



Jersey Teachers Superannuation Fund

Annual Report 2024

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The Chair’s Report

Executive Summary

Welcome to the Annual Report and Financial Statements for the Jersey Teachers’ Superannuation Fund (the **JTSF** or the **Fund**). The JTSF provides pension benefits to teachers employed by the States Employment Board and teachers employed by the Fund's Accepted Schools.

Introduction

My name is Jonathan Gainsford and since 1 July 2024 I am the new Chair of the JTSF. I would like to begin by thanking the outgoing Chair, Gordon Pollock, and the members of the Management Board (**the Board**) for their work contributing to the good position of the Fund and for their support and welcome as I have stepped into the role. With my actuarial background and over 35 years of experience advising trustees and sponsors on all aspects of UK pension provision, my goal is to help ensure the Fund's continued smooth operation for the benefit of its members.

Highlights

I am pleased to report 2024 has been a successful year for the Fund:

| | |
|--|---|
| | <p>Strategic investment aims</p> <p>The investment strategies are operating as designed. All required benefit payments have been met in the year, and performance has helped support the payment of pension increases in 2025 in line with inflation (the Jersey Retail Price Index).</p> <p>The Board is alive to changing investment risks and needs and is proactively managing the evolution of the investment strategy so that the good historic performance continues.</p> |
| | <p>Strategic operational aims</p> <p>The performance targets for service providers were exceeded throughout the year.</p> |
| | <p>Strategic projects</p> <p>Several strategic projects were completed and where not completed have started. Reasons for delays are understood, and they generally relate to external factors or reflect a deliberate prioritisation of resource.</p> |

It’s relevant to note that 31 December 2024 marks the next triennial Actuarial Valuation date. The Actuarial Valuation is a ground-up detailed recalculation of the Fund’s long-term funding position by an independent Actuary. The valuation takes place during 2025, and the results will be available to members in 2026. This report will drive the Board’s next round of medium to long-term strategic investment decisions.

We have included a Glossary at the end of this report containing explanations of certain key terms used throughout. Please note that some of the terminology used in this report is (inevitably) complex but is necessary to ensure that we meet the standard expected of this report.

Performance

Strategy

Purpose and activities of the Fund

The JTSF is a funded pension scheme which provides pension benefits to teachers employed by the States Employment Board and teachers employed by the Fund's Accepted Schools.

Business model and environment

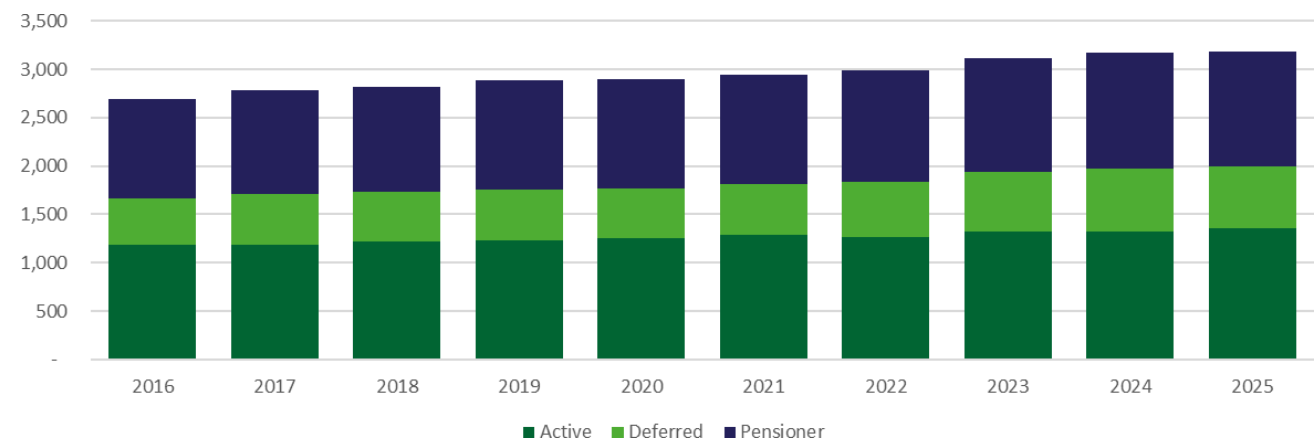
As explained in more detail in the Accountability section of this report, the JTSF is established by legislation, which also determines specific requirements about the JTSF's management structure and operational rules.

The legislation defines a complex governance structure with key roles for the Minister for Treasury and Resources (the **Minister for T&R**), the Treasurer of the States (the **Treasurer**), the Board and certain key service providers (namely the Actuary, the Administrator, the Investment Advisor and the Custodian). (These delegations, and the role of the Treasury Advisory Panel (the TAP) are explained further in sections below). Although legislation could be amended from time to time, this is a significant undertaking and therefore the governance structure could be described as static.

The Fund

The JTSF is a mature final salary pension scheme. There have been few changes to membership, which grew to 3,167 by 31 December 2024, with net assets of £857.9 million (2023: 3,115 members and net assets of £787.7 million).

Figure: Breakdown of membership



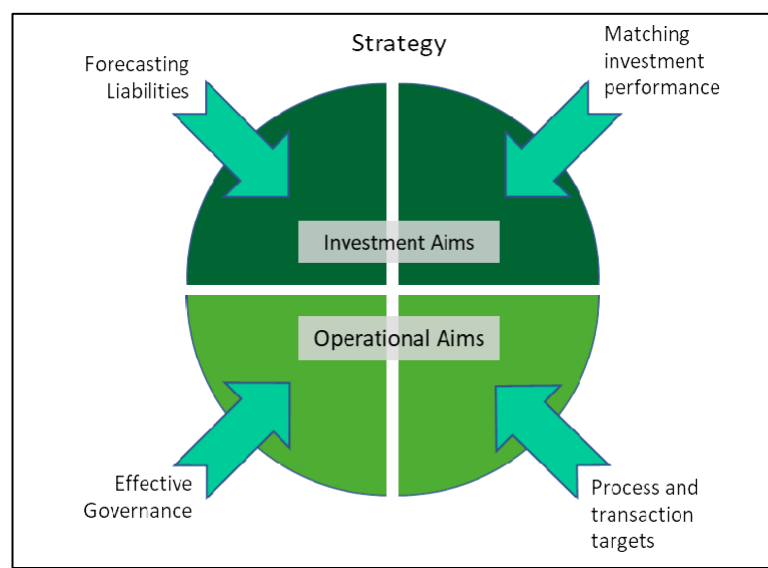
Organisational structure and priorities

In summary, the legislation established the Board to oversee day-to-day activities performed by a range of expert key service providers listed above (see also Appendix B to this report).

The Board ensures legal and contractual obligations are met, with business conducted in a responsible and cost-effective manner that is consistent with the reputation of the participant employers and members. The Board has decision making powers, although certain key decisions also require the approval of the Minister for T&R and/ or the Treasurer.

Strategic objectives

At a strategic level, the Board's work relates to achieving Investment and Operational aims:



In order to meet the **strategic investment aim** of providing returns sufficient to meet pension commitments to members over a range of timeframes, the Board focuses on:

- Maintaining accurate forecasts of liabilities to members, and thereby accurate return and liquidity targets for the Fund's investments; and
- Constructing an investment portfolio whose performance characteristics (as a whole) continue to meet these forecast liabilities.

The Board's **strategic operational aim** is to discharge its responsibilities in a timely and efficient manner. For instance, overseeing secure and correct processing of information by the Administrator, or that payments are made accurately and that legislative requirements are met. Put another way, the Board's aim is to reduce the risk of failures, arising out of foreseen and unforeseen events, to tolerable levels.

At any point in time, the Board also carries a programme of projects that are tailored to helping the Fund to continue to meet its investment and operational aims. These **strategic projects** are developed in consideration of the core risks to delivery of investment and operational aims.

Progress against objectives

Over 2024, the Fund met its strategic investment and operational aims and largely met its strategic project aims. An analysis of this performance is provided in the Performance Analysis section of this report, below.

Risks to achieving strategic aims

Any internal or external factor that has potential to limit the achievement of a strategic aim is considered a risk, whether that is in the near-term or over a longer-term perspective. Given the open-ended number of potential risks, it is necessary for the Board to have a process of ranking likelihood and impact, and then to design mitigation measures where possible. This is the Risk Management Process.

The Risk Management Process

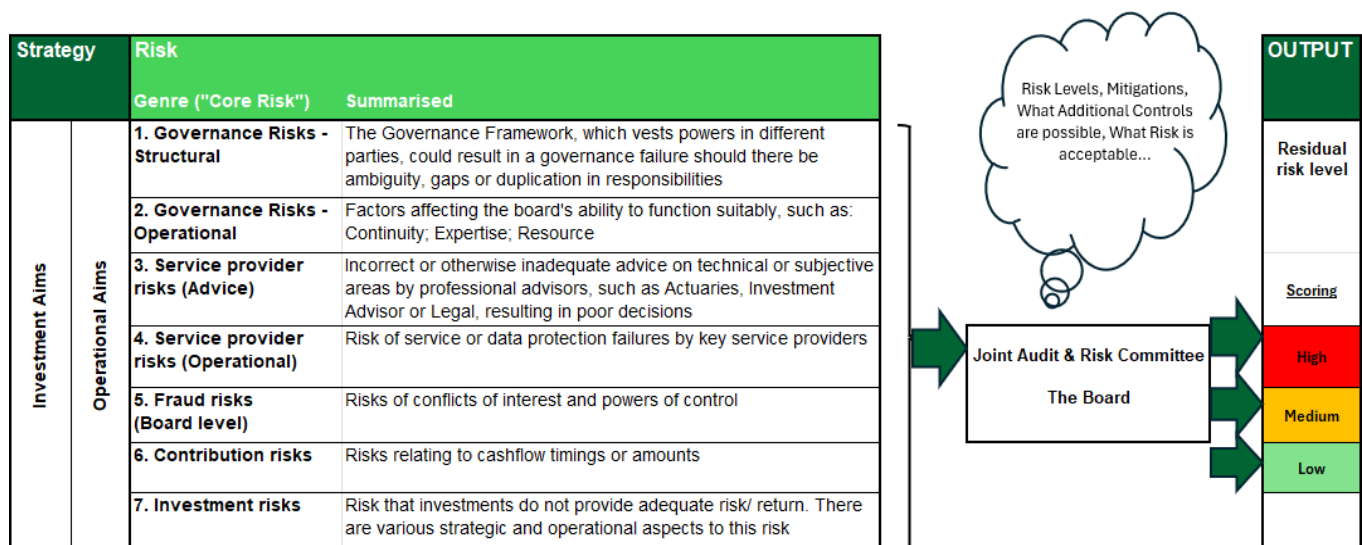
The Board and the Committee of Management (an equivalent committee that manages the other public service pension scheme of the Government of Jersey, the Public Employees Pension Fund (the **PEPF**))

manage risks through a joint Audit & Risk (A&R) Subcommittee. The primary tool of this Subcommittee is a joint Risk Register in which the various risks are consolidated and evaluated.

The Risk Register summarises how risks to the strategic aims of the funds are perceived and how these risks are controlled at fund level.

The fundamental point of focus for the Board's risk management strategy is that the Fund's assets should be able to meet its contractual liabilities as they fall due. It is in this light that the Risk Register should be considered.

Figure: The development of risk scoring



Each Core Risk in the Risk Register represents an assimilation of themed underlying risks and is re-scored at least quarterly, with a deeper review of the Risk Register annually. The risk management assessment sits over and above the JTFSF's service providers' own underlying risk management structures, ensuring a holistic view.

The evaluation of risk is based on information obtained directly (such as surveys) and from external sources (such as the media or training).

Present assessments and responses

Whilst Core Risks tend not to change, the risk scoring (and the controls used to manage the risk) may need amendment when circumstances change, such as in the face of an event that is perceived to affect the scoring of a Core Risk (known as a Specific Risk). For example, War and Geopolitical Instability (a Specific Risk) can impact multiple Core Risks, such as Investment Risk.

Such events may be internal or external in origin. The Board can use its framework to quickly determine whether mitigating controls sufficiently alleviate an arising Specific Risk or whether further action is urgent.

At 31 December 2024, the A&R Subcommittee were tracking three such Specific Risks that it considered could potentially significantly impact the risk scoring of the various Core Risks for JTFSF:

- War and Geographical Instability (impacting investment risks)
- Significant New Legislation (primarily the potential need to adjust governance structures to respond to Channel Island Financial Ombudsman (CIFO) and Data Protection developments)

- Administrator Resource Constraints (reflecting the present number and demands of active projects).

Quantified risk summary as at 31 December 2024:

The table below shows how combined risk assessment scores are calculated and the distribution of combined risk scores at the year end. Various projects listed in the Strategy section are expected to help keep these risks under control.

Summary of risk scoring at 31 December 2024

| SCORING (Likelihood x Impact) | No. of Core Risks | Combined Score |
|---|-------------------|-------------------|
| LIKELIHOOD: Probability 5 Very Likely – Event/ effect is expected to occur in 3 years with little uncertainty remaining 4 Likely – More than 50% likely to occur, particularly in near term 3 Possible – An even chance 2 Unlikely – Less than 50% likely to occur, particularly in near term 1 Very Unlikely – Event/ effect is not expected to occur in 3 years with little uncertainty remaining | 0 | Higher (Score>15) |
| IMPACT: Probability 5 Major – Catastrophic impact on the portfolio in terms of NAV or performance Portfolio could potentially take decades to recover value, if ever 4 Serious – Serious impact on the portfolio in terms of NAV or performance Portfolio is likely to take multiple years to recover value 3 Significant – Significant impact on portfolio NAV or performance Noteworthy, though portfolio could recover value over the course of a year or two 2 Moderate – Moderately impact NAV or performance Portfolio might be expected to recover lost value over the course of a single year 1 Minor – Risk that has relatively low impact on NAV or performance Unlikely to significantly impact Fund returns even over a single year | 3 | Moderate |
| | 8 | Lower (Score<7) |

Developments in risk management

No significant changes to the risk management structure are envisaged in 2025.

Operations

The JTSF delivery model

The overall governance structure of the Fund is determined by legislation (the Teachers' Superannuation (Jersey) Law 1979, as amended, (**the 1979 Law**)).

The operational structure involves various key service providers (see Appendix B). These service providers report to and/ or are overseen by the Board (or, in the case of investment managers, firstly to the Treasury Advisory Panel (**TAP**), whose meetings the Board's representatives attend).

Value for money – the structure

The Fund invests alongside other Government of Jersey participants in the Common Investment Fund (CIF), which is supervised by the TAP for the Treasurer. Investment via the CIF is a cost-effective arrangement since all participants benefit from economies of scale, bringing cost benefits and access to a wider range of investment managers than might otherwise be the case.

The split of other functions between external service providers is common to many pension funds as it provides for a series of checks and balances and ensures that professional skills are matched to function. The administration structure is cost-efficient for JTSF since neither the Public Employees Pension Team (PEPT) nor the Investment Administrator apply a profit margin, and the Custodian services are provided at scale (alongside those provided to other CIF participants).

Value for money – the service providers

The operational costs and service conditions of the Board's service provider appointments are controlled by a combination of tenders and review. The main cost-comparison occurs at the time of appointment and is periodically reviewed thereafter.

Following the appointment of a service, the Board's value-for-money (VFM) day-to-day focus is to verify the service providers' ongoing performance. This reflects the fact that there are practical barriers to changing providers for cost reduction alone (for example, few competitors with sufficient scale, and high integration of systems) and there is a high reliance on the specialist skills and advice the service providers bring.

The Board's reviews use directly and indirectly obtained information and incorporate a mixture of quantitative (numerical, statistics, results) and qualitative (trend analysis, opinion) information types. Annually, the Board employs an annual service provider questionnaire to draw out significant information about the depth and quality of the providers' resources and their own views about how they provide value.

In 2024, the Board also engaged an external party (MUSE) to provide a benchmarking support report on Aon's services (the Fund Actuary). This report was commissioned as VFM can be difficult to quantify, as it is not purely related to cost, but linked to the quality of the service received, its ability to be fit for purpose and the sustainability of that service. The review focused on each of these in turn, with a particular focus on sustainability and future proofing the Fund's advisory teams.

The review highlighted that:

- The Actuarial fees are in line with Industry standard;
- Strong collaborative relationships exist between the Board and their Actuarial advisors.

In the opinion of MUSE, the Actuarial team provided good VFM, and not purely from a cost perspective. The firm had a very strong and experienced team working for the Board, and the current relationship with the advisory group worked well. Aon is expert in its field and is in good a position to offer additional services, technology and industry insights. A few areas for improvement were noted, but in the opinion of MUSE re-tendering for this service would not be of benefit to the Fund.

In the case of investments, the TAP interviews the managers with the assistance of its Investment Advisor to provide the Treasurer and the participants (including the JTSF) with assurance that the services provided are being delivered as envisaged. The Board monitors this directly through the TAP, and by reports from its separately retained Investment Advisor.

Value for money – the investment selection

The Board determines an over-arching investment strategy for the TAP to implement through the CIF. The TAP and the Treasurer's Investment Advisor then advise the Treasurer on the implementation of an asset allocation in order to achieve the JTSF's strategic investment aims. Considerations include management of overall volatility, diversification of return drivers and liquidity-profile matching. In other words, value-for-money is about more than just cost minimisation.

The portfolio includes some actively managed funds that typically charge higher fees than passively managed funds (such as index tracker funds). It also includes some funds which attract variable performance fees rather than just fixed fees. The portfolio also includes some funds which buy-and-hold and others that trade frequently or potentially hold investments in other funds (hence there is a wide range of underlying transaction and brokerage costs).

The Treasurer has a number of ways to consider whether CIF investments are offering VFM:

- At appointment, the Treasurer's Investment Advisor will typically recommend more than one best pick option for each asset allocation and for assurance that cost has been considered. The Treasurer's Investment Advisor brings extensive knowledge and experience to the appointment process.
- TAP scrutinises the Investment Advisor's recommendations and provide their views to the Treasurer.
- Wherever possible, tax efficient investment classes/ vehicles are chosen.
- The CIF achieves scale discounts on manager fees by optimising the size of its holdings. This often results in lower fee tiers or fee rebates being negotiated.
- Treasury assists with fee challenge, bringing its experience of similar holdings with the PEPF and asking for scale discounts in cases of common holdings.
- Following an appointment, the net-of-cost fund return is considered against outperformance benchmarks established at inception and funds that are underperforming are considered for termination.

The Board exercises its right to attend the TAP's meetings through Employer and Member representatives, who observe and provide challenge sufficient to ensure that the Board is satisfied value-for-money is being achieved. It also retains a separate Investment Advisor engagement to secure direct advice on the underlying portfolio and performance, rather than relying wholly on reports via the Treasurer.

Wider objectives

Cost control is a core objective of operations, but the Fund is run with due consideration to the reputation not just of the employers and members but also of wider Island stakeholders. Hence, the Fund only selects appropriately regulated, professional service providers of good standing.

Furthermore, the Board recognises that the public generally (and hence employers and members) can hold strong views about the kinds of investment that are suitable from an Environmental, Social and Governance (**ESG**) perspective. It is possible that the pursuit of ESG aims could conflict with members' financial interest at a JTSF level, and/ or with other participants' objectives within the CIF. To clarify its position and define expectations for the underlying investment selections within the CIF, the Board has defined its 'Responsible Investment' policy in the published JTSF Statement of Investment Principles (the **SIP**). As an investor in CIF, these policies are applied through the CIF. The Treasurer similarly publishes the CIF's overarching 'Responsible Investment' policies in the States Investment Strategies document. Both documents are available on the Government of Jersey website.

The Fund does not have a policy of restricting investments to local managers, which might be perceived as an added benefit to Jersey by some stakeholders, however it would consider local managers if they were recommended as best pick option by the Fund's Investment Advisor.

How contracts are awarded

Contracts for operational services are periodically tendered on an open basis. Although these appointments are largely Board-driven, the PEPT and/ or the Investment Administrator will provide advice to the Board about best practice based on the detailed requirements of the Government of Jersey Public Finances Manual. (Appointments to the Board itself also require the Minister for T&R's approval).

Unfortunately, it may not be possible to establish a deep field of competitors for some service provider roles. In such cases, periodic desktop reviews, interviews and benchmarking analysis are used to validate costs.

The TAP plays a key role in the appointment of new investment managers. Where the TAP (with its Investment Advisor's help) identifies a need to add an investment manager (for example to fulfil a participant's investment needs, or to replace an investment manager whose appointment has been terminated), it develops a shortlist of best pick options. These are provided by its Investment Advisor who has reviewed options from a wide range of funds which its research team monitors on an ongoing basis. The TAP will interview and assess the characteristics of these managers, leading to a recommendation to the Treasurer/Minister to appoint a specific investment manager to the role (subject to conclusion of appropriate operational/legal due diligence). Representatives from the JTSF are offered the opportunity to, and do, attend the TAP's assessments of these investment manager appointment/ removals. During these evaluations, non-financial information such as the suitability of operational jurisdictions and sustainability scoring is considered.

Capital investment and value for money

By nature of the operational structure, there is not usually any direct spend on developing operational assets. An exception is that the Fund is presently contributing to the development of specialist pension administration software procured by and, for use by, the PEPT in service to the Fund. The Board controls such spend by pre-agreement of budget, progress against which is reviewed periodically and ultimately the success of the project will be identified from service outcomes against key performance indicators.

Performance analysis

Summary statement

The Board is happy to report that the Fund is well positioned to provide returns sufficient to meet pension commitments to members.

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|---|---|
| ✓ | Strategic investment aims Returns have been sufficient to meet all required benefit payments arising in the year and to support increases in pension payments/ benefits in line with December JRPI. The portfolio returns are in-line with the portfolio design expectations, making a positive contribution to the Fund's funding position. |
| ✓ | Strategic operational aims All legal and contractual obligations arising in the year were met, with business conducted in a responsible and cost-effective manner, consistent with the reputation of the participant employers and members. |
| ✓ | Strategic project aims Although not all strategic projects were completed, significant progress was made across the board, and operational risks have been kept under control. |

Strategic performance

Strategic investment aim: Investment performance

| | |
|---|---|
|  | The Fund has met its return objectives in the year |
|---|---|

The Board evaluates the effectiveness of the Fund’s investment performance against its portfolio design in terms of:

- The strategic portfolio choices within the CIF (primarily determined by the CIF’s long-term asset allocations), and
- The tactical portfolio choices within the CIF (short term decisions, such as geographic or sector allocation. Primary tactical decisions are implemented by the chosen individual managers, within strict limits).

The strategic portfolio choices are evaluated by comparisons of the portfolio’s return, the Actuarial Target (the return the Actuary assumes over the long-term to achieve the projected funding position) and Benchmark return (the return the Investment Advisor anticipates the strategic selection of asset classes and styles achieve). The Board is satisfied that its strategic portfolio decisions via the CIF continued to be successful over 2024.


Evaluating the effect of tactical choices is complex and subjective. It is generally done by comparing to market benchmarks; however, this may not be possible for funds that operate across opaque or diverse markets and is difficult where the nature of a fund is that it generates its return unevenly over a fixed period multi-year horizon. Furthermore, managers have volatility targets to protect value. This imposes a degree of diversification that is good for the JTFSF portfolio, but which can result in individual managers not matching their market benchmarks in conditions where market performance is driven by a handful of stocks. Both the TAP and the Board recognise that either failing to take corrective tactical actions early or, conversely, over-reacting to short-term indicators is likely to be detrimental to long term performance and this must also be taken into consideration.

These factors are considered in detail at quarterly meetings of the TAP, who are satisfied with the contribution of managers to each asset class. The Board is satisfied that this process is robust, and investment choices are working effectively.

In summary, the Board considers that the Fund is continuing to meet its investment targets and is well positioned to continue to do so.

An expanded investment performance commentary is provided in Appendix C.

Strategic investment aim: Affording pension increases

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|---|--|
|  | The Fund has achieved returns that enable it to continue to increase pension benefits in line with inflation. |
|---|--|

The Fund’s strength means that it has been able to continue paying increases in line with December JRPI, with the pension in deferment and retirement increasing by 2.5% on 1 January 2025*. However, the Board


notes that presently the affordability of future service benefits is dependent on the investment surplus generated by past contributions.

**Pension increases are subject to the financial position of the JTSF remaining satisfactory and are thus not guaranteed.*

Pension increases for the last 5 years:

| Year of effect (Effective 1 st January) | Increase (JRPI % of preceding 31 December) |
|--|--|
| 2021 | 0.9 |
| 2022 | 3.8 |
| 2023 | 12.7 |
| 2024 | 7.5 |
| 2025 | 2.5 |

Strategic operational aim: Administrative performance

| | |
|---|---|
|  | <p>The Fund has run smoothly and within budget.</p> <p>The PEPT team have outperformed their service targets and continued to make progress in their work developing the Pension Portal and associated infrastructure despite a higher-than-expected volume of work in the year, associated with responding to legislative developments and the integration of new accounting software.</p> <p>The operational costs of the Fund remained in budget.</p> |
|---|---|

In its daily dealings with members, the PEPT has achieved all its Key Performance Indicator targets in the year, as agreed with the JTSF Management Board.

Volumes

Over the year, across the JTSF and PEPF, the PEPT received over 22,000 emails, 6,500 telephone calls and received over 23,000 documents which were uploaded to member records. The team also had over 234 face-to-face meetings.

Complaints

The JTSF has a four stage complaints procedure, the first two stages are reviewed and responded to in house by the PEPT and PEPT's senior management, the final two stages are reviewed and responded to by a working group (made up of Board members) and then the Board itself. A complaint can be made by any member who is not satisfied with any decision of the PEPT which would affect them, or is likely to affect them, in relation to their benefits. The complaints process will be reviewed in line with any planned future law changes in respect of the Channel Islands Financial Ombudsman.

During the year there were no complaints (2023: none).

All legislative and contractual obligations have been met and there are no other matters of concern to report.



Strategic operational aim: Sustainability

| | |
|--|---|
| | <p>The Fund’s sustainability reporting is at an early stage of development.</p> <p>As a participant in the CIF, the Fund adopts the TAP’s 'Responsible Investment' policy as published online by the Government of Jersey, within their Investment Strategy Document.</p> <p>The Board is seeking ways to develop its reporting further to better communicate the outcomes of its policies to members.</p> |
|--|---|

The Board considers that the main impact of the Fund on aspects of “sustainability” is from its investments, which have impacts internationally in terms of environmental, community and economic outcomes.

Given that the Fund’s investments are made through the CIF, the Board’s influence is primarily through setting investment return objectives, which in turn impact asset allocation decisions (which are generally the most significant driver of Sustainability impact), and by contribution to the TAP discussions which influence manager selections and Responsible Investment policy (alongside other participant’s interests).

The Board’s policies are expressed in its SIP, and the CIF publishes its own Responsible Investment policy. Both documents are available on the Government of Jersey website, and this covers sustainability points such as good stewardship practices; Environmental, Social and Governance (ESG) policies; and engagement with managers on risks relating to climate change.

The TAP and the Board are aligned on direction of travel and will work closely together in the ongoing development and monitoring of the responsible investment policy.


The TAP is required to report to the Minister for T&R annually on its implementation of the sustainability policy. This report is prepared in consultation with the Board’s representatives at the TAP, the contents of which is shared with the Board.

In relation to its operations, the Board has a minimal direct “footprint”. Overseas service providers attend by video conference when it is suitable to the matter of business, and meetings are coordinated with the PEPF pension fund to minimise any remaining travel still further. In 2024, the Board continued to hold all its meetings in Jersey.

Most day-to-day activities of the Fund are discharged through a range of service providers, notably the Treasury Department, many of whom are appointed by the Treasurer or the Minister. As such, readers may wish to refer to the extensive policies of the Government of Jersey, as published in its Financial Statements.





Overall, the Board is satisfied that, primarily through the TAP and the actions of its managers, the Fund has appropriately monitored the implementation of the approved sustainable investment policy, as defined in the SIP and the published States Investment Strategy.

Strategic project aim: Operational and governance initiatives

| | |
|---|---|
|  | <p>Significant progress has been made across a number of strategic projects</p> <p>Due to resource constraints, it has though been necessary to delay one large project (finalising the Pension Administration Strategy), and a further project (implementing the EQ Compendia upgrades) was delayed whilst contractual discussions were undertaken.</p> <p>Progress on the expansion of the Channel Islands Financial Ombudsman's (the CIFO) remit to become an independent stage in pension complaints, which the Board is very supportive of, has been delayed by the Government of Jersey due to other priorities.</p> |
|---|---|

As ever, new challenges arise over time. To ensure that the Fund continues to meet them successfully the Board has an extensive programme of **strategic projects** which it tackles by prioritisation.

The following table shows the projects, progress, plans to implement and how they relate to the accomplishment of strategic aims.

| Brought-forward Items | Explanation | Linked Strategic Aims | Outcome | |
|---|--|-----------------------|---|---|
| Implement the recommendations of MUSE's report on the PEPT's processes | It was envisaged that the implementation of EQ Compendia would occur in 2024. Following contract re-negotiation, the work has been delayed into 2025, but significant progress has been made in preparation work. | Operational |  | In progress, expected to continue into 2025 |
| Implementing findings from the Board Effectiveness Review | Further to the findings of the last Board Effectiveness Review, the Communication Subcommittee has formed a Communications Plan for 2025. Implementation of this and refinements from the observations of the new Chair are the focus of 2025, with the next Board Effectiveness Review planned for 2026. | Operational |  | 2024 tasks complete, 2025 continuation tasks part of routine business |
| Expansion of Channel Islands Financial Ombudsman's (the CIFO) remit. | The Government has put its work on the CIFO on hold. The Board is also awaiting draft amendments to the JTSF and PEPF legislation relevant to the CIFO discussions. | Operational |  | In progress. 2024's delays were outside of the Board's control. The expected date of completion will be dependent on the Government's prioritisation of CIFO. |
| Develop the accountability framework for PEPT and the Board, develop a new Pensions Administration Strategy | Following some delay in the early part of the year as resources were deployed to other priorities first, the Roles & Responsibilities Working Group met four times in the final quarter of 2024. | Operational |  | Some 2024 goals achieved but some rolled into 2025 goals (see separate item in section below) |

| | | | | |
|--|---|--------------------------|---|--------------------------------|
| Develop 'Responsible Investment' policies. | Treasury Advisory Panel (the TAP) undertook a deep dive session, the output of which will form the basis of a learning session in 2025. | Investment | ✓ | Learning session 2025 |
| Recruitment to the Board | A new Chair has been appointed to the Board and appointments have been made to vacant positions. The integration has occurred smoothly with minimal disruption. | Investment & Operational | ✓ | Complete, now routine business |

In addition to completion of the brought forward items, the Board has identified the following further projects for 2025/6:

| Item | Comment | Linked Strategic Aims |
|---------------------------------|--|-----------------------|
| Triennial Actuarial Valuation | To receive the draft Actuary's report and address any implications (noting that the final report is expected in early 2026). | Investment |
| Pension Administration Strategy | Building on work in 2024, actions to update the Governance Document, the Pension Administration Strategy, the Scheme Handbook and to better document/improve workflows around delegations and decision-making process flows. | Operational |

Strategic aims: conclusion

The Fund has performed strongly against its core strategic investment, operational and project aims. The investment performance has contributed positively to the funding position of the JTFSF, key PEPT performance indicator targets have been exceeded, and significant progress has been made on the Board's strategic projects.

Financial performance

The Board develops an operational budget prior to the commencement of each financial year that reflects the envisaged activities of the service providers (excluding investment managers) over the year ahead. Fixed rate retainers are agreed in advance (or rates and activity-based fees in other cases). Thereafter, invoices are monitored carefully prior to payment. Operations were completed under budget at a total cost of £0.8 million (compared to a budget of £1.5 million) representing 0.1% of assets under management (2023: 0.1%).

The investment manager costs are evaluated on the basis of net return, as described more fully in the section above, Operations Value for money – the investment selection (page 8).

The JTFSF's funding position is described in more detail in the Report of the Independent Actuary in the Financial Statements.

External factors

There are a number of ways that external factors influence the Fund's ability to meet its strategic and financial aims.

To the degree that external factors are perceived to have potentially material impact on results, they are documented in the Risk Register and closely monitored. In the current year, the most prominent external

performance factor has been the effects of changes in interest rates and inflation (impacting investment performance, actuarial projections and costs of operations).

Accountability Report

Statement of Responsibilities

Overall JTSF governance structure and responsibilities

The overall JTSF governance structure is determined by legislation – the law establishing the Fund is the 1979 Law, as amended. This law is supplemented by Orders which set out the Fund's administrative and benefit provisions.

The Fund is governed by the Board, which has oversight of the operation of the administration and investment management of the Fund.

The Fund operates for the benefit of employees of the following employers (no changes over the year):

| (Principal) Employer |
|---|
| Government of Jersey (includes all non-fee paying and fee-paying schools) |
| Accepted Schools – admitted by consent of the Minister for T&R |
| Beaulieu Convent School Limited |
| De la Salle College |
| FCJ Primary School |
| St George's Preparatory School |
| St Michael's Preparatory School |

The role of the Chief Minister and the Minister for T&R

The Chief Minister appoints the Board's members, as proposed by the Minister for T&R, together with the Minister for Education, for an initial term of up to three years which may be extended. The balance of the Board's membership between Employer and Member representation is specified in the JTSF legislation.

The Chief Minister also appoints a Chair on the recommendation of the Minister for T&R, the recommendation has to be approved by at least three of the member representatives and at least three of the employer representatives. The Chair's post is remunerated from the Fund and is held for as long as there is majority support amongst the Member and Employer representatives.

Membership of the Board

The Board is established under Article 2(2) (ha) of the 1979 Law and governed by Orders made under it in 2007.

The composition of the Board through the year is as detailed in the table below.

| Chairman | | | | |
|--|--|---|--|--|
| Jonathan Gainsford (from 1 July 2024, following Gordon Pollock) | | | | |
| Representing (with Number of Posts) | Representing (with Number of Posts) | Members | First appointed | Term ends/ended |
| JTSF Employers* (6) | Recommended by the Minister for T&R (2) | Gerald White Adrian Galvin** | Feb 2016 Sept 2024 | Dec 2024 Sept 2027 |
| | Recommended by the Minister for Education (2) | John Everett Michael de la Haye OBE | May 2018 Jan 2022 | Dec 2024 Dec 2024 |
| | Per the choice of the Chief Minister (2) | David Postlethwaite Prof. Ed Sallis** OBE | Jan 2023 Jan 2023 | Dec 2025 Dec 2025 |
| JTSF Members (6) | Selected by associations (determined by the Minister of Education to be representing the interests of teachers) in a manner agreed with the Chief Minister (6) | Tim Balston** John Baudains** James Bennett** Mick Jones** Lynne Magowan** Russell Price** | Jan 2019 Jul 2023 Jul 2024 Jan 2024 Jan 2024 Jan 2024 | Dec 2024 Jul 2026 Jul 2027 Dec 2026 Dec 2026 Dec 2026 |
| Secretary | | | | |
| Janine Ward (for JWC Limited) | | | | |

**At 31 December 2024, the Board had two Employer vacancies. On 1 Jan 2025, Gailina Liew and Sylvia Roberts were appointed as Employer representatives with terms to Dec 2027. Tim Balston and Michael de la Haye were also re-appointed, with terms until Dec 2027.*

***These members of the Board have a personal membership of the Scheme (or a close relationship with a member of the Scheme). These connections have been disclosed to the Secretary and are available on request.*

Member representative vacancies can only be filled by a person nominated by a representative association of members of the JTSF.

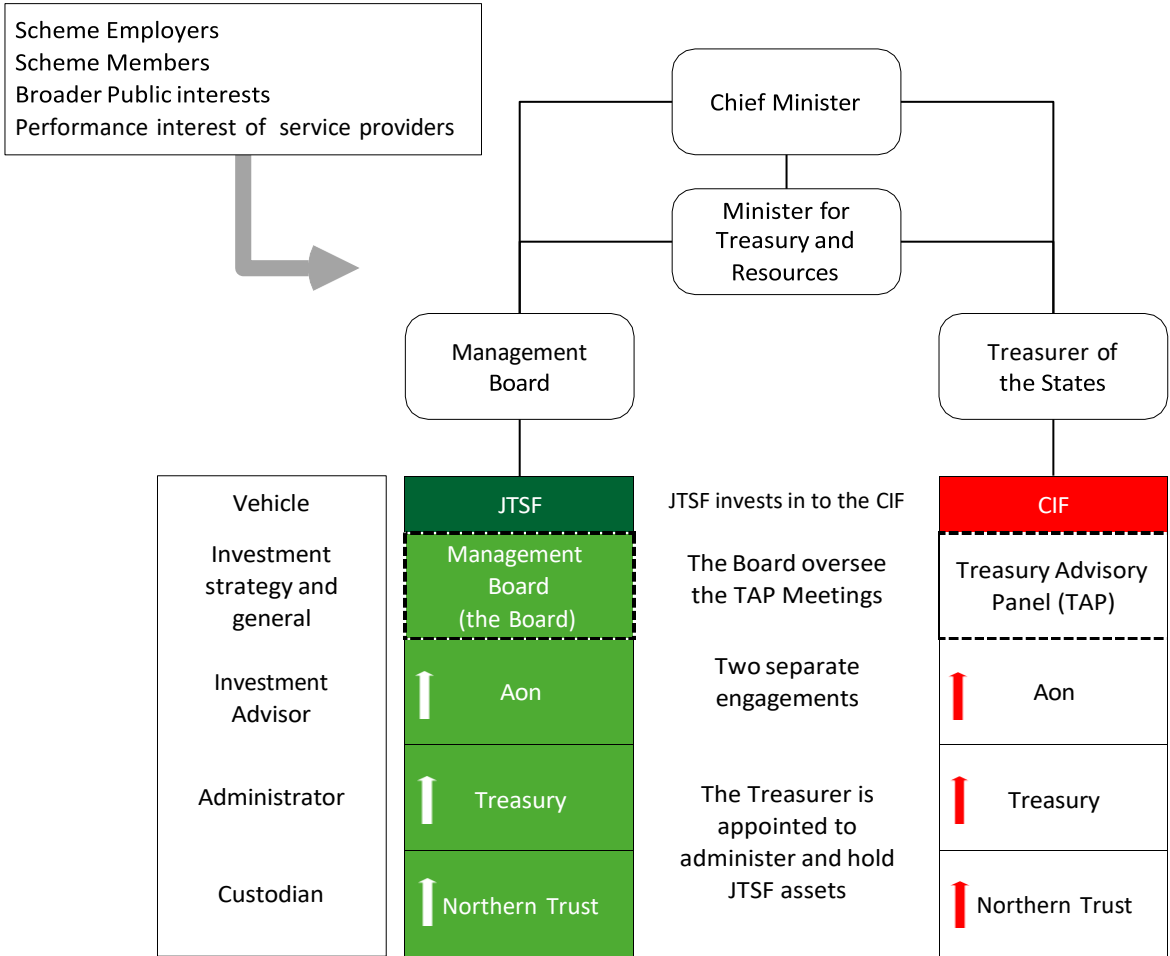
Preparation of the Chair's Report

This Chair's Report is prepared by the Chair, who confirms that the information herein is consistent with the Financial Statements produced by the Treasurer (see Statement of Treasurer's Responsibilities below) and that all information available to the Board has been made available to the entity's auditors.

