

**Registered number: 10011677**

**GATX-UK PENSION SCHEME  
REPORT AND FINANCIAL STATEMENTS  
YEAR ENDED 5 APRIL 2022**

Risk. Reinsurance. Human Resources.



## GATX-UK PENSION SCHEME

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**GATX-UK PENSION SCHEME****TRUSTEES AND THEIR ADVISERS  
PERIOD ENDED 5 APRIL 2022**

<b>Company Appointed Trustees</b>	Jim Conniff (resigned 31 July 2021) Robert Hopkins, Chairperson Cathy Chen (appointed 1 August 2021)
<b>Member-Nominated Trustee</b>	Susan Sexton
<b>Principal Employer</b>	GATX Terminals Limited c/o Gowling WLG (UK) LLP
<b>Secretary to the Trustees</b>	Robert Hopkins c/o Aon Solutions UK Limited
<b>Actuary</b>	Anup Dodhia Aon Solutions UK Limited
<b>Administrator</b>	Aon Solutions UK Limited
<b>Independent Auditor</b>	Ernst & Young LLP
<b>Banker</b>	Barclays Bank plc
<b>Investment Advisers</b>	Richard Antrobus Simon Mayne Aon Solutions UK Limited
<b>Investment Managers</b>	Aon Investments Limited BlackRock Investment Management (UK) Limited ('BlackRock')
<b>AVC Provider</b>	Utmost Life and Pensions Limited ('Utmost')
<b>Legal Adviser</b>	Gowling WLG (UK) LLP
<b>Contact Details</b>	Aon Hewitt Scanning Division PO Box 196 Huddersfield HD8 1ED  gatx.pensions@aon.com 0333 207 9450

## GATX-UK PENSION SCHEME

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### TRUSTEES' REPORT YEAR ENDED 5 APRIL 2022

#### **Introduction**

The Trustees of GATX-UK Pension Scheme (the 'Scheme') are pleased to present the annual report together with the audited financial statements for the year ended 5 April 2022.

#### **Constitution and management**

The Scheme is a Defined Benefit ('DB') scheme. The Scheme is governed by a Trust Deed, as amended from time to time, and is administered by Aon Solutions UK Limited in accordance with the establishing document and Rules solely for the benefit of its members and other beneficiaries. There are also some members who have Protected Rights ('DC') benefits only within the Scheme.

The Trustees are shown on page 1.

Under the Trust Deed and Rules of the Scheme, the Trustees are appointed and removed by Principal Employer, subject to the Member-Nominated arrangements.

In accordance with the Pensions Act 2004, at least one third of the total number of Trustees must be nominated by Scheme members. The Member-Nominated Trustees ('MNTs') are elected from the membership.

A Trustee can choose to retire from office at any time. A Member-Nominated Trustee can only be removed with the agreement of all other Trustees. Company Appointed Trustees are removed by the Principal Employer.

The Trustees have appointed professional advisers and other organisations to support them in delivering the Scheme's objectives. These individuals and organisations are listed on page 1. The Trustees have written agreements in place with each of them.

#### **Trustee meetings**

The Trustee Board met formally 3 times during the year to consider the business of the Scheme.

#### **Scheme changes**

There were no changes to the Scheme in the year.

#### **Financial statements**

The financial statements included in this annual report have been prepared and audited in accordance with the regulations made under Sections 41 (1) and (6) of the Pensions Act 1995.

## GATX-UK PENSION SCHEME

### TRUSTEES' REPORT YEAR ENDED 5 APRIL 2022

#### Membership

Details of the membership changes of the Scheme in the year are as follows:

	Deferreds	Pensioners	Total
Members at the start of the year	30	142	172
New spouses	-	1	1
Retirement	(1)	1	0
Deaths	-	(4)	(4)
Members at the end of the year	29	140	169

Pensioners include 29 (2021: 28) individuals receiving a pension upon the death of their spouse who was a member of the Scheme. Pensioners also include 1 (2021: 1) child dependant in receipt of a pension.

These membership figures do not include movements notified to the Administrator after the completion of the annual renewal.

The adjustment to members shown above is the result of retrospective updating of member records.

There were 29 deferred members of which 11 had only Protected Rights benefits

#### Pension increases

Pension in excess of Guaranteed Minimum Pension ('GMP') is increased in line with the increase in the Retail Prices Index ('RPI') up to a maximum of 5.0% a year. The RPI increase for the 12 months to September 2021 was 4.9% therefore this was the increase applied on 1 April 2022.

There were no discretionary pension increases in the year.

Deferred benefits are increased in line with legislation and the Scheme Rules.

#### Transfers

Transfers into the Scheme are not allowed.

#### Contributions

Contributions were paid in accordance with the Schedule of Contributions certified by the Scheme Actuary on 1 February 2021.

#### Employer Contributions

GATX Terminals Limited will pay amounts to cover the costs of meeting Scheme expenses, including any levies payable to the PPF but excluding investment manager fees.

## GATX-UK PENSION SCHEME

### TRUSTEES' REPORT YEAR ENDED 5 APRIL 2022

#### Contributions (continued)

GATX Terminals Limited to contribute to the Scheme as follows:

Type	Period	Amount
Expenses	By 5 April 2021 and up to 31 January 2026	The employer will pay additional amounts to cover the costs of meeting Scheme expenses, including any levies payable to the PPF

#### Going concern

In early 2020, a new coronavirus, COVID-19, was declared a global pandemic. COVID-19 resulted in the shutdown of economies and has caused severe disruption and fluctuations in global financial markets. This, in turn has been captured in the valuation of the Scheme's assets as included in the Statement of Net Assets as at 5 April 2021. Overall there was a limited impact on the Scheme assets as a result of COVID-19.

The Principal Employer, GATX Terminals Limited, is no longer trading, there has been no impact on the Employer covenant or the going concern of the business as a result of COVID-19. The US company, GATX Corporation, provides support to the Scheme (in the form of a guarantee and expense payments as set out in the Schedule of Contributions). While COVID-19 has influenced trading performance to a limited extent, the company retains a robust balance sheet position and significant cash liquidity, reinforcing its continued ability to provide strong covenant support. Additionally, COVID-19 has not impacted any payments being made to the Scheme.

During September, the gilt market and some pension schemes with LDI strategies designed to move in line with gilt markets experienced falls in value and liquidity issues due to rapidly rising yields. The GATX pension scheme was impacted by these market events, however, due to the low-risk nature of the GATX strategy, the Scheme was able to take a defensive position and meet all liquidity needs. In reaction to the events, the Scheme as at mid-October held c.17% of the portfolio in cash to provide additional flexibility to meet any liquidity concerns.

## GATX-UK PENSION SCHEME

### TRUSTEES' REPORT YEAR ENDED 5 APRIL 2022

#### Report on Actuarial Liabilities

Under the Pensions Scheme Act 2004, every scheme is subject to the Statutory Funding Objective, which is to have sufficient and appropriate assets to cover its technical provisions. The technical provisions represent the amount of money the Trustees need in order to pay the benefits members have accrued. This is assessed using the assumptions agreed by the Trustees and the Company and these assumptions are set out in the Statement of Funding Principles, available to members on request.

The most recent triennial valuation of the Scheme was carried out as at 5 April 2020. The results of this valuation are shown below, alongside the funding update as at 5 April 2021.

	5 April 2020	5 April 2021
The value of the technical provisions was:	£26.02 million	£24.43 million
The Scheme's assets were valued at:	£25.98 million	£28.45 million
Surplus/(Deficit)	(£0.04 million)	£4.02 million
Value of assets as a percentage of the technical provisions	99.8%	116.5%

The Trustees also consider the level of funding relative to the estimated costs of such a buy-out (known as "solvency liabilities") and equivalent information on this basis is provided below.

	5 April 2020	5 April 2021
The value of the solvency liabilities was:	£28.32 million	£28.23 million
The Scheme's assets were valued at:	£25.98 million	£28.45 million
Surplus/(Deficit)	(£2.34 million)	£0.22 million
Value of assets as a percentage of the solvency liabilities	91.7%	100.8%

## GATX-UK PENSION SCHEME

### TRUSTEES' REPORT YEAR ENDED 5 APRIL 2022

#### Report on Actuarial Liabilities (continued).

The method and significant assumptions used were as follows:

#### Method

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

#### Funding Assumptions

The key assumptions are:

Basis item	Description									
Discount rate	<p>The fixed interest gilt yield curve at the valuation date plus 0.5% p.a.</p> <p>The same discount rate is to be used for both pre-retirement and post-retirement liabilities.</p>									
Retail Price inflation ('RPI')	<p>The assumption is derived from the difference between the Bank of England fixed interest gilt yield curve and the Bank of England real gilt yield curve at the valuation date.</p> <p>No allowance is made for any inflation risk premium.</p>									
Consumer Price inflation ('CPI')	RPI inflation less Aon's best estimate of the RPI-CPI differential at the date of calculation.									
Pension increases in payment	<p>Inflation-linked pension increase assumptions are derived from the relevant RPI/CPI inflation assumption allowing for the maximum and minimum annual increase, and for the Scheme Actuary's estimate of future inflation volatility that also varies by term and may change from time to time.</p>									
Mortality Post-retirement	<p>Base mortality table:</p> <ul style="list-style-type: none"> <li>• Males: standard table S3PMA</li> <li>• Females: standard stable S3PFA</li> </ul> <p>Scaling factors have been determined using the Demographic Horizons Longevity Model based on the member's date of birth, sex and socio-economic information inferred from their postcode and membership category. The following scaling factors have been used:</p> <table border="1" style="margin-left: 20px;"> <thead> <tr> <th></th> <th style="text-align: center;">Males</th> <th style="text-align: center;">Females</th> </tr> </thead> <tbody> <tr> <td>Deferreds</td> <td style="text-align: center;">106%</td> <td style="text-align: center;">121%</td> </tr> <tr> <td>Pensioners</td> <td style="text-align: center;">106%</td> <td style="text-align: center;">97%</td> </tr> </tbody> </table> <p>An allowance for improvements between 2013 and 2020 and an allowance for future improvements have been made in line with the CMI_2019 core projections model with a smoothing parameter of 7.0 along with A parameter of 0.5 and assuming a long-term annual rate of improvement in mortality rates of 1.5% for men and women.</p>		Males	Females	Deferreds	106%	121%	Pensioners	106%	97%
	Males	Females								
Deferreds	106%	121%								
Pensioners	106%	97%								

## GATX-UK PENSION SCHEME

### TRUSTEES' REPORT YEAR ENDED 5 APRIL 2022

#### Investment matters

##### Management and custody of investments

As required by Section 35 of the Pensions Act 1995, the Trustees have prepared a Statement of Investment Principles ('SIP'). A copy of the SIP can be found on the Scheme's website at <https://pensioninformation.aon.com/gatx/fileviewer.aspx?FileID=13352&FileName=GATX%20Statement%20of%20Investment%20Principles.pdf> and is available on request from the Administrator.

The Trustees have delegated management of investments to the investment managers shown on page 1. These managers, who are regulated by the Financial Conduct Authority in the United Kingdom, manage the investments in line with the investment managers agreements which are designed to ensure that the objectives and policies captured in the SIP are followed.

The Trustees have considered environmental, social and governance ('ESG') factors for investments (including but not limited to climate change) and have delegated to the investment managers the responsibility for taking these considerations into account when assessing the financial potential and suitability of an investment and for exercising the rights (including voting rights) relating to the Scheme's investments.

The investment managers are paid fees for their services. The fees are calculated as a percentage of the market value of the part of the Scheme that they manage.

The Trustees have not appointed a custodian to the Scheme as the investment managers appoint a custodian for the assets underlying the investments they manage for the Trustees. The Custodians appointed by the investment managers are shown below:

Manager	Custodian
BlackRock Investment Management (UK) Limited	BNY Mellon
Aon Investments Limited	BNY Mellon

The Custodians are responsible for the safe keeping, monitoring and reconciliation of documentation relating to the ownership of listed investments. Investments are held in the name of the Custodians' nominee company, in line with common practice for pension scheme investments.

The Trustees have considered the nature, disposition, marketability, security and valuation of the Scheme's investments and believe them to be appropriate relative to the reasons for holding each class of investments.

## GATX-UK PENSION SCHEME

### TRUSTEES' REPORT YEAR ENDED 5 APRIL 2022

#### Investment report

##### Investment objective

The investment objective is stated in the Statement of Investment Principles (SIP) and is copied below for reference.

*" To set an investment strategy which targets an expected return over the liabilities (as valued by gilt yields) of at least 0.5% per annum (net of fees)."*

At the start of the year the assets were invested to reduce the risk from growth assets, especially equities, and align with the long-term goal of investing in a low-risk manner. Over the year they were transitioned to new asset classes which managed risks under a more efficient strategy and retained liquidity. The current asset allocation strategy chosen to meet the objective above is set out in the table below.

##### Current planned asset allocation strategy

Asset Class	Target Weighting (%)
Liquid Credit	50.0
Liability Matching	45.0
Synthetic Credit	5.0

##### Custody of assets

Custody services for assets held in pooled investment vehicles are arranged by the relevant Investment Managers, and are not directly appointed by the Trustees. The records and procedures of the Custodians are routinely subjected to scrutiny by their external auditors and the regulatory authorities. The Custodians accept responsibility for financial losses as a result of negligence or fraud. There is no involvement by the Trustees or Principal Employer in custody procedures.

The Trustees are responsible for ensuring the Scheme's assets are securely held.

## GATX-UK PENSION SCHEME

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### TRUSTEES' REPORT YEAR ENDED 5 APRIL 2022

#### Investment report (continued)

#### Commentary

- Yields fell in Q2 2021 as variant virus risks and worries over a slower pace of global economic recovery arose. Nominal yields then picked up once more over the third quarter of 2021, driving the negative performance of UK fixed-interest government bonds. Yields rose on the back of brought-forward interest rate hike expectations against the background of rising inflation and central bank indications of policy rate increases. However, longer-dated yields briefly fell back in Q4 2021 due to heightened uncertainty surrounding Omicron. Short-dated yields later began to factor in potential monetary policy changes and saw notable increases. In Q1 2022, yields rose strongly across maturities due to expectations of future rate hikes. Overall, according to FTSE All-Stocks indices, UK fixed-interest gilts fell by 5.1%, whilst index-linked gilts rose by 5.1% over the twelve months to 31 March 2022. Index-linked gilts significantly outperformed nominal gilts due to increased breakevens driven by expectations of more persistent inflation.
- Credit markets declined over the past twelve months. UK investment-grade credit spreads (the difference between corporate and government bond yields), based on the iBoxx Sterling Non-Gilt Index, widened by 24bps to 130bps.

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### TRUSTEES' REPORT YEAR ENDED 5 APRIL 2022

#### Engagement Policy Implementation Statement ('EPIS')

##### Introduction

On 6 June 2019, the Government published the Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019 (the "Regulations"). The Regulations require that the Trustees produce an annual statement which outlines the following:

- How and the extent to which the Trustees have followed their engagement policy which is set out in the Statement of Investment Principles ("SIP").
- The voting behaviour by or on behalf of the Trustees (including the most significant votes cast) during the Scheme year and any use of third party providers of proxy voting services.

This document sets out the details, as outlined above. The Engagement Policy Implementation Statement ("EPIS") has been prepared by the Trustees and covers the Scheme year 6 April 2021 to 5 April 2022.

##### Executive summary

Based on the activity over the year by the Trustees and their investment managers, the Trustees believe that the stewardship policy has been implemented effectively. The Trustees note that their fiduciary manager and all of their investment managers were able to disclose strong evidence of voting or engagement activity.

The Trustees expect improvements in disclosures over time in line with the increasing expectations on asset managers and their significant influence to generate positive outcomes for the Scheme through considered voting and engagement.

##### Scheme stewardship policy

The below bullet points summarise the Scheme's stewardship policy in force over the Scheme year to 5 April 2022.

The full SIP can be found here:-

<https://pensioninformation.aon.com/gatx/fileviewer.aspx?FileID=13352&FileName=GATX%20Statement%20of%20Investment%20Principles.pdf>

As part of their delegated responsibilities, the Trustee expects the Scheme's investment managers to:

- take into account social, environmental or ethical considerations in the selection, retention and realisation of investments; and
- exercise the Trustee's voting rights in relation to the Scheme's assets.

The Trustee regularly reviews the continuing suitability of the appointed managers and takes advice from the investment adviser with regard to any changes. This advice includes consideration of broader stewardship matters and the exercise of voting rights by the appointed managers.

## GATX-UK PENSION SCHEME

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### TRUSTEES' REPORT YEAR ENDED 5 APRIL 2022

#### Engagement Policy Implementation Statement ('EPIS') (continued)

##### Scheme stewardship activity over the year

###### Training

Over the year, the Trustees did not receive responsible investment training sessions with their investment advisor.

###### Updating the Stewardship Policy

Throughout the year, the Trustees have been proactive to ensure the Scheme appropriately updated the Stewardship policy in the SIP.

This has been made available on a new Aon website where it can be accessed by the public.

###### Ongoing Monitoring

Investment monitoring takes place on a quarterly basis with a monitoring reports being provided to the Trustees by Aon. The reports include ESG ratings and highlight any areas of concern, or where action is required. The ESG rating system is for buy rated investment strategies and is designed to assess whether investment managers integrate responsible investment and more specifically ESG considerations into their investment decision making process. The ESG ratings are based on a variety of qualitative factors, starting with a proprietary due diligence questionnaire, which is completed by the fund manager. Aon's researchers also conduct a review of the managers' responsible investment related policies and procedures, including a review of their responsible investment policy (if they have one), active ownership, proxy voting and/or stewardship policies. After a thorough review of the available materials, data and policies, as well as conversation with the fund manager, the lead researcher will award an ESG rating, which is subject to peer review using an agreed reference framework. Ratings will be updated to reflect any changes in a fund's level of ESG integration or broader responsible investment developments.

###### Manager Appointments

During the year to 5 April 2022 the Trustees reviewed the Scheme's investment strategy and appointed Aon Investments Limited (AIL) to manage its assets with 50% invested in its Diversified Liquid Credit Strategy, with the other 50% allocated to Liability Driven Investment. Additionally, as part of the Scheme's manager selection, the manager's ESG credentials were actively considered by the Trustees to ensure they were aligned with the Scheme's policies.

Following the update to the Scheme's investment strategy, the Trustees implemented revised wording and updated the SIP to meet the regulatory requirements.

## GATX-UK PENSION SCHEME

### TRUSTEES' REPORT YEAR ENDED 5 APRIL 2022

#### Engagement Policy Implementation Statement ('EPIS') (continued)

##### Engagement activity – Fiduciary manager

The Trustees have delegated the management of the Scheme's assets to its fiduciary manager, AIL. AIL manages the Scheme's assets in a range of funds which can include multi-asset, multi-manager and specialist third party liability matching funds. AIL selects the underlying investment managers on behalf of the Trustees.

The Trustees have reviewed AIL's latest Annual Stewardship Report and believe it shows that AIL is using its resources to effectively influence positive outcomes in the funds in which it invests.

AIL has carried out a considerable amount of engagement activity over the year. AIL held a number of Environmental, Social and Governance ("ESG") focussed meetings with the underlying managers across its strategies. At these meetings, AIL discussed ESG integration, and engagement activities undertaken by the investment managers. This allowed AIL to form an opinion on each manager's strengths and areas for improvement. AIL provided feedback to the managers following these meetings with the goal of improving the standard of ESG integration across its portfolios. AIL continues to execute its ESG integration approach and engage with managers.

Aon Solutions UK Limited ("Aon") also actively engages with investment managers and this is used to support AIL in its fiduciary services. Aon's Engagement Programme is a cross-asset class initiative that brings together Aon's manager research team and Responsible Investment specialists to promote manager engagement with the needs of Aon's clients in mind.

In Q3 2021, Aon and AIL were confirmed as signatories to the UK Stewardship Code ("the Code"). The Code is a set of high stewardship standards for asset owners and asset managers. The Code is maintained and assessed by the Financial Reporting Council ("FRC"). With one-third of applicants failing to reach signatory status, this achievement confirms the strength and relevance of stewardship activity undertaken by Aon and AIL on behalf of its clients.

##### Engagement example:

In September 2021, Aon engaged with an underlying manager to understand why the manager's submission for the Code was not accepted. The underlying manager was previously a signatory to the 2012 UK Stewardship Code.

At a meeting, Aon and the manager discussed the feedback from the FRC on why the manager was not accepted as a signatory to the Code. The rejection was thought to be due to the format rather than the substance of the submission. The manager resubmitted in October 2021 and was accepted.

##### Voting and Engagement Activity – Underlying Investment Managers

Over the period, the Scheme was invested in a number of fixed income funds through its investment with AIL. This section provides an overview of the engagement activities of some of the most material underlying managers.

##### Engagement activity – fixed income funds

Whilst voting rights are not applicable to non-equity mandates, the Trustees recognise that debt investors have significant capacity for engagement with issuers of debt. Debt financing is continuous, and so debt issuers have a vested interest to make sure that investors are happy with the issuer's strategic direction and policies. Whilst upside potential may be limited in comparison to equities, downside risk mitigation and credit quality are critical parts of the investment decision-making process.

## GATX-UK PENSION SCHEME

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### TRUSTEES' REPORT YEAR ENDED 5 APRIL 2022

#### Engagement Policy Implementation Statement ('EPIS') (continued)

The following examples demonstrate some of the engagement activity carried out by the Scheme's fixed income managers over the year.

ALL Diversified Liquid Credit Strategy

#### Schroders plc ("Schroders") – International Selection Fund ("ISF") Securitised Credit Fund

##### Engagement policy

Schroders engages on a broad range of topics including climate risk. Schroders believes that engagement provides it with an opportunity to influence company interactions with their stakeholders; ensuring that the companies it invests in are treating their employees, customers and communities in a responsible way.

In Schroders's ISF Securitised Credit Fund, cashflows from various loans, such as mortgages, car loans and credit card payments, are grouped together into bonds known as asset-backed securities. In its engagements, Schroders engages with the managers of the underlying loan products. Schroders has developed questionnaires specifically for collateralised loan obligation managers and commercial mortgage-backed securities managers, which it issues as part of its engagements. The information received is incorporated into its manager due diligence.

At the time of writing, Schroders did not provide fund-level engagement examples. The Trustees' fiduciary manager, ALL, will raise this issue with Schroders at their next meeting. The example provided below is at a firm level, i.e. it is not necessarily specific to the fund the Scheme is invested in.

##### Engagement example (firm level)

In 2021, Schroders engaged with a number of FTSE 100 companies to inform them that, from 2022 onwards, it will be using its shareholder votes to apply pressure on firms that have failed to meet board diversity targets.

Schroders's believes that diversity is important for a company's long-term strategy and success. Further, this will allow for more constructive debate of different views as well as a better representation of wider stakeholders.

Schroders engaged by sending out letters to companies. Since sending out these letters, 25 companies acknowledged receipt, 15 provided a substantial response and one has since appointed a non-white director to its board. Schroders will monitor the progress of companies on this issue.

#### Barings LLC ("Barings") – Active Short Duration

##### Engagement

Barings' engagements involve interactions with current or potential investees on ESG issues. Engagements are undertaken to influence ESG practices and improve ESG disclosure. Through its engagement, Barings aims to enhance the performance of its investments for the benefit of its clients. Barings believes that value is derived from transparent communication with the entities in which it invests, coupled with the expertise and discretion of its experienced investment professionals.

##### Engagement Example

In 2021, Barings engaged with an energy corporate issuer on the natural resource usage and impact of the company. From the engagement, Barings aimed to assess the issuer's views on their future energy mix, corporate strategy, and board composition. The engagement covered various topics such as company's renewable build out, financial policy targets, recent equity activist involvement and management changes. As a result of the engagement, the issuer effectively addressed ESG-related concerns surrounding multiple areas of the business. Barings will continue to monitor developments on this engagement.

## GATX-UK PENSION SCHEME

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### TRUSTEES' REPORT YEAR ENDED 5 APRIL 2022

#### Engagement Policy Implementation Statement ('EPIS') (continued)

#### Aegon Asset Management ("Aegon") European ABS Fund

##### Engagement

Aegon believes that actively engaging with companies to improve their ESG performance and corporate behaviour is generally more effective than excluding companies from investment. Engagements are conducted by its investment managers, research analysts and its Responsible Investment team.

When engaging with portfolio companies, Aegon considers the UK and Dutch Stewardship Codes and the Principles for Responsible Investment ("PRI"). Aegon also participates in collaborative engagement initiatives such as the UK Investor Forum and the Institutional Investors Group on Climate Change.

Aegon engages with ABS issuers regularly through ESG questionnaires that are specific for consumer loan ABS. It has meetings to discuss the questionnaire answers, the companies' ESG goals and any areas for improvement.

##### Engagement Example

In 2021 Aegon engaged with Brignole, an ABS issuer. Aegon wanted to better understand the consumer loans issued by the company, so it could assess if the loans had any environmental impact. Further, Aegon suggested that the company increase borrowing for an environmental purpose by offering borrowers a discount.

To start the engagement, Aegon sent Brignole its ESG questionnaire. After receiving the answers, Aegon discussed the answers with Brignole's management. It also discussed the company's ESG goals and areas for improvement.

From the engagement, Aegon gained a better understanding of the loans. This helped Aegon make a thorough ESG analysis of the issuer. Further, Brignole agreed to implement Aegon's suggestion to offer loans with environmental purposes at a discount. Aegon stated it will pursue similar engagements with other consumer loan issuers.

## GATX-UK PENSION SCHEME

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### TRUSTEES' REPORT YEAR ENDED 5 APRIL 2022

#### **Employer related investments**

The investments of the Scheme are invested in accordance with Section 40 of the Pensions Act 1995. Details of any Employer related investments are disclosed in note 19 to the financial statements.

#### **Further information**

Further information about the Scheme is available, on request, to members, their spouses and other beneficiaries. In particular, the documents constituting the Scheme, the Rules and a copy of the latest actuarial report and the Trustees' Statement of Investment Principles can be inspected.

Individual benefit statements are provided for deferred DB members on request. In addition to the information shown on these statements members can request details of the amount of their current transfer value and, if applicable, the current amount of any refund of contributions to which they would be entitled on leaving service. Such requests are available free of charge once a year.

If members have any queries concerning the Scheme or their own pension position, or wish to obtain further information, they should contact the Administrator at the contact details on page 1 who will also be able to provide them with a further copy of the Scheme's booklet should they require one and answer any queries that they may have about entitlement to benefits.

Aon Solutions UK Limited processes the personal data as contained in this report and financial statements for the purpose of providing the Trustees with a report and financial statements on the operation of the Scheme. Aon Solutions UK Limited processes personal data in the context of providing pension scheme administration services on behalf of the Trustees, the data controller. Aon Solutions UK Limited, when operating in its capacity as a data processor who provides the members of the Scheme with pension scheme administration services on behalf of the Trustees, will comply with the applicable legislation including any data protection legislation and the instructions of the Trustees.

The Trustees or the Employer will ensure the data subjects of whom personal data is processed for the purposes of this report and financial statements are informed of the processing activities in accordance with the requirements of the applicable data protection legislation.

## GATX-UK PENSION SCHEME

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### TRUSTEES' REPORT YEAR ENDED 5 APRIL 2022

#### Compliance matters

##### HM Revenue & Customs Registration

The Scheme is a registered pension scheme in accordance with the Finance Act 2004. This means that the contributions paid by both the Principal Employer and the members qualify for full tax relief, and enables income earned from investments by the Trustees to receive preferential tax treatment.

##### Pension Tracing

The Scheme is registered with the Pension Tracing Service which maintains a list of up to date addresses of schemes to assist ex-members in tracing their rights if they have lost contact with the previous Employers' scheme. The address for the Pension Tracing Service is:

The Pension Tracing Service 9  
Mail Handling Site A  
Wolverhampton  
WV98 1LU

0800 731 0193  
[www.gov.uk/find-pension-contact-details](http://www.gov.uk/find-pension-contact-details)

##### The Pensions Regulator

The Pensions Regulator ('TPR') is the United Kingdom ('UK') regulator of work-based pension schemes.

