Monitoring of the 2023 Financial Management Plan
September 2025

Background

In between actuarial valuations, the Trustee monitors the financial position of the Scheme. This document provides details of the monitoring for the quarter ending 30 September 2025 based on the 2023 valuation. It follows the Financial Management Plan and monitoring framework which the Trustee has established for the Scheme.

The purpose of the monitoring is to indicate whether or not the Scheme's financial position is progressing as expected. It does not lead to any direct action from the Trustee other than potentially commissioning further analysis and advice.

Further, it should be noted that monitoring is not intended to answer the question: what are the contribution requirements if a valuation was undertaken at the monitoring date?

This document is published by the Trustee for information only and is not intended to be used as the basis for any decisions.

Monitoring of the 2023 Financial Management Plan
September 2025

Differences between monitoring and actuarial valuation

The monitoring approach is not as thorough as that adopted at an actuarial valuation and hence does not give the same outcome as would be given by an actuarial valuation at the effective date. This is for a number of reasons, including:

- While monitoring updates the main financial assumptions, these and other assumptions do not go through the same level of assessment as would be the case for an actuarial valuation. For example, when setting the mortality assumption at a valuation we would undertake a full review of the Scheme's experience, as well as considering other relevant evidence. Further, the assumptions used for monitoring do not necessarily reflect the risk capacity and appetite of employers at that date. A valuation also involves a full review of the covenant provided by the employers whilst our monitoring seeks only to capture any change in the covenant that requires further investigation. In practice for an actuarial valuation the Trustee's Integrated Risk Management Framework would also potentially influence the choice of assumptions.
- An actuarial valuation would require consultation with UCEA in relation to the assumptions used and the contributions payable; it is not possible to pre-judge the outcome of any such process.
- Any deficit recovery contributions needed would be based on additional factors, including the views of the Pensions Regulator.
- The calculations do not allow for new membership data, and contain some approximations relative to an actuarial valuation.

The monitoring position is relatively volatile from quarter to quarter, and in light of this the Trustee considers the overall history and trends since the valuation date rather than just the position at the monitoring date.

- Market conditions at the end of September 2025 were more favourable than at the last quater-end (June 2025), mainly due to growth asset returns leading to a higher asset value. The Technical Provisions surplus was higher than June 2025 and the future service contribution requirement slightly reduced.
- Market conditions were also more favourable compared to the March 2023 valuation date. This leads to a higher TP surplus when compared to the valuation date, allowing for benefit improvements granted on 1 April 2024, and a lower future service contribution requirement. The self-sufficiency funding position has also improved since the valuation date and now shows a surplus.

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QUARTER END FMP MONITORING REPORT - END SEPTEMBER 2025

Technical Provisions

£15.4bn Surplus

Valuation date (31/03/2023)	£7.4bn Surplus
Liability	£61.8bn
Pre-retirement discount rate	Gilts + 1.83%
Post-retirement discount rate	Gilts + 0.61%

Self-Sufficiency

£9.9bn Surplus

Valuation date	£5.1bn Deficit
Liability	£67.3bn
Discount rate	Gilts + 0.30%
Self-sufficiency VaR	£13.6bn

Assets

£77.2bn

Valuation date	£73.1bn
'Breakeven' discount rate	Gilts – 0.42% CPI + 1.93%

Future Service Contribution Requirement

15.9%

Valuation date	20.6%

Future Service Contribution Requirement

Current RAG	15.9% (Green)
Last quarter-end (Jun-25)	16.1% (Green)
Trigger if Red for two quarters	No

Investment Risk

The underlying Investment Risk metrics are all green (at last review)

RAG Green

IRMF - Actual Reliance

	31-Mar-23	30-Sep-25
Actual Reliance (£bn)	13.1	-1.9
% of AffRC	47%	-7%
RAG	Green	Green

IRMF - Target Reliance

	31-Mar-23	30-Sep-25
Target Reliance (£bn)	20.5	13.5
% of AffRC	73%	52%
RAG	Green	Green

Covenant

Unchanged

Valuation date	Strong
Covenant:	Green

Note: Affordable Risk Capacity is determined as the present value of 10% of salaries over 30 years. The 'Breakeven' discount rate is that at which the liability value equals the asset value.

