



# Investment Sub-Committee

**A meeting of the Investment Sub-Committee will be held at the The Jeffrey Room, The Guildhall, Northampton, NN1 1DE on Wednesday 22 February 2023 at 2.00 pm**

## Agenda

<b>1.</b>	<b>Apologies for Absence</b>
<b>2.</b>	<b>Declarations of Interest</b> 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.
<b>3.</b>	<b>Chair's Announcements</b> To receive communications from the Chair.
<b>4.</b>	<b>Minutes of Previous Meeting (Pages 5 - 8)</b> To confirm the minutes of the previous meeting held on 30 November 2022.
<b>5.</b>	<b>Quarterly Performance Report for the Period Ending 31 December 2022 (Pages 9 - 26)</b> The Investment Sub-Committee to receive a quarterly performance update from Mercer for the period ending 31 December 2022.
<b>6.</b>	<b>Exclusion of Press and Public</b> 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.”

<b>7.</b>	<b>Private Minutes of the Investment Sub-Committee</b> (Pages 27 - 30) To confirm the private minutes of the previous meeting held on 30 November 2022.
<b>8.</b>	<b>Review of the Action Log</b> (Pages 31 - 32) The Investment Sub-Committee to review the action log.
<b>9.</b>	<b>Liontrust - Verbal Update</b> The Investment Sub-Committee to receive a verbal update.
<b>10.</b>	<b>Manager Presentation - Adam Street Partners</b> (Pages 33 - 98)
<b>11.</b>	<b>Private Equity Review</b> (Pages 99 - 138)
<b>12.</b>	<b>Responsible Investment - Climate Aware Passive Equity Investing Update</b> (Pages 139 - 154)
<b>13.</b>	<b>Any Other Business</b>

Catherine Whitehead  
Proper Officer  
14 February 2023

**Investment Sub-Committee Members:**

Councillor Malcolm Longley (Chair)

Councillor Cathrine Russell

Councillor Charles Morton (Vice Chair)

Robert Austin

Councillor Phil Bignell

Peter Borley-Cox

Councillor Graham Lawman

## **Information about this Agenda**

### **Apologies for Absence**

Apologies for absence and the appointment of substitute Members should be notified to [democraticservices@westnorthants.gov.uk](mailto: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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Tel: 07391411365

Email: [democraticservices@westnorthants.gov.uk](mailto:democraticservices@westnorthants.gov.uk)

Or by writing to:

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

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### Investment Sub-Committee

Minutes of a meeting of the Investment Sub-Committee held at The Jeffrey Room, The Guildhall, Northampton, NN1 1DE on Wednesday 30 November 2022 at 2.00 pm.

#### **Present:**

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

#### **Also Present:**

Chris West, Mercer Ltd  
 James Thurgood, Mercer Ltd  
 Phil Nicholson, IFM  
 Philip Nixon & Phelim Bolger, IFM

#### **Officers:**

Mark Whitby, Head of Pensions  
 David Crum, Independent Advisor  
 James Smith, Assistant Director - Finance (Strategy)  
 Tomasz Wardzala, Pension Services Financial Manager  
 Ben Barlow, Funding and Investment Manager  
 Jeverly Findlay, Democratic Services Officer

#### 73. **Apologies for Absence**

Apologies for absence were received from Councillor Charles Morton.

#### 74. **Declarations of Interest**

Robert Austin declared a disclosable pecuniary interest as a member of LGPS.  
 Councillor Graham Lawman disclosed personal interests as his wife was a deferred members of LGPS.

#### 75. **Minutes of Previous Meeting**

It was highlighted that Chris Murphy and Tatjana Evans-Macleod who had been in attendance at the last meeting and worked for Baillie Gifford not BlueBay.

**RESOLVED:**

That, subject to the above amendment, the minutes of the Investment sub-committee of 21 September 2022 be approved and signed as a correct record.

**76. Quarterly Performance Report for the Period Ending 30 September 2022**

At the Chair's invitation, Chris West from Mercer presented the quarterly performance report. Referring to the executive dashboard, he explained that liabilities had fallen over the quarter in response to the persistent high inflation and interest rates. Investment Managers had expected that there would be a 2-3% rise but the markets were now pricing at rates of 5%. There was a global recession; sterling had been weak, particularly at the end of September which was linked to the volatility caused by the mini budget. The fund had not been exposed to the LDI's (Liability Driven Investment), therefore unaffected. The gilts had fallen in value as the interest rates had risen. Liabilities had fallen in material value. The funding level as at 30 September 2022 was 130% which was higher than in June, largely driven by a fall in funding liability.

Mercer continued their report and explained that although the liquid assets were underweight, private equity and infrastructure were overweight. Some balancing was being undertaken to address this. The investment strategy review would be coming through next year and the standalone UK equity allocation would be considered as part of this.

