

County Buildings, Stafford
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Pensions Panel

Tuesday 7 March 2023

09:30

Oak Room, County Buildings, Stafford

John Tradewell
Deputy Chief Executive and Director of Corporate Services
27 February 2023

Agenda

1. **Apologies**
2. **Declarations of Interest**
3. **Minutes of meeting held on 6 December 2022** (Pages 1 - 2)
4. **Dates of Future Meetings**
 - 6 June 2023
 - 5 September 2023
 - 5 December 2023

All meetings are scheduled to start at 9:30am at County Buildings, Stafford unless indicated otherwise.
5. **Annual Investment Strategy for Pension Fund Cash 2023/24** (Pages 3 - 12)
Report for the Director of Finance
6. **Pension Fund Performance and Portfolio of Investments as at 31 December 2022** (Pages 13 - 32)
Report for the Director of Finance
7. **Responsible Investment & Engagement (RI&E) Quarterly Report** (Pages 33 - 66)
Report for the Director of Finance

8. Investment Strategy Statement (Pages 67 - 92)

Report for the Director of Finance

9. Exclusion of the Public

The Chairman to move:-

‘That the public be excluded from the meeting for the following items of business which involve the likely disclosure of exempt information as defined in the paragraphs of Part 1 of Schedule 12A of the Local Government Act 1972 (as amended) indicated below’.

PART TWO

10. Exempt Minutes of the Meeting held on 6 December 2022 (Exemption paragraph 3) (Pages 93 - 98)

11. Independent Advisors - Verbal update (Exemption paragraph 3)

12. Pension Fund Performance and Manager Monitoring for the quarter ended 31 December 2022 (Exemption paragraph 3) (Pages 99 - 114)

Portfolio Evaluation report for the quarter ended 31 December 2022 attached for information.

13. Economic and market update (Exemption paragraph 3) (Pages 115 - 130)

Presentation by Hymans Robertson

14. Strategic Asset Allocation - Implementation Update (Exemption paragraph 3) (Pages 131 - 150)

Presentation by Hymans Robertson

15. Strategic Asset Allocation – Quarterly update (Exemption paragraph 3) (Pages 151 - 160)

Report for the Director of Finance

16. Property update (Exemption paragraph 3)

a) Property update (Pages 161 - 186)
Presentation and Report by Colliers Global Investors

b) Confirmation of action taken by the Director of finance (Pages 187 - 188)
Report for the Director of Finance

Membership	
Philip Atkins, OBE Mike Davies Colin Greateorex	Mike Sutherland (Chair) Stephen Sweeney

Notes for Members of the Press and Public

Recording by Press and Public

Recording (including by the use of social media) by the Press and Public is permitted from the public seating area provided it does not, in the opinion of the chairman, disrupt the meeting.

Minutes of the Pensions Panel Meeting held on 6 December 2022

Present: Mike Sutherland (Chair)

Attendance	
Philip Atkins, OBE	Colin Greatorex
Mike Davies	

Also in attendance: Corrina Bradley (Employer Representative),
Iain Campbell (Hymans Robertson) and Philip Pearson (Hymans Robertson)

Apologies: Carolan Dobson and Stephen Sweeney

PART ONE

72. Declarations of Interest

There were no declarations of interest on this occasion.

73. Minutes of meeting held on 6 September 2022

Resolved – that the minutes of the meeting of the Pensions Panel held on 6 September 2022 be confirmed and signed by the Chairman.

74. Dates of future meetings

Tuesday 7 March 2023 – 9.30am at County Buildings, Stafford.

75. Staffordshire Pension Fund Performance and Portfolio of Investments at 30 September 2022

The Deputy Chief Executive and Director for Corporate Services submitted a summary of the performance of the Staffordshire Pension Fund, together with a portfolio of the Fund's investments as at 30 September 2022.

Financial markets were reported to have recently stabilised following intervention by the Bank of England early in the quarter to address volatility caused by the mini budget.

The Fund was valued at £6.3 billion as at 30 September 2022, having outperformed its Strategic Asset Allocation benchmark by 1% over the quarter. Members acknowledged the likelihood of more volatile market conditions in the foreseeable future, expressing the view that a policy of diversification had placed the Fund in a strong position to withstand future pressures.

Resolved – That the Pension Fund investment performance and the portfolio of investments for the quarter ended 30 September 2022 be noted.

76. Responsible Investment & Engagement (RI&E) Report Quarter 2 2022/23

The Panel received a summary of Investment Managers' activity during Quarter 2 in fulfilment of their corporate governance and socially responsible investment obligations. The report was accompanied by the Climate Stewardship Plan 2022/23, the Local Authority Pension Fund Forum (LAPFF) Quarterly Engagement Report and the LGPS Central Quarterly Stewardship Update.

Members were reminded of arrangements to hold a special meeting of the Panel on 14 February 2023 to focus solely on Responsible Investment.

Resolved – that the Quarter 2 update be noted and Responsible Investment be discussed in depth at the special Panel meeting.

77. Exclusion of the Public

Resolved - That the public be excluded from the meeting for the following items of business which involve the likely disclosure of exempt information as defined in the paragraph of Part One of Schedule 12A of the Local Government Act 1972 (as amended) indicated below.

The Panel then proceeded to consider reports on the following issues:

78. Exempt Minutes of the Meeting held on 6 September 2022 (Exemption paragraph 3)

79. Staffordshire Pension Fund Performance and Manager monitoring for the quarter ended 30 September 2022 (Exemption Paragraph 3)

80. Strategic Asset Allocation Review and Monitoring (Exemption Paragraph 3)

- a) Economic and Market Update
- b) Review of position at 30 September 2022
- c) Equity Portfolio Review

81. Infrastructure (Exemption Paragraph 3)

Chair

Local Members Interest	
NIL	

PENSIONS PANEL – 7 MARCH 2023

Report of the Director of Finance

ANNUAL INVESTMENT STRATEGY FOR PENSION FUND CASH 2023/24

Recommendation of the Chairman

1. That the Pensions Panel approves the Staffordshire Pension Fund's ('the Fund'), Annual Investment Strategy (AIS) for the investment of internally managed cash.

Reasons for recommendations

2. Administering authorities were required to formulate a policy for the investment of Pension Fund cash by the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009; as a result, the Fund produced a separate AIS for its cash balances. The more recent 2016 regulations, infer policies for Pension Fund cash should form part of the Investment Strategy Statement (ISS). However, the Fund considers it good practice to continue preparing a separate AIS for cash balances, with reference made to it within the ISS.
3. The AIS for the Fund is prepared on the same principles as the AIS for Staffordshire County Council (SCC), which follows the Chartered Institute of Public Finance & Accountancy (CIPFA) Treasury Management Code of Practice and the Ministry of Housing, Communities and Local Government's (now referred to as Department for Levelling up, Communities and Local Government - DLUHC) Guidance on Local Government Investments.

Background

4. The Fund has a small strategic asset allocation to cash of 1.0%, recognising that cash balances are needed for the day to day management of the Fund. This cash is managed by Officers in the County Council's Treasury and Pension Fund Team, to provide liquidity and pay bills as they arise. The management of this cash will continue to remain with the Fund and will not be transferred to LGPS Central Limited, under the LGPS pooling agenda.
5. Cash does increase from time to time, pending investment in other major asset classes e.g. property, infrastructure and private debt. The proposed AIS will therefore need to allow for such situations occurring. The Pensions Panel

will also need to review the Fund's Strategic Asset Allocation benchmark to cash on a quarterly basis, together with any associated ranges.

6. The AIS does not deal with the segregated, relatively small cash balances held by the Fund's custodian (Northern Trust) or with cash arising from occasional transition activity. Overnight, Northern Trust sweep funds into their "AAA" rated Money Market Funds (MMF's). Also, the AIS does not deal with the small working cash balances held by the Fund's property manager (Colliers), which are required for the efficient management of this part of the Fund's investment portfolio.

AIS for Pension Fund Cash 2023/24

Objectives

7. The Fund's AIS requires it to invest cash prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The objective when investing cash is to strike an appropriate balance between risk and return, thereby minimising the risk of incurring losses from defaults but also taking into account the risk of receiving unsuitably low investment income.
8. The 1.0% allocation to cash will by its nature need to be kept short-term. To accommodate balances exceeding this allocation, the investment limit for existing cash investment counterparties may need to be increased temporarily. If balances are higher longer-term, pending investment in other asset classes, investments may need to be considered that recognise their longer-term nature. For the past few years, longer-term cash requirements have been fulfilled by using 'cash-plus' MMF's (see **paragraph 31**).
9. To allow for the practical management of the treasury transactions each day, it is proposed that the change in operational investment limits and the choice over the investments made is delegated to the Director of Finance who chairs the SCC Treasury Management Panel. Outside of this, the Pensions Panel will need to assess any specific requirements and consider any changes that may be required to the AIS.

Credit Outlook

10. Changes in legislation in recent years have made investing with banks and building societies riskier for local authorities and for the Fund, which is classified as a local authority under regulations. Under the Bank Recovery and Resolution Directive (BRRD) introduced in 2015, a failing bank will need to be 'bailed-in' by current investors instead of there being a 'bail out' by government. The risk of loss for local authorities in a bail-in situation is much greater, as any unsecured fixed-term deposits would be ranked near the bottom of the capital structure and would be one of the first to suffer losses.
11. Ring-fencing legislation adopted by UK financial regulators has also affected the creditworthiness of the larger UK banks, as it has forced them to separate their core retail banking activity from the rest of their business i.e. investment

banking. The aim is to protect retail banking activity from unrelated risks elsewhere in the banking group, which is what occurred during the global financial crisis. Credit rating agencies have adjusted the ratings of some of these banks, with the ringfenced banks generally being better rated than their non-ringfenced counterparts.

12. The credit ratings for many UK institutions were downgraded on the back of downgrades to the UK sovereign rating post Brexit. Credit conditions more generally though in banks and building societies have tended to be relatively benign, despite the impact of global geo-political factors. Looking forward, the potential for bank losses to be greater than expected remains a risk; the UK is potentially entering a recession, global economic factors are cause for concern and the ongoing war in Ukraine all suggest a cautious approach to bank deposits in 2023/24 remains advisable.
13. Under normal circumstances, where the Fund is fully invested, there is forecast to be a lower level of cash and it is considered unlikely that the Pension Fund will need to invest directly in banks or building societies, thus reducing the risks outlined above.

Guidance

14. DLHUC Guidance on Local Government Investments specifies the types of financial instruments that local authorities can invest in. The Fund's AIS has followed SCC's AIS in dividing investments between Standard and Non-Standard Investment categories.

Standard Investments

15. These are operational investments that are made with approved counterparties and do not require further approval from the Director of Finance, as Chair of the Treasury Management Panel, or this Pensions Panel. These investments tend to be for a period of less than a year and are the most frequently used. In the case of the Pension Fund, standard investments are made with;
 - the UK Government – central government or local authority, parish council or community council;
 - short-term money market funds (MMFs) as per the criteria set out below; and
 - the Fund's banking provider – (currently Lloyds Bank).

(i) The UK Government

16. The Fund can invest in the UK Government by purchasing Treasury Bills (T-Bills) or short dated Gilts (Up to 1-year maturity in the case of Standard Investments). These are relatively secure, tradeable investments issued by the UK government, however, returns tend to be lower than those received elsewhere.
17. The other source of government investment for the Fund is via deposits with other local authorities. These can provide a higher return than T-Bills and Gilts

depending on the liquidity in the local authority lending market. Like central government investments, local government investments are not subject to bail in risk, although they are not completely without risk. The financial risks of a few local authorities have been well documented in the press over the last few years, so a maximum lending limit of £10 million per individual local authority has been imposed. In addition, any single investment transaction with a Local Authority is limited to £5 million meaning that in practice the £10 million limit must be made up of at least two separate investments. The County Council's Treasury Management Panel will continue to monitor the situation with regards local authority lending, taking advice from the County Council's treasury adviser where appropriate.

(ii) Money Market Funds (MMFs)

18. Money Market Funds have high credit quality and are pooled investment vehicles consisting of money market deposits and similar instruments. Short-term MMFs, that offer same day liquidity, can be used as an alternative to instant access bank accounts. MMFs have been used by the Fund for some time as they have tended to provide greater security and a higher yield than bank accounts.
19. The Fund will continue to consider short-term MMFs for investment. MMFs that meet the criteria listed below will be considered to have sufficiently high credit quality and be included on the Fund's Approved Lending List (see **Appendix 2**):
 - Diversified – MMFs invest across many different investments meaning they achieve more diversification than the Fund could achieve on its own account;
 - Short-term liquidity – cash can be accessed daily;
 - Ring-fenced assets – the investments are owned by investors and not the fund management company; and
 - Custodian – the investments are managed by an independent bank known as a custodian, who operates at arms-length from the fund management company.
20. Like all treasury instruments, MMFs do carry an element of risk:
 - The failure of one or more of an MMFs investments could lead to a run on MMFs, especially during a financial crisis, although the new MMF regulations do limit this risk to some extent; and
 - If the UK enters a recession, there is a possibility that the Bank Rate could reduce to near or below zero. This could mean interest earned from MMFs could become negative after the deduction of their fee. In this instance, the Fund could move monies to an alternative investment category.
21. The Fund currently has accounts open with 5 short-term MMFs. Additionally, the Fund invests in 2 'cash-plus' MMFs, which are detailed in the Non-Standard Investments section at **paragraph 31**.

(iii) The Fund's banking provider

22. The Fund's current banking provider is Lloyds Bank. Cash is invested with Lloyds Bank each night earning interest at a market rate; the maximum amount retained is detailed in the Approved Lending List (**Appendix 2**).
23. In respect of the bank ring-fencing legislation, referred to in **paragraph 11**, Lloyds Bank has a relatively small investment banking operation meaning that 97% of the bank's assets remain within the 'retail' bank ring-fence. The Fund's business with Lloyds Bank is within the 'retail' bank ring-fence (Lloyds Bank Plc) and does not form part of their investment banking operations (Lloyds Bank Corporate Markets).

Standard Investment diversification and duration

24. To ensure diversification, it is proposed that under normal circumstances, the maximum investment limit for each category of Standard Investment is as follows (see also **Appendix 2**).
- Short-term MMFs – by default, these are already invested across a large number of counterparties. The limit set reflects this and is set at 100% of total cash and £40 million per MMF.
 - UK Government – this is the lowest risk of all investment categories, so the investment limit is unlimited in totality, but a maximum lending limit of £10 million per individual local authority has been introduced due to the concerns expressed in **paragraph 17**.
 - The Fund's banking provider – recognising operational cash is required to be invested overnight with Lloyds Bank, a limit of £10 million has been set.
25. The Standard Investment arrangements set-out in this report are of short duration; investments in a short-term MMF or with the Fund's banking provider are liquid and available on same day notice. Other Standard Investments may be invested for up to 12 months but will typically be for periods up to six months.
26. To allow for the practical management of operational treasury transactions each day, it is proposed that the choice over investments made is delegated to the Director of Finance as Chair of the Treasury Management Panel and Treasury & Pension Fund Officers. This can include the use of additional approved counterparties or changes to investment levels and limits in categories where conditions demand such, and the amount of cash available to invest fluctuates.
27. The Fund's approved Lending List is shown at **Appendix 2**. The maximum recommended investment duration for 2023/24 sits within the definition of a Standard Investment which is to not invest for more than a year.

Non-Standard Investments

28. The Fund considers Non-Standard Investments as all other types of approved investment, that are not included as a Standard Investments i.e. those investments that are used less frequently for the Fund's cash allocation and require further approval.

29. The Non-Standard Investments proposed for use are listed below. Typically, these do not present any additional security risk to the investments within the Standard Investments category:
- Covered Bonds; issued by banks and building societies against mortgage assets and guaranteed by a separate group of companies. They are exempt from bail-in as their structure enables investors to have effective security over the mortgage assets, which can be sold if needed.
 - Repos (Repurchase Agreements); comprise the purchase of securities with the agreement to sell them back at a higher price in the future. Investments are exchanged for assets such as government bonds, which can be sold in the case of a loss.
 - UK Government Gilts; as described in **paragraph 16**, but with a maturity period of over 1 year.
 - Collective Investment Schemes; examples include property, equity and exchange traded funds (ETFs) which have different risk and return profiles to MMFs. Cash-plus MMFs are considered to be a collective investment scheme as they typically have a 3-5-day liquidity notice period.
30. Non-Standard Investments that are subject to market risk (this is the risk that the value of the investment can go down as well as up) would usually be held until maturity. At maturity the investment and accrued interest would be paid in full. However, some investments could be sold early if there were concerns over the borrower defaulting.

Current Non-Standard Investments

31. With the Fund experiencing higher cash balances in recent years, cash-plus MMFs have been invested in to enhance investment returns. Cash-plus MMFs are similar to short-term (same day) MMFs but typically have 3-5-day liquidity notice periods as they invest further along the yield curve. Cash-plus MMFs are usually structured as a variable net asset value (VNAV) MMF, where underlying assets are marked to market and the unit price fluctuates daily, hence a minimum 6-month investment period is recommended. The two cash-plus MMFs in which the Fund invests currently are detailed in the Approved Lending List at **Appendix 2**, along with their investment limit.
32. Decisions about any further use of Non-Standard investments, as detailed in **paragraph 31**, are delegated to the Director of Finance, as Chair of the Treasury Management Panel.

Non-Standard Investment diversification

33. Diversification of Non-Standard Investments is equally important, as it is with Standard Investments. The current Non-Standard cash-plus MMF investments have been treated comparably to short term MMFs and given an investment limit of £40 million each, as detailed in **Appendix 2**.
34. Changes to Non-Standard Investments limits will depend on the nature of the investment and the future forecast for Fund cash balances. These will be

judged on a case by case basis and approval delegated to the Director of Finance, as Chair of the Treasury Management Panel.

Risk

35. Cash is only a small component of the overall investments of the Fund and the wider aspects of risk are considered in the ISS, where cash forms a small part of the Strategic Asset Allocation.
36. Looking at cash in isolation, treasury management usually recognises that the two prime risk areas are security and liquidity. It is considered that focussing primarily on these two risks is appropriate for the Fund's relatively low 1.0% allocation to cash, for day to day cash management purposes. However, the AIS does provide the flexibility to consider higher yields using Non-Standard Investments.
37. Should the Pensions Panel decide to make a higher strategic allocation to cash at some point in the future, where seeking a higher return would become more important, the balance of risk and reward would need to be revisited and the AIS reviewed.

Review of Strategy

38. The main circumstances where a revised strategy would be prepared, include a significant change in;
 - the Fund's Strategic Asset Allocation;
 - the economic environment;
 - the financial risk environment; and
 - the regulatory environment.
39. Whilst the Pensions Panel will be responsible for approving any revised strategy, it may be necessary for action to be taken quickly. It is proposed that the responsibility for assessing the circumstances above and taking urgent action, remains with the County Treasurer (S151), as Chair of the Treasury Management Panel.

Rob Salmon
Director of Finance

Report Author

Tim Byford – Strategic Investment Manager
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Equalities implications: There are no equalities implications arising directly from this report.

Legal implications: There are no direct legal implications arising from this report.

Resource and Value for money implications: All resource and value for money implications are covered in the body of this report.

Risk implications: Risk is inherent in an AIS and is dealt with throughout the report.

Climate Change implications: There are no direct climate change implications arising from this report.

Health Impact Assessment Screening: There are no direct implications arising from this report

PENSIONS PANEL – 7 MARCH 2023

Staffordshire Pension Fund
Approved Lending List

Lending List – March 2023	
Standard Investments	Time limit
<i>UK Government (no maximum investment limit)</i>	
UK Government T-bills	6 months
UK Government Gilts	12 months
UK Local Authorities (£10m maximum investment limit per Local Authority)	12 months
<i>Banks</i>	
Lloyds Bank (£10m maximum investment limit)	call only
<i>Money Market Funds (MMFs) (maximum investment limit in each individual MMF is the lower of 50% of total cash or £40m)</i>	
Goldman Sachs	call only
Aviva	call only
Morgan Stanley	call only
HSBC	call only
Federated	call only
Non-Standard Investments	Time Limit
<i>Collective Investment Schemes (Cash-plus MMF's - maximum investment limit £30m)</i>	
Aberdeen Short Duration Fund	3 Days
Royal London Cash Plus Fund	3 Days

PENSIONS PANEL – 7 MARCH 2023

Report of the Director of Finance

PENSION FUND INVESTMENT PERFORMANCE 2022/23

Purpose of Report

1. To provide, for information;
 - (a) a summary of performance of the Staffordshire Pension Fund at 31 December 2022; and
 - (b) a portfolio of the Pension Fund's investments at 31 December 2022 (Appendix 1).

Performance Summary

2.

<u>Period</u>	<u>Fund</u> %	<u>Benchmark</u> %	<u>Relative</u> <u>Performance</u> %
June 2022 Quarter	-6.1	-6.4	+0.3
September 2022 Quarter	-0.4	-1.5	+1.0
December 2022 Quarter	2.0	0.3	+1.7
Year to date 2022/2023	-4.7	-7.5	+2.9
3. Global equities performed strongly over the final quarter of 2022, providing some relief after three previous quarters of negative returns. Investors reacted positively to signs that inflationary pressures may be easing and that central banks may begin to slow the pace of interest rate increases. There is also hope of a potential 'soft landing' in the US and Europe, with recession being either avoided or being short and shallow. The MSCI World Index rose 9.8% over the quarter with energy being the best performing sector.
4. In the US, the Federal Reserve (Fed) raised interest rates by 1.25% during the quarter. Inflation is still above the Fed target level, but with November data coming in below expectations, the US Dollar weakened against most major currencies.
5. In the UK, equity markets rose, with the FTSE 100 increasing by 8.68% over the third quarter of 2022/23 and inflation came in below expectations at 10.7%, though still well above the Bank of England (BoE) target. The BoE raised the bank rate to 3.5% during the quarter and Sterling strengthened by 8.17% against the US Dollar, after being weak for several quarters prior. 10-year Gilt yields fell from 4.08% to 3.66% over the quarter, following BoE

intervention and the new Chancellor Jeremy Hunt reversing much of the controversial September mini budget policy measures.

6. In Europe, equity markets outperformed other developed markets, rising 15.56% over the quarter. The European Central Bank (ECB) raised interest rates to 2.0% and indicated there would be further tightening to calm inflation. A drop in inflation from 10.6% in June, to 10.1% in November, gave hope that inflation may have peaked but it is still well above the 2% target. A warmer than average start to winter and reduced levels of consumption reduced fears of an energy crisis and fears of a deep recession in Europe have reduced.
7. Emerging market equities rose over 3% in the quarter, helped by the weakening US Dollar. China saw a surge in Covid-19 cases following a sudden reversal of its zero covid policy. This led to a disruption in production and demand, but has increased optimism over an increase in growth going forward.

Fund Market Value

8. The Fund had a market value of £6.4 billion as of 31 December 2022, an increase of £0.1 billion since 30 September 2022.
9. Over the quarter the Fund returned 2.0%, which was an outperformance of 1.7% versus the Fund's Strategic Asset Allocation benchmark return of 0.3%. The best performing asset classes relative to their benchmark were property and active global equities. Although property generated a negative return of -7.8% over the quarter, this was much better than the benchmark which had a negative return of -14.6% in the same period. The highest absolute returns were from UK equities, returning +8.9% over the quarter.
10. Longer term, the Fund has outperformed its Strategic Asset Allocation benchmark return over a 1, 3, 5 and 10-year period. Annualised returns over 10 years are 9.0% per annum, well above the investment return assumptions used by the Actuary as part of the triennial valuation.

Portfolio of Investments at 31 December 2022

11. A copy of the Staffordshire Pension Fund's portfolio of investments at 31 December 2022 is attached at Appendix 1.

Rob Salmon
Director of Finance

Contact: Tim Byford, Strategic Investment Manager
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Background Documents:
Portfolio Evaluation Performance Measurement Data



Staffordshire
Pension Fund
Local Government Pension Scheme

Investment Portfolio

31 December 2022



STAFFORDSHIRE PENSION FUND

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STAFFORDSHIRE PENSION FUND
PORTFOLIO ANALYSIS AS AT 31 DECEMBER 2022

		<u>PREVIOUS QUARTER</u> <u>MARKET VALUE</u> £	<u>CURRENT QUARTER</u> <u>BOOK COST</u> £	<u>CURRENT QUARTER</u> <u>MARKET VALUE</u> £
GLOBAL SUSTAINABLE	Equities	248,076,721.88	250,140,817.93	263,403,091.58
	Cash	4,407,180.84	5,219,395.60	5,219,395.60
GLOBAL ACTIVE	Equities	1,665,016,046.24	1,266,068,374.74	1,718,323,625.87
	Cash	9,743,580.01	16,592,181.13	16,592,181.13
GLOBAL PASSIVE	Equities	1,952,917,656.07	1,525,389,860.86	1,832,238,446.95
FACTOR BASED	Equities	234,553,653.47	218,608,485.74	244,415,860.17
REGULATORY CAPITAL (SHARE)		1,315,000.00	1,315,000.00	1,315,000.00
PRIVATE EQUITY		343,629,346.10	139,183,873.93	366,314,878.81
PRIVATE DEBT		305,519,726.25	306,345,904.32	330,951,913.38
PROPERTY		557,554,225.00	509,465,141.28	524,000,454.09
ALTERNATIVES	Hedge Funds	1,801,019.46	0.00	1,801,019.46
	Infrastructure	87,841,892.18	96,059,508.79	108,014,554.49
BONDS	Global Corporate Bonds	378,399,542.66	509,846,367.75	435,976,072.77
	Passive UK Index Linked Gilts	385,392,405.88	400,768,964.69	412,096,611.65
CASH	Central Cash Fund	142,593,979.95	167,397,683.50	167,397,683.50
	Regulatory Capital (Loan)	685,000.00	685,000.00	685,000.00
	Private Equity	7,525,979.28	9,476,699.05	9,476,699.05
	Private Debt	630.06	82,582.40	82,582.40
	Infrastructure	12,084.90	251,937.28	251,937.28
TRANSITION	Equities	0.71	0.00	0.66
	Cash	118,172.52	4,957.41	4,957.41
TOTAL INVESTMENTS		6,162,017,235.89	5,228,411,695.63	6,238,851,529.88
TOTAL CASH		165,086,607.56	194,491,040.77	199,710,436.37
TOTAL		6,327,103,843.45	5,422,902,736.40	6,438,561,966.25