TPR's role is to act to protect the interest of pension scheme members and to enforce the law as it applies to occupational pension schemes.

The regulations set out clearly the areas that TPR covers and the powers that are vested in it. For example, TPR can prohibit or disqualify Trustees for acting unlawfully, and can impose fines on wrong doers.

TPR can be contacted at:

The Pensions Regulator  
Napier House  
Trafalgar Place  
Brighton  
BN1 4DW

0345 600 1011  
[customersupport@tpr.gov.uk](mailto:customersupport@tpr.gov.uk)  
[www.thepensionsregulator.gov.uk](http://www.thepensionsregulator.gov.uk)

## GATX-UK PENSION SCHEME

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### TRUSTEES' REPORT YEAR ENDED 5 APRIL 2022

#### Compliance matters (continued)

##### The Pension Protection Fund

The Pension Protection Fund was established to provide compensation to members of eligible pension schemes, when there is a qualifying insolvency event in relation to the Employer and where there are insufficient assets in the pension scheme to cover Pension Protection Fund levels of compensation.

The Pension Protection Fund can be contacted at:

PPF Member Services  
Pension Protection Fund  
PO Box 254  
Wymondham  
NR18 8DN

0330 123 2222  
ppfmembers@ppf.co.uk  
www.ppf.co.uk

##### Questions about pensions

If you have any questions about your pension, MoneyHelper, which is part of the Money and Pensions Service, provides professional, independent and impartial help with pensions for free. Services include independent information and general guidance on pension matters.

MoneyHelper can be contacted at:

Money and Pensions Service  
120 Holborn  
London  
EC1N 2TD

0800 011 3797  
www.moneyhelper.org.uk

##### Resolving difficulties/Internal Dispute Resolution

It is expected that most queries relating to benefits can be resolved with the Scheme's Administrator. In the event that a member's complaint cannot be resolved by the Administrator they may make a formal complaint using the Scheme's Internal Dispute Resolution ('IDR') procedure, details of which can be obtained from the Administrator or use the Pensions Ombudsman's informal Early Resolution Service.

The Government appointed Pensions Ombudsman can investigate complaints of injustice due to bad administration either by the Trustees or the Scheme's Administrator, or disputes of fact of law. The Pensions Ombudsman can be contacted at:

The Pensions Ombudsman  
10 South Colonnade  
Canary Wharf  
London  
E14 4PU

0800 917 4487  
enquiries@pensions-ombudsman.org.uk  
www.pensions-ombudsman.org.uk

## GATX-UK PENSION SCHEME

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### TRUSTEES' REPORT YEAR ENDED 5 APRIL 2022

#### Statement of Trustees' Responsibilities

The financial statements, which are prepared in accordance with UK Generally Accepted Accounting Practice, including the Financial Reporting Standard applicable in the UK (FRS 102) are the responsibility of the Trustees. Pension scheme regulations require, and the Trustees are responsible for ensuring, that those financial statements:

- show a true and fair view of the financial transactions of the Scheme during the Scheme year and of the amount and disposition at the end of the Scheme year of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the Scheme year; and
- contain the information specified in Regulation 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, including making a statement whether the financial statements have been prepared in accordance with the relevant financial reporting framework applicable to occupational pension schemes.

In discharging the above responsibilities, the Trustees are responsible for selecting suitable accounting policies, to be applied consistently, making any estimates and judgments on a prudent and reasonable basis, and for the preparation of the financial statements on a going concern basis unless it is inappropriate to presume that the Scheme will not be wound up.

The Trustees are also responsible for making available certain other information about the Scheme in the form of an annual report.

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

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

#### Approval

The Trustees' Report was approved by the Trustees and signed and on their behalf by:

Trustee:



Date:

Nov 4, 2022

## GATX-UK PENSION SCHEME

### CHAIR'S STATEMENT YEAR ENDED 5 APRIL 2022

The Occupational Pension Schemes (Scheme Administration) Regulations 1996 ("the Administration Regulations") require the Trustees to prepare an annual statement regarding governance, which must be included in the annual Trustees report and accounts. The governance requirements apply to all defined contribution ("DC") pension arrangements and aim to help members achieve a good outcome from their pension savings.

This statement issued by the Trustees covers the period from 6 April 2021 to 5 April 2022 and is signed on behalf of the Trustees by the Chair.

This statement covers governance and charge disclosures in relation to the following:

- i) Processing of core financial transactions.
- ii) Member borne charges and transaction costs, including illustrations of the cumulative effect of these costs and charges.
- iii) Value for Members assessment.
- iv) Trustees' knowledge and understanding.

The Scheme is primarily a Defined Benefits ("DB") arrangement. Twenty nine members retain Protected Rights money purchase benefits (i.e. on a DC basis). For eleven of these members, the Protected Rights funds are their only pension benefits in the Scheme. For the remaining eighteen it is an underpin to the Post 97 element of their DB pension.

In addition, one member holds Additional Voluntary Contributions ("AVC") funds invested with Utmost Life and Pensions ("Utmost") in their Money Market Fund.

The Protected Rights money purchase benefits for the Scheme during the period were notionally invested in the same underlying funds as the defined benefit section of the Scheme, i.e. the members are assigned units and the unit prices for these money purchase benefits were indexed relative to the performance of the defined benefit assets.

The Scheme is not used for any automatic-enrolment requirements and there is therefore no requirement for a default investment arrangement.

#### **1. Processing of Core Financial Transactions**

The Trustees have a specific duty to ensure that core financial transactions are processed promptly and accurately. Core financial transactions include the investment of contributions, transfer of member funds into and out of the Scheme, transfers between different investments within the Scheme and payments to and in respect of members/beneficiaries.

The bulk of the core financial transactions are undertaken on behalf of the Trustees by the administrator, Aon. The Trustees have a Service Level Agreement ("SLA") in place with Aon that covers the accuracy and timeliness of all core financial transactions. These SLAs detail a number of key administration processes to be performed and the target timescale within which each of these processes needs to be completed. There are SLAs in place for all core financial transactions. There are no member contributions made to the Scheme. Under the current SLA, Aon aims to accurately complete all financial transactions within 5 working days.

The Trustees have also reviewed the key processes adopted by Aon and output in order to minimise the risks of inaccurate or late payment of core financial transactions. Key processes to help meet and monitor SLAs include:

## GATX-UK PENSION SCHEME

### CHAIR'S STATEMENT YEAR ENDED 5 APRIL 2022

- Provision of quarterly administration reports – enabling the Trustees to check core financial transactions and review processes relative to any member complaints made. Following a request by the Trustees, the administration reports have been expanded to include details on transactions and benefits relating to the Protected Rights benefits held by members.
- Checks for all financial transactions prior to processing.
- Straight-through processing for many tasks therefore, avoiding the need for manual intervention and, in turn, significantly reducing the risk of error.
- Annual data reviews leading to identification of missing or potentially incorrect data.
- Documentation and operation in line with quality assurance policies and procedures.
- Controls around administration and the processing of transactions are documented in the risk register which is regularly reviewed.
- The Trustees are satisfied that over the period:
  - Aon was operating appropriate procedures, checks and controls and operating within the agreed SLA;
  - there have been no material administration errors in relation to processing core financial transactions; and
  - all core financial transactions have been processed promptly and accurately during the Scheme year.

I am therefore pleased to report there have been no administration service issues with respect to core financial transactions which need to be reported.

#### 2. Net investment returns

The Trustees are required to report on net investment returns for each default arrangement and for each non-default fund which scheme members were invested in during the scheme year. Net investment return refers to the returns on funds minus all member-borne transaction costs and charges.

The net investment returns have been prepared having regard to statutory guidance.

It is important to note that past performance is not a guarantee of future performance.

Performance to 31 March 2022	Annualised returns (%)	
Fund name	1 year	5 years
Protected Rights	-7.0	3.9

Source: Aon

## GATX-UK PENSION SCHEME

### CHAIR'S STATEMENT YEAR ENDED 5 APRIL 2022

#### Additional Voluntary contributions

Performance to 5 April 2022	Annualised returns (%)	
Fund name	1 year	5 years
Utmost Money Market	-0.4	-0.1

Source: Morningstar

#### 3. Member Borne Charges and Transaction costs

The Trustees should regularly monitor the level of charges borne by members through the investment funds. These charges comprise:

- **Charges:** these are explicit, and represent the costs associated with operating and managing an investment fund. They can be identified as a Total Expense Ratio ("TER"), or as an Annual Management Charge ("AMC"), which is a component of the TER;
- **Transaction costs:** these are not explicit and are incurred when the Scheme's fund manager buys and sells assets within investment funds but are exclusive of any costs incurred when members invest in or sell out of funds.

The Trustees are also required to confirm that the charges on the default arrangement have not exceeded 0.75% p.a, ("the charge cap") and produce an illustration of the cumulative effect of the costs and charges on members' retirement fund values as required by the Occupational Pension Schemes (Administration and Disclosure) (Amendment) Regulations 2018.

There is no default arrangement in the Scheme.

The Protected Rights money purchase benefits for the Scheme during the period were notionally invested in the same underlying funds as the defined benefit section of the Scheme, i.e. the members are assigned units and the unit prices for these money purchase benefits were indexed relative to the performance of the defined benefit assets.

As such, there were no explicit charges or direct transaction costs applied to member funds. The underlying defined benefits assets do however attract a charge of 0.25% p.a. which was implicit in the returns applied to the unit prices.

