

Pension Fund Committee

Meeting to be held on Friday, 18 June 2021

Electoral Division affected: (All Divisions);
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Investment Strategy Statement (Appendix 'A' refers)

Contact for further information:

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Executive Summary

The Investment Strategy Statement sets out the Strategic Asset Allocations for the Pension Fund and regulations state that this should be kept under review and revised from time to time and at least every three years. At a recent meeting of the Investment Panel it was recommended that the Investment Strategy Statement should be updated in response to the sale of Heylo Housing.

Recommendation

The Pension Fund Committee is asked to approve the recommended changes to the Strategic Asset Allocations as shown in the table below (and reflected in the Investment Strategy Statement in Appendix 'A').

Background and Advice

Local Government Pension Scheme regulations require administering authorities to prepare and maintain an Investment Strategy Statement (ISS). An updated version of the ISS was approved by the Pension Fund Committee in March 2021.

On the 29th April 2021 the Investment Panel met to consider the investment of proceeds from the sale of Heylo Housing (details of this meeting are included in another agenda item) and agreed that rather than investing sales proceeds across all asset classes, it was preferable to allocate proceeds to the Global Equities, Credit and Infrastructure asset classes, which represented a marginal change that could be accommodated within the existing Strategic Asset Allocation.

However, it was also agreed that the Pension Fund Committee be informed of the sale and allocation of proceeds and asked to consider updating target allocations within the Strategic Asset Allocation – the sales proceeds equate to a 1% increase in Global Equities, Credit and Infrastructure asset classes.

There is no requirement to update tolerance ranges within which shorter term variations would be tolerated and/or actively pursued due to a combination of relative returns and investment opportunity.

The minor changes are set out in the table below:

Asset Class	Benchmark weight (%)	Recommendation from Investment Panel	Revised Benchmark weight (%)
Global Equities	44.5	Increase by 1%	45.5
Private Equity	5.0	No change	5.0
Fixed Income	1.5	No change	1.5
Credit	17.0	Increase by 1%	18.0
Real Estate	12.5	No change	12.5
Legacy Shared Ownership	3.0	See note below	0.0
Infrastructure	15.0	Increase by 1%	16.0
Diversifying strategies	0.0	No change	0.0
Cash	1.5	No change	1.5
Total	100.0	No change	100.0

Note - the Legacy Shared Ownership asset class will cease because of the sale of Heylo Housing.

Consultations

Investment Panel and Local Pensions Partnership Investment Limited

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
The Local Government Pension Scheme (Management and Investment of Funds) Regulations	2016	Sean Greene 01772 530877

Reason for inclusion in Part II, if appropriate

N/A