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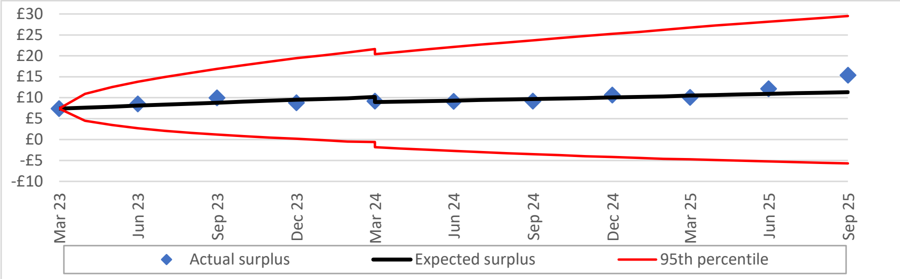
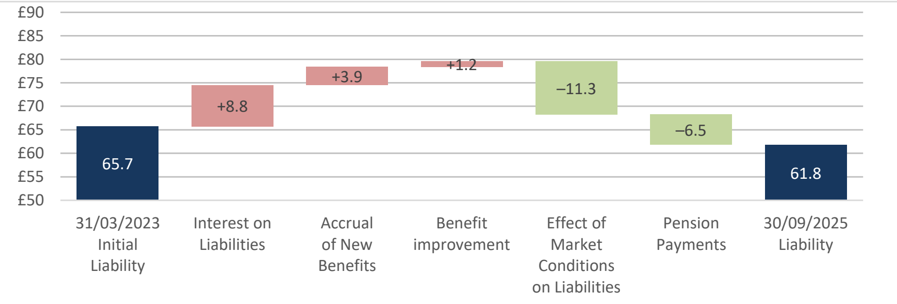
Technical Provisions

	31-Mar-23	30-Sep-25	Change
Assets £bn	73.1	77.2	+4.1
Liabilities £bn	65.7	61.8	-3.9
Surplus/(deficit) £bn	7.4	15.4	+8.0
Funded Status %	111%	125%	+14%

Technical Provisions surplus/(deficit) (£bn)

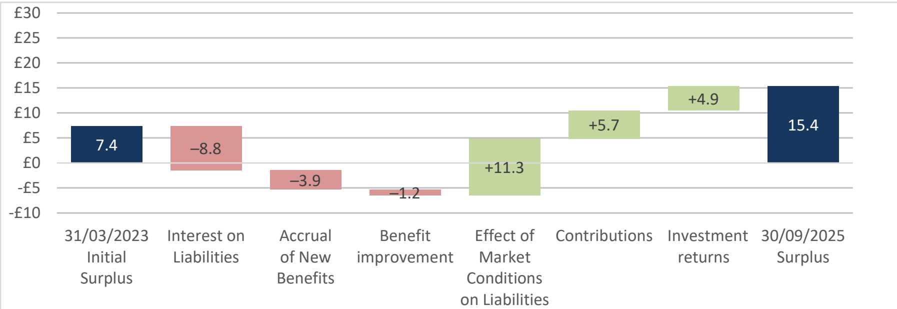


Liability change attribution (£bn) since the valuation date

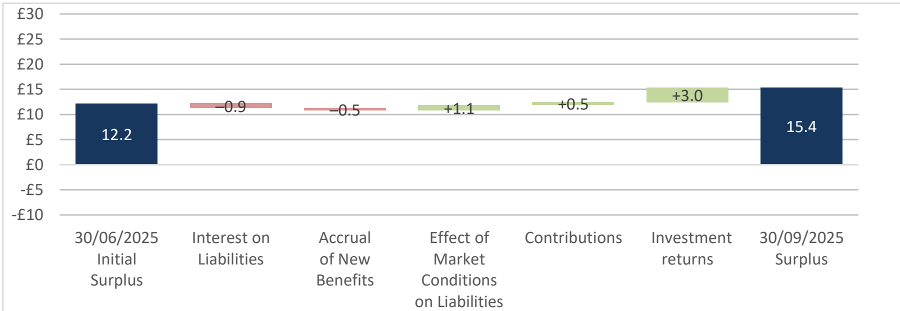


Liability change attribution (£bn) - Q3 2025

Surplus change attribution (£bn) since the valuation date



Surplus change attribution (£bn) - Q3 2025



The Benefit Improvement items in the attributions have been calculated as at 31 March 2024. The step in the cone chart as at this date reflects this.

