

Annual report & accounts

As at 31 March 2025

Nationwide
Pension Fund

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TRUSTEE AND ADVISERS**Trustee**

Nationwide Pension Fund Trustee Limited

Trustee Directors***Society Appointed***

BESTrustees Limited

(represented by Catherine Redmond) (Chair)

GHGServices Limited

(represented by Mark Hedges)

Heather Tipple (resigned 2 September 2024)

Laura Faulkner (resigned 2 September 2024)

Sarah Willmott (appointed 2 September 2024)

Simon Evans (appointed 2 September 2024)

Member Nominated

John Wraithouse

Peter Corrie

Rob Goldspink

Sarah Garrett

Chief Investment Officer

Christopher Grant*

Trustee Secretary

Suzanne Smith*

Accountant

Karen Drinkwater*

Fund Administrator

Gallagher (Administration & Investment) Limited**

Advisers**Actuarial Adviser**

Keith Poulson, Aon Solutions UK Limited

Auditors

(External) Grant Thornton UK LLP

(Internal) Deloitte LLP (ceased 31 March 2025)

(Internal) PwC (appointed 1 April 2025)

Legal Adviser

Sacker & Partners LLP

Property Valuer

Knight Frank LLP

Investment Consultant

Aon Investments Limited

Custodian

The Northern Trust Company

Implementation Manager

Russell Investments Implementation Services Ltd

Investment Advisers: Nationwide Section

LaSalle Investment Management

CBRE Indirect Investment Services Ltd

Investment Managers: Nationwide Section***Matching Assets***

Aviva Investors Jersey Unit Trusts Management Ltd
(ceased November 2024)

Grasscourt GP Ltd

Honeycourt GP Ltd

Insight Investment Management (Global) Ltd

Thriving Investments Ltd (formerly PfP Capital)

Return Seeking Assets**Equities**

Russell Investments Implementation Services Ltd

Credit

Aon Advantage Funds LLC

Arbour Lane Capital Management LP

Arcmont Asset Management LLP

BlackRock Inc. (formerly known as Kreos Capital)

Blackstone Group Inc.

Christofferson, Robb & Company LLP

CVC Credit Partners LLC

Dawson Partners Inc. (formerly Whitehorse Liquidity)

DRC Savills Investment Management LLP

Fidera Vecta Ltd (formerly York Capital Management)

Goldman Sachs & Co

Insight Investment Management (Global) Ltd

HPS Investment Partners LLC

JP Morgan Asset Management (UK) Limited

Kennedy Lewis Investment Management LLC

Leadenhall Capital Partners LLP

(ceased February 2025)

Walton Street Capital LLC

Infrastructure

Arcus Infrastructure Partners LLP

Innisfree Ltd

Macquarie Investment Management (UK) Ltd

Star Capital Partners Ltd

Tiger Infrastructure Partners LP

* Retained support team from Nationwide

** Formerly traded as Buck until 1 July 2024

TRUSTEE AND ADVISERS – continued**Private Equity**

Arsenal Capital Partners LP
BlackRock Inc. (formerly known as Kreos Capital)
Blackstone Group Inc.
BV Investment Partners LP
Digital Alpha Advisors LLC
Dunedin Capital Partners LLP
The Energy and Minerals Group LP
Fortress Investment Group LLC
(formerly Mount Kellett Capital Partners (Cayman) LP)
GreyLion Capital LP
Hahn & Co
Investcorp Holdings BSC
L Catterton Asia Advisors Ltd
OpenGate Capital Management LLC
Parcom Capital Management BV
Permira Advisers LLP
Platinum Equity Advisors LLC
Thompson Street Capital Manager LLC
Yttrium GmbH (formerly Digitalplus)
Trilantic Capital Management LLC

Real Estate

Ares European Real Estate Management LP
Barings LLC
Blackstone Group Inc.
Genesta Property Nordic AB
Henderson Park Real Estate Management Ltd
PAG Holdings Ltd
Revcap Advisors Ltd
Silverpeak Real Estate Partners LP

Insurers (for Longevity Swap)

(UK) Zurich Assurance Ltd
(US) Prudential Financial Inc (PFI)

Investment Managers: Cheshire & Derbyshire (C&D)**Section**

Legal & General Investment Management Ltd
Canada Life Limited (bulk annuity provider)

Pension Scheme Tax Reference 00271477RZ

CHAIR'S STATEMENT FOR THE YEAR ENDED 31 MARCH 2025

I'm pleased to present the Report & Accounts for the Nationwide Pension Fund ('the Fund') for the financial year ended 31 March 2025.

Strategic Plan

The Trustee's Strategic Plan sets out its aims and objectives for the Fund. One of the principal aims is for the Fund to reach its Trustee Funding Target where the Fund doesn't expect to need further contributions from the Society but is still able to pay members' benefits as they fall due.

The Strategic Plan is available on the Member website nationwidepensionfund.co.uk. The Governance Committee monitors the Fund's progress against the Strategic Plan.

Funding

The ongoing Technical Provisions funding level of both sections remained strong, and although they both saw a decline in the year to 31 March 2025, they remain above the 100% funding level. Bond yields continued to increase this year, causing both the asset values and liability values to reduce. More information about the investments is included in the Trustee Report.

New funding and investment regulations will apply to the Fund's next triennial valuation, as at 31 March 2025. The regulations require pension schemes to have a funding and investment strategy to ensure that pensions can be paid over the long term, which will be documented in a Statement of Strategy. Information about the strategy, together with the Scheme funding reports, will be published on the Member website when the valuation is finalised, which is expected to be towards the start of 2026.

Covenant

On 1 October 2024, the Society completed its acquisition of Virgin Money UK Plc. The Society has stated that the acquisition of the Virgin Money business will create a financially stronger building society with a larger customer and deposit base.

When the acquisition was announced, the Trustee engaged its advisers to assess the impact of the

acquisition and concluded that there was no material detrimental impact on the Society's ability to support the Fund. The Trustee will monitor the Society's integration of the Virgin Money business as part of its general covenant monitoring.

Investment

A key responsibility of the Trustee is to invest Fund assets prudently and in the best financial interests of Fund members. The Trustee must also weigh returns against risks and consider factors which are financially material to the performance of the investments.

Financial market volatility was seen again this year as regional conflicts continued, inflation persisted, and central bank interest rate expectations increased which led to increases in bond yields. This caused both the Fund's Matching Assets (i.e. those whose value is expected to move in line with the Fund's liabilities) and liabilities to fall in value. More detail can be found in the Investment Objectives and Strategy section of this report.

The Trustee has also published its Climate Risk Report in line with the relevant regulations. This is available in the Library on the Member website nationwidepensionfund.co.uk/library. The Trustee also ensures that Environmental, Social and Governance (ESG) factors are given careful consideration whenever a new investment is made, as well as undertaking an annual ESG assessment. During the year, the Trustee agreed a Net Zero Transition Plan which will help reduce climate related risks in line with the Fund's objectives. This is an important step that demonstrates the Trustee's commitment to long term sustainability. A summary of the plan is available on the Member website.

Operations

The Trustee, through its Operations Committee, continues to oversee its Fund Administrator, by way of monitoring service levels and member feedback. Following the acquisition of Buck by Arthur J. Gallagher & Co in March 2023, the Buck name was retired from 1 July 2024.

CHAIR'S STATEMENT – continued**Operations - continued***Member Guide*

A Member Guide has been added to the Member website, which provides an overview of the Fund benefits, including retirement, transferring the benefits and death benefits. The Guide can be found here nationwidepensionfund.co.uk/member-guide.

Member portal

The Trustee strongly encourages members to log on to the member portal, to familiarise themselves with what is available and sign up to digital communications. It's a great way to keep in touch and enables members to keep Expression of Wish and contact details up to date, and to see their benefit information. The portal also allows members to run indicative retirement and transfer value illustrations to see an estimate of what benefits might be worth now or in the future. During the year, an enhancement to enable members to complete their entire retirement process on-line was launched. The mobile app was also enhanced, to make it easier for members to access the benefits of the portal through their mobile devices. Gallagher is committed to the ongoing development of the portal and mobile app functionality.

Details of how to register for the portal and use the app can be found at

nationwidepensionfund.co.uk/contacts

Additional Voluntary Contributions (AVCs)

While there is no defined contribution (DC) section in the Fund, DC AVCs were offered while the Fund was open to future accrual. The Investment & Funding Committee regularly monitors the funds which these AVCs are invested in, and the Operations Committee oversees administration aspects. Members can see more about AVCs, including which schemes offer a portal, in the Member Guide.

Pension scams

There are a number of key areas of operational focus for the Trustee, including seeking to protect members against pension scams. In line with pension transfer regulations, the Trustee continues to undertake a number of specific checks before deciding whether it can allow a transfer to proceed.

Guaranteed Minimum Pension (GMP) equalisation

As a result of the 2018 High Court ruling in respect of GMP built up between 17 May 1990 and 5 April 1997, the Trustee is checking that men and women are being treated equally in the Fund. This is a complex exercise, but good progress has been made in reviewing pensions over the last 12 months.

The Trustee expects some members will need to have a small uplift to their pensions and is on track to write to the affected pensioners advising the outcome of the review in the first quarter of 2026. Further information on GMP equalisation can be found on the Fund website.

Pensions Dashboards

Pensions Dashboards will enable individuals to access their pensions information online from all pension providers, securely and in one place. The Government hopes Dashboards will support better planning for retirement and will provide clear and simple information about an individual's multiple pension savings, including the State Pension. Dashboards should also help individuals reconnect with any lost pension pots. Almost all pension providers and pension schemes will be required by legislation to connect to Pensions Dashboards. The Trustee connected the Fund by its 'connect by' date of 30 June 2025 and all providers and schemes must have connected by October 2026. The Government will decide when Pensions Dashboards will be made available to members of the public and there's currently no confirmed date for this.

Cyber security

Maintaining robust cyber resilience arrangements for the Fund and its key third party providers remains a key focus and further enhancements to processes and controls were put in place during the year.

Tax changes

As part of the October 2024 Budget, the Government announced the intention to bring 'inherited pensions' within the Inheritance Tax (IHT) regime from 6 April 2027.

CHAIR'S STATEMENT – continued*Tax Changes - continued*

The proposed changes are subject to consultation, and we are awaiting final details before assessing how certain lump sum death benefits paid from the Fund in a minority of cases may be affected. The changes will not affect the pensions the Fund pays to the dependants of deceased members.

A further update will be provided ahead of the changes taking effect in 2027.

Equality, diversity & inclusion

The Trustee also continues to focus on equality, diversity, and inclusion in its management of the Fund. For example, the Member website at nationwidepensionfund.co.uk was designed to be compliant with the World Wide Web Consortium's (W3C) Level A guidelines for accessibility, with visitors able to choose features such as larger font sizes and 'dark mode'. The website has been reviewed in 2025 and actions to achieve a higher level of W3C compliance (AA) are in progress.

