University of Aberdeen Superannuation & Life Assurance Scheme

Annual Report for the Year ended 31 July 2023

Scheme Registration Number 10052894

Annual Report
For the Year ended 31 July 2023

This Report relates to the operation of the University of Aberdeen Superannuation and Life Assurance Scheme ("the Scheme") during the year ended 31 July 2023.

The Report has been prepared in accordance with Regulations made under Section 41 of the Pensions Act 1995 and consists of the following Parts: -

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For the Year ended 31 July 2023

Part 1: Trustees' Report

a) SCHEME ADVISERS

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

Actuary	Gerry Devenney XPS Pensions Group Scotia House Castle Business Park Stirling FK9 4TZ
Scheme Consultants	XPS Pensions Group Scotia House Castle Business Parks Stirling FK9 4TZ
Administrator	Equiniti Pension Solutions Prudential Scotia House Castle Business Park Stirling FK9 4TZ
Auditor	KPMG LLP One Snowhill Snow Hill Queensway Birmingham B4 6GH
AVC Providers	Prudential Scotia House Castle Business Park Stirling FK9 4UE
Annuity Provider	Prudential Scotia House Castle Business Park Stirling FK9 4UE

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Investment Managers	Legal & General Investment Management One Coleman Street London EC2R 5AA Ninety One 55 Gresham Street London EC2V 7EL
Life Assurer	Canada Life 3 Rivergate Temple Quay Bristol BS1 6ER
Lawyer	Pinsent Masons 131 Bothwell Street Glasgow G2 7EQ
Banker	Bank of Scotland plc 39 Albyn Place Aberdeen AB10 1YN
Contact for further information & enquiries about the scheme	Pensions Office Finance Section King's College Aberdeen AB24 3FX e-mail: pensions@abdn.ac.uk

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b) REVIEW OF THE MANAGEMENT AND DEVELOPMENT OF THE SCHEME

1.1. Introduction

This report relates to the operation of the Scheme during the year ended 31 July 2023. Membership of the Scheme is open to all eligible employees of the University who are over age 18. The Scheme provides benefits on a member's retirement or death based on the member's earnings at that time, in accordance with the Scheme rules. This report is addressed primarily to the Scheme's members, but any eligible employees who are interested in joining the Scheme should contact the Pensions Office at the address given on page 4.

1.2. Management of the Scheme

During the year under review and subsequently the Trustees of the Scheme have been as follows:

Ms Jacquelynn Craw	Independent Chairwoman
Mr Mark Whittington	University Court nominated
Mrs Diane Massie	Member-nominated
Mr Owen Cox	Member-nominated
Professor Alex Kemp	University Court nominated
Professor Peter Edwards	University Court nominated

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

The Trustee body includes two membership representative Trustees elected by the active members of the Scheme. The arrangements for appointing membership representatives comply with the Member Nominated Trustee requirements of the Pensions Act 2004.

Trustees are invited to attend Trustee meetings at which a minimum of two must be present for valid decisions to be taken. Decisions require the majority support of those Trustees present. Trustees' meetings are normally held every three months but can be called more frequently where necessary. During the year the Trustees met four times.

1.3. Sponsoring Employer

The Scheme is provided for support staff of the University of Aberdeen. The University provides administrative support to the Scheme. The principal employer is the University of Aberdeen, and the participating employers are the Rocking Horse Nursery and A.U.S.A.

1.4. Scheme Booklet

The Scheme Guide and factsheets are available on the Pensions website
www.abdn.ac.uk/staffnet/working-here

1.5. Contributions Receivable

During the year to 31 July 2023, employer contributions were payable at a rate of 13.4%, in respect of future service and £725,000 per annum in respect of the shortfall in funding. Employee contributions were paid at a rate of 8.0%.

Employees have the option of entering a Salary Sacrifice arrangement, whereby their pensionable salary is unchanged, but their gross salary is reduced by the employee contribution of 8.0%. Consequently, the employer, on behalf of the employee, paid contributions of 8.0% of the pensionable salary, in addition to the contributions of 13.4% already being paid.

1.6. Review of the Financial Development of the Scheme

The financial statements have been prepared and audited in accordance with regulations made under Section 41 (1) and (6) of the Pensions Act 1995. These show that the Scheme's assets decreased in value from £147.5 million to £114.8 million over the Scheme year.

1.7. Actuary's Report

The Report on Actuarial Liabilities which forms part of the Trustees Annual Report is included on page 48. The Trustees are bound by law to instruct the Scheme Actuary to carry out a financial health check of the Scheme. Every three years a formal actuarial valuation is conducted which involves a series of assumptions relating to inflation, investment returns, salaries, interest rates and longevity. The calculations are used to establish the anticipated cost of providing the benefits paid by the Scheme over the long term.

The Scheme's financial security

The last full actuarial valuation was performed by Gerry Devenney of XPS Pensions Group as at 31 July 2022. This showed that, based on the assumptions set out in the Trustees' Statement of Funding Principles:

The value of the technical provisions was:	£157.0 million
The Scheme's assets were valued at:	£147.4 million
This means that there was a shortfall of:	£9.6 million
The funding level was:	94%

The position of the Scheme was reviewed at 31 July 2023 when the shortfall had increased to £10.4million. The next full actuarial valuation is due at 31 July 2025.

A Report on Actuarial Liabilities is included in part 7 of this report.

Contributions to the Scheme

To eliminate the funding shortfall at 31 July 2019 the Trustees and the University agreed on a Recovery Plan, where the employer contributed £725,000 per annum until 31 January 2029, payable in equal monthly amounts.

The employer's rate was increased to 13.4% from 29 October 2020 under the Schedule of Contributions certified by the actuary on 29 October 2020.

A new Schedule of Contributions was prepared after the 2022 valuation. The employer's rate was increased to 14.1% and the deficit funding plan was extended to 31 July 2033.

If the Scheme were wound-up

At 31 July 2022 the Scheme's assets could not have paid for the full benefits of all members to be provided by an insurance company if the Scheme had wound-up at that date (without additional contributions from the University of Aberdeen). This is common for most UK pension schemes. At that date, the Scheme's assets were estimated to be around 71% of the cost of the associated premium – the University would have been liable for the balance.

The Trustees are required by law to consider what the funding position would have been had the Scheme wound-up at the valuation date. However, neither the Trustees nor the University are thinking of winding-up the Scheme.

1.8. Scheme Membership

Active Members

At 31 July 2022		674
Add:	New entrants	150
Less:	Leavers to deferred	(53)
	Retirements	(17)
	Active to Waiting to Transfer	(9)
	Opt Out	(28)
	Refunds	(35)
	Transfers out	(3)
	Deaths	0
	At 31 July 2023	**679**

Active to Waiting to Transfer are members who have withdrawn but have not yet decided to transfer out or receive a refund of contributions.

Pensioners

At 31 July 2022		895
Add:	Active retirements	11
	Deferred retirements	24
	Dependents pensions becoming payable	12
Less:	Deaths	(32)
	At 31 July 2023	**910**

Deferred Members

At 31 July 2022		716
Add:	Leavers with deferred pensions	53
Less:	Pensions becoming payable	(24)
	Transfers out	(2)
	Deaths	(2)
	At 31 July 2023	**741**

Of the above pensioners there are 72 (2022: 70) whose benefits are partially secured by insurance policies held in the name of the Trustees. The majority of these were set up before 1 August 1984, when the Scheme switched from an insured to a managed fund, while the remainder relate to additional contributions paid by some members under a money-purchase arrangement.

1.9. Ill Health Early Retirement

During the year no ill-health early retirements came into payment. There were none in the previous year.

1.10. Disputes

There were no disputes during the year.

1.11. Transfer Payments

All cash equivalents (transfer values) paid during the year have been calculated and verified in the manner required by the regulations under section 97 of the Pension Schemes Act 1993. None of the cash equivalents paid were less than the amount required by Regulations. No allowance is made for discretionary pension increases.

1.12. Changes to the Scheme

Following the 2016 Valuation the University granted security to the Scheme over certain University properties, to the value of £9.1 million, and in May 2019 this was replaced by a Pension Bond. In October 2020 the value of the Bond was increased to £9.6 million.

1.13. 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 Trustees of the Scheme are aware that the issue will affect the Scheme and will be considering this at a future meeting and decisions will be made as to the next steps.

Furthermore, in November 2020, the High Court handed down a second judgement involving the Lloyds Banking Group’s defined pension benefit pension schemes. This latest judgement confirms the Defined Benefit (DB) schemes which provide GMPs need to revisit and where necessary top up historic Cash Equivalent Transfer Values that were calculated based on unequalised benefits. Again, the issues determined by the judgement arise in relation to many other defined benefit pension schemes. The Trustees will consider next steps as the Scheme has experienced significant historical transfers out which will be subject to adjustment as a result of this second ruling. Any adjustments necessary will be recognised in the financial statements for the year in which they are calculated. It is not possible to estimate the value of any such adjustments at this time.

There is still uncertainty surrounding the calculations but based on an initial assessment of the likely backdated amounts and related interest the Trustees do not expect these to be material to the financial statements and therefore have not included a liability in respect of these matters in the financial statements. They will be accounted for in the year in which they are determined.
The Trustees have made provision for the additional liabilities that will flow from GMP equalisation within their long term funding policy.

1.14. Geopolitical Environment

The year to 31 July 2023 saw inflationary pressures and interest rate rises as the key points of note for pension scheme investments.

The "mini budget" of September-October 2022 led to a sharp sell-off of gilts by investors which caused some serious disruption to gilt markets as yields increased. This sharp increase in gilt yields impacted UK defined benefit schemes. The value placed on the matching assets fell, leading to these funds calling for capital from growth assets. Interest rates continued to dominate the narrative, with the 14th consecutive interest rate rise bringing the Bank of England base rate to 5% in June 2023.

The year could be summarised as strong for growth markets whilst weaker for matching markets. As at 31 July 2023, Global Equities, UK Equities, and Emerging Market Equities all saw positive performance over the year. UK corporate bonds saw negative returns over the year, with high yield bonds showing a small positive return. Both nominal and index linked saw negative returns over the year, which should be broadly matched by a fall in the liabilities these assets match.

The Trustees continue to monitor these markets and are liaising with their advisers and Principal Employer to limit this impact.

c) INVESTMENT REPORT

The Trustees have prepared a Statement of Investment Principles (SIP) which sets out their policies on investment and their strategy for achieving them, a copy of which is available on the UASLAS pensions page of the University of Aberdeen website under the heading 'other documents'.
UASLAS SIP October 2021.pdf (abdn.ac.uk)

The SIP was updated and formally approved in October 2021. The 2021 SIP does not include the Managed Property Fund/Sterling Liquidity Fund as they are no longer included in the Scheme's updated investment strategy. The latest SIP updated October 2021 was updated to reflect the new investment strategy.

Investment Report for the year ended 31 July 2023

The assets of the Scheme are invested in an insurance policy with Legal & General Assurance (Pensions Management) Limited, part of the Legal & General Group, which is one of the largest financial institutions in the United Kingdom and Ninety One Ltd a global asset manager with specialist investment teams.

The policy is designed for corporate and public sector Pension Schemes and takes full advantage of the tax exemptions available to an insurance policy of this type. It is a unitised policy and the value of the units fluctuates directly in relation to the value of the underlying assets. All units are redeemable at bid prices that are calculated from independent, external pricing sources. The assets underlying the units are held by independent corporate custodians which are regularly reviewed by external auditors.

Legal & General's investment brief is to apply cash flows in accordance with instructions received from the Trustees or their authorised Administrators.

Investment Target

The benchmark allocations of the Scheme's assets is to be maintained in the following proportions: 45.0% diversified growth funds (split into 22.5% Dynamic Diversified fund and 22.5% Diversified fund), 30% in liability matching assets (comprised of Matching Core funds and unleveraged gilt funds), 12.5% in secure income and 12.5% in multi-sector credit.

Valuation and Distribution of Assets

The valuation and underlying distribution of assets in the investment portfolio (excluding insurance policies and AVCs) at 31 July were as follows:

	2023 %	Benchmark %	2022 %	Benchmark %
Matching Core Funds	25.0	30	24.0	30
Index Linked	2.1		2.5	
Gilt Funds	1.9		2.3	
Total Return Credit Fund	13.4	12.5	11.5	12.5
Diversified Fund	21.5	22.5	24.1	22.5
Dynamic Diversified Fund	20.6	22.5	23.2	22.5
Secure Income Fund	15.4	12.5	12.3	12.5
TOTAL	**100.0**	**100.0**	**100.0**	**100.0**

	2023	2022
Pooled investment vehicles	£112,989,689	£146,997,638
Insurance Policies- Annuities	£504,205	£569,731
AVCs	£28,703	£69,308
Investment value per financial statements	**£113,522,597**	**£147,636,677**

Investment Returns

The time-weighted investment returns on the Scheme's assets were as follows:

TIME-WEIGHTED RETURNS TO 31 JULY 2023

	Last 12 Months		3 Years		5 Years	
Investment Sector Fund	**Fund %**	**Index %**	**Fund % pa**	**Index % pa**	**Fund % pa**	**Index % pa**
2042 Index-Linked Gilt	(25.39)	(25.32)				
2047 Index-Linked Gilt	(29.98)	(29.97)				
2050 Index-Linked Gilt	(32.47)	(32.42)				
2058 Index-Linked Gilt Fund	(40.06)	(39.86)				
2060 Gilt Fund	(31.2)	(31.21)				
2071 Gilt Fund	(39.15)	(38.95)				
Diversified Fund	(0.45)	9.98	3.76	12.53	3.68	9.39
Dynamic Diversified Fund	1.16	8.01	3.18	5.85	3.31	5.56
Matching Core Fix Long Ser 1	(91.79)	(90.84)	(72.90)	(72.03)		
Matching Core Fix Short Ser 1	(79.74)	(79.47)	(58.61)	(58.55)		
Matching Core Real Long Ser 1	(89.88)	(88.3)	(66.18)	(64.62)		
Matching Core Real Short Ser 1	(74.36)	(74.16)	(42.74)	(42.56)		
Secure Income Assets Fund	0.52	(10.33)				
Ninety One Fund - I Acc. GBP	6.04	7.13	0.87	5.18		
Total Assets	**(20.30)**					

Where no data is listed in the above table, the fund investments have not yet been in place for the stated 3 or 5 year period.

Market highlights 12 months to 31 July 2023

Economic overview

Over the past 12 months, inflationary pressures and tighter monetary policy continued to dominate the thoughts of market participants. Meanwhile, fears of an economic slowdown remain at the forefront of the minds of investors.

In the US, the Federal Reserve (Fed) has continued with its monetary tightening. However, having raised interest rates from near zero to between 5% and 5.25% in just over a year, the Fed paused its hiking in June. However, it got back to its rate-hiking work in July, lifting rates by a further 0.25% to between 5.25% and 5.5%, their highest level in 22 years. Annualised US inflation has fallen steadily over the past 12 months but ticked marginally upwards towards the end of the reporting period; it sat at 3.2% in July 2023.

Having blinked first among developed market policymakers at the end of 2021, the Bank of England (BoE) continued to raise rates during the 12 months, hitting a heady 5.25% very shortly after the end of the reporting period – its 14th consecutive hike and taking rates to their highest level since 2008. Meanwhile, inflation has remained stubbornly high but towards the end of the period there were signs of easing price pressures; UK annualised inflation fell by more than expected to 7.9% in June 2023, down from 8.7% in May 2023.

In September 2022, the first (and last) ‘mini budget’ of UK Chancellor Kwasi Kwarteng’s tenure prompted gilt yields to rise and sterling to fall to its lowest level versus the US dollar in almost 40 years. Kwarteng’s tenure proved to be short-lived, while Prime Minister Liz Truss resigned after just 50 days in office. Rishi Sunak was chosen by Conservative MPs to replace her, making him the UK’s third premier in just two months. The prospect of more fiscally responsible governance saw gilt yields retreat significantly from their September highs. However, with inflation still stubbornly high and seemingly no end in sight for the BoE’s rate-hiking cycle, yields rose to hit those same heady heights late on in the period.

In Europe, the European Central Bank (ECB) continued to raise rates over the period; having made 50 basis-point hikes in December, February and March, it then raised rates by 25 basis points in May, June and July to take rates to 4.25%, matching the ECB’s 2001 all-time high. However, slowing inflation in Germany and France, coupled with the region at large, has fed hopes that rate rises will soon be at an end. These hopes were encouraged by comments from ECB President Christine Lagarde, who said that the bank has ‘an open mind as to what the decisions will be in September and subsequent meetings”.

The days of widespread central-bank asset purchasing look numbered, with the Bank of Japan seemingly the last bastion of such a policy, and even *it* intervened midway through the period to allow the 10-year government bond greater yield move freedom. It then tweaked its yield curve control once again in July 2023. The policy, in place since 2016, limited the movement of the 10-year bond yield to 0.5%; its easing to a 1% band is expected to herald the very gradual unwinding of a long period of ultra-loose monetary policy. Japanese inflation rose to 3.3% in June 2023, the first time it has outpaced US inflation since late 2015.

Elsewhere, Silicon Valley Bank* was a notable US casualty of the banking woes that reared their heads in late February, although contagion risk seemed to be well contained. Meanwhile, Swiss regulators helped usher through a speedy takeover of the beleaguered Credit Suisse*, with its rival UBS* stepping in to rescue the challenged business in a cut-price all-share deal.

Meanwhile, the effects of Russia's invasion of Ukraine in February 2022 continued to be seen well into the period, with lingering fears of a global geopolitical crisis while the ramifications for the energy sector, and energy consumers, continued to be felt keenly.

Equities

Global equity indices rose strongly in US dollar terms over the past year, despite ongoing inflationary worries, increasingly tighter developed market monetary policy and recessionary fears.

Against this backdrop, UK equities posted a positive return in sterling terms, albeit significantly underperforming the global average. There were strong showings from technology, industrials and consumer discretionary, but these performances were largely offset by a woeful 12 months for telecoms and real estate.

US equity markets delivered a strong return for the 12 months, outperforming the global average, in US dollar terms. Over the past year, the knock-out performance of technology (boosted late on by excitement over the potential of artificial intelligence), along with solid showings for communication services and energy, more than offset weaker showings elsewhere. Real estate and utilities were the only areas of the market to lose ground over the period.

European equities made strong gains over the 12 months and outperformed the global average in euro terms, bouncing back having endured significant volatility during much of the period. The impact of Russia's invasion of Ukraine was damaging for the asset class during the first half of the period. At the sector level, banks, travel and leisure and general industrials were the standout performers, while very good performances were also seen from technology, financials and automobiles and parts. On the negative front, real estate endured a notably torrid period and brought up the rear, while telecoms also ended the 12 months in the red.

Asia Pacific equity markets rose over the past 12 months in US dollar terms but underperformed global equities. China's commitment to a 'zero COVID' policy weighed heavy on its equity market for the first half of the reporting period, while the country also grappled with a struggling property sector and general economic growth concerns. However, Chinese equities rallied briefly after Beijing announced an easing of its pandemic restrictions at the turn of the year, seen as indication of an end to its 'zero-COVID' approach, along with a raft of support measures for its struggling property sector. Still, Chinese equities lost ground over the period, lagging late on over worries its post-pandemic recovery might not be sustained. India enjoyed a better 12 months, ending it firmly in positive territory.

Emerging markets endured a tough 12 months but made small gains in US dollar terms. The headline decline in emerging market equities over the year masks significant variation between the index's various constituent countries. As mentioned above, China saw heavy selling amid fears of an economic slowdown and regulatory worries, India ended in the black, while Brazil also made solid gains over the 12 months.

Bonds

Yields on developed market government bonds rose strongly (prices fell) over the period. Yields rose steadily through the period as inflationary pressures and monetary tightening action dominated proceedings. The yield on the 10-year US Treasury and German Bund rose significantly over the 12 months as a whole, although their rise was overshadowed by the relative yield moves of the UK 10-year Gilt and Japanese government bond.

The effects of the UK government's 'mini-budget' on UK Gilt yields was particularly stark in the first half of the period; in September 2022 alone, the yield on the 10-year Gilt rose by an eye-watering 120 basis points, although it subsequently fell back significantly. Late on in the period, with inflation remaining stubbornly high and no end in sight for the BoE's rate-hiking cycle, yields rose once again to touch those September highs.

Meanwhile, the yield on the 10-year Japanese government bond rose notably midway through the period on an announcement from the Bank of Japan that it was tweaking its yield curve control measures, allowing yields to move by as much as 0.5%, up from 0.25%. It jumped once more very late on as the BoJ eased the controls to a 1% band.

Investment-grade bond spreads in the US, UK and Europe effectively tracked underlying government bond yields for much of the review period, while the moves seen in UK and European investment-grade bond yields later in the period tended to be more pronounced than their US counterpart. Over the 12 months as a whole, though, spreads narrowed across the board. High yield bonds similarly narrowed over the year as a whole.

Property

The UK commercial property market muddled through over the period, against a challenging backdrop of volatile finance costs. Meanwhile, the past year has seen a continued gradual uptrend in office occupancy, currently fluctuating around 30% to 35%, while investment volumes weakened towards the end of the period. Elsewhere, retail sales volumes also softened towards the end of 2022. Finally, the UK residential property market continued to weaken as interest rates sustained their ascent; indeed, the Nationwide House Price Index fell by 3.8% in the year to July 2023.

Incentives to align investment managers' investment strategy and decisions with the trustees' policies

Based on the structure set out in the Appendix, the Trustees consider the arrangements with the Investment Managers to be aligned with the Scheme's overall strategic objectives. Details of each specific mandate are set out in the pooled fund documentation with each Investment Manager.
The amounts allocated to any individual category or security will be influenced by the overall benchmark and objectives, varied through the Investment Managers' tactical asset allocation preferences at any time, within any scope given to them through any asset allocation parameters or guidelines set by the Trustees or governing the pooled funds in which the Scheme is invested.
The Trustees will ensure that the Scheme's assets are predominantly invested in regulated markets to maximise their security.

Investment Managers are incentivised to perform in line with expectations for their specific mandate as their continued involvement as Investment Managers as part of the Scheme's investment strategy – and hence the fees they receive – are dependent upon them doing so. They are therefore subject to performance monitoring and reviews based on a number of factors linked to the Trustees' expectations.

Incentives for the investment manager to make decisions based on assessments about medium to long-term financial and nonfinancial performance of an issuer of debt or equity and to engage with issuers of debt or equity in order to improve their performance in the medium to long-term

The Trustees encourage Investment Managers to make decisions in the long-term interests of the Scheme. The Trustees expect engagement with management of the underlying issuers of debt or equity and the exercising of voting rights in line with the investment mandate guidelines provided. This expectation is based on the belief that such engagement can be expected to help Investment Managers to mitigate risk and improve long term returns.

As covered in more detail in this document, the Trustees also require the Investment Managers to take ESG factors and climate change risks into consideration within their decision-making as the Trustees believe these factors could have a material financial impact in the long-term. The Trustees therefore make decisions about the retention of Investment Managers, accordingly.

How the method (and time horizon) of the evaluation of the asset manager's performance and the remuneration for asset management services are in line with the trustees' policies

The Trustees will receive, and consider, regular performance monitoring reports from the Investment Adviser which review performance over the quarter, one and three year periods.
This monitoring helps to determine an Investment Manager's ongoing role in implementing the investment strategy. If there are concerns, the Trustees may carry out a more in depth review of a particular Investment Manager. Investment Managers will also attend Trustees meetings as requested.

The Investment Adviser has also carried out a review of how well the Trustees' guidelines in relation to ESG factors are incorporated into each Investment Manager's processes and the Trustees will re-assess progress on ESG issues periodically.

The duration of the arrangement with the asset manager:

Appointments of Investment Managers are expected to be long-term, but the Trustees will review the appointment of the Investment Managers in accordance with their responsibilities.

Basis of Investment Manager's Fees

The fees for Ninety One are charged on a quarterly basis on the average value of the fund during the quarter, on the following basis: -

Rebate Rate	Current Management Fee	Effective Management Fee
0.30%	0.65%	0.35%

The fees for Legal & General Investment Management are charged on a quarterly basis on the average value of the funds during the quarter, on the following basis: -

UK Equities
0.10% per annum on the first £10 million
0.075% per annum on the next £10 million
World (ex UK) Equities
0.22% per annum on the first £5 million
0.19% per annum on the next £10 million
0.16% per annum on the next £35 million
World (ex UK) Equities – GBP Hedged
0.243% per annum on the first £5 million
0.213% per annum on the next £10 million
0.183% per annum on the next £35 million
Gilts
0.10% per annum on the first £5 million
0.075% per annum on the next £5 million
Property
0.70% per annum on the first £2.5 million
0.65% per annum on the next £2.5 million
0.60% per annum thereafter
Diversified Fund
0.30% per annum on the first £25 million.
0.25% per annum thereafter
Dynamic Diversified Fund
0.38% per annum on the investment.

Matching Core Fix Short Ser 1
0.24% per annum on 66% of value
0.17% per annum on 34% of value
Matching Core Fix Long Ser 1
0.24% per annum on 66% of value
0.17% per annum on 34% of value
Matching Core Real Short Ser 1
0.24% per annum on 66% of value
0.17% per annum on 34% of value
Matching Core Real Long Ser 1
0.24% per annum on 66% of value
0.17% per annum on 34% of value
Sterling Liquidity Fund
0.125% per annum on the first £5,000,000
0.100% per annum on the next £5,000.000
0.075% per annum thereafter

d) IMPLEMENTATION STATEMENT FOR THE YEAR ENDED 31 JULY 2023

Purpose

This Implementation Statement provides information on how, and the extent to which, the Trustees of the University of Aberdeen Superannuation and Life Assurance Scheme ("the Scheme") have followed their policies in relation to the exercising of rights (including voting rights), attached to the Scheme's investments (excluding AVCs), and engagement activities have been followed during the year ended 31 July 2023 ("the reporting year"). In addition, the statement provides a summary of the voting behaviour and most significant votes cast during the reporting year.
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Background

The Trustees' policies in relation to ESG and voting issues are documented in their Statement of Investment Principles ("SIP), dated October 2021. Further to this, the Trustees took part in an ESG Investment Beliefs survey in September 2021 where they collated the views of the Trustee Board on ESG matters.

The latest review of the Statement of Investment Principles

During the reporting year, there were no reviews or amendments to the Scheme's SIP. The latest review of the Scheme's SIP was in October 2021.

Investment-related activity during the reporting year

Over the year, the Trustees considered their approach to ESG issues and developed a bespoke framework to evaluate investment allocations. This framework takes into account the views of the Trustee Board, the University of Aberdeen's Sustainable Investment Policy, and XPS Investment's views on best practice in sustainable investment.

Manager selection exercises

One of the main ways in which the policies in relation to ESG are expressed is via manager selection exercises; the Trustees seek advice from XPS on the extent to which their views on ESG and climate change risks may be taken into account in any future investment manager selection exercises.

During the reporting year, the Trustees used the bespoke evaluation framework discussed above to evaluate potential allocations to a sustainable multi-asset fund. At the time of writing, the Trustees are still considering how to proceed with this allocation.

Ongoing governance

The Trustees, with the assistance of XPS, monitor the processes and operational behaviour of the investment managers from time to time, to ensure they remain appropriate and in line with the Trustees' requirements as set out in the SIP.

Beyond the governance work currently undertaken, the Trustees believe that their approach to, and policy on, ESG matters will evolve over time based on factors including developments within the industry. In particular, they will monitor the results of those votes deemed by the managers to be most significant in order to determine whether specific priorities should be introduced and communicated to the manager.

Adherence to the Statement of Investment Principles

During the reporting year the Trustees are satisfied that they followed their policy on the exercise of rights within the Statement of Investment Principles (including on the exercise of voting rights) to an acceptable degree.

Voting activity

As the Scheme invests in pooled funds, the Trustees acknowledge that they cannot directly influence the policies and practices of the companies in which the pooled funds invest. They have therefore delegated responsibility for the exercise of rights (including voting rights and hence the criterion of what is determined a "significant vote") attached to the Scheme's investments to the Investment Managers. The Trustees have confirmed this approach to be appropriate for the Scheme's investments. The information below is the Investment Managers engagement activity in relation to voting.

The main asset class where the investment managers will have voting rights is equities. The Scheme has equity exposure as part of the strategies for the LGIM Diversified and Dynamic Diversified funds. Therefore, a summary of the voting behaviour and most significant votes cast by each of the relevant investment manager organisations is shown below.

This voting information has been provided by the investment manager. The Trustees have selected significant votes on the basis they are linked to key ESG issues including, but not limited to: climate change; other climate issues such as natural capital; executive remuneration; governance; independence; modern slavery or other factors such as the size of the holding.

Where the manager has provided a selection of significant votes, the Trustee has reviewed the rationale for significant votes provided by the managers and is comfortable with the rationale provided, and that this is consistent with their policy. The Trustees, with the help of their Investment Consultant, have considered the information the Investment Managers have been able to provide on significant voting, and have deemed the below information as most relevant.

Legal and General Investment Management (sourced from the investment manager)

Voting Information
LGIM Dynamic Diversified Fund
The manager voted on 99.81% of resolutions of which they were eligible out of 96,858 eligible votes.
Investment Manager Client Consultation Policy on Voting
LGIM's voting and engagement activities are driven by ESG professionals and their assessment of the requirements in these areas seeks to achieve the best outcome for all our clients. Our voting policies are reviewed annually and take into account feedback from our clients. Every year, LGIM holds a stakeholder roundtable event where clients and other stakeholders (civil society, academia, the private sector and fellow investors) are invited to express their views directly to the members of the Investment Stewardship team. The views expressed by attendees during this event form a key consideration as we continue to develop our voting and engagement policies and define strategic priorities in the years ahead. We also take into account client feedback received at regular meetings and/ or ad-hoc comments or enquiries.
Investment Manager Process to determine how to Vote
All decisions are made by LGIM's Investment Stewardship team and in accordance with our relevant Corporate Governance & Responsible Investment and Conflicts of Interest policy documents which are reviewed annually. Each member of the team is allocated a specific sector globally so that the voting is undertaken by the same individuals who engage with the relevant company. This ensures our stewardship approach flows smoothly throughout the engagement and voting process and that engagement is fully integrated into the vote decision process, therefore sending consistent messaging to companies.
How does this manager determine what constitutes a 'Significant' Vote?
As regulation on vote reporting has recently evolved with the introduction of the concept of 'significant vote' by the EU Shareholder Rights Directive II, LGIM wants to ensure we continue to help our clients in fulfilling their reporting obligations. We also believe public transparency of our vote activity is critical for our clients and interested parties to hold us to account. For many years, LGIM has regularly produced case studies and/ or summaries of LGIM's vote positions to clients for what we deemed were 'material votes'. We are evolving our approach in line with the new regulation and are committed to provide our clients access to 'significant vote' information. In determining significant votes, LGIM's Investment Stewardship team takes into account the criteria provided by the Pensions & Lifetime Savings Association (PLSA) guidance. This includes but is not limited to:

• High profile vote which has such a degree of controversy that there is high client and/ or public scrutiny; • Significant client interest for a vote: directly communicated by clients to the Investment Stewardship team at LGIM's annual Stakeholder roundtable event, or where we note a significant increase in requests from clients on a particular vote; • Sanction vote as a result of a direct or collaborative engagement; • Vote linked to an LGIM engagement campaign, in line with LGIM Investment Stewardship's 5-year ESG priority engagement themes. We provide information on significant votes in the format of detailed case studies in our quarterly ESG impact report and annual active ownership publications. The vote information is updated on a daily basis and with a lag of one day after a shareholder meeting is held. We also provide the rationale for all votes cast against management, including votes of support to shareholder resolutions. If you have any additional questions on specific votes, please note that LGIM publicly discloses its vote instructions on our website at: https://vds.issgovernance.com/vds/#/MjU2NQ==/
Does the manager utilise a Proxy Voting System? If so, please detail
LGIM's Investment Stewardship team uses ISS's 'Proxy Exchange' electronic voting platform to electronically vote clients' shares. All voting decisions are made by LGIM and we do not outsource any part of the strategic decisions. Our use of ISS recommendations is purely to augment our own research and proprietary ESG assessment tools. The Investment Stewardship team also uses the research reports of Institutional Voting Information Services (IVIS) to supplement the research reports that we receive from ISS for UK companies when making specific voting decisions. To ensure our proxy provider votes in accordance with our position on ESG, we have put in place a custom voting policy with specific voting instructions. These instructions apply to all markets globally and seek to uphold what we consider are minimum best practice standards which we believe all companies globally should observe, irrespective of local regulation or practice. We retain the ability in all markets to override any vote decisions, which are based on our custom voting policy. This may happen where engagement with a specific company has provided additional information (for example from direct engagement, or explanation in the annual report) that allows us to apply a qualitative overlay to our voting judgement. We have strict monitoring controls to ensure our votes are fully and effectively executed in accordance with our voting policies by our service provider. This includes a regular manual check of the votes input into the platform, and an electronic alert service to inform us of rejected votes which require further action.

Diversified Fund: Top 5 Significant Votes during the Period			
Company	Voting Subject	How did the Investment Manager Vote?	Result
Shell Plc	**Resolution 25 - Approve the Shell Energy Transition Progress**	**Against (against management recommendation)**	**80.0% (Pass)**
A vote against is applied, though not without reservations. We acknowledge the substantial progress made by the company in meeting its 2021 climate commitments and welcome the company's leadership in pursuing low carbon products. However, we remain concerned by the lack of disclosure surrounding future oil and gas production plans and targets associated with the upstream and downstream operations; both of these are key areas to demonstrate alignment with the 1.5°C trajectory.			
Tencent Holdings Limited	**Resolution 3a - Elect Jacobus Petrus (Koos) Bekker as Director**	**Against (against management recommendation)**	**88.4% (Pass)**
A vote against has been applied because LGIM expects the Committee to comprise of independent directors.			
Public Storage	**Resolution 5 - Report on GHG Emissions Reduction Targets Aligned with the Paris Agreement Goal**	**For (against management recommendation)**	**34.7% (Fail)**
A vote in favour is applied as LGIM expects companies to introduce credible transition plans, consistent with the Paris goals of limiting the global average temperature increase to 1.5Â°C. This includes the disclosure of scope 1, 2 and material scope 3 GHG emissions and short-, medium- and long-term GHG emissions reduction targets consistent with the 1.5°C goal.			
Toyota Motor Corp.	**Resolution 4 – Amend Articles to Report on Corporate Climate Lobbying Aligned with Paris Agreement**	**For (against management recommendation)**	**15.1% (Fail)**
LGIM views climate lobbying as a crucial part of enabling the transition to a net zero economy. A vote for this proposal is warranted as LGIM believes that companies should advocate for public policies that support global climate ambitions and not stall progress on a Paris-aligned regulatory environment. We acknowledge the progress that Toyota Motor Corp has made in relation to its climate lobbying disclosure in recent years. However, we believe that additional transparency is necessary with regards to the process used by the company to assess how its direct and indirect lobbying activity aligns with its own climate ambitions, and what actions are taken when misalignment is identified. Furthermore, we expect Toyota Motor Corp to improve its governance structure to oversee this climate lobbying			

review. We believe the company must also explain more clearly how its multi-pathway electrification strategy translates into meeting its decarbonisation targets, and how its climate lobbying practices are in keeping with this.			
Eversource Energy	**Resolution 1.9 - Elect Director Joseph R. Nolan, Jr.**	**Against (against management recommendation)**	**71.4% (Pass)**
A vote against is applied as LGIM expects companies to separate the roles of Chair and CEO due to risk management and oversight concerns.			

e) STATEMENT OF TRUSTEES' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The audited financial statements, which are required to be 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 Trustees. Pension scheme regulations require the Trustees to make available to Scheme members, beneficiaries and certain other parties, audited financial statements for each Scheme year which:

(i) 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 the assets and liabilities, other than liabilities to pay pensions and benefits after the end of the Scheme year; and

(ii) contain the information specified in the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, including a statement whether the accounts have been prepared in accordance with the Statement of Recommended Practice *Financial Reports of Pension Schemes*.

The Trustees have supervised the preparation of the financial statements and have agreed suitable accounting policies, to be applied consistently, making estimates and judgements on a reasonable and prudent basis. They are also responsible for:

- assessing the Scheme's ability to continue as a going concern, disclosing, as applicable, matters related to going concern;
- using the going concern basis of accounting unless they either intend to wind up the Scheme, or have no realistic alternative but to do so; and
- making available each year, commonly in the form of a Trustees' annual report, information about the Scheme prescribed by pensions legislation, which they should ensure is fair and impartial.

The Trustees also have certain responsibilities in respect of contributions which are set out in the statement of Trustees' responsibilities accompanying the Trustees' summary of contributions.

The Trustees are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have a general responsibility for ensuring that adequate accounting records are kept and for taking such steps as are reasonably open to them to safeguard the assets of the Scheme and to prevent and detect fraud and other irregularities.

The Trustees are responsible for the maintenance and integrity of the Scheme and financial information included on the Scheme's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

f) COMPLIANCE

Constitution

The Scheme is governed by a Definitive Trust Deed and Rules dated 6 July 1965 and Supplementary Definitive Trust Deeds and Rules dated 26 April 1982 and 23 March 1995. The Registration number in the Register of Occupational Pension Schemes is 10052894.

Taxation Status

The Scheme is exempt approved under Chapter 1, Part XIV of the Income and Corporation Taxes Act 1988. The Trustees know of no reason why this approval may be prejudiced or withdrawn.

Pension Increases

All pensions in payment were increased with effect from 1 April 2023 In respect of benefits attributable to service to 31 July 2011, the increase was the higher of 3% or RPI and in respect of benefits attributable to service from 1 August 2011, the increase was the lower of CPI or 5%. All the figures are guaranteed by the Scheme rules.

Calculation of Transfer Values

No allowance is made in the calculation of transfer values for discretionary pension increases.

Approval of the Trustees' Report

The Trustees' Report, which includes the Investment Report, the Implementation Statement, the Report on Actuarial Liabilities and the Statement of Trustees' Responsibilities, was approved by the Trustees on 04 March 2023.

Signed for and on behalf of the Trustees of the University of Aberdeen Superannuation and Life Assurance Scheme on 04 March 2023.

M WHITTINGTON — DocuSigned by: Mark Whittington D2277EF5A3444A0...

J CRAW — DocuSigned by: J. Craw 9ADE07B6A889402

Annual Report
For the Year ended 31 July 2023

Part 2: Financial Statements

FUND ACCOUNT
for the year ended 31 July 2023

	Notes	£	2023 £	2022 £
Contributions and Benefits				
Contributions receivable - employer	2	**3,794,424**		3,572,379
Contributions receivable – employee	2	**145,865**		76,703
Transfers in	3	**81,626**		11,920
Other income	4	**26,398**		132,012
			4,048,313	3,793,014
Benefits payable	5	**6,615,218**		6,911,661
Payments to and on account of leavers	6	**248,884**		61,413
Life assurance premiums	7	**86,109**		82,967
Administrative expenses	8	**705,951**		394,581
			7,656,162	7,450,662
Net withdrawals from dealing with members			**(3,607,849)**	(3,657,608)
Returns on Investments				
Investment income	9	**1,011,231**		940,631
Change in market value of investments	11	**(30,964,526)**		(29,634,137)
Investment management expenses	10	**(249,403)**		(389,020)
Net returns on investments			**(30,202,698)**	29,082,526
Net decrease in fund during the year			**(33,810,547)**	(32,740,134)
Net assets of the Scheme at 1 August			**147,394,556**	180,134,690
Net assets of the Scheme at 31 July			**113,584,009**	147,394,556

The notes on pages 29 to 40 form part of these financial statements.

STATEMENT OF NET ASSETS (available for benefits)

	Notes	2023	2022
		£	£
Investment assets:			
Pooled Investment Vehicles	11	**112,989,689**	146,997,638
Insurance Policies	11	**504,205**	569,731
AVCs	11	**28,703**	69,308
Current Assets	15	**1,690,111**	523,188
Current Liabilities	16	**(1,628,699)**	(765,309)
		113,584,009	147,394,556

The notes on pages 29 to 40 form part of these financial statements.

The financial statements summarise the transactions and the net assets of the Scheme. The financial statements do not take account of the liabilities to pay pensions and other benefits in the future. The actuarial position of the Scheme which does take account of such liabilities is dealt with in the Report on Actuarial Liabilities included on page 51 of the Annual Report which should be read in conjunction with the financial statements.

Signed for and on behalf of the Trustees of the University of Aberdeen Superannuation and Life Assurance Scheme on 04 March 2024.

M WHITTINGTON DocuSigned by: Mark Whittington D2277EF5A3444A0...

J CRAW DocuSigned by: J. Craw 9ADE07B6A889402...

NOTES (forming part of the financial statements)

1.1 Identification of Financial Statements

The Scheme is established as a trust under English Law. The address of the Scheme's principal office is Pensions Office, Finance Section, King's College, Aberdeen, AB24 3FX.

The address for enquiries to the Scheme is included on page 4 of the Trustee's Report.

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

1.2 Basis of Preparation

The financial statements have been prepared in accordance with the Occupational Pension Scheme (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 Recommend Practice (Revised 2018).

The financial statements are prepared on a going concern basis, which the Trustees believe to be appropriate as they believe that the Scheme has adequate resources to meet obligations as they fall due for at least the next twelve months from the approval of these financial statements.

In reaching this conclusion, the Trustees considered the impact of the current economic conditions on the Scheme and on the Sponsoring Employer, University of Aberdeen.

On this basis, whilst the impact of the current economic conditions cannot be accurately predicted, given the strong funding position, the Trustees consider that the Scheme will nevertheless continue to operate. Following this assessment, the Trustees concluded it was appropriate to prepare the financial statements on a going concern basis.

1.3 Principal Accounting Policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important policies which have been applied consistently, is set out below.

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

Investments
Investments are included at fair value.

Pooled Investment Vehicles are valued based on the bid price quoted by the investment manager at the year end.

Transaction costs on buying and selling are included in the purchase costs and deducted from the sales proceeds.

Annuities purchased in the name of the Trustees which provide pension benefits for certain members are included in these financial statements at the amount of the related obligation, determined using the most recent Scheme Funding Valuation assumptions updated for market conditions at the reporting date and methodology based on market conditions as at the relevant date. Annuity valuations are provided by the Scheme Actuary. Annuities are issued by Scottish Amicable.

Administrative expenses
Administration expenses are accounted for on an accruals basis.

Contributions receivable

* Normal contributions, both from the members and from the employer, are accounted for as they fall due under the Schedule of Contributions.
* Additional voluntary contributions from the members are accounted for in the month deducted from payroll.
* Employer's deficit funding contributions are accounted for as they fall due under the Schedule of Contributions.

Benefits Payable
Pensions and lump sums are accounted for on an accruals basis from the date the option is exercised.

Transfer values
Transfer values have been included in the financial statements when received and paid. They do not take account of members who have notified the Scheme of their intention to transfer.

Income from investments
Income arising from the underlying investments of the pooled investment vehicle which is re-invested in the pooled investment vehicle is reflected in the unit price and reported within 'change in market value'.

Annuity income reflects pensions paid directly by annuity providers. The corresponding pensions are reflected in Benefits Payable.

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 and unrealised changes in market value.

Ninety One investment income is accounted for in the period in which it falls due on an accruals basis.

Investment manager's fees
Investment management expenses are incurred by the Scheme based on the monthly market valuations of the portfolio and accounted for on an accruals basis.

			2023	2022
		£	£	£
2.	**Contributions receivable**			
	Employer – normal	**2,014,037**		1,853,019
	Employer - salary sacrifice, on behalf of the employee	**1,055,347**		994,320
	Employer – deficit funding	**725,040**		725,040
	Total employer		**3,794,424**	3,572,379
	Employee – normal	**145,865**		75,823
	Employee - additional voluntary contributions (AVC)	**-**		880
	Total employee		**145,865**	76,703
			3,940,289	3,649,082

The above AVC contributions are made to an insured money purchase policy with Prudential Assurance Company Ltd, the value of which is included in the Net Assets Statement.

Deficit funding contributions are payable in equal monthly amounts at a rate £725,000 per annum until January 2029. These are in line with the Schedule of Contributions/scheme funding recovery plan in place for the year.

		2023	2022
		£	**£**
3.	**Transfers in**		
	Transfer values received - individuals	**81,626**	11,920

		2023	2022
		£	£
4.	**Other income**		
	Claims on term insurance policies	**-**	132,012
	Interest received	**5,998**	-
	Sundry income	**20,400**	-
		26,398	132,012

The sundry income relates to administrative costs reimbursed to the Scheme by the University of Aberdeen.

		2023	2022
		£	£
5.	**Benefits payable**		
	Pensions payable	**5,587,373**	5,232,793
	Lump sums on retirement	**981,507**	1,534,728
	Lump sums on death-in-service	**30,730**	141,892
	Lump sums on death-in-deferment	**15,608**	1,787
	Lump sums on death-in-retirement	**-**	461
		6,615,218	6,911,661

Pension payments include £70,000 (2022: £68,000) of pensions paid directly by the annuity provider.

		2023 £	2022 £
6.	**Payments to and on account of leavers**		
	Transfer values payable - individual	**229,655**	39,003
	Refunds to early leavers	**15,169**	8,470
	Tax paid	**4,060**	13,940
		248,884	61,413

		2023 £	2022 £
7.	**Life Assurance Premiums**		
	Current year premium	**86,109**	82,967

		2023 £	2022 £
8.	**Administrative expenses**		
	Administration charge	**112,304**	100,268
	Consultants' fees	**233,899**	139,425
	Audit fee	**25,650**	16,500
	PPF levy	**62,520**	76,670
	Pension Regulator levy	**12,087**	16,908
	Administration, legal and insurance costs	**259,491**	44,810
		705,951	394,581

		2023 £	2022 £
9.	**Investment income**		
	Annuity income	**70,396**	68,044
	Ninety One dividend	**940,835**	872,587
		1,011,231	940,631

		2023 £	2022 £
10.	**Investment management expenses**		
	Investment managers' charges	**249,403**	389,020

11. **Total Investments**

	Value at 01.08.22	Purchases	Sales	Change in market value	Value at 31.07.23
Pooled Investment Vehicles (PIVs)	**146,997,638**	34,042,861	(37,130,264)	(30,920,546)	**112,989,689**
Insurance policies - annuities	**569,731**	-	-	(65,526)	**504,205**
Money Purchase AVCs	**69,308**	-	(62,151)	21,546	**28,703**
	147,636,677	34,042,861	(37,192,415)	(30,964,526)	**113,522,597**

Purchase and sales figures disclosed above include switches of investments amounting to £29,910,287.

Concentration of investments:	**2023**	**% of net assets**	**2022**	**% of net assets**
LGIM Diversified Growth fund	24,350,556	21.4	35,480,331	24.1
LGIM Dynamic Growth Fund	23,344,930	20.6	34,097,122	23.1
LGIM Secure Income Assets Fund	17,461,065	15.4	18,115,966	12.3
Ninety One - Global Total Return	15,055,069	13.3	16,816,869	11.4
LGIM Matching Core Fixed Short Ser 1	10,497,205	9.2	16,045,178	10.9
LGIM Matching Core Real Long Ser 1	6,741,899	6.0	7,657,201	5.2
LGIM Matching Core Fix Short Ser 1	6,686,929	5.9	7,017,467	4.8
LGIM Matching Core Fix Long Ser 1	4,287,411	3.8	4,657,345	3.2
LGIM 2071 Gilt Fund	1,355,629	1.2	2,227,683	1.5
LGIM 2058 Index-Linked Gilt Fund	1,046,662	0.9	1,746,141	1.2
LGIM 2060 Gilt Fund	808,252	0.7	1,174,833	0.8
LGIM 2050 Index-Linked Gilt	676,472	0.6	1,001,756	0.7
LGIM 2047 Index-Linked Gilt	587,196	0.5	838,566	0.6
LGIM 2042 Index-Linked Gilt	90,414	0.1	121,179	0.1

Analysis of Pooled Investment Vehicles:

Type of Fund	**2023**	**2022**
Equity	15,055,069	16,816,869
Bond	22,025,689	25,226,124
Property	-	-
Diversified Growth	47,695,486	69,577,453
Matching Core	28,213,445	35,377,192
	112,989,689	146,997,638

Legal and General investments are held in Unit Linked insurance contracts and the Ninety One investments are held in an Open Ended Investment Company.

AVC Investments
The Trustees hold assets invested separately from the main fund to secure additional benefits on a money purchase basis for those members electing to pay additional voluntary contributions. Members participating in this arrangement each receive an annual statement confirming the amounts held to their account and the movements in the year.

12. Investment Fair Value Hierarchy

The fair value of financial instruments has been disclosed using the following hierarchy.

Level 1: the unadjusted quoted price in an active market for identical assets or liabilities which the entity can access at the measurement date.

Level 2: inputs other than quoted prices included in Level 1 which are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.

Level 3: inputs which 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 fall within the above hierarchy levels as follows:

Fair value breakdown at 31 July 2023

Level	1	2	3
Pooled investment vehicles	-	**112,989,689**	-
LGIM Matching Core Fixed Short	-	6,686,929	-
LGIM Matching Core Fixed Long	-	4,287,411	-
LGIM Matching Core Real Short	-	10,497,205	-
LGIM Matching Core Real Long	-	6,741,899	-
LGIM 2042 Index-Linked Gilt Fund	-	90,414	-
LGIM 2047 Index-Linked Gilt Fund	-	587,196	-
LGIM 2050 Index-Linked Gilt Fund	-	676,472	-
LGIM 2058 Index-Linked Gilt Fund	-	1,046,661	-
LGIM 2060 Gilt Fund	-	808,252	-
LGIM 2071 Gilt Fund	-	1,355,628	-
LGIM Diversified Fund	-	24,350,556	-
LGIM Dynamic Diversified Fund	-	23,344,930	-
LGIM Secure Income Assets Fund	-	17,461,065	-
Ninety One Global Total Return Credit Fund	-	15,055,071	-
Insurance Policies – Annuities	-	-	**504,205**
AVC Investments	-	-	**28,703**
Total	-	**112,989,689**	**532,908**

Fair value breakdown at 31 July 2022

Level	1	2	3
Pooled investment vehicles	**-**	**146,997,637**	**-**
LGIM Matching Core Fixed Short	-	7,017,467	-
LGIM Matching Core Fixed Long	-	4,657,345	-
LGIM Matching Core Real Short	-	16,045,178	-
LGIM Matching Core Real Long	-	7,657,201	-
LGIM 2042 Index-Linked Gilt Fund	-	121,179	-
LGIM 2047 Index-Linked Gilt Fund	-	838,566	-
LGIM 2050 Index-Linked Gilt Fund	-	1,001,756	-
LGIM 2058 Index-Linked Gilt Fund	-	1,746,141	-
LGIM 2060 Gilt Fund	-	1,174,833	-
LGIM 2071 Gilt Fund	-	2,227,683	-
LGIM Diversified Fund	-	35,480,331	-
LGIM Dynamic Diversified Fund	-	34,097,122	-
LGIM Secure Income Assets Fund	-	18,115,966	-
Ninety One Global Total Return Credit Fund	-	16,816,869	-
Insurance Policies – Annuities	**-**	**-**	**569,731**
AVC Investments			**69,308**
Total	**-**	**146,997,637**	**639,040**

13. Investment Risks

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

Credit risk: this is the risk that the counterparty of a financial instrument could default on its obligations, or delay payment of contractual income and the Scheme will incur a financial loss as a result.

Market risk: this comprises currency risk, interest rate risk and other price risk.

Currency risk: this is the risk that the value of assets will change due to movements in foreign exchange rates.

Interest rate risk: this is the risk that the value of fixed-rate instruments will change due to movements in market interest rate expectations.

Price risk: this is the risk that the value of a financial instrument will change due to movements in market prices or indices.

The Scheme has a broad strategic allocation of 70% of investments being in return-seeking assets, designed to deliver a return above that expected of a risk-free of return, with the remaining 30% allocated to liability matching assets, designed to partially offset the movements in the Scheme's liabilities caused by movements in interest rates and inflation. This asset split reflects the Trustees' view of the most appropriate investments balancing risk/reward characteristics of the funds the Scheme is invested in.

The Scheme invests in pooled investment vehicles, operated by Legal & General Investment Management ("LGIM") and Ninety One UK Limited. The Trustees and their advisors carry out thorough due diligence before the appointment of new managers and before any new monies are allocated to a new fund. The Trustees are also required to take appropriate investment advice from a qualified professional. All decisions made by the Trustees in relation to the investment strategy are subject to and comply with Section 36 of the Pensions Act 1995.

The Trustees are required to regularly review, and if necessary, update the Scheme's Statement of Investment Principles. This is a statutory document which sets out, amongst other items: how the Scheme invests, the long-term investment strategy for the Scheme, the policy for rebalancing, the benchmarks and objectives of the managers, the Trustees' policy for monitoring performance and reviewing managers' role within the strategy. Details of the custodian arrangements can also be found in the document.

Information on the Trustees' approach to risk management is set out in the sections below. The Scheme's AVC investments have not been included in these risks as they are not considered material in relation to the overall investments of the Scheme.

As the Scheme invests in pooled investment vehicles only, then all the investment risks described below are viewed as being indirect. This is because it is the underlying holdings which are directly exposed to these risks, to which the Scheme is then indirectly exposed via the pooled investment vehicle.

Risk exposures over the period	Credit Risk	Currency Risk	Interest Rate Risk	Other Price Risk
LGIM Matching Core Fixed Short	✓	✕	✓	✕
LGIM Matching Core Fixed Long	✓	✕	✓	✕
LGIM Matching Core Real Short	✓	✕	✓	✓
LGIM Matching Core Real Long	✓	✕	✓	✓
LGIM 2042 Index-Linked Gilt Fund	✓	✕	✓	✓
LGIM 2047 Index-Linked Gilt Fund	✓	✕	✓	✓
LGIM 2050 Index-Linked Gilt Fund	✓	✕	✓	✕
LGIM 2058 Index-Linked Gilt Fund	✓	✕	✓	✓
LGIM 2060 Gilt Fund	✓	✕	✓	✕
LGIM 2071 Gilt Fund	✓	✕	✓	✕
LGIM Diversified Fund	✓	✓	✓	✓
LGIM Dynamic Diversified Fund	✓	✓	✓	✓
LGIM Secure Income Assets Fund	✓	✕	✓	✓
Ninety One Global Total Return Credit Fund	✓	✓	✓	✓

Investment risks - Credit risk

Credit risk is the risk that the counterparty of a financial instrument could default on its obligations, or delay payment of contractual income and the Scheme will incur a financial loss as a result.

The Scheme invests in pooled investment vehicles. These are exposed to direct credit risk, with there being an extreme, albeit low, risk that the investment manager becomes defunct, acts fraudulently or that the manager no longer acts on the Scheme's behalf or in the Scheme's best interests. However, this is mitigated by the use of custodian relationships and by the ongoing monitoring undertaken by the advisors and Trustees of the Scheme.

For pooled investment vehicles credit risk arises where there is a dependence on the pooled arrangement to deliver the cash flows which support the fair value and units or shares in the pooled arrangement can only be transacted with the pool manager. If the Scheme's interest in a pooled arrangement can be traded in the open market, then the Scheme, generally, does not have direct credit risk to the pooled arrangement. All other credit risk exposure can be deemed to be indirect due to the underlying asset classes within the pooled investment vehicles.

The Scheme has had exposure to counterparty risk via the LGIM Matching Core Funds and the Ninety One Global Return Total Credit Fund which may use derivatives for efficient portfolio management. The LGIM Diversified Fund, Dynamic Diversified Fund, Secure Income Assets Fund and the Ninety One Global Return Total Credit funds also have the remit to invest in Money Market and Fixed Income instruments, which have direct credit risk based on the counterparty's credit rating.

The Scheme's holdings in the Secure Income Fund amount to c.£17.5m, where the exposure to credit risk would be far less than 100% and is expected to change due to active management of this Fund.

The Trustees seek to mitigate credit risk by investing in a range of passively and actively managed pooled funds. Where there is exposure to indirect credit, this is a deliberate action taken by the Trustees and the manager will have a maximum level of exposure to both the asset class and single party exposure.

The Scheme is also exposed to a small element of credit risk through the Gilt Funds and Index Linked Gilt Funds which have a direct link to the British Government credit rating, albeit the probability of default is anticipated to be much less than that associated with corporations.

The Scheme held investments in funds amounting to c.£113.1m at the end of the accounting period which have indirect exposure to credit risk, c.100% of total Scheme assets. In practice, c.£47.7m of this is invested in the LGIM Diversified Fund and the LGIM Dynamic Diversified Fund where the exposure to credit risk would be far less than 100% and is expected to change due to the active management of these Funds.

Overall, indirect credit risk is not considered to be a significant risk within the Scheme's investment strategy.

Investment risks – Currency risk

Currency risk is the risk that the value of assets will change due to movements in foreign exchange rates.

During the year the Scheme had some exposure to currency risk through the LGIM Diversified Fund, Dynamic Diversified Fund, and the Ninety One Global Total Return Credit Fund which have the remit to invest in overseas equities and fixed income instruments that may be non-sterling denominated. The LGIM Diversified Fund, LGIM Dynamic Diversified Fund, and Ninety One Global Return Total Credit Fund are all actively managed and partially hedge foreign currency movements.

In instances where returns are not hedged, then this is a deliberate and calculated action taken by the manager as a means to generate additional returns through expected currency movements. The Trustees were comfortable with the amount of risk this introduces in the context of the overall investment strategy.

The value of Scheme’s assets invested in funds that are exposed to currency risk as at the end of the accounting period was c.£62.8m, c.56% of overall assets. This was through investment in the LGIM Diversified Fund, Dynamic Diversified Fund, and the Ninety One Global Total Return Credit Fund, none of which are fully exposed to currency risk.

Of the foreign currency exposure that was not hedged, the vast majority was in relation to the US Dollar. Other exposures, albeit less significant, were to the Euro and Japanese Yen.

Investment risks - Interest rate risk

Interest rate risk is the risk that the value of fixed-rate instruments will change due to movements in market interest rate expectations.

All funds in the portfolio are sources of exposure to interest rate movements; hence, the total value of the assets exposed to interest rate movements is c.£113.1m as at 31 July 2023.

This level of exposure was a deliberate position taken by the Trustees, in order to obtain exposure to interest rate movements and achieve partial matching of the Scheme's liabilities. The objective of this exposure is to mitigate the impact of adverse movements of interest rates which increase the value placed on the liabilities. The allocation to these funds has been deemed appropriate by the Trustees, given the profile of the liabilities of the Scheme and after receiving investment advice.

However, the exposures through the LGIM Diversified Fund, LGIM Dynamic Diversified Fund, LGIM Secure Income Assets Fund, and Ninety One Global Total Return Credit Fund will typically have a short duration or may be temporary holdings, as part of the managers' active approach to investing.

Investment risks - Other risks, including price risk

Price risk is the risk that the value of a financial instrument will change due to movements in market prices or indices.

The LGIM Diversified, Dynamic Diversified, Index-Linked Gilt Funds, Matching Core Real Long, Matching Core Real Short, Secure Income Assets and the Ninety One Global Total Return Credit funds are exposed to price risk, due to the managers' exposure to underlying asset classes, their ability to use derivatives within the funds and the additional factors which determine an asset's price beside those described above, such as inflation and liquidity premium. This equates to c.£99.9m of the Schemes assets, c.88.4% of total assets.
The Trustees are aware of these risks and manage this exposure to overall price movements by constructing a diverse portfolio of investments across various asset classes and markets.

14. Insurance Policies - Annuities

The legacy annuity policies relate to benefits for 72 individuals. The Trustees no longer purchase annuities to meet Scheme liabilities. The annuities were issued by Scottish Amicable and are valued by the Scheme Actuary.

15. Current assets

	2023 £	2022 £
Cash in bank	**1,195,259**	130,657
Contributions due from the employer	**328,120**	306,054
Prepaid expenses	**86,250**	-
Other Debtors	**80,482**	86,477
	1,690,111	523,188

Other debtors include £80,482 of Ninety One income received post year-end.

16. Current liabilities

	2023 £	2022 £
Accrued expenses	**(164,986)**	(309,630)
Unpaid benefits	**(1,460,155)**	(452,262)
Other creditors	**(3,558)**	(3,417)
	(1,628,699)	(765,309)

17. Related party transactions

The University of Aberdeen, which is the Employer, provides administrative support to the pension scheme and charged £26,800 for this service for the year (2022: £26,800).

At 31 July 2023 the Employer owed £327,572 to the Scheme (2022: £306,054) for the July 2023 contributions. These were paid in August 2023 in accordance with the requirements of the Schedule of Contributions.

One active member and one pensioner member are Trustees of the Scheme, with contributions and benefits being paid in line with the Scheme Rules.

18. Employer related investments

The Scheme did not hold any employer related investments during the year or at the year end. (2022: none).

19. Contingent Liabilities – GMP equalisation

As explained on page 9 of the Trustees report, 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 Trustees of the Scheme are aware that the issue will affect the Scheme and will be considering this at a future meeting and decisions will be made as to the next steps.

As explained on page 9 of the Trustees report, in November 2020, the High Court handed down a second judgement involving the Lloyds Banking Group's defined pension benefit pension schemes. This latest judgement confirms the Defined Benefit (DB) schemes which provide GMPs need to revisit and where necessary top up historic Cash Equivalent Transfer Values that were calculated based on unequalised benefits. Again, the issues determined by the judgement arise in relation to many other defined benefit pension schemes. The Trustees will consider next steps as the scheme has experienced significant historical transfers out which will be subject to adjustment as a result of this second ruling. Any adjustments necessary will be recognised in the accounts for the year in which they are calculated. It is not possible to estimate the value of any such adjustments at this time.

There is still uncertainty surrounding the calculations but based on an initial assessment of the likely backdated amounts and related interest the trustees do not expect these to be material to the financial statements and therefore have not included a liability in respect of these matters in the financial statements. They will be accounted for in the year in which they are determined.

Part 3: Independent Auditor's Report to the Trustees of the University of Aberdeen Superannuation & Life Assurance Scheme

Opinion

We have audited the financial statements of The University of Aberdeen Superannuation & Life Assurance Scheme ("the Scheme") for the year ended 31 July 2023 which comprise the Fund Account and the Statement of Net Assets (available for benefits) and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- show a true and fair view of the financial transactions of the Scheme during the Scheme year ended 31 July 2023 and of the amount and disposition at that date of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the Scheme year;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- contain the information specified in Regulation 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, made under the Pensions Act 1995.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Scheme in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to other entities of public interest. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The Trustees have prepared the financial statements on the going concern basis as they do not intend to wind up the Scheme, and as they have concluded that the Scheme's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the Trustees' conclusions, we considered the inherent risks to the Scheme and analysed how those risks might affect the Scheme's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the Trustees' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Scheme's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Scheme will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of the Trustees, as to the Scheme's high-level policies and procedures to prevent and detect fraud, as well as enquiring whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Trustees' Board minutes.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that Trustees (or their delegates including Scheme Management) may be in a position to make inappropriate accounting entries and the risk of bias in accounting estimates such as the valuation of unlisted investments. On this audit we do not believe there is a fraud risk related to revenue recognition because revenue in a pension scheme relates to contributions receivable as paid under an agreed schedule or pre-determined by the Trustees; there are no subjective issues or judgements required.

We did not identify any additional fraud risks.

We performed procedures including:

- Identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted after the first draft of the financial statements have been prepared.
- Assessing whether the judgements made in making accounting estimates are indicative of a potential bias.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the Trustees and Scheme Management (as required by auditing standards), and discussed with the Trustees and Scheme Management the policies and procedures regarding compliance with laws and regulations.

As the Scheme is regulated by The Pensions Regulator, our assessment of risks involved gaining an understanding of the control environment including the Scheme's procedures for complying with regulatory requirements and reading the minutes of Trustees' meetings.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Scheme is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related pensions legislation) and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Scheme is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation, or the loss of the Scheme's registration. We identified the following areas as those most likely to have such an effect: pensions legislation and data protection legislation, recognising the financial and regulated nature of the Scheme's activities and its legal form. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Trustees and their delegates and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

We have reported separately on contributions payable under the Schedule of Contributions in our statement about contributions on page 46 of the financial statements.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Other information

The Trustees are responsible for the other information, which comprises the Trustees' report (including the report on actuarial liabilities, the Implementation Statement and the summary of contributions), and the actuarial certification of the Schedule of Contributions. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon in this report.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on this work we have not identified material misstatements in the other information.

Trustees' responsibilities

As explained more fully in their statement set out on page 25, the Scheme Trustees are responsible for: supervising the preparation of Financial statements which show a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to wind up the Scheme, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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

DocuSigned by:
IKDelay
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Iryndeep Kaur-Delay **Date** 04 March 2024
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH

Annual Report
For the Year ended 31 July 2023

Part 4: Summary of Contributions Payable

Statement of Trustees' Responsibilities in respect of Contributions

The Scheme's Trustees are responsible under pensions legislation for ensuring that there is prepared, maintained and from time to time revised a Schedule of Contributions showing the rates of contributions payable towards the Scheme by or on behalf of the employer and the active members of the Scheme and the dates on or before which such contributions are to be paid. The Scheme's Trustees are also responsible for keeping records of contributions received in respect of any active member of the Scheme and for procuring that contributions are made to the Scheme in accordance with the Schedule.

Trustee Summary of Contributions Payable

During the year ended 31 July 2023, the contributions payable to the Scheme were as follows:

	Employee £	Employer £
Contributions Payable under the Schedule of Contributions		
Normal contributions	145,865	1,301,678
Salary Sacrifice contributions (for employee)	-	1,767,706
Deficit Funding contributions	-	725,040
Total required by the Schedule of Contributions (as reported on by the Scheme Auditor)	**145,865**	**3,794,424**
Other contributions payable		
Member – additional voluntary	-	-
Total, as per financial statements	**145,865**	**3,794,424**

Signed for and on behalf of the Trustees of the University of Aberdeen Superannuation and Life Assurance Scheme on 04 March 2024.

M WHITTINGTON
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J CRAW
DocuSigned by: J. Craw
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Part 5: Independent Auditor's Statement about Contributions to the Trustees of the University of Aberdeen Superannuation & Life Assurance Scheme.

Statement about contributions

We have examined the summary of contributions payable under the Schedule of Contributions to the University of Aberdeen Superannuation & Life Assurance Scheme in respect of the Scheme year ended 31 July 2023 which is set out on page 45.

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

Scope of work on statement about contributions

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

Respective responsibilities of trustees and auditor

As explained more fully in the Statement of Trustees' Responsibilities set out on page 25 the Scheme's Trustees are 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 Trustees are 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 to the Scheme and to report our opinion to you.

The purpose of our work and to whom we owe our responsibilities

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

DocuSigned by:
IKDelay
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Iryndeep Kaur-Delay
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH

Date 04 March 2024

Annual Report
For the Year ended 31 July 2023

Actuary's certification of Schedule of Contributions

University of Aberdeen Superannuation and Life Assurance 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 25 October 2023.

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 25 October 2023.

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
26 October 2023

Name
Gerry Devenney FFA

Qualification
Fellow of the Institute
and Faculty of Actuaries

Address
XPS Pensions
3rd Floor East Wing
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Edinburgh
EH3 BJB

Part 7: Actuarial Liabilities

7.1. Report on Actuarial Liabilities (forming part of the Trustees' Report)

Under s222 of the Pensions Act 2004, every scheme is subject to the Statutory Funding Objective, which is to have sufficient and appropriate assets to cover its technical provisions. The technical provisions represent the present value of the benefits members are entitled to, based on pensionable service to the valuation date. This is assessed using the assumptions agreed between the Trustees and the Employer and set out in the Statement of Funding Principles, which is available to the scheme members on request.

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

The value of the Technical Provisions was:	£125,200,000
The value of the assets as at that date was:	£114,800,000

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

7.2. Method

The Actuarial Method to be used in the calculations of the technical provisions is the Projected Unit Method.

7.3. Significant Actuarial Assumptions

Discount rate (past service liabilities before retirement)

Bank of England gilt yield curve plus 2.75% per annum at each term

Discount rate (past service liabilities after retirement)

Bank of England gilt yield curve plus 0.75% per annum at each term

Discount rate (future service liabilities)

The past service liability discount rates plus 0.25% per annum at each term

Future RPI inflation

Risk First Gilt RPI Curve minus 0.15% per annum at each term

Future CPI inflation

Future RPI inflation assumption minus 0.85% per annum at each term

Deferred pension revaluation

Set equal to the Future RPI & CPI inflation assumption with relevant caps and floors applied

Future Salary inflation

Set equal to the Future CPI inflation assumption

7.4. Pension increases in payment

GMP accrued before 6 April 1988 (pre '88 GMP)	Nil	Non-increasing
GMP accrued from 6 April 1988 (post '88 GMP)	Future CPI inflation	CPI max 3%
Pension in excess of GMP accrued prior to 2011	Future RPI inflation	RPI
Pension accrued between 2011 and 2020	Future CPI inflation capped at 5%	CPI max 5%
Pension accrued from 2020	Future CPI inflation, reduced by 0.2% p.a. and capped at 3%	CPI max 3%
An overall increase of 3% per annum applies for pension accrued prior to 2011.		

7.5. Mortality before and after Retirement:

The pre and post-retirement mortality assumption is set equal to Self-Administered Pension Schemes (SAPS) "S3" tables with a 118% multiplier for males and a 112% multiplier for females. Future longevity improvement is assumed to follow the Continuous Mortality Investigation (CMI) 2022 projection model with a default smoothing parameter of 7.0 and an assumed long term rate of improvement of 1.5% per annum for males and 1.1%females.