MERCHANT NAVY RATINGS PENSION FUND

ANNUAL REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2024

Registrar of Occupational and Personal Pension Schemes Registration Number 10005646

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TRUSTEE, SERVICE PROVIDERS AND ADVISERS

Fund Actuary
Simon Eagle FIA

Fund Administrators
Mercer UK Limited (to 31st December 2023)
Aptia UK Limited (from 1st January 2024)

Independent Auditor
KPMG LLP (resigned 3rd April 2024)
PricewaterhouseCoopers LLP (appointed 11th April 2024)

Investment Managers
Willis Towers Watson Limited (as manager of managers):
AMX SSgA Infrastructure
AMX Colchester Global Sovereign Credit
Ancala Partners LLP
CarVal
CDH VGC II Holdings
Equilibrium Controlled Environment Foods
First Property Asset Management Ltd
Forgepoint Cybersecurity
Fulcrum (resigned 17th May 2023)
Georgian Partners
Libremax
Insight Investment Management (Global) Limited
Insight Downside Risk Hedge (DRH)
Pretium Partners
Systima
Waypoint Essential Stores L.P.

Investment Consultant – Fiduciary manager oversight
Barnett Waddingham

Delegated Chief Investment Officer
Willis Towers Watson Limited

Fiduciary Manager
Schroders Solutions (from 16th August 2024)

Governance Consultant
Barnett Waddingham

Employer Management Consultant
Willis Towers Watson Limited

Communication Consultant
Quietroom

Online Governance Platform
Knowa (1st August 2023)

Member Support Services
Guiide (20th August 2024)

Tracing Services
Heka Solutions Ltd (15th August 2023)

Cyber Security and Data Storage
RSM UK Risk Assurance Services LLP (9th November 2023)

Trustee Company
Merchant Navy Ratings Pension Fund Trustees Limited
Pi Consulting, represented by Doug Ross - Independent Trustee and Chair of Board
Melanie Cusack - Independent Trustee Director
Lionel Sampson - Independent Trustee Director

Project Greenwich Support
Kays Medical and Appointed Persons
Lane Clark Peacock (LCP)
Morton Fraser MacRoberts LLP (appointed 6th March 2024)
Clever Fulton Rankin Limited (appointed 27th February 2024)
Beauchamps LLP (appointed 13th October 2023)
Edward Nathan Sonnenbergs Incorporated (appointed 26th September 2024)
Morton Fraser MacRoberts LLP (6th March 2024)

Trustee Secretariat
Pi Consulting (UK) Limited

VAT Adviser
BDO LLP

Additional payroll services and Tax Services
BDO LLP

Solicitors
Mayer Brown International LLP
Linklaters LLP
Taylor Wessing LLP

Banker
Royal Bank of Scotland

Additional Voluntary Contributions (AVCs) Provider
Utmost Life and Pensions

Custodian
J P Morgan Chase Bank

TRUSTEE, SERVICE PROVIDERS AND ADVISERS (CONTINUED)

Employer Covenant Adviser
Cardano Advisory Limited

PR Consultants
Headland PR Consultancy LLP

Registered Office Address
Merchant Navy Ratings Pension Fund Trustees Limited,
c/o Pi Consulting (UK) Limited, 2nd Floor, Tuition House
27 – 37 St. George's Road, Wimbledon
London, SW19 4EU

TRUSTEE REPORT

Introduction

This is the 48th Annual Report submitted by the Trustee to the members of the Merchant Navy Ratings Pension Fund ("the Fund").

Management

The operation of the Fund is governed by the Trust Deed and Rules taking into account the Articles of Association and is managed through a company, Merchant Navy Ratings Pension Fund Trustees Limited (“the Trustee”).

The Board of the Trustee (“the Board”) currently comprises three independent Trustee Directors (“Directors”), made up of one nominated by the Employers Group and one nominated by the National Union of Rail Maritime & Transport Workers (“RMT”). In addition, the Board has appointed Pi Consulting (Trustee Services) Limited, represented by Doug Ross, as Independent Trustee and Trustee Chair of the Board.

The Board’s Articles of Association reflect the Board structure of three Independent Trustee Directors. The two nominating bodies would each appoint one Independent Trustee Director and the third would be appointed by the Maritime Pensions Forum. The appointment of any Director will be affected by the Maritime Pensions Forum giving notice, in writing to the Directors, of the decision to appoint such person and such person’s terms of office.

All Trustee Directors are shareholders of the Trustee Company.

The Board now operates under three pillars to carry out operational tasks:

1) Governance Risk Management
2) Member Risk Management
3) Financial Risk Management

The Governance Risk Management pillar manages matters related to oversight of the Fund’s governance structure, the Trustee’s governance policies, maintenance of the Fund’s risk register, oversight of data protection matters, annual audit and compliance with the requirements of the Trustee company’s Articles of Association and formal reporting requirements.

The Member Risk Management pillar ensures that all member administration and communications, banking, compliance matters, and monitoring of contributions are adequately delivered, reviewed and managed in line with the Fund’s rules and best practice as agreed by the Trustee Board.

The Financial Risk Management pillar, with the assistance of the Fund’s advisers, manages the investment, funding, and covenant matters.

Through regular meetings and communications, the Trustee Board aims to develop and maintain open, transparent, collegiate, and constructive relationships with key stakeholders, including:

- The Merchant Navy Pensions Employers’ Group (MNP EG)
- The Maritime Pensions Forum (established by the RMT and MNP EG to promote and discuss pension matters outside of Trustee business)
- The Participating Employers (including those who are not members of the MNP EG)
- National Union of Rail Maritime & Transport Workers (RMT)

The Board has unanimous decision-making authority as defined in their Terms of Reference. All strategic decision making is made at Board level. Operational matters are delegated to the pillars.

From time to time the Board establishes project groups to carry out specific items of Board business, the most impactful on assets of these project groups are Project Greenwich which relates to Ill health benefits and Project Delta which relates to the administration of Fund benefits, as described on pages 8 and 9.

TRUSTEE REPORT (CONTINUED)

During the year ended 31 March 2024, the Board met formally 9 times (2023:11). The pillars generally met monthly, and Project groups met as required to discuss and review the progress of the Fund.

Appointment and removal of Trustee Directors

The provisions for appointment and removal of Trustee Directors are set out in the Articles of Association of the Trustee. The current Trustee Directors of the Board are shown below and have all been appointed until at least 2028.

Section 242 of the Pensions Act 2004 (requirement for member-nominated directors of corporate Trustees) does not apply in relation to the Fund by virtue of Section 242(10) of the Pensions Act 2004 and Regulation 3(e) of the Occupational Pension Schemes (Member-nominated Trustees and Directors) Regulations 2006.

During the year, the Directors of the Trustee Company have been:

- Pi Consulting (Trustee Services) Limited, (represented by Doug Ross) – Independent Trustee Director and Chair of Board
- Melanie Cusack - Independent Trustee Director
- Lionel Sampson - Independent Trustee Director

Taxation status

The Fund is a Registered Pension Scheme under Chapter 2 of Part 4 of the Finance Act 2004 and is therefore exempt from income tax and capital gains tax. This means that members, their Employer and the Fund benefit from favourable tax treatment.

Administration of the Fund

During the year, Mercer Limited UK pension administration business was acquired by Aptia UK Limited. As a result, effective from 1 January 2024, the administration of member benefits and Fund accounting is undertaken by Aptia UK Limited, which receives a fee for the services under contract.

Pension increases

Pensions in payment

With the exception of any Guaranteed Minimum Pension that relates to contracted-out service in the Fund from 6 April 1988 to 5 April 1997, (which has been increased by 3.0% in line with statutory provisions), there are no guaranteed increases to pensions in payment in respect of service from 6 April 1978 up to 31 March 1997.

Pensions accruing from 1 April 1997 receive guaranteed annual increases when they come into payment in line with the increase in the Retail Prices Index (RPI) over the year to the previous September to a maximum of 5%. At 1 April 2023, this increase was 5.0% (2022: 4.9%).

There have been no discretionary pension increases in the year under review.

Deferred pensions

Deferred pensioners receive statutory increases in accordance with the legislation appropriate at their date of leaving.

Members in seagoing employment

RPI at September 2023, has been retained as the measure of inflation for the calculation of “Limited Price Index (LPI) 7%” increases. This applies to those members still in seagoing employment who opted for this method of revaluation of their accrued benefits as an alternative to the default revaluation in line with “Section 148 orders” (average earnings increases).

TRUSTEE REPORT (CONTINUED)

Additional Voluntary Contribution ("AVC") scheme

There is an AVC scheme in place for Members who made AVCs before the Fund closed to future benefit accrual on 31 May 2001 and whose benefits had not been paid on retirement, death, or transfer.

The AVC scheme is invested with Utmost Life and Pensions ("Utmost"), previously invested with Equitable Life Assurance Society ("Equitable Life").

Calculation of transfer values

Transfer values paid during the year were calculated and verified in the manner required by the Regulations made under Section 97 of the Pension Schemes Act 1993. None of the transfer values paid were less than the amount provided by the Regulations and do not include discretionary benefits.

The Rules of the Fund enable transfers to other occupational and individual pension schemes. The Trustee confirms that all cash equivalent transfer values were calculated and verified as required. There is no provision for discretionary benefits in the calculation of transfer values. The monetary amount of transfer values to other schemes is shown on page 27 of the financial statements.

The Fund does not accept transfers in.

Change in auditor

The Trustee appointed PricewaterhouseCoopers LLP as Fund Auditor with effect from 11 April 2024. Following the resignation of KPMG as the Fund Auditor with effect from 3 April 2024, they reported that there were no circumstances connected with their resignation which in their opinion significantly affected the interests of the members or prospective members of, or beneficiaries under, the Fund.

Actuarial Valuations

In February 2015, a Court judgment approved a new deficit collection regime ("the New Regime") proposed by the Trustee, which was introduced by changing the Fund's Trust Deed and Rules on 24 June 2015.

A full actuarial valuation of the Fund with an effective date of 31 March 2023 was completed on 18 June 2024 and calculated a funding deficit of £152m on a Technical Provisions basis. The outstanding deficit contributions required to meet the 2023 valuation deficits are expected to be sufficient to meet this £152m deficit by 31 March 2030.

Collection of Contributions

Contributions continue to be collected on a monthly basis from Current Participating Employers of members entitled to Section 148 revaluation of their deferred benefits in the Fund (members had to be paying contributions to the Fund on 31 May 2001 and had to continue working for a Participating Employer to be eligible for Section 148 revaluation).

All invoices issued in the Fund year were paid in line with the deficit contribution regime. Over the course of the Fund year to 31 March 2024, deficit contributions totalling £10,175,143 were received.

TRUSTEE REPORT (CONTINUED)

Report on Actuarial Liabilities

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.

Under section 222 of the Pensions Act 2004, every Fund is subject to the Statutory Funding Objective, which is to have sufficient and appropriate assets to cover its technical provisions, which represent the present value of benefits to which members are entitled based on pensionable service to the valuation date. This is assessed at least every 3 years using assumptions agreed between the Trustee and the employer and set out in the Statement of Funding Principles, a copy of which is available to Fund members on request.

The most recent triennial actuarial valuation of the Fund effective as at 31 March 2023 showed that the accumulated assets of the Fund of £860m represented 85% of the Fund's technical provisions in respect of past service benefits; this corresponds to a deficit of £152m at the valuation date.

