CAPITA

Reuters Pension Fund

Fund Registration Number: 101581063

Trustees' Annual Report and Financial Statements For the Year Ended 31 December 2019

CONFIDENTIAL

Contents

Trustees, Sponsoring Employer and their Advisers

Trustee
Reuters Pension Fund Limited

Trustee Directors/Members of the Managing Committee
Appointed by the Sponsoring Employer:
Greg Meekings *(Chairman)*
Rachel Croft – Independent Trustee Services Limited (*appointed 26 November 2019)*
James Hardman *(resigned 29 November 2019)*
Graeme Ramsey
Martin Vickery

Member Nominated:
Sue Clark (*appointed 16 March 2020)*
Peter Marsden (*appointed 1 February 2019*)
Barry May *(term ended 29 November 2019)*
Geoffrey Sanderson

Secretary to the Trustees
Claudia Bunney
Barnett Waddingham LLP
2 London Wall Place
London EC2Y 5AU

Sponsoring Employer
Refinitiv Limited (*formerly Reuters Limited – change of name effective from 28 February 2019*)
Five Canada Square
Canary Wharf
London E14 5AQ

Independent Advisers

Fund Actuary
Jonathan Wicks FIA
Aon Solutions UK Limited
122 Leadenhall Street
London EC3V 4AN

Administrators
Capita Employee Solutions
PO Box 555
Stead House
Darlington DL1 9YT

Independent Auditors
PricewaterhouseCoopers LLP
1 Embankment Place
London WC2N 6RH

Legal Adviser
Sacker & Partners LLP
20 Gresham Street
London EC2V 7JE

Trustees, Sponsoring Employer and their Advisers

Life Assurers
Legal and General Assurance Society
Legal and General House
Kingswood
Tadworth
Surrey KT20 6EU

Zurich Assurance Limited
PO Box 3512
Swindon SN3 9AH

Investment Adviser
Redington Limited
Floor 6
One Angel Court
London EC2R 7HJ

Investment Managers
Abbott Capital Management LLC
1290 Avenue of the Americas
9th Floor
New York, NY 10104
USA

AQR
Two Greenwich Plaza
Greenwich, CT 06830
USA

BlackRock Investment Management (UK) Limited
12 Throgmorton Avenue
London EC2N 2DL

Bridgewater Associates Inc
One Glendinning Place
Westport, CT 06880
USA

CBRE Investors
64 North Row
London W1K 7DA

CQS (UK) LLP
4th Floor
One Strand
London W2CN 5HR

Impax Funds (Ireland) plc *(from May 2020)*
Riverside One
Sir John Rogerson's Quay
Dublin 2
Ireland

Invesco Perpetual Life Limited
Perpetual Park
Perpetual Park Drive
Henley-on-Thames
Oxfordshire RG9 1HH

Trustees, Sponsoring Employer and their Advisers

Investment Managers (continued)
Legal & General Investment Management Limited
One Coleman Street
London EC2R 5AA

Morgan Stanley Alternative Investments
One Tower Bridge
100 Front Street Suite 1100
West Conshohocken, PA 19428
USA

Nephila Capital Limited
31 Victoria Street
Hamilton
Bermuda HM10

Schroder Investment Management Limited
31 Gresham Street
London EC2V 7QA

Securis Investment Partners LLP
12th Floor, 110 Bishopsgate
London EC2N 4AY

Stone Harbor Investment Funds Plc
78 Sir John Rogerson's Quay
Dublin 2
Ireland

PFS TwentyFour Asset Management
Springfield Lodge
Colchester Road
Chelmsford
Essex CM2 5PW

Annuity Providers
Friends Life
P O Box 1810
Bristol BS99 5SN

Canada Life Limited
Canada Life Place
Potters Bar
Hertfordshire EN6 5BA

Trustees, Sponsoring Employer and their Advisers

AVC Providers
The Equitable Life Assurance Society (*until 31 December 2019)*
Walton Street
Aylesbury
Bucks HP21 7QW

Utmost Life and Pensions *(from 1 January 2020)*
Walton Street
Aylesbury
Bucks HP21 7QW

The Prudential Assurance Company Limited
PO Box 2734
2nd Floor, Abbey Gardens
Reading RG1 3UG

Custodian
Bank of New York Mellon Limited
160 Queen Victoria Street
London EC4V 4LA

Bankers
National Westminster Bank
42 High Street
Sheffield S1 1QG

Trustees' Report

The Trustees are pleased to present the annual report and financial statements of Reuters Pension Fund (the "Fund") for the year ended 31 December 2019.

The Fund is a Defined Benefit Scheme and was established under the provisions of a Trust Deed dated 13 December 1893. The Fund was closed to new members from 1 April 1999.

Until 5 April 2016, members were contracted out of the State Second Pension (S2P) under a certificate issued by the HM Revenue & Customs National Insurance Contributions office.

The Fund is registered under the Finance Act 2004. Prior to the introduction of this Act, the Fund was an "exempt approved scheme" under the terms of the Income and Corporation Taxes Act 1988.

Fund Management

The Fund is administered by the Managing Committee, as Managing Trustee, for the benefit of the members and their dependants in accordance with the Fund's Rules.

The Managing Committee is made up of:

(a) four persons appointed (and removable) by the Sponsoring Employer of whom one serves as Chairman;

(b) three persons who can be contributory members, deferred pensioners or pensioners elected on a rotational basis by contributory members, deferred pensioners and pensioners for a term of six years.

There is also a Trustee of the Fund, namely Reuters Pension Fund Limited, which has a number of specific responsibilities including investments. The Managing Committee appoints and removes the Directors of the Trustee Company who must be members of the Managing Committee. Currently all members of the Managing Committee are Directors of the Trustee Company. The Managing Committee and the Trustee Company are jointly referred to as 'the Trustees' in this report.

The full Trustee Board met 4 times during the year to discuss the strategy and ongoing management of the Fund. The Investment sub-committee, the Finance and Administration sub-committee (FASC) and the Communications sub-committee (CSC) also met on a regular basis to discuss their designated areas. The sub-committees, with the exception of the FASC, do not have delegated powers from the Trustees. The FASC included four Trustee Directors, being Martin Vickery who chaired the sub-committee, Barry May, Peter Marsden and Geoffrey Sanderson. During the year the FASC met 4 times. In April 2020, the FASC and the CSC were replaced by the Operations sub-committee (OSC) which operates jointly with the Reuters Supplementary Pension Scheme. Members of the OSC are currently Martin Vickery, who chairs the sub-committee, Rachel Croft and Peter Marsden.

Trustees' Report

Fund Management

Governance and Risk Management

In response to various regulatory changes, the Trustees have prepared a forward-looking business plan, setting out what issues should be considered and when. This is reviewed regularly. During the year, the Trustees addressed, amongst others, the following issues:

(i) Risk Management

The Trustees are responsible for risk management of the Fund and for the underlying controls mitigating identified risks, which are included in the Risk Register. The Risk Register was reviewed and updated. The risk management process is designed to manage, rather than to eliminate, the risk of error, loss or failure to comply with regulatory requirements. Also the Trustees reviewed and updated their policy in relation to members' data, to comply with the requirements set by the General Data Protection Regulation. During the year the Trustees, with the assistance of an external specialist company, reviewed risks relating to cyber security of their advisers' systems and processes and actions were taken to strengthen existing processes were necessary.

(ii) Changes to the Fund's Rules

There were no changes to the rules in the year.

(iii) Trustees Knowledge and Understanding

During the year the Trustees received training from their advisers on current issues in order to maintain the level of knowledge and understanding required to perform the role of Fund's Trustees. Individual Trustee Directors also attended external training sessions and conferences on investment and current pension issues.

GMP equalisation

On 26 October 2018, the High Court ruled that benefits provided to members who had contracted out of their Fund must be recalculated to reflect the equalisation of state pension ages between 17 May 1990 and 6 April 1997. Following the ruling, it is expected that the Trustees will need to amend the Fund rules and equalise guaranteed minimum pensions between men and women. This will result in an additional liability for the Fund but, considering the timing of the ruling and the complexity of the calculation, the Trustees are not currently in a position to determine the value of the liability.

COVID-19

The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organisation as a global health emergency on 30 January 2020, has caused disruption to businesses and economic activity which has been reflected in recent fluctuations in global stock and financial markets. The Trustees are monitoring developments relating to COVID-19 and is coordinating its operational response based on existing business continuity plans and on guidance from global health organisations, UK government and general pandemic response best practice. The Trustees have put in place a special temporary delegation of powers to a Trustee sub-group to ensure that the Trustees can continue to run the Fund in the event that some of the Trustee Directors become ill and unable to carry out their duties.

London Stock Exchange acquisition of Refinitiv Holding Limited

On 1 August 2019 London Stock Exchange Group Plc ('LSEG') announced that it had agreed with Thomson Reuters and the Blackstone consortium the acquisition of Refinitiv in an all share transaction. The transaction has received LSEG shareholders approval and regulatory clearance, and is currently awaiting approval from the European Union's competition committee.

Fund Management

Fund Membership

Details of the current membership of the Fund are given below:

		2019	2018
Active members		169	205
Deferred members		4,522	4,704
Pensioners		2,451	2,322
		7,142	7,231
Active Members			
Active members at start of year		205	304
Adjustment to the opening balance		(8)	-
		197	304
Plus:	New joiners	-	34
		197	338
Less:	Retirements	(4)	(11)
	Deaths	-	(1)
	Leavers	-	-
	Leavers – deferred benefits	(24)	(121)
Active members at end of year		**169**	205
Deferred Members			
Deferred members at start of year		4,704	4,791
Adjustment to the opening balance		2	(6)
		4,706	4,785
Plus:	New deferred members	24	121
		4,730	4,906
Less:	Retirements	(150)	(127)
	Deaths	(5)	(9)
	Commuted	(1)	(1)
	Transfers out	(52)	(65)
Deferred members at end of year		**4,522**	4,704

Trustees' Report

Fund Management

Fund Membership (continued)

		2019	2018
Pensioners			
Pensioners at the start of year		2,322	2,224
Adjustment to the opening balance		3	(8)
		2,325	2,216
Plus:	New pensioners	154	139
	New spouses	23	20
	New dependant	2	7
		2,504	2,382
Less:	Deaths	(39)	(54)
	Child pensions ceasing	(4)	(2)
	Suspended	(10)	(4)
Pensioners at end of year		**2,451**	2,322

Included in the pensioner figure above are 399 (2018: 395) pensions covering spouses and dependants.

Included in the pensioner figure above are 87 (2018: 86) pensions covered by receipts from annuity providers.

Included in the pensioner figure above are 2,015 (2018: 2,040) pensions covered by the buy-in policy provided by Canada Life.

Pension Increases

Pensions in payment received the following increases during the year in line with requirements under legislation and the Fund's Rules:

- Pensions earned before 6 April 1997 received a discretionary increase of 2.5% with effect from 1 January 2019 (2018: 2.5%). Discretionary increases were awarded by the Sponsoring Employer and Trustees for 2018 and will continue to be granted annually until 1 January 2024.
- Pensions earned between 6 April 1997 and 5 April 2005 received a statutory increase of 3.3% with effect from 1 January 2019 (2018: 3.9%).
- Pensions earned after 6 April 2005 received a statutory increase of 2.5% with effect from 1 January 2019 (2018: 2.5%).
- Post 88 GMP pensions in payment received an increase of 2.4% with effect from 1 January 2019 (2018: 3%).

Transfer Values

Transfer values paid during the year were calculated and verified in accordance with the appropriate regulations and guidelines issued by the Institute of Actuaries. No transfer values were paid during the year which were less than the full value of the member's preserved benefits. No transfer values paid were reduced below the level calculated using tables supplied by the Fund Actuary.

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

Trustees' Report

Fund Management

Financial Development of the Fund

The financial statements have been prepared and audited in accordance with regulations made under section 41 (1) and (6) of the Pensions Act 1995.

During 2019 the member (employee) contribution rates (dependent on the accrual rate chosen by member) were either 6% or 9% of pensionable salary. The employer contribution rates payable were either 27.7% or 35.6% (13.3% or 17.8% previous to 1 October 2018) of the member's pensionable salary depending on the accrual rate chosen by the member.

For members who elected to join the Pension Adjustment, member contributions reduced to nil with effect from June 2005 and the employer has met the cost of the corresponding member contributions.

The Summary of Contributions is set out on page 23.

The Fund met all expenses apart from the cost of externally insuring the lump sum death in service benefit provided by the Fund, which was met by the Sponsoring Employer. The Sponsoring Employer also contributed to the Fund the National Insurance savings it made through the Pension Adjustment.

	£'000
Contributions and other receipts	18,599
Benefits paid and other expenses	(75,683)
Net withdrawals from dealings with members	**(57,084)**
Net returns on investments	281,951
Net assets at start of year	2,385,714
Net assets at end of year	**2,610,581**

Additional Voluntary Contributions

Up to 31 March 2005, the Rules of the Fund permitted members to pay Additional Voluntary Contributions (AVCs) into the Fund and up until 5 April 2006 to arrangements with Prudential and/or Equitable Life in order to augment their pensions or lump sum death benefits. After this date the Refinitiv Retirement Plan (formerly Thomson Reuters UK Retirement Plan) ('RRP') was opened as an AVC vehicle for active members of the Fund and all new AVCs were invested in RRP.

AVCs paid on a money purchase basis prior to 6 April 2006 are held with Prudential or Utmost whilst other AVCs are retained in the Fund to secure a pension calculated as an extra percentage of pensionable salary on retirement.

Actuarial Valuation

A full actuarial valuation of the Fund was carried out by the Fund Actuary as at 31 December 2016 and disclosed that liabilities exceeded assets at that date, resulting in a deficit of £87 million if no future discretionary pension increases were assumed, beyond inflationary increases agreed with the Sponsoring Employer up until 2021. This was equivalent to a funding level of 96%.

A summary of the results of the full actuarial valuation is included in the Actuary's Report on pages 18 to 21. In addition, the Actuary's Certificates in respect of the adequacy of contributions payable towards the Fund, agreed as part of the valuation, is reported on page 22 of this Report. Since then the funding level has increased to 99% as at 31 December 2018.

The next formal actuarial valuation as at 31 December 2019 is currently in progress.

Trustees' Report

Fund Management

Actuarial Valuation (continued)

Following discussions with the Trustees in connection with the triennial valuation at 31 December 2016, King (Cayman) Holding Limited and Financial & Risk UK Parent Limited have provided to the Trustees a joint and several Parent Company Guarantee for a maximum aggregate amount of £700 million for a period of 15 years from 1 October 2018, the date when the partial sale of the Reuters Finance and Risk ("F&R") business to Blackstone closed, in order to strengthen the covenant of Refinitiv Limited.

Investment Matters

The investments referred to in this report include the Trustees' bank account and do not include AVC investments or other Insured Assets.

Investment sub-committee (ISC)

The ISC of the Fund currently comprises Greg Meekings, Sue Clark, Graeme Ramsey, Geoffrey Sanderson and Andrew Perrin (Company Representative). Greg Meekings chairs the ISC.

Asset Allocation

The total value of the Fund's investments as at 31 December 2019 was £1,939.5 million, inclusive of assets held in the Trustees' bank account but excluding the assets invested in buy-in annuity policies and AVC's. The distribution of the Fund's assets as at 31 December 2019 is shown below.

	Asset Classes	**Market Value (£m)**	**Fund Distribution (%)**
Bonds/Matching Assets	Liability Driven Investment	678.3	35.0
	Corporate Bonds	529.5	27.4
Growth Assets	Multi Class Credit	195.5	10.1
	Diversified Risk Premia	145.1	7.5
	Global Tactical Asset Allocation	142.1	7.3
	Property	0.2	0.0
	Diversified Growth Fund	97.4	5.0
	Private Equity	35.2	1.8
	Emerging Market Debt	53.0	2.7
	Insurance-Linked Securities	58.6	3.0
Cash	Cash (Trustees' bank account)	4.4	0.2
	Residual cash with investment manager	0.2	0.0
Total Fund		**1,939.5**	**100.0**

As at 31 December 2019, total values for AVCs and insurance policies were £2.9m and £670.8m, respectively.

Trustees' Report

Investment Matters

Statement of Investment Principles

In accordance with section 35 of the Pensions Act 1995, the Trustees have prepared a Statement of Investment Principles (SIP).

The SIP summarises how the Trustees:

- set the investment policy and choose the most suitable types of investments for the Fund;
- delegate buying and selling investments to the Fund's investment managers; and
- monitor the performance of the Fund's investments.

Copies of the Statement are available on request from the Fund Administrators at the address on page 2.

The Trustees have considered ethical and socially responsible investments and have delegated to the investment managers responsibility for taking social, environmental and ethical considerations into account when assessing the potential and suitability of investments and for exercising rights attaching to the Fund. The managers' duties also include voting and corporate governance in relation to the Fund's assets. The Trustees have reviewed each of the investment managers' policies on these issues and believe that the policies adopted by the managers are consistent with their own views.

The SIP was updated in September 2019 to reflect the Trustees' position on the above.

Investment Strategy and Manager Structure

The names of the managers who managed the Fund's investments during the year are listed on pages 3 and 4. The Trustees have delegated the day-to-day management of investment to its appointed fund managers. A written agreement between the Trustees and each manager sets out the terms on which the manager will act.

The Trustees implemented the following investment strategy changes in 2019:

- In November 2018, it was agreed to transfer the current Insurance-Linked Securities (ILS) allocation, managed by Securis, into a new mandate managed by Nephila. This was in light of Securis being downgraded from 'Preferred' to 'Approved' by Redington, the Fund's investment adviser. The decision was also taken to slightly reduce the size of the ILS investment from 3% to 2% of the portfolio. On 1 January 2019, the exposure from Securis was switched into the Nephila Juniper Fund. The Securis fund has gradually been paying back proceeds; this process will be completed in 2020.
- Following Blackstone's acquisition of the Reuters F&R business, the Trustees and Sponsoring Employer reached agreement on a package of measures for the Fund. As part of this package the Sponsoring Employer agreed to extend the cost of living adjustments (COLAs). It was also agreed to extend the Buy-in policy with Canada Life to cover these additional COLA pension payments. On 1 August 2019, a £16.6m Buy-in was transacted. This was funded from excess cash in the LDI portfolio.
- The Trustees and ISC explored the extent to which the Fund could improve the Environmental, Social and Governance (ESG) profile of the portfolio. The Trustees agreed to reduce the carbon intensity of the existing LGIM Buy & Maintain Credit mandate (as measured by tonnes of CO_2 per £m of revenue). In November 2019, the portfolio guidelines were updated so that LGIM would dynamically target a benchmark with a lower carbon intensity (estimate CO_2 reduction of c.42%).
- In November 2016, the Trustees appointed BlackRock as implementation manager to improve the operational efficiency of the Fund, reducing the Trustees' governance burden. In 2019, BlackRock's mandate was extended to have delegated authority to rebalance between LDI and growth assets, either to replenish collateral levels or deploy excess collateral to growth assets. Rebalancing occurs within the confines of pre-determined parameters set by the Trustees. This was implemented in November 2019.

