

Quarterly Investment Report

London Borough of Enfield Pension Fund



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

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Date: 4 October 2023

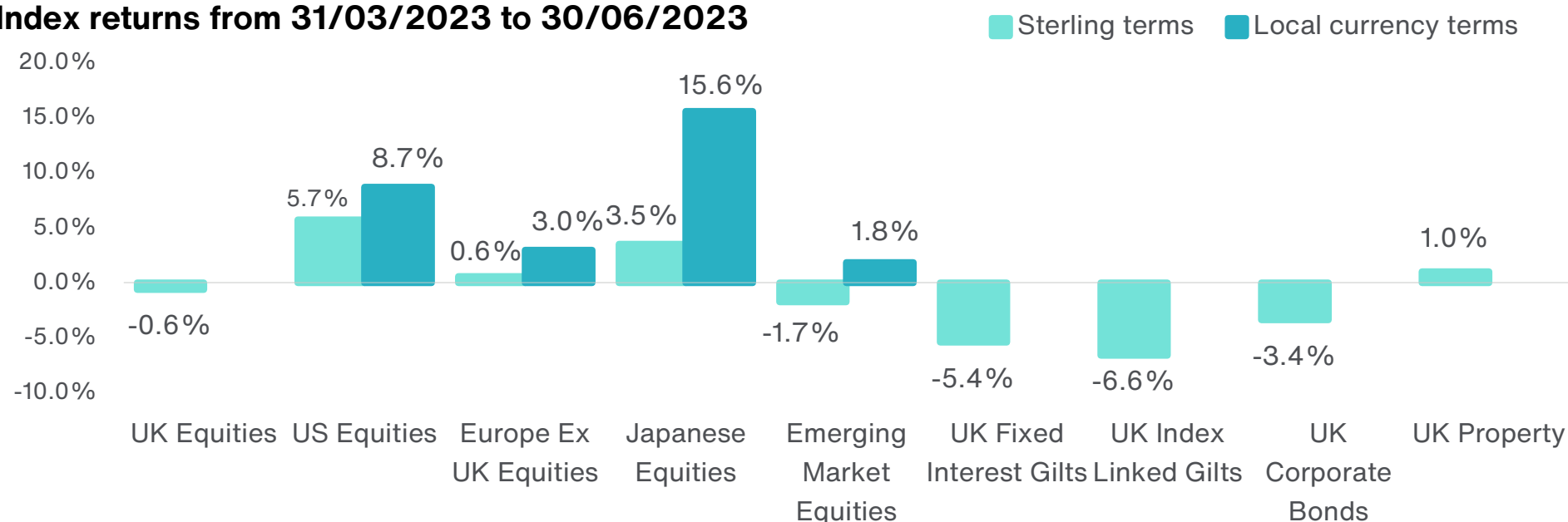


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AON

Q2 2023 Index Returns

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

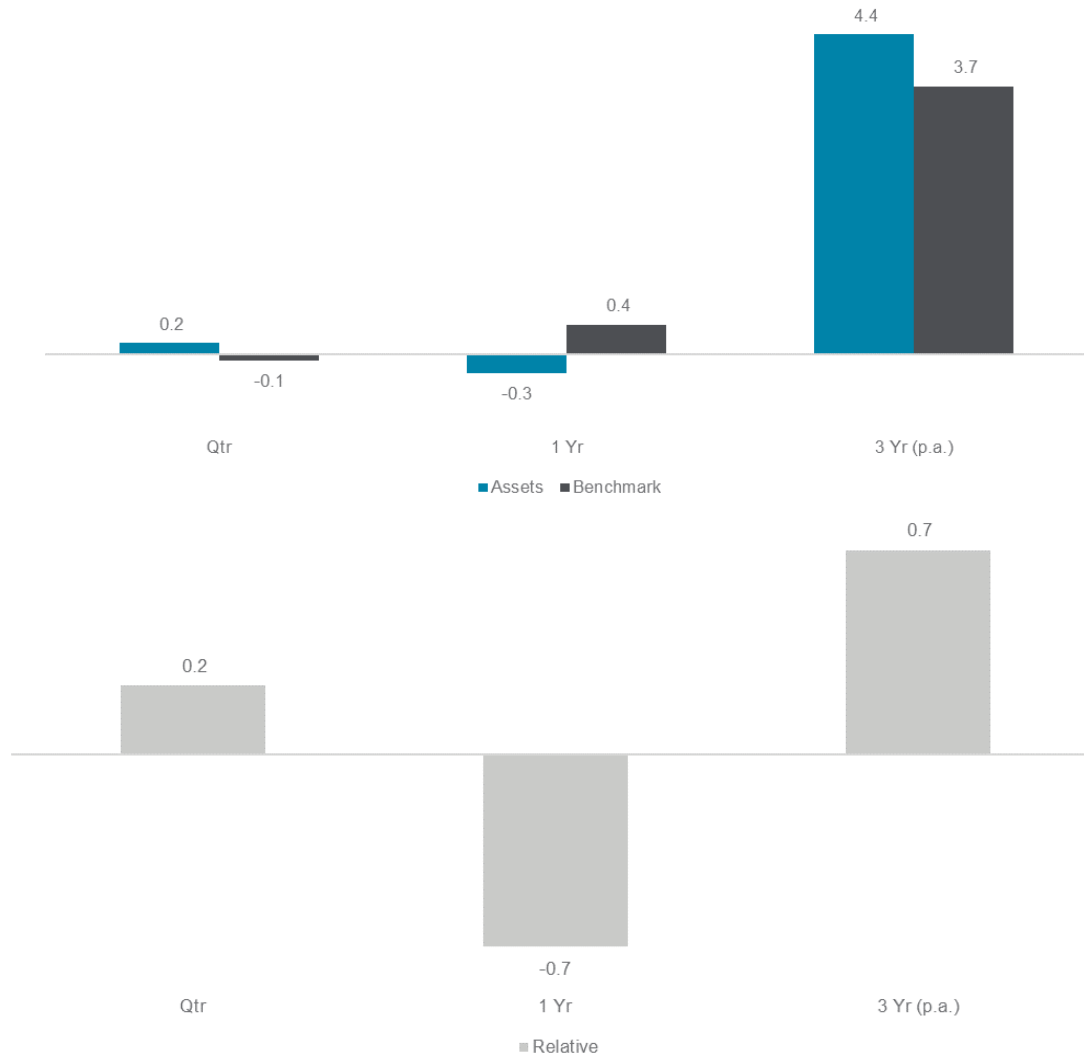


Source: FactSet, MSCI (Equities, Property), FTSE (Gilts), iBoxx (Credit).

- 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.



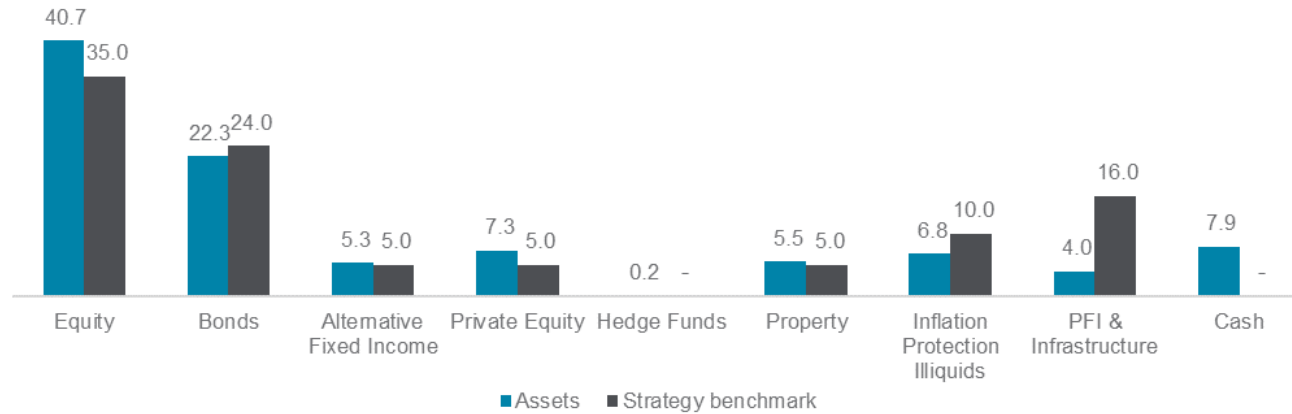
Strategic allocation



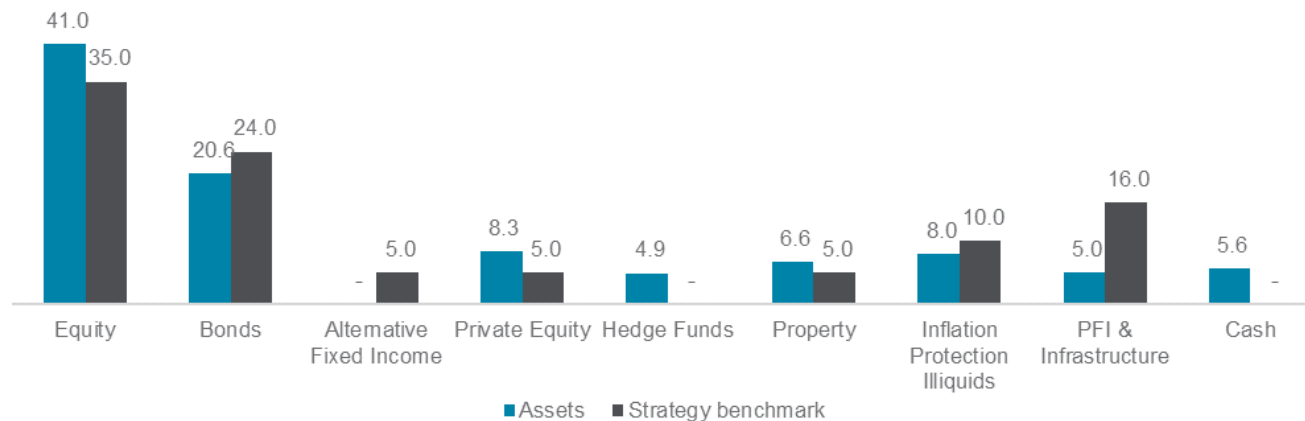
Strategic allocation

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.

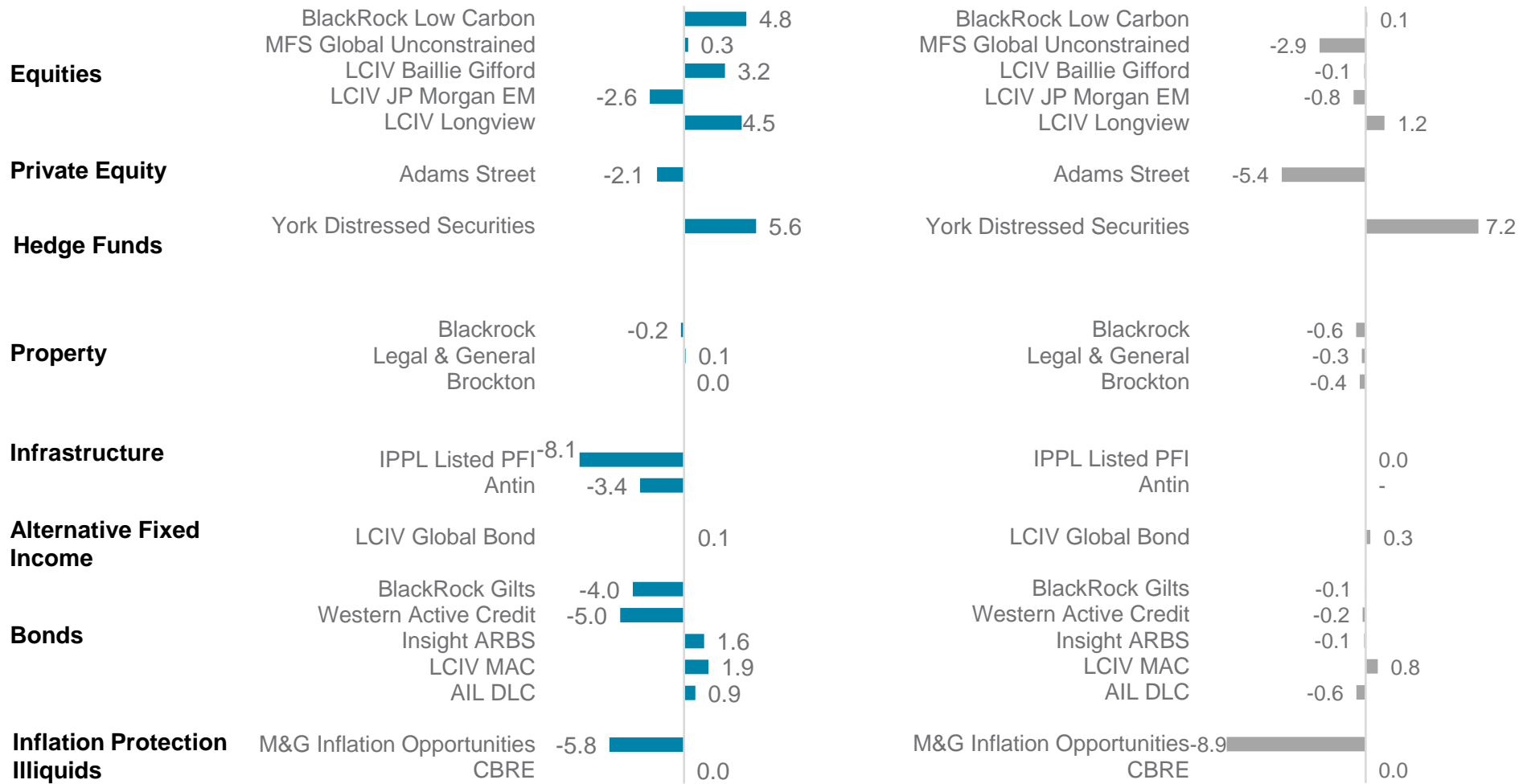
	Rating	%	ESG	Change
Equities		40.7		
BlackRock World Low Carbon	Buy	17.7	Integrated	-
MFS Global Unconstrained*	Qualified	5.5	Advanced	-
London CIV Baillie Gifford	Buy	7.3	Integrated	-
London CIV Longview Partners	Buy	8.0	Integrated	-
London CIV JP Morgan	Qualified	2.1	-	-
Private Equity		7.3		
Adams 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)

