

THE COLLEGE OF LAW PENSION AND ASSURANCE SCHEME

**REPORT OF THE TRUSTEES
AND FINANCIAL STATEMENTS OF
THE COLLEGE OF LAW
PENSION AND ASSURANCE SCHEME**

FOR THE YEAR

ENDED

30 JUNE 2020

{SCHEME NO. - S 0310918 A)

CONTENTS

	Page
Trustees and advisers	2
Report of the Trustees	4
Membership Changes During the Period	11
Certification of Schedule of Contributions	12
Investment Report	13
Trustees' Responsibilities	17
Independent Auditor's Report	18
Independent Auditor's Statement about Contributions	21
Summary of Contributions paid in the year	22
Fund Account	23
Statement of Net Assets (available for benefits)	24
Notes to the Financial Statements	25
Appendix: Statement of Investment Principles (SIP) Implementation Statement	

THE COLLEGE OF LAW PENSION AND ASSURANCE SCHEME
TRUSTEES AND ADVISERS

Trustees	Mr D. Sloan (Chairman) Mr C Beanland* Mr A. S. Humphreys Mr R. G. Jones*
	*Member-nominated Trustees
Secretary to the Trustees	MsJ. Gale
Address of the Trustees (principal place of business)	Secretary to the Trustees The College of Law Pension and Assurance Scheme Suite 2, River House Broadford Business Park Shalford Guildford GU4 5EP
Principal Employer (Referred to hereafter as Employer)	The Legal Education Foundation (formerly The College of Law) Suite 2, River House Broadford Business Park Shalford Guildford GU4 5EP
Scheme Actuary	Mr S Tidy FIA Deloitte Total Reward and Benefits Limited Hill House 1, Little New Street London, EC4A 3TR
Administrator	Deloitte Total Reward and Benefits Limited Hill House 1, Little New Street London, EC4A 3TR
Investment Managers	Legal & General Assurance (Pensions Management) Limited One Coleman Street London EC2R 5AA, England Insight Investment Management (Global) Limited 160 Queen Victoria Street London, EC4V 4LA Partners Group Private Markets Investment Strategies 6, Rue Eugene Ruppert L-2453 Luxembourg Luxembourg

THE COLLEGE OF LAW PENSION AND ASSURANCE SCHEME
TRUSTEES AND ADVISERS

Investment Managers (continued)

AVC Providers

(policies to 4 September 2001)

AEGON
Edinburgh Park
Edinburgh EH12 9SE

(policies from 5 September 2001)

Standard Life Pie
5 Devonshire Square
London EC2M 4YD

Auditor

BDO LLP
31 Chertsey Street
Guildford
Surrey, GU1 4HD

Solicitor

Linklaters LLP
One Silk Street
London EC2Y 8HQ

Banker

National Westminster Bank plc
3rd Floor, Cavell House
2A Charing Cross Road
London WC2H 0NN

Investment Consultants

Hymans Robertson LLP
Actuaries and Consultants
First Floor
One London Wall
London EC2Y 5EA

Annuity providers

Aviva Annuity UK Limited
Legal & General Retirement Limited
Prudential Annuities Limited
Canada Life Limited

THE COLLEGE OF LAW PENSION AND ASSURANCE SCHEME
REPORT OF THE TRUSTEES FOR THE YEAR ENDED 30 JUNE 2020

The Trustees present their Report and the Financial Statements for the year ended 30 June 2020 together with an Investment Report and the Scheme Actuary's actuarial statements.

Introduction

The Report summarises the activities of the Scheme, financial and otherwise, during the year. Further information, including the formal legal documentation, is available on request from the Secretary to the Trustees.

Pension and Assurance Scheme

The College of Law Pension and Assurance Scheme provides defined pension and lump sum benefits payable to Members on their retirement or to their dependants on the member's death before or after retirement. Full details are in the Scheme Rules which are available on The Legal Education Foundation (Employers) website and also to Scheme Members on request to the Secretary.

The Trustees have periodically carried out the bulk purchase of annuities for pensioners. At 30 June 2020 the Scheme provides 216 pensions in payment to pensioners in this way together with 67 pensions paid directly from Scheme assets.

Legal Status

The scheme was established on 1 August 1962 and is governed by English Law and by the definitive Trust Deed and Rules dated 23rd July 1962 and subsequent amending Deeds.

Active Members were contracted-out of the additional component of the State Earnings-Related Pension Scheme (the State Second Pension from 6 April 2002) up to 5 April 2016.

The Scheme is approved by HM Revenue and Customs and consequently is registered as a tax-exempt Scheme.

The principal place of business of the Scheme is shown on page 2.

Trustees

Trustees are appointed or removed in accordance with the Trust Deed and Rules of the Scheme. The total number of Trustees is currently four of whom two are Member-nominated, the other two being Employer-appointed. Trustees may resign from office at any time by giving not less than one month's written notice to the Employer.

During the year the Trustees met on 11 July 2019, 26 September 2019, 11 December 2019 and 25 March 2020.

A Trustee who is Member-nominated is removed only at the end of their term of office if not re-elected as a Member-nominated Trustee, or on earlier resignation. In March 2019 the two Member-nominated Trustees were re-elected for a further three years.

THE COLLEGE OF LAW PENSION AND ASSURANCE SCHEME
REPORT OF THE TRUSTEES FOR THE YEAR ENDED 30 JUNE 2020

Report on Actuarial Position

The most recent full actuarial valuation of the Scheme on an On-going basis (also known as Technical Provisions basis) was made as at 1 July 2018. This showed a surplus in the Scheme of £27.5 million, with the value of the assets representing 113% of the actuarial value of the liabilities (the benefits which had accrued to Members, after allowing for expected increases in earnings). In arriving at this figure the following assumptions were applied:

Rate of return on investments pre-retirement and post retirement	set by reference to the Bank of England gilt yield curve at each liability duration. The yield at each duration is adjusted upwards by 0.6% to take account of the additional returns expected from the Scheme's assets
Rate of increase in Active Members' pensionable earnings	Set at RPI inflation minus 0.8% pa subject to a maximum of 2.5% pa.
Rate of increase in price inflation (RPI)	set by reference to the Bank of England implied inflation curve at each liability duration. A deduction of 0.25% is made to allow for an Inflation Risk Premium.
Retail Price Index for pension increases (maximum 5%)	based on RPI assumption subject to a maximum of 5.0%. An addition of 1.0% is made as an allowance for the cost of buying in pensioners
Retail Price Index for pension increases (maximum 2.5%)	based on RPI assumption subject to a maximum of 2.5%. An addition of 1.0% is made as an allowance for the cost of buying in pensioners

It should be noted that it is the relationship between assumptions which is important, rather than the assumptions themselves in isolation. So, if the rate of return actually achieved on investments is less than the rate assumed, that is less significant if the rate of price inflation and/or pension increases is in turn less than the rate assumed.

The Employer agreed with the Trustees, who had been advised by the Scheme Actuary, a contribution rate of 29.8% of Active Members' pensionable salaries as from 1 July 2019.

The Trustees regularly monitor changes in the actuarial position of the Scheme. The Scheme Actuary has extrapolated figures from the last full Triennial Valuation, together with actual data where known, to provide the results as at 30 June 2020 as set out below:

	30 June 2020		30 June 2019	
	Funding %	Surplus/ (Deficit) £ million	Funding %	Surplus/ (Deficit) £ million
On-going valuation	110	26.4	111	25.4
FRS 102 valuation	131	63.3	130	56.2
Solvency	90	(33.0)	93	(20.5)
Pension Protection Fund	134	71.6	134	64.2

THE COLLEGE OF LAW PENSION AND ASSURANCE SCHEME
REPORT OF THE TRUSTEES FOR THE YEAR ENDED 30 JUNE 2020

Mortality assumptions used are in line with 100% of the PxA08 tables based on Members year of birth, improving in line with 2019 projections A = 0.5%, with a 1.5% p.a. {1.0%} p.a. long-term trend for males (females).

Average expected future life at age 65:

	1 July 2020	1 July 2019
Male currently aged 65	23.1	22.4
Female currently aged 65	24.9	24.3
Male currently aged 45	24.7	24.0
Female currently aged 45	26.1	25.4

The On-going valuation basis, as referred to in the table above, most closely reflects the full triennial valuation basis.

The next full triennial valuation will take place based on data as at 30 June 2021.

Scheme Benefits

Information on the Scheme benefits is set out in the Scheme Rules.

In accordance with the Scheme Rules the part of each pension in payment, except for any GMP which is payable:

- That is attributable to Pensionable Service before 6 April 1997 will increase by 4% each year,
- That is attributable to Pensionable Service on and after 6 April 1997 but before 1 August 2006 will increase by a maximum of 5% each year,
- That is attributable to Pensionable Service on or after 1 August 2006 will increase by a maximum 2.5% each year.

However, no part of any pension that is attributable to Pensionable Service on or after 6 April 1997, other than the GMP element, will be increased by more than the increase in the Retail Prices Index during each 12-month period.

Where GMP is payable, the part of the GMP that is attributable to earnings for the tax year 1988-89 and subsequent tax years will increase by the percentage specified under Section 109 of the Pension Schemes Act 1993. The part of the GMP attributable to any other period will not increase.

These Rules apply to all pensions paid by the Scheme including the funded pensioner payroll paid on behalf of the Scheme by the annuity providers. The Trustees do not have power to make discretionary increases.

GMP Equalisation

The past service additional cost of equalising Guaranteed Minimum Pension benefits provided by the Scheme is fully allowed for in the scheme's liabilities. Further details can be seen on Note 16.

THE COLLEGE OF LAW PENSION AND ASSURANCE SCHEME
REPORT OF THE TRUSTEES FOR THE YEAR ENDED 30 JUNE 2020

Transfer Values

Cash equivalents paid during the year with respect to transfers have been calculated and verified in the manner prescribed by the Pension Schemes Act 1993 and do not include discretionary benefits.

Contributions

During the year Employer normal contributions were paid in accordance with the rate recommended by the Scheme Actuary and agreed by the Trustees of 29.8% of Active Members' pensionable salaries.

All Active Members contributed at the rate of 8% by way of a salary sacrifice with the Employer contributing the remaining 21.8%. All contributions were received from the Employer in respect of the Active Members.

Provision was made for Members to pay Additional Voluntary Contributions (AVCs) under arrangements with AEGON until 4 September 2001. As from that date all new AVC contributors were contracted with Standard Life. The Scheme ceased to offer new AVC facilities as from 6 April 2006 and no contributions were made by Members to AVCs after 1st September 2012.

Membership

Total membership has decreased by a net 9 during the year to 30 June 2020. This includes Active membership which decreased by a net 1 in the year. Further details are contained on page 11.

Investments

The asset allocation and investment strategy have been considered regularly at each Trustees meeting in conjunction with Hymans Robertson LLP.

During the year ended 30 June 2020 £56 million was liquidated from the LDI strategy investment, whilst maintaining hedging strategies in place. £1 million was used to meet payments for benefits, transfers out of the Scheme and administration expenses. The remaining £55m was reinvested in July 2020.

The table in Note 9 summarises the above transactions.

Risk review

The trustees consider at each of their meetings the main risks to the Scheme being able to deliver the benefits to Members specified in the Scheme Rules and how such risks can be mitigated.

The Risk Register includes items relating to Administration, Compliance, Employer Covenant, annuity Insurance Covenants and Investments. In order to mitigate such risks the Trustees received reports on each of these areas at every meeting. All meetings are attended by the Scheme's professional adviser.

From reports received on all the above areas the Trustees have been assured that there has been no significant impact on any of the areas of risk to the Scheme as a result of the Covid-19 situation.

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 30 JUNE 2020

The allocation of investments at the year-end (excluding AVCs and Annuities) was as follows:

	Actual at 30 June 2020 %	Actual at 30 June 2019 %
Index tracking funds with Legal & General		
Bonds	14.3	14.2
Gilt Funds	6.9	8.0
Index-Linked Gilt Funds	6.1	3.0
Leveraged Gilt Funds	10.7	9.3
Leveraged Index-Linked Gilt funds	17.5	17.3
	55.5	51.7
Non-Index Tracking Funds		
Insight Investments High Grade ABS Fund*	5.0	5.8
Partners Group Multi Asset Credit	5.3	6.2
Cash - LGIM Sterling liquidity fund	5.8	35.8
Cash - Trustee Bank Account	28.4	0.5
	44.5	48.3
Total	100.0	100.0

*Previously named the LIBOR Plus Fund

The Trustees have made no employer-related investment during the year.

The Trustees maintain a Statement of Investment Principles and a copy is available on The Legal Education Foundation (Employers) website and also to Scheme Members on request to the Secretary. It is the Trustees' policy to use the investment managers' preferred custodians.

Social, Environmental and Ethical Considerations

The Trustees recognise that they have a legal duty to take account of financially material factors, which may include environmental, social and corporate governance ("ESG") factors including climate change when choosing, holding or realising investments. The Trustees take account of financially material factors over the period for which the Trustees expect investments to be required to fund future benefits. As part of this, the Trustees acknowledge that ESG factors may be relevant at different stages of the investment process

The Investment Managers appointed by the Trustees subscribe to United Nations Principles for Responsible Investment (UNPRI). The Trustees believe that subscribing to UNPRI is an effective way to demonstrate compliance with ESG principles. As part of any future manager selection, the Trustees will consider whether managers subscribe to UNPRI principles.

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 30 JUNE 2020

Exercise of Voting Rights

The Trustees recognise that stewardship encompasses the exercise of rights (including voting rights), attaching to the Scheme's investments, engagement with investment managers and the monitoring of compliance by investment managers with their own stewardship policies.

The Trustees have adopted a policy of delegating voting decisions on stocks to their investment managers on the basis that voting power will be exercised by them with the objective of preserving and enhancing long term shareholder value. The investment managers are expected to exercise the voting rights attached to individual investments in accordance with their own house policy.

Where appropriate, the Trustees will engage with and may seek further information from their investment managers on how portfolios may be affected by a particular issue.

Financial Position of the Scheme

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

The Scheme's audited financial statements for the year ended 30 June 2020 are on pages 23 to 35. The value of the Scheme's net assets at the year-end was £283,932k as shown on page 24. The Scheme's invested assets (excluding the AVC funds and annuities) were invested with Legal & General Assurance (Pensions Management) Limited, Insight Investment Management and Partners Group as described in the investment report on pages 13 to 16. The AVC funds are separately invested as requested by individual Scheme Members through either AEGON or Standard Life.

The value of annuities purchased in the Scheme's name to secure full benefits in respect of certain pensions in payment has been included at the present value of the related obligations as required by the Financial Reporting Standard 102. Note 2 provides information on the accounting policy for the valuation of these annuities.

The Scheme's investments are invested in accordance with the Statement of Investment Principles as required under the Pensions Act 1995.

THE COLLEGE OF LAW PENSION AND ASSURANCE SCHEME
REPORT OF THE TRUSTEES FOR THE YEAR ENDED 30 JUNE 2020

Subsequent events

Following the year end the Trustees reduced the holdings in cash by £55 million and invested this amount in the Legal and General AAA-AA-A Bonds Over 15yr Index Fund. This is expected to reduce future fees incurred by the Scheme and to increase returns. At the same time the Trustees also made changes to the value of £3 million in the holdings in Liability Driven Investments to increase interest hedging to 100% and reduce leverage.

Queries and complaints

Any queries about the Scheme or any complaint should be made in writing to the Secretary to the Trustees at the address shown on page 2 or by email to pensionsadministration@deloitte.co.uk

Any complaint will be dealt with in accordance with the Scheme's Internal Dispute Resolution Procedure.

Signed on behalf of the Trustees

D SLOAN

C BEANLAND

.....
Trustee

.....
Trustee

Date: 9th December 2020

THE COLLEGE OF LAW PENSION AND ASSURANCE SCHEME
MEMBERSHIP CHANGES DURING THE YEAR ENDED 30 JUNE 2020

	Year to 30 June 2020	Year to 30 June 2019
Active membership at 1 July	10	9
New Members	-	2
Leaver	(1)	(1)
	<hr/>	<hr/>
Active membership at 30 June	9	10
Pensioners	278	271
Deferred retirements with preserved pension	28	21
Deferred Members with preserved pension	409	431
Total Deferred membership	437	452
	<hr/>	<hr/>
Total membership at 30 June	724	733

Pensioners include 211 (2019: 215) Members whose benefits are fully provided through annuities.

Pensioner numbers increased by 7 in the year. This is due to 12 members taking their pension plus 2 new dependent pensioners less 3 pensioner member deaths and 3 dependant member deaths. There was also one dependent pensioner who took their benefits as a trivial death benefit lump sum.

Deferred member numbers reduced by 15 in the year. This is due to 12 members taking their pension, 2 transfers out of the scheme and 1 death of a dependent member. There was one new deferred member in the period. One of the members who retired had two records.

There are 5 (2019: 4) life assurance only Members in addition to the 9 (2019: 10) Active Members as at 30 June 2020.

**The College of law Pension and Assurance Scheme
Certification of Schedule of Contributions**

Scheme: The College of law Pension and Assurance Scheme

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 continue to be met for the period specified of the Schedule

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.

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

Simon Tidy FIA

Deloitte Total Reward and Benefits Limited
2 New Street Square
London
EC4A 3BZ

7th June 2019

Economic overview

Q3 2019 global growth was shrouded by the US-China trade war which particularly affected the manufacturing sector. Many economies growth levels were negative, with Germany narrowly avoiding entering recession. The UK saw a modest recovery in Q3 although downside risk over Brexit uncertainty continued to weigh down expectations. The US outperformed its developed market peers over Q3 2019, but its manufacturing Purchasing Managers Indices (PMI) fell to its lowest level since June 2009 in September.

Following real wage growth, there was a surprising lack of inflationary pressures in Q3 2019. Sovereign bond yields drifted over the quarter, in-line with the weaker economic backdrop. UK Implied inflation fell at longer maturities but rose at shorter terms, reflecting fears of a near-term inflation spike on the back of a potential post-Brexit sterling depreciation. Investment-grade credit and global high yield spreads were relatively unchanged over the quarter. Contrastingly, leveraged loan spreads moved wider as interest rate cuts made floating-rate assets less attractive.

Global equities produced marginally positive returns over the quarter, aided by central bank policy and supportive corporate earnings. Sterling-denominated returns were enhanced by the currency's depreciation amid Brexit uncertainty. Japan was the top performing region, partly due to the improved performance of the value style over the quarter.

Q4 2019 GDP numbers were broadly in-line with recent trends - a modest slowdown year-on-year. December's manufacturing PMI in the US, Eurozone, Japan and UK remained at a level consistent with a contraction in the sector. However, service sector surveys in the US and Europe improved in the fourth quarter, and US job gains remained resilient.

The Federal Reserve cut rates for the third time in three months in October, due to slowing global growth and weak inflation. The ECB cut rates to -0.5% and announced the restart of quantitative easing (QE) in November.

Sovereign bond yields rose across developed economies on trade progress and some improvements in economic data across various regions. Near-term UK implied inflation fell - UK 10-year spot gilt-implied inflation fell 0.21% p.a., as real yields rose more than nominal counterparts. Investment-grade credit spreads tightened while rising underlying government bond yields weighed on returns in fixed rate markets. Speculative-grade markets outperformed investment-grade counterparts and high yield bonds outperformed leveraged loans, though loan spreads retraced some of 2019's widening.

A strong Q4 2019 saw global equities deliver returns of 27% for 2019 in local currency terms. Sterling strengthened against major currencies as a lower perceived chance of a no-deal Brexit and the Conservative election victory removed some uncertainty. Emerging markets was the best performing region in Q4 2019, given their greater sensitivity to the global trade environment.

A "phase 1" trade deal signed in January 2020, between the US and China, prevented a further increase in tariffs and reduced the level of some existing tariffs. Q1 2020 figures confirmed GDP had fallen across the world since the end of 2019. The global spread of Coronavirus, and the impact on supply and demand from necessary containment measures, exerted downward pressures on GDP growth. The slump in global demand for oil was compounded by a price war between OPEC and Russia, resulting in Brent crude falling to its lowest level since 2002. The steep oil decline coupled with falling domestic demand left disinflationary pressures on the global economy.

The US Federal Reserve (Fed) and the Bank of England (BoE) cut rates to record lows. The Bank of Japan and the European Central Bank joined the Fed and BoE in restarting and expanding their QE

THE COLLEGE OF LAW PENSION AND ASSURANCE SCHEME
INVESTMENT REPORT FOR THE YEAR ENDED 30 JUNE 2020

programs. The Fed announced that their unlimited purchase program would, for the first time, include corporate debt. Currency markets were typical of a period of increased risk. The haven appeal of the dollar and yen was apparent and, in line with their less defensive reputation, sterling and emerging market currencies depreciated.

Developed market sovereign bond yields were pushed near record lows, but did experience some volatility as investors liquidated bonds in March 2020. Sterling investment-grade spreads rose 1.34% p.a., more than offsetting any benefit from falling underlying government bond yields. Speculative grade credit spreads underperformed their investment grade counterparts with high yield energy bonds particularly hard hit.

Q1 2020 brought about the quickest sell-off in modern history, following the unanticipated spread of Covid-19. Global equity markets fell 20% in local currency terms and 15.9% in sterling terms, as weakening sterling benefited unhedged investors. The UK equity market was the worst performer as its sectoral composition and exposure to oil & gas hurt performance. Global equities did recover some losses towards the end of the quarter, as market sentiment improved on the back of fiscal and monetary support measures.

Initial Q2 2020 GDP releases show Q2 GDP fell 12.1%, 9.5% and 20.4% quarter-on-quarter in the Euro area, US and UK respectively. Following record-breaking declines in Q2 2020, Q3 forecasts predict record-breaking growth for many countries.

UK CPI inflation fell from 1.5% in March to 0.5% in May. Lower energy prices made a big contribution to the fall but core inflation (excluding food and energy) has also fallen from 1.6% to 1.2%, as low as it has been since 2016.

In April 2020, the Fed expanded their corporate credit purchase programme to include speculative-grade debt. The ECB announced a further €600bn of QE, and the Bank of England increased their QE programme from £600bn to £745bn.

Sovereign bond yields changed little in the US and Germany, but UK 10-year gilts fell a further 0.2%. Index-linked gilt yields fell further than conventional gilt yields, resulting in a slight rise in implied inflation. Reflecting the expansion of central bank support, global investment-grade spreads fell from 2.8% p.a. to 1.6% p.a. Global speculative-grade credit spreads fell from 9.2% p.a. to 6.4% p.a., further supported by the specific details of the Fed's purchases and a rise in oil prices from \$22 to \$41 per barrel.

Global equity indices rose 18.4% in local currency terms. Sector composition helps to explain why the US (heavy in technology) leads the regional ranking tables for both the quarter and the year to date and why the UK (hardly any technology and heavy in financials) brings up the rear over both periods.

THE COLLEGE OF LAW PENSION AND ASSURANCE SCHEME
INVESTMENT REPORT FOR THE YEAR ENDED 30 JUNE 2020

Performance Summary (Net of Fees)

	L&G LOI	L&G Corporate Bonds	L&G Cash	Insight	Partners	Total Fund
	%	%	%	%	%	%
12 months Absolute	32.8	14.9	0.6	0.2	1.9	18.6
12 months Benchmark	32.8	14.8	0.4	0.6	4.7	18.9
3 years Annualised	18.6	8.0	0.5	1.0	3.1	10.3
3 years Benchmark	18.6	8.0	0.4	0.6	4.8	10.3
5 years Annualised	21.9	9.1	0.4	n/a	n/a	13.2
5 years Benchmark	21.9	9.2	0.4	n/a	n/a	13.1

The total fund benchmark performance has been weighted by actual asset allocation at the start of the quarter. For LOI there is no formal benchmark. We have therefore taken the benchmark as being equal to actual performance. The 3- year time period for the Insight - LIBOR Plus mandate and the Partners mandate shows performance of the fund from inception in October 2017 to 30 June 2020.

Performance of Individual Funds

1. Legal & General

The Scheme's assets managed by Legal & General Investment Management (LGIM) and are invested in an insurance policy through Legal & General Assurance (Pensions Management) Limited, part of the Legal & General Group, which is one of the largest financial institutions in the United Kingdom.

The policy is designed for corporate and public sector pension Schemes and takes full advantage of the tax exemptions available to an insurance policy of this type. It is a unitised policy and the value of the units fluctuates directly in relation to the value of the underlying assets. All units are redeemable at bid prices that are calculated from independent external pricing sources. The assets underlying the units are held by independent corporate custodians who are regularly reviewed by external auditors.

Changes to the distribution of the funds (which are sections within the policy) are made in accordance with instructions given by the Trustees.

The values of the units held under the Policy at the beginning and end of the reporting year, on a bid price basis, were:

THE COLLEGE OF LAW PENSION AND ASSURANCE SCHEME
INVESTMENT REPORT FOR THE YEAR ENDED 30 JUNE 2020

	Valuation and Distribution 30 June 2020			Valuation and Distribution 30 June 2019		
	£000s	% of L&G holdings	% of total investment assets*	£000s	% of L&G holdings	% of total investment assets*
AAA-AA-A Bonds- Over ISY Index	27,941	23.3	14.3	24,382	16.2	14.2
Cash Fund	11,269	9.4	5.8	61,501	40.9	35.8
LOI Mandate Gilt funds:						
Gilt Funds	13,606	11.3	6.9	13,652	9.1	8.0
Index-linked Gilt funds	12,008	10.0	6.1	5,099	3.4	3.0
Leveraged Gilt funds	20,871	17.4	10.7	15,936	10.6	9.3
Leveraged Index- linked Gilt funds	34,285	28.6	17.5	29,701	19.8	17.3
Total Assets	119,981	100.0	61.3	150,271	100.0	87.6

*excluding Annuities and AVCs

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

The value of units represented 61.3% of the total net assets of the scheme at 30 June 2020 (excluding Annuities and AVCs).

The investment portfolio has been passively managed, with the exception of the cash fund which is actively managed, within a range of LGIM's index tracking funds. Each index tracking fund in which the Scheme invests should track the total return (capital plus income combined) of its relevant market index within the specified tolerances. For each leveraged gilt or index-linked gilt fund in which the Scheme invests, LGIM aims to operate within the leveraged multiple limits specified by the manager. The Cash Fund aims to match the median return of similar cash funds as measured by the Russell/Mellon CAPS Pooled Pension Fund Survey, without incurring excessive risk.

2. Insight Investments

The value of units held in the Insight Libor Plus Fund at 30 June 2020 was £9,768k (2019 £9,915k). The investments were purchased in October 2017 at a cost of £10 million.

The value of units represented 5.0% of the total net assets of the scheme at 30 June 2020 (excluding Annuities and AVCs).

3. Partners Group

The value of the units held in the Partners Group Private Markets Credit Strategies Multi Asset Credit Fund 2017 at 30 June 2020 was £10,432k (2019 £10,611k). The value at 30 June 2020 is after a distribution to the Scheme of £378,512 during the year.

The value of units represented 5.3% of the total net assets of the scheme at 30 June 2020 (excluding Annuities and AVCs).

THE COLLEGE OF LAW PENSION AND ASSURANCE SCHEME
TRUSTEES' RESPONSIBILITIES

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

- show a true and fair view of the financial transactions of the Scheme during the Scheme year and of the amount and disposition at the end of the Scheme year of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the Scheme year; and
- contain the information specified in Regulation 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, including a statement whether the financial statements have been prepared in accordance with the Statement of Recommended Practice "Financial Reports of Pension Schemes".

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

The Trustees are also responsible for making available certain other information about the Scheme in the form of an Annual Report.

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

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

THE COLLEGE OF LAW PENSION AND ASSURANCE SCHEME

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF THE COLLEGE OF LAW PENSION AND ASSURANCE SCHEME

Opinion

We have audited the financial statements of The College of Law Pension and Assurance Scheme (the 'Scheme') for the year ended 30 June 2020 which comprise the Fund Account, the Statement of Net Assets (available for benefits) and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including *The Financial Reporting Standard 102 The Financial Reporting Standard* applicable in the UK and the Statement of Recommended Practice - *Financial Reports of Pension Schemes (revised 2018)*.

In our opinion, the financial statements:

- show a true and fair view of of the financial transactions of the Scheme during the year ended 30 June 2020, 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 Pensions 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 Scheme 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 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate, or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Scheme's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and, we do not express any form of assurance conclusion thereon.

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF THE COLLEGE OF LAW PENSION AND ASSURANCE SCHEME

In connection with our audit of the financial statements, our responsibility is to read the other information including Report of the Trustees, Membership changes during the period, Investment Report, Trustees Responsibilities and Actuarial certificates 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 there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Trustees

As explained more fully in the Trustees' responsibilities Statement set out on page 17, the Trustees are responsible for the preparation of the financial statements and for being satisfied that they show a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the Scheme's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees intend to wind up the Scheme or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Councils 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 Scheme's Trustees, as a body, in accordance with Regulation 3 of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, made under the Pensions Act 1995. Our audit work has been undertaken so that we might state to the Scheme Trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or

THE COLLEGE OF LAW PENSION AND ASSURANCE SCHEME
**INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF THE COLLEGE OF LAW PENSION
AND ASSURANCE SCHEME**

assume responsibility to anyone other than Scheme's Trustees as a body, for our audit work, for this report, or for the opinions we have formed.

BDO LLP

BDO LLP
Statutory Auditor
Guildford
United Kingdom

Date: 14/12/2020

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

INDEPENDENT AUDITOR'S STATEMENT ABOUT CONTRIBUTIONS TO THE TRUSTEES OF THE COLLEGE OF LAW PENSION AND ASSURANCE SCHEME

We have examined the summary of contributions to The College of Law Pension and Life Assurance Scheme for the year ended 30 June 2020, as set out on page 22.

In our opinion contributions for the year ended 30 June 2020 as reported in the summary of contributions and payable under the schedule of contributions have in all material respects been paid at least in accordance with the schedule of contributions certified by the Scheme actuary on 7th June 2019.

Scope of work on Statement about Contributions

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

Responsibilities of Trustees

As explained more fully in the Statement of Trustees' Responsibilities, set out on pages 17, the Scheme's trustees are responsible for ensuring that there is prepared, maintained and from time to time revised a schedule of contributions showing the rates and due dates of certain contributions payable towards the Scheme by or on behalf of the employer and the active Members of the Scheme. The Trustees are also responsible for keeping records in respect of contributions received in respect of active Members of the Scheme and for monitoring whether contributions are made to the Scheme by the employer in accordance with the schedule of contributions.

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

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

Use of our report

This report is made solely to the Scheme Trustees, as a body, in accordance with Regulation 4 of The Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996 made under the Pensions Act 1995. Our audit work has been undertaken so that we might state to the Scheme Trustees those matters we are required to state to them in an auditor's statement and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Scheme's Trustees as a body, for our audit work, for this statement, or for the opinions we have formed.

BDO LLP

BDO LLP
Statutory Auditor
Guildford
United Kingdom

Date: 14/12/2020

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

THE COLLEGE OF LAW PENSION AND ASSURANCE SCHEME
SUMMARY OF CONTRIBUTIONS PAID IN THE YEAR ENDED 30 JUNE 2020

During the year, the contributions paid to the Scheme by the Employer (inclusive of Employees' contributions by way of salary sacrifice) under the schedule of contributions were as follows:

	£000s
Employer normal contributions	177
Contributions payable under the schedule of contributions	<u>177</u>

Signed on behalf of the Trustees:

D SLOAN

.....
Trustee

C BEANLAND

.....
Trustee

Date: 9th December 2020

THE COLLEGE OF LAW PENSION AND ASSURANCE SCHEME
FUND ACCOUNT FOR THE YEAR ENDED 30 JUNE 2020

		Year ended 30 June 2020	Year ended 30 June 2019
	Note	£000s	£000s
Contributions & Benefits			
Employer Contributions	3	177	174
		<u>177</u>	<u>174</u>
Benefits paid and payable	4	4,543	4,513
Payments to and on account of leavers	5	589	957
Other payments	6	9	9
Administrative expenses	7	512	446
		<u>5,653</u>	<u>5,925</u>
Net withdrawals from dealings with Members		(5,476)	(5,751)
Returns on investments			
Investment income	8	4,245	3,740
Change in market value of investments	9	30,813	7,500
Investment management expenses	10	(142)	(171)
Net returns on investments		<u>34,916</u>	<u>11,069</u>
Net increase in the fund during the period		29,440	5,318
Net assets of the Scheme			
At 1 July		254,492	249,174
At 30 June		<u>283,932</u>	<u>254,492</u>

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

THE COLLEGE OF LAW PENSION AND ASSURANCE SCHEME
STATEMENT OF NET ASSETS (AVAILABLE FOR BENEFITS) AS AT 30 JUNE 2020

		Year ended 30 June 2020	Period ended 30 June 2019
	Note	£000s	£000s
Investment assets			
Pooled Investment Vehicles	9	140,181	170,797
Insurance policies	9	87,928	82,515
AVCs	9	351	344
Total net investments		<u>228,460</u>	<u>253,656</u>
Net current assets	11	55,472	836
Net assets of the Scheme at 30 June		<u><u>283,932</u></u>	<u><u>254,492</u></u>

The financial statements summarise the transactions of the Scheme and deal with net assets at the disposal of the Trustees. They do not take account of obligations to pay pensions and other benefits which fall due after the end of the Scheme year. The actuarial position of the Scheme, which does take account of such obligations, is dealt with the Report on Actuarial Position on page 5, and these financial statements should be read in conjunction with it.

The financial statements were approved and authorised for issue by the Trustees and were signed on their behalf on 9th December 2020.

D SLOAN

.....
Trustee

C BEANLAND

.....
Trustee

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

THE COLLEGE OF LAW PENSION AND ASSURANCE SCHEME
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

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).

In June 2018, a revised SORP was issued which is applicable to accounting periods commencing on or after 1 January 2019. The Trustees have adopted the revised SORP for the first time in these financial statements. The adoption of the revised SORP has had no material impact on the financial statements, although it has required certain additions to or amendments of disclosures in the financial statements.

Identification of the financial statements

The Scheme is established as a trust under English law. The address for enquiries to the Scheme is included in the Trustees Report.

2. Summary of significant Accounting Policies

The functional currency of the Scheme is Sterling.

Contributions and benefits

Contributions and benefits are accounted for in the period in which they fall due. All Active Members contributed by way of a salary sacrifice.

Pensions

Pensions payable including pensions funded by annuity contracts are accounted for in the period to which they relate.

Transfers from and to other Schemes

Transfers to other Schemes are included on the basis of cash payments. The Trustees do not accept transfers in.

Administrative expenses

Administrative expenses are accounted for on an accruals basis.

Investment income

Investment income includes interest from cash and income arising on the Scheme's investments in respect of Insight Investments.

Income is accounted for on an accruals basis on the date the investment is quoted ex-dividend.

Interest from cash is included on an accruals basis.

THE COLLEGE OF LAW PENSION AND ASSURANCE SCHEME
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

Income from annuities, whether received directly by the Scheme from annuity providers or used by the annuity provider to make pension payments, is accounted for through the fund account as investment income with the associated pension payment accounted for as a benefit payable.

Valuation of assets

The assets of the Scheme at the year-end invested with Legal & General Assurance (Pensions Management) Limited and Insight Investment Management (Global) Limited. They were valued at the bid or single price value as at 30 June 2020.

The assets of the Scheme at the year end invested with Partners Group have been valued at the latest available net asset value (NAV), determined in accordance with fair value principles, provided by the pooled investment manager.

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

Transaction costs are included in the cost of purchases and sales proceeds. The amount of indirect costs is not separately provided to the Scheme.

Annuities purchased to secure specific benefits for the remaining lives of retired Members are included in these Financial Statements at the amount of the related obligation determined using a solvency basis. The valuation was carried out on behalf of the Scheme by the Scheme Actuary. See note 9. It is recognised that the annuities remain assets of the Scheme and under certain circumstances in the future the Trustees could direct that the income arising should be paid to the Scheme rather than direct to pensioners.

3. Contributions

	2020 £000s	2019 £000s
Employer - Normal	177	174

As the Scheme was in surplus as at the date of the triennial valuation based on 1st July 2018 no deficit contributions are required in the year to 30 June 2020.

4. Benefits paid and payable

	2020 £000s	2019 £000s
Pensions	4,260	3,995
Commutations and lump sum retirement benefits	283	518
	4,543	4,513

The pensions total above of £4,260k (2019: £3,995k) includes pensions paid directly to pensioners by annuity providers on behalf of the Trustees.

THE COLLEGE OF LAW PENSION AND ASSURANCE SCHEME
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

The value of pensions paid in this way were as follows:

	2020 £000s	2019 £000s
Aviva Annuity UK Limited	2,693	2,549
Legal & General Retirement Limited	519	530
Prudential Annuities Limited	407	417
Canada Life	41	37
	<u>3,660</u>	<u>3,533</u>

The remaining £600k (2019: £462k) of pensions were paid from Scheme funds and not by annuity providers. Included within pensions paid from Aviva and Canada Life is an amount totalling £75k which is received by the Scheme to fund a pension paid from the Scheme.

5. Payments to and on account of leavers

	2020 £000s	2019 £000s
Individual transfers to other Schemes	589	957
	<u>589</u>	<u>957</u>

6. Other payments

	2020 £000s	2019 £000s
Premiums on term insurance policies (active member's life assurance and widows and dependants liability cover)	9	9
	<u>9</u>	<u>9</u>

7. Administrative expenses

	2020 £000s	2019 £000s
Legal and Professional fees	379	324
Administration, processing & actuarial fees	118	107
Trustees fees - Chairman	15	15
	<u>512</u>	<u>446</u>

8. Investment income

	2020 £000s	2019 £000s
Interest on cash deposits	30	2
Income from pooled investment vehicles	555	205
Annuity income	3,660	3,533
	<u>4,245</u>	<u>3,740</u>

THE COLLEGE OF LAW PENSION AND ASSURANCE SCHEME
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

9. Investments

	Value at 1 July 2019	Purchases at cost	Sales proceeds	Change in market value	Value at 30 June 2020
	£0005	£000s	£0005	£0005	£000s
Pooled Investment Vehicles					
Gilts and Bonds	88,770	140,219	{145,833}	25,555	108,711
Cash	61,501	63,059	(113,447)	157	11,270
Asset Backed Credit	9,915	-	-	(147)	9,768
Private Credit	10,611	-	-	(179)	10,432
	170,797	203,278	(259,280)	25,386	140,181
Insurance policies	82,515	-	-	5,413	87,928
AVC investments	344	-	(7)	14	351
	253,656	203,278	(259,287)	30,813	228,460

Details of the country in which the companies operating the pooled investment vehicles are registered are shown on pages 2 and 3.

The value of the pooled investment vehicles by fund manager is set out below:

	Value at 1 July 2019	Purchases at cost	Disposals	Change in Market value	Value at 30 June 2020
	£0005	£000s	£000s	£0005	£0005
Insight Investments	9,915	-	-	(147)	9,768
Legal & General Partners Group	150,271	203,278	(259,280)	25,712	119,981
	10,611	-	-	(179)	10,432
	170,797	203,278	(259,280)	25,386	140,181

AVC investments

The Trustees hold assets, which are separately invested from the main fund, in the form of individual insurance policies. These secure additional benefits, on a money purchase basis, are for those Members who elected to pay Additional Voluntary Contributions.

THE COLLEGE OF LAW PENSION AND ASSURANCE SCHEME
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

The aggregate amounts of AVC investments are as follows:

	2020 £000s	2019 £000s
Aegon	128	132
Standard Life	223	212
	<u>351</u>	<u>344</u>

Annuities

Annuities have been purchased to secure full benefits of those Members who first took their pension prior to 30 June 2016.

Concentration of investments

The following funds represent more than 5% of the Net Assets of the Scheme at the year-end:

	2020 %	2019 %
Insurance policies	31.0	32.4
Leveraged Gilt Funds	7.4	6.3
Leveraged Index-linked Gilt Funds	12.1	11.7
AAA-AA-A Bonds-Over ISY Index	9.8	9.6

10. Investment management expenses

	2020 £000s	2019 £000s
Administration, management and custody	<u>142</u>	<u>171</u>

11. Net current assets

	2020 £000s	2019 £000s
Current assets		
Bank account	55,721	840
Sundry debtors	14	106
	<u>55,735</u>	<u>946</u>
Current liabilities		
Sundry creditors	254	101
Unpaid benefits	9	9
	<u>263</u>	<u>110</u>
Net current assets	<u>55,472</u>	<u>836</u>

THE COLLEGE OF LAW PENSION AND ASSURANCE SCHEME
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

12. Investment Fair Value Hierarchy

In March 2016, the Financial Reporting Council published amendments to FRS102, revising the disclosure requirements for financial institutions and retirement benefits plans for accounting periods beginning on or after 1 January 2017. Therefore, the Scheme's investment assets have been fair valued using the following fair value hierarchy:

- Category: Level 1 The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.
- Category: Level 2 Inputs other than quoted prices included within Level 1 that are observable (ie developed using market data) for the asset or liability, either directly or indirectly.
- Category: Level 3 Inputs are unobservable (ie for which market data is unavailable) for the asset or liability.

For the purposes of this analysis daily and weekly priced funds have been included in Level 1, monthly net asset values for Property funds and AVC policies in Level 2 and monthly net asset values for Insurance policies in Level 3.

Values as at 30.6.20

Category	Level1 £0005	Level2 £000s	Level3 £000s	Total £000s
Pooled investment vehicles:				
Legal & General	-	119,981	-	119,981
Insight Investments	-	9,768	-	9,768
Partners Group	-	-	10,432	10,432
Insurance policies	-	-	87,928	87,928
AVC investments	-	351	-	351
	-	130,100	98,360	228,460

Values as at 30.6.19

Category	Level 1 £000s	Level 2 £0005	Level3 £0005	Total £000s
Pooled investment vehicles:				
Legal & General	-	150,271	-	150,271
Insight Investments	-	9,915	-	9,915
Partners Group	-	-	10,611	10,611
Insurance policies	-	-	82,515	82,515
AVC investments	-	344	-	344
	-	160,530	93,126	253,656

13. Investment Risks

The Accounting Standard FRS 102 requires the disclosure of information in relation to certain investment risks. These risks are defined by FRS 102 as follows:

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

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

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

The Scheme has exposure to these risks because of the investments it makes to implement its investment strategy described in the Trustees' Report. The Trustees manage investment risks, including credit risk and market risk, within agreed risk limits which are set taking into account the Scheme's strategic investment objectives. These investment objectives and risk limits are implemented through the investment management agreements in place with the Scheme's investment managers and monitored by the Trustees by regular reviews of the investment portfolios.

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

This does not include AVC investments as they are not considered significant in relation to the overall investment of the Scheme. However, the Trustees review the credit rating of the AVC providers at each meeting.

THE COLLEGE OF LAW PENSION AND ASSURANCE SCHEME
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

The types of risk that the pooled investment vehicles are exposed to are as follows:

	Credit risk	Interest risk	Currency risk	Other Price risk
Legal & General				
AAA-AA-A Bonds-Over ISY Index	y	y		
Cash Fund	y	y		
LDI Mandate Gilt funds:				
Gilt Funds	y	y		
Index-linked Gilt funds	y	y		y
Leveraged Gilt Funds	y	y		
Leveraged Index-linked Gilt Funds	y	y		y
Insight Libor Plus Fund	y	y		
Partners Group Private Markets Credit Strategies (Multi asset credit 2017)	y	y	y	y

In value terms these can be summarised as follows for the current and prior year:

Values as at 30.6.20	Credit risk	Interest risk	Currency risk	Other	Total
	£000s	£000s	£000s	£000s	£000s
Legal & General	119,981	119,981	-	46,293	119,981
Insight Investments	9,768	9,768	-	-	9,768
Partners Group	10,432	10,432	10,432	10,432	10,432
Insurance policies	87,928	-	-	-	87,928
	228,109	140,181	10,432	56,725	228,109

Values as at 30.6.19	Credit risk	Interest risk	Currency risk	Other	Total
	£000s	£000s	£000s	£000s	£000s
Legal & General	150,271	150,271	-	34,801	150,271
Insight Investments	9,915	9,915	-	-	9,915
Partners Group	10,611	10,611	10,611	10,611	10,611
Insurance policies	82,515	-	-	-	82,515
	253,312	170,797	10,611	45,412	253,312

Credit risk

The Scheme is subject to credit risk as the Scheme invests in pooled investment vehicles and has cash balances and insurance policies with a number of providers. It is therefore directly exposed to credit risk in relation to the instruments it holds in the pooled investment vehicles and is indirectly exposed to credit risks arising on the financial instruments held by the pooled investment vehicles.

Cash held directly by the Scheme is held in a banking institution which is a UK clearing bank which is significantly Government owned.

THE COLLEGE OF LAW PENSION AND ASSURANCE SCHEME
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

Direct credit risk arising from the pooled investment vehicles is mitigated by the underlying assets of the pooled arrangements being ring fenced from the pool manager, the regulatory environments in which the pooled managers operate and diversification of investments amongst a number of pooled arrangements. 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 manager.

Pooled investment arrangements used by the Scheme comprise open ended pooled funds with the exception of Partners Group which is closed.

Indirect credit risk arises in relation to underlying investments in Sterling bond and gilt investment vehicles. This risk is mitigated by only investing in pooled corporate bond funds which invest in only AAA-AA-A rated bonds and also in UK Government Gilts where the credit risk is minimal.

A Summary of Pooled Investment Vehicles by type of arrangement is as follows;

	Year ended 30 June 2020	Period ended 30 June 2019
	£000s	£000s
Unit Linked insurance contracts	119,981	150,271
Open ended investment companies	9,768	9,915
Other - Close ended structure	10,432	10,611
Total	140,181	170,797

Interest risk

Interest rate risk is present in the Bond and Cash funds however this is partly mitigated by the holdings in the Liability Driven Investment Mandate funds. LDI holdings are intended to hedge approximately 90% of the inflation and interest rate risk of the overall investments as part of the Scheme's Investment Strategy.

Currency risk

The Scheme is subject to currency risk because some of the Scheme's investments are held in overseas markets via pooled equity investment vehicles. The Trustees accept the currency risk as part of the overall strategy and diversification of the fund.

Other

The Scheme is exposed to a risk with regards to the way Retail Price Inflation (RPI) will be calculated following the ongoing government consultation on reforming the calculation of this inflation measure. Changes to the method of calculating RPI may have a significant impact on the value of assets that are linked to RPI. However, to the extent that RPI-linked assets are held to match RPI-linked liabilities, and provided that changes to the calculation of RPI impact both assets and liabilities in a similar way, the overall impact on the Plan will be reduced.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

Insurance policies (annuities)

The Trustees have purchased annuities when market conditions are favourable in order to pay pensions in payment. Such policies are subject to credit risk therefore the Trustees carry out due diligence checks before purchasing additional insurance policies and ensure that the Insurers are regulated by the FSA.

The Trustees also review the credit rating of Legal & General and the other main annuity provider, Aviva at each meeting.

14. Related party transactions

Of the four (2019: four) people who were Trustees during all or part of the year three, Mr C Beanland, Mr A.S. Humphreys and Mr R Jones, are Members of the Scheme. All benefits and transactions with them during the year have been in accordance with the Scheme Rules.

A fee paid to the Chairman is disclosed in note 7.

15. Contractual investment commitments

There were none relating to investments at 30th June 2020.

16. Contingent Liabilities

In October 2018, the High Court determined that benefits provided to members who had contracted out of their pension scheme must be recalculated to reflect the equalisation of state pension ages between May 1990 and April 1997 for both men and women. The Trustees are reviewing, with their advisers, the implication of this ruling on the Scheme and the equalisation of guaranteed minimum pensions between men and women; in the context of the rules of the Scheme and the value of any liability. The Scheme Actuary has reported to the Trustees that there is an estimated increase to Scheme liabilities as a result of this decision of £533,000, as at 30th June 2020 and this amount is included in the Scheme's liabilities. This amount is not split between amounts immediately payable and those which will be adjusted through the next valuation. As soon as this review is finalised and any liability quantified members will be communicated with.

Other than as above, in the opinion of the Trustees, the Scheme had no contingent liabilities as at 30 June 2020 (2019: £nil).

17. Subsequent Event

As described in the Trustees Report on page 10, following the year end the Trustees reduced the holdings in cash by £55 million and invested this amount in the Legal and General AAA-AA-A Bonds Over 15yr Index Fund. This is expected to reduce future fees incurred by the Scheme and to increase returns. At the same time the Trustees also made changes to the value of £3 million in the holdings in Liability Driven Investments to increase interest hedging to 100% and reduce leverage.

The College of Law Pension and Assurance Scheme - Implementation Statement

Statement of Compliance with The College of Law Pension and Assurance Scheme's Stewardship Policy for the year ending 30 June 2020

Introduction

This is the Trustees' implementation statement prepared in relation to The College of Law Pension and Assurance Scheme (the "**Scheme**") in accordance with the requirements of regulations 12(1) and 12(5)(a) of the Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013. This statement:

- sets out how the Trustees have complied with the Scheme's Stewardship Policy;
- explains to what extent the Trustees have complied with that policy, in their opinion; and
- describes any voting behaviour by, or on behalf of, the Trustees,

during the period from 1 July 2019 to 30 June 2020 (the "**2019/20 Scheme Year**").

Stewardship policy

The Trustees' Stewardship (voting and engagement) Policy sets out the Trustees' approach to:

- the exercise of any rights attached to Scheme assets (including any voting rights); and
- undertaking engagement activity, including how the Trustees monitor and engage with its investment managers and any other stakeholders.

The Trustees review the Scheme's Stewardship Policy as part of their annual reviews of the Scheme's Statement of Investment Principles (SIP), the last of which was completed on 30 September 2020.

You can review the Scheme's Stewardship Policy, which can be found within the Scheme's Statement of Investment Principles, at <https://www.thelegaleducationfoundation.org/wp-content/uploads/2020/10/Statement-of-Investment-Principles.pdf>

As the Trustees currently invest Scheme assets in pooled funds, the Trustees do not engage directly with debt or equity issuers and are not able to direct how any votes are exercised. In addition, the Trustees have not used any proxy voting services over the 2019/20 Scheme Year. Any voting and engagement activities in respect of the underlying assets of the Scheme's investments are undertaken by the Scheme's investment managers. The Trustees believe it is important that their investment managers take an active role in the supervision of the companies in which they invest, both by voting at shareholder meetings and engaging with the management on issues which affect the relevant company's financial performance, as appropriate.

The Trustees' own engagement activity is focused on their dialogue with their investment managers, which is undertaken in conjunction with their investment advisers. The Trustees meet periodically with their investment managers, who give presentations to the Trustees. This enables the Trustees to further understand and consider managers' exercise of their own stewardship policies. The Trustees also consider manager performance at quarterly trustee meetings, at which they receive an overview report from their investment advisers. The Trustees review those reports, which contain responsible investment ratings and investment strategy ratings by their investment advisers in relation to the Scheme's existing managers and funds. Those manager ratings are based on ongoing market research and reviews by the Trustees' investment advisers. Those reports are also designed to raise any red flags for any managers of concern. The Trustees were satisfied with the results of their investment advisers' reviews during the 2019/20 Scheme Year and noted that no red flags were reported.

The Trustees separately consider any conflicts of interest arising in the management of the Scheme and its investments. The Scheme's investment managers are required to disclose any potential or actual conflict of interest to the Trustees. No such conflicts were reported to the Trustees during the 2019/20 Scheme Year.

Extent of Stewardship Policy compliance

The Trustees monitor their compliance with the Scheme's Stewardship Policy on a periodic basis and are satisfied that they have complied fully with the Scheme's Stewardship Policy during the 2019/20 Scheme Year.

Voting activity

The investment managers may have voting rights in respect of the underlying assets of the pooled funds in which the Trustees have invested, depending on the nature of those underlying assets from time to time. The Trustees expect the Scheme's investment managers to exercise any voting rights attached to individual investments in accordance with their own house policy, with the objective of preserving and enhancing long term value for investors.

Given that the Scheme does not currently invest in any equity holdings, no voting rights are currently exercised by the Trustees or by their investment managers in relation to any equity holdings of the Scheme.

Whilst the Scheme has a small exposure to preferred stock through the investment into private debt facilitated through Partners Group, the preferred stock holds no voting rights and the Trustees have therefore excluded it from their analysis of any voting activity.

No voting rights are attached to any of the Scheme's other underlying assets held on behalf of the Trustees, so there is no voting behaviour or activity by the managers on which to report.

Engagement activity

The Trustees hold meetings with their investment managers on a periodic basis where various stewardship issues are discussed in detail. Over the last 12 months, the Trustees have met with one of their three managers. The Trustees have discussed the following issues over the course of the current calendar year.

Date	Fund manager	Subject discussed	Outcome
30 September 2020 ¹	LGIM	Processes and procedures, fund performance, market updates including discussions on the RPI reform consultation, LDI operational considerations & risk management, security of assets and leadership updates. The Trustees also discussed LGIM's procedures with regards to the ringfencing of assets and the concentration of counterparty risk the Scheme is exposed to.	Additional queries raised with LGIM over quarterly monitoring of hedging ratios which have subsequently been addressed.

¹ Whilst the date is not within the reporting period covered in this statement, the original meeting was scheduled in March 2020 and subsequently re-scheduled due to issues caused by the coronavirus pandemic.

Summary of manager engagement activity

The following table summarises the key engagement activities by the Scheme's three investment managers, during the 2019/20 Scheme Year. Each manager has provided selected case studies which are representative of their engagement activity over the year.

Management engagement activity provided by Partners Group and Insight relates specifically to that of the mandates which the Scheme is invested in - Partners Group Private Markets Credit Strategies 2 S.A. - Compartment Multi Asset Credit 2017 (IV) GBP and Insight High Grade ABS fund respectively.

Management engagement activity provided by LGIM, relates to engagement activity on a firmwide level, and examples of how ESG is being considered for funds that have voting rights.

The case studies detailed for LGIM are for general information about the manager only and are not directly relevant to the Scheme. As outlined in the Scheme's Report and Accounts to 30 June 2020, holdings with LGIM accounted for approximately 86% of the Scheme's investment assets (excluding insurance policies and AVCs) as at 30 June 2020. At the time of writing, LGIM have only provided the Scheme with firm wide case study examples, which highlight a variety of topics in which the manager engaged with companies. The Trustees will be liaising with LGIM over the coming year to obtain case study examples that relate specifically to that of the Scheme's investments.

Manager	Number of engagements	Topics engaged on	Case Studies
Partners Group: Private Markets Credit Strategies	10-20 ¹	Financing strategies, risk management, transaction support, Covid-19 response	Alleheim <ul style="list-style-type: none"> Proportion of portfolio represented by company: 2.1% Engagement topic: Partners Group were to provide incremental acquisition financing to support the buy and build strategy contemplated by Management and sponsors Outcome: Discussions have been ongoing and waiting on due diligence to be received. Partners will attend a management presentation in the near future
			Bullhorn <ul style="list-style-type: none"> Proportion of portfolio represented by company: 1.0% Engagement topic: Partners Group participated in a transaction to refinance existing debt and finance an add-on acquisition Outcome: The company was able to put in a multi-currency capital structure. The company was also able to acquire a major competitor, thereby increasing market share.
			Cogital <ul style="list-style-type: none"> Proportion of portfolio represented by company: 1.3%

			<ul style="list-style-type: none"> Engagement topic: New management team and the impact that Covid-19 has had on the company Outcome: 1. More information provided on the new management's vision and focus for the business in the medium term. 2 Assurance that the company is able to deliver services remotely. 3 Identification of risk associated with Covid-19 that the deal team is seeking to monitor going forward
			<p>Gong Cha</p> <ul style="list-style-type: none"> Proportion of portfolio represented by company: 4.4% Engagement topic: Identifying risks associated with the company using single-use plastics Outcome: As part of ESG engagement post-closing, Partners Group's ESG team developed a sustainable packaging strategy for Gong Cha's management, and put in place KPIs to track reduction, replacement and recycle of single-use plastics
			<p>Independent Vetcare</p> <ul style="list-style-type: none"> Proportion of portfolio represented by company: 2.1% Engagement topic: New loan to refinance drawn revolving credit facility Outcome: Partners are comfortable that the company has shown evidence of a recovery in performance after initial impact of Covid-19 and that the add-on transaction would increase liquidity available to the business.
LGIM ²	739 firmwide	Climate change, Remuneration, Diversity, Board composition, Strategy & Covid-19	<p>Barclays</p> <ul style="list-style-type: none"> Engagement topic: Discussing Barclays' set target of reducing its carbon footprint to net zero by 2050 Outcome: LGIM voted in favour of the proposal for Barclays to set this target. LGIM will further help Barclays on the detail of their plans and targets by working closely with Barclays and their key stakeholders <p>ExxonMobil</p> <ul style="list-style-type: none"> Engagement topic: ExxonMobil's refusal to disclose and set targets for its total carbon emissions, as well as resisting calls from shareholders to appoint an independent chair Outcome: LGIM announced that they would be removing ExxonMobil from their Future World

			<p>Fund range and will be voting against the current chair of the board</p>
Insight	683 firmwide	ESG disclosure, Governance, Investment opportunities, Strategy	<p>Kensington</p> <ul style="list-style-type: none"> Engagement topic: Improving ESG disclosure Outcome: The company implemented defined ESG targets as part of its business process. They have committed to publicly report metrics on an <u>annual basis</u>.
			<p>River Green</p> <ul style="list-style-type: none"> Engagement topic: Investing in green commercial mortgage backed security (CMBS) transaction Outcome: A loan was agreed to finance a Grade-A office complex in Greater Paris. The building has a Grade A BREEAM rating (energy efficiency) and meets the UN Sustainable Development Goal 11 (Sustainable Cities and Communities) as well as the ICMA Green Bond Principles. This was one of the first green CMBS deals to be issued in Europe
			<p>Blackdiamond</p> <ul style="list-style-type: none"> Engagement topic: Governance concerns Outcome: Insight chose not to invest in collateralised loan obligation provided by Blackdiamond given governance concerns

¹Total number of manager engagements for Partners Group relates specifically to that of the MAC IV fund which the Scheme is invested in.

² Manager engagement information provided by LGIM covers the 12-month period ending 31 December 2019.

Review of policies

The Trustees and their investment advisers remain satisfied that the responsible investment policies of the Scheme's investment managers and, where appropriate, those investment managers' voting policies remain suitable for the Scheme and are consistent with the Scheme's Statement of Investment Principles.