



SOUTH YORKSHIRE  
PENSIONS AUTHORITY

# Local Investment Proposal



# SYPA's Statement of Investment Beliefs

- ◆ SYPA is a global, long-term investor
- ◆ And looks to maintain a diversified portfolio of assets
- ◆ Managed by Border to Coast in a responsible way
- ◆ Aiming to achieve superior net of fees risk adjusted returns.
- ◆ Which meet SYPA's funding objectives
- ◆ With sufficient liquidity to meet benefits payments as they fall due
- ◆ There is a place for both active and passive management
- ◆ There may be risk-related benefits from hedging some of our currency exposure
- ◆ SYPA is committed to allocating a portion of its investment locally
- ◆ The overall approach to risk can be summarised as moderate.

*Our beliefs provide a framework for setting investment strategy*

# Current “place-based” impact portfolio



## Existing Policy

- Implemented in March 2023
- Aspiration for 5% of SYPA assets to be placed-based impact investments
- All such assets were to:
  - Be within the scope of SYPA’s strategy and asset allocation
  - Provide the required returns plus a positive place-based impact
- Focus areas as set out to the left
- Intention was that the “spine” would be wholly South Yorkshire invested
- With the two “satellite” investments also having some tilt to the region...
- ... and their proceeds would potentially be reinvested into SY over time
- All such investments would be delegated to 3<sup>rd</sup> party managers

***Voluntary ‘Memorandum of Understanding’ with SYMCA covers the items in the spine, plus potential support for businesses making the net zero transition***

# Progress against the existing policy



## Existing Policy

- General Needs Housing (SY) – plans in place to reach required level
- Local Development Lending (SY) – close to target allocation
- Local Venture Capital & SMEs (SY) – mandates awarded, early progress being made
- Specialist Housing (UK) – niche area, around half allocated
- Private Debt & Equity (UK) – around 1% allocated

*'Fit for the Future' will, however, change the emphasis of our approach...*



# Fit for the Future regulations on local – input required!

Requirement for SYPA to define “local”

- Local area – i.e. South Yorkshire
- Region – wider geography (Yorkshire?)
- Pool area – 18 municipals and counties

SYPA needs to set a target range for local investment (plus risk, return & beneficial impacts)

- Using the existing proposal, our target range is seemingly 2.5 - 5.0%

SYPA *may* state desired impact of local investments and asset class preferences – but not set individual targets.

- Do we wish to retain the spirit of ‘the spine’?

SYPA may choose to accept a lower expected return / higher risk for local investments.

- To date we have assumed the same hurdles as for any other assets

***Local investment must also take into account strategic priorities of Mayoral Strategic Authorities, including local growth plans***



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**Thank You  
for Listening!  
Any Other  
Questions?**