

# **Suffolk Pension Fund Investment Strategy Statement 2021/22**



## **Suffolk Pension Fund Investment Strategy Statement**

The Suffolk Pension Fund has prepared this Investment Strategy Statement in line with the Local Government Pension Scheme (Management and Investment of Funds) Regulation 2016, with reference to the Ministry of Housing, Communities and Local Government (MHCLG) guidance on 'Preparing and Maintaining an Investment Strategy Statement' and after taking appropriate professional advice.

This statement is subject to review at least every three years and from time to time on any material change in investment policy or other matters as required by law. The Pension Fund Committee will consult with the Pension Board and employers in the Fund on any material change to the Investment Strategy Statement.

### **Fund Objective**

#### **Funding Strategy Statement**

The Fund has published a Funding Strategy Statement (FSS). Its purpose is:

- "to establish a clear and transparent fund-specific strategy which will set out how employers' pension liabilities are best met in the future.
- to comply with the regulatory framework to maintain employer contribution rates as constant as possible; and
- to take a prudent longer-term view of funding those liabilities."

The funding objective that has been adopted for the Suffolk Pension Fund is to ensure that the assets of the Pension Fund, when taken in conjunction with future contributions, are sufficient to ensure that all future pension and retirement benefits will be fully covered by the Fund's assets when they fall due.

#### **Funding Level**

The funding level of the Pension Fund is the value of the Fund's assets expressed as a percentage of the Fund's liabilities at the most recent actuarial valuation of the Fund. The funding level as at March 2019 was 99%. The Funding Strategy provides a prudent probability of success for the Fund to be in a fully funded position during the next 20 years. In accordance with the Funding Strategy Statement the Committee determined the rate of contributions payable by each of the employers in the Fund for the three years starting 1 April 2020.

#### **Investment Strategy**

The Suffolk Pension Fund is currently cash flow positive, although this is likely to change in the coming years, as pensioner numbers increase whilst employer contributions reduce (due to improved funding levels). It is therefore in a position to target a predominantly growth-based strategy with the aim of maximising asset performance in the long term within agreed risk levels, however the need for some income in the future is likely to increase in importance.

There are significant levels of diversification between different asset classes to reduce overall portfolio risk through combining the performance of each asset class. This helps reduce the volatility effects of the financial markets, whilst maintaining the Fund's relatively low risk approach.

#### **Investment Beliefs and Environmental, Social & Governance Considerations**

The Pension Fund Committee is aware of the need to generate a sufficient level of return whilst managing potential investment risks and therefore has developed a clear set of fundamental investment beliefs covering both investment and environmental, social and governance (ESG) considerations which provides a clear framework for all investment decisions.

The Committee's main objective is to deliver an investment return consistent with funding plans that does not compromise future generation's ability to meet their own needs.

In addition, the Committee identifies climate change, pollution and company stewardship as the priorities for responsible investments and ESG.

The principal objective and responsible investment priorities will be achieved through the implementation of the following headline beliefs:

## **I) Investment Strategy**

The Committee views having the appropriate investment strategy in place as a key driver to manage risk and return and has approved an allocation that invests in a range of asset classes (including but not restricted to equities, bonds, infrastructure, debt, private equity and property) to provide the Fund with diversification benefits and the opportunity to capture some illiquidity premium from being a long-term investor.

The Committee considers that equities are the liquid asset expected to generate superior long-term returns, whilst government bonds reduce funding risk while maintaining liquidity at times of market volatility.

The Committee believes the use of alternative assets can reduce overall volatility in the delivery of asset returns without leading to a significant reduction in overall expected return, whilst improving its risk-return characteristics through diversification.

The Committee recognises Environmental, Social and Governance (ESG) issues can impact on the Fund's investment returns and is committed to responsible investing so as to develop a sustainable investment approach to protect future Fund performance.

The Committee believes that having a responsible investment policy should lead to better financial outcomes for the Fund as businesses with more sustainable practices should outperform over the long term and lead to better outcomes for society.

The Fund should consider securities that deliver a positive social or environment outcome only when there is evidence of the positive impact on risk and return and avoid exposure to securities where environmental or social aspects will be financially detrimental to the Fund.

## **II) Investment Managers**

The Fund's investment managers are required to embed the consideration of Environmental, Social and Governance (ESG) factors into their investment process and decision making and to report on how these are implemented. ESG factors will evolve and the Fund's investment managers should seek to take a long-term view which evaluates the direction of travel of the invested companies.

The Committee does not restrict the investment managers' choice of investments by reference to social, environmental or ethical criteria except where restrictions have been put in place by Government. All investments that are made for the Fund comply with the legal and regulatory requirements that apply to the LGPS.

The Fund's investment managers are required to invest in line with the Fund's investment beliefs and to demonstrate how these beliefs are met.

ESG factors should be incorporated into the investments managers standard reporting and will cover the Committee's responsible investing priorities.

The Committee favours active management where there are opportunities to add value, increasing the overall expected return (after fees) without significantly increasing the overall level of volatility. Passive management is utilised as a cost-efficient way of accessing equities to achieve market

returns. The choice of benchmark for a passive manager is important as it defines the investment portfolio.

The ACCESS Pool should provide leadership on the ESG principles for the investments within the pool and to develop the reporting on the key principles with the investment managers through Link Fund Solutions.

### **III) Monitoring and Governance**

The Committee reviews the performance of its investment managers over a minimum period of three years. By taking a longer-term view, the Committee expects to receive enhanced risk adjusted returns and lower transaction costs by reducing asset turnover. The Committee does not consider short term opportunities as a way of delivering year on year performance and believes that the effective management of financial risks of its investment assets results in positive performance over the long term.

The Committee believes that engagement and voting are influential and promotes good practice in the corporate governance and management of the companies that they invest in and can be effective in changing behaviour and improving the Fund's performance as well as having a positive impact on the environment and society and is more effective than disinvesting from the company.

The Fund where possible will participate in collaborative initiatives to strengthen the Fund's engagement outcomes.

### **Asset Allocation**

The Fund has a 74% allocation to 'growth' assets (equities and alternatives) in order to meet the long-term funding assumptions, set out in the 2019 actuarial valuation and funding strategy statement.

The Fund's investments are allocated across a range of asset classes. The largest allocation is to equities which also accounts for the majority of the investment risk taken by the Fund.

Over the long term, equities are expected to outperform other liquid asset classes, particularly bonds. Allocation to asset classes other than equities and bonds, allows the Fund to gain exposure to other forms of returns which can also reduce the overall volatility of portfolios. These assets are expected to generate returns broadly similar to equities over the long term and so allocation to these can maintain the expected return and assist in the management of volatility.

The 26% allocation to bonds is designed to be a diversifier of equity risk whilst generating a yield and reducing overall levels of funding volatility.

### **Investment Allocation**

The Committee has translated its objectives into an asset allocation plan (overleaf) and investment management structure for the Fund (set out in **Annex 1**). The Fund's target is consistent with the Committee's views on the appropriate balance between generating a satisfactory long-term return on investments whilst taking account of market volatility and risk and the nature of the Fund's liabilities.

The Committee monitors the investment allocation relative to the agreed asset allocation benchmark and the maximum investment limits. In addition to on-going monitoring the investment allocation is formally reviewed annually with specific consideration given to the investment strategy in the light of information arising from each triennial actuarial valuation.

The Government has placed a 5% restriction on the investments of the Suffolk Pension Fund into entities connected with Suffolk County Council. The Pension Fund currently has no investments in entities connected to Suffolk County Council.

| <b>Asset Class</b>           | <b>Target Allocation</b> | <b>Maximum Limit</b> |
|------------------------------|--------------------------|----------------------|
| UK Equities                  | 8.0                      | 25.0                 |
| Global Equities              | 34.0                     | 50.0                 |
| <b>Total Listed Equities</b> | <b>42.0</b>              | <b>75.0</b>          |
| Fixed Income                 | 22.0                     | 35.0                 |
| UK Index-linked Gilts        | 4.0                      | 8.0                  |
| <b>Total Bonds</b>           | <b>26.0</b>              | <b>43.0</b>          |
| Illiquid Debt                | 7.0                      | 8.0                  |
| Infrastructure               | 10.0                     | 15.0                 |
| Private Equity               | 4.0                      | 8.0                  |
| Property                     | 10.0                     | 15.0                 |
| Timber                       | 0.5                      | 0.5                  |
| <b>Total Alternatives</b>    | <b>31.5</b>              | <b>46.5</b>          |
| Cash                         | <b>0.5</b>               | <b>5.0</b>           |
| <b>Total</b>                 | <b>100.0</b>             |                      |

### **Currency hedging**

There is no overarching currency hedge in place. This policy is kept under review by the Pension Fund Committee.

The Committee allows Investment Managers discretion to utilise currency hedging for risk management purposes within their mandates.

### **Investment managers and Pooling arrangements**

Suffolk is a member of the ACCESS pool (alongside Cambridgeshire, East Sussex, Essex, Hampshire, Hertfordshire, Isle of Wight, Kent, Norfolk, Northamptonshire, and West Sussex). All eleven funds are committed to collaboratively working together to meet the government's criteria for pooling and have signed a Memorandum of Understanding to underpin their partnership.

The ACCESS Funds have set out how they meet the pooling criteria, the pool's structure, governance arrangements and services to be shared in the submission made to the Government in July 2016, which is available on ACCESS's website [www.accesspool.org](http://www.accesspool.org). The Suffolk Pension Fund has pooled its passive mandates and its active global equities mandate within the LGPS ACCESS Pool and is working in the expectation that over time all investments will be pooled.

Link Fund Solutions have been appointed to establish and operate the ACCESS investment platform and are responsible for the creation of investment sub-funds and the appointment of investment managers to those sub-funds. Link Fund Solutions ensures that the investment managers are properly authorised to manage the assets of the Fund.

The Committee determines the investment allocations and restrictions for each investment manager, and monitors these for consistency with the Fund's overall investment strategy. The Chief Financial Officer may vary these restrictions, after consultation with the Pension Fund Committee.

The Committee, after seeking appropriate investment advice, has set specific benchmarks with each manager so that, in aggregate, they are consistent with the overall asset allocation for the Fund. The Fund's investment managers will hold a mix of investments which reflects their views relative to their respective benchmarks. Within each major market and asset class, the managers will maintain diversified portfolios through direct investment or pooled vehicles and a mix of asset types across a range of geographies in order to provide diversification of returns.

The managers appointed, and the mandates they manage, are detailed in **Annex 2**.

## Investment advice

When considering investment decisions, the Committee takes professional advice from an investment consultant and an independent investment adviser. The Committee has set a number of strategic objectives for the investment consultant that comply with the Competition and Markets Authority stipulations. Performance against these objectives are monitored on a regular basis.

## Risk Management

The Fund is exposed to a number of risks which pose a threat to the Fund meeting its objectives. These risks are set out and monitored as part of a formal risk register which is available on the Suffolk Pension Fund website ([www.suffolkpensionfund.org](http://www.suffolkpensionfund.org)). The principal risks affecting the Fund are:

### a) Funding risks:

- Financial mismatch
  - The risk that Fund assets fail to grow in line with the developing cost of meeting Fund liabilities.
  - The risk that unexpected inflation increases the pension and benefit payments and the Fund assets do not grow fast enough to meet the increased cost.
- Changing demographics
  - The risk that longevity improves, and other demographic factors change increasing the cost of Fund benefits.
- Systemic risk
  - The possibility of an interlinked and simultaneous failure of several asset classes and/or investment managers, possibly compounded by financial 'contagion', resulting in an increase in the cost of meeting Fund liabilities.

### b) Asset risks:

- Concentration
  - The risk that significant allocation to any single asset category and its underperformance relative to expectation would result in difficulties in achieving funding objectives.
- Illiquidity
  - The risk that the Fund cannot meet its immediate liabilities because it has insufficient liquid assets.
- Manager underperformance
  - The failure by the fund managers to achieve the rate of investment return assumed in setting their mandates.

### c) Other risks:

- ESG risk
  - The risk that investments with poor corporate, environmental, social and governance policies will impact performance and investment returns including the risk posed by climate change.
- Transition risk
  - The risk of incurring unexpected costs in relation to the transition of assets among managers.
- Custody risk
  - The risk of losing economic rights to Fund assets, when held in custody or when being traded.
- Credit default
  - The possibility of default of a counterparty in meeting its obligations.

## Mitigations:

The approach the Committee adopts to managing these risks is via a combination of:

- The appointment of professional advisers to assist the Committee in managing risk;
- Regular review and monitoring of the performance of the Pension Fund's investments;
- Specific limits on individual investments;
- Ensuring the expected return from the investment strategy is consistent with the assumptions made by the Actuary in valuing the Fund;

- Monitoring the estimated funding level throughout the triennial valuation cycle.
- Assessments of the levels of risk taken by the Fund;
- Diversification of asset classes and managers;
- Professional advice is sought for significant transitions with consideration to the appointment of specialist transition managers.

### **Expected return on investments**

Over the long term, the overall level of investment return is expected to exceed the rate of return assumed by the Actuary in valuing the Fund and setting funding requirements.

### **Realisation of investments**

The majority of assets held within the Fund may be realised quickly if required. The Committee monitors both the level of liquid assets and the liquidity requirements of the Fund.

### **Stock Lending**

The Pension Fund Committee has considered its approach to stock lending, after taking advice from its investment adviser.

The Suffolk Pension Fund participates in stock lending through the sub-funds held in the LGPS ACCESS Pool. All sub-funds are set up to enable securities lending to take place, this is operated by Northern Trust as depository for Link Fund Solutions. ACCESS only accepts noncash collateral, and this is at the typical market rate of 102% for sterling-based assets or 105% for overseas equities to allow for FX exposure.

In addition, the managers of pooled funds may undertake stock lending on behalf of unitholders in the fund. Where a pooled fund engages in this activity, the extent to which it does is disclosed by the manager. The Committee has no direct control over stock lending in pooled funds nevertheless, it is comfortable that the extent and nature of this activity is appropriate to the circumstances of the Fund.

### **Exercise of Voting Rights**

The LGPS ACCESS Pool have voting guidelines for inclusion by Link Fund Solutions in their Investment Management Agreements which have been agreed by the Joint Committee. These guidelines set out those matters of importance to the participating ACCESS Pension Funds and promote good corporate governance and management in the companies that the investment managers invest in. In circumstances where investment managers do not adopt the positions set out in these guidelines, they are required to provide a robust explanation of the position adopted.

ACCESS also expects that investment managers will be signatories to and comply with the Financial Reporting Council's Stewardship Code (the Code) and United Nations Principles of Responsible Investment (UNPRI).

### **Engagement**

The Suffolk Pension Fund is a member of the Local Authorities Pension Fund Forum (LAPFF), to enable it to act collectively with other local authorities on corporate governance issues. The Forum currently has 82 member funds with assets of more than £300 billion.

The Fund expects its investment managers to be engaged in social, environmental and ethical considerations insofar as these matters are regarded as impacting on the current and future valuations of individual investments. The Fund believes taking account of such consideration's forms part of the investment managers' normal fiduciary duty.

As such, the Fund has a commitment to ensure that companies in which it invests adopts a responsible attitude towards the environment and has high ethical standards. Generally, such companies are expected to behave in a socially responsible manner by taking account of the interests of all stakeholders, which includes how the company will adapt to the effects of climate change.

The Fund seeks to achieve this objective by raising issues with companies in which it invests, to raise standards in a way that is consistent with long term shareholder value. Again, the Fund primarily uses its membership of LAPFF to achieve this.

## Funding Strategy and Management Structure

### Investment Managers

The Fund's investment management arrangements as at the end of March 2021 are shown below:

| <b>Manager</b>                  | <b>Asset Allocation (%)</b> |
|---------------------------------|-----------------------------|
| Blackrock Investment Management | 20.0                        |
| Brookfield Asset Management     | 0.5                         |
| JP Morgan                       | 6.0                         |
| KKR                             | 1.5                         |
| M&G Investments                 | 13.5                        |
| Newton Investment Management    | 12.0                        |
| Pantheon Ventures               | 3.5                         |
| Partners Group                  | 2.0                         |
| Pyrford International           | 4.0                         |
| Schroders Investment Management | 10.0                        |
| UBS                             | 26.0                        |
| Wilshire Associates             | 0.5                         |
| Cash                            | 0.5                         |
| <b>Total</b>                    | <b>100.0</b>                |

Infrastructure (Partners M&G and KKR), Private Equity (Pantheon), Illiquid Debt (M&G and Partners) will be substantially drawn down over the next 2-3 years. Sums allocated to these mandates will be met through surplus cash and disinvestment from the Pyrford mandate pending the drawdowns by the investment managers.

The Funding of the above would achieve the asset allocation set out in the body of the Investment Strategy Statement.

## Investment Manager Guidelines

There are a number of restrictions on the investment managers, which are set out in their investment management agreements. These restrictions ensure that the managers adhere to the overall objectives of their mandates in terms of the investments they are permitted to hold and the risks associated with these investments. The main investment restrictions for each investment manager are as follows:

### UBS

#### Passive Mandate - 26% of the Fund

##### Investment Objective

The objective is to match the Benchmark return within each Asset Class gross of fees. The Benchmark is the respective FTSE indices for each of the asset classes and markets in which the mandate is invested. There is no overall benchmark for the Fund but a composite of the relevant benchmarks is applied.

|                  |  |
|------------------|--|
| RAFI             | FTSE All World RAFI 3000 Index             |
| Emerging Markets | FTSE Emerging Market Index                 |
| Climate Aware    | FTSE All World Developed Index             |
| 5 Year Gilts     | FTSE Actuaries Government Securities Index |

#### Investment Allocations:

The asset allocations are as below:

| <b>Asset Class</b>                                     | <b>Target Allocation</b> |
|--|--------------------------|
|  | %                        |
| Global equities – RAFI 3000                            | 7.5                      |
| Global equities – Climate Aware                        | 13.5                     |
| Emerging markets                                       | 1.0                      |
| <b>Total equities</b>                                  | <b>22</b>                |
| Bonds:   |                          |
| UK Index-linked (Over 5 Year Index-linked Gilts Index) | 4                        |
| <b>Total bonds</b>                                     | <b>4</b>                 |

#### Investment Restrictions

Individual holdings. UBS may not invest in unlisted securities. The manager may invest up to 100% of its mandate in pooled life funds.

## **Blackrock Investment Management**

### **UK Equities Mandate - 8% of the Fund**

#### **Investment Objective**

The objective is to seek to outperform the Benchmark by 2.0% per annum gross of fees over rolling three-year period. The Benchmark is the FTSE All-Share Index.

#### **Investment Restrictions**

The investment restrictions on the manager's discretion in the management of the mandate are set out in full in the investment management agreement. The main restrictions are set out below.

- Geographic / Market / Asset Class / Sector

| Asset Class       | Permitted Range<br>(% of Market Value of Fund) |
|-------------------|--|
| UK Equities       | 90-100   |
| Overseas Equities | 0-10   |
| Cash              | 0-5  |

- Specific company restrictions: The manager may invest for the Fund in equities that are listed on the London Stock Exchange and the stock exchanges of the following countries: France, Germany, Hong Kong, Japan, Switzerland and United States. Investment in equities on other stock exchanges is subject to specific approval by the County Council.
- Amount or percentage of the Fund : The manager may not invest for the Fund in any single UK equity holding more than 4% in excess of that holding's weighting in the FTSE All-Share Index or more than 5% of the market value of the Fund, whichever is higher, without specific approval from the Pension Fund Committee. The Fund's investments in In-House Funds are not subject to this restriction.
- In-House Funds: The manager may not invest more than 10% of the Fund in the BlackRock Institutional Equity Funds UK Smaller Companies sub-fund.
- Derivatives: The manager may not enter into derivative contracts in respect of the Fund's segregated holdings without specific approval from the County Council. Subject to this, the manager may deal in Derivatives (including Options, Futures, Currency Forwards and Contracts for Differences) for hedging and other purposes. The manager may only deal in Derivatives traded on or under the rules of a Recognised or Designated Investment Exchange although the manager may deal in Derivatives not traded on or under the rules of a Recognised or Designated Investment Exchange (i.e. an over-the-counter (OTC) Derivatives transaction) in respect of index futures and currency forwards. The manager is not permitted to hold any short positions in the Fund by using Derivatives.

### **Fixed Income Mandate - 12% of the Fund**

#### **Investment Objective**

The objective is to seek a target return of LIBOR +4-6%. The benchmark is 3-month LIBOR +2%.

