University of Manchester Superannuation Scheme

Annual report for the year ended 31 July 2025

Scheme Registration Number 10031805

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The Trustee's Report

Introduction

This report relates to the operation of the University of Manchester Superannuation Scheme ("UMSS" or the "Scheme") during the year ended 31 July 2025.

The main purpose of UMSS is to provide retirement benefits for its members, who are drawn from staff of the University of Manchester, generally employed in grades 1 to 5, and staff of its associated employers. UMSS is operated as a trust fund.

The Scheme was a contracted-out salary related pension arrangement and provides its members with retirement benefits and ceased to be contracted-out with effect from 6 April 2016. This type of arrangement is also known as a defined benefit arrangement.

The Final Salary section of the Scheme closed to new members on 31 March 2012, and to future accrual on 31 December 2018. The Career Average Revalued Earnings (CARE) section of the Scheme closed to new members on 31 December 2018 but remains open to future accrual.

Members are able to make additional voluntary contributions (AVCs) to secure additional benefits. The Scheme also covers members for death benefits.

Management of the Scheme

The Scheme has a corporate Trustee, UMSS Limited. The names of the directors who served during the year and those serving at the date of approval of this report are as follows:

Name	Nominated/ appointed by	Date of appointment/ re-appointment
Vidett Trust Corporation Limited (Chair) (represented by Mandy Kaur-Sadler to 9 November 2025, and by Alison Hatcher from 10 November 2025)	Employer	4 July 2024
SD Merrywest	Employer	31 March 2023
G Lyons	Employer	1 April 2024
H Peters	Employer	1 April 2025
K McDermott	Employer	24 May 2024
PN Rowbotham	Member	24 May 2024
GRC Hughes	Member	20 March 2023
JP Byers	Member	1 July 2024
D Griffiths	Member	15 January 2024

UMSS Limited has been the Corporate Trustee of UMSS since 22 April 1996. The Memorandum and Articles of Association of UMSS Limited provide for there to be nine directors of the company. Five directors are nominated by the University and four are selected by the membership of the Scheme (three in relation to active and deferred members and one in respect of pensioner members). All directors are appointed for a term of three years.

The power of appointment of a new director and the power of removal of a director of the corporate Trustee is vested in the Sponsoring Employer and this power must be exercised by deed.

During the year, Huw Peters was reappointed as a University Nominated Trustee on a three-year term.

The Trustee's Report (Cont)

Management of the Scheme (Cont)

The Trustee held 5 quarterly board meetings during the year under review. Each Trustee Director is entitled to receive at least ten days' notice of meetings, although in practice dates are normally fixed well in advance. The Scheme Rules provide that decisions of the Trustee may be made by a majority of the Trustee Directors present at any meeting and the Chair has a casting vote. The Trustee has delegated a number of their duties to sub-committees of their number to enable urgent matters, such as allocation of death benefits, to be handled without delay. The sub-committees in each case report their decisions to all the Trustee. The sub-committees met on the following occasions during the year under review.

Investment Sub-Committee (ISC) – met on four occasions
Governance Sub-Committee (GSC) – met on zero occasions
Administration, Benefits and Communications Sub-Committee (ABCSC) – met on one occasion
Audit & Finance Sub-Committee (AFSC) – met on one occasion

The membership of these sub-committees, at the date of preparing this report, is set out in the table below:

	Vidett	S Merrywest	G Lyons	H Peters	K McDermott	P Rowbotham	G Hughes	J Byers	D Griffiths
ISC	C		X		X	X			
GSC		C		X			X	X	
ABCSC		X		C			X	X	
AFSC			C	X					X

**C: stands for Chair of sub-committee*

The principal responsibilities of the sub-committees are to:

ISC
- Consider investment matters as delegated to it by the Trustee Board (as set out in the Terms of Reference); and
- Make recommendations, where appropriate, on areas which the Trustee Board retains responsibility for.

GSC
- Ensure the Scheme is appropriately governed within the appropriate legislative and regulatory framework and in line with best practice where possible.

ABCSC
- Ensure the Scheme is appropriately administered in line with the Scheme's governing documentation (Trust Deed and Rules and related Deeds of Amendment); and
- Oversee statutory and scheme communications issued to members (including the Scheme website).

AFSC
- Lead on approving the Scheme's Annual Report and Accounts and consider the contents of the Audit Findings Report.

Further information is set out in each sub-committee's Terms of Reference.

The Trustee has delegated the day-to-day management and operation of the Scheme's affairs to professional organisations.

The Trustee's Report (Cont)

Changes to Scheme Rules

A deed of amendment was executed on 12 December 2024 which consolidated a Definitive Trust Deed and Rules with effect from this date.

There have been no other changes to the Scheme Rules during the year under review.

The Sponsoring Employer

The name and address of the Sponsoring Employer ("The University") is as follows:

The University of Manchester
Oxford Road
Manchester, M13 9PL

The Participating Employers during the year were:

Employer	Participation began	Active members at 31 July 2025
The University of Manchester (UoM)	22 July 1925	1,510
The University of Manchester Innovation Factory Ltd (UMIF)	1 October 2004	9
The University of Manchester Conferences Ltd (UMC)	1 February 2006	59
		1,578

Tax status of Scheme

The Scheme is a registered pension scheme under Chapter 2 of Part 4 of the Finance Act 2004 and, to the Trustee's knowledge, there is no reason why the Scheme's registered status should be prejudiced or withdrawn.

The Trustee's Report (Cont)

Scheme advisers

The Trustee retains a number of professional advisers in connection with the operation of the Scheme. The advisers currently appointed are as follows:

Scheme Actuary	M Harrison FIA
Advising Actuaries	Mercer Limited
Administrator of the Scheme benefits	Pensions Office, University of Manchester
Payroll and Treasury	Barnett Waddingham LLP
Investment Adviser	Mercer Limited
Independent Auditor	RSM UK Audit LLP
Investment Managers	Aberdeen Standard SVG Aviva Investors Goldman Sachs Asset Management L.P. Goldman Sachs & Co ICG Longbow Impax Asset Management LaSalle Investment Management Legal & General Investment Management Ltd M&G Investment Management Ltd Morgan Stanley Investment Management Royal London Asset Management
Legal Advisers	CMS Cameron McKenna Nabarro Olswang LLP
Covenant Adviser	Cardano Advisory Limited
Bankers	National Westminster Bank Plc Lloyds Bank Plc
Secretary to the Trustee	A Field, FPMI, University of Manchester

Further details regarding the Scheme's investment managers can be found on page 15.

Changes in and other matters relating to Scheme advisers

There have been no changes to Scheme advisers and other matters during the Scheme year under review.

Financial development of the Scheme

During the year the value of the net assets decreased by £24,393,707 to £428,919,135 as at 31 July 2025. The decrease comprised net withdrawals from dealings with members of £983,913 together with a net decrease from the return on investments of £23,409,794.

Scheme Audit

The financial statements on pages 28 to 43 have been prepared and audited in accordance with regulations made under sections 41(1) and (6) of the Pensions Act 1995.

The Trustee's Report (Cont)

Scheme membership

	Number as at start of year	Changes in year	Number as at end of year
Active members	1,757		
prior year adjustments		(30)	
joiners		2	
left (preserved pensioners)		(107)	
retired		(39)	
died		(5)	
		(179)	1,578
Preserved pensioners	3,818		
prior year adjustments		21	
new		107	
transferred out		(7)	
retired		(103)	
commutation		(17)	
died		(10)	
serious ill health		(1)	
		(10)	3,808
Pensioners and dependants	2,778		
prior year adjustments		(5)	
new pensioners		142	
new dependant		34	
flexible retirement		7	
commutation		(3)	
amalgamated flexible retirement		(7)	
died		(100)	
		68	
			2,846
Total members	**8,353**		**8,232**

The prior year adjustments relate to the timing of the member leaving/joining the Scheme and when the reports are run. At the year-end there were 9 pensioner members insured with Aviva (2024: 9) and the Trustee has determined that their benefits are not material.

Pension increases

Increases were made on 1 April 2025 to pensions being paid to retired members and to deferred benefits held by early leavers as provided for in the Scheme rules. The increase was exclusive of Guaranteed Minimum Pensions and amounted to 3.5% (2024: 5%) for benefits earned before 1 April 2012 and 2.5% (2024: 4%) on benefits earned after 31 March 2012.

No discretionary increases were applied during the year.

The Trustee's Report (Cont)

Transfer values

All cash equivalents (transfer values) paid during the year were calculated and verified in the manner required by the Pension Schemes Act 1993 and subsequent amendments. No discretionary benefits are included in the calculation of transfer values.

A cash equivalent is the amount which a Scheme member is entitled under social security legislation to have applied as a transfer payment to another permitted pension arrangement or a buy-out policy.

Contributions

The accumulated fund of UMSS contains the contributions paid by both the participating employers and members, together with income derived from investments and capital gains on the sale of investments, from which benefits are paid out.

For members who fund their membership via PensionChoice, the salary exchange plan for employees of the University, UMC and UMIF, the contribution rate for members is 0% and the employer contributes 21.7%. For non PensionChoice members, members contributed 6.5% of pensionable salaries, with the University and participating employers paying 15.2% of pensionable salaries. These percentages include a 0.5% allowance of pensionable salary to cover the cost of insurance premiums for death in service benefits. For both PensionChoice and non PensionChoice members the University also pays an additional 2.9% of Pensionable Salary towards clearing the deficit. In addition it was also agreed that the University will pay £8.384m p.a. (increasing by 3.5% p.a.) towards the deficit in accordance with the Recovery Plan.

Data Protection Act 2018 and General Data Protection Regulation

Under the General Data Protection Regulation (GDPR) and the Data Protection Act 2018 regulations, pension scheme trustees are classed as data controllers, with legal responsibility for compliance falling to them. Scheme Actuaries are also classed as data controllers (jointly with the trustees) in accordance with guidance issued by the Actuarial Profession. The Pensions Office at the University of Manchester act as a data processor as the administrators of the Scheme. Barnett Waddingham LLP act as a data processor as they provide payroll services for the Scheme.

The Trustee has worked with its advisers to receive relevant training, and continues to do so to ensure continued compliance with data protection legislation.

Codes of Practice

The Trustee is aware of and adheres to the General Code of Practice issued by The Pensions Regulator (TPR). The objectives of the Code are to protect members' benefits, reduce the risk of calls on the Pension Protection Fund (PPF) and to promote good administration. The Trustee is making good progress on reviewing its Governance Framework ahead of the requirement to complete their first Own Risk Assessment (ORA) by 31 July 2026.

The Pensions Regulator: Record Keeping

TPR issues guidance on all aspects of pension scheme data record keeping to all those responsible for the data (trustees) and those who administer pension schemes. The guidance covers both common data and scheme-specific (conditional) data. The guidance sets out good practice in helping trustees to assess risks associated with record keeping. Improved data means that trustees and employers will be able to make a more precise assessment of their financial liabilities. Schemes are expected to keep their data under regular review and set targets for the improvement in the standard of data recorded.

More information can be found at:

https://www.thepensionsregulator.gov.uk/en/trustees/contributions-data-and-transfers/record-keeping

The Trustee's Report (Cont)

GMP equalisation

On 26 October 2018 the High Court handed down a judgment involving the Lloyds Banking Group's defined benefit pension schemes. The judgment concluded the schemes should be amended to equalise pension benefits for men and women in relation to guaranteed minimum pension benefits. The issues determined by the judgment arise in relation to many other defined benefit pension schemes.

The Trustee of the Scheme is aware that the issue will affect the Scheme, and has already considered this in detail. Under the ruling schemes are required to backdate benefit adjustments in relation to GMP equalisation and provide interest on the backdated amounts. Further details are disclosed in Note 24 of the financial statements.

On 20 November 2020, the High Court handed down a further judgment on the GMP equalisation case in relation to the Lloyds banking group pension schemes. This follows from the original judgment in October 2018 which confirmed that schemes need to equalise pensions for the effect of unequal GMPs between males and females. This latest judgment confirms that defined benefit schemes which provide GMPs need to revisit and where necessary top up historic Cash Equivalent Transfer Values that were calculated based on unequalised benefits. The issues determined by the judgment arise in relation to many other defined benefit pension schemes.

