ANNUAL REPORT

THE INSTITUTE OF PHYSICS RETIREMENT BENEFITS PLAN (1975)

Plan registration number: 10099901

FOR THE YEAR ENDED
31 DECEMBER 2022

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Plan Advisers and Principal Employer

Plan Actuary

Julian Hough
XPS Pensions Group
Phoenix House
1 Station Hill
Reading
RG1 1NB

Auditor

BDO LLP
31 Chertsey Street
Guildford
Surrey
GU1 4HD

Investment Managers

The Trustees have selected the following Investment Managers to manage the assets of the Plan via a single policy with Legal & General Assurance (Pension Management) Limited, being a Platform Provider effective from 20th March 2019:

Legal & General Investment Management Limited
BMO Global Asset Management
Schroder Investment Management
Insight Investment

Investment in the Partners Fund has been made via Northern Trust International Fund Administration Services (Guernsey) Limited.

Additional Voluntary Contribution Providers

The Prudential Assurance Company Limited

Plan Administrator and Consultants

XPS Pensions Group
Phoenix House
1 Station Hill
Reading
RG1 1NB

Life Assurance Company

Canada Life Assurance Co.

Bankers

HSBC Bank Plc

Annuity Provider

Legal & General Assurance Society Limited

Plan Advisers and Principal Employer (continued)

Principal Employer

The Institute of Physics

Contact for further information

Sukhraj Dhadwar
The Institute of Physics
37 Caledonian Road
London
N1 9BU
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Trustees' Report

Introduction

The Trustees of The Institute of Physics Retirement Benefits Plan (1975) ("the Plan") are pleased to present their report together with the financial statements for the year ended 31 December 2022. The Plan is a defined benefit scheme. The Plan was closed to new members with effect from 31 December 2001. The Plan was closed to further accrual on 30 June 2015. Employees who participated in the scheme on that date were invited to join the IOP Group defined contribution pension arrangements, with employer/employee contribution percentages maintained as under the defined benefit scheme.

Management of the Plan

In accordance with the Occupational Pension Schemes (Member nominated Trustees and Directors) Regulations 1996, members have the option to nominate and vote for member elected Trustees. There are two member nominated Trustees, whose terms of office are normally five years. There are also two Trustees appointed by the Institute of Physics ("the Institute"), and an independent Trustee, appointed by the Institute.

During the year under review the Trustees of the Plan have been:

Capital Cranfield Pension Trustees Ltd represented by Ms F Stark - independent Chairman of trustees (previously represented by Mr R D Matthews until 9 December 2022)
Mr M Bray - Institute appointed trustee
Prof J Jones - Institute appointed trustee
Mr E Martin - member nominated trustee
Mrs C Garland - member nominated trustee

There have been five Trustee meetings during the year.

Further information about the Plan is given in the explanatory booklet, dated August 2009, which is issued to all members and available on the Institute's intranet.

Principal Employer

The Institute's registered address is 37 Caledonian Road, London, N1 9BU.

Financial development

The financial statements on pages 26 to 40 have been prepared and audited in accordance with the Regulations made under Sections 41 (1) and (6) of the Pensions Act 1995. They show that the value of the fund decreased from £114,393,008 at 31 December 2021 to £77,357,433 at 31 December 2022. The majority of this decrease in the value of the fund can be directly attributable to the change in market value of the investment portfolio which decreased in value by £36,864,102 due to the economic turmoil throughout 2022. Further details on the change in market value of the investments are shown in note 9 to the financial statements and in the Investment Report on pages 8 to 11. Further information on the funding position of the Plan and the Trustees' assessment of going concern are set out below.

Employer-related investment

There were no employer-related investments during the year.

Trustees' Report (continued)

Pension increases

Pensions in payment accrued in respect of service prior to 1 January 2001 increase at 5% p.a., pensions in payment accrued between 1 January 2001 and 31 December 2005 increase in line with the RPI, subject to a maximum of 6.5% p.a., whilst pensions in payment accrued on or after 1 January 2006 increase in line with RPI, subject to a maximum of 2.5%. No increases are discretionary. In accordance with the Deed and Rules of the Plan, deferred pensions will be re-valued during the period before they are brought into payment.

Going Concern

The Trustees have concluded, based on the information available to them, that the plan is a going concern and have prepared the accounts on that basis. There has been no decision to wind up or buy-out the plan and no notifiable or catastrophic events that could prevent the Plan from remaining a going concern. The Trustees have considered and monitored the Institute's covenant and remain comfortable that the Institute has the capacity and ability to support the Plan.

Membership

Details of the membership of the Plan are given below:

	2022	2021
Pensioners		
Pensioners at the start of the year	**138**	133
Members retiring during the year	**5**	8
Pensioners who died during the year	**-**	(2)
New dependants pensions	**-**	-
Adjustments to prior year figure	**1**	(1)
Pensioners at the end of the year	**144**	138
Closure members - deferred		
Closure members at the start of the year	**36**	40
Leavers with deferred benefits	**-**	(3)
Retirements	**-**	(1)
Adjustment to prior year figure	**(2)**	-
Closure members - deferred at the end of the year	**34**	36
Other members with preserved and deferred benefits		
Number at the start of the year	**197**	201
Transfers from closure membership	**-**	3
Retirements	**(5)**	(8)
Other members who died during the year	**(1)**	-
Adjustment to prior year figure	**1**	1
Preserved and deferred members at the end of the year	**192**	197
Total membership at the end of the year	**370**	371

Trustees' Report (continued)

Membership (continued)

Pensioners include individuals receiving a pension upon the death of a member.

These membership figures do not include movements notified to the Administrator after the completion of the annual renewal.

Closure members are those members that were active at the date of the plan's closure to future accrual and are still employed by the employer.

Calculation of transfer values

Transfer values paid during the year were calculated and verified in accordance with statutory requirements. No discretionary benefits were added in the calculation of transfer values.

Normal Retirement Age Equalisation

It has been confirmed that the barber window closed for normal retirement age equalisation with an end date of 1 November 1994. This is different to the end date that was in place previously of 1 November 1991. An estimate of the cost of updating benefits for the revised equalisation dates for non-pensioner members will be included in the 31 December 2022 valuation and is of the order of c.£1.2m. The Scheme actuary is in the process of drafting a report relating to this matter. The Trustees are also investigating whether any current pensioners are impacted and would require an uplift to their benefits, any cost associated to this would be in addition to the c.£1.2m mentioned earlier.

Funding position of the Plan

The actuarial figures below exclude the bulk annuity policy valued at £6,360,000 which provides for pensions in payment as at 10 August 2010.

An Actuarial report has been produced by the Plan Actuary dated December 2019 in accordance with the Pensions Act 2004 and the following information is taken from it.

The most recent Actuarial Valuation of the Plan was carried out with an effective date of 31 December 2019. The funding position in respect of benefits accrued up to that date was as follows;

Assets valued on 31 December 2019	£97,920,000
Amount needed to provide accrued benefits	£105,440,000
Funding shortfall	£7,520,000
Funding position relative to the target funding level	93%

The Institute confirmed its continued support for the Plan. Following discussions with the Trustees, a recovery plan to fund the deficit was agreed involving the continuation of contributions from the Institute of £1m per annum commencing from 1 April 2021 through to 30 June 2025.

The Institute has agreed to pay additional contingent contributions to the Plan subject to: 1) having sufficient funding to meet the commitments of the Institute's 5-year plan; and 2) meeting the needs of the Institute's reserves policy.

If the Plan were to be wound up, members might not receive the full amount of pension they have accrued even if the Plan were fully funded under the Trustees' funding strategy. However, whilst the Plan remains a going concern, benefits will continue to be paid in full.

If the Plan were to be wound up, the Institute would be required to pay an amount into the Plan sufficient to enable the members' benefits to be secured in full with an insurance company. The total cost for this to have been achieved on 31 December 2019 was estimated at £56.56 million as per the latest triennial valuation.

Trustees' Report (continued)

Funding position of the Plan (continued)

The next triennial valuation to 31 December 2022 has not been referenced in this reporting period as it is expected to be completed and published in late 2023, after the signing date of this report. It is expected that any updates arising from the 31 December 2022 triennial review will be reflected in the 31 December 2023 annual report.

The actuarial method used in the calculation of the technical provisions is the Projected Unit Method. Assets are valued at their market value. Liabilities – otherwise known as the "technical provisions" – are measured by projecting the benefits that are expected to be paid to the members of the Plan. As these benefits are expected to be paid over a long period of time, they are discounted to allow consistent comparison with the market value of the assets, which are expected to earn investment returns over time.

On 26 October 2018, the High Court handed down a judgement that requires defined benefit pension schemes to equalise pension benefits for men and women in relation to guaranteed minimum pension benefits. The effects of this judgement have been included in the valuation of the Plan as at 31 December 2019. In November 2020 there was a further judgement relating to this case relating to the equalisation of past individual transfers out of pension schemes. This second judgement is not included in the latest valuation of the Plan as at 31 December 2019, as this was prior to the court hearing. Based on an assessment of past transfers the Trustees do not expect this second judgement to have a significant effect on the Plan or to be material to the Plan valuation or the financial statements.

To estimate the amount of the future benefit payments, assumptions need to be made. The assumptions used in the valuation are agreed between the trustees and the Institute and are set out in the Statement of Funding Principles, which is available to Plan members on request.