STAFFORDSHIRE PENSION FUND

PORTFOLIO VALUATION

Funds - Impax Asset Management

Currency - Sterling

Report Date -

31-12-2022

		Cost £	Average Cost £	Market Price £	Market Value £	Unrealised Gain/Loss £
Holding						
EUROPE						
Denmark						
VESTAS WIND SYSTEM DKK0.20	111,802	<u>2,696,841.31</u>	24.12	24.11	<u>2,695,799.04</u>	<u>(1,042.27)</u>
France						
SCHNEIDER ELECTRIC EUR4.00	67,625	<u>9,074,457.89</u>	134.19	115.98	<u>7,843,067.32</u>	<u>(1,231,390.57)</u>
Germany						
EVOTEC SE NPV	70,137	2,082,260.88	29.69	13.54	949,594.84	(1,132,666.04)
HANNOVER RUECK SE ORD NPV(REGD)	57,065	7,364,863.38	129.06	164.58	9,391,832.99	2,026,969.61
SARTORIUS AG NON VTG PRF NPV	13,021	4,104,225.90	315.20	327.74	4,267,542.51	163,316.61
		<u>13,551,350.16</u>			<u>14,608,970.34</u>	<u>1,057,620.18</u>
Netherlands						
ASML HOLDING NV EUR0.09	10,786	4,690,835.13	434.90	446.99	4,821,200.63	130,365.50
KONINKLIJKE DSM NV EUR1.50	77,382	9,905,436.91	128.01	101.41	7,847,346.08	(2,058,090.83)
WOLTERS KLUWER EUR0.12	68,559	5,010,095.83	73.08	86.74	5,946,511.91	936,416.08
		<u>19,606,367.87</u>			<u>18,615,058.62</u>	<u>(991,309.25)</u>
Portugal						
JERONIMO MARTINS EUR1	300,937	<u>3,754,755.92</u>	12.48	17.90	<u>5,388,071.80</u>	<u>1,633,315.88</u>
Switzerland						
ALCON INC	167,971	9,811,332.85	58.41	56.77	9,535,615.56	(275,717.29)
LONZA GROUP AG CHF1 (REGD)	16,855	7,548,795.12	447.87	407.13	6,862,109.17	(686,685.95)
PARTNERS GROUP HLG CHF0.01 (REGD)	3,117	2,584,072.43	829.03	733.92	2,287,638.18	(296,434.25)
		<u>19,944,200.40</u>			<u>18,685,362.91</u>	<u>(1,258,837.49)</u>
TOTAL EUROPE		<u>68,627,973.55</u>			<u>67,836,330.03</u>	<u>(791,643.52)</u>
Japan						
KDDI CORP NPV	315,700	7,471,187.83	23.67	25.09	7,920,513.22	449,325.39
KEYENCE CORP NPV	20,600	6,785,764.26	329.41	323.97	6,673,855.18	(111,909.08)
KUBOTA CORP NPV	456,800	7,599,889.69	16.64	11.45	5,229,480.02	(2,370,409.67)
TOTAL JAPAN		<u>21,856,841.78</u>			<u>19,823,848.42</u>	<u>(2,032,993.36)</u>
ASIA PACIFIC (Ex Japan)						
Hong Kong						
AIA GROUP LTD NPV	922,200	<u>7,716,262.75</u>	8.37	9.25	<u>8,525,996.30</u>	<u>809,733.55</u>
TOTAL ASIA PACIFIC (Ex Japan)		<u>7,716,262.75</u>			<u>8,525,996.30</u>	<u>809,733.55</u>
North America						
United States						
ANALOG DEVICES INC COM	59,873	6,706,213.43	112.01	136.36	8,164,408.82	1,458,195.39
APPLIED MATERIALS INC COM	68,320	6,439,677.58	94.26	80.95	5,530,801.44	(908,876.14)
APTIV PLC COM USD	65,431	6,287,697.91	96.10	77.42	5,065,748.21	(1,221,949.70)
BECTON DICKINSON & CO COM	13,166	2,379,426.83	180.73	211.41	2,783,368.13	403,941.30
BOSTON SCIENTIFIC CORP COM	251,817	7,990,559.45	31.73	38.47	9,686,234.62	1,695,675.17
CADENCE DESIGN SYS INC COM	50,573	5,366,423.76	106.11	133.54	6,753,716.89	1,387,293.13
CINTAS CORP COM	23,145	7,768,538.27	335.65	375.44	8,689,620.11	921,081.84
COOPER COS INC COM NEW COM NEW	16,901	5,129,287.47	303.49	274.89	4,645,983.21	(483,304.26)
DANAHER CORP COM	23,689	4,106,941.82	173.37	220.65	5,226,979.68	1,120,037.86
EQUINIX INC COM PAR \$0.001	11,665	6,119,207.08	524.58	544.54	6,352,086.05	232,878.97
GLOBE LIFE INC COM	42,521	4,059,225.08	95.46	100.22	4,261,290.32	202,065.24
IQVIA HLDGS INC COM USD0.01	56,550	8,968,722.95	158.60	170.33	9,632,162.72	663,439.77
LINDE PLC COM USD0.001	38,643	7,948,119.30	205.68	271.16	10,478,487.57	2,530,368.27
MASTERCARD INC CL A	35,372	9,472,431.11	267.79	289.08	10,225,209.52	752,778.41
MICROSOFT CORP COM	55,548	10,567,781.52	190.25	199.37	11,074,503.49	506,721.97
TE CONNECTIVITY LTD	53,753	4,997,518.21	92.97	95.44	5,129,972.47	132,454.26
THERMO FISHER CORP	21,078	7,606,982.33	360.90	457.80	9,649,549.30	2,042,566.97
UNITED RENTALS INC COM	15,842	4,066,456.17	256.69	295.47	4,680,823.99	614,367.82
VERTEX PHARMACEUTICALS INC COM	22,001	3,417,844.73	155.35	240.07	5,281,775.92	1,863,931.19
VISA INC COM CL A STK	31,375	5,049,446.63	160.94	172.72	5,418,962.06	369,515.43
		<u>124,448,501.63</u>			<u>138,731,684.52</u>	<u>14,283,182.89</u>
TOTAL NORTH AMERICA		<u>124,448,501.63</u>			<u>138,731,684.52</u>	<u>14,283,182.89</u>
EMERGING MARKETS						
India						
ADR HDFC BK LTD ADR REPSTG 3 SHS	157,046	<u>7,763,704.23</u>	49.44	56.87	<u>8,931,345.89</u>	<u>1,167,641.66</u>
TOTAL EMERGING MARKETS		<u>7,763,704.23</u>			<u>8,931,345.89</u>	<u>1,167,641.66</u>
UNITED KINGDOM						
ASHTAD GROUP ORD GBP0.10	62,550	2,881,447.53	46.07	47.20	2,952,360.00	70,912.47
CRODA INTL ORD GBP0.10609756	78,539	5,293,648.98	67.40	66.04	5,186,715.56	(106,933.42)
LEGAL & GENERAL GP ORD GBP0.025	2,176,140	5,621,097.66	2.58	2.50	5,429,469.30	(191,628.36)
UNILEVER PLC ORD GBP 0.031111	143,932	5,931,339.82	41.21	41.58	5,985,341.56	54,001.74
TOTAL UNITED KINGDOM		<u>19,727,533.99</u>			<u>19,553,886.42</u>	<u>(173,647.57)</u>
Total Investments		250,140,817.93			263,403,091.58	13,262,273.65
Cash Balance		5,219,395.60			5,219,395.60	
Total Value of Portfolio		<u>255,360,213.53</u>			<u>268,622,487.18</u>	

STAFFORDSHIRE PENSION FUND

PORTFOLIO VALUATION

Funds - JP Morgan Asset Management,
Longview Partners (Global Equity)

Currency - Sterling

Report Date -

31-12-2022

		Cost £	Average Cost £	Market Price £	Market Value £	Unrealised Gain/Loss £
Holding						
EUROPE						
Denmark						
CARLSBERG SER'B'DKK20	9,912	1,188,186.89	119.87	110.15	1,091,763.87	(96,423.02)
D/S NORDEN DKK1	27,738	1,015,386.73	36.61	49.87	1,383,321.27	367,934.54
NOVO-NORDISK AS DKK0.2 SERIES'B'	24,670	1,859,243.58	75.36	111.91	2,760,855.12	901,611.54
		4,062,817.20			5,235,940.26	1,173,123.06
France						
BNP PARIBAS EUR2	59,944	2,147,224.81	35.82	47.25	2,832,056.79	684,831.98
LVMH MOET HENNESSY LOUIS VUITTON SE EUR0.30	9,666	5,208,970.37	538.90	603.23	5,830,804.19	621,833.82
SANOFI EUR2	148,800	9,042,688.11	60.77	79.71	11,860,672.11	2,817,984.00
TOTALENERGIES SE	104,288	3,236,485.00	31.03	52.04	5,426,739.58	2,190,254.58
VINCI EUR2.50	33,884	2,659,824.05	78.50	82.77	2,804,570.69	144,746.64
		22,295,192.34			28,754,843.36	6,459,651.02
Germany						
ALLIANZ SE NPV(REGD)(VINKULIERT)	12,945	2,288,736.60	176.80	178.24	2,307,377.31	18,640.71
DR. ING. H.C. F. NON-VTG PRF NPV	30,627	2,264,332.57	73.93	84.07	2,574,662.47	310,329.90
MERCEDES-BENZ GROUP AG	28,921	1,100,872.21	38.06	54.48	1,575,499.62	474,627.41
RWE AG NPV	101,290	3,149,080.57	31.09	36.90	3,737,593.94	588,513.37
		8,803,021.95			10,195,133.34	1,392,111.39
Ireland						
ACCENTURE PLC SHS CL A NEW	19,004	4,906,729.85	258.19	221.83	4,215,667.92	(691,061.93)
Italy						
AZIMUT HLDG S.P.A NPV	69,513	1,526,485.38	21.96	18.57	1,290,838.43	(235,646.95)
CNH INDUSTRIAL NV COM EUR0.01	234,752	2,674,393.54	11.39	13.28	3,116,898.41	442,504.87
STELLANTIS N.V COM EUR0.01	181,336	1,296,138.63	7.15	11.77	2,134,969.03	838,830.40
		5,497,017.55			6,542,705.87	1,045,688.32
Netherlands						
ADYEN NV EUR0.01	752	1,066,174.00	1,417.78	1,143.11	859,617.37	(206,556.63)
ASML HOLDING NV EUR0.09	11,985	4,643,700.82	387.46	446.99	5,357,137.91	713,437.09
ASR NEDERLAND NV EUR0.16	49,797	1,899,858.35	38.15	39.35	1,959,446.59	59,588.24
HEINEKEN NV EUR1.60	148,200	11,462,910.50	77.35	77.97	11,555,131.10	92,220.60
ING GROEP N.V. EUR0.01	231,517	1,609,687.54	6.95	10.10	2,339,197.93	729,510.39
KON AHOLD DELHAIZE EUR0.01	147,701	3,195,618.11	21.64	23.81	3,517,244.61	321,626.50
WOLTERS KLUWER EUR0.12	102,692	7,201,548.79	70.13	86.74	8,907,061.08	1,705,512.29
		31,079,498.11			34,494,836.59	3,415,338.48
Norway						
EQUINOR ASA NOK2.50	156,354	3,263,981.26	20.88	29.69	4,641,890.98	1,377,909.72
Spain						
IBERDROLA SA EUR0.75	324,109	3,261,144.09	10.06	9.70	3,143,025.31	(118,118.78)
Sweden						
BOLIDEN AB NPV	16,928	627,967.39	37.10	31.22	528,425.23	(99,542.16)
NORDEA BANK ABP NPV	140,662	1,302,229.57	9.26	8.91	1,253,359.73	(48,869.84)
		1,930,196.96			1,781,784.96	(148,412.00)
Switzerland						
JULIUS BAER GRUPPE CHF0.02 (REGD)	26,770	1,271,564.51	47.50	48.40	1,295,536.12	23,971.61
NESTLE SA CHF0.10(REGD)	66,384	5,764,948.51	86.84	96.27	6,390,721.08	625,772.57
ROCHE HLDGS AG GENUSSSCHEINE NPV	23,353	5,793,410.89	248.08	261.02	6,095,700.49	302,289.60
UBS GROUP AG CHF0.10 (REGD)	148,621	1,406,724.26	9.47	15.46	2,297,574.81	890,850.55
ZURICH INSURANCE GROUP AG CHF0.10	9,342	2,649,295.73	283.59	397.42	3,712,714.95	1,063,419.22
		16,885,943.90			19,792,247.45	2,906,303.55
TOTAL EUROPE		101,985,543.21			118,798,076.04	21,719,262.68
Japan						
DENTSU GROUP INC NPV	43,000	1,267,088.51	29.47	26.12	1,122,976.00	(144,112.51)
DEXTERIALS CORP NPV	31,200	621,410.11	19.92	16.07	501,270.63	(120,139.48)
FUJIKURA NPV	95,400	649,112.93	6.80	6.33	603,475.40	(45,637.53)
HITACHI ZOSEN Y50	127,000	653,333.51	5.14	5.20	660,938.81	7,605.30
ITOCHU CORP NPV	136,500	1,874,329.09	13.73	26.12	3,565,655.94	1,691,326.85
KAMIGUMI CO LTD NPV	84,100	1,265,476.81	15.05	16.93	1,423,774.30	158,297.49
KDDI CORP NPV	68,000	1,566,246.02	23.03	25.09	1,706,033.89	139,787.87
MARUBENI CORP NPV	75,400	607,656.36	8.06	9.55	719,716.51	112,060.15
DAEWOO MOTOR CO NPV	505,400	1,758,703.12	3.48	3.21	1,623,988.31	(134,714.81)
DAEWOO & CO LTD NPV	26,500	637,124.33	24.04	24.28	643,313.06	6,188.73
NGK SPARK PLUG CO NPV	114,800	1,847,298.19	16.09	15.37	1,764,132.39	(83,165.80)
NIPPON TELEGRAPH & TELEPHONE CORP NPV	138,400	2,512,999.72	18.16	23.70	3,280,442.03	767,442.31
NOMURA RL EST INC NPV	60,100	1,055,167.73	17.56	17.83	1,071,614.04	16,446.31
ORIX CORP NPV	212,800	2,700,831.73	12.69	13.35	2,840,387.40	139,555.67
SANKYO CO LTD NPV	40,500	1,004,536.62	24.80	33.90	1,372,823.75	368,287.13
SHIMADZU CO NPV	16,800	1,297,462.71	77.23	82.54	1,386,621.93	89,159.22
SOFTBANK CORP NPV	109,500	1,146,408.80	10.47	9.38	1,026,584.11	(119,824.69)
SONY GROUP CORPORA NPV	44,100	3,250,438.23	73.71	63.23	2,788,261.18	(462,177.05)
SUMITOMO MITSUI FINANCIAL GROUP NPV	70,900	1,703,833.72	24.03	33.37	2,365,765.52	661,931.80
SUMITOMO WAREHOUSE CO LTD NPV	90,200	1,214,439.72	13.46	12.33	1,112,179.41	(102,260.31)
TOKIO MARINE HOLDINGS INC NPV	64,500	946,886.66	14.68	17.81	1,149,052.35	202,165.69
		29,580,784.62			32,729,006.96	3,148,222.34

STAFFORDSHIRE PENSION FUND

PORTFOLIO VALUATION

**Funds - JP Morgan Asset Management,
Longview Partners (Global Equity)**

Currency - Sterling

Report Date -

31-12-2022

	Holding	Cost £	Average Cost £	Market Price £	Market Value £	Unrealised Gain/Loss £
ASIA PACIFIC (Ex Japan)						
Australia						
BHP GROUP LIMITED	52,694	1,334,931.97	25.33	25.72	1,355,525.89	20,593.92
ILUKA RESOURCES NPV	149,376	550,358.89	3.68	5.37	802,545.95	252,187.06
JB HI-FI NPV	88,746	1,715,274.73	19.33	23.65	2,098,828.41	383,553.68
METCASH LIMITED NPV	929,365	2,051,667.57	2.21	2.24	2,085,285.71	33,618.14
QANTAS AIRWAYS NPV	544,830	1,870,705.46	3.43	3.39	1,845,999.87	(24,705.59)
WOODSIDE ENERGY NPV	9,521	159,638.78	16.77	19.98	190,227.13	30,588.35
		7,682,577.40			8,378,412.96	695,835.56
Hong Kong						
AIA GROUP LTD NPV	665,800	5,522,826.32	8.30	9.25	6,155,506.76	632,680.44
Singapore						
DBS GROUP HLDGS NPV	94,300	1,597,489.29	16.94	21.02	1,982,642.48	385,153.19
UTD O/S BANK NPV	296,900	4,215,056.62	14.20	19.03	5,649,700.74	1,434,644.12
		5,812,545.91			7,632,343.22	1,819,797.31
TOTAL ASIA PACIFIC (Ex Japan)		19,017,949.63			22,166,262.94	3,148,313.31
North America						
Canada						
BOMBARDIER INC	62,281	2,019,979.30	32.43	32.07	1,997,354.80	(22,624.50)
GEORGE WESTON COM NPV	27,774	2,104,643.75	75.78	103.07	2,862,654.94	758,011.19
IMPERIAL OIL COM NPV	19,284	615,572.26	31.92	40.46	780,295.43	164,723.17
LOBLAWS COS LTD COM NPV	10,940	659,970.89	60.33	73.45	803,583.80	143,612.91
NATL BK OF CANADA COM NPV	56,472	2,324,700.09	41.17	55.97	3,160,952.61	836,252.52
ROYAL BK OF CANADA COM NPV	57,385	3,612,164.08	62.95	78.10	4,482,021.45	869,857.37
SUNCOR ENERGY INC COM NPV 'NEW'	32,213	838,748.63	26.04	26.35	848,870.58	10,121.95
TFI INTERNATIONAL COM NPV	32,963	1,001,484.14	30.38	83.20	2,742,619.67	1,741,135.53
		13,177,263.14			17,678,353.28	4,501,090.14
United States						
ABBVIE INC COM USD0.01	59,758	3,593,658.78	60.14	134.35	8,028,505.76	4,434,846.98
ADOBE SYS INC COM	3,033	1,063,225.20	350.55	279.77	848,528.89	(214,696.31)
AGILENT TECHNOLOGIES INC COM	43,428	3,877,369.20	89.28	124.41	5,402,776.34	1,525,407.14
AIRBNB INC CL A COM USD0.0001 CL A	20,363	1,728,159.23	84.87	71.08	1,447,365.83	(280,793.40)
ALPHABET INC CAP STK USD0.0001 CL C	218,594	7,572,722.45	34.64	73.76	16,124,236.43	8,551,513.98
ALPHABET INC CAPITAL STOCK USD0.0001 CL A	161,260	8,760,709.61	54.33	73.35	11,828,056.05	3,067,346.44
AMAZON COM INC COM	157,739	10,796,776.85	68.45	69.83	11,015,109.23	218,332.38
AMDOCS ORD GBP0.01	36,286	2,402,262.53	66.20	75.57	2,742,037.68	339,775.15
AMERICAN EXPRESS CO	96,955	7,511,474.41	77.47	122.83	11,908,803.77	4,397,329.36
AMERIPRISE FINL INC COM	5,931	1,258,299.58	212.16	258.85	1,535,235.94	276,936.36
AMGEN INC COM	7,377	959,643.53	130.09	218.34	1,610,686.77	651,043.24
AON PLC	50,200	1,973,987.29	39.32	249.51	12,525,585.46	10,551,598.17
APPLE INC COM STK	216,337	7,020,899.84	32.45	108.01	23,367,415.47	16,346,515.63
APPLIED MATERIALS INC COM	22,919	2,065,310.30	90.11	80.95	1,855,392.83	(209,917.47)
ARAMARK COM	79,193	2,496,735.88	31.53	34.37	2,721,621.37	224,885.49
AUTODESK INC COM	18,167	2,964,592.37	163.19	155.35	2,822,235.44	(142,356.93)
BANK NEW YORK MELLON CORP COM STK	332,500	8,390,908.90	25.24	37.84	12,582,424.76	4,191,515.86
BANK OF AMERICA CORP	192,913	3,192,842.58	16.55	27.53	5,311,562.08	2,118,719.50
BECTON DICKINSON & CO COM	56,902	10,139,013.86	178.18	211.41	12,029,410.09	1,890,396.23
BERRY GLOBAL GROUP INC COM USD0.01	90,195	4,156,980.75	46.09	50.24	4,531,119.29	374,138.54
BLOCK H & R INC COM	66,318	1,664,099.27	25.09	30.35	2,012,860.57	348,761.30
BOOKING HLDGS INC COM	7,543	11,503,086.03	1,525.00	1,675.35	12,637,173.31	1,134,087.28
BORG WARNER INC COM	18,332	639,626.35	34.89	33.46	613,403.39	(26,222.96)
BOX INC CL A CL A	100,349	1,967,300.12	19.60	25.88	2,596,944.14	629,644.02
BRISTOL MYERS SQUIBB CO COM	92,890	4,325,896.47	46.57	59.81	5,556,101.87	1,230,205.40
BUILDERS FIRSTSOURCE INC COM STK	48,172	2,710,377.66	56.26	53.94	2,598,220.22	(112,157.44)
CDW CORP COM	83,902	11,543,102.80	137.58	148.46	12,455,913.14	912,810.34
CF INDS HLDGS INC COM	11,297	617,574.50	54.67	70.83	800,153.23	182,578.73
CHARTER COMMUNICATIONS INC NEW CL A CL A	25,102	5,971,116.29	237.87	281.90	7,076,305.17	1,105,188.88
CHUBB LTD ORD CHF24.15	7,467	1,301,740.19	174.33	183.39	1,369,374.07	67,633.88
CIGNA GROUP COM	13,600	2,760,360.08	202.97	275.45	3,746,133.20	985,773.12
COCA COLA CO COM	94,150	4,862,313.28	51.64	52.88	4,978,702.30	116,389.02
COMMVAULT SYS INC COM STK	16,650	921,431.20	55.34	52.24	869,802.90	(51,628.30)
CONOCOPHILLIPS COM	35,222	1,062,907.00	30.18	98.10	3,455,146.44	2,392,239.44
CSX CORP COM STK	132,682	2,615,148.91	19.71	25.75	3,417,148.57	801,999.66
CULLEN / FROST BANKERS INC COM	6,011	636,109.89	105.82	111.15	668,110.93	32,001.04
DEERE & CO COM	11,077	2,787,058.56	251.61	356.44	3,948,270.12	1,161,211.56
DROPBOX INC CL A CL A	137,608	3,087,977.17	22.44	18.61	2,560,201.83	(527,775.34)
EATON CORP PLC COM USD0.50	40,374	3,417,022.41	84.63	130.48	5,267,851.67	1,850,829.26
EBAY INC COM USD0.001	43,211	1,103,384.01	25.53	34.48	1,489,699.91	386,315.90
ELEVANCE HEALTH INC	12,247	3,621,199.05	295.68	426.44	5,222,664.45	1,601,465.40
ELI LILLY & CO COM	23,378	3,475,046.45	148.65	304.13	7,109,989.87	3,634,943.42
ENPHASE ENERGY INC COM	6,428	1,616,682.16	251.51	220.27	1,415,880.57	(200,801.59)
EOG RESOURCES INC COM	39,660	1,517,360.87	38.26	107.67	4,270,315.71	2,752,954.84
EQUITABLE HLDGS INC COM	26,752	621,695.07	23.24	23.86	638,276.11	16,581.04
EXPEDIA GROUP INC COM USD0.001	17,572	2,564,825.37	145.96	72.82	1,279,663.37	(1,285,162.00)
EXXON MOBIL CORP COM	70,404	3,002,022.20	42.64	91.70	6,455,699.19	3,453,676.99
FAIR ISAAC CORPORATION COM	5,397	2,659,501.76	492.77	497.61	2,685,623.07	26,121.31
FISERV INC COM	139,010	9,356,185.03	67.31	84.02	11,679,889.88	2,323,704.85
FREEMPORT-MCMORAN INC	87,961	2,305,425.17	26.21	31.59	2,778,716.20	473,291.03
GARTNER INC COM	2,736	666,553.22	243.62	279.44	764,551.47	97,998.25
GEN DIGITAL INC COM USD0.01	137,075	2,678,274.29	19.54	17.82	2,442,029.27	(236,245.02)
GENERAL MILLS INC COM	9,023	637,891.49	70.70	69.71	628,962.08	(8,929.41)
GODADDY INC CL A CL A	21,274	1,269,031.88	59.65	62.20	1,323,235.97	54,204.09
GRAINGER W W INC COM	5,475	991,390.97	181.08	462.42	2,531,771.97	1,540,381.00
HARTFORD FINL SVCS GROUP INC COM	11,328	643,073.04	56.77	63.04	714,109.38	71,036.34
HCA HEALTHCARE INC COM	70,550	2,597,068.30	36.81	199.48	14,073,635.87	11,476,567.57
HENRY SCHEIN INC COMMON STOCK	191,509	7,867,631.91	41.08	66.40	12,715,788.98	4,848,157.07
HOLOGIC INC COM	12,499	647,816.65	51.83	62.19	777,329.88	129,513.23
HOME DEPOT INC COM	22,278	5,741,008.73	257.70	262.58	5,849,803.39	108,794.66
INFOSYS LIMITED ADR	204,459	1,483,642.84	7.26	14.97	3,061,190.69	1,577,547.85

STAFFORDSHIRE PENSION FUND

PORTFOLIO VALUATION

Funds - JP Morgan Asset Management,
Longview Partners (Global Equity)

Currency - Sterling

Report Date -

31-12-2022

	Holding	Cost £	Average Cost £	Market Price £	Market Value £	Unrealised Gain/Loss £
IQVIA HLDGS INC COM USD0.01	71,041	6,617,363.86	93.15	170.33	12,100,415.06	5,483,051.20
IRONWOOD PHARMACEUTICALS INC COM CL A	265,479	2,627,971.96	9.90	10.30	2,734,462.16	106,490.20
JABIL INC COM USD0.001	12,575	630,717.29	50.16	56.70	712,956.13	82,238.84
L3HARRIS TECHNOLOGIES INC COM	50,178	6,906,572.02	137.64	173.09	8,685,310.92	1,778,738.90
LAM RESH CORP COM	14,205	2,343,654.94	164.99	349.41	4,963,306.18	2,619,651.24
LANTHEUS HLDGS INC COM	36,479	2,324,281.57	63.72	42.36	1,545,406.67	(778,874.90)
LINDE PLC COM USD0.001	12,485	2,931,865.46	234.83	271.16	3,385,449.30	453,583.84
LKQ CORP COM LKQ CORP	43,244	1,894,004.53	43.80	44.40	1,920,078.02	26,073.49
LOUISIANA-PACIFIC CORP COM	49,055	2,300,395.22	46.89	49.21	2,414,212.12	113,816.90
MARSH & MCLENNAN CO'S INC COM	85,720	8,721,270.24	101.74	137.57	11,792,288.99	3,071,018.75
MASTERCARD INC CL A	25,452	5,083,547.64	199.73	289.08	7,357,571.89	2,274,024.25
MCKESSON CORP	15,111	1,520,732.37	100.64	311.85	4,712,310.12	3,191,577.75
MEDTRONIC PLC COMMON STOCK STOCK	29,438	2,605,239.70	88.50	64.61	1,902,004.46	(703,235.24)
MEDTRONIC PLC COMMON STOCK STOCK	180,030	11,474,882.07	63.74	64.61	11,631,831.77	156,949.70
META PLATFORMS INC	17,550	2,101,929.06	119.77	100.04	1,755,729.34	(346,199.72)
MICROSOFT CORP COM	116,184	9,278,373.02	79.86	199.37	23,163,392.27	13,885,019.25
MICROSOFT CORP COM	56,425	11,527,152.78	204.29	199.37	11,249,349.38	(277,803.40)
MOODYS CORP COM	50,267	12,635,276.91	251.36	231.62	11,643,021.34	(992,255.57)
MORGAN STANLEY COM STK USD0.01	81,392	2,595,800.75	31.89	70.68	5,752,720.31	3,156,919.56
MR COOPER GROUP INC COM USD0.01	78,812	3,072,171.10	38.98	33.36	2,629,250.39	(442,920.71)
NETAPP INC COM STK	44,580	2,740,384.48	61.47	49.93	2,225,849.68	(514,534.80)
NEUROCRINE BIOSCIENCES INC COM	7,147	652,360.38	91.28	99.29	709,649.69	57,289.31
NEXSTAR MEDIA GROUP INC COMMON STOCK	3,876	634,634.55	163.73	145.51	563,983.89	(70,650.66)
NEXTERA ENERGY INC COM	48,592	2,827,524.23	58.19	69.50	3,377,081.11	549,556.88
NIKE INC CL B	54,523	5,240,682.39	96.12	97.27	5,303,629.31	62,946.92
NVIDIA CORP COM	51,957	6,497,774.90	125.06	121.49	6,312,241.54	(185,533.36)
NXP SEMICONDUCTORS N V COM STK	21,159	2,919,424.37	137.98	131.37	2,779,746.02	(139,678.35)
OLD DOMINION FREIGHT LINE INC COM	10,988	1,673,666.42	152.32	235.91	2,592,214.13	918,547.71
OMNICOM GROUP INC COM	9,695	635,128.27	65.51	67.81	657,428.78	22,300.51
ORACLE CORP COM	200,800	5,029,494.21	25.05	67.95	13,644,850.47	8,615,356.26
PALO ALTO NETWORKS INC COM USD0.0001	41,799	3,563,682.04	85.26	116.00	4,848,808.69	1,285,126.65
PENSKE AUTOMOTIVE GROUP INC COM STK	23,758	1,758,184.05	74.00	95.54	2,269,936.58	511,752.53
PFIZER INC COM	155,501	6,556,890.08	42.17	42.60	6,623,884.43	66,994.35
PHILIP MORRIS INTL COM STK NPV	25,842	2,162,125.13	83.67	84.14	2,174,302.60	12,177.47
PIONEER NAT RES CO COM	4,015	644,359.15	160.49	189.87	762,312.56	117,953.41
POPULAR INC COM NEW COM USD6 (POST REV SPLIT)	9,718	616,187.10	63.41	55.13	535,786.60	(80,400.50)
PROCTER & GAMBLE COM NPV	53,911	4,987,075.13	92.51	126.00	6,792,543.42	1,805,468.29
PROGRESS SOFTWARE CORP COM	19,217	627,505.49	32.65	41.94	805,966.89	178,461.40
PROGRESSIVE CORP OH COM	12,538	1,324,056.74	105.60	107.83	1,351,985.90	27,929.16
PROLOGIS INC COM	46,835	4,746,499.61	101.35	93.72	4,389,150.48	(357,349.13)
PURE STORAGE INC CL A CL A	104,390	2,473,563.11	23.70	22.25	2,322,284.62	(151,278.49)
QUALCOMM INC COM	40,492	4,859,174.76	120.00	91.40	3,700,798.16	(1,158,376.60)
REGENERON PHARMACEUTICALS INC COM	1,280	633,208.46	494.69	599.79	767,733.91	134,525.45
ROSS STORES INC COM	26,707	2,520,779.72	94.39	96.49	2,577,006.59	56,226.87
RYDER SYS INC COM	11,194	635,501.81	56.77	69.47	777,689.34	142,187.53
S&P GLOBAL INC COM	42,045	12,086,120.91	287.46	278.44	11,707,166.95	(378,953.96)
SBA COMMUNICATIONS CORP COM USD0.01 CL A	10,665	2,853,992.74	267.60	233.03	2,485,248.90	(368,743.84)
SEAWORLD ENTMT INC COM	38,332	2,076,904.21	54.18	44.48	1,705,166.80	(371,737.41)
SHOCKWAVE MED INC COM	10,204	2,479,095.57	242.95	170.93	1,744,155.18	(734,940.39)
SLM CORP COM	170,957	2,482,996.76	14.52	13.80	2,359,203.56	(123,793.20)
STATE STR CORP COM	213,884	12,198,456.92	57.03	64.49	13,792,485.24	1,594,028.32
STEEL DYNAMICS INC COM	7,109	624,298.83	87.82	81.22	577,395.66	(46,903.17)
SYSCO CORP COM	183,030	9,393,064.91	51.32	63.55	11,632,423.59	2,239,358.68
TARGA RES CORP COM	81,894	1,653,973.77	20.20	61.10	5,003,914.29	3,349,940.52
TESLA INC COM USD0.001	35,402	5,761,226.58	162.74	102.40	3,625,253.97	(2,135,972.61)
TJX COS INC COM NEW	72,126	4,743,584.98	65.77	66.17	4,772,823.28	29,238.30
TJX COS INC COM NEW	208,680	8,966,663.98	42.97	66.17	13,809,066.94	4,842,402.96
T-MOBILE US INC COM	45,900	4,287,714.45	93.41	116.39	5,342,089.51	1,054,375.06
TRANE TECHNOLOGIES PLC COM USD1	21,218	2,864,457.11	135.00	139.74	2,964,945.82	100,488.71
UNITED RENTALS INC COM	9,652	1,014,823.85	105.14	295.47	2,851,869.28	1,837,045.43
UNITED THERAPEUTICS CORP DEL COM STK	11,355	1,423,346.16	125.35	231.18	2,625,082.46	1,201,736.30
UNITEDHEALTH GROUP INC COM	18,302	4,835,607.43	264.21	440.75	8,066,633.60	3,231,026.17
UNITEDHEALTH GROUP INC COM	26,416	1,353,448.97	51.24	440.75	11,642,891.11	10,289,442.14
US FOODS HLDG CORP COM	226,100	5,469,905.13	24.19	28.28	6,394,481.14	924,576.01
VERTEX PHARMACEUTICALS INC COM	15,436	3,289,599.28	213.11	240.07	3,705,717.61	416,118.33
VISA INC COM CL A STK	42,962	5,126,275.05	119.32	172.72	7,420,221.45	2,293,946.40
VMWARE INC CL A COM CL A COM	14,818	1,129,550.43	76.23	102.05	1,512,226.73	382,676.30
VOYA FINL INC COM	34,914	1,426,185.05	40.85	51.12	1,784,738.28	358,553.23
WELLS FARGO & CO NEW COM STK	132,357	5,363,689.47	40.52	34.33	4,543,203.99	(820,485.48)
WINTRUST FINL CORP COM	17,755	1,246,880.49	70.23	70.26	1,247,528.87	648.38
ZIMMER BIOMET HLDGS INC COM	56,640	5,558,578.54	98.14	105.99	6,003,491.06	444,912.52

489,250,042.42

667,012,111.31

177,762,068.89

TOTAL NORTH AMERICA

502,427,305.56

684,690,464.59

182,263,159.03

EMERGING MARKETS

China

HAIER SMART HOME CO LTD-H	1,204,000	3,390,259.70	2.82	2.83	3,411,209.72	20,950.02
JD.COM INC USD0.00002 A CLASS	153,050	3,546,812.03	23.17	23.45	3,589,640.41	42,828.38
KUNLUN ENERGY CO COMSTK	3,308,000	2,181,640.41	0.66	0.59	1,962,551.19	(219,089.22)
MEITUAN-CLASS B 144A	87,600	1,572,319.94	17.95	18.61	1,630,036.42	57,716.48
PICC PROPERTY & CA 'H'CN'Y1	1,566,000	1,257,918.22	0.80	0.79	1,235,976.64	(21,941.58)
TENCENT HLDGS LIMITED COMMON STOCK	199,000	4,907,454.29	24.66	35.58	7,079,455.24	2,172,000.95

16,856,404.59

18,908,869.62

2,052,465.03

India

ADR HDFC BK LTD ADR REPSTG 3 SHS	60,778	996,924.19	16.40	56.87	3,456,498.99	2,459,574.80
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STAFFORDSHIRE PENSION FUND

PORTFOLIO VALUATION

Funds - JP Morgan Asset Management,
Longview Partners (Global Equity)

Currency - Sterling

Report Date -

31-12-2022

	Holding	Cost £	Average Cost £	Market Price £	Market Value £	Unrealised Gain/Loss £
Indonesia						
ASTRA INTL IDR50	5,594,000	2,081,864.96	0.37	0.30	1,702,742.07	(379,122.89)
BK CENTRAL ASIA IDR12.50	5,820,400	2,260,257.23	0.39	0.46	2,657,483.00	397,225.77
		4,342,122.19			4,360,225.07	18,102.88
Korea, Republic Of						
KIA CORP	41,496	1,893,123.70	45.62	38.99	1,617,754.13	(275,369.57)
LG ENERGY SOLUTION LTD KRW500 373220	6,109	1,134,820.52	185.76	286.31	1,749,080.81	614,260.29
SAMSUNG ELECTRONICS CO KRW100 005930	129,046	4,956,422.25	38.41	36.36	4,691,603.14	(264,819.11)
SAMSUNG ENGINEER KRW5000	112,203	1,638,231.07	14.60	14.63	1,641,292.84	3,061.77
		9,622,597.54			9,699,730.92	77,133.38
Mexico						
GRUPO FINANCIERO BANORTE S A B DE C V	365,494	1,947,935.57	5.33	5.97	2,181,468.14	233,532.57
WAL-MART DE MEX COM NPV	965,672	2,565,384.51	2.66	2.93	2,825,597.57	260,213.06
		4,513,320.08			5,007,065.71	493,745.63
Taiwan						
LITE-ON TECHNOLOGY TWD10	1,951,000	2,512,642.74	1.29	1.73	3,366,728.45	854,085.71
TAIWAN SEMICONDUCTOR MANUFACTURING TWD10 2330	556,000	6,962,515.26	12.52	12.13	6,744,773.64	(217,741.62)
		9,475,158.00			10,111,502.09	636,344.09
Thailand						
SCB X PCL THB10 (NVDR)	1,487,100	3,883,203.30	2.61	2.57	3,819,259.63	(63,943.67)
TOTAL EMERGING MARKETS		49,689,729.89			55,363,152.03	5,673,422.14
UNITED KINGDOM						
ANGLO AMERICAN USD0.54945	132,573	3,476,771.27	26.23	32.37	4,290,725.15	813,953.88
ASTRAZENECA ORD USD0.25	66,513	5,487,241.93	82.50	112.18	7,461,428.34	1,974,186.41
BP ORD USD0.25	1,311,489	3,327,128.89	2.54	4.75	6,228,261.26	2,901,132.37
BRITISH AMERICAN TOBACCO ORD GBP0.25	61,662	2,102,923.15	34.10	32.82	2,023,438.53	(79,484.62)
CENTRICA ORD GBP0.061728395	1,383,016	1,247,467.31	0.90	0.97	1,334,887.04	87,419.73
COMPASS GROUP ORD GBP0.1105	681,450	7,761,644.15	11.39	19.18	13,066,803.75	5,305,159.60
DIAGEO ORD PLC	85,232	3,344,961.02	39.25	36.50	3,110,968.00	(233,993.02)
DIAGEO ORD PLC	316,381	11,093,427.98	35.06	36.50	11,547,906.50	454,478.52
LEGAL & GENERAL GP ORD GBP0.025	810,179	2,196,468.41	2.71	2.50	2,021,396.61	(175,071.80)
NATWEST GROUP PLC ORD GBP1.0769	1,255,298	2,172,067.15	1.73	2.65	3,329,050.30	1,156,983.15
RIO TINTO ORD GBP0.10	82,746	4,719,819.39	57.04	57.98	4,797,613.08	77,793.69
SHELL PLC ORD EUR0.07	272,276	3,295,221.51	12.10	23.26	6,333,139.76	3,037,918.25
SSE PLC ORD GBP0.50	68,795	1,268,949.55	18.45	17.12	1,177,770.40	(91,179.15)
WHITBREAD ORD GBP0.76797385	221,664	6,415,565.75	28.94	25.70	5,696,764.80	(718,800.95)
TOTAL UNITED KINGDOM		57,909,657.46			72,420,153.52	14,510,496.06
Total Investments		760,610,970.37			986,167,116.08	230,462,875.56
Cash Balance		16,592,181.13			16,592,181.13	
Total Value of Portfolio		777,203,151.50			1,002,759,297.21	

STAFFORDSHIRE PENSION FUND

PORTFOLIO VALUATION

Fund - PRIVATE EQUITY INVESTMENTS

Currency - Sterling

Report Date -

31-12-22

	<u>Date of</u> <u>Inception</u>	<u>Estimated</u> <u>Total</u> <u>Approved</u> <u>Investment</u> <u>£</u>	<u>Cumulative</u> <u>Investments</u> <u>@ 30 Sep 2022</u> <u>£</u>	<u>Quarters</u> <u>Transactions</u> <u>£</u>	<u>Cumulative</u> <u>Distributions</u> <u>@ 30 Sep 2022</u> <u>£</u>	<u>Quarters</u> <u>Transactions</u> <u>£</u>	<u>Market Value</u> <u>@ 30 Sep 2022 *</u> <u>£</u>
LAZARD US TECHNOLOGY PARTNERS 2nd Fund	Jan-01	6,214,640	6,216,640.24	0.00	5,559,412.40	0.00	574,428.02
KNIGHTSBRIDGE Post Venture IV	Mar-01	6,462,852	6,462,851.80	0.00	5,372,562.28	0.00	0.00
CAPITAL DYNAMICS UK HIGH TECHNOLOGY FUND	May-01	4,000,000	4,007,302.74	0.00	2,293,409.28	0.00	0.00
HARBOURVEST European Buyout Fund (HIPEP IV)	Jan-02	6,811,851	6,973,790.92	0.00	12,921,475.29	0.00	0.00
HARBOURVEST VII US Buyout Fund	Apr-03	5,260,384	5,299,569.55	0.00	10,218,206.56	0.00	29,707.96
KNIGHTSBRIDGE Venture Capital VI Series VXM	Feb-05	6,291,696	6,377,366.59	0.00	12,424,874.19	64,707.04	2,425,178.72
HARBOURVEST Asia Pacific Fund (HIPEP V)	Mar-06	5,056,257	5,466,435.93	0.00	8,667,943.88	0.00	317,786.44
HARBOURVEST 2007 Direct Fund	Sep-07	4,900,000	5,890,514.49	0.00	11,115,015.59	0.00	439,280.66
HARBOURVEST 2007 European Buyout Companion (HIPEP V)	Oct-07	5,000,000	5,890,762.76	0.00	9,265,508.70	0.00	85,306.69
HARBOURVEST VIII Cayman Venture Fund	Sep-07	2,450,000	2,946,946.59	0.00	6,078,042.30	0.00	1,744,257.82
HARBOURVEST VIII Cayman Buyout Fund	Sep-07	24,500,000	29,442,158.83	0.00	56,694,195.48	1,656,119.89	4,378,237.93
HARBOURVEST VIII US Mezzanine & Distressed Debt Fund	Sep-07	2,450,000	2,933,800.44	0.00	4,176,594.13	0.00	270,971.07
KNIGHTSBRIDGE Venture Capital VII LP Series VC	Apr-08	5,000,000	5,234,642.34	0.00	12,755,579.89	589,061.52	7,439,458.93
DOVER STREET VII Cayman Fund	May-08	10,000,000	11,727,495.90	0.00	17,635,908.33	0.00	267,608.17
PARTNERS Group Secondary 2008 LP	Nov-08	12,165,000	11,602,530.76	0.00	17,937,668.33	0.00	957,777.90
HARBOURVEST Cayman Partnership Fund (HIPEP VI)	Jun-08	29,687,775	29,168,600.70	0.00	44,385,232.56	1,741,015.93	23,203,623.10
KNIGHTSBRIDGE Venture Capital VIII	Feb-12	4,500,000	4,421,106.97	0.00	5,129,943.79	377,400.08	14,345,562.12
HARBOURVEST IX Cayman Venture Fund	Apr-13	6,150,000	5,876,782.26	0.00	12,066,000.44	521,781.04	12,067,335.84
HARBOURVEST IX Cayman Buyout Fund	Apr-13	12,300,000	10,925,857.52	0.00	16,399,932.23	1,138,661.88	11,267,406.61
HARBOURVEST IX Cayman Opportunities Fund	Apr-13	2,050,000	1,712,446.03	0.00	1,918,479.12	0.00	1,452,690.14
DOVER STREET VIII Cayman Fund	Apr-13	7,800,000	7,204,944.03	0.00	12,241,681.32	408,744.05	1,425,483.29
HARBOURVEST VII AIF Partnership	Jun-14	23,500,000	26,109,259.03	520,517.05	21,522,403.98	2,562,986.03	34,959,146.29
HARBOURVEST X AIF Buyout	Jun-15	25,400,000	22,789,860.40	1,058,994.73	14,457,313.70	1,463,076.23	29,558,031.00
HARBOURVEST X AIF Venture	Jun-15	12,700,000	14,030,205.02	0.00	8,837,483.64	0.00	34,903,887.84
CAPITAL DYNAMICS LGPS Collective Private Equity 15/16	Feb-15	5,000,000	4,410,000.00	175,000.00	1,950,000.00	100,000.00	5,854,387.00
PARTNERS Group Global Growth 2014 LP	Mar-14	10,000,000	9,303,211.59	0.00	6,664,288.22	693,464.15	18,158,151.93
PARTNERS Group Direct Equity 2016 (EUR) LP	Jul-15	10,000,000	10,562,730.51	0.00	8,308,142.15	0.00	12,976,909.12
CAPITAL DYNAMICS LGPS Collective Private Equity 16/17	May-16	5,000,000	3,975,000.00	50,000.00	1,900,000.00	200,000.00	4,702,684.00
HARBOURVEST Dover Street IX AIF L.P.	Dec-16	8,333,333	6,570,333.66	0.00	6,431,793.42	584,201.21	5,841,578.43
KNIGHTSBRIDGE KVC IX Cayman LP	Jan-17	8,333,333	5,918,382.86	372,839.94	158,496.72	0.00	13,630,041.21
HARBOURVEST HIPEP VIII Partnership AIF Fund	Mar-17	28,333,333	16,536,493.20	1,286,903.86	3,647,956.25	0.00	24,294,754.99
CAPITAL DYNAMICS LGPS Collective PE Vehicle 17/18	Apr-17	10,000,000	7,825,000.00	0.00	550,000.00	0.00	12,590,221.00
HARBOURVEST Partners XI AIF LP	Apr-18	33,333,333	19,719,613.64	2,065,465.88	8,028,543.44	619,734.97	32,329,468.78
CAPITAL DYNAMICS LGPS Collective PE Vehicle 18/19	Oct-18	10,000,000	5,550,000.00	0.00	0.00	0.00	7,751,080.00
LGPS CENTRAL PE Primary Partnership 2018 LP	Mar-19	10,000,000	6,696,458.32	1,021,914.83	1,592,972.58	313,186.55	7,889,427.00
HARBOURVEST 2020 Global Feeder AIF	Sep-20	32,083,333	19,875,285.47	2,279,069.57	2,114,636.08	472,563.44	25,911,240.71
PARTNERS Group Direct Equity 2019 Fund	Oct-20	10,183,280	7,385,277.50	839,459.95	108,232.11	0.00	8,027,912.70
KNIGHTSBRIDGE Venture KVC X	Apr-21	16,666,667	3,073,197.89	1,760,246.06	0.00	0.00	3,524,502.37
LGPS CENTRAL PE Primary Partnership 2021 LP	Dec-21	40,000,000	10,077.91	10,077.91	0.00	0.00	-267,749.00
HarbourVest 2022 Global Feeder AIF	Apr-22	116,666,667	0.00	0.00	0.00	0.00	987,102.03
TOTAL PRIVATE EQUITY		584,583,735	366,122,934.40	11,440,489.78	371,529,928.39	13,506,704.01	366,314,878.81

STAFFORDSHIRE PENSION FUND

PORTFOLIO VALUATION

Fund - PRIVATE DEBT INVESTMENTS

Currency - Sterling

Report Date -

31-12-22

	<u>Estimated Total Approved Investment £</u>	<u>Cumulative Investments @ 30 Sep 2022 £</u>	<u>Quarters Transactions £</u>	<u>Cumulative Distributions @ 30 Sep 2022 £</u>	<u>Quarters Transactions £</u>	<u>Market Value @ 30 Sep 2022 * £</u>
BARINGS European Private Loan Fund III	45,000,000	24,717,428.62	6,717,428.62	0.00	0.00	25,893,507.00
CLAREANT European Direct Lending Fund II	80,000,000	83,639,448.99	0.00	48,234,592.39	0.00	32,583,732.00
CLAREANT European Direct Lending Fund III	60,000,000	53,571,838.85	0.00	10,093,746.21	0.00	45,056,034.30
HAYFIN Direct Lending Fund II	80,000,000	83,761,115.05	0.00	51,521,360.64	3,479,295.32	29,702,889.21
HAYFIN Direct Lending Fund III	75,000,000	86,514,948.24	5,606,435.32	16,088,724.69	0.00	73,700,580.20
HIGHBRIDGE Private Lending Opportunities Fund	47,111,688	50,627,319.68	0.00	26,886,965.44	1,178,466.29	31,036,961.39
HIGHBRIDGE Specialty Loan Fund II	32,615,784	28,244,739.86	0.00	12,071,305.45	0.00	18,355,620.35
HIGHBRIDGE Specialty Loan Fund V	80,932,341	46,921,307.12	0.00	5,257,820.22	0.00	54,033,697.93
LGPS Central Credit Partnership I LP (High Risk)	45,000,000	11,159,841.09	3,828,751.83	60,962.66	0.00	7,939,347.00
LGPS Central Credit Partnership II LP (Low Risk)	45,000,000	7,415,085.78	3,680,119.33	11,691.27	11,691.27	12,649,544.00
LGPS Central Credit Partnership IV LP (Real Assets)	45,000,000	0.00	0.00	0.00	0.00	0.00
TOTAL PRIVATE DEBT	635,659,812	476,573,073.28	19,832,735.10	170,227,168.96	4,669,452.88	330,951,913.38

* latest available valuation

STAFFORDSHIRE PENSION FUND

PORTFOLIO VALUATION

Fund - INFRASTRUCTURE INVESTMENTS

Currency - Sterling

Report Date -

31-12-22

	<u>Estimated Total Approved Investment £</u>	<u>Cumulative Investments @ 30 Sep 22 £</u>	<u>Quarters Transactions £</u>	<u>Cumulative Distributions @ 30 Sep 22 £</u>	<u>Quarters Transactions £</u>	<u>Market Value @ 30 Sep 22 * £</u>
IFM Global Infrastructure Fund	50,000,000	50,000,000.00	0.00	0.00	0.00	57,783,970.09
BlackRock - Global Renewable Power Infrastructure Fund III	31,353,579	7,782,025.55	843,833.67	1,091,302.11	332,965.81	8,414,842.89
Equitix EFVI Investment Account	25,000,000	24,247,485.91	2,971,690.82	4,356,308.24	1,863,195.34	20,931,614.14
Pantheon IV Feeder	44,790,827	6,248,008.23	1,839,160.23	1,437,426.03	1,346,339.90	5,307,778.37
LGPSC Infra SubFund Core/Plus	60,000,000	14,667,025.49	9,702,134.82	0.00	0.00	15,576,349.00
TOTAL INFRASTRUCTURE	211,144,406	102,944,545.18	15,356,819.54	6,885,036.39	3,542,501.05	108,014,554.49

* latest available valuation

STAFFORDSHIRE PENSION FUND

PORTFOLIO VALUATION

<u>Currency - Sterling</u>				<u>Report Date -</u>		31-12-2022
<u>Holding</u>	<u>Cost</u> <u>£</u>	<u>Average</u> <u>Cost</u> <u>£</u>	<u>Market</u> <u>Price</u> <u>£</u>	<u>Market</u> <u>Value</u> <u>£</u>	<u>Unrealised</u> <u>Gain/Loss</u> <u>£</u>	
<u>Fund - Legal & General Investment Management (Passive Global Equity)</u>						
<u>UK - PASSIVE</u>						
LEGAL & GENERAL N UK EQUITY INDEX	7,304,104	75,187,862.76	10.29	15.51	113,261,811.64	38,073,948.88
<u>GLOBAL - PASSIVE</u>						
LEGAL & GENERAL GPBE ALL WORLD EQUITY INDEX	431,678,721	800,301,531.08	1.85	2.57	1,111,318,016.64	311,016,485.56
LEGAL & GENERAL GPFH LOW CARBON TRANS GBL EQTY IDX OFC	611,642,245	649,900,467.02	1.06	0.99	607,658,618.67	(42,241,848.35)
<u>TOTAL PASSIVE GLOBAL EQUITY</u>		<u>1,525,389,860.86</u>			<u>1,832,238,446.95</u>	<u>306,848,586.09</u>
<u>Fund - Legal & General Investment Management (Passive UK Index Linked Bonds)</u>						
LEGAL & GENERAL AP OVER 5 YR INDEX-LINKED	66,537,059	400,768,964.69	6.02	6.19	412,096,611.65	11,327,646.96
<u>TOTAL PASSIVE UK INDEX LINKED BONDS</u>		<u>400,768,964.69</u>			<u>412,096,611.65</u>	<u>11,327,646.96</u>
<u>Fund - LGPS Central (Active Global Equity Pooled)</u>						
LGPS CENTRAL GLOBAL EQ ACTIVE MULTI MANAGER FD	5,054,584.12	505,457,404.37	100.00	144.85	732,156,509.79	226,699,105.42
<u>TOTAL ACTIVE POOLED GLOBAL EQUITIES</u>		<u>505,457,404.37</u>			<u>732,156,509.79</u>	<u>226,699,105.42</u>
<u>Fund - LGPS Central (Factor Based Equities)</u>						
LGPS CENTRAL GLOBAL MULTI FACTOR EQUITY INDEX FUND	2,139,307.31	218,608,485.74	102.19	114.25	244,415,860.17	25,807,374.43
<u>TOTAL FACTOR BASED EQUITIES</u>		<u>218,608,485.74</u>			<u>244,415,860.17</u>	<u>25,807,374.43</u>
<u>Fund - LGPS Central (Active Global Corporate Bonds Pooled)</u>						
LGPS CENTRAL GLOBAL ACTIVE CORPORATE BOND MULTI MANAGER	5,241,356.97	509,846,367.75	97.27	83.18	435,976,072.77	(73,870,294.98)
<u>TOTAL ACTIVE POOLED CORPORATE BONDS</u>		<u>509,846,367.75</u>			<u>435,976,072.77</u>	<u>(73,870,294.98)</u>
<u>Fund - Staffordshire Pension Fund (Funds of Hedge Funds)</u>						
GOLDMAN SACHS HFP II FUND (H1)	9,063	0.00	0.00	198.71	1,801,019.46	1,801,019.46
<u>TOTAL HEDGE FUNDS</u>		<u>0.00</u>			<u>1,801,019.46</u>	<u>1,801,019.46</u>

**STAFFORDSHIRE PENSION FUND
PROPERTY PORTFOLIO SUMMARY**

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Dir/Ind	Property Address or Fund	Unit	Tenant or Fund	Tenure	Use	Total Cost £	Date of Purchase	Value £ @ 31/03/2022	Value £ @ 31/12/2022	Lease or Fund Term	Lease or Fund Expiry or Break	Rent pa £ @ Purchase	Current Rent pa £	Ground Rent pa £	Next Rent Review	% Yield on Cost	% Return on Value
Dir	BARDON Interlink Park		Belron UK Ltd	FH	Industrial	18,293,947	30/10/2019	23,150,000	19,300,000	11 yrs	12/05/2030	894,739	894,739	-	13/05/2025	4.9	4.6
	BIRMINGHAM 80/87 New Street & 45/51 Pinfold Street	80 New 81/83 New 84 New 84b New 85 New 87 New 45/46 Pinfold 47 Pinfold 49 Pinfold 50 Pinfold 51 Pinfold Pt 3rd Pt 3rd Pt 3rd Pt 2nd Pt 2nd Pt 1st Pt 1st Pt 1st Pt 1st	Baird Foods Retail Ltd (t/a Extrawurst) Mexican Grill Ltd (t/a Tortilla) Empire Property Midland Ltd (t/a Simply Local) Birmingham Inns Ltd Greggs Plc The Royal British Legion Fox and Chance Ltd Yunyou Li The Feel Good Group Ltd Vacant Nine Three's Ltd (t/a Mail Boxes etc) Vacant Vacant Vacant The Royal British Legion Vacant Vacant Vacant People Solutions Group Ltd		Retail Retail Retail Leisure Retail Retail Retail Retail Retail Retail Retail Office Office Office Office Office Office Office Office	- - - - - - - - - - - - - - - - - - -	- - - - - - - - - - - - - - - - - -	- - - - - - - - - - - - - - - - - -	- - - - - - - - - - - - - - - 10 yrs - - - - - -	04/03/2025 28/04/2027 29/09/2026 23/06/2028 24/06/2024 29/09/2024 03/08/2024 15/09/2025 15/12/2025 - 18/12/2024 - - - 29/04/2024 - - -	51,000 116,000 65,000 25,000 60,000 77,500 40,000 12,000 25,000 25,000 18,000 16,150 0 11,745 35,800 0 12,925 0 0	40,000 67,500 50,000 25,000 40,000 77,500 36,000 12,000 25,000 25,000 18,000 0 0 0 37,700 0 0 0	- - - - - - - - - - - - - - - - - - -	04/03/2027 29/04/2027 29/09/2026 24/06/2025 On Expiry On Expiry On Expiry On Expiry 15/12/2020 - 18/12/2019 - - - On Expiry - - -	- - - - - - - - - - - - - - - - - - -	- - - - - - - - - - - - - - - - - - -	
	BIRMINGHAM 92/93 New Street & 31/7 Ethel Street	92/93 New 3 Ethel 5 Ethel 5a Ethel 5b Ethel 7 Ethel 9 Ethel 11 Ethel 15 Ethel 17 Ethel	Lord 3 Ltd (t/a Fat Burgers) J Wang & J Ni (t/a Twist Café) Vacant for Redevelopment La Galleria Birmingham Ltd Vacant for Redevelopment Vacant for Redevelopment Vacant for Redevelopment Autograph Ltd Autograph Ltd Autograph Ltd		Retail Retail Offices Restaurant Retail Retail Retail Retail Retail Retail	- - - - - - - - - -	- - - - - - - - - -	- - - - - - - - - -	3 yrs 8 yrs - 3.5 - - - 3 yrs 3 yrs 3 yrs	21/12/2023 28/09/2021 - 28/02/2023 - - - 31/01/2023 31/01/2023 31/01/2023	226,850 27,000 400 30,000 21,000 24,000 17,250 22,000 15,000 15,000	24,300 27,000 0 35,523 0 0 0 20,000 14,000 4,000	- - - - - - - - - -	On Expiry On Expiry - On Expiry - On Expiry On Expiry On Expiry On Expiry On Expiry	- - - - - - - - - 0.5	- - - - - - - - - 0.9	
	BIRMINGHAM Colonnade Buildings, 98/100 New Street & 2/12 Ethel Street	98 New 99 New 100 New 8 Ethel 8a Ethel 10 Ethel 12 Ethel	Wagamama Ltd Vacant Vacant Curzon Projects Ltd T-Lites Ltd (t/a Tablites) Harvey & Thompson Ltd Vacant HSBC Bank Pension Trust Ltd Car Spaces		Retail Retail Retail Office Retail Retail Retail Rent Charge	- - - - - - - -	- - - - - - - -	- - - - - - - -	20 yrs - - 99 yrs 1 yr 5 yrs - 99 yrs	30/09/2029 - - 11/03/2063 11/02/2023 24/12/2026 - 23/06/2058	215,000 0 157,000 5 10,000 32,000 42,500 10,000	215,000 0 0 5 10,000 32,000 0 10,000	- - - - - - - -	01/10/2024 - - On Expiry On Expiry On Expiry - On Expiry	- - - - - - - -	- - - - - - - -	
	BLETCHLEY Rushmere Retail Park, Watling Street	1 2	Wickes Building Supplies Ltd Halfords Ltd		Retail WH Retail WH	- 5,094,683	- 11/04/1996	- 8,000,000	- 6,700,000	25 yrs 5 yrs	25/03/2026 04/11/2024	259,500 104,500	429,000 133,100	- -	25/03/2021 On Expiry	- 11.0	- 8.4
	BRISTOL St Annes Road		Apecs Bristol 1 Ltd (t/a Rocket Padel)	FH	Industrial	6,520,622	17/08/2015	6,300,000	6,000,000	10 yrs	19/10/2032	424,874	369,300	-	20/10/2027	5.7	6.2
	BROMSGROVE Bromsgrove Retail Park, Birmingham Road	1 2 3&4 5B 5A	T J Morris Ltd (t/a Home Bargains) Iceland Foods Ltd (t/a Food Warehouse) Lidl Great Britain Ltd Pure Gym Ltd Greggs Plc		Retail WH Retail WH Retail WH Leisure Retail WH	- - - - 13,774,835	- - - - 07/01/2021	- - - - 15,900,000	- - - - 15,000,000	15 yrs 10 yrs 25 yrs 15 yrs 10 yrs	21/08/2033 19/08/2028 18/06/2033 28/07/2029 03/03/2028	185,000 180,000 346,783 120,000 30,000	185,000 180,000 346,783 120,000 30,000	- - - - -	22/08/2023 22/08/2023 18/06/2023 29/07/2024 On Expiry	- - - - -	- - - - -
	BURY ST EDMUNDS 42/42a Buttermarket		McDonald's Real Estate LLP	FH	Retail	3,059,752	22/07/1994	1,650,000	1,550,000	35 yrs	24/12/2023	152,500	180,000	-	On Expiry	5.9	11.6

Dir/Ind	Property Address or Fund	Unit	Tenant or Fund	Tenure	Use	Total Cost £	Date of Purchase	Value £ @ 31/03/2022	Value £ @ 31/12/2022	Lease or Fund Term	Lease or Fund Expiry or Break	Rent pa £ @ Purchase	Current Rent pa £	Ground Rent pa £	Next Rent Review	% Yield on Cost	% Return on Value
	BURY ST EDMUNDS 45/47 Risbygate Street		B&Q Ltd	FH	Retail WH	5,666,760	12/06/2013	5,900,000	5,000,000	5 yrs	11/01/2024	491,763	438,955	-	On Expiry	7.7	8.8
	CAMBRIDGE Chieftain Way Orchard Park		Travelodge Hotels Ltd	FH	Hotel	11,386,246	15/10/2010	14,500,000	14,500,000	25 yrs	11/09/2036	0	937,462	-	12/09/2026	8.2	6.5
	CARDIFF 1/7 Queen Street	1 & 2	Santander UK Plc		Retail	-	-	-	-	23 yrs	24/04/2031	188,000	188,000	-	12/02/2023	-	-
		3	Anabatic Ltd (t/a Thirty Nine)		Retail	-	-	-	-	15 yrs	04/06/2022	85,000	55,000	-	05/06/2022	-	-
		3a	Pizza Hut (UK) Ltd		Retail	-	-	-	-	5 yrs	14/06/2027	60,000	40,000	-	On Expiry	-	-
		4	Vacant	FH	Retail	8,371,527	02/05/2014	4,150,000	3,550,000	-	-	318,000	0	-	-	3.4	8.0
	CHESTER-LE-STREET Drum Industrial Estate		Co-Operative Group Ltd	FH	Industrial	18,335,769	18/05/2016	23,800,000	20,200,000	15 yrs	15/03/2024	1,149,922	1,219,000	-	On Expiry	6.6	6.0
	CHICHESTER 30 East Street		Signet Trading Ltd (t/a Ernest Jones)	FH	Retail	2,422,179	29/01/1999	1,700,000	1,675,000	5 yrs	30/01/2026	120,000	114,650	-	On Expiry	4.7	6.8
	CHORLEY Unit 9, Revolution Park		G A Pet Food Partners Ltd	FH	Industrial	21,564,300	19/11/2018	26,800,000	21,450,000	12 yrs	30/09/2028	1,008,730	1,120,650	-	01/10/2026	5.2	5.2
	DOVER Bridge Street		Wm Morrison Supermarkets Plc	FH	Foodstore	18,059,355	31/03/2010	18,000,000	16,000,000	35 yrs	09/04/2044	912,604	750,000	-	29/04/2024	4.2	4.7
	EDINBURGH 5/21 & 18/24 Grosvenor Street		Dragonglass UK Holding Ltd	FH	Hotel	18,836,681	28/07/2015	19,050,000	24,200,000	175 yrs	05/04/2197	802,500	641,000	-	06/04/2027	3.4	2.6
	EYNSHAM Oasis Park	Chilbrook 1	Adlens Ltd		Office	-	-	-	-	10 yrs	21/12/2026	57,494	93,713	-	06/10/2021	-	-
		Chilbrook 2	Vacant		Office	-	-	-	-	-	-	40,573	0	-	-	-	-
		Chilbrook 3	Vacant		Office	-	-	-	-	-	-	24,589	0	-	-	-	-
		Chilbrook 4	Passion Radio (Oxford) Ltd		Office	-	-	-	-	10 yrs	14/01/2024	42,898	34,550	-	14/01/2024	-	-
		Chilbrook 5	Vacant		Office	-	-	-	-	-	-	89,508	0	-	-	-	-
		Chilbrook 6	International Mission to Jewish People		Office	-	-	-	-	5 yrs	08/07/2024	22,927	40,925	-	On Expiry	-	-
		Chilbrook 7	Vacant		Office	-	-	-	-	-	-	43,859	0	-	-	-	-
		Limbrook 1	Vacant		Office	-	-	-	-	-	-	23,554	0	-	-	-	-
		Limbrook 2	Vacant		Office	-	-	-	-	-	-	30,699	0	-	-	-	-
		Limbrook 3	Vacant		Office	-	-	-	-	-	-	27,411	0	-	-	-	-
		Limbrook 4	Vacant		Office	-	-	-	-	-	-	24,225	0	-	-	-	-
		Limbrook 5	Vacant		Office	-	-	-	-	-	-	58,998	0	-	-	-	-
		Limbrook 6	Vacant		Office	-	-	-	-	-	-	16,909	0	-	-	-	-
		Limbrook 7	Vacant		Office	-	-	-	-	-	-	20,424	0	-	-	-	-
		6	M-Solv Ltd		Office	-	-	-	-	10 yrs	28/04/2027	90,000	47,784	-	28/04/2027	-	-
		7	Waterslade Ltd		Office	-	-	-	-	5 yrs	25/03/2026	33,770	54,214	-	On Expiry	-	-
		8	Usborne Publishing Ltd		Office	-	-	-	-	10 yrs	28/09/2023	33,770	45,501	-	On Expiry	-	-
		9&10	Vacant		Office	-	-	-	-	-	-	57,500	0	-	-	-	-
		11	Philip Williams Trust		Office	-	-	-	-	999 yrs	23/06/2986	75	75	-	On Expiry	-	-
		12	Oxford Aunts Ltd		Office	-	-	-	-	5 yrs	14/12/2027	44,000	54,233	-	On Expiry	-	-
		13 (Gd)	Adaptix Ltd		Office	-	-	-	-	2 yrs	08/07/2023	24,770	24,770	-	On Expiry	-	-
		13 (1st)	Adaptix Ltd		Office	-	-	-	-	-	08/07/2023	24,770	-	-	On Expiry	-	-
			Southern Electricity Plc		Substation	-	-	-	-	125 yrs	24/01/2116	1	1	-	On Expiry	-	-
			Passion Radio (Oxford) Ltd	FH	Car Spaces	14,726,927	14/10/1999	7,850,000	8,200,000	-	14/01/2024	0	2500	-	On Expiry	2.7	4.8
	GRANTHAM Dysart Road Retail Park Dysart Road	1	T J Morris Ltd (t/a Home Bargains)		Retail WH	-	-	-	-	10 yrs	19/01/2030	240,000	240,000	-	20/01/2025	-	-
		2	Matalan Retail Ltd		Retail WH	-	-	-	-	20 yrs	09/07/2026	330,000	330,000	-	10/07/2021	-	-
		3	NBC Apparel (t/a TK Maxx)		Retail WH	-	-	-	-	19 yrs	23/06/2025	200,000	200,000	-	On Expiry	-	-
		4	Currys Group Ltd	FH	Retail WH	14,817,455	01/03/2017	16,250,000	14,200,000	10 yrs	24/10/2029	212,829	187,500	-	25/10/2024	6.5	6.7
	HAYES Hayes Road		Lidl Great Britain Ltd	FH	Retail WH	16,831,854	07/01/2008	18,450,000	16,500,000	15 yrs	24/06/2036	779,000	730,000	-	25/06/2026	4.3	4.4
	LANCASTER Parliament Street Retail Park	1	Currys Group Ltd		Retail WH	-	-	-	-	5 yrs	31/03/2027	149,540	183,200	-	On Expiry	-	-
		2	Halfords Ltd		Retail WH	-	-	-	-	5 yrs	27/05/2026	74,930	97,305	-	On Expiry	-	-
		3	B&M Retail Ltd	FH	Retail WH	5,106,960	18/12/1995	5,000,000	4,750,000	5 yrs	02/11/2026	100,170	115,000	-	On Expiry	7.7	8.3

Dir/Ind	Property Address or Fund	Unit	Tenant or Fund	Tenure	Use	Total Cost £	Date of Purchase	Value £ @ 31/03/2022	Value £ @ 31/12/2022	Lease or Fund Term	Lease or Fund Expiry or Break	Rent pa £ @ Purchase	Current Rent pa £	Ground Rent pa £	Next Rent Review	% Yield on Cost	% Return on Value
	LEEDS	A	Vacant		Retail WH	-	-	-	-	-	-	195,000	0	-	-	-	-
	Killingbeck Retail Park	B	B&M Retail Ltd		Retail WH	-	-	-	-	10 yrs	14/07/2023	195,700	200,000	-	On Expiry	-	-
	Killingbeck Drive	C	B&Q Ltd		Retail WH	-	-	-	-	10 yrs	27/07/2027	197,340	202,400	-	28/07/2022	-	-
	York Road	D	B&Q Ltd	FH	Retail WH	20,203,879	06/06/2008	13,700,000	12,300,000	10 yrs	27/07/2027	604,750	604,750	-	28/07/2022	5.0	8.2
	LEEDS	20	Cooper Bros Business Group Ltd (t/a Vintage Bros)		Retail	-	-	-	-	5 yrs	16/05/2024	91,250	35,880	-	17/05/2023	-	-
	20/26 King Edward Street	22	Airwair International Ltd (t/a Dr Martens)		Retail	-	-	-	-	10 yrs	22/07/2024	95,000	70,000	-	On Expiry	-	-
	& 49/51 Vicar Lane	24	VF Northern Europe Services Ltd (t/a Vans)		Retail	-	-	-	-	15 yrs	03/10/2023	105,000	75,000	-	On Expiry	-	-
		26	JD Sports Fashion Plc (t/a The Hip Store)		Retail	6,561,408	25/10/2012	3,400,000	3,250,000	20 yrs	24/03/2026	158,500	115,000	-	On Expiry	4.5	9.1
	LONDON EC2	B 2&8	The Grocers Company		Store	-	-	-	-	9.5 yrs	03/04/2027	3,210	4,399	-	04/04/2027	-	-
	11 Old Jewry	B, LG, G	Goodman City Ltd		Restaurant	-	-	-	-	21.5 yrs	31/01/2032	162,500	162,500	-	-	-	-
		LG, G	Bank of China (UK) Ltd		Bank	-	-	-	-	20 yrs	31/01/2032	185,000	246,000	-	24/01/2027	-	-
		1st (E), B	Tom James International		Office	-	-	-	-	5 yrs	22/01/2026	196,000	129,160	-	On Expiry	-	-
		1st (W), B	Vacant		Office	-	-	-	-	-	-	121,974	0	-	-	-	-
		2nd (S)	John Graham Construction		Office	-	-	-	-	10 yrs	11/01/2024	227,469	227,469	-	11/01/2021	-	-
		2nd (N)	Saville Notaries LLP		Office	-	-	-	-	11 years	21/06/2027	214,095	173,315	-	22/06/2026	-	-
		3rd	Milliman LLP (Surety Milliman Inc)		Office	-	-	-	-	12 yrs	26/10/2024	342,085	349,000	-	27/10/2024	-	-
		4th	Vacant		Office	-	-	-	-	-	-	323,638	0	-	On Expiry	-	-
		5th	Vacant		Office	-	-	-	-	-	-	265,625	0	-	-	-	-
		6th (S)	Bedell Cristin Offices Ltd		Office	-	-	-	-	10 yrs	21/12/2026	0	112,725	-	On Expiry	-	-
		6th (N), B	Transfer Connex Ltd		Office	-	-	-	-	5 yrs	03/02/2025	115,367	100,280	-	On Expiry	-	-
		7th (S)	Masento Group		Office	-	-	-	-	3 yrs	24/06/2023	66,340	57,780	-	On Expiry	-	-
		7th (N), B	Laven (Tech) Ltd		Office	-	-	-	-	5 yrs	19/11/2024	81,515	101,674	-	On Expiry	-	-
		8th (S)	Pramex International Ltd		Office	-	-	-	-	15 yrs	09/03/2025	53,848	53,848	-	10/03/2020	-	-
		8th (N)	Milliman LLP (Surety Milliman Inc)	LH	Office	15,806,519	01/08/2016	15,350,000	13,600,000	12 yrs	26/10/2024	80,189	73,000	-	27/10/2024	11.3	13.2
	LONDON SW1	5th	Vacant (Under Development)		Office	-	-	-	-	-	-	117,500	0	-	-	-	-
	Wood House	4th	Vacant (Under Development)		Office	-	-	-	-	-	-	135,375	0	-	-	-	-
	24 Caxton Street	3rd	Vacant (Under Development)		Office	-	-	-	-	-	-	166,760	0	-	-	-	-
		2nd	William Sturges & Co		Office	-	-	-	-	5 yrs	28/09/2023	166,485	219,540	-	On Expiry	-	-
		1st	BAE Systems Plc		Office	-	-	-	-	15 yrs	24/03/2023	152,000	188,786	-	On Expiry	-	-
		Gd	BAE Systems Plc		Office	-	-	-	-	10 yrs	24/03/2023	38,118	41,213	-	On Expiry	-	-
		Gd	BAE Systems Plc		Office	-	-	-	-	2.5 yrs	24/03/2023	49,665	49,095	-	On Expiry	-	-
		Gd	Pret a Manger (Europe) Ltd		Retail	-	-	-	-	15 yrs	02/09/2027	46,000	82,000	-	On Expiry	-	-
		Gd	William Sturges & Co		Office	-	-	-	-	5 yrs	28/09/2023	7,345	9,900	-	On Expiry	-	-
		Gd	Starbucks Coffee Company (UK) Ltd		Retail	-	-	-	-	10 yrs	15/12/2027	45,000	63,500	-	16/12/2022	-	-
		Gd	London Underground Ltd		Pt Garage	-	-	-	-	20 yrs	28/09/2025	15,000	34,625	-	On Expiry	-	-
		Gd	London Underground Ltd		Pt Garage	-	-	-	-	98 yrs	17/10/2025	463	463	-	On Expiry	-	-
		Gd	Car spaces	FH/LH	Parking	16,178,626	16/05/2011	23,000,000	19,300,000	-	-	17,499	5,000	14,809	On Expiry	4.2	3.5
	LONDON W1	47/48 4th/6th	Vacant		Office	-	-	-	-	-	-	216,529	0	-	-	-	-
	47/48 Berners Street & 11 Wells Mews	47/48 3rd	Vacant		Office	-	-	-	-	-	-	92,820	0	-	On Expiry	-	-
		47/48 1st/2nd	Vacant		Office	-	-	-	-	-	-	188,457	0	-	-	-	-
		47/48 Gd/LG	Fashion Box UK Ltd		Showroom	-	-	-	-	10 yrs	31/12/2023	231,500	231,500	-	18/04/2023	-	-
		11 4th	Eccles Fisher Associates Ltd		Office	-	-	-	-	10 yrs	30/01/2028	20,000	20,000	-	31/01/2028	-	-
		11 3rd	Vacant		Office	-	-	-	-	-	-	25,515	0	-	-	-	-
		11 2nd	TGR Retail Ltd		Office	-	-	-	-	5 yrs	11/07/2023	35,000	35,000	-	On Expiry	-	-
		11 1st	Maslows UK Services Ltd		Office	10,471,883	15/01/2020	8,750,000	7,700,000	5 yrs	30/04/2023	31,000	35,500	600	On Expiry	3.1	4.2
	LONDON WC1	5th	London Upper Woburn Place Centre Ltd (t/a Regus)		Office	-	-	-	-	9.33 yrs	18/11/2027	88,125	115,132	-	19/11/2023	-	-
	16 Upper Woburn Place	3rd & 4th	London Upper Woburn Place Centre Ltd (t/a Regus)		Office	-	-	-	-	10 yrs	18/11/2027	224,238	640,303	-	19/11/2023	-	-
		2nd	London Upper Woburn Place Centre Ltd (t/a Regus)		Office	-	-	-	-	8.33 yrs	18/11/2027	205,840	344,810	-	19/11/2023	-	-
		1st	London Upper Woburn Place Centre Ltd (t/a Regus)		Office	-	-	-	-	10 yrs	18/11/2027	213,745	396,462	-	19/11/2023	-	-
		Gd (Pt)	London Upper Woburn Place Centre Ltd (t/a Regus)		Office	-	-	-	-	10 yrs	18/11/2027	93,000	152,000	-	19/11/2023	-	-
		Gd (Pt)	London Upper Woburn Place Centre Ltd (t/a Regus)		Office	-	-	-	-	10 yrs	18/11/2027	0	22,075	-	19/11/2023	-	-
		Gd & LG	Prezzo Trading Ltd		Restaurant	-	-	-	-	20 yrs	18/11/2027	87,500	142,000	-	05/01/2024	-	-
		LG	Barry's Bootcamp Ltd		Gym	-	-	-	-	25 yrs	18/11/2027	75,460	98,116	-	23/07/2023	-	-
		B	EDF Energy Networks (LPN) Plc		Substation	19,770,540	12/08/2011	36,200,000	32,200,000	99 yrs	03/03/2106	0	0	-	-	9.7	5.9
	LONDON WC2	4th	Directors UK Ltd		Office	-	-	-	-	10 yrs	28/07/2026	76,335	208,125	-	On Expiry	-	-
	22 Stukeley Street	3rd	Story Films Ltd		Office	-	-	-	-	5 yrs	17/08/2027	42,073	107,242	-	On Expiry	-	-

Dir/Ind	Property Address or Fund	Unit	Tenant or Fund	Tenure	Use	Total Cost £	Date of Purchase	Value £ @ 31/03/2022	Value £ @ 31/12/2022	Lease or Fund Term	Lease or Fund Expiry or Break	Rent pa £ @ Purchase	Current Rent pa £	Ground Rent pa £	Next Rent Review	% Yield on Cost	% Return on Value
		3rd	AIG Edenspiekermann Ltd		Office	-	-	-	-	10 yrs	19/03/2025	50,827	119,493	-	On Expiry	-	-
		2nd	Trentnet Ltd		Office	-	-	-	-	5 yrs	06/08/2024	83,250	193,836	-	On Expiry	-	-
		1st	Prospectus Ltd		Office	-	-	-	-	3 yrs	22/11/2023	85,360	192,705	-	On Expiry	-	-
		Gd & LG	Vacant		Office	-	-	-	-	-	-	80,765	0	-	-	-	-
		Gd & LG	Vacant	FH	Office	8,988,216	16/12/1998	23,340,000	20,400,000	-	-	49,200	0	-	-	9.1	4.0
MANCHESTER		29	Hancocks Jewellers Ltd		Retail	-	-	-	-	10 yrs	01/06/2022	120,000	70,000	-	02/06/2022	-	-
Old Exchange Buildings, 29/31 King Street		31	The Brogue Trader Ltd (t/a Loake Shoemakers)		Retail	-	-	-	-	10 yrs	02/09/2028	106,000	60,000	-	03/09/2023	-	-
		1/2 St A	Framed Opticians Ltd		Retail	-	-	-	-	10 yrs	24/06/2024	62,500	57,500	-	25/06/2024	-	-
		3/4 St A	Vacant		Retail	-	-	-	-	-	-	60,000	0	-	-	-	-
		1st	Lucinda Ellery Ltd		Retail	-	-	-	-	5 yrs	02/02/2022	17,648	22,500	-	On Expiry	-	-
		2nd	Vacant (Under Offer)		Office	-	-	-	-	-	-	0	0	-	-	-	-
		3rd & Pt 4th	Vacant		Office	-	-	-	-	5 yrs	-	29,377	0	-	-	-	-
		Pt 4th	Denton Corker Marshall		Office	6,591,908	11/08/2014	3,650,000	3,500,000	5 yrs	08/02/2020	0	10,955	-	-	3.4	6.3
NOTTINGHAM			National Car Parks Ltd		Car Park	23,738,525	19/07/2018	16,100,000	15,250,000	34.9 yrs	21/05/2037	996,200	1,114,769	-	29/06/2023	4.7	7.3
NCP Nottingham City 73 Mount Street																	
ROMFORD			Halifax Plc	FH	Retail	2,146,455	11/09/1998	2,600,000	2,600,000	25 yrs	23/06/2030	135,000	183,500	-	24/06/2025	8.5	7.1
26/30 South Street																	
SOUTHAMPTON			Cornerstone Telecoms Infrastructure Ltd		Phone Mast	-	-	-	-	10 yrs	12/10/2026	0	5,750	-	13/10/2019	-	-
Centurion Park	A		Sulzer Electro Mechanical Services (UK) Ltd		Industrial	-	-	-	-	5 yrs	24/03/2027	104,000	156,186	-	On Expiry	-	-
Bitterne Road	B		Nottingham Rehab Ltd		Industrial	-	-	-	-	7 yrs	31/07/2025	67,750	93,000	-	01/08/2025	-	-
	C		Howden Joinery Properties Ltd		Industrial	-	-	-	-	15 yrs	11/10/2032	68,780	103,167	-	12/10/2027	-	-
	D		Total Asia Food (Bristol) Ltd		Industrial	-	-	-	-	10 yrs	17/01/2032	61,450	114,038	-	17/01/2027	-	-
	E		Vauxhall Trade Parts Ltd		Industrial	-	-	-	-	5 yrs	12/03/2023	30,000	42,500	-	On Expiry	-	-
	F		Bufab (UK) Ltd		Industrial	-	-	-	-	3 yrs	31/12/2024	33,000	43,899	-	On Expiry	-	-
	G		TLC (Southern) Ltd		Industrial	-	-	-	-	10 yrs	19/12/2022	29,750	41,780	-	On Expiry	-	-
	H		Toolstation Ltd		Industrial	-	-	-	-	5 yrs	17/12/2023	30,000	45,862	-	On Expiry	-	-
	J		He-Man Dual Controls Ltd		Industrial	-	-	-	-	10 yrs	24/10/2028	65,640	100,000	-	25/10/2023	-	-
	K		CJR Propulsion Ltd		Industrial	-	-	-	-	10 yrs	26/11/2027	49,000	66,424	-	27/11/2022	-	-
	L		CJR Propulsion Ltd		Industrial	-	-	-	-	10 yrs	26/11/2027	60,000	69,015	-	27/11/2022	-	-
	M (Land)	-			Industrial	-	-	-	-	-	-	0	0	-	-	-	-
	P		The Post Office		Industrial	-	-	-	-	20 yrs	05/02/2029	146,772	145,850	-	05/02/2024	-	-
	R		Secretary of State for Transport		Industrial	-	-	-	-	3 yrs	31/01/2023	24,148	55,600	-	On Expiry	-	-
	S		Screwfix Direct Ltd	FH	Industrial	13,323,703	19/09/2000	22,250,000	18,000,000	10 yrs	26/09/2027	34,750	47,084	-	27/09/2022	8.5	6.3
STOKE ON TRENT			Hadleigh Industrial Estates Ltd	FH	Industrial	25,704,500	25/08/2021	26,350,000	23,500,000	99 yrs	16/10/2059	918,500	918,500	-	-	3.6	3.9
Hadleigh Park						-	-	-	-	-	-	-	-	-	-	-	-
Blythe Bridge						-	-	-	-	-	-	-	-	-	-	-	-
SWINDON	22 & 23		UK Storage Company (SW) Ltd		Industrial	-	-	-	-	25 yrs	21/09/2025	121,000	145,404	-	22/09/2025	-	-
Westmead Industrial	24		Network Rail Infrastructure Ltd		Industrial	-	-	-	-	10 yrs	19/01/2026	63,500	91,589	-	20/01/2026	-	-
Estate, Units 22/25 & R, Westmead Drive	25		West Swindon Parish Council		Industrial	-	-	-	-	5 yrs	21/02/2026	40,640	55,920	-	On Expiry	-	-
	R		PI Crouch, MA Clarke, PA Hopkins, & Hornbuckle Medical Trustees Ltd	FH	Industrial	4,666,790	15/12/1999	7,500,000	6,200,000	125 yrs	31/01/2114	26,600	27,265	-	01/02/2024	6.9	5.2
TRURO	11 & 12		Waterstones Booksellers Ltd		Retail	-	-	-	-	10 yrs	25/12/2026	269,950	230,000	-	On Expiry	-	-
11/15 Boscawen Street	13		Superdrug Stores Plc		Retail	-	-	-	-	25 yrs	24/12/2022	154,000	154,000	-	On Expiry	-	-
	14 & 15		The White Company (UK) Ltd	FH	Retail	8,427,238	11/11/1992	4,300,000	4,000,000	10 yrs	26/08/2023	97,500	140,000	-	On Expiry	6.2	13.1
WARRINGTON			QAS Group Ltd	FH	Industrial	2,654,601	24/03/1994	6,000,000	5,300,000	10 yrs	15/10/2031	160,000	250,000	-	16/10/2026	9.4	4.7
Calver Road Winwick Quay																	
WEYBRIDGE			Kite Glass Ltd	FH	Industrial	3,376,249	20/12/1990	14,700,000	11,850,000	15 yrs	28/09/2028	275,000	395,000	-	29/09/2023	11.7	3.3
29 Avro Way Brooklands Business Park																	
WOLVERHAMPTON	A		J Banks & Co Ltd		Industrial	-	-	-	-	999 yrs	28/09/3010	0	0	-	-	-	-
Vernon Park,	B		DHL Supply Chain Ltd		Industrial	-	-	-	-	4 yrs	31/08/2026	154,680	221,000	-	On Expiry	-	-
	C		Mann + Hummel (UK) Ltd		Industrial	-	-	-	-	12 yrs	12/06/2024	294,490	330,000	-	On Expiry	-	-