Additionally, one member had an AVC policy with Utmost invested in their Money Market Fund. The TER that applied to the Fund was 0.50% p.a. over the period of review with transactions costs of 0.0123%.

The Trustees consider the costs and charges to be appropriate for the size of the Scheme. The level of charges for the underlying investments have been negotiated based on the full assets of the Scheme (i.e. including the assets in respect of members' defined benefits).

## GATX-UK PENSION SCHEME

### CHAIR'S STATEMENT YEAR ENDED 5 APRIL 2022

#### Illustrations of the cumulative effect of costs and charges

From 6 April 2018 the Occupational Pension Schemes (Administration and Disclosure) (Amendment) Regulations 2018 introduced new requirements relating to the disclosure and publication of the level of costs by the trustees and managers of a relevant scheme. These changes are intended to improve transparency on costs.

In order to help members understand the impact that costs and charges can have on their retirement savings, the Trustees have produced the following illustration of their cumulative effect on the value of typical scheme members savings over the period to their retirement.

The illustrations have been prepared having regard to statutory guidance and are based on a number of assumptions about the future which are set out below.

Members should be aware that such assumptions may or may not hold true, so the illustrations do not promise what could happen in the future and fund values are not guaranteed. Furthermore, because the illustrations are based on typical members of the Scheme, they are not a substitute for the individual and personalised illustrations which are provided to members in their Annual Benefit Statements.

Members with Protected Rights assets have implicit charges levied against their fund values (these costs are implicit in the fund returns).

The illustration below is based on a member who is 35 years old, has a normal retirement age of 65 and a starting fund value of £10,000. No contributions are payable. Projections are shown in current money terms.

Age	Estimated fund value (before charges) £	Estimated fund value (after charges) £	Effect of charges £
35	10,000	10,000	0
40	10,200	10,070	130
45	10,400	10,150	250
50	10,600	10,220	380
55	10,810	10,300	510
60	11,020	10,370	650
65	11,240	10,450	790

## GATX-UK PENSION SCHEME

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### CHAIR'S STATEMENT YEAR ENDED 5 APRIL 2022

#### Assumptions and data for illustrations:

The following assumptions have been made for the purposes of the above illustrations:

- The growth rate (gross of costs and charges) assumed for the Scheme assets is based on a return on cash assets of 2.9% p.a.
- Inflation is assumed to be 2.5% p.a.
- The TER is shown in the section above.
- Retirement is assumed at age 65.
- No further contributions are payable.
- The projected fund values shown are estimates for illustrative purposes only and are not guaranteed.
- Illustrations for the AVC fund are not shown as only one member holds AVCs therefore the projection shown in their annual benefit statement will give a more accurate result.

#### 4. Value for Members assessment

The Administration Regulations require the Trustees to make an assessment of charges and transactions costs borne by members and the extent to which those charges and costs represent good value for money for members.

The Occupational Pension Schemes (Administration, Investment, Charges and Governance) (Amendment) Regulations 2021 introduced a prescribed assessment framework for specified small schemes such as the Plan. The Trustees have followed this framework in carrying out this year's assessment.

The prescribed assessment framework is made up of three parts, as outlined below.

i) Cost and charges

The cost and charges that members pay in the Scheme have been compared to those that members may pay in three other (larger) pension schemes, referred to as the comparator schemes. For the purpose of this exercise, we have selected three Master Trusts as the comparator schemes: the Aon Master Trust, the Aegon Master Trust and the National Employment Savings Trust ("NEST").

Our assessment showed that the costs and charges members pay in the Scheme are slightly lower than the average costs and charges they would pay in the comparator schemes and represent good value. Albeit it should be noted that the default investment arrangements of the comparator schemes allow for re-risking as members approach retirement.

## GATX-UK PENSION SCHEME

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### CHAIR'S STATEMENT YEAR ENDED 5 APRIL 2022

#### ii) **Net investment returns**

The investment returns that members achieved in the Scheme, net of all member borne costs and charges, over the one year period to 31 March 2022 have been compared to those that members may have achieved in the three comparator schemes mentioned above.

Our assessment showed that the net investment returns members achieved in the Scheme were lower than the average net investment returns, across comparable funds, in the comparator schemes.

Furthermore, there is no asset allocation glidepath within the investment strategy, therefore this could be a weakness for members where they are missing out on growth in the early years, and/or not de-risking to match how they will put benefits into payment as they approach retirement.

For some members of the Scheme, the Protected Rights fund acts as an underpin to a defined benefits annual pension. Conversely, some members only retain the Protected Rights fund within the Scheme. Our conclusion differs between groups of members as follows:

For members that only retain the Protected Rights fund within the Scheme, we believe that the net investment returns achieved in the Scheme do not represent good value for members compared to the comparator schemes. In addition, a lack of asset allocation glidepath impacts returns at various stages of membership.

For members of the Scheme where the Protected Rights fund acts as an underpin to a defined benefits annual pension, considering the potential defined benefits annual pension available and the net investment returns provided in the Scheme together, and taking into account that this defined benefit would not be provided in the comparator schemes, we believe the net investment returns in the Scheme do represent good value for members compared to the comparator schemes.

#### iii) **Administration and Governance**

An assessment of the following Governance and Administration metrics has been undertaken for the Scheme: Level of trustee knowledge, understanding and skills to operate the pension scheme effectively; effectiveness of management of conflicts of interest; appropriateness of the default investment strategy; quality of investment governance; quality of member communications; promptness and accuracy of core financial transactions and quality of record keeping. These metrics are not benchmarked against the comparator schemes, they are simply assessed by the Trustees.

Our assessment concluded that for all members, the Governance and Administration of the Scheme does provide good value for members. We have provided further detail below, under the four broad areas in which we carried out this part of the assessment:

##### Scheme governance

- The Trustees have reviewed the process and structure of the governing body and actively considers actions that will improve the current position. The Trustees undertake training as required that meets the relevant DC sections of the Pension's Regulator's code on Trustee Knowledge and Understanding and work with their professional advisers to reviews key issues relating to how well the Scheme is run and whether it is meeting employees' needs at regular Trustee meetings held during the year.
- The Trustees operate in accordance with their governance framework which covers the legislative and best practice standards set out by the Pension Regulator. This ensures that the Trustees operate in a way that helps deliver better member outcomes.

## GATX-UK PENSION SCHEME

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### CHAIR'S STATEMENT YEAR ENDED 5 APRIL 2022

#### Investment governance

- The Trustees, supported by their investment adviser, review the investment strategy on a regular basis (at least every 3 years). A strategy review was completed during the 2020/21 Scheme year as the Company and Trustees are considering a potential buy-out of the Scheme liabilities. On this basis, some changes were made to the investment strategy with the aim of maintaining the funding level in relation to the estimated solvency level of the Scheme.
- The Protected Rights money purchase benefits for the Scheme during the period were notionally invested in the same way as the defined benefits assets and the unit prices were indexed relative to the returns on the underlying defined benefits assets.
- There is no asset allocation glidepath within the investment strategy, therefore this could be a weakness for members where they are missing out on growth in the early years, and/or not de-risking to match how they will put benefits into payment as they approach retirement. This could particularly impact the Protected Rights only members who will be putting their benefits into payment on a defined contribution basis.
- The AVC benefits (one member remaining) were held in the Utmost Money Market Fund (which has been self-selected).
- The Trustees receive regular investment monitoring reports to ensure that the funds are performing in line with intended objectives. Performance is shown net of fees and is compared against benchmarks. Based on their review, the Trustees believe that the performance of the funds is consistent with the aims and objectives set.

#### Administration

- The Trustees have appointed Aon to provide administration services to the Scheme and is satisfied that Aon has the right processes and checks in place to monitor and report on the standard of the administration service. The Trustees gain insight in connection with the member experience through their direct interactions and quarterly administration reporting.
- The Scheme is in line with the majority in respect of receiving SLA information in quarterly reports from the administrators. The monitoring information provided indicates that the necessary administration standards are being achieved, and the reports have been expanded at the Trustees' request to include details on transactions and benefits relating to the Protected Rights benefits held by members.

#### Member communications

- Annual benefit statements and other statutory communications are sent to members by the administrator and the Trustees consider the standard communications to offer Value for Members.
- The Trustees consider the communications accurate, clear, informative and timely.

#### **Overall conclusion of the Value for Members assessment**

The Trustees' conclusion differs between groups of members. For members that only retain the Protected Rights fund within the Scheme, the Trustees do not believe that the Scheme provides good value. But, for members of the Scheme where the Protected Rights fund acts as an underpin to a defined benefits annual pension, the Trustees believe that the Scheme does provide good value. Given the majority of members in the Scheme are members where the Protected Rights fund acts as an underpin to a defined benefits annual pension, the Trustees' overall conclusion is that on the whole, the Scheme does provide good value for members.

## GATX-UK PENSION SCHEME

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### CHAIR'S STATEMENT YEAR ENDED 5 APRIL 2022

#### 5. Trustees' Knowledge and Understanding

Sections 247 and 248 of the Pensions Act 2004 set out the requirement for Trustees to have appropriate knowledge and understanding of the law relating to pensions and trusts, the funding of occupational pension schemes, investment of scheme assets and other matters to enable them to exercise their functions as Trustees properly. This requirement is underpinned by guidance in the Pension Regulator's Code of Practice 7.

The comments in this section relate to the Scheme as a whole and not solely the Protected Rights benefits.

The Trustees have processes and procedure in place to meet the Pension Regulator's Trustee Knowledge and Understanding requirements (as set out in their Code of Practice No 7); some of which are identified below:

- New Trustees are encouraged to complete the Pension Regulator's Trustees Toolkit, which is an online learning programme which includes modules on Trust and Pension Law and are provided with key Scheme documents and policies (including the Trust Deed and Rules, Statement of Investment Principles, Trustee Report and Accounts and Scheme governance tools (like the risk register). Trustees also consider the training requirements for new Trustees on appointment. There was one new Trustee appointed during the year.
- Undergoing regular training for the year this included training on effectively running virtual meetings; Investment strategy considerations; and legal pension developments.
- The Trustees have engaged with their professional advisers regularly throughout the year to ensure that they exercise their functions properly and take professional advice where needed. In exercising their functions this has required knowledge of key scheme documents such as the Trust Deed & Rules, Trustee Report & Accounts and Statement of Investment Principles. A few of the areas that support this statement are set out below:
- Sign off of the Trustees' Report and Accounts
- The law relating to pensions and trusts through updating the risk register.
- Review of quarterly administration reports to monitor service delivery against agreed service levels standards and assessing the member experience.
- Reviewing quarterly investment reports to assess fund performance against benchmarks, and funds against overall Scheme aim and objectives, as set out in the statement of Investment Principles.
- Holding regular Trustee meetings with providers and advisers who provided reporting and specialist advice before asking the Trustees to take relevant decisions as required. Minutes of each Trustee meeting document the information shared and specialist advice given.

The Trustees have a range of skills and experiences including a mixture of Member Nominated and Company Nominated directors with varying backgrounds. In addition to the skills within the Trustee board, the Trustees work closely with its appointed professional advisers throughout the year in order to ensure that it runs the Scheme and exercises its functions properly. Its professional advisers also attend the Trustees' meetings. Taking into consideration the size of the Scheme, the training activities completed by the Trustees, and the professional advice available, the Trustee Board considers that it has met the Pensions Regulator's requirements for trustees to have knowledge and understanding during the Scheme year and is confident that the combined knowledge and understanding across the Trustee Board, with support from their professional advisers enables it to properly exercise its functions.

## GATX-UK PENSION SCHEME

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### CHAIR'S STATEMENT YEAR ENDED 5 APRIL 2022

Signed on behalf of the Trustees of the GATX-UK Pension Scheme

Name Rob Hopkins

Signature 

Date Nov 4, 2022

## GATX-UK PENSION SCHEME

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### INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF GATX-UK PENSION SCHEME

#### Opinion

We have audited the financial statements of GATX-UK Pension Scheme for the year ended 5 April 2022 which comprise the Fund Account, the Statement of Net Assets available for benefits and the related notes 1 to 22, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including 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:

- give a true and fair view of the financial transactions of the Scheme during the year ended 5 April 2022, and of the amount and disposition at that date of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the year;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- contain the information specified in Regulation 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, made under the Pensions Act 1995.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Scheme in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Trustee's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Scheme's ability to continue as a going concern for a period of twelve months from when the Scheme's financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Trustees with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Scheme's ability to continue as a going concern.

## GATX-UK PENSION SCHEME

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### INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF GATX-UK PENSION SCHEME

#### **Other information**

The other information comprises the information included in the annual report, other than the financial statements, our auditor's report thereon and our auditor's statement about contributions. The Trustee is responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the 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 the other information, we are required to report that fact.

We have nothing to report in this regard.

#### **Responsibilities of the Trustees**

As explained more fully in the Trustees' responsibilities statement on page 18, the Trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine 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 Trustees are responsible for assessing the Scheme's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to wind up the Scheme or to cease operations, 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.

#### **Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud**

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with the Trustees.

## GATX-UK PENSION SCHEME

### INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF GATX-UK PENSION SCHEME

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Scheme and determined that the most significant related to pensions legislation and the financial reporting framework. These are the Pensions Act 1995 and 2004 (and regulations made thereunder), FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Statement of Recommended Practice (Financial Reports of Pension Schemes). We considered the extent to which a material misstatement of the financial statements might arise as a result of non-compliance.
- We understood how the Scheme is complying with these legal and regulatory frameworks by making enquiries of the Trustee. We corroborated our enquiries through our review of the Trustee's meeting minutes.
- We assessed the susceptibility of the Scheme's financial statements to material misstatement, including how fraud might occur by considering the key risks impacting the financial statements and documenting the controls that the Scheme has established to address risks identified, or that otherwise seek to prevent, deter or detect fraud. In our assessment, we considered the risk of management override of controls. Our audit procedures included verifying cash balances and investment balances to independent confirmations, testing manual journals on a sample basis and also those journals where there is an increased risk of override, and an assessment of segregation of duties. These procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error.
- Based on this understanding, we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved making enquiries of the Trustees for their awareness of any non-compliance of laws or regulations, inspecting correspondence with the Pensions Regulator and review of Trustees' minutes.
- The Scheme is required to comply with UK pensions regulations. As such, we have considered the experience and expertise of the engagement team including the use of specialists where appropriate, to ensure that the team had an appropriate understanding of the relevant pensions regulations to assess the control environment and consider compliance of the Scheme with these regulations as part of our audit procedures.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://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 Scheme's Trustees, as a body, in accordance with the Pensions Act 1995 and Regulations made thereunder. Our audit work has been undertaken so that we might state to the Scheme's Trustees 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 Scheme's Trustees as a body, for our audit work, for this report, or for the opinions we have formed.

*Ernst & Young LLP*

Ernst & Young LLP  
Statutory Auditor  
Glasgow

Date: *4 November 2022*

## GATX-UK PENSION SCHEME

### FUND ACCOUNT FOR THE YEAR ENDED 5 APRIL 2022

	Note	2022 £	2021 £
Employer contributions	4	1,488	42,373
Other income	5	-	4,340
		1488	46,713
Benefits paid or payable	6	(1,185,562)	(1,237,104)
Administrative expenses	7	(6,521)	(5,715)
		(1,192,083)	(1,242,819)
<b>Net withdrawals from dealing with members</b>		(1,190,595)	(1,196,106)
<b>Returns on investments</b>			
Investment income	8	7	3
Change in market value of investments	9	(604,577)	3,686,729
Investment management expenses	10	(6,214)	(19,136)
		(610,784)	3,667,596
<b>Net returns on investments</b>		(610,784)	3,667,596
<b>Net decrease/increase in the fund during the year</b>		(1,801,379)	2,471,490
<b>Opening net assets</b>		28,459,601	25,988,111
<b>Closing net assets</b>		26,658,222	28,459,601

The notes on pages 33 to 44 form part of these financial statements.

## GATX-UK PENSION SCHEME

### STATEMENT OF NET ASSETS (AVAILABLE FOR BENEFITS) AS AT 5 APRIL 2022

	Note	2022 £	2021 £
<b>Investment assets</b>			
Pooled investment vehicles	12	26,548,342	28,341,823
AVC investments	13	5,911	5,937
		26,554,253	28,347,760
<b>Total net investments</b>		26,554,253	28,347,760
<b>Current assets</b>	17	119,568	121,226
<b>Current liabilities</b>	18	(15,599)	(9,385)
<b>Net assets available for benefits at 5 April</b>		26,658,222	28,459,601

The financial statements summarise the transactions of the Scheme and deal with the net assets at the disposal of the Trustees. They do not take account of obligations to pay pensions and benefits which fall due after the end of the Scheme year. The actuarial position of the Scheme, which does take account of such obligations, is dealt with in the Report on Actuarial Liabilities included in the Trustees' Report on page 5 to 6. These financial statements and Actuarial Certificate should be read in conjunction with this report.

The notes on pages 33 to 44 form part of these financial statements.

These financial statements on pages 31 to 44 were approved by the Trustees and were signed on their behalf by:

Trustee:

Date: Nov 4, 2022

## GATX-UK PENSION SCHEME

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 5 APRIL 2022

#### 1. Basis of preparation

The individual financial statements have been prepared in accordance with the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, Financial Reporting Standard 102 ('FRS 102') – The Financial Reporting Standard applicable in the UK and Republic of Ireland issued by the Financial Reporting Council and the guidance set out in the Statement of Recommended Practice ('SORP') (2018) - Financial Reports of Pension Schemes, published by the Pensions Research Accountants Group ('PRAG').

#### 2. Identification of financial statements

GATX-UK Pension Scheme is a Defined Benefit occupational pension scheme established under trust under English Law.

The address of the Scheme's office is Verulam Point, Station Way, St Albans, Hertfordshire, AL1 5HE, United Kingdom.

#### 3. Accounting policies

The principal accounting policies applied to the preparation of the financial statements are set out below. These policies have been consistently applied unless otherwise stated.

##### Functional and presentational currency

The Scheme's functional and presentational currency is Pounds Sterling (GBP).

##### Contributions

Employers' deficit funding contributions are accounted for in the year in which they fall due in line with the Schedules of Contributions.

Expense contributions made by the Employer to reimburse costs and levies are accounted for in accordance with the Schedules of Contributions.

##### Benefits paid or payable

Pensions in payment, are accounted for in the period to which they relate.

Benefits are accounted for in the period in which the member notifies the Trustees of their decision on the type and amount of the benefit to be taken, or if there is no member choice, on the date of retiring or leaving.

##### Administrative expenses

Administrative expenses are accounted for on an accruals basis, net of recoverable VAT.

##### Other income

Other income are accounted for on an accruals basis.

