

Northamptonshire Pension Fund

Monitoring Report

Quarter to

30 September 2023

Chris West

November 2023

PRIVATE AND CONFIDENTIAL

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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 £3.3bn to £3.2bn).

The Fund's assets (including cash) decreased over the quarter by £36m to £3,249.8m as at 30 September 2023. The Fund's assets (including cash) have increased by £110m over the last twelve months.

The estimated funding level at 30 September 2023 was c.148%, no change from the 30 June 2023 position. For comparison, the funding level 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 in Private Equity	+0.2%
Underperformance by Baillie Gifford - Global Equity	-0.3%
Underperformance by Longview - Global Equity	-0.3%
Underperformance by Baillie Gifford - DGF	-0.3%

Longer Term Performance

	Fund	B'mark
Quarter (%)	-1.3	-0.6
1 Year (%)	4.5	6.6
3 Years (% p.a.)	4.2	5.5

Asset Allocation

On 27 July 2023, £80m was transferred from Liontrust - UK Equity to M&G - Multi Asset Credit in order to move towards the strategic target allocations agreed at the last investment strategy review earlier in 2023.

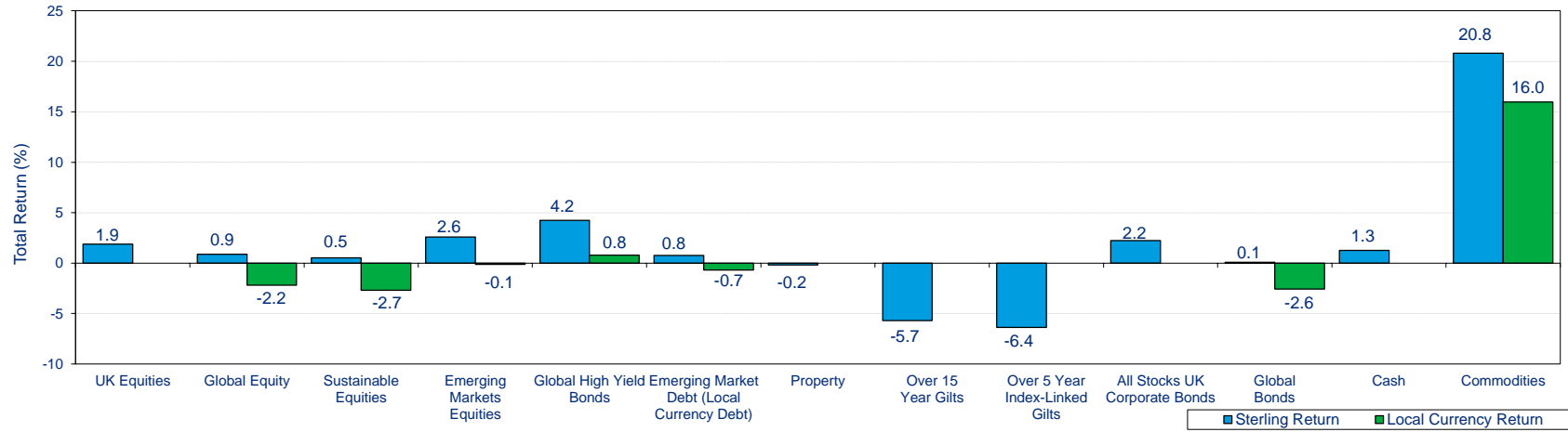
Overweight		Underweight	
Equities	+2.7%	Fixed Income	-3.2%
Alternatives	+0.5%		

