

Composition of the Implemented Portfolio (IP)

Introduction

The Implemented Portfolio (IP) corresponds to the actual investments held in the Defined Benefit (DB) part of the scheme. As described in the current [Statement of Investment Principles](#) (SIP), the IP can differ from the Valuation Investment Strategy (VIS) that was developed for the most recent actuarial valuation, as USS Investment Management identifies opportunities to add value in its implementation of the strategy. The VIS and the permitted ranges of deviation from the VIS are explained in a separate document: [Composition of the Valuation Investment Strategy](#).

What is the composition of the IP?

The high-level composition of the IP as at 31 March 2023 is shown in Table 1. This table shows the composition of the IP using the three high-level investment components or building-blocks of the VIS (which are a combination of portfolio weights and hedge ratios).

Table 1. The composition of the Implemented Portfolio (IP) as defined by the high-level components defined in the VIS.

Components	Portfolio weight ¹
Growth	57.7%
Credit ²	22.9%
Liability hedging ³	
Interest rate hedge ratio	45.4%
Inflation hedge ratio	43.2%

¹Portfolio weights do not add to 100%, because liability hedging is shown as liability hedge ratios.

²Some credit exposures contribute towards liability hedging.

³On a self-sufficiency basis.

The portfolio composition of the IP as at 31 March 2023 is shown in Table 2. This table shows the asset allocation weights of the IP (where we have converted the hedge ratios into LDI asset allocations).

Table 2. The portfolio composition of the Implemented Portfolio (IP).

Components	Sub-asset class ¹	Portfolio weight
Growth		57.7%
	Public equity	30.8%
	Property	5.4%
	Other growth ²	21.5%
Credit		22.9%
	Public fixed income	11.4%
	Private fixed income	11.5%
LDI ³		47.0%

<i>Funded LDI</i>	30.7%	
<i>Levered LDI</i>	16.3%	
Net Leverage		-27.6%
		100.0%

¹The allocation to private assets is 37.5% and is included across the above asset classes.

²'Other growth' includes private equities, infrastructure and commodities.

³The LDI allocations provide interest rate and inflation hedge ratios (on a self-sufficiency basis) of 45.4% and 43.2% respectively.