Royal Liver Assurance Limited Superannuation Fund (ROI)

Annual Report and Financial Statements

for the year ended 31 December 2019

Scheme Registration Number: PB 153418

Contents

Trustee and advisers

Principal Employer	Royal Liver Trustee Services Ireland Limited ("the Company")
Corporate Trustee	R. L. Pensions Trustees (R.O.I.) Company Limited by Guarantee
Directors of the Corporate Trustee "Trustee Directors"	**Employer nominated** John Feely (Chairman) (I) Viviana Pascoletti Lorna Blyth (appointed 1 January 2019) **Member nominated** Jim Potter (P) Michael Murphy (P) (I) *Independent trustee* (P) *Pensioner member*
Scheme actuary	Keith Burns (FSAI) of Towers Watson (Ireland) Limited
Registered administrators	The Royal London Mutual Insurance Society Limited
Independent auditors	PricewaterhouseCoopers LLP
Legal advisers	Matheson DLA Piper A B Wolfe CMS Cameron McKenna LLP Thor Lion LLP
Investment consultant	Mercer Limited
Investment managers	Royal London Asset Management Limited Legal & General Assurance (Pensions Management) Limited Standard Life Investments Limited (inactive from 21 October 2019)
Investment custodian	HSBC Bank plc (HSBC Securities Services)
Additional Voluntary Contribution (AVC) provider	Irish Life Assurance plc
Bankers	Allied Irish Bank
Contact for enquiries	Provided on further information page 37

The Royal London Mutual Insurance Society Limited is the parent company of Royal Liver Trustee Services Ireland Limited, Royal London Asset Management Limited and Royal London Management Services Limited. Throughout this report the term "Royal London Group" refers to the parent and the subsidiary companies.

Trustee's report

Introduction

The Trustee Directors of the R. L. Pensions Trustees (R.O.I.) Company Limited by Guarantee ("the Trustee") present their annual report and financial statements of the Royal Liver Assurance Limited Superannuation Fund (ROI) ('the Scheme') for the year ended 31 December 2019.

Scheme constitution and management

The Scheme is an occupational defined benefit pension scheme set up to provide retirement benefits for its members and is regulated under the Pensions Act 1990. The Scheme is a distinct legal entity separate in every respect from the Principal Employer, Royal Liver Trustee Services Ireland Limited.

The Scheme has been approved by the Revenue Commissioners as an "exempt approved scheme" under Section 774 of the Taxes Consolidation Act 1997 and as such its assets are generally allowed to accumulate free of income and capital gains taxes. In addition tax relief is given on employer and member contributions to the Scheme and certain lump sum payments to members can be paid free of tax.

There were no changes during the year to the Scheme information specified in Schedule C of the Occupational Pension Schemes (Disclosure of Information) Regulations, 2006 (as amended). The content of the report conforms to the Occupational Pension Schemes (Disclosure of Information) Regulations, 2006.

The Scheme is registered with The Pensions Authority under registration number PB153418.

Trustee

The Scheme is governed by a definitive Trust Deed and Rules which members are entitled to inspect or on payment of a small charge receive a copy of the documents.

The Scheme is overseen by a Corporate Trustee whose Trustee Directors are responsible for setting the strategy and for managing the Scheme. The Trustee Directors are required to act in accordance with the Trust Deed and Rules of the Scheme and the Constitution of the Trustee within the framework of pension and trust law.

The Company has power under the Trust Deed to appoint or remove the Corporate Trustee. The Trustee Directors are appointed and removed in accordance with the Trust Deed and the Articles of association of the Corporate Trustee. The Member Nominated Trustee Director arrangements are determined by the Trustee. The Trustee ordinarily has five Trustee Directors, three of whom are nominated by the Principal Employer and two by Scheme members. The persons who acted as Trustee Directors during the year are listed on page 1.

The right of members to select or approve the selection of Trustee Directors is set out in the Occupational Pension Schemes (Member Participation in the selection of Persons for Appointment as Trustees) (No. 3) Regulations, 1996.

There were [four] meetings of the Trustee Directors during the year. Voting at Trustee meetings is by simple majority except in the event of an equality of votes when the Chairman has the casting vote.

Trustee's report (continued)

Trustee (continued)

The stewardship of the Scheme assets is in the hands of the Trustee.

Under the Occupational Pension Schemes (Disclosure of Information) Regulations, 2006, the Trustee Directors are required to disclose the risks to members and the Statement of risks required under Schedule M of the Occupational Pensions Schemes (Disclosure of Information) Regulations, 2006 (as amended) is included on pages 35 to 36.

Trustee Directors received training as required by Section 59AA of the Pensions Act 1990, which requires Trustee Directors of pension schemes to undergo training during the Scheme year. Trustee training has taken place at scheduled meetings of the Trustee Board during the year. Trustee Directors have access to appropriate training on their duties and responsibilities as Trustee Directors. There were no expenses incurred by the Scheme relating to the Trustee Directors' training.

The Trustee Directors have appointed professional advisers and other organisations to support them in delivering the Scheme's objectives. These individuals and organisations are listed on page 1. The Trustee has written agreements with each of them.

The day-to-day administration of the Scheme is carried out by the Scheme Administrator, the Staff Pensions department of The Royal London Mutual Insurance Society Limited.

The Trustee and the Scheme Administrator have access at all times to the Trustee's Handbook produced by The Pensions Authority and the Guidance Notes issued by The Pensions Authority from time to time, in accordance with Section 10 of the Act.

The Scheme has an internal procedure for resolving any disputes which may arise. Any complaints should in the first instance be made in writing to the Staff Pensions Team at the address provided in the 'Further information' on page 36. If the complaint is not resolved to the member's satisfaction, they have a statutory right to raise the issue through the Internal Dispute Resolution Procedure (IDRP), by submitting a formal application in writing to the Scheme Secretary at the contact address provided in the 'Further information' on page 37. The IDRP is included at the end of this annual report and financial statements on pages 50 to 51.

Review of financial development of the Scheme

The financial statements included in this annual report are the accounts required by the Pensions Act 1990. They have been prepared and audited in compliance with the Occupational Pension Schemes (Disclosure of Information) Regulations 2006 (as amended). The financial statements are prepared in accordance with the Financial Reporting Standard (FRS) 102 and the guidelines set out in the Statement of Recommended Practice, Financial Reports of Pensions Schemes (Revised June 2018).

The financial statements are set out on pages 16 to 33.

The value of the Scheme's net assets increased from €260.3 million at the start of the year to €281.5 million at the year end. The increase was accounted for largely by €30.7 million net returns from investments offset partially by €9.5 million net withdrawals from dealings with members.

Trustee’s report (continued)

Contributions

There were no contributions payable to the Scheme during the year as the Scheme is closed to future benefits accrual. This is in accordance with the rules of the Scheme and the recommendations of the Actuary.

The Trustee is satisfied that appropriate procedures have been put in place to ensure that contributions payable are received in accordance with the legislative requirements as set out under Section 58A of the Pensions Act 1990. This legislation sets out the following requirements:

- Member contributions must be received within 21 days from the end of the month in which they were deducted from pay.
- Employer contributions must be received in accordance with the timings noted by the Actuary or stated in the Trust Deed and Rules or otherwise within 30 days of the end of the Scheme year.

Pension increases

The Trust Deed and Rules makes provision for increases in pensions in payment and deferred pensions. The increases applied depend on when the benefits were accrued. The table below summarises the most recent increases applied to pensions in payment. None of the increases was discretionary.

Pensions in payment	2019	2018	Effective increase date
Accrued before 6 April 1997	0.6%	-	1 April
Accrued between 6 April 1997 and 1 January 2004	2.4%	3.0%	1 April
Accrued after 1 January 2004	0.6%	-	1 April

Pensions in payment accrued before 6 April 1997 and after 1 January 2004 are increased at the discretion of the Trustee subject to the agreement of the Principal Employer.

Pension increases for pensions in payment accrued between 6 April 1997 and 1 January 2004 are subject to a Transfer Agreement which linked increases to the UK Prices Index used for UK statutory pension increases subject to a maximum of 5.0%. In 2019 pension increases were applied at 2.4% based on the UK Consumer Prices Index (CPI) as at 30 September 2018.

There were no pensions or pension increases being paid by or at the request of the Trustee for which the Scheme would not have a liability in the event of its winding up.

Deferred pensions were revalued on 1 January 2019 in accordance with Section 33 of the Pensions Act 1990, as amended at a rate equal to the increase in the Consumer Prices Index (CPI) or 4% per annum whichever is the lower.

The rate announced in the Information Note on Occupational Pension Schemes Revaluation Rate 2019 was 0.5% per annum.

Details of members’ benefits are provided in the explanatory booklet which is distributed to all members and individual details appear on each member’s benefit statement.

Trustee's report (continued)

Membership

Members of the Scheme are former eligible employees of Royal Liver Trustee Services Ireland Limited previously Royal Liver Assurance Limited. On 1 July 2011 the Scheme was closed to new members and to future benefits accrual for existing members. All active members as at 30 June 2011 became deferred.

The change in membership during the year is as follows:

	Deferred members	Pensioner members	Beneficiaries	Total
At 1 January 2019	**465**	**613**	**168**	**1,246**
Adjustments to prior year figures	(2)	(2)	1	(3)
At 1 January 2019 revised	**463**	**611**	**169**	**1,243**
Members retiring	(9)	9		-
Transfers Out	(5)			(5)
Deaths	-	(12)	(12)	(24)
New spouse and dependant pensions	-	-	7	7
At 31 December 2019	**449**	**608**	**164**	**1,221**

An adjustment was made to the prior year figure to reflect an accurate position of the membership of the Scheme as at 1 January 2019 which resulted from late notifications.

Beneficiaries are those people receiving a benefit from the Scheme who are not themselves Scheme members such as those in receipt of a spouse's or dependant's pension.

Trustee's report (continued)

Report on Actuarial liabilities

The Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" (FRS 102), does not require the financial statements to include liabilities in respect of promised retirement benefits.

The Pension Act 1990 requires a scheme to perform an actuarial valuation at an interval of not more than 3 years. The valuation is required to be prepared in accordance with section 56 of the Act.

A full actuarial valuation of the Scheme was carried out as at 31 December 2018. A recent funding update was performed as at 31 December 2019. The results of the valuation as at 31 December 2018 and the most recent funding update as at 31 December 2019 are provided below.

Valuation date: 31 December	**Funding Update 2019 €'000**	Full Valuation 2018 €'000
Value of liabilities	**233,400**	213,600
Value of assets available to meet liabilities	**281,105**	259,800
Surplus	**47,705**	46,200
Funding level as a percentage of liabilities	**120%**	122%

The values of assets at both dates exclude Additional Voluntary Contributions. Following this valuation the Scheme Actuary indicated that there is no contribution required under the ongoing funding programme as the Scheme had a surplus at the valuation date and there is no future service accrual under the Scheme.

A minimum funding test which reflects the position if the Scheme is discontinued is set out in section 44 of the Pensions Act 1990. This test is confirmed by a scheme actuary through an Actuarial Funding Certificate (AFC).

Legislation requires that pension schemes hold additional assets above those currently required by the minimum funding test. These additional assets are to be considered as a risk reserve to allow for adverse future experience relating to the assets and liabilities of pension schemes. This requirement is confirmed by a scheme actuary through a Funding Standard Reserve Certificate (FSRC).

The Scheme Actuary confirmed that as at 31 December 2018 (the effective date) both the AFC and FSRC satisfied the requirements under sections 44(1) and (2) of the Pensions Act 1990 respectively and they were submitted to the Pensions Authority. Copies of both certificates are on pages 47 and 48 respectively.

The value of liabilities (technical provisions) is based on pensionable service to the date of closure to future accrual (1 July 2011) and assumptions about various factors that will influence the Scheme in the future, such as the levels of investment returns, when members will retire and how long members will live. The method and significant assumptions used in the valuation as at 31 December 2018 are as follows:

Method

The actuarial method used in the calculation of the liabilities is the Projected Unit Method in accordance with Actuarial Standard of Practice (ASP) PEN-1 ("Funding Defined Benefits – Actuarial Reports") issued by the Society of Actuaries in the Republic of Ireland.

Trustee’s report (continued)

Report on Actuarial liabilities (continued)

Significant actuarial assumptions
- **Investment return**: nominal swap curve plus 0.68% per annum for both pensioners and non-pensioners.
- **Price inflation**: derived from nominal and real swap curves.
- **Pension increases** on pensions accrued between 6 April 1997 and 31 December 2003: derived from nominal and real swap curves (UK).
- **Mortality**: for the period in post-retirement standard mortality tables with a factor of 86% for male and 98% for female per annum with an increase to annuity value of 1.33% per annum between 2008 and the members NRA.

Next actuarial valuation

The next actuarial valuation will be as at 31 December 2021.

Investment management

Investment principles and strategy

The ultimate responsibility for deciding investment policy lies with the Trustee. The investment responsibilities of the Trustee are governed by the Scheme’s Trust Deed and Rules and relevant legislation.

The Trustee maintains a Statement of Investment Policy Principles (SIPP) as required by section 35 of the Pensions Act 1995. The statement also meets the requirements of the Occupational Pension Schemes (Investment) Regulations 2006.

A copy of the SIPP is included on pages 40 to 45.

The Trustee’s investment strategy considers the Scheme’s investments in the following categories:
- **Matching assets**: these are predominantly bonds, Liability Driven Investments (LDI) funds and swaps which have the objective of securing fixed or inflation-adjusted future cash flows and the investments are generally expected to be held to maturity.
- **Growth assets**: these are predominantly equities, diversified growth funds and properties which have the objective of seeking a return within the constraints of the risk profile set by the Trustee.

Trustee’s report (continued)

Investment management (continued)

The Scheme’s investment types managed by each of the investment managers and their proportions are shown below:

Fund manager	Asset class	Actual holding %	Central benchmark allocation %	Control ranges %
Royal London Asset Management	Corporate bonds	**40**	40	35 – 50
Royal London Asset Management	Liability Driven Investments (LDI)	**46**	45	40 – 50
Royal London Asset Management	Cash	**-**	-	0 – 5
	Matching assets	**86**	**85**	80 – 90
Legal & General Investment Management Limited	World Equity	**14**	7	4 – 10
	Infrastructure Equity*		5	0 – 10
	Emerging Market Debt*		3	0 – 6
	Growth assets	**14**	**15**	10 – 20
	Total	**100**	**100**	

*At the time of preparing this report, allocations to these funds had not yet been made

The table above represents the allocation of assets held by each investment manager of the Scheme as at 31 December 2019 and the related benchmark and control ranges relevant as at that date. The table does not include AVC investments and other investment receivables. Asset allocations are monitored against the SIPP by using investment performance reports prepared by each investment manager.

The control ranges in the table show the minimum and maximum variation from the central position for each asset class as well as the total for matching and growth assets categories that will be accepted by the Trustee. The Trustee monitors the asset allocation as at each calendar quarter end. If the control ranges have been exceeded, the Trustee will consider what rebalancing action should be taken.

More details of the Scheme's investments are given in note 11 to the financial statements.

The Trustee has considered the nature, disposition, marketability, security and valuation of the Scheme’s investments and considers them to be relatively appropriate to justify the holding of each class of the investments.

Trustee’s report (continued)

Investment management (continued)

The Trustee considers that the spread of investments both geographically and by investment category enables the Scheme to benefit from potentially higher rates of investment growth in different markets, whilst also decreasing the effect that price fluctuations within a particular market may have on the Scheme. The proportion of the Scheme's assets invested in a particular market is determined by reference to the relative rate of return and the relative level of risk associated with that market.

The Trustee considers that a significant majority of the Scheme's investments are readily marketable.

More details on investment risks are given in note 19 to the financial statements.

Management and custodial arrangements

The Trustee has appointed professional investment managers which are listed on page 1 to manage the Scheme's investments on a day-to-day basis. The managers have full discretion to invest world-wide subject to the restrictions and investment policies laid down by the Trustee in the Investment Management Agreements (IMA) which are designed to ensure that the objectives and policies set out in the SIPP are followed.

The investment managers are all authorised and regulated by the Financial Conduct Authority of the United Kingdom or the relevant authority in the domicile country.

The mandates put in place by the Trustee specify how rights attaching to the Scheme’s segregated investments are acted upon. This includes active voting participation and a requirement to consider environmental, social and governance factors when making investment decisions. The Trustee has less influence over the underlying investments within pooled investment vehicles held by the Scheme but review the manager’s policies and statements of compliance in respect of these matters.

The Trustee has appointed HSBC Bank plc (HSBC Securities Services) to keep custody of the Scheme’s investments other than:

- Pooled investment vehicles where the managers make their own arrangements for custody of underlying investments;
- Additional Voluntary Contributions where the providers listed make their own arrangements for the management and custody of the underlying investments.

Investment managers fee structure

The investment managers’ fees are based on a percentage per annum of the value of assets under management, details of which are included in the IMA. The fee scales are negotiated with the investment managers and are different by fund type. The Trustee periodically ensures that the fee levels remain competitive.

Trustee's report (continued)

Review of investment performance

The Trustee assesses the performance of the Scheme's investments by reference to the asset categories consistent with the overall strategy as follows.

An analysis of the Scheme's investment performance measured against the benchmarks as at 31 December 2019 is provided below.

- **Matching assets** which mainly comprise of a combination of LDI and Credit portfolios are compared with the relevant benchmarks although the Trustee's main focus is on securing cash flows as such growth in these assets, which is normally linked to growth in liabilities and vice versa, is less relevant.
- **Growth assets** are comprised of World Equity Index funds and are assessed by reference to the relevant benchmarks with set performance targets for each investment manager.

The table below shows the performance of the Scheme's investments over 1 and 3 years relative to the appropriate benchmarks and in line with the review periods.

Annualised return over	**1 year**	**3 years**
LDI and Credit portfolios	**10.6%**	**4.1%**
Benchmark	*9.6%*	*3.9%*
World Equity Index fund	**24.7%**	**9.9%**
Benchmark	*24.7%*	*9.9%*
Total Scheme	**12.7%**	**6.3%**
Benchmark	*10.5%*	*4.7%*

The main factors that impacted performance of major asset categories over the benchmarks measured against during the year were as follows:

- The combined LDI and Credit portfolio outperformed against the liability cash flow benchmark over the period under review. This is largely due to the outperformance of the Credit portfolio against its benchmark as well as a combination of the different spread moves from credit, Austrian, Belgium, Finnish and Dutch government bonds and swaps against the German and French government bond liability benchmarks.
- The World Equity Index fund performed in line with its benchmark, with strong returns recoded from global equity markets over the period under review.

Employer related investments

There were no employer related investments held directly or indirectly by the Scheme during the year (2018: None).

Related party transactions

Details of related party transactions are given in note 24 to the financial statements.

Trustee's report (continued)

Statement of Trustee's responsibilities

Trustee's responsibilities in respect of the financial statements

The financial statements are the responsibility of the Trustee. Irish pension legislation requires the Trustee to make available for each Scheme year the annual report of the Scheme, including audited financial statements and the report of the auditor, to Scheme members, beneficiaries and certain other parties. The financial statements are required to:

- show a true and fair view, in accordance with Generally Accepted Accounting Practice in Ireland, of the financial transactions for the Scheme year and the assets and liabilities (other than liabilities to pay benefits in the future) at the end of the Scheme year; and

- contain the information specified in the Occupational Pension Schemes (Disclosure of Information) Regulations 2006 (as amended), including a statement as to whether the financial statements have been prepared in accordance with the Financial Reporting Standard 102 – the Financial Reporting Standard applicable in the UK and Republic of Ireland issued by the Financial Reporting Council and the guidelines set out in the Statement of Recommended Practice, Financial Reports of Pension Schemes (Revised June 2018) (SORP).

Accounting standards generally accepted in Ireland in preparing financial statements showing a true and fair view are those published by the Institute of Chartered Accountants in Ireland and issued by the Accounting Standards Board.

Accordingly, the Trustee must supervise the preparation of the financial statements and ensure that:

- suitable accounting policies are selected and then applied consistently;
- reasonable and prudent judgements and estimates are made; and
- the SORP is followed, or particulars of any material departures are disclosed and explained.

The Trustee is responsible for ensuring that proper membership and financial records are kept on a timely basis sufficient to enable an Annual Report to be prepared for the Scheme containing the information specified in regulation 7 of the Occupational Pension Schemes (Disclosure of Information) Regulations 2006 (as amended). The Trustee is also responsible for safeguarding the assets of the Scheme and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities, including the maintenance of an appropriate system of internal control.

Trustee's responsibilities in respect of contributions

The Trustee is required by law to have appropriate procedures in place throughout the year under review, to ensure that:

- contributions payable during the Scheme year are received by the Trustee in accordance with the timetable set out in Section 58A of the Act where applicable to the contributions and otherwise within 30 days of the end of the Scheme year and;

- contributions payable are paid in accordance with the rules of the Scheme and the recommendations of the Actuary.

Subsequent events

Since the year end, due to the global impact of the COVID-19 pandemic, the value of investment assets and liabilities have both been impacted, although not to such an extent as to materially impact funding strength.

Due to ongoing market volatility it is difficult to quantify the impact precisely. The Trustee is monitoring the situation closely in conjunction with the Scheme's advisors and the Scheme remains in surplus.

Trustee's report (continued)

Statement of Trustee's responsibilities

Further information

We trust that members find this report informative and we are pleased to acknowledge the assistance received from the Principal Employer's parent company, The Royal London Mutual Insurance Society Limited, and its staff during the year as well as from our various professional advisers.

Any enquiries about the Scheme can be made by contacting the Staff Pensions Team at the address provided in the 'Further information' on page 37. A copy of this annual report and financial statements is available on the Royal London Group website at https://www.royallondon.com/about-us/corporate-information/key-financial-information/annual-reports.

Approval

The Trustee's report on pages 2 to 12 was approved by the Trustee Directors on 17 June 2020.

Signed for and on behalf of R. L. Pensions Trustees (R.O.I) Company Limited by Guarantee by:

Lorna Blyth

Trustee Director

John Feely

Trustee Director

Independent Auditors' report to the Trustee of the Royal Liver Assurance Limited Superannuation Fund (ROI)

Report on the audit of the financial statements

Opinion

In our opinion, Royal Liver Assurance Limited Superannuation Fund (ROI)'s financial statements:

- give a true and fair view of the financial transactions of the Scheme during the year ended 31 December 2019 and of the amount and disposition of the assets and liabilities (other than liabilities to pay pensions and other benefits in the future) at that date; and
- have been properly prepared in accordance with Generally Accepted Accounting Practice in Ireland (accounting standards issued by the Financial Reporting Council of the UK, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and Irish law).

We have audited the financial statements, included within the Annual Report and Financial Statements, which comprise:

- the statement of net assets available for benefits as at 31 December 2019;
- the fund account for the year then ended; and
- the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) ("ISAs (Ireland)") and applicable law.

Our responsibilities under ISAs (Ireland) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Scheme in accordance with the ethical requirements that are relevant to our audit of the financial statements in Ireland, which includes IAASA's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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

- the Trustee's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustee has 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.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Scheme's ability to continue as a going concern.

Independent Auditors' report to the Trustee of the Royal Liver Assurance Limited Superannuation Fund (ROI) (continued)

Report on the audit of the financial statements (continued)

Reporting on other information

The other information comprises all of the information in the Annual Report and Financial Statements other than the financial statements and our auditors' report thereon. The Trustee is responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

Responsibilities for the financial statements and the audit

Responsibilities of the Trustee for the financial statements

As explained more fully in the statement of trustee's responsibilities set out on pages 11 and 12, the Trustee is responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view.

The Trustee is also responsible for such internal control as the Trustee determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Trustee is also responsible for ensuring that contributions are made to the Scheme in accordance with the Scheme's rules and the recommendation of the actuary.

In preparing the financial statements, the Trustee is 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 Trustee either intends to wind up the Scheme or has no realistic alternative but to do so.

Auditors' 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 auditors' 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 (Ireland) 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 Irish Auditing and Accounting Supervisory Authority website at: https://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description_of_auditors_responsibilities_for_audit.pdf.

This description forms part of our auditors' report.

Independent Auditors' report to the Trustee of the Royal Liver Assurance Limited Superannuation Fund (ROI) (continued)

Report on the audit of the financial statements (continued)

Use of this report

This report, including the opinions, has been prepared for and only for the Trustee as a body in accordance with section 56 of the Pensions Act 1990, as amended and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Occupational Pension Schemes (Disclosure of Information) Regulations, 2006

In our opinion:

- The financial statements include the information specified in Schedule A to the Occupational Pension Schemes (Disclosure of Information) Regulations, 2006 which is applicable and material to the Scheme;
- the contributions payable to the Scheme during the year ended 31 December 2019 have been received by the Trustee within thirty days of the end of the Scheme year; and
- such contributions have been paid in accordance with the rules of the Scheme and the recommendations of the actuary.

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Audit Firm
Manchester

17 June 2020

Fund account

	Note	**2019** **€'000**	2018 €'000
Contributions and other income			
Other income	*4*	**2**	-
		2	-
Benefits and other payments			
Benefits paid or payable	*5*	**8,316**	8,380
Payments to and on account of leavers	*6*	**724**	1,413
Administrative expenses	*7*	**464**	437
		9,504	10,230
Net withdrawals from dealings with members		**(9,502)**	(10,230)
Returns on investments			
Investment income	*8*	**5,500**	4,554
Change in market value of investments	*11*	**25,781**	(3,820)
Investment management expenses	*9*	**(584)**	(552)
Net returns on investments		**30,697**	182
Net increase/(decrease) in the fund		**21,195**	(10,048)
Opening net assets		**260,334**	270,382
Closing net assets		**281,529**	260,334

The notes to the financial statements on pages 18 to 33 form part of these financial statements.

Statement of net assets available for benefits as at 31 December 2019

	Note	**2019**	2018
		€'000	€'000
Investment assets			
Bonds	*11*	**228,590**	208,313
Derivatives	*12*	**3,888**	1,507
Pooled investment vehicles	*14*	**40,160**	40,846
Cash	*15*	**12,372**	7,642
Other investment balances	*16*	**2,546**	3,915
AVC investments	*17*	**424**	506
		287,980	262,729
Investment liabilities			
Derivatives	*12*	**(5,730)**	(2,954)
Other investment balances	*16*	**(1,250)**	(1)
		(6,980)	(2,955)
Total net investments		**281,000**	259,774
Current assets	*22*	**841**	995
Current liabilities	*23*	**(312)**	(435)
Total net assets available for benefits		**281,529**	260,334

The financial statements summarise the transactions of the Scheme and deal with the net assets available for benefits at the disposal of the Trustee. They do not take account of obligations to pay pensions and other benefits which are expected to 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 in the report on Report on Actuarial liabilities within the Trustee's report on pages 6 and 7 and in the Actuarial statement, Actuarial funding certificate and Funding standard reserve certificate on pages 47 to 49, and these financial statements should be read in conjunction with them.

The notes to the financial statements on pages 18 to 33 form part of these financial statements.

These financial statements on pages 16 to 33 were approved by the Trustee Directors on 17 June 2020.

Signed for and on behalf of R.L. Pensions Trustees (R.O.I) Company Limited by Guarantee by:

Trustee Director

Lorna Blyth

Trustee Director

John Feely

Notes to the financial statements

1. General information

The Scheme is an occupational pension scheme established by the Trust Deed dated 5 December 2003 under Irish Law. The Trust Deed has been amended by a Deed of Amendment dated 29 February 2008 and by a Deed of Adherence, Amendment and Substitution dated 4 May 2011.

The Scheme is a defined benefit ("DB") scheme which was established to provide retirement benefits for its members. The members are former employees of Royal Liver Assurance Limited prior to 1 July 2011, a company which transferred its business, assets and liabilities to Royal London Mutual Insurance Limited whose subsidiary Royal Liver Trustee Services Ireland Limited became the Principal Employer. On 1 July 2011 the Scheme was closed to new members and to future benefits accrual for existing members.

The Trustee's registered office address is at 47/48 St. Stephen's Green, Dublin 2, Ireland.

The Scheme is approved as an 'exempt approved Scheme' for the purposes of Section 774, part 30, Chapter 1 of the Taxes Consolidation Act 1997 and thus the Scheme's income and gains are generally exempt from taxation.

2. Basis of preparation

The individual financial statements of the Royal Liver Assurance Limited Superannuation Fund (ROI) have been prepared in accordance with the Occupational Pension Schemes (Disclosure of Information) Regulations 2006 (as amended), The Financial Reporting Standard applicable in the UK and Republic of Ireland issued by the Financial Reporting Council ("FRS 102") and the guidelines set out in the Statement of Recommended Practice, "Financial Reports of Pension Schemes" (Revised June 2018) ("the SORP").

The SORP is applicable to accounting periods commencing on or after 1 January 2019. The Trustee has 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. However, it has required certain additions to or amendments of disclosures in the financial statements.

3. Summary of significant accounting policies

The principal accounting policies set out below have been consistently applied in the preparation of the financial statements.

(a). Currency

The functional currency and presentation currency of the Scheme is the EURO (€).

(b). Foreign currency conversion

Assets and liabilities in foreign currencies are expressed in Euro at the rates of exchange ruling at the year-end. Foreign currency transactions are translated into Euro at the spot rate at the date of the transaction.

Gains and losses arising on conversion are dealt with as part of change in market value of investments.

(c). Other income

Other income is accounted for on a receipt basis.

Notes to the financial statements (continued)

3. Summary of significant accounting policies (continued)

(d). Benefit payments

Where a member can choose whether to take their benefits as a full pension or as a lump sum with reduced pension, retirement benefits are accounted for on an accruals basis in the period in which the member notifies the Trustee of their decision on the type or amount of benefit to be taken or if there is no member choice, on the date of retirement or leaving.

Tax liability arising on a member's excess annual or lifetime allowance settled by the scheme is recovered from the member.

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

(e). Transfers to other schemes

Transfer values represent the amounts payable during the year for members who have left the Scheme. All values are based on methods and assumptions determined by the Actuary advising the Trustee. The values are accounted for upon liability being accepted by the receiving scheme. In the case of individual transfers, this is normally when the payment of the transfer value is made.

(f). Administrative and other expenses

Administrative expenses are accounted for on an accruals basis by reference to the period to which they relate.

(g). Investment income and expenses

Interest on bonds, including income bought and sold on purchases and sales of bonds, is accounted for on an accruals basis.

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 and unrealised changes in market value. The change in market value also includes realised profits and losses on closed derivative contracts and unrealised profits and losses on open derivative contracts. Income generated by pooled investment vehicles is not distributed but is retained within pooled funds and is reflected in the market value of the units.

Payments & receipts under swap contracts, representing the difference between the swapped cash flows, are included in investment income.

Other investment income is accounted for on a receipt basis.

Investment management expenses are accounted for on an accruals basis by reference to the period to which they relate.

Transaction costs are included in the cost of purchases and sales proceeds. Transaction costs include costs charged directly to the Scheme such as fees, commissions, stamp duty and other fees. In addition there are indirect transaction costs which are incurred through the bid – offer spread on pooled investments. The amount of indirect transaction costs is not separately provided to the Scheme.

Notes to the financial statements (continued)

3. Summary of significant accounting policies (continued)

(h). Valuation and classification of investments

Investment assets and liabilities are included in the financial statements at fair value. Where separate bid and offer prices are available, the bid price is used for investment assets and the offer price for investment liabilities. Otherwise, the closing single price, single dealing price or most recent transaction price is used. Where quoted or other unit prices are not available, the Trustee adopts valuation techniques appropriate to the class of investment. Details of the valuation techniques and principal assumptions are given in the notes to the financial statements where used.

The methods of determining fair value for the principal classes of investments are:

- Bonds and certain pooled investment vehicles which are traded on an active market are included at the quoted price, which is normally the bid price.
- Unitised pooled investment vehicles which are not traded on an active market but where the manager is able to demonstrate that they are priced daily, weekly or at each month end, and are actually traded on substantially all pricing days are included at the last price provided by the manager at or before the year end.
- The value of other bonds and pooled investment vehicles which are unquoted or not actively traded on a quoted market is estimated by the Trustee. Where the value of a pooled investment vehicle is primarily driven by the fair value of its underlying assets, the net asset value advised by the fund manager is normally considered a suitable approximation to fair value unless there are restrictions or other factors which prevent realisation at that value, in which case adjustment is made.
- Swaps are valued at the net present value of future cash flows arising therefrom.
- Forward exchange contracts are valued at the gain or loss that would arise from closing out the contract at the reporting date by entering into an equal and opposite contract at that date.
- The value of AVCs and other investment balances which are unquoted or not actively traded on a quoted market is driven by the fair value of its underlying assets as advised by the asset managers. Where there are restrictions or other factors which prevent realisation at the fair value an adjustment is made to the value of the asset.
- Accrued interest is excluded from the market value of bonds, but is included in other investment balances.

(i). Other investment arrangements

The Scheme recognises assets delivered out as collateral under derivative contracts to reflect its ongoing interest in those securities. Cash delivered out as collateral under derivative contracts is recognised as an investment receivable in the financial statements.

Collateral securities received in respect of derivative contracts are disclosed but not recognised as a Scheme asset. Cash received as collateral in respect of derivative contracts is recognised as an investment asset with a corresponding liability recognised as investments payable.

The value of collateral received in respect of derivative contracts reflects the exposure value of the derivatives at the middle of bid and offer prices including interest accrual.

Notes to the financial statements (continued)

4. Other Income

	2019	2018
	€000	€000
Sundry Income	**2**	-
	2	-

5. Benefits paid or payable

	2019	2018
	€'000	€'000
Pensions	**7,981**	7,983
Commutations and retirement lump sums	**335**	389
Lump sum on death	**-**	8
	8,316	8,380

6. Payments to and on account of leavers

	2019	2018
	€'000	€'000
Individual transfers out to other schemes	**724**	1,413

7. Administrative expenses

	2019	2018
	€'000	€'000
Administration fees	**174**	159
Actuarial fees	**115**	145
Legal fees	**60**	27
Audit fees	**16**	16
Trusteeship fees	**29**	30
VAT and other expenses	**70**	60
	464	437

Notes to the financial statements (continued)

7. Administrative expenses (continued)

The administration and management of the Scheme is provided by The Royal London Mutual Insurance Society Limited. The direct costs of employees involved in the administration and management are recharged to the Scheme. Indirect costs incurred by the Administrator are recharged to the Scheme on an allocation basis agreed by the Trustee.

All other administration and management costs are met by the Scheme

8. Investment income

	2019	2018
	€'000	€'000
Income from bonds	**4,577**	3,779
Net receipts on swaps	**918**	742
Other income	**5**	33
	5,500	4,554

9. Investment management expenses

	2019	2018
	€'000	€'000
Administration and management	**346**	389
Custodian charges	**31**	25
Investment advisory	**140**	83
Investment performance	**9**	10
Bank charges	**51**	45
Other Investment expenses	**7**	-
	584	552

10. Investment transaction costs

Transaction costs relating to purchases of investments are added to the cost of investments and those relating to sales of investments are netted against proceeds of investments. These costs include fees, commissions, stamp duty and other fees. There were no such costs this year (2018: nil). Direct transaction costs for the funds the Scheme holds such as bonds and pooled investment vehicles are not readily available.

In addition to these transaction costs, indirect costs are incurred through the bid-offer spread on investments within the pooled investment vehicles and charges within those vehicles. It has not been possible for the Scheme to quantify such indirect transaction costs.

Notes to the financial statements (continued)

11. Reconciliation of net investments

	Value as at 1 January 2019 €'000	Purchases at cost and derivative payments €'000	Sale proceeds and derivative receipts €'000	Change in market value €'000	**Value as at 31 December 2019 €'000**
Bonds	208,313	85,420	(79,348)	14,205	**228,590**
Derivatives – Net	(1,447)	78,510	(82,173)	3,268	**(1,842)**
Pooled investment vehicles	40,846	-	(8,994)	8,308	**40,160**
AVC investments	506	-	(77)	(5)	**424**
	248,218	163,930	(170,592)	25,776	**267,332**
Cash and cash equivalents	7,642			5	**12,372**
Other investment balances	3,914			-	**1,296**
	11,556			5	**13,668**
Total net investments	259,774			25,781	**281,000**

12. Derivatives

Over the counter contracts	**2019 Assets €'000**	**2019 Liabilities €'000**	**2019 Total €'000**	2018 Assets €'000	2018 Liabilities €'000	2018 Total €'000
Swaps	**3,888**	**(5,724)**	**(1,836)**	1,489	(2,954)	(1,465)
Forward foreign currency contracts	**-**	**(6)**	**(6)**	18	-	18
	3,888	**(5,730)**	**(1,842)**	1,507	(2,954)	(1,447)

Objectives and policies for holding derivatives

The Trustee allows RLAM the discretion to use derivatives to support the investment strategy. These are financial instruments whose value is dependent on the value of an underlying index, currency, commodity or other asset.

The Trustee authorised the use of derivatives for hedging purposes and to enhance the efficient management of the investment portfolios where they provide the opportunities to achieve the overall portfolio objective more efficiently than would be the case through direct dealing in the underlying securities.

For example, derivatives may be used to hedge the portfolio against adverse market movements, to manage cash flows into or out of the portfolio, to cover out of market exposure or to swap exposure between asset classes or sectors in an efficient manner.

Notes to the financial statements (continued)

12. Derivatives (continued)

Objectives and policies for holding derivatives (continued)

Derivatives are not to be used for speculative purposes. Furthermore, restrictions are in place with each investment manager to limit the overall extent of derivatives usage and exposure to certain types of derivatives.

Derivative contracts are included in the financial statements at fair value.

Swaps

Swaps are over the counter contracts and fair value is the current value of future expected net cash flows arising from the swap, taking into account the time value of money. Fair value is normally calculated using discounted cash flow models and using market data at the reporting date. The Scheme participated in three types of swaps during the year, which are interest rate swaps, inflation swaps and total return swaps as follows:

(a). Total return swaps

A total return swap is a contract in which one party makes payments based on a set rate, either fixed or variable, while the other party makes payments based on the return of an underlying asset, which includes both the income it generates and any capital gains. No exchange of principal takes place.

(b). Interest rate swap

An interest rate swap is a contract under which interest payments at a fixed rate are exchanged for interest payments at a variable interest rate (or vice versa) based on an agreed principal amount. Only the net interest payments are exchanged. No exchange of principal takes place.

(c). Inflation swap

An inflation swap is a contract under which inflation-indexed payments are exchanged for fixed payments based on an agreed principal amount. Only the net interest payments are exchanged. No exchange of principal takes place.

Notional principal

The notional amount (or notional principal or notional value) on a financial instrument is the nominal or face amount that is used to calculate payments made on that instrument. This amount generally does not change hands and is thus referred to as notional.

Outstanding swap contracts at the yearend are detailed on the next page

Notes to the financial statements (continued)

12. Derivatives (continued)

Nature of Swap	Expires within	No of contracts	Notional principal €'000	Assets €'000	Liabilities €'000	2019 Net €'000
Total return swaps						
Pay fixed interest for total return (Govt bonds)	1 year	2	17,000	**1,886**	**(1,144)**	**742**
				1,886	**(1,144)**	**742**
Interest rate swaps						
Pay fixed interest for variable (EURIB)	1 - 5 years	5	43,800	**-**	**(2,113)**	**(2,113)**
Pay fixed interest for variable (EURIB)	5 - 10 years	5	25,200	**-**	**(2,041)**	**(2,041)**
Pay variable interest (EURIB) for fixed	Over 20 years	3	4,070	**1,779**	**-**	**1,779**
				1,779	**(4,154)**	**(2,375)**
Inflation swaps						
Pay fixed interest for variable (CPI)	1 - 5 years	1	7,000	**23**	**-**	**23**
Pay fixed interest for variable (CPI)	5 - 10 years	1	16,600	**200**	**-**	**200**
Pay fixed interest for variable (CPI)	10 -20 years	2	12,900	**-**	**(322)**	**(322)**
Pay fixed interest for variable (CPI)	Over 20 years	2	2,050	**-**	**(104)**	**(104)**
				223	**(426)**	**(203)**
				3,888	**(5,724)**	**(1,836)**

Forward foreign currency contracts

A forward foreign currency contract is an agreement to exchange an agreed amount of currency (contract or notional amount) at a specified exchange rate and on a specified date. The contract is used to reduce exposure to movements in exchange rates.

Outstanding forward foreign currency contracts at the year-end are detailed as follows:

Settlement date Within	Number of contracts	Currency bought	Currency Sold	Contract /notional amount €'000	Assets €'000	Liabilities €'000	2019 Net €'000
1 Month	1	EUR	GBP	**277**	**-**	**(6)**	**(6)**

The contract or nominal amount represents the Euro value of the foreign currency amount of the contract translated at the year-end spot rate.

Notes to the financial statements (continued)

13. Collateral arrangements

The Scheme is exposed to credit risk on the carrying value of derivatives in the same way as it is exposed to credit risk on other investment assets. To mitigate this risk, a portion of the fair value of the derivatives held by the Scheme at any point in time is matched by cash collateral received from the counterparty to the transaction.

Cash collateral received by the Scheme as at 31 December 2019 was €1.3 million (2018: €nil million). The cash collateral is included within cash with an offset liability included within the investment liabilities.

The Scheme paid cash collateral amounting to €nil million as at 31 December 2019 (2018: €1.2 million) to counter parties in respect of derivatives undertaken which required cash collateral to be paid. Cash collateral paid is not included in cash but a debtor is recognised within the other investment balances.

The Scheme pays interest on any cash collateral held and receives interest on any cash collateral provided.

Stock collateral was pledged by the Scheme in respect of derivative contracts outstanding at the year-end in the form of gilts with a market value as at 31 December 2019 of €3.0 million (2018: nil). The pledged assets are included in the net investment assets.

14. Pooled investment vehicles

	2019	2018
	€'000	€'000
Category		
Equities	40,160	32,186
Diversified growth	-	8,660
	40,160	40,846

15. Cash

	2019	2018
	€'000	€'000
Cash held by investment managers	**12,372**	7,642
	12,372	7,642

Notes to the financial statements (continued)

16. Other investment balances

	2019	2018
	€'000	€'000
Accrued interest receivable	**2,546**	2,758
Cash collateral receivable	**-**	1,150
Tax reclaims	**-**	7
	2,546	3,915
Accrued interest payable	**-**	-
Collateral payable	**(1,250)**	-
Trade settlements due to brokers	**-**	(1)
	(1,250)	(1)
	1,296	3,914

17. Additional Voluntary Contributions (AVC) investments

The Trustee holds assets invested separately from the main fund in the form of insurance policies, which secure additional benefits on a money purchase basis for those members electing to pay additional voluntary contributions. Members participating in this arrangement each receive an annual statement confirming the amounts held on their behalf and the movements in the year. The aggregate amounts of AVC investments are shown below:

	2019	2018
	€'000	€'000
Irish Life	**424**	506

18. Fair value of investments

The fair value of investments in the statement of net assets available for benefits has been determined using an analysis of the level in the following hierarchy:

Valuation methodology	Level
Unadjusted quoted price in an active market for identical instruments that the entity can access at the measurement date	1
Inputs (other than quoted prices) that are observable for the instrument, either directly or indirectly	2
Inputs are unobservable, i.e. for which market data is unavailable.	3

Pooled investment vehicles which are traded regularly are generally included in level 2. Where the absence of regular trading or the unsuitability of recent transaction prices as a proxy for fair value applies, valuation techniques are adopted and the vehicles are included in level 3.

The value of other pooled investment vehicles which are unquoted or not actively traded on a quoted market is estimated by the Trustee. Where the value of the pooled investment vehicle is primarily driven by fair value of its underlying assets, the net asset value advised by the fund manager is normally considered a suitable approximation to fair value unless there are restrictions or other factors which prevent realisation at that value, in which case adjustments are made. No such adjustments have been made to the valuations at 31 December 2019 or 31 December 2018.

Notes to the financial statements (continued)

18. Fair value of investments (continued)

The Scheme's investment assets and liabilities have been included at fair value within the hierarchical levels as follows:

Asset category		**Hierarchy level**		**2019**
	1	**2**	**3**	**Total**
Investment assets	**€'000**	**€'000**	**€'000**	**€'000**
Bonds	**-**	**228,590**	**-**	**228,590**
Derivatives	**-**	**3,888**	**-**	**3,888**
Pooled investment vehicles	**-**	**40,160**	**-**	**40,160**
AVC investments	**-**	**-**	**424**	**424**
Cash	**12,372**	**-**	**-**	**12,372**
Other investment balances	**2,546**	**-**	**-**	**2,546**
	14,918	**272,638**	**424**	**287,980**
Investment liabilities				
Derivatives	**-**	**(5,730)**	**-**	**(5,730)**
Other investment balances	**(1,250)**	**-**	**-**	**(1,250)**
	(1,250)	**(5,730)**	**-**	**(6,980)**
Total investments	**13,668**	**266,908**	**424**	**281,000**

The other investment balances are primarily comprised of interest accrual and other receivables or payables which are due within a year. The value of the balances is estimated by the Trustee as advised by the fund manager.

An analysis for the prior year end hierarchical levels of the Scheme's investment assets and liabilities is as follows:

Asset category		Hierarchy level		2018
	1	2	3	Total
	€'000	€'000	€'000	€'000
Investment assets				
Bonds	-	208,313	-	208,313
Derivatives	-	1,507	-	1,507
Pooled investment vehicles	-	32,186	8,660	40,846
AVC investments	-	-	506	506
Cash	7,642	-	-	7,642
Other investment balances	3,915	-	-	3,915
	11,557	242,006	9,166	262,729
Investment liabilities				
Derivatives	-	(2,954)	-	(2,954)
Other investment balances	(1)	-	-	(1)
	(1)	(2,954)	-	(2,955)
Total investments	11,556	239,052	9,166	259,774

Notes to the financial statements (continued)

19. Investment risks

Types of risk relating to investments

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 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.
- **Inflation rate risk**: this is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in inflation 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 Trustee determines their investment strategy after taking advice from a professional investment adviser. The Scheme has exposure to these risks because of the investments it makes in following the investment strategy set out below. The Trustee manages 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 Trustee by regular reviews of the investment portfolio.

Further information on the Trustee's approach to risk management, credit and market risk is set out below. This does not include AVC investments as these are not considered significant in relation to the overall investments of the Scheme.

Investment strategy

The investment objective is to maintain a portfolio of suitable assets of appropriate liquidity which will generate investment returns to meet, together with future contributions if required, the benefits payable under the trust deed and rules as they fall due.

The Trustee sets the investment strategy taking into account considerations such as the strength of the employer covenant, the long term liabilities and the funding agreed with the Employer. The investment strategy is set out in its Statement of Investment Policy Principles ("SIPP").

The current strategy is to hold:

- 15% in growth assets comprising global equities, emerging market debt and unlisted infrastructure equity.

- 85% in matching assets that move closely in line with the long term liabilities of the Scheme. This is referred to as LDI and comprises EU government bonds, Euro corporate bonds and interest rate and inflation rate swaps, the purpose of which is to hedge against the impact of interest rate and inflation rate movements on long term liabilities.

The current strategy is to hedge 75% of the interest rate liability risk and 75% of the Irish inflation rate liability risk using Eurozone inflation hedging instruments as there is limited supply of Irish inflation hedging instruments.

Notes to the financial statements (continued)

19. Investment risks (continued)

Credit risk

The Scheme is subject to credit risk because the Scheme directly invests in bonds, over-the-counter ("OTC") derivatives and has cash balances. The Scheme also invests in pooled investment vehicles and is therefore directly exposed to credit risk in relation to the instruments it holds in the pooled investment vehicles.

Credit risk arising on bonds held directly is mitigated by investing in government bonds where the credit risk is minimal, or corporate bonds which are rated investment grade with an average credit rating of A for the portfolio, however, up to 10% of the corporate bond portfolio may be invested in below investment grade credit. Credit risk arising on other investments is mitigated by investment mandates requiring all counterparties to be at least investment grade credit rated.

The Trustee considers financial instruments or counterparties to be of investment grade if they are rated at BBB- or higher by Standard & Poor's or Fitch, or rated at Baa3 or higher by Moody's.

Credit risk (continued)

Credit risk arising on derivatives depends on whether the derivative is exchange traded or OTC. OTC derivative contracts are not guaranteed by any regulated exchange and therefore the Scheme is subject to risk of failure of the counterparty. The credit risk for OTC swaps is reduced by collateral arrangements as explained in note 12.

Cash is held within financial institutions which are at least investment grade credit rated.

Direct credit risk arising from pooled investment vehicles is mitigated by the underlying assets of the pooled arrangements being ring-fenced from the pooled manager, the regulatory environments in which the pooled managers operate and diversification of investments amongst a number of pooled arrangements. The Trustee carries out due diligence checks on the appointment of new pooled investment managers and on an ongoing basis monitors any changes to the operating environment of the pooled manager. Pooled investment arrangements used by the Scheme comprise unit linked insurance contracts.

The Scheme held investments in the following pooled investment vehicle by their legal form as at 31 December 2019.

Legal form	**2019**	2018
	€'000	€'000
Unit-Linked Insurance Policies	**40,160**	40,846
	40,160	40,846

The Scheme is also subject to direct credit risk arising from investments in bonds, over-the-counter ("OTC") derivatives and cash balances. Credit risk arising on bonds held directly (see note 10) is mitigated by investing in government bonds of €138.9 million (2018: €135.6 million) where the credit risk is minimal or holding corporate bonds & fixed interest of €89.1 million (2018: €71.5 million) with an investment-grade credit rating, across a diversified exposure of different credit issuers. There is a further €0.6 million (2018: €1.2 million) holding in below investment grade corporate bonds & fixed interest.

The information about exposures to and mitigation of credit risk above applied at both the current and previous year end. See notes 11, 12 and 13 for amounts of the above investments exposed to credit risk as described.

Notes to the financial statements (continued)

19. Investment risks (continued)

Currency risk

The Scheme is subject to currency risk because some of the Scheme's investments are held in overseas markets, either as segregated investments (direct exposure) or via pooled investment vehicles (indirect exposure). The Trustee has set a benchmark limit to overseas currency exposure of 15% of the total portfolio value which is achieved through a currency hedging policy utilising forward foreign currency contracts (see note 12). The net currency exposure at the current and previous year-ends was:

Currency name	Code	Direct exposure €000	Indirect exposure €000	Hedging €000	2019 Net exposure after hedging €000	2018 Net exposure after hedging €000
Pound sterling	GBP	238	-	(283)	**(45)**	(115)

Interest rate risk

The Scheme is subject to interest rate risk because some of the Scheme's investments are held in bonds and interest rate swaps (either as segregated investments or through pooled vehicles), and cash. The Trustee has set a benchmark for total investment in bonds and interest rate swaps of 85% of the total investment portfolio, as part of its LDI investment strategy. Under this strategy, if interest rates fall, the value of LDI investments will rise to help match the increase in actuarial liabilities arising from a fall in the discount rate. Similarly, if interest rates rise, the LDI investments will fall in value, as will the actuarial liabilities because of an increase in the discount rate. At the year-end the LDI portfolio represented 86% of the total investment portfolio (2018: 84%).

Inflation rate risk

The Scheme is subject to Eurozone inflation rate risk because some of the Scheme's investments are held in Eurozone inflation rate swaps (either as segregated investments or through pooled vehicles). Under this strategy, if Eurozone inflation rates rise, the value of the Eurozone inflation rate swaps will rise to help partly match any increase in actuarial liabilities arising from a rise in Irish inflation, assuming a high degree of correlation between Eurozone and Irish inflation rates.

Other price risk

Other price risk arises principally in relation to the Scheme's growth assets portfolio which may include equities, equity futures, emerging market debt and infrastructure equity, all held via pooled vehicles. The Scheme has set a target asset allocation of 15% of investments being held in growth assets. At the year-end the growth assets portfolio represented 14% of the total investment portfolio (2018: 16%).

The Scheme manages this exposure to overall price movements by constructing a diverse portfolio of investments across various markets.

20. Concentration of investments

The following investments are held which represent over 5% of the net assets of the Scheme:

	2019		2018	
	€'000	%	€'000	%
Legal and General GPAR World Equity (NET WHT) [1]	**40,160**	**14.3**	32,186	12.4
Federal Republic of Germany 2.5% BDS 04/07/2044	**17,929**	**6.4**	16,213	6.2
Federal Republic of Germany 4.75% BDS 4/7/2034	**19,644**	**7.0**	16,453	6.3
Federal Republic of Germany 6.25% BDS 4/1/2030*	**6,588**	**2.3**	13,664	5.3
Government of France 4% STRIP PRNC 25/04/2060	**18,618**	**6.6**	15,496	6.0

[1] This is a pooled investment vehicle which has world equities as the underlying assets none of which exceeds 5% of the net assets of the Scheme.

*This investment is still held at 31 December 2019 but at a value less than 5%

Notes to the financial statements (continued)

21. Employer related investments

There are no employer related investments held by the Scheme during the year (2018: None).

22. Current assets

	2019	2018
	€'000	€'000
Cash balances	**298**	348
Benefits paid in advance	**542**	542
Other debtors	**1**	105
	841	995

Benefits paid in advance are pensioner benefits for January 2020 paid on 31 December 2019 in advance of the due date, 1 January 2020, due to the date falling on a bank holiday.

23. Current liabilities

	2019	2018
	€'000	€'000
Amounts due to employer	**(67)**	(84)
Tax payable	**(102)**	(100)
Accrued expenses	**(143)**	(209)
Other creditors	**-**	(42)
	(312)	(435)

Amounts due to employer represent the balance of amounts paid by the employer on behalf of the Scheme for expenses incurred by the Scheme which are recharged by the employer to the Scheme.

24. Related party transactions

(a). Transactions with key management personnel

Trustee Directors

During the year:

- Two Trustee Directors (2018: two) were in receipt of a pension from the Scheme.
- One Trustee Director (2018: one) was paid a subsistence allowance and travelling expenses for attendance at Trustee Meetings in 2018 amounting to €706 (2018: €522) and is included in note 6.
- One Trustee Director (2018: one) was paid fees amounting to €28,290 (2018: €29,109) in respect of their Trustee services. This amount is included in note 7.
- No other Trustee Director received remuneration in connection with the management of the Scheme.

(b). Transactions with other related parties

1. The employer

Royal Liver Trustee Services Ireland Limited, the Principal Employer, is a subsidiary company of The Royal London Mutual Insurance Society Limited. The Royal London Mutual Insurance Society Limited has provided administrative services to the Scheme during the year. Costs incurred in providing these services which are recharged to the Scheme amounted to €162,945 (2018: €141,311) of which €38,510 (2018: €33,725) was payable as at the year end. These amounts are included in notes 7 and 23 respectively.

Notes to the financial statements (continued)

24. Related party transactions (continued)

2. The Investment Managers

Details of the basis of the Investment Managers' fees are set out in the Investment Management Agreements (IMA). The Investment Managers' fees are borne directly by the Scheme and the amounts are included in note 8.

Royal London Asset Management Limited (RLAM) is a subsidiary company of The Royal London Mutual Insurance Society Limited. RLAM is the investment manager of the corporate bond and LDI funds of the Scheme on an arm's length basis. They are remunerated in accordance with the terms of a normal commercial contract and their fees amounted to €285,354 (2018: €329,288) and are included in notes 9. Fees amounting to €57,863 (2018: €50,513) were payable by the Scheme as at year-end and are included in note 23.

3. Pension Payments

Members of the Royal Liver Assurance Superannuation Fund that receive their pension payment in euros are paid via the Royal Liver Assurance Superannuation Fund (ROI) pension payroll. The Royal Liver Assurance Superannuation Fund (ROI) is reimbursed immediately after the payroll is made mitigating any impact to the fund and financial statements.

25. Contingent liabilities and contractual commitments

In the opinion of the Trustee, the Scheme had no contingent liabilities as at 31 December 2019 (2018: nil).

26. Subsequent events

Since the year end, consequent of the global impact of the COVID-19 pandemic, the value of investment assets and liabilities (including all categories) have been impacted.

This is a non-adjusting subsequent event, as it does not impact the value of assets and liabilities as at the year end. Due to ongoing market volatility it is difficult to quantify the impact precisely.

Compliance statement

The purpose of this compliance statement is to disclose some additional information required by law.

Legal status

The Scheme is a self-administered Occupational Pension Scheme and is governed by its own Rules.

The Scheme has been approved by the Revenue Commissioners as a Retirement Benefits Scheme for the purposes of Part 30, Chapter 1, Taxes Consolidation Act 1997 and will be treated as an Exempt Approved Scheme for the purposes of Section 774 of that Act, both with effect from 1 January 2004.

As such its assets are allowed to accumulate free of income and capital gains taxes. In addition, tax relief is given on employer and member contributions to the Scheme and certain lump sum payments to members can be paid free of tax.

Changes to the Scheme Rules

The definitive Trust Deed and Rules were executed on 5 December 2003. The Scheme Rules were amended with effect from 1 July 2011.

Changes in benefits

There was a revaluation of 0.5% applied to the deferred pensions in 2019 in accordance with the revaluation regulations of the Pensions Act 1990.

There are no pensions or pension increases being paid by or at the request of the Trustee for which the Scheme would not have a liability should it wind up.

Scheme advisers

There are written agreements in place between either the previous Trustees or the Trustee and each of the Scheme advisers listed on page 1 of this report.

Statement of risks

Statement concerning the condition of the Scheme, in particular concerning the financial, technical and other risks associated with the Scheme and their distribution.

Under law, the Trustee Directors are required to describe the condition of the Scheme and the risks associated with the Scheme, and disclose these to members.

In a 'defined benefit' Scheme, the main risk is that there will be a shortfall in the assets (for whatever reason) and the employer will not be willing or able to pay the necessary contributions to make up the shortfall. If that occurs, members may not get their anticipated benefit entitlements. Some of the reasons why a shortfall could arise are as follows (this list may not be exhaustive):

- The assets may grow more slowly than expected, or even fall in value, depending on the performance of underlying markets and the securities chosen.
- Similarly, the liabilities may grow faster than expected due to revaluation and any discretionary pension increases, or due to unfavourable movements in interest rates, or due to mortality and other elements of the Scheme's experience varying from the assumptions made.
- The administration of the Scheme may fail to meet acceptable standards. The Scheme could fall out of statutory compliance, the Scheme could fall victim to fraud or negligence or the benefits communicated to members could differ from the liabilities valued by the actuary.

If the Scheme were to wind up and the assets were insufficient to meet benefits due, the law specifies that members' AVCs and then pensioners have first call on the assets of the Scheme before benefits can be paid to those who have yet to reach normal retirement age.

The Trustee Directors are satisfied that they are taking all reasonable steps to protect the members from the effects of these risks, which include the following:

- Professional investment managers have been appointed to manage the Scheme's investments, the Scheme holds a range of diversified assets and there is regular monitoring of how these investments are performing.
- An actuarial valuation of the Scheme is carried out at least every three years to assess the financial condition of the Scheme and determine the rate of contributions likely to be required to meet the future liabilities of the Scheme. In addition, an annual review of the solvency position of the Scheme is carried out on the assumption that it is wound up. If the Scheme is found to be insolvent, the Trustee Directors and the employer are required to complete a funding proposal for submission to the Pensions Authority with the objective of returning the Scheme to solvency.
- The Trustee Directors have access to experienced professional advisers and administrators to assist with the proper running of the Scheme.

However, it is not possible to guard against every eventuality. For example, the employer or of particular relevance in this case, its holding company may cease to trade, go into liquidation or may for other reasons decide to cease its liability to contribute to the Scheme. In this event, the Scheme may be wound up, future accrual of benefits may cease and accrued entitlements would be discharged from the available assets (which may or may not be sufficient to discharge member benefit expectations, as outlined above). It is therefore possible that the benefits payable under the Scheme may have to be reduced. If the Scheme is wound up and there is a deficit, the employer may not be under an obligation to fund the deficit or, even if the employer is under such an obligation, they may not be in a position to fund the deficit. Also, it is necessary to take some investment risk and other risks in order to manage the affordability of the Scheme benefits and the capacity of the employer to meet this commitment.

Statement of risks (continued)

The Trustee Directors have undertaken to consider and regularly review the following key risks and associated controls, which are maintained in a risk register:

- The risk of a deterioration in the Scheme's funding level. This risk is controlled through an investment and contribution strategy, which is specific to the Scheme's liabilities and funding level.
- The risk of deterioration in the ability of the Scheme's Principal Employer to provide continuing financial support to the Scheme. This risk is controlled through regular monitoring of Royal London Group's financial position, including rating agency reports.
- The risk that the investment returns from the assets will be below that expected by the Trustee Directors. This risk of underperformance is controlled by close monitoring of the investment performance and asset managers.
- Risks surrounding the security and safe custody of Scheme assets. This is controlled by ring-fencing the assets, ensuring there is clear asset distinction by the custodian, and by reviewing the custodian’s internal controls.
- The risk of the Scheme being incorrectly operated or operated outside of regulatory parameters. This risk is controlled by appointing experienced Trustee Directors, and the use of Independent Trustees and Third party advisors where appropriate.

Further information

Internal disputes resolution procedure

A disputes resolution procedure has been agreed by the Trustee to try to resolve any queries raised by beneficiaries or potential beneficiaries of the Scheme. Details of the internal dispute resolution procedure can be obtained by writing to the contact below. The procedure is included at the end of this annual report and financial statements on pages 50 to 51.

Contact for further information

Any queries or complaints about the Scheme, including requests from individuals for information about their benefits, or for a copy of Scheme documentation, should be sent to the Trustee of the Royal Liver Assurance Limited Superannuation Fund (ROI) at the following addresses.

Queries from members about their benefit entitlements:	All other queries, including complaints or requests for Scheme documentation:
c/o Staff Pensions Team	c/o Staff Pensions Trustee Secretarial
Royal London House	Royal London House
Alderley Road	Alderley Road
Wilmslow	Wilmslow
SK9 1PF	SK9 1PF
Email: staff.pensions@royallondon.com	Email: staff.pensions@royallondon.com
Phone: +44 (0)1625 717 936	Phone: +44 (0)1625 717 188

Statement of Investment Policy Principles – March 2020

1. Introduction

This document constitutes the Statement of Investment Policy Principles (the "Statement") of the Royal Liver Assurance Limited Superannuation Fund (ROI) (the "Fund") prepared by RL Pensions Trustees (ROI) CLG (the "Trustee"). The Statement has been adopted by the Trustee in order to fulfil the requirements of the Occupational Pension Schemes (Investment) Regulations 2006, which stipulate that such a Statement is put in place.

The Statement is intended to affirm the investment principles that govern decisions about the Fund's investments.

In preparing this Statement, the Trustee has consulted the Principal Employer, Royal Liver Trustee Services Ireland CLG ("the Company") and has also consulted The Royal London Mutual Insurance Society as the ultimate parent of the Principal Employer. The Trustee has also obtained and considered professional advice from its investment consultant, Mercer.

The investment responsibilities of the Trustee are governed by the Fund's Trust Deed and Rules (a copy of which is available for inspection on request) and relevant legislation. According to the law, the Trustee has ultimate power and responsibility for the Fund's investment arrangements.

2. Process For Choosing Investments

The process for choosing investments is as follows:

- Identify appropriate investment objectives
- Consider the broad level of risk consistent with meeting the objectives set
- Construct a portfolio of investments that is expected to maximise the return (net of all costs) given the Trustee's risk tolerance

In considering the appropriate investments for the Fund, the Trustee has taken advice from Mercer. Where matters described in this Statement may affect the Fund's funding policy, input has also been sought from the Fund's Actuary.

3. Investment Objectives

The Trustee's objective is to invest the Fund's assets in the best interest of the members and beneficiaries and in the case of a potential conflict of interest in the sole interest of the members and beneficiaries. Within this framework the Trustee has agreed a number of key objectives to help guide it in its strategic management of the assets and control of the various risks to which the Fund is exposed.

The Trustee's primary objectives are as follows:

- To ensure the Fund has sufficient and appropriate assets to pay members' benefits as they fall due.
- To maximise long-term return subject to the appropriate management of the risks associated with pension funding.
- To limit the risk of the assets failing to meet the liabilities in relation to the Minimum Funding Standard ("MFS").

The Trustee is aware that some of these objectives may conflict and realises that a balance must be attained which is consistent with its attitude to risk and desire to maximise long term investment returns.

The Trustee pays due regard to the Company's views with respect to the potential size and incidence of contribution payments, and the degree to which the Company accepts variation in the fund's surplus or deficit as a consequence of the investment policy adopted.

Statement of Investment Policy Principles – March 2020 (continued)

4. Investment Risk Management and Measurement

The key risk in the context of investment is that the Scheme's funding level may deteriorate as a result of the investment strategy being pursued which would in turn increase the costs of funding and may threaten the future sustainability of the Scheme.

There are various investment related risks to which any pension plan is exposed. The Trustee's policy on risk management with regard to the investment arrangements of the Fund's main assets is as follows:

- The primary risk upon which the Trustee focuses is that arising through a mismatch between the Fund's assets and liabilities. The Fund's assets should share similar characteristics with its liabilities, in terms of duration and nature.

- The risk associated with the non-euro denominated assets (in this case non-euro equities) fluctuating in value due to currency movements. To help protect against this risk the Fund's overseas equity exposure is fully hedged back to Euro.

- While the risk introduced through investing a proportion of the Fund's assets in growth asset classes could lead to volatility in the funding level disclosed at a subsequent actuarial valuation, it is felt that this risk is acceptable in view of the potential benefits of the expected extra returns. Meanwhile, the extra returns should work through ultimately to greater security for members of the Fund and lower costs falling on the Company.

- The Trustee recognises the risks that may arise from the lack of diversification of investments. Subject to managing the risk from a mismatch of assets and liabilities, the Trustee aims to ensure that the asset allocation and manager structure policies in place result in an adequately diversified portfolio.

- The Trustee's willingness to take investment risk is dependent on the continuing financial strength of the Company and its ability to contribute appropriately to the Fund. It is further supported by the conditional guarantee provided by The Royal London Mutual Insurance Society. The financial strength of the Company and its perceived commitment to the Fund is monitored and the Trustee will reduce investment risk relative to the liabilities should either of these deteriorate.

- The documents governing the Investment Manager appointments include a number of guidelines which, among other things, are designed to ensure that only suitable investments are held by the Fund. The Investment Managers are prevented from investing in asset classes outside of their mandate without the Trustee's prior consent.

- Within the Liability-Driven Investment ("LDI") assets, the Trustee recognises the risks associated with counterparty credit risk and is satisfied with the guidelines adopted by the LDI manager. The Trustee has sought to minimise credit risk by investing the majority of the LDI assets in high quality Eurozone government bonds and by setting a minimum average credit rating target of A for the Euro corporate bond component of the LDI assets. In addition, the Trustee understands the risks associated with needing to generate EURIBOR to support derivative instruments as may be needed from time to time within the LDI assets to closely hedge the liabilities.

- The Trustee recognises that the LDI assets will not provide a perfect match to the target liability value. Furthermore, there are different measures of the liability that will not be perfectly matched by the LDI assets.

- The Trustee is also conscious of certain additional liability risks such as inflation risk and longevity risk and will keep these risks under review to determine what mitigating action, if any, might need to be taken. The Trustees implemented a 75% inflation hedge using EURO HICP to help partially (and imperfectly) hedge Irish inflation risk within the Fund. The Trustee intends to increase this inflation hedge to 100% over the coming months.

Statement of Investment Policy Principles – March 2020 (continued)

4. Investment Risk Management and Measurement (continued)

- The Trustee recognises the risks of underperformance introduced by the use of active managers but believes that active management, through the careful selection of suitable managers, can add value. Arrangements are in place to monitor the continuing suitability of the current investments. The Trustee regularly reviews the continuing suitability of the Fund's investments including the appointed managers and the balance between active and passive management. Performance is independently measured and the Trustee receives regular reports from the Investment Managers and the Scheme's Accountant (using data provided by the Scheme's Custodian). It also receives an annual report on performance from its appointed investment consultant.

- The safe custody of the Fund's assets is delegated to a professional custodian either directly or via pooled vehicles. The custodian is responsible for the prompt reclaim of withholding taxes and other taxes on income due to the Fund.

The Trustee has considered the following as part of its periodic investment risk analysis:

- Value at Risk
  Value at risk is an assessment of the potential increase in the deficit (on a long term measure of the liabilities) over a 1 – year period at a given level of probability. The Trustees have considered the Value at Risk metrics for a number of investment strategies to attribute the key drivers of risks and how they might be mitigated.
  Duration of the liabilities
  Duration is an assessment of sensitivity to changes in interest rates. Duration of the liabilities can differ significantly, depending on the liability valuation measure under consideration.

- Hedge ratios
  Hedge ratios assess the extent to which the liability matching portfolio behaves in line with the liabilities. The funding level and duration of the liabilities and the extent and duration of bond investment are key components to this calculation. It is important to consider hedge ratios on both short term (Funding Standard) and long term measures of the liability.

- Qualitative risk assessment
  The Trustee has consulted with asset class experts as part of the investment strategy review process. This is necessary as many of the quantitative assessments of risk above are based on long term assumptions and cannot accommodate important inputs into a given asset class' success in a strategy such prevailing market conditions or investment manager skill.

Actual experience will differ from the assumptions (perhaps significantly) and consequently, the Trustee will regularly review the investment strategy.

Statement of Investment Policy Principles – March 2020 (continued)

5. Portfolio Construction

The Trustee has adopted the following control framework in structuring the Fund's investments;

- The Trustee, together with the Fund's administrators, will ensure there is sufficient cash to meet the likely benefit outgoings. The Trustee's policy is that there should be sufficient investments in liquid or easily realisable assets to meet unexpected cashflow requirements in the majority of foreseeable circumstances so that realisation of assets will not disrupt the Fund's overall investment policy where possible.

- The Trustee ensures that the majority of the assets are invested in regulated markets and that any allocation to unregulated markets is maintained at a prudent level.

- The Trustee and Investment Managers (who have delegated discretion) exercise their powers in a manner calculated to ensure the security, quality, liquidity and profitability of the Fund. The Trustee invests the assets in a manner it believes to be appropriate to the nature and duration of the expected future retirement benefits payable under the Fund.

- The Trustee may use, or permit the Investment Managers to use, derivative instruments if they contribute to a reduction of risk or facilitate efficient portfolio management. This includes the Trustee, after taking advice, directing the Investment Manager(s) to use interest rate swaps, and inflation swaps and total return swaps to reduce risk in the Fund by reducing the interest rate and inflation mismatch between the assets and the liabilities.

- The Trustee does not permit direct investment in:

  a. Securities issued by the Employer
  b. Property leased to the Employer

Statement of Investment Policy Principles – March 2020 (continued)

6. Investment Strategy

The Trustee recognises that it is not necessarily possible, or even desirable, to select investments that exactly match the characteristics of the Fund's liabilities. Given the on-going commitment of the Company to the Fund, a degree of mismatching risk can be accepted on the basis that it is also acceptable to the Company.

Subsequent to a strategy review completed by the Trustee and its advisers in 2019, the Trustee decided on a new investment strategy as shown below:

Asset Class	Central Benchmark Allocation (%)	Control Ranges (%)	Benchmark
Global Equities (hedged)	7	4 – 10	FTSE All World Index EUR Hedged
Infrastructure Equity	4	0 – 8	Target return of 8% p.a. net of fees
Emerging Market Debt	4	2 – 6	50% JP Morgan EMBI Global Diversified 50% JP Morgan GBI-EM Global Diversified
Return Seeking Assets	**15**	**10 – 20**	
Corporate Bonds	40	35 – 45	Merrill Lynch Non-Sovereign Index (EX00)
Liability Driven Investments	45	40 – 50	Bespoke LDI Benchmark
Cash	0	0 – 5	
Liability Matching Assets	**85**	**80 – 90**	
Total	**100.0**		

The strategy has the following characteristics:

- The strategy has an expected return of 2.2% p.a. and an expected volatility of 5.2% based on Mercer's 20 year return assumptions as at 31 December 2018. This is equal to a return in excess of the nominal swap curve of 0.9% p.a.
- The duration of the LDI bond portfolio was estimated to be 17 years and the duration of the corporate bond portfolio 6 years as at 30th June 2019.
- The interest rate hedge ratio of the strategy is approximately 75% on a long term economic measure and is implemented through a portfolio of high quality euro Government bonds, euro corporate bonds and swaps.
- The Irish inflation hedge ratio of the strategy is approximately 75% and is implemented through Euro inflation swaps

The currency of the Fund, and of the benchmark, is the Euro. The composite performance benchmark above is calculated on a quarterly basis.

Statement of Investment Policy Principles – March 2020 (continued)

6. Investment Strategy (continued)

Rebalancing

The Trustee recognizes that even though the Scheme's investments are subject to short-term volatility, it is critical that a long-term investment focus be maintained. The Trustee intends to avoid ad-hoc revisions to its philosophy and policies in reaction to either speculation or short-term market fluctuations and thus has agreed a rebalancing policy under which the asset allocation will be restored to the strategic allocation.

The control ranges show the maximum variation from the central position that will be accepted by the Trustee. The Trustee monitors the asset allocation as at each calendar quarter end, using Investment Performance Reports prepared by the Scheme's Accountant (using data provided by the Scheme's Custodian). If the control ranges have been exceeded, rebalancing action will be taken.

De-risking

The strategic asset allocation will evolve over time to reflect a reduced equity exposure and an increased bond exposure according to a de-risking framework to be agreed by the Trustee.

Statement of Investment Policy Principles – March 2020 (continued)

7. Manager Structure and Performance Objectives

Investment Manager	Fund/Mandate	Benchmark	Performance Objective
Legal & General Investment Management Limited ("L&G")	Passive Global Equities (100% hedged)	FTSE All-World Index EUR Hedged	To track the performance of the benchmark within the tracking error tolerance range of +/- 0.5% p.a. in two years out of three
J.P. Morgan Asset Management	Infrastructure Equity	Target return of 8% p.a. net of fees	Target return of 8-10% over the long term
Royal London Asset Management ("RLAM")	Liability Driven Investments	Bespoke benchmark	To match 75% of the interest rate risk and Irish inflation risk of the liabilities valued using high quality Euro government bond yield curves, net of such matching provided by the corporate bond portfolio, and Euro inflation swaps.
Royal London Asset Management ("RLAM")	Corporate Bonds	Merrill Lynch Non-Sovereign Index (EX00)	To outperform the return of the benchmark by 0.75% p.a. gross of fees over rolling 3 year periods, with an expected tracking error of up to 3% p.a.
Wellington Management	Emerging Market Debt	50% JP Morgan EMBI Global Diversified 50% JP Morgan GBI-EM Global Diversified	To outperform the fund specific benchmark by 2% p.a.

Performance is evaluated against the above objectives on at least an annual basis, and a thorough review is carried out every three years or following any significant change in the circumstances of the Fund

8. Day–to-Day Management of the Assets

Day to day management of the assets is delegated to professional Investment Managers, who are all regulated by the Central Bank of Ireland, the Financial Services Authority or the relevant authority in the domicile country. The Investment Managers have full discretion to buy and sell investments on behalf of the Fund subject to agreed constraints and applicable legislation. The Trustee has taken steps to satisfy itself that the managers have the appropriate knowledge and experience for managing the Fund's investments. Investments are managed for the Fund to specific mandates which include performance objectives, risk parameters and timescales over which performance will be measured.

9. Expected Return

Given the investment strategy adopted, the Trustee expects to generate a return, over the long-term c. 0.9% p.a. above the nominal swap curve adopted for triennial valuation purposes. It is recognised that over the short term, performance may deviate significantly from the long-term target and there are no guarantees that such a return will be achieved.

The actuarial valuation at 31 December 2018 was based on a target return which would currently be 0.68% p.a. in excess of the nominal swap curve and does not anticipate any further de-risking. The yield curve margin will be updated at each triennial valuation to reflect market conditions at that date and also any changes in the asset allocation.

Statement of Investment Policy Principles – March 2020 (continued)

10. Additional Assets

The Trustee has established an Additional Voluntary Contributions ("AVCs") arrangement, in which members' AVCs are invested to enhance their benefits at retirement.

The Trustee reviews the investment performance of the chosen AVC provider on a regular basis and takes advice as to the providers' continued suitability.

11. Realisation of Investments

The Investment Managers have discretion in the timing of realisation of investments and in considerations relating to the liquidity of those investments within parameters stipulated in the relevant appointment documentation.

12. Socially Responsible Investment and Corporate Governance

The Trustee accepts that the assets invested in pooled arrangements are subject to the managers' own policies on social, environmental and ethical investment.

Similarly, by using a pooled investment vehicle for its equity investments, the Trustee accepts that the day-to-day application of voting rights will be carried out by the Investment Manager in accordance with the manager's corporate governance policy. The manager has in place clear policies of normally voting on all issues on behalf of its investors' best financial interests and has provided the Trustee with a statement detailing their voting policy and practices.

13. Compliance with and Review of this Statement

The Trustee monitors compliance with this Statement annually and will review this Statement at least once every three years and without delay after any significant change in investment policy. Any change to this Statement will be made in consultation with the Company and only after having obtained and considered written advice of someone whom the Trustee reasonably believes to be qualified by their ability in and practical experience of financial matters and to have the appropriate knowledge and experience of the management of pension fund investments.

Effective Date of this Statement: March 2020

Actuarial statement and funding certificates

Actuarial statement

ROYAL LIVER ASSURANCE LIMITED SUPERANNUATION FUND (ROI)

(“the Scheme”)

PB153418

Actuarial statement

This statement is issued in accordance with the requirements of Section 55 of the Pensions Act 1990 ('the Act'). I confirm that I have assessed the position of the above Scheme as at 31 December 2019, having regard to the requirements of the Funding Standard set out under Section 44 of the Act.

On the basis of that assessment, I am reasonably satisfied that I would be in a position to certify that the Scheme satisfied the Funding Standard as set out in Section 44(1) of the Act, if I were required to issue an Actuarial Funding Certificate under Section 42 of the Act with an effective date of 31 December 2019.

In addition, I confirm that I am reasonably satisfied that, if I was to prepare a Funding Standard Reserve Certificate under Section 42 of the Act for the Scheme as at 31 December 2019, I would be certifying that the Scheme **would** have satisfied the Funding Standard Reserve requirements set out in Section 44(2) of the Act at that date.

In making this statement reference has been made to actuarial guidance by the Society of Actuaries in Ireland.

Keith Burns
Fellow of the Society of Actuaries in Ireland

14 April 2020

Please note:

- *Satisfying the Minimum Funding Standard should not be interpreted as the Scheme being in a position to purchase identical benefits with an insurance company in the event of a winding up.*
- *In making the above Statement, no account has been taken of any events that have taken place after 31 December 2019, other than those stated.*
- *The actuarial work involved in the preparation of this statement complies with the guidelines set out by the Society of Actuaries in Ireland in ASP-PA 2. For the purposes of ASP-PA 2, the sole ‘user’ of this document is the Trustee.*

Actuarial statement and funding certificates (Continued)

An tÚdarás Pinsean
The Pensions Authority

SCHEDULE BD

Article 4

ACTUARIAL FUNDING CERTIFICATE

THIS CERTIFICATE HAS BEEN PREPARED UNDER THE PROVISIONS OF SECTION 42(1) OF THE PENSIONS ACT 1990 (the ACT) FOR SUBMISSION TO THE PENSIONS AUTHORITY BY THE TRUSTEES OF THE SCHEME

SCHEME NAME:	Royal Liver Assurance Ltd Superannuation Fund (ROI)
SCHEME COMMENCEMENT DATE:	31/12/2003
SCHEME REFERENCE NO.:	PB153418
EFFECTIVE DATE:	31/12/2018
EFFECTIVE DATE OF PREVIOUS CERTIFICATE (IF ANY):	31/12/2015

On the basis of information supplied to me, having complied with any guidance prescribed under section 42(4)(b) of the Act and, subject thereto, having regard to such financial and other assumptions as I consider to be appropriate, I am of the opinion that at the effective date of this certificate:-

(1) the resources of the scheme, which are calculated for the purposes of section 44(1) of the Act to be €260,334,000.00, would have been sufficient if the scheme had been wound up at that date to provide for the liabilities of the scheme determined in accordance with section 44(1) of the Act which, including the estimated expenses of administering the winding up of the scheme, amount to €210,807,000.00, and

(2) €0.00 of the resources of the scheme referred to in paragraph (1) comprise contingent assets, in accordance with and within the meaning of the guidance issued by the Authority and prescribed under section 47 of the Act.

I, therefore, certify that as at the effective date of this certificate the scheme satisfies the funding standard provided for in section 44(1) of the Act.

I further certify that I am qualified for appointment as actuary to the scheme for the purposes of section 51 of the Act.

Signature:		**Date:**	26/09/2019
Name:	Mr. Keith Burns	**Qualification:**	FSAI
Name of Actuary's: Employer/Firm	Willis Towers Watson	**Scheme Actuary Certificate No.**	P050

Submission Details

Submission Number:	SR2165450	**Submitted Electronically on:**	26/09/2019
Submitted by:	Keith Burns		

Actuarial statement and funding certificates (Continued)

An tÚdarás Pinsean
The Pensions Authority

SCHEDULE BE

Article 4

FUNDING STANDARD RESERVE CERTIFICATE

THIS CERTIFICATE HAS BEEN PREPARED PURSUANT TO SECTION 42(1A) OF THE PENSIONS ACT 1990 (the ACT) FOR SUBMISSION TO THE PENSIONS AUTHORITY BY THE TRUSTEES OF THE SCHEME

SCHEME NAME: Royal Liver Assurance Ltd Superannuation Fund (ROI)

SCHEME COMMENCEMENT DATE: 31/12/2003

SCHEME REFERENCE NO.: PB153418

EFFECTIVE DATE: 31/12/2018

EFFECTIVE DATE OF PREVIOUS CERTIFICATE (IF ANY): 31/12/2015

On the basis of information supplied to me, having complied with any guidance prescribed under section 42(4)(b) of the Act and, subject thereto, having regard to such financial and other assumptions as I consider to be appropriate, I am of the opinion that at the effective date of this certificate:-

(1) the funding standard liabilities (as defined in the Act) of the scheme amount to €210,301,000.00,

(2) the resources of the scheme (other than resources which relate to contributions or a transfer of rights to the extent that the benefits provided are directly related to the value of those contributions or amount transferred (DC resources)), calculated for the purposes of section 44(1) of the Act amount to €259,828,000.00,

(3) €180,698,000.00 , of the amount referred to in paragraph (2) (subject to a maximum of an amount equal to the funding standard liabilities) is invested in securities issued under section 54(1) of the Finance Act 1970 (and known as bonds), securities issued under the laws of a Member State (other than the State) that correspond to securities issued under section 54(1) of the Finance Act 1970, cash deposits with one or more credit institutions and such other assets (if any) as are prescribed under section 44(2)(a)(iv) of the Act,

(4) the amount provided for in section 44(2)(a) of the Act (Applicable Percentage x ((1) minus (3)) is €2,960,000.00,

(5) the amount provided for in section 44(2)(b) of the Act, being the amount by which the funding standard liabilities of the scheme would increase if the interest rate or interest rates assumed for the purposes of determining the funding standard liabilities were one half of one per cent less than the interest rate or interest rates (as appropriate) assumed for the purposes of determining the funding standard liabilities less the amount by which the resources of the scheme (other than DC resources) would increase as a result of the same change in interest rate or interest rates is -€1,684,000.00,

(6) the aggregate of (4) and (5) above amounts to €1,276,000.00, and

(7) the additional resources (as defined in the Act) of the scheme amount to €49,527,000.00, of which, in accordance with and within the meaning of the guidance issued by the Authority and prescribed under section 47 of the Act, €0.00 comprises contingent assets and €0.00 of such contingent assets comprise an unsecured undertaking.

I therefore certify that as at the effective date of the funding standard reserve certificate, the scheme does hold sufficient additional resources to satisfy the funding standard reserve as provided in section 44(2) of the Act.

Actuarial statement and funding certificates (Continued)

I further certify that I am qualified for appointment as actuary to the scheme for the purposes of section 51 of the Act.

Signature:		**Date:**	26/09/2019
Name:	Mr. Keith Burns	**Qualification:**	FSAI
Name of Actuary's: Employer/Firm	Willis Towers Watson	**Scheme Actuary Certificate No.**	P050

Submission Details

Submission Number:	SR2165453	**Submitted Electronically on:**	26/09/2019
Submitted by:	Keith Burns	**Re-submitted on:**	26/09/2019

Internal dispute resolution procedure

Objective

The Superannuation Fund has an internal procedure for resolving any disputes which may arise between the Trustee of the Fund (or its agents) and members of the Fund. A claim may be made by or on behalf of any of the following:

- Current members
- Pensioner members
- Former members
- Beneficiaries or prospective beneficiaries

Note: If you make a complaint under the procedure, you may appoint a representative to act on your behalf. The representative does not need to have any connection with the Superannuation Fund. Where a person who has made a complaint dies before the complaint has been dealt with, the application may be continued by his or her personal representatives.

This procedure relates to any complaint where the actual or potential beneficiary alleges that he has sustained financial loss caused by maladministration of the Scheme, or who disputes an issue of law or fact that arises in relation to an act performed in the management of the Scheme.

Exclusions

The procedure does not apply to:

- Any dispute with the employer (unrelated to the Superannuation Fund) – this should be dealt with through Royal London's grievance procedure.

- Any dispute which may be determined by the Pensions Authority (in relation to certain specified issues) or by the Director of Equality Investigations (equal treatment of employees in relation to access to a scheme)

- Where the complaint or dispute was previously examined by the Pensions Authority, the scheme is a frozen scheme or a scheme which has commenced to be wound up.

Making a Complaint

In the first instance, a complaint should be made in writing to Staff Pensions. If the matter is not resolved to your satisfaction, then you have a statutory right to have the issues giving rise to the dissatisfaction investigated through the Internal Dispute Resolution Procedure explained overleaf.

Internal dispute resolution procedure (continued)

COMPLAINT TO THE TRUSTEE

An application can be made on the standard form supplied (the form should be fully completed) and should be submitted to:

R.L. Pensions Trustees (R.O.I.) Company Limited by Guarantee
c/o Staff Pensions Trustee Secretarial
Royal London House
Alderley Road
Wilmslow
SK9 1PF

R.L. Pensions Trustee (R.O.I.) Company Limited by Guarantee is the Corporate Trustee of the Superannuation Fund (R.O.I.).

Following receipt of the application, the Trustee will review the details of the complaint or dispute as presented by the applicant (additional information may be requested if required) and will then make a determination in relation to the matter. The decision of the Trustee (or a Sub-Committee of the Trustee nominated for this purpose), will be made within three months of receipt of the complaint and all relevant information.

The formal determination will include the following:

- References to any legislation, legal precedent, ruling of the Pensions Authority, ruling or practice of the Revenue Commissioners or other material relied upon;
- Reference to such parts of the Rules of the Scheme relied upon and, where a discretion has been exercised, reference to the rule by which such discretion is conferred;

Where the complaint arises from the exercise of discretion, the reason for it being exercised in a certain way may not be given. However, reference will be made to the part of the Scheme documentation which authorises the Trustee to exercise the discretion.

Following receipt of the Trustee's determination, if you are not happy with the outcome, you have the right to raise the matter with the Financial Services and Pensions Ombudsman. Their office may be contacted at:

Financial Services and Pensions Ombudsman
Lincoln House, Lincoln Place, Dublin 2, D02 VH29
Telephone: (01) 567 7000
E-mail: info@fspo.ie
Website: http://www.fspo.ie/