

HIGHLAND COUNCIL

Committee:	Pensions Committee
Date:	18 June 2026
Report Title:	Policy on investment services appointment and management
Report By:	Chief Officer, Corporate Finance

1. Purpose/Executive Summary

- 1.1 The Highland Pension Fund's (HPF) Policy on investment services appointment and management is being presented to Pensions Committee for approval.
- 1.2 The policy complies with legislative and regulatory requirements.
- 1.3 The investment services appointment and management policy sets out the processes for appointing and managing investment service providers for HPF. This policy covers the appointment and management of investment fund managers, the custodian, actuarial advisers and investment advisers and other ancillary specialist investment services as may be required.
- 1.4 In February 2025, officers completed a review of HPF compliance with the Pension Regulator General Code. It was identified as an action that officers, "Develop a policy on the appointment and management of advisors and service providers for the Fund", (appendix 2, action 3 of the following report)
<https://www.highland.gov.uk/download/meetings/id/84569/Item%25204%2520-%2520The%2520Pension%2520Regulator%2520Code%2520of%2520Practice>)

2. Recommendations

- 2.1 The Committee is invited to approve the investment services appointment and management policy (**Appendix 2**).

3. Implications

- 3.1 There are resource implications as processes should be in place to ensure that there are adequate resources in place to support the implementation of the investment services appointments and management policy.
- 3.2 In terms of legal implications, the governance of the Fund must comply with all Local Government Pension Scheme (LGPS) legislation and regulations and TPR requirements, or the Fund could be non-compliant and in breach of Regulator requirements. These legal and regulatory requirements include:
- Local Government Pension Scheme (LGPS) (Scotland) Regulations 2018 and previous regulations.
 - Pensions Regulator Code of Practice: The Governing Body; Managing advisers and service providers
<https://www.thepensionsregulator.gov.uk/en/document-library/code-of-practice/the-governing-body/managing-advisers-and-service-providers>
- 3.3 The risk management framework is an integral part of governance and risks are considered as part of all processes. There is a Pension Fund risk register which is regularly updated, which cover risks associated with managing advisers and service providers.
- 3.4 There are no Health and Safety (risks arising from changes to plant, equipment, or people) or Gaelic implications arising as a direct result of this report.

4. Impacts

- 4.1 In Highland, all policies, strategies or service changes are subject to an integrated screening for impact for Equalities, Poverty and Human Rights, Children's Rights and Wellbeing, Climate Change, Islands and Mainland Rural Communities, and Data Protection. Where identified as required, a full impact assessment will be undertaken.
- 4.2 Considering impacts is a core part of the decision-making process and needs to inform the decision-making process. When taking any decision, Members must give due regard to the findings of any assessment.
- 4.3 This is a policy document, so an impact assessment screening was completed, and no further impact assessment was required. An Integrated Impact Assessment screening was completed on the Internal Dispute Resolution Procedure. The conclusions have been subject to the relevant Manager Review and Approval.
- 4.4 The Screening process has concluded that as there are no identified negative impacts a full impact assessment is not required. Members are asked to consider the summary in **Appendix 1** to support the decision-making process.

Impact Assessment Area	Conclusion of Screening
Equality	no impact
Socio-economic	no impact
Human Rights	no impact
Children's Rights and Well-being	no impact
Island and Mainland Rural	no impact
Climate Change	no impact
Data Rights	no impact

5. HPF Policy on investment services appointment and management for approval

5.1 The Policy on investment services appointment and management is at **Appendix 2**. The policy sets out the processes in place for the appointment of investment services providers and ongoing management.

Designation: Chief Officer, Corporate Finance

Date: 2 June 2026

Author: Catriona Stachan, Pensions Manager

Integrated Impact Assessment Screening

About proposal

What does this proposal relate to? Policy

Proposal name: Highland Pension Fund Policy on investment services appointments

High level summary of the proposal: The investment services appointment and management policy sets out the processes for appointing and managing investment service providers for HPF. This policy covers the appointment and management of investment fund managers, the custodian, actuarial advisers and investment advisers and other ancillary specialist investment services as may be required.

Who may be affected by the proposal?

Start date of proposal: 18/06/2026

End date of proposal: 18/06/2026

Does this proposal result in a change or impact to one or more Council service? No

Does this relate to an existing proposal? No

Author details

Name: Catriona Stachan

Job title: Pensions Manager

Email address: Catriona.Stachan@highland.gov.uk

Service: Corporate

Responsible officer details

Name: Brian Porter

Job title: Chief Officer - Corporate Finance

Email address: Brian.Porter@highland.gov.uk

Sign off date: 2026-06-05

Equalities, poverty, and human rights

Protected characteristics

Select what impact the proposal will have on the following protected characteristics:

Sex: No impact

Age: No impact

Disability: No impact

Religion or belief: No impact

Race: No impact

Sexual orientation: No impact

Gender reassignment: No impact

Pregnancy and maternity: No impact

Marriage and civil partnership: No impact

Protected characteristics impact details:

Poverty and socio-economic

What impact is the proposal likely to have on the following?

Prospects and opportunities: No impact

Places: No impact

Financial: No impact

Poverty and socio-economic impact details:

Human rights

Which of the below human rights will be affected by this proposal?No human rights will be affected

What impact do you consider this proposal to have on the human rights of people?No impact

Human rights impact details:

Equalities, poverty and human rights screening assessment

What impact do you think there will be to equalities, poverty and human rights?No impact

Is a Full Impact Assessment required? No

Children's rights and wellbeing

What likely impact will the proposal have on children and young people?

Which of the below children's rights will be affected by the proposal? No children's rights will be affected

Explain how the children's rights selected above will be affected:

Children's rights and wellbeing screening assessment

What impact do you think there will be to children's rights and wellbeing? No impact

Is a Full Impact Assessment required? No

Data protection

Will your proposal involve processing personal data? No

Data protection screening assessment

What change will there be to the way personal data is processed? No personal data will be processed

Is a Full Impact Assessment required? No

Island and mainland rural communities

Does your proposal impact island and mainland rural communities? No

Island and mainland rural communities screening assessment

What impact do you think there will be to island and mainland rural communities? No difference

Is a Full Impact Assessment required? No

Climate change

Does the proposal involve activities that could impact on greenhouse gas emissions (CO₂e)? No

Does the proposal have the potential to affect the environment, wildlife or biodiversity? No

Does the proposal have the potential to influence resilience to extreme weather or changing climate? No

Provide information regarding your selection above:

Climate change screening assessment

Have you identified potential impact for any of the areas above or marked any as not known? No

Is a Full Impact Assessment required? No

Highland Pension Fund

Appointment and management of investment services policy

lgps | Local Government
Pension Scheme

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1. Introduction

- 1.1 The purpose of this Investment services appointment and management policy is to document the structured framework in place for the selection, scrutiny and oversight of investment fund managers, investment advisors and other service providers engaged by the Highland Pension Fund (HPF) to support investment activities. The objective of this policy is to ensure accountability, transparency, and alignment with the HPF's fiduciary responsibilities, long-term investment objectives and follow best practice recommended by the Pension Regulator.
- 1.2 The policy includes the Investment Advisor objectives which Committee should set as required by the Competition and Markets Authority (CMA) and now overseen by the Pension Regulator (section 6).
- 1.3 The policy includes the following sections:
- Background (section 2)
 - Scope (section 3)
 - Governance (section 4)
 - Selection and appointment (section 5)
 - Investment Advisor objectives (section 6)
 - Performance monitoring (section 7)
 - Responsible investment and stewardship expectations (section 8)
 - Reporting (section 9)
 - Review procedures (section 10)

2. Background

- 2.1 In the Pension Regulator General Code of Practice (TPR GCoP) effective from March 2024, it was recommended best practice to have a policy on the appointment and management of advisors and service providers for Scheme Administrators with processes in place to review this policy every three years. <https://www.thepensionsregulator.gov.uk/en/document-library/code-of-practice/the-governing-body/managing-advisers-and-service-providers>
- 2.2 In February 2025, officers reviewed HPF compliance with TPR GCoP and a report was taken to Pensions Committee which included an action plan detailing improvements to be made. This included an action to "develop a policy on the

appointment and management of advisors and service providers for the Fund.” (action 3, page 20).

https://www.highland.gov.uk/download/meetings/id/84569/item_4_-_the_pension_regulator_code_of_practice

This document sets out the policy for the appointment and management of advisor sand service providers for HPF.

