Shropshire County Pension Fund

Investment Strategy Statement

Approved by Pensions Committee XXXX 2026

Contents

Introduction

Background

Local Government Pension Scheme (LGPS) regulations require Administering Authorities to publish and maintain an Investment Strategy Statement. The Shropshire County Pension Fund ("the Fund") has prepared this Investment Strategy Statement in line with the current statutory framework and new draft regulations[1] expected to be in place in 2026.

Purpose

The Fund's responsibility is to generate sustainable investment returns that, together with employer contributions, will meet its obligation to pay members benefits when they fall due. The Investment Strategy Statement explains how the Fund intends to generate those returns.

This Investment Strategy Statement sets out:

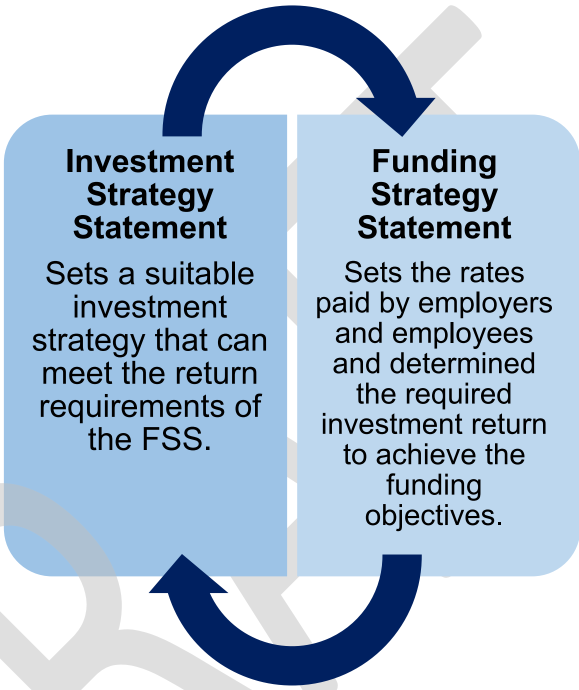
- The Fund's investment objectives, beliefs, and appetite for risk;
- The Strategic Asset Allocation used to deliver those objectives;
- How environmental, social, and governance factors are integrated into investment decisions;
- The cashflow requirements of the Fund;
- The Fund's approach to local investment; and
- The framework for overseeing investment implementation, including LGPS investment pooling arrangements.

As a long-term, multi-employer pension fund, Shropshire County Pension Fund has a responsibility to manage assets prudently and sustainably in the best interests of its stakeholders. The Fund benefits from a strong employer covenant, underpinned by long-term, publicly funded employers. This enables the Pensions Committee (" the Committee")

[1] Part 4 of the Draft Local Government Pension Scheme (Management and Investment of Funds) Regulations 2026.

to adopt a long-term approach to funding and investment, consistent with the statutory framework for the LGPS.

The Investment Strategy Statement should be read alongside the [Funding Strategy Statement](). Together, these ensure an integrated approach to funding, investment strategy, and risk management, supporting the Fund in meeting regulatory requirements and paying member benefits over the long term. The diagram below describes how these policies interact.



Review

The Investment Strategy Statement is fully reviewed at each triennial actuarial valuation. As part of an integrated funding approach, the investment strategy is assessed alongside the valuation of the Fund’s liabilities and the strength of the employers’ covenant (their ability and willingness to meet future contribution requirements). The Investment Strategy statement may be updated to reflect changes in funding levels, liabilities, investment objectives, long-term cashflow projections, or the Fund’s attitude to risk. It may also be refined in response to new investment opportunities, evolving market conditions, implementation considerations, or changes in LGPS regulations and guidance.

In addition, the Investment Strategy Statement is reviewed annually to ensure it remains appropriate. This Strategy was prepared with advice from independent investment and risk consultants, who are qualified and experienced in pension funding and investment.

The Fund consulted with employers, members, member representatives, other stakeholders, and relevant service providers. Feedback was collected on a draft Investment Strategy Statement agreed in June 2026 and considered before finalising the strategy.

This Strategy has been reviewed by the Fund’s governing bodies and was approved by the Pensions Committee on **XXXX 2026**. This statement updates and replaces the March 2023 Investment Strategy Statement.