The most significant of these are as follows:

- Discount rate pre-retirement: 3.85%
- Discount rate post-retirement: 1.85%
- Pensionable salary increases: 2.80%
- Price inflation (RPI): 3.40% per annum
- Price inflation (CPI): 2.70% per annum
- Pension increases in deferment:
    - GMP: Fixed Rates
    - Pre 06/04/2009 excess: 2.70% per annum
    - Post 06/04/2009 excess: 2.50% per annum
- Pension increases in payment for pensions accrued:
    - Pre 01/01/2001: 5.00% per annum
    - 01/01/2001 to 31/12/2005: 3.39% per annum
    - Post 01/01/2006: 2.24% per annum
- Expected return for Recovery Plan net of investment expenses: 0.5% per annum above the average discount rate
- Mortality pre and post retirement: 95% of the S3PMA table for males and 95% of the S3PFA table for females projected from 2013 in line with the CMI 2019 projections with the default smoothing parameter of 7.0, an initial addition of 0.5% and with long term improvement rates of 1.5% per annum for both males and females
- Withdrawals: No allowance
- Retirement: All at Normal Retirement Age (65)
- Age difference of dependants: Males 3 years older than females

Trustees' Report (continued)

Funding position of the Plan (continued)

- Cash commutation at retirement
    - Amount of pension exchanged: 75% of maximum permitted at retirement
    - Cash per £1 pa pension commuted at age 65
        - Pre 01: 22.5
        - 01-06: 18.4
        - Post 06: 16.4
- Proportion married: 80% with a financial dependant at retirement
- Promotional salary scale: None
- Expenses: No explicit allowance
- GMP Equalisation: 0.5% of total liabilities

The full report on the Actuarial Valuation following the actuary's check of the Plan's situation as at 31 December 2019 can be obtained from Sukhraj Dhadwar at the address given on page 2.

Investment Report

General

The majority of investments were managed during the year by Legal & General Assurance (Pension Management) Limited. The Plan's investment in the Partners Fund is managed by Northern Trust International Fund Administration Services (Guernsey) Limited.

The insurance annuity was managed by Legal & General Assurance (Pension Management) Limited during the year.

The investments are allocated between the various funds in accordance with the investment strategy agreed by the Trustees and documented in the Statement of Investment Principles.

Investment principles

The Trustees have produced a Statement of Investment Principles in accordance with Section 35 of the Pensions Act 1995. A copy of the statement is available on request. The main priority of the Trustees when considering the investment policy is that the promises made about members' pensions may be fulfilled. Accordingly, investments are spread across the available range, both by type of investment (equities and bonds) and geographically. Spreading the investments in this way reduces the risk of a sharp change in one particular market having a substantial impact on the whole fund.

The Trustees support best practice in terms of shareholder activism. In the case of pooled funds they accept that the day-to-day exercise of voting rights is necessarily carried out by the investment managers. The Trustees do, however, expect their investment manager to adopt a voting policy in accordance with best industry practice.

The Trustees have elected to invest in pooled funds and cannot, therefore, directly influence the social, environmental and ethical policies in which such pooled funds invest. Where the pooled funds are managed on a passive basis, decisions regarding the selection, retention and realisation of investments are only made in order to ensure efficient tracking of indices, and social, environmental and ethical considerations are not taken into account. However, the Trustees have noted the extent to which social, environmental and ethical issues are taken into account by their appointed investment managers in exercising their corporate governance policy.

The Trustees' policy is to delegate responsibility for the exercising of rights (including voting rights) attaching to investments to the investment managers.

LDI investments

As explained on page 3, the rise in bond yields and inflationary pressures in the economy have resulted in the Plan's investments, and particularly the LDI portfolio, performing poorly in the year to 31 December 2022. The nature of an LDI investment works to align the Plan's assets more closely to the liabilities of the Plan. The crash in bond markets during the year was exacerbated in the UK as a result of the mini-budget and resulting LDI sell offs.

The Institute of Physics Retirement Benefits Plan (1975) has performed in line with the wider market, excluding its LDI investments. £29.6m of the total £34.6m reduction in change in market value on the pooled investment vehicles is as a result of the LDI investments held with the large decrease in their valuation as a result of the factors listed above.

Investment Report (continued)

Fund Values

Below are the fund values at the beginning and the end of the year (excluding additional voluntary contributions and the insurance annuity):

	Market Value 31 Dec 2022	Market Value 31 Dec 2021
Legal & General		
LGIM Global Equity Market Weights 30:70 Index - 75% GBP Currency Hedged	**10,685,056**	23,918,396
LGIM PMC Schroder Life Int Div Growth Fund	**5,385,616**	18,539,103
LGIM PMC Insight Broad Opportunities Fund	**5,316,228**	17,850,516
LGIM IOP BMO Nominal Dynamic LDI	**11,554,155**	14,571,405
LGIM IOP BMO Short Profile Real Dynamic LDI	**2,031,394**	11,855,171
Sterling Liquidity Fund	**22,808,112**	6,190,114
Northern Trust		
Partners Fund GBP Partners E	**10,644,586**	10,445,342
Partners Fund GBP Class E-N	**1,350,974**	1,325,635
Total	**69,776,121**	104,695,682

Asset Allocation

The funds are designed for corporate and public sector Pension Schemes and take full advantage of the tax exemptions available to investment funds of this type. They are unitised funds and the value of the units fluctuates directly in relation to the value of the underlying assets. All units are redeemable at bid prices that are calculated from independent, external pricing sources. The assets underlying the units are held by independent corporate custodians who are regularly reviewed by external auditors.

The value of the units held at the beginning and end of the reporting period, on single priced market price basis were:

Investment Sector Fund	**Value and Distribution**		**Strategic Benchmark**
	£	**%**	**%**
LGIM IOP BMO Nominal Dynamic LDI	11,554,155	16.6%	
LGIM IOP BMO Short Profile Real Dynamic LDI	2,031,394	2.9%	60.0%
Sterling Liquidity Fund	22,808,112	32.7%	
Total Matching Assets	**36,393,661**	**52.2%**	**60.0%**
LGIM Global Equity Market Weights 30:70 Index - 75% GBP Currency Hedged	10,685,056	15.3%	15.0%
LGIM PMC Schroder Life Int Div Growth Fund	5,385,616	7.7%	7.5%
LGIM PMC Insight Broad Opportunities Fund	5,316,228	7.6%	7.5%
Partners Funds	11,995,560	17.2%	10.0%
Total Growth Assets	**33,382,459**	**47.8%**	**40.0%**
Total Invested Assets	**69,776,121**	**100%**	**100%**

Investment Report (continued)

Asset Allocation (continued)

The unit prices for these valuations were based on market closing prices on the previous working day. The values shown include any activity that took place on the valuation days.

The Allocation in the SIP was agreed during the strategic review in 2018 and represents the long-term strategic allocation to meet the Trustee's long term objectives. The implementation of the investment strategy is discussed further in the Implementation Statement on page 12.

The Sterling Liquidity fund is being held to manage the Liquidity risk of the Plan. The SIP is clear that there is a desire and a need to retain flexibility. The Trustees will hold cash to the extent that they consider necessary to meet impending anticipated liability outflows.

Performance

The time-weighted investment returns on the Plan's assets were as follows.

Time weighted returns to 31 December 2022

Investment Sector Fund		Last Three Months			Last Twelve Months			Last Three Years annualised		
		Fund %	Target %	Deviation %	Fund %	Target %	Deviation %	Fund % pa	Target % pa	Deviation % pa
LGIM Global Equity Market Weights 30:70 Index - 75% GBP Currency Hedged	*1*	6.3	6.4	-0.1	-10.0	-10.0	0.0	4.8	4.7	0.1
Schroders Diversified Growth Fund	*2*	1.3	2.0	-0.7	-10.7	7.2	-17.9	1.6	7.6	-6.0
Insight Broad Opportunities Fund	*3*	0.9	1.5	-0.6	-9.2	4.0	-13.2	-0.7	4.4	-5.1
CT Nominal Dynamic LDI	*4*	-40.0	-41.6	1.6	-92.9	-92.8	-0.1	-57.1	-56.5	-0.6
CT Short Profile Real Dynamic LDI	*5*	-88.4	-89.8	1.4	-99.2	-99.4	0.2	-77.8	-79.0	1.2
Partners Funds	*6*	2.6	1.9	0.7	1.9	8.0	-6.1	9.3	8.0	1.3
LGIM Sterling Liquidity Fund	*7*	0.7	0.7	0.0	1.4	1.4	0.0	0.6	0.5	0.1
Total Invested Assets		**1.7%**	**-22.7%**	**24.4%**	**-25.3%**	**-59.5%**	**34.2%**	**-3.5%**	**-20.0%**	**16.4%**

1 Investment held since May 2017
2 Investment held since March 2019
3 Investment held since March 2019
4 Investment held since April 2016
5 Investment held since February 2018
6 Investment held since September 2017
The Plan has held the EN share class since Dec 2019
7 Investment held since March 2020

Custodial arrangements

Each of the underlying Investment Manager funds that the Plan has invested in via the Investment Platform has a custodian that holds assets in safekeeping. However, the Plan accesses the Investment Platform by entering into a life policy agreement with Legal & General Assurance (Pension Management) Limited. As such, the Plan's assets have been put into a life fund, whereby the life company, Legal & General Investment Management, owns the assets and then creates a liability to the Plan equal to the investment. Therefore, the Plan does not have a custodian in the same way as it might have with other pooled fund arrangements.

From September 2017, investment in the Partners Fund has been made via Northern Trust International Fund Administration Services (Guernsey) Limited; there is no separate custodian. The investment is in the name of the Plan and a summary of holdings is received at least annually.

