



HAMPSHIRE
PENSION FUND

Local Investment Report

March 2026



Hampshire
County Council

[hants.gov.uk](https://www.hants.gov.uk)

Contents

Contents	2
Executive summary	3
Introduction	6
Portfolio analysis.....	9
Case studies.....	15
Findings and recommendations.....	18

Executive summary

The Hampshire Pension Fund is one of the ten largest Local Government Pension Scheme (LGPS) funds and is administered by Hampshire County Council based in Winchester. This is the Hampshire Pension Fund’s first report on its local investments in the Hampshire and Isle of Wight area, which will be covered by the new Hampshire and the Solent Combined County Authority from May 2026. It aims to inform where and how investments have been made ‘locally’, in the Hampshire area (covered by the new combined authority), in the area of Hampshire Pension Fund’s investment pool – LGPS Central, and the UK generally. Given the Fund’s specific interest in investments in the Hampshire area, this report focuses on the socio-economic impact of investments in this area.

Key findings

As of 30 September 2025 the Pension Fund’s investments were valued at £10.7bn. Of this, the Fund’s private market investments (private equity, private debt, real estate and infrastructure, including timberland) were valued at £3.5bn (33% of total investments). This report focuses on the Fund’s private market investments as the most likely place for investing in ‘productive assets’.¹

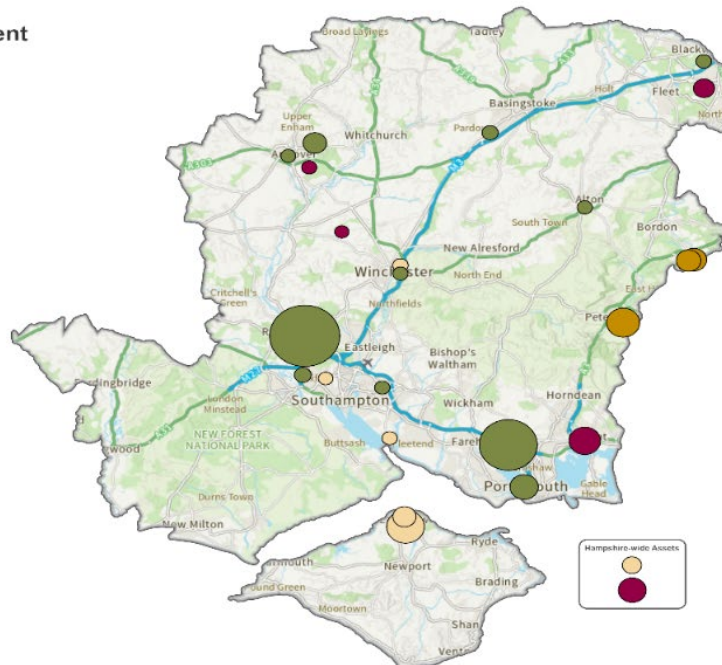
Local investment – this report has identified that the Pension Fund has invested:

- £93m (0.9% of the Fund’s investment) in Hampshire and the Isle of Wight area, this includes investments in housing, commercial real estate,

Local Investment

Asset Type:

- Infrastructure
- Private Debt
- Private Equity
- Property



© Crown copyright Hampshire County Council 2026
© Crown copyright and database rights 2026 Ordnance Survey [100019190]

¹ A productive investment asset is defined as one that (1) contributes to the real economy: it actively supports economic growth, and (2) expands productive

capacity: it enhances the ability to produce goods or services or, furthers sustainable growth: it aligns with sustainable development goals.

infrastructure and providing finance to small-to-medium sized enterprises (SMEs),

- £243m (2.3%) in the rest of the LGPS Central area, and
- £1,207m (11.3%) in the rest of the UK.

This is a total of £1,543m (14.3% of the Fund's investments) in UK productive assets.

Real world impact

- Investing in social and affordable housing through a fund created specifically for the ACCESS Pool for investment in the south and south-east of England. This has provided initial investment in one site in Hampshire, with more to follow.
- Taking an ownership stake of key public utilities in Hampshire, such as Portsmouth Water, and Street Lighting in Hampshire and Southampton.
- Providing equity funding for innovative businesses based in Hampshire.

