

ACTUARIAL REPORT AS AT 31 DECEMBER 2021

London Stock Exchange Group Pension Scheme – LSE Section

This paper is commissioned by and addressed to the Trustee of the London Stock Exchange Group Pension Scheme (“the Trustee” of “the Scheme”). It summarises the results of a financial update (known as an “actuarial report”) of the LSE Section of the Scheme (“the LSE Section”) as at 31 December 2021. It has been prepared to satisfy the requirements of section 224 of the Pensions Act 2004. An actuarial report must be prepared each year, unless an actuarial valuation takes place in that year.

The most recent actuarial valuation was carried out as at 31 December 2020. At that date, the LSE Section showed a deficit of £45.2 million relative to its technical provisions, equivalent to a funding level of 91%.

If the assumptions underpinning the Recovery Plan agreed as part of the 31 December 2020 actuarial valuation had been borne out in practice then, allowing for the £14 million Employer contribution paid in November 2021, the deficit would have been expected to have decreased to £29.4 million at 31 December 2021, equivalent to a funding level of 94% relative to the technical provisions.

My updated calculations show that at 31 December 2021 the actual deficit was £16.5 million, equivalent to a funding level of 97%. The improvement in the LSE Section’s funding position compared to that expected is primarily due to the investment return on the LSE Section’s non-insured assets being higher than assumed.

The asset value of £478.0 million is the (unaudited) market value of the LSE Section’s assets at 31 December 2021. The asset value includes £213.1 million in respect of the insured pensioners, calculated on the technical provisions basis as at 31 December 2021. The value of the insured pensioners at 31 December 2020 was £225.9 million. Over the period, the value of the LSE Section’s non-insured assets increased by £11.6 million and the value of the insured pensioners decreased by £12.8 million. Hence, the overall asset value has decreased by £1.2 million since the valuation date.

The Trustee should consider the results of this actuarial report bearing in mind their view of the Employer covenant and the LSE Section’s current and future investment strategy.

Signature



Scheme Actuary

Gordon Clark, MA, FIA

Qualification

Fellow of the Institute and Faculty of Actuaries

Date of signing

15 June 2022

The advice set out in this report and accompanying documents is covered by and compliant with the following Technical Actuarial Standards (TAS) issued by the Financial Reporting Council: *TAS 100 – Principles for Actuarial Technical Work and TAS 300 - Pensions*. It should be read in conjunction with the formal documentation for the 31 December 2020 actuarial valuation, dated March 2022, as well as my paper *Valuation of insured annuities for the 31 December 2021 Trustee Report and Accounts*, dated 16 May 2022.

The approximate results in this report have been calculated using the method and assumptions set out in the statement of funding principles agreed as part of the 31 December 2020 actuarial valuation, dated March 2022, updated to reflect financial market conditions. The figures calculated for this actuarial report are not as accurate as those that would arise from a full actuarial valuation as some approximations have been made and individual membership data has not been used (it is based on the membership data supplied for the 31 December 2020 actuarial valuation).

This report is designed to provide an overview of the financial position of the LSE Section for information purposes only. This report does not contain recommendations in relation to:

- any changes to the method and assumptions,
- the contribution rate / benefit structure,
- the investment strategy or investment advice (including the design of trigger based investment strategy changes).

We cannot guarantee that the report is suitable for use for the above or for any purpose other than that stated. If this report leads to new decisions or potential changes in any of these areas, then you will need to ensure you have taken further appropriate advice.

We will not carry out any additional work in connection with the report without your prior instructions.

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