

Report for: Pensions Committee and Board – 22 November 2022

Title: Pension Fund Quarterly Investment and Performance Update

Report authorised by: Toyin Bamidele, Assistant Director of Finance (Deputy Section 151 Officer)

Lead Officer: Tim Mpofu, Head of Pensions and Treasury,
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Ward(s) affected: N/A

**Report for Key/
Non Key Decision:** Not applicable

1. Describe the issue under consideration

- 1.1. This report provides the Pensions Committee and Board (PCB) with the following updates on the Pension Fund's performance for the quarter ended 30 September 2022:
- a. Independent advisor's market commentary
 - b. Investment asset allocation
 - c. Investment performance
 - d. Funding position update
 - e. London Collective Investment Vehicle (LCIV) update

2. Cabinet Member Introduction

- 2.1. Not applicable

3. Recommendations

The Pensions Committee and Board is recommended:

- 3.1. To note the information provided in section 6 of the report in respect of the activity for the quarter ended 30 September 2022.

4. Reason for Decision

- 4.1. Not applicable.

5. Other options considered

- 5.1. Not applicable.

6. Background information

6.1. The independent advisor has prepared a market commentary for the quarter ending 30 September 2022 which has been included as Appendix 1 to this paper.

Investment Asset Allocation

6.2. On 30 September 2022, the Pension Fund's investment assets had a market value of £1.666bn. This was a decrease of 1.26% from the June 2022 quarter, which was a modest decrease in comparison to those experienced earlier in the year.

6.3. The listed equities and fixed income asset classes continued to deliver negative returns due to the global economic uncertainty and rising interest rates. However, alternative investments, particularly the renewable infrastructure allocations continued to perform strongly during the period thereby minimising the negative impact on overall fund performance. The Pension Fund's strategic asset allocation as at 30 September 2022 is shown in Table 1 below.

Table 1: Total Portfolio Allocation by Manager and Asset Class

	Value	Value	Value	Value	Allocation	Strategic	Variance
	31.12.2021	31.03.2022	30.06.2022	30.09.2022	30.09.2022	Allocation	
	£'000	£'000	£'000	£'000	%	%	%
Equities							
Multi Factor Climate Transition	387,002	372,311	343,564	333,748	20.03%	20.20%	-0.17%
Emerging Markets Low Carbon	128,984	124,152	119,301	115,594	6.94%	7.10%	-0.16%
Global Low Carbon	381,887	368,195	323,147	318,893	19.14%	20.20%	-1.06%
Total Equities	897,873	864,658	786,012	768,235	46.12%	47.50%	-1.38%
Bonds							
Index Linked	152,838	143,026	114,641	102,533	6.15%	7.00%	-0.85%
Property							
Aviva	78,779	80,632	108,041	104,466	6.27%	6.00%	0.27%
CBRE	113,913	119,877	124,223	119,481	7.17%	6.50%	0.67%
The London Fund	5,640	5,476	9,374	10,286	0.62%	3.00%	-2.38%
Private equity							
Pantheon	116,891	118,611	134,271	145,579	8.74%	5.00%	3.74%
Multi-Sector Credit							
LCIV Multi Asset Credit	162,003	153,360	141,716	138,303	8.30%	10.00%	-1.70%
Multi-Asset Absolute Return							
LCIV Absolute Return	171,186	178,788	142,035	144,585	8.68%	7.50%	1.18%
Infrastructure Debt							
Allianz	45,788	45,610	41,701	36,545	2.19%	2.50%	-0.31%
Renewable Energy Infrastructure							
CIP	14,726	13,773	15,700	12,993	0.78%	1.25%	-0.47%
Blackrock	23,437	20,017	20,887	22,127	1.33%	1.25%	0.08%
LCIV Renewable Infrastructure	16,992	17,983	15,745	23,379	1.40%	2.50%	-1.10%
Cash & NCA							
Cash	18,316	33,251	32,856	37,394	2.24%	0.00%	2.24%
Total Assets	1,818,382	1,795,062	1,687,202	1,665,906	100.00%	100.00%	

Investment Performance

6.4. The performance strategy report for the quarter to 30 September 2022 is attached to this report as Confidential Appendix 2. This has been prepared by the Fund's Custodian, Northern Trust. The Pension Fund's overall returns for the quarter are summarised in the charts below.

