The YMCA Pension and Assurance Plan

(Scheme Registration No: 101275754)

ANNUAL REPORT

YEAR ENDED 30 APRIL 2022

The YMCA Pension and Assurance Plan

ANNUAL REPORT
YEAR ENDED 30 APRIL 2022

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The YMCA Pension and Assurance Plan

CHAIR'S FOREWORD

The foreword to this annual report is not part of the formal statements but highlights some of the issues that the Trustee has addressed in the year.

COVID19

The impact of COVID19 declined throughout the year, thanks to the rapid progress made with effective vaccines. The restrictions on meeting and travel were gradually removed and businesses and society were able to return to more normal conditions.

In practice, the Plan was little affected with our Administrator, XPS, being able to ensure the smooth operation of the Plan as usual. Working remotely and meeting by teleconference continued for the Trustee and advisers. The Trustee monitored carefully the COVID19 related risks for the Plan in its regular review of the Risk Register. It was encouraging to see that business sentiment among Participating Employers generally improved throughout the year.

The recovery in the values of investments from the initial shock of COVID19 in 2020 was broadly sustained and the overall funding level remained quite stable throughout the Plan year.

Other World Developments

The conflict prompted by Russia with the Ukraine, starting in February, has caused considerable concern for economies globally. The immediate impact has been significant increases in the cost of energy and wheat, taking inflation to very high levels not experienced for over 30 years. In addition, there has been increased spending on defence in many developed countries, partly to support Ukraine. With this background, government borrowing and interest rates have risen and there is great uncertainty over economic growth for the next few years. This uncertainty has created significant volatility in the value of investments. The Trustee is monitoring the situation very carefully, working with our investment manager, Mercer, to control risks and to maintain a clear focus on the Plan's funding position. The Plan had minimal exposure to the risks of the extreme volatility of LDI investments in September.

Covenant Review Committee

Security of benefits ultimately depends on the ability of Participating Employers to pay the necessary contributions. The Trustee monitors the strength of covenant regularly through the Covenant Review Committee. The committee reviews the impact of potential corporate actions (such as mergers, incorporations, asset disposals or other events that must be notified under The Pensions Regulator's requirements) by Participating Employers. It met regularly, supported by Interpath (previously part of KPMG) as independent covenant adviser. The Trustee worked with YMCA England & Wales to provide an update to Participating Employers about new legislative requirements to report specific types of corporate actions that might affect the security of contributions.

Developments

After a lengthy and complex process, the members attributable to Huddersfield YMCA were transferred in September 2021 to the Pension Protection Fund (PPF), where their benefits are guaranteed, following Huddersfield YMCA going into administration in September 2019.

As part of the procedure to take on Huddersfield the PPF undertook detailed reviews of the rules and benefits applicable to the members involved. In this review the PPF identified two issues to be addressed:

(a) that the effective date of a rule change related to Normal Pension Age in 2000 had not been interpreted correctly; and
(b) that the application of required inflation-related increases to some benefits had been implemented incorrectly by XPS.

These matters were resolved quickly for the Huddersfield members and a full review for all other members was undertaken to identify any corrections that might be required for these issues. XPS completed a review of the inflation-related increases for all members in March 2022 and the appropriate adjustments will be made at the annual pension update in early August 2022.

An initial analysis of the adjustments required to benefits for the effective date of change of the Normal Pension Age was completed and the necessary changes will be made in the Plan year ending 30 April 2023.

The adjustments will reduce the overall funding level by a small amount.

The actuarial factors used when a member exercises an option to change a benefit, such as commuting a pension for a cash sum, were updated during the year.

The Investment Committee continued to monitor carefully the performance of the investments against objectives and began a review of the service and performance provided by the Plan's asset manager, Mercer.

Connecting and learning

The Trustee seeks to engage fully with the Principal Employer and representatives of Participating Employers wherever practical. Denise Hatton, National Secretary and CEO of YMCA England and Wales, normally attends a Trustee meeting at least once a year to provide an update on the Federation and to learn about the key Pension Plan issues. The Trustee benefits from having several Directors who are actively working in a YMCA.

The Trustee received regular ongoing training on specific issues such as governance, cybersecurity, trust law and emerging pension legislation. Also, the Trustee supported the Principal Employer with communications for Participating Employers, often sharing key issues from the training.

Looking forward

Guaranteed Minimum Pensions (GMPs) remain an issue for the Plan, along with many other pension schemes. The Plan has completed a substantial exercise to reconcile the Plan GMP records with those held by HMRC, and then to rectify differences. A relatively small number of issues remain to be resolved and it is expected that records will be finalised in the year ending 30 April 2023. Similarly, there is a legal requirement to provide equal GMPs for men and women for Plan membership between 1990 and 1997 - this is a complex issue and is scheduled to be undertaken as a significant strategic project during 2023 now that final requirements have been ascertained.

The Pensions Schemes Act 2021 has introduced a number of new requirements, designed to improve security of benefits and to strengthen governance for all schemes, as well as to encourage sustainable and environmentally sensitive investment. The new requirements are being phased in and will impact the Plan in the next few years, including:

- the next actuarial valuation, scheduled for 1 May 2023, will need to consider the strength of the Participating Employers' covenant, a long-term funding objective (such as buying-out all benefits eventually) and the appropriate level of investment risk
- the Plan will need to ensure and demonstrate an effective system of governance with proper attention to risk management.
- enhanced requirements for transfers out to reduce the risks of pension scams

People

During the year Ann Mitchell, Robert Clarke and Suresh Bhatt left as Trustee Directors of the Plan. Janet Joy was reappointed as a member nominated Trustee Director, and Mary Goodwin-Wilks and Tricia Angulatta joined us as new Trustee Directors.

The work of the Company Secretary, and internal support, is critical to the effective governance and running of the Plan. Having joined in November 2020 Caroline Evans provides effective administrative support to Gwynne Jarvis, allowing her to focus increasingly on the primary strategic issues. In addition, we are fortunate to have Paul Smillie's ongoing support when needed on issues where his extensive knowledge and experience can be leveraged.

Finally, my thanks go to all of the Trustee Directors for their dedicated support and collaborative working.

Alan Botterill
Chair
November 2022

The YMCA Pension and Assurance Plan

TRUSTEE'S REPORT
YEAR ENDED 30 APRIL 2022

INTRODUCTION

The Plan is a defined benefit pension plan which was established under a Trust Deed dated 29 April 1960 and is currently governed by a Fifth Definitive Deed dated 12 July 2012 and subsequent amendments.

In accordance with the provisions of Schedule 36 of the Finance Act 2004, the Plan became a registered Pension Plan under Chapter 2 of Part 4 of the Finance Act 2004 with effect from 6 April 2006.

The Plan closed to new entrants and future accrual of service on 1 May 2007. From that date members ceased to make contributions.

BENEFITS OF THE PLAN

The Plan provides defined pension and lump sum benefits for members on their retirement.

TRUSTEE AND ADVISERS

Trustee:	The YMCA Pension Plan Trustee Limited
Banker:	Barclays Bank Plc, 1 Churchill Place, London
Auditor:	Crowe U.K. LLP
Actuary:	H Webster FIA (to December 2021) D Vassiliades FIA (from December 2021)
Administrators:	Xafinity Punter Southall – XPS
Legal advisers:	Osborne Clarke LLP Hogan Lovells International LLP
Investment Managers:	Mercer Limited Schroders Investment Management Limited
Investment Consultants:	Mercer Investment Consulting
AVC providers:	Prudential Assurance Company Limited Scottish Widows Limited

SPONSORING EMPLOYER

The sponsoring employer is the National Council of Young Men's Christian Associations (Incorporated), registered in London no. 73749, of 10-11 Charterhouse Square, London EC1M 6EH (known as "YMCA England & Wales").

MEMBERSHIP

Details of the membership of the Plan at the end of the year are given below:-

	2022	2021
Deferred Members	663	709
Pensioners	692	674
	1,355	1,383

The YMCA Pension and Assurance Plan

TRUSTEE'S REPORT
YEAR ENDED 30 APRIL 2022

CONTRIBUTIONS

The Plan was closed to future accrual of service with effect from 1 May 2007, therefore the only contributions received during the year were in respect of deficit funding contributions in accordance with the Schedule of Contributions, and expenses. Under the Schedule of Contributions certified by the Actuary on 18 December 2020, past service deficit contributions of £3.28m per annum are payable from 1 May 2021 (increasing by 3% per annum each 1 May thereafter) until 1 May 2029 to reduce the Plan's deficit. In addition to the Schedule of Contributions all administrative expenditure including levies, are met directly by separate employer contributions. In response to Covid-19 the Pension Trustee agreed to allow Participating Employers to defer the contributions due in May, June and July 2020. All these contributions were received by 31 December 2021.

Contributions must be received by the Plan by the 19th day of the month to which they relate. The Trustee is obliged to report any failures in meeting the deadline to the Pensions Regulator unless the late payment is an isolated case and has been put right with action taken to prevent late payments occurring again. The Trustee is required to report to members where Participating Employers have not paid contributions within 60 days of the due date. Details of those Participating Employers failing these deadlines may be found in note 14.

As reported in note 14, on 66 occasions during the year (2020/21: 121) Participating Employers missed the deadline of nineteenth of the month and almost all of these were received shortly after the due date. The Trustee has been in regular contact with all Participating Employers who have missed a payment deadline and is working closely with them in order to resolve differing reasons for payment delay.

ACTUARIAL VALUATION

The last actuarial valuation was carried out as at 1 May 2020. It showed that there was a deficit of £38.9m on the technical provisions basis equivalent to a funding level of 79%. The interim report prepared as at 1 May 2022 shows that the deficit had reduced to £22.8m and the funding level increased to 86%.

Further information regarding the Plan's funding position can be found in the Report on Actuarial Liabilities in the appendix to these Report and Accounts.

During the year, the Plan's Actuary (Ms Heidi Webster) took maternity leave resigning on 16th December 2021. Mr Danny Vassiliades was appointed with effect from 30th December 2021 as her replacement. Heidi has now returned to work and was re-appointed at the Trustee Board meeting on 28th September 2022.

PENSION INCREASES

Pensions in payment increased between 0% and 5% during the year in line with the Trust Deed and Rules. There were no discretionary increases.

MANAGEMENT

In accordance with the Pensions Acts 1995 and 2004, and the appointment of member-nominated directors (MNDs) the Trustee wrote to members seeking nominations for MNDs. Elections were also held for a Director elected by the participating employers.

Those Directors serving during the year and at the date of signing the accounts were:

T Angulatta	- co-opted (appointed March 2022)
A Botterill	- co-opted (Chair from July 2020)
HD Berry *	- appointed by YMCA England & Wales
S Bhatt	- co-opted (resigned June 2022)
R Clark	- appointed by YMCA Scotland (resigned March 2022)
I Dow	- co-opted by YMCA England & Wales
M Fairbeard *	- Member Nominated Director
M Goodwin-Wilks *	- Member Nominated Director (appointed March 2022)
J Hutchinson	- appointed by YMCA England & Wales
J Joy *	- Member Nominated Director
R Lock *	- Member Nominated Director
A Mitchell	- co-opted (resigned July 2021)
P Posner	- co-opted

* These directors are also members of the Plan.

Company Secretary - G Jarvis

The provisions for appointing and removing directors are contained in the Memorandum and Articles of the Trustee. The Directors of the company met four times during 2021/22 (four times during 2020/21).

The YMCA Pension and Assurance Plan

TRUSTEE'S REPORT
YEAR ENDED 30 APRIL 2022

FINANCIAL DEVELOPMENT OF THE PLAN

The financial statements have been prepared, and audited, in accordance with regulations made under Sections 41(1) and (6) of the Pensions Act 1995. The financial statements on pages 13 to 27 show the net assets of the plan at April 2022 were £133.3m (2021: £146.4m).

INVESTMENTS

The Trustee's investment powers are set out in the Plan's Trust Deed and Rules and relevant legislation.

The Trustee has reviewed and updated a 'Statement of Investment Principles' on a regular basis, as required under Section 35 of the Pensions Act 1995. The main purpose of the Statement is to set out details of the investment strategy being followed, the Trustee's investment objectives, its attitude to risk, and its policy for meeting the Funding Requirements imposed by the Pensions Acts 1995 and 2004. A copy of the Statement of investment Principles can be obtained on request to the Plan Administrator using address on page 9. All investments are in accordance with the Occupational Pension Schemes (Investment) Regulations 1996.

Employer's contributions are invested in pooled investment vehicles in accordance with investment arrangements detailed in the Investment Implementation Policy Document ("IIPD") which is also available to Plan members on the web site. To this end the Trustee has appointed Investment Managers registered in the United Kingdom who are required to comply with the 'Statement of Investment Principles' and "IIPD".

The Trustee is a long-term investor and is not looking to change its investment arrangements on an unduly frequent basis. However, the Trustee does keep those arrangements under review, including the continued engagement of Mercer overall.

Almost all of the investments, apart from those held by Schroders, have been held in the Mercer dynamic de-risking platform. The Plan also invests in property funds managed by Schroder Investment Managers. In addition, the Plan holds a number of annuities with insurance companies which are held in the Plan's name.

Reports are provided by Mercer Consulting on the performance of the investment managers at every Directors' meeting. Where appropriate, follow up discussions are held with the respective investment managers. Overall investment performance in the year under-performed the total plan benchmark as the total investment return, net of fees, was -9% (the benchmark return was -7.4%). This has been raised with Mercers.

It is not possible to take account of individual member views in the selection, retention and realisation of investments, although the views of the member nominated Trustee Directors have been considered.

As required by the Statement of Recommended Practice "Financial Reports of Pension Schemes", where the Pension Plan holds insurance policies with insurance companies that secure the pensions payable to certain beneficiaries and these policies remain assets of the YMCA Pension and Assurance Plan, they are required to be shown in the Statement of Net Assets at the valuation calculated by the actuary based on the value of the liabilities which are secured by these policies. The annuity policies were valued at £6.36m as at April 2022 (2021: £7.29m).

Socially responsible investments

The Trustee believes that good stewardship and environmental, social and governance ("ESG") issues may have a material impact on investment returns and that good stewardship can create and preserve value for companies and markets as a whole. The Trustee also recognises that long-term sustainability issues, particularly climate change, present risks and opportunities that increasingly may require explicit consideration.

The investment managers are expected to evaluate ESG factors, including climate change considerations, and exercising voting rights and stewardship obligations attached to the investments. The Trustee believes the investment managers are best placed to consider this information, but they are expected to provide reporting to the Trustee on a regular basis, on ESG integration progress, stewardship monitoring results, and climate-related metrics such as carbon foot printing for equities and/or climate scenario analysis for diversified portfolios.

Rights attaching to investments
Similarly, the Plan's voting rights are exercised by each of the underlying investment managers in accordance with its own corporate governance policies, and taking account of current best practice including the UK Corporate Governance Code and the UK Stewardship Code.

Implementation Statement
For details on the extent to which the Trustee has adhered to the exercise of rights (including voting), and the undertaking of engagement activities and monitoring/engagement of managers or issues (the Stewardship Policies), please see the implementation statement in appendix 5 which forms part of the Trustee's Report.

Investment Decisions
The Trustee is of the view that, as appropriate and to the extent applicable, the investment manager is motivated to align its strategy and decisions with the profile and duration of the liabilities of the Plan, in particular its long-term liabilities to fully deliver on the Trustee's objectives, in order to continue in its role. As the Plan's assets are invested in multi-client collective investment schemes, the Trustee accepts that it does not have the ability to determine the risk profile and return targets of specific funds, but the Trustee expects Mercers to manage the assets in a manner that is consistent with the Trustee's overall investment strategy. The Trustee has taken steps to satisfy itself that Mercers has the appropriate knowledge and experience to do so and keeps their performance under ongoing review.

To evaluate performance, the Trustee receives and considers investment performance reports produced on a quarterly basis, which present performance information and commentary in respect of the Plan's funding level and the Mercer Funds in which the Trustee is invested.

Investment decisions are made based on the medium to long-term financial and non-financial performance of an issuer by the underlying third party asset managers appointed to manage assets within the Mercer Funds. Those managers are in a position to engage directly with such issuers in order to improve their performance in the medium to long term.

Investment Managers Fees
The Trustee monitors and evaluates the fees it pays for asset management services taking into account the progress made in achieving its investment strategy objectives. The fees are based on a percentage of the value of the Plan's assets under management which covers the design and annual review of the de-risking strategy, and investment management of the assets. In addition, the underlying third party asset managers of the Mercer Funds also charge fees based on a percentage of the value of the assets under management. In some instances, some of the underlying managers may also be entitled to charge fees based on their performance. Mercers regularly reviews the fees payable to the third party asset managers managing assets invested in the Mercer Funds, with any negotiated fee savings passed directly to the Plan.

Schroder levies a fee based on a percentage of the value of the assets under management.

TRANSFER VALUES
Transfer values are calculated, verified and paid in the manner required by the regulations made under section 97 of the Pension Schemes Act 1993. None of the transfer values paid are less than the amount provided by the Regulations. No discretionary benefits are included in the calculation of transfer values.

GMP EQUALISATION
On 26 October 2018, the High Court handed down a judgment involving the Lloyds Banking Group's defined benefit pension schemes. The judgment concluded the schemes should be amended to equalise pension benefits for men and women in relation to guaranteed minimum pension benefits. The issues determined by the judgment arise in relation to many other defined benefit pension schemes.

The Trustee of the Plan is aware that the issue will affect the Plan and will be considering this during the year ending April 2023 and decisions will be made as to the next steps. Under the ruling schemes are required to backdate benefit adjustments in relation to GMP equalisation and provide interest on the backdated amounts.

On 20 November 2020, the High Court handed down a further judgment on the GMP equalisation case in relation to the Lloyds Banking Group pension schemes. This follows from the original judgment in October 2018 which confirmed that schemes need to equalise pensions for the effect of unequal GMPs between males

GMP EQUALISATION (continued)
and females. This latest judgment confirms that defined benefit schemes which provide GMPs need to revisit and where necessary top up historic Cash Equivalent Transfer Values that were calculated based on unequalised benefits.

Based on an initial assessment of the potential backdated amounts and related interest the Trustee does not expect these to be material to the financial statements and 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.

WORLD EVENTS
The Trustee was pleased that the YMCA Pension and Assurance Plan continued to operate as normal during the Covid-19 outbreak with staff working from home.

The Trustee has considered the impact of the Covid-19 virus on the assessment of the Employers' ability to support the Plan as a going concern. In particular, the Trustee considered the potential impact of Covid-19 on the Plan's investment strategy and the Employers' business, taking into account the Plan's funding level, investment strategy, and the strength of the Employers' covenant, and decided to offer employers a three-month deferral of contributions to assist their cashflow during this difficult period.

Investment values have decreased as a result of the Ukrainian crisis but are expected to recover.

GOING CONCERN BASIS
The Trustee is responsible for preparing the financial statements on a going concern basis unless it is inappropriate to presume that the Plan will continue on this basis. The Trustee has undertaken an assessment in relation to going concern and has considered such matters as the Employer's ability to support the Plan, the contributions that are due to be paid to the Plan, together with the Plan's forecasted cash flows over the next 12 months. As noted above, Huddersfield YMCA went into administration and the pension obligations relating to its members have been passed to the Pension Protection Fund (the PPF) which is to reimburse the Pension Plan for items paid relating to these members (see note 3.3).

The Trustee therefore believes it remains appropriate to prepare the financial statements on a going concern basis.

PENSIONS REGULATOR

The Pensions Regulator has the ability to:

- issue improvement notices and third party notices, allowing the Regulator to ensure problems are put right;
- freeze a scheme at risk, while the Regulator investigates;
- disqualify trustees who are judged not fit and proper to carry out their duties; and
- collect more detailed scheme information.

The Pensions Regulator can be contacted at:

Napier House
Trafalgar Place
Brighton BN1 4DW (Tel: 0845 600 7060)

PENSIONS TRACING SERVICE

The pension tracing function is carried out by Department for Work and Pensions (DWP) Pension Tracing Service. The DWP's Pension Tracing Service can be contacted at:

Pension Tracing Service
The Pension Service
Mail handling site A
Wolverhampton
WV98 1LU (Tel: 0800 731 0193)

The YMCA Pension and Assurance Plan

TRUSTEE'S REPORT
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PENSIONS OMBUDSMAN

The Pensions Ombudsman deals with complaints and disputes which concern the administration and/or management of occupational and personal pension schemes. Contact with The Pensions Ombudsman about a complaint needs to be made within three years of when the event(s) happened or, within three years of when the event(s) was first known about (or ought to have been known about). There is discretion for those time limits to be extended. The Pensions Ombudsman can be contacted at:

The Pensions Ombudsman
10 South Colonnade
Canary Wharf
E14 4PU

(Tel: 0800 917 4487)
enquiries@pensions-ombudsman.org.uk
www.pensions-ombudsman.org.uk

THE PENSIONS ADVISORY SERVICE ("TPAS")

For general requests for information or guidance concerning pension arrangements contact:

Money and Pensions Service
120 Holborn
London
EC1N 2TD

(Tel: 0800 0013797)
www.pensionsadvisoryservice.org.uk

FURTHER INFORMATION

Any enquiries about the Plan should be sent to:

YMCA Pension & Assurance Plan Administrator
National Council of Young Men's Christian Associations
3rd Floor, 10-11 Charterhouse Square,
London, EC1M 6EH

(Tel: 0207 186 9500)
pensions@ymca.org.uk
www.pensions.ymca.org.uk

This report and the accompanying Investment Report, were approved by the Trustee on 23 November 2022:

Alan Botterill
Trustee-Director

Jamie Hutchinson
Trustee-Director

The YMCA Pension and Assurance Plan

STATEMENT OF THE TRUSTEE'S RESPONSIBILITIES

The financial statements, which are prepared in accordance with UK Generally Accepted Accounting Practice, including the Financial Reporting Standard applicable in the UK (FRS 102) are the responsibility of the Trustee. Pension scheme regulations require, and the Trustee is responsible for ensuring, that those financial statements:

- show a true and fair view of the financial transactions of the Plan during the year and of the amount and disposition at the end of the year of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the year; and

- contain the information specified in Regulation 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, including making a statement whether the financial statements have been prepared in accordance with the relevant financial reporting framework applicable to occupational pension schemes.

In discharging the above responsibilities, the Trustee is responsible for selecting suitable accounting policies, to be applied consistently, making any estimates and judgments 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 not be wound up.

The Trustee is also responsible for making available certain other information about the Plan in the form of an Annual Report.

The Trustee also has a general responsibility for ensuring that adequate accounting records are kept and for taking such steps as are reasonably open to 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.

The Trustee is responsible under pensions legislation for preparing, maintaining and from time to time reviewing and if necessary revising a schedule of contributions showing the rates of contributions payable towards the Plan by or on behalf of the employer and the active members of the Plan and the dates on or before which such contributions are to be paid. The Trustee is also responsible for keeping records in respect of contributions received in respect of any active member of the Plan and for adopting risk-based processes to monitor whether contributions are made to the Plan by the employer in accordance with the schedule of contributions. Where breaches of the schedule occur, the Trustee is required by the Pensions Acts 1995 and 2004 to consider making reports to The Pensions Regulator and the members.

The Trustee is responsible for the maintenance and integrity of the corporate and financial information included on the Plan's website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements and other information included in annual reports may differ from legislation in other jurisdictions.

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEE OF THE YMCA PENSION AND ASSURANCE PLAN

Opinion

We have audited the financial statements of YMCA Pension and Assurance Plan for the year ended 30 April 2022 which comprise the Fund Account, the Statement of Net Assets and the related notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- show a true and fair view of the financial transactions of the Plan during the year ended 30 April 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.

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 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the 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 trustee with respect to going concern are described in the relevant sections of this report.

Other information

The trustee is responsible for the other information contained within the annual report. The other information comprises the information included in the annual report, 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 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 the Trustee

As explained more fully in the statement of trustee's responsibilities set out on page 10, the trustee is responsible for the preparation of the financial statements, for being satisfied that they give a true and fair view, and for such internal control as the trustee determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustee is responsible for assessing the 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 trustee either intends 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

We set out below the key areas which, in our opinion the financial statements are susceptible to material misstatement by way of irregularities including fraud and the extent to which our procedures are capable of detecting these.

- Management override of controls. Our audit procedures to respond to these risks included enquiries of management about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals and reviewing accounting estimates for bias

- Misappropriation of investment assets owned by the plan. This is addressed by obtaining direct confirmation from the investment fund managers of investments held at the Statement of Net Assets date.

- Non-receipt of contributions due to the plan from the employer. This is addressed by testing contributions due are paid to the plan in accordance with the schedule of contributions agreed between the employers and the trustee.

- Payment of large retirement lump sum benefits to invalid members. This is addressed through sample testing that there is evidence that the member's identity is verified and of the authorisation of the amount and approval of the payment of the transactions.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

These inherent limitations are particularly significant in the case of misstatement resulting from fraud as this may involve sophisticated schemes designed to avoid detection, including deliberate failure to record transactions, collusion or the provision of intentional misrepresentations.

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

Use of our report
This report is made solely to the Plan's trustee, 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 trustee those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Plans trustee as a body, for our audit work, for this report, or for the opinions we have formed.

Crowe U.K. LLP
Statutory Auditor
Oldbury
Date: 29 November 2022

The YMCA Pension and Assurance Plan

FUND ACCOUNT
FOR THE YEAR ENDED 30 APRIL 2022

	Notes	2022 £	2021 £
Contributions and benefits			
Employers' Contributions	3.1	**4,004,716**	3,850,661
Participating Employers' Full Buy Out payments	3.2	**1,364,534**	169,169
Other income	3.3	**32,472**	-
		5,401,722	4,019,830
Benefits paid/payable	4	**5,443,183**	5,198,801
Payments to and on account of leavers	5	**64,930**	618,460
Administration expenses	6	**644,137**	792,317
		6,152,250	6,609,578
Net withdrawal from dealings with Employers and Members		**(750,528)**	(2,589,748)
Returns on investments			
Investment income	7	**1,757,318**	1,391,297
Investment fee rebate		**288,329**	305,860
Change in market value of investments	8	**(14,367,265)**	904,232
Net Returns on Investments		**(12,321,618)**	2,601,389
Net (decrease) / increase in the Fund during the year		**(13,072,146)**	11,641
Net assets of the Plan brought forward		**146,365,314**	146,353,673
Net assets of the Plan carried forward		**133,293,168**	146,365,314

The accompanying notes on pages 15 to 27 are an integral part of these financial statements.

The YMCA Pension and Assurance Plan

STATEMENT OF NET ASSETS (Available for benefits)
AS AT 30 APRIL 2022

	Notes	2022 £	2022 £	2021 £	2021 £
Investment assets:					
Pooled investment vehicles			**124,720,280**		137,882,764
Cash in transit			**-**		1,494
Insurance policies			**6,360,000**		7,294,000
AVCs			**112,163**		115,607
	8		**131,192,443**		145,293,865
Current assets					
Bank balances		**913,971**		628,416	
Sundry debtors	11	**1,603,999**		778,925	
		2,517,970		1,407,341	
Current liabilities					
Benefits payable	12.1	**(269,665)**		(139,037)	
Sundry creditors	12.2	**(147,580)**		(196,855)	
		(417,245)		(335,892)	
Net current assets			**2,100,725**		1,071,449
Net assets of the Plan at 30 April			**133,293,168**		146,365,314

The financial statements summarise the transactions of the Plan and deal with the net assets at the disposal of the Trustee. They do not take account of obligations to pay pensions and benefits which fall due after the end of the Plan year. The actuarial position of the Plan, which does take into account such obligations, is dealt with in the Report on Actuarial Liabilities and Actuarial Certificate in the appendices of this annual report which should be read in conjunction with these financial statements.

The financial statements were approved and authorised for issue by the Trustee and were signed on its behalf on 23 November 2022 by:

Alan Botterill
Trustee-Director

Jamie Hutchinson
Trustee-Director

The accompanying notes on pages 15 to 27 are an integral part of these financial statements.

1. BASIS OF PREPARATION

The financial statements have been prepared in accordance with the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, Financial Reporting Standard 102 – The Financial Reporting Standard applicable in the UK and Republic of Ireland, and the guidance set out in the Statement of Recommended Practice (Revised 2018), ("the SORP").'

As disclosed on page 8, the Trustee is responsible for preparing the financial statements on a going concern basis unless it is inappropriate to presume that the Plan will continue on this basis. The Trustee has undertaken an assessment in relation to going concern and has considered such matters as the Employer's ability to support the Plan, the contributions that are due to be paid to the Plan, together with the Plan's forecasted cash flows over the next 12 months.

The Trustee has determined that there is not a material uncertainty as to the ability of the Plan to continue as a going concern for the foreseeable future and the Trustee therefore believes it remains appropriate to prepare the financial statements on a going concern basis.

2. ACCOUNTING POLICIES

The Plan is established as a trust under English law. The address for enquiries to the Plan is included in the Trustee's report on page 8. The Plan's functional and presentational currency is in pounds sterling, transactions in foreign currencies are recorded in sterling at the spot exchange rate at the date of the transaction.

The principal accounting policies are set out below, unless otherwise stated they have been applied consistently.

(i) Contributions

Normal contributions and contributions towards expenses and fees, are accounted for when receivable in accordance with the schedule of contributions, which is derived from the Recovery Plan agreed by the Trustee and the Principal Employer. The Recovery Plan seeks to eliminate the Plan's deficit within 8 years from 1 May 2021.

Buy out payments are accounted for in the period in which the employer cessation event was triggered or agreed, at the amounts determined by the actuary.

(ii) Payments to members

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

Benefits are accounted for in the period in which the member notifies the Trustee of their decision on the type or amount of benefit to be taken, or if there is no member choice, on the date of retiring or leaving.

(iii) Transfers to other schemes

Transfers values are accounted for when the receiving party agrees to accept the liability in respect of members leaving the plan, at values determined by the Actuary advising the Trustee. Members leaving the Plan are assumed to have taken a preserved pension until the Trustee is otherwise advised.

(iv) Expenses

Administration, investment management expenses and rebates are accounted for on an accruals basis.

(v) Investment income

Income from pooled investment vehicles and interest receivable on cash deposits are accounted for on an accruals basis.

Income receivable from purchased annuity policies is included in investment income. The matching pension payments are included within benefit costs in the Fund Account.

ACCOUNTING POLICIES (continued)

(vi) Investments

Pooled investment vehicles held with Mercer operate on a single-swinging price basis, the values shown in the valuation and transaction statements are based on the swung price quoted by the managers at the accounting date. Pooled investment vehicles held with Schroders are valued monthly and recognised at the April month end valuation.

The change in market value of investments during the year comprises all increases and decreases in the market value of the investments held at any time during the year, income received within the investment funds, and all profits and losses realised on sales of investments during the year.

(vii) Annuity Policies

The Trustee holds insurance policies with insurance companies that secure the pensions payable to certain beneficiaries. These policies remain assets of the YMCA Pension and Assurance Plan, and are shown in the Net Assets Statement at the valuation calculated by the Plan's Actuary using insured pensioner data received from the policy providers. The actuarial assumptions used have been set by reference to the Plan's existing Statement of Funding Principles, which was agreed as part of the valuation of the Plan as at 1 May 2020.

(viii) Additional Voluntary Contributions

The Trustee holds assets invested separately from the main fund with Scottish Widows and Prudential securing additional benefits for those members electing to pay additional voluntary contributions. Additional Voluntary Contributions investments are stated at the valuations informed by the providers at the accounting date. With profits policies exclude any final bonus accrued at the accounting date. Deposit AVCs include accrued interest and unit linked policies are based on the AVC fund's net asset value.

3. INCOME

3.1 CONTRIBUTIONS

	2022 £	2021 £
Employer contributions		
Participating Employers' deficit funding contributions	**3,238,312**	3,160,785
Additional contributions		
Participating Employers' contribution towards Pension Plan expenses and fees	**766,404**	689,876
	4,004,716	3,850,661

The Plan was closed to future accrual of service with effect from 1 May 2007, therefore the only contributions received during the year were in respect of deficit funding contributions in accordance with the Schedule of Contributions, and expenses. Under the Schedule of Contributions certified by the Actuary on 18 December 2020, past service deficit contributions of £3.28m per annum are payable from 1 May 2021 (increasing by 3% per annum each 1 May thereafter) until 1 May 2029 to reduce the Plan's deficit.

The Pension Protection Fund Levy payments are not known when the annual contributions are calculated so are charged to Participating Employers in the following year.

The increase in contributions towards Plan expenses largely arises from professional fees for contesting the dispute with Huddersfield YMCA.

The number of late contributions from Participating Employers are reported in note 14.

3.2 PARTICIPATING EMPLOYERS' FULL BUY-OUT PAYMENTS

Where a Participating Employer enters a buy-out arrangement contributions are received both in respect of the buy-out figure as well as the actuarial and investment adviser's expenses.

	2022	2021
	£	£
Y People (Glasgow YMCA)	**1,365,534**	-
Bedfordshire YMCA	-	169,169
	1,364,534	169,169

3.3 OTHER INCOME

When Huddersfield YMCA went into administration on 10th September 2019, the PPF (Pension Protection Fund) took over responsibility for payment of the pensions relating to its members and to reimburse the Plan for the costs incurred relating to YMCA Huddersfield less its share of the net assets of the Plan. This net amount was still outstanding at the year-end so is shown in debtors.

	£
Net assets relating to Huddersfield YMCA on 10th September 2019	455,183
Legal fees incurred in relation to Huddersfield YMCA	(156,711)
Outstanding contributions due from Huddersfield YMCA	(84,014)
Pensions paid by the Plan since 10th September 2019	(94,558)
Professional fees incurred since 10th September 2019	(289,250)
Investment performance since 10th September 2019	47,016
NET AMOUNT RECOVERABLE FROM THE PPF	**(122,334)**
Of which already recognised in the accounts	89,862
AMOUNT RECOGNISED IN CURRENT YEAR	32,472

This represents reimbursement of costs previously expensed in the accounts.

4. BENEFITS

	2022 £	2021 £
Pension payments	**4,843,496**	4,563,925
Commutations of pensions and lump sum retirement benefits	**577,215**	615,129
Death benefits	**22,472**	19,747
	5,443,183	5,198,801

5. PAYMENTS TO AND ON ACCOUNT OF LEAVERS

Individual transfers to other schemes	**64,930**	617,798
Commutations	**-**	662
	64,930	618,460

6. ADMINISTRATION EXPENSES

	2022 £	2021 £
Net administration of the Plan (see also note 13)	**156,320**	142,027
XPS Pensions Group service charge	**116,828**	72,250
XPS Actuarial services	**105,115**	131,038
Professional fees (see note below)	**78,980**	205,879
Pension Protection Fund Levy	**66,454**	122,854
Legal fees (see note below)	**63,409**	60,498
XPS Pensions Group payroll service	**31,795**	28,339
XPS Pensions Group additional services (see note below)	**-**	11,122
Auditors remuneration- current year	**17,976**	16,800
- under accrual for previous years	**1,260**	1,510
- non audit work	**6,000**	-
	644,137	792,317

- The legal fees include fees for contesting the Huddersfield YMCA dispute. Most of the professional fees relate to additional costs from placing Huddersfield YMCA into the PPF (most of which are recoverable – see note 3.3) plus the costs of an external review of the strength of employer covenant.
- In addition to the normal services, the XPS Pensions Group additional services charges include GMP reconciliations, buy-out calculations and sundry other services.
- The Pension Protection Fund (PPF) is a Statutory Levy comprised of a scheme based levy and a risk premium.
- Administrative expenses include the cost of Trustee meetings of £nil (2021: £718), the reduction arising as meetings were held electronically during the year.

7. INVESTMENT INCOME AND INTEREST RECEIVABLE

	2022 £	2021 £
Annuity income	**723,507**	750,410
Income from pooled investment vehicles	**1,033,736**	638,858
Bank interest received	**75**	2,029
	1,757,318	1,391,297

8. INVESTMENTS

Pooled Investment Vehicles

	Value at 1 May 2021	Purchases at cost	Sale Proceeds	Change in market value	Value at 30 April 2022
	£	£	£	£	£
Pooled Investment Vehicles					
Mercer	**133,990,540**	43,462,222	(42,933,543)	(13,993,820)	**120,525,399**
Schroders	**3,892,224**	-	(249,500)	552,157	**4,194,881**
Total *	**137,882,764**	43,462,222	(43,183,043)	(13,441,663)	**124,720,280**
Insurance Policies - annuities	**7,294,000**	-	-	(934,000)	**6,360,000**
AVC investments (Note 9)	**115,607**	-	(11,842)	8,398	**112,163**
	145,292,371	43,462,222	(43,194,885)	(14,367,265)	**131,192,443**
Cash in transit	**1,494**				**-**
	145,293,865				**131,192,443**

* Represented by:	2022 £'m	2022 %	2021 £'m	2021 %
Global equity portfolio	20.0	16%	27.3	20%
Alternatives	7.8	6%	6.4	5%
Bond portfolio	9.8	8%	8.2	6%
Multi-asset credit	6.2	5%	5.0	3%
Property (Schroder only)	4.2	3%	3.9	3%
Cash funds	-	-	1.2	1%
Growth Portfolio	48.0	38%	52.0	38%
LDI funds	46.2	37%	52.3	38%
UK credit matching	30.5	25%	33.6	24%
Matching Portfolio	76.7	62%	85.9	62%
TOTAL PORTFOLIO	124.7	100%	137.9	*100%*

The alternative funds are invested in Mercers Liquid Alternative Strategies fund and Mercer Private Partners III (Offshore) LP.

- The Mercers Liquid Alternative Strategies fund invests in a number of underlying sub funds and strategies. These strategies can hold a mixture of equities, debt, commodities, futures and other derivative products, alongside structured insurance policies.
- The Mercer Private Partners Fund invests in a number of underlying sub funds. These funds principally invest in debt or loans raised by private (rather than publically traded) companies or entities. Private debt is not traded or issued in the open market.

The LDI funds are invested in a single sub-fund under the Mercer QIF Fund plc umbrella. The fund holds a mixture of government bonds, repurchase agreements, swaps, cash and other derivative products.

The Multi-asset credit fund invests in a number of underlying sub funds which will achieve exposure to multi-asset credit strategies and fixed income asset classes including some or all of, but not limited to, senior bank loans, high yield debt, distressed debt, asset-backed securities, convertible bonds, emerging market debt, investment grade credit, private credit, equities and money market instruments.

INVESTMENTS (continued)

Individual investments representing more than 5% of the total net assets of the Plan:

As at April 2022:

Investment Fund	**£'m**	**%**
MERCER TAILORED CREDIT FUND 1	£30.5m	23%
MGI UK LONG GILT FUND	£24.7m	19%
MERCER FLEX LDI £ FIXED ENHANCED MATCHING FUND 2	£7.0m	5%

As at April 2021:

Investment Fund	**£'m**	**%**
MERCER TAILORED CREDIT FUND 1	£33.6m	23%
MGI UK LONG GILT FUND	£25.7m	18%
MERCER FLEX LDI £ FIXED ENHANCED MATCHING FUND 1	£7.2m	5%

Transaction costs are included in the cost of purchases and sale proceeds. Transaction costs include costs charged directly to the Plan such as fees, commissions, stamp duty and other fees.
During the year no transaction costs were incurred as Mercer use single-swing pricing funds, and as such moving in to or out of the funds does not incur explicit costs. Indirect transaction costs incurred by entering or exiting these pooled funds depend on the direction of the swing on the day a transaction is made i.e. by allowing the net value of disinvestments / investments from all investors on a particular day to affect whether the price on the day swings lower (to account for a net sale of the underlying securities), or higher (to account for net purchases of the underlying securities). These amounts are not separately provided to the Plan.

Capital Commitments
The Plan has investments with Mercer Private Partners III (Offshore) LP and at the year end the Plan has a further commitment of USD1,225,800 (2021: USD1,225,800) remaining as uncalled capital. At 30 April 2022 this is equivalent to £976,344 (2021: £891,548).

9. ADDITIONAL VOLUNTARY CONTRIBUTION (AVC) INVESTMENTS

The Trustee holds assets invested separately from the main fund in the form of unit linked insurance policies, with profits policies and deposit AVC policies with Scottish Widows and Prudential securing additional benefits for those members electing to pay additional voluntary contributions. Members participating in this arrangement each receive an annual statement confirming the amounts held in their account and the movements in the year. The AVC facility was closed from 1 May 2007.

Total value of AVC investments are as follows:	**2022**	**2021**
	£	£
Scottish Widows	93,329	90,956
Prudential (excluding final bonus)	18,834	24,651
	112,163	115,607

10. INVESTMENT RISK DISCLOSURES

FRS 102 requires the disclosure of information in relation to certain investment risks to which the Plan is exposed at the end of the reporting period: this is set out in the revised Statement of Recommended Practice (SORP), published in November 2014.

All risk disclosures are based on Mercer's interpretation of guidance issued by the Pensions Research Accountants Group (PRAG) as at June 2015. For further information on all Mercer funds, please refer to the audited fund financial statements.

The risks set out by FRS 102 for disclosure are as follows:

Market risk: this is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk, each of which is further detailed as follows:

- **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.

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.
The Plan has exposure to the above risks through the assets held to implement its investment strategy. The investment strategy has been designed to balance the risk and return while allowing the Plan to achieve its objectives.
The Trustee has taken the step to reduce investment risk within their portfolio by implementing a de-risking strategy whereby the level of investment risk inherent in the Plan's investment arrangements will reduce further as the Plan's funding level improves. The Trustee agreed the way in which the investment risk should be reduced and has delegated the implementation of the de-risking strategy to Mercer. The de-risking strategy comprises funding level triggers which are monitored daily by Mercer. When a pre agreed trigger level is breached, Mercer opportunistically switches the assets from the Growth Portfolio to the Matching Portfolio. Mercer constructs portfolios of investments that are expected to maximise the return given the targeted level of risk.
The investment objectives and risk limits of the Plan are further detailed in the SIP. Further information on the Trustee' approach to risk management, credit and market risk is set out below. This does not include the AVC investments as these are not considered significant in relation to the overall investments of the Plan.

(i) 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 investment strategy is agreed by the Trustee, taking into account considerations such as the strength of the Employer covenant, the long-term liabilities of the Plan and the Recovery Plan agreed with the Employer. The key decision is the split between the Growth and Matching Portfolios in the investment strategy. More details on the investment strategy are set out in the SIP.
The Plan's current target investment strategy is as follows:

- 63.0% in investments that share characteristics with the long-term liabilities of the Plan, referred to as the Matching Portfolio. The Matching Portfolio is invested in assets including government and corporate bonds as well as funds incorporating derivative instruments to hedge the impact of interest rate movements and inflation expectations on the long term liabilities.

- 37.0% in investments that seek to generate a return above the liabilities, referred to as the Growth Portfolio. The Growth Portfolio is currently invested in global developed market and emerging market equities, emerging market debt, high yield bonds, multi-asset credit, absolute return bonds, property, alternatives, private markets.

- 64.5% currency hedge ratio within the Growth Portfolio. This is achieved through a currency hedging policy using currency hedging derivatives such as forwards and swaps within the various Growth Portfolio's Mercer Funds held. Please note that additional currency risk may arise when underlying managers take active currency positions or from allocations to fixed income assets denominated in non-sterling currencies.

The actual allocations will vary from the above due to market price movements, dynamic asset allocation decisions, trigger breaches and intervals between rebalancing the portfolio.

Financial Risk Breakdown

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

Fund	Portfolio	Indirect Currency Risk	Indirect Interest Rate Risk	Indirect Credit Risk	Indirect Other Price and Inflation Risk
Synthetic Equity-Linked Nominal Bonds	Growth	X	X	X	X
Global Low Volatility Equity	Growth	X	X		X
Global Small Cap Equity	Growth	X	X		X
Sustainable Global Equity	Growth	X	X		X
Sustainable Global Equity (Hedged)	Growth	X	X		X
Global Infrastructure Equity (Hedged)	Growth	X	X		X
UK Equity	Growth	X	X		X
Eurozone Equity	Growth	X	X		X
Eurozone Equity (Hedged)	Growth	X	X		X
Emerging Markets Equity	Growth	X	X		X
Passive Global REITS (Hedged)	Growth	X	X		X
Emerging Markets Debt	Growth	X	X	X	X
Emerging Markets Debt - Hard Currency	Growth	X	X	X	X
Dynamic Asset Allocation Fund (Hedged)	Growth	X	X	X	X
Global High Yield Bonds (Hedged)	Growth	X	X	X	X
Multi-Asset Credit (Hedged)	Growth	X	X	X	X
Absolute Return Fixed Income (Hedged)	Growth	X	X	X	X
Diversifying Alternatives Strategies (Hedged)	Growth	X	X	X	X
UCITS Alternatives Strategies (Hedged)	Growth	X	X	X	X
Mercer Private Investment Partners III (Offshore), LP	Growth	X	X	X	X
Schroders UK Property	Growth		X	X	X
Tailored Credit I	Matching		X	X	
UK Long Gilts	Matching		X		
Inflation-Linked Bonds	Matching		X		X
Medium Flexible Fixed	Matching		X	X	
Long Flexible Fixed	Matching		X	X	
Medium Flexible Real	Matching		X	X	X
Short Flexible Inflation	Matching		X	X	X

(ii) Market Risk

a. Currency Risk

The Plan is subject to currency risk because some of the pooled investment vehicles in which the Plan invests are denominated or priced in a foreign currency. Indirect currency risk arises from the Plan's investment in sterling priced pooled investment vehicles which hold underlying investments denominated in foreign currency, but also in instances for those pooled investment vehicles that are GBP-hedged as the currency hedging is applied versus the benchmark. As a result, actively-managed strategies may still have views expressed through currency positions; however, these are not expected to be material.

To limit currency risk, Mercer has set a strategic target currency hedge ratio of 64.5% within the Growth Portfolio. This is achieved through a currency hedging policy using currency hedging derivatives such as forwards and swaps. Please note that additional currency risk may arise when underlying managers take active currency positions.

b. Interest Rate Risk

The Plan's Growth and Matching Portfolios are subject to indirect interest rate risk because some of the Plan's investments are held in pooled funds which comprise bonds, Gilt repurchase agreements and cash. Mercer has considered these indirect risks in the context of the overall investment strategy.

At the year end, the Matching Portfolio represented 61.5% of the total investment portfolio (2021: 62.3%). The Trustee holds these assets as part of their LDI investment strategy. Under this strategy, if interest rates fall, the value of LDI investments will rise to help offset the increase in actuarial liabilities which will also increase if interest rates fall (all else equal). Conversely, if interest rates rise, the LDI investments will fall in value, as will the actuarial liabilities. The value of these assets at the Plan year end amounted to £76.7m which was 100.0% of the Matching Portfolio and 61.5% of total assets (2021: £85.9m which was 100.0% of the Matching Portfolio and 62.3% of total assets).

The Plan also has exposure to overseas interest rate risk through the Growth portfolio investments. The value of these assets at the Plan year end amounted to £48.0m which was 100.0% of the Growth Portfolio and 38.5% of total assets (2021: £31.4m which was 60.4% of the Growth Portfolio and 22.8% of total assets). The interest rate exposure that the Growth Portfolio introduce is part of the investment strategy to add value rather than to match liabilities.

c. Other Price and Inflation Risk

Other price risk arises principally in relation to the Plan's Growth Portfolio which seek a return above gilts and the Matching Portfolio that aim to provide inflation hedging via investments in index-linked gilts (and associated derivative instruments).

The benchmark set for investment in Growth Portfolio was 37.0% of the total investment portfolio as at 30 April 2022. Triggers are in place to reduce the allocation as the funding level improves. Mercer manages this exposure to overall price movements by constructing a diverse portfolio of investments across various markets and geographies.

At the year end, £48.0m which was 100.0% of the Plan's Growth and £11.4m which was 14.9% of the Plan's Matching Portfolio was exposed to other price risk. The total exposure at a Plan level was 47.7% of the investment portfolio. (2021: £50.8m which was 97.8% of the Plan's Growth and £14.1m which was 16.4% of the Plan's Matching, representing 47.0% of the total investment portfolio).

(iii) Credit Risk

The Plan's Growth and Matching Portfolio are subject to indirect credit risk.

The pooled investment arrangements used by the Plan comprise collective investment schemes incorporated as limited liability variable capital companies. These are authorised by the Central Bank of Ireland. The Plan also invests in an exempted limited partnership for PIP III. The Plan's holdings in pooled investment vehicles are not rated by credit rating agencies. The Trustee manage and monitor the credit risk arising from its pooled investment arrangements by considering the nature of the pooled fund vehicles, the legal structure and regulatory environment. Credit risk arising from pooled investment vehicles is mitigated by the underlying assets of the pooled arrangements being ring-fenced from the manager and custodian.

The Plan is indirectly exposed to credit risks arising on the underlying investments held by these pooled investment vehicles. Indirect credit risk arises in relation to underlying investments held in the Growth Portfolio pooled investment vehicles including Synthetic Equity Linked Bond Fund, Emerging Market Debt Fund, Emerging Market Debt – Hard Currency Fund, Dynamic Asset Allocation Fund (Hedged), Global High Yield Bonds Fund, Multi-Asset Credit Fund (Hedged), Absolute Return Fixed Income Fund (Hedged), Diversifying Alternatives Strategies (Hedged), UCITS Alternatives Strategies (Hedged), Private Investment Partners III and Schroders UK Property (External Asset). The value of these assets at the Plan year end amounted to £31.8m which was 66.2% of the Growth Portfolio and 25.5% of total assets (2021: £25.5m which was 49.2% of the Growth Portfolio and 18.5% of total assets).

Mercer manages credit risk within the Plan's Matching Portfolio by predominantly holding UK government bonds and investment grade corporate bonds (within Tailored Credit Fund) which have a low expected risk of default. Credit risk is managed by limiting the expected allocation to sub investment grade credit to 30% of the total value of the corporate bond allocation within the Tailored Credit Fund. Where derivatives are used there is a daily collateralisation process. The Trustee invests in Mercer Funds which hold non-investment grade credit rated instruments with a view to adding value. Indirect credit risk is mitigated through diversification of the underlying securities to minimise the impact of default by any one issuer. The value of these assets at the Plan year end amounted to £47.0m which was 61.3% of the Matching Portfolio and 37.7% of total assets (2021: £55.4m which was 64.5% of the Matching Portfolio and 40.2% of total assets).

Credit risk is also managed by employing experienced active managers in these particular asset classes and by limiting the overall exposure of credit within the Growth Portfolio.

Some pooled arrangements invest in other pooled arrangements, for example, the Diversifying Alternatives Strategies (Hedged) is a fund of hedge funds. MGIE has considered the impact of these arrangements in relation to the Plan's exposure to failure by the sub-funds who may have different regulatory or insolvency protections compared to the pooled investment made directly by the Plan.

A summary of the pooled investment vehicles by type of arrangement is set out below.

Arrangement type	**Start of Year (£m)**	**End of Year (£m)**
Open ended investment companies	129.7	122.3
Shares of limited liabilities partnerships	2.1	1.6
Common Contractual Funds	6.1	0.8
Total	**137.9**	**124.7**

The fair value of financial instruments has been determined using the following fair value hierarchy.

Level 1 The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement 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 of liability.

2022

Investment	Level 1 £	Level 2 £	Level 3 £	Total £
Pooled investment vehicles:				
- Mercer	-	115,254,358	5,271,041	120,525,399
- Schroders	-	-	4,194,881	4,194,881
Insurance policies	-	-	6,360,000	6,360,000
AVC investments	-	-	112,163	112,163
Cash in transit	-	-	-	-
	-	115,254,358	15,938,085	131,192,443

2021

Investment	Level 1 £	Level 2 £	Level 3 £	Total £
Pooled investment vehicles:				
- Mercer	-	127,590,241	6,400,299	133,990,540
- Schroders	-	-	3,892,224	3,892,224
Insurance policies	-	-	7,294,000	7,294,000
AVC investments	-	-	115,607	115,607
Cash in transit	1,494	-	-	1,494
	1,494	127,590,241	17,702,130	145,293,865

11. DEBTORS

Sundry Debtors	2022 £	2021 £
Participating Employers' contributions receivable (net of provision)	**90,671**	593,446
Participating Employers' Buy-out contributions receivable	**1,364,534**	169,169
Recoverable from the Pension Protection Fund – PPF (see note 3.3)	**122,334**	-
Investment income receivable	**11,733**	9,816
Due from YMCA Group Life Scheme	**12,865**	5,000
Fee rebate due	**1,862**	1,494
	1,603,999	778,925

In response to Covid-19 the Pension Trustee agreed to allow Participating Employers to defer three months' contributions. At April 2021 £420,970 was receivable, which was recovered in full during the current year. In addition the April 2021 balance included amounts recoverable from Hastings and Huddersfield (net of provisions of £262,540). The Huddersfield YMCA contributions are being recovered from the PPF (see note 3.3) so are now shown separately.

Of the contributions due for the year ended April 2022, £13,278 remains outstanding as of September 2022 (September 2021: £12,699) relating to Hastings. A provision of £89,805 has been made for non-payment of contributions due by Participating Employers.

Other than the Participating Employers' contributions receivable there were no other employer related investments within the meaning of section 40(2) of the Pensions Act 1995.

12. CREDITORS

12.1 Benefits Payable

	2022 £	2021 £
Historic pension underpayment	**133,972**	-
Lump sum retirement benefits payable	**69,242**	92,274
Pension payments payable	**50,738**	46,763
Death benefits payable	**15,713**	-
	269,665	139,037

12.2 Sundry Creditors

	2022 £	2021 £
XPS Pensions Group service charges payable	**56,903**	34,071
Contribution refunds due to Participating Employers	**27,829**	31,660
Auditor's fees payable	**17,976**	16,800
Legal fees payable	**15,462**	19,180
Office costs	**13,495**	19,377
Participating Employer contributions received in advance	**-**	9,954
Pension Protection Fund Levy payable	**9,915**	8,000
Professional fees	**6,000**	57,813
	147,580	196,855

The professional fees in April 2021 relate to cost incurred in respect of Huddersfield YMCA.

The refunds due to Participating Employers relate to overpayments made to the Plan that were refunded after the year end. As these amounts were received in error, they are excluded from the contributions as shown in note 3.1.

The Participating Employer contributions received in advance relate to contributions in respect of the Plan year commencing 1 May 2021 received prior to 30 April 2021.

13. RELATED PARTY TRANSACTIONS

The Plan paid the sponsoring employer, National Council of Young Men's Christian Associations (Incorporated), received £25,224 including irrecoverable VAT (2021: £24,482 including irrecoverable VAT) for providing administrative services. There were no outstanding balances at 30 April 2022 or 2021.

The Trustee also acts for the YMCA Group Life Assurance Scheme. The YMCA Pension and Assurance Plan received £6,000 (2021: £5,000) from the YMCA Group Life Assurance Scheme for the provision of administrative services. The increase is due to more claims being received during the year.

In addition, the YMCA Pension and Assurance Plan was reimbursed £23,320 (2021: £1,842) for items paid on behalf of the YMCA Group Life Assurance Scheme.
As shown in note 11, at the year end there was a balance of £12,865 (2021: £5,000) due to the YMCA Pension and Assurance Plan from the YMCA Group Life Assurance Scheme.

Benefits for Trustee Directors who are members of the Plan (as shown on page 5) are paid and accrued on the same basis as for all other members of the Plan.

