



**PENSION POLICY & INVESTMENT
COMMITTEE**
Wednesday, 19 July 2023 at 10.00 am
Conference Room, Civic Centre, Silver
Street, Enfield, EN1 3XA

Contact: Robyn McIntock
Governance Secretary
Direct: 020 8132 1915
Tel: 020 8379 1000

E-mail: RobynMcIntock@enfield.gov.uk
Council website: www.enfield.gov.uk

PENSION POLICY & INVESTMENT COMMITTEE

**Wednesday, 19th July, 2023 at 10.00 am in the Conference Room,
Civic Centre, Silver Street, Enfield, EN1 3XA**

Membership:

Councillors: Doug Taylor (Chair), Susan Erbil, 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. APPOINTMENT OF VICE CHAIR

4. MINUTES OF PREVIOUS MEETING (Pages 1 - 4)

To agree the minutes of the previous meeting held on 29 March 2023.

5. CHAIRS UPDATE

To receive an update from the Chair.

6. INFRASTRUCTURE INVESTMENTS (Pages 5 - 8)

To agree investments from the Pension Fund (“Fund”) into infrastructure managers and funds following the infrastructure manager selection event held in April 2023

7. PENSION FUND BUSINESS PLAN AND BUDGET (Pages 9 - 16)

1. To approve the Pension Fund Business plan and budget for the 2023-24 financial year.
2. The business plan and budget set out the direction of travel, objectives and targets to be achieved in the management of the Fund, and for the Council to be able to perform its role as the administering authority of the Pension Fund in a structured manner.

8. FUNDING UPDATE (Pages 17 - 26)

The committee are asked to note the contents of the funding update report provided by Aon. (Attached as an appendix)

9. INVESTMENT STRATEGY UPDATE (Pages 27 - 48)

The Committee are asked to note the contents of the report.

10. CASH INVESTMENT RECOMMENDATION (Pages 49 - 60)

1. Agree investments of £70 million into Bonds consisting of
 - a. £35 million into Blackrock Passive Gilts fund
 - b. £35 million into AIL Diversified Liquid Credit fund(These investments to be funded from the surplus cash balance of £114.7m)
2. The remaining balance of £44.7million, following the investments in (1), to remain in cash.

11. CLIMATE SCENARIO ANALYSIS (Pages 61 - 128)

The committee are asked to note the contents of the report and consider how the implications of climate change may impact any future changes to investment strategy

12. UPDATE ON ENFIELD PENSION FUND INVESTMENTS AND MANAGERS, ECONOMIC OUTLOOK (Pages 129 - 218)

1. Members are asked to note the content of the report.
2. Agree to investigate the performance of the M&G inflation opportunities fund and receive assurances over future performance.

13. LOCAL PENSION BOARD UPDATE

To receive a verbal update.

This page is intentionally left blank

PENSION POLICY & INVESTMENT COMMITTEE - 29.3.2023**MINUTES OF THE MEETING OF THE PENSION POLICY & INVESTMENT
COMMITTEE
HELD ON WEDNESDAY, 29 MARCH 2023****COUNCILLORS**

PRESENT (Chair) Doug Taylor, Tim Leaver (Vice-Chair), Gina Needs and Edward Smith

ABSENT Cllrs Sabri Ozaydin and David Skelton

OFFICERS: Olga Bennet (Director of Finance), Ravi Lakhani (Finance Manager (Pensions and Treasury), Olga Bennet (Director of Finance: Capital & Commercial) Robyn McLintock (Secretary)

Also Attending: Jennifer O'Neill (Aon), Colin Cartwright (Aon)

1**WELCOME AND APOLOGIES**

The Chairman welcomed everyone to the meeting.

Apologies were received from the following:

Cllr David Skelton
Cllr Sabri Ozadyin

2**DECLARATIONS OF INTEREST**

NONE.

3**MINUTES OF PREVIOUS MEETING**

The minutes of the meeting held on 18 January 2023 were agreed with the following amendments:

Cllr Tim Leaver to be marked in attendance.

Bola Tobun's actions to be picked up by Ravi Lakhani.

4**CHAIR'S UPDATE**

The Chair welcomed Ravi Lakhani to the Committee as the new Interim Head of Pension Investments.

PENSION POLICY & INVESTMENT COMMITTEE - 29.3.2023

The Chair thanked Bola Tobun for her work for the Council and wish her luck in her new role.

The member AGM was successful with roughly 500 people joining online and some pensions present in the room. It was suggested to provide more notice of the AGM date for next year. The pensioners who attended had mainly case work questions and so it was suggested that next years AGM include a drop in session on the day at the end of the meeting to address this. A member addressed concern on having a halal investment option. The Chair has asked the scheme advisory board to keep the committee apprised of it and the committee will report back on it next year.

**5
RESPONSIBLE INVESTMENT**

Jennifer O'Neill (Aon), presented this item highlighting the key points from the presentation and report.

The Government have asked LGPS organisations to consider and articulate their exposure and management to and of climate related risks on an annual basis. The regulation is expected to come into place in April 2023 for the Fund to comply in 2024. Developing funds approach will take time and require input from multiple parties. Therefore, planning ahead is important and Aon recommended starting the project early.

At this point, Cllr Taylor left the meeting and as Vice-Chair Cllr Tim Leaver chaired the rest of the meeting.

Members had questions on how we are doing compared to other funds, to which Aon explained that we have been quite active on focusing on responsible investment.

ACTION Aon to provide brief update report on examples of disclosures.

**6
ENFIELD PENSION FUND - CASH FLOW ANALYSIS**

Ravi Lakhani presented this item highlighting the key points from the report.

Carolan Dobson commented that continuing to pursue with the fund managers is a good position to be in.

The report was noted.

**7
MINUTES OF PENSION BOARD MEETING - 15 DECEMBER 2022**

NOTED the minutes of the Pension Board Meeting held on 15 December 2022.

PENSION POLICY & INVESTMENT COMMITTEE - 29.3.2023

Ravi Lakhani informed the committee that the Budget would be going to the next Pension Board meeting for them to comment on.

Following an action from the Pension Board for the Committee members to undertake an enhanced DBS check, Robyn Mclintock gave an update from Governance to confirm that Member Support will be in touch to conduct the checks.

8

ENFIELD PENSION FUND FOSSIL FUEL EXPOSURE REPORT AS OF 31 DECEMBER 2022 - PART 1 & PART 2

The Committee have been monitoring the Enfield Fund Fossil Fuel Exposure. It has been doing well and has been decreasing due to portfolio changes.

AGREED for this item to come to the Committee twice a year.

9

ECONOMIC AND MARKET OUTLOOK, UPDATE ON ENFIELD PENSION FUND INVESTMENTS AND MANAGERS - PART 1 & PART 2

Colin Cartwright (Aon) presented this item highlighting the key points from the report explaining that overall, the fund reduced in value by 1.1% in quarter four of 2022. As of 31st March 2022 the funding level was 108%.

Since the last meeting Aon have met with Baillie Gifford to focus on risk management within the investment strategy and will share further information following the debrief of this strategy.

Aon expect to see a global recession at some point over the coming year, although it may be relatively shallow and short lived. The economic outlook has held a lot of uncertainty due to the rise of inflation, overall we are doing well in difficult times.

Noted the report and part 2 appendices.

10

DATES OF FUTURE MEETINGS

Noted.

Members commented they preferred to keep to daytime meetings and need to consider the day of the week the meetings are held on following the Annual Council Meeting on 10 May 2023.

PENSION POLICY & INVESTMENT COMMITTEE - 29.3.2023

11

EXCLUSION OF THE PRESS AND PUBLIC

AGREED in accordance with the principles of Section 100(A) of the Local Government Act 1972 to exclude the press and public from the meeting for the following items of business (item 5, 6, 7 and 8) on the grounds that they involve the likely disclosure of exempt information as defined in paragraph 3 of Part 1 of Schedule 12A to the Act (as amended by the Local Government (Access to Information) (Variation) Order 2006).

Following Part 2 discussion of the reports and recommendations received in the supplementary agenda pack, Members' questions were responded to by the Aon representatives and the Finance Director and Members' comments were noted.

12

PART TWO ITEMS - CONTAINING EXEMPT INFORMATION

13

AON LONG LIST REPORT ON ESG FOCUSED INFRASTRUCTURE INVESTMENT (RENEWABLE ENERGY, CLEAN ENERGY, FORESTRY) - PART 2

Following a part 2 discussion the report was NOTED.

14

PRESENTATION FROM LONDON CIV CEO - PART 2

Following a part 2 discussion the presentation was NOTED.



London Borough of Enfield

Report Title	Infrastructure Investments
Report to	Pension Policy and Investment Committee (PPIC)
Date of Meeting	19 July 2023
Cabinet Member	Cllr Tim Leaver
Executive Director / Director	Fay Hammond
Report Author	Ravi Lakhani (Head of Pension Investments). Ravi.Lakhani@enfield.gov.uk
Classification	Part 1 Public

Purpose of Report

1. To agree investments from the Pension Fund ("Fund") into infrastructure managers and funds following the infrastructure manager selection event held in April 2023

Recommendations

- | |
|---|
| <ol style="list-style-type: none"> I. Agree to invest £75 million into the London CIV Renewable Infrastructure Fund II. Agree to invest £50 million into the Copenhagen Infrastructure Partners (CIP V) fund. III. Agree to form a sub-committee and hold a further infrastructure manager selection day in the Autumn of 2023 with a view to making further investments in Infrastructure assets following appropriate due diligence. PPIC should give authority to the sub-committee to make investment decisions (of up to £100 million) on the investment day provided at least 3 members of the committee and the Fund's investment advisors, Aon, are present. |
|---|

Background and Options

2. The Fund has a 16% strategic allocation to infrastructure assets meaning that it is c.12% (or c.£170m) underweight to the asset class as at 31 March 2023.

3. The Fund currently has infrastructure exposure through two funds, Antin, a European focused fund, and IPPL, which invests in public infrastructure projects typically in the UK. These funds represent c.4% of the funds total portfolio.
4. The Pensions Policy & Investment Committee (PPIC) have previously agreed to increase their infrastructure allocation by committing £200m to infrastructure managers.
5. The Fund's investment advisors, Aon, originally produced a long list of suitable funds for the committee to consider which was subsequently narrowed down to a shortlist.
6. The managers and funds on the shortlist were invited to an infrastructure managers selection event at Enfield Council offices on 17 April 2023.
7. The infrastructure manager selection event consisted of interviews with each of the relevant managers so appropriate due diligence could be carried out on issues such as rates of return, governance, responsible investing credentials and cash drawdowns. The Fund's investment advisors and independent investment advisor were present at the meeting.
8. Following this event, two managers/funds were selected for investments, London CIV Renewable Infrastructure Fund and Copenhagen Infrastructure Partners (CIP V).
9. However, further investments would still be required in order for the Fund to meet its strategic allocation of 16%. This is as a result of the pacing of investments in infrastructure assets which draw money down over a number of years and then distribute over time. To maintain infrastructure exposure, a new fund(s) would have to be committed to over the next couple of years and be drawn over the same period. In addition, being broadly in line with strategy now doesn't mean it will be in the future – the Fund's valuation is expected to increase as investment returns drive this higher, meaning to keep in line with agreed strategic allocation further illiquid commitments would have to be made.
10. In this sense, 'overcommitting' now would be a sensible approach and therefore further infrastructure investments are being explored by officers.

Preferred Option and Reasons For Preferred Option

11. The allocation of £75m to London CIV Renewable infrastructure fund and £50m to Copenhagen Infrastructure Partners (CIP V) fund was agreed by the sub-committee following the manager selection event. These managers are expected to drawdown fund's at the rate of 5-6% per quarter.
12. Other allocations to these managers were considered by the sub-committee but it was felt the proposal agreed on would allow for the Fund to achieve its objective in relation to infrastructure assets in the most optimal manner.
13. A further infrastructure manager selection day is to be held in the Autumn of 2023 with a view to making further investments in Infrastructure assets following appropriate due diligence. PPIC should give authority to the members of the Committee to form a sub-committee to make investment decisions (up to £100 million) on the investment day provided at least 3 members of the committee and the Fund's investment advisors, Aon, are present

Relevance to Council Plans and Strategies

14. An economy that works for everyone

Financial Implications

15. Infrastructure investments are expected to produce positive returns for the Fund over the long term. This will ensure that the contributions from Employers in the Fund (including Enfield Council) are reduced allowing Council fund's to be released from the Council budget to other Corporate priorities.

Report Author: Ravi Lakhani
Head of Pension Investments
Ravi.Lakhani@enfield.gov.uk
020 8132 1187

Appendices

None.

This page is intentionally left blank



London Borough of Enfield

Report Title	2023-24 Budget & Business Plan
Report to	Pension, Policy & Investment Committee
Date of Meeting	19 July 2023
Cabinet Member	Cllr Tim Leaver
Executive Director / Director	Fay Hammond
Report Author	Ravi Lakhani (Head of Pension Investments). Ravi.Lakhani@enfield.gov.uk
Classification	Part 1 Public

Purpose of Report

1. To approve the Pension Fund Business plan and budget for the 2023-24 financial year.
2. The business plan and budget set out the direction of travel, objectives and targets to be achieved in the management of the Fund, and for the Council to be able to perform its role as the administering authority of the Pension Fund in a structured manner.

Recommendations

3. The Pension Policy and Investment Committee are recommended to :
 - a) Approve the Business Plan attached as appendix 1 to this report
 - b) Approve Revenue Budget attached as appendix 2 to this report

Background

4. The Council has specific delegated functions that it has to fulfil as the administering authority to the Pension Fund. This requires that a number of monitoring and

management activities are undertaken to ensure that it fully discharges its oversight and governance responsibilities to the Fund.

5. The key decision making for, and management of, the Fund has been delegated by the London Borough of Enfield (the Council) to a formal Pension Committee (Pension Policy Investment Committee PPIC), supported by officers of the Council and advisers to the Pension Fund. The Section 151 Officer has a statutory responsibility for the proper financial affairs of the Council including Fund matters.
6. The Pension Fund Business Plan for the year, outlines the Fund's goals and objectives in delivering the Council's statutory function as the administering authority of the London Borough of Enfield Pension Fund.
7. A significant element of the Council's budget is the employer's contribution to the Fund. Therefore, any improvement in the efficiency of the Fund that leads to improvement in investment performance or cost savings will likely reduce contributions from the Council and release funds for other corporate priorities.
8. For a number of years, the Pension Fund has received more in contributions than it has paid out in benefits and has therefore experienced strong positive cashflow. Despite ongoing budgetary pressures, active membership has increased thanks to auto-enrolment and a shift from temporary to permanent staff contracts, whilst the Council's contribution rate has reduced due to the over funded position of the Fund from the 2022 formal valuation outcome. During 2022/23, contributions received exceeded benefits paid by £6.7m, which is an increase when compared to previous years. (mostly attributable to the increase in contributions)

Reason for Proposal

9. Under the Local Government Pension Scheme (LGPS) Regulations, the Council is required to maintain a Pension Fund for its employees and other scheduled bodies as defined in the Regulations. The Regulations also empower the Fund to admit employees of other defined bodies (e.g. other public bodies, housing corporations) into the Fund.
10. The proposed business plan and budget for the Fund has been put together to assist in the management of the Fund and to ensure that the Council is able to perform its role as the administering authority in a structured way. The Business Plan and the budget are not intended to cover all aspects of Pension Fund administration and management; rather they are designed to assist with meeting part of its delegated function as administering authority to the Fund.
11. The Fund receives contributions and investment income from current members, employers and fund assets which is used to pay benefits as they fall due. Consequently, one of the main objectives of the Fund is to ensure that sufficient funds are available to meet all benefits as they fall due for payment. However, this objective may be jeopardised if the Fund does not maintain sufficient liquidity. The Pension Policy & Investments Committee is charged with meeting the duties of the Council in respect of the Pension Fund.
12. The budget and business plan are in place to help the Fund achieve its primary objectives. (These are set out in Appendix 1)

13. The budget (appendix 2) shows a positive cash flow of £3.4m for 2023-24 financial year. This places the Fund in a resilient financial position without the need to sell assets in order to fund the administrative costs of operating the fund.

