets			
Equities	10	12,524.5	10,357.3
Bonds	10	12,821.0	12,613.3
Pooled Investment Vehicles	12	392,017.3	370,055.9
Derivatives	13	335.7	234.6
Insurance Policies	14	9,550.3	196.4
AVC Investments	15	317.2	268.9
Cash and Cash Equivalents	16	5,528.8	5,796.6
Other Investment Balances	16	3,103.7	3,025.5
		436,198.5	402,548.5
Investment Liabilities			
Derivatives	13	(214.1)	(22.0)
Cash and Cash Equivalents	16	(43.1)	-
Other Investment Balances	16	(117.0)	(332.3)
		(374.2)	(354.3)
Total Net Investments		435,824.3	402,194.2
Current Assets	20	1,956.6	1,040.6
Current Liabilities	21	(666.9)	(560.7)
Total Net Assets available for benefits		437,114.0	402,674.1

The Financial Statements summarise the transactions of the Trust and deal with the net assets at the disposal of the Trustee. They do not take account of obligations to pay pensions and benefits which fall due after the end of the Trust's financial period. The actuarial position of the defined benefit schemes, which does take account of such obligations, is dealt with in the Report on Actuarial Liabilities on pages 6 and 7 of the Annual Report. These Financial Statements should be read in conjunction with this Report.

The notes on pages 19 to 40 form part of these Financial Statements.

The Financial Statements on pages 17 to 40 have been approved and signed for and on behalf of the Trustee on 16th March 2021.

Joanna Matthews
Independent Chair
Verity Trustees Limited

Notes to the Financial Statements

For the year ended 30 September 2020

1. General Information

The Trust is a centralised occupational pension fund for non-associated employers established as a trust under English Law.

The address of the Trust's principal office is 6 Canal Wharf, Leeds, West Yorkshire, LS11 5BQ. The Trust is registered in the United Kingdom.

The Trust is a defined benefit ("DB") scheme, which is closed to new members but some members maintain a salary link to their benefits upon retirement.

The Trust is a registered pension scheme under Chapter 2, Part 4 of the Finance Act 2004. This means that contributions by employers and employees are normally eligible for tax relief and income and capital gains earned by the scheme receive preferential tax treatment.

2. Basis of Preparation

The individual Financial Statements of The Pensions Trust 2016 have been prepared in accordance with the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, Financial Reporting Standard (FRS) 102 - The Financial Reporting Standard applicable in the UK and Republic of Ireland issued by the Financial Reporting Council ("FRS 102") and the guidance set out in the Statement of Recommended Practice "Financial Reports of Pension Schemes" (revised June 2018) ("the SORP").

In June 2018, a revised SORP was issued which is applicable to accounting periods commencing on or after 1 January 2019. The Trustee has adopted the revised SORP for the first time in these Financial Statements. The adoption of the revised SORP has had no material impact on the Financial Statements. However, it has required certain additions to or amendments of disclosures in the Financial Statements.

3. Accounting Policies

The principal accounting policies of the Trust, which have been applied consistently, are as follows:

a. Currency

The Trust's functional currency and presentational currency is pounds sterling (GBP).

Assets and liabilities in foreign currencies are expressed in sterling at the rates of exchange ruling at the year end. Foreign currency transactions are translated into sterling at the spot exchange rate at the date of the transaction.

Gains and losses arising on conversion or translation are dealt with as part of the change in market value of investments.

b. Contributions and Other Income

- i. Employees' normal contributions and Additional Voluntary Contributions (AVCs) remitted by the employer are accounted for on an accruals basis when deducted from pay.

Employer normal contributions remitted by the employer that are expressed as a rate of pensionable salary are accounted for on the same basis as employees' contributions, otherwise they are accounted for in the period they are due under the Schedules of Contributions or Payment Schedules.

Contributions by employers towards administrative expenses of the Trust are included within normal contributions.

All contributions payable under salary sacrifice arrangements are classified as employer contributions.

- ii. Employer deficit funding contributions are accounted for on the due dates on which they are payable in accordance with the Schedule of Contributions and recovery plan under which they are being paid.
- iii. Special contributions include employer debt on withdrawal contributions (Section 75 debts) which are accounted for on the due dates on which they are payable with provision made where there is uncertainty of receipt.
- iv. Other income is recognised on an accruals basis.

c. Transfers from and to Other Schemes

- i. Group and individual transfers in are accounted for on an accruals basis, which is normally the earlier of when member liability is accepted by the Trust or the transfer value is paid.
- ii. Individual transfers out are accounted for on an accruals basis, which is normally when the transfer value is paid and member liability is discharged.
- iii. Where members of new schemes hold externally operated AVC policies, the transfer value is accounted for when the policy is transferred into the name of the Trustee. Payments out to members are made when payments are received from the policy operator.

d. Benefits and Payments to and on Account of Leavers

- i. Pensions in payment, including pensions funded by annuity contracts, are accounted for in the period to which they relate.

- ii. Where members can choose whether to take their benefits as a full pension or as a lump sum with reduced pension, retirement benefits are accounted for on an accruals basis on the later of the date of retirement or the date the option is exercised.
- iii. Other benefits are accounted for on an accruals basis on the date of leaving or death as appropriate. Refunds and opt-outs are accounted for when the Trustee is notified of the member's decision to leave the Trust.
- iv. Where the Trustee agrees or is required to settle tax liabilities on behalf of a member (such as where lifetime or annual allowances are exceeded) with a consequent reduction in that member's benefit received from the Trust, any taxation due is accounted for on the same basis as the event giving rise to the tax liability and shown separately within benefits.

e. Administrative and Other Expenses

- i. The Trustee of The Pensions Trust 2016, Verity Trustees Limited, is also the Trustee of The Pensions Trust. The Pensions Trust incurs all administrative and investment management expenses relating to The Pensions Trust 2016 and recharges these on a monthly basis.
- ii. Expenses which relate specifically to individual schemes are allocated to the appropriate scheme, on an accruals basis.
- iii. Investment management expenses and administrative expenses, other than those relating specifically to a particular scheme, are allocated on the basis of asset values and member numbers, as appropriate.

f. Investment Income and Expenditure

- i. Income from equities and any pooled investment vehicles which distribute income is accounted for on an accruals basis on the date stocks are quoted ex-dividend; or, in the case of unquoted instruments, when the dividend is declared.
- ii. Income from bonds is accounted for on an accruals basis and includes income bought and sold on purchases and sales of bonds. Interest on cash and short-term deposits and income from other investments are accounted for on an accruals basis.
- iii. Interest is accrued on a daily basis.
- iv. Investment income is reported net of attributable tax credits but gross of withholding taxes, which are accrued in line with the associated investment income.
- v. Income arising from annuity policies is included in investment income. Income from annuities is accounted for on an accruals basis.

- vi. The change in market value of investments during the year comprises all increases and decreases in the market value of investments held at any time of the year, i.e. profits and losses realised on sales of investments during the year and unrealised changes in market value on amounts held at the end of the year. In the case of pooled investment vehicles which are accumulation funds, where income is reinvested with the fund without issue of further units, change in market value also includes such income.
- vii. Transaction costs are included in the cost of purchases and sale proceeds. Transaction costs include costs charged directly to the Trust such as fees, commissions, stamp duty and other fees. Other investment management expenses are accounted for on an accruals basis and shown separately within net returns on investments.

g. Investments

Investment assets and liabilities are included in the Financial Statements at fair value. Where separate bid and offer prices are available, the bid price is used for investment assets and the offer price for investment liabilities. Otherwise, the closing single price or most recent transaction price is used.

- i. Readily traded investments (equities, bonds and certain pooled investments) are stated at the bid price or the last traded price, depending on the convention of the stock exchange on which they are quoted.
- ii. Where quoted or unquoted unit prices are not available, the Trustee adopts valuation techniques appropriate to the class of investment. Details of the valuation techniques and principal assumptions are given in the notes to the Financial Statements where used.
- iii. Where the value of a pooled investment vehicle (PIV) or qualifying investment fund (QIF) is primarily driven by the fair value of its underlying investments, the net asset value advised by the fund manager is normally considered a suitable approximation to fair value unless there are restrictions or other factors which prevent realisation at that value, in which case adjustment is made.
- iv. Derivatives are stated at fair value.
 - Over-the-counter (OTC) derivatives are stated at fair value estimated using pricing models and relevant market data as at the year-end date. Forward foreign exchange contracts are valued by determining the gain or loss that would arise from closing out the contract at the reporting date by entering into an equal and opposite contract at that date.
 - All gains and losses arising on derivative contracts are reported within 'change in market value'.
- v. Annuities purchased for retired members in their own names fully discharge the Trust's liability to those members and are therefore not included in these Financial Statements. The individuals are removed from membership and the cost of purchasing the annuities

is reported within payments to and on account of leavers as the former members do not have their pension paid by the Trust.

- vi. Annuity assets which provide benefits for members, but which are in the name of the Trustee, as detailed in note 14, are valued by the Scheme's Actuary based on the expected future pensioner benefit payments covered by the contract, discounted back to the financial year end using assumptions agreed by the Trustee on advice from the Scheme Actuary. The assets are assumed to be equal to the actuarial liability at the valuation date.
- vii. AVCs are invested in accordance with the members' instructions.

h. Critical accounting judgements and estimation uncertainty

- i. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.
- ii. The Trustee makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the actual results. For the Trust, the Trustee believes the only estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are related to the valuation of the Trust investments and, in particular, those classified in Level 3 of the fair-value hierarchy. Explanation of the key assumptions underpinning the valuation of investments are included within (g) above and within notes 14, 18, and 19. The Trustee does not consider there to be any critical judgements.

