

# OPERATING RULES OF THE EQUITY BIASED FUND (EBF)

## TABLE OF CONTENTS

1. Definitions .....	1
1.1.EBF Account.....	1
1.2.Scheme Year .....	1
1.3.AVC Account Closing Date .....	1
2. Interest .....	2
2.1.The Guarantee Component.....	2
2.2.The Bonus Component .....	2
3. How interest is credited.....	3
4. General .....	4

The rules governing the calculation of interest on EBF accounts were revised with effect from the Scheme Year starting on 1 April 2019.

## 1. Definitions

### 1.1. EBF Account

‘EBF Account’ means an Additional Voluntary Contributions (AVC) Account that is invested in the EBF.

### 1.2. Scheme Year

‘Scheme Year’ is a year starting on 1 April and ending on the following 31 March.

### 1.3. AVC Account Closing Date

‘AVC Account Closing Date’ is the earliest of

- (1) the date on which your main Scheme (APS or NAPS) pension becomes payable

*or*

- (2) the date of leaving service or opting out of active Scheme membership with an entitlement to a refund of contributions

*or*

- (3) the day before a transfer of pension rights is made to another pension arrangement under Clause 25B or 25C of the Trust Deed of APS, or Rule 31 or 32 of NAPS (as applicable)

*or*

- (4) the date of your death

## **2. Interest**

'Interest' is determined as follows and expressed as a percentage rate. It has two components:-

### **2.1. The Guarantee Component**

This is the interest that represents:

- (i) for the period ending 31 January 2015 inclusive: the average of the annualised interest rates published daily for a seven-days' notice local authority deposit account during a given calendar month;
- (ii) within the period 1 February 2015 to 31 March 2016 inclusive: the average of the annualised interest rates published daily for the seven day London Interbank Offered Rate during a given calendar month; and
- (iii) with effect on and from 1 April 2016: the return (expressed as a percentage rate) during a given calendar month on the Sterling Overnight Index Average, or any other index which from time to time the Management Trustees consider is appropriate having taken suitable advice. Where such return (during a given calendar month or part thereof as applicable) is less than zero, the amount of interest in relation to the Guarantee Component to be credited under section 3 shall be zero.

'Management Trustees' means the trustee(s) from time to time of the Airways Pension Scheme or the New Airways Pension Scheme as applicable.

The Management Trustees may appoint a suitable third party to confirm the percentage rate of return on the Sterling Overnight Index Average (or such other index which from time to time the Management Trustees consider is appropriate having taken suitable advice) for the Guarantee Component. The Management Trustees may rely upon the relevant rate advised to them by the appointed third party.

*and*

### **2.2. The Bonus Component**

This is the interest (if any) which the Management Trustees deem it appropriate to award in addition to the Guarantee Component, having taken suitable advice and having regard to the performance of:

- (1) in respect of the period before 1 April 2019, the main investment fund of NAPS; and
- (2) in respect of the period on and after 1 April 2019, a notional benchmark allocation determined by the Management Trustees from time to time.

The Management Trustees may appoint British Airways Pension Investment Management Limited or another suitable third party to calculate the Bonus Component in accordance with the Actuary's instructions from time to time. The Management Trustees may rely on the figures advised to them by British Airways Pension Investment Management Limited or such other suitable third party.

The Bonus Component (if any) will be declared by the Management Trustees as at:

- (1) in respect of the period before 1 April 2019, the first day of each Scheme Year (applying for the whole of that Scheme Year); and
- (2) in respect of the period on and after 1 April 2019, the last day of each calendar month (applying for that calendar month).

The Management Trustees acknowledge that the calculation of the Bonus Payment may take place after the dates referred to above but will, nonetheless, be declared as at those dates.

Where such rate is less than zero, the amount of interest in relation to the Bonus Component to be credited under section 3 shall be zero.

### **3. How interest is credited**

- (1) Each contribution will be credited to the EBF Account on the last day of the calendar month in which it is actually paid.
- (2) Where you have not reached your AVC Account Closing Date money that is invested in an EBF Account for the whole of a calendar month (including money which has been switched in from another AVC Account on the first day of that month) will be credited with interest for the month at a rate comprising:-
  - (a) in respect of the period prior to 1 April 2016, one twelfth of the Guarantee Component declared for that month;  
*plus*  
one twelfth of the Bonus Component (if any) declared for the Scheme Year in which that month falls;

- (b) in respect of the period on and after 1 April 2016 and before 1 April 2019, the Guarantee Component declared for that month  
*plus*  
one twelfth of the Bonus Component (if any) declared for the Scheme Year in which that month falls; and
  - (c) in respect of the period on and after 1 April 2019, the Guarantee Component declared for that month  
*plus*  
the Bonus Component declared for that month.
- (3) If you have reached your AVC Account Closing Date, money which has been in the EBF Account for the whole of the calendar month up to the AVC Account Closing Date (including money which has been switched in from another AVC account on the first day of that month) will be credited with interest at a rate comprising the Guarantee Component (or one twelfth of the Guarantee Component prior to 1 April 2016) declared for the preceding month plus the Bonus Component declared for the preceding month (or, in respect of the period before 1 April 2019, one twelfth of the Bonus Component (if any) declared for the Scheme Year in which the AVC Account Closing Date falls). Where money has been in the EBF Account for part of a calendar month up to the AVC Account Closing Date, interest for the part month will be calculated at the appropriate proportion of the Guarantee Component, but not the Bonus Component, for a whole month (calculated as just specified in this section 3(3)) on the basis that each day will be deemed to be 1/number of days in the month in which the AVC Account Closing Date falls (or 1/365.25<sup>th</sup> of a year prior to 1 April 2016)).

#### **4. General**

The other rules of the EBF are the same as those of the Short-dated Gilts Fund (SGF), as described in Clauses 26 to 31 of the Trust Deed of APS and Rule 36 of NAPS. If there is any inconsistency between the SGF Rules and the EBF Operating Rules, the latter will prevail as far as the EBF is concerned.

The Management Trustees may from time to time revise the rules governing the calculation of interest on EBF accounts having taken suitable advice.