The estimated GMP equalisation impact for the Scheme is an increase of 0.23% of the total value of the Scheme Funding triennial valuation liabilities as at 31 July 2022, plus a further £345,000 in respect of historic transfer values. The typical range of impacts vary between around 0.2% and 0.3% of the total value of scheme liabilities, based on the initial analysis carried out and was re-assessed as part of the 2022 actuarial valuation. The impact will be reviewed as part of the 2025 actuarial valuation which is ongoing.

The University and Trustee has agreed to adopt 'Method B', and calculations have been prepared in February 2025 that indicate the above estimates remain reasonable. The implementation of GMP equalisation has been deferred until some outstanding data issues are fully resolved, and will be completed in conjunction with a small number of other rectification matters which are outstanding. Any member who requests to transfer their benefits out of the Scheme, or take Trivial Commutation, will have an allowance for GMP Equalisation included in this payment.

Going concern statement

The Trustee has considered several factors in its consideration for going concern. This includes:

- A review of the University's 2025 financial statements and the going concern paper that the University's Board of Governors considered;
- The level of Scheme assets, liabilities and overall funding position, both as at 31 July 2025 and as near a date to signing the financial statements as practically possible;
- The actuarial valuation as at 31 July 2022 has been finalised and signed with the University, with a Schedule of Contributions and Recovery Plan being agreed;
- The initial results from the actuarial valuation as at 31 July 2025; and
- Confirmation received from the University that it does not intend to give notice to cease to pay contributions or to trigger the wind up of the Scheme.

Accordingly, the Trustee has determined that it does not intend to wind up the Scheme and that its financial position, along with that of the University, means that it remains reasonable and appropriate to prepare the financial statements on a going concern basis.

The Trustee's Report (Cont)

Contact for further information

Members, and trade unions recognised for the purposes of collective bargaining in relation to members, are entitled to inspect copies of documents giving information about the Scheme. In some circumstances, copies of the documents can be provided but a charge may be made.

If, as a Scheme member, you wish to obtain further information about the Scheme, including copies of the Scheme documentation, your own pension position, or who to contact in the event of a problem or complaint, please write to:

Pensions Office
John Owens Building
Oxford Road
Manchester
M13 9PL

Email: UMSS@manchester.ac.uk

Telephone: 0161 275 2043

MoneyHelper

MoneyHelper, part of the Money and Pensions Service (MaPS) is available at any time to assist members and beneficiaries of the Scheme in connection with any pensions query they may have. MoneyHelper can be contacted at:

pensions.enquiries@moneyhelper.org.uk

0800 011 3797

The Pensions Ombudsman

If MoneyHelper cannot solve a pension problem, the Pensions Ombudsman, appointed under the Pension Schemes Act 1993, may investigate and determine any complaint or dispute of fact or law in relation to an occupational pension scheme made or referred to in that Act.

The Pensions Ombudsman has an early resolution service in addition to its formal adjudication process. This aims to provide a quick, informal service to members who wish to discuss a potential complaint. Should a complaint not be resolved using this service, then the expectation is that the formal IDRP is completed ahead of the formal adjudication process starting. The Pensions Ombudsman can be contact at:

10 South Colonnade
Canary Wharf
London, E14 4PU

enquiries@pensions-ombudsman.org.uk

0800 917 4487

Pension Tracing Service

Details of the Scheme, including the address where the Trustee can be contacted have been lodged with the Pension Tracing Service. The Service's prime role is to provide a 'tracing and information service' for former members of pension schemes. They can be contacted at:

The Pension Service
Post Handling Site A
Wolverhampton, WV98 1AF

The Trustee's Report (Cont)

Contact for further information (Cont)

Registration under Data Protection legislation

The Trustee is responsible for the governance and managed of the Scheme which includes that the Trustee, and any of its advisers and service providers comply with all relevant legislation, including that on data protection. The Trustee's policy on this is set in its Privacy Notice, a copy of which is available on request from the Secretary to the Trustee:

Mr A Field
The University of Manchester
Pensions Office
John Owens Building
Oxford Road
Manchester
M13 9PL

The Trustee’s Report (Cont)

Statement of Trustee's Responsibilities

Trustee's responsibilities in respect of the financial statements

The financial statements, which are prepared in accordance with UK Generally Accepted Accounting Practice (UK GAAP), including FRS 102: The Financial Reporting Standard applicable in the UK and Republic of Ireland, 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 Scheme during the Scheme year and of the amount and disposition at the end of the Scheme year of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the Scheme year; and
- contain the information specified in Regulation 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, including 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 judgments on a prudent and reasonable basis, and for ensuring that the financial statements are prepared on a going concern basis unless it is inappropriate to presume that the Scheme will continue as a going concern.

The Trustee is also responsible for making available certain other information about the Scheme 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 Scheme and to prevent and detect fraud and other irregularities, including the maintenance of an appropriate system of internal control.

Trustee's responsibilities in respect of contributions

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

The Trustee is also responsible for keeping records in respect of contributions received in respect of any active member of the Scheme and for adopting risk-based processes to monitor whether contributions are made to the Scheme 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.

The Trustee's Report (Cont)

Report on Actuarial Liabilities

The Trustee's sole funding objective is the statutory funding objective. The statutory funding objective is defined in Section 222 of the Pensions Act 2004 and states that a scheme must have sufficient and appropriate assets to cover its technical provisions.

The technical provisions are an estimate, made using actuarial principles, of the assets needed at any particular time to make provision for benefits already accrued under the scheme. These include pensions in payment (including those payable to survivors of former members) and benefits accrued by members which will become payable in the future.

The most recent full actuarial valuation of the scheme was carried out on 31 July 2022. This showed that on that date:

The value of the technical provisions was:	£722,900,000.
The value of the assets at that date was:	£646,600,000.

This corresponds to a deficit of £76,300,000 and a funding level of 89%. Work on the next triennial valuation as at 31 July 2025 is currently underway which is expected to be finalised in Q2 2026.

The value of the technical provisions is based on pensionable service to the valuation date and assumptions about various factors that will influence the scheme in the future, such as the levels of investment returns and pay increases, when members will retire and how long members will live.

The method and significant actuarial assumptions used 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 with a one year control period.

Significant actuarial assumptions

Note, the "gilt yield" referenced in the discount rate assumptions below refers to the annualised yield on the FTSE Actuaries' Government Securities 20 Year Fixed Interest Yield Index rounded to the nearer 0.1% per annum.

Past service discount interest rate: set by reference to the gilt yield plus 1.11% per annum.

Future service discount interest rate: set by reference to the gilt yield at the valuation date plus 1.5% per annum.

Future Retail Price inflation (RPI): calculated using the Bank of England's implied inflation spot curve at a term of 20 years, rounded to the nearer 0.1% per annum, less a deduction of 0.1% per annum to reflect the "inflation risk premium" for fixed interest gilts and the high demand/low supply of index-linked gilts relative to fixed interest gilts.

Future Consumer Price inflation (CPI): calculated from the assumption for RPI less an adjustment equal to 1.0% per annum until 2030 and without adjustment after 2030.

Deferred pension revaluation: elements of pension in deferment which have future revaluation in line with RPI/CPI subject to a maximum of 5% per annum will be calculated as revaluing at the assumed rate of RPI/CPI inflation, subject to a minimum assumption of 0% per annum and a maximum assumption of 5% per annum.

The maximum and minimum are calculated cumulatively over the period between date of leaving and retirement for each member and compared with actual RPI/CPI increases over that period.

The Trustee’s Report (Cont)

Report on Actuarial Liabilities (Cont)

Pension increases: Pension increases will be calculated using the Black-Scholes stochastic model applying any applicable maximum and/or minimum rates, the RPI/CPI inflation assumption and an assumed inflation volatility of 1.75%. The model is applied to the RPI/CPI inflation for each term in the curve.

Pay increases: the rate of pensionable salary increase (inclusive of promotional increases) will be calculated in line with the CPI Inflation assumption plus 0.75% per annum.

Mortality: no allowance will be made for pre retirement mortality.

The basis adopted for the valuation was:

Base mortality table: 97% of the mortality rates in S3PMA_H for males and 105% of S3PFA_H for females, projected to the valuation date in line with the approach below.

Allowance for future improvements: CMI core projection model with a 1.5% per annum long term projected rate of improvement and a smoothing parameter (Sk) of 7.0 (CMI_2022 [1.50%,S=7]), using a year of birth approach.

The S3PMA_H/S3PFA_H identify a mortality assumption for each member which reflects his or her individual mortality characteristics.

Withdrawals: allowance will be made for members leaving the scheme.

Ill health early retirements: allowance will be made for active members to retire early from the scheme due to ill health.

GMP Equalisation: Please note that based on the liabilities calculated for the accounting disclosures as at 31 July 2022 the increase in liability would be £345,000.

The financial statements on pages 28 to 43 do not take into account liabilities which fall due after the year end. As part of the triennial valuation, the Scheme Actuary considers the funding position of the Scheme and the level of contributions payable.

The Trustee's Report (Cont)

Investment management

The Trustee delegates the task of investment management to external professional investment managers. The Trustee sets the investment strategy for the Scheme after taking advice from the Scheme's investment adviser. The Trustee has put in place a mandate with their investment managers which implements this strategy. The investment managers are remunerated by fees based on a percentage of funds under management, and these fees are met by the Scheme. There are no performance-related fee arrangements.

When choosing investments, the Trustee and the fund managers (to the extent delegated) is required to have regard to the criteria for investment set out in the Occupational Pension Schemes (Investment) Regulations 2005 (regulation 4). The Trustee' responsibilities also include:

- Taking into account social, environmental or ethical considerations in the selection, retention and realisation of investments.
- Voting and corporate governance in relation to the Scheme's assets.

The Trustee expects that the investment managers will take into account these responsibilities in the exercise of their delegated duties. These matters are, however, kept under review by the Trustee, in consultation with their investment adviser and investment managers.

Investment principles

In accordance with section 35 of the Pensions Act 1995, a Statement of Investment Principles ("SIP") has been produced by the Trustee following consultation with the Employer. The main purpose of the SIP is to set out details of the investment strategy that is to be followed, the Trustee's investment objectives and its attitude to risk. The SIP in force for the period was from June 2024, and subsequent to the year end this was updated in December 2025. The Trustee reviews the SIP at least once every three years, and after any significant change in investment strategy.

The latest Statement of Investment Principles can be found here:

https://www.umss.co.uk/about-the-scheme/documents-and-forms/sip.pdf

Departures from investment principles

There were no significant departures from the stated principles during the year under review. Small deviations from the benchmark allocation are to be expected as a result of fluctuations in asset prices.

The Trustee's Report (Cont)

Investment managers

The overall management of the Trustee's investments is the responsibility of the Trustee. However, the day-to-day management of the Scheme's asset portfolio is the responsibility of the investment managers, who operate within the guidelines of their specific mandates. Over the year under review, the defined benefit investments of the Scheme were managed by the following investment managers:

Investment Managers	Short name	Fund(s)
Aberdeen Standard SVG	Aberdeen	Schroder Private Equity Fund of Funds II (in liquidation as of 16 July 2019 and operated under Northern Trust's administration team)
Aviva Investors	Aviva	Lime Property Fund Unit Trust
Goldman Sachs Asset Management L.P.	GSAM	Vintage VI Offshore L.P.
Goldman Sachs & Co.	GS&Co	Broad Street Real Estate Credit Partners II Offshore Feeder Fund L.P.
ICG – Longbow	ICG Longbow	ICG – Longbow Real Estate Debt Instruments III (in liquidation December 2021) & V SCSp
Impax Asset Management	Impax	Impax Global Equity Opportunities (Ireland) Fund GBP
LaSalle Investment Management	LaSalle	LaSalle Real Estate Debt Strategies II GP (in liquidation as of 27 March 2022)
Legal & General Investment Management Ltd	LGIM	Cash Liability Driven Investments (LDI) LPI Income Property Fund Sterling Liquidity Over 15 years Index-Linked Gilts Global Buy and Maintain Credit
M&G Investment Management Ltd	M&G	M&G Real Estate Debt Fund VI M&G Secured Property Income Fund M&G Sustainable Total Return Credit Investment Fund
Morgan Stanley Investment Management	Morgan Stanley	North Haven Credit Partners II
Royal London Asset Management	RLAM	RLPPC UK Corporate Bond Fund

The Trustee’s Report (Cont)

Investment management

The invested assets of UMSS have been managed during the year by the investment managers listed on page 14.

It is the policy of the Trustee to maximise the expected return on assets whilst not exposing the Scheme to undue risk. This policy gives due emphasis to the spread of the Scheme's assets over various investment categories. It is the Trustee's policy that single investments should not represent a significant proportion of the Scheme's total assets. The Trustee is satisfied that the proportion of the Scheme’s assets in employer-related investments does not exceed 5% of the market value of the Scheme’s assets as at 31 July 2025.

LGIM manages the secured property, investment grade bonds and LDI allocations on behalf of the Trustee. These assets represent c.57.9% of the Scheme’s assets as at the year-end, which is c.1.3% lower than at the beginning of the year. the target level of interest rate and inflation hedging provided by the Scheme’s LDI portfolio was increased from 65% to 74% to provide greater stability in the Scheme’s funding position on its Technical Provisions basis. The decision to increase the hedge ratios was taken following reviews of the levels of collateral resiliency (or “headroom”) within the LDI portfolio, thereby increasing the hedge ratios towards the levels targeted prior to the gilt market crisis of late 2022, whilst maintaining prudent levels of headroom to ensure protection against any adverse movements in interest rates and inflation expectations. The Trustee is aware that the assets held with LGIM are subject to a floating charge.

LGIM have confirmed that this was put in place for all policyholders and the Pensions Regulator is aware and has no objections to it. LGIM have also noted that this method is similar to that adopted by most providers of insured pooled funds.

The Scheme currently has one active Global Sustainable Equity manager - Impax.

The Scheme invests in two other secured property funds (in addition to LGIM), managed by Aviva and M&G.

The Scheme also invests in a corporate bond mandate with RLAM (in addition to LGIM). The Scheme also invests in a multi-asset credit fund managed by M&G.

The Scheme’s exposure to private equity is via funds managed by GSAM and the Scheme’s exposure to private debt is via a fund managed by Morgan Stanley. Elsewhere, the Scheme invests in four real estate debt funds managed by four real estate debt managers. The majority of the Scheme’s investments in private markets are in liquidation, while the ICG Longbow Fund V and the M&G Fund VI are in “run off”.

Lastly, UMSS Ltd has delegated power via a Board resolution to Barnett Waddingham, to manage those short-term cash deposits on a day-to-day basis that are not held by any of the external investment managers. Detailed consideration of investment matters is delegated to an Investment Sub-Committee, which makes recommendations on strategic matters to the Trustee Board for ratification.

The Trustee's Report (Cont)

Investment strategy and implementation

All investments have been managed during the year under review by the investment managers and there is a degree of delegation in respect of investment decision making.

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

The Trustee have implemented the following investment strategy with the aim of helping them achieve the investment objectives:

Asset Class	Strategic Allocation (%)*	Normal Ranges (%)
Equities	5.0	2.5 – 7.5
Growth Fixed Income Assets	28.0	23.0 – 33.0
Matching Assets	67.0	62.0 – 72.0
Total	100.0	

** Due to the illiquid nature of some of the Scheme's investments, full implementation of the target allocations is expected to take several years to be completed. In particular, the Scheme will continue to have exposure to Real Estate Debt and other Private Credit until the respective funds wind down.*

The current strategy is to hold broadly:

- 5.0% Equities (or growth assets) are assets that generate expected returns above risk free rates through holding shares in listed companies.
- 28.0% Growth Fixed Income Assets (or cashflow generative assets) such as Multi-Asset Credit and secured income property, are those that typically generate cashflows, some of which are inflation-linked, whilst offering a yield "pick-up" above the yield available on gilts. Multi-Asset Credit can include investment grade corporate bonds, high yield bonds and loans.
- 67.0% Matching Assets (or defensive assets) are those that share some characteristics with the Scheme's liabilities. These include liability driven investments (LDI), corporate bonds and cash.

The Trustee believes that the investment risks arising from the investment strategy are consistent with the overall level of risk being targeted.

The Investment Sub-Committee will keep the Scheme's overall asset allocation under review and has delegated authority from the main Trustee board to implement the agreed strategy and instruct the Investment Managers to implement any changes to the asset mix that it deems appropriate to maintain a level of return that is consistent with the actuarial funding principles.

The investment managers and providers are regulated by the relevant regulatory body in their home jurisdiction.

The Trustee regards all the investments of the Scheme as readily marketable other than the private equity, private debt and real estate debt funds as detailed below:

- The public equity funds, multi-asset credit fund and corporate bond fund are daily priced and traded; except LGIM's corporate bond fund, which is weekly priced and traded;
- The Secured Property funds are monthly priced and traded, except the LGIM secured property fund which is weekly priced and traded;

The Trustee's Report (Cont)

Investment strategy and implementation (Cont)

- The LDI (including cash fund) are weekly priced and traded.
- The private equity, private debt, and real estate debt funds are quarterly priced. These funds are closed and therefore not readily realisable.

The actual allocations will vary from the strategic allocation on the previous page due to market price movements.

Asset allocation

The Trustee invests in pooled investment vehicles some of which contain derivative contracts. The Trustee has authorised the use of derivatives by the investment managers for efficient portfolio management purposes including to reduce certain investment risks such as interest rate risk and inflation risk. The principal investment in derivatives is interest rate and inflation swaps in the liability matching portfolio and futures in the return seeking portfolio.

The tables below show the distribution of the invested assets as at 31 July 2025 and 31 July 2024, first by manager and then by asset class.

Manager	Market Value 31 July 2024 (£000s)	Market Value 31 July 2025 (£000s)	Market Value 31 July 2025 (%)
LGIM (All mandates)	268,330	251,266	60.6
Aviva	15,947	15,747	3.8
GSAM, GS&Co	3,223*	2,114**	0.5
Impax	24,486	25,841	6.2
M&G	59,245*	57,439**	13.9
ICG Longbow	22,548	14,156	3.4
LaSalle	215	213	0.1
Morgan Stanley	5,220*	4,161**	1.0
RLAM	41,547	43,663	10.5
Aberdeen	73	12	-
Total	**440,834**	**414,612**	**100**

Source: Investment Managers.
** Assets values shown as at 30 June 2024 (allowing for subsequent cashflows) due to infrequency of valuations of illiquid assets. All foreign currencies converted to sterling as at 31 July 2024 rates respectively.*
*** Assets values shown as at 30 June 2025 (allowing for subsequent cashflows) due to infrequency of valuations of illiquid assets. All foreign currencies converted to sterling as at 31 July 2025 rates respectively.*

The Trustee's Report (Cont)

Asset allocation (Cont)

Asset Class	Market Value 31 July 2024 (£000s)	Market Value 31 July 2025 (£000s)	Market Value 31 July 2025 (%)
Equities	**24,486**	**25,841**	**6.2**
Global Equities	24,486	25,841	6.2
Growth Fixed Income Assets	**126,344**	**113,828**	**27.5**
Multi-Asset Credit	25,863	27,616	6.7
Secured Income Property	54,967	55,028	13.3
Private Equity	3,162*	2,105**	0.5
Private Debt	5,220*	4,161**	1.0
Real Estate Debt	37,132*	24,918**	6.0
Matching Assets	**290,004**	**274,943**	**66.3**
LDI	203,814	185,781	44.8
Cash/Money market	3,563	3,441	0.8
Corporate Bonds	82,627	85,721	20.7
Total	**440,834**	**414,612**	**100**

Source: Investment Managers.
** Assets values shown as at 30 June 2024 (allowing for subsequent cashflows) due to infrequency of valuations of illiquid assets. All foreign currencies converted to sterling as at 31 July 2024 rates respectively.*
*** Assets values shown as at 30 June 2025 (allowing for subsequent cashflows) due to infrequency of valuations of illiquid assets. All foreign currencies converted to sterling as at 31 July 2025 rates respectively.*

The Trustee's Report (Cont)

Investment Performance

Net of fees

	Last year to 30 June 2025 (% p.a.)	Last 3 years to 30 June 2025 (% p.a.)	Last 5 years to 30 June 2025 (% p.a.)
Total Assets	-2.2	-5.6	-6.9

Figures shown are based on performance provided by the Investment Managers, Mercer estimates and Refinitiv

Whilst the majority of the underlying assets are freely marketable, a number of the unitised investments (private equity, private debt and real estate debt) are not readily marketable. Individual performance figures for those mandates are not included in this document.

LGIM manages LDI, cash and a Buy & Maintain Corporate Bond portfolio on behalf of the Scheme. Over the 12 months to 30 June 2025, the LDI funds returned -9.1% (2024: -3.8%).

The Scheme's property funds Aviva Lime, M&G Secure Property Income and LGIM LPI Property returned 2.3 %, 6.2% and 4.5% respectively over the 12 months to 30 June 2025 all net of manager fees. The Scheme's investment in the Impax equity fund returned 1.2%, while the Buy and Maintain funds managed by LGIM and RLAM returned 4.2% and 5.9% respectively over the 12 months to 30 June 2025. The Scheme's multi-asset credit fund, held with M&G returned 6.7%.

Notice of liquidation of funds

The Trustee has been notified that the following investment funds are currently in the process of being liquidated; Schroder Private Equity Fund of Funds II (July 2019), La Salle Real Estate Debt Strategies II (March 2022) and ICG – Longbow Real Estate Debt Instruments III (December 2021).

The Trustee's Report (Cont)

Custodian arrangements

The custodian is responsible for the safekeeping, monitoring and reconciliation of documentation relating to the ownership of listed investments.

For the Scheme's pooled fund investments, the Trustee has no direct ownership of the underlying assets of the pooled funds. The safekeeping of the assets within the pooled funds is performed by custodian banks specifically appointed to undertake this function and whose appointment is reviewed at regular intervals by the manager. The current custodians are shown in the table below.

Manager*	Custodian
Impax	J.P Morgan Administration Services (Ireland) Limited
GSAM, GS&Co	State Street Bank and Trust Company, Boston
LGIM	Citi N.A (London Branch) (Citi') Northern Trust Fiduciary Services (Ireland) Limited for liquidity assets
Aviva**	RBC Fund Administration (CI) Limited
M&G	For Secured Property Fund: Northern Trust (Guernsey) Limited For Real Estate Debt Funds: Apex Group Fiduciary Services Limited For Multi-Asset Credit Fund: State Street Bank International GmbH, Luxembourg Branch
MSIM	Citibank
ICG	Intermediate Capital Group
RLAM	HSBC

Source: Investment Managers.
**Pooled funds have no direct custody arrangements in place, the custodians shown are appointed by the investments managers.*
***Administrator of the fund*

RBS and Lloyds have been appointed by the Trustee as administrator of trustee bank accounts of the Scheme and is responsible for the safekeeping of these holdings.

The Trustee's Report (Cont)

Investment policies and objectives

The Trustee has a duty to invest the assets of the Scheme in a manner which, over the life of the Scheme, should enable the Trustee to provide the promised benefits under the rules. The primary goal of the Trustee is to achieve a fully funded position on a low risk basis, whilst meeting statutory requirements on a Technical Provisions funding basis. To help achieve the primary objective, the Trustee has agreed to implement an investment strategy that targets an expected return of around 1.25% p.a. (net of fees) above the return available on government gilts to support the approach used to value the Scheme's liabilities. This investment return target was chosen taking into account the associated level of risk. The Trustee is aware (and comfortable) that the expected return of the investment strategy for the Scheme may vary from gilts + 1.25% p.a. (net of fees) from time to time as strategic changes are implemented and/or with changing market conditions.

If funding improves as a result of better than expected investment returns, the Trustee, in consultation with the University, expects to consider whether to use the opportunity to reduce risk, or to continue to maintain the level of risk with a view to improving the funding level position further.

The objectives set out above and the risks and other factors referenced in this Statement are those the Trustee determines to be financially material considerations in relation to the Scheme.

When designing the investment arrangements, the Trustee considers the requirements of legislation, the funding objectives for the Scheme and their views on the covenant of the University.

Financially and Non-Financially Material Matters in the Selection, Retention and Realisation of Investments, the Exercising of Rights Attached to Investments and Engagement Activities

In establishing the investment arrangements i.e. the selection, retention and realisation of investments, the Trustee considers what they believe to be financially material matters.

The process for choosing investments is as follows:

- Identify appropriate investment objectives, covering both risk tolerance and target return
- Construct a portfolio of investments that is expected to meet the investment objectives

In considering the appropriate investments for the Scheme, the Trustee will obtain and consider the written advice of the Investment Consultant, Mercer Ltd, whom the Trustee believes to be suitably qualified to provide such advice. The advice received and arrangements implemented are, in the Trustee's opinion, consistent with the requirements of Section 36 of the Pensions Act 1995 (as amended).

The Trustee believes that stewardship and environmental, social and governance (ESG) issues will have a material impact on investment risk and return outcomes, and that good stewardship can create and preserve value for companies and markets as a whole.

The Trustee also considers that long-term sustainability issues, including climate change, present risks and opportunities that increasingly require explicit considerations. The Trustee has taken into account the expected time horizon of the Scheme when considering how to integrate these issues into the investment decision making process. For this reason the Trustee has appointed a mix of Investment Managers that include a strong focus in these areas, including sustainably focused Investment Managers.

The Investment Managers provide the Trustee with regular reports covering ESG issues, and are requested to report on their adherence to the UK Stewardship Code on an annual basis. Due to the use of pooled investment vehicles, the Trustee accepts that the Investment Managers have full discretion when evaluating ESG issues and in exercising rights and stewardship obligations attached to the Scheme's investments.

The Trustee’s Report (Cont)

Investment policies and objectives (Cont)

However, the Trustee regularly monitors and challenges how the Investment Managers integrate ESG issues within their investment processes and uses the ESG ratings of its Investment Consultant as part of overall Investment Manager monitoring and review. In addition, the Trustee also carries out an annual formal review, with the assistance of its Investment Consultant, of how the appointed Investment Managers integrate ESG issues into their investment processes to assess the effectiveness of the applied approaches.

The Trustee wishes to encourage best practice in terms of activism. The Investment Managers are therefore encouraged to discharge their responsibilities in respect of investee companies in accordance with the Statement of Principles drawn up by the Institutional Shareholders’ Committee.

The Trustee accepts that by using pooled investment vehicles for its quoted equity investments, the day-to-day application of voting rights will be carried out by the Scheme’s Investment Managers. The Trustee has reviewed the voting policies of their Investment Managers and is comfortable that the Investment Managers will exercise their voting rights with a view to promoting strong corporate governance. The Trustee monitors voting activity to verify that the managers are actively voting in investee companies and engaging with management to encourage strong corporate governance and responsible business behaviour.

The Trustee has not set any investment restrictions on the appointed Investment Managers in relation to particular products or activities, but may consider this in future.

The Trustee does not explicitly consult members when making investment decisions but the Trustee regularly updates members via newsletters and by making a copy of the Statement of Investment Principles and other documentation available on the Scheme website and members have a variety of methods to make their views known to the Trustee. This position is reviewed periodically.

Nature, disposition, marketability, security and valuation

The Trustee has considered the nature, disposition, marketability, security and valuation of the Scheme’s investments and considers them to be appropriate relative to the reasons for holding each class of investment. More details about investments are given in the notes to the financial statements.

Employer-related investments

There were no direct employer-related investments at the year end. Any potential indirect employer-related investment through pooled investment vehicles is unintentional and would represent less than 0.1% of the Scheme’s net assets. Further details are disclosed in note 23.

Approval of Trustee's Report

This report was approved by the Trustee on

Date: 10/02/26

Signed on behalf of the Trustee:

Gemma Lyons — Trustee Director

Ash Field — Company Secretary

Independent Auditor's Report to the Trustee of the University of Manchester Superannuation Scheme

Opinion

We have audited the financial statements of University of Manchester Superannuation Scheme for the year ended 31 July 2025 which comprise the Fund Account, the Statement of Net Assets and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- show a true and fair view of the financial transactions of the Scheme during the year ended 31 July 2025, and of the amount and disposition at that date of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the year;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- contain the information specified in Regulation 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, made under the Pensions Act 1995.

Basis for opinion

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

Conclusions relating to going concern

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

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

Our responsibilities and the responsibilities of the Scheme's Trustee with respect to going concern are described in the relevant sections of this report.

Independent Auditor's Report to the Trustee of the University of Manchester Superannuation Scheme (Cont)

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Scheme's Trustee is responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Responsibilities of Trustee

As explained more fully in the trustee's responsibilities statement set out on page 10, the Trustee is responsible for the preparation of 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 Scheme's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustee either intends to liquidate the Scheme or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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.

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

Independent Auditor's Report to the Trustee of the University of Manchester Superannuation Scheme (Cont)

The extent to which the audit was considered capable of detecting irregularities, including fraud (Cont)

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the environment, including the legal and regulatory framework that the Scheme operates in and how the Scheme is complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are the Pensions Act 1995 and 2004 and regulations made under them and FRS 102, including the Financial Reports of Pension Schemes 2018 (the Pensions SORP). We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures.

The audit engagement team identified the risk of management override of controls as the area where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments, evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business, challenging judgments and estimates.

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

Use of our report

This report is made solely to the Scheme's Trustee as a body, in accordance with Regulation 3 of the Occupational Pension Schemes (Requirements to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996 made under the Pensions Act 1995. Our audit work has been undertaken so that we might state to the Scheme's 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 Scheme and the Scheme's Trustee as a body, for our audit work, for this report, or for the opinions we have formed.

RSM UK Audit LLP

RSM UK Audit LLP
Statutory Auditor
Chartered Accountants
Portland
25 High Street
Crawley
West Sussex
RH10 1BG

Date: 10/02/26

Summary of Contributions payable in the year

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

	£
Employer normal contributions	286,010
PensionChoice contributions	10,438,579
Members' normal contributions	114,817
Employer deficit funding contributions	10,127,015
Additional contributions in respect of expenses	2,100,000
Contributions payable under the Schedule of Contributions	23,066,421
Members' additional contributions	11,172
Total contributions payable	23,077,593

This Summary of Contributions has been prepared by, or on behalf of, and is the responsibility of the Trustee. It sets out the employer and member contributions payable to the Scheme under the Schedule of Contributions certified by the actuary on 24 October 2023 in respect of the Scheme year ended 31 July 2025. The Scheme auditor reports on contributions payable under the Schedule in the Auditor's Statement about Contributions.

During the period there was a late contribution of £2,169,360 relating to one of the quarterly deficit funding contributions. This was paid two days late due to an administrative oversight.

However, in all material respects, contributions payable were paid in accordance with the Schedule of Contributions certified by the Scheme Actuary on 24 October 2023.

As at 31 July 2025 90% (2024: 92%) of members used PensionChoice to fund their membership of UMSS.

Date: 10/02/26

Signed on behalf of the Trustee:

Gemma Lyons
Trustee Director

Ash Field
Company Secretary

Independent Auditor's Statement about Contributions, under Regulation 4 of The Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996 to the Trustee of the University of Manchester Superannuation Scheme

Statement about contributions payable under schedule of contributions

We have examined the summary of contributions payable to the University of Manchester Superannuation Scheme on page 26 in respect of the Scheme year ended 31 July 2025.

In our opinion contributions for the Scheme year ended 31 July 2025 as reported in the attached summary of contributions on page 26 and payable under the Schedule of Contributions have in all material respects been paid at least in accordance with the Schedule of Contributions certified by the actuary on 24 October 2023.

Scope of work on Statement about Contributions

Our examination involves obtaining evidence sufficient to give reasonable assurance that contributions reported on page 26 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 Scheme and the timing of those payments under the Schedule of Contributions.

Respective responsibilities of Trustee and the auditor

As explained more fully on page 10 in the Statement of Trustee's Responsibilities, the Scheme's Trustee is responsible for ensuring that there is prepared, maintained and from time to time revised a schedule of contributions showing the rates and due dates of certain contributions payable towards the Scheme by or on behalf of the Employer and the active members of the Scheme. The Trustee is also responsible for keeping records in respect of contributions received in respect of active members of the Scheme and for monitoring whether contributions are made to the Scheme by the Employer in accordance with the Schedule of Contributions.

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

Use of our statement

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

RSM UK Audit LLP

RSM UK Audit LLP
Statutory Auditor
Chartered Accountants
Portland
25 High Street
Crawley
West Sussex
RH10 1BG

Date: 10/02/26

The Financial Statements

Fund Account

for the year ended 31 July 2025

	Note	31 July 2025 £	31 July 2024 £
Contributions and benefits			
Employer contributions		22,951,604	23,264,962
Employee contributions		125,989	319,319
Total contributions	4	23,077,593	23,584,281
Other income	5	354,000	520,308
		23,431,593	24,104,589
Benefits paid or payable	6	(21,725,400)	(21,331,948)
Payments to and on account of leavers	7	(196,210)	(209,904)
Administrative expenses	8	(2,386,476)	(2,162,908)
Other payments	9	(107,420)	(204,442)
		(24,415,506)	(23,909,202)
Net (withdrawals) / additions from dealings with members		(983,913)	195,387
Returns on investments			
Investment income	10	5,972,856	3,817,969
Change in market value of investments	11	(28,729,609)	9,933,016
Investment management expenses	12	(633,895)	(738,344)
Taxation	13	(19,146)	-
Net return on investments		(23,409,794)	13,012,641
Net (decrease) / increase in the fund during the year		(24,393,707)	13,208,028
Net assets of the Scheme			
At 1 August		453,312,842	440,104,814
At 31 July		428,919,135	453,312,842

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

The Financial Statements (Cont)

Statement of Net Assets

available for benefits as at 31 July 2025

	Note	31 July 2025	31 July 2024
		£	£
Investment assets:	11		
Pooled investment vehicles	14	414,612,164	440,832,834
Cash	11	-	193
Other investment balances	15	494,168	183,058
Total net investments		415,106,332	441,016,085
Current assets	19	14,948,441	14,069,617
Current liabilities	20	(1,135,638)	(1,772,860)
Net assets of the Scheme at 31 July available for benefits		428,919,135	453,312,842

The financial statements summarise the transactions of the Scheme 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 Scheme year. The actuarial position of the Scheme, which takes into account such obligations, is dealt with in the Report on Actuarial Liabilities on pages 11 to 12 of the Annual Report and these financial statements should be read in conjunction with this report.

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

These financial statements were approved by the Trustee on

Date: 10/02/26

Signed on behalf of the Trustee:

Gemma Lyons

Trustee Director

Ash Field

Company Secretary

Notes to the Financial Statements

1. Basis of preparation

The financial statements have been prepared, on a going concern basis, 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, and the guidance set out in the Statement of Recommended Practice (Revised 2018).

The Trustee believes this is appropriate as they have a reasonable expectation that the Scheme has adequate resources to realise its assets and meet pension payments in the normal course of affairs for at least the next twelve months from the date of the approval of the financial statements.

2. Identification of the financial statements

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

3. Accounting policies

The principal accounting policies of the Scheme which are applied consistently are as follows:

Critical accounting judgments and estimation uncertainty

- The Trustee makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. For the Scheme, the Trustee believes the only estimate and assumption that has a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are related to the valuation of the Scheme investments and, in particular, those classified in Level 3 of the fair-value hierarchy.

Currency

- The Scheme's functional and presentational currency is pounds sterling. Monetary items denominated in foreign currency are translated into sterling using the closing exchange rates at the Scheme year-end. Differences arising on investment balance translation are accounted for in change in market value of investments during the year. Differences arising on net current asset balance translation are accounted for in currency gains/losses in administrative expenses. Foreign currency transactions are recorded in sterling at the spot exchange rate at the date of the transaction.

Other income

- Claims on term insurance policies and other forms of income are accounted for on an accruals basis.

Contributions

- Employee contributions, including Additional Voluntary Contributions (AVCs), are accounted for by the Trustee when they are deducted from pay by the Employer.
- Employer normal contributions that are expressed as a rate of salary are accounted for on the same basis as the employees' contributions, in accordance with the Schedule of Contributions in force during the year.
- Employer deficit funding contributions are accounted for on the due dates on which they are payable under the Schedule of Contributions or on receipt if earlier with the agreement of the Employer and Trustee.
- Other contributions made by the Employer to reimburse costs and levies payable by the Trustee are accounted for on the due dates on which they are payable in accordance with the Schedule of Contributions and Recovery Plan under which they are payable or on the same basis as the corresponding expense.

Notes to the Financial Statements (Cont)

3. Accounting policies (Cont)

Payments to members

- Pensions in payment are accounted for in the period to which they relate.
- Where members have a choice regarding the form and timing of their benefit, benefits are accounted for on an accruals basis on the later of the date of retiring or leaving and the date the option is exercised. Other benefits are accounted for on an accruals basis on the date of retiring or leaving.
- Opt-outs are accounted for when the Scheme is notified of the opt-out.
- Individual transfers in or out of the Scheme are accounted for when member liability is accepted or discharged which is normally when the transfer amount is received or paid.
- Where the Trustee agrees or is required to settle tax liabilities on behalf of a member (such as where lifetime or annual allowances are exceeded) with a consequent reduction in that member's benefits receivable from the Scheme, any taxation due is accounted for on the same basis as the event giving rise to the tax liability and shown separately within "Benefits paid or payable".

Expenses and other payments

- Administrative expenses are accounted for on an accruals basis.
- Investment management expenses are accounted for on an accruals basis and shown net within "Returns on investments". Transaction costs are included in the cost of purchases and sale proceeds.

Investment income

- Income from pooled investment vehicles is accounted for when declared by the fund manager.
- Income from cash and short term deposits is accounted for on an accruals basis.
- Investment income arising from the underlying investments of the pooled investment vehicles is reinvested within the pooled investment vehicles and reflected in the unit price. Thus, it is reported within "Change in market value".

Investments

- 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.
- Unitised pooled investment vehicles have been valued at the latest available bid price or single price provided by the pooled investment manager. Shares in other pooled arrangements have been valued at the latest available net asset value (NAV) determined in accordance with fair value principles, provided by the pooled investment manager. Royal London Asset Management is valued by a single swinging price.
- The following investments have a valuation date of 30 June 2025 (unless otherwise stated) ICG Longbow Real Estate Investment V, North Haven Credit Partners II Offshore Feeder II, La Salle Real Estate Strategies II, M&G Real Estate Debt Finance VI DAC, Goldman Sachs Vintage Fund VI, and Goldman Sachs Broad Street Real Estate. This is the most available data at year end and any transactions after these dates have been included in the valuation of the assets. Cash movements to 31 July 2025 have been incorporated into the final valuation figure where available.

Notes to the Financial Statements (Cont)

4. Contributions

	2025	2024
	£	£
Employer contributions		
Normal	286,010	642,728
Deficit funding	10,127,015	9,546,355
Expenses	2,100,000	1,700,000
PensionChoice	10,438,579	11,375,879
Employee contributions		
Normal	114,817	256,066
Additional voluntary contributions	11,172	63,253
	23,077,593	23,584,281

PensionChoice contributions are made under the salary exchange arrangement introduced on 1 June 2009. Further details are provided on page 6 of this Annual Report.

A Schedule of Contributions was certified on 24 October 2023 as part of the 31 July 2022 actuarial valuation. Deficit funding contributions of £8.384 million per annum will be paid by the Employer until 31 October 2029, in accordance with the recovery plan in order to improve the Scheme's funding position. The Employer also pays an additional 2.9% of Pensionable Salary monthly by the 19th of the calendar month after that to which they relate.

During the period there was a late contribution of £2,169,360 relating to one of the quarterly deficit funding contributions. This was paid two days late due to an administrative oversight. In the prior year there was a shortfall in the payment of the quarterly deficit funding contributions totalling £31,850 per quarter. This arose due to an administrative oversight. The cumulative shortfall of £127,399 was paid on 22 July 2024.

The Employer agreed to pay a fixed amount of £1.7 million per annum in respect of the expenses of running the Scheme up to 31 July 2024. From 1 August 2024, a fixed sum of £2.1 million per annum has been paid by the Employer.

5. Other income

	2025	2024
	£	£
Claims on term insurance policies	354,000	520,308

6. Benefits paid or payable

	2025	2024
	£	£
Pensions	16,672,972	17,158,196
Commutation of pensions and lump sum retirement benefits	4,600,911	3,601,653
Lump sum death benefits	451,517	572,099
	21,725,400	21,331,948

Notes to the Financial Statements (Cont)

7. Payments to and on account of leavers

	2025	2024
	£	£
Refunds of contributions in respect of non-vested leavers	29	136,494
Individual transfers to other schemes	196,181	73,410
	196,210	209,904

8. Administrative expenses

	2025	2024
	£	£
Administration and processing	420,600	265,906
Actuarial fees	514,796	496,263
Audit fee	60,164	61,149
Legal and other professional fees	243,257	249,548
Computer costs	313,662	183,654
Pensions UK subscriptions (formerly called PLSA)	2,806	2,746
Trustee fees and expenses	97,078	497
PPF Levy	244,148	250,311
Pensions Regulator levy	59,046	39,157
Covenant Services	42,069	18,997
Bank charges	3,170	30
Communication consultancy	97,746	148,558
Investment consultancy	287,722	381,847
Currency (Gains)/Losses	(51,219)	(20,442)
Tracing fees	17,556	63,905
Other fees	33,875	20,782
	2,386,476	2,162,908

Administrative expenses are met by the Scheme.

Currency (Gains)/Losses contains elements of the unrealised gains and losses of the conversion of the USD account on 31 July. Released gains and losses from exchange differences are also included in this area.

Notes to the Financial Statements (Cont)

9. Other payments

	2025	2024
	£	£
Premiums on term insurance policies	107,420	204,442

Policies are held to cover the Scheme against lump sum payments in the event of a member's death during service up to normal retirement date. The policy provider is Aviva.

10. Investment income

	2025	2024
	£	£
Income from pooled investment vehicles	5,817,234	3,794,811
Interest on cash deposits	155,622	23,158
	5,972,856	3,817,969

11. Reconciliation of investments

	Value at 31 July 2024	Purchases at cost	Sale proceeds	Change in market value	Value at 31 July 2025
	£	£	£	£	£
Pooled investment vehicles	440,832,834	340,708,602	(338,199,663)	(28,729,609)	414,612,164
Cash deposits	193				-
Other investment balances	183,058				494,168
	441,016,085				415,106,332

Indirect costs are incurred through the bid-offer spread on investments within pooled investment vehicles and charges made within those vehicles. The amount of indirect costs is not separately provided to the Scheme.

12. Investment management expenses

	2025	2024
	£	£
Administration, management and custody	633,895	738,344

13. Taxation

The Scheme is a registered pension scheme under Chapter 2 of Part 4 of the Finance Act 2004 and is therefore exempt from income tax and capital gains tax.

Taxes incurred during the period relate to distributions arising from the Scheme's investments with Goldman Sachs and Morgan Stanley in the U.S.

Notes to the Financial Statements (Cont)

14. Pooled investment vehicles

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

	2025	2024
	£	£
Global Equity	25,840,832	24,485,882
LDI	185,781,171	203,814,036
Multi-Asset Credit	27,615,867	25,862,341
Secured Income Property	55,028,532	54,966,758
Private Equity	2,104,562	3,162,112
Private Debt	4,161,301	5,219,950
Real Estate Debt	24,917,721	37,132,057
Cash/Money Market	3,441,542	3,563,321
Corporate Bonds	85,720,636	82,626,377
	414,612,164	440,832,834

15. Other investment balances

The other investment balances held by the Scheme at the year-end are as follows:

	2025	2024
Investment assets	£	£
Accrued income	432,605	183,508
Cash in transit	61,563	-
	494,168	183,508

Notes to the Financial Statements (Cont)

16. Fair value hierarchy

The fair value of financial instruments has been disclosed 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.

A fair value measurement is categorised in its entirety on the basis of the lowest level input which is significant to the fair value measurement in its entirety.

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

	As at 31 July 2025			
	Level 1	Level 2	Level 3	Total
	£	£	£	£
Pooled investment vehicles	25,840,831	341,841,017	46,930,316	414,612,164
Cash	-	-	-	-
Other investment balances	494,168	-	-	494,168
	26,334,999	341,841,017	46,930,316	415,106,332

	As at 31 July 2024			
	Level 1	**Level 2**	**Level 3**	**Total**
	£	**£**	**£**	**£**
Pooled investment vehicles	24,485,881	354,885,798	61,461,155	440,832,834
Cash	193	-	-	193
Other investment balances	183,058	-	-	183,058
	24,669,132	354,885,798	61,461,155	441,016,085

Notes to the Financial Statements (Cont)

17. Investment risk disclosures

Investment risks

FRS 102 requires the disclosure of information in relation to certain investment risks as follows:

- Credit risk – one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.
- Market risk – comprises of the following elements:
    1. Interest rate risk: The risk that the fair value or future cashflows of a financial asset will fluctuate because of changes in market interest rates.
    2. Currency risk: The risk that the fair value or future cashflows of a financial asset will fluctuate because of changes in foreign exchange rates.
    3. Inflation rate risk: The risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in actual or expected levels of inflation.
    4. Other price risk: The risk that the fair value or future cashflows of a financial asset will fluctuate because of changes in market prices (other than those due to interest rates and currency).

The Trustee determines their investment strategy after taking advice from a professional investment adviser. The Scheme has exposure to these risks because of the investments it makes in following the investment strategy set out below. The Trustee manages investment risks, including credit risk and market risk, within agreed risk limits which are set taking into account the Scheme's strategic investment objectives. These investment objectives and risk limits are implemented through the investment management agreements in place with the Scheme's investment managers and monitored by the Trustee by regular reviews of the investment portfolio.

Further information on the Trustee's approach to risk management, credit and market risk is set out below. This does not include legacy insurance policies as these are not considered significant in relation to the overall investments of the Scheme.

Investment strategy

The Trustee has set an investment strategy which is expected to produce investment returns to meet the investment objectives, while limiting the risk inherent in the mismatch between assets and liabilities to a level acceptable to the Trustee and to the University.

The Trustee has considered the effect of the volatility of assets in relation to the liabilities. In setting the investment policy, the Trustee has considered the influence that this will have on the Scheme's funding objective. It will, however, continue to monitor the position in the light of future developments.

The Investment Adviser provides advice on an appropriate investment strategy with input from the Scheme Actuary and considering the views of the University on the acceptable degree of mismatch.

The investment strategy consists of Equities, Growth Fixed Income assets and Matching Assets. In addition, the Scheme continues to have legacy holdings that will remain over the medium term as the redemption process will take several years. These legacy holdings consist of Real Estate Debt, other Private Credit and Private Equity funds.

The Trustee believes that the investment risks arising from the investment strategy are consistent with the overall level of risk being targeted.

The Investment Sub-Committee will keep the Scheme's overall asset allocation under review and has delegated authority from the main Trustee board to implement the agreed strategy and instruct the Investment Managers to implement any changes to the asset mix that it deems appropriate to maintain a level of return that is consistent with the actuarial funding principles.

Notes to the Financial Statements (Cont)

17. Investment risk disclosures (Cont)

Given the investment objectives, the Trustee has agreed to implement an investment strategy that allocates around **5%** to **Equities, 28%** to **Growth Fixed Income Assets** and **67%** to **Matching Assets** as detailed in the table below.

Asset Class	Strategic Allocation (%)	Normal Ranges (%)
Equities	5.0	2.5 – 7.5
Growth Fixed Income Assets	28.0	23.0 – 33.0
Matching Assets	67.0	62.0 – 72.0
Total	100.0	

Equities (or growth assets) are assets that generate expected returns above risk free rates through holding shares in listed companies.

Growth Fixed Income Assets (or cashflow generative assets) are those that typically generate cashflows, some of which are inflation-linked, similar to the Scheme's liabilities, but also offer a yield above gilts. These include investment grade bonds, high yield bonds, emerging market debt, loans, and secured income property. The Scheme accesses a range of these underlying asset classes through its Multi-Asset Credit allocation.

Matching Assets (or defensive assets) are those that share some characteristics with the Scheme's liabilities. These include LDI, corporate bonds and cash.

The Trustee sets the investment strategy taking into account considerations such as the strength of the employer covenant, the long-term liabilities and the funding agreed with the University. The investment strategy is set out in its SIP with details of any changes during the year included in the Trustee's report.