4. Contributions

	Year ended 30 Sept 2020 £'000	Year ended 30 Sept 2019 £'000
Employer Contributions		
Normal	341.0	46.9
Scheme expenses	861.3	389.8
Deficit Funding	2,903.0	2,631.4
Special	281.3	6,031.3
	4,386.6	9,099.4
Employee Contributions		
Normal	67.3	0.2
	67.3	0.2
	4,453.9	9,099.6

Deficit funding: An actuarial valuation of each DB scheme will be carried out every three years. Deficit funding represents payments by schemes to eliminate past service deficits in accordance with the Schedules of Contributions prepared by the Actuary.

The Pensions Trust 2016
Year ended 30 September 2020

Special Contributions: These are paid by employers in addition to the deficit funding requirements identified in the Schedule of Contributions.

Total future commitments as at 30 September 2020 to pay deficit contributions for the Frank Roberts & Sons Pension Scheme and the Waterloo Housing Pension Scheme are shown below:

	£'000
Due in 1 year	1,931.0
Due in 1 - 2 years	2,231.0
Due in 2 - 5 years	6,818.2
Due in > 5 years	10,188.5
TOTAL	21,168.7

The deficit recovery periods for the Frank Roberts & Sons Pension Scheme and the Waterloo Housing Pension Scheme are 11 years and 5 years respectively.

Coventry Building Society Staff Superannuation Scheme, Hinckley & Rugby Building Society Defined Benefit Pension Scheme and Medicash Pension Fund have not been included as deficit contributions are not required for these schemes per the Schedule of Contributions.

Darlington Building Society has not been included in the above as the scheme is fully funded.

National Counties Building Society Pension Scheme and Seabourne Pension Scheme have not been included in the above as a full actuarial valuation has not yet been completed for these schemes.

5. Transfers In

	Year ended 30 Sept 2020 £'000	Year ended 30 Sept 2019 £'000
Group Transfers in:		
AVCs - Coventry Building Society	51.0	194.8
AVCs - Seabourne Pension Scheme	1.8	-
Cash - Coventry Building Society	-	1,000.0
Cash - Hinckley and Rugby Building Society	117.3	12,678.9
Cash - Medicash Pension Fund	176.5	21,640.3
Cash - National Counties Building Society Pension Scheme	1,498.0	-
Cash - Seabourne Pension Scheme	7,423.1	-
Insurance policies - National Counties Building Society Pension Scheme	9,189.0	-
Insurance policies - Seabourne Pension Scheme	1,378.4	-
Investments - Coventry Building Society	-	229,870.4
Investments - Hinckley and Rugby Building Society	-	15,693.3
Investments - National Counties Building Society Pension Scheme	18,788.2	-
	38,623.3	281,077.7

6. Benefits Paid or Payable

	Year ended 30 Sept 2020	Year ended 30 Sept 2019
	£'000	£'000
Pensions	8,334.2	4,012.0
Commutations and Lump Sum Retirement Benefits	1,386.2	753.1
Lump Sum Death Benefits	4.8	13.8
	9,725.2	4,778.9

7. Transfers Out to Other Schemes

	Year ended 30 Sept 2020	Year ended 30 Sept 2019
	£'000	£'000
Individual Transfers Out to Other Schemes	4,033.8	2,224.2
	4,033.8	2,224.2

8. Administrative Expenses

	Year ended 30 Sept 2020	Year ended 30 Sept 2019
	£'000	£'000
Monthly Management Charge	734.9	342.3
Pension Protection Fund Levy	201.8	152.8
Scheme Specific Expenses	(13.9)	29.8
	922.8	524.9

The monthly management charge represents the amounts paid to The Pensions Trust in respect of the administration and management of the Trust.

9. Investment Income

	Year ended 30 Sept 2020	Year ended 30 Sept 2019
	£'000	£'000
Income from Equities	32.6	27.2
Income from Bonds	481.8	363.2
Income from PIVs	3,575.7	2,059.6
Income from Annuities	299.9	2.5
	4,390.0	2,452.5

10. Reconciliation of Net Investments

	Value at 1 Oct 2019 £'000	Transfers In £'000	Purchases at cost and derivative payments £'000	Sale Proceeds and derivative receipts £'000	Changes in market value £'000	Value at 30 Sept 2020 £'000
Equities	10,357.3	-	10,407.7	(9,903.1)	1,662.6	12,524.5
Bonds	12,613.3	-	6,252.1	(5,386.4)	(658.0)	12,821.0
Pooled Investment Vehicles	370,055.9	18,788.2	365,351.2	(364,884.2)	2,706.2	392,017.3
Derivatives - Net	212.6	-	2,771.0	(4,029.6)	1,167.6	121.6
Insurance Policies	196.4	10,567.4	-	-	(1,213.5)	9,550.3
AVC Investments	268.9	52.8	-	(7.1)	2.6	317.2
	393,704.4	29,408.4	384,782.0	(384,210.4)	3,667.5	427,351.9
Other Investment Balances	2,693.2					2,986.7
Cash	5,796.6					5,485.7
Total Investments	402,194.2					435,824.3

The change in market value in the table above excludes a movement of £(115.7)k in respect of Cash and Cash Equivalents. The total change in market value of investments reported in the Fund Account for the year is £3,551.8k.

Indirect transaction costs are included in the cost of purchases and deducted from sale proceeds.

Direct transaction costs analysed by main asset class and type of cost are as follows:

	2020			Total £'000
	Fees £'000	Commission £'000	Taxes £'000	
Equities	6.1	9.7	-	15.8
Commodities	0.1	-	0.0	0.1

	2019			Total £'000
	Fees £'000	Commission £'000	Taxes £'000	
Equities	8.0	3.0	-	11.0

11. Investment Management Expenses

	Year ended 30 Sept 2020 £'000	Year ended 30 Sept 2019 £'000
Management, Administration and Custody	1,897.3	785.7
Outperformance fees	-	15.4
	1,897.3	801.1

The Trust paid £1,245.3k (2019: £509.2k) in the year to The Pensions Trust in respect of the administration, management and custody of the Trust's investments.

12. Pooled Investment Vehicles

	2020 £'000	2019 £'000
By type:		
Equities	21,317.5	20,613.1
Bonds	252,422.1	242,796.3
Property	27,031.4	25,778.0
Hedge funds	14,808.0	37,364.6
Venture Capital and Partnerships	75,707.4	42,730.6
Cash	-	398.6
Commodities	730.9	374.7
	392,017.3	370,055.9

In the prior year, included within the above cash PIVs was a Qualifying Investment Fund (QIF). The underlying investments of this were as follows:

Qualifying Investment Funds:

	2020	2019
	£'000	£'000
Cash & Cash Equivalents	-	98.4
	-	98.4

	2020	2019
	£'000	£'000
Cash & Cash Equivalents	-	98.4
	-	98.4

There have been no transaction costs in relation to QIF's in the current and prior years.

13. Derivatives

Outstanding derivative financial instruments at the year end are summarised as follows:

Forward Foreign Currency

Type:	Expires within	Notional Value £'000	2020 Fair Value	
			Asset £'000	Liability £'000
Buy EUR for GBP (6 contracts)	1 Year	1,038.6	-	(8.8)
Buy GBP for EUR (15 contracts)	1 Year	3,363.5	0.7	-
Buy GBP for JPY (9 contracts)	1 Year	3,687.3	-	(7.0)
Buy GBP for USD (23 contracts)	1 Year	44,560.0	335.0	-
Buy JPY for GBP (4 contracts)	1 Year	766.1	-	(12.6)
Buy USD for GBP (9 contracts)	1 Year	12,253.4	-	(185.7)
Total 2020		65,668.9	335.7	(214.1)
Total 2019		59,238.0	234.6	(22.0)

The notional value represents the sterling value of the foreign currency amount of the contract translated at the year-end spot rate.

Objectives and Policies for Holding Derivatives

The Trustee has authorised the use of derivative financial instruments by its investment managers as part of its investment strategy as follows:

- Forward Foreign Currency: The Trustee uses forward contracts primarily for the purposes of currency risk management.

14. Insurance Policies

The Trustee holds insurance policies with Rothesay Life, Canada Life, ReAssure and a number of sundry insurers, as noted below, which provide annuity income to cover pensions for certain members and their beneficiaries. The valuation of these policies is completed by TPT's in-house Actuary.

	2020	2019
	£'000	£'000
Annuities with Rothesay Life (appointed 01/04/2020)	4,140.2	-
Annuities with Canada Life	2,875.1	153.5
Annuities with ReAssure (appointed 01/04/2020)	1,261.9	-
Annuities with Aviva Life (appointed 03/12/2019)	862.6	-
Annuities with Prudential (appointed 03/12/2019)	403.0	-
Annuities with Phoenix Life	7.5	42.9
	9,550.3	196.4

15. AVC Investments

Money purchase AVC's are held within the Trust and are detailed below.

	2020	2019
	£'000	£'000
AVC Investments with Coventry Building Society	184.0	189.5
AVC Investments with Legal and General (appointed 31/01/2020)	51.1	-
AVC Investments with Scottish Widows	49.8	52.9
AVC Investments with Utmost Life	19.7	14.2
AVC Investments with Aviva Life	9.2	8.7
AVC Investments with Clerical Medical	3.4	3.6
	317.2	268.9

16. Cash and Other Investment Balances

	2020	2019
	£'000	£'000
Cash – Sterling	4,928.2	4,428.0
Cash – Foreign Currency	557.5	1,368.6
	5,485.7	5,796.6
Accrued Investment Income	861.1	1,504.3
Pending transactions	2,242.6	1,521.2
	3,103.7	3,025.5
Amounts due to Brokers	(117.0)	(332.3)
	8,472.4	8,489.8

17. Concentration of Investments

The following investments exceeded 5% of the Trust's net assets at the financial period end.