Trustee indemnity insurance is purchased on behalf of the Trustee for £12,040 (2021: £5,965), the policy also covers activities performed by the Group Life Scheme.

14 LATE PAYMENT BY PARTICIPATING EMPLOYERS

On 66 occasions during the year, Participating Employers paid contributions later than the due date specified in the schedule of contributions. In addition, there were 12 occasions where Participating Employers did not contribute to the Plan. This may be due to administrative failings, errors by the bank or by oversight. Most of these are received shortly after the due date. In addition, there were a total of 243 cases (2021: 92) when the 19th fell on a weekend so banks paid standing orders on the Monday.

All contributions were paid within 60 days of the due date, except for Hastings & Rother YMCA which is in dispute and remains unpaid at the date of signing. Discussions are on-going with regard to payment.

The Pension Plan Administrator contacts any Participating Employer not making contributions by the due date. If the contributions are still not received this is followed up by a letter reminding Participating Employers of their legal obligations. Where appropriate, contributions over 90 days late are reported to the Pensions Regulator. The Trustee receives a report at each meeting of the Directors on all participating employers who are 60 or 90 days late and those who have been three times or more late in the financial year. Consideration is then given to what appropriate action to take.

15 GMP EQUALISATION

As explained on page 7 of the Trustee's report, on 26 October 2018, the High Court handed down a judgment involving the Lloyds Banking Group's defined benefit pension schemes. The judgment concluded the schemes should be amended to equalise pension benefits for men and women in relation to guaranteed minimum pension benefits. The issues determined by the judgment arise in relation to many other defined benefit pension schemes.

The Trustee of the Plan is aware that the issue will affect the Plan and will be considering this during the year ended April 2023 and decisions will be made as to the next steps. Under the ruling schemes are required to backdate benefit adjustments in relation to GMP equalisation and provide interest on the backdated amounts.

On 20 November 2020, the High Court handed down a further judgment on the GMP equalisation case in relation to the Lloyds Banking Group pension schemes. This follows from the original judgment in October 2018 which confirmed that schemes need to equalise pensions for the effect of unequal GMPs between males and females. This latest judgment confirms that defined benefit schemes which provide GMPs need to revisit and where necessary top up historic Cash Equivalent Transfer Values that were calculated based on unequalised benefits.

Based on an initial assessment of the potential backdated amounts and related interest the Trustee does not expect these to be material to the financial statements and 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.

Appendices

(1) Schedule of contributions
(2) Actuarial statement & certificate
(3) Report on Actuarial Liabilities
(4) Update on funding position at 1 May 2022
(5) Investment Report
(6) Implementation Statement

Schedule of contributions

The YMCA Pension and Assurance Plan ("the Plan")

This schedule of contributions has been prepared by the Trustee after obtaining the advice of Heidi Webster, the actuary to the Plan. It sets out the contributions the Employers must pay and the dates these contributions must be paid to the Plan, and has been agreed by the nominated representatives of the sponsoring employers ("the Employers").

This schedule covers contributions payable in the period from 1 May 2021 to 1 May 2029. For the avoidance of doubt, contributions payable by the Employers to the Plan, for the period to 1 May 2021, shall be in line with the existing recovery plan dated April 2020.

Contributions to be paid by the Employers

Shortfall in funding

The Employers will pay contributions to the Plan in respect of the shortfall in funding in accordance with the Recovery Plan dated December 2020 as follows:

Employers' Contributions	£3.277m per annum

These contributions are payable in equal monthly instalments for a period of 9 years from the valuation date and will increase each year by 3% per annum on each 1 May thereafter. These contributions should be paid to the Plan on or before the 19th of the calendar month following the relevant month.

Expenses

Items of regular expected administrative expenditures, including all Plan Levies, are met directly by separate Employer contributions, and are accordingly not shown on the schedule. These expenses are invoiced annually by the YMCA Pension Plan Trustee Limited.

Notes

Nothing in this schedule shall prevent any Employer paying contributions in addition to those payable in accordance with this schedule. In particular, contributions payable in respect of individual or general benefit improvements are to be paid in addition to those set out in this schedule.

The life assurance benefits are provided under a separate trust.

Payments will be monitored against the amounts and dates on this schedule. Any amount unpaid must be treated as a debt due to the Trustee from the relevant Participating Employer.

The Employers and the Trustee can agree payment of contributions exceeding those set out above and contributions may be paid in advance of a due payment date.

Alan Botterill

Alan Botterill	22 December 2020
Signed on behalf of the Trustee of the YMCA Pension and Assurance Plan	**Date**
	22 December 2020
Signed on behalf of all participating employers of the YMCA Pension and Assurance Plan	**Date**

Actuary's certification of schedule of contributions

The YMCA Pension and Assurance 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 can be expected to be met by the end of the period specified in the recovery plan dated December 2020.

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 December 2020.

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

Signature

H. R. Webster

Date

18 December 2020

Name

Heidi Webster

Qualification

Fellow of the Institute
and Faculty of Actuaries

Address

Phoenix House
1 Station Road
Reading
Berkshire
RG1 1NB

Employer

XPS Pensions Consulting Limited

YMCA Pension and Assurance Plan: Report on Actuarial Liabilities

Forming part of the Trustee's annual report

Under Section 222 of the Pensions Act 2004, every scheme is subject to the Statutory Funding Objective, which is to have sufficient and appropriate assets to cover its technical provisions. The Plan's Technical Provisions represent the present value of the benefits members are entitled to at the valuation date. This is assessed using the assumptions agreed between the Trustee and the Employer and set out in the Statement of Funding Principles, which is available to Plan members on request.

The most recent full actuarial valuation of the Plan was carried out as at 1 May 2020. This showed that on that date:

The value of the Technical Provisions was:	£185.0 million
The value of the assets was:	£146.1 million

The method and significant actuarial assumptions used to determine the Technical Provisions are as follows (all assumptions adopted are set out in the appendix to the Statement of Funding Principles):

Method

The actuarial method used in the calculation of the Technical Provisions was the Defined Accrued Benefit method.

Significant actuarial assumptions

> Discount rate before retirement:	2.0% per annum above the Bank of England nominal gilt yield curve at the average term of the Plan's liabilities (17 years).
> Discount rate after retirement:	0.5% per annum above the Bank of England nominal gilt yield curve at the average term of the Plan's liabilities (17 years).
> Pension increases in payment:	For pension accrued post 06/04/1997, pension increases in line with RPI max 5% min 3% for members who joined the Plan before 01/12/2001 and in line with RPI max 5% for members who joined after 01/12/2001. RPI has been set to be equal to the Bank of England market implied inflation curve at the average term of the Plan's liabilities (17 years). The Black Scholes model with a volatility of 1.0% has been used to allow for the respective caps and collars on pensions increases.
> Revaluation of deferred pensions:	For Pensionable Service after 01/12/2001, deferred pensions increase in line with CPI max 5%. CPI has been set to be equal to RPI less 0.5% per annum
> Mortality:	100% of SAPS S3PxA for both males and females. Tables are projected in line with the CMI 2019 projections with a 1.50% p.a. rate of long term improvements and no initial addition.

01 Introduction

This report provides an update of the funding position of the Plan as at 1 May 2022 and is the second update report following the 1 May 2020 actuarial valuation

01.01 Background and purpose

This report provides information on the development of the technical provisions of the YMCA Pension and Assurance Plan ("the Plan") over the period since the last formal actuarial valuation as at 1 May 2020 in line with the requirements of Section 224 of the Pensions Act 2004. As such, this report constitutes an 'actuarial report'.

In each year between full valuations the Trustee must obtain annual reports on developments affecting the Plan's funding position since the previous full actuarial valuation was prepared. This is the second such update. The previous update was carried out as at 1 May 2021 and is documented in my report dated August 2021.

This report provides a comparison of how the value of the Plan's assets compares to the value of its accrued liabilities (otherwise known as its technical provisions), using the scheme funding assumptions and so the information provided only relates to the progress made by the Plan towards meeting the statutory funding objective.

The results outlined in this report will also form the basis of the annual Summary Funding Statement for Plan members

Legislation requires the Trustee to make this report available to Principal and Participating Employers of the Plan within seven days of them receiving it.

The report has been written on the basis that decisions (other than simply deciding not to bring forward the effective date of the next valuation) will not be based on its contents. Appropriate advice should be obtained before any other follow up actions are taken.

02 Approach adopted

02.01 Asset data

I have used the market valuation of the assets as at 1 May 2022 as provided to me by Mercer Limited. The bank balance has been added to this, which was confirmed by Richard Lock. The asset value at 1 May 2022 amounts to £125,647,843.

In addition, there are a number of insured annuity contracts which I have valued on a consistent basis to the corresponding pension liabilities they are in respect of, giving a value of £6,363,000 as at 1 May 2022.

The asset figure used has not been audited.

02.02 Liability data and calculation methodology

The actuarial method used for this update is the Defined Accrued Benefit Method. This is the same actuarial method as was used for the actuarial valuation as at 1 May 2020. Further details are available in the report to the Trustee on that valuation.

The liabilities have been calculated by rolling forward the valuation liabilities from the previous valuation date to 1 May 2022, and then adjusting the membership data for known member movements to 1 May 2022. The resulting liabilities have then been adjusted to reflect the different assumptions used. I have therefore relied heavily on the results of the 2020 valuation for the purposes of this funding update.

The results shown in section 3 are based on the same membership data as for the last formal actuarial valuation, updated for these member movements.

The updated member statuses have been supplied to me by our administration department, Legal and General and other annuity providers. Having reviewed this data I believe that its quality and completeness are adequate for the purpose of this update.

A full summary of the membership data used for the valuation as at 1 May 2020 is provided in my report on that exercise dated January 2021.

02.03 Developments since the last valuation

GMP equalisation

Following the 26 October 2018 High Court judgment in the Lloyds Bank case, overall pension benefits need to be equalised to eliminate inequalities between males and females in Guaranteed Minimum Pensions ('GMPs') accrued between 17 May 1990 and 5 April 1997. This is generally known as 'GMP equalisation'. On 20 November 2020, the High Court gave its second judgment in the Lloyds Bank case, confirming that trustees of defined benefit pension schemes will need to revisit individual historic transfer payments to check if an additional amount is due as a result of GMP equalisation.

I have included a GMP equalisation reserve equivalent to 0.8% of the liabilities in the technical provisions, which is consistent with reserve included in the last formal actuarial valuation as at 1 May 2020 and the previous actuarial update as at 1 May 2021. This does not make any explicit allowance for the additional liability that may result from equalising historic transfer payments.

Approach adopted

RPI inflation will be aligned with CPIH inflation
In 2020 the Chancellor of the Exchequer launched a consultation on changing the RPI measure of inflation. In November 2020 the Chancellor announced the response to the consultation. The response set out that RPI inflation will be aligned with CPIH inflation by no earlier than 2030. No specific allowance for the potential impact of this was made as part of the last formal actuarial valuation as at 1 May 2020 or the previous actuarial update as at 1 May 2021. However, it is something that is likely to need to be discussed as part of the next formal actuarial valuation.

COVID-19 pandemic and high inflation
Throughout the COVID-19 pandemic and continuing today, market conditions have been volatile with significant movements in the equity and gilt markets.

In addition to this ongoing volatility, I am now also starting to see some longer-term impacts of the COVID-19 pandemic, such as market supply issues, which has led to high inflation levels. This has been compounded by the conflict in Ukraine. Higher inflation leads to higher costs for pension schemes due to pension benefits being linked to inflation. The impact of high inflation is likely to be offset to some degree, however, due to inflation hedging within the asset portfolio. In addition, a significant proportion of the Plan's pension benefits are not linked to inflation (either increasing as a fixed percentage or not increasing at all).

I have allowed for known inflation up to May 2022 when calculating the liabilities, meaning that some allowance has been made for the recent levels of high inflation.

2.16% p.a.

The Bank of England gilt yield at a duration of 17 years is higher at 1 May 2022 than it was at 1 May 2021 resulting in a decrease in the value of the liabilities

02.04 Actuarial assumptions

The Trustee's statement of funding principles dated December 2020 sets out how the assumptions to calculate the technical provisions are to be derived.

The main financial assumptions I have used, based on market conditions as at 1 May 2022, are summarised in the table below (together with the assumptions used at 1 May 2020 and 1 May 2021):

4.11% p.a.

Future expected price inflation at 1 May 2022 is higher than at 1 May 2021 resulting in an increase in the value of the liabilities

Funding assumptions (p.a.)	At 1 May 2020	At 1 May 2021	At 1 May 2022
Discount rate			
> before retirement	2.59%	3.30%	4.16%
> after retirement	1.09%	1.80%	2.66%
Future retail price inflation	3.00%	3.67%	4.11%
Future consumer price inflation	2.50%	3.17%	3.61%

No explicit allowance for climate-related risk is made in the assumptions in the statement of funding principles, and therefore is not allowed for explicitly in the figures in this report.

03 Results

03.01 Results of funding update

£21.3m

Deficit at 1 May 2022

86%

Funding level at 1 May 2022

An estimate of the Plan's funding level as at 1 May 2022 is given below with the results of the last formal actuarial valuation and actuarial report as at 1 May 2021 shown for comparison.

Funding position (£m)	At 1 May 2020	At 1 May 2021	At 1 May 2022
Technical Provisions (L)	185.0	168.6	153.3
Value of Assets (A)	146.1	145.8	132.0
Surplus/(Shortfall) (A – L)	(38.9)	(22.8)	(21.3)
Funding Level (A / L)	79%	86%	86%

The table shows that the deficit of £22.8m as at 1 May 2021 has decreased to an estimated deficit of £21.3m as at 1 May 2022. The main factors which influenced the change in funding position over the year were:

- ▲ A rise in gilt yields, which has decreased the value placed on the liabilities.
- ▼ A rise in the outlook for future price inflation, which has increased the value placed on the liabilities.
- ▲ The paying of Employer contributions in relation to the Plan's Recovery Plan.

Results

03.02 Reconciliation with the results of the last valuation

Since 1 May 2021, the Plan's shortfall has decreased from £22.8m to £21.3m. The main factors that have combined to produce this decrease since the last formal actuarial valuation are shown in the table below:

£16.1m

Asset loss due to investment returns being lower than expected

£15.3m

Net gain from changes in market conditions

	1 May 2020 to 1 May 2021 £m	1 May 2021 to 1 May 2022 £m
Surplus/(deficit) at the start of the year	**(38.9)**	**(22.8)**
Interest on liabilities less assumed return on assets	(0.0)	0.1
Contributions in respect of deficit repair and full buyouts less expenses	3.1	3.8
Investment returns lower than assumed	(0.4)	(16.1)
Actual inflation lower than assumed	0.8	0.2
Gain from members taking transfer values	0.2	0.0
Removal of Huddersfield members' liabilities	n/a	0.5
Net impact of change in market conditions	12.8	15.3
Update of Plan's factors*	n/a	(3.0)
Miscellaneous experience	(0.4)	0.7
Surplus/(deficit) at the end of the year	**(22.8)**	**(21.3)**

*The factors were updated as proposed in my report 'Actuarial Factors Review' dated May 2021

03.03 Implications for the Recovery Plan

The funding valuation as at 1 May 2020 revealed a funding deficit of £38.9m. To address the deficit, the Trustee and Employers agreed a Recovery Plan. This required additional Employer contributions of £3.277m pa, payable in equal monthly instalments from 1 May 2021 to 1 May 2029, increasing by 3% per annum each 1 May.

Based on conditions as at 1 May 2022, I estimate that payments in accordance with the Plan's current Schedule of Contributions would be expected to clear the funding shortfall sooner than the scheduled end date of May 2029.

The Recovery Plan will be due for formal review as part of the next full valuation of the Plan.

04 Formal reassessment of funding

1 May 2023

Next formal valuation due

The next formal actuarial valuation of the Plan is due no later than 1 May 2023.

Signature

H R Webster

Date

29 September 2022

Name
Heidi Webster
Scheme Actuary

Qualification
Fellow of the Institute
and Faculty of Actuaries

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The YMCA Pension and Assurance Plan

INVESTMENT REPORT

YEAR ENDED 30 APRIL 2022

1. INTRODUCTION

The Trustee has delegated day-to-day management of the The YMCA Pension and Assurance Plan's ("the Plan") assets (excluding AVCs and those property assets invested with Schroders Investment Management) to Mercer Limited ("Mercer"). Whilst Mercer has no delegated authority over the Schroder UK Property Fund, the fund assets and performance is included in the reported figures contained within this report. All other Plan assets are invested in multi-client collective investment schemes ("Mercer Funds"). The Mercer Funds are domiciled in Ireland (for traditional asset classes) and Cayman Island (for private markets assets). The Ireland-domiciled collective investment schemes are managed by a management company (Mercer Global Investments Management Limited ("MGIM") and the Cayman Islands-domiciled fund is managed by MPIP III GP, LLC and, respectively, these entities have appointed Mercer Global Investments Europe Limited ("MGIE") and Mercer Investments LLC ("Mercer LLC") as investment managers of the Mercer Funds. MGIE and Mercer LLC are responsible for the selection, appointment, removal and monitoring of the underlying investment managers. The underlying investment managers have full discretion to buy and sell investments on behalf of the Plan subject to constraints Mercer have agreed with the managers.

The Trustee has decided to implement a de-risking strategy whereby the level of investment risk reduces as the Plan's funding level improves. The Trustee has agreed the way in which investment risk should be reduced and has delegated the implementation of the de-risking strategy to Mercer, in its role as Delegated Investment Manager ("Delegated Manager") through the use of the Mercer Dynamic De-risking Solution ("MDDS") for the majority portion of the Plan assets. The Delegated Manager constructs portfolios of investments that are expected to maximise the return (net of all costs) given the targeted level of risk.

2. INVESTMENT PRINCIPLES

The Trustee has produced a Statement of Investment Principles (the "SIP") to comply with the requirements of the Pensions Act 1995 and associated legislation including the Occupational Pension Schemes (Investment) Regulations 2005 (as amended). The SIP is available on request and online here.

The primary objective of the Trustee is to act in the best interests of all members to deliver securely to members the benefits set out in the Trust Deed and Rules. As a result, the Trustee has an aim to reach a position such that the assets would be sufficient to meet the liabilities without recourse to ongoing contributions.

The Trustee understands that taking some investment risk, with the support of the Principal and Participating Employers, is necessary to improve the Plan's current and ongoing funding positions. For example, the Trustee recognises that equity-type investment will bring increased volatility to the funding level, but in the expectation of improvements in the Plan's funding level through equity-type (and other growth asset) outperformance of the liabilities over the long term.

The Trustee recognises that the least risk investment portfolio would be made up of a portfolio of bonds to match the Plan's liabilities but believes that at the current time some investment in equities and other growth assets ("Growth Portfolio") is justified to target enhanced return expectations and thereby target funding level improvements. The Trustee recognises that this introduces investment risk and these risks are discussed below.

The Trustee has agreed that the Plan should move progressively towards a target of an entirely bond-based investment strategy ("Matching Portfolio") as its funding level increases. The Trustee and Investment Sub-Committee ("ISC") will monitor progress against this target.

The objectives set out above and the risks and other factors referenced in this Statement are those that the Trustee determines to be financially material considerations. ESG, stewardship, and climate change factors alongside additional considerations, which are not exclusively financial, are discussed in section 10 of the SIP.

3. ESG, STEWARDSHIP, AND CLIMATE

The Trustee believes that environmental, social, and corporate governance (ESG) factors may have a material impact on investment risk and return outcomes, and that good stewardship can create and preserve value for companies and markets as a whole.

The Trustee also recognises that long-term sustainability issues, particularly climate change, present risks and opportunities that increasingly may require explicit consideration.

As noted above, the Trustee has appointed Mercer to act as discretionary investment manager in respect of the Plan's assets and such assets are invested in a range of Mercer Funds managed by MGIE. Asset managers appointed to manage the Mercer Funds are expected to evaluate ESG factors, including climate change
considerations, and exercising voting rights and stewardship obligations attached to the investments, in accordance with their own corporate governance policies and current best practice, including the UK Corporate Governance Code and UK Stewardship Code.

The Trustee believes considering the widest set of ESG information can help potentially identify and mitigate material financial issues. The Trustee believes the underlying managers are best placed to consider this information, but will monitor how they apply this information.

Although delegated, the Trustee understands how Mercer takes ESG factors into account in its decision making processes. The Trustee considers and will monitor how ESG, climate change and stewardship are integrated within Mercer's investment processes and those of the underlying managers in the monitoring process.

Mercer and MGIE are expected to provide reporting to the Trustee on a regular basis, on ESG integration progress, stewardship monitoring results, and climate-related metrics such as carbon footprinting for equities and/or climate scenario analysis for diversified portfolios.

Member views

Individual member views are not taken into account in the selection, retention and realisation of investments, although the views of the member nominated Trustee Directors have been considered.

Investment Restrictions

Whilst the Trustee believes investment restrictions and screening can have a positive impact on portfolios they have not set any investment restrictions (outside of those implemented by Mercer, as delegated asset manager) on the appointed investment managers in relation to particular products or activities, but may consider this in future.

4. TRUSTEE'S POLICIES WITH RESPECT TO ARRANGEMENTS WITH, AND EVALUATION OF THE PERFORMANCE AND REMUNERATION OF, ASSET MANAGERS AND PORTFOLIO TURNOVER COSTS

When engaging Mercer as discretionary investment manager to implement the Trustee's investment, the Trustee is of the view that, as appropriate and to the extent applicable, Mercer is motivated to align

its strategy and decisions with the profile and duration of the liabilities of the Plan, in particular its long-term liabilities to fully deliver on the Trustee's objectives, in order to continue in its role.

As Mercer manages the Plan's assets by way of investment in Mercer Funds, which are multi-client collective investment schemes, the Trustee accepts that it does not have the ability to determine the risk profile and return targets of specific Mercer Funds, but the Trustee expects Mercer to manage the assets in a manner that is consistent with the Trustee's overall investment strategy. The Trustee has taken steps to satisfy itself that Mercer has the appropriate knowledge and experience to do so and keeps Mercer's performance under ongoing review.

Should Mercer fail to align its investment strategies and decisions with the Trustee's policies, it is open to the Trustee to disinvest some or all of the assets managed by Mercer, and to seek to renegotiate commercial terms or to terminate Mercer's appointment.

To evaluate performance, the Trustee receives and considers investment performance reports produced on a quarterly basis, which present performance information and commentary in respect of the Plan's funding level and the Mercer Funds in which the Trustee is invested. Such reports have information covering fund performance for the previous three months, one-year, three years and since inception. The Trustee reviews the absolute performance and relative performance against a portfolio's and underlying investment manager's benchmark (over the relevant time period) on a net of fees basis (to the extent possible). The Trustee's focus is on the medium to long-term financial and non-financial performance of Mercer and the Mercer Funds.

Neither Mercer, MGIE nor Mercer LLC make investment decisions based on their assessment about the performance of an issuer of debt or equity. Instead, assessments of the medium to long-term financial and non-financial performance of an issuer are made by the underlying third party asset managers appointed by MGIE and Mercer LLC to manage assets within the Mercer Funds. Those managers are in a position to engage directly with such issuers in order to improve their performance in the medium to long term. The Trustee is, however, able to consider Mercer's and MGIE's assessment of how each underlying third party asset manager embeds ESG into their investment process and how each manager's responsible investment philosophy aligns with the Trustee's own responsible investment policy. This includes the asset managers' policies on voting and engagement.

The asset managers are incentivised as they will be aware that their continued appointment by MGIE and Mercer LLC may be based, at least in part, on their success in meeting expectations.

The Trustee is a long-term investor and is not looking to change its investment arrangements on an unduly frequent basis. However, the Trustee does keep those arrangements under review, including the continued engagement of Mercer overall using, among other things, the reporting described above.

The Trustee monitors and evaluates the fees it pays for asset management services on an ongoing basis taking into account the progress made in achieving its investment strategy objectives. Mercer's and MGIE's fees are based on a percentage of the value of the Plan's assets under management which covers the design and annual review of the de-risking strategy, and investment management of the assets. In addition, the underlying third party asset managers of the Mercer Funds also charge fees based on a percentage of the value of the assets under management. In some instances, some of the underlying managers may also be entitled to charge fees based on their performance.

Mercer LLC fees are charged based on net commitment for the first four years following the final close and, thereafter, by reference to the Net Asset Value of the Mercer Fund.

MGIE regularly reviews the fees payable to third party asset managers managing assets invested in the Mercer Funds, with any negotiated fee savings passed directly to the Plan. Mercer's, MGIE's and

Mercer LLC's and the third party asset managers' fees are outlined in a quarterly investment strategy report prepared for the Trustee, excluding performance-related fees and other expenses involved in the Mercer Funds not directly related with the management fee. Schroder levies a fee based on a percentage of the value of the assets under management.

Details of all costs and expenses are included in the Mercer Fund's Supplements, the Report & Accounts, and within the Plan's annualised, MiFID II compliant Personalised Cost & Charges statement. The Plan's Personalised Cost & Charges statement also include details of the transaction costs associated with investment in the Mercer Funds.

The Trustee does not have an explicit targeted portfolio turnover range, given the de-risking mandate, but rebalancing ranges have been designed to avoid unnecessary transaction costs being incurred by unduly frequent rebalancing. Other than in respect of private markets investments, where turnover in the Mercer Funds does not usually apply, performance is reviewed net of portfolio turnover costs, with the review of portfolio turnover of the underlying investment managers undertaken by MGIE.

5. MARKET BACKGROUND

Investment Markets[1]

The world entered the second quarter of 2021 with heavy Covid-19 related restrictions in place but the successful roll-out of vaccinations in developed countries created optimism over imminent reopenings that would be more sustainable this time than a year before. The reopening rebound in July and August 2021 in developed countries did indeed materialise and drove risk-on sentiment initially. However, some emerging economies re-imposed restrictions, which added to already existing supply chain pressures. The supply impact was felt with increasing intensity in September with bottlenecks in a large number of areas. One major event was a run on UK petrol stations at the end of September after rumours of fuel shortages became a self-fulfilling prophecy. Soaring energy future prices in the UK and Europe led to a further deterioration in sentiment. In the emerging world, China's attempt to deflate its property market by tightening credit increased financial distress and led to the bankruptcy of some large property developers, most notably Evergrande. This came in addition to its disruptive regulatory campaign that created enormous uncertainty for Chinese companies and led to a sharp deterioration in business sentiment.

The fourth quarter did not bring much better news for investors. Persistently high inflation in both developed and emerging countries prompted central banks to become more hawkish. Tightening in emerging markets that had already started reacting earlier in the year continued. The Federal Reserve began to taper asset purchases, setting the stage for interest rate rises as early as in 2022. The Bank of England increased rates by 15bps to 0.25% in December. Only the European Central Bank and Bank of Japan remained on the fence. There was a further Covid-19 variant scare from late November onwards but with a more limited impact this time. International travel restrictions were somewhat tightened and only few countries in Europe re-imposed meaningful domestic restrictions. The US and UK opted instead for a more pragmatic approach of keeping their economies open and focusing on making booster vaccinations more widely available. Some optimism returned late in the year as existing vaccines proved to still be sufficiently effective against severe symptoms whilst the new variant also appeared to be less severe than feared, although more contagious.

At first, 2022 started on a positive note. The continued absence of far-reaching Covid restrictions in developed countries supported demand. Although inflation came in at elevated levels, a combination of improving supply chains and moderate monetary tightening was expected to bring it under control. The invasion of Ukraine and subsequent spike in commodity markets completely changed this narrative, however. Central banks were forced to accelerate this pace of tightening even as growth expectations

[1] Statistics sourced from Refinitiv unless otherwise specified.

were dialed down. The recovery in supply chains was nipped in the bud both due to the conflict, sanctions on Russia and China locking down large manufacturing hubs.

Overall, the 12-month period was shaped by a strong global economic recovery supported by economies reopening, higher increased household savings and loose monetary policy. This position fell under pressure in 2022 amid rising inflation, tightening monetary policy, the conflict in Ukraine and renewed lockdowns in China, just when there was hope that supply chains would improve and Covid-19 would cease to cause major economic disruptions.

Equity Markets

At a global level, developed markets as measured by the FTSE World index, returned 14.9%. Meanwhile, a return of -3.3% was recorded by the FTSE All World Emerging Markets index.

At a regional level, European markets returned 6.5% as indicated by the FTSE World Europe ex UK index. At a country level, UK stocks as measured by the FTSE All Share index returned 13.0%. The FTSE USA index returned 19.3% while the FTSE Japan index returned -2.3%. UK equities caught up considerably with global equities in the first quarter of 2022 due to the index's large exposure to oil, gas and basic materials.

Equity market total return figures are in Sterling terms over the 12-month period to 31 March 2022.

Bonds

UK Government Bonds as measured by the FTSE Gilts All Stocks Index, returned -5.1%, while long dated issues as measured by the corresponding Over 15 Year Index had a return of -7.2% over the year. The yield for the FTSE Gilts All Stocks index rose over the year from 1.2% to 1.7% while the Over 15 Year index yield rose from 0.7% to 1.1%.

The FTSE All Stocks Index-Linked Gilts index returned 5.1% with the corresponding over 15-year index exhibiting a return of 3.9%. Rising inflation expectations offset rising nominal yields to an extent, cushioning the fall of real yields somewhat which explains the outperformance of index-linked gilts relative to nominal gilts.

Corporate debt as measured by the ICE Bank of America Merrill Lynch Sterling Non-Gilts index returned -5.1%.

Bond market total return figures are in Sterling terms over the 12-month period to 31 March 2022.

Property2

Over the 12-month period to 31 March 2022, the MSCI UK All Property Index returned 23.9% in Sterling terms. All of the three main sectors of the UK Property market , office , industrials and retail posted positive returns (6.7%, 42.3% and 20.8% respectively).

Commodities

The price of Brent Crude Oil rose 69.2% from $63.52 to $107.46 per barrel over the one-year period. Over the same period, the price of Gold increased 13.9% from $1704.74 per troy ounce to $1941.15. Commodities rallied significantly in the first quarter of 2022, as Russia invaded Ukraine. As Russia was sanctioned by large parts of the world, energy markets spiked due to the uncertainty of supply given Russia being such a large supplier of oil and gas to Europe.

[2] Statistics sourced from MSCI Investment Property Database.

The S&P GSCI Commodity Spot Index returned 72.4% over the one-year period to 31 March 2022 in Sterling terms.

Currencies

Over the 12-month period to 31 March 2022, Sterling depreciated by 4.6% against the US Dollar from $1.38 to $1.32. Sterling appreciated by 4.8% against the Yen from ¥152.46 to ¥159.81. Sterling appreciated against the Euro by 0.8% from €1.17 to €1.18 over the same period.

6. INVESTMENT REVIEW

Investment Performance to 30 April 2022

Growth Portfolio	Inception Dates	Since Inception		3 Years		1 Year	
		Portfolio (% p.a.)	Target (% p.a.)	Portfolio (% p.a.)	Target (% p.a.)	Portfolio (%)	Target (%)
Total Growth [a]	14/05/2013	6.2	4.4	5.2	4.3	0.0	4.2

Matching Portfolio	Inception Dates	Since Inception		3 Years		1 Year	
		Portfolio (% p.a.)	Target (% p.a.)	Portfolio (% p.a.)	Target (% p.a.)	Portfolio (%)	Target (%)
Tailored Credit I [b]	11/04/2019	-0.4	-	-0.6	-	-12.3	-
UK Long Gilts	25/04/2016	2.3	2.2	-1.5	-1.6	-12.9	-12.9
Inflation-Linked Bonds	06/04/2017	1.0	1.0	1.3	1.2	-3.8	-3.7
Medium Flexible Fixed	01/07/2014	6.8	6.9	-10.7	-10.6	-40.0	-40.0
Long Flexible Fixed	01/07/2014	8.0	8.1	-9.8	-9.7	-38.0	-38.0
Medium Flexible Real	23/09/2016	2.3	2.3	0.9	0.9	-6.2	-6.1
Short Flexible Inflation	18/01/2021	43.3	-	-	-	45.2	-

Total Portfolio	Inception Dates	Since Inception		3 Years		1 Year	
		Portfolio (% p.a.)	B'mark (% p.a.)	Portfolio (% p.a.)	B'mark (% p.a.)	Portfolio (%)	B'mark (%)
Total (Net of Fees) [c] [d]	14/05/2013	6.1	5.6	1.4	0.5	-9.0	-7.4
Comparator							
Composite Fund Benchmark	14/05/2013	6.7		2.2		-8.1	

Performance provided by State Street Fund Services (Ireland) Limited, Mercer estimates and Refinitiv. Performance is in £ terms using unswung returns for the underlying Mercer portfolios; gross of Mercer and net of underlying manager fees; gross of hedging fees (where applicable); net of all other expenses including custody and administration costs.

Where the since inception track record is less than one year, performance shown is cumulative and not annualize.

Total returns use official (swung) prices. Where applicable, it includes performance of terminated mandates.

[a] *Target is measured against 1 Month Sterling LIBID + 4% p.a.*

[b] *The portfolio is not managed relative to a benchmark index and instead aims to generate income sufficient to meeting investors' long dated liabilities by minimising the number of defaults and downgrades of underlying securities.*

[c] *Total returns are net of Mercer and of underlying manager fees; net of hedging fees (where applicable); net of all other expenses including custody and administration costs. Benchmark shown is the change in value of liabilities. Composite fund benchmark is a composite of relevant comparators for the underlying funds.*

[d] *Total returns include quarterly returns for Private Markets calculated by Mercer from Q1 2021 onwards (previously provided by State Street Fund Services (Ireland) Limited) using a Modified Dietz approach based on data provided by Mercer. Over the long term returns are geometrically chain linked using quarterly Total Scheme returns.*

Asset Allocation as 30 April 2021

The Plan's assets are divided between a "Growth Portfolio", comprising assets such as global developed and emerging market equities, emerging market debt, high yield bonds, multi-asset credit, absolute return bonds and property, as well as alternative assets such as hedge funds, private markets, and a "Matching Portfolio" which includes UK bonds (gilts) and global (hedged) corporate bonds, as well as Liability Driven Investment ("LDI") funds which invest in bond-like investments in order to provide interest rate and inflation exposure and reduce funding risk.

The split of assets between the Growth and Matching Portfolios is managed according to a de-risking strategy whereby the Plan's assets should move progressively towards a target of an entirely bond-based investment strategy (the Matching Portfolio) as the funding level increases. The Plan's target Growth: Matching split is 37.0% : 63.0% as at 30 April 2022.

Total Portfolio	Actual Asset Allocation				Target as at 30 April 2022 (%)
	Start of Year (£m)	End of Year (£m)	Start of Year (%)	End of Year (%)	
Total Growth	52.0	48.0	37.7	38.5	37.0
Total Matching	85.9	76.7	62.3	61.5	63.0
Total	**137.9**	**124.7**	**100.0**	**100.0**	**100.0**

Source: Mercer.
Figures may not sum to total due to rounding.

Growth Portfolio	Actual Asset Allocation			
	Start of Year (£m)	End of Year (£m)	Start of Year (%)	End of Year (%)
Passive Global Equity - Fundamental Indexation (Hedged)	4.4	-	8.4	-
Synthetic Equity-Linked Nominal Bonds	1.5	3.7	2.8	7.7
Synthetic Equity-Linked Real Bonds	0.6	-	1.2	-
Global Low Volatility Equity	-	1.1	-	2.3
Global Low Volatility Equity (Hedged)	3.0	-	5.7	-
Global Small Cap Equity	1.9	1.3	3.7	2.7
Global Small Cap Equity (Hedged)	1.4	-	2.7	-
Sustainable Global Equity	2.4	3.7	4.6	7.7
Sustainable Global Equity (Hedged)	2.6	0.4	5.1	0.9
Global Infrastructure Equity (Hedged)	2.5	0.9	4.9	1.8
UK Equity	-	1.3	-	2.7
Eurozone Equity	0.6	1.3	1.2	2.8
Eurozone Equity (Hedged)	-	0.9	-	1.8
Emerging Markets Equity	4.7	4.5	9.0	9.4
Passive Global REITS (Hedged)	1.7	0.8	3.3	1.8
Emerging Markets Debt	0.9	0.8	1.7	1.8
Emerging Markets Debt - Hard Currency	1.6	1.5	3.1	3.1
Dynamic Asset Allocation Fund (Hedged) [(a)]	3.6	6.2	6.9	12.8
Global High Yield Bonds (Hedged)	1.4	0.6	2.7	1.3
Multi-Asset Credit (Hedged)	5.0	6.2	9.6	13.0
Absolute Return Fixed Income (Hedged)	0.7	0.7	1.3	1.4
Diversifying Alternatives Strategies (Hedged)	4.3	3.7	8.3	7.7
UCITS Alternatives Strategies (Hedged)	-	2.6	-	5.3
PIP III	2.1	1.6	4.0	3.3
UK Cash[(b)]	1.2	-	2.2	-
Schroders UK Property	3.9	4.2	7.5	8.8
Total Growth	**52.0**	**48.0**	**100.0**	**100.0**

Source: Mercer.
Figures may not sum to total due to rounding.
(a) Represents a dynamic exposure to Frontier Markets debt and Asian High Yield Bonds.
(b) The Sub-Fund is authorised under the Money Market Fund Regulation as a VNAV Money Market Fund and is classified as a Standard Money Market Fund.

Matching Portfolio	Actual Asset Allocation			
	Start of Year (£m)	End of Year (£m)	Start of Year (%)	End of Year (%)
Tailored Credit I	33.6	30.5	39.1	39.7
UK Long Gilts	25.7	24.7	29.9	32.2
Inflation-Linked Bonds	4.8	5.0	5.6	6.5
Medium Flexible Fixed	7.3	7.0	8.4	9.2
Long Flexible Fixed	5.3	3.1	6.2	4.0
Medium Flexible Real	2.2	1.3	2.6	1.7
Short Flexible Inflation	7.0	5.1	8.2	6.7
Total Matching	**85.9**	**76.7**	**100.0**	**100.0**

Source: Mercer.
Figures may not sum to total due to rounding.

7. CUSTODIAL ARRANGEMENTS

State Street Custodial Services (Ireland) Limited is the custodian of the Mercer funds, with the exception of the Private Investment Partners III Fund where State Street Bank and Trust Company is the custodian.

Where the Mercer funds invest in pooled funds, the portfolio of securities and cash which underlie the pooled fund units issued by the underlying investment managers are held by independent corporate custodians and are regularly audited by external auditors.

The custodians are responsible for the safe keeping, monitoring and reconciliation of documentation relating to the ownership of listed investments. Investments are held in the name of the custodians' nominee companies, in line with common practice for pension scheme investments.

Engagement Policy Implementation Statement for the Year Ended 30 April 2022

YMCA Pension & Assurance Plan ("the Plan")

1. INTRODUCTION

This Engagement Policy Implementation Statement (the "Statement") sets out the Trustee's assessment of how, and the extent to which, they have followed their engagement policy and their policy with regard to the exercise of rights (including voting rights) attaching to the Plan's investments during the one-year period to 30 April 2022 (the "Plan Year"). The Trustee's policies are set out in their Statement of Investment Principles ("SIP") dated February 2021. A copy of the Trustee's SIP is available here.

This Statement has been produced in accordance with the *Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018* and the *Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019* along with guidance published by the Pensions Regulator.

The Trustee invest the assets of the Plan in a fiduciary arrangement with Mercer Limited ("Mercer"). Under this arrangement Mercer are appointed as a discretionary investment manager and day-today management of the Plan's assets is by investment in a range of specialist pooled funds (the "Mercer Funds"). Management of the assets of each Mercer Fund is undertaken by a Mercer affiliate, Mercer Global Investments Europe Limited ("MGIE") and Mercer Investments LLC (PIP III). MGIE are responsible for the appointment and monitoring of suitably diversified portfolio of specialist third party investment managers for each Mercer Fund's assets.

Under these arrangements, the Trustee accept that they do not have the ability to directly determine the engagement or voting policies or arrangements of the managers of the Mercer Funds, However, the Trustee has made Mercer aware that they expect MGIE to manage assets in a manner, as far as is practicably possible, that is consistent with the Trustee's engagement policy and their policy with regard to the exercise of rights attaching to the Plan's investments. The Trustee review regular reports from Mercer with regard to the engagement and voting undertaken on their behalf in order to consider whether their policies are being properly implemented.

Section 2 of this Statement sets out the Trustee's engagement policy and assesses the extent to which it has been followed over the Plan year.

Section 3 sets out the Trustee's policy with regard to the exercising of rights (including voting rights) attaching to the Plan's investments and considers how, and the extent to which this policy has been followed during the Plan year. This Section also provides detail on voting activity undertaken by the Plan's third party investment managers during the Plan year.

Sections 4 provides detail on engagement activity undertaken by the Plan's third party investment managers during the Plan Year.

Taking the analysis included in Sections 2 to 4 together, it is the Trustee believes that its policies with regard to engagement and the exercise of rights attaching to investments have been successfully followed during the Plan year.

2. TRUSTEE POLICY ON ENVIRONMENTAL, SOCIAL, AND GOVERNANCE (ESG) ISSUES, INCLUDING CLIMATE CHANGE

Policy Summary

The Trustee believes that good stewardship and the incorporation of ESG factors into their investment decision-making processes can have a material impact on the financial and non-financial performance of the Plan's assets over the medium and longer term. The Trustee also recognises that long-term sustainability issues, particularly climate change, present risks and opportunities that require the Trustee's explicit consideration.

