

# Investment Strategy Statement

LONDON BOROUGH OF HARINGEY PENSION FUND

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## Introduction and background

This is the Investment Strategy Statement (“ISS”) of the London Borough of Haringey Pension Fund (“the Fund”), which is administered by Haringey Council (“the Council”). The ISS is made in accordance with Regulation 7 of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016.

The Council has delegated the responsibility of exercising all its functions as “Administering Authority” to the Combined Pensions Committee and Board (“the Committee”). This includes the management and monitoring of the Fund. The terms of reference of the Committee are set out in Part B, Section 3 of the Council’s constitution.

The ISS, which was approved by the Committee on 22 January 2026, is subject to periodic review, at least once every three years and without delay after any significant change in the Fund’s circumstances. In preparing the ISS, the Committee has received advice from senior fund officers, the investment advisor (Mercer), and the independent advisor (John Raisin Financial Services Limited).

## Fund Objectives

The primary objective of the Fund is to provide pension and lump sum benefits to scheme members on a defined benefits basis. These benefits can be received upon retirement or in the event of a member’s death, both before or after retirement. Additionally, the dependants of scheme members are also entitled to some benefits.

In order to meet this primary objective, the Fund aims to:

- Achieve an investment return of at least 6.5% p.a. over a 20-year period.
- To invest in such a way that the 1-year 95% value at risk is limited to a less than c.20% of Fund assets.
- For the assets to deliver an appropriate level of investment income (net of contributions) over the valuation period, which is sufficient to meet member benefits.

The Committee has translated its objectives into a suitable strategic asset allocation benchmark for the Fund. This benchmark is consistent with the Committee’s views on the appropriate balance between generating an adequate long-term return on investments while considering market volatility, risk, and the nature of the Fund’s liabilities.

The Committee intends on reviewing this statement at least once every three years following actuarial valuations of the Fund. In addition to this, the Committee will monitor its investment strategy on an ongoing basis, focusing on factors including, but not limited to:

- Suitability of the investment strategy given the Fund’s level of funding and liability profile.
- Outlook for asset returns relative to their expected risk.
- Changes in economic conditions as part of the business cycle.

The Committee will also monitor the Fund’s actual allocation on a quarterly basis to ensure that it does not deviate significantly from the target allocation. Senior fund officers will be responsible for carrying out portfolio rebalancing activities. In doing so, they will act

on advice of the Fund's appointed investment advisors and adhere to the rebalancing ranges specified in this ISS. Any rebalancing activity will be reported to the Committee when it takes effect.

### **Key Investment Beliefs**

The Investment beliefs of the Committee are set out in Appendix A.

### **Investment in a Wide Variety of Investments**

The Fund has the ability to invest in both public and private global markets. This includes a wide variety of asset classes such as equities, fixed income, cash, property, infrastructure, and other alternative asset classes. These investments can be made directly or through pooled funds.

The Committee delegates the day-to-day investment decision making to appointed external investment managers who have been identified as having the necessary skills, expertise and resource capacity to implement the relevant investment mandate within the specified constraints. However, the Committee retains the responsibility for reviewing and revising its strategic asset allocation periodically.

The Committee reviews the Fund's investments on a regular basis, with particular reference to suitability and diversification. The Committee seeks and considers written advice from a suitably qualified person in undertaking such a review. If, at any time, investment in a security or product not previously known to the Committee is proposed, appropriate advice is sought and considered to ensure its suitability.

The Fund's strategic asset allocation is set out in the table below. The table also includes rebalancing ranges. These ranges will be reviewed quarterly, and if any breaches occur, senior fund officers (acting on advice of the appointed investment advisors) will take action to rebalance back to the target asset allocation.

A detailed breakdown of the individual asset classes within each asset category has been included in Appendix B. This appendix also provides information regarding the appointed investment managers benchmarks and performance targets.

## Strategic Asset Allocation

Asset Class	Strategic Asset Allocation	Tolerance Range
Listed Equity	40.0%	35.0% to 45.0%
Private Equity	5.0%	0.0% to 10.0%
Private Credit	2.5%	0.0% to 2.5%
Property / Real Estate	15.5%	10.0% to 20.0%
Infrastructure	5.0%	0.0% to 10.0%
Other alternatives <sup>1</sup>	3.0%	0.0% to 10.0%
Credit <sup>2</sup>	17.5%	15.0% to 25.0%
UK Government Bonds	11.5%	8.5% to 14.5%
Cash	0.0%	0.0% to 5.0%
<b>Total</b>	<b>100.0%</b>	

<sup>1</sup>Other alternatives are investments which do not fit into the other asset classes.

