

Staffordshire Pension Fund – Investment Consultant Objectives – 2021/22

Appendix 1

Pension Fund Requirement	Investment Consultant Objective	Desired Outcome / Measurement	2021/22 Focused Objective
<p>Ensure members' benefits are met as they fall due.</p>	<p>Advise on a suitable investment strategy, and amendments to the strategy, to deliver the Fund's required investment returns in order to support progress towards a long-term steady state of funding.</p>	<p>Returns from the investment strategy, over time, are in line with or exceed the investment return assumptions in the Fund's Funding Strategy Statement; subject to market conditions and strategy implementation. (ACHIEVED – actual returns over the 1, 3, 5 and 10-year periods exceed Actuarial Assumptions)</p>	<p>Facilitate a review of the Fund's investment strategy to ensure it remains fit-for-purpose as the Fund approaches full funding and in the context of market changes. (ACHIEVED – Strategic Asset Allocation (SAA) Review carried out H22021 in conjunction with upfront Actuarial modelling work and development of Climate Change Strategy)</p> <p>Monitor, and alert the Fund, to new investment opportunities that would improve the likelihood of the Fund achieving its objectives. (ACHIEVED – new investment opportunities considered as part of SAA review. E.g., Multi Asset Credit.</p>
<p>Support a long-term funding approach that is consistent with a stable and affordable contribution approach from the employers.</p>			
<p>Ensure the Fund's approach is aligned with the objectives of pooling and associated guidance.</p>	<p>Advise on the cost-efficient implementation of the Fund's investment strategy, as required, taking into account the evolution of the LGPS Central pool.</p>	<p>Advice has a focus on key risk / return priorities.</p> <p>Any areas of misalignment with the Fund's objectives and/or poor</p>	<p>Ensure investment decisions taken by the Fund are informed by a full analysis of the key risks, return expectations and costs of available investment options. (ACHIEVED – Pensions Panel receives quarterly market update highlighting macro</p>

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<p>Ensure cost efficient implementation of the Fund's investment strategy</p>		<p>performance highlighted are challenged and solutions identified. (ACHIEVED – Investment decisions always consider the LGPS Central Limited product offering. Early engagement with LGPS Central Limited to ensure products being developed are suitable for the Fund to invest in and aligned with Fund's risk / return priorities)</p>	<p>risks and individual investment decisions are supported by a suitability note. E.g., Private Equity, which takes account of the various investment options)</p> <p>Advise the Fund on the attractiveness of third-party investment options and the benefits/potential opportunity cost of investing via the pool. (ACHIEVED – E.g. Infrastructure paper considered LGPSC Ltd pooled fund offering alongside those of third-party managers. Recommended allocations incorporated both)</p> <p>Assist the Fund in enhancing arrangements for monitoring implementation of its investment strategy. (PARTIALLY ACHIEVED – whilst the Pensions Panel receives a quarterly Strategic Asset Allocation update with any potential market impact on the Fund's strategy highlighted, the intention was to develop an investment dashboard to help focus the Panel on key issues and potential remedies)</p>
<p>Ensure the Fund's approach reflects regulatory and legislative requirements</p>	<p>Ensure that the advice provided to the Fund complies with relevant pensions regulations, legislation and supporting guidance.</p>	<p>No instances of non-compliance with relevant regulations or internal policies. (ACHIEVED – no breaches identified)</p>	<p>Advise the Fund on the investment implications of new regulations/ guidelines notably the Pension Schemes Act 2021, the forthcoming TPR Single Code of Practice, TCFD, UK Stewardship Code 2020, Good Governance review and DLUHC guidance on pooling.</p>
<p>Develop the Committee's Responsible Investment policy and ensure this is reflected in ongoing governance and decision-making processes</p>		<p>Guidance is provided on any matters, in respect of which the Fund is required by law to seek advice, particularly in relation to the preparation or revision of the Fund's Investment Strategy Statement. (COMMENT – current ISS (March 2021) to be updated with full review</p>	<p>Ensure any investment advice is consistent with these and existing regulations/ guidelines. (ACHIEVED – whilst many new regulations / guidelines are still pending, changes and/or existing regulations / guidelines are taken into account E.g., TCFD. Pooling guidance.</p>

	<p>Develop the Committee and Panel’s policies and beliefs, including those in relation to Responsible Investment and ensure that any advice provided is consistent with such.</p>	<p>following approval of SAA implementation plan in 2022/23)</p> <p>Policies and beliefs are developed with appropriate input from the Investment Advisor and any advice provided is consistent with those policies and beliefs, including those in relation to Responsible Investment.</p> <p>(ACHIEVED – The Fund’s overarching Investment Beliefs were reviewed in 2021 prior to the SAA Review and the development of the Climate Change Strategy)</p>	<p>Assist the Fund in revising its RI beliefs, setting its Net Zero carbon goal and developing a supporting roadmap.</p> <p>(ACHIEVED – specific RI beliefs were reviewed as part of the wider review of the Fund’s Investment Beliefs; a Climate Change Strategy was approved by the Pensions Committee in February 2022)</p> <p>Ensure any changes to investment strategy take into account the Fund’s RI beliefs and goals.</p> <p>(ACHIEVED – the Fund’s revised RI beliefs and goals were approved ahead of the SAA Review and will provide a framework for the detailed SAA implementation plan)</p> <p>Advise the Fund on changes to its Investment Strategy Statement and related policies in light of the above.</p> <p>(COMMENT – current ISS (March 2021) to be updated with full review following approval of SAA implementation plan in 2022/23)</p>
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