



University of Aberdeen
Superannuation
&
Life Assurance Scheme

**Annual Report for the
Year ended 31 July 2025**

Scheme Registration Number 10052894

Annual Report

For the Year ended 31 July 2025

This Report relates to the operation of the University of Aberdeen Superannuation and Life Assurance Scheme (“the Scheme”) during the year ended 31 July 2025.

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

	Page
1. Trustees’ Report:	<u>3</u>
a) Scheme Advisers	
b) Review of the Management and Development of the Scheme	
c) Investment Report	
d) Implementation Statement	
e) Statement of Trustees’ Responsibilities	
f) Compliance	
2. Financial Statements	<u>28</u>
3. Independent Auditor’s Report	<u>43</u>
4. Summary of Contributions Payable	<u>47</u>
5. Independent Auditor’s Statement about Contributions	<u>48</u>
6. Actuarial Statements	<u>49</u>
7. Report on Actuarial Liabilities	<u>50</u>

Annual Report

For the Year ended 31 July 2025

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 PO Box 5186 Lancing BN99 8JN
Auditor	KPMG LLP 15 Canada Square London E15 5GL
AVC Providers	Prudential PO Box 5186 Lancing BN99 8JN
Annuity Provider	Prudential PO Box 5186 Lancing BN99 8JN
Investment Managers	Legal & General Investment Management One Coleman Street London EC2R 5AA Ninety One 55 Gresham Street London EC2V 7EL

Annual Report

For the Year ended 31 July 2025

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 Directorate
University of Aberdeen
King's College
Aberdeen AB24 3FX

Email: pensions@abdn.ac.uk

Annual Report

For the Year ended 31 July 2025

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 2025. 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 Crow	Independent Chairwoman
Mr Mark Whittington	University Court nominated – <i>retired as Trustee 30.11.2025</i>
Mrs Diane Massie	Member-nominated
Mr Owen Cox	Member-nominated
Professor Alex Kemp	University Court nominated
Professor Peter Edwards	University Court nominated – <i>retired as Trustee 31.10.2025</i>

At 31 July 2025, Mark Whittington's one year term as an additional Trustee of the pension scheme came to an end. Subsequent to year-end, the University extended Mark's term to 30 November 2025, in accordance with the Trust Deed and Rules.

Subsequent to 31 July 2025, Peter Edwards was appointed as Principal and Vice Chancellor of the University, commencing 1 November 2025. As such, his Trustee role for the Scheme will terminate on 31 October 2025.

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.

In early November 2025, the Trustees wrote to the University to propose a change to a Corporate Trustee structure. At the time of signing these financial statements, the Trustees are awaiting the consideration of the proposal by the University Court.

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 five times.

Annual Report

For the Year ended 31 July 2025

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 (“RHN”) and the Aberdeen University Students’ Association (“AUSA”).

RHN became a Scottish Charitable Incorporated Organisation (“SCIO”) in December 2022 and employees transferred from the RHN to the RHN (SCIO) on 17 October 2023. Under pensions law, the transfer of employees from the RHN to the RHN (SCIO) meant that a debt under section 75 of the Pensions Act 1995 (estimated by the Scheme Actuary to be approximately £180,000 as at 17 October 2023) became payable by the RHN to the University of Aberdeen Superannuation and Life Assurance Scheme (“Scheme”).

There is, however, a mechanism known as a FAA which will allow RHN’s liabilities to be transferred to the University of Aberdeen, the Scheme’s sponsoring employer, provided certain conditions are met. The legal advisers to the Scheme drafted an FAA in September 2023 and the Scheme’s covenant adviser has confirmed that the required conditions have been met. The FAA was signed and registered in August 2025, and RHN has therefore been released from the obligation to pay its section 75 debt.

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

Employer contributions during the year to 31 July 2025 were payable at a rate of 14.1% 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 14.1% 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 £116.3 to £110.2m over the Scheme year.

Annual Report

For the Year ended 31 July 2025

1.7. Actuary's Report

The Report on Actuarial Liabilities which forms part of the Trustees Annual Report is included on page 50. 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 m
The Scheme's assets were valued at:	£147.4 m
This means that there was a shortfall of:	£9.6 m
The funding level was:	94%

The position of the Scheme was last reviewed at 31 July 2024 when the shortfall was calculated at £10.0m, a £0.4m increase since the 2022 valuation. The next full actuarial valuation is due at 31 July 2025 and is expected to be completed October 2026.

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

Contributions to the Scheme

Under the Schedule of Contributions certified by the actuary on 26 October 2023, following the 2022 valuation, the deficit funding plan, for the employer to contribute £725,000 per annum payable in equal monthly amounts, was extended to 31 July 2033, and the employer's rate was set at 14.1% from 1 October 2023.

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.

Annual Report

For the Year ended 31 July 2025

1.8. Scheme Membership

Active Members

At 31 July 2024		576
Add:	New entrants	121
Less:	Leavers to deferred	(39)
	Retirements	(7)
	Active to Waiting to Transfer	(6)
	Opt Out	(42)
	Refunds	(18)
	Transfers out	(1)
	Deaths	(1)
At 31 July 2025		583

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 2024		933
Add:	Active retirements	7
	Deferred retirements	23
	Dependents pensions becoming payable	10
Less:	Trivial Commutations	(1)
	Deaths	(34)
At 31 July 2025		938

Deferred Members

At 31 July 2024		789
Add:	Leavers with deferred pensions	39
Less:	Pensions becoming payable	(23)
	Refunds	(8)
	Transfers out	(3)
	Deaths	(2)
At 31 July 2025		792

Of the above pensioners there are 56 (2024: 72) 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 was one in the previous year.

Annual Report

For the Year ended 31 July 2025

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 Participating Employers

1.12.1. Rocking Horse Nursery

RHN became a SCIO in December 2022 and employees transferred from the RHN to the RHN (SCIO) on 17 October 2023. Under pensions law, the transfer of employees from the RHN to the RHN (SCIO) meant that a debt under section 75 of the Pensions Act 1995 (estimated by the Scheme Actuary to be approximately £180,000 as at 17 October 2023) became payable by the RHN to the Scheme.

There is, however, a mechanism known as a FAA which will allow RHN's liabilities to be transferred to the University of Aberdeen, the Scheme's sponsoring employer, provided certain conditions are met. The legal advisers to the Scheme drafted an FAA in September 2023 and the Scheme's covenant adviser has confirmed that the required conditions have been met. The FAA was signed and registered in August 2025, and RHN has therefore been released from the obligation to pay its section 75 debt.

1.12.2. Bank Guarantee

Following the 2016 actuarial valuation, the University granted security to the Scheme over certain University properties, to the value of £9.1 million. In May 2019 this was replaced by a pension bond, valid until January 2029, in line with the Schedule of Contributions at that date. In October 2020 the value of the bond was increased to £9.6 million.

In October 2023, a new Schedule of Contributions was prepared by the Scheme actuary, covering contributions payable up to July 2033. The University sought an extension of the existing bond up to this date, but an extension on the same basis was refused by the bank. The Trustees felt that the alternative guarantee that was offered by the bank was not fit for purpose and asked the University to explore other solutions. In September 2025, a new bank guarantee was agreed with HSBC for £9.6 million, on the same terms as the previous bond.

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.

Annual Report

For the Year ended 31 July 2025

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

In the UK, Labour's inherited fiscal challenges and stagnant growth prompted Chancellor Rachel Reeves to publish a Pensions Schemes Bill to promote strategic investments in technology and UK infrastructure.

In the US, Donald Trump's re-election and Republican control of Congress initiated tax and deregulation policies, briefly uplifting markets. However, aggressive tariffs in April introduced volatility, driving investments toward safe-haven assets. The administration's stance on Ukraine raised NATO stability concerns and spurred European arms production.

Middle Eastern tensions, marked by Israeli operations in Lebanon and a war with Iran affected oil prices and markets. As geopolitical uncertainties persist, pension schemes must strategically manage risks in this complex environment.

The Trustees continue to monitor these markets and are liaising with their advisers and Principal Employer to ensure the Scheme remains as robust as possible.

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 2025.pdf](#)

The latest SIP was updated and formally approved in October 2025. The previous SIP was dated September 2021.

Annual Report

For the Year ended 31 July 2025

Investment Report for the year ended 31 July 2025

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 leveraged 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:-

	2025 %	Benchmark %	2024 %	Benchmark %
Matching Core Funds	-		30.3	
Index Linked	15.2	30	2.0	30
Gilt Funds	11.3		1.9	
Total Return Credit Fund	14.2	12.5	13.2	12.5
Diversified Fund	19.8	22.5	18.8	22.5
Dynamic Diversified Fund	22.9	22.5	18.0	22.5
Secure Income Fund	16.5	12.5	15.7	12.5
Sterling Liquidity Fund	0.1	-	0.1	-
TOTAL	100.0	100.0	100.0	100.0

	2025 £	2024 £
Pooled Investment Vehicles	109,615,537	116,033,670
Insurance Policies - Annuities	399,943	474,211
AVCs	31,486	30,131
Investment value per financial statements	110,046,966	116,538,012

Annual Report

For the Year ended 31 July 2025

Investment Returns

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

TIME-WEIGHTED RETURNS TO 31 JULY 2025						
	Last 12 Months		3 Years		5 Years	
	Fund %	Index %	Fund % pa	Index % pa	Fund % pa	Index % pa
Investment Sector Fund						
L&G Diversified Fund	7.81	14.35	5.37	14.49	5.60	14.22
L&G Dynamic Diversified Fund	8.77	9.14	6.19	8.97	5.39	7.28
L&G Secure Income Assets Fund	6.10	4.42	6.10	0.94		
Ninety One Global Total Return Credit Fund	7.36	8.72	6.34	8.54		

Where no data is listed in the above table, the fund investments have not yet been in place for the stated period. New funds entered into during the year have not been included as they have not yet been held for 12 months.

Market highlights 12 months to 31 July 2025

Over the reporting year, the European Central Bank ("ECB") continued its aggressive stance on interest rates having made material rate cuts, more than any other major central bank. The 12-month inflation rate in the eurozone remained close to the ECB's long-term target of 2% over the year, allowing the ECB to take a more aggressive path to cutting rates. Borrowing costs in the eurozone fell over the reporting period. However, the ECB voted to keep their main lending rates steady in July 2025.

Meanwhile, the Bank of England ("BOE") and Federal Reserve ("Fed") followed their Eurozone counterpart a little later in the second quarter of 2024 and cut rates. The Fed took the surprise move to reduce its main lending rate by 0.5% to a target range of 4.75% - 5.0% in September 2024, a cut that was greater than expected. This was followed by two further cuts in the fourth quarter to a range of 4.25% - 4.5% where it remained as at 31 July 2025. The Fed Chair has since faced significant pressure from the Trump Administration to cut rates.

Inflationary pressures have persisted in the UK as CPI rose by 0.2% in June 2025 to an 18-month high of 3.6% and food inflation rose for the sixth consecutive month.

Changes in government across the UK, US and major European countries characterised most of 2024. Meanwhile Russia's invasion of Ukraine and escalating tensions in the Middle East presented an uncertain environment for oil prices. Geopolitical uncertainty presented a favourable environment for precious metal "safe haven" assets with gold performing very strongly over the year to 31 July 2025.

In equity markets, the FTSE 100 has reached multiple record highs over the reporting period, breaching past 9,000 points for the first time in July 2024 and continued strong growth during the remainder of the reporting year. Global equities rebounded well, after a global sell-off in March to April 2025 stemming from investor concerns surrounding the Trump Administration's widespread

Annual Report

For the Year ended 31 July 2025

tariff threats, to deliver a return of 13.0% over the year to 31 July 2025 (measured in Sterling). Emerging market equities also posted a strong return of 14.6% over the year (in Sterling), bolstered by a weakening Dollar and investors tilting away from US equities.

In bond markets, UK investment grade corporate bonds posted a return of 4.5% as credit spreads tightened significantly over the 12 months period, with spreads remaining close to historically tight levels. Global high yield bonds have continued their run of strong performance and returned 6.6%. The persistent increase in gilt yields over the 12 months has been a reflection of underperformance from long dated government bonds. Index-linked gilts slightly outperformed their fixed interest counterparts to post a return of -7.4%, supported by rising future inflation expectations at longer maturities. Speculation over the future of Chancellor Rachel Reeves caused volatility in the gilt market in early July 2025.

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

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.

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.

Annual Report

For the Year ended 31 July 2025

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: -

Gilts
0.100% per annum on the first £5 million.
0.075% per annum on the next £5 million.
0.050% per annum on the next £20 million.
Leveraged Gilts
0.240% per annum on the first £25 million.
0.170% per annum thereafter.
Diversified Fund
0.300% per annum on the first £25 million.
0.250% per annum thereafter.

Annual Report
For the Year ended 31 July 2025

Dynamic Diversified Fund
0.380% per annum on the investment.
Sterling Liquidity Fund
0.125% per annum on the first £5 million.
0.100% per annum on the next £5 million.
0.075% per annum thereafter.

Annual Report

For the Year ended 31 July 2025

d) IMPLEMENTATION STATEMENT FOR THE YEAR ENDED 31 JULY 2025

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 2025 (“the reporting year”). In addition, the statement provides a summary of the voting behaviour and most significant votes cast during the reporting year.

Background

The Trustees’ policies in relation to ESG and voting issues are documented in their Statement of Investment Principles (“SIP”), dated September 2021. As part of 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. A new SIP was produced after the year end in October 2025.

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 SIP was updated following the Scheme’s year-end and will be included in next year’s Implementation Statement.

Investment-related activity during the reporting year

Over the year, in relation to ESG, the Trustees continued to follow 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 Limited’s views on best practice in sustainable investment. The Trustees expect the managers to take into consideration the following areas which they consider to be a key priority for stewardship activity undertaken on their behalf:

- Climate change
- Pollution and waste
- Diversity and inclusion
- Natural resources
- Human and labour rights

These priorities were selected by the Trustees and align with the University’s sustainability goals as well as the Scheme’s investment advisor’s ESG priority topics.

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 Investment Limited 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 recalibrated their LDI portfolio and introduced L&G Matching Plus Funds and a number of L&G single stock gilt funds into the Scheme’s LDI portfolio, with capital

Annual Report

For the Year ended 31 July 2025

raised by disinvesting from the existing L&G LDI funds, with an aim to provide a more tailored LDI solution to the Scheme's liability profile. XPS Investment Limited advised the Trustees that these funds were suitable to achieve their objectives, using various criteria. One of the criteria, in acknowledgement of the Trustees' ESG policy, was that the investment manager had been found to have a credible ESG capability, with decisions linked to that capability applied to the fund to an acceptable degree for the asset class.

Ongoing governance

The Trustees, with the assistance of XPS Investment Limited, 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.

Over the reporting year, the Trustees received assurance from their investment managers that the managers were effectively undertaking stewardship activities on their behalf. The Trustees received examples of voting in respect of underlying companies from L&G, including matters related to climate change, diversity, and human rights.

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. The Trustees have set stewardship priorities as outlined in this Statement, with these priorities having been communicated directly to each of the Scheme's investment managers during the Scheme year.

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) and have delegated engagement activity to the Investment Managers 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 L&G 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.

Annual Report

For the Year ended 31 July 2025

Where the manager has provided a selection of significant votes, the Trustees have 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.

Disclaimer: These summaries have been provided by the investment manager and any reference to "our", "we" etc. is from the investment manager's perspective.

Legal and General's Asset Management business ("L&G") **- sourced from the investment manager**

Investment Manager Client Consultation Policy on Voting

L&G'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, L&G 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 L&G'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, L&G 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, L&G has regularly produced case studies and/ or summaries of L&G'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, L&G'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:

Annual Report

For the Year ended 31 July 2025

- 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 L&G'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 L&G engagement campaign, in line with L&G 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 L&G 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

L&G's Investment Stewardship team uses ISS's 'ProxyExchange' electronic voting platform to electronically vote clients' shares. All voting decisions are made by L&G 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.

Where voted against the company, was this communicated

L&G publicly communicates its vote instructions on its website with the rationale for all votes against management. It is our policy not to engage with our investee companies in the three weeks prior to an AGM as our engagement is not limited to shareholder meeting topics.

Implication of each vote

L&G will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress.

Annual Report

For the Year ended 31 July 2025

Voting Information					
<u>L&G Dynamic Diversified Fund</u>					
<p><u>The manager voted on 99.9% of resolutions out of 99,970 eligible votes.</u> <u>The manager voted against management on 22.6% of the resolutions which they voted.</u></p>					
Dynamic Diversified Fund: Top 5 Significant Votes during the Period					
Company	Date of Vote	Size of fund holdings	Voting Subject	How did the Investment Manager Vote?	Result
Broadcom Inc.	21/04/2025	0.1%	Resolution 1g: Elect Director Henry Samueli	Against	Pass (98.0%)
<p><i>Why the vote was deemed significant:</i> Thematic - Climate: L&G's Asset Management business considers this vote to be significant as it is applied under the Climate Impact Pledge, our flagship engagement programme targeting companies in climate-critical sectors. More information on L&G's Asset Management business' Climate Impact Pledge can be found here: https://am.landg.com/en-uk/institutional/responsible-investing/climate-impact-pledge/</p> <p><i>Rationale:</i> Climate Impact Pledge: A vote against is applied as the company is deemed not to have made sufficient progress against our climate expectations and red lines, as set out in our sector guides through L&G's dial-mover engagement programme.</p>					
Shell Plc	20/05/2025	0.2%	Resolution 22: Request Company Disclose Whether And How Its: Demand Forecast For LNG; LNG Production and Sales Targets; and new Capital expenditure In National Gas Assets; Are Consistent With Climate Commitments, Including Target To Reach Net Zero Emissions By 2025	Against	Fail (20.6%)
<p><i>Why the vote was deemed significant:</i> Pre-declaration: This shareholder resolution is considered significant. We recognise the underlying merit of this resolution, after careful consideration, we have made the decision to vote against. This decision is underpinned by a series of direct and constructive engagements with Shell's leadership. Through these discussions, we received clear commitments that the company will enhance its reporting in line with L&G's expectations specifically, providing detailed disclosures on stranded asset risks and financial resilience related to Shell's growing exposure to liquefied natural gas ("LNG"). These gaps were key reasons we were unable to support the company's climate transition strategy at its 2024 AGM. Following a detailed analysis of the company's disclosures, we believe Shell's current reporting provides a basis for investors to consider alignment with various climate outcomes, contributing to the broader objectives of the resolution. More information on L&G's Asset Management business pre-declaration can be found here: https://blog.landg.com/categories/esg-and-long-term-themes/our-voting-intentions-for-2025/</p>					

Annual Report

For the Year ended 31 July 2025

<i>Rationale:</i> Shareholder resolution - Climate change: While we recognise the intent behind Resolution 22, we have decided to vote against it following careful consideration. This decision follows a series of constructive engagements with Shell's leadership, during which the company committed to improving disclosures on stranded asset risks and financial resilience related to its LNG operations. We acknowledge meaningful progress in Shell's reporting, which now provides a clearer basis for assessing climate-related risks. In light of these developments, we believe the resolution's key objectives are being addressed through ongoing company actions.					
Alphabet Inc.	06/06/2025	0.1%	Resolution 1d: Elect Director John L Hennessey	Against	Pass (83.3%)
<i>Why the vote was deemed significant:</i> Thematic - Diversity: L&G's Asset Management business views gender diversity as a financially material issue for our clients, with implications for the assets we manage on their behalf.					
<i>Rationale:</i> Board balance - Independence: A vote against is applied to the (re-)election of a non-independent director due to lack of independence on the board. Independence: A vote against is applied as L&G expects the Chair of the Nominations/Governance Committee to have served on the board for no more than 12 years in order to maintain independence and a balance of relevant skills, experience, tenure, and background. Average board tenure: A vote against is applied as L&G expects a board to be regularly refreshed in order to maintain an appropriate mix of independence, relevant skills, experience, tenure, and background. Diversity: A vote against is applied as L&G expects a company to have at least one-third of women on the board. Independence: A vote against is applied as L&G expects the Chair of the Board to have served on the board for no more than 12 years and the board to be regularly refreshed in order to maintain an appropriate mix of independence, relevant skills, experience, tenure, and background. Independence - Board balance: A vote against is applied because the board does not comprise of a majority of independent directors. Shareholder rights: A vote against is applied because L&G supports the equitable structure of one-share-one-vote. We expect companies to move to a one-share-one-vote structure or provide shareholders a regular vote on the continuation of an unequal capital structure.					
Simon Property Groip, Inc.	14/05/2025	0.1%	Resolution 1A: Elect Director Glyn F Aeppel	Against	Pass (62.9%)
<i>Why the vote was deemed significant:</i> Thematic - Board Leadership: L&G's Asset Management business considers this vote to be significant as it is in application of an escalation of our vote policy on the topic of the combination of the board chair and CEO. Thematic - Diversity: L&G's Asset Management business views gender diversity as a financially material issue for our clients, with implications for the assets we manage on their behalf.					
<i>Rationale:</i> Diversity: A vote against is applied due to the lack of gender diversity at executive leadership level. L&G expects executives leadership teams to include at least one woman. Average board tenure: A vote against is applied as L&G expects a board to be regularly refreshed in order to maintain an appropriate mix of independence, relevant skills, experience, tenure, and background.					

Annual Report

For the Year ended 31 July 2025

Lead Independent Director - Accountability: A vote against is applied as L&G expects companies to elect an independent lead director where there is a combined Board Chair and CEO.

Joint Chair/CEO: A vote against is applied as L&G expects companies to separate the roles of Chair and CEO due to risk management and oversight concerns.

Realty Income Corporation	13/05/2025	0.2%	Resolution 1c: Elect Director Reginald H Gilyard	Against	Pass (94.4%)
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Why the vote was deemed significant:

Thematic - Diversity: L&G's Asset Management business views gender diversity as a financially material issue for our clients, with implications for the assets we manage on their behalf.

Rationale:

Diversity: Average board tenure: A vote against is applied as L&G expects a board to be regularly refreshed in order to maintain an appropriate mix of independence, relevant skills, experience, tenure, and background.

Diversity: A vote against is applied as L&G expects a company to have at least one-third of women on the board.

Board mandates: A vote against is applied because we have concerns regarding the time commitment required to manage all board positions and how this may impact their ability to remain informed and effectively contribute to board discussions.

Voting Information

L&G Diversified Fund

The manager voted on 99.9% of resolutions out of 104,120 eligible votes.
The manager voted against management on 22.1% of the resolutions which they voted.

Diversified Fund: Top 5 Significant Votes during the Period

Company	Date of Vote	Size of fund holdings	Voting Subject	How did the Investment Manager Vote?	Result
Broadcom Inc.	21/04/2025	0.1%	Resolution 1g: Elect Director Henry Samueli	Against	Pass (98.0%)

Why the vote was deemed significant:

Thematic - Climate: L&G's Asset Management business considers this vote to be significant as it is applied under the Climate Impact Pledge, our flagship engagement programme targeting companies in climate-critical sectors. More information on L&G's Asset Management business' Climate Impact Pledge can be found here: <https://am.landg.com/en-uk/institutional/responsible-investing/climate-impact-pledge/>

Rationale:

Climate Impact Pledge: A vote against is applied as the company is deemed not to have made sufficient progress against our climate expectations and red lines, as set out in our sector guides through L&G's dial-mover engagement programme.

Annual Report

For the Year ended 31 July 2025

Simon Property Group, Inc.	14/05/2025	0.2%	Resolution 1A: Elect Director Glyn F Aepfel	Against	Pass (62.9%)
<p><i>Why the vote was deemed significant:</i></p> <p>Thematic - Board Leadership: L&G's Asset Management business considers this vote to be significant as it is in application of an escalation of our vote policy on the topic of the combination of the board chair and CEO.</p> <p>Thematic - Diversity: L&G's Asset Management business views gender diversity as a financially material issue for our clients, with implications for the assets we manage on their behalf.</p> <p><i>Rationale:</i></p> <p>Diversity: A vote against is applied due to the lack of gender diversity at executive leadership level. L&G expects executives leadership teams to include at least one woman.</p> <p>Average board tenure: A vote against is applied as L&G expects a board to be regularly refreshed in order to maintain an appropriate mix of independence, relevant skills, experience, tenure, and background.</p> <p>Lead Independent Director - Accountability: A vote against is applied as L&G expects companies to elect an independent lead director where there is a combined Board Chair and CEO.</p> <p>Joint Chair/CEO: A vote against is applied as L&G expects companies to separate the roles of Chair and CEO due to risk management and oversight concerns.</p>					
Realty Income Corporation	13/05/2025	0.2%	Resolution 1c: Elect Director Reginald H Gilyard	Against	Pass (94.4%)
<p><i>Why the vote was deemed significant:</i></p> <p>Thematic - Diversity: L&G's Asset Management business views gender diversity as a financially material issue for our clients, with implications for the assets we manage on their behalf.</p> <p><i>Rationale:</i></p> <p>Diversity: Average board tenure: A vote against is applied as L&G expects a board to be regularly refreshed in order to maintain an appropriate mix of independence, relevant skills, experience, tenure, and background.</p> <p>Diversity: A vote against is applied as L&G expects a company to have at least one-third of women on the board.</p> <p>Board mandates: A vote against is applied because we have concerns regarding the time commitment required to manage all board positions and how this may impact their ability to remain informed and effectively contribute to board discussions.</p>					

Annual Report

For the Year ended 31 July 2025

Shell Plc	20/05/2025	0.3%	Resolution 22: Request Company Disclose Whether And How Its: Demand Forecast For LNG; LNG Production and Sales Targets; and new Capital expenditure In National Gas Assets; Are Consistent With Climate Commitments, Including Target To Reach Net Zero Emissions By 2025	Against	Fail (20.6%)
<p><i>Why the vote was deemed significant:</i> Pre-declaration: This shareholder resolution is considered significant. We recognise the underlying merit of this resolution, after careful consideration, we have made the decision to vote against. This decision is underpinned by a series of direct and constructive engagements with Shell's leadership. Through these discussions, we received clear commitments that the company will enhance its reporting in line with L&G's expectations specifically, providing detailed disclosures on stranded asset risks and financial resilience related to Shell's growing exposure to liquefied natural gas ("LNG"). These gaps were key reasons we were unable to support the company's climate transition strategy at its 2024 AGM. Following a detailed analysis of the company's disclosures, we believe Shell's current reporting provides a basis for investors to consider alignment with various climate outcomes, contributing to the broader objectives of the resolution. More information on L&G's Asset Management business pre-declaration can be found here: https://blog.landg.com/categories/esg-and-long-term-themes/our-voting-intentions-for-2025/</p> <p><i>Rationale:</i> Shareholder resolution - Climate change: While we recognise the intent behind Resolution 22, we have decided to vote against it following careful consideration. This decision follows a series of constructive engagements with Shell's leadership, during which the company committed to improving disclosures on stranded asset risks and financial resilience related to its LNG operations. We acknowledge meaningful progress in Shell's reporting, which now provides a clearer basis for assessing climate-related risks. In light of these developments, we believe the resolution's key objectives are being addressed through ongoing company actions.</p>					
Ares Capital Corporation	12/05/2025	0.2%	Resolution 1b: Elect Director Eric B Siegel	Against	Pass (68.7%)
<p><i>Why the vote was deemed significant:</i> Thematic - Diversity: L&G's Asset Management business views gender diversity as a financially material issue for our clients, with implications for the assets we manage on their behalf.</p> <p><i>Rationale:</i> Board balance - Independence: A vote against is applied to the (re-)election of a non-independent director due to lack of independence on the board.</p> <p>Audit Committee independence: A vote against is applied because the director is not independent and sits on a Board Committee that should be comprised solely of independent directors.</p>					

Annual Report

For the Year ended 31 July 2025

Remuneration Committee independence: A vote against has been applied due to insufficient independence on the Committee. Classified Board: A vote against is applied as L&G supports a declassified board as directors should stand for re-election on an annual basis.

Average board tenure: A vote against is applied as L&G expects a board to be regularly refreshed in order to maintain an appropriate mix of independence, relevant skills, experience, tenure, and background.

Diversity: A vote against is applied as L&G expects a company to have at least one-third of women on the board.

Independence: A vote against is applied as L&G expects the Lead Director to have served on the board for no more than 12 years in order to maintain independence and a balance of relevant skills, experience, tenure, and background.

Remuneration: A vote against has been applied as L&G expects companies to obtain annual shareholder approval of executive directors pay and non-executive directors fees.

Governance Committee - Accountability: A vote AGAINST Eric Siegel and Daniel Kelly Jr. is warranted for a material governance failure. The company maintains a charter that provides the board with exclusive right to amend the bylaws.

Annual Report

For the Year ended 31 July 2025

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.

Annual Report

For the Year ended 31 July 2025

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 2025. In respect of benefits attributable to service to 31 July 2011, the increase was the higher of 3% or RPI as at the previous September. In respect of benefits attributable to service from 1 August 2011 to 31 December 2018, the increase was the lower of CPI or 5%. In respect of benefits attributable to service after 1 January 2019, the increase was the lower of CPI or 3%. 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 at their meeting on 26 January 2026.

Signed for and on behalf of the Trustees of the University of Aberdeen Superannuation and Life Assurance Scheme on 29 January 2026.

J CRAW
Chair of the Board of Trustees

O COX
Trustee

Annual Report

For the Year ended 31 July 2025

Part 2: Financial Statements

FUND ACCOUNT for the year ended 31 July 2025

	Notes	£	2025 £	2024 £
Contributions and Benefits				
Contributions receivable - employer	2	3,675,526		3,816,879
Contributions receivable – employee	2	158,169		194,425
Transfers in	3	59,364		-
Other income	4	62,595		64,342
			3,955,654	4,075,646
Benefits payable	5	7,488,594		7,866,333
Payments to and on account of leavers	6	50,123		82,200
Life assurance premiums	7	80,541		112,672
Administrative expenses	8	708,992		660,337
			8,328,250	8,721,542
Net withdrawals from dealing with members			(4,372,596)	(4,645,896)
Returns on Investments				
Investment income	9	976,278		1,050,268
Change in market value of investments	11	(2,501,636)		6,621,061
Investment management expenses	10	(268,088)		(259,527)
			(1,793,446)	7,411,802
Net (decrease)/increase in fund during the year			(6,166,042)	2,765,906
Net assets of the Scheme at 1 August			116,349,915	113,584,009
Net assets of the Scheme at 31 July			110,183,873	116,349,915

The notes on pages 30 to 42 form part of these financial statements.

Annual Report

For the Year ended 31 July 2025

STATEMENT OF NET ASSETS (available for benefits)

	Notes	2025	2024
		£	£
Investment assets:			
Pooled Investment Vehicles	11	109,615,537	116,033,670
Insurance Policies	11	399,943	474,211
AVCs	11	31,486	30,131
Current Assets	15	910,754	722,598
Current Liabilities	16	<u>(773,847)</u>	<u>(910,695)</u>
		<u>110,183,873</u>	<u>116,349,915</u>

The notes on pages 30 to 42 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 50 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 29 January 2026.

J CRAW
Chair of the Board of Trustees

O COX
Trustee

Annual Report

For the Year ended 31 July 2025

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, within 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.

Annual Report

For the Year ended 31 July 2025

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 were issued by Scottish Amicable which was subsequently acquired by Prudential Assurance in 1997.

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.

Interest on bank deposits and balances is accounted for in the period in which it is receivable.

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.

Annual Report

For the Year ended 31 July 2025

2. Contributions receivable	2025	2024
	£	£
Employer – normal	1,980,135	2,090,181
Employer – salary sacrifice, on behalf of the employee	970,351	1,001,658
Employer – deficit funding	725,040	725,040
Total employer	<u>3,675,526</u>	<u>3,816,879</u>
Employee – normal	158,169	194,425
Total employee	<u>158,169</u>	<u>194,425</u>
	<u>3,833,695</u>	<u>4,011,304</u>

Deficit funding contributions are payable in equal monthly amounts at a rate £725,000 per annum until July 2033. These are in line with the Schedule of Contributions/Scheme funding recovery plan in place for the year.

3. Transfers in	2025	2024
	£	£
Transfer values received - individuals	59,364	-
	<u>59,364</u>	<u>-</u>

4. Other income	2025	2024
	£	£
Interest received	14,399	19,100
Claims on term insurance policies	47,956	-
Reimbursement of augmentation payments	-	45,242
Sundry income	240	-
	<u>62,595</u>	<u>64,342</u>

5. Benefits payable	2025	2024
	£	£
Pensions payable	6,437,410	6,067,878
Lump sums on retirement	982,443	1,776,179
Lump sums on death-in-service	55,019	-
Lump sums on death-in-deferment	13,722	22,276
	<u>7,488,594</u>	<u>7,866,333</u>

Pension payments include £58,164 (2024: £56,800) of pensions paid directly by the annuity provider.

6. Payments to and on account of leavers	2025	2024
	£	£
Transfer values payable - individual	33,751	18,595
Refunds to early leavers	15,264	57,950
Tax paid	1,108	5,655
	<u>50,123</u>	<u>82,200</u>

Annual Report

For the Year ended 31 July 2025

7. Life Assurance premiums	2025	2024
	£	£
Life Assurance premiums	80,541	112,672
8. Administrative expenses	2025	2024
	£	£
Prudential administration charge	119,374	122,979
Consultants' fees	295,792	227,846
Legal fees	149,167	137,896
Audit fee	33,630	34,260
PPF levy	28,580	38,126
Pension Regulator levy	15,194	4,265
Other admin costs	67,255	94,965
	708,992	660,337
9. Investment income	2025	2024
	£	£
Annuity income	58,164	56,797
Ninety One dividend	918,114	993,471
	976,278	1,050,268
10. Investment management expenses	2025	2024
	£	£
Investment managers' charges	268,088	259,527

11. Total Investments

	<u>Value at</u> <u>01.08.2024</u>	<u>Purchases</u>	<u>Sales</u>	<u>Change in</u> <u>market value</u>	<u>Value at</u> <u>31.07.2025</u>
Pooled Investment Vehicles (PIVs)	116,033,670	39,610,567	(43,599,977)	(2,428,723)	109,615,537
Insurance policies - annuities	474,211	-	-	(74,268)	399,943
Money Purchase AVCs	30,131	-	-	1,355	31,486
	116,538,012	39,610,567	(43,599,977)	(2,501,636)	110,046,966

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.

Annual Report

For the Year ended 31 July 2025

11. Total Investments - continued

Concentration of investments:	2025	% of net assets	2024	% of net assets
L&G Dynamic Diversified Growth Fund	25,138,318	22.9	20,829,295	18.0
L&G Diversified Growth Fund	21,615,369	19.7	21,842,704	18.8
L&G Secure Income Assets Fund	18,053,040	16.5	18,191,314	15.7
Ninety One - Global Total Return Fund	15,547,158	14.2	15,368,865	13.2
L&G 2030 Leveraged I-L Gilt Fund	3,429,742	3.1	-	-
L&G 2042 Leveraged Gilt Fund	3,378,596	3.1	-	-
L&G 2034 Leveraged I-L Gilt Fund	3,278,193	3.0	-	-
L&G 2042 Leveraged I-L Gilt Fund	2,978,364	2.7	-	-
L&G 2055 Leveraged Gilt Fund	2,741,576	2.5	-	-
L&G 2049 Leveraged Gilt Fund	2,454,790	2.2	-	-
L&G 2040 Leveraged I-L Gilt Fund	2,070,024	1.9	-	-
L&G 2050 Leveraged I-L Gilt Fund	1,757,871	1.6	-	-
L&G 2068 Leveraged Gilt Fund	1,409,932	1.3	-	-
L&G 2055 Leveraged I-L Gilt Fund	1,371,046	1.3	-	-
L&G 2060 Leveraged Gilt Fund	1,035,588	0.9	-	-
L&G 2062 Leveraged I-L Gilt Fund	945,152	0.9	-	-
L&G 2073 Index Linked Gilt Fund	756,605	0.7	-	-
L&G 2038 Leveraged Gilt Fund	724,536	0.7	-	-
L&G 2073 Gilt Fund	701,693	0.6	-	-
L&G 2068 Leveraged I-L Gilt Fund	136,712	0.1	-	-
L&G Sterling Liquidity Fund	91,232	0.1	107,725	0.1
L&G Matching Core Real Short Ser 1	-	-	13,486,707	11.6
L&G Matching Core Fix Short Ser 1	-	-	8,904,850	7.7
L&G Matching Core Real Long Ser 1	-	-	7,986,165	6.9
L&G Matching Core Fix Long Ser 1	-	-	4,809,430	4.1
L&G 2071 Gilt Fund	-	-	1,355,590	1.2
L&G 2058 Index-Linked Gilt Fund	-	-	986,042	0.8
L&G 2060 Gilt Fund	-	-	817,881	0.7
L&G 2050 Index-Linked Gilt	-	-	663,160	0.6
L&G 2047 Index-Linked Gilt	-	-	591,247	0.5
L&G 2042 Index-Linked Gilt	-	-	92,695	0.1
	<u>109,615,537</u>	<u>100</u>	<u>116,033,670</u>	<u>100</u>

Analysis of Pooled Investment Vehicles:

<u>Type of Fund</u>	2025	2024
Equity	15,547,158	15,368,865
Bond	47,223,460	22,697,929
Diversified Growth	46,753,687	42,671,999
Matching Core	-	35,187,152
Liquidity Fund	<u>91,232</u>	<u>107,725</u>
	<u>109,615,537</u>	<u>116,033,670</u>

Legal and General ("L&G") investments are held in Unit Linked insurance contracts and the Ninety One investments are held in an Open Ended Investment Company.

Annual Report

For the Year ended 31 July 2025

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 2025			
Level	1	2	3
Pooled investment vehicles	-	109,615,537	-
<i>L&G 2030 Leveraged I-L Gilt Fund</i>	-	3,429,742	-
<i>L&G 2034 Leveraged I-L Gilt Fund</i>	-	3,278,193	-
<i>L&G 2038 Leveraged Gilt Fund</i>	-	724,536	-
<i>L&G 2040 Leveraged I-L Gilt Fund</i>	-	2,070,024	-
<i>L&G 2042 Leveraged Gilt Fund</i>	-	3,378,596	-
<i>L&G 2042 Leveraged I-L Gilt Fund</i>	-	2,978,364	-
<i>L&G 2049 Leveraged Gilt Fund</i>	-	2,454,790	-
<i>L&G 2050 Leveraged I-L Gilt Fund</i>	-	1,757,871	-
<i>L&G 2055 Leveraged Gilt Fund</i>	-	2,741,576	-
<i>L&G 2055 Leveraged I-L Gilt Fund</i>	-	1,371,046	-
<i>L&G 2060 Leveraged Gilt Fund</i>	-	1,035,588	-
<i>L&G 2062 Leveraged I-L Gilt Fund</i>	-	945,152	-
<i>L&G 2068 Leveraged Gilt Fund</i>	-	1,409,932	-
<i>L&G 2068 Leveraged I-L Gilt Fund</i>	-	136,712	-
<i>L&G 2073 Gilt Fund</i>	-	701,693	-
<i>L&G 2073 Index Linked Gilt Fund</i>	-	756,605	-
<i>L&G Diversified Growth Fund</i>	-	21,615,369	-
<i>L&G Dynamic Diversified Growth Fund</i>	-	25,138,318	-
<i>L&G Secure Income Assets Fund</i>	-	18,053,040	-
<i>L&G Sterling Liquidity Fund</i>	-	91,232	-
<i>Ninety One Global Total Return Credit Fund</i>	-	15,547,158	-
Insurance Policies – Annuities	-	-	399,943
AVC Investments	-	-	31,486
Total	-	109,615,537	431,429