The Committee's attention was drawn to the management performance table on page 9 of the report. Baillie Gifford had underperformed by -38%, this had been expected and was still up from their inception. They had advised that they would invest in growth companies. The gilt market was volatile, but yields had gone up and the falls in liabilities had resulted in a net positive position. Bluebay generally invested in more risky ventures, and it appeared that they had underperformed but it was broadly in line with the performance over the market. When market conditions were more favourable and the asset values lowered, it was expected that BlueBay's performance would improve.

Councillor Bignell raised concerns that the value of Peloton had reduced significantly. David Crum highlighted that it was expected that the performance of some businesses would suffer but the results had to be looked at in their entirety.

Robert Austin queried whether the benchmark for performance should be altered. Mercer explained that benchmarking was only one of the assessment tools that they used. Baillie Gifford was an exceptional case.

Referring to the performance table, Mercer noted that there were some outstanding returns for private equity mandate because of the strength of the US dollar, but this was not a large area of the portfolio. Regarding the infrastructure funds, money was locked up so there may be fewer assets in the portfolio. The Chair queried whether any action needed to be taken. Mercer advised that this would be addressed as part

of the investment strategy review next year. The re-balancing to the gilts was ongoing and would be considered at year end. The equity portfolio would also be reviewed. The inflation risk would be managed and cashflow was a larger risk.

Further to an enquiry from Councillor Lawman, Mercer advised that the performance difference between the two infrastructure companies was due to the different asset holdings and the quality of those assets. Infrastructure was still an active market and cashflows would be harvested when a return was made. It was noted that it was difficult to trade assets.

Mercer advised that the watch rating set for M&G was because of their senior management turnover, they had recently recruited a new Chief Executive Officer.

Councillor Lawman queried whether in cash terms there would be sufficient funds to repay the pension liabilities in the future. The Head of Pensions advised that a detailed cash flow model had been commissioned and this would be shared with Mercer. The valuation had to be agreed by 31 March 2023 and consultation was taking place with employers. It was likely that the rates would remain as they were, but there could be some affordability issues. The Committee had already agreed the funding strategy and an update would be provided at the next meeting which would illustrate the downward pressure on some rates.

Chris West advised that IFM would be attending the meeting later and Members would have an opportunity to raise questions.

**RESOLVED: That the Investment Sub-Committee noted the quarterly performance report for the period ending 30 September 2022.**

## 77. Stewardship Report

The Funding and Investment Manager advised that the report would be submitted to the Committee on a six-monthly basis and drew their attention to the summary in section 2 of the report and the voting activities in section 6. Paragraph 6.1.7 of the referred to the ACCESS guidelines, which would be revisited soon.

The Funding and Investment Manager highlighted an example of an engagement that had taken place and also some voting actions as examples of the kind of detail that exists behind the report. The report would be extremely long if officers were to add all this detail as an appendix. The Committee were asked if they wanted more details; the Chair considered that exception reports would be sufficient.

Robert Austin enquired if any voting opportunities had been missed. Ben Barlow did not believe there had been but undertook to ascertain this.

**RESOLVED: That the Investment Sub-Committee note the Stewardship Report.**

78. **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 4.25 pm

Chair: \_\_\_\_\_

Date: \_\_\_\_\_



# Northamptonshire Pension Fund Monitoring Report Quarter to 31 December 2022

Chris West  
February 2023



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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**

# Executive Dashboard

## Funding

The present value of the Fund's liabilities decreased over the quarter (from £2,379m to £2,299m).

The Fund's assets (including cash) increased over the quarter by £34.6m to £3,113.4m as at 31 December 2022. The Fund's assets (including cash) have decreased by £340.8m over the last twelve months.

The estimated funding level at 31 December 2022 was c.135%, up from c.129% as at 30 September 2022. For comparison, the funding level at 31 March 2019 (the date of the last actuarial valuation) was 93%

## Performance

### Short Term Performance

The Fund underperformed the benchmark over the quarter (returning 0.7% vs. 1.5%).

### Key Contributors to Relative Performance - Quarter

Outperformance by CBRE - Property	+0.5%
Underperformance by Baillie Gifford - Global Equity	-0.4%
Underperformance in Private Equity	-0.7%

### Longer Term Performance

	Fund	B'mark
1 Year (%)	-10.9	-7.5
3 Years (% p.a.)	4.4	4.3

## Asset Allocation

During the reported period there was an investment of c. £40m to UBS Gilts.

Overweight		Underweight	
Alternatives	+3.9%	Equities	-2.0%
		Fixed Income	-1.9%

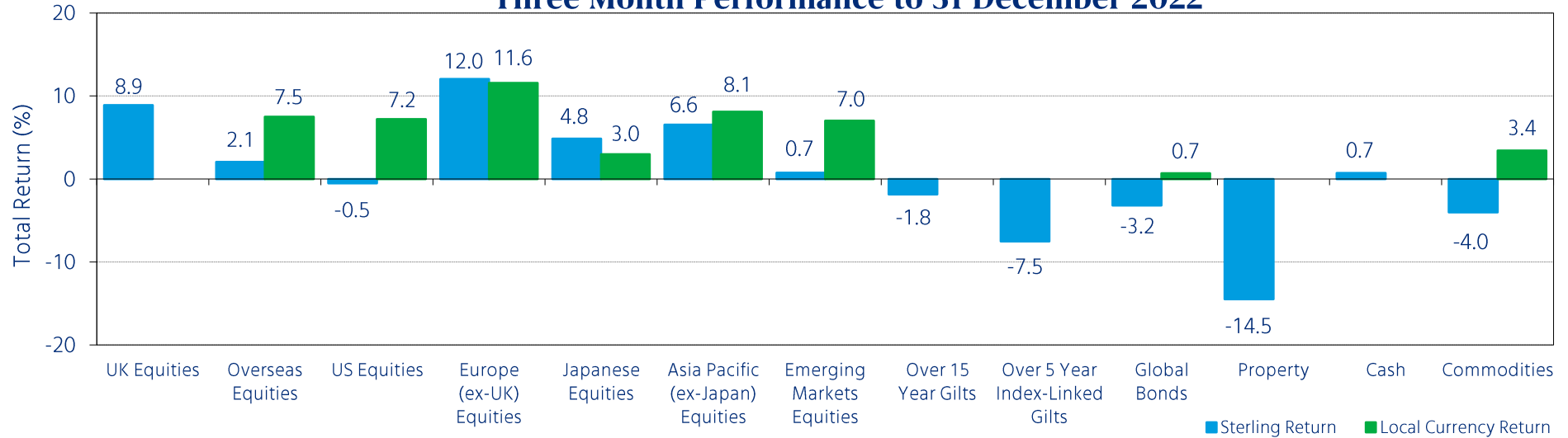
## Manager Research

### Rating Changes

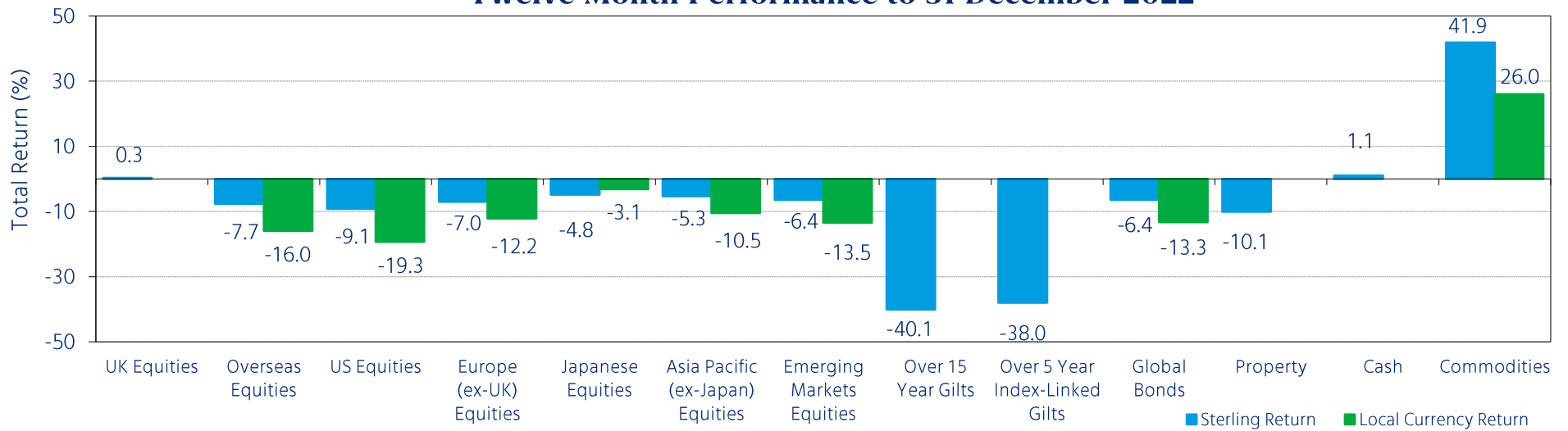
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## Market Index Performance

### Three Month Performance to 31 December 2022



### Twelve Month Performance to 31 December 2022

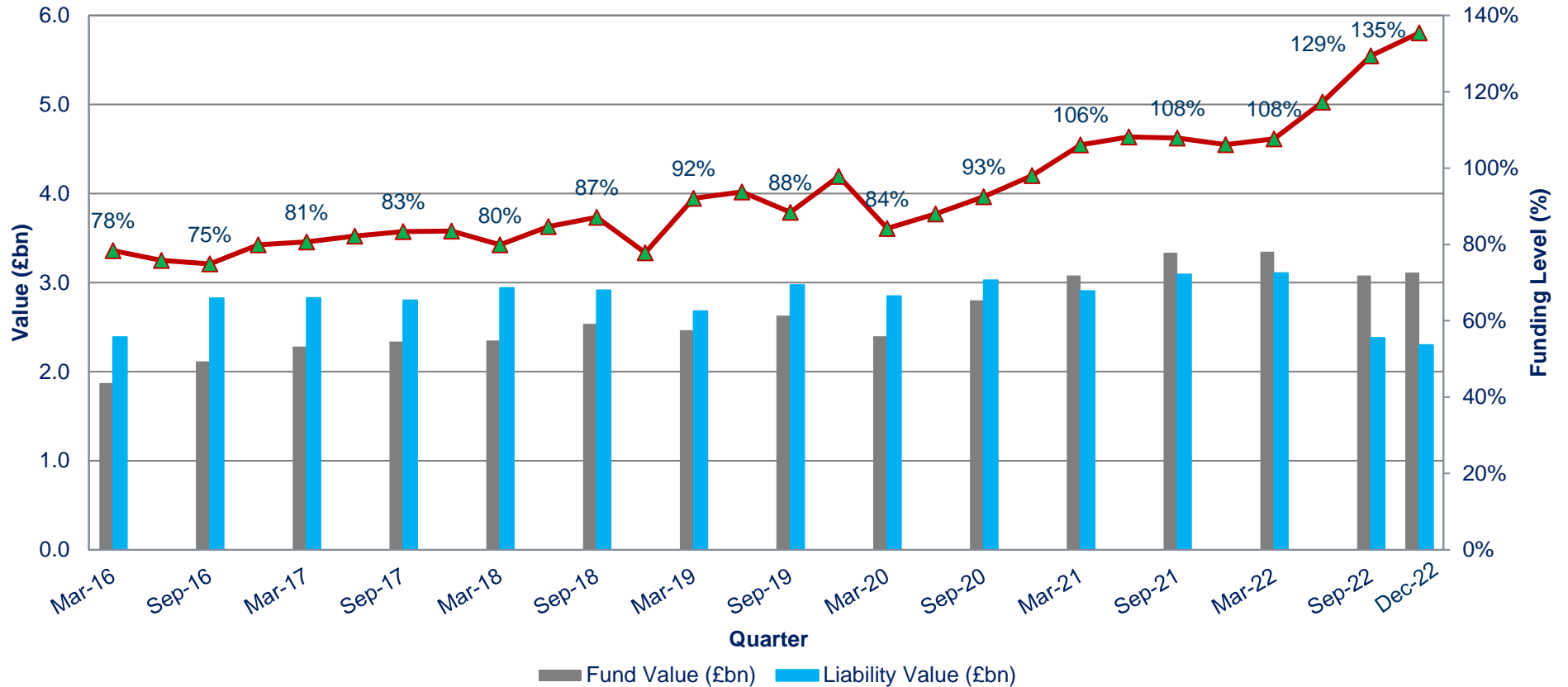


Source: Refinitiv.

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# Funding

## Funding Level since March 2016 Valuation



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.

- There has been a general trend from 2016 to 2021 of a rise in both liabilities and assets.
- There was an increase in funding level at the March 2016 and March 2019 valuations.
- The funding level as at 31 December 2022 was 135%, which is higher than the funding level as at 30 September 2022, driven by a fall in liability value and assets value increase.

## Allocation

	30/09/2022 Market Value (£M)	31/12/2022 Market Value (£M)	30/09/2022 Allocation (%)	31/12/2022 Allocation (%)	31/12/2022 B'mark (%)	31/12/2022 B'mark Range (%)
<b>Total Invested Assets</b>	<b>3,078.8</b>	<b>3,103.8</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>--</b>
Equities	1,574.7	1,645.4	51.1	53.0	55.0	50.0 - 60.0
Fixed Income	531.3	561.8	17.3	18.1	20.0	15.0 - 25.0
Alternatives	915.8	896.6	29.7	28.9	25.0	20.0 - 30.0
Cash in Transit	57.0	--	1.9	--	--	--

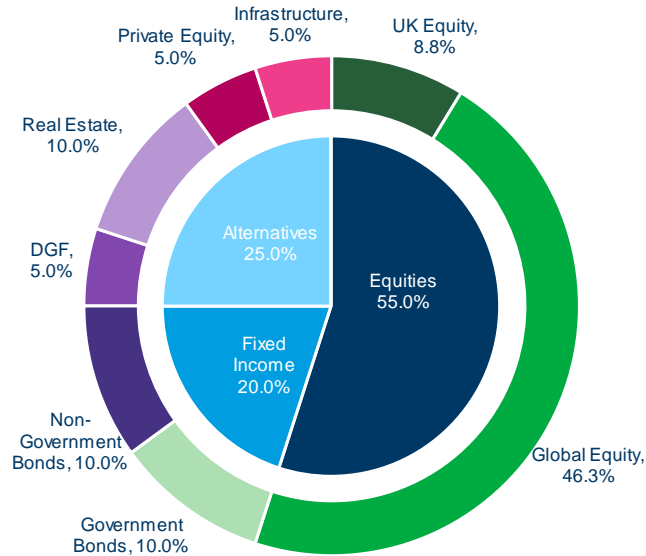
Source: Investment Managers, Link Asset Services and Mercer.

Figures may not sum to total due to rounding.

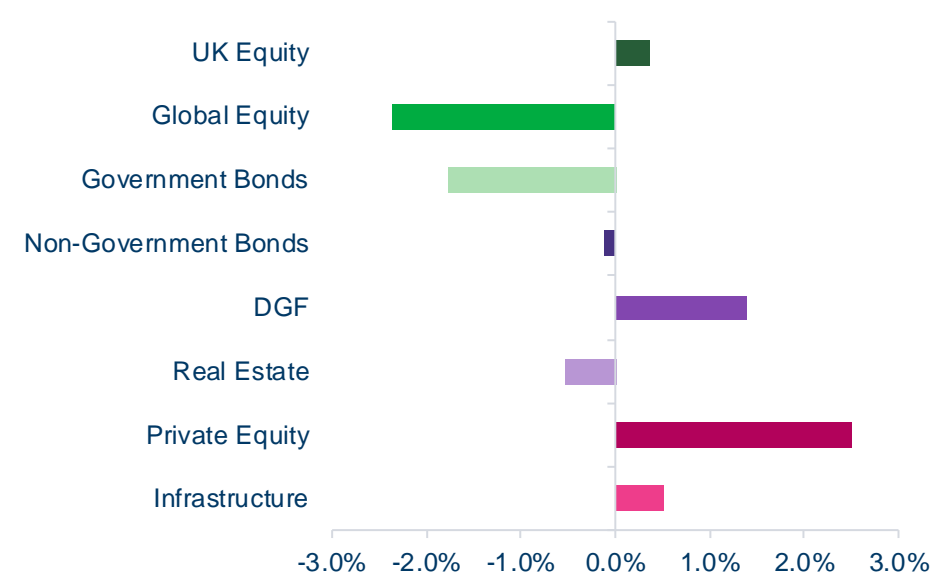
The total market value shown in the table above at quarter end excludes assets invested in Catapult's Private Equity (c. £0.5m at the start and end of the quarter) and cash (c. £9.6m at the end of quarter).

Cash in transit value at the start of the quarter includes proceeds of £57m disinvestment from UBS equity in September 2022, earmarked to meet capital calls expected from the Fund's private equity managers and M&G Shared Ownership.

### Benchmark Asset Allocation as at 31 December 2022



### Deviation from Benchmark Asset Allocation



## Manager Allocation (1/3)

	30/09/2022 Market Value (£M)	31/12/2022 Market Value (£M)	30/09/2022 Allocation (%)	31/12/2022 Allocation (%)	31/12/2022 B'mark (%)
<b>Total</b>	<b>3,078.8</b>	<b>3,103.8</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>Equities</b>	<b>1,574.7</b>	<b>1,645.4</b>	<b>51.1</b>	<b>53.0</b>	<b>55.0</b>
<b>UK Equity</b>	<b>257.6</b>	<b>283.0</b>	<b>8.4</b>	<b>9.1</b>	<b>8.8</b>
Liontrust - UK Equity <sup>(a)</sup>	257.6	283.0	8.4	9.1	8.8
<b>Global Equity</b>	<b>1,317.1</b>	<b>1,362.4</b>	<b>42.8</b>	<b>43.9</b>	<b>46.3</b>
<b>Active Global Equity</b>	<b>744.4</b>	<b>755.8</b>	<b>24.2</b>	<b>24.4</b>	<b>26.3</b>
Newton - Global Equity <sup>(a)</sup>	290.2	296.5	9.4	9.6	8.8
Baillie Gifford - Global Equity <sup>(a)</sup>	178.1	168.5	5.8	5.4	8.8
Longview - Global Equity <sup>(a)</sup>	276.1	290.8	9.0	9.4	8.8
<b>Passive Equity</b>	<b>572.7</b>	<b>606.6</b>	<b>18.6</b>	<b>19.5</b>	<b>20.0</b>
UBS - Passive Equity <sup>(a)</sup>	572.7	606.6	18.6	19.5	20.0

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 at quarter end excludes assets invested in Catapult's Private Equity (c. £0.5m at the start and end of the quarter) and cash (c. £9.6m at the end of quarter).

Cash in transit value at the start of the quarter includes proceeds of £57m disinvestment from UBS equity in September 2022, earmarked to meet capital calls expected from the Fund's private equity managers and M&G Shared Ownership.

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

<sup>(a)</sup> The total market value invested in ACCESS is c. £2,162.6m at the start of quarter and c. £2,259.9m at the end of quarter.

## Manager Allocation (2/3)

	30/09/2022 Market Value (£M)	31/12/2022 Market Value (£M)	30/09/2022 Allocation (%)	31/12/2022 Allocation (%)	31/12/2022 B'mark (%)
<b>Fixed Income</b>	<b>531.3</b>	<b>561.8</b>	<b>17.3</b>	<b>18.1</b>	<b>20.0</b>
<b>Government Bonds</b>	<b>234.1</b>	<b>255.2</b>	<b>7.6</b>	<b>8.2</b>	<b>10.0</b>
UBS – Gilts <sup>(a)</sup>	234.1	255.2	7.6	8.2	10.0
<b>Non-Government Bonds</b>	<b>297.1</b>	<b>306.6</b>	<b>9.7</b>	<b>9.9</b>	<b>10.0</b>
Bluebay - Multi-Asset Credit	138.9	145.8	4.5	4.7	5.0
M&G - Multi-Asset Credit <sup>(a)</sup>	158.3	160.8	5.1	5.2	5.0
<b>Alternatives</b>	<b>915.8</b>	<b>896.6</b>	<b>29.7</b>	<b>28.9</b>	<b>25.0</b>
<b>DGF</b>	<b>195.5</b>	<b>198.5</b>	<b>6.4</b>	<b>6.4</b>	<b>5.0</b>
Baillie Gifford – DGF <sup>(a)</sup>	195.5	198.5	6.4	6.4	5.0
<b>Real Estate</b>	<b>316.2</b>	<b>293.9</b>	<b>10.3</b>	<b>9.5</b>	<b>10.0</b>
CBRE - Property	253.7	232.2	8.2	7.5	7.0
M&G - Residential Property	47.9	47.1	1.6	1.5	1.5
M&G - Shared Ownership	14.6	14.6	0.5	0.5	1.5

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 at quarter end excludes assets invested in Catapult's Private Equity (c. £0.5m at the start and end of the quarter) and cash (c. £9.6m at the end of quarter).

Cash in transit value at the start of the quarter includes proceeds of £57m disinvestment from UBS equity in September 2022, earmarked to meet capital calls expected from the Fund's private equity managers and M&G Shared Ownership.

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

<sup>(a)</sup> The total market value invested in ACCESS is c. £2,162.6m at the start of quarter and c. £2,259.9m at the end of quarter.



## Manager Allocation (3/3)

	30/09/2022 Market Value (£M)	31/12/2022 Market Value (£M)	30/09/2022 Allocation (%)	31/12/2022 Allocation (%)	31/12/2022 B'mark (%)
<b>Private Equity</b>	<b>238.2</b>	<b>233.3</b>	<b>7.7</b>	<b>7.5</b>	<b>5.0</b>
HarbourVest - Private Equity	139.3	130.3	4.5	4.2	--
Adams Street - Private Equity	98.9	103.0	3.2	3.3	--
<b>Infrastructure</b>	<b>165.9</b>	<b>170.9</b>	<b>5.4</b>	<b>5.5</b>	<b>5.0</b>
AMP Capital - Infrastructure Debt	37.9	36.8	1.2	1.2	--
Allianz - Infrastructure Debt	11.1	11.1	0.4	0.4	--
IFM - Infrastructure Equity	67.2	66.9	2.2	2.2	--
JPM - Infrastructure Equity	49.6	56.1	1.6	1.8	--
<b>Cash in Transit</b>	<b>57.0</b>	<b>--</b>	<b>1.9</b>	<b>--</b>	<b>--</b>

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 at quarter end excludes assets invested in Catapult's Private Equity (c. £0.5m at the start and end of the quarter) and cash (c. £9.6m at the end of quarter).

Cash in transit value at the start of the quarter includes proceeds of £57m disinvestment from UBS equity in September 2022, earmarked to meet capital calls expected from the Fund's private equity managers and M&G Shared Ownership.

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

<sup>(a)</sup> The total market value invested in ACCESS is c. £2,162.6m at the start of quarter and c. £2,259.9m at the end of quarter.

## Net Manager Performance (1/2)

	2022 Q4 (%)	B'mark (%)	1 Yr (%)	B'mark (%)	3 Yrs (%)	B'mark (%)	5 Yrs (%)	B'mark (%)
<b>Total</b>	<b>0.7</b>	1.5	<b>-10.9</b>	-7.5	<b>4.4</b>	4.3	<b>4.8</b>	4.9
<b>UK Equity</b>	<b>9.9</b>	8.9	<b>-9.8</b>	0.3	<b>-0.1</b>	2.3	<b>0.5</b>	2.9
Liontrust - UK Equity	9.9	8.9	-9.8	0.3	-0.1	2.3	0.6	2.9
<b>Global Equity</b>	<b>3.4</b>	3.6	<b>-12.2</b>	-8.3	<b>8.0</b>	6.7	<b>8.8</b>	7.4
Newton - Global Equity	2.2	1.9	-9.6	-8.1	7.7	7.4	8.7	7.7
Baillie Gifford - Global Equity	-5.4	1.9	-39.3	-8.1	7.4	7.4	--	--
Longview - Global Equity	5.3	1.9	2.4	-8.1	7.0	7.4	--	--
UBS - Passive Equity	5.9	5.9	-8.4	-8.6	5.6	5.5	6.9	6.9
<b>Fixed Income</b>	<b>-1.6</b>	-1.7	<b>-22.3</b>	-22.5	<b>-4.7</b>	-3.0	<b>-1.8</b>	-0.4
UBS - Gilts	-7.6	-7.5	-38.1	-38.0	-11.1	-11.0	-5.7	-5.6
Bluebay - Multi-Asset Credit	5.0	4.1	-9.3	-7.1	--	--	--	--
M&G - Multi-Asset Credit	1.6	4.1	-0.5	-7.1	--	--	--	--

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.

## Net Manager Performance (2/2)

	2022 Q4 (%)	B'mark (%)	1 Yr (%)	B'mark (%)	3 Yrs (%)	B'mark (%)	5 Yrs (%)	B'mark (%)
<b>Alternatives</b>	<b>-4.4</b>	<b>-2.6</b>	<b>0.1</b>	<b>-0.4</b>	<b>5.6</b>	<b>5.9</b>	<b>5.5</b>	<b>5.5</b>
Baillie Gifford - DGF	1.5	1.6	-16.0	5.0	-2.1	4.1	0.2	4.2
CBRE - Property	-8.5	-14.1	0.8	-9.5	3.2	2.2	3.5	2.9
M&G - Residential Property	-1.6	1.5	3.6	6.0	2.2	6.0	--	--
M&G - Shared Ownership	0.0	1.5	6.6	6.0	--	--	--	--
HarbourVest - Private Equity	7.3	2.1	26.4	8.6	34.1	8.6	28.6	8.6
Adams Street - Private Equity	5.8	2.1	21.6	8.6	38.2	8.6	30.2	8.6
AMP Capital - Infrastructure Debt	8.5	2.5	18.2	10.0	6.5	10.0	6.7	10.0
Allianz - Infrastructure Debt	-16.1	1.0	-33.5	4.0	-12.6	4.0	--	--
IFM - Infrastructure Equity	6.4	2.5	24.0	10.0	--	--	--	--
JPM - Infrastructure Equity	6.9	2.5	18.4	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.

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 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.

Totals include performance of terminated mandates.

