

## Case Study: Achieving full buy-in with Macmillan Cancer Support



### Project overview

Macmillan have been a fiduciary client since 2011 – we have built a trusted partnership with the Trustees and together we have successfully improved the funding position to enable the charity to secure a successful risk transfer via a full scheme buy-in.



Andre Keijzers  
UK Managing Director,  
Fiduciary Management  
& Institutional Solutions

“We are delighted to have helped deliver this successful result for the Macmillan team with whom we have worked so closely over the last 13 years. From the start we understood their unique characteristics as a charity pension scheme and together we navigated the scheme through some difficult market conditions to success.”

### Highlights

#### Tried and tested execution

As a charity, we focused on creating a smoother funding journey. Over a 13-year period we removed unnecessary risks and successfully navigated volatile market conditions to both minimise contributions and improve the probability of success.

#### Dynamic

Our low-risk dynamic adjustments captured additional returns from fluctuating credit spreads. This meant the Scheme reached a buy-in position 5 years earlier than originally planned, saving Macmillan costs associated with managing the Scheme.

#### Bespoke

We focused on creating a low-cost solution to ensure as much money as possible went to charitable causes. And our flexible fiduciary platform meant we excluded all tobacco exposures from the investments, a key ESG ambition of the Trustee.

## Project summary

The defined benefit scheme was maintained by Macmillan, under the stewardship of an independent board of trustees. Careful management of the scheme's investments led to a scheme funding surplus in recent years. This in turn enabled the scheme's trustees and Macmillan to review options for the future of the scheme to ensure the best outcomes for members. The buy-in with Aviva is the culmination of all that work.

The buy-in secures the pension promises for all the scheme's retirees and deferred members (and their beneficiaries), who will now be supported by Aviva.

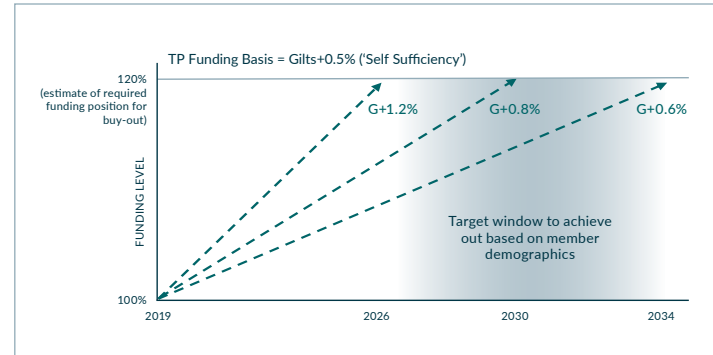
As well as members' benefits being secured with Aviva, this transaction is good news for Macmillan's beneficiaries. By passing investment and longevity risks to Aviva, it removes any future possibility of Macmillan having to contribute money into the scheme. This ensures the charity can focus its funds on people living with cancer.

Past performance is not indicative of future results

## Highlights

### Agreeing the funding objective

In 2019, we agreed a journey plan that aimed for a risk transfer by 2030, adopting a low risk investment strategy targeting gilts+0.8%.



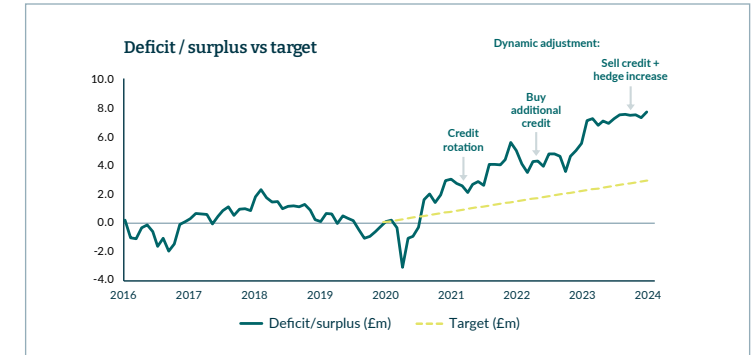
### Strong outperformance

Our focus on generating robust risk adjusted returns contributed to regular outperformance versus target (ranging from 1.5% to 3.1% annual outperformance)

Annual performance (%)	2019	2020	2021	2022	2023
Asset return	10.4	15.5	1.4	-34.5	7.0
Gilt return	8.1	12.8	0.6	-37.1	3.1
Relative (vs. gilts)	2.3	2.7	0.7	2.6	3.9
Required outperformance vs gilts	0.8	0.8	0.8	0.8	0.8
Relative (vs. required)	1.5	1.9	-0.1	1.8	3.1

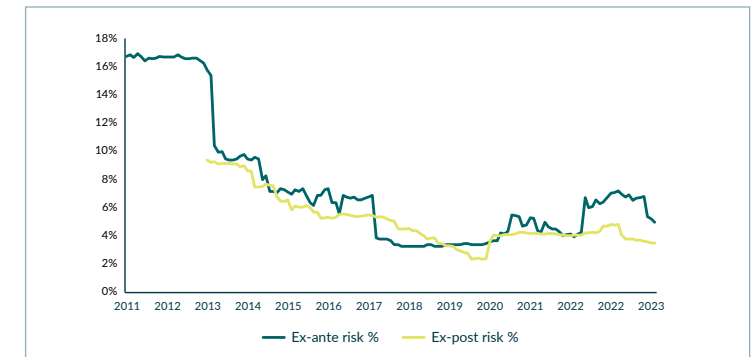
### Successful dynamic adjustments

We successfully adjusted the portfolio to capture market opportunities. This built a surplus quicker than expected, and achieved a full buy-in at no cost to Macmillan.



### Reducing risk over 13 years

Our bespoke approach to portfolio construction meant we had the flexibility to quickly de-risk the strategy at every opportunity, helping to avoid funding shocks that could have required additional contributions.



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20 Gracechurch St  
London  
EC3V 0BG

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