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Pensions Panel

Tuesday 5 March 2024

09:30

Oak Room, County Buildings, Stafford

John Tradewell
Deputy Chief Executive and Director for Corporate Services
26 February 2024

Agenda

1. **Apologies**
2. **Declarations of Interest**
3. **Minutes of meeting held on 05 December 2023** (Pages 5 - 8)
4. **Dates of Future Meetings**
 - Tuesday 4 June 2024
 - Tuesday 3 September 2024
 - Tuesday 3 December 2024

All meetings are scheduled to start at 9.30am at
County Buildings, Stafford

5. **Annual Investment Strategy for Pension Fund
Cash 2024/25** (Pages 9 - 16)
Report for the Director of Finance
6. **Pension Fund Performance and Portfolio of
Investments as at 31 December 2023** (Pages 17 - 36)
Report of the Director of Finance

7. **Responsible Investment & Engagement (RI&E) Report Quarter 3 2023/24** (Pages 37 - 70)

Report of the Director of Finance

8. **Investment Strategy Statement** (Pages 71 - 94)

Report of 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

(All reports in this section are exempt)

10. **Exempt Minutes of the Meeting held on 05 December 2023 (Exemption paragraph 3)** (Pages 95 - 104)

11. **Economic and Market update (Exemption paragraph 3)** (Pages 105 - 118)

Presentation by Hymans Robertson

12. **Pension Fund Performance and Manager Monitoring for the quarter ended 31 December 2023 (Exemption paragraph 3)** (Pages 119 - 172)

Northern Trust report for the quarter ended 31 December 2023 attached for information.

13. **Strategic Asset Allocation - Quarterly update (Exemption paragraph 3)** (Pages 173 - 200)

14. **Property (Exemption paragraph 3)** (Pages 201 - 214)

Presentation by Hymans Robertson

15. **Property update (Exemption paragraph 3)**

- a) Property update (Pages 215 - 238)

Presentation and Report by Colliers Global Investors

- b) Confirmation of action taken by the Director of Finance (Pages 239 - 244)

Report for the Director of Finance

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

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 5 December 2023

Present: Mike Sutherland (Chair)

Attendance	
Philip Atkins, OBE Mike Davies	Colin Greatorex

Also in attendance: Carolan Dobson, Simon Humble and Iain Campbell (Hymans Robertson)

Apologies: Stephen Sweeney

Part One

123. Declarations of Interest

There were no declarations of interest on this occasion.

124. Minutes of meeting held on 5 September 2023

Resolved: that the minutes of the meeting of the Pensions Panel held on 5 September 2023 be confirmed and signed by the Chairman.

125. Dates of Future Meetings

- Tuesday 5 March 2024, 9:30am – Oak Room, County Buildings
- Tuesday 4 June 2024, 9:30am – Oak Room, County Buildings
- Tuesday 3 September 2024, 9:30am – Oak Room, County Buildings
- Tuesday 3 December 2024, 9:30am – Oak Room, County Buildings

Members were also reminded of the requirement to complete Hymans online LGPS Knowledge Progress Assessment 2023 by the 18 December 2023.

Resolved: That the dates of the future Pensions Panel meetings be noted.

126. Pension Fund Performance and Portfolio of Investments as at 30 September 2023

The Director of Finance submitted a summary of the performance of the Staffordshire Pension Fund (the Fund), together with a portfolio of the Fund's investments as at 30 September 2023.

The Panel heard that over the quarter the Fund had generated a return of -0.46%, underperforming the strategic benchmark return of 0.42% by -0.88%.

Infrastructure was the highest performing asset class over the quarter, whilst Index Linked Gilts generated the largest negative return due to continuing high inflation and increasing interest rates.

The Fund had a market value of £6.744 billion as of 30 September 2023, a decrease of £0.002 billion since 30 June 2023.

A copy of the Staffordshire Pension Fund's portfolio of investments at 30 September 2023 was attached at Appendix 1 to the report.

Resolved: That the Pension Fund investment performance and the portfolio of investments for the quarter ended 30 September 2023 be noted.

127. Responsible Investment & Engagement (RI&E) Report Quarter 2 2023/24

The Director of Finance submitted the Responsible Investment and Engagement Report to the Panel, which included the Climate Stewardship Plan for 2023/24, the Local Authority Pension Fund Forum (LAPFF) Quarterly Engagement Report, and the Local Government Pension Scheme Central (LGPS Central) Quarterly Stewardship update.

The Panel were informed that the Fund's Climate Change Strategy would be updated and presented at the Pensions Committee meeting taking place in March 2024. There had been some rebasing of data in the portfolio and additional work would be undertaken with LGPS Central to determine latest progress against the targets that had been set.

The Panel heard that, with regards the Climate Stewardship Plan, there had been very little engagement over the quarter which was highlighted as a source of disappointment - this had also been raised with LGPS Central directly. The Panel were told that LGPS Central had appointed a new Stewardship Manager, and, whilst it was acknowledged that engagement would always take time to generate positive results, the importance of having examples of the difference engagement had made had been highlighted, and it was hoped that improvements would be seen in the future.

Following a request from Councillor Greatorex at the September Pensions Panel meeting for more information relating to the application of the Transition Pathway Initiative (TPI) framework, it was explained that it was difficult to provide a succinct response due to the size and complexity of the TPI database. Following some research carried out by Fund Officers it had been determined that there were two elements: Management Quality,

where the score assigned to an organisation was derived following the completion of a number of questions and Carbon Performance which referenced public data around the organisation's alignment with the Paris alignment. Fund Officers were still trying to establish how LGPS Central used the information, and it was suggested that a training session be delivered in 2024 that focussed on stewardship and engagement and covered this subject.

LAPFF had continued to engage with several organisations regarding their human rights practices and had also established a new mining company engagement with Grupo Mexico. LAPFF had also met with the Chair of Severn Trent on the reputational risks from the use of storm overflow drains which were discharging sewage into waterways, and discussions had taken place with the Chair of house builder Taylor Wimpey to consider the company's approach to climate change.

During the last quarter LGPS Central had launched a proprietary tool for tracking engagement activities, including advocacy type engagements. The tool would track progress against engagement Key Performance Indicators. Examples of engagement from the last quarter included meetings with Société Générale and Ansell Ltd.

The Panel was informed that, at the request of Partner Funds, LGPS Central had undertaken a review of its Stewardship Themes, as the current Themes had been in place for several years. LGPS Central had proposed four 'macro' Stewardship Themes that incorporated several more detailed areas within them. It was explained that the four Themes were more aligned to those of wider industry engagement and would allow LGPS Central to work more collaboratively with other groups of investors. The four Stewardship Themes proposed by LGPS Central for 2024- 2027 were Climate, Natural Capital, Human Rights, and Controversial Activities, although it was noted that the title of the final theme was not considered appropriate and an amendment to 'contentious activities' had been suggested by Fund Officers.

Councillor Greatorex stated that he was supportive of the four Themes but felt it necessary that the "sub-themes" were considered thoroughly before being finalised to ensure they aligned with the targets the Fund (and other Partner Funds) was trying to achieve. He also stated that he did not like the title "Controversial Activities" and suggested "Current Hot Topics" as a more appropriate title.

In response to a query from Councillor Greatorex relating to the voting decisions highlighted in the LGPS Central report, specifically in relation to the c30% support of the proposals put to Nike and FedEx, and whether this meant that c70% were against the proposals, it was explained that 30% support for a proposal was very high and sent a clear message to the

organisations of the investors' concerns regarding the approaches they were currently adopting.

Resolved: a. That the content of the Responsible Investment and Engagement (RI&E) report, including the Climate Stewardship Plan (Appendix 1), the Local Authority Pension Fund Forum (LAPFF) Quarterly Engagement Report (Appendix 2), and the LGPS Central Quarterly Stewardship Update (Appendix 3), be noted.

b. That the Stewardship Themes for 2024-2027, proposed by LGPS Central Limited for the LGPS Central asset pool be approved.

128. 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:

129. Exempt Minutes of the Meeting held on 5 September 2023 (exemption paragraph 3)

130. Economic and Market update (Exemption paragraph 3)

131. Pension Fund Performance and Manager Monitoring for the quarter ended 30 September 2023 (Exemption Paragraph 3)

132. Multi Asset Credit (Exemption paragraph 3)

133. Strategic Asset Allocation - Quarterly Update (Exemption paragraph 3)

134. Property Approvals (Exemption paragraph 3)

135. Multi Asset Credit (Exemption paragraph 3)

Chair

Local Members Interest	
<u>NIL</u>	

PENSIONS PANEL – 5 MARCH 2024

Report of the Director of Finance (S151)

ANNUAL INVESTMENT STRATEGY FOR PENSION FUND CASH 2024/25

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 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, private debt, and infrastructure. 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 2024/25

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 considering 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 investment limits and the choice over the investments made is delegated to the Council's Director of Finance (S151), 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 in banks and building societies have tended to be relatively benign, despite the impact of global geo-political factors in recent years. Looking forward, the potential for bank losses remains a risk as the UK may enter a recession, and the continued turbulent global geo-political situation suggests a cautious approach to bank deposits in 2024/25.
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 the Council's AIS in dividing investments between Standard and Non-Standard Investment categories.

Standard Investments

15. These are investments that are made with approved counterparties and do not require further approval from the Director of Finance (S151) 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 £10m per individual local authority has been imposed. In addition, any single investment transaction with a Local Authority is limited to £5m meaning that in practice the £10m limit must be made up of at least two separate investments. The Council's Treasury Management Panel will continue to monitor the situation with regards local authority lending, taking advice from the 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 use short-term MMFs for the investment of cash. MMFs that meet the criteria listed below are considered to have sufficiently high credit quality and will be included on the Fund's Approved Lending List (see **Appendix 1**):
 - 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 MMF's 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 be set very low, as it has been in recent years. 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 two '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 1**).
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 1**).
- 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 £50m 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 £10m 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 £10m 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 treasury transactions each day, it is proposed that the choice over the cash investments made is delegated to the Director of Finance (S151) as Chair of the Treasury Management Panel and Treasury & Pension Fund Officers. This can also include additional counterparties or changes to investment levels and limits in categories where conditions demand.
27. The Fund's approved Lending List is shown at **Appendix 1**. The maximum recommended investment duration for 2024/25 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. Some of these investments' present additional risks to the investments listed within Standard Investments, which would be taken into consideration in any proposed investment.
- 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 having had 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 current cash-plus MMFs invested in by the Fund are detailed in the Approved Lending List at **Appendix 1**, 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 (S151), 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 £50m each, as detailed in **Appendix 1**.

34. Changes to Non-Standard Investments limits will depend on the nature of the investment and the future forecast for Fund cash balances. Therefore, it is planned these would be judged on a case-by-case basis and delegated to the Director of Finance (S151), 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 Director of Finance (S151), as Chair of the Treasury Management Panel.

Rob Salmon
Director of Finance (S151)

Report Author

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PENSIONS PANEL – 5 MARCH 2024

Staffordshire Pension Fund
Approved Lending List

Lending List – March 2024	
Standard Investments	Time limit
<i>UK Government (no maximum investment limit)</i>	
UK Government T-bills	6 months
UK Government Gilts	12 months
<i>UK Local Authorities (£10m maximum investment limit per Local Authority)</i>	
<i>Banks</i>	
Lloyds Bank (£10m maximum investment limit)	call only
<i>Money Market Funds (MMFs) (maximum investment £50m)</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 £50m)</i>	
Aberdeen Short Duration Fund	3 Days
Royal London Cash Plus Fund	3 Days

PENSIONS PANEL – 5 MARCH 2024

Report of the Director of Finance

PENSION FUND INVESTMENT PERFORMANCE 2023/24

Purpose of Report

1. To provide, for information;
 - (a) a summary of performance of the Staffordshire Pension Fund at 31 December 2023; and
 - (b) a portfolio of the Pension Fund’s investments at 31 December 2023 (**Appendix 1**).

Performance Summary

2. Fund performance for the first three quarters of the current financial year is detailed in the table below:

Performance for Quarter Ending	Fund %	Strategic Benchmark %	Relative Performance %
June 2023	1.70	2.00	-0.30
September 2023	-0.46	0.42	-0.88
December 2023	5.63	5.28	0.35
2023/24 year to date	6.78	7.81	-1.03

3. Global equity markets rallied in the third quarter of 2023/24 with the MSCI ACWI Index rising by 11.4%. This was due to the ‘higher-for-longer’ interest rate narrative that dominated the previous quarter, giving way to a belief that the Federal Reserve (Fed) in the US would lower rates sooner than previously expected as high inflation had been tamed. The rally was broad based geographically with China and the Energy sector the only notable exceptions.
4. The ‘higher-for-longer’ interest rate narrative that opened the third quarter of 2023/24, dominated the first few weeks of October, with the US 10-year treasury yield exceeding 5.0% for the first time since 2007. With this landmark passed, bond yields then fell considerably towards the calendar year-end, following various indications that the Fed had reduced its expectations for holding interest rates high. The fall in bond yields also led to US dollar weakness with the US Dollar Index falling 2% over the quarter but nearly 5% from the intra quarter high.
5. UK equities rose over the quarter as they rebounded from weakness in the previous three-month period; although the strength of the pound and high exposure to energy stocks led to the UK equity marking underperforming global markets. Domestically focused stocks fared better, amid signs of

improving UK consumer confidence and hopes that base interest rates may have peaked, as CPI fell to 3.9% in November.

6. Q4 2023 was also a strong quarter for Europe, with the MSCI EMU Index rising 7.8%. As with global stocks, the rising market was supported by lower inflation figures and the belief that interest rates may have hit their high for the economic cycle. Eurozone inflation fell from 2.9% in October to 2.4% in November.
7. Asia (excluding Japan) equities gained in the fourth quarter of 2023/24 but lagged developed markets. All markets in the MSCI AC Asia ex Japan Index ended the quarter in positive territory apart from China, where shares fell due to investor concerns over weaker economic growth. There were fears that stimulus measures by the Chinese government may not be sufficient to spur growth in the world's second-largest economy. The ongoing real estate crisis and uncertainty over China's regulatory regime also weakened sentiment towards Chinese stocks.

Fund Market Value

8. The Fund had a market value of £7.169 billion as of 31 December 2023, an increase of £0.425 billion since 30 September 2023 and its highest reported market value to date.
9. Over the quarter the Fund returned 5.63%, outperforming its Strategic Asset Allocation benchmark return of 5.28%, by 0.35%. Private Debt was the highest performing asset class compared to benchmark over the quarter whilst Global Active Equities generated the lowest comparative return, due to the positioning of managers portfolios.
10. Longer term, the Fund has outperformed its Strategic Asset Allocation benchmark return over the 3- and 5-year periods. Annualised returns since inception stand at 7.86% per annum, well above the investment return assumptions used by the Actuary as part of the triennial valuation.
11. A copy of the Staffordshire Pension Fund's portfolio of investments at 31 December 2023 is attached at **Appendix 1**.

Rob Salmon - Director of Finance

Contact: Tim Byford, Strategic Investment Manager
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Background Documents:
Northern Trust Performance Report

Investment Portfolio

31 December 2023



STAFFORDSHIRE PENSION FUND

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STAFFORDSHIRE PENSION FUND

PORTFOLIO ANALYSIS AS AT 31 DECEMBER 2023

		PREVIOUS QUARTER MARKET VALUE	CURRENT QUARTER BOOK COST	CURRENT QUARTER MARKET VALUE	
		£	£	£	
Manager					
R e t u r n s e e k i n g	Global Active Equities				
	Active	Longview	390,312,930.13	293,604,550.05	415,154,928.64
	Active	JP Morgan	392,629,358.46	306,957,195.70	414,907,335.40
	Active	LGPS Central	672,063,627.49	378,363,354.78	712,154,739.62
			1,455,005,916.08	978,925,100.53	1,542,217,003.66
	Global Passive Equities				
	Passive	LGIM - All World	1,099,454,233.47	665,071,611.86	1,068,011,971.86
	Passive	LGIM - Low Carbon Transition Global	668,726,815.30	649,900,467.02	714,434,840.24
			1,768,181,048.77	1,314,972,078.88	1,782,446,812.10
	Global Factor Based Equities				
	Factor based	LGPS Central - Low Carbon Multi	253,593,488.53	255,608,485.74	307,582,118.66
	Factor based	LGPS Central - AW Equity Climate	296,358,749.80	299,871,044.46	315,286,732.80
			549,952,238.33	555,479,530.20	622,868,851.46
	Global Sustainable Equities				
	Active	Impax	279,577,629.66	263,559,867.60	297,002,492.55
	Active	LGPS Central	120,142,096.08	126,898,328.14	131,037,136.89
			399,719,725.74	390,458,195.74	428,039,629.44
	TOTAL GLOBAL EQUITY		4,172,858,928.92	3,239,834,905.35	4,375,572,296.66
	Private Equity	Various	354,131,660.75	187,556,053.94	375,969,765.36
	Regulatory Capital - Share	LGPS Central	1,315,000.00	1,315,000.00	1,315,000.00
	TOTAL PRIVATE EQUITY		355,446,660.75	188,871,053.94	377,284,765.36
	TOTAL EQUITY		4,528,305,589.67	3,428,705,959.29	4,752,857,062.02
	PROPERTY	Colliers	530,572,489.94	544,881,874.37	529,174,568.59
INFRASTRUCTURE	Various	253,992,005.03	291,778,637.33	311,544,052.74	
Private Debt	Various	357,528,306.65	361,855,607.06	375,552,445.05	
D e f e n s i v e	Corporate Bonds	LGPS Central	492,745,712.98	559,716,702.88	533,647,627.43
	Index-linked Gilts	LGIM	480,942,316.16	543,001,931.69	562,585,835.67
	TOTAL FIXED INCOME		1,331,216,335.79	1,464,574,241.63	1,471,785,908.15
	Central Fund Cash	In-house	90,757,305.01	92,613,540.22	92,613,540.22
Regulatory Capital - Loan	LGPS Central	685,000.00	685,000.00	685,000.00	
Custodian cash	In-house	8,552,965.65	10,133,969.99	10,133,969.99	
TOTAL CASH		99,995,270.66	103,432,510.21	103,432,510.21	
TOTAL FUND		6,744,081,691.09	5,833,373,222.83	7,168,794,101.70	

