

Rebalancing Policy

- (1) For the ratio between and equities / bonds, there is a two-tiered set of boundaries;
 - i. A deviation of 2% to 5% is subject to tactical review by Officers, having consulted the Investment Consultant, and
 - ii. A deviation of 5% or more results in 'automatic' rebalancing back to at least the 2% threshold. An additional tactical decision is then taken by the Officers supported by the Fund's consultants on whether this is fully rebalanced back to the central benchmark allocation or otherwise.
- (2) For hedge funds and property allocations the following will trigger a review by the Investment Panel, no-less than 6 monthly:
 - i. Property +/- 5% (i.e. a range of 5% to 15% of Fund assets)
 - ii. Fund of Hedge Fund +5% (i.e. a max range of 15% of Fund assets)
- (3) Rebalancing within equities and bonds will be based on the strategic benchmark and performance (of active managers) and will take account of any tactical position
- (4) Net new money should be invested pro rata in line with the strategic policy, taking account of tactical positions, and net new money should be utilised first if a rebalancing is triggered.
- (5) The rebalancing policy will be implemented by Officers, having consulted the Investment Consultant. Any recommendations from the Panel regarding (2) would have to be agreed by the Committee.
- (6) Any rebalancing activity will be reported to Committee at the following quarterly meeting.

Approved by Avon Pension Fund 22 June 2012.