Investment Report (continued)

Custodial arrangements (continued)

The Trustees are responsible for ensuring the Plan's assets continue to be securely held. They review the custodial arrangements from time to time.

Cash held in connection with the administration of the fund was held in a bank account in the name of the Trustees.

Basis of investment managers' fees

The investment managers are remunerated on a fee basis which is reviewed on a periodic basis by the Trustees.

Further information

Further disclosures required by legislation are included in the Compliance Statement on pages 45 to 46.

Implementation Statement

Purpose

This statement provides information on how, and the extent to which, the Trustees of the Institute of Physics Retirement Benefit Plan (1975) ("the Plan") have followed their policy in relation to the exercising of rights (including voting rights) attached to the Plan's investments, and engagement activities during the year ended 31 December 2022 ("the reporting year"). In addition, the statement provides a summary of the voting behaviour and most significant votes cast during the reporting year.

Background

During 2019, the Trustees received training on Environmental, Social and Governance ("ESG") issues from XPS and discussed their beliefs around those issues. This enabled the Trustees to consider how to update their policy in relation to ESG and voting issues. In the two years following, the Trustees received training in relation to voting and engagement issues which enabled them to refine their policies in relation to such issues.

During 2021, the Trustees received further training covering ESG and climate change issues and ongoing regulatory developments in this area, particularly in relation to climate change. They also reviewed whether the Plan's investment managers were granted signatory status under the UK Stewardship Code 2020. However, no changes were made to the Trustees' ESG, voting or engagement policies during the reporting year.

The Trustees' policies are documented in the Statement of Investment Principles dated 24 September 2020 and are summarised below.

The Trustees' policy on ESG, voting and engagement

The Trustees encourage Investment Managers to make decisions in the long-term interests of the Plan. The Trustees expect engagement with management of the underlying issuers of debt or equity and the exercising of voting rights. This expectation is based on the belief that such engagement can be expected to help Investment Managers to mitigate risk and improve long term returns. The Trustees also require the Investment Managers to take ESG factors and climate change risks into consideration within their decision-making as the Trustees believe these factors could have a material financial impact in the long-term. The Trustees therefore make decisions about the retention of Investment Managers, accordingly.

The Trustees have considered their approach to environmental, social and corporate governance ("ESG") factors for the long term time horizon of the Plan and believe there can be financially material risks relating to them. The Trustees have delegated the ongoing monitoring and management of ESG risks and those related to climate change to the Plan's Investment Managers.

As the Plan invests in pooled funds, the Trustees acknowledge that they cannot directly influence the policies and practices of the companies in which the pooled funds invest. They have therefore delegated responsibility for the exercise of rights (including voting rights) attached to the Plan's investments to the Investment Managers. The Trustees encourage them to engage with investee companies and vote whenever it is practical to do so on financially material matters such as strategy, capital structure, conflicts of interest policies, risks, social and environmental impact and corporate governance as part of their decision-making processes. The Trustees require the Investment Managers to report on significant votes made on behalf of the Trustees.

If the Trustees become aware of an Investment Manager engaging with the underlying issuers of debt or equity in ways that they deem inadequate or that the results of such engagement are mis-aligned with the Trustees' expectation, then the Trustees may consider terminating the relationship with that Investment Manager.

During the reporting year, there have been no areas of concern in terms of engagement or ESG matters from the Plan's investment managers.

Implementation Statement (continued)

Manager selection exercises

One of the main ways in which the Trustees' policy is expressed is via manager selection exercises: the Trustees seek advice from XPS on the extent to which their views on ESG and climate change risks may be taken into account in any future investment manager selection exercises.

During the reporting year, the Trustees did not appoint any new investment managers.

Ongoing governance

The Trustees, with the assistance of XPS, monitor the processes and operational behaviour of the investment managers from time to time, to ensure they remain appropriate and in line with the Trustees' requirements as set out in this statement. Further, the Trustees have set XPS the objective of ensuring that any selected managers reflect the Trustees' views on ESG (including climate change) and stewardship.

As mentioned above, during the reporting year, the Trustees began to consider upcoming climate change related regulations.

Beyond the governance work currently undertaken, the Trustees believe that their approach to, and policy on, ESG matters will evolve over time based on developments within the industry and, at least partly, on a review of data relating to the voting and engagement activity conducted annually. Stewardship and ESG matters are therefore regularly discussed at IC/Trustees' meetings.

Adherence to the Statement of Investment Principles

During the reporting year the Trustees are satisfied that they followed their policy on the exercise of rights (including voting rights) and engagement activities to an acceptable degree.

Voting activity

The main asset class where the investment managers will have voting rights is equities. The Plan has specific allocations to both public and private equities, and investments in equities will also form part of the strategy for the diversified growth funds in which the Plan invests. The Plan also gains equity exposure through derivatives contracts held in the Schroders Diversified Growth Fund and the Insight Broad Opportunities Fund; however, these vehicles instruments have no voting rights so have not been included in this report. A summary of the voting behaviour and most significant votes determined by and cast by each of the relevant investment manager organisations is presented in the rest of this document.

Voting Information

LGIM Global Equity Market Weights (30:70) Index Fund - 75% GBP Currency Hedged

The manager voted on 99.88% of resolutions of which they were eligible out of 75300 eligible votes.

Investment Manager Client Consultation Policy on Voting
LGIM's voting and engagement activities are driven by ESG professionals and their assessment of the requirements in these areas seeks to achieve the best outcome for all their clients. LGIM's voting policies are reviewed annually and take into account feedback from their clients.

Implementation Statement (continued)

LGIM Global Equity Market Weights (30:70) Index Fund - 75% GBP Currency Hedged (Continued)

Every year, LGIM holds a stakeholder roundtable event where clients and other stakeholders (civil society, academia, the private sector and fellow investors) are invited to express their views directly to the members of the Investment Stewardship team. The views expressed by attendees during this event form a key consideration as LGIM continue to develop their voting and engagement policies and define strategic priorities in the years ahead. LGIM also take into account client feedback received at regular meetings and/ or ad-hoc comments or enquiries.

Investment Manager Process to determine how to Vote

All decisions are made by LGIM's Investment Stewardship team and in accordance with the relevant Corporate Governance & Responsible Investment and Conflicts of Interest policy documents which are reviewed annually. Each member of the team is allocated a specific sector globally so that the voting is undertaken by the same individuals who engage with the relevant company. This ensures LGIM's stewardship approach flows smoothly throughout the engagement and voting process and that engagement is fully integrated into the vote decision process, therefore sending consistent messaging to companies.

How does this manager determine what constitutes a 'Significant' Vote?

As regulation on vote reporting has recently evolved with the introduction of the concept of 'significant vote' by the EU Shareholder Rights Directive II, LGIM wants to ensure they continue to help their clients in fulfilling their reporting obligations. LGIM also believe public transparency of their vote activity is critical for their clients and interested parties to hold them to account.

For many years, LGIM has regularly produced case studies and/ or summaries of LGIM's vote positions to clients for what they deemed were 'material votes'. LGIM are evolving their approach in line with the new regulation and are committed to provide their clients access to 'significant vote' information.

In determining significant votes, LGIM's Investment Stewardship team takes into account the criteria provided by the Pensions & Lifetime Savings Association (PLSA) guidance. This includes but is not limited to:

- High profile vote which has such a degree of controversy that there is high client and/ or public scrutiny;
- Significant client interest for a vote: directly communicated by clients to the Investment Stewardship team at LGIM's annual Stakeholder roundtable event, or where LGIM note a significant increase in requests from clients on a particular vote;
- Sanction vote as a result of a direct or collaborative engagement;
- Vote linked to an LGIM engagement campaign, in line with LGIM Investment Stewardship's 5-year ESG priority engagement themes.

LGIM provide information on significant votes in the format of detailed case studies in their quarterly ESG impact report and annual active ownership publications.

The vote information is updated on a daily basis and with a lag of one day after a shareholder meeting is held. LGIM also provide the rationale for all votes cast against management, including votes of support to shareholder resolutions.

Implementation Statement (continued)

Does the manager utilise a Proxy Voting System?
LGIM's Investment Stewardship team uses ISS's 'ProxyExchange' electronic voting platform to electronically vote clients' shares. All voting decisions are made by LGIM and they do not outsource any part of the strategic decisions. LGIM use of ISS recommendations is purely to augment their own research and proprietary ESG assessment tools. The Investment Stewardship team also uses the research reports of Institutional Voting Information Services (IVIS) to supplement the research reports that LGIM receive from ISS for UK companies when making specific voting decisions.

To ensure LGIM's proxy provider votes in accordance with their position on ESG, LGIM have put in place a custom voting policy with specific voting instructions. These instructions apply to all markets globally and seek to uphold what LGIM consider are minimum best practice standards which LGIM believe all companies globally should observe, irrespective of local regulation or practice.

LGIM retain the ability in all markets to override any vote decisions, which are based on their custom voting policy. This may happen where engagement with a specific company has provided additional information (for example from direct engagement, or explanation in the annual report) that allows LGIM to apply a qualitative overlay to their voting judgement. LGIM have strict monitoring controls to ensure their votes are fully and effectively executed in accordance with their voting policies by their service provider. This includes a regular manual check of the votes input into the platform, and an electronic alert service to inform them of rejected votes which require further action.