Governance

Stakeholders

The Fund’s governance reflects the interests of its two key stakeholders – employers and members. Members of the Fund are entitled to a pension and other benefits payable from the Fund defined by salary and service.

Participating employers are local authorities and other organisations whose employees are members of the Fund and are liable for the cost of providing benefits. In order to manage the liability and have stable and affordable employer contribution rates, investment returns need to be maximised but within an acceptable degree of risk.

Investment pooling

LGPS Central Limited (“the Pool Company”) is an investment company regulated by the Financial Conduct Authority. It is currently owned by 14 administering authorities since its expansion in April 2026, following the “Fit for the Future” reforms. Its purpose is to pool investments so the pension funds can benefit from scale and access better investment opportunities and services to help them deliver their individual investment strategies with greater value add. From April 2026, the Pool Company’s responsibilities extended to the implementation and management of all the Fund’s investments in line with the Investment Strategy Statement. The Pool Company will also become responsible for providing principal investment advice to the pension funds.

Governing bodies

Shropshire Council is the administering authority for the Fund. Responsibility for managing the Fund is delegated to the Pensions Committee, which sets the overall investment objectives and strategy, including the Strategic Asset Allocation. Implementation, oversight, and monitoring of the investment strategy is delegated to the LGPS Senior Officer/Head of Pensions.

The LGPS Senior Officer, alongside other suitably qualified experienced senior officers of the Fund and advisors, work to support the Pensions Committee in its role.

The investment strategy needs to meet the investment and risk objectives of the integrated funding management framework and be aligned to the Fund's investment beliefs, including the management of environmental, social, and governance risks.

Senior officers liaise with the Pool Company on implementation of the Fund's investment strategy, monitoring the Pool Company's activities, and performance of the Fund's assets. They assess the effectiveness of the Pool Company in delivering the required quality of products and services in a risk-controlled manner and provide appropriate reporting to the Pension Committee.

The Local Pensions Board supports all functions of the Fund by reviewing the effectiveness of decision-making processes and supporting the Administrating Authority in compliance with regulations.

The Fund believes that the enablement of objective and informed decision making as well as value added monitoring and oversight through effective internal governance provide a basis for strong governance.

Further details on roles and responsibilities are provided in the Fund's Governance Compliance Statement.

Regulatory guidance and oversight

The Ministry of Housing, Communities, and Local Governments (MHCLG) is the Responsible Authority for the Fund, whose role is to manage and oversee the LGPS and provides guidance on drafting an Investment Strategy Statement. The Scheme Advisory Board (SAB) supports best practice. The Pensions Regulator sets the governance and compliance standards for the United Kingdom.

Investment objectives and beliefs

Investment objectives

The Fund's main goal is to pay member pensions when they are due whilst trying to maintain stable contributions for employers. To achieve this, the Fund follows a long-term investment strategy that, together with employer and employee contributions, is expected to cover the cost of benefits over time.

The following investment beliefs are taken into account when agreeing an asset allocation policy.

- A long-term approach to investment will deliver better returns.
- The long-term nature of the Fund's liabilities is well suited to a long-term approach to investment.
- Asset allocation policy is the most important driver of long-term return.
- Risk premiums exist for certain types of assets and taking advantage of these can help to improve investment returns.
- Markets can be inefficient, and sometimes 'mispriced' for long periods of time, and there is a place for both active and passive investment management.
- Diversification across investments with low correlation improves the risk/return profile, but over-diversification is both costly and adds little value.
- The Fund should be flexible enough in its asset allocation policy to take advantage of opportunities that arise as a result of market inefficiencies, and also flexible enough to protect against identifiable short-term risks when this is both practical and cost-effective.
- Responsible investment can enhance long term investment performance, and the Fund expects environmental, social, and governance integration to be a key part of the selection criteria for appointing new managers
- Investment management fees are important and should be minimised wherever possible, but it is ultimately the net return to investors (i.e. the return after all fees and costs) that is the most important factor.

- Ensure the Fund is sufficiently liquid to be able to pay benefits as they fall due through ensuring due regard is given to efficient ways of ensuring cashflow requirements are met.
- To allocate up to 2% of assets over a 6-to-8-year period in local opportunities that offer suitable risk adjusted returns and support local economic, social, or environmental outcomes. Please read the local investment section for more details.

Asset-liability study and expected returns

The Committee determines the Strategic Asset Allocation policy after considering projections of the Fund's assets and liabilities which are calculated by the Fund's investment adviser, in liaison with the fund actuary. This asset-liability study examines different combinations of assets to determine which combination will best meet the Fund's objectives.

The asset-liability study also considers the particular liabilities of the Fund.

In addition to a full specification of the Fund's benefits, the study will make important assumptions about the behaviour of various asset classes (such as their expected return over long periods of time and the variability of those returns) and the liabilities in the future. In framing these assumptions, it is assumed that:

- Equities may be expected to outperform other asset classes over the long term, but the returns are more unpredictable over the short term. Gilts in turn can be expected to outperform cash deposits but with greater variability.
- Asset classes do not perform in the same way; some may go up in value while others are going down.

Expected annualised returns are formulated for each asset class based on long term capital market assumptions, using twenty-five year expected returns and volatilities. The returns and volatilities used for each asset class are shown in the table below, mapped against the nine asset classes permitted under the Pensions Bill and represent the twenty-five-year annualised nominal return assumptions from Aon as at 31 December 2025. These assumptions are consistent with the assumptions used for the 2026 Investment Strategy review.

Asset Group	Expected Return	Volatility
Listed Equity	7.2%	16.7%
Private Equity	10.0%	24.5%
Private Credit	8.7%	7.4%
Property	6.4%	12.7%
Infrastructure	9.6%	18.0%
Other Alternatives		
Hedge Funds	5.7%	5.5%
Insurance Linked Securities	7.4%	7.1%
Credit		
Absolute Return Bonds (ARBs)	6.8%	6.2%
Global Corporate Bonds	6.3%	7.0%
UK Government Bonds	5.6%	11.0%
Cash	4.6%	1.6%

Investment Strategy

Investment objectives

The Committee recognises that past investment performance does not predict future returns, the range of expected returns is greater for some asset classes than others, and that the prospect of higher returns is generally accompanied by higher levels of risk. The following are the principal investment objectives of the Fund.

Item	Objective
Returns objective	To deliver an investment return in excess of the actuarial discount rate of CPI +3% over 20 years.
Risk	The Fund's risk objective is to remain at least 100% funded, with an 80% chance of exceeding the actuaries' assumed discount rate of CPI +3% with a return/risk relative to CPI of less than 50%.
Cash	To hold sufficient cash and equivalents to meet three months of private market capital calls and three months pension payments.

Local Investment	To invest 2% of the Fund in local assets with a tolerance of 0–3%

The Strategic Asset Allocation is grouped into growth, income, and defensive assets, each serving a different purpose.

- **Growth assets** — which include listed and private equity — aim to deliver returns significantly above the returns required to meet the Fund's funding objective.
- **Income assets** — such as infrastructure, property, and private debt — help meet cashflow needs as the Fund matures.
- **Defensive assets** — which include gilts and investment grade credit — are expected to protect against impacts to the Fund's funding level from adverse market conditions including inflation risks.

Growth assets generally carry higher volatility and risk, while income and defensive assets provide greater stability, helping to balance the Fund's overall risk profile. This mix supports long-term sustainability of returns, stable contributions, and funding resilience.

Some assets may fall under more than one classification, e.g. some of the assets under the income bucket may also help with inflation risks, but the assets are primarily broken into the nine government asset classes.

The Fund's Strategic Asset Allocation is set out below.

	Asset Class	SAA %	Tolerance Range %
Growth	Listed Equity	55.0%	+/- 5%
	Private Equity	7.0%	+/- 4%
Income	Private Credit	5%	+/- 4%
	Property/Real Estate	4.5%	+/- 2%
	Infrastructure	5%	+/- 4%
Defensive	Other alternatives	5%	+/- 2%
	Credit	12.5%	+/- 2%
	Uk Government Bonds	5.0%	+/- 2%
	Cash	1.0%	+/- 1%

Please note that allocations to private markets such as private equity, private credit, and infrastructure will vary and can take time to build up due to their illiquid nature.

