



## PENSIONS COMMITTEE

17 SEPTEMBER 2019

**Subject Heading:**

**INVESTMENT STRATEGY UPDATE –  
ALLOCATION TO MULTI ASSET  
CREDIT**

**SLT Lead:**

JANE WEST

**Report Author and contact details:**

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**Policy context:**

[Debbie.ford@onesource.co.uk](mailto:Debbie.ford@onesource.co.uk) s  
In line with Pension Fund's Investment  
Strategy dated November 2017

**Financial summary:**

Asset allocation of 5% represents  
c£38m

**Exempt Information - In accordance with Schedule 12A of the Local Government Act 1972 paragraph 3, information contained within Appendix A of this report is exempt on the grounds of commercial confidentiality as they contain information relating to the financial or business affairs of any particular person (including the authority holding that information).**

**The subject matter of this report deals with the following Council Objectives**

Communities making Havering	[X]
Places making Havering	[X]
Opportunities making Havering	[X]
Connections making Havering	[X]

### SUMMARY

In line with progression of the Investment Strategy this report contains a paper produced by the Fund's Investment Advisor (Appendix A – EXEMPT) to consider the implementation of the allocation to a multi-asset credit (MAC) product.

**RECOMMENDATIONS**

The Committee consider and agree the recommendations as set out in Hymans report (**APPENDIX A – EXEMPT**)

**REPORT DETAIL**

**Background**

1. The Committee has approved a long-term investment strategy following a review of the Fund's investment strategy in 2017. The long-term investment strategy is intended to support the Fund's required investment return target, whilst adding diversification through investment in alternative real estate and credit asset classes.
2. It was expected that the long-term investment strategy will be implemented over the course of 2018/19.
3. During 2018/19 the development of the investment statement progressed with the appointments made in respect of the Private Debt, Infrastructure and Global Property mandates. The next phase in meeting the targets set out in the long term investment strategy is to focus on Bonds.
4. As part of the Bonds Allocation it was envisaged that an allocation to a MAC product be considered.
5. The attached paper (Appendix A- EXEMPT)) has been produced by the Fund's Investment Advisor (Hymans) and includes recommendations incorporating an allocation to a MAC fund and the rationale of the route being taken to implement this.

**IMPLICATIONS AND RISKS**

**Financial implications and risks:**

Based on fund valuations as at 30 June 2019 an initial 5% allocation to the MAC Fund as suggested within the attached appendix will be in the region of c£38m. This will be funded through the current Bond Manager.

Fund Manager Charges are set out in the attached report.

There will also be costs incurred by Hymans for the advisory fees covering their advice and assistance in the implementation of the MAC product.

Costs arising from the implementation of the investment strategy will be met from the Pension Fund.

**Legal implications and risks:**

None arise from this report.

**Human Resources implications and risks:**

None arise from this report.

**Equalities implications and risks:**

The Public Sector Equality Duty (PSED) under section 149 of the Equality Act 2010 requires the Council, when exercising its functions, to have due regard to:

- i. the need to eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act 2010;
- ii. the need to advance equality of opportunity between persons who share protected characteristics and those who do not, and;
- iii. foster good relations between those who have protected characteristics and those who do not.

Note: 'Protected characteristics' are: age, sex, race, disability, sexual orientation, marriage and civil partnerships, religion or belief, pregnancy and maternity and gender reassignment/identity.

The Council is committed to all of the above in the provision, procurement and commissioning of its services, and the employment of its workforce. In addition, the Council is also committed to improving the quality of life and wellbeing for all Havering residents in respect of socio-economics and health determinants

An EIA is not considered necessary regarding this matter as the protected groups are not directly or indirectly affected.

**BACKGROUND PAPERS**

None