PLYMOUTH & SOUTH WEST CO-OPERATIVES SOCIETY LIMITED EMPLOYEES' SUPERANNUATION FUND

Financial Statements
For Year Ended 31 March 2020

PENSION SCHEME REGISTRY NO. 100404157

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Some Helpful Terms

In this document, when we say:	We mean:
Actuary	An individual who is appointed to advise the Trustee in relation to the funding and financing of the Fund. The actuary values the Fund's assets and liabilities. The Fund's actuary is Tom Scott.
Articles of Association	This covers the Trustee's formal governing documents, namely its memorandum and articles of association. These documents which, together with the Scheme's trust deed and rules, governs the Trustee.
Closure Members	Members who were still building up benefits on the date the Fund closed to future accrual, 6 October 2012.
Closure Member Nominated Directors (MNDs)	MNDs appointed from the Funds' Closure Members.
Co-op Appointed Directors	Trustee directors who are selected by the Co-op.
Co-op	Co-operative Group Limited. The Co-op is the Fund's principal (and only) employer.
CPI	The Consumer Prices Index, the main UK indicator of consumer price inflation.
Deferred Members	Member of the Fund who are not Closure Members and whose benefits have not yet come into payment.
Fund	Plymouth & South West Co-operative Society Limited Employees' Superannuation Fund.
In-service Deferred MND	An MND who is deferred but still works for the Co-op.
Independent Trustee Director	Independent Trustee Services Limited. A professional independent trustee company which is a Director of the Trustee (via its representative, Mark Evans (from 19 June 2019; Chris Martin until that date), appointed by the Co-op.

MNDs	Member-nominated directors of the Trustee. These are directors of the Trustee who have been chosen by and from the Schemes' Closure Members and pensioners.
Pensioners	Members of the Fund whose benefits have come into payment.
Pensioner MNDs	MNDs appointed from the Funds' pensioners.
CPLT	The Co-op's Human Resources Core, a group of senior human resources personnel with responsibility for the Co-op's people-related matters.
PPF	The Pension Protection Fund, an independent body funded by levies collected from defined benefit pension schemes, provides compensation where such a pension scheme's employer has become insolvent.
RPI	The Retail Prices Index, a measure of inflation used widely by pension schemes and in contracts.
Secretary	The Secretary is responsible for helping the Trustee with its arrangements, and providing support for its meetings. Tom Taylor, of the Co-op's Trustee Services team, currently holds this role.
Somerfield Scheme	Somerfield Pension Scheme.
Trustee	TCG Southern Trustees Limited. A company which is appointed as the trustee of the Fund and acts via its directors.

Trustee Directors & Advisers

TCG Southern Trustees Limited is appointed as the Trustee by the Co-op to manage the Fund. We are also the trustee of the Somerfield Pension Scheme.

The Fund's trust deed and rules give the Co-op the power to appoint or remove the Fund's Trustee.

Our registered office is 1 Angel Square, Manchester, United Kingdom, M60 0AG.

The board of directors of the Trustee

We are the board of a trustee company which is governed by its Articles of Association.

We have up to eight directors:
- Five appointed by the Co-op (including one Independent Trustee Director)
- Three MNDs

Who are the current directors of the Trustee?

- Independent Trustee Services Limited, represented by Mark Evans (from 19 June 2019; by Chris Martin until that date) (Independent Director) (Chair)
- Graham Jones (In-service Deferred MND)
- James Carter (Closure MND)
- Sadie Ashbee (Co-op Appointed Director)
- Jack Marland (Co-op Appointed Director)
- Vacancy (Co-op Appointed Director)
- Vacancy (Co-op Appointed Director)
- Vacancy (Pensioner MND)

Which Trustee directors left?

- Vicki Mains (Appointment ended 7 June 2019)
- John England (Appointment ended 9 January 2020)

Appointment, resignation and removal of Trustee directors

Our Articles of Association give the Co-op the power to remove or appoint four Trustee directors plus one independent director.

In addition, legislation requires that at least a third of the Trustee directors are selected by the Funds' members. The Articles of Association gives the Funds' members the power to appoint three Trustee directors.

Each Co-op Appointed Director holds office indefinitely or until they:
- resign as a Trustee director, or
- are removed by the Co-op, or
- cease to be appointed due to any of the events set out in Article 19 of the Articles of Association (namely: disqualification or certain absences from trustee meetings).

Each MND holds office for a period of four years or until they:
- resign as a Trustee director, or

- are removed by the Co-op (with the unanimous consent of all of the other Trustee directors), or
- cease to be appointed due to any of the events set out in the Article 20 of the Articles of Association (see above).

John England sadly passed away on 9 January 2020. John was a long-serving, loyal Trustee director whose contribution to the Fund and its members will be missed. The Trustee Board is considering what arrangements might be made to appropriately cater for member-nominated director requirements.

Chair of the Trustee

We elect the Chair, after considering the Co-op's views on the appointment.

Vacancies

The Co-op has delegated its authority to appoint Co-op Appointed Directors to the CPLT. If a Co-op Appointed Director vacancy arises then the CPLT will appoint a replacement.

If an MND vacancy arises then it will be filled in accordance with our MND arrangements

Decision Making

Any decision of the Trustee directors must be:

(a) a decision by a majority of Trustee directors present at and voting at a meeting,
(b) where decision-making has been delegated to a committee, a decision taken at a meeting of that committee by a majority of the members of that committee, or
(c) for some decisions a unanimous decision of the Trustee directors

and will be subject to the provisions of the Fund's trust deed and rules.

Committees of the Trustee board

An **Audit and Risk Committee** was established on 10 September 2016 to review the Fund's risk register, monitor administration and schedule of delegated authorities and also to review the Fund's financial statements.

A **Valuation Committee** has been established to negotiate the 31 March 2019 actuarial valuation of the Fund. It remained in place until the point that the 2019 valuation negotiations were finalised.

We also have an **Investment Committee** which meets on a quarterly basis.

No other committees are currently in place.

Meetings

As the Board of the Trustee, we meet at least four times a year, with special meetings convened as appropriate. During the year, we met four times.

Secretary

The Co-op appoints the Secretary to the Trustee. This authority is delegated to the CPLT. Tom Taylor, of the Co-op's Trustee Services team, is appointed as the Secretary.

Trustee Director Remuneration

All Trustee director remuneration paid to directors of the Trustee is split for accounting purposes equally between the Fund and the Somerfield Pension Scheme.

The Fund's share is paid for by the Co-op, and not from the assets of the Fund. All figures used below cover the full amount of remuneration paid to Trustee Directors in relation to both the Fund and the Somerfield Pension Scheme.

The Trustee Remuneration Policy provides for payment of £2,000 p.a. to Closure MNDs and £5,000 p.a. to Pensioner MNDs. MNDs can choose not to receive any remuneration. Additional remuneration of £1,000 p.a. is payable to Closure MNDs who are members of the Investment Committee, Audit & Risk Committee and/or the Valuation Committee (when operative).

The Trustee remuneration policy is reviewed by the Trustee annually.

The terms of engagement in place with the Independent Trustee Director provide for the Independent Trustee Director to be paid a fixed fee of £40,000 per year, covering both the Fund and the Somerfield Scheme, which covers business as usual trustee actions (e.g. attendance at four trustee meetings a year). In addition if the Independent Trustee Director is asked to attend additional meetings e.g, committee meetings, the terms provide that the director will be paid £1,000 per meeting.

The Co-op Appointed Directors are not separately remunerated in respect of their roles as Trustee Directors.

Enquiries

For enquiries about the Fund please contact:

Co-operative Group Limited
Pensions Department
Department 10406
1 Angel Square
Manchester
M60 0AG

Email address: utdpensions@coop.co.uk

The Fund's Professional Advisers are:	
Actuary	Tom Scott FIA, Aon Solutions UK Limited
Administrator	Mercer Limited, 4 St Paul's Square, Old Hall Street, Liverpool, L3 9SJ
Auditor	Deloitte LLP
AVC provider	Royal London (CIS) Limited
Bankers	Barclays Bank PLC
Custodian	Bank of New York Mellon
Employer Covenant Adviser	KPMG LLP
Investment Consultant	Mercer Limited
Investment Managers	Blackrock Investment Management (UK) Limited Insight Investment Management (Global) Ltd Intermediate Capital Group plc Legal & General Investment Management (UK) Limited M&G Investments Royal London Asset Management Limited
Legal advisers	Eversheds LLP Linklaters LLP

Our Annual Report

Introduction

We are pleased to present the annual report together with the audited financial statements for the year ended 31 March 2020. The financial statements (set out on pages 28 to 43) have been prepared and audited in accordance with Sections 41(1) and (6) of the Pensions Act 1995.

The investment report set out on pages 19 to 24 and the report on actuarial liabilities set out on pages 11 to 12 also form part of this annual report.

The Fund provides benefits based on a member's salary and length of service. It is closed to new members and future accrual. Before closure, members were able to make Additional Voluntary Contributions to secure additional benefits.

Constitution of the Fund

The Fund provided a Defined Benefit Section and a Defined Contribution Section governed by a Trust Deed dated 30 June 2010 (as amended from time to time). On 29 January 2014 the Trustee completed the wind-up of the Defined Contribution Section with the Defined Benefit Section continuing to operate.

The Fund is constituted by:

(a) A Trust Deed dated 1 May 1929; and
(b) Rules dated 1 June 2010.

The Trustee holds funds on trust to apply them for the purpose of paying pensions and other benefits in accordance with the Trust Deed.

Tax Status

The Fund is a 'registered pension scheme' for tax purposes under the Finance Act 2004. As such most of its income and investment gains are free of taxation. However, the Fund cannot reclaim certain amounts of withholding taxes relating to overseas investment income.

Membership statistics for the year to 31 March 2020

	31 March 2019	**Adjustments***	**Additions**	**Retirements, leavers and pensions ceasing**	**Deaths**	**31 March 2020**
Closure Members	**41**	(1)	-	(1)	-	**39**
Deferred Members	**950**	(2)	-	(44)	-	**904**
Pensioners	**1,045**	(6)	52	(8)	(38)	**1,045**
Total	**2,036**	**(9)**	**52**	**(53)**	**(38)**	**1,988**

*Prior year adjustments have been made for reclassifications after the completion of last year's report

Transfers

Transfer value calculations use a method and basis determined by the Trustee, after taking advice from the Fund Actuary, to be consistent with relevant legislation and the Rules of the Fund. No allowance is made for discretionary benefits in the calculation of transfer values.

Guarantees

The Co-op's main trading and/or asset-holding subsidiaries guarantee the Co-op's obligations to the Fund. The identity of these guarantors may change from time to time depending on the internal financial metrics of the wider Co-op Group: the criteria for this are set based on the Co-op's banking arrangements. The guarantors under this guarantee are also guarantors for the Co-op's banking and bond debt. This guarantee covers the amounts due from the Co-op under either the schedule of contributions or under the employer debt provisions of section 75 of the Pensions Act 1995, and has a long-stop date of 31 December 2034.

Pension increases

Post 88 Guaranteed Minimum Pension (GMP)

Increases are based on the annual movement in the Consumer Prices Index (CPI) up to September prior to the increase date, subject to a maximum of 3% per annum. As the percentage increase in the CPI over the relevant period was 1.7%, an increase of 1.7% was applied to the pension in respect of Post 88 GMP. This was applied in full to those members who had reached the state pension age at 6 April 2019 regardless of when they retired.

Non-GMP pension earned before 6 April 1997

Increases are based on the annual movement in the Retail Prices Index (RPI) up to December prior to the increase date, subject to a maximum of 3% per annum and are first applied on the 6 April following the calendar year in which the pension began. The percentage annual increase in the RPI for December 2019 was 2.2%. For those members who retired before 1 January 2020, pensions will first increase with effect from 6 April 2020.

Non-GMP pension earned after 5 April 1997 but before 1 April 2006

Increases are based on the annual movement in the RPI up to September prior to the increase date, subject to a maximum of 5% per annum. The percentage increase in the RPI over the relevant period was 2.4% and an increase of 2.4% was applied to pensioners who retired prior to 6 April 2019. For those members who retired on or after 6 April 2019, a proportionate increase was applied, based on the number of complete months between 6 April 2019 and 5 April 2020.

Non-GMP pension earned after 1 April 2006

Increases are based on the annual movement in the RPI up to September prior to the increase date, subject to a maximum of 2.5% per annum. The percentage increase in the RPI over the relevant period was 2.4% and therefore an increase of 2.4% was applied to pensioners who retired prior to 6 April 2019. For those members who retired on or after 6 April 2019, a proportionate increase was applied, based on the number of complete months between 6 April 2019 and 5 April 2020.

Deferred pensions have been increased in line with statutory requirements.

All increases were in accordance with the trust deed and rules of the Fund or legislative requirements. There were no discretionary increases awarded in the year ended 31 March 2020.

Contributions

Under the Schedule of Contributions signed on 22 September 2017, as part of the completion of the Scheme's funding valuation as at 31 March 2016 (discussed below), minimum rates of deficit reduction contributions of:

- £5M per annum, payable in equal monthly instalments until 31 December 2017;
- £7M per annum, payable in equal monthly instalments from 1 January 2018 to 30 June 2019;
- £8M per annum, payable in equal monthly instalments from 1 July 2019 to 31 December 2024;

will be paid to the Fund by the Co-op.

In addition the Co-op will reimburse the Trustee for any administrative and other expenses, and meet the cost of the PPF and other levies in respect of the Fund.

The employer has pre-paid some of these contributions, via higher amounts paid in January to April 2018 (inclusive) than those amounts due under the Schedule of Contributions. The pre-payments will be offset from subsequent contributions. The financial statements in these accounts treat the aggregate pre-payment as at 31 March 2020 as an amount owed by the Fund to the employer.

A revised Schedule of Contributions was signed on 26 June 2020 as part of the completion of the Fund's funding valuation as at 31 March 2019 (discussed below). Under this revised Schedule of Contributions, the above deficit reduction contributions continue for a further seven months to 31 July 2025 at £8M per annum.

Actuarial Valuation

The financial statements, set out on pages 28 to 43, do not take into account the liabilities to provide pension benefits. These liabilities are considered by the Fund Actuary who carries out an actuarial valuation of such liabilities every three years. This valuation considers the funding position and the level of contributions payable.

The Actuary completed an actuarial valuation of the Fund as at 31 March 2019, in accordance with the scheme specific funding requirements of the Pensions Act 2004. The results of the valuation showed that at 31 March 2019, the Fund had a shortfall of £52m relative to its technical provisions, which equates to a funding level of 70%.

We discussed the results of the valuation with the Co-op and a recovery plan for the elimination of the funding shortfall was agreed and is reflected in the rate of contribution described above. The recovery plan is dated 26 June 2020.

The formal actuarial certificate required by statute to be included in our Annual Report from the Fund Actuary appears on page 46.

The next actuarial valuation of the Fund will be as at 31 March 2022, and should be completed by 30 June 2023.

Report on Actuarial Liabilities

Under Section 222 of the Pensions Act 2004, every scheme is subject to the Statutory Funding Objective, which is to have sufficient and appropriate assets to cover its technical provisions. The technical provisions represent the present value of the benefits members are entitled to based on pensionable service to the valuation date. This is assessed using the assumptions agreed between the Trustee and the Co-op and set out in the Statement of Funding Principles, which is available to Fund members on request.

The most recent full actuarial valuation of the Fund was carried out as at 31 March 2019.

This showed that on that date:

The value of the Technical Provisions was:	£173 million
The value of the assets was:	£121 million

The method and significant actuarial assumptions used to determine the technical provisions are as follows (all assumptions adopted are set out in the Appendix to the Statement of Funding Principles):

Method

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

Significant actuarial assumptions

- Discount interest rates
    - *Pre*-retirement: UK Government fixed-interest gilt yield curve at the valuation date, plus a fixed addition of 1.0% per annum at all terms.
    - *Post*-retirement: UK Government fixed-interest gilt yield curve at the valuation date, plus a fixed addition of 0.5% per annum at all terms.
- Future Retail Price inflation: the assumption is derived from market implied Bank of England break-even inflation curve at the valuation date.
- Future Consumer Price inflation: the assumption is derived at the valuation date by deducting 0.9% per annum for terms up to 2030 and 0.7% per annum for terms from 2030 onwards from the RPI inflation assumption.

  The difference between the long-term assumption for RPI and CPI inflation may vary over time to reflect the Scheme Actuary's changing views of long-term structural differences between the calculation of RPI and CPI inflation at the date subsequent calculations are carried out.
- Pension increases: inflation linked pension increase assumptions are derived from the RPI and CPI inflation assumptions as appropriate, allowing for the maximum and minimum annual increase, and for inflation to vary from year to year in line with best estimate volatility.
- Pay increases: The Fund was closed to future accrual with effect from 6 October 2012 (”the closure date”). Members who were active members at the closure date became ‘Closure Members’ and are eligible to retain a salary link for benefits accrued before the closure date whilst they remain an employee of the Co-operative Group (“the Co-op”). An assumption for salary increases in excess of increases in

the RPI of 0.5% per annum has been determined after consultation with the Co-op. No additional allowance has been made for promotional increases.

- Mortality: The mortality assumptions are as follows:

  Post-retirement mortality:

  Standard Self-Administered Pension Scheme ("SAPS") S3 *Heavy* year of birth tables scaled as follows:

  - Non-pensioners: 95% males / 111% females
  - Pensioners: 85% males / 102% females

  Allowance for long-term improvements in mortality in line with the most recent CMI mortality projection model.

  For the purpose of the funding valuation at 31 March 2019 and the associated annual updates prior to the 31 March 2022 valuation, allowance will be made for the CMI 2018(Sk = 7.0, A = 0.5%) mortality projection model (core parameters), unless otherwise agreed.

  Allowance for an assumed long term rate of improvement of 1.5% per annum.

  Base mortality prudence loading: 2% prudence loading to the technical provisions

- Commutation: 100% of non-pensioner members convert 25% of their pension at retirement into a cash sum, on commutation factors equivalent to 80% of the technical provisions.

- Expenses: no allowance, on the basis that the Co-op will meet directly or reimburse the Trustee for any administrative and other expenses, and meet the cost of the PPF and other levies in respect of the Fund.

Fund Changes during the Year

There have been no changes to the Rules of the Fund during the year to 31 March 2020.

GMP Equalisation

On 26 October 2018, the High Court handed down a judgement involving the Lloyds Banking Group's defined benefit pension schemes. The judgement concluded the schemes should be amended to equalise pension benefits for men and women in relation to guaranteed minimum pension ("GMP") benefits. The issues determined by the judgement arise in relation to many other defined benefit pension schemes. The Trustee is aware that the issue will affect the Fund and will be considering this at a future meeting and decisions will be made as to the next steps. Under the ruling schemes are required to backdate benefit adjustments in relation to equalising for the effect of unequal GMPs and provide interest on the backdated amounts. The Trustee and the Co-op are currently agreeing the equalisation methodology to be used, however the Trustee is not yet in a position to obtain a reliable estimate of the backdated benefits and related interest. Therefore the cost of backdating pension benefits and related interest has not been recognised in these financial statements. The costs will be recognised once the Trustee is able to reach a reliable estimate.

Covid-19

From 1 January 2020, global financial markets have experienced and may continue to experience significant volatility resulting from the spread of a novel coronavirus known as

Covid-19. The outbreak of Covid-19 has resulted in travel and border restrictions, quarantines, supply chain disruptions, lower consumer demand, and general market uncertainty. The effects of Covid-19 have and may continue to adversely affect the global economy, the economies of certain nations, and individual issuers, all of which may negatively impact the Fund's investment return and the fair value of the Fund's investments.

The quantum of the effect on the Scheme investments in the portfolio is difficult to assess because of the frequency of pricing of some of the investments held. In accordance with the requirements of FRS 102 and the Pensions SORP the fair valuations at the date of the statement of net assets reflect the economic conditions in existence at that date.

The Trustee has evaluated all subsequent events or transactions for potential recognition or disclosure to the date on which these financial statements were signed and has determined that there were no additional subsequent events requiring adjustment to or disclosure in the Fund financial statements.

The Trustee has considered the impact of the Covid-19 pandemic, the impact of which has been felt in the UK following the Fund's accounting year-end:

- Trustee governance is not impacted by the pandemic. The Trustee has run its meetings remotely and has a variety of methods for keeping in touch with the Co-op's Trustee Services team and managing communications between Trustee Directors and advisers.

- The Trustee's business continuity plan has been refreshed several times in light of the pandemic, and is kept up to date on a regular basis (alongside those of the other Co-op pension schemes). Key suppliers, including investment managers, are monitored for signs of strain, and the Trustee has no significant concerns at present.

- The Trustee has considered the impact of the pandemic on the Co-op's covenant, and has instigated more frequent, light touch monitoring. The Trustee has no significant concerns about the covenant of the Co-op's key businesses in light of the pandemic. This has formed part of the Trustee's view that the going concern basis remains the appropriate basis for the Scheme's accounts

- Given the relatively high levels of interest rate and inflation protection in place, together with the low exposure to growth assets, the diversification of the Fund's assets both by asset class and geography, the Trustee is comfortable that the investment strategy remains appropriate.

Financial Development of the Fund

During the year ended 31 March 2020, the net assets increased from £121.2m to £130.2m.

Statement of Trustee's Responsibilities for 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 (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 Fund during the Fund year and of the amount and disposition at the end of that year of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the Fund year; and

- contain the information specified in the 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 the above 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 the preparing of the financial statements on a going concern basis unless it is inappropriate to presume that the Fund will not be wound up.

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

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

The Trustee is responsible for the maintenance and integrity of the corporate and financial information included on the Scheme's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

For and on behalf of TCG Southern Trustees Limited:

Independent Trustee Services Limited,
represented by Mark Evans
Chair

Tom Taylor
Secretary

Date:

More Helpful Terms

In this document, when we say:	We mean:
Additional Voluntary Contribution (“AVC”)	Contributions over and above a member's normal contributions which the member chose to pay to the Fund in order to secure additional benefits.
Asset Backed Securities	An Asset Backed security is the term given to a bond, whose value is derived from a pool of underlying assets which together generate income and collateralise the specific pool. Examples include a pool of mortgages or credit card debt.
Benchmark	A “yardstick” against which the investment performance of a fund manager can be compared.
Bond	An investment in the form of a loan to a company or government which pays a fixed rate of interest over a given time period, at the end of which the initial amount borrowed is repaid. Also known as “fixed interest” investments.
Buy and maintain credit	An investment in corporate bonds where the manager aims to select bonds with low default risk that can be held to maturity, and aims to have very low turnover in holdings.
Corporate Bond	A bond issued by a company.
Custodian	A custodian provides safe-keeping of a pension scheme’s assets by holding and recording the investments, and processing tax reclaims etc.
Default	When talking about bonds or investments, a “default” is a failure on the part of the borrower to pay interest on a loan, or to be able to repay a loan at full value.
Derivatives	Financial instruments whose price is dependent on one or more underlying assets or market indicators (e.g. interest rates or inflation). Derivatives can be used to gain exposure to, or to help protect against, changes in the value of the underlying investments.
Diversified Growth Fund (“DGF”)	Pooled investment funds that invest in a wide range of asset classes, with the split between those investments often being managed on an active basis as market conditions change.

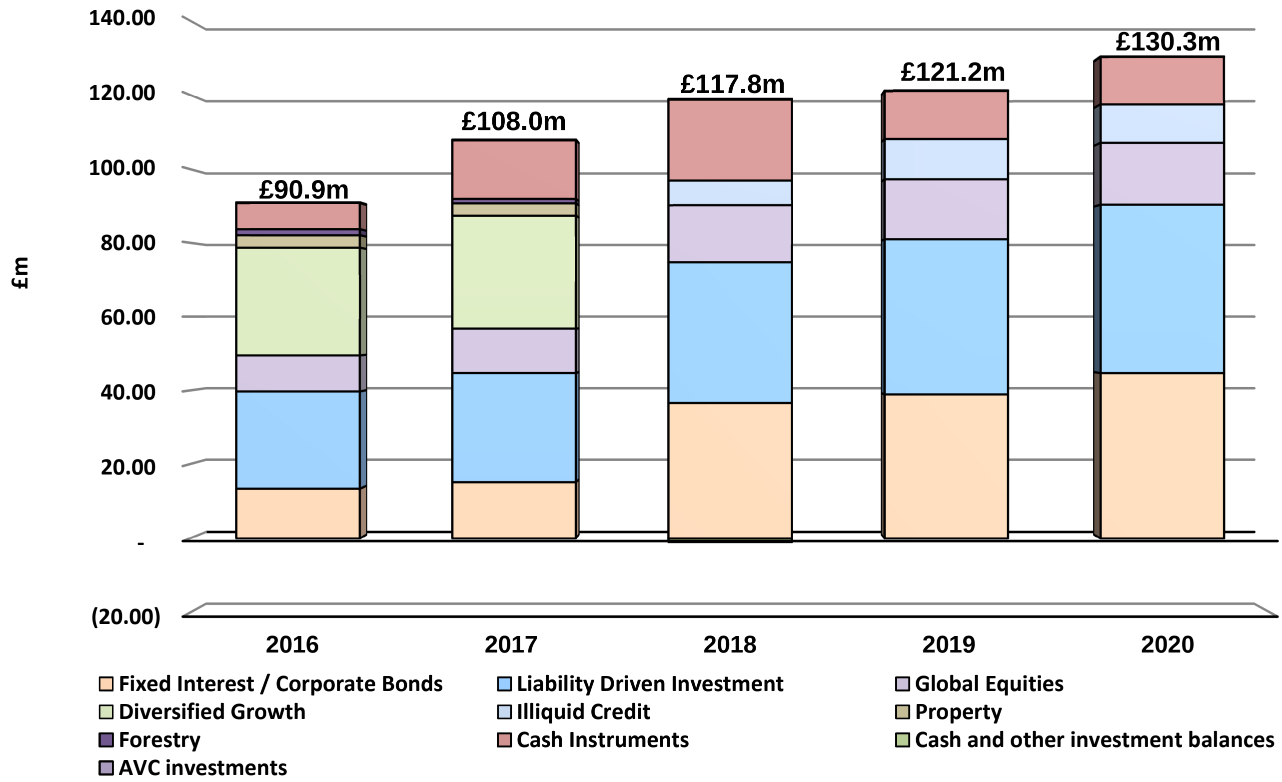
Equity	An investment in the form of shares in companies (also known as stocks). Owning shares makes shareholders part owners of the company in question and usually entitles them to a share of the profits (if any), which are paid as dividends. An investor does not have direct ownership rights if investing in equities via a pooled fund. See “pooled fund”.
ESG (Environmental, Social and Corporate Governance)	Factors considered in investment analysis and portfolio construction. ESG is used to evaluate corporate behaviour and the sustainability of business’ operations.
Fixed Interest	See “bond”.
Gilt	A bond issued by the UK Government.
Illiquid Credit	Illiquid Credit investments take the principles of bond investing, lending of money in return for regular interest payments, into less standardised areas which are not actively traded. This results in favourable terms for investors and greater potential gain, which pension schemes are able to access as long-term investors.
Index-linked Gilt	A bond issued by the UK Government which increases each year in line with inflation, which has the effect of increasing the amount of interest paid (or decreasing it if inflation is negative – “deflation”). Also known as inflation-linked gilts.
Investment Grade	A category of ratings provided by a ratings agency based on its assessment of the credit worthiness of that company or asset. The assessments within Investment grade range from ‘extremely strong capacity to meet financial commitments’ (defined as AAA or Aaa) to ‘adequate capacity to meet financial commitments but more subject to adverse economic conditions’ (BBB or Baa).
Investment Manager	A company to whom the Trustee delegates the day to day management of part of the Fund’s assets. Also known as an “asset manager” or “fund manager”.
Leverage	Use of borrowed money to over-invest a portfolio which magnifies both gains and losses. This may be achieved by using derivatives such as swaps. Allows a pension fund to efficiently hedge interest rate and inflation risk where it does not have sufficient assets to invest entirely in bonds (or where suitable bonds are not available).

Liability Driven Investment	An investment approach which focuses on matching the sensitivities of a pension scheme's assets to those of its underlying liabilities in response to changes in certain factors, normally interest rates and inflation expectations.
London Interbank Offered Rate ("LIBOR)	A benchmark for short term interest rates between banks world-wide, which is published daily.
Market Value	The price at which an investment can be bought or sold on a given date.
Passive management	A style of managing a portfolio by linking the investments to a particular index, such as the FTSE All Share Index, so that the portfolio value moves in line with that index.
Pooled Investment Vehicle / Pooled Fund	An investment fund in which a number of different investors hold "units", and where the underlying assets are not directly held by each investor but as part of a "pool". The investors have the right to the cash value of these units rather than to the underlying assets of the investment fund.
Property	Typically investments in commercial property such as offices, shops and factories. These investments earn money from rent, and any increase in the value of the properties.
Statement of Investment Principles (SIP)	A written statement of the principles governing decisions about investment for an occupational pension scheme, which trustees are required to prepare and maintain. Trustees must have regard to advice from a suitably qualified person and consult with the employer.
Sterling Overnight Index Average ("SONIA")	SONIA, is the effective overnight interest rate paid by banks for unsecured transactions in the British sterling market. It is used for overnight funding for trades that occur in off-hours. SONIA is used as an alternative to LIBOR as a benchmark interest rate for financial transactions.
Strategic Asset Allocation	The target split of the Fund's assets between different types of investments (e.g. Bonds and Equities).
Swap	Derivatives designed to permit investors to exchange payment streams for their mutual benefit. Payments can be based on interest rates, inflation indices, currencies or equity returns.

Yield	A measure of the annual income earned on an investment. Normally expressed as a percentage of its market price.

Our Investment Report

The chart below provides a snapshot of the different types of investment categories held by the Fund at each year end.



	2016		2017		2018		2019		2020	
	£000	%	£000	%	£000	%	£000	%	£000	%
Fixed interest/Corporate Bonds	13,387	14.7	15,143	14.0	36,600	31.1	38,921	32.1	44,683	34.3
Liability Driven investment	26,343	29.0	29,561	27.4	38,130	32.4	42,018	34.7	45,585	35.0
Global Equities	9,851	10.8	12,077	11.2	15,363	13.0	16,335	13.5	16,772	12.9
Diversified Growth	29,075	32.0	30,506	28.3	-	-	-	-	-	-
Illiquid Credit	-	-	-	-	6,830	5.8	10,801	8.9	10,338	7.9
Property	3,374	3.7	3,354	3.1	-	-	-	-	-	-
Forestry	1,630	1.8	1,200	1.1	-	-	-	-	-	-
Cash Instruments	7,055	7.8	15,878	14.7	21,733	18.4	12,930	10.7	12,822	9.8
Cash and other investment balances	32	-	38	-	(1,000)	(0.8)	40	-	42	-
AVC investments	195	0.2	197	0.2	154	0.1	108	0.1	103	0.1
TOTAL	**90,942**	**100.0**	**107,954**	**100.0**	**117,810**	**100.0**	**121,153**	**100.0**	**130,345**	**100.0**

The Fund's investment policy

Our investment objective for the Fund is to invest the Fund's assets in the best financial interests of the members and beneficiaries, and:

- To target sufficient return to support the Technical Provisions and the Recovery Plan agreed as part of the triennial valuation; and
- To target sufficient return to support a "low risk" or "self-sufficient" measure of liabilities over a long period of time.

As Trustee, we determine the Fund's asset allocation with advice from the investment advisers, and reflect the Fund's net cashflow position, the liability profile, the risk appetite of the Trustee and the Co-op, and the current market outlook and economic environment. We appoint suitable investment managers to manage the assets.

We believe that the investment objectives and the resultant investment strategy are consistent with the actuarial valuation methodology and assumptions used by the Fund's actuary.

The Fund's Statement of Investment Principles

The Statement of Investment Principles governs investment decisions for the purposes of the Fund. It has been prepared in accordance with Section 35 of the Pensions Act 1995 and a copy is available on request from the Co-op Pensions Department. Over the course of the year, the long-term strategy was largely implemented and the allocation is in line with the Statement of Investment Principles which was updated in June 2019.

A copy of the statement is available on request to the Secretary to the Trustee at the address shown on page 6, and is publicly accessible on the Scheme's website. We have appointed Mercer as the Fund's investment consultant.

What is the Fund's investment strategy?

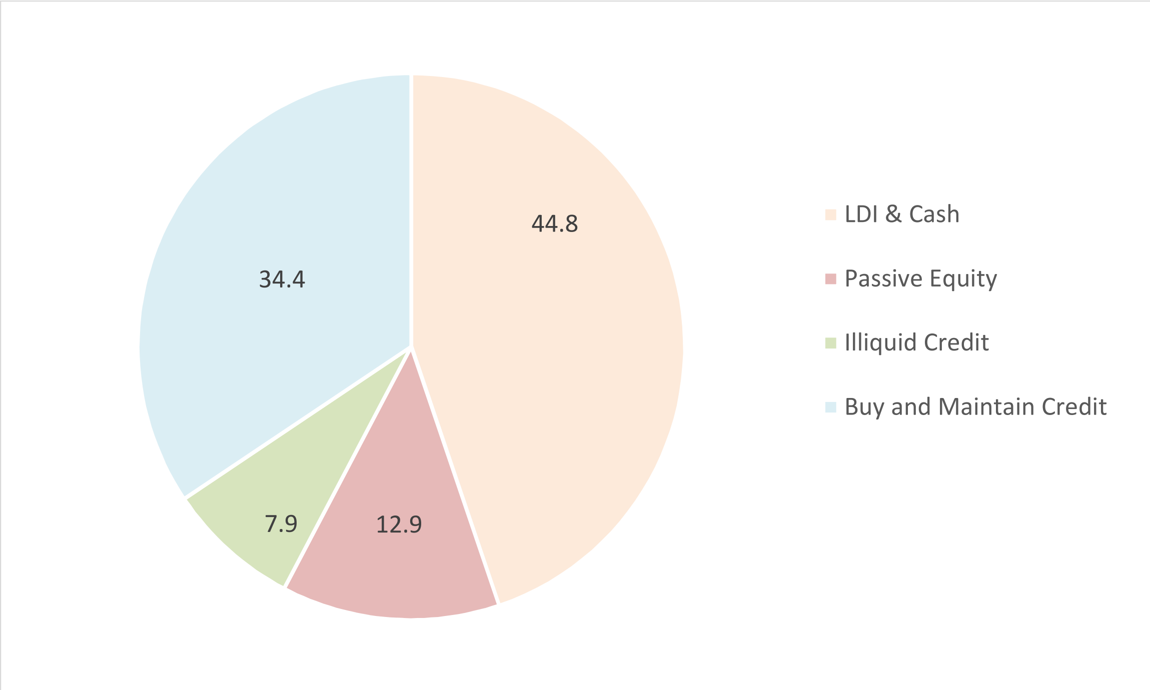
The strategic asset allocation as at the year-end is shown below. We consider alternative investment opportunities on a regular basis within overall investment policy requirements.

A number of changes to the investment strategy were implemented over the course of the year:

- At the start of Q3 2019, the passive equity funds held with LGIM were switched into a new range of passive equity funds – the LGIM Future World Funds. The rationale for the switch was to move the Fund's equity assets from a traditional market cap weighted approach to one with a Responsible Investment approach, specifically an ESG ("Environmental, Social and Governance) tilt.

  In selecting stocks for the Future World Funds, LGIM begin with the market cap index, apply an exclusions screen and then score each remaining company in the index across a range of ESG factors, and apply a higher portfolio weighting to the companies with the best scores. As at the year end, the Fund was invested in a traditional market cap emerging market equity fund as LGIM had not launched the emerging market future world fund when the other equity assets were switched.

Asset Allocation as at 31 March 2020



Source: Mercer Limited
LDI - Liability Driven Investment
All figures reported as at 31 March 2020 representing the most up to date information at reporting.

The Fund currently invests with the following investment managers:

Corporate Bonds	Passive Equity	Liability Driven Investment (LDI) and cash	Illiquid Credit
Insight 17.0%	LGIM 12.9%	BlackRock 44.8%	Insight 2.8%
RLAM 17.4%			ICG 2.6%
			M&G 2.5%
34.4%	**12.9%**	**44.8%**	**7.9%**

Percentages are of total Fund assets as at 31 March 2020, excludes AVCs.

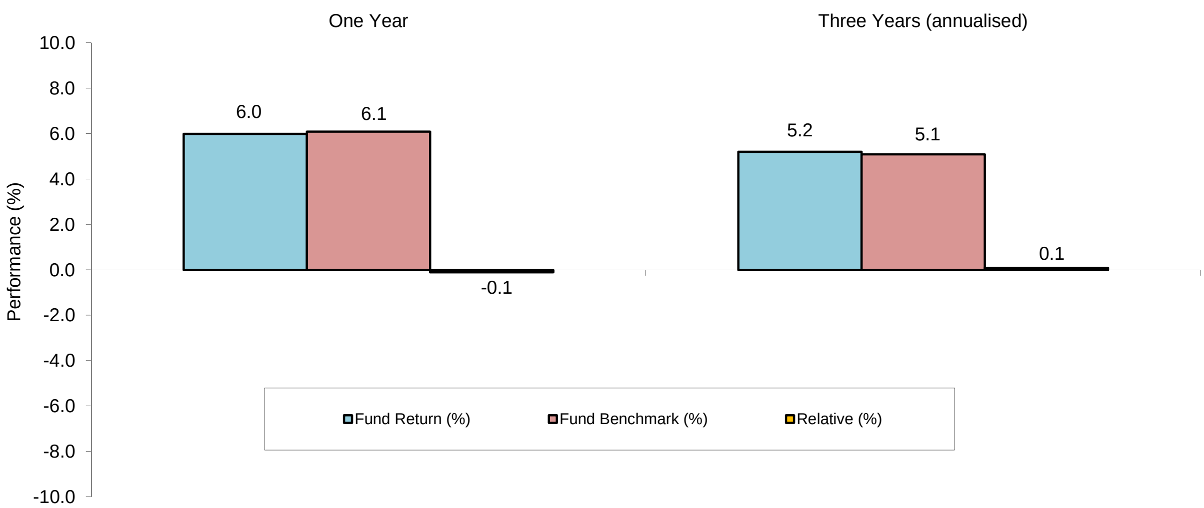
Investment Performance

Investment performance is measured on a quarterly basis; all performance data is shown to 31 March 2020.

On an absolute basis, the value of the Fund's invested assets increased from £121.2m at 31 March 2019 to £130.3 at 31 March 2020. The total return on the Fund's assets over the year to 31 March 2020 was 6.0% (net of fees) compared with the overall total fund monitoring benchmark of 6.1%.

The overall net of fees performance of Fund assets, over one and three years to 31 March 2020, is shown below:

1 Yr & 3 Yrs Performance of the Fund to 31 March 2020



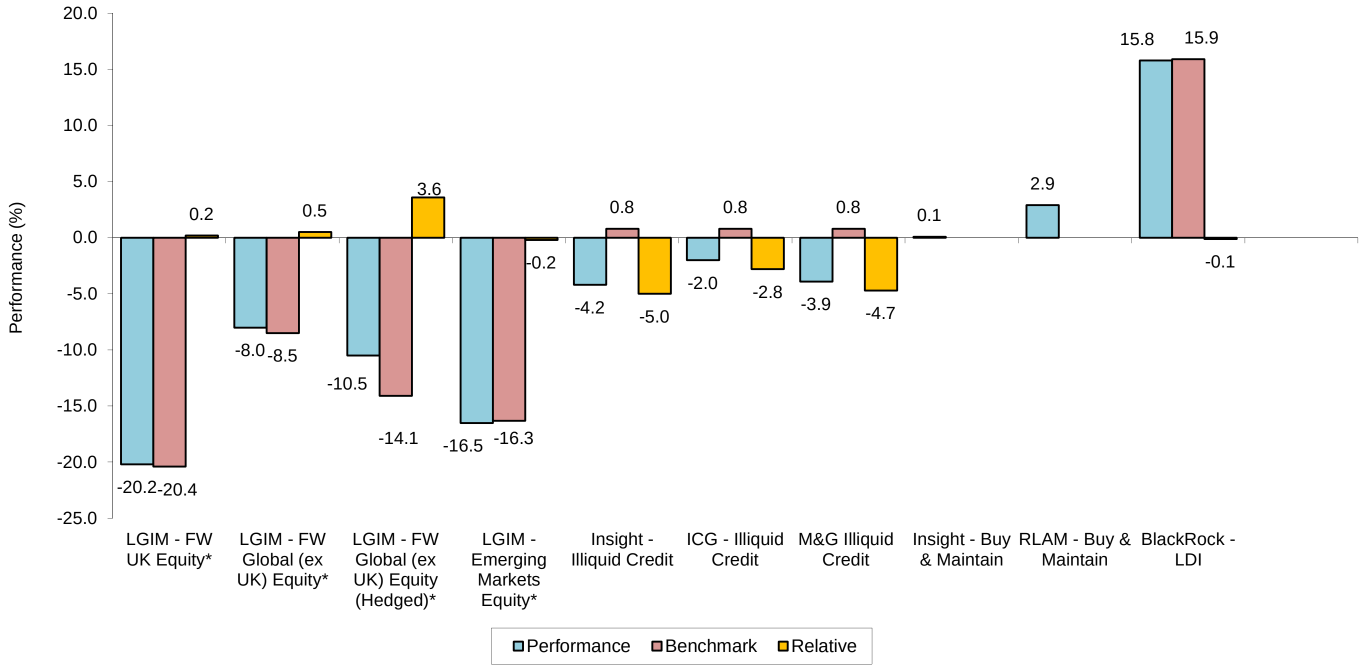
Source: Mercer Limited. 31 March 2020

The performance of the individual investment managers is shown below. This benchmark performance differs from the overall Fund benchmark because the individual investment manager benchmarks are different to the overall Fund benchmark. The benchmarks for each manager are as follows:

- LGIM Equities: to track the component equity indices
- Illiquid Credit: benchmarks based on LIBOR
- Buy and Maintain credit: the mandates with Insight and RLAM do not have formal benchmarks
- BlackRock LDI: to match changes in the profile of the liabilities

The chart below shows the performance of each of the Fund's investments over the year; the end of the Fund year coincided with a significant market downturn as a result of the global Covid-19 pandemic, with equity markets in particular falling significantly over the period, although the relatively limited holding in equities meant that the total return over the period, above, was positive.

Performance of Individual Investment Managers for the Year Ended 31 March 2020



Source: Mercer Limited

*The inception of the LGIM funds was 30 June 2019, therefore performance is shown for the 9 months to 31 March 2020. Please note that the Buy and Maintain Credit funds with Insight and RLAM do not have formal performance benchmarks.

Custodial arrangements

We have invested with six investment managers, as shown on page 21, using pooled investment vehicles (which give us the right to the cash value of units rather than to the underlying assets of the funds themselves). The respective managers of these pooled arrangements are responsible for appointing and monitoring the custodians of the underlying assets.

Responsible Investment and Corporate Governance

The Trustee implemented a Responsible Investment Policy for the Fund at the end of 2018. The Responsible Investment Policy and Practice Statement can be found at https://coop.pacepensions.co.uk/other-schemes. The document details the policy for considering Environmental, Social and Governance ("ESG") factors, including climate change, in the strategic investment process and investment decision-making process, assessing Plymouth's investment managers' performance on ESG issues, engagement with investee companies, consideration of and participation in third party ESG initiatives and public disclosure of Plymouth's ESG policy in practice.

In accordance with its fiduciary responsibilities, the Trustee takes account of financially material factors when making investment decisions, i.e. those factors which are expected to have an impact on investment returns and risk (including the long-term sustainability of investee companies' performance – in particular the impact of climate change).

The Trustee also recognises that it may take non-financial factors into consideration (i.e. those motivated by other concerns, such as social impact) where the Trustee has good reason to expect that Fund members would share these concerns, and where the decision does not involve a risk of financial detriment.

The Trustee will apply these considerations in setting the RI Policy, with the Trustee assessing members' likely concerns (as far as this is practically possible) through engagement with members and through engagement with the Co-op when developing the Policy.

The RI Policy reflects three broad Responsible Investment issues which the Trustee believes represent particular risk to the Fund and which the Trustee believes can be addressed. As the RI Policy is kept under regular review (it is reviewed annually), the issues identified may change over time. These issues are:

- Protection of the environment.
- Labour conditions and equal pay.
- Corporate Governance.

The Trustee seeks to address these issues in a number of ways. For example, the Fund's developed market equity assets are invested in the LGIM Future World Funds which have tilts towards companies with positive ESG scores.

The Trustee gives its investment managers full discretion to evaluate ESG factors and engage with companies. The Trustee also encourages its investment managers to adopt best practices in these areas and to act in the best interests of Fund members. The Trustee recognises that where investments are held in pooled funds, it may not be possible to instruct the manager to follow a separate voting policy or to exercise votes. The Trustee may, from time to time, raise specific ESG issues with investment managers and seek a response. In addition, the Trustee reserves the right to use more direct engagement with investee companies, including those issuing debt. In such situations, this may include working with investment managers and other institutions to engage with companies, or contacting companies directly.

As a responsible investor, the Trustee exercises rights, including any voting rights attaching to the Fund's investments, in the best interests of Plymouth's members. Specifically, the Trustee has instructed the investment managers to exercise voting rights accordingly, where applicable and wherever it is practicable to do so, and to report to the Investment Committee.

Independent Auditor's Report to the Trustee of the Plymouth & South West Co-operative Society Limited Employees' Superannuation Fund

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Plymouth & South Western Co-operative Society Limited Employees' Superannuation Fund (the 'Fund'):

- show a true and fair view of the financial transactions of the Fund during the year ended 31 March 2020 and of the amount and disposition at that date of its assets and liabilities, other than the 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 including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- contain the information specified in Regulation 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, made under the Pensions Act 1995.

We have audited the financial statements which comprise:

- the fund account;
- the statement of net assets; and
- the related notes 1 to 15.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs(UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independent Auditor's Report to the Trustee of the Plymouth & South West Co-operatives Society Limited Employees' Superannuation Fund (continued)

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the Trustee's use of the going concern basis of accounting in 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 Fund's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

Other information

The Trustee is responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion 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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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 in respect of these matters.

Responsibilities of Trustee

As explained more fully in the Statement of Trustee's responsibilities on page 14, the Trustee is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustee determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustee is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustee either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Independent Auditor's Report to the Trustee of the Plymouth & South West Co-operatives Society Limited Employees' Superannuation Fund (continued)

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

This report is made solely to the Fund's Trustee, as a body, in accordance with Regulation 3 of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996 made under the Pensions Act 1995. Our audit work has been undertaken so that we might state to the Fund's Trustee those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Fund's Trustee as a body, for our audit work, for this report, or for the opinions we have formed.

Deloitte LLP
Statutory Auditor
Belfast
United Kingdom

Date:

Fund Account

for the year ended 31 March 2020

In plain English – what does this show?	Our Fund Account shows all contributions, investment income and asset return received by the Fund, minus the benefits and expenses paid out during the year. The result is the Fund's net asset position at the end of the reporting period.

		2020	**2019**
Contributions and benefits	Note	£'000	£'000
Employer contributions	2	7,750	7,000
Benefits paid or payable	3	(5,379)	(4,992)
Payments to and on account of leavers	4	(583)	(1,009)
		(5,962)	**(6,001)**
Net additions from dealings with members		**1,788**	**999**
Return on investments			
Investment income	5	307	274
Extraordinary dividend	6	7,091	-
Change in market value of investments	8	(94)	6,302
Investment management expenses	7	(82)	(60)
Net return on investments		**7,222**	**6,516**
Net increase in the Fund		9,010	7,515
Net assets of the Fund as at 1 April		121,166	113,651
Net assets of the Fund as at 31 March		**130,176**	**121,166**

The notes on pages 30 to 43 form part of these financial statements.

Statement of Net Assets

(available for benefits) as at 31 March 2020

In plain English – what does this show?	The Statement of Net Assets below provides a snapshot of the financial position of the Fund as at 31 March. It sums up the Fund's assets and liabilities at this date. It does not take account of obligations to pay pensions and benefits, which fall due after the end of the Fund year; this is dealt with in the Report on Actuarial Liabilities.

	Note	2020	2019
Investments	9	£'000	£'000
Investment assets			
Pooled investment vehicles		130,200	121,005
AVC investments		103	108
Cash deposits		1	-
Income due		41	40
		130,345	121,153
Current assets	11	1,108	1,236
Current liabilities	12	(1,277)	(1,223)
Total net assets of the Fund as at 31 March		**130,176**	**121,166**

The notes on pages 30 to 43 form part of these financial statements.

The financial statements summarise the transactions of the Fund 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 fund year. The Actuary deals with the actuarial position of the Fund, which does take account of such obligations, which is dealt with in the Report on Actuarial Liabilities on pages 11 to 12 of the Annual Report and these financial statements should be read in conjunction with them.

The Trustee approved these financial statements on ___________________.

Signed for and on behalf of TCG Southern Trustees Limited:

Independent Trustee Services Limited,
represented by Mark Evans
Chair

Tom Taylor
Secretary

Notes to the Financial Statements

In plain English – what does this show?	This section outlines the general accounting policies of the Fund that relate to the financial statements as a whole.

1.1 Basis of preparation

The financial statements 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 102 – The Financial Reporting Standard applicable in the UK and Republic of Ireland issued by the Financial Reporting Council and the guidance set out in the Statement of Recommended Practice (2018). This is the first year of the adoption of the 2018 SORP. There were no transitional adjustments required to the Fund as a result of adopting the 2018 SORP.

1.2 Accounting policies

The principal accounting policies, all of which have been applied consistently throughout the year, are as follows.

Contributions and benefits paid and payable

Employer deficit contributions are accounted for in the period they fall due as payable to the Fund in accordance with the Schedule of Contributions and Recovery Plan.

Benefits are accounted for in the period in which the member notifies the Trustee of their decision on the type or amount of benefit to be taken or, if there is no member choice, on the date of retirement or leaving.

Transfers

Individual transfers out represent the capital sums paid to other pension funds for members who have left the Fund. Transfer values are accounted for when the liability is discharged, which is normally when the transfer amount is paid.

Expenses

Expenses are accounted for on an accruals basis. Certain expenses incurred in the course of running and managing the Fund are met by the Co-op, e.g. administration and professional advice.

Investment income

Investment income is reported net of attributable tax credits but gross of withholding taxes, which are accrued in line with the associated investment income.

Investment income arising from the underlying assets within pooled investment vehicles is in part reinvested in those vehicles and is reflected in the unit price. This income is reported within ‘change in market value’. The balance is reported within investment income. Any income received from unitised funds is included on an accruals basis.

Annuity income arising from annuity policies held by the Trustee of the Fund is included on an accruals basis.

Valuation of investments

Investments are included in the statement of net assets at their market values. Pooled investment vehicles and unit trusts are stated at the bid price for funds with bid/offer spreads, or single price where there are no bid/offer spreads, as provided by the investment manager at the year-end.

Realised and unrealised gains and losses arising from changes in market values are taken directly to the fund account.

The fair value of annuities purchased by the Trustee, which fully provide the benefits for certain members, are estimated to be immaterial by the Trustee. Annuities have therefore been excluded from these financial statements. The cost of purchasing these annuities is reported within the Fund Account under 'Benefits paid or payable'.

Cash instruments are stated at the market value provided by the investment manager. Accrued income is accounted for within investment income.

Currency

The Fund's functional and presentational currency is pounds sterling (GBP). Monetary items denominated in foreign currencies are translated into sterling using the closing exchange rates at the Fund's year end. Foreign currency transactions are translated into sterling at the spot rate at the date of the transaction.

2 Employer contributions

In plain English – what does this show?	This note shows what contributions have been received by the Fund from the Co-op during the year.

	2020 £'000	**2019** £'000
Deficit funding	7,750	7,000

Contributions were paid during the year from April 2019 to 31 March 2020 according to the Schedule of Contributions certified on 22 September 2017 and subsequently on 26 June 2020. Under both Schedules, deficit funding contributions are payable at £583,333 per month up to 30 June 2019 and £666,667 per month from 1 July 2019 to 31 December 2024.

3 Benefits paid or payable

In plain English – what does this show?	This note shows what benefits have been paid out to members of the Fund during the year.

	2020 £'000	**2019** £'000
Pensions	4,463	4,077
Commutation and lump sum retirement benefits	914	896
Lump sum death benefits	2	19
	5,379	4,992

Pensions paid includes annuity pension paid of £5,076 (2019: £6,224).

4 Payment to and on accounts of leavers

In plain English – what does this show?	This note shows how much has been paid out to other pension schemes for members who have left the Fund during the year.

	2020 £'000	**2019** £'000
Individual transfers to other schemes	583	1,009

5 Investment income

In plain English – what does this show?	The Fund receives income from its assets; this note shows the different types of income received during the year.

	2020 £'000	**2019** £'000
Income from pooled investment vehicles	300	268
Interest on cash deposits	2	-
Annuity income	5	6
	307	274

6 Extraordinary dividend

In plain English – what does this show?	This note shows the amount of cash paid back to the Fund as a result of BlackRock increasing leverage in the LDI portfolio by the Fund's LDI manager, BlackRock. We've set out more detail on why this happened below.

	2020 £	**2019** £
LDI funds re-leveraging distribution	7,091	-

We invest in LDI funds which use "leverage" to increase the exposure of the Fund's assets to interest rates and inflation, in order to provide better protection against changes in the value of the Fund's liabilities. More detail on why we do this is given in note 10.

In this context, "leverage" means that for every £1 invested more than £1 of exposure is obtained to interest rates and/ or inflation, which allows the Fund to manage risk while also investing assets elsewhere to generate higher returns to meet future benefits. During the year, movements in markets meant that the level of leverage in the LDI funds fell. Lower levels of leverage mean that the LDI funds are less efficient, as less protection is provided per pound invested.

In order to return the levels of leverage back to target levels, BlackRock paid £7,090,947 back to the Fund through an extraordinary dividend but kept the levels of interest rate and inflation exposure the same, so the same level of protection was achieved but less assets were tied up doing so.

7 Investment management expenses

In plain English – what does this show?	This note shows the investment management expenses incurred by the Fund during the year.

	2020 £'000	**2019** £'000
Investment manager fees	82	60

8 Reconciliation of investments

In plain English – what does this show?	This note provides a reconciliation of the sales, purchases and change in market value during the year between the opening and closing value of investments and analysed by asset class as disclosed on the face of the Statement of Net Assets.

	Note	31 March 2019 £'000	Purchases at cost £'000	Sales proceeds £'000	Change in market Value £'000	31 March 2020 £'000
Pooled investment vehicles *	8.1	121,005	18,334	(9,046)	(93)	130,200
AVC investments	8.2	108	-	(4)	(1)	103
		121,113	18,334	(9,050)	(94)	130,303
Cash deposits	8.3	-				1
Income due		40				41
TOTAL		**121,153**				**130,345**

* During the year, the passive equity funds held with LGIM were switched into a new range of passive equity funds – the LGIM Future World Funds. The value of assets transferred was £17,000,771, which have not been included in the above note due to the asset transfer netting to nil.

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 during the year, including profits and losses realised on sales of investments during the year.

Transaction costs

The Fund does not experience direct transaction costs as these are included within purchases and sales figures.

Indirect costs are borne by the Fund in relation to transactions in pooled investment vehicles. Such costs are taken into account in calculating the bid/offer spread of these investments and are not separately identifiable.

8.1 Pooled investment vehicles

	2020 £'000	**2019** £'000
Bonds	90,268	80,939
Cash	12,822	12,930
Equities	16,772	16,335
Illiquid Credit	10,338	10,801
	130,200	121,005

Concentration of investments

The following investments represent greater than 5% of the net assets of the total Fund.

		2020 Market value £000	2020 Net assets %	2019 Market value £000	2019 Net assets %
RLAM	RLPPC Buy & Maintain Credit Fund	22,592	17.4	19,533	16.1
Insight	Buy and Maintain Bond Fund	22,090	17.0	19,387	16.0
BlackRock	ICS INS GBP LIQ Premier Shares	12,822	9.8	12,930	10.7
Legal & General	GPDT - FW Dev ex UK Eq Index GBP	10,781	8.3	-	-
BlackRock	LMF GBP 2060 Gilt Flex	9,160	7.0	7,858	6.5
BlackRock	LMF GBP 2050 IL Gilt Flex	8,602	6.6	8,417	6.9
Legal & General	All World Eqty Indx GBP Hedged	-	-	12,208	10.1

8.2 AVC investments

	2020 £'000	2019 £'000
Royal London (CIS) Limited	103	108

Members' Additional Voluntary Contributions are invested separately from the main fund on a money purchase basis with Royal London (CIS) Limited.

Members participating in this arrangement each receive an annual statement confirming the amounts held in their account and the movements during the year.

8.3 Cash deposits

	2020 £'000	2019 £'000
Cash at investment manager	1	-

9 Fair value determination

In plain English – what does this show?	This note categorises the investment assets and liabilities held by the Fund into specific levels which correspond to how its market value has been determined. Market values can be determined from a number of sources including taking pricing information from market data i.e. a stock exchange, or using a valuation model not widely available.

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

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

- **Level 3:** Inputs are unobservable (i.e. for which market data is unavailable for the asset or liability).

The Fund's investment assets and liabilities have been fair valued using the above hierarchy categories as follows:

At 31 March 2020	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Pooled investment vehicles	-	123,055	7,145	130,200
AVC investments	-	-	103	103
Cash deposits	1	-	-	1
Income due	41	-	-	41
TOTAL	42	123,055	7,248	130,345

At 31 March 2019	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Pooled investment vehicles	-	113,532	7,473	121,005
AVC investments	-	-	108	108
Income due	40	-	-	40
TOTAL	40	113,532	7,581	121,153

10 Investment risk disclosures

In plain English – what does this note show?	This note provides additional information to enable readers to evaluate the nature and extent of credit, market and other risks arising from certain investment assets which the Fund is exposed to. Information about how the Fund manages these risks is also provided.

FRS 102 requires that we, the Trustee, provide information in relation to certain investment risks. The risks are set out by FRS 102 are:

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, e.g. the risk that a borrower may not repay a loan or a debt to the Fund.

Market Risk: this includes "currency risk", "interest rate risk" "inflation risk" and "other price risk".

- **Currency risk:** this is the risk that the value of an investment changes because of changes in foreign exchange rates.
- **Interest rate risk:** this is the risk that the value of an investment decreases or increases because of changes in interest rates.
- **Inflation risk:** this is the risk that the value of an investment increases or decreases because of changes in inflation expectations.
- **Other price risk:** this is the risk that the value of an investment decreases or increases because of changes in market prices (apart from changes in value as a result of movements in interest rates or currency).

Other Risks:

Apart from the risks listed above, we make sure the following investment related risks are managed:

- **"Solvency risk and mismatching risk"**: The risk that the Fund does not generate strong enough investment returns, and cannot meet benefits.
- "**Manager risk**": The risk that individual investment managers underperform their objectives and that assets are not all held with one manager.
- "**Liquidity risk**": The risk that the Fund does not hold enough cash to meet short term requirements to pay benefits. Ensuring investment in illiquid assets is kept to an appropriate level.
- **Counterparty risk:** The risk that where the Fund enters into swap transactions via pooled funds, the selected counterparty cannot fulfil its obligations.
- "**Custody risk":** The risk that the Fund's assets are not held safely.
- "**Corporate governance risk"**: The risk that the Fund invests in poorly managed companies, and that the value of those investments falls as a result.
- "**Sponsor risk**": The risk that the Fund's sponsor cannot afford to pay money into the Fund if needed.
- "**Leverage risk**": The risk that the Fund's liability matching investments fall in value, and additional cash is required.
- **"Hedging related risks"**: The risk that investments made by the Fund to "match" its liabilities are not a good fit and do not behave in the same way as those liabilities.
- "**Inappropriate investments**": The risk that the Fund invests in inappropriate investments (e.g. investments that are too risky).

- "**Environmental, Social and Governance ("ESG") risk (including climate risk)**": the risk that the Scheme's investment returns and/or reputation are damaged due to the failure to implement and adhere to its responsible investment policy.

10.1 Investment Strategy

We make investment decisions after taking advice from a professional investment adviser. The Fund is subject to the risks above because of the investments it makes to implement its strategy, as described on page 20 of this report. We manage investment risks, including credit risk and market risk, within agreed limits which are set taking into account the Fund's investment objectives. These investment objectives and risk limits are applied through the legal agreements the Fund has with its investment managers, and we regularly monitor that the managers are complying with these agreements.

A more detailed description of our approach to risk management and the Fund's exposures to credit and market risks is set out below. This does not include annuity insurance policies or AVC investments, because these are relatively small compared to the overall investments of the Fund.

(i) Credit risk

The Fund is subject to credit risk because it invests (through pooled funds) in bonds and financial instruments issued by UK and overseas companies (which could default on their debt to the Fund), and because it holds cash in bank accounts and with investment managers. The Fund also invests in pooled investment vehicles, such as open ended investment companies and unit linked insurance contracts, and is therefore directly exposed to credit risk in relation to these pooled investment vehicles. The Fund is also indirectly exposed to credit risks arising on some of the financial instruments held by the pooled investment vehicles.

<u>Credit risk – cash:</u>

Cash is held within financial institutions which are at least investment grade credit rated. At year end, the total cash held is 0.3% of the Fund's total net assets (2019: 0.4%).

<u>Credit risk – pooled investments:</u>

The Fund invests through pooled investment vehicles ('PIVs'), pooled funds which invest in underlying assets like shares and bonds on behalf of a number of investors, and is therefore directly exposed to credit risk for these investments (as the PIVs could default on their obligations to the Fund). A summary of pooled investment vehicles by type of arrangement can be found in note 7.1

The Fund's investments in PIVs are either rated investment grade or are unrated. Direct credit risk arising from pooled investment vehicles is reduced because:

- the underlying investments held by the pooled funds are legally ring-fenced from the investment manager(s);
- the investment managers that operate the PIVs need to meet the requirements of various financial regulations; and
- We invest in a number of different PIVs, spreading risk.

We carry out checks before appointing any new investment managers, and also regularly monitor any changes to the regulatory and operating environments of the Fund's managers.

A summary of pooled investment vehicles by type of arrangement can be found in note 7.1. At year end, 99.9% of invested assets were held in pooled investment vehicles (2019: 99.9%).

Credit risk – custody:

The investment managers for the PIVs appoint their own custodians to ensure the safe-keeping of the assets within their mandates.

Indirect credit risk:

This indirect credit risk occurs in particular from the underlying investments held in the pooled investment vehicles that the Fund invests in, in particular, the illiquid credit funds and the RLAM and Insight Buy and Maintain Credit funds (totaling 42.2% of assets at year end – 2019: 41.0%). For example, if the Fund invested in a pooled investment which itself invests in bonds issued by a company, there is a risk that that company does not repay the bond to the pooled fund. We manage this risk by making sure that its investment managers diversify their investments over a number of companies and investments, to minimise the impact of a default on any individual investment.

(ii) Currency risk

The Fund is subject to currency risk because the Fund invests in overseas investments, through pooled equity, and corporate bond funds. To reduce the risk that the value of these overseas investments fall in sterling terms, we have a policy of hedging 75% of overseas currency risk for our investments in equities, and 100% for Buy and Maintain Credit and Illiquid Credit Holdings.

As at the year end, the exposure to unhedged overseas currencies (as a result of its overseas equity exposure) was 4% of the Fund's total invested assets.

(iii) Interest rate risk

The Fund is subject to interest rate risk on its investments in bonds and financial derivatives, primarily those held through its pooled liability matching assets and corporate bond holdings. This is because these investments are intended to protect the Fund against the impact of changes in interest rates and inflation on the Fund's liabilities.

The Fund protects itself against movements in interest rates and inflation by investing in pooled 'liability driven investment' funds managed by BlackRock and long duration corporate bond holdings with Insight and RLAM. The LDI mandate holds government bonds, financial derivatives and cash collateral. These pooled funds would need more cash collateral if bond yields rose further than the yield buffers currently held in the funds. We monitor the level of cash held within the funds, and have a framework in place to make sure that if bond yields rise then this extra cash can be provided in a timely manner.

We have set a current target for total investment in corporate bonds and liability matching investments of 76% of the total investment portfolio. Under this strategy, if interest rates fall, the value of LDI investments will rise to help match the increase in actuarial liabilities arising from a fall in the discount rate. Similarly, if interest rates rise, the LDI investments will fall in value, as will the actuarial liabilities because of an increase in the discount rate. These assets would be expected to change in value by £271,000 for a change in interest rates of 0.01% (2019: £247,000). The Fund's liabilities would change by approximately £459,000 for a change in interest rates of 0.01% (2019: £422,000).

At year end the LDI portfolio and Corporate bonds represented 79.1% of the total investment portfolio (2019: 77.5%).

(iv) Inflation risk

The LDI portfolio is also exposed to inflation risk. If inflation rises, the value of these assets will rise to help match the increase in actuarial liabilities arising from the rise. Similarly, if inflation falls, the LDI portfolio will fall in value, as will the actuarial liabilities. These assets would be expected to change in value by £120,000 for a change in expected inflation of 0.01% (2019: £123,000). The Fund's liabilities would change by approximately £217,000 or a change in expected inflation of 0.01% (2019: £222,000).

At year end the LDI portfolio represented 44.8% of the total investment portfolio (2019: 45.4%).

(v) Other price risk

The Fund is also exposed to "other price risk", largely because of its investments in return seeking assets which include equities.

The Fund has also invested in Illiquid Credit which covers less standard and liquid areas of the credit market. To spread this risk, the Fund invests across multiple managers, each of which have diversified holdings by issuer and asset class.

The Fund manages this exposure to risk by limiting the allocation to "growth" assets to the level needed to meet the Fund's expected return requirements. The Fund has set a target of c24% of total Fund assets being held in growth investments and illiquid credit investments. At the year end, the Fund's exposure to these assets (including illiquid credit) was 20.8% of total assets (2019: 22.4%).

(vi) Other risks

- **Manager risk** – this is managed by spreading the Fund's assets a range of managers, and we regularly monitor the managers.

- **Liquidity risk** –- the Co-op Pensions Department estimates the cash needed each month to meet benefit payments, and ensures that sufficient cash is available, seeking advice where necessary.

- **Custody risk** – this is managed by the safe custody of the assets is delegated to professional custodians either directly or via the use of pooled funds, with each manager appointing a custodian and being responsible for monitoring the custodian's activities.

- **Corporate governance risk -** this is managed through setting controls to limit concentration of investments in individual companies, and through regular discussions with and reporting on investment managers' approach to sustainability risks.

- **Sponsor risk** – this is managed by regular assessments of the ability and willingness of the Co-op to support the Fund.

- **Leverage risk** – this is managed by regular reviews of the amount and natures of any leveraged investments made by the Fund's investment managers.

- **Hedging related risk** - the management of these risks is delegated to the Fund's liability driven investment manager; we also review liability hedging risks each quarter as part of monitoring the manager.

- **Inappropriate investments** – this is managed by our policies in relation to the range of assets held and the pooled funds invested in.

- **Counterparty risk** – managed via the diversification of counterparties and the collateralisation process.

- **Environmental, social and governance ("ESG") risk (including climate change)** – the Scheme considers its Responsible Investment Policy when implementing its investment strategy. It also reviews the policy each year to make sure it remains appropriate. We also engage with investment managers, and where appropriate and viable, exclude specific investments from the Scheme's portfolios to comply with the policy.

11 Current assets

In plain English – what does this show?	This note shows the value of non-investment assets held by the Fund at the year end.

	2020 £'000	**2019** £'000
Contributions due*	667	583
Cash balances	441	496
Other debtors	-	157
	1,108	1,236

*Contributions due at year-end were all received subsequent to the year-end in accordance with the Schedules of Contributions certified 22 September 2017 and subsequently on 26 June 2020.

12 Current liabilities

In plain English – what does this show?	This note shows the value of non-investment liabilities owed by the Fund at the year end.

	2020 £'000	**2019** £'000
Contributions prepaid*	1,167	1,167
Unpaid benefits	76	27
Other creditors	34	29
	1,277	1,223

*Contributions prepaid at year-end will be offset from subsequent contributions due in the period July-August 2020 in accordance with the Schedules of Contributions certified 22 September 2017 and subsequently on 26 June 2020.

13 Related party transactions

In plain English – what does this show?	Related parties include people (such as directors and key personnel) as well as entities. This note outlines the nature of the relationship of any related parties.

The following related party transactions arose during the year:

- Co-op Pensions Department, in conjunction with Mercer Ltd, performs administration. The Co-op meets certain expenses incurred in the course of running and managing the Fund, e.g. administration and professional advice.
- Pensioner Member-Nominated Trustee Directors receive pensions from the Fund under normal terms and conditions and are paid £5,000 per annum, which is shared equally between the Fund and the Somerfield Scheme.
- Member Nominated Trustee Directors who still work for the Co-op are paid £2,000 per annum in respect of attendance at the quarterly Trustee meetings, which is shared equally between the Fund and the Somerfield Scheme. Attendance at additional sub-committee meetings is remunerated based on the work load of each committee. MNDs may opt out of receiving this remuneration.
- Independent Trustee Directors receive remuneration from the Co-op based on rates negotiated with the Co-op, as the principal employer of the Fund. £23,632 (2019: £30,114) was paid to the Independent Trustee Directors during the Fund year by the Co-op.
- One pensioner MND was in receipt of a pension from the Fund during the year. This pension has been calculated and paid in accordance with Trust Deeds and Rules. Further details on Trustee Directors' remuneration can be found on page 6.

14 Employer related investments

In plain English – what does this show?	Employer related investments include securities issued by the employer, loans to the employer and any investment property occupied by the employer. They also include investments made indirectly through pooled investment vehicles.

During the year, there were no direct or indirect employer related investments.

15 Post year-end events

In plain English – what does this show?	Significant events which occurred between the reporting date and the date the report and accounts are formally signed by the Trustee.

On the 26 May 2020, BlackRock re-leveraged the pooled LDI funds in which the Fund invests. As a result, £10,019,504 in cash was released from the pooled LDI funds and re-invested in the BlackRock ICS GBP Liquidity Premier Shares Fund on the same day.

Independent Auditor's Statement about Contributions to the Trustee of the Plymouth & South West Co-operative Society Limited Employees' Superannuation Fund

We have examined the summary of contributions to the Plymouth & South West Co-operative Society Limited Employees' Superannuation Fund for the Fund year ended 31 March 2020 to which this statement is attached.

In our opinion contributions for the Fund year ended 31 March 2020 as reported in the summary of contributions and payable under the schedule of contribution have in all material respects been paid for the period from 1 April 2019 to 31 March 2020 at least in accordance with the schedule of contributions certified by the fund actuary on 22 September 2017.

Scope of work on Statement about Contributions

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

Respective Responsibilities of Trustee and Auditor

As explained in the Statement of Trustee's Responsibilities in respect of Contributions on page 45, the Fund'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 Fund by the employer in accordance with the schedule of contributions.

It is our responsibility to provide a statement about contributions paid under the schedule of contributions and to report our opinion to you.

Use of our report

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

Deloitte LLP
Statutory Auditor,
Birmingham, United Kingdom Date

Statement of Trustee’s Responsibilities in respect of Contributions

We are responsible under pensions legislation for preparing, maintaining and from time to time reviewing and if necessary revising a schedule of contributions showing the rates of contributions payable towards the Fund by or on behalf of the employer and the dates on or before which such contributions are to be paid. We are also responsible for adopting risk-based processes to monitor whether contributions are made to the Fund by the employer in accordance with the schedule of contributions. Where breaches of the schedule occur, the Trustee is required by the Pensions Acts 1995 and 2004 to consider making reports to The Pensions Regulator and the members.

Trustee’s Summary of Contributions payable under the Schedule in respect of the Fund year ended 31 March 2020

This Summary of Contributions has been prepared by, or on behalf of, and is the responsibility of the Trustee. It sets out the employer contributions payable to the Fund under the Schedule of Contributions certified by the Actuary on 22 September 2017 in respect of the Fund year ended 31 March 2020. The auditor reports on contributions payable under the Schedule of Contributions in the Auditor’s Statement about Contributions. The amount shown excludes the pre-payment by the employer of some contributions due after 31 March 2020.

Contributions payable under the schedule in respect of the Fund year	
	£’000
Employer:	
Contributions towards the elimination of funding deficit	7,750
Contributions payable under the schedule and reported in the financial statements (as reported on by the fund auditor)	**7,750**

Signed for and on behalf of TCG Southern Trustees Limited;

Independent Trustee Services Limited,
represented by Mark Evans
Chair

Tom Taylor
Secretary

Date:

Actuary's Certification of Schedule of Contributions

Certification of schedule of contributions

Plymouth & South West Co-operative Society Limited Employees' Superannuation Fund

Adequacy of rates of contributions

1. I certify that, in my opinion, the rates of contributions shown in the schedule of contributions dated 26 June 2020 are such that the statutory funding objective could have been expected on 31 March 2019 to be met by the end of the period specified in the Recovery Plan dated 26 June 2020.

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 26 June 2020.

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

Signature		Date:	26 June 2020
Name:	Tom Scott	Qualification:	Fellow of the Institute and Faculty of Actuaries
Address:	Aon Solutions UK Limited Colmore Gate 2 Colmore Row Birmingham B3 2QD	Name of employer:	Aon Solutions UK Limited

Appendix 1 - Engagement Policy Implementation Statement

Background

In 2019, the government published the Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019.

These regulations introduced new requirements for pension schemes like the Fund, setting out the policies they need to explicitly include in their Statement of Investment Principles (the document that governs the way the Fund's assets are invested). In particular, by 1 October 2020 the Statement of Investment Principles (or "SIP") needs to include the Trustee's policies in relation to its arrangements with the asset managers that invest the Fund's assets on behalf of the Trustee.

This expanded legislation introduced in 2018 which required schemes' SIPs to include (from 1 October 2019) the Trustees' policies on how they take account of Environmental, Social and Corporate Governance ("ESG") considerations when setting investment strategy and how they exercise voting rights in, and undertake engagement activities with, those they invest in.

The Trustee updated the Fund's SIP in 2020, and the latest version is available on the Fund's website, https://coop.pacepensions.co.uk/other-schemes/.
In addition, the 2019 regulations introduced a requirement for the Fund to produce a statement setting out (among other things) how the Trustee has followed its policies on the exercise of voting rights attaching to their investments and engagement activities. This document is intended to meet those requirements, and will be included in the Fund's Report and Accounts and published on the Fund's website.

The Trustee's policies on the exercise of voting rights and undertaking engagement activities

The Trustee's policies on engagement are set out in the SIP, and are summarised below, together with the Trustee's assessment of how and the extent to which these policies have been implemented:

Policy	Assessment
The Trustee gives its investment managers full discretion to evaluate ESG factors and engage with companies. The Trustee also encourages its investment managers to adopt best practices in these areas and to act in the best interests of Fund members. The Trustee recognises that where investments are held in pooled funds, it may not be possible to instruct the manager to follow a separate voting policy or to exercise votes.	Given its size, the Fund invests entirely in pooled investment funds alongside other investors, and does not therefore directly invest in underlying companies or have the ability to engage directly with these companies. The Fund's equity manager is Legal & General Investment Management ("LGIM"); in July 2019, the Trustee moved the Fund's 'developed market' equity investments from "market cap" index-tracking equity funds (which invest in companies around the world in proportion to their size, or market capitalisation) into LGIM's Future World equity index funds, which "tilt" investments

	towards companies assessed as having better ESG ratings (e.g. more diverse boards, lower carbon footprints or stronger supply chain policies), and that also publicly disinvest from companies who have failed to engage seriously on climate change. The Trustee believes this approach is better aligned with the Fund's Responsible Investment Policy. The Fund's equity investments are held through pooled vehicles and the Trustee does not therefore directly exercise voting rights. LGIM votes on these shares using ISS's ProxyExchange electronic voting platform, but voting decisions are retained by the manager and are strategic decisions made by LGIM's Corporate Governance Team in accordance with their corporate governance policies. LGIM disclose their voting records on their website at the end of each month, including summaries of their positions for significant shareholder votes.
The Trustee may, from time to time, raise specific ESG issues with investment managers and seek a response.	Ad hoc queries have been raised throughout the year through the Co-op Pensions Department (for example, in early 2020 to understand in more detail Insight Investment's rationale for disinvesting from a specific holding in the automotive sector for corporate governance reasons, and implications for holdings in the rest of the sector).
Investment Managers are asked to report to the Investment Committee on the issue of responsible investment.	The Trustee has, directly or through the Co-op's Manager Monitoring committee, met with all six of the Fund's managers throughout the year as part of a rolling program, and ESG factors and engagement with investee companies are discussed at each meeting to understand the managers' approaches to incorporating ESG considerations in the initial selection of investments, and areas of engagement as well as developments over the year. In particular, the Investment Committee met with LGIM in September 2018 when considering investing in the Future World equity funds, and in November 2019 once implemented for an update on their stewardship activity.

In addition, the Investment Committee monitors how each manager is incorporating ESG issues into investment decisions and, where relevant, exercising their approach to stewardship.	As well as receiving reporting at meetings on ESG considerations when making investment decisions or disinvesting, the Investment Committee receives reporting from its investment consultants integrated into the Fund's quarterly performance monitoring on its researchers' assessment of the integration of ESG considerations into each manager's investment processes and their stewardship practices.
The Trustee considers how ESG and stewardship are integrated within investment processes in appointing new managers, and all existing managers are expected to have policies in these areas.	No new managers were appointed over the year, although the strength of LGIM's ESG processes were a major consideration in the switch to the Future World developed market equity funds in mid 2019.
The Fund's equity manager (who is registered in the UK) is expected to report on their adherence to the UK Stewardship code on an annual basis.	LGIM report on their compliance with their engagement policies annually, via their Active Ownership Report, with the 2019 report having been published in April 2020. This will be reviewed later in 2020 by the Investment Committee alongside LGIM's 2020 update on their Climate Impact Pledge.

In each of these areas, the Trustee is comfortable that it has implemented the policies it intended to over the year; nonetheless, in preparing and discussing this statement we have identified that more time can be spent reviewing LGIM's voting record and the summaries of their positions for key votes; this will be included on the Fund's business plan for 2020/21.