Scottish Housing Associations' Pension Scheme
Defined Benefit Accounting

Supplementary Asset Information

31 March 2025

1. Purpose

This report provides supplementary background information for employers participating in the Scottish Housing Associations' Pension Scheme (the "Scheme") and their auditors in relation to the preparation of accounting disclosures under Section 28 of FRS 102.

The report includes:

- the market value of the invested assets of the Scheme applicable for disclosures ending 31 March 2025
- a description of the underlying funds at that date
- a description of how TPT's asset portfolio has changed since March 2024
- the process describing how Scheme assets are divided amongst participating employers, leading to the asset values contained in the employer FRS 102 disclosures

2. Market Value of Scheme Assets

A summary of the assets of the Scheme applicable for disclosures ending 31 March 2025 is set out below:

Asset name	Market Value £000s
Growth Assets	
Global Equity	72,578
Liquid Alternatives	115,356
Insurance-Linked Securities	2,389
Property	31,027
Infrastructure	135
Private Equity	544
Real Assets	74,776
Private Credit	78,135
Credit	26,643
Cash	3,346
Matching Plus	
Long Lease Property	211
Secure Income	14,478
Investment Grade Credit	28,657
Liability Driven Investment (LDI)	
Liability Driven Investment	176,397
Net Current Assets	
Net Current Assets	830
Currency Hedging	
Currency Hedging	1,048
Total	626,550

The figure on the previous page excludes assets held in respect of members’ additional voluntary contributions, those in the defined contribution section of the Scheme and assets in respect of insured pensioners. These assets and the corresponding liabilities have been excluded from this valuation.

3. Investment Funds

Descriptions of the underlying investment funds are set out below:

3.1 Growth Assets Portfolio

The purpose of the Growth Assets Portfolio is to deliver a return in excess of the Scheme's liabilities. There is an inherent level of risk involved in investing in growth assets, which is managed by creating a diversified portfolio that is expected to deliver returns in a number of economic scenarios. The Growth Assets Portfolio is split into five sub-portfolio, with each sub-portfolio consisting of a number of funds that are expected to derive their returns from a common factor.

Asset Name	Description
Global Equity	The Global Equity Fund invests in global listed equity markets, covering both developed and emerging markets. It invests both passively and actively, with the aim of delivering returns in excess of a global index.
Liquid Alternatives	The Fund offers access to a diversified range of alpha sources while maintaining low levels of directional market risk, resulting in return volatility significantly below that of long-only equities. Given these characteristics, it is resilient to a variety of macroeconomic environments and offers protection in times of market uncertainty and stress.
Credit	Invests in corporate and government bonds across the credit spectrum and globe. It is expected that the allocation will change over time according to market opportunities, typical asset classes will include sub-investment grade corporate bonds, emerging market debt, sovereign debt and currencies, and investment grade corporate bonds from all geographies.

Asset Name	Description
Insurance-Linked Securities	An insurance-linked securities (ILS) mandate derives its return from insurance premiums received for assuming property risk associated with natural catastrophes. The main exposure within the portfolio is US wind and earthquake risk given these are typically the risks that insurance companies have significant exposure to, and are willing to pay attractive levels in order to free up capital on their balance sheet.
Property	The Property mandate provides exposure to the UK property market. Its primary aim is to deliver a yield in excess of the broader universe, with a secondary target of delivering capital appreciation. Rental increases are expected to be largely linked to the open market.
Real Assets	The Real Assets portfolio provides a diversified exposure to global unlisted infrastructure projects. It consists of both operating companies where value is created through identifying and executing operational efficiencies, and greenfield projects that design and construct new assets in order to increase the stock of infrastructure assets available. Infrastructure assets are defined as those key to the proper functioning of the economy.
Private Equity	Private Equity is investing in the equity of companies which are not listed on a stock exchange. Private Equity investors are commonly the sole investor (or one of a small number of investors) in the company and thus exercise a greater level of control over the business. This control allows private equity investors the ability to make changes to the business with the aim of increasing its value over time.

Asset Name	Description
Private Credit	The Private Credit Fund encompasses a series of non-public fixed income assets, many of which have no recognised secondary market. The fund may invest in any type of credit or credit structure, including but not limited to: • Direct Lending: where a company originates a loan directly with an investment manager, i.e. an investment bank is not involved in the process. • Capital Relief Transactions: where an investment manager in effect provides insurance to a bank, or other financial institution • Structured Debt: where a number of bonds and/or loans are packaged together and then tranched to provide differing return/risk profiles for investors • Asset Backed Financing: where capital can be provided to a company with the security of an underlying asset, for example aircraft leasing.
Cash	This is cash mandate which is primarily used to maintain short-term liquidity in order to pay out pension scheme benefits.

