

Quarterly Investment Report

London Borough of Enfield Pension Fund



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

Prepared by: Aon

Date: 9 July 2024



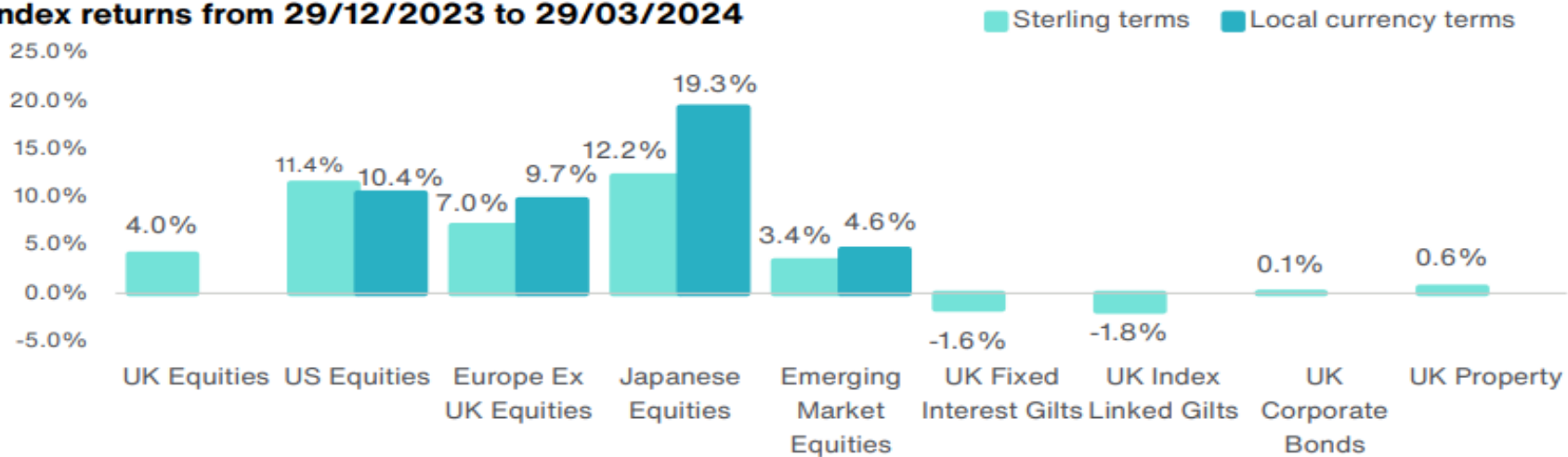
For professional clients only

AON

Q1 2024 Index Returns

Index Returns

Index returns from 29/12/2023 to 29/03/2024



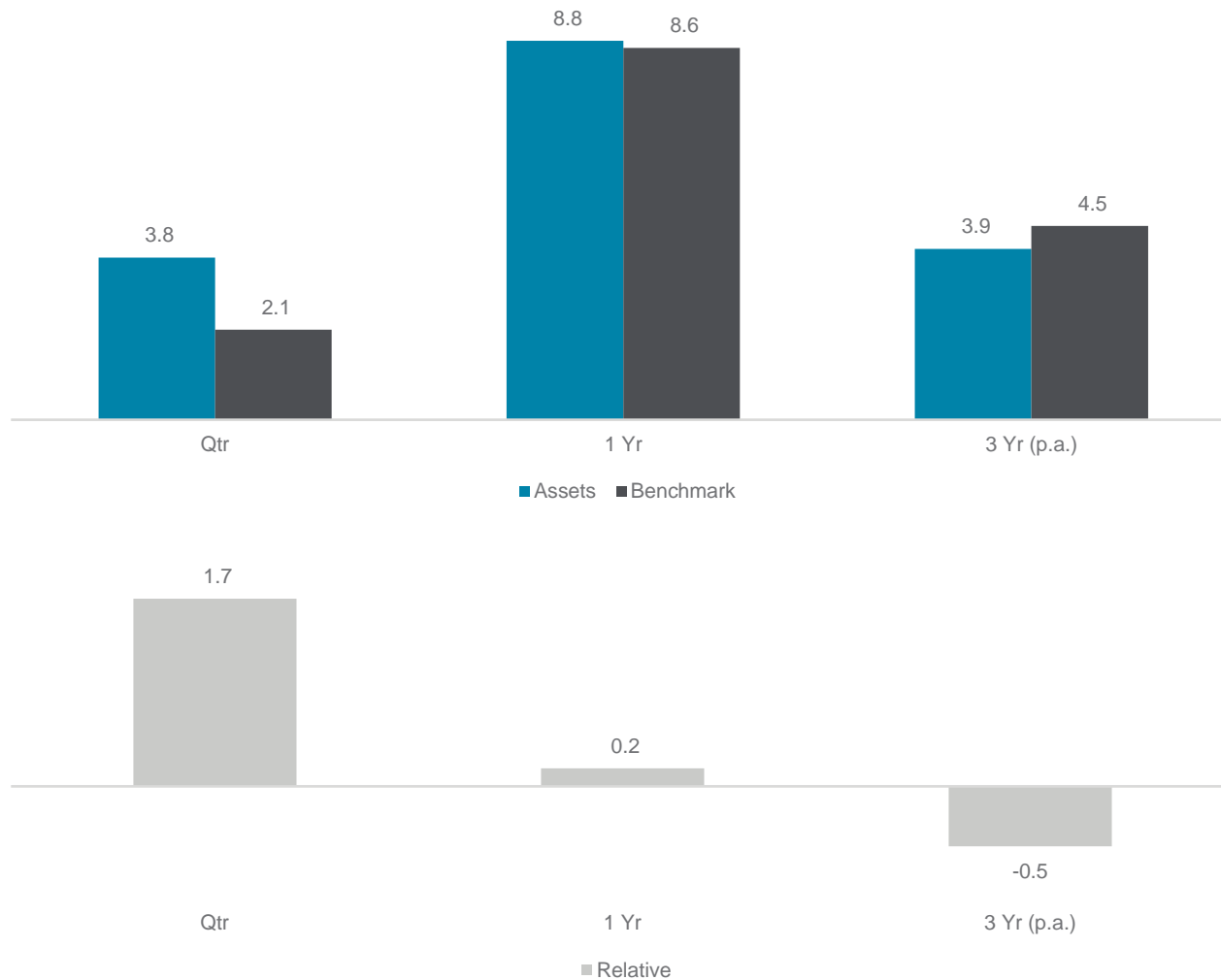
Source: FactSet, MSCI (Equities, Property), FTSE (Gilts), iBoxx (Credit)

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

- In Q1 2024, global equity markets rose significantly. The MSCI All Country World Index rose 9.6% in local currency terms. Whilst sterling depreciated against the US Dollar, appreciation against the Euro and the Yen pushed down returns in sterling terms to 9.3%
- Global bond yields moved higher following falling market expectations for central bank rate cuts this year. The FTSE All Stocks Gilts Index and the FTSE All Stocks Index-Linked Gilts Index fell 1.6% and 1.8% respectively. Investment grade (corporate) bond credit spreads narrowed over the quarter, helping the iBoxx Sterling Non-Gilts index post a 0.1% return in Q1 2024, outperforming government bond indices.
- The US Federal Reserve (Fed) also kept its interest rate unchanged at 5.25%-5.5%. The Federal Open Market Committee (FOMC) similarly stated that the committee does not expect it will be appropriate to reduce the target range until it has gained greater confidence that inflation is moving sustainably towards 2%
- The Bank of England (BoE) kept its interest rate stable at 5.25% for the fifth consecutive meeting. The Monetary Policy Committee (MPC) voted eight to one to maintain the current interest rate.

At a glance...

Performance summary (%)




Assets

£1579.7m 

Assets increased by £59.0m over the quarter.

Key performance drivers

It was a strong quarter for traditional asset classes with the Fund's equity holdings up 8.4. IPPL (-9.8%) was the largest detractor from total performance. 

Funding level

104.9%*

* Funding level based on liabilities as at 30 September 2023 (latest available at time of writing report)

Source: Aon.

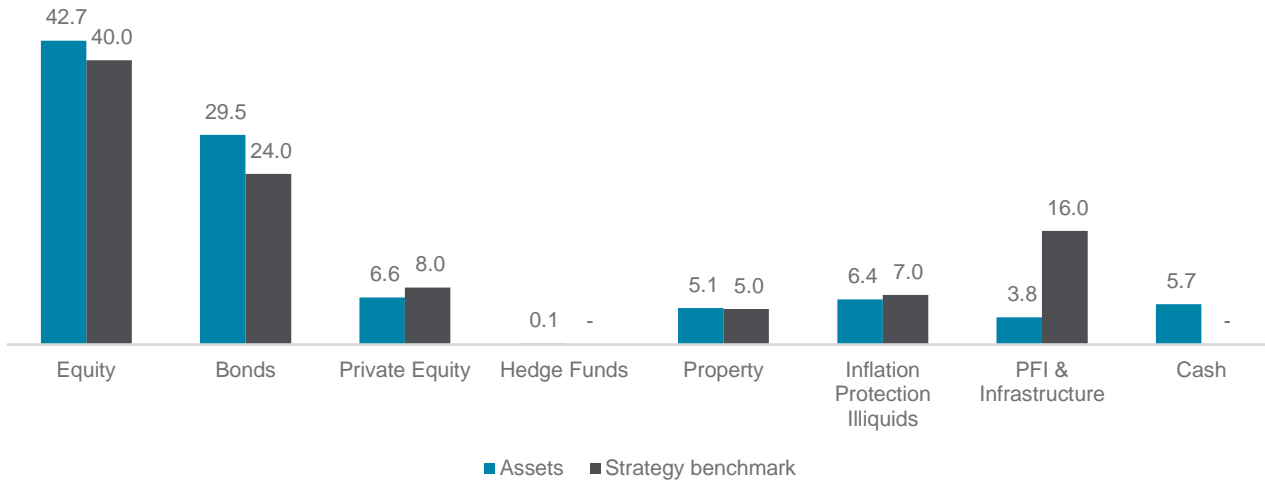


Strategic allocation



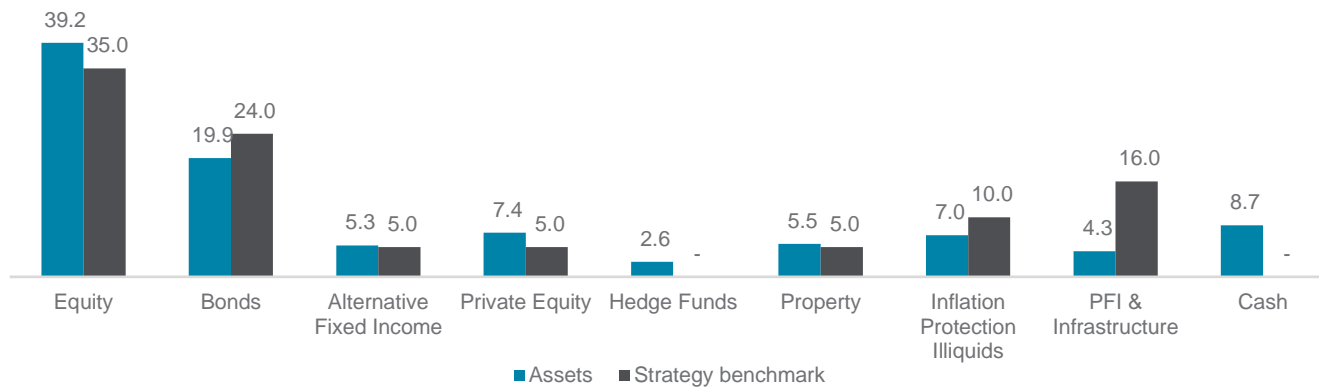
Strategic allocation

31 March 2024 strategic allocation & benchmark (%)



The strategic allocations shown for the 31 March 2024 graph are those agreed in 2024 and for the 31 March 2023 graph are those agreed in 2021.

