

NOTES TO THE ANNUAL ACCOUNTS

STATEMENT 8

20.7 Lothian Pension Fund Assets by Category

The asset values below are at bid value as required by IAS 19

Equity Securities:

	2023/24		2022/23	
	£'000	%	£'000	%
*Consumer	165,616	12%	163,829	12%
*Manufacturing	192,572	14%	184,200	14%
*Energy and Utilities	76,175	5%	80,607	6%
*Financial Institutions	82,558	6%	80,383	6%
*Health and Care	90,612	6%	98,153	7%
*Information Technology	69,519	5%	55,496	4%
*Other	86,010	6%	91,242	7%

Private Equity:

All	7,169	1%	4,384	-
*All	5,708	-	836	-

Investment funds and unit trusts:

*Equities	-	-	17,790	1%
Equities	-	-	1,035	-
Commodities	15,538	1%	-	-
*Infrastructure	3,175	-	-	-
Infrastructure	208,223	15%	190,442	14%

Equity

1,002,875	71%	968,397	71%
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Debt Securities:

Corporate Bonds A (investment grade)	22,632	2%	20,840	2%
*UK Government	188,502	13%	154,912	12%
*Other	24,276	2%	27,908	2%

Investment funds and unit trusts:

*Bonds	-	-	-	-
Bonds	35,667	3%	38,691	3%

Derivatives:

*Foreign exchange	(223)	-	57	-
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Bonds

270,854	20%	242,408	19%
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Real Estate:

*UK Property	-	-	8,956	1%
UK Property	71,654	5%	51,238	4%
*Overseas Property	4,747	-	1,775	-
Overseas Property	13	-	370	-

Property

76,414	5%	62,339	5%
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Cash and cash equivalents

*All	52,073	4%	63,110	5%
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Cash and cash equivalents

52,073	4%	63,110	5%
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Total

1,402,216	100%	1,336,254	100%
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Assets marked with an asterisk (*) have quoted prices in active markets and equate to £1,065.413 million (£1,050.094 million 2022/23) with prices not quoted in active markets totalling £336.803 million (£286.160 million 2022/23).

20.8 Basis for Estimating Assets and Liabilities

Liabilities are valued on an actuarial basis using the projected unit credit method which assesses the future liabilities of the fund discounted to their present value. The valuations are based on a valuation as of 31 March 2023 and updated for the following period by Hymans Robertson, the independent actuaries to the Lothian Pension Fund. The significant assumptions used in the calculations for both the Lothian Pension Fund and discretionary payments are:

Mortality Assumptions

Life expectancy is based on the Fund's VitaCurves with improvements in line with the Continuous Mortality Investigation (CMI) 2022 model, with a 25% weighting of 2022 data, 0% weighting of 2021 (and 2020) data, standard smoothing (Sk7), initial adjustment of 0.25% and long term rate of improvement of 1.5% p.a. for both males and females. Based on these assumptions, the average future life expectancies at age 65 are summarised on page 76.

Investment Returns

The return on the Fund in market value terms for the period to 31 March 2024 is estimated based on actual Fund returns. Index returns, where used, are based on employer asset holdings. Details are given below:

Actual Returns from 1 April 2023 to 31 March 2024

6.1%