

# MPF – Fund Investment Objectives

## ***Fund description***

The Mixed Portfolio Fund (MPF, the Fund) has an asset allocation policy that sets out the percentage of MPF assets held in each asset class. The Fund invests 80% of the assets in global equities. The global equity benchmark is split between developed markets (70%) such as the UK, USA, Europe, Japan, and emerging markets (10%) such as China.

Positive investment returns are derived from capital growth and dividend income which helps the Fund to grow. However, investments in equities tend to be riskier and more volatile than for many other types of investment. Therefore, the value of the Fund can rise and fall.

The overseas investments are in non-sterling currencies, and their value may fall compared to sterling. There are arrangements in place, known as currency hedging, to partly protect the portfolio against the currency falling versus sterling.

The remainder of the Fund's investments are in bonds (18%) and cash (2%).

The actual holding in each asset class may vary, within agreed parameters, from those described above as the Fund Manager is able to alter the actual holdings in the various assets classes.

## ***Fund objective***

As the majority of the assets are invested passively, the Trustees have set a target for the Fund Manager to perform in line with an agreed strategic benchmark.

## ***Fund benchmark***

The performance of each asset class (e.g. equities or bonds) is measured by reference to an index. For example, the performance of the MPF's holdings in developed market equities is benchmarked against the MSCI World Index. The performance of emerging market equities is measured against the MSCI Emerging Markets Index. Each asset has its own benchmark comparator, and these are combined to form a composite benchmark.

## ***Environmental, Social and Governance (ESG)***

The equity portfolio integrates ESG factors into the investment process by tracking an ESG optimised version of the MSCI World Index, and an ESG screened version of the MSCI Emerging Markets Index.