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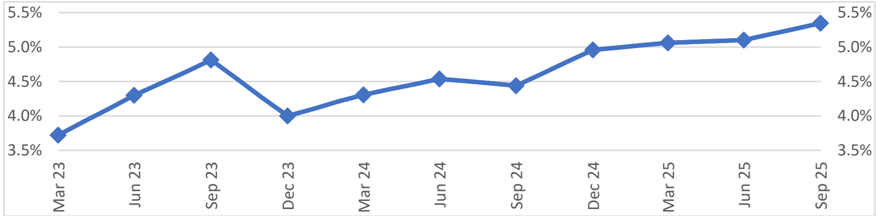
Market Gilts and CPI	31-Mar-23	30-Sep-25
Gilts, nominal (single equivalent)	3.72%	5.35%
Market implied CPI (single equivalent)	3.08%	2.84%

Technical Provisions - Assumptions	31-Mar-23	30-Sep-25
Assumed future TP CPI (single equivalent) *	3.0%	3.0%
Change in market implied CPI relative to TP CPI (a)		-0.24%
CME Pre ret expected rtn vs Index-linked gilts **	ILG + 3.92%	ILG + 3.02%
Change since 31-Mar-23 relative to ILG (b)		-0.90%
Pre-retirement discount rate: Adjusted by (b) - (a)	Gilts + 2.50%	Gilts + 1.83%
CME Post ret expected rtn vs Index-linked gilts **	ILG + 1.08%	ILG + 0.56%
Change since 31-Mar-23 rel to ILG (c)		-0.52%
Post-retirement discount rate: Adjusted by (c) - (a)	Gilts + 0.90%	Gilts + 0.61%

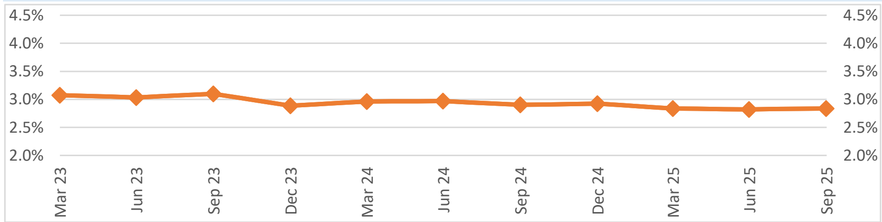
Single equivalent discount rates	31-Mar-23	30-Sep-25
Single equivalent discount rate (TP)	Gilts + 1.4%	Gilts + 1.0%
	CPI + 2.2%	CPI + 3.4%
Single equivalent discount rate (TP future service)	Gilts + 1.8%	Gilts + 1.3%
	CPI + 2.5%	CPI + 3.7%

* This is our forward view of expected inflation. We allow for known inflation and its effect on the Scheme's liabilities in the cashflows valued. Market CPI (also allowing for known inflation) is assumed for the self-sufficiency liability.
** 30 yr expected return VIS portfolio. Calculated on a deterministic basis allowing for an estimated rebalancing premium for monitoring purposes. Only updated at quarter ends.

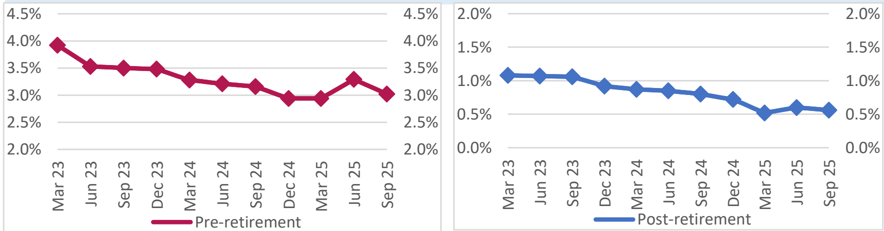
Gilts, nominal (single equivalent)



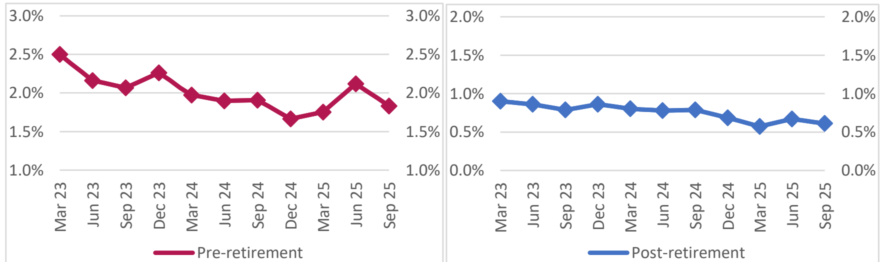
Market implied CPI (single equivalent)



CME expected return relative to index-linked gilts



TP Discount rates (Gilts+)



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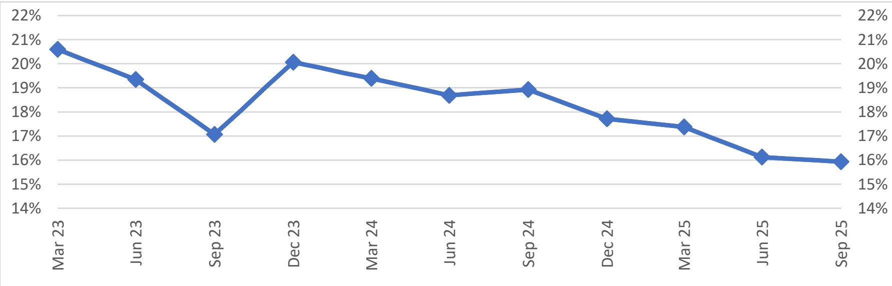
QUARTER END FMP MONITORING REPORT - END SEPTEMBER 2025

Future service contributions required

	31-Mar-23	30-Sep-25
DB Future Service contribution required	18.3%	13.5%
Expenses	0.5%	0.5%
Expected DC contributions [1]	1.8%	1.9%
Total	20.6%	15.9%

Note 1. Includes 0.1% subsidy.

Future service contributions required (including DC)



Sensitivity and Duration

	31-Mar-23	30-Sep-25
TP Sensitivity (£bn) [1]	-1.0	-0.9
TP Duration of scheme (years)	17.2	15.4

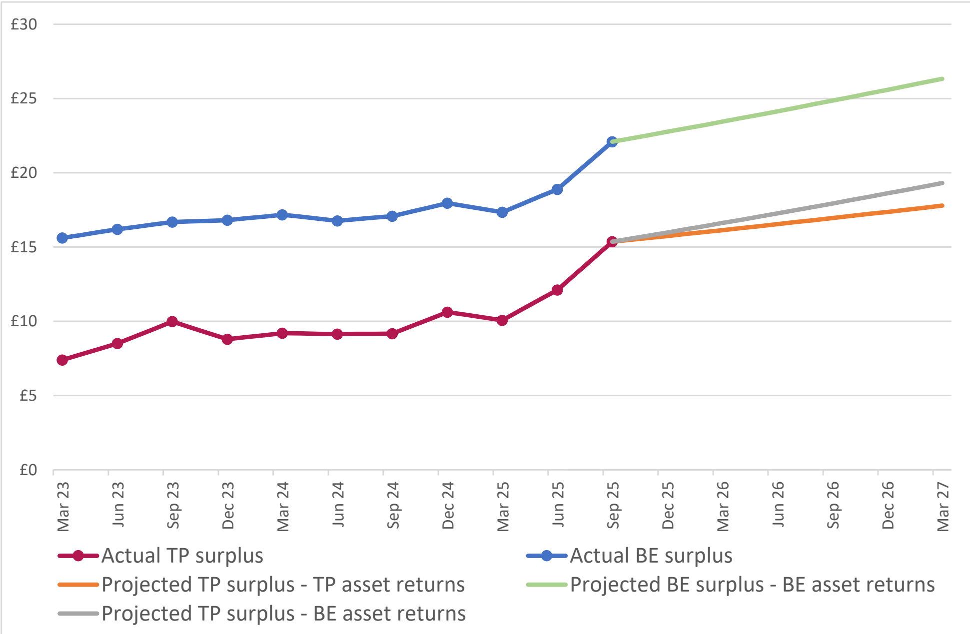
Note

1. Sensitivity is the impact of a +0.1% change in the TP discount rates

Best Estimate basis

	31-Mar-23	30-Sep-25	Change
Pre-retirement discount rate	Gilts + 4.75%	Gilts + 4.08%	-0.67%
Post-retirement discount rate	Gilts + 1.20%	Gilts + 0.91%	-0.29%
Assets (£bn)	73.1	77.2	+4.1
Liabilities (BE) £bn	57.5	55.1	-2.4
Surplus/(deficit) (BE) £bn	15.6	22.1	+6.5
Future Service conts reqd (BE)	15.2%	12.2%	-3.0%
SE discount rate (liabilities)	Gilts + 2.3%	Gilts + 1.9%	-0.4%
SE discount rate (future service)	Gilts + 3.3%	Gilts + 2.8%	-0.5%

Projected funding position (£bn)



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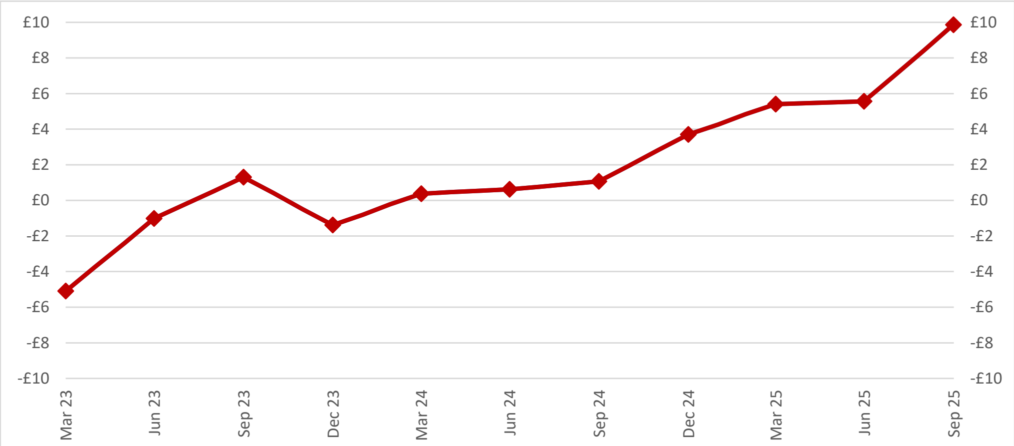
QUARTER END FMP MONITORING REPORT - END SEPTEMBER 2025

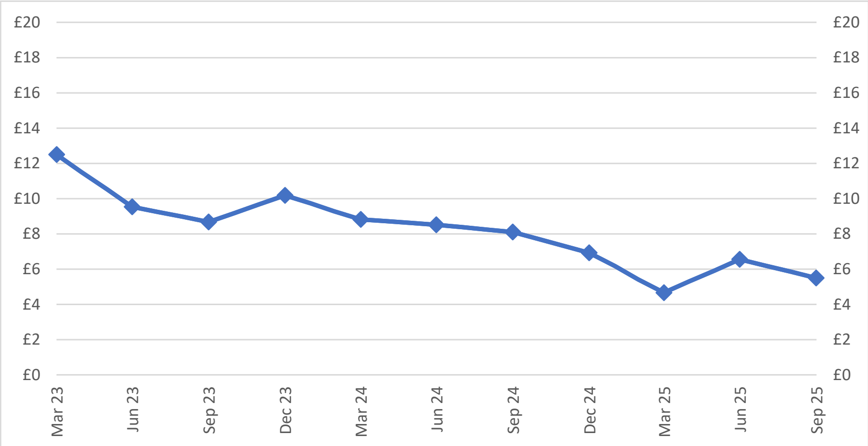
Self-Sufficiency

	31-Mar-23	30-Sep-25	Change
Discount rate	Gilts + 0.50%	Gilts + 0.30%	-0.20%
Assets £bn	73.1	77.2	+4.1
Liabilities £bn	78.2	67.3	-10.9
Surplus/(deficit), £bn	-5.1	9.9	+15.0
Funded Status %	93%	115%	+22%
Single equivalent discount rate	Mkt CPI + 1.2%	Mkt CPI + 2.8%	+1.6%