STAFFORDSHIRE PENSION FUND

PORTFOLIO VALUATION

Funds - JP Morgan Asset Management.
Longview Partners (GLOBAL ACTIVE)

Currency - Sterling

Report Date -

31-12-2023

	Cost	Average Cost	Market Price	Market Value	Unrealised Gain/Loss	
Holding	£	£	£	£	£	
EUROPE						
Denmark						
CARLSBERG SER'B'DKK20	11,653	1,399,889.71	120.13	98.43	1,147,040.89	(252,848.82)
NOVO NORDISK A/S SER'B'DKK0.1	45,592	2,428,951.48	53.28	81.15	3,699,700.66	1,270,749.18
		3,828,841.19			4,846,741.55	1,017,900.36
France						
LVMH MOET HENNESSY EUR0.30	4,081	2,199,235.26	538.90	635.68	2,594,230.24	394,994.98
PUBLICIS GROUPE SA EUR0.40	15,117	901,442.80	59.63	72.79	1,100,341.52	198,898.72
SAFRAN SA EUR0.20	11,875	1,516,398.78	127.70	138.18	1,640,846.59	124,447.81
SANOFI EUR2	160,900	9,995,137.17	62.12	77.78	12,514,730.11	2,519,592.94
TOTALENERGIES SE	58,973	1,830,174.42	31.03	53.38	3,147,868.15	1,317,693.73
VINCI EUR2.50	12,439	976,435.82	78.50	98.52	1,225,542.94	249,107.12
		17,418,824.25			22,223,559.55	4,804,735.30
Germany						
ALLIANZ SE NPV(REGD)(VINKULIERT)	7,320	1,294,210.27	176.80	209.66	1,534,685.21	240,474.94
HEIDELBERG MATERIALS AG	9,410	586,171.33	62.29	70.14	659,987.06	73,815.73
LEG IMMOBILIEN SE	16,741	1,020,358.81	60.95	68.73	1,150,659.17	130,300.36
MUENCHENER RUECKVE NPV(REGD)	5,747	1,722,347.96	299.70	325.03	1,867,974.15	145,626.19
RWE AG NPV	57,278	1,780,758.58	31.09	35.68	2,043,886.56	263,127.98
		6,403,846.95			7,257,192.15	853,345.20
Italy						
DANIELI & C DI RISP EUR1(NON CNV)	47,240	819,738.59	17.35	18.80	888,284.78	68,546.19
INTESA SANPAOLO NPV	501,823	1,122,554.95	2.24	2.29	1,149,509.27	26,954.32
STELLANTIS N.V COM EUR0.01	102,543	732,948.47	7.15	18.32	1,878,868.17	1,145,919.70
UNICREDIT SPA NPV	62,730	1,166,508.13	18.60	21.29	1,335,287.11	168,778.98
		3,841,750.14			5,251,949.33	1,410,199.19
Netherlands						
ASML HOLDING NV EUR0.09	5,250	2,034,161.81	387.46	590.71	3,101,238.72	1,067,076.91
HEINEKEN NV EUR1.60	159,700	12,385,723.68	77.56	79.67	12,723,072.90	337,349.22
ING GROEP N.V. EUR0.01	130,919	910,251.44	6.95	11.72	1,534,456.78	624,205.34
KONINKLIJKE KPN	573,923	1,636,177.43	2.85	2.70	1,550,644.84	(85,532.59)
WOLTERS KLUWER EUR0.12	102,692	7,201,548.79	70.13	111.52	11,452,432.99	4,250,884.20
		24,167,863.15			30,361,846.23	6,193,983.08
Spain						
BANCO BILBAO VIZCA EUR0.49	122,812	757,981.51	6.17	7.13	875,411.22	117,429.71
IBERDROLA SA EUR0.75	183,278	1,844,120.24	10.06	10.29	1,885,140.21	41,019.97
INDITEX (IND.DE DISENO TEXTIL SA) EUR0.03 (POST SUBD)	47,103	1,379,582.65	29.29	34.17	1,609,377.57	229,794.92
		3,981,684.40			4,369,929.00	388,244.60
Sweden						
ALLEIMA AB NPV	75,400	407,020.00	5.40	5.96	449,679.93	42,659.93
ATLAS COPCO AB SER'A'NPV	56,585	593,420.67	10.49	13.51	764,391.68	170,971.01
NORDEA BANK ABP NPV	79,542	736,388.96	9.26	9.71	772,187.24	35,798.28
		1,736,829.63			1,986,258.85	249,429.22
Switzerland						
HOLCIM LTD CHF2 (REGD)	11,193	599,533.36	53.56	61.53	688,729.06	89,195.70
NESTLE SA CHF0.10(REGD)	29,691	2,583,109.62	87.00	90.88	2,698,362.96	115,253.34
NOVARTIS AG CHF0.49 (REGD)	51,447	3,855,404.13	74.94	79.10	4,069,496.15	214,092.02
ROCHE HLDGS AG GENUSSSCHEINE NPV	5,458	1,378,381.52	252.54	227.88	1,243,766.28	(134,615.24)
SANDOZ GROUP AG CHF0.05	10,289	224,379.88	21.81	25.22	259,494.01	35,114.13
		8,640,808.51			8,959,848.46	319,039.95
TOTAL EUROPE		70,020,448.22			85,257,325.12	15,236,876.90
Japan						
COSMO ENERGY HOLDINGS CO LTD COMSTK	13,300	401,492.86	30.19	31.53	419,303.62	17,810.76
CREDIT SAISON CO NPV	30,200	386,448.44	12.80	14.46	436,814.62	50,366.18
HITACHI ZOSEN Y50	181,000	906,546.63	5.01	5.21	943,666.56	37,119.93
HONDA MOTOR CO NPV	93,000	768,728.86	8.27	8.16	758,607.82	(10,121.04)
ITOCHEU CORP NPV	56,700	778,567.47	13.73	32.09	1,819,421.86	1,040,854.39
KDDI CORP NPV	38,500	886,771.64	23.03	24.96	960,993.38	74,221.74
MARUBENI CORP NPV	117,900	1,192,771.13	10.12	12.40	1,461,930.89	269,159.76
MAZDA MOTOR CORP NPV	116,100	983,814.95	8.47	8.48	984,181.23	366.28
MITSUBISHI UFJ FIN NPV	275,200	1,526,322.36	5.55	6.74	1,855,121.02	328,798.66
MITSUI & CO LTD NPV	45,100	1,086,382.13	24.09	29.48	1,329,501.69	243,119.56
NIPPON TELEGRAPH & TELEPHONE CORP NPV	1,289,000	936,201.34	0.73	0.96	1,235,772.69	299,571.35
NITERRA CO LTD NPV	64,900	1,044,334.95	16.09	18.63	1,209,372.93	165,037.98
ORIX CORP NPV	81,300	1,031,849.72	12.69	14.78	1,201,486.83	169,637.11
SANKYO CO LTD NPV	22,900	567,997.25	24.80	45.75	1,047,770.51	479,773.26
SHIMAMURA CO NPV	9,500	733,684.27	77.23	87.69	833,067.55	99,383.28
SUMITOMO MITSUI FINANCIAL GROUP NPV	57,100	1,506,305.83	26.38	38.28	2,185,873.09	679,567.26
SUZUKI MOTOR CORP NPV	27,900	944,245.16	33.84	33.57	936,565.01	(7,680.15)
TOKIO MARINE HOLDINGS INC NPV	36,500	535,835.09	14.68	19.64	716,712.40	180,877.31
TOKYO GAS CO LTD NPV	87,800	1,559,237.21	17.76	18.02	1,581,873.53	22,636.32
YAMATO KOGYO CO NPV	39,800	1,498,473.24	37.65	41.40	1,647,838.99	149,365.75
TOTAL JAPAN		19,276,010.53			23,565,876.22	4,289,865.69

STAFFORDSHIRE PENSION FUND

PORTFOLIO VALUATION

Funds - JP Morgan Asset Management.
Longview Partners (GLOBAL ACTIVE)

Currency - Sterling

Report Date -

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	Cost	Average Cost	Market Price	Market Value	Unrealised Gain/Loss
Holding	£	£	£	£	£
ASIA PACIFIC (Ex Japan)					
Australia					
BHP GROUP LIMITED	59,249	1,499,345.98	25.31	1,598,684.81	99,338.83
BLUESCOPE STEEL NPV	33,789	380,143.85	11.25	423,210.39	43,066.54
FORTESCUE LTD NPV	58,980	821,648.05	13.93	916,151.51	94,503.46
		2,701,137.88		2,938,046.71	236,908.83
Hong Kong					
AIA GROUP LTD NPV	322,400	2,674,315.42	8.30	2,203,995.33	(470,320.09)
SANDS CHINA LTD USD0.01	529,200	1,580,548.36	2.99	1,214,768.57	(365,779.79)
		4,254,863.78		3,418,763.90	(836,099.88)
Singapore					
YANGZIJIANG SHIPBU NPV (SGD)	1,005,700	1,008,026.91	1.00	891,117.38	(116,909.53)
		7,964,028.57		7,247,927.99	(716,100.58)
TOTAL ASIA PACIFIC (Ex Japan)					
North America					
Canada					
ALIMENTATION COM NPV	32,988	1,335,752.54	40.49	1,531,307.59	195,555.05
CELESTICA INC SUB ORD VTG SHS NPV	35,755	747,201.96	20.90	825,515.57	78,313.61
EQB INC COM NPV	17,157	798,878.36	46.56	890,332.17	91,453.81
FAIRFAX FINL HLDGS SUB-VTG COM NPV	2,151	1,461,614.59	679.50	1,564,363.50	102,748.91
IMPERIAL OIL COM NPV	21,679	868,578.67	40.07	973,455.22	104,876.55
MANULIFE FINL CORP COM NPV	86,317	1,384,227.06	16.04	1,503,530.54	119,303.48
MEG ENERGY CORP COM NPV	47,258	777,907.64	16.46	665,454.61	(112,453.03)
ROYAL BK OF CANADA COM NPV	16,035	1,234,638.05	77.00	1,278,258.25	43,620.20
RUSSEL METALS INC COM NPV	41,235	952,125.16	23.09	1,104,619.71	152,494.55
		9,560,924.03		10,336,837.16	775,913.13
United States					
5TH 3RD BANCORP COM	111,478	2,519,360.66	22.60	3,016,062.06	496,701.40
ABBVIE INC COM USD0.01	32,504	2,747,303.80	84.52	3,951,321.37	1,204,017.57
ADOBE INC COM	5,137	1,705,467.33	332.00	2,404,090.02	698,622.69
ALLISON TRANSMISSION HOLDING	27,726	1,059,627.85	38.22	1,264,721.35	205,093.50
ALPHABET INC CAP STK USD0.001 CL C	113,734	4,014,824.13	35.30	12,573,369.44	8,558,545.31
ALPHABET INC CAPITAL STOCK USD0.001 CL A	152,960	8,309,798.72	54.33	16,761,045.44	8,451,246.72
AMAZON COM INC COM	85,707	6,203,455.06	72.38	10,215,187.13	4,011,732.07
AMERICAN EXPRESS CO	96,955	7,511,474.41	77.47	14,248,155.22	6,736,680.81
AMERICAN TOWER CORP	7,334	1,221,061.82	166.49	1,241,970.34	20,908.52
AMERIPRISE FINL INC COM	3,354	711,572.55	212.16	999,333.01	287,760.46
AMGEN INC COM	10,891	2,027,258.58	186.14	2,460,641.34	433,382.76
AON PLC	50,200	1,973,987.29	39.32	11,459,995.96	9,486,008.67
APPLE INC COM STK	122,335	3,970,202.89	32.45	18,475,961.49	14,505,758.60
APPLIED MATERIALS INC COM	21,797	2,156,417.95	98.93	2,771,132.34	614,714.39
BANK NEW YORK MELLON CORP COM STK	337,700	8,690,686.62	25.73	13,788,267.67	5,097,581.05
BANK OF AMERICA CORP	181,861	3,532,221.39	19.42	4,803,309.84	1,271,088.45
BEACON ROOFING SUPPLY INC COM	9,526	595,861.93	62.55	650,260.79	54,398.86
BECTON DICKINSON & CO COM	62,902	11,343,390.75	180.33	12,031,215.45	687,824.70
