

**THE PEOPLE'S DISPENSARY FOR SICK ANIMALS  
RETIREMENT BENEFITS PLAN (1978)**

**Annual Report  
31 December 2023**

Scheme Registration Number: 10133971

**THE PEOPLE'S DISENSARY FOR SICK ANIMALS  
RETIREMENT BENEFITS PLAN (1978)  
YEAR ENDED 31 DECEMBER 2023**

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TRUSTEE AND ADVISERS  
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**PRINCIPAL EMPLOYER**

The People's Dispensary for Sick Animals (PDSA) ('the Employer' / 'the Society')

**TRUSTEE**

Whitechapel Associates Limited

**Directors**

Robert Beck (PDSA appointed)

Karen Hailes (PDSA appointed) (Resigned 14 August 2023)

Ian Phoenix (Chair, PDSA appointed)

Robert Newcombe (member-nominated) (Resigned 30 November 2023)

Dan Shrimpton (member-nominated)

**ADDRESS FOR GENERAL AND BENEFIT ENQUIRIES**

Karen Waters-Hewitt

PDSA

Whitechapel Way

Priorslee

Telford

Shropshire

TF2 9PQ

waters-hewitt.karen@pdsa.org.uk

**PLAN ACTUARY**

Alistair Russell-Smith FIA

Hymans Robertson LLP

One London Wall

London

EC2Y 5EA Resigned 22 December 2023

Peter Carver

Hymans Robertson LLP

London

EC2Y 5EA Appointed 22 December 2023

**ADMINISTRATION SERVICES**

Hymans Robertson LLP

One London Wall

London

EC2Y 5EA

**INVESTMENT ADVISERS**

Barnett Waddingham LLP

St James' House

St James' Square

Cheltenham

GL50 3PR

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TRUSTEE AND ADVISERS (continued)  
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**SOLICITORS**

Eversheds Sutherland (International) LLP  
One Callaghan Square  
Cardiff  
CF10 5BT

**INVESTMENT MANAGERS**

BlackRock Investment Management (UK) Limited  
12 Throgmorton Avenue  
London  
EC2N 2DL

Schroders Investment Management Limited  
31 Gresham Street  
London  
EC2V 7QA

Insight Investment Management (Global) Limited  
160 Queen Victoria Street  
London  
EC4V 4LA

Pictet Asset Management Limited  
Moor House  
120 London Wall  
London  
EC2Y 5ET

Barings  
Brown Brothers Harriman & Co  
50 Post Office Square  
Boston  
MA  
02100

Arcmont Asset Management Limited  
77 Grosvenor Street  
London  
W1K 3JR

Ballie Gifford  
Carlton Square  
1 Greenside Row  
Edinburgh  
EH1 3AN (Disinvested 14 November 2023)

**BUY-IN PROVIDER**

Aviva  
PO Box 3331  
Norwich  
NR1 3WH

**THE PEOPLE'S DISPENSARY FOR SICK ANIMALS  
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**AVC INVESTMENT MANAGERS**

Prudential  
Lancing Business Park  
Lancing  
BN15 8GB

ReAssure Life  
Windsor House  
Telford Centre  
Overdale  
Telford  
TF3 4NB

**BANKERS**

Barclays Bank Plc  
Leicester  
LE87 2BB

**AUDITOR**

RSM UK Audit LLP  
Statutory Auditor  
103 Colmore Row  
Birmingham  
B3 3AG

**CUSTODIANS\***

Custodian of the assets held with BlackRock Investment Management (UK) Limited is:  
Bank of New York Mellon  
1 Royal Mint Court  
London  
EC3N 4HH

Custodian of the assets held with Insight Investment Management (Global) Limited is:  
Northern Trust  
50 Bank Street  
Canary Wharf  
London  
E14 5NT

Custodian of the assets held with Pictet Asset Management Limited is:  
Pictet & Cie (Europe) SA  
6th Floor  
5 Stratton Street  
London  
W1J 8LA

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**CUSTODIANS\* (continued)**

Custodian of the assets held with Arcmont Asset Management Limited is:

BNP Paribas  
Waterloo Court  
37 Waterloo Street  
Birmingham  
B2 5TB

Custodian of the assets held with Barings Global Special Situations Credit 3 is:

Brown Brothers Harriman (Luxembourg) S.C.A.  
80 Route d'Esch,  
L-1470  
Luxembourg

Custodian of the assets held with Barings Global Special Situations Credit 4 is:

Bank of New York Mellon  
1 Canada Square  
London  
E14 5AL

Custodian of the assets held with Ballie Gifford is:

Bank of New York Mellon (Removed 14 November 2023)  
1 Canada Square  
London  
E14 5AL

\*These are not directly appointed by the Plan.

**THE PEOPLE'S DISPENSARY FOR SICK ANIMALS  
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TRUSTEE'S REPORT  
YEAR ENDED 31 DECEMBER 2023**

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The Trustee of The People's Dispensary For Sick Animals Retirement Benefits Plan (1978) ('RBP'/'Plan') presents its report and the audited financial statements for the year ended 31 December 2023, together with reports from the Plan's Actuary and Investment Managers. The financial statements have been prepared and audited in accordance with regulations made under Section 41 (1) and (6) of the Pensions Act 1995. The purpose of the report is to describe how the Plan and its investments have been managed during the year.

## **INTRODUCTION**

### **Constitution of the Plan**

The Employer provides a defined benefit scheme governed by a Trust Deed dated 18 June 1979, as amended from time to time for members who joined the Plan or were categorised as Eligible Employees on or before 4 June 2006. On 5 June 2006, the Plan closed to new joiners and on 5 April 2019, the Plan closed to future accrual. All new employees are now automatically enrolled into the Employer's Group Personal Pension Plan, if eligible.

The Plan is registered with HM Revenue & Customs. The Trustee knows of no reason why the status should be withdrawn or compromised.

The Plan is registered with The Pensions Regulator and prior to 6 April 2016 members were contracted out of the State Second Pension ('S2P'), formerly the State Earnings Related Pension Scheme ('SERPS').

### **Management of the Plan**

The Trustee is a Corporate Trustee Company known as Whitechapel Associates Limited ('the Trustee'). The Trustee Directors of Whitechapel Associates Limited can be found on page 2 of this report.

Under the Rules of the Plan, as well as a deed dated 10 October 2017 between PDSA and Whitechapel Associates Limited, Trustee Directors are appointed and may be removed by the Society, subject to the relevant Sections of the Pensions Act 2004 in respect of Member Nominated Trustees.

PDSA appointed Trustee Directors can serve as a Trustee Director until such time as he or she resigns, leaves the service of PDSA or retires from Council. During the period, Karen Hailes resigned as a PDSA appointed Trustee.

At least one third of the Trustee Directors are nominated by the Plan members. Member Nominated Trustee Directors (MND) may, subject to the agreement of the other Trustee Directors, remain in office until such a time as he or she resigns or leaves the service of PDSA. The exception to this is if the Member Nominated Trustee Director leaves active service due to retirement and becomes an immediate pensioner member of the Plan. A MND may be removed if all the other Trustee Directors agree that this is the best course of action.

Both Dan Shrimpton and Robert Newcombe were Member Nominated Directors of Whitechapel Associates Limited, however Robert Newcombe resigned on 30 November 2023.

During the year the Trustee met three times for scheduled board meetings. All decisions are taken by simple majority with the Chair having the casting vote. In addition the Trustee met via video conference for Liability Driven Investment, GMP equalisation and Actuarial Valuation training as well as to undertake the annual review of the Investment Advisor.

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**Guaranteed Minimum Pension ('GMP') Equalisation**

On 26 October 2018, the High Court handed down a judgment involving the Lloyds Banking Group's defined benefit pension schemes. The judgment concluded that schemes should be amended to equalise pension benefits for men and women in relation to GMP benefits. The issues determined by the judgment arise in relation to many other defined benefit pension schemes. Under the ruling schemes are required to backdate benefit adjustments in relation to GMP equalisation and provide interest on the backdated amounts.

The above judgment did not address transfers out which were subject to a second hearing which took place in May and October 2020. The judgment was handed down on 20 November 2020 and concluded the schemes should apply equalisation to historical transfers out. The scheme has experienced historical transfers out which may be subject to adjustment.

The Trustee of the Plan underwent training on the implications and next steps in November 2022 and held further discussions during 2023. It is expected that work will begin on GMP equalisation in quarter four 2024 (following the conclusion of the 31 December 2023 actuarial valuation).

Based on an initial assessment of the likely backdated amounts and related interest, the Trustee does not expect these to be material to the financial statements. They will be accounted for in the year they are determined.

**Transfers**

All transfer values paid to other pension schemes during the year were calculated and verified by the Plan's Actuary or calculated in accordance with instructions prepared by him, in accordance with statutory regulations. No discretionary payments were taken into account in calculating cash equivalents for transfer purposes. No transfers were reduced lower than their cash equivalent value.

An agreement was made by the Trustee, as of November 2007, to cease acceptance of transfers in from other schemes.

**MEMBER COMMUNICATION**

**Member Update and Summary Funding Statement**

During the year, the Trustee produced a member update covering the year ended 31 December 2022 in recognition of the importance of good member communication. It was designed to keep members up to date with events affecting the Plan and its financial development. It also included a Summary Funding Statement.



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## **KNOWLEDGE AND UNDERSTANDING**

The Pensions Act 2004 requires the Trustee Directors to have knowledge and understanding of pensions legislation, investments, the Plan's Trust Deed and Rules, the Statement of Investment Principles, the Statement of Funding Principles and other documentation which sets out administration policy in relation to the Plan. The Pensions Regulator has issued a Code of Practice in respect of this.

The Trustee Directors regularly assess their knowledge in the areas required under the Act and of the skills required for effective Trusteeship.

Trustee Directors are encouraged to complete the on-line training programme, "The Trustee Toolkit", managed by The Pensions Regulator. Trustee training is also delivered in a number of other ways. Training activity includes: formal training courses run by various providers, attendance at pension conferences, and training by the Plan's adviser(s) at, or ahead of, each Trustee meeting.

The Trustee actively seeks to ensure its management of the Plan complies with "best practice" as expressed in the Code of Practice.

## **SCHEME EVENTS CALENDAR**

The Trustee maintains a Scheme Events Calendar for the Plan which details the key tasks or events planned to take place each year. This assists the Trustee in the on-going management of the Plan and in monitoring the activities of its advisers. The Scheme Events Calendar was reviewed regularly during the year and updated where necessary.

## **COVENANT OF THE EMPLOYER**

The Trustee undertook a formal review of the employer covenant in November 2021, and the Trustee concluded the employer was tending to strong. This review was supported by FRP Covenant Advisory. The Trustee continues to monitor the Covenant of the Employer by reviewing the Society's monthly financial reporting.

## **RISK REGISTER**

The Trustee continues to carry out a regular formal risk assessment and management review of internal controls.

The Risk Register was formally reviewed during the year by the Trustee. The Trustee has adopted a policy of reviewing a category of risk in detail at each Trustee meeting in conjunction with its advisers and updating and refining the register as a result of these reviews.

## **ANTI-BRIBERY & CORRUPTION**

Following the introduction of the Bribery Act 2010, which came into force on 1 July 2011, and the Trustee risk assessment, which indicates that there is a low risk of bribery and corruption associated with the Plan, the Trustee has put measures to counter bribery and corruption in place. A statement on the Trustee's approach to the Policy has been developed and is contained within the Conflicts of Interest Policy. The Trustee reviewed this policy in September 2023. The next review is due in September 2024.

## **CONFLICTS OF INTEREST POLICY**

The Trustee has a Conflicts of Interest Policy which is reviewed and monitored regularly. This was last reviewed in September 2023. The next review is due in September 2024. A log of conflicts is maintained as part of the governance procedure.

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### **DISPUTE RESOLUTION PROCEDURE**

The Trustee has devised and published a dispute resolution procedure to consider complaints from members or their representatives. This has been updated to include reference to The Pensions Ombudsman's early resolution service. Details of the procedure are available from Karen Waters-Hewitt (the Pensions Manager), address as noted on page 2.

### **DATA CLEANSING EXERCISE**

From December 2012, the Pensions Regulator introduced new guidance for pension schemes, regarding member data. All common data such as name, address, date of birth, National Insurance number, membership dates etc. must be present and accurate for 95% of the 'legacy' data (i.e. data created before June 2010) and 100% of 'new' data (i.e. data created after June 2010), or it must be shown that 'reasonable endeavours to resolve inaccurate or missing data are being taken.

