CITY OF WOLVERHAMPTON COUNCIL

Response to Request for Information

Reference EIR 000091
Date 9 November 2016

Climate Change/Statement of Investment Principles

Request:

We are requesting the Pension Fund/ Committee/ Board would provide information or set out the appropriate response of the fund to the following questions:

(1) Please provide the two most recent versions of the Statement of Investment Principles (SIP)
In response to question 1 above, please see the link provided below which holds the information you require.
http://www.wmpfonline.com/CHttpHandler.ashx?id=7813&p=0

The previous version of the Fund's SIP is attached at the end of your request.

(2) Will the fund be reviewing its SIP documents to pursue best practice and review carbon risk management and investment mandates in advance of LGPS pooling?
Yes

If so when?
March 2017

(3) Please provide current contract and procurement documents for the Investment Adviser(s) to the Pension Fund Committee.

(4) Please provide current procurement and contract documentation for the external fund manager(s) as set out in investment management agreements.

(5) Please provide a list of compliance breaches identified by the Head of Finance/ s.151 officer and brought to the attention of the Pension Fund Committee, during the last three (3) financial years.
In response to questions 3 to 5 above, the Council has considered the provisions of the exceptions contained at Regulation 12(5)(e) of the Environmental Information Regulations 2004 relating to confidentiality of commercial or industrial information.

This requires the Council to conduct a public interest test to balance the factors for and against disclosure of the requested information.

Disclosure under the Act's provisions should also be considered as being made to the wider world and not to a particular individual for a particular purpose.

When applying the public interest test in respect of confidential or commercial industrial information, the Council has considered:

Prejudice or detrimental effect of disclosure
- Specific circumstances of the case
- Effect of disclosure on the wider world/public

- In such cases the public interest factors for disclosure include:

- Demonstrating accountability of public money being spent
- Protection of the public from unsafe practices or rogue traders
- Circumstances in which the information was received
- Competition issues

Further consideration also needs to be given to:

- Whose interests will be prejudiced?
- How will those interests be prejudiced?
- Usefulness of information/detail
- Degree of similarity
- Effect on competition
- Effect on the market
- Timing of the request and response
- Can sensitive information be redacted?
- Where is the public interest?
- Is the information commercial in nature? (For this element the information needs
- to relate to a commercial activity, either of the Council or the Contractor.)
- Is the information subject to confidentiality provided by law?
- Is the confidentiality provided to protect a legitimate economic interest? (This condition is satisfied if disclosure would adversely affect a legitimate economic interest of either the Council or Contractor the confidentiality is designed to protect and harm would be caused to a legitimate economic interest, not just a potential risk that harm might occur.)

In this case, the reason for not disclosing the requested information is that the contents of the contract documentation, submitted in confidence, are commercially sensitive and it would be potentially damaging to the business of the service provider to share their pricing and service delivery methodology with third parties and would likely prejudice the commercial interests of the parties concerned.

The Council considers that it would not be in the public interest to release this information as it is likely to be damaging to the business of the supplier. It might also have a negative impact on fair competition in future contracts and that it is not common knowledge and would be likely to be used by competitors in a particular market to gain a competitive advantage. The Council also considers the disclosure of such information would be damaging to the Council's commercial interests as it would be likely to:

(a) Discourage companies/individuals from providing the Council with commercially sensitive information in the future or undertaking contracts with the Council.

(b) Adversely affect the Council's bargaining position during future contractual negotiations.

(6) What steps have the Pension Fund Committee and Board taken to address the financial risks posed by climate change?
The Fund uses services of PIRC and LAPFF to vote and engage with companies across all investment factors including environmental factors. Reports are presented to Pensions Committee and Pensions Board in relation to updates on our environmental activity and details of such can be found in the minutes to the meetings which are available on the link below. Please note, if the item is exempt on the agenda document then the Committee report will not be published under confidentiality. The Pension Committee and Board also review that the Fund is fully compliant with its requirements outlined in the Statement of Investment Principles.

https://wolverhamptonintranet.moderngov.co.uk/uuCoverPage.aspx?bcr=1

(7) Since the December 2015 Paris COP agreement, Peabody bankruptcy, and Exxon Mobil downgrade, has the pension fund changed its approach to climate change risk management and investment in carbon stocks?
Over recent years climate change risk is becoming an increasingly more important factor for investments. The Fund conducts its investment activities in line with its requirements outlined in the Statement of Investment Principles.

(8) Please provide Pension Fund Committee and Board meeting minutes where climate change, and carbon bubble investment risk was discussed, and minuted 2014 - 2016.
Please see the link provided in answer to question 6 above.

(9) Have you surveyed or formally consulted with your individual members or employers for their views on your ESG policies or practices in the last 10 years?
No – The Fund responds to any requests from its members on issues regarding responsible investment/ESG. Member views are represented by the members of the Pensions Committee and Pensions Board. The Fund also produces activity and information relating to responsible investment/ESG in the Annual Report and Accounts, which is available on the Fund website.

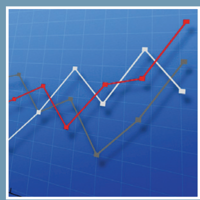
(10) How much does the fund spend on ESG engagement services and can you give any examples of engagement activities relating to climate change/carbon risk from the last 10 years?
The expenditure on contracts which relate to responsible investment/ESG and engagement services (PIRC & LAPFF) are published as part of transparency and disclosure regulations on the link below;

http://data.wolverhampton.gov.uk/View/west-midlands-pension-fund

Responsible investment/ESG is embedded into the Fund's investment team and is part of their day to day work processes

West Midlands Pension Fund





Statement of Investment Principles 2015

May 2015

Statement of Investment Principles 2015

1. Introduction

1.1 The West Midlands Pension Fund has drawn up this Statement of Investment Principles ('the SIP') to comply with the requirements of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009. This statement is available to anyone with an interest in the Fund and the public generally. The Fund has consulted with such persons as it considers appropriate including obtaining advice from its consultants in preparing this statement.

1.2 Overall investment policy falls into two parts. The strategic management of the assets is fundamentally the responsibility of the Pensions Committee established by Wolverhampton City Council (the administering authority) which has representation from the seven West Midlands metropolitan district councils and local trade unions. The committee determines the strategic management of the assets based upon the professional advice it receives and the investment objectives as set out in section 2 on page 3. The Investment Advisory Sub-Committee has oversight of the implementation of the management arrangements and comprises representatives from the seven district councils and two local trade unions. The committees meet at least four times a year. A Joint Consultative Panel made up of local trade union members meets three times a year.

1.3 The roles of the members and committee are:

Pensions Committee Member Principal Accountabilities

1 To discharge the functions of the administering authority for the application of the Local Government Pension Scheme Regulations in the West Midlands.

2 To put in place and monitor the arrangements for the administration of contributions and payments of benefits as required by the regulations, and the proper management and investment of monies held for the purpose of paying benefits.

3 To determine and review the provision of resources made available for the discharge of the function of administrating authority.

Key Duties

a) Pensions Committee

1) Monitor compliance with legislation and best practice.
2) Determine admission policy and agreements.
3) Monitor pension administration arrangements.
4) Determine investment policy based upon a medium-term benchmark and quarterly reviews outlining a short-term position.
5) Monitor policy.
6) Appoint committee advisers.
7) Determine detailed management budgets.

b) Investment Advisory Sub-Committee

1) Monitor investment management arrangements.
2) Review strategic investment opportunities.
3) Monitor and review portfolio structures.
4) Monitor implementation of investment policy.
5) Advise on the establishing of policies in relation to investment management, including the appointment and approval of terms of reference of independent advisers of the Fund.
6) Monitor investment activity and performance of the Fund.
7) Oversee the administration of investment management functions of the Fund.

The Council delegation to Pensions Committee is as follows:

a) To exercise the functions of the Council in relation to the administration of the West Midlands Pension Fund arising by virtue of the Local Government Pension Scheme (Administration) Regulations 2008, and any subsequent related legislation.

b) To exercise all the general powers and duties of the Council granted to Cabinet and cabinet teams and standing bodies provided that those parts of the Council's Financial Procedure Rules and Contracts Procedure Rules which relate to the acquisition and disposal of land and the approval of expenditure, shall not apply in relation to such acquisitions and disposals and expenditure in connection with the Fund.

c) To ensure that equality issues are addressed in the development of policies and the provision of services and are appropriately monitored.

d) To ensure that consideration is given to the impact which the committee's policies and provision of services have with regard to environmental matters.

The key delegation to the Investment Advisory Sub-Committee is as follows:

a) To advise on the establishing of policies in relation to investment management including the appointment and approval of terms of reference of independent advisers to the Fund.

b) To monitor investment activity and the performance of the Fund.

c) To oversee the investment management functions of the Fund.

The Director of Pensions oversees the implementation of committee policy and the management of the day-to-day functions that support its implementation.

1.4 This SIP has been prepared taking into account the most recent actuarial valuation and the Funding Strategy Statement (FSS). The SIP is updated as part of any significant changes on an ongoing basis, for example, appointment of new managers, or new major investment areas or benchmark changes.

1.5 Related Fund policies and statements are:

- Funding Strategy Statement
- Statement of Investment Principles
- Socially Responsible Investment Statement
- Compliance with Myners
- Compliance with the UK Stewardship Code
- Governance Compliance Statement

2. Investment Objectives and Risk

2.1 Objectives

i) Seek returns that are consistent and match those available in the major investment markets and are comparable with other institutional investors.

ii) Emphasise markets that over time are likely to give better returns.

iii) Acknowledge the risk of investing and have regard to best practice in managing that risk.

iv) Have resources available to meet the Fund's liabilities for pensions and other benefits provided when they fall due.

v) Identify innovative return enhancing investment opportunities.

2.2 Risk

i) The Fund is exposed to a number of risks which pose a threat to the Fund meeting its objectives. The principal risks affecting the Fund are:

ii) **Funding Risks**

a) The risk of a deterioration in the funding level of the Fund. This could be due to assets failing to grow in line with the developing cost of meeting liabilities or economic factors such as unexpected inflation increasing the pension and benefit payments.

The Fund manages this risk by setting a strategic asset allocation benchmark reflecting optimum correlation between asset classes and diversification. It assesses risk relative to that benchmark by monitoring the Fund's asset allocation and investment returns relative to the benchmark. It also assesses risk relative to liabilities by monitoring the delivery of benchmark returns relative to liabilities.

b) The risk of changing demographics as longevity and other demographic factors improve, increasing the cost of benefits.

The Fund monitors this by reviewing mortality and other demographic assumptions which could influence the cost of the benefits. These assumptions are considered formally at the triennial valuation.

c) Systemic risk as the possibility of failure of asset classes and/or active investment managers results in an increase in the cost of meeting the liabilities.

The Fund seeks to mitigate systemic risk through a diversified portfolio with a split between active management (alpha) and market returns (beta). Within the allocation to alpha there is a diverse range of specialist managers with varying targets of risk and return. In addition, the alpha budget is designed to enhance returns from identifying market inefficiencies. It is not possible to make specific provision for all possible eventualities that may arise under this heading.

iii) **Asset Risks**

a) Concentration risk that a significant allocation to any single asset category and its underperformance relative to expectation would result in difficulties in achieving funding objectives.

b) Illiquidity risk that the Fund cannot meet its immediate liabilities because it has insufficient liquid assets.

c) Currency risk that the currency of the Fund's assets underperforms relative to sterling (ie, the currency of the liabilities).

d) Manager underperformance when the fund managers fail to achieve the rate of investment return assumed in setting their mandates.

The Fund manages asset risk as follows:

- It provides a practical constraint on Fund investments deviating greatly from the intended approach by setting itself diversification guidelines.
- By investing in a range of investment mandates each of which has a defined objective, performance benchmark and manager process which, taken in aggregate, constrain risk within the Fund's expected parameters.
- By investing across a range of assets, including quoted equities and bonds, the Fund has recognised the need for some access to liquidity in the short term.
- Robust financial planning and clear operating procedures for all significant activities.
- The Fund is aware that investing in overseas equities introduces an element of currency risk, but given the level of diversification within the Fund, it is comfortable taking this risk.
- In appointing several investment managers, the Fund has considered the risk of underperformance by any single investment manager.

iv) **Operational Risk**

a) Transition risk of incurring unexpected costs in relation to the transition of assets among managers.

When carrying out significant transitions, the Fund takes professional advice and considers the appointment of specialist transition managers in order to mitigate this risk.

b) Custody risk of losing economic rights to Fund assets, when held in custody or when being traded. These risks are managed by:

- The use of a global custodian for custody of assets.
- The use of formal contractual arrangements for all investments.
- Maintaining independent investment accounting records.

c) Credit default with the possibility of default of a counterparty in meeting its obligations. The Fund monitors this type of risk by means of:

- Maintaining a comprehensive risk register with regular reviews.
- Operation of robust internal compliance arrangements.
- In-depth due diligence prior to making any investment.

The Fund monitors and manages risks in all areas through a process of regular scrutiny of its providers and audit of the operations they conduct for the Fund.

3. Investment Strategy

The Fund sets a long-term investment strategy (the mix of asset types) to have regard to the Fund's liability structure and its investment objectives. The strategy used to be reviewed at least every three years after each actuarial valuation, and monitored on an ongoing basis to facilitate any necessary changes. The review has moved to an annual basis which may or may not result in a change in benchmark more frequently.

The majority of the Fund's expected returns (6.0%) comes from its market investments and 0.9% from its active budget. Although the Fund only has a combined 33% target allocation to 'alternative' asset classes and private equity, around 50% of the target active returns are expected to be derived from these. These allocations are made in order to better manage and improve the risk return on investments, and have led to a medium-term target of 23% alternatives, 19% fixed-interest and 58% equities (includes a 10% allocation to private equity).

The Fund's investment in alternative asset classes seeks to increase the overall expected returns while reducing the overall level of expected risk due to the effect of diversification. Volatility also forms part of the overall equation, acknowledging there is market risk plus active risk (associated with any active management). The key is to find investments where the extra return more than offsets any increase in volatility.

The strategy has, over recent years, set a trend of further diversifying the Fund's overall risk away from an overdependence on the equity risk premium. As part of this trend, alternative investments have included investments in 'absolute return strategies'.

It also seeks to position the Fund's equity exposure to reflect global GDP, in addition to market capitalisation.

4. Day-to-Day Management of the Assets

4.1 Investment Portfolios

The investment strategy is implemented through the development of investment portfolios within each asset class detailed in the benchmark. The portfolios will be constructed from funds and products that are accepted by the Investment Advisory Sub-Committee and satisfy the relevant investment management regulations and operational due diligence requirements.

The investment opportunities will be accessed through the following range of methods.

A significant amount of investment is carried out by the Fund's own Pension Fund Investment Division (PFID) and is designed to manage approximately 45% of the Fund's investments. The majority of quoted equities are managed in-house, either on a passive or active core basis, the latter having relatively low alpha and volatility targets.

Where the appropriate skills are not available internally, some specialist external funds and managers are used. The managers used are listed at Appendix A on page 9.

The management of private equity and some of the other complementary assets involves selecting specialist funds to construct portfolios. UK direct property is also managed through a specialist manager, alongside close in-house involvement. The Fund takes final decisions on all, except minor, property matters. Index-linked bonds are managed externally on a passive basis; all UK corporate bonds are managed externally, predominantly on an active basis. UK gilts are managed externally within a passive mandate.

On occassions the Fund has used futures for protecting its quoted equity allocation while in the process of implementing its benchmark. The Fund will give serious consideration to any structured product or derivative that is considered to be a 'permitted' investment under LGPS regulations and that is considered to be the most efficient use of the Fund's assets within the risk budget.

4.1.2 Expected Return on the Investments

Over the long-term, it is expected that the investment returns will be at least in line with the assumptions underlying the actuarial valuation. The individual portfolios are expected to match or exceed the specific targets set for each portfolio over time. The Investment Strategy Review 2012 indicated the total return target for the Fund is 6.9%, which is split between the returns expected from core/passive investments (the core return of 6.0%) and those from actively-managed investments (0.9%).

4.1.3 Investment Restrictions

The investment management arrangements prohibit the holding of investments not defined as 'investments' in the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009. The Fund operates at the limits set by the lower level of control under Regulation 14(2), and within the limits for contributions to partnerships, the upper limit for which was increased to 30% from 1 April 2013. This enables investments in private equity and other assets such as infrastructure and global property.

Operating within the investment regulations, the Fund determines investments that are acceptable and approved as such by the Investment Advisory Sub-Committee. The valuation of specific investments from those acceptable are made using the Fund's due diligence procedures and in accordance with its Investment Compliance Manual.

4.2 Additional Assets

Assets in respect of members' additional voluntary contributions are held separately from the main Fund assets. These assets are held with Equitable Life and the Prudential Assurance Company Limited. Members have the option to invest in with-profits funds, unit-linked funds and deposit funds.

The Fund monitors, from time to time, the suitability and performance of these vehicles. No new business is being placed with Equitable Life.

4.3 Realisation of Investments

In general, the Fund's investment managers have discretion in the timing of realisations of investments and in considerations relating to the liquidity of those investments. There is no current policy on realising investments to meet benefit outgoings etc, as the Fund's cashflow is positive. The majority of the Fund's investments may be realised quickly if required. Property and private equity, which together represent around 19% of total assets, may be difficult to realise quickly in certain circumstances.

4.4 Monitoring the Performance of Fund Investments

The performance of the internally managed assets and of the external investments is independently measured. In addition, officers of the Fund meet external investment managers (both segregated and pooled) regularly to review their arrangements and the investment performance. The Investment Advisory Sub-Committee meets at least quarterly to review markets, asset classes and funds.

Advisers

The Fund uses a range of advisers in addition to its own specialist officers. These are detailed in Appendix C on page 11.

5. Corporate Governance and Socially Responsible Investment (SRI)

5.1 Fund Responsibilities

The Fund recognises its responsibility as an institutional investor to support and encourage good corporate governance practices in the companies in which it invests. The Fund considers that good corporate governance can contribute to business prosperity by encouraging accountability between boards, shareholders and other stakeholders. Good corporate governance also plays a major role in encouraging corporate responsibility to shareholders, employees and wider society.

The Fund has a longstanding policy of supporting good corporate governance in the companies in which it invests, and challenging companies who do not meet the standards or reasonable expectations set by their peers.

The Fund's approach is part of its overall investment management arrangements and its active governance policy.

In order to fulfil this responsibility, The Fund communicates with companies and exercises the rights (including the voting rights) attaching to investments in support of its corporate governance policies. The Fund 's voting rights are an asset and will be used to further the long-term interests of the Fund beneficiaries. As a general principle, votes will be used to protect shareholder rights, to minimise risk to companies from corporate governance failure, to enhance long-term value and to encourage corporate social responsibility. It is the Fund 's policy to vote against a company's report and accounts where there is insufficient disclosure on environmental, employee and community policy. A copy of the Fund 's corporate governance policy and a summary of its voting actions can be found on the website at wmpfonline.com

Socially responsible investment is taken as giving consideration to issues that give risk to social concerns – for example, employment practices, human rights, use of natural resources, environmental issues and external business standards. This links to, and covers, the issues around sustainability, that have a rapidly growing significance for companies from a legislative, reputational and practical operational standpoint.

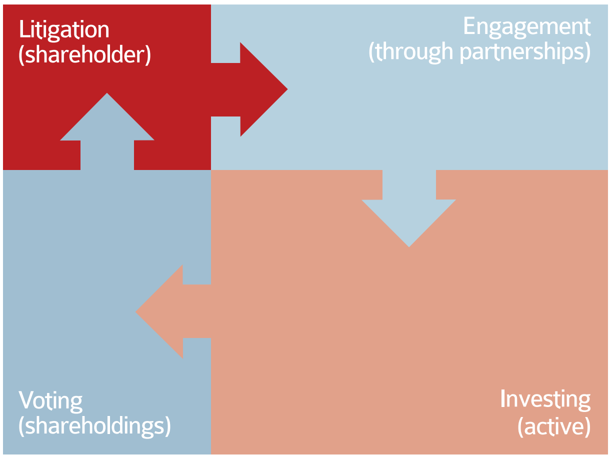
The Fund's policy statement on SRI and its position relating to the UK Stewardship Code can be found in a separate statement on the website.

Lack of good governance interferes with a company's ability to function effectively and is a threat to the Fund's financial interest in that company.

5.2 Approach to SRI

The Fund's approach to corporate governance and SRI divides into four areas of activity.

ESG Best Practice



a) Voting Globally

The first approach, voting, is certainly not a 'box-ticking' exercise, as the Fund regularly votes against resolutions.

The Fund, through a proactive voting policy, in partnership with PIRC, votes its share rights constructively based upon a comprehensive analysis of company voting issues.

The Fund's voting policy and activity is detailed in its annual report and accounts and on the Fund's website, where it is reported on a quarterly basis.

b) Engagement Through Partnerships

The Fund's second approach involves working in partnership with like-minded bodies. The Fund recognises that to gain the attention of companies in addressing governance concerns, it needs to join other investors with similar concerns. It does this through:

- LAPFF.
- Voting on shareholder resolutions.
- Joining appropriate lobbying activities.

In terms of its engagement approach with other investors, it is most significant through LAPFF. This Forum exists to promote the investment interests of local authority pension funds, and to maximise their influence as shareholders to promote corporate social responsibility and high standards of corporate governance among the companies in which they invest. See the LAPFF website for further details: www.lapfforum.org

The Fund continues to actively develop corporate governance partnerships as it believes this will maximise the influence of shareholders, will lead to best practice and will promote high standards on a global basis. Current partners include the Institutional Investors Group on Climate Change.

c) Shareholder Litigation

The third approach, adopted by the Fund in order to encourage corporate management to behave responsibly and honestly, is through shareholder litigation. The Fund, in partnership with a US law firm and other shareholders, submits class actions globally where possible and where appropriate.

d) Active Investing

The fourth and most challenging activity for the Fund in this particular field is actively seeking SRI investments for a proportion of Fund assets, provided these meet the Fund's requirements of strong returns combined with best practice in SRI and/or corporate governance.

Such investments include alternative energy, clean energy, urban regeneration and activists' funds.

5.3 Environmental Concerns

The corporate performance of companies and their value as investments are increasingly affected by environmental factors. In pursuance of a prudent and environmentally responsible response by companies, the Fund will encourage and support companies that demonstrate a positive response to SRI and environmental concerns.

The Fund expects companies to:

- Make a commitment to achieving environmental excellence.
- Institute regular monitoring of their environmental impacts.
- Establish procedures which will lead to incremental improvements in environmental performance.
- Comply with all current environmental and other relevant legislation and to seek to anticipate future legislative changes.
- Make available to shareholders regular and detailed reports of progress made towards attaining improved environmental standards.
- Seek to take all reasonable and practical steps to minimise or eliminate environmental damage.
- Actively and openly engage in discussion on the environmental ethical effects of their business.
- Take environmental matters seriously and produce an environmental policy which is effectively monitored.

6. Compliance with this Statement

The Fundwill monitor compliance with this statement. In particular, it will ensure its investment decisions are exercised with a view to giving effect to the principles contained in the statement, so far as is reasonably practicable.

7. Compliance with Myners

Following from the Myners' report of 2000 into institutional investment in the UK, the Government, after consultation, indicated it would take forward all of the report recommendations identifying investment principles to apply to pension schemes.

These principles cover the arrangements for effective investment management decision-making, setting and monitoring clear investment objectives, focus on asset allocation, arrangements to receive appropriate expert advice, explicit manager mandates, shareholder activism, use of appropriate investment benchmarks, measurement of performance, transparency in investment management arrangements and regular reporting.

The Myners' principles have since been updated, and the Fund continues to support and comply with them. Full details of compliance are set out in the Fund's Compliance with Myners' Statement which can be found on the Fund's website.

8. Review of this Statement

The Fund will review this statement in response to any material changes to any aspects of the Fund, its liabilities, finances and its attitude to risk which they judge to have a bearing on the stated investment policy. This review will occur no less frequently than every three years to coincide with the actuarial valuation.

9. Stocklending

The Fund undertakes stocklending for its quoted equity holdings and is considering it for other asset classes, as permitted by the LGPS (Management and Investment of Funds) Regulations 2009 and operates within the limits set by the regulations.

The lending of equities, held in segregated mandates, is through the Fund's custodian with a formal agreement in place and approved collateral to protect the Fund's interests. Regular reviews of the lending programme take place with the custodian. Stocklending may also take place in pooled vehicles held by the Fund.

Appendix A - Portfolio Structure July 2014

The structure summary is as follows:

Equities	
UK	PFID
North America	PFID
Europe	PFID
Far East	PFID
Global	MFS Investment Management Blackrock PFID through specialist funds
Emerging markets	PFID AGF Investments Foreign and Colonial Investments Mondrian Investment Partners
Private equity	PFID through specialist funds
Fixed interest	
UK gilts	PFID through specialist funds
UK index-linked	PFID through specialist funds
UK corporate bonds	PFID through specialist funds
	Royal London Asset Management
Cash	PFID
Alternative investments	
PFID through a selection of specialist funds	
Direct property	CBRE
Indirect property	PFID through specialist funds

PFID - Pension Fund Investment Division (Direct)

Appendix B - Investment Benchmark

	%	Medium-Term Asset Allocation May 2015 %	Medium-Term Strategic Ranges %
Quoted equities		**48**	**40-60**
UK	8.0		
Europe	7.5		
North America	7.5		
Japan & Far East	7.5		
Emerging markets	7.5		
Global equities	10.0		
Private equity	10.0		
Total equities		**58**	**50-70**
Fixed interest		**19**	**15-25**
UK index-linked	6.0		
UK gilts	3.0		
Corporate bonds	5.5		
Emerging market debt	3.5		
Cash	1.0		
Alternative		**23**	**15-25**
Direct property	7.0		
Indirect property	3.0		
Real assets & infrastructure	6.0		
Absolute return strategies	7.0		
Total non-equities		**42**	**30-50**
Total Fund		**100**	

Note: Medium-term strategies ranges set deliberately wide and only around specific asset classes.

The risks of diverging from the benchmark are monitored and evaluated through a weekly report.

- Fund's overall exposure to UK is of the order of 33%
- Regional overseas equities:
  50% US and Europe
  50% Asia and Emerging Markets
- Fixed interest:
  c50% stabilising
  c50% return seeking

Appendix C - Advisers April 2014

Hymans Robertson Investment policy, general investment matters.	
Mercer Human Resource Consulting Actuarial matters.	
CBRE Commercial and industrial property matters, day-to-day management of properties and transactions, involving the sale and purchase of property (excluding agricultural).	
John Fender Consultancy Independent property advice	
Knight Frank Agricultural property management matters	
Knight Frank Independent property valuations	
Savills Independent agricultural property valuations.	
Entec Planning matters (agricultural holdings).	
Lawrence Gould Independent agricultural property advice.	
Deloitte Investment management practices and regulations.	
PIRC Company governance issues.	
HSBC Stocklending.	

Appendix D - List of Suitable Investments

Within the investment management regulations for the LGPS, the following are considered acceptable investments for meeting the Fund's investment strategy.

- Quoted equities
- Private equity
- Contract of insurance (relevant)
- Unlisted securities
- Property
- Cash deposits
- Fixed interest
- Commodities
- Infrastructure
- Derivatives in accordance with the Fund's compliance requirements

Appendix E - List of Acceptable Investment Vehicles

- Direct holdings
- Limited partnerships
- Pooled vehicles
- Structured products (as defined by the LGPS regulations)
- Hedge fund strategies

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