

## Pension Fund Investment Sub-Committee

12<sup>th</sup> March 2018

### Investment Strategy Statement

#### Recommendation

The sub-committee is asked to approve the revised Investment Strategy Statement at **Appendix A**.

#### 1. Background

- 1.1 At the Pension Fund Sub-Committee meeting of 13 March 2017 an Investment Strategy Statements (ISS) for the fund was approved to comply with the new investment regulations that came into force on 1 April 2017. The ISS replaced the Statement of Investment Principles.
- 1.2 Under Regulation 7(1) the administering authority is required to formulate an investment strategy which must be in accordance with guidance issued by the Secretary of State. The statements must be kept under review and revised from time to time and at least every three years.

#### 2. Revised ISS

- 2.1 The ISS has been revised to reflect the recent changes in asset allocation which were approved by the sub-committee at the meetings dated 12 June 2017 and 11 September 2017, namely:
  - Removal of the 2.5% allocation to fixed interest gilts managed passively by Legal and General (LGIM) - with the proceeds being invested in the JP Morgan absolute return bond mandate. This transfer took place in November 2017.
  - Also in November, the UK equity allocation managed by LGIM was reduced by 2% into the Fundamental global equity fund also held by LGIM. (A further 3% reduction was also approved by sub-committee but it was proposed that this additional transfer is deferred until BCPP becomes operational).
  - Appointment of two private debt managers as approved by the sub-committee of 18 December 2017 to be funded through the sale of the hedge funds held by Blackstone. The proceeds from the sale of hedge funds have been received (5% on hold until Summer 2018), and are currently being held in the form of cash and units in the JP Morgan absolute return bond fund until the private debt investments are ready to draw down capital.

- 2.2 The Environmental, Social and Governance (ESG) section on page 9 of the ISS has been updated to remove the statement relating to investment exclusions in relation to boycotts, divestment and sanctions.
- 2.3 The Investment Guiding Principles as approved by the sub-committee on 18 December 2017 have been added as an appendix to the ISS.
- 2.4 The revised ISS can be found at **Appendix A**.

## Background Papers

None

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The report was circulated to the following members prior to publication:

Local Member(s):

Other members: