



<u>Committee and Date</u>	<u>Item</u>
Pensions Committee	13
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10 am	

## **INVESTMENT STRATEGY STATEMENT**

**Responsible  
Officer**

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### **1. Summary**

- 1.1 Members have previously approved the Investment Strategy Statement in March 2019. The statement has been updated to include details of the revised strategic asset allocations following the investment strategy review which was completed and approved by Members in March 2021. It also takes account of the revised level of equity protection in place with Legal & General agreed previously by Pension Committee.

### **2. Recommendations**

- 2.1 Members are asked approve the updated Investment Strategy Statement at Appendix A.

## **REPORT**

### **3. Risk Assessment and Opportunities Appraisal**

- 3.1 The recommendations contained in this report are compatible with the provisions of the Human Rights Act 1998.
- 3.2 There are no direct environmental, equalities or climate change consequences arising from this report.
- 3.3 Regular monitoring against the published Investment Strategy Statement will give early warning of areas of difficulty.

#### **4. Financial Implications**

- 4.1 There are no financial implications to consider in this report.

#### **5. Climate Change Appraisal**

- 5.1 The Fund takes Responsible Investment very seriously; it is a key process the investment managers go through before investing where thorough due diligence is undertaken considering all risks including climate change. The investment managers vote on the Fund's behalf, BMO engage with companies on the Fund's behalf and the Fund is a member of the Local Authority Pension Fund Forum (LAPFF) and a signatory to the UK Stewardship Code.

#### **6. Background**

- 6.1 For many years Local Government Pension Funds have been required to maintain a Statement of Investment Principles (SIPs). In broad terms this document laid out the things that were considered by the Fund when making investment decisions and included the types of investments that could be held, how the various risks were taken into account and what the Fund's objectives were.
- 6.2 The requirement for LGPS administering authorities to prepare an Investment Strategy Statement was brought in under the new Local Government Pension Scheme (LGPS) Investment Regulations which became effective on 1 November 2016. These Regulations removed the restrictions on investments that were formerly in place for the LGPS and, in effect, allowed individual Funds complete discretion about where and how to invest.
- 6.3 The Regulations also introduced a requirement for administering authorities to formulate, publish and maintain an Investment Strategy Statement. The Investment Strategy Statement has been prepared in accordance with the Local Government Pension Scheme (Management and Investment of Funds) Regulations.

#### **7. Statutory Background**

- 7.1 The Investment Strategy Statement (ISS) must include;-
- A requirement to invest money in a wide variety of investments;
  - The authority's assessment of the suitability of particular investments and types of investments;
  - The authority's approach to risk, including the ways in which risks are to be measured and managed;

- The authority's approach to pooling investments, including the use of collective investment vehicles and shared services;
- The authority's policy on how social, environmental or corporate governance considerations are taken into account in the selection, non-selection, retention and realisation of investments; and
- The authority's policy on the exercise of rights (including voting rights) attaching to investments.

7.2 The pension fund should have flexibility to be able to take into account changes in the market in order to be able to enhance or protect returns. Within Shropshire there is clearly defined governance around the setting of the strategic asset allocation for the Fund by the Pension Committee, with this strategy being implemented based on decisions agreed at Pension Committee.

7.3 Members previously approved the Investment Strategy Statement in March 2019. Appendix A to this report is the updated Investment Strategy Statement which has been amended following the decision at the Pension Committee in March 2021 to agree revised strategic asset allocations and implement a revised investment strategy. The Statement has also been updated to reflect the decisions around equity protection options which expired in June and September and the levels of protection now in place as agreed previously at Pension Committee. Members are asked to approve the updated Investment Strategy Statement.

## 8. Monitoring and Review

8.1 The ISS is subject to review if there are any material changes to any aspects of the Fund.

**List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information)**  
Pensions Committee, 15 March 2019, Investment Strategy Statement.

**Cabinet Member**  
N/A

**Local Member**  
N/A

**Appendices**  
A – Investment Strategy Statement