<sup>2</sup>Including credit instruments of investment grade quality, including (but not limited to) corporate bonds and non-UK government bonds.

The Committee's policy on currency hedging is set out below:

- **Equities:** 50% target level of hedging on developed market equities.
- **Public market fixed income:** fully hedged.
- **Private markets:** unhedged on non-UK asset exposure.

The Fund Actuary assumed a discount rate of 6.1 % per annum to estimate the present value of future fund liabilities at the 2025 actuarial valuation. This rate represents the required rate of return on the Fund's assets. The Committee is confident that the investment strategy has as an expected return above the discount rate, while maintaining an acceptable and appropriate level of risk. As part of the strategy review process, the Committee regularly tests the strategy's ability to meet the Fund's objectives.

## Appointment of Managers

The Committee invests with investment managers who are authorised under the Financial Services and Markets Act 2000 to conduct investment business. After seeking appropriate investment advice, the Committee agrees specific benchmarks with each manager. These benchmarks, when combined, are consistent with the overall asset allocation for the Fund.

The Fund's investment managers are required to maintain a mix of securities and investments that align with their views in relation to their respective benchmarks. Within each major market and asset class, the managers are required to maintain diversified portfolios through direct investment or pooled vehicles. The managers of the passive mandates will be required to hold a mix of assets that closely resemble the composition of their benchmark indices while minimising tracking error.

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## The approach to risk, including the ways in which risks are to be measured and managed

The Committee recognises that the Fund needs to take on risk such as, investing in growth assets, in order to achieve its funding objectives. To address this, it has established an active risk management program to identify, measure, monitor, and, where possible, minimise the risks involved.

The main risks impacting the Fund are outlined below. This document also sets out how the Fund manages these risks and the contingency plans that are currently in place.

### Funding-related risks

- **Solvency and mismatching risk** – the risk that the Fund’s assets will fail to grow at the same rate as the cost of meeting future liabilities. The Fund’s strategic asset allocation was set based on asset-liability modelling, which takes into account the probability of success and the level of downside risk. Additionally, the Committee carries out a strategic review following the completion of an actuarial valuation exercise.
- **Longevity risk** – the risk that scheme participants will live longer than expected. This risk is carefully considered in each actuarial valuation exercise, and the assumptions used in any analysis and modelling are thoroughly examined.

### Asset-related risks

- **Concentration risk** – the risk that a significant allocation to any single asset category, and its underperformance relative to expectations, could result in challenges in meeting the Fund’s objectives. To mitigate this risk, the Committee has set a diversified strategic asset allocation that invests in a wide range of assets. Individual investment managers are appointed to manage specific mandates within each asset allocation. Furthermore, the Committee has a rebalancing policy in place to ensure that the Fund’s actual asset allocation closely aligns with its target allocation.
- **Illiquidity risk** – the risk that the Fund cannot meet its immediate liabilities because it has insufficient liquid assets. To address this risk, the Committee has allocated a significant portion of the Fund’s portfolio to liquid asset classes, such as global publicly listed equities and investment grade credit. Additionally, the Fund receives income distributions from certain investments and regularly reviews its cashflow forecasts.
- **Currency risk** – the risk that foreign currency fluctuations may affect the value of the Fund’s foreign denominated assets relative to Sterling. To manage this risk, the Committee has decided to hedge 50% of the Fund’s overseas global equity exposure (excluding Emerging Markets) to protect the value of these investments in Sterling and reduce the volatility caused by exchange rate movements. The currency hedge is implemented by the appointed investment manager.
- **Environment, social and governance (ESG) risk** – the risk that ESG-related factors might impact the Fund’s ability to generate long-term sustainable returns. Further detail on the Fund’s general policy on integrating ESG considerations into its investment strategy is outlined later in this document. Following completion of a

comprehensive review, the Committee expects to issue an updated Responsible Investment policy document in 2026.

