Strathclyde Pension Fund

Investment Strategy and Structure

Following the 2014 actuarial valuation, the Fund adopted the risk return framework summarised in the table and chart below as the basis for modelling and agreeing investment strategy.

Asset Category	Main Objectives
Equity	To generate return
Hedging / Insurance	To reduce the exposure of the funding level to variations in interest rates and inflation
Credit	To ensure additional yield, provide income and reduce funding volitility
Short-term Enhanced Yield	To provide an income stream above the expected return on investment grade corporate bonds
Long-term Enhanced Yield	To provide a long-term income stream and a degree of inflation protection

The Fund's current investment strategy, fully implemented during the 2019/20 finacial year is shown below:

Asset Category	Allocation (%)
Equity	52.5
Hedging / Insurance	1.5
Credit	6.0
Short-term Enhanced Yield	20.0
Long-term Enhanced Yield	20.0
	100.0
Expected Return (% p.a)	5.9
Volitility (% p.a)	11.0

The investment strategy is broken down by asset class below: