



Pensions Fund Committee - Investment Sub-Committee

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

Agenda

1.	Apologies for absence
2.	Declarations of Interest Members are asked to declare any interest and the nature of that interest that they may have in any of the items under consideration at this meeting.
3.	Chair's announcements
4.	Minutes of Previous Meeting (Pages 5 - 8) To confirm the minutes of the meeting held on 22 November 2023.
5.	Action Log (Pages 9 - 10)
6.	Stewardship and Engagement Report (Pages 11 - 26)
7.	Quarterly Performance Report for the period ending 31 December 2023 (Pages 27 - 44)
8.	Exclusion of Press and Public The following report(s) contain exempt information as defined in the following paragraph(s) of Part 1, Schedule 12A of Local Government Act 1972.

Paragraph 3 – Information relating to the financial or business affairs of any particular person (including the authority holding that information).

Members are reminded that whilst the following item(s) have been marked as exempt, it is for the meeting to decide whether or not to consider each of them in private or in public. In making the decision, members should balance the interests of individuals or the Council itself in having access to the information. In considering their discretion members should also be mindful of the advice of Council Officers.

Should Members decide not to make a decision in public, they are recommended to resolve as follows:

“That under Section 100A of the Local Government Act 1972, the public and press be excluded from the meeting for the following item(s) of business on the grounds that, if the public and press were present, it would be likely that exempt information falling under the provisions of Schedule 12A, Part I, Paragraph(s) 3 would be disclosed to them, and that in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.”

9.	Private Minutes of Previous Meeting (Pages 45 - 50)
10.	Quarterly Performance Report for the period ending 31 December 2023 (Pages 51 - 90)
11.	Investment Strategy Review (Pages 91 - 106)
12.	Equity Portfolio Review (Pages 107 - 140)
13.	Core UK Property Review (Pages 141 - 176)

Catherine Whitehead
Proper Officer
27 February 2024

Pensions Fund Committee - Investment Sub-Committee Members:

Councillor Malcolm Longley (Chair)

Councillor Charles Morton (Vice-Chair)

Councillor Graham Lawman

Councillor Phil Bignell

Councillor Cathrine Russell

Peter Borley-Cox

Information about this Agenda

Apologies for Absence

Apologies for absence and the appointment of substitute Members should be notified to democraticservices@westnorthants.gov.uk prior to the start of the meeting.

Declarations of Interest

Members are asked to declare interests at item 2 on the agenda or if arriving after the start of the meeting, at the start of the relevant agenda item

Local Government and Finance Act 1992 – Budget Setting, Contracts & Supplementary Estimates

Members are reminded that any member who is two months in arrears with Council Tax must declare that fact and may speak but not vote on any decision which involves budget setting, extending or agreeing contracts or incurring expenditure not provided for in the agreed budget for a given year and could affect calculations on the level of Council Tax.

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Queries Regarding this Agenda

If you have any queries about this agenda please contact Jeverly Findlay, Democratic Services via the following:

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Email: democraticservices@westnorthants.gov.uk

Or by writing to:

West Northamptonshire Council
The Guildhall
St Giles Street
Northampton
NN1 1DE



Pensions Fund Committee - Investment Sub-Committee

Minutes of a meeting of the Pensions Fund Committee - Investment Sub-Committee held at The Court Room - The Guildhall, Northampton, NN1 1DE on Wednesday 22 November 2023 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

Also Present:

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

Apologies for Absence:

Robert Austin

Officers:

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

97. **Apologies for absence**

Apologies for absence were received from Robert Austin.

98. **Declarations of Interest**

No new interests were declared

99. **Chair's Announcements**

Councillor Lawman was stuck in traffic and would be arriving late.

100. **Minutes of Previous Meeting**

RESOLVED:

That the minutes of the Investment sub-committee of 27 September 2023 be approved and signed as a correct record.

101. **Review of the Action Log**

The Funding and Investment Manager drew attention to the Action Log and the three action points. In January APEX would be looking at a timberland product within the ACCESS pool and this review would hopefully be completed by the end of 2024. With regard to the private equity review, Harbourvest drawn down was expected in the next quarter. It was noted that the Property Portfolio review would be discussed later in the meeting.

RESOLVED: That the Action Log be noted.

102. **Stewardship and Engagement Reporting**

The Funding and Investment Manager provided a summary of the voting activity for the six months ending 30 June 2023, including votes for and against management. The number of votes cast were 3,583 in favour, 446 against and 149 not cast. There were 74 instances where Baillie Gifford had voted outside the ACCESS voting policy in the last six months for assets held under pool governance, including voting relating to the appointment of auditors, election of directors and remuneration. This was not considered to be an issue. The report listed the meetings when the engagements with investment managers had been held.

RESOLVED:

That the Investment Sub-Committee noted the report.

103. **Quarterly Performance Report for the period ending 30 September 2023**

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

Referring to the performance over the last quarter the returns had been slightly down on the third quarter and overall it had been more benign with the equity markets flat and interest rates high. However, the funding level was still 148% so was still strong. In the last quarter, there had been a strong performance for the dollar against sterling. The fund was in the process of switching from equity to fixed asset credit. It was likely that there would be changes to the alternative asset classes in the next 6 months. The performance of DGF was slightly behind the benchmark and Baillie Gifford and Longview had had the best performance. Commodities had provided positive returns.

David Crum noted that the funding level figure in the funding box on page 27 was incorrect.

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

RESOLVED:

That the Investment Sub-Committee noted the quarterly performance report for the period ending 30 September 2023.

104. **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 4.15 pm

Chair: _____

Date: _____

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Democratic Support Service
One Angel Square
Angel Street
Northampton
NN1 1ED

INVESTMENT SUB-COMMITTEE
06 March 2024
LOCATION: JEFFREY ROOM, THE GUILDHALL

Actions log from ISC meeting held in Holding Room, The Guildhall on 22 November 2023				
Item No.	Item	Action to be taken by	Comments	Completed
2	Equity portfolio Review Mercer to provide a training session to the members on Impact Investing.	Ben Barlow	Training was conducted in January 2024.	Completed
3	Independent Advisor Contract Agree a 2-year extension to the Independent Advisor contract to 31 January 2026.	Ben Barlow	Approved 2-year extension until 31 January 2026	Completed

Actions log from ISC meeting held in Holding Room, The Guildhall on 23 September 2023				
Item No.	Item	Action to be taken by	Comments	Completed
5	Timberland To explore further options on timberland.	Ben Barlow	APEX will commence the procurement of managers in March 2024, with an expected completion date by June 2024.	Ongoing

Actions log from ISC meeting held in Jeffery Room, The Guildhall on 21 September 2022

Item No.	Item	Action to be taken by	Comments	Completed
11	<p>Property Portfolio Review</p> <p>Mercer to carry out a market review and provide a selection of Long Lease property managers to the Investment Sub-Committee alongside the ACCESS pool.</p>	Ben Barlow	The ISC approved a 3% allocation into the Aviva Lime Property Fund through ACCESS and subscription procedures have commenced in December 2023.	Ongoing



West Northamptonshire Council

Investment Sub Committee

06/03/2024

Mark Whitby – Head of Pensions

Report Title	Stewardship & Engagement Report
Report Author	Ben Barlow, Funding and Investments Manager Ben.Barlow@westnorthants.gov.uk

Contributors/Checkers/Approvers

MO	Sarah Hall on behalf of Catherine Whitehead	23/02/2024
S151	James Smith on behalf of Martin Henry	14/02/2024
Head of Pensions	Mark Whitby	05/02/2024

List of Appendices

Stewardship and Engagement Report Appendix A – (Exempt)

1. Purpose of Report

- 1.1. To provide an update to the Investment Sub Committee on stewardship and engagement matters relating to the Fund's investments.

2. Executive Summary

- 2.1. The Northamptonshire Pension Fund recognises the importance of promoting good governance and management in the companies in which the Fund invests. The Fund expects investment managers to exercise voting rights and engage with companies with the aim of good stewardship of the Fund's assets.
- 2.2. This report updates the Investment Sub-Committee (ISC) on:
- 2.2.1. The Fund's voting activity during the three months to 30 September 2023 for assets held within the ACCESS pool.

- 2.2.2. A summary of engagement activity on behalf of the Fund by ACCESS sub-fund managers covering the period between July to September 2023.
- 2.2.3. A summary of engagement with investment managers directly by the Fund covering the period between July to September 2023.
- 2.2.4. A summary of the Local Authority Pension Fund Forum (LAPFF) engagement and voting activity for the period between October to December 2023.
- 2.3. Further information on specific stewardship and engagement activities summarised in this report is available from Officers on request.
- 2.4. To reflect the increased importance the Fund is placing on stewardship, starting from this date, this report will be presented to the ISC on a quarterly basis.

3. Recommendations

- 3.1. The ISC is asked to note the report.

4. Reason for Recommendations

- 4.1. This is an information only paper providing an update on stewardship and engagement activities relating to the Fund's investments.
- 4.2. Future recommendations and decisions on the Fund's investments will be brought before the Pensions Committee or ISC for approval as appropriate.

5. Report Background

- 5.1. The Fund believes that Environmental, Social and Corporate Governance (ESG) issues create material risks and opportunities which will influence long term investment performance and the ability of the Fund to achieve its investment and funding objectives. Therefore, good ESG and stewardship practices should be integrated throughout the investment process of the Fund.
- 5.2. Good stewardship can protect and enhance value for companies and markets as a whole. The Fund is committed to being a long-term steward of the assets in which it invests. It believes in the importance of investment managers acting as active asset owners through proactive voting and engagement with companies. In addition, the Fund believes that acting collectively with other investors is an effective way to engage with companies.
- 5.3. To promote good stewardship and ensure the diligent monitoring of engagement activities, this report will be presented to the ISC on a quarterly basis.
- 5.4. The Fund includes in its Investment Strategy Statement a policy on the exercise of the rights (including voting rights) attached to investments. Specifically with regards to stewardship and engagement, the Fund expects its investment managers to:

- 5.4.1. Exercise our rights as owners of investments by actively participating in company level decisions tabled as shareholder votes at General Meetings.
- 5.4.2. Engage with companies where there are concerns over ESG issues.
- 5.4.3. Vote pool-aligned assets in accordance with the ACCESS voting guidelines on a “comply or explain” basis and inform the Fund of voting outcomes.
- 5.4.4. Report on their voting activity on a regular basis, with ACCESS Pool managers required to report on a monthly basis.
- 5.5. The Fund believes that acting collectively with other investors, for example, with partner authorities in the ACCESS pool or through membership of the Local Authority Pension Fund Forum (LAPFF), is an effective way to engage with companies.

6. PIRC

- 6.1. ACCESS has appointed Pension & Investment Research Consultants Ltd (PIRC) as its external ESG and RI advisor following a LGPS Framework Procurement, to implement and refine the Pool’s RI guidelines. PIRC will use the ACCESS RI guidelines as the starting point to deliver a universal reporting framework.

7. Voting

- 7.1. The ACCESS Joint Committee agreed the voting guidelines for inclusion by the pool operator, Waystone, in their Investment Management Agreements. These guidelines set out those matters of importance to the ACCESS authorities and promote good corporate governance and management in the companies in which investments are made. In circumstances where investment managers do not adopt the positions set out in these guidelines, they are required to provide a robust explanation of the position adopted.
- 7.2. ACCESS also expects that investment managers will be signatories to and comply with the Financial Reporting Council’s Stewardship Code and Principles of Responsible Investment.
- 7.3. A summary of the voting activity for the six months ending 30 September 2023, including votes for and against management, is set out below for each of the ACCESS sub-funds in which the Fund invests:

Sub-Fund Name	Manager	Number of Meetings	Number of Votes Cast		
			For	Against	Other
WS ACCESS Long Term Global Growth	Baillie Gifford	3	21	0	0
WS ACCESS UK Equity Fund - Liontrust	Liontrust	13	197	24	0
WS ACCESS Global Equity - Newton	Newton	3	34	3	0
WS ACCESS Diversified Growth	Baillie Gifford	10	75	3	12
WS ACCESS Global Equity	Longview	1	19	4	0
		30	346	34	12

- 7.4. During the three months ending 30 September there were 30 company meetings, which include Annual General Meetings (AGMs) and Extraordinary General Meetings (EGMs). Baillie Gifford attended an EGM to vote on the company’s incentive plan and election of directors, as well as routine business on behalf of the Long Term Global Growth Fund. They also attended EGM’s to vote on electing committee members and share repurchases on behalf of the Diversified Growth Fund. Liontrust attended a Company Extraordinary Shareholders Meeting to approve dividend distribution, approve a reduction in share capital and transact other business (voting).
- 7.5. Of the five ACCESS sub-funds in which the Northamptonshire Pension Fund invests, there were 392 occasions to vote by the investment managers. There were 12 instances where votes were not cast, or managers chose to abstain from voting. Of the votes cast, 346 were for and 34 against management proposals.
- 7.6. Investment managers use their discretion to cast votes not aligned to the ACCESS voting guidelines where they feel it is in the shareholders best interest to do so. 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. They voted to support the election of an executive director when there was no senior independent director in place on three occasions. They voted in support of an audit firm that had a tenure of over ten years. They also voted to support remuneration where the performance period was less than five years three times. They voted to support the elections of the board chair and executives when there was no senior independent director. They also voted for the election of a director who was not subject to re-election at least every three years on two occasions.

8. Engagement Activities – ACCESS Pool

- 8.1. The Northamptonshire Pension Fund receives regular reporting on engagement activities for assets held within the ACCESS Pool. This includes dialogue between investment managers and Waystone in order to promote good corporate governance and management in companies in which the Fund invests.
- 8.2. At 30 September 2023 the Fund’s ACCESS investment managers held a total of 268 assets and held 60 engagements with companies. There were 20 engagements on environmental topics, 14 on social topics and 26 relating to governance.
- 8.3. A summary of engagements by managers covering the three months to 30 September 2023 is shown below. Please refer to exempt Appendix A for identification of the companies involved in the engagement examples.

Manager	Number of Assets	Types of Engagement			Engagement example
		E	S	G	
Baillie Gifford (WS ACCESS Long Term)	37	5	6	13	Baillie Gifford held a meeting with Company A’s Chief Scientist providing an opportunity to learn about the company’s efforts to ensure online safety on its platform, which it recognises is vital for its social license to operate. Company A reiterated a comment made previously by their Chief Technology Officer

Manager	Number of Assets	Types of Engagement			Engagement example
		E	S	G	
Global Growth)					"safety is what separates Company A from the chaos that is the rest of the Internet". They prioritise online safety overgrowth. There is a deep recognition that even just a few nefarious users can lead to the disintegration of a user community and an exodus of advertisers. One of the ways that the company is expecting to enhance safety is by increasing the use of artificial intelligence for content moderation, which incidentally is also expected to be a source of significant cost-saving for the company. AI is being trained to examine every action taken by every user on the platform, whether in text, images, video or audio, to help detect any issues pertaining to safety, bullying, regional cultural standards, fraud, and so forth. In their view, Company A's considerable investment in safety measures is what has enabled the company to maintain the strength of its community and thus retain its youngest user cohorts as they age. Baillie Gifford found it was helpful to understand how Company A is innovating to improve its product. This necessarily entails upholding safety on the platform.
Baillie Gifford (WS ACCESS Diversified Growth)	92	5	3	8	Company B develops, manufactures, and markets cables, and related accessories in Denmark and internationally. Baillie Gifford met with their Head of Sustainability to explore the company's sustainability commitments and ability to provide the market with cables that use low carbon metals. As sustainability credentials become increasingly important to its end clients our aim was to build our understanding of how they intend to capture this opportunity. They discussed Company B's long-term sustainability targets and the areas of focus for 2023. The metals in its cables are a significant contributor to its supply chain emissions. They used this meeting to assess the company's ability to expand its programme of using low carbon metals (such as green copper) in its product line-up. The company has been proactive in asking its suppliers for low carbon options, for example, selecting mines that use renewable energy sources and electric powered vehicles. As many of its customers look to reduce the carbon intensity of their own supply chains, this could be a driver of future growth. Baillie Gifford felt that this meeting helped

