

UNIVERSITY OF LIVERPOOL PENSION FUND

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2025

PENSION SCHEME REGISTRATION NUMBER

10005520

UNIVERSITY OF LIVERPOOL PENSION FUND – YEAR ENDED 31 JULY 2025

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UNIVERSITY OF LIVERPOOL PENSION FUND – YEAR ENDED 31 JULY 2025

Trustee and advisers

Trustee

The Trustee of the Fund is the University of Liverpool Pension Fund Trustees Limited (“the Trustee Company”). The Directors who served during the year and those serving at the date of this Annual Report are as follows:

Prof C. Constantinescu
Ms N. Davies
Ms L. Everest (Appointed 20 February 2025)
Mr D. Harries
Mr P. Hewitt * (Resigned 31 July 2025)
Ms S. Robinson**
Mr A. Wattret *
Mr. S. Walker

* Member-nominated director

** Pensioner-nominated director

All other Directors are Employer nominated.

Secretary Christine Jones, University of Liverpool Pension Fund,
502 Teaching Hub, 150 Mount Pleasant, Liverpool, L69 3GD

Fund Administrator University of Liverpool

Actuary James Auty BSc FIA
Mercer

Independent Auditors RSM UK Audit LLP

Legal Adviser Pinsent Masons LLP

Investment Consultant Mercer Limited

Investment Managers Aviva Investors Jersey Unit Trusts Management Limited
Baillie Gifford and Co
BlackRock Advisors (UK) Limited
Manulife I CQS Investment Managers
DTZ
J.P. Morgan Asset Management
Mercer Global Investments Management Ltd
Mercer PIP IV
Mercer PIP V
Mercer PIP VI
Mercer PIP VII
Mercer PIP VIII
UBS Global Asset Management Limited
Veritas Asset Management

Investment Custodian directly Appointed by the Trustee Bank of New York Mellon – Custodian for BlackRock Advisors (UK) Limited
(all other custodians are appointed by the investment managers)

Bankers Barclays Bank plc

Principal and participating Employers University of Liverpool (Principal Employer)
University of Liverpool Energy Company Limited
Liverpool School of Tropical Medicine

Name and address for enquiries The Secretary, University of Liverpool Pension Fund, 502 Teaching Hub,
150 Mount Pleasant, Liverpool, L69 3GD, cji@liverpool.ac.uk

UNIVERSITY OF LIVERPOOL PENSION FUND – YEAR ENDED 31 JULY 2025

Report by the Trustee of the Fund For the year ended 31 July 2025

The Trustee of the University of Liverpool Pension Fund (the “Fund”) presents its Annual Report for the year ended 31 July 2025.

The Fund is a defined benefit scheme and provides benefits for the support staff of the University of Liverpool (the “University”) and its associates in the United Kingdom. In accordance with the provisions of Schedule 36 of the Finance Act 2004, the Fund became a registered pension scheme under Chapter 2 of Part 4 of the Finance Act 2004 with effect from 6 April 2006. It is established under and governed by a trust deed and rules dated 13 September 2017 and subsequent amendments. It was contracted out of the State Second Pension (S2P) until 5 April 2016 when contracting out ceased.

In accordance with the Occupational Pension Schemes (Member-Nominated Trustees and Directors) Regulations, one-third of the Directors of the Trustee Company are selected from either the active membership or the pensioners. The member-nominated Directors can be removed only on the agreement of all the other Directors, although their appointment ceases if they cease to be members of the Fund. In accordance with the Memorandum and Articles of Association, the University has the power to appoint and remove the other Directors.

At the year-end there was one member-nominated director and one pensioner-nominated director. The recruitment for a second member-nominated director is underway and has been advertised on the University staff intranet [Trustee Director - Human Resources - University of Liverpool](#). The original closing date for expressions of interest was 13 February 2026. As no expressions of interest had been received by this date, the closing date has been extended to 27 February 2026. The recruitment has also been promoted via a targeted email to members. Next steps will be considered once the close date has passed.

The Board of the Trustee Company meets at least four times a year. It considers any changes in policy which are necessary to reflect changes in legislation, the Fund’s requirements and general pension scheme practice and it monitors the management of the Fund and its investments.

Financial Statements

The financial statements included in this Annual Report are the accounts required by the Pensions Act 1995. They have been prepared and audited in compliance with regulations made under Sections 41 (1) and (6) of the Pensions Act 1995.

UNIVERSITY OF LIVERPOOL PENSION FUND – YEAR ENDED 31 JULY 2025

Membership and Benefits

Membership of the Final Salary Section

	Pensioners ⁽¹⁾	Deferred Pensioners ⁽²⁾	Active Members	Total Member
At 1 August 2024	1,678	847	423	2,948
Adjustments ⁽³⁾	6	(2)	(2)	2
Leavers:				
Retired	65	(41)	(24)	-
Transfer Out	-	(1)	-	(1)
Deferred	-	17	(17)	-
Death	(59)	(3)	-	(62)
Commutation	(1)	-	-	(1)
End of child eligibility	(1)	-	-	(1)
New Spouse's Pension	9	-	-	9
At 31 July 2025	<u>1,697</u>	<u>817</u>	<u>380</u>	<u>2,894</u>

Notes

(1) Included within pensioners at 31 July 2025 are 218 spouses/dependants (2024: 223).

(2) Deferred pensioners are members who have left service but have elected to have their benefits retained within the Fund until they become payable.

(3) Adjustments relate to the timing of a member joining, leaving, dying or retiring from the Fund and when the reports are run.

The Final Salary Section closed to new members on 31 July 2011 (entry after this date is at the discretion of the University and may be granted in accordance with Rule 1.5 of the Trust Deed and Rules).

Membership of the CARE Section

	Pensioners ⁽¹⁾	Deferred Pensioners ⁽²⁾	Active Members ⁽⁵⁾	Total Member
At 1 August 2024	85	714	1,496	2,295
Adjustments ⁽³⁾	-	2	(10)	(8)
New members	-	-	173	173
Leavers:				
Retired	47	(9)	(38)	-
Refund	-	(27)	(111)	(138)
Transfer Out	-	(9)	-	(9)
Deferred	-	122	(122)	-
Death	(2)	(2)	(1)	(5)
Commutation	(2)	-	-	(2)
Suspensions ⁽⁴⁾	-	32	(32)	-
New Spouse's Pension	2	-	-	2
At 31 July 2025	<u>130</u>	<u>823</u>	<u>1,355</u>	<u>2,308</u>

Notes

(1) Included within pensioners at 31 July 2025 are 7 spouses/dependants (2024: 5)

(2) Deferred pensioners are members who have left service but have elected to have their benefits retained within the Fund until they become payable.

(3) Adjustments relate to the timing of a member joining, leaving, dying or retiring from the Fund and when the reports are run.

(4) Suspensions are members who have left contributing membership and have the option of taking a refund of contributions or a transfer of their benefit.

(5) Any employee who has been automatically enrolled into the Fund and opts out within the first 3 months is not included in the membership of the CARE Section.

The CARE Section, which offers career average benefits, opened to all new members on 1 August 2011.

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Pension Increases

The Trustee in consultation with the University (the Principal Employer) reviews each year all pensions in payment. For Final Salary Section members, pensions accrued from 6 April 1997 to 1 August 2005 are guaranteed to receive increases in payment in line with statutory provisions. Pensions accrued after 1 August 2005 are guaranteed to receive increases in line with the Retail Prices Index limited to 2.5%. CARE Section members receive increases on their pension in payment in line with statutory provisions.

Any additional increases are payable at the discretion of the Trustee acting on the advice of the Actuary and with the consent of the University. In April 2025, a discretionary one off consolidated increase of 1.7% (2024: 5.0%) was granted in respect of pension benefits built up before 6 April 1997 in excess of the Guarantee Minimum Pension.

Actuarial Liabilities

As required by Financial Reporting Standard 102, “The Financial Reporting Standard applicable in the UK and Republic of Ireland”, the financial statements do not include liabilities in respect of promised retirement benefits.

Under Section 222 of the Pensions Act 2004, every scheme is subject to the Statutory Funding Objective, which is to have sufficient and appropriate assets to cover its technical provisions, 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 the assumptions agreed between the Trustee and the Principal 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 valuation of the Fund was carried out as at 31 July 2024. An updated estimated valuation was performed at 31 July 2025, the results of which are detailed below.

	July 2025	July 2024
Value of technical provisions	£265m	£286m
Value of assets available to meet technical provisions	£643m	£608m
Assets as a percentage of technical provisions	243%	213%

Although there are no current plans to discontinue the Fund and buy-out liabilities with an insurance company, the Trustee also considers the level of funding relative to the estimated costs of such a buy-out (known as “solvency liabilities”) and equivalent information on this basis is provided below:

	July 2025	July 2024
Value of solvency liabilities	£322m	£330m
Value of assets available to meet solvency liabilities	£643m	£608m
Assets as a percentage of solvency liabilities	200%	184%

The value of the 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 level of investment returns and pay increases, when members will retire and how long members will live. The significant actuarial assumptions used in the calculations are as follows:

Pre-retirement discount rate (past service): The pre-retirement discount rate will be calculated using the Nominal Gilt Yield curve plus 2.25% p.a. at each term.

Post-retirement discount rate (past service): The post-retirement discount rate will be calculated using the Nominal Gilt Yield curve plus 0.75% p.a. at each term.

Discount rate (future service): 5.80% per annum being 80% of the best estimate return on assets at the valuation date. This rate will be updated at subsequent measure dates i.e. when a statutory funding review of the scheme is required.

Rate of Inflation – Retail Prices Index (RPI): The rate of inflation as measured by RPI growth will be calculated using the Gilt Inflation Curve less 0.15% per annum for past service and 0.30% for future service.

Rate of Inflation – Consumer Prices Index (CPI): The assumption for CPI growth will be calculated as the assumption for RPI Inflation less 0.7% p.a. at each term until 2030 and no adjustment thereafter. For future service the deduction prior to 2030 is 1.1% p.a. at each term.

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Rate of earnings increase: The rate of pensionable earnings increase will be calculated in line with the CPI Inflation assumption, plus the scheme's bespoke salary scale adjustment at each term for past service benefits only.

Revaluation of pensions in deferment: Elements of pension in deferment which have future revaluation in line with CPI subject to a maximum of 5% per annum will be calculated as revaluing at the assumed rate of CPI inflation, subject to a minimum assumption of 0% per annum and a maximum assumption of 5% per annum.

Elements of pension in deferment which have future revaluation in line with CPI subject to a maximum of 2.5% per annum will be calculated as revaluing at the assumed rate of CPI inflation, subject to a minimum assumption of 0% per annum and a maximum assumption of 2.5% per annum.

The maxima and minima are calculated cumulatively over the period between date of leaving and retirement for each member and compared with actual CPI increases over that period.

Increases to pensions in payment: Pension increases will be derived at each term using Jarrow-Yildirim Methodology, applying any applicable maximum and/or minimum rates.

Cash commutation: Members assumed to exchange 80% of maximum cash permitted (ignoring the effect of protection of cash) at the commutation factors in place for the scheme.

Mortality – pre-retirement: No allowance will be made.

Mortality – post-retirement: The basis adopted for the valuation was:

Base mortality table: 94% of the mortality rates in S4PMA_H for males and 106% of S4PFA_H for females, projected to the valuation date in line with the approach below.

Allowance for future improvements: CMI core projection model with a 1.5% per annum long term projected rate of improvement and a smoothing parameter (Sk) of 7.0 (CMI_2023 [1.50%]), using a year of birth approach.

Investment management

1. Introduction and Governance

Summary of Fund Investment structure for DB section

The overall investment policy of the Fund is determined by the Trustee having taken advice from its adviser, Mercer Limited. The Trustee is responsible for determining the investment strategy and manager appointments after taking appropriate advice. The Trustee has delegated the day-to-day management of investments to professional investment managers. These managers undertake, within restrictions in the contractual documentation, the day-to-day management of the asset portfolio, including full discretion for stock selection. Detailed consideration of investment matters is delegated to an Investment Advisory Committee, which makes recommendations to the Trustee Board for ratification. The Investment Advisory Committee members are Professor C. Constantinescu, Ms N. Davies, Mr A. Wattret, and Mr S. Walker.

The Trustee has produced a Statement of Investment Principles ("SIP") in accordance with Section 35 of the Pensions Act 1995, the Occupational Pension Scheme's (Investment) Regulations 2005 and subsequent legislation. The Trustee last updated the SIP in July 2025 and a copy of the SIP may be found at <https://www.liverpool.ac.uk/media/livacuk/hr/pensions/statement-investment-principles.pdf>

2. Employer Related Investments

There were no directly held employer related investments at the year end (2024: None).