- 2.3 HPF has mandates with 14 external Investment Fund Managers investing across a range of asset classes.
- 2.4 HPF also has the following external advisors and service providers:
- investment advisor to provide independent professional advice on investment
 - actuary to provide independent actuarial advice
 - custodian to safeguard pension fund assets
 - investment cost benchmarking provider
 - external legal advisor
 - external tax advisor

3. Scope

- 3.1 This policy applies to all external investment fund managers, external advisors and service providers appointed by HPF. It covers their selection, appointment, performance monitoring, Environmental, Social and Governance (ESG) integration, and reporting obligations.

4. Governance

- 4.1 The Highland Council is the Administering Authority of HPF covering local government employees and elected members in the Highland Council and Comhairle nan Eilean Siar areas and scheduled and admitted organisations that provide public or charitable services.
- 4.2 The Highland Council, as the administering authority, delegates oversight to the Pensions Committee and Pension Board. These bodies are responsible for ensuring that investment fund managers and advisors operate in accordance with the Fund’s strategic objectives and regulatory requirements.

- 4.3 The Highland Council as administering authority has delegated all pension scheme matters to the Pensions Committee. In addition, an Investment Sub Committee (ISC) was established to enhance the Council's management and investment of the HPF assets in accordance with the respective objectives and strategies of the Fund. In accordance with legislative requirements, a Pension Board (made up of equal numbers of employers and member representatives) was established in April 2015 and meets at the same time as the Pension Committee to consider the same agenda. The role of the Pension Board is to check HPF complies with the Local Government Pension Scheme (LGPS) rules, pensions legislation and guidance from the Pensions Regulator.
- 4.4 The Pensions Committee and ISC specific responsibilities are detailed in the Scheme of Delegation with the ISC being responsible for the following key objectives:
- To ensure the delivery of HPF investment objectives, strategies and policies and that they are kept up to date
 - To appoint, dismiss and assess the performance of investment managers, custodians and other advisers involved with the management and investment of assets and/or funding of liabilities
- <https://www.highland.gov.uk/downloads/file/915/scheme-of-delegation>
- 4.5 In terms of which organisations are the professional advisors and external service providers to the Fund, these are documented in section 16 of the Governance policy. <https://www.highlandpensionfund.org/resources/governance-policy-statement-2024-25/>
- 4.6 The current key professional advisors and external providers to HPF are as follows:
- Hymans Robertson are Actuary to HPF and the services they provide include advice on funding, the provision of actuarial valuations and administrative facilities. Contract end date is 31 March 2027.
 - Hymans Robertson are Investment Advisers to HPF and the services they provide include advice on investment strategy, including the establishment of strategic asset allocation benchmarks and any associated ad-hoc investment considerations. If Council take up the option to extend (2-year extension), maximum contract end date would be 31 October 2032.
 - Northern Trust (NT) are global custodian to HPF and are responsible for ensuring safe custody of the HPF assets managed by the appointed investment managers and providing consolidated accounting and performance reporting services to HPF.

4.7 The HPF investment asset allocation and investment roles and responsibilities are set out in Appendix 5 of the Statement of Investment Principles.
<https://www.highlandpensionfund.org/resources/statement-of-investment-principles/>

4.8 HPF has a Responsible Investment policy which sets out the Fund's beliefs and approach to RI, including actions taken on behalf of members and other stakeholders which aim to capitalise on ESG opportunities and to protect the Fund from ESG-related risks.
<https://www.highlandpensionfund.org/resources/responsible-investment-policy/>

5. Selection and appointment

5.1 Before procurement activity is undertaken, the Highland Council Procurement Approval Group (PAG) must approve a business case which contains information on reasons for procurement, costs, route to procurement. In advance of a submission to the PAG, officers will have consulted with the joint procurement section to check that the proposed approach will be compliant with procurement legislation.

5.2 As part of the process to appoint investment advisors and other LGPS service providers, officers use Frameworks where these are in place e.g. National Local Government Pension Scheme (LGPS) Framework. These frameworks support time efficient procurements that source high quality, value for money services using a compliant route. The providers on the framework are selected through a competitive procurement process based on expertise, track record, cost-effectiveness, and alignment with the Fund's investment beliefs. Due diligence is conducted to assess regulatory compliance, governance standards, and ESG capabilities.
<https://www.nationallgpsframeworks.org>

5.3 The circumstances which would potentially require the appointment of investment fund managers include the following:

- as part of an investment strategy review, the HPF Investment Advisor recommends investment in a new asset class to deliver required returns to meet future liabilities. The investment strategy review is generally completed every three years alongside the triennial actuarial valuation.

- appointment of an investment fund manager is required in order to replace an underperforming investment fund manager.

5.4 Due to investments being a high risk, specialist area, the investment selection process is supported by the HPF Investment Advisor with the ISC approving which investment fund manager to appoint based on professional advice. The procurement route depends on the mandate being appointed to:

- Pooled funds - HPF Investment Advisor provide short-list which ISC must review and decide on Fund Manager to appoint supported by professional advice.
- Segregated funds – officer with support from the shared procurement service and HPF Investment Advisor must complete an open procurement approach that is compliant with procurement legislation.

5.5 The other investment service providers including the actuary, investment advisor, Custodian and any ancillary investment services will be officer led appointments conducted in line with procurement rules and guidance and fully supported by the shared procurement team. There will be regular updates provided to Committee on the progress and outcome of these procurements.

6. Investment objectives

6.1 Trustees were first required by the Competition and Markets Authority (CMA) to set strategic objectives for their investment consultants under Part 7 of the Investment Consultancy and Fiduciary Management Market Investigation Order 2019 (order was legally effective 10 December 2019). These duties were transposed into pensions legislation in The Occupational Pension Schemes (Scheme Administration) Regulations 1996, which came into force on 1 October 2022, transferring oversight from the CMA to the Pensions Regulator.

6.2 This legislation was implemented following the CMA's Investment Consultancy and Fiduciary Management Market Investigation to address problems that the CMA found some trustee boards had when

- Choosing and monitoring their Investment Advisor
- Accessing and assessing the quality of their existing Investment Advisor.

6.3 The current fund objectives are as follows and were set following the Actuarial Valuation as at 31/03/2023 and included in the Funding Strategy Statement

Funding Strategy Statement (June 2024)

Highland Council as Administering Authority must make sure it

1. Receives the proper amount of contributions from employees and employers, and any transfer payment;
2. Invests the contributions appropriately, with the aim that the Fund's assets grow over time with investment income and capital growth; and
3. Uses the assets to pay Fund benefits to the members (as and when they retire, for the rest of their lives) and to their dependents (as and when members die), as defined in the various LGPS Regulations applicable to Scotland. Assets are also used to pay transfer values and administration costs.

The Fund's Investment Policy will be directed to ensuring that in normal market conditions, all accrued benefits are fully covered by the actuarial value of the Fund's assets and that an appropriate level of contributions is agreed by the administering authority to meet the cost of future employees' benefits accruing.

The Fund's current Statement of Investment Principles notes the best estimate expected investment return of 6.3% and a long-term investment objective is to achieve a real rate of return of 3-4%.

- 6.4 The Investment Advisor (IA) currently provides services in accordance with the detailed specification set out in the Investment Advisor contract prepared by Officers.
- 6.5 The Investment Advisor objectives are set out in Appendix 3 and there will be regular monitoring that these objectives are being achieved.

7. Performance monitoring

- 7.1 Performance is reviewed quarterly against agreed benchmarks and objectives. Underperformance or deviation from mandate expectations triggers further scrutiny and potential remedial action.
- 7.2 An investment scrutiny framework is set out at Appendix 1 Investment Scrutiny Framework which details all the investment fund managers in place and the process for reviewing performance, using a combination of the regular review of performance reports prepared by the investment advisor, and scrutiny of investment fund manager performance at ISC. A provisional timetable for attendance of the investment fund managers at ISC is at Appendix 2, ISC attendance timetable.