Manager	Number of Assets	Types of Engagement			Engagement example
		E	S	G	
					them to understand the procurement process for their low carbon metals and the extent to which this can be a competitive advantage to the company going forward.
Newton	57	5	2	1	<p>Engagement with Company C under the Social heading: Human capital (safety, working conditions, employee engagement, diversity and inclusion) and Governance heading: Board and leadership quality, skills and experience.</p> <p>The first objective of this engagement was to conduct an independent assessment/audit of human rights/health and safety issues and report upon key findings and how the company will action them. Company C reasonably highlighted that this could be extremely expensive. However, we would disagree that this is a poor use of resource - it remains unable to point to current risks to the business through human capital. We emphasise we need to see the bridge as to what is being done and what will happen in the future. It is likely that the company will continue to take a defensive stance towards forward looking asks around governance and disclosures and will continue to do only what is regulatory requirement.</p> <p>The second objective was to appoint a director with experience in human capital to the board and as workforce representative (should be non-executive) and report on how the board oversees human capital related issues and related strategy. Appointing a director with HCM experience may be more effective in the long run and ensure these issues are given the attention and consideration that they deserve at the highest levels of the company. Further, by requiring the board to report on how it approaches and oversees HCM issues – shareholders can hold the board accountable in a more effective manner. The initial reaction to this ask was disappointing but not unexpected. However, this is a thematic engagement which means these are long-term objectives which do not have an immediate investment impact if not achieved but these engagements are necessary to conduct to be on top of our risk assessment and understanding.</p>

Manager	Number of Assets	Types of Engagement			Engagement example
		E	S	G	
					In terms of next steps we are still considering how we can push further for what would provide us comfort in terms of their human capital management practises and we will continue to escalate our concerns through annual check-ins and voting in the AGMs.
Longview	30	3	3	2	In September 2023, Longview held a video conference call with Company D’s Global Chief Counsel and their Head of Investor Relations & ESG. They discussed various sustainability matters including Company D’s environmental approach and climate commitments; diversity and inclusion; and other key ESG initiatives. Another purpose of the call was to engage on the company’s approach to data ethics as part of Longview’s efforts to gather information on the theme. This will be reported on in due course. Company D explained that their environmental impact encompasses not only their own corporate footprint but also the climate-related solutions they provide to clients. This pertains to various aspects of their reinsurance business, climate analytics tools, and commercial risk solutions, amongst others. Longview asked about the progress they have made towards their net zero target. We had identified in our portfolio-wide Climate Audit in 2021 and 2022 that Company D had committed to achieve net zero emissions by 2030. They confirmed that they have reduced total emissions by 16% compared to their 2019 baseline, for scope 1 and 2 emissions and that their efforts have been consistent with their proposed Science-Based Targets Initiative (SBTi) goals which are in-line with a 1.5-degree pathway. The company's Smart Working Policy, which offers employees the flexibility to work in-office, remotely, or a combination of both, has contributed to reducing travel and commuting. The company's centralised purchasing approach has also improved efficiencies. They are working with suppliers to manage scope 3 emissions through their Sustainable Procurement Program. This initiative involves collecting information on carbon commitments from suppliers and actively encouraging them to meet their sustainability targets. Notably, eight out of their top ten suppliers have aligned their targets with SB

Manager	Number of Assets	Types of Engagement			Engagement example
		E	S	G	
					<p>while educating smaller suppliers has been an ongoing process. Within their supplier network, their primary focus has been on the top 200 suppliers, with the overarching aim of conducting a complete assessment of their supply chain. They also discussed two of the company’s social initiatives – their Apprenticeship Program and their Inclusion and Diversity (I&D) training designed for employees at all levels. The two-year Apprenticeship Program provides an alternative pathway to permanent roles for high-potential individuals from disadvantaged communities. In 2022, they welcomed 145 apprentices globally. Longview was interested in how they measure success. One of the ways that the company gauges the impact of its I&D efforts is through an employee engagement survey, which has achieved an 80% participation rate in 2022. We were also interested in the company's firm wide ESG risk assessment conducted in 2022 and asked about outcomes and actionable findings. The company clarified that their ESG steering committee, a cross-functional team representing key areas of the business, was responsible for identifying and assessing relevant ESG risks. They collaborated with 30 subject matter experts from across the organisation to gather recommendations for risk mitigation. Lastly, Company D explained that their plan is to integrate most of these ESG risks into their overall enterprise risk management process.</p>
Liontrust	52	2	0	2	<p>In August 2023, Liontrust met with the new CEO of Company E. Investment rationale: The company enjoys an 80% market share. The group has a long runway of growth opportunities in its core business stemming from increased data monetisation, accelerated product innovation and new growth areas. The objectives of engagement were to meet the new CEO and understand his priorities for the business and to understand the group’s strategy and what Company E of the future might look like. Company E’s new CEO, comes from outside the sector but has a broad range of experience across B2B and B2C businesses. He believes there is opportunity to increase the ambition at the company around monetisation and product innovation. Company E</p>

Manager	Number of Assets	Types of Engagement			Engagement example
		E	S	G	
					continues to focus on its core business, which has many years of potential growth ahead. The group is also investing modestly now to add future layers of revenue and profit growth in commercial real estate, mortgages and data. Liontrust fed back to Company E that its historically clean accounting has been attractive and that they may want to bear that in mind going forward as it takes on increased levels of investment. Liontrust gave Company E a resiliency score of 4 (Above average) they feel the company has a dominant market share with a well-developed moat. The new CEO has a good handle on the issues facing the business and the opportunities for growth, but the team does not have enough evidence yet of his management of these areas. They also gave the company a conviction score 4. Liontrusts' above average conviction reflects the group's attractive valuation, the potential for a pickup in topline growth short to medium term, and profit growth longer term following a period of investment. The team remains conscious that the CEO is new and unproven as a PLC CEO.

Engagement Activity – Direct

- 8.4. The Fund engages directly with investment managers through regular meetings with officers on a rotational basis, the Investment User Group (IUG) hosted by ACCESS and via quarterly Investment Sub-Committee meetings.
- 8.5. Discussions and challenge include fund performance as well as stewardship and engagement activities the investment managers have undertaken on behalf of the Fund.
- 8.6. In addition to proactive voting, investment managers should act as active asset owners through engagement with companies where there are concerns over environmental, social and governance (ESG) issues.
- 8.7. The Fund has written to investment managers setting out its aims and ambitions for the Fund to reach net carbon zero by 2050 or earlier and asking how the investment manager can help the Fund achieve these goals. Investment managers have acknowledged these aims and ambitions and are keen to help the Fund on its decarbonisation journey and achieve the milestones set out within the Fund's Climate Action Plan.
- 8.8. The table below represents engagement with our managers at meetings covering the period of three months to September 2023:

Date	Meeting	Manager
7th July	IUG	Baillie Gifford and Macquarie
19th July	IUG	Acadian & Newton
21st July	Local	IFM
30th August	Local	HarbourVest
5th September	Local	Dodge and Cox
8th September	IUG	Baillie Gifford and Royal London
27th September	IUG	Newton and M&G
29th September	Local	Blue Bay

9. Voting and Engagement – Passive Funds

- 9.1. UBS invest in pooled passive funds on behalf of the Fund. The passive funds are not within the ACS structure itself, therefore UBS do not have to adhere to the ACCESS voting policy. However, UBS operate a high-quality programme of stewardship and engagement on behalf of the Fund. UBS produce an Annual Stewardship report, the report is available on request.
- 9.2. UBS are responsible for the assets and the associated voting and ownership rights the Fund invests with Osmosis, as the assets are held in a segregated account managed by UBS against the Osmosis index. However, Osmosis have examined the UBS voting policy and believe it is significantly aligned with their own. Osmosis will continue to engage on the assets held within the Fund's portfolio.

10. Local Authority Pension Fund Forum

- 10.1. The Northamptonshire Pension Fund is a member of the Local Authority Pension Fund Forum (LAPFF). LAPFF exists to promote the investment interests of local authority pension funds and to maximise their influence as shareholders, whilst promoting corporate social responsibility and high standards of corporate governance among the companies in which they invest.
- 10.2. LAPFF engages with hundreds of companies to amplify the local authority voice and accelerate change. Their understanding of problems facing companies and ability to voice concerns is enhanced by also engaging with company stakeholders.
- 10.3. The following table is a summary showing the companies and topics which LAPFF has engaged between October and December 2023.

Period	Engagement Topics	Engagements	Example
October – December 2023	<ul style="list-style-type: none"> Environmental Risk Diversity Equity and Inclusion Human Rights 	AIA Group LTD, Aston Martin Lagonda Global Holdings PLC, AVIVA PLC, AXA, BAE Systems PLC, Bakkavor Group PLC, Barclays Bank PLC,	In the context of the agri-food sector's shift towards more sustainable practices, LAPFF sought a meeting with Nestlé to assess and understand the integration of regenerative

	<ul style="list-style-type: none"> • Climate Change • Supply Chain Management • Social Risk • Employment Standards • Board Composition • Remuneration • Audit Practices 	<p>Barclays PLC, BP PLC, Centamin PLC, Chipotle Mexican Grill INC, CRH PLC, EasyJet PLC, Energean PLC, Exxon Mobil Corporation, Ford Motor Company, Fresnillo PLC, Glencore PLC, Harbour Energy PLC, HSBC Holdings PLC, International Distributions Services PLC, John Wood Group PLC, KKR & Co INC, Legal & General Group PLC, Lloyds Banking Group PLC, Mercedes-Benz Group AG, National Grid Gas PLC, NatWest Group PLC, Nestle SA, Persimmon PLC, Ping An Insurance Group, Prudential PLC, Renault SA, Restaurant Brands International INC, Rio Tinto PLC, Rolls-Royce Holdings PLC, Sanofi, SAP SE, Shell PLC, Standard Chartered PLC, The Home Depot INC, The TJX Companies INC, TI Fluid Systems PLC, Vale SA.</p>	<p>agriculture into its strategy. This includes understanding the company's specific goals, initiatives, and progress in implementing regenerative practices, as well as its contributions to climate change mitigation and biodiversity conservation. During LAPFF's meeting with Nestlé, the Forum gained insights into the strategies and initiatives involved in implementing regenerative agriculture. Discussions looked at how this would be incorporated into their broader climate strategy and covered biodiversity more widely. While the long-term efficacy of these actions is yet to be measured, the conversations indicated a strong commitment from Nestlé, although further evaluation will be required in the future to gauge the impacts of strategies. LAPFF will continue to engage with Nestlé, focusing on monitoring the implementation of their regenerative agriculture practices. LAPFF will also look more widely across the agrifood sector as others are incorporating this into their business strategies as new methods and technologies become available.</p>
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10.4. Voting Alerts

10.4.1. LAPFF issued one voting alert in the three-month period to December 2023. ACCESS is considering the treatment of LAPFF voting alerts as part of the ESG/RI Sub-Group chaired by the Fund's Head of Pensions.

11. Implications (including financial implications)

11.1. Resources and Financial

11.1.1. There are no resources or financial implications arising from the report.

11.2. Legal

11.2.1 There are no legal implications arising from the report.

12. Risk Management

- 12.1 The mitigated risks associated with this report has been captured in the Fund’s risk register as detailed below –
- 12.2 As long-term investors, the Fund believes climate risk has the potential to significantly alter the value of the Fund’s investments.

Risk	Residual risk rating
Failure to respond to changes in economic conditions.	Amber
As long-term investors, the Fund believes climate risk has the potential to significantly alter the value of the Fund’s investments.	Amber
Failure to understand and monitor risk and compliance	Green
Failure to provide relevant information to the Pension Committee/Local Pension Board to enable informed decision making.	Green

- 12.1. The Fund’s full risk register can be found at - [Northamptonshire Risk Register](#)

13. Relevant Pension Fund Objectives

- 13.1. The following objectives have been considered in this report –
- 13.1.1. To have robust governance arrangements in place, to facilitate informed decision making, supported by appropriate advice, policies and strategies, whilst ensuring compliance with appropriate legislation and statutory guidance.
- 13.1.2. To manage the Fund in a fair and equitable manner, having regard to what is in the best interest of the Fund’s stakeholders, particularly the scheme members and employers.
- 13.1.3. To ensure the relevant stakeholders responsible for managing, governing and administering the Fund, understand their roles and responsibilities and have the appropriate skills and knowledge to ensure those attributes are maintained in a changing environment.
- 13.1.4. To continually monitor and manage risk, ensuring the relevant stakeholders are able to mitigate risk where appropriate.

14. Consultation

- 14.1. Not applicable.

15. Consideration by Overview and Scrutiny

- 15.1. Consideration by Overview and Scrutiny is not required.

16. Climate Impact

- 16.1. This an information update paper only. There are no climate impact considerations arising as a direct result of this paper.

17. Communications

- 17.1. There are no communication implications. This paper does not require any further communication activities.

18. Background Papers

18.1. Not applicable

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Northamptonshire Pension Fund Monitoring Report Quarter to 31 December 2023

Chris West
February 2024

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Please also note:

- The value of investments can go down as well as up and you may not get back the amount you have invested. In addition investments denominated in a foreign currency will fluctuate with the value of the currency.
- The valuation of investments in property based portfolios, including forestry, is generally a matter of a valuer's opinion, rather than fact.
- When there is no (or limited) recognised or secondary market, for example, but not limited to property, hedge funds, private equity, infrastructure, forestry, swap and other derivative based funds or portfolios it may be difficult for you to obtain reliable information about the value of the investments or deal in the investments.
- Care should be taken when comparing private equity / infrastructure performance (which is generally a money-weighted performance) with quoted investment performance (which is generally a time-weighted performance). Direct comparisons are not always possible.

Chris West

Overview

Executive Dashboard

Funding

The present value of the Fund’s liabilities increased over the quarter (from £2.2bn to £2.4bn).

The Fund’s assets (including cash) increased over the quarter by c.£184m to £3.4bn as at 31 December 2023. The Fund’s assets (including cash) have increased by c.£316m over the last twelve months.

The estimated funding level as at 31 December 2023 was c.141%, compared to c.148% as at 30 September 2023.

The funding level as at 31 March 2022 (the date of the last actuarial valuation) was 113%.

Performance

Short Term Performance

The Fund underperformed the benchmark over the quarter.

Key Contributors to Relative Performance - Quarter

Outperformance by Baillie Gifford - Global Equity	+0.3%
Outperformance by Baillie Gifford - DGF	+0.3%
Underperformance in Real Estate	-0.3%
Underperformance in Private Equity	-0.9%

Longer Term Performance

	Fund	B'mark
Quarter (%)	5.3	6.1
1 Year (%)	9.1	11.5
3 Years (% p.a.)	3.6	5.3

Asset Allocation

Over the quarter, assets were transitioned in order to move towards the Fund’s target strategic asset allocation.

An £80m top-up to BlueBay MAC was funded by a £50m redemption from Newton Global Equity and the full redemption of remaining Liontrust UK Equity assets (c.£32m) while M&G Shared Ownership Fund called capital of c.£1.7m.

Overweight		Underweight	
Equities	+1.3%	Fixed Income	-0.3%
		Alternatives	-1.0%

Manager Research

Rating Changes

There were no rating changes over the quarter.

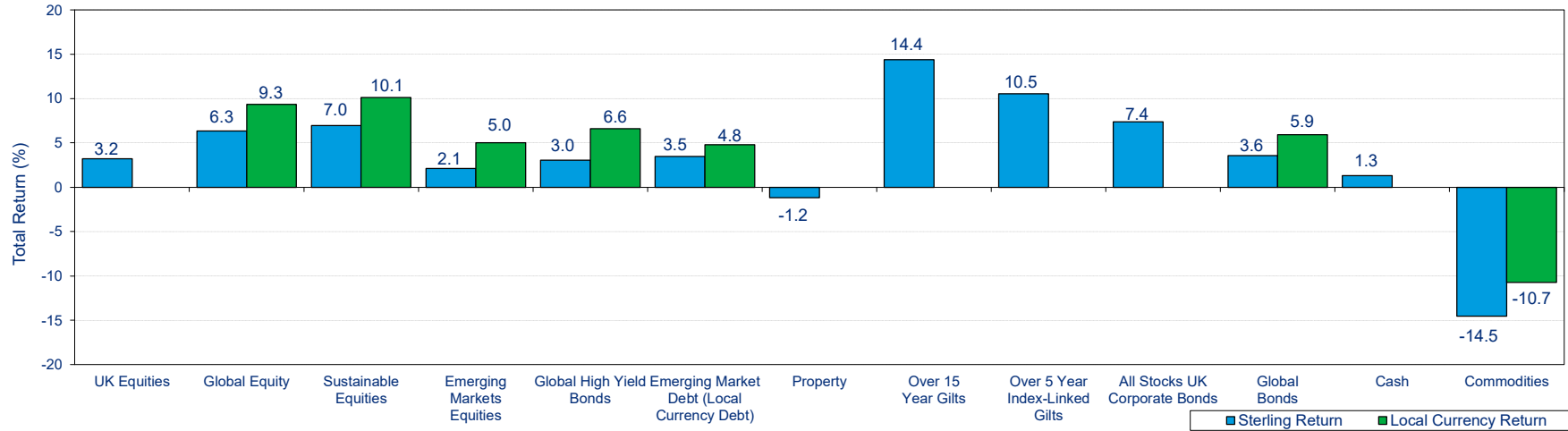
M&G – Multi Asset Credit No longer on Watch (W).