It is the Trustee's policy that the third party investment managers appointed by Mercer, via Mercer Global Investments Europe (MGIE), report in line with established best practice such as the UK Stewardship Code and UK Corporate Governance Code, where possible, including public disclosure of compliance via an external website, when managing the Plan's assets. Further, in appointing the third party asset managers, the Trustee expects MGIE to select managers where it believes the managers will engage directly with issuers in order to improve their financial and non-financial performances over the medium to long term. To monitor the third party investment managers' compliance with this expectation, the Trustee considers regular reports from Mercer that include an assessment of each third party manager's engagement activity.

Should the Trustee consider that Mercer, MGIE or the third party asset managers, have failed to align their own engagement policies with those of the Trustee, the Trustee will notify Mercer and consider disinvesting some or all of the assets held in the Mercer Funds and/or seek to renegotiate commercial terms with Mercer.

How the Policy has been implemented over the Plan year

The following work was undertaken during the year relating to the Trustee's policy on ESG factors, stewardship and climate change.

Policy Updates	Climate Change Reporting and Carbon Foot-printing	ESG Rating Review
The **Trustee** consider how ESG, climate change and stewardship is integrated within Mercer's, and MGIE's, investment processes and those of the underlying asset managers in the monitoring process. Mercer, and MGIE, have provided reporting to the Trustee on a regular basis. The Mercer Sustainability Policy is reviewed regularly. In March 2021 there was an update in relation to Sustainable Finance Disclosure Regulation ("SFDR") implementation.	Mercer undertake climate scenario modelling and stress testing on the Mercer multi sector funds used by the Plan, in line with the Task Force on Climate Related Financial Disclosures (TCFD) recommendations. The results of the latest climate scenario modelling are within the TCFD compliant Climate Change Management Report. The findings of the modelling are integrated into the asset allocation and portfolio construction decisions, with portfolios increasingly aligned with a 2˚C scenario, where consistent with investment	ESG ratings assigned by Mercer are included in the investment performance reports produced by Mercer on a quarterly basis and reviewed by the **Trustee**. ESG ratings are reviewed by MGIE during quarterly monitoring processes, with a more comprehensive review performed annually - which seeks evidence of positive momentum on ESG integration. The Mercer funds overall ESG rating compared to the appropriate universe of strategies in Mercer's global investment manager database.

In line with the requirements of the EU Shareholder Rights Directive II, Mercer have implemented a standalone Engagement Policy to specifically address the requirements of the directive.

objectives and for consistency with the Paris Agreement on Climate Change.

The headline Weighted Average Carbon Intensity ("WACI") metric for all equity funds is reporting in the Quarterly Investment Reports whilst an in-depth analysis of top 5 carbon emitters, the top 5 contributors to the WACI, and the trends over time is completed on an annual basis. The latest in-depth analysis is as at 30 June 2021 and also used by the Mercer and MGIE investment team to drive engagement with managers.

As at 31 December 2021, in the Annual ESG review provided by Mercer, the **Trustee** noted that 88% of Mercer Funds now have an ESG rating equal to or above their asset class universe. This compares to 97% at the end of 2020 but it should be noted that the scope of the review expanded in 2021 to include all liquid multi-client Mercer Funds. For the **Plan,** only the active Global High Yield Bond Fund and the Diversified Alternatives Strategies Fund were behind the broad universe.

Approach to Exclusions

As an overarching principle, Mercer and MGIE prefer an approach of positive engagement rather than negative divestment. However Mercer and MGIE recognises that there are a number of cases in which investors deem it unacceptable to profit from certain areas and therefore exclusions will be appropriate.

Controversial and civilian weapons, and tobacco are excluded from active equity and fixed income funds, and passive equity funds. **The Mercer sustainability-themed funds have additional exclusions, for example covering gambling, alcohol, adult entertainment and fossil fuels.**

In addition, Mercer and MGIE monitors for high-severity breaches of the UN Global Compact ("UNGC") Principles that relate to human rights, environmental and corruption issues.

Sustainability-themed investments

An allocation to Sustainable Equities is included within the Fund's portfolio of Growth assets, with the strategic allocation to Sustainable Equities now accounting for c.8.7% of the Growth Portfolio.

A detailed standalone sustainability monitoring report is produced for the Active Sustainable Global Equity fund on a semi-annual basis, including a more granular breakdown of the fund against ESG metrics, for example the UN Sustainability Development Goals.

Diversity

From 31 December 2020, gender diversity statistics have also been included in the quarterly reporting for the Mercer equity funds and this is being built into a broader Mercer Investment Solutions International policy on Diversity, Equity and Inclusion, sitting alongside Mercer's established Diversity Charter.

Mercer Investment Solutions has made a commitment to target at least 30% of all Key Decision Makers ('KDM's) across our Mercer funds being non-male by 2030. This commitment will apply to both the KDM within our own portfolio management team and the sub-investment manager teams. We consider broader forms of diversity in our decision-making, but the current target explicitly applies to gender diversity. As at 30 September 2021 33% of the KDM's within Mercer IS team are non-male, and our long term target is 50%. Within the Fixed Income universe the average fund has 8% non-male KDM's and within the average EMEA Active Equity universe the average is 12%. Figures relating to Mercer Fixed Income and Active Equity Funds are currently slightly ahead at 9% and 13%.

3. TRUSTEE'S POLICY ON EXERCISE OF RIGHTS (INCLUDING VOTING RIGHTS) ATTACHING TO FUND INVESTMENTS

Policy

The Trustee's policy is to delegate responsibility for the exercising of rights (including voting rights) attaching to the Plan's investments to the third party investment managers appointed by Mercer on behalf of the Trustee.

This is because any voting rights that do apply with respect to the underlying investments attached to the Mercer Funds are, ultimately, delegated to the third party investment managers appointed by MGIE. In delegating these rights, MGIE accepts that managers may have detailed knowledge of both the governance and the operations of the investee companies and so permits the managers to vote based on their own proxy-voting execution policy, and taking account of current best practice including the UK Corporate Governance Code and the UK Stewardship Code. As such the Trustee do not use the direct services of a proxy voter.

Voting: As part of the monitoring of managers' approaches to voting, MGIE assesses how managers are voting against management and seeks to obtain the rationale behind voting activities, particularly in cases where split votes may occur (where managers vote in different ways for the same proposal). MGIE portfolio managers will use these results to inform their engagements with managers on their voting activities.

Set out below is a summary of voting activity for the year to 31 March 2022 for a range of Mercer Funds that the Plan's assets are invested in. This may include information in relation to funds that the Plan's assets were no longer invested in at the year end. The statistics set out in the table below are drawn from the Glass Lewis voting system (via Mercer's custodian). Typically, votes exercised against management can indicate a thoughtful and active approach. This is particularly visible where votes have been exercised to escalate engagement objectives. The expectation is for all shares to be voted.

"Unvoted" reflects instances where managers have not actioned a vote – these are specific areas where MGIE will follow up to ensure managers have appropriate systems in place to ensure all votes are actioned. "Other" reflects instances where managers have withheld votes in Power of Attorney markets, share blocking markets or where conflicts of interest may be present. "Mixed" refers to occasions were underlying managers have voted differently for the same proposal. Vote decisions of this nature are monitored and fed into the wider engagement process with manager.

Fund Name	Total Proposals	Vote Decision					For/Against Mgmt	
		For	Against	Abstain	Do not vote	Others*	For	Against
Mercer Global Listed Infrastructure Fund	**351**	89%	7%	3%	0%	1%	90%	10%
Mercer Global Small Cap Equity Fund	**9,601**	92%	6%	1%	0%	2%	92%	8%
Mercer Low Volatility Equity Fund	**7,874**	93%	5%	0%	0%	1%	93%	7%
Mercer Multi-Asset Credit Fund	**27**	67%	0%	33%	0%	0%	62%	38%
Mercer Passive Global REITS UCITS CCF	**3,108**	82%	14%	0%	0%	4%	82%	18%
Mercer Sustainable Global Equity Fund	**5,052**	85%	13%	1%	0%	1%	86%	14%
MGI Emerging Markets Equity Fund	**12,819**	83%	13%	4%	0%	0%	85%	15%
MGI Eurozone Equity Fund	**4,410**	84%	13%	3%	0%	0%	85%	15%
MGI UK Equity Fund	**1,066**	99%	1%	0%	0%	0%	99%	1%

Significant Votes: Mercer has based its definition of significant votes on its Beliefs, Materiality and Impact ("BMI") Framework. In order to capture this in the monitoring and reporting of managers voting activities, significant votes focus on proposals covering priority areas identified by the BMI Framework.

Sample of the most significant votes (1/2)

Fund	Shareholder Proposal ("SHP")	Issuer	Vote Decision
Mercer Global Listed Infrastructure Fund	Management Proposal Regarding Advisory Vote on Climate Action Plan (2021-2030)	Aena S.M.E. S.A.	Against
	Management Proposal Regarding Amendments to Articles (Sustainability and Climate Action Committee)	Aena S.M.E. S.A.	For
	Management Proposal Regarding Advisory Vote on Environmental Transition Plan	Vinci	For
Mercer Global Small Cap Equity Fund	Management Proposal Regarding Share Issuance Authority	ASR Nederland NV	For
	Management Proposal Regarding Election of Directors	Brunswick Corp.	For
	Management Proposal Regarding Election of Directors	West Fraser Timber Co.	For
Mercer Low Volatility Equity Fund	Shareholder Proposal Regarding Human Rights/Civil Rights Expertise on Board	Alphabet Inc	Mixed*
	Shareholder Proposal Regarding Linking Executive Pay to Sustainability and Diversity	Alphabet Inc	Mixed*
	Shareholder Proposal Regarding Median Gender and Racial Pay Equity Report	Microsoft Corp	Against
	**This mixed decision was the result of 1 manager voting "against", and 3 managers voting "for" the proposal.*		
Mercer Multi-Asset Credit Fund	Shareholder Proposal Regarding Proxy Access Bylaw Amendment	Nisource Inc. (Holding Co)	For
	Management Proposal Regarding Election of Directors	Nisource Inc. (Holding Co)	For

Sample of the most significant votes (2/2)

Fund	Shareholder Proposal ("SHP")	Issuer	Vote Decision
Mercer Sustainable Global Equity Fund	Shareholder Proposal Regarding Median Gender and Racial Pay Equity Report	Microsoft Corporation	Mixed*
	Shareholder Proposal Regarding Human Rights/Civil Rights Expertise on Board	Alphabet Inc	For
	Shareholder Proposal Regarding Linking Executive Pay to Sustainability and Diversity	Alphabet Inc	For
	**This mixed decision was the result of 2 managers voting "against", and 1 manager voting "for" the proposal.*		
MGI Emerging Markets Equity Fund	Management Proposal Regarding Election of Directors	Taiwan Semiconductor Manufactoring	For
	Management Proposal Regarding Election of Directors	Infosys Ltd	For
	Management Proposal Regarding Election of Directors	Samsung Electronics	For
MGI Eurozone Equity Fund	Management Proposal Regarding Greenshoe	LMVH M.H.V SE	Against
	Management Proposal Regarding Election of Directors	Siemens AG	For
MGI UK Equity Fund	Management Proposal Regarding Approval of Climate Transition Action Plan	BHP Group plc	Against
	Shareholder Proposal Regarding Disclosure Concerning Coal, Oil and Gas Assets	BHP Group plc	Against
	Shareholder Proposal Regarding Lobbying Activity Alignment with the Paris Agreement	BHP Group plc	For

4. EXAMPLES OF ENGAGEMENT ACTIVITY BY THE PLAN'S THIRD PARTY EQUITY INVESTMENT MANAGERS

The following are examples of engagement activity undertaken by the Fund's Equity investment managers.

Fund	Issue	Engagement	Outcome
Mercer Sustainable Global Equity	Social – Labour Rights	RBC engaged with the company both face to face and via video meetings to ensure that US labour laws were followed and to better understand the complex ongoing issues.	RBC are satisfied that US labour laws were followed, however are still keen to get greater understanding of the issues and are continuing their engagement on the topic.
Mercer Sustainable Global Equity	Social – Potential human rights violation due to improper use of products	Mirova engaged with the company repeatedly during the year to be provided with evidence that the company took necessary steps to avoid diversion of the intended use of the products.	The company confirmed the topic was raised to the Bioethics committee and committed to publishing a document clarifying the risks, exposure and measures implemented to ensure responsible use, direct sales requirements, distributor requirements and training and compliance.
Mercer Sustainable Global Equity	Environmental - Lack of external certification framework	Wellington engaged with the company after they hired a Head of Sustainability to discuss frictions between external certification frameworks for green buildings and their business model.	Frictions between the company's business model and external certification frameworks for green buildings was discussed, and Wellington will continue the dialogue to make sure the company are producing energy efficient communities regardless of certification.
Mercer Sustainable Global Equity	Governance - Lack of disclosure on racial / ethnic composition of board members	SSgA informed the Chair of their policy to take voting action against the Chair of the Nominating Committee in the event that a company has not disclosed, at a minimum, the gender, racial and ethnic makeup of its board.	The company has since included relevant disclosure within its AGM materials, stating that all directors classified their ethnic background as white European heritage. SSgA plan to vote against boards without at least one director from an underrepresented community. As such, SSgA have urged the company to bring racial & ethnic diversity to its board.
Mercer Global Small Cap Equity	Governance - The Company was flagged due to low governance scores and lack of disclosure on ESG practices, including board diversity and human capital management.	We engaged with the Company and encouraged them to enhance governance practices. In terms of human capital management, we suggested engage employees by conducting annual employee feedback programs which we see as an important tool to retain talent.	The Company confirmed that they are committed to enhance levels of independence and levels of diversity while also working to reduce cross shareholdings. On human capital, they confirmed they are committed to working towards best

			practices for employee engagement and will enhance disclosures of their practices.
Mercer Multi-Asset Credit Fund	Social - There was a lack of disclosures from a fashion group around labour standard audits, chemical safety certifications and there had been some negative publicity around the company.	CQS analysts raised questions on a group investor call with management on their ESG policies, specifically on the setting and tracking of labour policy targets, and raised concerns around the company's plan to move operations to higher-risk Asian countries.	CQS reduced their ESG rating of the company until further information on their labour strategy and long term target tracking is made available.