

Investment Strategy Statement

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<i>Cabinet Member:</i>	Not applicable
<i>Division and Local Member:</i>	Not applicable

1. Summary

- 1.1 The Fund is required under section 7 of the LGPS (Management and Investment of Funds) Regulations 2016 to publish and maintain an Investment Strategy Statement (ISS). The ISS sets out the Somerset Fund's strategy for investing funds not immediately required to pay pensions, covering areas such as strategic asset allocation, ESG and pooling.
- 1.2 The current version of the ISS was adopted in June 2017, the regulations suggest this should be revisited at least every 3 years however it was always the Fund's intention to revisit the ISS and update as appropriate at the end of the initial transition process into the Brunel pool. It was expected this would fit within the 3-year window but the COVID pandemic led to some delays.
- 1.3 It is anticipated that a full draft will be presented to the December 2021 Committee for formal consideration. At that point it is anticipated that a timetable for further drafting, if required, and adoption will be agreed.

2. Issues for consideration

- 2.1 The Committee is asked to note the proposed timeline and the outcome of informal committee meetings to date.
- 2.2 Committee is asked to confirm additional facilitation time to meet the proposed timeline through either formal or informal sessions.

3. Progress to date

- 3.1 Committee has held 2 informal/training sessions so far, in May and June.
- 3.2 The first session focussed on ESG issues. The consensus of the Committee members present was that when drafting the ISS officers should include ESG provisions that are broadly in line with the published policies of Brunel.
- 3.3 The second session focussed on the portfolios offered by Brunel in fixed income, active listed equities and private markets. The consensus of the Committee members present was that they were content with the portfolios already invested in by Somerset and were not minded to either add to or delete from this group.

4. Outstanding items

- 4.1 The issues that require further discussion are, which of the portfolios offered by Brunel for passive listed equities to utilise, and the balance between each of the chosen Brunel portfolios to adopt to form the strategic asset allocation.

5. Next steps

- 5.1 Committee are asked to consider if they wish to have further informal or formal sessions to help officers reach a point where they can draft a revised ISS.
- 5.2 The sessions already held have not made any decisions, as these can only take place in formal Committee. However, they have allowed officers to take a sounding from Committee members to help them reach a point where they can draft an ISS which broadly reflects Committee's preferences.

6. Consultations undertaken

- 6.1 None to date. It is expected that the Board will be given an opportunity to review the proposed draft of the ISS before it is adopted by Committee. Consideration will be given to whether wider consultation of the Fund's stakeholders is appropriate.

5. Financial Implications

- 5.1 The ISS is a key component of managing the Investments.

6. Background Papers

None

Note For sight of individual background papers please contact the report author.