3.2 Matching Plus Portfolio

The assets held in the Matching Plus Portfolio are expected to provide a return above the Scheme's liabilities by investing in assets that provide a high degree of certainty with regard to the outcome; this is generally achieved by holding a portfolio of investment grade assets that deliver returns through yield. The level of risk, and therefore return, is expected to be lower than those found within the Growth Assets Portfolio.

Asset Name	Description
Long Lease Property	The Long Lease Property mandate gives exposure to UK property where a large proportion of the valuation is derived from the value assigned to the lease. Typically these leases are long dated in nature, secured against tenants with strong covenants and have rent reviews that are either fixed in nature or linked to rises in inflation.
Secure Income	This mandate invests in debt instruments associated with private placement corporate loans, commercial real estate lending and infrastructure debt. The loans are expected to be long dated in nature, with a high degree of certainty over repayment of both interest and capital. Given the illiquid nature of the investments it is expected that an additional return will be earned over publicly traded equivalents.
Investment Grade Credit	Primarily invests corporate bonds issued predominantly by Developed Market companies which have an investment grade credit rating. The fund can also invest in sub-investment grade corporate bonds, government bonds and cash.

3.3 Liability Driven Investment (LDI) Portfolio

The LDI portfolio mitigates interest rate and inflation risks that are present in the Scheme liabilities. This is achieved by holding a combination of government bonds (gilts) and swaps.

Asset Name	Description
Liability Driven Investment (LDI)	Liability Driven Investment (LDI) is a risk mitigation strategy that hedges the interest rate and inflation risks associated with scheme liabilities. This is achieved using a portfolio of leverage gilts and/or interest rate swaps, with the exact composition dependent on the specific characteristics of the liability cashflows.

3.4 Net Current Assets

Also included in the asset list is the value of Net Current Assets in the Scheme. This value is not an investment but still forms part of the Scheme’s total assets.

3.5 Currency Hedging

Asset Name	Description
Currency Hedging	The purpose of currency hedging is to reduce the volatility of portfolio returns given currency moves. This mandate hedges exposure to USD, EUR and JPY.

4. Asset portfolio updates since March 2024

Over the period since March 2024 TPT has created several new funds, some of which are comprised of underlying assets that were in place in March 2024.

The accounting disclosures will therefore show a longer list of assets, as both the asset names applicable at 31 March 2024 and 31 March 2025 will be shown on separate rows.

The below table shows the new categorisation of asset compared to the prior year:

Asset Categorisation at 31 March 2024	Asset Categorisation at 31 March 2025
Global Equity	Global Equity
Absolute Return	Liquid Alternatives
Distressed Opportunities	Liquid Alternatives
Credit Relative Value	Liquid Alternatives
Alternative Risk Premia	Liquid Alternatives
n/a	Liquid Alternatives
Emerging Market Debt	Credit
Risk Sharing	Private Credit
Insurance-Linked Securities	Insurance-Linked Securities
Property	Property
Infrastructure	Real Assets / Infrastructure
Private Equity	Private Equity
n/a	Real Assets
Private Debt	Private Credit
Opportunistic Illiquid Credit	Private Credit
n/a	Private Credit
n/a	Credit
n/a	Investment Grade Credit
High Yield	Credit
Cash	Cash
Long Lease Property	Long Lease Property
Secure Income	Secure Income
Liability Driven Investment	Liability Driven Investment
Currency Hedging	Currency Hedging
Net Current Assets	Net Current Assets

5. Determining an employer’s fair value of assets

The Scheme is a non-segregated multi-employer Scheme and does not, therefore, have ring-fenced assets for each participating employer.

The fair value of an employer’s assets in the Scheme for the purpose of FRS 102 is determined as the employer’s share of the market value of the Scheme assets, split in proportion to the employer’s share of the trustee’s triennial funding liabilities (termed ‘Technical Provisions’) at the accounting date. This process has been adopted as it is the approach adopted by the trustee should an employer bulk transfer from the Scheme to an alternative defined benefit scheme. In order to obtain this fair value for an employer, the trustee’s funding liabilities are calculated for all employers at the accounting date. Each employer’s percentage share of the total funding liabilities is then determined. That percentage share is then applied to the market value of the assets of the scheme as at the accounting date.

Calculate funding liabilities for each employer	Determine % share of funding liabilities for each employer	Obtain market value of Scheme assets	Determine an employer’s fair value of assets (2 multiplied by 3)
1	**2**	**3**	**4**

If you have any quest ons on the above please contact us on frs102@tpt.co.uk or 0113 394 2668.