Manager Developments

Suni Harford, UBS President Asset Management and GED Lead for Sustainability and Impact decide to retire, leaving at the end of February 2024. There is no change to Mercer ratings.

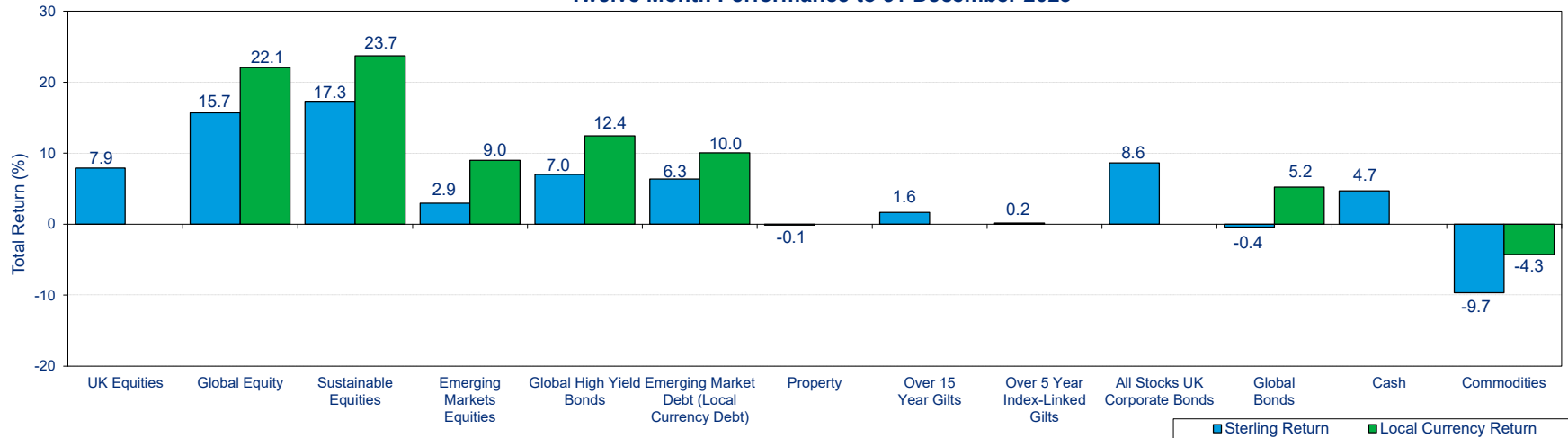
Market Index Performance

Three Month Performance to 31 December 2023



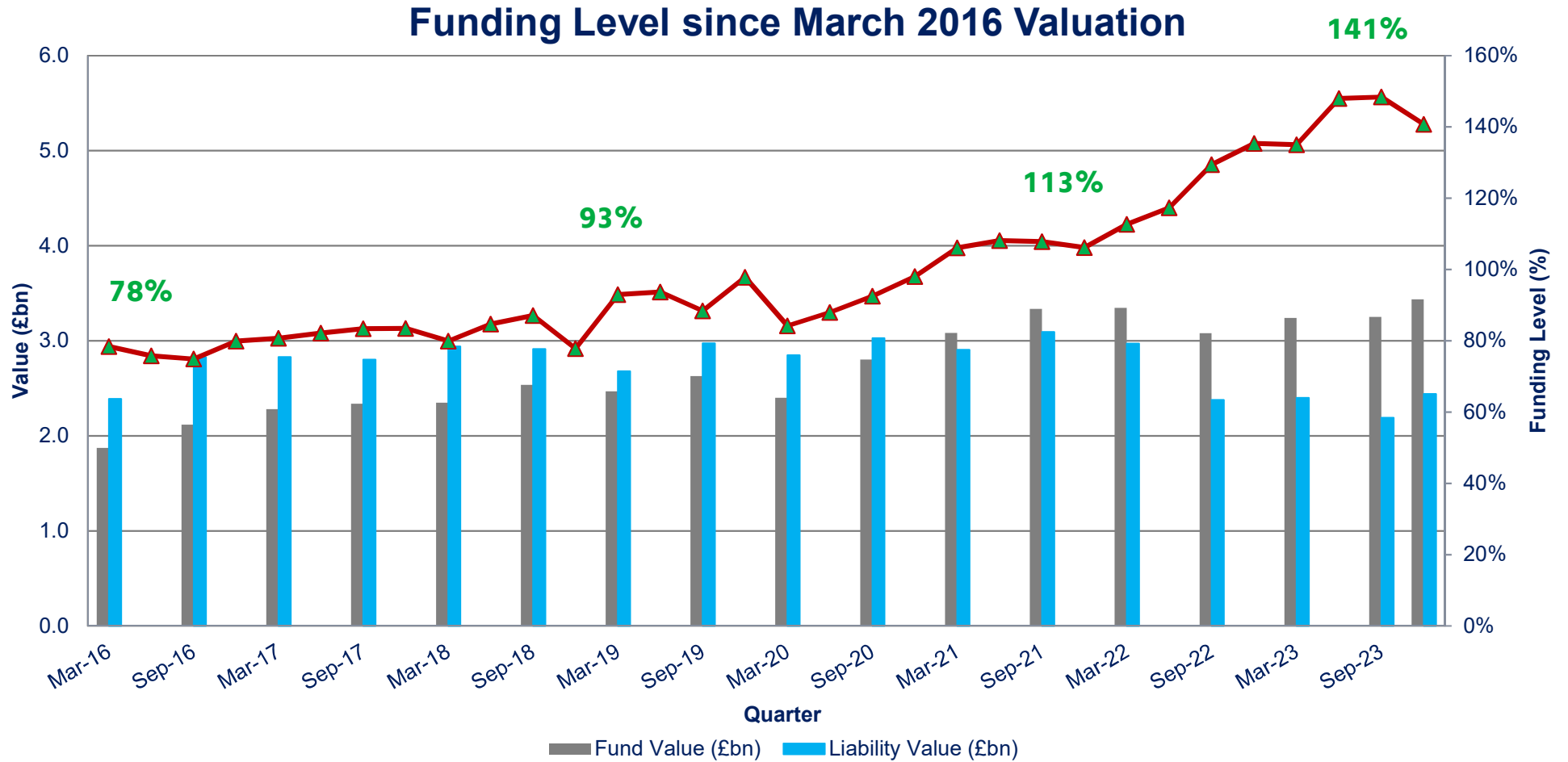
Source: Refinitiv.

Twelve Month Performance to 31 December 2023



Source: Refinitiv.

Funding



Source: Hymans Robertson & WM Performance Reports. Figures don't reconcile with the Hymans Robertson Funding report due to differences in the total asset value. The Funding Level is a ratio of assets to liabilities.

The increase in the asset values over the quarter was more than offset by an increase in the value of liabilities, as UK yields fell.

Allocation

	30/09/2023 Market Value (£M)	31/12/2023 Market Value (£M)	30/09/2023 Allocation (%)	31/12/2023 Allocation (%)	31/12/2023 B'mark (%)
Total Invested Assets	3,224.1	3,403.1	100.0	100.0	100.0
Equities	1,457.2	1,490.5	45.2	43.8	42.5
Fixed Income	863.7	1,011.2	26.8	29.7	30.0
Alternatives	903.3	901.4	28.0	26.5	27.5

Source: Investment Managers, Link Asset Services and Mercer.

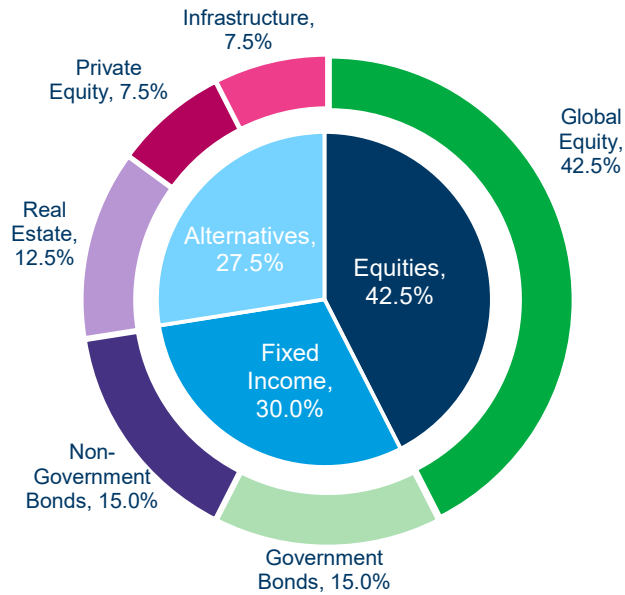
Figures may not sum to total due to rounding.

The total market value shown in the table above excludes assets invested in Catapult's Private Equity (c. £0.6m at the start of quarter and c. £0.6m end of the quarter) and cash (c. £25.5m at the start of quarter and c. £30.4m at the end of quarter).

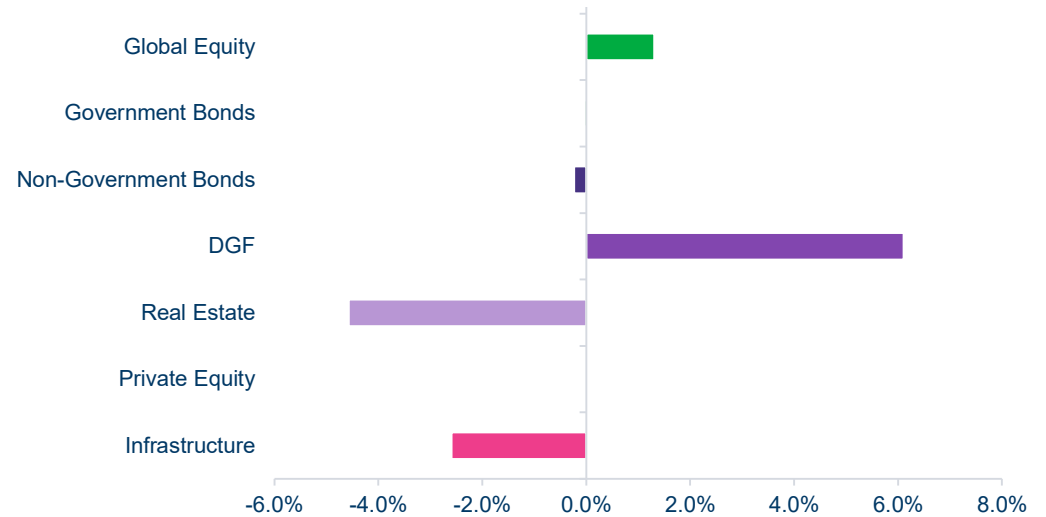
The total market value shown in the table above includes assets invested with Liontrust UK Equity (c. £31.6m at the start of quarter and c. £0.1m at the end of quarter).

Benchmark allocation reflects the Fund's agreed investment strategy. However, some deviation is expected in the short-term as the Fund transitions towards this. As such, for total benchmark performance measurements purposes, the benchmark allocation is equal to the actual fund allocation, from 31 March 2023.

Benchmark Asset Allocation as at 31 December 2023



Deviation from Benchmark Asset Allocation



Benchmark allocation is shown for representative purposes. For performance measurement purposes, from 31 March 2023 given the transitions, we have assumed that the benchmark allocation is equal to the actual fund allocation.

Manager Allocation (1/2)

	30/09/2023 Market Value (£M)	31/12/2023 Market Value (£M)	30/09/2023 Allocation (%)	31/12/2023 Allocation (%)	31/12/2023 B'mark (%)
Total	3,224.1	3,403.1	100.0	100.0	100.0
Equities	1,457.2	1,490.5	45.2	43.8	42.5
Global Equity	1,425.6	1,490.4	44.2	43.8	42.5
Active Global Equity	777.5	784.9	24.1	23.1	22.5
Newton - Global Equity	330.1	299.7	10.2	8.8	7.5
Baillie Gifford - Global Equity	196.4	218.8	6.1	6.4	7.5
Longview - Global Equity	251.1	266.4	7.8	7.8	7.5
Passive Equity	648.1	705.5	20.1	20.7	20.0
UBS - Climate Aware Rules Based	453.3	497.3	14.1	14.6	14.0
Osmosis - Core Equity	194.8	208.2	6.0	6.1	6.0
Fixed Income	863.7	1,011.2	26.8	29.7	30.0
Government Bonds	460.6	508.7	14.3	14.9	15.0
UBS - Gilts	460.6	508.7	14.3	14.9	15.0
Non-Government Bonds	403.1	502.4	12.5	14.8	15.0
BlueBay - Multi-Asset Credit	150.4	243.2	4.7	7.1	7.5
M&G - Multi-Asset Credit	252.6	259.2	7.8	7.6	7.5

Source: Investment Managers, Link Asset Services and Mercer.

Figures may not sum to total due to rounding.

The total market value shown in the table above excludes assets invested in Catapult's Private Equity (c. £0.6m at the start of quarter and c. £0.6m end of the quarter) and cash (c. £25.5m at the start of quarter and c. £30.4m at the end of quarter).

The total market value shown in the table above includes assets invested with Liontrust UK Equity (c. £31.6m at the start of quarter and c. £0.1m at the end of quarter).

The HarbourVest, Adams Street, AMP Capital, Allianz and JPM end of quarter valuations are provisional.

Benchmark allocation reflects the Fund's agreed investment strategy. However, some deviation is expected in the short-term as the Fund transitions towards this. As such, for total benchmark performance measurements purposes, the benchmark allocation is equal to the actual fund allocation, from 31 March 2023.

Manager Allocation (2/2)

	30/09/2023 Market Value (£M)	31/12/2023 Market Value (£M)	30/09/2023 Allocation (%)	31/12/2023 Allocation (%)	31/12/2023 B'mark (%)
Alternatives	903.3	901.4	28.0	26.5	27.5
DGF	194.3	207.7	6.0	6.1	--
Baillie Gifford - DGF	194.3	207.7	6.0	6.1	--
Real Estate	274.3	270.8	8.5	8.0	12.5
CBRE - Property	213.0	209.0	6.6	6.1	6.5
Aviva - Long Lease Property	--	--	--	--	3.0
M&G - Residential Property	47.4	46.2	1.5	1.4	1.5
M&G - Shared Ownership	13.9	15.6	0.4	0.5	1.5
Private Equity	260.5	255.9	8.1	7.5	7.5
HarbourVest - Private Equity	144.6	143.5	4.5	4.2	--
Adams Street - Private Equity	116.0	112.4	3.6	3.3	--
Infrastructure	174.2	167.0	5.4	4.9	7.5
AMP Capital - Infrastructure Debt	31.1	28.0	1.0	0.8	--
Allianz - Infrastructure Debt	11.7	11.6	0.4	0.3	--
IFM - Infrastructure Equity	70.4	70.6	2.2	2.1	--
JPM - Infrastructure Equity	61.0	56.8	1.9	1.7	--

Source: Investment Managers, Link Asset Services and Mercer.

Figures may not sum to total due to rounding.

The total market value shown in the table above excludes assets invested in Catapult's Private Equity (c. £0.6m at the start of quarter and c. £0.6m end of the quarter) and cash (c. £25.5m at the start of quarter and c. £30.4m at the end of quarter).

The total market value shown in the table above includes assets invested with Liontrust UK Equity (c. £31.6m at the start of quarter and c. £0.1m at the end of quarter).

The HarbourVest, Adams Street, AMP Capital, Allianz and JPM end of quarter valuations are provisional.

Benchmark allocation reflects the Fund's agreed investment strategy. However, some deviation is expected in the short-term as the Fund transitions towards this. As such, for total benchmark performance measurements purposes, the benchmark allocation is equal to the actual fund allocation, from 31 March 2023.

Manager Performance (1/2)

	2023 Q4 (%)	B'mark (%)	1 Yr (%)	B'mark (%)	3 Yrs (%)	B'mark (%)	5 Yrs (%)	B'mark (%)
Total	5.3	6.1	9.1	11.5	3.6	5.3	7.3	7.5
Global Equity	8.3	7.5	18.1	15.9	6.5	8.4	13.0	11.4
Newton - Global Equity	6.5	6.3	18.5	15.3	8.9	8.2	12.5	11.7
Baillie Gifford - Global Equity	11.4	6.3	29.9	15.3	-6.5	8.2	--	--
Longview - Global Equity	6.1	6.3	12.7	15.3	11.8	8.2	--	--
UBS - Climate Aware Rules Based	9.7	9.7	--	--	--	--	--	--
Osmosis - Core Equity	6.9	6.8	--	--	--	--	--	--
Fixed Income	7.4	7.6	4.8	6.0	-5.8	-5.8	-0.9	-0.4
UBS - Gilts	10.5	10.5	0.3	0.2	-14.0	-13.9	-5.5	-5.5
BlueBay - Multi-Asset Credit	6.9	4.8	10.3	12.2	0.4	2.4	--	--
M&G - Multi-Asset Credit	2.6	4.8	10.1	12.2	4.0	2.4	--	--

Figures shown are net of fees and based on performance provided by the Investment Managers, Link Asset Services, Hymans, Mercer estimates and Refinitiv.

For periods over one year the figures in the table above have been annualised.

Totals include performance of terminated mandates.

M&G Multi-Asset Credit performance figures are reported by Link Asset Group with one month lag. M&G Shared Ownership last quarter performance is always assumed zero due the lag in final data.

CBRE Q4 fund performance is estimated as the change in value due to unavailability of data at the time of writing.

The HarbourVest, Adams Street, AMP Capital and Allianz quarterly returns are provisional.

Total Fund and Alternatives performances include quarterly performances for HarbourVest, Adams Street, AMP Capital, Allianz and JPM calculated by Mercer using a Modified Dietz approach based on data provided by these managers. Over the long term, performances are chain linked using quarterly Total Fund performances. Performance shown is net of illiquid mandates' fees. Performance for the underlying private equity and infrastructure mandates is calculated by Mercer using an IRR approach and shown in the GBP currency with a quarter lag. Benchmark performance shown for the underlying private equity mandates is the rolling 3 year MSCI World Index return, averaged on a quarterly basis.

For performance measurement purposes the benchmark allocation is equal to the actual fund allocation from 31 March 2023.

Manager Performance (2/2)

	2023 Q4 (%)	B'mark (%)	1 Yr (%)	B'mark (%)	3 Yrs (%)	B'mark (%)	5 Yrs (%)	B'mark (%)
Alternatives	-1.1	2.7	-2.9	8.1	4.9	6.9	4.4	6.1
Baillie Gifford - DGF	6.9	2.2	4.7	8.3	-1.3	5.6	2.1	5.0
CBRE - Property	-4.3	-1.2	-12.4	-1.4	0.3	2.1	-0.6	1.3
M&G - Residential Property	-2.5	1.5	-1.7	6.0	1.5	6.0	1.7	6.0
M&G - Shared Ownership	0.0	1.5	-3.1	6.0	--	--	--	--
HarbourVest - Private Equity	3.4	2.7	-3.8	10.7	22.0	10.7	22.2	9.3
Adams Street - Private Equity	3.3	2.7	-6.0	10.7	22.0	10.7	21.4	9.3
AMP Capital - Infrastructure Debt	5.3	2.4	-1.7	10.0	5.8	10.0	5.	10.0
Allianz - Infrastructure Debt	0.8	1.0	8.8	4.0	-12.4	4.0	--	--
IFM - Infrastructure Equity	3.6	2.4	4.8	10.0	14.1	10.0	--	--
JPM - Infrastructure Equity	5.0	2.4	4.6	10.0	8.1	10.0	--	--

Figures shown are net of fees and based on performance provided by the Investment Managers, Link Asset Services, Hymans, Mercer estimates and Refinitiv.

For periods over one year the figures in the table above have been annualised.

Totals include performance of terminated mandates.

M&G Multi-Asset Credit performance figures are reported by Link Asset Group with one month lag. M&G Shared Ownership last quarter performance is always assumed zero due the lag in final data.

CBRE Q4 fund performance is estimated as the change in value due to unavailability of data at the time of writing.

The HarbourVest, Adams Street, AMP Capital and Allianz quarterly returns are provisional.

Total Fund and Alternatives performances include quarterly performances for HarbourVest, Adams Street, AMP Capital, Allianz and JPM calculated by Mercer using a Modified Dietz approach based on data provided by these managers. Over the long term, performances are chain linked using quarterly Total Fund performances. Performance shown is net of illiquid mandates' fees. Performance for the underlying private equity and infrastructure mandates is calculated by Mercer using an IRR approach and shown in the GBP currency with a quarter lag. Benchmark performance shown for the underlying private equity mandates is the rolling 3 year MSCI World Index return, averaged on a quarterly basis.

For performance measurement purposes the benchmark allocation is equal to the actual fund allocation from 31 March 2023.

Appendix

Appendix A

Benchmarks

Name	B'mark (%)	Performance Benchmark	Performance Target	Tracking Error Expectation
Total	100.0	-	-	-
Global Equity	42.5	-	-	-
Newton - Global Equity	7.5	MSCI AC World (NDR) Index	+2.0% p.a. (gross of fees)	2.0% - 6.0% p.a.
Baillie Gifford - Global Equity	7.5	MSCI AC World (NDR) Index	+3.0% p.a. (gross of fees)	12.0% p.a.
Longview - Global Equity	7.5	MSCI World (NDR) Index	+3.0% p.a. (gross of fees)	4.0% - 6.0% p.a.
UBS - Climate Aware Rules Based	14.0	FTSE Developed (GBP Hedged) Index	-	-
Osmosis - Core Equity	6.0	Solactive Osmosis Resource Efficient Core Equity Ex-Fossil Fuels Index NTR	-	-
Fixed Income	30.0	-	-	-
UBS - Gilts	15.0	Composite	To match the benchmark	-0.1% - 0.1% p.a.
BlueBay - Multi-Asset Credit	7.5	Composite	-	-
M&G - Multi-Asset Credit	7.5	Composite	-	-
Baillie Gifford - DGF	--	Bank of England UK Base Rate +3.5% p.a.	-	0.0% - 10.0% p.a.
Real Estate	12.5	-	-	-
CBRE - Property	6.5	MSCI All Balanced Property Funds Index	+1.0% p.a. (gross of fees)	0.0% - 3.0% p.a.
TBC - Long Lease Property	3.0	TBC	TBC	TBC
M&G - Residential Property	1.5	Absolute Return of 6.0% p.a.	-	-
M&G - Shared Ownership	1.5	Absolute Return of 6.0% p.a.	-	-
Private Equity	7.5	-	-	-
HarbourVest - Private Equity	--	MSCI World Index	+3.0% p.a. (gross of fees)	-
Adams Street - Private Equity	--	MSCI World Index	+3.0% p.a. (gross of fees)	-
Infrastructure	7.5	-	-	-

Name	B'mark (%)	Performance Benchmark	Performance Target	Tracking Error Expectation
AMP Capital - Infrastructure Debt	--	IRR of 10.0% p.a.	-	-
Allianz - Infrastructure Debt	--	IRR of 4.0% p.a.	-	-
IFM - Infrastructure Equity	--	IRR of 10.0% p.a.	-	-
JPM - Infrastructure Equity	--	IRR of 10.0% p.a.	-	-

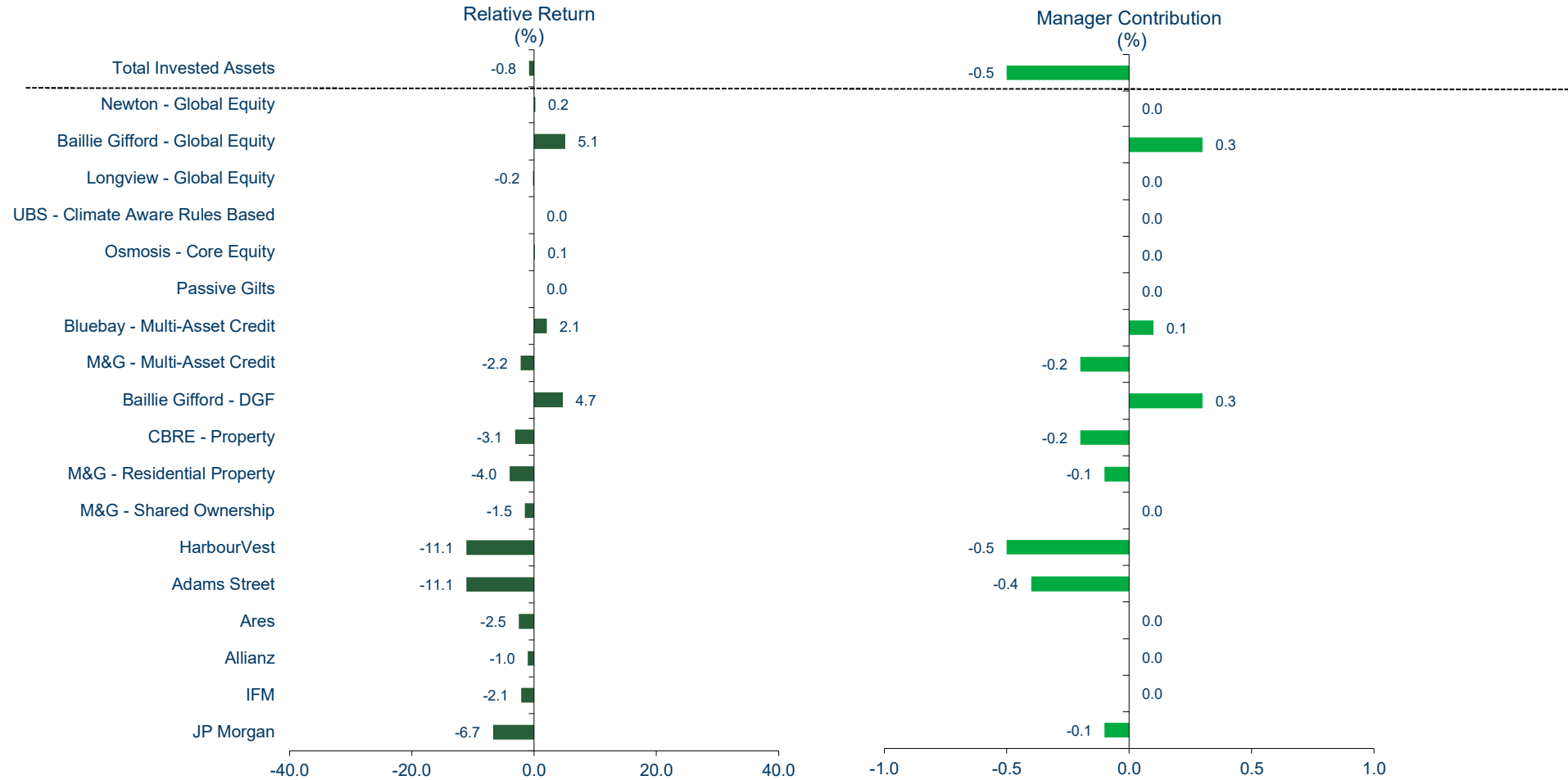
BlueBay - Multi-Asset Credit: composite benchmark is 50% ICE BofAML Global High Yield Constrained and 50% Morningstar LSTA US Leveraged Loan 100 Hedged.

M&G - Multi-Asset Credit: composite benchmark is 50% ICE BofAML Global High Yield Constrained and 50% Morningstar LSTA US Leveraged Loan 100 Hedged.

Benchmark allocation reflects the Fund's agreed investment strategy. However, some deviation is expected in the short-term as the Fund transitions towards this. As such, for total benchmark performance measurements purposes, the benchmark allocation is equal to the actual fund allocation, from 31 March 2023.

Appendix B

Detailed Attribution Analysis - Quarter



Please note that the relative return and relative weight charts use unrounded performance and allocation figures to calculate the relative difference, hence the numbers are not directly comparable to the implied relative difference given in the performance and allocation tables.

CBRE Q4 fund performance is estimated as the change in value due to unavailability of data at the time of writing.

Figures shown for the private equity and infrastructure mandates (with the exception of IFM) are estimated in GBP to the quarter end date.

For performance measurement purposes the benchmark allocation is equal to the actual fund allocation from 31 March 2023.

Explanation of Attribution Analysis Chart

The purpose of the attribution analysis chart is to give a visual representation of the contribution of each portfolio to the relative performance of the Total Scheme against the Total Benchmark". The contribution is apportioned between "Manager Contribution" and "Allocation Contribution. Further explanation of the terms used in the chart is given below. Contributions are calculated on a monthly basis; longer term (including quarterly) contributions are the sum of the monthly contributions.

Relative Weight - This is the difference in percentage terms of the actual Scheme allocation and benchmark allocation at both the start and end of the period. A bar greater (less) than zero indicates that the Scheme was overweight (underweight) to that portfolio.

Relative Performance - This shows the relative performance of the portfolio against its benchmark performance. A bar greater than zero indicates there was outperformance, whereas a bar less than zero indicates underperformance.

Manager Contribution - This shows the contribution at a total level of the relative performance achieved by the portfolio, taking into account the initial actual allocation. A larger allocation will lead to a greater contribution at a total level (all other things being equal).

Positive (negative) relative performance will result in positive (negative) manager contribution. Note that for passive mandates manager contributions should be close to zero, given its performance objective of tracking the benchmark. In calculation terms this is as follows:

$$\text{Manager Contribution} = (\text{Performance}_{pi} - \text{Performance}_{bi}) \times \text{Initial Actual Allocation}_{pi}$$

Allocation Contribution - The allocation contribution shows whether a portfolio underweight / overweight position has had a positive or negative effect on the Total Scheme outperformance / underperformance in relation to the Total Scheme Benchmark.

For example, an overweight allocation to a portfolio whose benchmark performance was superior to that of the Total Scheme Benchmark would result in a positive contribution. In calculation terms this is as follows:

$$\text{Allocation Contribution} = (\text{Performance}_{bi} - \text{Performance}_{bT}) \times (\text{Actual Allocation}_{pi} - \text{Benchmark Allocation}_{bi})$$

Please note that the relative return and relative weight figures shown in the chart use unrounded performance and allocation figures to calculate the relative differences. Therefore, the numbers are not directly comparable to the implied relative differences given in the performance table and allocation tables.

Key: pi = portfolio i; bi = portfolio i benchmark; bT = Total Fund benchmark

Appendix C

Investment Performance

Investment Performance to 31 December 2023

	2023 Q1 (%)	2023 Q2 (%)	2023 Q3 (%)	2023 Q4 (%)	1 Yr (%)	3 Yrs (%)
Total	3.3	1.7	-1.4	5.3	9.1	3.6
Total Benchmark	3.7	2.0	-0.7	6.1	11.5	5.3

Figures shown are net of fees and are based on performance provided by the Investment Managers, Link Asset Services, WM, Mercer estimates and Refinitiv. Includes the performance of terminated mandates.

For periods over one year the figures in the table above have been annualised.

Total Fund performances include quarterly performances for the private market managers, calculated by Mercer using a Modified Dietz approach based on data provided by these managers (with the exception of IFM where performance is provided by the manager). Over the long term, performances are chain linked using quarterly Total Fund performances. Performance for these managers is net of illiquid mandates' fees, in GBP, and last quarter returns are provisional.

For performance measurement purposes the benchmark allocation is equal to the actual fund allocation from 31 March 2023.

10 Year Performance to 31 December 2023

	10 Yrs (%)	B'mark (%)
Total	7.3	7.6
Newton - Global Equity	11.8	10.8
Baillie Gifford - DGF	2.8	4.4
CBRE - Property	4.4	5.4

Figures shown are net of fees and are based on performance provided by the Investment Managers, Link Asset Services, WM, Mercer estimates and Refinitiv. Includes the performance of terminated mandates.

For periods over one year the figures in the table above have been annualised.

Total Fund performances include quarterly performances for the private market managers, calculated by Mercer using a Modified Dietz approach based on data provided by these managers (with the exception of IFM where performance is provided by the manager). Over the long term, performances are chain linked using quarterly Total Fund performances. Performance for these managers is net of illiquid mandates' fees, in GBP, and last quarter returns are provisional.

CBRE Q4 fund performance is estimated as the change in value due to unavailability of data at the time of writing.

For performance measurement purposes the benchmark allocation is equal to the actual fund allocation from 31 March 2023.



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of the Local Government Act 1972.

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