

## **Pension Fund Committee**

Meeting to be held on Friday, 12 March 2021

Electoral Division affected: None;
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## **Lancashire County Pension Fund Investment Strategy Statement** (Appendix 'A' refers).

Contact for further information:

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### **Executive Summary**

Regulation 7 of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 requires that Lancashire County Council, as administering authority of the Lancashire County Pension Fund, publish an Investment Strategy Statement and that it be "kept under review and revised from time to time and at least every three years".

This report presents an updated Investment Strategy Statement, identifies changes that have been made and seeks approval of the Statement.

### **Recommendation**

To approve the updated Investment Strategy Statement at Appendix 'A' to this report.

### **Background and Advice**

Lancashire County Council, as the administering authority of the Lancashire County Pension Fund is required to publish an Investment Strategy Statement which, under Regulation 7 of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016, must be revised at least every three years.

The Investment Strategy Statement was last approved by Committee in March 2018.

The copy of the Statement attached as Appendix 'A' reflects amendments to the strategic asset allocation and performance benchmarks of the Fund and provides an update on the transition of Fund investments into asset pools.

The updated Investment Strategy Statement refers to the Fund's Responsible Investment Policy which can be located at [Lancashire Fund Information - Lancashire County Council](#).

Details of revisions to the statement are set out below.

## Strategic asset allocation

An updated strategic asset allocation of the Fund, as recommended by Investment Panel in August 2020, was approved by Pension Fund Committee in September 2020 and is included in Appendix 'A'. The changes are set out in the table below.

Asset Class	Original		Recommendation from Investment Panel 24 <sup>th</sup> August 2020	Approved September 2020	
	SAA Target	Tolerance		SAA Target	Tolerance
Global Equities	42.5%	40% - 50%	Increase by 2.0%	44.5%	40% - 50%
Private Equity	5.0%	0% - 10%	No change	5.0%	0% - 10%
Fixed Income	2.5%	0% - 5%	Reduce by 1%	1.5%	0% - 5%
Credit	15.0%	10% - 25%	Increase by 2%	17%	12.5% - 22.5%
Real Estate	15.0%	10% - 20%	Reduce by 2.5%	12.5%	7.5% - 17.5%
Legacy Shared Ownership	4.0%	0% - 5%	Reduce by 1%	3%	0% - 5%
Infrastructure	15.0%	10% - 20%	No change	15%	10% - 20%
Diversifying Strategies	0.0%	0% - 5%	No change	0.0%	0% - 5%
Cash	1.0%	0% - 5%	Increase by 0.5%	1.5%	0% - 5%
<b>Total</b>	<b>100%</b>			<b>100%</b>	

## Other revisions

Disclosure of the performance benchmarks applicable to individual asset classes has been updated where applicable.

The updated statement includes narrative on two 'new' asset classes, namely 'Legacy Shared Ownership' and 'Diversifying Strategies'. Legacy Shared Ownership has a performance benchmark and allocation tailored to a specific part of the UK property market. The Diversifying Strategies asset class comprises investments held in the LPPI Diversifying Strategies Fund, launched in October 2018.

## Consultations

The Investment Panel and Local Pensions Partnership Investments Limited were consulted on the revised Investment Strategy Statement.

## Implications:

This item has the following implications, as indicated:

**Risk management**

The Investment Strategy Statement must be reviewed at least every three years and is key to governance of the Fund.

**Local Government (Access to Information) Act 1985  
List of Background Papers**

Paper	Date	Contact/Tel
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N/A

Reason for inclusion in Part II, if appropriate

N/A