

Report for: Pensions Committee and Board – 11 September 2025

Item number:

Title: Pension Fund Quarterly Investment and Performance Update

Report authorised by: Taryn Eves, Corporate Director of Finance and Resources (Section 151 Officer)

Lead Officer: Jamie Abbott – Head of Pensions
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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 June 2025:
- a. Overview of fund performance including funding position update
 - b. Investment manager performance
 - c. Asset allocation
 - d. Investments with the pool
 - e. LAPFF Engagement Update
 - f. Independent advisor's market commentary

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 this report regarding the Fund's investment performance and activity for the quarter ended 30 June 2025.

4. Reason for Decision

- 4.1. Not applicable.

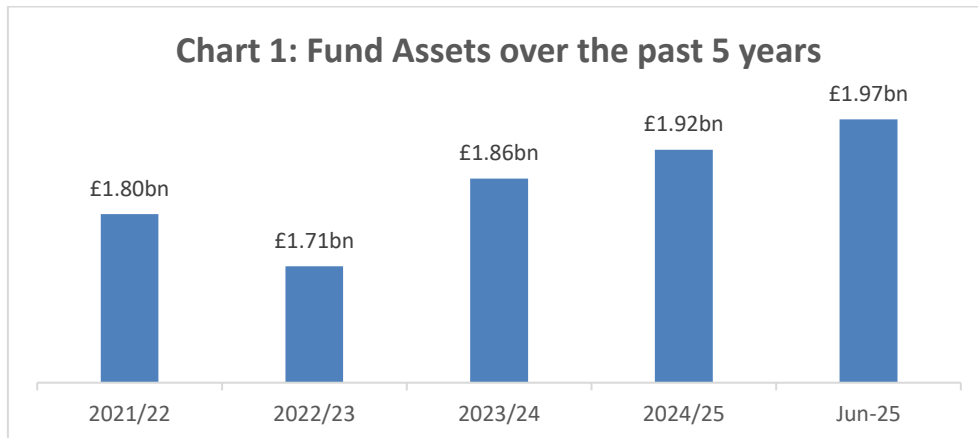
5. Alternative options considered

- 5.1. Not applicable.

6. Background information

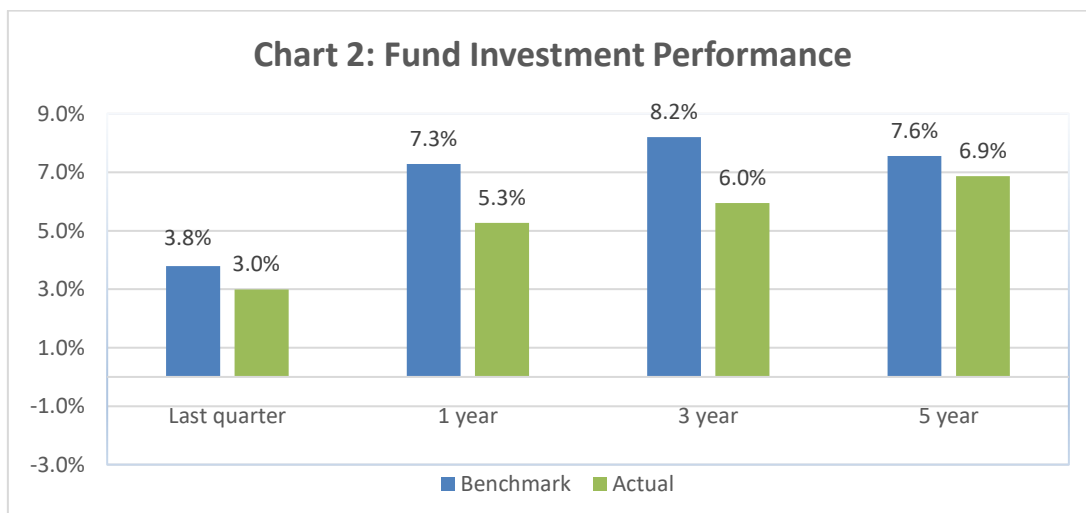
Overview of Fund Performance

- 6.1. The Fund's investment portfolio on 30 June 2025 was £1.97bn, representing a 2.9% increase over the quarter. Chart 1 shows the growth in investment assets over the past 5 years. The increase has been due to strong returns on equities in the quarter.



Source: Northern Trust, Haringey Pension Fund Strategy Report, 30 June 2025

- 6.2. Chart 2 shows the Fund's investment performance over various time periods relative to its overall strategic benchmark.



Source: Northern Trust, Haringey Pension Fund Strategy Report, 30 June 2025

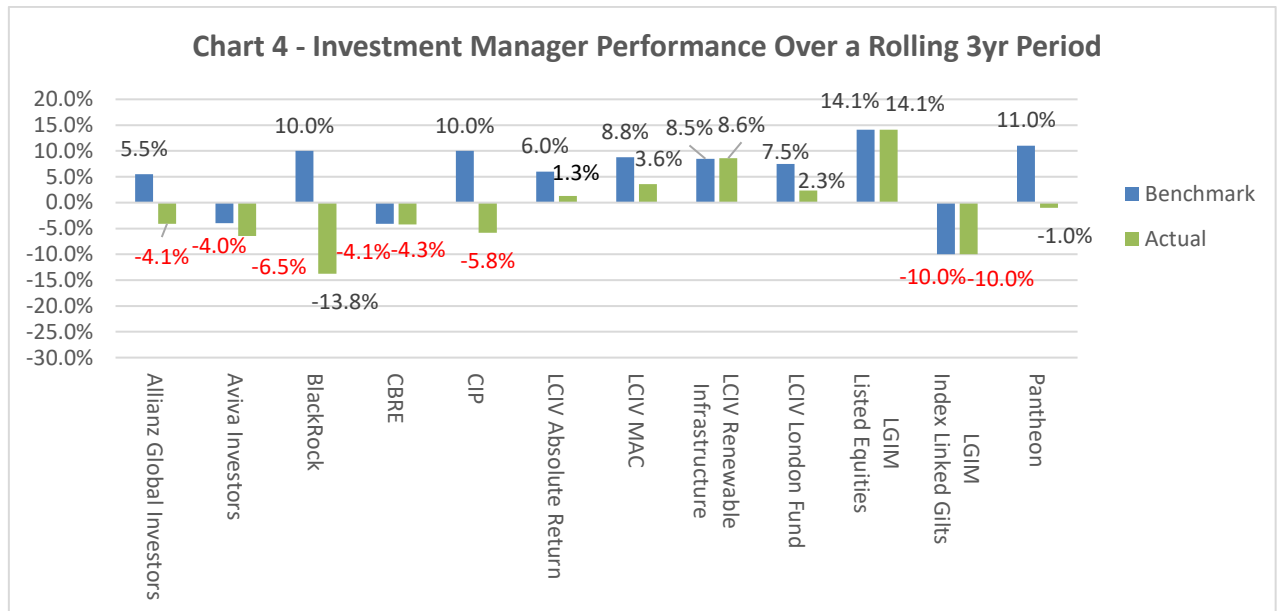
Funding position update

- 6.3. The Fund monitors its funding level each quarter. This is the ratio of the market value of assets to the projected future benefit payments, also known as fund liabilities.
- 6.4. The funding level as at 31 March 2022 was 113%, based on a discount rate of 4.3%. This indicated that the Fund's investment assets were more than sufficient to cover all the pension benefits accrued by that date, based on the underlying actuarial assumptions.
- 6.5. Hymans Robertson, the Fund Actuary, regularly calculates an indicative funding position update using the latest actuarial assumptions. A detailed breakdown of the Fund's funding position has been included as Confidential Appendix 1 to this report.

Investment Performance

6.6. The Fund's investment assets are managed to meet its liabilities over the medium to long term. Therefore, the performance of the appointed investment managers is assessed over these time periods.

6.7. Chart 4 shows the individual investment performance for each investment manager measured over the rolling three-year period.



Source: Northern Trust, Haringey Pension Fund Strategy Report, 30 June 2025

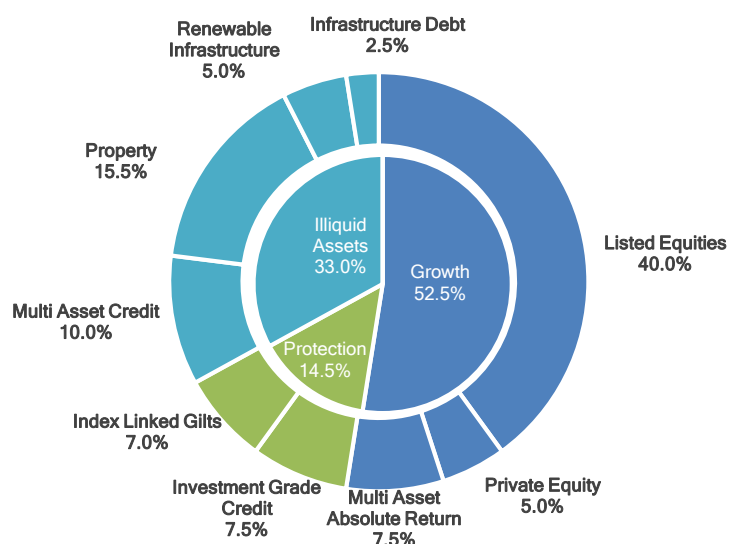
6.8. The following funds have not been included in Chart 4 as the Fund has been invested in them for less than 3 years:

- LCIV Buy and Maintain

Asset Allocation

7.1. The Fund has set a strategic asset allocation benchmark aimed at balancing long-term returns with risk, considering the nature of the Fund's liabilities and prevailing market factors. The Fund's strategic asset allocation is shown in Chart 5.

Chart 5: Strategic Asset Allocation



7.2. The Fund's current asset allocation, compared to the strategic asset allocation is shown in Table 1.

Table 1: Current strategic asset allocation

Asset	Jun-25 £m	Strategic Asset Allocation	Current Asset Allocation	Variance	Allowable Ranges
Listed equity	885	40.0%	44.6%	4.6%	+/- 5.0%
Diversified alternatives	571	30.0%	29.2%	(0.8%)	+/- 10.0%
Defensive	268	14.5%	13.5%	(0.9%)	+/- 5.0%
Property	214	15.5%	10.8%	(4.7%)	+/- 10.0%
Cash	37	0.0%	1.9%	1.9%	
Total	1,975				

Investments with the pool

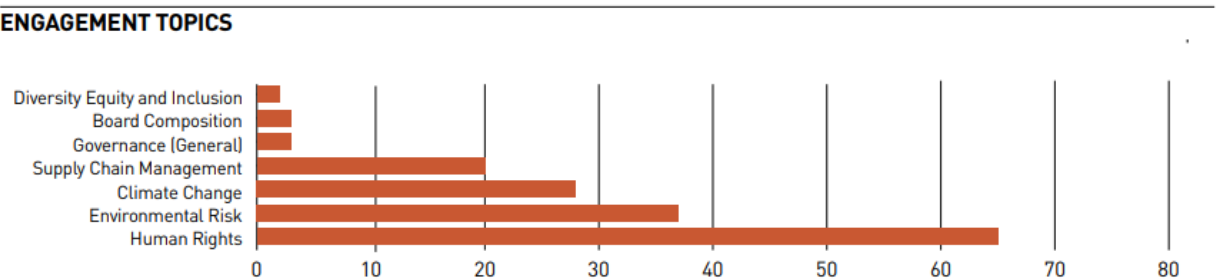
- 7.3. Haringey Pension Fund, along with all the London Borough funds, is a Partner Fund of the London Collective Investment Vehicle (LCIV), one of the asset pools that were established following the government guidance issued in November 2015. As of 30 June 2025, the Fund had approximately 75% of its assets invested with the pool, with approximately 25% invested in funds managed directly by the London CIV.
- 7.4. Following the Government's response to the Fit for the future consultation, it is expected that all Pension Fund investments are transferred to the pool (or deemed under pool management) by 31 March 2026.
- 7.5. Fund Officers have met with LCIV to provisionally map the next steps for transitioning the remaining assets to the pool, the remaining assets to transition are the illiquid classes: infrastructure, Property and Private equity.
- 7.6. LCIV will attend the December PCB meeting to provide an update on activities undertaken since the 'Fit for the Future' consultation response. The update will

include progress on asset transitioning and a detailed outline of the remaining plan to complete the transition of outstanding assets by the March 2026 deadline

LAPFF Engagement update

- 7.7. Haringey Pension Fund is a member of the Local Authority Pension Fund Forum (LAPFF), a shareholder engagement group that regularly engages with companies to encourage best practice and effect positive change. LAPFF engages directly with senior management and company boards to ensure they have the right policies in place to create value responsibly.
- 7.8. During the quarter ending on 30 June 2025, LAPFF engaged with 23 companies domiciled across 16 jurisdictions. Most of the engagement focused on issues related to Humans Rights.
- 7.9. Chart 6 shows the breakdown of engagement topics during quarter ending 30 June 2025:

Chart 6



Independent advisor’s market commentary

- 7.10. In April 2025, global equity markets initially experienced sharp declines following President Trump’s announcement of sweeping tariffs, including a baseline 10% tariff on all imports and significantly higher rates for countries with large trade deficits with the U.S., such as China (34%) and the EU (20%). This triggered an immediate sell-off, with major indices like the MSCI World Index and S&P 500 falling by double digits. However, markets rebounded quickly after a 90-day pause was announced for certain countries, excluding China. By the end of April, the MSCI World Index had recovered to post a 1% gain. The easing of U.S.-China trade tensions in May, including mutual tariff reductions and productive negotiations, further boosted investor confidence, leading to a 6% rise in the MSCI World Index in May and an additional 4% in June
- 7.11. U.S. equities performed strongly over the quarter, with the S&P 500 gaining 10%, supported by positive corporate earnings and encouraging economic data. Despite

President Trump's calls for rate cuts, the Federal Reserve maintained interest rates at 4.25–4.5%, citing solid economic activity and low unemployment. In contrast, the European Central Bank continued its rate-cutting cycle, reducing rates further in April and June due to declining inflation projections. Eurozone equities also recovered, gaining 5% over the quarter, with German markets particularly strong due to favourable valuations and a substantial infrastructure investment plan. Overall, global markets demonstrated resilience amid trade policy uncertainty, buoyed by improving economic indicators and moderated geopolitical tensions

- 7.12. The Bank of England's Monetary Policy Committee (MPC) reduced the Bank Rate by 0.25% to 4.25% on 7 May 2025, but signalled a cautious stance on further cuts, citing the need for a gradual approach based on medium-term inflation outlooks. Despite this reduction, inflation remained above target, with April and May Consumer Price Inflation reported at 3.5% and 3.4%, respectively. Consequently, the MPC held rates steady at its 18 June meeting. UK equities responded positively, with the FTSE All Share Index rising 4% over the quarter, supported by new trade agreements with India, the United States, and the European Union, which helped boost consumer confidence
- 7.13. Japanese equities saw strong gains, with the Nikkei 225 rising over 13% during the quarter, driven by a weak Yen and corporate governance reforms that enhanced shareholder returns. However, the Bank of Japan's May "Outlook Report" revised inflation and GDP projections downward, indicating increased downside risks to both economic activity and prices. Interest rates were held at 0.5% in both May and June, with the Bank also slowing its reduction of Japanese Government Bond purchases due to concerns over market volatility. Meanwhile, Asian (excluding Japan) and Emerging Markets posted gains of around 12%, aided by easing trade tensions and a weaker US Dollar. Korean equities performed particularly well, with the Korean Composite Index surging 24%, supported by improved trade relations with the US, a new government, and a rate cut by the Bank of Korea.

8. Contribution to Strategic Outcomes

- 8.1. Not applicable

9. Carbon and Climate Change

- 9.1. Haringey Pension Fund is committed to being a responsible investor, which involves engaging with and encouraging companies to take positive action on environmental, social and governance (ESG) issues.
- 9.2. The Fund's current investment strategy includes allocations to renewable infrastructure funds and low-carbon equity index funds. One such fund is the RAFI-Multi Factor Climate Transition Fund, which aims to reduce the Pension Fund's carbon intensity accordance with the Paris Agreement.
- 9.3. The Fund is continually reviewing the ESG performance of existing investment strategies while also seeking out sustainable investment opportunities that align with the Fund's overall investment objectives.

10. Statutory Officers comments (Director of Finance (procurement), Head of Legal and Governance, Equalities)

Finance

- 10.1. The report contains the financial performance of the Haringey Pension Fund and its investments. Proper monitoring and management of these investments increases the likelihood of the Fund achieving its objectives. This, in turn, helps ensure the protection of member benefits and improves the probability of maintaining stable employer contribution rates.

Procurement

- 10.2. There are no immediate procurement implications arising from this report.

Director of Legal and Governance [Fiona Alderman]

- 10.3. 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.
- 10.4. 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 PCB should keep this duty in mind when considering this report and take proper advice on the matter.

Equality

- 10.5. The Local Government Pension Scheme is a defined benefit open scheme that allows all Council employees to participate. The report's contents have no direct impact on equality issues.

11. Use of Appendices

- 11.1. Confidential Appendix 1: Funding Position Update June 2025
- 11.2. Confidential Appendix 2: Quarterly Investment Performance Report 30 June 2025
- 11.3. Appendix 3: Independent Advisors Market Commentary for period ending 30 June 2025

12. Local Government (Access to Information) Act 1985

- 12.1 Not applicable.