What are we doing next

- Building our strategy – this report is intended to inform the Pension Fund as it considers setting a target for local investment in line with new investment regulations for the LGPS.
- Working with our partners – as of 1 April 2026, LGPS Central will be

responsible for managing Hampshire's investments. The Government's new draft LGPS investment regulations require LGPS funds to have regard to the local economic priorities of the relevant strategic authority, including any local growth plan where this is applicable, and to co-operate with the relevant strategic authority to identify and develop appropriate local investment opportunities². Hampshire will therefore be working with the new combined authority from May 2026 and LGPS Central to implement the Fund's target for local investments.

- Continuing to focus on environmental, social and governance (ESG) issues – as set out in the Fund's Responsible Investment (RI) Strategy³, it believes in the importance of environmental, social and governance (ESG) issues being well managed by investment managers. The Pension Fund will continue to ask and challenge our investment managers and LGPS Central to keep a close eye on ESG issues, including for local investments.
- Reporting our progress – the Fund will keep updating this analysis and consider the feedback received on this first report when deciding when a follow-up report would be best received.

² [Local Government Pension Scheme in England and Wales: Fit for the Future - technical consultation - GOV.UK](#)

³ [Hampshire Pension Fund Responsible Investment Policy](#)

Introduction

About the Hampshire Pension Fund

The Hampshire Pension Fund is one of the ten largest LGPS funds and is administered by Hampshire County Council based in Winchester. The Fund is responsible for the pensions of 212,000 scheme members from over 400 public sector employers in Hampshire.

As of 30 September 2025, the Pension Fund's investments were worth £10.7bn. These investments are spread across different types of assets, such as company shares, private businesses, loans, infrastructure, and property. During 2025 and following growing interest in the development of Hampshire's (and LGPS) local investment strategy, detailed portfolio analysis has been undertaken to inform and aid the Pension Fund's decision on a local investment target.

Local investments

As part of the Pension Fund's belief in RI, it has set targets for the proportion of sustainable and impact investments in its private markets portfolios. These are investment opportunities that benefit society and support economic growth, while still meeting the Pension Fund's duty to act in the best interest of our scheme members and employers by making financial returns to pay pensions. Some of these sustainable and impact investments, as well as some of the Fund's other investments, have been local investments.

The Pension Fund has not set a target for how much is invested in the UK or the Hampshire and Isle of Wight area. However, as a local investment target is becoming a requirement for LGPS funds, the appropriate starting point is to assess

the current value and impact of the Fund's local investments.

Methodology

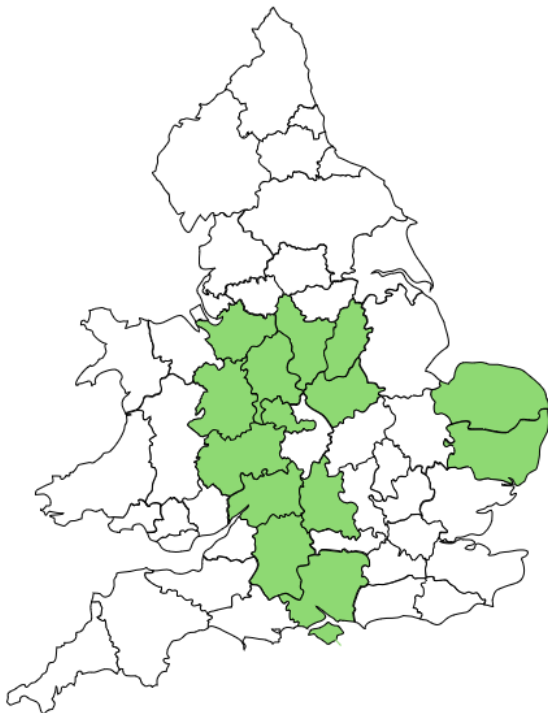
The classification of what is a local investment and what investment value is attributable as a local investment is not straightforward and is dependent on the type of asset in question, which varies as follows:

- Single physical assets such as real estate or other infrastructure assets are taken at their full valuation based on their location.
- Physical asset investments in multiple locations are valued as 'local investments' based on a pro-rata share of the value of assets in the local area.
- Company investments whose major activities are in the local area, such as being headquartered in the local area, are considered local investments based on the whole value of the investment.
- Company investments who are making a contribution to the local area, but this location is not the major area of their operation; an estimate is made of the value attributable to the local area. This is a subjective estimate that the Pension Fund relies on the expertise of its investment managers for.



Investment pooling

Following the Government's LGPS 'Fit for the Future' programme for investing pooling, Hampshire will be part of LGPS Central, one of the largest LGPS pools responsible for nearly £100bn from 15 partner funds across the midlands, central southern and eastern England. In the context of local investment, the pool area is relevant as the Government's definition of 'local investment' is either the combined authority or the pool area, although this report has been written in the expectation that there is additional interest in investments in the Hampshire and the Solent Combined County Authority area.



⁴ [Scaling-Up Local Investing for Place-Based Impact - The Good Economy](#)

Purpose of this report

This report has been written to provide insight and support the development of our local investment strategy. The report has been informed by The Good Economy's report on local investment and place-based impact⁴ and the commissions that the organisation was awarded from a number of other LGPS funds to write their own local investment reports.

This report is a starting point that gives insights into:

- what we are invested in,
- where those investments are located, and
- how they are benefiting people and communities of Hampshire and the Isle of Wight.

The Pension Fund intends to build its impact on the local area by working with its investment managers and LGPS Central to improve data quality and further understand how the Fund's investments can support the local community while continuing to meet the Fund's responsibility to pay scheme members' pensions and benefits.

Portfolio analysis

Investment strategy and allocation

The Pension Fund has a diversified investment strategy agreed by the Pension Fund Panel and Board to achieve its investment objective in order for the Fund to meet its future obligations to pay pension benefits.

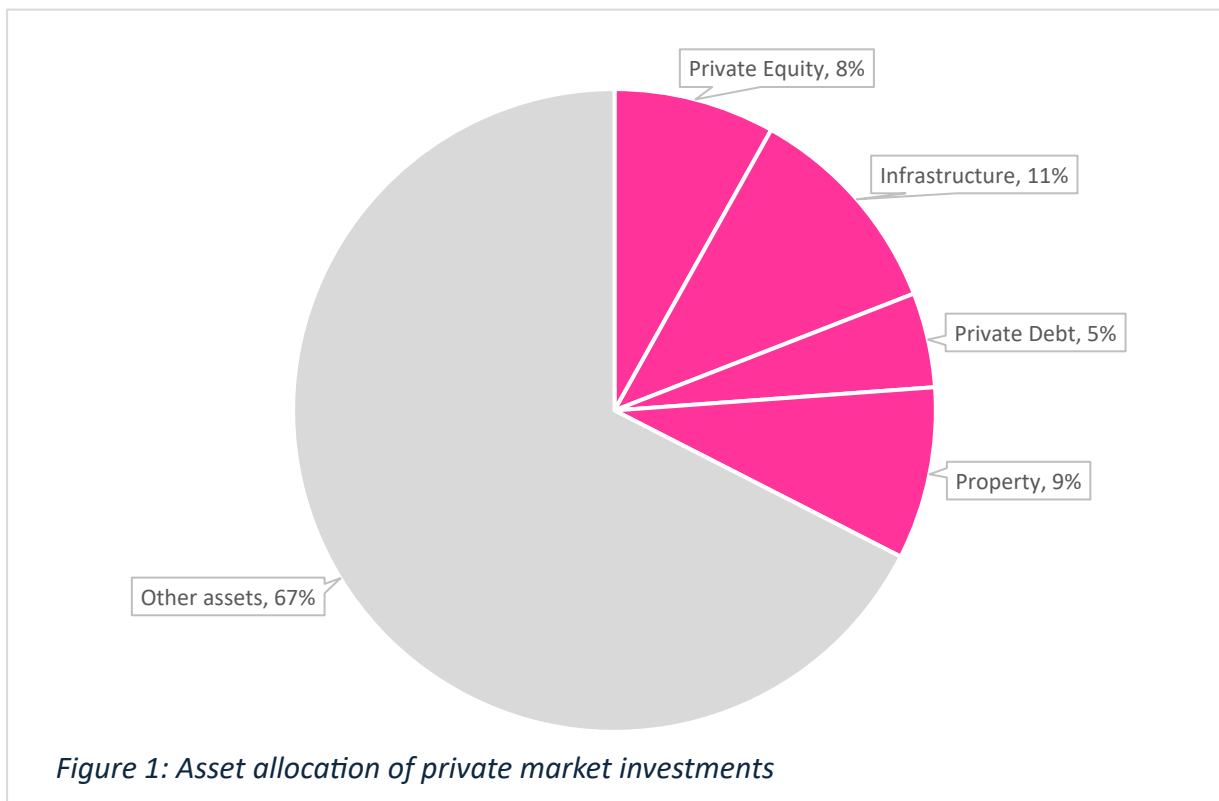
As of 30 September 2025, the Pension Fund's investments were worth £10.7bn. Within the strategic asset allocation are allocations to private market investments (private equity, private debt, real estate and infrastructure, including timberland) which were valued at £3.5bn (33% of total investments), as shown in Figure 1.

