

Response from Tayside Pension Fund

Please find the response on behalf of Tayside Pension Fund to the correspondence of 15 May 2015 in reference to Budget Strategy Phase 2016-17 - Local Government Pension Funds

Investment Principles and ESG Policy

1. Please find link to the Statement of Investment Principles of Tayside Pension Fund which was agreed on 2 March 2015. It is due for review in March 2016.

http://www.dundee.gov.uk/sites/default/files/publications/Statement_of_investment_principles_review.pdf

2. Please find attached a copy of Tayside Pension Fund Environmental, Social and Corporate Governance Policy which was agreed on 1 June 2015 following amendment.¹ The implementation of this policy is set out within the fund's Statement of Investment Principles.

Infrastructure Investment

1. Tayside Pension Fund has no infrastructure investments.

2. Tayside Pension Fund would consider any infrastructure investments if they met investment objectives in relation to return required and associated risks.

3. Tayside Pension Fund have not been involved in any partnership infrastructure investments, however the fund would be keen to explore any opportunities in primary infrastructure investment available which would meet the funds investment objectives.

4. Tayside Pension Fund although not currently holding investments in this asset class would consider the following to be potential barriers, however as no suitable opportunity has been presented to the fund to invest in this area, these comments are not known with certainty:

(i) Scale of investment required - Significant investment is required which may be in excess of asset allocation available.

(ii) Costs of investment - Fees associated with this asset class could be in excess of current budget for other investments. Pension funds are under pressure to lower costs.

(iii) Liquidity and risk - Although pension fund investments are long term in nature, this asset class is more illiquid than others, therefore any sizeable allocation to this asset class could affect the risk profile of the fund overall.

(iv) Opportunity - This asset class has a lower profile than others and thus opportunities for investment do not regularly present themselves. In the main, a number of the products available are secondary, and therefore not giving the opportunity to directly support infrastructure investment.

¹ Hard copy available from the clerks