Governance

The Governance structure prescribed by legislation is complex, with a division of responsibilities to ensure sufficient checks and balances.

Overview of structure



How the Board operated in the year

The Board has a central role in the appointment, management, and oversight of key service providers to the Fund within a tripartite relationship with the Treasurer and the Minister for T&R. (Appendix B contains more detail on the service provider appointments). As part of this arrangement, the Board attends the TAP's meetings, in which the Treasurer designs, implements and oversees the CIF investment strategies.

The Board met five times in the year and in addition held two learning sessions, and several subcommittee meetings. This approach ensured that appropriate resource was applied to key areas.

The membership of these subcommittees in the year is shown below:

| Committee member | Sub Committee | | | |
|--------------------------------|--------------------------------|-------------------------------|--|--|
| | Attendance at TAP ¹ | Ill Health and Death Benefits | Communications ² (Joint with PEPF) | Audit & Risk ² (Joint with PEPF) |
| Gordon Pollock ^{3, 4} | • | | | |
| Timothy Balston | • | | | |
| John Baudains | | | • | |
| John Everett | | | | • |
| Michael De La Haye, OBE | | • | | Chair |
| Ed Sallis, OBE | | • | | • |
| Gerald White | • | Chair | | |
| Number of meetings in 2024 | 8 | No need to meet | 2 | 5 |

¹ The TAP is the advisory panel that oversees the CIF, the pooling arrangement through which JTSF invests its funds into underlying asset classes alongside other participating Government of Jersey Funds.

² The PEPF is a separate pension scheme that operates for the benefit of other employees of the Government of Jersey and other associated Admitted Employers.

³ The individual' subcommittee membership over the year commenced/ ended on dates of their appointment/ retirement as a Management Board member, per the previous table.

⁴ Gordon Pollock attended TAP in the role of being a paid member of TAP

In addition to the subcommittee meetings members were involved in ad hoc working groups which met through the course of the year.

Investment manager appointments

The Board representatives attending the TAP's meetings contribute as non-voting members and they scrutinise the TAP's actions. The Board receives reports from both members attending the TAP and commentary from their own Investment Advisor with regard to portfolio activity.

In assessing existing managers and new appointments, factors considered include fit with the portfolio, investment styles, benchmarking, level of risk, and fees. All new appointments are interviewed by the TAP, operational due diligence is also reviewed by Treasury before formal appointment by the Treasurer, as delegate for the Minister for T&R.

Other service provider appointments

Other service providers are subject to due diligence prior to the Board endorsing recommendations for appointment/ making appointments. Where appropriate, specialist advice regarding any technical or legal matters is sought. All relationships are supported by legal agreements defining service relationships.

Performance monitoring

Thereafter, the Board monitors performance of investment managers and service providers by review of information from a variety of sources on an ongoing basis. A formal review of operational and investment

performance is performed at least quarterly and involves updates from various subcommittees as well as direct presentations from the PEPT, Investment Advisor, and the Actuary.

The quarterly formal presentations use a structured format that ensures information is presented consistently (facilitating comparisons). Meetings are scheduled so that the information remains relevant and timely with sufficient time for full consideration. The Secretary captures the discussion in formal minutes and ensures that queries are followed up appropriately. The presentations themselves include a range of qualitative and quantitative information types and include comparisons to agreed performance indicators and benchmarks. These formats are agreed with the service providers in advance; in the case of the PEPT the key objectives and measures are agreed in the Pensions Administration Strategy.

In addition to the above, the Board takes specific actions to gain comfort over the internal control environments of its service providers. It instructs the PEPT and the Investment Administrator to obtain and review the internal control reports of key service providers and to report by exception any significant lapses of protective security or loss of sensitive data. It receives assurance over the PEPT and the Investment Administrator itself through an external audit process and independent reviews such as those conducted by MUSE in 2022. No significant lapses of protective security were identified.

Quality of data

The Board employs several measures to safeguard the quality of data it receives from providers, starting at the appointment:

- The Board's service providers are either regulated directly or are prominent members of, and subject to the rules of, relevant professional associations.
- The PEPT and/or the Investment Administrator subsequently obtain and review the service providers' internal control reports, reporting to the Board any material findings by exception.
- This is overlaid by ongoing investment and operational due diligence work that is performed by the TAP, together with Investment Advisor reporting to the Board.

The PEPT and/ or the Investment Administrator perform various underlying reconciliations of data and reviews of service. The PEPT and/or the Investment Administrator examine internal control reports and audited statements and regularly interview investment managers (any exceptions are relayed to the Board as part of the review process), thereby providing the Board with a further assurance on the quality of data.

The PEPT's role involves processing member-side data and transactions. The PEPT produce an annual data quality report for the A&R Subcommittee, providing assurance over the quality of the data it holds and uses.

The PEPT closely aligns their data quality against the UK Pensions Regulator's guidance on record-keeping and whilst Jersey public service pension schemes are not required to adhere to this guidance, our schemes are committed to adopting best practice. The UK Pension Regulator's published guidance on record keeping provides a useful mechanism for the PEPT to benchmark data quality against best practice standards.

Complaints

The JTSF has a complaints procedure whereby members can raise and escalate complaints about any aspect of administration. To provide objectivity, the Board has a role in the final two stages of this complaints process and makes the final decision.

However, it is acknowledged that the Board may not appear distant from the work of the PEPT in the perception of a complainant and therefore the Board is actively supportive of work to adjust the process, so that the CIFO has authority to act as the final decision maker.

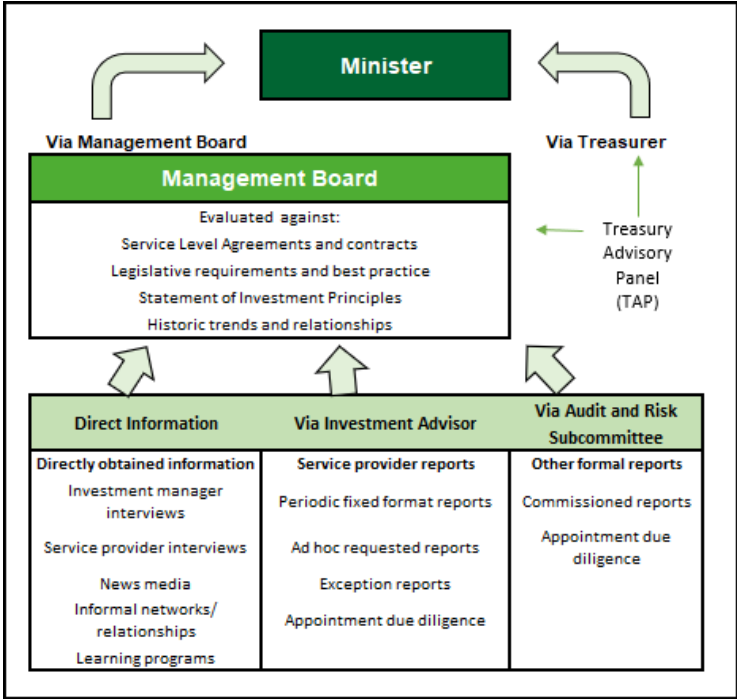
Information processing

The Administrator experienced no data breaches or subject access requests in the year.

Assessing the Board’s performance

The Fund governance structure ensures that the Minister for T&R and the Treasurer have a ready oversight of the overall performance of the Fund’s investments and its operations.

Fig: Information flows



Aside from the insights provided directly by the PEPT to the Treasurer on an ongoing basis as part of Government of Jersey’s own internal controls, the Minister for T&R also has direct sight/ approval requirements in relation to:

- The Actuarial Valuations
- The investment strategy and performance
- Appointments of key service providers and funds
- Audited Financial Statements
- Internal and external audit engagements
- Complaint processes

The 'Board Effectiveness Review'

The Board completed a number of initiatives in 2024 stemming from a (positive) Board Effectiveness Review published in 2023 and will undertake a further Board Effectiveness Review in 2026. The focus for the year ahead is:

- Further Learning Sessions on priority topics
- Increased use of powers of delegation, to better prioritise resources
- Modification of meeting formats, for efficiency and to allow time for meeting de-briefings
- Increased focus on the use of succinct and standard reporting
- Increased focus on goal setting for service providers

Interests and Remuneration

Staff remuneration and service

Only the (current and former) Chair and the Secretary (via her company) are remunerated directly from the Fund, as disclosed in the Related Parties note to the Financial Statements. These individuals have attended all meetings in the year at which their attendance was expected.

The Board is otherwise served by unpaid volunteers.

All other parties providing services to the Fund are engaged or employed by service providers and therefore no salary analysis is provided.

Details of the appointment and oversight framework concerning these roles are determined by legislation, as previously described in this report.

Interests

The Board members' interests are declared at appointment and a Register of Interests is maintained by the Secretary. The Register is formally reviewed at each Board meeting and where a potential material actual or potentially perceived conflict of interest exists the individual in question is asked to leave the meeting, discussions or voting, as appropriate. (There were no occasions in the year where it was deemed necessary for a Board member to recuse themselves in this way).

The size of the JTFSF's membership within the island of Jersey is such that many items of business will directly or indirectly impact a relative or neighbour in some small way. This makes it difficult to maintain a definitive list suitable for all potential situations. The key safeguards include the construction of the Board (with member and employer representatives, quorum and so forth) and the role of the involvement of the Jersey Appointments Commission in the appointments process.

The most material standing members' interests at 31 December 2024 comprised:

| Name | Interest |
|---------------------|--|
| G Pollock | PEPF Chair Independent member of the TAP, a separate engagement for the Government of Jersey for which he received remuneration |
| J Gainsford | PEPF Chair |
| T Balston | Officer, NEU Jersey District |
| J Baudains | Headteacher: La Moye School |
| J Bennett | Teacher: Highlands College |
| M de la Haye OBE | Lay member of the employment and discrimination tribunal Trustee of the Les Vaux Housing Trust Member, Government of Jersey's Strategic Housing Partnership Jersey Evening Post - Obituary and feature writer (remunerated) Member of the PEPF Committee of Management |

| | |
|-----------------|---|
| J Everett | Chief Risk Officer, Altum Group Member of the PEPF Committee of Management Chair of the Jersey Electoral Authority Commissioner for Tax Appeals |
| M Jones | Supply teacher |
| L Magowan | Teacher: Hautlieu School |
| D Postlethwaite | Associate Director, ESG Advisory, KPMG in the Crown Dependencies (which may from time to time provide professional services to the Government of Jersey or its associated bodies in accordance with relevant independence standards, noting that KPMG is not appointed as independent auditors to either the JTSF or PEPF). |
| R Price | Headteacher: Rouge Bouillon |
| E Sallis OBE | External member of the Treasury and Exchequer Income Forecasting Group Member of the PEPF Committee of Management |

Final Statement from the Chair

I would like to place on record my thanks to the members of the Board, as well as the Secretary and all concerned in the operation of the JTSF, for the warm welcome and support that I have received since joining as Chair on 1 July. The members benefit greatly from your voluntary service, and commitment and dedication to the Fund.

The JTSF is supported by various key service providers, including the Treasury PEPT and Investment Administrator teams, and I would like to take the opportunity to acknowledge the continued high levels of service that the Board received over 2024.

The pending Actuarial Valuation will have a significant impact on most of the Board's strategic choices over the next three years, and doubtless 2025 will hold unexpected challenges too. I am confident that the Board, supported by its service providers, will continue to steer a steady and productive course, successfully meeting any and all challenges as they arise.



Jonathan Gainsford
Chair of the Management Board
21 May 2025

Statement of the Treasurer's Responsibilities

Treasurer's responsibilities in respect of the Financial Statements

The Financial Statements, which are prepared in accordance with United Kingdom Generally Accepted Accounting Practice (**UK GAAP**), including the Financial Reporting Standard applicable in the UK and Republic of Ireland (**FRS 102**), are the responsibility of the Treasurer. The Teachers' Superannuation (Administration) (Jersey) Order 2007 (**the 2007 Order**) requires that the Treasurer:

- prepare annual accounts of the Fund; and
- keep or cause to be kept the records necessary for the proper working of the Fund.

FRS 102 and generally accepted accounting practice require that those Financial Statements should:

- 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 the 2007 Order, including making a statement whether the Financial Statements have been prepared in accordance with the relevant financial reporting framework applicable to occupational pension schemes.

In discharging these responsibilities, the Treasurer is responsible for selecting suitable accounting policies, to be applied consistently, making any estimates and judgements on a prudent and reasonable basis, and for ensuring that the Financial Statements are prepared on a going concern basis unless it is inappropriate to presume that the Fund will continue as a going concern.

The Treasurer has a general responsibility for ensuring that accounting records are kept and for taking such steps as are reasonably open to it 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.

In presenting the Financial Statements, the Treasurer confirms that there is no relevant audit information of which the entity's auditors are unaware, and that annual report and accounts document as a whole (including the Chair's Report) is fair, balanced and understandable.

The Government of Jersey's responsibilities in respect of the Financial Statements

The Government of Jersey is responsible for the maintenance and integrity of the Government of Jersey website. Jersey legislation governing the preparation and dissemination of Financial Statements may differ from legislation in other jurisdictions.

Fund Account for the year ended 31 December 2024

| Dealing with Members | | Notes | 2024 (£'000) | 2023 (£'000) |
|---|---------------------------------------|-------|-----------------|-----------------|
| Payments in | Employer contributions | 4 | 9,411 | 8,470 |
| | Employee contributions | 4 | 4,725 | 4,266 |
| | Total contributions | | 14,136 | 12,736 |
| | Transfers in | | 462 | 73 |
| Total payments in | | | 14,598 | 12,809 |
| Payments out | Benefits paid or payable | 5 | (30,909) | (28,461) |
| | Payments to and on account of leavers | 6 | (26) | (12) |
| | Administrative expenses | 7 | (681) | (711) |
| Total payments out | | | (31,616) | (29,184) |
| Net withdrawals from dealings with members | | | (17,018) | (16,375) |
| Net returns on investments | | | | |
| Change in market value: investments inside the CIF | | 9 | 87,303 | 66,837 |
| Change in market value: investments outside the CIF | | 9 | 35 | 6 |
| Investment management expenses | | 8 | (112) | (84) |
| Net return on investments | | | 87,226 | 66,759 |
| Net increase in the Fund's assets during the year | | | 70,208 | 50,384 |
| Opening net assets | | | 787,694 | 737,310 |
| Closing net assets | | | 857,902 | 787,694 |

The notes on pages 27 to 36 form part of these Financial Statements

Statement of Net Assets Available for Benefits as at 31 December 2024

| Investment assets | Notes | 2024 (£'000) | 2023 (£'000) |
|---|-------|-----------------|-----------------|
| Units in the CIF | 9, 10 | 850,403 | 780,599 |
| Additional Voluntary Contribution (AVCs) Investments | 9 | 746 | 866 |
| Total net investments | | 851,149 | 781,465 |
| Current assets | 14 | 6,805 | 8,882 |
| Current liabilities | 15 | (52) | (2,653) |
| Total net assets available for benefits | | 857,902 | 787,694 |

The Financial Statements summarise the transactions of the Fund and present the net assets at the disposal of the Board. They do not take into account obligations to pay pensions and benefits which fall due after the end of the Fund year.

The Actuary performs a formal revaluation of the Fund's liabilities every three years. The most recent Valuation Report was completed for the 31 December 2021 position and concluded that the JTFSF Fund is in a sound financial position, although contributions being paid are less than the cost of benefits for new entrants which means that over the long-term, without further action, the effect of this would be to erode the Fund surplus. This is being monitored by the Board. The Actuary's Statement is included on page 40. These Financial Statements should be read in conjunction with those documents.

In accordance with Article 22 of the 2007 Order the Financial Statements have been prepared by the Treasurer and have been audited.

The notes on pages 26 to 36 form part of these Financial Statements. These Financial Statements on pages 25 to 36 were received and approved on behalf of the Board on 21 May 2025.



Richard Bell
Treasurer of the States
21 May 2025



Jonathan Gainsford
Chair of the Management Board
21 May 2025

Notes to the Financial Statements for the year ended 31 December 2024

1. Constitution

The JTFSF is a funded pension scheme, governed by Orders made under the 1979 Law. The postal and electronic address of the Fund can be found on page 53 of this annual report.

2. Basis of Preparation

The Financial Statements of the JTFSF have been prepared in accordance with Financial Reporting Standards 102 – the Financial Reporting Standard applicable in the UK and Republic of Ireland and guidance set out in the Statement of Recommended Practice Financial Reports of Pension Schemes (revised 2018) (**the SORP**).

3. Accounting policies

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

a) Contributions

Employer and employee contributions are recorded at the date that the contributions are deducted from payroll; these are based on a percentage of the pensionable salary and any pensionable allowances paid to the member.

The Fund has **AVC** arrangements whereby individuals can purchase the equivalent of additional years and days of pensionable service. These are recorded when they are deducted from payroll.

b) Transfers

Transfers are one-way payments out of one pension plan and into another. Transfers out of the JTFSF are accounted for on an accrual basis on the date the PEPT transfers out the money to the other pension plan. In the case of individual transfers in, this is normally when the payment of the transfer value is received.

c) Benefits and payments to and on account of leavers

Benefits are recognised as they become due and payable. Where members can choose whether to take their benefits as a full pension or as a lump sum with reduced pension, retirement benefits are accounted for on an accruals basis on the later of the date of retirement and the date the option is exercised.

d) Management, performance fees and other expenses

All fees and expenses are accounted for on an accruals basis. All expenses borne by the CIF are included in the change in net asset value of the units; a breakdown of these expenses is included in note 8 for information.

e) Other expenses

All fees and expenses are accounted for on an accruals basis.

Notes to the Financial Statements (Continued)

f) Valuation of investments

The value of the CIF's units is calculated based on the bid price of the investments in the pool and incorporates any costs associated with running or managing the pool. As required by the SORP, details of the CIF's portfolio and income is provided. This is included in the unaudited appendix to these Financial Statements. AVC investment vehicles are included at market value as at the year end, as certified by the providers.

g) Critical accounting judgements and estimation uncertainty

In respect of asset valuations, the Board makes estimates and assumptions concerning the future. The Board 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 investments and those classified in Level 3 of the fair-value hierarchy. Explanation of the key assumptions underpinning the valuation of investments are included within (f) above and within notes 11 and 12.

h) Taxation

The Fund is exempt from Jersey Income Tax by virtue of Article 131 of the Income Tax (Jersey) Law 1961 (as amended). Thus, it is exempt from Income Tax in respect of income derived from the investments and deposits of the Fund, ordinary annual contributions made by the Fund members and employers and gains made from investments held.

All pension payments out of fund the are taxable other than the payment of a death in service lump sum and the lump sum payable on retirement.

i) Currency

The Fund's functional currency and presentational currency is GBP.

4. Contributions

| | 2024 (£'000) | 2024 (£'000) | 2023 (£'000) | 2023 (£'000) |
|----------------------------|-----------------|-----------------|-----------------|-----------------|
| Employers | | | | |
| Normal | 9,411 | | 8,470 | |
| | | 9,411 | | 8,470 |
| Employees | | | | |
| Normal | 4,716 | | 4,230 | |
| AVCs | 9 | | 36 | |
| | | 4,725 | | 4,266 |
| Total Contributions | | 14,136 | | 12,736 |

Notes to the Financial Statements (Continued)

5. Benefits paid or payable

| | 2024 (£'000) | 2023 (£'000) |
|---|-----------------|-----------------|
| Pensions | 28,224 | 26,068 |
| Death benefits | - | 41 |
| Commutations and lump sum retirement benefits | 2,685 | 2,352 |
| Total Benefits | 30,909 | 28,461 |

6. Payments to and on account of leavers

| | 2024 (£'000) | 2023 (£'000) |
|--|-----------------|-----------------|
| Refund of contributions | 22 | 12 |
| Transfers out | 4 | - |
| Total Payments to and on account of leavers | 26 | 12 |

7. Administrative Expense

| | 2024 (£'000) | 2023 (£'000) |
|--------------------------------------|-----------------|-----------------|
| Salaries and office costs | 317 | 304 |
| Actuarial fees | 108 | 111 |
| Audit fees | 43 | 47 |
| Legal fees | 84 | 111 |
| Chair and secretary fees | 71 | 68 |
| Pension system development costs | 58 | 65 |
| Other expenses | - | 5 |
| Total Administrative Expenses | 681 | 711 |

Salaries and office costs are recharged based on activity and comprise expenses relating to the underlying administration and headcount. Pension System costs relate to upgrades and milestone payments.

8. Investment Management Expenses

| | 2024 (£'000) | 2023 (£'000) |
|---|-----------------|-----------------|
| Custodian expenses | - | 4 |
| Investment advisory expense | 112 | 80 |
| Total Investment Management Expenses | 112 | 84 |

Investment Management Expenses comprise those Custodian and Investment advisor expenses that are not included in the CIF recharge and instead are charged directly to the Fund. These are costs that are specific to the JTFSF by their nature and are not shared between CIF participants.

Notes to the Financial Statements (Continued)

Thus, the Investment advisory expenses shown above relate to the JTJF's own direct engagement. It relates to activities such as attendance at the Board's meetings and advice to the Board on strategy.

9. Reconciliation of Net Investments

| | Note | Value at 1.1.24 (£'000) | Purchases at cost (£'000) | Sales proceeds (£'000) | Change in Market Value (£'000) | Value at 31.12.24 (£'000) |
|------------------------------------|------|-------------------------------|---------------------------------|------------------------------|---|---------------------------------|
| CIF Units | 11 | 780,599 | 95,568 | (113,067) | 87,303 | 850,403 |
| AVCs ¹ | | 866 | 2 | (157) | 35 | 746 |
| Total Investments Units | | 781,465 | 95,570 | (113,224) | 87,338 | 851,149 |

¹ During the year, two members (2023: three) contributed £2,419 (2023: £3,499) into an AVC scheme managed by the Prudential Assurance Company Limited. The Prudential AVC is a Group AVC policy setup in 1991 to provide an additional pension for Jersey Teachers. The assets are held in With-Profit Funds and are invested by the Prudential on behalf of those members.

10. Units in the CIF

| | 2024 (£'000) | 2024 % of CIF pool | 2023 (£'000) | 2023 % of CIF pool |
|-------------------------|-----------------|--------------------------|-----------------|--------------------------|
| Global Active Equities | 264,138 | 12.6 | 291,186 | 14.7 |
| Absolute Return Bonds | - | - | 16 | 12.0 |
| Hedge Funds | 170,366 | 22.7 | 152,978 | 22.4 |
| Property | 68,325 | 100.0 | 67,641 | 100.0 |
| Opportunities Pool I | 33,566 | 25.0 | 39,658 | 25.0 |
| Opportunities Pool II | 45,225 | 11.0 | 36,645 | 11.0 |
| Opportunities Pool III | 109,336 | 45.0 | 72,045 | 45.0 |
| Alternative Risk Premia | 83,156 | 33.2 | 76,734 | 33.5 |
| Return Seeking Credit | 75,758 | 17.6 | 41,696 | 12.2 |
| Long-term Cash Pool | 533 | 0.4 | 2,000 | 2.1 |
| Total CIF | 850,403 | | 780,599 | |

The above figures show the asset split of the pooled funds held within the CIF.

11. Fair Value of Investments

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

Level 1 – Unadjusted quoted prices in active markets for identical securities that the Fund can access at the measurement date.

Level 2 – Inputs (other than quoted prices) that are observable for the instrument, either directly or indirectly.

Level 3 – Significant unobservable inputs i.e., for which market data is unavailable.

Notes to the Financial Statements (Continued)

Pooled Investment Vehicles (**PIVs**) that are traded regularly are generally included in Level 2. Where the absence of regular trading or the unsuitability of recent transaction prices as a proxy for fair values applies, valuation techniques are adopted and the vehicles are included in Level 3, as appropriate.

The value of other PIVs which are unquoted or not actively traded on a quoted market is estimated. Where the value of the PIVs is primarily driven by fair value of its underlying assets, the net asset value advised by the fund manager is normally considered a suitable approximation to fair value (unless there are restrictions or other factors which prevent realisation at that value, in which case adjustments are made).

The CIF's underlying investment assets have been included at fair value within these levels as follows:

| | Level | | | |
|--------------------------|----------------|----------------|----------------|-----------------------|
| Investment assets | 1 (£'000) | 2 (£'000) | 3 (£'000) | 2024 Total (£'000) |
| PIVs | 198,265 | 204,289 | 447,849 | 850,403 |
| AVCs | - | - | 746 | 746 |
| Total investments | 198,265 | 204,289 | 448,595 | 851,149 |

Analysis for the prior year end is as follows:

| | Level | | | |
|--------------------------|----------------|----------------|----------------|-----------------------|
| Investment assets | 1 (£'000) | 2 (£'000) | 3 (£'000) | 2023 Total (£'000) |
| PIVs* | 216,935 | 171,796 | 391,868 | 780,599 |
| AVCs | - | - | 866 | 866 |
| Total investments | 216,935 | 171,796 | 392,734 | 781,465 |

**Restated: The holding in Lansdowne (£36.6m) has been reclassified from Level 2 to Level 3 within PIVs to reflect that the redemption period for this holding exceeds 30 days.*

12. Investment risks

FRS 102 requires the disclosure of information in relation to certain investment risks to which the Fund is exposed to at the end of the reporting period. These risks are set out by FRS 102 as follows:

Credit risk: is the risk that the counterparty to a transaction or a financial instrument will fail to discharge an obligation and cause the Fund to incur a financial loss.

Market risk: this is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk, each of which is further detailed as follows:

- **Currency risk:** this is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.
- **Interest rate risk:** this is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Notes to the Financial Statements (Continued)

- **Other price risk:** this is the risk that the fair value or 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), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Board is responsible for determining the Fund's investment strategy which it implements via its holding of units in asset classes of the Government of Jersey CIF.

(The CIF is a sovereign pooling arrangement, allowing participating entities to cost effectively access a wider range of asset classes than would be possible on a stand-alone basis. The CIF units reflect a share of the value of underlying holdings of segregated and PIVs).

The direct investment risks of CIF unit holdings are deemed not material. The indirect risks of the CIF's underlying segregated and PIVs holdings are considered more significant.

