Gloucestershire Pension Fund

Investment Strategy Statement

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1. Introduction

1.1 Gloucestershire County Council is the Administering Authority ("the AA") responsible for maintaining and managing Gloucestershire Pension Fund ("the Fund"). The Fund is part of the Local Government Pension Scheme in England & Wales ("the Scheme").

1.2 The AA is responsible for managing and administering the Scheme in relation to any person for which it is the appropriate administering authority under LGPS regulations.

1.3 The responsibilities of all individuals responsible for the management of the Fund's Investment Strategy are set out in Section 2. Further detail can be found on the Fund's Governance Structure at: https://www.gloucestershirepensionfund.org.uk/about/governance/

1.4 The ISS was formulated under The Local Government Pension Scheme (Pooling, Management and Investment of Funds) Regulations 2026. The Investment Strategy complies with the requirements contained in regulation 11 of The Local Government Pension Scheme (Pooling, Management and Investment of Funds) Regulations 2026 and guidance issued under 10(2)(b).

1.5 The AA has a responsibility to ensure that the Fund assets are suitably invested and to take proper advice in this function. The Pension Committee exercises the administering-authority and Scheme Manager functions delegated to it under the Council's Constitution and the Fund's Scheme of Delegation.

1.6 The Fund participates with a number of other administering authorities to pool its investment assets through LGPS Central ("the Pool"). The Pool is authorised by the Financial Conduct Authority, and exists to implement the investment strategies of its partner funds. The Fund was previously a member and owner of the Brunel Pensions Partnership but transitioned over to LGPS Central effective from 1 April 2026.

1.7 The ISS was approved by the Committee on Day Month Year following consultation undertaken in accordance with the Regulations and statutory guidance. As per the Regulations, this ISS will next be updated by 30 September 2029, after completion of the 31 March 2028 actuarial valuation. Further details of which are set out in Section 7.

1.8 The ISS is consistent with the Funding Strategy Statement (FSS) dated 1 April 2026 and can be found at: GPF Funding Strategy Statement 2026

2 The roles of Gloucestershire Pension Fund and LGPS Central

2.1 *Administering Authority ("AA")*

Gloucestershire County Council is the Administering Authority and Scheme Manager for the Fund. It retains responsibility for setting the Investment Strategy Statement, including the Fund's high-level investment objectives and strategic asset allocation, having taken principal investment-strategy advice from LGPS Central.

The Administering Authority participates in LGPS Central through separate client, shareholder and collective oversight arrangements. The detailed allocation of responsibilities between the Pension Committee, LGPS Senior Officer and other authorised representatives is set out in the Council's Constitution, the Fund's Scheme of Delegation and Governance Strategy.

2.2 *LGPS Senior Officer*

The LGPS Senior Officer has a senior responsibility across all pension functions of the authority in respect of all matters relating to the Fund (such as administration, investment and governance), in accordance with guidance issued by the Secretary of State.

The LGPS Senior Officer is responsible for:

- leading and managing the Fund's investment, administration, funding and governance functions within the authority delegated by the Constitution and Scheme of Delegation;
- ensuring that a compliant draft Investment Strategy Statement is prepared;
- coordinating principal investment-strategy advice from LGPS Central and other relevant professional input;
- advising and supporting the Pension Committee in exercising its reserved investment responsibilities;
- monitoring LGPS Central's implementation of the approved strategy and reporting its performance, risk, costs, stewardship and service delivery to the Committee;
- ensuring the Fund is appropriately structured and resourced; and
- acting as the Fund's principal officer interface with LGPS Central and undertaking the shareholder function within the approved delegation and documented shareholder operating procedures.

The LGPS Senior Officer, in discharging these responsibilities, is supported by a wider team of Officers.

2.3 *Pension Committee ("the Committee")*

Gloucestershire County Council delegates specified administering-authority and Scheme Manager functions to the Pension Committee in accordance with the Council's Constitution and the Fund's Scheme of Delegation. The Committee exercises those functions in the best interests of the Fund's employers and members.

In relation to investment, the Committee is responsible for:

- approving and reviewing the Investment Strategy Statement, strategic asset allocation and investment objectives;

- determining the Fund's responsible-investment and stewardship approach;
- scrutinising investment-strategy advice, principally provided by LGPS Central;
- monitoring LGPS Central's implementation of the approved Investment Strategy Statement and its investment performance, risk, costs, stewardship and service delivery;
- overseeing the Fund's participation in investment-pool governance arrangements; and
- considering relevant advice and recommendations from the Local Pension Board and Independent Person.

2.4 *Local Pension Board ("the Board")*

The Board assists the Scheme Manager to secure compliance with scheme regulations, other applicable legislation and The Pensions Regulator's requirements, and to secure effective and efficient governance and administration. It is not a decision-making committee and does not exercise the decision-making powers of the Pension Committee or officers.

In relation to the Investment Strategy Statement, the Board:

- is engaged in its development and review before formal consultation and Committee approval;
- provides oversight, advice and recommendations;
- considers whether stakeholder interests have been appropriately taken into account; and
- reviews relevant investment and pooling governance within its statutory remit.

2.5 *Section 151 Officer*

The Section 151 Officer retains statutory responsibility for the proper administration of the Council's financial affairs. In relation to the Fund, the role is one of independent financial oversight, challenge and assurance rather than operational direction of Pension Fund functions.

This includes providing independent judgement on financial governance, control, significant financial risk, accounting and the Fund/Council interface, and exercising any statutory approval or sign-off responsibility applying at the relevant time.

2.6 *Independent Person*

The Independent Person is appointed by the Pension Committee on behalf of the Administering Authority and provides independent professional expertise, scrutiny, support and constructive challenge. The Independent Person is not a member of the Committee, has no voting rights and does not exercise delegated decision-making authority.

In relation to investment, the Independent Person:

- supports the LGPS Senior Officer and Pension Committee;
- contributes to the development and review of the Investment Strategy Statement;
- scrutinises and challenges advice provided by officers, advisers and LGPS Central;

- supports monitoring of LGPS Central's implementation of the approved strategy and the effectiveness of collective pool oversight; and
- provides independent challenge on investment strategy, governance, risk and the Fund's pool arrangements.

The Independent Person must remain within the independence and conflict-of-interest requirements set out in legislation, statutory guidance, the Committee Terms of Reference and Governance Strategy, and must not act as the Fund's regulated investment adviser or decision-maker.

2.7 *LGPS Central ("the Pool")*

The Fund participates in LGPS Central alongside other administering authorities and is a shareholder in the company. The Administering Authority participates in LGPS Central's client, shareholder and collective oversight arrangements.

The Regulations require the funds and other assets for which administering authorities are responsible to be held and managed by the Pool. The Administering Authority must not invest or manage Fund investments outside the Pool, other than operational cash.

The Pool is authorised by the Financial Conduct Authority to manage the assets within the Pool.

Guidance sets out that all investment management decisions with the exception of the setting of investment objectives and the high-level investment strategy must be delegated to the Pool. As such, the Pool is directly responsible for the following:

- Views on the selection of asset managers, individual asset managers, and how asset managers are combined within an asset class;
- Views on geographical zones of investment or exposure targets.
- Investment decisions on individual holdings;
- Style of investment management, such as active and passive management;

The Pool will also provide the principal advice in respect of the matters that remain the responsibility of the Administering Authority. An overview is outlined in the table below.

The roles of the AA and asset pool companies in managing investments

Task	Definition	Administering Authority Role	Pool Role
Investment Strategy			
High Level Investment Objectives	Objectives, priorities and preferences on risk and return, local investment, and responsible investment in	Decide	Advise

	accordance with the 2026 Investment Strategy Statement Guidance.		
Strategic Asset Allocation	Long-term, stable allocation based on overall investment objectives and risk tolerance, set in accordance with the Investment Strategy Statement Guidance 2026	Decide	Advise
Implementation			
Tactical Asset Allocation	Adjustments to the asset mix, such as in respect of geographic allocation, consistent with the asset allocation strategy.	Monitor	Decide
Investment Manager Selection	Appointment of external (or in-house) managers of specific investment mandates	Monitor	Decide
Stock Selection	Choosing individual investment opportunities based on detailed analysis of the opportunity	Monitor	Decide
Investment Stewardship	Engagement with the invested companies in line with Investment Objectives.	Monitor	Decide
Investment Cashflow Management	Management of the disinvestment (or investment of contributions) in collaboration with administrators and Fund Actuary	Monitor	Decide

