

Croydon Pension Fund 2024/25

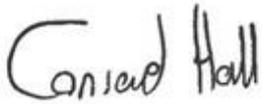
31st March 2025

www.croydonpensionscheme.org

**LONDON BOROUGH OF CROYDON PENSION FUND
FINANCIAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2025**

CERTIFICATE of the Corporate Director of Resources and Section 151 officer

I certify that this Statement of Accounts presents a true and fair view of the financial position of the London Borough of Croydon Pension Fund as at 31 March 2025, and of its income and expenditure for the financial year 2024-25, for the financial year 2024-25, prepared in accordance with the CIPFA/LASAAC Code of Practice.



Corporate Director of Resources
S151 Officer

26 February, 2026

PENSION FUND ACCOUNTS

FUND ACCOUNT

Dealings with members, employers and others directly involved in the fund

Contributions
Individual Transfers in from Other Pension Funds

Benefits

Pensions
Commutation, Lump Sum Retirement and Death Benefits

Payments to and on Account of Leavers

Individual Transfers Out to Other Pension Funds
Refunds to Members Leaving Service

Net additions/(withdrawals) from dealings with members

Management Expenses

RETURNS ON INVESTMENTS

Investment Income
Profit and loss on disposal of investments and changes in the market value of investments

Net returns on investments

Net increase/(decrease) in the Fund during the year

Net assets at the start of the year

Net assets at the end of the year

| Notes | 2024/25 £'000 | 2023/24 £'000 |
|-------|------------------|------------------|
| 8 | 75,213 | 69,853 |
| | 10,144 | 28,149 |
| | 85,357 | 98,002 |
| 9 | (62,801) | (57,979) |
| 9 | (13,109) | (12,853) |
| | (16,057) | (15,111) |
| | (319) | (180) |
| | (92,286) | (86,123) |
| | (6,929) | 11,879 |
| 10 | (15,514) | (15,290) |
| | (22,443) | (3,411) |
| 11 | 22,027 | 13,131 |
| 13 | 82,970 | 195,573 |
| | 104,997 | 208,704 |
| | 82,554 | 205,293 |
| | 1,880,573 | 1,675,280 |
| | 1,963,127 | 1,880,573 |

PENSION FUND ACCOUNTS

NET ASSETS STATEMENT

Investments held by the Fund Managers:

Equities - segregated funds
 Equities - pooled funds
 Private equity funds
 Infrastructure funds
 Fixed Interest funds
 Pooled Property funds

Total Investments held by the Fund Managers

Other Balances held by the Fund Managers

Cash held by the Fund Managers
 Investment income due
 Unsettled purchase

Total Other Balances held by the Fund Managers

Total Assets held by the Fund Managers

Current Assets

Current Liabilities

Net Assets of the fund available to fund benefits

| Notes | 31 March 2025 £'000 | 31 March 2024 £'000 |
|-------|---------------------------|---------------------------|
| 13 | 150 | 150 |
| 13 | 870,617 | 925,690 |
| 13 | 164,298 | 168,110 |
| 13 | 245,703 | 238,086 |
| 13 | 401,150 | 277,400 |
| 13 | 198,625 | 194,368 |
| | 1,880,543 | 1,803,804 |
| 13 | 10,232 | 7,623 |
| 13 | 559 | 396 |
| 13 | 1,381 | - |
| | 12,172 | 8,019 |
| | 1,892,715 | 1,811,823 |
| 16 | 75,283 | 74,048 |
| 17 | (4,871) | (5,298) |
| | 1,963,127 | 1,880,573 |

The fund's financial statements do not take account of liabilities to pay pensions and other benefits after the period end. The actuarial position of the fund which does take into account such obligations is dealt with in note 22.

1. GENERAL INFORMATION

In addition to acting as a Local Authority, Croydon Council administers the Local Government Pension Scheme. As a Local Authority it is accountable to the residents of the London Borough of Croydon for its stewardship of public funds. As an administering authority for the LGPS it is accountable both to employees who are members of the Pension Fund, and to past employees in receipt of a pension, for its stewardship of pension assets. The two roles, and the relevant interest groups, are significantly different. Consequently, the Pension Fund accounts are presented as a supplementary statement to clearly demonstrate the distinction.

The London Borough of Croydon Pension Fund (the Fund) operates a contributory Career Average Revalued Earnings (CARE) scheme whose purpose is to provide benefits to all of the Council's employees, with the exception of teaching and NHS staff, and to the employees of admitted and scheduled bodies who are members of the Fund. These benefits include retirement pensions and lump sums, ill-health retirement benefits and payment of death benefits where death occurs either in service or in retirement. The benefits payable in respect of service from 1st April 2014 are based on career average revalued earnings and the number of years of eligible service. Pensions are increased each year in line with the Consumer Price Index.

The Fund is governed by the Public Service Pensions Act 2013. The fund is administered in accordance with the following secondary legislation:

the Local Government Pension Scheme Regulations 2013, (as amended);

the Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014, (as amended);

the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016.

The financial statements have been prepared in accordance with the 2024/25 Code of Practice on Local Authority Accounting in the United Kingdom, issued by the Chartered Institute of Public Finance and Accountancy (CIPFA). The Code of Practice on Local Authority Accounting in the United Kingdom is based on International Financial Reporting Standards (IFRS), as amended for the UK public sector.

Below is a list of the admitted and scheduled bodies contributing to the Fund:

Admitted:

Arthur McKay Limited, AXIS Europe plc (Housing Repairs), Brick by Brick Croydon Limited, FM Conway Construction & Training Ltd, Cleantex (Thomas More), Hats Group Ltd, Churchill Services Limited, Croydon Voluntary Action, Greenwich Leisure Ltd, Idverde Limited, Olive Dining Limited, Olive Dining - Greenvale, Milestones Infrastructure Ltd, Provide Equipment Hub, Sodexo Limited, Veolia Environmental Services (UK) Recycling Limited (Croydon), Vinci Facilities Limited, Veolia Environmental Services (UK) Recycling Limited (SLWP1) & (SLWP2), Wallington Cars & Couriers Limited, Wates, Westgate Cleaning Services Limited.

Scheduled:

Meridian (Addington) High Academy, Aerodrome Primary Academy, Applegarth Academy, The Archbishop Lanfranc School, ARK Oval Primary Academy, Atwood Primary School, BRIT School, Broadmead Primary Academy, Castle Hill Academy, Chesnut Park Primary School, Chipstead Valley Primary School, Coulsdon College, Crescent Primary Academy, Croydon College, David Livingstone Academy, Orchard Park High School, Fairchildes Academy Community Trust, Forest Academy, Gonville Academy, Good Shepherd Catholic Primary, Harris Academy (Purley), Harris Academy (South Norwood), Harris Academy (Purley Way) Harris City Academy (Crystal Palace), Harris Primary Academy (Benson), Harris Primary Academy (Kenley), Harris Invictus Academy Croydon, Harris Primary Academy Haling Park, Heathfield Academy, New Valley Primary, Norbury High School for Girls, Oasis Academy Byron, Oasis Academy Arena, Oasis Academy Coulsdon, Oasis Academy Ryelands, Oasis Academy Shirley Park, Pegasus Academy Trust, Quest Academy, Riddlesdown Collegiate, Robert Fitzroy Academy, Rowdown Primary School, Shirley High School Performing Arts College, South Norwood Academy, St Chad's Catholic Primary School, Davidson Primary Academy, Krishna Avanti Primary School, St Cyprian's Greek Orthodox Primary School Academy, St James the Great RC Primary and Nursery School, St Joseph's College, St Mark's COE Primary School, St Mary's Infants School, St Mary's Junior School, St Thomas Becket Catholic Primary School, Winterbourne Junior Boys, West Thornton Primary Academy, Paxton Academy, Woodcote High School, Orchard Way Primary, The Woodside Academy, STEP Academy Trust, St Aidans Catholic Primary, Kingsley Primary Academy, Kenley (TCT) Folio Education Trust, Courtwood Primary, Monks Orchard Primary, Keston Primary, Glibert Scott, Manor Trust The Beckmead Trust, Tudor Academy, ARK Blake Primary, Coloma Convent Girls' School, Woodcote Primary, Minster Infants, Minster Juniors, Regina Coeli, Saffron Valley Collegiate, Greenshaw Central, Coombe Wood School, Park Hill Junior School, St Peters Primary School, Harris Beulah Hill.

1. GENERAL INFORMATION (continued)

Management of the Fund

The London Borough of Croydon has a statutory responsibility to administer and manage the London Borough of Croydon Pension Fund on behalf of all the participating employers of the Fund in Croydon and the past and present contributing members and their dependents.

The Council is also responsible for making decisions governing the way the Fund is invested. In this respect, the Council delegates responsibility for making investment decisions and monitoring arrangements to the Pension Committee. The Pension Committee's responsibilities include reviewing and monitoring the Fund's investments: selecting and deselecting investment managers and other relevant third parties and establishing investment objectives and policies. The Pension Committee is made up of eight voting Members of the Council, two pensioner representatives (one voting), and a non-voting employee representative. In addition, the Committee is supported by officers and external advisors.

2. INVESTMENT STRATEGY STATEMENT

This is published on the Croydon Pension Scheme web page
<http://www.croydonpensionscheme.org/croydon-pension-fund/about-us/forms-and-publications>

3. BASIS OF PREPARATION

Going Concern

The Pension Fund Accounts have been prepared on a going concern basis. That is the accounts assume that the Fund will continue in operational existence for the foreseeable future. This means, in particular, that the accounts assume that there is no intention to curtail significantly the scale of operations.

The Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 gives administering authorities the option to disclose information about retirement benefits by reference to the actuarial report. Note 22 refers.

Note 1 (general information) above refers to the International Financial Reporting Standards applicable to this set of accounts. There are no standards issued that have not been adopted in preparation of this statement of accounts.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Contribution income

Normal contributions, both from the members and from the employer, are accounted for on an accruals basis. Employee contribution rates are based on employee salaries, set annually in accordance with LGPS regulations. Normal employer rates are set at the percentage rate recommended by the fund actuary in the payroll period to which they relate. These rates are determined as part of the triennial actuarial funding valuation. Employer deficit funding contributions are accounted for in accordance with the agreement under which they are being paid. Pensions strain contributions are accounted for in the period in which the liability arises. Any amount due in year but unpaid will be classed as a current financial asset.

Transfers to and from other schemes

Transfer values represent the amounts received and paid during the year for members who have either joined or left the Fund during the financial year and are calculated in accordance with the Local Government Pension Scheme Regulations. Individual transfers in/out are accounted for when received/paid, which is normally when the member liability is accepted or discharged. Transfers in from members wishing to use the proceeds of their additional voluntary contributions to purchase scheme benefits are accounted for on a receipts basis and are included in Transfers in. Bulk (group) transfers are accounted for on an accruals basis in accordance with the terms of the transfer agreement.

Investment income

- ▶ **Interest income:** Interest income is recognised in the fund account as it accrues.
- ▶ **Dividend income:** Dividend income is recognised on the date the shares are quoted ex-dividend. Any amount not received by the end of the reporting period is disclosed in the Net Assets Statement as a current financial asset.
- ▶ **Distributions from pooled funds:** Distributions from pooled funds are recognised by our fund managers at the date of issue. Any amount not received by the end of the reporting period is disclosed in the Net Assets Statement as a financial asset.
- ▶ **Movement in the net market value of investments:** Changes in the net market value of investments are recognised as income and comprise all realised and unrealised profits/losses during the year

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Benefits payable

Pensions and lump-sum benefits payable include all amounts known to be due as at the end of the financial year. Any amounts due but unpaid are disclosed in the Net Assets Statement as current liabilities.

Taxation

The Fund is a registered public service scheme under section 1(1) of Schedule 36 of the Finance Act 2004 and as such is exempt from UK income tax on interest received and from capital gains tax on the proceeds of investments sold. Income from overseas investments suffers withholding tax in the country of origin, unless exemption is permitted. Irrecoverable tax is accounted for as a fund expense as it arises.

Management expenses

Pension fund management expenses are accounted for in accordance with the CIPFA guidance Accounting for Local Government Pension Scheme Management Costs.

Administrative expenses

All administrative expenses are accounted for on an accruals basis. All staff costs of the pensions administration team are recharged at year end from the Authority to the Pension Fund.

Oversight and Governance costs

All oversight and governance expenses are accounted for on an accruals basis. All staff costs associated with oversight and governance are charged to the Fund.

The cost of obtaining investment advice from the external advisors is included in oversight and governance costs.

Investment management expenses

All investment management expenses are accounted for on an accruals basis. Fees of the external investment managers and custodian are agreed in the respective mandates governing their appointments. A proportion of the Council's costs representing management time spent by officers on investment management are recharged to the Fund.

Financial assets

A financial asset is recognised in the Net Assets Statement on the date the Fund becomes party to the contractual acquisition of the asset. The majority of the Fund's financial assets are included in the Net Assets Statement on a fair value basis as at the reporting date. Any gains and losses arising from changes in the fair value are recognised in the change in market value in the Fund Account.

Quoted securities and Pooled Investment Vehicles have been valued at bid price. Quoted securities are valued by the Fund's custodian; Bank of New York Mellon. Pooled Investments, Private Equity Funds, Infrastructure Funds and Pooled Property Funds are quoted by their fund managers.

Loans and receivables consist of cash at bank, other balances investment balances and contributions receivable. They are initially recognised at fair value and subsequently at amortised cost. Impairment losses are recognised where appropriate, although no impairment has been deemed necessary.

Derivatives

Derivatives are valued at fair value on the following basis: assets at bid price and liabilities at offer price.

Changes in the fair value are included in the change in market value in the Fund account.

The value of open futures contracts is determined using exchange prices at the reporting date.

Foreign currency transactions

Dividends, interest and purchases and sales of investments in foreign currencies have been accounted for at the spot market rates at the date of the transaction. End of year spot market exchange rates are used to value cash balances held in foreign currency bank accounts, market values of overseas investments and purchases and sales outstanding at the year end.

Cash and cash equivalents

Cash comprises cash in hand and term deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to minimal risk of changes in value.

Financial liabilities

The Fund recognises financial liabilities in the net asset statement on the date the fund becomes legally responsible for that liability. The fund recognises financial liabilities relating to investment trading at fair value and all other financial liabilities as amortised cost.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**Actuarial present value of promised retirement benefits**

The actuarial present value of promised retirement benefits is assessed on a triennial basis by the scheme actuary in accordance with the requirements of IAS 26 and relevant actuarial standards. As permitted by the Code, the Fund has opted to disclose the actuarial present value of promised retirement benefits by way of a note to the Net Assets Statement (see Note 22).

Additional voluntary contributions

The Fund provides an additional voluntary contributions (AVC) scheme for its members, the assets of which are invested separately from those of the Pension Fund. The Fund has appointed Prudential plc as its AVC provider. AVCs are paid to the AVC provider by employers and are specifically for providing additional benefits for individual contributors. AVCs are not included in the accounts in accordance with section 4(2)(b) of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009 (SI 2009/3093) but are disclosed as a note only (Note 21).

Accounting Standards issued but not yet adopted

The standards introduced in the 2025/26 Code where disclosures are required in the 2024/25 financial statements are:

a) IAS21 The Effects of Changes in Foreign Exchange Rate (Lack of Exchangeability) issued in August 2023.

The amendments to IAS 21 clarify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking as well as require the disclosure of information that enables users of financial statements to understand the impact of currency not being exchangeable.

b) IFRS17 Insurance Contracts issued in May 2017.

IFRS17 replaces IFRS4 and sets out the principles for recognition, presentation and disclosure of insurance contracts.

The above changes in Accounting Standards are not expected to have a material impact on the financial statements.

5. CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES**Unquoted private equity and infrastructure investments**

It is important to recognise the highly subjective nature of determining the fair value of many private equity and infrastructure investments. They are inherently based on forward-looking estimates and judgements involving factors which include the valuations of companies deemed comparable to the asset being valued, the future cash flow expectations and discount factors used.

6. ASSUMPTIONS MADE ABOUT THE FUTURE AND OTHER SOURCES OF ESTIMATION UNCERTAINTY

The statement of accounts contains estimated figures that are based on assumptions made by the Council about the future, or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different in the forthcoming year.

Actuarial present value of promised retirement benefits

Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on Pension Fund assets. A firm of consulting actuaries is engaged to provide the fund managers with expert advice about the assumptions to be applied.

The effects on the net pension liability can be measured. For instance, a 0.1% decrease in the discount rate assumption would result in an increase in the pension liability of £27m. A 0.1% increase in the salary increase assumption would result in a £1m increase in the pension liability. A 0.1% increase in the pension increase assumption would result in a £26m increase to the pension liability.

Unquoted private equity and infrastructure investments

Due to the nature of private equity and infrastructure assets it is difficult to assess their true value until the assets are realised. Assumptions are made in the valuation of Unquoted private equities and infrastructure investments. Investment managers use the guidelines published by various bodies including the Financial Accounting Standards Board, the British Venture Capital Association and the Institutional Limited Partners Association.

The value of unquoted private equities and infrastructure at 31 March 2025 was £410.0m (2024: £406.2m).

There is a risk that these investments may be under or overstated in the accounts, although it is considered unlikely to have a material impact on the value of the Fund.

NOTES TO THE PENSION FUND ACCOUNTS

7. FUND INFORMATION

The last full triennial Actuarial Valuation was completed as at 31 March 2022 which calculated the total accrued liabilities to be £1,790m (2019: £1,423m). The market value of the Fund's assets at the valuation date was £1.731m (2019: £1,258m). The Fund deficit was therefore £59m (2019: £165m) producing a funding level of 97% (2019: 88%). The next triennial valuation will be effective as at 31 March 2025. The contribution rates payable for 2024-25 were set at the Actuarial Valuation effective 31 March 2022.

