Cambridgeshire
Pension Fund

Investment Strategy Statement

Cambridgeshire Pension Fund

[DATE]

West Northamptonshire Council
Cambridgeshire County Council
Administered in partnership

Contents

1. Introduction

1.1 Cambridgeshire County Council is the Administering Authority ("the AA") responsible for maintaining and managing the Cambridgeshire 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 in our Governance Policy and Compliance Statement which can be found at CPF-Governance-Policy-and-Compliance-Statement.docx

1.4 The Investment Strategy Statement ("ISS") was formulated under The Local Government Pension Scheme (Pooling, Management and Investment of Funds) Regulations 2026, which revoked and replaced the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 ("the Regulations"). 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 Pension Fund Committee acts on the delegated authority of the AA.

1.6 The Fund participates with a number of other administering authorities to pool its investment assets through the Border to Coast Pensions Partnership ("the Pool"). The Pool is authorised and regulated by the Financial Conduct Authority (FRN 800511) and is owned equally by all the administering authorities that participate in the Pool.

1.7 The Pension Fund Committee recognises that the regulatory framework is new and the way the Fund complies with it continues to evolve. The Pension Fund Committee therefore considers this Investment Strategy Statement to be drafted on a best endeavours basis using the information currently available and acknowledges that updates may be required as the position develops and further work is undertaken.

1.8 The ISS was approved by the Pension Fund Committee on Day Month 2026 following employer and member consultation and last reviewed on Day Month 2026. As per the Regulations, this ISS will be updated by 30 September 2029. Further details of which are set out in Section 7.

1.9 The ISS is consistent with the Funding Strategy Statement (FSS) dated April 2026 found at CPF-2025-Funding-Strategy-Statement.docx

2 The roles of the Cambridgeshire Pension Fund and Border to Coast Pensions Partnership

2.1 Administering Authority

Cambridgeshire County Council is the Administering Authority ("AA") responsible for maintaining and managing the Fund. The AA is responsible for the final investment strategy and ensuring the ISS complies with regulations and guidance.

Key investment responsibilities of the AA include:

- to set the Fund's investment strategy, including investment objectives. The objectives must include a return, risk, cashflow and local investment objective. The local investment objective must include a target range;
- to ensure the ISS complies with regulations and guidance;
- to hold the Pool board accountable for delivery and should, working with the Pool Board, ensure that the Pool is properly resourced to deliver the strategy;
- to consider the appropriateness (alongside other participating administering authorities, where appropriate) of a third party to conduct a fiduciary management review on behalf of the AAs in a pool; and
- to input into how costs of the Pool are charged to Administering Authorities.

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 Scheme (such as administration, investment and governance), in accordance with guidance issued by the Secretary of State.

Key responsibilities of the LGPS Senior Officer include:

- to provide advice, guidance and assurance to the Pension Fund Committee ("the Committee"), Investment Sub-Committee and Local Pension Board in relation to the Fund;
- to ensure LGPS functions are well resourced and structured;
- to draw up the Fund's budget and agreeing it with the Committee;
- ensuring that a draft investment strategy is prepared in accordance with legislation and guidance.
- to hold the Pool to account for their performance and monitor performance of the Pool through regular data and reports on performance from the pool, and report to the Investment Sub-Committee;
- alongside the Section 151 Officer, to oversee the preparation and approval of the Fund's annual accounts, ensuring they present a true and fair view of the financial position.

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

2.3 Pension Fund Committee

The AA delegates its responsibility for administering the Fund to the Pension Fund Committee, which is its formal decision-making body.

Membership breakdown of the Pension Fund Committee

Representatives of	Number of seats	Term of Appointment	Method of Appointment
Cambridgeshire County Council Members	6	4 years from County Council elections	Determined by Cambridgeshire County Council Full Council.
All other local authorities, police and fire	2	4 years	Nominations determined by a leaders/chief executives' group. Selection would be linked to the respective employers' election cycle. Details of process to be agreed by the Chair.
All other employers	1	4 years	Nominations to be determined by eligible employers. Details of process to be agreed by the Chair.
Active scheme members	1	4 years	Determined by Unison. Where Unison fails to nominate a committee member for any period of six months or more, nominations will be requested from all eligible active scheme members and a representative will be picked following interviews. Details of process to be agreed by the Chair.
Deferred and pensioner scheme members	1	4 years	Determined by Unison. Where Unison fails to nominate a committee member for any period of six months or more, nominations will be requested from all eligible deferred and pensioner scheme members and a representative will be picked following interviews. Details of process to be agreed by the Chair.
Total Committee Members	11		

The Committee's roles and responsibilities are primarily derived from the Local Government Pension Scheme Regulations 2013 (as amended), the Public Service Pensions Act 2013, and related statutory guidance.