	2020		2019	
	Value £'000	%	Value £'000	%
Royal London Asset Management Ltd – UK Corporate Bond Fund	80,665.7	18.5	27,399.0	6.8
Blackrock Investment Management (UK) Ltd - LMF Short Real Profile Fund	52,487.5	12.0	16012.0	3.9
BlackRock Investment Management (UK) Ltd – LMF Long Real Profile Fund	42,121.6	9.6	62,964.9	15.6
BlackRock Investment Management (UK) Ltd – LMF Long Nominal Profile Fund	37,622.5	8.6	55,151.6	13.7
Ares Secured Income Fund	32,014.9	7.3	-	-
Standard Life Investment Ltd – Long lease Property Series 5	27,031.4	6.2	25,778.0	6.4
Apollo Total return Fund – CBS	-	-	31,725.8	7.9
BlackRock Investment Management (UK) Ltd – CBS Active selection Funds	-	-	40,488.8	10.1

18. Fair Value of Investments

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

Investment Category	Description
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 in 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 Pensions Trust 2016
Year ended 30 September 2020

The Trust's investment assets and liabilities have been included at fair value within these categories as follows:

Category:				2020
	Level 1	Level 2	Level 3	Total
	£'000	£'000	£'000	£'000
Investment Assets				
Equities	12,457.1	67.4	-	12,524.5
Bonds	3,158.3	9,662.7	-	12,821.0
Pooled Investment Vehicles	-	301,794.8	90,222.5	392,017.3
Derivatives	-	-	335.7	335.7
Insurance Policies	-	-	9,550.3	9,550.3
AVCs	-	317.2	-	317.2
Cash and Cash Equivalents	5,528.8	-	-	5,528.8
Other Investment Balances	3,103.7	-	-	3,103.7
	24,247.9	311,842.1	100,108.5	436,198.5
Investment Liabilities				
Derivatives	-	-	(214.1)	(214.1)
Cash and Cash Equivalents	(43.1)	-	-	(43.1)
Other Investment Balances	(117.0)	-	-	(117.0)
	(160.1)	-	(214.1)	(374.2)
Total Investments	24,087.8	311,842.1	99,894.4	435,824.3

Pooled investment vehicles which are traded regularly are generally included in level 2. Where the absence of regular trading or the unsuitability of recent transaction prices as a proxy for fair values applies, valuation techniques are adopted and the vehicles are included in level 3 as appropriate. The value of other pooled investment vehicles which are unquoted or not actively traded on a quoted market is estimated by the Trustee. Where the value of the pooled investment vehicle is primarily driven by the fair value of its underlying assets, the net asset value advised by the fund manager is normally considered a suitable approximation to fair value unless there are restrictions or other factors which prevent realisation at that value, in which case adjustments are made. No such adjustments have been made to the valuations at 30 September 2020 (2019: none).

Analysis for the prior year end is as follows:

Category:	Level 1	Level 2	Level 3	2019
	£'000	£'000	£'000	Total £'000
Investment Assets				
Equities	10,357.3	-	-	10,357.3
Bonds	2,006.1	10,607.2	-	12,613.3
Pooled Investment Vehicles	498.8	289,508.9	80,048.2	370,055.9
Derivatives	-	-	234.6	234.6
Insurance Policies	-	-	196.4	196.4
AVC Investments	-	268.9	-	268.9
Cash and Cash Equivalents	5,796.6	-	-	5,796.6
Other Investment Balances	3,025.5	-	-	3,025.5
	21,684.3	300,385.0	80,479.2	402,548.5
Investment Liabilities				
Derivatives	-	-	(22.0)	(22.0)
Other Investment Balances	(332.3)	-	-	(332.3)
	(332.3)	-	(22.0)	(354.3)
Total Investments	21,352.0	300,385.0	80,457.2	402,194.2

19. Investment Risks

Types of Risk Relating to Investments

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 risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

In the following table, the risk noted affects the asset class [●] significantly, [◐] partially or [○] hardly/ not at all.

	Credit Risk	Market Risk			2020	2019
		Currency Risk	Interest Rate Risk	Other Price Risk	£'000	£'000
Equities	○	◐	○	●	12,524.5	10,357.3
Bonds	●	◐	●	◐	12,821.0	12,613.3
Pooled Investment Vehicles					392,017.3	370,055.9
Direct exposure	●	○	○	○		
Indirect exposure	◐	◐	◐	◐		
Derivatives	◐	◐	●	◐	121.6	212.6
Insurance Policies	●	○	○	○	9,550.3	196.4
AVC Investments	◐	◐	◐	◐	317.2	268.9
Cash and Other Investment Balances	●	◐	●	○	8,472.4	8,489.8
					435,824.3	402,194.2

Investment Strategy

The Trustee's objective is to maintain a portfolio of suitable assets of appropriate liquidity which will generate investment returns sufficient to meet - together with future contributions - the benefits payable under the Rules as they fall due.

The Trust is a multi-employer pension scheme that provides tailored investment solutions for a number of underlying DB sections. In order to achieve its objective, the Trustee constructs pools of assets that are then used to determine scheme-specific investment strategies tailored to meet their individual set of liabilities.

The Trustee has delegated the power to set investment strategy to its Investment Committee and Funding Committee. In summary, the Investment Committee sets the fund selection and performance strategy for the various pools of assets after taking advice from the Trust's independent investment consultants. The Funding Committee sets scheme-specific asset allocation strategies at the same time as assessing scheme-specific funding needs.

When constructing the pools of assets from which scheme-specific investment strategies are drawn the Investment Committee considers a number of factors including the expected risk and return of each asset class, diversification benefits, liquidity requirements and fees. In order to support their decision making the Investment Committee takes independent advice from the Trust's investment consultants, as well as receiving input from the Trust's Chief Investment Officer.

In October 2020, the Trustee approved a set of 10 Investment Beliefs that the Investment Committee must use as a framework when making decisions and agreeing the investment strategy. These Investment Beliefs can be found in full on TPT's website.

The Trustee employs third-party fund managers to implement the investment strategy, meaning that the Trust does not manage any money in-house. The Trust uses a combination of both passive and active investments depending on the perceived ability to add value in the relevant area. Fund managers are monitored on an ongoing basis by both the Investment Committee and the in-house Investment Team, and are met with at least annually.

When considering the investment strategy, the Funding Committee takes into account a number of considerations such as the strength of the employer covenant, the long-term liabilities of the scheme, the appetite for investment risk and the funding strategy agreed with the employer. These are reviewed at least every three years in line with the scheme's valuation to ensure that the strategy remains appropriate.

Credit Risk

The Trust is subject to direct credit risk because it invests in bonds, forward foreign exchange contracts, derivatives and has cash equivalents. The Trust also invests in pooled investment vehicles and is therefore directly exposed to credit risk in relation to the provider of the PIV and also indirectly exposed to credit risks arising on some of the financial instruments held by the pooled investment vehicles.

A summary of exposures to credit risk is given in the following table. The notes below explain how this risk is managed and mitigated for the different asset classes.

	2020	2019
	£'000	£'000
Investments exposed to Credit Risk		
Bonds	12,821.0	12,613.3
Pooled Investment Vehicles:		
Bond Funds (Direct and Indirect)	252,422.1	242,796.3
Other Funds (Direct Risk only)	139,595.2	127,259.6
Derivatives – Assets	335.7	234.6
– Liabilities	(214.1)	(22.0)
AVC Investments	317.2	268.9
Insurance Policies	9,550.3	196.4
Cash and Other Investment Balances	8,472.4	8,489.8
	423,299.8	391,836.9

Credit risk arising on bonds held directly is mitigated by ensuring that the investment manager has a suitable framework in place for assessing the credit worthiness of the counterparty and the credit rating of the bonds matches the desired risk profile of the mandate.

The Trustee considers financial instruments or counterparties to be of investment grade if they are rated at BBB– or higher by Standard & Poor's or Fitch or rated at Baa3 or higher by Moody's.

Direct credit risk arising from pooled investment vehicles is mitigated by the underlying assets of the pooled arrangements being ring-fenced from the pooled manager, the regulatory environments in which the pooled managers operate and diversification of investments amongst a number of pooled arrangements.

Indirect credit risk arises in relation to underlying investments held in a number of the pooled investment vehicles. This risk is mitigated by ensuring that appropriate due diligence is carried out on the pooled manager's investment process at appointment. Forward foreign exchange contracts are not guaranteed by any regulatory exchange and therefore schemes are subject to the risk of failure of the counterparty.

Cash on deposit is held within financial institutions that have an investment grade credit rating.

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

	2020	2019
	£'000	£'000
Legal nature of the pooled arrangements:		
Authorised Unit Trust	151,443.7	220,681.3
Open ended investment company	139,200.7	99,407.6
Partnerships	75,707.4	42,730.5
Société d'investissement à Capital Variable (SICAV)	25,613.9	6,737.9
Exchange-Traded Commodities	51.6	100.0
Cash	-	398.6
	392,017.3	370,055.9

Currency Risk

The Trust is subject to currency risk because some of the investments are held in overseas markets, either as segregated investments (direct exposure) or via pooled investment vehicles (indirect exposure). The exposure to USD, EUR and JPY is hedged as follows:

- Developed market equities: 70%
- Emerging market debt: 70%
- Other asset classes: 100%

Some assets recognise the currency risk as part of the overall fund strategy and therefore it is recognised that no additional hedging is required in respect of these assets.

The net currency exposure at the current and previous year ends was as follows.

				2020	2019
	Direct	Indirect		Net	Net
	Exposure	Exposure	Hedging	Exposure	Exposure
	£'000	£'000	£'000	after	after
				Hedging	Hedging
				£'000	£'000
Euros (EUR)	755.0	1,742.1	(2,030.8)	466.3	474.7
US Dollars (USD)	4,662.8	31,823.7	(31,653.3)	4,833.2	5,462.4
Japanese Yen (JPY)	711.9	1,636.2	(1,965.3)	382.8	995.2
Other Currencies	563.8	-	-	563.8	804.3
	6,693.5	35,202.0	(35,649.4)	6,246.1	7,736.6

Interest Rate Risk

The Trust is subject to interest rate risk because some of the investments are held in bonds or interest rate swaps (either segregated investments or through pooled investment vehicles), and cash.

