Committee Training Plan 2019

Addressee

This paper is addressed to the Officers of Isle of Wight Council as Administering Authority for the Isle of Wight Council Pension Fund ("the Fund"). This paper sets out a proposed list of training topics to be built into the Committee work plan for 2019 and beyond.

Background

To comply with regulation and for the Fund to maintain a professional investor status under MiFiD II the Committee need to undertake and record regular member training in order to maintain a good working knowledge and understanding.

We propose the Committee puts a structured training plan in place and should hold a series of dedicated Committee training workshops throughout the year to address some of the topics highlighted in this paper. These can be hosted by Hymans Robertson and or the Fund's investment managers. This list is not exhaustive and can be extender or reduced to meet the specific needs of the Committee.

In addition to formal training, Hymans will also present a short summary on the economic and market background at each Committee meeting to provide context for the quarterly investment performance report and subsequent discussions.

Training Topics
Environmental, Social and Governance (ESG) issues - Concept of Responsible Investment, active ownership and sustainable investing and developing Responsible Investment policy. **Investment strategy** - Investment strategy review process, how to set a strategy, modelling and how investment strategy is set to complement contribution strategy in conjunction with actuarial valuation. **ACCESS 3 year plan** - Mapping exercise, how the Funds strategic allocation fits with the ACCESS Pool. **Asset Class Training - Role of Growth** - Global equities, private equities, diversified growth and factor based equity investing. **Asset Class Training - Role of Income** - Property, infrastructure, private debt, multi asset credit etc. **Asset Class Training - Role of Protection** - Bonds, LDI, Equity Protection, Hedging. **Investment Regulations** - The LGPS Regulatory Environment, 2016 LGPS Investment Regulations, regulatory requirements for ISS, concept of fiduciary duty, MHCLG and statutory guidance.

Investment Performance Measurement

- Performance monitoring, how to measure traditional asset classes, measuring illiquid/private market assets, importance of choosing benchmarks / performance targets and Performance monitoring under pooling.

Investment Risks

- Risk management, assessing long term risks, different types of risk, measuring short term risk and risk mitigation.

Equity Protection

- Derivatives background, what equity protection is, how it is implemented and key risks and considerations.

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For and on behalf of Hymans Robertson LLP

Work plan and timeline 2018/2019

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This paper is addressed to the Officers of Isle of Wight Council as Administering Authority for the Isle of Wight Council Pension Fund ("the Fund"). This paper sets out the key priorities for the Fund for the next 18 – 24 months from both a funding and investment perspective.

Work plan and timeline

The below table sets out a proposed journey plan for the key decisions and work due to be undertaken by the Officers, Committee and Fund advisors over the next 18 – 24 months in order to reach the Fund's funding and investment objectives.

Decision/work	Timeline
Objective Setting • Workshop at September committee to establish funding objectives and investment beliefs • Review and update Investment Strategy Statement • Draft any new policies resulting from discussions on objectives and beliefs e.g. responsible investment policy and stock lending	Q3 & Q4 2018
Valuation planning • The actuarial team to work closely with Officers to establish data requirements, asset tracking approach, employer funding strategies and deadlines ahead of the 2019 valuation	Q4 2018 & Q1 2019
Initial funding and investment strategy review planning • Establish objectives and scope of modelling to frame investment review	Q4 2018 & Q1 2019
Committee training plan • **Agree a structured training plan**	Q1 2019
Environmental Social Governance workshop • **Committee to undertake training on responsible investment** • E**stablish ESG policy** and draft compliance document to UK stewardship code and Myners principles	Q1 2019
Contribution and investment strategy Asset Liability Modelling (ALM) • Analysis carried out at a whole fund level • Project forward multiple scenarios of investment and contribution strategies to see impact on risk and objective	Q1 & Q2 2019

• Consider the probability distribution of outcomes • Present modelling results to Committee • Establish optimal level of investment risk and expected return based on long term funding objectives • Agree split between Return-Seeking assets versus Low Risk assets • **Funding strategies for employers agreed in principle**	
Valuation data submitted and whole fund calculations processed	July – October 2019
Review strategic asset allocation Detailed Asset Allocation • Focus on breakdown within Return Seeking and Low Risk components • Decide on specific allocations to asset classes and mandates • Awareness of potential implications from ACCESS pooling • **Review and update I**nvestment **S**trategy **S**tatement (ISS) to reflect investment strategy review.	Q3 2019
Valuation – assumptions discussed and agreed	August 2019
Initial Whole Fund valuation results	October 2019
Individual employer results calculated	November 2019
Officer and Committee training - Asset Class and Manager Research • Consider outcome of investment strategy review • Review appropriateness of existing managers and mandates • Propose any strategic changes to improve outcomes - providing relevant asset class training where necessary	Q4 2019
Employer forum and 1-to-1 employer meetings on valuation results	November/December 2019
End of employer consultation on FSS and results • Final employer results and FSS signed off	February 2020
Final valuation report signed off by 31 March 2020	March 2020
Strategy implementation • Work with relevant parties, including Fund actuary, to implement any agreed strategic changes • Establish formal re-balancing policy.	2020

• Work to transition relevant assets into ACCESS pool	
Ongoing Monitoring • Regular funding updates • Track investment risk and opportunities • Monitoring manager performance	2020 and beyond

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