

Report to: Pension Committee

Date: 25 February 2019

By: Chief Finance Officer

Title: Investment Strategy Statement (ISS)

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

RECOMMENDATIONS – The Committee is recommended to:

- 1) approve the revised ISS;**
 - 2) approve the commitment of £60m to M&G's Real Estate Debt VI Fund ("RED VI"); and**
 - 3) approve the additional commitment to Pantheon of £40m.**
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1. Background

1.1 The LGPS - Management & Investment of Funds removes many of the investment restrictions imposed on LGPS funds, and introduces 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 an 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 1.

2.3 The attached ISS has been updated with the Fund's responsible investment policy, as well as the proposed resolution to commit £60m to M&G's Real Estate Debt VI Fund ("RED VI") in order to fulfil the previously agreed 3% target to illiquid debt; and increasing the Fund's commitment to Pantheon by £40m.

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.

IAN GUTSELL
Chief Finance Officer

Contact Officers:

Ola Owolabi, Head of Pensions, 01273 482017
ola.owolabi@eastsussex.gov.uk

Background Documents

None