



Pensions
Management
Institute

ACHIEVING PENSIONS EXCELLENCE

Core Unit 4 – Financing and Investing for Retirement Provision

Tuesday 8th October 2019, 14.00pm – 16.00pm

Fill in these particulars:

Centre Name

There are two parts to the question paper.

Part One Contains 50 multiple choice questions. Each question shows **FOUR** possible answers (lettered 'a', 'b', 'c' and 'd') only **ONE** is correct. Attempt **ALL** questions on the white answer sheet **in pencil** for the paper-based version of this exam or follow the instructions on screen for the online version.

Part Two Contains several short answer questions. Attempt **ALL** questions in the green answer booklet **in pen** for the paper-based version of this exam or follow the instructions on screen for the online version.

It is suggested equal time is spent on both parts of the question paper.

**THIS EXAMINATION PAPER REMAINS THE PROPERTY OF THE PENSIONS
MANAGEMENT INSTITUTE AND MUST BE HANDED TO THE INVIGILATOR AT
THE END OF THE EXAMINATION.**

Part Two: Short Answer Questions

This part of the examination contains a number of short answer questions, worth 50 marks in total. Please answer all of the questions.

Please make sure that you answer these questions in the green answer booklet in pen for the paper-based version of this exam, or follow the instructions on screen for the online version.

1. Describe the information relating to pension arrangements which must be reported in an employer's company accounts. (10 marks)

2. List and briefly describe the elements of trustees' investment policy that the Statement of Investment Principles must cover. (10 marks)

3. Describe the following money market instruments
(i) Treasury Bills
(ii) Floating Rate Notes (10 marks)

4. Explain what is meant by Liability Driven Investment (LDI) and describe this approach to investment, including the common components of an LDI strategy. (10 marks)

5. (i) Explain what is meant by "alpha" and "beta" as terms used for judging an active manager's performance; and
(ii) Explain what is meant by "smart beta".. (10 marks)

Total for this section - 50 marks

Total for paper - 100 marks