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# Merton Council

## Pensions Committee Agenda

### Membership

#### Councillors:

Laxmi Attawar (Chair)  
John Braithwaite (Vice Chair)  
Billy Christie

#### Co-opted members:

Emma Price (Pensioner Rep)  
Staff Rep (GMB)

Roger Kershaw (LBM)  
Nemashe Sivayogan (LBM)

**Date: Thursday 29 June 2023**

**Time: 7.00 pm**

**Venue: Council chamber - Merton Civic Centre, London Road, Morden SM4 5DX**

This is a public meeting and attendance by the public is encouraged and welcomed. For more information about the agenda please contact [Merton.PensionFund@merton.gov.uk](mailto:Merton.PensionFund@merton.gov.uk) or telephone [020 8545 3458](tel:02085453458).

All Press contacts: [communications@merton.gov.uk](mailto:communications@merton.gov.uk), 020 8545 3181

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## **Pensions Committee Agenda**

### **29 June 2023**

- |    |   |         |
|----|---|---------|
| 1  | Apologies for absence   |         |
| 2  | Declarations of pecuniary interest  |         |
| 3  | Minutes of the previous meeting   | 1 - 2   |
| 4  | Quarterly Performance Review (Quarter ended March 2023)   | 3 - 16  |
| 5  | AOB   |         |
| 6  | Future meeting dates  |         |
|    | <ul style="list-style-type: none"><li>• 12 October 2023</li><li>• 30 November 2023</li><li>• 20 March 2024</li></ul>  |         |
| 7  | Exclusion of the public   |         |
|    | To RESOLVE that the public are excluded from the meeting during consideration of the following report(s) on the grounds that it is (they are) exempt from disclosure for the reasons stated in the report(s). |         |
| 8  | Minutes of the previous meeting (exempt)  | 17 - 18 |
| 9  | Quarterly Fund and Investment Managers Performance Review (Jan-March 23)  | 19 - 50 |
| 10 | Merton Pension Fund - Investment Strategy Statement   | 51 - 60 |
| 11 | Merton Pension Fund - Climate Transition Global Buy & Maintain Investment   |         |
| 12 | UBS Alternative Beta to Blackrock ACS World Multifactor ESG Equity Tracker Fund   |         |
| 13 | Merton Pension Fund Administration Policies   | 61 - 64 |
| 14 | AOB   |         |

#### **Note on declarations of interest**

Members are advised to declare any Disclosable Pecuniary Interest in any matter to be considered at the meeting. If a pecuniary interest is declared they should withdraw from the meeting room during the whole of the consideration of that matter and must not participate in any vote on that matter. For further advice please speak with the Managing Director, South London Legal Partnership.

## **Merton Pensions Committee**

**Minutes of the meeting held on**

**30 March 2023**

---

### **Attendance:**

Cllr Laxmi Attawar (Chair)  
Cllr John Braithwaite (Vice Chair)  
Cllr Billy Christie  
Gwyn Isaac (GMB Union Rep)  
Roger Kershaw (LBM)  
Nemashe Sivayogan (LBM)

### **External attendees:**

Investment Consultant - Hymans Robertson  
Auditor - Ernst and Young  
Pension Shared services

### **1.0 MEETING (Part 1)**

- 1.1 Introduction made by Chair.
- 1.2 Apologies – Emma Price (Pensioner Rep)
- 1.2 Members Declaration of Interest – None.

### **2. Minutes of Last Meeting Held (Part 1) – 17 November 2022**

- 2.1 Agreed as true record.

### **3. Merton Pension Fund Audit – EY**

- 3.1 Audit results report – Final version is unqualified.
- 3.2 Outline audit plan – Not complete as planning yet to be done due to previous years audits still ongoing.
- 3.3 Materiality is unlikely to change. Hence, the level of testing will be similar to last years.
- 3.4 The audit is planned for the Autumn 2023.
- 3.5 RK stated that only Merton and Westminster had 2021/23 accounts signed off and it is unfair that we suffer due to others issues.

### **4. Quarterly Fund Performance Review (Oct-Dec 2022)**

- 4.1 RK presented the Q3 2022 Fund performance report and informed the Committee that over the 3 months to 30 December 2022, total Fund assets returned 3.5% compared to the benchmark of 4.6%. This equates to an underperformance of 1.1%.
  - 4.2 The Fund's total market value decreased by £3m over the quarter, from £851m to £848m.
  - 4.3 Over the last 12 months, the Fund performance was -11.8%, and 3-year annualised performance was 3.3%. The annual Actuarial performance target is 4.8%.
- 4. AOB**
- None.

**Committee:**  
**Merton Pension Committee**

**Date: 29 June 2023**

Wards: All

**Subject: Merton Pension Fund Performance – Quarter ending March 2023**

**Lead Officer:** Roger Kershaw – Assistant Director of Resources  
**Lead Member:** Councillor Billy Christie - Cabinet Member for Finance  
**Contact Officer:** Nemashe Sivayogan – Head of Treasury and Pensions

This is a Public Document

## **RECOMMENDATION**

Members are asked to note the content of this report, in particular, the market values and performance of the total Fund and component portfolios for the quarter ending 31 March 2023, attribution of the results and the market environment during the period.

## **1.0 PURPOSE OF REPORT**

- 1.1 To report the investment performance at total Fund level, and of the individual fund managers, for the quarter ending 31 March 2023. The report highlights the performance of the total Fund by asset class compared to the customised benchmark.
- 1.2 The report gives the Committee a consistent basis on which to review the performance of the Fund as at 31 March 2023. The report provides information to support future actions including periodic rebalancing and review of investment strategy and investment management arrangement.

## **2.0 FUND PERFORMANCE**

- 2.1 The attached Fund Analysis & Performance Report (**Appendix 1**) produced by the Fund's investment and performance consultants Hymans Robertson provides useful analysis and insights of the Pension Fund activities and results for the quarter ending 31 March 2023.

The following table shows the total Fund valuation for the quarter ended March 2023.

# VALUATION SUMMARY

## PERIOD ENDING 31 MARCH 2023

### Asset Allocation

Mandate	Valuation (£m)		Actual Proportion	Benchmark	Relative
	Q4 22	Q1 23			
UBS Alternative Beta	47.6	49.0	5.6%	5.0%	0.6%
LCIV RBC Sustainable Equity Fund	84.1	84.3	9.7%	10.0%	-0.3%
LCIV Baillie Gifford Global Alpha Growth Paris Aligned Fund	71.5	74.8	8.6%	10.0%	-1.4%
BlackRock World Low Carbon Equity Tracker	101.6	104.8	12.0%	10.0%	2.0%
<b>Global Equities</b>	<b>304.7</b>	<b>312.8</b>	<b>35.9%</b>	<b>35.0%</b>	<b>0.9%</b>
UBS GEM HALO	47.6	47.4	5.4%	5.0%	0.4%
LCIV JP Morgan Emerging Market Equity Fund	34.1	35.0	4.0%	5.0%	-1.0%
<b>Emerging Market Equities</b>	<b>81.6</b>	<b>82.4</b>	<b>9.5%</b>	<b>10.0%</b>	<b>-0.5%</b>
LCIV Ruffer Absolute Return Fund	62.3	61.7	7.1%	5.0%	2.1%
LCIV Baillie Gifford Diversified Growth Fund	34.0	24.7	2.8%	5.0%	-2.2%
<b>Diversified Growth</b>	<b>96.4</b>	<b>86.4</b>	<b>9.9%</b>	<b>10.0%</b>	<b>-0.1%</b>
UBS Triton Property Fund	16.8	17.0	1.9%	2.5%	-0.6%
BlackRock UK Property Fund	7.4	7.4	0.8%	2.5%	-1.7%
<b>Property</b>	<b>24.2</b>	<b>24.3</b>	<b>2.8%</b>	<b>5.0%</b>	<b>-2.2%</b>
Henley Secure Income Property Fund II	22.4	30.2	3.5%	1.0%	2.5%
<b>Social Impact</b>	<b>22.4</b>	<b>30.2</b>	<b>3.5%</b>	<b>1.0%</b>	<b>2.5%</b>
MIRA Infrastructure Global Solutions II L.P Fund	20.4	21.1	2.4%	2.0%	0.4%
Quinbrook Low Carbon Power LP Fund	17.8	16.7	1.9%	1.5%	0.4%
Quinbrook Net Zero Power Fund	14.3	17.3	2.0%	3.0%	-1.0%
JP Morgan Infrastructure Fund	64.9	64.1	7.4%	5.0%	2.4%
<b>Infrastructure</b>	<b>117.5</b>	<b>119.2</b>	<b>13.7%</b>	<b>11.5%</b>	<b>2.2%</b>
Permira Credit Solutions IV Fund	23.7	25.2	2.9%	4.5%	-1.6%
Permira Solutions V Fund	5.2	6.2	0.7%	0.0%	0.7%
Churchill Middle Market Senior Loan II Fund	21.8	20.1	2.3%	3.0%	-0.7%
<b>Private Credit</b>	<b>50.6</b>	<b>51.6</b>	<b>5.9%</b>	<b>7.5%</b>	<b>-1.6%</b>
Allspring RMF Fund	60.7	66.0	7.6%	10.0%	-2.4%
<b>Risk Management Framework</b>	<b>60.7</b>	<b>66.0</b>	<b>7.6%</b>	<b>10.0%</b>	<b>-2.4%</b>
LCIV CQS / PIMCO MAC Fund	71.8	73.3	8.4%	10.0%	-1.6%
<b>Multi Asset Credit</b>	<b>71.8</b>	<b>73.3</b>	<b>8.4%</b>	<b>10.0%</b>	<b>-1.6%</b>
Cash	19.3	25.5	2.9%	0.0%	2.9%
<b>Total Fund</b>	<b>849.4</b>	<b>871.6</b>	<b>100.0%</b>	<b>100.0%</b>	

At the time of writing, latest quarterly information in respect of mandates held with MIRA, Quinbrook, Permira and Churchill are unavailable. We have lagged reporting by 3 months, therefore the valuations shown are as at Q4 2022 respectively. The FX rate used is lagged and at each of these dates also.

- 2.2 The Fund's total market value increased by £22.2m over the quarter, from £849.4m to £871.6m.
- 2.3 Over the 3 months to 31 March 2023, total Fund assets returned 2.4% compared to the benchmark of 3.5%. This equates to an underperformance of 1.1%. Over the last 12 months, the Fund performance was -5.9% and 3 year annualised performance was 8.8%. The annual Actuarial performance target is 4.2%.

# PERFORMANCE SUMMARY

## 1 JANUARY 2023 TO 31 MARCH 2023

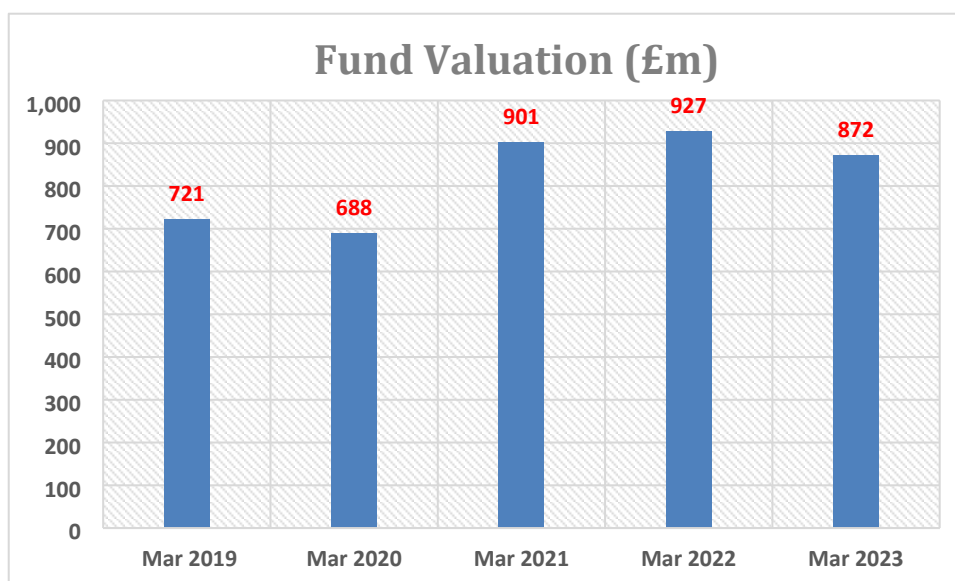
Mandate	Last 3 Months (%)			Last 12 Months (%)			Last 3 Years (% p.a.)			Since Inception (% p.a.)		
	Fund	B'mark	Relative	Fund	B'mark	Relative	Fund	B'mark	Relative	Fund	B'mark	Relative
UBS Alternative Beta	2.9	2.8	0.1	2.4	2.4	0.0	11.6	11.6	0.0	1.4	1.4	0.0
LCIV RBC Sustainable Equity Fund	0.2	5.3	-4.9	-7.7	1.0	-8.6	13.8	17.7	-3.3	8.2	8.5	-0.2
LCIV Baillie Gifford Global Alpha Growth Paris Aligned Fund	4.6	5.8	-1.1	-	-	-	-	-	-	-3.3	1.4	-4.7
BlackRock World Low Carbon Equity Tracker	3.2	3.0	0.1	-4.1	-4.7	0.6	15.2	15.3	-0.1	11.6	11.3	0.2
<b>Global Equities</b>												
UBS GEM HALO	-0.6	1.1	-1.7	-7.1	-5.0	-2.2	4.1	8.6	-4.2	2.6	3.5	-0.9
LCIV JP Morgan Emerging Market Equity Fund	2.8	1.8	1.1	-0.9	-2.5	1.7	10.9	9.3	1.5	3.6	1.9	1.6
<b>Emerging Market Equities</b>												
LCIV Ruffer Absolute Return Fund	-1.1	1.7	-2.7	1.2	5.3	-3.9	-	-	-	6.0	4.1	1.8
LCIV Baillie Gifford Diversified Growth Fund	2.2	1.8	0.4	-8.4	6.0	-13.6	3.8	4.4	-0.7	0.6	4.0	-3.2
<b>Diversified Growth</b>												
UBS Triton Property Fund	1.8	-0.2	2.0	-14.7	-14.5	-0.3	3.3	2.6	0.7	0.9	0.7	0.2
BlackRock UK Property Fund	0.0	-0.2	0.2	-15.7	-14.5	-1.4	2.1	2.6	-0.5	1.1	1.4	-0.3
<b>Property</b>												
Henley Secure Income Property Fund II	-2.6	1.5	-4.0	-	-	-	-	-	-	1.6	4.6	-2.8
<b>Social Impact</b>												
MIRA Infrastructure Global Solutions II L.P. Fund	4.9	1.8	3.1	6.5	7.4	-0.8	7.5	7.4	0.1	5.3	5.8	-0.4
Quinbrook Low Carbon Power LP Fund	1.3	1.8	-0.5	11.3	7.4	3.7	9.0	7.4	1.5	6.6	6.7	-0.1
Quinbrook Net Zero Power Fund	1.7	1.5	0.2	-	-	-	-	-	-	-1.1	6.0	-6.7
JP Morgan Infrastructure Fund	2.7	2.5	0.2	15.3	10.4	4.4	8.6	10.4	-1.6	7.8	9.6	-1.6
<b>Infrastructure</b>												
Permira Credit Solutions IV Fund	2.4	1.7	0.6	2.8	7.0	-3.9	-	-	-	4.4	5.4	-1.0
Permira Solutions V Fund	-	-	-	-	-	-	-	-	-	-	-	-
Churchill Middle Market Senior Loan II Fund	2.4	1.7	0.7	5.2	7.0	-1.7	4.8	7.0	-2.1	4.1	6.1	-1.9
<b>Private Credit</b>												
Allspring RMF Fund	10.4	10.4	0.0	-30.9	-30.9	0.0	-6.1	-6.1	0.0	-5.5	-5.5	0.0
<b>Risk Management Framework</b>												
LCIV CQS / PIMCO MAC Fund	2.2	2.0	0.1	-4.3	6.9	-10.5	7.1	5.3	1.7	1.6	4.8	-3.0
<b>Multi Asset Credit</b>												
Cash	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Fund</b>	<b>2.4</b>	<b>3.5</b>	<b>-1.0</b>	<b>-5.9</b>	<b>-1.7</b>	<b>-4.3</b>	<b>8.8</b>	<b>9.1</b>	<b>-0.2</b>	<b>5.9</b>	<b>5.3</b>	<b>0.6</b>

Note: Q1 2023 performance figures for MIRA, Quinbrook LCP & NZPF, Permira IV and Churchill are lagged by 3-months due to lack of manager information at the time of writing (see comment on left). As such, the performance shown is reflective of Q4 2022.

### 2.4 From an asset class perspective:

- All equities mandates with the exception of UBS GEM HALO, contributed positively to overall performance.
- Of the two diversified growth funds the LCIV Ruffer fund detracted whilst the LCIV Baillie Gifford fund contributed positively in a reversal of previous quarters.
- Real assets (property & infrastructure both recorded absolute gains. (With the exception of Henley.)
- The Risk Management Framework contributed positively as gilt yields fell and dollar weakened.

The chart below shows the Funds's net asset value for the past five years.



### 3.0 Market Background/Outlook

- 3.1 Worries over the health of the banking system on both sides of the Atlantic were the main preoccupation for investors in March. The concerns contributed to a sharp fall in government bond yields, with investors assuming that economic headwinds from the banking system would lead to an early end to central bank rate hikes.
- 3.2 Equity markets gained in March and over the quarter, pointing to confidence that regulators had acted with sufficient speed and force to avert a full-blown banking crisis. But confidence is fragile, market volatility is likely to stay high, and policymakers may have to go further to make sure faith in the global financial system stays solid.
- 3.3 The best-performing market in March was China, which returned 4.3% amid continued confidence over the economic outlook following the end of pandemic restrictions. The worst performer on the month was the UK, with a loss of 2.7%.
- 3.4 More market background information and LGPS updates can be found in the Hymans Quarterly performance report – Appendix 1



**4. OTHER ISSUES AFFECTING THE FUND**

4.1 None

**5. FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS**

5.1 All relevant implications are included in the report.

**6. LEGAL AND STATUTORY IMPLICATIONS**

6.1 All relevant implications are included in the report.

**7. HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS**

7.1 N/A

**8. RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS**

8.1 Risk management is an integral part of designing the investment portfolio of the fund.

**9. BACKGROUND PAPERS**

9.1 Hymans Robertson LLP – quarterly performance report.

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Page 9

# London Borough of Merton Pension Fund

## Q1 2023 Investment Monitoring Report

Nick Jellema – Senior Investment Consultant  
Jamie McLaughlan – Associate Investment Consultant  
Sally Ji – Investment Analyst

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Executive Summary

The Fund's assets returned 2.4% during the first quarter of 2023. To provide context, we have assessed total returns against a composite benchmark - a weighted average of the underlying manager benchmarks. Against this comparator, the Fund was behind the benchmark by 1.0% (top left chart). We have also shown performance against the Fund's actuarial target (top right chart), on the 3-year measure the Fund has outperformed with relative returns of 3.9% p.a.

Overall, the Fund's assets increased by £22.3m from £849.4m to £871.6m.

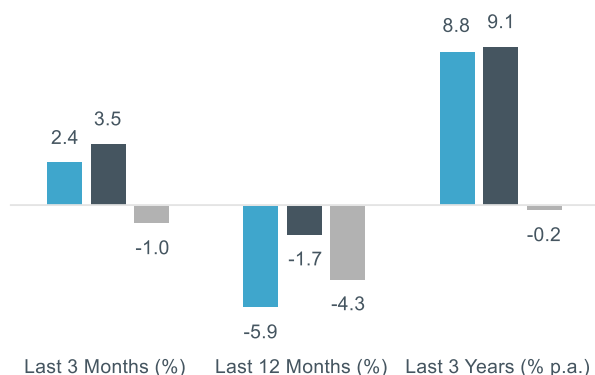
Global growth surprised to the upside in the first quarter of 2023 as falling energy prices, alongside a stronger-than-expected bounce in Chinese activity, led to an improvement in business sentiment.

Against this backdrop, global equities rose during Q1. However, concerns about the financial sector, triggered by the collapse of Silicon Valley Bank in March, saw bank stocks and global government bond yields fall over the quarter.

From an asset class perspective:

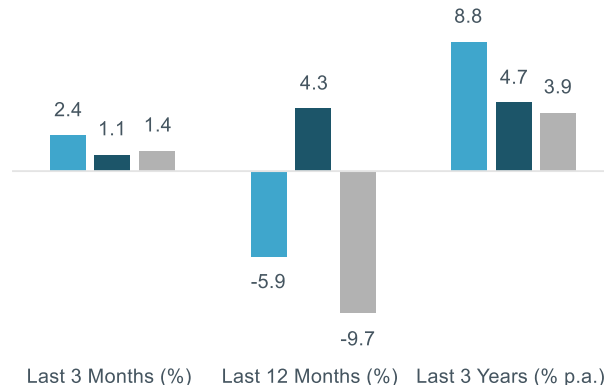
- Most equity mandates contributed positively to returns.
- The two diversified growth funds had a mixed quarter
- Most real assets contributed positively to performance
- The Risk Management Framework contributed positively

Fund performance vs benchmark/target



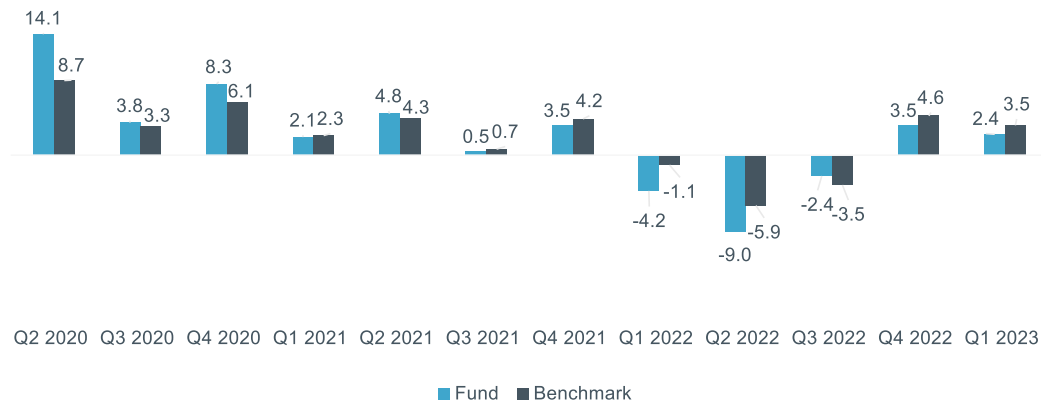
Fund Benchmark Relative

Fund performance vs actuarial target



Fund Benchmark Relative

Relative quarterly performance vs benchmark/target



Fund Benchmark

## Asset Allocation

Following the 2022 strategy review the agreed long-term target allocation for the Fund is as follows:

- Global equities: 28.0%
- Emerging market equities: 5.0%
- Diversified growth fund: 5.0%
- Property: 5.0%
- Private credit: 6.5%
- Infrastructure: 11.5%
- Social Impact: 5.0%
- Multi-asset credit: 9.0%
- Risk management framework / Cashflow Driven Investment: 25.0%

In time the Fund will transition towards this target allocation. As it does, the benchmark (as agreed with Officers) shown in the table and used in the benchmark performance calculation on the next will be gradually updated to reflect progress to date.

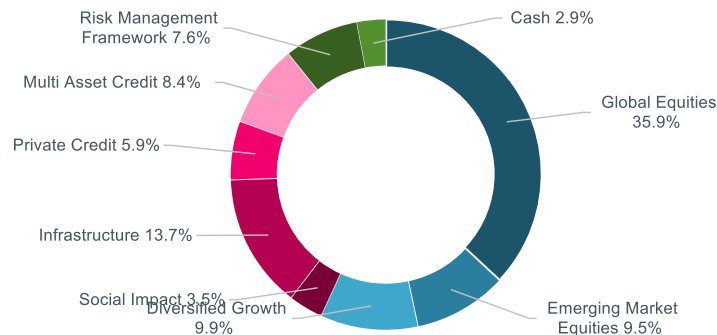
Commitments to social impact, infrastructure and private credit investments continued to be drawn down over time.

The Fund disinvested £10,000,000 from LCIV Baillie Gifford Diversified Growth Fund during this quarter. Proceeds were used to help fund commitments with the Henley Social Income Property Fund.

Mandate	Valuation (£m)		Actual Proportion	Benchmark	Relative
	Q4 22	Q1 23			
UBS Alternative Beta	47.6	49.0	5.6%	5.0%	0.6%
LCIV RBC Sustainable Equity Fund	84.1	84.3	9.7%	10.0%	-0.3%
LCIV Baillie Gifford Global Alpha Growth Paris Aligned Fund	71.5	74.8	8.6%	10.0%	-1.4%
BlackRock World Low Carbon Equity Tracker	101.6	104.8	12.0%	10.0%	2.0%
<b>Global Equities</b>	<b>304.7</b>	<b>312.8</b>	<b>35.9%</b>	<b>35.0%</b>	<b>0.9%</b>
UBS GEM HALO	47.6	47.4	5.4%	5.0%	0.4%
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<b>Diversified Growth</b>	<b>96.4</b>	<b>86.4</b>	<b>9.9%</b>	<b>10.0%</b>	<b>-0.1%</b>
UBS Triton Property Fund	16.8	17.0	1.9%	2.5%	-0.6%
BlackRock UK Property Fund	7.4	7.4	0.8%	2.5%	-1.7%
<b>Property</b>	<b>24.2</b>	<b>24.3</b>	<b>2.8%</b>	<b>5.0%</b>	<b>-2.2%</b>
Henley Secure Income Property Fund II	22.4	30.2	3.5%	1.0%	2.5%
<b>Social Impact</b>	<b>22.4</b>	<b>30.2</b>	<b>3.5%</b>	<b>1.0%</b>	<b>2.5%</b>
MIRA Infrastructure Global Solutions II L.P Fund	20.4	21.1	2.4%	2.0%	0.4%
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<b>Infrastructure</b>	<b>117.5</b>	<b>119.2</b>	<b>13.7%</b>	<b>11.5%</b>	<b>2.2%</b>
Permira Credit Solutions IV Fund	23.7	25.2	2.9%	4.5%	-1.6%
Permira Solutions V Fund	5.2	6.2	0.7%	0.0%	0.7%
Churchill Middle Market Senior Loan II Fund	21.8	20.1	2.3%	3.0%	-0.7%
<b>Private Credit</b>	<b>50.6</b>	<b>51.6</b>	<b>5.9%</b>	<b>7.5%</b>	<b>-1.6%</b>
Allspring RMF Fund	60.7	66.0	7.6%	10.0%	-2.4%
<b>Risk Management Framework</b>	<b>60.7</b>	<b>66.0</b>	<b>7.6%</b>	<b>10.0%</b>	<b>-2.4%</b>
LCIV CQS / PIMCO MAC Fund	71.8	73.3	8.4%	10.0%	-1.6%
<b>Multi Asset Credit</b>	<b>71.8</b>	<b>73.3</b>	<b>8.4%</b>	<b>10.0%</b>	<b>-1.6%</b>
Cash	19.3	25.5	2.9%	0.0%	2.9%
<b>Total Fund</b>	<b>849.4</b>	<b>871.6</b>	<b>100.0%</b>	<b>100.0%</b>	

At the time of writing, latest quarterly information in respect of mandates held with MIRA, Quinbrook, Permira and Churchill are unavailable. We have lagged reporting by 3 months, therefore the valuations shown are as at Q4 2022 respectively. The FX rate used is lagged and at each of these dates also.

## Asset class exposures



## Manager performance

A turbulent first quarter of 2023 saw the Fund return an absolute return of 2.4%, underperforming its aggregate benchmark with a relative return of -1.0%.

Over 12 months, performance is negative on an absolute basis and has been unable to match the benchmark. By contrast, longer term performance measured over 3 years is positive in absolute terms but has however narrowly failed to match the benchmark.

All equities mandates, with the exception of UBS GEM HALO, contributed positively to overall performance.

Of the two diversified growth funds, the LCIV Ruffer fund detracted whilst the LCIV Baillie Gifford fund contributed positively in a reversal of previous quarters.

Real assets (property and infrastructure) both record absolute gains. Henley was the exception with negative absolute returns.

Falling gilt yields coupled with a strengthening pound-sterling relative to US dollar, euro and yen saw the Risk Management Framework contributed positively to performance.

At time of writing, MIRA, Quinbrook LCP & NZPF, Permira IV & V and Churchill reporting information was unavailable. For performance reporting purposes we have lagged performance and valuations shown within our report by 3 months. We expect, given the illiquid nature of these mandates, this will be a regular occurrence.

Mandate	Last 3 Months (%)			Last 12 Months (%)			Last 3 Years (% p.a.)			Since Inception (% p.a.)		
	Fund	B'mark	Relative	Fund	B'mark	Relative	Fund	B'mark	Relative	Fund	B'mark	Relative
UBS Alternative Beta	2.9	2.8	0.1	2.4	2.4	0.0	11.6	11.6	0.0	1.4	1.4	0.0
LCIV RBC Sustainable Equity Fund	0.2	5.3	-4.9	-7.7	1.0	-8.6	13.8	17.7	-3.3	8.2	8.5	-0.2
LCIV Baillie Gifford Global Alpha Growth Paris Aligned Fund	4.6	5.8	-1.1	-	-	-	-	-	-	-3.3	1.4	-4.7
BlackRock World Low Carbon Equity Tracker	3.2	3.0	0.1	-4.1	-4.7	0.6	15.2	15.3	-0.1	11.6	11.3	0.2
<b>Global Equities</b>												
UBS GEM HALO	-0.6	1.1	-1.7	-7.1	-5.0	-2.2	4.1	8.6	-4.2	2.6	3.5	-0.9
LCIV JP Morgan Emerging Market Equity Fund	2.8	1.8	1.1	-0.9	-2.5	1.7	10.9	9.3	1.5	3.6	1.9	1.6
<b>Emerging Market Equities</b>												
LCIV Ruffer Absolute Return Fund	-1.1	1.7	-2.7	1.2	5.3	-3.9	-	-	-	6.0	4.1	1.8
LCIV Baillie Gifford Diversified Growth Fund	2.2	1.8	0.4	-8.4	6.0	-13.6	3.8	4.4	-0.7	0.6	4.0	-3.2
<b>Diversified Growth</b>												
UBS Triton Property Fund	1.8	-0.2	2.0	-14.7	-14.5	-0.3	3.3	2.6	0.7	0.9	0.7	0.2
BlackRock UK Property Fund	0.0	-0.2	0.2	-15.7	-14.5	-1.4	2.1	2.6	-0.5	1.1	1.4	-0.3
<b>Property</b>												
Henley Secure Income Property Fund II	-2.6	1.5	-4.0	-	-	-	-	-	-	1.6	4.6	-2.8
<b>Social Impact</b>												
MIRA Infrastructure Global Solutions II L.P Fund	4.9	1.8	3.1	6.5	7.4	-0.8	7.5	7.4	0.1	5.3	5.8	-0.4
Quinbrook Low Carbon Power LP Fund	1.3	1.8	-0.5	11.3	7.4	3.7	9.0	7.4	1.5	6.6	6.7	-0.1
Quinbrook Net Zero Power Fund	1.7	1.5	0.2	-	-	-	-	-	-	-1.1	6.0	-6.7
JP Morgan Infrastructure Fund	2.7	2.5	0.2	15.3	10.4	4.4	8.6	10.4	-1.6	7.8	9.6	-1.6
<b>Infrastructure</b>												
Permira Credit Solutions IV Fund	2.4	1.7	0.6	2.8	7.0	-3.9	-	-	-	4.4	5.4	-1.0
Permira Solutions V Fund	-	-	-	-	-	-	-	-	-	-	-	-
Churchill Middle Market Senior Loan II Fund	2.4	1.7	0.7	5.2	7.0	-1.7	4.8	7.0	-2.1	4.1	6.1	-1.9
<b>Private Credit</b>												
Allspring RMF Fund	10.4	10.4	0.0	-30.9	-30.9	0.0	-6.1	-6.1	0.0	-5.5	-5.5	0.0
<b>Risk Management Framework</b>												
LCIV CQS / PIMCO MAC Fund	2.2	2.0	0.1	-4.3	6.9	-10.5	7.1	5.3	1.7	1.6	4.8	-3.0
<b>Multi Asset Credit</b>												
Cash	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Fund</b>	<b>2.4</b>	<b>3.5</b>	<b>-1.0</b>	<b>-5.9</b>	<b>-1.7</b>	<b>-4.3</b>	<b>8.8</b>	<b>9.1</b>	<b>-0.2</b>	<b>5.9</b>	<b>5.3</b>	<b>0.6</b>

Note: Q1 2023 performance figures for MIRA, Quinbrook LCP & NZPF, Permira IV and Churchill are lagged by 3-months due to lack of manager information at the time of writing (see comment on left). As such, the performance shown is reflective of Q4 2022.

Global growth has surprised positively in Q1 with resilient labour market and falling energy prices, improving the outlook for consumers and businesses. Forecasted 2023 GDP growth was revised higher in most developed economies, while recession in the UK is now forecasted to be shorter and shallower than previously expected.

The European Central Bank (ECB), Bank of England (BoE) and Federal Reserve (the Fed) continued to announce rate hikes. The BoE and the Fed both raised policy rates by 0.25% p.a., to 4.25% p.a. and 5.0% p.a. respectively. The ECB raised rates by a larger 0.50% p.a., to 3.50% p.a.

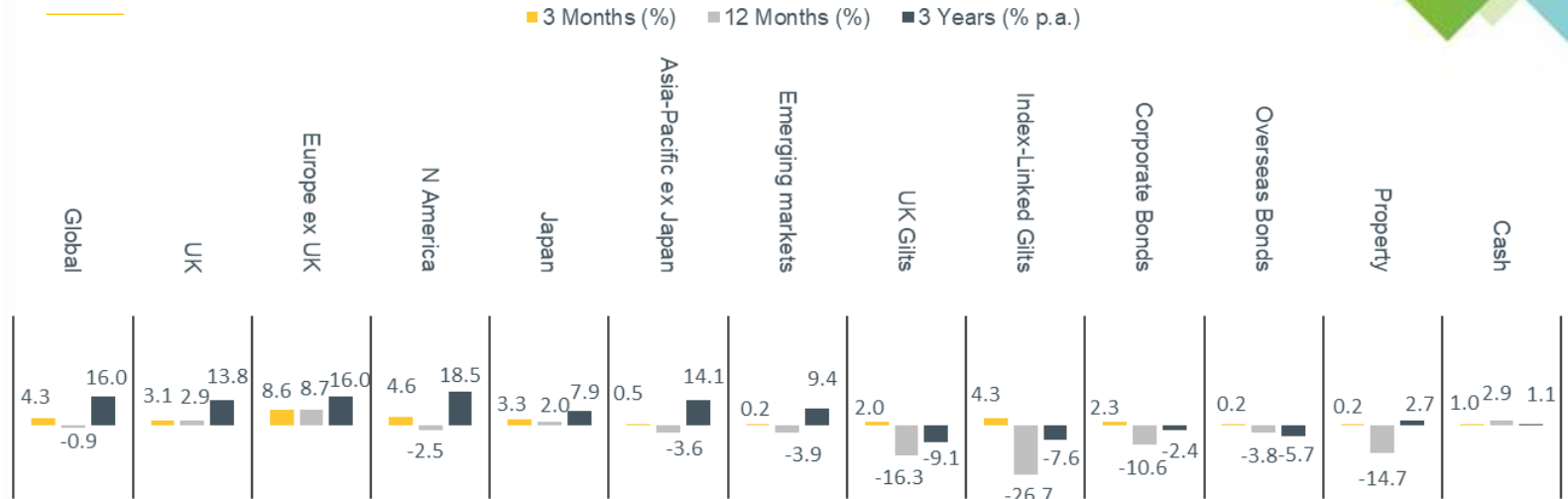
Year-on-year headline CPI inflation in the US and Eurozone fell to 6.0%, and 8.5%, respectively, as the UK measure rose to 10.4%. The equivalent core measures fell to 5.5% in the US as the UK and Eurozone measures rose to 6.2% and 5.6% respectively.

UK 10-year implied inflation is 3.8% p.a., 0.2% above end-December levels.

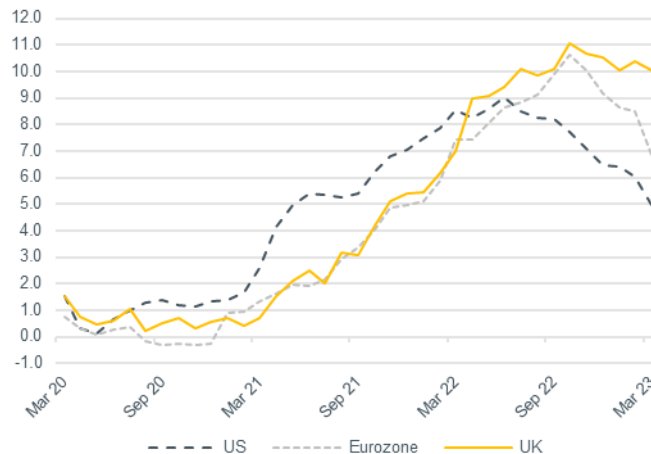
The US dollar gave back some of its February gains, falling 0.9% in trade-weighted terms over the quarter. Equivalent sterling, euro and yen measures rose 1.8%, 0.6% and 0.1%, respectively.

The MSCI UK Monthly Property Total Return Index ended consecutive falls and returned to positive territory in March, despite still declining -14.7% year-on-year. Capital values have also fallen 19% over the last 12 months, with the most pronounced declines being in the industrial sector.

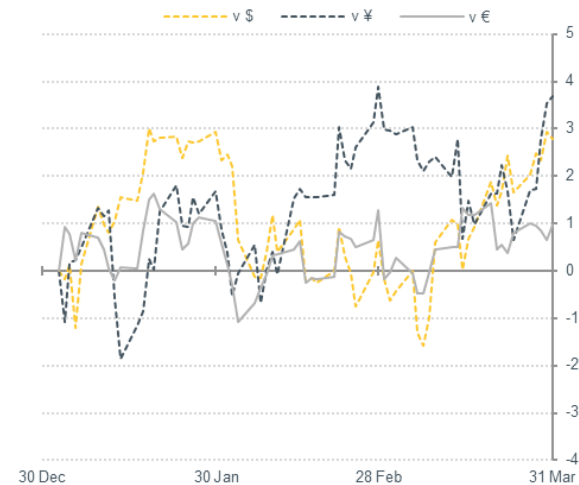
## Historic returns for world markets [1]



## Annual CPI Inflation (% p.a.)



## Sterling trend chart (% change)



Source: DataStream. [1]Returns shown in Sterling terms. Indices shown (from left to right) are: FTSE All World, FTSE All Share, FTSE AW Developed Europe ex-UK, FTSE North America, FTSE Japan, FTSE AW Developed Asia Pacific ex-Japan, FTSE Emerging, FTSE Fixed Gilts All Stocks, FTSE Index-Linked Gilts All Maturities, iBoxx Corporates All Investment Grade All Maturities, ICE BofA Global Government Index, MSCI UK Monthly Property; UK Interbank 7 Day

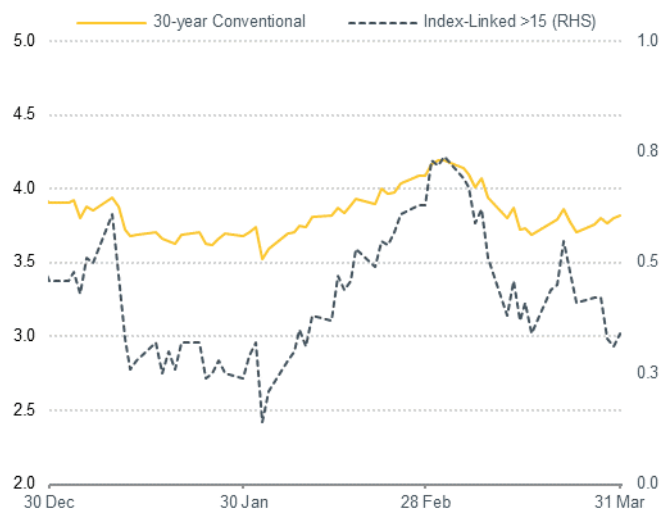
The S&P GSCI Commodity Spot Price Index ended March 5.9% below end-December levels, primarily driven by a decline in energy prices.

Bonds have been volatile over the quarter, rallying in January, posting losses in February and rallying again in March after investor flight to safety due to stresses in the banking sector. As a result, UK 10-year gilt yields ended the period at 3.5% p.a., 0.2% p.a. below end-December levels. Equivalent US yields fell 0.4% p.a., to 3.5% p.a., and Germans yields fell 0.3% p.a. to 2.3% p.a.

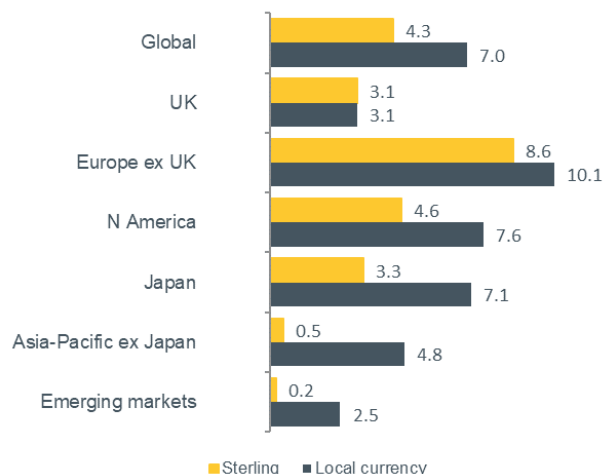
Credit had positive returns due to falling sovereign bond yields. Global investment-grade credit spreads widened 0.1% p.a. to 1.5% p.a. while speculative-grade credit spreads narrowed 0.1% p.a. to 5.0% p.a.

The FTSE All World Total Return Index rose 7.0%, buoyed by the support lent to stocks from resilient economic data which, together with high core inflation, led to investors reassessing interest rate expectations in higher for longer. The improvement in consumer and business sentiment in Europe, on the back of lower gas prices, led European equities to outperform. Growth stocks outperformed value stocks over the quarter, as falling bond yields supported the former while the latter were weighed down by stresses in the banking sector. By sector, energy, healthcare and financials were the worst underperformers.

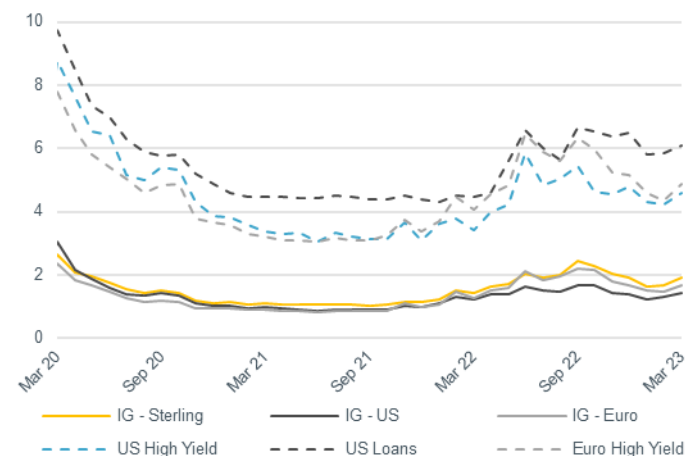
## Gilt yields chart (% p.a.)



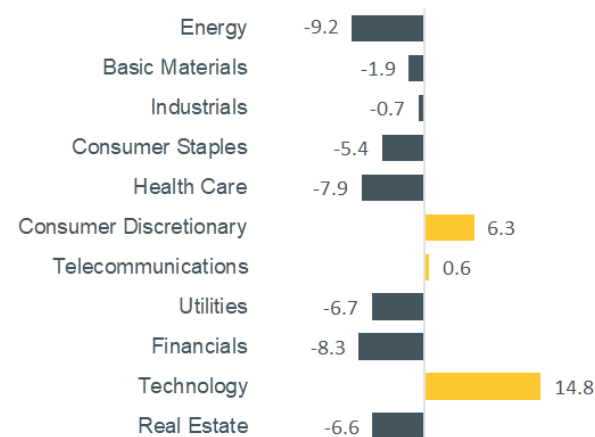
## Regional equity returns [1]



## Investment and speculative grade credit spreads (% p.a.)



## Global equity sector returns (%) [2]



Source: DataStream, Barings, ICE [1] FTSE All World Indices. Commentary compares regional equity returns in local currency. [2] Returns shown in Sterling terms and relative to FTSE All World.



## Risk Warning

Please note the value of investments, and income from them, may fall as well as rise. This includes equities, government or corporate bonds, and property, whether held directly or in a pooled or collective investment vehicle. Further, investment in developing or emerging markets may be more volatile and less marketable than in mature markets. Exchange rates may also affect the value of an investment. As a result, an investor may not get back the amount originally invested. Past performance is not necessarily a guide to future performance.

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## Geometric v Arithmetic Performance

Hymans Robertson are among the investment professionals who calculate relative performance geometrically as follows:

$$\frac{(1 + \text{Fund Performance})}{(1 + \text{Benchmark Performance})} - 1$$

Some industry practitioners use the simpler arithmetic method as follows:

$$\text{Fund Performance} - \text{Benchmark Performance}$$

The geometric return is a better measure of investment performance when compared to the arithmetic return, to account for potential volatility of returns.

The difference between the arithmetic mean return and the geometric mean return increases as the volatility increases.

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