



Pensions Committee

2.00pm, Wednesday, 26 June 2024

Statement of Investment Principles

Item number 6.6

1. Recommendations

The Pensions Committee (Committee) is requested to:

- 1.1 agree the revised Statement of Investment Principles.

David Vallery

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Statement of Investment Principles

2. Executive Summary

- 2.1 The report presents the Statement of Investment Principles (SIP) for Lothian Pension Fund and Scottish Homes Pension Fund (The Funds). Changes relating to the 2024 investment strategy review were considered by Committee in March 2024. The full version was last reviewed by Committee in September 2023.
- 2.2 The investment strategies approved by the Committee in March 2024 are detailed in Appendix A.
- 2.3 There are minor wording changes to reflect names changes to policy groups and the Joint Investment Forum (JIF) but there are no changes to the principles themselves.
- 2.4 The revised SIP (which is presented with changes in Appendix 1) was reviewed and recommended for approval at the Joint Investment Forum (JIF) in June 2024.

3. Background

- 3.1 The Local Government Pension Scheme (Management and Investment of Funds) (Scotland) Regulations 2010 require administering authorities to prepare, maintain and publish a written Statement of Investment Principles.
- 3.2 The SIP is an important part of the Fund's governance arrangements and provides the framework within which the Committee delegates the implementation of the investment strategy, as defined by the policy (asset class) groups, to officers with advice from the Joint Investment Strategy Panel. Committee retains responsibility for investment strategy.

4. Main Report

- 4.1 The Statement of Investment Principles (SIP) is formally reviewed by Committee annually whether there are changes or not. At the previous JIF meeting in September 2023, officers confirmed their belief that the SIP satisfies Committee's statutory duty and is an accurate reflection of current advice.
- 4.2 The SIP describes the Funds' investment strategies as allocations to various asset categories, or Policy Groups. These asset allocations and the investment performance of the Funds are reviewed annually and are the subject of a separate paper on the agenda. The investment strategies, presented in Appendix A, were agreed in March 2024.

5. Financial impact

- 5.1 There are no direct financial implications of this report. Investment strategy is covered elsewhere on the agenda.

6. Stakeholder/Regulatory Impact

- 6.1 The Pension Board, comprising employer and member representatives, is integral to the governance of the fund and they are invited to comment on the relevant matters at Committee meetings.
- 6.2 There are no adverse governance, compliance, or regulatory implications as a result of this report.

7. Background reading/external references

- 7.1 None.

8. Appendices

Appendix 1 – Statement of Investment Principles including:

- Appendix A – Investment Strategies (June 2024)
- Appendix B – Statement of Compliance with the CIPFA Principles for Investment Decision Making in the Local Governance Pension Scheme