PENSION POLICY & INVESTMENT COMMITTEE
Wednesday, 29 March 2023 at 9.30 am
Conference Room, Civic Centre, Silver Street, Enfield, EN1 3XA

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PENSION POLICY & INVESTMENT COMMITTEE

Wednesday, 29th March, 2023 at 9.30 am in the Conference Room, Civic Centre, Silver Street, Enfield, EN1 3XA

Membership:

Councillors: Doug Taylor (Chair), Tim Leaver (Vice-Chair), Gina Needs, Sabri Ozaydin, David Skelton and Edward Smith

AGENDA – PART 1

1. WELCOME AND APOLOGIES

2. DECLARATIONS OF INTEREST

Members of the Board are invited to identify any disclosable pecuniary, other pecuniary or non-pecuniary interests relevant to the items on the agenda.

3. MINUTES OF PREVIOUS MEETING (Pages 1 - 6)

To agree the minutes of the previous meeting.

4. CHAIR'S UPDATE

To receive an update from the Chair.

5. RESPONSIBLE INVESTMENT (Pages 7 - 38)

Members are asked to note the contents of the report;

1. Agree the timelines/approach to compliance with TCFD regulations

2. Discuss and agree what the RI objectives for the fund should be.

3. Agree next steps

6. ENFIELD PENSION FUND - CASH FLOW ANALYSIS (Pages 39 - 54)

Members are asked to note the contents of the report and take into consideration cash flows to ensure future benefit payments are met when they fall due and when considering new investments or changes to the strategic benchmark asset allocations.

7. MINUTES OF PENSION BOARD MEETING - 15 DECEMBER 2022 (Pages 55 - 58)

To note the minutes of the Pension Board meeting held on 15 December 2022.

8. ENFIELD PENSION FUND FOSSIL FUEL EXPOSURE REPORT AS OF 31 DECEMBER 2022 - PART 1 & PART 2 (Pages 59 - 72)

The PPIC are asked to note the contents of the report and the attached appendices.

9. ECONOMIC AND MARKET OUTLOOK, UPDATE ON ENFIELD PENSION FUND INVESTMENTS AND MANAGERS - PART 1 & PART 2 (Pages 73 - 160)

Members are asked to note the contents of the report and the appendices.

10. DATES OF FUTURE MEETINGS

To note the dates of the future meetings will be confirmed following Annual Council on Wednesday 10 May 2023.

11. EXCLUSION OF THE PRESS AND PUBLIC

To consider passing a resolution under Section 100(A) of the Local Government Act 1972 excluding the press and the public from the meeting for the items listed as part 2 on the agenda on the ground that they involve disclosure of exempt information as defined in those paragraphs of Part 1 of Schedule 12A to the Act (as amended by the Local Government (Access to Information) (Variation) Order 2006).

12. PART TWO ITEMS - CONTAINING EXEMPT INFORMATION

These items will contain exempt information as defined in Paragraph 3 (information relating to the financial or business affairs of any particular person – including the authority holding that information) of Schedule 12A to the Local Government Act 1972, as amended.

13. AON LONG LIST REPORT ON ESG FOCUSSED INFRASTRUCTURE INVESTMENT (RENEWABLE ENERGY, CLEAN ENERGY, FORESTRY) - PART 2 (Pages 161 - 168)

Members are recommended to:

1. Note the contents of the report.
2. Agree to invite the Infrastructure managers highlighted in the Aon report to present their fund philosophy, investment objective and style to the committee in Q2 2023.

14. PRESENTATION FROM LONDON CIV CEO - PART 2 (Pages 169 - 194)

Members are asked to note the contents of the report and presentation.

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MINUTES OF THE MEETING OF THE PENSION POLICY & INVESTMENT COMMITTEE HELD ON WEDNESDAY, 18 JANUARY 2023

COUNCILLORS

PRESENT (Chair) Doug Taylor, Gina Needs (Cabinet Member for Community Safety and Cohesion), Sabri Ozaydin, David Skelton and Edward Smith

ABSENT

OFFICERS: Olga Bennet (Director of Finance), Bola Tobun (Finance Manager – Pensions and Treasury) and Jane Creer (Secretary)Bola Tobun (Finance Manager (Pensions and Treasury) and Olga Bennet (Director of Finance: Capital & Commercial) Robyn McLintock (Secretary)

Also Attending: Daniel Carpenter (Associate Partner, Aon), and Kara Robinson (Senior Investment Consultant, Aon)

1
WELCOME AND APOLOGIES

The Chairman welcomed everyone to the meeting.

Apologies for lateness were received from Cllr Tim Leaver.

2
DECLARATIONS OF INTEREST

There were none received.

3
MINUTES OF PREVIOUS MEETING

The minutes of the meeting held on 23 November 2022 were agreed with the following amendments;

To correct number sequencing on item 5. Members confirmed the following decisions and actions:
A. In line with the strategic asset allocation, officers should now give notice to redeem all hedge fund investments
B. £40m of the cash being held to be invested in bonds: £20m Western and £20m AON

ACTIONS:

- Bola to send correspondence from item 3 to members.
- Bola to send Glossary of Acronyms to members and to Local Pension Board Members.

The Chair requested a part 2 minute for item 5 and circulate to members.

Members requested timeline for actions on minutes going forward.

4
CHAIRS UPDATE

The Chair requested a quarterly update for the Committee which provides an indication on the change in numbers for people choosing to leave the Pension scheme.

The minutes from the previous Local Pension Board meeting show the board members queried the need for enhanced DBS checks on members of the Pension, Policy and Investment Committee.

The committee agreed that they are happy to undertake an enhanced DBS check due to the understanding that only enchanched DBS checks provide information on fraud related offences, which may be relevant.

ACTIONS:

- Robyn to raise DBS request to Governance Manager.
- Officers to provide Quarterly update to the Committee on the number of people choosing to leave the Pension scheme to be added to the forward plan
- Bola to arrange for Chief Exec of LCIV to attend PPIC

5
RESPONSIBLE INVESTMENT WORKSHOP

Jennifer O'Niell, CFA Associate Partner - Aon, lead the workshop.

Members raised questions on executive compensation in particular the use of tax havens. Jennifer explained that this is included within ESG, most shareholders would not necessarily have an issue with the use of creative taxation structures.

Members asked what could be done be become aligned with shareholders. Jennifer suggested to look at how the managers are discharging their rights over time and what the results of this are. The Independent Advisor added that a key role of the CIV is to scrutinise the fund managers on our behalf. The Committee could think about becoming signatory to the Stewardship Code although it was confirmed this is not the norm.

Aon's view is that the market might be under-pricing climate risks. This can be mitigated by some types of investments.

The Committee want to focus on practical steps to achieve the carbon neutrality targets set. Members commented that they recognise there are challenges in responsible investment which result in a lack of clarity for the objectives.

ACTION: At the next PPIC meeting, the Committee want to agree practical steps to progress responsible investment.

6
ECONOMIC, MARKET AND INVESTMENT UPDATE

Colin Cartwright, Partner- Aon, presented this item highlighting the key points, explaining that 2022 had been a bad year for major asset classes. The recent rally has been sharp but may not last and is expected to peak within the next 3-6 months. Fed funds rate is expected to peak at 5%, whilst rate cuts are priced in towards the end of 2023.

Bailey Gifford significantly underperformed last year. Aon's research team met with them in quarter four last year and will communicate the outcome of this at the next meeting.

ACTION: Aon to provide annual comparison on fund for the past 12 months and Bola to send to the committee when the end of December data is ready.

7
DRAFT PENSION FUND BUSINESS & PPIC WORK PLAN FOR 2023/24 - TO FOLLOW

The Chair requested a short note to be circulated to the Committee for this item as a report was not submitted.

Cllr Smith raised concern on the importance of including reports in agendas, the meetings needs to be practical and focus on decisions to be made.

ACTION: Bola to circulate short note on this item to the committee.

8
REVIEW OF GOVERNANCE COMPLIANCE STATEMENT - TO FOLLOW

The Chair requested a short note to be circulated to the Committee for this item as a report was not submitted.

ACTION: Bola to circulate short note on this item to the committee.

9
ENFIELD PENSION FUND ADMINISTRATIVE KEY PERFORMANCE INDICATORS REPORT - TO FOLLOW

The Chair requested a short note to be circulated to the Committee for this item as a report was not submitted.

ACTION: Bola to circulate short note on this item to the committee.

10
REVIEW OF REPORTING BREACHES POLICY AND CONFLICTS OF INTEREST POLICY - TO FOLLOW

The Chair requested a short note to be circulated to the Committee for this item as a report was not submitted.

ACTION: Bola to circulate short note on this item to the committee.

11
MINUTES OF PENSION BOARD MEETING OF 15TH DECEMBER 2022

NOTED the minutes of the Pension Board meeting of 15 December. Issue raised on DBS checks was discussed in item 4, Chairs briefing.

12
COMPLIANCE WITH CMA - INVESTMENT CONSULTANCY AND FIDUCIARY MANAGEMENT MARKET INVESTIGATION ORDER 2019 - TO FOLLOW

The Chair requested a short note to be circulated to the Committee for this item as a report was not submitted.

ACTION: Bola to circulate short note on this item to the committee.

13
WORKING-GROUP TASKS - TO FOLLOW

The Chair requested a short note to be circulated to the Committee for this item as a report was not submitted.

ACTION: Bola to circulate short note on this item to the committee.

14
AGM PLANNING

Bola Tobun confirmed the agenda would be similar to the previous years AGM.

The Chair explained it would be good for members to attend.

Support would be needed from Governance to run the event.

Cllr Edward Smith passed on his apologies for the AGM meeting in March.

ACTION: Bola to invite auditors to the AGM.

15
DATES OF FUTURE MEETINGS

NOTED the dates of the future meetings:

Wednesday 29 March

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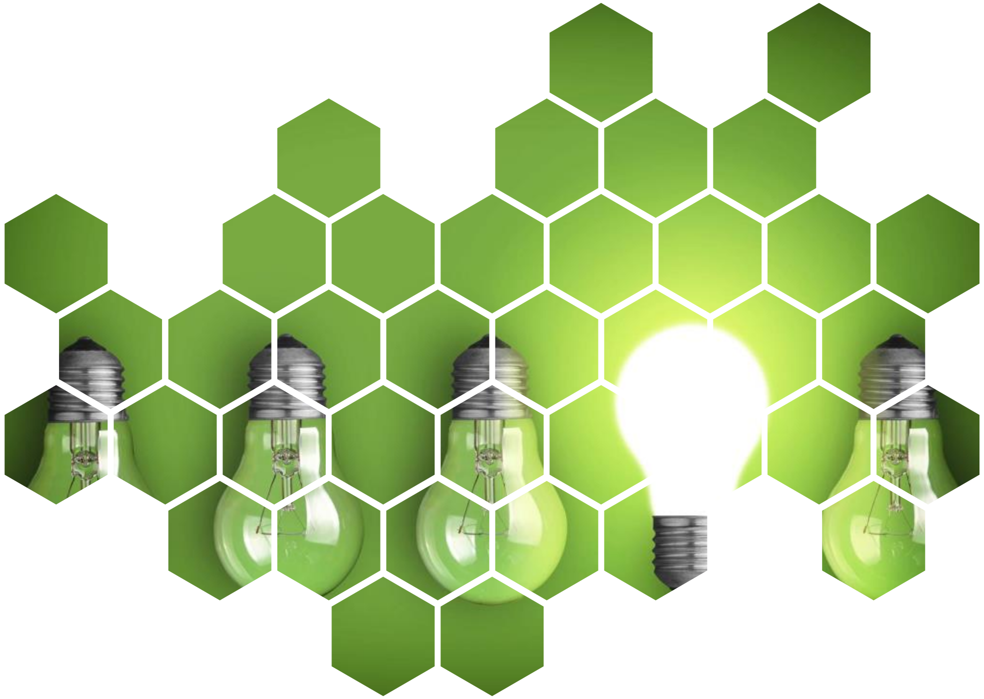


Responsible Investment: Overview and Next Steps

London Borough of Enfield Pension Fund

Prepared for: The Committee
Prepared by: Aon
Date: 29 March 2023

AON

Background and objectives

Background

- In January 2023, we provided an overview and training of the background to the Responsible Investment (RI) space.
- Today's session is a follow-up to January's discussion, and focuses specifically on:
  - Forthcoming climate risk management requirements
  - The Fund's previously agreed priorities
  - Next steps
- It is an opportune time to re-evaluate the Fund's desired approach and next steps to align with this.

Objective

- This session is intended to:
  - Explain the forthcoming requirements on climate-related risk reporting that will affect the Fund;
  - Explain what other Funds are doing and taking action on;
  - Explain what 'divestment' and 'engagement' approaches are, alongside 'greenwashing'; and
  - Set out what actions the Fund had previously expressed an interest in undertaking, and how this could be done.

AON

Agenda

1

Knowledge

Forthcoming regulation: TCFD

2

Knowledge

What other Funds are doing

3

Training

Divestment, engagement, and greenwashing

Page 9

4

Direction

A practical roadmap

5

Summary

6

Appendix

Taskforce on Climate-related Financial Disclosures (TCFD)

Recap: What is TCFD?

The Financial Stability Board created the Taskforce on Climate-related Financial Disclosures ("TCFD") to improve and increase reporting of climate-related financial information.

What is it?

- In 2017, the TCFD released 11 climate-related financial disclosure recommendations about the risks and opportunities presented by climate change. In turn, the framework is designed to help provide better information to support informed capital allocation.
- Mandatory TCFD reporting is now required for corporate pension schemes with more than £1bn in assets. DHLUC consulted in Q4 2022 on the mandatory introduction of TCFD reporting across England & Wales LGPS.
- **The regulation is expected to come in place in April 2023 for the Fund to comply in 2024.**
- Whilst 2024 seems a while away, this is an intensive exercise requiring input from multiple parties.
- **As such, we recommend progressing this now, and have set out an indicative project plan and timeline to inform the Committee.**

"The goal of TCFD…

..financial risks and opportunities related to climate change will become a natural part of risk management and strategic planning.

As this occurs, understanding of the potential financial implications associated with transitioning to a lower-carbon economy and climate-related physical risks will grow; information will become more decision-useful; and risks and opportunities will be more accurately priced, allowing for the more efficient allocation of capital."

Source: Financial Stability Board, Taskforce on Climate-related Financial Disclosures

Objective: better understanding of risk

Scenario analysis

Analyse **at least two** climate-related scenarios in the first year and then every 3 years, with annual review in intervening years.

The Fund is undertaking this in conjunction with your triennial actuarial valuation.

Metrics (minimum)

- Two emissions-based metrics (one absolute measure of emissions and one intensity based measure of emissions), one additional climate related metric, and one **portfolio alignment** metric
- Obtain data and calculate metrics as far as are able on annual basis

1

2

3

4

5

Strategy

Identify and assess on ongoing basis climate-related risks and opportunities which will affect the investment and funding strategy over the **short, medium and long term**

Risk management

Adopt and maintain, on ongoing basis, processes for identifying, assessing and managing climate-related risks and integrate within overall risk management

Targets

Set **at least one target** for one of the chosen metrics and report on progress against this target annually

Funds must have the appropriate **governance** arrangements in place for managing and meeting these requirements.

Indicative project timelines

Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec

Jan – Initial training
Brief introduction to TCFD

Mar – Today
Setting out next steps

Apr – Climate scenarios
As part of triennial actuarial valuation

May – Governance
Confirming the Fund's short, medium, and long term horizons, and clarifying roles and accountabilities

Jun – Strategy
Interrogating manager approaches

Jul – Review of progress
Interim checkpoint

Aug – Risk Management
Interrogating risk management approach

Sep – Review of progress
Interim checkpoint

Oct – Metrics and Targets
Gathering data

Nov – Target-setting discussion
Agreeing on desired goal and timelines

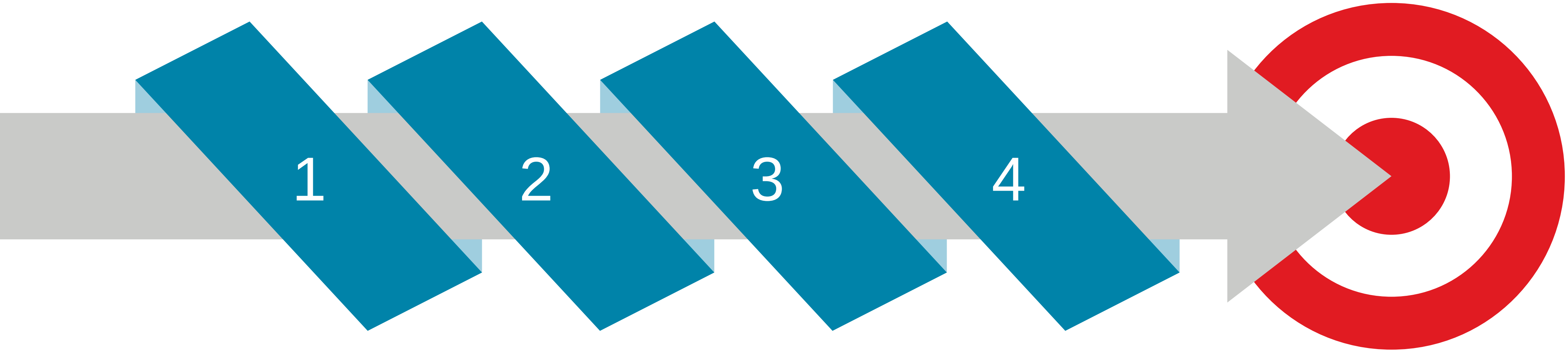
Dec – Review of progress
Bringing the project together

Key takeaway

Developing the Fund's approach will take time, and require input from multiple parties (LCIV; managers; your Fund Actuary; and others). Planning ahead is important, and we recommend beginning this project early.

