



17 OCTOBER 2025

Annual Members' Meeting 2025



EVERY JOURNEY MATTERS



Welcome and Introduction

Maria Antoniou

Chair of Trustees



EVERY JOURNEY MATTERS

Agenda

Time	Topic	Owner
11.00	Welcome and Introduction	Maria Antoniou (Chair of Trustees)
11.10	Review of the Year	Stephen Field (Chief Executive & Fund Secretary)
11.25	Actuarial Update	Gareth Oxtoby (Fund Actuary)
11.40	Investment Update	Dave Aleppo (Investment Adviser)
12.05	Legal Developments	David Saunders (Legal Adviser)
12.25	Open Forum – Questions & Answers	Maria Antoniou (Chair of Trustees)
12.45	Refreshments and Informal Discussions	All
13.30	Close	All





Review of the Year

Stephen Field
Chief Executive & Fund Secretary



EVERY JOURNEY MATTERS

Key Activities Last 12 Months

- Standalone website going from strength to strength
- Work volumes have increased 4.5% on the previous year
- An increase in online activity
 - Over 33% of members now registered
 - Over 73,000 quotes in the year to 31 March 2025
 - Over 1,800 Expression of Wish forms completed online in the last year
- Triage Service



Key Activities Last 12 Months (continued)

- The Fund's carbon emission intensity has reduced by 58% from the 2016 baseline and is currently trending ahead of the interim target for 2030. The Fund implemented net zero investment guidelines in suitable equity and fixed income mandates.
- The Fund made a further \$250m commitment to an energy transition fund over the last year. In the private market mandates the Fund directly allocates capital to renewable energy, low carbon, circular economy and green building sectors. For example, in the infrastructure debt mandate, almost 100% of the portfolio is invested in green and sustainable sectors.
- As of March 2025, the Fund has achieved its target of allocating 15% of assets to ESG-tilted investments, reaching 15.9% (approximately £2.4bn).
- The Fund is deepening its collaboration with leading stewardship specialist Sustainalytics through its most comprehensive programme, Engagement 360. The Fund is co-leading a small number of select engagements.
- Among the votes cast by the Fund, support for shareholder proposals rose from 56% in 2024 to 60% in 2025, despite recent political scrutiny of ESG from the US. The Fund also votes against any proposal that is explicitly anti-ESG in nature.



Governance

- Trustee's conduct business through the main Board meetings and 6 sub committee meetings.
- Over the year to 31 March 2025, 33 meetings in total were held.
- Effective System of Governance (ESOG).

Trustees Changes

- Sonja Folarin stepped down as a Trustee Director and David Moore was appointed.
- No changes post 31 March 2025.



Fund Value

£15,012.6m – Fund value as at 31 March 2024

Plus income of		Minus expenditure of	
Employers' contributions	£297.7m	Pensions and other benefits paid	£547.7m
Investment income	£197.1m	Investment management	£31.8m
Members' contributions	£92.6m	Other payments	£6.0m
Transfers in from other pension schemes	£3.7m	Administration	£6.3m
		Payments in respect of leavers	£1.0m
		Pensions levies	£9.4m
Total income	£591.1m	Total outgoing	£602.2m

Change in value of investments £161.3m

£15,162.8m – Fund value as at 31 March 2025



Value of the Fund in recent years

Value of the Fund:

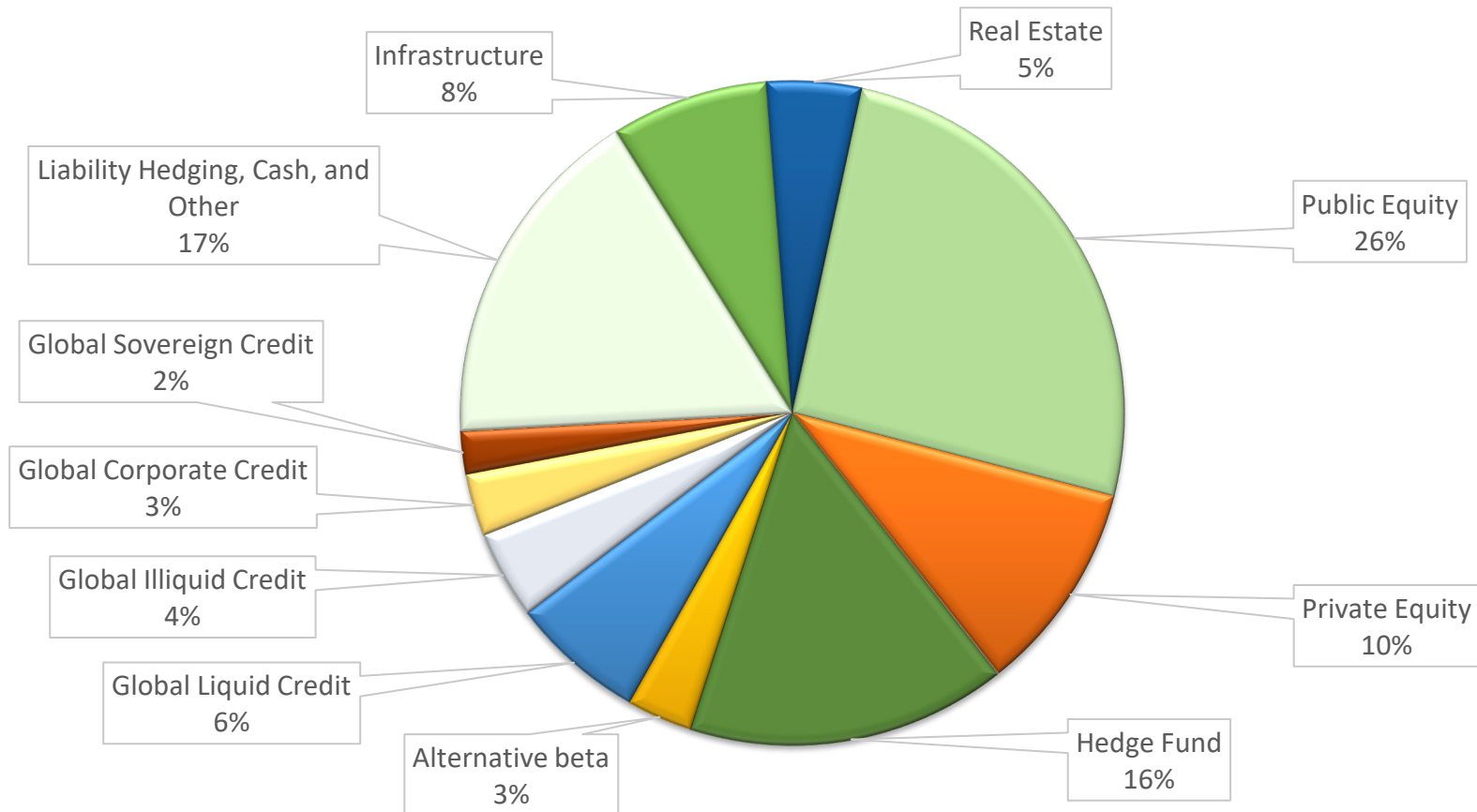
- £15.2bn (31 March 2025)
- £15.0bn (31 March 2024)
- £14.2bn (31 March 2023)
- £14.4bn (31 March 2022)
- £13.1bn (31 March 2021)
- £10.6bn (31 March 2020)



Investment Diversity

- The Fund continues to diversify to enhance returns while maintaining the risk it takes.

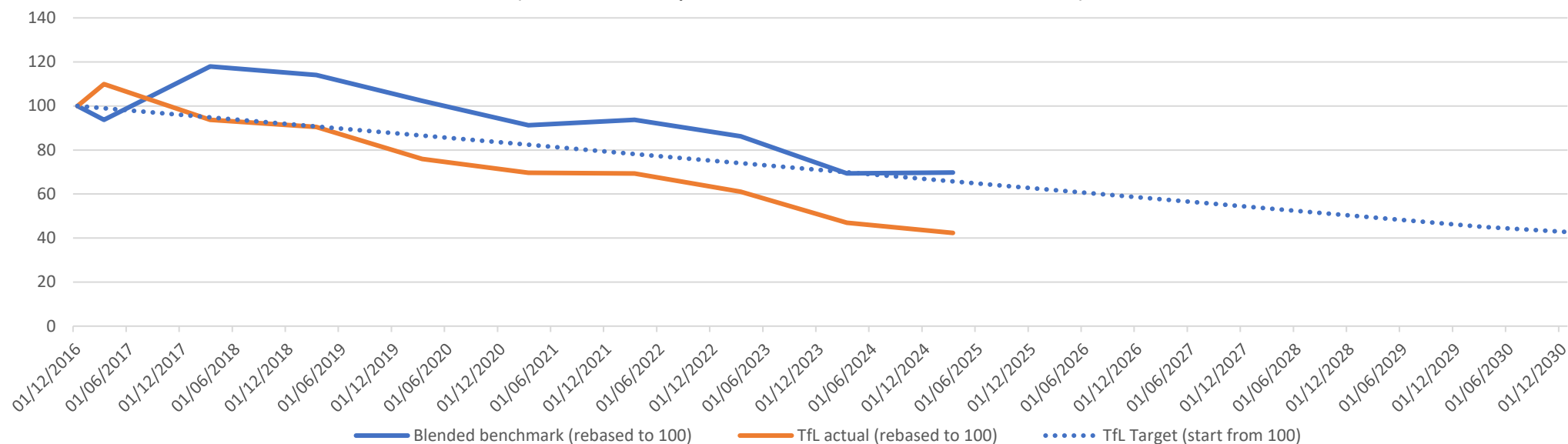
FUND ASSET ALLOCATION - JUNE 2025



Net Zero Target update

- As of 31 March 2025, the Fund's carbon emission intensity has reduced by 58% as compared to 2016 baseline; it is currently ahead of the 2030 reduction target of 55%.

WACI (Weighted Average Carbon Intensity) - Fund vs target and benchmark
(CO₂e in tons per \$m sales, 2016 rebased to 100)



- The Fund's exposure to the Oil, Gas and Coal sector ("OG&C") continues to fall in line with the above trend:
 - December 2016 3.3% of overall Fund value
 - March 2019 1.8% of overall Fund value
 - June 2024 1.3% of overall Fund value
 - June 2025 0.9% of overall Fund value
- The Fund's exposure to Extractives (Drilling, Exploration and Production), the most carbon intensive sub-sector within OG&C, is down from 0.46% in 2016 to 0.16% in 2025.



Investment Costs

Topic	2024/25 £m	2023/24 £m	2022/23 £m
Direct investment management expenses (shown in accounts)	31.8	23.5	29.7
Indirect investment management expenses (shown in change in market value)	47.4	43.1	61.7
Total investment management expenses	79.2	66.6	91.4
Direct investment transaction costs	2.2	2.2	2.0
Total investment management expenses and transaction costs	81.4	68.8	93.4
Investment costs as a percentage of total assets	0.54%	0.46%	0.66%



Pension Increase

- Under the Rules of the Fund the April pension increase is calculated by reference to the change in the Retail Prices Index (RPI) over the period September to September.

The increase for 2025 was

2.7%

The increase for 2026 will be

Published on 22nd October



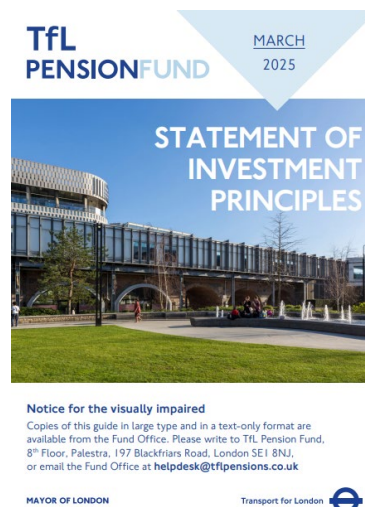
Post 31 March Update

- Production and issue of Annual Benefit Statements
- Guaranteed Minimum Pension rectification and equalisation
- Pensions Dashboards



Published in the last 12 months

- Annual Report & Accounts
- Active Member Benefit Statement
- Deferred Benefit Statement
- Statement of Investment Principles
- Pensionnews
- Annual Review
- Sustainability Report
- The Fund Investments in UK



Organisations Exhibiting in the Great Hall

- The Fund Office
- The Pensions Consultative Council (PCC)
- TfL Staff Travel
- Transport Benevolent Fund



TfL Pension Fund

Annual Members' Meeting

Scheme Actuary presentation
Gareth Oxtoby

17 October 2025



Scheme Actuary review of 2025 - Agenda

1

**2024 actuarial
valuation outcome**

2

**Uses of pension
scheme surplus**

3

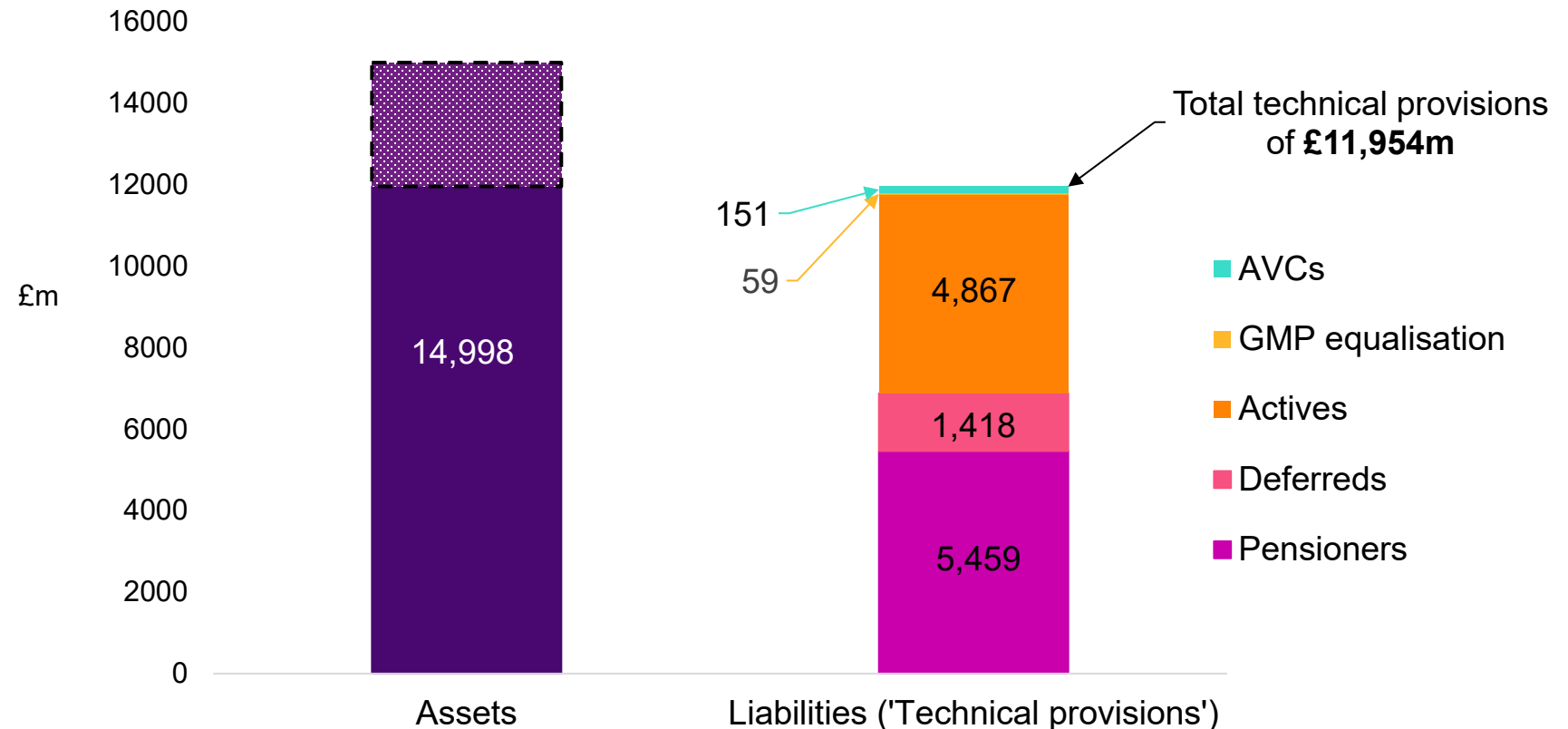
Longevity update

Public Sector Section (PSS) - 2024 valuation outcome

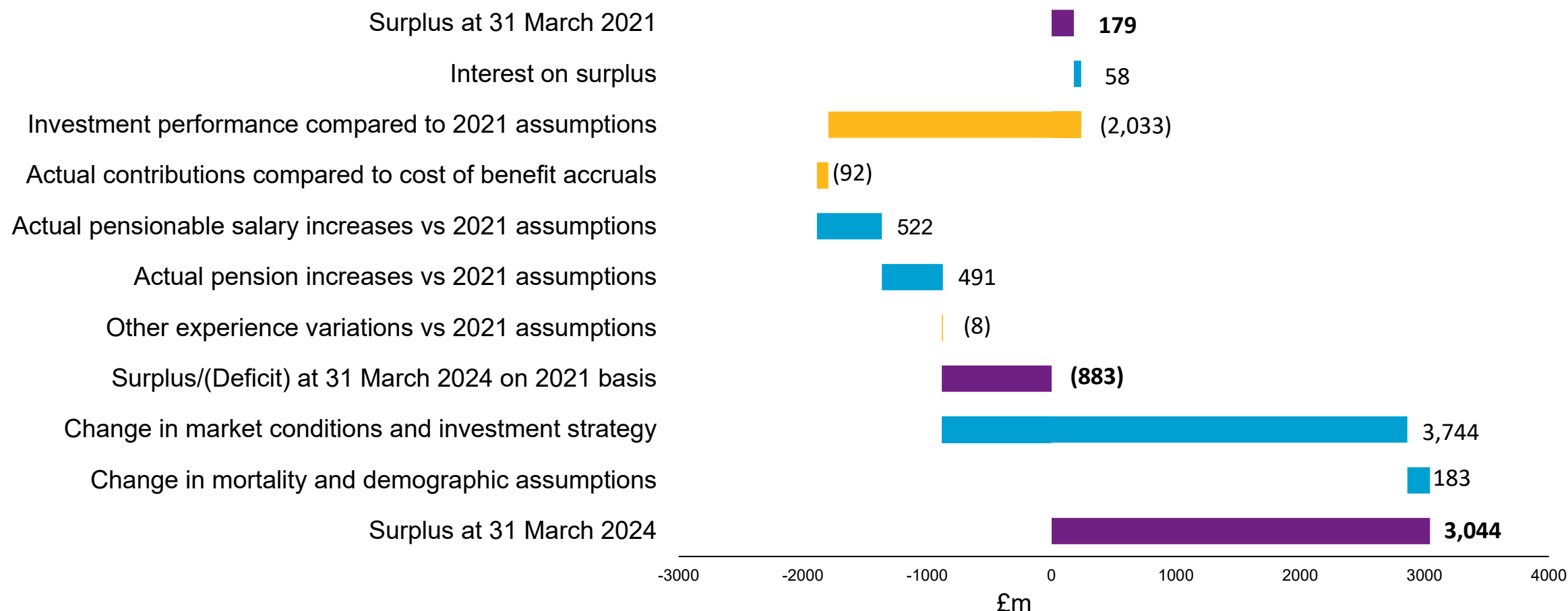
Accrued benefits - a significantly improved position

Surplus at 31 March 2024 of **£3,044m**, equivalent to a funding level of **125.5%**.

This compares to a smaller surplus at the previous valuation of £179m and a funding level of 101.4%.



What were the main reasons for this improvement?



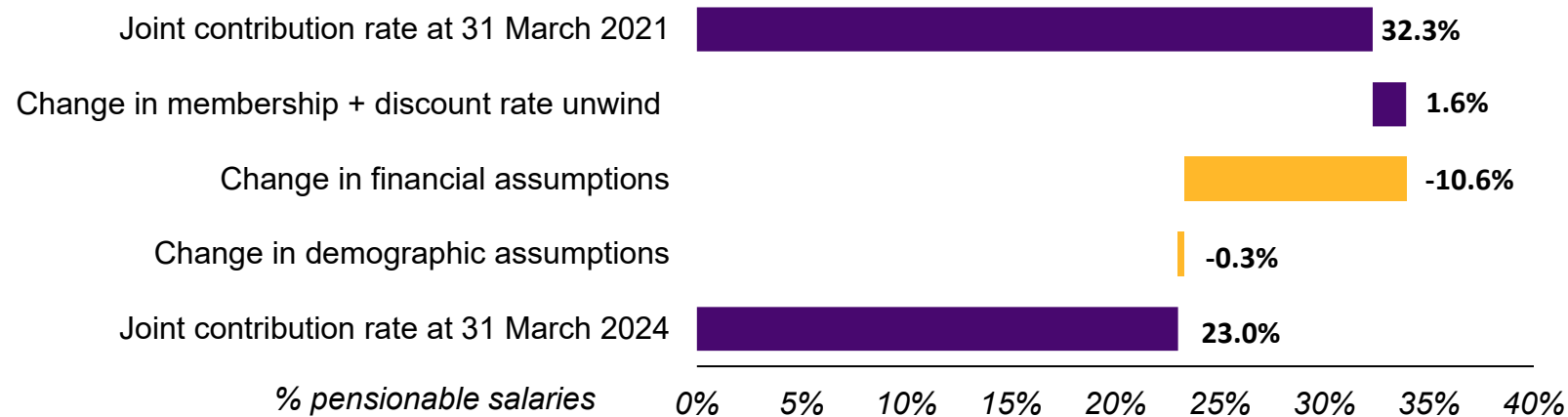
Note: figures shown are illustrative only and depend critically on the methodology adopted for this reconciliation. Other figures could be justified.

PSS – cost of future accrual

A significant reduction in the assessed cost for TfL

	31 March 2021 valuation % pensionable salary	31 March 2024 valuation % pensionable salary
Total cost of benefits + Fund expenses	32.3%	23.0%
Less member contributions	(5.0%)	(5.0%)
Required Employer contribution rate	27.3%	18.0%

The cost of future service accrual expressed in percentage terms has reduced considerably since the 2021 valuation



Use of surplus

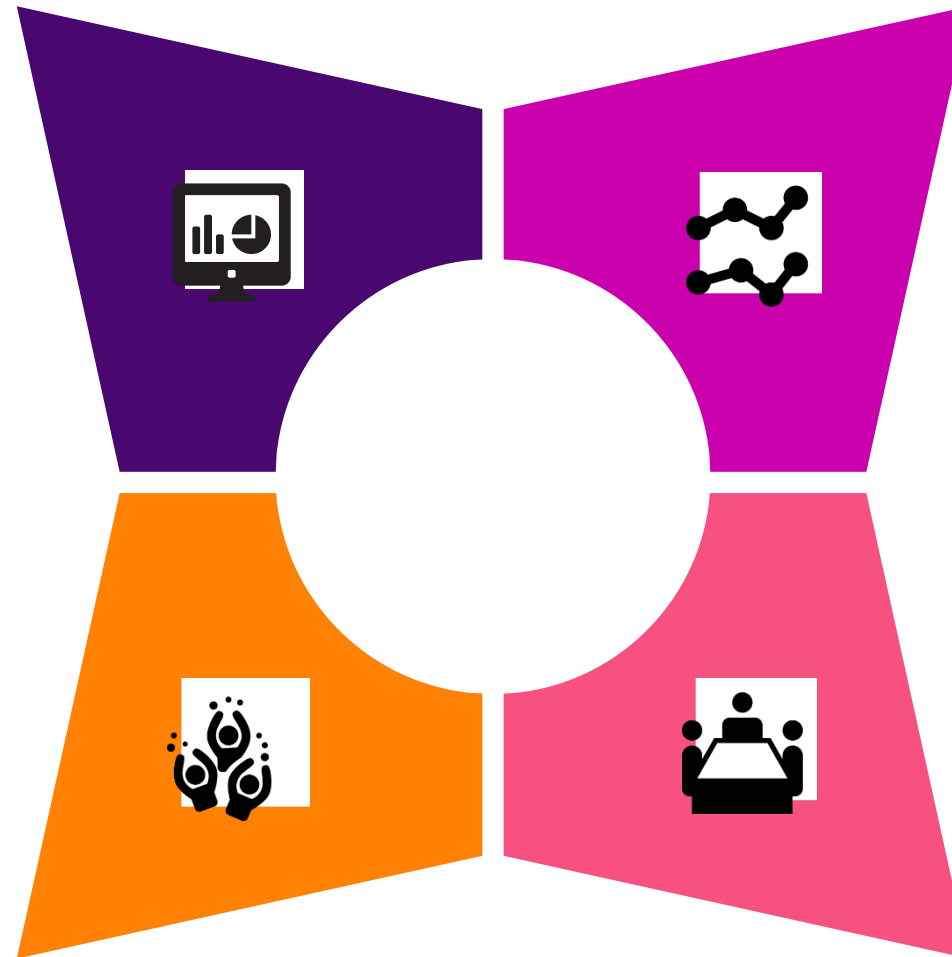
PSS 2024 valuation agreement – four elements considered

De-risking

- Agreed result included allowance for some de-risking of Fund asset allocation
- Improves benefit security for members

Benefit enhancements?

- Trustee agreed to consider scope for possible benefit enhancements if a material surplus still exists at the time of the 2027 valuation
- Any benefit enhancements are subject to TfL agreement



Buffer against future changes

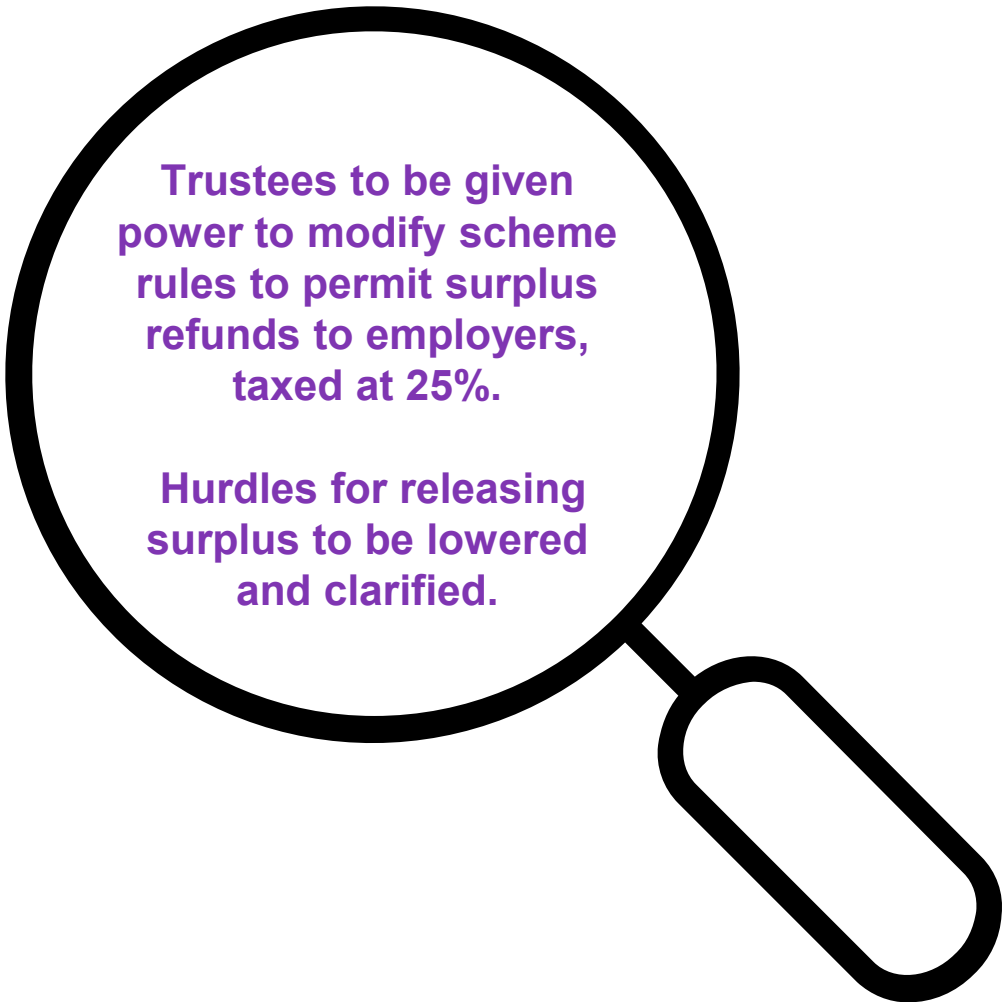
- Position had improved rapidly – could worsen again. Retain surplus as buffer against potential future downturn
- New funding regime which applies to next (2027) valuation expected to increase liabilities

Employer contribution abatement

- Fund rules permit surplus to be used to reduce TfL contribution rate
- Trustee agreed that TfL contributions could be reduced from 18% to c11% (minimum under Fund Rules) until next valuation

Use of surplus

2025 Industry-wide Government proposals



Trustees to be given power to modify scheme rules to permit surplus refunds to employers, taxed at 25%.

Hurdles for releasing surplus to be lowered and clarified.

Why is this being proposed



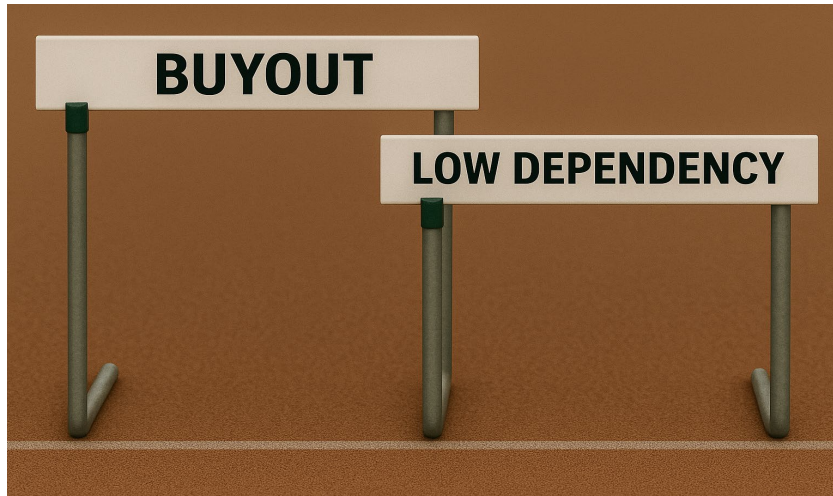
“Regulatory barriers can... inhibit the potential for surplus trapped in pension schemes to be invested in smarter ways and benefit members. We will unblock these barriers.

Increased surplus flexibilities, with appropriate safeguards, will allow more well-funded DB schemes to release resources back to businesses and scheme members.”

Torsten Bell, Minister for Pensions

Use of surplus

Government proposals: Funding thresholds and possible timescales

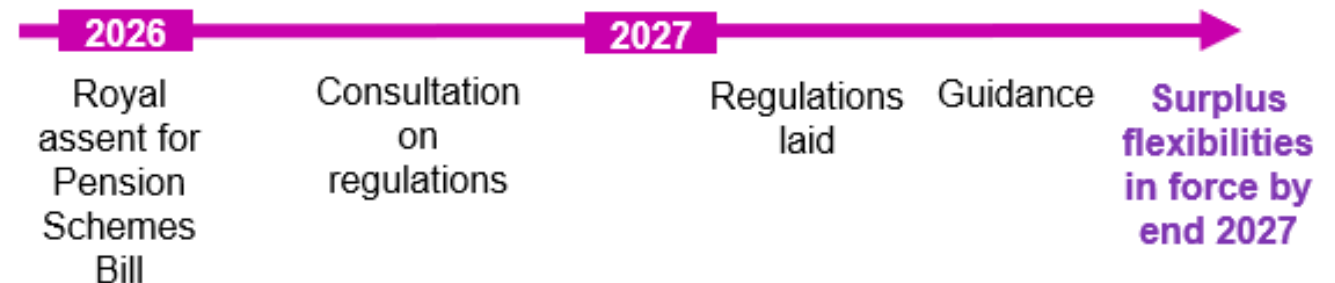


- The Government says it is “minded” to **reduce the threshold for releasing surplus** from buyout to **full funding on the ‘low dependency funding basis’**.
- Surplus extraction to be subject to trustee discretion and will require actuarial certification of funding adequacy as an additional protection.
- Further detail will be set out in regulations, which will be consulted on.

“We are committed to introducing measures to make surplus extraction easier for trustees, where they choose to do so, with stringent safeguards.”

Torsten Bell, Minister for Pensions

Expected timeline



Longevity expectations for Fund members (2024)

- As part of the valuation process we update our assumptions about future life expectancy. This reflects a combination of:
 - actual recent experience of Fund members, and
 - wider research and analysis regarding future expectations
- Resulting illustrative life expectancies used for the Fund's last few actuarial valuations are summarised in this chart.
- It shows the projected average life expectancy of Fund members for 'normal' (ie not ill-health) retirements at age 65.

Chart 4A: Mortality improvements (male)

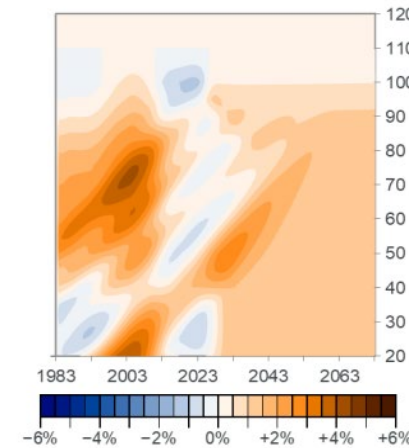
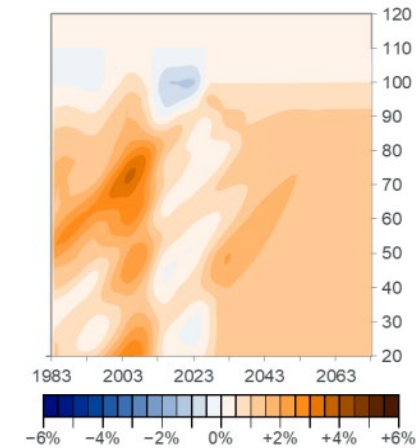
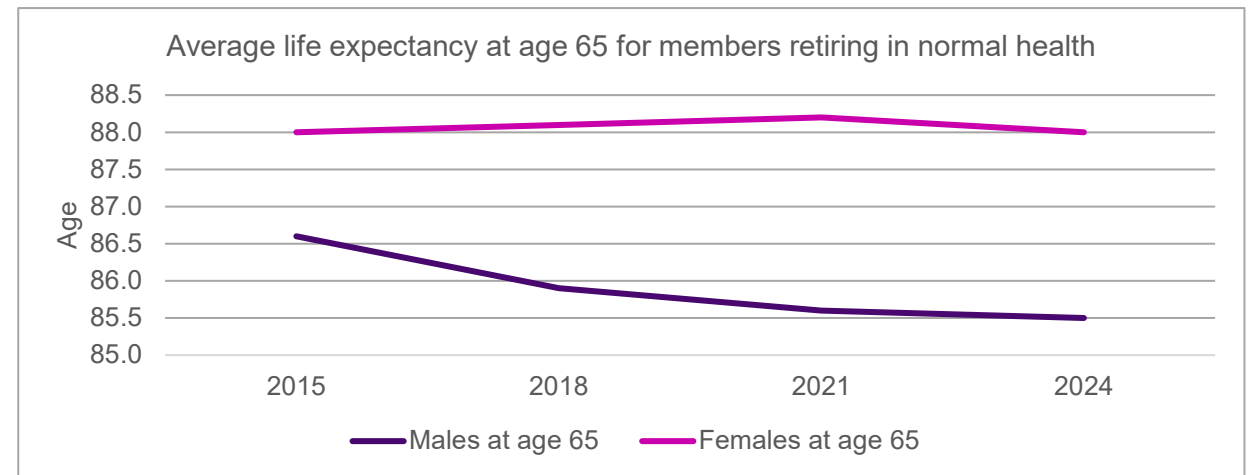


Chart 4B: Mortality improvements (female)

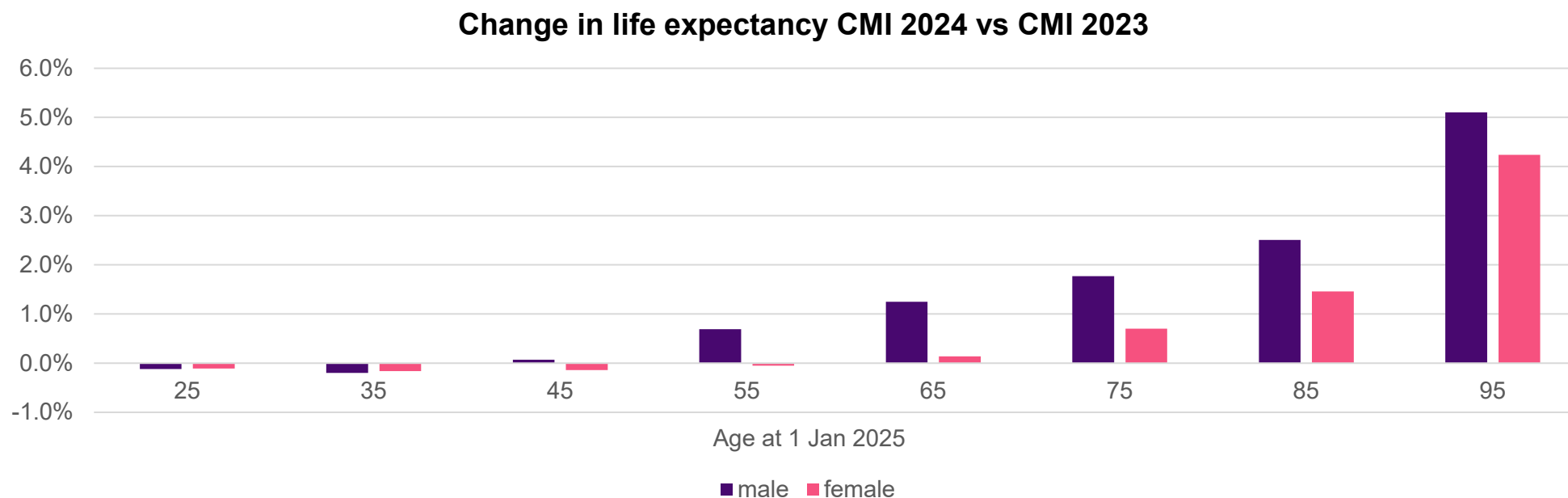


Source: CMI Working Paper 189



NEW: latest longevity projections (2025)

- In the Summer, the CMI released their latest such model ('CMI 2024'). It suggests a slight change in expectations compared with the 'CMI 2023' model used for the Fund's 2024 valuation.



Source: CMI working paper 201. Chart shows change in life expectancy when changing improvements from 2017

- What this tells us - at ages above 55, the latest projection model is generally suggesting **increases** in life expectancy compared with last year's model. For ages below 55, there is a (smaller) reduction. For the ages most relevant to most UK DB pension schemes, this marks a reversal of the trend of the last decade – have we turned the corner?

Limitations

- WTW has prepared this presentation for the Trustee of the TfL Pension Fund as an update from the Actuary to be presented at the Annual Members' Meeting on 17 October 2025.
- It was not prepared for any other use or for use by any other party and may well not address their needs, concerns, or objectives. It is not intended to form a basis for any decisions to do or omit to do anything.
- This presentation is provided to the Trustee solely for its use, for the specific purpose indicated. This presentation is based on information available to WTW at the date of the presentation and takes no account of subsequent developments after that date. It may not be modified or provided to any other party without WTW's prior written permission. It may also not be disclosed to any other party without WTW's prior written permission except as may be required by law. In the absence of our express written permission to the contrary, WTW accepts no responsibility for any consequences arising from any third party relying on this presentation or the opinions we have expressed. This presentation is not intended by WTW to form a basis for any decision by a third party to do or omit to do anything.
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The background of the slide features a complex financial chart. It includes a candlestick chart with green and red bars, overlaid with several moving average lines in blue, red, and purple. The chart is set against a dark blue background with a grid of horizontal and vertical lines. The overall aesthetic is modern and professional, typical of financial presentations.

TfL Pension Fund

Annual Members' Meeting

Investment Update
Dave Aleppo

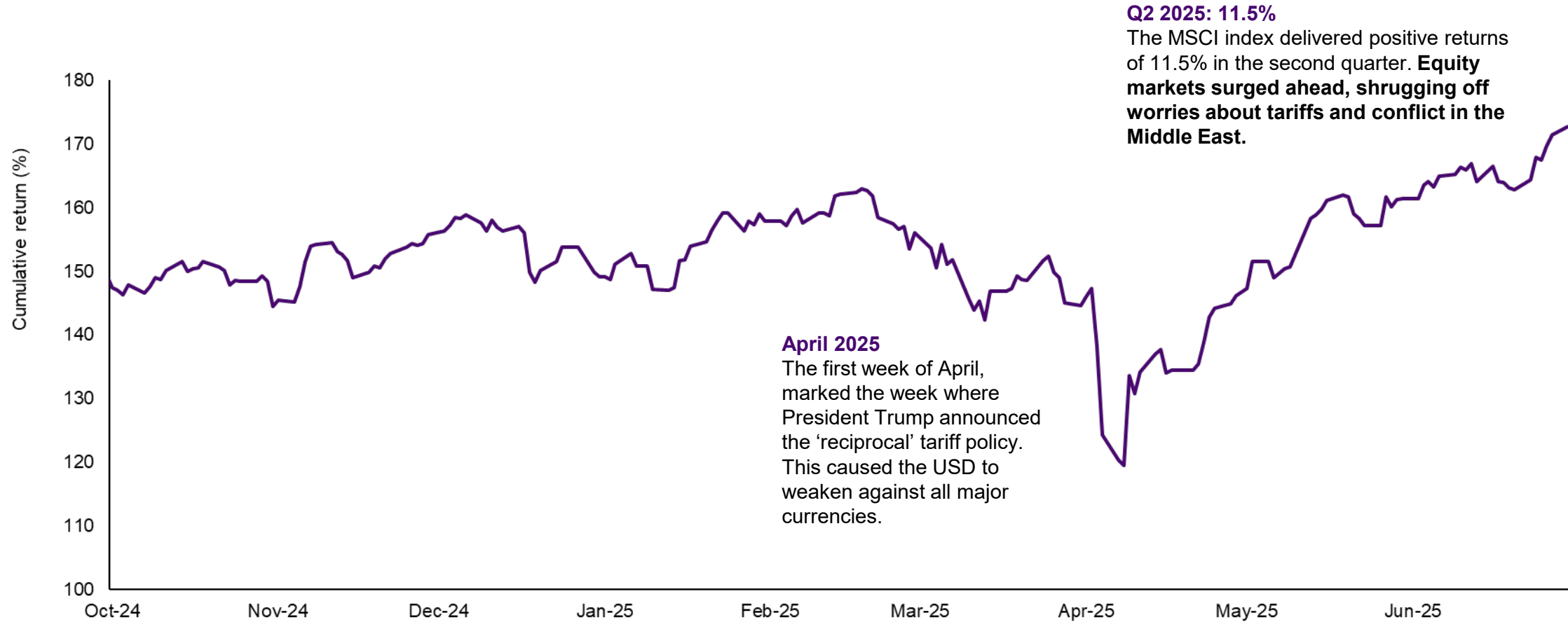
17 October 2025

Investment Update

1. Market update
2. Fund performance
3. Key actions taken
4. Looking forward

What has happened over the past year?

MSCI Index Performance in USD



Source: MSCI Inc, June 2025

What might be the impact of the US trade policy?



Temporary rise in inflation in the US is expected

Tariffs policies impact the level of inflation by several factors, including, how much companies pass on costs to consumers and the changing in production costs with shifting imports to different countries.



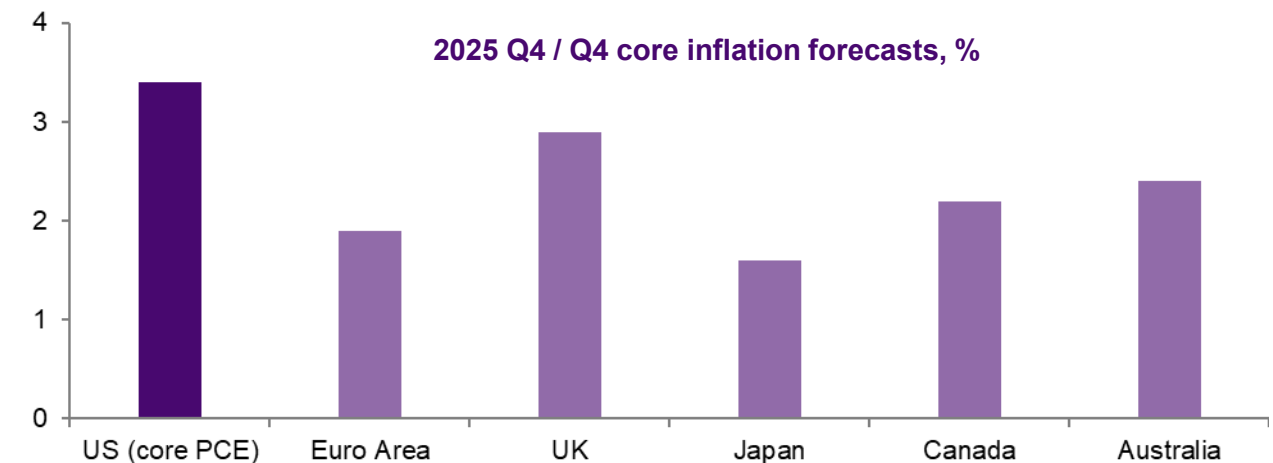
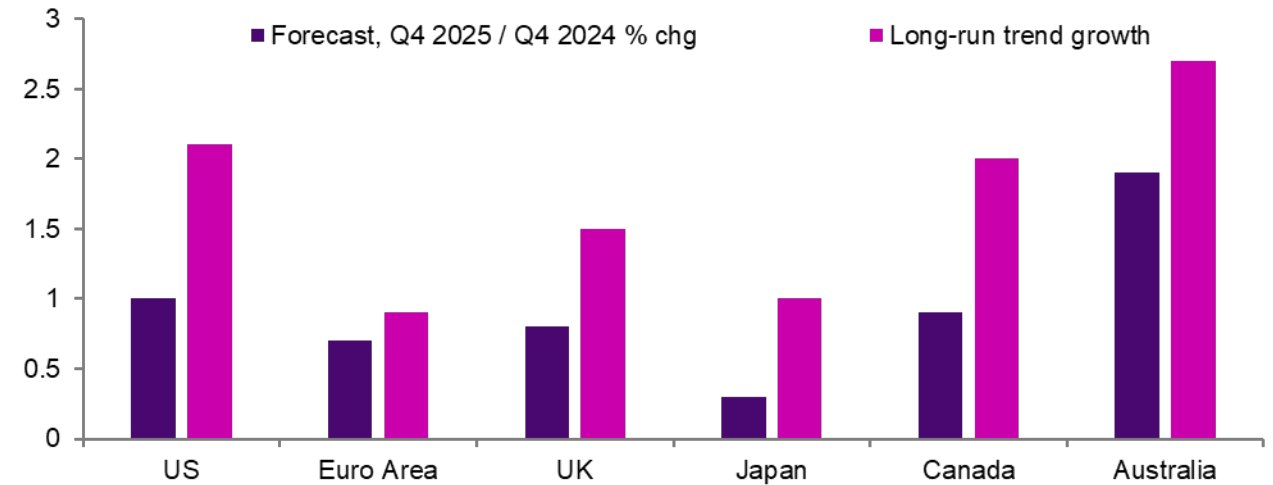
We expect US growth to slow materially

Tariffs are due to weaken US growth and global growth in 2025; this is driven by lower incomes and household spending on items that are now higher priced.



Central banks across the globe to continue to cut rates

Lower levels of inflation across the globe excluding the U.S, allows central banks to act and many are expected to cut rates sooner and more significantly.



Source: WTW

What else has happened in investment markets?

World Equities



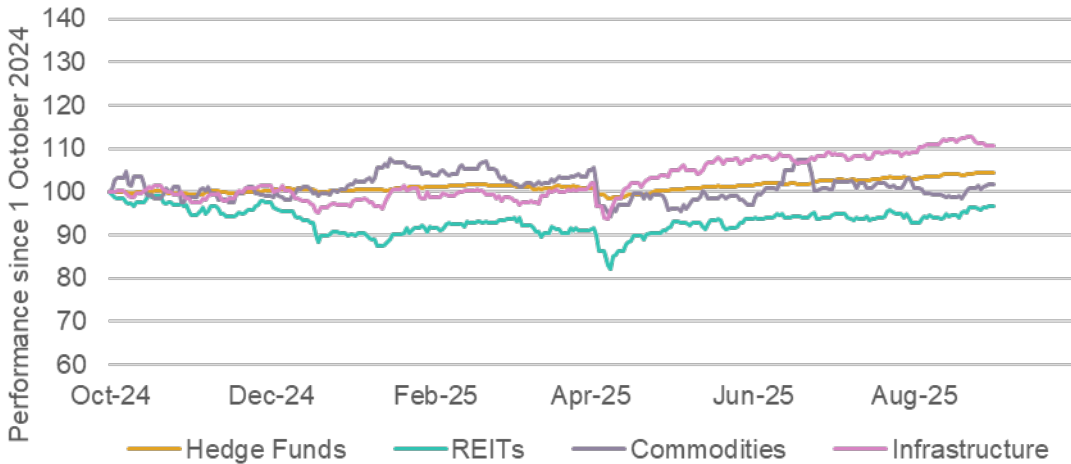
Global Corporate Bonds



Index Linked Gilts



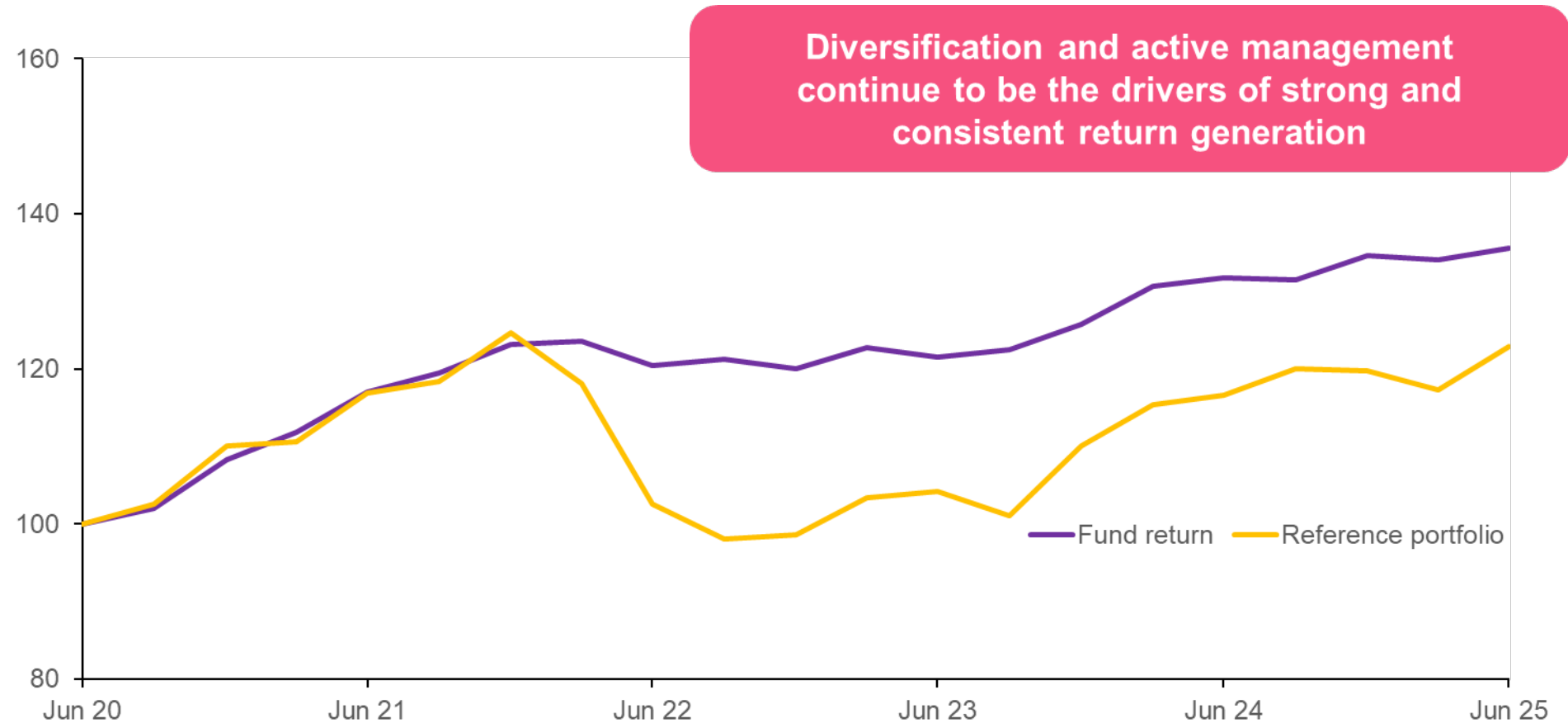
Diversifying assets



Notes

World Equities – MSCI World; Global Corporate Bonds – Bloomberg Barclays Global Aggregate (GBP hedged); Index Linked Gilts - FTSE Actuaries UK Index-Linked Gilts All Stocks; Hedge Funds – HFRX Global Hedge Fund Index; REITs – FTSE EPRA Nareit Developed Index; Commodities – S&P GSCI; Infrastructure – S&P Global Infrastructure Index

How has the portfolio performed in this period?



Source: JP Morgan, WTW, FTSE International Limited, ICE Benchmark Administration Limited

The reference portfolio benchmark consists of 30% FTSE All World Index / 30% FTSE All World Index – GBP Hedged, 20% Barcap Global Ag Corp 1% Constrained Hedged, 20% FTSE Over 15 Year Index Linked Gilt Index onwards. The new reference portfolio was first reported against in Q1 2020.

Key actions taken

Ensuring resilience in uncertain times



Implementing the new **de-risked** target allocation



Continued integration of **Sustainable Investment**



increase to hedging assets and **reduction** to equity allocation



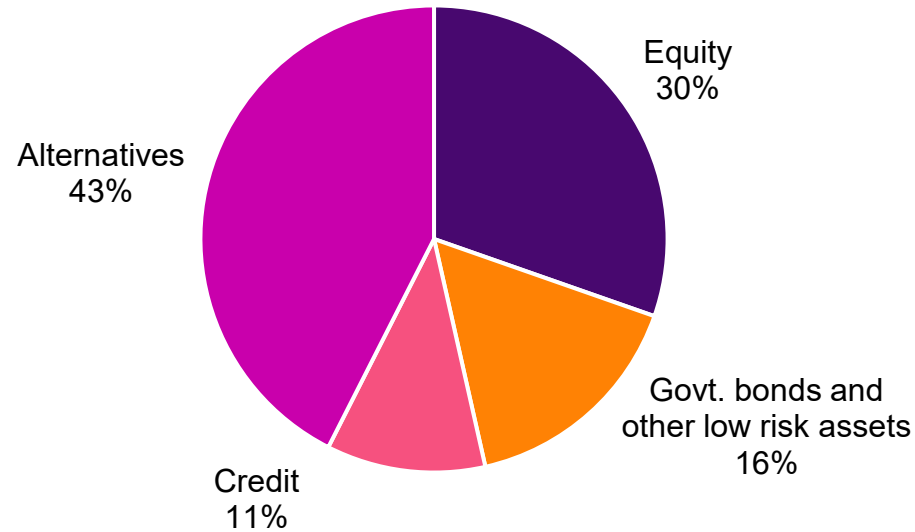
The full Trustee Board attended the **WTW Climate Courses** in October 2024 and January 2025



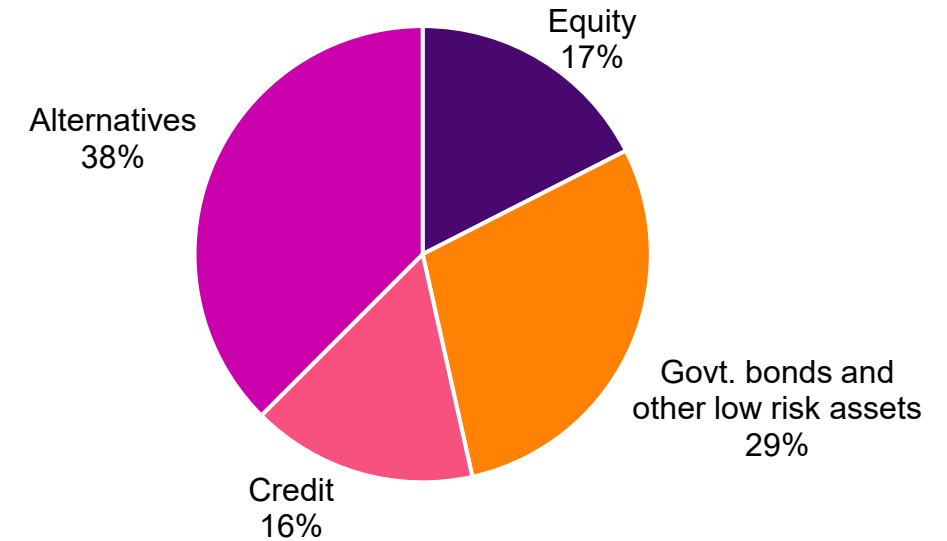
Thorough and regular **risk and liquidity monitoring**

What are the key strategic changes ?

Portfolio as at 31 Dec 2024



New Target (De-Risked) Portfolio



Key de-risking strategic changes

- **Reduction to risky investments:** Reducing the allocation to 'riskier' assets such as equities
- **More investment in low-risk assets:** Increasing the allocation to cash and UK Government bonds
- **Better protection against interest and inflation rates:** By increasing the target interest rate and inflation hedge ratios to 50% of Technical Provisions liabilities.

TfL Pension Fund: UK Investment



- Strong commitment to the UK Economy
- Regional impact across the UK
- Focus on real, tangible assets
- Social and economic benefits

Progressing the ESG journey



Environmental footprint

Measure
per USD 1m
of revenue


**Greenhouse gas
emissions**


**Energy
consumption**


**Water
withdrawal**


**Waste
generation**

**Tfl Pension
equity portfolio**

47.8
metric tons
CO₂ p.a.¹

173.3
megawatt
hours p.a.

865.1
cubic meters
p.a.

41.9
metric tons
p.a.

**Custom
benchmark**

117.5
metric tons
CO₂ p.a.¹

318.1
megawatt
hours p.a.

747.0
cubic meters
p.a.

100.1
metric tons
p.a.

Difference
per USD 1m
of revenue

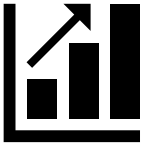
59%
lower CO₂
emissions p.a.¹
corresponds to
CO₂ emissions
of 33 cars

46%
lower energy
usage p.a.¹
corresponds to
energy usage of
91 people

16%
higher water
usage p.a.¹
corresponds to water
usage of
3 people

58%
lower waste
generation p.a.¹
corresponds to
waste of 114 people

Looking forward: revisiting “risk”



The nature of “risk” changes for a fund that is in surplus



What are the specific events that could eliminate this?



Is ‘global’ investing still appropriate?

Key Takeaways

Despite market uncertainty and volatility, the Fund's portfolio has continued to thrive

A balanced and integrated approach to risk management continues to be the key to success

Steps continue to be taken to reduce these risks

And in doing so, increase the confidence of meeting the ultimate goal: **benefit security for members**

Disclaimer

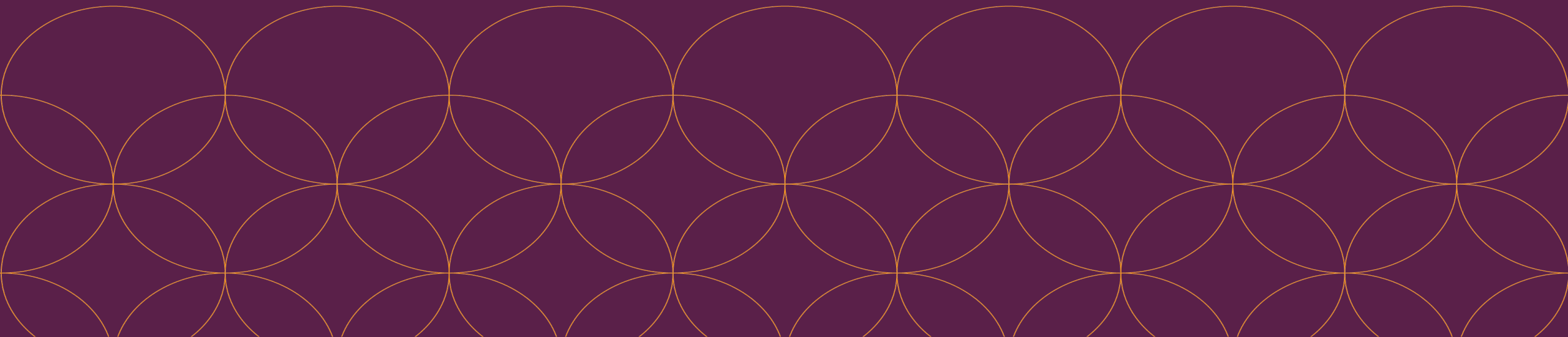
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TfL Pension Fund

Annual Members' Meeting 2025

David Saunders, Senior Partner, Sackers

17 October 2025




What developments are we going to cover?

Sackers

- 1 Pensions review
- 2 Changes to inheritance tax
- 3 Update on Pension Schemes Bill 2025 / 2026
- 4 Pensions Commission

1

Pensions review



Part of Government
funding settlement
post-Covid

2024 correspondence
from Commissioner of
Transport and Mayor

No further work
being undertaken
by TfL

2

Changes to inheritance tax

Most death benefits and unused pension funds in scope for IHT from 6 April 2027

Out of scope:

Pensions to survivors

All death in service benefits from
registered pension schemes

Lump sums paid to charities

Existing IHT exemption for payments to spouses and civil partners continues to apply

Personal representatives not pension scheme administrators primarily liable for reporting and paying any IHT

3

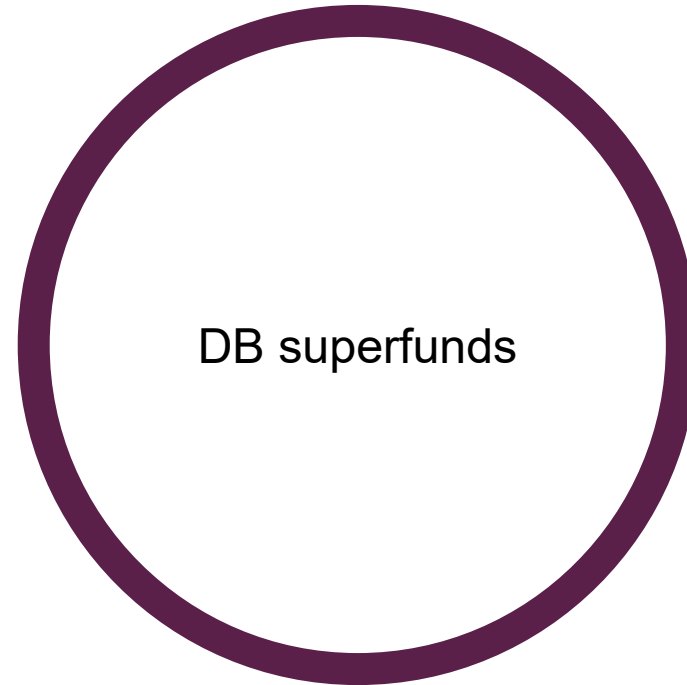
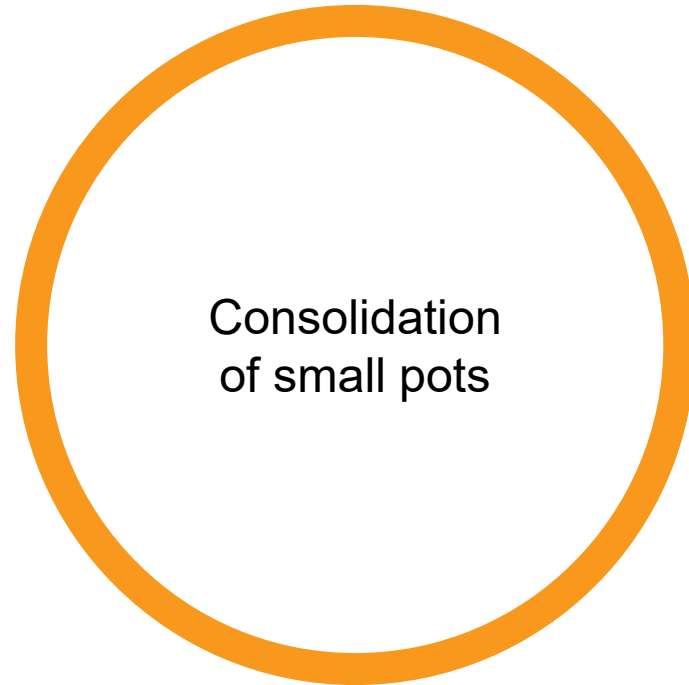
Update on Pension Schemes Bill 2025 / 2026



DC “megafunds”


Mandation power
for asset allocation

Virgin Media



4

Pensions Commission



“make today’s
workers better off in
retirement”

Outcomes, challenges,
provisions and proposals
for change

Final report
in 2027

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Open Forum – Questions & Answers



Refreshments and Informal Discussions



Thank You

See you next year

16 October 2026

