The University of Sheffield Pension Scheme
Investment Implementation Document ("IID")

This Investment Implementation Document ("IID") covers The University of Sheffield Pension Scheme (the "Scheme") and details the policy of the Trustee relating to the implementation of the Scheme's investment arrangements, based on the Principles set out in the Scheme's Statement of Investment Principles ("SIP") dated November 2023.

Investment strategy

The Scheme's current investment strategy is invested according to the following broad asset allocation shown in the following table.

Final Salary Section

The Final Salary Section's present investment objective is to achieve a return of around 2.1% per annum above the return on UK government bonds (which are considered to move in a similar fashion to the calculated value of the Scheme's liabilities).

Strategic Split:

Asset Class	Proportion %	Expected Return (relative to fixed interest gilts) %
Index Linked Gilts	40.0	0.0
Long Lease Property	10.0	2.5
Infrastructure Equity	15.0	4.9
Direct Lending	10.0	4.2
Absolute Return Bonds	10.0	1.5
Semi-Liquid Credit	15.0	3.5
TOTAL	**100.0**	**2.1**

Note: Isio 10 year assumptions as at 30 June 2023. These presumptions are provided relative to 10 year nominal gilts and are net of management costs. As opposed to formal stochastic modelling, the total Scheme expected return is based on a deterministic calculation.

Cash Balance Section

The Cash Balance Section's present investment objective is to achieve a return of around 2.0% per annum above the return on UK government bonds (which are considered to move in a similar fashion to the calculated value of the Scheme's liabilities).

Strategic Split:

Asset Class	Proportion %	Expected Return[1] (relative to fixed interest gilts) %
Global Passive Equity	20.0	4.0
Diversified Growth	20.0	3.5
Absolute Return Bonds	60.0	1.5
LDI + Cash		0.0
TOTAL	**100.0**	**2.0[1]**

Note: Isio 10 year assumptions as at 30 June 2023. These presumptions are provided relative to 10 year nominal gilts and are net of management costs. As opposed to formal stochastic modelling, the total Scheme expected return is based on a deterministic calculation.
[1]The total expected return is consistent with a 30% LDI/cash allocation and a 30% ARB allocation.

Investment structure and mandates

The Trustee has appointed various investment managers to manage the assets of the Scheme – their mandates are detailed below. All the investment managers are regulated under the Financial Services and Markets Act 2000.

The LGIM Cash Fund, Absolute Return Bonds and World Equity Index Fund form the collateral waterfall (in this order) held with LGIM as a source of capital when the LDI funds de-leverage and require cash to recapitalise. PIMCO and BlackRock funds are not included in the collateral framework, however, can be used as additional liquidity in the event insufficient cash is held with LGIM. The LGIM Cash Fund is also the destination fund when the LDI funds re-leverage and distribute cash. As such the allocations can potentially deviate from the proportions shown in the table above. The Trustee will keep the position under review noting that a key aim is to maintain the desired level of hedging.

Mandate target returns, objectives and fees

Final Salary Section

Manager	Fund Name	Benchmark	Objective (p.a. net of fees)	Fees (% p.a.)
LGIM	All Stocks Index Linked Gilts Index Fund	FTSE Actuaries UK Index Linked Gilts All Stocks Index to within +/-0.25% p.a. for two years out of three	Track performance of benchmark	Tiered fee structure: 0.1% p.a. on the first £5m; 0.075% p.a. on the next £5m; 0.05% p.a. on the next £20m; 0.03% p.a. thereafter
LGIM	Absolute Return Bond Fund	ICE BofA SONIA 3-Month Constant Maturity TR	Outperform the benchmark by 1.50% p.a. over a rolling three year basis (before fees)	0.25
LGIM	LPI Income Property Fund	FTSE A Index-Linked (Over 5 year) Index[1]	Outperform the benchmark	Tiered fee structure: 0.4% p.a. on the first £7.5m; 0.35% p.a. on the next £12.5m;

				0.3% p.a. thereafter
IFM	Global Infrastructure Fund	n/a	10% p.a. net of fees	0.77 p.a. and performance fee of 10% in excess of threshold of 8% p.a. net of fees
Permira	Permira Credit Solutions II Fund	n/a	Target Net IRR 6-8%	0.75 p.a. and performance fee of 10% above a 5% hurdle with 50/50 catch-up mechanism
	Permira Credit Solutions IV Fund	n/a		0.75
Apollo	Total Return Fund	Merrill Lynch Hugh Yield/ S&P Leveraged Loan Index 50/50 blend	Credit spread of 400 - 550bps over a market cycle	0.65

[1]The Fund has no official benchmark; however the above index-linked gilt index is used for performance monitoring purposes.

Cash Balance Section

Manager	Fund Name	Benchmark	Objective p.a. (net of fees)	Fees (% p.a.)
LGIM	World Equity Index Fund GBP Hedged	FTSE World	Track performance of benchmark	Tiered fee structure: 0.223% p.a. on the first £5m; 0.198% p.a. on the next £10m; 0.173% p.a. on the next £35m; 0.148% p.a. thereafter
LGIM	Cash Fund	SONIA	In line with performance of benchmark	0.125
LGIM	Absolute Return Bond Fund	ICE BofA SONIA 3-Month Constant Maturity TR	Outperform the benchmark by 1.50% p.a. over a rolling three year basis (before fees)	0.25

BlackRock	Dynamic Diversified Growth Fund	3 Month LIBOR	Outperform the benchmark by 3.0% p.a.	0.55
LGIM	2025 Real Fund 2030 Inflation Fund 2050 Inflation Fund 2030 Leveraged Index Linked Gilt 2034 Leveraged Index Linked Gilt 2037 Leveraged Index Linked Gilt 2040 Leveraged Index Linked Gilt 2042 Leveraged Index Linked Gilt Fund 2047 Leveraged Index Linked Gilt Fund 2050 Leveraged Index Linked Gilt Fund 2055 Leveraged Index Linked Gilt Fund 2062 Leveraged Index Linked Gilt Fund	To broadly match a proportion of the Scheme's liabilities in order to mitigate inflation and interest rate risk.	Match liability comparator	Tiered fee structure: 0.24% p.a. on the first £25m (per fund); 0.17% p.a. thereafter

The LGIM LDI Funds use leverage in order to increase the Scheme's economic exposure to gilt markets beyond their physical allocation. While these funds have target leverage levels, actual leverage levels fluctuate in response to gilt market conditions. Should a lower leverage rebalancing process take place for any of the LGIM LDI Funds, cash distributions will initially be automatically invested into the LGIM Cash Fund. Any capital calls to rectify upper leverage breaches will automatically be met from the LGIM Cash Fund initially, and then Absolute Return Bonds (ARB) should there be insufficient funds in the Cash Fund to meet the capital call. In the event there is insufficient cash in the Cash and ARB Funds, cash will be taken from the LGIM World Equity Fund.