#### **Investment Restrictions**

There are no investment restriction's placed on the manager as this investment is in BlackRock's pooled fund, the Fixed Income Global Opportunities Fund (FIGO). The Fund itself has built in restrictions but offers flexibility in duration as well as the ability to allocate across credit sectors and geographies without constraints.

## **Link Fund Solutions - Newton Investment Management**

### **Global Equity Mandate – 12% of the Fund**

#### **Investment Objective**

The objective is to produce capital returns, net of fees over rolling 5-year period. The Benchmark index: MSCI All Countries World Net Total Return.

#### **Investment Restriction**

The investment restrictions on the manager's discretion in the management of the mandate are between Link Fund Solutions and Newton Investment Management. The main restrictions are set out below:

- Stock positions: The Sub-fund is limited to +/- 20% relative to the benchmark weighting for industry sectors at the time of purchase.
- Country restrictions: The Sub-fund is limited to +/- 35% relative to the benchmark for countries at the time of purchase.
- Pooled funds: The Sub-fund may also invest in other collective investment schemes (including those managed by the Portfolio Manager or the ACS Manager and its associates), including exchange traded funds.
- Cash: The manager's total cash or near cash holdings in the Fund over any 12-month period should not exceed 5% of the value of the Fund.
- Derivatives and currency hedging: The use of derivatives is permitted for efficient portfolio management purposes.

The investment amounts referenced above will not apply under extraordinary market conditions, in which circumstances the Sub-fund may invest in asset classes other than those in which it normally invests in order to mitigate its exposure to market risk. Examples of extraordinary market conditions include economic, political unrest or instability, world events leading to market instability or closure of a relevant market(s). During such periods, the Sub-fund may temporarily invest up to 100% of its total assets in cash, deposits, treasury bills, government bonds or short-term money market instruments, or have substantial holdings in cash and cash equivalents.

## **Schroders Property Investment Management**

### **Property Mandate - 10% of the Fund**

#### **Investment Objective**

The objective is to seek to outperform the Benchmark by 0.75% per annum net of fees over rolling three-year period. The Benchmark is the weighted average of the IPD UK Pooled Property All Balanced Funds Index.

#### **Investment Restrictions**

The investment restrictions on the manager's discretion in the management of the mandate are set out in full in the Investment Management agreement. The main restrictions are set out below.

#### **Asset allocation and control ranges**

Schroders will invest in a range of property investments, subject to the following constraints (overleaf).

| <b>Fund Type</b>             | <b>Approved Ranges</b> |
|------------------------------|------------------------|
| Open-ended funds *           | 60-100%                |
| Close-ended funds            | 0-40%                  |
| Other investments and cash** | 0-20%                  |

Open-ended funds may be based in the UK or in the offshore jurisdictions of Jersey, Guernsey, Luxembourg or Dublin. Investment in funds that are managed from any other non-UK jurisdiction will be subject to specific prior approval.

Other investments include UK property equities (subject to a range of 0-5%) and Property Index Certificates (subject to a range of 0-10%)

Individual holdings. The manager will hold investments in a minimum of 3 separate property funds at any time. Schroders agree their investment strategy with us on a quarterly basis and will have discretion to make investments within the terms of the strategy. Partly paid securities may not exceed 5% of the portfolio when fully paid. Schroders will invest in property based in the UK via collective investment schemes or other investments whose purpose is to invest in property. The manager may not invest more than 50% of the portfolio in a single investment.

## **M & G**

### **Fixed Income Mandate - 10% of the Fund**

#### **Investment Objective**

The Fund seeks a total return of 1 month Libor +3 to 5% gross of fees p.a. over the medium term. The Benchmark is 3-month Libor +2%.

#### **Investment Restrictions**

There are no specific investment restriction's placed on the manager as this investment is in M&G's Alpha Opportunities Fund which aims to take advantage of highly diversified opportunities in public and private credit markets, including but not limited to investment grade and high yield corporate bonds, leveraged loans, asset-backed, and mortgage backed securities.

### **Illiquid Debt Mandate - 2% of the Fund**

#### **Investment Objective**

The objective is to seek a target return of 8% per annum over 5-year investment horizon.

#### **Investment Restrictions**

There are no specific investment restriction's placed on the manager as this investment is in M&G's pooled fund, the Debt Opportunities Fund I and II, Debt Solutions and Illiquid Credit

### **Infrastructure Mandate – 1.5% of the Fund**

#### **Investment Objective**

The objective is to seek a target return of 15% IRR.

#### **Investment Restrictions**

There are no specific investment restriction's placed on the manager as this investment is in M&G's pooled fund, Infracapital Greenfield Partners Fund, which invests in the late stage development, construction, and/or expansion of unlisted infrastructure assets which offer long term stable cash

flows and capital accretion. The Fund invests in sectors such as energy, utilities, transport, telecoms and social infrastructure.

## **Brookfield**

### **Timber Mandate - 0.5% of the Fund**

#### **Investment Objective**

The Fund seeks a total return of 8% p.a.

#### **Investment Restrictions**

There are no specific investment restriction's placed on the manager as this investment is in Brookfield's Timberland Pooled Fund.

## **JP Morgan**

### **Infrastructure Mandate – 6.0% of the Fund**

#### **Investment Objective**

The Fund seeks a total return of 8% p.a.

#### **Investment Restrictions**

The mandate is an open-ended perpetual scheme investing in infrastructure on a global basis, which seeks to deliver a stable cash yield and diversification, with risk-adjusted returns and inflation protection through the market cycles.

## **KKR**

### **Infrastructure Mandate – 1.5% of the Fund**

#### **Investment Objective**

The Fund seeks a total return of 8% p.a.

#### **Investment Restrictions**

The mandate is a close ended scheme investing in economic infrastructure assets primarily located in North America and Western Europe across sectors such as telecommunications, transport, energy and utilities. Seeks to deliver a stable cash yield and diversification, with risk-adjusted returns and inflation protection through the market cycles.

## **Pantheon**

### **Private Equity Mandate – 3.5% of the Fund**

#### **Investment Objective**

The Fund seeks a total return of MSCI AC World NDR + 3%

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#### **Investment Restrictions**

Pantheon has a global investment mandate in primary partnerships, secondary partnerships and co-investments within private equity. No restrictions have been placed on the fund.

## **Partners Group**

### **Infrastructure Mandate - 1% of the Fund**

#### **Investment Objective**

The Fund seeks a total return of 8% p.a.

#### **Investment Restrictions**

There are no specific restrictions placed on the manager as this is a pooled investment in Partner's Group Global Infrastructure 2012 SICAR fund and Global Infrastructure 2015 SICAR fund both which seeks investment opportunities in direct, secondary and primary infrastructure markets.

### **Illiquid Debt Mandate – 1% of the Fund**

#### **Investment Objective**

The Fund seeks a total return of 8% p.a.

#### **Investment Restrictions**

The mandate is a close ended scheme lending to established private equity backed companies with non-cyclical industry exposure primarily located in North America and Europe. Seeks diversification across asset classes, instruments, sectors and geographies and predominantly investing in floating rate debt.

## **Pyrford International**

### **Absolute Return Mandate - 4% of the Fund**

#### **Investment objective:**

The Fund seeks to provide a stable stream of real total returns over the long term with low absolute volatility and significant downside protection.

Target: RPI +5%, Gross, Over 5 Years

#### **Investment policy:**

The Fund will seek to achieve its investment objective and will focus on capital preservation to achieve real total returns. By investing in asset classes and securities which offer sound fundamental value and avoiding asset classes and securities which offer poor fundamental value, the Fund will seek to achieve real total returns. The Fund will invest in investment grade sovereign Debt Securities and equities of companies that, at time of purchase, have a minimum stock market capitalisation of US\$500 million and that are listed, traded or dealt in on a Regulated Market. Particular emphasis will be placed on Regulated Markets in North America, Europe (including the UK) and the Asia Pacific Region (including Japan).

#### **Investment Restrictions**

There are no specific investment restrictions placed on the manager as this investment is in Pyrford's pooled fund, the Global Total Return (Sterling) Fund.

## **Wilshire**

### **Private Equity Mandate – 0.5% of the Fund**

#### **Investment Objective**

The Fund seeks a total return of MSCI AC World NDR + 3%

**Investment Restrictions**

Wilshire has a global investment mandate in primary partnerships, secondary partnerships and co-investments within private equity. No restrictions have been placed on the fund.