

### **Monitoring Proposal for the High, Medium and Low investment strategies / pots suggested by the actuary**

#### 1. Employer allocations of assets and liabilities to the pots and funding information

- (a) The allocations to the pots will automatically be reviewed in detail alongside the actuarial valuation every 3 years.
- (b) The Fund will take into account the following when considering the overall risk when allocating an employer to a specific pot:
  - Employer type e.g. tax raising body, academy, admitted body
  - Employer ongoing covenant strength incl. any guarantee or security
  - Employer size, maturity and funding position
  - Employer status e.g. open/closed to new members and objectives
- (c) The above factors will be monitored regularly between valuations and the allocations between the pots will typically be reviewed in the following circumstances:
  - Material change in certain types of employers' funding position within agreed tolerances
  - Material change in an employer's status or covenant
  - Request from an employer to move pots, subject to the agreement of the Fund

The risk management framework to monitor the funding position and the covenant will be agreed in conjunction with the Fund Actuary (Mercer). The monitoring and risk analytics will be provided using Pfaroe which is an online leading risk analytics tool used by the Actuary for LGPS Funds. The monitoring information will be provided at future committee meetings along with a summary of any actions taken.

#### Review of Investment pot strategies

- (a) The investment strategies underlying the pots will be reviewed formally at each actuarial valuation along with the overall Fund investment strategy
- (b) A high-level health check will be performed annually allowing for market changes and outlook as well as underlying changes in the maturity and profile of the liabilities of the employers in each pot.
- (c) A formal review may be undertaken mid-valuation if there is a material shift of employers between pots and/or material shift in the funding position to more efficiently manage the overall risk.

The investment pots will be managed within the overall Fund investment strategy as far as possible. If any investment options are unavailable, and are deemed to be desirable, then the Fund will consider obtaining access to these options through the Central pool or potentially directly.