The table below shows the contribution rates payable by each employer for 2024/25:

| | % of pay | Additional sum £ |
|--|----------|------------------|
| London Borough of Croydon Pool | | |
| London Borough of Croydon | 23.2 | - |
| Further Education Bodies | | |
| Croydon College | 23.1 | - |
| (Community) Admission Bodies | | |
| Croydon Voluntary Action | 21.53 | - |
| Admission Bodies | | |
| Arthur Mckay Limited | 0.0 | - |
| AXIS Europe plc (Housing Repairs) | 25.5 | - |
| Brick by Brick Croydon Limited | 28.1 | - |
| Churchill Services Limited | 0.0 | - |
| Cleantex (Thomas More) | 23.2 | - |
| FM Conway Construction & Training Ltd | 36.1 | - |
| Greenwich Leisure Limited | 19.3 | - |
| Hats Group Ltd (Olympic South) | 22.4 | - |
| Milestones Infrastructure Ltd | 38.8 | - |
| Olive Dining Limited | 29.0 | - |
| Olive Dining Limited - Greenvale | 23.2 | - |
| Provide Equipment Hub | 23.2 | - |
| Sodexo Limited | 39.7 | - |
| South London Waste Partnership Idverde | 17.5 | - |
| Veolia Environmental Services (UK) Recycling Ltd (Croydon) | 0.0 | - |
| Veolia Environmental Services (UK) Recycling Ltd (SLWP1) | 15.5 | - |
| Veolia Environmental Services (UK) Recycling Ltd (SLWP2) | 17.5 | - |
| Vinci Facilities Limited | 0.0 | - |
| Wallington Cars & Couriers Limited | 0.0 | - |
| Westgate Cleaning Services Limited | 32.0 | - |
| Wates | 20.2 | - |
| Academies | | |
| Aerodome Primary Academy | 19.63 | - |
| Applegarth Academy | 19.8 | - |
| Archbishop Lanfranc School | 30.03 | - |
| Ark Blake Academy | 18.8 | - |
| Ark Oval Primary Academy | 17.8 | - |
| Atwood Primary School | 24.8 | - |
| BRIT School | 16.6 | - |
| Broadmead Primary Academy | 34.5 | - |
| Castle Hill Academy | 16.0 | - |
| Chestnut Park Primary School | 20.7 | - |
| Chipstead Valley Primary School | 22.2 | - |
| Coloma Convent Girls' School | 18.6 | - |
| Coombe Wood School | 22.0 | - |
| Courtwood | 25.6 | - |
| Crescent Primary Academy | 17.9 | - |

NOTES TO THE PENSION FUND ACCOUNTS

| Academies | % of pay | Additional sum £ |
|--|----------|------------------|
| David Livingstone Academy | 15.7 | - |
| Fairchildes Primary School | 16.93 | - |
| Forest Academy | 19.3 | - |
| Gonville Academy | 23.8 | - |
| Good Shepherd Catholic Primary | 28.0 | - |
| Greenshaw Central Trust | 22.0 | - |
| Harris Academy Purley | 22.1 | - |
| Harris Academy Primary Kenley | 18.6 | - |
| Harris Academy South Norwood | 17.0 | - |
| Harris Beulah Hill | 17.0 | - |
| Harris City Academy Crystal Palace | 16.8 | - |
| Harris Croydon Academy (previously Kingsley) | 36.6 | - |
| Harris Invictus Academy Croydon | 18.8 | - |
| Harris Primary Academy Benson | 24.0 | - |
| Harris Primary Academy Haling Park | 21.7 | - |
| Harris Primary Purley Way | 19.8 | - |
| Heathfield Academy | 19.2 | - |
| John Wood (previously Davidson) Primary School | 48.7 | - |
| Kenley (TCT) | 22.6 | - |
| Kensington Avenue Primary (Manor Trust) | 24.0 | - |
| Keston Primary | 25.4 | - |
| Krishna Avanti Primary School | 16.3 | - |
| Meridian (Addington) High Academy | 18.2 | - |
| Minster Infants | 19.2 | - |
| Minster Juniors | 22.5 | - |
| Monks Orchard Primary School | 27.33 | - |
| New Valley Primary | 24.1 | - |
| Norbury High School for Girls | 22.0 | - |
| Oasis Academy Arena | 22.9 | - |
| Oasis Academy Byron | 20.8 | - |
| Oasis Academy Coulsdon | 21.8 | - |
| Oasis Academy Ryelands | 25.7 | - |
| Oasis Academy Shirley Park | 23.2 | - |
| Orchard Way Primary | 23.1 | - |
| Orchard Park | 49.1 | - |
| Park Hill Junior School | 22.0 | - |
| Paxton Academy | 17.4 | - |
| Pegasus Academy Trust | 20.1 | - |
| Quest Primary School (was Gilbert Scott) | 29.1 | - |
| Regina Coeli | 16.9 | - |
| Riddlesdown Collegiate | 21.0 | - |
| Robert Fitzroy Academy | 19.7 | - |
| Rowdown Primary School | 21.23 | - |
| Saffron Valley Collegiate | 17.7 | - |
| Shirley High School of Performing Arts College | 20.23 | - |
| South Norwood Academy | 23.5 | - |
| St Aidan's Catholic Primary School | 24.6 | - |
| St Chad's Catholic Primary School | 26.4 | - |
| St Cyprian's Greek Orthodox Primary School | 21.6 | - |
| St James the Great R.C Primary | 26.0 | - |
| St Joseph's College | 25.03 | - |
| St Mark's COE Primary School | 22.4 | - |
| St Mary's Infants School | 31.5 | - |
| St Mary's Junior School | 23.5 | - |
| St Peters Primary School | 22.0 | - |
| St Thomas Becket RC Primary | 21.7 | - |
| The Beckmead Trust | 21.7 | - |
| The Quest Academy | 22.7 | - |
| The Woodside Academy | 22.3 | - |
| Tudor Primary Academy | 18.3 | - |
| West Thornton Primary Academy | 21.6 | - |
| Winterbourne Junior Boys (Platanos) | 29.0 | - |
| Woodcote High School | 23.5 | - |
| Woodcote Primary | 24.2 | - |
| Woodside Primary Academy | 22.3 | - |

NOTES TO THE PENSION FUND ACCOUNTS

Employees in the scheme are required by the Local Government Pension Scheme Transitional Regulations 20 to make contributions to the Fund by deductions from earnings. The contribution rate payable is determined by the pay band applicable to each individual employee.

The pay bands for 2024/25 are detailed below:

| Band | 2024/25 Pensionable Pay | Contribution Rate % |
|------|----------------------------|------------------------|
| 1 | £0 - £17,600 | 5.5% |
| 2 | £17,601 - £27,600 | 5.8% |
| 3 | £27,601 - £44,900 | 6.5% |
| 4 | £44,901 - £56,800 | 6.8% |
| 5 | £56,801 - £79,700 | 8.5% |
| 6 | £79,701 - £112,900 | 9.9% |
| 7 | £112,901 - £133,100 | 10.5% |
| 8 | £133,101 - £199,700 | 11.4% |
| 9 | £199,701 + | 12.5% |

Membership of the Fund consists of current and ex-employees not of pensionable age, retired employees and dependants.

| | 2024/25 | 2023/24 | % change |
|----------------------|---------|---------|----------|
| Contributing members | 9,989 | 9,853 | 1.4% |
| Deferred pensioners | 11,690 | 12,274 | (4.8%) |
| Pensioners | 10,355 | 9,836 | 5.3% |
| Total | 32,034 | 31,963 | 0.2% |

8. CONTRIBUTIONS

By Authority:

Administering Authority
Scheduled bodies
Admitted bodies

| 2024/25 £'000 | 2023/24 £'000 |
|------------------|------------------|
| 50,153 | 46,715 |
| 23,692 | 21,744 |
| 1,368 | 1,394 |
| 75,213 | 69,853 |

By Type

Employees normal contributions

Employers:

Normal contributions
Deficit recovery contributions
Augmentation contributions

| 2024/25 £'000 | 2023/24 £'000 |
|------------------|------------------|
| 16,840 | 15,724 |
| 57,309 | 53,275 |
| 0 | 0 |
| 1,064 | 854 |
| 75,213 | 69,853 |

9. BENEFITS

By Authority

Administering Authority
Scheduled bodies
Admitted bodies

| 2024/25 £'000 | 2023/24 £'000 |
|------------------|------------------|
| 63,633 | 59,614 |
| 6,762 | 6,414 |
| 5,515 | 4,804 |
| 75,910 | 70,832 |

By Type

Pensions
Commutation and lump sum retirement benefits
Lump sum death benefits

| 2024/25 £'000 | 2023/24 £'000 |
|------------------|------------------|
| 62,801 | 57,979 |
| 11,628 | 10,776 |
| 1,481 | 2,077 |
| 75,910 | 70,832 |

NOTES TO THE PENSION FUND ACCOUNTS

10. MANAGEMENT EXPENSES

| | 2024/25 | 2023/24 |
|--------------------------|---------|---------|
| | £'000 | £'000 |
| Administration | 1,516 | 1,517 |
| Oversight and Governance | 944 | 787 |
| Investment management | 13,054 | 12,986 |
| | 15,514 | 15,290 |

Some investment managers charge fees within the fund's net asset value and these (implicit) fees are not easily identifiable. Investment management fees have been adjusted to reflect the implicit fees charged by managers and a corresponding adjustment has been made to the change in market value. For 2025 the implicit fee was £12,293,644 (2024: £11,869,228). Included in the investment management expenses are £998,312 (2024: £914,955) in respect of transaction costs. External audit fees for the year were £97,945 (excl. VAT).