What are other Funds doing?

Themes of activity



Developing climate risk reporting

Several Funds are gearing up for TCFD; some Funds report on a voluntary basis already.

Examples:

Fund A – establishing a TCFD Action Plan to prepare over an 18-month timeframe

Fund B – already reports, but seeking to enhance.

Interrogation of stewardship action

The Stewardship Code revisions have prompted Funds to consider how they apply the Code's principles across <u>all</u> asset classes.

Examples:

Fund C – not currently a signatory, but planning to apply in 2022

Fund D – 2012 Code signatory; has reapplied under 2020 Code

Net Zero commitments?

Many funds are grappling with a degree of stakeholder pressure to commit to net zero emissions across their portfolio by a specified date.

Examples:

Fund E – Commitment by 2030

Fund F – Adopting a 'wait and see' approach, depending on peer action

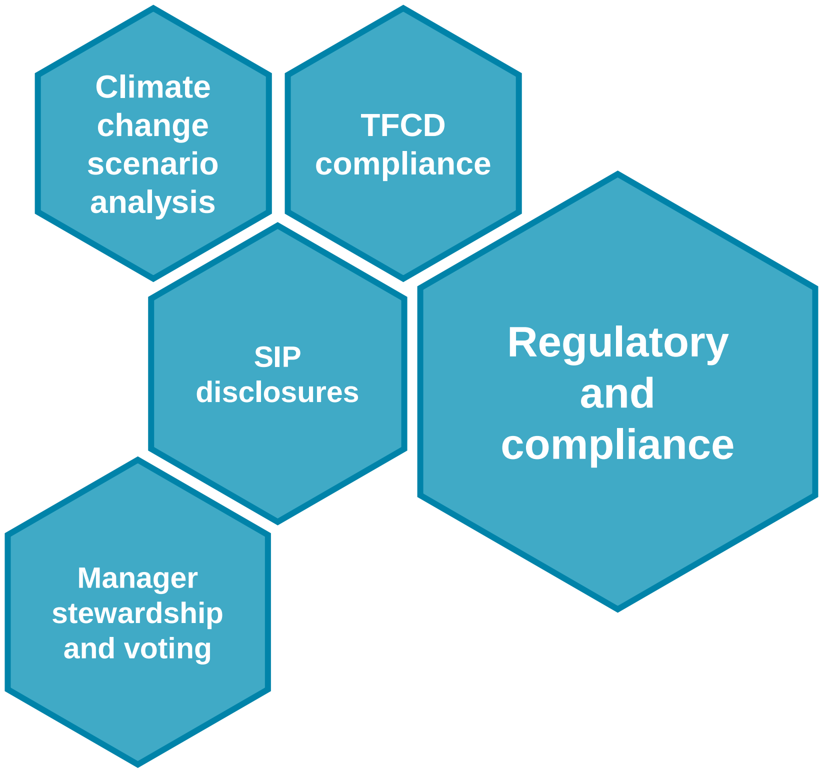
Examining managers' policies

A 'deep dive' into the ESG approach and priorities of appointed managers can help in understanding alignment

Example:

Fund G – Reviewed all managers to examine alignment with Committee beliefs. Changes to allocations made in line with strategy review.

What other Funds are doing



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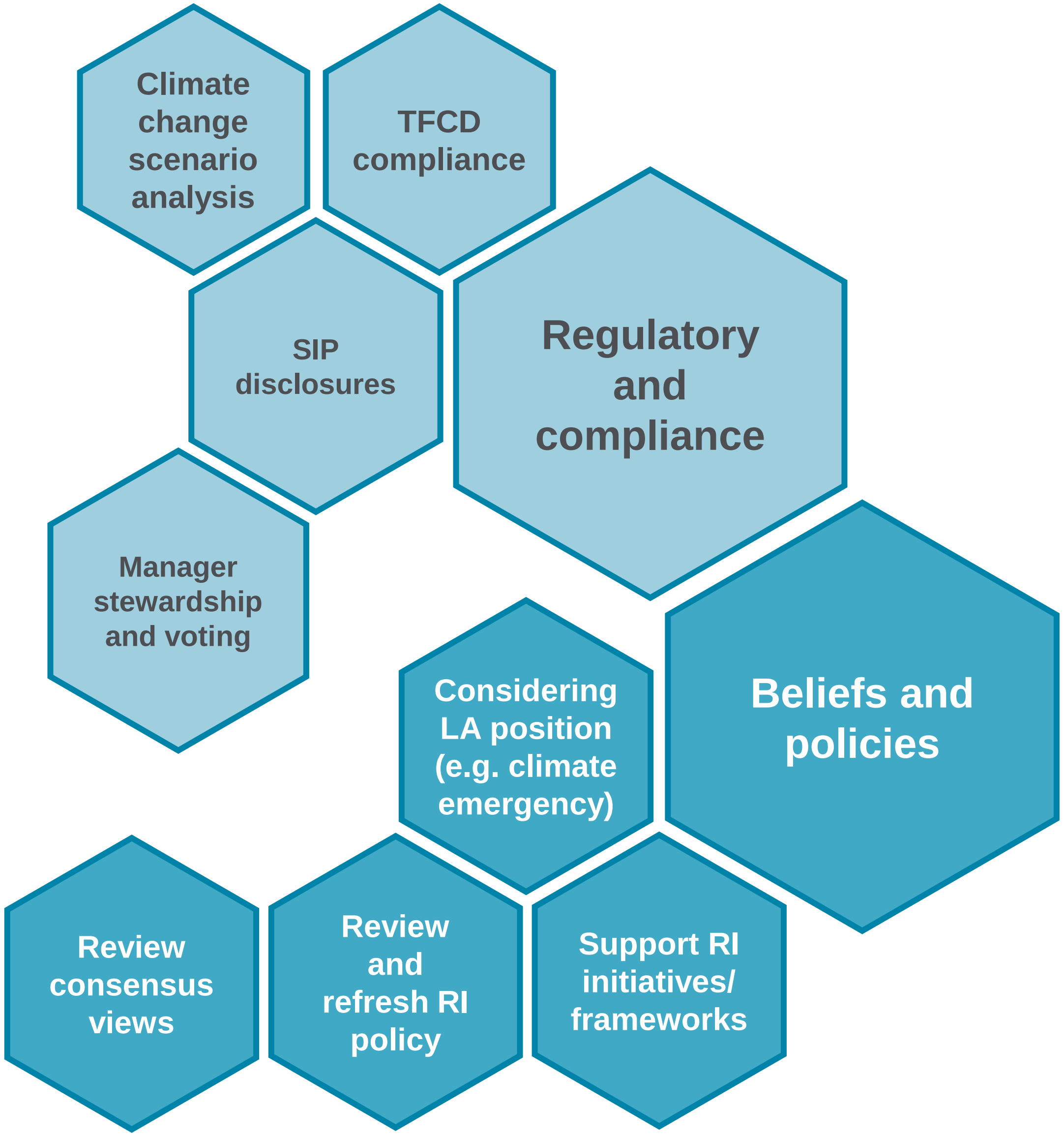
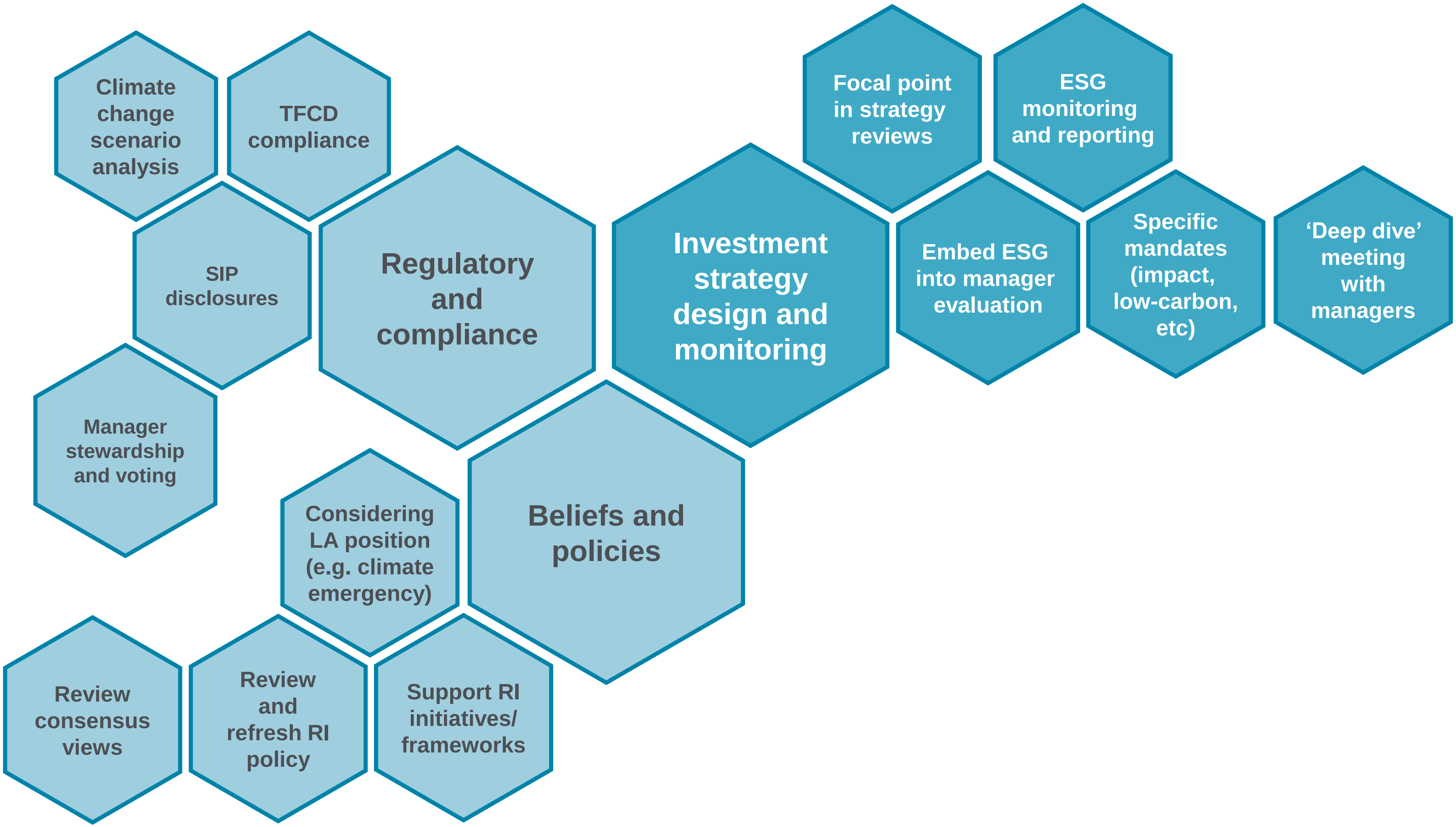
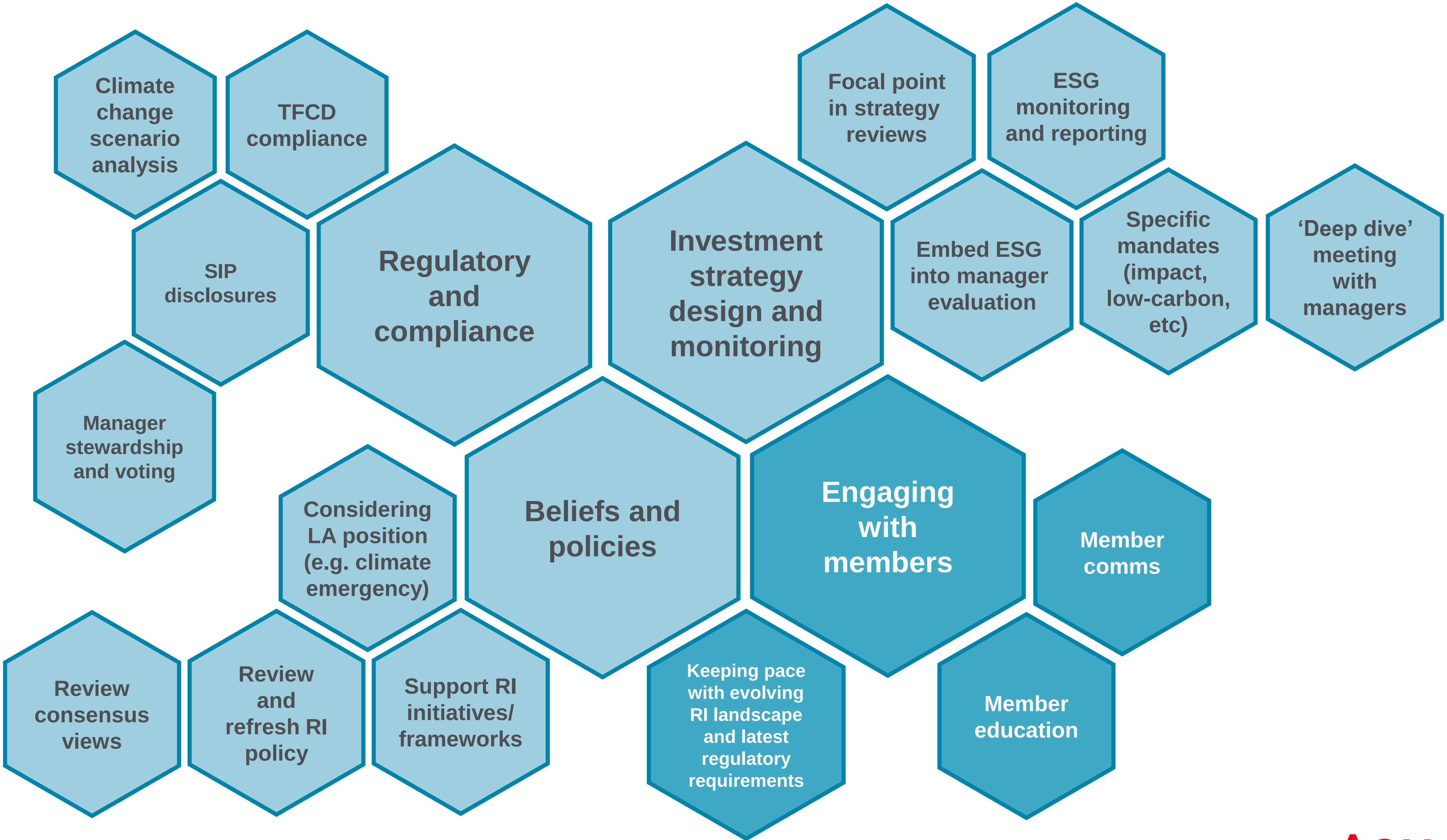
What other Funds are doing



What other Funds are doing



What other Funds are doing



What should you focus on?

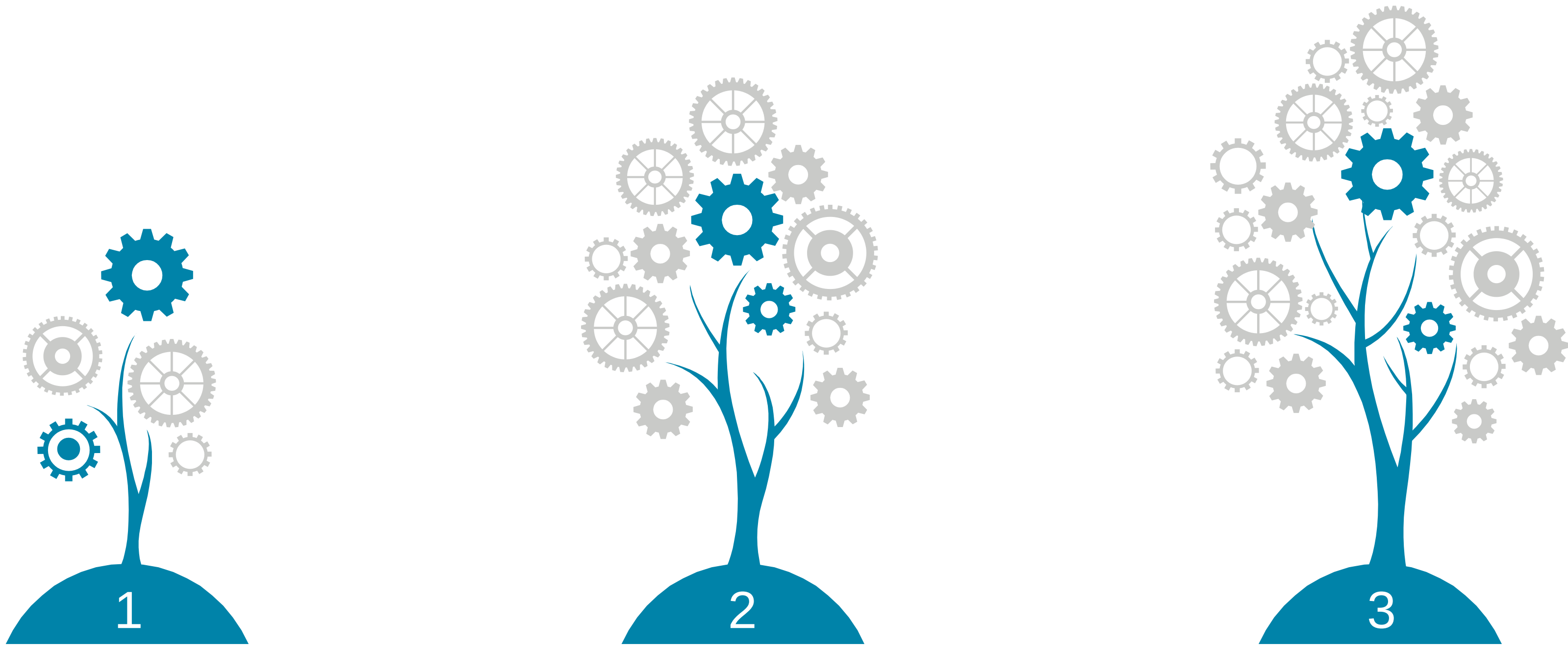
Decarbonization

- Decarbonising the portfolio may be the absolute priority as soon as possible
- Starting this journey early will reduce the pressure towards the later years, as evident in the ambitious targets set for 2030 transition pathways

Drive the transition

- The path towards net zero is not linear.
- Traditional energy companies are some of the best placed firms to drive this change.
- Divesting and removing funding from these companies too quickly is considered by many counterproductive.
- Transition risk must also be considered, and the impact this could have on financial returns.

Seeing the wood for the trees…



Regular monitoring is key – but can be ‘noisy’.

We recommend an annual review versus targets.

Over time, the Fund’s data quality should improve.

Reassessing versus prior years will illustrate progress.

Reporting should be **quantitative and qualitative** in nature.

Qualitative reporting allows assessment of how effective engagement is, while quantitative reporting allows focus on reduction in carbon emissions.

Engagement, divestment and ‘greenwashing’

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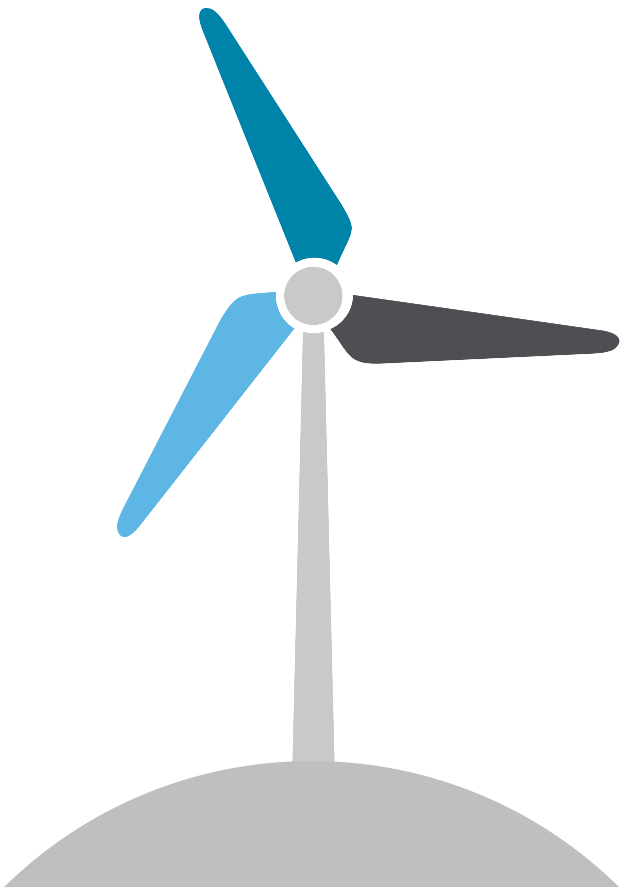
The divestment dilemma

Divestment means selling out of – and excluding future holdings – a certain area

- Our separate paper provides the Committee with more in-depth understanding of this.
- Often, divestment is focused on sectors such as fossil fuels.
- There are many motivations for divestment, such as:
  - Reducing carbon metrics for a portfolio
  - Addressing climate risk
  - Concerns over ‘stranded asset’ risks
- Whilst divestment may appear attractive, it is often not the biggest lever to pull.



Example

One LGPS conducted Trucost analysis to understand the impact of divesting from fossil fuels on their total portfolio, and discovered that this would **leave 87% of their total carbon emissions unaffected**.

Considerations

Thinking about climate risk should be holistic. This necessitates **engagement** to understand portfolio characteristics and advocate for thorough transition plans.

Engagement

“You can’t influence what you don’t own”

- Engagement is focused on the use of ownership stakes to influence behaviour and bring about positive changes.
- This is a core expectation on pension funds – that they will use their power of invested capital and be ‘active owners’
- Supporters of engagement-led approaches have criticised divestment for its inability to bring about meaningful action on climate change. This is primarily because the amounts divested generally account only for a small proportion of a targeted company’s value.
  – As there is generally a “seller for every buyer” the net result is that other (less climate-conscious) investors might benefit from the purchase and ownership of these assets in the near term
- Engagement with investee companies in a climate sense typically focuses on developing transition plans and transparency of disclosure so that investors understand their position.
- However, **divestment remains a lever if engagement is unsuccessful.**

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Engagement in practice

Engagement activities can take up significant time and resource. Setting a plan of how these engagements would take place can ensure it is performed as efficiently and effectively as possible.

Possible actions to take

- **Inform** all existing managers/service providers in writing of the concerns regarding climate change risk management and any potential Net Zero or emissions targets. In this letter, set out clear expectations for the manager.
- Ask for **firm commitment** from the manager to achieve the goals that it has set.
- Create a **deep dive questionnaire** to be sent to managers on a regular basis (**annual or bi-annual**). This questionnaire should be used to monitor managers' progress towards their goals.
- The questionnaire should look for clear, concrete examples and evidence that these goals are in progress to avoid "greenwashing". This could include;
  - Carbon footprint and intensity metrics compared to the Fund's stated targets and milestones
  - Examples of engagements with underlying investments with regards to climate change, with clear rationale and outcomes
  - Any climate and sustainability-related memberships
- This level of engagement will require additional time, a clear governance structure with a climate risk sub-group could facilitate efficient delivery of such activity.

Objective

The objective of these engagements are to ensure the managers and service providers are aware of and working towards the same objectives as the Fund.

The Fund may wish to consider alternative investments if the engagements illustrate progress is not in line with expectations.

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‘Greenwashing’: watch out!

‘Greenwashing’ is a form of ‘spin’ – portraying an investment as more environmentally friendly/sustainable than is really the case

- The Committee is likely to hear about greenwashing through news sources, and understanding these issues is directly relevant to the Fund’s approach to Responsible Investment.
- There have been several high profile fines levied on investment managers and companies as a result of greenwashing.
- In the investment process, due diligence of a manager’s ESG credentials is important to understand the robustness of their approach, as a safeguard. **Aon’s ESG ratings process interrogates this.**
- In public communications around the Fund’s target setting and Responsible Investment objectives, it is important that this is considered and the Fund is transparent and robust in its disclosures.

Aon's approach to tackling greenwashing

- As part of our manager engagement we create a 'buy list' of managers who effectively integrate ESG risk factors and opportunities into their standard investment process. However, there are managers who do not deliver on their ESG related claims and fall short of our expectations for genuine ESG practices.
- We believe it is important to look at the good and the bad of ESG integration at all levels. As such, we have set out examples of our engagement with investment managers to identify and mitigate poor/deficient ESG practices in investment portfolios.
- We look to provide comfort that we engage on behalf of our clients to ensure their financial assets are invested in an impactful and appropriate way.

Case Studies

2

Following further analysis of an **ESG index** designed by a US index provider, it came to light that the single stock risks were underplayed during discussions with the index provider.

Why is this an issue? We viewed that the majority of performance will be driven by single stock exposure rather than association with the ESG theme, as clients may expect.

Outcome: This lead to the decline of further research on the ESG index due to inappropriate single stock risks.

Following further analysis and an initial call with the investment team of an **environmental solution provider**, it became evident that there were a significant number of stocks with questionable links to the environmental theme (banks, healthcare).

Why is this an issue? Subsequently, the fund has been rebranded to a broader ESG-anchored strategy rather than an environmental solutions product.

Outcome: The decline of further research on a thematic environmental equity strategy due to inappropriate thematic alignment marketed by a major European asset manager.

ESG transition was a theme regularly deployed to defend many laggards beyond a sensible level. We viewed the product development as cynical asset raising in the context of the boom in market-wide asset growth relative to other products offered by the manager.

Why is this an issue? ESG integration efforts were not robust to scrutiny during discussions with the investment team. Subsequently, asset growth in this strategy has been limited relative to peers.

Outcome: The decline of further research on a sustainable equity strategy marketed by a major Australian global manager.

Engagement Checklist

2023 Expectations

- Engage with managers to examine their ESG policies, and determine how they intend on approaching carbon reduction
- Continued Committee education

2024 Expectations

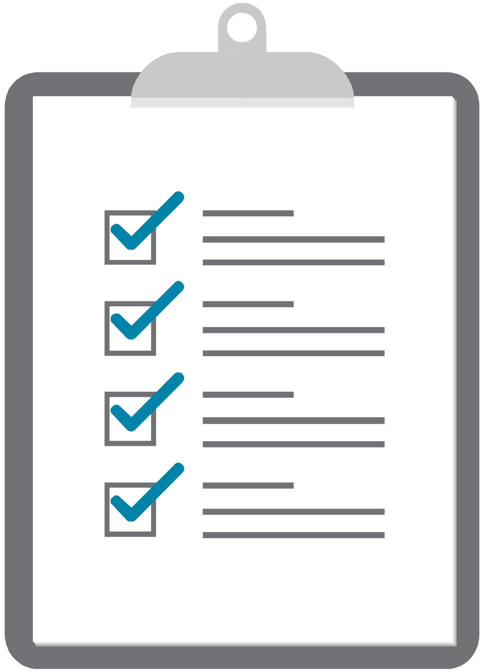
- Defined carbon reduction plan implemented
- Transparent carbon reporting
- Committee to consider consistency in carbon reporting from managers

2025/6 Expectations

- Reports of progress made towards carbon reduction target

Future Expectations

- Consider evolution of new low-carbon solutions available from managers as they develop
- Engage with the CIV to ensure low-carbon solutions are available.



Key takeaway

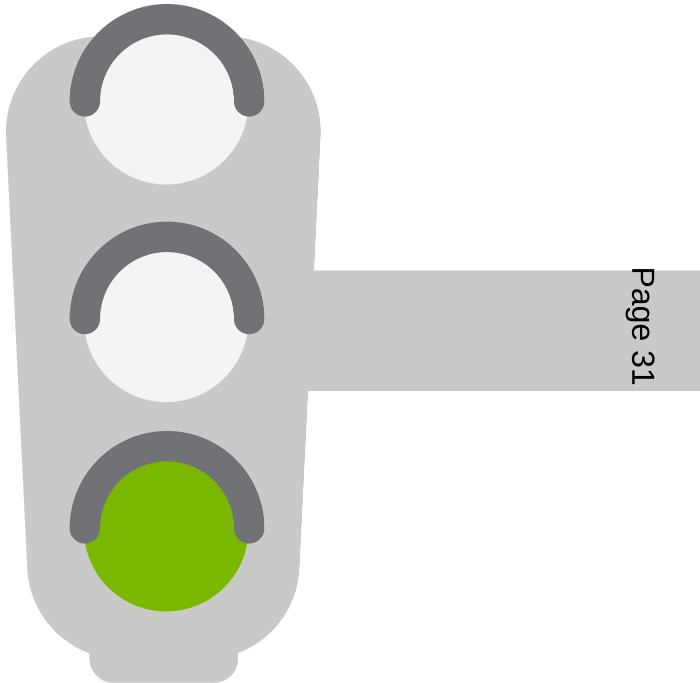
Aon can support with these steps.

A practical roadmap

Step 1: Prioritising priorities

There are many areas the Committee could focus on

- It will help to be clear about what objectives the Committee hope to achieve, so that a structured plan can be established to deliver this.
- Previously, the Committee have expressed a strong desire to focus on climate-related outcomes (e.g. aligning the Fund's portfolio with a net-zero trajectory) – but have also recognised that climate outcomes are closely linked with wider social and environmental issues.
  - The Committee could focus on climate action alongside selected wider social and environmental goals.
  - Understanding the ESG priorities of your current investments will help to determine how aligned they are with the Committee. **DECISION: Aon can provide a report on this for the Committee.**
- The Committee has also expressed an interest in the impact of its investment decisions on the wider world: how do the Fund's capital allocation choices influence wider outcomes?
  - The infrastructure discussion ongoing with the Committee is an example of this.
- If the Committee want to formally make progress against a net zero target, this will require concerted action. **DECISION: Agree in principle to commence this.**



Next steps

1 Engagement

Work directly with investment managers to ensure they are aligned. This could mean:

- Regular meetings with managers to understand and challenge investments and stewardship decisions
- Requesting managers to provide data, to review progress towards goals
- Setting expectations and escalation processes for when these are not met

2 Allocate

Away from “slow movers”; to “aligned”, low, zero or negative carbon assets, and offsets.

The Fund may wish to consider alternative investments if the current managers’ engagements illustrate progress is not in line with expectations.

3 Collaborate

What can we invest in to have a real world impact?

The Fund should collaborate with its investment managers to encourage the provision of data and information.

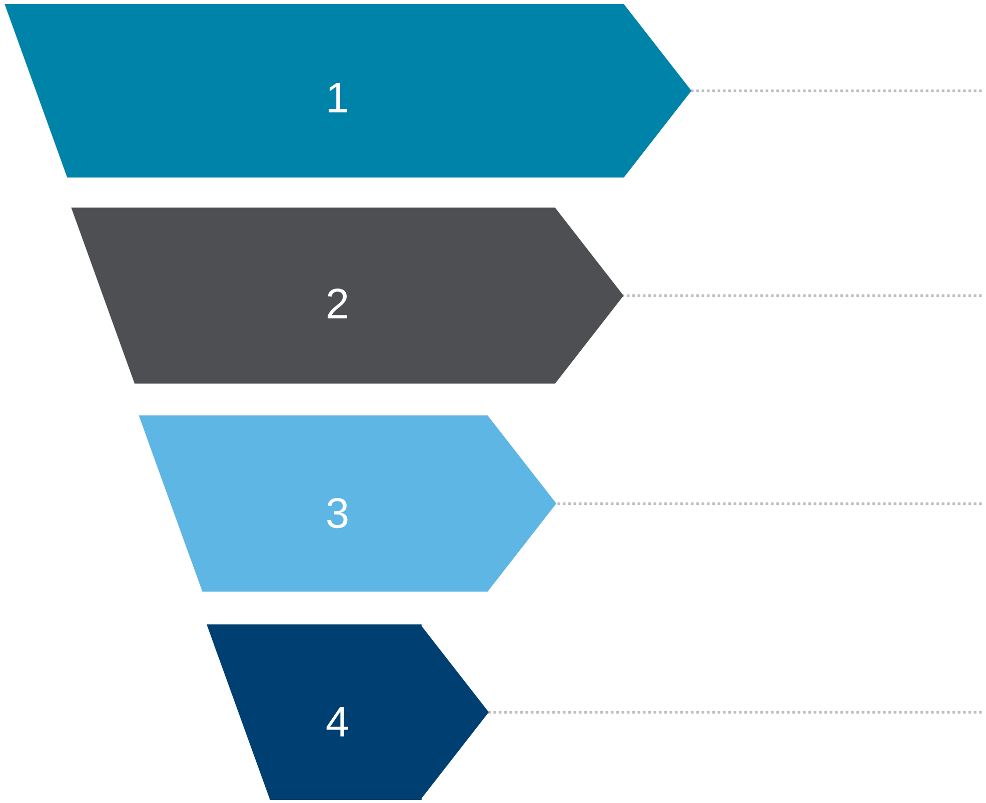
The Fund may wish to engage with industry initiatives to drive change.

Journey towards net zero is not straightforward

There are many ways to reduce the carbon footprint of investment portfolios, however, it is important to set a framework and milestones, and assess them regularly to monitor your journey towards the end goal.

Summary

Suggested Next Steps



Agreeing objectives

Previously, the Committee was highly focused on climate actions and implementing a comprehensive strategy. Reaffirming this is the ***‘first next step’***.

Develop a plan

Having agreed on priorities and objectives, a plan should be developed to support the Fund achieving these outcomes.

Monitoring your profile

Understanding the Fund’s ‘ESG profile’ can provide a valuable insight into, e.g., the climate footprint of your current investments.

Further training and workshops

This is a large area and will be under significant regulatory attention in the near term. Exploring this in more depth will help you develop your understanding further.

Key takeaway

To further develop the Fund’s approach, we recommend devoting some time to do so thoughtfully.

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London Borough of Enfield

PENSION POLICY AND INVESTMENT COMMITTEE

Meeting Date: 29 March 2023

Subject: Responsible Investment: Overview and next steps

Cabinet Member: Councillor Leaver

Executive Director: Fay Hammons

Purpose of Report

1. This report introduces a presentation (Appendix 1) from Aon (the Fund's investment advisors) on Responsible Investment (RI) and next steps to ensure compliance with forthcoming regulations and ensure that the Fund's objectives in respect of responsible investment are met.

Proposal(s)

2. Members are asked to note the contents of the report;

3. Agree the timelines/approach to compliance with TCFD regulations

4. Discuss and agree what the RI objectives for the fund should be.

5. Agree next steps

Reason for Proposal(s)

6. To ensure compliance with forthcoming regulations on Taskforce on Climate related Financial Disclosures (TCFD) by 2024 and alignment of Fund investments to the RI objectives of the Fund.

Relevance to the Council Plan

7. Clean & green places

8. Strong, healthy and safe communities

9. An economy that works for everyone

Background

10. The Financial Stability Board created the TCFD to improve and increase reporting of climate-related financial information. The framework is designed to help provide better information to support informed capital allocation.

11. Mandatory TCFD reporting is now required for corporate pensions schemes with more than £1bn in assets. DHLUC consulted in Q4 2022 on the mandatory introduction of TCFD reporting across England & Wales LGPS. The regulation is expected to come into place in April 2023 for the Fund to comply in 2024.

Main Considerations for the Committee

12. The workshop presentation from Aon will cover the following:

(i) Forthcoming regulation on TCFD and a proposed project timeline to meet compliance

(ii) What other LGPS funds are dong to meet TCFD compliance

(iii) Training on divestment, engagement and 'greenwashing'

(iv) A practical roadmap to prioritising priorities and achieving RI objectives

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Report Author: Ravi Lakhani
Head of Pension Investments
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07590370039

Date of report : 16 March 2023

Appendices
Appendix 1 – Responsible Investment: Overview and Next steps (Aon)

London Borough of Enfield

PENSION POLICY AND INVESTMENT COMMITTEE

Meeting Date: 29 March 2023

Subject: Enfield Pension Fund Cash Flow analysis

Cabinet Member: Councillor Leaver

Executive Director: Fay Hammons

Purpose of Report

1. To introduce a report from Aon (The Pension funds Actuary) presenting the Fund's cashflow projects over the next 10 years.

Proposal(s)

2. Members are asked to note the contents of the report and take into consideration cash flows to ensure future benefit payments are met when they fall due and when considering new investments or changes to the strategic benchmark asset allocations.

Reason for Proposal(s)

3. The Fund is required to have sufficient cash available to enable it to make pension payments when they become due and therefore appropriate planning and forecasting of the Fund's cash flows is required to ensure this obligation is met. Alongside this, investments in illiquid assets should be considered carefully to ensure cash is available when required.

Relevance to the Council Plan

4. An economy that works for everyone

Background

5. The Fund receives a few cash inflows, primarily from Employer and Employee contributions and Investment returns. Employer and Employee Contributions are considered stable and predictable in the short term but can however change in the longer term with changes in the number of employees by employing organisations within the fund.

6. Investment returns are more unpredictable and can take the form of dividends or asset sales. Asset sales can be difficult for particular asset classes that are illiquid such as Private equity and property.

7. The fund also has 2 primary cash outflows. The most significant of these is pension payments to those individuals who are in receipt of a pension. There are also

investment management and pension administration costs that are incurred to ensure the effective management of the pension fund.

Main Considerations for the Committee

8. The Committee must ensure that future cashflows are adequate in order to meet pension payments when they become due.

9. The Committee must consider the implications of the cashflow report when making any new investment decisions particularly when illiquid assets such as Private equity, Property and Infrastructure are considered

10. A number of different scenarios are considered in the presentation. Under the base case cash flow is forecast to be positive for the next 5 years. After that point cash flows are forecast to turn negative, gradually increasing to a net cash outflow of £10.1m in 2032/33. This forecast needs to be considered when planning fund investments, sales and changes in strategic benchmark allocation.

Report Author: Ravi Lakhani
Head of Pension Investments
Ravi.lakhani@enfield.gov.uk
07590370039

Date of report : 16 March 2023

Appendices
Appendix 1 : Cashflow Projections

Cashflow Projections

London Borough of Enfield Pension Fund

Prepared for: London Borough of Enfield
Prepared by: Aon
Date: 15 March 2023

Recap - why analyse the Fund’s cashflow?

Supporting the Fund’s cashflow management strategy

- More pensioners means more benefit payments.
- More deferred pensioners and fewer actives mean less in contributions.
- Continued positive valuation results mean lower employer contributions from 1 April 2023.
- Employers may reduce staff in response to budget constraints and members reducing contributions due to the ongoing economic situation, reducing contributions and potentially increasing benefit payments.
- The Fund is considering investment in illiquid assets to enhance returns/diversification but these come with lower investment income.

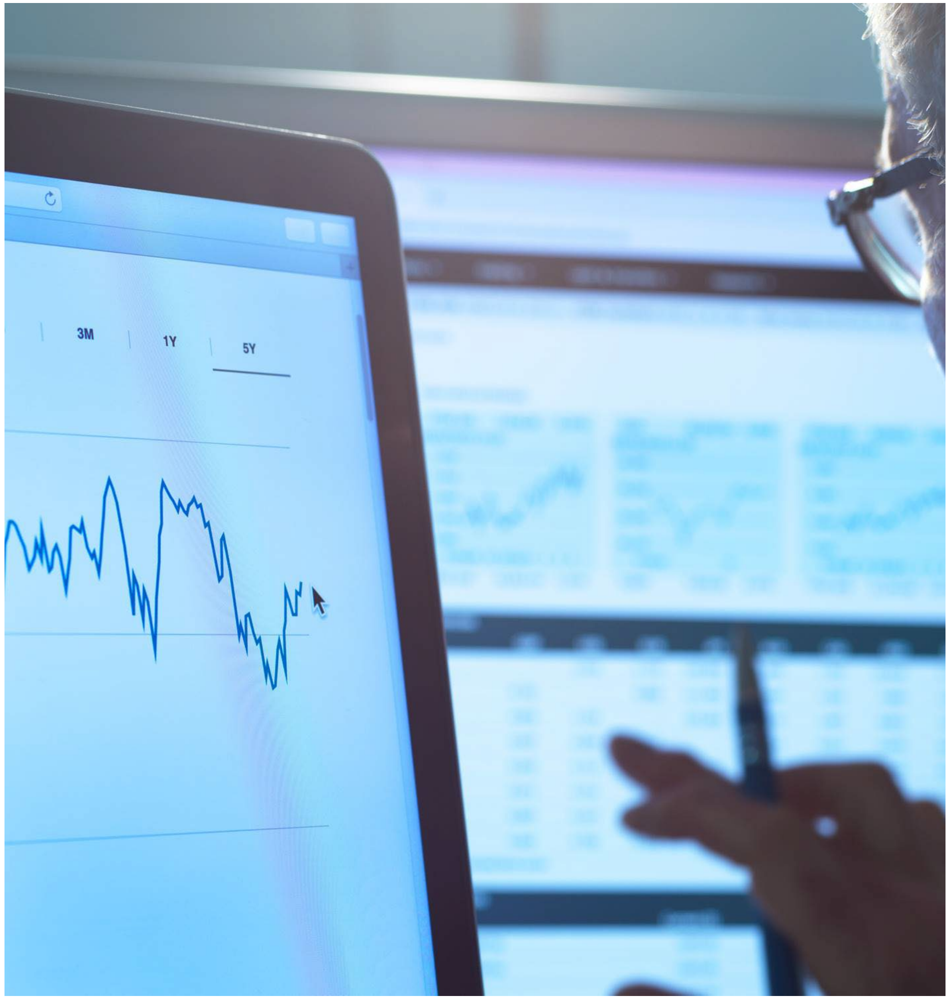
It is now more important to understand cashflow requirements to ensure benefit payments are met.

AON

Executive summary

Cashflow projections and scenario testing

- The Fund is currently receiving more contributions than it is paying out in benefits. The data provided for the 2022 valuation showed the net addition from dealings with members (contributions received less benefits paid) to be £6.9M (2019/20), £5.5M (2020/21) and £3.2M (2021/22).
- We have modelled a base case (in line with the 2022 valuation assumptions and assuming new joiners will replace leavers) and 4 'adverse' scenarios which will cause the net cashflow to reduce. We have not considered positive scenarios.
- On all scenarios modelled in this report the net cashflow is expected to reduce over the 10-year projection period and is negative by the end of the projection period.
- Under the base case, net cashflow becomes negative in 2028/29 and is around £-10M in 2032/33.
- Under the worse case scenario presented (scenario 4) we have assumed 80% of leavers are replaced with new joiners, there is a 2% of pay reduction in employer contributions in 2026, and a pension increase in 2024 of 7.3% p.a. This scenario shows net cashflow turning negative in 2024/25 and is around -£27M in 2032/33.



What we've modelled

The purpose of this document is to set out the projected contributions to, and benefit payments from the Fund should the assumptions underlying the 2022 actuarial valuation of the Fund be borne out in practice. We have also modelled 4 scenarios as follows:

Base case: full replacement

A projection of the expected future benefit payments and contribution income assuming the assumptions underlying the 2022 actuarial valuation are borne out in practice, and assuming all leavers are replaced by a new member such that the total salary roll for the Fund increases in line with the 2022 valuation salary increase assumption.

No allowance has been made for:
- investment income or
- administration expenses (currently £1M-£2M p.a.)

Scenarios modelled

All scenarios use the same assumptions as the base case with the exception of the assumptions specified in each case:

Scenario	Description
1	80% of leavers are replaced by a new joiner
2	2% of Pay reduction to employer contributions from April 2026 (following the 2025 valuation)
3	Pension increase in 2024 is 5% higher than the long term best estimate (at 7.3% instead of 2.3%)
4	All of scenarios 1, 2 and 3, i.e. 80% replacement ratio, 2% reduction in employer contributions in 2026, and 7.3% pension increase in 2024

Key assumptions

The data and assumptions underlying our projections are based on the 2022 valuation of the Fund and are summarised in the initial results report on that valuation, dated 23 September 2022

Assumptions made

- the life expectancy of pensioner members
- the age at which members will elect to draw their pension
- the rate at which pay and pensions will increase
- the rate at which members retiring will exchange pension for cash

No allowance for

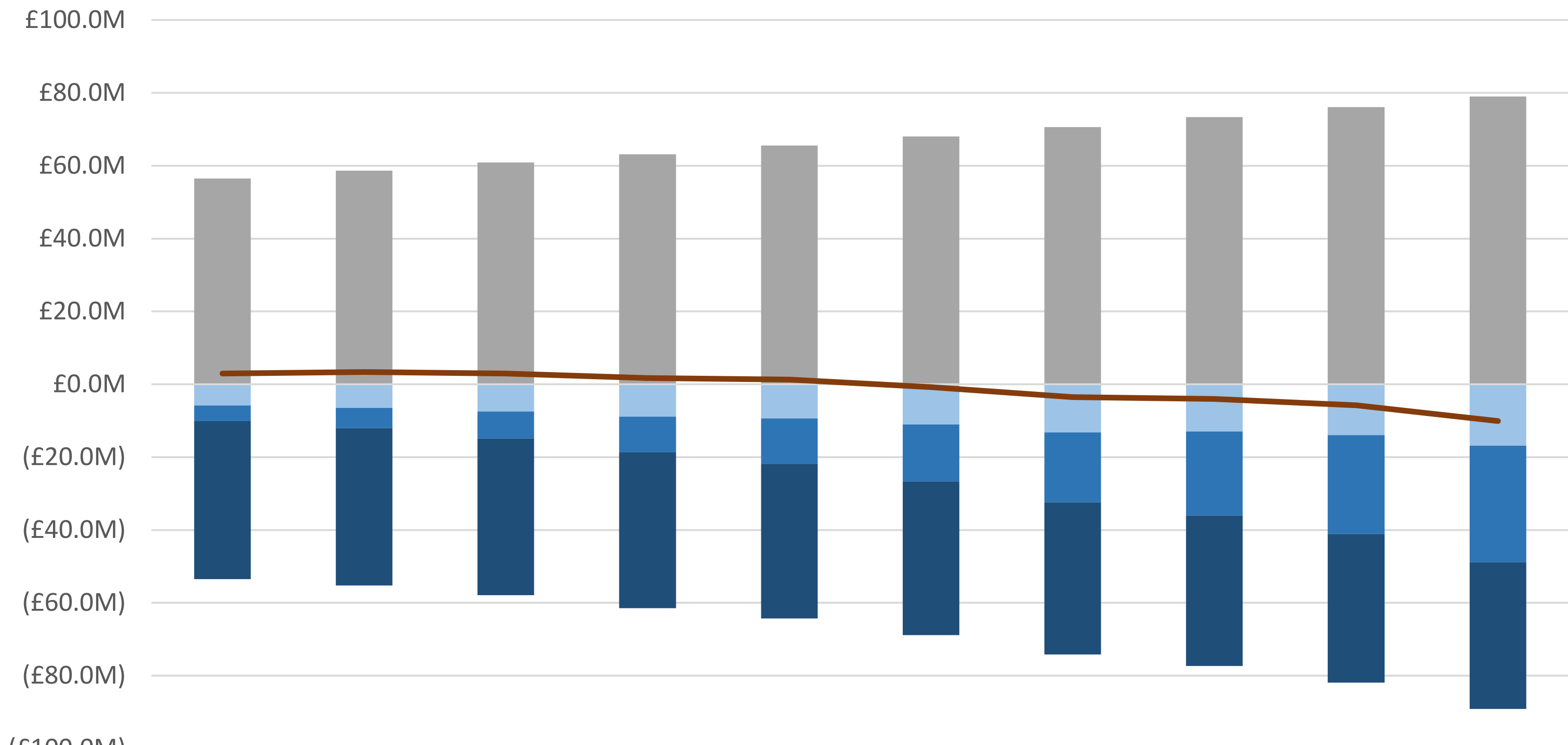
- transfers into or out of the Fund, individually or in bulk
- redundancy / efficiency early retirements
- membership changes since 31 March 2022
- administration expenses
- Investment returns

Inflation at 1 April 2023

- We have made an allowance for the pension increase order of 10.1% which will be applied after 1 April 2023
- We have also increased active member pensionable payroll and salary linked benefits by 7% in 2023 in line with the average NJC settlement. Please let us know if you would like to adjust this increase.

Results – full replacement

100% of leavers are replaced by a new joiner

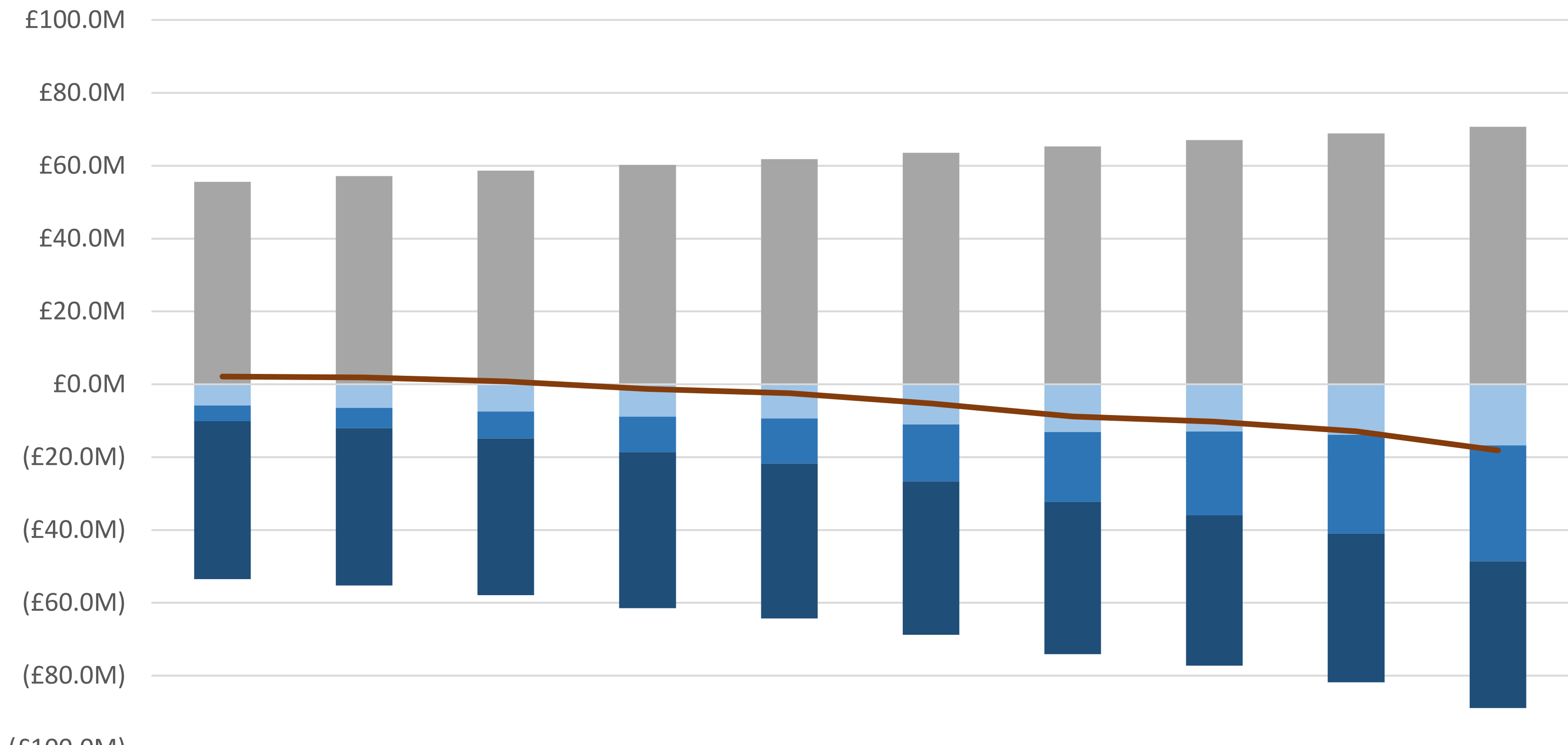


	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33
Existing pensions	(£43.4M)	(£43.2M)	(£43.0M)	(£42.8M)	(£42.5M)	(£42.2M)	(£41.8M)	(£41.3M)	(£40.8M)	(£40.3M)
New pensions	(£4.3M)	(£5.6M)	(£7.4M)	(£9.8M)	(£12.4M)	(£15.6M)	(£19.2M)	(£23.1M)	(£27.1M)	(£32.0M)
New lump sums	(£5.8M)	(£6.4M)	(£7.5M)	(£8.9M)	(£9.4M)	(£11.1M)	(£13.2M)	(£13.0M)	(£14.0M)	(£16.9M)
Contributions	£56.5M	£58.6M	£60.9M	£63.2M	£65.6M	£68.1M	£70.7M	£73.4M	£76.1M	£79.0M
Net cash flow	£3.0M	£3.4M	£3.0M	£1.7M	£1.3M	(£0.7M)	(£3.5M)	(£4.0M)	(£5.8M)	(£10.1M)

This is the base case

Scenario 1 – 80% replacement

80% of leavers are replaced by a new joiner

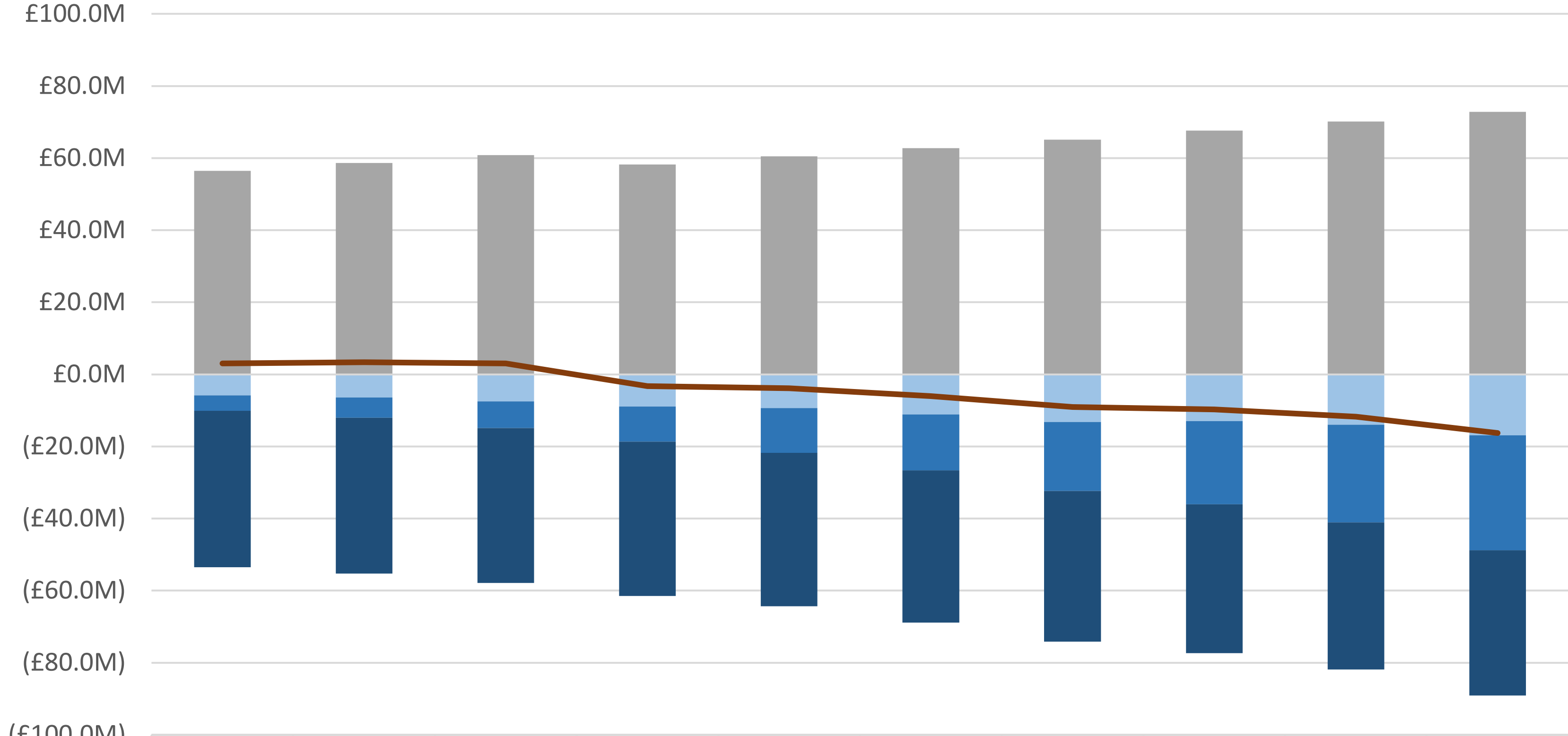


	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33
Existing pensions	(£43.4M)	(£43.2M)	(£43.0M)	(£42.8M)	(£42.5M)	(£42.2M)	(£41.8M)	(£41.3M)	(£40.8M)	(£40.3M)
New pensions	(£4.3M)	(£5.6M)	(£7.4M)	(£9.8M)	(£12.4M)	(£15.6M)	(£19.2M)	(£23.0M)	(£27.0M)	(£31.9M)
New lump sums	(£5.8M)	(£6.4M)	(£7.5M)	(£8.9M)	(£9.4M)	(£11.1M)	(£13.1M)	(£12.9M)	(£13.9M)	(£16.7M)
Contributions	£55.6M	£57.1M	£58.7M	£60.2M	£61.9M	£63.5M	£65.3M	£67.0M	£68.9M	£70.7M
Net cash flow	£2.1M	£1.9M	£0.8M	(£1.2M)	(£2.4M)	(£5.3M)	(£8.8M)	(£10.2M)	(£12.9M)	(£18.1M)

All other assumptions are unchanged from the base case

Scenario 2 – reduction in employer contributions

2% of Pay reduction to employer contributions following the 2025 valuation

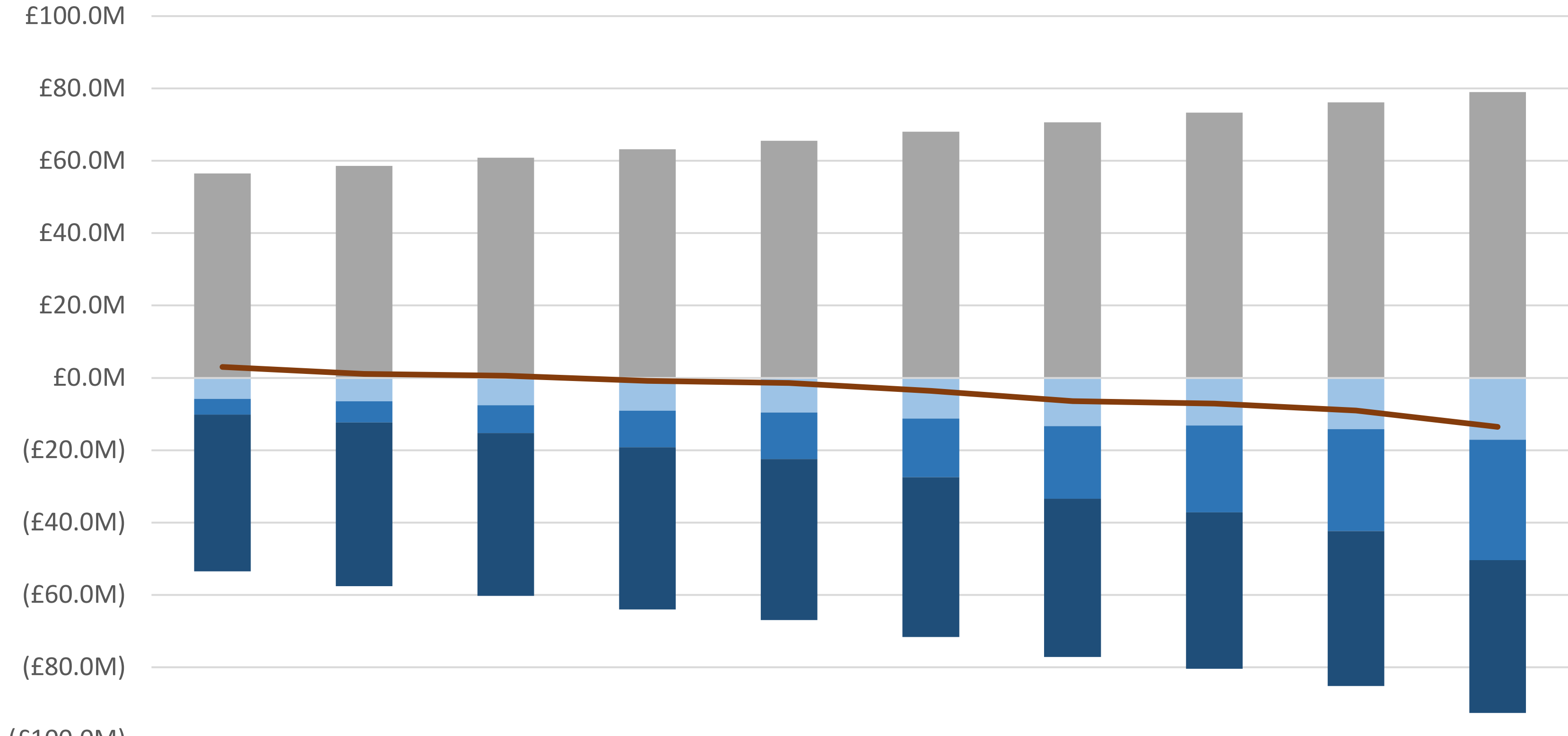


	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33
Existing pensions	(£43.4M)	(£43.2M)	(£43.0M)	(£42.8M)	(£42.5M)	(£42.2M)	(£41.8M)	(£41.3M)	(£40.8M)	(£40.3M)
New pensions	(£4.3M)	(£5.6M)	(£7.4M)	(£9.8M)	(£12.4M)	(£15.6M)	(£19.2M)	(£23.1M)	(£27.1M)	(£32.0M)
New lump sums	(£5.8M)	(£6.4M)	(£7.5M)	(£8.9M)	(£9.4M)	(£11.1M)	(£13.2M)	(£13.0M)	(£14.0M)	(£16.9M)
Contributions	£56.5M	£58.6M	£60.9M	£58.2M	£60.5M	£62.8M	£65.1M	£67.6M	£70.2M	£72.9M
Net cash flow	£3.0M	£3.4M	£3.0M	(£3.2M)	(£3.8M)	(£6.1M)	(£9.0M)	(£9.7M)	(£11.7M)	(£16.3M)

All other assumptions are unchanged from the base case

Scenario 3 – high 2024 pension increase

Pension increase in 2024 is 5% higher than the long term best estimate (at 7.3%)

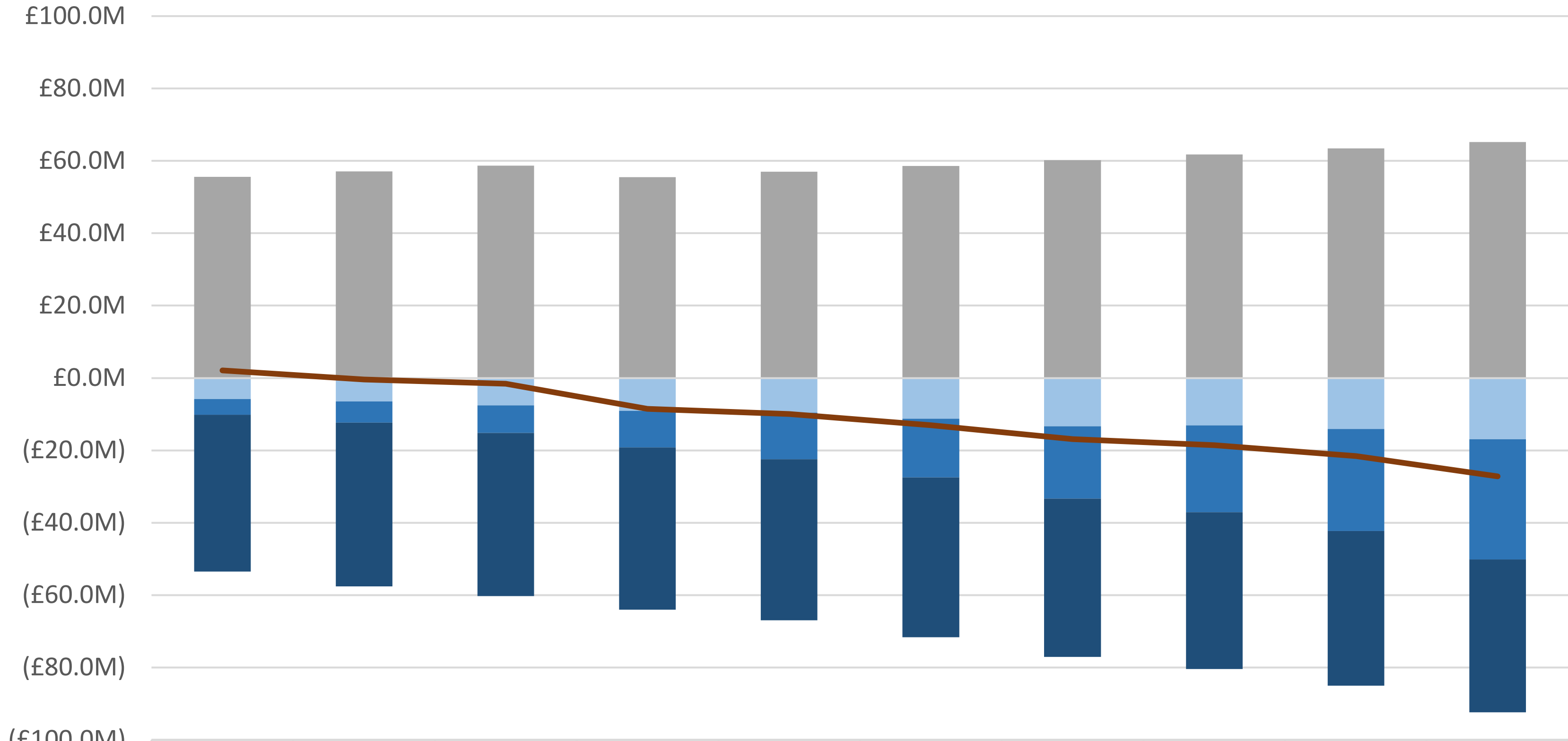


	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33
Existing pensions	(£43.4M)	(£45.2M)	(£45.0M)	(£44.8M)	(£44.5M)	(£44.2M)	(£43.8M)	(£43.3M)	(£42.8M)	(£42.2M)
New pensions	(£4.3M)	(£5.8M)	(£7.6M)	(£10.2M)	(£12.9M)	(£16.2M)	(£20.0M)	(£24.0M)	(£28.2M)	(£33.3M)
New lump sums	(£5.8M)	(£6.5M)	(£7.6M)	(£9.0M)	(£9.6M)	(£11.3M)	(£13.4M)	(£13.2M)	(£14.2M)	(£17.1M)
Contributions	£56.5M	£58.6M	£60.9M	£63.2M	£65.6M	£68.1M	£70.7M	£73.4M	£76.1M	£79.0M
Net cash flow	£3.0M	£1.1M	£0.6M	(£0.8M)	(£1.4M)	(£3.6M)	(£6.5M)	(£7.1M)	(£9.0M)	(£13.6M)

All other assumptions are unchanged from the base case

Scenario 4 – combination of scenarios 1, 2 and 3

80% replacement ratio, 2% reduction in employer contributions in 2026, and 7.3% pension increase in 2024



	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33
Existing pensions	(£43.4M)	(£45.2M)	(£45.0M)	(£44.8M)	(£44.5M)	(£44.2M)	(£43.8M)	(£43.3M)	(£42.8M)	(£42.2M)
New pensions	(£4.3M)	(£5.8M)	(£7.6M)	(£10.2M)	(£12.9M)	(£16.2M)	(£20.0M)	(£24.0M)	(£28.2M)	(£33.2M)
New lump sums	(£5.8M)	(£6.5M)	(£7.6M)	(£9.0M)	(£9.6M)	(£11.3M)	(£13.4M)	(£13.1M)	(£14.1M)	(£16.9M)
Contributions	£55.6M	£57.1M	£58.7M	£55.5M	£57.0M	£58.6M	£60.2M	£61.8M	£63.5M	£65.2M
Net cash flow	£2.1M	(£0.4M)	(£1.6M)	(£8.5M)	(£10.0M)	(£13.1M)	(£16.9M)	(£18.6M)	(£21.5M)	(£27.1M)

All other assumptions are unchanged from the base case

Compliance and disclaimer

Report Framework

This report has been prepared in accordance with the framework below.

This report has been commissioned by the Administering Authority to the Fund and this advice is provided to our client, in its capacity as Administering Authority to the Fund. This advice should not be passed to any other party without our advance written permission. We accept no responsibility to any party other than our client in relation to the advice.

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The compliance is on the basis that the Administering Authority of the London Borough of Enfield Pension Fund is the addressee and the only user and that the presentation is only to be used as an illustration to help inform the Fund's liquidity requirements as part of an investment strategy review. It should not be used for other purposes, in particular for cashflow matching purposes or to inform any LDI strategy. If you intend to make any other decisions after reviewing this report, please let us know and we will consider what further information we need to provide to help you make those decisions.

The presentation has been prepared under the terms of the Agreement between the Administering Authority and Aon Solutions UK Limited on the understanding that it is solely for the benefit of the addressee.
This presentation should be read in conjunction with our report on the initial results of the actuarial valuation as at 31 March 2022 dated 23 September 2022.

Disclaimer

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MINUTES OF THE MEETING OF THE LOCAL PENSION BOARD HELD ON THURSDAY, 15TH DECEMBER, 2022

MEMBERS: Pauline Kettless - Unison (Chair), Councillor Chris Joannides (Vice-Chair), Councillor Nawshad Ali, Councillor Guney Dogan, Paul Bishop (Unison), Tracy Adnan (Unison),

Officers: Bola Tobun Finance Manager (Pensions and Treasury), Tim O'Connor (Exchequer Manager Pension), Robyn Mclintock (Governance Officer)

Also Attending: Joel Duckham (Aon)

1. WELCOME AND APOLOGIES

The Chair welcomed everyone to the meeting.

There were no apologies.

2. DECLARATION OF INTERESTS

Pauline Kettless declared a non-pecuniary interest as she is in receipt of a LGPS Pension from Enfield.

3. MINUTES OF THE PREVIOUS MEETING

The minutes were agreed.

ACTION: Report to come to the Pension Board on the Independent Chair and costs related to this.

4. ENFIELD PENSION FUND QUARTERLY BUDGET OUTTURN REPORT FOR SEPTEMBER 2022

Bola Tobun presented this item highlighting the key points from the report.

From September quarter end the account is in surplus. A transfer was received for almost £6.7 million which was slightly above what was budgeted for.

The report was noted.

5. EMPLOYER CONTRIBUTIONS REPORT

Bola Tobun presented this item.

Employers have occasionally missed payments but are generally on time. There are a total of 60 employers.

One employer missed the deadline for paying there pension contribution on 3 occasions but only by one or two days. There have only been 9 late payments across all 60 employers.

The report was noted.

6. DRAFT ENFIELD PENSION FUND ANNUAL REPORT AND ACCOUNTS 21/22

Bola Tobun presented this item explaining that the auditors have been delayed in signing off the reports since Covid-19. This is a national issue rather than a problem just for Enfield.

Bola suggested that the national audit office need to investigate the delays.

The investments between April 21- March 22 have gone up by £170million. By the end of March our investments were £1.52billion.

The annual report compares the investment returns with our funds to see if we are getting good returns.

The report was noted.

7. PENSION TEAM UPDATE REPORT

Tim O'Connor presented this item highlighting the key points from the report.

A meeting has been set up in January to discuss Prudential's performance and are looking at the option of other AVC providers. AVC wise is doing well and get attendance on their online seminars.

There has not been a huge increase in opt-outs. The pensions team have been pressing the 50/50 option and visiting sites with staff who don't have access to online information. Members suggested the 50/50 option be advertised better.

FCA have given advice on pensions scams, following this the 'zpensions' email address is being looked at and hopefully will change.

In September 2024 we are looking to onboard pension members to the pensions dashboard. The first focus is getting the data as clear as possible.

Members expressed concern that the cut off at 75 for survivor benefits is discriminatory at a national level.

The new pensions regulator is starting in January 2023.

There is a Governance Conference taking place in January 2023 and an LGA employer training also coming up.

ACTION: Bola to send details for training to members.

The Pensions Team are doing a restructure on their projects. This is taking into account the national difficulties in recruitment to local government pension teams and in house training will be taking place to upkeep staff.

Members had questions on flexible retirement for teachers and the need for an understanding on Enfield's policy on this and suggested the team coming out to talk to teachers.

8. AN UPDATE ON THE EFFECT OF SOARING UK INFLATION ON LGPS

The Board received a verbal update from Bola Tobun.

Concerns were expressed by the Board concerning the effects of soaring inflation and cost of living increase may affect employee's ability to continue to pay pension contributions. So far this has not had an adverse effect, but it will be monitored and more likely to see effects next year.

The Pension, Policy and Investment Committee are also looking into this.

ACTION: Include this item on the next Pension Board Meeting Agenda.

9. PENSION POLICY & INVESTMENT COMMITTEE MINUTES

The Board noted the minutes.

The Chair advised she had been meeting with the Chair of the Pension, Policy and Investment Committee virtually.

10. DATES OF FUTURE MEETINGS

11. EXCLUSION OF THE PRESS AND PUBLIC

12. PART TWO ITEMS - CONTAINING EXEMPT INFORMATION

13. LCIV QUARTERLY UPDATE

Following the Part 2 discussion the confidential report was NOTED.

ACTION: Bola to send the board LCIV report from the investmnet consultant which asseses how risky the investments are.

14. TRIENNIAL VALUATION RESULTS 2022 AND REVIEW OF FUNDING STRATEGY STATEMENT FOR ENFIELD PENSION FUND

As part of the part 2 discussion Members received an update from Aon on the Triennial Valuation results for 2022.

15. DLUHC'S CONSULTATION

Following the Part 2 discussion the confidential report was NOTED.

Members raised the question as to whether councillors on the Pension, Policy & Investment Committee are subject to a DBS check given their financial responsibility.

ACTION: Robyn to advise on DBS checks of Councillors.

London Borough of Enfield

PENSION POLICY AND INVESTMENT COMMITTEE

Meeting Date: 29 March 2023

Subject: Fossil Fuel Exposure Report as of 31 December 2022

Cabinet Member: Councillor Leaver

Executive Director: Fay Hammons

Purpose of Report

1. This report informs the Pension Policy and Investment committee (PPIC) of the Pension Fund exposure to fossil fuels as of 31 December 2022

Proposal(s)

2. The PPIC are asked to note the contents of the report and the attached appendices.

Reason for Proposal(s)

3. The Pension Fund Regulations require that the Council establishes arrangements for monitoring the investments of the Fund. It considers the activities of the investment managers and ensures that proper advice is obtained on investment issues.

4. The PPIC will continue to monitor the Fund’s fossil fuel exposure on a regular basis. Furthermore, as part of the implementation of the revised investment strategy which the Committee have recently agreed to, the Committee will have the ability to identify opportunities and integrate Environmental, Social and Governance views within future investment decisions.

Relevance to the Council Plan

5. Clean and green spaces

6. Strong, healthy and safe communities

7. Thriving children and young people

Background

8. Aon (the Fund’s investment advisors) were commissioned to analyse the exposure to fossil fuels in the Pension Fund investments. The attached appendices present these findings.

9. Each of the Fund’s managers were asked to provide a full breakdown of the Fund’s exposure to oil, gas and coal, with the intention of establishing the extent to which the Fund is invested in debt or equity of a firm which produces, extracts or explores

for oil, gas or coal as a material part of its business model; or, where the fund has any synthetic exposure to the same.

Main considerations for the Committee

10. The Fund's exposure to fossil fuels – as measured by investment in physical or synthetic debt or equity of a firm which produces, extracts, or explores for oil, gas, or coal as a material part of its business model – is 1.6% of Fund value, or c.£23.0m as at 31 December 2022. – This compares to the Divest Enfield press release figure as at 31 December 2020 of 2.6%, or £30.0m. It should be noted that a number of the Fund's managers have zero exposure.

Report Author: Ravi Lakhani
Head of Pension Investments
Ravi.lakhani@enfield.gov.uk
07590370039

Date of report : 16 March 2023

Appendices
Appendix 1 – High Level fossil fuel exposure
Appendix 2 – Detailed fossil fuel exposure – **Confidential report exempt**

Review of fossil fuel exposure

Quantifying the Fund's holdings as at 31 December 2022

Summary

- Each of the Fund's managers were asked to provide a full breakdown of the Fund's exposure to oil, gas and coal, noting that we were looking to establish the extent to which the Fund is invested in debt or equity of a firm which produces, extracts or explores for oil, gas or coal as a material part of its business model; or, where the fund has any synthetic exposure to the same.
- Notably, each of the Fund's managers showed awareness of the importance of these issues to the Fund, and to UK pension funds in general. Each manager was open and transparent in their data provision.
- The Fund's exposure to fossil fuels – as measured by investment in physical or synthetic debt or equity of a firm which produces, extracts, or explores for oil, gas, or coal as a material part of its business model – is 1.6% of Fund value, or c.£23.0m as at 31 December 2022.
  - This compares to the Divest Enfield press release figure as at 31 December 2020 of 2.6%, or £30.0m.
  - A number of the Fund's managers have zero exposure.
  - A breakdown of the exposure between asset classes is shown in the table on the following page.
- The Pension Policy & Investment Committee will continue to monitor the Fund's fossil fuel exposure on a regular basis. Furthermore, as part of the implementation of the revised investment strategy which the Committee have recently agreed to, the Committee will have the ability to identify opportunities and integrate Environmental, Social and Governance views within a range of areas.

Prepared for: London Borough of Enfield Pension Fund ("the Fund")
Prepared by: Aon
Date: 31 December 2022

Fund fossil fuel data

Fossil fuel exposure

The table below summarises the exposure of the Fund to oil, gas and coal in various asset classes.

Q4 2022	Market Value (£m)	Percentage (%)	Fossil fuel exposure (%)	Fossil fuel exposure (£m)
Equities	**551.0**	**38.5**	**2.9**	**16.2**
Private Equity*	**112.3**	**7.9**	**3.0**	**3.4**
Hedge Funds**	**72.4**	**5.1**	**9.5**	**6.9**
UK Property	**82.0**	**5.7**	**-**	**-**
PFI & Infrastructure	**70.9**	**5.0**	**-**	**-**
Bonds	**284.4**	**19.9**	**0.9**	**2.5**
Alternative Fixed Income	**75.1**	**5.2**	**0.5**	**0.4**
Inflation protecting illiquids	**100.7**	**7.0**	**-**	**-**
Cash	**81.6**	**5.7**	**-**	**-**
Total Assets	**1430.4**	**100.0**	**1.6%**	**23.0**

*Data as at 30 September 2022, as 31 December 2022 data not available at time of writing.
**where the funds have long and short positions, figures only consider long positions.

Were there any limitations?

Within the Fund's Bond holdings, there was some omission of data reported due to difficulty in categorisation of certain underlying securities, however this had a negligible impact on the asset class's fossil fuel exposure.

The Fund's private equity manager was unable to provide data as at 31 December 2022 as this information was not available at time of writing. We have therefore used lagged information as at 30 September 2022 for this mandate.

Finally there may be companies that some managers have included in their 'fossil fuel' subset that are not directly affiliated with oil, gas or coal production, extraction or exploration as a material part of its business model. We have avoided manipulation of the data provided by the underlying manager data to minimise risk involved in production of the report.

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Agenda Item 9

London Borough of Enfield

PENSION POLICY AND INVESTMENT COMMITTEE

Meeting Date: 29 March 2023

Subject: Economic and Market Outlook, Update on Enfield Pension Fund Investments and Managers

Cabinet Member: Councillor Leaver

Executive Director: Fay Hammons

Purpose of Report

1. To provide an update on the performance of the Fund's investments as at 31 December 2002 and introduce 3 three reports from Aon (the Penson Fund's investment advisors) covering a market update and investment outlook in addition to a Manager monitoring report scrutinising investment manager performance as at quarter 4 2022.

Proposal(s)

2. Members are asked to note the contents of the report.

Reason for Proposal(s)

3. The Pension Fund Regulations require that the Council establishes arrangements for monitoring investments of the fund. It considers the activities of the investment managers and ensure that proper advice is obtained on investment issues.

4. Officers and Aon meet regularly with investment managers to discuss their strategy and performance and if considered necessary may recommend that investment managers are invited to the Pension Policy and Investment committee to explain performance further.

Relevance to the Council Plan

5. Strong, healthy and safe communities

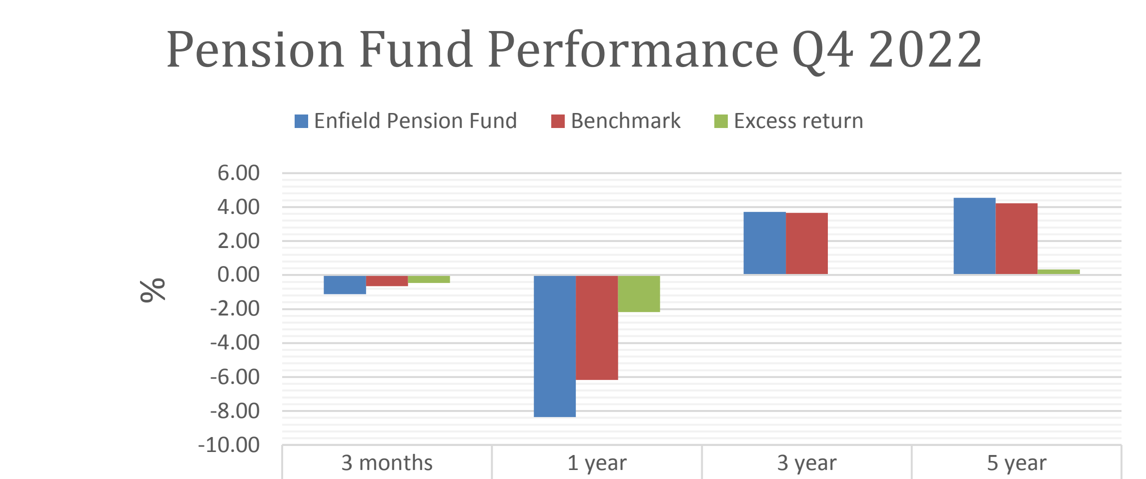
6. An economy that works for everyone

Main Considerations for the Committee

7. A full breakdown of the Fund's holdings and performance are presented in Appendix 1. Areas of performance to note for Q4 2022 are:

   Overall Fund Performance

(i) Overall the fund reduced in value by 1.1% (£13.4m) in Q4 2022 . This represents a 0.5% underperformance against the benchmark. On an annual basis the fund reduced in value by 8.4% which is an underperformance of 2.2% against the benchmark. A full portfolio breakdown of performance for the quarter, 1, 4 and 5 years is shown below:



	3 months	1 year	3 year	5 year
Enfield Pension Fund	-1.12	-8.36	3.72	4.54
Benchmark	-0.66	-6.18	3.65	4.22
Excess return	-0.46	-2.18	0.07	0.32

Reasons for underperformance against benchmark are explored further in the appendices.

(ii) Equities

Equities in the Fund returned +2.63% for the quarter against the benchmark of +1.35%. Index returns were strong across most geographies and markets aided in part by the view that central bank's will slow down the rate of interest rate hikes. All equity funds outperformed their respective benchmarks. Of particular note were LCIV Longview and MFS Global equity who out performed their benchmarks by 3.49% and 3.4% respectively . Over 5 years pension fund performance (7.55%) is line with the benchmark (7.59%)

(iii) Bonds

Bonds returned +2.87% for the quarter against a benchmark of +2.82%. Within this, Insight bonds underperformed the benchmark by 4.67% and LCIV – CQS outperformed the benchmark by 3.3%.

(iv) Inflation protecting illiquid

Within this asset class M&G inflation opportunities underperformed the benchmark by 8.76% in the quarter. 5 year performance for this fund also shows an underperformance of 8.79%. This may warrant further challenge and investigation.

(v) Hedge funds

Hedge funds underperformed the benchmark by 2.64% in the quarter. It should be noted that in line with previous decisions made by the committee the positions with hedge funds are in the process of being dissolved and being allocated to other asset classes.

(vi) Private Equity

This asset class underperformed the benchmark by 11.48%. However, 5 year performance still outperforms the benchmark by 14.56%

(vii) Infrastructure

This asset class outperformed the benchmark by 1.31%

(viii) Property
Property outperformed the benchmark by 2.23% but was still a negative performance overall of 11.87%. This is line with overall property market returns

8. There are a number of asset allocations within the fund that are not in line with the strategic benchmark. A portfolio rebalancing exercise will take place over the new few months in line with decisions previously agreed by the committee. Of these, redemption notices have been given to hedge fund managers and the proceeds from these investments should be received in April 2023. It was also agreed that £40m of cash is to be invested into bonds but this is being reviewed with the Fund's investment advisors given market volatility in the banking sector over the month of March.

9. Appendix 2 covers a market update and general investment outlook which cover macroeconomic conditions and how this may affect investment performance. Appendix 4 reviews individual manager performance in more detail which also incorporates a forward looking view of the asset class and investment manager.

Financial Implications

10. The Pension fund is invested in a mix of assets in order to generate a return to ensure that it can meet its liabilities (pension payments) when they fall due. Higher investment returns will ensure that employers in the fund (including Enfield Council) have a lower level of contributions thereby enabling budgets to be utilised on other service areas.

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Date of report: 15 March 2023

Appendices

Appendix 1: Northern Trust Report for Enfield PF December 2022
Appendix 2 :Market update and investment outlook – **Part 2 exempt**
Appendix 3: Q4 2022 Dashboard – - **Part 2 exempt**
Appendix 4: Quarterly Monitoring report Q4 2022 – **Part 2 exempt**

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NORTHERN TRUST

London Borough of Enfield

Investment Risk & Analytical Services

December 31, 2022

Investment Hierarchy

Account/Group	Ending Market Value GBP	Ending Weight	% Rate of Return: One Month	Three Months	Year to Date	One Year	Three Years	Five Years	Inception to Date	Inception Date
London Borough of Enfield	**1,430,395,862**	**100.00**	**-2.90**	**-1.12**	**-8.36**	**-8.36**	**3.72**	**4.54**	**8.11**	**31/03/1987**
Enfield Strategic BM			*-2.82*	*-0.66*	*-6.18*	*-6.18*	*3.65*	*4.22*	-	*31/03/1987*
Excess Return			*-0.08*	*-0.46*	*-2.18*	*-2.18*	*0.07*	*0.32*	-	*31/03/1987*
Total Equities	**551,001,809**	**38.52**	**-3.22**	**2.63**	**-9.21**	**-9.21**	**6.68**	**7.55**	**9.24**	**31/03/1987**
Enfield Equities BM			*-3.60*	*1.35*	*-8.75*	*-8.75*	*7.07*	*7.59*	-	*31/03/1987*
Excess Return			*0.38*	*1.29*	*-0.46*	*-0.46*	*-0.38*	*-0.04*	-	*31/03/1987*
Blackrock Low Carbon	**238,108,895**	**16.65**	**-2.10**	**0.52**	**-9.41**	**-9.41**	**8.53**	**8.61**	**12.69**	**31/03/2009**
LEFD02 MSCI Wld Lw CrbnTgtxFsl			*-2.19*	*0.41*	*-9.87*	*-9.87*	*7.46*	*7.72*	*11.69*	*31/03/2009*
Excess Return			*0.09*	*0.10*	*0.46*	*0.46*	*1.06*	*0.89*	*1.00*	*31/03/2009*
LCIV - JP Morgan (EM)	**30,977,027**	**2.17**	**-1.35**	**2.25**	**-9.80**	**-9.80**	**2.94**	-	**3.88**	**24/10/2018**
LEFD05018 MSCI EM Mrkts ND			*-2.39*	*1.80*	*-10.02*	*-10.02*	*0.49*	-	*4.26*	*24/10/2018*
Excess Return			*1.04*	*0.45*	*0.22*	*0.22*	*2.46*	-	*-0.38*	*24/10/2018*
LCIV - Longview (FOCUS GE)	**106,415,612**	**7.44**	**-3.98**	**5.35**	**2.15**	**2.15**	**6.92**	-	**9.67**	**24/10/2018**
LEFD05019 MSCI ACWI ND			*-4.89*	*1.86*	*-8.08*	*-8.08*	*7.40*	-	*9.53*	*24/10/2018*
Excess Return			*0.91*	*3.49*	*10.22*	*10.22*	*-0.49*	-	*0.15*	*24/10/2018*
LCIV-Baillie Gifford(ALPHA GE)	**98,304,855**	**6.87**	**-4.69**	**1.16**	**-20.61**	**-20.61**	**4.71**	**7.06**	**9.75**	**30/09/2016**
LEFD05016 MSCI ACWI ND			*-4.89*	*1.86*	*-8.08*	*-8.08*	*7.40*	*7.73*	*9.34*	*30/09/2016*
Excess Return			*0.21*	*-0.70*	*-12.53*	*-12.53*	*-2.69*	*-0.67*	*0.41*	*30/09/2016*
MFS Global Equity	**76,334,866**	**5.34**	**-4.43**	**5.27**	**-7.43**	**-7.43**	**6.43**	**7.82**	**12.20**	**31/07/2010**
LEFD05005 MSCI ACWI ND			*-4.89*	*1.86*	*-8.08*	*-8.08*	*7.40*	*7.73*	*10.53*	*31/07/2010*
Excess Return			*0.46*	*3.40*	*0.65*	*0.65*	*-0.98*	*0.09*	*1.67*	*31/07/2010*
Transition Account For Enfield	**15,918**	**0.00**	**1.54**	**-1.85**	**9.76**	**9.76**	-	-	**-5.90**	**05/03/2021**
Trilogy	**844,636**	**0.06**	-	-	-	-	-	-	-	**30/09/2007**
LEFD04 MSCI ACWI ND			-	-	-	-	-	-	-	*30/09/2007*
Excess Return			-	-	-	-	-	-	-	*30/09/2007*
Total Bonds and Index Linked	**359,452,697**	**25.13**	**-1.78**	**2.87**	**-16.17**	**-16.17**	**-3.61**	**-0.93**	**4.38**	**30/06/2005**
Enfield Bonds & IL BM			*-1.51*	*2.82*	*-12.74*	*-12.74*	*-2.49*	*-0.07*	-	*30/06/2005*
Excess Return			*-0.27*	*0.05*	*-3.43*	*-3.43*	*-1.12*	*-0.86*	-	*30/06/2005*
AON Diversified Liquid Credit	**47,102,454**	**3.29**	**0.49**	**1.78**	**-4.19**	**-4.19**	-	-	**-3.93**	**06/12/2021**
LEFD07003 1 month SONIA + 1.5%			*0.39*	*1.10*	*3.05*	*3.05*	-	-	*2.96*	*06/12/2021*
Excess Return			*0.10*	*0.68*	*-7.25*	*-7.25*	-	-	*-6.89*	*06/12/2021*
Blackrock IL Gilts	**79,005,670**	**5.52**	**-2.43**	**-0.87**	**-17.11**	**-17.11**	**-4.16**	**-1.81**	**3.63**	**30/09/2005**
LEFD01 Blended Benchmark			*-2.31*	*-0.79*	*-17.15*	*-17.15*	*-4.16*	*-1.85*	*5.42*	*30/09/2005*
Excess Return			*-0.12*	*-0.08*	*0.04*	*0.04*	*0.01*	*0.04*	*-1.79*	*30/09/2005*

Category: **Total Fund Gross of Fees**

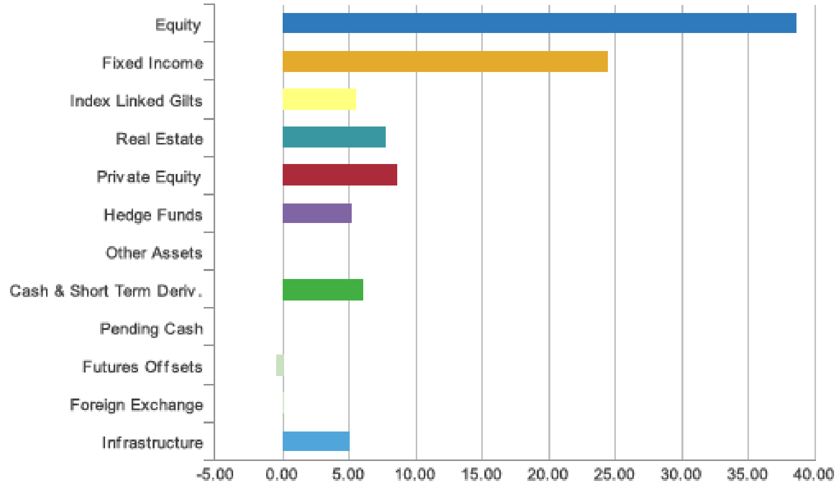
			% Rate of Return							
Account/Group	Ending Market Value GBP	Ending Weight	One Month	Three Months	Year to Date	One Year	Three Years	Five Years	Inception to Date	Inception Date
Insight Bonds	**30,295,149**	**2.12**	**-2.94**	**-3.01**	**-3.17**	**-3.17**	**-0.98**	**-1.17**	**0.25**	**31/12/2013**
LEFD05006 SONIA 3 Month GBP+2%			*0.46*	*1.66*	*5.73*	*5.73*	*4.81*	*4.86*	*3.59*	*31/12/2013*
Excess Return			*-3.40*	*-4.67*	*-8.89*	*-8.89*	*-5.79*	*-6.03*	*-3.34*	*31/12/2013*
LCIV - CQS (MAC)	**52,479,747**	**3.67**	**0.24**	**4.15**	**-7.97**	**-7.97**	**-0.07**	-	**1.12**	**30/11/2018**
LEFD05020 3 Month GBP SONIA			*0.30*	*0.85*	*1.87*	*1.87*	*0.85*	-	*0.89*	*30/11/2018*
Excess Return			*-0.05*	*3.30*	*-9.84*	*-9.84*	*-0.93*	-	*0.23*	*30/11/2018*
LCIV Global Bond Fund	**75,065,205**	**5.25**	**-0.85**	-	-	-	-	-	**0.09**	**16/11/2022**
LEFD05021 Bloomberg Global Agg			*-0.85*	-	-	-	-	-	*3.83*	*16/11/2022*
Excess Return			*0.00*	-	-	-	-	-	*-3.74*	*16/11/2022*
Western	**75,504,471**	**5.28**	**-4.24**	**9.15**	**-29.47**	**-29.47**	**-8.64**	**-3.19**	**4.24**	**31/03/2003**
LEFD03 ML Stg Non-Gilts 10+			*-4.46*	*8.29*	*-30.00*	*-30.00*	*-9.09*	*-3.43*	-	*31/03/2003*
Excess Return			*0.21*	*0.86*	*0.53*	*0.53*	*0.44*	*0.24*	-	*31/03/2003*
Inflation Protection Illiquids	**100,696,039**	**7.04**	**-10.10**	**-11.09**	**-22.41**	**-22.41**	**-5.23**	-	**-2.15**	**30/11/2018**
Enfield Inflation Iliquids BM			*-8.05*	*-6.21*	*2.65*	*2.65*	*4.49*	-	*4.43*	*30/11/2018*
Excess Return			*-2.05*	*-4.88*	*-25.06*	*-25.06*	*-9.72*	-	*-6.58*	*30/11/2018*
CBRE Long Income Fund	**37,046,513**	**2.59**	**-20.42**	**-20.42**	**-15.58**	**-15.58**	**-4.65**	-	**-3.46**	**17/12/2018**
LEFD06007 BMK			*-20.42*	*-20.42*	*-15.58*	*-15.58*	*-4.65*	-	*-3.46*	*17/12/2018*
Excess Return			*0.00*	*0.00*	*0.00*	*0.00*	*0.00*	-	*-0.00*	*17/12/2018*
M&G Inflation Opportunities Fd	**63,649,526**	**4.45**	**-2.75**	**-4.57**	**-25.19**	**-25.19**	**-5.69**	**-0.97**	**3.02**	**30/04/2013**
LEFD05010 UK RPI +2.5%			*0.76*	*4.19*	*15.94*	*15.94*	*9.78*	*7.82*	*6.38*	*30/04/2013*
Excess Return			*-3.51*	*-8.76*	*-41.13*	*-41.13*	*-15.47*	*-8.79*	*-3.36*	*30/04/2013*
Total Hedge Funds	**72,421,283**	**5.06**	**-1.77**	**-5.55**	**16.10**	**16.10**	**2.60**	**0.43**	**4.40**	**31/07/2007**
Enfield Hedge Funds BM			*-0.18*	*-2.91*	*8.89*	*8.89*	*2.63*	*2.29*	-	*31/07/2007*
Excess Return			*-1.60*	*-2.64*	*7.21*	*7.21*	*-0.03*	*-1.86*	-	*31/07/2007*
CFM Stratus	**34,612,469**	**2.42**	**-2.61**	**-2.05**	**19.79**	**19.79**	**10.38**	**4.98**	**2.74**	**31/12/2015**
LEFD06004 SONIA 3 Month GBP			*0.30*	*0.85*	*1.87*	*1.87*	*0.85*	*0.88*	*0.77*	*31/12/2015*
Excess Return			*-2.90*	*-2.90*	*17.93*	*17.93*	*9.53*	*4.10*	*1.97*	*31/12/2015*
Davidson Kemper	**34,913,672**	**2.44**	**-1.00**	**-7.38**	**10.99**	**10.99**	**7.54**	**6.58**	**5.63**	**30/11/2014**
LEFD05004 Libor 3 Month USD			*-0.61*	*-6.16*	*15.30*	*15.30*	*4.62*	*4.27*	*2.80*	*30/11/2014*
Excess Return			*-0.38*	*-1.22*	*-4.31*	*-4.31*	*2.92*	*2.31*	*2.83*	*30/11/2014*
York Capital	**2,895,142**	**0.20**	**-1.00**	**-20.65**	**38.18**	**38.18**	**-7.66**	**-6.62**	**0.93**	**31/12/2009**
LEFD05011 Libor 3 Mnth USD			*-0.61*	*-6.16*	*15.30*	*15.30*	*4.62*	*4.27*	*2.89*	*31/12/2009*
Excess Return			*-0.38*	*-14.49*	*22.88*	*22.88*	*-12.27*	*-10.89*	*-1.97*	*31/12/2009*
Private Equity	**112,321,120**	**7.85**	**-3.58**	**-9.62**	**4.51**	**4.51**	**27.29**	**22.29**	**14.29**	**31/03/2007**
Enfield PE BM			*-4.89*	*1.86*	*-8.08*	*-8.08*	*7.40*	*7.73*	-	*31/03/2007*
Excess Return			*1.31*	*-11.48*	*12.59*	*12.59*	*19.89*	*14.56*	-	*31/03/2007*

Account/Group	Ending Market Value GBP	Ending Weight	% Rate of Return One Month	Three Months	Year to Date	One Year	Three Years	Five Years	Inception to Date	Inception Date
Adams Street	112,321,120	7.85	-3.58	-9.62	4.51	4.51	27.29	22.29	12.93	31/12/2004
LEFD06005 MSCI ACWI ND			-4.89	1.86	-8.08	-8.08	7.40	7.73	7.40	31/12/2004
Excess Return			1.31	-11.48	12.59	12.59	19.89	14.56	5.53	31/12/2004
Infrastructure	70,871,445	4.95	1.91	1.21	2.62	2.62	6.07	6.12	4.54	30/06/2016
Enfield Infrastructure BM			1.47	-0.11	-6.44	-6.44	1.30	3.43	3.77	30/06/2016
Excess Return			0.43	1.31	9.07	9.07	4.77	2.70	0.77	30/06/2016
Antin Infrastructure	27,069,867	1.89	2.62	3.41	22.62	22.62	16.52	11.85	11.85	31/12/2017
INPP	43,801,577	3.06	1.47	-0.11	-6.44	-6.44	1.30	3.43	7.27	31/12/2008
LEFD05015 Fund returns			1.47	-0.11	-6.44	-6.44	1.30	3.43	3.37	31/12/2008
Excess Return			0.00	0.00	0.00	0.00	-0.00	-0.00	3.90	31/12/2008
Property	81,994,616	5.73	-2.45	-11.87	-8.24	-8.24	2.67	3.04	8.47	31/03/1987
Enfield Property BM			-2.85	-14.10	-9.52	-9.52	2.18	2.93	-	31/03/1987
Excess Return			0.39	2.23	1.28	1.28	0.49	0.11	-	31/03/1987
Blackrock UK FD	34,860,331	2.44	-4.59	-14.32	-10.23	-10.23	1.17	2.19	3.18	31/07/2002
LEFD05012 IPD All Balncd Prpty			-2.85	-14.10	-9.52	-9.52	2.18	2.93	5.89	31/07/2002
Excess Return			-1.74	-0.22	-0.71	-0.71	-1.02	-0.74	-2.72	31/07/2002
Brockton Capital Fund	9,756,363	0.68	0.00	2.42	-2.37	-2.37	8.37	7.08	5.43	30/11/2014
LEFD06001 IPD All Balncd Prpty			-2.85	-14.10	-9.52	-9.52	2.18	2.93	3.23	30/11/2014
Excess Return			2.85	16.52	7.15	7.15	6.19	4.16	2.21	30/11/2014
Legal & General Property	37,377,921	2.61	-1.02	-12.72	-7.87	-7.87	3.12	3.27	6.06	31/01/2010
LEFD05013 IPD All Balncd Prpty			-2.85	-14.10	-9.52	-9.52	2.18	2.93	6.26	31/01/2010
Excess Return			1.82	1.38	1.65	1.65	0.94	0.35	-0.21	31/01/2010
Cash	81,636,854	5.71	-0.37	-3.41	8.80	8.80	2.96	2.35	2.07	30/06/2016
Cash & Other Assets	809,281	0.06	0.10	0.21	0.29	0.29	0.10	0.02	-6.38	30/06/2016
Cash & Other Transition Assets	210	0.00	4.73	1.84	-1.80	-1.80	-3.83	-	-6.80	30/11/2018
Goldman Sachs Funds	46,390,652	3.24	-0.19	-3.02	8.74	8.74	2.39	2.57	2.00	30/06/2016
LEFD07001 SONIA 7 Day			0.25	0.66	1.35	1.35	-	-	-	30/06/2016
Excess Return			-0.44	-3.68	7.39	7.39	-	-	-	30/06/2016
PE Cash & Other Assets	24,248,072	1.70	-0.78	-4.70	12.41	12.41	3.36	1.44	1.48	30/06/2016
LEFD06002 SONIA 7 Day			0.25	0.66	1.35	1.35	0.45	0.47	0.40	30/06/2016
Excess Return			-1.03	-5.37	11.06	11.06	2.92	0.96	1.07	30/06/2016
UT Cash & Other Assets	10,188,640	0.71	-0.13	-1.87	2.91	2.91	2.31	5.74	5.87	30/06/2016
LEFD05002 SONIA 7 Day			0.25	0.66	1.35	1.35	0.45	0.47	0.40	30/06/2016
Excess Return			-0.39	-2.53	1.56	1.56	1.87	5.26	5.47	30/06/2016

Category: **Total Fund Gross of Fees**

Asset Class Performance

ASSET CLASS ENDING WEIGHTS



MARKET VALUE SUMMARY OVER TIME

	1 Mo
Beginning Market Value	1,469,938
Net Contribution	3,087
Income	508
Fees	0
Appreciation	-43,137
Ending Market Value	1,430,396

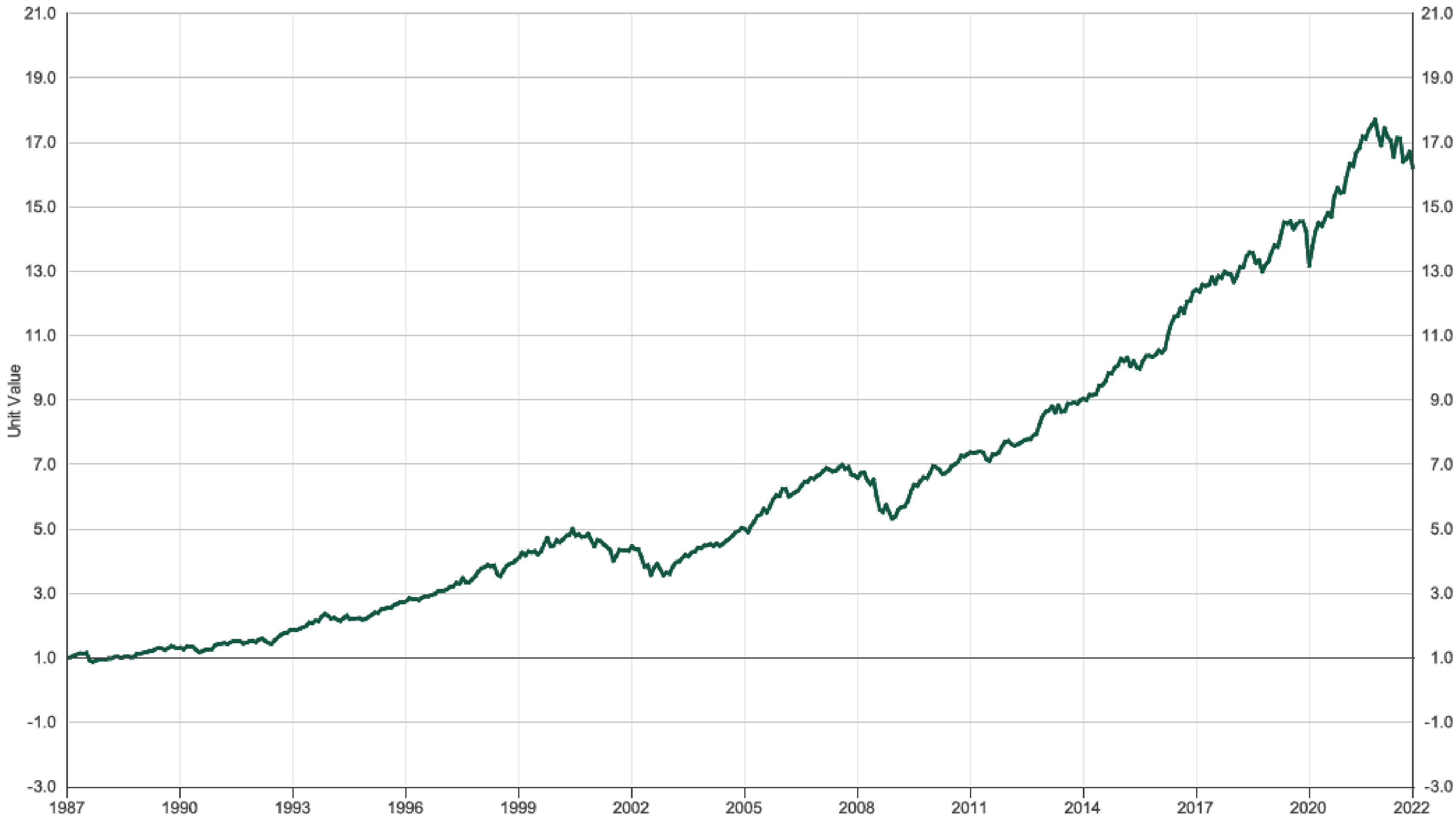
**Market Values are in 000s.*

Asset Class	End MV	End Wt	1 Mo	3 Mos	YTD	1 Yr	3 Yrs	5 Yrs	ITD
Equity	**550,475,398**	**38.48**	**-3.22**	**2.75**	**-9.11**	**-9.11**	**6.73**	**7.58**	
Common Stock	550,475,398	38.48	-3.22	2.75	-9.11	-9.11	6.73	7.62	
Fixed Income	**348,071,654**	**24.33**	**-1.83**	**2.06**	**-17.69**	**-17.69**	**-3.72**	**-0.83**	
Marketable Bonds	125,262,718	8.76	-2.21	6.69	-20.97	-20.97	-5.10	-1.85	
Collateralized Mortgage Oblig.	75,065,205	5.25	-0.85						
Inflation Linked Bonds	63,649,526	4.45	-2.75	-4.57	-25.19	-25.19	-5.69	-0.97	
Other Fixed Income	77,397,603	5.41	-0.89	-0.16	-3.79	-3.79	-1.30	-1.37	
Fixed Derivatives	6,696,602	0.47	-7.31	5.26	-22.31	-22.31	-6.06	-2.70	
Index Linked Gilts	**79,005,669**	**5.52**	**-2.43**	**-0.96**	**-17.46**	**-17.46**	**-4.31**	**-1.90**	
Real Estate	**109,284,765**	**7.64**	**-9.57**	**-15.98**	**-11.26**	**-11.26**	**-0.04**	**1.35**	
Private Equity	**122,077,483**	**8.53**	**-3.30**	**-8.75**	**3.99**	**3.99**	**25.70**	**21.01**	
Hedge Funds	**72,421,283**	**5.06**	**-1.77**	**-5.55**	**16.10**	**16.10**	**2.60**	**0.43**	
Other Assets	**0**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**			
Cash & Short Term Deriv.	**85,092,698**	**5.95**	**-0.33**	**-3.31**	**8.69**	**8.69**	**2.95**	**2.71**	
Pending Cash	**0**	**0.00**	-	-	-	-	-	-	-
Futures Offsets	**-7,091,198**	**-0.50**	-	-	-	-	-	-	-
Foreign Exchange	**186,665**	**0.01**	-	-	-	-	-	-	-
Infrastructure	**70,871,445**	**4.95**	**1.91**	**1.21**	**2.62**	**2.62**	**6.07**	**6.12**	

Asset Class	End MV	End Wt	1 Mo	3 Mos	YTD	1 Yr	3 Yrs	5 Yrs	ITD
Total Fund Gross of Fees	**1,430,395,862**	**100.00**	**-2.90**	**-1.12**	**-8.36**	**-8.36**	**3.72**	**4.54**	**8.11**
Enfield Strategic BM			-2.82	-0.66	-6.18	-6.18	3.65	4.22	
Excess Return			*-0.08*	*-0.46*	*-2.18*	*-2.18*	*0.07*	*0.32*	

Excess is calculated using arithmetic methodology

Growth Over Time - Inception to Date

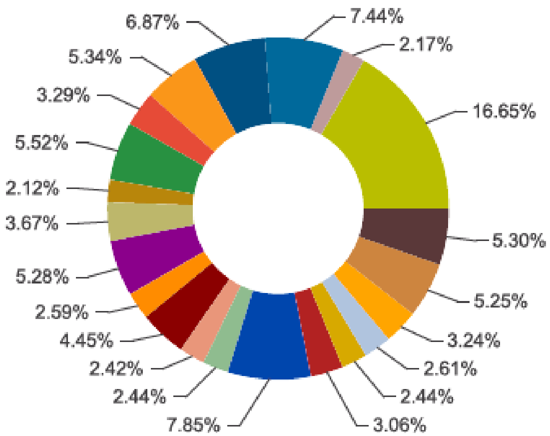


London Borough of Enfield: 16.22 Enfield Strategic BM: --

Category: **Total Fund Gross of Fees**

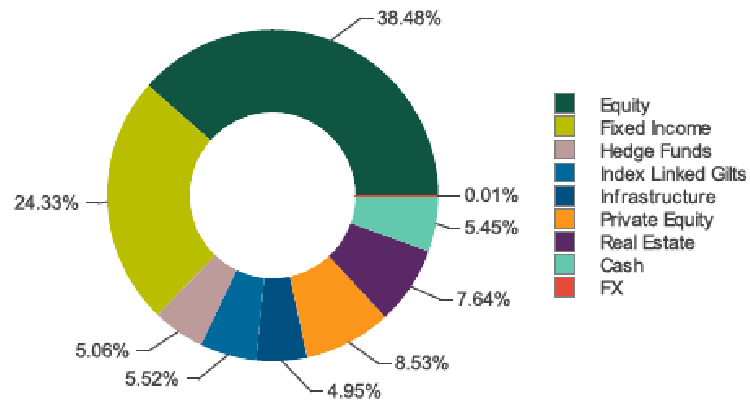
Asset Allocation by Manager

MANAGER WEIGHTS



*Manager weights less than 2% have been grouped together.

LONDON BOROUGH OF ENFIELD ASSET CLASS WEIGHTS



	Ending Market Value GOF GBP	Ending Weight	Equity	Fixed Income	Hedge Funds	Index Linked Gilts	Infrastructure	Private Equity	Real Estate	Cash	FX
London Borough of Enfield	**1,430,395,862**	**100.00**	**550,475,398**	**348,071,654**	**72,421,283**	**79,005,669**	**70,871,445**	**122,077,483**	**109,284,765**	**78,001,499**	**186,665**
			38.48	**24.33**	**5.06**	**5.52**	**4.95**	**8.53**	**7.64**	**5.45**	**0.01**
Blackrock Low Carbon	238,108,895	16.65	238,073,080							35,815	
LCIV - JP Morgan (EM)	30,977,027	2.17	30,977,027								
LCIV - Longview (FOCUS GE)	106,415,612	7.44	106,415,612								
LCIV-Baillie Gifford(ALPHA GE)	98,304,855	6.87	98,304,855								
MFS Global Equity	76,334,866	5.34	76,334,866								
Transition Account For Enfield	15,918	0.00	15,918								
Trilogy	844,636	0.06	353,829							490,807	
AON Diversified Liquid Credit	47,102,454	3.29		47,102,454							
Blackrock IL Gilts	79,005,670	5.52				79,005,669				1	
Insight Bonds	30,295,149	2.12		30,295,149							
LCIV - CQS (MAC)	52,479,747	3.67		52,479,747							
Western	75,504,471	5.28		79,479,572						-4,161,766	186,665
CBRE Long Income Fund	37,046,513	2.59							37,046,513		

	Ending Market Value GOF GBP	Ending Weight	Equity	Fixed Income	Hedge Funds	Index Linked Gilts	Infrastructure	Private Equity	Real Estate	Cash	FX
M&G Inflation Opportunities Fd	63,649,526	4.45		63,649,526							
CFM Stratus	34,612,469	2.42			34,612,469						
Davidson Kemper	34,913,672	2.44			34,913,672						
York Capital	2,895,142	0.20			2,895,142						
Adams Street	112,321,120	7.85						112,321,120			
Antin Infrastructure	27,069,867	1.89					27,069,867				
INPP	43,801,577	3.06					43,801,577				
Blackrock UK FD	34,860,331	2.44							34,860,331		
Brockton Capital Fund	9,756,363	0.68						9,756,363			
Legal & General Property	37,377,921	2.61							37,377,921		
Cash & Other Assets	809,281	0.06								809,281	
Cash & Other Transition Assets	210	0.00	211							-1	
Goldman Sachs Funds	46,390,652	3.24								46,390,652	
PE Cash & Other Assets	24,248,072	1.70								24,248,072	
UT Cash & Other Assets	10,188,640	0.71								10,188,640	
LCIV Global Bond Fund	75,065,205	5.25		75,065,205							

**Underlying assets of the fund have been included in the market value and allocation.*

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