# Appendix

## Appendix A

### Benchmarks

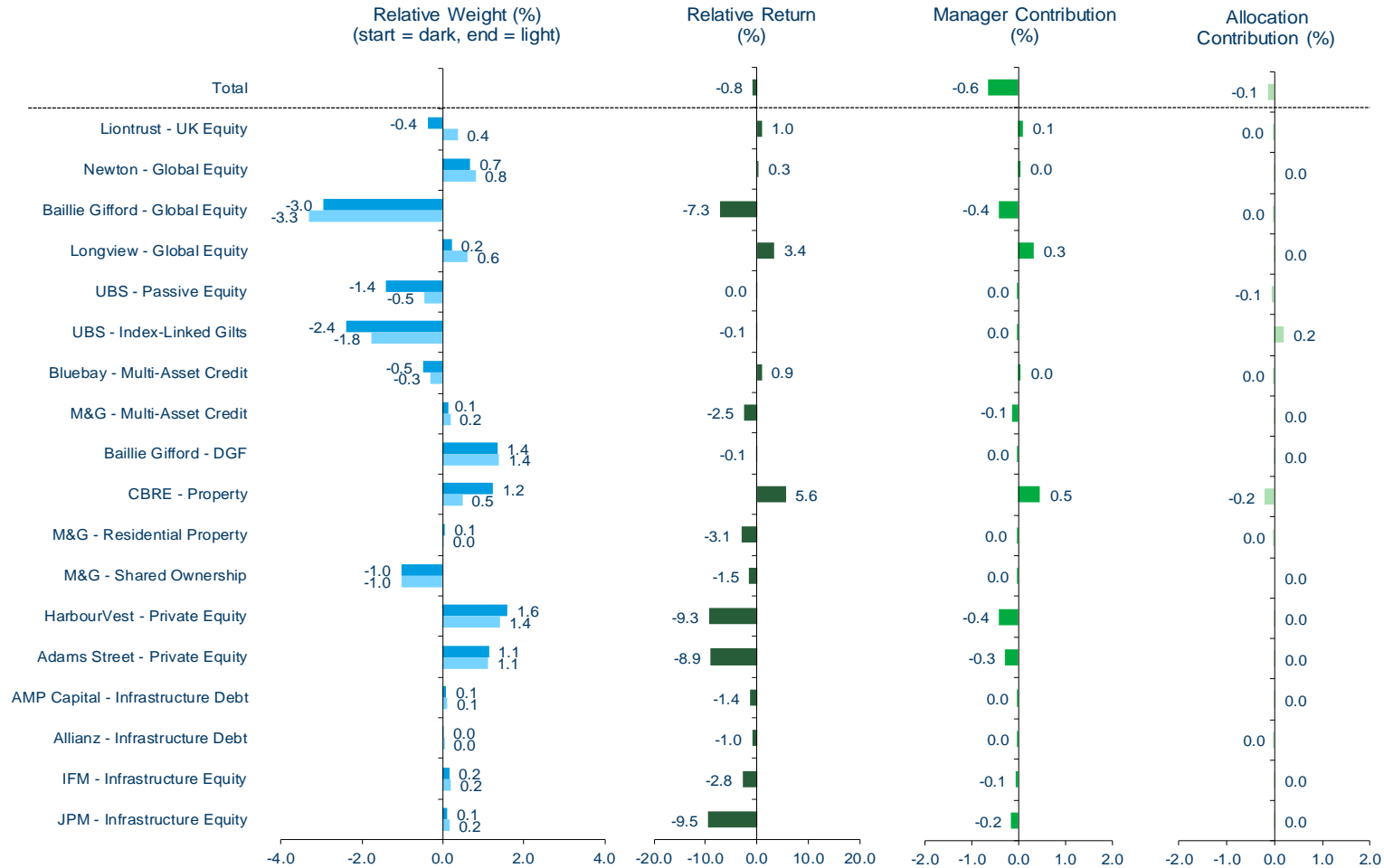
Name	B'mark (%)	Performance Benchmark	Performance Target	Tracking Error Expectation
<b>Total</b>	<b>100.0</b>	-	-	-
Liontrust - UK Equity	8.8	FTSE All-Share Index	+2.0% p.a. (gross of fees)	2.0% - 6.0% p.a.
<b>Global Equity</b>	<b>46.3</b>	-	-	-
Newton - Global Equity	8.8	MSCI AC World (NDR) Index	+2.0% p.a. (gross of fees)	2.0% - 6.0% p.a.
Baillie Gifford - Global Equity	8.8	MSCI AC World (NDR) Index	-	-
Longview - Global Equity	8.8	MSCI World (NDR) Index	-	-
UBS - Passive Equity	20.0	Composite	To match the benchmark	-
<b>Fixed Income</b>	<b>20.0</b>	-	-	-
UBS - Gilts	10.0	Composite	To match the benchmark	-0.1% - 0.1% p.a.
Bluebay - Multi-Asset Credit	5.0	Composite	-	-
M&G - Multi-Asset Credit	5.0	Composite	-	-
Baillie Gifford - DGF	5.0	Bank of England UK Base Rate +3.5% p.a.	-	0.0% - 10.0% p.a.
<b>Real Estate</b>	<b>10.0</b>	-	-	-
CBRE - Property	7.0	MSCI All Balanced Property Funds Index	+1.0% p.a. (gross of fees)	0.0% - 3.0% p.a.
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.	-	-
<b>Private Equity</b>	<b>5.0</b>	-	-	-
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)	-
<b>Infrastructure</b>	<b>5.0</b>	-	-	-

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.

# 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.

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

## Explanation of Attribution Analysis Chart

The purpose of the attribution analysis chart is 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.

**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.

**Quarterly 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:

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

**Quarterly 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*

**Attribution for Quarters with Significant Events** - In cases where there are significant events over the quarter (for example large cashflows, new or terminated portfolios), both manager and allocation contributions are first calculated for the underlying part periods. The quarterly contributions are then a sum of the part period contributions.





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