Manager Research

Redacted

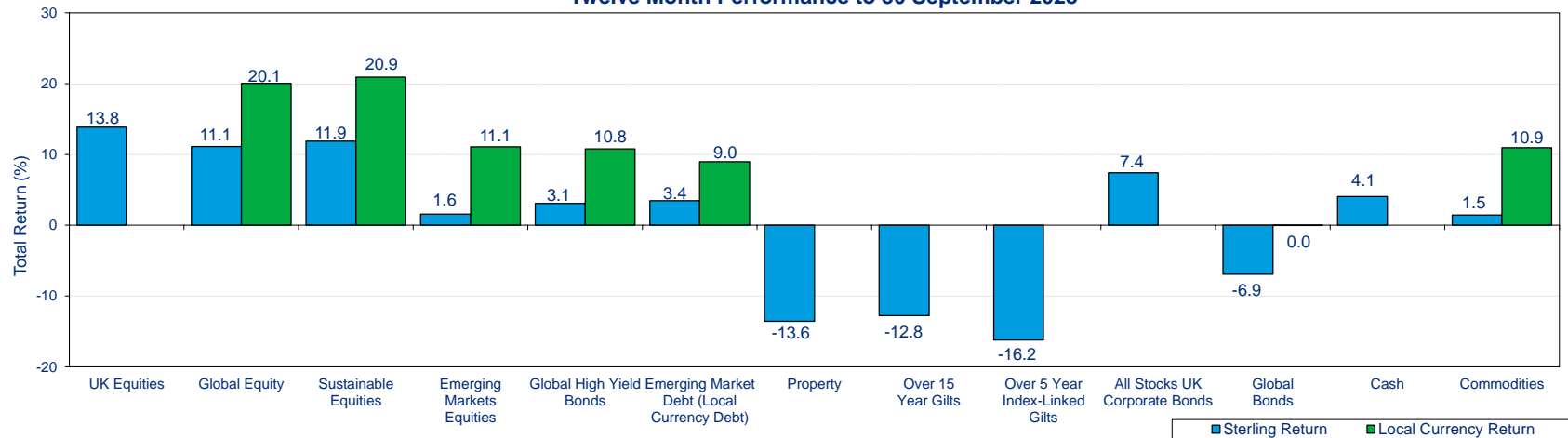
Market Index Performance

Three Month Performance to 30 September 2023



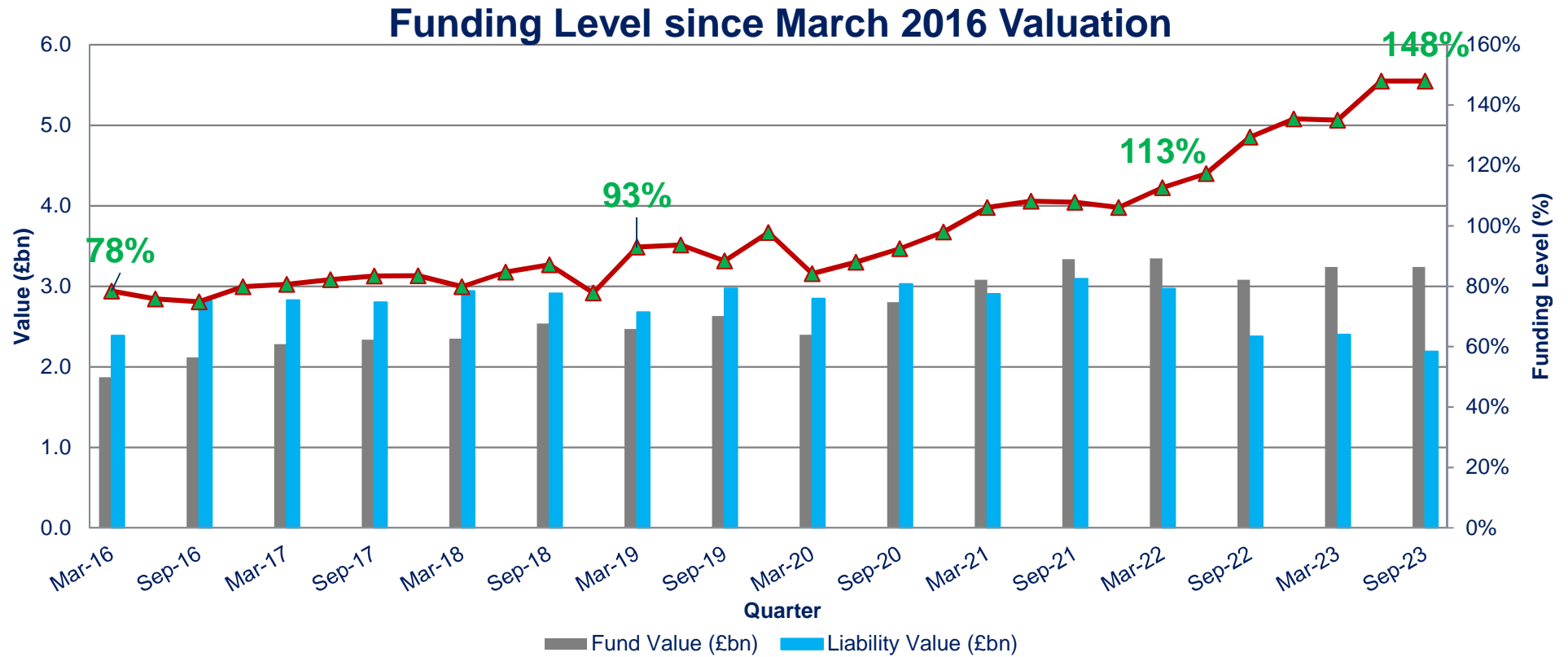
Source: Refinitiv.