31 March 2023 strategic allocation & benchmark (%)



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

Key developments



Insight Absolute Return Bonds

On the 10th May, Insight announced the departure of two portfolio managers within the structured credit team. The portfolio managers were named Portfolio managers on other Insight ABS Funds but were not responsible for the Global ABS strategy. We recommend clients take no action and the team remains sufficiently resourced to run this strategy

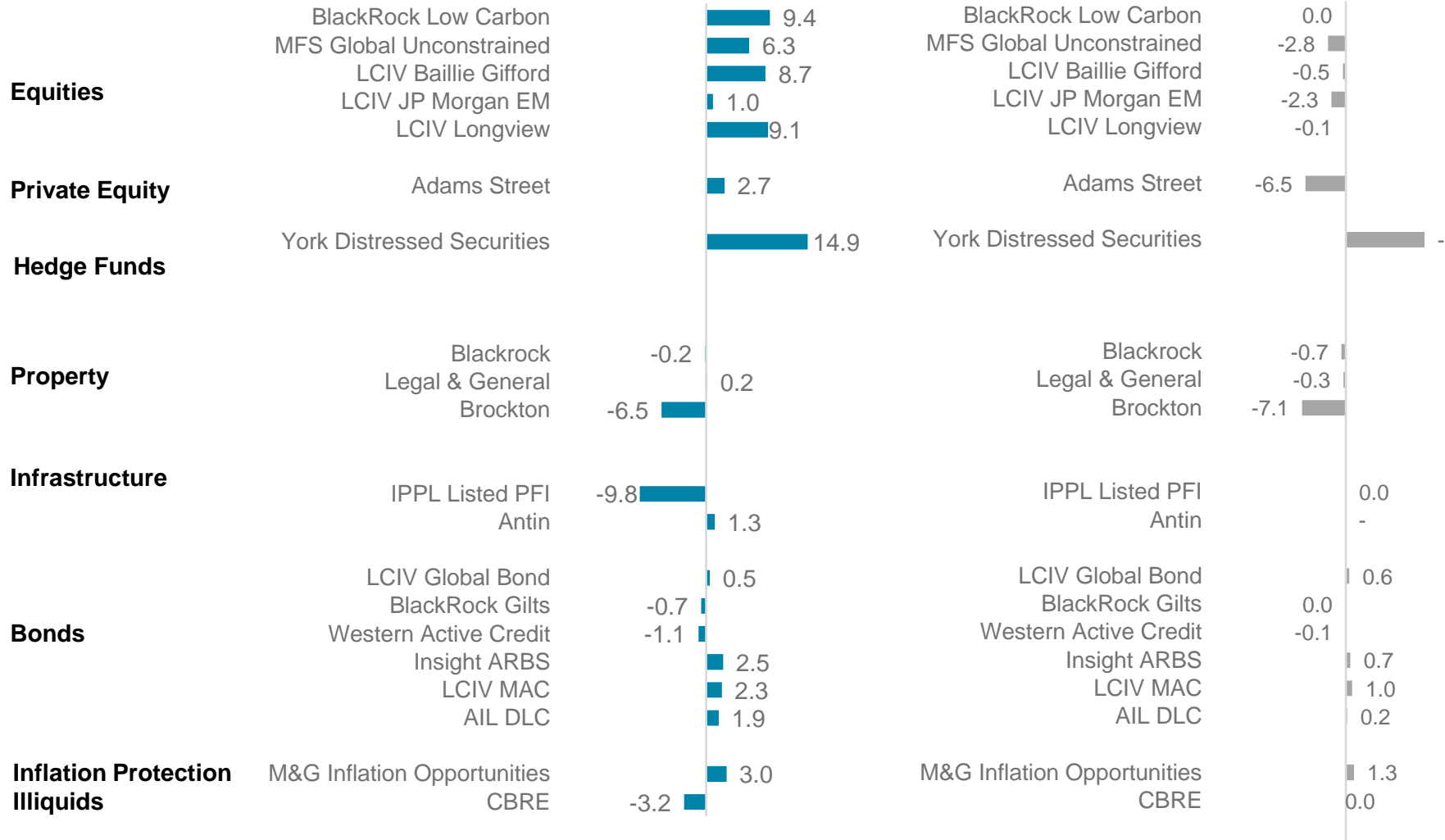
	Rating	%	ESG	Change
Equities		42.7		
BlackRock World Low Carbon	Buy	19.3	Integrated	-
MFS Global Unconstrained*	Qualified	5.6	Advanced	-
London CIV Baillie Gifford	Buy	7.6	Integrated	-
London CIV Longview Partners	Buy	8.3	Integrated	-
London CIV JP Morgan	Qualified	2.0	-	-
Private Equity		6.6		
Adams Street	Qualified	6.6	-	-
UK Property		5.1		
Blackrock	Buy	2.1	-	-
Legal & General	Buy	2.3	-	Yes
Brockton	Buy (closed)	0.7	-	-
PFI & Infrastructure		3.8		
IPPL Listed PFI	Not rated	2.3	-	-
Antin	Buy (closed)	1.3	-	-
London CIV Renewable Infrastructure	Buy	0.3	-	-
Bonds		29.5		
BlackRock Passive Gilts and ILGs	Buy	7.4	Integrated	-
Western Active Bonds	Not Rated	6.6	-	-
Insight Absolute Return Bonds	Buy	2.1	Integrated	-
London CIV Multi-Asset Credit	Qualified	3.8	-	-
AIL Diversified Liquid Credit	Not Rated	4.4	-	-
London CIV Global Bond Fund	Buy	5.2	Advanced	-
Inflation Protection Illiquids		6.4		
M&G Inflation Opportunities	Buy	4.1	-	-
CBRE	Buy	2.3	-	-