A summary of exposures to interest rate risk is given in the following table:

	2020	2019
	£'000	£'000
Investments exposed to Interest Rate Risk		
Bonds	12,821.0	12,613.3
Pooled Investment Vehicles		
Bond Funds (Indirect)	252,422.1	242,796.3
Derivatives – Assets	335.7	234.6
– Liabilities	(214.1)	(22.0)
AVC Investments	317.2	268.9
Cash and Other Investment Balances	8,472.4	8,489.8
	274,154.3	264,380.9

Other Price Risk

The Trust is subject to other price risk, arising principally in relation to the growth portfolio (growth assets within the main portfolio) which includes directly held equities, equities held through pooled or segregated vehicles and a range of strategies that aim to produce absolute returns in all market environments.

	2020	2019
	£'000	£'000
Investments exposed to Other Price Risk		
Equities	12,524.5	10,357.3
Bonds	12,821.0	12,613.3
Pooled Investment Vehicles		
Other Funds (Indirect)	139,595.2	127,259.6
AVC Investments	317.2	268.9
Derivatives – Assets	335.7	234.6
– Liabilities	(214.1)	(22.0)
	165,379.5	150,711.7

20. Current Assets

	2020	2019
	£'000	£'000
Contributions due in respect of:		
Employers	342.9	237.2
Employees	11.1	4.4
Prepayments	-	50.1
Other debtors	1,602.6	748.9
	1,956.6	1,040.6

At 30 September 2020, the Trust had a debtor of £1,438.5k (2019: £748.5k) owing from The Pensions Trust. This represents cash balances held within the joint bank account.

All contributions outstanding at year ended 30 September 2020 were subsequently received in line with the due dates set out in the certified and interim Schedules of Contributions.

21. Current Liabilities

	2020	2019
	£'000	£'000
Unpaid Benefits	125.1	101.6
Tax Deducted from Pensions	118.7	108.3
Other Creditors	92.7	350.8
Accrued Expenses	330.4	-
	666.9	560.7

22. Contingencies and Commitments

As at 30 September 2020 the Trust had no contingent assets or liabilities (2019: None), with the exception of GMP Equalisation as set out below.

GMP Equalisation

Between 1978 and 2016, it was possible to contract out of part of the State Pension by being a member of an occupational pension scheme that met certain conditions. Where the scheme was contracted out, members and the employer paid a reduced rate of National Insurance to reflect the fact that the Scheme would provide benefits to replace some of the members' state pension rights. Between 1978 and 1997, contracted out defined benefit schemes were required to provide a Guaranteed Minimum Pension for each member. From 1997 to 2016 different rules applied.

In October 2018, the High Court determined that benefits provided to members who had contracted out of their pension scheme must be recalculated to reflect the equalisation of state pension ages between May 1990 and April 1997 for both men and women. On 20 November 2020, the High Court issued a follow-on judgement in the Lloyds case and ruled that pension schemes will also need to revisit individual transfer payments made since 17 May 1990 to consider if any additional value is due as a result of GMP equalisation.

The Trustee is aware that this issue will affect each of the previously contracted out defined benefit schemes in the Trust and will be considering this matter at future meetings during which decisions will be made as to the next steps.

Commitments

The Trust has made capital commitments in respect of a number of direct lending, infrastructure and risk-sharing funds. The balance of the commitments can be drawn down by the manager when required to fund purchases and costs.

At the year end, the outstanding commitments were:

	2020 Committed (Local CCY)	Outstanding at 30 Sept 20 (Local CCY)	2019 Committed (Local CCY)	Outstanding at 30 Sept 19 (Local CCY)
Direct Lending	£20,906.4k	£6,642.5k	£20,906.4k	£4,091.0k
Distressed Opportunities	\$27,000.0k	\$4,526.7k	\$27,000.0k	\$5,743.3k
Infrastructure	\$6,604.2k	\$2,600.0k	\$4,000.0k	\$4,000.0k
Opportunistic Illiquid Credit	\$5,050.0k	\$3,050.0k	\$2,000.0k	\$887.0k
Risk Sharing	\$1,500.0k	\$1,455.0k	-	-
Secure Income	£39,013.2k	-	£5,600.0k	-
Tactical Credit Opportunities	\$8,319.0k	\$237.4k	-	-
Partners Group	£4,000.0k	-	£4,000.0k	-

23. Subsequent Events

On 11 March 2020, COVID-19 was declared a pandemic by the World Health Organisation. This has resulted in worldwide restrictions on travel, government fiscal stimulus and extreme financial market volatility. Since the year end, consequent of the global impact of COVID-19, there is ongoing uncertainty on the impact this will have on investment assets and liabilities. It is not practicable, at this time, to quantify potential changes in market value as the situation is fluid and unpredictable.

There were no subsequent events requiring disclosure in the Financial Statements.

24. Scheme Balances

	2020 £'000	2019 £'000
Coventry Building Society Staff Superannuation Scheme ²	252,350.8	259,457.3
Darlington Building Society Pension Plan ²	34,431.5	34,309.9
Frank Roberts & Sons Pension Scheme ²	29,430.8	29,809.8
Hinckley and Rugby Building Society Defined Benefit Pension Scheme ²	32,905.0	31,619.5
Medicash Pension Fund ¹	22,462.3	23,147.0
National Counties Building Society Pension Scheme ²	30,282.6	-
Seabourne Pension Scheme ²	9,199.4	-
Waterloo Housing Association Benefit Plan ²	26,051.6	24,330.6
	437,114.0	402,674.1

¹ Closed to new entrants

² Closed to future benefit accrual

25. Related Party Transactions

Key management personnel

The Trustee, Verity Trustees Limited is also the Trustee of The Pensions Trust. All of the Trustee Directors serve as Trustee for each Trust.

Employer-Related Investments

The Trust invests in various housing bonds, whose underlying borrowers are drawn from a pool of registered social landlords. The names of the actual borrowers are not disclosed and can vary over time. Waterloo Housing Association is the only registered social landlord which participates in the Trust which could be an Employer Related Investment. However, the Trust's holdings in bonds relating to Waterloo Housing Association as at 30 September 2020 was £nil (2019 (restated): £nil).

The Pensions Trust

At 30 September 2020, the Trust had a debtor of £1,438.5k (2019: £748.5k) owed from The Pensions Trust. This represents cash balances held within the joint bank account.

The Trust paid £734.9k (2019: £342.3k) to The Pensions Trust in the year in respect of the administration and management of the Trust.

The Trust paid £1,245.3k (2019: £509.2k) in the year to The Pensions Trust in respect of the administration, management and custody of the Trust's investments.

Independent auditors' statement about contributions to the Trustee of The Pensions Trust 2016

Opinion

In our opinion, the contributions required by the Schedules of Contributions for the Trust year ended 30 September 2020 as reported in The Pensions Trust 2016's Summary of Contributions have, in all material respects, been paid in accordance with the Schedule of Contributions listed in the summary of contributions.

We have examined The Pensions Trust 2016's Summary of Contributions for the Trust year ended 30 September 2020 which is set out on page 43.

Basis for opinion

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

Responsibilities for the statement about contributions

Responsibilities of the Trustee in respect of contributions

As explained more fully in the statement of Trustee's responsibilities, the Trust's Trustee is 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 Trust by employers in accordance with relevant requirements.

Auditors' responsibilities in respect of the statement about contributions

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

Use of this report

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

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Leeds
16 March 2021

Summary of Contributions

During the year ended 30 September 2020, the contributions payable to the Trust were as follows:

	£'000
Contributions required in accordance with the Schedule of Contributions certified by the Scheme Actuary	
Deficit funding	1,931.0
Scheme expenses	240.0
As reported on by the Trust's Auditors	2,171.0
Other contributions	
Deficit funding	972.0
Special contributions	281.3
Scheme expenses	621.3
Employer normal contributions	341.0
Member normal contributions	67.3
Total contributions not covered by audit opinion	2,282.9
Total contributions per the Fund Account	4,453.9

The Schedules of Contributions in place during the year are as follows:

Scheme	Date of Actuarial Certification of Schedule of Contributions
Waterloo Housing Association Benefit Plan	05/09/2018
Frank Roberts & Sons Pension Scheme	12/12/2018
Darlington Building Society Pension Plan	12/08/2019
Hinckley & Rugby Building Society	09/10/2020
Medicash Pension Fund	13/10/2020
Coventry Building Society Staff Superannuation Scheme	25/11/2020

National Counties Building Society Pension Scheme and Seabourne Pension Scheme have yet to have a Schedule certified by the Actuary. In each case an interim schedule has been agreed between the Trustee and the relevant employer. Contributions relating to periods before a Schedule of Contributions has been certified are included within other contributions and not reported on by the Auditors.

Approved by and signed for and on behalf of the Trustee on 16th March 2021.

Joanna Matthews
Independent Chair
Verity Trustees Limited

Summary of Actuarial Certificates

The Pensions Trust is a multi-employer pension scheme, where the Scheme's Actuary has signed actuarial certificates. The following two statements have been given by the Actuary together with the signature and details of the Actuary.

Statement 1

I certify that, in my opinion, the calculation of the scheme's technical provisions as at 30 September 201X is made in accordance with regulations under section 222 of the Pensions Act 2004. The calculation uses a method and assumptions determined by the Trustee of the scheme and set out in the Statement of Funding Principles dated (i.e. signed on behalf of the Trustee on) [Date].

Statement 2

Adequacy of rates of contributions

1. I certify that, in my opinion, the rates of contributions shown in this Schedule of Contributions are such that –

the Statutory Funding Objective could have been expected on 30 September 201X to be met by the end of the period specified in the recovery plan dated (i.e. signed on behalf of the Trustee on) [Date].