Key responsibilities of the Committee include:

- Determination of all the Funds strategies and policies;
- To review as required policy matters delegated to officers
- To consider and agree an annual business plan and medium-term strategy and monitor progress against that plan.

- To develop and maintain a skills and knowledge framework for Members and key Fund Officers
- Appointment, monitoring and, where necessary, termination of the Fund's external advisors and service providers, except those providing support solely on investment matters.
- To agree a response to consultations on LGPS matters and other matters where they may impact on the Fund or its stakeholders.
- To oversee the work of the Investment Sub-Committee and consider any matters referred to the Committee by the Investment Sub-Committee.
- To set up sub-committees and task and finish groups as required, including jointly with other LGPS Administering Authorities.
- Consider reports dealing with management of the risks facing the Fund, seeking assurance over the suitability of mitigations and management actions.
- To agree the Fund's annual report.
- To consider and review the financial accounts in advance of approval by the Audit and Governance Committee.
- To manage any other strategic or key matters pertaining to the Fund not specifically listed above.
- Oversight and governance of LGPS pooling arrangements, including representation, monitoring, and risk management across ACCESS and Border to Coast Joint Committees

2.4 *Investment Sub-Committee*

The Pension Fund Committee shall establish an Investment Sub-Committee with the following membership and powers:

Representatives of	Number of seats	Term of Appointment	Method of Appointment
Cambridgeshire County Council Members	4	4 years from County Council elections	Determined by Cambridgeshire County Council representatives on the Committee. Details of process to be agreed by the Chair.
All other employers	2	4 years	Determined by non-Cambridgeshire County Council employer representatives at the Committee. Details of process to be agreed by the Chair.
Scheme member representative	1	4 years	By agreement between active and deferred/pensioner representatives on Committee. Details of process to be agreed by the Chair.
Total	7		

Key responsibilities of the Investment Sub-Committee include:

- Oversight and implementation of the fund's investment strategy by the Border to Coast asset pool.
- Monitoring of investment manager and Fund performance over the short, medium and long-term.
- Authority to appoint and monitor and where necessary terminate external advisors and service providers solely relating to investment matters, for example, the fund custodian, independent investment advisers and investment consultants.
- Authority to monitor the risks inherent in the fund's investment strategy in relation to the fund's funding level.
- Monitoring and reviewing macroeconomic factors, investment and transaction costs, and the adoption of responsible investment and governance practices by investment managers
- Authority to undertake any task as delegated by the Pension Fund Committee.
- To refer any matter to the Pensions Fund Committee as they consider appropriate and to provide minutes and such other information as they may request from time to time.

2.5 *Local Pensions Board*

The Local Pension Board was established under the Public Service Pensions Act 2013 to assist the AA in ensuring good governance and compliance with the law. The Local Pension Board has an oversight and scrutiny role to ensure good governance.

Membership breakdown of the Local Pension Board

Representatives of	Number of seats	Term of Appointment	Method of Appointment
Employers	3	4 years or until qualification for membership ceases	At least two representatives to be appointed by Cambridgeshire County Council Full Council One representative appointed via an open and transparent selection process.
Scheme Members	3	4 years or until qualification for membership ceases	To be appointed via an open and transparent selection process.
Total	6		

The key responsibilities of the Local Pensions Board are:

- to assist the AA in securing compliance with all relevant Regulations, any other legislation relating to the governance and administration of the Scheme, and requirements imposed by the Pensions Regulator in relation to the Scheme;
- to ensure the effective and efficient governance and administration of the Scheme, including:
  - to identify and report breaches or maladministration to the administering authority and, if needed, to The Pensions Regulator.
  - to provide advice to improve governance and administration.
  - to review and monitor risk controls related to the Fund.

