

THE NATIONAL TRUST RETIREMENT AND DEATH BENEFITS SCHEME
ANNUAL REPORT AND ACCOUNTS
FOR THE YEAR ENDED 5 APRIL 2022

Scheme Registration Number: 100030154

THE NATIONAL TRUST RETIREMENT AND DEATH BENEFITS SCHEME
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TRUSTEE AND ADVISERS

Corporate Trustee - The National Trust Retirement and Death Benefits Scheme Corporate Trustee Limited

Trustee Directors:

Gregory Meekings - National Trust appointed and independent (Chair)
Brendan McCarthy - member nominated
Steve Tyson - National Trust appointed and independent
Nicola Grace - member nominated
Peter Pearce - member nominated
Ian Bailey - National Trust appointed and independent
Janet Thomson - National Trust appointed and independent
Peter Nixon - member nominated

The National Trust Retirement and Death Benefits Scheme Corporate Trustee Limited was incorporated on 14 December 2018 pursuant to a deed dated 11 April 2019, and the individual Trustees became the Trustee Directors on 11 April 2019.

Secretary to the Trustee: Judith Alborough
The National Trust Retirement and Death Benefits Scheme
Heelis
Kemble Drive
Swindon SN2 2NA

Principal Employer: The National Trust
Heelis
Kemble Drive
Swindon SN2 2NA

Enquiries: Judith Alborough
Secretary to the Trustee

Actuary: John Sydenham
Aon Solutions UK Ltd
1 Redcliff Street
Bristol BS1 6NP

Investment Consultants: Redington Limited
Floor 6
One Angel Court
London EC2R 7HJ

Independent Auditor: Crowe U.K. LLP
Aquis House
49-51 Blagrove Street
Reading RG1 1PL

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TRUSTEE AND ADVISERS (continued)

Legal Advisers:	Herbert Smith Freehills LLP Exchange House Primrose Street London EC2A 2HS
Investment Committee:	Janet Thomson (Chair) Steve Tyson David Jacob (non-voting Advisor appointed by Trustee) Ian Bailey Nicola Grace
Investment Managers:	BlackRock Investment Management (UK) Limited 12 Throgmorton Avenue London, EC2N 2DL CQS 4 th Floor, One Strand London, W2CN 5HR Legal and General Investment Management 1 Coleman Street London, EC2R 5AA M&G Investments 110 Fenchurch Avenue London, EC3M 5AG Man Risk Premia SPS JP Morgan Hedge Fund Services 200 Capital Dock 79 Sir John Rogerson's Quay Dublin 2, Ireland, D02 RK57 Partners Capital LLP 5 Young Street London, W8 5EH Schroder Investment Management Limited 1 London Wall Place London, EC2Y 5AU

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TRUSTEE AND ADVISERS (continued)

Investment Managers (continued):	Systematica PO Box 309, Uglan House South Church Street Grand Cayman KY1-1104 Cayman Islands
	Ownership Capital Fund Servicing Centre C/O Northern Trust 50 Bank Street Canary Wharf London E14 5NT
	Stonepeak Infrastructure Partners New York Headquarters 55 Hudson Yards 550W 34 th Street, 48 th Floor New York NY1001
Investment Custodians:	JPMorgan Chase Bank Bournemouth Dorset, BH7 7DA
	HSBC Private Bank (Luxembourg) S.A 16, boulevard d'Avranches PO Box 733 L-2017 Luxembourg
Bankers:	Barclays Bank plc PO Box 47 37 Milsom Street Bath BA1 1DW
AVC Providers:	Utmost Life and Pensions Zurich Financial

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TRUSTEE REPORT

INTRODUCTION

The Trustee of The National Trust Retirement and Death Benefits Scheme ("the Scheme") presents its annual report together with the investment report, actuarial statements and accounts for the year ended 5 April 2022.

TRUSTEE

In accordance with the provisions of Schedule 36 of the Finance Act 2004, the Scheme became a registered scheme under Chapter 2 of part 4 of the Finance Act 2004 with effect from 6 April 2006, for the purpose of providing retirement and death benefits for members and their dependants. Previously, the Scheme was approved as tax exempt by HM Revenue and Customs. The Scheme is controlled and administered by the Trustee in accordance with a governing Trust Deed and Rules.

The Scheme is governed by The National Trust Retirement and Death Benefits Scheme Corporate Trustee Limited ("the Trustee") which was appointed Corporate Trustee on 11 April 2019. Prior to this date, the Scheme was governed by individual trustees. The individual trustees at 11 April 2019 became Trustee Directors of the Trustee.

The Trustee is responsible for the administration and investment policy of the Scheme and participates in training throughout the year. The Trustee Directors meet at least four times a year to review the management of the Scheme as reported by the Secretary to the Trustee. This includes amongst other matters an investment review, review of the written agreements with its advisors and consideration of any future legislative changes.

The Trustee Directors of the Scheme are appointed and may be removed in accordance with the governing documents. In accordance with the Pensions Act 2004 the National Trust put forward to members the proposal that there should be eight Trustee Directors, of whom half would be appointed by the National Trust and half would be elected by a ballot of all members from a list nominated by the membership.

SCHEME AUDIT

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

The financial statements summarise the net assets of the Scheme; they do not take account of future obligations to pay pensions and benefits which fall due after the end of the Scheme year. The actuarial position of the Scheme, which does take into account such obligations is dealt with in the Report on Actuarial Liabilities on page 7.

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TRUSTEE REPORT (continued)

STATEMENT OF TRUSTEE RESPONSIBILITIES

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 Scheme during the Scheme year and of the amount and disposition at the end of the Scheme year of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the Scheme 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 making 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 Scheme will not be wound up.

The Trustee is also responsible for making available certain other information about the Scheme 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 it to safeguard the assets of the Scheme 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 Scheme by or on behalf of the Principal Employer and the Cessation Members of the Scheme 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 Cessation Member of the Scheme and for adopting risk-based processes to monitor whether contributions are made to the Scheme by the Principal Employer in accordance with the schedule of contributions. Where breaches of the schedule occur, the Trustee is required by the Pensions Acts 1995 and 2004 to consider making reports to the Pensions Regulator and the members.

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TRUSTEE REPORT (continued)

REVIEW OF FINANCIAL DEVELOPMENT OF THE SCHEME

The Fund Account on page 22 shows that the value of the fund stood at £860.7m at 5 April 2022, a increase of 13.01% compared with 6 April 2021.

As disclosed on page 7, the Scheme deficit at 5 April 2020 stood at £240.4m an increase of £90.7m since the previous three-year valuation in 2017. The funding position has substantially improved since then as shown later in the report.

The Scheme closed to future accrual on 31 March 2016. The salary link has been retained so Cessation Members will receive their pension based on final salary, even when leaving after 31 March 2016. There is no impact on existing pensioners or deferred members of the Scheme.

The National Trust significantly increased its deficit recovery payments with effect from 1 April 2016 and then again in 2018.

RECOVERY PLAN

Following the last three year valuation in 2020, to satisfy the requirements of Section 226 of the Pensions Act 2014, after consultation with the Scheme Actuary and with the National Trust the Trustee agreed a Recovery Plan on 20 October 2020.

Under the terms of this Recovery Plan, the National Trust has agreed to pay additional contributions as follows:

- From 5 April 2020 to 31 December 2029, £797,773 per month, increasing by the annual increase in CPI (as measured in previous September) plus 1% on 1 April 2021 and each anniversary thereafter.
- From 5 April 2020 to 31 December 2029 – an additional £325,687 per month, increasing by the annual increase in CPI (as measured in previous September) plus 1% on 1 April 2021 and each anniversary thereafter.
- An additional contribution of £32.6m was paid on 26th October 2020. This terminated the previous conditional funding agreement. A further additional contribution of £75m was made on 9 February 2022. This was in addition to deficit contributions due under the Schedule of Contributions.

The National Trust may choose to pay these contributions annually in advance.

Under this Recovery Plan, if the assumptions are borne out in practice and without taking the £75m contribution into account, the funding shortfall will be eliminated by 31 December 2029.

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TRUSTEE REPORT (continued)

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 Employer and set out in the Statement of Funding Principles, which is available to Scheme members on request.

The most recent full actuarial valuation of the Scheme was carried out as at 5 April 2020. That showed that on that date:

The value of the Technical Provisions was	£900.3 million
The value of the assets at that date was	£659.9 million.

The deficit at 5 April 2020 stood at £240.4m. As at 5 April 2022, the funding level had improved significantly and had an estimated surplus of £26.1m. Details on the Trustee Recovery Plan agreed with the National Trust can be found on page 6.

The method and significant actuarial assumptions used to determine the technical provisions are as follows (all assumptions adopted are set out in the Appendix to the Statement of Funding Principles):

Method

The actuarial method to be used in the calculation of the technical provisions is the Projected Unit Method. Significant actuarial assumptions are shown below:

Discount rate: term dependent rates set by reference to the fixed interest gilt curve (as derived from Bank of England data) at the valuation date plus an addition of 0.5% per annum after retirement and 2.25% per annum before retirement.

Future Retail Price Index (RPI) inflation: term dependent rates derived from the Bank of England fixed interest and index-linked gilt curves at the valuation date.

Future Consumer Price Index (CPI) inflation: term dependent rates derived from the assumption for future retail price inflation less an adjustment equal to 0.60% per annum.

Pension increases: derived from the term dependent rates for future RPI and CPI inflation allowing for the caps and floors on pension increases according to the provisions in the Scheme's Rules and the fact that inflation varies from year to year.

Pay increases: general pay increases of 0.75% per annum above the term dependent rates for the future CPI inflation.

