

# **Reuters Pension Fund**

**Fund Registration Number: 101581063**

**Trustees' Annual Report and Financial Statements  
For the Year Ended 31 December 2021**



# Contents

Trustees, Sponsoring Employer and their Advisers .....	2
Trustees' Report .....	6
Report on Actuarial Liabilities .....	24
Actuary's Certification of the Schedule of Contributions .....	26
Summary of Contributions .....	27
Independent Auditors' Statement about Contributions .....	28
Independent Auditors' Report .....	29
Fund Account .....	32
Statement of Net Assets available for benefits .....	33
Notes to the Financial Statements .....	34

# 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*)

Independent Trustee Services Limited (represented by Rachel Croft)

Graeme Ramsey (*until 31 December 2021*)

Martin Vickery

Member Nominated:

Sue Clark

Peter Marsden

Geoffrey Sanderson

## **Secretary to the Trustee**

Claudia Bunney

Barnett Waddingham LLP

2 London Wall Place

London EC2Y 5AU

## **Secretary to the Trustee Directors**

Barnett Waddingham LLP (*appointed 3 April 2022*)

2 London Wall Place

London EC2Y 5AU

## **Sponsoring Employer**

Refinitiv Limited

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

### **Administrator**

Capita Pension Solutions Limited

PO Box 555

Stead House

Darlington DL1 9YT

### **Independent Auditors**

PricewaterhouseCoopers LLP

1 Embankment Place

London WC2N 6RH

## Trustees, Sponsoring Employer and their Advisers

### **Covenant Advisor**

Cardano Advisory Limited (formerly known as Lincoln Pensions)  
6 Bevis Marks  
London EC3A 7BA

### **Legal Adviser**

Sacker & Partners LLP  
20 Gresham Street  
London EC2V 7JE

### **Life Assurers**

Legal & General Assurance Society Limited  
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  
9<sup>th</sup> 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

CQS (UK) LLP  
4<sup>th</sup> Floor  
One Strand  
London W2CN 5HR

## Trustees, Sponsoring Employer and their Advisers

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

CBRE Investors  
64 North Row  
London W1K 7DA

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

Securis Investment Partners LLP  
12<sup>th</sup> 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**

Utmost Life and Pensions Limited  
Walton Street  
Aylesbury  
Bucks HP21 7QW

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

### **Custodian**

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

### **Banker**

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 2021.

The Fund is an occupational 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 Chair;
- (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 and the Operations sub-committee (OSC) also met on a regular basis to discuss their designated areas. The sub-committees, with the exception of the OSC, do not have delegated powers from the Trustees. Members of the OSC are currently Martin Vickery, who chairs the sub-committee, Rachel Croft and Peter Marsden; the OSC is a joint committee with the related Reuters Supplementary Pension Scheme.

## Governance and Risk Management

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. 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 where necessary.

## Trustees' Report

### (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

In October 2018, the High Court ruled that pension schemes are required to equalise benefits between men and women for the effect of Guaranteed Minimum Pensions (GMP) which were accrued on or after 17 May 1990.

The High Court has since determined, in November 2020, that trustees owed a duty to a transferring member to make a transfer payment which reflected the member's right to equalised benefits. Where the initial transfer payment was inadequate on this basis the trustees are under an obligation to make a top-up payment to the receiving scheme on behalf of the transferred member.

The Trustees are reviewing, with their advisers and the Sponsoring Employer the implication of these rulings in the context of the Fund rules and the value of any liability. On completion of the review, the Trustees will put together a plan for correcting past benefits as well as inequalities in benefits coming into payment.

#### 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, caused disruption to businesses and economic activity which was reflected in the fluctuations in global stock and financial markets. The Trustees have been coordinated in their 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 also put in place a special temporary delegation of powers to a Trustee sub-group to ensure that the Fund would continue to be run efficiently in the event that some of the Trustees become ill and unable to carry out their duties, although there has been no need so far for the sub-group to be activated. The Trustees continue to monitor developments relating to COVID-19 on the bases of guidance from the UK Government.

#### London Stock Exchange acquisition of Refinitiv

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 completed on 29 January 2021. The Trustees are in receipt of a guarantee dated 28 January 2021, signed by members of the Sponsoring Employer's group, whereby the financial obligations of the Fund's Sponsoring Employer have been guaranteed up to a maximum value of £700m.

#### Russia's war in Ukraine

The current uncertainty, and the associated sanctions against Russia and Russian individuals, has led to volatility in investment markets. How those events might develop, the scale of those developments and the wider impacts are hard to predict, though a period of heightened uncertainty seems inevitable. The amount of exposure to Russia is regarded as trivial to the Fund. The Trustees have not identified any further material risks to the Fund or Employer covenant because of Russian Sanctions although the Trustees will continue to closely monitor the situation.



## Trustees' Report

## Fund Membership

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

	<b>2021</b>	<b>2020</b>
Active members	126	144
Deferred members	4,135	4,301
Pensioners	2,699	2,597
	<u><b>6,960</b></u>	<u><b>7,042</b></u>
<b>Active Members</b>		
Active members at start of year	144	169
Adjustment to the opening balance	(6)	-
	<u><b>138</b></u>	<u>169</u>
Less: Retirements	(3)	(6)
Leavers – deferred benefits	(9)	(19)
	<u><b>126</b></u>	<u>144</u>
<b>Deferred Members</b>		
Deferred members at start of year	4,301	4,522
Adjustment to the opening balance	1	(8)
	<u><b>4,302</b></u>	<u>4,514</u>
Plus: New deferred members	9	19
	<u><b>4,311</b></u>	<u>4,533</u>
Less: Retirements	(138)	(178)
Deaths	(5)	(2)
Commutated	(2)	(8)
Transfers out	(31)	(44)
	<u><b>4,135</b></u>	<u>4,301</u>

## Trustees' Report

	2021	2020
<b>Pensioners</b>		
Pensioners at the start of year	2,597	2,451
Adjustment to the opening balance	1	7
	<b>2,598</b>	2,458
Plus: New pensioners	141	184
New spouses	23	18
New dependants	1	1
Reinstated from suspended	2	-
	<b>2,765</b>	2,661
Less: Deaths	(60)	(51)
Child pensions ceasing	(4)	(8)
Suspended	(2)	(5)
	<b>2,699</b>	2,597
<b>Pensioners at end of year</b>	<b>2,699</b>	2,597

Included in the pensioner figure above are 416 (2020: 400) pensions covering spouses and dependants.

Included in the pensioner figure above are 83 (2020: 86) pensions covered by receipts from annuity providers.

Included in the pensioner figure above are 1,882 (2020: 1,969) pensions covered by the buy-in insurance 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 1.1% with effect from 1 January 2021 (2020: 2.4%). 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 1.1% with effect from 1 January 2021 (2020: 2.4%).
- Pensions earned after 6 April 2005 received a statutory increase of 1.1% with effect from 1 January 2021 (2020: 2.4%).
- Post 88 GMP pensions in payment received an increase of 0.5% with effect from 1 January 2021 (2020: 1.7%).

### Transfer Values

Transfer values paid during the year were calculated and verified in accordance with the appropriate regulations under the provision of the Pension Schemes Act 1993 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

### 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, save that the financial statements were not prepared and audited within the 7-month timeline.

During 2021, 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% of the member's pensionable salary depending on the accrual rate chosen by the member. As part of the actuarial valuation as at 31 December 2019, 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 2021, to 41.2% of members' Salaries for members with "60ths" benefits and 31.6% of members' Salaries for members with "80ths" benefits.

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 26.

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.

	<b>2021</b>
	<b>£'000</b>
Contributions and other receipts	8,485
Benefits paid and other expenses	(80,666)
<b>Net withdrawals from dealings with members</b>	<b>(72,181)</b>
Net returns on investments	15,713
Net assets at start of year	2,858,197
<b>Net assets at end of year</b>	<b>2,801,729</b>

### Closure to Future Accrual

On 7 December 2021, the sponsoring employer, Refinitiv Limited, commenced a consultation with the active members to close the Fund to future accrual. The consultation ended in February 2022 and all members agreed to a variation to their employment resulting in them ceasing pension accrual in the Fund from 31 August 2022. These members will join the London Stock Exchange Group Pension Plan, a defined contribution plan, from 1 September 2022.

### 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 (which were transferred to Utmost Life & Pensions on 1 January 2020), 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 Plan') was opened as an AVC vehicle for active members of the Fund and all new AVCs were invested in the RRP Plan. Subsequent to the year end, Refinitiv Limited, after discussions with the RRP Trustee and consultation with active members, determined that all future contributions would be made to the Legal & General WorkSave Mastertrust, with effect from 1 April 2022. This included any AVCs paid to the RRP Plan by RPF members.

## Trustees' Report

The RRP Trustee and its sponsoring employer also agreed that a bulk transfer of all cumulative funds under the RRP Plan as of 31 March 2022, will be made to the same master trust arrangement. This transfer completed at the end of April 2022 and the RRP Trustee has commenced the wind-up of the RRP Plan.

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

As required by Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" (FRS 102), the financial statements do not include liabilities in respect of promised retirement benefits.

A full actuarial valuation of the Fund was carried out by the Fund Actuary as at 31 December 2019 and disclosed that assets exceeded liabilities at that date, resulting in a surplus of £39 million. This was equivalent to a funding level of 102%.

A summary of the results of the full actuarial valuation is included in the Actuary's Report on pages 24 and 25 which forms an integral part hereof. In addition, the Actuary's Certificates in respect of the adequacy of contributions payable towards the Fund, agreed as part of the valuation, is replicated on page 26 of this Report. The next formal actuarial valuation will be as at 31 December 2022.

## Trustees' Report

### 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 Trustee Board comprises Greg Meekings, Sue Clark, Geoffrey Sanderson and Ava Lau (Company Representative). Greg Meekings chairs the ISC. Ava Lau replaced Andrew Perrin as the Company Representative in March 2021.

#### Asset Allocation

The total value of the Fund's investments as at 31 December 2021 was approximately £2,205.1 million, including assets held in the Trustees' bank account but excluding the assets invested in a buy-in insurance policy with Canada Life. The distribution of the Fund's assets as at 31 December 2021 was as follows:

	Asset Classes	Market Value (£m)	Fund Distribution (%)
<b>Bonds/Matching Assets</b>	Liability Driven Investment	882.9	40.1
	Corporate Bonds	560.1	25.4
<b>Growth Assets</b>	Multi Class Credit	229.4	10.4
	Diversified Risk Premia	286.6	13.0
	Subsustainable Equities	115.2	5.2
	Private Equity	24.9	1.1
	Emerging Market Debt	57.2	2.6
	Insurance-Linked Securities	43.6	2.0
	Property	0.1	0.0
<b>Cash</b>	Cash (Trustees' bank account)	5.1	0.2
<b>Total Fund</b>		<b>2,205.1</b>	<b>100.0</b>

Source: Bank of New York Mellon. Figures may not total due to rounding and the exclusion of small residual holdings  
Excludes buy-in insurance policy with Canada Life.

As at 31 December 2021, total values for AVCs and insurance policies were £3.2m and £612.0m, respectively.

## Trustees' Report

### 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.

A copy of the SIP is 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 environmental, social and governance (ESG), climate-related risks 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 November 2021 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 their appointed fund managers. A written agreement between the Trustees and each manager sets out the terms on which the manager will act.

In March 2021, the ISC agreed a de-risking framework for the Fund's AQR Diversified Risk Premia (DRP) allocation, which included enhanced monitoring of AQR's performance and a formalised contingent exit strategy. This framework was suspended in March 2022 in light of strong performance of DRP and increased evidence of the diversifying benefits of the allocation.

Also in March 2021, the ISC agreed to "income optimise" the liquid credit mandates such that distributions are periodically paid to the Trustee Bank Account rather than reinvested. The affected funds were: Stone Harbor Emerging Market Debt; TwentyFour Dynamic Bond Fund; LGIM Buy and Maintain Credit; and the CQS Multi-Asset Income Fund. As of 1 December 2021, transitions involving the above funds were complete.

## Trustees' Report

As at 31 December 2021, the Fund assets were invested with managers as follows:

		£m	Weight (%)
<b>Active Management</b>		<b>622.5</b>	<b>28.2</b>
Multi Class Credit	CQS	99.5	4.5
	TwentyFour	129.9	5.9
Property	CB Richards Ellis	0.1	0.0
Sustainable Equities	Impax	115.2	5.2
Diversified Risk Premia	Bridgewater	152.1	6.9
Private Equity	Abbott Capital	19.4	0.9
	Morgan Stanley	5.5	0.2
Emerging Market Debt	Stone Harbor	57.2	2.6
Insurance-Linked Securities	Securis	1.4	0.1
	Nephila Juniper	42.2	1.9
<b>Passive Management</b>		<b>1,582.6</b>	<b>71.8</b>
Corporate Bonds	LGIM Buy and Maintain Credit	560.1	25.4
Liability Driven Investment	BlackRock Liability Matching	882.9	40.1
Diversified Risk Premia	AQR	134.5	6.1
Cash	Trustees' Bank Account	5.1	0.2
<b>Total Fund</b>		<b>2,205.1</b>	<b>100.0</b>

Source: Bank of New York Mellon and the corresponding investment managers. Figures may not total due to rounding. Excludes AVC's and buy-in insurance policy with Canada Life and small residual holdings.

### Investment Performance

Investment performance for years ended 31 December 2021 is set out below. Performance is shown net of investment manager fees and includes the effects of derivative swap hedging.

Years ended 31 December	Fund (%)	Benchmark (%)
1 year	1.84	(1.19)
3 year <sup>1</sup>	10.28	10.14
5 year <sup>1</sup>	7.11	6.73
10 year <sup>1</sup>	10.10	9.66

<sup>1</sup>Annualised. Source: Bank of New York Mellon

### 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.

## Trustees' Report

### Custody

The Fund's custodian is the 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 position is currently in run off, and redemption proceeds are expected in 2022.