Top 5 Significant Votes during the Period

Company	Voting Subject	How did the Investment Manager Vote?	Result
Apple Inc.	**Resolution 9 - Report on Civil Rights Audit**	**For**	**53.6%**
LGIM will continue to engage with their investee companies, publicly advocate their position on this issue and monitor company and market-level progress.			
Royal Dutch Shell Plc	**Resolution 20 - Approve the Shell Energy Transition Progress Update**	**Against**	**79.9%**
LGIM will continue to engage with their investee companies, publicly advocate their position on this issue and monitor company and market-level progress.			
Amazon.com, Inc.	**Resolution 1f - Elect Director Daniel P. Huttenlocher**	**Against**	**93.3%**
LGIM will continue to engage with their investee companies, publicly advocate their position on this issue and monitor company and market-level progress.			
BP Plc	**Resolution 3 - Approve Net Zero - From Ambition to Action Report**	**For**	**88.5%**
LGIM will continue to engage with their investee companies, publicly advocate their position on this issue and monitor company and market-level progress.			
Rio Tinto Plc	**Resolution 17 - Approve Climate Action Plan**	**Against**	**84.3%**
LGIM will continue to engage with their investee companies, publicly advocate their position on this issue and monitor company and market-level progress.			

Implementation Statement (continued)

Insight Broad Opportunities Fund

The manager voted on 100% of resolutions of which they were eligible out of 169 eligible votes.

Investment Manager Client Consultation Policy on Voting
Insight does not consult client prior to voting on resolutions. However, Insight is committed to voting all proxies where it is deemed appropriate and responsible to do so. Insight takes its responsibility to vote very seriously and votes in the best interest of clients.

Investment Manager Process to determine how to Vote
Insight retains the services of Minerva Analytics (Minerva) for the provision of proxy voting services and votes at meetings where it is deemed appropriate and responsible to do so. Minerva provides research expertise and voting tools through sophisticated proprietary IT systems allowing Insight to take and demonstrate responsibility for voting decisions. Independent corporate governance analysis is drawn from thousands of markets, national and international legal and best practice provisions from jurisdictions around the world. Independent and impartial research provides advance notice of voting events and rules-based analysis to ensure contentious issues are identified. Minerva Analytics analyses any resolution against Insight-specific voting policy templates which will determine the direction of the vote. In addition, please refer to their Proxy Voting Policy, which sets out in detail their approach to voting on resolutions:
https://www.insightinvestment.com/globalassets/documents/responsible-investment/responsible-investment-reports/uk-aus-proxy-voting-policy.pdf#ribbonTabs

How does this manager determine what constitutes a 'Significant' Vote?
The strategy invests in listed closed-end investment companies with a focus on cash-generative investments in social and public, renewable energy and economic infrastructure sectors. The corporate structure of closed-end investment companies held in the strategy includes an independent board which is responsible for providing an overall oversight function on behalf of all shareholders. This governance framework includes a range of aspects including setting out investment objectives, and on an ongoing basis ensuring that the underlying strategy and portfolio activities within it remain within the agreed framework. This governance framework, that is with an independent board acting on behalf of shareholders, generally limits contentious issues that can arise with other listed entities. As a result, examples of significant votes cast that may be comparable to other listed entities are not applicable to the strategy's exposures.

Does the manager utilise a Proxy Voting System?
Insight would utilise Minerva to analyse resolutions against Insight-specific voting policy templates to determine the direction of the vote, where applicable.

Top 5 Significant Votes during the Period
Insight did not provide a list of 'top significant votes' over the period considered.

Schroders Diversified Growth Fund

The manager voted on 95.73% of resolutions of which they were eligible out of 15081 eligible votes.

Investment Manager Client Consultation Policy on Voting
The corporate governance analysts input votes based on their proprietary research in line with Schroders' house voting policy and do not take voting instruction from their clients. The manager reports transparently on their voting decisions with rationales on their website.

Implementation Statement (continued)

Investment Manager Process to determine how to Vote

As active owners, Schroders recognises their responsibility to make considered use of voting rights. Schroders therefore vote on all resolutions at all AGMs/EGMs globally unless they are restricted from doing so (e.g. as a result of share blocking).

Schroders aim to take a consistent approach to voting globally, subject to regulatory restrictions that is in line with their published ESG policy.

The overriding principle governing their voting is to act in the best interests of their clients. Where proposals are not consistent with the interests of shareholders and their clients, Schroders are not afraid to vote against resolutions. Schroders may abstain where mitigating circumstances apply, for example where a company has taken steps to address shareholder issues.

Schroders evaluate voting resolutions arising at their investee companies and, where they have the authority to do so, vote on them in line with their fiduciary responsibilities in what they deem to be the interests of their clients. Schroders' Corporate Governance specialists assess each proposal, applying their voting policy and guidelines (as outlined in Schroders' Environmental, Social and Governance Policy) to each agenda item. In applying the policy, they consider a range of factors, including the circumstances of each company, long-term performance, governance, strategy and the local corporate governance code. Schroders specialists will draw on external research, such as the Investment Association's Institutional Voting Information Services and ISS, and public reporting. Schroders own research is also integral to their process; this will be conducted by both their financial and Sustainable Investment analysts. For contentious issues, Schroders' Corporate Governance specialists consult with the relevant analysts and portfolio managers to seek their view and better understand the corporate context.

Schroders also engage with companies throughout the year via regular face-to-face meetings, written correspondence, emails, phone calls and discussions with company advisors and stakeholders.

In 2022, Schroders voted on approximately 7600 meetings and 96% of total resolutions, and instructed a vote against the board at over 50% of meetings.

Institutional Shareholder Services (ISS) act as their one service provider for the processing of all proxy votes in all markets. ISS delivers vote processing through its Internet-based platform Proxy Exchange. Schroders receives recommendations from ISS in line with their own bespoke guidelines, in addition, Schroders receive ISS's Benchmark research. This is complemented with analysis by their in house ESG specialists and where appropriate with reference to financial analysts and portfolio managers.

ISS automatically votes all their holdings of which Schroders own less than 0.5% (voting rights) excluding merger, acquisition and shareholder resolutions. This ensures consistency in their voting decisions as well as creating a more formalised approach to their voting process.

How does this manager determine what constitutes a 'Significant' Vote?

Schroders believe that all resolutions when they vote against the board's recommendations on how to vote should be classified as a significant vote, for example, votes against the re-election of directors, on executive remuneration, on material changes to the business (such as capital structure or M&A), on climate matters and on other environmental or social issues may all be more or less significant to different client stakeholders.

Implementation Statement (continued)

Does the manager utilise a Proxy Voting System?

Institutional Shareholder Services (ISS) act as Schroders' one service provider for the processing of all proxy votes in all markets. ISS delivers vote processing through its Internet-based platform Proxy Exchange. Schroders receives recommendations from ISS in line with Schroders' own bespoke guidelines, in addition, Schroders receive ISS's Benchmark research. This is complemented with analysis by Schroders' in house ESG specialists and where appropriate with reference to financial analysts and portfolio managers.

Top 5 Significant Votes during the Period

Schroders do not provide a list of 'top significant votes' over the period considered. Instead, Schroders have provided a full list of all votes over the previous 12 months. XPS have narrowed this down by focusing on votes where Schroders have voted against management of the company. This has been further narrowed down by ignoring arguably more trivial votes such as election/removal of a director or remuneration policy. The resulting votes displayed are XPS' attempt to show 'significant votes' however this may not capture everything of a significant nature.

Company	Voting Subject	How did the Investment Manager Vote?	Result
Standard Chartered Plc	**Approve Net Zero Pathway**	**For**	**N/A**
The Company's net zero pathway includes short-, medium- and long-term targets and a clear timeline for how it expects to improve its target setting and approach to financed emissions in key sectors. The Company has made clear progress against its own operations targets and have moved its net zero commitment from 2030 to 2025 as a result. The Company's rationale regarding the nature of its portfolio is noted and there are no significant concerns.			
Forsee Power SA	**Authorize Repurchase of Up to 10 Percent of Issued Share Capital**	**For**	**N/A**
Schroders are not supportive of the share repurchase program can be continued during a takeover period.			
NV BEKAERT SA	**Authorize Board to Repurchase Shares in the Event of a Serious and Imminent Harm and Under Normal Conditions**	**Against**	**N/A**
Schroders are not supportive of the repurchase as the authorisation could be used to thwart a hostile takeover by repurchasing and reissuing 20 percent of shares.			
Lundin Energy AB	**Approve Merger Agreement with Aker BP ASA**	**For**	**N/A**
Schroders believe the proposal is warranted based on the compelling strategic rationale, as well as the estimated synergies to be created. Furthermore, it is noted that the transaction consideration is deemed to be beneficial to current shareholders of Lundin Energy.			
Ariston Holding NV	**Approve Acquisition of Entire Issued Share Capital of CENTROTEC Climate Systems (Proposed Transaction)**	**For**	**N/A**
Schroders believe a vote for this item is warranted because the compelling strategic rationale where the company demonstrated the strategic fit and how this is aligned with the company's growth strategy.			

Implementation Statement (continued)

Partners Group Partners Fund
The manager voted on 100% of resolutions of which they were eligible out of 853 eligible votes.

Investment Manager Client Consultation Policy on Voting
Partners do not consult with clients before voting.

Investment Manager Process to determine how to Vote
Partners' voting is based on the internal Proxy Voting Directive.

How does this manager determine what constitutes a 'Significant' Vote?
Size of the holding in the fund

Does the manager utilise a Proxy Voting System?
Partners hire services of Glass Lewis & Co, which is one of the leading global proxy voting service providers, and they have been instructed to vote in-line with Partner's Proxy Voting Directive. Wherever the recommendations for Glass Lewis, Partner's proxy voting directive, and the company's management differ, Partners vote manually on those proposals.

Top 5 Significant Votes during the Period

Company	Voting Subject	How did the Investment Manager Vote?	Result
Confluent Health	**As Partners control the Board, please see below the ESG efforts of the portfolio company.**	**Control of board**	**N/A**
Confluent has also expanded its stakeholder benefits program. For instance, in 2022, the company launched stock options for all physical therapists and made significant investments in benefits, including reduced Eligible Employee premiums and increased communication around its wellness programs.			
EyeCare Partners	**As Partners control the Board, please see below the ESG efforts of the portfolio company.**	**Control of board**	**N/A**
Meanwhile, several initiatives were implemented to improve stakeholder benefits. For instance, significant investment in benefits were made in 2021 and 2022. In addition, the company increased communication around its ECP Cares Foundation, a non-profit organization dedicated to giving back to ECP team members in need. Meanwhile, Incident Frequency Rate (IFR) measures were established and are being captured to drive root-cause analysis and drive prevention strategies. This has engaged employees and helped to increase employee retention to 31% (exceeding the target of 27%). Lastly, baselines and specific initiatives were established based on the doctor and employee engagement surveys conducted during the first half of 2022.			
Pharmathen	**As Partners control the Board, please see below the ESG efforts of the portfolio company.**	**Control of board**	**N/A**
The company has a strong ESG culture as reflected in its core mission of making a positive impact on the lives of people by ensuring that they enjoy better health.			
PremiStar	**As Partners control the Board, please see below the ESG efforts of the portfolio company.**	**Control of board**	**N/A**
In the meantime, Premistar has engaged a third party ESG consultant to identify material sustainability topics and craft a longer term ESG journey and strategy. Premistar is looking to hire an ESG manager and sales strategy employee, as the company aims to launch an energy efficiency sales strategy with customers.			

Implementation Statement (continued)

Top 5 Significant Votes during the Period (continued)

<table>
<tr><th>Company</th><th>Voting Subject</th><th>How did the Investment Manager Vote?</th><th>Result</th></tr>
<tr><td>Rovensa</td><td>As Partners control the Board, please see below the ESG efforts of the portfolio company.</td><td>Control of board</td><td>N/A</td></tr>
<tr><td colspan="4">Health and Safety (H&S) remains a top priority for Rovensa, as illustrated by the roll out of its 'STAR Program' across all manufacturing plants globally to achieve a zero-harm culture adoption worldwide.
The board and management are aligned on the importance of H&S and have been working with the H&S team on the STAR Program to reduce the company's lost time injury frequency rate (LTIFR). In 2022, Rovensa has reduced its LTIFR by around 40% compared to the prior-year period.</td></tr>
</table>

"N/A Control the board" refers to Partners owning a controlling interest of the company in question, therefore giving it significant influence over the company, allowing it to direct strategic and operational decisions. Partners voting information is for the E-N Share class. Partners have focused exclusively on their private markets investments over the reporting year, as such their engagement is not via voting but rather via direct hands-on engagement. Partners have therefore provided case studies on their significant direct hands-on engagements.

Signed on behalf of the Trustees

[redacted] Chair of Trustees

Date: 28 July 2023

Statement of Trustees' Responsibilities

The financial statements, which are prepared in accordance with UK Generally Accepted Accounting Practice, including the Financial Reporting Standard applicable in the UK (FRS 102) are the responsibility of the Trustees. Pension scheme regulations require the Trustees to make available to Plan members, beneficiaries and certain other parties, audited financial statements for each Plan year which:

- show a true and fair view of the financial transactions of the Plan during the Plan year and of the amount and disposition at the end of the Plan year of the assets and liabilities, other than liabilities to pay pensions and benefits after the end of the Plan 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 a statement whether the financial statements have been prepared in accordance with the Statement of Recommended Practice 'Financial Reports of Pension Schemes'.

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

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

The Trustees are responsible under pensions legislation for ensuring that there is prepared, maintained and from time to time revised a schedule of contributions showing the rates of contributions payable towards the Plan by or on behalf of the Institute and the active members of the Plan and the dates on or before which such contributions are to be paid. The Trustees are also responsible for keeping records in respect of contributions received in respect of any active member of the Plan and for monitoring whether contributions are made to the Plan by the Institute in accordance with the schedule of contributions. Where breaches of the schedule occur, the Trustees are required by the Pensions Acts 1995 and 2004 to consider making reports to the Pensions Regulator and the members.

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

Independent Auditor's Report To the Trustees of the Institute of Physics Retirement Benefits Plan (1975)

Opinion on the financial statements

In our opinion the financial statements:

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

We have audited the financial statements of The Institute of Physics Retirement Benefits Plan (1975) ('the Plan') for the year ended 31 December 2022 which comprise the Fund Account, Statement of Net Assets (available for benefits) and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice) and the Statement of Recommended Practice – Financial Reports of Pension Plans (revised 2018).

Basis for opinion

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

Independence
We are independent of the Plan 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.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Trustees' 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 Plan'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 Trustees with respect to going concern are described in the relevant sections of this report.

Independent Auditor's Report (continued)

Other information

The Trustees are responsible for the other information. The other information comprises the information included in the annual report and financial statements, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Trustees

As explained more fully in the Statement of Trustees' Responsibilities the Trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine 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 Trustees are responsible for assessing the Plan'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 Trustees either intend to wind up the Plan 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.

Extent to which the audit was capable of detecting irregularities, including fraud

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

- Obtaining an understanding of the Plan's legal and regulatory frameworks, focusing on those which we determine to be the most significant, and how the Plan complies with these.
- Enquiring of trustees, and where appropriate, the administrators or consultants as to whether:
    - the Plan is in compliance with laws and regulations that have a material effect on the financial statements;
    - they have knowledge of any actual, suspected or alleged fraud;
    - any reports have been made to the Pensions Regulator.

Independent Auditor's Report (continued)

Based on our understanding of the Plan, we consider the most significant laws and regulations that have a direct impact on the financial statements are the Pensions Acts 1995 and 2004 and those that relate to the reporting framework (Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, Financial Reporting Standard 102 and the Statement of Recommended Practice 'Financial Reports of Pensions Schemes' 2018 ('The SORP'); and we considered the extent to which non-compliance might have a material effect on the financial statements.

We evaluated incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of override of controls by the Trustees and those involved in the preparation of the financial statements and underlying accounting records. We determined that the principal risk was related to the posting of inappropriate journals, which may act to conceal fraudulent activity.

Audit procedures performed to respond to the identified risks included, but were not limited to, the following:

- Testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.
- Enquiring of management and the trustees with regard to actual and potential litigation and claims.
- Reviewing the disclosures in the financial statements and testing to supporting documentation to assess compliance with relevant laws and regulations, as detailed above.
- Reviewing minutes of meetings of trustees.
- Reviewing any significant correspondence with the Pensions Regulator.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at:

https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Independent Auditor's Report (continued)

Use of our report

This report is made solely to the Plan's Trustees, as a body, in accordance with Regulation 3 of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, made under the Pensions Act 1995. Our audit work has been undertaken so that we might state to the Plan's Trustees 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 Plan's Trustees, as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:
BDO LLP
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BDO LLP
Statutory auditor
Guildford
United Kingdom

Date: 28 July 2023

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

Fund Account

	Note	2022 £	2021 £
Contributions and benefits			
Employer Contributions	**4**	**1,500,000**	2,500,000
Total Contributions		**1,500,000**	2,500,000
Other income		**3,030**	-
Benefits payable	**5**	**(2,405,714)**	(2,067,312)
Administrative expenses	**6**	**(44)**	(247)
		(2,405,758)	(2,067,559)
Net (withdrawals) / additions from dealings with members		**(902,728)**	**432,441**
Returns on investments			
Investment income	**7**	**722,076**	725,200
Investment management fees	**8**	**(297,859)**	(340,973)
Change in market value of investments	**9**	**(36,536,779)**	4,024,665
Net return on investments		**(36,112,562)**	4,408,892
Net (decrease) / increase in the fund during the year		**(37,015,290)**	4,841,333
Net assets at 1 January		**114,393,008**	109,551,675
Net assets at 31 December		**77,377,718**	114,393,008

The notes on pages 28 to 40 form part of these financial statements.

Net Assets Statement

	Note	2022	2021
		£	£
Investment assets			
Pooled investment vehicles	**9**	**69,776,121**	104,695,682
Insurance policies	**9**	**6,360,000**	8,305,000
AVC investments	**9**	**37,057**	36,598
Total net investments	**9**	**76,173,178**	113,037,280
Current assets	**10**	**1,320,492**	2,032,014
Current liabilities	**11**	**(115,952)**	(676,286)
Net assets at 31 December		**77,377,718**	114,393,008

The accounts summarise the transactions of the Plan and deal with the net assets at the disposal of the Trustees. They do not take account of obligations to pay pensions and benefits which fall due after the end of the Plan year. The actuarial position of the Plan, which does take account of such obligations, is dealt with in the Trustees' Report and actuarial certificate included in the Annual Report and these accounts should be read in conjunction with them.

The notes on pages 28 to 40 form part of these financial statements.

The financial statements on pages 28 to 40 were approved by the Trustees on:

Signed on behalf of the Trustees

[redacted] Chair of Trustees

Date: 28 July 2023

Notes to the Financial Statements

1. General information

The Institute of Physics Retirement Benefits Plan (1975) (the "Plan") is an occupational pension scheme established under trust. The Plan was established to provide retirement benefits to certain groups of employees within the Institute of Physics group. The address of the Plan's principal office is 37 Caledonian Road, London, N1 9BU. The Plan is a defined benefit scheme which is no longer open to new members and was closed to future accrual on 30 June 2015 with all future pension benefits provided by the Institute's group personal pension. Employed members continue to benefit from salary increases where this is greater than deferred pension revaluation. The Plan is a registered pension scheme under the Chapter 2, Part 4 of the Finance Act 2004.

2. Basis of preparation

The financial statements have been prepared as a going concern, in accordance with the Occupational Pension Schemes (Requirement to obtain Audited Financial Statements, and a Statement from the Auditor) Regulations 1996, the Financial Reporting Standard applicable in the UK and Republic of Ireland issued by the Financial Reporting Council ("FRS 102") and the guidelines set out in the Statement of Recommended Practice, "Financial Reports of Pension Schemes", revised in 2018 ("the SORP").

The Trustees have concluded, based on the information available to them, that the plan is a going concern and have prepared the accounts on that basis. There has been no decision to wind up or buy-out the plan and no notifiable or catastrophic events that could prevent the Plan from remaining a going concern. The Trustees have considered and monitored the Institute's covenant and remain comfortable that the Institute has the capacity and ability to support the Plan.

3. Accounting policies

The principal accounting policies are set out below.

a) Accruals concept

The financial statements have been prepared on an accruals basis with the exception of individual transfers, which are recognised when received or paid.

b) Contributions and benefits

Employer deficit contributions are accounted for on an accruals basis on the due dates on which they are payable in accordance with the Schedule of Contributions and recovery Plan under which they are being paid.

Employer additional and augmentation contributions are recognised on receipt.

Benefits and payments to leavers are accounted for in the period they fall due for payment. Where the member has a choice about the form of their benefit it is accounted for when the member notifies the Trustees of their decision as to what form of benefit they will take.

Where the Trustees agree or are required to settle tax liabilities on behalf of a member (such as where lifetime or annual allowances are exceeded) with a consequent reduction in that member's benefits receivable from the Plan, any taxation due is accounted for on the same basis as the event giving rise to the tax liability and shown separately within Benefits.

Notes to the Financial Statements (continued)

3. Accounting policies (continued)

c) Transfers
Individual transfer values to and from other pension arrangements are accounted for when received or paid.

d) Investment income
Income from annuities is recorded as investment income.

e) Administrative expenses and investment management expenses

The majority of administrative expenses are met by the Principal Employer and this includes the PPF levy.

Investment management expenses are accounted for on an accruals basis and are paid for by the Plan.

f) Valuation of investments
Investments are included at their market values, provided by the investment managers, which are determined as follows;

(i) Quoted investments are valued on the basis of the bid price (or, if unavailable, most recent transaction) on the relevant exchange.
(ii) Pooled investment vehicles are valued at bid market prices at the year-end date, where available, or at net asset value.

The additional voluntary contribution (AVC) investments include policies of assurance underwritten by The Prudential Assurance Company Limited. The market value of these policies of assurance has been taken as the surrender values of the policies at the year end, as advised by the underwriter.

The changes in investment market values are accounted for in the year in which they arise and include profits and losses on investments sold as well as unrealised gains and losses in the value of investments held at the year end.

Investments in overseas currencies are translated into Sterling at the rates ruling at the year end.

The Trustees have purchased a bulk annuity policy with Legal & General as an investment to match a substantial part of the benefits of members who were in receipt of Plan benefits before 10 August 2010. The annuity policy is in the name of the Trustees and represents an asset of the Plan. Members continue to receive their pensions directly from the Plan as before, with the Trustees being paid the annuity proceeds each month by Legal & General.

The annuity policy has no market value and cannot be surrendered for cash. However, the Trustees have decided to include the policy in the Fund Account and in the summary of investments (Note 9) at a value advised by the Plan Actuary. He has recommended a value of £6,360,000, which represents the present value of future payments from the policy based on assumptions that are consistent with those used in the Actuarial Valuation of the Plan as at 31 December 2019.

The value of the annuity policy, for the purposes of these Accounts, will change from year to year in line with the age and life expectancy of the members that are covered, and with changes in the financial assumptions used to value the proceeds for those members.

Notes to the Financial Statements (continued)

4 Contributions	**2022**	2021
	£	£
Contributions from employer:		
Deficit	**1,000,000**	1,000,000
Additional	**500,000**	1,500,000
Total contributions	**1,500,000**	2,500,000

Contributions unpaid at the year-end totalled £nil.

Deficit contributions are £83,333 per month to fund the Plan's funding shortfall and will be payable until 30 June 2025 under the schedule of contributions certified by the actuary on 8 March 2021.

The Institute has agreed to pay additional contingent contributions to the Plan as set out in the table below based on certain conditions being met at each assessment date:

Assessment date	Due date of payment	Contribution
30 June 2021	30 September 2021	£1,500,000
30 September 2022	31 December 2022	£1,500,000
30 June 2024	30 September 2024	£2,000,000

The conditions to confirm whether the additional contingent contributions are paid into the Plan on each of the above dates are as follows:

1. The Institute has sufficient funding to meet the commitments of the Institute's 5-year financial Plan in force at the assessment date.
2. The Institute must meet the needs of the Institute's reserve policy in force at the assessment date.

The responsibility for determining whether the two conditions are met rests with the Council of the Institute. If either of the above conditions are not met, the Institute will instead pay an additional contribution equal to the affordable excess as determined by Council. Any difference between the amount paid into the Plan and that set out in the table above will be made up over the period to 30 June 2024 subject to sufficient funds being available.

In 2022, the Council determined that the Institute was not in a position to make the payment of £1.5m due to insufficient funding to meet the Institute's 5-year financial plan predicted in the cashflow forecast at 30 September 2022. However, in 2021, £2m was paid rather than the agreed £1.5m and therefore met both the payment target of 2021 and made an advance on the amount due in 2022. This has been recognised within contributions within the year to 31 December 2022.

Notes to the Financial Statements (continued)

5 Benefits	2022 £	2021 £
Pensions	**2,121,059**	1,975,926
Commutations and lump sum retirement benefits	**239,759**	91,386
Other benefits	**9,617**	-
Pension sharing orders	**35,279**	-
	2,405,714	2,067,312

As explained on page 6 of the Trustees Report, on 26 October 2018, the High Court handed down a judgement involving the Lloyds Banking Group's defined benefit pension schemes. The judgement concluded the schemes should be amended to equalise pension benefits for men and women in relation to guaranteed minimum pension benefits. In November 2020 there was a further judgement relating to this case relating to the equalisation of past individual transfers out of pension schemes. The issues determined by the judgement arise in relation to many other defined benefit pension schemes.

Under the rulings, schemes are required to backdate benefit adjustments in relation to GMP equalisation and provide interest on the backdated amounts. Based on an assessment of the likely backdated amounts and related interest the Trustees do not expect these to be material to the financial statements and therefore have not included a liability in respect of these matters in these financial statements. They will be accounted for in the year they are determined.

6 Administrative expenses	2022 £	2021 £
Bank charges	**44**	247
	44	247

7 Investment income	2022 £	2021 £
Annuity income from Legal & General	**722,076**	725,200
	722,076	725,200

Notes to the Financial Statements (continued)

8 **Investment management fees**	**2022**	2021
	£	£
Investment management fees	**274,790**	340,973
Encashment of units	**23,069**	-
	297,859	340,973

These investment management fees are charged directly against the value of investments during the year either by netting off against contributions for purchases or by sale of units.

9 **Investments**	**2022**	2021
	£	£
Pooled investment vehicles		
Unit trusts other than property	**69,776,121**	104,695,682
Value of Bulk Insurance Policy	**6,360,000**	8,305,000
AVC investments	**37,057**	36,598
Market value at 31 December	**76,173,178**	113,037,280

Legal & General Investment Management is registered in the United Kingdom, Northern Trust is registered in Guernsey, Channel Islands. The pooled investment vehicles are all authorised unit trusts.

Indirect transaction costs are incurred through the bid-offer spread on investments within the pooled investment vehicles. The amount of indirect transactions costs is not separately provided to the Plan.

Notes to the Financial Statements (continued)

9 Investments (continued)

The movements in total investments during the year were as follows:

	2021	Purchases	Sales	Change in Market Value	**2022**
	£	£	£	£	**£**
Pooled investment vehicles					
Equities	23,918,396	115,115	(11,460,000)	(1,888,454)	**10,685,056**
Diversified growth funds	18,539,103	-	(11,254,988)	(1,898,498)	**5,385,617**
Broad Opportunities Fund	17,850,516	-	(10,964,174)	(1,570,113)	**5,316,229**
Liability driven instruments	26,426,576	17,308,578	(532,920)	(29,616,687)	**13,585,547**
Sterling Liquidity Fund	6,190,114	33,872,131	(17,411,065)	156,931	**22,808,111**
Illiquid and private markets	11,770,977	-	-	224,583	**11,995,560**
	104,695,682	51,295,824	(51,623,147)	(34,592,238)	**69,776,121**
AVC investments	36,598	-	-	459	**37,057**
Insurance Policies	8,305,000	-	-	(1,945,000)	**6,360,000**
Total investments	113,037,280	51,295,824	(51,623,147)	(36,536,779)	**76,173,178**

a) AVC investments

The Trustees hold assets which are separately invested from the main fund, in the form of individual insurance policies. These secure additional benefits, on a money purchase basis, for those members who have elected to pay additional voluntary contributions. Members participating in this arrangement receive an annual statement made up to 31 December each year, confirming the amounts held to their account and the movements during the year. The total amount of AVC investments at the year-end is shown below.

	2022	2021
	£	£
Prudential Assurance Co. Ltd	**37,057**	36,598

The movements in AVC assets during the year were as follows:

	2022	2021
	£	£
Value at 1 January	**36,598**	35,627
Net change in value	**459**	971
Value at 31 December	**37,057**	36,598

Notes to the Financial Statements (continued)

9 Investments (continued)

b) Changes in value of the Annuity policy

The value of the Annuity Policy has been updated to 31 December 2022 by the Plan Actuary. The value recommended of £6,360,000, a decrease of £1,945,000, is the value of the expected future cash-flows from the policy at that date, based upon assumptions consistent with the Trustees' stated policy for funding the Plan.

The policy value at 31 December 2022 has used the financial assumptions agreed by the Trustees for the actuarial valuation as at 31 December 2019, the last triennial valuation, with allowance for changes in the financial markets to the effective date, in particular the assumption used for the discount rate after retirement.

c) Fair value determination

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

Level 1 The unadjusted quoted price for an identical asset or liability in an active market at the reporting date.

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

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

At 31 December 2022

	Level 1 £	Level 2 £	Level 3 £	Total £
Pooled investment vehicles	-	57,780,560	11,995,561	69,776,121
Insurance policies	-	-	6,360,000	6,360,000
AVC investments	-	37,057	-	37,057
	-	57,817,617	18,355,561	76,173,178

At 31 December 2021

	Level 1 £	Level 2 £	Level 3 £	Total £
Pooled investment vehicles	-	92,924,705	11,770,977	104,695,682
Insurance policies	-	-	8,305,000	8,305,000
AVC investments	-	36,598	-	36,598
	-	92,961,303	20,075,977	113,037,280

Notes to the Financial Statements (continued)

9 Investments (continued)

d) Investment risks

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

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

Market risk: this comprises currency risk, interest rate risk and other price risk.

Currency risk: this is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in foreign exchange rates.

Interest rate risk: this is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in market interest rates.

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

The Trustees determine their investment strategy after taking advice from a professional investment adviser. The Plan has exposure to these risks because of the investments it makes in following the investment strategy set out below. Credit risk is measured by considering the credit rating of the Plan's investments. Market risk is measured by considering the value of the Plan's investments exposed to the risk. The Trustees manage investment risks, including credit risk and market risk, within agreed risk limits which are set taking into account the Plan's strategic investment objectives. These investment objectives and risk limits are implemented through the investment management agreements in place with the Plan's investment managers and monitored by the Trustees by regular reviews of the investment portfolio.

e) Investment strategy

The investment objective of the Plan is to maintain a portfolio of suitable assets of appropriate liquidity which will generate investment returns to meet, together with future contributions, the benefits of the Plan payable under the trust deed and rules as they fall due.

The Trustees set the investment strategy for the Plan taking into account considerations such as the strength of the employer covenant, the long term liabilities of the Plan and the funding agreed with the Institute. The investment strategy is set out in its Statement of Investment Principles (SIP).

The current strategy per the SIP dated August 2020 is: 20% in equities, 32% in diversified growth funds, 38% in LDI and 10% in illiquid/private markets.

Alongside this strategy the SIP is clear that there is a desire and a need to retain flexibility. The Trustees will hold cash to the extent that they consider necessary to manage the liquidity risk of the Plan and to meet impending anticipated liability outflows.

Any excess funds are to be invested in-line with the target allocation.

Notes to the Financial Statements (continued)

9 Investments (continued)

f) Credit risk

Credit risk is the risk that the counterparty of a financial instrument could default on its obligations, or delay payment of contractual income and the Plan will incur a financial loss as a result.

The Plan has exposure to direct credit risk, with there being an extreme, albeit low, risk that an investment manager becomes defunct, acts fraudulently or that the manager no longer acts in the Plan's behalf or in the Plan's best interests. However, this is mitigated by the use of custodian relationships and the ringfencing of underlying assets from the manager; ongoing monitoring undertaken by the advisors and the Trustees of the Plan and the regulatory environments in which the manager operates and by the diversification of the underlying investments held. The Trustees monitor on an ongoing basis any changes to the regulatory and operating environment of the investment manager.

The Plan has exposure to indirect credit risk due to its holdings in fixed income instruments (both fixed interest and inflation-linked) held within the pooled funds. The financial strength of a government or company issuing the fixed income security determines their ability to make some or all of the payments due. If this financial strength weakens, the chances of them not making payments increases and this will reduce the fund’s value. The specific funds with exposure to fixed income securities over the year included the cash and the LDI funds (BMO Dynamic LDI funds and the BMO Sterling Liquidity Fund) as well as the multi-asset funds (managed by Insight and Schroders) and the Partners Fund.

The BMO LDI funds use derivatives for leveraging purposes, to increase the Plan's interest rate and inflation exposure. If the counterparty to the derivatives was to default on its obligations, then this could incur a financial loss to the Plan. This risk is mitigated through the use of collateralisation, so the derivative positions are balanced on a daily basis.

The Plan invests in multi-asset funds with Insight (Broad Opportunities Fund) and Schroder (Intermediated Diversified Growth Fund) as well as Partners (Partners Fund). These can make use of derivatives in order to increase diversification within the fund and reduce overall risk. The allocation to these derivatives will change, depending on underlying market factors and analysis carried out by the investment managers. In either case, the use of derivatives is at the managers' discretion. The Trustees are fully aware of this active management and are comfortable with this delegation to the investment managers.

Several of the derivatives used had exposure to credit risk during the course of the year. However, due to the components of the multi-asset fund and the level of diversification achieved, the overall level of risk is largely mitigated through counteracting derivatives. The Trustees review the strategies employed by the managers as part of their ongoing monitoring of the fund.

In extreme circumstances the Plan’s cash holding may be subject to credit risk where the value of the Plan’s assets could fall if a deposit holder/the UK Government were unable to meet their obligations. Exposure to the uncertainty of credit risk is reduced by regular reviews of counterparties, as well as counterparty and geographic exposure limits assigned.

The Plan's total exposure to credit risk as at the end of the accounting period was c.£69.8m (2021: c.£104.7m).

Notes to the Financial Statements (continued)

9 Investments (continued)

g) Currency risk

Currency risk is the risk that the value of assets will change due to movements in foreign exchange rates. The Plan is not exposed to direct currency risk as all of the funds are denominated in Sterling. The Plan has exposure to indirect currency risk.

The LGIM Global Equity Fund has exposure to currency risk. This currency risk may arise from holding underlying assets which are not denominated in sterling and where the currency exposure is unhedged. If the value of these currencies falls compared to sterling this may cause the fund's value to go down. Some funds may employ currency hedging as a means of protecting the fund's value against currency movements.

The multi-asset investments (Insight and Schroder) and the Partners Fund expose the Plan to some currency risk. These funds can hold assets in non-sterling currencies. However, due to the components of the multi-asset funds and the level of the diversification achieved, the overall level of risk is largely mitigated.

In instances where returns are not hedged, this may be deliberate and calculated action taken by the manager as a means of generating additional returns through expected currency movements. For those investments where the currency is hedged, the hedge may not be perfect and the fund could still be exposed to currency changes. The Trustees review the strategies employed by the manager as part of their ongoing monitoring of the Plan.

The Plan's overall level of risk was reduced through hedging foreign currency exposure using derivatives and due to the components of the multi-asset funds and the level of diversification achieved.

The Plan's total exposure to currency risk as at the end of the accounting period was c.£33.4m (2021: c.£72.1m).

h) Interest rate risk

Interest rate risk is the risk that the value of fixed-rate instruments will change due to movements in market interest rates.

The Plan has exposure to interest risk through a number of its investments. The value of the LDI funds is driven by movements in nominal and real interest rate expectations. The BMO LDI funds use derivatives for leveraging purposes to increase the interest rate and inflation exposure of the Plan. This is a deliberate position taken by the Trustees, in order to gain increased exposure to interest rate movements. The objective of this exposure is to mitigate the impact of adverse movements in the Plan's liabilities which are also based on real and nominal interest rate changes. The allocation and duration of these funds have been deemed appropriate by the Trustees, given the profile of the liabilities of the Plan and after receiving investment advice.

The multi-asset funds (Insight and Schroder) and the Partners Fund are subject to interest rate risk derived from investments in fixed income securities. As the Insight and Schroders strategies form part of the return seeking assets of the Plan, interest rate risk is actively managed in order to optimise the risk/return profile of the portfolio. Interest rate exposure may be tactically mitigated by the use of interest rate derivatives.

Notes to the Financial Statements (continued)

9 Investments (continued)

h) Interest rate risk (continued)

Several of the derivatives used within the multi-asset funds had exposure to interest rate risk during the year. However, due to the components of the multi-asset fund and the level of the diversification achieved, the overall level of risk is largely mitigated through counteracting derivatives. This exposure is a deliberate and calculated action taken by the manager as a means to generate additional returns through expected interest rate movements and to increase diversification within the fund. The Trustees review the strategies employed by the manager as part of their ongoing monitoring of the Plan.

In extreme circumstances the Plan's cash holding in the LGIM Sterling Liquidity Fund, which can have exposure to short dated commercial and government paper, may be subject to interest rate risk when there is a sudden, sharp movement in interest rates or in the event of a negative interest rate environment.

The Plan's total exposure to interest rate risk as at the end of the accounting period was c.£59.1m (2021: c.£80.8m).

i) Other price risk

Price risk is the risk that the value of a financial instrument will change due to movements in market prices or indices.

The Plan has exposure to inflation risk as it holds a real LDI fund. The objective of this exposure is to mitigate the impact of adverse movements on the Plan's liabilities due to changes in expected future inflation.

The Plan also invests in equities (shares of companies), so there is a high risk of the fund's value being volatile (i.e. going up and down) than with a Fund which invests in most other asset types, particularly in the short term. The fund has some investment in equities issued by smaller companies. These investments tend to be riskier than investments in larger companies, because they may be harder to buy and sell making their price may be more volatile - particularly in the short term.

There are a number of other risks that the Plan is exposed to due to the nature of its investments. These include counterparty risk and liquidity risk within the multi-asset funds. These risks are considered to be secondary risks and are not as material to the Plan as those described above. The Trustees are comfortable that the managers have sufficient internal controls to manage these secondary risks. The Trustees review the managers and internal risk measures as part of their ongoing monitoring.

The private markets fund (Partners Group) may suffer from market, liquidity and valuation risks due to the nature of this type of investment. The Trustees consider that these "other" investment risks are largely mitigated by holding a diverse and broad range of investments in accordance with their long-term investment strategy.

The Plan's total exposure to other risk at the end of the account period was c.£35.4m (2021: c.£83.9m).

Notes to the Financial Statements (continued)

9 Investments (continued)

j) Applicability of risk factors

Risk exposures over combined period are shown below. The value of each fund is noted in the Investment Report.

	Credit risk	Currency risk	Interest-rate risk	Other price risk
LGIM IOP BMO Nominal Dynamic LDI	O	O	O	O
LGIM IOP BMO Short Profile Real Dynamic LDI	O	O	O	O
LGIM Global Equity Market Weights 30:70 Index Fund	O	O	O	O
LGIM PMC Schroder Life Int Div Growth Fund	O	O	O	O
LGIM PMC Insight Broad Opportunities Fund	O	O	O	O
Sterling Liquidity Fund	O	O	O	O
Partners Funds	O	O	O	O

O - risk exists O - no risk or hardly any

k) Concentration of investments

The following investments accounted for more than 5% of the Scheme's net assets:

	2022 Market value £	%
LGIM Global Equity Market Weights 30:70 Index - 75% GBP Currency Hedged	10,685,056	14%
LGIM PMC Schroder Life Int Div Growth Fund	5,385,616	7%
LGIM PMC Insight Broad Opportunities Fund	5,316,228	7%
LGIM IOP BMO Nominal Dynamic LDI	11,554,155	15%
Partners Fund GBP Partners E	10,644,586	14%
Insurance Annuity	6,360,000	8%
Sterling Liquidity fund	22,808,112	29%

	2021 Market value £	%
LGIM Global Equity Market Weights 30:70 Index - 75% GBP Currency Hedged	23,918,396	21%
LGIM PMC Schroder Life Int Div Growth Fund	18,539,103	16%
LGIM PMC Insight Broad Opportunities Fund	17,850,516	16%
LGIM IOP BMO Nominal Dynamic LDI	14,571,405	13%
LGIM IOP BMO Short Profile Real Dynamic LDI	11,855,171	10%
Partners Fund GBP Partners E	10,445,342	9%
Insurance Annuity	8,305,000	7%
Sterling Liquidity fund	6,190,114	5%

Notes to the Financial Statements (continued)

10 Current assets

	2022 £	2021 £
Cash deposits	**1,317,522**	2,032,014
Prepayments	**2,970**	-
	1,320,492	2,032,014

11 Current liabilities

	2022 £	2021 £
Accruals and deferred income	**115,952**	176,286
Contributions received in advance	**-**	500,000
	115,952	676,286

12 Related party transactions

Mr M Bray, Trustee of the Plan during 2022 and 2021, was in receipt of pension benefits during both years.

During the year, in accordance with the Schedule of Contributions, the participating employer, the Institute of Physics met administrative expenses on behalf of the Plan. Included in these administrative expenses were costs for an independent trustee as set out below:

	2022 £	2021 £
Independent Trustee	**19,858**	14,796
	19,858	14,796

Trustees' Summary of Contributions Payable Under the Schedule in Respect of the Plan year ended 31 December 2022

This Summary of Contributions has been prepared by, or on behalf of, and is the responsibility of the Trustees. It sets out the employer and member contributions payable to the Plan under the schedule of contributions certified by the actuary on 8 March 2021 in respect of the Plan year ended 31 December 2022. The Plan auditor reports on contributions payable under the schedules in the Auditor's Statement about Contributions.

Contributions payable under the Schedule in respect of the Plan year

	£
Employer deficit funding contributions	1,000,000
Contributions payable under the Schedule (as reported on by the Plan auditor)	1,000,000
Additional contributions	500,000
Total contributions payable to the Plan	**1,500,000**

Signed on behalf of the Trustees on:

[redacted]
Chair of Trustees

Date: 28 July 2023

Independent Auditor's Statement about Contributions to the Trustees of the Institute of Physics Retirement Benefits Plan (1975)

Statement about contributions

We have examined the Summary of Contributions to The Institute of Physics Retirement Benefits Plan ('the Plan') for the year ended December 2022 on page 41.

In our opinion, contributions for the year ended 31 December 2022, as reported in the Summary of Contributions and payable under the Schedule of Contributions, have in all material respects been paid at least in accordance with the Schedule of Contributions certified by the Plan Actuary on 8 March 2021.

Scope of work on statement about contributions

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

Responsibilities of Trustees

As explained more fully in the Statement of Trustees' Responsibilities set out on page 21, the Plan's Trustees are 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 Plan by or on behalf of the employer and the active members of the Plan. The Trustees are also responsible for keeping records in respect of contributions received in respect of any active members of the Plan and for monitoring whether contributions are made to the Plan by the employer in accordance with the Schedule of Contributions.

Auditor's responsibilities for the preparation of a Statement about Contributions

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

Independent Auditor's Statement about Contributions to the Trustees of the Institute of Physics Retirement Benefits Plan (1975) (continued)

Use of our report

This statement is made solely to the Plan's Trustees, as a body, in accordance with Regulation 4 of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, made under the Pensions Act 1995. Our audit work has been undertaken so that we might state to the Plan's Trustees those matters we are required to state to them 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 Plan's Trustees, as a body, for our audit work, for this statement, or for the opinions we have formed.

DocuSigned by:
BDO LLP
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BDO LLP
Statutory auditor
Guildford
United Kingdom

Date 28 July 2023

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

Actuary's Certification of Schedule of Contributions

Institute of Physics Retirement Benefits Plan (1975) ("the Plan")

Adequacy of rates of contributions

1. I certify that, in my opinion, the rates of contributions shown in this schedule of contributions are such that the statutory funding objective could have been expected on 31 December 2019 to be met by the end of the period specified in the recovery plan dated March 2021.

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 March 2021.

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 Plan's liabilities by the purchase of annuities, if the Plan were to be wound up.

Signature	Date
	8 March 2021

Name	Qualification
R J Hough Scheme Actuary	Fellow of the Institute and Faculty of Actuaries

Address	Employer
Phoenix House 1 Station Hill Reading Berkshire RG1 1NB	XPS Pensions Consulting Limited

Compliance Statement

Constitution

The Plan was established on 1 July 1975 and is governed by a definitive trust deed dated 29 March 2006. The Plan was closed to new members with effect from 31 December 2001 and the Plan was closed to future accrual on 30 June 2015.

The Registration number in the Register of Occupational and Personal Pension Schemes is 10099901.

Taxation status

The Plan is a registered Pension Scheme.

Calculation of transfer values

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

Registrar of Occupational and Personal Pension Schemes

The Registrar's main purpose is to provide a tracing service for members (and their dependants) of previous employers' schemes, who have lost touch with earlier employers and Trustees. To trace a benefit entitlement under a former employer's scheme, enquiries should be addressed to:

The Pension Tracing Service
The Pension Service 9
Mail Handling Site A
Wolverhampton
WV98 1LU

Telephone: 0800 731 0193
Website: www.gov.uk/find-pension-contact-details

The information provided include details of the address at which the Trustees of a pension scheme may be contacted. This Plan has been registered with the Registrar.

Money Helper

The Institute has an Internal Dispute Resolution Procedure and any concern connected with the Plan should be referred to Sukhraj Dhadwar at The Institute of Physics, 37 Caledonian Road, London N1 9BU, who will try to resolve the problem as quickly as possible.

Members and beneficiaries of occupational pension schemes who have problems concerning their Scheme which are not satisfied by the information or explanation given by the administrators or the Trustees can consult with Money Helper, provided by the Money & Pensions Service. A local advisor can usually be contacted through a Citizen's Advice Bureau. Alternatively, Money Helper can be contacted via:

Telephone: 0800 011 3797
WebChat: https://www.moneyhelper.org.uk/pensionschat
Online Form: https://www.moneyhelper.org.uk/en/contact-us/pensions-guidance/pensions-guidance-enquiry-form.html
Website: https://www.moneyhelper.org.uk/en/pensions-and-retirement

Compliance Statement (continued)

The Pensions Ombudsman (TPO)

In cases where a complaint or dispute cannot be resolved, normally after the intervention of TPAS, an application can be made to the Pensions Ombudsman for him to investigate and determine any complaint or dispute of fact or law involving occupational pension schemes. The address is:

Pensions Ombudsman Service
10 South Colonnade
Canary Wharf
London E14 4PU
Telephone: 0800 917 4487
Email: enquiries@pensions-ombudsman.org.uk
Website: www.pensions-ombudsman.org.uk