Adherence to statement of funding principles

2. I hereby certify that, in my opinion, this Schedule of Contributions is consistent with the Statement of Funding Principles dated (i.e. signed on behalf of the Trustee on [Date]).

The certification of the adequacy of the rates of contributions for the purpose of securing that the Statutory Funding Objective can be expected to be met is not a certification of their adequacy for the purpose of securing the scheme's liabilities by the purchase of annuities, if the scheme were to be wound up.

The Pensions Trust 2016
Year ended 30 September 2020

The dates of the last triennial actuarial valuation and the dates of the Actuary's certification of that valuation for each pension scheme are listed below.

Scheme	Year of Triennial Valuation as at 30 September	Date of Certification of Schedule of Contributions	Date of actuarial update
Waterloo Housing Association Benefit Plan	2017	05/09/2018	30/09/2019
Frank Roberts & Sons Pension Scheme	2017	12/12/2018	30/09/2019
Darlington Building Society Pension Plan	2018	12/08/2019	30/09/2019
Hinckley and Rugby Building Society Defined Benefit Pension Scheme	2019	09/10/2020	30/09/2019
Medicash Pension Fund	2019	13/10/2020	30/09/2019
Coventry Building Society Staff Superannuation Scheme	2019	25/11/2020	30/09/2019
Seabourne Holdings Limited Retirement Benefits Scheme	2020*	N/A**	N/A
National Counties Building Society Pension Scheme	2020*	N/A**	N/A

**Interim Schedule of Contributions in place until the completion of the 30 September 2020 actuarial valuation due to the schemes transferring into the Trust during the year.*

***Valuation to be performed as at 30 September 2020.*

Copies of the above certificates are available on request from the contact details on page 2.

Appendix 1 - SIP Implementation Statement

The Pensions Trust 2016 (TPT2016) - SIP Implementation Statement

Introduction

This SIP Implementation Statement (“the Statement”) has been prepared by Verity Trustees Limited as the Trustee of The Pensions Trust 2016 (“the Trustee”) and relates to The Pensions Trust 2016 (“TPT2016”).

This is the first Statement produced by the Trustee as required by the Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013 (as amended). The regulations state that the Statement must (amongst other matters):

- set out how, and the extent to which, in the opinion of the Trustee, the statement of investment principles (“SIP”) has been followed during the year;
- describe any review of, and explain any changes made to, the SIP during the year; and
- describe the voting behaviour by, or on behalf of, the Trustee (including the most significant votes cast by the Trustee or on their behalf) during the year and state any use of the services of a proxy voter during that year.

Based on regulatory requirements, the Statement will cover the period from 1st October 2019 to the end of TPT2016’s financial year on 30th September 2020.

The Statement is split into three sections:

1. an overview of the Trustee’s actions and highlights during the period covered;
2. the policies set out in TPT2016’s SIP and the extent to which they have been followed in the reporting period; and
3. the voting behaviour and significant votes undertaken by the fund managers on behalf of TPT2016.

SIP Updates

The SIP that is most relevant for this reporting period is the document updated on 1 October 2019, to comply with amendments to investment regulations applying to occupational pension schemes, which require SIPs to be updated to include specific policies on:

- Financially material considerations, including (but not limited to) those arising from Environmental, Social and Governance considerations, including climate change.
- The extent to which non-financial matters are taken into account when making decisions regarding the selection, retention and realisation of investments.

- The undertaking of engagement activities in respect of investments held.

Subsequent revisions to the SIP were published on 27th September 2020 to comply with further regulatory changes. This regulatory change incorporated the Shareholder Rights II Directive (“SRD II”) into UK law and required pension scheme SIPs to be updated to include further details on:

- The arrangements with investment managers, including how they are incentivised to behave and invest in line with the Trustee’s policies and how the Trustee will monitor each manager’s performance, fees and portfolio costs; and
- Engagement policy, including the exercise of the rights (including voting rights) attached to the investments.

SRD II applies more widely than just to pension schemes. The directive aims to further encourage appropriate long-term investment decision-making and engagement.

Overview of Trustee’s Actions

Investment Objectives and Strategy

TPT2016’s agreed strategic asset allocation reflects the Trustee’s view of the most appropriate investments, balancing risk/reward characteristics of the funds TPT2016 is invested in, to support participating scheme’s full funding objectives.

During the reporting period there was no change to TPT2016’s overall investment objectives. However, due to the master trust nature of TPT2016, the investment strategy of each participating scheme is reflective of the integrated approach towards assessing risk (for its defined benefit schemes), considering areas such as investment risk, and covenant support.

In order to implement the investment strategy each participating scheme holds a tailored combination of the Growth Asset Portfolio (“GAP”) Matching-Plus Portfolio (“MPP”) and Liability Driven Investments (“LDI”). The GAP and MPP are made up of a number of underlying sub-portfolios that allocate to the major asset classes, such as equities and credit, as well a range of diversifiers such as insurance-linked securities.

Over the period the main change made to the strategic asset allocation of the GAP was an increase in credit assets at the expense of strategies that have an absolute return focus. This increase reflected the large market sell-off caused by the COVID-19 crisis, and enabled TPT2016 to purchase credit assets at what was felt to be a level below their fundamental value.

Within the MPP there was an increase in exposure to secure income assets with the aim of providing greater diversification to those assets already held, and a short dated credit mandate was added to support the collateral requirement of the LDI portfolio.

Trustee's policies for investment managers

The Trustee relies on investment managers for the day-to-day management of TPT2016's assets but retains control over TPT2016's investment strategy.

The Trustee makes use of both pooled investment vehicles as well as segregated mandates with its asset managers. TPT2016's assets that are invested in a segregated manner have the Trustee's specified terms within the investment agreements, for example TPT2016's Voting and Engagement policy and specific restricted investments (e.g. controversial weapons). TPT2016's assets that are invested in pooled investment vehicles, have standardised fund terms. Further to this, TPT2016 has negotiated side letters which set out further restrictions including excluded investments. The Trustee has not received notifications from its relevant investment managers of any material changes to the pooled fund terms over the scheme year.

Final Remarks

As demonstrated in the following sections of this Statement, the actions the Trustee has undertaken during the relevant reporting period reflect the policies within TPT2016's SIP. Any changes to the investment strategy agreed during the period but implemented after the period had ended will be reported against in the next implementation statement.

The responsibility for managing TPT2016's holdings is delegated to its fund managers. The Trustee believes that TPT2016's fund managers are well placed to engage with invested companies on environmental, social and governance ("ESG") matters, given their knowledge of the company and the level of access they have to company management. This is also a pragmatic approach because of the number of stocks owned by TPT2016, and the amount of time corporate entities have available for single investors. However, TPT2016 sets out its expectations to its asset managers in terms of Corporate Governance via its Voting and Engagement Policy document and adherence to the PLSA policy guidelines, as well as its Statement of Investment Principles.

The Trustee believes that it should act as a responsible steward of the assets in which TPT2016 invests as this can improve the longer-term returns of its investments. The Trustee notes that sustainable financial outcomes are better leveraged when supported by good governing practices, such as board accountability.

Review of SIP Policies

Policy	Has the policy been followed?	Evidence
Appointments and Delegation		
<p>The Trustee’s Investment Committee (the “IC”) has delegated day-to-day investment management to authorised managers and has taken steps to satisfy itself that the managers have the appropriate knowledge and experience for managing the Trustee’s investments. These appointments are regularly reviewed. The details of individual managers are published each year in the investment report within the Trustee’s Annual Report.</p>	<p>Yes, the Trustee is satisfied that this policy has been followed.</p>	<p>The Trustee continues to monitor the manager ratings in an annual agenda-led meeting. Following this, they produce a manager factsheet, meeting notes, (updating of) research notes and a manager profile (covering performance). These ratings are approved by the Chief Investment Officer (“CIO”), by the IC or the Portfolio Construction Group.</p>
Investment Beliefs		
<p>The Trustee has agreed a set of Investment Beliefs that the IC and CIO use as a framework when making decisions and agreeing investment strategy. The Investment Beliefs are reviewed annually and published each year and are made available on TPT2016’s website</p> <p>The Trustee regularly reviews the asset allocation of its DB investments in line with its Responsible Investment Framework (“RI Framework”), available on TPT2016’s website, to ensure the security, liquidity, quality and profitability of the DB portfolio as a whole and to ensure DB investments are appropriately diversified.</p>	<p>Yes, the Trustee is satisfied that this policy has been followed.</p>	<p>The Investment Beliefs were last reviewed on the 19 October 2019 and again reviewed on 12 October 2020.</p> <p>In August 2020, the Trustee sought its Investment Adviser’s recommendation and views relating to the current investment strategy. As part of this review, the Investment Adviser reviewed the DB investments in line with its Responsible Investment Framework.</p>

Policy	Has the policy been followed?	Evidence
Investment Strategies		
<p>The Growth Asset and Matching-Plus Portfolios both aim to be well diversified between asset classes and return drivers. The strategy for each scheme is reviewed at least every three years to ensure it remains appropriate.</p>	<p>Yes, the Trustee is satisfied that this policy has been followed.</p>	<p>The strategy for each participating scheme is subject to at least one strategy review post the triennial valuations.</p>
Management and Risk (1/2)		
<p>Investments are held by Custodians (or property deeds are held directly). Only designated persons can authorise the transfer of assets between managers. Each investment manager executes its own stock selection policy within asset allocation control targets agreed with the IC. The discretionary managers determine the investments held, subject to objectives agreed and reviewed from time to time. Some assets are readily marketable and investments may be realised from time to time as required to provide funds in order to make payment of benefits. Formal meetings are held regularly with the investment managers and custodians. By using a number of investment managers, the risk attached to adverse performance by any one manager is reduced. Derivative contracts can only be used with the prior agreement of the IC.</p>	<p>Yes, the Trustee is satisfied that this policy has been followed.</p>	<p>Formal meetings are held with the investment managers according to a predetermined schedule.</p> <p>The meeting dates with the custodian within the reporting period were as follows:</p> <ul style="list-style-type: none"> • 6 December 2019 • 18 March 2020 • 25 June 2020 • 30 September 2020

Policy	Has the policy been followed?	Evidence
Management and Risk (2/2)		
The risks, as per stated in the SIP are assessed and monitored regularly.	Yes, the Trustee is satisfied that this policy has been followed.	The SIP lists a number of risk factors that the Trustee believes may result in a failure to meet the agreed objectives. The Trustee monitors and manages these risks factors through measures specific to each risk on a quarterly basis. It seeks guidance and written advice from its Investment Consultant as appropriate.
Responsible Investment (including ESG factors) and non-financial matters (1/2)		
The Trustee is committed to being a responsible investor in line with its legal duties under the Investment Regulations. Responsible Investment is an approach which seeks to integrate ESG considerations into investment management and ownership practices.	Yes, the Trustee is satisfied that this policy has been followed.	<p>The RI Framework outlines the policies that relate the Trustee’s duties under the Investment Regulation e.g. Voting and Engagement, Climate Risk.</p> <p>The Trustee publishes the following in the RI section of TPT2016’s website, further highlighting its commitment:</p> <ul style="list-style-type: none"> • The latest Task Force on Climate-related Financial Disclosures (“TCFD”) report • The latest carbon footprinting exercise carried out on the portfolio (where possible) <p>List of membership/signatories to relevant bodies.</p>

Policy	Has the policy been followed?	Evidence
Responsible Investment (including ESG factors) and non-financial matters (2/2)		
<p>The Trustee Board delegates responsibility for implementation of the RI Framework to the IC. In order to ensure the ongoing suitability of the Trustee's approach to Responsible Investment the RI Framework is reviewed annually by both the IC and the Trustee Board.</p>	<p>Yes, the Trustee is satisfied that this policy has been followed.</p>	<p>The Responsible Investment Framework was last reviewed on the 12 October 2020.</p>

Policy	Has the policy been followed?	Evidence
Fund Manager Selection and Monitoring (1/2)		
<p>The Trustee incorporates its expectations on ESG and climate change in the manager selection process to ensure that it understands the extent to which ESG is integrated into the investment philosophy and process. It also incorporates specific requirements for ESG capabilities and reporting into its operational due diligence and into the Investment Management Agreements put in place which are tailored according to the particular mandate.</p>	<p>Yes, the Trustee is satisfied that this policy has been followed.</p>	<p>The Trustee has tailored several investment management agreements (“IMAs”) to incorporate specific requirements for ESG capabilities and reporting. There are several mandates for which this has been done. The requirements include:</p> <ul style="list-style-type: none"> • Consider climate risk in decision making. • Exclude controversial weapons. • Commitment to provide ESG reporting. • Commitment to incorporate relevant ESG factors into decision making and provide ESG reporting. <p>During this reporting period, the Trustee engaged with a manager who had an RI rating of D, the lowest rating available. This was carried out with the intention of increasing the rating to a minimum of C, or it would potentially terminate their contract. Whilst there was no fixed time period over which this would be assessed, it was made clear that TPT2016 should see some level of improvement during the next review cycle, typically 12-18 months on from the initial engagement.</p>

Policy	Has the policy been followed?	Evidence
Fund Manager Selection and Monitoring (1/2)		
<p>The Investment Management Team (“IMT”) discusses the approach of the Trustee’s incumbent managers to stewardship, climate change and ESG risks as part of the manager monitoring process and requires the managers to report back on their Responsible Investment activities on a regular basis.</p>	<p>Yes, the Trustee is satisfied that this policy has been followed.</p>	<p>The managers report on their RI activities, including their approach to stewardship, climate change and ESG risks via annual reviews.</p>
<p>The Trustee reports Responsible Investment manager ratings on a quarterly basis to the IC as an integrated part of its manager monitoring dashboard.</p>	<p>Yes, the Trustee is satisfied that this policy has been followed.</p>	<p>The IMT acts on behalf of the Trustee and reporting is done on a quarterly basis via a manager dashboard system.</p>
Environmental, Social and Governance Factors (1/2)		
<p>The Trustee will review the carbon risk at both the over-arching portfolio and underlying fund level on a regular basis to understand where risks might arise. This review may include carbon footprinting, scenario analysis and the use of other metrics. Where appropriate, this analysis will be used to inform our long-term investment strategy and also to meet the disclosure requirements that the Trustee has committed to by signing the Montreal Pledge. The Trustee is also committed to working towards compliance with the recommendations made by the Financial Stability Board (“FSB”) TCFD and will use the guidance it sets out for asset owners as the framework for reporting on climate change.</p>	<p>Yes, the Trustee is satisfied that this policy has been followed.</p>	<p>In August 2020, the Trustee sought its Investment Adviser’s recommendation and views relating to the current investment strategy. As part of this review, the Investment Adviser considered climate change stress tests, based on the methodology developed by the UK Prudential Regulation Authority (“PRA”).</p>

Policy	Has the policy been followed?	Evidence
Environmental, Social and Governance Factors (2/2)		
<p>The Trustee incorporates climate change expectations and reporting requirements into new mandates where appropriate and makes sure this is part of on-going manager monitoring and reporting. The Trustee will actively encourage its managers to consider reporting in line with the FSB TCFD recommendations.</p>	<p>Yes, the Trustee is satisfied that this policy has been followed.</p>	<p>Over the reporting period, the Trustee added 2 mandates. Specific ESG and climate change expectations were considered when appointing these new mandates.</p>
Social Factors		
<p>The Trustee carries out regular reviews of its portfolio to ensure adherence with its approach to restricting investments in controversial weapons.</p>	<p>Yes, the Trustee is satisfied that this policy has been followed.</p>	<p>The last review of the portfolio was undertaken following the implementation of TPT2016 specific controversial weapons policy in 2019. Following this review, the Trustee has produced a list of restricting investments in controversial weapons, adopted from MSCI's recommendations.</p> <p>In addition to this, the Trustee ensures that the adherence with its approach to restricting investments in controversial weapons is written into the relevant IMAs.</p>

Policy	Has the policy been followed?	Evidence
Governance Factors		
<p>The Trustee will assess companies in its portfolio of assets for breaches of generally recognised responsibilities and norms under the United Nations Global Compact and UN treaties and for other behaviours which are deemed unsustainable, considering the risks specific to the relevant sector(s) in which the company operates. The Trustee may use one or more external screening agent(s) to assist in this review.</p>	<p>Yes, the Trustee is satisfied that this policy has been followed.</p>	<p>The Trustee is aware that the assessment of companies in its portfolio of assets for breaches of generally recognised responsibilities and norms under the United Nations Global Compact and UN treaties is an evolving area. The Trustee has actively engaged in training sessions on wider Responsible Investment practices, which will inform TPT2016's implementation of this policy in the future.</p>
Engagement (1/2)		
<p>There may be occasions when engagement topics identified by the Trustee overlap with engagement efforts of its investment managers. In these situations, the Trustee will seek to undertake joint engagement activities with investment managers.</p>	<p>Yes, the Trustee is satisfied that this policy has been followed.</p>	<p>During the reporting period, the Trustee did not undertake joint engagement activities with investment managers.</p> <p>The Trustee acknowledges that this is an area in which there needs to be an increasing focus. As a result, the Trustee had a training session at the Q1 2021 Trustee Board meeting covering this specific area.</p>

Policy	Has the policy been followed?	Evidence
<p>The Trustee recognises that as a responsible asset owner, it should, wherever practicable given time and resources, support initiatives which aim to improve the regulatory and operational environment for all investors. As part of this, the Trustee will participate in collaborative engagements with other asset owners which it sees as furthering the aims and objectives of its investment beliefs and its RI Framework. As part of its effort in this area the Trustee is committed to joining collaborative engagements through its association with organisations such as the PRI, the PLSA, and the Institutional Investors Group on Climate Change (“IIGCC”). This list is not considered to exhaustive.</p>	<p>Yes, the Trustee is satisfied that this policy has been followed.</p>	<p>The Trustee is a signatory of the PRI. These reports are compiled by the United Nations-backed PRI on an annual basis to assess the sustainability credentials of firms in the investment industry, to promote its key objectives. TPT2016 scored highly across a majority of the modules, including its RI goals and objective. This report is published on the TPT2016 website.</p>
<p>Codes and industry initiatives</p>		
<p>The Trustee also aims to engage on relevant policy issues alongside other like-minded, responsible investors. To support the Trustee’s work in this regard it is a member of the IIGCC and the UK Sustainable Investment and Finance Association (“UKSIF”).</p>	<p>Yes, the Trustee is satisfied that this policy has been followed.</p>	<p>The Trustee remains a member of the IIGCC and UKSIF.</p>

Policy	Has the policy been followed?	Evidence
Non-financial matters		
<p>The Trustee will review its policy on non-financial matters on an annual basis.</p>	<p>Yes, the Trustee is satisfied that this policy has been followed.</p>	<p>TPT2016 have an Ethical Investment Framework that was adopted following consultation with key member organisations. The framework is aimed applying a standard set of ethical criteria to TPT2016's Ethical Funds to address moral or ethical preferences that have been highlighted to TPT2016 as being important to some member organisations, and likely shared by a sub-set of members. This framework was last reviewed on 12 October 2020.</p>
Compliance		
<p>The IC requires all investment managers to confirm, through their reporting, that the investments are diversified and suitable, and that they have complied with the principles set out in the DB SIP. The Trustee will review the DB SIP annually and without delay after any significant change in investment policy.</p>	<p>Yes, the Trustee is satisfied that this policy has been followed.</p>	<p>The SIP was updated prior to 1st October 2019 to reflect the Trustees' view on stewardship and financially material risks such as ESG, including climate change.</p> <p>Subsequent revisions to the SIP was published on 27th September 2020 to comply with further regulatory changes.</p>

Overview of the Trustee's voting and engagement policies

Summary of TPT2016's policies

The Trustee has delegated all aspects of monitoring the behavior of the investee companies to the individual investment managers who are, in the Trustees' opinion, best placed to make judgments and to engage in dialogue with the underlying issuers.

