

WILTSHIRE PENSION FUND INVESTMENT STRATEGY STATEMENT

Purpose of the Report

1. The purpose of this report is to agree the final version of the Fund's Investment Strategy Statement (ISS) (Appendix 1).
In addition, to note the benchmark review completed by Mercer (Appendix 2).

Background

2. The Strategic Asset Allocation (SAA) of the Fund was reviewed in line with the triennial actuarial valuation in November 2022. The recommended changes following this review were relatively minor and represent an evolution of the strategy. Changes to investment classification and category rationalisation were the main amendments.
3. The ISS has been updated with the new SAA together with several other amendments. These changes can be summarised as follows:
 - The Strategic Asset Allocation and balance of investments have been updated
 - Contextual amendments have been made where references to 'recovering deficits' should now read 'maintaining the funding level'
 - Cashflow considerations and risk have been updated following the rise in inflation
 - The sections on environmental, social and governance factors (ESG) and voting have been removed as these are now covered in detail in a separate [but interlinked] policy document.
4. Officers presented this updated draft ISS to the Local Pension Board at the 02 February 2023 meeting. The ISS was also circulated to employers for consultation using email software which tracked an open rate of 42% (which compares favourably with an average of 33%) and an agenda item at the Employer Strategic Focus Group meeting on 23 February 2023. The final version is presented for agreement at the Pension Fund Committee meeting on 02 March 2023.

Key Considerations for the Committee

5. Under [\[7\] of The Local Government Pension Scheme \(Management and Investment of Funds\) Regulations 2016](#) the administering authority must, after taking proper advice, formulate an investment strategy.
6. It is under (7) of the above Regulation that the authority has reviewed and revised its investment strategy and will publish this revised ISS. In revising the investment strategy, the Pension Fund Committee has received advice from its Investment Consultant, Mercer, and the ISS has been drafted in accordance with [guidance issued from time to time by the Secretary of State](#).
7. As background, it is expected that the [Department for Levelling Up, Housing and Communities](#) (DLUHC) will consult on LGPS pooling and other investment issues in 2023. This may result in further amendment to the ISS depending upon the outcome.

8. In addition to recommending changes to the SAA, the Fund's investment consultant Mercer, have also conducted a benchmark review. Market benchmarks, or indices, are used to measure performance of mandates within the strategy and monitor progress against them.

Financial Implications

9. No direct implications.

Legal Implications

10. There are no known implications from the proposals.

Environmental Impacts of the Proposals

11. There is no known environmental impact of this report.

Safeguarding Considerations/Public Health Implications/Equalities Impact

12. There are no known implications currently.

Proposals

13. The Committee is asked to agree the attached final Investment Strategy Statement (ISS), (Appendix 1) for publication.
14. The Committee is asked to note the benchmark review (Appendix 2) completed by Mercer and the recommendation that no additional actions are proposed following the review. The benchmarks used are generally considered reasonable and appropriate.

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Unpublished documents relied upon in the production of this report: NONE

Appendix 1 Investment Strategy Statement (ISS)

Appendix 2 Mercer benchmark review