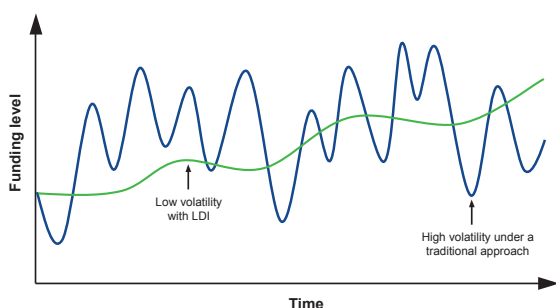


## WHAT ARE LDI FUNDS?

Liability Driven Investment (“LDI”) funds, enable defined benefit pension schemes to protect their funding level from adverse movements in interest rates and inflationary expectations. This helps ensure steadier increases in funding level over time.



## WHY CONSIDER LDI FUNDS?

Traditionally, bonds have been used to implement LDI, but this approach generally made significant capital demands on schemes for full hedging of the liabilities, and it could result in a poor match for the longest-dated cashflows.

However the use of LDI funds does not make such capital demands, and it improves the accuracy of the liability matching. Since only a part (typically one third) of a scheme’s asset value is required for investment in LDI funds, the balance is free to be invested in other assets, including equities and property.

## USING LDI FUNDS

An LDI funds strategy is determined by a pension scheme’s:

- size
- funding level
- maturity
- inflation linkage

The diverse range of products now available in the market offers significant opportunities for pension schemes of most sizes to implement an LDI strategy in a cost effective manner. However a typical minimum scheme size for LDI funds investment would be assets of around £3m.

## THE SERVICE

We can provide assistance in all aspects of adopting an LDI strategy including the following.

- Introductory report
- Assessment and proposals
- Implementation
- Monitoring and reporting

## WHO WOULD FIND THIS SERVICE USEFUL?

- Trustees of defined benefit pension schemes
- Employers with defined benefit pension schemes

## HOW LONG DOES THE PROCESS TAKE?

An introductory report can normally be provided within a few weeks. Implementation of a standard strategy might be expected to take between three and six months. However, a timetable can be agreed in advance to reflect your individual requirements.

## CHARGES

The cost of the service is calculated on a time-spent basis and will depend upon your specific needs.

## BWCI GROUP

Established in 1979 the BWCI Group is the largest group of actuaries and consultants in the Channel Islands with over 100 staff encompassing a wide range of disciplines.

The BWCI Group is a member of Abelica Global, the international network of leading independent actuarial firms.

## FURTHER INFORMATION

For further information on this and other investment services provided by the BWCI Group please contact [invservices@bwcigroup.com](mailto:invservices@bwcigroup.com), or visit our website at [www.bwcigroup.com](http://www.bwcigroup.com).



### **Focused**

because we are focused on our clients' needs and provide a service to suit their individual requirements.

### **Practical**

because we deliver solutions in practical, commercial and cost-effective ways.

### **Innovative**

because we seek innovative solutions to complex financial problems using advanced analytical tools and software.

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