The Trustee assess compliance against this guidance and the score as at March 2023 was 93.48% for common data and 16.25% for scheme specific data. The score has dropped for scheme specific data as the guidance for the measurement of the data has changed and following an exercise to update certain missing data, the score increased to 97.03% for common data and 51.41% for scheme specific data. The measurement date was 29 January 2024. The majority of the missing data is available, but not held electronically as it is not deemed critical for member calculations.

### **MEMBERSHIP**

The membership of the Plan as at 31 December 2023 was made up as follows:

	<b>2023</b>	<b>2022</b>
Early leavers with deferred benefits	1,099	1,160
Pensioners (including beneficiaries receiving pensions)	787	747
Total	<u>1,886</u>	<u>1,907</u>

Included within the pensioner figures are 443 (2022: 444) annuitants for whom the Plan has purchased annuity policies in respect of their pension payments.

### **FINANCIAL REVIEW**

The 2023 financial statements, set out later in this Annual Report, provide an overview of the Plan's income, expenditure and its investments.

Details of the performance of the Plan's investments are set out on pages 17 and 18.

### **CHANGE IN ACTUARY**

Alistair Russell-Smith resigned as Scheme Actuary on 22 December 2023. As required by Regulations made under the Pensions Act 1995 Alistair confirmed in his notice of resignation that "I know of no circumstances connected with my resignation which, in my opinion, significantly affect the interests of the members, prospective members, or beneficiaries of the Scheme". Peter Carver was appointed as Scheme Actuary on 22 December 2023.

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**FINANCIAL DEVELOPMENT OF THE SCHEME**

The financial statements have been prepared and audited in accordance with regulations made under Section 41(1) and (6) of the Pensions Act 1995.

The fund account shows that the net assets of the Scheme increased from £95,073,889 at 31 December 2022 to £99,575,823 at 31 December 2023. Investment performance has significantly increased in the year to 31 December 2023. Gilt yields were relatively more stable in 2023 than 2022 - long-dated real yields were higher by the end of the year, however short-to-medium yields were lower, resulting in a small reduction in the liabilities and associated hedging assets. Positive returns across other asset classes combined with the ongoing contributions from the Society resulted in an expected c£4m improvement in the funding position over the year.

The increase in net assets is accounted for by:

	<b>Total 2023 £</b>	<b>Total 2022 £</b>
Member related income	3,852,000	3,852,000
Member related payments	(4,125,042)	(4,316,337)
Net withdrawals from dealings with members	(273,042)	(464,337)
Net return on investments	4,774,976	(56,889,849)
Net increase/(decrease) in fund	4,501,934	(57,354,186)
<b>Net assets at start of year</b>	<b>95,073,889</b>	<b>152,428,075</b>
<b>Net assets at end of year</b>	<b><u>99,575,823</u></b>	<b><u>95,073,889</u></b>

**PENSION INCREASES**

As at July 2023, the pensions in payment were increased in line with the Plan's Rules. All increases were in accordance with the Rules of the Plan or legislative requirements. There were no discretionary increases during the year.

Where appropriate pensions in excess of the Guaranteed Minimum Pension ('GMP') were increased as follows:

- Non GMP accrued prior to 6 April 1997 were increased by 5%
- Pensions accrued between 6 April 1997 and 5 April 2006 were increased by 5 %
- Pensions accrued on or after 6 April 2006 were increased by 2.5%
- Post 1988 GMP pension was increased by 3%
- No increase was applied to pre-1988 GMPs.

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YEAR ENDED 31 DECEMBER 2023**

**ACTUARIAL REVIEW**

The Fund Account and Statement of Net Assets on pages 27 to 28 do not take account of the liabilities to provide pension benefits which fall due after the year end. In respect of the Plan, these liabilities are considered by the Plan Actuary who carries out an actuarial valuation of such liabilities every three years. This valuation considers the funding position of the Plan and the level of contributions payable.

The most recent actuarial valuation was carried out as at 31 December 2020. In consultation with the Plan Actuary, the Society has agreed to pay deficit funding contributions in line with the following table:

Period	Deficit Reduction Contributions
1 January 2021 – 31 December 2021	£2.5m payable in equal monthly instalments. This has now been paid.
1 January 2022 – 31 August 2032	A contribution of £6m by 31 January 2022 (which has now been paid), plus £3.402m payable in equal monthly instalments with effect from 1 January 2022.

In addition, the Society will also pay a fixed contribution of £450,000 per annum to cover Plan expenses plus the Pension Protection Fund (PPF) and Pensions Regulator levies.

The Plan also has two charges over Society property, which helps support the length of the recovery plan.

The Society has also agreed to pay additional contributions in certain circumstances. The table below sets out the expected progression of the Plan's technical provisions funding level from the 31 December 2020 valuation in the "Planned funding level" column. A "Trigger funding level" is set at a level of 4% below the "Planned funding level" as set out in the "Trigger funding level" column in the table below.

At every third anniversary of the 31 December 2020 formal valuation (the "test dates") the funding level on that test date (the "measured funding level") is compared to the "Trigger funding level" at the "test date". If the "measured funding level" is below the "Trigger funding level" then the Society will be required to pay an additional £3m of contributions prior to the "due date for contribution" outlined in the table below.

Test date	Planned funding level %	Trigger funding level %	Contribution payable if funding level below trigger	Due date for contribution
31 December 2023	81.2	77.2	£3m	31 March 2025
31 December 2026	87.4	83.4	£3m	31 March 2028
31 December 2029	93.7	89.7	£3m	31 March 2031

If the "measured funding level" at any "test date" is greater than 100%, then both the deficit reduction contributions and the contingent contributions set out above will cease being payable from 1 July following the "test date", or from an earlier date if agreed with the Trustee. If at any subsequent "test date" the "measured funding level" has fallen below 100%, then both the deficit reduction contributions and the contingent contributions (if triggered) will recommence from 1 July following the "test date", or from an earlier date if agreed with the Trustee.

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**ACTUARIAL REVIEW (CONTINUED)**

The formal actuarial certificate required by statute to be included in this Annual Report from the Scheme Actuary appears on page 43. In addition, as required by FRS 102, the Trustee has included the report on Actuarial Liabilities below, which forms part of the Trustee Report.

**REPORT ON ACTUARIAL LIABILITIES**

Under Section 222 of the Pensions Act 2004, every scheme is subject to the Statutory Funding Objective, which is to have sufficient and appropriate assets to cover its technical provisions. The technical provisions represent the present value of the benefits members are entitled to, based on pensionable service to the valuation date. This is assessed using the assumptions agreed between the Trustee and the Society and set out in the Statement of Funding Principles, which is available to Plan members on request.

The most recent full actuarial valuation of the Plan was carried out as at 31 December 2020 and updated at 31 December 2021 and at 31 December 2022. These are shown below:

	<b>31 December 2020</b>	<b>31 December 2021</b>	<b>31 December 2022</b>
The value of the Technical Provisions was:	£196.4 million	£197.1 million	£125.9 million
The value of the assets at that date was:	£141.0 million	£151.6 million	£94.2 million
Deficit	(£55.4 million)	(£45.5) million	(£31.7) million
Funding level	72%	77%	75%

**Method**

The actuarial method used in the calculation of the expected cost members' past service benefits is an accrued benefits funding method which takes full account of expected future salary growth.

A summary of the key assumptions is shown below.

**Financial Assumptions**

Discount rate	Market implied gilt yield curve plus 0.8% pa
RPI increases	Market implied RPI curve
CPI increases	RPI curve less 1% p.a. pre 2030 RPI curve less 0% p.a. post 2030
Salary increases	Nil since pensionable salaries have been frozen since June 2016.
Pension increases	LPI Pension Increases curves derived from RPI, adjusted for the impact of the cap and the floor
Deferred revaluation	In line with relevant price inflation assumption

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**REPORT ON ACTUARIAL LIABILITIES (continued)**

**Demographic Assumptions**

Post-retirement longevity base tables	2020 VITA Tables
Pre-retirement longevity base tables	S3NXA tables
Future improvements in longevity	CMI 2020 model applying no weight to 2020 data with an addition to improvements ("A parameter") of 0.5% and a long-term rate of improvement of 1.5% p.a. for males and 1.25% p.a. for females.
Early retirements	Early retirement decrement reflecting the observed experience of members retiring in the ages 55 to 65.
Late retirement	No allowance is made for late retirement, although to the extent that members can take some of their benefits unreduced from age 60, a late retirement uplift is applied to those benefits for an assumed retirement age of 65. The benefits that are unreduced from age 60 are service from 17/5/1990 to 5/5/1993 for males who joined pre 1/1/1991 and pre 5/5/1993 service for females who joined pre 1/1/1991. Post 1/1/1991 joiners cannot take any benefits unreduced prior to age 65. Members above normal retirement age are assumed to retire immediately.
Ill health retirements	No allowance
Transfers out	No allowance
Cash commutation	90% of the maximum allowable. As at 31 December 2020, commutation factors assumed to be 10% higher than in-force factors.
Expenses	The Society pays a further amount on top of deficit contributions to fund Plan expenses.
Family details	Updated for 2020 in line with the analysis from Club VITA: 87% of male members and 53% of females are assumed to have a dependant at retirement or earlier death. Male members are assumed to be 4 years older than their female partners and female members are assumed to be 2 years younger than their male partners.
GMP equalisation	Updated for 2020: 0.70% loading is added to the liabilities for GMP equalisation

**Statement of Funding Principles**

The latest Statement of Funding Principles was agreed as part of the 31 December 2020 funding valuation and was signed on 17 December 2021. The Statement of Funding Principles sets out the assumptions used for calculating the technical provisions and future contribution requirements for the Plan; this document is available to members on request.

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**REPORT ON ACTUARIAL LIABILITIES (continued)**

**Recovery Plan**

A plan to fund the deficit revealed as at 31 December 2020 has been agreed with the Employer and, assuming the assumptions are borne out in practice, the deficit is expected to be removed by 31 August 2032.

**Schedule of Contributions**

Contributions payable to the Plan during the year ended 31 December 2023 have been received in accordance with the Schedule of Contributions certified on 17 December 2021.

A Schedule of Contributions was agreed as part of the 31 December 2020 funding valuation and was completed and certified by the Plan Actuary on 17 December 2021.

The actuarial certificate certifying the adequacy of the Schedule of Contributions is shown on page 43.

**INVESTMENT MANAGEMENT**

The Trustee delegates the day-to-day management to professional external investment managers. The Trustee sets the investment strategy for the Plan after taking advice from the Plan's Investment Adviser. The Trustee has put mandates in place with their investment managers which implement this strategy.

In accordance with s35 of the Pensions Act 1995, a Statement of Investment Principles has been prepared by the Trustee which incorporates the investment strategy. A copy of the Statement may be obtained from the Pensions Manager or online: <https://pdsarbp.co.uk/resources/>. An implementation statement is also produced in line with the regulations and is included at page 44.

**INVESTMENT STRATEGY**

The investment objective of the Plan is to maintain a portfolio of suitable assets of appropriate liquidity which will generate investment returns to meet, together with future contributions, the benefits of the Plan 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 Society's covenant, the long-term liabilities of the Plan and the funding agreed with the Society.

**Strategy as at 31 December 2023**

The Plan's investment policy is set out in the Statement of Investment Principles (SIP), dated July 2023, prepared by the Trustee in accordance with the requirements of the Pensions Act 1995, as amended by the Pensions Act 2004, and the Occupational Pension Schemes (Investment) Regulations 2005, as amended by the Occupational Pension Schemes (Investment) (Amendment) Regulations 2010; the Occupational Pension Schemes (Charges and Governance) Regulations 2015; and the Occupational Pension Schemes (Investment) (Amendment) Regulations 2018.

More detailed information regarding the Plan's investment strategy is set out in the Statement of Investment Strategy (SIS), dated November 2023.

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**INVESTMENT STRATEGY (continued)**

**Strategy as at 31 December 2023 (continued)**

As part of a strategy review carried out at the beginning of 2023, it was identified that the Plan's deficit was significantly ahead of expectations, and as such, the Trustee agreed to de-risk the portfolio by reducing the target allocation to growth assets from 56% to 45% and increasing the level of interest rate and inflation hedging from 85% to 95% of funded liabilities. The hedge increase was funded by transfers of £2.3m and £1.2m from the Insight Liquid ABS Fund and the Trustee Bank Account, respectively, into the LDI portfolio. Later in May, £3.1m was disinvested from across the target return portfolio and transferred to Insight to top back up the collateral portfolio and reduce the growth asset allocation as agreed.

At the end of June, BlackRock announced their intention to wind up the Aquila Emerging Markets Fund in September 2023. The Trustee agreed to switch their emerging market holdings into the BlackRock iShares Emerging Markets Index Fund, an alternative index-tracking pooled fund with BlackRock. The trades took place in August 2023.