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. Net flows above a set threshold size will lead to a Swing Factor being applied to the NAV which reflects the underlying transaction costs of buying or selling securities.

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

The Impax mandate can be redeemed on any trading day if the redemption instruction is received no later than 17:00 (Dublin Time) on the relevant redemption date. The settlement period is 3 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.

Under normal market conditions, the LGIM mandate can expect redemption of c.99% of funds within 30 days of instruction. Under stressed market conditions, when market liquidity severely deteriorates, redemptions would be expected to take longer.

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 small residual holding is to be returned to RPF over time.



## Trustees' Report

### **Derivative Policy**

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 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 or indirectly held employer-related investments at the year end (2020: none).

## Trustees' Report

### Implementation Statement

#### Introduction

Under regulatory requirements in force, the Trustee is required to produce an annual Implementation Statement (the "Statement") setting out how voting and engagement policies in the Statement of Investment Principles (the "SIP") have been implemented. The Statement also includes a brief summary of updates to the SIP over the reporting period.

This Statement has been prepared by the Trustee of the Reuters Pension Fund, covering the period 1 January 2021 to 31 December 2021.

This Statement has been produced in accordance with the Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013 the Pension Protection Fund (Pensionable Service) and Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018 and the Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019 as amended, and the guidance published by the Pensions Regulator.

The Statement looks to set out how the Trustee's policy on stewardship and engagement has been implemented during the reporting period. Where relevant, the Statement describes the areas of the portfolio where stewardship and engagement are most likely to be financially material. Disclosed is also the Trustee's opinion on the outcomes of voting and engagement activity for managers that hold listed equities, where stewardship and engagement are most relevant within the portfolio.

Overall, the Trustee is comfortable that the voting and engagement policies set out in the SIP have been properly adhered to over the period.

#### Changes to the SIP over the period

Changes to the SIP were made in November 2021 to align the SIP with the upcoming requirements of the Taskforce for Climate-related Financial Disclosures ("TCFD"), which the Fund will be subject to from 1 October 2022. The changes are as follows:

- The addition to the Trustee's stated responsibilities of monitoring ESG and climate-related risks
- The inclusion of provisions for limiting climate risk within the Fund's existing risk budget
- The statement that the Trustee is exploring the adoption of a "Net Zero" climate objective
- The incorporation of additional or strengthened climate-related considerations around the selection and monitoring of the Fund's managers.

#### Stewardship, engagement and voting behaviour

Direct engagement with underlying companies (as well as other relevant persons) of which the Trustee owns shares and debt is carried out by the Fund's investment managers. The Trustee's ability to influence investment managers' stewardship activities will depend on the nature of the investments held.

The majority of the Scheme's non-LDI assets are invested in pooled funds where the Trustee holds units in a fund rather than having any direct ownership rights over the underlying assets. Accordingly, the Trustee's policy is to delegate responsibility for engagement, which includes the exercising of rights (including voting rights) attached to investments, to the relevant investment managers. The Trustee expects all of its investment managers to practise good stewardship and seeks to choose managers that align with its beliefs regarding this. When selecting new managers, the Trustee's Investment Adviser assesses the ability of each investment manager to engage with underlying companies to promote their long-term success. Additionally, if a manager's approach is deemed to be inadequate, the Trustee will engage with the investment manager to better align it with the Trustee's policy.

## Trustees' Report

Stewardship and engagement (including the use of voting rights) is most likely to be financially material in the sections of the portfolio where physical equities are held (Impax Global Equity Opportunities, Bridgewater Optimal II, and AQR Diversified Risk Premia). For the relevant managers that invest in physical equity, further details and an overview of votes cast during the year are provided in the appendix. Engagement is also considered to be of importance for the Fund's other investment managers, though data to evidence their approach is more difficult to obtain.

The Trustee is comfortable that the voting and engagement policies have all been adequately followed over the reporting period, noting a number of recent changes to regulations in this area and that disclosures are likely to improve over time.

### Appendix – Voting disclosure tables

Below is the voting activity over the period for the Fund's asset managers which held listed equities over the period. Where significant votes have been identified by managers, a single vote has been selected to ensure that the Statement remains concise, further examples can be provided upon request. The Trustee is comfortable with these details, and will continue to disclose this information in the next iteration of the Statement.

#### Impax Global Equity Opportunities

Key Voting Statistics (Jan 2021 – Dec 2021)	Number
Number of holdings at period end	40
Value of Trustee's Assets	£115.2m
Number of meetings eligible to vote during the period	37
Number of resolutions eligible to vote during the period	524
% of resolutions voted	100.0%
% of resolutions voted with management	93.1%
% of resolutions voted against management	4.6%
% of resolutions abstained	1.7%
% of meetings with at least one vote against management	43.2%
% of resolutions where manager voted contrary to recommendation of proxy adviser	4.2%
Any use of proxy voting services during the period	Impax has engaged Glass, Lewis & Co. ("Glass Lewis") to facilitate voting execution, record keeping, and to help inform its analysis of relevant proxy issues and proxy votes. Ultimately Impax makes its own voting decisions, based on its ESG and voting policies.

## Trustees' Report

Example of a significant vote	
Company name	Microsoft Corporation
Approximate value of holding at time of vote	4.4%
Is this one of your top 5 (or 10) holdings?	Yes
Summary of resolution	Elect John W. Thomson
How manager voted?	Against.
Where manager voted against management, did the manager communicate intent to company ahead of vote?	No
Rationale (brief) for voting decision	Concerns regarding the Company's historical and contemporary response to allegations of sexual harassment and misconduct.
Outcome of vote	Passed (91.4% of votes FOR).
Implications of outcome – eg manager's lessons learned and likely future steps in response, in line with the new Stewardship Code reporting framework	Ongoing monitoring of the company.
On which criteria – with reference to PLSA pack/guidance – has the manager assessed this vote to be "significant"?	Against management recommendations.
Consistent with RPF's view of significant voting matters?	Yes – there's significant research to suggest that board diversity can be financially material.

## AQR Diversified Risk Premia

Key Voting Statistics (Jan 2021 – Dec 2021)	Number
Number of holdings at period end	2,043*
Value of Trustee's Assets	£134.5m
Number of meetings eligible to vote during the period	727
Number of resolutions eligible to vote during the period	8,292
% of resolutions voted	97%
% of resolutions voted with management	94%
% of resolutions voted against management	6%
% of resolutions abstained	0%
% of meetings with at least one vote against management	23%
% of resolutions where manager voted contrary to recommendation of proxy adviser	1%
Any use of proxy voting services during the period	AQR utilises Institutional Shareholder Services' Sustainable proxy voting policy for all of their commingled funds and for their default vote-handling program, but they also leverage internal proprietary research on proxy issues related to significant corporate actions and in making individual voting decisions. AQR has also retained Glass Lewis for proxy voting research and recommendations.

- Please note – AQR does not currently differentiate between significant or non-significant votes. While AQR does not categorize votes (and generally vote all proxies), AQR's portfolio companies may request reactive engagement on certain votes based on their assessment of significance. AQR are working to implement a policy for defining significant votes and expect to be able to report on this in the future.
- \*Does not include equity index futures

## Trustees' Report

## Bridgewater Optimal II

Key Voting Statistics (Jan 2021 – Dec 2021)	Number
Number of holdings at period end	1,040
Value of Trustee's Assets	£152.1m
Number of meetings eligible to vote during the period	2,052
Number of resolutions eligible to vote during the period	19,405
% of resolutions voted	99.4%
% of resolutions voted with management	86.7%
% of resolutions voted against management	13.0%
% of resolutions abstained	1.6%
% of meetings with at least one vote against management	39.9%
% of resolutions where manager voted contrary to recommendation of proxy adviser?	0.0%
Any use of proxy voting services during the period?	Bridgewater has engaged Glass, Lewis & Co. ("Glass Lewis") to vote proxies on behalf of their clients.

- *Please note – Bridgewater has not adopted a policy for identifying "significant votes" as their view is that any particular voting matter's outcome is considered as inconsequential in the context of the overall portfolio. As a global macro investor, any one security is likely to represent a small share of the portfolio and the ownership share in each company is quite small.*

## Trustees' Report

### Other Matters

The purpose of this section is to provide information, voluntarily by the Trustees.

#### MoneyHelper

The Money and Pensions Service (MaPS) was created in 2019 as a single body to bring together the services previously delivered by The Pensions Advisory Service (TPAS), the Money Advice Service and Pension Wise, providing information to the public on matters relating to workplace and personal pensions. With effect from 30 June 2021, MaPS has been re-branded as MoneyHelper but still offers all the same services. Money and Pensions Service, 120 Holborn, London, EC1N 1TD.

Telephone: 0800 011 3797

Email: [pension.enquiries@moneyhelper.org.uk](mailto:pension.enquiries@moneyhelper.org.uk)

Web: <https://www.moneyhelper.org.uk>

#### Pensions Ombudsman

The Pensions Ombudsman will assist members and beneficiaries of the Fund in connection with difficulties which they have failed to resolve with the Trustee or Administrator of the Trust and may investigate and determine any complaint or dispute of fact or law in relation to an occupational pension scheme. The Pensions Ombudsman may be contacted at: 1st Floor, 10 South Colonnade, Canary Wharf, London, E14 4PU

Telephone: 0800 917 4487

Early resolution email: [helpline@pensions-ombudsman.org.uk](mailto:helpline@pensions-ombudsman.org.uk)

Email: [enquiries@pensions-ombudsman.org.uk](mailto:enquiries@pensions-ombudsman.org.uk)

#### Pension Tracing Service

A register is maintained to help current or former members to trace their pension rights. The Fund is registered and relevant details have been given to the Regulator who can be contacted at: Pensions Tracing Service, The Pension Service 9, Mail Handling Site A, Wolverhampton, WV98 1LU

Telephone: 0800 731 0193

Web: <https://www.gov.uk/find-lost-pension>

#### The Pensions Regulator

The Pensions Regulator is able to intervene in the running of schemes where trustees, employers or professional advisors have failed in their duties. The contact details are: The Pensions Regulator, Napier House, Trafalgar Terrace, Brighton, BN1 4DW

Telephone: 0345 600 7060

Web: [www.thepensionsregulator.gov.uk](http://www.thepensionsregulator.gov.uk)

Email: [customersupport@tpr.gov.uk](mailto:customersupport@tpr.gov.uk)

## Trustees' Report

### Statement of trustee's responsibilities

#### **The trustee's 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 trustee. Pension scheme regulations require, and the trustee is responsible for ensuring, that those financial statements:

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

In discharging these responsibilities, the trustee is responsible for selecting suitable accounting policies, to be applied consistently, making any estimates and judgements on a prudent and reasonable basis, and for ensuring that the financial statements are prepared on a going concern basis unless it is inappropriate to presume that the fund will continue as a going concern.

The trustee is also responsible for making available certain other information about the fund in the form of an annual report.

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

The trustee is 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.

#### **The trustee's responsibilities in respect of contributions**

The trustee is 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 trustee is 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 schedule of contributions.

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

## Trustees' Report

### 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 Pension Solutions Limited  
PO Box 555  
Stead House  
Darlington DL1 9YT

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

### Approval

The Trustees' Report on pages 6 to 23 were approved by the Trustees of the Reuters Pension Fund and signed on their behalf by:

**Greg Meekings**  
Trustee Director

**12 August 2022**  
Date



## Report on Actuarial Liabilities

I carried out an actuarial valuation of the Fund as at 31 December 2019, 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 102% in respect of past service benefits:

	<b>2019</b>
	<b>£m</b>
Liabilities*:	(2,532)
Assets:	2,571
Past service funding surplus	39
Funding level:	102%

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

The 31 December 2019 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. Full details of the yield curves used to value the liabilities can be found in my formal report dated 26 November 2020. A high-level summary of how the key assumptions were derived is described 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 (RPI) - Consumer Prices Index (CPI)	Derived from the Bank of England implied inflation curve at valuation date.  RPI inflation less 0.8 % 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 - member currently aged 42 on reaching age 62	87.8 (males), 89.8 (females) 89.4 (males), 91.5 (females)
GMP equalisation	A reserve of 0.4% of the liabilities has been included in the technical provisions as an approximate cost of GMP equalisation

Note: I have taken into account the agreement by the Trustees and the Company to provide annual increases to pre 1997 pensions in payment in excess of GMPs until 1 January 2024, as explained in my formal actuarial valuation report.

## Report on Actuarial Liabilities

The financial strength of the Fund assessed against the estimated cost of securing past service benefits with an insurance company was approximately 86%.

As part of the actuarial valuation as at 31 December 2019, 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 2021, to 41.2% of members' Salaries for members with "60ths" benefits and 31.6% of members' Salaries for members with "80ths" benefits.

### Expenses

A new Schedule of Contributions was signed on 26 November 2020, which sets out the contributions the Company will pay to the Fund to meet expenses. The Company paid £1.633m in 2020 and agreed to pay £2.427m in 2021, £2.457m in 2022, £2.487m in 2023, £2.490m in 2024 and £2.512m in 2025 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.

The Company will also meet the cost of 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 26 November 2020. 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 next formal actuarial valuation is due to be carried out at 31 December 2022.

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 2019 to continue to be met for the period for which the schedule is to be in force.

## **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 26 November 2020.

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

Signature:	<b><i>Jonathan Wicks</i></b>	Date:	26 November 2020
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 Solutions UK Limited

# Summary of Contributions for the Year Ended 31 December 2021

During the year ended 31 December 2021, the contributions payable to the Fund were as follows:

	<b>£'000</b>
<b>Employer</b>	
- Normal	5,923
- Additional – expense contributions	2,427
<b>Employee</b>	
- Normal	132
<b>Contributions payable under the Schedule of Contributions and as reported on by the Fund auditors</b>	<b>8,482</b>

## Reconciliation of contributions payable under the Schedule of Contributions to contributions reported in the financial statements in respect of the Fund year ended 31 December 2021

	<b>£'000</b>
Contributions payable under the Schedule (as above)	<b>8,482</b>
<b>Total contributions reported in the financial statements</b>	<b>8,482</b>

Contributions were received in accordance with the dates stipulated in the Schedule of Contributions dated 26 November 2020.

Approved by the Trustees and signed on their behalf by:

**Greg Meekings**  
Trustee Director

**12 August 2022**  
Date

# Independent auditors' statement about contributions to the trustee of Reuters Pension Fund

## Statement about contributions

### Opinion

In our opinion, the contributions payable under the schedule of contributions for the fund year ended 31 December 2021 as reported in Reuters Pension Fund's summary of contributions have, in all material respects, been paid in accordance with the schedule of contributions certified by the fund actuary on 26 November 2020.

We have examined Reuters Pension Fund's summary of contributions for the fund year ended 31 December 2021 which is set out on the previous page.

### Basis for opinion

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 schedule 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  
Chartered Accountants and Statutory Auditors  
London  
Date:

# Independent auditors' report to the trustee of 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 2021, 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 Trustees' Annual Report and Financial Statements, which comprise: the Statement of Net Assets available for benefits as at 31 December 2021; 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

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

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

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the fund's ability to continue as a going concern.

Our responsibilities and the responsibilities of the trustee with respect to going concern are described in the relevant sections of this report.

### Reporting on other information

The other information comprises all the information in the Trustees' 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

## Independent auditors' report to the trustee of Reuters Pension Fund

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 trustee's 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the fund and its environment, we identified that the principal risks of non-compliance with laws and regulations related to the administration of the fund in accordance with the Pensions Acts 1995 and 2004 and regulations made under them, and codes of practice issued by the Pensions Regulator; and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered the direct impact of these laws and regulations on the financial statements. We evaluated incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of override of controls, by the trustee and those responsible for, or involved in, the preparation of the underlying accounting records and financial statements, and determined that the principal risks were related to posting inappropriate journals to conceal misappropriation of assets and inappropriate adjustments of asset valuations. Audit procedures performed by the engagement team included:

- Testing journal entries where we identified particular fraud risk criteria.
- Obtaining independent confirmations of material investment valuations and cash balances at the year end.
- Testing estimates and judgements made in the preparation of the financial statements for indicators of bias.
- Reviewing meeting minutes, any correspondence with the Pensions Regulator, and significant contracts and agreements.
- Holding discussions with the trustee to identify significant or unusual transactions and known or suspected instances of fraud or non-compliance with applicable laws and regulations.
- Assessing financial statement disclosures, and agreeing these to supporting evidence, for compliance with the Pensions Acts 1995 and 2004 and regulations made under them.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements.

## Independent auditors' report to the trustee of Reuters Pension Fund

Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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](http://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  
Chartered Accountants and Statutory Auditors  
London  
Date:



## Fund Account for the year ended 31 December 2021

	Note	2021 £'000	2020 £'000
Employer contributions		8,350	16,685
Employee contributions		132	142
<b>Total contributions</b>	4	<b>8,482</b>	16,827
Transfers from other plans	5	-	355
Other income	6	3	3
		<b>8,485</b>	17,185
Benefits paid or payable	7	(58,621)	(45,023)
Transfers to other plans	8	(17,413)	(27,978)
Payments to and on account of leavers	9	(991)	(156)
Administrative expenses	10	(1,395)	(2,075)
Other payments	11	(2,246)	-
		<b>(80,666)</b>	(75,232)
<b>Net withdrawals from dealings with members</b>		<b>(72,181)</b>	(58,047)
<b>Returns on investments</b>			
Interest payable	12	(1,930)	(5,949)
Investment income	13	74,067	70,905
Change in market value of investments	14	(53,906)	243,908
Investment management expenses	20	(2,518)	(3,201)
<b>Net returns on investments</b>		<b>15,713</b>	305,663
<b>Net (decrease)/increase in the Fund</b>		<b>(56,468)</b>	247,616
<b>Net assets of the Fund at 1 January</b>		2,858,197	2,610,581
<b>Net assets of the Fund at 31 December</b>		<b>2,801,729</b>	2,858,197

The accompanying notes on pages 34 to 55 are an integral part of these financial statements.

# Statement of Net Assets available for benefits as at 31 December 2021

	Note	2021 £'000	2020 £'000
<b>Investment assets:</b>			
Equities	15	9	6
Bonds	15	1,772,853	1,781,512
Pooled investment vehicles	15	781,760	790,052
Qualifying investment fund	15	560,143	574,664
Derivatives	16	105,418	131,803
Insurance policies	21	612,024	664,892
AVC investments	22	3,176	2,737
Accrued income	14	7,352	7,192
Cash in transit	14	66	66
		<b>3,842,801</b>	<b>3,952,924</b>
<b>Investment liabilities:</b>			
Derivatives	16	(54,761)	(90,646)
Cash and equivalents	14	(36,849)	(28,658)
Amounts due under repurchase agreements	17	(935,726)	(978,612)
<b>Total net investments</b>		<b>2,815,465</b>	<b>2,855,008</b>
<b>Current assets</b>	25	<b>5,451</b>	<b>7,512</b>
<b>Current liabilities</b>	26	<b>(19,187)</b>	<b>(4,323)</b>
<b>Net assets of the Fund at 31 December</b>		<b>2,801,729</b>	<b>2,858,197</b>

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 24 and 25 of the Annual Report, and these financial statements should be read in conjunction with this report.

The accompanying notes on pages 34 to 55 are an integral part of these financial statements.

**These financial statements on pages 32 to 55 were approved by the Trustees and signed on their behalf by:**

**Greg Meekings**

Trustee Director

**12 August 2022**

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 "Financial Reports of Pension Schemes" (revised June 2018) ("the SORP").

## 2. Identification of the financial statements

The Fund is an occupational defined benefit pension arrangement established as a trust under English Law. The Fund is closed to new members; and from 31 August 2022 will be closed to future accrual. 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 Schedule 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 plans

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

### Payments to members

Benefits are accounted for on the later of the period in which the member notifies the Trustees of their 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 member's benefits receivable from the Fund, this is shown separately within benefits.

## Notes to the Financial Statements

### 3. Accounting policies (continued)

#### **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.

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.

## Notes to the Financial Statements

### 3. Accounting policies (continued)

#### Investments (continued)

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 2019 actuarial valuation, updated for market conditions at the current year end. 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)

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.

#### Critical accounting estimates and judgements

The Trustees make estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. For the Fund, the Trustees believe the only estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are related to the valuation of the Fund investments and, in particular, those classified in Level 3 of the fair-value hierarchy. Explanation of the key assumptions underpinning the valuation of investments are included above.

## Notes to the Financial Statements

## 3. Accounting policies (continued)

**Presentation currency**

The Fund's 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.

Foreign income and expenses are translated into sterling at the rate ruling at the date of the transaction. Assets and liabilities in foreign currencies are expressed in sterling at the rates of exchange ruling at the year end. Surpluses and deficits arising on conversion or translation are dealt with as part of the 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

	2021 £'000	2020 £'000
<b>Employer contributions</b>		
Normal	5,923	5,952
Additional – pension increases agreement	-	9,100
Additional – expense contributions	2,427	1,633
	<b>8,350</b>	<b>16,685</b>
<b>Employee contributions</b>		
Normal	132	142
	<b>8,482</b>	<b>16,827</b>

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

Additional Employer contributions were received in the prior-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.

Under the Schedule of Contributions, the Company also agreed to pay £2.427m in 2021, £2.457m in 2022, £2.487m in 2023, £2.490m in 2024 and £2.512m in 2025 to the Fund in respect of the cost of administrative expenses.

## Notes to the Financial Statements

## 5. Transfers from other plans

	<b>2021</b> <b>£'000</b>	<b>2020</b> <b>£'000</b>
Transfers from Refinitiv Retirement Plan	-	280
Transfers from other plans	-	75
	<u>-</u>	<u>355</u>

## 6. Other income

	<b>2021</b> <b>£'000</b>	<b>2020</b> <b>£'000</b>
Compensation	<b>3</b>	<b>3</b>

## 7. Benefits paid or payable

	<b>2021</b> <b>£'000</b>	<b>2020</b> <b>£'000</b>
Pensions	49,854	34,719
Commutations of pensions and lump sum retirement benefits	8,131	9,919
Lump sum death benefits	91	15
Purchase of annuities	-	6
Taxation where lifetime or annual allowance exceeded	545	364
	<u><b>58,621</b></u>	<u>45,023</u>

For certain Fund pensioners, based on historic pension arrangements, the members receive part of their pension funded from the Fund and part funded from the related Reuters Supplementary Pension Scheme ('SPS'); these are known as so-called 'dual pensioners'. In addition, certain pensioners receive an unfunded unapproved retirement benefit, administered through the Fund and the SPS and funded by the Employer. During the course of the year ended 31 December 2021, it has been identified that there have been errors in the allocation of funding and accounting for the above amounts as between the Fund and the SPS, spanning a number of years. This has no impact on the amounts actually paid to pensioner members. Following a detailed reconciliation exercise, it has been determined that an adjustment of £11,570k relates to periods prior to 2021; this is included in the current year 2021 pensions balance noted above.

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. Transfers to other plans

	<b>2021</b> <b>£'000</b>	<b>2020</b> <b>£'000</b>
Transfers to other plans	<b>17,413</b>	<b>27,978</b>

## Notes to the Financial Statements

## 9. Payments to and on account of leavers

	<b>2021</b> <b>£'000</b>	<b>2020</b> <b>£'000</b>
Pension sharing on divorce	991	156

## 10. Administrative expenses

	<b>2021</b> <b>£'000</b>	<b>2020</b> <b>£'000</b>
Administration and processing	272	421
Actuarial fees	283	967
Audit fees	71	24
Professional fees	497	459
PPF Levy	78	46
Trustees' fees and expenses	182	122
Levies and general expenses	12	36
	<b>1,395</b>	<b>2,075</b>

## 11. Other payments

	<b>2021</b> <b>£'000</b>	<b>2020</b> <b>£'000</b>
Accrued interest	<b>2,246</b>	-

As referenced in notes 7 and 26, the misallocation of funding as between the Fund and the SPS has been accounted for; with cumulative accrued interest of £2,246k on the amounts due being agreed between the respective trustees of the two plans.

## 12. Interest payable

	<b>2021</b> <b>£'000</b>	<b>2020</b> <b>£'000</b>
Interest payable	<b>1,930</b>	5,949

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.



## Notes to the Financial Statements

## 13. Investment income

	<b>2021</b> <b>£'000</b>	<b>2020</b> <b>£'000</b>
Income from bonds	22,112	22,914
Income from pooled investment vehicles	4,304	134
Income from qualifying investment fund	18,789	18,671
Annuity income	28,863	29,183
Interest on cash deposits	(1)	3
	<u><b>74,067</b></u>	<u><b>70,905</b></u>

## Notes to the Financial Statements

## 14. Reconciliation of net investments

	Value as at 01 January 2021	Purchases and derivative payments	Sales proceeds and derivative receipts	Change in market value	Value as at 31 December 2021
	£'000	£'000	£'000	£'000	£'000
Equities	6	-	-	3	9
Bonds	1,781,512	69,922	(30,294)	(48,287)	1,772,853
Pooled investment vehicles	790,052	549,513	(619,712)	61,907	781,760
Qualifying investment fund	574,664	97,182	(80,012)	(31,691)	560,143
Derivatives – net	41,157	2,231,504	(2,237,646)	15,642	50,657
Insurance policies	664,892	-	(667)	(52,201)	612,024
AVCs	2,737	-	(282)	721	3,176
	<u>3,855,020</u>	<u>2,948,121</u>	<u>(2,968,613)</u>	<u>(53,906)</u>	<u>3,780,622</u>
Cash and equivalents	(28,658)				(36,849)
Cash in transit	66				66
Accrued income	7,192				7,352
Repurchase agreements	(978,612)				(935,726)
	<u>2,855,008</u>				<u>2,815,465</u>

Cash and equivalents of -£36.8m (2020: -£28.6m) comprises -£40.0m (2020: -£29.1m) relating to the variation margin in the BlackRock LDI portfolio and £3.2m (2020: £0.5m) of other positive 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.

The movement in purchase and sales of investments in the year have been impacted by and are reflective of the strategic positioning by the Trustees of the assets and liabilities.

#### 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 (2020: £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

## 15. Investment assets and liabilities

**Analysis of investment assets and liabilities**

	<b>2021</b> <b>£'000</b>	<b>2020</b> <b>£'000</b>
<b>Equities</b>		
Overseas	9	6
<b>Bonds</b>		
Bonds	1,772,853	1,781,512
<b>Pooled investment vehicles</b>		
Sustainable equities	115,165	95,175
Property	-	18
Multi-class credit	227,107	220,994
Private equity	24,814	29,433
Diversified risk premia	286,592	300,336
Insurance-linked securities	43,448	47,314
Emerging market debt	56,691	63,179
Cash	27,943	33,603
	<b>781,760</b>	<b>790,052</b>
<b>Qualifying investment fund</b>		
Bonds	546,985	538,977
Pooled investment vehicles	6,016	29,347
Cash	848	93
Derivatives - net	(1)	2
Accrued income	6,295	6,245
	<b>560,143</b>	<b>574,664</b>
<b>Other investment assets</b>		
Derivatives	105,418	131,789
AVC Investments	3,176	2,737
Insurance policies	612,024	664,892
Cash and equivalents	66	66
Accrued income	7,352	7,192
	<b>728,036</b>	<b>806,676</b>
<b>Total investment assets</b>	<b>3,842,801</b>	<b>3,952,910</b>
<b>Investment liabilities</b>		
Cash and equivalents	(36,849)	(28,658)
Repurchase agreements	(935,726)	(978,612)
Derivatives	(54,761)	(90,632)
<b>Total investment liabilities</b>	<b>(1,027,336)</b>	<b>(1,097,902)</b>
<b>Total net investments</b>	<b>2,815,465</b>	<b>2,855,008</b>

## Notes to the Financial Statements

## 16. Derivatives

	2021		2020	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
Futures	10	(302)	186	(6)
Forward foreign currency contracts	4,215	-	5,851	-
Swaps	101,193	(54,459)	125,752	(90,626)
	<b>105,418</b>	<b>(54,761)</b>	131,789	(90,632)
		<b>50,657</b>		41,157

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**

Nature	Expiration	2021	2021		2020	
		Notional Amount £'000	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
US treasury bond future	March 2022	(20,492)	-	(292)	184	-
US 10 year treasury note future	March 2022	1,060	10	-	1	-
US 2 year treasury note future	March 2022	483	-	(1)	1	-
US 5 year treasury note future	March 2022	(2,233)	-	(9)	-	(6)
			10	(302)	186	(6)

## Notes to the Financial Statements

## 16. Derivatives (continued)

## Forward foreign currency contracts - Over the counter

Expiration	No. of contracts	2021		2021		2020	
		Currency Bought 000	Currency Sold 000	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
Within 3 months	5	GBP 283,143	USD 377,699	4,215	-	5,851	-
				<b>4,215</b>	<b>-</b>	<b>5,851</b>	<b>-</b>

## Swaps – Summary

Type of swap	2021		2020		
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000	
Zero coupon	67,955	(46,251)	99,802	(63,175)	
Over the counter inflation	14,393	(585)	930	(10,118)	
Over the counter interest rate	18,845	(7,623)	25,020	(17,333)	
		<b>101,193</b>	<b>(54,459)</b>	<b>125,752</b>	<b>(90,626)</b>

## Swaps – Zero coupon

Expiration - years	2021	2021	2021		2020	
	No. of contracts	Principal £'000	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
< 5	5	52,399	4,069	(21,025)	4,405	(21,903)
5 to 10	6	135,456	19,302	(8,162)	16,492	(18,034)
10 to 30	8	91,542	37,665	(17,064)	58,264	(23,238)
> 30	1	80,210	6,919	-	20,641	-
			<b>67,955</b>	<b>(46,251)</b>	<b>99,802</b>	<b>(63,175)</b>

## Notes to the Financial Statements

## 16. Derivatives (continued)

## Swaps – Over the counter inflation

Expiration - years	2021	2021	2021	2020		
	No. of contracts	Principal £'000	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
< 5	3	18,538	832	(585)	-	(1,071)
5 to 10	4	26,710	1,829	-	-	(1,626)
10 to 30	7	85,960	11,732	-	930	(7,421)
			<b>14,393</b>	<b>(585)</b>	930	(10,118)

## Swaps – Over the counter interest rate

Expiration - years	2021	2021	2021	2020		
	No. of contracts	Principal £'000	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
< 5	6	84,327	1,932	(1,663)	164	(3,313)
5 to 10	8	137,792	15,359	(2,099)	24,157	(7,363)
10 to 30	14	59,485	1,504	(3,861)	659	(6,657)
> 30	1	314	50	-	40	-
			<b>18,845</b>	<b>(7,623)</b>	25,020	(17,333)

Total collateral assets of £46.7m (2020: £49.4m) have been pledged in respect of the derivative positions, principally in the form of bonds and cash.

## 17. Amounts due under repurchase agreements

Repayment Date	2021			2020	
	Notional £'000	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
Within 3 months	(244,853)	-	(245,124)	-	-
Within 4 to 6 months	(442,570)	-	(443,008)	-	(845,849)
Within 7 to 9 months	(70,363)	-	(70,422)	-	(132,763)
Within 10 to 12 months	(177,064)	-	(177,172)	-	-
		-	(935,726)	-	(978,612)

At the year-end £981,184,232 (2020: £997,525,465) of bonds reported in Fund assets are held by counterparties under repurchase agreements.

## Notes to the Financial Statements

### 18. Concentration of investment

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

Investment	2021		2020	
	Market Value £'000	Percentage of Net Assets %	Market Value £'000	Percentage of Net Assets %
Canada Life annuity policy	608,100	21.7	660,300	23.1
Legal & General – Qualifying investment fund	560,143	20.0	574,664	20.1
Bridgewater Pure Alpha Sterling fund	152,135	5.4	142,296	5.0
AQR Diversified Risk Premia fund	134,457	4.8	158,040	5.5

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.

### 19. 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.

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.

## Notes to the Financial Statements

### 19. Marketability of investments (continued)

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.

### 20. Investment management expenses

	<b>2021</b> <b>£'000</b>	<b>2020</b> <b>£'000</b>
Investment management fees	2,076	2,743
Investment consultancy fees	442	458
	<u><b>2,518</b></u>	<u><b>3,201</b></u>

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

### 21. Insurance policies

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

	<b>2021</b> <b>£'000</b>	<b>2020</b> <b>£'000</b>
Utmost Life & Pensions (unit linked)	938	1,034
Prudential Money Purchase (with-profits)	647	718
Prudential Money Purchase (unit linked)	2,271	2,643
Canada Life Annuity Policy	608,100	660,300
Friends Life Annuity policy	68	197
	<u><b>612,024</b></u>	<u><b>664,892</b></u>



## Notes to the Financial Statements

### 22. 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:

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Utmost (unit linked)	1,094	1,046
Prudential (with-profits)	359	431
Prudential (unit linked)	1,723	1,260
	<u><b>3,176</b></u>	<u><b>2,737</b></u>

### 23. 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.

## Notes to the Financial Statements

## 23. 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:

<b>As at 31 December 2021</b>	<b>Level 1 £'000</b>	<b>Level 2 £'000</b>	<b>Level 3 £'000</b>	<b>Total £'000</b>
Equities	9	-	-	9
Bonds	-	1,772,853	-	1,772,853
Pooled investment vehicles	-	426,907	354,853	781,760
Qualifying investment fund	7,143	553,000	-	560,143
Derivatives – net	-	3,923	46,734	50,657
Insurance policies	-	3,209	608,815	612,024
AVC investments	-	2,817	359	3,176
Cash and equivalents – net	(36,849)	-	-	(36,849)
Other investment balances	7,352	-	-	7,352
Repurchase agreements	-	(935,726)	-	(935,726)
Cash in transit	66	-	-	66
	<b>(22,279)</b>	<b>1,826,983</b>	<b>1,010,761</b>	<b>2,815,465</b>

  