The value of technical provisions is based on Pensionable Service to the valuation date and assumptions about various factors that will influence the Fund in the future, such as the levels of investment returns, pension increases when members will retire and how long members will live.

The method and significant actuarial assumptions used in the calculations as at 31 March 2023 are as follows:

- **Method**

  The actuarial method to be used in the calculation of the technical provisions is the Projected Unit Method.

- **Significant actuarial assumptions**

  Discount interest rate: term dependent rates set by reference to the fixed interest gilt curve (as derived by Willis Towers Watson) at the valuation date plus an initial margin over projected gilt yields of 1.8% per annum, with the margin over projected gilt yields decreasing to 1.6% per annum from 31 March 2024, followed by 0.1% per annum until 31 March 2030, then remaining constant at 0.5% per annum thereafter.

  Future Retail Price inflation: the assumption adopted is the yield curve reflecting the Retail Price Inflation expectations implicit in UK Government bond prices as at 31 March 2023, as derived by Willis Towers Watson.

  Future Consumer Price inflation: based on the expected future difference between assumed Retail Price Inflation and Consumer Price Inflation. The assumption adopted as at 31 March 2023 is that Consumer Price Inflation will be lower than Retail Price Inflation by 1.0% per annum until 31 March 2030, then unadjusted thereafter.

  Pension increases: where the Fund's Rules provide for inflation-linking, assumptions derived from the underlying inflation assumptions, allowing for the caps and floors on pension increases.

TRUSTEE REPORT (CONTINUED)

Mortality: standard SAPS tables S3PMA and S3DFL with the following multipliers:

Category	Multiplier
Male normal health pensioners and male dependants	101%
Male and female ill-health pensioners	110%
Female normal health pensioners	101%
Female dependants	114%

Allowance for improvements in longevity are assumed to be in line with the CMI core projection model (2022 version) from 2013, with a long-term rate of improvement of 1.5% per annum, smoothing parameter of 7.0% and 0.0% per annum initial addition, and experience weighting of 0%, 0% and 25% in the years of 2020, 2021 and 2022 respectively.

Projected benefit cashflows at 31 March 2023, were uplifted by 4.3% as an allowance for the expected cost of longevity hedging.

Recovery plan

The arrangements to eliminate the 2023 valuation funding shortfall were formalised in a Schedule of Contributions which the Fund Actuary certified on 18 June 2024. A copy of this certificate is included on page 40 of this report.

Next actuarial valuation

The next triennial valuation is due to be performed at an effective date of 31 March 2026.

Ill health early retirement benefits (IHER Benefits)

As noted in previous Trustee Reports, the Trustee became aware of legal uncertainties relating to the entitlement of members to enhanced IHER benefits. These issues relate broadly to the introduction of IHER benefits in 1985, their enhancement in 1988, their reduction in 1991 and the decision to stop future awards of these benefits in 1993. The Trustee has received independent legal advice over these issues and applied to the High Court for directions. The Trustee has remained neutral in these proceedings, and so two members (Mr Knight and Mr Redfern) were appointed to act on behalf of the members and Stena Line was appointed to act on behalf of the Participating Employers.

Whilst the case was originally listed to be heard in November 2020, the hearing was adjourned to allow time for confidential settlement discussions and to prepare and agree detailed settlement terms in this complicated matter. The concluded settlement agreement was approved by a High Court Judge at a hearing on 24 February 2022.

Payments amounting to £28m have been paid to date. The Trustee was required to sign off the 31 March 2023 actuarial valuation by June 2024 and decided to make an allowance in the valuation for estimated remaining additional IHER benefit liabilities. As set out in the section above, the Trustee did this by adding a £8m reserve to the funding target for future payments. The impact of this on the financial statements has been disclosed in note 15.

TRUSTEE REPORT (CONTINUED)

Review of the Administration of Fund benefits against the Trust Deeds and Rules and relevant legislation

- **Project Delta**

The Trustee has largely completed the first stage of Project Delta, to review and rectify the administration of Fund benefits against the Trust Deeds and Rules and relevant legislation that have applied over the years and has identified a number of issues to be corrected and have put a plan in place to do so. Two of these issues are expected to lead to significant additional liabilities to the Fund, such that the Fund's actuarial funding valuation as at 31 March 2023 included a reserve for these. The precise amount and timing of the payments remain uncertain, however there is an expectation that around £60m will be payable as arrears relating to payments due before the 31 March 2024 accounting date.

For this, some limited approximations have needed to have been made, and it has been assumed that interest will apply to the arrears at Bank of England base rate +1%, and as a best estimate assessment that other than for transfers out or deaths more than 20 years ago it will be practical to make the payments to all affected members.

As a result of the above, an allowance for £60m has been included in the financial statements in relation to the two main issues identified by Project Delta. The remaining issues, which are expected to be more minor and offsetting, will be reassessed as part of the 2026 valuation. The Trustee will update members and employers further as the exercise continues.

- **Guaranteed Minimum Pensions**

The Trustee has continued its review of Guaranteed Minimum Pension (GMP) entitlement for members, to reconcile those with the data held by HMRC, which is now close to completion.

Separately, members may be aware from previous correspondence of the judgment handed down by the High Court on 26 October 2018 in Lloyds Banking Group Pension Trustees Limited v Lloyds Bank Plc and others. This case was about the equalisation of GMP.

As reported previously, the judgment concluded that schemes should equalise pension benefits for men and women in relation to GMP benefits. The issues determined by the judgment arise in relation to many other defined benefit pension schemes. The Trustee is aware that the issue will affect the Fund and the GMPs payable to some members. Under the ruling, schemes are required to backdate benefit adjustments in relation to GMP equalisation and provide interest on the backdated amounts.

On 20 November 2020, the High Court further ruled that pension schemes will need to revisit individual transfer payments made since 17 May 1990 to check if any additional values are due as a result of GMP equalisation.

The Trustee is still considering the action it should take in this area, in conjunction with the separate exercise to review the administration of Fund benefits against the Trust Deeds and Rules and relevant legislation and will report further on this to members once more is known about the impact that GMP equalisation will have on members' benefits.

Based on an initial assessment of the likely backdated amounts and related interest the Trustee does not expect these to be material to the financial statements and therefore have not included a liability in respect of these matters in these financial statements. They will be accounted for in the year they are determined.

TRUSTEE REPORT (CONTINUED)

Employer related investments

The Fund holds investments in a number of organisations, which may, or may be related to, Participating Employers in the Fund.

As an industry-wide scheme, the Fund is restricted to a limit of 20% of the Fund value in employer related investments, with a limit of 5% in relation to a particular employer. No limits have been breached. Employer related loans are prohibited.

Fiduciary Management

Willis Towers Watson Investment Management (WTWIM) was appointed Fiduciary Manager or Delegated Chief Investment Officer (CIO) on 1 December 2014. The MNRPF's Delegated CIO model enables integrated and effective implementation alongside timely responses to investment opportunities. The Delegated CIO of the Fund advises on investment strategy and benchmarks and implements the agreed strategy within parameters set by the Trustee. The Delegated CIO implements the strategy by appointing investment managers to manage assigned portions of the Fund's portfolio, or by buying units in collective investment schemes. The Delegated CIO also assesses the nature, disposition, marketability, and security of the Fund's assets.

During the Scheme year the Trustee carried out a review of its Fiduciary Management arrangements with WTWIM. After a competitive selection process, the Trustee decided to appoint Schroder Solutions as the Funds new Fiduciary Manager, this is expected to be effective from 22 November 2024. WTWIM, Schroders and the Fund advisers are all working together to ensure a smooth transition to the new manager.

The Trustee sets investment policy and monitors the Delegated CIO with oversight advice provided by Barnett Waddingham.

Fund changes

During the year ending 31 March 2024 full redemptions were placed for Fulcrum Asset Management during May 2023.

Investment Policy

The Statement of Investment Principles (SIP) prepared under Section 35 of the Pensions Act 1995 (a copy of which is available on request to the Trustee) sets out the investment objectives of the Fund, which are:

- to acquire suitable assets of appropriate liquidity which will generate income and capital growth to meet, together with contributions from the Participating Employers, the cost of current and future benefits which the MNRPF provides; and
- to limit the risk of the MNRPF's assets failing to meet the MNRPF's liabilities over the long term, or other measures imposed by regulation from time to time.

In pursuing these investment objectives, the Trustee intends to have due regard to:

- the paramount interests of the members of the MNRPF, for whom the receipt of their promised benefits is of prime importance; and
- the covenant of the Participating Employers, upon whom the responsibility for funding those benefits ultimately falls.

In May 2024, the SIP was updated to reflect the amendment to the journey plan agreed by the Trustee to target 105% funding on a gilts +0.5% liabilities basis by 31 March 2030.

A copy of the SIP may also be found on https://www.mnrpf.co.uk/library.php

TRUSTEE REPORT (CONTINUED)

Asset allocation

The Trustee has set the following strategic allocation ranges following advice from the Delegated CIO. The actual asset allocation as at 31 March 2024 is also shown below:

	Strategic ranges	Actual at 31 March 2024
	%	%
Equities	0 – 25	6.8
Diversifying strategies	0 – 20	1.0
Alternative credit	0 – 15	6.6
Hedge Funds	0 – 15	4.7
Private Markets*	0 – 19	22.3
Investment Grade Credit	0 – 35	0.9
Liability Hedging and Liquidity	0 – 100	57.7
		100.0

*Market movements over the year led to the allocation to private markets exceeding its target range. It is expected that this allocation will gradually reduce back towards its target as the assets mature and pay back capital.

Investment management

In order to meet its responsibilities with regard to investments, the Trustee employs specialist investment managers, details of these managers are set out on page 2.

Each investment manager has a set performance target and is expected to achieve the target performance over a specified period. In addition, the Trustee sets parameters for all investment managers to control risk.

All investment managers are remunerated in accordance with the market value of securities under their control. In addition, 9 collective investment schemes and 1 investment manager receive performance related remuneration.

Custody of assets

The custody of Fund assets, including documents of title, is separated from the investment management functions. Electronic evidence of share ownership and other documents evidencing ownership as appropriate for the segregated funds are held by J P Morgan Chase Bank under contract with the Trustee. The pooled funds have their own custodians. The responsibility of the investment managers is thereby limited to the selection of securities.

Investment performance

The performance of the investment managers is monitored by the Trustee. With effect from 1 January 2004, the Trustee appointed J P Morgan Investor Services to provide independent external performance measurement services for the assets of the Fund.

Over the one-year period to 31 March 2024, the Fund generated a return of -3.1%.

Over the three-year period to 31 March 2024, the Fund generated a return calculated on an annual basis of -10.0% p.a. compared with a 9.4% p.a. fall in the liability proxy, a -0.6% pa underperformance.

Over the five-year period to 31 March 2024, the Fund generated a return calculated on an annual basis of -4.1% p.a. compared with a -4.8% p.a. fall in the liability proxy, a 0.7% pa outperformance.