Investment management fees are further analysed below by investment type.

| | 2024/25 | 2023/24 |
|-------------------|---------|---------|
| | £'000 | £'000 |
| Equities | 1,690 | 1,507 |
| Private equity | 1,475 | 1,115 |
| Infrastructure | 5,013 | 5,881 |
| Fixed Interest | 2,208 | 1,520 |
| Property | 2,559 | 2,863 |
| Other (Custodian) | 109 | 100 |
| | 13,054 | 12,986 |

11. INVESTMENT INCOME

| | 2024/25 | 2023/24 |
|----------------|---------|---------|
| | £'000 | £'000 |
| Equities | 1,077 | 938 |
| Fixed Interest | 11,534 | 3,382 |
| Property | 6,028 | 6,197 |
| Cash | 3,388 | 2,614 |
| Total | 22,027 | 13,131 |

12. INVESTMENTS

The Fund used the following investment managers during the year:

| Asset Category | Fund Managers |
|----------------|--|
| Equities | Legal and General Investment Management Limited (LGIM) and London LGPS CIV Limited underlying manager RBC (LCIV RBC) |
| Private equity | Knightsbridge Advisors LLC, Pantheon Ventures LLP, Access Capital Partners and North Sea Capital |
| Infrastructure | Equitix Limited, Temporis Capital Limited, Green Investment Group Management Limited (GIGM), Access Capital Partners and I-Squared Capital |
| Fixed Interest | Aberdeen Standard Investments and London LGPS CIV Limited underlying manager PIMCO (LCIV PIMCO), LCIV Multi Asset Credit and LCIV All Maturities |
| Property | Schroder Investment Management Limited and M&G Investment Management Limited |
| Cash | Cash is invested by the in-house team |

All managers have discretion to buy and sell investments within the constraints set by the Pension Committee and their respective Investment Management Agreements. Each manager has been appointed with clear strategic benchmarks which place maximum accountability for performance against that benchmark on the 'investment manager

The Pension Committee has authorised the Corporate Director of Resources and Section 151 Officer to exercise delegated powers to vary the Pension Fund's target asset allocation between asset classes as is deemed necessary.

NOTES TO THE PENSION FUND ACCOUNTS

12. INVESTMENTS (continued)

The market value and proportion of investments managed by each fund manager at 31 March 2025 was as follows:

| | 2025 | | 2024 | |
|--|------------------|---------------|------------------|---------------|
| | Market £'000 | Market % | Market £'000 | Market % |
| LGIM | 776,189 | 41.3% | 835,459 | 46.3% |
| London LGPS CIV Limited (LCIV) | 150 | 0.0% | 150 | 0.0% |
| LCIV PIMCO | 91,887 | 4.9% | 87,029 | 4.8% |
| LCIV RBC | 94,428 | 5.0% | 90,231 | 5.0% |
| LCIV MAC (Multi Asset Credit) | 108,097 | 5.7% | 0 | 0.0% |
| LCIV All Maturities | 129,779 | 6.9% | 0 | 0.0% |
| Pantheon Ventures LLP (Pantheon) | 60,312 | 3.2% | 68,976 | 3.8% |
| Knightsbridge Advisors LLC (Knightsbridge) | 61,120 | 3.3% | 59,399 | 3.3% |
| Access Capital Partners (Access) | 68,059 | 3.6% | 58,069 | 3.2% |
| North Sea Capital | 21,904 | 1.2% | 21,867 | 1.2% |
| I-Squared Capital | 33,314 | 1.8% | 32,152 | 1.8% |
| Equitix Limited | 70,866 | 3.8% | 71,802 | 4.0% |
| Temporis Capital Limited (Temporis) | 76,586 | 4.1% | 73,804 | 4.1% |
| Green Investment Group Management Limited (GIGM) | 17,840 | 0.9% | 20,126 | 1.1% |
| Aberdeen Standard Investments (Aberdeen) | 71,387 | 3.8% | 133,193 | 7.4% |
| Wellington Management Company LLP (Wellington) | 0 | 0.0% | 57,179 | 3.2% |
| Schroder Investment Management Limited (Schroders) | 137,425 | 7.3% | 132,989 | 7.4% |
| M&G Investment Management Limited (M&G) | 61,200 | 3.3% | 61,379 | 3.4% |
| Total investments | 1,880,543 | 100.0% | 1,803,804 | 100.0% |

13. RECONCILIATION IN MOVEMENT IN INVESTMENTS

| | Market value 01 April 2024 £'000 | Purchases and derivative payments £'000 | Sales and derivative receipts £'000 | Change in market value £'000 | Market value 31 March 2025 £'000 |
|------------------------------|--|--|--|---------------------------------------|--|
| Equities - segregated funds | 150 | 0 | 0 | 0 | 150 |
| Equities - pooled funds | 925,690 | 1,029 | (101,529) | 45,427 | 870,617 |
| Private equity funds | 168,110 | 9,287 | (19,354) | 6,255 | 164,298 |
| Infrastructure funds | 238,086 | 13,460 | (25,082) | 19,239 | 245,703 |
| Fixed Interest funds | 277,400 | 312,761 | (196,982) | 7,971 | 401,150 |
| Pooled Property funds | 194,368 | 14,939 | (14,771) | 4,089 | 198,625 |
| | 1,803,804 | 351,476 | (357,718) | 82,981 | 1,880,543 |
| Cash deposits | 7,623 | | | (11) | 10,232 |
| Investment income due | 396 | | | | 559 |
| Unsettled purchases | --- | | | | 1,381 |
| Net investment assets | 1,811,823 | 351,476 | (357,718) | 82,970 | 1,892,715 |

| | Market value 01 April 2023 £'000 | Purchases and derivative payments £'000 | Sales and derivative receipts £'000 | Change in market value £'000 | Market value 31 March 2024 £'000 |
|------------------------------|--|--|--|---------------------------------------|--|
| Equities - segregated funds | 150 | 0 | 0 | 0 | 150 |
| Equities - pooled funds | 748,825 | 922 | (1,311) | 177,254 | 925,690 |
| Private equity funds | 167,264 | 14,716 | (15,437) | 1,567 | 168,110 |
| Infrastructure funds | 246,381 | 16,686 | (31,120) | 6,139 | 238,086 |
| Fixed Interest funds | 262,127 | 3,433 | (1,570) | 13,410 | 277,400 |
| Pooled Property funds | 191,932 | 13,945 | (8,721) | (2,788) | 194,368 |
| | 1,616,679 | 49,702 | (58,159) | 195,582 | 1,803,804 |
| Cash deposits | 10,634 | | | (9) | 7,623 |
| Investment income due | 382 | | | | 396 |
| Net investment assets | 1,627,695 | 49,702 | (58,159) | 195,573 | 1,811,823 |

NOTES TO THE PENSION FUND ACCOUNTS

14. ANALYSIS OF INVESTMENTS

| | 2025 | | | 2024 | | |
|--|----------------|------------------|------------------|----------------|------------------|------------------|
| | UK £'000 | Foreign £'000 | Total £'000 | UK £'000 | Foreign £'000 | Total £'000 |
| Equities-segregated funds | | | | | | |
| London CIV Unquoted | 150 | | 150 | 150 | - | 150 |
| Total equities | 150 | - | 150 | 150 | - | 150 |
| Equities - pooled funds | | | | | | |
| LGIM unit trust | | 776,189 | 776,189 | - | 835,459 | 835,459 |
| LCIV RBC managed fund | | 94,428 | 94,428 | - | 90,231 | 90,231 |
| Total equities - pooled investments | - | 870,617 | 870,617 | - | 925,690 | 925,690 |
| Private equity funds | | | | | | |
| Pantheon managed fund | | 60,312 | 60,312 | - | 68,976 | 68,976 |
| Knightsbridge managed fund | | 61,120 | 61,120 | - | 59,399 | 59,399 |
| Access managed fund | | 20,963 | 20,963 | - | 17,867 | 17,867 |
| North Sea Capital managed fund | | 21,904 | 21,904 | - | 21,867 | 21,867 |
| Total private equity funds | - | 164,299 | 164,299 | - | 168,109 | 168,109 |
| Infrastructure funds | | | | | | |
| Equitix Limited managed fund | | 70,866 | 70,866 | | 71,802 | 71,802 |
| Temporis managed fund | 64,605 | 11,981 | 76,586 | 63,896 | 9,908 | 73,804 |
| GIGM managed fund | 17,841 | | 17,841 | 20,126 | | 20,126 |
| Access managed fund | | 47,096 | 47,096 | | 40,202 | 40,202 |
| I Squared managed fund | | 33,314 | 33,314 | | 32,152 | 32,152 |
| Total infrastructure funds | 82,446 | 163,257 | 245,703 | 84,022 | 154,064 | 238,086 |
| Fixed interest funds | | | | | | |
| Aberdeen unit trust | 71,387 | | 71,387 | 133,193 | | 133,193 |
| Wellington managed fund | | - | - | | 57,179 | 57,179 |
| LCIV PIMCO managed fund | | 91,887 | 91,887 | | 87,029 | 87,029 |
| LCIV MAC managed fund | 108,097 | | 108,097 | | | - |
| LCIV All Maturities managed fund | 129,779 | | 129,779 | | | - |
| Total Fixed Interest funds | 309,263 | 91,887 | 401,150 | 133,193 | 144,208 | 277,401 |
| Pooled property funds | | | | | | |
| Schroders managed fund | 137,425 | | 137,425 | 132,989 | | 132,989 |
| M&G managed fund | 61,200 | | 61,200 | 61,379 | | 61,379 |
| Total pooled property funds | 198,625 | - | 198,625 | 194,368 | - | 194,368 |
| Total investments | 590,484 | 1,290,060 | 1,880,544 | 411,733 | 1,392,071 | 1,803,804 |