Stewardship refers to the responsible allocation and management of capital to create long-term value and sustainable benefits for the economy, the environment and society.

The Trustee's stewardship policy is to:

- Delegate responsibility for the exercising of rights (including voting rights) attaching to TPT2016's investments to investment managers; and
- Encourage its investment managers to engage with investee companies and vote whenever it is practical to do so on financially material matters including those deemed to include a material ESG and/or climate change risk in relation to those investments.

The Trustee's ability to influence investment managers' voting and stewardship activities will depend on the nature of the investments held. In the instances where TPT2016's assets are invested in pooled funds, where the Trustee hold units in a fund rather than having any direct ownership rights over the underlying assets, the Trustee has limited scope to influence managers' voting and stewardship activities. However, the Trustee does take stewardship into account in selecting, monitoring, and retaining its investment managers.

How have the policies been followed for TPT2016?

A majority of the Scheme's investment managers are signatories to the UN Principles of Responsible Investment ("UN PRI").

The use of voting rights is most likely to be financially material in the sections of the portfolios where physical equities are held. The investment manager is responsible for voting and engagement on the underlying assets rather than the Trustee, the Trustee's ability to influence voting activities undertaken is limited. However, where possible the Trustee have looked to include its voting and engagement policy into the Investment Management Agreements of segregated mandates.

Voting behaviour

Legal and General Investment Management (“LGIM”)

Voting

The Trustee invests in pooled fund arrangements, and as such, it is not necessary for managers to consult with the Trustee before voting, however, they are to vote in line with TPT2016’s voting and engagement policy. As part of its wider due diligence of the implementation of investment strategies, the Trustee requests the managers to produce information that demonstrate the manager is exercising good stewardship (see table below).

	Ethical UK Equity Index	Ethical Global Equity Index	UK Equity Index	North America Equity Index	Europe (ex UK) Equity Index	Asia Pacific (ex UK) Developed Equity Index
How many meetings were you eligible to vote at over the year to 30/09/2020?	271	1083	822	726	514	472
How many resolutions were you eligible to vote on over the year to 30/09/2020?	4604	15852	11799	8951	8971	3345
What % of resolutions did you vote on for which you were eligible?	99.6%	99.5%	99.9%	99.8%	99.1%	99.5%
Of the resolutions on which you voted, what % did you vote with management?	93.9%	83.8%	93.2%	72.4%	83.8%	74.7%
Of the resolutions on which you voted, what % did you vote against management?	6.1%	16.0%	6.8%	27.6%	15.9%	25.3%
Of the resolutions on which you voted, what % did you abstain from?	0.0%	0.1%	0.0%	0.0%	0.4%	0.0%
In what % of meetings, for which you did vote, did you vote at least once against management?	8.9%	73.1%	45.1%	93.9%	74.2%	69.6%
Which proxy advisory services does your firm use, and do you use their standard voting policy or created your own bespoke policy which they then implemented on your behalf?	LGIM’s Investment Stewardship team uses ISS’s ‘ProxyExchange’ electronic voting platform to electronically vote clients’ shares. All voting decisions are made by LGIM and we do not outsource any part of the strategic decisions. To ensure our proxy provider votes in accordance with our position on ESG, we have put in place a custom voting policy with specific voting instructions.					
What % of resolutions, on which you did vote, did you vote contrary to the recommendation of your proxy adviser? (if applicable)	1.1%	11.2%	6.1%	21.7%	7.8%	15.1%

Most significant votes

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

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

Company:	Pearson
Date:	18 September 2020
Resolutions:	<ul style="list-style-type: none"> • Amend remuneration policy was proposed at the company’s special shareholder meeting, held on 18 September 2020.
LGIM Vote:	Voted against the resolution.
Rationale:	<p>Pearson has had strategy difficulties in recent years and is a large and well-known UK company. Given the unusual approach taken by the company and LGIM’s outstanding concerns, this vote was deemed to be significant.</p> <p>Such significant dissent clearly demonstrates the scale of investor concern with the company’s approach. It is important that the company has a new CEO, a crucial step in the journey to recover value; but key governance questions remain which will now need to be addressed through continuous engagement.</p>

Man Group

Voting

The Trustee invests in pooled fund arrangements, and as such, it is not necessary for managers to consult with the Trustee before voting, however, they are to vote in line with TPT2016's voting and engagement policy. As part of its wider due diligence of the implementation of investment strategies, the Trustee requests the managers to produce information that demonstrate the manager is exercising good stewardship (see table below).

How many meetings were you eligible to vote at over the year to 30/09/2020?	944
How many resolutions were you eligible to vote on over the year to 30/09/2020?	11200
What % of resolutions did you vote on for which you were eligible?	98.5%
Of the resolutions on which you voted, what % did you vote with management?	88.6%
Of the resolutions on which you voted, what % did you vote against management?	10.9%
Of the resolutions on which you voted, what % did you abstain from?	0.2%
In what % of meetings, for which you did vote, did you vote at least once against management?	59.0%
Which proxy advisory services does your firm use, and do you use their standard voting policy or created your own bespoke policy which they then implemented on your behalf?	Man Group appointed Glass Lewis as its proxy service provider. We use Glass Lewis's voting platform 'Viewpoint' to vote our shares electronically, receive research reports and custom voting recommendations. We have monitoring controls in place to ensure that the recommendations provided are in accordance with our ESG Voting Policy and that our votes are timely and effectively instructed. Specifically, our voting framework employs screening to identify high-value positions and the Stewardship Team manually reviews the pre-populated votes for such positions. In addition to this manual check, we also have in place electronic alerts to inform us of votes against our policy, votes that need manual input and rejected votes that require further action.
What % of resolutions, on which you did vote, did you vote contrary to the recommendation of your proxy adviser? (if applicable)	4.2%

Most significant votes

Man’s proxy voting framework comprises a bespoke screening system that identifies high-value meetings. This screening combines the ESG rating from a third-party provider with an internal metric on deemed importance of the meeting. If a company falls below a certain threshold score in any area (ESG rating) and / or is considered materially important based on the % of shares outstanding held by Man Group or fund’s AUM, the meeting will be flagged to the Stewardship Team and be considered ‘high-value’. In addition to this, all shareholder proposals are also flagged to the Stewardship Team and reviewed.

Company:	Net Marketing Co. Ltd
Date:	29 September 2020
Resolutions:	<ul style="list-style-type: none"> Elect Kunihisu Miyamoto to Company’s Board of Directors.
Man Vote:	Voted against the resolution.
Rationale:	There are currently no women serving on the Company’s board of directors or statutory auditors. In addition, the Company has not disclosed any specific policies regarding gender diversity or a compelling rationale as to why no women have been appointed to the board of directors or statutory auditors.

Marathon Asset Management

Voting

The Trustee invests in this segregated arrangement. It is not necessary for managers to consult with the Trustee before voting, however, they are to vote in line with TPT2016’s voting and engagement policy. As part of its wider due diligence of the implementation of investment strategies, the Trustee requests the managers to produce information that demonstrate the manager is exercising good stewardship (**see table below**).

How many meetings were you eligible to vote at over the year to 30/09/2020?	88
How many resolutions were you eligible to vote on over the year to 30/09/2020?	1156
What % of resolutions did you vote on for which you were eligible?	100.0%
Of the resolutions on which you voted, what % did you vote with management?	95.0%
Of the resolutions on which you voted, what % did you vote against management?	5.0%
Of the resolutions on which you voted, what % did you abstain from?	0.0%
In what % of meetings, for which you did vote, did you vote at least once against management?	26.0%
Which proxy advisory services does your firm use, and do you use their standard voting policy or created your own bespoke policy which they then implemented on your behalf?	Marathon uses the recommendations prepared by Institutional Shareholder Services (“ISS”) as the basis for its proxy voting policy but reserves the right to deviate from the ISS recommendation where it is felt Marathon has a better understanding of the specific circumstances surrounding a particular issue.
What % of resolutions, on which you did vote, did you vote contrary to the recommendation of your proxy adviser? (if applicable)	3.0%

Most significant votes

Marathon's portfolio managers consider votes to be the "most significant" in the following type of scenarios:

- Marathon owns > 10% free float.
- Vote against management recommendation.
- Vote against ISS recommendation
- Vote is a hot topic in financial press.
- Shareholder proposal
- M&A activity

To improve this process, Marathon plans to capture additional commentary from Portfolio Managers at the time of voting (within the firm's existing proxy voting process), that will help specify if they feel a vote is "significant" and why. This will help identify those votes deemed "most significant" in future reporting periods.

Company:	Shinhan Financial Group (South Korea) Kirin Holdings Co Ltd
Date:	27 March 2020
Resolutions:	<ul style="list-style-type: none"> • Proposals to approve a Trust-Type Equity Compensation Plan and Phantom Stock Plan (proposal 4) or a (shareholder proposed) Restricted Stock Plan (proposal 7).
Marathon Vote:	Against the management's preferred option (proposal 4) and for the shareholder proposed Plan (proposal 7).
Rationale:	Marathon voted against management's preferred compensation plan structure and for the alternative structure proposed by a shareholder. By increasing the proportion of equity-based compensation, it is felt that the interests of executive directors would be better aligned with those of shareholders. The shareholder proposal also included better information disclosure concerning performance hurdles than was the case under the management proposal.

Ownership Capital

Voting

The Trustee invests in this segregated arrangement. It is not necessary for managers to consult with the Trustee before voting, however, they are to vote in line with TPT2016's voting and engagement policy. As part of its wider due diligence of the implementation of investment strategies, the Trustee requests the managers to produce information that demonstrate the manager is exercising good stewardship (see table below).

