

London Pensions Fund Authority

Meeting of the Board

LPFA Investment Committee Update

08 July 2025
Agenda Item 7, PF2427

Authority & decision trail	Decision trail: Funding and Investment Director > IC Chair Authority: LPFA Board
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Appendices:	None
LPFA Freedom of Information Publication Scheme	This document is exempt under: S43 Commercially Sensitive information

Purpose

To update the Board on matters considered by the Investment Committee at its June 2025 meeting.

Summary

The Investment Committee met on 25 June 2025 to consider a broad agenda covering investment performance, strategic oversight, policy development, and governance. Key discussion points and decisions are summarised below.

Recommendations

The Board is asked to:

- 1. Note** the updates provided by the IC Chair

Detail of the Report

Introductory Matters (IC117)

The Committee approved the minutes of the previous meeting and reviewed the action log. Updates were provided on the development of LPPI's balanced scorecard approach, asset class benchmarking, and escalation procedures following internal audit feedback. New members were formally welcomed, and thanks were extended to Sophia Morrell for her valuable contributions to the Committee.

Investment Performance (IC118)

LPPI presented the quarterly investment report. The Committee discussed strategic currency allocation, pacing constraints in private equity, and current positioning in public equities. LPPI also updated members on the government's pooling agenda, confirming compliance and outlining plans for potential new partner fund onboarding. It was agreed that a strategy session in September would support further input into the Fund's investment strategy.

Responsible Investment Principles and Reporting (IC119–120)

The Committee considered the current Responsible Investment (RI) policy and broader positioning. It was agreed that the next review should focus on risk-adjusted returns, real-world outcomes, and material impact. Preparatory discussion will be included in the forthcoming strategy session. An annual RI report is in development to support transparency. Updates were also provided on real estate manager engagement and a summary of the net zero targets set to date as part of the Fund's ongoing target-setting process.

Annual Report and Accounts – Draft Review (IC121)

The Committee reviewed the draft investment and funding content for the Annual Report. Feedback focused on improving clarity, reframing underperformance appropriately, and simplifying technical content. It was suggested that acronyms and jargon be reduced, with the inclusion of a one-page summary of UK investment exposure.

AVC Investment Options Review (IC122)

The Committee approved proposed changes to the AVC fund range to streamline available options and update the default fund for new members. It was agreed not to pursue a provider review at this stage due to the risk of member disruption.

CEM Benchmarking Review (IC123)

The Committee considered the latest CEM benchmarking report. While limitations were acknowledged, members valued the external validation. No red flags were identified. The Funding and Investment Director will follow up on a query regarding historical cost savings.

Employer Risk Management (IC124)

The Committee discussed a paper on employer risk management. While recognising employer concerns, it was agreed that officers should explore the use of more stable discount rate methodologies in consultation with the actuary.

LPPI Oversight (IC125)

The Committee endorsed proceeding with an independent oversight review of LPPI via the LGPS National Framework rather than delaying for a joint approach with potential new partner funds. A working group has been established to lead the procurement process, and it is expected this group

will undertake the majority of the work beyond the original scope agreed by the Committee. A shortlisting process will follow.

Committee Priorities and Forward Planning (IC126–127)

It was agreed that Committee priorities would be developed in more detail at a dedicated strategy day, ideally in mid-September. The next scheduled meeting on 12 September may be revised to combine both the formal meeting and strategy session. Members were invited to submit topic suggestions.

A side letter on reporting has also been issued alongside the AMA change notice. It formalises the set of reports provided by LPPI to LPFA and their associated timings, reflecting the arrangements discussed and agreed in recent months.

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