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SUPPLEMENTARY AGENDA LOCAL PENSION BOARD

**Wednesday, 15th March, 2023 at 10.00 am in the Conference Room,
Civic Centre, Silver Street, Enfield, EN1 3XA**

AGENDA – PART 1

4. AON INVESTMENT CONSULTANT PRESENTATION - (Pages 1 - 10)

The Local Pension Board are recommended to note the presentation.

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Quarterly Investment Report

London Borough of Enfield Pension Fund



Prepared for: The London Borough of Enfield Pension Policy & Investment Committee

Prepared by: Colin Cartwright

Date: 29 March 2023

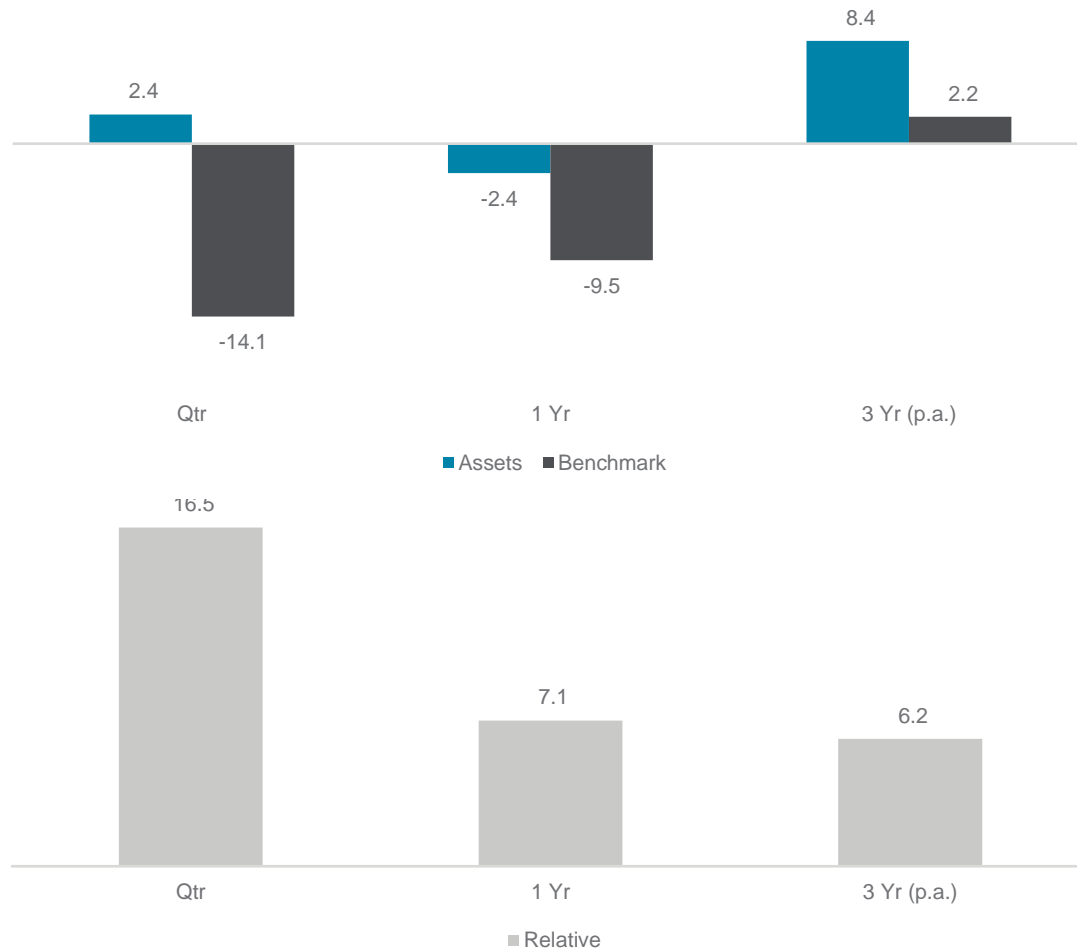


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AON

At a glance...

