

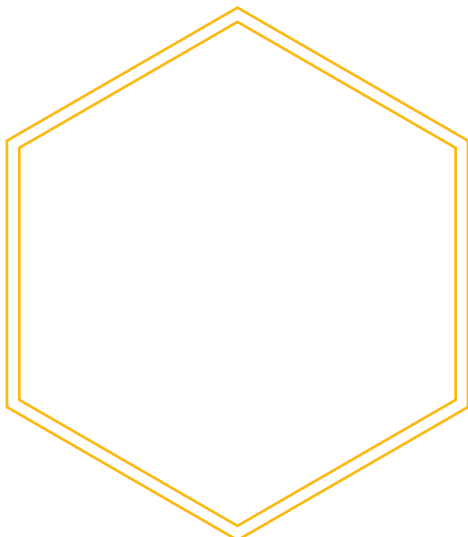
10 Questions to Test Your Investment Arrangements

Including responding to the impact of COVID-19

With the number of coronavirus cases still increasing around the world, and the effect of this pandemic being felt across many regions, markets and industries, not a day goes by without new predictions about the economic and human impact.

We have compiled ten questions to check the resilience of your investment arrangements to a crisis, whether it be the current situation or something else. The checklist addresses a range of areas such as liquidity, governance structure and market opportunities.

Your score



1. Ensuring cashflow

Are you able to access the cash you need to pay benefits?

Do you have a robust cashflow and have you tested its resilience to stress situations?

2. Preserving hedges

Do you have a robust policy in place to ensure that LDI and currency hedging collateral calls can be met in the required timeframe?

3. Maintaining future returns

Is the current asset allocation within the control ranges of your strategic allocation?

4. Executing decisions

Are there sufficient systems and processes in place to allow decisions to be made and paperwork to be signed remotely?

5. Pending investments

Have you reconsidered new investments or any other strategy changes planned?

6. Business continuity

Are you comfortable with the business continuity plans of your investment managers and other providers?

7. Market opportunities

Can you react in a timely fashion to take advantage of market opportunities?

8. Covenant impact

Have you considered the impact on sponsor covenant and whether this has implications for your investment strategy?

9. Contingency planning

Can you continue to run the scheme if the current situation continues for six months? A year?

10. Re-evaluate your recovery plan

Have you reassessed where your scheme is versus expectation? Do you need to take action?

How did you score?

Robust investment arrangements allow trustee boards to operate efficiently, whilst continuing to implement their investment strategy in an effective manner. The list overleaf is not comprehensive, but how many questions have been considered to date?

0–5

If you have not ticked questions 1-5, prioritise taking action in these areas to ensure that you can manage the impact of a crisis effectively.

6–7

Once the key questions 1–5 are resolved, focus on 6–7 to mitigate, and potentially take advantage of, further shocks and their impact on key stakeholders.

8–10

Once questions 1–7 have been considered and acted upon, you are well positioned to handle the issues that might arise during a crisis. It is worthwhile reviewing the longer-term impact to ensure you are aware of the knock-on effect to later discussions.

At Aon we have a wealth of experience in supporting our clients and developing robust plans to manage shocks and get you back on the path towards your long term target.

For our latest insights on the current crisis, and to learn more about actions you can take to review and enhance your scheme's investment arrangements, please visit our dedicated [COVID-19 Response Site](#), or contact us directly.

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