The current Strategic Asset Allocation is based on Aon's market assumptions, which could differ from LGPS Central's. As such, if LGPS Central were to pursue the stated return objectives, they may come up with a different Strategic Asset Allocation. If LGPS Central find their modelled return assumption inconsistent with those listed in this document, Shropshire County Pension Fund would wish them to prioritise the Strategic Asset Allocation as noted above until this matter has been considered by the Committee.

Full details of the mandates that make up the portfolio at 1st April 2026 are shown in Appendix A.

Rebalancing policy

From the 1st April 2026, the Fund's pooling company LGPS Central is responsible for monitoring the Fund position. In the short term LGPS Central will complete this under the Phased Delivery Plan, until fully operational for Total Fund Management. Officers will continue to review the position of the Fund quarterly to ensure the assets are within the control ranges listed above, and will discuss rebalancing opportunities as appropriate with LGPS Central. Please note that for illiquid asset classes such as property, infrastructure, private equity, and illiquid credit this will take some time.

Additional Voluntary Contributions (AVCs)

Members' AVC assets are kept separate from the main Fund. These assets are held with Utmost Life (since January 2020) and Prudential Assurance Company Limited. Members can choose to invest in with-profits funds, unit-linked funds, or deposit funds. The Fund reviews these options periodically to check their ongoing suitability and performance.

Managing risk

Understanding the risks that may impact the Fund's investment strategy and future returns is essential for determining appropriate mitigation measures.

Investment risks

Asset allocation mismatch

The LGPS is a defined benefit pension scheme which provides benefits related to the salary of members. The scheme is a contributory defined benefit arrangement, with active members and employing authorities contributing to the scheme.

The value of the Fund's ongoing liabilities is sensitive to various demographics (principally longevity) and financial factors. The financial factors relevant to the Fund's investment policy are listed below.

- The rate of return on assets.
- Salary escalation and price inflation for active members.
- Price inflation for deferred members.
- Price inflation for pensioners.

In terms of magnitude, the Committee considers asset-liability mismatch risk to be one of the most important to control. Therefore, following each actuarial valuation, the Committee conducts an asset-liability review, which focuses on the impact of asset allocation on expected future funding levels. The Committee considers the results using advanced modelling techniques and, with the assistance of expert advisers, are able to measure and quantify them in terms of their definitions of risk. This allows the Committee to assess the probabilities of critical funding points associated with different investment strategies. Consideration is given to the volatility of a number of parameters (e.g. items associated with accounting measures, contributions etc.), to further assess the potential risks associated with a particular investment strategy.

Cash-flow risk/ Liquidity risk

The Fund remains open to new members and new accruals. Contributions are received from both active members and employers within the Fund. Active members contribute on a tiered system. Contributions from employers within the Fund are determined based on advice from the Fund Actuary based on the triennial valuation.

The majority of investments held within the Fund are quoted on major markets and may be realised quickly, if required. Certain asset classes, private credit, private equity, infrastructure, and property are relatively illiquid and may take longer to realise, if required. The Fund also receives income from many of its investments.

This strategy implements a formal cash allocation of 1% to assist in providing the Central Pool with flexibility in order to meet cashflow requirements and private market capital calls.

Investment risk

The decision as to whether to pursue active management is evaluated separately for each asset class by LGPS Central, with regard to the potential reward within that asset class for taking on active manager risk.

The Fund's assets are invested in portfolios managed by external investment managers shown in Appendix B. They are benchmarked against the indicated indices. Investment managers may be replaced at any time by LGPS Central, and this list may not always be current.

The performance targets for the investment manager(s) are shown in Appendix B. Shropshire County Pension Fund recognises that these targets will not be met in all periods under consideration but expects that they will be met in the vast majority of long-term periods under consideration.

Investment managers are bound by the terms and conditions of an Investment Management Agreement where restrictions and targets are clearly documented, including a measure of risk. The pooled fund investments and direct investments are governed by the terms and conditions of the Fund and or policy documents.

Frequent monitoring of portfolio performance and exposure characteristics by LGPS Central and officers also aids in the ongoing risk management for the Fund.

