

Panavision Europe Pension and Life Assurance Scheme

Investment Policy Implementation Document – June 2024

1. Introduction

- 1.1 This Investment Policy Implementation Document (the “IPID”) has been prepared by the Trustees of the Panavision Europe Pension and Life Assurance Scheme (the “Scheme”). The IPID sets out the detail of the Scheme’s investment arrangements, based on the principles documented in the most recent version of the Scheme’s Statement of Investment Principles (the “SIP”).
- 1.2 The Trustees have obtained written professional advice from the Scheme’s Investment Consultant in preparing this IPID.

2. Scheme Governance

- 2.1 The Trustees are responsible for the investment arrangements of the Scheme’s assets. The Trustees take some decisions and delegate the balance, within the framework documented in the SIP.
- 2.2 The Trustees have retained the following duties and responsibilities:
 - Overall responsibility for the Scheme’s investments.
 - Compliance with Legislation and Regulation.
 - Appointment of the Investment Consultant.
 - Decisions relevant to principles governing the Scheme’s investment strategy, in consultation with the Investment Consultant.
 - Consideration of proposed changes, and agree final changes, to the SIP.
 - Consultation with the Principal Employer on amendments to the SIP.
 - Monitor the Investment Consultant, investment platform provider and Investment Manager(s).
- 2.3 An Investment Consultant has also been appointed by the Trustees. The Investment Consultant’s duties and responsibilities are to:
 - Advise the Trustees on the preparation, review and any amendments to the SIP;
 - Advise the Trustees on investment policy as required;
 - Advise the Trustees how changes in the investment environment could either present opportunities or problems for the Scheme;
 - Advise the Trustees on the suitability of each fund's structure, composition and benchmark;

- Monitor investment managers;
- Undertake project work as requested.

The details of the Investment Consultant's appointment, including the scope of its remit and its fees are set out in a contract entered into between the Trustees and the Investment Consultant.

2.4 The Investment Consultant is Mercer Limited ("Mercer").

2.5 The Scheme's investments are accessed through an investment platform. The Investment platform provider's duties and responsibilities are to:

- Operate within the terms of this IPID and the written contract;
- Provide access to a platform through which third party funds can be accessed by the Trustees, for the Scheme's members.

2.6 Scottish Widows Limited, is the investment platform provider for the Scheme.

2.7 Mercer Workplace Savings provides on-going governance monitoring services (i.e. on the platform provider) and provides investment governance on the platform provider's fund range.

2.8 The Principal Employer is Panavision Europe Limited.

3. **Investment Strategy**

3.1 **Range of Funds**

The Trustees believe, having taken expert advice, that it is appropriate to offer a range of investment funds in order to meet members' investment needs.

The Trustees have decided to offer the following funds to members:

- Mercer High Growth Fund
- Mercer Growth Fund
- Mercer Moderate Growth Fund
- Mercer Defensive Fund
- Mercer Sustainable Global Equity Fund
- Mercer Active Money Market Fund

A description of each of these funds is given in Section 3.2.

Day-to-day management of the assets is at the discretion of the Mercer Global Investments Europe Limited ("MGIE"), as manager of the pooled blended funds, and the managers of the underlying funds within the blends.

Lifestyle Options

The options in this category are aimed at members who wish to make a choice in where they invest, particularly in the lead up to retirement, but need help in choosing. The Trustees have chosen a simplified range of lifestyle arrangements, known as Target Retirement Paths, (including the default investment option detailed below) to assist members with their investment and retirement objectives.

Target Drawdown Retirement Path (the default investment option)

The target asset allocation for members invested in the Target Drawdown Retirement Path at different periods to retirement is based on the following table:

Time to Retirement (years)	Growth Fund (%)	Diversified Retirement Fund (%)	Money Market Fund (%)
>8	100.0	0.0	0.0
7	87.5	12.5	0.0
6	75.0	25.0	0.0
5	62.5	37.5	0.0
4	50.0	50.0	0.0
3	37.5	62.5	0.0
2	25.0	75.0	0.0
1	12.5	82.5	5.0
0	0.0	90.0	10.0

Under the Target Drawdown Retirement Path, until eight years from a member's target retirement date, their retirement savings are invested in the Mercer Growth Fund, a diversified mix of asset classes (equities, bonds and alternative assets) focusing on passively managed instruments and aims to deliver long-term equity-like returns with reduced volatility.

At eight years from retirement, a member's investments are gradually de-risked until the January of the year of the member's target retirement date, when they will hold investments that are intended to provide some level of protection to members against adverse changes in market conditions (compared to equities) prior to retirement. The asset allocation at retirement aims to be a broadly sensible starting point for members intending to take regular ad-hoc withdrawals directly from their pension savings in retirement, whilst the remainder remains invested, after taking any tax free cash lump sum.

Target Cash Retirement Path

The target allocation for members invested in the Target Cash Retirement Path at different periods to retirement is based on the following table:

Time to Retirement (years)	Growth Fund (%)	Diversified Retirement Fund (%)	Money Market Fund (%)
>8	100.0	0.0	0.0
7	87.5	12.5	0.0
6	75.0	25.0	0.0
5	62.5	37.5	0.0
4	50.0	50.0	0.0
3	37.5	37.5	25.0
2	25.0	25.0	50.0
1	12.5	12.5	75.0
0	0.0	0.0	100.0

The Target Cash Retirement Path, shares the same growth phase (investments held up to eight years from retirement) as the default investment option. Further details regarding this can be found above.

At eight years from retirement, a member's investments are gradually de-risked until the January of the year of the member's target retirement date, when they will hold investments that are aimed at helping members to withdraw the full value of their retirement savings as a cash lump sum. The allocation at retirement will be 100% in a money market fund, which is intended to be appropriate for members wishing to withdraw their entire account as cash on, or shortly after, retirement.

Target Annuity Retirement Path

The target allocation for members invested in the Target Annuity Retirement Path at different periods to retirement is based on the following table:

Time to Retirement (years)	Growth Fund (%)	Pre-Retirement Fund (%)	Money Market Fund (%)
>8	100.0	0.0	0.0
7	87.5	12.5	0.0
6	75.0	25.0	0.0
5	62.5	37.5	0.0
4	50.0	50.0	0.0
3	37.5	62.5	0.0
2	25.0	67.0	8.0
1	12.5	71.5	16.0
0	0.0	75.0	25.0

The Target Annuity Retirement Path, shares the same growth phase (investments held up to eight years from retirement) as the default investment option. Further details regarding this can be found above.

At eight years from retirement, a member's investments are gradually de-risked until the January of the year of the member's target retirement date, when they will hold investments that are aimed at helping members broadly track the price of fixed annuities (75%) and to withdraw a cash lump sum with the remainder (25%). The allocation at retirement is intended to be appropriate for a member who is wishing to purchase a level annuity with 75% of their retirement account, and take the remaining 25% as tax-free cash.

Day to Day Management

3.2 Main Assets

The underlying funds chosen by the Trustees to be made available to members are pooled fund vehicles operated by Mercer.

Mercer operates 'manager of manager' funds, whereby the fund invests in a range of underlying specialist third party investment managers (active and passive) who are selected by Mercer based on criteria for achieving the objectives of the fund. It is Mercer's responsibilities to monitor, engage and replace managers as it deems necessary to achieve the target performance, whilst ensuring risks and costs are contained at an acceptable level.

The descriptions below are the general guidelines for each of the funds.

Mercer High Growth Fund – The fund seeks to achieve high levels of capital growth over the long-term, but with high levels of risk by investing predominantly in shares. It is likely to deliver higher levels of volatility over the long term than the other funds offered to members. It aims to outperform the FTSE GBP 1 Month Euro Deposit Index by 4.5% p.a.

Mercer Growth Fund – The fund seeks to achieve medium to high levels of capital growth over the long-term with medium to high risk by investing predominantly in a diversified mix of bonds, shares and other asset types. It aims to outperform the FTSE GBP 1 Month Euro Deposit Rate by 4.0% p.a.

Mercer Moderate Growth Fund – The fund seeks to achieve low to medium capital growth over the long-term with low to medium levels of risk by investing predominantly in a diversified mix of bonds, shares and other asset types. It aims to outperform the FTSE GBP 1 Month Euro Deposit Index by 3.0% p.a.

Mercer Defensive Fund – The fund seeks to achieve stable growth over the long-term with low levels of risk by investing predominantly in bonds and money market assets. It is likely to deliver lower growth over the longer term than the growth funds offered to members. It aims to outperform the FTSE GBP 1 Month Euro Deposit Index by 1.0% p.a.

Mercer Sustainable Global Equity Fund – The fund seeks to achieve long term growth of capital and income by investing in a diversified range of shares which are listed or traded globally. The fund will use socially responsible investment criteria when choosing its investments. The fund aims to outperform the MSCI World Index by 1.5% pa (gross of fees) over 3 – 5 year periods

Mercer Active Money Market Fund – The underlying fund is the BlackRock Institutional Sterling Liquidity Fund. The principal objective of the fund is to maximise current income consistent with capital preservation and maintaining liquidity. The fund invests in high quality short term fixed income and variable rate securities listed or traded on one or more recognised exchanges, across a range of financial institutions, sovereign and corporate issuers. The fund aims to better the return of its benchmark, Bank of England Sterling Overnight Index Average, before fees.

All six funds described above are available to all members of the Scheme.

The Trustees are satisfied that the spread of assets by type and the Investment Manager's policies on investing in individual securities within each type provides adequate diversification of investments for members.

Investment Manager Fees

3.3 The table below sets out the fees that applicable to the Scheme's investment funds.

Fund	TER (%p.a.)
Mercer High Growth Fund	0.50
Mercer Growth Fund	0.48
Mercer Moderate Growth Fund	0.49
Mercer Defensive Fund	0.51
Mercer Active Money Market Fund	0.25
Mercer Sustainable Global Equity Fund	0.85
Mercer Target Annuity Retirement Funds	0.40 – 0.48*
Mercer Target Cash Retirement Funds	0.42 – 0.48*
Mercer Target Drawdown Retirement Funds	0.49 – 0.53*

* *TER varies due to changing asset allocation over time*

Any changes to the underlying investment arrangements, will likely result in transaction costs being incurred. These will be managed by Mercer and the platform provider to ensure they are kept to a minimum.

4. Investment Restrictions

Given that the Scheme invests solely in pooled funds, the Trustees acknowledge that they have no ability to restrict the holdings of the pooled funds. The Trustees have considered the investment restrictions attaching to each of the pooled funds prior to investing in the pooled funds and are comfortable with these.

The governing documents of the pooled funds contain the restrictions under which the pooled funds operate.