Lloyd's Superannuation Fund

Annual report for the year ended 31 March 2022

Fund Registration Number 100798329

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The Trustee's Report

Introduction

This report relates to the operation of the Lloyd's Superannuation Fund ("the Fund") during the year ended 31 March 2022.

The Fund is a defined benefit ("DB") pension fund established by Trust Deed dated 10 October 1929. The Fund is registered for tax purposes and accordingly the Fund is exempt from income and capital gains tax.

With effect from 30 November 2020 the Fund closed to future accrual and all remaining active members became deferred members.

Full details of the Fund's benefits can be found in the member's explanatory booklet. Copies are available from the Fund Administrators (see "Contact for further information" on page 6).

Management of the Fund

LSF Pensions Management Limited ("LSF") acts as sole Trustee, having been appointed with effect from 1 January 2002.

Under the terms of the LSF's Articles of Association, the Board consists of an Independent Chairman, up to three nominated Employers' Directors and up to three Members' Directors. Each Director will serve for a period of up to four years. Directors may be reappointed to serve for more than one term of office.

The names of the directors who served during the year and those serving at the date of approval of this report are as follows:

Name	Nominated/appointed by	Date appointed/resigned
Eric Stobart	Independent Chairman	
Michael Hampton	Independent Director, and Deputy Chairman	Resigned 31 December 2021
Paul Horncastle	Members' Director	
Robert Mankiewitz	Members' Director	
Neil O'Leary	Employers' Director	
Yvonne Slater	Employers' Director	

The Trustee's Report (continued)

Fund advisers

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

Role	Provider
Scheme Actuary	Richard Gibson F.I.A, Barnett Waddingham LLP
Advising Actuaries	Barnett Waddingham LLP
Pension Manager	Muse Advisory Limited
Administrator of the Fund benefits	LSF Pension Management Limited (to 30 September 2021) Barnett Waddingham LLP (from 1 October 2021)
Investment Consultants	Lane Clark & Peacock LLP
Independent Auditor	Ernst & Young LLP
Investment Managers	Arcmont Asset Management Limited Insight Investment Management Limited Janus Henderson Global Investors Limited LaSalle Investment Management Ruffer LLP Veritas Asset Management (UK) Limited
AVC Managers	Scottish Equitable (part of Aegon NV)
Legal Advisers	Sackers & Partners LLP
Covenant Adviser	Ernst & Young LLP
Custodians of the Fund assets	Northern Trust Global Services SE
Bankers	National Westminster Bank Plc Lloyds Bank Plc (from October 2021)

Changes in and other matters relating to Fund advisers

The Trustee Board agreed to outsource the administration of the Fund to Barnett Waddingham LLP with effect from October 2021. Muse Advisory Limited have also been engaged to take on the role of Pensions Manager and scheme secretary from April 2021.

Except those noted above there have been no other changes to Fund advisers and other matters during the Fund year under review.

The Trustee's Report (continued)

Trustee governance

The full Board met six times during the year ended 31 March 2022. Overall, the Board manages the governance of the Fund, and is supported by three committees, as noted below;

- The Governance, Audit and Risk Committee oversees the production and audit of the Accounts and has oversight of governance policies;
- The Operations Working Group that oversees the management and operation of the Fund, including the payment of benefits to members; and
- The Investment & Funding Working Group that oversees the investment of the Fund's assets and the assessment of the Fund's liabilities and how they are to be funded.

Since the year end the decision has been taken to update the Trustee governance by retaining most governance related matters by the Board and changing the committee structure which now comprises:

- Audit and Risk Committee
- Operations Committee
- Investment and Funding Committee

Additional working groups are also convened from time to time, to deal with specific issues. These groups are less formal than Committees but are still bound by Terms of Reference approved by the Board. They meet as and when deemed appropriate.

Subject to any conflicts of interest, Directors may attend any Committee or Working Group meeting whether or not they are members, although only appointed Directors may vote.

Trustee training and performance evaluation

Upon appointment Directors are offered training, dealing with all aspects of pension trusteeship. Newly appointed Directors are also required to complete the on-line training provided by the Pensions Regulator. This has various modules that cover the whole gamut of pension trusteeship, including documentation, funding and investment.

Also, individual Directors attend courses and seminars run by organisations such as the Pensions and Lifetime Savings Association or the Pensions Management Institute, and the Fund's advisers or investment managers, so as to keep up to date with the ever-changing pension environment.

The Directors undertake an annual evaluation of how the Board are performing either with external facilitation or by means of a self-assessment. Such evaluations determine what further training is required to enable the Directors to keep up to date with developments in pensions and related issues.

Risk register

As part of its governance the Directors maintain a register of actual and potential risks. Having identified the risks, the Board considers the potential impact of those risks, the likelihood of them occurring and the controls in place to mitigate them. From this the Board ranks those risks with the potential for the greatest impact and ensures that strategies are adopted, and resources made available to manage them effectively.

Whilst the Board has overall responsibility for identifying and monitoring risks, risks are also assigned to and monitored by the Audit & Risk Committee, Operations Committee and the Investment and Funding Committee. The Board and relevant Committees review the risk register regularly to keep the analysis or risk up to date, to ensure that the internal controls remain adequate and to identify any additional or emerging risks.

The Trustee's Report (continued)

The Participating Employers

The names of the Participating Employers during the year were as follows;

MS Amlin Corporate Member Limited
MS Amlin Corporate Services Limited ("MS Amlin" or the "Sponsor")

Financial development of the Fund

During the year the value of the net assets decreased by £20,528,000 to £448,469,000 as at 31 March 2022. The decrease comprised net withdrawals from dealings with members of £23,142,000 offset by the return on investments of £2,614,000.

Fund Audit

The financial statements on pages 18 to 34 have been prepared and audited in accordance with regulations made under sections 41(1) and (6) of the Pensions Act 1995.

Tax status of Fund

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

Fund membership

At 31 March 2022 there were 2,247 members in the Fund, a net decrease over the previous year of 71. The following information below details the membership movement during the year under review and the make-up of the Fund's total membership as at 31 March 2022.

	Number as at start of year	Changes in year	Number as at end of year
Deferred members	968		
adjustment		(2)	
transferred out		(11)	
retired		(56)	
died		(6)	
		(75)	893
Pensioners	1,110		
adjustment		(2)	
new pensioners		56	
died		(47)	
		7	1,117
Dependants	240		
adjustment		(6)	
new dependant		20	
died		(17)	
		(3)	237
	2,318		2,247

Included with deferred members are 5 members (2021: 5) whose benefits are held with an annuity policy held in the name of the Trustee, whilst included within pensioners are 3 (2021: 3) pensioners whose pensions are paid via the same annuity policy.

The Trustee's Report (continued)

With effect from 30 November 2020 the Fund closed to future accrual and all remaining active members became deferred members.

Pension increases and transfer values

The Rules of the Fund require the Trustee to review annually the levels of pensions either prospectively or currently in payment and at the Trustee's discretion to award an increase, subject to seeking the advice of the Scheme Actuary as to the affordability of such an increase. The Trustee has not awarded any such discretionary increase (i.e. above any increases mandated in the terms of the particular sections of the Fund) since 1999. The Trustee invests the Fund's assets instead with a view of maximising the security of members' existing benefits. The Trustee does not intend to deviate from its current policy in the foreseeable future.

Following receipt of a report from the Scheme Actuary, the Trustee has directed that no allowance be made for future discretionary increases in the transfer value calculation. Allowance has still been made for any pension increase guarantee that may be included in the Fund memoranda.

Whilst the Fund's General Rules include statutory increases, each employer was able to participate in the Fund on terms that it wished. These terms were included in individual Fund Rules, referred to as a Fund's Memorandum. Some employers included guaranteed pension increases within their individual Fund memoranda, with guaranteed increases ranging from 3% to 5% per annum.

GMP equalisation

On 26 October 2018, a High Court decision involving Lloyds Banking Group ruled that occupational pension schemes are required to adjust members' benefits to remove the sex inequality caused by the Guaranteed Minimum Pension ("GMP") earned from 17 May 1990 (the date of an earlier court decision on equal treatment) up to and including 5 April 1997 (when GMPs ceased to build up). Only certain members (i.e. those who built up GMP during the period above) will be affected by this High Court decision.

The Trustee has taken steps to equalise benefits for certain categories of members who are eligible to take full commutation of all of their Fund benefits on the basis of those benefits being very small or due to the member being in serious ill-health as well as for members taking transfers out of the Fund.

The Trustee is currently considering and taking advice as to how to proceed with this complicated area for other members, noting that working out how to adjust affect members' benefits will be a complex process which will likely take some time to complete and implement.

On 20 November 2020, the High Court handed down a further judgment on the GMP equalisation case in relation to the Lloyds Banking Group pension schemes. This follows from the original judgment on 26 October 2018 above which confirmed that schemes need to equalise pensions for the effect of unequal GMPs between males and females. This latest judgment confirms that defined benefit schemes which provide GMPs need to revisit and where necessary top up historic Cash Equivalent Transfer Values that were calculated based on unequalised benefits. The issues determined by the judgment arise in relation to many other defined benefit pension schemes. The Trustee will be considering this at a future date and decisions will be made as to the next steps. Any adjustments necessary will be recognised in the financial statements in future years. At the date of signing these accounts, the value of any such adjustments is not expected to be material to the financial statements.

Codes of Practice

The Trustee is aware of and adheres to the Codes of Practice issued by the Pensions Regulator ("TPR"). The objectives of these codes are to protect members' benefits, reduce the risk of calls on the Pension Protection Fund ("PPF") and to promote good administration.

The Trustee’s Report (continued)

The Pensions Regulator: Record Keeping

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

More information can be found at:

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

Contact for further information

Members are encouraged to register and use the online facility called BWebstream. If, as a Fund member, you wish to obtain further information about the Fund, including copies of the Fund documentation, your own pension position, or who to contact in the event of a problem or complaint, please use the online facility or write to or telephone:

Lloyd’s Superannuation Fund, c/o Barnett Waddingham LLP, 2 London Wall Place, London, EC2Y 5AU. Telephone: 0333 111 1222

Alternatively, enquiries may be made to: lsfadmin@barnett-wadingham.co.uk

Website: www.lsf.org.uk

The Trustee's Report (continued)

Report on Actuarial Liabilities

The Scheme Actuary to the Lloyd's Superannuation Fund carries out a triennial valuation of the Fund known as an actuarial valuation, which measures its financial position. The most recent triennial actuarial valuation of the Fund was carried out as at 31 March 2019, with updates performed as at 31 March 2020 and 31 March 2021.

	31 March 2021	**31 March 2020**	**31 March 2019**
Assets	£469.0m	£503.9m	£486.9m
Amount needed to provide benefits	£491.6m	£554.1m	£520.7m
Deficit	(£22.5m)	(£50.2m)	(£33.9m)
Funding level	95%	91%	93%

The Schedule of Contributions was updated after the 2019 valuation, in which MS Amlin agreed to pay deficit contributions of £4.94m each year for the three-year period to 31 March 2023, along with further deficit contributions of £3.71m each year for the following three-year period until 31 March 2026. In addition, MS Amlin agreed to maintain the escrow account that provides collateral of at least £14.0m, that the Trustee may draw on in limited circumstances.

The Schedule of Contributions was further updated from 29 April 2021 to reflect the closure of the Fund to future accrual and changes to the Fund Sponsors. There were no changes to the deficit contributions payable, although future service contributions ceased with effect from 30 November 2020 in line with the closure to accrual.

The next triennial valuation of the Fund as at 31 March 2022 is currently underway. The results of this valuation will not be available until after the publication of this report, and therefore will be updated in the Annual Report & Financial statements for the year ending 31 March 2023.

A copy of the latest Certification of the Schedule of Contributions prepared under Part 3 of the Pensions Act 2004 is appended to this report.

The financial statements on pages 18 to 34 do not take into account liabilities which fall due after the year end. As part of the triennial valuation, the Scheme Actuary considers the funding position of the Fund and the level of contributions payable.

The Trustee's Report (continued)

Market review

Over the year under review, the investments of the Fund were managed by Veritas Asset Management ("Veritas"), Ruffer LLP ("Ruffer"), LaSalle Investment Management ("LaSalle"), Janus Henderson Investors ("Henderson"), Arcmont Asset Management Limited ("Arcmont") and Insight Investment Management Limited ("Insight").

In addition, the Trustee has a bulk annuity contract with Pension Insurance Corporation ("PIC") to insure benefit payments linked to some of the Fund's pensioner members.

Statement of Investment Principles

In accordance with section 35 of the Pensions Act 1995, a Statement of Investment Principles ("SIP") has been produced by the Trustee following consultation with the Sponsor. The SIP was reviewed and updated in December 2021. The Trustee reviews the SIP at least once every three years, and after any significant change in investment strategy. The Sponsor, the appointed Investment Consultant, and the appointed Scheme Actuary are consulted during the review.

The current SIP (dated December 2021) is available to download from https://www.lsf.org.uk/your-pension/documents/ under the "Fund Documents" section.

Investment strategy

The broad investment objectives are agreed by the Trustee, having consulted with the Sponsor. Within the context of these risk and return objectives, the Trustee, taking advice from the Fund's investment consultants, decides on the overall allocation of assets between the various asset classes and selects appropriate managers within each asset class.

The following table details the asset distribution at the financial year end by fund. Figures may not sum due to rounding.

Manager	Asset class	Allocation as at 31 March 2022 (%)	Allocation as at 31 March 2021 (%)
Veritas	Global Equities	11.1	11.6
Ruffer	Diversified Growth	3.3	5.3
LaSalle	Property	0.6	1.0
Janus Henderson	Multi-Asset Credit	7.2	7.0
Arcmont	Private Credit	7.0	3.8
Insight	Contractual Income	33.3	34.6
Insight	Liability Driven Investments Asset Backed Securities	37.5	36.8
Total		**100.0**	**100.0**

Note: Arcmont is valued at 31 March 2022 based on a partial valuation of assets.

Within a reasonable timeframe, the Trustee's investment strategy is to gradually switch assets from the current investment mix to a portfolio that is mainly invested in low-risk bond-like assets, in order to prudently deliver an overall expected return of 0.5% pa above gilt returns. The Trustee will monitor progress towards achieving this objective by 31 March 2032.

The Trustee's Report (continued)

The purpose of the Liability Driven Investment ("LDI") mandate is to reduce risk, by providing some protection against the Fund's funding position worsening due to adverse movements in long term interest rates or inflation expectations. Insight holds bond-like assets, such as UK government bonds and swaps. Its benchmark is calculated to broadly mirror the movements of the Fund's liabilities, as measured on a gilts + 0.5% pa basis.

The purpose of the Contractual Income portfolio is to provide a contractual stream of cash flow payments to the Fund until around 2030 to help enable the Fund to meet its cashflow obligations over the period without the need to sell investment assets. The Trustee is gradually funding the allocation to Arcmont's private credit portfolio by disinvesting from Ruffer's diversified growth fund. No material changes have been made to the investment strategy since 31 March 2022. However, as a result of the market turbulence following the announcement of the Government's Growth Plan 2022 on 23 September 2022, the Fund's Global Equities portfolio was liquidated to support the Fund's LDI hedging programme. The Trustee continues to monitor events to ensure that the Fund has sufficient liquidity which may result in other assets being sold; however the Fund's overall investment strategy has not been changed. It is important to note that these actions do not and will not impact the amount of pensions due to members and beneficiaries.

Departures from the SIP

Following a review of the Fund's investment strategy in March 2021, the interest rate and inflation hedging ratio was increased from 90% to 100% on the self-sufficiency (i.e. gilts +0.5% pa) basis. The Fund's SIP was subsequently updated during the year to reflect this change.

Performance of the Fund's assets

The performance of the investment managers is reviewed periodically at the Trustee's meetings. The following tables show the performance (including investment income) of the appointed investment managers over one year to 31 March 2022, and the overall Fund over the one, three and five year periods to 31 March 2022. Performance is shown after the deduction of fees.

Fund	**One year (%)**		
	Performance	**Benchmark**	**Out/(under)performance**
Veritas (Global Equity)	11.2	12.9	(1.7)
Ruffer (DGF)	7.2	0.2	7.0
LaSalle (Property)	1.1	4.9	(3.8)
Janus Henderson (Multi-Asset)	1.4	0.2	1.2
Arcmont (Private Credit)	7.4	8.0	(0.6)
Insight (Contractual Income)*	2.8	0.1	2.7
Insight (LDI, including ABS funds)*	(4.3)	(3.6)	(0.7)
Fund	**0.9**	**0.1**	**0.8**

*Performance is shown net of fees, with the exception of the Insight contractual Income and LDI portfolio (including ABS) which is shown gross of fees. The returns for the Insight's LDI portfolio are shown on a levered basis versus the gilts benchmark comparator

The Trustee's Report (continued)

Performance	One year (%)		Three years (% p.a.)		Five years (% p.a.)	
	Fund	Benchmark	Fund	Benchmark	Fund	Benchmark
Fund	**0.9**	**0.1**	**4.2**	**3.4**	**3.6**	**3.0**

Source: Investment managers. Fund performance has been estimated by LCP.

Custody of assets

The Trustee has a direct custodial relationship with Northern Trust Global Services SE. The Trustee reviews the third-party report on the procedures and controls operated by the custodian.

Investment management

The overall management of the Trustee's investments is the responsibility of the Trustee. However, the day-to-day management of the Fund's asset portfolio is the responsibility of the investment managers and group annuity provider, who operate within the guidelines of their specific mandates.

Investment principles

Trustee's policies in relation to voting rights

The Trustee recognises its responsibilities as owners of companies' capital and believes that good stewardship practices, including monitoring and engaging with companies in which the Fund is invested, and exercising voting rights attaching to investments, protect and enhance the long-term value of investments. The Trustee has delegated to its investment managers the exercise of rights attaching to investments, including voting rights, and engagement with issuers of debt and equity and other relevant persons about relevant matters such as performance, strategy, risks and ESG considerations.

The Trustee does not monitor or engage directly with issuers or other holders of debt or equity. It expects the investment managers to exercise ownership rights and undertake monitoring and engagement in line with the managers' general policies on stewardship, as provided to the Trustee from time to time, taking into account the long-term financial interests of the beneficiaries.

The Trustee seeks to appoint managers that have strong stewardship policies and processes, reflecting where relevant the recommendations of the UK Stewardship Code issued by the Financial Reporting Council, and from time to time the Trustee reviews how these are implemented in practice.

However, where the Trustee holds assets in pooled funds, the Trustee has limited influence over managers' stewardship practices, but it encourages its managers to improve their practices where appropriate.

The Trustee’s Report (continued)

Trustee’s policies on environmental, social and governance (“ESG”) and ethical factors

The Trustee has considered how ESG and ethical factors should be taken into account in the selection, retention and realisation of investments, given the time horizon of the Fund and its members.

The Trustee expects its investment managers to take account of financially material considerations (including climate change and other ESG considerations), in a way that is consistent with acting in the best financial interests of the beneficiaries. The Trustee seeks to appoint managers that have appropriate skills and processes to do this, and from time-to-time reviews how its managers are taking account of these issues in practice.

The Trustee receives regular updates from its investment adviser regarding the managers’ approaches to managing climate change and other ESG considerations. The Trustee has limited influence over managers’ investment practices where assets are held in pooled funds, but it engages directly with its managers to encourage improving their practices where appropriate.

The Trustee does not take into account any non-financial matters (i.e. matters relating to the ethical and other views of members and beneficiaries, rather than considerations of financial risk and return) in the selection, retention and realisation of investments.

Trustee’s policies on the implementation of asset manager arrangements

The Trustee encourages its managers to improve their practices where appropriate, however it acknowledges where assets are held in pooled funds it has limited influence.

The Trustee’s view is that the fees paid to the investment managers, and the possibility of their mandate being terminated, ensure they are incentivised to provide a high-quality service that meets the stated objectives, guidelines and restrictions of the portfolio. In practice, where the Fund’s assets are held in pooled funds, managers cannot fully align their strategy and decisions to the (potentially conflicting) policies of all their pooled fund investors in relation to strategy, long-term performance of debt/equity issuers, engagement and portfolio turnover.

It is the Trustee’s responsibility to ensure that the managers’ investment approaches are consistent with its policies before any new appointment, and to monitor and to consider terminating any existing arrangements that appear to be investing contrary to those policies. The Trustee expects its investment managers, where appropriate, to make decisions based on assessments of the longer-term financial performance of debt/equity issuers, and to engage with issuers to improve their performance. It assesses this when selecting and monitoring managers.

The Trustee evaluates investment manager performance by considering performance over both shorter and longer-term periods as available. Except in closed-ended funds where the duration of the investment is determined by the fund’s terms, the duration of a manager’s appointment will depend on strategic considerations and the outlook for future performance. Generally, the Trustee would be unlikely to terminate a mandate on short-term performance grounds alone.

The Trustee’s policy is to evaluate each of its investment managers by reference to the manager’s individual performance as well the role it plays in helping the Fund meet its overall long-term objectives, taking account of risk, the need for diversification and liquidity. Each manager’s remuneration, and the value for money it provides, is assessed in light of these considerations.

The Trustee recognises that portfolio turnover and associated transaction costs are a necessary part of investment management and that the impact of portfolio turnover costs is reflected in performance figures provided by the investment managers.

The Trustee expects its investment consultant to incorporate portfolio turnover and resulting transaction costs as appropriate in its advice on the Fund’s investment mandates.

The Trustee's Report (continued)

Statement of Trustee's Responsibilities

Trustee's responsibilities in respect of the financial statements

The financial statements, which are prepared in accordance with UK Generally Accepted Accounting Practice including the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) are responsibility of the Trustee. Pension Scheme regulations require, and the Trustee is responsible for ensuring, that those financial statements:

- show a true and fair view of the financial transactions of the Fund during the Fund year and of the amount and disposition at the end of the Fund year of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the Fund year; and
- contain the information specified in Regulation 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, including making a statement whether the financial statements have been prepared in accordance with the relevant financial reporting framework applicable to occupational pension schemes.

In discharging the above responsibilities, the Trustee is responsible for selecting suitable accounting policies, to be applied consistently, making any estimates and judgements on a prudent and reasonable basis, and for ensuring that the financial statements are prepared on a going concern basis unless it is inappropriate to presume that the Fund will not be wound up.

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

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

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

The Trustee is also responsible for keeping records in respect of contributions received in respect of any member of the Fund and for adopting risk-based processes to monitor whether contributions are made to the Fund by the Sponsor in accordance with the Schedule of Contributions. Where breaches of the Schedule occur, the Trustee is required by the Pensions Acts 1995 and 2004 to consider making reports to The Pensions Regulator and the members.

Approval of Trustee's Report

This Report was approved by the Trustee on

Date: 31 October 2022

Signed on behalf of the LSF Pensions Management Ltd on:

Eric Stobart
Director

Independent Auditor’s Report to the Trustee of the Lloyd's Superannuation Fund

Opinion

We have audited the financial statements of the Lloyd’s Superannuation Fund for the year ended 31 March 2022 which comprise the Fund Account, the Statement of Net Assets and the related notes 1 to 27, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 ‘The Financial Reporting Standard applicable in the UK and Republic of Ireland’ (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the financial transactions of the Fund during the year ended 31 March 2022, and of the amount and disposition at that date of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the year;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- contain the information specified in Regulation 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, made under the Pensions Act 1995.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor’s responsibilities for the audit of the financial statements section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC’s Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Fund’s ability to continue as a going concern for a period of 12 months from when the Fund’s financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Trustee with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Fund’s ability to continue as a going concern.

Independent Auditor's Report to the Trustee of the Lloyd's Superannuation Fund (continued)

Other information

The other information comprises the information included in the annual report, other than the financial statements, our auditor's report thereon and our auditor's statement about contributions. The Trustee is responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Responsibilities of Trustee

As explained more fully in the Trustee's responsibilities statement set out on page 12, the Trustee is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustee determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

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

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with the Trustee.

Independent Auditor's Report to the Trustee of the Lloyd's Superannuation Fund (continued)

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Fund and determined that the most significant related to pensions legislation and the financial reporting framework. These are the Pensions Act 1995 and 2004 (and regulations made thereunder), FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Statement of Recommended Practice (Financial Reports of Pension Schemes). We considered the extent to which a material misstatement of the financial statements might arise as a result of non-compliance.

- We understood how the Fund is complying with these legal and regulatory frameworks by making enquiries of the Trustee. We corroborated our enquiries through our review of the Trustee's meeting minutes.

- We assessed the susceptibility of the Fund's financial statements to material misstatement, including how fraud might occur by considering the key risks impacting the financial statements and documenting the controls that the Fund has established to address risks identified, or that otherwise seek to prevent, deter or detect fraud.. In our assessment, we considered the risk of management override of controls. Our audit procedures included verifying cash balances and investment balances to independent confirmations, testing manual journals on a sample basis and also those journals where there is an increased risk of override, and an assessment of segregation of duties. These procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error.

- Based on this understanding, we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved making enquiries of the Trustee for its awareness of any non-compliance of laws or regulations, inspecting correspondence with the Pensions Regulator and review of Trustee's minutes.

- The Fund is required to comply with UK pensions regulations. As such, we have considered the experience and expertise of the engagement team, to ensure that the team had an appropriate understanding of the relevant pensions regulations to assess the control environment and consider compliance of the Fund with these regulations as part of our audit procedures.

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

Use of our report

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

Ernst & Young LLP
Statutory Auditor
Reading

Date: 31 October 2022
Philip Worswick

Summary of Contributions payable in the year

During the year, the contributions payable to the Fund by the Sponsor under the Schedules of Contributions were as follows:

	£'000
Sponsor deficit recovery contributions	4,940
Sponsor expense contributions	9
Contributions payable under the Schedules of Contributions	4,949
Total contributions payable as per note 4 of the Financial Statements	4,949

Date: 31 October 2022

Signed on behalf of the LSF Pensions Management Ltd on:

:

Eric Stobart	Robert Mankiewitz
Director	Director

Independent Auditor's Statement about Contributions to the Trustee of the Lloyd's Superannuation Fund

We have examined the summary of contributions to the Lloyd's Superannuation Fund for the year ended 31 March 2022, which is set out on page 16 .

In our opinion contributions for the Fund year ended 31 March 2022 as reported in the summary of contributions on page 16 and payable under the Schedules of Contributions have in all material respects been paid at least in accordance with the Schedules of Contributions certified by the Scheme Actuary on 1 July 2020 and 29 April 2021

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 on page 16 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 Fund and the timing of those payments under the Schedules of Contributions.

Respective responsibilities of Trustees and the auditor

As explained more fully in the Statement of Trustee's Responsibilities, the Fund's Trustee is responsible for preparing, and from time to time reviewing and if necessary revising, a Schedule of Contributions and for monitoring whether contributions are made to the Fund by the Sponsor in accordance with the Schedules of Contributions.

It is our responsibility to provide a Statement about Contributions paid under the Schedules of Contributions and to report our opinion to you.

Use of our statement

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

Ernst & Young LLP
Statutory Auditor
Reading

Date: 31 October 2022
Philip Worswick

The Financial Statements

Fund Account

for the year ended 31 March 2022

	Note	31 March 2022 £'000	31 March 2021 £'000
		£	£
Contributions and benefits			
Sponsor contributions		4,949	5,238
Employee contributions		-	37
Total contributions	4	4,949	5,275
Benefits paid or payable	5	(17,599)	(18,586)
Payments to and on account of leavers	6	(7,927)	(27,583)
Other payments	7	(5)	(18)
Administrative expenses	8	(2,560)	(2,554)
		(28,091)	(48,741)
Net withdrawals from dealings with members		(23,142)	(43,466)
Returns on investments			
Investment income	9	7,323	8,114
Change in market value of investments	10	(2,804)	2,703
Investment management expenses	11	(1,891)	(2,215)
Taxation	12	(14)	(68)
Net return on investments		2,614	8,534
Net decrease in the fund during the year		(20,528)	(34,932)
Net assets of the Fund			
At 1 April 2021		468,997	503,929
At 31 March 2022		448,469	468,997

The notes on pages 20 to 34 form part of these financial statements.

The Financial Statements (continued)

Statement of Net Assets

available for benefits as at 31 March 2022

	Note	31 March 2022 £'000	31 March 2021 £'000
Investment assets:			
Equities	10	48,471	58,207
Bonds	10	332,201	303,853
Pooled investment vehicles	13	257,843	300,285
Derivatives	15	94,387	100,565
Annuity policies	10	4,581	4,880
Other investments	10	31,676	34,999
AVC investments	16	84	78
Cash	10	6,858	5,869
Other investment balances	14	1,662	1,578
		777,763	810,314
Investment liabilities:			
Derivatives	15	(112,659)	(115,906)
Other investment balances	14	(224,021)	(230,587)
		(336,680)	(346,493)
Total net investments		441,083	463,821
Fixed assets	20	-	13
Current assets	21	8,900	6,235
Current liabilities	22	(1,514)	(1,072)
Net assets of the Fund at 31 March available for benefits		448,469	468,997

The financial statements summarise the transactions of the Fund and deal with the net assets at the disposal of the Trustee. They do not take account of obligations to pay pensions and benefits which fall due after the end of the Fund year. The actuarial position of the Fund, which takes into account such obligations is dealt with in the Report on Actuarial Liabilities on page 7 of the Annual Report and these financial statements should be read in conjunction with this report.

The notes on pages 20 to 34 form part of these financial statements.

These financial statements were approved by the Trustee on

Date: 31 October 2022

Signed on behalf of the LSF Pensions Management Ltd on:

Eric Stobart
Director

Robert Mankiewitz
Director

Notes to the Financial Statements

1. Basis of preparation

The individual financial statements have been prepared in accordance with the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, Financial Reporting Standard 102 – The Financial Reporting Standard applicable in the UK and Republic of Ireland, (and the guidance set out in the Statement of Recommended Practice (Revised 2018).

The financial statements have been prepared on the going concern basis which the Trustee believe to be appropriate based on their expectations for a 12-month period from the date of approval of these financial statements which indicate that sufficient funds should be available to enable the Fund to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due.

2. Identification of the financial statements

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

3. Accounting policies

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

Currency

- The Fund’s functional and presentational currency is pounds sterling (GBP). All amounts presented have been rounded to the nearest £1,000 and shown as £’000 unless indicated otherwise.
- Assets and liabilities denominated in foreign currency are translated into sterling using the closing exchange rates at the Fund year-end. Foreign currency transactions are recorded in sterling at the spot exchange rate at the date of the transaction.
- Gains and losses arising on conversion or translation are dealt with as part of the change in market value of the investments to which they relate.

Contributions

- Sponsor deficit recovery contributions are accounted for on the due dates on which they are payable under the Schedule of Contributions or on receipt if earlier with the agreement of the Sponsor and Trustee if this is not in direct conflict with the wording applicable in the Schedule of Contributions.
- Sponsor other and augmentation contributions are accounted for in accordance with the agreement under which they are payable and in the absence of such an agreement, on a receipts basis.

Payments to members

- Pensions in payment, including pensions funded by annuity contracts, are accounted for in the period to which they relate (on an accruals basis).
- Benefits are accounted for in the period in which the member notifies the Trustee of their decision on the type or amount of benefit to be taken, or if there is no member choice, on the date of retiring or leaving.
- Where members have a choice regarding the form and timing of their benefit, benefits are accounted for on an accruals basis on the later of the date of retiring or leaving and the date the option is exercised.
- Individual transfers in or out of the Fund are accounted for when member liability is accepted or discharged which is normally when the transfer amount is received or paid.
- Where the Trustee agree or is required to settle tax liabilities on behalf of a member (such as where lifetime or annual allowances are exceeded) with a consequent reduction in that member’s benefits receivable from the Fund, any taxation due is accounted for on the same basis as the event giving rise to the tax liability and shown separately within “Benefits paid or payable”.

Expenses and other payments

- Expenses are accounted for on an accruals basis.
- Administrative expenses are met by the Fund.

Notes to the Financial Statements (continued)

3. Accounting policies (continued)

Investment income

- Dividends from quoted securities are accounted for when the security is declared ex-dividend.
- Income from bonds is accounted for on an accruals basis and includes interest bought and sold on investment purchases and sales.
- Income from pooled investment vehicles is accounted for when declared by the fund manager.
- Income from cash and short-term deposits is accounted for on an accruals basis.
- Receipts from annuity policies are accounted for as investment income on an accruals basis.
- Investment income arising from the underlying investments of the pooled investment vehicles is reinvested within the pooled investment vehicles and reflected in the unit price. Thus, it is reported within "Change in market value".
- Investment income is reported net of attributable tax credits but gross of withholding taxes which are accrued in line with the associated investment income. Irrecoverable withholding taxes are reported separately as a tax charge.
- Receipts or payments under swap contracts, representing the difference between the swapped cash flows, are included in investment income.

Investments

- The change in market value of investments during the year comprises all increases and decreases in the market value of investments held at any time during the year, including profits and losses realised on sales of investments during the year.
- Equities, bonds and certain pooled investment vehicles which are traded on the active market are included in at the quoted price, which is normally the bid price.
- Unitised pooled investment vehicles which are not traded on an active market but where the investment manager is able to demonstrate that they are priced daily, weekly or at each month end, and are actually traded on substantially all pricing days are included at the last price provided by the manager at or before the year end.
- The value of other equities, bonds and pooled investment vehicles which are unquoted or not actively traded on a quoted market is estimated by the Trustee. Where the value of a pooled investment vehicle is primarily driven by the fair value of its underlying assets, the net asset value advised by the fund manager is normally considered a suitable approximation to the fair value unless there are restrictions or other factors which prevent realisation at that value, in which case adjustment is made. The best estimate of fair value in relation to the private credit holding is recorded at amortised cost less impairment under accounting standards these assets are held to maturity.
- Swaps are valued at the net present value of future cash flows arising therefrom.
- Forward exchange contracts are valued at the gain or loss that would arise from the closing date of the contract at the reporting date be entering into an equal and opposite contract date.
- A bulk annuity policy is held by the Trustee with Pension Insurance Corporation ("PIC") which exactly matches the amount and timing of some or all of the benefits payable for certain pensioners, and prospective pensioners, of the Fund. The annuity policy has been valued on an actuarial basis.
- Accrued interest is excluded from the market value of bonds but is included in other investment balances. The Fund continues to recognise, and value assets delivered out under repurchase agreements to reflect its ongoing interest in those securities. Cash received from repurchase agreements is recognised as an investment asset, and an investment liability is recognised for the value of the repurchase obligation.

Notes to the Financial Statements (continued)

4. Contributions

	2022	2021
	£'000	£'000
Sponsor contributions		
Normal	-	288
Deficit recovery	4,940	4,940
Other	9	10
Employee contributions		
Normal	-	37
	4,949	5,275

Deficit recovery contributions are paid by MS Amlin to the Fund in accordance with the recovery plan in order to improve the Fund's funding position. In accordance with the recovery plan dated 29 April 2021, from (and including) 31 March 2021, the deficit contributions are £4,940,000 for three years to 31 March 2023, then fall to £3,710,000 from 31 March 2024 until 31 March 2026.

5. Benefits paid or payable

	2022	2021
	£'000	£'000
Pensions	15,656	15,819
Commutation of pensions and lump sum retirement benefits	1,628	2,744
Lump sum death benefits	78	1
Taxation where lifetime or annual allowance exceeded	237	22
	17,599	18,586

Taxation arising on benefits paid or payable is in respect of members whose benefits exceeded the lifetime or annual allowance and who elected to take lower benefits from the Fund in exchange for the Fund's settling their tax liability.

6. Payments to and on account of leavers

	2022	2021
	£'000	£'000
Individual transfers to other schemes	7,927	27,583

7. Other payments

	2022	2021
	£'000	£'000
Life assurance premiums	5	18

Notes to the Financial Statements (continued)

8. Administrative expenses

	2022	2021
	£'000	£'000
Actuarial fees	367	447
Administration and other expenses	1,320	867
Audit fee	45	34
Directors' fees and Professional indemnity insurance	78	175
Independent covenant review	100	53
Investment consultancy fees	289	285
Legal fees	389	718
TPR/PPF Levy	20	20
VAT recovered	(48)	(45)
	2,560	2,554

The Fund bears all costs of administration with the exception of the Director's fees which with effect from 1 October 2021 are paid directly by MS Amlin. VAT is recovered in respect of administrative expenses. Further VAT is recovered in respect of investment management expenses and is disclosed under note 11.

9. Investment income

	2022	2021
	£'000	£'000
Dividends from equities	599	739
Income from bonds	5,057	6,494
Income from pooled investment vehicles	2,098	2,688
Net expense from derivative contracts	(149)	(1,242)
Repo expense interest	(412)	(696)
Annuity income	130	130
Interest on cash deposits	-	1
	7,323	8,114

Dividends from equities include irrecoverable tax of £14,451 (2021 £67,695).

Income from pooled investment vehicles includes indirect property expenses of £16,251 (2021: £38,205).

Income from AVC Investments are reinvested and therefore reflected in the change in market value under note 10.

Notes to the Financial Statements (continued)

10. Reconciliation of investments

	Value at 31 March 2021 £'000	Purchases at cost and derivative payments £'000	Sales proceeds and derivative receipts £'000	Change in market value £'000	Value at 31 March 2022 £'000
Equities	58,207	11,058	(27,811)	7,017	48,471
Bonds	303,853	141,306	(107,285)	(5,673)	332,201
Pooled investment vehicles	300,285	13,518	(59,875)	3,915	257,843
Derivatives	(15,341)	11,516	(6,720)	(7,727)	(18,272)
Annuity policies	4,880	-	-	(299)	4,581
AVC investments	78	3	(3)	6	84
Other investments	34,999	177,836	(181,159)	-	31,676
	686,961	355,237	(382,853)	(2,761)	656,584
Cash deposits	5,869			(43)	6,858
Other investment balances	(229,009)				(222,359)
	463,281			(2,804)	441,083

Transaction costs are included either in the cost of purchases and sales proceeds or offset against income received. These include costs charged directly to the Fund such as fees, commission, stamp duty and other fees.

Other investments comprise of a Liquidity Fund held with Insight. The purpose of the Liquidity Fund is to provide stability of capital and daily liquidity along with income comparable to short-term sterling interest rates.

Other investment balances comprise of accrued income, outstanding settlements and repurchase agreements and are detailed in note 14.

Direct transaction costs include fees, commissions and stamp duty, and are applicable to the segregated assets held with Insight, Ruffer and Veritas. The amounts were as follows:

	Fees £'000	Commission £'000	2022 Total £'000	2021 Total £'000
Direct transaction costs				
Equities	12	6	18	39

In addition to the transaction costs disclosed above, indirect costs are incurred through the bid-offer spread on investments within pooled investment vehicles. These are not separately provided to the Trustee.

11. Investment management expenses

	2022 £'000	2021 £'000
Administration, management and custody	1,930	2,215
VAT recovered	(39)	-
	1,891	2,215

12. Taxation

The Fund is a registered pension scheme under Chapter 2 of Part 4 of the Finance Act 2004 and is therefore exempt from income tax and capital gains tax. The tax charge in the Fund Account represents irrecoverable withholding tax arising on investment income.

Notes to the Financial Statements (continued)

13. Pooled investment vehicles

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

	2022 £'000	2021 £'000
Managed global credit bonds	31,629	32,140
Managed corporate bonds	58,277	80,557
Other managed funds	4,450	8,814
Indirect property	1,997	2,756
Private credit	30,593	17,243
Contractual income	130,897	158,775
	257,843	300,285

The Fund is the sole investor in the contractual income portfolio held with Insight (the Secured Finance Direct Lending Fund). The assets underlying this pooled investment vehicle are as follows:

	2022 £'000	2021 £'000
Bonds	119,425	139,984
Derivatives	(1,307)	755
Other investments	10,458	15,848
Cash deposits	1,303	3,711
Other investment balances	1,018	(1,523)
	130,897	158,775

Other investments comprise of a Liquidity Fund held with Insight, while other investment balances comprise of accrued income, pending trades and outstanding settlements.

14 Other investment balances

	2022 £'000	2021 £'000
Accrued income	1,179	1,536
Pending trades	483	42
Repurchase agreements	(224,021)	(230,587)
	(222,359)	(229,009)

The Fund held collateral of £5,372,722 (2021: £11,111,784) consisting of cash and pledged collateral of £219,377,615 (2021: £218,897,092) constituted of bonds in respect to the Repurchase agreements as at 31 March 2022.

Notes to the Financial Statements (continued)

15. Derivatives

Objectives and Policies

The Trustee has authorised the use of derivatives by their investment managers as part of their investment strategy for the Fund as follows:

Over-the-counter ("OTC") Swaps – the Trustee's aim is to match as far as possible the Liability Driven Investment (LDI) portfolio and the Fund's long term liabilities, in particular in relation to their sensitivities to interest rate movements. Due to the lack of long-dated bonds the Trustee holds interest rate and inflation swaps to extend the duration and match more closely with the Funds liability profile.

Forward foreign exchange ("FX") – In order to maintain appropriate diversification of investments within the portfolio and take advantage of overseas investment returns, a proportion of the underlying investment portfolio is invested overseas. The Fund's managers hedge most of the Fund's non-Sterling exposure using forward foreign exchange contracts. Veritas does not hedge any non-Sterling exposure, as per the terms of the Investment Manager Agreement. Ruffer uses forward foreign exchange contracts to partially or fully hedge non-Sterling exposure, but the proportion hedged is at the manager's discretion depending on where they see value in overseas currency markets and may vary over time.

The Fund continues to use derivative policies as a risk management tool at the time of signing.

At the year end the Fund had the following derivatives:

	2022		2021	
	Asset £'000	Liability £'000	Asset £'000	Liability £'000
Over-the-counter contracts				
OTC Swaps	94,377	(112,634)	100,496	(115,884)
Forward FX contracts	10	(25)	69	(22)
	94,387	(112,659)	100,565	(115,906)

A summary of the Fund's outstanding derivative contracts at the year-end aggregated by key characteristics is set out below:

i. OTC Swaps

Nature	Notional amounts £'000	Expires	Asset value £'000	Liability value £'000
Interest rate swaps	241,225	0-10 years	4,354	(21,114)
	186,354	10-20 years	8,920	(16,298)
	359,453	20+ years	45,084	(34,940)
	787,032		58,358	(72,352)
Inflation rate swaps	345,300	0-10 years	20,958	(18,886)
	100,727	10-20 years	10,021	(6,821)
	104,823	20+ years	5,040	(14,522)
	550,850		36,019	(40,229)
Other swaps	9,220	20+ years	-	(53)
Total 2022	1,347,102		94,377	(112,634)
Total 2021	1,237,088		100,496	(115,884)

The Fund held collateral of £17,240,223 (2021: £24,162,761) consisting of cash and bonds and pledged collateral of £22,109,451 (2021: £3,497,741) constituted of bonds in respect to the Swaps as at 31 March 2022.

Notes to the Financial Statements (continued)

15. Derivatives (continued)

ii. Forward FX

Contract	Settlement date	Currency bought	Currency sold	Asset value	Liability value
				£'000	£'000
Forward FX	22/04/2022	GBP	EUR	-	(17)
Forward FX	17/06/2022	GBP	EUR	-	(2)
Forward FX	17/06/2022	GBP	USD	9	-
Forward FX	17/06/2022	USD	GBP	1	-
Forward FX	17/06/2022	USD	GBP	-	(6)
Total 2022				10	(25)
Total 2021				69	(22)

The Fund continues to use forward FX derivative products as a risk management tool as at the time of signing

16. AVC investments

AVCs are invested with Aegon in its own policy. AVCs are allocated to provide benefits to the individuals who made such contributions and do not form a common pool of assets available for members generally. Members receive an annual statement confirming the contributions paid and the value of their AVC funds. The aggregate amounts of AVC investments are as follows:

	2022	2021
	£'000	£'000
Aegon	84	78

Prior to 2000 AVC's paid by members of the defined benefit section were invested in-house, co-mingled along with the Fund's assets. In return members receive interest which is calculated by reference to the FTSE gilts 5-year average yield index.

	2022	2021
	£'000	£'000
Market Value as at 1 April	283	290
Interest credit	3	3
Monies out	(44)	(10)
Market Value as at 31 March	242	283

17. Fair value hierarchy

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

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

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

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

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

Bonds

The Fund invests in debt securities, corporate and government bonds and treasury securities. In the absence of a quoted price in an active market, they are valued on a clean basis (i.e. excluding accrued interest) using observable inputs such as recently executed transaction prices in securities of the issuer or comparable issuers and yield curves. Adjustments are made to the valuations when necessary to recognise differences in the instrument's terms. The Fund categorises these investments as Level 2.

Notes to the Financial Statements (continued)

17. Fair value hierarchy (continued)

Over-the-counter derivatives

The Fund uses widely recognised valuation models for determining fair values of over-the-counter interest rate swaps, currency swaps and forward foreign exchange contracts. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations. The models incorporate various inputs including both credit and debit valuation adjustments for counterparty and own risk, foreign exchange spot and forward rates and interest curves. For these financial instruments, significant inputs into models are market observable and are included within Levels 2 and 3.

Pooled investment vehicles

The Fund invests in pooled investment vehicles which are not quoted in an active market and which may be subject to withdrawal restrictions. The Trustee considers the valuation techniques and inputs used in valuing these funds as part of its due diligence prior to investing, to ensure they are reasonable and appropriate and therefore the net asset value ("NAV") of these funds may be used as an input into measuring their fair value. In measuring this fair value, the NAV of the funds is adjusted, as necessary, to reflect restrictions on redemptions, future commitments, and other specific factors of the fund and fund managers. In measuring fair value, consideration is also paid to any transactions in the shares of the fund. Depending on the nature and level of adjustments needed to the NAV and the level of trading in the fund, the Fund classified these funds as Level 2 or 3.

Annuity policy

The Fund holds a group annuity policy with Pension Insurance Corporation ("PIC") which matches the pension payments made for a group of pensioners. There is no active market for this investment and as required by the SORP the value is based on the relevant liability. It is calculated by PIC themselves on the Scheme Funding basis. Such investments are included within Level 3.

Notes to the Financial Statements (continued)

17. Fair value hierarchy (continued)

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

	As at 31 March 2022			
	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Equities	48,471	-	-	48,471
Bonds	-	332,201	-	332,201
Pooled investment vehicles	-	94,356	163,487	257,843
Derivatives	-	(15)	(18,257)	(18,272)
Annuity policies	-	-	4,581	4,581
AVC investments	-	84	-	84
Other investments	-	31,676	-	31,676
Cash deposits	6,858	-	-	6,858
Other investment balances	-	(222,359)	-	(222,359)
	55,329	235,943	149,811	441,083

	As at 31 March 2021			
	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Equities	58,207	-	-	58,207
Bonds	-	303,853	-	303,853
Pooled investment vehicles	-	121,511	178,774	300,285
Derivatives	-	47	(15,388)	(15,341)
Annuity policies	-	-	4,880	4,880
AVC investments	-	78	-	78
Other investments	-	34,999	-	34,999
Cash deposits	5,869	-	-	5,869
Other investment balances	-	(229,009)	-	(229,009)
	64,076	231,479	168,266	463,821

There have been no movements between levels during the year.

18. Investment risk disclosures

Investment risks

When deciding how to invest the Fund's assets, the Trustee considers a wide range of risks, including credit risk and market risk, as defined below.

Credit risk: this is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Market risk: this comprises currency risk, interest rate and inflation rate risk and other price risk, defined as follows:

- Currency risk: this is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in foreign exchange rates.
- Interest rate and inflation rate risk: this is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in market interest rates or expected inflation rates.
- Other price risk: this is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in market prices (other than those arising from interest rate and inflation rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Trustee determined the Fund's investment strategy after obtaining written professional advice from its professional investment adviser. The Fund has exposure to the aforementioned risks because of the investments held to implement the investment strategy. The Trustee manages investment risks, including credit risk and market risk, considering the Fund's investment objectives and strategy, and the advice of its investment advisers.

Notes to the Financial Statements (continued)

18. Investment risk disclosures (continued)

Within each investment portfolio, investment objectives and restrictions to manage risk are implemented through the legal agreements in place with the Fund's investment managers. The Trustee monitors the performance of the strategy and associated risks, and each investment manager against its objectives and restrictions, on a regular basis.

The table below summarises the Fund's investments (excluding annuities, AVC investments, cash deposits and accrued income) that have significant exposure to indirect credit and market risks.

Manager	Credit risk	Currency risk	Interest rate risk	Other price risk	31 March 2022 £m	31 March 2021 £m
Veritas (Global Equities)	○	●	○	●	45.0	51.3
Ruffer (Diversified Growth)	●	●	●	●	11.9	22.0
LaSalle (Property)	●	○	○	●	2.0	2.7
Janus Henderson (Multi Asset Credit)	●	○	●	○	31.6	32.1
Arcmont (Private Credit)	●	○	○	○	30.6	17.3
Insight (Contractual Income)	●	○	○	○	145.5	158.8
Insight LDI	●	○	●	●	161.8	167.2
Total					**428.4**	**451.4**

Key: The risk noted affects the fund significantly (●) or hardly/ not at all (○).

Further information on these risks and the Trustee's approach to risk management is set out below. This does not include the AVC investments, as these are not considered significant in relation to the overall investments of the Fund.

Credit risk

The Fund is subject to credit risk through its investments in pooled investment vehicles and sole investor arrangements. It is directly exposed to credit risk in relation to the solvency of the custodians of those funds. The Fund's group annuity policy is also directly exposed to the solvency of the insurer.

The role of a custodian is to ensure the safe-keeping of the assets and facilitate all transactions entered into by the appointed investment managers. The Trustee is not responsible for the appointment of the custodian of the assets contained within the various pooled fund investments. The pooled investment vehicle's governing body is responsible for appointing its own custodian for the safe-keeping, monitoring and reconciliation of documentation relating to these securities.

The Fund's holdings in pooled investment vehicles are 'unrated' from a credit perspective. Direct credit risk arising from pooled investment vehicles is mitigated by: the underlying assets of the pooled arrangements being ring-fenced from the assets of the custodian and the investment manager; the regulatory environments in which the pooled fund managers operate; and diversification of the Fund's investments across a number of pooled funds. The Trustee carries out due diligence checks on investments into new pooled funds and on an ongoing basis monitors any changes to the operating environment of those pooled funds. The Trustee also carries out due diligence checks on new appointments of investment managers and custodians for sole investor arrangements and on an ongoing basis monitors any changes to the operating environment of these entities.

The Fund is indirectly exposed to credit risks arising from the underlying investments held by the pooled funds, for example where they invest in bonds. The indirect exposure to credit risk arises from the Fund's pooled fund investments with Henderson and Arcmont, while it has direct exposure to these risks arising from its segregated holdings with Ruffer, LaSalle, Insight Contractual Income and Insight LDI. The amount invested in each of these mandates is shown in the Statement of Net Assets.

The managers of the pooled funds that invest in fixed income manage credit risk by having a diversified exposure to issuers, conducting thorough research on the probability of default of those issuers, and having only a limited exposure to securities rated below investment grade.

Notes to the Financial Statements (continued)

18. Investment risk disclosures (continued)

The magnitude of credit risk within each fund will vary over time, as the manager changes the underlying investments in line with its views on markets, asset classes and specific securities.

Within the LDI portfolio, there is exposure to credit risk as the LDI portfolio manager uses derivative instruments to match the Fund's liabilities. The terms under which the LDI portfolio is managed include provisions to manage the exposure to credit risk, such as limits on the exposure to any single counterparty and minimum credit ratings that all counterparties must meet. In addition, the derivative positions are collateralised daily so as to aim to limit credit risk to one day's market movements.

There is also direct credit risk associated with the Fund's insured bulk annuity with Pension Insurance Corporation ("PIC"), which the Trustee considered before the policy was taken out. This risk is mitigated by the regulatory environment in which the insurer operates and the diversification of the policy's underlying assets.

Market risk: Interest rate and inflation risk

Interest rate risk and inflation risk is a material risk for the Fund given that movements in interest rates and inflation are a material influence on the value of the liabilities assessed in present day terms. Some of the Fund's assets are subject to interest rate risk (both nominal and real interest rates). However, the overall interest rate exposure of the Fund's assets hedges part of the corresponding risks associated with the Fund's liabilities. The net effect will be to reduce the volatility of the funding level, and therefore the Trustee believes that it is appropriate to have exposure to interest rate risk in this manner.

The Fund's LDI portfolio is directly exposed to interest rate risk. The purpose of the LDI mandate is to reduce risk, by providing some protection against the Fund's funding position worsening due to adverse movements in long term interest rates or inflation expectations. Insight holds bond-like assets, such as UK government bonds and swaps. Its benchmark is calculated to broadly mirror the movements of a proportion of the Fund's liabilities.

The Contractual Income portfolio managed by Insight is subject to some direct interest rate risk as Insight holds bond-like assets; however, this is largely mitigated due to Insight investing mainly in floating rate instruments.

The diversified growth portfolio managed by Ruffer is exposed to direct interest rate risk as Ruffer is able to hold bonds. The extent of interest rate risk varies over time depending on how Ruffer changes the underlying asset allocation to reflect its market views. The Trustee monitors Ruffer's performance and positioning on a quarterly basis.

The Fund is indirectly exposed to interest rate risk arising from the underlying bond investments held by the Janus Henderson pooled fund. The private credit portfolio managed by Arcmont is subject to some indirect interest rate risk as Arcmont holds bond-like assets; however, this is largely mitigated due to Arcmont investing mainly in floating rate instruments. The Trustee monitors each pooled fund manager's performance and positioning on a quarterly basis.

Market risk: currency risk

As the Fund's liabilities are denominated in Sterling, any non-Sterling currency exposure within the assets presents additional currency risk.

Whilst the majority of the currency exposure of the Fund's assets is to Sterling, the Fund is subject to currency risk because some of the Fund's investments are held in overseas markets. The Trustee considers the overseas currency exposure in the context of the overall investment strategy and believes that the currency exposure that exists diversifies the strategy and is appropriate. Furthermore, the Trustee manages the amount of currency risk by investing in segregated portfolios and pooled funds that hedge some or all of their currency exposure or implement separate currency hedging arrangements.

The LDI portfolio managed by Insight invests only in Sterling-denominated assets and is therefore not exposed to direct currency risk. The Contractual Income portfolio managed by Insight hedges all overseas currency exposure back to Sterling and is therefore not exposed to direct currency risk.

The segregated portfolios managed by Veritas and Ruffer are exposed to direct currency risk where they invest directly in securities overseas. The global equity portfolio managed by Veritas does not hedge non-Sterling exposure. The currency exposure is spread broadly across a range of currencies, in line with what may be expected for a global equity manager. The diversified growth portfolio managed by Ruffer is exposed to direct currency risk as Ruffer is able to take active currency decisions as a potential source of added value. The extent of currency risk varies over time depending on how Ruffer changes the underlying asset allocation to reflect its market views.

Notes to the Financial Statements (continued)

18. Investment risk disclosures (continued)

The private credit portfolio managed by Arcmont mainly invests in Europe and hedges all overseas exposure back to Sterling; and is therefore not significantly exposed to direct currency risk. The multi-asset credit portfolio managed by Henderson has exposure to overseas assets mainly in Europe and hedges all of this currency exposure back to Sterling.

The exposure to foreign currencies within the pooled funds will vary over time as the manager changes the underlying investments but is not expected to be a material driver of returns over the longer term. Decisions about the exposure to foreign currencies within the pooled funds held are at the discretion of the appointed fund managers.

Market risk: Other price risk

The Trustee recognises that there are other price risks faced by the Fund and it takes these into consideration as far as practical in setting the Fund's investment strategy. The Trustee monitors other price risk on a quarterly basis by looking at the performance and positioning of the Fund as a whole as well as each individual portfolio.

The global equity portfolio managed by Veritas is exposed to the risk of equity markets falling. Veritas mitigates this risk to some extent by holding a diversified portfolio spread across a range of regions and sectors.

The diversified growth portfolio managed by Ruffer is exposed to a number of other price risks as Ruffer is able to invest across a range of assets, including equities and gold. Ruffer mitigates other price risk to some extent by holding a diversified portfolio spread across a range of regions and sectors. Ruffer looks to protect capital in falling markets.

The property portfolio managed by LaSalle is exposed to the risk of the property market falling. The LaSalle property portfolio is currently winding down and represents less than 1% of the Fund's overall holdings at the end of the period.

The Fund is also indirectly exposed to other price risks arising from the underlying investments held by the pooled funds. Indirect other price risk is mitigated by investing across a range of different asset classes; and by only investing in funds which hold a diverse exposure to a range of different investments.

19. Concentration of investments

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

	2022		2021	
	£'000	%	£'000	%
Insight Secured Finance Direct Lending Fund	130,839	29.2	158,775	33.9
UK (Govt) 0.125% SNR 22/02/24	48,221	10.8	-	-
UK (Govt) 1.25% IDX/LKD 2027	47,400	10.6	-	-
UK (Govt) 3.5% SNR 22/01/45	36,221	8.1	54,571	11.6
UK (Govt) 4.25% Gilt 07/12/46	33,441	7.5	42,735	9.1
UK (Govt) IDX/LKD 22/03/44	32,473	7.2	-	-
UK (Govt) 1.25% IDX/LKD 22/11/27	-	-	44,769	9.5
Insight Liquid ABS Fund	-	-	40,440	8.6
Insight Global ABS Fund	-	-	40,117	8.6
Insight Liquidity Fund	-	-	34,999	7.5
Janus Henderson Multi Asset Credit I Acc GBP Gross (Hedged)	31,629	7.1	32,140	6.9
Bluebay Direct Lending Fund III	30,593	6.8	-	-
Insight GBL FDS II Insight LIQ ABS S GBP	29,186	6.5	-	-
LDI Solutions Plus IIFIG Global	29,091	6.5	-	-
UK (Govt) 1.25% SNR 22/10/41	24,400	5.4	-	-
UK (Govt) 2.5% IDX/LKD 17/07/24	24,253	5.4	-	-
UK (Govt) 4.25% GTD Gilt 7/9/39	-	-	23,557	5.0
UK (Govt) 0.625% SNR 22/10/50	-	-	28,242	6.0
UK (Govt) 4.25% Gilt GTD 07/09/39	-	-	23,556	5.0

Notes to the Financial Statements (continued)

20. Tangible fixed assets

	Office equipment
	£'000
Cost at 1 April 2021	27
Additions	-
31 March 2022	27

	Office equipment
	£'000
Depreciation at 1 April 2021	14
Charge for the year	13
31 March 2022	27
Net book value	-

Following the transition of the Fund's administration to Barnett Waddingham on 1 October 2021, all the fixed assets held by the Fund were returned or disposed of.

21. Current assets

	2022	2021
	£'000	£'000
Sundry Debtors	131	30
Cash balances	8,769	6,205
	8,900	6,235

22. Current liabilities

	2022	2021
	£'000	£'000
Investment fees due	(623)	(488)
PAYE	(271)	(280)
Benefits due	(160)	-
Actuarial fees & Investment consultancy fees	(200)	(104)
Other professional advisers' fees	(260)	(200)
	(1,514)	(1,072)

23. Sponsor related investments

As at 31 March 2022 there were no assets invested in Sponsor-related investments in the Fund (2021: no assets), within the meaning of Section 40(2) of the Pensions Act 1995 and the Occupational Pension Schemes (Investment) Regulations 2005.

24. Related party transactions

Directors' fees were paid by MS Amlin for part of the year to the Independent Chairman, the second Independent Director, and to a Members' Director.

One Director was a deferred member of the Fund (2021: one) and one Director was a pensioner member (2021: one) during the year and receives a pension from the Fund in the same terms as granted for all members of the Fund. The amount of Director fees is presented in note 8.

Notes to the Financial Statements (continued)

25. Capital commitments

	2022	2021
	£'000	£'000
Arcmont Direct Lending Fund III	(14,540)	(27,082)

The Fund has capital commitments in respect of the Arcmont Direct Lending Fund III which is to be funded over the next year following the execution of the Investment Manager Agreement on 8 February 2019. Capital Calls are expected to be issued and the Fund will meet these Capital Calls when requested.

26. Subsequent events

On 4 April 2022, the Fund withdrew £1,878,768 from the Fund's holdings with Ruffer in order to meet a capital call received from Arcmont's private credit portfolio, due on 5 April 2022. Further capital calls are expected over the next year before the Arcmont portfolio is fully funded.

27. GMP equalisation

As explained on page 5 in the Trustee's Report, on 26 October 2018, the High Court handed down a judgement involving the Lloyds Banking Group's defined benefit pension schemes. The judgement concluded the schemes should be amended to equalise pension benefits for men and women in relation to guaranteed minimum pension benefits. The issues determined by the judgement arise in relation to many other defined benefit pension schemes. The Trustee is aware that the issue will affect the Fund and will be considering this at a future meeting and decisions will be made as to the next steps. Under the ruling schemes are required to backdate benefit adjustments in relation to GMP equalisation and provide interest on the backdated amounts.

On 20 November 2020, the High Court handed down a further judgment involving the Lloyds Banking Group's defined benefit pension schemes. This latest judgment confirms that defined benefit schemes which provide GMPs need to revisit and where necessary top up historic Cash Equivalent Transfer Values that were calculated based on unequalised benefits. Again, the issues determined by the judgment arise in relation to many other defined benefit pension schemes.

The Trustee will consider next steps as the Fund 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 in future years. At the date of signing these financial statements the Trustee does not expect these to be material to the financial statements and therefore have not included a liability in respect of these matters in these financial statements

They will be accounted for in the year they are determined, although the Trustee has already been able to take steps to equalise benefits for certain categories of members who are eligible to take full commutation of all their benefits on the basis of those benefits being very small or due to the member being in serious ill-health and these have been included above.

Certificate of Adequacy of Contributions

Certification of the Schedule of Contributions

Name of scheme: **Lloyd's Superannuation Fund**

Adequacy of rates of contributions

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 March 2019, to be met by the end of the period specified in the Recovery Plan dated 1 July 2020.

I also certify that any rates of contributions forming part of this Schedule which the Fund requires me to determine are not lower than I would have provided for had I had responsibility for preparing or revising the Schedule, the Statement of Funding Principles and any Recovery Plan.

Adherence to Statement of Funding Principles

I hereby certify that, in my opinion, this Schedule of Contributions is consistent with the Statement of Funding Principles dated 1 July 2020.

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

Signature:	R. Gibson	Date:	**29 April 2021**
Name:	**Richard Gibson**	Qualification:	**Fellow of the Institute and Faculty of Actuaries**
Address:	**2 London Wall Place 123 London Wall London EC2Y 5AU**	Employer:	**Barnett Waddingham LLP**

Implementation Statement

The Trustee of the Lloyd's Superannuation Fund (the "Fund") is required to produce a yearly statement to set out how, and the extent to which, the Trustee has followed the voting and engagement policies in its Statement of Investment Principles ("SIP") during the Fund Year.

The Statement is also required to include a description of the voting behaviour during the Fund Year by, and on behalf of, the Trustee (including the most significant votes cast by the Trustee or on its behalf) and state any use of the services of a proxy voter during that year.

The required information is set out below.

1. Introduction

No changes were made to the voting and engagement policies in the SIP during the Scheme Year. These policies were last reviewed and updated in September 2020 to reflect the Trustee's stance on monitoring and engaging with its investment managers on ESG considerations.

The Trustee has, in its opinion, followed the Fund's voting and engagement policies during the Fund Year, by continuing to delegate to its investment managers the exercise of rights and engagement activities in relation to investments, as well as seeking to appoint managers that have strong stewardship policies and processes. The Trustee took steps to review the Fund's existing managers and funds over the period, as described in Section 2 (Voting and engagement) below.

2. Voting and engagement

As part of its advice on the selection and ongoing review of the investment managers, the Fund's investment adviser, Lane Clark & Peacock ("LCP"), incorporates its assessment of the nature and effectiveness of managers' approaches to voting and engagement.

Over the Fund Year, the Trustee made no new manager or fund appointments, however it continues to receive regular updates on ESG and stewardship related issues from its investment advisers.

At the Investment and Funding Working Group ("IFWG") meeting on 7 September 2021, the Trustee met with Veritas to discuss several areas, including the manager's approach to ESG issues. As part of that discussion, Veritas provided recent examples of voting and engagement with portfolio companies, including where the manager disinvested from holdings on the grounds of ESG concerns. Veritas also presented coverage of carbon emissions data from the underlying holdings of the portfolio.

After Fund year end, in May 2022, the Trustee reviewed LCP's responsible investment (RI) scores for the Fund's existing managers, along with LCP's qualitative RI assessments for each portfolio and red flags for any managers of concern. These scores cover the approach to ESG factors, voting and engagement. The portfolio scores and assessments are based on LCP's ongoing manager research programme, and it is these that directly affect LCP's manager and fund recommendations. The manager scores and red flags are based on LCP's Responsible Investment Survey 2022.

The Trustee was satisfied with the results of the review, with the Fund's investment managers and underlying portfolios generally scoring positively. At a portfolio level:

- Ruffer, Veritas and Insight scored highly on its RI credentials within their respective portfolios;
- Janus Henderson and Arcmont were slightly below average, and the Trustee agreed to engage further with these managers on their RI practices; and
- La Salle scored below average, however given this portfolio is currently in the process of being sold and its allocation in the Fund is very small, the Trustee agreed no further action was necessary.

It was noted that there were two 'red flags' raised within the review with respect to the Arcmont private credit mandate and La Salle property portfolio, for the following reasons:

- Arcmont had not signed up to the UK Stewardship Code 2020; and

- La Salle stated that its professionals did not receive more that 2 hours training on ESG-related topics over the year to 30 June 2021.

Arcmont has stated that they are supportive of the principles of the Code, they do not believe they are currently within scope given the principal focus of their business is private loans. The Trustee has already requested that Arcmont to sign up to the Code, and LCP is also continuing to engage with Arcmont on this issue. For the reasons outlined above, the Trustee has not taken any further action regarding the La Salle portfolio.

3. Description of voting behaviour during the Fund Year

All of the Trustee's holdings in listed equities are within segregated portfolios and the Trustee has delegated to its investment managers the exercise of voting rights. Therefore, the Trustee is not able to direct how votes are exercised and the Trustee itself has not used proxy voting services over the Fund Year.

In this section we have included voting data on the Fund's portfolios that hold equities, which are:

- Ruffer diversified growth (segregated mandate)
- Veritas global equities (segregated mandate)

In addition to the above, the Trustee contacted the Fund's other asset managers that don't hold listed equities to ask if any of the assets held by the Fund had voting opportunities over the period. Where relevant, commentary provided from these managers is set out in Section 3.4.

3.1 Description of the voting processes

Ruffer and Veritas have provided the commentary below on their voting processes, which are broadly unchanged from last year.

Ruffer

"Ruffer has internal voting guidelines as well as access to proxy voting research, currently from Institutional Shareholder Services ("ISS"), to assist in the assessment of resolutions and the identification of contentious issues. Although we are cognisant of proxy advisers' voting recommendations, in general, we do not delegate or outsource our stewardship activities when deciding how to vote on our clients' shares. Research analysts are responsible, supported by our responsible investment team, for reviewing the relevant issues on a case-by-case basis and exercising their judgement, based on their in-depth knowledge of the company. If there are any controversial resolutions, a discussion is convened with senior investment staff and, if agreement cannot be reached, there is an option to escalate the decision to the Head of Research or the Chief Investment Officer.

We look to discuss with companies any relevant or material issue that could impact our investment. We will ask for additional information or an explanation, if necessary, to inform our voting discussions. If we decide to vote against the recommendations of management, we will endeavour to communicate this decision to the company before the vote along with our explanation for doing so.

Collaborative engagement can also provide a platform to engage on wider sector, regulatory and policy matters with investors and other stakeholders. Ruffer is open to working alongside other investors on both policy and company specific matters. The decision to collaborate on company specific matters will be judged on a case-by-case basis by the responsible investment team with input from research analysts and portfolio managers as well as the legal and compliance teams.

Ruffer engages regularly with the Investment Association and the Institutional Investor Group on Climate Change (IIGCC). Through our commitment to Climate Action 100+ we have collaborated extensively with other investors or asset owners engaging with a number of European and American companies, including making statements at AGMs and co-filing shareholder resolutions."

Veritas

"The investment analyst will receive all relevant proxies and determine if he or she believes that we should vote in favour or against management. After discussing with the Portfolio Manager and making a final decision, the analyst will instruct the custodian or prime broker via the Operations Team how to vote. This is done via ISS, the role of the Operations Team is to ensure that the voting of proxies is done in a timely manner. The Role of the Chief Operating Officer ("COO") is to monitor the effectiveness of these policies.

We use ISS to execute voting on behalf of clients. We have also mandated ISS to construct a customized screen for various ESG issues which incorporates the Association of Member Nominated Trustees ("AMNT") Red Lines, on a best endeavours basis. The AMNT Red Line Voting Policy contains 29 guidelines covering topics associated with ESG. Should any of the 29 red lines be breached, the instruction is to either vote against management or explain why not. Given this Red Line Voting Policy was developed principally for pooled fund investors (who have been unable to direct votes) and for UK stocks only, we have instructed ISS to apply the guidelines globally where applicable and apply the policy across all clients. In addition, ISS provide vote recommendations based on their benchmark policy. This ensures that guidance is provided for ballots related to topics that are not captured by the ESG voting policy.

The investment analysts will consider the guidelines and any research when making their decision. In the case where a vote goes against a red line or where Veritas decides to vote against management, an explanation will be provided in the reporting. On occasion, we may decide to vote against management where the recommendation has been a vote in favour and again an explanation will be given."

3.2 Summary of voting behaviour over the Fund Year

A summary of voting behaviour over the period is provided in the table below.

	Ruffer DGF	Veritas global equity
Value of Fund assets at end of reporting period (£ / % of total assets)	£14.5m / 3%	£48.7m / 11%
Number of holdings at end of reporting period	42	25
Number of meetings eligible to vote	41	3
Number of resolutions eligible to vote	675	43
% of resolutions voted	100%	100%
Of the resolutions on which voted, % voted with management	95%	98%
Of the resolutions on which voted, % voted against management	4%	2%
Of the resolutions on which voted, % abstained from voting	1%	0%
Of the meetings in which the manager voted, % with at least one vote against management	44%	33%
Of the resolutions on which the manager voted, % voted contrary to recommendation of proxy advisor	5%	6%

3.3 Most significant votes over the Fund Year

Commentary on the most significant votes over the period, from the Fund's asset managers who hold listed equities, is set out below. Where information for more than 3 votes was provided, we have included the 3 most significant votes from holdings which cover 1 of each Environmental, Social and Governance concern within each portfolio (where possible). Ruffer and Veritas provided details of 7 and 9 votes respectively. Details of the other votes are available upon request.

Ruffer

Ruffer defines 'significant votes' as those that it thinks will be of particular interest to clients. In most cases, these are when Ruffer forms part of continuing engagement with the company and/or it has held a discussion between members of the research, portfolio management and responsible investment teams to make a voting decision following differences between the recommendations of the company, ISS and internal voting guidelines**.**

1) Royal Dutch Shell, May 2021. Vote: For

Summary of resolution: Vote on management resolution relating to the company's climate transition plan

Rationale: "We supported Royal Dutch Shell's first Energy Transition Strategy plan. The decision was made in the context of the progress Shell has made as a result of engagement and the commitment of the company leadership to continue to meaningfully engage on the remaining areas of Climate Action 100+. The management resolution gained support of 88.7% of its shareholder base. We are committing to continued engagement with the company to work on details of the company's transition plans to ensure absolute emission equivalent targets sit alongside short- and medium-term intensity targets, and the need for further alignment on capital expenditure. In light of the opportunity to vote on the company's transition strategy and the progress made, we did not see a need to vote in favour of the shareholder proposal filed by the NGO 'Follow This'. As a founding member of Climate Action 100+ initiative we engaged with Shell collaboratively and individually over several years and we are looking forward to continuing our engagements, focusing on the company's progress on its transition plan."

2) American Express, May 2021. Vote: For

Summary of resolution: Social - diversity and inclusion. Vote on shareholder resolution requesting annual D&I report

Rationale: "We supported a shareholder resolution that requires the company to annually publish a report assessing Diversity, Equity, and Inclusion Efforts. Whilst American Express is taking meaningful steps to increase its workforce diversity and promote inclusion, reporting of its diversity statistics has room for improvement. Diversity feeds into social considerations when investing, under the guise of human capital and social opportunities and consequently, improvement in disclosure would benefit shareholders in assessing the company's long-term value and reputational and legal risks."

3) Centene, April 2021. Vote: Against.

Summary of resolution: Governance – vote on election of independent director

Rationale: "We voted against the re-election of non-executive directors - Frederick Eppinger and David Steward - whom, due to their tenure on the board, we no longer considered to be independent. We believe board refreshment is essential to a well-functioning group."

Veritas

Veritas defines "significant votes" as votes cast that result in a vote against management.

1) Microsoft Corporation, November 2021. Vote: For

Summary of resolution: Report on Effectiveness of Workplace Sexual Harassment Policies

Rationale: "A vote FOR this proposal is warranted as the company faces potential controversies related to workplace sexual harassment and gender discrimination. Additional information on the company's sexual harassment policies and the implementation of these policies would help shareholders better assess how the company is addressing such risks."

2) Microsoft Corporation, November 2021. Vote: For

Summary of resolution: Report on Lobbying Activities Alignment with Company Policies

Rationale: "A vote FOR this proposal is warranted, as a report on the congruency of the company's public position with its political partners lobbying positions would provide shareholders needed information about reputational risks that may arise from publicity around perceived inconsistencies."

3) UnitedHealth Group Incorporated, June 2021, Vote: Against

Summary of resolution: Elect Director Gail R. Wilensky
Rationale: "We voted against the election of the director Gail Wilensky, the vote cast was driven by the guidance provided by Red Line E4 of our ESG Voting Policy; the company has failed to commit to introducing and disclosing science-based emission reduction targets with a coherent strategy and action plan in line with a 2-degree scenario. We engaged with the company's IR team who confirmed the business cannot commit to developing science-based emissions targets in the next two years. It is noted the company has identified emissions reduction targets that are market based (3% reduction across scope 1&2 by 2023). However, we believe the company should be encouraged to implement a science-based framework, and as a result we cast our vote against this item."

We note that it is Veritas' policy to generally vote against the re-election of relevant individuals on the Board when its ESG Red Line Voting Policy is triggered.

3.4 Votes in relation to assets other than listed equity

The following comments were provided by the Fund's asset managers who don't hold listed equities, but invest in assets that had voting opportunities during the period:

Arcmont

"Given Arcmont is a Private Debt asset manager, there is limited scope to participate in voting activities where we have a blocking / majority vote. Due to this, Arcmont does not have a formal voting policy or track voting activities.

Note that Arcmont may be able to vote in limited instances where (i) investments take on an equity element and we are assigned voting board seats, or (ii) in the rare circumstances that Arcmont becomes a majority shareholder of the business. However, at the levels of co-investment that we participate in, and in the current market conditions, we are typically only granted votes on economic protections and structural changes to the equity, e.g. if a new class of shares is to be issued and we are diluted.

Arcmont is committed to maintaining an open and active dialogue with management, helping to identify any changes in an investment's ESG risk profile, but more importantly, enabling discussions to influence business practices to mitigate ESG risks. Arcmont tracks and monitors the ESG risk profiles of our investments to assess the severity of the risks, whilst moving to take appropriate action should a risk become too great."