Twelve Month Performance to 30 September 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.

Over recent quarters, the estimated value of the liabilities has fallen due to (primarily) rises in gilt yields, which has led to an increase in the funding level as the assets have not experienced such falls.

Allocation

	30/06/2023 Market Value (£M)	30/09/2023 Market Value (£M)	30/06/2023 Allocation (%)	30/09/2023 Allocation (%)	30/09/2023 B'mark (%)
Total Invested Assets	3,278.6	3,224.3	100.0	100.0	100.0
Equities	1,576.2	1,457.2	48.1	45.2	42.5
Fixed Income	809.3	863.7	24.7	26.8	30.0
Alternatives	893.1	903.4	27.2	28.0	27.5

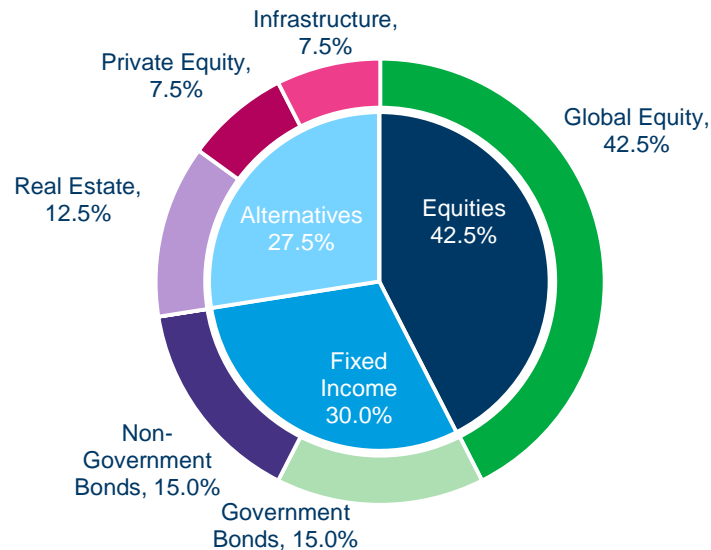
Source: Investment Managers, Link Asset Services and Mercer.

Figures may not sum to total due to rounding.

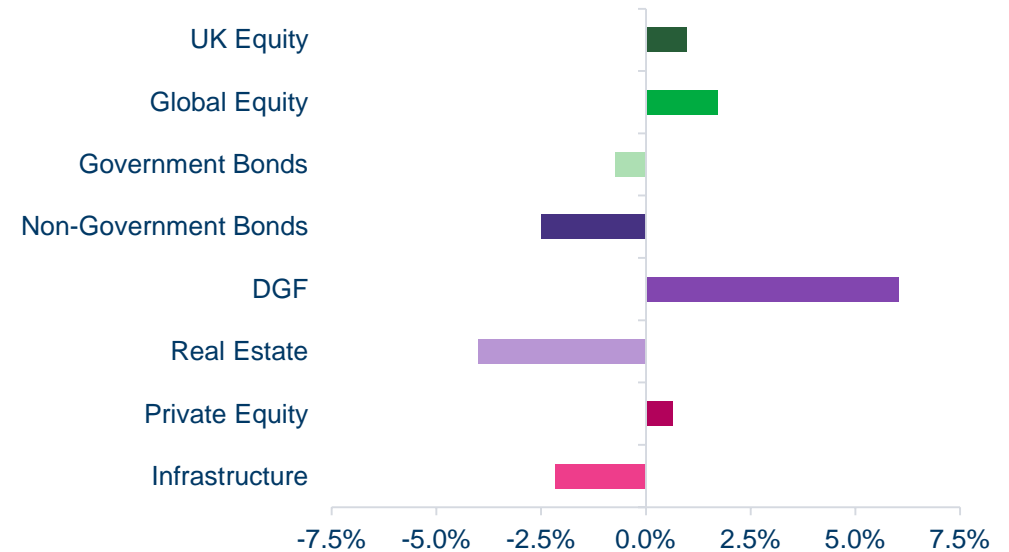
The total market value shown in the table above at quarter end excludes assets invested in Catapult's Private Equity (c. £0.6m at the start and c. £0.6m end of the quarter) and cash (c. £6.9m at the start of quarter and c. £25.5m at the end of quarter).

