



Pensions Sub Committee
13 February 2018

Report from the Chief Finance Officer

Investment Strategy Review

Wards Affected:	N/A
Key or Non-Key Decision:	N/A
Open or Part/Fully Exempt: (If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)	Open
No. of Appendices:	0
Background Papers:	▪ N/A
Contact Officer(s): (Name, Title, Contact Details)	Conrad Hall, Chief Finance Officer

1.0 Purpose of the Report

- 1.1 The purpose of this report is to update the committee on the investment strategy review.

2.0 Recommendation(s)

- 2.1 That members of the committee note the work required to complete the review.

3.0 Detail

- 3.1 As agreed by the committee in November 2017, the Fund has commissioned a project to review its investment strategy. This is in light of the range of equity and fixed income products available, or soon to be available, for investment in 2018, which has created an opportunity to review the investment strategy. The outcome expected is that the Fund will be able to make quicker and more robust investment decisions when new products become available. It will also allow us to direct the LCIV to create the specific products that the Fund needs in order to execute the investment strategy. In addition, the actuarial results of the Triennial Review needs to be analysed to better understand our liabilities. Inevitably, the liability profile will have changed alongside a change in the economic environment since the last investment strategy review in 2015. Completing the strategic re-allocation of the Fund is necessary to meet its long-term return targets and match its liabilities.

- 3.2 The Fund has asked Hymans Robertson LLP to undertake a review of the Fund's investment strategy. This short note sets out the proposed scope of the review and the timescales for completion.
- 3.3 There are three key objectives to the review
1. To establish a set of Investment Beliefs that will support the long term strategic approach of the Pension Fund's Sub-Committee.
 2. To gain a broader understanding of the risk/return dynamics of the Fund's investment strategy and to ensure that the strategy remains fit for purpose in supporting the Fund's long term objectives.
 - 3 To set a medium term agenda and timetable on how the Fund might comply with the requirement to pool its assets, and to consider a process for mapping the existing portfolio across to the London CIV pool.
- 3.4 The review will involve a number of stages from establishing the Fund's investment beliefs via a short questionnaire, analysing alternative investment strategies in terms of achieving the long term funding target and the corresponding level of risk being taken, and finally presenting a plan to illustrate how the Fund can map its portfolio across to the London CIV.
- 3.5 Following this meeting, an update will be provided to the committee at its next meeting.
- 4.0 Financial Implications**
- 4.1 None arising directly from this report
- 5.0 Legal Implications**
- 5.1 None arising directly from this report
- 6.0 Equality Implications**
- 6.1 None arising directly from this report
- 7.0 Consultation with Ward Members and Stakeholders**
- 7.1 Not applicable for this report.
- 8.0 Human Resources/Property Implications (if appropriate)**
- 8.1 None arising directly from this report

Report sign off:

Conrad Hall, Chief Finance Officer