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.
5. Ratings for LCIV MAC are based on CQS as an underlying manager. Please see London CIV Global Bond Fund ratings for the other underlying manager PIMCO.

Managers – Quarterly performance

Q1 2024 absolute return (% pa)

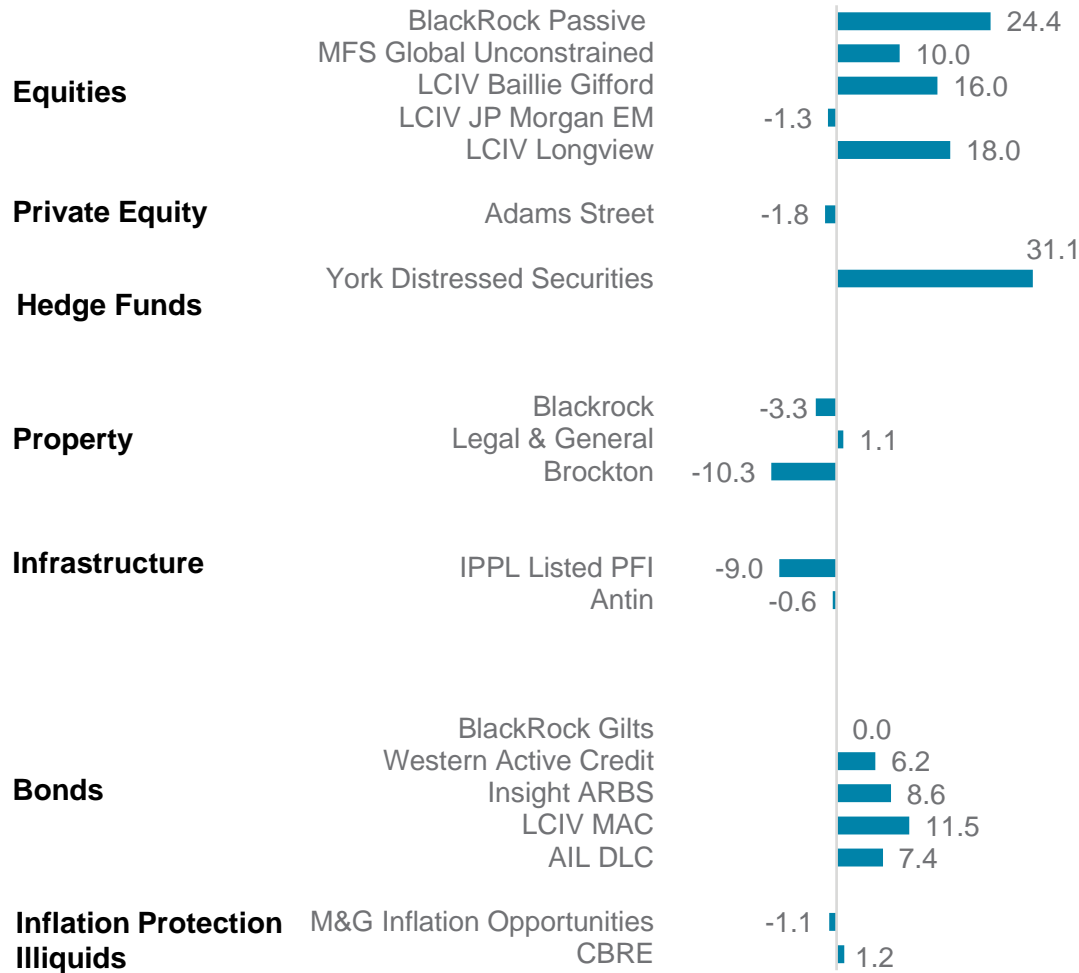
Q1 2024 relative performance (% pa)