Mortality: S3PMA and S3PFA_M tables with a scaling factor of 95% for both males and females.

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TRUSTEE REPORT (continued)**MEMBERSHIP**

All employees who were on a regular contract with the National Trust and who were aged between 21 and 60 were eligible to join the Scheme prior to it closing to new entrants from 1 June 2003. In 2010-11 the Scheme was re-opened to admit 8 new members due to a transfer of employment.

The change in membership of the Scheme during the year is given below:

***Cessation Members**

Cessation Members at 6 April 2021	531	
Members retiring	(28)	
Death in service	(1)	
Transfers out	(1)	
Members leaving prior to pensionable age	(31)	(61)
Cessation Members at 5 April 2022		<u>470</u>

Pensioners

Pensioners at 6 April 2021	2,832	
Members retiring	28	
Deferred pensioners reaching pensionable age	100	
New spouse and dependant pensions	27	155
Pensioners who died during the year	(80)	(80)
Pensioners at 5 April 2022		<u>2,907</u>

Deferred pensioners

Deferred pensioners at 6 April 2021	2,084	
Members leaving with deferred pensions during the year	31	31
Deferred pensioners reaching pensionable age	(100)	
Deferred pensioners transferred out	(9)	
Deferred pensioners who have died	(1)	
Deferred pensioners retiring on full commutation basis	(3)	
Deferred full commutation on serious ill health	(1)	(114)
Deferred pensioners at 5 April 2022		<u>2,001</u>

Total membership at 5 April 2022**5,378**

Total membership at 5 April 2021

5,447

*Cessation Member means a person who was an active member of the Scheme when it closed to future accrual on 31 March 2016. These members retained a benefit link to their final salary.

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TRUSTEE REPORT (continued)

INVESTMENT REPORT

Introduction

This report has been prepared by the Trustee, assisted by its appointed investment consultant, Redington Ltd, using information that has been supplied primarily by its investment managers (listed on page 2). The Trustee has delegated portfolio management to each of its underlying investment managers, who have full discretion in making investment decisions (subject to the investment guidelines agreed in Investment Management Agreements).

Investment Objectives and Strategy

The general investment objectives of the Scheme are:

- The acquisition of suitable assets (having due regard to the relevant risks to the Scheme) which will generate income and capital growth to meet, together with necessary deficit repair contributions from the Employer, the cost of current and future benefits which the Scheme provides.
- To limit the risk of the assets failing to meet the liabilities over the long term, especially in relation to an appropriate Long-Term Funding Objective.
- To minimise the long-term costs of the Scheme by achieving an appropriate return on the assets whilst having regard to the objectives shown above.

The Trustee has adopted a Pensions Risk Management Framework, which is used to monitor and report on the Scheme's key investment objectives on a regular basis. These objectives include the return required to meet the Scheme's investment objective versus the expected return of the Scheme's assets, two risk metrics ("Contributions at Risk" and "Funding Ratio at Risk"), interest rate and inflation hedge ratios and collateral adequacy tests. The Trustee selects its investments in order to most appropriately fulfil the Scheme's objectives. Further information on the Trustee's investment strategy is set out in the Statement of Investment Principles.

Investment changes during the year

Over the period, the following strategic changes were approved by Trustee Board upon the recommendation of the Investment Committee ("IC"). These are as follows:

- The Scheme continued to pay capital into the Schroders FOCUS II Fund and into the two renewable infrastructure funds managed by Blackrock and Stonepeak, as and when called upon by the general partner. Capital calls paid during the year totalled £20.4m.
- In June 2021, the Scheme switched 100% of its holdings in the Man Diversified Risk Premia Fund into the Man Progressive Diversified Risk Premia Fund on the basis that the fund has the same forward looking expected returns but was more aligned with the Trustee's climate-related investment beliefs.

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TRUSTEE REPORT (continued)

INVESTMENT REPORT (continued)

- In June 2021, in response to a de-risking trigger being reached, the Scheme disinvested c.£24m from the LGIM Future World Fund allocation, with £20m being transferred to the LDI portfolio and the remaining £4m held within the Trustee bank account for cashflow purposes. A further de-risking redemption was made on 15 September 2021 for £60m, with £58m being transferred to the LDI portfolio and the remaining £2m held within the Trustee bank account for cashflow purposes.
- In January 2022, in response to a de-risking trigger being reached, the Scheme redeemed from the LGIM Future World Fund (£17.8m) and Schrodgers Life DGF (£35.5m), with the proceeds invested into the LDI portfolio.
- In February 2022, the Scheme received an additional lump sum contribution from the Company of £75m, of this £5m was retained in the Trustee bank account for cashflow purposes, and the other £70m was invested into the LDI portfolio.
- Following receipt of the contribution, further de-risking redemptions were undertaken as follows: £6.5m from the LGIM Future World Fund, £32.4m from the Ownership Capital Global Equity Fund (completed shortly after reporting period end), £13.4m from Man Progressive Diversified Risk Premia, £6.7m from Systematica Alternative Risk Premia and £45.0m from Schrodgers Life Diversified Growth Fund (DGF). The proceeds were all invested into the LDI portfolio.

Statement of Investment Principles (“SIP”)

The investment objectives and investment strategy for the Scheme, together with the main elements of the investment arrangements of the Scheme, are set out in the SIP and the Investment Policy Implementation Document (IPID). The Trustee has produced the SIP as required by section 35 of the Pensions Act 1995 and subsequent legislation, and the SIP is reviewed periodically. A full copy of the SIP is available on the Scheme’s website and is also available upon request in writing. The Trustee confirms that there were no departures from the SIP over the period.

Below is an excerpt from the Scheme’s Statement of Investment Principles, outlining the Trustee’s Environmental Social and Governance (ESG), Stewardship and Engagement, and Asset Manager policies:

Environmental Social and Governance (ESG)

The Trustee seeks to incorporate all financial considerations which are relevant and material to the Scheme into its decisions on the selection, retention and realisation of investments through strategic asset allocation decisions and the appointment of investment managers, so far as possible.

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INVESTMENT REPORT (continued)

The Trustee believes that ESG factors (including but not limited to climate risk) will be financially material over the time horizon of the Scheme and should therefore be considered as part of investment strategy and implementation decisions. This will have varying levels of importance for different types of assets invested in by the Scheme. These factors may, in particular, be of limited application for the Scheme's investment strategy comprising gilts and hedging instruments.

The Trustee's investment advisers incorporate environmental, social and governance factors into their manager research process, which informs advice provided to the Trustee on selecting, reviewing and changing individual managers. Each time a new active manager is selected, or an existing active manager is reviewed, integration of environmental, social and governance factors is (to the extent relevant to the asset class) one of the key factors considered by the Trustee. The Trustee has also developed with its investment advisers a process for monitoring periodically managers' approach to these factors, which includes requesting relevant information from the managers. The Sponsor has been consulted throughout the process of developing the Trustee's approach to incorporating ESG considerations.

Having delegated responsibility for the selection, retention and realisation of investments to the investment managers, the Trustee expects the Scheme's investment managers to take account of environmental, social and governance considerations insofar as they believe such considerations will benefit performance and/or reduce risk.

The Trustee does not factor non-financial factors (such as members' ethical views) into its investment decision-making.

Stewardship and Engagement – this has been included in the Implementation Statement disclosed in Appendix 1 starting on page 44 which forms part of the Trustee report.

Asset Manager Policy

For any segregated arrangements, the terms of the long-term relationship between the Trustee and its managers are set out in separate Investment Management Agreements (IMAs). These document the Trustee's expectations of its managers alongside the investment guidelines they are required to operate under.

The investment guidelines are based on the policies set out in this document (the SIP). The Trustee shares its SIP with the managers periodically, with the aim of ensuring managers invest in line with the Trustee's policies.

Due to the benefits of cost and ease of implementation, the Trustee primarily invests in pooled investment vehicles. These investments are managed according to standardised fund terms, which are reviewed by the Fund's legal and investment advisors at the point of investment to ensure that they are aligned with the Fund's long-term investment strategy and market best practice. These terms are reviewed at the point of investment and following any material changes notified by the manager.

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TRUSTEE REPORT (continued)

INVESTMENT REPORT (continued)

When relevant, the Trustee requires its investment managers to invest with a medium- to long-term time horizon, and use any rights associated with the investment to drive better long-term outcomes. For some asset classes, the Trustee does not expect the respective asset managers to make decisions based on maximizing long-term performance. These may include investments that provide risk reduction through diversification or through hedging, consistent with the Trustee's strategic asset allocation.

The Trustee appoints its investment managers with an expectation of a long-term partnership, which encourages active ownership of the Fund's assets. When assessing a manager's performance, the focus is on longer-term outcomes and is assessed over a medium to longer-term timeframe, subject to an anticipated minimum of three years.

The Trustee would not expect to terminate a manager's appointment based purely on short term performance. However, a manager's appointment could be terminated within a shorter timeframe than three years due to other factors, such as a significant change in structure of the investment team or investment process.

Managers are typically paid an ad valorem management fee for a defined set of services. For mandates where it is deemed appropriate a performance fee may also be charged for outperformance versus a benchmark or target. The Trustee reviews the fees annually to confirm they are in line with market practices.

The Trustee expects the manager to take an active ownership approach and consider long-term ESG risk factors.

The Trustee reviews the portfolio transaction costs and managers' portfolio turnover ranges, where the data is disclosed and available. The Trustee will then determine whether the costs incurred were within reasonable expectations.

Custodial Arrangements

The role of a custodian is to ensure the safe keeping of the assets and facilitate all transactions entered into by the appointed investment managers. The Trustee mitigates custodial risk through investment in pooled vehicles with the investment manager responsible for selecting suitable custodians. In addition, restrictions are applied as to who can authorise transfers of cash and the accounts to which transfers can be made. The Trustee is satisfied that the managers responsible for the appointment and monitoring of their relevant custodians fulfil this obligation competently, and that they have suitable procedures in place for conducting periodic reviews.

In relation to the Scheme's segregated investment with Schroders, the Trustee has appointed JPMorgan Chase Bank, N.A. as custodian. The Investment Committee, on behalf of the Trustee, has noted the need to conduct periodic reviews of the custodian to ensure its continuing suitability. The Trustee has also appointed JPMorgan Chase Bank to manage an additional custody account to manage the inflows and outflows from the Scheme's other investments.

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TRUSTEE REPORT (continued)

INVESTMENT REPORT (continued)

Investment Performance

Below is a review of the performance of the Scheme's investments during the year and over a one- to three-year period. The Trustee considers that the Scheme's investment portfolio is structured in accordance with the requirements of the Occupation Pension Schemes (investment) Regulations 2005 in relation to the nature, disposition, marketability, security and valuation of the Scheme's assets.

Investment managers – 1-year & 3-year performance

Fund	Asset Value (£m) 31/03/22	Fund Return (%) 1-year	Benchmark Return (%) 1-year	Fund Return (%) 3-year annualised	Benchmark Return (%) 3-year annualised
Schroders Segregated LDI	482.0	1.3%	0.9%	1.7%	1.7%
LGIM Future World Fund	26.0	13.0%	12.7%	N/A ²	N/A ²
Ownership Capital Global Equity Fund ³	58.9	2.3%	8.8%	N/A ²	N/A ²
Man Progressive Diversified Risk Premia Fund	26.4	20.5%	3.6%	N/A ²	N/A ²
Schroders Life Diversified Growth Fund (DGF)	25.5	3.0%	8.1%	5.9%	6.8%
Systematica Alternative Risk Premia Fund	26.1	19.0%	3.6%	N/A ²	N/A ²
CQS Credit Multi Asset Fund	72.0	2.4%	1.1%	N/A ²	N/A ²
M&G Alpha Opportunities Fund	72.0	0.8%	4.1%	N/A ²	N/A ²
Partners Capital Portfolio 4	30.8	N/A	N/A	N/A	N/A
Schroders FOCUS II 4	29.9	N/A	N/A	N/A	N/A
BlackRock Global Renewable Power Infrastructure Fund III	2.9	N/A ¹	N/A ¹	N/A ²	N/A ²
Stonepeak Global Renewables Fund	1.2	N/A ¹	N/A ¹	N/A ²	N/A ²

Footnotes for the above table can be found on the next page.

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INVESTMENT REPORT (continued)

Investment managers – 1-year & 3-year performance (notes)

As of 31 March 2022, the Scheme also had £5.1m invested in the Schroders US Liquidity Fund. This is a USD cash allocation in place to allow easier funding of the USD denominated Schroders FOCUS II Fund. The Scheme also had c.£23.9m in excess cash held across the Trustee Bank Account and a custody account with JP Morgan.

¹ 1-year information unavailable as inception date of allocation is less than 12 months. Performance (if provided) is therefore the performance since inception into the fund.

² 3-year information unavailable as inception date of allocation is less than 3 years. Performance (if provided) is therefore provided on the 1-year basis only.

³ This allocation was reduced by £32.4m shortly after the end of the reporting period, with proceeds reinvested in the Schroders LDI portfolio.

⁴ Due to the illiquid nature of the fund performance is reported as a since inception internal rate of return (IRR) basis. As of 31 March 2022, the portfolio's IRR for Partners Capital was 15.2% vs. a target IRR of 12%. The fund IRR for the Schroders FOCUS II Fund was 14% vs. a target IRR of 15%.

Scheme-level – 1-year & 3-year performance

Performance Metric		1-year	3-year (annualised)
i.	Total Scheme performance <i>(Composite of iii and v)</i>	6.2%	5.9%
ii.	Total Benchmark performance <i>(Composite of iv and vi)</i>	5.8%	6.3%
iii.	Matching Asset Performance <i>(LDI portfolio)</i>	6.9%	6.8%
iv.	Matching Asset Benchmark Performance <i>(LDI benchmark)</i>	5.6%	6.7%
v.	Return-Seeking Asset Performance <i>(Composite of investment manager returns)</i>	7.1%	6.2%
vi.	Return-Seeking Benchmark Performance <i>(Composite of investment manager benchmarks)</i>	7.2%	6.6%

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TRUSTEE REPORT (continued)

INVESTMENT REPORT (continued)

Performance commentary

Scheme-level

The return-seeking portfolio marginally underperformed its benchmark over the year with the Scheme's Ownership Capital global equity allocation being the primary driver due to poor performance of the growth equity style factor. The Scheme outperformed its benchmark in aggregate due to the LDI portfolio outperforming its benchmark. Over three years, the portfolio lagged its benchmark due to the underperformance of the return-seeking assets.

Overall, the performance of both the return-seeking assets and the matching portfolio are such that the Scheme remains on track to meet its primary funding target.

Global Equities (LGIM Future World and Ownership Capital Global Equity)

Investor optimism heightened during the beginning of the Scheme year, particularly in Developed Markets due to effective vaccine programmes. During the latter part of 2021, growing fears around prolonged inflation and increasing pressure on Central Banks to tighten monetary policy detracted from investor sentiment. In 2022, the Russian invasion of Ukraine magnified market volatility and supply side pressures. Although the LGIM Future World Fund performed in line with its benchmark, the Ownership Capital Fund underperformed its benchmark over the period due to its overweight position to technology and healthcare sectors.

Diversified Growth Funds (Schroders Life Diversified Growth)

Schroders Life Diversified Growth delivered a return of 3.0% over the year, underperforming its benchmark by 5.1%. Over the year, the primary driver of underperformance were exposures to emerging market equities and credit. As of 1 April 2022, the manager also reduced its target from UK CPI +5% p.a. to cash + 4.5% p.a., citing rising inflation as the primary driver. The Trustee will continue to monitor performance of this mandate in line with the changed investment target.

Diversified Risk Premia (Systematica and Man)

Systematica Alternative Risk Premia returned 19.0% over the year, outperforming its benchmark by 15.4%. Man Diversified Risk Premia returned 20.5% over the year, also outperforming the benchmark (by 16.9%). In both cases, the primary drivers of this positive performance was a large exposure to commodities, which performed well in light of rising inflation expectations, and exposure to the value equity style factor.

Credit (CQS and M&G)

CQS Credit Multi Asset Fund returned 2.4% over the year, outperforming its benchmark by 1.3%. The Fund benefitted from its floating rate assets in a rising rate environment. Leveraged Loans were amongst the most additive to performance because of their low duration profile. M&G Alpha Opportunities Fund delivered a return of 0.8% underperforming its benchmark by 3.4%. The broad recovery continued to drive spreads tighter throughout 2021; however, this reversed in early 2022 as investors moved to a risk-off environment.

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TRUSTEE REPORT (continued)

Illiquid Funds (Partners Capital and Schroders FOCUS II)

The Partners Capital portfolio has continued to perform in line with expectations, with a since inception IRR of 15.2% vs. a target of 12%. The Schroders FOCUS II Fund has a since inception rate of 14% vs. a target of 15%; however, as this fund is still drawing down investor capital it is likely considered too early to draw any meaningful conclusions from this underperformance.

AVC INVESTMENTS

The Trustee provides the facility for members to make Additional Voluntary Contributions (AVCs). The Trustee holds these contributions, which are invested separately from the main fund, in the form of managed funds and a group with-profits policy.

The total number of individual accounts by provider at 5 April 2022 was:

Utmost Life and Pensions	5
Zurich Financial	108

Now that the Scheme is closed to future accrual it is not possible for members to obtain additional benefits on a money purchase basis. Each member continues to receive an annual statement at the year-end confirming the current sum in their account in respect of contributions made before 1 April 2017.

Tax and Contracting-Out Status of the Scheme

The Scheme is approved as an “exempt approved scheme” under the terms of the Income and Corporation Taxes Act 1988 and to the Trustee Directors’ knowledge there is no reason why such approval should be prejudiced or withdrawn. The Scheme was contracted out of the State Earnings Related Pension Scheme/Second Tier State Pension until 31 March 2016 under a certificate issued by the Occupational Pensions Board.

Cash Equivalent Transfer Values

Cash equivalents paid during the Scheme year with respect to transfers have been calculated and verified in accordance with appropriate regulations and guidelines issued by the Institute of Actuaries. Allowance for discretionary pension increases are included in the calculation of cash equivalents.

Scheme Advisers

There are written agreements in place between the Trustee and each of the Scheme advisers listed on pages 1 to 3 of this report and also with the Principal Employer.

THE NATIONAL TRUST RETIREMENT AND DEATH BENEFITS SCHEME

ANNUAL REPORT AND ACCOUNTS

FOR THE YEAR ENDED 5 APRIL 2022

TRUSTEE REPORT (continued)

Pension Increases

On 1 January 2022 pensions in payment in excess of the Guaranteed Minimum Pension were increased by 3.1% (2021: 0.5%) on pensions earned prior to 1997, 4.9% (2021: 1.1%) on pensions earned from 1997 to 2007 and 3.1% (2021: 1.1%) on pensions earned post 1 March 2007.

Increases to deferred pensions were in accordance with statutory provisions.

Contacting the Trustee, The Pensions Advisory Service and the Pensions Ombudsman

If Scheme members have any queries concerning their benefits they should contact the Secretary to the Trustee by writing to Judith Alborough at the address shown below:

Heelis
Kemble Drive
Swindon
SN2 2NA

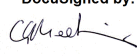
Email: judith.alborough@nationaltrust.org.uk

FURTHER INFORMATION

Members are entitled to inspect copies of documents giving information about the Scheme. In some circumstances, copies of the documents can be provided free but a charge will be made for copies of the Trust Documents (Deed and Rules) and of the Actuary's Report.

The Secretary to the Trustee is Judith Alborough, who is also responsible for the day to day administration of the Scheme. Any queries about this Report, the Scheme generally, or members' own benefits should be addressed to her at Heelis, telephone 01793 817589 or email (as above).

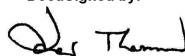
Signed on behalf of the Trustee

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Greg Meekings

Trustee Director

Date 23 September 2022 04:46 PDT

DocuSigned by:

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Janet Thomson

Trustee Director

Date 27 September 2022 10:34 PDT

THE NATIONAL TRUST RETIREMENT AND DEATH BENEFITS SCHEME

ANNUAL REPORT AND ACCOUNTS

FOR THE YEAR ENDED 5 APRIL 2022

Independent Auditors' report to the Trustee of the National Trust Retirement and Death Benefits Scheme

Opinion

We have audited the financial statements of the National Trust Retirement and Death Benefits Scheme for the year ended 5 April 2022 which comprise the Fund Account, the Statement of Net Assets and the related 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 Financial Reporting Standard 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 Scheme during the year ended 5 April 2022, and of the amount and disposition at that date of its assets and liabilities, other than 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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Scheme 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 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 Scheme's ability to continue as a going concern for a period of at least 12 months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Trustee with respect to going concern are described in the relevant section of this report.

THE NATIONAL TRUST RETIREMENT AND DEATH BENEFITS SCHEME

ANNUAL REPORT AND ACCOUNTS

FOR THE YEAR ENDED 5 APRIL 2022

Independent Auditors' report to the Trustee of the National Trust Retirement and Death Benefits Scheme (continued)

Other information

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

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially consistent with the financial statements or our knowledge obtained in 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 Trustee

As explained more fully in the statement of Trustee responsibilities set out on page 5, the Trustee is responsible for the preparation of the financial statements, 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 Scheme's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustee either intends to wind up the Scheme or has no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

THE NATIONAL TRUST RETIREMENT AND DEATH BENEFITS SCHEME

ANNUAL REPORT AND ACCOUNTS

FOR THE YEAR ENDED 5 APRIL 2022

Independent Auditors' report to the Trustee of the National Trust Retirement and Death Benefits Scheme (continued)

We set out below the key areas which, in our opinion the financial statements are susceptible to material misstatement by way of irregularities including fraud and the extent to which our procedures are capable of detecting these.

- Management override of controls. Our audit procedures to respond to these risks included enquiries of management about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals and reviewing accounting estimates for bias.
- Misappropriation of investment assets owned by the Scheme. This is addressed by obtaining direct confirmation from the investment fund managers of investments held at the Statement of Net Assets date.
- Diversion of assets through large investment transactions. A sample of transactions is agreed to supporting documentation testing the authorisation of the amount.
- Non-receipt of contributions due to the Scheme from the Employer. This is addressed by testing contributions due are paid to the Scheme in accordance with the schedules of contributions agreed between the Employer and the Trustee.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

These inherent limitations are particularly significant in the case of misstatement resulting from fraud as this may involve sophisticated schemes designed to avoid detection, including deliberate failure to record transactions, collusion or the provision of intentional misrepresentations.

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

THE NATIONAL TRUST RETIREMENT AND DEATH BENEFITS SCHEME

ANNUAL REPORT AND ACCOUNTS

FOR THE YEAR ENDED 5 APRIL 2022

Independent Auditors' report to the Trustee of the National Trust Retirement and Death Benefits Scheme (continued)

Use of our report

This report is made solely to the Scheme's Trustee, as a body, in accordance with Regulation 3 of the Occupational Pension Schemes (Requirement 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 Scheme's Trustee those matters we are required to state to them in an auditors' 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 Scheme's Trustee as a body, for our audit work, this report or the opinions we have formed.



Crowe U.K. LLP
Statutory Auditor
Reading

28 September 2022

THE NATIONAL TRUST RETIREMENT AND DEATH BENEFITS SCHEME
ANNUAL REPORT AND ACCOUNTS
 FOR THE YEAR ENDED 5 APRIL 2022
FUND ACCOUNT

	NOTE	£'000	2022 £'000	£'000	2021 £'000
CONTRIBUTIONS AND OTHER INCOME					
Employer's contributions receivable	4	<u>89,136</u>	89,136	<u>46,528</u>	46,528
BENEFITS AND OTHER PAYMENTS					
Benefits payable	5	(24,169)		(24,969)	
Payments to and on account of leavers	6	(3,743)		(2,425)	
Administrative expenses	7	(729)		(828)	
			<u>(28,641)</u>	<u>(28,222)</u>	
NET INCREASE FROM DEALINGS WITH MEMBERS			60,495		18,306
RETURNS ON INVESTMENTS					
Investment income	8	6,721		6,104	
Increase in market value of investments	9	35,629		76,129	
Investment management expenses	10	<u>(3,736)</u>		<u>(1,976)</u>	
NET RETURNS ON INVESTMENTS			<u>38,614</u>		<u>80,257</u>
NET INCREASE IN THE FUND			99,109		98,563
NET ASSETS BROUGHT FORWARD			<u>761,588</u>		<u>663,025</u>
NET ASSETS CARRIED FORWARD			<u>860,697</u>		<u>761,588</u>

The notes on pages 25 to 40 form part of these financial statements.

THE NATIONAL TRUST RETIREMENT AND DEATH BENEFITS SCHEME
ANNUAL REPORT AND ACCOUNTS

FOR THE YEAR ENDED 5 APRIL 2022

STATEMENT OF NET ASSETS (available for benefits)

	NOTE	2022 £'000	2021 £'000
INVESTMENTS	9		
Assets - Return Seeking Strategy			
Pooled investment vehicles		379,899	551,772
Cash deposits		<u>21,095</u>	<u>14,442</u>
		400,994	566,214
Total Net Return Seeking Strategy Investments		<u>400,994</u>	<u>566,214</u>
Assets –Liability Matching Strategy			
Pooled investment vehicles		5,414	8,539
Bonds		826,135	688,608
Derivatives		521	-
Cash deposits		3,657	1,003
Other investment balances		<u>1,334</u>	<u>19,227</u>
		837,061	717,377
Liabilities - Liability Matching Strategy			
Derivatives		(405)	(261)
Other investment balances		<u>(378,322)</u>	<u>(523,044)</u>
		(378,727)	(523,305)
Total Net Liability Matching Investments		<u>458,334</u>	<u>194,072</u>
AVC Investments		2,713	3,096
TOTAL INVESTMENTS		<u>862,041</u>	<u>763,382</u>
CURRENT ASSETS	11	2,896	1,399
CURRENT LIABILITIES	12	(4,240)	(3,193)
NET CURRENT LIABILITIES		<u>(1,344)</u>	<u>(1,794)</u>
NET ASSETS AT 5 APRIL		<u>860,697</u>	<u>761,588</u>

THE NATIONAL TRUST RETIREMENT AND DEATH BENEFITS SCHEME

ANNUAL REPORT AND ACCOUNTS

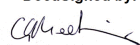
FOR THE YEAR ENDED 5 APRIL 2022

STATEMENT OF NET ASSETS (continued)

The financial statements summarise the transactions of the Scheme and deal with the net assets 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 Scheme year. The actuarial position of the Scheme, which does take into account such obligations, is dealt with in the Report on Actuarial Liabilities on page 7 of the Annual Report and these financial statements should be read in conjunction with this report.


These financial statements were approved by the Trustee on 23 September ~~2022~~ | 04:46 PDT

Signed on behalf of the Trustee:

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Trustee Director

Greg Meekings

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Trustee Director

Janet Thomson

The notes on pages 25 to 40 form part of these financial statements.

THE NATIONAL TRUST RETIREMENT AND DEATH BENEFITS SCHEME

ANNUAL REPORT AND ACCOUNTS

FOR THE YEAR ENDED 5 APRIL 2022

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 5 April 2022

1 BASIS OF PREPARATION

The financial statements have been prepared on a going concern basis and in accordance with the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, Financial Reporting Standard 102 – The Financial Reporting Standard applicable in the UK and Republic of Ireland issued by The Financial Reporting Council and the guidance set out in the Statement of Recommended Practice (Revised 2018).

2 SCHEME CONSTITUTION

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

3 ACCOUNTING POLICIES

The following principal accounting policies have been adopted in the preparation of the financial statements:

(a) Investments

Investments are included at fair value as explained below:

- i) Quoted securities in active markets are usually valued at the current bid prices at the reporting date.
- ii) Fixed interest securities are stated at their clean price, where applicable including the indexation element which is payable on maturity. Accrued interest is excluded from the market value of fixed income securities and is included in other investment balances.
- iii) Unitised pooled investment vehicles have been valued at the latest available bid price or single price provided by the pooled investment manager.
- iv) Swaps are valued based on the present value of future cash flows arising from the swap determined using discounted cash flow models and market data at the reporting date.
- v) Forward foreign exchange contracts are valued by determining the gain or loss that would arise from closing out the contract at the reporting date by entering into an equal and opposite contract at that date.
- vi) Annuities are not material to the Scheme and have been excluded from the Statement of Net Assets.
- vii) With profit insurance policies are reported at the policy value provided by Utmost Life and Pensions and Zurich Financial based on the cumulative reversionary bonuses declared and the current terminal bonus.

THE NATIONAL TRUST RETIREMENT AND DEATH BENEFITS SCHEME

ANNUAL REPORT AND ACCOUNTS

FOR THE YEAR ENDED 5 APRIL 2022

NOTES TO THE ACCOUNTS (continued)

3 ACCOUNTING POLICIES (continued)

viii) Under repurchase agreements, the Scheme continues to recognise and value the securities that are delivered to the counterparty as collateral, and includes them in the financial statements. The cash received is recognised as an asset and the obligation to pay it back recognised as a payable amount.

ix) Shares in other pooled arrangements have been valued at the latest available net asset value, determined in accordance with fair value principles, provided by the pooled investment manager.

(b) Investment Income

Income is recognised as explained below:

i) Income from bonds is accounted for on an accruals basis. Accrued interest on bond income is excluded from the market value of the bond and included in income.

ii) Income from cash and short term deposits is accounted for on an accruals basis.

iii) Income from pooled investment vehicles is accounted for when declared by the fund manager. Other income from pooled investment vehicles is reinvested without the purchase of additional units, included in change in market value within the Fund account.

iv) Receipts from annuity policies held by the Trustee are accounted for as investment income on an accruals basis.

v) Cash receipts and payments on swap contracts are included in investment income when they are due.

vi) Investment income includes recoverable withholding tax. Irrecoverable withholding tax is shown as an expense.

(c) Contributions

i) Employer deficit funding contributions and contributions towards administrative expenses are accounted for on the due dates on which they are payable under the schedule of contributions or on receipt if earlier and with the agreement of the Employer and Trustee. Additional contributions are accounted for on receipt.

THE NATIONAL TRUST RETIREMENT AND DEATH BENEFITS SCHEME

ANNUAL REPORT AND ACCOUNTS

FOR THE YEAR ENDED 5 APRIL 2022

NOTES TO THE ACCOUNTS (continued)

3 ACCOUNTING POLICIES (continued)

(d) Benefits Payable

Payments to members are recognised as follows:

- i) Pensions in payment are accounted for in the period to which they relate.
- ii) Benefits are accounted for in the period in which the member notifies the Trustee of their decision on the type or amount of benefit to be taken or, if there is no member choice, on the date of retirement or leaving.
- iii) Individual transfers out of the Scheme are accounted for when the member liability is discharged which is normally when the transfer amount is paid or received.

(e) Administrative Expenses

- i) Expenses are accounted for on an accruals basis.
- ii) Investment management expenses are accounted for on an accruals basis. Transaction costs are included in the cost of purchases and sales proceeds.

(f) Other

- i) 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 profit and losses on sales of investments during the year.
- ii) Balances denominated in foreign currencies 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. Differences arising on investment balance translation are accounted for in the change in market value of investments during the year.

THE NATIONAL TRUST RETIREMENT AND DEATH BENEFITS SCHEME
ANNUAL REPORT AND ACCOUNTS
 FOR THE YEAR ENDED 5 APRIL 2022
NOTES TO THE ACCOUNTS (continued)

4 EMPLOYER'S CONTRIBUTIONS RECEIVABLE

	2022	2021
	£'000	£'000
Employer - deficit funding	13,683	13,482
- additional contribution	75,000	32,600
- administration expenses	453	446
	<u>89,136</u>	<u>46,528</u>

The Scheme closed for future accrual on 31 March 2016. Therefore, there are no normal employer contributions for the year ended 5 April 2022. The deficit funding contribution was paid monthly (£1,140,312) along with monthly contributions (£37,729) towards administration expenses. The employer made an additional contribution during the year of £75,000,000.

The deficit contributions increased to £14,244,780 per annum in April 2022, increasing by the annual increase in CPI plus 1% on 1 April each year thereafter until 31 December 2029.

5 BENEFITS PAYABLE

	2022	2021
	£'000	£'000
On or during retirement:		
Pensions	20,230	19,103
Commutation and lump sum benefits	3,851	5,436
Tax on Commutation and lump sum benefits	-	370
Death benefits:		
Death in service	64	33
Death in retirement / deferment	24	27
	<u>24,169</u>	<u>24,969</u>

THE NATIONAL TRUST RETIREMENT AND DEATH BENEFITS SCHEME
ANNUAL REPORT AND ACCOUNTS

FOR THE YEAR ENDED 5 APRIL 2022

NOTES TO THE ACCOUNTS (continued)

6 PAYMENTS TO AND ON ACCOUNT OF LEAVERS

	2022 £'000	2021 £'000
Individual transfers to other schemes	<u>3,743</u>	<u>2,425</u>

7 ADMINISTRATIVE EXPENSES

	2022 £'000	2021 £'000
Investment advice	402	393
Actuarial advice	234	276
Audit fees	29	24
Legal Fees	6	56
Levies	27	23
Professional subscriptions and membership fees	4	3
Consultancy	-	41
Sundry costs	27	12
Total administration expenses	<u>729</u>	<u>828</u>

The costs of administering the Scheme are borne by the Principal Employer in line with the schedule of contributions.

8 INVESTMENT INCOME

	2022 £'000	2021 £'000
Income from bonds	4,595	5,107
Annuity income	23	34
Income from Pooled Investment Vehicles	518	69
Other income	1	3
Net interest on swaps	1,584	891
Total investment income	<u>6,721</u>	<u>6,104</u>

THE NATIONAL TRUST RETIREMENT AND DEATH BENEFITS SCHEME

ANNUAL REPORT AND ACCOUNTS

FOR THE YEAR ENDED 5 APRIL 2022

NOTES TO THE ACCOUNTS (continued)

9 INVESTMENTS

RECONCILIATION OF INVESTMENTS

	Value at 6.4.21	Purchases at cost and derivative payments	Sales proceeds and derivative receipts	Change in Market value	Value at 5.4.22
	£'000	£'000	£'000	£'000	£'000
Bonds	688,608	491,640	(357,456)	3,343	826,135
Pooled investment vehicles	560,311	297,250	(514,227)	41,979	385,313
Derivatives	(261)	146,111	(145,197)	(537)	116
AVC investments	3,096	-	(564)	181	2,713
	<u>1,251,754</u>	<u>935,001</u>	<u>(1,017,444)</u>	<u>44,966</u>	<u>1,214,277</u>
Cash deposits	15,445			-	24,752
Other investment balances	(503,817)			(9,337)	(376,988)
Total investments	<u>763,382</u>			<u>35,629</u>	<u>862,041</u>

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 during the year and gains and losses on foreign currency investment.

Included within the purchase and sales figures above, is £305.3m relating to transitions between Fund Managers as described under Investment changes on page 9. The remaining purchase and sale transactions within the pooled investment vehicles relate to cash transactions in the unit trust fund.

The following investments exceed 5% of the value of the net assets of the Scheme:

	2022 £'000	2021 £'000
Schroder – Index-Linked & Treasury Gilts	826,135	193,120
Legal & General Future World Fund	-	123,011
Schroder – Diversified Growth Fund	-	103,598
M&G Alpha Opportunities Fund	71,960	71,410
CQS Multi Asset Fund	71,997	70,314
Ownership Capital Global Equity Fund	59,653	58,479

THE NATIONAL TRUST RETIREMENT AND DEATH BENEFITS SCHEME

ANNUAL REPORT AND ACCOUNTS

FOR THE YEAR ENDED 5 APRIL 2022

NOTES TO THE ACCOUNTS (continued)

9 INVESTMENTS (continued)

FAIR VALUATION HIERARCHY ANALYSIS

The fair valuation of investments shown below has been determined using the following hierarchy:

Level 1 – The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.

Level 3 – Inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

Fair Value Hierarchy As at 5 April 2022	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Bonds	-	826,135	-	826,135
Pooled investment vehicles	-	316,815	68,498	385,313
Derivatives	-	521	(405)	116
Cash	24,752	-	-	24,752
Subtotals	24,752	1,143,471	68,093	1,236,316
Other investment balances	1,334	(378,322)	-	(376,988)
AVC Investments	-	-	2,713	2,713
TOTAL INVESTMENTS	26,086	765,149	70,806	862,041

Fair Value Hierarchy As at 5 April 2021	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Bonds	-	688,608	-	688,608
Pooled investment vehicles	-	514,046	46,265	560,311
Derivatives	-	(21)	(240)	(261)
Cash	15,445	-	-	15,445
Subtotals	15,445	1,202,633	46,025	1,264,103
Other investment balances	1,279	(505,096)	-	(503,817)
AVC Investments	-	-	3,096	3,096
TOTAL INVESTMENTS	16,724	697,537	49,121	763,382

THE NATIONAL TRUST RETIREMENT AND DEATH BENEFITS SCHEME
ANNUAL REPORT AND ACCOUNTS

FOR THE YEAR ENDED 5 APRIL 2022

NOTES TO THE ACCOUNTS (continued)

9 INVESTMENTS (continued)

Pooled Investment Vehicles

These can be analysed following the Fund Manager analysis as follows:

	2022	2021
	£'000	£'000
Credit Funds	151,739	148,621
Equity Funds	85,947	181,493
Risk Premia Funds*	53,010	60,798
Property Funds	1,290	1,324
Private Equity Funds (excluding property)	59,426	38,045
Absolute Return*	23	100
Diversified Growth Funds	25,654	103,598
Cash	8,199	26,332
Total Pooled Investment Vehicles	<u>385,288</u>	<u>560,311</u>

*These funds include equities, bonds, derivatives and cash.

The Diversified Growth fund solely relates to investment in the Schroders Diversified Growth Fund. This investment includes equities, corporate and government bonds, high yield and emerging market debt, property, private equity and cash.

With the exception of the cash balance, all the investments shown with Pooled Investment Vehicles relate to the Scheme's return seeking strategy.

The Absolute Return are investments in the following funds:

	2022	2021
	£'000	£'000
Aeolus Property Catastrophe	23	100
Total	<u>23</u>	<u>100</u>

THE NATIONAL TRUST RETIREMENT AND DEATH BENEFITS SCHEME
ANNUAL REPORT AND ACCOUNTS

FOR THE YEAR ENDED 5 APRIL 2022

NOTES TO THE ACCOUNTS (continued)

9 INVESTMENTS (continued)

Derivatives

Forward Foreign Exchange

Contracts	Settlement date	Currency bought '000	Currency sold '000	Asset £'000	Liability £'000
Forward	17/06/22	£39,025,019	\$50,973,739	197	-
				197	-
				-	(21)
				197	-
				-	(21)

Swaps

Nature	Expiration	Notional £'000	Asset £'000	Liability £'000
Total return swap	0-10 Years	7,149		(218)
Total return swap	10-20 Years	10,267	174	-
Total return swap	20-30 Years	5,196	-	(187)
Total return swap	40-50 Years	(173)	150	-
		22,439	324	(405)
		9,401	-	(240)
		22,439	324	(405)
		9,401	-	(240)

The asset value above includes accrued interest of £ nil. (2021: £18k)

THE NATIONAL TRUST RETIREMENT AND DEATH BENEFITS SCHEME

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FOR THE YEAR ENDED 5 APRIL 2022

NOTES TO THE ACCOUNTS (continued)

9 INVESTMENTS (continued)

Transaction Costs

The majority of transaction costs are included in the cost of purchases and sale proceeds. Transaction costs include costs charged directly to the Scheme such as fees, commissions, stamp duty and other fees. There were no direct transaction costs incurred during the year (2020: £nil). Indirect costs are incurred through the bid-offer spread on investments within pooled investment vehicles. In respect of Schroders, Blackrock, LGIM, Systematica, MAN Group, CQS and M&G Investments the amount of indirect costs is not separately provided to the Scheme. Partners Capital advise indirect transaction costs of £1,625 (2021: £13,331).

Collateral

Schroders have pledged £9,549,304 (2021: £9,972,599) in gilts as collateral on the swap and repurchase agreement positions.

Other investment Balances

	2022 £'000	2021 £'000
Repurchase agreements	(378,322)	(522,762)
Reverse repurchase agreements	-	17,909
Accrued income	1,334	1,036
	<u>(376,988)</u>	<u>(503,817)</u>

Repurchase and reverse repurchase agreements

At the year end, within other investment assets and liabilities, amounts payable under repurchase agreements amounted to £378,322,000 (2021: £522,762,000) and amounts receivable under reverse repurchase agreements amounted to £ nil. (2021: £17,909,000).

THE NATIONAL TRUST RETIREMENT AND DEATH BENEFITS SCHEME
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 FOR THE YEAR ENDED 5 APRIL 2022
NOTES TO THE ACCOUNTS (continued)

9 INVESTMENTS (continued)

AVC investments

	2022 £'000	2021 £'000
Utmost Life and Pensions	29	28
Zurich Financial	<u>2,684</u>	<u>3,068</u>
	<u>2,713</u>	<u>3,096</u>

The Trustee holds assets invested separately from the main fund in the form of individual policies with Utmost Life and Zurich. These policies secure additional benefits on a money purchase basis for certain members electing to pay AVCs.

Investment Risks

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

Credit risk: this is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Market risk: comprises the following three types of risk:

- i) Interest rate risk: The risk that the fair value or future cash flows of a financial asset will fluctuate due to changes in market interest rates.
- ii) Currency risk: The risk that the fair value of future cashflows of a financial asset will fluctuate due to changes in market interest rates,
- iii) Other price risk: The risk that the fair value or future cash flows of a financial asset will fluctuate due to changes in market prices (other than those caused by interest rates and currency movements).

THE NATIONAL TRUST RETIREMENT AND DEATH BENEFITS SCHEME

ANNUAL REPORT AND ACCOUNTS

FOR THE YEAR ENDED 5 APRIL 2022

NOTES TO THE ACCOUNTS (continued)

9 INVESTMENTS (continued)

Investment Risks (continued)

How risks are managed

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

Details on the Scheme's investment strategy are noted under the statement on investment policy on page 9 of this annual report. Further information on the Trustee's approach to risk management is set out below.

Credit Risk

The Scheme is subject to direct credit risk because the Scheme directly invests in bonds, over the counter derivatives, repurchase agreements and has cash balances. All directly held bonds are at least investment grade. The credit risk for the swap positions is reduced by the collateral arrangements noted on page 34.

The Scheme is also indirectly exposed to credit risks arising on the underlying investments in the above investments held in pooled investment vehicles and further analysis of these funds is provided on page 32.

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

Counterparty credit risk also arises from entering into derivative contracts as part of the LDI hedging programme. This is mitigated by daily collateralisation, by diversifying exposure across a number of counterparties and by the LDI manager's ongoing assessment of the creditworthiness of each counterparty.

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NOTES TO THE ACCOUNTS (continued)

9 INVESTMENTS (continued)

Credit Risk (continued)

Pooled investment arrangements used by the Scheme comprise shares in limited liability partnerships of £30,764,000 (2021: £29,296,000) and units in open ended investment funds of £354,160,000 (2021: £531,016,000).

The value for Credit risk is shown below:

	2022 £m	2021 £m
Direct credit risk	482.0	185.2
Indirect credit risk	291.9	369.5

Interest Rate Risk

The Scheme is subject to interest rate risk because some of its investments are held in bonds, interest rate swaps and derivatives which are sensitive to interest rates. These investments are used to hedge interest rate risk arising from the Scheme's liabilities. The Trustee targets a hedge ratio equal to the funding ratio on a Gilts Flat basis. Accordingly, if interest rates fall (rise), the value of assets will rise (fall) proportional to the increase (decrease) in the present value of the liabilities. The target hedge ratio of the Fund was c. 80.9% as at 5 April 2022.

The Scheme is subject to indirect interest rate risk because some of its investments are held in pooled investment vehicles and further analysis is provided on page 32.

The value for Interest rate risk is shown below:

	2022 £m	2021 £m
Interest rate risk	773.9	554.7

Currency Risk

The Scheme is subject to indirect currency risk because some of the Scheme's pooled investment vehicles invest in overseas markets. This exposure specifically arises from exposure to overseas public and private equity, renewables and private debt. The Scheme has in place a currency hedging mandate with Schroders which hedges 100% of exposure to US Dollars arising from the Renewables holdings with Blackrock and Stonepeak, as well

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NOTES TO THE ACCOUNTS (continued)

Currency Risk (continued)

as the private debt holdings in the Schroders Focus II Fund and the holdings in the Schroders US Liquidity Fund.

Currency exposure on the public equity mandates in place with LGIM and Ownership Capital is unhedged for both. Some managers may also take active currency positions as permitted as part of their wider mandates.

The value for Currency risk is shown below:

	2022 £m	2021 £m
Currency risk	213.3	388.1

Other Price Risk

Other price risk arises principally in relation to the Scheme's return seeking portfolio. The Trustee has set a target allocation of 65% of investments being held in return seeking investments although the asset allocation will fluctuate due to market movements. As at 5 April 2022, £400,605,000 46.6% of the portfolio was held in return seeking investments (2021: £566,214,000 74.5%).

Other price risk also arises on the underlying assets within the Pooled Investment Vehicles including the Diversified Growth Fund, equity funds, property funds and absolute return funds because the funds invest in equities, private equity and property. The Scheme manages this exposure to price risk by constructing a diverse portfolio of investments across various markets. The value of these funds can be seen on page 32.

The value for Other Price risk is shown below:

	2022 £m	2021 £m
Other Price Risk	676.7	566.2

THE NATIONAL TRUST RETIREMENT AND DEATH BENEFITS SCHEME

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NOTES TO THE ACCOUNTS (continued)

10 INVESTMENT MANAGEMENT EXPENSES

	2022 £'000	2021 £'000
Investment management fees	3,719	1,937
Custody fees and other expenses	17	39
	<u>3,736</u>	<u>1,976</u>

11 CURRENT ASSETS

	2022 £'000	2021 £'000
Cash balances	2,773	1,310
Other debtors	123	89
	<u>2,896</u>	<u>1,399</u>

12 CURRENT LIABILITIES

	2022 £'000	2021 £'000
Accrued expenses	1,356	508
Due to Employer	2,884	2,685
	<u>4,240</u>	<u>3,193</u>

13 RELATED PARTIES

The Member Nominated Trustee Directors are members of the Scheme. No National Trust appointed Trustees are members of the Scheme. The balance due to the Employer at year end was £2,884,028 (2021: £2,684,864).

14 EMPLOYER RELATED INVESTMENTS

No employer-related investments were held at any time during the year.

THE NATIONAL TRUST RETIREMENT AND DEATH BENEFITS SCHEME

ANNUAL REPORT AND ACCOUNTS

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NOTES TO THE ACCOUNTS (continued)

15 CONTINGENT LIABILITIES AND CONTRACTUAL COMMITMENTS

The Scheme had the following fund commitments, totalling \$136,550,000 (£103,998,477) (2021: \$140,050,000 (£100,377,241)) and no contingent liabilities, at 5 April 2022 other than to pay future pension benefits.

<u>Fund</u>	<u>Uncalled Commitment</u> <u>(\$)</u>
Partners Capital Condor Fund V	2,130,000
Partners Capital Condor Fund VI	2,300,200
Partners Capital Condor Fund VII	2,009,000
Partners Capital Condor Fund VIII	1,320,000
Partners Capital Condor Fund IX	1,177,500
Partners Capital Condor Fund X	915,000
Partners Capital Phoenix Fund Ltd	627,652
Lone Star Fund VIII	31,200
Partners Capital Peregrine Fund III Ltd	1,109,910
Schroders Focus II Fund	3,689,516
Stonepeak Global Renewables Fund	23,082,936
Blackrock Global Renewable Power Infrastructure Fund	19,962,740

16 GMP EQUALISATION

In October 2018 a Court ruling determined that defined pension schemes must equalise the guaranteed minimum pension (“GMP”) element of men and women which was earned between May 1990 and April 1997. The disparity arose because of government legislation which required the GMP element of men’s and women’s pensions to be calculated differently in the past. Under the ruling, schemes are required to backdate benefit adjustments in relation to GMP equalisation and provide interest on backdated amounts.

The Trustee has obtained an estimate of the overall impact of GMP Equalisation based on the 5 April 2020 actuarial data covering both backdated payments and future pension instalments of £4.5m. This is calculated on a technical provision basis. A provision has not been recognised in the accounts in respect of the correction of backdated payments as it is immaterial and given the uncertainty surrounding the final amount. The element of the £4.5m that relates to the backdated payments is not currently available.

A 2020 High Court ruling on GMP equalisation means that there is a need to estimate further equalisation costs. The estimated cost of equalising for the impact of the GMP element of historic individual transfer values paid from the Scheme was estimated to be £54,000 on an accounting basis. The impact is relatively low because transfer volumes are low relative to the overall liability.

THE NATIONAL TRUST RETIREMENT AND DEATH BENEFITS SCHEME

ANNUAL REPORT AND ACCOUNTS

FOR THE YEAR ENDED 5 APRIL 2022

Independent auditors' statement about contributions to the Trustee of The National Trust Retirement and Death Benefits Scheme.

Statement about contributions payable under the schedule of contributions

We have examined the summary of contributions payable to The National Trust Retirement and Death Benefits Scheme, for the Scheme year ended 5 April 2022 which is set out on page 42.

In our opinion contributions for the Scheme year ended 5 April 2022 as reported in the summary of contributions 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 Scheme Actuary on 3 April 2018 and 20 October 2020 which covers the period 6 April 2021 to 5 April 2022.

Basis of opinion

Our objective is to obtain sufficient evidence to give reasonable assurance that contributions reported in the attached summary of contributions 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 Scheme and the timing of those payments under the schedule of contributions.

Responsibilities of Trustee

As explained more fully in the Statement of Trustee Responsibilities, the Scheme's Trustee is responsible for ensuring that there is prepared, maintained and from time to time revised a schedule of contributions which sets out the rates and due dates of certain contributions payable towards the Scheme by or on behalf of the Employer and the Cessation Members of the Scheme. The Trustee is also responsible for keeping records in respect of contributions received in respect of Cessation Members of the Scheme and for monitoring whether contributions are made to the Scheme by the Employer in accordance with the schedule of contributions.

Auditors' responsibilities for the Statement about 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 Scheme's Trustee, as a body, in accordance with The Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996 made under the Pensions Act 1995. Our work has been undertaken so that we might state to the Scheme's Trustee those matters we are required to state to them in an auditors' statement about contributions and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Scheme's Trustee as a body, for our work, for this statement, or the opinion we have formed.



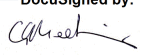
Crowe U.K. LLP
Statutory Auditor
Reading

28 September 2022

THE NATIONAL TRUST RETIREMENT AND DEATH BENEFITS SCHEME
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FOR THE YEAR ENDED 5 APRIL 2022

SUMMARY OF CONTRIBUTIONS PAYABLE IN THE YEAR

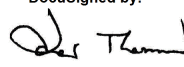
	£'000
Contributions payable under the schedule of contributions	
Deficit funding	13,683
One-off additional contribution	-
Administration expenses	453
Total contributions payable under the schedule	14,136
Other contributions	
Employer additional voluntary contributions	75,000
Total contributions payable to the Scheme per the financial statements.	89,136

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Signed on behalf of the Trustee on

Greg Meekings

Trustee Director

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23 September 2022 | 04:46 PDT
2022

27 September 2022 | 10:34 PDT

Janet Thomson

Trustee Director

THE NATIONAL TRUST RETIREMENT AND DEATH BENEFITS SCHEME
ANNUAL REPORT AND ACCOUNTS
FOR THE YEAR ENDED 5 APRIL 2022

ACTUARIAL CERTIFICATION OF THE SCHEDULE OF CONTRIBUTIONS

Name of scheme: The National Trust Retirement and Death Benefits Scheme

Adequacy of rates of contributions

1. I certify that, in my opinion, the rates of contributions shown in this schedule of contributions are such that the statutory funding objective can be expected to be met by the end of the period specified in the recovery plan dated *20 October 2020*

Adherence to statement of funding principles

2. I hereby certify that, in my opinion, this schedule of contributions is consistent with the Statement of Funding Principles dated *20 October 2020*

The certification of the adequacy of the rates of contributions for the purpose of securing that the statutory funding objective can be expected to be met is not a certification of their adequacy for the purpose of securing the scheme's liabilities by the purchase of annuities, if the scheme were to be wound up.

Signature: *John Sydenham*

Date *20 October 2020*

Name: John Sydenham FIA
Address: 1 Redcliffe Street
Bristol
BS1 6NP

Qualification: FIA
Name of employer: Aon Solutions UK Limited

THE NATIONAL TRUST RETIREMENT AND DEATH BENEFITS SCHEME

ANNUAL REPORT AND ACCOUNTS

FOR THE YEAR ENDED 5 APRIL 2022

APPENDIX 1

IMPLEMENTATION STATEMENT

Introduction / Summary

Under new regulatory requirements now in force, the Trustee is required to produce an annual Implementation Statement setting out how voting and engagement policies in the Statement of Investment Principles (the "SIP") have been implemented. This is the second such statement produced. This document also includes a summary of updates to the SIP over the reporting period.

This document has been prepared by the Trustee of the National Trust Retirement and Death Benefits Scheme, covering the period 6 April 2021 to 5 April 2022. This time period has been covered in order to report up to the end of the Scheme year on the regulations that came into force in October 2019.

The document looks to set out at a high level how the Trustee's policy on stewardship and engagement has been implemented. Where relevant, the document describes the areas of the portfolio where stewardship and engagement are most likely to be financially material. Also disclosed is the Trustee's opinion on the outcomes of voting and engagement activity for managers that hold listed equities (where engagement is most easily evidenced within the portfolio).

Overall, the Trustee is comfortable that the voting and engagement policies set out in the SIP have been properly adhered to over the period.

Changes to the SIP over the period

There were no changes to the SIP over the reporting period.

The Trustee's policies on voting and engagement (stewardship)

The Trustee recognises that good stewardship practices, including engagement and voting activities are important as they help preserve and enhance asset owner value over the long-term.

Direct engagement with underlying companies (as well as other relevant persons) of which the Scheme owns shares and debt is carried out by the Scheme's investment managers. The Trustee expects its investment managers to practice good stewardship. This includes monitoring, engaging with issuers of debt or equity on relevant matters such as performance, strategy, risks, capital structure, conflicts of interest and environmental, social or governance considerations, and using voting rights to effect the best possible long-term outcomes.

The Trustee's investment adviser assesses the ability of each investment manager in engaging with underlying companies in order to promote the long-term success of the investments, and reports to the Trustee on an annual basis covering how the investment managers have acted in line with this policy.

When selecting, monitoring and de-selecting asset managers, stewardship is factored into the decision-making process to the appropriate level for the specific asset class in question.

THE NATIONAL TRUST RETIREMENT AND DEATH BENEFITS SCHEME

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FOR THE YEAR ENDED 5 APRIL 2022

APPENDIX 1 (continued)

IMPLEMENTATION STATEMENT (continued)

Engagement with relevant persons includes the exercise of rights (including voting rights) attached to the Scheme's equity investments, which are exercised by the asset managers of the Scheme. The Trustee monitors and discloses the voting records of its managers on an annual basis.

How have the Trustee's voting and engagement (stewardship) policies been followed?

The Trustee has received regular updates from the investment adviser on the investment managers' performance including receiving ESG ratings for each manager that factor in voting and engagement. The Trustee has also been notified where there have been any changes to the investment adviser's overall ratings of the managers or not. This reporting is discussed at Investment Committee meetings together with whether the managers are performing in line with the wider objectives of the Scheme.

The Trustee meets with the investment managers when required to discuss relevant matters, including sustainable investment. The Trustee periodically meets with the managers to discuss the Scheme's investments including the voting and engagement aspects. Over the year the Trustee met with Systematica, Man, Schroders and Ownership Capital.

Of the Scheme's investment managers, Ownership Capital, Systematica, Stonepeak and Partners Capital are not signatories to the UK Stewardship code (all others are). There are no immediate concerns that these investment managers are not currently signatories given the strategies they manage.

Summary of voting over the year

The use of voting rights is most likely to be financially material in the sections of the portfolios where physical equities are held. Financially material considerations include (but are not limited to) those arising from Environmental, Social and Governance considerations, including climate change. Given some of the Scheme's assets are invested with investment managers that hold gilts, derivative instruments, corporate bonds, other credit assets and private market investments in their portfolios, voting is only relevant to the LGIM Future World Fund, Ownership Capital Global Equity Fund, Man Diversified Risk Premia Fund and Schroders Life DGF. As these investments are made via pooled funds, the investment manager is responsible for voting and engagement on the underlying assets rather than the Trustee and the Trustee's ability to influence voting activities undertaken is therefore limited.

Over the Scheme year, voting activities by LGIM, Ownership Capital, Man and Schroders were undertaken with due consideration to investors' best interests considered on a fund wide basis and in accordance with the voting procedures set out in each manager's voting policy. The Trustee is not aware of any material departures from the managers' stated voting policies.

Given the nature of these mandates and the fact that voting activities were undertaken in line with the managers' policies, the Trustee is satisfied that the voting policies have all been adequately followed over the Scheme year.

THE NATIONAL TRUST RETIREMENT AND DEATH BENEFITS SCHEME

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FOR THE YEAR ENDED 5 APRIL 2022

APPENDIX 1 (continued)

IMPLEMENTATION STATEMENT (continued)

A summary of voting activities conducted by LGIM, Ownership Capital, Man and Schroders on behalf of the Scheme over the year to 5 April 2022 is provided in the tables below (where information was not available for the period ended 5 April 2022, the information was instead provided until 31 March 2022):

Key Voting Statistics (6 April 2021 – 5 April 2022)	LGIM	Ownership Capital	Man ¹	Schroders Life DGF
Number of equity holdings at period end	1,569	28	1,838	1,394
Value of Trustees' Assets	£26.0m	£59.9m ²	£26.4m	£25.5m
Number of meetings eligible to vote during the period	2,621	23	230	1,932
Number of resolutions eligible to vote during the period	32,190	231	2,407	22,236
% of resolutions voted	99.8%	100%	99.5%	95.2%
% of resolutions voted with management	80.8%	77.0%	89.8% ³	90.4%
% of resolutions voted against management	18.2%	19.0%	9.7% ³	9.0%
% of resolutions abstained	1.0%	4.0%	0.3% ³	0.6%
% of resolutions where manager voted contrary to recommendation of proxy adviser	12.1%	24.0%	0.0%	Schroders are unable to provide this information but are looking into being able to share detail on this in the future.

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APPENDIX 1 (continued)

IMPLEMENTATION STATEMENT (continued)

Any use of proxy voting services during the period	LGIM's Investment Stewardship team uses Institutional Shareholder Services' 'ProxyExchange' electronic voting platform to electronically vote clients' shares. All voting decisions are made by LGIM and they do not outsource any part of the strategic decisions. To ensure the proxy provider votes in accordance with LGIM's position on ESG, a custom voting policy with specific voting instructions is used.	Broadridge are the dedicated voting provider. Ownership Capital use their own bespoke policy rather than standardised terms.	Glass Lewis are the dedicated voting provider. Man Group use their own bespoke policy rather than standardised terms.	Schroders receive research from both Institutional Shareholder Services and the Investment Association's Institutional Voting Information Services (IVIS) for upcoming general meetings, however this is only one component that feeds into voting decisions. In addition to relying on policies Schroders will also be informed by company reporting, company engagements, country specific policies, engagements with stakeholders and the views of portfolio managers and analysts.
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¹ Information covers the Scheme's holdings of the Man Progressive Diversified Risk Premia Fund, which the Scheme invested in via a switch from its legacy holding in the Man Diversified Risk Premia Fund in June 2021.

² Value of Trustee's assets held within Ownership Capital Global Equity Fund were reduced by £32.4m shortly after the end of the reporting period.)

³ Sum of total resolutions do not total 100% due to accounting for the small amount of cases where there was no management recommendation.

Significant votes

The Trustee has considered votes within the following criteria (reviewed annually) to be considered "significant":

- Votes taken by shareholders of companies which represent large portions of the Scheme's overall portfolio, or of a fund in which the Scheme is invested.
- Votes taken by shareholders of companies which are large carbon emitters in the Scheme's overall portfolio, or of a fund in which the Scheme is invested.
- Resolutions which have a large portion of votes "against".
- High-profile votes that include but are not limited to: activist action, attention from industry groups, and/or shareholder resolutions.

An example of a significant vote from each of the Scheme's relevant managers is shown below.

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LGIM

Company name	Sumitomo Corporation
Date of vote	18-Jun-21
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	c.0.1%
Summary of the resolution	Shareholder Resolution 5 – Amend articles to disclose plan outlining company's business strategy to align investments with goals of Paris Agreement.
How the manager voted	LGIM voted in favour of shareholder resolution 5 which was against the management recommendation.
Where the manager voted against management, did they communicate their intent to the company ahead of the vote?	LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management. It is LGIM's policy not to engage with their investee companies in the three weeks prior to an AGM as its engagement is not limited to shareholder meeting topics.
Rationale for the voting decision	Having reviewed Sumitomo Corporation's disclosures and engaged in dialogue with the company, LGIM has decided to vote in favour of Shareholder Resolution 5, as described above. LGIM noted the company's efforts on the climate transition, in particular the enhanced commitments announced over the last couple of months. However, it continues to have concerns regarding the alignment of interim pathways with a 1.5 degree scenario. LGIM believe its support for the shareholder resolution will help signal the importance of the climate emergency for it as a large investor and its expectations for companies to align urgently with the goals of the Paris Agreement. LGIM look forward to engaging further and hope to see the company providing increasing transparency around its short and medium-term targets and expedite its efforts to give shareholders comfort that it is on track to achieve its 2050 carbon neutrality commitment.
Outcome of the vote	The resolution received the support of 20.0% of shareholders (including LGIM).
Implications of the outcome eg were there any lessons learned and what likely future steps will the manager take in response to the outcome?	LGIM will continue to engage with P&G on the issue and monitor progress.
Why has the Trustee determined this vote to be significant?	Shareholder resolution related to the high profile issue of climate change.

THE NATIONAL TRUST RETIREMENT AND DEATH BENEFITS SCHEME

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FOR THE YEAR ENDED 5 APRIL 2022

APPENDIX 1 (continued)

IMPLEMENTATION STATEMENT (continued)

Ownership Capital

Company name	Intuit
Date of vote	20/01/2022
Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	c.5.9%
Summary of the resolution	Advisory vote to ratify named Executive Officer's compensation.
How you voted	Against
Where you voted against management, did they communicate their intent to the company ahead of the vote?	No
Rationale for the voting decision	While Ownership Capital are positive on the inclusion of ESG metrics in pay, pay-performance ratios and the overall magnitude of executive compensation, they feel there is room to improve the structure of compensation. Over the last three years, on a realised basis, only ~46% of the CEO pay is performance related. Long term stock options are time based rather than performance based which is Ownership Capital's strong preference.
Outcome of the vote	For
Implications of the outcome eg were there any lessons learned and what likely future steps will the manager take in response to the outcome?	Continued focus on pay for performance, and also ensuring executive compensation is aligned with shareholder's interests.
Why has the Trustee determined this vote to be significant?	Intuit is one of Ownership Capital Global Equity Fund top 5 largest holdings.

THE NATIONAL TRUST RETIREMENT AND DEATH BENEFITS SCHEME

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FOR THE YEAR ENDED 5 APRIL 2022

APPENDIX 1 (continued)

IMPLEMENTATION STATEMENT (continued)

Man Diversified Risk Premia

Please note, Man advised they were not able to show company names as they do not have an Non-Disclosure Agreement (NDA) in place.

Company name	N/A
Date of vote	June 21
Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	N/A
Summary of the resolution	Shareholder Proposal Regarding Human Rights Impact Assessment.
How the manager voted	For
Where the manager voted against management, did they communicate your intent to the company ahead of the vote?	No
Rationale for the voting decision.	Favour improved human/political rights policies/disclosure..
Outcome of the vote	N/A
Implications of the outcome eg were there any lessons learned and what likely future steps will the manager take in response to the outcome?	A key component of Man's ESG Proxy Voting Policy is shareholder proposals. This policy is particularly supportive of positive environmental and social-related shareholder proposals and Man's Stewardship Team reviews all shareholder proposals to ensure that voting instructions are appropriate and aligned with the promotion of higher ESG principles and standards. Man think that active voting, particularly through shareholder proposals, is essential to their stewardship responsibilities and a powerful way of making their investee companies think and act on important topics.
Why has the Trustee determined this vote to be significant?	Shareholder resolution related to the high-profile issue of human rights.

THE NATIONAL TRUST RETIREMENT AND DEATH BENEFITS SCHEME
ANNUAL REPORT AND ACCOUNTS

FOR THE YEAR ENDED 5 APRIL 2022

APPENDIX 1 (continued)

IMPLEMENTATION STATEMENT (continued)

Schroders

Company name	Booking Holdings Inc
Date of vote	3-Jun-21
Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	c. 0.2%
Summary of the resolution	Shareholder Proposal on disclosure of a report on annual climate transition.
How the manager voted	For
Where the manager voted against management, did they communicate your intent to the company ahead of the vote?	Yes
Rationale for the voting decision.	The company is being asked to issue an annual climate transition report. Schroders are eager for the company to further develop its approach to climate governance, strategy, risk management, reporting and target-setting. For this reason they favour the resolution.
Outcome of the vote	For
Implications of the outcome eg were there any lessons learned and what likely future steps will the manager take in response to the outcome?	In terms of next steps, climate change is one of our core themes for active engagement with companies. Schroders have defined four key pillars of climate engagement: climate risk and oversight, climate alignment – decarbonising and minimising emissions, climate adaptation and carbon capture/removal. Schroders will use Booking Holdings Inc.'s annual transition report (which was accepted in June 2021) to measure progress on avoiding the catastrophic effects of climate change, with engagements based on the four pillars mentioned previously.
Why has the Trustee determined this vote to be significant?	Shareholder resolution related to the high-profile issue of climate change.