Trustees' Report

Investment Matters

Investment Strategy and Manager Structure (continued)

As at 31 December 2019 the Fund assets were invested with managers as follows:

		£m	Weight (%)
Active Management		**582.2**	**30.0**
Multi Class Credit	CQS	91.7	4.7
	TwentyFour	103.8	5.4
Property	CB Richards Ellis	0.2	0.0
Diversified Growth Funds	Invesco	97.4	5.0
Diversified Risk Premia	Bridgewater	142.1	7.3
Private Equity	Abbott Capital	22.6	1.2
	Morgan Stanley	12.6	0.7
Emerging Market Debt	Stone Harbor	53.0	2.7
Cash	Alliance Bernstein	0.2	0.0
Insurance-Linked Securities	Securis	9.7	0.5
	Nephila Juniper	48.9	2.5
Passive Management		**1,357.3**	**70.0**
Corporate Bonds	L&G Buy and Maintain Credit	529.5	27.3
Liability Driven Investment	BlackRock Liability Matching	678.3	35.0
Diversified Risk Premia	AQR	145.1	7.5
Cash	Trustees' Bank Account	4.4	0.2
Total Fund		**1,939.5**	**100.0**

Investment performance

Investment performance for years ended 31 December 2019 is set out below. Performance is shown net of investment manager fees and includes the effects of swap hedging.

Years ended 31 December	Fund (%)	Benchmark (%)
1 year	13.85	13.82
3 year[1]	6.16	5.67
5 year[1]	9.77	9.17
10 year[1]	11.17	10.45

[1]annualised. Source: Bank of New York Mellon

Investment Matters

Investment manager remuneration

The Trustees have entered into an agreement with each investment manager whereby its fee is based on the value of assets under its management with provision for additional performance related fees in some actively managed mandates.

Custody

The Fund’s custodian is Bank of New York Mellon. The custodian is responsible for the safe keeping of directly held securities and cash of the Fund. In addition, the custodian regularly reconciles the assets in its care with each of the investment managers, and deals with other issues including dividends and coupon payments, tax reclaims and corporate actions.

The Trustees are ultimately responsible for ensuring that the Fund’s assets continue to be held securely and they review the custody arrangements from time to time.

Marketability of Investments

There are no restrictions to the Fund selling the swaps/derivatives contracts, but the price would depend on the prevailing market conditions which may not be favourable to the Fund.

All liquid funds and open-ended funds with quarterly redemption options previously held in CBRE’s European Property mandate have been exited. The remaining three positions within the portfolio are currently in run-off. The underlying managers are in the process of disposing of these holdings and redemption proceeds are expected in 2020.

Redemptions from the Bridgewater fund are subject to a three-month notice period. After three months, investors can expect to receive redemption proceeds up to 1/3 of their total investment. For redemptions greater than 1/3 of the total account value, up to another 1/3 of the investment would be paid after six months, with any remainder paid after nine months. The fund has the ability to accelerate these payments. In this case, even a full redemption could be paid out in sooner than nine months.

The CQS mandate may be redeemed monthly with one month’s notice required.

Redemption from the Stone Harbor Emerging Market Local Currency Debt Fund is permitted on daily dealing days. The prospectus allows for a 3% redemption charge to protect remaining investors in the Fund if transactions are significant (generally held to mean in excess of 10% of the fund value).

The TwentyFour mandate can be redeemed on any trading day with no restrictions.

The Invesco mandate can be redeemed on any trading day if the redemption instruction is received no later than 10:30am on the trade date. The settlement period is 5 business days.

In relation to the private equity mandates, whilst there are no restrictions such as lock in periods or gate provisions as such, the private equity investments with Abbott Capital and Morgan Stanley are not in realisable marketable securities. There is seldom a liquid market for the underlying securities or funds, hence the only option would be to sell these investments in the secondary private equity market, which could be punitive for the Fund. The ability to sell these investments will depend on factors such as market conditions at the time of any sale.

The AQR mandate can be redeemed on any trading day if the instruction is received no later than 10:00am 5 business days prior to the trading day. Payment of the relevant proceeds will be made as soon as reasonably practicable after the relevant dealing day and normally within 10 business days.

Investment Matters

Marketability of Investments (continued)

The LGIM mandate can be redeemed on any trading day if the redemption instruction is received no later than 10:30am on the trade date. The settlement period is 5 business days. It should be noted that LGIM would be a price taker in this situation and that a longer disposal period would be advisable to minimise transaction costs.

The Nephila mandate can be redeemed on a quarterly basis with at least 90 days of prior notice given.

Redemption of the Securis investment was mandatory on the 31 December 2018. The remaining proceeds of this will be returned to the Fund during 2020.

Derivative Policy

In addition to government bonds, the LDI manager uses interest rate and inflation rate derivatives for liability matching purposes. The LDI mandate is passively managed against a liability benchmark designed to represent the Fund's liability cashflows.

The Fund is invested in overseas assets to ensure the portfolio is adequately diversified and to widen the opportunity set for actively managed investment strategies. The Trustees have implemented a currency hedging programme (using currency forward contracts) to reduce the impact of exchange rate fluctuations, which are considered an unrewarded risk over the long term.

Some of the active investment managers that are employed by the Fund employ other derivative instruments (such as futures and options) to facilitate efficient portfolio management; allowing short-term, low-cost exposure to certain markets.

Employer-related investments

There were no directly held employer-related investments at the year end (2018: none).

There were no indirectly held employer-related investments at the year end (2018: none).

Covid-19

Since the year end, consequent on the global impact of the Coronavirus (Covid-19) pandemic, the value of investment assets and liabilities (across all categories) have been impacted. It is not possible, at this time, to quantify the change in market value as the situation is fluid and unpredictable.

At the point of approval of the Trustees' report, the Trustees do not believe there to be a material impact on the Sponsoring Employer covenant, however as the situation is fluid and unpredictable the Trustees will keep the situation under regular review.

Statement of Trustees' Responsibilities

Trustees' responsibilities in respect of the financial statements

The financial statements, which are prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including the Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102"), are the responsibility of the Trustees. Pension scheme regulations require, and the Trustees are 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 these responsibilities, the Trustees are responsible for selecting suitable accounting policies, to be applied consistently, making any estimates and judgements on a prudent and reasonable basis, and for the preparation of the financial statements on a going concern basis unless it is inappropriate to presume that the Fund will continue as a going concern.

The Trustees are also responsible for making available certain other information about the Fund in the form of an annual report.

The Trustees also have a general responsibility for ensuring that 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 Trustees are also responsible for the maintenance and integrity of the Reuters Pension Fund website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions. In addition, the financial statements are available on www.hartlinkonline.co.uk/rpf, a website provided and maintained by the Fund's Administrator on behalf of the Trustees. The work carried out by the auditors does not involve consideration of the maintenance and integrity of the websites and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the websites.

Trustees' responsibilities in respect of the contributions

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

The Trustees are also responsible for keeping records in respect of contributions received in respect of any active member of the Fund and for adopting risk-based processes to monitor whether contributions that fall due to be paid are paid into the Fund in accordance with the Schedules of Contributions.

Where breaches of the schedule occur, the Trustees are required by the Pensions Acts 1995 and 2004 to consider making reports to the Pensions Regulator and to members.

Contact for Further Information

Any enquiries or complaints about the Fund, including requests from individuals for information about their benefits or Fund documentation, should be sent to:

Refinitiv Member Services Centre
Capita Employee Solutions
PO Box 555
Stead House
Darlington DL1 9YT

Tel:	UK: 0800 0778 250
	Overseas: +44(0) 114 2738397
Email:	refinitivpensions@capita.co.uk
Members' website:	www.hartlinkonline.co.uk/rpf
Trustees' website:	www.reuterspensionfund.co.uk

The Trustees' Report and Report on Actuarial Liabilities on pages 18 to 21 were approved by the Trustees of the Reuters Pension Fund and signed on their behalf by:

Greg Meekings	**30 September 2020**
Trustee Director	**Date**
Martin Vickery	**30 September 2020**
Trustee Director	**Date**

Report on Actuarial Liabilities

I carried out an actuarial valuation of the Fund as at 31 December 2016, the main purpose of which was to review the Fund's financial strength at that date. The valuation was carried out under the requirements of the Pensions Act 2004. It used various measures and covered both members' past service benefits (i.e. pensions arising from service with the Company up to the date of valuation) and future service benefits (i.e. pensions which will arise from service with the Company after the valuation date).

The following is a summary of the results and assumptions used at the valuation date.

- The financial strength of the Fund assessed using assumptions about future events agreed by the Trustees and the Company as being appropriate to meet member benefits (assuming the Fund continues as a "going concern") was 96% in respect of past service benefits:

	£m
Liabilities*:	(2,376)
Assets:	2,289
Past service funding deficit	87
Funding level:	96**%**

*under the Pensions Act 2004, these are referred to as "technical provisions"

The 31 December 2016 valuation was undertaken using a yield curve approach. Under this approach different assumptions would be used to value the benefits depending on when they are paid. For example, different assumptions are used to value a benefit payable in 5 years' time compared to a benefit payable in 20 years' time. The two main financial assumptions were derived as follow:

- Discount rates were derived from the Bank of England UK fixed interest yield curve with out-performance allowed for.
- The Retail Price Index inflation assumption was derived from market yields for expected inflation, namely term-dependent rates derived from the difference between the Bank of England UK fixed and UK index-linked gilt curves.

Report on Actuarial Liabilities

Full details of the yield curves used to value the liabilities can be found in my formal report dated 1 October 2018. However, for illustration purposes only, I have set these out below.

