

# Community Staff Pension Fund

Investment Disclosures for Annual  
Report and Accounts

31 March 2025

**isio.**

# Contents

Investment managers and custody policy	3
Investment strategy	4
Investment performance and commentary	5
Statement of net assets	6
Employer-related investments	7
Further analysis of pooled investment vehicles	8
Further analysis of derivatives	9
Fair value hierarchy	10
Investment risks	11

# Investment managers and custody policy

The Trustees decided to implement a strategy change towards the end of the reporting period. The Trustees made the decision to reduce the overweight exposure to equities down to the strategic target by disinvesting from the L&G All World Equity Index Fund (GBP Hedged), and in turn investing the proceeds into a new asset-backed securities (ABS) mandate via the L&G US Securitised Fund (GBP Hedged). The Fund's strategic allocations are unchanged at present and will be reviewed as part of the investment strategy review later in 2025.

As at 31 March 2025, the Fund's assets are solely invested with L&G Asset Management Limited ('L&G').

The custody of the investment assets is arranged by the investment manager.

# Investment strategy

The Trustees are responsible for determining the Fund's investment strategy.

In accordance with section 35 of the Pensions Act 1995, the Trustees have agreed a Statement of Investment Principles (SIP). The SIP is kept under review by the Trustees, and members may obtain a copy on request.

The Trustees invest the assets of the Fund with the aim of ensuring that all members' current and future benefits can be paid. The Fund's funding position will be reviewed on an ongoing basis to assess the position relative to the funding target and whether the investment arrangements remain appropriate to the Fund's circumstances. The Fund's funding target is specified in the Statement of Funding Principles.

The Fund's present investment objective is to achieve a return in excess of 1.5% per annum above the return on UK Government bonds.

The Trustees' investment strategy considers the Fund's investments in the following groupings:

Asset class	Year-end weighting (%)	Target weighting (%)
Equities	40.3	40.0
Buy & Maintain Credit	19.6	20.0
LDI & Cash	22.6	30.0
Property	9.8	10.0
Asset-Backed Securities	7.7	-
<b>TOTAL</b>	<b>100.0</b>	<b>100.0</b>

Source: L&G, Isio Calculations

Note: Allocations based on valuations as at 31 March 2025. Totals may not tally precisely due to rounding.

The Trustees chose to invest the proceeds into a new ABS mandate, with the intention of providing a more efficient collateral structure for the LDI mandate, and an efficient source of liquidity when needed for cashflow requirements while also providing a return over gilts.

The objective of the return-seeking assets is to achieve investment growth, within the constraints of the risk profile set by the Trustees. The objective of the liability-driven assets is to secure fixed or inflation-adjusted cashflows in future. These investments are generally expected to be held to maturity.

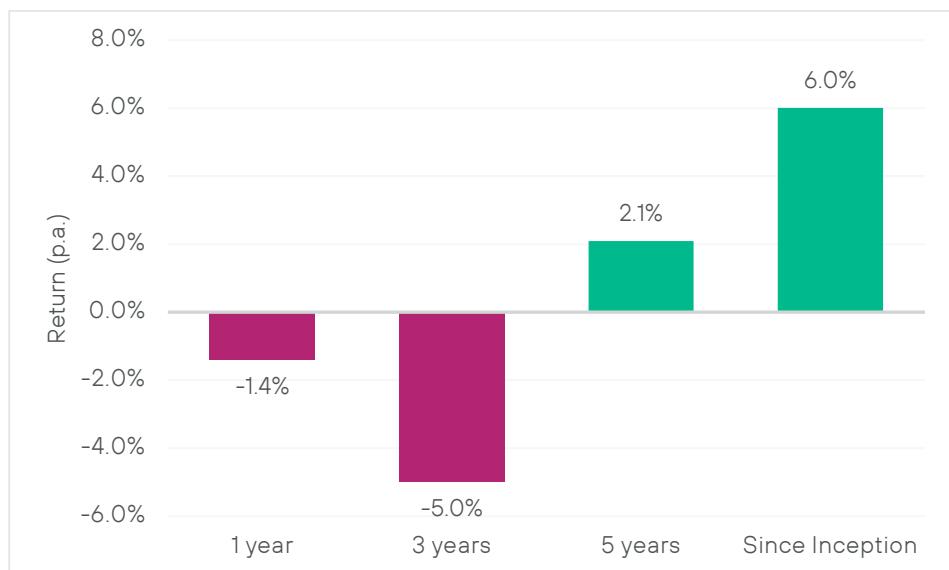
We are comfortable with the differences between the actual and target weightings at the year-end and we will continue to monitor this in the future.

# Investment performance and commentary

## Investment Commentary for the Year to 31 March 2025

Over the 12 months to 31 March 2025, global equities delivered mixed but positive performance, with strong gains driven by robust earnings growth, AI advancements, and Chinese stimulus, but tempered by trade policy concerns, geopolitical tensions, and regional fiscal pressures. High-yield bonds consistently outperformed investment grade (IG) credit due to high interest rates earned and reduced interest rate sensitivity, whilst IG credit was negatively impacted by the rise in sovereign bond yields given its higher sensitivity to these. UK gilt yields rose sharply due to increased government borrowing, inflationary pressures, and concerns over public finance sustainability, with Labour's spending plans and central bank policy adding to investor unease.

## Fund Performance to 31 March 2025



Source: L&G, Isio Calculations

Notes: Returns shown are based on L&G's pricing method and may differ slightly from overall fund returns.

The Fund delivered a negative return of -1.4% over the year to 31 March 2025. The majority of the Fund's assets are invested in passive index funds which broadly tracked their respective benchmark indices over the year. Over the 3-year period to 31 March 2025, the Fund experienced negative performance which can be largely attributed to volatile markets and the gilts crisis towards the end of 2022. Since inception, the Fund has delivered a positive return of 6.0% p.a.

# Statement of net assets

## Statement of Net Assets

	2025
	£
Pooled Investment Vehicles	39,321,056
Total net assets	39,321,056

Source: L&G, Isio Calculations  
Note: Totals may not tally precisely due to rounding.

The valuations shown here are indicative and are provided for information purposes to help with the classification of investments into asset-class categories. This table includes all investment mandates but excludes AVCs and may also exclude some minor non-investment items such as cash receivables.

# Employer-related investments

There were no direct employer-related investments during the year.

# Further analysis of pooled investment vehicles

## Further Analysis of Pooled Investment Vehicles

Categories	2025
	£
Equity funds	15,845,225
Buy and maintain credit funds	7,702,430
Liability-driven investment funds	7,487,242
Liquidity funds	1,409,983
Property funds	3,838,389
Asset-backed securities funds	3,037,788
Total	39,321,056

Source: L&G, Isio Calculations

Note: Totals may not tally precisely due to rounding.

## List of Individual Pooled Investment Vehicles

Individual vehicles	2025
	£
All World Equity Index Fund – GBP Currency Hedged	15,845,225
Matching Core Real Short Fund	1,093,639
Matching Core Real Long Fund	6,393,602
Cash Fund	1,409,983
Maturing Buy and Maintain Credit 2025-2029	1,798,131
Maturing Buy and Maintain Credit 2030-2034	954,041
Maturing Buy and Maintain Credit 2035-2039	1,044,674
Maturing Buy and Maintain Credit 2040-2054	3,905,582
Managed Property Fund	3,838,389
US Securitised Fund – GBP Currency Hedged	3,037,788
Total	39,321,056

Source: L&G, Isio Calculations

Note: Totals may not tally precisely due to rounding.

# Further analysis of derivatives

The Fund does not directly own any derivatives. However, derivatives may exist within the pooled investment vehicles used by the Fund.

# Fair value hierarchy

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

<b>Level 1</b>	The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the assessment date.
<b>Level 2</b>	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.
<b>Level 3</b>	Inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

The Fund's investment assets and liabilities fall within the above hierarchy as follows

	2025			
	Level 1	Level 2	Level 3	Subtotal
	£	£	£	£
Pooled Investment Vehicles	-	39,321,056	-	39,321,056

Source: L&G, Isio Calculations

Note: Totals may not tally precisely due to rounding.

Analysis for the prior period end is as follows:

	2024			
	Level 1	Level 2	Level 3	Subtotal
	£	£	£	£
Pooled Investment Vehicles	-	41,742,649	-	41,742,649

Source: L&G, Isio Calculations

Note: Totals may not tally precisely due to rounding.

# Investment risks

FRS 102 requires the disclosure of information in relation to certain investment risks.

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

**Market risk** – This comprises currency risk, interest rate risk, and other price risk.

**Currency risk** – This is the risk that the fair value or future cashflows of a financial instrument will fluctuate because of changes in foreign exchange rates.

**Interest rate risk** – This is the risk that the fair value or future cashflows of a financial instrument will fluctuate because of changes in market interest rates.

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

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

## Direct risks – Credit

The Fund is directly subject to credit risk resulting from pooled investment vehicles.

2025				
	Investment Grade	Non-Investment Grade	Unrated	Subtotal
	£	£	£	£
Pooled Investment Vehicles	-	-	39,321,056	39,321,056

Source: L&G, Isio Calculations

Note: Totals may not tally precisely due to rounding.

## Pooled investment vehicles

Direct credit risk is mitigated by the ring-fenced nature of the pooled investment vehicles, the regulatory environments in which the pooled managers operate, and diversification of investments amongst a number of pooled arrangements.

The Trustees carry out due-diligence checks on the appointment of new pooled investment managers, and on an ongoing basis monitor any changes to the regulatory and operating environment of the pooled managers.

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

	2025
	£
Unit-linked insurance contracts	39,321,056

Source: L&G, Isio Calculations

Note: Totals may not tally precisely due to rounding.

## Direct risks – Interest rate

There is no direct interest rate risk as the Fund is invested in pooled investment vehicles.

## Direct risks – Currency

There is no direct currency risk as the Fund is invested within pooled investment vehicles which are denominated in Sterling.

## Direct risks – Other price risk

There is no direct other price risk as the Fund is invested in pooled investment vehicles.

## Indirect risks

The Fund is indirectly exposed to investment risks via the underlying assets of the pooled investment vehicles. This indirect risk is mitigated by the diversification of these underlying assets within the individual vehicles as part of a diversified investment strategy.

2025	Credit Risk	Currency Risk	Interest Rate Risk	Other Price Risk
Equity funds	○	○	○	●
Buy and maintain credit funds	●	○	●	○
Liability-driven investment funds	○	○	●	●
Liquidity funds	○	○	○	○
Property funds	○	○	○	●
Asset-backed securities funds	●	○	○	○

Key to indirect risk exposures:

- Significant exposure
- Some exposure
- Negligible exposure

