

Report to: **Pension Committee**

Date: **26 February 2018**

By: **Chief Finance Officer**

Title of report: **Investment Strategy Statement (ISS)**

Purpose of report: **To inform the Committee of the review of the Fund's Investment Strategy Statement.**

RECOMMENDATION – The Committee is requested to approve the Investment Strategy Statement (ISS).

1. Background

1.1 The LGPS - Management & Investment of Funds remove many of the investment restrictions imposed on LGPS funds, and introduce a prudential framework for investment decision making, introduce a Power of Direction for the Secretary of State to intervene in the investment function of an Administering Authority if deemed necessary, and require all funds to publish a Investment Strategy Statement (ISS).

1.2 In order to comply with the regulations, administering authorities must take proper advice. They should also explain the extent to which the views of their Pension Board and other interested parties who they consider may have an interest will be taken into account when making an investment decision based on non-financial factors and must explain the extent to which non-financial factors will be taken into account in the selection, retention and realisation of investments.

2. Investment Strategy Statement (ISS)

2.1 The ISS outlines the East Sussex Pension Fund investment objectives. The primary long term objective is to achieve and maintain a funding level at, or close to 100% of the Fund's estimated liabilities; and within this, to endeavour to maintain low and stable employers' contribution rates.

2.2 All LGPS funds are required to prepare, maintain and publish an ISS. This document is designed to explain how the assets are managed to fund members, employers and any other interested parties, including factors that are taken into account in so doing. The latest ISS will be made available on the Council's website and a copy is attached at Appendix A. The attached ISS has been updated following the Committee resolution to –

- agree to maintain the current private equity allocation of 5.5% by continuing to commit to the Fund's current managers, HarbourVest and Adams Street, in 2018;
- agree to increase the target infrastructure allocation from 2% to 4% in the short term with a view to increasing this further post pooling; and
- agree to increase target private debt allocation from 1% to 3% - by committing in the short term to M&G's Debt Solutions Fund (DSF) and also additional commitments as required;
- agree to increase the allocation to Longview from the current level of 5% to 7% of the Fund.

2.3 In addition, the Fund to re-consider its participation in a Stock lending programme managed by its global custodian. The Fund participation in stock-lending arrangements is also required as part of the LGPS ACCESS pool sub-fund requirement, and to be able to benefit from future improved pool returns. The Committee will ensure that robust controls are in place to protect the security of the Fund's assets before entering into any stock lending arrangements.

3. Conclusion and reasons for recommendations

3.1 Under Regulation 7(6) and (7), the statements must be published, kept under review and revised from time to time and at least every three years.

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Local Member(s): All
Background Documents
None