



**PENSION POLICY & INVESTMENT
COMMITTEE**

Wednesday, 4 October 2023 at 10.00 am
Conference Room, Civic Centre, Silver
Street, Enfield, EN1 3XA

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PENSION POLICY & INVESTMENT COMMITTEE

**Wednesday, 4th October, 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. MINUTES OF PREVIOUS MEETING (Pages 1 - 4)

To agree the minutes of the previous meeting held on 19 July 2023.

4. CHAIR'S UPDATE

To receive an update from the Chair.

5. REPORT ON NEW JOINERS & LEAVERS (Pages 5 - 8)

To note the contents of this report.

6. RISK MANAGEMENT POLICY (Pages 9 - 26)

Pension Policy and Investment Committee are recommended to note the contents of this report.

7. CONSULTATION COMMENT SUMMARY- PART 1 & PART 2 CONFIDENTIAL APPENDIX (Pages 27 - 34)

To note the contents of the report of Enfield Pension fund's response to the Local Government consultation.

8. INVESTMENT UPDATE ON ENFIELD PENSION FUND INVESTMENT & MANAGERS - PART 1 & PART 2 CONFIDENTIAL APPENDIX (Pages 35 - 150)

The Pension Policy & Investment Committee are asked to agree and note the contents of the report.

9. M&G INFLATION OPPORTUNITIES FUND PRESENTATION (Pages 151 - 194)

To receive a presentation from M&G investments who manage the M&G inflation opportunities fund for the London Borough of Enfield Pension Fund.

10. UPDATE FROM PENSION BOARD

Members will receive a verbal update.

11. AOB

12. PART TWO ITEMS - CONTAINING EXEMPT INFORMATION

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

13. DATES OF FUTURE MEETINGS

To note the dates of future meetings as follows:

Wednesday 17th January 2024

PENSION POLICY & INVESTMENT COMMITTEE - 19.7.2023**MINUTES OF THE MEETING OF THE PENSION POLICY & INVESTMENT
COMMITTEE
HELD ON WEDNESDAY, 19 JULY 2023****COUNCILLORS**

PRESENT (Chair) Doug Taylor, Susan Erbil (Cabinet Member for Licensing, Planning and Regulatory Services), Gina Needs (Cabinet Member for Community Safety and Cohesion), Sabri Ozaydin, David Skelton and Edward Smith

ABSENT

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

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

**1
WELCOME AND APOLOGIES**

The Chairman welcomed everyone to the meeting.

There were no apologies given.

**2
DECLARATIONS OF INTEREST**

Councillor Taylor declared a non-pecuniary interest as he was appointed to the LCIV Shareholder Committee.

**3
APPOINTMENT OF VICE CHAIR**

The Chair nominated Councillor Sabri Ozaydin as Vice-Chair which was seconded by Councillor Gina Needs.

**4
MINUTES OF PREVIOUS MEETING**

The minutes of the meeting held on 29 March 2023 were agreed.

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**5
CHAIRS UPDATE**

The Chair attended a sustainable investment conference where a presentation from Morning Star displayed a template for information sharing. The Chair has spoken to Officers to consider consolidating the committees various sources of information to create an at-a-glance template for each of our investments.

The Chair also attended the Local Authority Pension Fund Forum Conference.

The Government has issued a consultation document on Pulin which has a deadline of October 5th.

ACTION: Ravi to send link to Committee and members to email him comments by end of August.

**6
INFRASTRUCTURE INVESTMENTS**

Ravi Lakhani introduced the item highlighting the key points from the report. As of 31 March 2023 the fund has a 16% strategic allocation to infrastructure assets.

AGREED to invest £75 million into the London CIV Renewable Infrastructure Fund.

AGREED to invest £50 million into the Copenhagen Infrastructure Partners (CIP V) fund.

ACTIONS:

Ravi to bring scheme of delegation to the next meeting.

Officers to seek Governance advice on a working group or sub committee to hold a further infrastructure manager selection.

**7
PENSION FUND BUSINESS PLAN AND BUDGET**

Ravi Lakhani presented this item highlighted the main points from the plan including the review of the contract with Aon.

The budget excludes investment returns, it has been increased with relevant allowances such as the 4% pay award and pension increase.

Members had questions on the admin costs listed in the report, to which officers explained that the cost of running the service includes the pension admin team, finance team admin staff , the oversight and governance cost

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associated with the funds custodians and audit costs.

ACTION Ravi to arrange training session for Members

AGREED the Pension Fund Business Plan and Budget for 2023-24.

8

FUNDING UPDATE

Aon introduced this item explaining that employers have been paying the new contribution rates from April this year.

The fund has been in a slightly improved position over the last 12 months. Investment returns have not been as good.

NOTED the report.

9

INVESTMENT STRATEGY UPDATE

Aon introduced this item highlighting the key points from the report. The strategy's is revisited every 3 years. Aon's approach to settling investment strategy is to discover the beliefs, develop a clearly defined return objective, deliver a portfolio focused on the objective, then review.

Aon will propose a dedicated session in quarter 3 of 2023 to look at delivering a portfolio based on the objectives set.

ACTION Officers to arrange a training day with Members of PPIC and Aon.

10

CASH INVESTMENT RECOMMENDATION

Ravi Lakhani presented the item explaining that there is currently a large cash balance which is residing in money market funds which can be withdrawn without any penalties.

It is recommended is to invest £35m into Blackrock Passive Gilts fud, £35m into all diversified liquid credit fund, this will leave the £44.7m balance remaining in cash. This allows for a quicker return without tying money up.

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Members raised concern regarding potential conflicts of interest with advice coming from the same company that owns the fund. It was explained that Aon have a conflict of interest policy.

Action Aon to share the conflict of interest policy with PPIC

Agreed to invest £35 million into Blackrock Passive Gilts fund

Agreed for members to receive a note on due diligence done against ALL Diversified Liquid Credit fund. Subject to their being no objections the investment can be made

11

CLIMATE SCENARIO ANALYSIS

Aon presented this item explaining the 5 potential climate change scenarios and its potential impact on assets and liabilities within the fund.

A review of the funds investment strategy will take place in the second half of 2023. The implications that arise from this should be considered in the Funds Investment Strategy.

Noted the report and part 2 appendices.

12

UPDATE ON ENFIELD PENSION FUND INVESTMENTS AND MANAGERS, ECONOMIC OUTLOOK

Ravi Lakhani presented this item. The value of the fund as of 31 March 2023 was £1.4m which was a £26.5m increase in the quarter.

Agreed to investigate the performance of the M&G inflation opportunities fund and receive assurances over future performance.

13

LOCAL PENSION BOARD UPDATE

Ravi Lakhani advised there were no concerns from the Local Pension Board.

Noted the Pension Board Budget and Business Plan.



London Borough of Enfield

Report Title	New Joiners & Leavers to the London Borough of Enfield Pension Fund
Report to	Pension, Policy & Investment Committee (PPIC)
Date of Meeting	04 October 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. The purpose of this report is to update the PPIC on the number of Joiners and leavers to the Enfield Pension scheme.

Recommendations

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

Background

3. When new starters are employed by Enfield Council (the largest employer in the fund), they are auto-enrolled into the Pension Fund ("Fund"). These new starters have an option to opt-out within the first three months of the joining.
4. These employees pay a percentage of their salary into the Pension scheme.
5. Concerns were expressed at previous PPIC meetings that due to the cost of living crisis new starters may be opting out and existing members may also be choosing to leave the scheme.
6. The cost of living increased sharply across the UK during 2021 and 2022. The annual rate of inflation reached 11.1% in October 2022, a 41 year high, before easing in subsequent months. Inflation was 6.8% in July 2023. High inflation impacts the affordability of goods and services for households. There is concern

that employees may choose to leave the Pension Scheme to enable them to retain more of their income to meet day to day living expenses.

Cost of living impact on members

7. It's important to keep an ongoing review of membership numbers in order to identify trends and impacts.

It can be argued that an indication of the cost of living crisis, can be seen by focusing on the number of members opting out or moving to the 50/50 scheme. The issue is being looked at a national level and current discussions are taking place as to how data can be correctly captured to assess the full impact.

Some points to note in terms of data collection:

- If a member opts out before 3 months they are automatically refunded via their employer's payroll, so these records are not currently available.
- If a member wishes to opt out, the pensions team make members aware of the 50/50 scheme as an alternative option.
- Pension auto enrolment has an impact on data collection. All previously opted out members are automatically brought back into the Pension Scheme every 3 years. Enfield ran an auto enrolment in May 2022, which will impact on the numbers below.

8. Members opting out of the Fund

Period Start	Period End	Total
01/04/2020	31/03/2021	235
01/04/2021	31/03/2022	245
01/04/2022	31/03/2023	350
Average		277

Members Joining the 50/50 scheme

Period Start	Period End	Total
01/04/2020	31/03/2021	26
01/04/2021	31/03/2022	24
01/04/2022	31/03/2023	94
Average		48

Total Scheme Movement

Period Start	Period End	Actives Members	Deferred Members	Pensioners
01/04/2020	31/03/2021	8,319	10,035	6,259
01/04/2021	31/03/2022	8,354	10,589	6,618
01/04/2022	31/03/2023	8,389	11,269	6,934
Overall increase		+70	+1,234	+ 675

Scheme membership numbers have increased overall in the last three years. The biggest increase has been in deferred membership. It could be argued that this

increase relates to members who have opted out of the scheme due to cost of living implications.

9. It was agreed at the September Pension Board that the Pensions Administration section will look to carry out further work with new starters to educate them on the benefits of the scheme and explore options to capture details of why members are leaving the scheme.

Relevance to Council Plans and Strategies

10. An economy that works for everyone.

Financial Implications

11. Employees leaving the Pension will result in reduced Pension Contributions to the Pension Fund from both the employee and employer.

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Appendices

None.

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London Borough of Enfield

Report Title	Enfield Pension Fund Risk Management Strategy
Report to	Pension Policy Investment Committee (PPIC)
Date of Meeting	04 October 2023
Cabinet Member	Cllr Tim Leaver
Executive Director / Director	Fay Hammond
Report Author	Ravi Lakhani (Head of Pension Investments). Ravi.Lakhani@enfield.gov.uk

Purpose of Report

1. This report and the appendix sets out the Risk Management Policy and an approach to internal controls for the London Borough of Enfield Pension Fund. The Board is required to review and note this report at least every three years.

Recommendations

2. The Pension Board is recommended to consider and note the Risk Management Policy and the key internal controls.

Background and Risk Management policy

3. In accordance with the Public Service Pensions Act 2013 (PSPA) all Board members are required to have knowledge and understanding of pension scheme matters at a level that will allow them to properly exercise the functions of their role.
4. The Risk Policy set out in an appendix 1 to this report details the risk management strategy of the Pension Fund. It covers the approach to risk management and the procedures that are adopted in respect of risk management

5. The Policy sets out the aims and objectives for the management of risk. It also recognises that risks cannot be entirely removed from the management of the Pension Fund because of the very nature of the Fund itself and the environment in which it operates. The risk management process involves the identification of risk, analysing risks, controlling risks, where appropriate, and the monitoring of risk on an ongoing basis.
6. The appendix also sets out key internal controls identified. It is not an exhaustive list; however, it forms the basis of some of the internal controls in place to manage the Fund on a day to day basis and also draws on guidance from the CIPFA publication Managing Risk in the Local Government Pension Scheme and from the Pensions Regulator's code of practice for public service pension schemes.
7. The Pensions Policy & Investment Committee act as quasi Trustees to the London Borough of Enfield Pension Fund and therefore have the responsibility for the strategic management of the assets of the Fund and the administration of benefits. As quasi trustees their overriding duty is to ensure the best possible outcomes for the Pension Fund, its participating employers and scheme members. Within their Governance role, it is therefore important for Committee Members to understand the risks involved in the management of the Pension Fund and the actions put in place to mitigate those risks where possible
8. Risk management of the Pension Fund needs to ensure the identification, analysis and economic control of opportunities and risks that challenge the assets, reputation or objectives of the Fund. Effective risk management enables the Pensions Policy & Investment Committee to manage strategic decisions to safeguard the wellbeing of all stakeholders in the Pension Fund and increase the likelihood of achieving the Fund's objectives.
9. The Administering Authority must be satisfied that risks are appropriately managed. For this purpose, the Executive Director of Resources Enfield Council, is the designated individual for ensuring the process outlined in the policy is carried out, subject to the oversight of the Pensions Policy & Investment Committee
10. However, it is the responsibility of each individual covered by this Policy to identify any potential risks for the Fund and ensure that they are fed into the risk management process. This process is a continuous approach which systematically looks at risks surrounding the Fund's past, present and future activities.
11. All risks are regularly reviewed to ensure that they remain appropriate and that the controls are in place to manage risks where feasible. An annual review of the Risk Register has been included within the business plan for the Pension Fund and this report will therefore continue to be a regular feature so that the Board and the Committee understands the risks involved in managing the Pension Fund and is able to therefore to make informed decisions.

Reason for Recommendation

12. The terms of reference for the Pension Board set out a broad range of functions relating to the administration of the Pension Fund.
13. The consideration of the risks associated with administering the Pension Fund properly fall within the terms of reference of the Board. Setting out of a policy recognises the importance that is placed on this area in accordance with both the CIPFA guidance and recognises the increased role of the Pensions Regulator following the Public Service Pensions Act 2013.
14. The Policy coming before PPIC for review and comment helps to demonstrate compliance with both regulations and guidance provided by CIPFA and TPR
15. Separate risk registers covering Pension Investments and Pension Administration will be presented to PPIC and Pension Board respectively going forward.

Relevance to Council Plans and Strategies

1. Clean and green places
2. Strong Healthy and safe communities
3. An economy that works for everyone

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Appendices

Appendix 1: Risk Management policy and internal controls



Enfield Pension Fund Risk Management Policy and Internal Control Measures



1. Introduction

This document is the Risk Management Policy of the Enfield Pension Fund (the “Fund”), which is managed and administered by London Borough of Enfield. The Council delegates this responsibility to the Pension Policy and Investment Committee (PPIC). In recognition of the PPIC’s fiduciary duties and responsibilities towards pension scheme members, participating employers and local taxpayers, this document sets out:

- the risk philosophy for the management of the Fund, and in particular attitudes to, and appetite for, risk
- how risk management is implemented
- risk management responsibilities
- the procedures that are adopted in the risk management process.

London Borough of Enfield (“we”) recognise that effective risk management is an essential element of good governance in the LGPS. By identifying and managing risks through an effective policy and risk management strategy, we can:

- demonstrate best practice in governance
- improve financial management
- minimise the risk and effect of adverse conditions
- identify and maximise opportunities that might arise
- minimise threats.

We adopt best practice risk management, which will support a structured and focused approach to managing risks and ensuring risk management is an integral part in the governance of the Enfield Pension Fund at a strategic and operational level.

2. Background

Risk can be defined as the combination of the likelihood of an event occurring and the level of impact on the Pension Fund’s ability to achieve its objectives if it does occur. Pension funds exist in order to pay future pension benefits. No organisation can completely eliminate risk due to the inherent uncertainties of the global economic environment, and it is therefore a risk that the investment assets of pension funds will be less or more than the pension liabilities. This Risk Policy & Strategy sets out a common basis for risk management.

3. To whom this policy applies

This Risk Policy applies to all members of the Pensions Policy & Investment Committee and the local Pension Board, including scheme member and employer representatives. It also applies to all managers in the London Borough of Enfield Pension Fund Management Team,



the Chief Finance Officer (Section 151 Officer) and the Director of Finance, (from here on, collectively referred to as the senior officers of the Fund).

Less senior officers involved in the daily management of the Pension Fund are also integral to managing risk for the Enfield Pension Fund and will be required to have appropriate understanding of risk management relating to their roles, which will be determined and managed by the Head of Pension Investments.

Advisers to the Enfield Pension Fund are also expected to be aware of this Policy, and assist senior officers, Committee members and Board members as required, in meeting the objectives of this Policy.

4. Risk Areas & Types

Broadly the types of risk that the Fund is exposed to fall into the following broad categories:

- i) Financial – These relate to insufficient funding to meet liabilities, loss of money, poor financial monitoring with the consequence being the requirement for additional funding from the Council and other employers.
- ii) Strategic – Failure to meet strategic objectives, such as performance targets, Funding Strategy Statement objectives.
- iii) Regulatory – Regulatory changes, failure to comply with legislation, to meet statutory deadlines.
- iv) Reputational – Poor service damaging the reputation of the Fund.
- v) Operational – Data maintenance, service delivery targets.
- vi) Contractual – Service providers, failure to deliver, effective management of contracts.
- vii) Communication – Failure to keep all stakeholders notified of issues that affect them, be they employers, scheme members or contractors.

5. Risk Policy

Risk should be eliminated, transferred or controlled as far as possible (Some risks may be tolerated depending on the likelihood of them occurring and the impact of them when they occur). To achieve this Enfield Pension Fund will ensure that risk management is integral to the governance and management of the Fund at both strategic and operational levels. The aim is to integrate risk awareness and management into both the processes and the culture of Enfield Pension Fund to help ensure that the Fund's objectives are met. This policy will be subject to annual review.

6. Risk Management Objectives

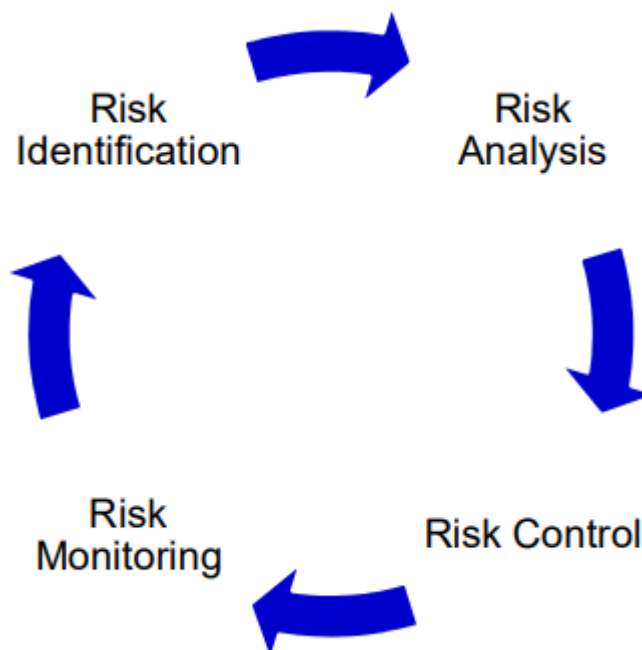
One of the Fund's key governance objectives is to understand and monitor risk. In doing so, we will aim to:

- integrate risk management into the culture and day-to-day activities of the Fund
- raise awareness of the need for risk management by all those connected with the management of the Fund (including advisers, employers and other partners)
- anticipate and respond positively to change
- minimise the probability of negative outcomes for the Fund and its stakeholders
- establish and maintain a robust framework and procedures for identification, analysis, assessment and management of risk, and the reporting and recording of events, based on best practice
- ensure consistent application of the risk management methodology across all Pension Fund activities, including projects and partnerships.

How this is achieved will vary depending on the type of risk and the activity involved. In relation to pension fund administration, the objective is to eliminate risk as far as possible; whereas the objective is to balance risk and return in relation to pension fund investment.

7. Risk Management Strategy

The Fund's risk management process is in line with that recommended by CIPFA and is a continuous approach which systematically looks at risks surrounding the Fund's past, present and future activities. The main processes involved in risk management are identified in the figure below and detailed in the following sections.



a) Risk Identification

The Fund's risk identification process is a proactive and reactive one, looking forward i.e. horizon scanning for potential risks and looking back, by learning lessons from reviewing how existing controls have manifested in risks to the organisation.

Risks are identified by a number of means including, but not limited to:

- formal risk assessment exercises managed by the Enfield Pension Fund Officers and the Advisers;
- performance measurement against agreed objectives;
- monitoring against the Fund's business plan;
- findings of internal and external audit and other adviser reports;
- feedback from the local Pension Board, employers and other stakeholders;
- informal meetings of senior officers or other staff involved in the management of the Pension Fund; and
- liaison with other organisations, regional and national associations, professional groups, etc.

Once identified, risks will be documented on the Fund's risk register, which is the primary control document for the subsequent analysis, control and monitoring of those risks.

b) Risk Analysis

Once potential risks have been identified, the next stage of the process is to analyse and profile each risk. Risks will be assessed against the following where the score for likelihood will be multiplied by the score for impact to determine the current risk rating.

Likelihood of risk occurring	Very High (5)	5	10	15	20	25
	Significant / High (4)	4	8	12	16	20
	Medium (3)	3	6	9	12	15
	Low (2)	2	4	6	8	10
	Very Low (1)	1	2	3	4	5
<i>Potential Financial Impact</i>	1 Insignificant/ Small £50k	2 Minor/Small >£50k to <£500k	3 Moderate/ Medium £500k-£10m	4 Major/ Large £10m-£50m	5 Catastrophic/ Very Large Over £50m	
<i>Potential Reputation Impact</i>	Minor complaint	No media interest	One off local media interest	Adverse national media or sustained local interest	Ministerial intervention and or public inquiry	
Potential impact (financial or reputation) if risk occurred						

c) Risk control



The Head of Pension Investments and the Head of Pension Administration will determine whether any further action is required to control the risk which in turn may reduce the likelihood of a risk event occurring or reduce the severity of the consequences should it occur. Before any such action can proceed, it may require Pensions Policy and Investment Committee approval where appropriate officer delegations are not in place. The result of any change to the internal controls could result in any of the following:

- Risk elimination – for example, ceasing an activity or course of action that would give rise to the risk.
- Risk reduction – for example, choosing a course of action that has a lower probability of risk or putting in place procedures to manage risk when it arises.
- Risk transfer – for example, transferring the risk to another party either by insurance or through a contractual arrangement.

(The Fund's existing controls can be found in appendix A to this paper)

The Fund's risk register details all further action in relation to a risk and the owner for that action. Where necessary the Fund's business plan will be update in relation to any agreed action as a result of an identified risk.

d) Risk monitoring

Risk monitoring is the final part of the risk management cycle and will be the responsibility of the Enfield Pension Fund and its Advisors. In monitoring risk management activity, the Fund will consider whether:

- the risk controls taken achieved the desired outcomes
- the procedures adopted and information gathered for undertaking the risk assessment were appropriate
- greater knowledge of the risk and potential outcomes would have improved the decision- making process in relation to that risk
- there are any lessons to learn for the future assessment and management of risks.

8. Reporting

Progress in managing risks will be monitored and recorded on the risk register and key information will be provided on a quarterly basis to the Enfield Pensions Policy and Investment Committee and the Pensions Board as part of the regular update reports on governance, investments and funding, and administration and communications. This reporting information will include:

- a summary of the Fund's key risks (ranked 15 or above in the above matrix);
- a summary of any new risks or risks that have changed (by a score of 3 or more) or risks that have been removed since the previous report;



- the Fund's risk dashboard showing the score of all existing risks and any changes in a pictorial fashion; and
- a summary of any changes to the previously agreed actions.

9. Key risks to the effective delivery of this Policy

The key risks to the delivery of this Policy are outlined below. The Pensions Policy and Investment Committee members, with the assistance of the Enfield Pension Fund Officers and Advisers, will monitor these and other key risks and consider how to respond to them.

- Risk management becomes mechanistic, is not embodied into the day to day management of the Fund and consequently the objectives of the Policy are not delivered
- Changes in Pensions Policy and Investment Committee and/or Pensions Board membership and/or senior officers mean key risks are not identified due to lack of knowledge
- Insufficient resources being available to satisfactorily assess or take appropriate action in relation to identified risks
- Risks are incorrectly assessed due to a lack of knowledge or understanding, leading to inappropriate levels of risk being taken without proper controls
- Lack of engagement or awareness of external factors means key risks are not identified.
- Conflicts of interest or other factors leading to a failure to identify or assess risks appropriately



Appendix A – Key Internal Control Measures		
Measures	Control Objective	Description of Control Procedures
Authorising and processing transactions	Benefits payable are calculated in accordance with the Regulations and are paid on a timely basis	<ul style="list-style-type: none"> Fully tested and regularly audited administration system for automated calculations. Checking of calculations and other processes is carried out. Procedures to ensure appropriate authority in place prior to processing payments.
Maintaining financial and other records	Member records are up-to-date and accurate	<ul style="list-style-type: none"> Annual and monthly reconciliation of information supplied by employers and administration records. Reconciliation of member movements Pensioner existence checks carried out every 2 to 3 years Members provided with annual benefit statements and asked to confirm if any details are incorrect
	All cash flows and transactions are recorded in the correct period	<ul style="list-style-type: none"> Accounting journals are automatically created as part of the workflow system. Regular bank reconciliations and cash flow forecasting are carried out The administration records and treasury/accounting records are regularly reconciled
Safeguarding assets	Member, employer and Fund information is appropriately stored to ensure security and protection from unauthorised access.	<ul style="list-style-type: none"> Password security in place and enforced Access to member and Fund data restricted to authorised personnel Member correspondence scanned and stored in secure systems
	Cash is safeguarded and payments are suitably authorised and controlled	<ul style="list-style-type: none"> Separate bank account maintained for the Fund Access controlled and authentication required. Cash movements recorded daily Regular bank reconciliations carried out and pensioner payroll reconciled each pay period LONDON BOROUGH OF ENFIELD PENSION FUND RISK MANAGEMENT POLICY 10 Pensioner existence checks are carried out every 2 to 3 years, annually if overseas and all pensioners paid only by BACs.
	Investment purchases and sales are correctly recorded and valuations are correct.	<ul style="list-style-type: none"> Regular reconciliation of information provided by fund managers and custodian and Fund's records Assets held separately from LB Enfield by Custodian. Only authorised individuals, within specified signing limits can instruct / disinvest funds. All investment/disinvestment instructions are drafted by investment managers and advice

		taken from Fund's investment advisers prior to authorisation and action
	Investment Performance is monitored. Investments are only placed with legitimate investment managers	<ul style="list-style-type: none"> • Monthly investment monitoring by officers • Quarterly investment performance monitoring by PPIC • New investments to be taken from investment advisors buy list • Fund Managers to go through interview before investments placed to determine suitability • Enhanced viability checks
Monitoring compliance	Contributions are received in accordance with the Regulations and rate and adjustments certificate	<ul style="list-style-type: none"> • Payment dates monitored against expected / due dates and late payments notified • Employer contributions reconciled annually against Rates and Adjustments Certificate • Member contributions regularly reconciled against pay data received • Take up of the 50/50 option monitored and compared to contributions received • Rates and Adjustments Certificate updated as required when exit valuations carried out
	Outsourced activities are properly managed and monitored	<ul style="list-style-type: none"> • Monthly report provided by pension administration team or third party administrator, including a report on performance against the SLA. • Monthly meetings between pension administration team, or third party administrator and Enfield Council officers and quarterly reporting to Pensions Policy and Investment Committee. • All suppliers subject to regular review as part of tender and appointment process. • Annual monitoring of suppliers at Pensions Policy and Investment Committee.
Reporting to stakeholders	Reports to members and employers are accurate, complete and within required timescales Annual reports and accounts are prepared in accordance with regulations and guidance Regulatory reports are made if needed	<ul style="list-style-type: none"> • Detailed planning of annual benefit statement exercise and testing carried out in advance • Timetable agreed for production of annual report and accounts, in consultation with auditors. Analytical reviews carried out regularly during the year. • Policies in place to ensure all staff aware of regulatory requirements relating to whistleblowing, money laundering and bribery • Reports to regulatory authorities such as SAB and DCLG provided in a timely manner.
Information technology	Access is restricted to authorised individuals and tightly controlled	<ul style="list-style-type: none"> • Access to Council offices and IT systems restricted to authorised individuals. • Password security protocols in place and enforced • Any changes to user details or access rights require authorisation

	Appropriate measures are implemented to counter the threat from malicious electronic attach	<ul style="list-style-type: none"> • Antivirus software used and updated regularly and firewalls in place • IT security reviews carried out regularly by external experts • Filters in place to manage email spam and viruses. Protocols in place to block certain emails (size or content)
	IT processing is authorised appropriately and exceptions identified and resolved in a timely manner	<ul style="list-style-type: none"> • All IT processes documented and monitored • Changes to systems can only be made by authorised staff
	Data transmission is complete, accurate, timely and secure	<ul style="list-style-type: none"> • Secure file transfer protocols available for transmitting data externally • Sensitive data transmitted via encrypted or password protected email • All staff trained on data security protocols
	Measures are in place to ensure continuity Measures are in place to ensure continuity	<ul style="list-style-type: none"> • Data and systems backed up regularly, retained off-site and regularly tested for recoverability • Business continuity arrangements in place and regularly tested
	Physical IT equipment maintained in a controlled environment	<ul style="list-style-type: none"> • IT infrastructure rooms protected against fire, power failure and unauthorised access • Offsite data centre has appropriate security measures in place • IT asset register maintained • Laptops and mobile devices encrypted or password protected
Maintaining and developing systems hardware and software	Development and implementation of new systems, applications and software or changes to existing systems are authorised, tested and approved	<ul style="list-style-type: none"> • Project controls in place prior to agreeing system update • Test administration system environment used for developing system updates • Appropriate authorisation required before updates are made live after functionality and user acceptance testing
	Data migration or modification tested and reconciled back to data source	<ul style="list-style-type: none"> • Change management procedures in place for any data migration or modification • Scheme data reconciliations carried out as part of process

Recovery from processing interruptions	Data and systems are regularly backed up, retained offsite and regularly tested for recoverability	<ul style="list-style-type: none"> • Servers are replicated to an offsite data centre or backed up to tapes daily and taken to an offsite data storage facility. • Recoverability testing is undertaken on a regular basis
	IT hardware and software issues monitored and resolved in a timely manner	<ul style="list-style-type: none"> • Group IT Service Desk facility to log all incidents with prioritisation • Service is monitored against Service Level Agreements
Appropriate governance	The Fund is managed with appropriate direction and oversight by the Pensions Policy and Investment Committee	<ul style="list-style-type: none"> • Business plan in place and updates provided to each Pensions Policy and Investment Committee • All key strategies and policies in place and regularly reviewed by Pensions Policy and Investment Committee • Update reports to each Pensions Policy and Investment Committee highlighting progress against key objectives • Risk management policy in place and regular updates to Pensions Policy and Investment Committee • Local Pension Board in place and providing assistance with compliance



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London Borough of Enfield

Report Title	Consultation Response
Report to	Pension, Policy & Investment Committee (PPIC)
Date of Meeting	04 th October 2023
Cabinet Member	Cllr Tim Leaver
Executive Director / Director	Fay Hammond
Report Author	Ravi Lakhani (Head of Pension Investments). Ravi.Lakhani@enfield.gov.uk
Ward(s) affected	Part 1 Public. Appendix 1 - Part 2 – Private & Confidential.

Purpose of Report

1. To inform the PPIC of Enfield Pension fund's response to the Local Government consultation on the next steps for Local Government Pension Schemes (LGPS) covering asset pooling, levelling up and opportunities in Private Equity.

Recommendations

- | |
|---|
| <ol style="list-style-type: none"> 1. To note the contents of the report |
|---|

Background and Options

2. The Department for Levelling Up, Housing & Communities (DLUHC) is consulting on proposals for new requirements on LGPS administering authorities.
3. Enfield Council is the administering authority for the Pension Fund.

4. The consultation seeks views on proposals relating to the investments of the Local Government Pension Scheme (LGPS). It covers the areas of asset pooling, levelling up, opportunities in private equity, investment consultancy services and the definition of investments.
5. The details of the consultation can be found through the following link:
<https://www.gov.uk/government/consultations/local-government-pension-scheme-england-and-wales-next-steps-on-investments/local-government-pension-scheme-england-and-wales-next-steps-on-investments>

Preferred Option and Reasons For Preferred Option

6. The Enfield Pension Fund response to pooling can be found in Appendix 1.

Relevance to Council Plans and Strategies

7. An economy that works for everyone.

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Appendices

Appendix 1 – Enfield Council-Pension Fund Response to DLUHC consultation. –
Part 2 Private & Confidential

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

Document is Restricted

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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	04 October 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 30 June 2023.
2. To introduce a paper from the Fund's Investment advisors (Aon) presenting a market update and investment outlook. (Appendix 4)

(Disclaimer: No information contained in this report should be considered investment advice and is for the purposes of the Enfield Pension Fund only.)

Recommendations

- I. Members are asked to note the content of the report.
- II. Members are asked to agree a commitment of \$20million to the Adams Street Partners Private equity Fund.
- III. Do not Proceed with the £35m investment into the Aon Diversified liquid credit fund which was previously agreed.

Reason for Recommendation

- 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.
- 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 PPIC to explain performance further.

Main Considerations for the committee

- The value of the fund as at 30 June 2023 was £1,451.5m which was a £5.4m decrease in the quarter.

Fund performance:

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

	Quarter ending 30 June 2023	1 year	3 year	5 year
Fund Return	+0.17%	-0.25%	+4.43%	+4.71%
Strategic benchmark	-0.08%	+0.42%	+3.72%	+4.41%
Excess return	+0.24%	-0.67%	+0.71%	+0.3%

*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 respectively.

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	591,333,074	40.74	2.92	3.40	7.29	12.44	9.34
<i>Enfield Equities BM</i>			2.54	3.59	7.35	10.61	9.50
<i>Excess Return</i>			0.38	-0.19	-0.06	1.83	-0.17
Blackrock Low Carbon	257,485,236	17.74	2.06	4.83	8.14	12.90	11.06
<i>LEFD02 MSCI Wld Lw CrbnTgtxFsl</i>			2.02	4.70	7.87	11.38	9.97
<i>Excess Return</i>			0.04	0.13	0.27	1.52	1.09
LCIV - JP Morgan (EM)	31,014,288	2.14	0.93	-2.64	0.12	3.74	2.99
<i>LEFD05018 MSCI EM Mrkts ND</i>			1.19	-1.87	-0.76	-2.80	1.35
<i>Excess Return</i>			-0.26	-0.77	0.88	6.54	1.64
LCIV - Longview (FOCUS GE)	115,753,238	7.97	4.91	4.47	8.77	16.07	14.62
<i>LEFD05019 MSCI ACWI ND</i>			3.15	3.26	7.80	11.31	9.94
<i>Excess Return</i>			1.76	1.21	0.97	4.76	4.68

LCIV-Baillie Gifford(ALPHA GE)	106,126,600	7.31	3.77	3.17	7.96	11.27	3.72
<i>LEFD05016 MSCI ACWI ND</i>			3.15	3.26	7.80	11.31	9.94
<i>Excess Return</i>			0.62	-0.09	0.16	-0.05	-6.22
MFS Global Equity	80,168,018	5.52	2.64	0.32	4.79	10.54	8.94
<i>LEFD05005 MSCI ACWI ND</i>			3.15	3.26	7.80	11.31	9.94
<i>Excess Return</i>			-0.51	-2.94	-3.01	-0.77	-1.00

7. Equity Markets continued their rally in Q2 2023 as inflation began to moderate in the majority of economies amidst signs now the global economy continued to be more resilient than previously anticipated.
8. Two broad themes have dominated markets over Q2, pushing equities higher. The first is the significant rally in Japanese stocks as seemingly entrenched inflation has been met with a commitment by the Bank of Japan not to tighten monetary policy. The second, and most important, is the huge rally in a small number of technology stocks that have benefitted from the theme of an artificial intelligence run. The latter has pushed already US valuations to even higher levels relative to other regions. European ex-UK equities have also performed well, especially in March. (A detailed breakdown of how different Overseas Equity markets have performed and the reason behind this can be found in appendix 3).
9. The equity fund's held by the Fund performed largely in line with benchmark over the quarter.
10. On a 1 year basis, the Emerging market (EM) equity fund run by JP Morgan has significantly outperformed the benchmark by 6.5%. An overweight to financials, led by Indian and Indonesian banks, and underweights in materials and consumer discretionary proved beneficial.
11. Baillie Gifford – Global Alpha Growth Fund - Recent developments in AI and the growth potential offered has seen the team allocate to a number of stocks in this space. For now, the team is cautious on making overly precise predictions about which applications of these technologies will win out, but are confident that the AI revolution will need a lot of data and computing power. As such, the semiconductor producers represent the “picks and shovels” of this industry and therefore a number of purchases were made in this sector.
12. 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	401,670,278	27.67	0.19	-1.47	0.90	-3.85	-4.01
<i>Enfield Bonds & IL BM</i>			0.22	-1.44	0.70	-3.16	-3.76
<i>Excess Return</i>			-0.03	-0.03	0.20	-0.69	-0.26
AON Diversified Liquid Credit	67,832,654	4.67	0.11	0.87	2.95	3.05	-
<i>LEFD07003 1 month SONIA + 1.5%</i>			0.50	1.46	2.80	4.78	-
<i>Excess Return</i>			-0.39	-0.58	0.15	-1.73	-
Blackrock IL Gilts	77,684,073	5.35	0.48	-3.98	-1.67	-9.06	-6.45
<i>LEFD01 Blended Benchmark</i>			0.57	-3.92	-1.76	-9.02	-6.47

<i>Excess Return</i>			-0.09	-0.06	0.09	-0.04	0.03
Insight Bonds	30,830,156	2.12	0.76	1.56	1.77	0.18	1.41
<i>LEFD05006 SONIA 3 Month GBP+2%</i>			0.56	1.63	3.14	6.45	5.01
<i>Excess Return</i>			0.20	-0.06	-1.38	-6.27	-3.60
LCIV - CQS (MAC)	54,578,667	3.76	0.81	1.91	4.00	5.71	3.49
<i>LEFD05020 3 Month GBP SONIA</i>			0.40	1.14	2.15	3.57	1.38
<i>Excess Return</i>			0.41	0.77	1.85	2.13	2.11
LCIV Global Bond Fund	77,433,392	5.33	0.09	0.09	3.15	-	-
<i>LEFD05021 Bloomberg Global Agg</i>			0.00	-0.21	2.42	-	-
<i>Excess Return</i>			0.09	0.29	0.74	-	-
Western	93,311,337	6.43	-0.43	-4.96	-2.01	-11.86	-10.98
<i>LEFD03 ML Stg Non-Gilts 10+</i>			-0.30	-4.76	-1.62	-12.41	-11.39
<i>Excess Return</i>			-0.13	-0.19	-0.39	0.55	0.42

13. Global bond yields trended higher as major central banks indicated further interest rate rises to bring inflation down to target. The FTSE All Stocks Gilts Index and the FTSE All Stocks Index-Linked Gilts Index fell 5.4% and 6.6% respectively.
14. On a 1 year basis, Bonds have contributed -3.9% on an absolute basis and -0.7% on a relative basis. However, performance over the year to date was +0.9%. The most significant negative performance within this asset class was the Western Bond fund at -11.9% 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.
15. Over a 5 year period the asset class has produced close to nil returns for the fund. This is 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	98,063,993	6.76	-3.29	-3.69	-1.82	-20.10	-5.70
<i>Enfield Inflation Illiquids BM</i>			0.31	1.97	4.15	-0.57	5.88
<i>Excess Return</i>			-3.60	-5.66	-5.97	-19.53	-11.58
CBRE Long Income Fund	36,752,398	2.53	0.00	0.00	1.49	-19.13	-2.67
<i>LEFD06007 BMK</i>			0.00	0.00	1.49	-19.13	-2.67
<i>Excess Return</i>			0.00	0.00	0.00	0.00	0.00
M&G Inflation Opportunities Fd	61,311,595	4.22	-5.16	-5.77	-3.67	-20.65	-7.15
<i>LEFD05010 UK RPI +2.5%</i>			0.49	3.10	5.68	13.18	11.26
<i>Excess Return</i>			-5.65	-8.87	-9.35	-33.82	-18.41

16. Over 1 year the M&G inflation opportunities fund within this asset class has returned -20.1% on an absolute basis and -33.8% on a relative basis which is a significant

underperformance of the benchmark. This manager has been invited to the October 2023 PPIC meeting to explain performance.

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	105,603,901	7.28	-1.80	-2.10	-5.90	-14.41	23.37
<i>Enfield PE BM</i>			3.15	3.26	7.80	11.31	9.94
<i>Excess Return</i>			-4.94	-5.36	-13.70	-25.72	13.43
Adams Street	105,603,901	7.28	-1.80	-2.10	-5.90	-14.41	23.37
<i>LEFD06005 MSCI ACWI ND</i>			3.15	3.26	7.80	11.31	9.94
<i>Excess Return</i>			-4.94	-5.36	-13.70	-25.72	13.43

17. There is only 1 fund manager for private equity – Adams Street. On a one year time frame it has performed negatively on an absolute and relative basis. 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 (the fund is receiving more in distributions than is being called up through drawdown requests).
18. 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 +19% p.a.
19. Currently, 7.3% of the Pension Fund is held in Private Equity. The forecasted rate of distributions and drawdowns would result in PE holdings falling under the strategic benchmark by 2025 to 4.1%. Furthermore, this trend is likely to continue with the allocation to Private Equity falling to under 2% by 2028 which would result in being underweight the benchmark by 3%.
20. **Recommendation:** It is therefore proposed that PPIC agree to a \$20 million ‘top-up’ commitment made to the 2023 vintage of the Adams Street Fund. This commitment will ensure that the PE allocation is keeping pace with the benchmark. (Although further investment would be required to get close to the 5% allocation). The cash flows associated with this manager can be found in appendix 5 (pages 10-13). Appendix 5 also contains further information on the Adams Street fund and the investments that are likely to be made.

Infrastructure

Account/Group	Ending Market Value GBP	Ending Weight	% Rate of Return				
			One Month	Three Months	Year to Date	One Year	Three Years
Infrastructure	57,469,327	3.96	-4.66	-6.51	-10.67	-11.26	0.18
<i>Enfield Infrastructure BM</i>			-6.86	-8.10	-12.23	-16.16	-3.93
<i>Excess Return</i>			2.20	1.59	1.55	4.90	4.11
Antin Infrastructure	20,081,965	1.38	-0.24	-3.40	-7.67	-1.80	8.75

INPP	37,387,362	2.58	-6.86	-8.10	-12.23	-16.16	-3.93
LEFD05015 Fund returns			-6.86	-8.10	-12.23	-16.16	-3.93
Excess Return			0.00	0.00	0.00	0.00	0.00

21. On a one year basis performance is negative for the infrastructure asset class (-11.3%). Relative performance is +4.9%. The negative return 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)
22. Over longer time periods (3 and 5 years) the managers have produced positive returns beating the benchmark.

Property

Account/Group	Ending Market Value GBP	Ending Weight	% Rate of Return				
			One Month	Three Months	Year to Date	One Year	Three Years
Property	80,312,334	5.53	-0.27	-0.04	-1.39	-16.18	2.97
<i>Enfield Property BM</i>			-0.55	0.38	0.18	-17.39	3.39
<i>Excess Return</i>			0.28	-0.42	-1.57	1.21	-0.42
Blackrock UK FD	34,308,095	2.36	-0.32	-0.23	-0.02	-18.13	2.39
<i>LEFD05012 IPD All Balncd Prpty</i>			-0.55	0.38	0.18	-17.39	3.39
<i>Excess Return</i>			0.23	-0.61	-0.20	-0.74	-1.00
Brockton Capital Fund	9,295,429	0.64	0.00	0.00	-4.72	-4.26	2.70
<i>LEFD06001 IPD All Balncd Prpty</i>			-0.55	0.38	0.18	-17.39	3.39
<i>Excess Return</i>			0.55	-0.38	-4.91	13.13	-0.69
Legal & General Property	36,708,810	2.53	-0.29	0.13	-1.79	-16.91	3.57
<i>LEFD05013 IPD All Balncd Prpty</i>			-0.55	0.38	0.18	-17.39	3.39
<i>Excess Return</i>			0.26	-0.25	-1.97	0.48	0.18

23. The property asset class produced flat returns over the quarter. On a 1 year basis the asset class for the Fund has shown -16.2% performance which is marginally better than the benchmark. Over 5 years the return has been 2.3% p.a. in line with benchmark.
24. UK property capital values continued to fall over the second quarter of 2023 but were offset by the increase in income return, recording a total return of 1.0%. Vacancy rates rose from 10.3% to 10.4%. The Office sector was the worst performer, returning -2.8% while the Industrial sector was the best performer returning 2.4%. The Retail sector returned 2.0%.

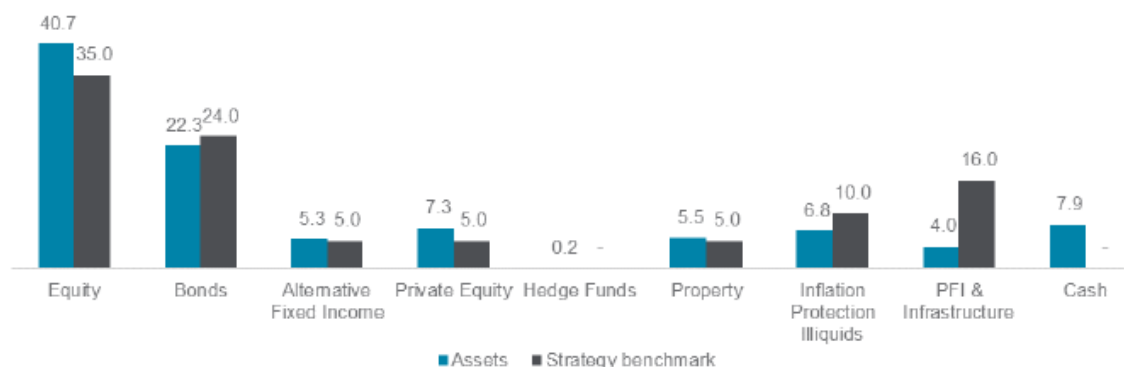
Hedge Fund

25. It should be noted that in line with previous decisions, Hedge funds have been or are in the process of being liquidated. As at 30 June 2023, only a small holding remained, York Capital, and this fund is the process of being closed down.

Strategic Allocations

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

30 June 2023 strategic allocation & benchmark (%)



27. The fund is significantly underweight infrastructure. The committee is in the process of carrying out due diligence with respect to prospective infrastructure investments and has already made significant commitments in this regard.

28. Changes in funds in line with previous Committee decisions (for quarter 2 -as at 30 June 2023)

Additions/Investments -Bonds- **£20m** Western, **£20m** Aon Diversified Liquid credit
Disposals/redemptions – Hedge Funds (Davidson Kempner **£34.7m**)

29. Changes coming up in Q3 in line with previous Committee decisions
Additions/Investments – Bonds -£35m Blackrock Passive Gilts Fund
Disposals/redemptions – none

30. **Recommendation** -It was recommended at the July 2023 PPIC meeting that a further £35 million is invested from the cash balance into the Aon Diversified liquid credit fund subject to resolution of further due diligence. Although this due diligence is now satisfactorily completed, officers deem it prudent not to proceed with investment due to expected cash requirements over the short term. A short term investment will incur transaction costs and negate any benefit versus being invested in short term money market funds (in addition to carrying some risk of a drop in value). It is therefore recommended that the committee do proceed with £35m investment agreed at July PPIC.

Cash Position

31. The cash position as at 30 June 2023 was £114.5m. This will be impacted in Q3 by the above investments and redemptions.

32. The cash balance is currently invested in short term Money Market funds in line with the treasury management strategy. These funds offer an 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

33. 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

34. An economy that works for everyone.

Financial Implications

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

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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**
Appendix 5 – Adams Street Partners – Private Equity Investment- **Part 2 – Exempt Confidential**



NORTHERN
TRUST

London Borough of Enfield

Investment Risk & Analytical Services

June 30, 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	1,451,548,641	100.00	0.54	0.17	1.81	-0.25	4.43	4.71	8.04	31/03/1987
<i>Enfield Strategic BM</i>			0.02	-0.08	1.94	0.42	3.72	4.41	-	31/03/1987
<i>Excess Return</i>			0.52	0.24	-0.14	-0.67	0.71	0.30	-	31/03/1987
Total Equities	591,333,074	40.74	2.92	3.40	7.29	12.44	9.34	8.62	9.32	31/03/1987
<i>Enfield Equities BM</i>			2.54	3.59	7.35	10.61	9.50	8.68	-	31/03/1987
<i>Excess Return</i>			0.38	-0.19	-0.06	1.83	-0.17	-0.06	-	31/03/1987
Blackrock Low Carbon	257,485,236	17.74	2.06	4.83	8.14	12.90	11.06	9.81	12.83	31/03/2009
<i>LEFD02 MSCI Wid Lw CrbnTgtxFsl</i>			2.02	4.70	7.87	11.38	9.97	8.92	11.85	31/03/2009
<i>Excess Return</i>			0.04	0.13	0.27	1.52	1.09	0.90	0.98	31/03/2009
LCIV - JP Morgan (EM)	31,014,288	2.14	0.93	-2.64	0.12	3.74	2.99	-	3.49	24/10/2018
<i>LEFD05018 MSCI EM Mrkts ND</i>			1.19	-1.87	-0.76	-2.80	1.35	-	3.63	24/10/2018
<i>Excess Return</i>			-0.26	-0.77	0.88	6.54	1.64	-	-0.14	24/10/2018
LCIV - Longview (FOCUS GE)	115,753,238	7.97	4.91	4.47	8.77	16.07	14.62	-	10.57	24/10/2018
<i>LEFD05019 MSCI ACWI ND</i>			3.15	3.26	7.80	11.31	9.94	-	10.23	24/10/2018
<i>Excess Return</i>			1.76	1.21	0.97	4.76	4.68	-	0.34	24/10/2018
LCIV-Baillie Gifford(ALPHA GE)	106,126,600	7.31	3.77	3.17	7.96	11.27	3.72	7.39	10.24	30/09/2016
<i>LEFD05016 MSCI ACWI ND</i>			3.15	3.26	7.80	11.31	9.94	8.92	9.84	30/09/2016
<i>Excess Return</i>			0.62	-0.09	0.16	-0.05	-6.22	-1.53	0.40	30/09/2016
MFS Global Equity	80,168,018	5.52	2.64	0.32	4.79	10.54	8.94	8.74	12.11	31/07/2010
<i>LEFD05005 MSCI ACWI ND</i>			3.15	3.26	7.80	11.31	9.94	8.92	10.75	31/07/2010
<i>Excess Return</i>			-0.51	-2.94	-3.01	-0.77	-1.00	-0.18	1.36	31/07/2010
Transition Account For Enfield	15,526	0.00	-0.42	-0.89	-2.46	0.70	-	-	-5.69	05/03/2021
Trilogy	770,168	0.05	-	-	-	-	-	-	-	30/09/2007
<i>LEFD04 MSCI ACWI ND</i>			-	-	-	-	-	-	-	30/09/2007
<i>Excess Return</i>			-	-	-	-	-	-	-	30/09/2007
Total Bonds and Index Linked	401,670,278	27.67	0.19	-1.47	0.90	-3.85	-4.01	-0.46	4.31	30/06/2005
<i>Enfield Bonds & IL BM</i>			0.22	-1.44	0.70	-3.16	-3.76	0.10	-	30/06/2005
<i>Excess Return</i>			-0.03	-0.03	0.20	-0.69	-0.26	-0.56	-	30/06/2005
AON Diversified Liquid Credit	67,832,654	4.67	0.11	0.87	2.95	3.05	-	-	-0.88	06/12/2021
<i>LEFD07003 1 month SONIA + 1.5%</i>			0.50	1.46	2.80	4.78	-	-	3.83	06/12/2021
<i>Excess Return</i>			-0.39	-0.58	0.15	-1.73	-	-	-4.71	06/12/2021
Blackrock IL Gilts	77,684,073	5.35	0.48	-3.98	-1.67	-9.06	-6.45	-2.06	3.43	30/09/2005
<i>LEFD01 Blended Benchmark</i>			0.57	-3.92	-1.76	-9.02	-6.47	-2.12	5.16	30/09/2005
<i>Excess Return</i>			-0.09	-0.06	0.09	-0.04	0.03	0.06	-1.73	30/09/2005

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	30,830,156	2.12	0.76	1.56	1.77	0.18	1.41	0.07	0.42	31/12/2013
LEFD05006 SONIA 3 Month GBP+2%			0.56	1.63	3.14	6.45	5.01	5.01	3.73	31/12/2013
Excess Return			0.20	-0.06	-1.38	-6.27	-3.60	-4.95	-3.32	31/12/2013
LCIV - CQS (MAC)	54,578,667	3.76	0.81	1.91	4.00	5.71	3.49	-	1.87	30/11/2018
LEFD05020 3 Month GBP SONIA			0.40	1.14	2.15	3.57	1.38	-	1.26	30/11/2018
Excess Return			0.41	0.77	1.85	2.13	2.11	-	0.60	30/11/2018
LCIV Global Bond Fund	77,433,392	5.33	0.09	0.09	3.15	-	-	-	3.24	16/11/2022
LEFD05021 Bloomberg Global Agg			0.00	-0.21	2.42	-	-	-	6.34	16/11/2022
Excess Return			0.09	0.29	0.74	-	-	-	-3.09	16/11/2022
Western	93,311,336	6.43	-0.43	-4.96	-2.01	-11.86	-10.98	-3.03	4.03	31/03/2003
LEFD03 ML Stg Non-Gilts 10+			-0.30	-4.76	-1.62	-12.41	-11.39	-3.35	-	31/03/2003
Excess Return			-0.13	-0.19	-0.39	0.55	0.42	0.32	-	31/03/2003
Inflation Protection Illiquids	98,063,993	6.76	-3.29	-3.69	-1.82	-20.10	-5.70	-	-2.31	30/11/2018
Enfield Inflation Illiquids BM			0.31	1.97	4.15	-0.57	5.88	-	4.86	30/11/2018
Excess Return			-3.60	-5.66	-5.97	-19.53	-11.58	-	-7.17	30/11/2018
CBRE Long Income Fund	36,752,398	2.53	0.00	0.00	1.49	-19.13	-2.67	-	-2.77	17/12/2018
LEFD06007 BMK			0.00	0.00	1.49	-19.13	-2.67	-	-2.77	17/12/2018
Excess Return			0.00	0.00	0.00	0.00	0.00	-	-0.00	17/12/2018
M&G Inflation Opportunities Fd	61,311,595	4.22	-5.16	-5.77	-3.67	-20.65	-7.15	-2.01	2.49	30/04/2013
LEFD05010 UK RPI +2.5%			0.49	3.10	5.68	13.18	11.26	8.49	6.64	30/04/2013
Excess Return			-5.65	-8.87	-9.35	-33.82	-18.41	-10.50	-4.15	30/04/2013
Total Hedge Funds	2,559,285	0.18	-5.83	-5.69	-3.54	-0.96	5.77	-0.28	4.02	31/07/2007
Enfield Hedge Funds BM			-2.12	-1.59	-1.98	0.18	0.80	1.61	-	31/07/2007
Excess Return			-3.71	-4.10	-1.55	-1.14	4.97	-1.89	-	31/07/2007
CFM Stratus	1	0.00	-	-	-	-	-	-	-	31/12/2015
LEFD06004 SONIA 3 Month GBP			-	-	-	-	-	-	-	31/12/2015
Excess Return			-	-	-	-	-	-	-	31/12/2015
York Capital	2,559,284	0.18	-5.83	5.60	-3.00	-16.75	4.30	-8.44	0.66	31/12/2009
LEFD05011 SOFR 3 Month GBP			-2.12	-1.59	-3.10	-0.32	0.80	2.86	2.54	31/12/2009
Excess Return			-3.71	7.19	0.10	-16.43	3.50	-11.30	-1.88	31/12/2009
Private Equity	105,603,901	7.28	-1.80	-2.10	-5.90	-14.41	23.37	18.99	13.40	31/03/2007
Enfield PE BM			3.15	3.26	7.80	11.31	9.94	8.92	-	31/03/2007
Excess Return			-4.94	-5.36	-13.70	-25.72	13.43	10.06	-	31/03/2007
Adams Street	105,603,901	7.28	-1.80	-2.10	-5.90	-14.41	23.37	18.99	12.19	31/12/2004
LEFD06005 MSCI ACWI ND			3.15	3.26	7.80	11.31	9.94	8.92	7.63	31/12/2004
Excess Return			-4.94	-5.36	-13.70	-25.72	13.43	10.06	4.56	31/12/2004

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
Infrastructure	57,469,327	3.96	-4.66	-6.51	-10.67	-11.26	0.18	5.56	2.54	30/06/2016
<i>Enfield Infrastructure BM</i>			<i>-6.86</i>	<i>-8.10</i>	<i>-12.23</i>	<i>-16.16</i>	<i>-3.93</i>	<i>2.57</i>	<i>1.58</i>	<i>30/06/2016</i>
<i>Excess Return</i>			<i>2.20</i>	<i>1.59</i>	<i>1.55</i>	<i>4.90</i>	<i>4.11</i>	<i>3.00</i>	<i>0.96</i>	<i>30/06/2016</i>
Antin Infrastructure	20,081,965	1.38	-0.24	-3.40	-7.67	-1.80	8.75	10.80	9.12	31/12/2017
INPP	37,387,362	2.58	-6.86	-8.10	-12.23	-16.16	-3.93	2.57	6.05	31/12/2008
<i>LEFD05015 Fund returns</i>			<i>-6.86</i>	<i>-8.10</i>	<i>-12.23</i>	<i>-16.16</i>	<i>-3.93</i>	<i>2.57</i>	<i>2.33</i>	<i>31/12/2008</i>
<i>Excess Return</i>			<i>0.00</i>	<i>0.00</i>	<i>0.00</i>	<i>0.00</i>	<i>0.00</i>	<i>-0.00</i>	<i>3.73</i>	<i>31/12/2008</i>
Property	80,312,334	5.53	-0.27	-0.04	-1.39	-16.18	2.97	2.34	8.30	31/03/1987
<i>Enfield Property BM</i>			<i>-0.55</i>	<i>0.38</i>	<i>0.18</i>	<i>-17.39</i>	<i>3.39</i>	<i>2.17</i>	<i>-</i>	<i>31/03/1987</i>
<i>Excess Return</i>			<i>0.28</i>	<i>-0.42</i>	<i>-1.57</i>	<i>1.21</i>	<i>-0.42</i>	<i>0.17</i>	<i>-</i>	<i>31/03/1987</i>
Blackrock UK FD	34,308,095	2.36	-0.32	-0.23	-0.02	-18.13	2.39	1.53	3.10	31/07/2002
<i>LEFD05012 IPD All Balncd Prpty</i>			<i>-0.55</i>	<i>0.38</i>	<i>0.18</i>	<i>-17.39</i>	<i>3.39</i>	<i>2.17</i>	<i>5.76</i>	<i>31/07/2002</i>
<i>Excess Return</i>			<i>0.23</i>	<i>-0.61</i>	<i>-0.20</i>	<i>-0.74</i>	<i>-1.00</i>	<i>-0.65</i>	<i>-2.66</i>	<i>31/07/2002</i>
Brockton Capital Fund	9,295,429	0.64	0.00	0.00	-4.72	-4.26	2.70	8.11	4.52	30/11/2014
<i>LEFD06001 IPD All Balncd Prpty</i>			<i>-0.55</i>	<i>0.38</i>	<i>0.18</i>	<i>-17.39</i>	<i>3.39</i>	<i>2.17</i>	<i>3.06</i>	<i>30/11/2014</i>
<i>Excess Return</i>			<i>0.55</i>	<i>-0.38</i>	<i>-4.91</i>	<i>13.13</i>	<i>-0.69</i>	<i>5.94</i>	<i>1.46</i>	<i>30/11/2014</i>
Legal & General Property	36,708,810	2.53	-0.29	0.13	-1.79	-16.91	3.57	2.36	5.68	31/01/2010
<i>LEFD05013 IPD All Balncd Prpty</i>			<i>-0.55</i>	<i>0.38</i>	<i>0.18</i>	<i>-17.39</i>	<i>3.39</i>	<i>2.17</i>	<i>6.04</i>	<i>31/01/2010</i>
<i>Excess Return</i>			<i>0.26</i>	<i>-0.25</i>	<i>-1.97</i>	<i>0.48</i>	<i>0.18</i>	<i>0.19</i>	<i>-0.35</i>	<i>31/01/2010</i>
Cash	114,536,448	7.89	-1.16	-0.79	-1.86	0.37	0.54	1.35	1.64	30/06/2016
Cash & Other Assets	550,651	0.04	0.08	0.42	15.70	16.01	5.08	2.98	-3.96	30/06/2016
Cash & Other Transition Assets	180	0.00	-5.87	-10.74	-14.00	-10.59	-8.88	-	-9.12	30/11/2018
Goldman Sachs Funds	44,062,228	3.04	-0.83	-0.14	-0.39	1.48	0.75	1.96	1.80	30/06/2016
<i>LEFD07001 SONIA 7 Day</i>			<i>0.36</i>	<i>1.06</i>	<i>1.99</i>	<i>3.05</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>30/06/2016</i>
<i>Excess Return</i>			<i>-1.19</i>	<i>-1.20</i>	<i>-2.38</i>	<i>-1.57</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>30/06/2016</i>
PE Cash & Other Assets	26,799,064	1.85	-0.65	-0.36	-2.99	0.23	0.10	0.70	0.93	30/06/2016
<i>LEFD06002 SONIA 7 Day</i>			<i>0.36</i>	<i>1.06</i>	<i>1.99</i>	<i>3.05</i>	<i>1.07</i>	<i>0.83</i>	<i>0.66</i>	<i>30/06/2016</i>
<i>Excess Return</i>			<i>-1.01</i>	<i>-1.42</i>	<i>-4.98</i>	<i>-2.83</i>	<i>-0.97</i>	<i>-0.13</i>	<i>0.27</i>	<i>30/06/2016</i>
UT Cash & Other Assets	43,124,324	2.97	-1.83	-2.12	-2.38	-1.75	-0.90	0.57	5.08	30/06/2016
<i>LEFD05002 SONIA 7 Day</i>			<i>0.36</i>	<i>1.06</i>	<i>1.99</i>	<i>3.05</i>	<i>1.07</i>	<i>0.83</i>	<i>0.66</i>	<i>30/06/2016</i>
<i>Excess Return</i>			<i>-2.19</i>	<i>-3.18</i>	<i>-4.37</i>	<i>-4.80</i>	<i>-1.97</i>	<i>-0.26</i>	<i>4.42</i>	<i>30/06/2016</i>

Quarterly Investment Report

London Borough of Enfield Pension Fund



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

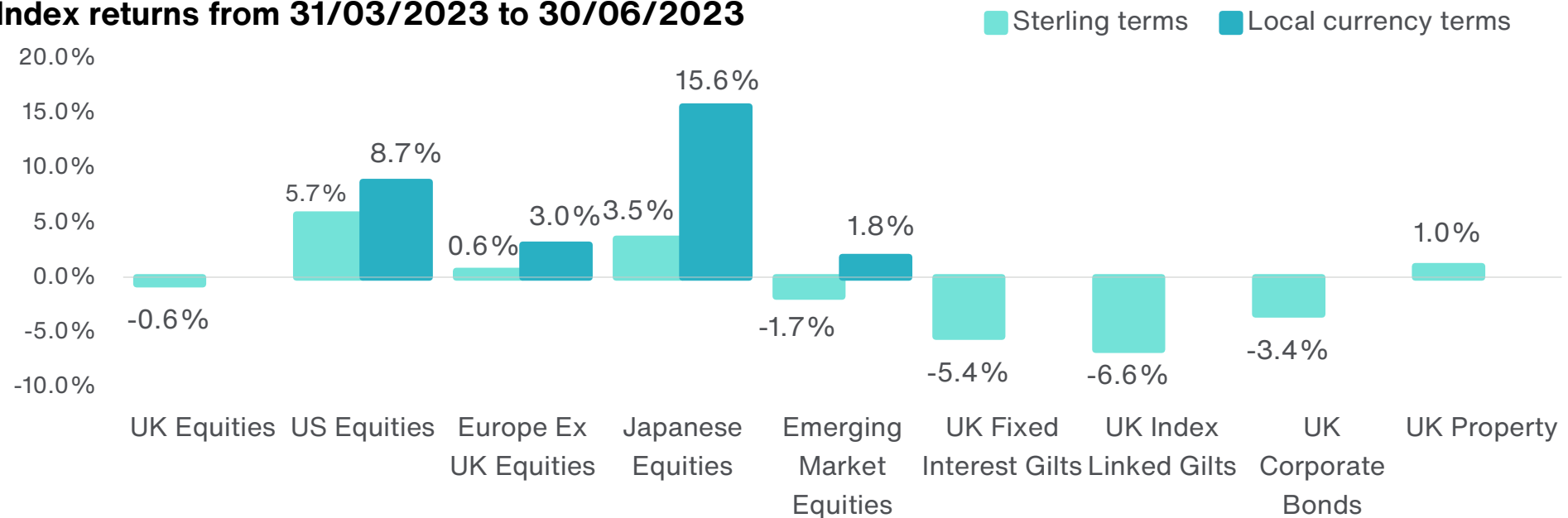
Prepared by: Colin Cartwright

Date: 4 October 2023



Q2 2023 Index Returns

Index returns from 31/03/2023 to 30/06/2023

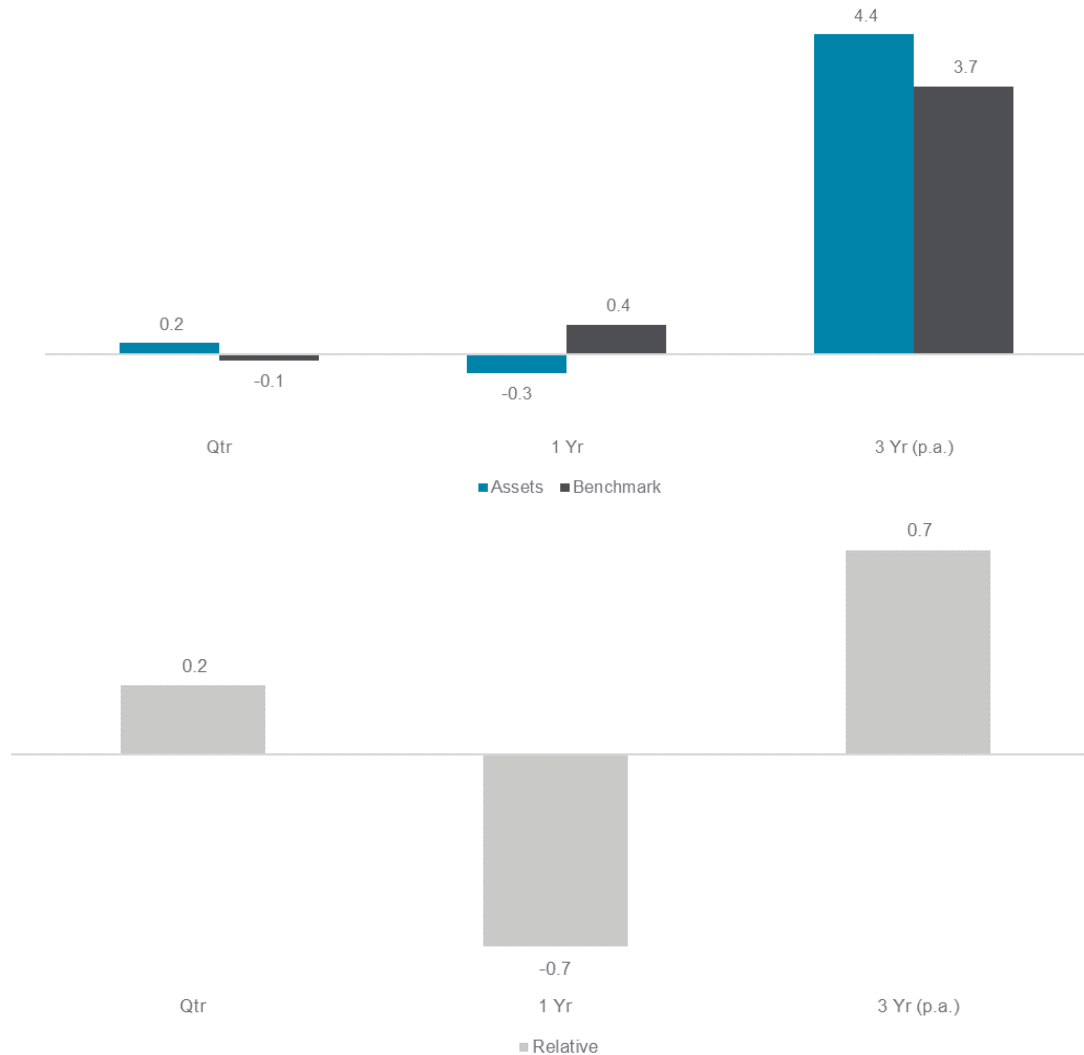


Source: FactSet, MSCI (Equities, Property), FTSE (Gilts), iBoxx (Credit).

- Equity markets continued their rally in Q2 2023 as inflation began to moderate in the majority of economies amidst signs that the global economy continued to be more resilient than previously anticipated.
- Global bond yields trended higher as major central banks indicated further interest rate rises to bring inflation down to target. The FTSE All Stocks Gilts Index and the FTSE All Stocks Index-Linked Gilts Index fell 5.4% and 6.6% respectively.
- The US Federal Reserve (Fed) increased its benchmark interest rate by 25bps to a range of 5.0%-5.25% over the quarter, the highest level since 2007, after pausing monetary policy tightening in June. Fed chair Jerome Powell indicated that the central bank intends to carry out further monetary tightening to bring inflation back to its 2% target. The Bank of England (BoE) raised its benchmark interest rate by 75bps to 5.0% over the quarter, touching its highest level since 2008.

At a glance...

Performance summary (%)



Assets

£1451.5m



Assets decreased by £5.4m over the quarter.

Key performance drivers

Equities increased by £19.5m over the quarter, but these increases were counteracted by a drag in the bond portfolio over the quarter with BlackRock gilts and Western returning -4% and -5% respectively given the rise in gilt yields.



Funding level

104.2%

Funding level as at 30 June 2023.

Source: Aon.



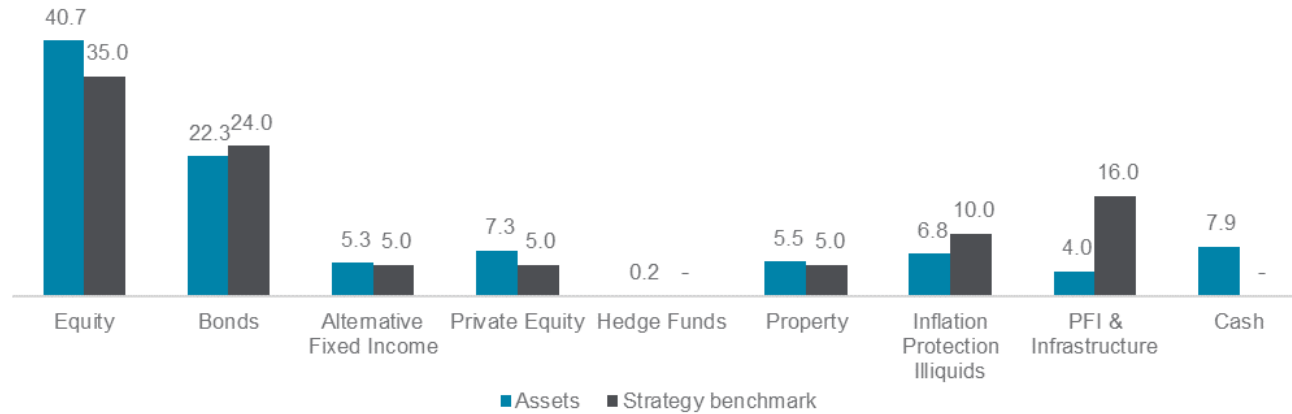
Strategic allocation



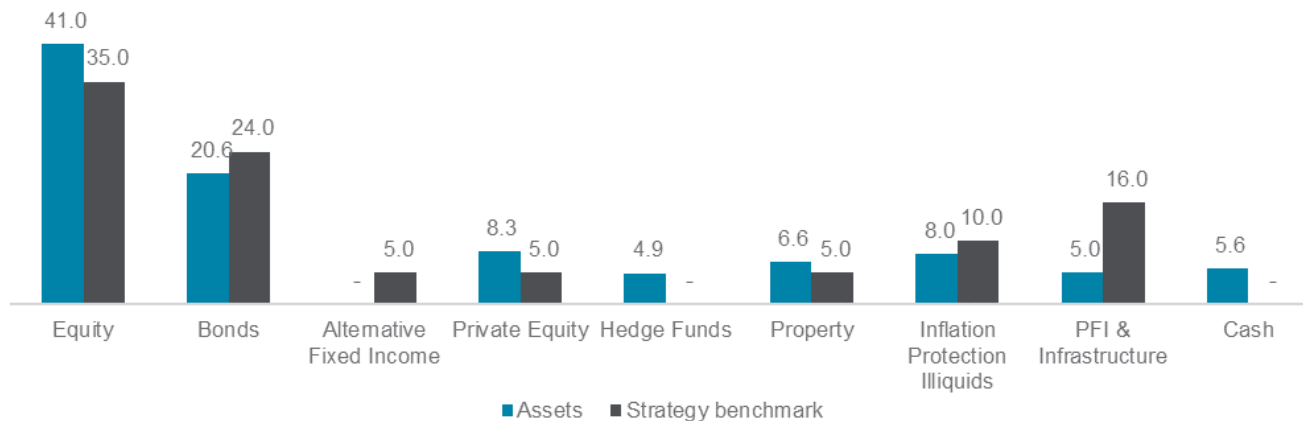
Strategic allocation

The strategic allocations shown are those agreed in 2021.

30 June 2023 strategic allocation & benchmark (%)



30 June 2022 strategic allocation & benchmark (%)



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

Key developments



Davidson Kempner

The Fund fully disinvested from Davidson Kempner over the quarter.

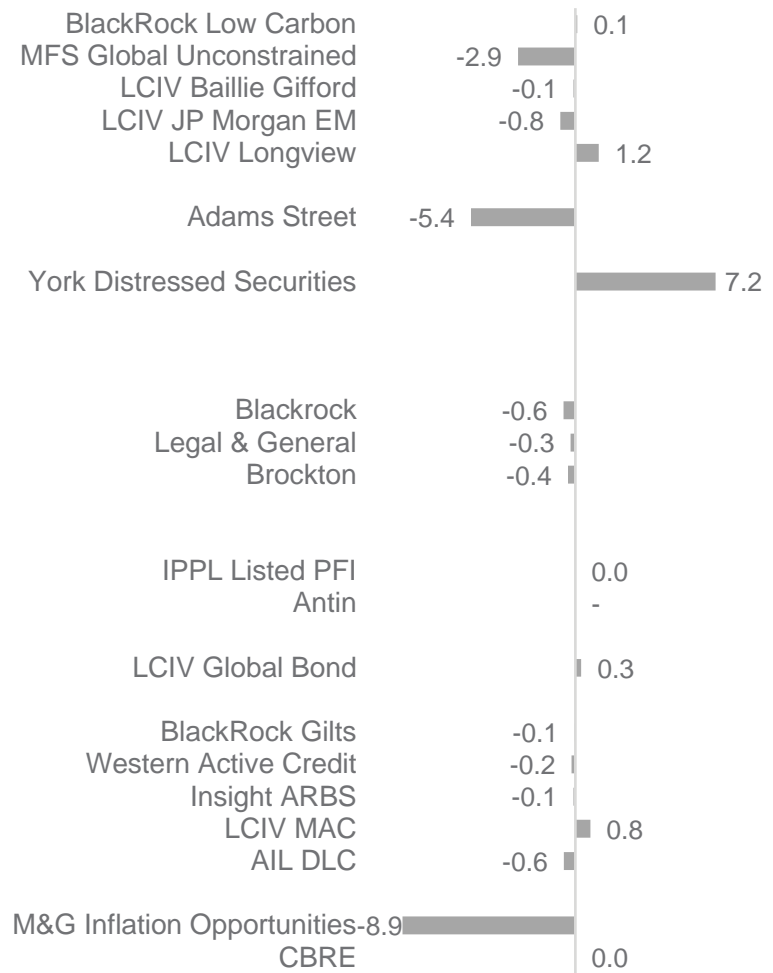
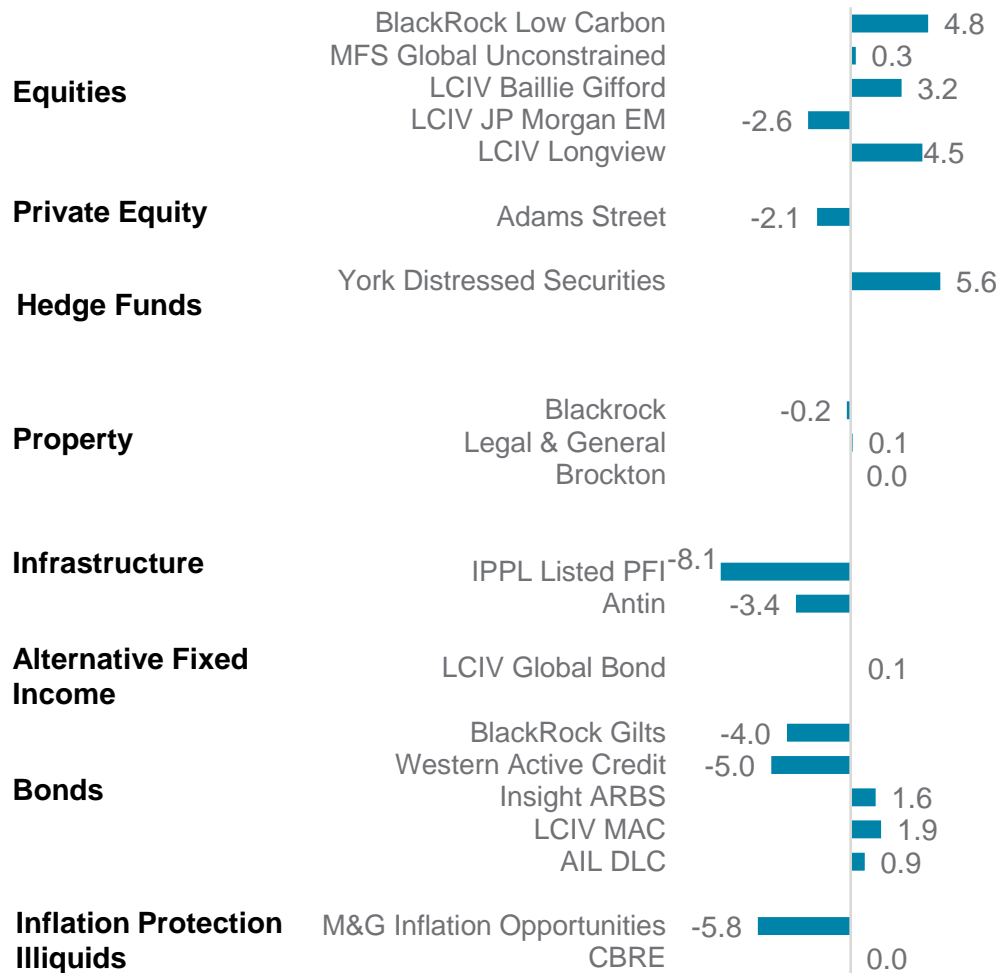
	Rating	%	ESG	Change
Equities		40.7		
BlackRock World Low Carbon	Buy	17.7	Integrated	-
MFS Global Unconstrained*	Qualified	5.5	Advanced	-
London CIV Baillie Gifford	Buy	7.3	Integrated	-
London CIV Longview Partners	Buy	8.0	Integrated	-
London CIV JP Morgan	Qualified	2.1	-	-
Private Equity		7.3		
Adams Street	Qualified	7.3	-	-
Hedge Funds		0.2		
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		4.0		
IPPL Listed PFI	Not rated	2.6	-	-
Antin	Buy (closed)	1.4	-	-
Bonds		22.3		
BlackRock Passive Gilts and ILGs	Buy	5.4	Integrated	-
Western Active Bonds	Qualified	6.4	-	-
Insight Absolute Return Bonds	Buy	2.1	Integrated	-
London CIV Multi-Asset Credit	Not Rated	3.8	-	-
AIL Diversified Liquid Credit	Not Rated	4.7	-	-
Alternative Fixed Income		5.3		
London CIV Global Bond Fund	Buy	5.3	Advanced	-
Inflation Protection Illiquids		6.8		
M&G Inflation Opportunities	Buy	4.2	-	-
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

Q2 2023 absolute performance (% pa)

Q2 2023 relative performance (% pa)

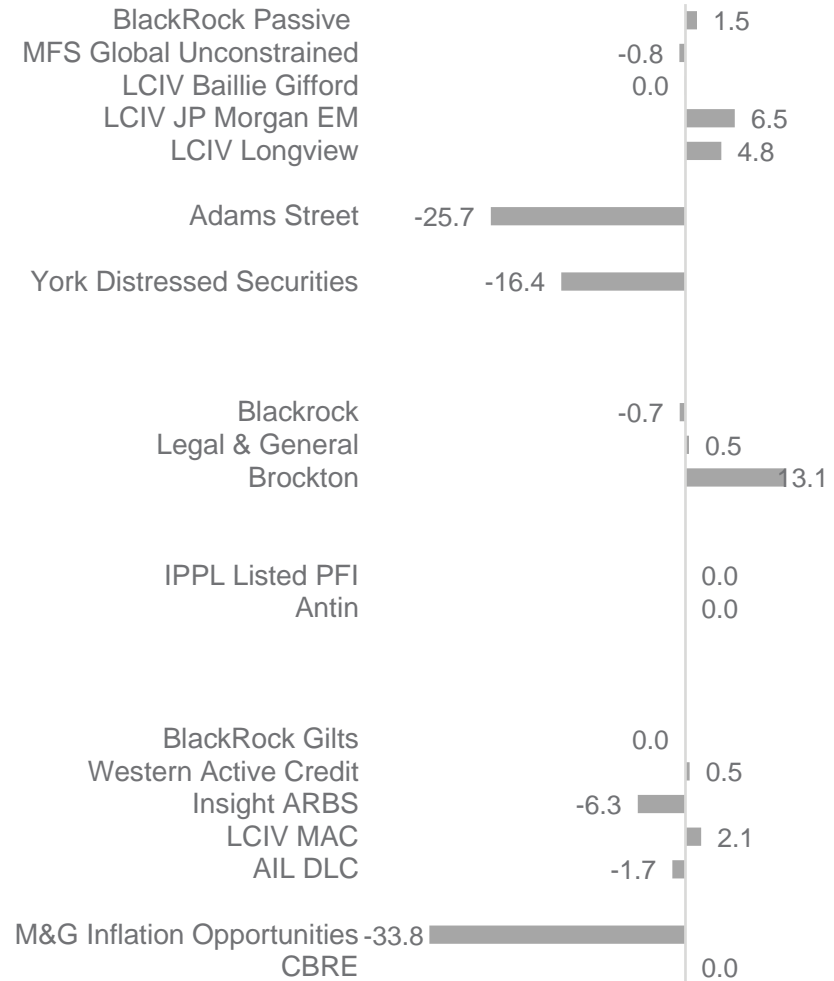
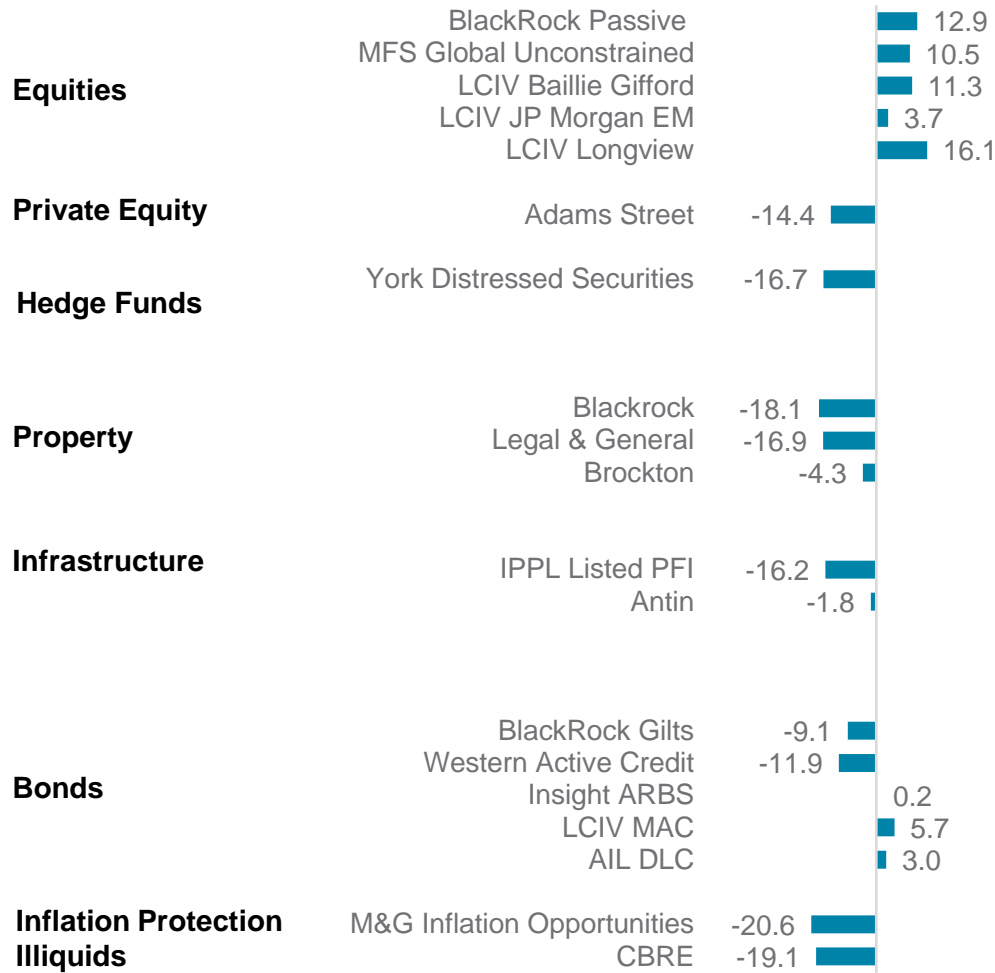


Source: Northern Trust. Performance is net of fees. Relative performance may be rounded.

Managers – Annual performance

1 year absolute performance (% pa)

1 year relative performance (% pa)



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

Appendix



Additional comments on performance data

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

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

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

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London Borough of Enfield

Report Title	M&G inflation opportunities fund
Report to	Pension, Policy & Investment Committee (PPIC)
Date of Meeting	04 th October 2023
Cabinet Member	Cllr Tim Leaver
Executive Director / Director	Fay Hammond
Report Author	Ravi Lakhani (Head of Pension Investments). Ravi.Lakhani@enfield.gov.uk
Ward(s) affected	Part 2 Private & Confidential

Purpose of Report

1. To introduce a presentation from M&G investments who manage the M&G inflation opportunities fund for the London Borough of Enfield Pension Fund.

Recommendations

<ol style="list-style-type: none"> I. Note the contents of the presentation and decide on any corrective courses of action if necessary.

Background and Options

2. The M&G inflation opportunities fund invests in broad range of assets whose underlying revenues are linked to inflation.
3. Assets are typically illiquid and held to maturity, aligning long term assets to long term institutional liabilities.
4. The Enfield holding in the M&G inflation opportunities fund is valued at £61.3m as at June 2023.

5. The performance of the fund on a 1 year basis was -22.10%. This represents a relative performance of -38.1% when compared to the benchmark which is UK Retail Price Index (RPI) +2.5%.

Preferred Option and Reasons For Preferred Option

6. At the July 2023 PPIC meeting members agreed to invite M&G to present to the committee to explain their investment strategy and their performance over the previous 12 months.

Relevance to Council Plans and Strategies

7. An economy that works for everyone

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

Appendices


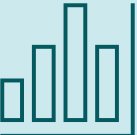


Appendix A – M&G Presentation - inflation opportunities fund.



London Borough of Enfield

M&G Inflation Opportunities Strategy

Investing in cash flow generating long-dated illiquid assets

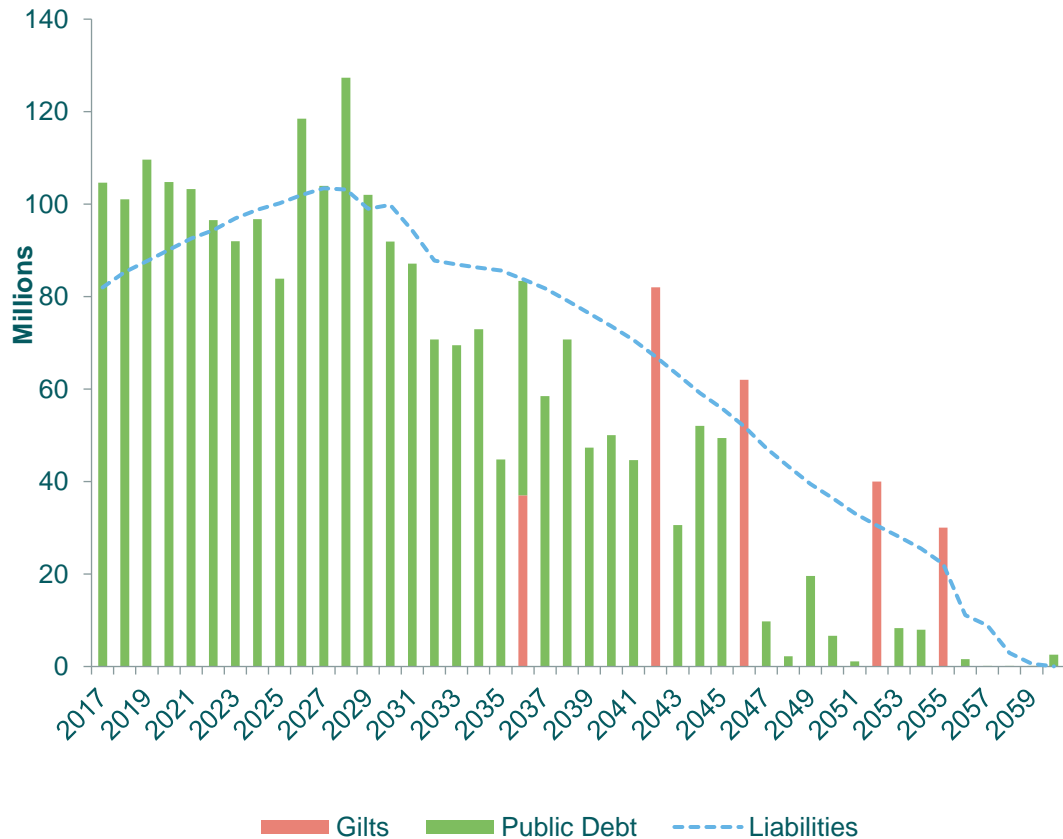
	Objective	<ul style="list-style-type: none">Seeking a five-year rolling average return of UK Retail Price Index plus 2.5% (net) p.a. over the life of the fund
	Liability Matching	<ul style="list-style-type: none">IOF fund range was created to invest in assets which pension schemes use to match their long-dated inflation-linked liabilitiesTherefore, this fund is designed such that the value falls when interest rates rise in the same way that liabilities fall when rates riseWe do this by investing in a broad range of assets whose underlying revenues are linked to inflationAssets are typically illiquid and held to maturity, aligning long term assets to long term institutional liabilities
	ESG Considerations	<ul style="list-style-type: none">These funds also help you to address your ESG objectives because by their very nature provide investment into the UK economy, supporting long-term infrastructure and real assets such as social housingMajority of the credit assets could be eligible for SFDR labelled funds, including the property funds which are Article 8
	Experience	<ul style="list-style-type: none">Strategy launched October 2012Strategy AUM including undrawn capital: £2,044m<ul style="list-style-type: none">Pooled funds: £490mSingle investor funds: £1,554m

There is no guarantee the objective will be achieved

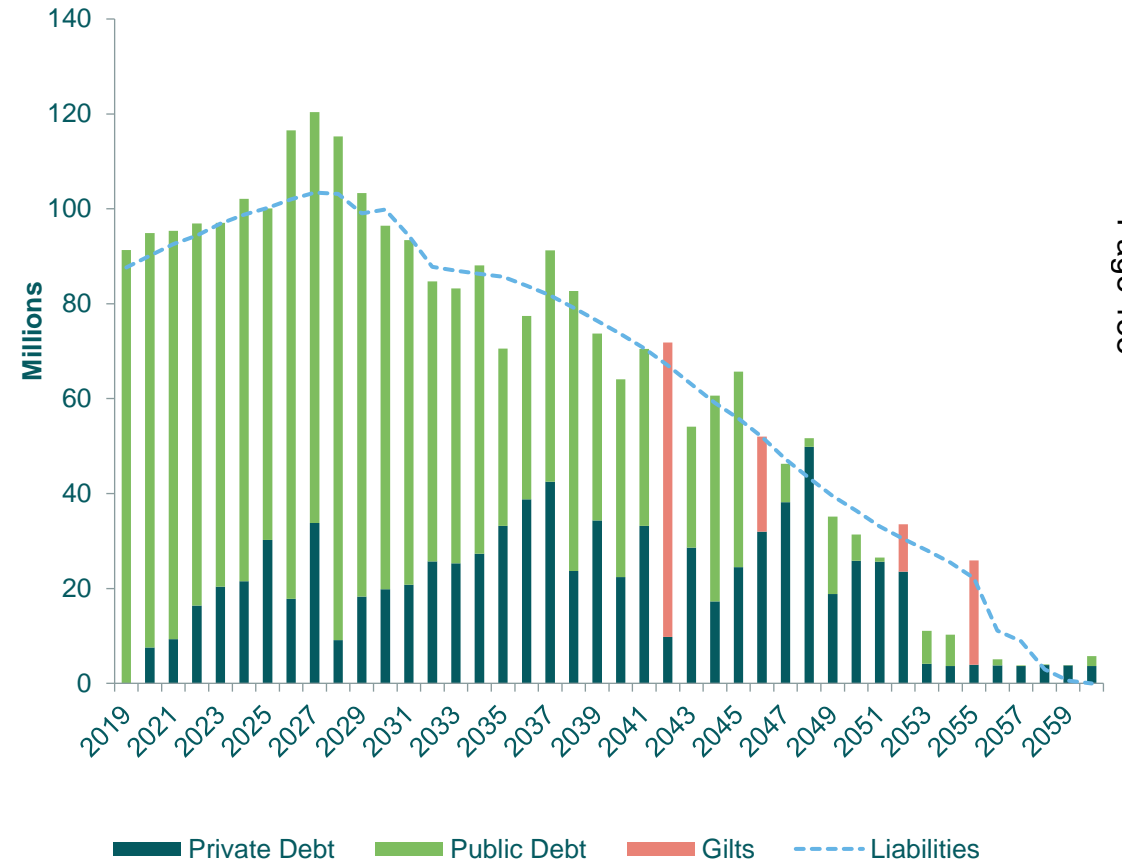
Why Private Credit?

Including Private Credit in traditional portfolios to improve outcomes

Public Only (£m)



Public and Private (£m)



M&G Inflation Opportunities Fund I

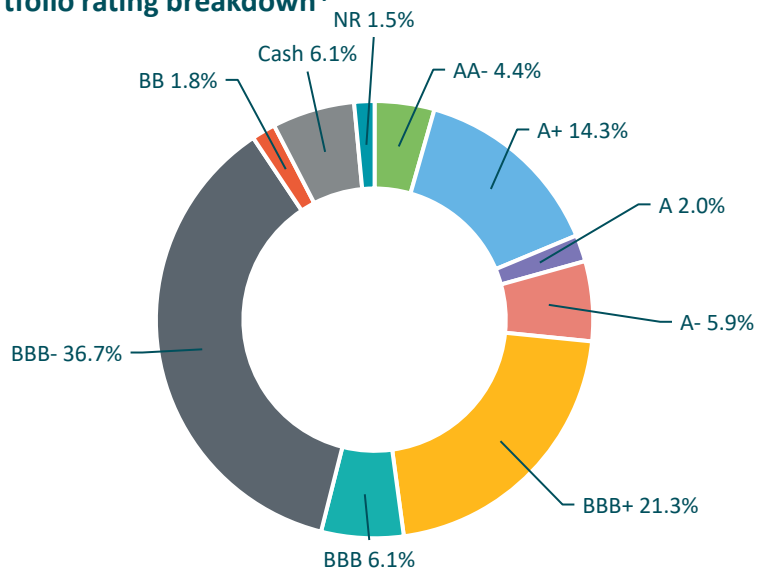
Current Portfolio – Q2 2023 NAV of £273m

Past performance is not a guide to future performance

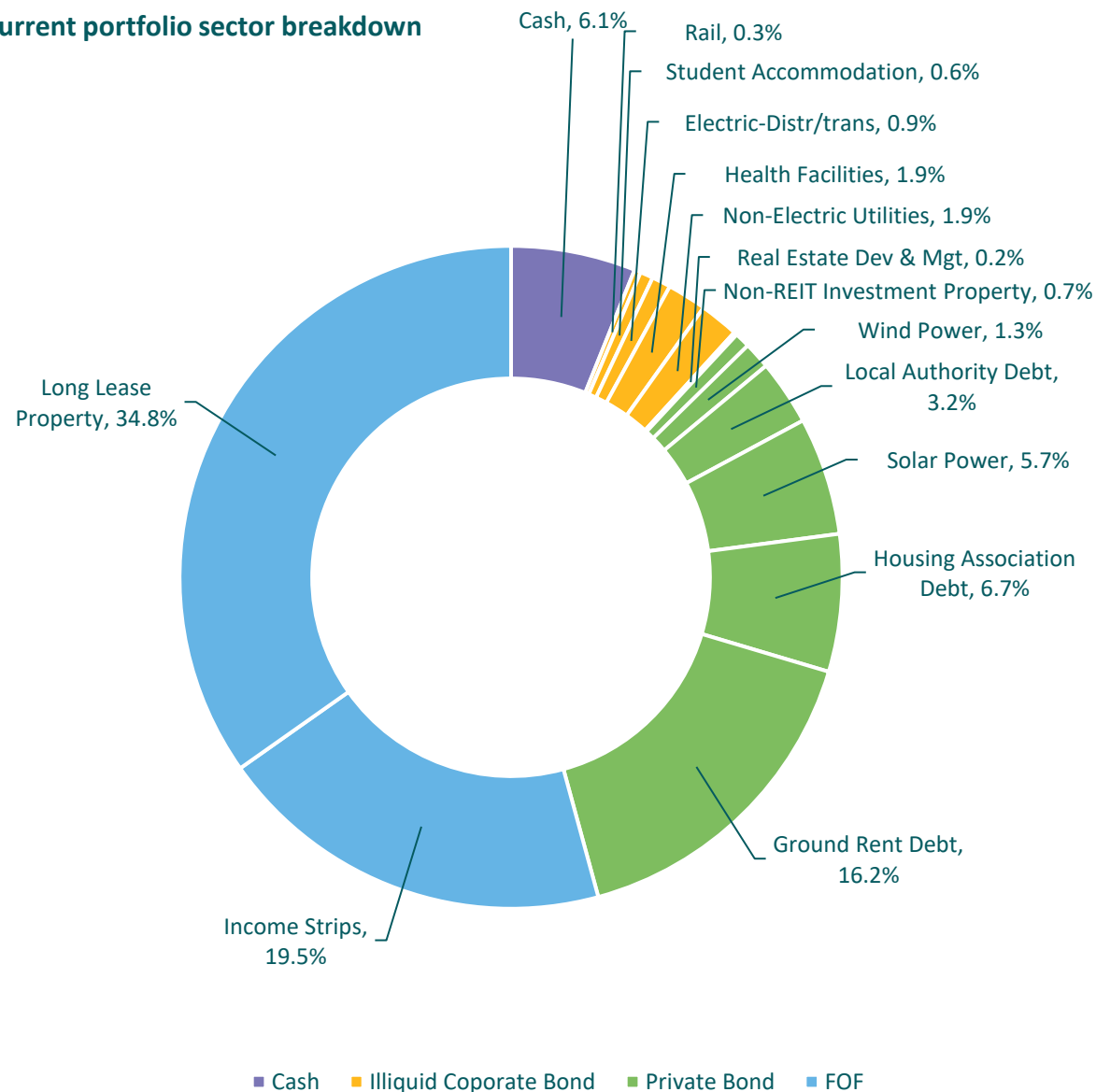
Portfolio snapshot as at 30 June 2023

Metric	Portfolio (Total) ³	Bond Assets	Property Funds SLIF	Property Funds SPIF
Average Rating	BBB+	A-	BBB+	BBB-
Spread	250bps	190bps	281bps ²	317bps ²
Spread Duration	12.38yrs	12.28yrs	15.53yrs ²	11.08yrs ²
Weighted Avg. Coupon	2.67%	2.63%	-	-
Dividend Yield	3.39% ¹	-	4.2%	4.7%
Portfolio Value (%)	100%	45.76%	19.46%	34.78%

Current portfolio rating breakdown*



Current portfolio sector breakdown



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Source: M&G, as at 30 June 2023¹ Dividends are paid semi-annually in June and December ² Please note property valuations do not move in a synchronous manner to gilt yields and therefore bond-like sensitivities such as spread and duration are an approximation for the property funds. ³Total portfolio figures and % values including cash

London Local Authority Financing

Bespoke transaction with familiar originator

Investment Rationale	
Opportunity	<ul style="list-style-type: none"> After a lengthy relationship with the originator we were approached with an opportunity to access long dated, local authority backed cashflows within a unique structure £133m of inflation-linked bonds were issued and purchased by M&G for debt repayment after the construction of 447 affordable housing units. M&G also agreed to buy 100% of the units in the unit trust owning these cashflows Cashflows are guaranteed by the local authority
Bespoke Structure	<ul style="list-style-type: none"> The structure is fairly nuanced, the original debt was issued through the leaseholders loan facility, the leaseholder then created a unit trust in which our funds purchased units, we are then repaid through flows to the unit trust We used an s110 company to convert lease payments in a JPUT structure into a debt format that is more attractive to our client base This type of bespoke structure enabled us access to the deal due to our experience and reputation in tailoring these types of transactions, for example we followed similar structures with the set up of our property funds SPIF and SLIF using a JPUT structure
ESG Considerations	<ul style="list-style-type: none"> There is constant demand for social housing with a reported 300,000¹ people on the waiting list in London alone, the construction of more housing is crucial in providing homes for those most vulnerable Majority of the homes are rented at 80% of market rent with a small number at 65% discount to market offering real opportunities for those struggling
Stable and secured	<ul style="list-style-type: none"> The rent increases with RPI allowing for easier cashflow modelling, in many cases, rents are supported by Government housing support payments Notes are senior secured whilst local authorities have significant state sponsorship and robust regulation Affordable and social housing is more likely to provide predictable cashflows than pure market rental



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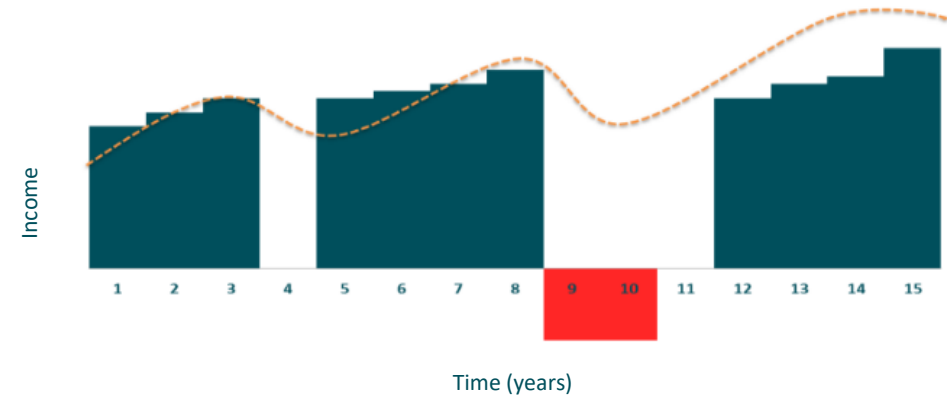
Key Terms	
Total Investment	£132.8m debt plus £12.4m of units purchased by IOF 1-4
M&G Rating	AA/Stable
Spread	G+250bps
Expected Maturity	2073

What makes long lease property so attractive?

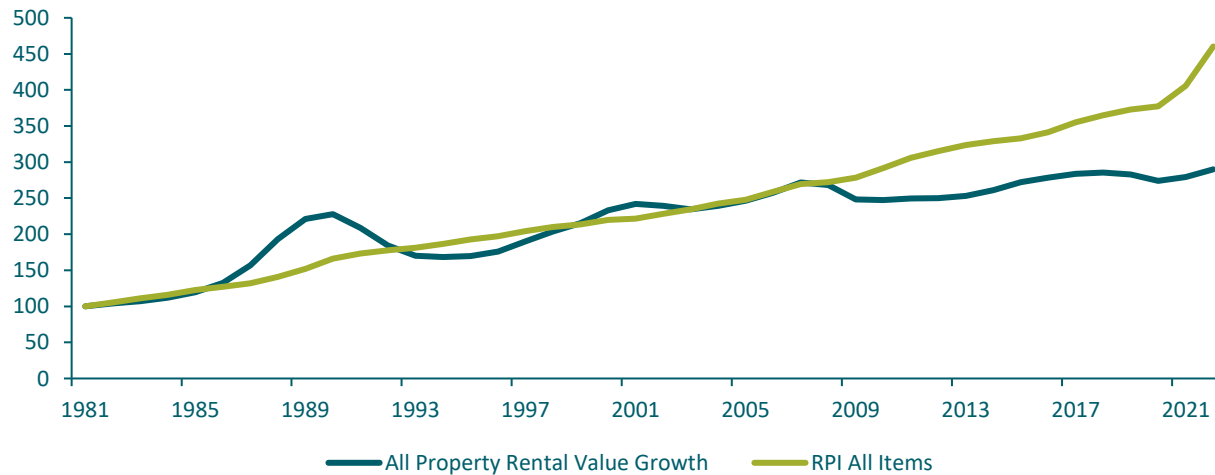
Versus traditional property

- More matching-friendly:
 - **Duration:** significantly longer income
 - **Predictability:** contracted rental growth, RPI has outpaced market rents
 - **Certainty:** not reliant on open market rent reviews, removes impact of voids and capex
 - **Security:** Higher quality tenants AND properties

Traditional property leases – hidden costs



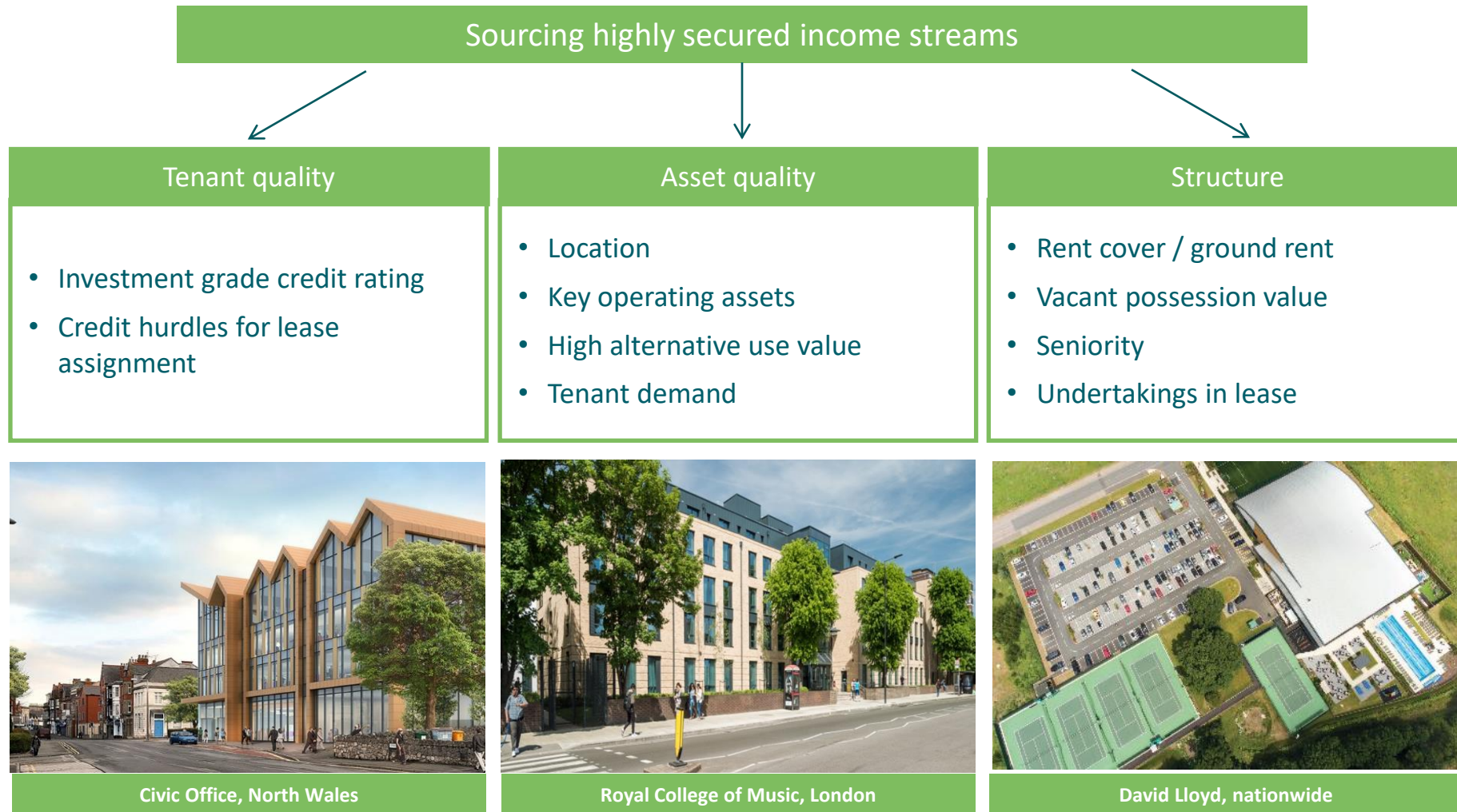
All property rental value growth vs. RPI (1986-2022)



- Defensive real estate investment:
 - Potential for long-term capital value growth retained
 - Value of lease reduces sensitivity to short-term property cycles

Value driven investment philosophy

Credit-driven investment approach



Renewable Energy Asset

Portfolio of Operational Solar PV Assets Operating Under the UK FiT Regime

Investment Rationale	
Opportunity	<ul style="list-style-type: none"> Portfolio of 33 operational solar parks in the UK, company is a leading global developer of solar power 32 Ground-mounted solar PV plants and one roof-mounted installation Operational and accredited under the feed-in-tariff (FiT) – a form of UK renewable subsidy
Long-term secure cashflows	<ul style="list-style-type: none"> 22 year RPI-linked amortising notes Project cashflow underpinned by stable FiT subsidy regime Senior notes are first ranking over assets of the issuer and operating companies Conservative covenant package with prepayment protection and dividend lock-ups based on DSCR
ESG Considerations	<ul style="list-style-type: none"> In 2022 the company as a whole generated 3TWh of renewable energy, avoiding over 1.6million metric tons of carbon emissions Supports global decarbonisation alongside affordable energy with solar the cheapest form of electricity as per the IEA All solar farms are constructed with a view to improving soil health, fostering biodiversity, and strengthening rural economies. Often there will be additional plantation and beekeeping on the solar farms M&G engaged with the company ahead of investment with positive results; we ensure that the panels used comply with relevant product quality assurance standards and reviewed labour practices to ensure they are sustainable



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Key terms	
M&G Total Investment	£247m
M&G Rating	Senior: A- Senior Subordinated: BBB-
Pricing	Senior: UKTI+150bps Senior Subordinated: UKTI+250bps
Maturity	August 2037

M&G Secured Property Income Fund

Key updates

Past performance is not a guide to future performance. There is no guarantee the objective will be achieved.

- **Valuations** – 12 month total return -15.2% (net of fees) to reflect new yield environment, valuations now stabilising
 - Attractive forward-looking returns (7-9% p.a., net of fees), net distribution yield c. 4.8% p.a.
 - Positive illiquidity premium above BBB bonds
 - Attractive entry point (NAV -1.07%)
- **Asset performance** – average BBB-/BBB credit rating, strong underlying trading in operating assets
 - 100% occupancy and rent collection
- **Redemptions** – sales undertaken with aim of improving key metrics
 - Redemption queue currently c. £225m, with c. £170m of assets in advanced discussions
 - Settlements of £361m, £140m and £257m paid in May, August and September respectively
- **Investors** – increasing interest from a range of investors, with £90m of secondary trades in Q2/Q3
- **ESG** – 2nd place in GRESB peer group (out of 80) and a 4 star rating*
 - Priorities include Net Zero, green building certification, EPC improvement
- **Fund changes** – updated Information Memorandum took effect on 2 May 2023



Staycity / Premier Inn, Paddington, London

M&G Secured Lease Income Fund

Key updates

Portfolio

- BBB+ average credit rating, 100% occupancy and rent collection since inception
- **ESG** – Ranked 1st in its GRESB peer group for the 2nd year in a row with a score of 86 and 4 stars
- Many highly attractive assets which support the NHS, create jobs, improve economic activity and support levelling up

Value

- Falling capital values reflect gilt movements and maintain excellent relative value vs fixed income and long-dated private credit markets (7.4% IRR, ILG+291bps)
- Fund yield 4.5% as at September 2023

Fund Activity

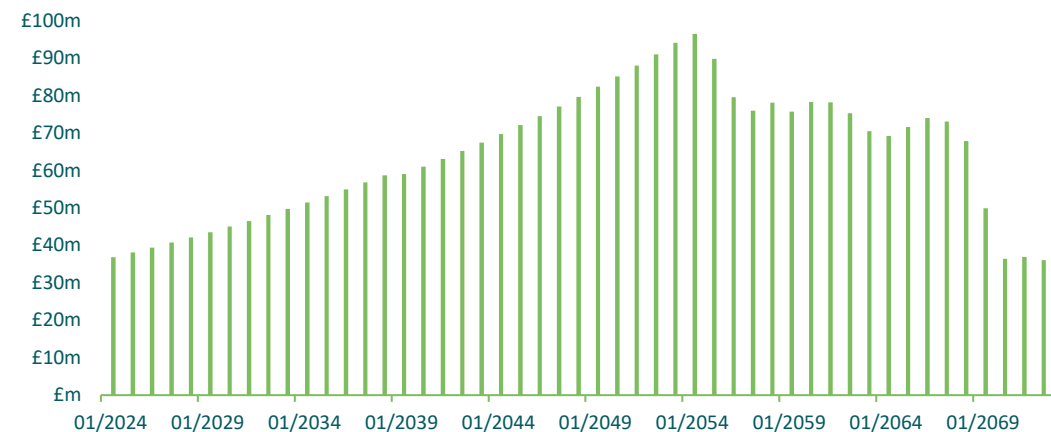
- Large pipeline at attractive relative value, but limited by investor commitments
- Harborne Hospital reached practical completion in September

Liquidity

- No capital queue following a single large redemption earlier in the year
- SLIF's price swung to net redemption mode for the July Dealing Day (NAV +4.33% to NAV -1.25%) given the trend of outflows

Source: M&G 31 August 2023 for all data unless stated otherwise.

Fund 50 Year Cashflow Forecast (BBB+/inflation-linked)



Civic Office, Colwyn Bay, North Wales



Sales activity

Sales completed total £863m* with a further c. £170m under offer

Asset	Date sold	Sold price	Sold NIY	Hold period IRR	Remaining lease term	Credit rating
Tesco, Llanelli	Sep-22	£66.8m	5.25%	8.3%	12 years	BBB
Priory portfolio	Dec-22	£233.0m*	6.56%	6.3%	22 years	B
Premier Inn, Red Lion Street	Dec-22	£34.6m	4.85%	5.8%	21 years	BBB-
Travelodge, Edinburgh	Feb-23	£11.2m	6.01%	5.6%	23 years	B-
Morrisons 4M Portfolio	Feb-23	£110.0m	6.73%	2.0%	17 years	B
Travelodge, Gatwick	Apr-23	£40.0m	7.05%	7.6%	26 years	B-
BCA x4	Apr-23	£13.0m	13.1%	11.2%	9 years	B-
Tesco Cardiff & Sainsbury's Wigan	Jul-23	£98.0m	6.9%/6.6%	4.7%/4.8%	13/14 years	BBB/BBB-
BCA Derby	Aug-23	£5.6m	19.7%	16.4%	9 years	B-
NatWest, 250 Bishopsgate	Aug-23	£251.0m	4.98%	4.5%	12 years	A-
Total		£863m				



Premier Inn, Red Lion Street, London



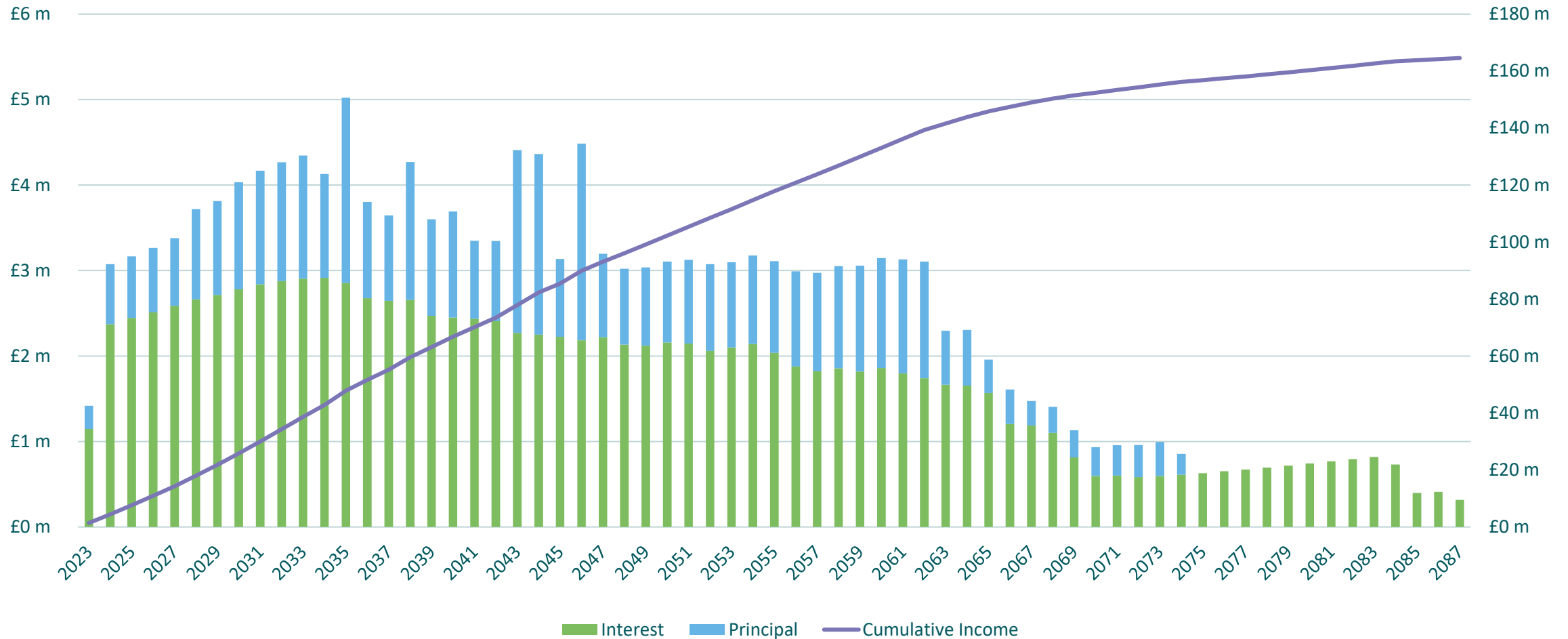
Travelodge, Edinburgh



Morrisons 4M portfolio

IOF 1 cashflow profile

Projected and cumulative net income pro rated for London Borough of Enfield's share





Performance & Drivers

M&G Inflation Opportunities Fund I

Fund performance

Past performance is not a guide to future performance

IOF I Total return (net of fees)



Fund performance impacted by mark to market volatility whilst assets are high IG generating stable income

Total return (% p.a.)		1 mnth	3 mnths	6 mnths	YTD	1 yr.	3 yrs.	5 yrs.	7 yrs.	10 yrs.	SI*
M&G Inflation Opportunities Fund		-0.31	-4.07	-3.72	-3.72	-20.35	-6.92	-1.82	0.94	3.81	4.14
Retail Price Index +2.5%		0.49	3.10	5.68	5.68	13.18	11.26	8.49	7.76	6.69	6.61
FTSE Inflation Linked 5+ Years		3.80	-7.78	-3.22	-3.22	-19.98	-14.79	-5.45	-2.70	1.55	2.00
Calendar year total return (%)	2023 YTD	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
M&G Inflation Opportunities Fund	-3.72	-24.72	7.71	5.91	7.77	4.01	9.07	16.17	5.05	17.17	2.11

Client	Amount committed	Date Invested	Current Value	Total Reinvested
London Borough of Enfield	£55,138,810	01/05/2013	£62,814,026	£14,040,655

M&G Inflation Opportunities Fund I

Breaking down performance

Past performance is not a guide to future performance

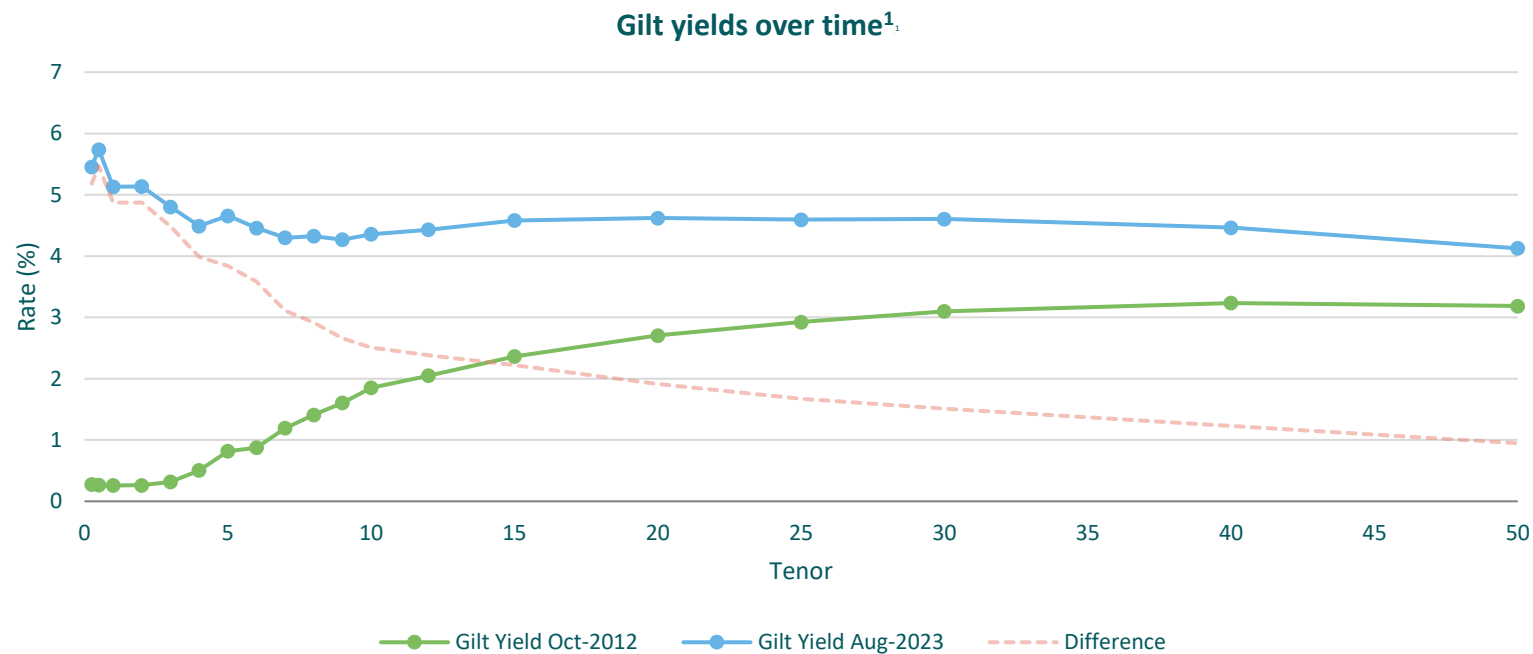
Quarterly Performance Attribution - IOF



Impact of Interest Rates

Interest rates are the main driver of fund performance

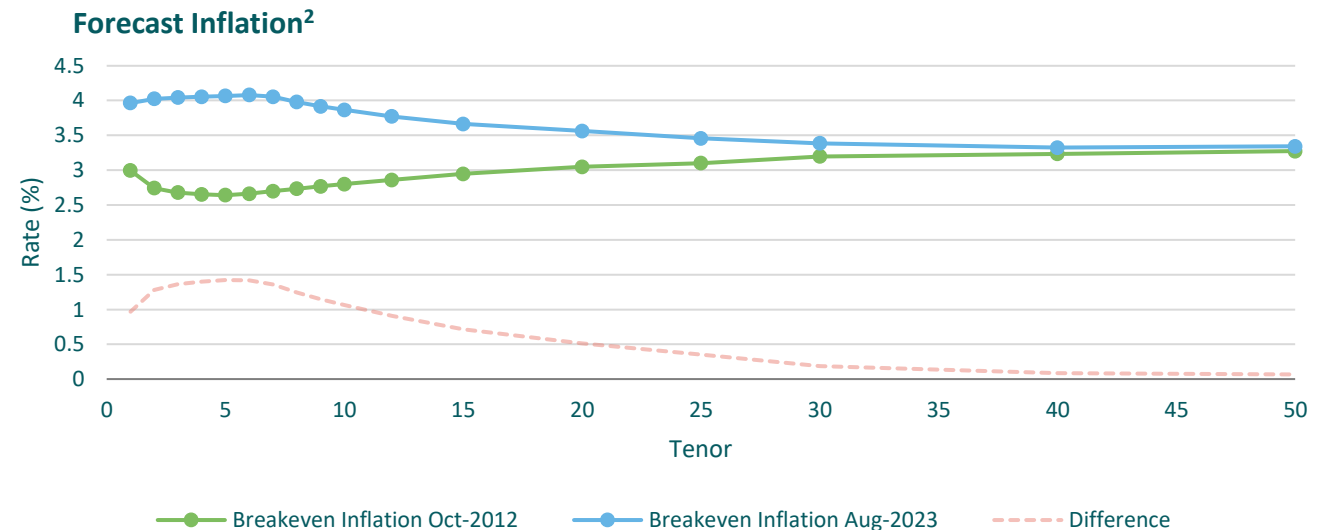
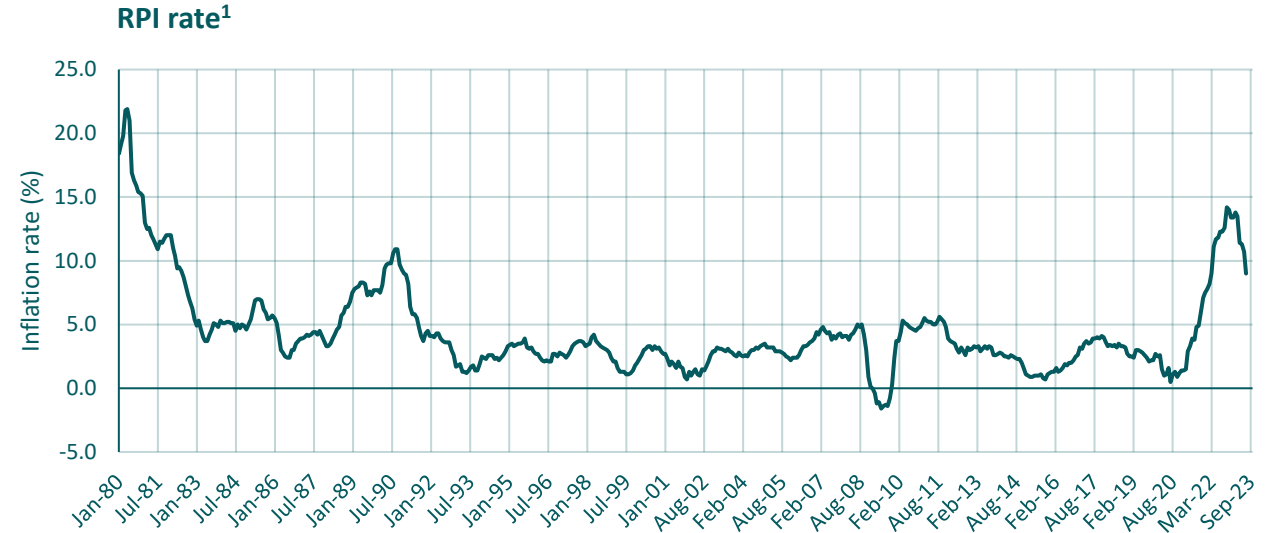
- Given long dated nature of the assets they carry high duration and therefore are very sensitive to changes in interest rates
- The inverse relationship between duration and price means that as interest rates rise the value of the fund falls
- Similarly the higher interest rate environment means that the value of pension liabilities have also fallen
- This decline in fund valuation does not reflect any deterioration in credit quality of the assets nor the income generated by the fund



Impact of Inflation

Impact not as significant as one may expect

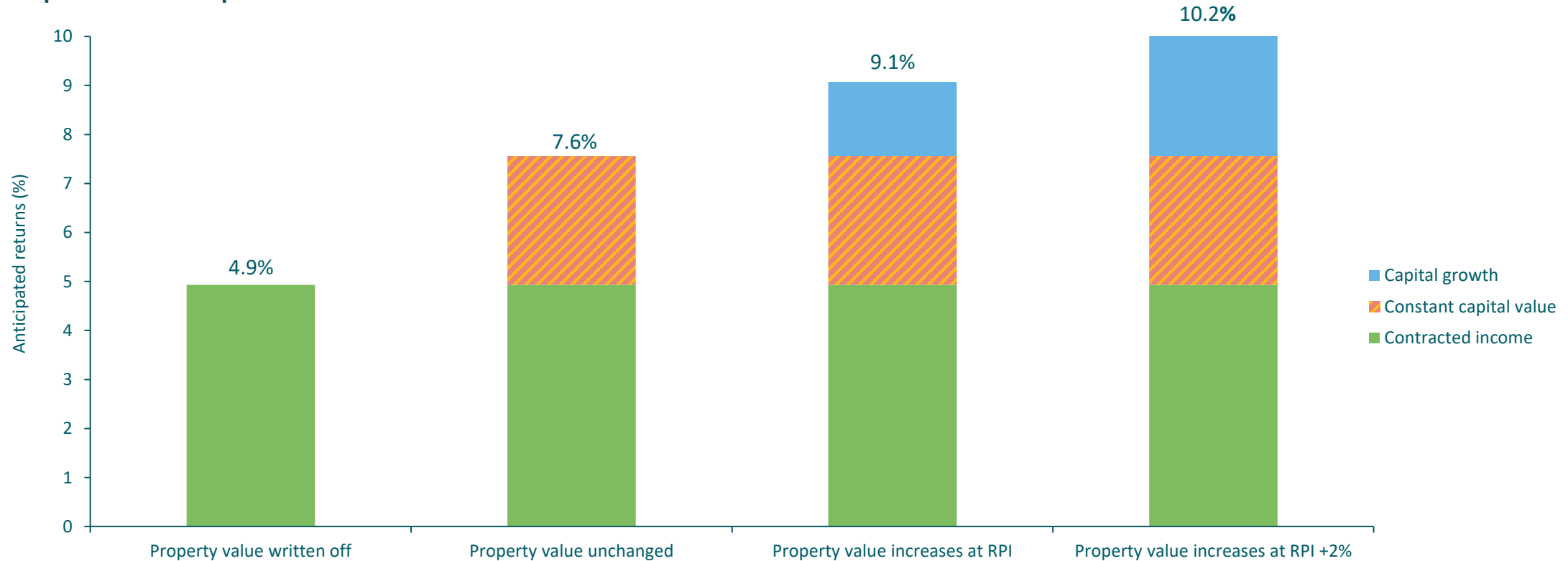
- In isolation the fund benefits from rising inflation due to the assets' inflation-linked coupons and principal
- The value of these coupon and principal (cashflows) is determined by the markets' expectation of inflation
- The long-dated nature of the assets means longer term expectations of inflation have a bigger impact
- Therefore, although inflation has been higher (and more volatile) in the short term, it has been less of a driver of fund return than long term inflation expectations which has been more stable



Impact of Property on returns – Secured Property Income Fund

An attractive combination of income and capital returns

Comparison of anticipated returns to 2072*



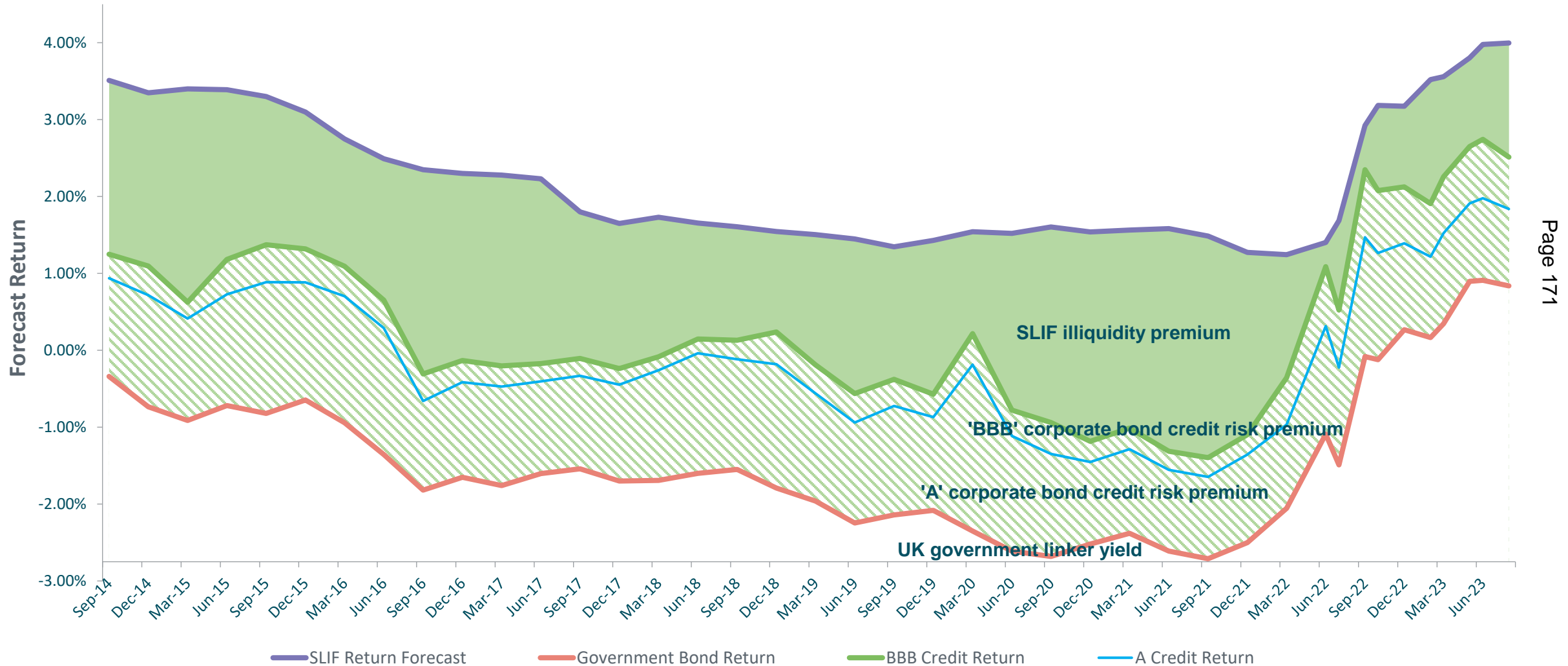
The value of investments will fluctuate, which will cause prices to fall as well as rise and investors may not get back the original amount they invested. There is no guarantee the objective will be achieved.

Source: M&G, 31 August 2023. RPI assumption = 3.35%. *Forecasts are not a reliable indicator of future performance. Modelled for 50 years (accounting for ground leases). Returns are calculated gross of fees. Historically the funds TER has been c. 60 bps, commission, fees and other charges are subject to change.

Secured Lease Income Fund: Excellent relative value

Attractive illiquidity premium for BBB+ versus traditional private credit assets

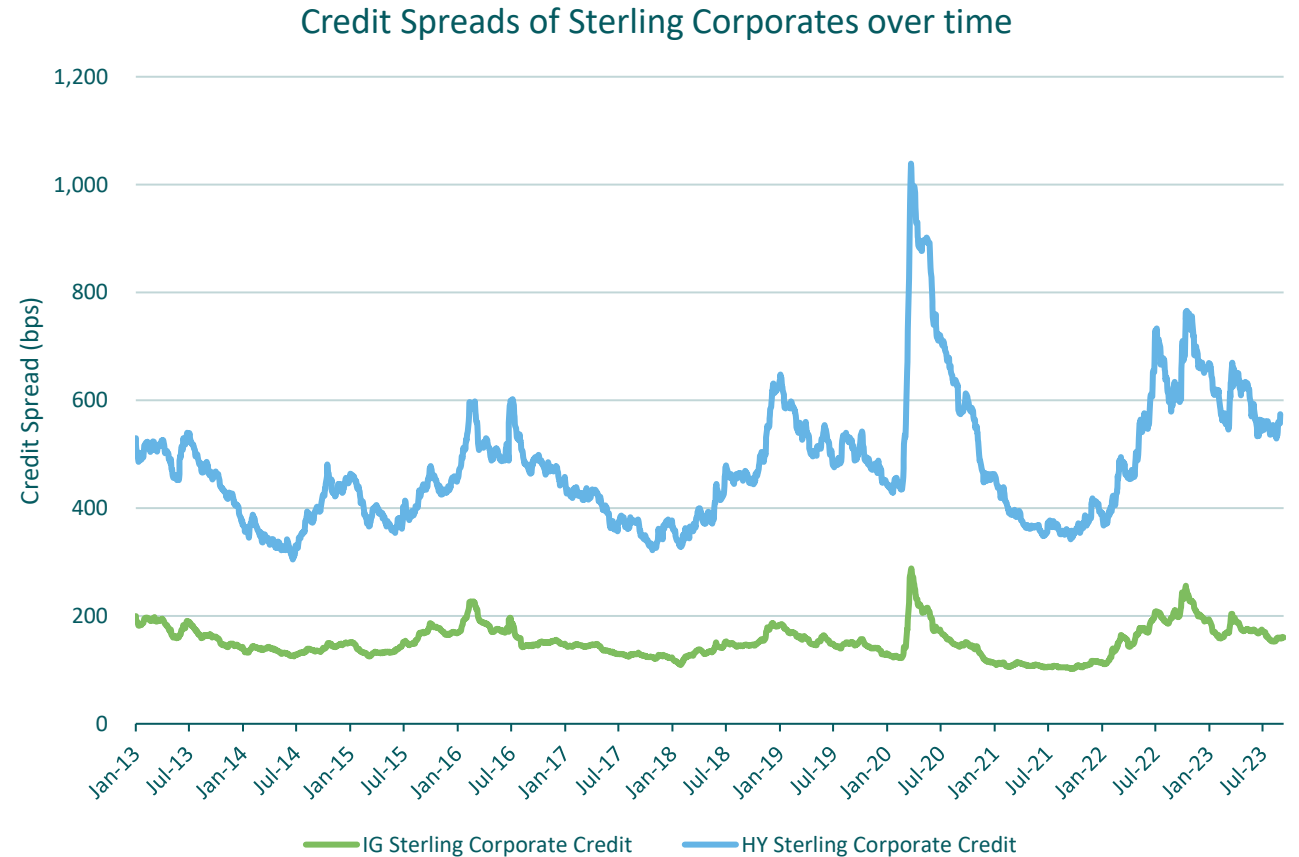
291bps to gilts, 191bps to single-A, 124bps to BBB



Impact of Credit

Smallest driver

- The assets in the fund are high IG with low likelihood of default, so if held to maturity would not crystallise any of the mark to market volatility caused by credit spread movements
- The valuation of the fund's credit assets is affected by the market's perception of credit risk
- Widening credit spreads (higher perceived credit riskiness) leads to a fall in mark to market asset value
- Asset sensitivity to these movements in credit spread is called spread duration
- Historically, IG credit spreads have been resilient through the economic cycle

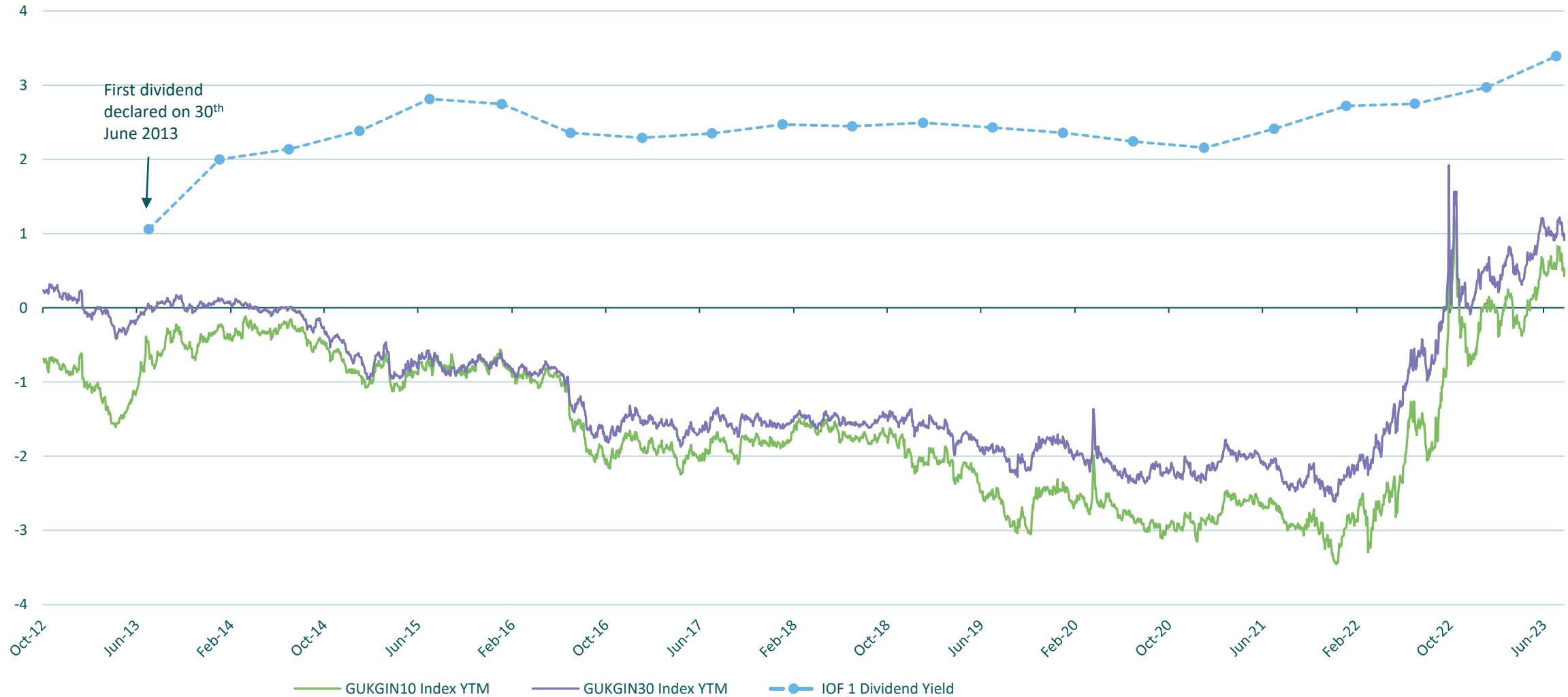


M&G Inflation Opportunities Fund I

Generating income throughout the economic cycle

Past performance is not a guide to future performance

Dividend yield vs. gilt yields



Source: M&G, BBG Generic GBP 10 and 30 year inflation linked gilts, as at 30 June 2023

 **M&G**
Investments

Appendix

Investment Pipeline

Inflation Opportunities

Deal	Sector	Deal Size (£m)	Income Type	Proposed M&G Rating	Indicative Spread Levels (bps)	Term (yrs.)	Description
UK Student Accommodation	Student Accommodation	200	Fixed / Inflation	BBB/A	[TBC]	35-45	Funding for construction of student accommodation for a UK university.
NI Gas Distributor	Gas Distribution	455	Fixed / Inflation	BBB	220 - 285	3 - 15	Refinancing of existing indebtedness
Welsh Affordable Housing Developer	Real Estate Dev & Mgt	13.5	Inflation	A	Low 200's	47	CPI-linked debt to fund development of affordable housing in Wales.
Utility deal 1	Non-Electric Utilities	138	Inflation	BBB	185-200	6	Secondary market CPI-linked debt issued by UK water utility co with public bonds.
Utility deal 2	Electric-Distr/trans	131	Inflation	BBB	185-200	7	Secondary market RPI-linked debt issued by UK electric utility co with public bonds.

Long Dated Private Asset Opportunities

Current Spreads

Fund name	Return above Gilts	Inflation Linked or Fixed (IL/F)	Credit Quality
Long lease property*	4.00% - 4.50%	IL	BBB-
Income strips*	3.00% - 3.50%	IL	BBB+
Residential ground rent debt	1.85%	IL/F	AA-
Local Authority debt	1.20% - 1.50%	IL/F	AA-/A
Social housing debt	1.20% - 1.40%	F	A /BBB+
Infrastructure debt	1.10% - 2.00%	IL/F	A+/BBB-
Private Placements	1.10% – 1.50%	F	AA/BBB-
European Infrastructure Debt	0.75%-1.75%	IL/F	A+/BBB-
University debt	0.70% - 1.00%	F	AA/A
Real Estate Debt	1.75% - 5.00%	F	A-/BBB-

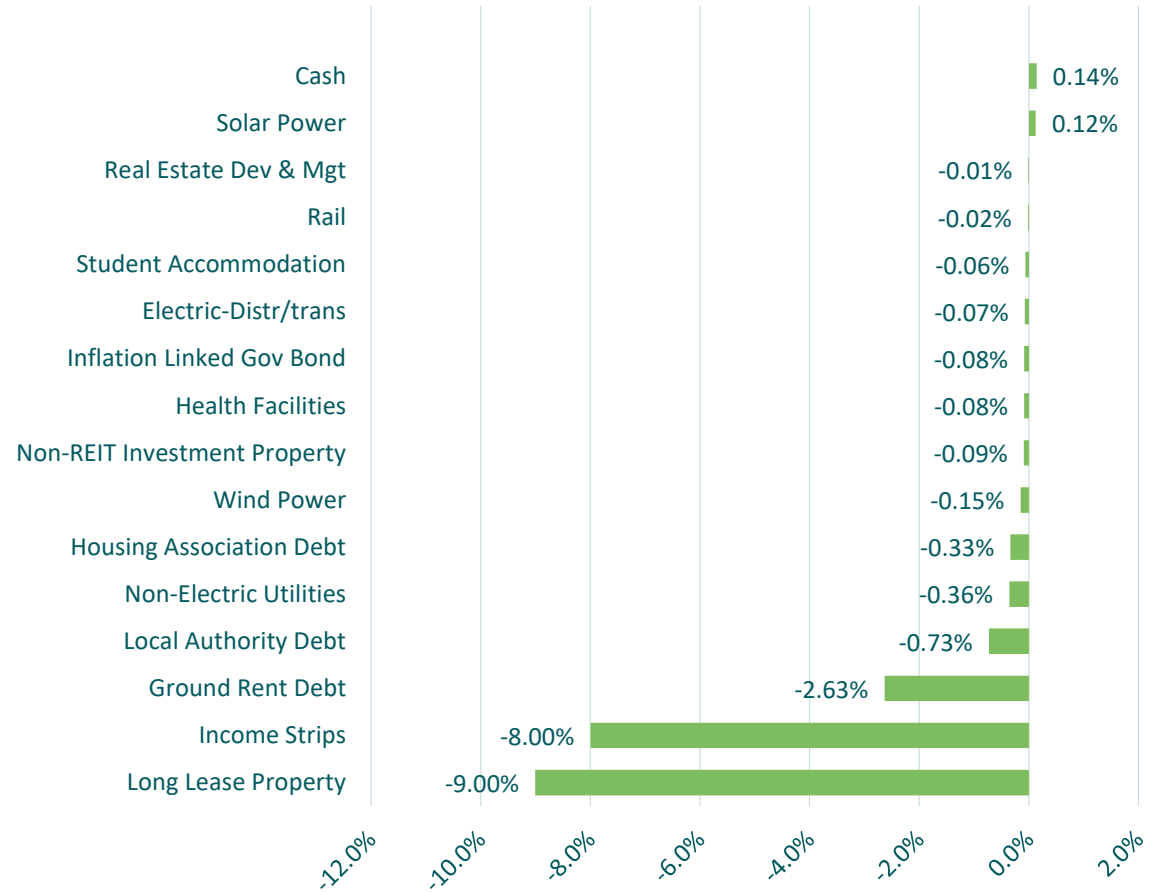
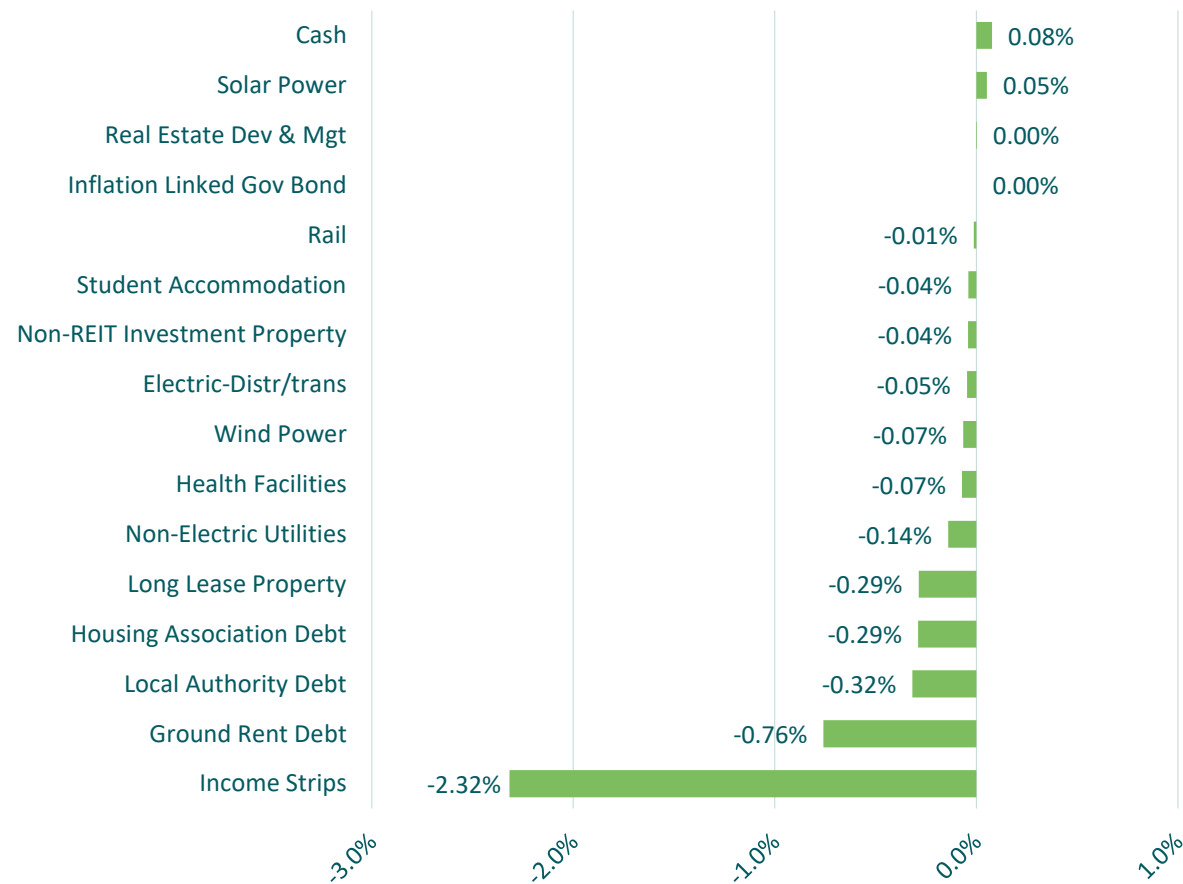
M&G Inflation Opportunities Fund I

Highest duration sectors have the biggest impact on Fund performance

Past performance is not a guide to future performance

Q2 2023 NAV of £273m

12 months - Q2 2023



Private Credit Investment Resources

Catherine Ross
Head of Private Credit (23)

Direct Lending	
Rebecca O'Dwyer Director (10)	Charan Channe Assoc. Director (14)
Sala Fitt Director (29)	Daniel Hwadaya Manager (5)
Luke Staddon Director (15)	Robert Scheer Director (17)
Tom Rankin Director (11)	Hao Wang Assoc. Director (7)
Sebastien Zuchmanski Manager (7)	Sara Almosawi Manager (2)

Leveraged Finance Analysis		
Nicola Poulloura Director (17)	Vikesh Patel Associate Director (10)	Safa Amirbayat Manager (4)
Adam Koller Director (22)	Jamie Clarke Associate Director (6)	Katrina Murray Manager (3)
Ishmeet Chawla Director (12)	Clarissa Quek Associate Director (6)	Jasmine Hay Manager (2)
David Sheppard-Burgess Director (18)	Oliver Williamson Manager (4)	
Salik Ishtiaq Associate Director (13)	Matteo Ghiringhelli Manager (5)	

Portfolio Management		
Corporate	Short Dated Multi Asset	Long Dated Multi Asset
Fiona Hagdrup Fund Manager (33)	Richard Sherry Fund Manager (26)	Gary Parker Fund Manager (28)
Michael George Fund Manager (22)	Angela Yang Fund Manager (10)	Vanessa Brathwaite Fund Manager (21)
Thomas Lane Fund Manager (11)	James Newbery Fund Manager (9)	Robert Ughaonu Fund Manager (13)
James Winser Assistant FM (CLO) (6)	Aditi Rao Assistant FM (11)	Adam Redpath FMA (8)
	Alistair Corrie Assistant FM (15)	Kelvin Bademosi FMA (6)
	Prateek Adhikari FMA (7)	

Client, Solutions & Specialists	
Catherine Lloyd (17) Head of Client Directors	Jo Waldron (22) Head of Solutions & Specialists
Sarah Murtagh (19) Client Director	Karen Lam (21) Head of Investment Specialists
Hannah Updahyaya (10) Client Director	Aramide Ogunlana (10) Investment Specialist
James Frankland (10) Client Director	Stuart Connew (14) Investment Specialist
Pooja Shah (21) Client Director	Maisie Philipps (4) Junior Investment Specialist
Robert Field (5) Client Relationship Manager	
Lynn Schiemann (22) Product Specialist	

Origination, Strategy & Counterparties
Scarlett de Posson Director (18)
Joakim Sarnstedt Director (18)

Loan Trading
Cameron Low Secondary Trader (19)

CLO Structuring
Christine Ko Director (24)

Glossary of asset classes

Asset Class	Description
Long lease property	Investment providing inflation linked cash flows from a diversified portfolio of property leases with potential capital growth from underlying properties.
Income strips	Inflation linked cash flows from leases secured against properties which are sold back to client at end of lease (no residual property risk).
Residential ground rent debt	Investment providing very long term cash flows from long term leases (30-50yrs) secured against freehold assets. Often inflation linked but can also be fixed rate.
Local Authority debt	Debt provided to local authorities typically to fund social/affordable housing or to finance redevelopment of local amenities.
Social housing debt	Long dated senior debt secured against a pool of residential homes, where rent is underpinned by welfare benefits.
Infrastructure debt	Debt raised for project finance and corporate credit across the entire spectrum of the infrastructure universe – eg. Energy, Renewables, transportation, Utilities etc.
Private Placements	Corporate debt provided to a variety of businesses and sectors. Often on a bilateral basis or under documentation negotiated on a bespoke basis. Provides a premium to public debt given the long term and illiquid nature of the debt.
University debt	Secured debt provided to universities, often on a bilateral basis.
Real Estate Debt	Debt secured against Commercial Property

Proposed 2023 ESG strategy

Key to delivering the Fund’s ESG strategy is proactive occupier engagement and, where feasible, support and alignment with their environmental, social and governance initiatives, programmes and aspirations.

Through its aspirational ESG strategy the fund aims to deliver ^A:

Environmental Excellence	Social benefit	Good Governance
1. Aim for all operational carbon to be Paris-aligned by 2030, all carbon to be net zero by 2050 ^B	1. Continue to advance occupier engagement strategy, implement action plans to improve satisfaction following feedback from occupiers	1. Aim for all new leases to include green clauses to drive data sharing & cooperation
2. Develop a net zero operational carbon assessment strategy and target tracking by June 2025	2. Contribute to occupier and community health & wellbeing through asset initiatives, where feasible	2. Increase collection of tenant utility data and reduce the proportion of estimated data
3. Develop an improvement plan for all assets with EPC ‘D’ or below by June 2025 and work with occupiers ^C to deliver energy efficiencies	3. Achieve exemplar Safety and Security achieved by the consistent application of our “Global Minimum Requirements” (GMR’s)	3. Aim for all assets to have a sustainability asset plan
4. Ensure at least 50% of AUM to be certified at all times ^D and best practice to be shared with occupiers		4. Apply occupier exclusions (Controversial weapons, UN Global Norms, Thermal Coal)
5. Ensure portfolio resilience through climate-related risk assessment and management		5. Target at least GRESB 4 star rating

A - Key sustainability objectives are shown – a wider set of targets are in place to support the delivery of the goals. Where year dates are listed the target deadline is considered to be the year end unless otherwise stated.
 B - Operational emissions refers to Scope 1,2 and 3 emissions (energy used by tenants) associated with standing investment portfolio. Paris-aligned refers to reducing GHG emissions such that global warming is limited to 1.5°C by 2050; the 2030 target aims for net zero pathway alignment. 2050 target covers all Scope 1, 2 and material Scope 3 emissions (including embodied carbon), method for tracking to be finalised over the next 12 months and aligned to the Net Zero Asset Managers Commitment.
 C - Acknowledging control remain with tenants under Full Repairing & Insuring (FRI) lease terms.
 D - Measurement includes assets where certification is planned and underway. When certifying we apply a ‘sampling strategy’ aimed at identifying ESG interventions applicable across similar buildings.

Environmental, Social and Governance

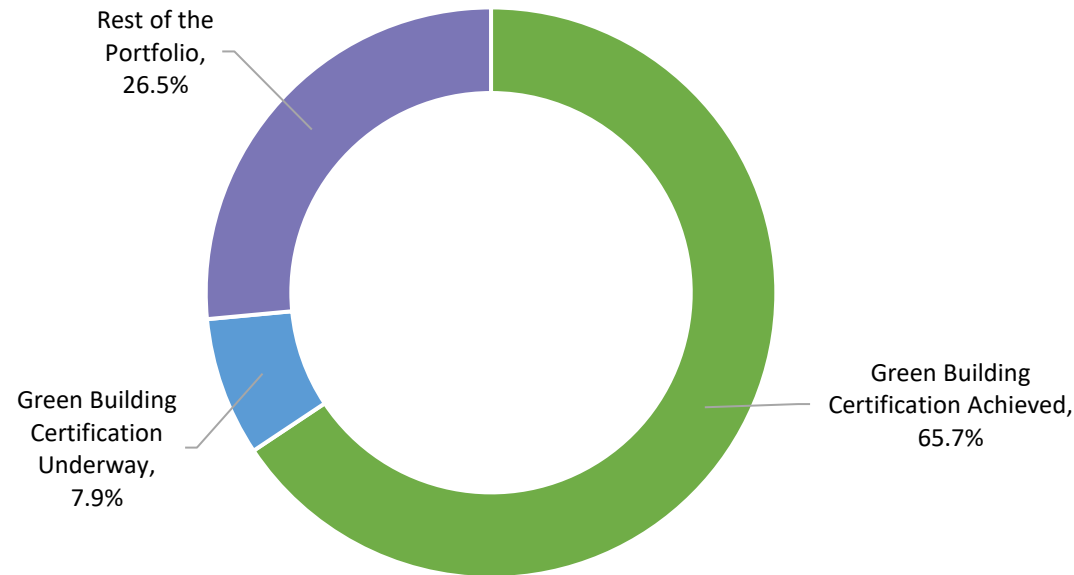
SPIF overview

Global Real Estate Sustainability Benchmark (GRESB)	<p>2022 result – SPIF maintained 2nd position (out of 80 in its peer group), placing behind another long lease fund managed by M&G</p> <p>Focus on maintaining/improving tenant data capture and rolling out green building certification</p> <p>2023 data submitted, GRESB 2023 results available in October</p>
Energy Performance Certificates (EPCs)	<p>Minimum Energy Efficiency Standards ('MEES') – EPC threshold of 'E' from 1 April 2023</p> <p>Working closely with tenants to identify potential improvements to upgrade assets (BCA Paddock Wood is the only remaining non-MEES complaint asset)</p>
Green Building Certification	<p>Targeting green building certification for 75% of assets by end 2023 – currently 66% of the Fund (a further 8% is pending certification)</p> <p>Asset level optimisation reports will analyse the cost/benefits from potential improvements, with a focus on carbon emissions</p>
Net Zero Carbon	<p>Developing a pathway to achieve net zero carbon emissions by 2050 – supplementing top down model with bottom up analysis from optimisation reports</p> <p>Supporting tenants in making changes to assets which reduce carbon emissions</p>
Physical climate risk	<p>Risk analysis covers river flood, surface water flood, coastal flood, windstorm, wildfire, freeze-thaw, heat-stress and soil movement</p> <p>Analysis by insurance/ risk specialist, Marsh, and climate risk experts XDI</p>
Social impact	<p>We continue to support and facilitate tenant initiatives via M&G's Community Funding allocations. Three initiatives funded to date and several further applications underway.</p>
SFDR	<p>SPIF is an Article 8 Fund and has committed to a minimum threshold of 10% of NAV in sustainable assets (defined as minimum EPC 'B' and minimum BREEAM 'Very Good').</p>

Green Building Certification

Targeting 75% of the Fund by value by end 2023

Green Building Certification by Fund Value



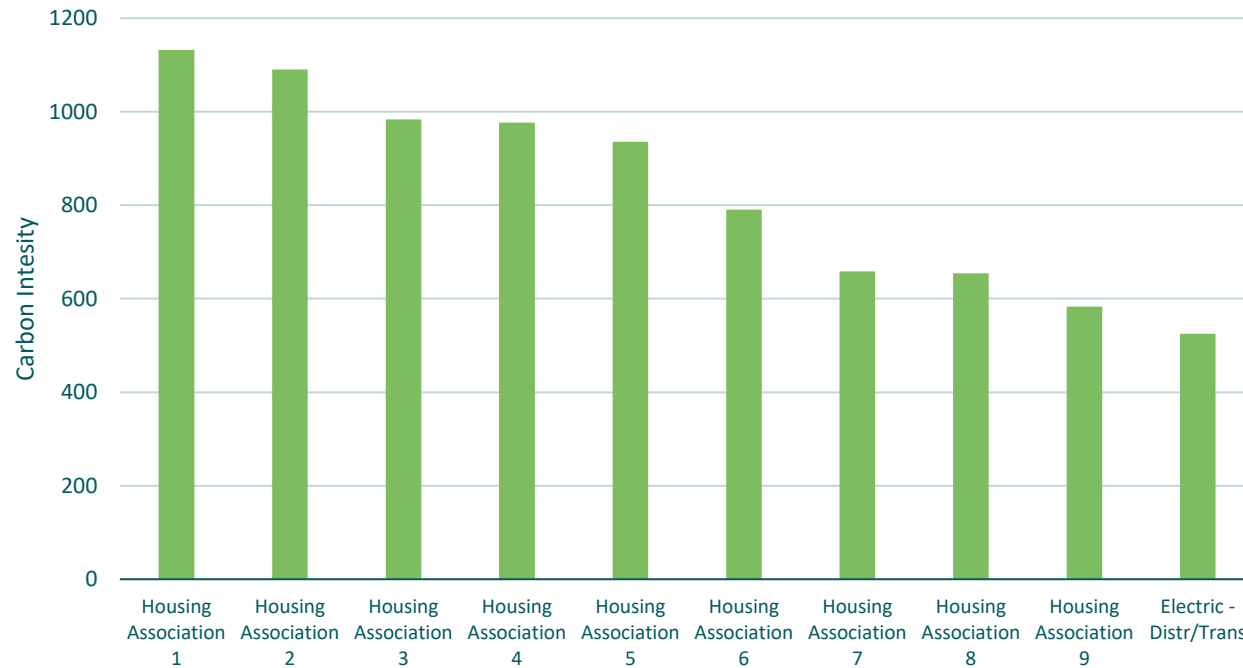
- 65.7% of the Fund has green building certification, with a further 7.9% of the Fund pending certification
- The Fund is currently targeting green building certification for 75% of assets by value by the end of 2023 (target in the process of being updated due to sales activity and cost vs. information optimisation)
- Green building certification contributes to the GRESB submission and provides a basis for tenant engagement
- Key output: 'Optimisation Reports' produced for each asset and shared with tenant to initiate asset improvement discussions

M&G Inflation Opportunities Fund

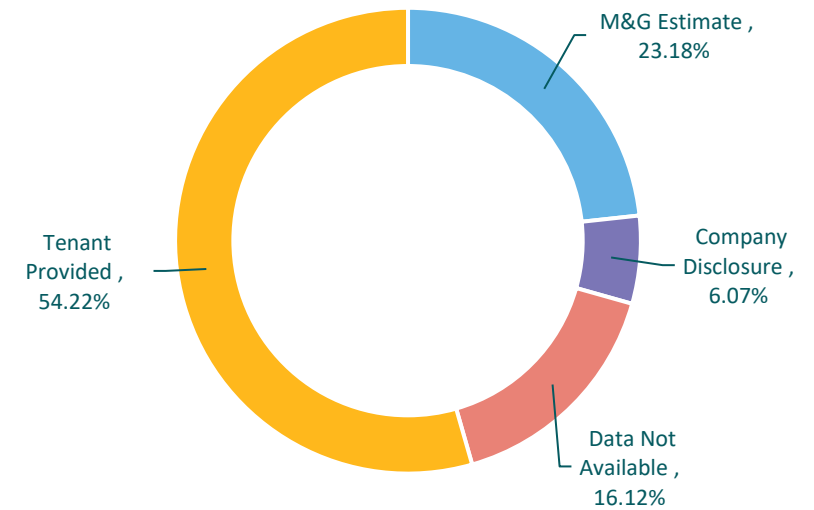
Available ESG Data/ TCFD Metrics

	Total	Coverage %
IOF Weighted Average M&G ESG Score ¹	59.46	90.40%
IOF Weighted Average Climate Score ¹	55.53	90.40%
IOF Weighted Average Carbon Intensity (WACI)	27.67	83.90%

IOF Top emitters by intensity



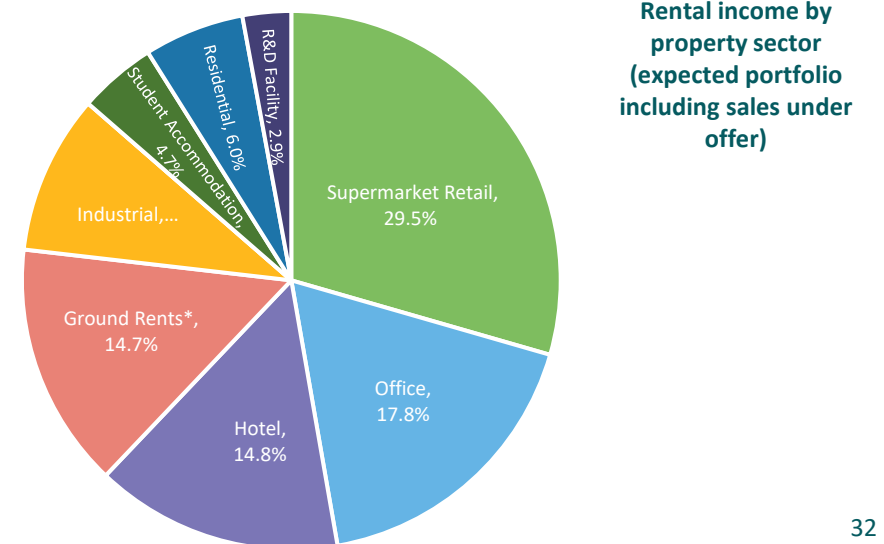
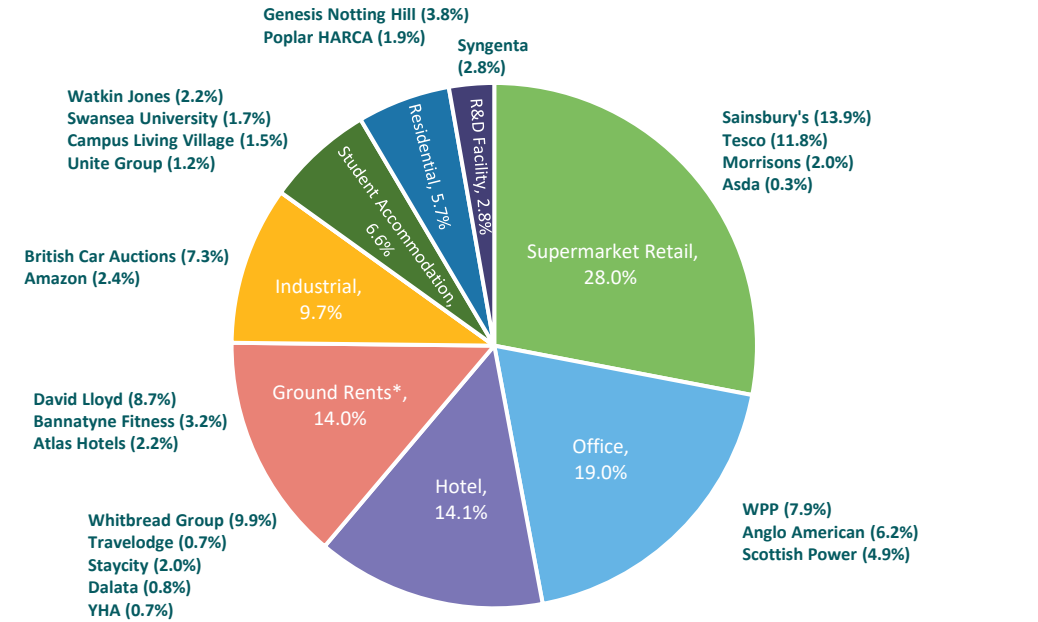
IOF Data Quality



Portfolio metrics and positioning

Current portfolio vs. expected portfolio excluding sales under offer

	Current portfolio	Expected portfolio
Fund NAV	£3.5 billion	£3.2 billion
Assets / Holdings	179 / 40	173 / 37
Tenants	24	23
Rent collection	100%	100%
Weighted average lease expiry (WALE)	29	30
% FRI leases	100%	100%
Inflation-linkage (average cap c. 4.8%**)	91%	93%
Annual rent reviews	70%	71%
Average credit rating	BBB-	BBB/BBB-
Vacant possession value	102%	101%
Net distribution yield	4.8%	c. 4.5-5.0%



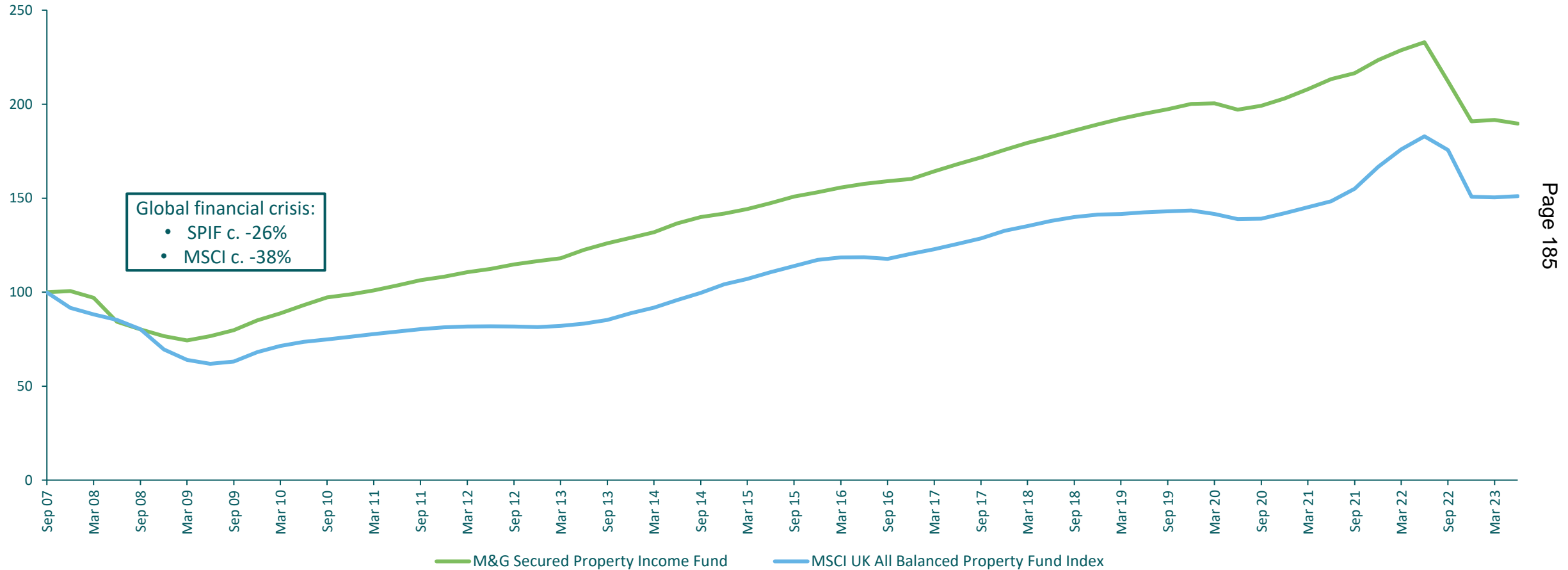
Source: M&G, 31 August 2023 valuations. *2 of 47 assets are market rented, c. 1% by income and c. 1% by value.. ** Excluding uncapped leases.

Long term outperformance

Attractive risk-adjusted returns compared to traditional real estate

Past performance is not a guide to future performance.

M&G SPIF total returns (net of fees) vs. broader property market total returns (net of fees)



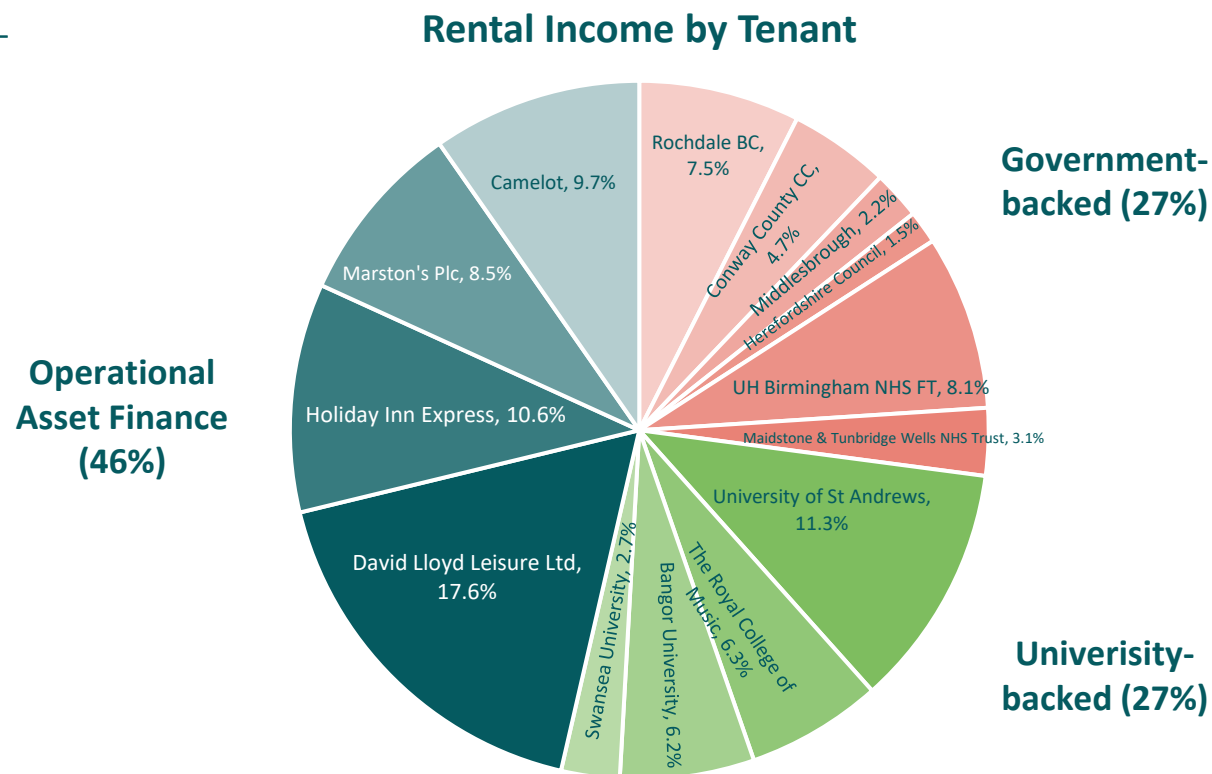
SPIF returns are calculated net of fees.

Source: M&G data quoted as at 30 June 2023. MSCI UK All Balanced Property Fund Index is a quarterly index quoted net of fees and expenses as at 30 June 2023.

Diversified portfolio

Long, contracted cash flows with strong tenant backing

- Access to town centre regeneration, social and infrastructure and long-term, sustainable operating businesses
- Weighted average credit rating of BBB+
 - 92% of income BBB or above
- NAV £772m
- 44 years average lease term
- All leases are inflation-linked (90% RPI, 10% CPI+0.5%)
- All assets underwritten assuming £0 residual value
- Sizeable pipeline at attractive value



Rating	% of income	LPI	% of income
A+	22%	RPI, 0%-6%	3%
A	16%	RPI, 0%-5%	67%
A-	6%	RPI, 1%-4%	8%
BBB+	11%	RPI, 2%-5%	7%
BBB	36%	RPI, 2%-4%	5%
BB-	8%	CPI+0.5%, 1%-4%	10%

M&G Inflation Opportunities Fund 1

Assumptions regarding cash flow projections

- The data provides an estimate of the yearly cashflows generated from underlying assets in the fund grouped on an annual basis at the last fund valuation point (unless otherwise stated).
- These are based on asset terms, conditions and characteristics and assume contracted payment of interest and principal.
- These are nominal cashflows: the inflation assumption is derived from UK inflation zero coupon swap rates.

Look-through to underlying funds

- The fund has a holding in the M&G Secured Property Income Fund (“SPIF”) and the M&G Secured Lease Income Fund (“SLIF”)
- The data incorporates a look-through to the yearly cashflows generated by the underlying assets in SPIF and SLIF, and an anticipated redemption of units.
- These cashflows are based on the asset terms, conditions and characteristics and assume contracted receipt of rental payments out to c.50 years.
- These are nominal cashflows: the inflation assumption is derived from UK inflation zero coupon swap rates.
- Projected capital expenditure on development assets in SPIF is excluded.
- A key point to note is that these underlying assets do not have the same interest rate or inflation sensitivity as fixed income cashflows: asset valuations and the fund valuation may not behave as fixed income instruments of equivalent interest, credit and inflation duration. However, the risk analytics for the fund are calculated based on these underlying SPI/SLIF cashflows having interest, credit and inflation duration characteristics.

Risks associated with the funds

M&G Inflation Opportunities Funds

- **Credit risk:** The Fund may be exposed to the possibility that a debtor/tenant will not meet their repayment/lease obligations.
- **Liquidity risk (open-ended):** Where market conditions make it hard to sell the Fund's investments at a fair price to meet redemptions, we may suspend dealing in the Fund.
- **Interest rate risk:** Changes in interest rates may adversely affect the market value of some of the Fund's investments.
- **Property risk:** Real estate values can be affected by a number of factors beyond the Fund's control and may be subject to long-term cyclical trends that can give rise to volatility in valuations.

Further things you should know: The Funds invest directly or indirectly in sterling denominated assets which predominantly provide a direct or indirect linkage to UK inflation or which otherwise provide a return related to or protection from a change in UK inflation as determined by the AIFM. For the M&G Inflation Opportunities funds I, II, III, IV, and V: The Funds may also hold a small amount of cash or ancillary liquid assets in other currencies to discharge fees and other obligations. For the M&G Inflation Opportunities Funds VI and VII: The linkage to inflation may be expressly stated by the issuer or determined by the AIFM. The assets may be listed or unlisted, may be rated or unrated and regulated or unregulated. The Funds are actively managed. The M&G Inflation Opportunities Funds I, III, V and VII have the UK RPI +2.5% as their benchmark. The M&G Inflation Opportunities Funds II and IV have the ICE BofA UK Inflation-linked Gilt Index +1.5% as their benchmark. The M&G Inflation Opportunities Fund VI has the FTSE Actuaries UK Index-linked Gilts over 5 years Index +1.5% as its benchmark.

Please note, investing in this fund means acquiring units or shares in a fund, and not in a given underlying asset such as a building or shares of a company, as these are only the underlying assets owned by the fund.

This is not an exhaustive list, you should ensure you understand the risk profile of the products or services you plan to purchase.

Risks associated with the fund

M&G Secured Property Income Fund

- **Credit risk:** The Fund may be exposed to the possibility that a tenant will not meet their lease obligations.
- **Liquidity risk:** Where market conditions make it hard to sell the Fund's investments at a fair price to meet redemptions, we may suspend dealing in the Fund's units.
- **Interest rate risk:** Changes in interest rates may adversely affect the market value of some of the Fund's investments.
- **Property risk:** Real estate values can be affected by a number of factors beyond the Fund's control and may be subject to long-term cyclical trends that can give rise to volatility in valuations.
- The Investment Policy of the Fund is to invest in a diversified portfolio of commercial real estate in the UK seeking to add value through strategic asset allocation, stock selection and asset management.
- Environmental and social characteristics are considered within the Fund's investment process, including setting binding elements, as well as, aspirational targets relating to reducing the impact of the Real Estate Assets on the environment, supporting the wellbeing of occupiers, and encouraging community engagement which are monitored using performance indicators, and external industry ESG benchmarks (such as GRESB).
- The Fund is actively managed and has no benchmark

Sustainability Information: The Fund promotes Environmental/Social (E/S) characteristics and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 10% of sustainable investments. Further details of our sustainability disclosures can be found on: <https://www.mandg.com/footer/sustainability-disclosures>

Please note, investing in this fund means acquiring units or shares in a fund, and not in a given underlying asset such as a building or shares of a company, as these are only the underlying assets owned by the fund.

This is not an exhaustive list, you should ensure you understand the risk profile of the products or services you plan to purchase.

Risks associated with the fund

M&G Secured Lease Income Fund

- **Credit Risk:** The Fund may be exposed to the possibility that a tenant will not meet their lease obligations.
- **Liquidity Risk:** Where market conditions make it hard to sell the Fund's investments at a fair price to meet redemptions, we may suspend dealing in the Fund's units.
- **Interest Rate Risk:** Changes in interest rates may adversely affect the market value of some of the Fund's investments.
- **Concentration Risk:** Due to a limited number of investments, the Fund may be affected adversely by the unfavourable performance of a single tenant.
- **Property Risk:** Real estate values can be affected by a number of factors beyond the Fund's control and may be subject to long-term cyclical trends that can give rise to volatility in valuations.
- The Investment Policy of the Fund is to invest in a diversified portfolio of commercial real estate in the UK seeking to add value through strategic asset allocation, stock selection and asset management.
- Environmental and social characteristics are considered within the Fund's investment process, including setting binding elements, as well as, aspirational targets relating to reducing the impact of the Real Estate Assets on the environment, supporting the wellbeing of occupiers, and encouraging community engagement which are monitored using performance indicators, and external industry ESG benchmarks (such as GRESB).
- The Fund is actively managed and has no benchmark
- **Sustainability information:** The Fund promotes Environmental/Social (E/S) characteristics and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 1% of sustainable investments.

Please note, investing in this fund means acquiring units in a fund, and not in a given underlying asset such as a building or shares of a company, as these are only the underlying assets owned by the fund.

This is not an exhaustive list, you should ensure you understand the risk profile of the products or services you plan to purchase.

Biography

Peter Manners-Smith – Director, Real Estate Income



Peter is a fund manager in the Real Estate Income business where he has worked on the UK funds since 2010, formerly as deputy fund manager on the M&G Secured Property Income Fund (c. £4.5bn) and latterly as fund manager on the Secured Lease Income Fund (approaching £1bn) which he launched in 2014.

Prior to joining M&G, Peter worked for Cushman & Wakefield Investors as an Investment Manager where he was responsible for institutional investors' portfolios invested in unlisted property funds on a global basis.

Peter joined the real estate industry in 2007 and is a Chartered Surveyor and an FCA Approved Person. He holds a BSc (Hons) in Investment and Finance in Property from the University of Reading and an MPhil in Real Estate Finance from the University of Cambridge.

Biography

Alastair Mitchell – Director, Institutional Fixed Income



Alastair joined M&G Investments in 2013, as part of the Institutional Fixed Income team. His primary focus is supporting our business development of institutional Fixed Income in the UK with Consultants and Pension Funds.

Prior to joining M&G, Alastair worked in the client services and business development team at Somerset Capital Management.

He graduated from CASS Business School with a Masters in Property, Valuation and Law in 2009 and has completed the Investment Management Certificate and the CFA UK ESG certificate.

Biography

Vanessa Brathwaite – Senior Fund Manager



Vanessa joined M&G Investments in September 2021 as a Senior Fund Manager in the Private Long Dated Fund Management team within the Private and Alternative Assets business. Vanessa comes with more than 20yrs of experience in the Fixed Income markets covering Investment Grade, High Yield, Loans and Private Debt.

Vanessa started her career in credit at S&P, before moving to the buy-side in 2006. Since then, she has held a variety of roles at UBS Asset Management, State Street Global Advisors, Lyxor Asset Management. Most recently she was at Tikehau Capital, where she managed EUR2bn of AUM investing in non-investment grade private credit (Direct lending and mid-market club deals) as well as broadly syndicated loans and High yield bonds.

Vanessa holds an MBA from Cass Business School and a BHons in Chemical Engineering from UCL. She most recently obtained her CFA ESG certificate in investing.

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