15. INVESTMENTS EXCEEDING 5% OF THE MARKET VALUE OF THE FUND

| | 2025 | | 2024 | |
|--|-----------------|-----------------------------|-----------------|-----------------------------|
| | Market £'000 | % of Total Net assets | Market £'000 | % of Total Net assets |
| LGIM FTSE Ex Tobacco World Equity Index | 776,189 | 41.3% | 835,459 | 44.4% |
| Schroders managed fund | 137,425 | 7.3% | 132,989 | 7.4% |
| SL Abrn Absolute Return Global Bond Strategies | 71,387 | 3.8% | 133,193 | 7.1% |
| LCIV Multi Asset Credit Fund | 108,097 | 5.7% | - | - |
| LCIV All Maturities Fund | 129,779 | 6.9% | - | - |

NOTES TO THE PENSION FUND ACCOUNTS

16. CURRENT ASSETS

| | 2025 £'000 | 2024 £'000 |
|---|-----------------------|-----------------------|
| Cash balances | 69,317 | 65,856 |
| Other Local Authorities - Croydon Council | 3,058 | 6,101 |
| Other Entities and Individuals | 2,908 | 2,091 |
| | 75,283 | 74,048 |

17. CURRENT LIABILITIES

| | 2025 £'000 | 2024 £'000 |
|---|-----------------------|-----------------------|
| Other Local Authorities - Croydon Council | (2,847) | (4,005) |
| Other entities and individuals | (2,024) | (1,293) |
| | (4,871) | (5,298) |

The amount due to Croydon Council relates to transactions between the Fund and the Council all of which were settled through the Pension Fund bank account after the year end.

18. INFORMATION IN RESPECT OF MATERIAL TRANSACTIONS WITH RELATED PARTIES**Related Parties****Related parties include:**

- a. Councillors and their close families
- b. certain Officers and Managers
- c. entities controlled by, and associates and joint ventures of, the Scheme itself
- d. companies and businesses controlled by the Councillors or their close families

Councillor Hopley is the Council Shareholder Representative for the London LGPS CIV Limited.

Officers and Managers

Related parties under this heading include:

- a. key management (senior officers) of the Fund and their close families
- b. companies and businesses controlled by the key management of the Fund, or their close families.

The key management personnel of the fund during the year were the Corporate Director of Resources and Section 151 Officer and the Head of Pensions and Treasury.

During the year a charge of £150k (2024: £121k) was made to the Fund for their services.

The only other financial relationship that either Councillors or officers and managers have with the Fund is as prospective or actual pensioners for those who are scheme members.

19. DETAILS OF STOCK RELEASED TO THIRD PARTIES UNDER A STOCK LENDING ARRANGEMENT

There was no stock released to third parties under a stock lending arrangement.

20. CONTINGENT LIABILITIES AND CONTRACTUAL COMMITMENTS

The Fund is aware of the Virgin Media Ltd v NTL Pension Trustees II Ltd case (and other cases) and recognises that the outcome may have implications for the Croydon Pension Fund. The case relates to defined benefit schemes that provided contracted-out benefits before 6 April 2016 and relied on meeting the reference scheme test and continuous compliance requirements.

The Fund had outstanding capital commitments of £74.0m at 31 March 2025 (2024:£95.7m) based on:

USD 42.2m at exchange rate 1.29 equals £32.6m (2024: £40.7m)
EUR 35.9m at exchange rate 1.19 equals £30.1m (2024: £39.8m)
GBP £11.3m (2024: £15.2m)

These commitments related to outstanding call payments due on Private Equity, Infrastructure and Property investments. The amounts 'called' by these funds are both irregular in size and timing over a period of usually 3 to 6 years from the date of the original commitment.

21. DETAILS OF ADDITIONAL CONTRIBUTIONS NOT INCLUDED IN PENSION FUND ACCOUNTS

In accordance with regulation 4(2)(b) of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009 (SI 2009 No 3093), there were no additional contributions included in the Pension Fund Accounts since all Additional Voluntary Contributions (AVCs), in total £225,477 for 2024/25 are sent directly to the relevant AVC provider.

The value at 31 March 2025 of separately invested additional voluntary contributions was £1.440m (£1.486m in 2023/24).

22. PENSION FUND ACCOUNTS REPORTING REQUIREMENTS**London Borough of Croydon Pension Fund ('the Fund') Actuarial Statement for 2024/25**

This statement has been prepared in accordance with Regulation 57(1)(d) of the Local Government Pension Scheme Regulations 2013. It has been prepared at the request of the Administering Authority of the Fund for the purpose of complying with the aforementioned regulation.

Description of Funding Policy

The funding policy is set out in the Administering Authority's Funding Strategy Statement (FSS), dated May 2021. In summary, the key funding principles are as follows:

- ▶ to ensure the long-term solvency of the Fund using a prudent long term view. This will ensure that sufficient funds are available to meet all members'/dependants' benefits as they fall due for payment;
- ▶ to ensure that employer contribution rates are reasonably stable where appropriate;
- ▶ to minimise the long-term cash contributions which employers need to pay to the Fund, by recognising the link between assets and liabilities and adopting an investment strategy which balances risk and return (this will also minimise the costs to be borne by Council Tax payers);
- ▶ to reflect the different characteristics of different employers in determining contribution rates. This involves the Fund having a clear and transparent funding strategy to demonstrate how each employer can best meet its own liabilities over future years; and
- ▶ to use reasonable measures to reduce the risk to other employers and ultimately to the Council Tax payer from an employer defaulting on its pension obligations.

The FSS sets out how the Administering Authority seeks to balance the conflicting aims of securing the solvency of the Fund and keeping employer contributions stable. For employers whose covenant was considered by the Administering Authority to be sufficiently strong, contributions have been stabilised to have a sufficiently high likelihood of achieving the funding target over 20 years. Asset-liability modelling has been carried out which demonstrate that if these contribution rates are paid and future contribution changes are constrained as set out in the FSS, there is at least a 75% likelihood that the Fund will achieve the funding target over 20 years.

Funding Position as at the last formal funding valuation

The most recent actuarial valuation carried out under Regulation 62 of the Local Government Pension Scheme Regulations 2013 was as at 31 March 2022. This valuation revealed that the Fund's assets, which at 31 March 2022 were valued at £1,731 million, were sufficient to meet 97% of the liabilities (i.e. the present value of promised retirement benefits) accrued up to that date. The resulting deficit at the 2022 valuation was £59 million.

Each employer had contribution requirements set at the valuation, with the aim of achieving their funding target within a time horizon and liability measure as per the FSS. Individual employers' contributions for the period 1 April 2023 to 31 March 2026 were set in accordance with the Fund's funding policy as set out in its FSS.

Principal Actuarial Assumptions and Method used to value the liabilities

Full details of the methods and assumptions used are described in the 2022 valuation report.

Method

The liabilities were assessed using an accrued benefits method which takes into account pensionable membership up to the valuation date, and makes an allowance for expected future salary growth to retirement or expected earlier date of leaving pensionable membership.

NOTES TO THE PENSION FUND ACCOUNTS

22. PENSION FUND ACCOUNTS REPORTING REQUIREMENTS (continued)

Assumptions

A market-related approach was taken to valuing the liabilities, for consistency with the valuation of the Fund assets at their market value.

The key financial assumptions adopted for the 2022 valuation were as follows:

| Financial assumptions | 31 Mar 2022 |
|-----------------------------------|-------------|
| Discount rate | 4.0% pa |
| Salary increase assumption | 2.7% pa |
| Benefit increase assumption (CPI) | 2.7% pa |

The key demographic assumption was the allowance made for longevity. The life expectancy assumptions are based on the Fund's VitaCurves with improvements in line with the CMI 2021 model, with a 0% weighting of 2021 (and 2020) data, standard smoothing (Sk7), initial adjustment of 0.25% and a long term rate of 1.50% p.a. Based on these assumptions, the average future life expectancies at age 65 are as follows:

| | Males | Females |
|--------------------|------------|------------|
| Current Pensioners | 22.8 years | 25.9 years |
| Future Pensioners* | 22.0 years | 24.6 years |

*Aged 45 at the 2022 Valuation

Copies of the 2022 valuation report and Funding Strategy Statement are available on request from the Administering Authority to the Fund and on the Fund's website.

Experience over the period since 31 March 2022

Markets were disrupted by the ongoing war in Ukraine and inflationary pressures in 2022 and 2023, impacting on investment returns achieved by the Fund's assets. Asset performance improved in 2024 and early 2025; however the recent increase in US tariffs on imports has caused significant market volatility. The peak of this market volatility was experienced immediately after 31 March 2025, however, generally lower than expected asset returns were experienced in the month immediately prior to this.

High levels of inflation in the UK (compared to recent experience) have resulted in higher than expected LGPS benefit increases of 10.1% in April 2023 and 6.7% in April 2024. However, inflation has reduced towards historical levels and the Bank of England's target (2% pa), with LGPS benefits increasing by 1.7% in April 2025

There has been a significant shift in the wider economic environment since 2022, resulting in generally higher expected future investment returns and a reduction in the value placed on the Fund's liabilities. Overall, the funding position is likely to be stronger than at the previous formal valuation at 31 March 2022.