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3. Market Background

Investment Markets¹

Macro

In the third quarter of 2024, developed markets (DM) central banks, including the Federal Reserve (Fed) cut interest rates. DM central banks were prompted to loosen monetary policy amidst the macroeconomic backdrop of cooling inflation & labour markets and slowing wage growth. Notably, the Bank of Japan (BoJ) diverged from other DM central banks and hiked rates by 0.15% in July given the impact of robust wage negotiations on inflation. That said, uncertainty around the US election and tensions in the Middle East sparked temporary volatility in financial markets.

DM central banks continued to cut interest rates in the fourth quarter of 2024. In the US, although the Fed cut rates, a still-resilient macro backdrop prompted the Federal Open Market Committee (FOMC) to project fewer cuts in 2025 and 2026. Meanwhile, the European Central Bank (ECB) and Bank of England (BoE) maintained a cautious tone in their rate cutting approach. Surprisingly, BoJ kept interest rates unchanged through the quarter on uncertainty over future wage negotiations and the outlook for the US economy.

Continued rate cuts by most DM central banks, Deep Seek developments, European politics and tariffs were the key themes driving markets in the first quarter of 2025. While the Fed held rates unchanged in Q1 2025, it revised lower its GDP growth projections for the year on the back of 'uncertainty around the economic outlook'. In Europe, Germany's political landscape and the approval of its €500bn fiscal package took centre-stage.

Tariff uncertainty under US President Donald Trump fuelled concerns over not just the growth and inflation outlook through the second quarter of 2025, but also the potential impact on fiscal and monetary policy. While most DM central banks continued cutting rates, policymakers expressed caution against headwinds emerging from tariff-induced disruptions. Although the US Fed left rates unchanged in Q2, it revised growth and inflation forecasts for the year. In Europe, Germany's political landscape under new Chancellor Merz and spending plans under the draft budget for 2025 took centre-stage. Meanwhile, the geopolitical landscape became increasingly uncertain towards the end of the quarter amidst the Israel-Iran conflict, which was soon followed by a ceasefire deal.

Equity Markets

On a year-on-year basis to 31 July 2025, sterling returns for global equities were positive at 13.0%. Emerging markets (EMs) also generated a positive return of 14.6%.

Q3 2024 was a positive quarter for equity markets. However, volatility was heightened in early August. The quarter saw the ripple effects of the unwinding of the US dollar-Japanese yen carry trade, US employment data surprising to the downside and the unemployment rate rising. Despite this, subsequent US economic data remained upbeat. Global equities rose later in the quarter as major central banks continued to ease their respective policy rates, with the US Fed joining them. Chinese equities surged near the end of the quarter after authorities committed to provide further monetary and fiscal support to boost activity.

In Q4 2024, global equities generated positive returns in local and sterling terms, however, posted negative returns in USD terms when measured with the MSCI World index. The start of Q4 2024 was volatile for global equities given the uncertainty ahead of the presidential election and concerns over the path of interest rates. Later during the quarter, US equities outperformed, welcoming Donald Trump's election, while EMs and many other regional markets came under pressure mainly due to tariff fears. Economic weakness, political turmoil and limited exposure to artificial intelligence (AI) hindered European equities. UK equities were also a detractor as a number of domestically focussed sectors declined owing to concerns over the UK economic outlook.

Weak yen, government stimulus plans, and ongoing corporate reforms contributed positively to Japanese equities returns.

¹ Statistics sourced from LSEG Datastream unless otherwise specified.

² Statistics sourced from MSCI Investment Property Database.

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In Q1 2025, global equities declined in local and sterling terms as considerable uncertainty from tariff and growth concerns weighed on risk assets. Within equities, EMs outperformed DMs. Initially during the quarter, the risk off sentiment and the potential tariff threats weighed on EM equities. Later, stronger Chinese equities, weaker US dollar and higher commodity prices supported the market. Chinese equities were higher as additional government stimulus measures supported the economy and advances in AI by Chinese companies boosted returns. US equities declined owing to softer economic data and increased trade uncertainty. Q4 earnings were broadly positive. Japanese equities declined on risk off sentiment. European (ex-UK) equities sentiment improved following the German elections with hopes of a fiscal boost.

In Q2 2025, global equities rose as both the easing of global trade and geopolitical tensions supported risky assets. Q2 2025 began with global equities witnessing increased volatility following President Trump's April 2 ("Liberation Day") tariff announcement. Nonetheless, a 90-day tariff suspension aided recovery, with both the US and China agreeing to the suspension. Within equities, EMs outperformed DMs. Taiwan and Korea benefited from renewed investor optimism about AI and appreciating currencies. US equities were positive due to easing trade tariff fears and strong Q1 corporate earnings. Japanese equities were positive driven by risk on sentiment. Delays in reciprocal tariffs as well as the rate cut by the ECB and decent corporate earnings supported European equities. Small-cap equities rallied amid easing concerns around the global economic outlook.

Overall, there was positive momentum in the second half of the 12-month period owing to easing uncertainty around policies under Trump's presidency.

Bonds

On a year-on-year basis to 31 July 2025, UK government bonds registered returns of -0.4%, while returns for UK corporate bonds were 4.0%. Inflation-linked UK Government bonds underperformed over the year, registering returns of -7.4%.

During the 12 months to 31 July 2025, government bond yield curves across most DMs steepened with the shorter end declining amidst slowing growth, rate cuts and tariff-induced risk-on sentiments. In the UK specifically, progress on inflation and wage growth raised prospects of more BoE rate cuts to come. Policymakers, however, maintained a cautious outlook against the backdrop of potential headwinds and uncertainty from Trump's tariff and trade announcements. This saw the 2-year UK government bond yield fall 30bps over the 12-month period, while the 10-year benchmark bond yield rose 67bps on concerns over the UK government's fiscal viability. The BoE delivered a total of 100 bps of rate cuts in the year, lesser than its European counterparts. Over the 12-month period to July 2025, UK 10-year gilt yields rose 4.06% to 4.73%.

UK real yields rose over the 12-month period. 10-year real yields jumped from 0.51% to 1.49% during the period, levels last seen in 2009. Market-based measures of inflation, as measured by the 10-year break-even inflation rate, fell 0.33% over the 12-month period, reaching 3.19% as of end-July 2025.

Both investment grade and high yield credit spreads narrowed over the 12-month period to July 2025.

Property

While the UK economic and political backdrop have been broadly stable, recent geopolitical events introduce a layer of uncertainty to the economic outlook. In the nascent real estate recovery, the UK is the most active market in the European region, providing helpful empirical evidence on pricing trends. The optimism of late 2024 and early 2025 has become more cautious, but transactions are still progressing, and high-quality assets continue to attract strong interest, with buyers and sellers increasingly finding common ground on pricing. The BoE is adopting a cautious stance on interest rate cuts, leaving debt costs still at relatively high levels for the moment, but the outlook remains for margins and rates to decrease further in the year. Taken together, these factors indicate that the recovery is becoming more pronounced.

In Q1 2025, the MSCI/AREF UK All Property Index recorded its fifth consecutive quarter of positive performance, achieving a net total return of 1.4% for the quarter. Long Income Funds have generated a steady performance of 1.2% per quarter for the last three quarters, while Specialist Funds and Balanced Funds both returned 1.5% in Q1 2025.

On a rolling annual basis to April 2025, investment volumes were c.17% higher than a year prior. The office sector was the most actively traded, with the year-to-date number of properties transacted being 93% higher year-over-year, to April 2025. By volume, however, the year-over-year increase for offices is more marginal, at +3%. Central London dominated the office activity in 2025, as prime Central London office capital values and rents continue to grow. Activity in the retail sector has remained relatively steady, with year-to-date volumes only 5% lower year-over-year to April 2025, whereas industrial volumes are 35% lower over the same timeframe. The most significant decline in activity year-to-date to April 2025 has been in the hotel sector, with year-over-year volumes and number of transactions down by 72% and 82% respectively.

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The MSCI UK Monthly Property Index reported a positive gross (unlevered, asset-level) total return of 1.9% for the three-month period ending in May 2025. Retail, industrial, residential, and other (alternatives) all returned over 2% during the period. The office and hotel sectors lagged, returning 1.1% and 1.5% for the three months to May 2025. The aggregate office return, however, masks the differences between markets. London Mid-town and West End offices returned 6.2% over the 12 months to May, compared to 1.7% for Rest of UK offices.

Over 12-month period to 31 July 2025, the MSCI UK All Property Index returned 8.7% in Sterling terms. All three main sectors of the UK Property market recorded positive returns over the period (retail: 10.5%; office: 4.0%; and industrial 10.5%).

Currencies

Over the 12-month period to 31 July 2025, Sterling appreciated 3.0% against the US Dollar from \$1.284 to \$1.323. Similarly, Sterling appreciated 3.1% against the Yen from ¥193.26 to ¥199.16, while Sterling weakened 2.6% against the Euro, from €1.187 to €1.156 over the year.

Investment Policies and Objectives

In formulating their strategy, the Trustee has taken account of the preliminary results of the latest Actuarial Valuation, which was carried out with an effective date of 31 July 2024. The investment strategy is reviewed regularly and at least every 3 years. The Trustee's overall investment policy is guided by the following objectives:

- To ensure that the Fund's assets and future contributions are invested in such a manner that the benefits due to members and their beneficiaries can be paid from the Fund as they arise;
- The long-term aim of the Fund is to ensure that, together with future contributions, the Fund's assets are sufficient to meet benefits and any expenses payable under the Fund as they fall due;
- The Trustee wishes to adopt a suitable investment policy in terms of both long-run strategic asset allocation and implementation, that will enable the Fund's asset value to increase in a prudent manner;
- The Trustee wishes to manage the risk that the investment policy could lead to the accrual of future benefits ceasing to be provided under the Fund;
- Subject to the strategic asset allocation containing a suitable level of risk, the Trustee wishes to generate surplus funds beyond the amounts expected to be required to meet the cost of standard benefits due to be payable under the Fund;
- The Trustee wishes the Fund to be solvent in the event of a winding-up of the Fund;
- Each asset class has been considered and judged on merit for investment by the Trustee; having taken advice as appropriate from the Investment Advisor;
- To set and monitor appropriate benchmarks and performance targets for the investment managers;
- To pay due regard to the interests of the University of Liverpool ("the University") in relation to the volatility of the funding level and the payment of contributions.

The Trustee reviews the investment policy on an ongoing basis to ensure that the policies set out continue to be appropriate in line with the Trustee investment objectives.

When designing the investment arrangements, the Trustee considers the requirements of legislation, the funding objectives for the Fund and their views on the covenant of the University.

Financially and Non-Financially Material Matters in the Selection, Retention and Realisation of Investments

In establishing the Fund's investment arrangements (i.e. the selection, retention and realisation of investments) the Trustee consider what it believes to be financially material matters. The Trustee believes that factors such as environmental, social and governance (ESG) issues (including, but not limited to, climate change) may be financially material for the Fund over the long-term. Given the open nature of the Fund, this is expected to be more than 10 years from the date of this document.

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Moreover, the Trustee believes that:

- The willingness and ability of companies to adopt the highest standards of social responsibility is increasingly important to long-term growth in the value of their business
- Successful enterprises are a partnership between the providers of capital, the labour force, the suppliers and the customers: investee companies should have appropriate policies in these areas
- Good corporate governance, in addition, includes the management of the company's impact on society and the environment

The Trustee has elected to invest the Fund's assets through pooled funds. The choice of pooled funds is made by the Trustee, with advice from their investment consultant as required. This has the practical result that the Trustee cannot themselves directly influence the ESG policies and practices of the companies in which the pooled funds invest. However, the Trustee does expect the managers of the underlying funds, to take into account ESG factors (including climate change risks) in their decisions in relation to the selection, retention and realisation of investments. The Trustee also expects that any advice received with regard to the selection of managers will take account of the managers' integration of ESG factors.

The Trustee expects that the investment managers should carefully consider a number of criteria when selecting and retaining suitable stocks for the Fund. Commercial reasons should be paramount but ESG factors are important qualities of companies and should contribute to growth on a long-term view.

The Trustee takes those factors into account in the selection, retention and realisation of investments as follows:

- Selection of investments: assess the investment managers' ESG integration credentials and capabilities, including stewardship, as a routine part of requests for information/proposals as well as through other regular reporting channels.
- Retention of investments: Agreed a process to monitor ESG considerations on an ongoing basis by regularly seeking information on the responsible investing policies and practices of the investment managers.
- Realisation of investments: The Trustee will request information from the investment consultant and managers about how ESG considerations are taken into account in decisions to realise investments.