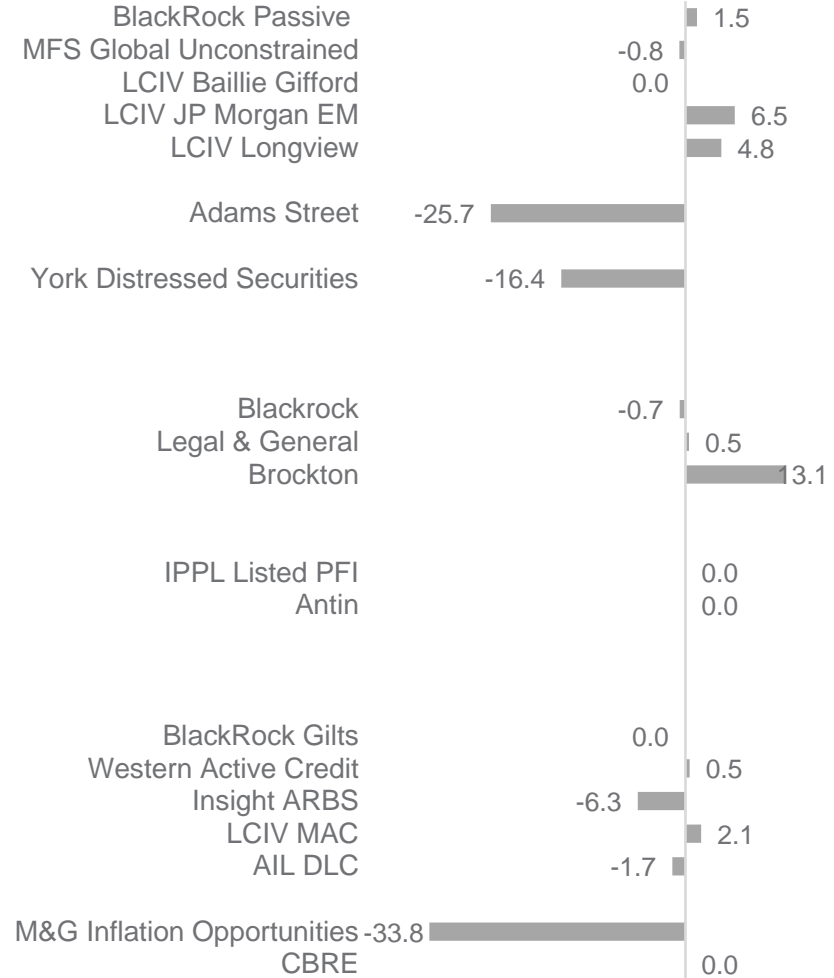
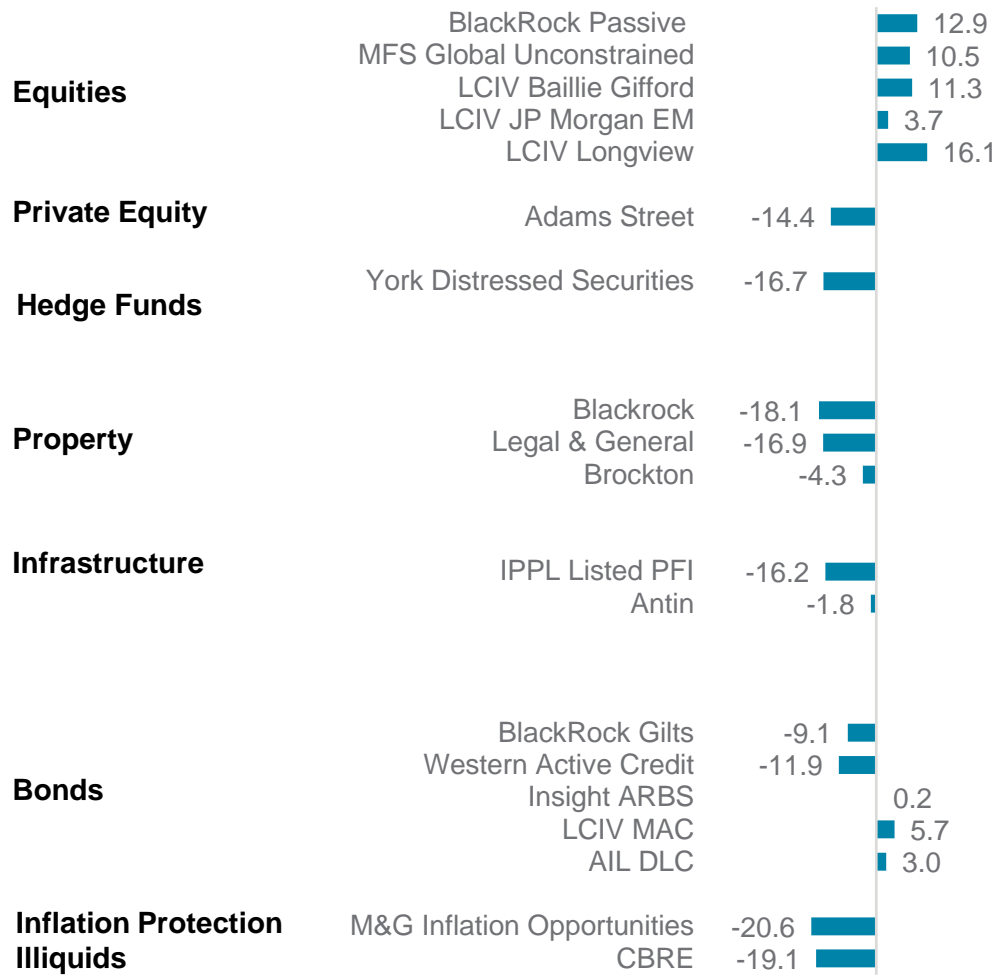


Source: Northern Trust. Performance is net of fees. Relative performance may be rounded.

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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