Relevance to Council Plans and Strategies

14. Priority two: Strong, healthy and safe communities
15. Priority five: An economy that works for everyone

Financial Implications

16. The Fund receives contributions and investment income from current members, employers and fund assets which is used to pay benefits as they fall due. Consequently, one of the main objectives of the Fund is to ensure that sufficient funds are available to meet all benefits as they fall due for payment. However, this objective may be jeopardised if the Fund does not maintain sufficient liquidity. The Pension Policy & Investments Committee is charged with meeting the duties of the Council in respect of the Pension Fund.
17. A significant element of the Council's budget is the employer's contribution to the Fund. Therefore, any improvement in the efficiency of the Fund that leads to improvement in investment performance or cost savings will likely reduce contributions from the Council and release funds for other corporate priorities

Report Author: Ravi Lakhani
Head of Pension Investments
Ravi.Lakhani@enfield.gov.uk
020 8132 1187

Appendices:

- Appendix 1:** Enfield Pension Fund Business Plan 2023-24
Appendix 2: Enfield Pension Fund Budget 2023-24

Appendix 1:

Pension Fund Business Plan 2023-24

In order to meet the objectives of the Pension Fund, the Pensions Board will review the business plan and the Pensions, Policy and Investment Committee will review and agree the business plan for the period 2023-24.

Governance Objectives	Responsible Team	Timescale
<ul style="list-style-type: none"> i) <i>All staff, Pension Board and Pension Committee Members charged with the financial administration and decision-making with regard to the Fund are fully equipped with the knowledge and skills to discharge the duties and responsibilities allocated to them.</i> ii) <i>The Fund is aware that good governance means an organisation is open in its dealings and readily provides information to interested parties.</i> iii) <i>to understand and ensure compliance with all relevant legislation.</i> iv) <i>To ensure the Fund aims to be at the forefront of best practice for LGPS funds</i> v) <i>Ensures the Fund manages Conflicts of Interest</i> 		
Draft Pension Fund Accounts	Pension Investments	May 2023
Produce fund annual reports	Joint	November 2023
Review Risk Register	Pensions Admin	Quarterly
TPR code of practice high level review	Joint	December 23 – March 24
Induction training for new members	Joint	As required
Member's Training	Joint	On going
Training Policy review	Joint	November 23- February 24
Review annual Performance and budget	Pension Investments	On going
Review reporting breaches Policy	Pensions Admin	Quarterly
Review Conflict of Interest Policy	Joint	September 23
Funding Objectives		Timescale
<ul style="list-style-type: none"> i) <i>To ensure the long-term solvency of the Fund.</i> ii) <i>To help employers recognise and manage pension liabilities as they accrue.</i> iii) <i>To minimise the degree of short-term change in the level of each employer's contributions where the Administering Authority considers it reasonable to do so.</i> iv) <i>To use reasonable measures to reduce the risk to other employers and ultimately to the Council Taxpayer from an employer defaulting on its pension obligations. (Including: addressing the different characteristics of disparate employers or groups of employers to the extent that this is practical and cost effective).</i> 		
Preparations and update of Actuarial Valuation	Joint	As required
Review of Funding strategy statement	Pension Investments	As required
Investment Objectives	Responsibility	Timescales

<p>i) <i>Optimising the return on investment consistent with a prudent level of risk</i></p> <p>ii) <i>Ensure that there are sufficient assets to meet the liabilities as they fall due (i.e. focus on cash flow requirements)</i></p> <p>iii) <i>Ensure the suitability of assets in relation to the needs of the Fund (i.e. delivering the required return). xiii) Ensuring that the Fund is properly managed (and where appropriate being prepared to change).</i></p> <p>iv) <i>Set an appropriate investment strategy for the Fund to allow the Administering Authority to seek to maximise returns (and minimise the cost of benefits) for an acceptable level of risk'). Ensure return seeking assets are in line with Funding objectives.</i></p>		
Review Investment Strategy Statement	Pension Investments	September 23
Responsible Investment Policy Review	Pension Investments	As required
Review Investment performance	Pension Investments	Ongoing
Review Strategic Asset Allocation and rebalance fund to match strategic benchmarks	Pension Investments	Ongoing
Re tender Actuarial Contract	Pension Investments	April 23 – September 23
Carbon footprint audit	Pension Investments	Ongoing
Pension Fund Treasury Management strategy	Pension Investments	September
Collaborative working with London CIV	Pension Investments	Ongoing
Pension Administration objectives		Timescale
To deliver an efficient, quality and value for money service to its scheme employers and scheme members		
Pension Administration Strategy	Pensions Admin	September 23-December 23
McCloud remedy monitoring	Pensions Admin	Ongoing
Employer data improvements	Pensions Admin	Ongoing
Administering Authority decisions review	Pensions Admin	June 23–September 23
Employing Authority Discretions	Pensions Admin	September 23–December 23
Communications objectives		Timescale
Ensure that all stakeholders are kept informed of developments within the Pension Fund. Ensuring that all parties are aware of both their rights and obligations within the Fund.		
Annual benefits Statement	Pensions Admin	August 23
Auto-Enrolment/workplace Pensions	Pensions Admin	Ongoing
Communications Policy review	Pensions Admin	January 24-March 24
AGM	Joint	March 24

Appendix 2

<u>Pension Fund Budget</u>			
<u>2023-24</u>			
Budget item	2023-24 Budget '£000	2022-23 Actual '£000	Commentary
Contributions	58,463	56,214	Contributions from employers and contributing members. Assumes 4% pay award
Transfers in	7,100	12,591	Budget based on average of last 3 years
	65,563	68,805	
Benefits	(54,426)	(49,478)	Budget based on Pension Increase
Transfers Out	(4,385)	(3,766)	Budget based on average of last 3 years
	(58,811)	(53,244)	
Net additions/(Withdrawals) from members	6,752	15,561	
Administrative Costs	1,516	1,458	Includes all staffing costs associated with Pension administration and investments teams
Oversight & Governance costs	100	336	Includes actuarial and other governance costs
Investment Management expenses	1,692	1,581	Budget includes directly invoice costs only
Management Expenses	3,308	3,375	
Net cash inflow/(Outflow) before investment income and market value changes	3,444	12,186	

This page is intentionally left blank



London Borough of Enfield

Report Title	Funding update
Report to	Pension, Policy & Investment Committee (PPIC)
Date of Meeting	19 July 2023
Cabinet Member	Cllr Tim Leaver
Executive Director / Director	Fay Hammond
Report Author	Ravi Lakhani (Head of Pension Investments). Ravi.Lakhani@enfield.gov.uk
Classification	Part 1 Public

Purpose of Report

1. To introduce a paper providing a funding update on the Enfield Pension Fund (the "Fund") as at 31 March 2023 provided by the Fund's actuary's, Aon.

Recommendations

2. The committee are asked to note the contents of the funding update report provided by Aon. (Attached as an appendix)

Background

3. In line with statutory regulations the fund had a formal triennial actuarial valuation carried out in 2022 which showed the fund had a funding level of 103.6%. This means that the fund is in a surplus position and has more assets than liabilities.
4. The report provided by Aon in Appendix 1 shows the updated funding position as at 31 March 2023.
5. This appendix shows the funding position has increased to 104.2% an increase of 0.6% since the 2022 valuation. (An improvement of £6.3m).
6. This is due to an increase in the assumed rate of future investment returns net of inflation, which has reduced the liabilities. This has been mostly offset by investment returns over the period being below the expected investment returns (discount rate) allowed for in the 2022 valuation.

Relevance to Council Plans and Strategies

7. An economy that works for everyone.


Financial Implications

8. Increases or reductions in the funding levels will impact the level of contributions employers in the fund (including Enfield Council) will be required to make following the next triennial valuation in 2025.

Report Author: Ravi Lakhani
Head of Pension Investments
Ravi.Lakhani@enfield.gov.uk
020 8132 1187

Appendices

Appendix 1: Aon : Funding update at 31 March 2023



Funding update at 31 March 2023

London Borough of Enfield Pension Fund

Prepared for: London Borough of Enfield

Prepared by: Joel Duckham FIA

Date: 27 June 2023

Funding position

Funding level

104.2%

31 Mar 2023

▲ 0.6%
vs 31 Mar 2022

Surplus

£58.9M

31 Mar 2023

▲ £6.3M
vs 31 Mar 2022

Basis

Ongoing funding target

Effective date

31 March 2023

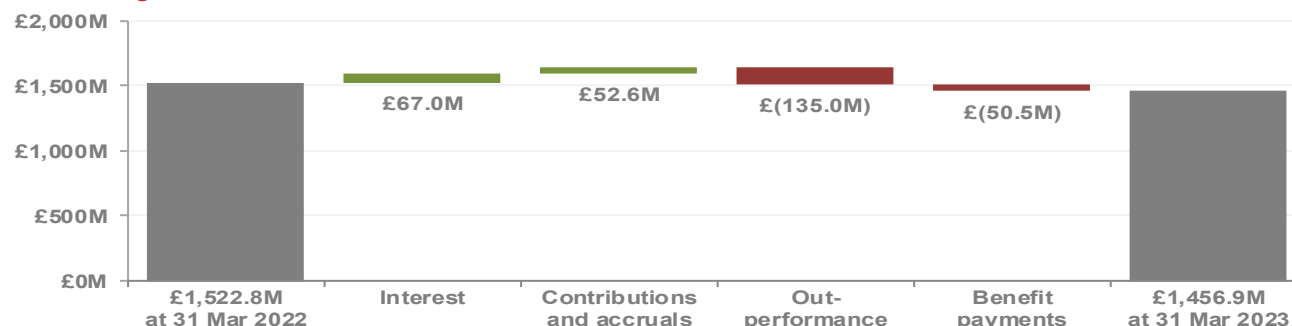
Comments

Since the Valuation the Fund's Ongoing funding level has improved and the surplus has increased by £6.3M.

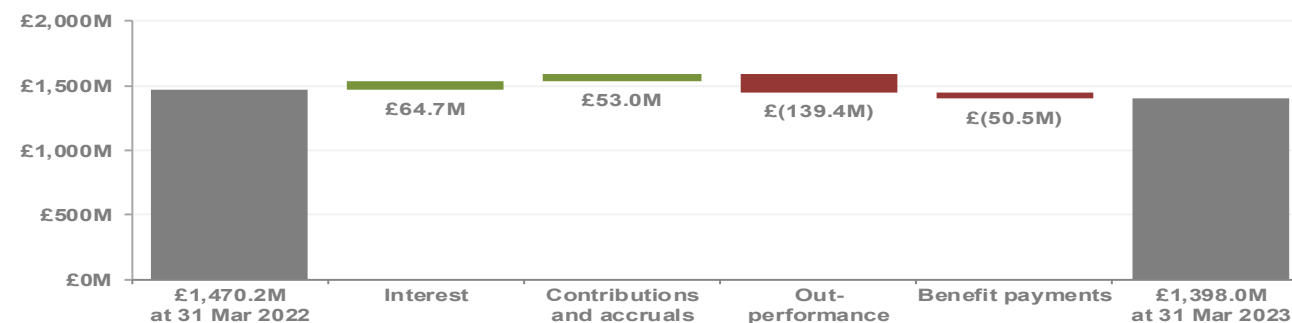
This is due to an increase in the assumed rate of future investment returns net of inflation, which has reduced the liabilities. This has been mostly offset by investment returns over the period being below the expected investment returns (discount rate) allowed for in the 2022 valuation.

At the 2022 valuation a 15% uplift was applied to the past service liabilities to make allowance for short-term inflation above the long-term assumption, and the risk of higher than expected inflation before the 2025 valuation. The April 2023 pension increase order was 10.1%. We have therefore utilised approximately half of the 15% uplift from the 2022 valuation to fund the inflation to-date over and above the long term assumption (under the simplifying assumption that salaries also broadly increase with inflation). We therefore have around 7%-8% margin within the liabilities at 31 March 2023 to fund future inflation above the long term assumption.

Change in asset value since 31 March 2022

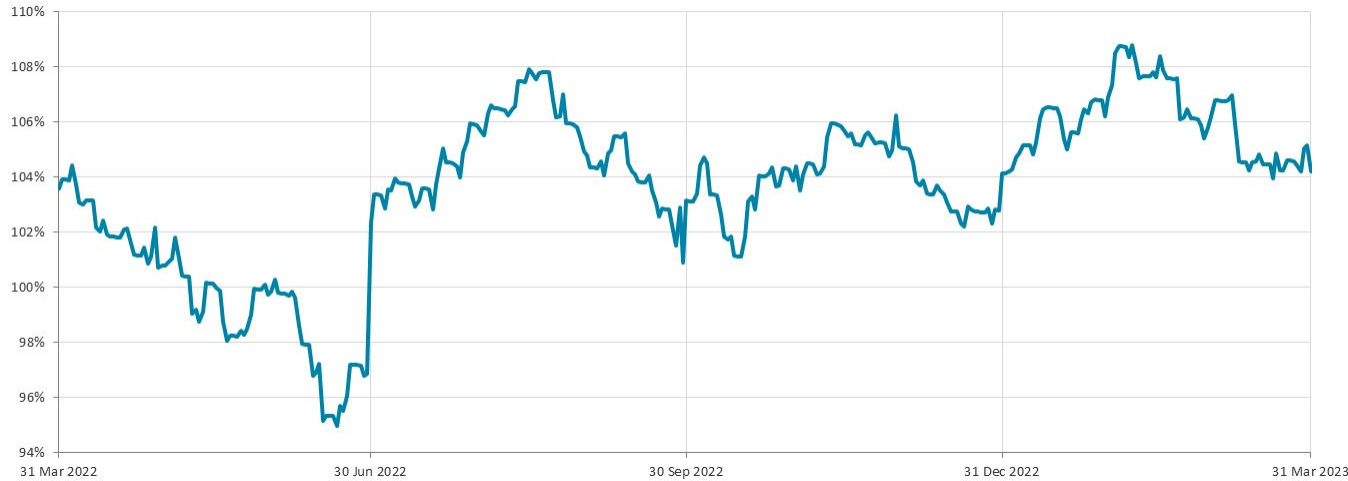


Change in liability value since 31 March 2022

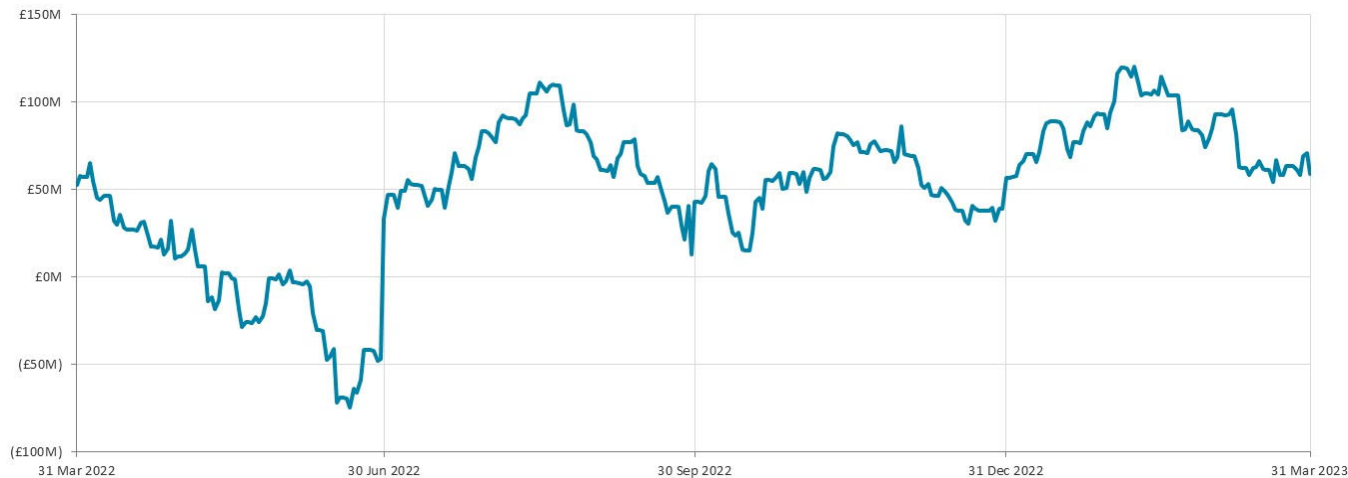


Changes since the valuation

Change to funding level since 31 March 2022



Change to surplus/(deficit) since 31 March 2022



Basis

Ongoing funding target

Effective date

31 March 2023

Comments

The funding level has improved since the valuation and the surplus has increased. This is primarily due to the increase in the net discount rate which is partially offset by asset returns being lower than expected.

The jump in funding level (and surplus) at 30 June 2022 is due to our quarterly calibration of the financial assumptions. This followed a 3 month period of around -5% return on the Fund. At this date there was an increase in the real discount rate by 0.4% p.a. Generally we would expect the real discount rate to increase after a period of negative returns because asset valuations are reduced.

Cost of benefit accrual

Employer cost of accrual

15.5%

31 Mar 2023

18.9 %

31 Mar 2022

Total employer contribution rate

15.5%

31 Mar 2023

18.9 %

31 Mar 2022

Basis

Ongoing funding target

Effective date

31 March 2023

Comments

The benefit accrual costs and contribution rates shown are a percentage of pensionable pay and exclude member contributions.

The Fund's benefit accrual cost on the ongoing funding target has decreased to 15.5% since the Valuation which is primarily due to an increase in the net discount rate.

The total employer contribution rate is equal to the Employer cost of accrual because the funding ratio is between 100% and 105% at both dates. In accordance with the Fund's funding strategy a surplus will not be used to reduce employer contribution rates below the primary rate unless the funding ratio is in excess of 105%.

Method

Liabilities

This funding update is consistent with the calculations for the formal actuarial valuation at 31 March 2022. The assumptions used have been modified only insofar as is necessary to maintain consistency with the approach set out in the latest Funding Strategy Statement, reflecting the change in the effective date and in relevant market conditions.

The funding update is projected from the results of the formal actuarial valuation at 31 March 2022 and is therefore approximate. Since the update is not based on up-to-date membership data, it becomes more approximate the longer the period of time that has elapsed since the last actuarial valuation.

The funding update takes account of the following over the period since the last formal actuarial valuation:

- Cashflows into and out of the Fund estimated based on the 2022 valuation results; and
- Actual price inflation and its impact on benefit increases.

Demographic experience since the last formal actuarial valuation has been assumed to be in line with the assumptions set out in the 2022 valuation report.

This update is designed to give a broad picture of the direction of funding changes since the actuarial valuation but does not have the same level of reliability as, and therefore does not replace the need for, formal actuarial valuations.

It does not reflect any changes to assumptions which would be made if a full actuarial valuation were to be carried out to reflect, for example, changes to the investment strategy or economic outlook.

Assets

For the purpose of this funding update, we have used the asset value as at 31 March 2023 provided by Northern Trust.

Contributions

The whole of fund total employer contribution rates shown in this funding update allow for a recovery period ending 31 March 2042 when in surplus and 31 March 2039 when in deficit. The contributions payable by each employer/group of employers may differ because they allow for their individual circumstances.

Assumptions

	Discount rate	Pay growth	Pension increases *
31 March 2022	4.4%	3.8%	2.3%
31 March 2023	4.9%	3.7%	2.2%

** At the 2022 valuation we increased the liabilities by 15% to allow for the risk of future inflation being above the long term assumption. We have reduced this allowance at 31 March 2023 to offset the increase in liabilities due to known inflation experience of 10.1%. We will continue to reduce this allowance at future updates depending on known experience at those dates.*

TAS compliance

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

This document has been requested by the Administering Authority. It has been prepared under the terms of the Agreement between the London Borough of Enfield and Aon Solutions UK Limited on the understanding that it is solely for the benefit of the addressee.

This document, and the work relating to it, complies with 'Technical Actuarial Standard 100: Principles for Technical Actuarial Work' ('TAS 100').

The compliance is on the basis that London Borough of Enfield is the addressee and the only user and that the document is for information only and is not to be used to make any decisions on the contributions payable or the investment strategy. If you intend to make any decisions after reviewing this document, please let me know and I will consider what further information I need to provide to help you make those decisions.

This report should be read in conjunction with:

- The report on the most recent actuarial valuation of the Fund dated 31 March 2023.
- The latest Funding Strategy Statement

If you require further copies of any of these documents, please let me know.

Glossary

General terms

Funding level / ratio

The ratio of the value of assets to the value of liabilities.

Surplus / Deficit

The value of assets less the value of liabilities.

- If the value of the liabilities is greater than the value of the assets, then the difference is called a deficit.
- If the value of the liabilities is less than the value of the assets, then the difference is called a surplus

Ongoing funding target

The aggregate funding target for the fund agreed as part of the actuarial valuation, updated in line with the change in the financial assumptions for the main scheduled bodies as set out on the previous page.

Total employer contribution rate

Total employer contributions at a fund level including:

- Cost of accrual in respect of future service (primary rate)
- An allowance for any surplus or deficit, calculated consistently to the valuation and assuming the same spreading end point as at the valuation

Plus the following items at the same level as at the 2022 valuation:

- An allowance for McCloud/cost management
- Allowance for administration expenses
- Deduction for member contributions.

Chart labels

Interest

The asset and liability values are assumed to increase at the discount rate used to value the liabilities.

Contributions & accrual

The expected increase in assets and liabilities due to contributions and new benefit accruals.

Outperformance

Actual returns achieved on assets over and above the assumed discount rate and the impact on liabilities of a change in market conditions.

Benefit payments

The expected decrease in assets and liabilities due to benefit payments (including transfers out) during the period.



Joel Duckham FIA

Senior Consultant

+44 (0)117 900 4425

joel.duckham@aon.com

Aon plc (NYSE:AON) exists to shape decisions for the better - to protect and enrich the lives of people around the world. Our colleagues provide our clients in over 120 countries and sovereignties with advice and solutions that give them the clarity and confidence to make better decisions to protect and grow their business.

Copyright © 2023 Aon Solutions UK Limited and Aon Investments Limited. All rights reserved. aon.com. Aon Wealth Solutions' business in the UK is provided by Aon Solutions UK Limited - registration number 4396810, or Aon Investments Limited – registration number 5913159, both of which are registered in England and Wales have their registered office at The Aon Centre, The Leadenhall Building, 122 Leadenhall Street, London EC3V 4AN. Tel: 020 7623 5500. Aon Investments Limited is authorised and regulated by the Financial Conduct Authority. This document and any enclosures or attachments are prepared on the understanding that they are solely for the benefit of the addressee(s). Unless we provide express prior written consent no part of this document should be reproduced, distributed or communicated to anyone else and, in providing this document, we do not accept or assume any responsibility for any other purpose or to anyone other than the addressee(s) of this document. In this context, “we” includes any Aon Scheme Actuary appointed by you. To protect the confidential and proprietary information included in this document, it may not be disclosed or provided to any third parties without Aon’s prior written consent.



London Borough of Enfield

Report Title	Investment Strategy Update
Report to	Pension, Policy & Investment Committee (PPIC)
Date of Meeting	19 July 2023
Cabinet Member	Cllr Tim Leaver
Executive Director / Director	Fay Hammond
Report Author	Ravi Lakhani (Head of Pension Investments). Ravi.Lakhani@enfield.gov.uk
Classification	Part 1 Public

Purpose of Report

1. To introduce a report from Aon (The Pension Fund's Investment advisors) providing an Investment strategy update which covers the plan and implementation for the upcoming investment strategy review.

Recommendations

2. The Committee are asked to note the contents of the report.

Background.

3. The Enfield Pension Fund ("Fund") has a paramount duty to seek the best possible return on its investment taking into account a properly considered level of risk. A well governed and well-managed pension fund will be rewarded by good investment performance in the long term.
4. Although the investment allocations for the Fund are continually kept under observation, the Fund's investment strategy is formally reviewed in line with the Actuarial valuation cycle (every 3 years- last completed in 2022).
5. The appendix presents the approach to undertaking the strategy review and the plan for implementation.
6. A dedicated session to review the Fund allocations is proposed for the second half of 2023. This will result in new proposed portfolios being reviewed. The key focus of this will be the strategic allocation to various assets classes. Strategic asset

allocation is the most significant factor in determining investment returns over the long term.

Relevance to Council Plans and Strategies

7. An economy that works for everyone

Financial Implications

8. The Fund has a paramount duty to seek the best possible return on it's investment taking into account a properly considered level of risk

Report Author: Ravi Lakhani
Head of Pension Investments
Ravi.Lakhani@enfield.gov.uk
020 8132 1187

Appendices

Appendix 1: Aon – Investment Strategy update



Strategy update

Implementation update & upcoming strategy review

Prepared for: London Borough of Enfield Pension Fund

Prepared by: Aon

Date: 27 June 2023



For professional clients only





Implementation update

Strategy – implementation timeline

January 2023

Committee meeting - Committee agrees to invest in credit based on current pricing and underweight portfolio position. Based on Aon’s recommendation, Committee agrees to invest £20m in Diversified Liquid Credit (‘DLC’) and Western corporate bond fund.

March 2023

CFM proceeds of c.£35m settle in bank account.

May 2023

Investment of £20m in DLC and Western settle.

April 2023

Davidson Kempner proceeds of c.£35m settle in bank account.

July 2023

Begin discussions on Triennial strategy review. **Plan for the strategy review to be discussed at this meeting.**



January 2023

Committee meeting - Aon provide recommendation on the Fund’s Infrastructure allocation based on the higher allocation agreed at last strategy review.

March 2023

Committee meeting - Manager selection exercise to help determine Infrastructure managers based on Aon recommended allocation of LCIV, CIP, OSIM and AB Carval. Aon requested to provide further information, including OSIM’s underlying exposure and view on property market.

June 2023

Investment Workgroup meeting - further discussion of Aon’s proposed allocations. Agrees £75m investment in LCIV Renewables Infra Fund and £50m in CIP V, with ratification required by Committee in July.

July 2023

Committee meeting – Workgroup propose recommendation to Committee and discuss potential further action on allocation.

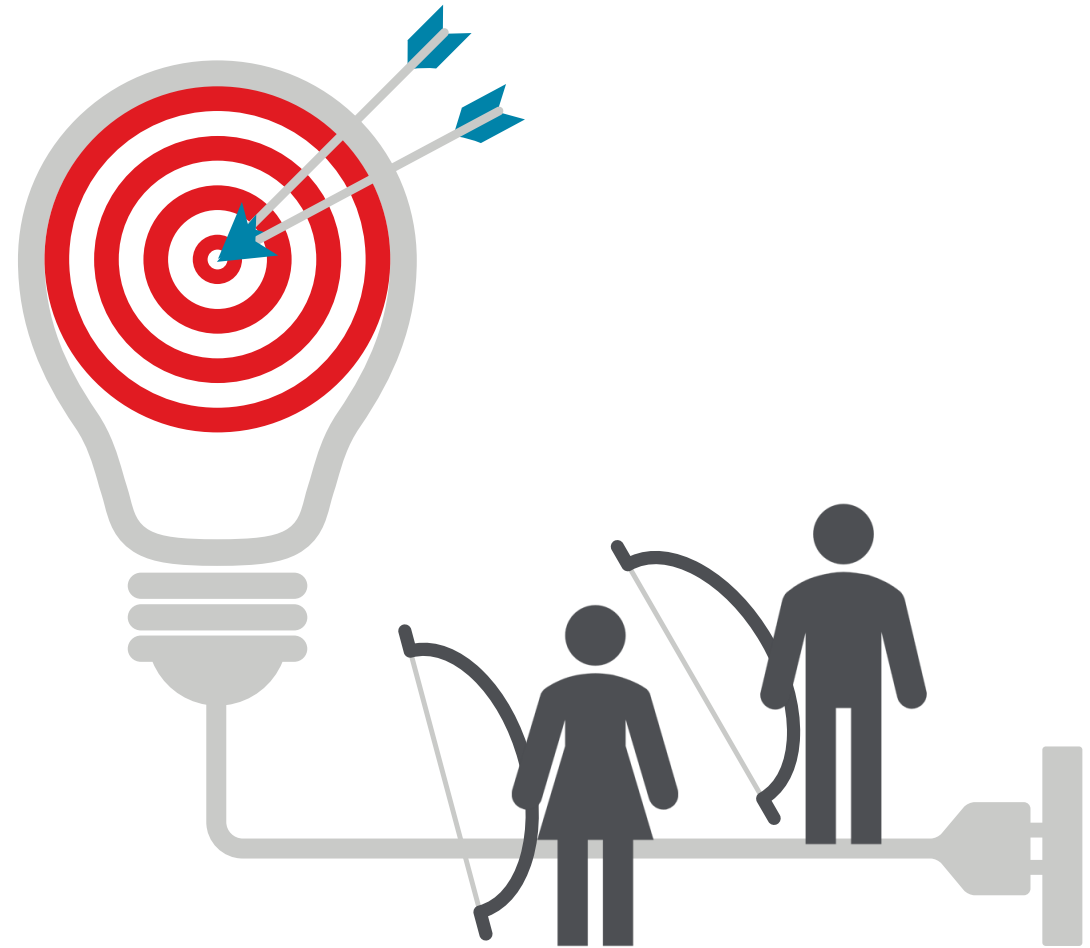
Infrastructure allocation



Upcoming strategy review

Investment strategy

Every three years, we revisit the Fund's investment strategy, in line with the Actuarial Valuation cycle. This document sets out our approach to undertaking strategy reviews and our plan for upcoming strategy work for the Fund.



The Aon Approach to Setting Investment Strategy



1. Discover
your beliefs,
constraints and
Fund specifics

Q3 2023

We will touch on this today.



2. Develop
a clearly defined
return objective

N/A

We will not explicitly cover this – a long-term funding objective is less relevant for open-ended LGPS schemes with no finite maturity.



3. Deliver
a portfolio
focused on your
objective

Q3 2023

We propose a dedicated session in Q3 2023.



4. Review
against agreed
metrics and
evaluate new
ideas

Ongoing

Interaction between investment risk and discount rate

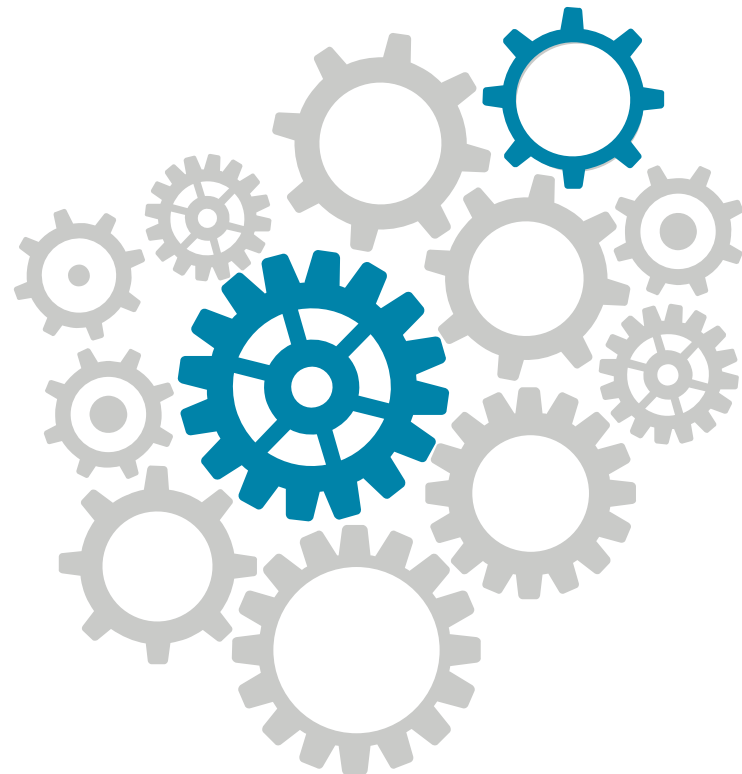
The discount rate for the Fund is set using a risk based approach, which considers many factors such as likelihood of meeting the funding objectives, and also **incorporates the risk of the investment strategy**.

Therefore, **if we change the Fund's asset allocation this can also impact the discount rate**, creating a circular effect.

The primary factor to consider is that **the investment return target should exceed the discount rate** in order to increase the likelihood that the discount rate is met.

As the liabilities are linked to CPI, risk can be illustrated as $CPI+X\%$ for comparison purposes.

It's important to consider the **optimal level of risk above the liability discount rate**.



Discover: Your beliefs

We have included what we understand to be your high-level investment beliefs for the Fund below, based on your Investment Strategy Statement, prior Strategy Review and our understanding of the Fund.

We welcome thoughts from the Committee on these, so that we can update if necessary and work with the Officers to incorporate them into proposed portfolios.

Belief	Conclusion	Questions
ESG	Investments in companies that follow good ESG practices are likely to enhance returns	Does the Committee feel that ESG/Sustainable fund alternatives should always be used where possible?
Investment risk	Risk is only taken when the Fund believes a commensurate long term reward will be realised	The Fund is a long term investor, with equity assets the main driver of risk and return. Does the Committee want to diversify risk and return more, and seek opportunities with return premiums commensurate with the Fund's long time horizon?
Illiquidity	The investment strategy of the Fund should reflect the lifetime of the liabilities, which are very long	Does the Committee feel that as long as cashflows are managed sufficiently, the Fund should continue to invest in illiquid allocations? Does the Committee believe there should be a limit on these allocations?
Governance	A well-governed and well-managed pension fund will be rewarded by good investment performance in the long term	We believe the Fund's portfolio is well managed by the Officers Does the Committee believe that the LCIV could be further utilised within the Fund's portfolio?
Funding risk	Short-term volatility and decreases in funding level are acceptable in the context of the long-term time horizon	If the funding level dropped a large amount (e.g. 20%+) would the Committee have a desire to take action?

Deliver: Approach to Setting Long Term Investment Strategy



Strategic Allocation

Create an efficient proposed portfolio by setting the allocation across broad asset groups

Aon's economists produce long-term (10 year) risk / return statistics for asset classes (e.g. equities, bonds) on a quarterly basis.

These 'Capital Market Assumptions' can be used to construct proposed investment portfolios and determine which are both the most efficient over the long-term and also fit the Fund's requirements.

Aon will work with the Officers to produce these proposed portfolios in the strategy session in Q4 2023.

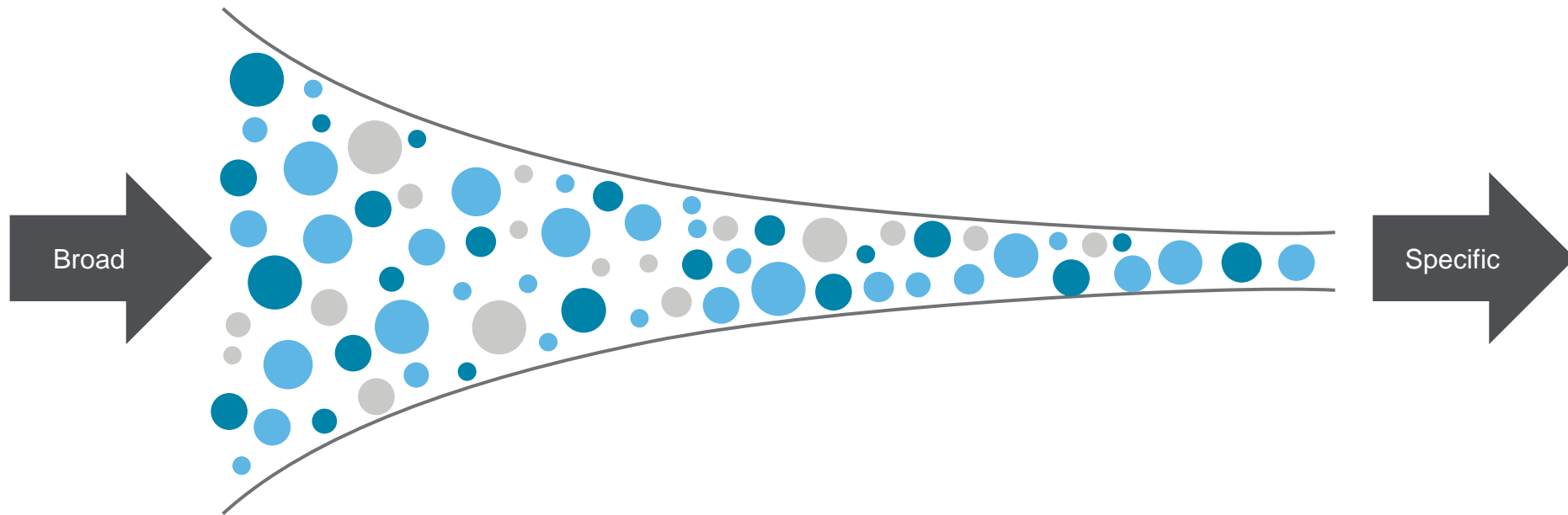
Key metrics:

- Expected return
- Expected volatility
- Value at Risk (1 in 20 downside)

Key constraints:

- Committee beliefs
- Transaction costs
- Liquidity / cashflow requirements

Why Use High Level / Broad Asset Groups?



Using broad groups allows more timely agreement to the most important principles

Strategic allocation is key to the risk / return characteristics of the strategy

Risk and return characteristics very similar in each group
e.g. "Equities" will be higher risk and return irrespective of active/passive and region

Specific asset classes and managers will be chosen once groups are decided on and strategy is refined.
Specific components can also be reviewed independently

Aon Asset Groups - Overview



Cash & LDI



Liquid Credit
(Investment Grade)



Liquid Credit (Non-
Investment Grade)



Cash Plus



Illiquid Credit



Equity



Illiquid Growth



Property

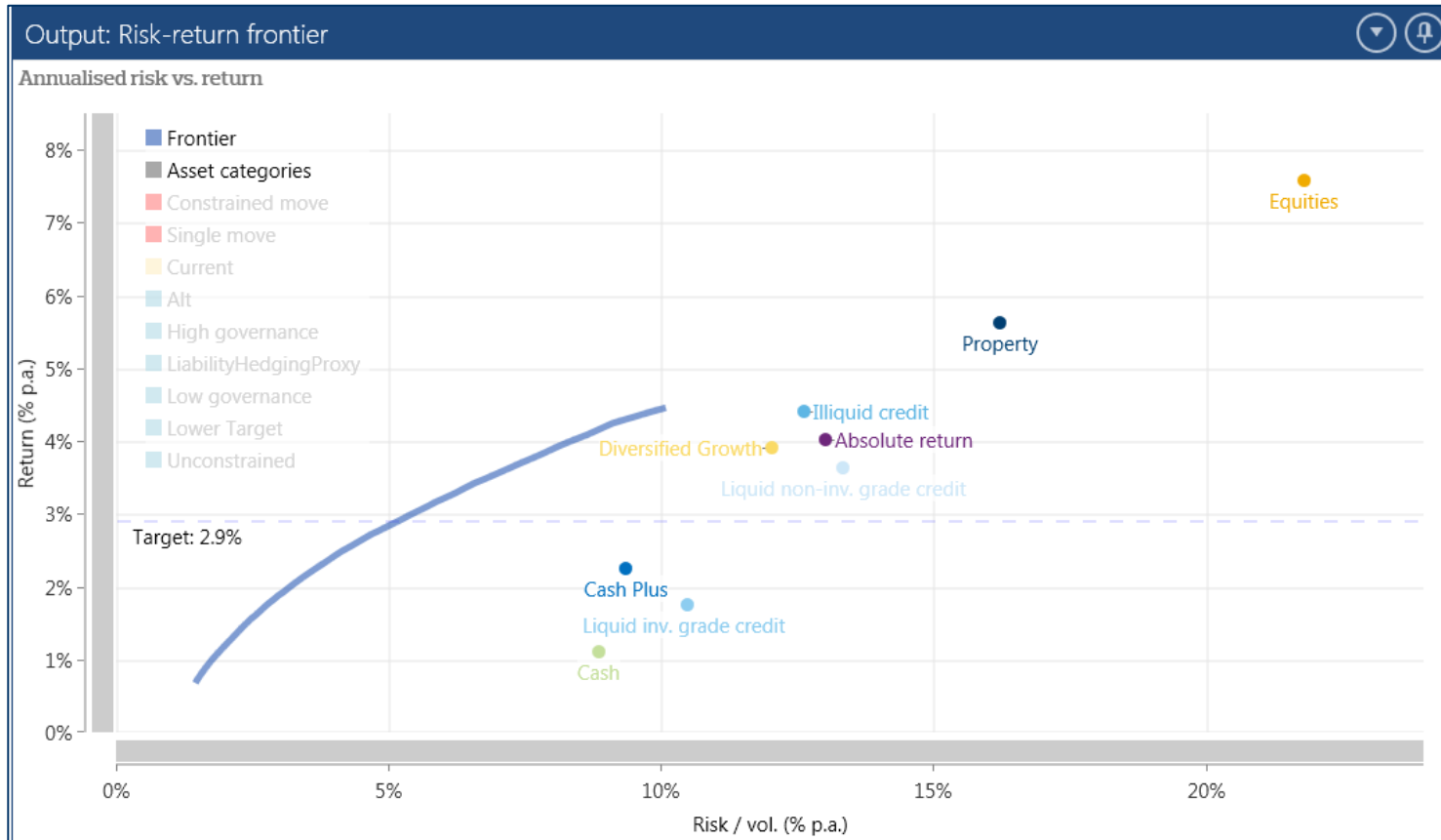


Diversified Growth



Absolute Return

Illustrative Interactive Model – Risk Return Frontier and Asset Groups



Each point on the chart shows the risk and return characteristics of a portfolio relative to the Fund's liabilities.

The points shown represent portfolios which invest entirely in each of the asset groups considered.

The model will attempt to find efficient portfolios which invest in these asset groups allowing for specified constraints (e.g. minimum and maximum amounts that can be invested in each asset group).

The blue frontier shows the collection of portfolios with the best risk and return characteristics relative to the liabilities when constructing portfolios from these constrained asset groups.



The Interactive Model seeks to improve risk and return efficiency

Deliver: Approach to Setting Long Term Investment Strategy

Only once the high-level asset class exposure within the portfolio is agreed, we can then work with the Officers to determine underlying assets within each asset class group and then finally recommend appropriate funds.

In this way, we look to create a portfolio that is not only efficient at a high-level asset class level but also within the asset class groups as well.

Key considerations

- Impact on portfolio diversification
- Aon views
- Liquidity / cashflow requirements
- Current holdings

2



Strategy Detail

Determine the underlying assets within each asset group

3



Manager Selection

Meet with and agree to appoint any new investment managers

Infrastructure/illiquids

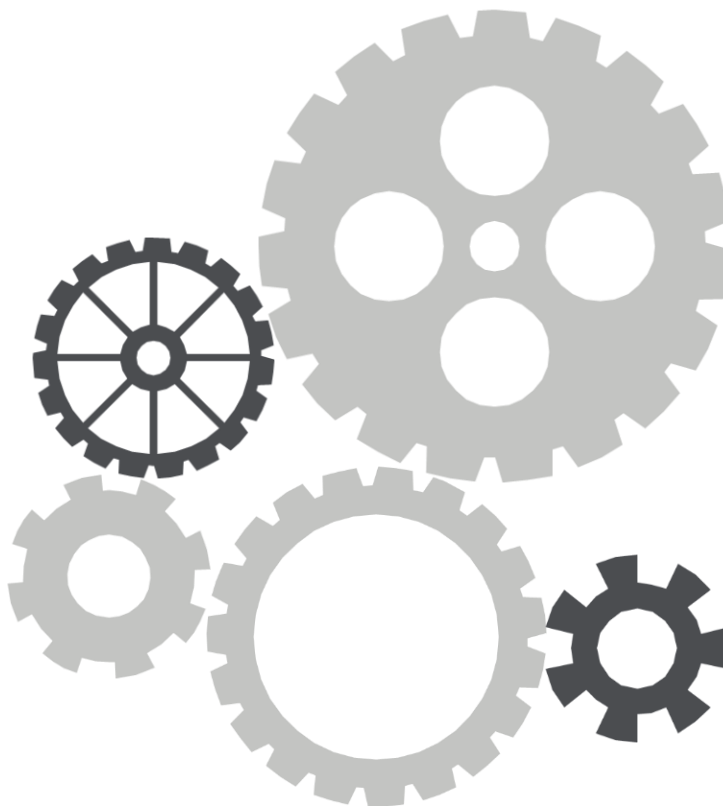
Consider impact of additional allocations to illiquid asset classes such as infrastructure to benefit from favourable characteristics.

Equities

Equity is a large proportion of overall portfolio risk. Explore alternative sources of risk and return to increase diversification.

Cashflow managements

What is the impact of various asset choices on the Fund's ability to meet pension payment obligations and other cashflow requirements (e.g. illiquid drawdowns)?



Fixed Income

Important source of diversification within the portfolio. Explore the effect of adding alternative fixed income investments to increase diversification.

Responsible Investment

Consider further integration of ESG during the portfolio implementation stage, using beliefs documented in the Investment Strategy Statement ('ISS') and Responsible Investment beliefs document.

Next steps



Strategic Allocation

Create an efficient proposed portfolio by setting the allocation across broad asset groups

Dedicated session in Q4 2023



Strategy Detail

Determine the underlying assets within each asset group



Manager Selection

Meet with and agree to appoint any new investment managers

Q1 2024 onwards... refine portfolio

Appendix



Discover: Investment Beliefs from Investment Strategy Statement (ISS)

The Fund's fundamental investment beliefs which inform its strategy and guide its decision making are:

- The Fund has a paramount duty to seek to obtain the best possible return on its investments taking into account a properly considered level of risk
- A well-governed and well-managed pension fund will be rewarded by good investment performance in the long term
- Strategic asset allocation is the most significant factor in investment returns and risk; risk is only taken when the Fund believes a commensurate long term reward will be realised
- Asset allocation structure should be strongly influenced by the quantum and nature of the Fund's liabilities and the Funding Strategy Statement
- Since the lifetime of the liabilities is very long the time horizon of the investment strategy should be similarly long term
- Risk of underperformance by active equity managers is mitigated by allocating a significant portion of the Fund's assets to other asset classes
- Long-term financial performance of companies in which the Fund invests is likely to be enhanced if they follow good practice in their environmental, social and governance policies
- Costs need to be properly managed and transparent

Source: *London Borough of Enfield Pension Fund Investment Strategy Statement as at 30/06/2020*

<https://governance.enfield.gov.uk/documents/s82750/item4%20Appendix%20Z%20-%20Enfield%20Pension%20Fund%20Investment%20Strategy%20Statement%20July%202020.pdf>

Discover: Responsible Investment Beliefs

The Pension Policy and Investment Committee of London Borough of Enfield believes that: -

1. Responsible investment is **supportive of long-term risk-adjusted returns**, across all asset classes. As a long-term investor, the Fund should invest in assets with sustainable business models in fulfilling its fiduciary duty to the scheme members.
2. Investee companies and asset managers with robust governance structures are better positioned to handle shocks and stresses. They capture opportunities by investing in companies which have weak but improving governance of financially material Environmental, Social and Governance (ESG) issues. [An opportunity is defined by its potential and intention to become aligned with the Fund's objectives and strategy].
3. The Fund Investment managers should include the Fund ESG considerations in their investment processes.
4. It is important to consider a range of ESG risks and opportunities. **Investible priorities should be based on the United Nations Sustainable Development Goals (UN SDGs).**
5. **Climate change** (SDG 13, Climate Action) represents a long term material financial risk for the Fund, and will impact our members, employers and our portfolio holdings, and is therefore one of these priorities.
6. It must prioritise the following SDGs in its investment strategy:
 - a. SDG 7 – Affordable and Clean Energy
 - b. SDG 9 – Industry, Innovation and Infrastructure
 - c. SDG 11 - Sustainable Cities and Communities
 - d. SDG 12 – Responsible Consumption and Production
 - e. SDG 13 - Climate Action
7. The Fund's appointed Investment Managers are **accountable for implementing** appropriate responsible Investment policies, **tailored to these priorities**. The Investment managers should report back on these priorities.
8. **Divestment** mitigates ESG-related risk, when **collaborative engagement** with companies by investors and investment managers fails to produce positive responses, which meet its ESG-related priorities.
9. The exercise of **voting rights** is consistent with an asset owner's fiduciary duty: The Committee expects its managers to exercise this right fully and reserves the right to **direct votes**

Source: London Borough of Enfield Pension Fund Investment Strategy Statement as at 30/06/2020

<https://governance.enfield.gov.uk/documents/s82750/item4%20Appendix%20Z%20-%20Enfield%20Pension%20Fund%20Investment%20Strategy%20Statement%20July%202020.pdf>

Disclaimer:

This document and any due diligence conducted is based upon information available to us at the date of this document and takes no account of subsequent developments. We will not provide any updates or supplements to this document or any due diligence conducted unless we have expressly agreed with you to do so.

In preparing this document we may have relied upon data supplied to us by third parties (including those that are the subject of due diligence) and therefore no warranty or guarantee of accuracy or completeness is provided. We cannot be held accountable for any error, omission or misrepresentation of any data provided to us by third parties (including those that are the subject of due diligence). This document is not intended by us to form a basis of any decision by any third party to do or omit to do anything.

Notwithstanding the level of skill and care used in conducting due diligence into any organisation that is the subject of a rating in this document, it is not always possible to detect the negligence, fraud, or other misconduct of the organisation being assessed or any weaknesses in that organisation's systems and controls or operations.

Any opinions or assumptions in this document have been derived by us through a blend of economic theory, historical analysis and/or other sources. Any opinion or assumption may contain elements of subjective judgement and are not intended to imply, nor should be interpreted as conveying, any form of guarantee or assurance by us of any future performance. Views are derived from our research process and it should be noted in particular that we cannot research legal, regulatory, administrative or accounting procedures and accordingly make no warranty and accept no responsibility for consequences arising from relying on this document in this regard. Calculations may be derived from our proprietary models in use at that time. Models may be based on historical analysis of data and other methodologies and we may have incorporated their subjective judgement to complement such data as is available. It should be noted that models may change over time and they should not be relied upon to capture future uncertainty or events.

Aon plc (NYSE:AON) exists to shape decisions for the better - to protect and enrich the lives of people around the world. Our colleagues provide our clients in over 120 countries and sovereignties with advice and solutions that give them the clarity and confidence to make better decisions to protect and grow their business.

Copyright © 2023 Aon Solutions UK Limited and Aon Investments Limited. All rights reserved. aon.com. Aon Wealth Solutions' business in the UK is provided by Aon Solutions UK Limited - registration number 4396810, or Aon Investments Limited – registration number 5913159, both of which are registered in England and Wales have their registered office at The Aon Centre, The Leadenhall Building, 122 Leadenhall Street, London EC3V 4AN. Tel: 020 7623 5500. Aon Investments Limited is authorised and regulated by the Financial Conduct Authority. This document and any enclosures or attachments are prepared on the understanding that they are solely for the benefit of the addressee(s). Unless we provide express prior written consent no part of this document should be reproduced, distributed or communicated to anyone else and, in providing this document, we do not accept or assume any responsibility for any other purpose or to anyone other than the addressee(s) of this document. In this context, "we" includes any Aon Scheme Actuary appointed by you. To protect the confidential and proprietary information included in this document, it may not be disclosed or provided to any third parties without Aon's prior written consent.

This page is intentionally left blank



London Borough of Enfield

Report Title	Cash Investment recommendation
Report to	Pension, Policy & Investment Committee (PPIC)
Date of Meeting	19 July 2023
Cabinet Member	Cllr Tim Leaver
Executive Director / Director	Fay Hammond
Report Author	Ravi Lakhani (Head of Pension Investments). Ravi.Lakhani@enfield.gov.uk
Classification	Part 1 public and Part 2 -Private & Confidential
Reason for exemption	3. Information relating to the financial or business affairs of any particular person (including the authority holding that information).

Purpose of Report

- To provide a recommendation to the Pension, Policy & Investment committee (PPIC) on the plan for investments to utilise surplus cash (£114.7 million) held within the Pension Fund ('Fund').

Recommendations

- | |
|---|
| <ol style="list-style-type: none"> I. Agree investments of £70 million into Bonds consisting of <ul style="list-style-type: none"> - £35 million into Blackrock Passive Gilts fund - £35 million into AIL Diversified Liquid Credit fund (These investments to be funded from the surplus cash balance of £114.7m) II. The remaining balance of £44.7million, following the investments in (I), to remain in cash. |
|---|

Background and Options

- As at 31 May 2023 the Fund had the following weightings in each asset class:

	£m	Current weighting	Strategic %	Relative %
Equities	574.5	39.8	35	+4.8
Bonds	323.5	22.4	24	-1.6
Alternative Fixed Income	77.4	5.4	5	+0.4
Income Protecting Illiquids	101.4	7.0	10	-3.0
Hedge Funds	2.7	0.2	0	+0.2
Private Equity	107.4	7.4	5	+2.4%
Infrastructure	61.4	4.3	16	-11.7
UK property	80.6	5.6	5	+0.6
Cash	114.7	7.9	0	+7.9
Total	1,443.6	100	100	

3. The Fund is significantly underweight Infrastructure assets, -11.7% (c. £169m). Potential Investments in this asset class are being explored by the committee but due to the illiquid nature of these funds the cash is not expected to be fully called for investment for at least 3-4 years.
4. The cash balance as at 31 May 2023 is £114.7m . This balance is currently invested in a variety of Money Market Funds which offer instant liquidity, overnight returns and are heavily diversified in high quality credit counterparties (typically with a credit rating of AAA). In the current high interest rate environment these funds are yielding approximately 4-5% p.a.
5. Excluding the underweight position to illiquid assets classes (Inflation Protecting Illiquids and Infrastructure) which can't effectively be rebalanced in a short time, allocations are broadly in line with strategic targets for most classes with the exception of bonds and cash.

Preferred Option and Reasons For Preferred Option

6. The Funds investment advisors, Aon, have provided advice on the plan to utilise surplus cash and this advice can be found in Appendix 1 ("Aon Cash recommendation -Part 2 Private & Confidential)
7. Given the significant cash holding, it is recommended £35 million is invested in Black Rock Passive Gilts and £35 million is invested in the AIL diversified liquid credit fund with £44.7 million. The rationale for this allocation and these funds can be found in appendix A.
8. These funds are expected to generate a return in excess of cash holdings.
9. Other funds and managers within the bond asset class were considered and more detail is given in appendix A. However, for the reasons given in the appendix the other bond funds are not considered appropriate for investment at this time.

10. Cash rates continue to be attractive which means a small cash allocation is sensible at this point.
11. The Fund is currently also underweight inflation protecting illiquids. However, trading costs will likely be significantly lower for Bonds and therefore this is more appropriate for a short / medium term allocation. Also, given where interest rates are it is expected that there will be a softening in valuations for these assets over the coming months.
12. This recommendation will mean that the Fund is overweight to Bonds in the short term (+3.3%) but this position can be considered acceptable given this is largely due to the underweight position in illiquids as noted previously which can't effectively be rebalanced in the short term.

Relevance to Council Plans and Strategies

13. An economy that works for everyone

Financial Implications

14. 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.

Report Author: Ravi Lakhani
Head of Pension Investments
Ravi.Lakhani@enfield.gov.uk
020 8132 1187

Appendices

Appendix 1: Aon Cash recommendation **(Part 2 Confidential – Exempt report)**

This page is intentionally left blank

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank



London Borough of Enfield

Report Title	Climate Scenario Analysis
Report to	Pension, Policy & Investment Committee (PPIC)
Date of Meeting	19 July 2023
Cabinet Member	Cllr Tim Leaver
Executive Director / Director	Fay Hammond
Report Author	Ravi Lakhani (Head of Pension Investments). Ravi.Lakhani@enfield.gov.uk
Classification	Part 1 Public and part 2 private Confidential
Reason for exemption	3. Information relating to the financial or business affairs of any particular person (including the authority holding that information).

Purpose of Report

1. To present a report from the Pension Fund's ("Fund") actuary, Aon, which discusses five potential climate change scenarios and their potential impact on assets and liabilities within the Fund and the follow on impacts on funding levels.

Recommendations

2. The committee are asked to note the contents of the report and consider how the implications of climate change may impact any future changes to investment strategy.

Background

3. A comprehensive report on climate change and the associated impact on the Pension Fund is presented in Appendix 1- Climate Scenario Analysis.
4. Climate change is one of the important issues facing the planet. If Global warming is not stopped there are potential impacts on Water, Food, Health, Eco systems and the danger of more extreme weather events
5. Changes in global temperatures can impact the value of assets and liabilities held within the fund. (This is explored further in the appendix).

6. There is a regulatory requirement from the Government Actuary department (GAD), which has confirmed that there will be an expectation for all administering authorities to quantify the risk of climate change as part of the LGPS valuation process.
7. A review of the Fund's investment strategy is to take place in the second half of 2023. The implications of climate change arising from this report should be incorporated into the Fund's investment strategy.

Relevance to Council Plans and Strategies

8. An economy that works for everyone.
9. Clean and Green place

Financial Implications

10. Climate change will impact on impact on the assets and liabilities within the Fund and the associated funding levels. These need to be considered as part of future funding strategy changes and strategic asset allocations.

Report Author: Ravi Lakhani
Head of Pension Investments
Ravi.Lakhani@enfield.gov.uk
020 8132 1187

Appendices

Appendix 1: Aon – Climate Scenario analysis – **Part 2 exempt – Confidential**

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank



London Borough of Enfield

Report Title	Update on Enfield Pension Fund Investments & Managers, Economic/market update and investment outlook.
Report to	Pension Policy & Investment Committee
Date of Meeting	19 July 2023
Cabinet Member	Cllr Tim Leaver
Executive Director / Director	Fay Hammond
Report Author	Ravi Lakhani (Head of Pension Investments). Ravi.Lakhani@enfield.gov.uk
Classification	Part 1 Public and Part 2 Private
Reason for exemption	3 Information relating to the financial or business affairs of any particular person (including the authority holding that information).

Purpose of Report

1. To provide the Pension, Policy & Investment committee (PPIC) with an update on the Enfield Pension Fund ("Fund") investments and their performance as at 31 March 2023.
2. To introduce a paper from the Fund's Investment advisors (Aon) presenting a market update and investment outlook. (Appendix 4)

Recommendations

3. Members are asked to note the content of the report.
4. Agree to investigate the performance of the M&G inflation opportunities fund and receive assurances over future performance.

Reason for Recommendation

5. The Pension Fund Regulations require that the Council establishes arrangements for monitoring investments of the Fund and it considers the activities of the investment managers and ensure that proper advice is obtained on investment issues.
6. Officers and Aon (the Fund's investment advisors) 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.

Main Considerations for the committee

7. The value of the fund as at 31 March 2023 was £1,456.9m which was a £26.5m increase in the quarter.

Fund performance:

8. The table below summaries the Fund's total performance over recent time periods :

	Quarter ending 31 March 2023	1 year	3 year	5 year
Fund Return	+1.6%	-5.5%	+7.8%	+5.4%
Strategic benchmark	+2.0%	-3.5%	+6.9%	+5.0%
Excess return	-0.4%	-2.0%	+0.9%	+0.4%

*Figures are on an annual basis

Asset Class and Manager performance (significant issues)

Performance of the Fund's managers over this time frame and since inception can be found in Appendix 1: (Northern trust Enfield PF performance)

A quarterly investment dashboard and a comprehensive evaluation of manager performance is provided by the Fund's investment advisor's Aon and can be found in Appendix 2 and 3.

Infrastructure

Account/Group	Ending Market Value GBP	Ending Weight	% Rate of Return				
			One Month	Three Months	Year to Date	One Year	Three Years
Infrastructure	62,626,417	4.30	-2.27	-4.45	-4.45	-5.52	5.36
<i>Enfield Infrastructure BM</i>			-1.76	-4.49	-4.49	-12.19	2.01
<i>Excess Return</i>			-0.51	0.03	0.03	6.66	3.35
Antin Infrastructure	20,789,554	1.43	-3.30	-4.42	-4.42	8.13	12.21
INPP	41,836,863	2.87	-1.76	-4.49	-4.49	-12.19	2.01
<i>LEFD05015 Fund returns</i>			-1.76	-4.49	-4.49	-12.19	2.01
<i>Excess Return</i>			0.00	0.00	0.00	0.00	0.00

9. Over the quarter the asset class that had the most significant negative performance on an absolute basis was Infrastructure (-4.5%). On a one year basis performance is also negative for the infrastructure asset class (-5.5%). This performance is approximately in line with the benchmark and both infrastructure managers (Antin and INPP) had similar negative performance. This is partly attributable to all Pension funds needing greater liquidity thereby creating a fall in demand and therefore values in illiquid funds such as infrastructure. For those less liquidity constrained, the weaker demand for illiquid assets could, in fact, present an eventual buying

opportunity. (The committee are currently exploring investments in infrastructure as the Fund is underweight in this asset class)

10. Over longer time periods (3 and 5 years) the managers have produced positive returns beating the benchmark.

Private Equity

Account/Group	Ending Market Value GBP	Ending Weight	% Rate of Return				
			One Month	Three Months	Year to Date	One Year	Three Years
Private Equity	108,303,629	7.43	-3.27	-3.89	-3.89	-8.66	24.35
Enfield PE BM			0.93	4.39	4.39	-1.43	15.47
Excess Return			-4.20	-8.28	-8.28	-7.23	8.89

11. Over the quarter the asset class that was the most significant relative detractor from performance was Private Equity. (There is only 1 fund manager for private equity – Adams Street). This contributed -3.9% on an absolute basis and -8.3% on relative basis. On a one year time frame absolute performance is also negative, -8.7% absolute and -7.3% relative. Rising interest rates across major economies will have contributed to private equity valuations reducing substantially. It should be noted however that the as the private equity fund has matured it has become cashflow positive over recent years.
12. Over longer time periods (3 and 5 years) performance has produced positive returns significantly beating the benchmark. Over a 5 year period Adams Street has been the best performing asset for the fund producing returns of +21.1% p.a.

Equities

Account/Group	Ending Market Value GBP	Ending Weight	% Rate of Return				
			One Month	Three Months	Year to Date	One Year	Three Years
Total Equities	571,833,866	39.25	-0.03	3.76	3.76	-1.39	14.88
Enfield Equities BM			0.13	3.63	3.63	-2.88	14.86
Excess Return			-0.16	0.13	0.13	1.49	0.01
Blackrock Low Carbon	245,618,146	16.86	-0.83	3.15	3.15	-4.12	16.11
LEFD02 MSCI Wld Lw CrbnTgtxFsl			-0.92	3.02	3.02	-4.68	14.96
Excess Return			0.09	0.13	0.13	0.56	1.14
LCIV - JP Morgan (EM)	31,856,346	2.19	1.28	2.84	2.84	-1.23	10.80
LEFD05018 MSCI EM Mrkts ND			0.88	1.14	1.14	-4.91	7.93
Excess Return			0.40	1.70	1.70	3.68	2.87
LCIV - Longview (FOCUS GE)	110,801,635	7.61	0.25	4.12	4.12	5.69	18.15
LEFD05019 MSCI ACWI ND			0.93	4.39	4.39	-1.43	15.47
Excess Return			-0.68	-0.27	-0.27	7.13	2.68
LCIV-Baillie Gifford(ALPHA GE)	102,864,765	7.06	0.91	4.64	4.64	-5.18	11.43
LEFD05016 MSCI ACWI ND			0.93	4.39	4.39	-1.43	15.47
Excess Return			-0.02	0.24	0.24	-3.74	-4.04
MFS Global Equity	79,878,492	5.48	0.37	4.46	4.46	1.26	14.95
LEFD05005 MSCI ACWI ND			0.93	4.39	4.39	-1.43	15.47
Excess Return			-0.57	0.06	0.06	2.69	-0.52

13. Risky asset markets experienced a solid start in 2023 as markets initially felt confident that a recession would be avoided, although were hit by inflation fears in February and then concerns about the global banking system in mid-March. Geopolitical tension remained elevated in the quarter

14. US equities were the second-best performer amongst major equity regions in local currency terms as investors shrugged off short-lived concerns over the banking sector and priced in a quicker end to the sharpest tightening cycle in recent memory, returning 7.7% over the quarter. Double-digit returns delivered by index-heavy sectors including Information Technology (21.4%) and Consumer Discretionary (16.5%) more than offset losses in other major sectors such as Financials (-4.8%) and health care (-4.0%). Information Technology and Consumer Discretionary stocks rallied, largely driven by a fall in government bond yields whilst the financial sector suffered a sell-off triggered by turbulence in the banking sector.
15. The equity fund's held by the Fund performed largely in line with benchmark over the quarter. On a one year basis the LCIV Baillie Gifford returned -3.8% relative to benchmark. This is largely due to the underperformance of growth equities over this time frame. LCIV have worked with the manager and carried out extensive due diligence and the manager has taken aboard these recommendations.
16. Over 3 and 5 years the Fund's equity managers have performed in line with the benchmark.

Bonds

Account/Group	Ending Market Value GBP	Ending Weight	% Rate of Return				
			One Month	Three Months	Year to Date	One Year	Three Years
Total Bonds and Index Linked	367,642,249	25.23	1.20	2.40	2.40	-10.11	-0.92
<i>Enfield Bonds & IL BM</i>			1.67	2.17	2.17	-7.32	-1.49
<i>Excess Return</i>			-0.47	0.23	0.23	-2.79	0.57
AON Diversified Liquid Credit	47,617,685	3.27	0.30	2.06	2.06	-0.00	-
<i>LEFD07003 1 month SONIA + 1.5%</i>			0.46	1.33	1.33	3.91	-
<i>Excess Return</i>			-0.17	0.73	0.73	-3.91	-
Blackrock IL Gilts	80,901,450	5.55	2.92	2.40	2.40	-12.45	-3.77
<i>LEFD01 Blended Benchmark</i>			2.97	2.24	2.24	-12.61	-3.84
<i>Excess Return</i>			-0.05	0.16	0.16	0.17	0.08
Insight Bonds	30,356,181	2.08	-0.82	0.20	0.20	-4.43	1.83
<i>LEFD05006 SONIA 3 Month GBP+2%</i>			0.51	1.49	1.49	6.09	4.89
<i>Excess Return</i>			-1.34	-1.29	-1.29	-10.51	-3.06
LCIV - CQS (MAC)	53,557,676	3.68	-0.91	2.05	2.05	-4.15	7.04
<i>LEFD05020 3 Month GBP SONIA</i>			0.35	1.00	1.00	2.72	1.10
<i>Excess Return</i>			-1.26	1.06	1.06	-6.86	5.94
LCIV Global Bond Fund	77,365,202	5.31	1.62	3.06	3.06	-	-
<i>LEFD05021 Bloomberg Global Agg</i>			2.04	2.63	2.63	-	-
<i>Excess Return</i>			-0.43	0.44	0.44	-	-
Western	77,844,056	5.34	1.90	3.10	3.10	-19.21	-6.03
<i>LEFD03 ML Stg Non-Gilts 10+</i>			2.11	3.30	3.30	-19.64	-6.79
<i>Excess Return</i>			-0.22	-0.20	-0.20	0.43	0.76

17. On a 1 year basis, Bonds have contributed -10.1% on a absolute basis and -2.8% on a relative basis. However, performance over Q1 was +2.4%. The most significant negative performance with this asset class was the Western Bond fund at -19.2% for 1 year. However, it should be noted that it has marginally out performed it's benchmark over this period. Negative annual performance was attributable to rising interest rates and increases in gilt yields globally causing a drop in the value of investment grade bonds. This has resulted in credit spreads widening and presenting

opportunities for which the Fund has taken advantage of via a £20m investment in Western in April 2023.

18. Over a 5 year period the asset class has produced close to nil returns for the fund. This is in line with the benchmark.

Inflation Protection Illiquids

Account/Group	Ending Market Value GBP	Ending Weight	% Rate of Return				
			One Month	Three Months	Year to Date	One Year	Three Years
Inflation Protection Illiquids	101,821,551	6.99	-0.36	1.94	1.94	-21.14	-3.46
<i>Enfield Inflation Illiquids BM</i>			1.14	2.13	2.13	1.48	5.28
<i>Excess Return</i>			-1.50	-0.19	-0.19	-22.62	-8.74
CBRE Long Income Fund	36,752,398	2.52	1.49	1.49	1.49	-18.61	-3.02
<i>LEFD06007 BMK</i>			1.49	1.49	1.49	-18.61	-3.02
<i>Excess Return</i>			0.00	0.00	0.00	0.00	0.00
M&G Inflation Opportunities Fd	65,069,153	4.47	-1.38	2.23	2.23	-22.10	-3.83
<i>LEFD05010 UK RPI +2.5%</i>			0.94	2.51	2.51	16.01	10.38
<i>Excess Return</i>			-2.32	-0.28	-0.28	-38.11	-14.21

19. Over 1 year the M&G inflation opportunities fund within this asset class has returned -22.1% on an absolute basis and -38.1% on a relative basis which is a significant underperformance of the benchmark. The committee is advised to "call-in" the manager for an explanation on performance and assurances over the strategy.

Property

Account/Group	Ending Market Value GBP	Ending Weight	% Rate of Return				
			One Month	Three Months	Year to Date	One Year	Three Years
Property	80,638,237	5.53	0.48	-1.35	-1.35	-13.54	2.39
<i>Enfield Property BM</i>			0.28	-0.20	-0.20	-14.49	2.56
<i>Excess Return</i>			0.21	-1.15	-1.15	0.95	-0.17
Blackrock UK FD	34,682,129	2.38	0.43	0.21	0.21	-15.75	2.43
<i>LEFD05012 IPD All Balncd Prpty</i>			0.28	-0.20	-0.20	-14.49	2.56
<i>Excess Return</i>			0.15	0.41	0.41	-1.26	-0.13
Brockton Capital Fund	9,295,429	0.64	0.02	-4.72	-4.72	-4.26	-0.77
<i>LEFD06001 IPD All Balncd Prpty</i>			0.28	-0.20	-0.20	-14.49	2.56
<i>Excess Return</i>			-0.26	-4.52	-4.52	10.23	-3.33
Legal & General Property	36,660,680	2.52	0.65	-1.92	-1.92	-13.51	2.92
<i>LEFD05013 IPD All Balncd Prpty</i>			0.28	-0.20	-0.20	-14.49	2.56
<i>Excess Return</i>			0.38	-1.72	-1.72	0.98	0.35

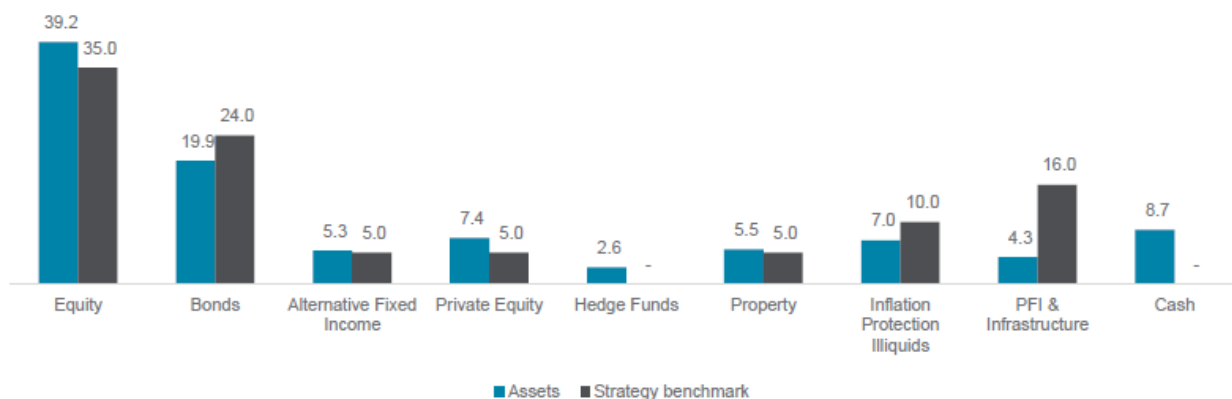
20. The property asset class fell marginally during the quarter -1.35%. On a 1 year basis the asset class for the Fund has shown -13.5% performance which is marginally better than the benchmark. Over 5 years the return has been 2.5% p.a. in line with benchmark.
21. UK property capital values continued to fall over the first quarter. The office sector was the worst performer, returning -1.8% while the retail sector was the best performer returning 1.5%. The industrial sector returned 0.4%.

Hedge Fund

22. It should be noted that in line with previous decisions, Hedge funds are in the process of being exited. As at 31 March 2023 the CFM stratus Fund had been exited but the Davidson Kempner Fund was not exited until Q2 2023.

Strategic Allocations

23. Asset allocation when compared to benchmark can be seen below:



24. The fund is significantly underweight infrastructure. The committee is in the process of carrying out due diligence with respect to prospective infrastructure investments.
25. Changes in funds in line with previous Committee decisions (as at 31 March 2023)

Additions/Investments -none

Disposals/redemptions – Hedge Funds (CFM stratus £36.4m)

26. Changes coming up in Q2 in line with previous Committee decisions
- Additions/Investments -Bond- £20m Western, £20m Aon Diversified Liquid credit
- Disposals/redemptions – Davidson Kempner (CFM stratus £35.6m)

Cash Position

27. The cash position as at 31 March 2023 was £126.6m. This will be impacted in Q2 by the above investments and redemptions.
28. The cash balance is currently invested in short term Money Market funds in line with the treasury management strategy. These funds offer a overnight rate of rate return, offer instant liquidity, are heavily diversified and are only invested with the highest quality credit rated instruments. At the end of the quarter they were yielding approx. 4-5%.

Economic & Market performance

29. A market update and investment outlook is covered in Appendix 4 provided by Aon covering Inflation, Recession and interest rates, Economic highlights and market outlook.

Relevance to Council Plans and Strategies

30. An economy that works for everyone.

Financial Implications

31. 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.

Report Author: Ravi Lakhani
Head of Pension Investments
Ravi.Lakhani@enfield.gov.uk
020 8132 1187

Appendices

Appendix 1 – Northern Trust – Enfield PF performance -Part 1

Appendix 2 - Quarterly Investment dashboard -Part 1

Appendix 3 – Manager Monitoring report – **Part 2 – Exempt Confidential**

Appendix 4 – Market update & Investment outlook – **Part 2 – Exempt Confidential**

This page is intentionally left blank



NORTHERN
TRUST

London Borough of Enfield

Investment Risk & Analytical Services

March 31, 2023

Table of Contents

Section 1. London Borough of Enfield	3
1.1. <u>Investment Hierarchy</u>	4
Section 2. Appendix	7
2.1. <u>Disclaimer(s)</u>	8

SECTION 1

London Borough of Enfield

Investment Risk & Analytical Services

March 31, 2023

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	1,456,933,912	100.00	-0.19	1.64	1.64	-5.46	7.77	5.41	8.10	03/31/1987
<i>Enfield Strategic BM</i>			0.52	2.02	2.02	-3.52	6.92	4.99	-	03/31/1987
<i>Excess Return</i>			-0.71	-0.38	-0.38	-1.94	0.85	0.42	-	03/31/1987
Total Equities	571,833,866	39.25	-0.03	3.76	3.76	-1.39	14.88	9.27	9.29	03/31/1987
<i>Enfield Equities BM</i>			0.13	3.63	3.63	-2.88	14.86	9.36	-	03/31/1987
<i>Excess Return</i>			-0.16	0.13	0.13	1.49	0.01	-0.10	-	03/31/1987
Blackrock Low Carbon	245,618,146	16.86	-0.83	3.15	3.15	-4.12	16.11	10.32	12.70	03/31/2009
<i>LEFD02 MSCI Wld Lw CrbnTgtxFsl</i>			-0.92	3.02	3.02	-4.68	14.96	9.39	11.71	03/31/2009
<i>Excess Return</i>			0.09	0.13	0.13	0.56	1.14	0.93	0.99	03/31/2009
LCIV - JP Morgan (EM)	31,856,346	2.19	1.28	2.84	2.84	-1.23	10.80	-	4.32	10/24/2018
<i>LEFD05018 MSCI EM Mrkts ND</i>			0.88	1.14	1.14	-4.91	7.93	-	4.28	10/24/2018
<i>Excess Return</i>			0.40	1.70	1.70	3.68	2.87	-	0.04	10/24/2018
LCIV - Longview (FOCUS GE)	110,801,635	7.61	0.25	4.12	4.12	5.69	18.15	-	10.11	10/24/2018
<i>LEFD05019 MSCI ACWI ND</i>			0.93	4.39	4.39	-1.43	15.47	-	10.04	10/24/2018
<i>Excess Return</i>			-0.68	-0.27	-0.27	7.13	2.68	-	0.07	10/24/2018
LCIV-Baillie Gifford(ALPHA GE)	102,864,765	7.06	0.91	4.64	4.64	-5.18	11.43	8.24	10.12	09/30/2016
<i>LEFD05016 MSCI ACWI ND</i>			0.93	4.39	4.39	-1.43	15.47	9.66	9.69	09/30/2016
<i>Excess Return</i>			-0.02	0.24	0.24	-3.74	-4.04	-1.42	0.43	09/30/2016
MFS Global Equity	79,878,492	5.48	0.37	4.46	4.46	1.26	14.95	10.00	12.33	07/31/2010
<i>LEFD05005 MSCI ACWI ND</i>			0.93	4.39	4.39	-1.43	15.47	9.66	10.69	07/31/2010
<i>Excess Return</i>			-0.57	0.06	0.06	2.69	-0.52	0.34	1.64	07/31/2010
Transition Account For Enfield	15,666	0.00	0.12	-1.58	-1.58	5.91	-	-	-5.94	03/05/2021
Trilogy	798,816	0.05	-	-	-	-	-	-	-	09/30/2007
<i>LEFD04 MSCI ACWI ND</i>			-	-	-	-	-	-	-	09/30/2007
<i>Excess Return</i>			-	-	-	-	-	-	-	09/30/2007
Total Bonds and Index Linked	367,642,249	25.23	1.20	2.40	2.40	-10.11	-0.92	-0.35	4.46	06/30/2005
<i>Enfield Bonds & IL BM</i>			1.67	2.17	2.17	-7.32	-1.49	0.43	-	06/30/2005
<i>Excess Return</i>			-0.47	0.23	0.23	-2.79	0.57	-0.78	-	06/30/2005
AON Diversified Liquid Credit	47,617,685	3.27	0.30	2.06	2.06	-0.00	-	-	-1.69	12/06/2021
<i>LEFD07003 1 month SONIA + 1.5%</i>			0.46	1.33	1.33	3.91	-	-	3.43	12/06/2021
<i>Excess Return</i>			-0.17	0.73	0.73	-3.91	-	-	-5.12	12/06/2021
Blackrock IL Gilts	80,901,450	5.55	2.92	2.40	2.40	-12.45	-3.77	-1.29	3.72	09/30/2005
<i>LEFD01 Blended Benchmark</i>			2.97	2.24	2.24	-12.61	-3.84	-1.36	5.47	09/30/2005
<i>Excess Return</i>			-0.05	0.16	0.16	0.17	0.08	0.07	-1.75	09/30/2005

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
Insight Bonds	30,356,181	2.08	-0.82	0.20	0.20	-4.43	1.83	-1.08	0.26	12/31/2013
<i>LEFD05006 SONIA 3 Month GBP+2%</i>			0.51	1.49	1.49	6.09	4.89	4.93	3.66	12/31/2013
<i>Excess Return</i>			-1.34	-1.29	-1.29	-10.51	-3.06	-6.02	-3.39	12/31/2013
LCIV - CQS (MAC)	53,557,676	3.68	-0.91	2.05	2.05	-4.15	7.04	-	1.53	11/30/2018
<i>LEFD05020 3 Month GBP SONIA</i>			0.35	1.00	1.00	2.72	1.10	-	1.07	11/30/2018
<i>Excess Return</i>			-1.26	1.06	1.06	-6.86	5.94	-	0.46	11/30/2018
LCIV Global Bond Fund	77,365,202	5.31	1.62	3.06	3.06	-	-	-	3.15	11/16/2022
<i>LEFD05021 Bloomberg Global Agg</i>			2.04	2.63	2.63	-	-	-	6.55	11/16/2022
<i>Excess Return</i>			-0.43	0.44	0.44	-	-	-	-3.40	11/16/2022
Western	77,844,056	5.34	1.90	3.10	3.10	-19.21	-6.03	-2.19	4.34	03/31/2003
<i>LEFD03 ML Stg Non-Gilts 10+</i>			2.11	3.30	3.30	-19.64	-6.79	-2.53	-	03/31/2003
<i>Excess Return</i>			-0.22	-0.20	-0.20	0.43	0.76	0.34	-	03/31/2003
Inflation Protection Illiquids	101,821,551	6.99	-0.36	1.94	1.94	-21.14	-3.46	-	-1.59	11/30/2018
<i>Enfield Inflation Illiquids BM</i>			1.14	2.13	2.13	1.48	5.28	-	4.68	11/30/2018
<i>Excess Return</i>			-1.50	-0.19	-0.19	-22.62	-8.74	-	-6.27	11/30/2018
CBRE Long Income Fund	36,752,398	2.52	1.49	1.49	1.49	-18.61	-3.02	-	-2.93	12/17/2018
<i>LEFD06007 BMK</i>			1.49	1.49	1.49	-18.61	-3.02	-	-2.93	12/17/2018
<i>Excess Return</i>			0.00	0.00	0.00	0.00	0.00	-	-0.00	12/17/2018
M&G Inflation Opportunities Fd	65,069,153	4.47	-1.38	2.23	2.23	-22.10	-3.83	-0.91	3.17	04/30/2013
<i>LEFD05010 UK RPI +2.5%</i>			0.94	2.51	2.51	16.01	10.38	8.21	6.48	04/30/2013
<i>Excess Return</i>			-2.32	-0.28	-0.28	-38.11	-14.21	-9.12	-3.31	04/30/2013
Total Hedge Funds	37,404,723	2.57	0.10	2.29	2.29	11.59	8.35	1.25	4.48	07/31/2007
<i>Enfield Hedge Funds BM</i>			-0.77	-0.39	-0.39	6.67	1.51	2.51	-	07/31/2007
<i>Excess Return</i>			0.87	2.68	2.68	4.91	6.84	-1.26	-	07/31/2007
CFM Stratus	1	0.00	3.08	5.50	5.50	16.77	13.11	6.56	3.41	12/31/2015
<i>LEFD06004 SONIA 3 Month GBP</i>			0.32	0.96	0.96	2.68	1.09	1.05	0.88	12/31/2015
<i>Excess Return</i>			2.77	4.54	4.54	14.09	12.02	5.50	2.53	12/31/2015
Davidson Kemper	34,981,096	2.40	-1.87	0.19	0.19	7.76	7.91	6.85	5.48	11/30/2014
<i>LEFD05004 SOFR 3 Month GBP</i>			-1.67	-1.53	-1.53	10.23	1.63	4.61	2.52	11/30/2014
<i>Excess Return</i>			-0.20	1.72	1.72	-2.47	6.28	2.24	2.96	11/30/2014
York Capital	2,423,626	0.17	-9.19	-8.14	-8.14	-0.73	-2.50	-8.04	0.26	12/31/2009
<i>LEFD05011 SOFR 3 Month GBP</i>			-1.67	-1.53	-1.53	10.23	1.63	4.61	2.72	12/31/2009
<i>Excess Return</i>			-7.52	-6.61	-6.61	-10.96	-4.13	-12.65	-2.45	12/31/2009
Private Equity	108,303,629	7.43	-3.27	-3.89	-3.89	-8.66	24.35	21.10	13.77	03/31/2007
<i>Enfield PE BM</i>			0.93	4.39	4.39	-1.43	15.47	9.66	-	03/31/2007
<i>Excess Return</i>			-4.20	-8.28	-8.28	-7.23	8.89	11.44	-	03/31/2007

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	108,303,629	7.43	-3.27	-3.89	-3.89	-8.66	24.35	21.10	12.50	12/31/2004
<i>LEFD06005 MSCI ACWI ND</i>			0.93	4.39	4.39	-1.43	15.47	9.66	7.55	12/31/2004
<i>Excess Return</i>			-4.20	-8.28	-8.28	-7.23	8.89	11.44	4.95	12/31/2004
Infrastructure	62,626,417	4.30	-2.27	-4.45	-4.45	-5.52	5.36	7.46	3.67	06/30/2016
<i>Enfield Infrastructure BM</i>			-1.76	-4.49	-4.49	-12.19	2.01	4.88	2.92	06/30/2016
<i>Excess Return</i>			-0.51	0.03	0.03	6.66	3.35	2.58	0.74	06/30/2016
Antin Infrastructure	20,789,554	1.43	-3.30	-4.42	-4.42	8.13	12.21	10.06	10.30	12/31/2017
INPP	41,836,863	2.87	-1.76	-4.49	-4.49	-12.19	2.01	4.88	6.79	12/31/2008
<i>LEFD05015 Fund returns</i>			-1.76	-4.49	-4.49	-12.19	2.01	4.88	2.98	12/31/2008
<i>Excess Return</i>			0.00	0.00	0.00	0.00	0.00	-0.00	3.82	12/31/2008
Property	80,638,237	5.53	0.48	-1.35	-1.35	-13.54	2.39	2.50	8.36	03/31/1987
<i>Enfield Property BM</i>			0.28	-0.20	-0.20	-14.49	2.56	2.50	-	03/31/1987
<i>Excess Return</i>			0.21	-1.15	-1.15	0.95	-0.17	-0.00	-	03/31/1987
Blackrock UK FD	34,682,129	2.38	0.43	0.21	0.21	-15.75	2.43	1.89	3.15	07/31/2002
<i>LEFD05012 IPD All Balncd Prpty</i>			0.28	-0.20	-0.20	-14.49	2.56	2.50	5.81	07/31/2002
<i>Excess Return</i>			0.15	0.41	0.41	-1.26	-0.13	-0.61	-2.66	07/31/2002
Brockton Capital Fund	9,295,429	0.64	0.02	-4.72	-4.72	-4.26	-0.77	6.36	4.66	11/30/2014
<i>LEFD06001 IPD All Balncd Prpty</i>			0.28	-0.20	-0.20	-14.49	2.56	2.50	3.10	11/30/2014
<i>Excess Return</i>			-0.26	-4.52	-4.52	10.23	-3.33	3.86	1.55	11/30/2014
Legal & General Property	36,660,680	2.52	0.65	-1.92	-1.92	-13.51	2.92	2.60	5.78	01/31/2010
<i>LEFD05013 IPD All Balncd Prpty</i>			0.28	-0.20	-0.20	-14.49	2.56	2.50	6.12	01/31/2010
<i>Excess Return</i>			0.38	-1.72	-1.72	0.98	0.35	0.10	-0.34	01/31/2010
Cash	126,663,239	8.69	-2.02	-1.07	-1.07	6.02	0.89	2.28	1.83	06/30/2016
Cash & Other Assets	1,265,696	0.09	-26.22	15.21	15.21	15.54	4.93	2.89	-4.16	06/30/2016
Cash & Other Transition Assets	202	0.00	0.13	-3.65	-3.65	-3.03	-5.33	-	-7.22	11/30/2018
Goldman Sachs Funds	48,631,167	3.34	-0.58	-0.25	-0.25	6.71	0.88	2.61	1.89	06/30/2016
<i>LEFD07001 SONIA 7 Day</i>			0.33	0.92	0.92	2.19	-	-	-	06/30/2016
<i>Excess Return</i>			-0.91	-1.17	-1.17	4.52	-	-	-	06/30/2016
PE Cash & Other Assets	65,483,636	4.49	-3.32	-2.64	-2.64	7.16	0.23	1.15	1.02	06/30/2016
<i>LEFD06002 SONIA 7 Day</i>			0.33	0.92	0.92	2.19	0.71	0.64	0.52	06/30/2016
<i>Excess Return</i>			-3.65	-3.56	-3.56	4.97	-0.48	0.51	0.50	06/30/2016
UT Cash & Other Assets	11,282,538	0.77	-0.38	-0.27	-0.27	2.25	-0.11	5.68	5.61	06/30/2016
<i>LEFD05002 SONIA 7 Day</i>			0.33	0.92	0.92	2.19	0.71	0.64	0.52	06/30/2016
<i>Excess Return</i>			-0.71	-1.19	-1.19	0.06	-0.82	5.04	5.08	06/30/2016

SECTION 2

Appendix

Investment Risk & Analytical Services

March 31, 2023

Disclaimer(s)

The Global Industry Classification Standard ("GICS") was developed by and is the exclusive property and a service mark of Morgan Stanley Capital International Inc. ("MSCI") and Standard & Poor's, a division of The McGraw-Hill Companies, Inc. ("S&P") and is licensed for use by The Northern Trust Corporation and its wholly owned subsidiaries. Neither MSCI, S&P, nor any other party involved in making or compiling the GICS or any GICS classifications makes any express or implied warranties or representations with respect to such standard or classification (or the results to be obtained by the use thereof), and all such parties hereby expressly disclaim all warranties of originality, accuracy, completeness, merchantability and fitness for a particular purpose with respect to any of such standard or classification. Without limiting any of the foregoing, in no event shall MSCI, S&P, any of their affiliates or any third party involved in making or compiling the GICS or any GICS classifications have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages.

The Dow Jones Wilshire Indexes are calculated, distributed and marketed by Dow Jones & Company, Inc. pursuant to an agreement between Dow Jones and Wilshire and have been licensed for use. All content of the Dow Jones Wilshire Indexes © 2005 Dow Jones & Company, Inc. & Wilshire Associates Incorporated.

Standard and Poor's including its subsidiary corporations ("S&P") is a division of the McGraw-Hill Companies, Inc. Reproduction of S&P Index Alerts in any form is prohibited except with the prior written permission of S&P. Because of the possibility of human or mechanical error by S&P sources, S&P or others, S&P does not guarantee the accuracy, adequacy, completeness or availability of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. S&P gives not express or implied warranties, including, but not limited to, any warranties or merchantability or fitness for a particular purpose or use. In no event shall S&P be liable for any indirect, special or consequential damages in connection with subscriber's or others' use of S&P Index Alerts.

All MSCI equity characteristic results except for Dividend Yield, Price to Book Value, Price to Cash Earnings and Price Earnings Ratio were calculated by The Northern Trust Company.

FTSE ® is a trade mark of London Stock Exchange Plc and The Financial Times Limited and is used by FTSE under license. All rights in the FTSE Indices vest in FTSE and/or its licensors. Neither FTSE nor its licensors accept any liability for any errors or omissions in the FTSE Indices or underlying data.

The Merrill Lynch Indices are used with permission. Copyright 2007, Merrill Lynch, Pierce, Fenner & Smith Incorporated. All rights reserved. The Merrill Lynch Indices may not be copied, used, or distributed without Merrill Lynch's prior written approval.

The Citi Index data is provided to you on an "AS IS" basis and you agree that use of the index data is at your sole risk. Citi Index makes no representations or warranties, express or implied, to you or any other person or entity, including without limitation any warranty of merchantability, originality, suitability or fitness for a particular purpose of the index data or any other matter and no warranty is given that the index data will conform to any description thereof or be free of omissions, errors, interruptions or defects. 4. In no event shall Citi Index be liable to you or any other person or entity for any direct, incidental, indirect, special or consequential damages (including, without limitation,

lost profits or revenues, loss of data, loss of use or claims of third parties), arising out of or in any manner in connection with your use of (or inability to use) the index data, whether or not you have been advised of, or otherwise might have anticipated the possibility of, such damages. Without limitation on the foregoing, you acknowledge that the index data may be incomplete or condensed, is for information purposes only and is not intended as, and shall not be construed to be, an offer or solicitation with respect to the purchase or sale of any security. All opinions and estimates provided constitute judgments as of their respective dates and are subject to change without notice. Such data, information, opinions and estimates are furnished as part of a general service, without regard to your particular circumstances, and Citi Index shall not be liable for any damages in connection therewith. Citi Index is not undertaking to manage money or act as a fiduciary with respect to your accounts or any of your managed or fiduciary accounts and you acknowledge and agree that the index data does not and shall not serve as the primary basis for any investment decisions made with respect to such accounts.

iShares® and BlackRock® are registered trademarks of BlackRock, Inc. and its affiliates ("BlackRock") and are used under license. BlackRock has licensed certain trademarks and trade names of BlackRock to The Northern Trust Company. The Northern Trust Company's products and services are not sponsored, endorsed, sold, or promoted by BlackRock, and BlackRock makes no representations or warranties related to such products or services either to The Northern Trust Company or any other person or entity, including but not limited to the advisability of investing in the products of The Northern Trust Company. BlackRock has no obligation or liability in connection with the operation, marketing, trading or sale of the products or services from The Northern Trust Company.

Please note that this report has been prepared using best available data. This report may also contain information provided by third parties, derived by third parties or derived from third party data and/or data that may have been categorized or otherwise reported based upon client direction - Northern Trust assumes no responsibility for the accuracy, timeliness or completeness of any such information. If you have questions regarding third party data or direction as it relates to this report, please contact your Northern Trust relationship team.

INVESTMENT ADVICE NOTICE: The data and analysis contained in this report is for informational purposes only. In providing the information contained herein, The Northern Trust Company is not undertaking to provide "investment advice" or to give advice in a fiduciary capacity for purposes of the Employee Retirement Income Security Act of 1974, as amended. Nothing in this report is intended as, or should be understood as, a recommendation to hire, retain, or terminate an investment manager or engage in any purchase or sale transaction with such a manager or any fund that it manages. The Northern Trust Company and/or its affiliates may have business relationships with one or more investment managers or funds for included in this report, and may receive compensation for providing custody, administration, banking, brokerage, foreign exchange or other services to such investment managers or funds. The Northern Trust Company and its affiliates shall have no responsibility for the consequences of investment decisions made in reliance on information contained in this report.

Quarterly Investment Report

London Borough of Enfield Pension Fund



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

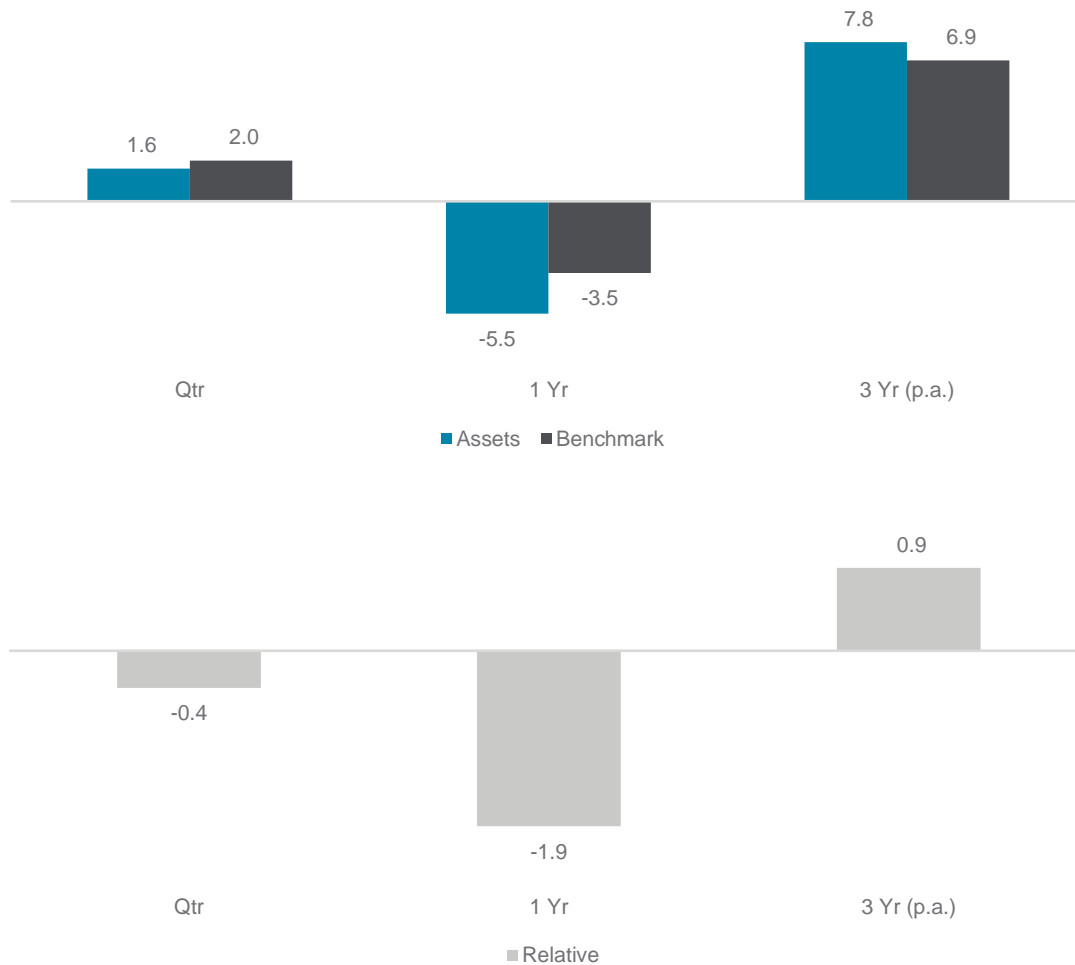
Prepared by: Colin Cartwright

Date: 27 June 2023



At a glance...

Performance summary (%)



Assets

£1456.9m



Assets increased by £26.5m over the quarter.

Key driver – Equities

£571.8m



Equities increased by £20.8m over the quarter.

Funding level

104.2%

Funding level as at 31 March 2023.

Source: Aon.