The Trustee will also take those factors into account as part of its investment process to determine a strategic asset allocation, and consider them as part of ongoing reviews of the Fund's investments.

The Trustee will continue to monitor and assess ESG factors, and risks and opportunities arising from them, as follows:

- The Trustee will obtain regular training from the Fund's Investment Consultant on ESG considerations in order to understand fully how ESG factors including climate change could impact the Fund and its investments;
- As part of ongoing monitoring of the Fund's investment managers, the Trustee will use any ESG related information available within the pensions industry, to assess how the Fund's investment managers take account of ESG issues; and
- The Trustee will request that all of the Fund's investment managers provide information about their ESG policies, and details of how they integrate ESG into their investment processes on a regular basis. The Trustee will be reliant on the information presented by the investment managers regarding the extent to which they allow for ESG in their decisions.

The Trustee does not take into account the views of members and beneficiaries in relation to ethical considerations, social and environmental impact, or present and future quality of life of the members and beneficiaries of the Fund (referred to as "non-financial matters" in the relevant Regulations) in the selection, retention and realisation of investments.

Choosing Investments

The Trustee will review its policy on whether or not to take account of non-financial matters on a regular basis. The assets of the Fund are invested in pooled vehicles. Ownership is thus of units in unit trusts or managed funds.

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The Trustee is mindful of the underlying distribution of assets. In particular, it regards the distribution of the assets between “real” assets (global equities, infrastructure equity, index-linked gilts and property) and “monetary” assets (bonds and cash) as appropriate to the Fund’s liabilities.

Having recognised the individual fund managers’ discretion over stock, bond, property and asset class selection, the Trustee nonetheless understands that it is the investment managers’ policy to invest in a diversified portfolio of appropriate assets within each asset class.

As the Fund invests via pooled funds, it is acknowledged that the Trustee is not able to impose explicit restrictions on asset classes given the policies are common to all investors. However, the Trustee has reviewed the asset class restrictions of the pooled funds and believe that these are appropriate for the respective objectives.

The Trustee recognises that its investment managers may invest in the following asset classes on behalf of the Fund, and in a range of marketable securities, for example:

- Global Equities;
- Infrastructure Equity;
- Government bonds;
- Corporate Bonds;
- Private Debt;
- Property; and
- Cash.

The above list of asset classes is not intended to be exhaustive. In particular, the Trustee’s multi asset managers have discretion to invest in alternative asset classes subject to restrictions noted in the above paragraph.

Exercising of Rights Attached to Investments and Engagement Activities

The Trustee’s policy on the exercise of rights attaching to investments, including voting rights, and in undertaking engagement activities in respect of the investments is that these rights should be exercised by the investment managers on the Trustee’s behalf. In doing so, the Trustee expects that the investment managers will use their influence as major institutional investors to exercise the Trustees’ rights and duties as shareholders, including where appropriate engaging with underlying investee companies to promote good corporate governance, accountability and to understand how those companies take account of ESG issues in their businesses.

The Trustee will monitor and engage with the investment managers about relevant matters (including business performance, strategy, capital structure, management of conflicts of interest, ESG and corporate governance matters).

The investment managers, having clear policies of voting on all important issues and on active engagement with companies on behalf of the Fund’s interests, have provided the Trustee with statements dealing with active engagement and voting policy and practices where appropriate.

Investment managers will be asked to provide details of their stewardship policy and engagement activities on a regular basis. The Trustee will monitor and review the information provided by the investment managers. Where possible and appropriate, the Trustee may engage with the investment managers for more information and ask them to confirm that their policies comply with the principles set out in the Financial Reporting Council’s UK Stewardship Code.

The Fund’s assets are invested via pooled funds. As such, direct control of voting is delegated to the investment manager of the pooled fund. The Trustee monitors this activity and includes it in their evaluation of the investment manager and where the Trustee has concerns it will raise this with the investment manager.

The Trustee delegates primary responsibility for its corporate engagement activities to its investment managers. The Trustee believes the investment managers are best placed to engage with the investee companies on their performance, strategy, capital, structure, management of actual or potential conflicts of interest, risks, social and environmental impact and corporate governance.

UNIVERSITY OF LIVERPOOL PENSION FUND – YEAR ENDED 31 JULY 2025

Investment Manager Appointment, Engagement and Monitoring

The Trustee has entered into investment management agreements with the managers, which comply with the Statement of Investment Principles. The agreements also set out the terms on which the assets are managed, and the investment guidelines and restrictions under which the managers must operate.

With the exception of BlackRock, all of the fund managers have been appointed to manage assets on an active basis. BlackRock are appointed to manage both investment grade credit and UK government bonds (allocations to which may vary within the defensive fixed income portfolio, however at the time of writing the allocation to corporate bonds is zero). When held, the investment grade credit allocation will be managed on a “buy and maintain” basis. The Fund’s allocation to UK government bonds is managed passively and is intended to replicate a reference index with low tracking error.

The safekeeping of the underlying assets is performed on behalf of the Trustee by custodians specifically appointed to undertake this function, and whose appointments are reviewed at regular intervals by the Trustee. The contractual arrangements with the custodians offer a very high level of protection against negligence or default on the part of the custodians.

The Trustee’s investments are evidenced by quarterly transaction statements issued by the investment managers.

In recognising that the Fund invests via pooled funds, the Trustee acknowledges some of its ability to directly influence the investment managers, including incentivisation, is constrained. However, the arrangements with the investment managers are governed by the relevant contract/Investment Management Agreement, and the investment managers are required to comply; compliance is monitored. The Trustee only selects managers whose guidelines are consistent with this statement and Investment Managers are expected to take the Trustee’s policies and principles on all investment matters including taking financial and non-financial matters (including but not limited to environmental social and governance (ESG)) into account as well as the Trustee’s policies on Stewardship. Regular meetings with the managers facilitate two-way communications and would be expected to indicate areas of interest and resolve issues.

While the Trustee’s ability to directly incentivise the investment managers is constrained by investing via pooled funds, the ultimate incentivisation - and by far the most powerful - is that if the investment manager does not adhere to and reflect the Trustee’s policies then they lose some or all of the assets to manage and the corresponding revenue. In addition, in this circumstance, there could be significant reputational risk to the particular investment manager which could be even more commercially damaging. The direct and indirect incentives for investment managers to behave responsibly are considerable.

The Trustee monitors, via performance reporting provided by Mercer, its investment managers (absolute and relative) performance quarterly, with particular focus on the medium and longer-term. Each portfolio is measured on a manager-specific basis (e.g. several managers have rolling 5-year targets and the performance target for some other portfolios is not duration-specific). Indeed some portfolios are not purely about performance in the sense of investment return but are held for other investment reasons, such as income generation and/or dampening total Fund volatility. Monitoring and evaluation must be portfolio-specific and reflect why the portfolio is part of the total Fund. The Trustee specifically looks at the consistency of performance on the appropriate metric and in addition pays particular regard to the longest period the Fund has engaged with each manager on each portfolio; 'since inception' performance. As part of this reporting, the Trustee reviews and evaluates all the manager portfolio fees paying particular attention to 'value for money'.

The Trustee does not believe it appropriate to specifically measure or manage portfolio turnover, recognising that portfolio turnover and the associated transaction costs are a necessary part of investment management and that the financial impact of portfolio turnover is already reflected in the (net) performance of investment managers. Investment managers will instead be asked to report on portfolio turnover when presenting to the IAC. The important investment feature of a portfolio is the 'net of costs' return as it is that return which grows the Fund and ultimately pays the promised benefits. Portfolio costs are both explicit, such as investment manager fees (possibly including a performance-related element), and implicit, such as portfolio turnover. Different assets, portfolios and investment managers will have their own discrete philosophy and style of management, with consequent turnover, and the Fund - while it monitors this on an ongoing basis - does not believe it appropriate to 'manage' this feature and, in particular, set limits on such activity. As any portfolio turnover, and consequent cost, is adverse to the ability of the investment manager to deliver satisfactory return there is already strong alignment between investment managers and the Fund. Setting turnover targets and/or limits could prevent an investment manager from pursuing their portfolio discretion and this is against the Fund’s best interests. However, the Trustee would expect any manager with abnormal turnover (relative to their style of management) to identify this and give a rationale.

UNIVERSITY OF LIVERPOOL PENSION FUND – YEAR ENDED 31 JULY 2025

The Trustee selects investment managers with whom it can have a very long-term relationship and so the investment manager arrangement is effectively in perpetuity, rather than time limited (with the exception of DTZ, who manage a closed ended fund which is running off over time), provided the Fund deems that portfolio an appropriate part of its overall strategy and the Trustee is satisfied the investment manager is delivering value for money. However, the Trustee retains the right to release any investment manager once appropriate advice has been taken.

Investment Strategy and Implementation

All investments have been managed during the year under review by the investment manager(s) and there is a degree of delegation in respect of investment decision making.

The investment strategy is agreed by the Trustee after taking appropriate advice. Subject to complying with the agreed strategy, which specifies the target proportions of the Fund that should be invested in the principal market sectors, the day-to-day management of the Fund's asset portfolio, including full discretion for stock selection, is the responsibility of the investment manager(s).

The Trustees have implemented the following investment strategy with the aim of helping them achieve the investment objectives:

The current strategy is to hold broadly:

- 35% actively invested in Global Equities
- 5% actively invested in Unlisted Infrastructure Equity
- 10% actively invested in Multi-Asset Credit
- 10% actively invested in Senior Private Debt
- 30% invested in defensive fixed income, which may consist of investment grade credit and UK government bonds. At the point of implementation, the target allocation is 15% to passively managed fixed-interest and 15% to index-linked gilts, however these allocations may change over time.
- 10% actively invested in Property (including a 5% allocation to Long Lease Property)

The investment managers and providers are regulated by the relevant regulatory body in their home jurisdiction.

Over the year under review, the Fund has made changes to the investment manager structure and benchmark allocation. A high level summary is provided below.

The allocation towards Global Equities reduced from 40% to 35%, the allocation to Property reduced from 15% to 10% and the allocation to defensive fixed income increased from 20% to 30%. There was also a complete disinvestment from BlackRock Buy and Maintain Credit fund as part of a restructuring of the defensive fixed income portfolio. The proceeds were invested across the BlackRock Aquila Life Over 15 Years UK Gilt Fund and the BlackRock Aquila Life Over 5 Years UK Index-Linked Gilt Index Fund (held within the defensive fixed income portfolio).

New investments were also made in Senior Private Debt with Mercer (across the PIP V, PIP VI and PIP VIII vintages) during the year. The Fund's allocation to Senior Private Debt will build up over time due to the nature of the implementation approach and asset class. Monies earmarked for investment in Senior Private Debt will be held in Mercer's Diversified Growth Fund until drawn down. There is no strategic allocation to this Diversified Growth Fund.

The Trustees regard the investments of the Fund as readily marketable, with the exception of the DTZ Active Value Property Fund (which is closed ended and is in run off) and the Mercer Senior Private Debt mandates which are closed ended and thus holdings cannot be redeemed during the lifetime of the respective fund(s). If a client wishes to redeem their commitment, then options on the secondary market would have to be considered and explored. The liquidity characteristics for each of the funds is detailed below:

- The UBS Core Property is quarterly priced and traded;
- The Aviva Long Lease Property fund are monthly priced and annually traded;
- The JP Morgan Infrastructure fund is quarterly priced and semi-annually traded;
- The BlackRock Fixed Interest and Index-linked Gilt funds are daily priced and traded;
- The CQS Multi-Asset credit fund is monthly priced and traded.
- The Baillie Gifford Global Equity, Veritas Global Equity and Mercer Diversified Growth funds are daily priced and traded.

UNIVERSITY OF LIVERPOOL PENSION FUND – YEAR ENDED 31 JULY 2025

The actual allocations will vary from the strategic allocation above due to market price movements and during the implementation of the strategy agreed from June 2025, where the Trustee accepts some variation from the actual allocation until 31 July 2026.

Asset Allocation

The following table provides more detail on the distribution of assets for the Fund.

Manager/Asset Class	Actual Asset Allocation				Benchmark Allocation (%)
	Start of Year (£m)	End of Year (£m)	Start of Year (%)	End of Year (%)	
Baillie Gifford Global Equity	143.9	140.5	23.9	21.9	20.0
Veritas Global Equity	78.0	79.1	13.0	12.3	15.0
Mercer Diversified Growth	41.2	18.0	6.9	2.8	10.0
Mercer Senior Private Debt PIP IV	9.2	6.2	1.5	1.0	
Mercer Senior Private Debt PIP V	-	16.8	-	2.6	
Mercer Senior Private Debt PIP VI	-	7.5	-	1.2	
Mercer Senior Private Debt PIP VII	26.1	31.3	4.3	4.9	
Mercer Senior Private Debt PIP VIII	-	13.7	-	2.1	5.0
JP Morgan Infrastructure	32.3	32.9	5.4	5.2	
UBS Core Property	44.8	45.7	7.4	7.1	5.0
DTZ Secondary Property	17.6	18.0	2.9	2.8	-
Aviva Property	30.0	29.6	5.0	4.6	5.0
CQS Multi-Asset Credit	61.8	67.0	10.3	10.4	10.0
BlackRock Index-Linked Gilts	30.1	67.4	5.0	10.5	30.0
BlackRock Fixed-Interest Gilts	-	68.1	-	10.6	
BlackRock GBP Cash	-	-	-	-	
BlackRock Buy & Maintain Credit	86.3	-	14.4	-	
Total	601.3	641.8	100.0	100.0	100.0

Source: Investment Managers, LSEG Datastream and Mercer

JP Morgan and DTZ are valued at 30 June 2025. Mercer PIP fund values estimated based on the unaudited capital values as at 30 June 2025 and known cashflows since then. Figures may not sum to total due to rounding. Valuations are based on bid prices for UBS and BlackRock, single price values for Baillie Gifford, Veritas, DTZ, Aviva and CQS, NAV for JP Morgan and swing price for Mercer.

UNIVERSITY OF LIVERPOOL PENSION FUND – YEAR ENDED 31 JULY 2025

Investment Performance

Net of Fees

Manager/Asset Class/Fund	Last Year		Last 3 years		Last 5 years	
	Fund (%)	Benchmark (%)	Fund (% p.a.)	Benchmark (% p.a.)	Fund (% p.a.)	Benchmark (% p.a.)
Baillie Gifford Global Equity	5.6	7.6	10.9	13.2	6.2	11.8
Veritas Global Equity	4.4	7.2	7.9	13.6	-	-
Mercer Diversified growth	6.2	4.8	-	-	-	-
Mercer Senior Private Debt PIP IV*	12.7	-	-	-	-	-
Mercer Senior Private Debt PIP V*	27.0	-	-	-	-	-
Mercer Senior Private Debt PIP VI*	22.6	-	-	-	-	-
Mercer Senior Private Debt PIP VII*	6.5	-	-	-	-	-
Mercer Senior Private Debt PIP VIII*	2.3	-	-	-	-	-
JP Morgan Infrastructure	9.9	4.8	8.2	4.4	-	-
UBS Core Property	5.6	6.8	-4.8	-4.1	3.4	3.4
DTZ Secondary Property	9.9	6.8	-4.2	-4.1	1.7	3.4
Aviva Property	2.4	-0.8	-	-	-	-
CQS Multi-Asset Credit	8.6	4.8	-	-	-	-
BlackRock Index-Linked Gilts	-7.1	-7.2	-	-	-	-
BlackRock Fixed Interest Gilts	-	-	-	-	-	-
Total	5.5	4.7	5.7	5.8	4.5	6.2

Figures shown are net of fees and based on performance provided by the Investment Managers, Mercer estimates and LSEG Datastream.

Performance is shown to 30 June 2025.

Total includes performance of terminated mandates.

Total performance to 30 June 2021 was provided by PIRC.

JP Morgan Infrastructure and Mercer PIP performance is calculated by Mercer using an IRR approach based on data provided by the managers and LSEG Datastream.

Mercer Senior Private Debt PIP IV return represents net IRR based on ULPF's inception date of 16 August 2023 following secondary market purchase (rather than fund inception date).

Mercer Senior Private Debt PIP V and Senior Private Debt VI returns represent net total return based on ULPF's inception date of 18 September 2024 following secondary market purchase (rather than fund inception date).

*Mercer Senior Private Debt performance figures are IRR since inception. IRR over Q2 2025 is assumed to be 0% given a lack of available data as at the time of writing.

Over the year under review, the Fund outperformed its composite benchmark over the 1 year by 0.8%, and underperformed its composite benchmark over the 3 year and 5 year by 0.1% and 1.7%, returning 5.5%, 5.7% and 4.5% respectively.

Custodial Arrangements

The custodian is responsible for the safekeeping, monitoring and reconciliation of documentation relating to the ownership of listed investments.

UNIVERSITY OF LIVERPOOL PENSION FUND – YEAR ENDED 31 JULY 2025

For the Fund’s pooled investments, the Trustee has no direct ownership of the underlying assets of the pooled funds. The safekeeping of the assets within the pooled funds is performed by custodian banks specifically appointed to undertake this function and whose appointment is reviewed at regular intervals by the manager. The current custodians are shown in the table below.

Manager	Custodian
Baillie Gifford	Bank of New York Mellon, London Branch.
BlackRock	
Veritas	Brown Brothers Harriman Trustee Services (Ireland) Limited
Aviva	N/A ^(a)
UBS	N/A ^(b)
DTZ	Saltgate ^(c)
MGIE (Senior Private Debt) IV	European Depository Bank SA
MGIE (Senior Private Debt) V	ING Luxembourg
MGIE (Senior Private Debt) VI	
MGIE (Senior Private Debt) VII	
MGIE (Senior Private Debt) VIII	
MGIE (Diversified Growth)	State Street Custodial Services (Ireland) Limited
JP Morgan Infrastructure	Citco Fund Services ^(d)
CQS Multi-Asset Credit	J.P. Morgan Bank (Ireland) plc

Source: Investment Managers. Pooled funds have no direct custody arrangements in place, the custodians shown are appointed by the investment managers other than the investment custodian directly appointed by the Trustee - Bank of New York Mellon – Custodian for BlackRock.

(a) The fund does not have a custodian. Details of any purchases and sales are kept by appointed lawyer.

(b) The fund is a property fund and hence does not have a Custodian.

(c) DTZ Secondary Property Fund is a unit trust in property, there is no custodian or equivalent in the same way as for other pooled property funds. Saltgate Limited is appointed Managing Trustee of the fund and are responsible for the safe custody of cash on receipt from investors and the property title documents of underlying holdings.

(d) JP Morgan do not have a custodian in the traditional sense of the role for a Private Equity Fund or a Hedge Fund. Their custodian only provides physical security for a few stock certificates for the Fund.

UNIVERSITY OF LIVERPOOL PENSION FUND – YEAR ENDED 31 JULY 2025

Statement of Trustee’s Responsibilities

The financial statements, which are prepared in accordance with UK Generally Accepted Accounting Practice, including the Financial Reporting Standard applicable in the UK and Republic of Ireland (“FRS 102”), are 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 the above responsibilities, the Trustee is responsible for selecting suitable accounting policies, to be applied consistently, making any estimates and judgements on a prudent and reasonable basis, and for the preparation of the financial statements on a going concern basis unless it is inappropriate to presume that the Fund will not be wound up.

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

The Trustee also has a general responsibility for ensuring that adequate accounting records are kept and for taking such steps as are reasonably open to 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 responsible under pensions legislation for preparing, maintaining, and from time to time reviewing and if necessary revising, a schedule of contributions showing the rates of contributions payable towards the Fund by or on behalf of employers and the active members of the Fund and the dates on or before which such contributions are to be paid.

The Trustee is also responsible for keeping records in respect of contributions received in respect of any active member of the Fund and for adopting risk-based processes to monitor whether contributions are made to the Fund by the employer in accordance with the schedule of contributions.

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

The Trustee is responsible for the maintenance and integrity of the pension and financial information included on the University of Liverpool Pension Fund’s website.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

UNIVERSITY OF LIVERPOOL PENSION FUND – YEAR ENDED 31 JULY 2025

Summary of contributions payable in the year

During the year, the contributions payable to the Fund were as follows:

	Employee £'000	Employer £'000
Required by the schedules of contributions		
Normal contributions	<u>455</u>	<u>8,446</u>
Contributions required by the schedules of contributions (as reported on by the Fund Auditors)	<u>455</u>	<u>8,446</u>
Other contributions payable		
Additional voluntary contributions	<u>42</u>	<u>-</u>
Total contributions reported in the financial statements	<u>497</u>	<u>8,446</u>

Contributions receivable

The contributions payable to the Fund are based on actuarial advice and, in respect of existing staff, are related to earnings, considering an assessment of future earnings increases and inflation.

Contributions for the period 1 August 2024 to 31 March 2025 were paid in accordance with the schedule of contributions certified by the actuary on 23 November 2023. Contributions by participating employers, for the Final Salary Section and the CARE Section, were paid at a rate of 16.0% of earnings. Members of the Final Salary Section contributed at a rate of 7.5% of earnings and members of the CARE Section contributed at a rate of 6.5% of earnings.

A new schedule of contributions was agreed and certified by the actuary on 25 March 2025 suspending employer contributions for a 3-year period from 1 April 2025 to 31 March 2028. Employer contributions will recommence after the contribution suspension at a rate as defined in the schedule of contributions which is 15.7% of earnings for the Final Salary Section and 14.7% of earnings for the CARE Section, less contributions payable by contributing members which are 6.5% of earnings for the Final Salary Section and 5.5% of earnings for the CARE Section.

The schedule of contributions and actuarial certification of the schedule of contributions are on pages 36 and 37 respectively.

From 1 July 2009, a Salary Sacrifice Scheme called Pension Plus was introduced, whereby the employer pays an additional amount equivalent to the member's pension contribution, in exchange for an equivalent reduction in the remuneration of the member. Employees and employers receive full National Insurance Contributions relief on any amount sacrificed into a pension (subject to any annual allowance and National Minimum Wage restrictions).

In the Budget on 26 November 2025, the Chancellor announced changes to salary sacrifice arrangements, from April 2029, whereby there will be an annual threshold for pensions salary sacrifice of £2,000, above which National Insurance will be payable.

Additional voluntary contributions

At the year end 27 members (2024: 21) were paying additional voluntary contributions (AVC's) during the year to increase their pension entitlement at retirement. The contributions are used to buy added service and are invested alongside the Fund's main investments.

Expenses

The Fund bears the cost of administration by payment of a management fee to the University. All other fees are paid directly by the Fund to the appointed advisers.

UNIVERSITY OF LIVERPOOL PENSION FUND – YEAR ENDED 31 JULY 2025

Guaranteed minimum pension benefits and equalisation

In October 2018, the High Court determined that benefits provided to members who had contracted out of their pension scheme must be recalculated to reflect the equalisation of state pension ages between May 1990 and April 1997 for both men and women. A subsequent judgement in November 2020 determined that the requirement to equalise guaranteed minimum pensions (GMPs) between men and women should be extended to transfer value payments that were calculated on an unequalised basis. The impact of these judgements is being reviewed by the Trustee, with its advisers, in the context of the rules of the Fund and the value of any liability. The 2024 actuarial valuation included an allowance of 0.3% (£0.9m) of the liabilities for GMP equalisation. No allowance has yet been made in relation to GMP equalisation on past transfers out of the Fund as this is still to be assessed. As soon as this review is finalised and any liability quantified, then members will be communicated with. The impact of GMP equalisation is not expected to be material.

Further information

Requests for additional information about the Fund generally, or queries relating to members' benefits, should be made to the Secretary to the Trustee at the address given on page 1.

Approval

The Trustee's Report (including the Summary of Contributions payable in the year on page 17) was approved by the Trustee, University of Liverpool Pension Fund Trustees Limited, on 20 February 2026 and signed on its behalf by:



Director
C. Constantinescu

UNIVERSITY OF LIVERPOOL PENSION FUND – YEAR ENDED 31 JULY 2025

Independent Auditor’s Report to the Trustee of the University of Liverpool Pension Fund

Opinion

We have audited the financial statements of the University of Liverpool Pension Fund (the Fund) for the year ended 31 July 2025 which comprise the Statement of Net Assets (available for benefits), the Fund Account and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 “The Financial Reporting Standard applicable in the UK and Republic of Ireland” (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- show a true and fair view of the financial transactions of the Fund during the year ended 31 July 2025, and of the amount and disposition at that date of its assets and liabilities, other than the liabilities to pay pensions and benefits after the end of the year;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- contain the information specified in Regulation 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, made under the Pensions Act 1995.

Basis for opinion

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

Conclusions relating to going concern

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

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

Our responsibilities and the responsibilities of the Fund’s Trustee with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Annual Report, other than the financial statements and our auditor’s report thereon. The Fund’s Trustee is responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

UNIVERSITY OF LIVERPOOL PENSION FUND – YEAR ENDED 31 JULY 2025

Responsibilities of Trustee

As explained more fully in the Trustee's responsibilities statement set out on page 16, the Trustee is responsible for the preparation of financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustee determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the environment, including the legal and regulatory framework that the Fund operates in and how the Fund is complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements and the Pensions Act 1995 and 2004 and regulations made under them and FRS 102, including the Financial Reports of Pension Schemes 2018 (the Pensions SORP). We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures.