Continuous improvement in accessible and inclusive member communications and member engagement remains a key priority for both the Trustee and Gallagher.

Governance

The Trustee continues to maintain a strong focus on governance. A key area of focus over this financial year was the implementation of the requirements of the Pension Regulator's new General Code, in particular the Fund's effective system of governance, and work is underway to produce the Fund's first Own Risk Assessment due by the end of March 2026.

More broadly, the Trustee continues to identify, measure, monitor, manage and report on risks to which the Fund is or could be exposed.

The Trustee's Internal Auditors undertake an annual programme of reviews, and the Trustee takes action to address any areas for improvement identified in these reviews. The Fund's Internal Audit Charter is available on request.

Trustee Board

As I reported in last year's accounts, in September 2024 we welcomed two new Employer Nominated Directors, Sarah Willmott and Simon Evans, who replaced Heather Tipple and Laura Faulkner. I would like to thank Heather and Laura for all of their support to the Fund.

The Board continues to assess its effectiveness and how it operates. An annual Trustee self-assessment is carried out, where we reflect on our collective and individual performance and areas where further training and development may be required.

We also seek feedback from key advisers, to make sure we're maintaining a high-level of performance in our duties as Trustee Directors.

Finally, I'd like to acknowledge the efforts of my fellow Trustee Directors and the team at Nationwide Building Society that supports the Fund, as well as the services received from our professional advisers.

Catherine Redmond
(representing BESTrustees Limited)
Chair of the Trustee Board



TRUSTEE REPORT FOR THE YEAR ENDED 31 MARCH 2025

The Trustee of the Fund presents its Annual Report for the year ended 31 March 2025, together with the actuarial certificates and financial statements. The Fund is a defined benefit (DB) scheme providing benefits on a range of final salary and Career Average Revalued Earnings (CARE) bases depending on when the benefits were accrued. The Fund closed to future accrual on 31 March 2021. The Society now offers all employees a Group Personal Pension arrangement administered by Aviva, which is entirely separate from the Fund.

Following the merger on 30 June 2010 with the Cheshire Building Society Pension and Life Assurance Scheme ('the Cheshire Scheme'), and the Derbyshire Building Society Staff Pension Scheme ('the Derbyshire Scheme'), the Fund became sectionalised with two separate sections – the Nationwide Section and the Cheshire and Derbyshire Section ('C&D Section'). Separate financial disclosures for these two sections are provided in this report in Notes 26 to 29. Between 1 April 2011 and 31 March 2021, benefits were accrued in the post-2011 CARE scheme mentioned earlier.

The Fund was 'contracted out' of the additional components of the State Pension until 6 April 2016, when legislation came into effect which ended contracting out.

Management of the Nationwide Pension Fund

On 1 April 2007 Nationwide Pension Fund Trustee Limited, a corporate body, was appointed as Trustee, and all serving trustees became Trustee Directors.

The Fund is governed by a definitive Trust Deed and Rules dated 1 April 2012, together with subsequent amendments.

There are eight Trustee Directors. The Board of Nationwide Building Society ('the Society') has the power to appoint four Trustee Directors (and change them from time to time). There are four Member Nominated Directors ('MNDs'), whose positions are filled from the membership as a whole and have a term of office of five years. Any Trustee Director may, in exceptional circumstances, be removed from office by the majority decision of the other Trustee Directors,

provided that, for MNDs, approval is first obtained from the membership in a postal ballot.

The current Trustee Directors are shown on page 2. Trustee Directors who are not employees of the Society received payment for their services in the Fund year, as described in Notes 7 and 22 of the financial statements.

Trustee Board meetings are normally held four times a year, with an additional meeting on strategy and development. Trustee Board decisions are made generally by consensus, but the rules provide for majority voting when a consensus cannot be reached. This happens very rarely. This was another busy period, and in the year to 31 March 2025 there were 6 Board meetings and 3 training, strategy, and development sessions.

Attendance for all or part of Board meetings falling in each of the Directors' period of office was as follows:

Peter Corrie	5 of 6
Simon Evans	4 of 4
Laura Faulkner	1 of 2
Sarah Garrett	6 of 6
Rob Goldspink	6 of 6
Heather Tipple	2 of 2
John Wrighthouse	3 of 6
Catherine Redmond (BESTrustees Ltd)	6 of 6
Mark Hedges (GHG Services Ltd)	5 of 6
Sarah Willmott	4 of 4

A number of Committees and working groups also met throughout the year.

Sponsoring employer

The Fund is sponsored by the Nationwide Building Society, whose address is Nationwide House, Pipers Way, Swindon, SN38 1NW.

Trust deed and rule changes

Two deeds of amendment were entered into during the year, as follows –

Trust deed and rule changes - continued

- A deed of amendment aligning the provisions of the Fund with agreed administrative practice for Cheshire members in relation to the disapplication of historic revenue limits.
- A deed of amendment permitting the payment of a new form of authorised payment and making minor changes to trustee governance processes.

Disputes

If members have a complaint about the Fund, the Fund Administrator will help to resolve it. If members are not satisfied with the response they receive, the Trustee has a formal complaints procedure in place for resolving disputes. This is a two-stage process. For details and relevant forms for the Internal Disputes Resolution Procedure (IDRP), concerned members should contact the Fund Administrator, Gallagher at:

Nationwide Pension Fund
Gallagher (Bristol)
PO Box 319
Mitcheldean
GL14 9BF
Tel: 0330 123 9677
Email: NPF@ajg.com

The Pensions Ombudsman (TPO)

If members still have concerns following the IDRP, they have the right to refer their complaint to TPO, who has legal powers to settle complaints and disputes. The service is free, fair, and impartial. The TPO can be contacted at:

10 South Colonnade,
Canary Wharf,
London,
E14 4PU
Tel: 0800 917 4487.
Email: enquiries@pensions-ombudsman.org.uk
Website: www.pensions-ombudsman.org.uk

Compliance information

Stewardship

The Fund's policy statement in respect of voting and corporate governance is included in section 6 of the

Fund's Responsible Investment Policy, which was updated as at 13 February 2025. This highlights the Trustee's expectations that investment managers use their influence to carry out the Trustee's rights and duties as a shareholder including voting and, where appropriate, engaging with underlying companies to promote good corporate governance, accountability, and positive change.

The Investment & Funding Committee reviews the Responsible Investment Policy, adherence to the stewardship principles and investment managers' voting activities annually. Confirmation of compliance has been published on the Member website.

The Statements of Investment Principles (SIPs) were also updated on 13 February 2025.

Data protection

The Fund has a data protection policy in place and takes the security of members' information very seriously. You can find our privacy statement at the foot of every page of the Member website at nationwidepensionfund.co.uk.

Pension scams

The Trustee is aware of The Pensions Regulator's concerns that pension pots are attractive to potential scammers, who can be very articulate and financially knowledgeable, with credible websites, testimonials and materials that are hard to distinguish as fraudulent. Information on avoiding pension scams can be found on the Member Website at nationwidepensionfund.co.uk where there is also a short video that members are encouraged to watch. If you are contacted unexpectedly or have any concerns, you can obtain additional information at <https://www.moneyhelper.org.uk/en/money-troubles/scams/how-to-spot-a-pension-scam>

The Pension Scams Action Group issued a pension scams checklist in January 2025; this is available on the Member website nationwidepensionfund.co.uk

Membership

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

	Note	Nationwide Section	C&D Section	Total
Deferred Members				
Deferred members at the beginning of the year		16,764	527	17,291
Prior year adjustment	(a)	(16)	-	
Deferred members transferring out		(17)	(1)	
Deferred members retiring		(875)	(27)	
Deferred members retiring with trivial commutations		(17)	(1)	
Deaths in deferment		(24)	(1)	
Deferred members at the end of the year		15,815	497	16,312
Pensioners				
Pensioners at the beginning of the year		10,619	730	11,349
Prior year adjustment	(a)	17	-	
Deferred members retiring		875	27	
Deferred members with Flexible Retirement		3	-	
Spouses and dependants (new)		66	2	
Spouses and dependants (deceased)		(31)	(5)	
Deaths in retirement		(114)	(1)	
Pensioners at the end of the year		11,435	753	12,188
TOTAL MEMBERSHIP AT 31 MARCH 2025		27,250	1,250	28,500

(a) The prior year adjustments relate to late notification of changes in the membership.

Included in the above membership there are duplicate records due to different periods of service; there are 725 members (442 deferred and 283 pensioners) for the Nationwide Section and 23 members (9 deferred and 12 pensioners) for the C&D Section. There are also 186 members for the Nationwide Section and 4 members for the C&D Section that have both a deferred and a pensioner record due to flexible retirement option being exercised.

Nationwide Section pensioners do not include 17 members (2024: 19 members) whose pension is paid directly to them by an insurance company in respect of legacy annuity policies purchased at the time of their retirement.

The Cheshire and Derbyshire Section ('C&D') has a buy-in insurance policy with Canada Life for 591 (2024: 600) of the 753 members mentioned above. The C&D Section is in receipt of annuity income for these members from Canada Life which will broadly match the pensions paid to these members.

Investment objectives and strategy

The Trustee aims to invest the assets of both sections of the Fund prudently to make sure that the benefits promised to members are provided when they fall due. The Nationwide Section's Statement of Funding Principles sets out a long-term objective ("LTO") that has been agreed with the Society. However, the Trustee's aim (the Trustee Funding Target) is to be funded on a more prudent basis than the LTO, and the Trustee believes this is best achieved by having a well-defined journey plan that incorporates an appropriate investment strategy.

The Trustee monitors the funding level of the Fund using three different measures: the Technical Provisions basis which assumes a certain level of investment returns and is required by legislation, the Trustee Funding Target basis which assumes lower investment returns and no support from the Society, and the Buy-out basis which is the expected cost to transfer the Fund to an insurance company. Although there is a strong link between the funding levels, the Trustee recognises that over time the relationship between the three measurements of liabilities will change. The plan is to steadily de-risk the Fund to protect the funding position on the Trustee Funding Target basis. It is intended that the eventual target of the de-risking process will be a Destination Portfolio which largely matches the Fund's liabilities and allows for a margin to cover risk factors such as benefit collars, longevity risk and scheme costs. Throughout the de-risking process, the Trustee will consult with the Society.

The parties involved in the monitoring and implementation process are as follows:

- the Investment and Funding Committee ('IFC') on behalf of the Trustee
- the Chief Investment Officer team ('CIO team')
- the Society's Pension Risk team
- the Investment Consultant
- the Actuarial Adviser
- the Implementation Manager
- the Custodian

The Trustee has appointed Northern Trust to keep custody of the Fund's investments, other than:

- Pooled investment vehicles, where the manager makes its own arrangements for custody of underlying investments;
- Directly owned property, where title deeds are held by the Fund's legal advisers; and
- Insurance policies and the longevity swap contract, where the master policy and contract documents are held by the Trustee.

The Fund's investment strategy and strategic asset allocation are reviewed periodically to ensure that they are appropriate for the circumstances and objectives of the Fund.

The Trustee monitors the actual asset allocation versus the operational ranges on a regular basis.

The operational ranges to support the strategic asset allocation as at 31 March 2025, chosen to meet the objectives of the Nationwide Section, is set out in the table below.

Asset Class	Range %	Actual %
Government & Supranational Bonds	35-65	43
Alternative Matching Assets (AMA)	5-15	8
Equities	0-10	0
Credit	0-12.5	0
Private Markets	10-50	48
Cash	0-2	1

The operational ranges to support C&D Section's strategic asset allocation is:

Asset Class	Range %	Actual %
Matching Assets	84-100	91
Return Seeking Assets	0-16	9
Cash	0-2	-

Investment objectives and strategy - continued

Each section has its own Statement of Investment Principles ('SIP') which details the respective investment strategy. Copies of the SIPs are available on the members website (nationwidepensionfund.co.uk). The SIPs meet the requirements of Section 35 of the Pensions Act 1995 and Section 244 of the Pensions Act 2004. As noted earlier, the SIPs for both sections were approved by the Trustee Board on 13 February 2025, taking account of changes agreed over the year and the planned future investment strategies.

In setting the Fund's investment strategy, the Trustee's primary concern is to act in the best financial interests of the Fund and its beneficiaries, seeking the best return that is consistent with a prudent and appropriate level of risk. The Trustee believes that to fulfil this commitment, and to protect and enhance the value of the Fund's investments, it must act as a responsible steward of the assets in which the Fund invests.

The Trustee expects the Fund's investment managers to take account of corporate governance, social, and environmental considerations (including long-term risks posed by sustainability concerns including climate change risks) in the selection, retention, and realisation of investments. To set out the Trustee's beliefs and overarching approach to managing climate risks within the investment portfolio, a Climate Mission Statement has been formally incorporated into the Trustee's Responsible Investment Policy.

Further details can be found in the Implementation Statement which is published at nationwidepensionfund.co.uk/library.

The Trustee has also published its annual report incorporating the recommendations set out by the Taskforce for Climate-related Financial Disclosures (TCFD). This is the Climate Risk Report and can be found at nationwidepensionfund.co.uk/library. This report outlines how the Fund is governed and how climate risks and opportunities have been

embedded within the Fund's strategy and ongoing operations.

The Trustee seeks to maintain an asset allocation in line with the operational ranges as set out in the SIPs, which are reviewed annually in conjunction with the Fund's Investment Consultant. Within each asset class, the Fund will seek asset managers which it assesses to be capable of delivering returns in line with their stated mandate (amongst several other factors such as diversification).

The Trustee is taking the following steps to monitor and assess Environmental, Social and Governance (ESG) related risks and opportunities:

- The Trustee will have periodic training to understand how ESG factors, including climate change, could impact the Fund's assets and liabilities.
- The Trustee will request the Fund's investment managers to provide their responsible investment policy and details of how they integrate ESG into their investment decision making process on an annual basis. Should the Fund look to appoint a new manager, the Trustee will request this information as part of the selection process and assess the credentials of the manager. All responses will be reviewed and monitored with input from the Investment Consultant.

As an investor in ground rents and long leases, the Trustee has set out clear and transparent investment and management guidelines in its Responsible Investment Policy which include specific responsibilities to leaseholders.

The Trustee expects that its investment managers will provide details of their stewardship policy and activities on an annual basis and will monitor this with input from the Investment Consultant.

The Trustee will engage with its investment managers where necessary for more information, and, where appropriate, seek to influence investment managers to improve existing practices.

Investment objectives and strategy - continued

The Trustee recognises that Fund members and beneficiaries have views on ethical considerations, social and environmental impacts, and the present and future quality of life of the members and beneficiaries of the Fund (defined as 'non-financial matters' in the Occupational Pension Schemes Regulations 2005, as amended in 2018). However, the complex nature of asset and liability modelling and the requirement for professional expertise in investment management means that the Trustee does not separately consider non-financial factors in its investment approach.

The Trustee sets and implements the Fund's investment strategy in line with the principles set out in the Responsible Investment Policy and the Statements of Investment Principles.

Review of investment performance

The Fund's combined investment assets as at 31 March 2025 were £4,175.1m (2024: £4,757.9m). The Fund is split into two sections, and their performance is as follows:

Nationwide Section

Asset Class	One Year		Three Year ¹	
	Actual %	Benchmark %	Actual % P.A	Benchmark % P.A
Nationwide Section Performance Analysis				
Core Matching Assets ²	(19.2)	(19.6)	(30.9)	(35.8)
Alternative Matching Assets ³	4.5	5.8	(8.0)	9.5
Private Markets ⁴	3.3	8.2	6.0	11.9
Total Return	(7.8)	(9.8)	(13.9)	(16.4)

1. Five-year analysis is not provided as the portfolio and its benchmark were so significantly different that the returns are not comparable.
2. Core Matching Assets comprises bonds, including government bonds, corporate bonds and index linked securities.
3. Alternative Matching Assets are alternative and higher yielding inflation linked assets with similar risk characteristics to Core Matching Assets.
4. Private Markets comprises real estate, private equity, infrastructure, and private and real estate debt.

The Nationwide Section delivered a one-year net performance that was 2.0% higher than benchmark. This was driven by the relative positive performance of the Core Matching assets which offset underperformance from other asset classes. In particular, the Private Markets assets saw falls in valuations which were driven primarily by changes in Foreign Exchange rates.

It should also be noted that the benchmark for the Nationwide Section is a composite benchmark, which takes into account the strategic asset allocation, so performance by asset class may not match the Total Return.

Cheshire & Derbyshire Section

Asset Class	One Year		Three Year	
	Actual %	Benchmark %	Actual % P.A	Benchmark % P.A
C&D Section Performance Analysis				
Core Matching Assets ⁵	(11.0)		(18.6)	
Equities	7.4		8.2	
Total Return	(9.3)	(9.3)	(15.3)	(15.3)

Canada Life buy-in is excluded from this performance analysis

5. Core Matching Assets during the year comprised bonds, including government bonds and corporate bonds.

Given the passive nature of the Cheshire and Derbyshire investment strategy, no detailed benchmarking analysis is required.

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 the 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 Statements of Funding Principles for each section.

The latest full valuations of the Fund were carried out as at 31 March 2022 and showed the funding position to be as follows:

	Nationwide Section	C&D Section
Value of the Technical Provisions	£6,317m	£295m
Value of the assets at that date	£7,015m	£317m
Surplus	£698m	£22m
Funding level	111%	107%

As both Sections were in surplus no deficit contributions are due from the Society.

The results above include the actuary's estimate of an appropriate allowance to cover the cost of equalising Guaranteed Minimum Pensions to meet an estimated statutory obligation of £6 million for the Nationwide Section and £3 million for the C&D Section. The Trustee will communicate directly with any affected members and hopes to confirm any changes to individuals in quarter 1 2026. No estimated provision for the element of GMP benefits payable to date is included in the financial statements, as no reliable estimate of that element of the total allowance in the 2022 valuation can be calculated.

Actuarial method

The actuarial method used in the calculation of the technical provisions is the Projected Unit Method.

The significant actuarial assumptions adopted for the Nationwide section as at 31 March 2022 are set out below:

- Discount rates:
time-based discount rate reducing linearly from gilts +2.25% at 31 March 2022 to gilts +0.5% by 2037.
- Rate of RPI price inflation:
Bank of England breakeven RPI curve.
- Rate of Consumer Price Index ('CPI') price inflation:
Based on RPI inflation less 0.9% p.a. before 2030 and less 0.1% p.a. thereafter
- Post-retirement mortality:
The SAPS S3 Series 'all' table for males and 'mid' tables for females with scaling factors of:
- for pensioners 92% for men (97% for their dependants) and 99% for women (92% for their dependants).
- for non-pensioners 98% for men (97% for their dependants) and 102% for women (and their dependants).

An allowance for future improvements is made in line with the Continuous Mortality Investigation (CMI) 2021 Projections, using core parameters other than the initial addition to mortality improvements parameter, A, which is 0.35% p.a. and a long-term annual rate of improvement in mortality rates of 1.5% p.a. for men and women.

The C&D Section adopted the same assumptions as above, with the exception of the discount rates and mortality assumptions. The C&D Section adopted lower discount rates to reflect its lower risk investment strategy. The discount rates for the C&D Section were set as fixed interest 'Gilt Price Only' curves plus 0.35% p.a.

The post-retirement mortality assumption for the C&D Section was:

The SAPS S3 Series 'all' table for males and 'mid' table for females with scaling factors of:

- for pensioners 90% for men (and their dependants) and 97% for women (and their dependants).
- for non-pensioners 94% for men (and their dependants) and 102% for women (and their dependants).

Report on actuarial liabilities – continued

An allowance for future improvements in line with the CMI 2021 Core Projections, using core parameters other than the initial addition to mortality improvements parameter, A, which is 0.5% p.a. and a long-term annual rate of improvement in mortality rates of 1.5% p.a. for men and women.

Calculation of transfer values

Transfer values paid during the Fund year have been calculated and verified in the manner prescribed by regulations made under Section 97 of the Pension Schemes Act 1993. No transfer values included any discretionary benefits.

Pension increases on pensions in payment

Pensions are reviewed annually on 1 April and, except where indicated below, were increased by 3% on 1 April 2025 (1 April 2024: 5%). No discretionary increases were applied.

For members who were in a scheme which has since merged with the Fund, that part of their pension which accrued up to a given date may, depending on their membership details, have increased at one of the following fixed rates per annum:

- Lambeth scheme: 8.5% or 5%.
- Portman scheme: 5%.
- Nationwide Estate Agents, Anglia, London
- Goldhawk and At.Home schemes: 3%.
- Derbyshire scheme: 3% (increase is RPI min 3% max 5%, and applied each 1 July)

Statement of Trustee's responsibilities for the year ended 31 March 2025

The financial statements, which are prepared in accordance with applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice), 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 Fund during the Fund year and of the amount and disposition at the end of the Fund year of its assets and liabilities, other than

liabilities to pay pensions and benefits after the end of the Fund 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.

To help achieve the above, 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 accounts on a going concern basis unless it is inappropriate to presume that the Fund will not be wound up.

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

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

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

Statement of Trustee's responsibilities – continued

The Trustee is responsible for the maintenance and integrity of the financial information of the scheme included on the Member website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

Further information

Enquiries about the Fund or an individual's entitlement should be sent to:

Nationwide Pension Fund
Gallagher (Bristol)
PO Box 319
Mitcheldean
GL14 9BF
Tel: 0330 123 9677
Email: NPF@ajg.com

The Trustee Report was approved by the Trustee on

2025 and signed on its behalf by:

Catherine Redmond, BESTrustees Limited

Rob Goldspink

Trustee Director

Trustee Director

**INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEE
OF THE NATIONWIDE PENSION FUND****Opinion**

We have audited the financial statements of the Nationwide Pension Fund (the 'Fund') for the year ended 31 March 2025, which comprise the fund account, the statement of net assets (available for benefits) and notes to the financial statements, including a summary of 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 Fund during the year ended 31 March 2025 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 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Fund 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

We are responsible for concluding on the appropriateness of the Trustee's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Fund to cease to continue as a going concern.

In our evaluation of the Trustee's conclusions, we considered the inherent risks associated with the Fund including effects arising from macro-economic uncertainties such as high interest and inflation rates and global market volatility, we assessed and challenged the reasonableness of estimates made by the Trustee and the related disclosures and analysed how those risks might affect the Fund's financial resources or ability to continue operations over the going concern period.

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 Fund's ability to continue as a going concern for a period of at least twelve months from when the financial statements are approved by the Trustee.

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Trustee is responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, 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 inconsistent 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 there is 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 the Trustee

As explained more fully in the Trustee's responsibilities statement set out on page 14, the Trustee is responsible for the preparation of financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustee determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustee is responsible for assessing the Fund'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 Fund, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that

includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Fund and determined that the most significant are the Pensions Act 1995 and 2004 and those that relate to the reporting frameworks (Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, Financial Reporting Standard 102 (FRS 102) and the Statement of Recommended Practice "Financial Reports of Pension Schemes" 2018 ("the SORP"))
- In addition, we concluded that there are certain significant laws and regulations that may have an effect on the determination of the amounts and disclosures in the financial statements and those laws and regulations, such as the Pensions Regulator's Codes of Practice and relevant compliance regulations (including the Finance Bill and tax legislation) under which the Fund operates.
- We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our sector experience and through discussion with management, the Trustee, and from inspection of Trustee board minutes and legal and regulatory correspondence. We discussed the policies and procedures regarding compliance with laws and regulations with the Trustee.
- We assessed the susceptibility of the Fund's financial statements to material misstatement due to irregularities including how fraud might occur.

Auditor's responsibilities for the audit of the financial statements - continued

- We evaluated management's incentives and opportunities for manipulation of the financial statements and determined that the principal risks were in relation to the risk of management override of controls through posting inappropriate journal entries to manipulate results and net assets for the year and the valuation of hard-to-value assets using a method not permitted under the SORP.
- Our audit procedures involved:
 - a) Journal entry testing, with a focus on large, manual journals, those journals with unusual account combinations or entries posted to suspense accounts,
 - b) Obtaining independent confirmations of material investment valuations and cash balances at the year end
 - c) Including internal valuation specialists within the audit team to challenge the valuation of Property, Annuity, the Longevity Swap and Derivatives contracts.
- In addition, we completed audit procedures to conclude on the compliance of disclosures in the annual report and accounts with applicable financial reporting requirements.
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery, or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it;

- The engagement partner's assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:
 - Understanding of, and practical experience with, audit engagements of a similar nature and complexity, through appropriate training and participation; and
 - Knowledge of the industry in which the Fund operates.
- We communicated relevant laws and regulations and potential fraud risks to all engagement team members, including internal specialists, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

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/auditorsresponsibilities.

This description forms part of our auditor's report.

Use of our report

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

Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London

Date:

FINANCIAL STATEMENTS**Fund Account for the year ended 31 March 2025**

	Note	2025 £m	2024 £m
Contributions and benefits			
Other Income	4	-	1.3
Benefits payable	5	(170.0)	(153.4)
Payments to and on account of leavers	6	(4.8)	(4.8)
Administrative expenses	7	(5.1)	(5.8)
		(179.9)	(164.0)
Net withdrawals from dealings with members		(179.9)	(162.7)
Returns on investments			
Investment income	8	60.9	79.0
Change in market value of investments	11	(427.9)	(363.9)
Investment management expenses	9	(36.1)	(41.7)
Net losses on investments		(403.1)	(326.6)
Net decrease in the Fund during the year		(583.0)	(489.3)
Net assets of the Fund			
At the beginning of the year		4,772.3	5,261.6
At the end of the year		4,189.3	4,772.3

The notes on pages 21 to 42 form part of these financial statements.

FINANCIAL STATEMENTS - continued**Statement of Net Assets (Available for Benefits) as at 31 March 2025**

		2025	2024
	Note	£m	£m
Investments	10,11,21		
Assets			
Fixed interest securities		1,875.5	1,787.6
Index linked securities		1,442.6	1,532.1
Pooled investment vehicles	13	2,175.9	2,346.6
Derivatives	14	63.4	118.1
Property	16	117.7	124.7
Annuity investments	17	102.3	113.8
Cash deposits	18	9.7	6.3
Other investment balances	18	1.2	22.0
AVC & Bonus Saver investments	20	9.9	11.0
		5,798.2	6,062.2
Liabilities			
Derivatives	14	(22.2)	(80.5)
Longevity Swap	15	(18.2)	-
Cash deposits	18	-	(7.4)
Other investment balances	18	(23.6)	(88.4)
Amounts due under repurchase agreements	19	(1,559.1)	(1,128.1)
		(1,623.1)	(1,304.3)
Total net investments		4,175.1	4,757.9
Current assets and liabilities			
Current assets	22	19.2	19.0
Current liabilities	22	(5.0)	(4.6)
		14.2	14.4
Net Assets of the Fund at 31 March		4,189.3	4,772.3

The Notes on pages 21 to 42 form part of these financial statements.

The financial statements summarise the transactions and net assets of the Fund. Liabilities to pay pensions and other benefits that are expected to become payable after the end of the Fund year are not dealt with in the financial statements. The actuarial position of the Fund, which does take account of such liabilities, is dealt with in the Report on Actuarial Liabilities on pages 13 and 14 of this Annual Report, and these financial statements should be read in conjunction with this report.

The financial statements on pages 19 to 42 were approved by the Trustee on
and signed on its behalf by:

2025

Catherine Redmond, BESTrustees Limited, Trustee Director

Rob Goldspink, Trustee Director

Notes to the Financial Statements for the year ended 31 March 2025**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 (“FRS 102”) and the guidance set out in the Statement of Recommended Practice “Financial Reports of Pension Schemes” (2018) (“the SORP”).

The Trustee has performed a going concern assessment. Amongst other things, their assessment considered the Fund funding position, availability of liquid cashflows and the employer and insurer covenant. They also noted that there has been no decision made to wind up the Fund. On this basis the Trustee considers the going concern basis appropriate.

Some pooled investment vehicles are held through limited partnerships in which the Fund is the only partner. In accordance with the SORP no consolidated accounts have been prepared as the statutory framework for pension schemes financial reporting does not require consolidation and the pooled investment vehicles are included within the Statement of Net Assets on the basis referred to in accounting policy 3(d)(ii) below. A summary of the limited partnerships’ net assets is disclosed in the pooled investment vehicle note in the financial statements.

The functional and presentation currency of these accounts is pounds sterling.

2. Identification of financial statements

The Fund is established as a trust under English law. The address for enquires to the Fund 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) Transfers to other schemes

Transfer values represent the capital sums payable to the pension schemes of new employers for members who have left the Scheme. They are accounted for on an accruals basis on the date the trustees of the receiving scheme accept the liability. In the case of individual transfers, this is normally when the payment of the transfer value is made.

(b) Income from investments

All income from investments is accounted for on an accruals basis. Income from fixed interest and index linked securities includes income bought and sold on purchases and sales of such investments. Rental income is accounted for in accordance with the terms of the lease. Income from pooled investment vehicles is accounted for when declared by the fund manager. In the case of accumulation pooled investment vehicles, income and expenses are retained within the unit price. Receipts from annuity policies are accounted for as investment income on an accruals basis.

Investment income arising from repurchase agreements is accounted for on an accruals basis, and relates to the interest paid on repurchase agreements, net of the interest received on the government bonds used as security against those agreements.

(c) Expenditure

Pensions in payment, including pensions paid from annuities, are accounted for in the period to which they relate.

Benefits payable are accrued from the later of the date of leaving, retirement or death, and the date on which any option is exercised. Tax settled by the Fund on behalf of a member is recognised in the accounts separately within benefits under taxation where lifetime or annual allowance exceeded.

Notes to the Financial Statements - continued

Investment management and administration expenses are accounted for on an accruals basis.

Acquisition costs of investments are included in the purchase cost of investments and disposal costs are deducted from the proceeds of sales of investments.

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.

(d) Valuation of investments

- i. Fixed interest securities and index-linked 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 investment income receivable.
- ii. Pooled investment vehicles are valued at the bid price provided by the managers or at a single price if only one price is provided. Infrastructure and private equity funds are valued by the fund managers or their third-party agents, where the underlying investments held within those funds are valued at their fair value. Where year-end valuations have not become available, as may be the case with some level 3 funds, fair value is estimated using the latest available valuation, amended for cash movements to the year end. Definition of the levels can be found in Note 10 on page 25. Property limited partnerships are valued at the Fund's share of net assets, with the underlying property valued in accordance with accounting policy 3(d)(vi).
- iii. Futures contracts are valued at the exchange price for closing out the contract at the year-end date and this represents the unrealised profit or loss of the contract.
- iv. Swap contracts are stated at fair value, which is calculated using pricing models where inputs are based on market data at the year-end date. Interest is accrued monthly on a basis consistent with the terms of the contract. Net receipts or payments on swap contracts are reported within investment income.
- v. Forward foreign exchange contracts are stated at fair value, which is determined as the gain or loss that would arise if the outstanding contract were matched at the year end with an equal and opposite contract.
- vi. Directly owned property investments are valued on an open market basis as at 31 March each year taking account, amongst other things, of the current estimate of rental values and market yields. This is carried out by Knight Frank, an independent firm of Chartered Surveyors.
- vii. Annuity investments are the value of the insured annuities, calculated by Aon Solutions, the Fund's actuarial advisers, using the same actuarial assumptions adopted for ongoing purposes in the triennial valuation of the Fund updated for market conditions at the reporting date.
- viii. Unit-linked AVC assets are valued at the bid price or single price at the end of the accounting period. The with-profits funds held by Zurich and Standard Life include an element of final bonus which is not guaranteed.
- ix. Longevity Swap contract is stated at fair value of the future cashflows arising from the fixed premium and floating claim legs of the policy determined using discounted cashflow models and market data, as defined by the policy agreement at the reporting date found in note 15. Changes in the net present value and cashflow payment have been allocated in change in market value. The longevity Swap valuation was performed by specialists AON.

Bonds, mortgage-backed securities, property, infrastructure, annuities, private equity funds and hedge funds are included at fair values. However, because of the inherent uncertainty associated with the valuation of some of these investments due to the absence of a liquid market, these fair values may differ from their realisable value.

Notes to the Financial Statements - continued**(e) Foreign currencies**

Assets and liabilities in foreign currencies are expressed in sterling at the rates of exchange prevailing at the year end and exchange differences arising are included in realised and unrealised investment gains. Income from foreign securities is expressed in sterling at the exchange rate prevailing when received.

(f) Repurchase agreements

Repurchase agreements – the Fund continues to recognise and value the securities that are delivered under the terms of the contract and includes them in the financial statements. The cash received is recognised as an asset and the obligation to pay it back is recognised as a payable amount.

Critical accounting estimates and judgements

The Trustee makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. For the Fund, the Trustee believes the only estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are related to the valuation of the Fund investments and, in particular, the Annuity Investments, Derivative Contracts, Longevity Swap, Property, and Pooled Investment Vehicles classified as Level 3. Explanation of the key assumptions underpinning the valuation of investments are included within (d) above and within notes 13, 14, 15, 16, and 17.

4. Other Income

	2025	2024
	£m	£m
VAT recovery	-	1.3

5. Benefits payable

	2025	2024
	£m	£m
On or during retirement		
Pensions	128.9	117.1
Commutations	40.7	35.7
Taxation where annual allowance exceeded	-	0.1
	169.6	152.9
Death benefits		
Death in deferment & retirement benefits	0.4	0.5
	170.0	153.4

6. Payments to and on account of leavers

	2025	2024
	£m	£m
Individual transfers to other schemes	4.8	4.8

Notes to the Financial Statements - continued**7. Administrative expenses**

	2025	2024
	£m	£m
Administration and processing costs	3.3	4.2
Actuarial fees	0.4	0.3
Audit fees	0.3	0.4
Pension levies	0.2	0.2
Legal and other professional fees	0.9	0.7
	<u>5.1</u>	<u>5.8</u>

Fees payable by the Fund to the Society for services rendered are included in the total for administration and processing costs and totalled £nil (2024: £0.03m). Audit fees include both external (Grant Thornton UK LLP) £0.1m (2024: £0.1m) and internal (Deloitte LLP) £0.2m (2024: £0.3m) audit services.

Trustee directors who are not employees of the Society are able to receive remuneration for their services. Trustee fees of £0.3m (2024: £0.3m) relating to the Fund year are included in the total for administration and processing costs.

8. Investment income

	2025	2024
	£m	£m
Interest on fixed interest securities	59.5	55.2
Interest on index-linked securities	9.3	8.2
Income from pooled investment vehicles	64.9	69.6
Interest on swaps	(17.4)	(17.2)
Net rental income	7.5	8.2
Income from annuities	7.0	6.5
Net income on cash deposits	(0.5)	0.6
Net interest on repurchase agreements	(69.4)	(52.1)
	<u>60.9</u>	<u>79.0</u>

Income from annuities is received from insurance companies in respect of policies purchased for certain pensioners. The income is used to provide part of the pensions for these individuals.

9. Investment management expenses

	2025	2024
	£m	£m
Administration, management, and custody	34.2	39.7
Investment consultancy fees	0.8	0.9
Investment services provided by the Society	1.1	1.1
	<u>36.1</u>	<u>41.7</u>

Investment management expenses include fees of £29.7m (2024: £32.2m) that have been deducted directly from investment holdings, as described in Note 11.

Included within Administration, management, and custody are fees of £2.7m (2024: £nil) fees related to the Longevity Swap.

Notes to the Financial Statements - continued

10. Fair value determination

The investments have been analysed according to the following valuation 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. Cash and government bonds fall in this level.
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. This applies to pooled funds, which are open ended, priced frequently and have no significant redemption restriction under normal business conditions, and bonds which are valued on an average of broker quotes.
Level 3	Inputs are unobservable (i.e., for which market data is unavailable) for the asset or liability. This applies to closed ended pooled arrangements, for example the private market investments.

The Fund's investments have been analysed using the above hierarchy levels as follows:

	Level 1	Level 2	Level 3	Total
	£m	£m	£m	£m
At 31 March 2025				
Fixed interest securities	-	1,875.5	-	1,875.5
Index linked securities	-	1,442.6	-	1,442.6
Pooled investment vehicles	-	158.5	2,017.4	2,175.9
Derivatives	-	41.2	-	41.2
Longevity Swap	-	-	(18.2)	(18.2)
Property	-	-	117.7	117.7
Annuity investments	-	-	102.3	102.3
AVC/Bonus Saver investments	-	-	9.9	9.9
Cash	9.7	-	-	9.7
Repurchase agreements	-	(1,559.1)	-	(1,559.1)
Other investment balances	0.1	(20.5)	(2.0)	(22.4)
	9.8	1,938.2	2,227.1	4,175.1
	Level 1	Level 2	Level 3	Total
	£m	£m	£m	£m
At 31 March 2024				
Fixed interest securities	-	1,787.6	-	1,787.6
Index linked securities	-	1,532.1	-	1,532.1
Pooled investment vehicles	-	139.5	2,207.1	2,346.6
Derivatives	-	37.6	-	37.6
Property	-	-	124.7	124.7
Annuity investments	-	-	113.8	113.8
AVC/Bonus Saver investments	-	-	11.0	11.0
Cash	(1.1)	-	-	(1.1)
Repurchase agreements	-	(1,128.1)	-	(1,128.1)
Other investment balances	-	(64.2)	(2.1)	(66.3)
	(1.1)	2,304.5	2,454.5	4,757.9

Notes to the Financial Statements - continued**11. Change in market value of investments**

Movements in total net investments during the year were:

	Value at 31 March 2024 £m	Cost of purchases and derivative payments £m	Sales proceeds and derivative receipts £m	Change in Market Value £m	Value at 31 March 2025 £m
Fixed interest securities	1,787.6	302.7	(42.9)	(171.9)	1,875.5
Index linked securities	1,532.1	194.3	(61.0)	(222.8)	1,442.6
Pooled investment vehicles	2,346.6	1,469.7	(1,638.1)	(2.3)	2,175.9
Derivatives	37.6	97.9	(88.6)	(5.7)	41.2
Longevity Swap	-	-	-	(18.2)	(18.2)
Property	124.7	-	(11.4)	4.4	117.7
Annuity investments	113.8	-	-	(11.5)	102.3
AVC/Bonus Saver investments	11.0	0.5	(2.0)	0.4	9.9
	5,953.4	2,065.1	(1,844.0)	(427.6)	5,746.9
Cash and other investment balances	(67.4)			(0.3)	(12.7)
Repurchase agreements	(1,128.1)			-	(1,559.1)
	4,757.9			(427.9)	4,175.1

Transitions

Most of the purchases and sales reflect a focus on improving both the matching and return seeking risk throughout the year. This has been achieved by the net increase of £402.3m in fixed interest securities, index linked securities, Derivative investments, and the increase in the repurchase agreement liability of £431.0m. Within pooled investment vehicles a total of £168.4m has been disinvested, which has funded the assets mentioned above.

The figures for pooled investment vehicles above in the purchases and sales columns include switches of £75.5m.

Change in market value

The change in the market value of investments comprises all increases and decreases in the market value of investments held at any time during the year. Investment managers have deducted management fees of £27.6m during the year (2024: £29.7m) from holdings of pooled investment vehicles. Those fees have been charged as investment management expenses (Note 9) and the change in market value has been increased accordingly to remove the loss in value associated with the fees, with a compensating increase in investment sale proceeds.

Capital commitments

As at 31 March 2025 the Fund was committed to providing further investment funding to Pooled investment vehicles totalling £582m (2024: £685m) if called upon to do so.

12. Transaction costs

Transaction costs are included in the cost of purchases and sale proceeds. They include costs charged directly to the Fund such as fees, commissions, and stamp duty. Transaction costs analysed by main asset class and type of cost are as follows:

Notes to the Financial Statements - continued**12. Transaction costs - continued**

	Commission	Levies, stamp duty and taxes	Total
	£m	£m	£m
2025			
Property	0.2	0.8	1.0
2024			
Property	0.3	-	0.3

In addition to the transaction costs disclosed above, indirect costs are incurred through the bid-offer spread on pooled investment vehicles and charges made within those vehicles. It has not been possible for the Fund Managers to provide the information for the Trustee to quantify such indirect transaction costs.

13. Pooled investment vehicles

At the year-end, the Fund's investments in pooled investment vehicles comprised:

	2025	2024
	£m	£m
Bond funds	75.1	93.2
Equity funds	14.1	10.3
Property funds	395.5	439.3
Private market funds	1,622.0	1,767.7
Liquidity funds	69.2	36.1
	<u>2,175.9</u>	<u>2,346.6</u>

Of the above investments, £2,085.9m (2024: £2,244.5m) was held in the Nationwide Section and £90.0m (2024: £102.1m) in the C&D Section.

Limited partnerships

The Fund owns two limited partnerships which hold a proportion of the Fund's property investments. The limited partnerships are not consolidated into the Fund financial statements as the statutory framework for pension scheme financial reporting does not require consolidation. The limited partnerships are accounted for at fair value and the Fund's 100% share of the partnerships is included in the property funds row within the above pooled investment vehicles table.

A summary of the aggregate net assets of the limited partnerships has been provided below:

	2025	2024
	£m	£m
Investment property	118.4	133.1
Debtors: amounts falling due within one year	1.7	0.9
Cash at bank	2.7	7.9
Creditors: amounts falling due within one year	(1.9)	(1.8)
Net assets of limited partnerships	<u>120.9</u>	<u>140.1</u>

Notes to the Financial Statements - continued

Limited partnerships - continued

Included in the pooled investment vehicles above are investment funds with a total value of £52.8m (2024: £63.9m) where the manager has reported a material uncertainty at the year-end date due to the impact of the Leasehold and Freehold Reform Bill 2023 impacting the valuation of certain property assets within the investment vehicles.

14. Derivatives

The Trustee has authorised the use of derivatives by its investment managers in line with the terms of their specific investment mandate, and as part of the investment strategy of the Fund. Such use of derivatives can cover a range of instruments and purposes, and includes, but is not limited to, the two following examples of derivative use and purpose: -

Swaps: the Trustee's aim is to match as far as possible the Liability Driven Investment ('LDI') portfolio and the Fund's long-term liabilities, in particular, in relation to their sensitivities to interest rate movements. The Trustee has entered over the counter ('OTC') interest rate swaps during the year to better match the long-term liabilities of the Fund where collateral availability and repo constraints have restricted direct investment in suitable bonds.

Forward foreign exchange: in order to maintain appropriate diversification of investments within the portfolio and take advantage of overseas investment returns, a proportion of the underlying investment portfolio is invested overseas. To balance the risk of investing in foreign currencies whilst having an obligation to settle benefits in GBP, a currency hedging programme using forward exchange contracts has been put in place to reduce the currency exposure of these overseas investments to the targeted level.

	Assets £m	2025 Liabilities £m	Assets £m	2024 Liabilities £m
Swaps	49.3	(22.1)	118.1	(79.2)
Forward foreign exchange	14.1	(0.1)	-	(1.3)
	63.4	(22.2)	118.1	(80.5)

Swaps

Nature	Expiration	Notional principal	Market value asset £m	Market value liability £m
Interest rate swaps	Less than 1 year	50.2	-	(2.1)
	Between 1 and 5 years	224.4	-	(5.8)
	Between 5 and 10 years	129.6	-	(8.6)
	Between 10 and 20 years	10.6	-	(0.7)
	Between 20 and 30 years	3.3	0.3	-
		418.1	0.3	(17.2)
Inflation rate swaps	Less than 1 year	6.8	-	(0.2)
	Between 1 and 5 years	247.2	7.4	(0.4)
	Between 5 and 10 years	293.9	26.4	(1.6)
	Between 10 and 20 years	292.8	15.2	(2.7)
		840.7	49.0	(4.9)
	At 31 March 2025	1,258.8	49.3	(22.1)
	At 31 March 2024	1,495.9	118.1	(79.2)

Notes to the Financial Statements - continued**14. Derivatives - continued**

Inflation swaps and interest rate swaps are used to manage risk and match the Fund's long-term liabilities, especially in relation to their sensitivities to movements in inflation. The notional principal of the swap is the amount used to determine the value of the swapped receipts and payments.

Collateral, in the form of government bonds and cash, in place at the year-end in respect of swaps was as follows:

	2025 £m	2024 £m
Collateral pledged to third parties	25.0	79.1
Collateral held from third parties	47.3	52.9

Collateral held from third parties includes £6.9m deposited (2024: £8.0m pledged) at Central Clearing House as detailed in Note 18.

Forward Foreign Exchange Contracts

	Currency	Gross sale/(purchase) value at inception £m	Market value asset £m	Market value liability £m
Currency Purchased	Euro	(7.0)	-	-
	US Dollar	(8.0)	-	-
Currency sold	Euro	33.9	-	-
	US Dollar	619.6	14.1	(0.1)
At 31 March 2025		638.5	14.1	(0.1)
At 31 March 2024		303.9	-	(1.3)

All forward foreign exchange contracts held at the year-end were OTC contracts to be settled within three months of the year end. Further details have been provided in Note 21.

15. Longevity Swap

	2025 £m	2024 £m
Longevity Swap	(18.2)	-

On 31 May 2023, the Trustee of the Nationwide Section of Nationwide Pension Fund ("the Fund"), Zurich Assurance Ltd ("Zurich") and the Prudential Insurance Company of America ("PICA") entered into a longevity insurance policy ("longevity swap"), covering c.£1.8bn of pensioner and dependant liabilities as at 1 July 2022 (the "Inception Date"). Zurich is the intermediary / insurer for the policy and PICA is the reinsurer.

Under this agreement, the Fund agrees to make a series of quarterly fixed cash payments over an agreed term to Zurich, in exchange for PICA paying the Fund the amounts required to meet the cost of pension benefits paid to the members based on actual members' longevity. In practice, only the net payment is made between the Fund and Zurich on a quarterly basis.

The Fund Actuary confirmed the value of the Longevity Swap of £18.2m liability (2024: £10m estimated and immaterial to disclose as an asset above) as at 31 March 2025.

This indicates that since policy inception, a net liability has emerged, associated with the swap due to:

Notes to the Financial Statements - continued**15. Longevity Swap - continued**

- Assumed changes in typical reinsurance demographic assumptions (used to calculate the notional fixed leg), which have increased the net liability by around £16.9m, or 1.0%. This is particularly due to changes in the assumed post-retirement mortality improvements from the policy inception date of 1 July 2022.
- Actual demographic experience saw higher mortality rates than expected based on the demographic assumptions underlying the fixed leg. In present value terms this equates to c. £1.3m, or 0.1% of the value of the fixed / floating leg cashflows.

Under the agreement, collateral amounts are calculated on a quarterly basis. At 31 March 2025 there was collateral pledged in the form of index-linked bonds of £31.0m (2024: £25.7m).

Fees payable quarterly under the swap to the insurer are recorded within investment management expenses in Note 9.

Assumptions

The demographic assumptions used to project the actual fixed leg cashflows (b) are the 'Original best estimate' pricing demographic assumptions, which were set by the reinsurer after a full market pricing exercise.

The demographic assumptions used to project the notional prevailing fixed leg cashflows (a), and the financial assumptions used to project and discount the cashflows, are summarised below.

Key demographic assumptions (notional prevailing fixed leg)

The demographic assumptions underlying the notional prevailing fixed leg are as follows:

Post-retirement mortality – base tables	As per actual fixed leg
Post-retirement mortality – improvements	CMI_2023 (LTR = 1.25%, S=7, A=0.35%, w2020 = 0%, w2021 = 0%, w2022-2023 = 15%)
Proportion married (legal spouse / civil partner)	As per actual fixed leg
Age difference	As per actual fixed leg

Base mortality and marital assumptions

The base mortality and marital assumptions above are the actual fixed leg demographic assumptions. We have not carried out an updated demographic analysis since the longevity swap was executed, so we do not have any evidence to suggest these assumptions are no longer appropriate.

Mortality improvements

We have allowed for mortality improvements between the effective date of the base table and the policy inception date of 1 July 2022 in line with the actual fixed leg. Mortality improvements from 1 July 2022 onwards have been allowed for in line with the latest iteration of the industry standard CMI model, CMI_2023, with the following parameters:

- Long term rate of improvement of 1.25% p.a. This is the mid-point of Aon's best-estimate range of assumptions.
- Initial addition to improvement, "A parameter", of 0.35% p.a. This was determined using a scheme-specific socio-economic analysis carried out in 2022 using Aon's Demographic Horizons model based on best estimate principles.
- Nil weighting applied to 2020 and 2021 experience data (w2020 and w2021) and 15% weighting is applied to 2022 and 2023 experience data (w2022 and w2023). These are the Core values within the CMI_2023 model.
- Smoothing parameter value (Sk) of 7.0. This is the core value within the CMI_2023 model.

Notes to the Financial Statements - continued**15. Longevity Swap - continued**

We have used a financial market conditions date of 31 March 2025. The derivation of these financial assumptions is consistent with the approach taken to determining collateral obligations under the contract.

Market premia

Intermediation fees and 'risk' fees are payable to Zurich and PICA, respectively. The risk fee payable to PICA is 2.33%, and the intermediation fee payable to Zurich is 0.475%; these fees are included in the actual fixed leg present value (b) above.

We have not observed reinsurance fees which are materially different to 2.33% since the execution of the longevity swap for the Fund, and we have therefore assumed reinsurance risk fees of 2.33% in our calculation of the prevailing notional fixed leg present value (a).

Similarly, we do not consider that there has been any discernible shift in intermediation costs, on a like for like basis, to those agreed with Zurich for the Fund in 2023. We have therefore allowed for intermediation fees of 0.475% in the prevailing notional fixed leg present value (a).

16. Property

	2025	2024
	£m	£m
Freehold property	117.7	124.7

The Fund holds a number of interests in UK properties. The properties are illiquid as they are likely to take twelve months or longer to find a suitable buyer.

For residential flat leaseholders there is a service charge to cover repairs and maintenance to the building. All commercial leaseholders are responsible for repairs and maintenance and dilapidations.

The Trustee appointed Knight Frank as an independent expert to independently value investment property. Assets included above are at fair value as at 31 March 2025. The Trustee has used the independent expert's report to determine the fair value of investment property as at the year end, in accordance with the current RICS (Royal Institution of Chartered Surveyors) valuation guidelines.

17. Annuity investments

Annuity investments represent an actuarial valuation of investments providing the annuity income received by the Fund to cover pensions paid to certain members. The value of the Buy-in policy investments as at 31 March 2025 was calculated by the Fund Actuary, based on the triennial actuarial valuation as at 31 March 2022, updated for market conditions at 31 March 2025. The main assumptions used to estimate the policy can be found in the actuarial valuation report – Cheshire and Derbyshire Section on the Member website at nationwidepensionfund.co.uk.

	2025	2024
	£m	£m
Buy-in policy – Canada Life	102.0	113.4
Legacy annuity policies	0.3	0.4
	102.3	113.8

Notes to the Financial Statements - continued

18. Cash and other investment balances

	2025 £m	2024 £m
Assets		
Cash	9.7	6.3
Accrued income	1.2	15.8
Pending sales	-	6.2
	<u>10.9</u>	<u>28.3</u>
Liabilities		
Pending purchases	(7.3)	(63.4)
Accrued income	(15.4)	(23.9)
Cash	-	(7.4)
Accrued expenses	(0.9)	(1.0)
	<u>(23.6)</u>	<u>(95.7)</u>
 Net cash and other investment balances	 <u>(12.7)</u>	 <u>(67.4)</u>

Included in cash assets above is £6.9m deposited with Central Counterparty Clearing House within the Insight LDI Fund.

The cash liabilities in prior year-end above represent the overdrawn investment cash accounts. Net cash £1.1m was negative as at 31 March 2024 due to cash of £8.0m being pledged with Central Counterparty Clearing House within the Insight LDI Fund.

19. Repurchase agreements

	2025 £m	2024 £m
Amounts due under repurchase agreements	<u>1,559.1</u>	<u>1,128.1</u>

The Fund has entered into repurchase agreements using its UK government bonds as the underlying security. The Fund retains the entitlement to receive income accruing on these securities and has a contractual agreement to repurchase the securities at a specified future date.

The securities are included in the financial statements as assets of the Fund at their market value. At 31 March 2025, the market value of securities sold under repurchase agreements was £1,503.3m (2024: £1,247.1m).

Cash received from counterparties in respect of the securities that have been sold has been used by the Fund to increase its matching assets portfolio, although the repurchase arrangements are fungible and are not linked to specific assets. Amounts payable to counterparties under repurchase agreements are disclosed as liabilities in the Fund's financial statements under investment liabilities. At 31 March 2025 this amounted to £1,589.3m (2024: £1,149.4m) including £30.2m (2024: £21.3m) accrued interest.

At 31 March 2025 there was collateral pledged and held in the form of index-linked bonds of £121.9m and cash of £9m (2024: £4.3m index-linked bonds) and £nil deposited (2024: £31.3m) respectively against the difference in valuation between the underlying securities and the repurchase agreements.

Notes to the Financial Statements - continued

20. AVC and Bonus Saver investments

Aggregate amounts of AVC and Bonus Saver investments were:

		2025 £m	2024 £m
AVCs	Aviva	0.1	0.1
	Fidelity Pensions Management	7.1	7.8
	Prudential Assurance Company	1.0	1.2
		<u>8.2</u>	<u>9.1</u>
Bonus Savers	Fidelity Pensions Management	1.7	1.9
		<u>1.7</u>	<u>1.9</u>
		<u>9.9</u>	<u>11.0</u>

Small balances (less than £0.1m) are held with Zurich Assurance Ltd (in respect of AVCs and Bonus Savers).

The Trustee holds AVC and Bonus Saver assets invested separately from the main fund in the form of individual building society accounts, insurance policies and other unitised investments securing additional benefits on a money purchase basis for those members electing to pay additional voluntary contributions, and these assets do not form part of the common pool of assets available for members generally. Members participating in these arrangements each receive annual statements confirming the amounts held to their account and the movements in the year.

Notes to the Financial Statements - continued**21. Investment risks**

Credit risk is the risk of loss due to a counterparty failing to meet their financial obligations.

Market risk includes currency risk, interest rate risk and other price risk, as explained below:

- Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.
- Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates.
- Other price risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk).

The Trustee determines its investment strategy after taking advice from the Investment Consultant. The Fund has exposure to these risks because of the investments it makes in executing its investment strategy. The Trustee manages investment risks, including credit risk and market risk, within agreed risk limits which are set taking into account the Fund's investment objectives, and by taking collateral. These investment objectives and risk limits are implemented through the investment management agreements in place with the Fund's investment managers, reviewed by the Chief Investment Officer ('CIO') and monitored by the Investment Funding Committee ('IFC') via regular reviews of the investment portfolio.

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

The investment objective of both sections of the Fund is set out under Investment Objectives and Strategy on page 10.

The Nationwide Section

For the Nationwide Section investment strategy, 50%-80% of net investments are to be made in matching assets that will broadly move in line with the long-term liabilities of the Section. These comprise UK government and corporate bonds, inflation and interest rate swaps, long lease property and ground rents.

The purpose of holding these assets is to maintain a hedge against the impact of interest rate and inflation movements.

In addition, 20%-50% of the net investments are to be invested in return-seeking investments comprising global equities, equity futures, investment property, credit and debt investments, private equity, and infrastructure investments. Both matching and return-seeking assets, which total £5,503.2m (2024: £5,692.0m), are supported by using repurchase agreements to provide cash that can acquire additional matching assets, which along with other cash and derivatives decrease net assets to £3,973.2m (2024: £4,531.4m).

The Trustee considers the asset classes and investment risks in line with matching and return-seeking terms. The investment strategy and its attendant risks are best explained in this context.

Notes to the Financial Statements - continued

21. Investment Risks - continued

An analysis of the investments held in the Nationwide Section by the different strategies is provided below:

Asset Class	Segregated £m	Pooled £m	2025 Total £m	2024 Total £m
Matching Assets				
Government and Supranational Bonds ¹	3,282.2	-	3,282.2	3,319.7
Alternative Matching Assets:				
Long Lease Property	117.7	65.2	182.9	191.7
LP Property	-	120.9	120.9	140.1
Cash	6.1	46.8	52.9	6.1
Derivatives	27.1	-	27.1	38.9
Longevity Swap	(18.2)	-	(18.2)	-
Other assets/liabilities	(15.1)	-	(15.1)	(8.5)
Total Matching Assets	3,399.8	232.9	3,632.7	3,688.0
Return Seeking Assets				
Corporate Bonds	35.9	-	35.9	2.3
Private Markets				
Infrastructure	-	231.8	231.8	264.9
Property	-	209.3	209.3	232.2
Private & Property Debt	-	636.4	636.4	657.4
Private Equity	-	753.7	753.7	845.4
Cash	3.1	-	3.1	1.9
Derivatives	-	-	-	-
Other assets/liabilities	0.3		0.3	(0.1)
Total Return Seeking Assets	39.3	1,831.2	1,870.5	2,004.0
Cash and Leverage/Derivatives				
Cash	0.5	21.7	22.2	26.1
Other Derivatives	14.1	-	14.1	(1.3)
Other	(7.2)	-	(7.2)	(57.3)
Repurchase Agreements	(1,559.1)	-	(1,559.1)	(1,128.1)
Total Other Assets and Liabilities	(1,551.7)	21.7	(1,530.0)	(1,160.6)
Total Investment Net Assets (excluding AVCs)	1,887.4	2,085.8	3,973.2	4,531.4

¹ The value of bonds in Matching Assets has decreased since last year due to increasing inflation causing global interest rates to rise and hence the value of fixed rate assets, such as gilts, to fall.

Matching Assets

The Trustee has set an operational allocation for total investment in matching assets of between 50%-80% of the total investment portfolio as part of the matching asset investment strategy. As at 31 March 2025 the matching asset portfolio of £3,632.7m (2024: £3,688.0m) represented 91% of the total net investment portfolio (2024: 81%). Adjusting for repurchase agreements means the matching asset portfolio nets down to 51% (2024: 56%) which is within the ranges set for the portfolio, but it will vary depending on normal market/interest rate movements.

Notes to the Financial Statements - continued**21. Investment Risks - continued***Interest Rate Risk*

The Nationwide Section is subject to interest rate risk through its investments in bonds, repurchase agreements, long lease property, ground rents, interest rate swaps and cash, and derivative contracts, as set out in the table above. However, these assets are held as part of the matching assets strategy to mitigate liability risk because of their sensitivity to interest rates, so if interest rates fall the value of the matching assets will rise to help match the resulting increase in actuarial liabilities. Similarly, if interest rates rise the matching asset investments will fall in value as will the actuarial liabilities.

The Trustee seeks to maintain an interest rate hedge of up to 100% of assets subject to achieving the Trustee's Hedging Target. At 31 March 2025, the interest rate hedge ratio was 100% (2024: 100%).

Inflation Risk

The Nationwide Section is subject to inflation risk through its investments in index-linked securities (as per Note 10), long lease property and ground rents, as pooled funds, as shown in the table above, and inflation swaps (as per Note 14). The long lease property assets and ground rent investments are only partial hedges for inflation as the income they generate is uplifted at set periods and not annually. However, these assets are held as part of the matching assets strategy to mitigate liability risk because of their sensitivity to inflation. If inflation rises, the value of the matching assets will rise to help match the increase in actuarial liabilities. Similarly, if inflation falls the matching asset investments will also fall in value as will the actuarial liabilities.

The Trustee seeks to maintain an inflation hedge of up to 100% of assets subject to achieving the Trustee's Hedging Target. At 31 March 2025, the inflation rate hedge was 100% (2024: 100%).

Return Seeking Assets

The year-end allocation to return seeking assets of £1,870.5m (2024: £2,004.0m) was 48% (2024: 44%), within the operational range under the strategic asset allocation. The allocation will vary depending on normal market movements and the SIP allows for the Trustee to make short term allocations that move beyond these ranges.

All Nationwide Section Assets*Currency Risk*

The Nationwide Section operates a global investment strategy and therefore is subject to currency risk across a broad range of investments. The Trustee manages this in a variety of ways.

- Non-UK bonds included in the return seeking assets are hedged for currency purposes through investment in sterling share classes where the fund manager hedges the position.
- Generally, only 50% of the US Dollar investments are currency hedged due to the timing and quantity of the realisation being unknown.

Other Price Risk

The Nationwide Section is subject to other price risk principally in relation to its return-seeking portfolio which includes private market funds, as shown in the table above.

Other price risk varies depending on the particular market. In addition, the Trustee uses repurchase arrangements as part of its investment strategy, which has some re-pricing risk.

Notes to the Financial Statements - continued**21. Investment Risks - continued**

The Trustee manages this exposure to overall price movements by constructing a diverse portfolio of investments across the various markets it accesses.

Credit Risk

The Nationwide Section is subject to credit risk because it directly invests in bonds, longevity swap and derivatives, has cash balances and enters into repurchase agreements. It also invests in pooled investment vehicles, in which it is directly exposed to credit risk, and is indirectly exposed to credit risks arising on the financial instruments held by the private debt and property debt funds.

Credit risk arising on bonds and loans held directly is mitigated by investing in government, supranational and asset-backed bonds where the credit risk is minimal. Credit risk arising on bonds or loans held indirectly through segregated or pooled accounts is mitigated by:

- bonds which are rated at least investment grade, and
- investment mandates that specify the type of bonds that can be held; these mandates have been subject to due diligence of the fund manager before any investment was made to ensure that the expected return of the investments was commensurate with their expected credit risk, and
- investment in unrated loans that are secured either on commercial real estate or on the assets of a business; the expected return from these loans is commensurate with the expected credit risk.

Credit risk arising on derivatives is reduced by collateral arrangements (see Note 14). Credit risk also arises on forward foreign currency contracts. And where collateral is not posted all counterparties are required to be at least investment grade.

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

Credit risk on repurchase and reverse repurchase agreements is mitigated through the use of a range of collateral arrangements as disclosed in Note 19.

There is also credit risk associated with the Fund's longevity swap as it is exposed to the solvency of the insurer counterparties, which the Trustee considered before the swap was executed. This risk is mitigated by the regulatory environment in which the insurers operates and by the posting of collateral.

Pooled Funds

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

Pooled investment arrangements used by the Fund comprise £99.2m (2024: £217.9m) unit-linked insurance contracts and £1,986.7m (2024: £2,128.6m) limited partnership arrangements.

Indirect credit risk arises in relation to underlying investments held in pooled investment vehicles. This includes bonds and secured loan arrangements. The investment managers will consider the risk and expected reward when determining which investments to invest in. This was the case at the current and preceding year end.

Notes to the Financial Statements - continued

21. Investment Risks - continued

C&D Section

For the C&D Section the investment strategy currently seeks to invest: -

- 84%-100% of its investments into Matching Assets, which comprise a bulk annuity, UK government and corporate bonds, that will broadly move in line with the long-term liabilities of the Section. The purpose of holding these assets is to hedge against the impact of interest rate and inflation movements on long-term liabilities, as well as hedge some of the Section's longevity risk through the bulk annuity. As at 31 March 2025 the bond funds represented 43% (2024: 43%) of the total investment portfolio based on the fair value of the investments.
- In addition, the Section has set an operational asset allocation of 0%-16% of investments being held in return seeking assets. As at the year end this allocation was 4% (2024: 5%) which will vary depending on normal market/interest rate movements.

Asset Class	2025 Total £m	2024 Total £m
Matching Assets		
Bond funds	81.6	91.8
Insurance policy	102.0	113.4
Return Seeking Assets		
World equity fund	8.4	10.3
Total Net Assets (excluding AVCs)	192.0	215.5

Credit Risk and Pooled Funds

The C&D Section is subject to credit risk because it invests in pooled investment vehicles, in which it is directly exposed to credit risk, and is indirectly exposed to credit risk arising on the financial instruments held by the vehicles.

Direct credit risk arising from pooled investment vehicles is mitigated by the underlying assets of the pooled arrangements being ring-fenced from the pooled manager, the regulatory environments in which the pooled managers operate and diversification of investments amongst a number of pooled arrangements. The Trustee monitors any changes to the operating environment of Legal & General (the investment manager for the Section) on an ongoing basis, with the assistance of its investment advisers.

Pooled investment arrangements used by the Section comprise unit-linked insurance contracts in the current and previous year.

There is also direct credit risk associated with the Fund's insured bulk annuity policy as it is exposed to the solvency of the insurer, which the Trustee considered before the policy was taken out. This risk is mitigated by the regulatory environment in which the insurer operates and the diversification of the policy's underlying assets.

Indirect credit risk arises in relation to underlying investments held in the bond pooled investment vehicles as shown in the table above. This is mitigated by only investing in bonds that are at least investment grade. This was the position at the current and preceding year end.

Notes to the Financial Statements - continued**21. Investment Risks - continued***Currency Risk*

The C&D Section is only exposed to currency risk through the world equity fund exposure, as shown in the table on the previous page. However, this is mitigated by investment in a sterling share class where the fund manager hedges the underlying currency risk.

Interest and Inflation Rate Risk

The C&D Section is subject to interest and inflation rate risk because of its investments in bonds, through pooled bond funds, as shown on page 38. However, these assets are held because of their sensitivity to interest and inflation rates in order to mitigate liability risk.

Longevity Risk

The C&D Section is subject to longevity risk because the value of pension liabilities could increase if UK life expectancy were to rise. To reduce this risk, the Trustee has purchased a bulk annuity contract which hedges the risks, including longevity risk, that are associated with some of the retired members of the section.

Other Price Risk

For the C&D Section, other price risk arises principally in relation to the world equity fund, as shown above.

22. Current assets and liabilities

	2025	2024
	£m	£m
Current assets		
Cash balances	18.5	17.6
Prepaid benefits	0.6	0.7
Sundry Debtor	-	0.6
Due from C&D Section	0.1	0.1
	<u>19.2</u>	<u>19.0</u>
Current liabilities		
Unpaid benefits	(2.3)	(2.2)
Accrued expenses	(2.2)	(1.9)
Amounts outstanding with the Society	(0.4)	(0.4)
Due to NW Section	(0.1)	(0.1)
	<u>(5.0)</u>	<u>(4.6)</u>

23. Related party transactions**Key management personnel**

Trustee Directors John Wrighthouse, Mark Hedges, Peter Corrie and Sarah Garrett are in receipt of pension benefits from the Fund. As Member Nominated Directors not employed by the Society, Sarah Garrett, John Wrighthouse, Peter Corrie, and Rob Goldspink are remunerated for their services from the Fund.

Independent trustees BESTrustees Ltd represented by Catherine Redmond and GHG Services Ltd represented by Mark Hedges are also remunerated for their services.

Details of aggregate Trustee Director remuneration is provided in Note 7. Related party accrued fees and expenses were less than £0.1m (2024: less than £0.1m).

Notes to the Financial Statements - continued**Employer and other related parties**

Included in administrative expenses and investment management expenses are fees charged to the Fund from the Society, as disclosed in Notes 7 and 9, respectively.

Of these, accrued expenses at the end of the financial year included £nil (2024: £nil) in respect of administrative expenses and £0.4m (2024: £0.4m) in respect of investment management expenses.

There were no employer-related investments during the Fund year, either directly or in pooled funds.

24. Concentration of Investments

There have been no individual investments greater than 5% of the Fund net assets (other than UK Government Securities).

25. Contingent Liabilities

The Virgin Media Ltd v NTL Pension Trustees II decision, handed down by the High Court on 16 June 2023, considered the implications of section 37 of the Pension Schemes Act 1993 and was subject to a failed appeal in July 2024. The Trustee is waiting for the announced government legislation before considering the implications on the Fund.

26. Nationwide Section:**Fund Account for the year ended 31 March 2025**

	2025 £m	2024 £m
Contributions and benefits		
Other income	-	1.3
Benefits payable	(161.6)	(144.6)
Payments to and on account of leavers	(4.7)	(3.7)
Administrative expenses	(4.4)	(5.4)
	(170.7)	(153.7)
Net withdrawals from dealings with members	(170.7)	(152.4)
Returns on investments		
Investment income	54.0	72.5
Change in market value of investments	(407.2)	(351.1)
Investment management expenses	(36.0)	(41.5)
Net losses on investments	(389.2)	(320.1)
Net decrease in the Section during the year	(559.9)	(472.5)
Net assets of the Section		
At the beginning of the year	4,556.1	5,028.6
At the end of the year	3,996.2	4,556.1

Notes to the Financial Statements - continued

27. Nationwide Section:

Statement of Net Assets (Available for Benefits) as at 31 March 2025

	2025 £m	2024 £m
Investment assets and liabilities		
Assets		
Fixed interest securities	1,875.5	1,787.6
Index linked securities	1,442.6	1,532.1
Pooled investment vehicles	2,085.9	2,244.5
Derivatives	63.4	118.1
Property	117.7	124.7
Annuity investments	0.3	0.4
Cash	9.7	6.3
Other investment balances	1.2	6.7
AVC & Bonus Saver investments	9.8	10.9
	5,606.1	5,831.3
Liabilities		
Derivatives	(22.2)	(80.5)
Longevity Swap	(18.2)	-
Cash	-	(7.4)
Amounts due under repurchase agreements	(1,559.1)	(1,128.1)
Other investment balances	(23.6)	(73.0)
	(1,623.1)	(1,289.0)
Total net investments	3,983.0	4,542.3
Current assets and liabilities		
Current assets	17.6	17.9
Current liabilities	(4.4)	(4.1)
	13.2	13.8
Net Assets of the Section at 31 March 2025	3,996.2	4,556.1

Notes to the Financial Statements - continued

28. C&D Section: Fund Account for the year ended 31 March 2025

	2025 £m	2024 £m
Contributions and benefits		
Benefits payable	(8.4)	(8.8)
Payments to and on account of leavers	(0.1)	(1.1)
Administrative expenses	(0.7)	(0.4)
	(9.2)	(10.3)
Net withdrawals from dealings with members	(9.2)	(10.3)
Returns on investments		
Investment income	6.9	6.5
Change in market value of investments	(20.7)	(12.8)
Investment management expenses	(0.1)	(0.2)
Net losses on investments	(13.9)	(6.5)
Net decrease in the Section during the year	(23.1)	(16.8)
Net assets of the Section		
At the beginning of the year	216.2	233.0
At the end of the year	193.1	216.2

29. C&D Section: Statement of Net Assets (Available for Benefits) as at 31 March 2025

Investment assets and liabilities	2025 £m	2024 £m
Assets		
Insurance investments	102.0	113.4
Pooled investment vehicles	90.0	102.1
AVC investments	0.1	0.1
	192.1	215.6
Total net investments	192.1	215.6
Current assets and liabilities		
Current assets	1.6	1.1
Current liabilities	(0.6)	(0.5)
	1.0	0.6
Net Assets of the Section at 31 March 2025	193.1	216.2

INDEPENDENT AUDITOR'S STATEMENT ABOUT CONTRIBUTIONS TO THE TRUSTEE OF THE NATIONWIDE PENSION FUND

We have examined the summary of contributions to the Nationwide Pension Fund (the 'fund') for the Fund year ended 31 March 2025 which is set out on the following page.

In our opinion, contributions for the Fund year ended 31 March 2025 as reported in the summary of contributions and payable under the schedules of contributions have in all material respects been paid at least in accordance with the schedules of contributions for the Nationwide Section and the Cheshire & Derbyshire Section, both certified by the Fund actuary on 22 March 2023.

Scope of work on statement about contributions

Our examination involves obtaining evidence sufficient 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 schedules of contributions. This includes an examination, on a test basis, of evidence relevant to the amounts of contributions payable to the Fund and the timing of those payments under the schedules of contributions.

Respective responsibilities of Trustee and the auditor

As explained more fully in the statement of Trustee's responsibilities set out on pages 14 and 15, the Trustee is responsible for preparing, and from time to time reviewing and if necessary, revising schedules of contributions and for monitoring whether contributions are made to the Fund by the employer in accordance with the schedules of contributions.

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

Use of our statement

This statement is made solely to the trustee, as a body, in accordance with the Pensions Act 1995 and Regulations made thereunder. Our work has been undertaken so that we might state to the Trustee those matters we are required to state to them in an auditor's 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 Trustee as a body, for our work, for this statement, or for the opinions we have formed.

Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London

Date:

SUMMARY OF CONTRIBUTIONS PAYABLE DURING THE FUND YEAR ENDED 31 MARCH 2025

There were no contributions payable to the Fund by the employer under the Schedules of Contributions in respect of the year ended 31 March 2025.

Signed on behalf of the Trustee on

2025 by:

Catherine Redmond, BESTrustees Limited
Trustee Director

Rob Goldspink
Trustee Director

ACTUARIAL CERTIFICATES

Certification of schedule of contributions

Nationwide Pension Fund – Nationwide Section

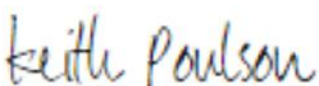
Adequacy of rates of contributions

1. I certify that, in my opinion, the rates of contributions shown in this schedule of contributions are such that the statutory funding objective could have been expected on 31 March 2022 to continue to be met for the period for which the schedule is to be in force.

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 March 2023.

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: 

Date: 22 March 2023

Name: Keith Poulson

Qualification: Fellow of the Institute and
Faculty of Actuaries

Address: Verulam Point
Station Road
St Albans
AL1 5HE

Name of employer: Aon Solutions UK Limited

ACTUARIAL CERTIFICATES - continued

Certification of schedule of contributions

Nationwide Pension Fund – Cheshire & Derbyshire Section

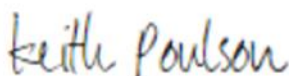
Adequacy of rates of contributions

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Signature:

Date:

22 March 2023

Name: Keith Poulson

Qualification:

Fellow of the Institute and
Faculty of Actuaries

Address: Verulam Point
Station Road
St Albans
AL1 5HE

Name of employer: Aon Solutions UK Limited