The Pension Fund can access private market investments in a variety of ways:

- As a single owner – owning an asset outright: this is most

typically seen in the Fund's property portfolio, where the Pension Fund owns 37 commercial properties.

- As a co-investor – the Pension Fund agrees to invest in a specific asset alongside a lead sponsor and will own a share of that asset. The Pension Fund holds Private Equity, Private Debt and Infrastructure co-investments.
- As a fund investor – the Pension Fund invests in funds managed by specialist external investment managers and will own a share of all the assets that the investment manager selects. The Pension Fund invests in funds across all private market sectors.

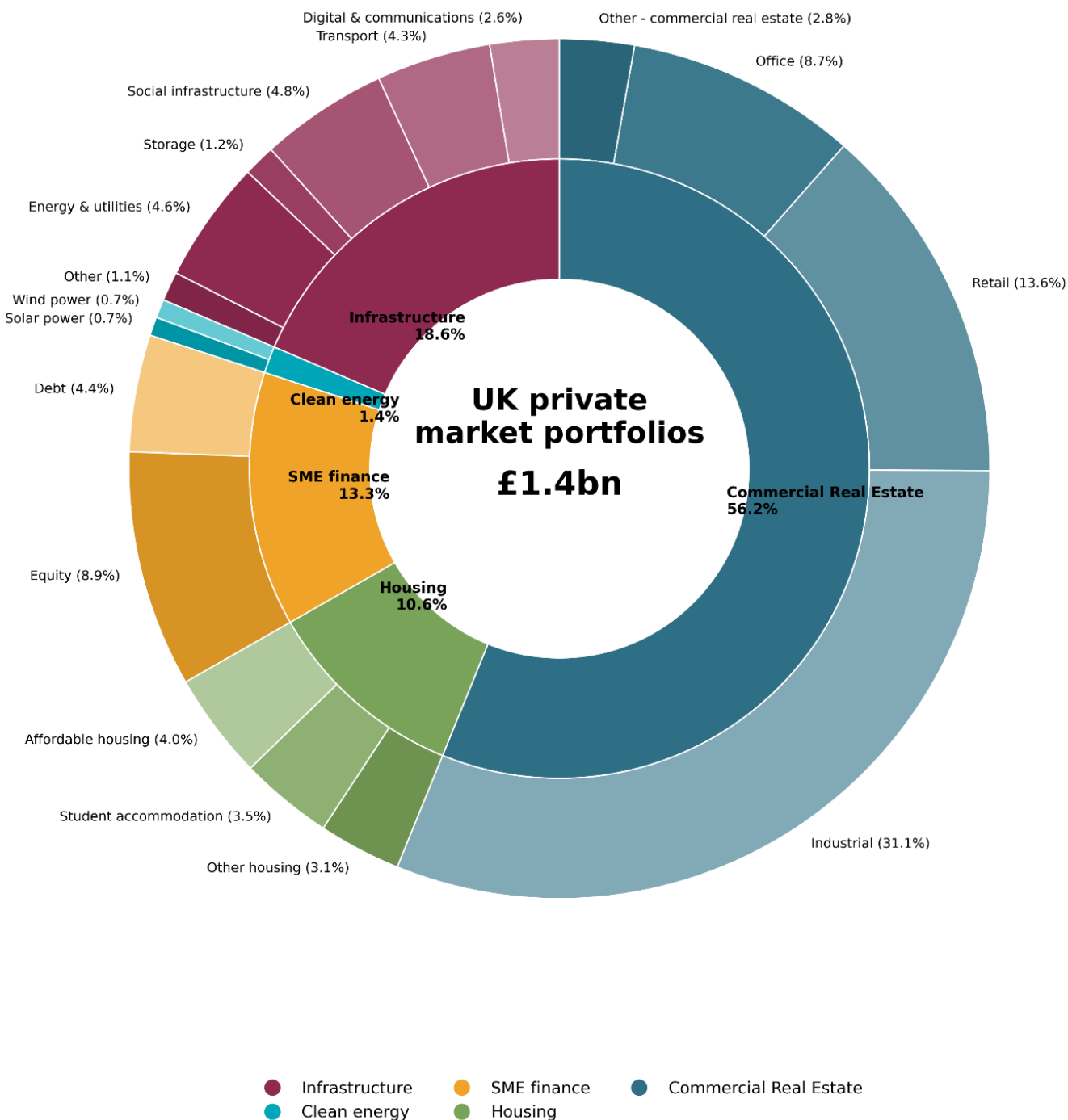


UK private markets portfolio

Of the Fund’s allocation to private markets £1.4bn is invested in the UK (52% of private market investments and 14% of the Fund’s total investments).