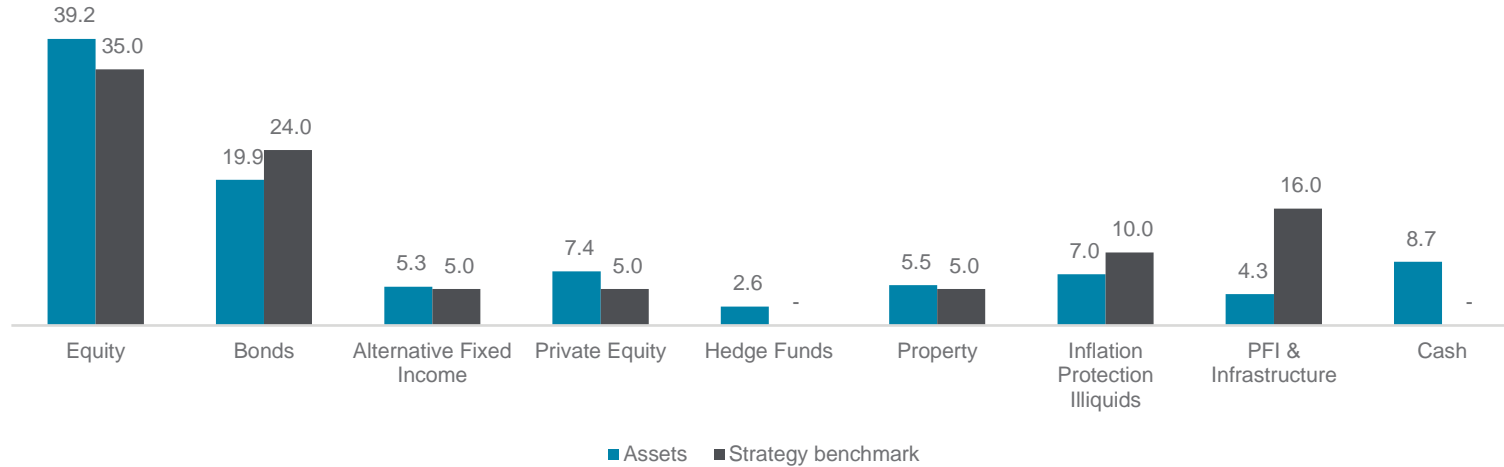
Strategic allocation



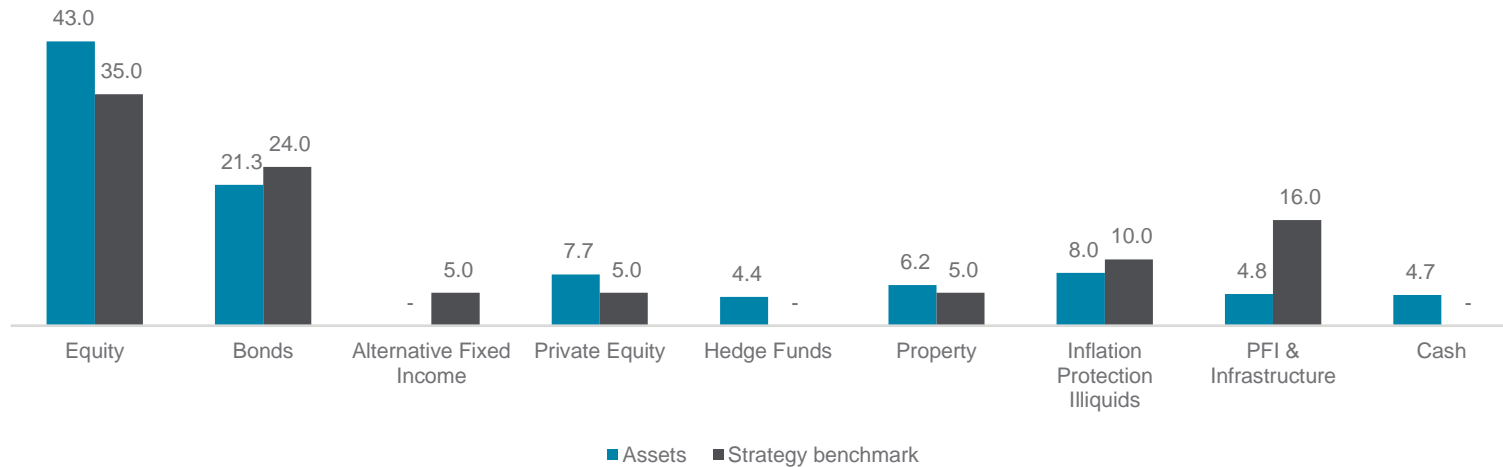
Strategic allocation

The strategic allocations shown are those agreed in 2021.

31 March 2023 strategic allocation & benchmark (%)



31 March 2022 strategic allocation & benchmark (%)



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

Key developments



LCIV Baillie Gifford

Over the quarter Aon conducted a detailed on-site review of the Global Alpha Growth Fund. Our comments apply to both the original strategy as well as the Paris-Aligned version in which LB Enfield invests. As discussed previously, the review was partly due to the passage of time since our last on-site review and in acknowledgement of a drawdown in relative performance through the last 24 months.

The result of our review has been to maintain the Buy rating at an overall level for the strategy. All subcomponent grades remain the same. Overall, many aspects that helped the strategy achieve a Buy rating remain in place. For example, Baillie Gifford is a supportive firm with strong and visible alignment of interests between investors to the strategy and investment professionals, has an above-average investment team and a differentiated philosophy and end portfolio that has generally served clients well.

However, the sharpness of the performance on the upside in 2020 and downside in 2021/2022 shows how much the growth investment style has influenced relative performance. This, in our view, in the post zero-interest-rate policy world, introduces new considerations for investors and allocators. Such strategies are likely to face a more uncertain period relative to the last decade and the most successful are likely to be the more adaptive to different types of market regimes. As such going forwards, we will have a preference for those stylised managers that can demonstrate adaption and be less explained by a narrow set of factors.

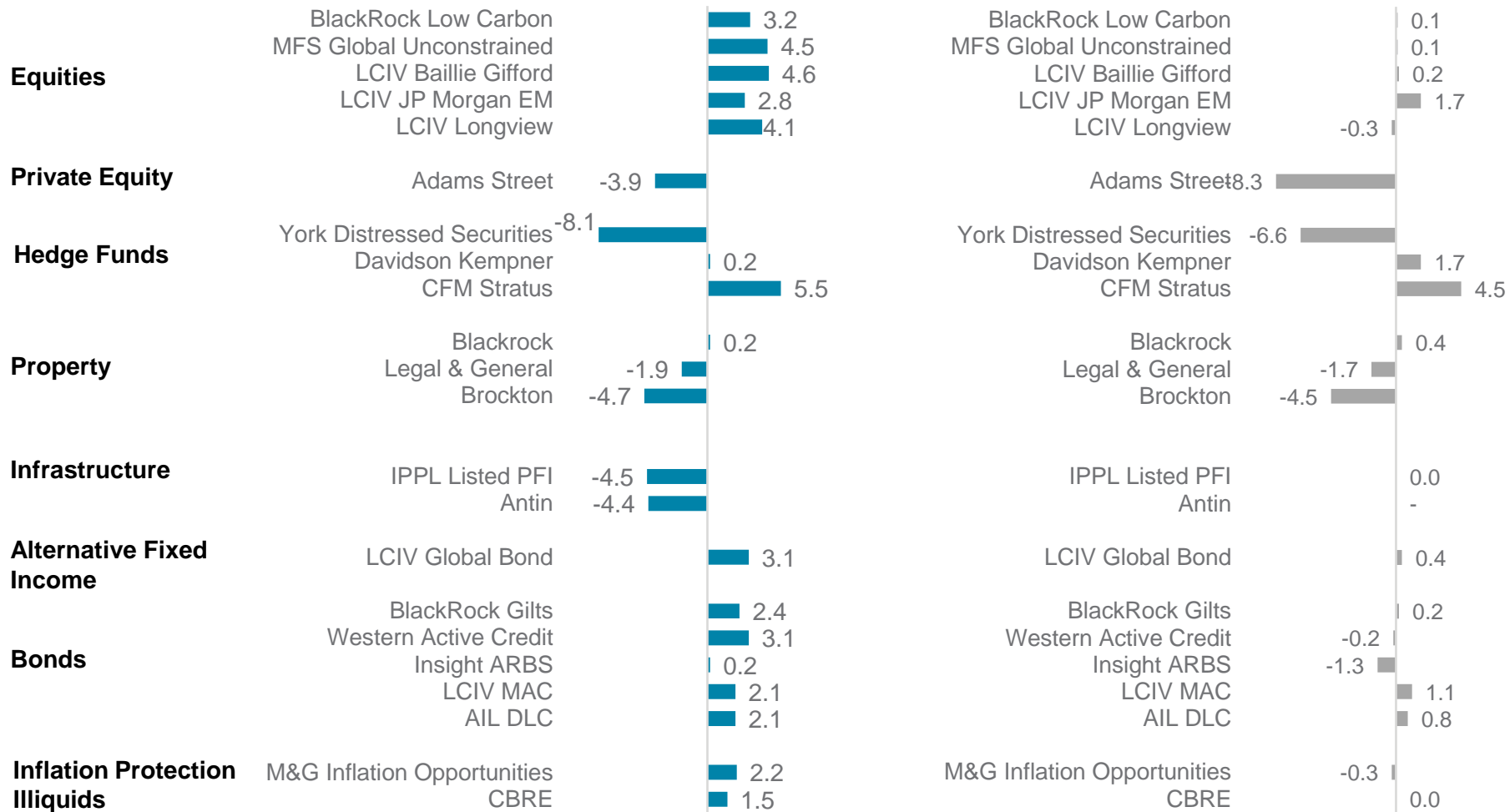
	Rating	%	ESG	Change
Equities		39.2		
BlackRock World Low Carbon	Buy	16.9	Integrated	-
MFS Global Unconstrained	Qualified	5.5	Advanced	-
London CIV Baillie Gifford	Buy	7.1	Integrated	-
London CIV Longview Partners	Buy	7.6	Integrated	-
London CIV JP Morgan	Qualified	2.2	-	-
Private Equity		7.4		
Adams Street	Qualified	7.4	-	-
Hedge Funds		2.6		
Davidson Kempner International	Buy	2.4	Integrated	-
York Distressed Securities	Sell	0.2	Integrated	-
UK Property		5.5		
Blackrock	Buy	2.4	-	-
Legal & General	Qualified	2.5	-	-
Brockton	Buy (closed)	0.6	-	-
PFI & Infrastructure		4.3		
IPPL Listed PFI	Not rated	2.9	-	-
Antin	Buy (closed)	1.4	-	-
Bonds		19.9		
BlackRock Passive Gilts and ILGs	Buy	5.6	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		5.3		
London CIV Global Bond Fund	Buy	5.3	Advanced	-
Inflation Protection Illiquids		7.0		
M&G Inflation Opportunities	Buy	4.5	-	-
CBRE	Buy	2.5	-	-

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. 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

Q1 2023 absolute performance (% pa)

Q1 2023 relative performance (% pa)

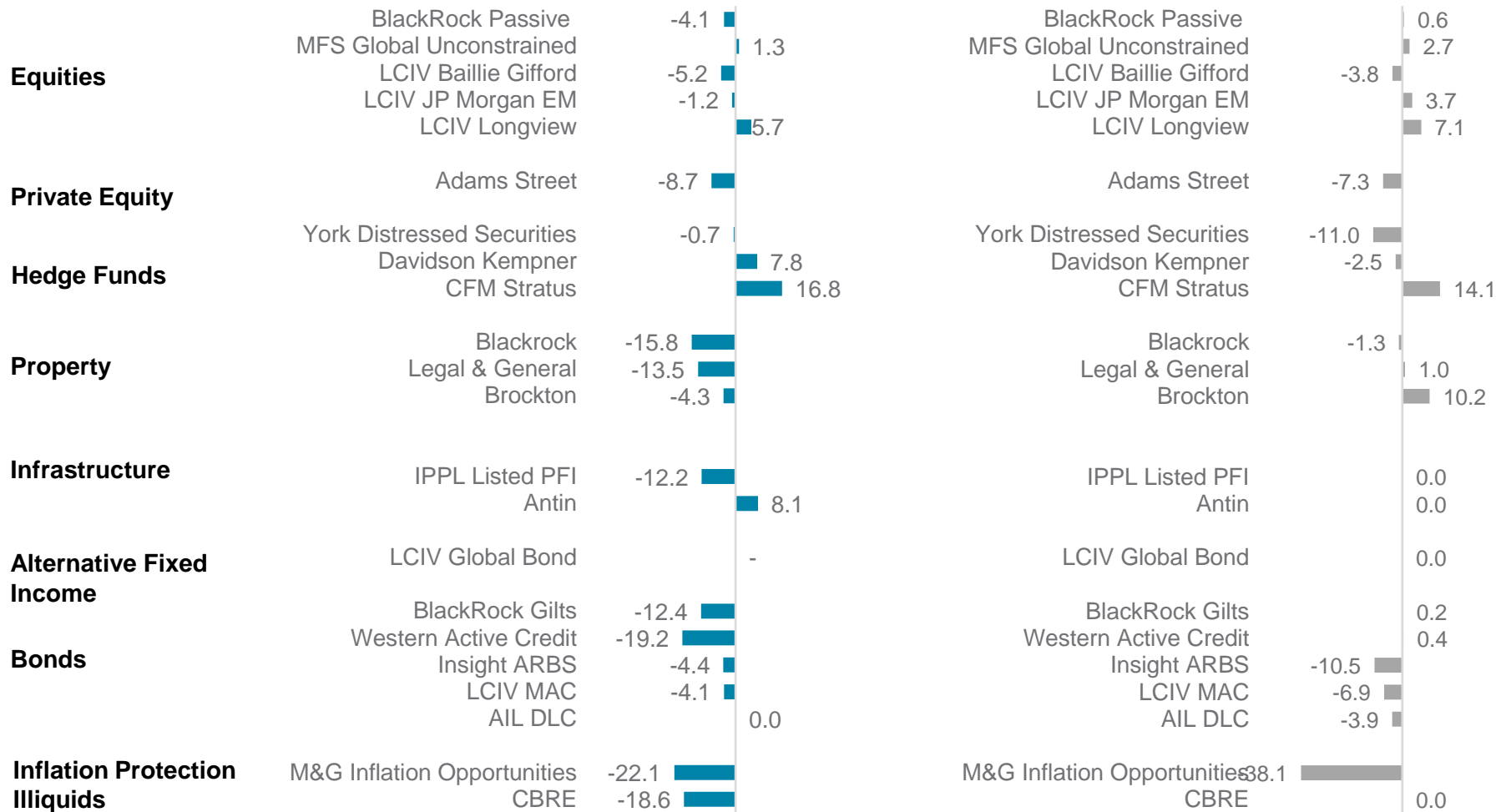


Source: Northern Trust. Performance is net of fees. Relative performance may be rounded.

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.

Disclaimer:

This document and any due diligence conducted is based upon information available to us at the date of this document and takes no account of subsequent developments. We will not provide any updates or supplements to this document or any due diligence conducted unless we have expressly agreed with you to do so.

In preparing this document we may have relied upon data supplied to us by third parties (including those that are the subject of due diligence) and therefore no warranty or guarantee of accuracy or completeness is provided. We cannot be held accountable for any error, omission or misrepresentation of any data provided to us by third parties (including those that are the subject of due diligence). This document is not intended by us to form a basis of any decision by any third party to do or omit to do anything.

Notwithstanding the level of skill and care used in conducting due diligence into any organisation that is the subject of a rating in this document, it is not always possible to detect the negligence, fraud, or other misconduct of the organisation being assessed or any weaknesses in that organisation's systems and controls or operations.

Any opinions or assumptions in this document have been derived by us through a blend of economic theory, historical analysis and/or other sources. Any opinion or assumption may contain elements of subjective judgement and are not intended to imply, nor should be interpreted as conveying, any form of guarantee or assurance by us of any future performance. Views are derived from our research process and it should be noted in particular that we cannot research legal, regulatory, administrative or accounting procedures and accordingly make no warranty and accept no responsibility for consequences arising from relying on this document in this regard. Calculations may be derived from our proprietary models in use at that time. Models may be based on historical analysis of data and other methodologies and we may have incorporated their subjective judgement to complement such data as is available. It should be noted that models may change over time and they should not be relied upon to capture future uncertainty or events.

Aon plc (NYSE:AON) exists to shape decisions for the better - to protect and enrich the lives of people around the world. Our colleagues provide our clients in over 120 countries and sovereignties with advice and solutions that give them the clarity and confidence to make better decisions to protect and grow their business.

Copyright © 2023 Aon Solutions UK Limited and Aon Investments Limited. All rights reserved. aon.com. Aon Wealth Solutions' business in the UK is provided by Aon Solutions UK Limited - registration number 4396810, or Aon Investments Limited – registration number 5913159, both of which are registered in England and Wales have their registered office at The Aon Centre, The Leadenhall Building, 122 Leadenhall Street, London EC3V 4AN. Tel: 020 7623 5500. Aon Investments Limited is authorised and regulated by the Financial Conduct Authority. This document and any enclosures or attachments are prepared on the understanding that they are solely for the benefit of the addressee(s). Unless we provide express prior written consent no part of this document should be reproduced, distributed or communicated to anyone else and, in providing this document, we do not accept or assume any responsibility for any other purpose or to anyone other than the addressee(s) of this document. In this context, "we" includes any Aon Scheme Actuary appointed by you. To protect the confidential and proprietary information included in this document, it may not be disclosed or provided to any third parties without Aon's prior written consent.

This page is intentionally left blank

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank