

PE31. Investment Review

The Committee and Board considered a report by the Director of Transformation, Communities and Corporate Services detailing The Local Government Pension Scheme Regulations requirement that administering authorities maintain and update a Statement of Investment Principles (SIP) from time to time. Furthermore, that they review pension fund investments and the performance of their managers at least once every three months.

Implementation of the investment strategy determined by the Pensions Committee is delegated to the Chief Finance Officer, who took advice from the Joint Investment Strategy Panel (JISP). An update on the Panel meeting on 5 December 2022 would be given at the next meeting.

This report presented:

- an update on recent investment market developments
- an update on the Fund's strategic allocation and performance
- an update on monitoring activity of the Fund's investment mandates during the most recently completed quarter.

The quarterly asset allocations table showed that cash had increased by 3.6% over a volatile market and the Committee sought for more information about this. Mr Piotrowicz confirmed that cash had increased which he stated aligned with Lothian and Fife pension funds as all had a reasonable cash position which was not expected to continue long-term. It was expected that the volatile market would continue through to 2023 which offered the opportunity to take advantage of the volatility and therefore having more cash than normal for liquidity purposes which was deemed sensible. The Chief Finance Officer noted that since the reporting period, 30 September 2022, the cash figure had decreased due to further investment.

Following a question, Mr Piotrowicz explained that the benchmark return had decreased by 5.1% due to the difficulty of finding appropriate benchmarks for some assets.

The Pensions Manager, following a suggestion of a review of salary assumptions, explained that as part of the evaluation process, after 31 March 2023 a selection of data would be chosen to allow actuaries to do calculations. From there, discussions with employers would be held outlining the contribution setting.

Decision

The Committee and Board noted:-

- (1) recent investment market developments;**
- (2) the Fund's strategic allocation;**
- (3) the Fund's performance for the period ending 30 September 2022; and**

(4) the investment monitoring activity of the JISP.