Concentration risk

The Strategic Asset Allocation split between asset classes has been set to ensure there is not excessive exposure to any particular asset class or specific risk such as equities or credit risk. Professional advice is always taken to assist the Committee in making the final decision.

Geographical risk

The Fund invests on a global basis to avoid over reliance on specific markets.

Currency and counterparty risk

Passive equity investments are currently fully currency hedged by the investment manager. LGPS Central will determine the use of currency hedging where appropriate on behalf of the Fund.

Custody risk

The Committee regards the safekeeping of the Fund's assets as of paramount importance and has appointed Northern Trust company as global custodian and record-keeper of the Fund's assets.

Other risks

The Fund is also subject to other risks which can impact the strategy. An indication of these is shown below with full details in the Fund's Operational Risk Register.

Risks	Controls
	Operational risks
Policy risk	• Regular horizon scanning and updates to the Fund's risk register • Reviewing and responding to LGPS consultations and guidance • Monitoring UK and global policy developments • Participating in national reviews and considering emerging issues in the LGPS and wider industry

Governance risk	• Independent audits and implementation reviews • Decision logs and clear delegation frameworks • Ongoing training and succession planning
Pooling and implementation risk	• Comprehensive transitions plan with specialist support on transition • Monitor the Pool Company's governance and performance • Engage regularly with the Pool Company • Set clear expectations for advice and reporting
Other operational risks	• Use global custodians • Check and monitor counterparties and suppliers • Maintain and reconcile asset records • Maintain and implement cyber security strategy and monitoring including oversight of third parties and supply chains • Maintain business continuity and crisis plans
Environmental, social, governance risks	
Failure to identify, manage, and respond to the financially material risks and opportunities associated with environmental, social and governance factors (including climate change), which may impact long-term investment returns and the Fund's ability to meet its objectives.	• Quarterly publication of voting activity with environmental, social, and governance focused case studies and escalation of material concerns to managers • Annual Climate report (TCFD compliant), which monitors the Fund's progress toward achieving net-zero by 2050 and the Fund's environmental impact, including climate-related financial disclosures • Climate strategy in place setting out interim targets for net zero and reporting goals. • Integration of Environmental, social, governance, and climate considerations into investment decision-making, including manager

	selection, monitoring, scenario analysis, and stewardship activity by LGPS Central. • Scenario Analysis undertaken as part of the triannual valuation. • Diversification of assets by class and geography • Signatories to the UK stewardship code.

Responsible Investment

The Fund considers responsible investment as a key part of its fiduciary duty. Responsible Investment means integrating, into investment decision making, environmental, social, and governance factors that have the potential to have a financial impact on investments.

The Committee believes that acting as a responsible investor of the Fund's assets should be fully integrated into investment decision making. The Committee therefore seeks to ensure that the Fund considers all aspects of Responsible Investment. This includes investment manager appointments and monitoring through LGPS Central, through to discharging the rights and responsibilities of asset ownership, in order to encourage and promote high standards of governance and corporate responsibility in the underlying companies and assets in which the Fund invests. The Committee believes that, ultimately, high standards of governance and corporate responsibility create long-term value for the Fund and its beneficiaries.

The Fund is a long-term investor and a universal owner of capital, and therefore long-term thematic/systematic risks have the potential to impact funding levels. The integration of such risks into investment decision making is regarded as a fundamental element of the Fund’s fiduciary responsibly. The stability, integrating, and transparency of markets is essential for the generation of long-term investment returns hence the Committees recognition of the need to participate in advocacy to ensure that the long-term interests of LGPS are considered in the evolution of market regulation.

The Committee has developed a climate change strategy and stewardship plan, and also reports in line with the Task Force on Climate-Related Financial Disclosures (TCFD) on an annual basis, outlining climate related metrics, risks and opportunities.

Responsible investment is applied through;

- Environmental, social, and governance factors being built into asset allocation, manager selection, due diligence, mandate design and manager monitoring, all through the pool company; and
- ongoing monitoring of environmental, social, governance, and climate risks, metrics, and stewardship activity across all portfolios.

Stewardship

The Fund's stewardship approach involves engaging with companies, escalating issues when needed, and using voting rights according to the Fund's Voting Principles. Stewardship activities will be undertaken by the Pool Company, or through external managers or specialist providers that the Pool Company appoints, while the Fund retains strategic oversight and sets the overall stewardship priorities in collaboration with LGPS Central.

Engagement is preferred over exclusion, as long-term investors can influence improvements to governance, risk management, and sustainability in investee companies. We believe that long term responsible ownership of assets is therefore important in driving the decarbonisation of the real economy.

The Fund provides quarterly updates to its Pensions Committee and will escalate stewardship and responsible investment issues as appropriate.

The Fund's voting policy and examples of how it exercises its rights are outlined in the annual Stewardship Report. As a signatory to the UK Stewardship Code, the Fund reports each year on its activities and outcomes in line with the principles of the UK Stewardship Code, covering areas such as integrating stewardship into investment decision-making, engagement, and the exercise of rights and responsibilities. The Fund has maintained Stewardship Code signatory status for every consecutive year since 2023, reflecting its strong commitment to high-quality stewardship. The Fund intends to maintain this status for the foreseeable future and continues to explore opportunities to enhance its stewardship activities with LGPS Central. Full details of the UK Stewardship Code principles are included in Appendix B.

Climate change

The Fund takes a proactive, evidence-based approach to climate risks and opportunities. It's Climate Change Strategy explains how climate factors are integrated into investment, risk management, and stewardship, recognising that climate change presents financially material risks that could affect long-term returns and the Fund's ability to meet its liabilities.

The Fund has committed to net zero by 2050 in line with the Paris Agreement and works with industry partners to develop and implement best practice. In line with this goal, climate risks and opportunities (including transition, physical, and liability risks) are monitored and managed as part of the Fund's broader risk framework to help protect its long-term financial sustainability.

The Fund monitors the delivery of the Pool Company's climate stewardship plan. Progress is reported annually in line with TCFD framework and the Fund's climate targets.

Local investment

The primary purpose of the Fund's investment strategy is to ensure that the Fund's assets, together with contributions, can pay members' pensions as they fall due. Within this, the Fund has a shared ambition with its stakeholders to deliver sustainable futures. Where suitable risk-adjusted returns can be achieved, the Fund seeks local investment opportunities that also contribute to positive economic, social, or environmental outcomes.

As part of the Fund's triennial review of its Strategic Asset Allocation, the Committee has approved a 2% allocation to local investment (with a tolerance of +/-2%). Due to the requirements of investment pooling within the LGPS, Shropshire County Pension Fund will implement this mandate through the LGPS Central Pool. For the purposes of this allocation, the definition of "local" will reflect the combined local authority areas of LGPS Central's constituent administering authorities. While investments are therefore expected to be deployed across the wider pool geography – helping to mitigate risks of slow deployment, concentration risk, and insufficient opportunity pipeline– Shropshire County Pension Fund will work alongside LGPS Central where appropriate to ensure that a proportion of investments will deliver direct, identifiable benefit to the Shropshire area and its wider economic development areas. The mandate is intended to support investments that generate positive economic, environmental, or social impact, with eligible opportunities expected across a broad range of private market asset classes, including private equity, private debt, infrastructure, affordable housing, property, and natural capital. This approach enables the Fund to pursue meaningful local impact while leveraging the scale, governance, and specialist capabilities of the pooling arrangement. LGPS Central will undertake place-based impact investing in deliverance of this strategy. It should be noted that lower returns or excessive risk will not be accepted in order to achieve this allocation objective.

Local Investment is not an asset class in its own right under the Pensions Act and as such the 2% allocation will come from within the existing private market and property asset allocations under the Strategic Asset Allocation.

Implementation

Investment arrangements and pooling

Advice and implementation of the investment strategy

From 1st April 2026, 68% of assets will be in Pooled Investment Vehicles (PIV) or LGPS Central managed discretionary accounts, with the remaining 32% “legacy” under their management.

The Pool Company will become the principal investment advisor to the Fund from 1st April 2026, but the Fund will set its overall investment objectives, asset allocation, and operational cashflow requirement. The Pool Company will implement this strategy by designing mandates, appointing and monitoring managers, and applying risk management and stewardship practices. The Fund will oversee the Pool Company in its delivery.

The Fund’s strategy will be implemented across a wide range of investments including listed markets, fixed income, private markets, infrastructure, and property, all accessed through the Pool Company. Derivatives, securities lending, and other techniques for efficient portfolio management or risk management purposes may also be used.

Liquidity management

Liquidity management will be undertaken by the Pool Company, based on asset characteristics and the Fund's needs, while the Fund maintains strategic oversight to ensure benefit payments and cashflow requirements are met.

Day-to-day custody of the assets

Custody and depositary services for investment cash and the Pool Company's fund vehicles are provided through the Pool Company's appointed custodians. Assets in discretionary or segregated accounts will remain under the Fund's own custody arrangements. Other pool-managed assets, that are not in the Pool Company's fund vehicles, will be held in the Fund's name.

Securities lending

The Fund does not directly undertake securities lending. Securities lending will follow the Pool Company's framework for pooled vehicles.

Reporting

The Pool Company reports quarterly performance, risk, monitoring, engagement, and voting metrics for its investment products against respective benchmarks. Monthly and quarterly meetings cover, but are not limited to; new product and policy developments, implementation, cost transparency, stewardship, and local impact outcomes. Meetings outside of routine oversight will be held for specific projects or as needed. Continuous engagement and communication with the Pool Company form a key component of the Fund's oversight of the implementation of its investment strategy.

Appendix A: Investment manager mandates

Investment Manager	Asset class	Benchmark	Target
Active portfolios			
LGPS Central	Listed Equities	FTSE All World	+ 1.5% p.a. over a rolling 3-year period
LGPS Central Global Sustainable Equities	Listed Equities	FTSE All World	Broad Strategy +1.5% p.a. Targeted Strategy +2%-3% p.a. Both over a rolling 3-year period.
Harbour Vest Partners Limited	Private Equity	Broad public equities index	+ 3% p.a.
LGPS Central	Private Equity	FTSE All World Index	+4% p.a.
LGPS Central	Private Credit	n/a	Absolute 6.0% - 8% p.a. over a rolling 3-year period
DRC Capital	Private Credit	n/a	Absolute 6.0% p.a.
Aberdeen Property Investors	Property	MSCI UK All Balanced Funds Index	match benchmark
LGPS Central	Infrastructure	CPI	Core/Core Plus +3.5% Value Added +5%
Global Infrastructure Management	Infrastructure	CPI	+ 5% p.a.
BlackRock	Other Alternatives (Hedge Funds)	3-month Sterling SONIA	+4% p.a.
Securis	Other Alternatives (Insurance	3-month US Government T-Bills hedged to GBP	+5.0% p.a.

	Linked Securities)		
T. Rowe Price	Credit	3-month Sterling SONIA	
LGPS Central	Credit	ICE Bank of America Global Corporate Index	+ 0.8% p.a. over rolling 3-year period.
Indexed (Passive) Portfolios			
Legal & General Investment Management	Listed Equity	Low Carbon Transition Index – GBP Currency Hedged	Match benchmark
LGIM Legal & General Investment Management	UK Government Bonds (Index Linked)	15 Year Plus	Match benchmark
LGIM Legal & General Investment Management	UK Government Bonds	15 Year Plus	Match benchmark

Appendix B: Principles of the UK Stewardship Code

The principles listed below relate to the 2020 code which covers the Fund's last application at the date of this strategy. The Financial Reporting Council has updated the principles for 2026, and the Fund will report against the revised principles in future applications.

The UK Stewardship Code 2020 consists of twelve principles grouped into four areas:

Purpose and Governance

1. Signatories' purpose, investment beliefs, strategy, and culture enable stewardship that creates long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society.
2. Signatories' governance, resources and incentives support stewardship.
3. Signatories manage conflicts of interest to put the best interests of clients and beneficiaries first.
4. Signatories identify and respond to market-wide and systemic risks to promote a well-functioning financial system.
5. Signatories review their policies, assure their processes and assess the effectiveness of their activities.

Investment Approach

6. Signatories take account of client and beneficiary needs and communicate the activities and outcomes of their stewardship and investment to them.
7. Signatories systematically integrate stewardship and investment, including material environmental, social and governance issues, and climate change, to fulfil their responsibilities.
8. Signatories monitor and hold to account managers and/or service providers.

Engagement

9. Signatories engage with issuers to maintain or enhance the value of assets.
10. Signatories, where necessary, participate in collaborative engagement to influence issuers.
11. Signatories, where necessary, escalate stewardship activities to influence issuers.

Exercising right and responsibilities

12. Signatories actively exercise their rights and responsibilities.

Glossary

Actuarial valuation: A formal assessment of the Fund's financial position and future liabilities.

Additional Voluntary Contributions (AVCs): Extra payments that members of the Fund can make to increase their retirement benefits.

Administrating Authority: A local authority or body responsible for managing and administering an LGPS pension scheme.

Contribution rates: The rate that employers and members of the Fund pay into the scheme, based on pay.

Custody: Refers to the safekeeping of financial assets by another financial entity.

Diversification: This involves spreading investments across different asset classes to reduce exposure and risks associated with investing in a single asset or asset class.

Engagement: The act of influencing companies to change their business practices to reduce business and investment risks.

Exclusion: A specific criterion to exclude certain assets or sectors from investment portfolios.

Financial Conduct Authority (FCA): The UK regulatory body overseeing financial markets and firms.

Fiduciary duty: The legal obligation to act in the best interests of underlying beneficiaries.

Horizon scanning: A systematic process used to identify potential threats, opportunities, and future developments.

Liabilities: In the context of LGPS pension schemes, liabilities refer to the pensions benefits that are built up, deferred, or in payment for members of the scheme.

Liquid or liquidity: The ease in which assets can be converted into cash without a significant loss of value.

Ministry of Housing, Communities and Local Government (MHCLG): The current UK government department responsible for local government policy and statutory guidance for the LGPS, including guidance on Investment Strategy Statements.

Net zero: The state where the amount of greenhouse gases emitted into the atmosphere is balanced by the amount removed over the same period.

Place-based impact investing (PBII): An investment approach that targets social, environmental, and economic outcomes depending on the needs of the region.

Pooling: The process by which multiple LGPS funds combine their investments to reduce costs and improve access to investment opportunities.

Responsible Investment (RI): The integration of ESG factors into investment decision-making to manage risk and create long-term value.

Scenario analysis: A process of estimating and modelling outcomes by changing a number of key variables.

Securities lending: This involves lending securities, including stocks and bonds, to other investors.

Stewardship: The active oversight of investments to promote good governance, manage risks, and support long-term value creation for beneficiaries.

Strategic Asset Allocation (SAA): The long-term target distribution of assets across different asset classes.

Task Force on Climate-related Financial Disclosures (TCFD): A framework for reporting climate-related financial risks.

Volatility: A measure of how much the price of an asset fluctuates over time.

Share your feedback with us

Your view is important to us and helps us to understand what matters most to you. We would particularly like you to:

- Highlight any concerns.
- Identify areas for improvement.

Feedback supports better decision-making and helps us develop an investment strategy that is clear, balanced and focused on delivering strong long-term outcomes.

The questions are optional

So please answer only the questions where you would like to provide feedback.

Deadline 21 August 2026

Take the survey

Contact us

The Shropshire County Pension Fund is a data controller under data-protection law. This means we store, hold and manage your personal information in line with statutory requirements to enable us to provide you with pension administration services. To enable us to carry out our statutory duty, we must share your information with certain bodies, but will only do so in limited circumstances. For more information about how we hold your information, who we share it with and what rights you have, you can ask for this information from the fund, please visit www.shropshirecountypensionfund.co.uk.

If you can read this but know someone who cannot, please contact us on 01743 252130 so we can provide this information in a more suitable format.

Office hours

Monday to Thursday	8.45am to 5.00pm
Friday	8.45am to 4.00pm
Helpdesk phonelines are open	Monday, Tuesday, Thursday: 10am to 4pm Wednesday, Friday: 10am to 1pm (excluding bank holidays).

Contact details

Contact form: Contact us | Shropshire County Pension Fund

Website: https://www.shropshirecountypensionfund.co.uk/

Tel: 01743 252130

Write: Pensions, PO Box 4826, Shrewsbury, SY1 9LJ

Administered by

Shropshire Council