

**Report for:** Pensions Committee and Board – 17 March 2026

**Item number:** 13

**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 31 December 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 31 December 2025.

## **4. Reason for Decision**

- 4.1. Not applicable.

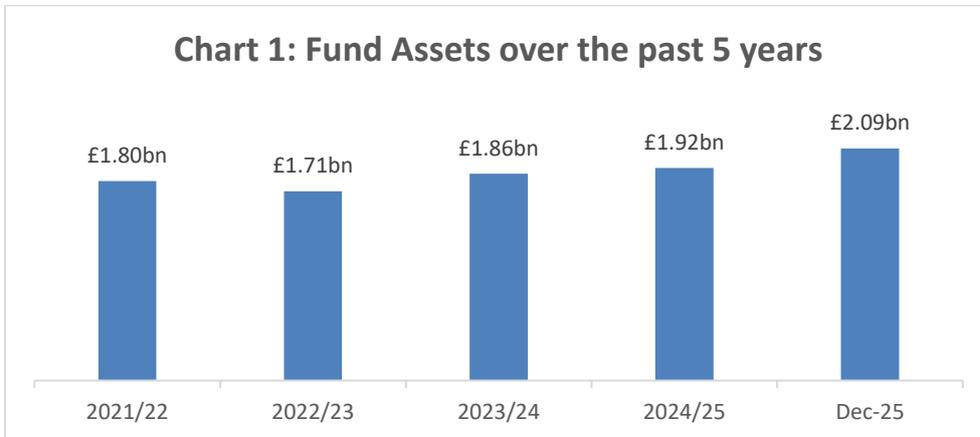
## **5. Alternative options considered**

- 5.1. Not applicable.

## **6. Background information**

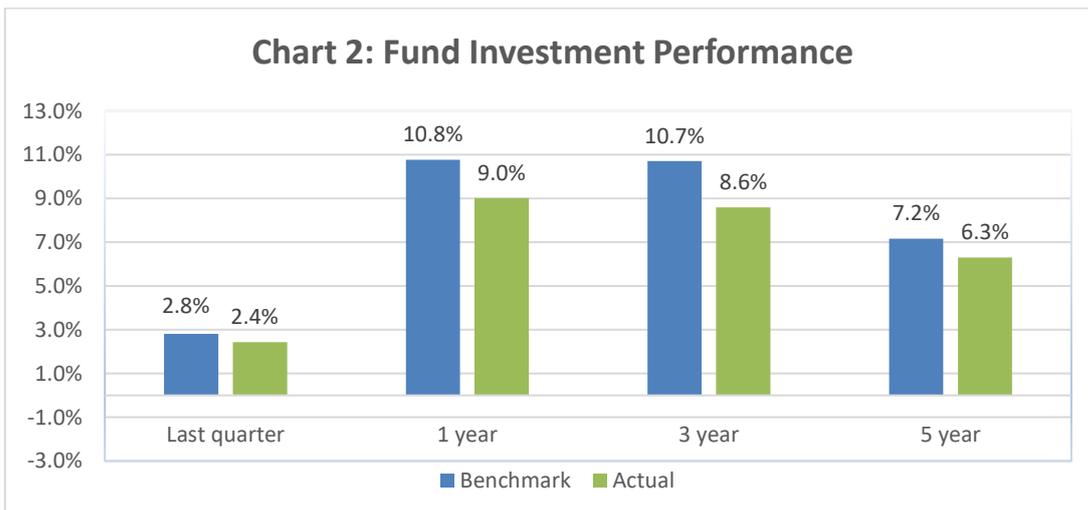
## Overview of Fund Performance

6.1. The Fund's investment portfolio on 31 December 2025 was £2.09bn, representing a 2.3% 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, 31 December 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, 31 December 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.

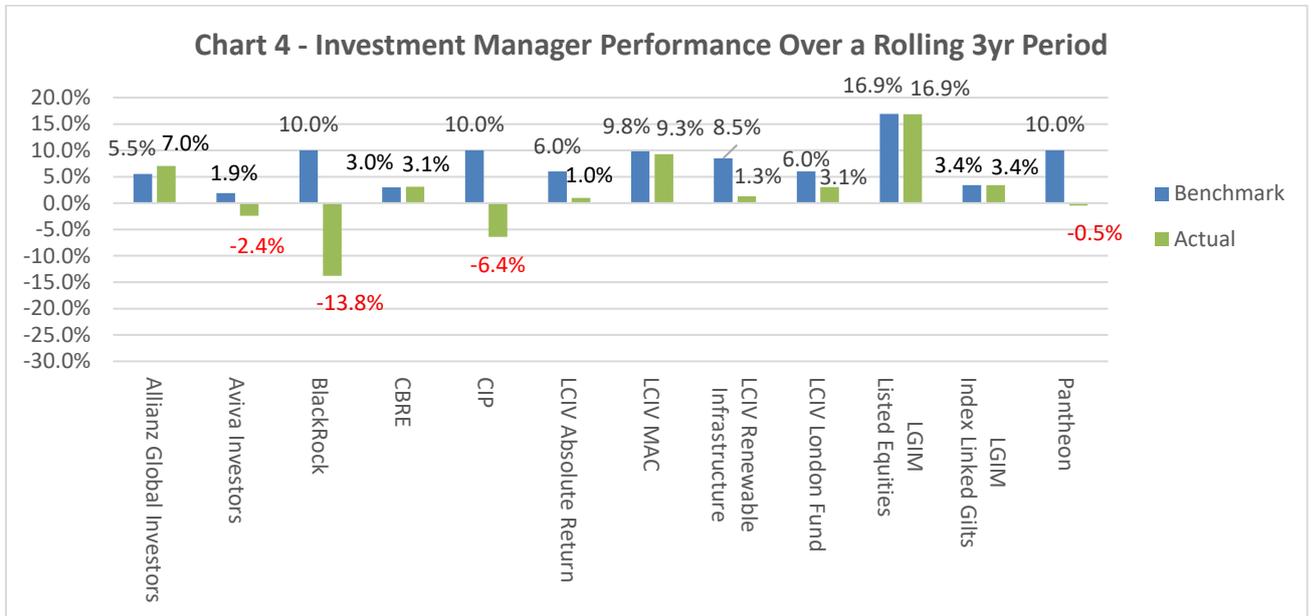
6.4. The funding level as at 31 March 2022 was 113%, based on a discount rate of 4.3%. This indicated that the Fund's investment assets were more than sufficient to cover all the pension benefits accrued by that date, based on the underlying actuarial assumptions.

6.5. Following the conclusion of the 2025 fund valuation, Hymans Robertson, the Fund Actuary, has calculated the current funding position as at 31 March 2025. A detailed breakdown of the Fund's funding position is covered in Item 7 – Valuation Results.

## 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, 31 December 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:

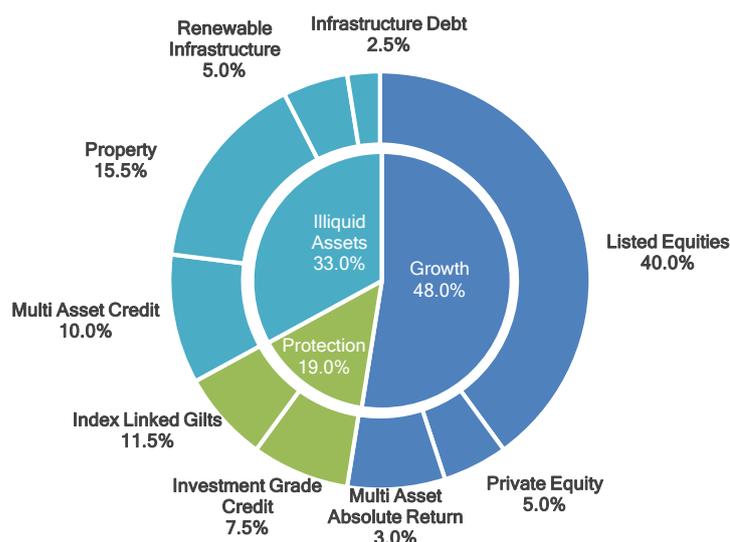
- LCIV Buy and Maintain

## 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.

7.2. The Strategic Asset allocation has been updated to reflect the recent change agreed at the December 2025 PCB meeting to reduce holdings in the LCIV Buy and Maintain fund (Diversified Alternatives) by 4.5% and allocate this to Index Linked Gilts (Defensive).

Chart 5: Strategic Asset Allocation



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

Table 1: Current strategic asset allocation

| Asset                    | Dec-25 £m    | Strategic Asset Allocation | Current Asset Allocation | Variance | Allowable Ranges |
|--------------------------|--------------|----------------------------|--------------------------|----------|------------------|
| Listed equity            | 879          | 40.0%                      | 41.9%                    | 1.9%     | +/- 5.0%         |
| Diversified alternatives | 573          | 25.5%                      | 27.3%                    | 2.3%     | +/- 10.0%        |
| Defensive                | 365          | 18.5%                      | 17.5%                    | (1.0%)   | +/- 5.0%         |
| Property                 | 219          | 15.5%                      | 10.4%                    | (5.1%)   | +/- 10.0%        |
| Cash                     | 61           | 0.0%                       | 2.9%                     | 2.9%     |                  |
| <b>Total</b>             | <b>2,097</b> |                            |                          |          |                  |

7.4. Following the December PCB decision to rebalance the portfolio, reducing the overweight equity position and reallocating funds into property, officers, working with the fund's financial advisors, secured three property transactions at 2.25% below Net Asset Value (NAV). By purchasing through the secondary market, the fund also avoided the typical ~7% upfront costs associated with new property investments. Together, the NAV discount and cost avoidance generated an estimated £5.6 million saving on the agreed £60 million top-up to the Aviva LIME Fund.

#### Investments with the pool

7.5. 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 was established following the government guidance issued in November 2015.

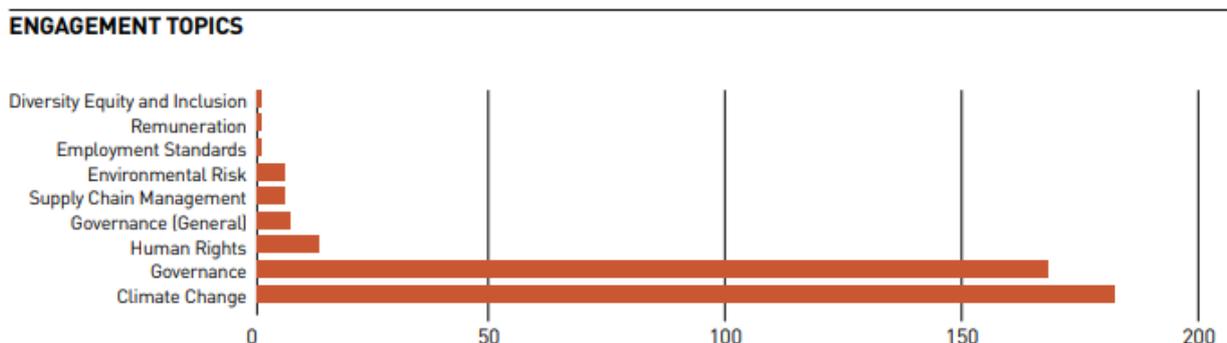
7.6. Following the Government's response to the Fit for the future consultation, it is expected that all Pension Fund investments are transferred to the pool (or deemed under pool management) by 31 March 2026.

- 7.7. Fund Officers have completed the signing of the Investment Management Agreements and all associated schedules ahead of the deadline, enabling the transition of the remaining un-pooled assets to LCIV management in order to meet the asset-pooling deadline of 31 March 2026.
- 7.8. The Fund are currently collaborating with LCIV on the development and implementation of our draft Responsible Investment (RI) policy. This work is being undertaken in close alignment with the RI matrix that LCIV is in the process of designing, to ensure that the Fund's approach is consistent with their framework. Following consultation with fund members and employers, the final RI Policy is a separate agenda item on the March 2026 PCB meeting. If approved, the policy will be implemented from April 2026.

**LAPFF Engagement update**

- 7.9. 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.
- 7.10. During the quarter ending on 31 December 2025, LAPFF engaged with 116 companies domiciled across 16 jurisdictions. Most of the engagement focused on issues related to Climate Change.
- 7.11. Chart 6 shows the breakdown of engagement topics during quarter ending 31 December 2025:

**Chart 6**



**Independent advisor's market commentary**

- 7.12. The independent advisor's market commentary for the quarter ending 31 December 2025 can be found in Appendix 2, a summary of the update can be found below in points 7.13 to 7.17.
- 7.13. Global equities continued to rise strongly in Quarter 4 of 2025, supported by moderating inflation, solid company earnings, enthusiasm for technology, especially AI-related stocks, and interest rate cuts by the US Federal Reserve. Most regions outside the US performed even better due to comparatively lower valuations.

- 7.14. European and UK equity markets performed strongly in the Quarter, supported by lower interest rates, lower inflation, resilient economic conditions and sector-specific strengths. Europe benefited from solid fundamentals and investor rotation, while UK equities, especially large caps in Banking, Mining and Defence, gained on attractive valuations, international exposure and confidence in Bank of England policy.
- 7.15. US equities rose despite weakening economic indicators, including declining consumer confidence and rising unemployment. Strong corporate earnings, easing US–China trade tensions, and Fed rate cuts helped the S&P 500 advance, with most sectors posting gains.
- 7.16. US interest rate cuts in late 2025 were accompanied by significant uncertainty and internal disagreement within the Federal Reserve, causing sharp shifts in market expectations and movements in the S&P 500. Although the Fed ultimately cut rates in both October and December, Chair Powell’s comments and the fragmented December vote revealed deep divisions over the policy path.
- 7.17. The Bank of England cut interest rates in December 2025 after a narrowly split MPC decision, shifting from a 5–4 vote against a cut in November to a 5–4 vote in favour in December, driven by improving inflation data and weakening labour-market conditions.

## **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. Strong 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

- 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: Quarterly Investment Performance Report 31 December 2025
- 11.2. Appendix 2: Independent Advisors Market Commentary for period ending 31 December 2025

## **12. Local Government (Access to Information) Act 1985**

- 12.1 Not applicable.