



# Outsourced Investment Executive



## Helping manage your 'investment business'

Many schemes are now well funded - which is great news. The flipside is it's more unsettling for pensions professionals pondering their career options. Suddenly, your people risk may be much higher.

In the meantime, there's likely plenty work still to be done, whether getting ready for buy-in/out, re-pointing the LDI portfolio, re-balancing, dealing with illiquid assets, ensuring liquidity and so on. These are just examples, each scheme will be different.

Pegasus can help manage these risks by taking on the role of your pensions executive, including investment. We're also open to TUPE transfers into Pegasus, which could help the process.

## What Pegasus Investment Services is (and what it isn't)

Pegasus Investment Services sits within LawDeb's Pegasus team, which provides outsourced pensions management. This includes – and the breadth of service is wide - administration, governance, operations and investment services. Pegasus is also available on an interim or partial basis, or for special projects.

Pegasus is distinct from trusteeship, fund management, or advice, such as actuarial, investment, covenant advice, and so on. Pegasus employs pensions professionals whose expertise lies in executive management - aka hands-on experience of running of pension schemes.

## Pegasus can help manage your investment business

- Focused on Delivery - with strong governance and operational controls
- Driving Value for Money - ensuring third parties perform, with costs managed
- Helping manage people risks - TUPE possible, bringing broader career options whilst retaining scheme knowledge

## Your key Pegasus contacts



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## Might these issues be affecting your scheme?

### Delivery Risks

- Large change project needing additional planning or resourcing; for example buying in/out
- Smaller projects – e.g. needing to re-balance or buy/sell illiquid or private assets; consolidate fund managers; recast hedges
- Finding the delivery of existing trustee business plan challenging

### Value for Money

- Fund management cost base still seemingly high for what's being delivered (e.g.weak performance!)
- Service is inefficient/ineffective – examples might be overly complex advice, last minute papers, 'selling'
- Costs for business as usual advice or reporting seem high

### People Risks

- Small in-house teams, so one person leaving, retiring, or taking a period of leave would create a big gap
- Struggling to recruit/replace for key role(s); or alternatively, pressure on headcount
- Team is wrong 'shape' for the type of work now needing to be done

## How Pegasus can help

### Standalone tasks

Some investment related tasks are easier than others to carve out when in-house resource is stretched. Examples include re-ordering the assets, choosing a fund manager, renegotiating an investment mandate, reviewing an adviser, re-calibrating hedges, preparing risk registers or reviewing delegations and scheme documents. This sort of support can be either short-term or on a permanent basis

### Special projects

One-off projects can be particularly difficult for in-house teams to resource. We can work with you and your advisers to manage your project and keep things on track. Common examples might include reviewing your hedging arrangements, selling down illiquid assets, re-orienting the portfolio for settlement, or insurance solutions such as buy-in/out or longevity swaps. Whatever is creating extra work, there is very little our team won't have seen before.



Bespoke is the norm – rather than a fixed way of working, we will adapt to your approach, style and preferences depending on the support required.

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## How Pegasus can help

Fully outsourced pensions executive, including investment services.

Pegasus' core business is taking on a fully outsourced pensions management role. For a trustee board (and its committees) this would involve supporting the orderly functioning of the scheme. Such as business planning, secretarial services and the management of third parties, such as administration and finance. On Investment the parallel is a focus on delivering trustee's investment objectives, managing the scheme's business plan and budget, and managing third parties like advisers and fund managers. The emphasis is on 'getting things done', whilst ensuring Value for Money.

The table below shows how a fully outsourced investment executive would work and how it fits with the wider Pegasus service.

Area	Trustee/Investment Committee	Pegasus Investment Services (ie outsourced investment executive)	Providers (eg fund manager, consultant etc.)
Strategy	Decides - sets objectives, SAA, ESG	Helps shape. Implements. Maintains SAA in ranges	Advises
Hedging	Sets ratio, policies	Helps shape. Implements (instructions). Updates. Monitors	Advises, implements (security selection)
Fund mandates	Sets mandates. Appoints managers	Helps shape best outcome. Negotiates terms esp costs	Advises (eg S36). Manages any asset transition
Security selection	No role	Monitors manager performance Escalates issues	Picks stocks, bonds, properties etc
Trustee Business Plan	Sets budgets (costs), objectives, plans	Helps shape. Scoping. Implements, Monitors. 'Project manages'	Provide input (eg scope). Development areas. Costings

**Pegasus offers a full service outsourced pension executive including investment capability, which is independent of fund managers and advisers.**



# Case Study: Outsourced Investment Executive



## Delivering Trustees Objectives

During 2021 Pegasus was appointed as Project Manager by the Trustee of two DB schemes (combined assets £1.7bn) to complete a full buy-in. Complications were a requirement for a scheme merger before the transaction, and the allocation of a small surplus.

Target for completion was 11 months – a very challenging timescale. The project involved careful management of multiple workstreams, across administration, legal, actuarial and investment.

This included identifying an appropriate insurer and rearranging the existing portfolio over a period of months.. One feature was delegation of certain decisions across the project, within a strong control environment. This meant that the project was completed on time alongside all other workstreams.

## Helping Manage People Risks

We're experienced as an organisation at acquiring/growing business(es), both TUPE- ing individuals across and onboarding new joiners on an ongoing, rolling basis.

An example is the acquisition of Eversheds Sutherland's corporate secretarial services business which saw us TUPE across 50+ individuals across three locations.

Where there are existing contractual terms we are able to manage this complexity to ensure fairness.

## Driving Value for Money

Prior to joining Pegasus, Ian McKinlay was CIO of the Lloyds Banking Group staff pension schemes.. During his time there he began by reviewing all fund management and investment advisory appointments, benchmarking against own experience and independent industry data.

Across seven schemes of varying sizes, he reduced the number of investment mandates, simplified the advisory arrangements and re-pointed the investment strategy.

This was followed up by regular reviews of third party arrangements and scope of service.

In the round, this achieved a better focused portfolio, better focused advice and savings of around £100m pa (roughly half the fund management and advisory cost base).

**Did you know...?** Pegasus is a separate Law Debenture business focused on these governance and management services; independent of other third-party advisers/suppliers to schemes.

We can stand back from many of the services encapsulated in the governance framework and can help provide independent challenge where required, monitor and manage adviser/supplier performance and hold them to greater accountability.

**Release your pensions pressure:** Project Support - Secretariat - Ad-hoc resource - Pensions Management