- to engage during the formulation of the ISS as the primary mechanism for incorporating ensuring that stakeholder interests are considered.

2.6 *Section 151 Officer*

The Section 151 Officer is a statutory role under the Local Government Act 1972.

Key responsibilities of the Section 151 Officer (with regards to the Fund) include:

- to ensure the proper administration of the LGPS Pension Fund's finances in accordance with the Local Government Pension Scheme Regulations and other relevant legislation; and
- alongside the LGPS Senior Officer, overseeing the preparation and approval of the Pension Fund's annual accounts, ensuring they present a true and fair view of the financial position.

2.7 *Independent Person*

The Independent Person is fully independent and is not employed by any company that provides other paid pensions advice to the Administering Authority. The Independent Person for the Fund was appointed on DAY MONTH YEAR.

The Independent Person is also an Independent Person for the XYZ Pension Fund. The LGPS Senior Officer and the Independent Person are responsible for managing any conflicts of interest.

The key responsibilities of the Independent Person are:

- to maintain a direct relationship with the LGPS Senior Officer;
- to play a role in developing the ISS, including interpreting or considering advice;
- to scrutinise the Pool's implementation of the Fund's Investment Strategy;
- to contribute to the Committee by providing additional independent and professional expertise and to scrutinise and challenge the advice given to them across investment strategy, governance and the role of the Administering Authority as a shareholder of the Pool; and
- to hold the Pool to account for their performance and monitor performance of the Pool through regular data and reports on performance from the pool, and report to the Pension Committee.

When considering the appropriateness and expertise of the Independent Person, the Administering Authority has considered the following:

- significant experience and expertise within the LGPS and/or wider public sector pensions sector;
- strong knowledge of governance, regulatory requirements and recognised good practice;
- experience of providing independent advice, constructive challenge and scrutiny to decision-making bodies;
- an understanding of pension fund investments, funding arrangements and administration functions;
- the ability to communicate complex technical matters clearly and effectively to elected Members and stakeholders;
- demonstrable independence, integrity and freedom from material conflicts of interest; and
- the ability to support continuous improvement in governance, knowledge and understanding, and overall Fund oversight

2.8 *The Pool*

The Fund participates with a number of other administering authorities to pool its investment assets through Border to Coast Pensions Partnership. The Fund is a shareholder of the Pool and it is the responsibility of the AA to work with the Pool's Board to ensure that the Pool is adequately resourced.

Regulation requires that the Fund's assets for which the AA is responsible are held and managed by the Pool and that the AA must not invest or manage pension fund investments outside the Pool, with the exception of the management of operational cash.

Border to Coast is authorised and regulated by the Financial Conduct Authority (FRN 800511) to manage the Fund's assets and is owned equally by all the administering authorities that participate in the Pool.

Guidance sets out that all investment management decisions that support the implementation of the investment strategy must be made by the Pool. The Pool is responsible for the following:

- Views on 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;

An overview is outlined in the following table.

The roles of administering authorities and asset pool companies in managing investments

Task	Definition	AA Role	Pool Role
Strategy			
Investment Objectives	Objectives, priorities and preferences on risk and return, local investment, and responsible investment in accordance with the Investment Strategy Statement Guidance 2026.	Decide	Advise
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	Management of the disinvestment (or	Monitor	Decide

Task	Definition	AA Role	Pool Role
Cashflow Management	investment of contributions) in collaboration with administrators and Fund Actuary		

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:

- the Fund will consider engaging with the Pool and other Partner Funds with the aim of increasing the scalability of a chosen Investment Strategy;
- on occasion it may be necessary for the Fund to consider adjusting their investment strategy;
- if an AA's responsible investment policy is not possible to implement efficiently, the Pool should prioritise implementation of the AA's high-level objectives and any common ground with partner AAs.

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

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

The Pool will not be in a position to provide strategic investment advice until 2027. The Fund will retain its existing investment advisor until then.

It is the responsibility of the Fund to hold the Pool accountable for delivery. To assess this, the Fund will ensure appropriate oversight arrangements are in place, both at a Fund and Pool level. These arrangements are being developed in readiness for when the Pool commences the supply of strategic investment advice and other services.

