

## Investment strategy work plan and timeline 2020/2021

### 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 the actions arising and work required over the next 9 -12 months to implement the changes agreed as part of the investment strategy review exercise.

### Work plan and timeline

The below table sets out a proposed timeline for the work due to be undertaken by the Officers, Committee and Fund advisors in order to implement the agreed strategy changes. A summary of the changes agreed as part of the investment strategy review exercise is included in the Appendix.

Work	Meeting date
<ul style="list-style-type: none"> <li>• <b>Committee meeting -</b> <ul style="list-style-type: none"> <li>○ Strategy work plan and timeline agreed by Committee.</li> </ul> </li> <li>• <b>Development workshop -</b> <ul style="list-style-type: none"> <li>○ Private Debt and Infrastructure training from Hymans.</li> <li>○ Presentation on investment options from external fund manager.</li> </ul> </li> </ul>	02 September 2020
<ul style="list-style-type: none"> <li>• <b>Committee meeting -</b> <ul style="list-style-type: none"> <li>○ Update to Committee on Infrastructure/Private Debt procurement process, including a shortlist of suitable funds.</li> </ul> </li> <li>• <b>Development workshop -</b> <ul style="list-style-type: none"> <li>○ Training on passive investment and index-based approaches that can build in a specific Responsible Investment (“RI”) focus.</li> <li>○ Presentation from UBS on climate aware fund.</li> </ul> </li> </ul>	28 October 2020
<ul style="list-style-type: none"> <li>• <b>Committee meeting -</b> <ul style="list-style-type: none"> <li>○ Update on Infrastructure/Private Debt investments, including process for manager interviews.</li> <li>○ Proposal for new equity investment/allocation for decision.</li> </ul> </li> <li>• <b>Development workshop -</b> <ul style="list-style-type: none"> <li>○ Training on RI/ESG monitoring and strategic implementation options.</li> </ul> </li> </ul>	25 November 2020
<ul style="list-style-type: none"> <li>• <b>Committee meeting -</b> <ul style="list-style-type: none"> <li>○ Update on infrastructure/private debt implementation.</li> <li>○ Update on equity allocation implementation.</li> <li>○ Proposal for RI monitoring options and collective engagement such as LAPFF.</li> </ul> </li> </ul>	27 January 2021
<ul style="list-style-type: none"> <li>• <b>Committee meeting -</b> <ul style="list-style-type: none"> <li>○ Updated Investment Strategy Statement for approval.</li> <li>○ Analysis results from any ESG monitoring exercises, such as exposure to carbon and climate risk.</li> </ul> </li> </ul>	03 March 2021
<ul style="list-style-type: none"> <li>• <b>Committee meeting -</b> <ul style="list-style-type: none"> <li>○ Consider how best to transition the existing bond portfolio into the ACCESS pool.</li> </ul> </li> </ul>	28 April 2021 (provisional)

<ul style="list-style-type: none"><li>• <b>Committee meeting -</b><ul style="list-style-type: none"><li>○ Consider future Alternatives commitments and ACCESS developments.</li></ul></li></ul>	26 May 2021
<ul style="list-style-type: none"><li>• <b>Committee meeting -</b><ul style="list-style-type: none"><li>○ Review property allocation and potential pooling options.</li></ul></li></ul>	Q3 2021

Prepared by:-

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For and on behalf of Hymans Robertson LLP

## Appendix

As part of the investment strategy review exercise undertaken in 2020, the Committee agree to:

- Reduce the allocation to equities and diversified growth by 5% each in favour of diversifying Income assets.
- Reduce the total strategic allocation to UK equities to from 22.5% to 12.5% in favour of Global equities, resulting in a more balanced regional split of 25% UK vs 75% overseas.
- Consider whether 100% active management remains appropriate and seek to understand whether a better balance of active vs passive could be achieved to reduce risk and management fees.
- Undertake further training on index-based approaches that can build in a specific Responsible Investment (“RI”) focus, including the UBS Climate Aware Fund, with a view to considering the role of a passive, global, sustainable equity mandate.
- Undertake further training on infrastructure and private debt asset classes and look to consider some possible pooled funds for investment out-with the ACCESS pool, with a view to implementing a 5% allocation to each.
- Revisit the appropriateness of the current property allocation in 12 months’ time once further through the COVID-19 crisis, Brexit negotiations, and progress has been made in developing an ACCESS pooling solution.
- Engage with ACCESS and consider how best to transition the existing bond portfolio into the ACCESS pool.
- Determine the extent that they wish to explicitly address Responsible Investment issues within their investment arrangements.
- Ensure that the approach taken by their active equity managers both reflects the Committee’s underlying beliefs and that it has a clear understanding as to how ESG risks are being managed and monitored by their appointed fund managers.
- Undertake further training on the different approaches to index construction, including approaches that directly adjust for ESG and climate factors including the UBS Climate Aware fund.
- Ensure that all manager RI processes, and underlying investment exposures are monitored although as new allocations are made, consideration could then be given to the merits of thematically structured portfolios.
- Undertake further training and work to better establish the Fund’s exposure to carbon and climate risk and consider the use of exclusions within their investment beliefs.
- Continue to engage with ACCESS on the future private debt and infrastructure options available to Funds, however, continue to seek investment out-with ACCESS in the short term via pooled funds.