

Atlas Ward Pension Scheme

Investment Implementation Document (“IID”)

This Investment Implementation Document (“IID”) covers the Atlas Ward Pension Scheme (the “Scheme”) and details the policy of the Trustees relating to the implementation of the Scheme’s investment arrangements, based on the Principles set out in the Scheme’s Statement of Investment Principles (“SIP”).

Investment strategy

The Trustees are currently revising the Scheme’s investment strategy to the allocations set out below:

Asset Class	Proportion (%)	Control Ranges (%)	Expected Return (relative to fixed interest gilts) (%)
Return Seeking	70.0		
Absolute Return Bonds	15.0	5.0	2.5
Diversified Growth	45.0	5.0	3.5
Property	10.0	5.0	2.5
Liability Matching	30.0		
Liability Driven Investments (“LDI”)	30.0	-	0.0
Total	100%	-	2.2

(1) 10 year assumptions as at 31 December 2017 relative to Bank of England 10 Year Gilts (net of management fees).

The expected returns shown in the above table represent long-term expectations of asset classes as a whole. Short-term returns in some asset classes may exhibit considerable variability.

The Scheme’s present investment objective is to achieve a return of 2.2% per annum above the return on UK Government bonds (which are assumed to move in a similar fashion to the calculated value of the Scheme’s liabilities).

Investment structure and mandates

The Trustees have invested in pooled funds managed by the following investment managers. All the investment managers are regulated under the Financial Services and Markets Act 2000.

Investment Managers	Proportion %
M&G Investments	15.0
BNY Mellon Fund Managers Limited (Newton Real Return Fund)	45.0
Aberdeen Standard Investments	10.0
Legal & General Investment Management Limited (“LGIM”)	30.0
TOTAL	100.0

The Scheme’s investment managers may use derivatives where appropriate for both risk reduction (interest rate/inflation hedging) and efficient portfolio management.

The LDI Funds are expected to reduce the Scheme’s interest rate and inflation risk relative to its liabilities. The allocation to the LDI funds was calculated with reference to the Scheme’s projected cashflow profile, i.e. the future payments to be made to Scheme beneficiaries. While the weighting of the LDI Fund is 30.0% of the overall portfolio, it is intended to be used only as a reference for monitoring purposes, as the LDI portfolio is designed to hedge the interest rate and inflation exposures inherent in the Scheme’s liabilities and thus should not regularly be a part of any re-balancing considerations. Furthermore, the LDI portfolio may include an allocation to a Cash Fund in order to assist with collateral requirements where appropriate.

Mandate target returns, objectives and fees

Fund	Benchmark	Objective	Fees (p.a.)
M&G Alpha Opportunities Fund	1 month LIBOR	1 month LIBOR + 2.5% – 4.5% p.a. over a cycle (net of fees)	0.5% on invested capital
Newton Real Return Fund	1 month LIBOR	1 month LIBOR + 3.25% over a 5 year period (net of fees)	0.75% on invested capital
Standard Life Investments Pooled Property Pension Fund	IPD All Balanced Property Funds Weighted Average	Outperform the IPD All Balanced Property Funds Weighted Average over rolling 3 years	0.5% on invested capital
LGIM Matching Plus Fund range	The return on a range of gilts, index-linked gilts & swaps (interest rate and inflation) based funds at different maturities offering leveraged exposure	N/A	0.24% on invested capital

Signed by: Trustees of the Atlas Ward Pension Scheme

Date: October 2019