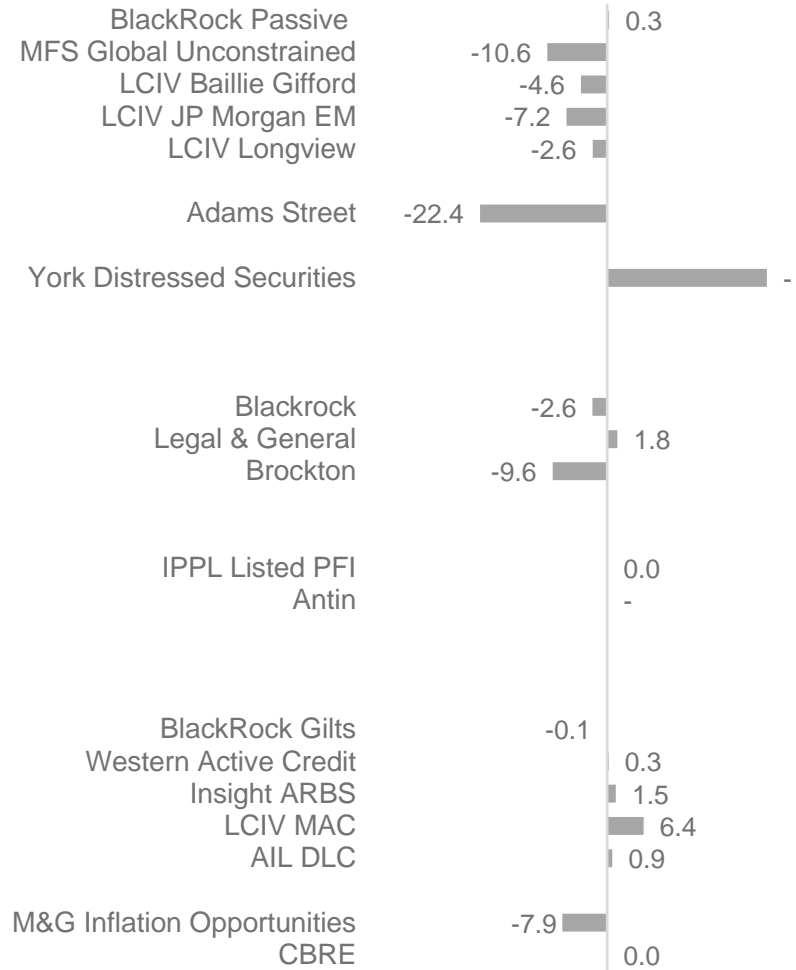
Source: Northern Trust. Performance is net of fees. Relative performance may be rounded.

Managers – Annual performance

1 year absolute return (% 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 and York returns will partly reflect currency movements.

Disclaimer:

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

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

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

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

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

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