Self-Sufficiency surplus/(deficit) (£bn)



Gap between Self-Sufficiency and Technical Provisions (£bn)



Affordable Risk Capacity: Value of 10% of pay for 30yrs

	31-Mar-23	30-Sep-25	Change
Discount rate to calculate the AffRC	Gilts + 0.70%	Gilts + 0.41%	-0.29%
Affordable Risk Capacity, £bn	28.1	26.2	-1.9
Range: +/- 10%, £bn	25 - 31	24 - 29	

QUARTER END FMP MONITORING REPORT - END SEPTEMBER 2025

INVESTMENT RISK

Placeholder

This page will show the results of stochastic analysis as at the end of September, when available.

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QUARTER END FMP MONITORING REPORT - END SEPTEMBER 2025

Quarterly covenant monitoring update

SUMMARY The covenant remains Strong

Rationale:
- No indication of significant weakening of financial position of employers that contribute the majority of employer risk capacity
- Employer capacity to support risk remains in excess of Scheme reliance on employers

KEY DEVELOPMENTS

- The India-UK vision 2035 agreement was agreed and finalised in July, with education remaining central to the shared goal of developing a skilled, future-ready talent pool to tackle global challenges and drive a sustainable future. The agreement is expected to strengthen the UK higher education sector by expanding transnational education, research collaboration, and student mobility between the two countries. (Jul-25) (The PIE News)
- UCAS Level 3 results day saw a record 439,180 applicants accepted (+3.1% vs 2024), including 255,130 UK 18-year-olds (+4.7%). Acceptances rose across all tariff institutions: higher (+7.2%), medium (+4.5%), and lower (+1.4%). International undergraduate acceptances also increased to 52,640 (+2.9%), with China leading at 12,380 acceptances (+13.0%). (Aug-25) (UCAS)
- The Universities of Greenwich and Kent announced their intention to combine into a multi-university group. The aim is for the London and South East University Group, as it's provisionally to be known, to be established in time for the 2026/27 academic year. The merger is the first of its scale in the UK, with the total number of students in the new institution reaching almost 50,000. Under the proposed new structure, the group will have one vice chancellor, one board and one senior team. The proposed structure allows for other institutions potentially to join the group in future. (Sep-25). (Wonkhe)
- The Prime Minister announced plans to transform post-16 education to better align with the future job market. A national target was set of two-thirds of young people to participate in higher-level learning (academic, technical and apprenticeships) by age 25 by 2040. The government plans to introduce a single funding model for Level 4-6 courses and consolidate regulation of HE (whether provided by FE colleges or universities) under the Office for Students (OfS). Further recommendations will be made in the forthcoming Post-16 Education and Skills White Paper. (Sep-25) (Gov.UK)

ENGAGEMENT ACTIVITY (Not survey-related, # cases, year to end March)	**QTD**	**YTD**
Notifications of intention to execute:		
• new secured debt	0	0
• new Quasi-security	1	1
Open engagement cases	9	9
Total engagement cases	9	9

DEBT MONITORING SURVEY	**2025**	**2024**
Response rate		
• All employers	85%	90%
• Pre-92 universities	95%	100%
• All HEIs	94%	97%
Average # metrics A-D exceeded per response	1.51	1.12
# in-scope employers:		
• above engagement thresholds	20	14
• requiring additional measures	4	1

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QUARTER END FMP MONITORING REPORT - END SEPTEMBER 2025

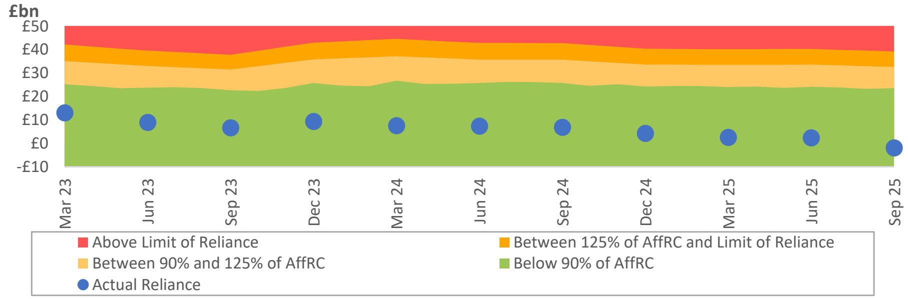
APPENDIX A - IRMF RAG rating definitions

Actual Reliance

Self-sufficiency liabilities + Transition Risk - Assets

Green	Less than or equal to 90% of Affordable Risk Capacity
Lower Amber	Between 90% and 125% of Affordable Risk Capacity
Upper Amber	Between 125% of Affordable Risk Capacity and Limit of Reliance
Red	Above Limit of Reliance (150% of Affordable Risk Capacity)

Actual Reliance

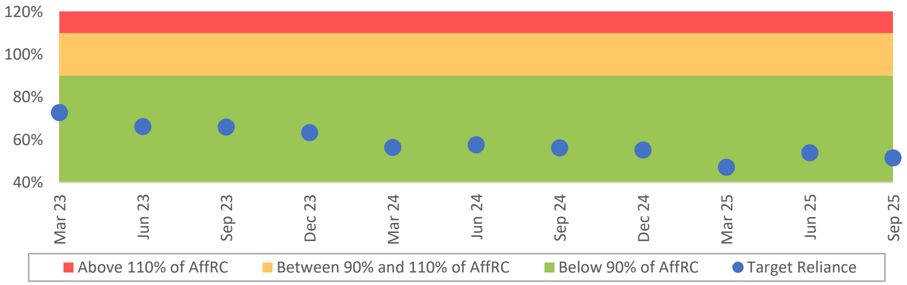


Target Reliance

Self-sufficiency liabilities + Transition Risk - Technical Provisions

Green	Less than or equal to 90% of Affordable Risk Capacity
Amber	Between 90% and 110% of Affordable Risk Capacity
Red	Above 110% of Affordable Risk Capacity

Target Reliance as % of Affordable Risk Capacity

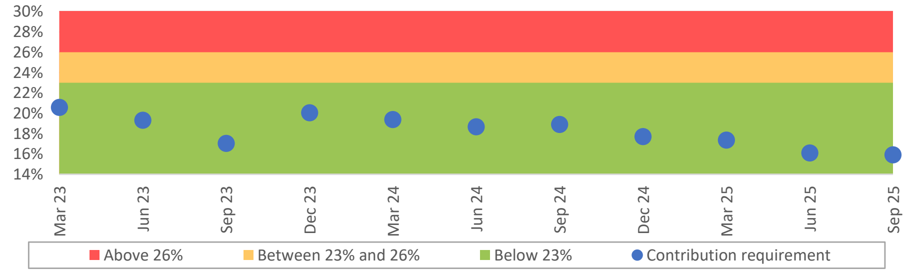


Contribution Metric

Green	If the total contribution requirement is less than or equal to 23% (i.e. the current contribution rate plus a margin)
Amber	If the total contribution requirement is between 23% and 26%
Red	If the total contribution requirement is greater than 26%

The metric will be deemed to have triggered if 'Red' for two consecutive quarter-ends

Contribution Metric



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APPENDIX B - Investment Risk RAG rating definitions

1. Probability of Actual Reliance exceeding Limit of Reliance in three years

Green	< 1%
Amber	1% - 5%
Red	> 5%

2. (a) Probability of Actual Reliance exceeding Affordable Risk Capacity in three years