Performance summary (%)



Assets

£1430.4m



Assets decreased by £13.4m over the quarter.

Key detractor - property

£82.0m



Property decreased by £11.3m over the quarter.

Funding level*

108%

Funding level as at 31 March 2022.

*indicative funding level based on 2022 initial Valuation assumptions.
Source: Aon.

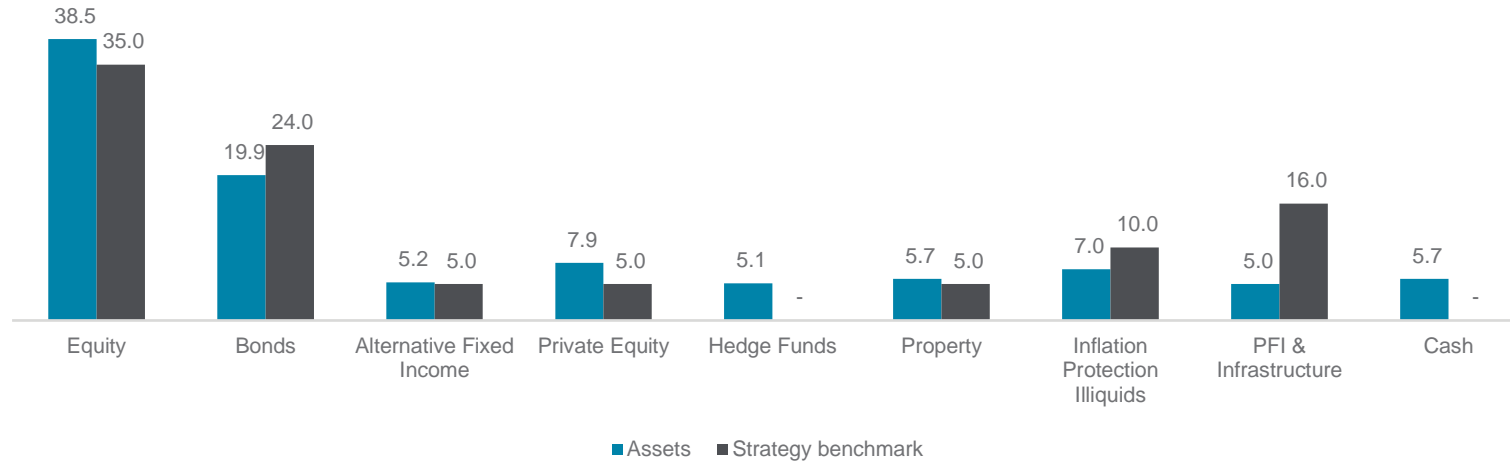
Strategic allocation



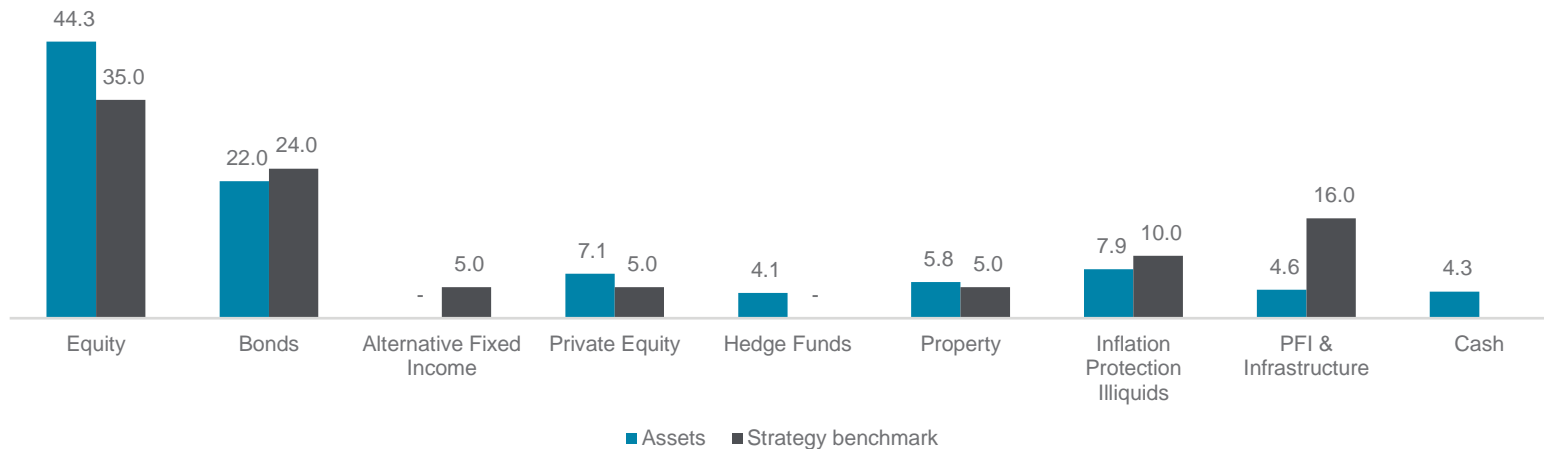
Strategic allocation

The strategic allocations shown are those agreed in 2021.

31 December 2022 strategic allocation & benchmark (%)



31 December 2021 strategic allocation & benchmark (%)



Source: Northern Trust
 Note: Totals may not sum due to rounding.

Key developments



LCIV Baillie Gifford

As mentioned in our previous communications, we are currently undertaking a review of the Baillie Gifford Global Alpha strategy. This is partly due to the passage of time since our last on-site review, and also in acknowledgement of a drawdown in relative performance through the last 24 months. Such a review will consider events post our last deep review, such as performance, but also incorporate a comparison and contemporary laddering exercise against managers we consider to be appropriate peers, across all subcomponent grade areas.

Since our last communication, we have conducted follow-up meetings with the manager focused on risk management within the investment strategy and are scheduled to debrief the strategy on 9th March 2023 and will share further information following this.



BlackRock UK Property

The Manager alongside many other peer funds decided to exercise a deferral of the Fund's redemptions following significant UK Defined Benefit Pension scheme de-risking in September 2022. The Fund has a Q2 deferred redemption queue of C.£250 million, which the manager hopes to have paid out in full by end-Q2 2023. Additionally, the Fund has Q3 redemptions of C.£650 million and is expecting to pay out in H2 2023 and into 2024. The Fund had minimal redemptions over Q4, totalling £9 million.

The Fund has £60 million in cash, alongside an active liquidity management plan in place, which involves a planned disposal program (although the market is still relatively quiet, and the Manager will not sell at any price). To date the Manager has earmarked c.£500 million of assets for sale. Furthermore, the Manager has now introduced a feeder fund for international investors which will mirror the current fund. The Manager also hopes that matching on the secondary market between redeeming investors and potential buyers will further reduce the queue once NAV pricing is deemed to be more attractive. It could take up to 24 months for redemptions to be fully paid out.

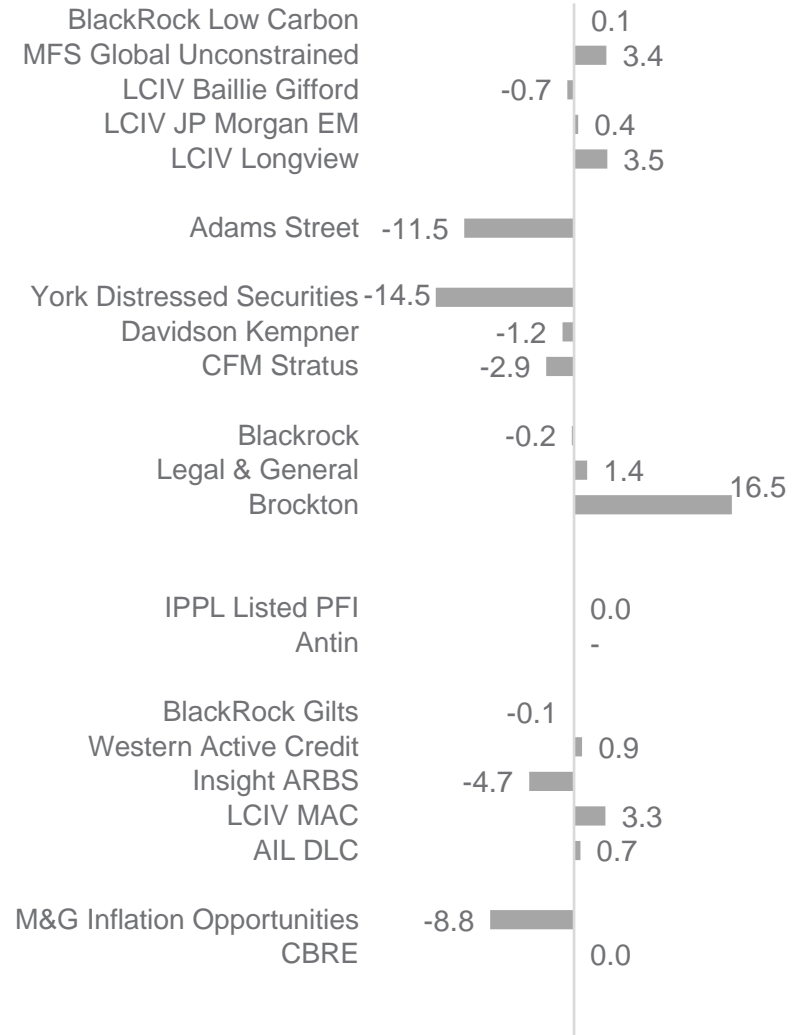
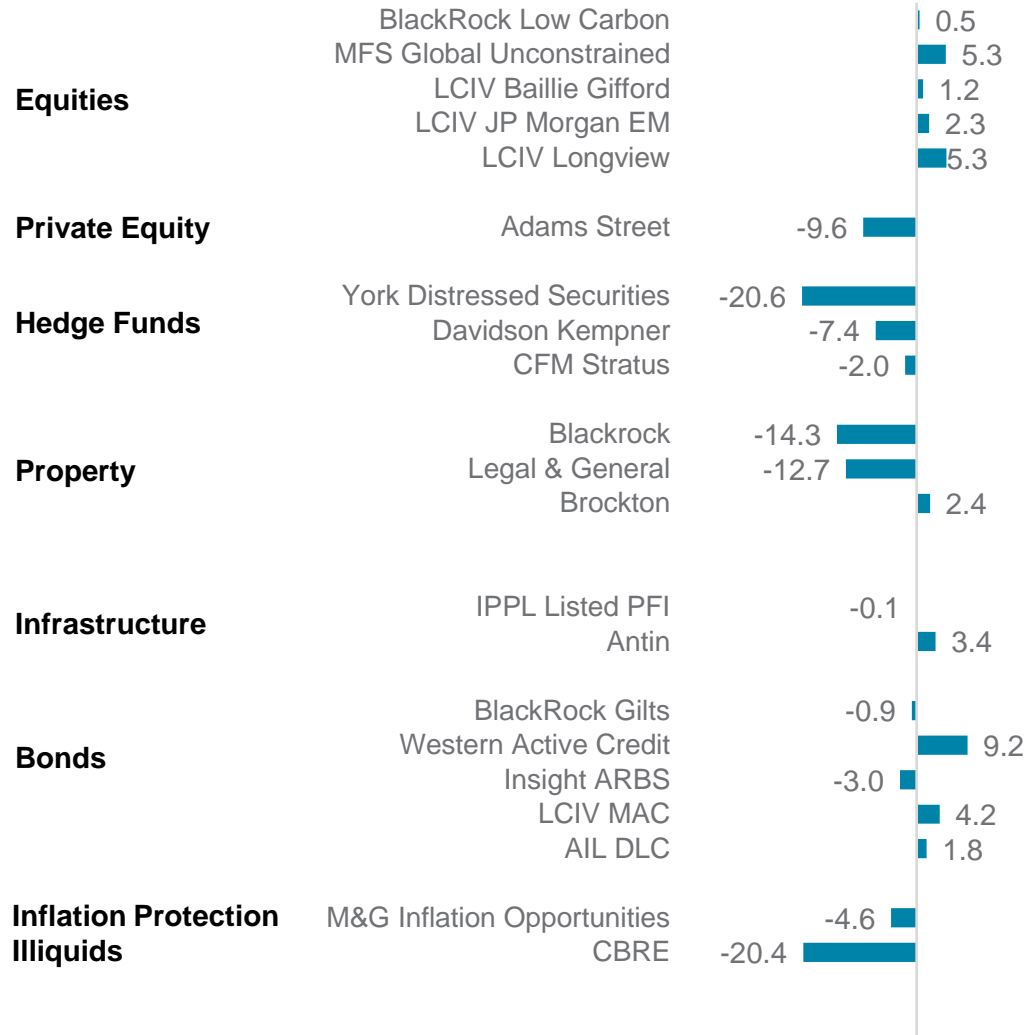
	Rating	%	ESG	Change
Equities		38.5		
BlackRock World Low Carbon	Buy	16.6	Integrated	-
MFS Global Unconstrained	Qualified	5.3	Advanced	-
London CIV Baillie Gifford	Buy	6.9	Integrated	-
London CIV Longview Partners	Buy	7.4	Integrated	-
London CIV JP Morgan	Qualified	2.2	-	-
Private Equity		7.9		
Adams Street	Qualified	7.9	-	-
Hedge Funds		5.1		
Davidson Kempner International	Buy	2.4	Limited	-
CFM Stratus	Buy	2.4	Integrated	-
York Distressed Securities	Sell	0.2	Integrated	-
UK Property		5.7		
Blackrock	Buy	2.4	-	-
Legal & General	Qualified	2.6	-	-
Brockton	Buy (closed)	0.7	-	-
PFI & Infrastructure		5.0		
IPPL Listed PFI	Not rated	3.1	-	-
Antin	Buy (closed)	1.9	-	-
Bonds		19.9		
BlackRock Passive Gilts and ILGs	Buy	5.5	Integrated	-
Western Active Bonds	Not Rated	5.3	-	-
Insight Absolute Return Bonds	Buy	2.1	Integrated	-
London CIV Multi-Asset Credit	Not Rated	3.7	-	-
AIL Diversified Liquid Credit	Not Rated	3.3	-	-
Alternative Fixed Income		5.2		
London CIV Global Bond Fund	Buy	5.2	-	-
Inflation Protection Illiquids		7.0		
M&G Inflation Opportunities	Buy (closed)	4.4	-	-
CBRE	Buy	2.6	-	-

1. Aon does not rate the London CIV. Ratings are shown for underlying managers where appropriate.
2. Aon's process for reviewing property, private equity & infrastructure strategies has changed. Therefore, from 31 March 2019 onwards Aon's manager research specialists will not include sub-ratings for property, private equity & infrastructure strategies.
3. Ratings shown for BlackRock equity are for BlackRock's passive equity capabilities and not specific to the Low Carbon Index in which the Fund is now invested, which is yet to be approved by our research team.
4. The Aon rating for the Western Active Bonds holding has fallen away, following 12 months of 'Qualified' rating
5. We have omitted the legacy Trilogy and York holdings due to the small allocations that are being redeemed over time. Total sum does not add to 100% due to omission of Trilogy, York and cash holdings.

Managers – Quarterly performance

Q4 2022 absolute performance (% pa)

Q4 2022 relative performance (% pa)

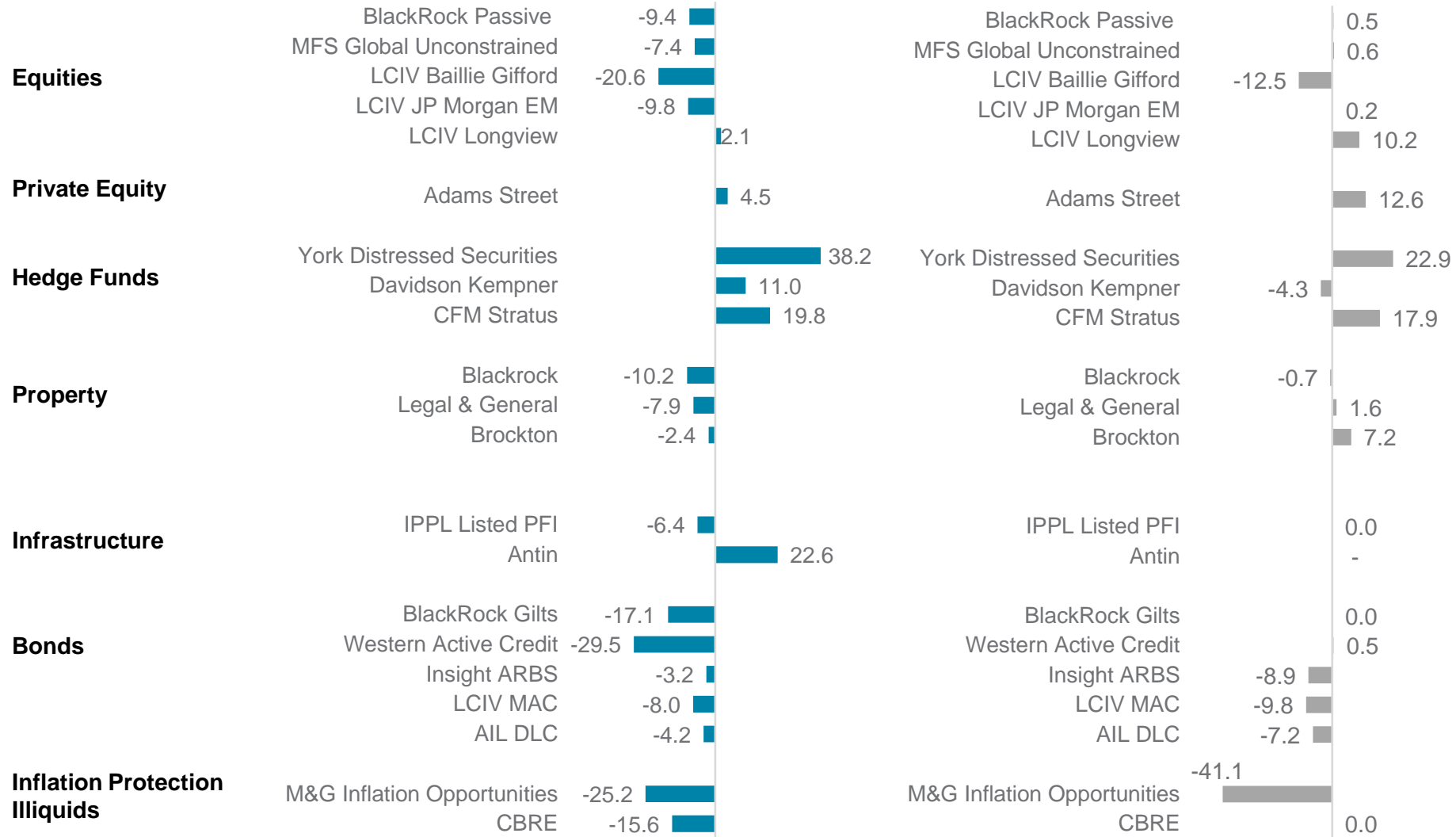


Source: Northern Trust. Performance is net of fees. Relative performance may be rounded.

Managers – Annual performance

1 year absolute performance (% pa)

1 year relative performance (% pa)



Source: Northern Trust. Note: Performance is net of fees. Relative performance may be rounded.

Appendix



Additional comments on performance data

IPPL is measured against the UK Retail Price Inflation (RPI) index.

Adams Street and Brockton are close ended funds and traditional time weighted returns are not reflective of true performance. Adam Street numbers are IRR figures. Returns are lagged by a quarter due to the nature of the asset class.

The Adams Street, Davidson Kempner, and York returns will partly reflect currency movements.

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