Discount rate	Fixed interest gilt curve at valuation date plus 0.25 % p.a.
Rate of salary increases (in addition to promotional increases)	CPI inflation plus 1.0 % p.a.
Rate of price increases	
- Retail Prices Index	Derived from the Bank of England implied inflation curve at valuation date % p.a.
- Consumer Prices Index	RPI inflation less 1.1 % p.a.
Pension increases - Inflation with a cap of 5% p.a. - Inflation with a cap of 2.5% p.a. - discretionary	Derived from price inflation assumptions with allowance for caps and floors and assuming inflation volatility to be in line with the Scheme Actuary's best estimate assumption
Deferred pension revaluations - CPI inflation capped at an average of 5% p.a. - CPI inflation capped at an average of 2.5% p.a.	Derived from price inflation assumptions with allowance for caps
Life expectancy	
- member currently aged 62	87.7 (males), 89.8 (females)
- member currently aged 42 on reaching age 62	89.4 (males), 91.6 (females)

Note: I have taken into account the agreement by the Trustees and the Company to provide annual cost of living increases to pre-1997 pensions in payment in excess of GMPs until 1 January 2021, as explained in my formal actuarial valuation report.

The financial strength of the Fund assessed against the estimated cost of securing past service benefits with an insurance company was about 71%.

As part of the actuarial valuation as at 31 December 2016, the Trustees and Company agreed to increase the contributions the Company makes to the Fund in respect of members' future service benefits, from 1 January 2018 to 35.6% of members' Salaries for members with "60ths" benefits and 27.7% of members' Salaries for members with "80ths" benefits.

In order to remove the deficit at the valuation date, the Company paid a contribution of £65m by 19 October 2018 in addition to the contribution of £5.72m which it paid in March 2017.

If the assumptions made as part of the valuation are borne out in practice, these contributions, together with an allowance for investment returns to outperform the discount rate by 0.3 % p.a. over the period to 31 December 2020, will correct the funding shortfall relative to the technical provisions.

Developments Since 31 December 2016

The following is a summary of the results and assumptions used at 31 December 2017 and 31 December 2018:

	31 December 2017	**31 December 2018**
	£m	**£m**
Liabilities*	(2,393)	(2,396)
Assets:	2,409	2,383
Past service funding surplus/(deficit)	16	(13)
Funding level:	101%	99%

*under the Pensions Act 2004, these are referred to as “technical provisions”

Since the date of the actuarial valuation, the estimated funding level and deficit have improved compared to the position at 31 December 2016. This is primarily due to the deficit reduction contribution of £65m received in October 2018 and the return on the Fund’s assets over the period being higher than the assumptions underlying the technical provisions.

This has been partly offset, however, by the cost of GMP equalisation and the award of the annual cost of living increases which are being paid for by contributions spread over three years.

Pensioner Cost of Living increases

The 31 December 2016 actuarial valuation took into account the agreement at the time to provide annual increases to pre-1997 pensions in payment in excess of GMPs until 1 January 2021.

In 2018 the Trustees and Company agreed to extend the annual cost of living increases to pre 1997 pensions in payment in excess of GMPs up to 1 January 2024. In order to fund this the Company paid two additional contributions of £9.07m in October 2018 and March 2019. The final contribution of £9.07m was paid in March 2020.

Expenses

A new Schedule of Contributions was signed in November 2019, which sets out the contributions the Company will pay to the Fund to meet expenses. These are set out below:

With effect from 1 January 2019 the Company agreed to pay £1.633m p.a. to the Fund in order to cover the following expenses:

- Administration expenses, including actuarial, legal, audit, investment consultancy and other professional fees and any sundry expenses. Investment manager fees are not covered by this amount as they are met separately by the Fund; and
- Levies payable in respect of the Pension Protection Fund (PPF) and any other levies collected by the Pensions Regulator.

A contribution of £562,500 to cover expenses between 1 October 2018 and 31 December 2018 was paid in June 2019.

The Company will also meet the cost of any PPF levies in excess of those in the contribution rate above; plus, contributions in respect of National Insurance savings and contributions that would otherwise have been paid by members participating in the Pension Adjustment Scheme; and any insurance company premiums required for insuring the lump sum death in service benefits.

This report relates to the Fund's financial position at the valuation date. As time moves on, the Fund's finances will fluctuate.

Full details of the valuation results are set out in my formal report dated 1 October 2018. This report should be read in conjunction with the formal report, including the statements on the purpose, scope and limitations of reliance on my advice and may only be relied upon by the Trustees.

The formal actuarial valuation as at 31 December 2019 is currently in progress.

Jonathan Wicks FIA
Aon Solutions UK Limited
122 Leadenhall Street
London EC3V 4AN

Actuary's Certification of the Schedule of Contributions

Name of Fund: **Reuters Pension Fund**

Adequacy of rates of contributions

1. I certify that, in my opinion, the rates of contributions shown in this Schedule of Contributions are such that the statutory funding objective could have been expected on 31 December 2016 to be met by the end of the period specified in the recovery plan dated 1 October 2018.

Adherence to statement of funding principles

2. I hereby certify that, in my opinion, this Schedule of Contributions is consistent with the Statement of Funding Principles dated 1 October 2018.

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 wound up.

Signature:	***Jonathan Wicks***	Date:	25 November 2019
Name:	Jonathan Wicks	Qualification:	Fellow of the Institute and Faculty of Actuaries
Address:	The Aon Centre 122 Leadenhall Street London EC3V 4AN	Name of employer:	Aon Hewitt Limited

Summary of Contributions for the Year Ended 31 December 2019

During the year ended 31 December 2019, the contributions payable to the Fund were as follows:

	£'000
Employer	
- Normal	6,822
- Additional – expense contributions	2,147
Employee	
- Normal	140
Contributions payable under the Schedules of Contributions and as reported on by the Fund auditor	**9,109**

Reconciliation of contributions payable under the Schedules of Contributions to contributions reported in the financial statements in respect of the Fund year ended 31 December 2019

	£'000
Contributions payable under the Schedules (as above)	**9,109**
Employer	
- Additional – pension increases agreement	9,067
- Additional – expense contribution adjustment	(514)
Total contributions reported in the financial statements	**17,662**

On 25 November 2019, a revised Schedule of Contributions (SoC) was certified as agreed between the Company and Trustees. The revised SoC reset expense contributions due from the Employer to the Trustees at £1.633m per annum with effect from 1 January 2019. This amount was paid by the due date of 31 December 2019. The previous SoC, certified on 1 October 2018, set the expense contributions at £2.25m. The previous SoC dated 1 October 2018 was in force until 25 November 2019 when the revised SoC came into force. The reduction in expense contribution was aligned to a similar reduction in the PPF levy which is an expense of the Fund. The reduction in expense contributions was approximately £514,000 for the period from 1 January 2019 to 25 November 2019 and was agreed between the Company and the Trustees as not requiring payment, principally for the reason set out above. It is noted that a new SoC is currently being discussed between the Company and the Trustees as part of 31 December 2019 actuarial valuation.

Approved by the Trustees and signed on their behalf by:

Greg Meekings **30 September 2020**

Trustee Director **Date**

Martin Vickery **30 September 2020**

Trustee Director **Date**

Independent Auditors' Statement about Contributions to the Trustee of the Reuters Pension Fund

Statement about contributions

Qualified opinion

In our opinion, except for the matter described in the basis for qualified opinion paragraph below, the contributions payable under the Schedules of Contributions for the Fund year ended 31 December 2019 as reported in Reuters Pension Fund's summary of contributions have, in all material respects, been paid in accordance with the Schedules of Contributions certified by the Fund actuary on 1 October 2018 and 25 November 2019.

We have examined Reuters Pension Fund's summary of contributions for the Fund year ended 31 December 2019 which is set out on the previous page.

Basis for qualified opinion

As explained in the summary of contributions, employer expense contributions of approximately £514,000 for the period 1 January 2019 to 25 November 2019 payable under the Schedule of Contributions certified on 1 October 2018, were not received, as the revised Schedule of Contributions certified on 25 November 2019 reset expense contributions due from the Employer.

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

Responsibilities for the statement about contributions

Responsibilities of the Trustee in respect of contributions

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 employers in accordance with relevant requirements.

Auditors' responsibilities in respect of the statement about contributions

It is our responsibility to provide a statement about contributions and to report our opinion to you.

Use of this report

This report, including the opinion, has been prepared for and only for the Trustee as a body in accordance with section 41 of the Pensions Act 1995 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

Date 30/9/20

Independent Auditors’ Report to the Trustee of the Reuters Pension Fund

Report on the audit of the financial statements

Opinion

In our opinion, Reuters Pension Fund’s financial statements:

- show a true and fair view of the financial transactions of the Fund during the year ended 31 December 2019, 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 (United Kingdom Accounting Standards comprising FRS 102 “The Financial Reporting Standard applicable in the UK and Republic of Ireland”, and applicable law); 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.

We have audited the financial statements, included in the Trustee’s Annual Report and Financial Statements, which comprise: the statement of net assets available for benefits as at 31 December 2019; the fund account for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (“ISAs (UK)”) and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors’ responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC’s Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you where:

- the Trustee’s use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustee has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Fund’s ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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 Auditors' Report to the Trustee of the Reuters Pension Fund

Reporting on other information

The other information comprises all the information in the Trustee's Annual Report and Financial Statements other than the financial statements, our auditors' report thereon and our auditors' statement about contributions. The Trustee is responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance thereon.

In connection with our audit of the financial statements, 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 audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

Responsibilities for the financial statements and the audit

Responsibilities of the Trustee for the financial statements

As explained more fully in the statement of Trustees' responsibilities, the Trustee is responsible for ensuring that the financial statements are prepared in accordance with the applicable framework and for being satisfied that they show a true and fair view. The Trustee is also responsible for such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In the preparation of 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 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 auditors' 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.

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

Use of this report

This report, including the opinion, has been prepared for and only for the Trustee as a body in accordance with section 41 of the Pensions Act 1995 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

Date 30/9/20

Fund Account for the year ended 31 December 2019

	Note	Total 2019 £'000	Total 2018 £'000
Employer contributions		17,522	84,759
Employee contributions		140	264
Total contributions	4	**17,662**	85,023
Transfers from other plans	5	772	1,536
Other income	6	165	-
		18,599	86,559
Benefits paid or payable	7	(43,484)	(36,265)
Payments to and on account of leavers	8	(30,283)	(33,447)
Administrative expenses	9	(1,916)	(2,087)
		(75,683)	(71,799)
Net (withdrawals) / additions from dealings with members		**(57,084)**	14,760
Returns on investments			
Interest payable	10	(8,984)	(5,526)
Investment income	11	76,144	65,317
Change in market value of investments	12	219,297	(101,898)
Investment management expenses	18	(4,506)	(5,597)
Net returns on investments		**281,951**	(47,704)
Net increase / (decrease) in the Fund during the year		**224,867**	(32,944)
Net assets of the Fund at 1 January		**2,385,714**	2,418,658
Net assets of the Fund at 31 December		**2,610,581**	2,385,714

The accompanying notes on pages 29 to 49 are an integral part of these financial statements.

Statement of Net Assets available for benefits as at 31 December 2019

	Note	Total 2019 £'000	Total 2018 £'000
Investment assets:	12		
Equities		5	5
Bonds		1,613,269	1,477,660
Pooled investment vehicles		779,673	749,776
Qualifying investment fund		529,487	476,322
Derivatives	14	116,855	97,645
Insurance policies	19	670,819	635,027
AVC investments	20	2,893	2,823
Cash		14,470	11,515
Accrued income		8,055	8,051
Cash in transit		69	-
		3,735,595	3,458,824
Investment liabilities:			
Cash		(57,516)	-
Derivatives	14	(63,905)	(55,042)
Amounts due under repurchase agreements	15	(1,005,407)	(1,025,077)
Total net investments		**2,608,767**	2,378,705
Current assets	23	**5,108**	10,695
Current liabilities	24	**(3,294)**	(3,686)
Net assets of the Fund at 31 December		**2,610,581**	2,385,714

The financial statements summarise the transactions of the Fund and deal with the net assets at the disposal of the Trustees. 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 pages 18 to 21 of the Annual Report, and these financial statements should be read in conjunction with this report.

The notes on pages 29 to 49 form an integral part of these financial statements.

These financial statements were approved by the Trustees and signed on their behalf by:

Greg Meekings **30 September 2020**

Trustee Director **Date**

Martin Vickery **30 September 2020**

Trustee Director **Date**

Notes to the Financial Statements

1. Basis of preparation

The individual financial statements of Reuters Pension Fund 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 (FRS) 102 - The Financial Reporting Standard applicable in the UK and Republic of Ireland issued by the Financial Reporting Council ("FRS 102") and the guidance set out in the Statement of Recommended Practice.

In June 2018, a revised SORP was issued which is applicable to accounting periods commencing on or after 1 January 2019. The Trustees have adopted the revised SORP for the first time in these financial statements. The adoption of the revised SORP has had no material impact on the financial statements. However, it has required certain additions to or amendments of disclosures in the financial statements, including the fair value reclassification of some bonds, pooled investment vehicles, derivatives and insurance policies in note 21. Bonds and pooled investment vehicles previously disclosed as level 1 investments have been reclassified to level 2. Swaps and insurance policies previously disclosed as level 2 have been reclassified to level 3.

2. Identification of the financial statements

The Fund is a defined benefit arrangement established as a trust under English Law. The fund is closed to new members. The registered address of the Fund is Five Canada Square, Canary Wharf, London, E14 5AQ.

3. Accounting policies

The principal accounting policies of the Fund are set out below. These policies have been applied consistently to all the years presented, unless otherwise stated:

Contributions

Employee normal contributions are accounted for when they are deducted from pay by the Employer.

Employer normal contributions that are expressed as a rate of salary are accounted for on the same basis as the employees' contributions, in accordance with the Schedules of Contributions in force during the year.

Employer deficit contributions, expense contributions and other additional contributions are accounted for in accordance with the agreement under which they are payable, paid or in the absence of an agreement, in the period in which they are received.

Life assurance receipts

Life assurance receipts are accounted for on an accruals basis when they fall due.

Transfers to and from other schemes

Transfer values represent the capital sums either receivable in respect of members from other pension schemes of previous employers or payable to other pension schemes for members who have left the Fund. They are accounted for on an accrual basis on the date the trustees of the receiving scheme accept the liability. The liability normally transfers when payment is made, unless the trustees of the receiving scheme have agreed to accept liability in advance of receiving the funds.

3. Accounting policies (continued)

Payments to members

Benefits are accounted for on the later of the period in which the member notifies the Trustees of his/her decision on the type or amount of benefit to be taken, and the date of retiring or leaving. If there is no member choice, the date of retiring, leaving or notification of death is used.

Pensions in payment are accounted for in the period to which they relate.

Where the Trustees are required to settle tax liabilities on behalf of a member (such as when lifetime or annual allowances are exceeded) with a consequent reduction in that members benefits receivable from the Fund, this is shown separately within benefits.

Investment management, administrative and other expenses

All investment management and administrative expenses are met by the Fund and accounted for on an accruals basis, net of recoverable VAT.

Interest payable on repurchase agreement contracts is accounted for on an accruals basis.

Investment income

Income from cash and short term deposits is accounted for on an accruals basis.

Income from pooled investment vehicles is accounted for when declared by the fund manager. Where pooled investment managers reinvest investment income, this is treated as accumulating within the fund value.

Income from qualifying investment funds is accounted for as investment income on an accruals basis.

Receipts from annuity policies are accounted for as investment income on an accruals basis.

Income from bonds is accounted for on an accruals basis and includes income bought and sold on the purchase and sale of bonds.

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.

Investments are included at fair value as described below:

The Qualifying Investment Fund (QIF) is accounted for on the fair value of the underlying assets as set out for each of the asset types that are held within it.

Quoted securities in active markets are valued at the current bid prices at the reporting date.

Accrued interest is excluded from the market value of bonds and is included in invested income receivable.

Pooled Investment vehicles have been valued at the latest available bid price or single price provided by the pooled investment manager. Shares in other pooled arrangements have been valued at the latest available net asset value (NAV), determined in accordance with fair value principles, provided by the pooled investment manager.

3. Accounting policies (continued)

Investments (continued)

Over the counter (OTC) derivatives are valued using the following valuation techniques:

Swaps – current value of future cash flows arising from the swap determined using discounted cash flow models and market data at the reporting date.

Forward foreign exchange (Forward FX) – the gain or loss that would arise from closing out the contract at the reporting date by entering into an equal and opposite contract at that date.

Exchange traded futures are valued at the sum of the daily mark-to-market, which is a calculated difference between the settlement prices at the reporting date and the inception date.

The Trustees hold annuity policies with Friends Life and Canada Life Limited that secure the pensions payable to specified beneficiaries. These policies have been valued by Aon, the Fund Actuary. Both policies have been valued on the technical provisions assumptions agreed for the 31 December 2016 actuarial valuation, but using market conditions as at 31 December 2019. Further details of the technical provisions assumptions used is set out below.

The technical provisions financial assumptions use a yield curve approach to value the annuities. Under this approach different assumptions would be used to value the benefits depending on when they are paid. For example, different assumptions are used to value a benefit payable in 5 years' time compared to a benefit payable in 20 years' time.

A description of the key financial and demographic assumptions is set out below.

Technical provisions assumption	Description
Discount rate	Derived from the Bank of England UK fixed interest gilt yield curve plus 0.25 % p.a.
Retail Price Index inflation	Derived from the difference between the Bank of England UK fixed and UK index-linked gilt yield curves
Consumer Price Index inflation	RPI inflation assumption less 0.9 % p.a.
Pension increases in payment	Derived from the price inflation assumptions with allowance for appropriate caps and floors and assuming inflation volatility to be in line with the Scheme Actuary's best estimate assumption
Life expectancy:	
- member currently aged 62	88.0 (males), 90.1 (females)
- member currently aged 42 on reaching age 62	89.7 (males), 91.9 (females)

3. Accounting policies (continued)

Investments (continued)

The Trustees have determined that there are no other annuity policies held in the name of the Trustees.

AVC investments are included at fair value as provided by the AVC investment managers.

Amounts repayable under repurchase agreements which are still to mature at the year-end date are reflected within other investment liabilities at fair value as provided by the investment manager.

Cash includes cash and cash equivalents which are included at fair value provided by the investment manager.

Presentation currency

The Fund functional and presentation currency is pounds sterling. Monetary items 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 on currency translation are dealt with as part of change in market value of investments.

Taxation

The Fund is registered under the Finance Act 2004. Prior to the introduction of this Act, the Fund was an "exempt approved scheme" under the terms of the Income and Corporation Taxes Act 1988.

4. Contributions

	2019 £'000	2018 £'000
Employer contributions		
Normal	6,822	8,645
Deficit funding	-	65,000
Additional – pension increases agreement	9,067	9,067
Additional – expense contributions	1,633	2,047
	17,522	84,759
Employee contributions		
Normal	140	264
	17,662	85,023

Employer normal contributions include salary sacrifice contributions made in respect of members during the year.

Additional Employer contributions have been received during the year in respect of an agreement reached between the Sponsoring Employer and Trustees in respect of annual cost of living pension increases. The additional contributions received in respect of those increases are outside of any agreed recovery plan.

4. Contributions (continued)

The deficit funding contributions received in 2018 were in respect of the agreed Recovery Plan dated 1 October 2018. £65,000,000 was payable by 19 October 2018.

Under the Schedule of Contributions dated 1 October 2018 the Sponsoring Employer agreed to pay £2.25m per annum to cover the cost of administrative expenses met by the Fund. Under the Schedule of Contributions dated 25 November 2019 the Sponsoring Employer agreed to pay £1.633m per annum to cover the cost of administrative expenses met by the Fund with effect from 1 January 2019. See the Summary of Contributions set out on page 23.

5. Transfers from other plans

	2019 £'000	2018 £'000
Transfers from Refinitiv Retirement Plan	**772**	1,536

6. Other income

	2019 £'000	2018 £'000
Claims on term insurance policies	**165**	-

7. Benefits paid or payable

	2019 £'000	2018 £'000
Pensions	32,339	29,370
Commutations of pensions and lump sum retirement benefits	10,218	5,973
Lump sum death benefits	503	355
Taxation where lifetime or annual allowance exceeded	424	567
	43,484	36,265

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 settling their tax liability.

8. Payments to and on account of leavers

	2019 £'000	2018 £'000
Contributions Equivalent Premium payments to HMRC	19	**-**
Individual transfers out to other schemes	30,264	33,447
	30,283	33,447

Notes to the Financial Statements

9. Administrative expenses

	2019 £'000	2018 £'000
Administration and processing	353	273
Actuarial fees	862	948
Audit fees	50	50
Professional fees	373	494
PPF Levy	137	170
Trustees' fees	102	123
Levies and general expenses	38	28
Bank charges	1	1
	1,916	2,087

All administrative expenses are met by the Fund.

10. Interest payable

	2019 £'000	2018 £'000
Interest payable	**8,984**	5,526

The Fund incurs interest at money market rates payable on monies advanced to it under repurchase agreement contracts entered into. These advances are secured on the Fund's existing bond portfolio.

11. Investment income

	2019 £'000	2018 £'000
Income from bonds	23,805	25,453
Income from pooled investment vehicles	5,276	11,926
Income from qualifying investment fund	18,455	18,315
Annuity income	28,580	9,547
Interest on cash deposits	28	65
Other investment income	-	11
	76,144	65,317

12. Reconciliation of net investments

	Value as at 31 December 2018 £'000	Purchases and derivative payments £'000	Sales proceeds and derivative receipts £'000	Change in market value £'000	Value as at 31 December 2019 £'000
Equities	5	-	-	-	**5**
Bonds	1,477,660	9	-	135,600	**1,613,269**
Pooled investment vehicles	749,776	404,455	(400,698)	26,140	**779,673**
Qualifying investment fund	476,322	18,455	-	34,710	**529,487**
Derivatives - net	42,603	1,719,524	(1,711,443)	2,266	**52,950**
Insurance policies	635,027	16,649	(1,101)	20,244	**670,819**
AVCs	2,823	-	(267)	337	**2,893**
	3,384,216	2,159,092	(2,113,509)	219,297	**3,649,096**
Cash & equivalents	11,515				(43,046)
Cash in transit	-				69
Accrued income	8,051				8,055
Repurchase agreements	(1,025,077)				(1,005,407)
	2,378,705				**2,608,767**

Cash & equivalents of -£43.0m includes -£43.9m (2018: -£36.3m) relating to the variation margin in the BlackRock LDI portfolio and £0.9m (2018: £0.7m) of other cash balances with investment managers.

The figures above take into account the cumulative value of movements within the year.

Pooled investment vehicles are operated by companies registered in the UK, USA, Bermuda, Luxembourg and Ireland.

The qualifying investment fund (QIF) is an investment vehicle for which the Fund is the sole investor.

Transaction costs

Transaction costs are included in the cost of purchases and sale proceeds. Direct transaction costs, including costs charged to the Fund such as fees, commissions and stamp duty were £nil (2018: £nil).

In addition, indirect costs are incurred through the bid-offer spread on investments within pooled investment vehicles and charges made within those vehicles. It is not possible for the Trustees to quantify such indirect transaction costs.

Notes to the Financial Statements

13. Investment assets and liabilities

Analysis of investment assets and liabilities

	2019 £'000	2018 £'000
Equities		
Overseas	5	5
Bonds		
Bonds	1,613,269	1,477,660
Pooled investment vehicles		
Diversified growth	97,361	93,422
Property	128	769
Multi-class credit	194,979	180,542
Private equity	35,011	43,057
Diversified risk premia	287,167	277,253
Insurance-linked securities	58,542	55,942
Emerging market debt	53,041	48,645
Hedge of hedge funds	-	134
Cash	53,444	50,012
	779,673	749,776
Qualifying investment fund		
Bonds	517,913	460,302
Pooled investment vehicles	5,184	9,718
Cash	135	88
Derivatives	5	-
Accrued income	6,250	6,214
	529,487	476,322
Other investment assets		
Derivatives	116,855	97,645
AVC Investments	2,893	2,823
Insurance policies	670,819	635,027
Cash and equivalents	14,539	11,515
Accrued income	8,055	8,051
	813,161	755,061
Total investment assets	**3,735,595**	3,458,824
Investment liabilities		
Cash and equivalents	(57,516)	-
Repurchase agreements	(1,005,407)	(1,025,077)
Derivatives	(63,905)	(55,042)
Total investment liabilities	**(1,126,828)**	(1,080,119)
Total net investments	**2,608,767**	2,378,705

14. Derivatives

	2019		2018	
	Assets £'000	**Liabilities £'000**	**Assets £'000**	**Liabilities £'000**
Futures	637	(12)	31	(1,246)
Forward foreign currency contracts	5,171	-	392	(729)
Swaps	111,047	(63,893)	97,222	(53,067)
	116,855	**(63,905)**	97,645	(55,042)
		52,950		42,603

In addition to government bonds, the LDI manager uses interest rate and inflation derivatives for liability matching purposes. The LDI mandate is passively managed against a liability benchmark designed to represent the Fund's liability cashflows.

The Fund is invested in overseas assets to ensure the portfolio is adequately diversified and to widen the opportunity set for actively managed investment strategies. The Trustees have implemented a currency hedging programme (using currency forward contracts) to reduce the impact of exchange rate fluctuations, which are considered an unrewarded risk over the long term.

Some of the active investment managers that are used by the Fund employ other derivative instruments (such as futures and options) to facilitate efficient portfolio management, allowing short-term exposure to certain markets.

The Trustees have authorised the use of derivative financial instruments by their investment managers as part of their investment strategy.

Analysis of derivative contracts

Futures – exchange traded

		2019	2019		2018	
Nature	**Expiration**	**Notional Amount £'000**	**Assets £'000**	**Liabilities £'000**	**Assets £'000**	**Liabilities £'000**
US treasury bond future	March 2020	(25,420)	622	-	-	-
US 10 year treasury note future	March 2020	1,066	-	(11)	-	-
US 2 year treasury note future	March 2020	488	-	(1)	-	-
US 5 year treasury note future	March 2020	(3,492)	15	-	-	-
US treasury bond future	March 2019	24,761	-	-	-	(1,171)
US 10 year treasury note future	March 2019	1,150	-	-	28	-
US 2 year treasury note future	March 2019	500	-	-	3	-
US 5 year treasury note future	March 2019	4,502	-	-	-	(75)
			637	**(12)**	31	(1,246)

14. Derivatives (continued)

Forward foreign currency contracts - Over the counter

Expiration	No. of contracts	2019 Currency Bought 000	2019 Currency Sold 000	2019 Assets £'000	2019 Liabilities £'000	2018 Assets £'000	2018 Liabilities £'000
Within 3 months	5	GBP 212,176	USD 274,693	5,171	-	-	-
Within 2 months	2	GBP 3,020	EUR 3,393	-	-	-	(32)
Within 2 months	8	GBP 206,290	USD 263,912	-	-	387	(697)
Within 2 months	2	USD 5,410	GBP 4,230	-	-	5	-
				5,171	**-**	392	(729)

Swaps – Summary

Type of swap	2019 Assets £'000	2019 Liabilities £'000	2018 Assets £'000	2018 Liabilities £'000
Zero coupon	91,534	(48,102)	1,006	(340)
Over the counter inflation	59	(5,460)	2,595	(228)
Over the counter interest rate	19,454	(10,331)	93,621	(52,499)
	111,047	**(63,893)**	97,222	(53,067)

Swaps – Zero coupon

Expiration - years	2019 No. of contracts	2019 Principal £'000	2019 Assets £'000	2019 Liabilities £'000	2018 Assets £'000	2018 Liabilities £'000
< 5	4	46,862	2,167	(20,530)	-	-
5 to 10	4	154,262	5,004	(2,262)	703	-
10 to 30	16	179,067	76,672	(25,299)	303	(340)
> 30	2	92,063	7,691	(11)	-	-
			91,534	**(48,102)**	1,006	(340)

14. Derivatives (continued)

Swaps – Over the counter inflation

Expiration - years	2019 No. of contracts	2019 Principal £'000	2019 Assets £'000	2019 Liabilities £'000	2018 Assets £'000	2018 Liabilities £'000
< 5	1	9,590	-	(272)	-	-
5 to 10	5	34,309	59	(962)	399	(157)
10 to 30	6	65,615	-	(4,226)	2,196	(71)
			59	**(5,460)**	2,595	(228)

Swaps – Over the counter interest rate

Expiration - years	2019 No. of contracts	2019 Principal £'000	2019 Assets £'000	2019 Liabilities £'000	2018 Assets £'000	2018 Liabilities £'000
< 5	6	72,764	43	(4,195)	2,659	(18,118)
5 to 10	9	141,087	19,411	(2,201)	15,097	(9,396)
10 to 30	7	78,154	-	(3,935)	75,865	(20,753)
> 30	-	-	-	-	-	(4,232)
			19,454	**(10,331)**	93,621	(52,499)

Total collateral assets of £1,027m (2018: £889m) have been pledged in respect of the derivative positions in the Liability Driven investment portfolio.

15. Amounts due under repurchase agreements

Repayment Date	2019 Notional £'000	2019 Assets £'000	2019 Liabilities £'000	2018 Assets £'000	2018 Liabilities £'000
Within 3 months	(183,463)	-	(185,265)	-	(197,898)
Within 4 to 6 months	(329,464)	-	(331,024)	-	(169,282)
Within 7 to 9 months	(339,370)	-	(340,336)	-	(527,699)
Within 10 to 12 months	(148,484)	-	(148,782)	-	(130,198)
		-	**(1,005,407)**	-	(1,025,077)

At the year-end £1,011,929,365 (2018: £1,035,888,539) of bonds reported in Fund assets are held by counterparties under repurchase agreements.

Notes to the Financial Statements

16. Concentration of investment

The following investments represent more than 5% of the total value of the net assets of the Fund.

Investment	2019 Market Value £'000	2019 Percentage of Net Assets %	2018 Market Value £'000	2018 Percentage of Net Assets %
3.5% 01/22/2045 United Kingdom Gilt Regs	**264,857**	**10.1**	243,142	10.2
2.5% 07/22/2065 United Kingdom Gilt Regs	**178,945**	**6.9**	155,045	6.5
Canada Life annuity policy	**665,000**	**25.5**	629,500	26.4
Bridgewater Pure Alpha Sterling fund	**142,085**	**5.4**	133,818	5.6
AQR Diversified Risk Premia fund	**145,081**	**5.6**	143,435	6.0
Legal & General – Qualifying investment fund	**529,487**	**20.3**	476,322	20.0

In August 2018, the Trustees entered into a bulk annuity policy with Canada Life to cover £622.9M of pensioner liability. The transaction was in respect of members with pensions in payment as at 31 January 2018 (excluding those with benefits denominated and paid in an overseas currency), this amounted to 2,080 members. The policy covered the benefits of the Fund at the time of the agreement and therefore did not include the additional liabilities arising from the extension to the annual increases to pre 1997 pensions in payment in excess of GMPs up to 1 January 2024. In August 2019, the agreement with Canada Life was extended to cover these additional increases for an additional cost of £16.6M.

None of the Fund's holdings represent more than 5% of any class of shares of any company (2018: none).

There was no stock lending during the year, apart from the limited stock lending activity carried out by Legal & General as part of the investment strategy of its pooled funds.

17. Marketability of investments

There are no restrictions to the Fund selling the swaps/derivatives contracts, but the price would depend on the prevailing market conditions which may not be favourable to the Fund.

All liquid funds and open-ended funds with quarterly redemption options previously held in CBRE's European Property mandate have been exited. The remaining three positions within the portfolio are currently in run-off. The underlying managers are in the process of disposing these holdings and redemption proceeds are expected in 2020.

Redemptions from the Bridgewater fund are subject to a three-month notice period. After three months, investors can expect to receive redemption proceeds up to 1/3 of their total investment. For redemptions greater than 1/3 of the total account value, up to another 1/3 of the investment would be paid after six months, with any remainder paid after nine months. The fund has the ability to accelerate these payments. In this case, even a full redemption could be paid out in sooner than nine months.

The CQS mandate may be redeemed monthly with one month's notice required.

17. Marketability of investments (continued)

Redemption from the Stone Harbor Emerging Market Local Currency Debt Fund is permitted on daily dealing days. The prospectus allows for a 3% redemption charge to protect remaining investors in the Fund if transactions are significant (generally held to mean in excess of 10% of the fund value).

The TwentyFour mandate can be redeemed on any trading day with no restrictions.

The Invesco mandate can be redeemed on any trading day if the redemption instruction is received no later than 10:30am on the trade date. The settlement period is 5 business days.

In relation to the private equity mandates, whilst there are no restrictions such as lock in periods or gate provisions as such, the private equity investments with Abbott Capital and Morgan Stanley are not in realisable marketable securities. There is seldom a liquid market for the underlying securities or funds, hence the only option would be to sell these investments in the secondary private equity market, which could be punitive for the Fund. The ability to sell these investments will depend on factors such as market conditions at the time of any sale.

The AQR mandate can be redeemed on any trading day if the instruction is received no later than 10:00am 5 business days prior to the trading day. Payment of the relevant proceeds will be made as soon as reasonably practicable after the relevant dealing day and normally within 10 business days.

The LGIM mandate can be redeemed on any trading day if the redemption instruction is received no later than 10:30am on the trade date. The settlement period is 5 business days. It should be noted that LGIM would be a price taker in this situation and that a longer disposal period would be advisable to minimise transaction costs.

The Nephila mandate can be redeemed on a quarterly basis with at least 90 days of prior notice given.

Redemption of the Securis investment was mandatory on the 31 December 2018. The proceeds of this will be returned to RPF over 2020.

18. Investment management expenses

	2019 £'000	**2018 £'000**
Investment management fees	4,053	5,202
Investment consultancy fees	453	395
	4,506	5,597

There were no amounts paid in respect of performance related fees.

19. Insurance policies

The Fund held insurance policies at the year end as follows:

	2019 £'000	2018 £'000
Equitable Life Money Purchase (with-profits)	385	379
Equitable Life Money Purchase (unit linked)	873	544
Prudential Money Purchase (with-profits)	780	444
Prudential Money Purchase (unit linked)	3,556	3,929
Canada Life Annuity Policy	665,000	629,500
Friends Life Annuity policy	225	231
	670,819	635,027

20. AVC investments

The Trustees hold assets invested separately from the main investments to secure additional benefits on a money purchase basis for those members electing to pay Additional Voluntary Contributions. Members participating in this arrangement each receive an annual statement made up to 31 December confirming the amounts held in their account and the movements in the year.

The aggregate amounts of AVC investments are as follows:

	2019 £'000	2018 £'000
Equitable Life (with-profits)	220	312
Equitable Life (unit linked)	828	614
Prudential (with-profits)	431	443
Prudential (unit linked)	1,414	1,454
	2,893	2,823

21. Fair value determination

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 assessment date.
Level 2	Inputs other than quoted prices included within Level 1 that are observable (i.e. developed) 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.

21. Fair value determination (continued)

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

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

As at 31 December 2019	**Level 1 £'000**	**Level 2 £'000**	**Level 3 £'000**	**Total £'000**
Equities	5	-	-	**5**
Bonds	-	1,613,269	-	**1,613,269**
Pooled investment vehicles	-	301,465	478,208	**779,673**
Qualifying investment fund	6,385	523,102	-	**529,487**
Derivatives – net	-	5,796	47,154	**52,950**
Insurance policies	-	-	670,819	**670,819**
AVC investments	-	2,142	751	**2,893**
Cash and equivalents – net	(43,046)	-	-	**(43,046)**
Other investment balances	8,055	-	-	**8,055**
Repurchase agreements	-	(1,005,407)	-	**(1,005,407)**
Cash in transit	69	-	-	**69**
	(28,532)	**1,440,367**	**1,196,932**	**2,608,767**

As at 31 December 2018 (as restated)	**Level 1 £'000**	**Level 2 £'000**	**Level 3 £'000**	**Total £'000**
Equities	5	-	-	5
Bonds	-	1,477,660	-	1,477,660
Pooled investment vehicles	-	279,198	470,578	749,776
Qualifying investment fund	6,301	470,021	-	476,322
Derivatives – net	-	(1,553)	44,156	42,603
Insurance policies	-	-	635,027	635,027
AVC investments	-	2,068	755	2,823
Cash and equivalents – net	11,515	-	-	11,515
Other investment balances	8,051	-	-	8,051
Repurchase agreements	-	(1,025,077)	-	(1,025,077)
Cash in transit	-	-	-	-
	25,872	1,206,790	1,146,043	2,378,705

Notes to the Financial Statements

21. Fair value determination (continued)

Pooled investment vehicles which are traded regularly are generally included in level 2. Where the absence of regular trading or the unsuitability of recent transaction prices as a proxy for fair values applies, standard valuation techniques are adopted and the vehicles are included in level 3 as appropriate.

The value of other pooled investment vehicles which are unquoted or not actively traded on a quoted market is estimated by the Trustees. Where the value of the pooled investment vehicle is primarily driven by fair value of its underlying assets, the net asset value advised by the fund manager is normally considered a suitable approximation to fair value unless there are restrictions or other factors which prevent realisation at that value, in which case adjustments are made. No such adjustments have been made to the valuations at 31 December 2019 or 31 December 2018.

Following the adoption of the revised SORP, Bonds and pooled investment vehicles previously disclosed as level 1 investments have been reclassified to level 2. Swaps and insurance policies previously disclosed as level 2 have been reclassified to level 3.

22. Investment risk disclosures

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

- 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 risk and other price risk.
- 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 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.
- 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 risk or currency risk).

The principal objective of the Trustees is to invest the assets of the Fund to meet its liabilities when they fall due. The Trustees wish to protect members' accrued benefits by maintaining a reasonable prospect of achieving a 100% funding level on a prudent basis.

The Trustees maintain a diversified portfolio of assets which seeks to maintain a balance between expected investment return and volatility of returns. The Trustee also seek to manage the Fund's exposure to interest rate and inflation risk whilst keeping expected returns at an appropriate level.

- The Trustees determine their investment strategy after taking advice from a professional investment adviser.
- The Fund has exposure to these risks because of the investments it makes in following the investment strategy as set out above.
- The Trustees manage their investment risks, including credit risk and market risk, within an agreed risk budget which is set taking into account the Fund's strategic investment objectives.

Notes to the Financial Statements

22. Investment risk disclosures (continued)

- The investment objectives and risk budget are implemented through the investment management agreements in place with the Fund's investment managers and monitored by the Trustees through regular reviews of the investment portfolio.

Further information on the Trustees' approach to risk management is set out below.

(i) Credit risk

The Fund is subject to credit risk via its holdings in corporate bonds, buy-in annuity policies, multi-class credit, loans and emerging market debt. Credit risk on the Legal & General Buy and Maintain holdings is direct as the underlying bonds are held in a segregated account. Credit risk on the other relevant mandates is indirect through holdings in pooled vehicles. Credit risk on the underlying holdings is managed by the relevant asset managers through both in-house credit assessments and review of external credit rating reports.

Counterparty credit risk arising from pooled investment vehicles is mitigated by the underlying assets of the pooled arrangements being ring-fenced from the pooled manager, the regulatory environments in which the pooled managers operate and diversification of investments amongst a number of pooled arrangements. The Trustees carry out due diligence checks on the appointment of new pooled investment managers and on an ongoing basis monitor any changes to the operating environment of the pooled manager.

A summary of pooled investment vehicles by type of arrangement is as follows:

	2019 (£m)	**2018 (£m)**
Unit Linked insurance policies	**97.4**	93.4
Limited partnership	**22.5**	27.4
Open ended investment companies	**637.6**	557.3
Cayman Islands exempted limited partnerships	**12.5**	15.7
Cayman Islands exempted private investment funds	**9.7**	56.0
	779.7	749.8

Counterparty credit risk also arises from entering into derivative contracts as part of the LDI hedging programme. This is mitigated by daily collateralisation, by diversifying exposure across a number of counterparties and by the LDI manager's ongoing assessment of the creditworthiness of each counterparty.

(ii) Currency risk

The Fund is subject to indirect currency risk because some of the Fund's pooled investment vehicles invest in overseas markets. This exposure specifically arises from exposure to Overseas Corporate Bonds, Private Equity, and European Property. Please note that the investment into Insurance-Linked Securities with Nephila is also denominated in USD. 100% of foreign currency exposure on this mandate is hedged. The Fund has in place a currency hedging mandate with BlackRock which hedges 100% of exposure to US Dollars and 80% of exposure to Euro arising from the corporate bonds and property holdings respectively (the lower target reflecting a proportion of Fund liabilities which are denominated in these currencies).

22. Investment risk disclosures (continued)

(iii) Currency risk (continued)

Currency exposure on the private equity mandates is unhedged. Some managers may take active currency positions as a permitted part of their wider mandates.

The Fund is subject to interest rate risk because some of its investments are held in bonds, interest rate swaps and derivatives which are sensitive to interest rates. These investments are used to hedge interest rate risk arising from the Fund's liabilities. The Trustees target a hedge ratio equal to the funding ratio on a Gilts Flat basis.

(iv) Interest rate risk

The Fund is subject to interest rate risk because some of its investments are held in bonds, interest rate swaps and derivatives which are sensitive to interest rates. These investments are used to hedge interest rate risk arising from the Fund's liabilities. The Trustees target a hedge ratio equal to the funding ratio on a Gilts Flat basis. Accordingly, if interest rates fall (rise), the value of assets will rise proportional to the increase (decrease) in the present value of the liabilities. The target hedge ratio of the Fund was 95% as at 31 December 2019 (equal to the funding ratio).

(iv) Other price risk

Other price risk arises principally in relation to the Diversified Risk Premia holdings. Within these funds the price risk is mitigated via:

- Diversification within each of the funds to give a wide source of return exposure to avoid reliance on a single return source.
- Strong downside risk controls at the asset class and strategy level, this helps protect against scenarios where multiple return sources underperform at the same time. Examples of this can be volatility targeting which increases exposure in less volatile markets and in more volatile markets, the exposure is reduced. Other examples include stop losses where positions are closed upon a pre-determined loss limit.

Risk Disclosure (Value of Investments)

	2019 (£m)	**2018 (£m)**
Credit risk	**725.0**	657.2
Currency risk	**613.7**	570.5
Interest rate risk	**1,154.1**	937.6
Other price risk	**531.2**	565.5

Please note that the sum of each column is greater than total Fund assets due to some assets having exposure to more than one risk.

22. Investment risk disclosures (continued)

The following table summarises the extent to which the various classes of investments are affected by financial risks:

Investment Assets	Credit risk	Currency risk	Interest rate risk	Other price risk	2019 Market Value £'000	2018 Market Value £'000
Bonds	○	◐	●	○	**1,613,269**	1,477,660
Pooled investment vehicles	◐	◐	◐	●	**779,673**	749,776
Qualifying investment fund	◐	◐	◐	●	**529,487**	476,322
Derivatives - net	◐	◐	◐	◐	**52,950**	42,603
Other insured assets	◐	○	○	○	**670,819**	635,027
AVC investments	●	●	●	●	**2,893**	2,823
Cash and equivalents	○	○	○	○	**(43,046)**	11,515
Other investment balances	○	○	○	○	**8,055**	8,051

In the above table, the risk noted affects the asset class [•] significantly, [◐] partially or [○] hardly/not at all.

Source: Redington.

23. Current assets

	2019 £'000	2018 £'000
Employer contributions due:		
- Additional – expense contributions	-	563
Cash balances	4,385	9,689
Other debtors	670	408
VAT receivable	53	35
	5,108	10,695

The Employer contributions for £563k in 2018 were received during 2019.

24. Current liabilities

	2019 £'000	2018 £'000
Unpaid benefits	428	664
Accrued expenses	2,244	2,674
Annuity income due back to insurer	245	-
Other creditors	377	348
	3,294	3,686

25. Employer-related investments

There were no directly held employer-related investments at the year-end (2018: none).

There were no indirectly held employer-related investments at the year-end (2018: none).

26. Related party transactions

Key management personnel of the Fund

During the year the Fund did not receive contributions in respect of any (2018: Nil) Trustee Directors of the Fund, and paid pensions in respect of 3 (2018: 3) Trustee Directors of the Fund. Benefits were paid in accordance with the Fund's Rules.

The Fund pays a fee and expenses to the Chairman of the Trustees and attendance fees to other Trustee Directors no longer employed by the Employers. In 2019 these fees and expenses amounted to £101,554 (2018: £123,310). At 31 December 2019 the amount due in respect of these fees was £127,775 (2018: £114,475). The bulk of this amount was repaid to the Sponsoring Employer in January 2020.

Entities with control, joint control or significant influence over the Fund

Certain Fund expenses are initially paid by the Sponsoring Employer which is then reimbursed by the Fund. Therefore at the year end there may be amounts owing to the Sponsoring Employer from the Fund. The amount due to be paid to the Sponsoring Employer in respect of fees and expenses for 2019 and included within note 24 is £795,720 (2018: £958,452).

Following discussions with the Trustees in connection with the triennial actuarial valuation at 31 December 2016, King (Cayman) Holding Limited and Financial & Risk UK Parent Limited have provided to the Trustees a joint and several Parent Company Guarantee for a maximum aggregate amount of £700 million for a period of 15 years from 1 October 2018, the date when the partial sale of the Reuters F&R business to Blackstone closed, in order to strengthen the covenant of Refinitiv Limited.

Except as disclosed in the financial statements there are no transactions, balances or relationships that require disclosure under FRS 102.

27. Contingent liabilities and contractual commitments

On 26 October 2018, the High Court ruled that benefits provided to members who had contracted out of their Fund must be recalculated to reflect the equalisation of state pension ages between 17 May 1990 and 6 April 1997. Following the ruling, it is expected that the Trustees will need to amend the Fund rules and equalise guaranteed minimum pensions between men and women. This will result in an additional liability for the Fund but, considering the timing of the ruling and the complexity of the calculation, the Trustees are not currently in a position to determine the value of the liability.

Other than the above, in the opinion of the Trustees, the Fund had no contingent liabilities as at 31 December 2019 (2018: none).

The Fund has commitments in respect of Private Equity. The capital committed for Private Equities was $50m each to Morgan Stanley and Abbott Capital. As at 31 December 2019, Abbott Capital had drawn down $49.4m (2018: $49.4m) and Morgan Stanley had drawn down $49.6 (2018: $49.3m). Note that both managers have begun distributing proceeds from the underlying investments to the Fund and therefore the capital balance invested with each is lower than the amount drawn down.

Notes to the Financial Statements

28. Subsequent events

The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organisation as a global health emergency on 30 January 2020, has caused disruption to businesses and economic activity which has been reflected in recent fluctuations in global stock and financial markets. The Trustees are monitoring developments relating to COVID-19 and is coordinating its operational response based on existing business continuity plans and on guidance from global health organisations, UK government and general pandemic response best practice.

The Fund considers the emergence and spread of COVID-19 to be a non-adjusting post balance sheet event. It is not possible, at this time, to quantify the change in market value in a meaningful way, due to ongoing volatility as the situation is fluid and unpredictable.