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 30 September 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 (1/3)

	30/06/2023 Market Value (£M)	30/09/2023 Market Value (£M)	30/06/2023 Allocation (%)	30/09/2023 Allocation (%)	30/09/2023 B'mark (%)
Total	3,278.6	3,224.3	100.0	100.0	100.0
Equities	1,576.2	1,457.2	48.1	45.2	42.5
UK Equity	121.8	31.6	3.7	1.0	--
Liontrust - UK Equity	121.8	31.6	3.7	1.0	--
Global Equity	1,454.4	1,425.6	44.4	44.2	42.5
Active Global Equity	794.7	777.5	24.2	24.1	22.5
Newton - Global Equity	332.0	330.1	10.1	10.2	7.5
Baillie Gifford - Global Equity	205.1	196.4	6.3	6.1	7.5
Longview - Global Equity	257.6	251.1	7.9	7.8	7.5
Passive Equity	659.7	648.1	20.1	20.1	20.0
UBS - Climate Aware Rules Based	464.9	453.3	14.2	14.1	14.0
Osmosis - Core Equity	194.9	194.8	5.9	6.0	6.0
Fixed Income	809.3	863.7	24.7	26.8	30.0
Government Bonds	491.3	460.6	15.0	14.3	15.0
UBS - Gilts	491.3	460.6	15.0	14.3	15.0
Non-Government Bonds	318.0	403.1	9.7	12.5	15.0
BlueBay - Multi-Asset Credit	150.1	150.4	4.6	4.7	7.5
M&G - Multi-Asset Credit	167.8	252.6	5.1	7.8	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 at quarter end excludes assets invested in Catapult's Private Equity (c. £0.6m at the start and c. £0.6m end of the quarter) and cash (c. £6.9m at the start of quarter and c. £25.5m 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 (2/3)

	30/06/2023 Market Value (£M)	30/09/2023 Market Value (£M)	30/06/2023 Allocation (%)	30/09/2023 Allocation (%)	30/09/2023 B'mark (%)
Alternatives	893.1	903.4	27.2	28.0	27.5
DGF	198.5	194.3	6.1	6.0	--
Baillie Gifford - DGF	198.5	194.3	6.1	6.0	--
Real Estate	275.0	274.6	8.4	8.5	12.5
CBRE - Property	213.4	213.0	6.5	6.6	6.5
TBC - Long Lease Property	--	--	--	--	3.0
M&G - Residential Property	47.4	47.4	1.4	1.5	1.5
M&G - Shared Ownership	14.2	14.2	0.4	0.4	1.5
Private Equity	247.1	262.3	7.5	8.1	7.5
HarbourVest - Private Equity	138.2	145.3	4.2	4.5	--
Adams Street - Private Equity	108.9	117.0	3.3	3.6	--

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. £0.6m at the start and c. £0.6m end of the quarter) and cash (c. £6.9m at the start of quarter and c. £25.5m 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 (3/3)

	30/06/2023 Market Value (£M)	30/09/2023 Market Value (£M)	30/06/2023 Allocation (%)	30/09/2023 Allocation (%)	30/09/2023 B'mark (%)
Infrastructure	172.6	172.2	5.3	5.3	7.5
AMP Capital - Infrastructure Debt	33.8	29.7	1.0	0.9	--
Allianz - Infrastructure Debt	11.7	11.6	0.4	0.4	--
IFM - Infrastructure Equity	68.0	70.4	2.1	2.2	--
JPM - Infrastructure Equity	59.1	60.5	1.8	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. £0.6m at the start and c. £0.6m end of the quarter) and cash (c. £6.9m at the start of quarter and c. £25.5m 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 Q3 (%)	B'mark (%)	1 Yr (%)	B'mark (%)	3 Yrs (%)	B'mark (%)	5 Yrs (%)	B'mark (%)
Total	-1.3	-0.6	4.5	6.6	4.2	5.5	4.7	5.0
UK Equity	1.5	1.9	19.4	13.8	9.5	11.8	1.9	3.7
Liontrust - UK Equity	1.5	1.9	19.4	13.8	9.5	11.8	2.0	3.7
Global Equity	-2.0	-0.4	12.9	11.8	7.1	9.0	8.9	7.5
Newton - Global Equity	-0.6	0.6	13.8	10.5	9.1	9.0	8.7	7.9
Baillie Gifford - Global Equity	-4.3	0.6	10.3	10.5	-6.0	9.0	--	--
Longview - Global Equity	-2.5	0.6	11.9	10.5	13.1	9.0	--	--
UBS - Climate Aware Rules Based	-2.5	-2.4	--	--	--	--	--	--
Osmosis - Core Equity	0.0	0.0	--	--	--	--	--	--
Fixed Income	-3.2	-3.1	-3.9	-3.2	-6.9	-7.2	-2.1	-1.6
UBS - Gilts	-6.3	-6.4	-16.2	-16.2	-16.4	-16.4	-7.0	-7.0
BlueBay - Multi-Asset Credit	0.2	1.9	8.3	11.4	0.6	2.4	--	--
M&G - Multi-Asset Credit	2.8	1.9	9.0	11.4	4.6	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 Q3 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 Q3 (%)	B'mark (%)	1 Yr (%)	B'mark (%)	3 Yrs (%)	B'mark (%)	5 Yrs (%)	B'mark (%)
Alternatives	1.2	1.1	-5.8	2.5	5.7	7.0	4.4	5.7
Baillie Gifford - DGF	-2.1	2.1	-0.6	7.7	-1.5	5.2	-0.1	4.8
CBRE - Property	-0.2	-0.4	-16.3	-14.3	2.2	3.2	0.5	1.8
M&G - Residential Property	0.1	1.5	-0.9	6.0	2.4	6.0	--	--
M&G - Shared Ownership	0.0	1.5	-3.3	6.0	--	--	--	--
HarbourVest - Private Equity	0.4	2.9	-0.9	11.7	23.4	11.7	22.8	10.5
Adams Street - Private Equity	-2.1	2.9	-5.1	11.7	23.7	11.7	22.2	10.5
AMP Capital - Infrastructure Debt	-4.1	2.5	2.2	10.0	3.6	10.0	5.0	10.0
Allianz - Infrastructure Debt	-6.2	1.0	-9.7	4.0	-11.8	4.0	--	--
IFM - Infrastructure Equity	0.6	2.5	7.6	10.0	12.5	10.0	--	--
JPM - Infrastructure Equity	-0.7	2.5	5.6	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 Q3 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	-	-	-
UK Equity	--	-	-	-
Liontrust - UK Equity	--	FTSE All-Share Index	+2.0% p.a. (gross of fees)	2.0% - 6.0% p.a.
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	-	-
Longview - Global Equity	7.5	MSCI World (NDR) Index	-	-
UBS - Climate Aware Rules Based	14.0	FTSE Developed (GBP Hedged) Index	-	-
Osmosis - Core Equity	6.0	Solactive Osmosis Resource Efficient Core Equity 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)	-

Name	B'mark (%)	Performance Benchmark	Performance Target	Tracking Error Expectation
Infrastructure	7.5	-	-	-
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.	-	-

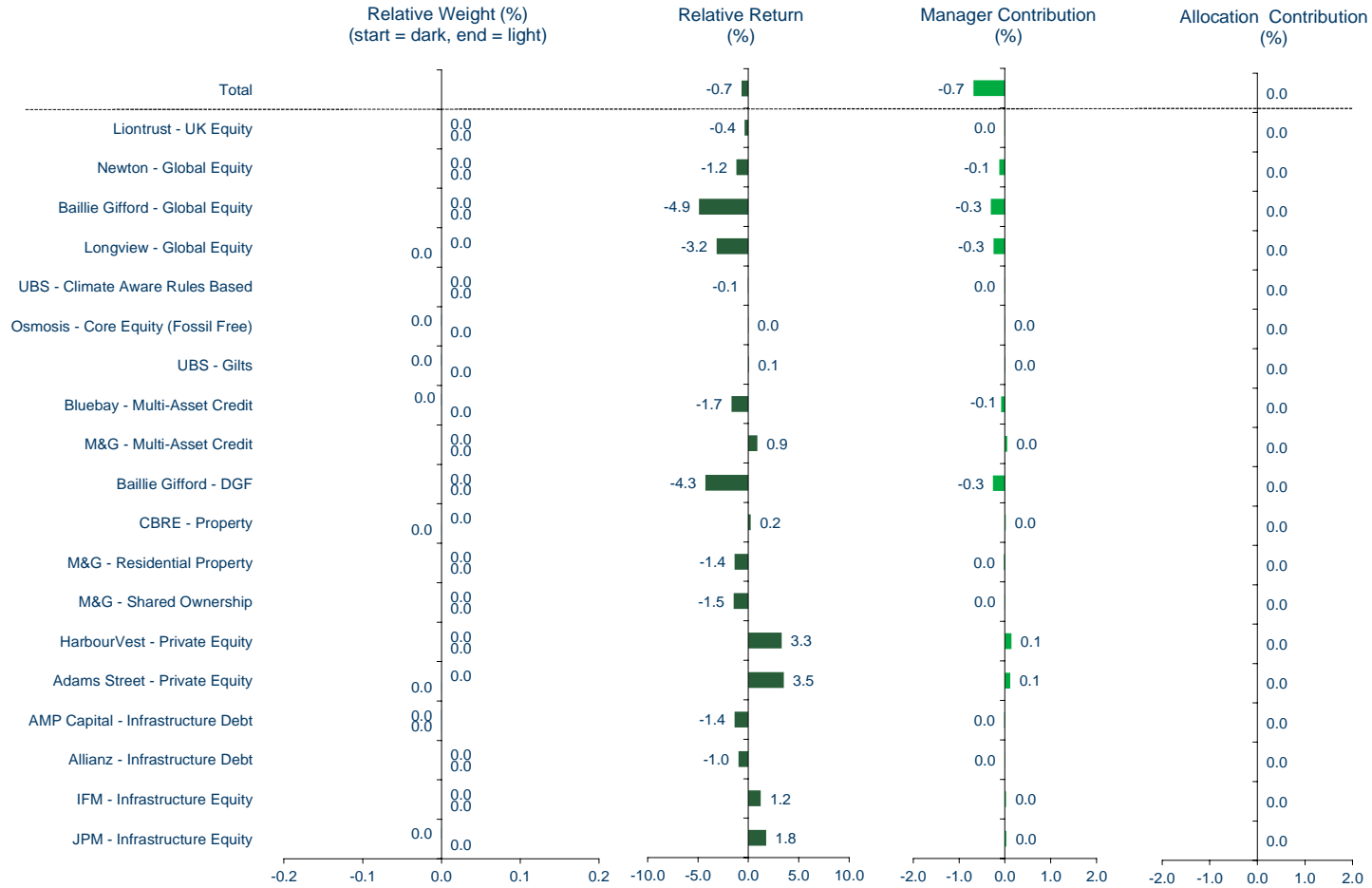
BlueBay - Multi-Asset Credit: composite benchmark is 50% ICE BofAML Global High Yield Constrained and 50% Morningstar LSTA US Leveraged Loan 100 Hedged.

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 Q3 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 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.

Appendix C

Investment Performance

Investment Performance to 30 September 2023

	2022 Q4 (%)	2023 Q1 (%)	2023 Q2 (%)	2023 Q3 (%)	1 Yr (%)	3 Yrs (%)
Total	0.8	3.3	1.7	-1.3	4.5	4.2
Total Benchmark	1.5	3.7	2.0	-0.6	6.6	5.5

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 30 September 2023

	10 Yrs (%)	B'mark (%)
Total	7.2	7.3
Liontrust - UK Equity	4.6	5.6
Newton - Global Equity	11.2	10.6
Baillie Gifford - DGF	2.2	4.4
CBRE - Property	5.1	6.0

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.

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CBRE Q3 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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