The UK private markets portfolio is diversified with multiple types of assets as highlighted in Figure 2.

Figure 2: UK private market investments by sector



Hampshire and the Isle of Wight

Companies and their businesses do not necessarily conform to geographical boundaries. The Pension Fund has worked with its investment managers to identify business that are either based or

have a substantial presence in Hampshire and the Isle of Wight.

Within Hampshire and the Isle of Wight, there are 25 investments across different asset types as highlighted in Figure 3.

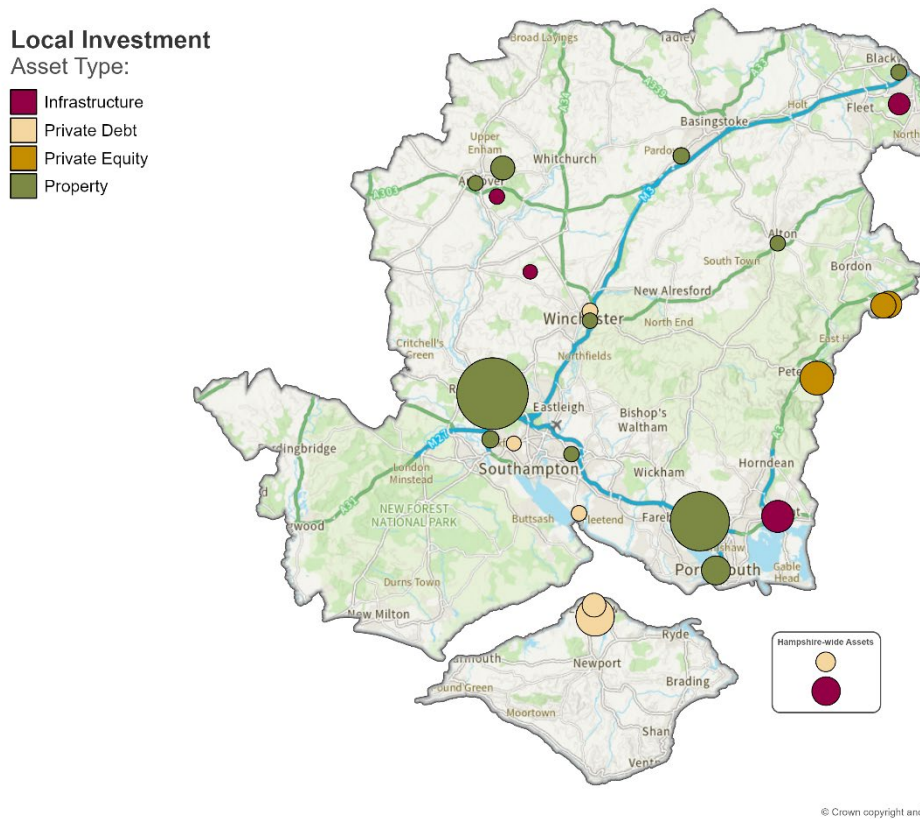


Figure 3: Investment in Hampshire and the Isle of Wight by sector

Businesses	
11 investments into:	
<ul style="list-style-type: none"> 8 businesses receiving loans 	Supports 3,750 jobs across the UK of which a proportion are in Hampshire
<ul style="list-style-type: none"> 3 business receiving equity 	Supports 1,050 jobs of Hampshire headquartered businesses