In October, the Trustee agreed to redeem the Plan's holdings in the Baillie Gifford Multi Asset Growth Fund (c.£4.8m), in light of continued changes to the investment process and poor performance. In addition, at this time the Trustee Bank Account had built up a £900k surplus above the £300k float. In November, the proceeds of the Baillie Gifford redemption, along with the bank account surplus, were invested across the BlackRock equity and Insight credit portfolios.

During the year, the Arcmont Direct Lending Fund III and the Barings Global Credit funds 3 and 4 reached the end of their investment period and so will no longer call capital.

The Trustee has a strategy to gradually move the Plan's assets towards a defined self-sufficiency portfolio. As at 31 December 2023 the Plan's strategy was to hold:

- 45% in investments that move broadly in-line with the value of the Plan's liabilities. This investment is in LDI and comprises of UK government bonds (gilts), gilt repurchase agreements, interest rate swaps and cash instruments. The purpose of these assets is to hedge against the impact of interest rate and inflation movement on long-term liabilities.
- 10% in credit assets, including absolute return bonds and asset backed securities.
- 45% in return-seeking investments comprising UK and overseas equities, diversified growth funds and alternative investments.

The Plan has set out target investment allocations in its Statement of Investment Strategy (SIS). The Trustee recognises that the asset allocation of investments in different asset classes will vary over time as a result of market movements.

**ESG Investing**

The Trustee believes that environmental, social, and governance factors are financially material and therefore has a policy to consider these, alongside other factors, when selecting or reviewing the Plan's investments. Given the maturity profile of the Plan and the objective to fund future member benefits from the Plan's assets as they fall due, the Trustee has a long-term time horizon over which they take into account the financial materiality of ESG factors (including climate change).

The Trustee believes it would be good governance to try, wherever reasonably practicable, to ensure their manager selection and existing manager monitoring process can identify investment approaches that can have a positive material impact on both risk and returns allowing for ESG issues.



**THE PEOPLE'S DISPENSARY FOR SICK ANIMALS  
RETIREMENT BENEFITS PLAN (1978)  
TRUSTEE'S REPORT (continued)  
YEAR ENDED 31 DECEMBER 2023**

**INVESTMENT STRATEGY (continued)**

**Strategy as at 31 December 2023 (continued)**

The deployment of assets over the period is shown in the table below:

<b>Asset Class</b>	<b>31/12/23 (%)</b>	<b>31/12/22 (%)</b>
BlackRock ACS World ESG Equity	12.6	9.4
BlackRock Emerging Market Equities	1.3	1.1
<i>Aquila Emerging Market Equities</i>	-	1.1
<i>iShares Emerging Market Index</i>	1.3	-
Insight LDI Portfolio	38.3	38.7
<i>Longer Nominal Fund</i>	10.5	11.5
<i>Longer Real Fund</i>	14.8	19.8
<i>Shorter Nominal Fund</i>	1.7	2.0
<i>Shorter Real Fund</i>	2.6	3.4
<i>LDI Partially Funded Gilts 2021-2030</i>	0.4	0.7
<i>LDI Partially Funded Gilts 2031-2040</i>	0.8	-
<i>LDI Partially Funded Gilts 2041-2050</i>	2.7	-
<i>LDI Partially Funded Gilts 2051-2060</i>	-	0.2
<i>LDI Partially Funded Gilts 2061-2070</i>	-	0.3
<i>LDI Partially Funded Index Linked Gilts 2021-2030</i>	-	-
<i>LDI Partially Funded Index Linked Gilts 2031-2040</i>	1.7	-
<i>LDI Partially Funded Index Linked Gilts 2041-2050</i>	0.8	-
<i>LDI Partially Funded Index Linked Gilts 2051-2060</i>	2.1	-
<i>LDI Partially Funded Index Linked Gilts 2061-2070</i>	0.2	0.8
Insight Bonds Plus Fund	4.5	3.4
Insight Global ABS Fund	7.1	3.5
Insight Liquid ABS Fund	7.1	3.5
Schroders European Property Fund	-	-
BlackRock Dynamic Diversified Growth Fund	6.7	7.3
Baillie Gifford Multi Asset Growth Fund	-	7.2
Pictet Dynamic Asset Allocation Fund	6.8	9.6
Barings Global Credit Fund 3	3.3	3.8
Barings Global Credit Fund 4	7.2	7.0
Arcmont Direct Lending Fund III	4.5	5.1
Cash	0.6	0.2
<b>Total</b>	<b>100.0</b>	<b>100.0</b>

*Figures may not sum due to rounding.*

**THE PEOPLE'S DISPENSARY FOR SICK ANIMALS  
RETIREMENT BENEFITS PLAN (1978)  
TRUSTEE'S REPORT (continued)  
YEAR ENDED 31 DECEMBER 2023**

**INVESTMENT STRATEGY (continued)**

The day-to-day investment management decisions are made by the investment managers appointed by the Trustee. The table below shows the proportion of the overall portfolio that each manager was responsible for as at 31 December 2023:

<b>Manager</b>	<b>Proportion of portfolio (%)</b>
BlackRock Investment Management (UK) Limited ("BlackRock")	20.6
Schroders Investment Management Limited ("Schroders")	-
Insight Investment ("Insight")	57.6
Pictet Asset Management ("Pictet")	6.8
Barings	10.5
Arcmont Asset Management Limited ("Arcmont")	4.5
<b>Total</b>	<b>100.0</b>

The balance with respect to Schroders Investment Management (UK) Limited is £1,628 at 31 December 2023, therefore due to its value it shown as nil above.

The general investment strategy of the investment managers is to achieve steady growth over the medium to long term, subject to an acceptable level of risk. The managers reduce the level of risk by investing in a range of different securities within each investment market.

**Performance**

The below table outlines the performance of the Plan's investments for the year, three years and five years ended 31 December 2023. Performance for BlackRock and Insight is shown gross of fees, whilst Baillie Gifford, Pictet, Barings, Arcmont and Schroders performance is illustrated net of management fees.

<b>TIME-WEIGHTED RETURNS TO 31 December 2023</b>	<b>Last Twelve Months</b>		<b>Last Three Years</b>		<b>Last Five Years</b>	
	<b>Fund %</b>	<b>Index %</b>	<b>Fund % p.a.</b>	<b>Index % p.a.</b>	<b>Fund % p.a.</b>	<b>Index % p.a.</b>
<b>Investment Sector Fund</b>						
Insight Longer Nominal Fund	1.0	-3.2	-63.2	-66.2	-35.4	-38.2
Insight Longer Real Fund	-4.7	-5.5	-60.4	-63.2	-36.1	-38.1
Insight Shorter Nominal Fund	8.4	-0.4	-65.5	-62.2	n/a	n/a
Insight Shorter Real Fund	6.8	5.1	-56.9	-59.5	-35.1	-37.8
Insight LDI Partially Funded Gilts 2021-2030	7.2	4.1	n/a	n/a	n/a	n/a
Insight LDI Partially Funded Gilts 2031-2040	6.1	5.5	n/a	n/a	n/a	n/a
Insight LDI Partially Funded Gilts 2041-2050*	2.2	2.2	n/a	n/a	n/a	n/a
Insight LDI Partially Funded Gilts 2051-2060	-9.3	-9.5	n/a	n/a	n/a	n/a
Insight LDI Partially Funded Gilts 2061-2070	-3.8	-3.9	n/a	n/a	n/a	n/a
Insight LDI Partially Funded Index Linked Gilts 2021-2030*	19.0	18.6	n/a	n/a	n/a	n/a
Insight LDI Partially Funded Index Linked Gilts 2031-2040	7.8	7.4	n/a	n/a	n/a	n/a

**THE PEOPLE'S DISPENSARY FOR SICK ANIMALS  
RETIREMENT BENEFITS PLAN (1978)  
TRUSTEE'S REPORT (continued)  
YEAR ENDED 31 DECEMBER 2023**

**INVESTMENT STRATEGY (continued)**

**Performance (continued)**

TIME-WEIGHTED RETURNS TO 31 December 2023	Last Twelve Months		Last Three Years		Last Five Years	
	Fund %	Index %	Fund % p.a.	Index % p.a.	Fund % p.a.	Index % p.a.
Insight LDI Partially Funded Index Linked Gilts 2041-2050	-5.6	-5.7	n/a	n/a	n/a	n/a
Insight LDI Partially Funded Index Linked Gilts 2051-2060	-20.7	-20.8	n/a	n/a	n/a	n/a
Insight LDI Partially Funded Index Linked Gilts 2061-2070	-19.5	-19.6	n/a	n/a	n/a	n/a
Insight Bonds Plus Fund	6.7	6.3	3.4	3.6	2.8	3.0
Insight Liquid ABS Fund*	6.2	5.0	n/a	n/a	n/a	n/a
Baillie Gifford Multi Asset Growth Fund	-0.8	8.5	-4.2	5.7	n/a	n/a
BlackRock Dynamic Diversified Growth Fund	8.2	7.8	0.3	5.1	3.9	4.5
Pictet Dynamic Asset Allocation Fund	7.8	8.8	3.1	6.0	4.5	5.5
BlackRock Aquila Emerging Markets**	0.6	2.5	1.6	2.3	2.7	3.1
BlackRock iShares Emerging Market Index Fund*	2.5	4.4	n/a	n/a	n/a	n/a
BlackRock ACS World ESG Equity Tracker Currency Hedged Fund	22.8	21.6	n/a	n/a	n/a	n/a
Schroders European Property Fund	-17.3	8.0	-7.6	8.0	-9.8	8.0
Barings Global Credit Fund 3	-1.3	13.0	11.6	13.0	10.3	13.0
Barings Global Credit Fund 4	5.0	13.0	6.6	13.0	n/a	n/a
Arcmont Direct Lending Fund III	11.1	8.0	9.1	8.0	7.4	8.0

\*Performance is shown for the period since investment on:

- 5 May 2023 for the Insight LDI Partially Funded Gilts 2041-2050
- 19 May 2023 for the Insight LDI Partially Funded Index-Linked Gilts 2021-2030
- 14 August 2023 for BlackRock iShares Emerging Market Index Fund

\*\* Performance is shown for the period until disinvestment on:

- 14 August 2023 for the BlackRock Aquila Emerging Markets Fund
- 15 November 2023 for the Baillie Gifford Multi Asset Growth Fund

Over the course of 2023, the Plan's investments returned a performance of 6.3%. Performance over the three years to 31 December 2023 was -17.7% p.a..

**THE PEOPLE'S DISPENSARY FOR SICK ANIMALS  
RETIREMENT BENEFITS PLAN (1978)  
TRUSTEE'S REPORT (continued)  
YEAR ENDED 31 DECEMBER 2023**

**INVESTMENT STRATEGY (continued)**

**Summary of pooled investment vehicles by type**

	<b>2023</b> <b>£000s</b>	<b>2022</b> <b>£000s</b>
Unit linked insurance contracts	-	-
Authorised unit trusts	6,462	7,927
Open ended investment companies	15,277	17,762
Shares of limited liability partnerships	-	-
Other	57,616	48,499
<b>Total</b>	<b>79,355</b>	<b>74,187</b>

**Custodian arrangements**

The Plan does not have an appointed custodian. Custodial services are provided by the custodians of the pooled funds in which it invests:

- Northern Trust act as the custodian for the Plan's holdings with Insight;
- Bank of New York Mellon - BONY Europe act as the custodian for the Plan's holdings with BlackRock and Ballie Gifford (until 14 November 2023);
- Pictet & Cie (Europe) S.A act as the custodian for the Plan's holdings with Pictet;
- Brown Brothers Harriman act as the custodian for the Plan's holdings in Barings Global Special Situations Credit 3 and Bank of New York Mellon act as the custodian for the holdings in Barings Global Special Situations Credit 4; and
- BNP Paribas act as the custodian for the Plan's holdings with Arcmont.

The custodians are responsible for the safe keeping, monitoring and reconciliation of documentation relating to the ownership of listed holdings. Investments are held in the name of the custodians' nominee companies, in line with common practice for pension scheme investments. The Schroders Property Fund now only holds cash, hence the shares are registered to the Trustee and there is not a custodian for these holdings.

**Economic and market conditions over the year to 31 December 2023**

**Economic Environment**

In the 12-month period to 31 December 2023, the dominant economic factors have been persistently high but falling inflation and further rises in interest rates. After inflation reached its highest rate since the early 1980's in both the UK and US during the second half of 2022, the Federal Reserve, Bank of England, and European Central Bank raised interest rates considerably over the year to 31 December 2023. However, by the end of the year inflation had fallen significantly and markets began to price in interest rate cuts in 2024.