## GATX-UK PENSION SCHEME

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 5 APRIL 2022

#### 3. Accounting policies (continued)

##### Investment income

Income from cash and short-term deposits is accounted for in these financial statements on an accruals basis

##### Change in market value of investments

The change in market value of investments during the year comprise all increases and decreases in the market value of investments held at any time during the year, including profits and losses realised on sales of investments and unrealised changes in market value. In the case of pooled investment vehicles which are accumulation funds, where income is reinvested within the fund without issue of further units, change in market value also includes such income.

##### Investment management expenses

Investment management fees are accounted for on an accruals basis, net of recoverable VAT.

Investment management fees for pooled investment vehicles are incorporated in the unit price and reflected in change in the market value of investments in the Fund Account.

##### Valuation of investment assets

##### Investments

Investment assets are included in the financial statements at fair value. The methods of determining fair value for the principal classes of investment are:

Pooled investment vehicles which are unquoted or not actively traded are stated at bid price or single price where there is no bid/offer spread as provided by the investment managers at the year end.

AVC funds are included within the Statement of Net Assets (Available for Benefits) on the basis of fair values provided by the AVC provider at the year end.

#### 4. Contributions

	2022 £	2021 £
<b>Employer:</b>		
Deficit funding	-	41,000
PPF levy	1,448	1,373
Expense	40	-
	1,488	42,373

## GATX-UK PENSION SCHEME

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 5 APRIL 2022

#### 5. Other income

	2022 £	2021 £
Other income	-	4,340
	-	4,340

Other income relates to Error & Omission fees which are one off in nature and were received only during the year ended 5 April 2021.

#### 6. Benefits paid or payable

	2022 £	2021 £
Pensions	1,185,562	1,229,851
Lump sum death benefits	-	7,253
	1,185,562	1,237,104

#### 7. Administrative expenses

	2022 £	2021 £
Other professional fees	40	
Scheme levies	1,448	1,373
Sundry expenses	5,033	4,340
Bank charges	-	2
	6,521	5,715

#### 8. Investment income

	2022 £	2021 £
Interest on cash deposits	7	3
	7	3

## GATX-UK PENSION SCHEME

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 5 APRIL 2022

#### 9. Investments

	Opening value at 6 Apr 2021	Purchases at cost	Sales proceeds	Change in market value	Closing value at 5 Apr 2022
	£	£	£	£	£
Pooled investment vehicles	28,341,823	15,366,733	(16,555,663)	(604,551)	26,548,342
AVC investments	5,937	-	-	(26)	5,911
	<u>28,347,760</u>	<u>15,366,733</u>	<u>(16,555,663)</u>	<u>(604,577)</u>	<u>26,554,253</u>
Total net investments	<u><u>28,347,760</u></u>				<u><u>26,554,253</u></u>

#### Transaction costs

There are no direct transaction costs in the year nor in the previous year. Indirect costs are incurred through the bid-offer spread on pooled investment vehicles. It is not possible for the Trustees to quantify these indirect costs.

#### 10. Investment management expenses

	2022 £	2021 £
Administration and management fees	<u>6,214</u>	<u>19,136</u>

#### 11. Taxation

The Scheme is a registered pension scheme in accordance with the Finance Act 2004. This means that the contributions paid by both the Employer and the members qualify for full tax relief, and is exempt from income tax and capital gains tax except for withholding tax on overseas investment income.

#### 12. Pooled investment vehicles

	2022 £	2021 £
Bond funds	17,917,661	19,309,226
Cash & liquidity funds	7,133,797	9,032,597
Synthetic Credit	1,496,884	-
	<u>26,548,342</u>	<u>28,341,823</u>

## GATX-UK PENSION SCHEME

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 5 APRIL 2022

#### 12. Pooled investment vehicles (continued)

The legal nature of the Scheme's pooled arrangements is:

	2022 £	2021 £
Open ended investment company	26,533,974	7,479,962
Unitised insurance policies	-	14,496,037
Authorised unit trust	-	4,813,189
Cash	14,368	1,552,635
	26,548,342	28,341,823

The Scheme is the sole investor in Aon Hewitt Bespoke Fund G10 which is managed by Aon Investments Limited. A breakdown of the underlying assets at the year end is set out below:

	2022 £	2021 £
Bonds	13,248,896	4,813,189
Cash & liquidity funds	16,175	9,032,597
	13,265,071	13,845,786

#### 13. AVC investments

	2022 £	2021 £
Utmost	5,911	5,937

The Trustees hold assets which are separately invested from the main Scheme to secure additional benefits on a money purchase basis for those members electing to pay additional voluntary contributions. Members participating in this arrangement each receive an annual statement made up to 5 April each year confirming the amounts held to their account and movements during the year.

The total amount of AVC investments at the year end is shown above.

Utmost can be further analysed as:

	2022 £	2021 £
Unit Linked Funds	5,911	5,937

## GATX-UK PENSION SCHEME

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 5 APRIL 2022

#### 14. Fair value hierarchy

FRS102 requires for each class of financial instrument an analysis of the level in the following fair value hierarchy into which the fair value measurements are categorised. A fair value measurement is categorised in its entirety on the basis of the lowest level input that is significant to the fair value measurement in its entirety.

Level 1: The unadjusted quoted price in an active market for an identical asset or liability that the entity can access at the assessment dates;

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

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

The Scheme's investment assets fall within the above hierarchy as follows:

	Level 1 £	Level 2 £	Level 3 £	2022 Total £
<b>Investment assets</b>				
Pooled investment vehicles	-	26,548,342	-	26,548,342
AVC investments	-	-	5,911	5,911
	-	26,548,342	5,911	26,554,253

	Level 1 £	Level 2 £	Level 3 £	2021 Total £
<b>Investment assets</b>				
Pooled investment vehicles	9,032,597	19,309,226	-	28,341,823
AVC investments	-	-	5,937	5,937
	9,032,597	19,309,226	5,937	28,347,760

Valuation techniques in determining fair value are described in note 3.

#### Investment returns

The table below sets out the performance of the total Scheme over periods to 31 March 2022.

Total Scheme performance has been calculated on an approximate basis by Aon as the Trustees do not have an independent performance measurer.

	Last 12 Months	Last 3 Years
	Fund	Fund
<b>Total Scheme performance</b>	<b>-2.1%</b>	<b>4.1%</b>

## GATX-UK PENSION SCHEME

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 5 APRIL 2022

#### 15. Investment risks

The Trustees have produced a Statement of Investment Principles in accordance with Section 35 of the Pensions Act 1995.

The Statement summarises how the Trustees:

- Set the investment policy and choose the most suitable types of investments for the Scheme;
- Delegate buying and selling investments to the Scheme's Investment Managers; and
- Monitor the performance of the Scheme's investments.

The Trustees have delegated to the Investment Managers responsibility for taking social, environmental and ethical considerations into account when assessing the financial potential and suitability of investments and for exercising the rights attaching to the Scheme's investments.

FRS 102 requires the disclosure of information in relation to certain investment risks. These risks are set out as follows:

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

**Market risk:** This comprises currency risk, interest rate risk and other price risk.

**Currency risk:** This is the risk that the fair value or future cash flows of a financial asset 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 asset will fluctuate because of changes in market interest rates.

**Other price risk:** This is the risk that the fair value or future cash flows of a financial asset 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 following table summarises the extent to which the various classes of the Scheme's investments are affected by indirect financial risks:

## GATX-UK PENSION SCHEME

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 5 APRIL 2022

#### 15. Investment risks (continued)

Strategy	Fund	Credit Risk	Currency Risk	Interest Rate Risk	Other Price Risk	05 April 2022	05 April 2021
						Market Value (£m)	Market Value (£m)
Index Linked Gilt Strategy	<i>BlackRock Index Linked Gilt Tracker</i>	⦿	⦿	●	⦿	0.0	4.8
Corporate Bonds	<i>Blackrock Over 15 Year Corporate Bond Index</i>	●	⦿	●	●	0.0	*14.6
Diversified Liquid Credit Strategy	<i>Adept SF29</i>	●	⦿	●	⦿	13.2	0.0
Liability Matching		⦿	⦿	●	⦿	11.8	0.0
Synthetic Credit		●	⦿	⦿	⦿	1.5	0.0
Cash		-	-	-	-	0.0	9.0
<b>Total</b>						<b>26.5</b>	<b>28.4</b>

Source: Aon / Bank of New York Mellon / BlackRock

\*NAV valuations have been used where bid valuations were not available

In the table above, the risk noted affects the investment class [●] significantly, [⦿] partially or [⦿] hardly/not at all.

The Scheme has exposure to these risks because of the investments it makes in following the investment strategy described in this Report.

#### Credit Risk

The Scheme invests in pooled investment vehicles, the underlying assets of which are held separately from the assets of the Investment Manager.

The Scheme is exposed to credit risk through the underlying investments within the Scheme's synthetic credit and the diversified liquid credit strategies. These investments will include exposure to credit risk in an effort to generate returns. The return from these investments is expected to compensate for the risk taken.

The Scheme is subject to direct credit risk from the potential default of any of the pooled fund managers with which it invests. The underlying assets of the pooled investment vehicles are however held separately from the assets of the investment manager.

