

Report for: Pensions Committee and Board – 21 March 2023

Title: Pension Fund Quarterly Investment and Performance Update

Report authorised by: Josephine Lyseight, Assistant Director of Finance (Deputy Section 151 Officer)

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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 31 December 2022:
- a. Independent advisor's market commentary
 - b. Investment performance
 - c. Investment asset allocation
 - 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 regarding the Pension Fund's investment performance and activity for the quarter ended 31 December 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 31 December 2022 which, has been included as Appendix 1 to this paper.

Investment Performance

6.2. As of 31 December 2022, the Pension Fund's investment assets had a market value of £1.663bn. The fund's performance over the quarter was relatively flat, with a modest investment return of 0.07%.

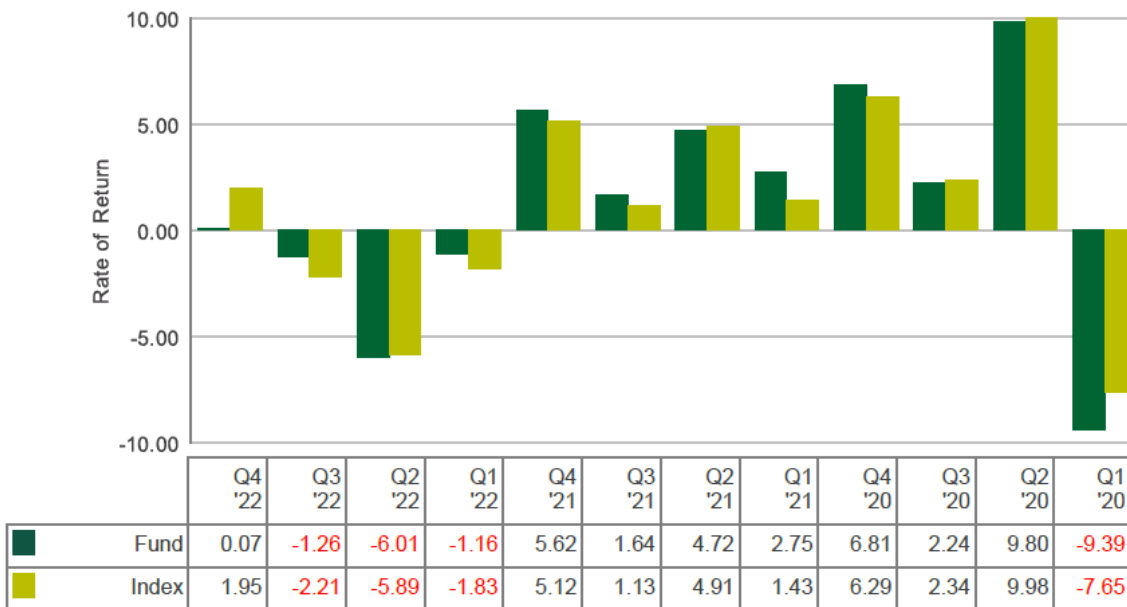
6.3. The fund's overall investment returns as of 31 December 2022 are shown in the charts below.

HARINGEY PENSION FUND TOTAL FUND GROSS OF FEES



Index: Haringey New Total Plan BM

HARINGEY PENSION FUND ROLLING QUARTERS TOTAL FUND GROSS OF FEES



Index: Haringey New Total Plan BM

- 6.4. The Fund's listed equities allocation provided the best positive return over the quarter. Global markets were generally buoyed by indications that, although still high, inflation was on a path to slowing down. The expectation was that this, in turn, would slow down the pace of monetary policy tightening by global central banks. In contrast, the Fund's allocation to index-linked gilts continued to generate negative returns over the period, largely due to the Bank of England's ongoing interest rate increases.
- 6.5. Performance was relatively mixed across the rest of the portfolio; however, the multi-asset and multi-asset credit mandates both outperformed their respective benchmarks during the quarter.
- 6.6. A detailed breakdown of pension fund's investment performance can be found in the Fund Strategy Report for the quarter ending 31 December 2022, appended to this report as Confidential Appendix 2.

Investment Asset Allocation

- 6.7. The Pension Fund's strategic asset allocation at 31 December 2022 is shown in Table 1 below.

Table 1: Total Portfolio Allocation by Manager and Asset Class

	Value	Value	Value	Value	Allocation	Strategic	Variance
	31.03.2022	30.06.2022	30.09.2022	31.12.2022	31.12.2022	Allocation	
	£'000	£'000	£'000	£'000	%	%	%
Equities							
Multi Factor Climate Transition	372,311	343,564	333,748	332,859	20.01%	20.20%	-0.19%
Emerging Markets Low Carbon	124,152	119,301	115,594	117,622	7.07%	7.10%	-0.03%
Global Low Carbon	368,195	323,147	318,893	361,378	21.73%	20.20%	1.53%
Total Equities	864,658	786,012	768,235	811,859	48.82%	47.50%	1.32%
Bonds							
Index Linked	143,026	114,641	102,533	94,812	5.70%	7.00%	-1.30%
Property							
Aviva	80,632	108,041	104,466	93,476	5.62%	6.00%	-0.38%
CBRE	119,877	124,223	119,481	102,106	6.14%	6.50%	-0.36%
The London Fund	5,476	9,374	10,286	17,687	1.06%	3.00%	-1.94%
Private equity							
Pantheon	118,611	134,271	145,579	138,261	8.31%	5.00%	3.31%
Multi-Sector Credit							
LCIV Multi Asset Credit	153,360	141,716	138,303	144,045	8.66%	10.00%	-1.34%
Multi-Asset Absolute Return							
LCIV Absolute Return	178,788	142,035	144,585	151,782	9.13%	7.50%	1.63%
Infrastructure Debt							
Allianz	45,610	41,701	36,545	30,289	1.82%	2.50%	-0.68%
Renewable Energy Infrastructure							
CIP	13,773	15,700	12,993	13,609	0.82%	1.25%	-0.43%
Blackrock	20,017	20,887	22,127	21,390	1.29%	1.25%	0.04%
LCIV Renewable Infrastructure	17,983	15,745	23,379	23,889	1.44%	2.50%	-1.06%
Cash & NCA							
Cash	18,316	33,251	32,856	19,853	1.19%	0.00%	1.19%
Total Assets	1,780,127	1,687,597	1,661,368	1,663,058	100.00%	100.00%	

Funding Position Update

- 6.8. The funding level is the ratio of the market value of assets compared to the projected future benefit payments, also known as fund liabilities. The initial results from the 2022 actuarial valuation indicate a funding level of 113% as at 31 March 2022. This meant that the Pension Fund's investment assets were more than sufficient to pay all the pension benefits accrued by that date, based on the underlying actuarial assumptions.
- 6.9. The Pension Fund's Actuary, Hymans Robertson, calculates an indicative funding position update regularly using the latest actuarial assumptions. The PCB will receive quarterly funding position updates once the current valuation exercises has been completed.

London Collective Investment Vehicle (LCIV) Update

- 6.10. 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 75% of assets invested with the pool as at 31 December 2022.

7. Contribution to Strategic Outcomes

7.1. Not applicable

8. Statutory Officer Comments

Finance and Procurement

8.1. The report contains financial comments related to the investment performance and monitoring of the Haringey Pension Fund. The effective monitoring and management of the investments increases the likelihood of the Pension Fund achieving its objectives, thereby safeguarding member benefits and keeping employer contribution rates stable.

Legal

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 Oct-Dec 2022

9.2. Confidential Appendix 2: Haringey Pension Fund Performance Report

10. Local Government (Access to Information) Act 1985

10.1. Not applicable.