Annual Report

For the Year ended 31 July 2025

12. Investment Fair Value Hierarchy - continued

Fair value breakdown at 31 July 2024			
Level	1	2	3
Pooled investment vehicles	-	116,033,670	-
<i>L&G Matching Core Fixed Short</i>	-	8,904,850	-
<i>L&G Matching Core Fixed Long</i>	-	4,809,430	-
<i>L&G Matching Core Real Short</i>	-	13,486,707	-
<i>L&G Matching Core Real Long</i>	-	7,986,165	-
<i>L&G 2042 Index-Linked Gilt Fund</i>	-	92,695	-
<i>L&G 2047 Index-Linked Gilt Fund</i>	-	591,247	-
<i>L&G 2050 Index-Linked Gilt Fund</i>	-	663,160	-
<i>L&G 2058 Index-Linked Gilt Fund</i>	-	986,042	-
<i>L&G 2060 Gilt Fund</i>	-	817,881	-
<i>L&G 2071 Gilt Fund</i>	-	1,355,590	-
<i>L&G Diversified Fund</i>	-	21,842,704	-
<i>L&G Dynamic Diversified Fund</i>	-	20,829,295	-
<i>L&G Secure Income Assets Fund</i>	-	18,191,314	-
<i>L&G Sterling Liquidity Fund</i>	-	107,725	-
<i>Ninety One Global Total Return Credit Fund</i>	-	15,368,865	-
Insurance Policies – Annuities	-	-	474,211
AVC Investments	-	-	30,131
Total	-	116,033,670	504,342

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.

Annual Report

For the Year ended 31 July 2025

13. Investment Risks - continued

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's Asset Management ("L&G") 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
<i>L&G Matching Core Fixed Short Fund</i>	✓	x	✓	x
<i>L&G Matching Core Fixed Long Fund</i>	✓	x	✓	x
<i>L&G Matching Core Real Short Fund</i>	✓	x	✓	✓
<i>L&G Matching Core Real Long Fund</i>	✓	x	✓	✓
<i>L&G 2030 Leveraged Index-Linked Gilt Fund</i>	✓	x	✓	✓
<i>L&G 2034 Leveraged Index-Linked Gilt Fund</i>	✓	x	✓	✓
<i>L&G 2040 Leveraged Index-Linked Gilt Fund</i>	✓	x	✓	✓
<i>L&G 2042 Leveraged Index-Linked Gilt Fund</i>	✓	x	✓	✓
<i>L&G 2050 Leveraged Index-Linked Gilt Fund</i>	✓	x	✓	✓
<i>L&G 2055 Leveraged Index-Linked Gilt Fund</i>	✓	x	✓	✓
<i>L&G 2062 Leveraged Index-Linked Gilt Fund</i>	✓	x	✓	✓
<i>L&G 2068 Leveraged Index-Linked Gilt Fund</i>	✓	x	✓	✓
<i>L&G 2038 Leveraged Gilt Fund</i>	✓	x	✓	x
<i>L&G 2042 Leveraged Gilt Fund</i>	✓	x	✓	x

Annual Report

For the Year ended 31 July 2025

13. Investment Risks - continued

Risk exposures over the period	Credit Risk	Currency Risk	Interest Rate Risk	Other Price Risk
<i>L&G 2049 Leveraged Gilt Fund</i>	✓	x	✓	x
<i>L&G 2055 Leveraged Gilt Fund</i>	✓	x	✓	x
<i>L&G 2060 Leveraged Gilt Fund</i>	✓	x	✓	x
<i>L&G 2068 Leveraged Gilt Fund</i>	✓	x	✓	x
<i>L&G 2042 Index-Linked Gilt Fund</i>	✓	x	✓	✓
<i>L&G 2047 Index-Linked Gilt Fund</i>	✓	x	✓	✓
<i>L&G 2050 Index-Linked Gilt Fund</i>	✓	x	✓	✓
<i>L&G 2058 Index-Linked Gilt Fund</i>	✓	x	✓	✓
<i>L&G 2073 Index-Linked Gilt Fund</i>	✓	x	✓	✓
<i>L&G 2060 Gilt Fund</i>	✓	x	✓	x
<i>L&G 2071 Gilt Fund</i>	✓	x	✓	x
<i>L&G 2073 Gilt Fund</i>	✓	x	✓	x
<i>L&G Secure Income Assets Fund</i>	✓	x	✓	✓
<i>L&G Sterling Liquidity Fund</i>	✓	x	✓	x
<i>Ninety One Global Total Return Credit Fund</i>	✓	✓	✓	✓
<i>L&G Diversified Fund</i>	✓	✓	✓	✓
<i>L&G Dynamic Diversified Fund</i>	✓	✓	✓	✓

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 Ninety One Global Return Total Credit Fund which may use derivatives for efficient portfolio management. The L&G Diversified Fund, Dynamic Diversified Fund, Secure Income Assets Fund and the Ninety One Global Return Total Credit Fund 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.

Annual Report

For the Year ended 31 July 2025

13. Investment Risks - continued

Investment risks - Credit risk - continued		
<p>The Scheme's holdings in the Secure Income Fund amount to c.£18.1m, where the exposure to credit risk would be far less than 100% and is expected to change due to active management of this Fund.</p>		
<p>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.</p>		
<p>The Scheme is also exposed to a small element of credit risk through the Leveraged Gilt Funds, Leveraged Index-Linked Gilt Funds, 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.</p>		
<p>The Scheme held investments in funds amounting to c.£109.6m at the end of the accounting period which have indirect exposure to credit risk, c.100% of total Scheme assets. In practice, c.£46.8m of this is invested in the L&G Diversified Fund and the L&G 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.</p>		
<p>Overall, indirect credit risk is not considered to be a significant concern within the Scheme's investment strategy.</p>		
<p>The breakdown between unit linked insurance contracts and open-ended insurance companies is shown below:</p>		
	2025	2024
	£000	£000
Unit Linked Insurance Contracts	94,068	100,665
Open Ended Insurance Companies	15,547	15,369
	109,615	116,034

Investment risks – Currency risk	
<p>Currency risk is the risk that the value of assets will change due to movements in foreign exchange rates.</p>	
<p>During the year the Scheme had some exposure to currency risk through the L&G Diversified Fund, L&G 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 L&G Diversified Fund, L&G Dynamic Diversified Fund, and Ninety One Global Return Total Credit Fund are all actively managed and partially hedge foreign currency movements.</p>	
<p>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.</p>	

Annual Report

For the Year ended 31 July 2025

13. Investment Risks - continued

Investment risks – Currency risk - continued

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.£62.3m, c.57% of overall assets. This was through investment in the L&G 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.£109.6m as at 31 July 2025.