Credit risk

The Scheme is subject to credit risk arising from investments in pooled investment vehicles such as open-ended investment companies, close-ended investment companies and unit-linked insurance contracts. As a result, the Scheme is directly exposed to credit risk in relation to these pooled investment vehicles and also via the Trustee bank account balances. Additionally, the Scheme is indirectly exposed to credit risks arising from some financial instruments held within pooled investment vehicles managed by the Investment Managers.

Direct Credit Risk

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

The Scheme's holdings in pooled investment vehicles are not rated by credit rating agencies. The Trustee manages and monitors the credit risk arising from its pooled investment arrangements by considering the nature of the arrangement, the legal structure and regulatory environment. In regard to the direct credit risk arising from the Trustee cash account balances held by National Westminster Bank Plc and Lloyds Bank Plc; both have an investment grade credit rating and risk is further mitigated by capital requirements and the Prudential Regulatory Authority's regulatory oversight.

The Trustee carries out due diligence checks on the appointment of any new pooled investment managers and monitors any changes to the regulatory and operating environment of the pooled managers.

Indirect Credit Risk

Indirect credit risk arises in relation to underlying investments held in pooled investment vehicles, which invest in a variety of debt related instruments including Liability Driven Investments, multi-asset credit, private debt, corporate bonds and real estate debt.

Notes to the Financial Statements (Cont)

17. Investment risk disclosures (Cont)

Within the Growth Fixed Income portfolio, the Trustee invests in pooled funds, which hold credit related instruments with a view to adding value and indirect credit risk is mitigated through diversification of underlying security, investment manager and credit issuer to minimise the impact of default by any one issuer. Within the Matching portfolio, credit risk is reduced by investing in government bonds, where the credit risk is minimal, investing in diversified portfolios of predominantly investment grade corporate bonds and through the use of collateral arrangements for non-physical exposures.

As at 31 July 2025, these mandates represented 79.2% (2024: 80.5%) of the total investment portfolio.

- The credit risk from Sovereign Government bonds held indirectly is considered to be minimal. These assets are primarily held for risk management purposes.
- The credit risk from corporate (investment grade) bonds held indirectly is mitigated by investing in a diversified mix of investment grade rated bonds. These assets are held for income and return generating as well as risk management purposes, and the expected return from these assets is considered appropriate for the associated risk.
- The credit risk from corporate (sub-investment grade) and other bonds held indirectly is mitigated via diversification to minimise the impact of default by any one issuer. These assets are held for return generating purposes, and the expected return from these assets is considered appropriate for the associated risk.
- OTC derivative contracts are not guaranteed by any regulated exchange and therefore the Scheme is subject to risk of failure of the counterparty. The credit risk for OTC swaps and/or repurchase agreements is reduced by collateral arrangements. Credit risk also arises on forward currency contracts. There are no collateral arrangements for these contracts but all counterparties are required to be at least investment grade.
- Pooled liquidity funds will invest with a diversified range of institutions, which are at least investment grade credit rated, to mitigate credit risk.

A summary of the pooled investment vehicles by type of arrangement is shown below.

	2025	2024
	£m	£m
Unit linked insurance contracts	294.9	309.9
Authorised unit trusts	35.0	35.1
Open ended investment companies	53.5	50.3
Share of limited liability partnerships	31.2	45.5
	414.6	440.8

Source: Investment Managers and Mercer.

Market risk: Currency

The Scheme is subject to currency risk because some of the Scheme's investments are denominated in overseas currencies via pooled investment vehicles. The Trustee operates a policy of hedging a portion of non-sterling currency exposure as appropriate, where it is possible to do so and where this risk is judged to be material. Currency hedging is carried out via pooled investment vehicles and the management of currency risk is delegated to the appointed managers and is managed within each manager's overall risk framework.

The Scheme is exposed to currency risk via its investment in pooled investment vehicles which invest in global equity, private equity, multi-asset credit, private debt, corporate bonds and real estate debt funds with underlying investments denominated in foreign currencies.

The Scheme's multi-asset credit allocation and overseas currency denominated corporate bonds are currency hedged. Currency risk remains unhedged on other asset class exposures.

As at 31 July 2025, 35.1% (2024: 32.0%) of the total investment portfolio had exposure to currency risk. However, the multi-asset credit and corporate bond exposures are hedged back to sterling, and so the net currency exposure is 7.7% (2024: 7.4%).

Notes to the Financial Statements (Cont)

17. Investment risk disclosures (Cont)

Market risk: Interest rates

The Scheme is subject to interest rate risk via its LDI and bond holdings, via pooled investment vehicles.

The Trustee has set a benchmark of 28% of the total investment portfolio for growth fixed income assets, which comprises of higher yielding assets (such as secured income property, multi-asset credit, private debt and real estate debt) and a benchmark of 67% for matching assets which comprises LDI, corporate bonds and cash. All these assets are sensitive to changes in interest rates to some degree. For each of the above named investments, if interest rates fall, the value of investments will rise, similarly, if interest rates rise, the above named investments will fall in value. During the year, the target level of hedging provided by the Scheme's matching portfolio was increased from 68% to 74% against movements in interest and inflation rates, of the Technical Provisions liabilities.

As at 31 July 2025, the Scheme's matching assets hedge ratio was 74% (31 July 2024: 68%) of the Scheme's liability against movements in interest rates when measured on the Scheme's Technical Provisions basis.

The Trustee employs the LDI manager's Enhanced Service, whereby the manager monitors the level of assets available within the LDI portfolio for use as collateral and operates a framework to ensure that if gilt yields rise then additional cash can be provided in a timely manner, should it be required.

As at 31 July 2025, growth fixed income assets represented 27.5% (2024: 28.7%) and matching assets represented 66.3% (2024: 65.7%) of the total investment portfolio respectively.

Market risk: Inflation

The Scheme is subject to inflation rate risk because some of the Scheme's investments are sensitive to changes in actual or expected future inflation rates.

The LDI and secured income property portfolios are exposed to inflation risk. If actual or expected future inflation increase, the value of the LDI portfolio will rise to help match the increase in actuarial liabilities arising from the increase. Similarly, if actual or expected future inflation expectations fall, these assets will fall in value, as will the actuarial liabilities. As at 31 July 2025, the Scheme's matching assets hedge ratio was 74.0% (2024: 67.8%) of the Scheme's liability against movements in inflation when measured on the Scheme's Technical Provisions basis.

As at 31 July 2025, secured income property represented 13.3% (2024: 12.5%) and LDI assets represented 44.8% (2024: 46.2%) of the total investment portfolio respectively.

Market risk: Other price

Other price risk arises principally in relation to the Scheme's global equity, private equity, real estate debt, private debt, secured income property, corporate bonds and multi-asset credit, held through underlying investments in pooled investment vehicles.

The Scheme manages this exposure to other price risk by constructing a diverse portfolio of investments across various markets.

As at 31 July 2025, these assets represented 54.4% (2024: 53.0%) of the total investment portfolio. The below table represents price risk at each asset class:

	2025	2024
	£m	£m
Global Equity	25.8	24.5
Private Equity	2.1	3.1
Private Debt	4.1	5.2
Property	55.0	55.0
Multi-Asset Credit	27.6	25.9
Real Estate Debt	24.9	37.1
Corporate Bonds	85.7	82.6
	225.2	233.4

Source: Investment Managers and Mercer.

Notes to the Financial Statements (Cont)

18. Concentration of investments

The following investments each account for more than 5% of the Scheme's net assets at the year-end:

	2025		2024	
	£	%	£	%
Royal London Asset Management	43,662,554	10.2	41,546,985	9.2
Impax Investments	25,840,831	6.0	24,485,881	5.4
LGIM – 2035 Index Linked Gilt Fund	n/a	n/a	28,388,283	6.3
LGIM – 2071 Gilt Fund	n/a	n/a	26,007,133	5.7
LGIM – Future World Net Zero Buy & Maintain Fund	42,058,082	9.8	41,079,392	9.1
M&G Sustainable Total Return Credit Investment Fund	27,615,867	6.4	25,862,341	5.7

Where the investment holds less than 5% of the Scheme's net assets in the comparative year these are denoted with n/a.

19. Current assets

	2025	2024
	£	£
Contributions due from Employer in respect of:		
Employers	37,252	31,668
Employees	13,136	11,159
PensionChoice	896,961	939,536
AVC's	842	380
Expenses	175,000	141,667
Amount due from Employer	-	181,104
Other debtors	22,147	158
Cash balances	13,803,103	12,760,945
	14,948,441	14,066,617

Contributions due to the Scheme at the year-end have been paid subsequent to the year end in accordance with the Schedule of Contributions.

An amount is owed from the University of £Nil (2024: £181,104) relating to reimbursements due to the Scheme.

20. Current liabilities

	2025	2024
	£	£
Unpaid benefits	265,589	55,034
Pensions payable	229,278	-
Amount due to Employer	312,694	1,366,633
Accrued expenses	328,077	351,193
	1,135,638	1,772,860

Until 31 July 2024, the University of Manchester paid the pensions on behalf of the Scheme. These were recharged to the Scheme. As at 31 July 2025 there was an amount owed to the University of £Nil (2024: £1,366,633).

The University charges an administration fee which represents that portion of staff costs relating to the administration of the Scheme. The charge for the year ended 31 July 2025 was £218,000 (2024: £229,126). There was an outstanding charge of £218,000 on 31 July 2025 (2024: £Nil).

The University paid life assurance premiums on behalf of the Scheme during the year totalling £94,694 (2024: £Nil). The remains outstanding at the year-end.

Notes to the Financial Statements (Cont)

21. Commitments

At the year end, the Scheme had the following outstanding capital commitments to purchase investments.

Investment Manager	2025 £	2024 £
Goldman Sachs Asset Management L.P	2,132,636	3,716,164
Goldman Sachs & Co.	559,710	576,459
ICG – Longbow †	208,471	208,471
Aberdeen Standard SVG†	6,570	6,402
M&G Investment Management Ltd	18,672,530	13,990,095
Morgan Stanley Investment Management	7,607,860	7,722,894
	29,187,777	26,220,485

†The Trustee has been notified that these two funds are currently in the process of being liquidated; Schroder Private Equity Fund of Funds II (from July 2019) and ICG – Longbow Real Estate Debt Instruments III (from December 2021).

22. Related party transactions

Until 31 July 2024, the University of Manchester (the Sponsoring Employer) paid the pensions on behalf of the Scheme. These were recharged to the Scheme. As at 31 July 2025 there was an amount owed to the University of £Nil (2024: £1,366,633) as shown in note 20 above.

Additionally, an amount is owed from the University of £Nil (2024: £181,104) relating to reimbursements due to the Scheme as shown in note 19 above.

The University also charges an administration fee which represents that portion of staff costs relating to the administration of the Scheme. The charge for the year ended 31 July 2025 was £218,000 (2024: £229,126). There was an outstanding charge of £218,000 on 31 July 2025 (2024: £Nil) and is included in note 20 above.

The University paid life assurance premiums on behalf of the Scheme during the year totalling £94,694 (2024: £Nil). This remains outstanding at the year-end and is included in note 20 above.

The following directors of UMSS Limited are members of UMSS. These members are entitled to receive benefits on the same basis as all other members: Mr H Peters, Mr K McDermott, Mr P N Rowbotham, Mr G R C Hughes, Mr J P Byers, and Mr D Griffiths. One director (2024: one), Mr D Griffiths, is a pensioner of the Scheme in receipt of pension benefits. These have been calculated in accordance with the Trust Deed and Rules of the Scheme and are included in pensions payable in note 6.

Fees and expenses paid directly to the directors by the Scheme for their services are disclosed in note 8. There were no outstanding charges as at 31 July 2025 (2024: £Nil).

The following director of UMSS Limited was in receipt of an Honoraria in respect of their work as Chair of UMSS Limited: Mr J Ferns. The charge for the year ended 31 July 2025 was £Nil (2024: £27,328). On 4 July 2024 Mr J Ferns resigned in his capacity as Chair and Trustee and the University appointed Vidett Trust Corporation Limited as his replacement. The fees for Vidett Trust Corporation Limited are paid directly by the Scheme and reflected in note 8. There were no outstanding fees as at 31 July 2025 (2024: £Nil).