The audit engagement team identified the risk of management override of controls as the area where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments, evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business and challenging judgements and estimates.

UNIVERSITY OF LIVERPOOL PENSION FUND – YEAR ENDED 31 JULY 2025

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

Use of our Report

This report is made solely to the Fund’s Trustee as a body, in accordance with Regulation 3 of the Occupational Pension Schemes (Requirements to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996 made under the Pensions Act 1995. Our audit work has been undertaken so that we might state to the Fund’s Trustee those matters we are required to state to them in an auditor’s report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Fund and the Fund’s Trustee as a body, for our audit work, for this report, or for the opinions we have formed.



RSM UK Audit LLP
Statutory Auditor
Chartered Accountants
Birmingham

Date 20 February 2026

UNIVERSITY OF LIVERPOOL PENSION FUND – YEAR ENDED 31 JULY 2025

Independent Auditor’s Statement about Contributions, under Regulation 4 of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, to the Trustee of the University of Liverpool Pension Fund.

Statement about contributions payable under schedules of contributions

We have examined the summary of contributions payable to the University of Liverpool Pension Fund on page 17, in respect of the fund year ended 31 July 2025.

In our opinion the contributions for the Fund year ended 31 July 2025 as reported in the attached summary of contributions on page 17 and payable under the schedules of contributions have in all material respects been paid at least in accordance with the schedules of contributions certified by the actuary on 23 November 2023 and 25 March 2025.

Scope of work on statement about contributions

Our examination involves obtaining evidence sufficient to give reasonable assurance that contributions reported on page 17 have in all material respects been paid at least in accordance with the schedules of contributions. This includes an examination, on a test basis, of evidence relevant to the amounts of contributions payable to the Fund and the timing of those payments under the schedules of contributions.

Respective responsibilities of Trustee and auditor

As explained more fully on page 16 in the Statement of Trustee’s Responsibilities, the Fund’s Trustee is responsible for ensuring that there is prepared, maintained and from time to time revised a schedule of contributions showing the rates and due dates of certain contributions payable towards the Fund by or on behalf of the employer and the active members of the Fund. The Trustee is also responsible for keeping records in respect of contributions received in respect of active members of the Fund and for monitoring whether contributions are made to the Fund by the employer in accordance with the schedule of contributions.

It is our responsibility to provide a statement about contributions paid under the schedules of contributions and to report our opinion to you.

Use of our statement

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



RSM UK Audit LLP
Statutory Auditor
Chartered Accountants
Birmingham

Date 20 February 2026

UNIVERSITY OF LIVERPOOL PENSION FUND – YEAR ENDED 31 JULY 2025

Fund Account for the year ended 31 July 2025

	Note	2025 £'000	2024 £'000
Contributions and benefits			
Employer contributions	4	8,446	11,429
Employee contributions	4	497	403
Total contributions		8,943	11,832
Other income	5	46	-
		8,989	11,832
Benefits paid or payable	6	14,896	14,064
Payments to and on account of leavers	7	135	60
Other payments	8	285	275
Administrative expenses	9	1,065	846
		16,381	15,245
Net withdrawals from dealings with members		(7,392)	(3,413)
Return of investments			
Investment income	10	9,658	11,803
Change in market value of investments	11	34,448	36,506
Investment management expenses	12	(1,500)	(1,573)
Net return on investments		42,606	46,736
Net increase in the fund during the year		35,214	43,323
Net assets of the Fund at the start of the year		607,989	564,666
Net assets of the Fund at the end of the year		643,203	607,989

The notes on pages 25 to 35 form part of these financial statements

UNIVERSITY OF LIVERPOOL PENSION FUND – YEAR ENDED 31 JULY 2025

Statement of Net Assets (available for benefits) as at 31 July 2025

	Note	2025 £'000	2024 £'000
Investment Assets			
Pooled investment vehicles	13	641,803	599,494
Other investment balances	14	890	1,798
Total Investments	11	642,693	601,292
Current assets	19	3,098	7,946
Current liabilities	20	(2,588)	(1,249)
Net assets of the Fund at 31 July		643,203	607,989

The financial statements summarise the transactions of the Fund and deal with the net assets at the disposal of the Trustee. They do not take account of obligations to pay pensions and benefits which fall due after the end of the Fund year. The actuarial position of the Fund, which takes into account such obligations, is dealt with in the report on Actuarial liabilities on pages 4 and 5 of the Annual Report and these financial statements should be read in conjunction with this report.

The notes on pages 25 to 35 form part of these financial statements.

The financial statements were approved by the Trustee, University of Liverpool Pension Fund Trustees Limited, on 20 February 2026 and signed on its behalf by:



Director
C. Constantinescu



Director
D. Harries

UNIVERSITY OF LIVERPOOL PENSION FUND – YEAR ENDED 31 JULY 2025

Notes to the financial statements For the year ended 31 July 2025

1. General Information

The University of Liverpool Pension Fund (the “Fund”) is a defined benefit scheme and provides benefits for the support staff of the University of Liverpool (the “University”) and its associates in the United Kingdom. The Fund is established as a trust under English law and is governed by a trust deed and rules dated 13 September 2017 and subsequent amendments. It was contracted out of the State Second Pension (S2P) until 5 April 2016 when contracting out ceased. The address for enquiries to the Fund is included on page 1.

In accordance with the provisions of Schedule 36 of the Finance Act 2004, the Fund became a Registered Pension Scheme under Chapter 2 of Part 4 of The Finance Act 2004 with effect from 6 April 2006. This means that the contributions paid by both the employers and the members qualify for full tax relief, and the Fund is exempt from income tax and capital gains tax (except for withholding tax on overseas investment income).

2. Basis of preparation

The financial statements of the Fund have been prepared in accordance with the Occupational Pension Schemes (Requirements to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, Financial Reporting Standard 102 – The Financial Reporting Standard applicable in the UK and Republic of Ireland 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 2018) (“SORP”).

The financial statements have been prepared on a going concern basis. In making this assessment, the Trustee has taken into account all available information about the future, which is at least, but is not limited to, twelve months from the date of signing of these financial statements.

The Trustee has reviewed the cash flow forecasts of the Fund for a period of twelve months from the date of signing of these financial statements. There have been no operational incidents post year end and the Trustee continues to review the employer covenant quarterly. No decision to wind up the Fund has been taken by the Trustee or employer, nor has any event occurred which under the Trust Deed and current legislation would render the winding up of the Fund inevitable and, accordingly, the Trustee has concluded that it is appropriate to prepare the financial statements on a going concern basis.

3. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Accruals concept

The financial statements have been prepared on an accruals basis

(b) Currency

The Fund’s functional currency and presentational currency is pounds sterling (GBP).

(c) Contributions

Employee normal contributions, including Additional Voluntary Contributions (AVCs), are accounted for by the Trustee when they are deducted from pay by the Employer, except for the first contribution due where the employee has been auto-enrolled by the Employer which is accounted for when received by the Fund.

Employer normal contributions are accounted for on the same basis as the employee’s contributions, in accordance with the schedule of contributions in force during the year.

All contributions under salary sacrifice arrangements are classified as employer contributions.

UNIVERSITY OF LIVERPOOL PENSION FUND – YEAR ENDED 31 JULY 2025

(d) Transfers to other plans

Transfer values have been included in the financial statements when the Trustees of the receiving Scheme accept the liabilities of the transferring members. They do not take account of members who have notified the Fund of their intention to transfer. Transfer values paid during the year were determined in accordance with the Pensions Schemes Act 1993 and appropriate regulations. No transfer values paid represented less than their full cash equivalent and there were no discretionary benefits included in the calculation of transfer values.

(e) Benefits and refunds to leavers

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

Retirement benefits, where a member has a choice of either a full pension or a lump sum plus reduced pension, are accounted for on an accruals basis based on the date the option was exercised or on retirement if later or if there is no member choice, on the date of retiring.

Refunds on withdrawal, single cash sums on retirement and death benefit lump sums are accounted for on an accruals basis based on the date of leaving, retirement or death.

(f) Administration and other expenses

Administration expenses and premiums on term insurance policies are accounted for on an accruals basis.

(g) Investment income and expenditure

Income from pooled investment vehicles which distribute income is accounted for when declared by the fund manager.

The change in market value of investments during the year comprises all increases and decreases in market value of investments held at any time during the year, including profits and losses realised on sales of investments and unrealised changes in market value. In the case of pooled investment vehicles which are accumulation funds, changes in market value also include income, net of any withholding tax, which is reinvested in the fund.

Transaction costs are included in the cost of purchase and sale proceeds. Transaction costs include costs charged directly to the Fund such as fees, commission, stamp duty and other fees. Other investment management expenses are accounted for on an accruals basis and shown separately within the investment returns.

(h) Valuation and classification of investments

Investment assets are included in the financial statements at fair value.

Unitised pooled investment vehicles are valued at the year end bid price or, where single priced, at the single price, as advised by the investment manager. Shares in other pooled arrangements have been valued at the latest available net asset value, determined in accordance with fair value principles, provided by the investment manager.

Valuations are based on bid prices for BlackRock and UBS. Valuations are based on single price values for Baillie Gifford, Veritas, DTZ, Aviva and Manulife I QoS Investment Managers, NAV for JP Morgan and swing price for Mercer.

(i) Significant estimates and judgements

The Trustee makes estimates and assumptions concerning the future in the valuation of certain of their investment assets, in particular, those classified in Level 3 of the fair value hierarchy. Changes in the accounting estimates used will, by definition, alter the carrying value of these investments. However, the Trustee believes there are no estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of these assets.

Investments held with DTZ, JP Morgan and Mercer PIPs are valued at the 30 June quarterly valuation adjusted for any cash movements to the year end.

UNIVERSITY OF LIVERPOOL PENSION FUND – YEAR ENDED 31 JULY 2025

4. Contributions

	2025 £'000	2024 £'000
Employer contributions		
Normal	<u>8,446</u>	<u>11,429</u>
Employee contributions		
Normal	455	363
Additional voluntary contributions	<u>42</u>	<u>40</u>
	<u>497</u>	<u>403</u>
Total contributions	<u>8,943</u>	<u>11,832</u>

Normal contributions for the year from the Fund's participating employers are at the rate recommended by the actuary. Members are entitled to purchase additional defined benefits under the provisions of the Fund.

From 1 July 2009, certain employees paid contributions under salary sacrifice arrangements. These are included within employer normal contributions and amounted to £2,883k (2024: £3,127k).

Following the results of the 2021 actuarial valuation the University agreed with the Trustee that it would continue to pay 23.5% of earnings for Final Salary Section and 22.5% of earnings for the CARE Section less contributions payable by contributing members. The contributions included an allowance of 2.2% for the management and administration expenses of running the scheme, including Pension Protection Fund levies and insurance premiums. Member contributions were 7.5% of earnings for the Final Salary Section and 6.5% earnings for the CARE Section.

During the year a new schedule of contributions was agreed suspending employer contributions for a 3-year period from 1 April 2025 to 31 March 2028. Employer contributions will recommence after the contribution suspension at a rate as defined in the schedule of contributions which is 15.7% of earnings for the Final Salary Section and 14.7% of earnings for the CARE Section, less contributions payable by contributing members which are 6.5% of earnings for the Final Salary Section and 5.5% of earnings for the CARE Section.

The schedule of contributions was certified by the actuary on 25 March 2025. The schedule of contributions and actuarial certification of the schedule of contributions are on pages 36 and 37 respectively.

5. Other income

	2025 £'000	2024 £'000
Claims on term insurance policies	<u>46</u>	<u>-</u>

6. Benefits paid or payable

	2025 £'000	2024 £'000
Pensions	12,340	11,768
Commutation of pensions and lump sum retirement benefits	2,356	2,239
Lump sum death benefits	185	6
Trivial Commutations	<u>15</u>	<u>51</u>
	<u>14,896</u>	<u>14,064</u>

7. Payments to and on account of leavers

	2025 £'000	2024 £'000
Refunds of contributions to members	41	20
Individual transfers out to other schemes	<u>94</u>	<u>40</u>
	<u>135</u>	<u>60</u>

UNIVERSITY OF LIVERPOOL PENSION FUND – YEAR ENDED 31 JULY 2025

8. Other payments

	2025 £'000	2024 £'000
Premiums on term insurance policies	<u>285</u>	<u>275</u>

9. Administrative expenses

	2025 £'000	2024 £'000
Actuarial fees	319	162
Computer Systems	89	45
Administration and processing	498	457
Legal fees	69	50
Audit fees	40	42
PPF and TPR levy	<u>50</u>	<u>90</u>
	<u>1,065</u>	<u>846</u>

10. Investment income

	2025 £'000	2024 £'000
Income from pooled investment vehicles	9,450	11,427
Interest on cash deposits	<u>208</u>	<u>376</u>
	<u>9,658</u>	<u>11,803</u>

Income from Baillie Gifford of £1,230k (2024: £1,636k) was not distributed but retained within the pooled investment vehicle. The income has been classified as change in market value as the Baillie Gifford fund is an accumulating fund.

