



Investment Sub-Committee

A meeting of the Investment Sub-Committee will be held at Maybin Room, One Angel Square, Northampton, NN1 1ED on Monday 21 June 2021 at 6.00 pm

Agenda

1.	Apologies
2.	Public addresses Notification of requests from members of the public to address the meeting. NOTE: Any requests to speak on an item on the agenda should be notified to the Chairman (c/o the Democracy Officer) before the meeting.
3.	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.
4.	Chair's Announcements
5.	Minutes of Previous Meeting (Pages 5 - 10) To approve the minutes of the previous Investment Sub-Committee meeting held on 26 February 2021.
6.	Quarterly Performance Report for the Period ending 31st March 2021 (Pages 11 - 36) Copy herewith
7.	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.

	<p>Paragraph 3 – Information relating to the financial or business affairs of any particular person (including the authority holding that information).</p> <p>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.</p> <p>Should Members decide not to make a decision in public, they are recommended to resolve as follows:</p> <p>“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.”</p>
8.	<p>Private Minutes of Previous Meeting (Pages 37 - 44)</p> <p>Minutes of the Investment Sub-Committee Meeting held in Private on 25th February 2021</p>
9.	<p>Review of the Action Log (Pages 45 - 48)</p> <p>Copy herewith</p>
10.	<p>ACCESS - Progress Update (Pages 49 - 56)</p> <p>Copy herewith</p>
11.	<p>Investment Strategy Training - Mercer</p>
12.	<p>Quarterly Performance Report for the Period Ending 31st March 2021 - Private (Pages 57 - 128)</p> <p>Copy herewith</p>
13.	<p>Responsible Investment (Pages 129 - 132)</p> <p>Copy herewith</p>
14.	<p>Urgent Business</p>

Catherine Whitehead
Proper Officer
11 June 2021

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.

Evacuation Procedure

If a continuous fire alarm sounds you must evacuate the building via the nearest available fire exit. Members and visitors should proceed to the assembly area as directed by Democratic Services staff and await further instructions.

Access to Meetings

If you have any special requirements (such as a large print version of these papers or special access facilities) please contact the officer named below, giving as much notice as possible before the meeting.

Mobile Phones

Please ensure that any device is switched to silent operation or switched off.

Queries Regarding this Agenda

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

Tel: 07391411365

Email: Maisie.McInnes@westnorthants.gov.uk

Or by writing to:

West Northamptonshire Council
One Angel Square
Angel Street
Northampton
NN1 1ED

This page is intentionally left blank



Democratic Services
One Angel Square
Northampton
NN1 1ED

Investment Sub-Committee
Venue: Remote Participation – Zoom
(Meeting Held in PUBLIC)

Actions & Summary of Meeting: 26 February 2021 (09.30)

PRESENT:

Councillor Jonathan Ekins (Chairman)

Robert Austin	Other Employers' Representative
Peter Borley-Cox	Members' Representative
Councillor Bill Parker	Northamptonshire County Council
Councillor Bob Scott	Northamptonshire County Council
Councillor Malcolm Waters	Northamptonshire County Council

Also in attendance (for all or part of the meeting):

Ben Barlow	Pension Services Financial Manager
David Crum	Independent Investment Advisor
Peter Gent	Senior Investment Consultant, Mercer Ltd
Sophia Nartey	Senior Lawyer and Deputy Monitoring Officer
Richard Perry	Financial Manager – LGSS Pensions Service
James Smith	Assistant Chief Finance Officer
Raj Sohal	Democracy Officer
Paul Tysoe	Investment Manager – LGSS Pensions Service
Mark Whitby	Head of LGSS Pensions Service

01/21 Apologies for non-attendance

None received.

02/21 Notification of requests from members of the public to address the meeting

None received.

03/21 Declaration of Interests

There were none.

Item No.	Item	Action to be taken by
04/21	<p><u>Chairman's Announcements:</u></p> <p>The Chair thanked members for their continued patience and cooperation in getting used to the council's new way of working in unprecedented circumstances.</p> <p>A collaborative, inclusive approach to the meeting was encouraged, where members had the opportunity to question and contribute to discussion accordingly.</p> <p>The Chair also gave thanks to the supporting officers, on behalf of the Investment Sub-Committee, for their continued hard work in assisting the operations of the Sub-Committee.</p>	Chair
05/21	<p><u>Minutes of the Investment Sub-Committee Meeting held in Public on 27 November 2020</u></p> <p>The Chair asked the Sub-Committee to review and approve the minutes of the Investment Sub-Committee meeting held in public on 27 November 2020.</p> <p>RESOLVED that: The Investment Sub-Committee approved the minutes of the Investment Sub-Committee meeting held in public on 27 November 2020.</p>	Raj Sohal

06/21	<p><u>Quarterly Performance Report for the period ending 31 December 2020</u></p> <p>See Agenda Item 10.</p> <p>RESOLVED that: The Investment Sub-Committee noted the report.</p>	Peter Gent
	<p>RESOLVED that: Under Section 100A of the Local Government Act 1972, 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 Paragraph 3 of Part 1 of Schedule 12A to the Act would be disclosed to them.</p>	
07/21	<p><u>Minutes of the Investment Sub-Committee Meeting held in Private on 27 November 2020</u></p> <p>The Chair asked the Sub-Committee to review and approve the minutes of the Investment Sub-Committee meeting held in private on 27 November 2020.</p> <p>RESOLVED that: The Investment Sub-Committee approved the minutes of the Investment Sub-Committee meeting held in private on 27 November 2020.</p>	Raj Sohal
08/21	<p><u>Review of Action Points arising from Previous ISC Meeting</u></p> <p>RESOLVED that: The Investment Sub-Committee noted the action log.</p>	Richard Perry
09/21	<p><u>Quarterly Performance Report for the period ending 31 December 2020</u></p> <p>RESOLVED that: The Investment Sub-Committee noted the report.</p>	Peter Gent
10/21	<p><u>Responsible Investment update – proposed policy</u></p> <p>RESOLVED that The Investment Sub-Committee:</p>	Richard Perry

	<ul style="list-style-type: none"> a) Noted the report and draft Responsible Investment Policy. b) Approved the draft policy for presentation to the Pension Committee in March 2021. c) Noted the process for consultation with stakeholders and the timetable for incorporating the policy in a revised Investment Strategy Statement. d) Requested the Head of Pensions to produce an implementation plan and timetable for the Fund to comply with the requirements of the 2020 UK Stewardship Code and the Task Force on Climate Related Financial Reporting. 	
11/21	<p><u>Residential property – shared ownership fund</u></p> <p>RESOLVED that The Investment Sub-Committee:</p> <ul style="list-style-type: none"> a) Noted the report. b) Approved the commitment of 1.5% of the Fund value to the M&G Shared Ownership Fund. c) Authorised the Head of Pensions to take all actions necessary to implement the decision. 	Richard Perry
12/21	<p><u>Global Equity Sub-Fund</u></p> <p>RESOLVED that The Investment Sub-Committee:</p> <ul style="list-style-type: none"> a) Noted the report. b) Approved the provision by Mercer of enhanced monitoring reports on Longview. c) Authorised the Head of Pensions in consultation with the Chairman, if and when appropriate, to dis-invest from the ACCESS Longview and on a temporary basis re-invest the proceeds in the UBS passive mandate. d) Authorised the Head of Pensions, after all ACCESS sub-fund options have been exhausted, to instruct Mercer to perform the search for a replacement global equity manager. 	Richard Perry
13/21	<p><u>ACCESS – sub-fund progress</u></p> <p>RESOLVED that: The Investment Sub-Committee noted the asset pooling update.</p>	Richard Perry
14/21	<p><u>Urgent Business</u></p> <p>There was none.</p>	Raj Sohal

There being no further business the meeting closed at 12.30.

Chairman’s signature:.....

Date:.....

This page is intentionally left blank

NORTHAMPTONSHIRE COUNTY COUNCIL PENSION FUND

INVESTMENT MONITORING REPORT QUARTER TO 31 MARCH 2021

May 2021

IMPORTANT NOTICES

References to Mercer shall be construed to include Mercer LLC and/or its associated companies.

© 2021 Mercer LLC. All rights reserved.

This contains confidential and proprietary information of Mercer and is intended for the exclusive use of the parties to whom it was provided by Mercer. Its content may not be modified, sold or otherwise provided, in whole or in part, to any other person or entity, without Mercer's prior written permission.

The findings, ratings and/or opinions expressed herein are the intellectual property of Mercer and are subject to change without notice. They are not intended to convey any guarantees as to the future performance of the investment products, asset classes or capital markets discussed. Past performance does not guarantee future results. Mercer's ratings do not constitute individualized investment advice.

Information contained herein has been obtained from a range of third party sources. While the information is believed to be reliable, Mercer has not sought to verify it independently. As such, Mercer makes no representations or warranties as to the accuracy of the information presented and takes no responsibility or liability (including for indirect, consequential or incidental damages), for any error, omission or inaccuracy in the data supplied by any third party.

This does not constitute an offer or a solicitation of an offer to buy or sell securities, commodities and/or any other financial instruments or products or constitute a solicitation on behalf of any of the investment managers, their affiliates, products or strategies that Mercer may evaluate or recommend.

For the most recent approved ratings of an investment strategy, and a fuller explanation of their meanings, contact your Mercer representative.

For Mercer's conflict of interest disclosures, contact your Mercer representative or see www.mercer.com/conflictsofinterest.

Mercer's universes are intended to provide collective samples of strategies that best allow for robust peer group comparisons over a chosen timeframe. Mercer does not assert that the peer groups are wholly representative of and applicable to all strategies available to investors.

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.

Peter Gent

EXECUTIVE SUMMARY

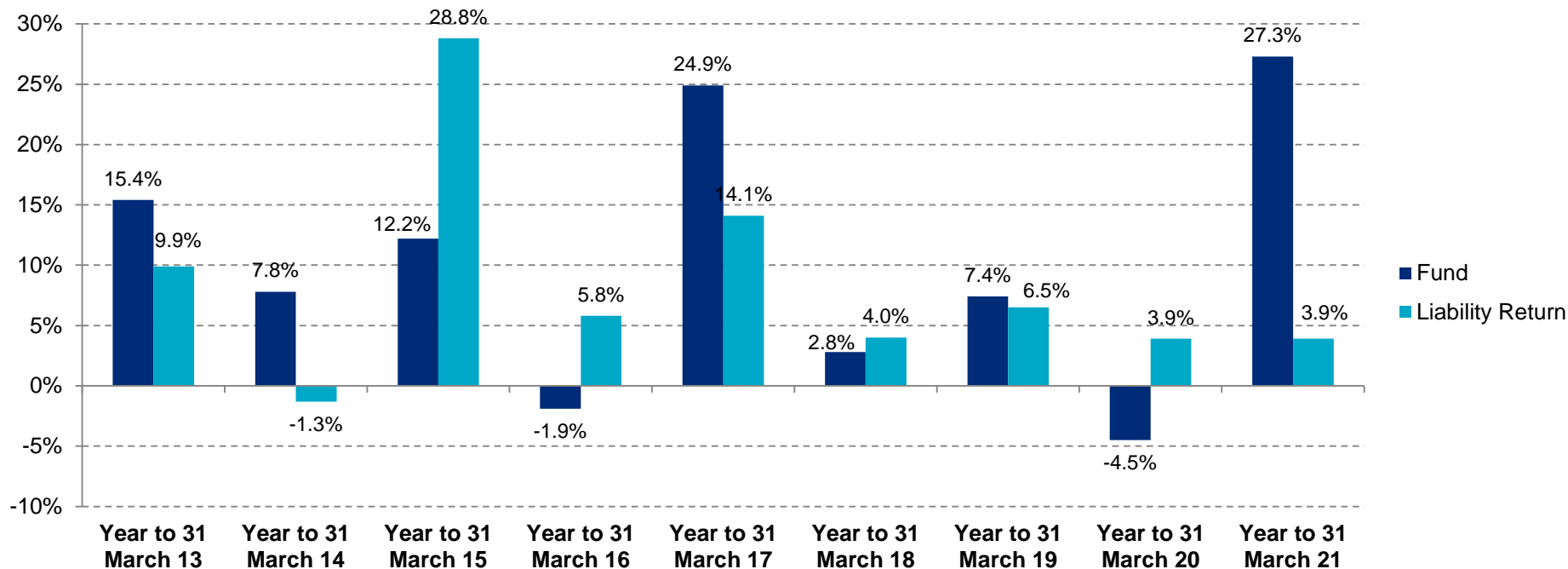
MONITORING DASHBOARD

Key	
	Committee to consider if action is required.
	To be kept under on-going review
	In line with objective and no action required.

Category		Comments	Current Status	Status Last Quarter
Asset Allocation		As at 31 March 2021, the Fund's asset allocation was overweight to equities (+1.8%) and underweight to alternatives (-1.5%) and fixed income (-0.3%).		
Funding Level Change		<p>The present value of the Fund's liabilities decreased over the quarter (from £3,068m to £2,904m).</p> <p>The Fund's assets (including cash) increased over the quarter by £44.0m from £3,017.4m as at 31 December 2020 to £3,061.4m as at 31 March 2021. The Fund's assets (including cash) have increased by £669.3m over the last twelve months.</p> <p>The estimated funding level at 31 March 2021 was 105.4%, up from 98.1% last quarter. For comparison, the funding level at 31 March 2019 (the date of the last actuarial valuation) was 93.4%</p>		
Performance	Quarter	<p>The Fund returned 1.2% (net of fees) over the quarter to 31 March 2021, underperforming the benchmark by 1.1%.</p> <p>The relative performance (net of fees) of the Fund's underlying active portfolios versus their respective benchmarks was mixed over the quarter. The equity portfolios managed by Longview and Newton outperformed their benchmarks by 2.6% and 0.4% respectively, whereas the global equity portfolio managed by Baillie Gifford underperformed its benchmark by 6.6%.</p> <p>Within the fixed income portfolios, the M&G alpha opportunities fund has outperformed its benchmark by 0.8%. The Baillie Gifford diversified growth fund underperformed its target by 1.6%.</p> <p>Due to numerous factors, including stale pricing, provisional performance figures understating actual returns and currency impacts, we estimate that the alternatives portfolio underperformed, returning -0.3% vs a benchmark return of 2.3%.</p>		
	Longer-term	<p>The Fund returned 10.2% (net of fees) over the 5 years to 31 March 2021, outperforming the benchmark by 0.6%.</p> <p>Over the last 12 months to 31 March 2021, the Global Equity portfolio outperformed the benchmark return by 9.5%, mainly due to the outstanding performance from Baillie Gifford of 85.0% vs a benchmark return of 38.9%. The total Fixed Income portfolio has outperformed the benchmark over the 1 and 3 year periods.</p> <p>The Alternatives portfolio has underperformed the benchmark over the longer-term. As a reminder however, the bespoke nature of these alternative mandates means that there is no comparable investable Index and benchmarking will inevitably lead to large discrepancies between fund and benchmark, especially over the short to medium term.</p>		

EXECUTIVE SUMMARY

PERFORMANCE VS STRATEGIC TARGET(1)



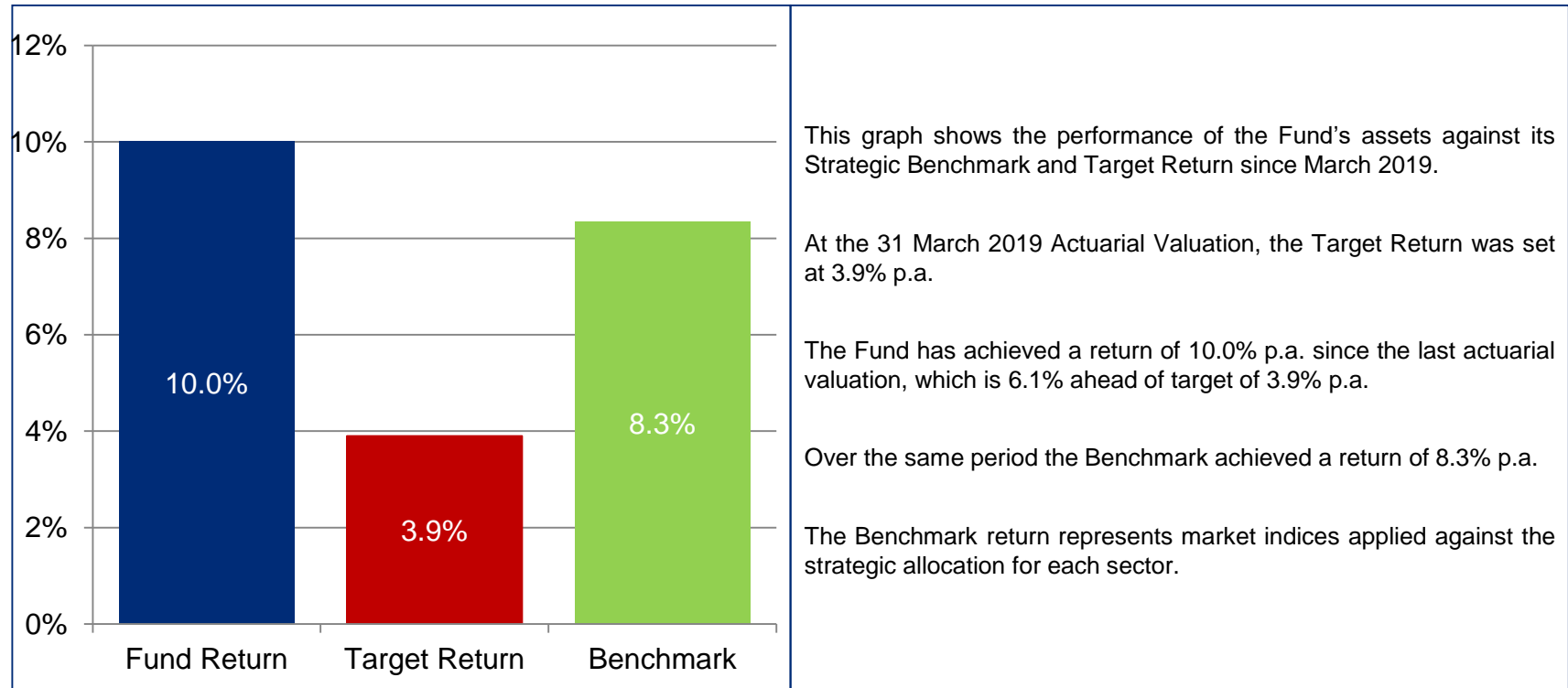
• Showing as Gilts + 1.6% prior to 31 March 2016. Gilts + 1.8% prior to 31 March 2019 and a flat 3.9% from 31 March 2019 onwards. Performance is gross of fees.

The above chart compares the Fund's actual return on the assets versus an estimate of the liability return, therefore helping to illustrate how the Fund has performed from a funding level perspective. Whilst the asset return is relatively simplistic to calculate, the liability return is more complex due to the changing assumptions made over time by the Fund's actuary Hymans. These assumptions are defined triennially at each actuarial valuation. At the last valuation (31 March 2019) the actuary set the discount rate (i.e. a proxy of the Fund's liability return on a forward looking basis) at 3.9% per annum. In other words, all else equal, if the Fund's asset performance exceeds 3.9% going forward, the deficit will fall. If the performance of the assets lags 3.9%, the deficit will increase.

EXECUTIVE SUMMARY

PERFORMANCE VS STRATEGIC TARGET(2)

Performance of Fund Assets versus Target (since March 2019)



Figures shown are based on performance provided by the investment managers, WM, Mercer estimates and Thomas Reuters Datastream.
Performance data to 31 March 2021.

CURRENT TOPICS

Aiming for a net-zero target

The draft UK Regulatory guidance on "Governance and Reporting of Climate Change Risk" impacts schemes >£5bn from October 2021, and schemes >£1bn from 2022.

- The draft regulations required that trustees of schemes in scope must:
- Set **at least one absolute Greenhouse Gas emissions** based metric;
 - Set **at least one emissions intensity** based metric;
 - Set **at least one additional (non-emissions based)** metric (for example, green revenues, process based);
 - Set an **annual target** to manage climate related risks using one of the metrics;
 - **Report annually** on the value of the metric and progress against target.

Understanding the carbon intensity and carbon footprint in your scheme's asset classes will help you understand **where your carbon exposures lie** and enable you to start the conversation on **how to transition the portfolio** and ultimately lead to the implementation of a decarbonisation path to net-zero with measurable targets and milestones.

Relevance to the Fund



The Fund could consider using the ESG frameworks to further enhance the integration of climate change considerations into the portfolio and define an explicit decarbonisation target (e.g. net zero by 2050)

Mercer's climate transition advice, supported by our **Analytics for Climate Transition (ACT)**, follows a **step-by-step approach** to align to a net zero outcome by 2050.



Is credit really a free lunch?

- European and US investment grade and high yield credit spreads narrowed further in Q1 2021 back to historically low levels seen in early 2020 and 2017-2018
- Subject to the efficacy of the vaccines and their take-up rate, our base scenario is that the global economy will return to something close to normal by end 2021 with growth in Q3 extremely strong as pent-up spending power is released
- At face value, this is favourable environment for credit as an asset class. Central banks are also buying corporate bonds and supporting markets, most notably the ECB. **But is credit really a free lunch?**

Should we worry about the Zombies?

Zombie firms are companies that cannot cover debt servicing costs from current profits and are dependent on creditors to survive. Downgrade of investment grade zombies' debt may pose significant risk. Default risk is higher than the favourable environment suggests.

What should investors do?



Governance

- Review your allocation to credit
- Assess the downgrade and default risk of your credit portfolio



Risk Management

- Review your de-risking plan
- Understand your managers exposure to Zombie companies, if any, and the risk to broad market indices



Strategy

- Is your credit allocation strategic or tactical?
- Is mark-to-market risk a concern given your triennial valuation cycle?
- Assess the mix of credit assets held, e.g. investment grade vs high-yield, listed vs private etc.
- Rebalancing activity may provide an opportunity to adjust asset allocations.

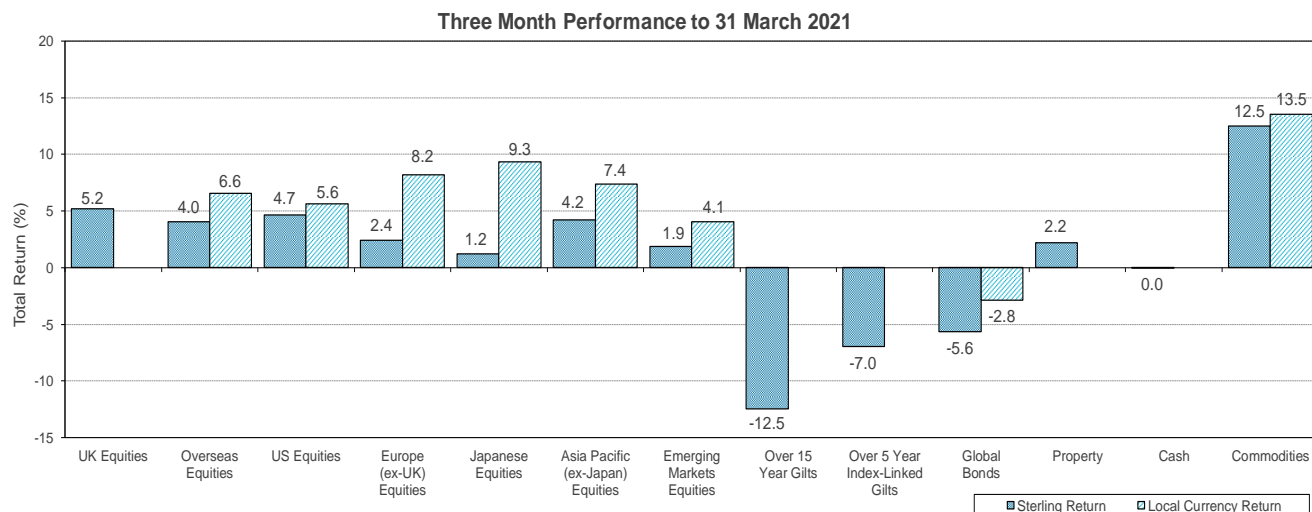
Relevance to the Fund



The Fund has limited exposure to investment grade credit (although is likely to have some via the MAC mandates). The managers have the flexibility to manage this risk.

MARKET BACKGROUND

Return Over 3 Months to 31 March 2021



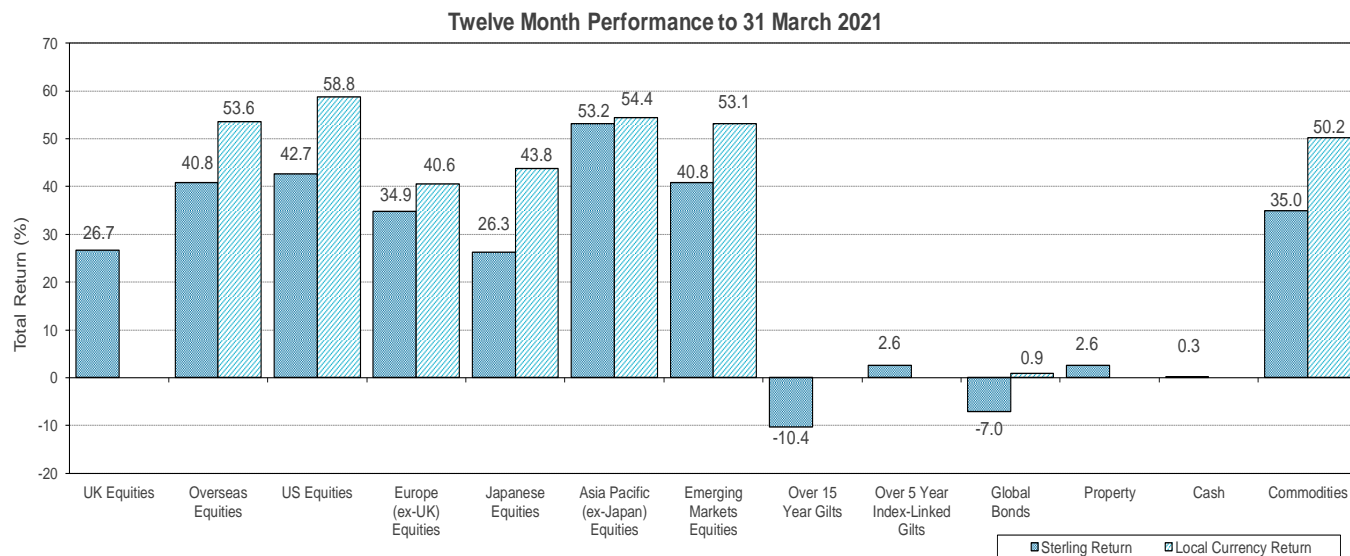
Source: Thomson Reuters Datastream.

- Global equity markets rallied over the quarter, returning 3.8% in sterling terms and 6.2% in local currency terms with the sharp sterling appreciation detracting from returns for unhedged UK investors. Volatility in equity markets was high over the quarter; enthusiasm from retail investors triggered short squeezes in January, and then volatility increased again amid concerns over rising bond yields during February and March. Value stocks outperformed growth stocks by a margin of over 9%. (MSCI World Value versus Growth). Rising yields made growth stocks, whose cash flows are discounted over longer periods, less appealing. Additionally, markets positioned for value sectors such as energy and finance to perform better in a reopening than, for example, technology.
- US equities returned 4.7% in sterling terms, compared to 5.6% in local currency terms whilst European (ex UK) equities returned 2.4% in sterling terms (8.2% local). With a heavier weight in value than in growth and heavy export exposure, European stocks are expected to benefit more from the recovery even if Europe's economic fundamentals are weaker than for the US.
- In the UK, quarter-on-quarter GDP was 1.3% to the end of December (non-annualised). Headline CPI inflation fell to 0.4% at the end of February from 0.6% at the end of December, reflecting weak demand due to the lockdown. At the beginning of March, as part of the Spring budget the Chancellor announced that the furlough scheme, due to expire at the end of April 2021, would be extended to the end of September 2021. Gradual easing of Covid-19 restrictions in the UK began at the end of the quarter.

The UK yield curve shifted up considerably over the quarter as inflation expectations spiked in anticipation of a strong recovery later in the year whilst fiscal and monetary policy are set to remain loose.

MARKET BACKGROUND

Return Over 12 Months to 31 March 2021

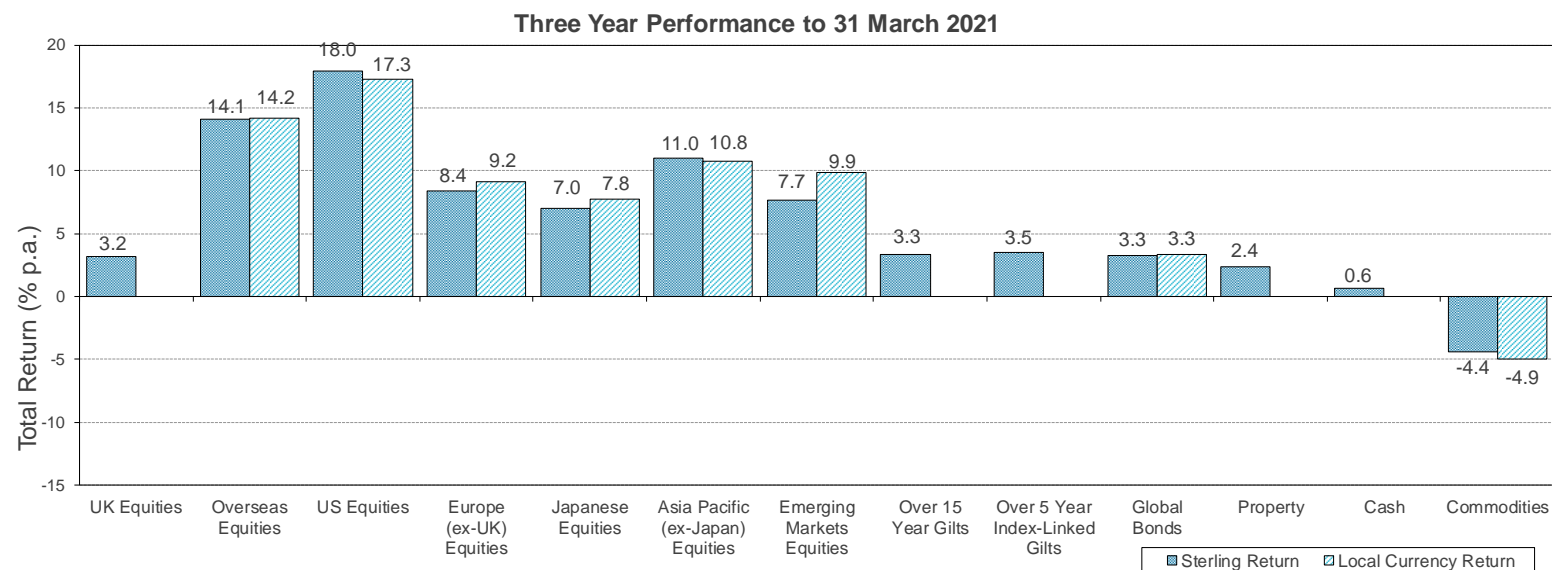


Source: Thomson Reuters Datastream.

- Over one year to 31 March 2021, equities posted positive performance in Sterling and local terms. Over 15 year gilts had a negative performance of 10.4%, while the over 5 year index-linked gilts returned positive, 2.6%. Global bonds had a negative performance in Sterling terms and positive performance in local terms. Property and cash had positive returns of 2.6% and 0.3%, respectively. Commodity markets posted a positive return of 35.0% and 50.2% in Sterling and local terms, respectively.

MARKET BACKGROUND

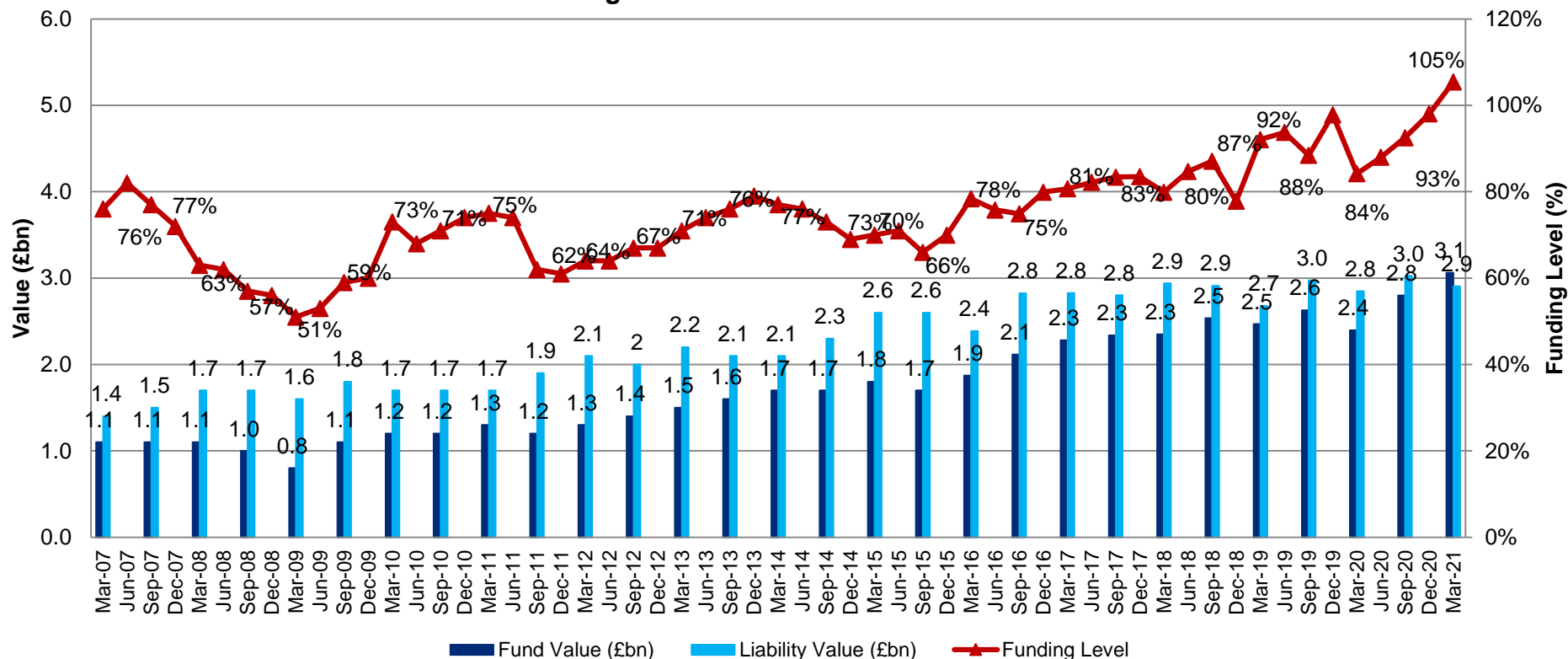
Return Over 3 Years to 31 March 2021



Source: Thomson Reuters Datastream.

HISTORIC FUNDING LEVELS

Funding Level since March 2007 Valuation



Source: Hymans Robertson & WM Performance Reports

The funding level is a ratio of assets to liabilities.

There has been a general trend over the period shown (i.e. from 2007) of falling gilt yields, which has increased the value placed on liabilities. Assets have produced strong returns in general too, but not high enough over a sustained period to keep pace with the rising value of liabilities. There was an increase in funding level at the March 2016 valuation as actual experience was reassessed against assumptions made at the 2013 valuation. Post the 2016 valuation, gilt yields continued to fall, albeit this was reversed in mid 2016 when a rise in yields along with strong asset performance caused a rise in funding level to 80%. The results of the 31 March 2019 valuation pushed up the funding level to 93%. The funding level as at 31 March 2021 was 105% reflecting strong asset performance during the quarter and falling liabilities.

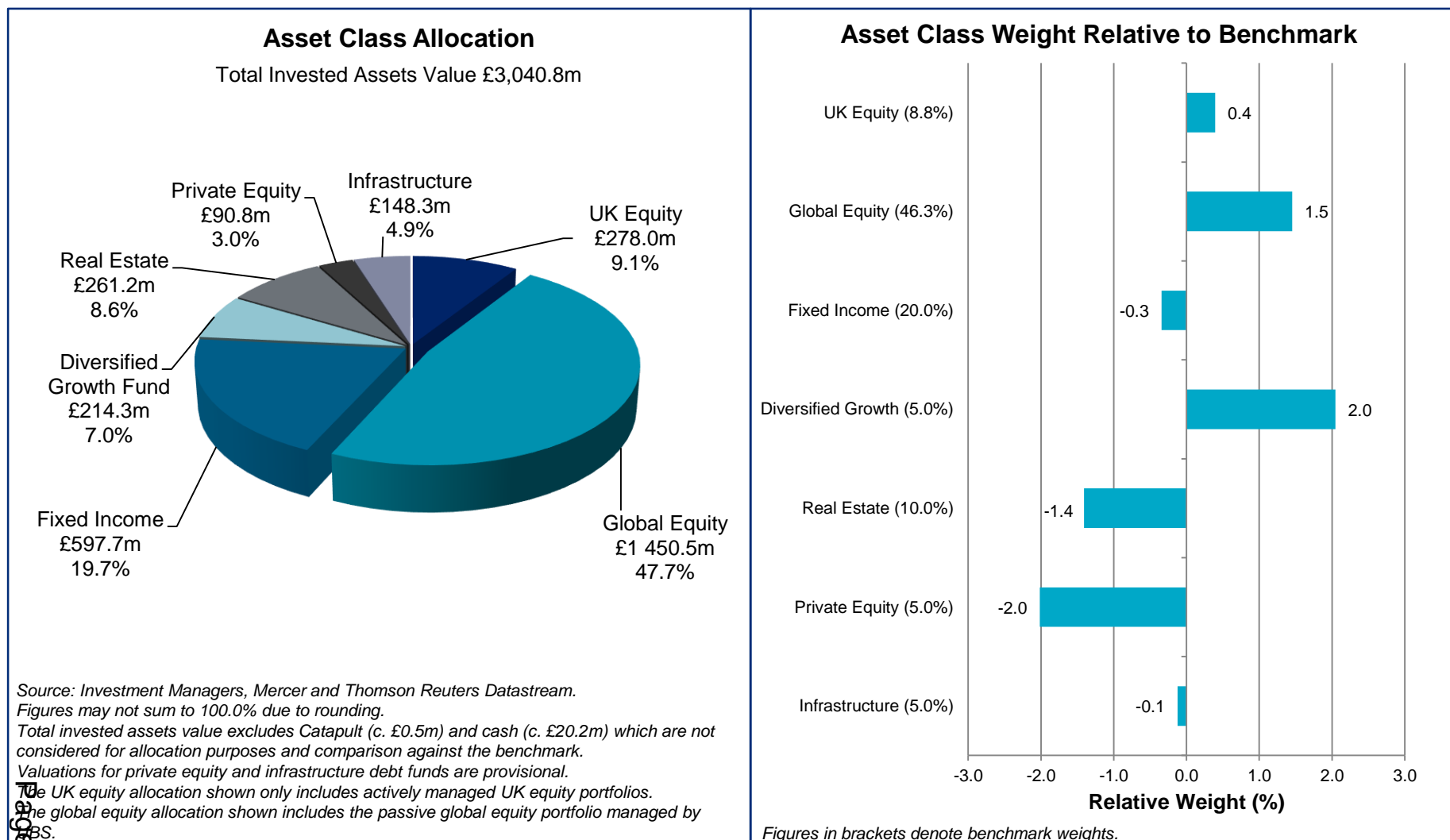
WHAT'S CAUSED THE CHANGES? TO 31 MARCH 2021

Surplus / (deficit)	£m
Surplus / (deficit) as at 31/03/2019	(176)
Contributions (less benefits accruing)	8
Interest on surplus	(16)
Excess returns on assets	323
Impact of change in yields and inflation	(11)
Surplus / (deficit) as at 31/03/2021	128

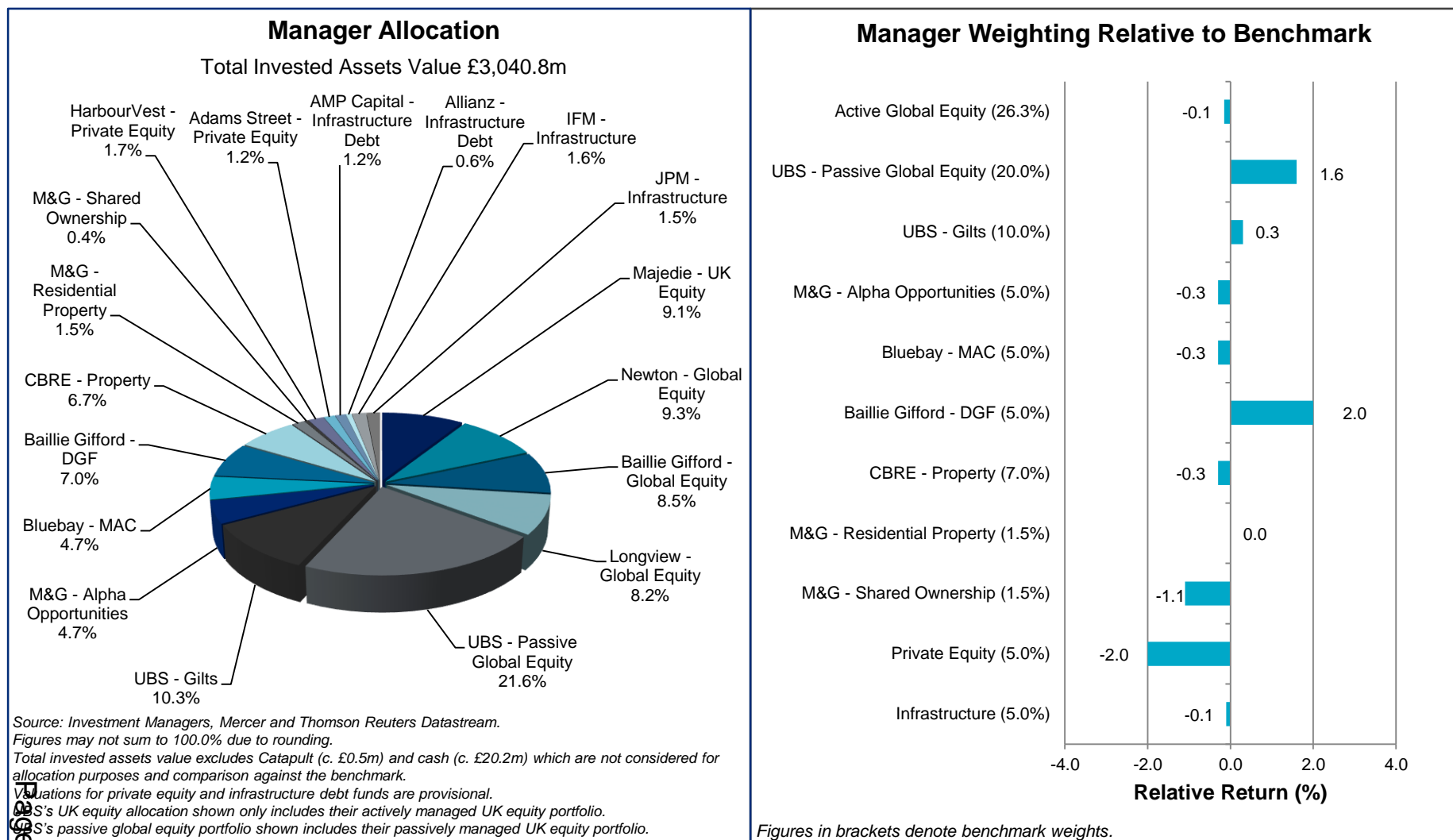
The funding level at the latest formal valuation was 93%. As at 31 March the funding level has increased to 105%.

The funding level increased over the quarter (from 98% as at 31 December 2020) due predominantly to the liability value decreasing.

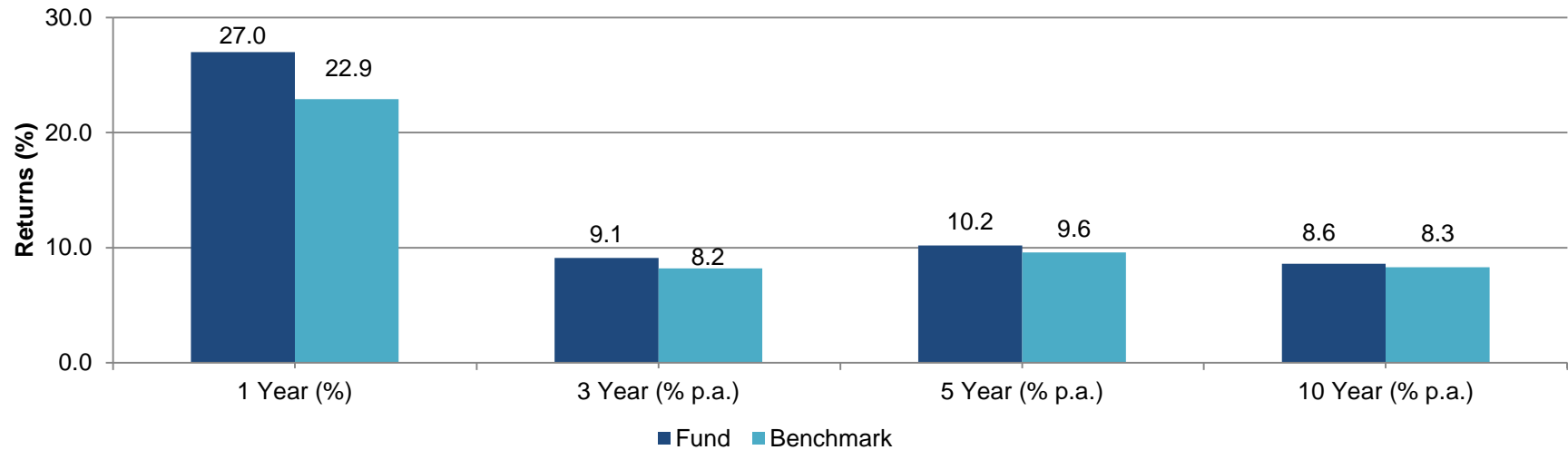
ASSET ALLOCATION AT END MARCH 2021



MANAGER ALLOCATION AT END MARCH 2021

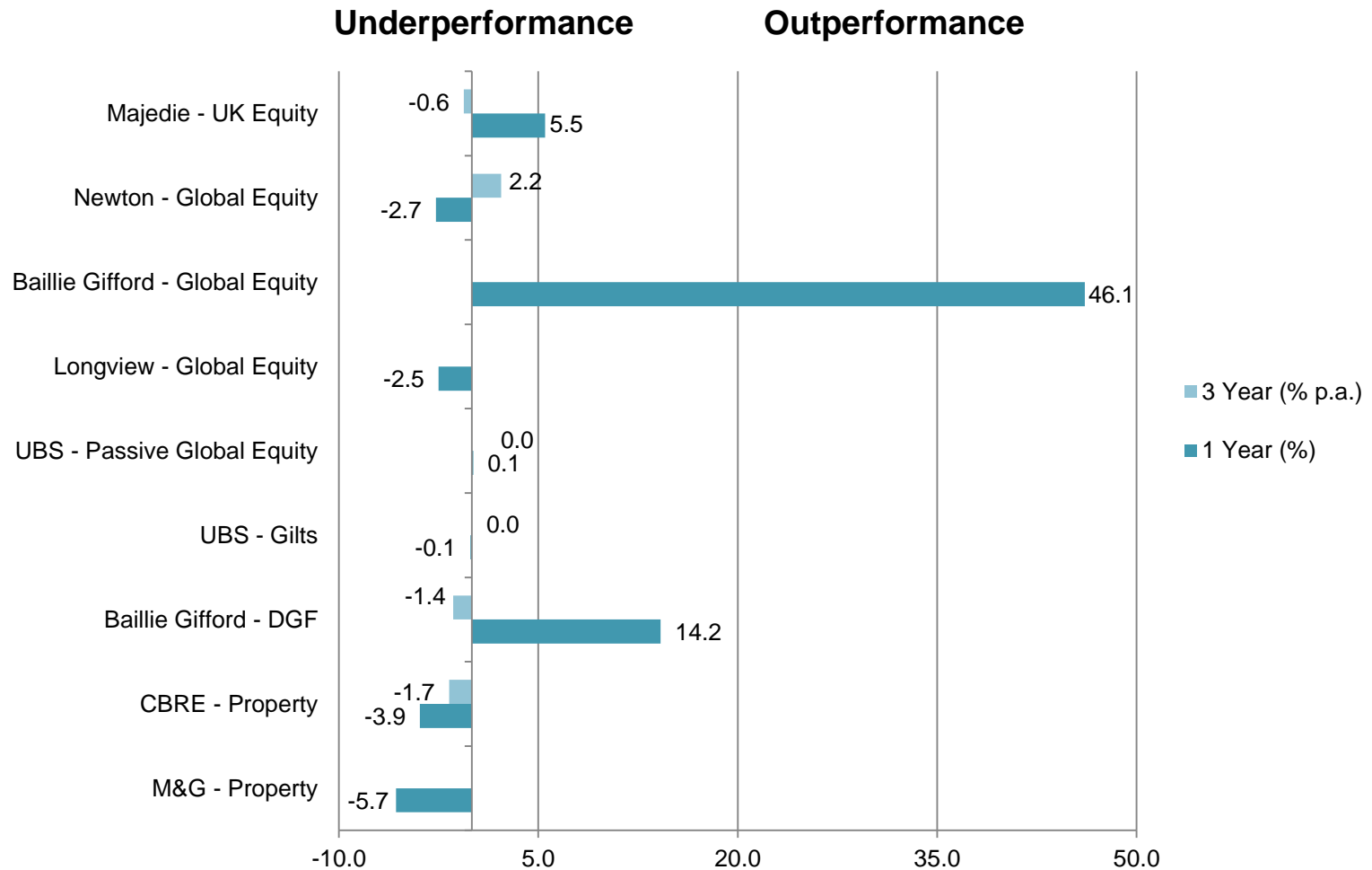


NET TOTAL FUND VERSUS TOTAL BENCHMARK PERFORMANCES



Figures shown are based on performance provided by the Investment Managers, Link Asset Services, Mercer estimates and Thomson Reuters Datastream. Performance up to 31 March 2016 provided by WM and chain linked with performance provided by the Investment Managers onwards for the underlying portfolios and Mercer estimates for the Total Fund. Catapult private equity performance is not included in Total Fund performance.

NET EXCESS PERFORMANCE BY MANAGER



Figures shown are based on performance provided by the Investment Managers, Link Asset Services, Mercer estimates and Thomson Reuters Datastream.

ASSET CLASS ALLOCATIONS

Asset Class	Actual Allocation				B'mark Allocation (%)	Tolerances
	Start of Quarter	End of Quarter	Start of Quarter	End of Quarter		
	(£m)	(£m)	(%)	(%)		
UK Equity	226.6	278.0	7.5	9.1	8.8	-
Global Equity ^(a)	1,522.4	1,450.5	50.6	47.7	46.3	-
Equities	1,749.0	1,728.5	58.1	56.8	55.0	50.0 - 60.0
Government Bonds	275.7	312.0	9.2	10.3	10.0	-
Non-Government Bonds	283.8	285.7	9.4	9.4	10.0	-
Fixed Income	559.5	597.7	18.6	19.7	20.0	15.0 - 25.0
DGF	215.8	214.3	7.2	7.0	5.0	-
Real Estate	245.5	261.2	8.2	8.6	10.0	-
Private Equity ^(b)	87.4	90.8	2.9	3.0	5.0	-
Infrastructure ^(b)	152.6	148.3	5.1	4.9	5.0	-
Alternatives	701.3	714.6	23.3	23.5	25.0	20.0 - 30.0
Total (ex-Catapult Private Equity)	3,009.7	3,040.8	100.0	100.0	100.0	-
Private Equity (Catapult) ^(b)	0.5	0.5	-	-	-	-
Cash	7.2	20.2	-	-	-	-
Total	3,017.4	3,061.4	-	-	-	-

Source: Investment Managers, Link Asset Services, Mercer and Thomson Reuters Datastream.

Figures may not sum to total due to rounding.

The current asset allocation is within the tolerance ranges set out within the Investment Strategy Statement (ISS).

^(a) Includes the global equity portfolios managed by Newton, Baillie Gifford, Longview and the passive global equity portfolio managed by UBS.

^(b) End of quarter valuations are provisional.

MANAGER ALLOCATIONS

Manager	Start of Quarter				End of Quarter			
	Actual	Actual		B'mark	Actual	Actual		B'mark
	(£m)	(%)		Allocation (%)	(£m)	(%)		Allocation (%)
Majedie - UK Equity	226.6	7.5		8.8	278.0	9.1		8.8
UK Equities	226.6	7.5		8.8	278.0	9.1		8.8
Newton - Global Equity	272.1	9.0	29.8	26.3	283.1	9.3	26.1	26.3
Baillie Gifford - Global Equity	391.3	13.0			259.2	8.5		
Longview - Global Equity	234.7	7.8			250.1	8.2		
UBS - Passive Global Equity	624.3	20.7		20.0	658.1	21.6		20.0
Global Equities	1,522.4	50.6		46.3	1,450.5	47.7		46.3
UBS - Gilts	275.7	9.2		10.0	312.0	10.3		10.0
Bluebay - MAC	143.9	4.8		5.0	143.4	4.7		5.0
M&G - Alpha Opportunities	139.8	4.6		5.0	142.3	4.7		5.0
Fixed Income	559.5	18.6		20.0	597.7	19.7		20.0
Baillie Gifford - DGF	215.8	7.2		5.0	214.3	7.0		5.0
CBRE - Property	201.0	6.7		9.0	203.5	6.7		7.0
M&G - Residential Property	44.4	1.5		1.0	44.5	1.5		1.5
M&G - Shared Ownership	-	-		-	13.2	0.4		1.5
HarbourVest - Private Equity ^(a)	52.8	1.8	2.9	5.0	52.9	1.7	3.0	5.0
Adams Street - Private Equity ^(a)	34.6	1.1			37.8	1.2		
AMP Capital - Infrastructure Debt ^(a)	38.4	1.3	5.1	5.0	35.6	1.2	4.9	5.0
Allianz - Infrastructure Debt ^(a)	19.0	0.6			18.9	0.6		
IFM - Infrastructure Equity	48.0	1.6			48.1	1.6		
JPM – Infrastructure Equity	47.2	1.6			45.8	1.5		
Alternatives	701.3	23.3		25.0	714.6	23.5		25.0
Total (ex-Catapult Private Equity)	3,009.7	100.0		100.0	3,040.8	100.0		100.00
Catapult - Private Equity ^(b)	0.5	-		-	0.5	-		-
Cash	7.2	-		-	20.2	-		-
Total	3,017.4	-		-	3,061.4	-		-
Invested with Access	2,380.3	79.0		-	2,397.1	78.7		-

Invested in pool

Source: Investment Managers, Link Asset Services, Mercer and Thomson Reuters Datastream.

Figures may not sum to total due to rounding.

^(a) End of quarter valuations are provisional.

ASSET ALLOCATION COMMENTS

- As at 31 March 2021, the Fund's asset allocation was overweight to equities (+1.8%) and underweight to alternatives (-1.5%) and fixed income (-0.3%).
- On 24 February 2021, c. £3.8m was invested in the global equity portfolio (c. £1.6m), DGF (c. £1.2m), global equity (c. £0.7m) and UK equity (c. £0.3m) managed by Newton, Baillie Gifford, Longview and Majedie, respectively.
- On 5 March 2021, £7.5m was disinvested from the Baillie Gifford global equity portfolio.
- On 16 March 2021, c. £60.4m was transferred from the over 15 year gilts portfolio to the index-linked gilts portfolio, both managed by UBS.
- Over March 2021, £115.0m was disinvested from the global equity portfolio managed by Baillie Gifford. The assets were transferred to the index-linked gilts portfolio managed by UBS (£60.0m), the UK equity portfolio managed by Majedie (£40.0m), and c. £13.2m was subsequently used to fund the first investment in the M&G - Ownership Fund.
- Over the quarter to 31 March 2021, there were the following private markets/property cashflows:

Manager	Contributions (£m)	Distributions (£m)	Net Cashflow (£m)
Harbourvest - Private Equity	(2.3)	1.5	(0.7)
Adams Street - Private Equity	(4.4)	0.8	(3.6)
AMP Capital - Infrastructure Debt	(1.1)	2.1	1.0
Allianz - Infrastructure Equity	-	0.2	0.2
JPM - Infrastructure Equity	-	1.0	1.0
Total Cashflows	(7.8)	5.6	(2.1)

Source: Investment Managers and Thomson Reuters Datastream.

NET PERFORMANCE BY MANAGER

Manager	Last Quarter		Last Year		Last 3 Years		Last 5 Years	
	Fund (%)	B'mark (%)	Fund (%)	B'mark (%)	Fund (% p.a.)	B'mark (% p.a.)	Fund (% p.a.)	B'mark (% p.a.)
Majedie - UK Equity	4.8	5.2	32.2	26.7	2.6	3.2	5.8	6.3
UK Equities	4.8	5.2	32.1	26.7	2.2	3.2	6.6	6.3
Newton - Global Equity	4.0	3.6	36.2	38.9	14.9	12.7	14.0	14.1
Baillie Gifford - Global Equity	-3.0	3.6	85.0	38.9	-	-	-	-
Longview - Global Equity	6.6	4.0	35.9	38.4	-	-	-	-
UBS - Passive Global Equity	5.4	5.4	39.0	38.9	12.0	12.0	13.9	14.0
Global Equities	3.2	4.5	48.4	38.9	17.3	12.5	16.3	14.2
UBS - Gilts	-8.3	-8.3	-2.7	-2.6	2.5	2.5	5.8	5.8
Bluebay - MAC	-0.5	0.0	-	-	-	-	-	-
M&G - Alpha Opportunities	1.8	1.0	-	-	-	-	-	-
Fixed Income	-3.8	-3.8	4.0	2.5	3.3	3.8	4.5	5.0
Baillie Gifford - DGF	-0.7	0.9	17.8	3.6	2.7	4.1	4.6	4.0
CBRE - Property	1.2	2.2	-1.4	2.5	0.7	2.4	2.9	4.1
M&G - Shared Ownership	0.0	0.0	-	-	-	-	-	-
M&G - Residential Property	0.3	1.5	0.3	6.0	-	-	-	-
HarbourVest - Private Equity ^{(a) (b)}	-1.2	4.1	10.8	39.1	10.8	14.0	-	-
Adams Street - Private Equity ^{(a) (b)}	-0.9	4.1	40.5	39.1	22.0	14.0	-	-
AMP Capital - Infrastructure Debt ^{(a) (b)}	-4.8	2.5	0.0	10.0	0.7	10.0	-	-
Allianz - Infrastructure Debt ^{(a) (b)}	0.0	1.0	12.6	4.0	-	-	-	-
IFM - Infrastructure Equity	0.4	2.5	3.0	10.0	-	-	-	-
JPM - Infrastructure Equity ^{(a) (b)}	-0.9	2.5	-	-	-	-	-	-
Alternatives	-0.3	2.3	6.5	11.2	2.7	5.3	4.4	5.3
Total ^{(c) (d) (e)}	1.2	2.3	27.0	22.9	9.1	8.2	10.2	9.6
FTSE Over 5 Year Index-Linked Gilts Index	-	-7.0	-	2.6	-	3.5	-	6.4

Figures shown are based on performance provided by the Investment Managers, Link Asset Services, WM, Mercer estimates and Thomson Reuters Datastream.

^(a) Figures shown in GBP and calculated by Mercer using a Modified Dietz approach over each period and are based on data provided by HarbourVest, Adams Street, AMP Capital, Allianz, JPM and Thomson Reuter Datastream.

^(b) End of quarter valuation is provisional and, therefore, the quarterly return is also provisional. The return includes the impact of movements in the exchange rates for non-sterling denominated funds.

^(c) Catapult private equity performance is not included in Total Fund performance.

^(d) Total Fund 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.

^(e) Includes performance of terminated mandates.

APPENDIX



APPENDIX A

BENCHMARKS

Asset Class	Allocation (%)	Benchmark	
UK Equity	8.8	FTSE All-Share Index	
Global Equity	46.3	43.2%	Composite Benchmark ^(a)
		56.8%	MSCI AC World (NDR) Index
DGF	5.0	Bank of England UK Base Rate +3.5% p.a.	
Property	10.0	70.0%	MSCI All Balanced Property Funds Index
		15.0%	Absolute Return of 6.0% p.a.
		15.0%	TBC
Fixed Income	20.0	50.0%	FTSE A Over 5 Year Index-Linked Gilts Index / FTSE A Over 15 Year Gilts Index
		25.0%	1 Month Sterling LIBOR + 4% p.a.
		25.0%	3 Month Sterling LIBOR
Private Equity	5.0	MSCI World Index	
Infrastructure Debt	5.0	Absolute Return of 8.0% p.a.	
Total	100.0		

Figures may not sum to total due to rounding.

^(a) In relation to UBS passive global equity asset class.

APPENDIX B

TARGETS

Asset Class	Benchmark	Outperformance Target	Tracking Error Expectation / Tolerance / Expected Volatility
Majedie - UK Equity	FTSE All-Share Index	+2% p.a. (gross of fees)	2% - 6% p.a. ^(a)
Newton - Global Equity	MSCI AC World (NDR) Index	+2% p.a. (gross of fees)	2% - 6% p.a. ^(a)
Baillie Gifford - Global Equity	MSCI AC World (NDR) Index	- ^(b)	
Longview - Global Equity	MSCI World (NDR) Index	- ^(c)	
UBS - Passive Global Equity	Composite Benchmark	To match the benchmark	-
Baillie Gifford - DGF	Bank of England UK Base Rate +3.5% p.a.	To outperform the benchmark	Up to 10% p.a. ^(d)
CBRE - Property	MSCI All Balanced Property Funds Index	+1% p.a. (gross of fees)	Up to 3% p.a. ^(a)
M&G - Residential Property	Absolute Return of 6.0% p.a.	To outperform the benchmark	-
M&G - Shared Ownership	Net return of 5 – 7% p.a.	- ^(e)	-
UBS - Index-Linked Gilts	FTSE A Over 5 Year Index-Linked Gilts Index	To match the benchmark	Up to ±0.1% p.a. ^(e)
UBS - Over 15 Year Gilts	FTSE A Over 15 Year Gilts Index	To match the benchmark	Up to ±0.1% p.a. ^(e)
CBRE - Real Estate Debt	Absolute Return of 7.0% p.a.	To outperform the benchmark	-
M&G - Alpha Opportunities	1 Month Sterling LIBOR + 4% p.a.	To outperform the benchmark	-
Bluebay - MAC	3 Month Sterling LIBOR	-	-
HarbourVest - Private Equity	MSCI World Index	+3% p.a.(gross of fees)	-
Adams Street - Private Equity	MSCI World Index	+3% p.a. (gross of fees)	-
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.	-	-

^(a) Tracking Error Expectation.

^(b) To produce capital returns, net of fees, over the long term.

^(c) To achieve capital growth, net of fees, over the long term.

^(d) Expected Volatility.

^(e) Tracking Error Tolerance.

APPENDIX B

TARGETS

UBS - Passive Global Equity

Fund	Benchmark	Outperformance Target	Tracking Error Tolerance
UK Equity	FTSE All-Share Index	To match the benchmark	Up to $\pm 0.20\%$ p.a.
North America Equity (GBP Hedged)	FTSE North America (GBP Hedged) Index	To match the benchmark	-
Europe Ex-UK Equity (GBP Hedged)	FTSE Developed Europe (ex-UK) (GBP Hedged) Index	To match the benchmark	-
Japan Equity (GBP Hedged)	FTSE Japan Index (GBP Hedged)	To match the benchmark	-
Asia Pacific ex-Japan Equity (GBP Hedged)	FTSE Developed Asia Pacific (ex-Japan) (GBP Hedged) Index	To match the benchmark	-
Emerging Markets Equity	FTSE Emerging Markets Index	To match the benchmark	Up to $\pm 0.75\%$ p.a.
Global Fundamentally Weighted Equity (GBP Hedged)	FTSE RAFI Developed 1000 (GBP Hedged) Index	To match the benchmark	-
Global Optimised Volatility Equity	MSCI World Minimum Volatility (NDR) Index	To match the benchmark	Up to $\pm 0.50\%$ p.a.
Global Quality Companies Equity	MSCI World Quality (NDR) Index	To match the benchmark	Up to $\pm 0.50\%$ p.a.

APPENDIX C

GUIDE TO MERCER RATINGS

INTRODUCTION

This is a guide to the investment strategy research ratings (herein referred to as rating[s]) produced by Mercer's Investments business (herein referred to as "Mercer" or "we" or "our"). The guide describes what the ratings are intended to mean and how they should and should not be interpreted.

If you have any questions or would like more information about specific topics after reading this guide, please contact your Mercer consultant or click "Contact us" on our website www.mercer.com.

WHAT DO MERCER'S RATINGS SIGNIFY?

Mercer's ratings generally signify our forward looking opinion of an investment strategy's prospects for either outperforming a suitable benchmark or achieving objectives over a time frame appropriate for that particular strategy (herein referred to as outperformance). The rating is recorded in the strategy's entry on the Global Investment Manager Database (GIMD™) /MercerInsight®.

Ratings are normally assigned to investment strategies rather than to specific funds or vehicles. In this context, the term "strategy" refers to the process that leads to the construction of a portfolio of investments, regardless of whether the strategy is offered in separate account format or through one or more investment vehicles. There are exceptions to this practice. These are primarily in real estate and private markets where the rating is normally applied to specific funds.

WHAT DO MERCER'S RATINGS NOT SIGNIFY?

This section contains important exclusions and warnings; please read it carefully.

Past Performance

The rating assigned to a strategy may or may not be consistent with its past performance. Although the rating reflects our expectations on future performance over a time frame appropriate for the particular strategy, we do not guarantee that these expectations will be fulfilled.

Creditworthiness

Unlike those of credit rating agencies, our ratings are not intended to imply any opinions about the creditworthiness of the manager providing the strategy.

Vehicle-specific Considerations

With the exceptions described above our ratings are normally assigned to strategies rather than to specific investment vehicles. Potential investors in specific investment vehicles should consider not only our ratings for the strategies being offered through those investment vehicles but also any investment vehicle-specific considerations. These may include, for example, frequency of dealing dates and any legal, tax, or regulatory issues relating to the type of investment vehicle and where it is domiciled. Our ratings do not constitute individualized investment advice.

Management Fees

Our ratings in the area of Alternative Investments follow market practice and reflect performance expectations on a net-of-fees basis. For traditional asset classes, where fees are generally lower and market practice varies, ratings reflect performance expectations on a gross-of-fees basis. The rationale for this is that fees can vary significantly among clients. However, we will consider fees in our assessment of whether a strategy is likely to deliver value to our clients.



This page is intentionally left blank

Document is Restricted

This page is intentionally left blank

Document is Restricted

This page is intentionally left blank

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank