

## LIABILITY DRIVEN INVESTMENT

### PRELIMINARY TEMPLATE CONSULTATION

#### INTRODUCTION TO THE CONSULTATION

- The Preliminary Liability Driven Investment template has been released for consultation. We are seeking feedback over the next few weeks. Managers of liability driven investment managers are encouraged to use the template and engage with us throughout to inform the settled template.
- At the end of the consultation period we will publish the templates as a completed 'v.1.0.' and integrate it with the rest of the suite of CTI templates in a general update scheduled for later in 2020.
- Please provide feedback directly to the CTI team using the following email address: [Alyshia.Harrington-Clark@plsa.co.uk](mailto:Alyshia.Harrington-Clark@plsa.co.uk).

This document provides supporting notes to the preliminary Liability Driven Investment template which we intend to include as part of the CTI framework in due course. The preliminary template was developed after discussions with providers and this preliminary guidance was developed following feedback.

The template 'cuts' and aggregates the entry fields in a way that is intended to be reflective of liability driven investment mandates.

#### Preliminary guidance notes

The below guidance should be taken as exceptions or additions to existing CTI guidance.

References are to the CTI Main Account Template – Machine Readable format.

Section	Item name	Approach	Consultation notes (if applicable)
PORTFOLIO INVESTMENT ACTIVITY	Interest rate sensitivity: Start asset value, End asset value, Purchases and Sales	Exposure to interest rate and inflation should refer to the PV01 and IE01, rather than to notional amounts or	n/a

	Inflation sensitivity: Start asset value, End asset value, Purchases and Sales	market values. If it does not, the value of the information provided would be very limited as it fails to capture the impact of leverage and/or use of derivatives.	n/a
	Risk type: Start asset value, End asset value, Purchases and Sales	Risk types should be defined by the asset manager to enable accurate reporting.	We have received calls to provide more detail and/or standardised and clearly defined risk types, and we welcome views on this.
PORTFOLIO TRANSACTION COSTS	Broker commissions	Can partly be mapped to 08230 and 08240 (interest rate sensitivity and inflation sensitivity respectively)	Our intention is provide finished guidance in this area with the final 'settled' template. This may require additional fields in the machine-readable format to accommodate automation.
	Indirect transaction costs	Can partly be mapped to 08230 and 08240 (interest rate sensitivity and inflation sensitivity respectively)	Our intention is provide finished guidance in this area with the final 'settled' template. This may require additional fields in the machine-readable format to accommodate automation.
	Total transaction costs: Interest rate sensitivity	Can be mapped to 08230	n/a
	Total transaction costs: Inflation sensitivity	Can be mapped to 08240	n/a
ONGOING CHARGES	All fields	All fields can be directly mapped to corresponding fields in the account template.	n/a

ONE-OFF COSTS	All fields	All fields can be directly mapped to corresponding fields in the account template.	n/a
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### General consultation areas not covered above

1. We are particularly interested if stakeholders believe there are fields missing in the template.
2. We have included the average value of client holding for consistency with the rest of the CTI framework, though we expect the 'value' here to equate to managed exposure. Alternative options could be considered further.
3. Further contextual information could assist the recipients of this information. For example, we have heard that it might be helpful to include a measure of how 'hands on' the management is and/or some broadly defined general groups of mandate styles as a way to facilitate comparison across different mandates with similar characteristics or functions.
4. A machine-readable version of the LDI template should be created, if there is demand to do so, in which any specific considerations of the LDI model will be taken account of.

Please provide your feedback on the above areas, alongside any general comments on the preliminary liability driven investment template and guidance, directly to the CTI team using the following email address: [Alyshia.Harrington-Clark@plsa.co.uk](mailto:Alyshia.Harrington-Clark@plsa.co.uk).