

Pensions Fund Committee - Investment Sub-Committee

Minutes of a meeting of the Pensions Fund Committee - Investment Sub-Committee held at The Jeffrey Room - The Guildhall, Northampton, NN1 1DE on Wednesday 6 March 2024 at 2.00 pm.

Present:

Councillor Malcolm Longley (Chair)
Councillor Charles Morton (Vice-Chair)
Councillor Graham Lawman
Councillor Phil Bignell
Councillor Cathrine Russell
Peter Borley-Cox
Robert Austin

Also Present:

Chris West, Mercer Ltd
Jonathan Crowther, Mercer Ltd
David Crum, Independent Advisor - remotely

Officers:

Ben Barlow, Funding and Investment Manager
Mark Whitby, Head of Pensions
James Smith, Assistant Director - Finance (Strategy)
Amala Jose, Pension Services Financial Manager

105. **Apologies for absence**

No apologies for absence were received.

106. **Declarations of Interest**

No new interests were declared.

107. **Chair's announcements**

The Chair asked the Committee if the next meeting of the Pensions Committee could be moved to 2pm.

RESOLVED: That the next meeting of the Pensions Committee be moved to 2pm.

108. **Minutes of Previous Meeting**

David Crum advised that there was a typo in minute 103 where it was minuted that 'The fund was in the process of switching from equity to fixed asset credit' this should be amended to 'multi asset credit'.

RESOLVED:

That, subject to the above amendment, the minutes of the Investment sub-committee of 22 November 2023 be approved and signed as a correct record.

109. **Action Log**

The Funding and Investment Manager noted that two tasks had been completed and Timberland would be discussed later in the meeting.

RESOLVED: That the Action Log be noted.

110. **Stewardship and Engagement Report**

The Funding and Investment Manager advised that this report would be submitted to the Committee quarterly from now on, in order to reflect the importance the Fund was placing on stewardship.

A summary of the engagement and voting activity was provided. Of the ACCESS sub-funds in which the Northamptonshire Pension Fund invested, there were 392 occasions to vote by the investment managers. Of the votes cast, 346 were for and 34 against management proposals. There were 10 instances where Baillie Gifford has voted outside the ACCESS voting policy in the last three months for assets held within ACCESS sub-funds and the reasons were set out in the report.

At 30 September 2023, the Fund's ACCESS investment managers held a total of 268 assets and 60 engagements with companies. There were 20 engagements on environmental topics, 14 on social topics and 26 relating to governance.

RESOLVED:

That the Investment Sub-Committee note the report.

111. **Quarterly Performance Report for the period ending 31 December 2023**

At the Chair's invitation, Chris West and Jonathan Crowther from Mercer presented the quarterly performance report.

Referring to the Executive Dashboard, performance over the last quarter for the fund had been under the benchmark, but overall for the year the return had been 9.1% which was positive. With regard to asset allocation, the fund was now broadly close to its target weights at headline asset class level. The market environment was positive for most asset classes, particularly equity and fixed income, which had provided strong returns. UK yields had fallen in the last quarter, which had resulted in rising values of liabilities. Gilts had performed well. Due to high interest rates there

had been some continued weakness in private markets, including real estate and private equity. An overview of manager performance was provided.

Within the alternatives portfolio, the DGF was 6% overweight and steps had been taken to reduce the allocation since the end of December. This would be exited in the future in line with the agreed investment strategy.

The Chair queried whether the funding level would drop when interest rates fell. Chris West advised that it depended on the outlook, the impact of interest rates was usually considered over a long time period. As the Fund had a large, diversified asset portfolio and exposure to government bonds, it had some protection against changes in interest rates.

The Chair highlighted that the new valuation would be taking place next year and queried what the impact of this would be. Jonathan Crowther expected that there would be a cautious approach to reflect ongoing uncertainty. Mark Whitby advised that the modelling for Councils would start to take place at the end of the calendar year and results would be shared with employers.

With regard to manager performance, it was noted that this would be covered in more detail in the private session.

RESOLVED:

That the Investment Sub-Committee noted the quarterly performance report for the period ending 31 December 2023.

112. **Exclusion of Press and Public**

RESOLVED: That Under Section 100A of the Local Government Act 1972, the Local Pension Board agreed that the public be excluded from the meeting for the following items of business on the grounds that if the public were present it would be likely that exempt information under Part 3 of Schedule 12A to the Act would be disclosed to them.

The meeting closed at 4.05 pm

Chair: _____

Date: _____