Green	<10%
Amber	10% - 25%
Red	> 25%

2. (b) Self-sufficiency funding deficit 1-year Value at Risk

Green	< £20bn
Amber	£20bn - £25bn
Red	> £25bn

3. (a) Probability of the contribution requirement exceeding 26% in three years

Green	< 15%
Amber	15% - 30%
Red	> 30%

3. (b) Probability of TP full funding in 2032, allowing for contributions of 26% from 2026

Green	> 70%
Amber	60% - 70%
Red	< 60%

Overall Investment Risk Metric

Green	Where the underlying metrics are all green
Amber	Where at least one underlying metric is not green, but no underlying metrics have been red at two consecutive quarter ends
Red	Where at least one particular underlying metric has been red for two consecutive quarter ends

QUARTER END FMP MONITORING REPORT - END SEPTEMBER 2025

APPENDIX C - Glossary and Definitions

(see also Appendix A – IRMF RAG rating definitions)

Affordable Risk Capacity	The present value of 10% of salaries over 30 years. In this calculation, the scheme's salary roll is assumed to increase by CPI+1% based on the TP CPI assumption shown on page 3. The present value of these salaries is then determined using the Affordable Risk Capacity discount rate shown on page 5.
Benefit improvement	The benefit improvements applicable to existing benefits agreed as part of the 2023 valuation: a) A one-off benefit uplift to all members that had a period of active service between 1 April 2022 and 31 March 2024 dependent on their status at 31 March 2024. The uplift on 1 April 2024 was set at £215 p.a. plus £645 lump sum for non-pensioners, £241 p.a. for pensioners and £108 p.a. for dependants where the associated member had active service between 1 April 2022 and 31 March 2024. b) An increase in the indexation cap on benefits accrued between 1 April 2022 and 31 March 2024 from 2.5% p.a. to the 'soft cap' approach that preceded it.
Breakeven discount rate	The discount rate at which the liability value equals the asset value at the applicable date.
CME	Capital Market Expectations. Expected returns on assets as determined by USS Investment Management, the Trustee's principal investment advisor.
Covenant RAG	Current view of the covenant relative to that at the last valuation assessed by the covenant team: Green - No apparent deterioration since the previous review. Amber - Potential deterioration due to emerging new and/or financial information. Red - Significant deterioration due to emerging news and/or financial information.
Duration	The average time in years until payments from the scheme are expected to be made, weighted by the value of those payments. The TP duration statistic takes into account all benefits which have been accrued as at the calculation date.
Funded Status	The value of assets divided by the value of liabilities, expressed as percentage.
Market implied CPI	Calculated as the difference between index-linked and nominal gilt yields, less an RPI/CPI wedge. The RPI/CPI wedge is advised by the Scheme Actuary; since March 2024 this is 80bps up to 2030 and 20bps thereafter.
Self-sufficiency VaR (Value at Risk)	The increase in self-sufficiency deficit over a one-year period, in a 1-in-20 downside event (i.e. 95% of outcomes over a one-year time period would not lead to this increase).

QUARTER END FMP MONITORING REPORT - END SEPTEMBER 2025

APPENDIX C - Glossary and Definitions (continued)

Single Equivalent (SE)	The rate which leads to the same liability by using the same flat discount rate throughout rather than individual year-by-year rates or different pre- and post retirement discount rates. For the single equivalent of market indices, the 'discount rate' is the relevant market index, and for gilts+ or CPI+ the single equivalent is the flat margin above the gilt or CPI curve. The cashflows for calculating the liability are generally the past service Technical Provisions cashflows. For the single equivalent discount rate we also calculate using the 1-year future service cashflows which leads to a different result due to the different shape of the cashflows.
TP Sensitivity	Within the FMP monitoring report, this is the amount that the Technical Provisions liability would change following a +0.1% change in discount rates.
Valuation Investment Strategy (VIS)	The scheme's broad investment strategy, set out as a theoretical, but investible, asset allocation. It should be noted that the VIS is not intended to be the actual implemented investment strategy, but it does serve as a guide to the construction of the implemented portfolio. The implemented portfolio can differ from the VIS (within limits), as USS Investment Management finds opportunities in the financial markets to use its discretion to add value and improve risk-adjusted returns. The implemented portfolio operates within the same risk and return envelope as the VIS.