Chart 1: Haringey Pension Fund Investment Performance (Gross of Fees)

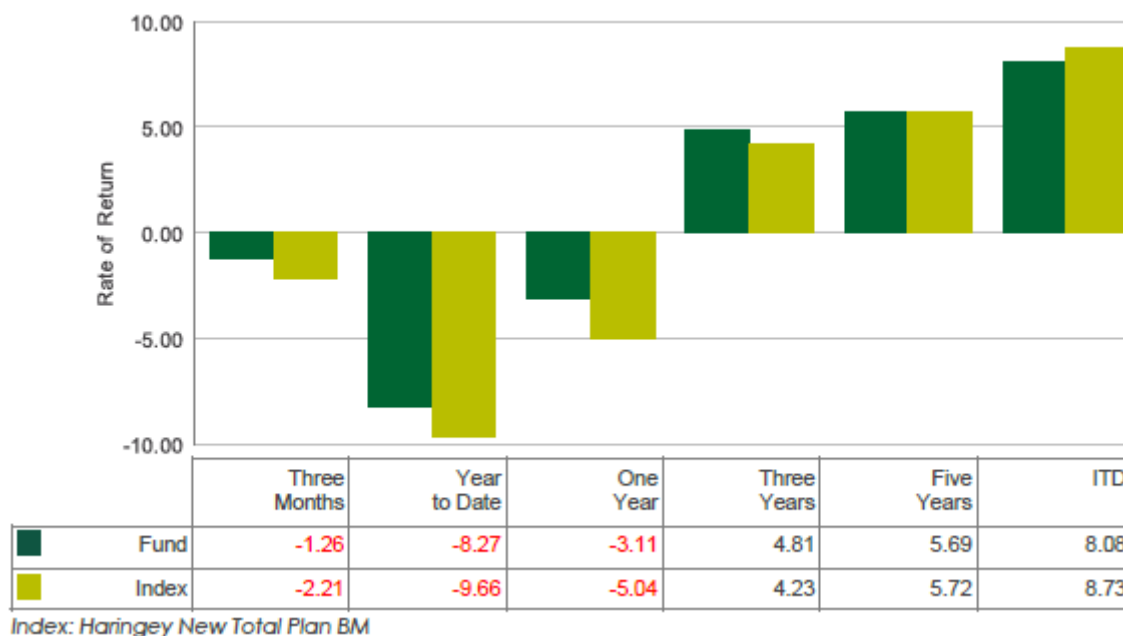
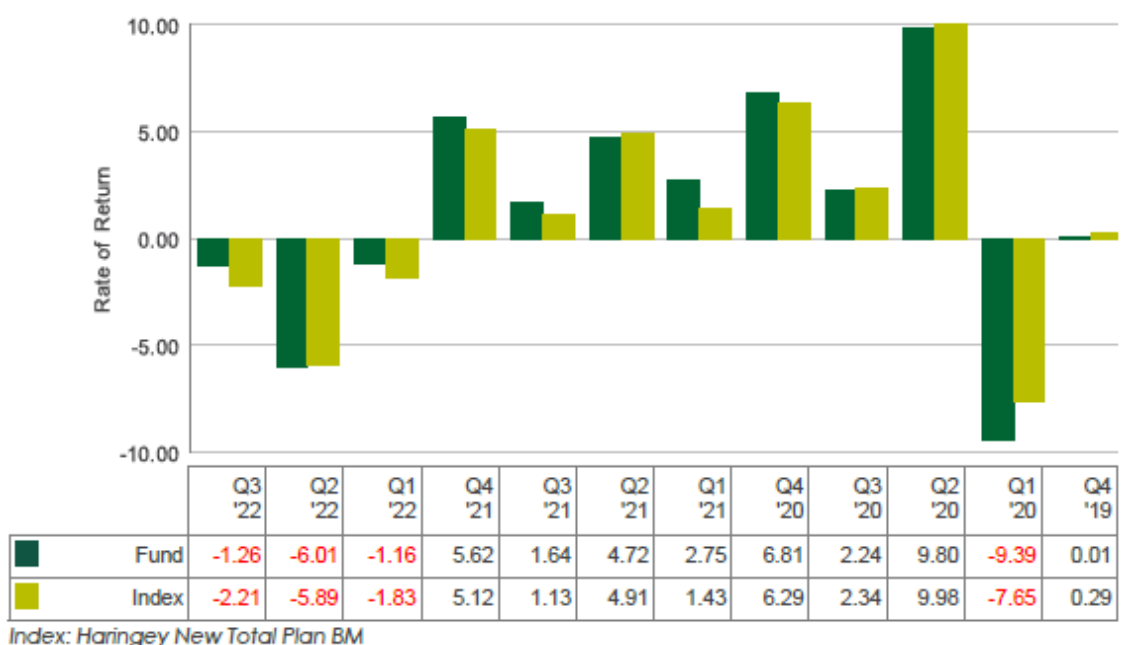


Chart 2: Haringey Pension Fund Rolling Quarterly Investment Performance (Gross of Fees)



Funding Position Update

- 6.5. At the most recent actuarial valuation of the Pension Fund carried out as at 31 March 2019, the Pension Fund had a funding level of 100.4%. This meant that the Pension Fund's investment assets were sufficient to pay all pension benefits accrued at that date, based on the underlying actuarial assumptions.
- 6.6. The Pension Fund's Actuary, Hymans Robertson, regularly calculates an indicative funding position update based on the latest actuarial assumptions. The latest actuarial assumptions suggest that the funding level has increased since March 2019, largely driven by the slightly higher than expected investment returns over the past three years. However, the outlook for future returns over the next 20 years has fallen slightly which is likely to have increased the value placed on liabilities.
- 6.7. The next actuarial valuation exercise is currently underway and will be carried out as at 31 March 2022, with new contribution rates to apply from 1 April 2023. The Pensions Committee and Board will receive an update on the actuarial valuation exercise at this meeting.

London Collective Investment Vehicle (LCIV) Update

- 6.8. Haringey Pension Fund, alongside all the London Borough funds, is a member of the London Collective Investment Vehicle (LCIV), one of the 8 asset pools that were set up after the government guidance issued in November 2015. The Pension Fund had approximately 71% of assets invested with the pool as at 30 September 2022.

7. Contribution to Strategic Outcomes

- 7.1. Not applicable

8. Statutory Officer Comments (Director of Finance (including procurement), Head of Legal and Governance (Monitoring Officer), Equalities)

Finance and Procurement

- 8.1. There are no direct financial impacts from the contents of this report.

Head of Legal and Governance (Monitoring Officer)

- 8.2. The Council as administering authority for the Haringey Pension Fund must periodically review the suitability of its investment portfolio to ensure that returns, risk and volatility are all appropriately managed and are consistent with its overall investment strategy.
- 8.3. All monies must be invested in accordance with the Investment Strategy Statement (as required by Regulation 7 of The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016) and members of the

Committee should keep this duty in mind when considering this report and take proper advice on the matter.

Equalities

8.4. The Local Government Pension Scheme is a defined benefit open scheme enabling all employees of the Council to participate. There are no impacts in terms of equalities issues arising from the contents of this report.

9. Use of Appendices

9.1. Appendix 1: Independent Advisor's Market Commentary Jul-Sep 2022

9.2. Confidential Appendix 2: Pension Fund Performance Report

10. Local Government (Access to Information) Act 1985

10.1. Not applicable.