The Trustees mitigate credit risks as follows:

- By investing in pooled funds containing an appropriate degree of diversification
- By investing in pooled funds that have appropriate benchmarks and investment restrictions

## GATX-UK PENSION SCHEME

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 5 APRIL 2022

#### 15. Investment risks (continued)

##### Credit quality of financial assets

As at 5 April, all of the Scheme's assets were subject to some degree of credit risk

Financial assets subject to credit risk	05/04/2021 (£)	05/04/2022 (£)
BlackRock – Corporate Bonds	14,496,037	0
BlackRock – Index-Linked Gilts	4,813,189	0
Adept SF29 - Diversified Liquid Credit Strategy	0	13,248,896
Synthetic Credit	0	1,496,883
Cash	9,032,597	16,715
<b>Total</b>	<b>28,341,823</b>	<b>14,762,494</b>

##### Indirect Currency Risk

The Scheme is subject to indirect currency risk to the extent that the pooled funds in which it invests purchase assets denominated in currencies other than Sterling without hedging the currency risk. The Scheme is not directly exposed to currency risk

The Scheme's total investments in pooled equity funds as at 5 April were:

Exposure to Indirect Currency Risk	05/04/2021 (£)	05/04/2022 (£)
Adept SF29 - Diversified Liquid Credit Strategy	0	13,248,896
<b>Total</b>	<b>0</b>	<b>13,248,896</b>

##### Direct Currency Risk

All investments are made in GBP denominated funds meaning there is no direct currency exposure.

##### Interest Rate Risk

The Scheme is subject to indirect interest risk on the Scheme's diversified liquid credit and liability matching exposures.

The Scheme's liabilities are more sensitive to changes in interest rates than the Scheme's assets. To the extent that the assets are subject to interest rate risk, this provides a hedge to movements in interest rates and therefore reduces risk for the Scheme in aggregate.

The Scheme's assets exposed to indirect interest rate risk as at 5 April were:

Exposure to Interest Rate Risk	05/04/2021 (£)	05/04/2022 (£)
BlackRock – Corporate Bonds	14,496,037	0
BlackRock – Index-Linked Gilts	4,813,189	0

## GATX-UK PENSION SCHEME

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 5 APRIL 2022

Adept SF29 - Diversified Liquid Credit Strategy	0	13,248,896
Liability Matching	0	11,786,388
<b>Total</b>	<b>19,309,226</b>	<b>25,035,284</b>

#### Other Price Risk

Other price risk arises in relation to all of the Scheme's invested assets. The Scheme manages this exposure by constructing a diverse portfolio of investments across various asset classes and markets. Price risk is both direct and indirect as the units are affected by cashflows into and out of the funds as well as the underlying holdings causing other price risk.

The Scheme's assets exposed directly to other price risk as at 5 April were:

	05/04/2021 (£)	05/04/2022 (£)
BlackRock – Corporate Bonds	14,496,037	0
BlackRock – Index-Linked Gilts	4,813,189	0
Adept SF29 - Diversified Liquid Credit Strategy	0	13,248,896
<b>Total</b>	<b>19,309,226</b>	<b>13,248,896</b>

#### Transaction Costs

There could be direct transaction costs buying or selling the pooled funds held by the Plan. Indirect costs are implicitly incorporated into the unit price applied to the redemption or subscription.

## GATX-UK PENSION SCHEME

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 5 APRIL 2022

#### 16. Concentration of investments

The following investments, excluding UK Government securities, account for more than 5% of the net assets of the Scheme.

	2022		2021	
	Value		Value	
	£	%	£	%
BlackRock Over 15 Year Corporate Bonds	-	-	14,471,012	51

The Scheme is the sole investor in Aon Hewitt Bespoke Fund G10, which is managed by Aon Investments Limited. The following underlying funds, excluding UK Government securities, account for more than 5% of the net assets of the Scheme.

	2022		2021	
	Value		Value	
	£	%	£	%
Insight GBP Liquidity	26,533,974	99	7,479,962	26
BlackRock Index-Linked Gilt Tracker fund	-	-	4,813,189	17
Cash and liquidity funds	-	-	1,552,635	6

#### 17. Current assets

	2022	2021
	£	£
Prepayments	85,379	87,436
Employer contributions due	946	-
Cash balances	33,243	33,790
	119,568	121,226

#### 18. Current liabilities

	2022	2021
	£	£
Accrued expenses	15,599	9,385

#### 19. Employer related investments

There were no direct Employer related investments during the year or at the year end (2021: Nil).

The Trustees recognise that indirect investment in the Employer's sponsor group, is possible through holdings in pooled investment vehicles. The Trustees believe that any indirect exposure to shares in the Employer sponsor group was no more than 5% of the Scheme assets at any time during the year.

## GATX-UK PENSION SCHEME

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 5 APRIL 2022

#### 20. Related party transactions

Related party transactions and balances comprise:

##### Key management personnel

Any benefits paid in respect of the Trustees who are members of the Scheme have been made in accordance with the Trust Deed and Rules.

No fees and expenses were paid to the Trustees from the scheme.

The membership status of the Trustees at the year end is as below:

Robert Hopkins, Chairperson – non- member (2021: non-member)

Susan Sexton – pensioner (2021: pensioner)

Cathy Chen – non-member (2021: non-member)

##### Employer and other related parties

The Principal Employer is considered a related party. All transactions involved with these entities relate to remittance of monthly contributions required under the Rules of the Scheme. The Principal Employer recharges the Scheme for costs.

The Principal Employer meets all administrative expenses of the Scheme except for those in note 7.

#### 21. Contingent assets and liabilities

GATX Corporation provides a guarantee to the Scheme to make payments up to a maximum amount which, if it was added to the Scheme's assets, would result in the Scheme being 105% funded (as calculated on the basis set out in section 179 of the Pensions Act 2004) based on the level of benefits provided by the Pension Protection Fund.

In the opinion of the Trustees, the Scheme had no contingent assets and liabilities as at 5 April 2022 (2021: £nil).

#### 22. GMP Equalisation

Based on an initial assessment of the likely backdated amounts and related interest for current members the Trustees do not expect these to be material to the financial statements. There have been no significant changes since the assessment that could significantly impact the estimate and therefore this statement remains true. The Trustees have therefore not included a liability in respect of these matters in these financial statements. They will be accounted for in the year they are determined.

In addition, in relation to the LLoyds 2020 court ruling, the Trustees also do not expect the likely back payments and related interest in respect of members who previously transferred their benefits out of the Scheme to be material and therefore have not included a liability in respect of these matters in these financial statements.

## GATX-UK PENSION SCHEME

### INDEPENDENT AUDITORS' STATEMENT ABOUT CONTRIBUTIONS TO THE TRUSTEES OF GATX-UK PENSION SCHEME

#### Independent Auditor's Statement about Contributions to the Trustees of the GATX-UK Pension Scheme

We have examined the summary of contributions to the GATX-UK Pension Scheme for the Scheme year ended 5 April 2022 to which this statement is attached.

In our opinion contributions for the Scheme year ended 5 April 2022 as reported in the Summary of Contributions and payable under the Schedule of Contributions have in all material respects been paid at least in accordance with the Schedule of Contributions certified by the Scheme actuary on 1 February 2021.

#### Scope of work on Statement about Contributions

Our examination involves obtaining evidence sufficient to give reasonable assurance that contributions reported in the Summary of Contributions on page 46 have in all material respects been paid at least in accordance with the Schedule of Contributions. This includes an examination, on a test basis, of evidence relevant to the amounts of contributions payable to the Scheme and the timing of those payments under the Schedule of Contributions.

#### Respective responsibilities of Trustees and the auditor

As explained more fully in the Statement of Trustees' Responsibilities, the Scheme's Trustees are responsible for preparing, and from time to time reviewing and if necessary revising, a Schedule of Contributions and for monitoring whether contributions are made to the Scheme by the Employer in accordance with the Schedule of Contributions.

It is our responsibility to provide a Statement about Contributions paid under the Schedule of Contributions and to report our opinion to you.

#### Use of our statement

This statement is made solely to the Scheme's Trustees, as a body, in accordance with regulation 4 of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, made under the Pensions Act 1995. Our audit work has been undertaken so that we might state to the Scheme's Trustees those matters we are required to state to them in an auditor's statement and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Scheme's Trustees as a body, for our work, for this statement, or the opinions we have formed.

Ernst & Young LLP

Ernst & Young LLP

Statutory Auditor

Glasgow

Date 4 November 2022

## GATX-UK PENSION SCHEME

### SUMMARY OF CONTRIBUTIONS FOR THE YEAR ENDED 5 APRIL 2022

During the year ended 5 April 2022 the contributions payable to the Scheme were as follows

	Employer £	Employees £	Total £
<b>Contributions payable under the Schedule of Contributions and as reported by the Scheme auditor</b>			
Deficit funding	-	-	-
PPF levy	1,448	-	1,448
Expense	40	-	40
<b>Total contributions reported in the financial statements</b>	1,488	-	1,488

The Summary of Contributions was approved by the Trustees and signed on their behalf by:

Trustee:

Trustee:

Date: Nov 4, 2022

## GATX-UK PENSION SCHEME

### ACTUARIAL CERTIFICATE

#### Certification of schedule of contributions

GATX-UK Pension Scheme

#### Adequacy of rates of contributions

1. I certify that, in my opinion, the rates of contributions shown in this schedule of contributions are such that the statutory funding objective could have been expected on 5 April 2020 to be met by the end of the period specified in the recovery plan dated 1 February 2021.

#### Adherence to statement of funding principles

2. I hereby certify that, in my opinion, this schedule of contributions is consistent with the Statement of Funding Principles dated 1 February 2021.

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

Signature:



Date: 1 February 2021

Name: Sally Rayment

Qualification: Fellow of the Institute and Faculty of Actuaries

Address: Verulam Point  
Station Way  
St Albans  
AL1 5HE

Name of employer: Aon Solutions Limited