All of the above transactions were made in accordance with the Scheme Rules.

23. Employer-related investments

Consistent with the prior year, the proportion of the Scheme's assets in employer-related investments does not exceed 5% of the market value of the Scheme's assets at the year-end. Any potential indirect employer-related investment through pooled investment vehicles is unintentional and would be immaterial to the Scheme and will also come with no voting rights.

Notes to the Financial Statements (Cont)

24. Contingent liabilities

GMP Equalisation

As explained on page 7 in the Trustee's Report, on October 2018, the High Court handed down a judgment involving the Lloyds Banking Group's defined benefit pension schemes with further judgments given in November 2020. The judgments concluded the schemes should be amended to equalise pension benefits for men and women in relation to GMP benefits. The issues determined by the judgments arise in relation to many other defined benefit pension schemes.

The estimated GMP equalisation impact for the Scheme is an increase of 0.23% of the total value of the Scheme Funding triennial valuation liabilities as at 31 July 2022. The typical range of impacts vary between around 0.2% and 0.3% of the total value of scheme liabilities, based on the initial analysis carried out. In addition, a further liability of £345,000 has been estimated in respect of historic transfer values. The impact will be reviewed as part of the 2025 actuarial valuation which is ongoing.

Formal calculations are in the process of being calculated. No accrual has been included. However, any member who requests to transfer their benefits out of the Scheme, or take trivial commutation, will have an allowance for GMP Equalisation included in this payment.

Ruling on amendment of Contracted-Out Salary-Related pension schemes

The Virgin Media Ltd v NTL Pension Trustees II decision, handed down by the High Court on 16 June 2023, considered the implications of section 37 of the Pension Schemes Act 1993. In a judgment delivered on 25 July 2024, the Court of Appeal unanimously upheld the decision of the High Court and the case has the potential to cause significant issues in the pensions industry.

In June 2025, the Government announced that they will introduce legislation to give affected pension schemes the ability to retrospectively obtain written actuarial confirmation that historic benefit changes met the necessary standards.

On 1 September 2025, the Government published a series of draft amendments to the Pension Schemes Bill 2025. These amendments include new clauses implementing the Government's promised remedy following the Court of Appeal decision. The relevant amendments are due to come into force two months after the Pension Schemes Bill receives Royal Assent.

The Trustee will investigate the possible implications with its advisers in due course, but it is not possible at present to estimate the potential impact, if any, on the Scheme. No impact is expected but, if any, it is expected to be minimal and not material.

Certificate of Adequacy of Contributions

Actuary's Certification of Schedule of Contributions

University of Manchester Superannuation Scheme

Adequacy of rates of contributions

1. I certify that, in my opinion, the rates of contributions shown in this schedule of contributions are such that the statutory funding objective could have been expected on 31 July 2022 to be met by the end of the period specified in the recovery plan dated (i.e. signed on behalf of the trustee on)

Adherence to statement of funding principles

2. I hereby certify that, in my opinion, this schedule of contributions is consistent with the statement of funding principles dated (i.e. signed on behalf of the trustee on)

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

Signature:		Date:	24 October 2023
Name:	Charles Cowling	Qualification:	Fellow of the Institute and Faculty of Actuaries
Address:	Belvedere 12 Booth Street Manchester M2 4AW	Name of employer:	Mercer Limited

Schedule of Contributions

University of Manchester Superannuation Scheme

This schedule of contributions has been prepared by the trustee, after obtaining the advice of Charles Cowling, the Scheme Actuary. It replaces the previous schedule of contributions which was actuarially certified on 23 October 2020.

In preparing this schedule of contributions, account has been taken of contributions due in the period between 31 July 2022 and the commencement of this schedule under the previous schedule of contributions, together with any further contributions paid during the same period.

Period covered by this schedule of contributions

This schedule of contributions takes effect from the date it is certified by the Scheme Actuary. It ends on 31 October 2029.

Contributions by active members

Active members shall pay monthly contributions on the following basis:

- 6.5% of Pensionable Salary for active members who do not participate in PensionChoice.
- Nil for active members who participate in PensionChoice.

These are to be deducted by the University of Manchester ("the University") and any participating employers and paid to the scheme on or before the 19th of the calendar month following deduction.

Any additional voluntary contributions payable by active members are payable in addition.

Contributions by employer in respect of future accrual of benefits, death in service benefits and expenses

The University and participating employers shall pay contributions no less frequently than monthly, at least on the following basis:

- 15.2% of Pensionable Salary in respect of active members who do not participate in PensionChoice.
- 21.7% of Pensionable Salary in respect of active members who participate in PensionChoice.

These contributions are payable monthly by the 19th of the calendar month after that to which they relate. The contribution rates above include an allowance of 0.5% of Pensionable Salary to cover the cost of insurance premiums for death in service benefits.

The University will pay a fixed amount of £2,100,000 per annum (payable monthly) in respect of the expenses of running the scheme with effect from 1 August 2024. The University will continue to pay £1,700,000 per annum (payable monthly) until then.

These contributions are payable monthly by the 19th of the calendar month after that to which they relate.

Schedule of Contributions (Cont)

Contributions by employer in respect of the shortfall in funding

In accordance with the recovery plan following the 31 July 2022 actuarial valuation, the University will pay contributions of £8,384,000 per annum, payable quarterly in arrears by each 31 January, 30 April, 31 July and 31 October, to 31 October 2029. These contributions will increase each 1 August at the rate of 3.5% p.a. (with the next increase due on 1 August 2024).

The University will pay an additional 2.9% of Pensionable Salary monthly by the 19th of the calendar month after that to which they relate.

Additional employer contributions

The University and any participating employers may pay additional contributions of any amount and at any time from those set out above.

Pensionable salaries

For the purposes of this schedule, Pensionable Salaries are defined as basic salary (excluding overtime, bonuses and other fluctuating emoluments, but including contractual elements of pay).

The monthly contributions are calculated using monthly Pensionable Salaries determined from monthly earnings.

Basic salary is deemed to be paid at the rate applicable at the commencement of maternity, paternity or sick leave, during such leave, irrespective of actual amounts paid to the member.

Arrangements for other parties to make payments to the scheme

Payments towards the scheme may be paid by any participating employers, in lieu of contributions otherwise due from the University. The current participating employers are set out below:

- The University of Manchester Conferences Limited (02660276)
- University of Manchester Innovation Factory Limited (05177409)

Signatures

Signed on behalf of the trustee:

Name: JON FERNS

Position: CHAIR OF TRUSTEES

Date: 19 October 2023

Signed on behalf of the University of Manchester:

Name:

Position: C. PRZEKOPYSZYN, CHIEF FINANCIAL OFFICER.

Date: 18 October 2023

Implementation Statement

University of Manchester Superannuation Scheme: Annual Engagement Policy Implementation Statement

Introduction

This Annual Engagement Policy Implementation Statement (the Statement) sets out how, and the extent to which, the Engagement Policy in the Statement of Investment Principles (SIP) produced by the Trustee has been followed during the year to 31 July 2025. This statement has been produced in accordance with the Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018, the subsequent amendment in The Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019 and the statutory guidance on reporting on stewardship in the implementation statement dated 17 June 2022.

Investment Objectives of the Scheme

The Trustee believes it is important to consider the policies in place in the context of the investment objectives they have set. The objectives of the Scheme included in the SIP are as follows:

'The primary goal of the Trustee is to achieve a fully funded position on a low risk basis, whilst meeting statutory requirements on a Technical Provisions funding basis. The Trustee has a duty to invest the assets of the Scheme in a manner which, over the life of the Scheme, should enable the Trustee to provide the promised benefits under the rules.

To help achieve the primary objective, the Trustee has agreed to implement an investment strategy that targets an expected return of around 1.25% p.a. (net of fees) above the return available on government gilts to support the approach used to value the Scheme's liabilities. This investment return target was chosen taking into account the associated level of risk. The Trustee is aware (and comfortable) that the expected return of the investment strategy for the Scheme may vary from gilts + 1.25% p.a. (net of fees) from time to time as strategic changes are implemented and/or with changing market conditions.

If funding improves as a result of better than expected investment returns, the Trustee, in consultation with the University, expects to consider whether to use the opportunity to reduce risk, or to continue to maintain the level of risk with a view to improving the funding level position further.'

The SIP was not updated during the Scheme year. The SIP can be found here.

Policy on Environmental, Social & Governance (ESG) issues, Stewardship and Climate Change

The Scheme's SIP includes the Trustee's policy on ESG issues, stewardship and climate change. This policy sets out the Trustee's beliefs on ESG and climate change and the processes followed by the Trustee in relation to voting rights and stewardship. This Statement sets out how, and the extent to which, the Engagement Policy has been followed during the year to 31 July 2025 with respect to the SIP.

The Trustee considers that long-term sustainability issues, including climate change, present risks and opportunities that increasingly require explicit consideration.

Statement on ESG, Stewardship and Climate Change	Comments
Ongoing Monitoring	
The Trustee regularly monitors and challenges how the investment managers integrate ESG issues within their investment processes and uses the ESG ratings of its Investment Consultant as part of overall investment manager monitoring and review.	The Investment Sub-Committee (ISC), a sub-set of the Trustee, previously received quarterly ESG ratings from its Investment Consultant on each investment manager. If a manager was not highly rated from an ESG perspective the ISC challenged managers to encourage continued progress.
Monitoring of the existing investment managers is undertaken on a regular basis and this makes use of the Investment Consultant's ESG assessment framework.	Following an update to how, Mercer Manager Research assess the materiality and relevance of ESG to the particular asset classes and where relevant, the extent to which financially material environmental, social, and corporate governance (ESG) factors are integrated into the investment manager's investment process and decision-making across asset classes. ESG factors are incorporated into the investment due diligence process on the basis that these issues can potentially impact revenue, operating costs, competitive advantage, and the cost of capital. The Trustee's investment consultant assigns ESG 'relevance' and 'ESG integration' indicators to the strategies of investment managers, reflecting the relevance of ESG to the individual strategy, and where relevant, how ESG risks and considerations are incorporated into the investment process. The Trustee considers the mandates in place over the year to have been generally above average in terms of ESG integration in the investment process. The Trustee notes that in fixed income assets, due to the nature of the asset class, it is harder to engage with the issuer of debt and therefore a higher ESG relevance rating is more difficult to achieve. In addition to information on ESG provided to the ISC by its investment consultant, the ISC challenges the appointed investment managers on the integration of ESG issues as part of the annual manager review days. Following the 2025 review day in February, the ISC placed one of its managers under closer review due to a perceived lack of progress in the integration of climate change considerations. This resulted in the investment consultant engaging with the investment manager to express the ISC's concerns. Post year end, the investment manager adopted a climate alignment conviction

	framework, which will help the ISC understand how the investment manager's Fund evolves over time.
Voting and Engagement	
The Trustee monitors voting activity to verify that the managers are actively voting in investee companies and engaging with management to encourage strong corporate governance and responsible business behaviour.	As the Scheme invested solely in pooled funds over the Scheme year, the Trustee required its investment managers to engage with investee companies on its behalf. Investment managers provide reporting on a regular basis, at least annually, including stewardship monitoring results. These are reviewed by the Trustee (see voting activity below). The voting activity section provides information to show how actively the appointed equity manager exercised its voting rights over the Scheme year and in particular how it exercised voting rights in relation to the Trustee definition of a 'significant vote'. The Trustee is comfortable with the way the appointed equity manager voted and engaged with investee companies during this Scheme year.
UK Stewardship	
Managers who are FCA registered are expected to report on their adherence to the UK Stewardship Code on an annual basis.	All of the Scheme's investment managers confirmed that they are signatories of the current UK Stewardship Code. See below a link to the Financial Reporting Council's website where all signatories to the code can be found. Mangers' submissions can also be viewed on this site. Financial Reporting Council's Website.
Manager arrangement policies Section 12 of the SIP details the Trustee's policies as regards the arrangements with the Scheme's investment managers:	1. Investment managers are appointed based on their capabilities and, therefore, their perceived likelihood of achieving the expected return and risk characteristics required for the asset class they are selected to manage.

1. How the arrangements with the investment managers incentivise the managers to align their investment strategy and decisions with the Trustee's policies.	As part of this, to maintain alignment of the investment manager's investment strategy and decisions with the Trustee's own policies, the ISC undertakes due diligence ahead of investing, and on an ongoing basis to ensure it is aware of the: - underlying assets held and how they will allocate between them; - risks associated with the underlying mix of assets and the steps the investment manager takes to mitigate them; - expected return targeted by the investment managers and details around realisation of the investment; and - impact of financial and non-financial factors, including but not limited to ESG factors and climate change, on the investments over the long term.
2. How the arrangements incentivise the manager to make decisions based on assessments of medium to long-term performance of an issuer and to engage with the issuer of debt or equity in order to improve their performance in the medium to long-term.	2. The ISC meets with each investment manager as deemed appropriate, to discuss performance and other investment related matters (including integration of ESG and climate change considerations into the investment process and voting and engagement activities). As part of this, the ISC will challenge decisions that appear out of line with the Scheme's stated objectives and/or policies. The ISC monitors the extent to which its pooled investment managers: - make decisions based on assessments about medium to long-term performance of an issuer of debt or equity; and - engage with issuers of debt or equity in order to improve their performance in the medium to long-term.
3. How the method (and time horizon) of the evaluation of the manager's performance and the remuneration for asset management are in line with the policy of the Trustee.	3. The ISC receives reports on investment manager performance on a quarterly basis, which present performance information over a range of time periods. The ISC reviews absolute performance, relative performance against a suitable index used as a benchmark, where relevant, and performance against the manager's stated target (over various time periods), on a net of fees basis. The ISC's focus

	is primarily on long-term performance but short-term performance is also reviewed. The investment managers levy fees based on a percentage of the value of the assets under management. In addition, some of the investment managers also levy a performance related fee element.
4. How the Trustee monitors portfolio turnover costs and how they define and monitor it.	4. Over the year to 31 July 2025 portfolio turnover and associated costs were monitored amongst investment managers. Turnover is the rate of buying and selling securities in the portfolio. A fund or portfolio that changes securities in the portfolio frequently is said to have a high turnover. As a result, turnover and associated costs for private market managers were immaterial due to the nature of the funds, with the majority of managers encountering no turnover (or costs) in their funds. The ISC monitors investment manager performance net of all fees, including transaction costs. These costs are implicitly monitored as part of the ongoing performance monitoring of investment managers against their stated benchmarks. The most significant turnover within the Scheme was with respect to the Impax Global Equity mandate that produced a c. 54.5% turnover over the year to 31 July 2025 with associated turnover costs of c. 0.17%. A level of turnover is to be expected within this fund due to the nature and objective of the strategy. There were also turnover costs in relation to the M&G Sustainable Total Return Credit Fund of c. 0.11%.
5. Duration of arrangement with Managers	5. As the Trustee is a long-term investor, it appoints investment managers with an expectation of a long-term partnership. The focus of performance assessments is on longer-term outcomes so the Trustee would not ordinarily expect to terminate a manager's appointment based purely on short-term performance. The legal terms vary from manager to manager.

	Where the Scheme invests with a manager, the Trustee expects to retain the manager unless: – There is a strategic change to the overall strategy that no longer requires exposure to that asset class or manager; – The manager appointed has been reviewed and the Trustee has decided to terminate the mandate. For investment in a closed-ended vehicle with an investment manager, the Scheme is invested for the lifetime of the strategy (which is disclosed to the Trustee at point of investment).

Engagement Activity

The Trustee has delegated engagement with equity and debt issuers to the Scheme's appointed investment managers, through owning units in pooled funds.

The ISC monitors engagement carried out on the Trustee's behalf during meetings with the Scheme's investment managers. During the year, the ISC met with M&G, LGIM, Impax, RLAM & Aviva. Examples of engagements that the ISC considered to be significant are provided below.

<u>**Impax**</u>

Collaborative engagements and joint representations with other institutions and investors are an important part of Impax's stewardship work. The manager initiates collaborative engagements where the engagement and outreach may particularly benefit from a larger group of shareholder involvement or in cases where an issue is being escalated. Collaborative engagements are conducted across a number of issues and specific sectors and companies. Impax will not participate in collaborative engagements that could be interpreted as investors acting in concert. Examples of Impax's collaborative engagement activity include;

Physical Climate Risk – Over a number of years, Impax, together with a New York-based public plan and other investors, has engaged with companies regarding their exposure to and preparedness for extreme climate events. Following the initial outreach to the S&P 500 in 2020 and smaller, focused engagements throughout 2021-2024, Impax have found that companies are now more likely to understand that physical risk can pose material risks to their business, but there remains a significant gap between what investors need to know and what companies are doing in evaluating physical risks. Many companies have adjusted their business continuity plans or conducted their own analyses of their value chain vulnerabilities, but this is very far from conducting the kind of analysis – including scenario analysis – needed to price physical risk.

In 2024, Impax's engagement focused on utility companies and efforts to make their generation and transmission assets more resilient to extreme weather; utilities are often subject to litigation when their transmission lines start wildfires. Impax found that utilities vary widely in the companies' perception of climate physical risk, and preparedness for it. Without exception, the companies best prepared to deal with future climate disasters have already been through at least one, such as a major wildfire incident, and that the lessons learned changed their planning processes.

In 2025, the investor group will focus on reinsurance companies and their efforts to support climate resilience and adaptation.

Nature Action 100 – Impax became a signatory to the Nature Action 100 initiative led by the Institutional Investors Group on Climate Change and Ceres in 2023. The initiative established a set of six investor expectations pertaining to corporate ambitions, assessment, targets, implementation, governance, and engagement with stakeholders. In 2024, Impax participated in collaborative engagements with all five companies allocated to Impax. Impax have seen varying levels of company responsiveness and engagement with the initiative. As a co-lead on the engagement group with Unilever, Impax initiated an initial engagement meeting asking the company to undertake an in-depth assessment of its dependencies and impacts on nature.

Outcome: The company committed to disclosing and discussing the outcomes of this assessment with the group when complete, which was anticipated by end of 2024. Despite a positive first meeting, given multiple leadership changes and turnover at the company over the last 18 months, and resulting changes to their strategy, progress has been limited to date. The group was pleased to see the publication of Unilever's updated Climate Transition Action Plan in April 2024, with a strong focus on regenerative agriculture and forest risk commodities and has scheduled a follow-up meeting in 2025 to discuss progress.

People – Impax has been engaging with Japanese companies regarding gender diversity on Japanese company boards for many years. During 2024, Impax continued to advance gender diversity within the boards and management of investee companies, actively collaborating with firms to foster inclusive leadership structures. Impax are encouraged that following multi-year engagements, several companies have recently taken steps to improve female representation at the board level, including Misumi and Daifuku, where board gender diversity has improved to 22% and 18%, respectively, as of early 2025.

RLAM

RLAM are signatories to a number of investor engagement initiatives including Climate Action 100+ ("CA 100+"), Nature Action 100 (NA100) and the Net Zero Engagement Initiative (NZEI). As an example of engagement, RLAM engaged with Electricite de France SA (EDF), to discuss the company's latest results in the CA100+ benchmark. The company has performed well according to that assessment, with several observed improvements. RLAM's Climate Transition Assessment also recognises the positive steps taken by the company, which is now classified as 'aligned to net zero pathway' and the focus areas communicated with the company include:

- Scope 3 decarbonisation pathway
- Renewable and nuclear energy development plans
- Metrics and KPIs on just transition.

RLAM will continue to engage with EDF, particularly on the Scope 3 decarbonisation which the company have flagged they wish to discuss. Consistent investment in decarbonised activities and clarity on offsets strategy has led to RLAM's view of the company's overall alignment improving to be 'aligned to a net zero pathway'.

Voting Activity

The Trustee has delegated its voting rights to the Scheme's equity investment manager, Impax, through owning units in a pooled fund.

For the purpose of this Statement, the Trustee has requested that Impax report their voting behaviour and the impact this has had on the Scheme over the year to 31 July 2025. The key voting activity on behalf of the Trustee is summarised in the table below.

Voting data to 31 July 2025	Impax
No. resolutions eligible to vote	626
% resolutions voted on where eligible	100.0%
Of resolutions voted, % with management	88.2%
Of resolutions voted, % against management	9.6%
Of resolutions voted, % abstained	1.8%
Of resolutions votes, % withheld	0.0%

Impax uses Glass Lewis as a research tool and its viewpoint as the platform for proxy voting. Impax have used Glass Lewis as its proxy voting service provider since March 2019. Impax's voting policy can be viewed on this site: Impax Asset Management Proxy Voting Policy

Over the year to 31 July 2025, 626 proposal votes were cast across underlying companies in the fund. Impax voted against management 60 times (9.6% of votes) and abstained from voting 11 times (1.8% of votes). Where voting against management, Impax did not communicate their intent to the company ahead of any of the votes.

Significant votes

Following the Department for Work and Pensions' (DWP) consultation response and outcome regarding Implementation Statements on 17 June 2022 *("Reporting on Stewardship and Other Topics through the Statement of Investment Principles and the Implementation Statement: Statutory and Non Statutory Guidance")* updated guidance was issued regarding the definition of a significant vote.

Following consultation with Mercer, the Trustee decided that the following areas, based closely on the UN Sustainable Development Goals ("UN SDGs"), which is one of the areas of focus in the Scheme's Responsible Investment Policy, as fulfilling the criteria of a significant vote:

Environment:

- **Climate Change**: Low carbon transition and physical damages resilience.

- **Pollution and Natural Resource Degradation**: Air, water, land (forests, soils and biodiversity).

Social:

- **Human Rights**: Modern slavery, pay & safety in workforce and supply chains and abuses in conflict zones.

Governance:

- **Diversity, Equity and Inclusion (DEI):** Inclusive & diverse decision making.

Manager / Fund	Significant votes
Impax Global Opportunities Strategy	**Cintas Corporation.** (c.2.8% of holdings) **Shareholder Resolution** - "Shareholder Proposal Regarding Diversity and Inclusion Report" **Date of vote:** 29 October 2024 **Voting:** For **Manager Rationale:** "Noting recent improvements in board level gender diversity in the past year, this remains 0% at top management level, hence increased focus on the effectiveness of the company's DEI efforts is appropriate (including beyond top leadership levels)." **Vote Outcome:** 25% votes FOR **Criteria that this vote meets:** Governance **Next Steps:** Ahead of Cintas' 2025 AGM, Impax have requested further engagement with the company.
Impax Global Opportunities Strategy	**Cintas Corporation.** (c.2.8% of holdings) **Shareholder Resolution** - "Shareholder Proposal Regarding GHG Targets and Alignment with the Paris Agreement" **Date of vote:** 29 October 2024 **Voting:** For **Manager Rationale:** "As last year, company does not have any target-setting for GHG emissions reductions, despite a longer-term commitment to Net Zero emissions by 2050, hence the ask of setting interim GHG targets is appropriate. Note company does also not yet align its disclosures with the TCFD framework." **Vote Outcome:** 25% votes FOR **Criteria that this vote meets:** Environmental **Next Steps:** Ahead of Cintas' 2025 AGM, Impax have requested further engagement with the company.
Impax Global Opportunities Strategy	**Microsoft Corporation.** (c.4.4% of holdings) **Shareholder Resolution** - "Shareholder Proposal Regarding Report on Siting in Countries of Significant Human Rights Concern" **Date of vote:** 10 December 2024 **Voting:** For

	Manager Rationale: "Supportive of additional disclosure concerning the company's human rights due diligence and risk management." **Vote Outcome:** 18% votes FOR **Criteria that this vote meets:** Social **Next Steps:** Outreach sent to company as part of Impax's governance engagement workstream; request for further engagement.
Impax Global Opportunities Strategy	**Keyence Corporation.** (c.2.6% of holdings) **Shareholder Resolution** - "Elect Yu Nakata" **Date of vote:** 13 June 2025 **Voting:** For **Manager Rationale:** "Impax vote against the Chairman when CEO and Chair are held by the same person and a lead independent director has not been appointed. Note also board gender diversity <15% EM guideline), with no Nomination Committee. Vote against Chair of the Board as best equivalent director." **Vote Outcome:** 18% votes FOR **Criteria that this vote meets:** Governance **Next Steps:** Post-proxy season outreach sent; request for further engagement with the company