- 7.3 The frequency of investment fund manager attendance at ISC has been decided following an analysis of investments in the portfolio which considered the type of investment (active/passive, segregated/pooled mandate) and proportion of the portfolio that is managed by the investment fund manager. It should be noted that this timetable is potentially subject to change depending on investment fund manager performance and the current market environment or other circumstances where officers and Committee members have particular concerns regarding investment fund managers and require to question them at ISC.
- 7.4 The following are some example areas of concern there could be with investment fund managers:
- persistent failure to adhere to HPF investment principles as set out in the HPF Statement of Investment Principles and the Responsible Investment policy.
 - a change in investment style, or investments that do not fit with the expected style.
 - Lack of understanding of reasons for any underperformance, and/or a reluctance to learn lessons from mistakes. Conversely, complacency after good performance should be avoided.
 - Failure to follow the investment restrictions or manage risk appropriately, including taking too little risk.
 - Organisation instability or the loss of key personnel.
- 7.5 In evaluating the investment fund managers and considering whether to place them on watch or even to terminate the mandate, HPF will principally consider whether the expectation of long-term outperformance is still intact. Where there are concerns, investment fund managers will be invited to ISC to account for poor performance. Demonstration of original idea generation, examples of detailed research on key issues and topics, thoughtful portfolio construction, application of good price discipline and evidence of successful trading with good cost control will all be viewed positively.
- 7.6 At ISC, the quarterly performance of all investment fund managers is reviewed by members, Officers and the Fund's Investment Adviser using a report prepared by the Investment Advisor (source of report is the NT custodian performance data).
- 7.7 Officers also review the quarterly performance reports provided by investment fund managers and will follow up on any areas of concern, with regular discussions and correspondence.

7.8 Investment advisors are evaluated on the quality, timeliness, and relevance of their advice alongside best value considerations. A key deliverable is that quarterly performance reporting covering all the investment fund managers is provided within timescales required for Committee.

8. Responsible investment and stewardship expectations

8.1 Investment fund managers and all advisors received a copy of the HPF Responsible Investment policy and understand HPF's aim to integrate consideration of ESG issues throughout all aspects of the investment decision making process, including modelling and setting investment strategy and monitoring the HPF investment fund managers.

<https://www.highlandpensionfund.org/media/j2znum2c/responsible-investment-policy.pdf>

8.2 Both investment fund managers and all advisors and service providers are expected to integrate ESG considerations into their processes. It is a requirement that they must report on stewardship activities, including voting and engagement, and demonstrate alignment with the HPF Responsible Investment Policy.

9. Reporting

9.1 Investment fund managers and advisors must provide regular reports detailing performance, risk, ESG integration, and compliance. These reports are reviewed by officers and the Investment Advisor and alongside data from the custodian, this information is used to prepare quarterly reports for ISC.

9.2 HPF officers provide a quarterly Investment update report to every meeting of the ISC which provides information on the selection and appointment of advisors and service providers.

10. Review procedures

10.1 This policy is reviewed annually or in response to regulatory changes. Investment fund managers and advisors are subject to periodic reviews, and contracts may be terminated for persistent underperformance or non-compliance.

Appendix 1 Investment Scrutiny Framework

A key part of the investment scrutiny framework is quarterly review of performance by officers and the Investment Advisor of all Investment Fund Managers and regular meetings take place with the Investment Fund Managers. There also may be ad hoc issues that occur more frequently which will be addressed by officers and the Investment Advisor as these arise.

Manager	NT code	Asset class	Mandate	% target set Dec 2025	% of the Fund at March 2026	Review and scrutiny process (see notes)	Commentary on proposed approach
Baillie Gifford	HCP02	Global equity	Active global alpha Paris aligned	10.5%	10.7%	Notes 1, 2 and 4	Segregated mandate so requires regular scrutiny. At a minimum Fund Manager should present to ISC annually.
Mirova	HCP18	Global equity	Active global sustainable equity fund	8.4%	8.4%	Notes 1, 3 and 4	Pooled fund and lower proportion of portfolio. Attendance at ISC 1-2 years.
Dodge and Cox	HCP21	Global equity	Active global stock fund	10.5%	10.7%	Notes 1, 3 and 4	Pooled fund and lower proportion of portfolio. Attendance at ISC 1-2 years.
LGIM	HCP03	Protected global equity	Passive world futures index with equity protection strategy overlays	12.6%	12.0%	Notes 1, 3 and 4	Pooled passive fund and lower proportion of portfolio. Attendance at ISC 1-2 years.
		Cash		-	2.2%		
		Bonds	Buy and maintain - corporate credit	6.3%	2.4%		