Fund Actuary

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

- take a prudent long-term view to secure the legal 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 legal 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 Investment Objectives

3.1 Investment Beliefs and Preferences

The investment strategy adopted by the Fund reflects the FSS requirements to invest the Fund's assets appropriately with the aim that assets grow over time with investment income and capital growth by applying the following investment beliefs:

- The strategic asset allocation is the key factor in determining the risk and return profile of the Fund's investments and recognises that the Fund is a long-term, open scheme that has an obligation to pay benefits that are linked to inflation.
- The strategic asset allocation should reflect different employers' characteristics, consistent with the FSS, including the strength of employer covenant.
- The strategic asset allocation should be set with reference to the characteristics of the Fund's liabilities including the split between Pensioner, Deferred and Active members and the risk and return requirements for each.
- The strategic asset allocation should be set with reference to the funding position of the Fund. Specifically, if the Fund is in surplus, the investment strategy should take into account the risk and return objectives for these surplus assets.
- Investing with a long-term mindset provides opportunities to improve returns, reducing the impact of transitions and delivering the benefits of compounded returns.
- Diversification across asset classes, and within asset classes across geographies, sectors and securities, can help to mitigate against adverse market conditions and assist the Fund to produce a smoother return profile due to returns coming from a range of different sources.
- There is a role for active and passive management in implementing the Fund's investment strategy, balancing risk and return objectives and cost.
- Responsible Investment including Environmental, Social and Governance are important factors for the sustainability of longer term investment returns. Further detail can be found in our Responsible Investment Policy which can be found in Section 5.
- Value for money is defined as recognising net return over absolute cost.

3.2 Investment Objectives

The primary objective of the Fund is to provide pension and lump sum benefits for members, and death and survivor benefits to dependants and other beneficiaries. Benefits will be met by contributions, asset returns and income.

The Committee works to endeavour that, in normal market conditions, all accrued benefits are fully covered by the value of the Fund's assets and that an appropriate level of contributions is agreed by the employer to meet the cost of future benefits accruing.

To achieve the primary objective, the following investment objectives have been set:

Area	Objective
Investment Return	To have a modelled expected long-term return that exceeds the discount rate over 20 years with greater than 70% probability.
Risk	To have a modelled 3-year 95% Funding Value-at-Risk (VaR, a measure of potential loss over three years in 95 out of 100 scenarios) relative to the asset value limited to less than **25%**.
Cash Flow	To manage the cashflow position of the Fund in the most efficient manner taking into account the size and timing of cash inflow and outflow. The Fund

	will work with the Pool to manage the operational delivery and investment of cashflow in a timely manner. The Fund is estimated to be in a cashflow negative position p.a. which takes into account the contribution income, expected benefit outflow, expenses and other expected cashflows.
Liquidity	Seek to limit investment in illiquid assets to 30% of total assets, while targeting a strategic allocation below this level. Where illiquid assets are defined as those that can't typically be liquidated, without expecting to incur significant cost, within a 12 month period.
Local	To target investment of up to 5% of the Fund's portfolio in local investments by 2030, with this target to be reviewed over time. More detail on the Fund's local investment objective and preferences is set out in section 6.

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

The primary risk to the Fund is that its assets are insufficient to meet its liabilities, as determined by the FSS. The main risk to the employers is the volatility of the contribution rates and affordability. 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, the 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 over the long term will impact the level of contributions from the employers. If too much risk is taken, this could result in a material and sustained decrease in the funding level which would put pressure on employers to increase contributions. Conversely, if too little risk is taken, this could also result in a decrease in the funding level as the asset fail to keep pace with the liabilities, which again could result in employers needing to increase contributions.

The Committee therefore takes a balanced and controlled approach to managing investment risk, with reference to different employers' characteristics, consistent with the FSS.

