

Quarterly Investment Report

London Borough of Enfield Pension Fund



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

Prepared by: Colin Cartwright

Date: 27 June 2023

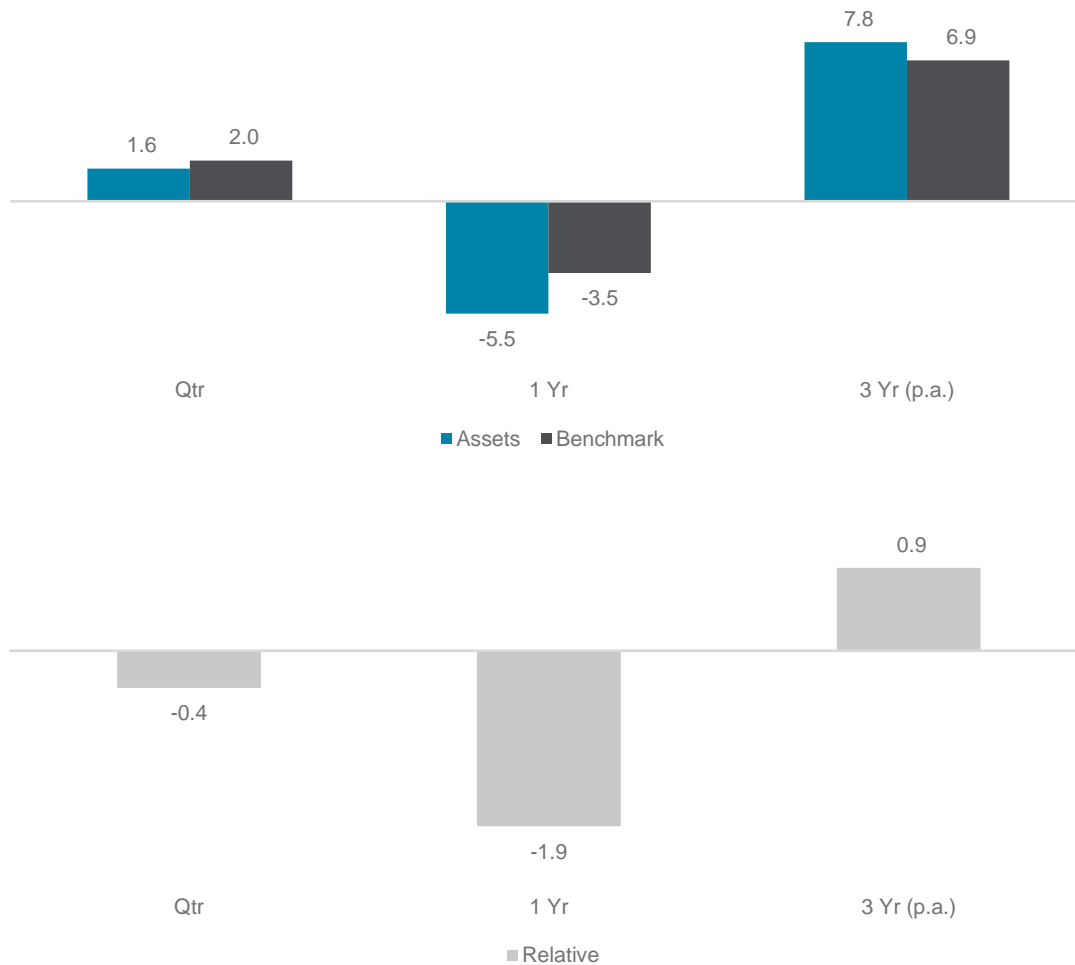


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At a glance...

Performance summary (%)



Assets

£1456.9m



Assets increased by £26.5m over the quarter.

Key driver – Equities

£571.8m



Equities increased by £20.8m over the quarter.

Funding level

104.2%

Funding level as at 31 March 2023.

Source: Aon.