<b>As at 31 December 2020</b>	<b>Level 1 £'000</b>	<b>Level 2 £'000</b>	<b>Level 3 £'000</b>	<b>Total £'000</b>
Equities	6	-	-	6
Bonds	-	1,781,512	-	1,781,512
Pooled investment vehicles	-	412,951	377,101	790,052
Qualifying investment fund	6,338	568,326	-	574,664
Derivatives – net	-	6,031	35,126	41,157
Insurance policies	-	3,677	661,215	664,892
AVC investments	-	2,306	431	2,737
Cash and equivalents – net	(28,658)	-	-	(28,658)
Other investment balances	7,192	-	-	7,192
Repurchase agreements	-	(978,612)	-	(978,612)
Cash in transit	66	-	-	66
	<b>(15,056)</b>	<b>1,701,016</b>	<b>1,169,048</b>	<b>2,855,008</b>

## Notes to the Financial Statements

### 23. 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 2021 or 31 December 2020.

### 24. 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 Trustees 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

### 24. 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, multi-class credit 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 Trustee carries 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:

	<b>2021</b> <b>(£m)</b>	<b>2020</b> <b>(£m)</b>
Limited partnership	19.4	18.1
Open ended investment companies	755.5	758.2
Cayman Islands exempted limited partnerships	5.5	11.4
Cayman Islands exempted private investment funds	1.4	2.4
	<u>781.8</u>	<u>790.1</u>

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 both direct and indirect currency risk because some of the Fund's segregated and pooled investment vehicles respectively invest in overseas markets or are denominated in foreign currencies. This exposure specifically arises from exposure to Overseas Corporate Bonds, Insurance-Linked Securities ("ILS"), Global Equities and Private Equity. The Fund has in place a currency hedging mandate with BlackRock which hedges 100% of exposure to US Dollars arising from the Corporate Bonds, Global Equity and ILS allocations respectively. Currency exposure on the private equity mandates is unhedged. Some managers may take active currency positions as a permitted part of their wider mandates.

## Notes to the Financial Statements

## 24. Investment risk disclosures (continued)

## (iii) 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 101% as at 31 December 2021 (equal to the funding ratio).

## (iv) Other price risk

Other price risk arises in relation to the Fund's return-seeking which are permitted to invest in a range of alternative investment securities, these include; commodities, property, insurance contracts and private equity. The Trustee manages this exposure by investing in funds that invest in a diverse portfolio of instruments across various markets.

## Risk Disclosure (Value of Investments)

	2021 (£m)	2020 (£m)
Credit risk	789.5	795.7
Currency risk	627.3	649.2
Interest rate risk	2,343.9	2,358.4
Other price risk	412.2	440.4

Source: Redington. 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. Total interest rate risk as at 31/12/2020 exceeded total asset value due to levered gilt funds in the LDI portfolio.

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	2021 Market Value £'000	2020 Market Value £'000
Bonds	○	●	●	○	1,772,853	1,781,512
Pooled investment vehicles	●	●	●	●	781,760	790,052
Qualifying investment fund	●	●	●	●	560,143	574,664
Derivatives - net	●	●	●	●	50,657	41,157
Other insured assets	●	○	○	○	612,024	664,892
AVC investments	●	●	●	●	3,176	2,737
Cash and equivalents	○	○	●	○	(36,849)	(28,658)
Other investment balances	○	○	○	○	7,352	7,192

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

Source: Redington.

## Notes to the Financial Statements

## 25. Current assets

	<b>2021</b> <b>£'000</b>	<b>2020</b> <b>£'000</b>
Cash balances	5,115	7,166
Amounts due from Refinitiv Limited	336	346
	<u><b>5,451</b></u>	<u><b>7,512</b></u>

## 26. Current liabilities

	<b>2021</b> <b>£'000</b>	<b>2020</b> <b>£'000</b>
Unpaid benefits	499	40
Accrued expenses	2,820	3,457
VAT payable	56	58
Tax due to HMRC	470	425
Tax on annual allowance	259	343
Amounts due to Reuters Supplementary Pension Scheme	15,083	-
	<u><b>19,187</b></u>	<u><b>4,323</b></u>

The amounts due to the Reuters Supplementary Pension Scheme represent the total impact of the misallocation of funding referred to in notes 7 and 11. These amounts were agreed between the respective trustees of the two pension plans in an agreement dated 13 July 2022; and paid on 3 August 2022.

## 27. Employer-related investments

There were no directly or indirectly held employer-related investments at the year-end (2020: none).

## Notes to the Financial Statements

### 28. Related party transactions

#### **Key management personnel of the Fund**

During the year the Fund did not receive contributions in respect of any (2020: Nil) Trustees of the Fund, and paid pensions in respect of 3 (2020: 3) Trustees 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 fees to certain other Trustee directors relating to the exercise of their duties. In 2021 these fees and expenses amounted to £182,254 (2020: £121,824) (see note 10). In addition, Independent Trustee Services Limited are paid a fee relating to the exercise of their duties covering both the Fund and the related Reuters Supplementary Pension Scheme (SPS). This fee is met by the Sponsoring Employer and not recharged to the Fund or SPS. In 2021 this fee was £58,000 (2020: £58,000).

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

Certain Fund expenses are initially paid by the Sponsoring Employer which are 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 2021 and included within note 26 is £812,406 (2020: £415,437).

The Trustees are in receipt of a guarantee dated 28 January 2021, signed by members of the Sponsoring Employer's group, whereby the financial obligations of the Fund's Sponsoring Employer have been guaranteed up to a maximum value of £700m.

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

### 29. Contingent liabilities and contractual commitments

In October 2018, the High Court ruled that pension schemes are required to equalise benefits between men and women for the effect of Guaranteed Minimum Pensions (GMP) which were accrued on or after 17 May 1990.

The High Court has since, in November 2020, determined that trustees owed a duty to a transferring member to make a transfer payment which reflected the member's right to equalised benefits. Where the initial transfer payment was inadequate on this basis the trustees are under an obligation to make a top-up payment to the receiving scheme on behalf of the transferred member.

The Trustees are reviewing, with their advisers and the Sponsoring Employer the implication of these rulings in the context of the Fund rules and the value of any liability. On completion of the review the Trustees will put together a plan for correcting past benefits as well as inequalities in benefits coming into payment.

Other than the above, in the opinion of the Trustees, the Fund had no contingent liabilities as at 31 December 2021 (2020: 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 2021, Abbott Capital had drawn down \$49.8m (2020: \$49.8m) and Morgan Stanley had drawn down \$49.8m (2020: \$49.8M). 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

### 30. Covid-19 and other matters

Since March 2020, Covid-19 and other, more recent, geopolitical (such as Russia's war in Ukraine) and economic issues, has had a profound effect on domestic and global economies, with disruption and volatility in the financial markets. The Trustees, in conjunction with their advisers, monitor the situation closely and determines any actions that are considered to be necessary. This includes monitoring the Fund's investment portfolio, the operational impact on the Fund and the covenant of the Employer. The extent of the impact on the Fund's investment portfolio, including financial performance, will depend on future developments in financial markets and the overall economy, all of which are uncertain and cannot be predicted. Since the year end, the value of the Fund's investment assets and investment liabilities may have been impacted. Whilst the Trustees monitor the overall position, they have not, at this time, quantified the change (being an increase or decrease) in market value of investment assets and investment liabilities as markets remain fluid and unpredictable and therefore such an estimate cannot be made.