The Pool must take all reasonable steps to implement the investment strategy set by the Fund. The Fund recognises that full alignment by the Pool may not always be possible and might run counter to the fundamental aims of pooling. Should this situation occur, the following mediation routes are available, noting that Pools and their partner funds should always seek to resolve issues through dialogue:

- the Pool should explain the elements of the investment strategy (including the responsible investment objectives, priorities and preferences set out in the Investment Strategy Statement and supporting Investment Policy Statement) it is not able to implement and the reasons for this.

- the Pool should support the Fund to understand how the investment strategy could be adjusted to make it deliverable, while maintaining fiduciary duty to members and employers.

- the Fund will also consider engaging with the Pool and other Partner Funds with the aim of increasing the scalability of a chosen investment strategy;

It is for the Pool, as the entity undertaking investment activity, to implement appropriate risk management frameworks, controls, and reporting processes.

The asset pool company is the primary source of investment strategy advice to the Fund. As per guidance, the Fund does not routinely test their pool's advice against that of other advisors, but where exceptional circumstances apply, the Fund may also take secondary investment strategy advice.

Pool governance and accountability

The Fund participates in LGPS Central through distinct client, shareholder and collective oversight arrangements:

- the Pension Committee retains responsibility for the Investment Strategy Statement and strategic oversight;
- the LGPS Senior Officer exercises the administering authority's shareholder function within the approved delegation and documented shareholder operating procedures;
- a Pension Committee representative participates in the LGPS Central Oversight Board and reports material matters to the Committee; and
- the Committee receives regular reporting on investment performance, risk, costs, stewardship, service delivery and material pool-governance matters.

Neither the shareholder representative nor the Oversight Board representative may commit the Fund on a matter reserved to the Pension Committee or another constitutional decision-maker.

2.8 *Fund Actuary*

The Fund has an appointed Actuary who is responsible for formulating the Funding Strategy Statement ("FSS"). The purpose of the FSS is:

- to establish a clear and transparent Fund-specific funding strategy which will identify how employers' pension liabilities are best met going forward;

- to establish contributions at a level to "secure the solvency" of the pension fund and the "long term cost efficiency";

- to have regard to the desirability of maintaining stability of the primary rate of contribution; and

- to explain how the fund balances the interests of different employers, deals with conflicts of interest and references other policies/strategies.

The Fund's high-level financial objectives, including the Investment Objectives set out in the next section, have regard to the Fund's funding strategy as set out in the AA's FSS.

3 High Level Investment Objectives

3.1 *Investment Beliefs*

The Committee reviewed its investment beliefs in 2026 in advance of this ISS being drafted. The high-level beliefs that govern Investment Strategy decisions are set out below:

- The Investment and Funding strategies should be integrated, particularly when setting the investment strategy. In particular, this means that the investment strategy will be reviewed as a minimum between each triennial actuarial valuation.
- The Fund is a long-term investor that can tolerate short term volatility and a degree of illiquidity in order to achieve better long-term investment outcomes. Maintaining a high allocation to listed equities alongside exposure to less liquid strategies is acceptable to support the affordability and stability of contributions.
- Strategic asset allocation ("SAA") decisions are the key determinant of investment risk and return and are more important than investment implementation decisions that are fully delegated to the Pool. In addition, periodic rebalancing can add value over time and as such the Pool is expected to manage the investment strategy within guideline ranges.
- Diversification is key to managing and mitigating risk, and the Pool is expected to implement the investment strategy efficiently whilst ensuring diversification across a range of lenses (asset class, geography, style, investment manager).
- Active management *can* add value over the long term, although the degree to which financial markets are efficient varies significantly by asset class and region. It is expected that the Pool will only implement active management in a given asset class where this is expected to result in enhanced risk-adjusted returns on a net of fee basis.
- Environmental, Social and Corporate Governance ("ESG") factors are financially material and can have an impact on risk and return outcomes. ESG factors should therefore be integrated into investment and risk management processes. Further information is set out in Section 5.
- Effective stewardship and engagement (or active ownership), including collaboration, can create and preserve value for companies, and produce wider benefits for the economy, society and environment. Further information is set out in Section 5.
- Climate change poses a systemic risk that will affect all asset classes and geographies. The Committee are supportive of the Paris Agreement objective to limit global warming to 'well below' 2°c relative to pre-industrial levels. Further information is set out in Section 5.
- Long-term financial returns depend on stable societies and healthy ecosystems. Nature loss, biodiversity decline and wider environmental pressures may create financially material risks, including those arising from corporate behaviour and supply chains. These matters should be considered, where material, within investment analysis, risk management and stewardship.

- Effective governance and independent advice can add value to the Fund. Alongside the Pool, the Independent Person will play an important role in overall governance and will help the Committee in holding the Pool to account for performance in implementing the agreed investment strategy.

3.2 *High Level Investment Objectives*

The primary objective of the Fund is to provide pension and lump sum benefits for members on their retirement and/or benefits on death for their dependants, on a defined benefits basis. As such the overall Investment Objective is to achieve a return on assets consistent with an acceptable level of risk that will enable the Fund to meet its obligations over time.

To achieve the overall Investment Objective, the Fund has set the following objectives in line with the 2026 Regulations and guidance:

Area	Objective
Investment Return	To have a modelled expected long-term return that exceeds the actuarial discount rate of 6.2% over 20 years with greater than 75% probability. 6.2% was set based on market conditions at 31 March 2025 (the actuarial valuation date) and represents the discount rate adopted for the formal triennial valuation at 31 March 2025. This figure is not static and will be revisited as part of future actuarial valuations (including the concurrent investment strategy review).
Risk	To have a modelled 3-year 95% value-at-risk (VaR) that is limited to less than 30% of the asset value.
Cash Flow	To efficiently meet any net cashflow requirements, either liability related or in respect of private market capital calls, whilst avoiding being a 'forced seller' of assets. It is acknowledged that the Fund separately maintains a £30m cash buffer for cashflow purposes and that the Fund will remain either cashflow positive or cashflow neutral for several years.
Local	To target 5% of the Fund's total invested assets in local investments. For the purposes of this allocation, the definition of 'local' will reflect the combined local authority areas of LGPS Central's administering authorities. However, it is expected that the allocation will have quantifiable benefits to Gloucestershire and the economic development of the region.

The Investment Objectives set out above have been agreed with the Pool and will be considered as part of all future investment strategy advice.

3.3 *Link to Funding Requirements and Overall Approach to Risk*

The high-level objectives have regard for the Fund's funding strategy as set out in the Funding Strategy Statement.

The primary risk to the Fund is that its assets are insufficient to meet its liabilities, as determined by the Funding Strategy Statement. The main risk to the employers is the volatility and affordability of contribution rates. Given the long-term nature of the Fund's liabilities, the Committee has appetite to take investment risk in a controlled manner.

The Committee acknowledges the need to take an appropriate level of investment risk to ensure the affordability and sustainability of the Fund. However, a level of risk will be set which is aligned to the long-term objectives, with a view to taking appropriate and not unnecessary levels of risk and managing funding level volatility.

The Committee acknowledges that the level of risk taken will impact the level of contributions from the employers. If too much risk is taken, there is a greater chance of not meeting the assumed investment return, which would result in an increase in contributions to meet any shortfall. Conversely, if too little risk is taken, contribution requirements may be higher as there will be a lower assumption for future asset growth. The Committee therefore takes a balanced and controlled approach to managing investment risk.

For completeness, the funding strategy objectives as per the FSS are:

- Take a prudent long-term view to secure the regulatory requirement for long-term solvency, with sufficient funds to pay benefits to members and their dependants.
- Use a balanced investment strategy to minimise long-term cash contributions from employers and meet the regulatory requirement for long-term cost efficiency.
- Where appropriate, ensure stable employer contribution rates.
- Reflect different employers' characteristics to set their contribution rates, using a transparent funding strategy.
- Use reasonable measures to reduce the risk of an employer defaulting on its pension obligations.

3.4 *Evaluation of risks*

Evaluation of risks that may impact the investment strategy and expected future returns is crucial in determining the appropriate measures to mitigate those risks. The key investment risks affecting the Fund that influence our Investment Objectives are:

- **Concentration:** The risk that a significant allocation to any single asset category and its underperformance relative to expectation would result in difficulties in achieving the funding objectives.

- **Inflation:** The Fund's liabilities are impacted by inflation both explicitly and implicitly. The Fund will seek to invest in a range of assets that target returns in excess of inflation and in some cases provide inflation-linked returns, subject to a tolerable level of volatility.

- **Illiquidity:** The risk that the Fund cannot meet its immediate liabilities because it has insufficient liquid assets. This is mitigated through holding a suitable cash buffer and through maintaining a material allocation to liquid assets.

- **Environmental, social and governance ("ESG"):** The risk that financially material environmental, social or governance factors, including climate change, nature and biodiversity loss, human-rights issues and governance failures, adversely affect asset values, expected returns, market stability or the Fund's ability to meet its long-term objectives.

LGPS Central is responsible for managing investment implementation risks and operating appropriate risk-management controls within its remit. The Pension Committee and LGPS Senior Officer retain responsibility for overseeing and monitoring the Fund's overall investment-risk exposure.

4 Strategic Asset Allocation

4.1 *Formulating the Strategic Asset Allocation*

The Fund has formulated the Strategic Asset Allocation after receiving advice. The primary purpose of the Fund when setting the investment strategy is to achieve the long-term returns needed to pay pensions when due, and in order to do so, set an investment strategy that has regard to the timing and value of expected pension payments.

The Strategic Asset Allocation is designed to have a high likelihood of achieving the risk and return objectives set out in section 3.

4.2 *Strategic Asset Allocation*

In-line with the Regulations, the Fund's target investment strategy is set out below in Table 1 as well as tolerance ranges for each asset class.

Asset Class	SAA (%)	Tolerance Range
Listed Equity	50.0%	-5%/+10%
Private Equity	5.0%	±2%
Private Credit	5.0%	±2%
Property/Real Estate	13.0%	±5%
Infrastructure	7.0%	±2%
Credit	20.0%	±5%
UK Government Bonds	0.0%	-
Other Alternatives[1]	0.0%	-
Investment Cash	0.0%	-
Total	**100%**	**-**

[1]Other alternatives are investments which do not fit into the other asset classes.

4.3 *Connected Entities*

In line with the Regulations, the authority's investment strategy does not permit more than 5% of the total value of all investments of fund money to be invested in entities which are connected with the authority within the meaning of section 212 of the Local Government and Public Involvement in Health Act 2007.

5 Responsible Investment

5.1 *Approach to Responsible Investment*

The Pension Committee determines the Fund's responsible-investment objectives, priorities, preferences and overall stewardship approach through this Investment Strategy Statement and the supporting Investment Policy Statement. LGPS Central implements the approved approach through its investment management, stewardship and voting activities, having regard to the requirements of the Regulations, statutory guidance, fiduciary duties and the practical requirements of pooling.

The Fund's Responsible Investment approach has been set in collaboration with the Pool and aims to deliver positive real-world outcomes. The approach takes account, where possible, of the views of employers and members on their approach to responsible investment, including through the Local Pension Board and the stated approach in the Governance Strategy. This includes the use of member surveys.

The Fund considers, on a best endeavours basis, all factors, including ESG factors, that are financially material to the performance of the Fund's investments and their real-world impact. The approach to Responsible Investment will be reviewed at least every valuation period to ensure it remains relevant and up to date. It was last reviewed in Q2 2026.

5.2 *Responsible Investment Objectives*

Responsible Investment Objectives	
Net Zero Objective	Achieve 'Net zero' financed emissions by 2045 (currently on a Scope 1 + 2 basis)
Sustainable and Low Carbon Allocation Objective	Maintain at least 30% of Fund assets in sustainable and low-carbon mandates.

5.3 *Responsible Investment Priorities*

Responsible Investment Priorities	
Net Zero Implementation	The Fund will pursue a Net Zero–aligned investment strategy, targeting material reductions in portfolio greenhouse gas emissions intensity by 2030 across listed equities and corporate bonds, and progressively increasing low carbon transition alignment in high-impact sectors through active ownership and stewardship. The strategy will evolve to incorporate scope 3 emissions and private market climate metrics and targets as data quality improves. Granular targets and implementation metrics are set out in the Investment Policy Statement.

SDG Lens	↗ Of the 17 United Nations Sustainable Development Goals (SDGs), the Committee has identified the following priority areas from a risk, return and impact lens: ↗ affordable & clean energy; ↗ climate action; ↗ sustainable cities & communities; ↗ industry, innovation & infrastructure; and ↗ life on land. Further detail on these priorities, including the Fund's expectations, is set out in the Investment Policy Statement.

5.4 *Responsible Investment Preferences*

Responsible Investment Preferences	
Exclusions & Divestment	↗ The Committee considers engagement and active ownership to be the preferred starting point for addressing financially material responsible-investment risks. Material engagements should be supported by clear objectives and an appropriate assessment of progress. Where an investee entity does not demonstrate sufficient progress within a reasonable period, the Committee expects LGPS Central and its appointed managers to consider proportionate escalation. Depending on the circumstances, escalation may include intensified engagement, collaboration with other investors, voting action, supporting or filing shareholder resolutions, public-policy engagement, restrictions on further investment or, where supported by the investment case and consistent with fiduciary responsibilities, partial or full divestment. ↗ The Committee supports proportionate activity-based exclusions where these provide an effective means of managing material investment risks and are consistent with the Fund's fiduciary responsibilities and pooling arrangements.
Controversial Weapons	↗ The Committee expects fund managers not to invest in controversial weapons. Controversial weapons are defined as being those which have a disproportionate and indiscriminate impact on civilian populations.

	These may include: - Anti-Personnel Mines - Chemical and Biological Weapons - Cluster Weapons - Nuclear Weapons
Human Rights	↗ The Committee expects all fund managers to invest in line with the United Nations Global Compact, in particular the following principles relating to human rights: ↗ **Principle 1** - Businesses should support and respect the protection of internationally proclaimed human rights ↗ **Principle 2** - Businesses should make sure that they are not complicit in human rights abuses.
Diversity & Inclusion	↗ The Committee seeks to promote fair, diverse and inclusive business environments and practices across the companies in which it invests as well as the operations of the Fund

5.5 *Objectives, Priorities and Preferences Implementation*

The Fund recognises the Pool must endeavour to respect the RI approach set by the Fund, but this must be balanced with delivering the other objectives of the Fund.

The ability of the Pool to fully implement the Fund's Responsible Investment Priorities and Preferences is subject to the Pool being able to accommodate these without running counter to the fundamental aims of pooling. Where the Pool is unable to deliver a policy, the Pool will explain to the administering authority what elements of the policy it is not possible to implement and the reasons for this. Where a satisfactory position cannot be reached, the Administering Authority will escalate its concerns via the appropriate arena for contributing shareholder and client views, as agreed in the Pool's governance arrangements.

The Fund has ongoing engagement with the Pool and other participating AAs in relation to Responsible Investment.

5.6 *Exercise of voting rights*

Implementation of stewardship and the exercise of investment rights, including voting rights, is undertaken by LGPS Central in accordance with the approved Investment Strategy Statement and applicable pool-wide policies. The Pool's policy is outlined below:

The Company aims to vote all eligible ballots in accordance with its agreed Voting Principles. This includes the voting shares of portfolios managed externally where those funds are held in segregated accounts. The Company's Voting Policy is subject to annual review by the Board of the Company. The Voting Policy document is owned by the Company's Director of

Responsible Investment & Engagement and is implemented by the Responsible Investment Team, with ultimate responsibility resting with the Executive Committee.

5.7 *Stewardship*

Stewardship aims to promote the long-term success of companies through monitoring and engaging with companies on matters such as strategy, performance, risk, capital structure and corporate governance, including culture and remuneration.

Stewardship activities will be carried out by the Pool (or an organisation acting on behalf of the pool) in line with pool-wide policy developed by the Pool in consultation with Partner Funds.

Where there is a divergence between authorities within the Pool, this will be resolved through discussion in the first instance. Where a divergence of views would result in a Pool having to represent contradictory opinions which cannot be reconciled, it will ultimately be the responsibility of the Pool to decide the stewardship priorities based on fiduciary responsibility.

The Pool's policy is outlined below:

The Company's approach to stewardship is focussed on outcomes, and as such the Company will seek to escalate an engagement where escalation is deemed to improve the chances of engagement success. A decision to escalate, and the form or sequence of subsequent escalation is particular to the engagement in question. The most effective means of escalation varies from one engagement to another. It is also important to consider that escalation is rarely a linear process, hence the use of one engagement method does not preclude the use of others.

The Fund expects escalation to be considered where material engagement objectives are not being achieved. The appropriate action and timescale will depend on the circumstances of each engagement, and escalation need not follow a fixed or linear sequence. The Committee will monitor the quality of engagement, escalation and reported outcomes through the Fund's client, shareholder and collective-oversight arrangements.

The Administering Authority participates in industry wide collaborations to promote Responsible Investment, for example through acting as a signatory to the 2026 Stewardship Code and support of initiatives including Climate Action 100+ and the Institutional Investors Group on Climate Change ("IIGCC").

6 Local Investment

6.1 *Target Allocation*

The Fund has set a strategic target of investing 5% of its total invested assets in local investments. To support implementation of this objective, the Fund has established a target range of 1% to 5%, recognising that the allocation will be developed progressively over time. The Fund has considered advice from LGPS Central in setting both the target and the target range.

The 5% strategic target remains the Fund's intended long-term objective. A position within the 1% to 5% target range should not, by itself, be treated as achievement of that objective. The pace of progress will depend on the availability of suitable investment opportunities and LGPS Central's implementation arrangements.

The Fund considers the target and target range compatible with its primary duty to pay benefits when they fall due. Existing qualifying local investments will be taken into account when monitoring and reporting progress against both the 5% strategic target and the 1% to 5% target range.

6.2 *Target Area*

The preferred target area for the Fund's Local Investment allocation is the region encompassing all the AAs within LGPS Central, including but not limited to the region in which the Fund is located. However, while assets may be deployed outside of Gloucestershire to help mitigate concentration and other related risks, it is expected that a portion of the investments will deliver a direct and identifiable benefit to Gloucestershire. This is consistent with the approach taken historically to Local Investment.

The Fund will work with the Pool and other participating Partner Funds to establish areas of alignment and areas of investment opportunity. This will include considering the local priorities of strategic authorities, including Local Growth plans of all employers (across multiple Strategic Authority areas).

6.3 *Implementation of Local Investment*

The responsibility for implementing Local Investment lies with the Pool. In implementing the Fund's high-level objective specified in regulation 11(1)(f), the relevant asset pool company must give proper consideration to local investment opportunities (and projects), including those identified and developed in accordance with regulation 17(1).

It is for the Pool to make the decision on whether to invest in particular projects in order to best implement the Fund's 5% strategic target within the 1% to 5% target range in line with the Fund's objectives for Local Investment and overall investment strategy.

The Pool's ability to implement the Fund's local investment target and preferences will depend on the availability of suitable investment opportunities and its ability to accommodate them consistently with the fundamental aims of pooling. If sufficient suitable opportunities are unavailable, the target may not be achieved. The Pool must not invest in unsuitable assets solely to achieve the target or remain within the target range.

7 Approval, consultation and review

7.1 The LGPS Senior Officer is responsible for preparing and maintaining the Investment Strategy Statement, having obtained principal investment-strategy advice from LGPS Central and other relevant professional input.

7.2 The Local Pension Board and Independent Person will be engaged in the development and review of the Statement within their respective roles. Before approval, the Administering Authority will undertake consultation in accordance with the Regulations and statutory guidance, including consultation with relevant employers, scheme members, the relevant strategic authority and any other persons it considers appropriate.

7.3 The Pension Committee approves the Investment Strategy Statement under the Council's Constitution. The approved Statement will be published on the Fund's website.

7.4 The Statement will be reviewed from time to time and within the period prescribed following each effective actuarial valuation date. It will also be reviewed without delay where there is a significant change to the investment strategy, regulatory framework, pool arrangements or other relevant circumstances.

For more information, please call us on **01452 328888**
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