University of Oxford Staff Pension Scheme ('OSPS' or 'the Scheme')

Scheme facts and figures

This document contains key figures illustrating the development of our Scheme over the year that ended on 31 March 2019.

Defined Benefit (DB) section - Funding reminder

You may recall from previous Trustee newsletters that we regularly publish a 'summary funding statement' – a statement of the Plan's funding level, the balance between the money building up in the Plan and the benefits it needs to pay. We have this balance checked every three years in a formal process known as a valuation and receive less formal updates in the years between valuations.

A valuation is currently going on using information about the Plan from 31 March 2019, so there is no summary funding statement this time. Below is a reminder of the funding level at the previous valuation in 31 March 2016, and the subsequent updates. As explained in last year's newsletter, the fall in the funding level over the year to 31 March 2018 occurred around the date of the update and the general trend of the funding level is above 80%. A clearer picture should emerge from the results of the 2019 valuation.

	Valuation at 31 March 2016	Update at 31 March 2017	Update at 31 March 2018
Value of OSPS's assets	£527.8 million	£646.9 million	£677.9 million
Funding target	£660.7 million	£816.8 million	£869.7 million
Shortfall	£132.9 million	£169.9 million	£191.8 million
			
Funding level	**80%**	**79%**	**78%**

The 2018 value of OSPS's assets shown here is different from the 2018 value in the accounts table on page 2, because it does not include Additional Voluntary Contributions ('AVCs').

From the accounts

This section includes a summary of the Scheme accounts for the year ending on 31 March 2019, taken from our Annual Report & Financial Statements for the year to 31 March 2019. The full versions of these figures have been audited by Grant Thornton UK LLP, who have confirmed they give a true and fair picture of the year's transactions.

If you would like to see a copy of the full Annual Report & Financial Statements, please visit the 'Documents' section of the OSPS website at: https://finance.admin.ox.ac.uk/osps-documents

	DB section	Investment Builder section	Total
	£000s	£000s	£000s
Income			
Employers' contributions (including salary sacrifice)	26,051	2,417	28,468
Members' ordinary contributions	2,923	313	3,236
Members' additional voluntary contributions	183	33	216
Transfers in	18	324	342
Investment income	4,510	–	4,510
Total income	**33,685**	**3,087**	**36,772**
Expenditure			
Pensions	15,429	–	15,429
Cash sums paid when members retired or died	5,191	4	5,195
Payments for members leaving OSPS	1,869	27	1,896
Administration and investment management fees	3,496	371	3,867
Total expenditure	**25,985**	**402**	**26,387**
Value of the Scheme's assets at 31 March 2018	**680,201**	**287**	**680,488**
The difference between income and expenditure	7,700	2,685	10,385
The change in the market value of the Scheme's investments	49,889	79	49,968
Value of the Scheme's assets at 31 March 2019	**737,790**	**3,051**	**740,841**

Member numbers

	CARE section	Investment Builder section	Total 2019	Total 2018
Active members – currently contributing and building up benefits	4,113	1,644	5,757	5,547
Deferred members – no longer contributing, but with benefits in the Section to take at retirement	6,389	418	6,807	6,212
Pensioners (including dependants of members who have died) – now receiving their benefits	4,073	–	4,073	3,887
Total	**14,575**	**2,062**	**16,637**	**15,646**

Investment update

DB (CARE) section

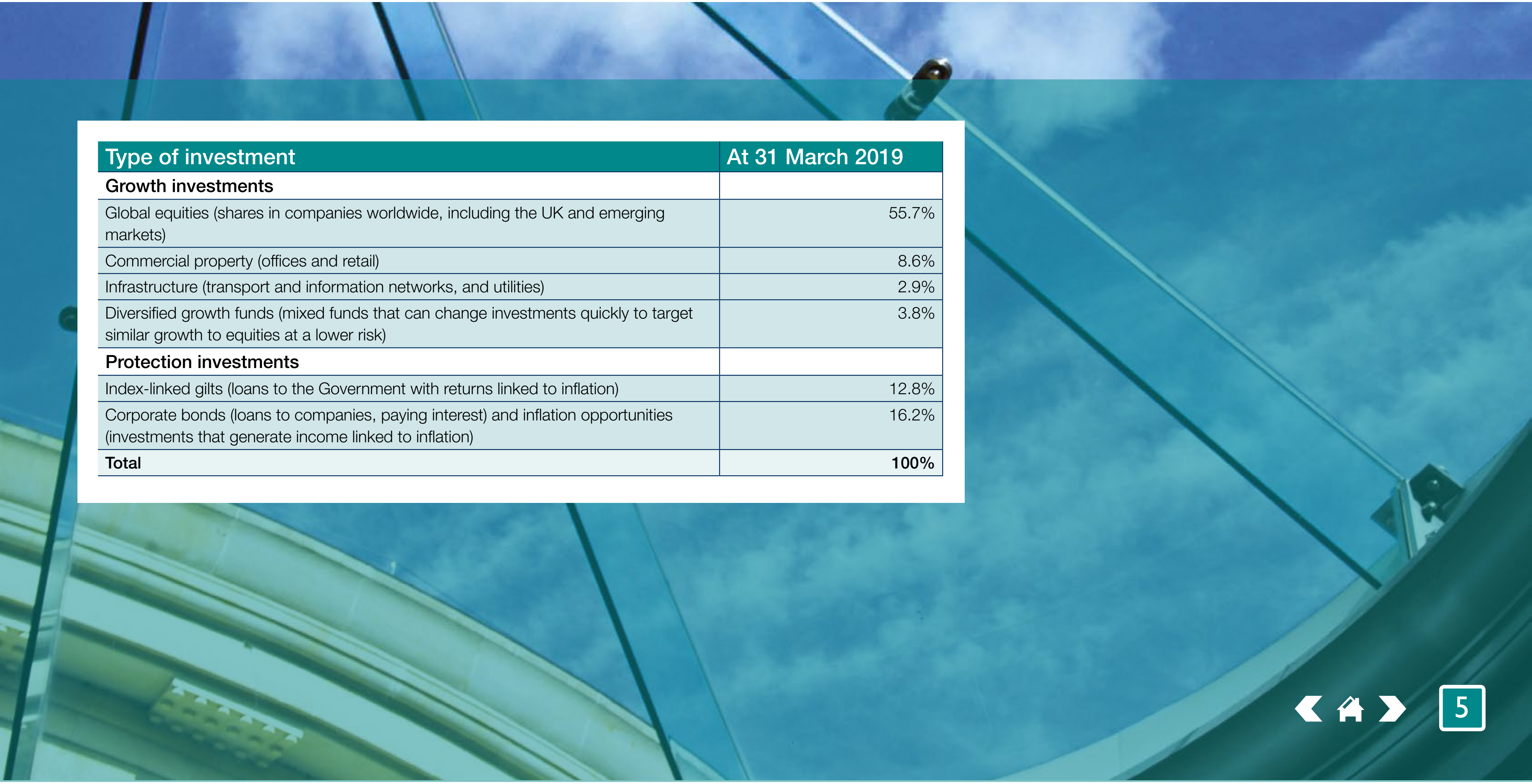
Our strategy for investing the money in the DB section is to achieve growth to cover the cost of paying benefits with increases, but without too much risk of short-term falls in value.

As we explained in last year's newsletter, we are currently in the process of reviewing and updating the investment strategy in line with the section's evolving needs. We have broadly divided the investments into those that target growth and those that offer protection from short-term falls in value.

	Asset type	% range of overall assets
Growth investments – funds which are expected to receive relatively high returns, but also carry a higher risk.	Equities (or company shares).	40% to 60%
	Property	8% to 15%
	Other 'illiquid' investments (such as infrastructure)	Zero to 10%
Protection investments – funds which are expected to be more stable than growth investments, and change value broadly in line with the cost of providing pensions.	Credit (including corporate bonds)	15% to 25%
	Matching assets (currently gilts, which are bonds issued by the Government)	10% to 15%

'Illiquid' refers to investments that may take some time to buy and sell, such as property and infrastructure. However, as pension scheme investment takes place over long time-frames, this potential disadvantage is outweighed by the good returns and useful diversification these types of investment are expected to provide.

As you can see, the actual investment spread at 31 March 2019 was moving closer to the target investment spread set out above.



Type of investment	At 31 March 2019
Growth investments	
Global equities (shares in companies worldwide, including the UK and emerging markets)	55.7%
Commercial property (offices and retail)	8.6%
Infrastructure (transport and information networks, and utilities)	2.9%
Diversified growth funds (mixed funds that can change investments quickly to target similar growth to equities at a lower risk)	3.8%
Protection investments	
Index-linked gilts (loans to the Government with returns linked to inflation)	12.8%
Corporate bonds (loans to companies, paying interest) and inflation opportunities (investments that generate income linked to inflation)	16.2%
Total	**100%**

The table below shows the current spread of investment managers and the investments they hold. Since the date of the last newsletter we have appointed Sands Capital Funds as a new manager of ‘emerging market’ equities (from fast-growing economies such as India and China).

Manager	Type of investment held
Acadian Asset Management	Global equities
BlackRock Advisors (UK) Limited	Corporate bonds and diversified growth
Capital International	Emerging market multi-asset
Columbia Threadneedle Portfolio Services Limited	Property
DIF Management BV	Infrastructure
Generation Investment Management LLP	Global equities
M&G Investment Management	Inflation opportunities
Macquarie Investment Management (UK) Limited	Infrastructure
Sands Capital Funds	Emerging market equities
State Street Global Advisors	Passively-managed equities and bonds

Investment performance

We monitor the individual managers’ performance using agreed targets or ‘benchmarks’. We also have a benchmark for the whole DB section’s investment performance. The table below shows the whole DB section’s investment performance, compared to its benchmark, over one, three and five years ending on 31 March 2019.

At 31 March 2019	Scheme	Benchmark
Over one year	8.8%	8.0%
Yearly average over three years	10.7% a year	9.2% a year
Yearly average over five years	9.1% a year	7.9% a year

Investment Builder section

Over the year to 31 March 2019 all the Pathway funds’ returns were between -0.42% and -0.95%. This reflects the current difficult investment conditions for equities. You can see more up-to-date investment returns for all the Pathway funds by logging into ‘Manage your account’ on the pension website.

SB6856