TRUSTEE'S REPORT (CONTINUED)

Process for choosing investments

The Trustee has delegated responsibility for the selection and deselection of investments, and the ongoing management of relationships with asset managers to the Delegated CIO within Investment Guidelines set by the Trustee. The Delegated CIO will ensure that, in aggregate, the portfolio is consistent with the policies set out in this statement and that the investment objectives and guidelines of any individual manager/mandate are also consistent with those policies relevant to the mandate in question. The Trustee considers the Delegated CIO's performance in carrying out these responsibilities as part of its ongoing oversight of the Delegated CIO.

The Trustee expects the Delegated CIO to appoint investment managers with an expectation of a long-term partnership, which encourages active ownership of the Fund's assets. Likewise, the Trustee expects investment decision making of the investment managers that are appointed to have a long-term mind-set and manage risk exposure to potentially short term ESG factors. When assessing a manager's performance, the Trustee expects the Delegated CIO to focus on longer-term outcomes. Consistent with this view, the Trustee does not expect that the Delegated CIO would terminate a manager's appointment based purely on short term performance but recognises that a manager may be terminated within a short timeframe due to other factors such as a significant change in business structure or the investment team. The Trustee adopts the same long-term focus as part of its ongoing oversight of the Delegated CIO.

The Trustee expects the Delegated CIO to consider the fee structures of asset managers, and the alignment of interests created by these fee structures as part of its investment decision making process, both at the appointment of an asset manager and on an ongoing basis. Asset managers are generally paid an ad valorem fee, in line with normal market practice, for a given scope of services which includes consideration of long-term factors and engagement. The Trustee expects the Delegated CIO to review and report on the costs incurred in managing the Fund's assets regularly, which includes the costs associated with portfolio turnover. In assessing the appropriateness of the portfolio turnover costs at an individual manager level, the Trustee expects the Delegated CIO to have regard to the actual portfolio turnover and how this compares with the expected turnover range for that mandate.

Socially Responsible Investment

The Trustee has delegated responsibility for the selection, retention and realisation of investments to the Delegated CIO and in turn to the Fund's investment managers. However, the Trustee and Delegated CIO recognise that an investment's long-term financial success is influenced by a range of factors including Environmental, Social and Governance (ESG) issues.

Consequently, the Trustee (through the selection of the Delegated CIO and its associated approach to environmental, social and governance issues, as set out further below) seeks to be an active long-term investor. The Trustee's focus is on financially material considerations.

The Trustee supports investments with a positive social and environmental impact, but these investments must have no adverse impact on overall investment efficiency.

The Delegated CIO has a dedicated Sustainable Investment resource and a network of subject matter experts. The consideration of ESG issues is fully embedded in the investment manager selection and portfolio management process, with oversight undertaken on an ongoing basis. Whilst noting there may be limitations for each investment manager and asset strategy, the Delegated CIO expects investment managers to have ESG processes that align with the investment risk and return characteristics of the strategy. Where an investment manager's processes are deemed insufficient by the Delegated CIO, and the investment manager does not take steps to improve their approach, the investment manager's position in the portfolio may be reviewed and/or a decision may be taken not to proceed with an investment.

The Delegated CIO considers a range of sustainable investment factors, such as, but not limited to, those arising from ESG considerations, including climate change, in the context of a broader risk management framework.

TRUSTEE REPORT (CONTINUED)

The degree to which these factors are relevant to any given strategy is a function of time horizon, investment style, philosophy and particular exposures which the Delegated CIO takes into account in the assessment.

Rights attached to investments

The Trustee recognises the responsibilities of shareholders as owners of capital. Accordingly, the Trustee's objective as a shareholder is to achieve a substantial long-term return on the MNRPF's investments by the preservation and enhancement of shareholder value, which it believes good corporate governance promotes. Matters of corporate governance in general and voting in particular are integral parts of the delegation of duties to the investment managers. Voting power should be exercised by the Investment managers with the objective of preserving and enhancing long-term shareholder value.

The Delegated CIO encourages and expects the MNRPF's investment managers to sign up to local or other applicable Stewardship Codes, in keeping with good practice, subject to the extent of materiality for certain asset classes. The Delegated CIO itself is a signatory to the Principles for Responsible Investment (PRI) and the UK Stewardship Code and is actively involved in external collaborations and initiatives. The Trustee has posted its Statement of Commitment to the Stewardship code on its own website. The Trustee's policy is to delegate responsibility for the exercising of rights (including voting rights) attaching to investments to the investment managers. The Delegated CIO has appointed Hermes EOS to undertake public policy engagement on its behalf as well as company-level engagement and the provision of voting advice for the MNRPF's equity investments.

The Trustee requires its investment managers to report on corporate governance, and particularly on their voting and engagement records. Experience suggests that investment managers typically choose to support and vote with incumbent company management in the majority of cases. The Trustee expects investment managers to provide (upon request) justification for their voting decisions. Significant shareholder action other than voting should also be reported. Reporting on corporate governance activity by the investment managers will be monitored by the Trustee via the Delegated CIO. The Trustee annually receives reporting from the Delegated CIO which summarises the environmental, social and corporate governance integration and stewardship activities of its external investment managers.

Taskforce for Climate-related Financial Disclosures (TCFD)

The Trustee is legally required to produce formal disclosures in line with TCFD as part of the Occupational Pension Schemes (Climate Change Governance and Reporting) Regulations 2021. In line with these requirements, the Trustee is currently preparing the TCFD report for the year ended 31 March 2024, and this can be found at: https://www.mnrpf.co.uk/library.php

Implementation Statement

The Implementation Statement on page 44 forms part of the Trustee's Report.

Financial development of the Fund

The Fund Account on page 21 shows that the value of the Fund's assets decreased by £139.5m to £720.6m as at 31 March 2024. The decrease was comprised of withdrawals from dealings with members of £114.7m which includes £10.2m of contributions, £1.2m of other income and benefit costs of £126.1m, together with a net decrease from the return on investments of £24.8m.

The financial statements have been prepared and audited in accordance with the regulations made under Sections 41 (1) and (6) of the Pensions Act 1995. Under the Amendment to the Audit Accounts Regulations, effective from 1 April 2016, as the Plan has more than 20 participating employers at the start of the financial period there is no requirement to obtain a statement from the auditor on whether contributions have been paid in accordance with the Schedule of Contributions. No summary of contributions has therefore been prepared in these financial statements. Further details of the financial developments of the Fund may be found in the audited financial statements on pages 21 to 39.

TRUSTEE REPORT (CONTINUED)

Membership

Details of the membership of the Fund as at 31 March 2024 are given below:

	Total 2024	Total 2023
EMPLOYEE MEMBERS		
Employee members at the start of the year	**234**	263
Adjustments to employee members*	**(28)**	(15)
Members retiring	**(3)**	(12)
Deaths	**(2)**	(1)
Leavers, transfers out or full commutations	**(1)**	(1)
EMPLOYEE MEMBERS AT THE END OF THE YEAR	**200**	234
PENSIONERS		
Pensioners at the start of the year	**8,866**	8,745
Adjustments to pensioners*	**(540)**	23
New pensioners (includes widow(er)s of employee and deferred members)	**430**	435
Full commutation	**(3)**	(1)
Deaths	**(317)**	(336)
PENSIONERS AT THE END OF THE YEAR	**8,436**	8,866

Pensioner figures do not take into account additional records where members have more than one period of service. The closing balance includes 388 pensioners whose pensions are suspended (2023: 372). There are 1,341 dependent pensions in payment (2023: 1,586).

DEFERRED MEMBERS		
Deferred members at the start of the year	**8,221**	8,719
Adjustments to deferred members*	**(116)**	(30)
Leavers before pensionable age retaining an entitlement	**1**	1
Transfers out	**(31)**	(30)
Retirements (including full commutations)	**(503)**	(398)
Deaths	**(61)**	(39)
Refunds	**(4)**	(2)
DEFERRED MEMBERS AT THE END OF THE YEAR	**7,507**	8,221
TOTAL MEMBERSHIP AT THE END OF THE YEAR	**16,143**	17,321

Employee members at the end of the year are those deferred members who were contributing to the Fund on its closure date of 31 May 2001 and have retained a right to Section 148 revaluation or have elected the alternative basis for revaluation. For the purposes of the Pension Protection Fund (PPF) levy, these members are treated as deferred since this reflects their benefit position.

*Adjustments to Employee, Pensioner and Deferred members usually arise as a result of the late notification of member movements. During the year further adjustments were also required to the membership data in order to record the members who could have taken an Ill Health Pension under Project Greenwich. The bulk of these adjustments are backdated pensioners. Included within the adjustments are 388 Suspended pensioners and any duplicate records for multiple periods of service have also been removed.

TRUSTEE REPORT (CONTINUED)

Further information

Members are entitled to inspect copies of certain documents giving information about the Fund. In some circumstances copies of these documents can be provided, but a charge may be made for copies of the trust documents (Deed and Rules) and of the Actuary's report. Any member with a query on their pension entitlement should contact the Administrator. The Trustee has drawn up an Internal Disputes Resolution Procedure which is available to any member or beneficiary who is dissatisfied with a decision relating to their benefits.

The Pensions Ombudsman appointed under section 145(2) of the Pension Schemes Act 1993 may investigate and determine any complaint or dispute of fact or law in relation to an occupational pension scheme made or referred in accordance with that Act. The Pensions Ombudsman is also available to provide for assistance in respect of the dispute resolution. The Pensions Ombudsman can help investigate complaints and disputes of fact or law connected with pension schemes. They will look at the facts, without taking sides and have legal powers to make decisions. The Pensions Ombudsman can be contacted at 10 South Colonnade, Canary Wharf, London E14 4PU.

Created under the Pensions Act 2004, The Pensions Regulator ("TPR") is designed to oversee workplace pension schemes. This includes protecting the interests of scheme members, promoting good administration, and reducing the risk of claims on the Pensions Protection Fund (PPF). TPR can be contacted at: The Pensions Regulator, Telecom House, 125-135 Preston Road, Brighton, BN1 6AF.

Members enquiring about their own benefits should initially telephone the member helpline (01372 200385) or submit their enquiry through the Contact Aptia Portal: https://pensionuk.aptia-group.com/.

Alternatively, requests from individuals for information about their benefits can be addressed to:

The Trustee of Merchant Navy Ratings Pension Fund:

c/o Aptia UK Limited, Maclaren House, Talbot Road, Stretford, Manchester, M32 0FP.

Contact for further information

Any person who has a query in relation to the Fund in general or requires copies of Fund documentation, should write to Aptia UK Limited, Maclaren House, Talbot Road, Stretford, Manchester, M32 0FP.

This report, including the Statement of Trustee's Responsibilities on page 17, the Implementation Statement on page 44, the Members' Information and the Report on Actuarial Liabilities on pages 7 and 8 as approved by the Trustee on 2024 and signed on its behalf by:

DocuSigned by:

Douglas J Ross

8F772C83151B47A...

Trustee

Date: 30 October 2024

Signed by:

98BEFD60C82F44B...

Trustee

Date: 29 October 2024

INVESTMENT REPORT (FORMING PART OF THE TRUSTEE REPORT)

Equity markets

Over the 12 months to 31 March 2024, equity markets returned positive performance across all regions other than China which returned negative performance. The FTSE All World Index returned 21.0% whilst the MSCI China Index returned -18.8% (both in sterling terms). FTSE All-Share Index returned 8.4% whilst North America was the best performing region with 26.8% (both in sterling terms).

Bond markets

UK government bond yields (which move inversely to bond price) broadly increased over 12 months to 31 March 2024. Long maturity UK gilts have returned -4.6% over the period (as measured by FTSE-A Gilts Over 15 Years Index) and UK gilts all stocks returned 0.0%.

Inflation-linked gilt yields also increased over the 12-month period. Long maturity UK index-linked gilts returned -11.9% (as measured by FTSE-A Index-Linked Gilts Over 15 Years Index) and UK index-linked gilts all stocks returned -5.0%.

Over the past year, local currency emerging market debt underperformed hard currency emerging market debt returning 2.7% and 10.4% respectively.

Alternative investment markets

Oil prices fluctuated throughout the second quarter of 2023, peaking at US$83.3 in mid-April and dropping to US$67.1 in mid-June. Saudi Arabia and Russia will look to extend or make additional cuts to oil production in Q3 as they scramble to boost the price of crude.

During the 3rd quarter of 2023, crude oil peaked at US$93.7 in late September having dropped to US$69.8 in early July. The price of Brent crude has surged more the 25% since June following coordinated cuts in production by Saudi Arabia and Russia. This has pushed up petrol prices and complicated efforts by the US Federal Reserve to rein in inflation.

Oil prices steadily decreased throughout the fourth quarter, dropping to a low of $68.6 in mid-December. Oil prices fell to a five-month low as production cuts from the Organisation of Petroleum Exporting Countries (OPEC+) cartel failed to outweigh a growth in output from the US. This sparked fears of a decline in global demand. Prices fell again in late December following Angola’s decision to quit OPEC+.

Oil prices steadily increased throughout the fourth quarter, reaching a high of US$83.5 in mid-March. Concerns surrounding the Iran-Israel conflict, with a fifth of the world’s oil passing through the Strait of Hormuz, has contributed to this increase.

Commercial UK property (as measured by the IPD Monthly Index) has returned -0.3% over the 12 months to 31 March 2024.

Global Commodity Futures, as measured by S&P Goldman Sachs Commodity Index, returned 8.8% over the 12 months to 31 March 2024 in sterling terms.

STATEMENT OF TRUSTEE RESPONSIBILITIES (FORMING PART OF THE TRUSTEE REPORT)

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 https://www.mnrpf.co.uk/library.php website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

INDEPENDENT AUDITORS' REPORT TO THE TRUSTEE OF MERCHANT NAVY RATINGS PENSION FUND

Report on the audit of the financial statements

Opinion

In our opinion, Merchant Navy Ratings Pension Fund's financial statements:

- show a true and fair view of the financial transactions of the Fund during the year ended 31 March 2024, 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 within the Annual Report and Financial Statements, which comprise: the Statement of Net Assets (Available for Benefits) as at 31 March 2024; 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.

INDEPENDENT AUDITORS' REPORT TO THE TRUSTEE OF MERCHANT NAVY RATINGS PENSION FUND (CONTINUED)

Reporting on other information

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

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

Responsibilities for the financial statements and the audit

Responsibilities of the Trustee for the financial statements

As explained more fully in the statement of 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. Audit procedures performed by the engagement team included:

INDEPENDENT AUDITORS' REPORT TO THE TRUSTEE OF MERCHANT NAVY RATINGS PENSION FUND (CONTINUED)

- Testing journal entries where we identified particular fraud risk criteria.
- Obtaining independent confirmations of material investment valuations and cash balances at the year end.
- 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. 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. This description forms part of our auditors' report.

Use of this report

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

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Leeds
30 October 2024

FUND ACCOUNT

	Note	2024 £000	2023 £000
CONTRIBUTIONS AND BENEFITS			
Employer contributions	3	**10,215**	11,114
Other income	4	**1,156**	787
		11,371	11,901
Benefits payable	5	**(108,371)**	(51,774)
Payments to and on account of leavers	6	**(2,169)**	(2,315)
Administrative expenses	7	**(15,526)**	(10,473)
		(126,066)	(64,562)
NET WITHDRAWALS FROM DEALINGS WITH MEMBERS		**(114,695)**	(52,661)
INVESTMENT RETURNS			
Investment income	8	**20,393**	25,136
Investment management expenses	9	**(1,250)**	(1,342)
Change in market value of investments	10	**(43,956)**	(313,729)
NET RETURNS ON INVESTMENTS		**(24,813)**	(289,935)
NET DECREASE IN THE FUND DURING THE YEAR		**(139,508)**	(342,596)
NET ASSETS AT 1 APRIL 2023		**860,105**	1,202,701
NET ASSETS AT 31 MARCH 2024		**720,597**	860,105

The notes on pages 23 to 39 form an integral part of these financial statements.

STATEMENT OF NET ASSETS (AVAILABLE FOR BENEFITS)

	Note	2024 £000	2023 £000
INVESTMENT ASSETS			
Bonds	10	**602,059**	522,916
Pooled investment vehicles	10	**393,443**	467,125
Derivatives	10	**8,318**	1,557
AVC Investments	10	**24**	24
Cash	10	**942**	44,043
Cash in transit	10	**-**	5,844
Accrued income	10	**3,097**	-
		1,007,883	1,041,509
INVESTMENT LIABILITIES			
Derivatives	10	**(42,638)**	(29,489)
Outstanding trades	10	**-**	(30,326)
Amounts payable under repurchase agreements	10	**(176,140)**	(112,556)
TOTAL INVESTMENTS		**789,105**	869,138
CURRENT ASSETS	11	**5,138**	5,899
CURRENT LIABILITIES	12	**(73,646)**	(14,932)
TOTAL NET ASSETS AVAILABLE FOR BENEFITS AT 31 MARCH 2024		**720,597**	860,105

The financial statements summarise the transactions of the Fund and deal with the net assets at the disposal of the Trustee. They do not take account of obligations to pay pensions and benefits which fall due after the end of the Fund year. The actuarial position of the Fund, which does take account of such obligations, is dealt with in the Report on Actuarial Liabilities included on pages 7 and 8 and these financial statements should be read in conjunction with that Report.

The notes on pages 23 to 39 form an integral part of these financial statements.

These financial statements on pages 21 to 39 were approved by the Trustee on the 29 October 2024 and were signed on its behalf by:

DocuSigned by:
Douglas S Ross
.................8F772C83151B47A...............
Trustee

Date: 30 October 2024

Signed by:
.................98BEFD60C82F44B...............
Trustee

Date: 29 October 2024

NOTES TO THE FINANCIAL STATEMENTS

1 BASIS OF PREPARATION

The individual financial statements of Merchant Navy Ratings 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"). The financial statements have been prepared on a going concern basis. The Trustee believes this to be appropriate as it believes that the Fund has adequate resources to meet pension payments in the normal course of affairs. In reaching this conclusion, the Trustee has assessed the impact of the current economic conditions in terms of the effect on the Fund's assets and the technical provisions. At the date of signing these financial statements the Trustee believes that, due to its well-hedged investment strategy and funding level, the Fund is comfortably able to cover its expected outgoings for at least 12 months from the date of signing. The most recent triennial valuation was as at 31 March 2023 which was signed in June 2024. The Fund was 85% funded on a Technical Provisions basis at this date with a deficit of £152m. As a result, the Trustee considers the preparation of the financial statements on a going concern basis to be appropriate.

1.1 Identification of the financial statements

The Fund is established in the UK under English Law and the registered address of the Trustee is c/o Pi Consulting (UK) Limited, 2nd Floor, Tuition house, 27-37 St. George's Road, Wimbledon, London, SW19 4EU.

2 ACCOUNTING POLICIES

The following principal accounting policies, which have been applied consistently for all years presented, have been adopted in the preparation of the financial statements.

2.1 Accruals concept

The financial statements have been prepared on an accruals basis.

2.2 Currency

The Fund's functional currency and presentational currency is pounds sterling (GBP). Foreign currency transactions are translated into sterling at the rate prevailing on the date of the transaction. The market value of investments and other assets held and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the year end. Differences arising on the translation of investments are included in changes in market value.

Forward currency contracts, open at the year end, are recorded at fair value and any unrealised gains or losses are recognised in the accounts. Such contracts are entered into by the investment managers in the normal course of their investment activities.

Gains and losses on foreign currency contracts taken out specifically to hedge certain overseas investment holdings are included in 'change in market value of investments' in the Fund account.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2.3 Contributions

All deficit contributions are accounted for at the earlier of the date they are received, and the date of an invoice being raised where the Trustee reasonably considers it to be recoverable.

Invoices for on-going deficit contributions are raised in accordance with the payment options established between the Trustee and individual employers. The payment options, which relate to the deficit set out in the statutory scheme funding documentation including the relevant, Schedule of Contributions, are described in the Guide to the Implementation Methodology as agreed by the Trustee.

Contributions continue to be collected on a monthly basis from Participating Employers who employ members who retain entitlement to Section 148 revaluation, these contributions are classified as normal contributions.

2.4 Benefits

Benefits are accounted for in the period in which they fall due.

Where a member has a choice about the form of their benefit, the benefit is accounted for when the member notifies the Trustee of what form of benefit they will take. Where a member has no choice about the form of benefit, the benefit is accounted for in the period of when the liability arises.

2.5 Transfers to other schemes

Transfer values represent the capital sums either received in respect of members from other pension schemes of previous employers, or payable to the pension schemes of new employers for members who have left the Fund. They also take account of group transfers where the trustees of the receiving scheme have agreed to accept the liabilities in respect of the transferring members before the year end, and where the amount of the transfer can be determined with reasonable certainty. In most cases this is when cash is either received or paid.

2.6 Investment and other income

Investment income is recognised as follows:

Income from fixed interest securities and cash deposits is recognised on an accruals basis.

Investment income is recognised in the financial statements net of associated tax credits, which are not recoverable by the Fund. Overseas withholding tax is included within the investment income and is recognised as an expense if irrecoverable.

Investment income arising from the underlying investments of the accumulated pooled investment vehicles is rolled up and reinvested within the pooled investment vehicles. This is reflected in the unit price and reported within change in market value of investments. Where income is distributed by non accumulation funds, it is reported within investment income on an accruals basis.

Other income is recognised as follows:

Compensation payments and Trustee Liability Insurance payments are accounted for in the period in which it is received.

Deficit contribution fees income is accounted for on an accruals basis.

2.7 Investments – valuation

Pooled investment vehicles are stated at bid price for funds with bid/offer spreads, or single price where there are no bid/offer spreads as provided by the investment manager. Shares in other pooled arrangements have been valued at the latest net asset value (NAV). The valuation of AVC investments is provided by Utmost Life and Pensions. These are valued on a bid price basis.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Over the Counter ("OTC") derivatives, including interest rate swaps and credit default swaps, are included at the estimate of market value for the respective investment classes as advised by the Fund managers.

The Trustee uses gilt repurchase agreements to maintain gilt returns while using the cash released by the gilt sales to achieve investment objectives. The Fund retains the legal title of the assets used within the repurchase agreement, and as such these are therefore retained as an investment asset.

The repayment value of each repurchase agreement is determined at the outset, and a liability for the consideration is recognised when the cash on transfer is received. The interest that is payable on the settlement of the repurchase contract is accrued evenly over the life of the agreement, and the liability is included as part of the total liability arising on repurchase agreements. This interest payable on repurchase agreements is included as an interest expense as part of the investment income.

Under repurchase arrangements, the Scheme continues to recognise and value the securities that are delivered out as collateral and includes them in the Financial Statements. The cash received is recognised as an asset and the obligation to pay it back is recognised as a liability.

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

Other unquoted securities are included at prices provided by third party pricing vendors where there is a traded market and at the estimate of market value where there is not a traded market, which is based on the valuation provided by the Fund managers.

2.8 AVCs

Under the Rules of the Fund, members were able to make AVCs up to the date of closure, 31 May 2001. The Utmost Life and Pensions figure represents the value of members' own contributions plus any investment return achieved.

2.9 Expenses

Administrative expenses, insurance premiums and investment expenses are accounted for on an accruals basis.

2.10 Critical judgements and accounting estimates

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Trustee makes estimates and assumptions concerning the future. Actual results may differ from these estimates.

Project Greenwich and Project Delta are the key areas of estimation uncertainty and are explained more fully in note 15.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3 CONTRIBUTIONS

	2024	2023
	£000	£000
Employers' Contributions		
Normal contributions	**40**	44
Deficit contributions	**10,175**	11,070
	10,215	11,114

The Schedule of Contributions, certified on 18 June 2024 calculated a funding deficit of £152 million on a Technical Provisions basis. The outstanding deficit contributions required to meet the 2023 valuation deficit is expected to be sufficient to meet this £152 million deficit by 31 March 2030.

4 OTHER INCOME

	2024	2023
	£000	£000
Deficit contribution recharges	**836**	151
Compensation payments	**-**	11
Trustee Liability Insurance Proceeds	**320**	625
	1,156	787

The Deficit contribution recharges relate to Option 3 and Option 4 applications and costs relating to Participating Employer requests for information outside of what is automatically provided free of charge and are recharged to the Participating Employer making the request.

Compensation payments were made by Aptia to reimburse the Fund for overpayments made to members.

The Trustee notified a claim under its 2018 Trustee liability insurance policy in respect of legal costs and public relations expenses incurred in connection with regulatory action taken by the Pensions Regulator in prior years. The Pensions Regulator commenced an investigation into the governance of the Fund in November 2018, and it issued a Warning Notice in May 2019 in which it recommended that the Determinations Panel appoint an independent Trustee with exclusive powers to govern the Fund. However, following significant structural changes that had been made to the Trustee and, in particular, because the composition of the Board had changed almost entirely (including the appointment of a new independent chair) shortly prior to the Determinations Panel hearing, the Determinations Panel found that it was no longer reasonable to appoint an independent Trustee. The legal costs and public relations expenses for which the Trustee claimed indemnification from insurers were largely incurred in the period from May 2019 to February 2020; the amount payable was agreed in March 2023 and payment was received from insurers in May 2023.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5 BENEFITS

	2024	2023
	£000	£000
Pension payments	40,273	37,961
Ill health early retirement benefits*	1,551	7,116
Retirement rectification benefits*	60,000	-
Commutations and lump sum retirement benefits	6,189	6,498
Lump sums on death	358	199
	108,371	51,774

*See note 15.

Taxation may arise on benefits paid or payable 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.

6 PAYMENTS TO AND ON ACCOUNT OF LEAVERS

	2024	2023
	£000	£000
Refunds to members	6	3
Individual transfers out to other schemes	2,163	2,312
	2,169	2,315

7 ADMINISTRATIVE EXPENSES

	2024	2023
	£000	£000
Administration and processing	4,403	4,468
Actuarial fees	2,616	1,689
Audit fee	115	148
Other professional fees *	5,018	5,783
Legal fees*	1,163	1,400
Regulatory fees – Pension protection fund levy	154	159
Trustee fees and expenses	740	874
Irrecoverable/(Recoverable) VAT	1,317	(4,048)
	15,526	10,473

*Of these totals, £3,961,697 (2023: £5,138,581) relates to the costs across all of the Trustee's advisors for Project Greenwich and £1,265,024 for Project Delta.

An adjustment to VAT has been included within the expenses to capture the VAT elements that were recoverable for the bulk deficit recovery invoice mailings issued in September 2021, 2022 and 2023.

8 INVESTMENT INCOME

	2024	2023
	£000	£000
Income from bonds	19,021	16,342
Income from pooled investment vehicles	8,877	13,324
Foreign currency (loss)/profit	(1,111)	893
Net interest receivable/(payable) on swaps	491	(1,631)
Net interest payable on repurchase agreements	(6,904)	(3,796)
Interest on cash on deposits	19	4
	20,393	25,136

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9 INVESTMENT MANAGEMENT EXPENSES

	2024	2023
	£000	£000
Administration, management & custody (JPM/Insight Investment)*	304	526
Other advisory fees (WTW)	791	722
Other advisory fees (BW)	155	94
	1,250	1,342

An additional amount of £689,864 (2023: £773,617) of Willis Towers Watson investment consultancy fees are taken directly from the investments in the Willis Towers Watson Investment Management funds.

10 INVESTMENT

10.1 RECONCILIATION OF INVESTMENTS

Reconciliation of investments held at beginning and end of year:

	Value at 1 April 2023	Purchases at Cost and Derivative payments	Sales Proceeds and Derivative receipts	Change in market value	Value at 31 March 2024
	£000	£000	£000	£000	£000
Bonds	522,916	112,250	(6,699)	(26,408)	602,059
Pooled investment vehicles	467,125	225,819	(291,403)	(8,098)	393,443
Derivatives:					
Swaps	(29,489)	5,798	-	(10,396)	(34,087)
Forward foreign exchange	1,557	2,710	(5,446)	946	(233)
AVC investments	24	-	-	-	24
	962,133	346,577	(303,548)	(43,956)	961,206
Cash deposits	44,043				942
Cash in transit	5,844				-
Outstanding trades	(30,326)				-
Accrued Income	-				3,097
Repurchase agreements	(112,556)				(176,140)
	869,138				789,105

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.

The significant movement through pooled investments during the year is largely due to the Insight Liquidity fund.

10.2 TRANSACTION COSTS

Transaction costs are included in the cost of purchases and sales proceeds. Direct transaction costs include costs charged directly to the Fund such as fees, commissions, stamp duty and other fees. Direct transaction costs incurred during the year amounted to £nil (2023: £nil). In addition, indirect costs are incurred through the bid-offer spread on investments within pooled investment vehicles. The amount of indirect costs is not separately provided to the Fund.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10.3 CONCENTRATION OF INVESTMENTS

The following investments account for more than 5% of the Fund's net assets at 31 March 2024.

	£000	**%**
Towers Watson Secure Income Fund	**93,493**	**12.0**
Towers Watson Global Equity Focus Fund	**53,609**	**6.9**
Insight Liquidity Funds	**44,393**	**5.7**
Towers Watson Hedge Advantage Fund	**42,667**	**5.5**

The direct gilt holdings are held for liability hedging purposes. The Towers Watson pooled funds are all diversified across multiple managers and none of the underlying holdings will constitute 5% of assets.

The following investments account for more than 5% of the Fund's net assets at 31 March 2023.

	£000	%
Towers Watson Secure Income Fund	101,728	11.8
Towers Watson Hedge Advantage Fund	84,216	9.8
Towers Watson Alternative Credit	53,123	6.2
Insight Liquidity Funds	44,840	5.2

10.4 POOLED INVESTMENT VEHICLES

	2024	2023
	£000	£000
Equities	**61,446**	35,882
Bonds	**60,470**	49,061
Multi-asset	**101,230**	130,207
Property	**30,131**	51,584
Private Equities	**53,408**	58,003
Hedge Funds	**86,758**	142,388
	393,443	467,125

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10.5 CAPITAL COMMITMENTS

The fund had the following capital commitments at 31 March 2024.

	Currency	Total Commitment '000	Undrawn Commitment '000
Ancala Partners LLP	GBP	8,000	129
CDH VGC II Holdings	USD	13,000	2,888
Equilibrium Controlled Environment Foods Fund	USD	15,000	441
ForgePoint Cybersecurity Fund II LP	USD	9,000	-
First Property Asset Management Ltd	GBP	11,500	6,087
Georgian Partners	USD	13,000	621
Libremax Opportunistic Value Fund LP	USD	15,000	12,365
CarVal	USD	13,000	3,900
Systima	USD	13,000	3,293
Georgian Alignment	USD	9,000	680
Pretium	USD	10,748	-
Waypoint	GBP	10,000	-

10.6 DERIVATIVES

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

	2024 Assets £000	**2024 Liabilities £000**	2023 Assets £000	2023 Liabilities £000
Swaps	**8,318**	**(42,405)**	8,010	(37,499)
Forward foreign exchange	**-**	**(233)**	1,557	-
	8,318	**(42,638)**	9,567	(37,499)

10.7 DERIVATIVE CONTRACTS OUTSTANDING

Interest Rate Swaps

The Fund has entered into a series of interest rate and inflation swaps. The Fund entered into interest rate swap transactions primarily to hedge against long-term interest rate movements. The value of a swap moves in the same direction as the actuarial liabilities. Consequently, as liabilities fall because, for example, long-term interest rates rise, the swap will fall in value and can even be negative in value in these circumstances. Conversely, as actuarial liabilities increase, because long-term interest rates have fallen, the swap will increase in value. In the prior year, the Fund entered into credit default swaps to hedge against the possible future downgrade in the credit rating and/or values of institutions.

Swap contracts in place as at 31 March 2024 are as follows:

Expiration	**No of Contracts**	**Notional Currency Principal £000**	**2024 Asset £000**	**2024 Liability £000**
Up to March 2030	**23**	**149,741**	**1,421**	**(13,585)**
April 2030 and over	**45**	**300,533**	**6,897**	**(28,820)**
		450,274	**8,318**	**(42,405)**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10.7 DERIVATIVE CONTRACTS OUTSTANDING (CONTINUED)

The notional principal of the swap is the amount used to determine the value of swapped interest receipts and payments and level of credit risk exposure.

These swap contracts are over-the-counter derivatives. However, to reduce counterparty risk during the life of the swap, collateral in the form of cash or government bonds is passed between the parties depending on whether there is an asset or a liability and the value of the swap.

Swaps Contracts – Collateral

During the year, collateral was received and pledged in respect of swaps. As at 31 March 2024, the collateral received / pledged was as follows:

	2024 £000	2023 £000
Collateral received		
Stock equivalents	**51**	1,338
Cash equivalents	**-**	310
	51	1,648
Collateral pledged		
Stock equivalents	**35,848**	33,434
Cash equivalents	**-**	150
	35,848	33,584

Cash collateral pledged relates to margin calls on derivatives.

The economic exposure values futures on a 'gross basis' showing the total exposure to the underlying asset class that the future effects as if the change in asset allocation in the underlying asset has taken place.

Forward Foreign Exchange Contracts

The Fund enters into investments and transactions in currencies other than in sterling. Consequently, the Fund is exposed to the risk that the exchange rate of its currency relative to other currencies may change in a way that has an adverse effect on the assets held in overseas currencies. During the year, forward foreign exchange contracts were entered into by the Fund to hedge foreign exchange risk on overseas securities.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10.7 DERIVATIVE CONTRACTS OUTSTANDING (CONTINUED)

Outstanding forward foreign exchange contracts at 31 March 2024 were as follows:

Contract	Number of contracts	Settlement date	Currency Bought	Currency Sold	Fair Market value asset	Market value liability
			'000	'000	£000	£000
Forward (OTC)	3	17 April 2024	GBP12,611	USD16,092	-	126
Forward (OTC)	3	16 May 2024	GBP12,791	USD16,161	-	-
Forward (OTC)	4	13 June 2024	GBP12,560	USD16,008	-	107
			GBP37,962	USD48,261	-	233

All open contracts are due to settle within three months of the net assets statement date.

10.8 REPURCHASE AGREEMENTS

At the year end, within other investment assets and liabilities, amounts payable under repurchase agreements amounted to £176,140,000. At the year-end £179,264,000 (2023: £129,588,000) of bonds reported in the Fund assets are held by counterparties under repurchase agreements. Collateral of £1,043,798 (2023: £16,886,000) has been posted in relation to these repurchase agreements.

10.9 AVC INVESTMENTS

The Trustee holds assets which are separately invested from the main Fund to secure additional benefits on a money purchase basis for those members who have elected to pay Additional Voluntary Contributions.

Members participating in this arrangement receive an annual statement made up to 31 December each year, confirming the amounts held to their account and movements during the year.

The amount of AVC investments held at the year-end are as follows:

	2024	2023
	£000	£000
Utmost Life and Pensions – unit-linked funds	24	24

10.10 CASH

	2024	2023
	£000	£000
Cash deposits	942	44,043

10.11 ACCRUED INCOME

	2024	2023
	£000	£000
Accrued income	3,097	-

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10.12 FAIR VALUE HIERARCHY

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

Level 1 The unadjusted quoted price for an identical asset in an active market

Level 2 Inputs other than the quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3 Inputs are unobservable for the asset or liability

For the purposes of this analysis UK Gilts have been included in Level 1.

The Fund's investment assets and liabilities have been fair valued using the above hierarchy categories as follows:

	Level 1	**Level 2**	**Level 3**	**Total 2024**
	£000	**£000**	**£000**	**£000**
Bonds	**602,059**	**-**	**-**	**602,059**
Pooled investment vehicles	**46,173**	**162,402**	**184,868**	**393,443**
Derivatives	**-**	**(34,320)**	**-**	**(34,320)**
Repurchase agreements	**-**	**(176,140)**	**-**	**(176,140)**
AVC investments	**-**	**24**	**-**	**24**
Cash	**942**	**-**	**-**	**942**
Accrued income	**3,097**	**-**	**-**	**3,097**
	652,271	**(48,034)**	**184,868**	**789,105**

	Level 1	Level 2	Level 3	Total 2023
	£000	£000	£000	£000
Bonds	511,477	11,439	-	522,916
Pooled investment vehicles*	44,840	210,060	212,225	467,125
Derivatives	-	(27,932)	-	(27,932)
Other investments	-	(112,556)	-	(112,556)
AVC investments	-	24	-	24
Cash	44,043	-	-	44,043
Outstanding trades	(30,326)	-	-	(30,326)
Cash in transit	5,844	-	-	5,844
	575,878	81,035	212,225	869,138

*Levelling for Pooled investment vehicles have been restated. Investments totalling £101,728,000 held in the TWSIF fund have been reclassified from Level 2 to Level 3 to remain consistent with the current years investments categories.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10.13 INVESTMENT RISKS

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

- Credit risk: this is the risk that 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), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Fund has exposure to these risks because of the investments it makes to implement its investment strategy. The Trustee's primary investment objectives is to acquire suitable assets of appropriate liquidity which will generate income and capital growth to meet, together with contributions from the Participating Employers, the cost of current and future benefits which the MNRPF provides; and limit the risk of the MNRPF’s assets failing to meet the MNRPF’s liabilities over the long term, or other measures imposed by regulation from time to time.

The Trustee has formulated a Journey Plan which shall be taken as the agreed combination of contributions and investment return that is expected to target assets equal to 105% of the gilts +0.5% value of liabilities over the period to 31 March 2030 or such other period as may be agreed from time to time. The investment aspects of the Journey Plan mean the Fund has a return target of Gilts+2.1% pa (this is planned to de-risk overtime through to 2030).

The Trustee manages investment risks, including credit risk and market risk, within agreed risk limits which are set taking into account the Fund’s strategic investment objectives. The Trustee’s risk management policy is documented in the Statement of Investment Principles. These investment objectives are implemented through the Fiduciary Management Agreement in place with the Delegated Chief Investment Officer (WTW) and the investment management agreements in place with the investment managers. The Fund’s performance versus its investment objectives is monitored by the Trustee on a regular basis.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

	Credit Risk	Currency	Market Risk Interest Rate	Other price	2024 Value £000	2023 Value £000
Bonds	●	○	●	●	602,059	522,916
Pooled investment vehicles	◐	◐	◐	●	393,443	467,125
Derivatives	●	◐	●	●	(34,320)	(27,932)
Repurchase agreements	●	◐	●	●	(176,140)	(112,556)
Cash	◐	◐	○	○	942	44,043
Total investments					**785,984**	893,596

The table above excludes AVCs which were valued at £24k and accrued income of £3,097k.

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

Further information on the Trustee's approach to risk management and the Fund's exposures to credit and market risks are set out below.

(i) Credit Risk

Credit risk 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.

The Fund is exposed to direct credit risk because of some of the investments it makes in following the Fund's investment strategy, including direct holdings in bonds, over the counter (OTC) derivatives, repurchase agreements, the cash balances it holds and the potential to undertake stock lending activities. The Fund also invests in pooled investment vehicles and is therefore directly exposed to credit risk in relation to the pooled investment vehicles and is indirectly exposed to credit risks arising on the financial instruments held by the pooled investment vehicles.

Credit risk arising from bonds is mitigated by investing in government bonds where the credit risk is minimal.

Credit risk arising on derivatives depends on whether the derivative is exchange traded or over the counter (OTC). OTC derivative contracts are not guaranteed by any regulated exchange and therefore the Fund is subject to risk of failure of the counterparty. The credit risk for OTC swap and forward foreign currency contracts is reduced by collateral arrangements and through diversification of counterparties. Credit risk also arises on forward foreign currency contracts.

Cash is held within financial institutions which are at least investment grade credit rated.

Credit risk on repurchase agreements is mitigated through collateral arrangements and diversification of counterparties.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

The Fund's holdings in pooled investment vehicles are unrated. Direct 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. Some of the Fund's pooled investment managers have the ability to invest in non-investment grade investments; this risk is managed through diversification. The Delegated Chief Investment Officer (WTW) carries out due diligence checks on the appointment of new pooled investment managers and on an ongoing basis monitors any changes to the regulatory and operating environment of the pooled manager.

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

	2024	2023
	£000	£000
Open ended investment company	133,810	209,001
Limited Liability Partnership	83,539	102,587
Common Contractual Fund	154,938	137,610
Irish Collective Asset Management Vehicle	21,156	10,861
Cayman Island exempt company	-	7,066
	393,443	467,125

(ii) Currency risk

The Fund holds investments in pooled investment vehicles which are not denominated in Sterling and therefore the Fund is directly exposed to currency risk. The Trustee limits overseas currency exposure through a currency hedging policy.

The Fund's Delegated CIO estimated the total net unhedged exposure as at 31 March 2024 as follows:

	2024	2023
	£000	£000
US Dollar	36,000	37,000
Japanese Yen	-	(1,000)
Euro	3,000	1,000
Other currencies	21,000	26,000
	60,000	63,000

As these figures are an estimate, they are provided to £1m accuracy.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

(iii) Interest rate risk

The Fund is subject to interest rate risk on its liability driven investments (LDI) comprising bonds, interest rate swaps, inflation swaps and repurchase agreements. These investments are held either as segregated investments or through pooled vehicles and cash, as at 31 March 2024 they represented: 57.8% of the portfolio (2023: 50.4%). The purpose of the Fund's LDI investments is to match the interest rate and inflation sensitivities of the Fund's liabilities. Therefore, when considering the Fund's liabilities these investments are risk reducing. The LDI allocation involves leverage that means the Fund removes much of the funding level risk from interest rates and inflation (the targets were: an interest rate hedge ratio of 100% on this measure at 31 March 2024, with the actual figure at this point estimated to be 100% and an inflation hedge ratio target of 100% and actual of 106% at the same date).

The Fund is also subject to indirect interest rate risk as some of the pooled investment managers invest in bonds and interest rate derivatives. The Fund manages its exposure to indirect interest rate risk through diversification of investment managers as well as asset allocation limits.

(iv) Other price risk

Other price risk 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). Other price risk arises principally in relation to the Fund's return seeking portfolio, as at 31 March 2024, 45.4% (2023: 48.4%) of the portfolio was held in the return seeking portfolio, based on the fair value of the investments.

Other price risk varies depending on the particular market and the Fund manages its exposure to overall price movements by constructing a diverse portfolio of investments across various markets.

11 CURRENT ASSETS

	2024	2023
	£000	£000
Cash balance	5,060	5,897
Contributions due from employers	78	2
	5,138	5,899

The contributions due have been paid to the Fund subsequent to the year end in accordance with the schedule of contributions.

12 CURRENT LIABILITIES

	2024	2023
	£000	£000
Unpaid benefits	69,138	13,328
Accrued expenses	3,384	1,184
Other creditors	1,124	420
	73,646	14,932

Unpaid benefits include £4.7m (2023: £5.7m) as an estimate in respect of Ill Health Retirement Benefits due to members under Category A&B, and a further £2m estimated under Category C. Also included is £60m as an estimate in respect of Project Delta – see further details in note 15.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

13 EMPLOYER RELATED INVESTMENTS

As part of the Occupational Pension Schemes (Investment) Regulations 2005, trustees should ensure that they never have over 5% invested in employer-related investments, through both pooled funds and segregated investments. As at 31 March 2024, we estimate that the Fund had less than 1.5% exposure in employer-related investments on a look through basis.

14 RELATED PARTY TRANSACTIONS

Key management Personnel

Under Financial Reporting Standard 102 the Trustee is deemed to be a "related party" of the Fund. Included in administrative expenses are payments of £740,012 (2023: £874,356) made to Directors of the Trustee for fees and expenses relating to the exercise of their duties during the year.

In accordance with the Guide to the Implementation Methodology the Trustee has agreed contribution arrangements with all Employers. For certain employers in addition to the agreed contribution arrangements those employers have provided additional financial support in the form of guarantees and/or security over assets.

Other related parties – Employer

During the year, the Fund provided services to the employers for which the Fund was reimbursed. These amounted to £836,509 (2023: £150,640). At the year end, £75,377 (2023: £nil) was owed to the Fund in respect of the cost of Trustee support.

15 CONTINGENT ASSETS/LIABILITIES

GMP equalisation

In October 2018, the High Court determined that GMPs provided to members who had contracted out of their pension scheme since May 1990 must be recalculated to equalise them between men and women. Following a further High Court ruling on 20 November 2020 further clarification was provided in respect of transfer value payments. The Trustee is still considering the action it should take in this area, in conjunction with the separate exercise to review the administration of Fund benefits against the Trust Deeds and Rules and relevant legislation and will report further on this to members once more is known about the impact that GMP equalisation will have on members' benefits. Based on an initial assessment of the likely backdated amounts and related interest the Trustee does not expect these to be material to the financial statements and therefore have not included a liability in respect of these matters in these financial statements. They will be accounted for in the year they are determined.

Project Greenwich - Ill health early retirement benefits (IHER Benefits)

As noted in previous Trustee Reports, in 2018 the Trustee became aware of legal uncertainties relating to the entitlement of members to enhanced IHER benefits. These issues relate broadly to the introduction of IHER benefits in 1985, their enhancement in 1988, their reduction in 1991 and the decision to stop future awards of these benefits in 1993. Having taken independent legal advice over these issues, the Trustee applied to the High Court for directions.

The Trustee and representative parties; namely two members (Mr Knight and Mr Redfern) appointed to act on behalf of the members and Stena Line appointed to act on behalf of the Participating Employers, agreed a settlement of the case by a Settlement Agreement dated 18 February 2022. The settlement was approved by the High Court in February 2022, and the Settlement Agreement became effective from March 2022.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

As a result of the detailed agreement now reached, it is expected that increased benefits and/or payments will be given to certain members who:

- Retired on an ill health early retirement pension on or after 1 October 1989 and before 8 October 1993 and whose benefits were suspended, reduced, or scaled back (Category A and B members), or
- Were in service on 8 October 1993 and would have been eligible for an ill health early retirement pension when leaving service, had an ill health early retirement pension been available at that time (the Category C members)

The Trustee is in the process of implementing the Project Greenwich settlement agreement, with Stage 1 compensation payments already made to the majority of the Category A & B members and the Stage 1 Category C claim and payment is underway.

Based on the records held by the Fund and the provisions of the settlement agreement, the Scheme Actuary has calculated the additional liabilities due in respect of Category A and B members. As it currently stands the Scheme Actuary calculates the additional liability in respect of payments due before the 31 March 2024 reporting date to be around £26m, of which £21m has already been paid, leaving a further £5m to be paid after the reporting date. The outstanding amounts mostly relate to deceased members, where the process is more complex.

Since 31 March 2022 the claims process for Category C members has begun and a number of payments, totalling £6.6m, had been made by 31 March 2024. Any further claims are still very uncertain for a number of reasons, however as at the date of these financial statements we are aware of arrears and interest payments totalling £2m that have either been paid, or are due to be paid, since 31 March 2024. This £2m in relation to known payments after the reporting date has been included within the Benefits payable and Current Liabilities.

In terms of the expected total impact, the Scheme Actuary has updated their estimate to reflect the early claims experience. This has led to an estimate of the total Category C compensation liabilities of around £12m.

Project Delta

The Trustee has largely completed the first stage of Project Delta, to review and rectify the administration of Fund benefits against the Trust Deeds and Rules and relevant legislation that have applied over the years and has identified a number of issues to be corrected and have put a plan in place to do so. Two of these issues are expected to lead to significant additional liabilities to the Fund, such that the Fund's actuarial funding valuation as at 31 March 2023 included a reserve for these. The precise amount and timing of the payments remain uncertain, however there is an expectation that around £60m will be payable as arrears relating to payments due before the 31 March 2024 accounting date.

For this, some limited approximations have needed to have been made, and it has been assumed that interest will apply to the arrears at Bank of England base rate +1%, and as a best estimate assessment that other than for transfers out or deaths more than 20 years ago it will be practical to make the payments to all affected members.

As a result of the above, an allowance for £60m has been included in the financial statements in relation to the two main issues identified by Project Delta. The remaining issues, which are expected to be more minor and offsetting, will be reassessed as part of the 2026 valuation. The Trustee will update members and employers further as the exercise continues.

ACTUARIAL CERTIFICATE

Scheme Actuary's certification of schedule of contributions

Merchant Navy Ratings Pension Fund

1 Adequacy of rates of contributions

I certify that, in my opinion, the rates of contributions shown in this schedule of contributions are such that the *statutory funding objective* could have been expected on 31 March 2023 to be met at the end of the period for which the schedule is to be in force.

2 Adherence to statement of funding principles

I hereby certify that, in my opinion, this schedule of contributions is consistent with the Statement of Funding Principles dated 18 June 2024.

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

S Eagle

....

Simon Eagle

Qualification: Fellow of the Institute and Faculty of Actuaries

Towers Watson Limited, a WTW Company
Watson House
London Road
Reigate
Surrey
RH2 9PQ

Date: 18 June 2024

Merchant Navy Ratings Pension Fund

Recovery Plan following the 31 March 2023 valuation

Status

This Recovery Plan has been prepared by the Trustee of the Merchant Navy Ratings Pension Fund (the Fund) after obtaining the advice of Simon Eagle FIA, the Scheme Actuary appointed by the Trustee.

The actuarial valuation of the Fund as at 31 March 2023 revealed a funding shortfall (*technical provisions* minus value of assets) of £152 million.

Steps to be taken to ensure that the *Statutory Funding Objective* is met

To eliminate this funding shortfall, the Trustee has determined that contributions in addition to those arising from the 31 March 2014 and 31 March 2017 valuations will be paid to the Fund by or on behalf of the Participating Employers. The total value as at 31 March 2023 of deficit contributions to be paid will be £152m, of which an estimated £128 million will be received as the balance of deficit contributions required to meet the 31 March 2014 and 31 March 2017 deficits (as set out in the Recovery Plans dated 24 June 2015 and 14 June 2018 respectively) - this includes any deficit contributions paid to the Fund after 31 March 2023 (and excluded from the asset value at that date) and before the commencement date of this recovery plan. Based on this estimate, the additional contributions required arising from the 31 March 2023 valuation would therefore have a present value of £24 million as at 31 March 2023. The due date for the last payment under this Recovery Plan will be 31 March 2030.[1]

Contributions are also payable under Rule 5, being 2% of MNRPP Pensionable Salaries of those Employee Members who continue to be entitled to revaluation of benefits in line with Section 148 orders.

Period in which the *Statutory Funding Objective* should be met

The funding shortfall is expected to be eliminated by 31 March 2030. This expectation is based on the following assumptions:

- *technical provisions* calculated according to the method and assumptions set out in the statement of funding principles dated 18 June 2024;
- levels of each member's MNRPP Pensionable Salary for the relevant contributions required under Rule 5 will increase with the Section 148 assumptions used to calculate the *technical provisions* as set out in the statement of funding principles dated 18 June 2024, with an appropriate allowance for leaving Service; and
- the return on existing assets and the return on new contributions during the period in line with the discount rates over the recovery period set out in the statement of funding principles dated 18 June 2024 for the calculation of *technical provisions*.

Signed on behalf of the Trustee of the Merchant Navy Ratings Pension Fund:

Douglas S Ross

....

Doug Ross
Chair, Merchant Navy Ratings Pension Fund Trustees Limited
Date: 18 June 2024

[1] The Trustee will decide the payment terms for each Participating Employer on a case by case basis.

MEMBERS' INFORMATION

INTRODUCTION

The Fund is a defined benefit scheme and is administered by Aptia UK Limited in accordance with the establishing document and rules, solely for the benefit of its members and other beneficiaries.

The registration number in the Register of Occupational and Personal Pension Schemes is 10005646.

Other information

(i) The Trustee is required to provide certain information about the Fund to the Registrar of Pension Schemes. This has been forwarded to:

The Registrar of Pension Schemes
PO Box 1NN
Newcastle Upon Tyne
NE99 1NN

(ii) The Pensions Ombudsman may investigate and determine any complaint or dispute of fact or law in relation an Occupational Pension scheme. Any such complaints should be addressed in the first instance to the Scheme Adjudicator. The Pensions Ombudsman is also available to provide assistance in respect of the dispute resolution. The Pensions Ombudsman can help investigate complaints and disputes of fact or law connected with pension schemes. They will look at the facts, without taking sides and have legal powers to make decisions. Enquiries should be addressed to:

The Pensions Ombudsman
10 South Colonnade
Canary Wharf
London
E14 4PU

(iii) General requests for information or guidance concerning pension arrangements can be made through:

MoneyHelper. The Money and Pensions Service (MaPS) has consolidated The Pensions Advisory Service (TPAS), Money Advice Service (MAS) and Pension Wise into a single website. It offers free guidance on a range of financial issues, including pensions and retirement.

www.moneyhelper.org.uk

Any query about the Fund, including requests from individuals for information about their benefits, should be addressed to:

The Trustees of The Merchant Navy Ratings Pension Fund
c/o Aptia UK Limited
Maclaren House
Talbot Road
Stretford
Manchester
M32 0FP

(iv) The Pensions Regulator (TPR) can intervene if it considers that a Fund's Trustee, advisers, or the employer are not carrying out their duties correctly. The address for TPR is:

Telecom House
125-135 Preston Road
Brighton
BN1 6AF

https://www.thepensionsregulator.gov.uk

(v) The Pensions Compensation Scheme was introduced to protect members’ interests in certain circumstances, i.e., to provide compensation where an employer has become insolvent and the scheme assets have been reduced due to fraud, theft, or misappropriation. It does not cover losses resulting from adverse investment returns.

The Compensation Scheme is funded by a retrospective levy on occupational pension schemes.

(vi) The Trust Deed and Rules, the Fund details, and a copy of the Payment Schedule/Schedule of Contribution and Statement of Investment Principles are available for inspection by contacting the Trustee at the address shown for enquiries in this report. Any information relating to the members' own pension position, including estimates of transfer values, should also be requested from the administrators of the Fund, Aptia UK Limited, at the address detailed in this report.

IMPLEMENTATION STATEMENT (FORMING PART OF THE TRUSTEES REPORT)

Merchant Navy Ratings Pension Fund (MNRPF) Implementation Statement – Year ended 31 March 2024

Why have we produced this Statement?

The Trustee of the Merchant Navy Ratings Pension Fund (MNRPF) has prepared this statement to comply with the requirements of the Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019.

This statement sets out how the Trustee has complied with the voting and engagement policies detailed in the Fund's Statement of Investment Principles (SIP).

A copy of this implementation statement has been made available on the following website: https://www.mnrpf.co.uk/library.php

What is the Statement of Investment Principles (SIP)?

The SIP sets out key investment policies including the Trustee's investment objectives, investment strategy, and the voting and engagement policy.

It also explains how and why the Trustee delegates certain responsibilities to third parties as well as the risks the Fund faces and the corresponding mitigations. The Trustee last reviewed the SIP in September 2023.

What is the purpose of this Statement?

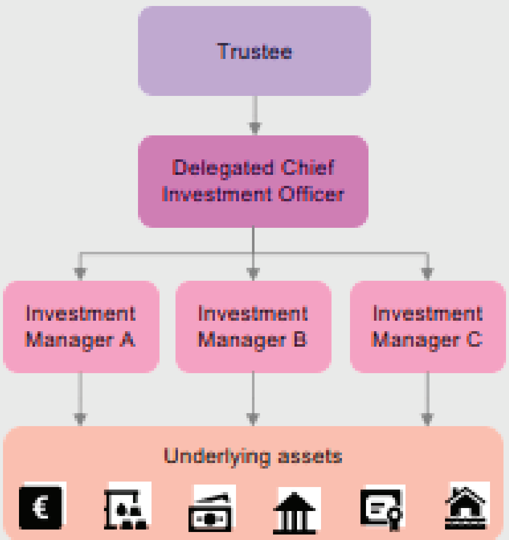
1. To explain how the Trustee's engagement policy has been applied over the year.
2. To describe how the voting rights attached the Fund's assets have been exercised over the year.

What changes have we made to the SIP?

The Trustee changed the SIP over the year to reflect the following:

- Investment beliefs agreed by the Trustee,
- Stewardship priorities agreed by the Trustee,
- Climate risk and its management, and
- Governance changes related to the Financial Risk Management pillar

How are the Fund's investments managed?



Trustee - The Trustee's key objective is to ensure sufficient assets to pay members' benefits as they fall due. The Trustee retains overall responsibility for the Fund's investment strategy, but delegates some responsibilities to ensure they are undertaken by somebody with the appropriate skills, knowledge and resources.

Delegated Chief Investment Officer (CIO) (WTW) – The Trustee employs a Delegated CIO to implement the Trustee's investment strategy. The Delegated CIO allocates the Fund's assets between asset class and investment managers.

Investment managers – The Delegated CIO appoints investment managers either using a pooled vehicle or via a segregated mandate where the assets are held directly in the Fund's name. The Delegated CIO will look for best-in-class specialist managers for each asset class.

Underlying assets – The investment managers pick the underlying investments for their specialist mandate e.g. shares in a company or government bonds.

Why does the Trustee believe voting and engagement is important?

The Trustee's view is that Environmental, Social and Governance (ESG) factors can have a significant impact on investment returns, particularly over the long-term and therefore contribute to the security of members' benefits. The Trustee further believes that voting and engagement are important tools to influence these issues.

The Trustee has appointed a Delegated CIO who shares this view and has embedded the consideration of ESG factors, voting and engagement in its processes. The Trustee incorporates an assessment of the Delegated CIO's performance in this area as part of its overall assessment of the Delegated CIO's performance.

What is the Trustee's voting and engagement policy?

When considering its policy in relation to stewardship, including engagement and voting, the Trustee expects investment managers to address broad ESG considerations, but has identified climate change, biodiversity, and diversity, equity and inclusion ("DEI") as key areas of focus for the Trustee.

The day-to-day integration of ESG considerations, voting and engagement are delegated to the Fund's investment managers. The Trustee expects investment managers to sign up to local Stewardship Codes and to act as responsible stewards of capital. Where ESG factors are considered to be particularly influential to outcomes, the Trustee expects the Delegated CIO to engage with investment managers to improve their processes.

What training has the Trustee received over the year?

To ensure the Trustee is kept up to date with best practice in ESG considerations, voting and engagement the Trustee received the following training over the year:

- Annual Sustainable Investing (SI)manager review covered in Q2 2023.
- Climate reporting for Task Force on Climate-related Financial Disclosures (TCFD) covered H2 2023.
- Sustainability also covered as part of the recent retender process for the role of Delegated CIO.

What are the Delegated CIO's policies?

Climate change and net zero pledge

The Trustee believes Climate Change is a current priority when engaging with public policy, investment managers and corporates.

The Delegated CIO has committed to targeting net zero greenhouse gas emissions by 2050 at the latest, with a 50% reduction by 2030, in the portfolios that it manages including the Fund's.

Public policy and corporate engagement

The Delegated CIO partners with EOS at Federated Hermes, whose services include public policy engagement, and corporate voting and engagement on behalf of its clients (including the Trustee).

Some highlights from 2023 include:

- Engagements with 1,041 companies on a total of 4,272 issues and objectives.
- 31 responses to consultations (or proactive equivalents) and 90 discussions with relevant regulators and stakeholders.
- Voting recommendations on 128,101 resolutions, with 22,716 being votes against management.
- Active participation in a range of global stewardship initiatives.

Industry collaboration initiatives

The Delegated CIO engages in several industry initiatives including:

- Signatory of the UK Stewardship Code
- Co-founder of the Net Zero Investment Consultants Initiative
- Member of Net Zero Asset Managers Initiative
- Signatory of the Principles for Responsible Investment (PRI)
- Member of the Institutional Investors Group on Climate Change (IIGCC), Asian Investors Group on Climate Change (AIGCC), and Australasian Investors Group on Climate Change (IGCC)
- Co-founder of the Investment Consultants Sustainability Working Group
- Founding member of The Diversity Project
- Supporter of the Transition Pathway Initiative

How does the Delegated CIO assess the investment managers?

Investment manager appointment - The Delegated CIO considers the investment managers' policies and activities in relation to ESG factors and stewardship (which includes voting and engagement) at the appointment of a new manager. In 2023 the Delegated CIO conducted engagements with over 150 managers on sustainability and stewardship. In 2022 it also introduced engagement priorities on climate, modern slavery and engagement reporting for all asset managers.

Investment manager monitoring - The Delegated CIO produces detailed reports on the investment managers' ESG integration and stewardship capabilities on an annual basis. The Delegated CIO's ratings of the equity managers' ESG integration and stewardship capabilities are presented in the later pages.

Investment manager termination - The Delegated CIO engages with investment managers to improve their practices and increases the bar by which they are assessed as best practice evolves. The Delegated CIO may terminate an investment manager's appointment if they fail to demonstrate an acceptable level of practice in these areas. However, no managers were terminated on these grounds during the year.

Example of engagement carried out over the year[1]

Infrastructure manager
Environment - Climate issue

Issue: Awareness of emissions as a result of this Energy from Waste business with the ambition of reducing and abating this where possible in the coming years

Outcome: Ongoing questioning of management's plans in this area, plus vocal support at the annual investor meetings of the manager's management team efforts to introduce a carbon capture and storage (CCS) operation into the manager's facility.

The manager has since partnered with industrial entities to develop a CCS solution, and is bidding for government funding support.

High yield manager
Environment - Climate issue

Issue: This manager provides an underlying exposure that sits within the Delegated CIO's broader high yield credit portfolio. As the Delegated CIO increased its minimum standards and expectations over time in relation to SI, this manager became a clear laggard relative to other exposures in the portfolio, lacking a framework for both ESG integration and engagement. The Delegated CIO communicated its concerns with the manager who committed to a plan to significantly improve their capabilities and resources spent here. During this process, the Delegated CIO stopped allocating new capital to this manager.

Outcome: The manager has now made significant process on their SI capabilities, as well as the commitments made as part of the engagement process. They have developed a new ESG integration framework, and a checklist for both new and existing investments to ensure all holdings are analysed using correct ESG data sources, with any concerns documented. They have also started producing ESG reporting, such as emissions at a portfolio level.

The manager has now also shown a number of positive ESG engagement examples with underlying holdings. Whilst this remains a work in progress, this has become a much great focus for analysts at the firm, which is viewed positively.

Equities
General ESG issue

Issue: Concerns over the Manager's engagement reporting and ESG integration.

Outcome: Reporting transparency on ESG front was lagging in the past year. Following engagement, the Manager developed an engagement tracker which will assist client reporting and the Manager indicated their willingness to provide more transparency. The manager also re-assessed their ESG integration and stewardship practices, and the Delegated CIO considers these to be acceptable.

[1] As we note overleaf, the Trustee has decided not to publicly disclose active investment manager names

What are the voting statistics we provide?

The Fund is invested across a diverse range of asset classes which carry different ownership rights, for example bonds do not have voting rights attached. Therefore, voting information was only requested from the Fund's equity investment managers. For both Funds overleaf, managers were eligible to vote on c.99% of the votes; we show voting data on these votes.

Responses received are provided in the following pages. The Trustee used the following criteria to determine the most significant votes where the data has allowed:

- Trustee stewardship priorities - climate change, biodiversity, and diversity, equity and inclusion ("DEI")
- Financial outcome for members, including size of holding
- High profile votes

The Fund is invested in active equity funds (trying to outperform the market). The Trustee has decided not to publicly disclose active investment manager names as the Trustee believes this could impact the investment manager's ability to generate the best investment outcome.

The Delegated CIO views the two funds overleaf - TWIM GEFF and TWIM HAF (in relation to their equity holdings) as strong stewards of capital through engagements made by underlying managers. Underlying managers are continuously monitored and evaluated on their engagement activities, which are rated either as a 'High' or 'Medium' by the Delegated CIO. TWIM GEFF also employs EOS at Federated Hermes, who have been specifically appointed to conduct engagement on behalf of the capital in the fund.

In conclusion

The Trustee is satisfied that over the year, all SIP policies and principles were adhered and in particular, those relating to voting and engagement.

Towers Watson Investment Management – Hedge Advantage Fund

Voting activity over the year

Voting activity over the year

Number of votes eligible to cast: 1,357
Percentage of eligible to cast: 99%

Significant vote

Company: Emerson

% Fund: 8.57%

Vote topic: Adopt Simple Majority Vote

Issue: Shareholder proposal to adopt simple majority voting to improve governance

Voting instruction: Against management resolution

Outcome: Passed the resolution

Why a significant vote? Clean Energy Transition voted with Institutional Shareholder Services (ISS) on all items, including the shareholder proposal to adopt simple majority voting which was against management

Next steps: None to report

Significant vote

Company: Siemens Energy AG

% Fund: 0.46%

Vote topic: Approve Remuneration Report

Issue: While pay is lower than peer group, the manager would expect a bigger cut in short term bonuses given disaster at Siemens Gamesa Renewable Energy

Voting instruction: Against management resolution

Outcome: Passed the resolution

Why a significant vote? Vote against management and ISS

Next steps: None to report

Voting policy: As Towers Watson Investment Management (TWIM) manages Fund of Funds, the voting rights for the holdings are delegated to the underlying managers and their ability to vote will depend on the underlying manager's strategy. Therefore, the voting data provided is on the long-short equity managers where equity holdings are a key part of their strategy. The manager expect all of their underlying managers who hold equities over a reasonable timeframe to vote all shares they hold.

Towers Watson Investment Management – Global Equity Focus Fund

Voting activity over the year

Voting activity over the year

Number of votes eligible to cast: 3,252
Percentage of eligible to cast: 98.2%

Significant vote

Company: Alphabet

% Fund: 5.7%

Vote topic: Human rights

Issue: The proposal was regarding greater transparency related to business conducted in places with significant human rights concerns

Voting instruction: For management resolution

Outcome: Failed the resolution

Why a significant vote? The manager believes transparency on country risk is a non-controversial proposal and serves both social and governance interests

Next steps: The manager will vote for similar measures in the future

Significant vote

Company: Microsoft Corp

% Fund: 4.8%

Vote topic: Report on climate risk in retirement plan options

Issue: Manager voted for this shareholder proposal as they believe that it promotes transparency and addresses a potential ESG risk

Voting instruction: For management resolution

Outcome: Failed the resolution

Why a significant vote? Greater transparency allows shareholders to better assess the underlying risks and opportunities

Next steps: Manager to continue to promote greater transparency across all holdings if it does not put the company in a competitive disadvantage

Voting policy: As TWIM manages Fund of Funds, the voting rights for the holdings are the responsibility of the underlying managers. The manager expects all of their underlying managers who hold equities over a reasonable timeframe to vote all shares they hold. The manager has appointed EOS at Federated Hermes (EOS) to provide voting recommendations to enhance engagement and achieve responsible ownership. EOS also carries out public policy engagement and advocacy on behalf of all of their clients. In addition, EOS is expanding the remit of engagement activity they perform on the manager's behalf beyond public equity markets, which will enhance stewardship practices over time.