Manager	NT code	Asset class	Mandate	% target set Dec 2025	% of the Fund at March 2026	Review and scrutiny process (see notes)	Commentary on approach
LGIM		Gilts	Passive gilts	12.5%	1.0%	Notes 1, 3 and 4	Pooled passive fund and lower proportion of portfolio. Attendance at ISC 1-2 years.
		Index linked gilts	Passive Index linked gilts		8.5%		
Partners Group	HCP08	Private equity	Active various private equity funds	3.7%	6.1%	Notes 1, 3 & 4	Lower proportion of portfolio. Attendance at ISC 1-2 years.
Man Group	HCP12	Absolute return strategy	Active Alternative risk premia strategies	3.7%	3.9%	Notes 1, 3 & 4	Lower proportion of portfolio. Attendance at ISC 1-2 years.
Fidelity	HCP05	Bonds	Active sustainable UK aggregate bond fund	4.4%	4.2%	Notes 1, 3 & 4	Pooled fund and lower proportion of portfolio. Attendance at ISC 1-2 years.
Robeco	HCP13	Multi asset credit	Active sustainable development goals	4.5%	3.9%	Notes 1, 3 & 4	Pooled fund and lower proportion of portfolio. Attendance at ISC 1-2 years.
Schroders	HCP06	UK property	Active various property funds	6.0%	7.4%	Notes 1, 3 & 4	Higher proportion of portfolio - at a minimum Fund Manager should present to ISC annually.
KKR	HCP14	Global Infrastructure	Active diversified core infrastructure	5.3%	6.5%	Notes 1, 3 & 4	Pooled fund and lower proportion of portfolio. Attendance at ISC 1-2 years.
BGO	HCP17	Private credit – property debt	Active UK property secured lending	2.7%	2.6%	Notes 1, 3 & 4	Lower proportion of portfolio. Attendance at ISC 1-2 years.

Manager	NT code	Asset class	Mandate	% target set Dec 2025	% of the Fund at March 2026	Review and scrutiny process (see notes)	Commentary on proposed approach	
Aberdeen	HCP11	Private credit – property debt	Active UK property secured lending	-	0.1%	Notes 1, 3 & 4	Fund is reaching end of life and it is proposed there is no requirement to present to ISC.	
CVC	HCP15	Private credit – corporate debt	Active European direct lending	2.7%	3.2%	Notes 1, 3 & 4	Lower proportion of portfolio. Attendance at ISC 1-2 years.	
HSBC	HCP20	Asset backed securities	Active global investment grade securitised credit bond fund	6.3%	6.1%	Notes 1, 3 & 4	Lower proportion of portfolio. Attendance at ISC 1-2 years.	
				100.0%	100.0%			
Common Good & Trust Funds								
Adam and co	Fund			Cash	Bonds	Notes 1, 3 & 4	Presentation to ISC 1-2 years is proposed.	
	Inverness Common Good Fund			5%	30%			65%
	Inverness Benevolent Fund			5%	15%			80%
	Inverness Burial Grounds Commutation Fund							
	Nairn Common Good Fund			5%	20%			75%

Notes - Review and scrutiny process

Note 1	Quarterly review of the Fund Manager performance is completed by the Investment Advisor and officers and included in reports to the ISC.
Note 2	Annual presentation to ISC
Note 3	Presentation to ISC every 1-2 years.
Note 4	Regular meetings are held by the Investment Advisor and officers with the Investment Fund Managers. There may also be ad hoc issues that occur more frequently which will be addressed by officers and the Investment Advisor as these arise. Investment Advisors and officers keep updated on current developments and potential issues that may impact investment fund managers through relevant press and publications.

Appendix 2 ISC Attendance timetable

subject to change depending on investment fund manager performance and the market environment

	Baillie Gifford Active	Mirova Active	Dodge and Cox Active	LGIM Passive	Partners Group Active	Man Group Active	Fidelity Active	Robeco Active	Schroders Active	KKR Active	BGO Active	Aberdeen Active	CVC Active	HSBC Active	Adam and Co Active	No of Fund Managers presenting at ISC
Target %	10.5%	8.4%	10.5%	31.3%	3.7%	3.7%	4.4%	4.5%	6.0%	5.3%	2.4%	0.4%	2.6%	6.3%	Common Good Funds	
Current % (Mar-26)	10.7%	8.4%	10.7%	26.2%	6.1%	3.9%	4.2%	3.9%	7.4%	6.5%	2.6%	0.1%	3.2%	6.1%		
DATE OF INVESTMENT SUB COMMITTEE																
18/06/2026		1											1			2
01/10/2026				1		1										2
16/12/2026							1			1						2
Mar-27	1								1							2
Jun-27								1			1					2
Sep-27													1	1		2
Dec-27		1			1											2
Mar-28	1								1							2
Jun-28			1												1	2
Sep-28				1		1										2
Dec-28							1			1						2
Mar-29	1								1							2
Jun-29								1			1					2
Sep-29		1												1		2
Dec-29									1				1			2
Mar-30	1		1													2
Jun-30					1										1	2
Sep-30				1		1										2
Dec-30							1		1							2
Mar-31	1									1						2
Number of times at Committee	6	3	3	3	2	3	3	2	6	3	2	0	3	2	3	

Appendix 3 – Investment Advisor (IA) Objectives

1. Strategy	
1.1	Assist Officers and the ISC set its investment objectives for return and risk to integrate with the long-term funding strategy with reference to funding levels, contribution schedules.
1.2	Provide advice on the composition of the strategic asset allocation in order to build a suitably diversified portfolio (across asset classes and investment managers) to meet its investment objectives.
1.3	Inform and update Officers and ISC of the residual risks and opportunities associated with the Fund’s investment strategy and ways to mitigate and/or take advantage of these. This may include ad hoc scenarios such as the potential impact from Brexit.
1.4	Provide advice to ISC and Officers on managing the Fund’s cashflow requirements.
2. Implementation	
2.1	Support Officers and the ISC with the procurement of new investment managers. This will include recommending key requirements and profile (target, return, fees, risk etc.) of the investment managers to be procured in line with the Fund’s investment strategy.
2.2	Support the Officers, where required with any asset transitions and help the ISC effectively plan for and mitigate the key asset transition risks.
2.3	As required, support Officers and the ISC with Responsible Investing and Stewardship matters.
3. Monitoring	
3.1	Provide clear and effective monitoring of the Fund’s investment strategy on a quarterly basis. The reporting will include details of the underlying performance of the Fund Managers against their respective benchmarks (over both the short and long term) and material changes to the Fund’s investment strategy or Fund Managers.
3.2	Monitor the Fund’s asset allocation compared to the strategic benchmark on a quarterly basis and provide appropriate recommendations for action, where necessary in the event of material deviations.
3.3	Notify Officers and the ISC as soon as is reasonably practical of any known significant factors which could impact the Fund’s investment manager or potentially impact Fund performance.

4. Compliance and regulation	
4.1	Provide advice, where required, on changes to the Fund's SIP and following any changes to the Investment Strategy.
4.2	For any investment advice provided, the IA will adhere to Regulations governing the investment of Scottish LGPS funds. The IA will notify Officers and the ISC of any forthcoming changes to relevant legislation and provide investment training as required (including any best practice initiatives e.g. from tPR).
5. Client servicing and relationship management	
5.1	Prepare, attend and add value at ISC meetings and as required Pensions Committee meetings.
5.2	Update Officers and the ISC on developments in best practice for the investment for LGPS funds, for example in areas such as cost transparency, responsible investment, climate change and investment strategy.
5.3	Provide fee budgets for any work or assignments beyond the scope of the core fixed fee and immediately flag up where projects are likely to exceed the agreed budget.
5.4	Provide clear billing as soon as possible after the month end.
5.5	Inform Officers and the ISC of any material changes to the client team.
5.6	Manage any conflicts of interest appropriately.
5.7	Work effectively with the Fund's other key stakeholders e.g. Fund Actuary.