The following table summarises the JTSP's investment risk exposures, via its CIF's investment:

| Asset Category | Credit Risk | Market Risk | | | 2024 (£m) | 2023 (£m) |
|------------------------------|-------------|-------------|----------|-------------|-----------|-----------|
| | | Currency | Int Rate | Other Price | | |
| PIVs | | | | | | |
| Equities | | ✓ | | ✓ | 264.1 | 291.2 |
| Property | ✓ | | | ✓ | 68.3 | 67.6 |
| Return Seeking Credit | ✓ | ✓ | ✓ | | 75.8 | 41.7 |
| Alternatives | ✓ | ✓ | ✓ | ✓ | 441.7 | 378.1 |
| Cash | ✓ | ✓ | ✓ | | 0.5 | 2.0 |
| Total holding within the CIF | | | | | 850.4 | 780.6 |

Credit risk

The credit risk exposure arising from the CIF's underlying investments is mitigated by legal structuring, including ring fencing (from managers); the regulatory environment in which the managers operate; and by diversification of investments amongst a number of pooled arrangements.

All the segregated assets of the CIF and holdings in CIF pooled funds are held by the CIF's Custodian, Northern Trust. Bankruptcy or insolvency of the Custodian may delay the Fund's ability to exercise any rights with respect to securities held by the Custodian (However, as they are held in named accounts the assets will not be included on the balance sheet of the Custodian).

Notes to the Financial Statements (Continued)

An analysis of the Fund's CIF investments by structure type is provided in the table below:

| CIF underlying investments by vehicle type | 2024 (£m) | 2023 (£m) |
|--|--------------|--------------|
| Closed ended investment companies | 5.0 | 7.2 |
| Open ended investment companies | 345.5 | 282.1 |
| Shares in limited partnerships | 233.7 | 207.1 |
| Open ended unit trust | 67.9 | 67.3 |
| Within CIF PIVs | 652.1 | 563.7 |
| Within segregated assets within the CIF | 198.3 | 216.9 |
| Total holding within the CIF | 850.4 | 780.6 |

The Board also manages its credit risks by:

- Diversifying investment between a range of managers.
- With the assistance of its Investment Administrator, conducting due diligence checks on the appointment of new managers and thereafter on an ongoing basis.
- Selecting high-quality counterparties, brokers, and financial institutions to minimise credit risks that may occur through the failure to settle a transaction in a timely manner.

The Board delegates day-to-day credit management activities to its investment managers who in turn must comply with risk management conditions within their individual mandates. The investment restrictions and risk disclosures of these vehicles are publicly available at the respective fund managers' websites and within the vehicles' prospectuses and their annual Financial Statements.

The Fund is also exposed to credit risk through its holdings of cash and cash equivalents, amounts due from brokers and other receivable balances.

As at year end the Fund had the following bond and cash assets:

| Bond and cash assets | 2024 (£m) | 2023 (£m) |
|-----------------------------------|--------------|--------------|
| Long-term cash pool | 0.5 | 2.0 |
| Return Seeking Credit pool | 75.8 | 41.7 |
| Other | - | 0.2 |
| Total bond and cash assets | 76.3 | 43.9 |

In respect of Bonds and cash asset policies:

- The CIF long-term cash pool is managed by the same manager as the deposit accounts of the Government of Jersey; credit risk is monitored over the entire cash holdings of the Government.
- The Return Seeking Credit pool invests in a broad range of fixed income instruments, primarily corporate bonds. No assets are held directly as investments are through PIVs.

Currency risk

There is no direct currency risk from the unit holding in the CIF which are Sterling denominated, however there is exposure from the CIF's underlying investments.

Notes to the Financial Statements (Continued)

The material exposure from the CIF investments relates to the Equity pools (see table above), where some investment is denominated in currencies other than British pounds sterling. In these cases, changes in the rates of exchange between currencies may cause the value of the pools to vary in line with the value of the investments held within them.

This exposure is managed by asset selection at the underlying level and by permitting investment managers to use forward foreign exchange contracts for hedging purposes.

Hedging is permitted into sterling, and cross hedging (hedging into a currency other than sterling) is not permitted unless the cross hedge is part of a set of deals which are designed to achieve a hedged position back into sterling in aggregate. The maximum permitted amount of hedging is 100% of the value of the securities in the relevant currency.

Further details of the underlying currency exposures within the CIF may be found within the Financial Accounts of the States of Jersey.

Interest rate risk

There is no direct interest rate risk arising from the Fund's investment outside the CIF, as no assets hold a fixed interest rate. However, the investment in the CIF is subject to indirect interest rate risk through a number of PIVs that hold investments in bonds and cash. These holdings are monitored in the context of the overall investment strategy. Investment managers will also manage interest rate risk in line with policies and procedures put in place in the Investment Manager Agreements.

Further details of the underlying interest rate exposures within the CIF may be found within the Financial Accounts of the States of Jersey.

Other price risk

The Fund's investment in the CIF is not a traded investment and therefore the Fund's exposure arises principally from the CIF's underlying investments, chiefly its return seeking assets which include equities and illiquid alternatives held either as segregated investments or through underlying investments in PIVs.

The exposure to other price movements is managed by constructing a diverse portfolio of investments across various markets, held with various high-quality investment managers who are monitored by the Investment Advisor, the TAP and Treasury representatives on an ongoing basis.

Notes to the Financial Statements (Continued)

13. Concentration of investments

JTSF invests in a range of asset classes via the CIF. The CIF investment pools that account for more than 5% of the net assets of Fund's unitholding in the CIF are detailed in the table below:

| | 2024 (£'000) | 2024 | 2023 (£'000) | 2023 |
|---------------------------|-----------------|------|-----------------|------|
| Active Global Equity Pool | 264,137 | 31% | 291,186 | 37% |
| Hedge Funds Pool | 170,366 | 20% | 152,978 | 20% |
| Opportunities Pool III | 109,336 | 13% | 67,900 | 9% |
| Alternative Risk Premia | 83,156 | 10% | 76,734 | 10% |
| Return Seeking Credit | 75,758 | 9% | 41,696 | 5% |
| UK Property Pool | 68,325 | 8% | 72,045 | 9% |
| Opportunities Pool II | 45,225 | 5% | 36,645 | 5% |
| Opportunities Pool I | 33,566 | 4% | 39,658 | 5% |

14. Current Assets

| | 2024 (£'000) | 2023 (£'000) |
|--------------------------------------|-----------------|-----------------|
| Contributions - Employers | 428 | 193 |
| Contributions - Members | 217 | 107 |
| Cash balances | 5,705 | 8,576 |
| Advances to the Government of Jersey | 443 | - |
| Other debtors | 12 | 6 |
| | 6,805 | 8,882 |

15. Current Liabilities

| | 2024 (£'000) | 2023 (£'000) |
|--|-----------------|-----------------|
| Other creditors | 52 | 101 |
| Advances from the Government of Jersey | - | 2,552 |
| | 52 | 2,653 |

16. Contingencies and Commitments

In the opinion of the Treasurer, the Fund has no contingent liabilities as at 31 December 2024 (2023: none).

As at 31 December 2024, the Fund had commitments of approximately £283.3 million (2023: £246.3 million) to the Opportunities Pools of the CIF, of which £88.7 million (2023: £100.4 million) remained undrawn as at the year end.

Notes to the Financial Statements (Continued)

17. Related party transactions

Related party transactions and balances comprise the following categories:

- key management personnel of the entity or its parent (in the aggregate).

The Chair and Secretary to the Board receive remuneration as detailed in note 7. Gordon Pollock (Chair until 1 July 2024) was also a member of the TAP for which he received remuneration. At 31 December, within the Board, there were four active (2023: three) and three pensioner members (2023: five). There were no other related party transactions identified during the year.

- entities that provide key management personnel services to the entity.

The Treasury & Exchequer Department of the Government of Jersey provides creditor payment, payroll, cash management and financial ledger services for the Fund. At the year-end, a sum of £0.4 million was owed to the Fund (2023: £2.5 million was to the Government of Jersey) in respect of transactions with the Treasury & Exchequer Department. During the year, an amount of £0.3 million (2023: £0.3 million) was paid to the Government of Jersey in respect of the services provided.

Independent Auditor's Report

Opinion

We have audited the financial statements of the Jersey Teachers' Superannuation Fund (the 'fund') for the year ended 31 December 2024 which comprise the Fund Account, the Statement of Net Assets and the notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- show a true and fair view of the financial transactions of the fund during the year ended 31 December 2024, and of the amount and disposition at that date of its assets and liabilities, other than the liabilities to pay pensions and benefits after the end of the year;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the 2007 Order.

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

In auditing the financial statements, we have concluded that the Treasurer'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 authorised for issue.

Our responsibilities and the responsibilities of the Treasurer 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 Treasurer is responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of the Treasurer

As explained more fully in the Statement of the Treasurer's Responsibilities set out on page 24, the Treasurer is responsible for the preparation of financial statements and for being satisfied that they give a true and fair view, and for such internal controls as the Treasurer 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 Treasurer 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 Treasurer either intends to wind up the fund or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

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 the management board, and from inspection of board minutes and regulatory correspondence. We discussed the policies and procedures regarding compliance with laws and regulations with the management board and enquired of them to identify any instances of non-compliance.

We identified that the principal laws and regulations were the 2007 Order as set out in Jersey Law.

We also considered the direct impact of these laws and regulations on the Financial Statements. We evaluated the Treasurer's opportunity for fraudulent manipulation of the Financial Statements (including the risk of override of controls) and determined that the principle risks were related to misappropriation of assets, particularly cash and investments and posting inappropriate journal entries.

Audit procedures performed included:

- Enquiring of the management board and inspection of the risk register as to the Fund's high-level policies and procedures to prevent and detect fraud
- Enquiring of the management board as to their knowledge of any actual, suspected or alleged frauds
- Review of minutes of management board meetings

As required by Auditing Standards, we perform procedures to address the risk of management override of controls. In particular, the risk that the management board and their delegates may be in a position to make inappropriate accounting entries and the risk of bias in accounting estimates and judgements.

The procedures we carried out to gain evidence in the above areas included:

- obtaining independent confirmation of, and testing of a risk-based sample of investment balances at the year end
- testing of a risk-based sample of journal entries to supporting documentation
- designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing
- challenging assumptions and judgements made by the Treasurer their significant accounting estimates, in particular in relation to the valuation of level 3 investments.

All engagement team members are considered to have sufficient knowledge and experience of funds of a similar size and complexity, appropriate to their role within the team. The engagement team are part of our specialist pensions audit department or are trained by them, thus ensuring they have sufficient knowledge and understanding of the sector, the underlying applicable legislation and related guidance.

A further description of our responsibilities is available 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 management board, as a body, in accordance with the 2007 Order and for no other purpose. Our audit work has been undertaken so that we might state to the management board those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the management board as a body, for our audit work, for this report, or for the opinions we have formed.

S&W Partners Audit Limited

S&W Partners Audit Limited

Statutory Auditor
Chartered Accountants
Bristol

Date: 22 May 2025

Statement of the Actuary

1. Security of prospective rights

It is our opinion that, on a going concern basis, the resources of the Fund are expected in the normal course of events to meet in full the liabilities for current members of the Fund as they fall due, assuming all future increases to pensions and deferred pensions effective on or after 1 January 2022 will be in line with the annual increase in the All Items Retail Prices Index for Jersey (Jersey RPI).

This opinion is based on the financial position of the Fund at the effective date, 31 December 2021, and does not take account of more recent developments. Our report on the valuation of the Fund as at 31 December 2021 was signed on 28 February 2023.

The valuation report disclosed a surplus of £50.3M at the effective date of the valuation, equivalent to a funding ratio (assets divided by the present value of the liabilities) of 106.8%. This relates to past service and future service benefits for current members and takes account of the 'pension increase debt' as an asset of the Fund in line with its calculated value at 31 December 2021 of £133.3M. In practice, the pension increase debt was repaid in full through two lump sum payments on 31 May 2022 and 29 July 2022.

The next valuation, which is due to be carried out as at 31 December 2024, is currently in progress.

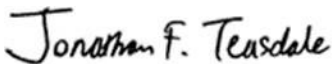
2. Security of accrued rights on discontinuance

It is our opinion that, on a discontinuance basis, the Fund's assets at the effective date were sufficient to cover 101% of its accrued liabilities as at that date, based on pension increases equal to the minimum increases specified in the Orders governing the Fund i.e. nil increases. This assumes that the Fund discontinued on the valuation date, even though the Orders currently governing the Fund do not envisage the Fund's discontinuance (i.e. the future accrual of benefits and payment of contributions into the Fund being discontinued).

By accrued liabilities we mean benefits arising in respect of pensioners, deferred pensioners and active members for service prior to the effective date, on the basis that all active members are treated as if they had terminated pensionable service on the effective date with entitlement to deferred pensions.

3. Further information

Further information underlying this statement is set out in the Appendix to this statement.



Jonathan Teasdale
Fellow of the Institute and Faculty of Actuaries
Aon Solutions UK Limited

14 March 2025

APPENDIX

1. Notes on our opinion on the security of prospective rights

The resources of the Fund at 31 December 2021 that we have taken into account for the purposes of this statement consisted of:

- a) the existing assets, including net current assets and liabilities, which had a value of £651.9M at 31 December 2021.
- b) the pension increase debt of £133.3M at 31 December 2021.
- c) future contributions payable by members and employers at the various rates that were specified in the Orders effective at the valuation date, less 5.6% of salaries allocated to meet the pension increase debt.

2. Notes on our opinion on the security of accrued rights on discontinuance

In calculating the value of the Fund's accrued liabilities assuming the Fund was discontinued, we have estimated the terms that might be offered by insurance companies for determining the cost of immediate and deferred annuities to secure the liabilities, plus a provision to cover expenses. In practice an alternative to purchasing annuities to secure the liabilities would be to continue running the Fund as a closed fund.

The Orders governing the Fund provide for annual increases in line with the Jersey RPI at present, although lower increases may be paid where an actuarial review has disclosed that the financial condition of the Fund is no longer satisfactory. We have assumed that in a discontinuance situation the pension increases provided would be equal to the minimum increases specified in the Orders i.e. nil increases.

3. Methods and assumptions

The actuarial methods and assumptions underlying the opinions in this Statement are as set out in our full report on the valuation of the Fund as at 31 December 2021.

Appendix A - Explanation of the Common Investment Fund (CIF)

The CIF was established in 2010 by proposition P.35/2010, lodged by the Minister for T&R. The proposition amended existing legislation to enable the pooling of Government Fund assets (including Separately Constituted Funds, Special Funds and Trust and Bequest Funds) for investment. It was approved by the States of Jersey on 12 May 2010.

The purpose of the CIF is to create an administrative arrangement that enables participating funds (Participants) to pool their resources in order to benefit from greater investment opportunities and economies of scale.

Each Participant contributing funds to the CIF receives units of ownership in the CIF's investment pools in exchange. The value of these units is determined by the investment performance of underlying assets that the CIF itself invests in.

Participants are able to create a tailored exposure to the underlying investments of the CIF, suitable to their unique strategic investment requirements. The CIF aggregates the participants' instructions then collectively invests into the underlying assets, attributing returns according to the performance and weighting of each Participant's selections.

The JTFSF and CIF investment strategies are expressed in the SIPs published on the Government of Jersey website.

The CIF does not prepare standalone Financial Statements, but detailed disclosures (including performance, risk and exposures) are included in the Government of Jersey Financial Accounts. The 2024 Government of Jersey Financial Accounts were published in May 2025. These accounts should be read in conjunction with those accounts.

Appendix B – Summary of key service providers (unaudited)

| Specialist Provider | Service | Who | Who appoints under the JTSF legislation | Summary of services | Next review process |
|---------------------|---------|--------------------------|--|--|---------------------|
| Actuary | | Aon Solutions UK Limited | Contracted by the Board following approval by the Minister for T&R | Independently estimates the Fund's liabilities based on estimated demographic and investment return outcomes. The Actuary writes a formal Valuation Report every three years which informs decisions around contribution/ benefit rates and investment strategy decisions. The Actuary is also responsible for advising on the terms in place for member options such as the option to take a transfer value. | Annually, the Board |
| Investment Advisor | | Aon Investments Limited | | Makes strategic investment recommendations (portfolio design; adding/ removing fund managers); provides performance information; performs due diligence on investment managers and assists with best practice reviews; provides oversight and challenge to aspects of Custodian performance; assists Treasury to plan operational activities. The Investment Advisor works closely with the Investment Administrator to forecast and plan for cash flows needs arising from member transactions. The Investment Advisor closely monitors the performance of investment managers to ensure that they execute the agreed investment strategies with appropriate regard to risk, and to then evaluate the success of those strategies against performance benchmarks. | Annually, the Board |
| Lead Legal Advisor | | Carey Olsen | Board | Supports the Board with arising legal matters and compliance with legislation. | Annually, the Board |

| | | | | |
|--------------------------------------|---|--|--|--|
| | (Additional advisors on an ad hoc basis) | (Contracted by the Board) | | |
| External Auditor | S&W Partners Audit Limited (previously CLA Evelyn Partners Limited) | Comptroller and Auditor General | Provides an annual Audit Opinion engagement on the Fund's Financial Statements. | 2027, the C&AG |
| Investment Manager (the CIF) | Government of Jersey's CIF | Board, following approval by the Minister for T&R (Contracted by the Board) | The Treasurer acts as Investment Manager and Investment Administrator to the CIF. The CIF is an investment vehicle that pools the funds of various Participants (such as the JTSF) and invests in a scaled way across various underlying external investment funds. | Ongoing, the Board |
| Custodian (part of CIF arrangements) | Government of Jersey's CIF – ultimately Northern Trust | | Northern Trust are Custodian to the CIF maintains the ownership records of JTSF as a Participant. Northern Trust retains CIF investment ownership records; bookkeeps transactions; collates performance information; supports various investment operations. | Presently under review, Investment Administrator |
| Independent panel overseeing the CIF | TAP | Appointed by the Minister for T&R. | Terms of reference for the TAP are available online at the Government of Jersey website. | |
| Investment Administrator | Government of Jersey – Investment Administration (and Financial Statement preparation) is performed by the Treasury and Investment Management Team (T&IM). | The Treasurer appoints the Administrator | The Treasurer acts as Investment Administrator to both the CIF and the Fund. Implements investment decisions; performs day-to-day coordination of tax filing and investment administration; reconciles service provider records and prepares the Fund's financial records; coordinates the audit engagement; coordinates/ performs compliance activities; | Role follows legislation, not tendered |

| | | | | |
|--------------------------|--|--|---|--|
| | | | provides oversight of service provider performance and implements the Board's Fund level control framework. | |
| | | The Treasurer and Board | <p>The Treasurer must keep Fund records and prepare Financial Statements.</p> <p>The Comptroller and Auditor General must appoint auditors.</p> <p>The Board must publish the audited Financial Statements.</p> | |
| Membership Administrator | Government of Jersey – Membership Administration is performed by the Treasury PEPT team. | The Treasurer appoints the Administrator | Coordinates the processing of pension contributions and payments; maintains JTTSF membership records; implements the Board's communication strategies; assists with the Board's appointment processes. | |

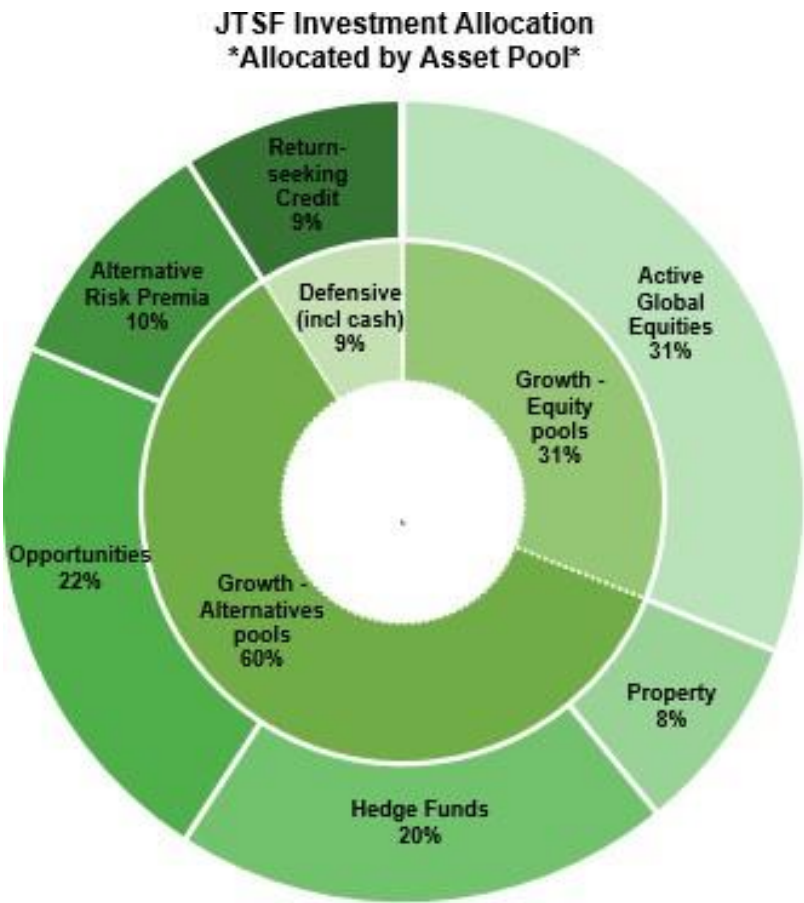
Appendix C – Underlying investments (unaudited)

Executive summary

The Board are satisfied that the portfolio is delivering an appropriate risk-adjusted and diversified return. The evaluation is a complex and subjective area. However, ultimately, the Board is satisfied that the TAP is scrutinising the relevant considerations and that the portfolio is well positioned to continue to deliver the necessary performance.

Detailed information on the CIF and its holdings is published on the Government website. The JTTSF also separately publishes information about its own policies, strategic allocation decisions and portfolio composition on the Government website.

Portfolio composition at 31 December 2024



Values contain rounding to the neared 1%

Commentary

Context

This commentary focuses on the performance of individual managers and the asset pools they comprise, in other words the tactical elements of portfolio investment (the Fund's strategic performance is evaluated in detail at Actuarial Valuation, which is when the liabilities the strategy is designed to match are formally re-appraised).

Events

2024 was a positive year for the portfolio, although the macro environment saw a mix of economic challenges and opportunities crystalise across regions.

Global inflation pressures showed signs of moderation but central banks, including the Federal Reserve and Bank of England, remained cautious and maintained relatively high interest rates. Economies felt the impact of higher bond yields and elevated borrowing costs, although key markets (the US in particular) showed remarkable resilience.

Equity markets saw high overall performance over the year, with the MSCI All Country World Index (an index representing a broad basket of global stocks) appreciating in Sterling terms by around 20%. This headline return disguised considerable variation in underlying performance, with strong gains in sectors like technology, while more traditional sectors such as utilities and consumer staples lagged. Overall performance remained overwhelmingly driven by the seven largest stocks in the index, dubbed the 'Magnificent 7' these stocks (Apple, Nvidia, Microsoft, Amazon, Alphabet, Meta Platforms and Tesla) accounted for more than half of the S&P 500's total gains for the year.

Geopolitical risks, including ongoing tensions in Europe and the Middle East, continued to add volatility, particularly to commodities and global supply chains. Currency fluctuations also played a significant role in the performance of international investments, with the US dollar experiencing strength relative to other major currencies (positive for a Sterling investor holding a globally diversified portfolio).

Markets reacted positively to the conclusion of the US presidential election, although concerns around policy decisions have led to further volatility as the impact of tariffs on both global trade and inflationary pressures remain uncertain.

Key points

Observations

- 1) Overall return of 11.3%, marginally below the portfolio-level 12.6% benchmark over the year.
- 2) Of the asset classes in which JTSF invests; Active global equities, Property, Hedge Funds, Opportunities, Alternative Risk Premia, Return-seeking Credit, all delivered a positive return.
- 3) The largest asset class, Active global equity, generated the highest performance at 14.7%, making up around 43.2% of the Fund return.
- 4) Only Active global equity and Property generated below-benchmark returns. Active global equity was the largest detractor, delivering performance 5.4% below benchmark. Property delivered 4.7%, 0.7% below benchmark.
- 5) The highest relative performance was delivered by the Opportunities class which generated returns of 10.8%, 7.3% above benchmark, followed by Hedge Funds which delivered which generated returns of 11.4%, 6.1% above benchmark. The Opportunities and Hedge Fund pool were the second and third largest pools and delivered 20.2% and 19.9% of the Fund return respectively.

These observations are expanded in the following analysis section

Actual returns compared to Benchmark

The following chart illustrates the overall return of the portfolio compared to the apportioned benchmark of the underlying asset classes in which the Fund invests. This is further analysed in the subsequent tables and commentary.

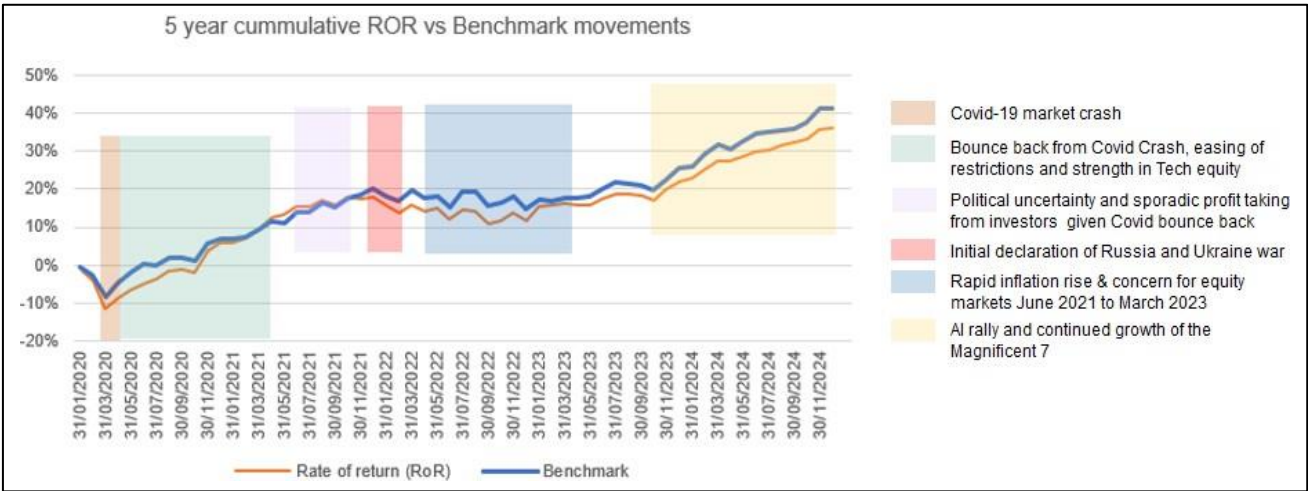
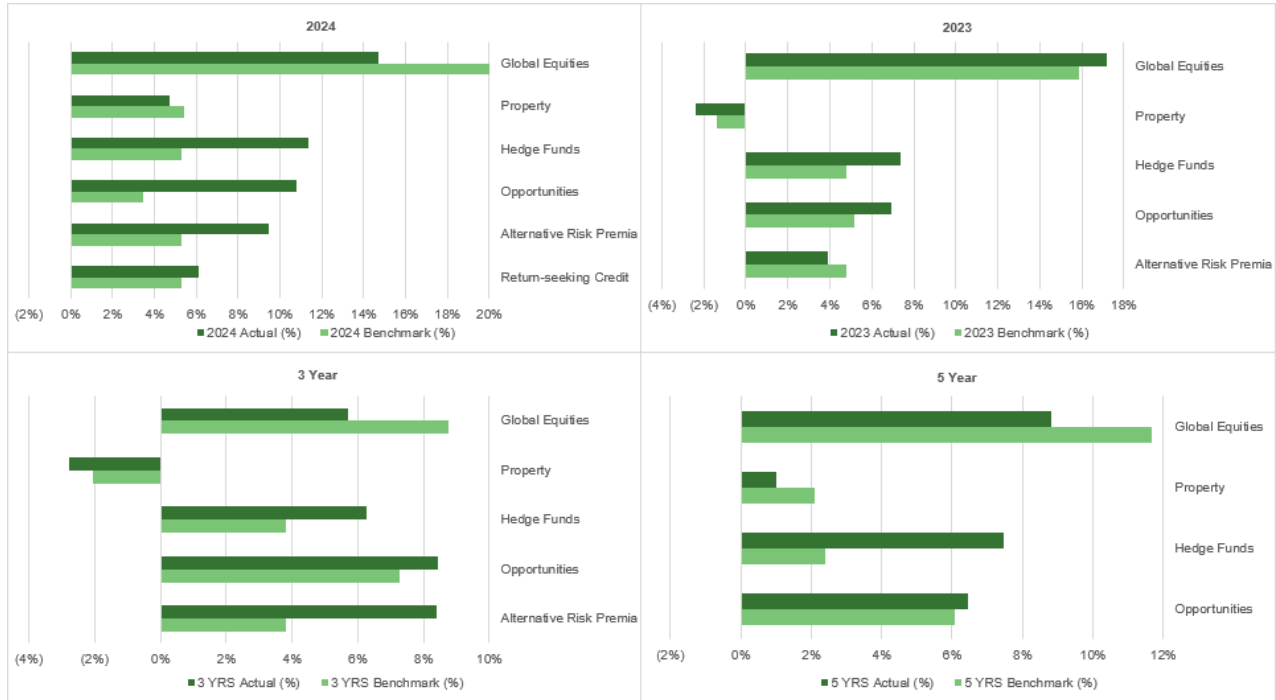


Figure: Contribution by asset class

The charts below show the return by strategic asset class, with comparison to benchmark performance



*return seeking credit as an asset class was established at the end of Q3 2023.

The following table serves to support the analysis summarised in the graphs/tables above.

| | |
|--|--|
| <p>Active Global Equities (31% of JTSP's CIF investment)</p> | <p>The CIF's equity managers delivered a strong 14.7% return over the year but significantly underperformed the 20.1% market benchmark. Despite this, long-term performance remains satisfactory, with the Equity Pool averaging 11.2% per year since inception, though recent underperformance has brought it below the 12.4% benchmark.</p> <p>The CIF portfolio is well-diversified, with concentration limits preventing excessive exposure to any single stock. While this diversification reduces idiosyncratic risk, loosely defined as company specific risk (such as a new invention invalidating a business model overnight), reducing the likelihood 'very bad outcomes', wider exposure can mean when market returns are driven by a small number of stocks the CIF can underperform.</p> <p>Such an environment has been prevalent over recent history. Over 2024 a small group of companies, dubbed as the 'Magnificent 7', accounted for over 50% of the S&P 500's total return in 2024. The TAP monitored the position carefully and remains confident that the strategy will maximise the portfolio's chances of achieving its overall long-term goals.</p> |
| <p>Opportunities (22% of JTSP's CIF investment)</p> | <p>Diversifiers like Opportunities, Hedge Funds, and ARP have proven their value, delivering strong absolute returns.</p> <p>The Opportunities pool, which includes direct lending, infrastructure, and insurance-linked securities, focuses on generating returns with low correlation to traditional assets like bonds and equities. This strategy has been effective, especially during market volatility over the past three years.</p> <p>In 2024, the Opportunities pool returned 10.8%, outperforming its inflation-based benchmark by 7.3%. Over three years, which includes the challenging market conditions in 2022, when markets were rocked by the sudden reemergence of inflation and rapid rises to interest rates, it achieved an annualized return of 8.4%, the highest across all asset classes.</p> |
| <p>Hedge Funds (20% of JTSP's CIF investment)</p> | <p>The Hedge Funds Pool has delivered strong performance in 2024, achieving a year-to-date return of 11.4%, well above the 5.3% benchmark.</p> <p>Amid low volatility and strong equity and credit markets, all hedge fund strategies contributed positively. Macro managers benefited from gains in interest rates and tactical commodity trades, particularly a successful long gold position. Equity long/short managers performed well as stock correlations remained low, creating favourable conditions for stock picking.</p> <p>Event-Driven managers gained from a resurgence in M&A activity, while strong credit markets supported trading gains. Structured credit—especially residential mortgage-backed securities and collateralized loan obligations—boosted returns for both Event-Driven and Multi-Strategy managers.</p> |

| | |
|---|--|
| <p>Alternative Risk Premia (10% of JTSF's CIF investment)</p> | <p>The ARP Pool is another diversifying strategy which has delivered strong performance over the year, returning 9.4% compared to the 5.3% benchmark. Returns came from various sources, with equity market neutral strategies contributing the most.</p> |
| <p>Return Seeking Credit (9% of JTSF's CIF investment)</p> | <p>The RSC Pool consists of three sections: Multi-Asset Credit (MAC), Absolute Return Bonds (ARBS), and Asset-Backed Securities (ABS). Over the year, it returned 6.1%, outperforming its cash benchmark by 0.8%.</p> <p>ARBS performed particularly well, the ARB section contains two managers who contributed returns of 6.3% and 6.6% respectively, driven by profitable credit and duration positions. Underlying managers capitalized on high carry, spread tightening, and the start of the rate-cutting cycle. Performance was especially strong in Q3, as falling yields on developed market government bonds—following the Fed's first rate cut since 2020—boosted returns.</p> <p>MAC and ABS managers also performed well, benefiting from credit spread tightening, favourable yield movements, and strong income returns.</p> <p>As ever, it is important to note that given the high level of active management in this space, there is no consistent "trend" in performance across the managers employed by the CIF.</p> |
| <p>Property (8% of JTSF's CIF investment)</p> | <p>Global real estate markets have been hit by rising interest rates which have caused declining valuations and little liquidity. The UK and Europe saw slight growth in Q2 2024, with most sectors near their lowest point.</p> <p>Real estate values are sensitive to economic conditions and interest rates. A weak economy or slower rate cuts could further hurt valuations however prices now seem attractive, and the portfolio continues to offer good yields and cash flow for the scheme. Nonetheless, core real estate is expected to perform well in the coming years, with market participants forecasting total returns in the region of 6-8% per annum from 2025 onwards for the next several years.</p> <p>The Pool returned 4.7%, underperforming the market by 0.6% though this is an example where the benchmark, by its nature cannot simply be replicated necessitating the active approach with the associated cost headwinds.</p> |

Glossary

Active management: A strategy where the manager makes specific investments with the goal of outperforming an investment benchmark index.

Accepted Schools: Schools who have been accepted as participating employers of the Fund and whose staff can become members of the Fund by virtue of an agreement made between the Fund and the relevant school.

Actuarial Target return: A metric devised by the Actuary that represents the investment return rate expected to be generated (in order for the assets of a Scheme to match the estimated value of Scheme liabilities, within a pre-determined level of probability).

Actuary: A consultant who advises the Fund and every three years formally reviews the assets and liabilities of the Fund and produces a report on the Fund's financial position.

Alternative Risk Premia: A liquid investment class, employing strategies designed to extract various risk premia across a wide range of asset classes including, but not limited to, equities, currencies and commodities. These strategies are expected to perform well in a variety of market environments and have low correlation to traditional sources of returns.

Alternatives: A financial asset whose characteristics differentiate it from conventional asset types such as stocks, bonds, or cash. By nature, Alternatives are often illiquid, complex, or otherwise comparatively difficult to value or trade.

A&R Subcommittee: Audit and Risk Subcommittee.

AVCs: Additional Voluntary Contribution.

Benchmark: A yardstick of typical investment return against which the investment performance of a fund manager or portfolio can be compared, usually the index relating to the particular assets held.

Board: Management Board of the Jersey Teachers Superannuation Fund.

C&AG: Comptroller & Auditor General's.

CIF: Common Investment Fund.

CIFO: Channel Islands Financial Ombudsman.

Corporate/ Government Bonds: Investment in certificates of debt issued by a company/ government. These certificates represent loans which are repayable at a future date with interest.

Common Investment Fund: The investment vehicle administered by the Government of Jersey that the Fund invests in.

Custodian: The service provider which keeps safe custody of JTSF assets on the Treasury/ the Board's behalf. The JTSF Custodian is Northern Trust.

Deferred Pension: The inflation linked retirement benefits payable from normal retirement age to a member of the Fund who has ceased to contribute as a result of leaving employment.

Equiniti: the service provider responsible for providing the pension administration system (Compendia) which the PEPT use to administer all benefits within the PEPF and JTSF.

Equities: Ordinary shares in UK and overseas companies traded on a stock exchange. Shareholders have an interest in the profits of the company and are entitled to vote at Shareholders' meetings, which can be traded on a recognised stock exchange before the repayment date. The Fund may also hold a

limited amount of unlisted equity where dealers directly facilitate the 'over the counter' buying and selling of equity outside of recognised stock exchanges.

ESG: Environmental, Social and Governance.

FRS 102: Financial Reporting Standard applicable in the UK and Republic of Ireland.

Fund: Jersey Teachers' Superannuation Fund.

Hedge Funds: A type of alternative investment that employs a variety of strategies designed to generate a return which is typically less correlated with conventional markets. The CIF hedge fund pool specifically is designed following a fund of funds approach, to provide a target return of SONIA + 4-6% target while providing protection in downturns and exhibiting low correlation with equity class assets.

ISAs (UK): International Standards on Auditing (UK).

JRPI: Jersey Retail Price Index.

JTSF: Jersey Teachers' Superannuation Fund.

Market Value: The price at which an investment can be bought or sold at a given date.

Minister for T&R: Minister for Treasury and Resources.

MUSE: Muse Advisory is an independent pensions governance consultancy in the UK who were commissioned to work with the Board to help it review certain administration and operational functions.

Pension Administration Strategy: The written statement which contains the policies and procedures governing the administration of the JTSF and the obligations of JTSF Employers/Accepted Schools.

Pension Increase Debt: The debt created by changes to the Fund implemented in 2007 which moved responsibility for the payment of pension increases from the Government of Jersey to the Fund. The Pension Increase Debt was repaid in full during 2022.

PEPF: Public Employees Pension Fund.

PEPT: The Public Employees' Pension Team, a section of the Government of Jersey Treasury & Exchequer Department who perform the day-to-day administration of the Fund.

Property: Investments related to acquisition, development or management of property and related activities. These are typically long term, illiquid investments.

PIVs: Pooled Investment Vehicles.

Return: The total gain from holding an investment over a given period, including income and increase (decrease) in market value.

Risk Register: The register used by the Board to effectively identify, prioritise, manage and monitor risks associated with the Fund.

SIP: The Statement of Investment Principles, which is a statement setting out the policies and principles governing the Board's decisions in relation to the investment of the assets of the Fund.

SORP: The Statement of Recommended Practice Financial Reports of Pension Schemes (revised 2018).

TAP: Treasury Advisory Panel.

The 1979 Law: The Teachers' Superannuation (Jersey) Law 1979, as amended.

The 2007 Order: The Teachers' Superannuation (Administration) (Jersey) Order 2007.

Transfer Value: These are sums which represent the capital value of past pension rights which a member may transfer on changing pension funds.

Treasurer: Treasurer of the States.

T&IM: Treasury and Investment Management Team.

Contacts and Further Information

If you know someone who would like this document in another format, please let us know. All published documents are available from the Public Employees' Pension Team.

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