

Pension Fund Investment Sub-Committee

Investment Beliefs

13 September 2021

Recommendations

1. That the Pension Fund Investment Sub-Committee (PFISC) notes and comments on the tabled beliefs
2. That the PFISC decides upon its updated Investment Beliefs.

1. Executive Summary

- 1.1 'Investment Beliefs' form a core part of the detailed Strategy Review. They set out the underlying beliefs about how the Fund should be run, and particularly how the Fund's assets should be invested. Warwickshire Pension Fund's Investment Beliefs cover both 'General Beliefs' and 'Responsible Investment Beliefs'.
- 1.2 Prior to this paper, the PFISC received training on Investment Beliefs. The current Investment Beliefs were set out in a workshop on 17 August, alongside several suggested changes from the Investment Consultants, Hymans Robertson.
- 1.3 Committee members were asked to complete a questionnaire (Appendix 1) reflecting the extent to which their views aligned with a set of statements across purpose, strategy and structure, implementation, and governance.
- 1.4 On 6 September, there is a workshop for PFISC members to discuss the outcome of this questionnaire and debate an updated set of Investment Beliefs.
- 1.5 The intention is to circulate the outcome of the 6 September workshop as a draft set of Investment Beliefs ahead of the 13 September PFISC meeting. These will be tabled virtually in advance of the meeting and published as Appendix 2 once available.
- 1.6 The purpose of this paper is to provide the PFISC with a chance to finalise the draft Investment Beliefs so that they can be used in the upcoming Strategy Review.

2. Financial Implications

2.1 No direct implications, though Investment Beliefs guide the PFISC's approach to the deployment of assets across the investment spectrum.

3. Environmental Implications

3.1 No direct implications, though Investment Beliefs include the PFISC's approach to environmental issues.

4. Supporting Information

4.1 None

5. Timescales associated with the decision and next steps

5.1 See 'Timeline for 2022 Review' – some dates may change

Timeline for 2022 review

Date	Activity/Deliverables	Event	Decision Required
Q3 2021	<ul style="list-style-type: none">Evaluate proposal for ESG-tilt passive equity portfoliosCollect and cleanse membership data as at 31st March 2021Provide strategy training and review objectives/beliefsProvide training on climate change planning and RI metrics	Sep ISC	<ul style="list-style-type: none">Agree ESG-tilt passive equity proposalAgree objectives (incl RI goal), beliefs and risk appetite
Q4 2021	<ul style="list-style-type: none">Implement agreed no-regrets actionsDiscuss high-level strategic options and agree scope of detailed reviewEvaluate options in tandem with development of funding strategyBenchmark portfolio against agreed RI metricsRepeat climate scenario analysis on preferred investment strategyProvide training on UK Stewardship Code ("UKSC") 2020Draft UKSC 2020 submission	Dec ISC	<ul style="list-style-type: none">Agree high-level investment strategyApprove UKSC 2020 submission
Q1 2022	<ul style="list-style-type: none">Conduct detailed investment strategy reviewEvaluate medium-term RI objectives and develop RI roadmapPrepare strategy implementation planUpdate RI policy and ISSTraining on TCFD requirements	Mar ISC	<ul style="list-style-type: none">Agree detailed investment strategyEndorse medium-term RI objectives and roadmapRatify updated ISS, RI and Climate policiesApprove strategy implementation planAgree TCFD project plan
Q2 2022	<ul style="list-style-type: none">Implement strategy recommendationsTCFD gap analysis	June ISC	<ul style="list-style-type: none">First round of manager/mandate changes (as required)

Appendices

1. Appendix 1 – Example Questionnaire
2. Appendix 2 – Draft Investment Beliefs (to be tabled virtually prior to the PFISC meeting)

Background Papers

1. 17 August 2021 Strategy Training presentation (Author – Hymans Robertson)

	Name	Contact Information
Report Author	Victoria Moffett, Chris Norton	victoriamoffett@warwickshire.gov.uk, chrishnorton@warwickshire.gov.uk
Assistant Director	Andrew Felton	andrewfelton@warwickshire.gov.uk
Strategic Director for Resources	Rob Powell	robpowell@warwickshire.gov.uk
Portfolio Holder for Finance and Property	Peter Butlin	peterbutlin@warwickshire.gov.uk

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

Local Member(s): None

Other members: Councillors Horner and Gifford