

Investment Committee

Terms of reference

Purpose

The Committee is a committee of the Board responsible for the oversight of the Society's investment management activities and for the consideration of issues arising from them. The committee recommends to the Board the strategic framework within which the Society's investment team operates. Certain authorities will be delegated to the investment team and the Tactical Investment Group. The Committee will review all investment management activity and report back to the Board at least quarterly.

Frequency of meetings

Meetings of the committee will generally take place on a quarterly basis. More frequent meetings (if appropriate, by telephone) will be held where investment conditions require.

Terms of Reference

The role of the Committee is to:

- formulate the Society's investment policy and objectives and review them from time to time.
- carry out regular reviews of the performance of the investment managers, making decisions for change where appropriate and reporting such changes to the Board.
- create investment guidelines for asset classes within the Society's funds, approve the resulting mandates for the investment managers and monitor their adherence through the investment management function.
- review the performance of the Society's funds, and sub-funds, by reference to the performance of those of competitors.
- monitor tactical asset allocation decisions made by the Tactical Investment Group (see below) within its agreed defined parameters.
- monitor the risk framework associated with the investment activities and ensure compliance with agreed policies and authorisations.

The brief of the Committee is restricted to investment considerations. Matters such as operational planning, implementation of decisions, fund manager fee negotiation and product or fund pricing is the accountability of the Executive Director with overall responsibility for investments, acting with other members of the Management Board in accordance with normal operational authorities.

Committee Members

- Angela Burns (Chairman)
- Michael Arnold
- Chris Evans

Tactical Investment Group

Terms of reference

Purpose

To monitor and take decisions on all matters affecting asset allocation other than those reserved for the Investment Committee. To review and decide on changes to the mix by asset class, and fund manager, of all sub-funds and policyholder funds, subject to the strategic asset allocation decisions of the Investment Committee.

Frequency of Meetings

Monthly.

Main Areas of Activity

The funds to be considered are currently:

- Conventional With Profit
- Unitised With Profit
- Balanced Managed
- Cautious Managed
- Aggressive Managed
- Estate

Purpose

The tasks to be undertaken include:

- monitor funds against the limits and guidelines set by the Investment Committee.
- monitor funds against the PPFM limits.
- ensure the Estate's individual investment fund holdings are appropriate.
- take action to bring funds back into line with limits or refer to the Investment Committee for a decision.
- review the proposed treasury drawings for the next month in the light of any other proposed transactions.
- monitor fund manager performance against benchmarks and verify fees charged.
- communicate key actions, e.g. forthcoming fund switches.

Key Considerations

Key considerations in making the decisions will be:

- the strategic asset allocation guidelines. For CWP, UWP and the Estate, these will have been agreed by the With Profits Committee and Investment Committee, and a summary will be published in the PPFM. For the managed funds, these will have been agreed with the Investment Committee and summaries published in policyholder literature.
- the investment team's view on the medium term outlook for the various asset classes.
- the performance, and the Investment team's future expectations, of individual fund managers.
- the three month expected cash position for each fund.
- liability and capital constraints.

Any decisions, together with the rationale for them, will be recorded in the minutes of each meeting and presented to the Investment Committee.

Attendees

Meetings will be chaired by the Finance & Actuarial Director, and will comprise:

- Head of Investments
- Investment Manager
- Actuarial Representative
- Finance Representative
- Compliance Representative

The Marketing function will be invited to attend the meeting if any decisions are likely to need customer communication.



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