

# Model of ALM Partnership Structure

## Appendix D

The partnership has been designed to allow for other funds participating either as an investor or shareholder.

**Option 1 – Full Shareholder Partner**  
 Provides ownership rights and a shareholder NED seat at the Board, together with controlling voting rights over all decisions.

**Governance overview**

- A bespoke service level agreement (based on a core agreement) will exist between each fund shareholder and the Partnership Holding Company (LLPP Ltd). This will define the scope of the fund's participation (e.g. investment pooling only, or the full offering, including pension administration) and services to be provided.
- A shareholder agreement will describe matters reserved for escalation to shareholders.
- Decisions of the ALM Partnership Board require approval of the shareholder-nominated directors.
- The structure satisfies the FCA requirements for independence of the company managing the investments.
- The governance arrangements have been developed with an eye to wider pooling opportunities.

**Option 2 – Investor in the ACS / Asset Allocation Management**  
 For funds wishing to follow the non-shareholder route and pool investments in a fiduciary capacity

**Shareholder Committee / Investor Forum (Not FCA Regulated) – provides a voice for each investor**

- 1 representative per shareholder – may or may not be the same person as shareholder NED.
- 1 representative from non-shareholder funds (i.e. any fund that participates in pooling only).
- Chair elected from shareholders.
- Meets twice per year.

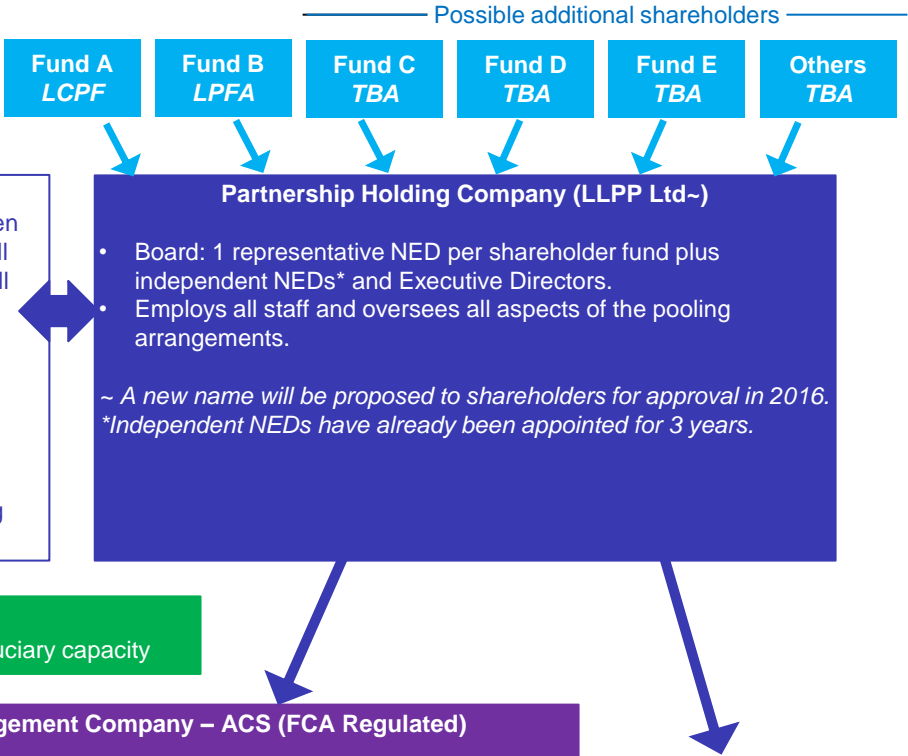
**Key activities**

- Receives investment performance reports.
- Participates in discussions on future ACS sub-funds.
- Contributes to submissions for partnership AGM.
- Assists with dispute resolution.

**Investment Management Company – ACS (FCA Regulated)**

- Independent Board made up of key executives and a selection of independent NEDs from the Partnership Holding Company.
- Independence maintained for FCA purposes.
- Multi-site and multi-CIO offering based on specialisms.
- Investment staff will TUPE into the Partnership Holding Company and are then seconded here\*.
- Each fund's Investment Strategy Statement will take into account Individual fund strategic factors, including asset allocation, risk factors and preferences for investment. The Asset Allocation Instruction (AAI) agreed between LLPP and the fund will reflect the implementation of this strategy.
- The type and number of ACS sub-funds will be determined by investment needs for internal / external management.
- Illiquid assets, such as infrastructure, property and other alternatives, will benefit from joint management via Special Purpose Vehicles.

*\*Not all staff need to TUPE in – some could remain at fund level and manage non-pooled assets/local investments.*



**Partnership Holding Company (LLPP Ltd-)**

- Board: 1 representative NED per shareholder fund plus independent NEDs\* and Executive Directors.
- Employs all staff and oversees all aspects of the pooling arrangements.

*~ A new name will be proposed to shareholders for approval in 2016.  
 \*Independent NEDs have already been appointed for 3 years.*

**Pension Administration Company**

- Services delivered from multi sites based on consistent systems.

**Administration Customer Forum**

- 1 representative per administration customer.
- Meets twice per year or annually.