Commercial properties	
2 Industrial sites	Supports 102 jobs ⁵
Let to 19 tenants	EPC rating C/D ⁶

⁵ Based on available tenant responses

⁶ Average rating is between a C and D based on an average of units at each property

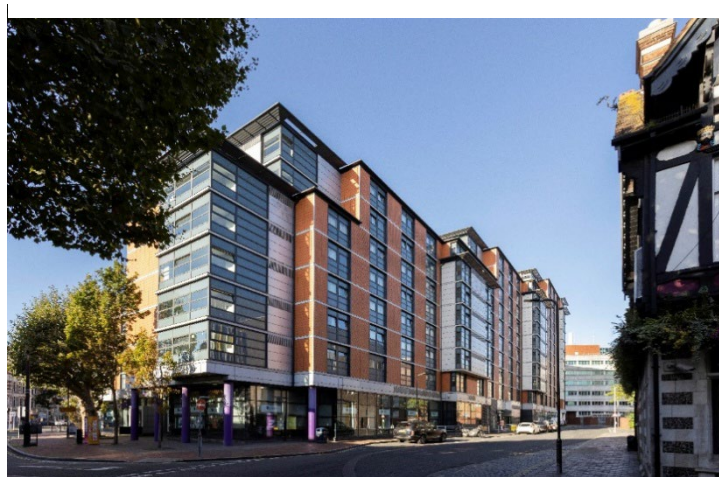


Figure 4: Moorhill (Southampton) – held in the Octopus Healthcare Fund

Housing	
30 affordably rented/shared ownership homes	All homes are EPC B or above
9 care homes	Provision for 496 residents
4 student accommodation sites	Housing for 2,378 students

Infrastructure	
12 investments, including:	
• 1 airport	• 2 PFI Streetlighting contracts
• 1 water company	• 1 Motorway service investment
• 1 railway and rolling stock investment	

Figure 5: Portsmouth Roselind Franklin Student Accommodation – held in the Unite Student Accommodation Fund



Alignment with the 'ABC' classification of impact

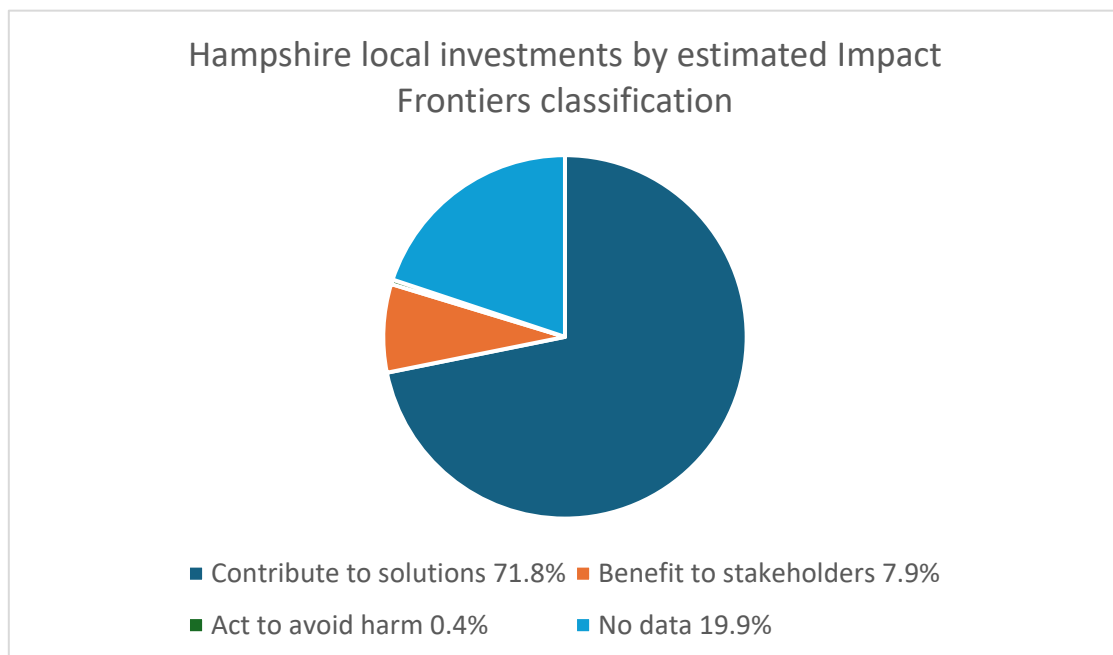
Based on the Impact Frontiers classification system⁷ the Pension Fund has undertaken its own high level estimation to assess the impact of its investments in Hampshire. This system groups investments into three categories:

- Act to Avoid Harm – aiming to reduce negative effects through the partial reduction (or absence) of a negative outcome caused by the investment
- Benefit Stakeholders – creating positive outcomes for people or communities.
- Contribute to Solutions – tackling serious social or environmental challenges and delivering long-term improvements by the organisation creating a positive outcome for people or the natural

environment who were previously experiencing negative outcomes not caused by the investment (e.g. caused by market failures and / or marginalisation through customs, laws, and policies).

Not all investments are designed to create a positive impact but can nonetheless make a positive contribution to the local economy. Some do not have the right policies or systems in place to track whether they're doing good—or causing harm. These types of investments are classified as "No data" and make up 20% of the portfolio.

The chart below shows that the Pension Fund's local investments include relatively little in the most impactful categories; 'Contribute to Solutions' and 'Benefit to Stakeholders'. This is an area for future development for new investment.



⁷ [ABC at Impact Outcome Level | Impact Frontiers](#)

Case studies

The Forum - Andover

The Pension Fund is invested in The Forum as part of its investment in the 'ACCESS' regional Affordable Housing fund managed by Legal & General. The Forum consists of 21 affordable rented homes and 9 shared ownership homes' which is making a contribution to the over 2,000 households on the local authority's waiting list. The homes range from one bedroom to four bedrooms and all come with at least one parking space.

The homes were built as part of a Taylor Wimpey development, part of a wider scheme of 102 homes and were built to an Energy Performance Certificate (EPC)

B rating at the lowest, including electric vehicle charging points and solar panels.

The affordable rent of the houses is set at 71% of the open market rent. The site was fully occupied by December 2025.



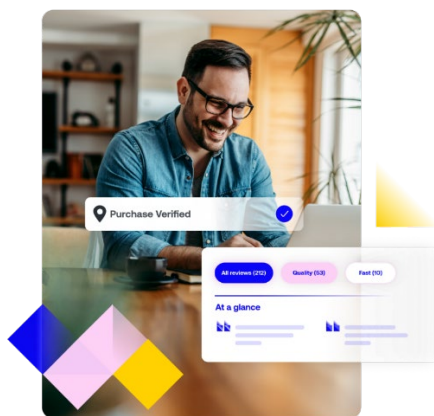
Hampshire made a co-investment in feefo in 2018 alongside Vespa Capital.

Founded in 2006 and headquartered in Petersfield since 2012, feefo is a ratings and reviews platform that collects reliable and constructive reviews for thousands of clients worldwide.

customer reviews, which the company uses to provide business and sector insight. feefo is now an international organisation, with offices in Petersfield, London, Boston (USA) and Melbourne (Australia) and remote workers across the globe.

As part of embedding sustainability considerations into its product development, feefo has combined its Google accredited review platform with eco-conscious labelling for its clients, to address shifting client priorities.

feefo launched Treefo, which allows merchants to pay a subscription to sponsor a tree planting programme, based on the volume of reviews collected, creating an authentic sustainability initiative that clients love. As of April 2024, the Treefo initiative has funded the planting of over 38,000 trees across projects in Mozambique, Kenya and Madagascar, with their trusted reforestation partner Ecologi.



feefo currently has over 150 employees and is still growing. feefo works with over 6,500 brands worldwide. They send out hundreds of thousands of feedback requests every week and host millions of

Portsmouth water

Hampshire is an investor in Portsmouth Water through its investment in Ancala's Essential Growth Infrastructure Fund.

Portsmouth Water's latest Annual Report and Accounts show a number of positive local impacts that the company is making.



The company is beginning full construction of the Havant Thicket Reservoir in partnership with Southern

Water, the first major new UK reservoir in over 30 years which will secure water resources in the South East and protect the regions' chalk streams, reducing the water taken from the River Test and River Itchen. Based on a study by the University of Birmingham, the benefits of the Havant Thicket Reservoir will include:

- Adding £50m to the South East's regional economy during construction
- Providing 84 new construction jobs and 10-15 apprenticeships, and
- An expected 98,000 new trips each year to the new recreational facilities, once they are complete.

Portsmouth Water is committed to sustainability and has set a target of net zero by 2040 for its operational Greenhouse Gas (GHG) emissions. The company is piloting the installation of smart water metres in 500 homes, with a rollout to 170,000 homes by 2030 and the company's remaining customers by 2035, which will be a total investment of £63m. The pilot demonstrated the smart meter's ability to recognise leaks and high water use.

Murrills Industrial Estate – Porchester

The Pension Fund purchased Murrills Industrial Estate in Portchester in 2013 as part of its UK property portfolio managed by CBRE. The Pension Fund has invested in the property as follows to improve the buildings environmental characteristics:

- Making upgrades to improve the building's Energy Performance Certificate (EPC) rating; Solar photovoltaic (PV) and electric vehicle chargers have been installed in the latest refurbishments.



- Undertaking surveys on the four largest units to assess the feasibility of installing solar panels.
- Working with the tenants to improve the collection of environmental data for the

property, to enable better management of the building’s environmental features in the future.

Rocksteady

The investment in Rocksteady was made in 2024, with Hampshire participating through its commitment to Vespa Capital funds.

Founded in 2007 and headquartered in Liphook (Hampshire) with additional offices in Birmingham, Rocksteady has grown to become the largest provider of inclusive band-led music education to primary schools in the UK, with over 100,000 children reached each year in more than 3,300 state funded primary schools. Rocksteady lessons are often used as a key intervention to improve school attendance and to create a level playing field for children with Special Educational Needs and Disabilities (SEND), English as an Additional

Language (EAL) and emotional and mental health needs.

Rocksteady continues to deliver significant growth and has seen its headcount increase to over 700 employees. Furthermore, Rocksteady is the UK’s largest private employer of musicians on a full-time basis.

Rocksteady is a values-led organisation deploying a unique educational model that delivers extraordinary social impact at scale across the UK. Over £9m worth of free music teaching and experiences for disadvantaged children has been through the Rocksteady Foundation, with 75,000 hours of free music teaching delivered in schools.



Findings and recommendations

A key finding from this report has been that the Pension Fund's private market portfolios have significant allocations to UK investments, which has naturally resulted in these portfolios making substantial investments in Hampshire without a set local investment target. These investments also meet the Pension Fund's investment return targets, to ensure it can meet its obligations to pay pensions. The analysis in this report shows that there are a range of good investment opportunities in Hampshire across the full range of private market asset classes, although it has taken the Fund's investment managers some time to build these positions.

New strategy requirement

Going forward the Pension Fund must decide how it meets the new requirement from the Government for its Investment Strategy to set a target for local investment. This local investment target can be set for either the investment pool area, or combined authority area, or both.

Data and reporting

The Pension Fund's investment managers responded well to requests for information and this report could not have been produced without their support. This report has shown it is possible to report on the location of investments and provide a complete picture of the Fund's investment in its local area.

The data is less consistent in terms of capturing the impact of investments.

Whilst there are good examples that have been shared in this report, there is more work to do with the Fund's investment managers, to develop more consistent impact reporting. However, the Fund now has a good starting point to build on for future reporting.

Making an impact

Whilst noting the challenges with recording data to measure impacts, the data that is available shows the Fund's local investments are skewed away from the most impactful categories. This can be an area of greater focus in any new allocations for local investment.



Working with LGPS Central

From 1 April 2026 LGPS Central will become responsible for the management of all of the Hampshire Pension Fund's investments, and will need to develop investment products that target local investments. The Pension Fund will work closely with LGPS Central to make sure the Pool can offer suitable opportunities for local investments. The experiences gained in building this portfolio by Hampshire's private market investment managers and in producing this report will be shared with LGPS Central and Hampshire's other pooling partners.