Irish Blood Transfusion Service Superannuation Fund
Statement of Investment Policy Principles

1. Introduction

1.1 This statement sets out the principles governing decisions about the investment of the assets of the Irish Blood Transfusion Service Superannuation Fund ('the Fund'). The Trustees of the Irish Blood Transfusion Service Superannuation Fund issue this statement to comply with the requirements of the Occupational Pension Schemes (Investment) Regulations 2021.

1.2 The investment powers of the Trustees are set out in the Trust Deed and Rules governing the Fund. This statement is consistent with those powers.

1.3 When setting the investment objective and policy the Trustees seek advice from the Fund's investment adviser and actuary.

1.4 The Trustees recognise the importance of receiving independent professional advice when formally reviewing the investment objectives, strategy and managers. As such, Acuvest Limited ("Acuvest") has been appointed as investment advisers to the Trustees. Acuvest's role is to assist the Trustees in relation to setting their investment objectives, strategy and the selection of appropriate investment managers. On an ongoing basis Acuvest assists the Trustees by monitoring the investment performance of the Fund and the performance of the appointed investment managers, and advises the Trustees on strategic asset allocation. Acuvest does not receive any remuneration from the investment managers used by the Trustees.

1.5 While the Trustees recognise that unforeseen movements in the Fund's liabilities can have a significant impact on the achievement of the investment objectives of the Fund, this is not dealt with within this document, which deals solely with Investment Policy Principles.

1.6 The Trustees will review this statement at least every three years and it will be revised whenever there is a change in the investment policy principles of the Fund.

1.7 This document was endorsed by the Trustees as having effect from 20 January 2022.

2. Investment Objective

2.1 The investment objectives agreed by the Trustees and Employer are:

- To invest the Fund's monies in a range of suitable assets, which when income and capital growth are considered, together with Employer and members' contributions, will meet the Fund's liabilities as they fall due.

- In doing so the Trustees seek to minimise the risk of the Fund failing to meet its liabilities on the statutory solvency basis.

- To ensure that the investment management costs of the Fund represent value for money, in the context of the risk and return characteristics of the asset classes and investment funds selected.

2.2 The Trustees recognise that to achieve the above objectives the investment policy requires the use of a diversified portfolio of assets whose characteristics take account of the nature, term and uncertainty of the Fund's liabilities.

2.3 The Fund operates in order to provide retirement and death benefits to eligible members and beneficiaries including former employees who are in receipt of a pension.

2.4 The defined benefit basis of the benefit provision provides a pension related to service and salary. The Fund's liabilities are therefore long-term and real in nature. Crucially, the Fund's liabilities are not affected by the investment return on the assets.

2.5 Although the Fund's liabilities are not affected by the investment return on the assets, the Trustees also take into account when setting the policy that members have a direct interest in the sufficiency of the assets of the Fund. It is the extent of the sufficiency of the Fund that determines its ability to meet the promised benefits.

2.6 Cashflows, after allowing for benefit payments, are positive and hence there are no immediate liquidity constraints that need to be considered by the Trustees when setting the investment policy.

2.7 In addition, the term of the liabilities is long due to the age profile of the membership. This means that the Fund can afford to expose itself to short term volatility, if there is an expectation that this would generate additional returns.

2.8 The Trustees are cognisant of the fact that the age profile of the scheme members continues to increase due to the fact that the Fund is substantially closed to new members. The profile of the Fund's membership and how that translates to the liabilities of the scheme, is a key input to the investment strategy review process that is undertaken by the Trustees, in conjunction with its investment and actuarial advisers, at least every three years.

3. Investment Risk

3.1 The investment risk for the Fund is the risk that it will not meet its funding objectives due to an inadequate investment return. The Trustees, in consultation with the Fund's advisers, assess this risk on a regular basis. This involves re-appraising the appropriateness of the Fund's investment policy having regard to the liability profile of the Fund and changing economic circumstances.

3.2 The risk of inadequate investment return can be broadly sub-divided between:

- The risk that the investment performance of the asset classes that the Trustees, their investment advisers and the investment managers decide to invest in may not be in line with expectations; and

- The risk that the individual investment managers chosen to invest funds on behalf of the Fund will deliver returns lower than those earned by other managers investing in similar asset classes.

4. Risk Management Processes

4.1 The Trustees manage the investment risk by:

- Monitoring the key drivers that impact the liabilities.
- Management of asset allocation on an ongoing basis in light of changing liabilities and changing market conditions.
- Appointing investment managers to provide the investment services required to invest the Fund's assets.
- Providing the investment managers with clear mandates and detailed guidelines and then monitoring their performance regularly.
- Use of passive as well as active managers to reduce overall active manager risk.
- Ensuring that the Fund's investments are well diversified.
- Ensuring that appropriate control procedures are in place.
- In accordance with the obligations under IORP II, the Trustees will appoint a risk manager to the Fund within 12 months of the date of this document.

4.2 The performance of the Fund's selected investment managers is reviewed on a quarterly basis against the benchmarks set by the Trustees. The quarterly reviews are carried out by the Trustees in conjunction with their investment advisors, Acuvest.

4.3 In addition to reviewing the investment managers performance on a quarterly basis the Trustees, or their investment advisers, meet the key managers at least once each year to discuss their performance and expectations for future performance.

4.4 The benchmarks for the investment managers are based on the market in which they are mandated to invest, their specific investment objectives, or their peer groups. The Trustees review the scheme investment performance against the assumptions built into the actuarial review.

4.5 Due to the size of the Fund's assets the Trustees do not have their own Custodian arrangement for holding the Fund's assets. The investment managers appointed by the Trustees each have custodian arrangements in place for the assets held by the investment manager in unitised funds.

4.6 Details of the Fund's investment managers, as appointed by the Trustees, are listed in Appendix A. The investment managers have day-to-day responsibility for managing investments of the Fund, within the guidelines and investment policy as determined by the Trustees. The fees paid to the investment managers are laid down in agreements with them and are subject to verification on an annual basis as part of the audit of the Fund.

5. Strategic Asset Allocation

5.1 In determining asset allocation the Trustees consider a number of factors including;

- the nature and duration of the Fund's liabilities;
- the range of asset classes available;

- the suitability of each asset class, including expected return, and the risk and liquidity characteristics thereof;

- the desire to achieve full diversification between asset classes and, where appropriate, within asset classes;

- the range of investment strategies and management styles; and

- the need to balance the desire to maximise return with the need to control risk.

5.2 When formulating the strategic asset allocation within the Fund, the Trustees worked within a framework agreed with the Principal Employer. The framework endeavours to maximise investment returns while also managing risk which is achieved through the bond / cash holding in the portfolio.

5.3 After due consideration and having taken external advice the Trustees have adopted the following asset allocation ranges, within which the assets will be managed on an ongoing basis:

	% of Assets
Growth assets (equities, property & others)	55(+/-2)%
Bonds & Cash	45(+/-2)%

The allocation is reviewed on a regular basis (at least quarterly) with the assistance of the Fund's independent investment advisers.

5.4 The Trustees recognise that they cannot control the specifics of the overall investment activity. However, the investment managers have confirmed to the Trustees that the investments held should, for the most part, be limited to widely held securities traded on recognised markets with adequate diversification.

5.5 The Trustees have decided that, without the express written permission of the Trustees, investment managers may not engage in stock lending with any of the Fund's assets that they manage on an active basis. However, the Trustees accept that stock lending is commonplace within unitised passive equity funds and are therefore prepared to permit it for funds invested in passive equities.

5.6 The investment managers that have been mandated to invest in equities, properties and bonds may only use derivatives to control the risk, principally in the form of currency hedging and to facilitate efficient portfolio management. The Trustees accept the fact that the use of derivatives is a common way of gaining exposure to the underlying assets in some alternative asset classes such as currencies, commodities, hedge funds and absolute return or global tactical asset allocation funds. The Trustees have invested in these alternative assets through unitised funds and fund-of-funds arrangement and place reliance on the governance and supervisory procedures within their structures to monitor and manage their exposure to derivatives in this area.

5.7 The Trustees expect the investment managers to implement the principles in this statement as far as is reasonably practicable. The investment managers have been supplied with a copy of this statement. Any exception should be notified in advance to the trustees.

5.8 For members' AVCs, the Trustees have chosen Irish Life as their single investment manager, taking into account past performance, range of investment funds available, charging structure, flexibility and quality of administration. Members make their own selection of the funds they wish to invest in from the full range of AVC unitised funds operated by Irish Life. Members receive an annual benefit statement showing their AVC fund values together with details of the funds in which they are invested. Details of the performance of the various AVC funds are available on the Irish Life website.

6. Environmental, Social & Governance (ESG)

The Trustees believe that environmental, social, and corporate governance (ESG) factors may have a material impact on investment risk and return outcomes, and that good stewardship can create and preserve value for companies and markets as a whole. The Trustees also recognise that long-term sustainability issues, particularly climate change, present risks and opportunities that increasingly may require explicit consideration.

By using a pooled investment vehicle for its equity investments, the Trustees accept that the day to day application of voting rights will be carried out by the investment managers in accordance with their own corporate governance policy and current best practice. These managers have in place clear policies of normally voting on all issues on behalf of its investors' best financial interests; their voting policies and practices are accessible on their respective websites and have been reviewed by the Trustees' investment advisors.

The Trustees, in conjunction with their advisers, will actively monitor and engage with their managers on ESG integration, consistent with this Policy statement. The Trustees have given appointed investment managers full discretion in evaluating ESG factors, including climate change considerations and not set any investment restrictions on the appointed investment managers in relation to particular products or activities, but may consider this in future.

7. Shareholder's Rights Regulation 2020

The Scheme invests in units in various pooled funds that may from time to time invest in equities of companies which are listed on EU regulated markets, and to that extent the Scheme is subject to the European Union (Shareholders' Rights) Regulations 2020 (the SRD II Regulations). However, only a limited portion of the Scheme's investments fall within the ambit of the SRD II Regulations. In respect of the portion which does, the Trustees have not developed a standalone engagement policy, as the investment is through a pooled fund or funds, and it is the asset manager which has the direct engagement with the underlying investee companies. The asset manager for each relevant fund has provided the Trustees with a copy of its Engagement Policy, and confirmed to the Trustees how it complies with the requirements of Directive (EU) 2017/828 ("SRD II"), the EU Directive underlying the SRD II Regulations.

The current funds in which the scheme is invested which invest or may invest in equities of companies which are listed on EU regulated markets are detailed in the Appendix to this Statement.

8. Sustainability Related Disclosures

Regulation (EU) 2019/2088 on sustainability related disclosures in the financial services sector, requires the Trustees to make certain disclosures in the area of sustainability risk and sustainability factors.

A sustainability risk is any environmental, social or governance event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of the Scheme's investments.

Sustainability factors are defined as environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

As indicated above the Trustees believe that environmental, social, and corporate governance (ESG) factors may have a material impact on investment risk and return outcomes. Therefore, for all new manager appointments, the manager's integration of sustainability risk into its investment decision making process will be a relevant factor which the Trustees will take into account in the selection process.

However, the Trustees do not believe it is in the best long term interests of the Scheme beneficiaries to insist that sustainability risk is fully integrated into all investments made by the Trustees, in the manner envisaged by Article 6 of Regulation (EU) 2019/2088, as this would greatly limit the fund choices available to the Trustees in certain asset classes.

The Trustees also do not believe it is in the best long term interests of the Scheme beneficiaries to seek to take account of the potential adverse impacts of their investment decisions on sustainability factors. Again, because only a limited number of funds take account of the adverse impacts of their investment decisions on sustainability factors in the manner required by Article 4 of Regulation (EU) 2019/2088, this would greatly limit the fund choices available to the Trustees in certain asset classes, with a potentially negative impact on the implementation of the Scheme's investment strategy.

Signed on behalf of the Trustees:	Deirdre-Ann Barr
Date:	21 January 2022
Signed on behalf of the Trustees:	Noel Murphy
Date:	27 January 2022

Appendix

List of Trustees and Advisers

Trustees:	Deirdre-Ann Barr (Chairperson) Noel Murphy Idelle Hawkins Paul Kelly John Crowley Jim Shanahan
Auditors:	Mazars, Block 3 Harcourt Centre, Harcourt Road, Dublin 2
Bankers:	Allied Irish Banks, 26 Patrick Street Cork
Solicitors:	Eversheds Sutherland, One Earlsfort Centre, Earlsfort Terrace, Dublin 2
Actuary:	Mary Cahill, F.I.A, Aon
Fund Administrators:	Aon Solutions Ireland Limited, Block D, Iveagh Court Harcourt Road Dublin 2
Investment Advisers:	Acuvest Limited, 67 Merrion Square South, Dublin 2

Investment Managers:	Mandate
Irish Life Investment Managers	• Equities • Alternative weighted passive equities • Bonds including Corporate Bonds • Cash
Ruffer LLP	• Alternative Assets / Global Tactical Asset Allocation
BNY Mellon (Newton):	• Alternative Assets / Global Tactical Asset Allocation • Absolute Return Bond Fund
Henderson:	• European Senior loans
Ashmore	• Emerging Market Debt
Amundi	• Emerging Market Debt
Fidelity:	• European Property
AMP:	• Irish Infrastructure
Payden& Rygel:	• Absolute Return Bond Fund
Newton:	• Absolute Return Bond Fund

Funds which may invest in equities of companies listed on EU Regulated Markets

The Scheme invests in a fund managed by Ashmore Group plc. Ashmore's SRD II Engagement Policy can be accessed at https://www.ashmoregroup.com/sites/default/files/uploaded-docs/SRDII-engagementpolicy20-2-19Final.pdf, and Ashmore's most recent annual report, including information on how Ashmore has implemented its Engagement Policy over the period, can be accessed at https://ir.ashmoregroup.com/sites/ir/files/2021-09/Ashmore_FY2020-21_annual_report.pdf.

In terms of how the Trustees' investment with Ashmore incentivises Ashmore to align its investment strategy and decisions with the profile and duration of the Scheme's liabilities, the investment horizon of the Ashmore fund is medium to long term in nature, and therefore aligns with the profile and duration of the Scheme's liabilities. The Ashmore investment is, at the same time, only one element of a wider investment strategy.

In terms of how Ashmore makes assessments about the performance of investee companies and engages with those investee companies, details of this are set out in Ashmore's Engagement Policy as referred to above.

In terms of how the method and time horizon of the evaluation of Ashmore's performance is in line with the profile and duration of the Scheme liabilities, and takes absolute long term performance into account, the Trustees and their investment advisers take account of these issues when assessing Ashmore's performance. Performance is monitored on a monthly basis by the Trustees' Investment advisors, Acuvest., The Trustees expect investment manager appointments to be long-term in nature, and assess the performance over longer-term periods. Short term performance issues would not be expected to result in a manager termination, although other factors may necessitate change over relatively short timeframes.

Ashmore's remuneration is in line with the profile and duration of the Scheme liabilities because it is calculated as a percentage of the net asset value of the share classes in which the Trustees are invested, and therefore is aligned towards the manager following a longer term growth strategy. The Trustees are satisfied that this remuneration is appropriate given the profile and duration of the Scheme liabilities.

In terms of how the Trustee monitors portfolio turnover costs incurred by the asset manager and how it defines and monitors a target portfolio turnover or turnover range, this is by reference to the general investment terms and conditions and by reference to the overall costs and charges of the Fund.

The duration of the investment with Ashmore is indefinite, but is subject to regular performance reviews.