11. Reconciliation of investments

	Value at 1 August 2024 £'000	Purchases at cost £'000	Sales proceeds £'000	Change in market value £'000	Value at 31 July 2025 £'000
Pooled investment vehicles	599,494	<u>219,971</u>	<u>(212,110)</u>	<u>34,448</u>	641,803
Other investment balances	1,798				890
Total investments	<u>601,292</u>				<u>642,693</u>

The operating companies managing the pooled investment vehicles are registered in the UK, other than the Managing Trustee of DTZ, Saltgate who is registered in Jersey.

As at 31 July 2025, the Fund's investment of £45,693k (2024: £44,242k) in the UBS Triton Property Unit Trust, £17,998k (2024: £17,640k) in the DTZ Fund, £32,947k (2024: £31,872) in the JP Morgan Infrastructure Investment Fund and £29,627k (2024: £30,004k) in the Aviva lime property Fund were held in pooled investment funds with lower liquidity than the Funds' other investments. The Mercer Senior Private Debt mandates, totalling £75,483k (2024: £35,317k), are closed ended funds and holdings cannot be redeemed during the lifetime of the respective fund, hence they too have lower liquidity. No adjustment has been made to the valuation of these investments.

Some members elect to pay additional voluntary contributions to secure additional benefits at retirement. Additional voluntary contributions are invested alongside the Fund's main investments.

UNIVERSITY OF LIVERPOOL PENSION FUND – YEAR ENDED 31 JULY 2025

Transaction costs are included in the cost of purchases and deducted from sales proceeds. As investments are in pooled investment vehicles, no direct transaction costs have been identified. Indirect transaction costs are incurred through the bid-offer spread on pooled investment vehicles and charges made within those vehicles. It has not been possible for the Trustee to quantify such indirect transaction costs.

12. Investment management expenses

Each investment manager is paid a negotiated fee for their service, based in part on the value of the proportion of the Fund from time to time under management. A performance fee may also be payable depending on the performance of the managers relative to the benchmarks and performance targets set.

	2025 £'000	2024 £'000
Administration, management and custody	1,307	1,478
Investment advisory fees	<u>193</u>	<u>95</u>
	<u>1,500</u>	<u>1,573</u>

Mercer Limited are the Fund's investment consultants. Investment advisory fees relate to the advice on investment strategy and investment management selection.

13. Pooled investment vehicles

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

	2025 £'000	2024 £'000
By type:		
Equities	219,622	221,888
Government Bonds	135,474	115,504
Infrastructure	32,947	31,872
Property	93,318	91,886
Diversified Growth Funds	17,999	41,231
Multi-Asset Credit	66,960	61,796
Senior Private Debt	<u>75,483</u>	<u>35,317</u>
	<u>641,803</u>	<u>599,494</u>

14. Other investment balances

	2025 £'000	2024 £'000
Accrued investment income	885	938
Cash held with investment manager	<u>5</u>	<u>860</u>
	<u>890</u>	<u>1,798</u>

UNIVERSITY OF LIVERPOOL PENSION FUND – YEAR ENDED 31 JULY 2025

15. Fair value of investments

The fair value of investments has been determined using the following hierarchy:

Level 1 - The unadjusted quoted price in an active market for identical assets or liabilities which the entity can access at the assessment date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the reporting entity.

Level 3 – Unobservable inputs for the asset or liability. Unobservable inputs are inputs that reflect the reporting entity’s own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available.

The Fund’s investments have been included at fair value using the above hierarchy categories as follows:

	2025	2025	2025	2025
	Level 1	Level 2	Level 3	Total
	£’000	£’000	£’000	£’000
Pooled Investment Vehicles	-	485,747	156,056	641,803
Other investment balances	890	-	-	890
	<u>890</u>	<u>485,747</u>	<u>156,056</u>	<u>642,693</u>

Analysis for the prior year end is as follows:

	2024	2024	2024	2024
	Level 1	Level 2	Level 3	Total
	£’000	£’000	£’000	£’000
Pooled Investment Vehicles	-	484,661	114,833	599,494
Other investment balances	1,798	-	-	1,798
	<u>1,798</u>	<u>484,661</u>	<u>114,833</u>	<u>601,292</u>

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

The value of pooled investment vehicles which are not actively traded is provided by the investment manager. The latest quarterly valuation for the DTZ Fund was at 30 June and the Trustee has reviewed the fund movements and fair value to 31 July.

16. 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 the following elements:

- **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.

UNIVERSITY OF LIVERPOOL PENSION FUND – YEAR ENDED 31 JULY 2025

- **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 or currency risk) whether those changes are caused by factors specific to the individual financial instrument, or factors affecting all similar financial instruments traded in the market.

The Trustee determines its investment strategy after taking advice from a professional investment advisor. The Fund has exposure to these risks because of the investments it makes in following the investment strategy set out below. The Trustee manages investment risks, including credit risk and market risk, within agreed parameters which are set taking into account the Fund's strategic investment objectives.

The Trustee's investment objectives are implemented through the investment management agreements in place with the Fund's investment managers and monitored by the Trustee by regular review of the investment portfolio. The Fund's Trustee Bank Account balance is not included in these disclosures.

The risk disclosures are based on Mercer and the Investment Managers' interpretation of guidance issued by the Pensions Research Accountants Group (PRAG).

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

(i) Investment Strategy

The Fund's current investment strategy is as follows:

- 35% actively invested in Global Equities
- 5% actively invested in Unlisted Infrastructure Equity
- 10% actively invested in Multi-Asset Credit
- 10% actively invested in Senior Private Debt
- 30% invested in defensive fixed income, which may consist of investment grade credit and UK government bonds. At the point of implementation, the target allocation is 15% to passively managed fixed-interest and 15% to index-linked gilts, however these allocations may change over time.
- 10% actively invested in Property (including a 5% allocation to Long Lease Property)

The Trustee sets the investment strategy for the Fund taking into account considerations such as the strength of the University covenant, the long-term liabilities of the Fund and the funding agreed with the University. The investment strategy is set out in the Statement of Investment Principles ("SIP") with details of any changes during the year included in the Trustee's Report.

(ii) Credit Risk

In order to gain exposure to certain asset classes in a cost-effective way (in both monetary and governance terms), the Fund invests in pooled investment vehicles. Therefore, the Fund is directly exposed to credit risk of these pooled investment vehicles. The value of assets invested in pooled funds and, therefore, directly exposed to credit risk at the year end was £641.8m (2024: £600.9m).

The Fund is subject to indirect credit risk through its exposure to bond and property assets, held within pooled investment vehicles. The value of assets exposed indirectly to credit risk as a result of this at year end was £389.3m (2024: £346.7m). This value includes pooled investment vehicles that have only a partial allocation to these asset classes.

With respect to the Trustee's approach to managing credit risk arising from the various asset classes, we note the following positions at year end:

- The credit risk from Sovereign Government bonds held directly or indirectly is considered to be minimal.
- The credit risk from corporate (investment grade) bonds held indirectly is mitigated by investing in a diversified mix of (predominantly) investment grade rated bonds. These assets are held for income and return generation as well as risk management purposes, and the expected return from these assets is considered appropriate for the associated risk.
- The credit risk from corporate (sub-investment grade) and other bonds held indirectly is mitigated via diversification to minimise the impact of default by any one issuer. These assets are held for return generation purposes, and the expected return from these assets is considered appropriate for the associated risk.

UNIVERSITY OF LIVERPOOL PENSION FUND – YEAR ENDED 31 JULY 2025

- The credit risk associated with direct cash balances held by the Fund’s custodian or within the Trustee bank account is mitigated by the use of regular sweeps and invested into the pooled funds.
- Pooled liquidity funds will invest with a diversified range of institutions, which are at least investment grade credit rated, to mitigate credit risk.
- A summary of the pooled investment vehicles by type of arrangement is shown below.

Investment Type	2025	2024
	£’000	£’000
Authorised Unit Trusts	153,472	133,144
Unauthorised Exempt Property Unit Trust	45,693	44,242
Open Ended Investment Companies	221,059	246,958
Common Contractual Fund	79,136	78,037
Qualifying Investor Alternative Investment Fund	66,960	61,796
Senior Private Debt	75,483	35,317
Total	641,803	599,494

Source: Investment Managers, LSEG Datastream and Mercer.

JP Morgan and DTZ valued as at 30 June 2025 and 30 June 2024. Mercer PIP fund values estimated based on the unaudited capital values as at 30 June 2025 and known cashflows since then. Figures may not sum to total due to rounding.

Valuations are based on bid prices for UBS and BlackRock, single price values for Baillie Gifford, Veritas, DTZ, Aviva and CQS, NAV for JP Morgan and swing price for Mercer.

- 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 environment in which the pooled fund manager operates and/or diversification of investments amongst a number of pooled arrangements. The Trustee carries out due diligence checks before appointing new-pooled investment managers.

(iii) Currency risk

The Fund is subject to direct currency risk because investments are held in pooled investment vehicles, denominated in a non-sterling currency totalling £108.4m (2024: £67.6m). The Fund’s investment with JP Morgan is held in a GBP hedged share class and therefore the vast majority of the direct currency risk is expected to be mitigated however this is included in the total given the JP Morgan fund is still USD denominated.

The Fund is subject to indirect currency risk because the underlying holdings of the pooled investment vehicles held may be denominated in a non-sterling currency and are not fully currency hedged by the investment manager. The value of holdings subject to this risk total £413.4m (2024: £478.8m). This value includes pooled investment vehicles that have only a partial exposure to currency risk. The Diversified Growth and Infrastructure Equity mandates have been included here despite the Fund’s holdings being currency hedged, given it is not possible for the hedging arrangements to reduce 100% of the risk.

(iv) Interest rate risk

The Fund is subject to interest rate risk via its holdings in Multi-Asset Credit, Senior Private Debt, Corporate Bonds, Gilts and Index-Linked Gilts, within pooled investment vehicles. When considering the actuarial funding of the Fund, the main interest rate risk is of falling interest rates causing a rise in the value placed on the liabilities.

If interest rates fall, the value of these assets is expected to rise to help match a proportion of the increase in actuarial liabilities arising from a fall in the discount rate. Similarly, if interest rates rise, these assets are expected to fall in value (as will the actuarial liabilities due to an increase in the discount rate). The Fund also has exposure to interest rate risk via the Mercer Diversified Growth Fund. The interest rate risk the Diversified Growth Fund introduces is expected to be low and/or taken by the investment manager as part of its investment process to add value. The value of holdings in aggregate which are subject to this risk total £295.9m (2024: £254.7m). This value includes pooled investment vehicles that have only a partial exposure to interest rate risk.

UNIVERSITY OF LIVERPOOL PENSION FUND – YEAR ENDED 31 JULY 2025

(v) Other price risk

Other price risk arises principally in relation to the Fund’s return seeking portfolio which includes Equities, Diversified Growth Fund, Infrastructure, Property, Multi-Asset Credit and Senior Private Debt held in pooled investment vehicles, as well as the Index-Linked Gilt pooled investment vehicles, due to the inflation sensitivity of the assets. However, inflation risk is also inherent in the Fund’s liabilities in the same way as interest rate risk. If inflation expectations rise, the value of these assets will rise to help match a proportion of the increase in actuarial liabilities arising from an increase in inflation expectations (and vice versa if inflation expectations fall).

The Trustee manages this exposure to overall price movements by constructing a diverse portfolio of investments across various markets.

	2025	2024
	£’000	£’000
Equity	219,622	221,888
Diversified Growth	17,999	41,231
Property	93,318	91,886
Infrastructure	32,947	31,872
Senior Private Debt	75,483	35,317
Index-Linked Gilts	67,419	30,060
Total	506,788	452,254

Source: Investment Managers, LSEG Datastream and Mercer.

JP Morgan and DTZ valued as at 30 June 2025 and 30 June 2024. Mercer PIP fund values estimated based on the unaudited capital values as at 30 June 2025 and known cashflows since then. Figures may not sum to total due to rounding.

Valuations are based on bid prices for UBS and BlackRock, single price values for Baillie Gifford, Veritas, DTZ, Aviva and CQS, NAV for JP Morgan; and swing price for Mercer.

17. Concentration of investments

Pooled Fund Investments accounting for more than 5% of the net assets of the Fund at the year end were:

	2025		2024	
	£’000	%	£’000	%
Baillie Gifford Global Alpha Growth Fund	140,485	21.8	143,851	23.7
BlackRock Buy and Maintain UK Credit Fund	-	-	85,453	14.1
Veritas Global Focus Fund	79,136	12.3	78,037	12.8
BlackRock Aquila Life Over 15-year UK index- linked gilts	68,054	10.6	-	-
BlackRock Aquila Life Over 5-year UK index-linked gilts	67,419	10.5	30,051	4.9
CQS Credit Multi-Asset Fund	66,960	10.4	61,796	10.2
UBS Triton Property Unit Trust	45,693	7.1	44,242	7.3
J.P. Morgan Infrastructure Investment Fund	32,947	5.1	31,782	5.4
Mercer Global Investments Europe Fund	17,999	2.8	41,231	6.8

Source: Investment Managers and Mercer, as at 31 July 2025, with the exception of JP Morgan which is at 30 June 2025. Excludes cash held in the Trustee bank account.

18. Employer related investment

There were no directly held employer related investments at the year end (2024: None).

UNIVERSITY OF LIVERPOOL PENSION FUND – YEAR ENDED 31 JULY 2025

19. Current assets

	2025 £'000	2024 £'000
Prepayments	47	6
Other debtors	4	14
Cash at bank	<u>3,047</u>	<u>7,926</u>
	<u>3,098</u>	<u>7,946</u>

20. Current Liabilities

	2025 £'000	2024 £'000
Due to principal employer	1,684	601
Unpaid benefits	670	272
Accrued expenses	<u>234</u>	<u>375</u>
	<u>2,588</u>	<u>1,248</u>

The amount due to the principal employer relates to the monthly settlement described in note 21 that was outstanding at year end.

21. Related party transactions

The following related party transactions arose during the year:

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

Administration and accountancy services were provided by the Principal Employer, The University of Liverpool. Fees payable by the Fund in respect of these services amounted to £491k (2024: £442k) and are included within administration expenses.

The University pays all member payments and administrative expenses on behalf of the Fund, which are then deducted from the contributions due and settled on a net basis each month. The amounts outstanding are shown in note 20.

Key management personnel of the Fund

No fees were payable to the Trustee Directors in the year.

The pension payable to the pensioner nominated trustee director has been made in accordance with the Trust Deed and Rules.

Contributions received in relation to two member nominated trustee directors were in line with the Fund's schedule of contributions.

22. Contractual commitments

At 31 July 2025 and 31 July 2024 there were undrawn contractual commitments in relation to the Fund's PIPs as shown below. There were no other contractual commitments.

	Mercer Senior Private Debt PIP IV £m	Mercer Senior Private Debt PIP V £m	Mercer Senior Private Debt PIP VI £m	Mercer Senior Private Debt PIP VII £m	Mercer Senior Private Debt PIP VIII £m
31 July 2025	1.3	2.7	2.1	10.2	26.8
31 July 2024	1.5	-	-	13.0	40.0

UNIVERSITY OF LIVERPOOL PENSION FUND – YEAR ENDED 31 JULY 2025

23. Contingent liabilities

In October 2018, the High Court determined that benefits provided to members who had contracted out of their pension scheme must be recalculated to reflect the equalisation of state pension ages between May 1990 and April 1997 for both men and women. A subsequent judgement in November 2020 determined that the requirement to equalise guaranteed minimum pensions (GMPs) between men and women should be extended to transfer value payments that were calculated on an unequalised basis. The impact of these judgements is being reviewed by the Trustee, with its advisers, in the context of the rules of the Fund and the value of any liability. The 2024 actuarial valuation included an allowance of 0.3% (£0.9m) of the liabilities for GMP equalisation. No allowance has yet been made in relation to GMP equalisation on past transfers out of the Fund as this is still to be assessed. As soon as this review is finalised and any liability quantified, then members will be communicated with. The impact of GMP equalisation is not expected to be material.

In June 2023, the UK High Court (*Virgin Media Limited v NTL Pension Trustees II Limited*) ruled that certain historical rule amendments for contracted-out defined benefit schemes were invalid if they were not accompanied by a Section 37 written actuarial confirmation. The judgment was upheld by the Court of Appeal in June 2024.

The University of Liverpool Pension Fund was a contracted out defined benefit scheme and rule amendments were made during the period April 1997 to April 2016 which could come under the scope of this judgement and impact member benefits. Work was performed to assess whether Section 37 confirmations were in place for all amendments. The initial assessment found two rule changes in the relevant period where confirmation statements were not readily available.

In June 2025, the Government advised that it would be introducing legislation to give affected pension schemes the ability to retrospectively obtain written actuarial confirmation that historic benefit changes met the necessary standards. The announcement did not confirm expected timescales for when legislation would be introduced. The Scheme's Solicitor has advised that only when more is known can it then consider how this may impact the Fund.

As a result, it is not possible to conclude whether there is any impact to the liabilities or if it can be reliably estimated. Consequently, the Fund does not consider it necessary to make any allowance for the potential impact of the Virgin Media case in its financial statements.

Other than the above and the liability to pay future pensions, the Fund had no contingent liabilities at 31 July 2025 or 31 July 2024.

24. Trustee Company

The Trustee Company has no share capital and is limited by guarantee. The liability of members of the Trustee Company is limited to an amount not exceeding £1 Sterling. At 31 July 2025 there were 7 members (2024:7).

25. Subsequent events

At the February Investment Advisory Committee meeting, it was agreed that the allocation to the defensive portfolio would be increased from 20% to 30% of total assets, funded via a reduction in the allocation to growth assets.

In September 2025, phase one of the strategic derisking took place. £25m was disinvested from Baillie Gifford and £12.5m invested in each of the BlackRock Over 5-year UK Index Linked Gilts Fund and the BlackRock Over 15-year UK Index Linked Gilts.

Phase two of the strategic derisking is to disinvest £15m from UBS also to be invested in Blackrock Index Linked Gilts. The UBS redemption notice was submitted in September 2025; the funds are expected to be received in Spring 2026.

The full actuarial valuation as at 31 July 2024 was signed September 2025 and a new Statement of Funding Principles and schedule of contributions signed on 25 September 2025. This schedule of contributions replaced the previous schedule of contributions which was actuarially certified on 25 March 2025. Contribution rates were unchanged.

Schedule of Contributions

University of Liverpool Pension Fund

This schedule of contributions has been prepared by the trustees, after obtaining the advice of James Auty, the Scheme Actuary. It replaces the previous schedule of contributions which was actuarially certified on 25 March 2025.

In preparing this schedule of contributions, account has been taken of contributions due in the period between 31 July 2024 and the commencement of this schedule under the previous schedule(s) of contributions, together with any further contributions paid during the same period.

Period covered by this schedule of contributions

This schedule of contributions takes effect from the date it is certified by the Scheme Actuary. It ends five years after that date.

Contributions by active members

6.5% of earnings for Final Salary members and 5.5% of earnings for CARE members. These are to be deducted by the employer and paid to the scheme on or before the 19th of the calendar month following deduction. Any additional voluntary contributions payable by active members are payable in addition.

Contributions by employer in respect of future accrual of benefits and expenses

Contributions by the employer are suspended for 3 years from 1 April 2025 (for clarity this did not include March 2025 employer contributions set out in the Schedule of Contributions certified on 23 November 2023) and, following that, will recommence at 15.7% of earnings for Final Salary members and 14.7% of earnings for CARE members, less contributions payable by contributing members, or, in each case, if higher, at a rate that the Scheme Actuary deems appropriate to reflect the cost of benefit accrual. This suspension does not apply to any salary sacrifice reduction made in relation to member pension contributions and these will continue to be paid to the scheme.

Expenses

Management and administration expenses of running the scheme including PPF levies and insurance premiums will be paid from the assets of the scheme.

Additional employer contributions

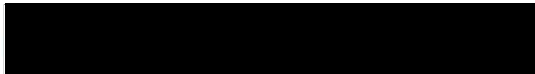
The employer may pay additional contributions of any amount and at any time from those set out above.

Earnings

Member's salary plus any enhancements to the basic annual rate of salary or wages payable to a member plus pay (if any) relating to any additional hours worked for the member's employer including any enhancements to the rate of that pay provided that pay in respect of any hours worked by the member which are in excess of the normal fulltime hours of an employee of the same grade as the member shall be excluded.

Signatures

Signed on behalf of the trustees:



Name: Corina Constantinescu

Position: Trustee Director

Date: 25 September 2025

Signed on behalf of the employer:

Name: Carmel Booth

Position: President of Council

Date: 25.09.25



Actuary's Certification of Schedule of Contributions

University of Liverpool Pension Fund

Adequacy of rates of contributions

1. I certify that, in my opinion, the rates of contributions shown in this schedule of contributions are such that the statutory funding objective could have been expected on 31 July 2024 to continue to be met for the period for which the schedule is to be in force.

Adherence to statement of funding principles

2. I hereby certify that, in my opinion, this schedule of contributions is consistent with the statement of funding principles dated (i.e. signed on behalf of the trustees on) 25 September 2025

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

Signature:		Date:	25 September 2025
Name:	James Auty	Qualification:	Chartered Actuary (Fellow)
Address:	Tower Place West London, EC3R 5BU	Name of employer:	Mercer Limited

UNIVERSITY OF LIVERPOOL PENSION FUND – YEAR ENDED 31 JULY 2025

Annual Engagement Policy Implementation Statement

Annual Engagement Policy Implementation Statement

Introduction

This statement sets out how, and the extent to which, the Engagement Policy in the Statement of Investment Principles ('SIP') produced by the Trustee has been followed during the year to 31 July 2025 (the Fund Year). This statement has been produced in accordance with the Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018, the subsequent amendment in The Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019 and the statutory guidance on reporting on stewardship in the implementation statement dated 17 June 2022.

The statement is based on, and should be read in conjunction with, the relevant version of the SIP that was in place for the Fund Year, dated July 2025. The SIP is a document that sets out the principles and policies governing how decisions about scheme investments are made for a pension scheme. The Fund's SIP is available at <https://www.liverpool.ac.uk/hr/pensions/ulpf/documents/>.

The Trustee reviewed the Fund's SIP during the year following changes to the strategic asset allocation. The Trustee can confirm that all policies in the SIP have been followed in the Fund Year.

Investment Objectives of the Fund

The Trustee believes it is important to consider the policies in place in the context of the objectives they have set. The Trustee's overall investment policy is guided by the following objectives:

- To ensure that the Fund's assets and future contributions are invested in such a manner that the benefits due to members and their beneficiaries can be paid from the Fund as they arise;
- The long-term aim of the Fund is to ensure that, together with future contributions, the Fund's assets provide sufficient income to meet benefits and any expenses payable under the Fund as they fall due;
- The Trustee wishes to adopt a suitable investment policy in terms of both long-run strategic asset allocation and implementation, that will enable the Fund's asset value to increase in a prudent manner;
- The Trustee wishes to manage the risk that the investment policy could lead to the accrual of future benefits ceasing to be provided under the Fund;
- Subject to the strategic asset allocation containing a suitable level of risk, the Trustee wishes to generate surplus funds beyond the amounts expected to be required to meet the cost of standard benefits due to be payable under the Fund;
- The Trustee wishes the Fund to be solvent in the event of a winding-up of the Fund;
- Each asset class has been considered and judged on merit for investment by the Trustee, having taken advice as appropriate from the Investment Advisor;
- To set and monitor appropriate benchmarks and performance targets for the investment managers;
- To pay due regard to the interests of the University of Liverpool ("the University") in relation to the volatility of the funding level and the payment of contributions.

Policy on ESG, Stewardship and Climate Change

The Fund's SIP includes the Trustee's policy on Environmental, Social and Governance ('ESG') factors, stewardship and climate change. This policy sets out the Trustee's beliefs on ESG and climate change and the processes followed by the Trustee in relation to voting rights and stewardship. This was last reviewed in July 2025.

UNIVERSITY OF LIVERPOOL PENSION FUND – YEAR ENDED 31 JULY 2025

Not all the investment managers have reported on the exact specific scheme year to 31 July 2025 and in these circumstances we have used the 12 months to 30 June 2025. The following work was undertaken in the year to 31 July 2025 relating to the Trustee’s policy on ESG factors, Stewardship and Climate Change.

Engagement

The Trustee believes that ESG factors may have a material impact on investment risk and return outcomes, and that good stewardship can create and preserve value for companies and markets as a whole. The Trustee also recognises that long-term sustainability issues, particularly climate change, present risks and opportunities that increasingly may require explicit consideration.

The Trustee has given appointed investment managers full discretion in evaluating ESG factors, including climate change considerations, and exercising voting rights and stewardship obligations attached to the investments, in accordance with their own corporate governance policies and current best practice, including the UK Corporate Governance Code and UK Stewardship Code. The Trustee, through its investment consultant, reviews the investment managers’ policies and engagement activities (where applicable) when the managers present to the Trustee.

The Trustee requested that the investment managers confirm compliance with the principles of the UK Stewardship Code. All of the Funds’ investment managers, with the exception of DTZ Investors, confirmed that they are signatories of the current UK Stewardship Code 2020.

The strategic rationale for investing in different asset classes that help the Trustee to achieve the Fund’s investment objectives remains the primary driver behind investment strategy decisions. However, within this context, the Trustee is increasingly considering how sustainable investment issues are integrated within investment processes in appointing new investment managers and monitoring existing investment managers.

The Trustee reviews investment performance reports on a quarterly basis, which includes the investment consultant’s assessment of the extent to which the investment managers’ integrate ESG into the investment process, as applicable. This assessment includes and allows for the investment managers’ policy on voting and engagement, amongst other considerations. Where managers may not be highly regarded from an ESG perspective, the Trustee may undertake further engagement. The Trustee will also use this assessment in decisions around selection, retention and realisation of manager appointments.

The Trustee meets with the investment managers regularly and may challenge decisions made including voting and engagement activity, if deemed appropriate.

The Fund’s investment managers provided examples of instances where they had engaged with investee companies. These engagement initiatives are driven mainly through regular meetings or by voting on resolutions at companies’ Annual General Meetings, related to various governance, social or environmental issues.

Voting and Engagement Activity

Engagement Activity

The following are examples of engagement activity undertaken by the Fund’s investment managers, where relevant. Examples were provided by the investment managers.

BlackRock

The Fund holds gilts and index-linked gilts with BlackRock and also held corporate bonds with them until January 2025. BlackRock believes that effective disclosure can lead to real change in how companies are managed for the benefit of all stakeholders. Engagement is core to BlackRock’s stewardship program as it helps them assess a company’s approach to governance, including the management of relevant environmental and social factors. BlackRock’s engagement discussions centre on core governance practices that align with clients’ long-term financial interests as investors – including board quality, the company’s strategy and financial resilience, and executive incentives. BlackRock also engaged with companies on sustainability-related factors that are material to their business models, including management of potential risks associated with climate and natural capital, as well as the impacts of a company’s operations on their workforce, and broader value chain. To that end, they conducted approximately 56 engagements relating to the Buy and Maintain Credit Fund during the year to 30 June 2025 (noting the Fund disinvested in January 2025).

UNIVERSITY OF LIVERPOOL PENSION FUND – YEAR ENDED 31 JULY 2025

CQS

Over the year, CQS engaged with an American Steel manufacturer which was identified as a high carbon emitter. CQS sought to ensure that the business was being proactive and thoughtful in reducing their carbon footprint. During their engagement, the company disclosed that it will look into reducing emissions associated with their recent acquisition by leveraging their current industry leading technologies.

The Company highlighted that they have achieved their 2030 Greenhouse Gas reduction target and revised their targets in May 2025. These targets included a long-term target alignment with the Paris Agreement's 1.5 degrees Celsius scenario to reduce all emissions to near net zero by 2050. The Company also expressed that they could achieve lower emissions than the industry through the use of lower carbon fuels like natural gas, consuming higher amounts of recycled materials and purchasing renewable energy. CQS will continue to monitor progress.

UBS

Due to the nature of their mandate, UBS do not invest in any listed companies and as such engagement in the traditional sense does not apply. However, UBS do actively collaborate with tenants, property managers and suppliers of services and materials to improve ESG outcomes. Over the year, UBS have made progress in reducing the operational carbon emissions of one of the offices held in the portfolio (70 Wilson Street, London EC2). The removal of all gas boilers and the complete electrification of the asset started in June 2024 with total capex of c. £2.5m. This was scheduled to be completed in 2025.

UBS formally survey their tenants at least once every three years on their general experience and sustainability. In the 2024GRESB Real estate Assessment, the Triton Property Fund ranked 2nd out of its peer group of UK Core, diversified strategies, achieving a four-star rating.

JP Morgan

The JP Morgan Infrastructure Investment Fund (IIF) takes majority shares in unlisted companies, such that traditional engagement activity does not strictly apply. JP Morgan did however engage with El Paso Electric Company (EPE) over the year, an electric utility company serving over 450,000 residential, commercial, industrial, public authority and wholesale customers in Texas and New Mexico. IIF has been a 100% owner of the entity since July 2020. EPE works directly with its regulators on approval for energy transition and climate adaptation projects to make its portfolio cleaner and more sustainable. An example of this is EPE's receipt of regulatory approval to expand its Texas Community Solar Program with an additional 10 megawatt (MW) solar facility. This new solar facility will add to EPE's existing, fully subscribed, Texas Community Solar Programme and offer a discounted rate for income-qualified customers. The expansion will bring the programme's total capacity to 15 MW of community solar energy. This project will be the second expansion of its community solar programme since its initial launch, giving more customers the option of receiving their energy from a local, renewable energy resource without having to install their own generation system. There is also a similar community solar program in New Mexico that has been submitted for regulatory approval.

DTZ

Due to the nature of their mandate, DTZ do not invest in any listed companies and as such engagement in the traditional sense does not apply. The fund does however undertake pre-acquisition Environmental Assessments on all assets as part of the underwriting and risk management process to identify potential ESG risks to future occupation, operations and value. Issues with direct financial relevance are integrated into the valuation and decision-making process. At disposal, the ESG risks are re-assessed to ensure confidence in the sale process with any financial implications understood and mitigated for.

Aviva

Due to the nature of their mandate, Aviva do not invest in any listed companies and as such engagement in the traditional sense does not apply. Aviva are actively reviewing the portfolio to identify initiatives to decarbonise properties in line with the occupier's own business priorities and ambitions, as well as creating a positive social impact. In relation to the assets held in the Lime Property Fund, Aviva's central approach is to own or have a controlling interest in assets. As such, they are directly responsible for the management of the assets in respect of E, S and G issues in line with Aviva's Private Markets Responsible Investment and Sustainability Risk Policy.

The real estate long income team have dedicated team members responsible for the ongoing supervision, monitoring, and management of assets to ensure they meet their operating requirements and also the broader impact of the asset on the

UNIVERSITY OF LIVERPOOL PENSION FUND – YEAR ENDED 31 JULY 2025

environment and community. Aviva also commission operating reports with environmental impacts, health and safety incidents, change of directorships, and energy/carbon savings.

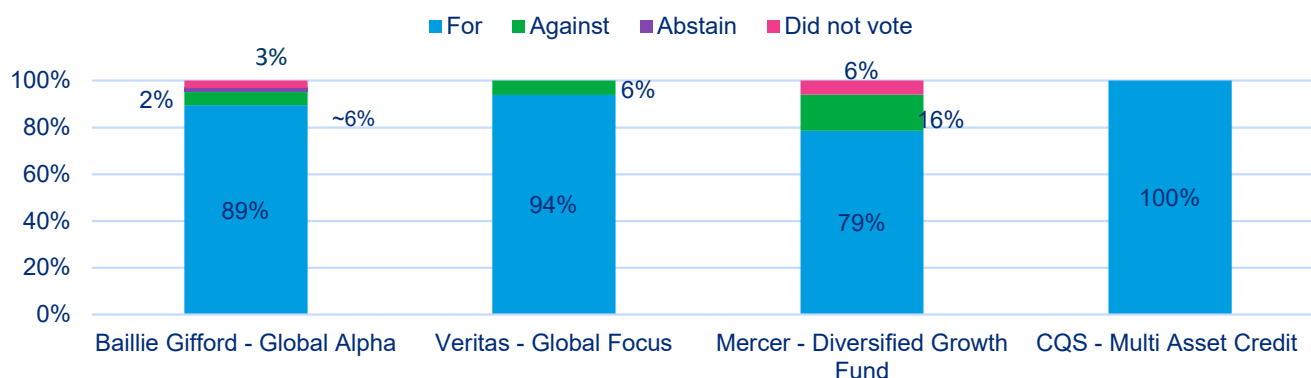
Mercer Private Investment Partners (PIP)

The Mercer PIP private debt sleeves do not invest in any listed companies and as such engagement in the traditional sense does not apply. One of the underlying general partners held in the PIP VIII sleeve were able to share a number of examples of engagements with portfolio companies. One such example involved encouraging a UK accountancy company to reduce its Greenhouse Gas emissions intensity and improve its sustainability disclosures. The company has since set validated science-based targets and has reported on its carbon emissions for 2024.

Voting activity during the Fund Year

The Trustee has delegated their voting rights to the investment managers. Investment managers are expected to provide voting summary reporting at least annually. These reports are reviewed as part of the production of this Statement.

A summary of the voting activity for the Fund’s equity investments is set out below. Over the prior 12 months, the Trustee has not actively challenged the investment managers of each externally managed fund on their voting activity, however managers have presented a summary of activity at meetings. The Trustee does not use the direct services of a proxy voter. The chart below summarises the proportion of votes that were ‘for’ or ‘against’ the proposal of company management.



Total Eligible Proposals	1,357	527	82,080	52
% Eligible Proposals Voted	97%	100%	94%	100%

Source: Investment managers. Data to 30 June 2025, other than for Veritas, where this is provided to 31 July 2025. Voting data related to the Mercer Diversified Growth Fund contains relates only to the underlying Mercer funds, excluding external managers.

Significant Votes

Following guidance from the Department for Work and Pensions (‘DWP’), the Trustee is required to define what constitutes a ‘significant vote’ to guide the inclusions in this Implementation Statement. Votes that the Trustee considers ‘most significant’ are required to be included in this statement.

The Trustee defines significance according to holding size and therefore reports on votes relating to holdings accounting for over 2.5% of Net Asset Value (NAV) within each of the invested funds, measured as at 31 July 2025. This reporting is filtered according to the following stewardship priorities:

- Environmental (E) - Climate change
- Social (S) - Human rights (including modern slavery)
- Governance (G) – Diversity, equity and inclusion

UNIVERSITY OF LIVERPOOL PENSION FUND – YEAR ENDED 31 JULY 2025

The votes that the Trustee deems most significant are included below:

Fund	Issuer / Size of holding	Date	Stewardship Priority	Vote	Management Recommendation	Rationale	Outcome
Veritas Global Focus	Microsoft Corporation / 4.24%	10/12/2024	S - Report on Risks of Operating in Countries with Significant Human Rights Concerns	For	Against	Veritas believe shareholders would benefit from increased disclosure regarding how the company is managing human rights-related risks in high-risk countries.	Fail
Veritas Global Focus	Alphabet Inc. / 4.34%	06/06/2025	S - Publish a Human Rights Impact Assessment of artificial intelligence (AI) Driven Targeted Advertising	For	Against	Veritas voted in favour of this as an independent human rights impact assessment would strengthen the company's ability to address potential risks associated with its AI-driven advertising practices, particularly amid a recent data privacy settlement.	Fail
Baillie Gifford Global Alpha	Microsoft Corporation / 4.79%	10/12/2024	S – Publish a Report on the Implications of Siting Datacentres in Countries with Human Rights Concerns	Against	Against	Baillie Gifford opposed a shareholder resolution requesting a report on the implications of siting datacentres in countries with human rights concerns. They believe the company has a robust framework in place and ranks highly on its governance practices and there is clear evidence of a commitment to protect human rights.	Fail
Baillie Gifford Global Alpha	Amazon.com / 4.24%	21/05/2025	S – Request for Audit of Third-Party Warehouse Conditions	Against	Against	Baillie Gifford opposed a shareholder resolution requesting a third-party audit on warehouse working conditions. They believe the company continues to make demonstrable progress on health and safety. They continue to provide extensive disclosure and detailed safety metrics and continue to take pre-emptive action, investing in safety initiatives, tech, and programs. This is consistent with how Baillie Gifford have voted on this resolution previously.	Fail
Baillie Gifford Global Alpha	Amazon.com / 4.24%	21/05/2025	E – Report on Climate Goals Given Energy Demand from AI	For	Against	Baillie Gifford supported a shareholder resolution requesting a report explaining how it will meet its climate change goals given the massively growing energy demand from AI and Amazon's plan to build more data centers. Baillie Gifford think that how Amazon will meet the energy requirements of its rapid data centre build out is an investment material question as it will require considerable management time and capital allocation. Baillie Gifford therefore think additional information on Amazon's thinking would benefit shareholders.	Fail