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 principal investment risks that influence the Fund and our Investment Objectives, which we ask the Pool to consider when providing Investment Strategy advice, are:

- **Liabilities (interest rate and inflation)** – The largest risk that the Fund faces is in relation to an increase in liabilities due to changes to interest rates and inflation. The Committee expects that the Pool will manage this risk appropriately in delivering advice to the Fund and implementing its asset portfolio.
- **Credit Risk** – The risk that a counterparty fails to meet their debt obligations or contractual commitments owed to the Fund. This primarily relates to the Fund's fixed income assets. The Committee expects that credit risk is monitored and managed by the Pool, and any credit risk taken in implementing the Fund's portfolio offers sufficient compensation.
- **Currency risk** – This risk arises from unhedged investment overseas. The Committee believes that a long-term investor can tolerate a degree of short term fluctuations in currency movements, but expects that this risk should be monitored and managed, including currency hedging where appropriate.

- **Price risk** – The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices, other than those arising from interest rate risk or currency risk. This relates primarily to the Fund’s growth assets, including equities and alternatives. Should growth asset values deteriorate significantly this will have a negative impact on the funding level. The Committee expects the Pool to monitor and manage this risk, and that expected returns for growth assets compensate for the level of price risk.
- **Liquidity risk** – There is liquidity risk in holding assets that are not readily marketable and realisable. Given the long-term investment horizon, the Committee believes that a degree of liquidity risk is acceptable given the potential for accessing higher returns. The Committee expects the Pool to monitor and manage this risk.
- **Concentration risk** – This risk arises where asset portfolios are not sufficiently diversified. The Committee expects that the Pool implements sufficient diversification across the Fund’s asset portfolio, including within asset classes.

The operational responsibility for managing the above risks is delegated to the Pool.

4 Strategic Asset Allocation

4.1 Formulating the Strategic Asset Allocation

The primary purpose of the Fund when setting our 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.

There are groups of employers with different underlying characteristics and with different long term funding objectives. While most of the Fund's liabilities relate to Open Employers, for employers approaching the point where they will leave the Fund, the most important objective may be to protect their funding position by minimising volatility in asset values compared to the discount rate and this may be delivered by a low-risk investment strategy.

In order to achieve its key objectives, including employer affordability, the Fund divides employers into separate groups, with each group able to have its own distinct investment strategy. This approach is taken to recognise the different characteristics, cash flows, maturity of liabilities and funding levels of different employers.

The Fund currently organises employers into the following two groups:

- Open Employers
- Closed Community Admission Bodies (CABs)

The Fund has formulated the Strategic Asset Allocation after receiving advice.

The Strategic Asset Allocation is designed to have a high likelihood of achieving the risk and return objectives set out in Section 3, while reflecting the underlying employer group investment strategies.

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.

The Strategic Asset Allocation set out below has been determined by the Fund, with certain elements, where delegated, derived by the Company in accordance with the Fund's agreed objectives and governance arrangements.

Asset Class	Open Employers	Closed CABs	SAA (%)	Tolerance Range
Listed Equity	35.0%	0.0%	32.5%	+/- 5%
Private Equity	10.0%	0.0%	9.5%	+/- 5%
Property	10.0%	0.0%	9.5%	+/- 5%
Infrastructure	8.0%	0.0%	7.5%	+/- 5%
Credit[1]	21.0%	35.0%	21.5%	+/- 5%
UK Government Bonds	16.0%	65.0%	19.5%	+/- 5%
Total	**100.0%**	**100.0%**	**100.0%**	

[1]Including credit instruments of investment grade quality, including (but not limited to) corporate bonds and non-UK government bonds.

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 Fund considers all factors that are financially material to performance of their investments and the impact of their investments. The Fund's approach to Responsible Investment ("RI") supports its Investment Objectives and reflects its duty to act in the best financial interests of members and beneficiaries. It is framed around financially material sustainability themes, recognising that these can influence long-term investment outcomes.

5.2 Responsible Investment Beliefs and Objectives

The Committee's primary belief is that the Fund's approach to Responsible Investment should seek to go beyond the minimum required to comply with relevant regulations and demonstrate good practice in the LGPS.

The Fund is committed to embedding RI into all aspects of the investment decision-making process and has adopted a set of Responsible Investment Beliefs as set out in the table below.

