

Investment Risk Change Log

Previous Risk No.	Revised Risk No.	Objective	Previous Risk Wording	Revised Risk Wording	Previous Mitigations	Revised Mitigations	Previous Risk Rating	Revised Rating	Comments
I1	I1	To maximise the returns from investments within reasonable risk parameters	If investment return is below that assumed by the Actuary in the Funding Strategy this could lead to an increased deficit and additional contribution requirements. The larger the level of mismatch between assets and liabilities the bigger this risk.	The total Fund Investment return does not meet expectations which could lead to underfunding.	Diversified portfolio; Annual Strategy Review; Asset Liability Study, extended recovery periods to smooth contribution increases.	1. EPF Investment Strategy is reviewed and monitored on a regular basis. 2. Monitoring of: investment manager performance ; market conditions. Performance of both assets and liabilities is monitored periodically.	9	9	
I2	None	To maximise the returns from investments within reasonable risk parameters	Inefficiencies within the portfolio can result in unintended risks	None	Diversified portfolio; Annual Strategy Review; Quantification of individual components of financial risks, Hedging of some risks,	None	2	None	Deleted

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					Obtain expert advice				
I3	None	To maximise the returns from investments within reasonable risk parameters	If investment returns are below peer group funds, or risk levels are excessive relative to peer group, this could lead to reputational damage for the Fund or member/admitted body dissatisfaction.	None	Regular monitoring; Annual Strategy Review; Targeting most efficient portfolio	None	4	None	Deleted
I4	None	To maximise the returns from investments within reasonable risk parameters	Risk of missing opportunities to maximise returns	None	Regular monitoring; more than one investment adviser; dialogue with existing managers to encourage new ideas; peer group dialogue	None	4	None	Deleted
I5	None	To maximise the returns from investments within reasonable risk parameters	If investment strategy is inconsistent with Funding Plan, then it can lead	None	Triennial Reviews linked with Funding Strategy &	None	2	None	Deleted

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			to employers paying the incorrect contribution rate		Investment Strategy. Asset Liability Study; SIP; Interim Reviews; co-ordination between actuary and investment consultant. A specific scorecard measure on this matter is in place.				
16	12	To maximise the returns from investments within reasonable risk parameters	Fund managers underperform their benchmarks	Investment Managers and/or ACCESS Operator underperform or do not have appropriate benchmarks leading to lower investment returns	Manager selection process and due diligence; manager monitoring across wide range of issues; diversified portfolio of managers; setting of appropriate benchmarks	1. The performance of Investment Managers and/or ACCESS Operator is subject to regular review.	2	6	
17	13	To ensure the Fund's investments are properly managed before,	Inappropriate or uninformed decisions e.g. due to lack of understanding /	Failure by EPF or the ACCESS Operator to take advice in accordance	Training and experience of ISC members; monitoring of	1. The Fund procures and has Institutional Investment	2	3	

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		during and after pooling is implemented	training	with statutory requirements and best practice over appointing and the terms of appointment of investment managers	knowledge and understanding; an institutional investment adviser and an independent adviser have been appointed; training and experience of in-house team; papers prepared in advance of decisions being made; Annual Strategy Review sets plan for year	Consultant and Independent Investment Advisor. 2. EPF ensure these arrangements are kept under review. 3. ACCESS Escalation Policy in place. 4. Appointed Contract Manager within the ASU.			
18	None	To ensure the Fund is properly managed	Insufficient management information about the position of the Fund e.g. level of risk; amount of assets; performance of managers	None	Regular quarterly reporting on assets, performance and managers; Annual Strategy Review	None	1	None	Deleted
19	None	To ensure the Fund is properly	Failure to take expert advice or	None	Appointment of institutional	None	1	None	Deleted

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		managed	risk of poor advice		investment consultant and an independent investment adviser, who regularly attend meetings				
I10	I4	To ensure the Fund's investments are properly managed before, during and after pooling is implemented	Delays in implementation of decisions reduces the effectiveness of the decision	Delays in: - implementation of decisions; - availability of suitable solutions within the Pool; which reduces the effectiveness of the decision which could lead to loss of potential return	In house team; use of passive manager to implement change; delegation of implementation to officers and advisers	1. EPF works proactively with Investment Advisors, ACCESS Pool and Investment Managers to scope, propose and implement viable revisions to the Investment Strategy.	2	6	
I11	None	To ensure the Fund's investments are properly managed before, during and after pooling is implemented	If liquidity is not managed correctly, assets may need to be sold at unattractive times or investment opportunities	None	Limit on illiquid assets and level of diversification from equities and bonds; projection of expected cash flows. A	None	1	None	Deleted

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			missed as cash is unavailable.		specific scorecard measure is in place on this matter.				
I12	None	To ensure the Fund is properly managed	Insufficient scrutiny of manager mandates and terms of business may lead to inappropriate fee levels or other costs.	None	Quarterly monitoring; review of fees versus peer group; selection criteria include fees and other costs	None	2	None	Deleted – merged with I13
I13	I5	To ensure the Fund's investments are properly managed before, during and after pooling is implemented	Failure of manager or custodian	Failure of 3rd party service providers to maintain obligations in respect of investments leading to potential loss of return or liquidity, or ability to access or control investment.	Quarterly monitoring; AAF0106 audit reports; investment consultant on-going research; diversification of manager mandates; diversification of custody via pooled funds	1. AAF0106 Annual Control Reviews are carried out. 2. Within the Pool environment the Depository has liability for safekeeping of Pool investments. 3. ASU Contract Manager ensures adherence to the Operator	2	6	Amended to incorporate I12 and I14

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						<p>Agreement by the 11 ACCESS Funds and LINK.</p> <p>4. Formal procurement procedures are being used for all 3rd party suppliers.</p> <p>5. EPF ensure these arrangements are kept under review.</p> <p>6. Fund's assets are not included on Custodian's Balance Sheet. Separate Designated Accounted for each mandate.</p>			
I14	None	To ensure the Fund is properly managed	Failure to react to major change in market / economic conditions	None	Quarterly monitoring, setting appropriate mandates for managers,	None	2	None	Deleted – merged with I13

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					appointment of investment consultant and independent advisers, review of market conditions at each meeting, regular engagement with investment managers				
I15	I6	Ensure investment issues are communicated appropriately to the Fund's stakeholders	Inappropriate communication of risks involved in the pension fund and strategy adopted and actions taken by the ISC may lead to questions and challenge and unexpected increases in contributions	Failure to communicate and consult on Investment Matters with stakeholders resulting in lack of understanding and potentially poor decisions being made	Resourcing of in-house team; discussion forums and surgeries; statement of investment principles; funding strategy statement	1. Investment Strategy Statement is subject to stakeholder consultation. 2. PSB/ISC Members are appropriately trained prior to key decisions being made. 3. Engagement with Employers at triennial	2	2	

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						valuation.			
I16	I7	To ensure the Fund's investments are properly managed before, during and after pooling is implemented	The implementation of MiFiD II (January 2018) leads to the Fund being categorised by some / all of its service providers as a 'retail client' – the result of which could reduce the range of sub asset classes in which the Fund is able to invest and may even require divestment from the current portfolio.	The implementation of MiFiD II (January 2018) leads to the Fund being categorised by some / all of its service providers as a 'retail client' – the result of which could reduce the range of sub asset classes in which the Fund is able to invest and may even require divestment from the current portfolio.	The Fund has now completed and received confirmation of the relevant MiFiD II "opt ups" to Elective Professional status for all asset mandates. Further opt ups will be required in due course for new mandates and pooling sub funds.	1. The Fund has arrangements to ensure that relevant MiFiD II "opt ups" to Elective Professional status for all asset mandates is kept under review.	6	4	
None	I8	To maximise the returns from investments within reasonable risk parameters	None	Lack of consideration of all financial and non-financial risks relating to ESG/Responsible Investment (RI) issues leading to poor investment returns, increased	None	1. Use of expert consultants in the selection of Investment Strategy and Investment Managers. 2. Regular monitoring of Investment	None	3	New

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				employer contribution rates and reputational damage		Managers. 3. Regular reviews of Investment Strategy. 4. Compliance with Stewardship Code.			