

Guidance on Preparing and Maintaining an Investment Strategy Statement

The table below lists each of the duties placed on administering authorities within the guidance

Guidance	Barnet's Compliance	Comments on Compliance
The first Investment strategy statement to be published by 1 st April 2017.	Yes	The ISS was approved by the Pension Committee on 14 March 2017
Take advice on preparing an ISS.	Yes	The ISS was drafted by Hymans Robertson, the scheme Actuary and Investment Advisor. Strategy was based on modelling undertaken by Hymans.
Set out clearly the balance between different types of investments.	Yes	Detailed in table 1, pages 2 & 3.
Identify the risks associated with their overall investment strategy and manage these risks, including contingency plans.	Yes	Risks are discussed on pages 3-5 and appendix A of the ISS. The discussion is descriptive and understanding would be aided by numerical analysis.
Periodically review the strategy.	Yes	The strategy was reviewed October 2017 and table 1 was amended in light of advice received from Hymans.
Ensure that their asset allocation policy is consistent with own solvency target.	Yes	See slides from Hymans Robertson.
Periodically review the suitability of their investment portfolio to ensure that returns, risk and volatility are appropriately managed and are consistent with overall investment strategy.	Yes	Quarterly reports are received on the performance of the fund and each mandate, including changes in the funding level. Modelling was presented to the October 2017 Committee meeting by Hymans that reviewed returns and risks for the current portfolio and alternative portfolios.
State their appetite for risk & be aware of the risks that may impact on their overall funding and investment strategies	Not directly	Appetite for risk is explicitly recognised in the selection of the investment strategy as demonstrated by the Hymans Robertson slides.
Periodically review the assumptions on which the strategy is based.	Yes	The October 2017 modelling used up to date assumptions.
Confirm that the pooling arrangements meet the Government's 2015 criteria.	Yes	The Committee intends to pool assets with the London CIV when suitable pools become available.
Notify that Scheme Advisory Board ("SAB") of any changes that result in a failure to meet the criteria.	N/A	There has been no change of pooling intentions.
Set out the proportion of assets	Yes	The ISS (page 5) identifies the assets to be held

that will be invested through pooling.		outside the CIB, being life funds and illiquid assets.
Set out the structure and governance arrangements for the pool.	Indirectly	The ISS (page 6) makes reference to the London CIV's July 2016 submission to the Government that covered these issues. The SoS has not raised any queries on the governance structure.
Provide a summary and rationale for assets that are deemed not suitable for pooling.	Yes	The ISS (page 5) explains the position for life funds and illiquid strategies that will initially be held outside the London CIV.
Review at least every three years the assets that the authority has determined should be held outside of the pool and ensure this continues to demonstrate value for money.	N/A	Three year period not yet complete. The February 2018 Committee agenda includes a review of pooling plans.
Submit an annual report on the progress of pooling to the SAB.	No.	The requirement is being met by the London CIV providing reports on behalf of all London Boroughs.
Explain the extent to which the views of the local pension board and other interested parties will be taken into account when making investment decisions based on non-financial factors.	N/A	There is no provision in the ISS for the Pension Committee to make decisions on non-financial factors. As noted below, investment managers are expected to take all factors that have a potential financial implication.
Explain the extent to which non-financial factors will be taken into account in the selection, retention and realisation of investments.	Yes	Discussed within ISS (page 6). Investment managers are expected to take into account all factors that have a bearing on financial returns and risks.
Explain their approach to social investments.	No.	Not discussed.
Give reasons for not adopting a policy on exercising investment rights, including voting rights.	Yes	Voting is delegated to investment managers (ISS page 7), who each have voting policies and are expected to vote in accordance with their policies.
Become signatories to the Stewardship Code and explain their policy on stewardship with reference to the code's seven principles.	No	The Authority is not a signatory to the Code. It has endorsed the seven principles and will review its position at the May 2018 meeting.
Encourage investment managers to vote their shares in line with their policy.	Yes	Discussed ISS (page 7)
May wish to appoint an independent proxy voting agent to exercise voting rights and monitor voting activity.	N/A	This is voluntary. The Committee has not appointed a proxy voting agent.
Publish a report of voting activity as part of their pension funds annual report.	No	The Annual Report mentions delegation of voting to fund manager but not of voting activity.

<https://www.gov.uk/government/publications/local-government-pension-scheme-guidance-on-preparing-and-maintaining-an-investment-strategy-statement>