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 L&G Diversified Fund, L&G Dynamic Diversified Fund, L&G 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 L&G Diversified, Dynamic Diversified, Index-Linked Gilt, Leveraged Index-Linked Gilts, 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.£97.1m of the Scheme's assets, c.89% 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 56 individuals. The Trustees no longer purchase annuities to meet Scheme liabilities. The annuities were issued by Scottish Amicable which was acquired by Prudential Assurance in 1997. The annuities are valued by the Scheme Actuary.

Annual Report

For the Year ended 31 July 2025

15. Current assets	2025	2024
	£	£
Cash in bank	183,757	316,274
Cash in transit	291,375	-
Contributions due from the employer	322,322	310,460
Prepaid expenses	14,156	18,824
Other Debtors	99,144	77,040
	<u>910,754</u>	<u>722,598</u>

Other debtors includes £64,596 of Ninety One income and £34,548 relating a refund of overpaid pensions, both received post year-end.

16. Current liabilities	2025	2024
	£	£
Accrued expenses	155,718	290,459
Unpaid benefits	617,116	614,897
Other creditors	1,013	5,339
	<u>773,847</u>	<u>910,695</u>

17. Related party transactions

The University of Aberdeen, which is the Employer, provides administrative support to the pension scheme and charged £26,760 for this service for the year (2024: £26,760).

At 31 July 2025, the Employer owed £322,322 to the Scheme (2024: £310,460). This included £322,252 for the July 2025 contributions which were paid in August 2025 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. The active Trustee members spouse is also an active member of the Scheme.

18. Employer related investments

The Scheme did not hold any employer related investments during the year or at the year end (2024: nil).

19. Contingent Liabilities – GMP equalisation

As explained within the Trustees report on page 9, 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.

Annual Report

For the Year ended 31 July 2025

As explained within the Trustees report on page 10, 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.

20. Subsequent Events

20.1 Rocking Horse Nursery

RHN became a SCIO in December 2022 and employees transferred from the RHN to the RHN (SCIO) on 17 October 2023. Under pensions law, the transfer of employees from the RHN to the RHN (SCIO) meant that a debt under section 75 of the Pensions Act 1995 (estimated by the Scheme Actuary to be approximately £180,000 as at 17 October 2023) became payable by the RHN to the Scheme.

There is, however, a mechanism known as a FAA which will allow RHN's liabilities to be transferred to the University of Aberdeen, the Scheme's sponsoring employer, provided certain conditions are met. The legal advisers to the Scheme drafted an FAA in September 2023 and the Scheme's covenant adviser has confirmed that the required conditions have been met. The FAA was signed and registered in August 2025, and RHN has therefore been released from the obligation to pay its section 75 debt.

20.2 Bank Guarantee

Following the 2016 actuarial valuation, the University granted security to the Scheme over certain University properties, to the value of £9.1 million. In May 2019 this was replaced by a pension bond, valid until January 2029, in line with the Schedule of Contributions at that date. In October 2020 the value of the bond was increased to £9.6 million.

In October 2023, a new Schedule of Contributions was prepared by the Scheme actuary, covering contributions payable up to July 2033. The University sought an extension of the existing bond up to this date, but an extension on the same basis was refused by the bank. The Trustees felt that the alternative guarantee that was offered by the bank was not fit for purpose and asked the University to explore other solutions. In September 2025, a new bank guarantee was agreed with HSBC for £9.6 million, on the same terms as the previous bond.

Annual Report

For the Year ended 31 July 2025

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 2025 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 2025 and of the amount and disposition at that date of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the 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.

Annual Report

For the Year ended 31 July 2025

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 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.

Annual Report

For the Year ended 31 July 2025

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 48 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, 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.

Annual Report

For the Year ended 31 July 2025

Trustees' responsibilities

As explained more fully in their statement set out on page 26, 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.

Iryndeeep Kaur-Delay
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL

Date: 29/01/2026

Annual Report

For the Year ended 31 July 2025

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 2025, the contributions payable to the Scheme were as follows:-

	Employee £	Employer £
Contributions Payable under the Schedule of Contributions		
Normal contributions	158,169	1,980,135
Salary Sacrifice contributions (for employee)	-	970,351
Deficit Funding contributions	-	725,040
Total required by the Schedule of Contributions (as reported on by the Scheme Auditor)	158,169	3,675,526
Total contributions as per financial statements	158,169	3,675,526

Signed for and on behalf of the Trustees of the University of Aberdeen Superannuation and Life Assurance Scheme on 29 January 2026.

J CRAW
Chair of the Board of Trustees

O COX
Trustee

Annual Report

For the Year ended 31 July 2025

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 2025 which is set out on page 47.

In our opinion contributions for the Scheme year ended 31 July 2025 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 Schedules 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 47, 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.

Iryndeeep Kaur-Delay
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL

Date: 29/01/2026

Annual Report

For the Year ended 31 July 2025

Part 6: Actuary's certification of Schedule of Contributions

University of Aberdeen Superannuation and Life Assurance Scheme

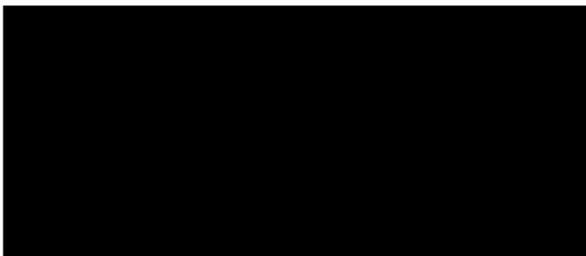
Adequacy of rates of contributions

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.



Date

26 October 2023

Name

Gerry Devenney FFA

Qualification

Fellow of the Institute
and Faculty of Actuaries

Address

XPS Pensions
3rd Floor East Wing
40 Torphichen Street
Edinburgh
EH3 BJB

Annual Report

For the Year ended 31 July 2025

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

Annual Report

For the Year ended 31 July 2025

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.