- **Manager performance risk** – the failure by appointed investment managers to achieve the rate of return assumed in setting their mandates. To manage this risk, the Committee has appointed multiple investment managers to ensure diversification at the manager level. Each investment manager employs a distinct investment approach and process. The Committee regularly assesses the performance of investment managers and takes action, including potentially replacing one or more of their managers, if underperformance persists.

#### **Other provide risk**

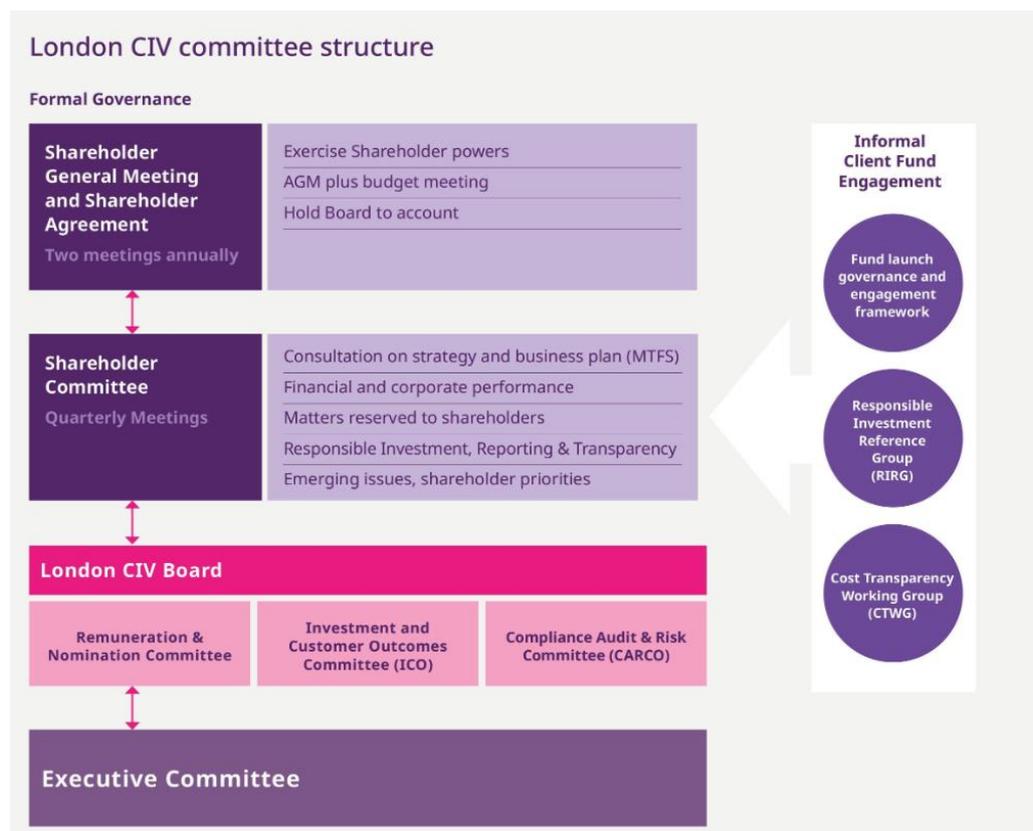
- **Custody risk** – the risk of losing economic rights to Fund assets, when held in custody or when being traded. This risk is measured by assessing the creditworthiness of the global custodian and the ability of the organisation to settle trades on time and provide secure safekeeping of assets under custody.

#### **Approach to asset pooling**

The Fund is a participating scheme in the London Collective Investment Vehicle (CIV) Pool. The structure and basis on which the London CIV Pool operates is regularly reported to the Government. The Fund's assets will be invested via the London CIV, as per the relevant regulations.

#### **Structure and governance of the London CIV pool**

The current structure and governance framework of the London CIV is set out below:



Source: London CIV

### Social, environmental and corporate governance policy

The Fund is committed to being a long-term steward of the assets in which it invests. This approach is expected to protect and enhance the long-term value of fund assets.

The Fund requires its investment managers to integrate all material financial factors, including corporate governance, environmental, social, and ethical considerations, into the decision-making process for all fund investments. It expects its managers to follow good practice and use their influence as major institutional investors and long-term stewards of capital to promote good practice in the investee companies and markets to which the Fund is invested.

The Fund expects its external investment managers, particularly the London CIV through which the Fund will increasingly invest, to appropriately monitor current investments regarding their policies and practices on all issues which could pose a significant financial risk to the Fund’s long-term performance.