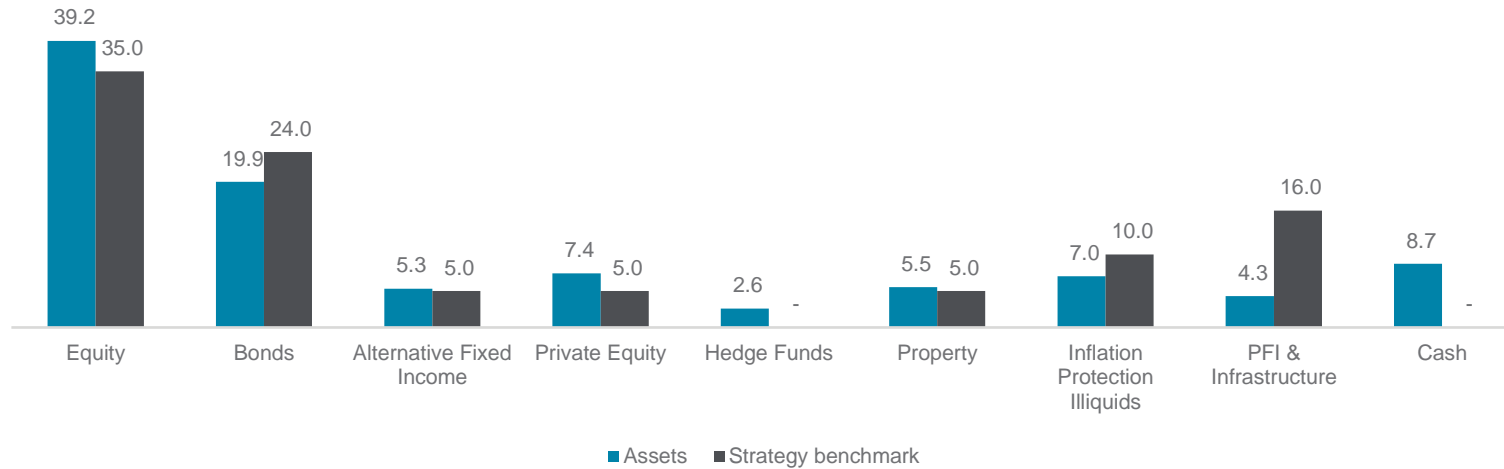
Strategic allocation



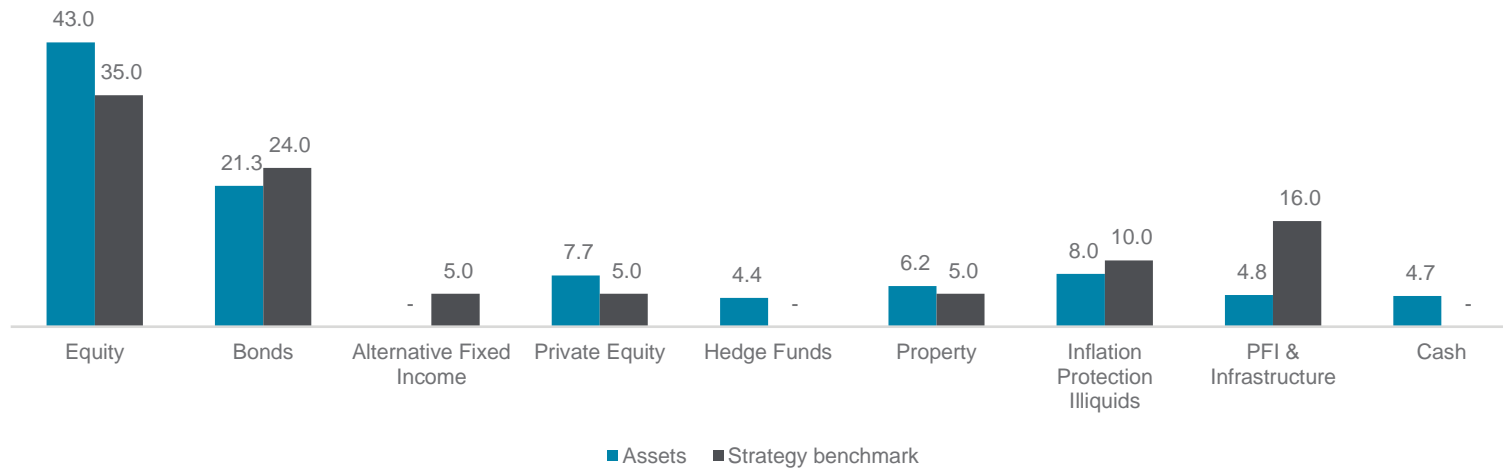
Strategic allocation

The strategic allocations shown are those agreed in 2021.

31 March 2023 strategic allocation & benchmark (%)



31 March 2022 strategic allocation & benchmark (%)



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

Key developments



LCIV Baillie Gifford

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

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

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

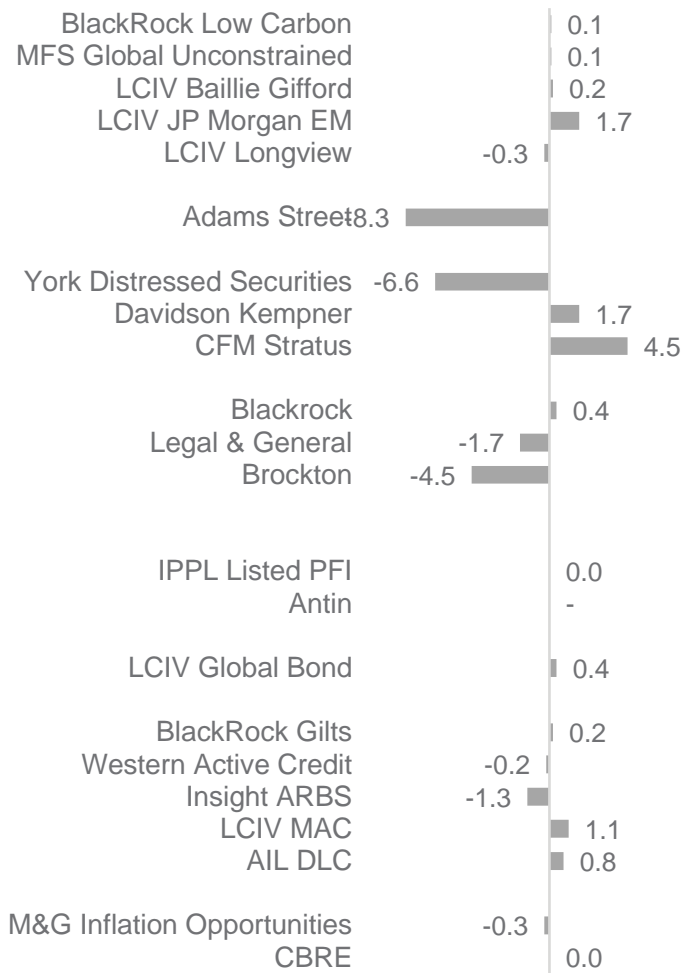
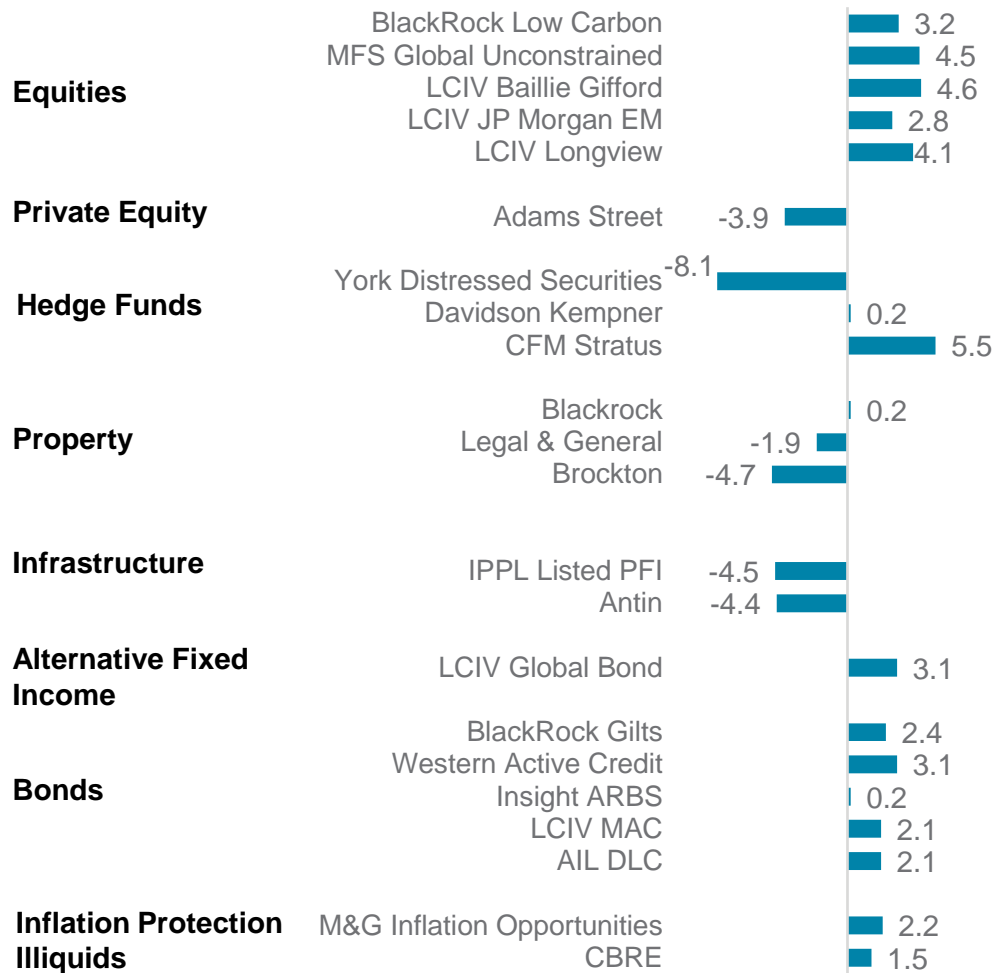
	Rating	%	ESG	Change
Equities		39.2		
BlackRock World Low Carbon	Buy	16.9	Integrated	-
MFS Global Unconstrained	Qualified	5.5	Advanced	-
London CIV Baillie Gifford	Buy	7.1	Integrated	-
London CIV Longview Partners	Buy	7.6	Integrated	-
London CIV JP Morgan	Qualified	2.2	-	-
Private Equity		7.4		
Adams Street	Qualified	7.4	-	-
Hedge Funds		2.6		
Davidson Kempner International	Buy	2.4	Integrated	-
York Distressed Securities	Sell	0.2	Integrated	-
UK Property		5.5		
Blackrock	Buy	2.4	-	-
Legal & General	Qualified	2.5	-	-
Brockton	Buy (closed)	0.6	-	-
PFI & Infrastructure		4.3		
IPPL Listed PFI	Not rated	2.9	-	-
Antin	Buy (closed)	1.4	-	-
Bonds		19.9		
BlackRock Passive Gilts and ILGs	Buy	5.6	Integrated	-
Western Active Bonds	Not Rated	5.3	-	-
Insight Absolute Return Bonds	Buy	2.1	Integrated	-
London CIV Multi-Asset Credit	Not Rated	3.7	-	-
AIL Diversified Liquid Credit	Not Rated	3.3	-	-
Alternative Fixed Income		5.3		
London CIV Global Bond Fund	Buy	5.3	Advanced	-
Inflation Protection Illiquids		7.0		
M&G Inflation Opportunities	Buy	4.5	-	-
CBRE	Buy	2.5	-	-

1. Aon does not rate the London CIV. Ratings are shown for underlying managers where appropriate.
2. Aon's process for reviewing property, private equity & infrastructure strategies has changed. Therefore, from 31 March 2019 onwards Aon's manager research specialists will not include sub-ratings for property, private equity & infrastructure strategies.
3. Ratings shown for BlackRock equity are for BlackRock's passive equity capabilities and not specific to the Low Carbon Index in which the Fund is now invested, which is yet to be approved by our research team.
4. We have omitted the legacy Trilogy and York holdings due to the small allocations that are being redeemed over time. Total sum does not add to 100% due to omission of Trilogy, York and cash holdings.

Managers – Quarterly performance

Q1 2023 absolute performance (% pa)

Q1 2023 relative performance (% pa)

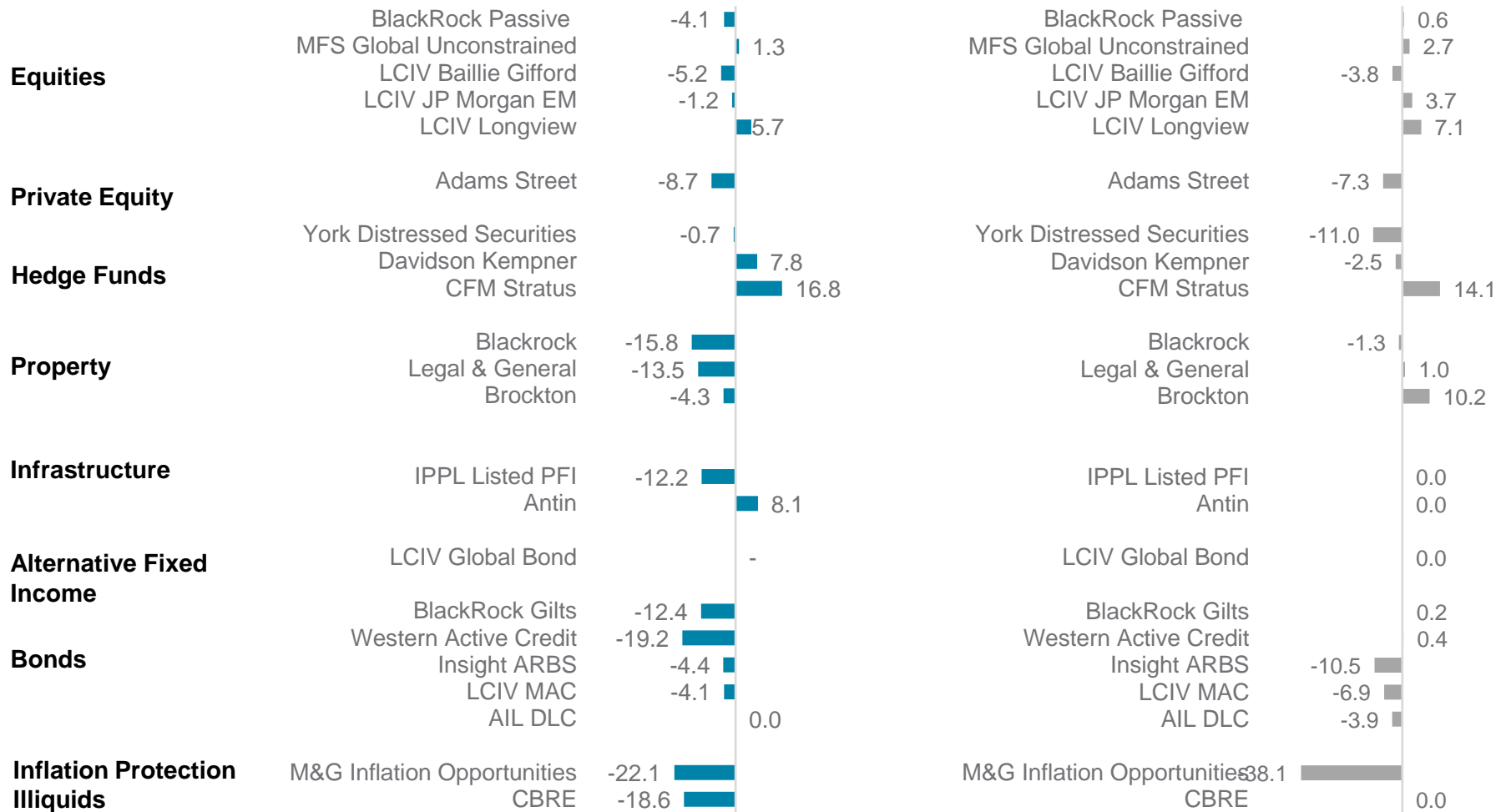


Source: Northern Trust. Performance is net of fees. Relative performance may be rounded.

Managers – Annual performance

1 year absolute performance (% pa)

1 year relative performance (% pa)



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



Appendix

Additional comments on performance data

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

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

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

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