US CPI inflation peaked in June 2022 at 9.1%, whilst UK and EU inflation reached a higher and later peak in October 2022, with UK CPI inflation reaching 11.1% and Eurozone inflation reaching 10.6%. This high level of inflation forced central banks to raise interest rates at the fastest pace in several decades and to reduce or reverse asset purchase programmes. By the end of 2022, interest rates had reached 3.5% (Bank of England), 4.25-4.50% (Federal Reserve) and 2.5% (ECB), their highest levels since the Global Financial Crisis.

The scale and pace of the rate rises enacted by central banks in 2022 and early 2023 contributed to significant disruption across markets. In March 2023 two US banks, Silicon Valley Bank and Signature Bank, failed with the US government having to step in to guarantee deposits. These were the first failures of a large US bank since 2008. The failure of Silicon Valley Bank in particular, was closely tied to its inability to adjust to the swift rise in central bank interest rates.

**THE PEOPLE'S DISPENSARY FOR SICK ANIMALS  
RETIREMENT BENEFITS PLAN (1978)  
TRUSTEE'S REPORT (continued)  
YEAR ENDED 31 DECEMBER 2023**

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**Economic and market conditions over the year to 31 December 2023 (continued)**

**Economic Environment (continued)**

The failures caused wider disruption in banking markets that spread to Credit Suisse, which had been suffering from falling deposits for some time. This required the Swiss government to step in and arrange for UBS to purchase Credit Suisse. By the end of the second quarter of 2023 the disruption had subsided, and the overall market impact was limited outside the banking sector.

Through the second and third quarters of 2023 inflation continued to fall but remained well above its target range in most major economies. As a result, while central banks continued to raise interest rates, the pace of rate rises began to slow. In the US, inflation fell sharply in the second quarter to 3.0% in June 2023, allowing the Federal Reserve to leave interest rates unchanged at its June and September meetings. While the Bank of England also chose not to raise rates for the first time in 21 months at its September 2023 meeting, UK and Eurozone inflation did not experience such a sharp slowdown until the final quarter of 2023. UK CPI fell from 6.7% in September to 4.0% in December and Eurozone inflation fell from 4.3% and 2.9% over the same period. As a result, while central banks continued to hold interest rates steady over the fourth quarter, markets began to price in aggressive rate cuts with markets pricing in approximately five 0.25% cuts to occur in both the US and UK over 2024.

Growth in the US was stronger than expected, growing by 3.0% over the first three quarters of the 2023. Falling inflation, coupled with strong US economic growth over 2023 boosted market hopes for a "soft landing" in the global economy (where inflation falls back to target without a significant recession). This caused global equities to enjoy a very strong final quarter, adding to gains made earlier in the year by large US technology stocks. Growth prospects appear much less favourable in the UK and Eurozone economies, which both grew by only 0.2% over the first three quarters of 2023.

Over the year, all major central banks tightened monetary policy in response to significantly above target inflation.

- The Bank of England (BoE) raised the base rate from 3.50% to 5.25% over the year to 31 December 2023. In September 2023 meeting, the Bank announced that it would increase the pace at which it will reduce the stock of gilts held on its balance sheet to £100 billion per year. Around half of this reduction will come from not reinvesting proceeds as bonds reach maturity and around half from active sales.
- The European Central Bank (ECB) raised its main lending rate from 2.50% to 4.50% over the year to 31 December 2023. The ECB decided to cease all reinvestment of the proceeds from the Asset Purchase Programme assets in July 2023.
- The Federal Reserve (The Fed) raised the Federal Funds Rate range from 4.25%-4.50% at the beginning of the year to 5.25%-5.50% in December 2023. Since September 2022, the Federal Reserve has partially halted reinvestment of the proceeds of maturing assets such that its balance sheet will shrink by \$60 billion per month.

**Market Performance**

The 12 months to 31 December 2023 saw positive returns across equities and bonds, but negative returns for property.

- **Equities:** Overall, global equities produced a positive return across all major regions. The FTSE All World rose by 22.1% over the year to 31 December 2023. The best performing region, in local currency terms, was Japan (+28.2%), and the worst performing region was UK (+7.9%).

**THE PEOPLE'S DISPENSARY FOR SICK ANIMALS  
RETIREMENT BENEFITS PLAN (1978)  
TRUSTEE'S REPORT (continued)  
YEAR ENDED 31 DECEMBER 2023**

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**Economic and market conditions over the year to 31 December 2023 (continued)**

**Market Performance (continued)**

The Plan is exposed to global equities through its holdings in the BlackRock iShares Emerging Market Index Fund and the BlackRock ACS World ESG Equity Tracker Fund. The BlackRock ACS World ESG Equity Tracker Fund produced returns broadly in line with its benchmark over the year to 31 December 2023. Since the BlackRock iShares Emerging Market Index Fund and the BlackRock Aquila Emerging Markets Fund were only invested for part of the year, their returns deviate slightly from their respective benchmarks.

- **Bonds:** Over the year to 31 December 2023, UK gilt yields fell slightly at shorter maturities, but have risen at longer maturities. UK fixed interest gilts (all stocks) produced positive returns (+3.7%) and UK index-linked gilts (all stocks) delivered weaker returns (+0.9%) as implied inflation fell slightly over the year. UK corporate bond spreads (all stocks) tightened (-0.6%) over the year.

The Plan's investments in bonds through its holdings in the Insight Bonds Plus Fund, Insight Global ABS Fund, Insight Liquid ABS Fund, Pictet Dynamic Asset Allocation and the BlackRock Dynamic Diversified Growth Fund. All these funds performed broadly in line with their respective benchmarks over the year to 31 December 2023. The Plan's investment in government bonds through the Insight Enhanced Selection LDI funds and the eight leveraged gilt funds all performed in line with their respective benchmarks over the year to 31 December 2023.

- **Property:** The MSCI UK All Property Index fell by 0.5% over the year to 31 December 2023.

The Plan had no direct exposure to property as at 31 December 2023, as the Schroder Real Estate Fund of Funds only has cash holdings remaining.

**THE PEOPLE'S DISPENSARY FOR SICK ANIMALS  
RETIREMENT BENEFITS PLAN (1978)  
STATEMENT OF TRUSTEE'S RESPONSIBILITIES  
YEAR ENDED 31 DECEMBER 2023**

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The financial statements, which are prepared in accordance with UK Generally Accepted Accounting Practice, including the Financial Reporting Standard applicable in the UK (FRS 102) are the responsibility of the Trustee. Pension scheme regulations require, and the Trustee is responsible for ensuring, that those financial statements:

- show a true and fair view of the financial transactions of the Plan during the Plan year and of the amount and disposition at the end of the Plan year of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the Plan year, and
- contain the information specified in Regulation 3A of The Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, including a statement whether the financial statements have been prepared in accordance with the relevant financial reporting framework applicable to occupational pension schemes.

In discharging the above responsibilities, the Trustee is responsible for selecting suitable accounting policies, to be applied consistently, making any estimates and judgements on a prudent and reasonable basis, and for the preparation of the financial statements on a going concern basis unless it is inappropriate to presume that the Plan will not be wound up.

The Trustee is also responsible for making available certain other information about the Plan in the form of an annual report.

The Trustee also has a general responsibility for ensuring that adequate accounting records are kept and for taking such steps as are reasonably open to them to safeguard the assets of the Plan and to prevent and detect fraud and other irregularities including the maintenance of an appropriate system of internal control.

The Trustee is responsible under pensions legislation for preparing, maintaining and from time to time reviewing and if necessary, revising a schedule of contributions showing the rates of contributions payable towards the Plan by or on behalf of the Employer and the active members of the Plan and the dates on or before which such contributions are to be paid. The Trustee is also responsible for keeping records in respect of contributions received in respect of any active member of the Plan and for adopting risk-based processes to monitor whether contributions are made to the Plan by the Employer in accordance with the schedule of contributions. Where breaches of the Plan occur, the Trustee is required by the Pensions Acts 1995 and 2004 to consider making reports to The Pensions Regulator and the members.

Signed on behalf of the Trustee



D Shrimpton  
Director of Whitechapel  
Associates Limited

Date: 25 July 2024

## **INDEPENDENT AUDITOR’S REPORT TO THE TRUSTEE OF THE PEOPLE’S DISPENSARY FOR SICK ANIMALS RETIREMENT BENEFITS PLAN (1978)**

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### **Opinion**

We have audited the financial statements of The People’s Dispensary for Sick Animals Retirement Benefits Plan (1978) for the year ended 31 December 2023 which comprise the fund account, the statement of net assets and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 “The Financial Reporting Standard applicable in the UK and Republic of Ireland” (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- show a true and fair view of the financial transactions of the Plan during the year ended 31 December 2023, and of the amount and disposition at that date of its assets and liabilities, other than the liabilities to pay pensions and benefits after the end of the year;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- contain the information specified in Regulation 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, made under the Pensions Act 1995.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor’s responsibilities for the audit of the financial statements section of our report. We are independent of the Plan in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC’s Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the Plan’s trustee’s use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Plan’s ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Plan’s trustee’s with respect to going concern are described in the relevant sections of this report.

### **Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor’s report thereon. The Plan’s trustee is responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.



## **INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEE OF THE PEOPLE'S DISPENSARY FOR SICK ANIMALS RETIREMENT BENEFITS PLAN (1978)**

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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 course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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 in this regard.

### **Responsibilities of trustees**

As explained more fully in the trustee's responsibilities statement set out on page 22, the trustee is responsible for the preparation of financial statements and for being satisfied that they give a true and fair view, and 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.

In preparing the financial statements, the trustee is responsible for assessing the Plan'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 liquidate the Plan or to cease operations, or have no realistic alternative but to do so.

### **Auditor's 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 auditor's 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 (UK) 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.

### **The extent to which the audit was considered capable of detecting irregularities, including fraud**

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

## **INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEE OF THE PEOPLE'S DISPENSARY FOR SICK ANIMALS RETIREMENT BENEFITS PLAN (1978)**

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In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the environment, including the legal and regulatory frameworks that the Plan operates in and how the Plan is complying with the legal and regulatory frameworks;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are the Pensions Act 1995 and 2004 and regulations made under them and FRS 102, including the Financial Reports of Pension Schemes 2018 (the Pensions SORP). We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures.

The audit engagement team identified the risk of management override of controls as the area where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments, evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business, challenging judgments and estimates.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

### **Use of our report**

This report is made solely to the Plan's trustee as a body, in accordance with Regulation 3 of the Occupational Pension Schemes (Requirements to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996 made under the Pensions Act 1995. Our audit work has been undertaken so that we might state to the Plan's trustee those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Plan and the Plan's trustee as a body, for our audit work, for this report, or for the opinions we have formed.

*RSM UK Audit LLP*

RSM UK Audit LLP  
Statutory Auditor  
Chartered Accountants  
103 Colmore Row  
Birmingham  
B3 3AG  
Date 25/07/24

**INDEPENDENT AUDITOR'S STATEMENT ABOUT CONTRIBUTIONS, UNDER REGULATION 4 OF THE OCCUPATIONAL PENSION SCHEMES (REQUIREMENT TO OBTAIN AUDITED ACCOUNTS AND A STATEMENT FROM THE AUDITOR) REGULATIONS 1996, TO THE TRUSTEE OF THE PEOPLE'S DISPENSARY FOR SICK ANIMALS RETIREMENT BENEFITS PLAN (1978)**

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**Statement about contributions payable under schedule of contributions**

We have examined the summary of contributions payable to The People's Dispensary for Sick Animals Retirement Benefits Plan (1978) on page 42, in respect of the Plan year ended 31 December 2023.

In our opinion the contributions for the Plan year ended 31 December 2023 as reported in the summary of contributions on page 42 and payable under the schedule of contributions have in all material respects been paid at least in accordance with the schedule of contributions certified by the actuary on 17 December 2021.

**Scope of work on statement about contributions**

Our examination involves obtaining evidence sufficient to give reasonable assurance that contributions reported on page 42 have in all material respects been paid at least in accordance with the schedule of contributions. This includes an examination, on a test basis, of evidence relevant to the amounts of contributions payable to the Plan and the timing of those payments under the schedule of contributions.

**Respective responsibilities of the Trustee and auditor**

As explained on page 22 in the Statement of Trustee's Responsibilities, the Plan's Trustee is responsible for ensuring that there is prepared, maintained and from time to time revised a schedule of contributions showing the rates and due dates of certain contributions payable towards the Plan by or on behalf of the Employer and the active members of the Plan. The Trustee is also responsible for keeping records in respect of contributions received in respect of active members of the Plan and for monitoring whether contributions are made to the Plan by the Employer in accordance with the schedule of contributions.

It is our responsibility to provide a statement about contributions paid under the schedule of contributions and to report our opinion to you.

**Use of our statement**

This statement is made solely to the Plan's Trustee as a body, in accordance with the Pensions Act 1995. Our audit work has been undertaken so that we might state to the Plan's Trustee those matters we are required to state to them in an auditor's statement and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Plan and the Plan's Trustee as a body, for our audit work, for this statement, or for the opinions we have formed.

*RSM UK Audit LLP*

RSM UK Audit LLP  
Statutory Auditor  
Chartered Accountants  
103 Colmore Row  
Birmingham  
B3 3AG

Date: 25/07/24

**THE PEOPLE'S DISPENSARY FOR SICK ANIMALS  
RETIREMENT BENEFITS PLAN (1978)  
FUND ACCOUNT  
YEAR ENDED 31 DECEMBER 2023**

	Note	2023 £	2022 £
<b>Contributions and benefits</b>			
Contributions – employer		3,852,000	3,852,000
<b>Total contributions</b>	2	<u>3,852,000</u>	<u>3,852,000</u>
Benefits paid or payable	3	(3,616,177)	(2,975,054)
Payments to and on account of leavers	4	-	(757,214)
Administrative expenses	5	(508,865)	(584,069)
		<u>(4,125,042)</u>	<u>(4,316,337)</u>
<b>Net withdrawals from dealings with members</b>		<u>(273,042)</u>	<u>(464,337)</u>
<b>Returns on investments</b>			
Investment income	6	6,636,131	3,078,235
Change in market value of investments	8	(1,680,423)	(60,039,547)
Investment management expenses	8	(180,732)	71,463
<b>Net return on investments</b>		<u>4,774,976</u>	<u>(56,889,849)</u>
<b>Net increase/(decrease) in the Plan during the year</b>		4,501,934	(57,354,186)
<b>Net assets of the Plan</b>			
<b>At 1 January</b>		95,073,889	152,428,075
<b>At 31 December</b>		<u><u>99,575,823</u></u>	<u><u>95,073,889</u></u>

The accounting policies and notes on pages 29 to 41 form part of these financial statements.

**THE PEOPLE'S DISPENSARY FOR SICK ANIMALS  
RETIREMENT BENEFITS PLAN (1978)  
STATEMENT OF NET ASSETS (AVAILABLE FOR BENEFITS)  
YEAR ENDED 31 DECEMBER 2023**

	Note	2023 £	2022 £
<b>INVESTMENT ASSETS</b>			
Pooled investment vehicles		79,280,605	74,119,530
Insurance policies		18,700,000	19,100,000
AVC investments		757,232	831,658
Cash deposits		62,445	65,899
	8	98,800,282	94,117,087
<b>CURRENT ASSETS</b>	10	1,057,989	1,369,287
<b>CURRENT LIABILITIES</b>	11	(282,448)	(412,485)
<b>NET ASSETS OF THE PLAN AT 31 DECEMBER</b>		99,575,823	95,073,889

The accounting policies and notes on pages 29 to 41 form part of these financial statements.

The financial statements summarise the transactions of the Plan 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 benefits which fall due after the end of the Plan year. The actuarial position of the Plan, which does take into account of such obligations, is dealt with in the report on actuarial liabilities on pages 12 to 14 of the Annual Report and these financial statements should be read in conjunction with this report.

These financial statements were approved and authorised for issue on 25th July 2024  
and were signed on its behalf by:



D Shrimpton  
Director of Whitechapel  
Associates Limited

Date: 25 July 2024

**THE PEOPLE'S DISPENSARY FOR SICK ANIMALS  
RETIREMENT BENEFITS PLAN (1978)  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED 31 DECEMBER 2023**

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**1. ACCOUNTING POLICIES**

**Basis of preparation**

The financial statements have been prepared in accordance with the Occupational Pension Schemes (Requirements to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, Financial Reporting Standard 102 (FRS 102) – The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland issued by the Financial Reporting Council (“FRS 102”) and the guidance set out in the Statement of Recommended Practice, “Financial Reports of Pension Schemes” (2018) (“the SORP”).

**Plan information**

The Plan is established as a trust under English law. The address for enquiries to the Plan is included in the Trustee’s Report.

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

**Going concern**

The Trustee believes that the Plan has adequate resources to realise its assets and meet benefit payments in the normal course of affairs (continue to operate) for at least the next twelve months after the date of signing these financial statements. In reaching this conclusion, the Trustee considered plausible downside scenarios, including the financial strength of the Employer and the longer-term viability of the Plan. This assessment gives the Trustees confidence to prepare the financial statements on a going concern basis.

**Contributions and benefits**

Employer’s deficit funding contributions are recognised in the period they relate to as stated in the Schedule of Contributions.

The Employer also pays a fixed contribution of £450,000 per annum in monthly instalments to cover the Plan’s administration expenses which is recognised on an accruals basis.

Benefits and withdrawal payments are accounted for as they fall due for payment. Where members have a choice, benefits are accounted for in the period in which the member notified the Trustee of its decision on the type and/or amount of benefit to be taken or on retirement if later or, if there is no member choice, on the date of retirement or leaving.

Individual transfers out of the Scheme are accounted for when member liability is accepted or discharged, which is normally when the transfer amount is paid.

**Administration and investment expenses**

Administration and investment expenses are accounted for on an accrual basis.

**THE PEOPLE'S DISPENSARY FOR SICK ANIMALS  
RETIREMENT BENEFITS PLAN (1978)  
NOTES TO THE FINANCIAL STATEMENTS (continued)  
YEAR ENDED 31 DECEMBER 2023**

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**1. ACCOUNTING POLICIES (continued)**

**Investment income**

Annuity income is accounted for in the period it relates to rather than at the date received.

Pooled investment vehicle income is accounted for on an accrual basis.

Interest income is included on an accrual basis.

**Investments**

Investments are included at fair value as described below:

For pooled investment vehicles, the market value of unit trusts and managed fund units is taken as the bid price at the accounting date as advised by the investment managers. Shares in other pooled arrangements have been valued at either the latest available net asset value (NAV), bid or single prices for funds as provided by the investment manager.

The insurance policies are valued by the Plan Actuary as the present value of the future benefits that are covered by the policies. The valuation is determined using the most recent Scheme Funding valuation assumptions updated for market conditions at the reporting date.

AVC funds are stated at bid prices for funds with bid/offer spreads as provided by the investment managers.

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. In the case of pooled investment vehicles which are accumulation funds, where income is reinvested within the fund without issue of further units, change in market value also includes such income.

**Functional currency**

The functional and presentational currency of the Plan is Pounds Sterling. Balances denominated in foreign currency are translated into sterling at the rate ruling at the year-end date. Transactions denominated in foreign currencies are translated at the rate ruling at the date of the transaction. Monetary amounts in these financial statements are rounded to the nearest £.

**Judgements and key sources of estimation uncertainty**

In the application of the Scheme's accounting policies, the Trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

**THE PEOPLE'S DISPENSARY FOR SICK ANIMALS  
RETIREMENT BENEFITS PLAN (1978)  
NOTES TO THE FINANCIAL STATEMENTS (continued)  
YEAR ENDED 31 DECEMBER 2023**

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**1. ACCOUNTING POLICIES (continued)**

**Judgements and key sources of estimation uncertainty (continued)**

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows:

**Valuation of investments classified in Level 3 of the fair-value hierarchy**

Explanation of the key assumptions underpinning the valuation of investments are included within accounting policy above.

**2. CONTRIBUTIONS**

	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
<b>Employer contributions</b>		
Administration expenses	450,000	450,000
Deficit funding	3,402,000	3,402,000
<b>Total</b>	<u>3,852,000</u>	<u>3,852,000</u>

Contributions payable to the Plan during the year ended 31 December 2023 have been received in accordance with the Schedule of Contributions as certified by the Plan Actuary on 17 December 2021.

Under the Schedule of Contributions, to eliminate the funding shortfall, the Trustee and the Society have agreed that additional contributions (i.e., contributions above those needed to cover benefits being earned in the future) will be paid by the Society at £3.402m per annum, payable in equal monthly instalments, with effect from 1 January 2022 to 31 August 2032.

Contingent contributions are also payable by the Society if the funding level, as assessed at every third anniversary of the 31 December 2020 formal valuation (the 'test dates'), falls 4% or more behind plan. Further details are provided on pages 11 - 12.

**3. BENEFITS PAID OR PAYABLE**

	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
Pensions	2,835,987	2,637,620
Commutations of pensions and lump sum benefits on retirement	775,190	321,949
Lump sum death benefits	5,000	15,485
	<u>3,616,177</u>	<u>2,975,054</u>



**THE PEOPLE'S DISPENSARY FOR SICK ANIMALS  
RETIREMENT BENEFITS PLAN (1978)  
NOTES TO THE FINANCIAL STATEMENTS (continued)  
YEAR ENDED 31 DECEMBER 2023**

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**4. PAYMENTS TO AND ON ACCOUNT OF LEAVERS**

	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
Individual transfers out to other schemes	-	757,214
	<u>                    </u>	<u>                    </u>

**5. ADMINISTRATIVE EXPENSES**

	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
Administration	312,803	378,551
Actuarial fees	106,457	125,202
Professional fees	71,105	63,516
Audit fees	18,500	16,800
	<u>                    </u>	<u>                    </u>
	<u>508,865</u>	<u>584,069</u>

**6. INVESTMENT INCOME**

	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
Income from pooled investment vehicles	5,120,676	1,588,177
Annuity income	1,481,327	1,485,271
Interest on cash deposits	34,128	4,787
	<u>                    </u>	<u>                    </u>
	<u>6,636,131</u>	<u>3,078,235</u>

**7. TAX**

The People's Dispensary for Sick Animals Retirement Benefits Plan (1978) is a registered pension scheme for tax purposes under the Finance Act 2004. The Plan is therefore exempt from taxation except for certain withholding taxes relating to overseas investment income.

**THE PEOPLE'S DISPENSARY FOR SICK ANIMALS  
RETIREMENT BENEFITS PLAN (1978)  
NOTES TO THE FINANCIAL STATEMENTS (continued)  
YEAR ENDED 31 DECEMBER 2023**

**8. INVESTMENTS**

**(a) Market value of investments**

	Value at 31 December 2022 £	Purchases £	Sales proceeds £	Change in Market value £	Value at 31 December 2023 £
Pooled investment vehicles	74,119,530	35,364,517	(28,881,552)	(1,321,890)	79,280,605
Insurance policies	19,100,000	-	-	(400,000)	18,700,000
AVC investments	831,658	-	(115,893)	41,467	757,232
	<u>94,051,188</u>	<u>35,364,517</u>	<u>(28,997,445)</u>	<u>(1,680,423)</u>	<u>98,737,837</u>
Cash deposits	65,899				62,445
	<u>94,117,087</u>				<u>98,800,282</u>

Purchases and sales of pooled investment vehicles include switches of £8,370,215.

**INVESTMENT TRANSACTION COSTS**

There are no direct transaction costs borne by the Plan.

Indirect transaction costs are incurred through the bid-offer spread on investments within pooled investment vehicles. These indirect transaction costs are not separately reported and therefore not available to disclose.

**(b) Investment management expenses**

	2023 £	2022 £
Administration and management	201,918	340,910
Performance management	(21,186)	(412,373)
	<u>180,732</u>	<u>(71,463)</u>

The Barings Funds carry a performance fee which is accrued to the investor when the investment return surpasses a given level known as the 'hurdle rate'. In 2022 there was a negative performance fee accrued because the Barings Funds did not meet this hurdle rate. Consequently, income has been generated from this fund on a quarterly basis and offset against investment management fees. The reduction in the investment rate of return reflects market movements more broadly and factors in the passing of time since the Funds were inception.

In 2023, negative performance fee accrued on the Barings Funds was less than in previous year, therefore had less effect on the management fee charge in the year.

**THE PEOPLE'S DISPENSARY FOR SICK ANIMALS  
RETIREMENT BENEFITS PLAN (1978)  
NOTES TO THE FINANCIAL STATEMENTS (continued)  
YEAR ENDED 31 DECEMBER 2023**

**8. INVESTMENTS (continued)**

**(c) Analysis by investment type**

	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
<b>Pooled investment vehicles:</b>		
Global Asset Backed Security	41,599,924	33,904,172
Bonds	3,562,596	2,543,339
UK Equities	11,025,970	6,994,026
Overseas Equities	-	830,999
Cash Instruments	395,090	116,038
Diversified Growth	5,316,778	5,399,796
Property	1,628	9,255
Multi-Asset	13,701,507	20,536,115
Private Equity	3,677,112	3,785,790
	<u>79,280,605</u>	<u>74,119,530</u>

**(d) Cash deposits**

	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
BlackRock Cash Account	598	332
Insight LDI PF	31,806	30,644
Insight BD Plus PF	30,041	34,923
	<u>62,445</u>	<u>65,899</u>

**(e) AVC investments**

	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
Prudential	234,452	231,890
ReAssure	522,780	599,768
	<u>757,232</u>	<u>831,658</u>

AVC contributions received from Plan members are invested with a number of providers recommended by the Trustee at various times in the life of the Plan. The recommended provider for contributors post 1998 was Legal and General Assurance Society Limited, but contributions by current members received prior to 1998 have been variously invested with Prudential and ReAssure.

**THE PEOPLE'S DISPENSARY FOR SICK ANIMALS  
RETIREMENT BENEFITS PLAN (1978)  
NOTES TO THE FINANCIAL STATEMENTS (continued)  
YEAR ENDED 31 DECEMBER 2023**

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**8. INVESTMENTS (continued)**

**(e) AVC investments (continued)**

AVCs are invested separately from the Plan's main investments to secure additional benefits on a money purchase basis for those members electing to pay AVCs. Members participating in this arrangement receive an annual statement made up to 1 January each year, confirming the amounts held in their account and the movement during the year.

The AVC funds operated for Plan members by the two providers are as follows:

Prudential

- an AVC with profits scheme with funds invested in a wide range of deposit, equity, interest, index linked and property assets

ReAssure

- a unit linked scheme

**(f) Insurance policies**

The Trustee holds annuity policies with Aviva to provide future benefits for certain members of the Plan.

	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
Aviva Buy-in policy	18,500,000	18,900,000
Aviva annuities	200,000	200,000
	<u>18,700,000</u>	<u>19,100,000</u>

The buy-in policy with Aviva transacted in 2014, insuring the benefits in payment at the time. Income is received from the insurer to meet the pension and lump sum benefits due to insured members. Benefits relating to retirements since the transaction are not covered by the insurance policy. The policy was designed to match the benefits perfectly for most of the insured members, with a few known mismatches due to complex benefits that are considered immaterial in relation to the Plan's cashflows. Any changes in benefits since the transaction (such as those resulting from GMP rectification or equalisation, or because of Underpin benefits becoming payable) are not covered by the insurer and will therefore need to be reconciled if the Plan eventually winds up.

**THE PEOPLE'S DISPENSARY FOR SICK ANIMALS  
RETIREMENT BENEFITS PLAN (1978)  
NOTES TO THE FINANCIAL STATEMENTS (continued)  
YEAR ENDED 31 DECEMBER 2023**

**8. INVESTMENTS (continued)**

**CONCENTRATION OF INVESTMENTS**

The following investments account for more than 5% of the Plan's net assets:

	<b>2023</b>	<b>2023</b>	<b>2022</b>	<b>2022</b>
	<b>£</b>	<b>% of net</b>	<b>£</b>	<b>% of net</b>
		<b>assets</b>		<b>assets</b>
Aviva insurance policies	18,700,000	18.8	19,100,000	20.1
Insight LDI Enhanced Selection Longer Real Fund	11,733,650	11.8	14,692,492	15.5
Blackrock Aquila ACS WL ESG EQ TR X2 GBP Hedge	9,960,189	10.0	6,994,026	7.4
Insight LDI Enhanced Selection Longer Nominal Fund	8,332,546	8.4	8,499,458	8.9
Barings Global special situations credit fund 4	5,706,403	5.7	5,224,079	5.5
Insight BD Plus Inside Liquid ABS Fund Class B	5,637,670	5.7	2,584,997	2.7
Insight BD Plus IIFI Global ABS fund Class S	5,625,725	5.6	2,595,170	2.7
Pictet PS II Dynamic Asset Allocation Fund	5,395,733	5.4	7,096,333	7.5
Blackrock Diversified Growth Fund	5,316,778	5.3	5,399,796	5.7
Baillie Gifford Multi Asset Growth Fund	-	-	5,367,712	5.6

**9. INVESTMENT FAIR VALUE HIERARCHY**

The fair value of financial instruments has been determined using the following fair value hierarchy:

- Level 1: The unadjusted quoted price in an active market for identical assets or liabilities which the entity can access at the measurement date
- Level 2: Inputs other than quoted prices included within Level 1 which are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly
- Level 3: Inputs which are unobservable (i.e. for which market data is unavailable) for the asset or liability

The Plan's invested assets and liabilities have been fair value using the above hierarchy categories as follows:

**THE PEOPLE'S DISPENSARY FOR SICK ANIMALS  
RETIREMENT BENEFITS PLAN (1978)  
NOTES TO THE FINANCIAL STATEMENTS (continued)  
YEAR ENDED 31 DECEMBER 2023**

**9. INVESTMENT FAIR VALUE HIERARCHY (continued)**

**As at 31 December 2023**

	<b>Level (1) £</b>	<b>Level (2) £</b>	<b>Level (3) £</b>	<b>Total £</b>
Pooled investment vehicles	-	67,297,718	11,982,887	79,280,605
AVC investments	-	-	757,232	757,232
Insurance policies	-	-	18,700,000	18,700,000
Cash deposits	62,445	-	-	62,445
<b>Total</b>	<b>62,445</b>	<b>67,297,718</b>	<b>31,440,119</b>	<b>98,800,282</b>

**As at 31 December 2022**

	<b>Level (1) £</b>	<b>Level (2) £</b>	<b>Level (3) £</b>	<b>Total £</b>
Pooled investment vehicles	-	62,261,670	11,857,860	74,119,530
AVC investments	-	-	831,658	831,658
Insurance policies	-	-	19,100,000	19,100,000
Cash deposits	65,899	-	-	65,899
<b>Total</b>	<b>65,899</b>	<b>62,261,670</b>	<b>31,789,518</b>	<b>94,117,087</b>

**Investment risks**

FRS102 requires the disclosure of information in relation to certain investment risks as follows:

Further information on the Trustees' approach to risk management, credit and market risk in relation to the investments held as at 31 December 2023 is set out below.

- **Credit risk** – 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** – comprises the following three types of risk:
  - Interest rate risk: The risk that the fair value or future cashflows of a financial asset will fluctuate because of changes in market interest rates.
  - Currency risk: The risk that the fair value or future cashflows of a financial asset will fluctuate because of changes in foreign exchange rates.
  - Other price risk: The risk that the fair value or future cashflows of a financial asset will fluctuate because of changes in market prices (other than those due to interest rates and currency).

**9. INVESTMENT FAIR VALUE HIERARCHY (continued)**

**Investment risk (continued)**

The Trustee determines their investment strategy after taking advice from a professional investment adviser. The Plan has exposure to these risks because of the investments it makes in following the investment strategy set out above. The Trustee manages investment risks, including credit risk and market risk, within risk limits which are decided taking into account the Plan's strategic investment objectives. These investment objectives and risk limits are implemented through the investment management agreements in place with the Plan's investment managers and monitored by the Trustee through regular reviews of the investment portfolio.

Further information on the Trustee's approach to risk management, credit and market risk is set out below.

**Credit risk**

The pooled investment arrangements used by the Plan comprise of authorised unit trusts and open-ended investment companies. 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 the ongoing due diligence of the pooled manager.

The Trustee monitors the performance of each of the Plan's investment managers on a regular basis in addition to having meetings with each manager from time to time as necessary, usually on an annual basis. The Trustee has a written agreement with each investment manager, which contains a number of restrictions on how each investment manager may operate.

The Plan also has indirect exposure to credit risks from the underlying investments held by the pooled investment vehicles. This risk is mitigated as follows:

- The credit risk arising on bonds is mitigated by placing restrictions on the assets that may be held within the bond portfolio, which are invested to track indices;
- Some funds, such as the diversified growth funds, the global asset backed securities fund and the absolute return bonds fund, may have an allocation to securities that give rise to credit risk. Credit risk associated with these securities is mitigated through active management and avoiding excessive concentrations in bonds from any given issuer; and
- Cash is held within financial institutions which are at least investment-grade rated.

The Plan has purchased insurance policies. Through these it is directly exposed to credit risk in respect of the ongoing solvency of the provider.

The pension annuity policies are also subject to direct credit risk. However, in the event of default by the annuity provider, the Plan's assets are protected by the Financial Compensation Scheme. This relates to both the annuity policies and the investment funds.

The annuities regulated by the FCA, and to some extent the PRA, and maintain separate funds for their policy holders.

**9. INVESTMENT FAIR VALUE HIERARCHY (continued)**

**Market risk: Interest rates**

The Plan is subject to interest rate risk because some of the Plan's investments are held in bonds, leveraged gilt repos, interest rate swaps, and cash through pooled investment vehicles. The Trustee has set a benchmark for total investment in these instruments of 55% of their total investment portfolio as at 31 December 2023. Under this strategy, if interest rates fall, the value of these investments will rise to help offset the increase in actuarial liabilities arising from a fall in the discount rate. Similarly, if interest rates rise, these investments will fall in value, as will the actuarial liabilities because of an increase in the discount rate.

The Plan has exposure to this risk through their investment in Insight's LDI, Bonds Plus, Liquid Asset Backed Securities, Global Asset Backed Securities, Pictet Dynamic Asset Allocation and the BlackRock Dynamic Diversified Growth funds.

The valuation of the insurance policies is subject to interest rate risk as the valuation model is sensitive to movement in interest rates. There is no further mitigation for this risk since any changes to the asset value will be offset by the same movements in liabilities.

**Market risk: Currency**

The Plan is exposed to currency risk because some of its investments are held in overseas markets. The Plan's liabilities are denominated in sterling and currency hedging is employed to manage the impact of exchange rate fluctuations on some of the Plan's investments. In particular, the Plan's investment in the BlackRock ACS World ESG Equity Tracker Currency Hedged Fund aims to hedge the non-sterling exposure within the Fund.

The Plan has additional exposure to currency risk through its investments in Schroders, Pictet, Barings, Arcmont, BlackRock Dynamic Diversified Growth Fund and the BlackRock iShares Emerging Markets Index Fund.

**Market risk: Other price**

Other price risk arises principally in relation to the Plan's return-seeking portfolio invested in diversified growth funds and equities held in pooled vehicles.

The Plan manages this exposure by investing in a pooled fund that invests in a diverse portfolio of instruments across various markets. According to the Plan's Statement of Investment Principles (SIP), each investment manager is expected to manage broadly diversified portfolios and to spread assets across a number of individual shares and securities. In addition, the asset allocation is detailed in the Statement of Investment Strategy dated November 2023 and is monitored on a regular basis by the Trustee.

The Plan is subject to interest rate risk from the insurance policies which it holds. The value placed on the annuities from the insurance policies is based on long term government bond yields.



**THE PEOPLE'S DISPENSARY FOR SICK ANIMALS  
RETIREMENT BENEFITS PLAN (1978)  
NOTES TO THE FINANCIAL STATEMENTS (continued)  
YEAR ENDED 31 DECEMBER 2023**

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**9. INVESTMENT FAIR VALUE HIERARCHY (continued)**

**Market risk: Other price (continued)**

The pension annuity policies are also subject to direct credit risk. However, in the event of default by the annuity provider, the Plan's assets are protected by the Financial Compensation Scheme. This relates to both the annuity policies and the investment funds.

The annuities regulated by the FCA, and to some extent the PRA, and maintain separate funds for their policy holders.

**10. CURRENT ASSETS**

	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
Cash at bank	819,098	1,146,135
Prepaid pensions	217,885	197,140
Amounts due from Employer	18,717	22,888
Other debtors	2,289	3,124
	<u>1,057,989</u>	<u>1,369,287</u>

**11. CURRENT LIABILITIES**

	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
Prepaid annuity income	119,258	119,002
Other creditors	124,298	164,053
Unpaid benefits	38,892	129,430
	<u>282,448</u>	<u>412,485</u>

**12. RELATED PARTY TRANSACTIONS**

The Trustee Directors were paid fees and expenses amounting to £809 during the year (2022: £180) from the Plan and £nil (2022: £nil) from the Employer.

The balance due from the Employer includes VAT of £18,717 (2022: £22,888).

The Plan holds security against certain freehold assets owned by the Employer. At 31 December 2023 the net book value of these assets was £6,087,000 (2022: £5,999,000).

The following Trustee Directors of the Plan are also members of the Plan: R Beck and D Shrimpton. They will receive benefits in accordance with the Plan's Trust Deed and Rules.

**THE PEOPLE'S DISPENSARY FOR SICK ANIMALS  
RETIREMENT BENEFITS PLAN (1978)  
NOTES TO THE FINANCIAL STATEMENTS (continued)  
YEAR ENDED 31 DECEMBER 2023**

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**13. CONTINGENCIES AND COMMITMENTS**

The Plan may have a liability in respect of payments due to HM Revenue and Customs in respect of the GMP reconciliation. Work is currently ongoing on the reconciliation, but it is too early for any liability to be estimated.

As explained on page 7 of the Trustee's Report, on 26 October 2018, the High Court handed down a judgment involving the Lloyds Banking Group's defined benefit pension schemes. The judgment concluded the schemes should be amended to equalise pension benefits for men and women in relation to guaranteed minimum pension benefits. The issues determined by the judgment arise in relation to many other defined benefit pension schemes. Under the ruling schemes are required to backdate benefit adjustments in relation to GMP equalisation and provide interest on the backdated amounts.

The above judgment did not address transfers out which were subject to a second hearing which took place in May and October 2020. The judgment was handed down on 20 November 2020 and concluded the schemes should apply equalisation to historical transfers out. The scheme has experienced historical transfers out which may be subject to adjustment.

The Trustee of the Plan underwent training on the implications and next steps in November 2022 and held further discussions during 2023. It is expected that work will begin on GMP equalisation in quarter four 2024 (following the conclusion of the 31 December 2023 actuarial valuation).

Based on an initial assessment of the likely backdated amounts and related interest, the Trustee does not expect these to be material to the financial statements. They will be accounted for in the year they are determined.

**14. CAPITAL COMMITMENTS**

As at the 31 December 2023 the Trustee had committed to the following investment capital commitments:

Barings Global Credit Fund 4 of £nil (2022: £667,381)  
Barings Global Credit Fund 3 of £nil (2022: £212,500)  
Arcmont Direct Lending Fund III of £nil (2022: £663,692)

**15. EMPLOYER RELATED INVESTMENTS**

There were no Employer-related investments at 31 December 2023 or 2022 or at any time during the year ended 31 December 2023.

**THE PEOPLE'S DISPENSARY FOR SICK ANIMALS  
RETIREMENT BENEFITS PLAN (1978)  
SUMMARY OF CONTRIBUTIONS  
YEAR ENDED 31 DECEMBER 2023**

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During the year ended 31 December 2023, the contributions payable to the Plan were as follows:

<b>Regular contributions payable under the Schedule of Contributions</b>	<b>£</b>
Contributions from Employer:	
Deficit funding	3,402,000
Administration expenses	450,000
	<hr/>
<b>Total payable under the Schedules of Contributions</b>	<b>3,852,000</b>
	<hr/>
<b>Total contributions reported in the financial statements</b>	<b><u>3,852,000</u></b>

Contributions payable to the Plan during the year ended 31 December 2023 have been received in accordance with the Schedule of Contributions as certified by the Plan Actuary on 17 December 2021.

Signed on behalf of the Trustee



D Shrimpton  
Director of Whitechapel  
Associates Limited

Date: 25 July 2024

**THE PEOPLE'S DISPENSARY FOR SICK ANIMALS  
RETIREMENT BENEFITS PLAN (1978)  
CERTIFICATE OF SCHEDULE OF CONTRIBUTIONS  
YEAR ENDED 31 DECEMBER 2023**

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PDSA Retirement Benefits Plan (1978)

## Schedule of Contributions – Actuarial Certificate

### Adequacy of contributions

In my opinion, the contributions shown in this schedule are such that the statutory funding objective could have been expected on 31 December 2020 to be met by the end of the period specified in the recovery plan dated 17 December 2021.

### Consistency with statement of funding principles

In my opinion, this schedule of contributions is consistent with the statement of funding principles dated 17 December 2021.

Please note that the adequacy of contributions statement in this certificate relates to the scheme's statutory funding objective. For the avoidance of doubt this certificate does not mean that the contributions shown in this schedule would be enough to secure the scheme's full liabilities with annuities if the scheme were to wind up.

Signature	
Date	17 December 2021
Name	Alistair Russell-Smith
Qualification	Fellow of the Institute and Faculty of Actuaries
Name of Employer	Hymans Robertson LLP
Address	One London Wall, London, EC2Y 5EA

This certificate is provided to meet the requirements of regulation 10(6) of The Occupational Pension Schemes (Scheme Funding) Regulations 2005.

## Implementation Statement

### PDSA Retirement Benefits Plan

#### Purpose of this statement

This implementation statement has been produced by the Trustee of the PDSA Retirement Benefits Plan ("the Plan") to set out the following information over the year to 31 December 2023:

- how the Trustee's policies on exercising rights (including voting rights) and engagement activities have been followed over the year; and
- the voting activity undertaken by the Plan's investment managers on behalf of the Trustee over the year, including information regarding the most significant votes.

#### Stewardship policy

The Trustee's Statement of Investment Principles (SIP) in force as at 31 December 2023 describes the Trustee's stewardship policy on the exercise of rights (including voting rights) and engagement activities. It was last reviewed in August 2023 and has been made available online here: [Statement of Investment Principles \(pdsarbp.co.uk\)](https://pdsarbp.co.uk).

The Trustee has set a policy on animal testing. This states that the Trustee wishes to avoid companies that carry out animal testing on cosmetic and non-pharmaceutical products within the Plan's investment portfolio. The Trustee acknowledges that there are some constraints in implementing this within pooled funds. However, the Trustee is committed to actively engaging with the Plan's investment managers, through their investment advisors, in order to gain insight into the underlying holdings and encourage them not to invest in companies which carry out testing on animals where possible.

For the Plan's holdings in the BlackRock ACS World Equity Fund, the Trustee has chosen to implement a Socially Responsible Investment ("SRI") focused third party proxy voting policy and votes are cast in accordance with this policy using BlackRock's voting infrastructure. This allows the Plan to incorporate a pre-defined voting policy that better reflects the Trustee's beliefs.

At this time, the Trustee has not set any other specific stewardship priorities within the investment portfolio. However, the Trustee will consider the extent to which it wishes to do so in due course, in line with its consideration of the Plan's other risks.

#### How voting and engagement/stewardship policies have been followed

Based on the information provided by the Plan's investment managers, the Trustee believes that its policies on voting and engagement have been met in the following ways:

- The Plan invests entirely in pooled funds, and as such delegates responsibility for carrying out voting and engagement activities to the Plan's fund managers.
- The Trustee receives and reviews voting information and engagement policies from the asset managers at the end of each calendar year, which the Trustee reviews to ensure alignment with its own policies. This exercise is being undertaken via this Implementation Statement.

**THE PEOPLE'S DISPENSARY FOR SICK ANIMALS  
RETIREMENT BENEFITS PLAN (1978)  
IMPLEMENTATION STATEMENT**

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- As part of ongoing monitoring of the Plan's investment managers, the Trustee uses ESG rating information available within the pensions industry or provided by its investment consultant, to assess how the Plan's investment managers take account of ESG issues. This was last undertaken in February 2024.
- Having reviewed the above, the Trustee is comfortable that the actions of the fund managers are in alignment with the Plan's stewardship policies.

**Prepared by the Trustee of the PDSA Retirement Benefits Plan April  
2024**

**THE PEOPLE'S DISPENSARY FOR SICK ANIMALS  
RETIREMENT BENEFITS PLAN (1978)  
IMPLEMENTATION STATEMENT**

**Voting data**

This section provides a summary of the voting activity undertaken by the investment managers within the Plan's growth portfolio on behalf of the Trustee over the year to 31 December 2023. The credit, LDI funds and cash holdings with Insight have no voting rights and limited ability to engage with key stakeholders given the nature of the mandate.

During Q3 2023 BlackRock announced they were winding up the Aquila Life Emerging Markets Fund. As a result, on 14 August, the Plan switched into the iShares Emerging Markets Index Fund, making a full disinvestment from the Aquila Life Emerging Markets Equity Fund. Voting information has been provided for both funds. During Q4 the Plan decided to make a full disinvestment from Baillie Gifford Multi Asset Growth Fund. Voting information has been provided for Baillie Gifford.

For the Plan's holdings in the BlackRock ACS World Equity Fund, the Trustee has chosen to implement a Socially Responsible Investment ("SRI") focused third party proxy voting policy. BlackRock have provided voting information for this Fund based on the generic fund information rather than the Socially Responsible Investment ("SRI") focused third party proxy voting policy. We have communicated with BlackRock that going forwards, they should produce voting data based on PDSA's chosen voting proxy.

Manager	BlackRock				Pictet	Baillie Gifford
<b>Fund name</b>	Dynamic Diversified Growth Fund	ACS World ESG Equity Tracker Fund	Aquila Life Emerging Markets Equity Fund	iShares Emerging Market Index Fund	Dynamic Asset Allocation Fund	Multi Asset Growth Fund
<b>Structure</b>	Pooled					
<b>Ability to influence voting behaviour of manager</b>	The pooled fund structure means that there is limited scope for the Trustee to influence the manager's voting behaviour.					
<b>No. of eligible meetings</b>	575	428	3,216	2,761	17	50
<b>No. of eligible votes</b>	7,491	6,130	27,925	23,247	279	528
<b>% of resolutions voted</b>	93%	98%	98%	98%	100%	92%
<b>% of resolutions abstained</b>	1%	0%	1%	2%	0%	0%
<b>% of resolutions voted with management<sup>1</sup></b>	94%	75%	87%	87%	94%	97%
<b>% of resolutions voted against management<sup>1</sup></b>	5%	24%	12%	12%	6%	2%

<sup>1</sup> As a percentage of the total number of resolutions voted on

# THE PEOPLE'S DISPENSARY FOR SICK ANIMALS RETIREMENT BENEFITS PLAN (1978) IMPLEMENTATION STATEMENT

Manager	BlackRock				Pictet	Baillie Gifford
<b>% of resolutions voted against proxy voter recommendation</b>	0%	0%	0%	0%	0%	n/a

Source: information provided by the managers over the year to 31 December 2023. The proportion of resolutions that were voted on or abstained from may not add up to 100%. This can be due to how investment managers or local jurisdictions define voting and abstentions.

## Proxy advisory services

BlackRock and Pictet use Institutional Shareholder Services' (ISS) electronic platform to execute their vote instructions, manage client accounts in relation to voting and facilitate client reporting on voting. In certain markets, BlackRock work with proxy research firms who apply their proxy voting guidelines to filter out routine or non-contentious proposals and refer to them any meetings where additional research and possibly engagement might be required to inform their voting decision.

Pictet's proxy voting policy is based on generally accepted standards of best practice in corporate governance including board compensation, executive remuneration, risk management and shareholder rights.

While Baillie Gifford are cognisant of their proxy advisors' voting recommendations (ISS and Glass Lewis), they do not outsource their stewardship activities and all voting decisions are made in line with their in-house policy, and not with the proxy voting providers' policies.

## Significant votes

The change in Investment and Disclosure Regulations that came into force from October 2020 requires information on significant votes carried out on behalf of the Trustee over the year to be set out. The guidance does not currently define what constitutes a "significant" vote. However, recent guidance states that a significant vote is likely to be one that is linked to one or more of a scheme's stewardship priorities. As noted earlier, the Trustee has implemented a voting policy for the BlackRock ACS World ESG Equity Tracker Fund holdings, and has also engaged with the investment managers via email to communicate its policy on animal testing. However, the Plan does not have any agreed stewardship priorities so for this Implementation Statement, the Trustee has asked the investment managers to determine what they believe to be a "significant vote".

BlackRock, Pictet and Baillie Gifford have provided a selection of votes which they believe to be significant. In the absence of agreed stewardship priorities, and in the interest of concise reporting, the Trustee has opted to show three votes from each manager (four for the BlackRock funds). To represent the most significant votes, the votes of the largest holdings from the selection of significant votes provided are shown below. Where information on the size of the holdings was not made available (as was the case for the BlackRock funds), the votes shown have been selected to represent a variety of themes. Arcmont, Barings, Insight and Schroders were not able to provide significant votes due to not having a formal voting policy or process to track voting activities, or proxy voting not being applicable to the funds.

A summary of the significant votes provided is set out below.

## BlackRock Funds

	Dynamic Diversified Growth Fund	ACS World ESG Equity Tracker Fund	Aquila Life Emerging Markets Equity Fund	iShares Emerging Market Index Fund
<b>Company name</b>	Amazon.com, Inc	Shell Plc	Banco de Chile SA	Zhejiang Expressway Co., Ltd
<b>Date of vote</b>	May 2023	May 2023	March 2023	May 2023



**THE PEOPLE'S DISPENSARY FOR SICK ANIMALS  
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	Dynamic Diversified Growth Fund	ACS World ESG Equity Tracker Fund	Aquila Life Emerging Markets Equity Fund	iShares Emerging Market Index Fund
<b>Approximate size of fund's holding as at the date of the vote (as % of portfolio)</b>		Data not provided		
<b>Summary of the resolution</b>	Report on efforts to reduce plastic use	Approve the Shell Energy transition progress	Elect Andronico Luksic Craig as director	Amend the Articles of Association
<b>How the manager voted</b>	Against	Against	Against	Against
<b>If the vote was against management, did the manager communicate their intent to the company ahead of the vote?</b>	BlackRock endeavour to communicate to companies when they intend to vote against management, either before or just after casting votes in advance of the shareholder meeting.			
<b>Rationale for the voting decision</b>	BlackRock believe that the company already provides sufficient disclosure and reporting regarding this issue.	Shell's Scope 3 targets relate to intensity reduction, rather than absolute emission reduction. BlackRock believe that there is a lack of detail on the Company's Scope 3 emissions and on how it intends to meet its associated targets. They wanted more granular and explicit disclosure to enable stakeholders to make the connection between the Company's goals and the relevant IEA net zero pathways.	Andronico Luksic Craig serves on an excessive number of public company boards, which BlackRock believe raises substantial concerns about the director's ability to exercise sufficient oversight on this board.	Overall BlackRock believe that the shareholders' rights are likely to be diminished in material ways under the new Charter/Articles/Bylaws
<b>Outcome of the vote</b>	The resolution failed	The resolution was approved	The resolution was approved	The resolution was withdrawn
<b>Implications of the outcome</b>	BlackRock do not see engagement as one conversation. They claim to have ongoing direct dialogue with companies to explain their views and how they evaluate their actions on relevant ESG issues over time. Where concerns are raised either through voting or during engagement, BlackRock monitor developments and assess whether the company has addressed their concerns.			
<b>Criteria on which the vote is considered "significant"</b>	BlackRock publish Vote Bulletins on key votes at shareholder meetings to provide insight into details on certain vote decisions.			

**Pictet Dynamic Asset Allocation Fund**

	Vote 1	Vote 2	Vote 3
<b>Company name</b>	Microsoft	Sequoia Economic Infrastructure Income Fund Ltd	Enbridge Inc.
<b>Date of vote</b>	December 2023	August 2023	May 2023

**THE PEOPLE'S DISPENSARY FOR SICK ANIMALS  
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	Vote 1	Vote 2	Vote 3
<b>Approximate size of fund's holding as at the date of the vote (as % of portfolio)</b>	2.0%	0.5%	0.4%
<b>Summary of the resolution</b>	Report on climate risk in retirement plan options	Re-elect Sandra Platts as director	Report on lobbying and political donations
<b>How the manager voted</b>	For	Against	For
<b>If the vote was against management, did the manager communicate their intent to the company ahead of the vote?</b>	No	No	No
<b>Rationale for the voting decision</b>	Pictet voted for this resolution, as while the company offers an option to employees that want to invest more responsibly, it is unclear how well employees understand the retirement plans available to them. The information requested in the report would not only complement and enhance the company's existing commitments regarding climate change, but also allow shareholders to better evaluate the company's strategies and management of related risks.	Pictet voted against this item due to lack of diversity on the board.	Pictet voted for this resolution as additional reporting on the company's lobbying practices and policies, including its pattern of lobbying and political donations, would benefit shareholders in assessing its management of related risks.
<b>Outcome of the vote</b>	The resolution was rejected	The resolution was approved	The resolution was rejected
<b>Implications of the outcome</b>	Pictet noted the outcome of the vote. Where they believe the subject of the vote could present a material concern from an ESG perspective, they will continue to monitor and engage with the company. If warranted, Pictet will consider actions as part of their escalation strategy, including future voting decisions.		
<b>Criteria on which the vote is considered "significant"</b>	Pictet consider a vote to be significant due to the subject matter of the vote. For example, a vote against management, if the company is one of the largest holdings in the portfolio, and/or they hold an important stake in the company.		

**Baillie Gifford Multi Asset Growth Fund**

	Vote 1	Vote 2	Vote 3
<b>Company name</b>	Prysmian S.P.A	Rexford Industrial Realty, Inc.	Prologis, Inc
<b>Date of vote</b>	April 2023	June 2023	May 2023
<b>Approximate size of fund's holding as at the date of the vote (as % of portfolio)</b>	1.44%	0.92%	0.82%
<b>Summary of the resolution</b>	Remuneration	Remuneration	Remuneration
<b>How the manager voted</b>	Against	Against	Against

**THE PEOPLE'S DISPENSARY FOR SICK ANIMALS  
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	Vote 1	Vote 2	Vote 3
<b>If the vote was against management, did the manager communicate their intent to the company ahead of the vote?</b>	Yes	No	No
<b>Rationale for the voting decision</b>	<p>Baillie Gifford opposed the resolution due to inappropriate use of discretion to increase vesting outcome of the long-term incentive award. They believe the use of discretion should be carefully evaluated and used to support and prioritise the long-term prospects of the business.</p> <p>Baillie Gifford were not convinced that this use of discretion meets that bar.</p>	<p>Baillie Gifford voted against the executive compensation as they believed the performance conditions for the long term incentive plan are sufficiently stretching.</p>	
<b>Outcome of the vote</b>	The resolution was approved	The resolution was approved	The resolution failed
<b>Implications of the outcome</b>	<p>Baillie Gifford will communicate their rationale for voting against the remuneration report. They supported the forward-looking remuneration policy at the meeting, and anticipate supporting the remuneration report next year, but they will continue to monitor for further use of discretion.</p>	<p>Following the AGM Baillie Gifford contacted the company to explain their decision to oppose compensation for the second year in a row. This is due to concerns with the stringency of the performance targets which allow for payout when underperforming the chosen benchmark on total shareholder return. Baillie Gifford asked for them to increase the stringency of their targets. They have not yet had a response from the company but will monitor any changes.</p>	<p>Baillie Gifford will re-iterate their expectation to the Company and monitor the evolution of pay going forward.</p>
<b>Criteria on which the vote is considered "significant"</b>	This resolution is significant because it received greater than 20% opposition.	This resolution is significant because Baillie Gifford opposed the remuneration.	This resolution is significant because it received greater than 20% opposition.

## Fund level engagement

The investment managers may engage with investee companies on behalf of the Trustee. The table below provides a summary of the engagement activities undertaken by each manager during the year for the relevant funds.

Engagement activities are limited for the Plan's LDI and cash holdings with Insight due to the nature of the underlying holdings. Engagement information for these assets have therefore not been shown.

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Manager	BlackRock				Pictet	Baillie Gifford	
Fund name	Dynamic Diversified Growth Fund	ACS World Equity Fund	ESG Tracker	Aquila Life Emerging Markets Fund	iShares Emerging Market Index Fund	Dynamic Asset Allocation Fund	Multi Asset Growth Fund
Does the manager perform engagement on behalf of the holdings of the fund	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Has the manager engaged with companies to influence them in relation to ESG factors in the year?	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Number of engagements undertaken on behalf of the holdings in this fund in the year	427	597	7*	396	54	35	
Number of engagements undertaken at a firm level in the year			3,768		633	744	

Manager	Insight		Arcmont	Barings		Schroders	
Fund name	Global ABS Fund	Bonds Plus Fund	Liquid ABS Fund	Direct Lending Fund III	Global Special Situations Credit Fund 3	Global Special Situations Credit Fund 4	Real Estate Fund of Funds Continental European Fund
Does the manager perform engagement on behalf of the holdings of the fund	Yes	Yes	Yes	Yes	Yes	Yes	n/a***
Has the manager engaged with companies to influence them in relation to ESG factors in the year?	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Number of engagements undertaken on behalf of the holdings in this fund in the year	70 to 80	114	70 to 80	5**	25		n/a***
Number of engagements undertaken at a firm level in the year		2,521		Data not provided**	536		6,724

# THE PEOPLE'S DISPENSARY FOR SICK ANIMALS RETIREMENT BENEFITS PLAN (1978) IMPLEMENTATION STATEMENT

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*\*The relatively low number of engagements compared to last year is as a result of the pending portfolio closure, and positions being sold during the reporting period. It only includes engagements with companies that were held as of the reporting end date.*

*\*\* Since March 2021, Arcmont have been tracking engagement details however reporting remains limited. Arcmont have stated that they have five entities that they are actively engaged with to date. They were unable to provide data at a firm level.*

*\*\*\*This Fund invests in direct real estate, which is under active management, and engagement forms an integral and continuous process. Therefore, Schroders note that engagement activity as defined for the purpose of this statement is not applicable to the Fund. Additionally, the Fund is closed and in the process of winding down. The Plan now has only a small, immaterial amount of assets invested.*

## Examples of engagement activity undertaken over the year to 31 December 2023

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Manager and Fund(s)	Engagement themes and examples of engagements undertaken with holdings in the Fund
<b>BlackRock</b> Passive Equity Funds and Dynamic Diversified Growth Fund	BlackRock's main engagement topics have remained broadly consistent throughout 2023. They include the following: <ul style="list-style-type: none"> <li>• Board quality and effectiveness</li> <li>• Climate and natural capital</li> <li>• Strategy, purpose and financial resilience</li> <li>• Incentives aligned with financial value creation</li> <li>• Company impacts on people</li> </ul>
<b>Pictet</b> Dynamic Asset Allocation Fund	<p>Pictet engaged with Colgate Palmolive to ensure that the company looks to create products that can be recycled more by 2025, given that over half of the world's toothpaste tubes are from Colgate Palmolive. Pictet have engaged to push for enhanced disclosures on this issue so investors can better understand the action plan.</p> <p>In the summer of 2023, Pictet wrote a letter to the CEO outlining their areas of interest and expectations. The company is open to discussions and to considering Pictet's engagement asks. The group is planning to have a follow up meeting with the packaging specialists. Pictet will continue their engagement over the next year or so.</p>
<b>Baillie Gifford</b> Multi-Asset Growth Fund	<p>In 2023, Baillie Gifford engaged with Vale. Vale is the one of the world's largest producers of iron ore. Although base metal exposure is likely to play a role in any green transition, there are doubts on the role iron ore exposure plays. As Vale has one of the highest quality reserves globally, there is an efficiency argument that Pictet want to advance as they believe Vale has the opportunity to lead industry practices in sustainable mining. Vale's track record on ESG issues is poor with a long history of not acting as a leader, particularly on the environmental side, with fatal consequences for local communities i.e. the Brumadinho dam failure in 2019 which was both a human tragedy and an environmental disaster.</p> <p>Baillie Gifford's engagement addressed the need to secure remedial actions to bring about an assessment of compliance by independent third parties. From Baillie Gifford's perspective, there appears to have been a shift in attitude over the past two years. There has been change to the board and executive management team and the company has made improvements to reporting and general preparedness levels, particularly in the key human rights and environmental areas.</p>
<b>Arcmont</b> Direct Lending Fund III	<p>During 2023, Arcmont engaged with Engelmann, a provider of smart heat and water meters and peripheral equipment. Their objective of the engagement was to encourage the company to develop</p>

**THE PEOPLE’S DISPENSARY FOR SICK ANIMALS  
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a robust employee training and development programme to create a more satisfied, productive, and engaged workforce.

Arcmont set a number of objectives for the engagement to determine the level of success, including:

- Implementing employee training and development guidelines and documenting them in a company-wide policy which will also outline the HR function’s responsibilities;
- Allocating a €125 budget per FTE per year for training or further qualification and encourage at least 50% of FTEs to utilise this; and
- Developing a staff dispute mechanism to manage employee issues, resolve disputes and avoid legal proceedings.

Arcmont have direct dialogue with the portfolio company and sponsor and have a collaborative process involving a number of email exchanges and calls. Arcmont reported that the company has met all three targets. Going forward, they will continue to monitor the company’s adherence to the guidelines and the effectiveness of the staff dispute mechanism.

**Barings**  
Global Special Situations Credit  
Fund 3 & 4

Barings engaged with an IT services company. The business supports small to medium sized enterprises (“SMEs”) with limited internal IT capacities by providing tailored IT solutions. To enable objectivity and draw upon specialist expertise, Barings outsourced responsibility in this area to a third-party ESG consultant. The consultancy firm conducted a materiality assessment to determine a series of key material ESG themes (such as energy use, vehicle emissions, gender pay gap etc.) for the company to focus on, within which a set of relevant and measurable key performance indicators (“KPIs”) could be devised. Based on the extent to which the business complied with these KPIs, a discount could be offered on the rate of interest stipulated for their loan.

**Insight**  
Bonds Plus Fund  
Global ABS Fund  
Liquid ABS Fund

In the second quarter of 2023, Insight engaged with Pepper, a significant issuer in the Australian market. ESG had previously not formed part of their loan origination process, so Insight identified them as an issuer to engage with to raise this as an area of concern. After engaging with them over 2022 and 2023, Pepper is now showing borrowers the potential Energy Performance Certificate (“EPC”) improvements they can make to their properties and linking into new business. Pepper also offer cash back opportunities for an EPC focussed 2nd lien loan.