How many meetings were you eligible to vote at over the year to 30/09/2020?	21
How many resolutions were you eligible to vote on over the year to 30/09/2020?	230
What % of resolutions did you vote on for which you were eligible?	100.0%
Of the resolutions on which you voted, what % did you vote with management?	85.0%
Of the resolutions on which you voted, what % did you vote against management?	14.0%
Of the resolutions on which you voted, what % did you abstain from?	1.0%
In what % of meetings, for which you did vote, did you vote at least once against management?	81.0%
Which proxy advisory services does your firm use, and do you use their standard voting policy or created your own bespoke policy which they then implemented on your behalf?	<p>Our investment team decides how to vote based on our firm's view of corporate governance best practice and our knowledge of each company's business situation. We supplement this through an ongoing dialogue with management and data from Glass Lewis. The recommendations are collected by one member of the investment team, responsible for the screening of the recommendations against the internal voting policy and checking for consistency against previous voting activity. Once this screening is successfully performed, the voting instructions are sent to the proxy voting platform.</p> <p>We currently cast our proxy votes via a dedicated voting provider, Broadridge.</p>
What % of resolutions, on which you did vote, did you vote contrary to the recommendation of your proxy adviser? (if applicable)	-

Most significant votes

Ownership Capital voting guidelines are based on the principles of the International Corporate Governance Network (“ICGN”), as they provide an internationally recognized framework for corporate governance. Ownership Capital actively votes on all agenda items of all portfolio companies. The Ownership Capital voting principles are:

- Optimising risk / return
- One share, one vote
- Alignment of interest
- Know-what-you own principle
- Shareholder proposals
- Continuous discussion

Company:	Visa
Date:	29 January 2020
Resolutions:	<ul style="list-style-type: none"> • Advisory to Ratify Named Executive Officers' Compensation.
Ownership Capital Vote:	Voted against the resolution.
Rationale:	CEO pay is 1.5x median of peers, despite pay for performance being aligned.

RBC Global Asset Management

Voting

The Trustee invests in this segregated arrangement. It is not necessary for managers to consult with the Trustee before voting, however, they are to vote in line with TPT2016’s voting and engagement policy. As part of its wider due diligence of the implementation of investment strategies, the Trustee requests the managers to produce information that demonstrate the manager is exercising good stewardship (**see table below**).

How many meetings were you eligible to vote at over the year to 30/09/2020?	62
How many resolutions were you eligible to vote on over the year to 30/09/2020?	556
What % of resolutions did you vote on for which you were eligible?	100%
Of the resolutions on which you voted, what % did you vote with management?	88.6%
Of the resolutions on which you voted, what % did you vote against management?	6.7%
Of the resolutions on which you voted, what % did you abstain from?	3.8%
In what % of meetings, for which you did vote, did you vote at least once against management?	35.5%
Which proxy advisory services does your firm use, and do you use their standard voting policy or created your own bespoke policy which they then implemented on your behalf?	RBC GAM retains the services of Institutional Shareholder Services (“ISS”) to manage and execute proxy votes. ISS provides custom voting recommendations for all proxies based on the RBC GAM Proxy Voting Guidelines. We also engage proxy voting advisors to make recommendations in jurisdictions where those guidelines may not be applicable, which is particularly relevant for our Emerging Markets Equity portfolios; our Guidelines are applied in Canada, the United States, the United Kingdom, Ireland, Australia, and New Zealand, and in all other markets, we utilise the local proxy voting guidelines of a research provider. RBC GAM also subscribes to the research of both ISS and Glass, Lewis & Co. However, the final voting decision is independent and voting authority rests solely with RBC GAM.
What % of resolutions, on which you did vote, did you vote contrary to the recommendation of your proxy adviser? (if applicable)	1.6%

Most significant votes

Proxy voting plays a key role in RBC's active stewardship activities. As such, there are several particularly significant votes annually.

Company:	Midea Group Co Ltd
Date:	22 June 2020
Resolutions:	<ul style="list-style-type: none"> • Approve Application for Unified Registration of Varieties of Debt Financing Instruments.
RBC Vote:	Voted against the resolution.
Rationale:	The company has failed to disclose sufficient information regarding the debt issuance request such as the issuance size and the intended usage of the loans by the subsidiary. Absent the relevant information, the effects and fairness of the proposal cannot be effectively gauged

Ruffer LLP

Voting

TPT2016 invests in this segregated arrangement. It is not necessary for managers to consult with the Trustee before voting, however, they are to vote in line with TPT2016’s voting and engagement policy. As part of its wider due diligence of the implementation of investment strategies, the Trustee requests the managers to produce information that demonstrate the manager is exercising good stewardship (see table below).

How many meetings were you eligible to vote at over the year to 30/09/2020?	35
How many resolutions were you eligible to vote on over the year to 30/09/2020?	485
What % of resolutions did you vote on for which you were eligible?	94.0%
Of the resolutions on which you voted, what % did you vote with management?	90.8%
Of the resolutions on which you voted, what % did you vote against management?	9.2%
Of the resolutions on which you voted, what % did you abstain from?	0.7%
In what % of meetings, for which you did vote, did you vote at least once against management?	46.8%
Which proxy advisory services does your firm use, and do you use their standard voting policy or created your own bespoke policy which they then implemented on your behalf?	<p>Ruffer’s proxy voting advisor is Institutional Shareholder Services (“ISS”).</p> <p>We have developed our own internal voting guidelines. However, we take into account issues raised by ISS, to assist in the assessment of resolutions and the identification of contentious issues. Although we are cognisant of proxy advisers’ voting recommendations, we do not delegate or outsource our stewardship activities when deciding how to vote on our clients’ shares.</p> <p>If there are any controversial resolutions, a discussion is convened with senior investment staff and, if agreement cannot be reached, there is an option to escalate the decision to the Head of Research or the Chief Investment Officer.</p>
What % of resolutions, on which you did vote, did you vote contrary to the recommendation of your proxy adviser? (if applicable)	9.8%

Most significant votes

Ruffer have defined ‘significant votes’ as those that they think will be of particular interest to their clients. In most cases, these are when they form part of continuing engagement with the company and/or Ruffer have held a discussion between members of the research, portfolio management and responsible investment teams to make a voting decision following differences between the recommendations of the company, ISS and their internal voting guidelines. The weighting of the holding in the portfolio is also a factor in the assessment.

Company:	ExxonMobil
Date:	27 May 2020
Resolutions:	<ul style="list-style-type: none"> • Votes for re-election of non-executive directors.
Ruffer Vote:	Voted against the resolution.
Rationale:	Ruffer noted that they would like ExxonMobil to further align its strategy with the goals of the Paris Agreement and accept responsibility for its scope 3 emissions. They discussed the progress the European oil and gas companies have made in recent months and suggested that the company join the Energy Transition Commission. As one of the largest oil and gas companies in the world, Ruffer emphasised that they would like to see ExxonMobil helping to address the issues facing the sector. Due to the limited progress since the 2019 AGM, Ruffer decided again to vote against the re-election of all non-executive directors because Ruffer do not think they have been representing the best interests of shareholders owing to the slow progress of the engagement with the Climate Action 100+ initiative.

Sands Capital Management

Voting

TPT2016 invests in this segregated arrangement. It is not necessary for managers to consult with the Trustee before voting, however, they are to vote in line with TPT2016's voting and engagement policy. As part of its wider due diligence of the implementation of investment strategies, the Trustee requests the managers to produce information that demonstrate the manager is exercising good stewardship (see table below).

How many meetings were you eligible to vote at over the year to 30/09/2020?	39
How many resolutions were you eligible to vote on over the year to 30/09/2020?	403
What % of resolutions did you vote on for which you were eligible?	100.0%
Of the resolutions on which you voted, what % did you vote with management?	95.0%
Of the resolutions on which you voted, what % did you vote against management?	5.0%
Of the resolutions on which you voted, what % did you abstain from?	0.0%
In what % of meetings, for which you did vote, did you vote at least once against management?	26.0%
Which proxy advisory services does your firm use, and do you use their standard voting policy or created your own bespoke policy which they then implemented on your behalf?	The firm receives proxy voting research from Glass Lewis and ISS but does not necessarily vote according to the guidelines provided by these services. Instead, the research is used as an efficient means to collect and organize the proxy issues.
What % of resolutions, on which you did vote, did you vote contrary to the recommendation of your proxy adviser? (if applicable)	-

Most significant votes

The criteria Sands Capital selected to assess the “significance” of the vote were whether they voted against management, the dissent level, and relevance to the strategy.

Company:	Amazon.com Inc
Date:	27 May 2020
Resolutions:	<ul style="list-style-type: none"> Report on Customers' Use of its Surveillance and Computer Vision Products or Cloud-Based Services.
Sands Capital Vote:	Voted against the resolution.
Rationale:	Sands Capital Management think that the use of AI technology for surveillance has become widespread enough and there have been enough reported issues with its use, that it warrants an independent analysis on whether this is leading to any human rights violations. They agree with Glass Lewis in that the potential for brand damage is significant enough if violations occur that it is worth the time and cost to put together this report.

Final Remarks

Overall, Trustee has demonstrated key actions for TPT during the relevant reporting period that show how it continues to make investment decisions in line with the policies set out in the SIP.

The reporting period for this Statement covers 1st October 2019 to 30th September 2020. Any actions undertaken by the Trustee after this date will be covered in the next Statement. From a stewardship and engagement perspective, TPT is limited in its scope to directly influence how asset managers invest and engage with underlying companies due to the range of investments they use. However, where applicable the Trustee does seek to incorporate its voting and engagement policies into its appointment terms with managers.

TPT Retirement Solutions
Verity House
6 Canal Wharf
Leeds
West Yorkshire
LS11 5BQ
Email enquiries@tpt.org.uk
Website www.tpt.org.uk



Pension Scheme Registration Number 12013479