Dir/Ind	Property Address or Fund	Unit	Tenant or Fund	Tenure	Use	Total Cost £	Date of Purchase	Value £ @ 31/03/2022	Value £ @ 31/12/2022	Lease or Fund Term	Lease or Fund Expiry or Break	Rent pa £ @ Purchase	Current Rent pa £	Ground Rent pa £	Next Rent Review	% Yield on Cost	% Return on Value
		Land (D)	-	FH	Industrial	9,248,672	16/01/2014	14,250,000	10,900,000	-	-	0	0	-	-	6.0	5.1
Total: Direct Property						423,943,640		472,690,000	423,825,000			23,552,423	24,180,666			5.7	5.7
Ind	Ashford Investor Limited Partnership		LP owns the Ashford Designer Outlet Centre,	LP	Shopping Centre	19,356,185	23/05/2002	34,852,000	32,919,500	-	28/02/2032	514,312	3,836,250	-	n/a	19.8	11.7
	Hearthstone Residential Fund 1		Private Rented Sector Houses & Flats	LP	Residential	19,999,989		19,131,977	19,681,303			0	569,590	-	n/a	2.8	2.9
	Gresham House RESi		Shared Ownership Houses & Flats	LP	Residential	29,568,133		20,323,042	30,679,203			0	0	-	n/a	0.0	0.0
	Leisure Fund Unit Trust		Leisure Properties	LP	Leisure	16,597,195		-	16,895,448			0	323,681	-	n/a	2.0	1.9
Total: Indirects						85,521,501		74,307,019	100,175,454			514,312	4,729,521			5.5	4.7
Total: Portfolio						509,465,141		546,997,019	524,000,454			24,066,735	28,910,187	15,409		5.7	5.5



PENSIONS PANEL – 7 MARCH 2023

Report of the Director of Finance

RESPONSIBLE INVESTMENT & ENGAGEMENT (RI&E) REPORT QUARTER 3 2022/23

Recommendations of the Chairman

1. That the Pensions Panel note:
 - (a) the content of the Responsible Investment and Engagement (RI&E) Report, including the Climate Stewardship Plan for 2022/23 (Appendix 1); and
 - (b) the Local Authority Pension Fund Forum (LAPFF) Quarterly Engagement Report (Appendix 2).

Introduction & Background

2. The United Nations Principles of Responsible Investing (UNPRI) define RI as 'an approach to investing that aims to incorporate environmental, social and governance (ESG) factors into investment decisions, to better manage risk and generate sustainable, long-term returns.



Environmental

- Resource utilisation
- Sustainability
- Pollution
- Carbon emissions



Social

- Community
- Human Rights
- Employees
- Customers
- Suppliers



Governance

- Stakeholder alignment
- Ownership structure
- Regulatory controls
- Board accountability
- Transparency

3. The Pensions Panel recognises its role in promoting RI and endorses the UNPRI, whilst the Fund's equity managers are encouraged to sign up to them to ensure they incorporate ESG issues into their investment process. Currently all the Fund's equity managers are signatories to the UNPRI, including those within the LGPS Central Active External Global Equity Multi Manager sub-fund and the LGPS Central Global Sustainable Equity Active Fund – Targeted.
4. The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 require the Pension Fund to have an Investment

Strategy Statement (ISS) which must refer to the way in which the authority takes RI into account in the selection, non-selection, retention, and realisation of investments. The latest version of the ISS includes investment beliefs, specific to RI. The latest version of the ISS is available on the Pension Fund's website www.staffspf.org.uk.

5. In 2020, the Financial Reporting Council launched an updated UK Stewardship Code. The Code took effect from 1 January 2020 and aims to improve stewardship practices by setting a substantially higher standard than before. Under the 2016 Regulations, the Fund was accepted as a Tier 1 signatory of the UK Stewardship Code in 2017 and reaffirmed in 2018. Existing signatories to the Code are now required to submit a Stewardship Report that meets the FRC's new reporting expectations. A draft Stewardship Report will be presented to the Pensions Committee for approval, during 2023 on the work the Fund does to demonstrate how it meets the criteria of the enhanced UK Stewardship Code.
6. The Fund's 2018 Statement of Compliance with the UK Stewardship Code, as well as individual investment manager's RI policies and the UNPRI, are available on the Staffordshire Pension Fund website. www.staffspf.org.uk.
7. The Fund regularly receives RI&E reports from its investment managers, and these are publicly available on the investment managers own websites. More recently, it is pleasing to note that these have begun to include reports from investment managers who invest in private markets, such as Partners' Group Corporate Sustainability Report (Private Equity) and Gresham House Sustainable Investment Report (Residential Property).

Climate Change Strategy

8. In February 2022, the Pensions Committee approved the Fund's first Climate Change Strategy (CCS) which sets out the Fund's approach to managing the risks and opportunities presented by climate change, with the aim of achieving a net-zero carbon investment portfolio by 2050. To guide and monitor the Fund's decarbonisation roadmap, a series of 2030 targets have been included in the CCS. The CCS is available on the Fund's website www.staffspf.org.uk.

Climate Stewardship Plan and Engagement

9. Following the production of the Fund's latest Climate Risk Report by LGPS Central Ltd, which was presented to the Pensions Committee in March 2022, an updated Climate Stewardship Plan (CSP) was developed for 2022/23. The CSP for 2022/23 is a working document which is updated for engagement activity carried out throughout 2022/23 and progress is reported to the Panel quarterly. The latest CSP is attached at Appendix 1.
10. As the Fund appoints external investment managers, engagement with individual companies is delegated to these managers and the investment managers of pooled funds, in which the Fund also invests (e.g., LGPS Central Funds) and jointly as part of LAPFF. Information on manager engagement and voting is requested routinely, as part of the quarterly reporting the Fund

receives from each of the managers. In Q3 2022/23 managers' engagement topics included:

- Meeting with a pharmaceutical manufacturing company to discuss its key sustainability challenges, which at present are climate, water, and wastewater treatment. The company were able to evidence an improvement in the regulation of their supply chain, having launched a carbon footprint reduction plan, with a 2030 target date for supply chain greening. The company are also on the path to a 'zero-carbon' factory and wish to keep their carbon footprint steady whilst growing as a business.
- Meeting with a sports accessories manufacturer to discuss human rights in its supply chain and the ways it is aiming to remove any potential exposure to forced labour in materials sourced from China in particular.
- Meeting with a multinational consumer products company to discuss their deforestation policies/approaches and noting that they will be sanctioning companies for not meeting the minimum expectations of having a deforestation policy or programme from 2023 onwards.

LAPFF Quarterly report

11. LAPFF's Quarterly Engagement Report for Q3 2022/23 is attached for information at Appendix 2. Staffordshire joined LAPFF in March 2013, to reaffirm its commitment to RI&E matters. As always, Pensions Panel Members are encouraged to read the report as it highlights the good work LAPFF does in engaging with organisations on behalf of its members. Examples of engagement from the last quarter included:
 - Meeting with Tesco to discuss the company's withdrawal from Myanmar and how they are ensuring a 'responsible exit'.
 - Meeting with Rolls Royce to discuss the progress on the development of electric aircraft.
 - Holding the annual responsible investment conference in Bournemouth, which was attended by Staffordshire Pension Fund's Chair of the Pensions Committee and Officers of the Fund. This covered a wide range of ESG topics but had a particular focus on human rights and climate.

LGPS Central Ltd Quarterly Stewardship Report Q3 2022/23

12. Members are asked to note that there is no Quarterly Stewardship Report from LGPS Central Limited this quarter. LGPS Central's Stewardship activities for the quarter ending December 2022 will be covered within their Annual UK Stewardship Code Statement of Compliance, which is submitted annually in April, and will be reported to the June 2023 Pensions Panel.

Quarterly voting summary

13. The Fund receives quarterly updates from its investment managers on details of votes cast on corporate resolutions. The following table summarises the voting activity of the Fund's investment managers in Q3 2022/23.

Investment Manager Voting Activity Q3 2022/23

	Total resolutions	Vote with management	Votes against management	Abstain
Impax	36	28	8	0
JP Morgan	154	152	2	0
Longview	90	80	10	0
Legal & General	7,165	5,668	1,340	157
LGPS Central – Global Equity Fund	126	99	27	0
LGPS Central- Global Multi-Factor Fund	1,271	965	253	53

Rob Salmon
Director of Finance

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Equalities implications: Whilst there are no direct equalities implications arising from this report, equality is considered as part of the Pension Fund's wider engagement with companies.

Legal implications: There are no direct legal implications arising from this report.

Resource and Value for money implications: The resource and value for money implications are included in the body of the report. Specific consideration should be given to any effect on investment returns.

Risk implications: There is a risk that any screening of investments may result in the Pension Fund not maximising investment returns.

Climate Change implications: The Pension Fund has a Climate Change Strategy in place and produces an annual Climate Stewardship Plan which details its engagement on Climate Change matters.

Health Impact Assessment Screening: There are no direct implications arising from this report.

Climate Stewardship Plan

2022/23



Staffordshire Pension Fund Climate Stewardship Plan 2022/23

Staffordshire Pension Fund ('the Fund') recognises that climate change presents a risk which could be financially material, and which must be addressed under the scope of the Fund's fiduciary duty.

Given the Fund's long-dated liabilities and the timeframe in which climate risks could materialise, a holistic approach to risk management covering all sectors and all relevant asset classes is warranted.

To mitigate the worst economic impacts of climate change, there must be a large, swift, and globally co-ordinated policy response. The issue faced by diversified investors (such as pension funds) is not limited to the oil & gas and power generation sectors, but also to the vast number of downstream sectors, whose products and services are derived from, or reliant on, fossil fuel extraction. Investors focussing exclusively on primary energy suppliers could fail to identify material climate risks in other sectors and to limit the demand.

The Fund believes it is possible for companies with current high emission levels to change, reduce their emissions and thrive in a low carbon economy and that the support and stewardship of investors is key to influencing this.

Following production of the Fund's first Climate Risk Report, as presented to the Pensions Committee on 23 March 2021, a Climate Stewardship Plan (CSP) for 2021/22 was created. Receipt of the Fund's second Climate Risk Report has enabled an updated CSP to be produced for 2022/23. This reflects changes in the Fund's portfolio and underlying company investments and was approved by the Pensions Committee at its meeting on 11 February 2022.

The 2022/23 CSP again focuses on the investments having the most impact or of the most relevance to the Fund's climate risk; which improves upon the existing approach to climate-related engagement in terms of prioritisation. The **companies** recommended for engagement have been identified based on the following factors:

- Perceived level of climate risk, considering carbon risk metrics;
- Weight of the company in the portfolio;
- Likelihood of achieving change; and
- Ability to leverage investor partnerships.

The **investment managers** recommended for engagement were identified based on the following factors:

- Perceived level of climate risk, considering carbon risk metrics and climate scenario analysis;
- Size (by assets under management or 'AUM') of the portfolio; and
- Whether the mandate is expected to be long-term.

Although certain companies and investment managers have been highlighted for specific reasons and engagement within the CSP, the option remains open to assess all external equity investment managers using the questions and scoring system in the "Addressing Climate Risks and Opportunities in the Investment Process"

guidebook, published by the Institutional Investors Group on Climate Change (IIGCC).

Updates on progress and engagement, in line with the priorities identified in the CSP will be presented to the Pensions Panel each quarter, as part of a Responsible Investment and Engagement report. An updated CSP will be presented to the Pensions Committee annually, alongside updates to the Fund's Climate Change Strategy, which was introduced in 2022.

The main differences in the CSP to the companies recommended for engagement in 2022/23 are:

- the removal of China Resources Cement, Electricity Generating Public Company and Vistra Corporation; and
- the addition of CRH and Linde.

Between March 2020 and September 2021, following initial Officer engagement, one of the Fund's global equity managers, JP Morgan Asset Management exited positions in China Resources Cement, Electricity Generating Public Company and Vistra Corporation, which had been added to the Fund's CSP 2021/22 due to their high carbon intensities.

As a result of the updated carbon metrics analysis contained in the Fund's most recent Climate Risk Report, it was recommended that CRH and Linde were added to the CSP in 2022/23.

Due to the termination of contracts and subsequent appointment and investment with a global sustainable equity manager, Standard Life Investments have been removed from the CSP and replaced by Impax Asset Management, in the list of investment managers recommended for engagement.

Table 1. Companies recommended for engagement in 2022/23

Company	Sector	Portfolio	Issue/Objective	Vehicle	Engagement carried out 2022/23
BP	Energy	<ul style="list-style-type: none"> • LGIM UK Equities • LGIM All World Equities • LGPS Central Global Multi Factor Fund • JP Morgan Global Equity 	<ul style="list-style-type: none"> • Achievement of the high-level objectives of the CA100+ initiative including attainment of the specific indicators in the CA100+ Benchmark Framework. • To duly account for climate risks in financial reporting. 	LGIM, CA100+, LAPFF, JP Morgan	Q3 22/23 JPM met with BP regarding an oil field in Iraq, which has been linked with increased rates of leukaemia. Whilst BP does not own or operate the oil field, it does provide technical services. BP commented that they are sharing best practices with this site and feel they can best influence through the oil company forum in Iraq.
Glencore	Materials	<ul style="list-style-type: none"> • LGPS Central GEAMMF: Harris • LGIM UK Equities • LGIM All World Equities • LGPS Central Global Multi Factor Fund 	<ul style="list-style-type: none"> • Achievement of the high-level objectives of the CA100+ initiative including attainment of the specific indicators in the CA100+ Benchmark Framework. 	LGIM, LGPS Central via CA 100+, LAPFF	Q3 22/23 LAPFF met with Glencore to talk about LAPFF's work in Brazil, to discuss concerns community members in Peru have raised about Glencore's activities in that country, and to discuss various bribery and corruption allegations against the company. Glencore's approach to climate was also discussed. The company has now entered settlements in numerous countries in relation to various bribery and corruption allegations. It is hoped that these settlements will place internal control requirements on

					Glencore to prevent the occurrence of future problems in this area.
Holcim	Materials	<ul style="list-style-type: none"> • LGIM All World Equity • LGPS Central Global Multi Factor Fund • LGPS Central GEAMMF: Harris 	<ul style="list-style-type: none"> • Paris-aligned accounts in line with IIGCC's Investor Expectations • Achievement of the high-level objectives of the CA100+ initiative 	LGIM, LGPS Central via CA 100+, LAPFF	Q1 22/23 EOS, alongside 4.76% of shareholders, votes against the climate report at Holcim's AGM as a result of misalignment between the company's short-and-medium-term targets and a 1.5C scenario.
NextEra Energy	Utilities	<ul style="list-style-type: none"> • LGIM All World Equity • LGPS Central GEAMMF: Schroders • LGPS Central GEAMMF: Union 	<ul style="list-style-type: none"> • Methane emissions reduction aligned with the Paris Agreement • Capital allocation alignment with the Paris Agreement • Attainment of Indicator 7 "Climate Policy Engagement" in the CA100+ benchmark • Net Zero GHG emissions by 2050 (or sooner) ambition 	LGIM, LGPS Central via CA100, LAPFF	<p>Q1 22/23 - LGPSC as part of the CA100+ has called for NextEra to set net zero target consistent with 1.5C pathway. In June NextEra released its "Real Zero" plan which calls for significant investments to eliminate all scope 1 and scope 2 carbon emissions across NextEra Energy's operations by no later than 2045. LGPSC welcomes the company's increased ambition but recognises that more work needs to be done for the company to be fully aligned with Paris goals.</p> <p>Q2 22/23 - LGPSC as part of CA100+ held a meeting with the Company Secretary of NEE and are seeking to further discuss the gaps in NEE's Real Zero Plan with the Lead Independent Director of the board.</p>

Rio Tinto	Materials	<ul style="list-style-type: none"> • LGIM UK Equities • LGIM All World Equities • LGPS Central Global Multi Factor Fund 	<ul style="list-style-type: none"> • Achievement of the high-level objectives of the CA100+ initiative including attainment of the specific indicators in the CA100+ Benchmark Framework. 	LGIM, CA100+, LAPFF	<p>Q1 22/23 LGIM vote against Rio Tinto's Climate Plan. LGIM recognised the considerable progress the company has made in strengthening its operational emissions reduction targets by 2030, together with the commitment for substantial capital allocation. However, LGIM remained concerned with the absence of quantifiable scope 3 targets as they are such a material component of the company's overall emissions profile. LGPSC also voted against the Plan due to the lack of scope 3 emissions reduction targets.</p> <p>Q3 22/23 LAPFF attended an ESG briefing for investors to discuss the company's new 'Communities and Social Performance (CSP) Commitments Disclosure Final Report'. LAPFF asked if the company has also committed to independent environmental and social impact assessments (ESIA's), LAPFF is concerned that the company does not have a consistent or coherent approach to ESIA's. Acknowledging the expense and resources involved in this type of assessment, LAPFF would like to work with a range of mining companies to determine how</p>
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					it could be feasibly done much more widely.
Royal Dutch Shell	Energy	<ul style="list-style-type: none"> • LGIM UK Equities • LGIM All World Equities • LGPS Central Global Multi Factor Fund • LGPS Central GEAMMF: • JP Morgan Global Equity 	<ul style="list-style-type: none"> • To set and publish targets that are aligned with the goal of the Paris agreement • To fully reflect its net-zero ambition in its operational plans and budgets • To set a transparent strategy on achieving net zero emissions by 2050, including valid assumptions for short-, medium- and long-term targets 	LGIM, CA100+, LAPFF	<p>Q2 22/23 JPM met with Shell at their annual ESG update meeting to inform voting on two climate related resolutions at the AGM. Shell's Decarbonisation strategy includes reductions in absolute emissions by 50% by 2030 and 50% of all Shell's total expenditure is to be on low and zero carbon products by 2025. Shell has also achieved its target to reduce net carbon intensity of the energy products sold by 2-3% by the end of 2021.</p> <p>At the 2022 AGM in May 2022, Shell provided shareholders with a progress update on the energy transition plan which was met by 20.1% opposition among shareholders including LGPSC. With this level of opposition (above 20%), Shell is required to engage and consult shareholders on their concerns. LGPSC welcome steps taken by Shell including a commitment to deploy 45-50% of its capex on low and zero carbon projects between 2025 and 2030, which is an improvement from its</p>

					24% target in 2021. Furthermore, Shell has set an ambition to reduce oil production by 10- 20% by 2030, which will reduce its Scope 3 emissions. However, this does not align with the 28% reduction in oil production forecast by the International Energy Agency's Net Zero Scenario (NZE) as a requirement to meet a 1.5C target.
The Southern Company	Utilities	<ul style="list-style-type: none"> • LGIM All World Equity • LGPS Central Global Multi Factor Fund 	<ul style="list-style-type: none"> • Achievement of the high-level objectives of the CA100+ initiative including attainment of the specific indicators in the CA100+ Benchmark Framework. 	LGIM, CA100+, LAPFF	
Linde	Materials	<ul style="list-style-type: none"> • LGIM All World Equity • LGPS Central Global Multi Factor Fund • LGPS Central GEAMMF: Schroders • LGPS Central GEAMMF: Union • Impax 	<ul style="list-style-type: none"> • Paris-aligned accounts in line with IIGCC's Investor Expectations • Reduction in the company's carbon footprint 	LGIM, LGPS Central	<p>Q2 22/23 - Meeting with Impax. Impax have high conviction in this stock and believe that the gasses Linde produce reduce emissions in other processes and improve the water recycling purification process. Linde also have science-based emissions targets and are an industry leader in having these.</p> <p>Q3 22/23 EOS wrote to the CEO as one of 47 signatories, representing \$8 trillion assets under management for advice regarding the company's chemical production and disclosure</p>

					practices. The letter requested the company increase transparency on the type and volume of hazardous substances the company produces particularly in non-US and EU markets where disclosure requirements are not as stringent. The letter also urges the company to take a proactive leadership role in phasing out the most persistent chemicals and publish a time-bound commitment to do so. EOS were pleased with the company's explanation of its strong product stewardship policies and that it is regularly audited by the American Chemistry Council.
CRH	Materials	<ul style="list-style-type: none"> • LGIM UK Equities • LGIM All World Equities • LGPS Central Global Multi Factor Fund • LGPS Central GEAMMF: Union 	<ul style="list-style-type: none"> • Paris-aligned accounts in line with IIGCC's Investor Expectations • Achievement of the high-level objectives of the CA100+ initiative 	LGIM, LGPS Central via CA100+	Q3 22/23 In conjunction with Sarasin, LAPFF co-signed correspondence to the audit committee chair of CRH, setting out investor expectations on 1.5°C aligned accounting and audit disclosures. There has been evidence of progress; correspondence with the company recognised inherent uncertainties in the transition to net zero, and the response was welcomed with a meeting offered to discuss the requests made.

Table 2. Investment managers recommended for engagement in 2022/23

Investment Manager	Portfolio	Issue	Engagement carried out 2022/23
JP Morgan	Global Equity Fund	<ul style="list-style-type: none"> Continue to monitor JP Morgan's climate risk management Question JP Morgan about their engagement activity with Royal Dutch Shell, BP and NK Lukoi 	<p>Q2 22/23 JPM met with Shell at their annual ESG update meeting to inform voting on 2 climate related resolutions at the AGM. Decarbonization strategy includes reduction in absolute emissions by 50% by 2030 and 50% of all total expenditure to be on low and zero carbon products by 2025. Shell has achieved its target to reduce net carbon intensity of the energy products sold by 2-3% by the end of 2021.</p> <p>Q2 22/23 - Meeting with JPM, where they were questioned on their climate risk management regarding high carbon emitting stocks. JPM responded that they regularly discuss and review their approach to climate risk and take opportunities to reduce exposure where possible. They also regularly engage with underlying companies on this matter.</p> <p>In Q3 22/23 JPM met with BP regarding an oil field in Iraq, which has been linked with increased rates of leukaemia, whilst BP does not own or operate the oil field, it does provide technical services. BP commented that they are sharing best practices with this site and feel they can best influence through the oil company forum in Iraq.</p>
Legal & General Investment Managers (LGIM)	All World Equity	<ul style="list-style-type: none"> Continue to monitor engagement progress with NextEra via the Climate Stewardship Plan. 	<p>Q1 22/23 LGIM vote against Rio Tinto's Climate Plan. LGIM recognised the considerable progress the company has made in strengthening its operational</p>

		<ul style="list-style-type: none"> • Monitor LGIM's engagement with AGL, Coal India, BP, ExxonMobil, NTPC and Gazprom. • Continue to monitor the TPI carbon performance of the portfolio 	emissions reduction targets by 2030, together with the commitment for substantial capital allocation. However, LGIM remained concerned with the absence of quantifiable scope 3 targets as they are such a material component of the company's overall emissions profile.
Legal & General Investment Managers (LGIM)	UK Equity Fund	<ul style="list-style-type: none"> • Continue to include Shell, Rio Tinto and BP in the Climate Stewardship Plan • Monitor LGIM's engagement with CRH, BHP, Anglo American and Evraz 	Q3 22/23 LGIM voted for two shareholder proposals (against management) at the BHP AGM. The proposals were to proactively advocate for Australian policy settings that are consistent with the Paris Agreement's objective of limiting global warming to 1.5°C, and that the notes to the company's audited financial statements should include a climate sensitivity analysis, which includes a scenario aligned with limiting global warming to 1.5°C. These resolutions received 12.7% and 18.7% support, respectively, from shareholders. LGIM continue to engage with BHP and, more broadly, to support proposals that are aligned with LGIM's net zero aims and beliefs
LGPS Central Limited	Global Multi Factor Fund	<ul style="list-style-type: none"> • Continue to monitor LGPS Central's approach to climate risk management • Review LGIM's stewardship activities with Duke Energy, China Resources Power and The Southern Company • Continue to monitor TPI data within the portfolio 	
LGPS Central Limited	Global Equity Active Multi-Manager Fund (GEAMMF)	<ul style="list-style-type: none"> • Monitor LGPS Central's approach to managing climate risk in the portfolio. In particular, on Harris Associates' overweight position in thermal coal reserves. 	Q1 22/23 - LGPSC as part of the CA100+ has called for NextEra to set net zero target consistent with 1.5C pathway. In June NextEra released its "Real Zero" plan which calls for significant investments to eliminate all scope 1 and scope 2 carbon emissions across NextEra Energy's operations by no later than

		<ul style="list-style-type: none"> • Monitor LGPS Central's engagement with Harris Associates in particular relating to their engagement with Berkshire Hathaway • Continue to include NextEra Energy and Lafarge Holcim in the Climate Stewardship Plan 	2045. LGPSC welcomes the company's increased ambition but recognises that more work needs to be done for the company to be fully aligned with Paris goals.
Longview Partners	Global Equity Fund	<ul style="list-style-type: none"> • Continue to monitor Longview Partners' approach to management of climate risk • Question Longview Partners' apparent underweight to clean tech stocks in the portfolio 	<p>A portfolio wide climate commitment audit was carried out in 2021.</p> <p>Q1 22/23 - Longview enquired with Grainger about their plans to commit to net-zero target, Grainger are currently working with suppliers to analyse scope 3 emissions. They commented that it was difficult to make commitments beyond 2030 without identifying and potentially influencing scope 3 emissions. They have currently set 2030 targets which are aligned with Paris agreement.</p> <p>Q2 22/23 - Longview held calls with HCA and L3Harris to discuss their climate commitments.</p> <p>Q2 22/23 -in a meeting with Longview, their approach to management of climate risk was discussed. They commented that as with all ESG factors, it is included in their investment process as a factor which could impact returns materially. Longview also carry out targeted engagement with companies on climate risk.</p>
Impax Asset Management	Global Sustainable Equities	<ul style="list-style-type: none"> • Enquire after the extent of stewardship activity with Linde 	Q2 22/23 - Meeting with Impax. Impax have high conviction in Linde and believe that the gasses the company produce reduce emissions in other processes and improve the water recycling purification process. Linde also have science-based

			emissions targets and are an industry leader in having these.
LGPS Central Limited	Global Active Investment Grade Corporate Bond Multi	<ul style="list-style-type: none"> • Monitor LGPS Central's approach to managing climate risk within their portfolio, particularly where there is an absence of reported GHG emissions data • Ask LGPS Central to monitor Neuberger's engagement with WEC Energy, SSE, Centrica, ExxonMobil and Diamondback Energy • Ask LGPS Central to monitor Fidelity's engagement with SSE • Ask after the extent of investment in green bonds and the circumstances in which the managers would consider buying green bonds 	

CLIMATE ACTION 100+ (CA100+)

CA100+ is an investor-led initiative set up to ensure the world's largest corporate greenhouse gas emitters take necessary action on climate change. The engagement initiative currently encompasses 167 companies that are estimated to collectively emit more than 80% of industrial GHG emissions globally. Investor participants, including LGPSC Central Limited, have committed to engage these high emitters to:

- Implement a strong governance framework which clearly articulates the board's accountability and oversight of climate change risk;
- Take action to reduce GHG emissions across the value chain, consistent with the Paris Agreement's goal of limiting global average temperature increase to below two degrees Celsius above pre-industrial levels, aiming for 1.5 degrees. Notably, this implies the need to move towards net-zero emissions by 2050 or sooner; and
- Provide enhanced corporate disclosure in line with the final recommendations of the Task Force on Climate related Financial Disclosures (TCFD) and sector-specific Global Investor Coalition on Climate Change (GICC) Investor Expectations on Climate Change guidelines (when applicable), to enable investors to assess the robustness of companies' business plans against a range of climate scenarios, including well below two degrees and improve investment decision making.

In September 2020, CA100+ introduced a Benchmark Framework which identifies ten key indicators of success for business alignment with a net-zero emissions future and goals of the Paris Agreement. Assessments for each CA100+ company against the ten indicators were published on 22 March 2021 and offers comparative assessments of individual focus company performance against the three high-level commitment goals.

The ten indicators included in the CA100+ are:

1. Net-zero GHG emissions by 2050 (or sooner) ambition
2. Long-term (2036-2050) GHG reduction target(s)
3. Medium-term (2026-2035) GHG reduction target(s)
4. Short-term (up to 2025) GHG reduction target(s)
5. Decarbonisation strategy
6. Capital allocation alignment
7. Climate policy engagement
8. Climate governance
9. Just Transition
10. TCFD Disclosure

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Quarterly Engagement Report

October-December
2022

Local
Authority
Pension
Fund
Forum

Human Rights, Mining, Drax, Renault, Mercedes, Chipotle

LAPFF CONFERENCE



LAPFF Conference 2022

LAPFF held its annual conference in Bournemouth this quarter with a heavy focus on human rights and climate. On the first afternoon, delegates heard from a Total representative about the company's decision to withdraw from Myanmar and from the Vale Chair about his company's efforts to move on from the 2015 and 2019 tailings dam disasters in Brazil. The LAPFF Chair also thanked a Brazilian communities' representative for hosting LAPFF's visit in August and September, and spoke with José Pugas of JGP Asset Management about his organisation's work with Vale, as well as on deforestation.

On the second day, the conference delegates heard from a range of asset managers about their experiences of working to implement sustainability in their operations. Moving onto climate specifically, engaging non-executive directors on the topic, and a panel on electric vehicles followed, along with a session on executive remuneration. There was a fascinating, if disturbing, session on the fall of FTX and a panel discussing the growing importance of the 'S' in ESG. An LGPS panel on 'levelling up' was followed by two sessions on the need for sustainable water use. The day ended with an update on shareholder resolutions requesting racial equity audits.

The final day of the conference opened with a recount of the Covid pandemic from Devi Sridhar, a University of Edinburgh professor who has been vocal about government and societal responses to the pandemic. She was followed by Nell McShane, who has written a book about sex discrimination and harassment against female flight stewardesses and their path to unionising. Brendan Curran from the Grantham Institute at the London School of Economics then spoke about the just transition to a zero-carbon economy. The day ended with a synopsis of the state of affairs globally by political editor and broadcaster, Robert Peston.

COMPANY ENGAGEMENTS

UN Forum on Business and Human Rights

In light of LAPFF's summer visit to Brazil, the LAPFF Chair, Cllr Doug McMurdo, was invited to speak on an investor panel at the 2022 UN Forum on Business and Human Rights in Geneva. He was joined by colleagues from Principles for Responsible Investment, Domini Impact Investments, and Business for Social Responsibility. Cllr McMurdo spoke about the need to engage with affected stakeholders, including communities affected by company operations, in order for investors to understand better the true value of their investments. He implored investors to do more on human rights as a matter of financial materiality.

BHP

Objective: LAPFF attended a BHP webinar on the company's sustainability activities and met with CEO, Mike Henry, informing a position for a voting alert ahead of BHP's November AGM. The LAPFF Chair, Cllr Doug McMurdo, also met with the Australasian Centre for Corporate Responsibility (ACCR) to find out more about why the organisation filed three shareholder resolutions ahead of BHP's AGM.

Achieved: LAPFF issued a voting alert in favour of the ACCR resolutions, recommending that its members oppose the BHP Chair, Ken MacKenzie, and vote in favour of three shareholder resolutions aimed at improving the company's climate practices.

In Progress: While LAPFF was grateful to the CEO for meeting to discuss the shareholder resolutions put to the AGM, there is still concern that the company has denied a meeting on the Samarco tailings dam collapse that occurred in 2015. LAPFF is continuing to engage BHP on both human rights and climate, but the views of both parties diverge significantly at the moment.



Vale Chair, José Penido, speaking at the LAPFF conference

Vale

Objective: One of LAPFF's main objectives with Vale is to have the company engage effectively with stakeholders affected by its operations. While Vale, and particularly the Chair, has remained open to engagement with LAPFF and other investors, LAPFF would still like to see the company engage more effectively with workers and communities affected by its operations.

Achieved: Vale Chair, José Penido, travelled to the LAPFF conference to speak in person to investors about Vale's work to provide adequate reparations and recover reputationally from the Mariana and Brumadinho tailings dam collapses from 2015 and 2019, respectively. LAPFF is therefore encouraged that the company is taking investor action seriously in respect of these disasters.

In Progress: It remains the case that the vast majority of houses in the

various resettlements need to be rebuilt for affected community members. These houses are among many other reparations that still need to be carried out to an acceptable standard. LAPFF also has continued to express concerns that the company is not yet engaging in a meaningful way with affected community members. Fulfilment of Vale's reparations obligations and establishing a process for effective engagement with all stakeholders therefore remain high priorities for LAPFF.

Anglo American

Objective: Cllr McMurdo wrote to Anglo American Chair, Stuart Chambers, and offered to report back on his findings from speaking to communities in Brazil impacted by Anglo American operations.

Achieved: Mr Chambers appeared to be receptive to LAPFF's findings and requested more detailed information from LAPFF.

COMPANY ENGAGEMENT

In Progress: LAPFF is in the process of compiling the detailed findings from the Brazil visit to share with Mr Chambers and his colleagues. After this process has been completed, LAPFF is planning to meet with Anglo American's technical staff to talk them through the findings.

Glencore

Objective: Although LAPFF was keen to meet Anglo American, BHP, and Vale in relation to its Brazil visit, it wanted to share its findings and observations with other mining companies covered in LAPFF's mining and human rights report issued earlier this year. Therefore, Cllr McMurdo met with Glencore Chair, Kalidas Madhavpeddi, to talk about LAPFF's work in Brazil, to discuss concerns community members in Peru have raised about Glencore's activities in that country, and to discuss various bribery and corruption allegations against the company. Glencore's approach to climate was also discussed.

Achieved: For a number of years, LAPFF had requested that Glencore undertake an independent assessment of the company's internal controls. This request stemmed from an investor collaboration spearheaded by Sarasin when details of Glencore's business relationships in the Democratic Republic of Congo raised concerns of bribery and corruption. Although Glencore does not appear to have heeded this request, the company has now entered settlements in numerous countries in relation to various bribery and corruption allegations. It is hoped that these settlements will place internal control requirements on Glencore to prevent the occurrence of future problems in this area.

In Progress: LAPFF is hearing concerns from community members affected by Glencore's operations in Peru that are eerily similar to those LAPFF encountered in Brazil, Colombia, Mexico, Papua New Guinea, and elsewhere. Namely, communities allege that mining companies have polluted, and are continuing to pollute, their water. The companies respond by stating that the water is naturally polluted. LAPFF needs to investigate to understand what is happening in these situations.

Rio Tinto

Objective: LAPFF has been pleased to see some progress made by Rio Tinto after the company's destruction of a 46,000-year-old cultural heritage site at Juukan Gorge, Australia. Rio Tinto has been particularly transparent about its challenges on both community relations and workplace culture. During the year, the company issued both a community engagement update and a workplace culture report by a reputed independent consultant that highlighted a range of practices that need to be improved at the company. LAPFF is keen to ensure that Rio Tinto is undertaking effective social and environmental impact assessments and that the company does not face the same problems in relation to reparations at Juukan Gorge that BHP and Vale are facing in relation to reparations for the Mariana tailings dam collapse in Brazil.

Achieved: LAPFF attended an ESG briefing for investors to discuss the company's new 'Communities and Social Performance (CSP) Commitments Disclosure Final Report'. Given Rio Tinto's description of increased cultural heritage assessments, LAPFF asked if the company has also committed to independent environmental and social impact assessments (ESIAs) as part of its CSP approach.

In Progress: Although it seems that there is a fair amount of external input into various assessments, LAPFF is concerned that the company does not have a consistent or coherent approach to ESIAs. The independent assessment at Panguna in response to the OECD National Contact Point complaint on this issue is apparently underway and is to be commended, but it is reportedly a one off. Acknowledging the expense and resources involved in this type of assessment, LAPFF would like to work with a range of mining companies to determine how it could be feasibly done much more widely.

Drax

Objective: LAPFF has been increasingly concerned about the business model of Drax Group plc, which runs the UK's largest power plant at Drax in Yorkshire. Instead of coal, the plant burns imported wood pellets, mainly from North America. The concerns about sustainability flow from the burning of wood on such a scale, as well as the harvesting of wood, removing a near-term living carbon sink (trees) that can only be replaced over a long period.

Achieved: LAPFF requested a meeting with the chair of Drax Group. A meeting was held, and a comprehensive follow-up letter has been sent to the chair as a result.

In Progress: Because discussions are ongoing, further reporting and updates will occur in due course.

Drax Power Station



COMPANY ENGAGEMENT

Chipotle

Objective: LAPFF has been engaging with Chipotle on the company's approach to water stewardship for three years. The focus of the engagement has been to encourage the company to undertake a full value chain water risk assessment. After a period of heightened engagement with the company, LAPFF member Greater Manchester Pension Fund filed a resolution on this issue ahead of Chipotle's 2022 AGM. Following discussions between LAPFF and the company, an agreement was reached that would see the resolution withdrawn from the ballot. The withdrawal was conditional upon formal commitments being made relating to the company's water stewardship programme.

Achieved: LAPFF held a follow-up call with Chipotle to measure progress made against LAPFF's initial asks. In response to the resolution, the company has completed a materiality assessment covering ingredients, its supply chain and restaurants.

In Progress: Given the company now has a better understanding of the water-related risks facing the business, the next phase of the stewardship plan is to develop context-based targets that relate specifically to areas of the operations under high water stress. LAPFF will continue to work with the company to develop these goals.

KLA

Objective: Given the investment risks associated with global warming LAPFF has been issuing climate change voting alerts focused on shareholder resolutions, including those seeking to ensure companies have 1.5°C aligned targets and transition plans.

Achieved: LAPFF issued a voting alert at US company, KLA, regarding a proposal for a report on net zero targets and climate transition planning. LAPFF recognised the work being undertaken by the company. However, given the risks posed by climate change and the need to disclose a strategy for addressing climate risk and carbon emissions (covering Scopes 1, 2 and 3 and targets aligned to



Rolls Royce production site

a 1.5°C trajectory) LAPFF recommended a vote in favour of the resolution. In the end, the resolution secured the backing of a quarter of the votes, sending a strong message to the board about what action a significant minority of shareholders want to see.

In Progress: LAPFF expects companies to reflect and respond to such results given the level of support from shareholders. LAPFF will continue to issue climate-related voting alerts in 2023.

Rolls Royce

Objective: A meeting with Rolls Royce Chair, Anita Frew, was held to follow up on LAPFF's collaborative correspondence to FTSE All Share chairs requesting they set out the company's carbon transition strategy to investors and put an appropriate resolution to shareholders at the AGM.

Achieved: A meeting with the head of sustainability and others covered various aspects of business strategy, targets, governance and disclosure. LAPFF asked

COMPANY/COLLABORATIVE ENGAGEMENT

if a timeline to commercialisation could be given for the company's development of electric prototypes for commuter aircraft and regional flights, noting that Norwegian airline Widerøe, that Rolls Royce has partnered with, has targeted 2025 for its first commercial launch. A separate meeting of the LAPFF Chair with Anita Frew, provided insight into the workings and chairing of the 13-strong board. Discussions on the company's carbon impact and transition plan made evident the emphasis placed on the development of new businesses and products.

In Progress: The LAPFF Chair again pressed for the board to put the transition plan to the AGM for shareholder approval. This may be considered too soon for the 2023 AGM but has not been ruled out for future AGMs.

Responsible Mineral Sourcing

Objective: LAPFF has continued its engagement with electric vehicle manufacturers to gain a better understanding of how they are addressing the risks associated with sourcing the minerals they need to produce the batteries for their vehicles. LAPFF met with Renault and General Motors on this issue for the first time this quarter and with Mercedes for the second time.

Achieved: An overview of Renault's work on risk assessments for the minerals it sources and contingent reporting was discussed. LAPFF also raised the potential benefits of membership of the Initiative for Responsible Mining Assurance (IRMA).

The discussion with Mercedes provided an in-depth view of the work the company was doing with regards to risk assessment of minerals and some of the work the company was doing in the Democratic Republic of the Congo.

General Motors laid out new additions to its board and the skills they would bring in the transition to electric vehicles. The company also spoke about the aspirations it had with its risk assessment process, audit programme and its dialogue with suppliers on the IRMA.

In Progress: LAPFF is continuing to seek engagements with electric vehicle manufacturers, impressing upon them the benefits of transparent reporting and enhanced due diligence, whilst seeking to better understand what work companies are doing and how they are managing a just transition.

Tesco

Objective: Following the military coup in Myanmar in February 2021, it has been widely reported that there has been a drop in human rights and labour standards throughout the country, with union leaders targeted, internet connections cut, wages withheld, and a lack of freedom of assembly for workers. Tesco announced a responsible exit from the country, concluding in May 2022. LAPFF sought a meeting with the company to discuss this responsible exit and gain insight into the company's global supply chain due diligence.

Achieved: When LAPFF met with Tesco, a range of factors for the company's withdrawal from Myanmar were discussed. The Ethical Trade Initiative's recommendations for responsible business in the garment sector arose as a point of reference. There was also a useful discussion about whether companies are able to maintain leverage over factories and the human rights situation on the ground with the Junta in power.

In Progress: LAPFF is continuing to

monitor a number of companies that have supply chain links to Myanmar and will likely seek meetings with those that are seeking to exit the country or have already done so to gain a broader picture of how companies are approaching a 'responsible exit'.

COLLABORATIVE ENGAGEMENTS

Asia Transition Platform (MUFG, SMBC, Kasikornbank, J Power)

Objective: Meetings were held with Asian financial institutions and coal-exposed power companies in collaboration with investors in the Asia Transition Platform. Meetings with banks focused on strategies to anticipate regulatory developments, mitigate risks to capital and capitalise on investment opportunities. Engagement with J-Power followed up on LAPFF's voting recommendation for the 2022 AGM, advising support for a resolution requesting carbon emission reduction targets aligned with the goals of the Paris Agreement.

Achieved: Engagement with MUFG sought to elicit further details on the company's proposed transition plan. LAPFF executive member, Cllr Wilf Flynn, pressed particularly on ostensible support for ammonia co-firing in the power industry, given that it delays transition

Workers ride a ferry truck as they go to a factory in the morning in Yangon, Myanmar



COLLABORATIVE ENGAGEMENT



Metal manufacturing and recycling

to renewables and may not provide much benefit due to marginal emission reductions and high costs relative to renewables.

At SMBC, progress was recognised since the last meeting, with the bank setting absolute reduction targets for the oil, gas and coal sectors. It appeared that targets for investment and underwriting were still under development.

A discussion with the President of Kasikornbank, Khun Krit Jitjang, focused on how to work with client companies and bring industry along, noting work undertaken with members of the Thai bankers' association. It appears that there is now no financing for new coal plants or expansion of existing ones.

A meeting with J-Power's Executive Vice President and Director, Hitoshi Canno, covered the company's target to achieve net zero for all operations. Critical points of discussion included a stable supply of electricity for the Japanese domestic market, and a roadmap on these issues.

In Progress: LAPFF intends to continue challenging J-Power's strategy to invest in carbon capture and co-firing, with the associated risk of being 'locked-in' to coal fired plants. Regular meetings continue with Asia Research and Engagement to determine company-specific coverage for 2023, including Chinese-listed companies.

CA100+ ENGAGEMENTS

Lyondell Bassell

Objective: LAPFF sought an update on the multinational chemical company's decarbonisation strategy, subsequent to Peter Vanacker having taken over as CEO in May.

Achieved: With the arrival of the new CEO, it appears that much work has been put into an overall review of company strategy, with low-carbon initiatives poised to be a major part of company growth going forward. The meeting provided initial feedback on progress against the CA100+ benchmark results, set out investor expectations on lobbying and explored

policy challenges facing the company and where there might be areas for collaboration. Company representatives noted that engagement with the investor group has helped to promote this low-carbon focus.

In Progress: On Lyondell Bassell's lobbying activities, the company discloses the trade associations it is part of but little else. It is hoped that more company policies will be disclosed by next March when the full revised company business strategy is due to be announced.

ArcelorMittal

Objectives: LAPFF has undertaken a number of engagements with ArcelorMittal and wished to determine progress in implementing zero-carbon technologies, as well as press for shareholders to be able to endorse company initiatives through a 'Say on Climate' resolution at the AGM.

Achieved: ArcelorMittal has joined the Energy Transition Commission (a LAPFF request from 2019) and referred to the

COLLABORATIVE ENGAGEMENT

Mission Possible Partnership's 'net zero steel' report which shows two thirds of the US\$5 trillion required to decarbonise the global steel industry is in enabling infrastructure for green hydrogen and renewable electricity. There was a discussion about the Science-Based Targets initiative to develop appropriate methodology for the steel sector. This approach differentiates between primary and secondary steelmaking. The latter is based on recycling scrap steel and accounts for about one-third of production. It is hoped that ArcelorMittal will issue its next climate report after the AGM so it appears there is no plan for a 'transition plan' resolution for the 2023 AGM.

In Progress: The company appears to have made progress in decarbonising primary steelmaking. The Inflation Reduction Act is spurring similar initiatives in the US. In Europe however, the pace of change appears to be slower.

National Grid

Objective: A meeting with National Grid representatives sought to ascertain why the company is not aiming to align with proposed ambitious US state policy for the decarbonisation of heat, and to follow-up on requests around policy disclosure.

Achieved: In the meeting, as ever, the divergence between the US and UK businesses was apparent. The north eastern US states where National Grid operates have set policies for 100% electrification of households in the decarbonisation of heat by 2050. It appears that the company wishes to keep the benefit of existing gas infrastructure. Cllr Chapman attended the meeting and highlighted comments made by the company, which LAPFF shares, that there is no long-term future in gas and that the future is in electrification.

In Progress: Engagement continues to identify and unlock potential policy barriers for National Grid's decarbonisation strategy. LAPFF and other CA100+ investors are interested in partnering with the company in calling for the necessary policies that can unlock the barriers to fast and decisive climate action.

Sarasin – Paris-aligned accounts

Objective: In conjunction with Sarasin, LAPFF co-signed correspondence to the audit committee chairs of Equinor, CRH, Air Liquide and Rio Tinto setting out investor expectations on 1.5°C aligned accounting and audit disclosures.

Achieved: This was a follow up to previous correspondence with the committee chairs, who were also provided with Carbon Tracker's assessment of the company's 2021 audited accounts. In all four cases, there has been evidence of progress. The most substantive was Equinor's accounts where there were additional notes to the accounts and a 1.5°C sensitivity analysis for Property, Plants and Equipment. This led to the identification of a potential impairment of \$11.4 billion, equivalent to just under 30% of reported 2021 equity.

In Progress: Correspondence with all four companies recognised inherent uncertainties in the transition to net zero, and responses were welcomed with a meeting offered to discuss the requests made.

Investor Alliance for Human Rights (IAHR) – The Home Depot

Objective: LAPFF joined the Investor Alliance for Human Rights (IAHR) Uyghur Working Group earlier in 2022 as part of a collaborative effort in engaging companies with alleged Uyghur forced labour in their supply chains. Through this group,



LAPFF has taken the lead on The Home Depot, a company with alleged links to forced labour in its polyvinyl chloride (PVC) supply chain noted in the 'Built on Repression' report produced by Sheffield Hallam University.

Achieved: LAPFF met with The Home Depot in December after an initial letter was sent with multiple expectations. These expectations included asking the company to complete a mapping of its value chain both inside and outside of China. The objective of this mapping is to identify both direct and indirect business relationships that are connected to the East Turkestan/Xinjiang region. Other questions were raised around the company's audit programme, including issues with undertaking thorough audits in Xinjiang.

In Progress: LAPFF is continuing to participate in the IAHR's Uyghur working group and will look to follow up with The Home Depot in 2023 to ask further questions about the company's audit programme and mapping process.

Principles for Responsible Investment (PRI) – Advance Human Rights Initiative

Over the course of the year, the PRI has been developing its [Advance](#) initiative for investors to promote corporate respect for human rights. The programme was launched at the annual PRI in Person conference this quarter. LAPFF has been assigned to investor groups engaging with Anglo American and Vale. Planning for these group engagements is already under way and will complement LAPFF's own work on human rights, as well as its collaborations through IAHR.

Investor Alliance for Human Rights (IAHR) – Investor Statement on the Corporate Sustainability Due Diligence Directive

The PRI, Eurosif, and IAHR drafted an investor statement in relation to proposed changes to the EU's Corporate Sustainability Due Diligence Directive (CSDDD). The statement proposed five improvements, all of which align with LAPFF positions on human rights, corporate governance, supply chain, and climate. These proposed improvements

COLLABORATIVE/POLICY ENGAGEMENT

are aimed at greater inclusion of financial companies and value chains, strengthening board responsibility for human rights and environmental due diligence (including through executive remuneration), and ensuring alignment with other corporate sustainability legislation within the EU. LAPFF signed onto this statement along with other investors.

SHARE – Amazon Sign-On Letter

Canadian investor body, SHARE, circulated a sign-on letter to Amazon for investors to support. The letter followed a shareholder proposal at the company's AGM asking the Board of Directors to produce a report analysing how Amazon's current human rights policies and practices protect the rightful application of the fundamental rights of freedom of association and collective bargaining. The letter requested that the Board conduct an independent third-party assessment of Amazon's commitment, policies, practices on freedom of association to identify, address and prevent any misalignments with the ILO Declaration on Fundamental Principles and Rights at Work and the UN Guiding Principles on Business and Human Rights. LAPFF joined other investors in signing onto this letter.

POLICY ENGAGEMENT

All-Party Parliamentary Group for Local Authority Pension Funds

Objective: LAPFF supports the All-Party Parliamentary Group (APPG) for Local Authority Pension Funds, established to discuss the issues and concerns of local authority pension funds. The APPG hosted a meeting in October to discuss the issue of levelling up. Part of the government's levelling up agenda has been to encourage and support private investment into local areas. The levelling up white paper also highlighted the role that local authority pension funds could play and called for LGPS funds to invest 5% locally. Through this white paper, the UK Infrastructure Bank has been tasked with engaging LGPS funds on supporting local growth. The meeting provided an opportunity to discuss barriers facing funds to reaching a local investment target as well as the potential opportunities.

Achieved: At the meeting chaired by Clive Betts MP, Lord Jim O'Neill, Vice-Chair of the Northern Powerhouse Partnership, set out the role investment could play in supporting local growth and how some LGPS funds had backed Northern Gritstone, which is financing companies being spun out of northern universities. Kate McGavin, Policy and Strategy Director at the UK Infrastructure Bank, focused on risk appetite, green infrastructure opportunities and investment some local authority pension funds had already made. The meeting provided an opportunity to hear about what funds were doing and their focus on their fiduciary duties and securing returns.

In Progress: The APPG for Local Authority Pension Funds will continue to discuss relevant policy issues facing the LGPS.

Party Political Conferences

Objective: LAPFF supports fringe events at political party conferences; they are an effective way to raise issues that LAPFF has been involved in with national politicians and among stakeholders. This year the focus of the meetings was on investing in a just transition, following the [launch of the report](#) into the issue by the LAPFF-supported APPG on Local Authority Pension Funds. The meetings provided the opportunity for LAPFF to highlight the work of the Forum on the just transition and take part in a discussion about the respective roles of government and investors.

Achieved: LAPFF held meetings at Labour, Conservative and SNP conferences, with the Liberal Democrat conference being cancelled due to the Queen's funeral. At the meetings, LAPFF highlighted why ensuring a just transition was important for investors, including reducing the risks of political resistance to climate action. LAPFF set out how it seeks to reduce risks for members by engaging companies on ESG issues and showcased the engagement work that it has undertaken on a just transition. LAPFF Executive representatives were able to discuss the issues with politicians from the respective parties and answer questions from the audience about the work of LAPFF.

In Progress: LAPFF will continue to be involved in discussions with national politicians given the importance legislation and regulation plays in shaping the environment in which LAPFF members operate.

Government Taskforce on Social Factors

Objective: Since it was founded over 30 years ago, LAPFF has been engaging on social issues and highlighting the importance of social factors to investment value. Despite the importance of social risks to responsible investors, it has often not had as much attention as governance and environmental risks. LAPFF has sought to change this situation, including among policymakers by engaging them through events and responding to consultations. In June last year [LAPFF responded](#) to the Department for Work and Pensions' call for evidence on consideration of social risks and opportunities by occupational pension schemes. As part of the Government's response, it decided to establish a Taskforce on Social Factors and LAPFF was invited to be a member.

Achieved: The establishment of the taskforce is to be welcomed and hopefully marks greater emphasis on the social risks that LAPFF engages on, including around human rights and employment standards. It is testament to the work of LAPFF and its members on social issues that it has been invited to take part in the taskforce and shows the importance of engagement with policymakers.

In Progress: The taskforce is running for a year with the expectation that it will culminate in a final report with recommendations.

ENGAGEMENT

CONSULTATION RESPONSES

LGPS Climate Governance and Reporting

In September, the Department for Levelling Up, Housing and Communities issued a consultation on [governance and reporting of climate change risks for LGPS funds](#). The proposals within the consultation would broadly align LGPS funds with the Task Force on Climate-Related Financial Disclosures (TCFD) requirements introduced for DWP regulated funds. LAPFF responded to the consultation welcoming the move and noting LAPFF's long support for TCFD reporting. [The response](#), based on LAPFF's policies and its Climate Change Investment Policy Framework, set out the Forum's positions on alignment with a 1.5°C scenario, the importance of a just transition, and called for further consultation on any guidance to funds that might be issued.

CA100+ Benchmark

LAPFF's [response](#) to proposed amendments for the CA100+ benchmark provided input to several proposed amendments. For example, LAPFF supported a new indicator on climate solutions where the proposed definition was for technologies, infrastructure or other activities "which help displace

fossil fuels". Areas of concern included a new indicator citing 2050, which current indicators do not. LAPFF considers a 2050 focus to be unhelpful, as recent IPCC reports show the global carbon budget for remaining within 1.5°C is very likely to be used up well before then.

WEBINARS

IndustriALL Social Protection Webinar

IndustriALL and LAPFF joined forces to co-host a second webinar on the need for universal social protection. This webinar focused specifically on an ILO employee injury protection pilot project in Bangladesh. Representatives from brands H&M and Associated British Foods spoke about the reason that their companies see the need for this type of social protection. The Rana Plaza factory collapse in Bangladesh was cited as a catalyst for understanding why social protection is so important, but more brand support is needed (although there are fears of freeriding). It is hoped the pilot leads to long-term, permanent, systemic solutions. You can find a film with worker testimonials [here](#) and a brief from IndustriALL [here](#).

MEDIA COVERAGE

Environment

ESG Investor: [Firms Looking for the Right Lever to Lead on Net Zero](#)

Mining and Human Rights:

ESG Investor: ["Work Still to Do" on Brazilian Tailings Dams](#)

Sydney Morning Herald: [BHP investors dial up scrutiny of fatal dam disaster remediation and in the Age](#)

Instit Invest: [Un fonds de pension britannique mène son engagement actionnarial sur le terrain](#)

Responsible Investor: [Investor pressure builds over human rights in mining](#)

Conectas: [Tragedy in Mariana: With no agreement with affected people, companies are under pressure from international investors \[in Portuguese\]](#)

BN Americas: [Horizonte Minerals awards feasibility study contract for Brazil nickel-cobalt project](#)

Health

City Wire: [Firms with €5.7tn in total assets join new health coalition](#)

ESG Investor: [Investors Unite on Public Health](#)

The Actuary: [Investor alliance launched to support "healthier and fairer" societies](#)

Ethical Marketing News: [Global investor alliance managing \\$5.7 trillion unites to improve population health](#)

IPE: [Group of investors form health alliance](#)

Due Diligence

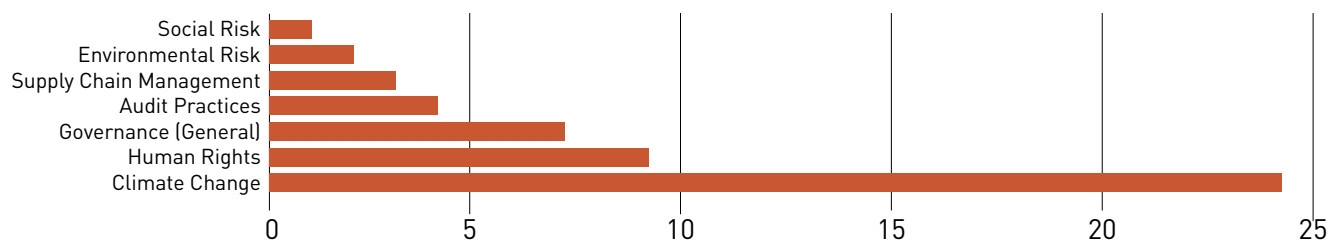
Responsible Investor: [Alarm sounded over push for exclusion of FIs from EU due diligence directive](#)

CHAIR'S QUOTE

"The LAPFF Conference this year showcased the breadth of LAPFF's work and the range of its network and partnerships. All of these endeavours and partnerships are aimed at informing our members in the best possible way so that they can make good, responsible investment decisions."

ENGAGEMENT DATA

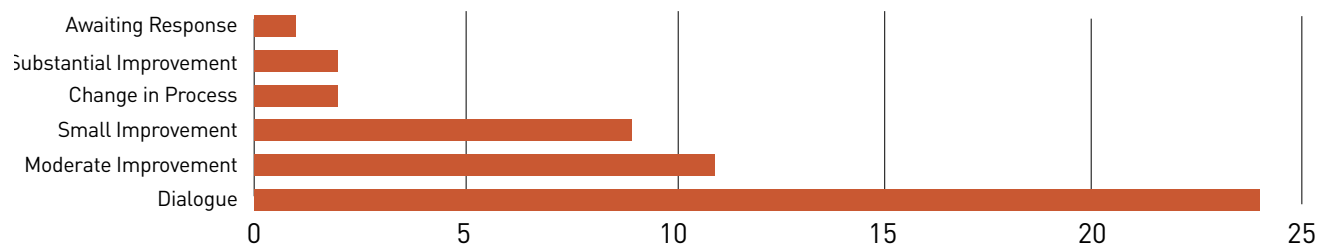
ENGAGEMENT TOPICS



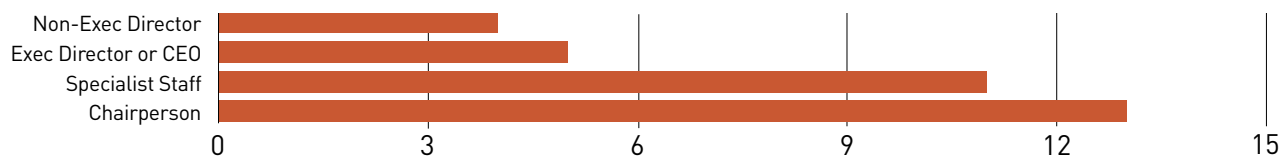
ACTIVITY



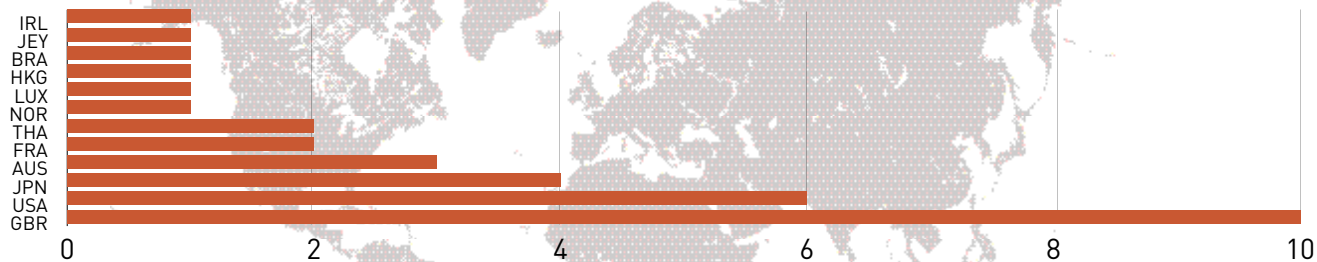
MEETING ENGAGEMENT OUTCOMES



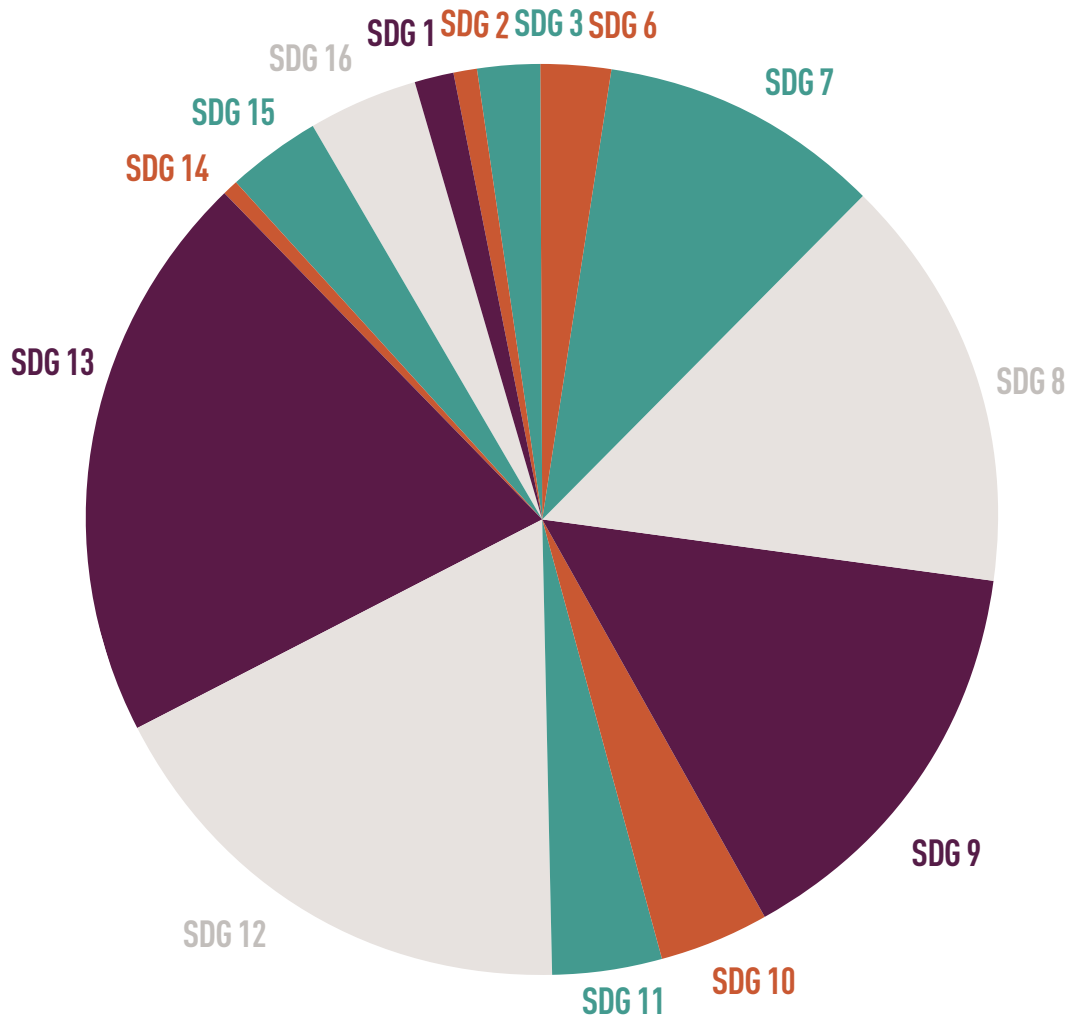
POSITION ENGAGED



COMPANY DOMICILES



ENGAGEMENT DATA



LAPFF SDG ENGAGEMENTS

SDG 1: No Poverty	2
SDG 2: Zero Hunger	1
SDG 3: Good Health and Well-Being	3
SDG 4: Quality Education	0
SDG 5: Gender Equality	0
SDG 6: Clean Water and Sanitation	3
SDG 7: Affordable and Clean Energy	13
SDG 8: Decent Work and Economic Growth	19
SDG 9: Industry, Innovation, and Infrastructure	19
SDG 10: Reduced Inequalities	5
SDG 11: Sustainable Cities and Communities	5
SDG 12: Responsible Production and Consumption	23
SDG 13: Climate Action	26
SDG 14: Life Below Water	1
SDG 15: Life on Land	4
SDG 16: Peace, Justice, and Strong Institutions	5
SDG 17: Strengthen the Means of Implementation and Revitalise the Global Partnership for Sustainable Development	0

COMPANY PROGRESS REPORT

26 Companies engaged over the quarter

*The table below is a consolidated representation of engagements so reflects the number of companies engaged, not the number of engagements

Company/Index	Activity	Topic	Outcome
AIA GROUP LTD	Sent Correspondence	Climate Change	Awaiting Response
AIR LIQUIDE SA	Sent Correspondence	Climate Change	Moderate Improvement
ANGLO AMERICAN PLC	Meeting	Human Rights	Dialogue
ARCELOMITTAL SA	Meeting	Climate Change	Moderate Improvement
BHP GROUP LIMITED (AUS)	Meeting	Governance (General)	Dialogue
BHP GROUP LIMITED (AUS)	Alert Issued	Governance (General)	Dialogue
CHIPOTLE MEXICAN GRILL INC	Meeting	Environmental Risk	Moderate Improvement
CRH PLC	Sent Correspondence	Climate Change	Moderate Improvement
DRAX GROUP PLC	Meeting	Climate Change	Dialogue
ELECTRIC POWER DEVELOPMENT CO	Meeting	Climate Change	Small Improvement
EQUINOR ASA	Sent Correspondence	Climate Change	Substantial Improvement
GLENCORE PLC	Meeting	Governance (General)	Change in Process
KASIKORNBANK PCL	Meeting	Climate Change	Moderate Improvement
KELLOGG COMPANY	Sent Correspondence	Social Risk	Dialogue
KLA CORPORATION	Alert Issued	Environmental Risk	Dialogue
LYONDELLBASELL INDUSTRIES N.V.	Meeting	Climate Change	Small Improvement
MITSUBISHI UFJ FINANCIAL GRP	Meeting	Climate Change	Small Improvement
NATIONAL GRID PLC	Meeting	Climate Change	Change in Process
RENAULT SA	Meeting	Supply Chain Management	Small Improvement
RIO TINTO GROUP (AUS)	Meeting	Governance (General)	Dialogue
RIO TINTO PLC	Sent Correspondence	Climate Change	Moderate Improvement
ROLLS-ROYCE HOLDINGS PLC	Meeting	Climate Change	Moderate Improvement
SUMITOMO MITSUI FINANCIAL GROUP	Meeting	Climate Change	Moderate Improvement
TESCO PLC	Meeting	Human Rights	Small Improvement
THE HOME DEPOT INC	Meeting	Human Rights	Small Improvement
VALE SA	Meeting	Governance (General)	Dialogue

LOCAL AUTHORITY PENSION FUND FORUM MEMBERS

Avon Pension Fund
Barking and Dagenham Pension Fund
Barnet Pension Fund
Bedfordshire Pension Fund
Berkshire Pension Fund
Bexley (London Borough of)
Brent (London Borough of)
Cambridgeshire Pension Fund
Camden Pension Fund
Cardiff & Glamorgan Pension Fund
Cheshire Pension Fund
City of London Corporation Pension Fund
Clwyd Pension Fund (Flintshire CC)
Cornwall Pension Fund
Croydon Pension Fund
Cumbria Pension Fund
Derbyshire Pension Fund
Devon Pension Fund
Dorset Pension Fund
Durham Pension Fund
Dyfed Pension Fund
Ealing Pension Fund
East Riding Pension Fund
East Sussex Pension Fund

Enfield Pension Fund
Environment Agency Pension Fund
Essex Pension Fund
Falkirk Pension Fund
Gloucestershire Pension Fund
Greater Gwent Pension Fund
Greater Manchester Pension Fund
Greenwich Pension Fund
Gwynedd Pension Fund
Hackney Pension Fund
Hammersmith and Fulham Pension Fund
Haringey Pension Fund
Harrow Pension Fund
Havering Pension Fund
Hertfordshire Pension Fund
Hounslow Pension Fund
Isle of Wight Pension Fund
Islington Pension Fund
Kensington and Chelsea (Royal Borough of)
Kent Pension Fund
Kingston upon Thames Pension Fund
Lambeth Pension Fund
Lancashire County Pension Fund
Leicestershire Pension Fund

Lewisham Pension Fund
Lincolnshire Pension Fund
London Pension Fund Authority
Lothian Pension Fund
Merseyside Pension Fund
Merton Pension Fund
Newham Pension Fund
Norfolk Pension Fund
North East Scotland Pension Fund
North Yorkshire Pension Fund
Northamptonshire Pension Fund
Nottinghamshire Pension Fund
Oxfordshire Pension Fund
Powys Pension Fund
Redbridge Pension Fund
Rhondda Cynon Taf Pension Fund
Scottish Borders Council
Shropshire Pension Fund
Somerset Pension Fund
South Yorkshire Pension Authority
Southwark Pension Fund
Staffordshire Pension Fund
Strathclyde Pension Fund
Suffolk Pension Fund

Surrey Pension Fund
Sutton Pension Fund
Swansea Pension Fund
Teesside Pension Fund
Tower Hamlets Pension Fund
Tyne and Wear Pension Fund
Waltham Forest Pension Fund
Wandsworth Borough Council Pension Fund
Warwickshire Pension Fund
West Midlands Pension Fund
West Yorkshire Pension Fund
Westminster Pension Fund
Wiltshire Pension Fund
Worcestershire Pension Fund

Pool Company Members

Border to Coast Pensions Partnership
LGPS Central
Local Pensions Partnership
London CIV
Northern LGPS
Wales Pension Partnership

Item no 8 on Agenda

Local Members Interest	
<u>Nil</u>	

PENSIONS PANEL – 7 MARCH 2023

Report of the Director of Finance

INVESTMENT STRATEGY STATEMENT (ISS)

Recommendation of the Chair

1. That the Pensions Panel approves the updated Staffordshire Pension Fund Investment Strategy Statement (ISS) and recommends further approval of such to the Pensions Committee.
2. That the Pensions Panel notes the potential requirement for further updates to the Investment Strategy Statement (ISS) once the outcome of the Department for Levelling Up, Housing and Communities (DLUHC) formal consultation on the Statutory Guidance on Asset Pooling in the LGPS is known.

Reasons for Recommendations

3. The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 came into force in 2017 and under Regulation 7(6) and 7(7), the ISS must be kept under review and updated at least every three years.

Investment Strategy Statement (ISS)

4. The ISS documents how the investment strategy for the Fund is determined and implemented and is required to cover numerous areas, specifically:
 - The requirement to invest money across a wide range of investments;
 - An assessment of the suitability of particular investments and investment types;
 - The maximum percentage authorities deem should be allocated to different asset classes or types of investment;
 - The authority's attitude to risk, including the measurement and management of risk;
 - The authority's approach to investment pooling;
 - The authority's policy on social, environmental and corporate governance considerations; and
 - The authority's policy with regard to stewardship of assets, including the exercise of voting rights.

5. The last major review of the ISS was undertaken in April 2020, and this incorporated the outcome and outputs from the 2019 Strategic Asset Allocation review and the 2019 Actuarial Valuation. This ISS has been updated since for relatively minor amendments and the latest published version of the ISS is dated April 2021.
6. Whilst very similar in structure, the April 2023 version of the ISS, attached at Appendix 2, contains major revisions, as it reflects the outcome and outputs from the 2022 Strategic Asset Allocation review and 2022 Actuarial Valuation. The April 2023 ISS also includes detail about the arrangements for the Fund's transfer of assets into LGPS Central Ltd and it incorporates the Fund's Climate Change Strategy (published in 2022).
7. Under Regulation 7(5), the authority must consult such persons as it considers appropriate as to the proposed contents of its investment strategy. In the formulation of the updated ISS, the Fund has consulted with its investment advisors – Hymans Robertson.
8. Pensions Panel Members are asked to note that the document may need further revision following the outcome of the DLUHC's formal consultation on the Statutory Guidance on Asset Pooling in the LGPS; expected sometime in early 2023.

Rob Salmon
Director of Finance

Contact :	Melanie Stokes
	Assistant Director for Treasury & Pensions
Telephone No.	(01785) 276330

Background Documents:

1. The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016

Appendix 1

Equalities implications: There are no direct equalities implications arising from this report.

Legal implications: The legal implications are included in the body of the report.

Resource and Value for money implications: The resource and value for money implications are included in the body of the report.

Risk implications: Risk implications are covered within the Investment Strategy Statement, as required by regulations.

Climate Change implications: The implications of climate change on financial markets and its proactive management through stewardship activities, is included in the Staffordshire Pension Fund Climate Change Strategy.

Health Impact Assessment Screening: There are no direct implications arising from this report.

Investment Strategy Statement

April 2023



Investment Strategy Statement

1. Introduction and Background

1.1 This is the Investment Strategy Statement ('ISS') produced by Staffordshire County Council as the administering authority of the Staffordshire Pension Fund ('the Fund'), to comply with the regulatory requirements specified in Regulation 7 of The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 ('the investment regulations'). The ISS is subject to annual review and within six months of any material change in investment policy or other matters as required by law.

1.2 The ISS was approved by the Pensions Committee in March 2023, following consultation with the Fund's Investment Adviser, Hymans Robertson. The Pensions Committee is the main decision-making body and comprises both elected Councillors and non-voting representatives from Trade Unions and from other employing bodies in the Fund. A full explanation of the governance arrangements setting out the respective roles of the Pensions Committee, Pensions Panel, and the Local Pensions Board can be found in the separate document entitled 'Governance Policy Statement' published on the Pension Fund website at the following link.

<https://www.staffspf.org.uk/Governance/Policies/Governance-policy-statement/Governance-policy-statement>

1.3 In preparing the ISS, the Pensions Committee has consulted with its Investment Advisers and the Fund Actuary, as there are close links between this Statement and the separate Funding Strategy Statement ('FSS') which can also be found on the Pension Fund website at the following link.

www.staffspf.org.uk/Finance-and-Investments/Funding-Strategy-Statement/Funding-Strategy-Statement

2. The Fund's Objectives

2.1 The Fund has several funding strategy objectives which are set out in the FSS. These are to;

- take a prudent long-term view to secure the regulatory requirement for long-term solvency, with sufficient funds to pay benefits to members and their dependants.
- use a balanced investment strategy to minimise long-term cash contributions from employers and meet the regulatory requirement for long-term cost efficiency.
- where appropriate, ensure stable employer contribution rates.
- reflect different employers' characteristics to set their contribution rates, using a transparent funding strategy.

- use reasonable measures to reduce the risk of an employer defaulting on its pension obligations.
- 2.2 The FSS sets out the main aims of the Fund and sets employers' contribution rates to achieve those aims based on a Strategic Asset Allocation ('SAA') that is predominantly invested in return-seeking assets. The FSS models the risks of this investment strategy and the link between assets and liabilities. It also sets out the likelihood of achieving the funding objective in the long term. The FSS has an explicit stabilisation mechanism to limit the annual increase in contribution rates for local authorities and other employing bodies with strong covenants.
- 2.3 The investment objective of the Fund is:
- To achieve a return on Fund assets which is sufficient, over the long-term, to meet the funding strategy objectives on an ongoing basis.
3. **Investment Strategy and Beliefs**
- 3.1 The Fund has built up assets over many years and continues to receive contribution and investment income. Any money which is not needed immediately to make payments from the Fund must be invested in a suitable manner; the way in which this is done is referred to as the investment strategy. The Fund ensures it has parameters around its investment strategy by setting a SAA, which at a primary level indicates how much the Fund will allocate to each asset class (i.e., equities, fixed income, property, infrastructure, and cash). This primary level is often then sub-divided further by type of investment and manager allocations.
- 3.2 The Fund shares a set of common investment beliefs which it thinks about when setting its investment strategy. These were updated in 2019 to incorporate the Fund's beliefs about Responsible Investment (RI) and are listed below:
- A long-term approach to investment will deliver better returns and the long-term nature of LGPS liabilities allows for a long-term investment horizon.
 - Liabilities influence the asset structure. Funding levels, contribution and investment strategies are linked, and all should be considered together when making investment decisions.
 - Asset allocation is one of the most important factors in driving long term investment returns, but strategy implementation is becoming increasingly more important.
 - Diversification of investments across and within asset classes can improve the risk / return profile, but must be resilient through market crises, and the benefits are subject to diminishing returns.

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- Inefficient markets mean there is a place for active management, providing there is a realistic expectation of out-performance and has the potential to contribute to non-financial goals.
- Risk premiums exist for certain investments, which together with secure and growing income streams can help to recover funding deficits and underpin the ability to meet the Fund's future pension liabilities.
- The fees of investment managers should be aligned with the Fund's long-term interests. Value for money is more important than the minimisation of cost.
- Responsible investment, which covers a wide range of environmental, social and governance issues, can enhance long-term investment performance across all asset classes and should be integrated into all investment processes.
- A strategy of engagement, rather than exclusion, is more effective and supportive of responsible investment. The opportunity to influence through stewardship is waived with a divestment approach.
- Financial markets could be materially affected by climate change. Responsible investors should proactively manage this risk through stewardship activities in partnership with like-minded investors where feasible.
- Asset managers and investee companies with robust governance structures will be better positioned to handle future events. Decision making and performance are improved when there are diverse individuals involved.

3.3 The Pension Fund's SAA is formulated in consultation with the Fund's Investment Advisers, Hymans Robertson, with all the Fund's objectives in mind. A full SAA review was carried out alongside the work for the Actuarial Valuation as at 31 March 2022. It was determined with reference to:

- The likelihood that it will deliver a return that, in conjunction with the contribution strategy, will achieve the Fund's long-term funding target; and
- The likelihood that any shortfall from the funding target, in the event of adverse investment outcomes, will be within acceptable levels.

3.4 In order to do this, Hymans Robertson use Asset Liability Modelling (ALM) to assess a range of possible outcomes on numerous potential investment strategies. ALM uses 5,000 economic scenarios with various combinations of relevant data (e.g., asset class returns, inflation rates, interest rates, salary increases etc) to project forward the funding level for each investment strategy. From the distribution of outcomes, the probability of being fully funded at a particular point in time (20 years has been used for the Fund) and worst-case positions under adverse scenarios can be estimated.

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- 3.5 ALM looks for a combination of investment and contribution rate strategies that gives the likelihood of achieving the desired funding level (i.e., 100%) with acceptable down-side risk. For the most recent SAA review, a total of 16 investment strategies were modelled prior to the most suitable being approved by the Pensions Committee.
- 3.6 The most recent Actuarial Valuation of the Fund at 31 March 2022, indicated a funding level of 120% (an increase from 99% at 31 March 2019). This means that at 31 March 2022, the Fund was more than fully funded. However, it should be acknowledged that this is a single point in time and that the long-term aim is for the Fund to remain fully funded for the next 20 years and beyond. In order to achieve this, the Fund still needs to ensure that the value of its assets, relative to its liabilities, continues to grow. The most recent SAA review aims to achieve this and reflected the current funding position by recommending a switch from return-seeking assets such as equities to more income producing assets, such as property, private debt, infrastructure, and multi-asset credit.
- 3.7 This switch to more income producing assets will help the Fund as it matures, and more is paid out in pensions than is received in contributions from active members. The SAA review also looked at the Fund's liquidity and concluded that the income generated by the Fund's assets (e.g., interest and rental income) should be more than enough to cover any shortfall in contributions for the foreseeable future.
- 3.8 The SAA is reviewed and approved by the Pensions Committee every three years, as part the actuarial valuation process and to take account of developments in the investment environment. It is monitored more frequently at quarterly meetings of the Pensions Panel.
- 3.9 The arrangements for the Fund's investments changed with the advent of LGPS asset pooling and LGPS Central Limited on 1 April 2018. Staffordshire is one of 8 Partner Funds (owners and clients) of LGPS Central Ltd and over recent years and going forwards, an increasing amount of the Fund's investments will be invested through LGPS Central Limited. However, the decision making around the Fund's SAA, which is recognised to be the primary driver of investment returns, still lies with the Pensions Committee.
4. **The requirement to invest money across a wide range of investments and an assessment of the suitability of particular investments and investment types.**
- 4.1 The Pensions Committee receives advice on investments from its appointed Investment Advisers. The issues that the Pensions Committee takes into account when considering different investments (or asset classes) include;
- Legality – is it excluded by any regulation?
 - The nature and type of return (e.g., is the asset 'real'?)
 - The expected level of return
 - The expected variability of return (volatility)
 - The relationship of returns between asset classes

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- The long-term track record of the asset class
- Liquidity
- Credit Risk (i.e., risk of loss)
- Leverage
- Currency risk
- Complexity
- Use of active management where it can add value
- Responsible Investment.

- 4.2 Following the SAA review of the Fund, which took place alongside the Actuarial Valuation at 31 March 2022, the Pensions Committee agreed that the following asset classes were appropriate for the Fund to invest in.

Return-seeking assets	
Equity	Global Equity
	Private Equity
	*LGPS Central Limited
Property	
Infrastructure	
Fixed Income	Private Debt
	Multi-Asset Credit
Defensive assets	
Fixed Income	Fixed-Interest Gilts
	Index-Linked Gilts
	Investment-Grade Corporate Bonds
	*LGPS Central Limited
Cash	

*The Fund invests in this asset class via investing in the regulatory capital of LGPS Central Limited.

- 4.3 The Fund's SAA is set to ensure that the Fund invests in a wide range of asset classes. This diversification of assets reduces risk and aims to help meet the Fund's funding objectives. Whilst the SAA sets the framework for the Fund's portfolio of assets over the long-term, many more detailed decisions have to be taken to build the portfolio of assets; these include considerations such as the type of investment management (e.g., passive vs active management), the choice of investment vehicle (e.g. LGPS Central Limited or an alternative where no investment vehicle is provided or suitable) and the geographic spread (e.g., UK vs global investment).
- 4.4 These 'structural' aspects are the subject of ongoing monitoring by Officers and Advisers and a 'Strategic Asset Allocation Review' report is presented quarterly to the Pensions Panel for its consideration. From time to time, when markets dislocate, 'tactical' moves between asset classes may be deemed appropriate. However, the Pensions Panel will only agree to make any such switches, following clear advice and recommendations from their Advisers.
- 4.5 Furthermore, to ensure that 'tactical' switches are not made unnecessarily, the Pensions Panel monitors the actual SAA of the Fund, subject to tolerances,

versus the target SAA of the Fund. The current and long-term target SAA target, with permitted tolerance ranges, are provided in Appendix A.

- 4.6 The Fund categorises assets between return-seeking assets and defensive assets, with the defensive assets being those which aim to remove some of the volatility and risk in the investment strategy (e.g., if equity markets fall in value, other asset classes may rise in value). The balance between return-seeking assets and defensive assets must be such that volatility can be managed, but that the investment strategy is still capable of returning the level of growth required in the long term, in line with the assumptions made by the Actuary in the actuarial valuation.

Expected Return on Investments

- 4.7 In carrying out the 2022 Actuarial Valuation of the Fund, the Fund's Actuary agreed several financial assumptions with the Pensions Committee. One of these related to the likely level of investment returns the Fund could expect to achieve over the long term.
- 4.8 Considering the output from the ALM exercise and the Fund's current SAA, the Actuary determined that the likely total (net) investment return for the Fund over the next 20 years was estimated to be 4.4%. This rate was then used for the purposes of calculating a funding level as part of the 2022 Actuarial Valuation (the discount rate).
- 4.9 The discount rate of 4.4% is a calculation at a single point in time and a number that the Actuary estimates, best represents the likelihood of the Fund achieving a 100% funding level in 20 years' time. The following table details the assumptions made about the expected long-term returns (net of fees) for each of the main asset classes, which were used in the ALM exercise and the 2022 Actuarial Valuation. The table also provides the annual expected volatility of those returns as at 31 March 2022.

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		Expected net Rate of Return (p.a.) (20 years)	Volatility of Return in Year 1 (p.a.)
Return-seeking assets		31 March 2022	31 March 2022
Equity	Global	6.1%	20.0%
	Private Equity	10.0%	31.0%
Property		5.0%	15.0%
Infrastructure		6.5%	15.0%
Fixed-Income	Private Debt	4.3%	9.0%
	Multi-Asset Credit	4.4%	7.0%
Defensive assets			
Fixed-Income	Fixed-Interest Gilts	1.5%	7.0%
	Index-linked Gilts	0.1%	7.0%
	Investment-Grade Corporate Bonds	2.1%	8.0%
Cash		2.4%	0%

- 4.10 For investment return assumptions for time periods after the end of the funding horizon (i.e., more than 20 years); the rate set by the actuary is set at a margin above the risk-free rate (i.e., a UK Government Fixed-Interest Gilt). This outperformance assumption represents the excess return the Fund might get for investing in riskier assets (i.e., equities) over the long-term. The level of the margin set depends on the funding objective, but when looking at employers who are expected to be members of the Fund on an ongoing basis, the margin is +1.6%. More details on the assumptions used in the 2022 Actuarial Valuation can be found in the Fund's Funding Strategy Statement available at the following link.

www.staffspf.org.uk/Finance-and-Investments/Funding-Strategy-Statement/Funding-Strategy-Statement

- 4.11 Any asset class / investment is assessed on its individual merits and on the potential, it offers to improve the overall balance of risk and return for the Fund as a whole. The numbers provided in the previous table are indicative of the characteristics sought. The expected return from defensive assets (e.g., fixed-interest gilts) is not required to match those of return seeking assets

(e.g., equities), if they offer a more stable pattern of returns and a degree of diversification.

- 4.12 The portfolios making up the Fund's assets are managed on both an active and a passive basis with the active portfolios expected to outperform their respective benchmarks over the long term. As a result, the investment return achieved by the Fund is expected to exceed the expected return on UK Government Fixed-Interest Gilts (a proxy for the expected growth in liabilities). Details of the investment managers/vehicles, their respective benchmarks and performance targets are included in Appendix B for information.
- 4.13 The Fund's SAA is monitored quarterly by the Pensions Panel, who receive a report on performance. The performance report covers the total Fund performance, in terms of returns received compared to the benchmark, the performance of individual asset classes and the performance of individual investment managers and LGPS Central Limited pooled products, versus their benchmarks. The Pensions Panel use this information to help assess the ongoing suitability of the Fund's investment strategy and SAA.

Realisation of investments

- 4.14 The Fund may need to realise cash at short notice to pay pensions benefits or to fund investments that have been committed to. The majority of the Fund's assets held by Investment Managers or in pooled vehicles (e.g., equities and fixed-income assets), are quoted on major markets and may be realised quickly if required. Property, Private Equity, Private Debt and Infrastructure investments, which are relatively illiquid, make up a smaller proportion of the Fund's assets.

Stock Lending

- 4.15 Since May 1999, the Pension Fund has been part of its Custodian's stock lending arrangement, whereby securities held by the Pension Fund are loaned to a third party in return for a fee.
- 4.16 There are risks in stock lending, but the Pensions Panel considers that these are well managed by the custodian through its lending program with appropriate collateral arrangements in place, reflecting current market practice. Overall, the Pensions Panel considers that the income from stock lending is beneficial to the Fund and that the risks are understood and well managed.
- 4.17 The manager(s) of pooled funds (including LGPS Central Limited) may undertake stock lending on behalf of unit holders. Where a pooled fund engages in stock lending, the extent to which it does so should be disclosed by the manager. Although the Pensions Panel has no direct control over stock lending in pooled funds, it is comfortable with the nature of the activity and that the return is appropriate to the risk being taken.

Pension Fund Cash

- 4.18 Cash management in the Pension Fund comprises two elements;
- cash held centrally in Pension Fund cash accounts (i.e., bank accounts and money market funds); and
 - cash held in the Custodian's bank account.
- 4.19 The Pension Fund has a 1.0% strategic allocation to cash which is primarily used for fulfilling the daily liquidity needs of the Fund. The cash is managed by Staffordshire County Council's Treasury and Pension Fund Team in accordance with the Pension Fund's Annual Investment Strategy for cash, approved by the Pensions Panel before 31 March each year.
- 4.20 Each investment manager in the Fund with a segregated mandate will have a cash account with the Pension Fund's custodian for GBP Sterling and foreign currency. The cash in these accounts is held primarily for the managers day to day liquidity needs but can fluctuate (e.g., timing issues of trade settlement, dividend income etc) and a maximum cash limit is agreed with each manager as part of their Investment Management Agreement.
- 4.21 All cash balances held with the custodian are swept on an overnight basis into highly credit rated (AAA) money market funds, attracting an appropriate rate of interest.
5. **The Fund's attitude to risk, including the measurement and management of risk.**
- 5.1 The main risk to the Fund is not meeting the strategic objectives set out in section 2. This risk is managed through the Funding Strategy, which models the likelihood of a range of possible outcomes occurring through ALM (see paragraph 3.4). The primary reason for the high variability (risk) in outcomes from ALM is due to the long-term nature of the Fund's investment horizon (e.g., 20 years) and the high proportion of the Fund invested in return seeking assets (e.g., equities). The Fund relies upon the strong covenant of the major employing bodies for it to take a long-term investment perspective, and the expected returns on the Fund's return-seeking assets are considered to be commensurate with the risk being taken, which helps keep employer contributions lower than they otherwise would be.
- 5.2 Risks are inherently reported to the Pensions Committee and Pensions Panel as part of routine reporting. Also, there is a separate Risk Register, which has been developed to categorise risk across 4 main areas of focus: **Funding, Administration, Governance and Investment**. The Fund's Risk Register has a set of high-level objectives, which cover all key aspects of the Fund under each area. The greatest risks are therefore those associated with not meeting the high-level objectives. The Risk Register details the risks associated with not achieving the Fund's objectives as a series of sub risks against the high-level objectives. This ensures a comprehensive coverage of all areas of the Fund. Some key risks from each of the areas, and the way in which they are mitigated, are highlighted in the following paragraphs.

Funding

- 5.3 **Inflation** - future payments the Fund must make to pensioners are linked to inflation. Therefore, increases in the rate of inflation will increase the value of payments to pensioners. The Fund invests in assets, such as Index-Linked Gilts, which are linked to inflation. This reduces risk as it matches the return on these assets to actual increases in inflation.
- 5.4 **Longevity** - future life expectancy is an area which is difficult to forecast accurately but, as people are living longer, the cost to the Fund increases. The Fund has made assumptions on longevity with allowances for future increases. The Fund Actuary also has access to information on the experiences of other local authority pension funds. A substantial portion of this risk has been transferred to employees under the LGPS 2014 scheme regulations, which links the scheme retirement age to the state pension age.
- 5.5 **Changes in the maturity profile of the Fund** - the Fund will mature as the ratio of pensioners and deferred pensioners to active employees increases. This issue has grown over recent years because of structural changes affecting employers in the Fund and to manage this risk, the Fund has looked to invest more in income producing investments to help pay for the increasing number of pensioners.

Administration

- 5.6 **Maintaining an appropriate level of staffing and resources** – risks are mitigated through monitoring workloads, or backlogs and benchmarking staff numbers. Management also has regular conversations with staff about workloads and how processes can be made more efficient, as well as monitoring customer feedback results and complaints.
- 5.7 **Maintaining complete and accurate records** – risks are mitigated by using internal contribution control and financial systems. Other controls include actuarial data checks, scheme of delegation, record keeping checks and actuarial calculations. The increased use of technology and direct access portals for members and employers is also helping to reduce this risk.

Governance

- 5.8 **Structure** - the Fund must demonstrate the key principles of accountability and transparency through clear responsibilities and reporting and an appropriate governance structure. To manage this, the Fund's objectives are defined, reviewed annually, and approved by the Pensions Committee as part of a comprehensive performance management framework. This includes key performance indicators (KPI's) and a frequent review of the Risk Register. Reports on governance arrangements are presented at the Pensions Committee and the Local Pensions Board regularly.
- 5.9 **Training** - elected Members and Officers need to have the required skills and qualifications to perform their function effectively and be supported by an ongoing programme of training. This is promoted by the adoption of the CIPFA Knowledge and Skills Framework and the use of a Training Policy and

Training Log. Assurance is given by reviewing the Training Log, the Local Pensions Board, the qualifications and the experience of senior officers, and performance meetings with staff.

- 5.10 **Advisers** – the Fund needs to have proper arrangements to receive appropriate financial, investment and actuarial advice to make the best possible decisions. This risk is managed by procuring the services of several advisers who attend and report to the Pensions Committee, Pensions Panel and Local Pensions Board, advising them on key decisions.

Investments

- 5.11 **Investment in equities** – a significant proportion of the Fund is invested in equities, although this is reducing as an outcome of the latest SAA review. Equities are expected to provide better returns than fixed interest over the long term. The risk with this strategy is that equity values fall significantly in the short-term and they fail to outperform fixed-interest assets in the long term. This risk is managed through reliance on the funding strategy which monitors the positive cash flows of the Fund and the long-term covenant of the main employing bodies. This then allows the Fund to take a long-term investment perspective and maintain a relatively high exposure to equities which, over time are expected to deliver better financial returns.
- 5.12 **Interest rates** - Changes in interest rates will affect the level of the Fund's liabilities and the value of the Fund's investment in fixed income. Little can be done in relation to the change in liabilities; this is a fundamental part of the Fund. To mitigate the risk of capital loss on fixed income assets from interest rate changes, the Fund's SAA allows scope to adjust the exposure to fixed income, should it be necessary.
- 5.13 **Pension Fund investment managers underperform their target benchmarks** – The majority of the Fund is invested through external investment managers; this risk is partially managed by keeping a substantial share of the Fund invested passively and by ensuring that the active managers have complementary styles. Each manager has an investment management agreement in place which sets out the relevant investment benchmark, investment performance target, asset allocation ranges and any investment restrictions. This constrains the investment managers from deviating significantly from the intended approach, while permitting sufficient flexibility to allow the manager to reach their investment performance target. All this is allied to regular monitoring. Where investments are made through LGPS Central Limited they are also held with external managers. These managers are not directly employed by the Fund therefore the Fund does not have the same control over monitoring their performance. However, the Fund works closely with LGPS Central Limited in monitoring investment manager performance.
- 5.14 In terms of investment risks, the Pensions Committee receives an annual report from the Fund's independent performance measurer to show both performance and risk, where risk is measured as the variability of returns, both against liabilities and against SAA benchmarks. The Pensions Panel receives reports which monitor such risks quarterly.

- 5.15 Most of the Fund is invested in liquid investments. Risks are also managed through diversification. For example;
- across asset classes e.g., equities, fixed-income, property, infrastructure and cash;
 - across managers, investment styles and geographical areas e.g., investing globally; and
 - through ensuring managers maintain a diversified portfolio of investments within their mandate.
- 5.16 Foreign currency risk is predominantly not hedged by the Fund. The long-term open nature of the Fund means that it can accept volatility from foreign currency movements, and the impact this has on market valuations in the short term. Foreign currency hedging can also be expensive and complex to manage. The Fund has documented its views on currency hedging, asset class by asset class, in a separate Currency Hedging Policy, alongside the ISS at the following link.
- www.staffspf.org.uk/Finance-and-Investments/Statement-of-Investment-Principles/Investment-Strategy-Statement
- 5.17 The risks associated with asset pooling and the creation of LGPS Central Limited, are addressed in the Fund's Risk Register. As a company regulated by the Financial Conduct Authority (FCA), LGPS Central Limited is required to have a professional risk and compliance function which reports directly to the Company's Audit, Risk and Compliance Committee. LGPS Central Limited also provides its Partner Funds with an AAF Internal Controls Report annually.

6. The authority's approach to investment pooling

- 6.1 Staffordshire County Council, as the administering authority of the Staffordshire Pension Fund, is one of 8 shareholders in LGPS Central Limited (the Company); the other 7 shareholders being the Local Authority Pension Schemes managed by Cheshire West and Chester Council, Derbyshire County Council, Leicestershire County Council, Nottinghamshire County Council, Shropshire Council, Wolverhampton City Council and Worcestershire County Council.
- 6.2 The 8 Partner Funds have a regional identity but welcome wider collaboration with other LGPS pools. Whilst, one fund, one vote, is an overriding principle of the pooling arrangement, LGPS Central Limited recognises that each fund have different funding levels and deficit recovery profiles and will aim to meet each Fund's needs.
- 6.3 The 8 Partner Funds of LGPS Central Limited outlined their key characteristics in forming the company, whereby:
- Assets will be managed by both internal and external investment managers with the split between internal and external management

varying over time, as the internal investment resource and resilience is developed;

- Knowledge and expertise will be shared and Partner Funds will be open to challenge and change;
- Partner Funds will listen and be constructive;
- Strong governance, based on openness and transparency, between the Partner Funds and the company will be paramount;
- Costs will be actively managed, be transparent and will be shared fairly between Partner Funds;
- Responsible investment will be an integral part of the investment process.

6.4 LGPS Central Limited was approved by the FCA as an Alternative Investment Fund Manager (AIFM) in December 2017. There is a robust governance structure in place which will provide the 8 Partner Funds and their stakeholders with assurance around the management of their investments and the investment process.

6.5 A Shareholders Forum, comprising one elected Member from each of the 8 Partner Funds acts as the supervisory body of LGPS Central Limited and fulfils the shareholders' role in ensuring that the company is managed efficiently and effectively. A Joint Committee, set up in accordance with the provisions of the Local Government Act 1972, is the forum for dealing with common investor issues and the collective monitoring of the performance of LGPS Central Limited against its objectives. To support the Joint Committee and the Shareholders' Forum, there is also a Practitioners Advisory Forum, consisting of Officers from each of the 8 Partner Funds. This Forum (and its sub-groups) provides day to day oversight of the company and monitors its investment performance and investment costs. The Forum also acts as the customer, monitoring levels of customer service and the delivery of wider investor services such as responsible investment and voting.

6.6 With the exception of a working cash balance, to ensure liabilities can be paid as they fall due, a significant and increasing proportion of the Fund's assets, will be invested through LGPS Central Limited. The movement of assets into LGPS Central Limited will continue to take several years to achieve but the Fund has made progress, with several key asset transitions taking place into the LGPS Central Authorised Contractual Scheme (ACS) since the first transition in February 2019. More recently, LGPS Central Limited along with the Fund and other Partner Funds have been working on private market vehicles (i.e., private debt, infrastructure), which have been successful in gaining significant commitments from Partner Funds.

7. The Fund's policy on social, environmental and corporate governance considerations.

7.1 Responsible Investment (RI) is the belief that, over the long term, financial performance can be enhanced through the integration of environmental, social

and corporate governance (ESG) considerations into the investment management process and active ownership practices.

- 7.2 The Pensions Committee and Pensions Panel seeks to ensure that, as far as possible, RI is incorporated, together with financial factors, into the investment process across all relevant asset classes. Non-financial factors are considered as part of investments to the extent that they are not detrimental to the investment returns. Social impact may be considered, but financial return is the primary concern.
- 7.3 As outlined in section 3, the Fund updated its investment beliefs in 2019 to specifically incorporate RI beliefs, underlining the importance of RI to the Fund.
- 7.4 As shown in paragraph 3.2, the Fund states that it believes RI can enhance long-term investment performance and supports a strategy of engagement rather than exclusion with companies it is invested in.
- 7.5 The Fund endorses the United Nations Principles of Responsible Investing (UNPRI) and seeks to encourage its investment managers (where applicable), to sign up to them in order to fully incorporate RI issues into their investment process.

The 6 principles are;

- we will incorporate Environmental Social and Governance issues into investment analysis and decision-making processes;
- we will be active owners and incorporate Environmental Social and Governance issues into our ownership policies and practices;
- we will seek appropriate disclosure on Environmental Social and Governance issues by the entities in which we invest;
- we will promote acceptance and implementation of the Principles within the investment industry;
- we will work together to enhance our effectiveness in implementing the Principles; and
- we will each report on our activities and progress towards implementing the Principles.

As at March 2023, all the Fund's active equity managers (including those appointed by LGPS Central Limited) were signed up to the UNPRI.

- 7.6 The Fund has been a member of the Local Authority Pension Fund Forum (LAPFF) since 1 April 2013. LAPFF is a voluntary association representing the majority of LGPS Funds and LGPS Pools, who collectively have over £350bn of assets under management. Formed in 1990 LAPFF exists to promote the investment interests of LGPS investors, and to maximise their influence as shareholders while promoting the highest standards of corporate governance

and corporate responsibility at the companies in which they invest. LGPS Central Limited is also a member of LAPFF, alongside all its 8 Partner Funds.

- 7.7 The Fund has delegated voting and day to day engagement with investee companies to its investment managers. With LGPS asset pooling, the responsibility for the selection of investment managers has been transferred to LGPS Central Limited, and agreements between LGPS Central Limited and investment managers set out how RI factors are taken into account. LGPS Central Limited has its own Responsible Investment & Engagement Framework, which all 8 Partner Funds were involved in creating and is available on their website at www.lgpscentral.co.uk/responsible-investment/.
- 7.8 More details of the Fund's individual investment managers' responsible investment policies, as well as the UK Stewardship Code and UNPRI are available at the Staffordshire Pension Fund website at the following link.

www.staffspf.org.uk/Finance-and-Investments/Corporate-Governance-and-Responsible-Investment/Responsible-Investment-and-Engagement

Climate Change

- 7.9 In February 2022, the Pensions Committee approved the Fund's first Climate Change Strategy which sets out the Fund's approach to managing the risks and opportunities presented by climate change. The Climate Change Strategy expands on the Fund's RI beliefs, (as detailed in section 3) by including specific climate change beliefs.
- 7.10 The overarching aim of the Fund's Climate Change Strategy is to achieve a portfolio of assets with net zero carbon emissions by 2050. To guide and monitor the Fund's decarbonisation roadmap, a series of 2030 targets have been included in the Climate Change Strategy against a March 2020 baseline, with progress reported annually.
- 7.11 To align with best practice on the communication of how climate-related risks are managed, the Fund also publishes an annual Taskforce on Climate-Related Financial Disclosures (TCFD) report. The TCFD recommendations are based on the financial materiality of climate change across four areas of disclosures (Governance, Strategy, Risk Management and Metrics and Targets). The Fund's TCFD report and Climate Change Strategy are available on the Fund's website at the following link.
- www.staffspf.org.uk/Finance-and-Investments/Corporate-Governance-and-Responsible-Investment/Responsible-Investment-and-Engagement
- 7.12 Based on the output of annual climate risk work undertaken by LGPS Central, and in line with the Fund's Climate Change Strategy objectives, the Fund also produces an annual Climate Stewardship Plan. The Climate Stewardship Plan aims to focus the Fund's engagement on the investments in companies which have the most impact on the Fund's climate risk.
- 7.13 The Fund's Climate Stewardship Plan is a live working document which is updated as engagement with companies and investment managers occurs. The Climate Stewardship Plan is presented to the Pensions Committee

annually and updates are provided quarterly to the Pensions Panel, as part of a Responsible Investment and Engagement Report.

8. The Fund's policy with regard to stewardship of assets, including the exercise of voting rights.

- 8.1 The Fund believes that voting is an integral part of Responsible Investment and delegates much of the stewardship of assets and the exercise of voting rights to its investment managers and LGPS Central Limited. Details of resolutions investment managers have voted on and any engagement they have had with companies, is noted in the quarterly reports the investment managers and LGPS Central produce for the Fund.
- 8.2 The Pensions Panel receives regular updates from investment managers on details of votes cast on corporate resolutions as part of a quarterly RI report, where any points of interest are also highlighted. The Fund also publishes a report on the voting activities carried out by Managers on its behalf, as part of its annual report. This can be found on the Pension Fund website at the following link.
- www.staffspf.org.uk/Finance-and-Investments/Annual-Reports-and-Accounts/Reports-and-Accounts.aspx
- 8.3 Where assets are managed by LGPS Central Limited, the exercising of voting rights is undertaken in accordance with their Voting Principles Strategy. Voting is a core component of LGPS Central Limited's approach to investment stewardship, which is within their wider Responsible Investment and Engagement Framework. Voting decisions are executed by third party provider(s), who also offer analysis and advice. All LGPS Central Limited's RI documents can be found on their website at www.lgpscentral.co.uk/responsible-investment/.
- 8.4 Where LGPS Central Limited invests in externally managed pooled funds, the suitability of the manager's voting policy is assessed during due diligence, and ongoing disclosure is required. The Company may also seek to co-file shareholder resolutions which it believes are beneficial to clients' long-term interests and they have a procedure to recall lent stock, in order to vote on significant issues.
- 8.5 In 2020, the Financial Reporting Council launched an updated UK Stewardship Code. The Code took effect from 1 January 2020 and aims to improve stewardship practices by setting a substantially higher standard than previously. Under the 2016 Regulations, the Fund was accepted as a Tier 1 signatory and in 2023, the Fund is planning to submit a statement that meets the FRC's new reporting expectations, to become a signatory to the most recent UK Stewardship Code
- 8.6 LGPS Central Limited is a current Tier 1 signatory of the Financial Reporting Council's UK Stewardship Code.

If you have any comments on this Investment Strategy Statement or require any more information on the subjects contained within it, please contact:

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**Staffordshire Pension Fund
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Appendix A – Strategic Asset Allocation – 1 April 2023

		Current Benchmark Target %	Long-Term Benchmark Target %	Permitted Tolerance
Return-seeking assets	Global Equities	61.0	44.0	
	Private Equity	5.0	5.0	
	Total Equity	66.0	49.0	+/- 3%
	Property	10.0	12.5	+/- 3%
	Infrastructure	5.0	10.0	+/- 3%
	Private Debt	5.0	7.5	
	Multi-Asset Credit	0.0	5.0	
Defensive assets	Fixed-Interest Gilts	0.0	5.0	
	Index-linked Gilts	6.5	5.0	
	Investment-Grade Corporate Bonds	6.5	5.0	
	Total Fixed Income	18.0	27.5	+/- 3%
	Cash	1.0	1.0	3% maximum
	Total	100.0	100.0	

Notes:

The return seeking portfolio consists of total equity, property, infrastructure, private debt and multi-asset credit. This equates to 86.0% under the current benchmark and 84.0% under the long-term benchmark.

The defensive portfolio consists of total fixed-income (excluding private debt and multi-asset credit) and cash. This equates to 14% under the current benchmark and 16.0% under the long-term benchmark.

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Appendix B - Investment Managers Benchmark Indices and Investment Targets

Active Portfolios

Investment manager/fund	Asset class	Benchmark	Outperformance target
JP Morgan Asset Management	Global Equities	MSCI All Countries World Index Net	2.0% above benchmark p.a. over rolling 3-year periods
Longview Partners	Global Equities	MSCI All Countries World Index Net	2.0% above benchmark p.a. over rolling 3-year periods
LGPS Central Limited (Global Equity Active Multi Manager Fund)	Global Equities	FTSE All World Index (Sterling)	1.5% above benchmark (net of costs) over rolling 5-year periods
Impax Asset Management Limited	Global Sustainable Equities	MSCI All Countries World Index	1.5% above benchmark (net of fees) over rolling 3-year periods
LGPS Central Limited (Global Sustainable Equity Active Targeted Fund)	Global Sustainable Equities	FTSE All World Total Return Index (Sterling)	2%-3% p.a. above benchmark (net of fees) over a rolling three-year period
LGPS Central Limited (Global Multi Factor Fund)	Global Equities – Factor Based	SciBeta Global High Factor Intensity Diversified Multi Beta Strategy Index (6 Factor, 4 Strategy, Equally Weighted)	Match benchmark
LGPS Central Limited (Global Active Investment Grade Corporate Bond Multi Manager Fund)	UK/Global Corporate Bonds	50% ICE BofAML Sterling Non-Gilt Index (ex EM)/50% ICE BofAML Global Corporate Index (ex GBP and EM), hedged to GBP	Outperform the benchmark (total return, in sterling) by 0.8% per annum (net of costs) over rolling 3-year periods

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Colliers CRE	Property	MSCI UK Monthly Property Index	To outperform the benchmark
Various	Infrastructure	CPI+ 4.5%	Match benchmark
Various	Private Debt	SONIA 3 Month	5.0% above benchmark
Various	Private Equity	MSCI World Index + 2.0% (lagged by one quarter)	Match benchmark
Various	Cash	SONIA	Match benchmark

Indexed (Passive) Portfolios

Legal & General Investment Management	Global Equities	Solactive L&G Low Carbon Transition Global Index	Match benchmark
Legal & General Investment Management	Global Equities	FTSE All World Index	Match benchmark
Legal & General Investment Management	Index-linked Bonds	FTSE-A Over 5 years Index-Linked Gilts Index	Match benchmark

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