By effectively monitoring and identifying these issues, the investment managers can engage with boards and the management of investee companies to address potential problems early on. When collaboration is the most effective approach to encourage issue resolution, the Fund expects its external investment managers to participate in joint actions with other institutional investors, as permitted by relevant legal and regulatory codes. The Fund will make investments based on financial risk and return, after considering a comprehensive range of factors that contribute to the financial risk, including social, environmental, and governance aspects.

**Evidence of ESG Considerations at the strategic asset allocation Level**

In making investment decisions, the Committee actively seeks and receives proper advice from advisors who possess the requisite knowledge and expertise.

The Fund has demonstrated its commitment by adopting the United Nations Principles for Responsible Investment (UNPRI) and by being a member of the Local Authority Pension Fund Forum (LAPFF). LAPFF engages with companies on behalf of its members. The investment managers appointed by the Fund are required to comply with the UNPRI as part of their investment process.

As part of its strategic asset allocation, the Committee has agreed to invest all its global public listed equities in low carbon tracker funds. These funds aim to have lower exposures to high carbon emitting companies compared to the index. The Fund continues to collaborate with investment managers to develop suitable responsible investment vehicles. In the past, this has led to the Fund being one of the initial investors in the RAFI Multi-Factor Climate Transition Fund. This fund aims to achieve a 7% annual reduction in carbon intensity (measured as Carbon Footprint/Market Value of Company) by 2050. Additionally, the Fund was a "seed investor" in the London Fund.

Furthermore, the Committee has agreed to commit 5% of its investment portfolio to renewable infrastructure funds that invest in various renewable energy projects globally, including solar and onshore wind.

**Policy of the exercise of rights (including voting rights) attaching to investments**

The Fund recognises the importance of its role as stewards of capital and the need to ensure the highest standards of governance and corporate responsibility in the underlying companies in which it invests. The Fund recognises that ultimately this protects the financial interests of the Fund and its beneficiaries.

The Fund believes in collective engagement and through the LAPFF membership, it collectively exercises a voice across a range of corporate governance issues. All the Fund's appointed managers are requested to vote in accordance with LAPFF recommendations.

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## Appendix A: Statement of Investment Beliefs

This document sets out the investment beliefs of the Combined Pensions Committee and Board (“the Committee”) of the London Borough of Haringey as the administering authority to the London Borough of Haringey Pension Fund (“the Fund”).

### 1. Investment governance is key to enabling effective decision making.

The Fund has access to the necessary skills, expertise, and resources to make proper investment decisions. Senior fund officers and appointed advisors are a source of expertise and research to inform the Committee’s decisions. The Committee has approved a training policy for the Fund which aims to ensure that those responsible for the decision making and operations of the Fund have the necessary knowledge and skills to effectively fulfil their duties.

The Committee will undertake periodic reviews of its governance processes to assess how well it and the members are performing with a view to seeking continuous improvement in performance.

### 2. Clear and well-defined objectives are essential to achieve future success.

The Committee recognises the need to generate an adequate level of return from the Fund’s assets, while also understanding the potential risks and ensuring sufficient liquidity to meet members’ obligations. The Committee has considered the Fund’s priorities and believes that setting clear objectives is crucial for directing the implementation of the investment strategy.

The Fund’s liabilities are long term in nature. Therefore, the Committee takes a long-term approach when setting its objectives and implementing its investment strategy. The Committee believes that investors with longer investment horizons are typically less constrained by liquidity requirements and can better withstand periods of price volatility. As a long-term investor, the Fund may opt to invest in illiquid assets such as property, infrastructure, and private equity. Moreover, it is important for the Fund to avoid being a forced seller during market downturns.

### 3. Fund and investment strategy are linked.

The Committee recognises that investment strategy decisions are influenced by various funding-related factors. These factors may include, but are not limited to, the required rate of return, the strength of employers’ covenants, and the maturity of the scheme. Therefore, the Committee considers actuarial and investment matters together, particularly when setting the investment strategy.

### 4. Responsible investment is important and can have a material impact on long-term investment performance.

The Committee recognises the importance of investing responsibly and the potential impact of environmental, social and governance (ESG) factors on the Fund’s performance and reputation. With this in mind, the Committee has undertaken a comprehensive review of the ESG exposures within the investment portfolio and has established a set of investment beliefs which are outlined in the responsible investment policy.

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As part of its ongoing review and monitoring of investments, the Committee seeks to assess the impact of financially material ESG-related risks and issues on the activities carried out by its appointed investment managers.

As a member of the LAPFF, the Fund actively supports engagement with companies. All appointed managers are requested to vote in accordance with LAPFF recommendations.

**5. Strategic asset allocation is a key determinant of risk and return, and thus is typically more important than individual manager or stock selection.**

The Committee recognises that having an appropriate strategy in place is the primary driver of the Fund's future success. Therefore, the Fund's strategic asset allocation is regularly reviewed, with a comprehensive review at least once every three years and promptly following any significant change in Fund's overall circumstances.

The Committee believes that diversifying across various asset classes can contribute to reducing the volatility of the Fund's overall asset value and improve its risk-return characteristics. Therefore, the Committee considers a broad range of asset classes with low correlations to each other, aiming to achieve an appropriate level of diversification for the Fund.

As a long-term investor, the Committee recognises the importance of the Fund taking investment risk to ensure the long-term affordability and sustainability. However, the level of risk will be carefully determined to align with the long-term objectives. The aim is to assume suitable levels of risk and effectively manage funding level volatility, avoiding unnecessary risks.

**6. Investment management strategies**

The Committee acknowledges that in efficient markets, there is limited evidence to suggest that active management approaches can consistently outperform index benchmarks. Additionally, active management strategies tend to have higher fees compared to passive management strategies. Therefore, the Committee places emphasis on passive management for most of its strategic asset allocation.

However, the Committee also recognises that in some instances, active managers may have the ability to generate higher returns for the Fund (net of fees), or achieve comparable returns with less volatility, compared to equivalent passive exposure. Furthermore, there are certain asset classes that can only be accessed through active management such as private equity and infrastructure.

With the above considerations, the Committee will employ active management strategies selectively, aiming to minimise excessive turnover of appointed active managers. The Committee will make careful choices and closely monitor active managers, recognising that there may be period of underperformance. By doing so, the Committee aims to mitigate the additional risk associated with active management and continuously assess whether the managers' mandates remain appropriate for the Fund.

## Appendix B: Summary of investment mandates

Mapping to Government SAA template	Asset Class	Investment Manager	Target Allocation	Benchmark and performance objective
Listed Equity (40.0%)	Global Low Carbon Equity	L&G Asset Management	17.0%	MSCI World Low Carbon Target Index (50% hedged)
	Multi Factor Global Equity	L&G Asset Management	17.0%	RAFI Multi-Factor Climate Transition Index (50% hedged)
	Emerging Markets Low Carbon Equities	L&G Asset Management	6.0%	MSCI Emerging Markets Low Carbon Target Index
Private Equity (5.0%)	Private Equity	Pantheon	5.0%	IRR (net of fees) 7-10%
Private Credit (2.5%)	Infrastructure Debt	Allianz	2.5%	5.5% per annum
Property / Real Estate (15.5%)	Conventional Property	LCIV solution	6.5%	6.0% per annum
	Long Lease Property	Aviva	6.0%	Gilts + 1.5%
	Property-like	LCIV London Fund	3.0%	CPI + 3%
Infrastructure (5.0%)	Renewable Infrastructure	LCIV Renewable Infrastructure Fund	5.0%	IRR (net of fees) 7-10%
	Renewable Infrastructure	BlackRock	0.0%	Capital committed. Will be redistributed over time.
	Renewable Infrastructure	CIP	0.0%	Capital committed. Will be redistributed over time.
Other Alternatives (3.0%)	Multi-Asset	LCIV Absolute Return Fund	3.0%	SONIA (30 day compounded) + 3.0%
Credit (17.5%)	Investment Grade Credit	LCIV Long Duration Buy and Maintain Credit Fund	7.5%	iBoxx £ Collateralized & Corporates 10+
	Multi-Asset Credit	LCIV MAC Fund	10.0%	SONIA (30 day compounded) + 4.5%
UK Government Bonds (11.5%)	Index Linked Gilts	L&G Asset Management	11.5%	FTA Index Linked Over 5 Years Index
<b>Total</b>			<b>100.0%</b>	