

REPORT OF CORPORATE DIRECTOR RESOURCES

AGENDA ITEM: 5

INVESTMENT STRATEGY STATEMENT

Reason for this Report

1. The Pension Committee Terms of Reference set out the Committee's responsibility for the strategic governance of the Cardiff & Vale of Glamorgan Pension Fund.
2. The Terms of Reference include the review and approval of the Fund's Investment Strategy Statement (ISS). The proposed ISS for 2017-18 is attached as an appendix to this report.

Background

3. The LGPS (Management and Investment of Funds) Regulations 2016 ('The Investment Regulations') came into force on 1 November 2016. The Investment Regulations require each LGPS administering authority to formulate and publish an investment strategy by 1 April 2017.
4. The Investment Strategy Statement (ISS) replaces the Statement of Investment Principles (SIP) and must comply with guidance issued by the Secretary of State. The SIP and relevant parts of the 2009 Investment Regulations remain in force until the ISS is published.

Issues

5. A draft ISS was presented to the Investment Advisory Panel at its meeting on 24 February 2017. The Fund's independent advisers have recommended amendments which have been incorporated into the attached final version.

Legal Implications

6. Pursuant to The Local Government Pension Scheme (Management & Investment of Funds) Regulations 2016, Regulation 7 the Administering Authority ("Authority") is required, after taking proper advice to formulate an investment strategy which must be in accordance with any guidance issued by the Secretary of State. The ISS must include the following:
 - a. a requirement to invest fund money in a wide variety of investments;

- b. the Authority's assessment of the suitability of particular investments and types of investments;
 - c. the Authority's approach to risk, including the ways in which risks are to be assessed and managed;
 - d. the Authority's approach to pooling investments, including the use of collective investment vehicles and shared services;
 - e. the Authority's policy on how social, environmental and corporate governance considerations are taken into account in the selection, non-selection, retention and realisation of investments; and
 - f. the Authority's policy on the exercise of the rights (including voting rights) attaching to investments.
7. In addition the Authority's investment strategy must set out the maximum percentage of the total value of all investments of fund money that it will invest in particular investments or classes of investment and may not permit more than 5% of the total value of all investments of fund money to be invested in entities which are connected with the Authority and must consult such persons as it considers appropriate as to the proposed contents of its investment strategy which must be published no later than 1st April 2017. The Authority must review and if necessary revise the ISS from time to time, and at least every 3 years, and publish a statement of any revisions. The Authority must invest, in accordance with its investment strategy, any fund money that is not needed immediately to make payments from the fund.
8. The recommendations seek approval and, if approved publication of the ISS. This is a technical document, the content of which Legal Services are unable to comment upon however the body of the report confirms that the Fund Investment Advisory Panel have been consulted and the Funds advisors have made recommendations which have been incorporated into the ISS as attached at Appendix 1.

Financial Implications

9. No financial implications arise directly from this report.

Recommendations

10. That the Committee approve the ISS for 2017-18 as attached at Appendix 1
11. That the Committee approve the publication of the ISS on the Council's website.

CHRISTINE SALTER
CORPORATE DIRECTOR RESOURCES

Appendix 1 Investment Strategy Statement for 2017-18