Belief	Explanation
Summary	Environmental, Social and Governance ("ESG") issues, including climate change, create material risks and opportunities which will influence long term investment performance and the ability of the Fund to achieve its investment and funding objectives. Therefore, good ESG and stewardship practices should be integrated throughout the investment process of the Fund.
ESG integration and broad risk management	Effective management of ESG issues is a key determinant of long-term shareholder value and good risk management. Their consideration is part of the Fund's fiduciary duty to beneficiaries. The Fund therefore recognises the importance of its Pool and investment managers integrating all material financial and non-financial factors, including ESG considerations, into the decision-making process for fund investments and the ongoing monitoring of these same issues.
Stewardship	Good stewardship can protect and enhance value for companies and markets as a whole. The Fund is committed to being a long-term steward of the assets in which it invests. It believes in the importance of its Pool and investment managers acting as active asset owners through proactive voting and engagement with companies. The Fund believes that engaging with managers and companies, rather than setting exclusions or divesting based on country, sector or style, should be the primary route for seeking positive change. In addition, the Fund believes that acting collectively with other investors is an effective way to engage with companies.
Social	Addressing social factors, including labour practices and diversity, can enhance long-term returns and diversify the Fund's investment strategy. The Fund believes that its Pool and investment managers should exhibit diversity in decision making positions in their portfolio management teams, and the Pool should monitor and report on diversity, equity and inclusion throughout the Fund's investment portfolio.
Climate change risk	The Fund believes that climate change presents risks over the short, medium and long-term that the Fund should better understand and mitigate where possible. Investment action is an important area for the

	Fund to further develop its approach, including collaborative engagement opportunities. The Fund supports the objectives of the Paris Agreement and believes that keeping a global temperature rise this century to well below 2ºC relative to pre-industrial levels is entirely consistent with securing strong financial returns. The Fund also believes in a "just transition" to a low carbon economy that ensures fair treatment for employees and communities that would otherwise bear the brunt of industrial change.
Thematic sustainable investments opportunities.	Long-term sustainability trends, including climate change, present opportunities that increasingly require explicit consideration. The Fund expects its Pool to consider strategies that target long-term ESG themes (e.g. energy, water, demographic trends) including those themes set out in the United Nations Sustainable Development Goals (SDGs) on the basis that such opportunities will generate good risk-adjusted investment returns.
Ongoing commitment	Responsible Investment is a developing area and the Fund is committed to staying informed through further education and developing its approach with regard to these issues.

In setting its RI approach, the Fund works collaboratively with the Pool and other Partner Funds, to support efficient and effective implementation.

The Fund takes account of the views of employer and member representatives on their approach to responsible investment, including through the Local Pension Board.

The approach to Responsible Investment will be reviewed at least every valuation period to ensure it remains relevant and up to date, and aligned with regulatory requirements, the Fund's investment objectives, and the Pool's RI and stewardship framework.

5.3 *Responsible Investment Priorities and Preferences*

This section summarises the Fund's RI Policy based upon the Responsible Investment Beliefs set out above.

ESG integration and broad risk management

The Fund's Pool and underlying investment managers should integrate all material financial factors, including ESG considerations, into investment decision-making and ongoing monitoring.

Assurance will be sought through ongoing engagement and reporting with the Pool that the investment managers are appropriately integrating ESG into their investment processes and decision making.

Social

The Fund's Pool and underlying investment managers should exhibit diversity in decision-making positions within portfolio management teams, and the Fund expects appropriate reporting in this area. The Fund also expects stakeholders, suppliers and contractors to include Diversity and Inclusion as key aspects of running their business and may ask for evidence of their approach.

The Fund will consider investments that deliver a positive social impact alongside a commensurate financial return, recognising that social factors can enhance long-term returns and diversify the Fund's strategy. The Local Investment portfolio is expected to play a key role in developing this exposure. Further detail is included in Section 7.

The Pool considers material ESG factors across all asset classes, including social issues such as human rights, child labour, supply chain, human capital, employment standards, pay conditions and just transition, recognising that they can create long-term risks and opportunities.

The Pool expects companies to abide by the UN Global Compact Principles and OECD Guidelines for Multinational Enterprises, with processes to identify and manage human rights risks across their business and supply chain. It also engages with companies on modern slavery, labour practices and human rights due diligence, and reflects these considerations in its voting.

Climate Change

The Fund recognises the systemic risk associated with climate change, as well as the views and aspirations of scheme employers and members.

Climate risk is recorded in the Fund's Risk Register, reflecting the Fund's view that climate change could significantly alter investment values. The Fund assesses this risk on an ongoing basis through climate scenario analysis to understand potential impacts on returns and support decision-making.

To manage this risk and support the Paris Agreement and a just transition, the Fund has set a target to achieve Net Zero for its asset portfolio by 2050, alongside interim decarbonisation targets for 2024 and 2030 and a multi-year climate action plan. The Fund believes the portfolio should aim to align with the Paris Agreement goal of limiting warming to well below 2°C above pre-industrial levels.

Progress is reviewed regularly through climate reporting. The Fund has met its initial 2024 interim target and is now working towards its 2030 interim target.

Thematic sustainable investments opportunities

The Fund will consider investment opportunities targeting long-term ESG themes, including those set out in the UN Sustainable Development Goals, where they are expected to generate good risk-adjusted returns.

Priority SDG themes identified by the Fund include Clean Water and Sanitation, Good Health and Well-being and Quality Education.

5.4 *Stewardship and exercise of voting rights*

Stewardship forms an important part of the Fund's approach to Responsible Investment. 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.

The Fund is responsible for setting high-level expectations for how voting rights should be exercised. The implementation of voting activity held within pooled arrangements is delegated to the Pool.

The Pool undertakes stewardship activities on behalf of Partner Funds, including engagement, voting and monitoring in relation to investee companies and assets. The Pool's approach is set out in its Responsible Investment Policy and Corporate Governance & Voting Guidelines, developed in consultation with Partner Funds, and available on its website.

6 Local Investment

Regulations made under the Pension Schemes Act 2026 require the Fund to determine a target for local investment, to be delivered by Border to Coast.

6.1 Target allocation

Having considered the potential range of opportunities available the Investment Sub-Committee has agreed a target allocation up to 5% by 2030. This target will be reviewed over time.

The Fund is comfortable that the local allocation is compatible with its primary duty to pay benefits when they fall due.

Local investment is not an allocation in itself and will represent a portion of private markets asset class allocations, including Infrastructure, Real Estate (Commercial and Residential), Private Equity and Private Debt.

6.2 Target area

For this purpose "local" For the purposes of this objective, 'local' refers to the Fund's geographic area, encompassing adjacent economic regions and immediate neighbouring counties within the Pool.

6.3 Target objectives

The aim of the Fund in investing locally is to create a diversified pool of investments that will assist in meeting the Fund's liabilities and cashflow requirements while also supporting regional economic growth and addressing social and environmental challenges in the local area.

Local investments should expect to generate a return commensurate with each investment's risk profile and comparable 'non-local' assets.

6.4 Preferences and priorities

The Fund has identified the following priority benefits to target through local investment:

- Job creation
- Community wellbeing
- Local business development
- Reduced pollution

While recognising the benefits of developing a diversified local investment portfolio, the Fund has identified infrastructure as a priority asset class to target in order to deliver the benefits set out above.

6.5 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).

The ability of the Pool to fully implement our Local Investment Target and Preferences is subject to the Pool being able to accommodate these without running counter to the fundamental aims of pooling and will be dependent on the investment opportunities available.

Further work is required to implement this allocation over the life of this Investment Strategy Statement (and longer). In particular the Committee and the Fund's Officers will work with the Pool and Cambridgeshire and Peterborough Combined Authority to identify the types of investment likely to both generate the returns required by the Fund together with impacts which will positively assist the delivery of local growth plans.

7 Approval and Review

7.1 In formulating this Investment Strategy Statement, we have consulted:

- those Scheme employers and members of the Scheme, in respect of which the authority is the appropriate administering authority under Part 2 of Schedule 3 to the 2013 Regulations(a),
- the relevant strategic authority
- any person specified in guidance issued by the Secretary of State from time to time
- and any person that the authority considers that it ought to consult as to the proposed contents of its investment strategy

7.2 The views of the members, Pension Fund Committee and Local Pension Board, have been taken into account when drafting the ISS.

7.3 This Investment Strategy Statement was approved on [DATE] by the Pension Fund Committee.

7.4 The ISS will be formally reviewed from time to time and within 18 months of each valuation date. The Fund will carry out a review of its investment strategy and, if necessary, revise the strategy, and publish a statement of the strategy as revised within the 18-month timeframe.