The next actuarial valuation will be carried out as at 31 March 2025, and will be finalised by 31 March 2026. The FSS will also be reviewed at that time, and a revised version will come into effect from 1 April 2026.

Adrian Loughlin FFA C.Act

9 May 2025

For and on behalf of Hymans Robertson LLP

22. PENSION FUND ACCOUNTS REPORTING REQUIREMENTS (continued)

Pension Fund Accounts Reporting Requirement

Introduction

CIPFA's Code of Practice on Local Authority Accounting 2024/25 requires administering Authorities of LGPS funds that prepare pension fund accounts to disclose what IAS26 refers to as the actuarial present value of promised retirement benefits. I have been instructed by the Administering Authority to provide the necessary information for the London Borough of Croydon Pension Fund ('the Fund').

The actuarial present value of promised retirement benefits is to be calculated similarly to the Defined Benefit Obligation under IAS19. There are three options for its disclosure in pension fund accounts:

- ▶ showing the figure in the Net Assets Statement, in which case it requires the statement to disclose the resulting surplus or deficit;
- ▶ as a note to the accounts; or
- ▶ by reference to this information in an accompanying actuarial report.

If an actuarial valuation has not been prepared at the date of the financial statements, IAS26 requires the most recent valuation to be used as a base and the date of the valuation disclosed. The valuation should be carried out using assumptions in line with IAS19 and not the Pension Fund's funding assumptions.

Present value of promised retirement benefits

| Year ended | 31 Mar 2025 £m | 31 Mar 2024 £m |
|--|-------------------|-------------------|
| Active members | 557 | 611 |
| Deferred members | 362 | 435 |
| Pensioners | 670 | 767 |
| Present Value of Promised Retirement Benefits* | 1,589 | 1,813 |

The promised retirement benefits at 31 March 2025 have been projected using a roll forward approximation from the latest formal funding valuation as at 31 March 2022. The approximation involved in the roll forward model means that the split of benefits between the three classes of member may not be reliable. However, I am satisfied that the total figure is a reasonable estimate of the actuarial present value of benefit promises.

The figures include both vested and non-vested benefits, although the latter is assumed to have a negligible value. Further I have not made any allowance for unfunded benefits.

It should be noted the above figures are appropriate for the Administering Authority only for preparation of the pension fund accounts. They should not be used for any other purpose (i.e. comparing against liability measures on a funding basis or a cessation basis).

22. PENSION FUND ACCOUNTS REPORTING REQUIREMENTS (continued)

Assumptions

The assumptions used are those adopted for the Administering Authority's IAS19 report and are different as at 31 March 2025 and 31 March 2024. I estimate that the impact of the change in financial assumptions to 31 March 2025 is to decrease the actuarial present value by £280m. I estimate that the impact of the change in demographic assumptions is to decrease the actuarial present value by £4m.

Financial Assumptions

| Year ended | 31 Mar 2025 %p.a. | 31 Mar 2024 %p.a. |
|------------------------|----------------------|----------------------|
| Pensions Increase Rate | 2.75% | 2.75% |
| Salary Increase Rate | 2.75% | 2.75% |
| Discount Rate | 5.80% | 4.85% |

Demographic Assumption

The longevity assumptions have changed since the previous IAS26 disclosure for the Fund.

Life expectancy is based on the Fund's VitaCurves with improvements in line with the CMI 2023 model, with a 15% weighting of 2023 (and 2022) data, 0% weighting of 2021 (and 2020) data, standard smoothing (Sk7), initial adjustment of 0.25% and a long term rate of improvement of 1.5% p.a.. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

| | Males | Females |
|---|------------|------------|
| Current Pensioners | 21.4 years | 24.1 years |
| Future Pensioners (assumed to be age 45 at the latest formal valuation) | 22.2 years | 25.4 years |

All other demographic assumptions are unchanged from last year and as per the latest funding valuation of the Fund.

Sensitivity Analysis

CIPFA guidance requires the disclosure of the sensitivity of the results to the methods and assumptions used. The sensitivities regarding the principal assumptions used to measure the obligations are set out below:

| Sensitivity to the assumptions for the year | Approximate % | Approximate monetary |
|---|---------------|----------------------|
| 0.1% p.a. decrease in the Discount Rate | 2% | 27 |
| 1 year increase in member life expectancy | 4% | 64 |
| 0.1% p.a. increase in the Salary Increase Rate | 0% | 1 |
| 0.1% p.a. increase in the Pension Increase Rate (CPI) | 2% | 26 |

Professional Notes

This paper accompanies the 'Accounting Covering Report – 31 March 2025' which identifies the appropriate reliances and limitations for the use of the figures in this paper, together with further details regarding the professional requirements and assumptions.

Prepared by:-

Adrian Loughlin FFA C.Act

5 May 2025

For and on behalf of Hymans Robertson LLP

McCloud and Sargeant judgments

Following Government reforms to public service pension schemes in 2014 and 2015, certain protections were introduced for older members. These have since been found to be discriminatory to younger scheme members hence the Government has announced that further changes will be introduced to remove this age discrimination. Regulations to this effect were introduced in October 23 and the Fund makes an allowance for these as part of its valuation process.

Gauranteed Minimum Pension (GMP) Equalisation

In March 2021, the Government published the outcome to a consultation on the above and concluded that all public pension schemes, including LGPS, are to provide full indexation to members with a GMP reaching State Pension Age (SPA) beyond 5 April 2021. The Fund has allowed for the impact of full GMP indexation in the calculation of the latest funding valuation results.

NOTES TO THE PENSION FUND ACCOUNTS

23. EVENTS AFTER THE REPORTING PERIOD

The Government is implementing reforms requiring all LGPS administering authorities to transfer the management of their assets to FCA-regulated investment pools and delegate investment implementation and advice to those pools by 1 April 2026, as part of wider measures to improve scale, governance, and efficiency. The London CIV is the designated pool for the London Borough of Croydon Pension Fund.

24. FINANCIAL INSTRUMENTS

Below is the target asset allocation agreed by Pension Committee and in force during 2024/25

| Asset Class | Benchmark | Weighting |
|---------------------------------|---|------------------|
| UK and Overseas Listed Equities | FTSE Developed World (ex Tobacco) Index MSCI World (NDR) Index | 42% + / - 5% |
| Fixed Interest Securities | Markit iBoxx Sterling Non-Gilts Index ICE Bank of America Merrill Lynch Sterling Broad Market index Barclays Aggregate - Credit Index Hedged (GBP) SONIA | 23% + / - 5% |
| Property | MSCI All Balanced Property Funds Index All Balanced property Index | 10% + / - 3% |
| Private Rental Sector Property | Target return 6-8% | 6% |
| Private Equity | CPI +5% | 8% |
| Infrastructure | CPI +5% | 10% |
| Cash and Short Term Deposits | | 1% |
| Total | | 100% |

24. FINANCIAL INSTRUMENTS (Continued)

Classification of Financial Instruments

Accounting policies describe how different asset classes of financial instruments are measured, and how income and expenses, including fair value gains and losses, are recognised. The following table analyses the carrying amounts of financial assets and liabilities by category and Net Assets Statement heading. The carrying value for Pension Funds is the same as the Fair Value.

31 March 2025

| | Designated as fair value through profit and loss £'000 | Financial assets at amortised cost £'000 | Financial liabilities at amortised cost £'000 |
|--------------------------------------|---|---|--|
| Financial Assets | | | |
| Fixed Interest funds | 401,150 | - | - |
| Equities - segregated funds | 150 | - | - |
| Pooled property funds | 198,625 | - | - |
| Private equity funds | 164,298 | - | - |
| Infrastructure funds | 245,703 | - | - |
| Global equities - pooled investments | 870,617 | - | - |
| Other investment balances | - | 12,172 | - |
| Current Assets | - | 75,283 | - |
| Total Financial Assets | 1,880,543 | 87,455 | - |
| Financial Liabilities | | | |
| Current liabilities | - | - | (4,871) |
| Total Financial Liabilities | - | - | (4,871) |
| Net Assets | 1,880,543 | 87,455 | (4,871) |

31 March 2024

| | Designated as fair value through profit and loss £'000 | Financial assets at amortised cost £'000 | Financial liabilities at amortised cost £'000 |
|--------------------------------------|---|---|--|
| Financial Assets | | | |
| Fixed Interest funds | 277,400 | - | - |
| Equities - segregated funds | 150 | - | - |
| Pooled property funds | 194,368 | - | - |
| Private equity funds | 168,110 | - | - |
| Infrastructure funds | 238,086 | - | - |
| Global equities - pooled investments | 925,690 | - | - |
| Other investment balances | - | 8,019 | - |
| Current Assets | - | 74,048 | - |
| Total Financial Assets | 1,803,804 | 82,067 | - |
| Financial Liabilities | | | |
| Current liabilities | - | - | (5,298) |
| Total Financial Liabilities | - | - | (5,298) |
| Net Assets | 1,803,804 | 82,067 | (5,298) |

24. FINANCIAL INSTRUMENTS (Continued)

Net Gains and Losses on Financial Instruments

| | 31 March 2025 £'000 | 31 March 2024 £'000 |
|--|------------------------|------------------------|
| Financial assets | | |
| Designated at fair value through profit and loss | 82,981 | 195,582 |
| Financial assets at amortised cost | (11) | (9) |
| | 82,970 | 195,573 |
| Financial liabilities | | |
| Designated at fair value through profit and loss | - | - |
| Financial liabilities at amortised cost | - | - |
| | - | - |
| Total | 82,970 | 195,573 |

Valuation of financial instruments carried at fair value

The valuation of financial instruments has been classified into three levels, according to the quality and reliability of information used to determine fair values.

Level One

Financial instruments at Level 1 are those where the fair values are derived from unadjusted quoted prices in active markets for identical assets and liabilities. Products classified as Level 1 comprise quoted equities, quoted fixed securities and quoted index linked securities.

Listed investments are shown at bid prices. The bid value of the investment is based on the bid market quotation of the relevant stock exchange.

Level Two

Financial instruments at Level 2 are those whose quoted market prices are not available; for example, where an instrument is traded in a market that is not considered to be active, or where valuation techniques use inputs that are based significantly on observable market data.

The pooled investment vehicles for global equities and fixed interest funds are classified as Level 2 as the fund valuations are based on the market prices of the underlying investments using evaluated price feeds.

Level Three

Financial instruments at Level 3 are those where at least one input, that could have a significant effect on the instrument's valuation, is not based on observable market data.

These instruments include various unquoted equity investments, Private Equity Funds, Infrastructure Funds and Pooled Property Funds, which are valued using various valuation techniques that require significant judgement in determining appropriate assumptions.

The values of the investment in private equity and infrastructure funds are based on valuations provided by the General Partners to the funds in which the London Borough of Croydon Pension Fund has invested.

The General Partners use a variety of methods and assumptions based on market conditions existing at the statement of financial position date which is usually at the end of December. Valuations are then rolled forward to the 31 March.

These valuations are prepared in accordance with the International Private Equity and Venture Capital Valuation Guidelines, which follow the valuation principles of IFRS and US GAAP. Valuations are usually undertaken annually at the end of December.

Valuations in Pooled Property Funds are carried out by qualified surveyors with relevant qualifications from the Royal Institute of Chartered Surveyors. All assets have been classified as level 3 as the inputs are considered to be unobservable and developed by the valuer using best information available where there is little or no market activity at the valuation date.

The following table provides an analysis of the financial assets and liabilities of the Pension Fund grouped into Levels 1 to 3, based on the level at which the fair value is observable.

NOTES TO THE PENSION FUND ACCOUNTS

24. FINANCIAL INSTRUMENTS (Continued)

Values at 31 March 2025

Financial Assets at fair value through profit and loss

| | Level 1 £'000 | Level 2 £'000 | Level 3 £'000 | Total £'000 |
|--------------------------------------|------------------|------------------|------------------|----------------|
| Fixed Interest funds | | 401,150 | | 401,150 |
| Global equities - segregated funds | | | 150 | 150 |
| Pooled property investments | | | 198,625 | 198,625 |
| Private equity funds | | | 164,298 | 164,298 |
| Infrastructure funds | | | 245,703 | 245,703 |
| Global equities - pooled investments | | 870,617 | | 870,617 |

Financial Assets at amortised cost

| | | | | |
|---------------------------|--------|--|--|--------|
| Other investment balances | 12,172 | | | 12,172 |
| Current Assets | 75,283 | | | 75,283 |

Total Assets

| | | | | |
|--|--------|-----------|---------|-----------|
| | 87,455 | 1,271,767 | 608,776 | 1,967,998 |
|--|--------|-----------|---------|-----------|

Financial Liabilities at amortised cost

| | | | | |
|---------------------|---------|---|---|---------|
| Current liabilities | (4,871) | - | - | (4,871) |
|---------------------|---------|---|---|---------|

Net financial assets

| | | | | |
|--|---------------|------------------|----------------|------------------|
| | 82,584 | 1,271,767 | 608,776 | 1,963,127 |
|--|---------------|------------------|----------------|------------------|

Values at 31 March 2024

Financial Assets at fair value through profit and loss

| | Level 1 £'000 | Level 2 £'000 | Level 3 £'000 | Total £'000 |
|--------------------------------------|------------------|------------------|------------------|----------------|
| Fixed Interest funds | | 277,400 | | 277,400 |
| Global equities - segregated funds | | | 150 | 150 |
| Pooled property investments | | | 194,368 | 194,368 |
| Private equity funds | | | 168,110 | 168,110 |
| Infrastructure funds | | | 238,086 | 238,086 |
| Global equities - pooled investments | | 925,690 | | 925,690 |

Financial Assets at amortised cost

| | | | | |
|---------------------------|--------|--|--|--------|
| Other investment balances | 8,019 | | | 8,019 |
| Current Assets | 74,048 | | | 74,048 |

Total Assets

| | | | | |
|--|--------|-----------|---------|-----------|
| | 82,067 | 1,203,090 | 600,714 | 1,885,871 |
|--|--------|-----------|---------|-----------|

Financial Liabilities at amortised cost

| | | | | |
|---------------------|---------|---|---|---------|
| Current liabilities | (5,298) | - | - | (5,298) |
|---------------------|---------|---|---|---------|

Net financial assets

| | | | | |
|--|---------------|------------------|----------------|------------------|
| | 76,769 | 1,203,090 | 600,714 | 1,880,573 |
|--|---------------|------------------|----------------|------------------|

24. FINANCIAL INSTRUMENTS (Continued)

Fair Value- Basis of Valuation

The basis of the valuation of each class of investment is set out in the table below. There has been no change in valuation techniques used during the year. All assets have been valued using fair value techniques based on the characteristics of each instrument, with the overall objective of maximising the use of market-based information.

| Asset type | Valuation hierarchy level | Basis of Valuation | Observable and Unobservable inputs | Key Sensitivities affecting valuations |
|------------------------|----------------------------------|--|--|---|
| Pooled global equities | Level 2 | The NAV for each share class is calculated based on the market value of the underlying equity assets | Evaluated price feeds | Not required |
| Fixed income funds | Level 2 | Fixed income securities are priced based on evaluated prices provided by independent pricing services. | Evaluated price feeds | Not required |
| Pooled property funds | Level 3 | Closing bid price where bid and offer prices are published. Valuations of properties within the funds are carried out by qualified chartered surveyors with the relevant qualification from the Royal Institution of Chartered Surveyors. | Direct comparison with sales of similar properties. Discount rates and cash flow projections as part of income capitalisation approach. | Real Estate values can be affected by a number of factors including changes to global or local economic conditions, financial conditions of tenants, availability of debt financing, changes in interest rates, operational expenses, planning and environmental laws and other government legislation. |
| Private equity | Level 3 | Annually at fair value using the net asset value per share (or its equivalent) as a practical expedient (ASC Topic 820, Fair Value Measurement) or market approach in accordance with International Private Equity and Venture Capital Valuation Guidelines. | Discount rates and futures cash flow projections. Evaluation based on recent market activity of comparable companies. | Events which can affect the assumptions and inputs used in determining valuations. These include risk-free and benchmark interest rates, credit spreads and inflation rates. Expected price volatilities and correlations |
| Infrastructure | Level 3 | Annually at fair value in accordance with IFRS 13 and International Private Equity and Venture Capital Valuation Guidelines | Discount rates and futures cash flow projections. Evaluation based on recent market activity of comparable companies. | Events which can affect the assumptions and inputs used in determining valuations. These include risk-free and benchmark interest rates, credit spreads and inflation rates. Expected price volatilities and correlations. |

NOTES TO THE PENSION FUND ACCOUNTS

24. FINANCIAL INSTRUMENTS (Continued)

Reconciliation of Fair Value Measurements within Level 3 assets

| 2024/2025 | Market value 01 April 2024 £'000 | Transfers to Level 3 £'000 | Transfers out of Level 3 £'000 | Purchases £'000 | Sales £'000 | realised gains/losses £'000 | Unrealised gains/losses £'000 | Market value 31 March 2025 £'000 |
|-----------------------|--|----------------------------------|--------------------------------------|--------------------|-----------------|-----------------------------------|-------------------------------------|--|
| Private Equity Funds | 168,110 | | | 9,287 | (19,354) | 19,354 | (13,099) | 164,298 |
| Infrastructure Funds | 238,086 | | | 13,460 | (25,082) | 25,082 | (5,843) | 245,703 |
| Pooled Property Funds | 194,368 | | | 14,939 | (14,771) | 14,771 | (10,682) | 198,625 |
| Unquoted Equity | 150 | | | | | | | 150 |
| Total assets | 600,714 | ---- | ---- | 37,686 | (59,207) | 59,207 | (29,624) | 608,776 |

| 2023/2024 | Market value 01 April 2023 £'000 | Transfers to Level 3 £'000 | Transfers out of Level 3 £'000 | Purchases £'000 | Sales £'000 | realised gains/losses £'000 | Unrealised gains/losses £'000 | Market value 31 March 2024 £'000 |
|-----------------------|--|----------------------------------|--------------------------------------|--------------------|-----------------|-----------------------------------|-------------------------------------|--|
| Private Equity Funds | 167,264 | | | 14,716 | (15,437) | 15,437 | (13,870) | 168,110 |
| Infrastructure Funds | 246,381 | | | 16,686 | (31,120) | 31,120 | (24,981) | 238,086 |
| Pooled Property Funds | 191,932 | | | 13,945 | (8,721) | 8,721 | (11,509) | 194,368 |
| Unquoted Equity | 150 | | | | | | | 150 |
| Total assets | 605,727 | ---- | ---- | 45,347 | (55,278) | 55,278 | (50,360) | 600,714 |

Sensitivity analysis of Level 3 assets

Due to the increased uncertainty brought about by Covid-19, 10% has been used to measure the sensitivity of all level 3 assets.

| Level 3 Asset | Market value 31 March 2025 £'000 | Value on Increase £'000 | Value on Decrease £'000 |
|-----------------------|--|-------------------------------|-------------------------------|
| Private Equity Funds | 164,298 | 180,728 | 147,868 |
| Infrastructure Funds | 245,703 | 270,273 | 221,133 |
| Pooled Property Funds | 198,625 | 218,488 | 178,763 |
| Unquoted Equity | 150 | 165 | 135 |
| Total | 608,776 | 669,654 | 547,899 |

| Level 3 Asset | Market value 31 March 2024 £'000 | Value on Increase £'000 | Value on Decrease £'000 |
|-----------------------|--|-------------------------------|-------------------------------|
| Private Equity Funds | 168,110 | 184,921 | 151,299 |
| Infrastructure Funds | 238,086 | 261,895 | 214,277 |
| Pooled Property Funds | 194,368 | 213,805 | 174,931 |
| Unquoted Equity | 150 | 165 | 135 |
| Total | 600,714 | 660,785 | 540,643 |

25. NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

The Fund's primary long-term risk is that the Fund's assets will fall short of its liabilities (i.e. promised benefits payable to members). Therefore the aim of investment risk management is to minimise the risk of an overall reduction in the value of the Fund and to maximise the opportunity for gains across the whole Fund portfolio. The Fund achieves this through asset diversification to reduce exposure to market risk (price risk, currency risk and interest rate risk) and credit risk to an acceptable level. In addition, the Fund manages its liquidity risk to ensure there is sufficient liquidity to meet the Fund's forecast cash flows. The Council manages these investment risks as part of its overall Pension Fund risk management programme.

Responsibility for the Fund's risk management strategy rests with the Pension Committee. Risk management policies are established to identify and analyse the risks faced by the Council's pensions operations. Policies are reviewed regularly to reflect changes in activity and in market conditions. A risk register is maintained and reviewed bi-annually.

Market Risk

This is the risk that financial loss could arise as a result of fluctuations in interest rates, foreign exchange rates, credit spreads and equity and commodity prices. The Fund is exposed to market risk from its investment activities, particularly through its equity holdings. The level of risk exposure depends on market conditions, expectations of future price and yield movements and the asset mix.

The objective of the Fund's risk management strategy is to identify, manage and control market risk exposure within acceptable parameters, whilst optimising the return on risk.

In general, excessive volatility in market risk is managed through the diversification of the portfolio in terms of geographical and industry sectors and individual securities. To mitigate market risk, the Council and its investment advisors undertake appropriate monitoring of market conditions and benchmark analysis.

Price risk

Price risk represents the risk that the value of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or foreign exchange risk), whether those changes are caused by factors specific to the individual instrument or its issuers or factors affecting all such instruments in the market.

The Fund is exposed to share and derivative price risk. This arises from investments held by the Fund for which the future price is uncertain. All securities investments present a risk of loss of capital. Except for shares sold short, the maximum risk resulting from financial instruments is determined by fair value of the financial instruments. Possible losses from shares sold short is unlimited.

The Fund's investment managers mitigate this price risk through diversification and the selection of securities and other financial instruments is monitored by the Council to ensure it is within limits specified in the fund investment strategy.

Price risk - sensitivity analysis

The following table demonstrates the change in net assets available to pay benefits if the market price had increased or decreased by 10%. The analysis excludes cash, debtors, creditors, other investment balances and forward foreign exchange, as these financial instruments are not subject to price risk.

| Assets exposed to price risk | Value £'000 | Value on Increase £'000 | Value on Decrease £'000 |
|-------------------------------------|------------------------|------------------------------------|------------------------------------|
| At 31 March 2024 | 1,803,804 | 1,984,184 | 1,623,424 |
| At 31 March 2025 | 1,880,543 | 2,068,597 | 1,692,489 |

25. NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (continued)

Interest rate risk

The Fund invests in financial assets for the primary purpose of obtaining a return on investments. These investments are subject to interest rate risk, which represent the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Fund's exposure to interest rate risk is monitored and assessed against the strategic asset allocation benchmark.

Interest rate risk sensitivity analysis

The Council recognises that interest rates can vary and can affect both income to the Fund and the value of the net assets available to pay benefits. A 1% movement in interest rates is consistent with the level of sensitivity applied as part of the Fund's risk management strategy.

The analysis that follows assumes that all other variables, in particular exchange rates, remain constant, and shows the effect in the year on the net assets available to pay benefits of a +/- 1% change in interest rates.

Fixed interest funds, cash at bank and cash held by Fund managers are exposed to interest rate risk.

| Assets exposed to interest rate risk | Value £'000 | Value on 1% Increase £'000 | Value on 1% Decrease £'000 |
|---|------------------------|---|---|
| At 31 March 2024 | 350,879 | 354,388 | 347,370 |
| At 31 March 2025 | 480,699 | 485,506 | 475,892 |

Currency risk

Currency risk represents the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Fund is exposed to currency risk on financial instruments that are denominated in any currency other than pounds sterling (£GBP). The Fund holds both monetary and non-monetary assets denominated in currencies other than £GBP.

The Fund's currency rate risk is routinely monitored by the Council and its investment advisors in accordance with the Fund's risk management strategy, including monitoring the range of exposure to currency fluctuations. During the year 50% of the equities held by LGIM were fully hedged to £GBP.

Currency exposure - asset type

| |
|--|
| Overseas Equities pooled (unhedged portion) |
| Overseas Private Equity and Infrastructure |
| Overseas bonds |
| Overseas Private Equity and Infrastructure (outstanding commitments) |
| Total assets |

| Asset Value as at 31 March 2025 £'000 |
|--|
| 476,834 |
| 327,556 |
| 91,887 |
| 62,747 |
| 959,024 |

Currency risk - sensitivity analysis

The following table demonstrates the change in value of overseas assets had there been a 10% strengthening/weakening of the pound against foreign currencies.

| Assets exposed to currency risk | Value £'000 | Value on 10% weakening of pound £'000 | Value on 10% strengthening of pound £'000 |
|--|------------------------|--|--|
| At 31 March 2024 | 637,099 | 700,809 | 573,389 |
| At 31 March 2025 | 959,024 | 1,054,927 | 863,122 |

25. NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (continued)

Credit risk

Credit risk is the risk that parties in whom the Fund invests may fail to pay amounts that are due to the Pension Fund. For example an entity in which the Pension Fund invests may fail. This risk is minimised by investing in specialist fund managers across different asset classes and geographical regions. Additionally there is a risk that an admitted body will be unable to meet its contributions obligations. Contribution receipts are monitored monthly and, if necessary,

Credit risk also represents the risk that the counterparty to a transaction or a financial instrument will fail to discharge an obligation and cause the Fund to incur a financial loss. The market values of investments generally reflect an assessment of credit in their pricing and consequently the risk of loss is implicitly provided for in the carrying value of the Fund's financial assets and liabilities.

In essence the Fund's entire investment portfolio is exposed to some form of credit risk. However, the selection of high quality counterparties, brokers and financial institutions minimises credit risk that may occur through the failure to settle a transaction in a timely manner.

Contractual credit risk is represented by the net payment or receipt that remains outstanding, and the cost of replacing the derivative position in the event of a counterparty default. The residual risk is minimal due to the various insurance policies held by the exchanges to cover defaulting counterparties.

Deposits are not made with banks and financial institutions unless they are rated independently and meet the Council's credit criteria. The Council invests in money market funds with a AAA rating from a leading rating agency and also with other local authorities.

The Council believes it has managed its exposure to credit risk, and has had no experience of default or uncollectable deposits over the past six financial years. The Fund's cash holding under its treasury management arrangements at 31 March 2025 was £69.3m (£65.9m at 31 March 2024). This was held with the following institutions:

| Summary | Balances at 31 March 2025 £'000 |
|---|--|
| Money Market Funds | |
| Goldman Sachs Sterling Liquid Reserves Fund | 13,800 |
| Other Local Authorities | 55,000 |
| Current Account | |
| NatWest Bank | 517 |
| Total | 69,317 |

Liquidity risk

Liquidity risk represents the risk that the Fund will not be able to meet its financial obligations as they fall due. The Council therefore takes steps to ensure that the Pension Fund has adequate cash resources to meet its commitments. The Council has immediate access to its Pension Fund cash holdings including cash invested in money market funds. The Fund defines liquid assets as assets that can be converted to cash within three months. Non-liquid assets are those assets which will take longer than three months to convert into cash. All financial liabilities at 31 March 2025 are due within one year.

Refinancing risk

The key risk is that the Council will be bound to replenish a significant proportion of its Pension Fund financial instruments at a time of unfavourable interest rates. The Fund does not have any financial instruments that have a refinancing risk as part of its investment strategy.