BERRY GLOBAL GROUP INC COM USD0.01	32,371	1,502,683.03	46.42	1,711,234.33	208,551.30
BOISE CASCADE CO COM	14,654	1,038,268.93	70.85	1,487,010.74	448,741.81
BOOKING HLDGS INC COM	809	1,947,509.29	2,407.30	2,782.57	303,589.51
BOOKING HLDGS INC COM	6,733	10,267,834.85	1,525.00	2,782.57	8,467,206.24
BRISTOL MYERS SQUIBB CO COM	45,520	2,205,724.16	48.46	1,832,154.86	(373,569.30)
BUILDERS FIRSTSOURCE INC COM STK	11,230	811,648.47	72.28	1,470,611.90	658,963.43
BURLINGTON STORES INC COM	8,418	1,225,308.69	145.56	1,284,226.95	58,918.26
CADENCE DESIGN SYS INC COM	7,995	1,464,796.77	183.21	1,708,187.93	243,391.16
CDW CORP COM	90,102	12,388,015.40	137.49	17,382,822.27	3,678,806.87
CITIGROUP INC COM NEW COM NEW	23,059	931,654.83	40.40	930,463.50	(1,191.33)
COCA COLA CO COM	65,180	3,337,171.35	51.20	3,013,066.44	(324,104.91)
COMCAST CORP NEW-CL A	64,453	2,134,525.17	33.12	2,217,025.28	82,500.11
CONOCOPHILLIPS COM	32,757	1,770,957.76	54.06	2,982,510.74	1,211,552.98
CONSTELLATION ENERGY CORPORATION COM NPV WI	10,169	935,407.46	91.99	932,424.16	(2,983.30)
CORE & MAIN INC COM CL A COM CL A	58,801	1,454,291.05	24.73	1,863,938.05	409,647.00
COSTCO WHOLESALE CORP NEW COM	4,126	1,663,801.80	403.25	2,136,405.61	472,603.81
CSX CORP COM STK	46,399	914,519.64	19.71	1,261,886.73	347,367.09
DELL TECHNOLOGIES INC COM USD0.01 CL C WI COMMON	30,992	1,704,512.45	55.00	1,859,811.59	155,299.14
DIGITAL RLTY TR INC COM	13,499	1,464,936.12	108.52	1,425,082.58	(39,853.54)
DOLLAR GEN CORP NEW COM	126,970	15,822,479.49	124.62	106.64	(2,281,869.08)
DOW INC COM USD0.01 WI	34,823	1,414,761.89	40.63	1,498,033.55	83,271.66
DROPBOX INC CL A CL A	67,057	1,504,785.23	22.44	1,550,706.15	45,920.92
E L F BEAUTY INC COM	6,542	453,924.45	69.39	740,721.84	286,797.39
EATON CORP PLC COM USD0.50	9,510	804,871.52	84.63	1,796,515.55	991,644.03
ELEVANCE HEALTH INC	4,494	1,328,788.15	295.68	1,662,370.94	333,582.79
ELI LILLY & CO COM	9,294	1,674,611.15	180.18	4,249,810.21	2,575,199.06
ENDEAVOR GROUP HOLDINGS INC COM 0.00001 CL A	51,086	1,003,402.23	19.64	18.61	(52,452.52)
EOG RESOURCES INC COM	18,391	1,063,398.61	57.82	1,744,894.32	681,495.71
EVEREST GROUP LTD	5,628	1,684,559.71	299.32	277.36	(123,571.25)
EXXON MOBIL CORP COM	42,970	1,973,833.35	45.94	3,370,050.41	1,396,217.06
FAIR ISAAC CORPORATION COM	1,192	587,386.71	492.77	913.09	501,019.17
FIDELITY NATL INFORMATION SVCS INC COM STK	276,350	12,747,811.15	46.13	13,021,919.67	274,108.52
FIRST CTZNS BANCSHARES INC N C CL A CL A	942	1,109,732.52	1,178.06	1,113.09	(61,199.70)
FISERV INC COM	139,010	9,356,185.03	67.31	104.20	5,129,292.65
FORTINET INC COM	30,434	1,759,810.03	57.82	45.91	(362,491.33)
GMS INC COM	20,179	932,181.70	46.20	64.66	372,615.00
HCA HEALTHCARE INC COM	61,550	2,265,762.64	36.81	212.33	10,803,230.69
HOLOGIC INC COM	7,068	366,330.75	51.83	56.05	29,816.54
HUMANA INC COM	2,250	965,662.52	429.18	359.12	(157,635.83)
INFOSYS LIMITED ADR	113,366	1,521,156.79	13.42	14.42	113,348.16
IQVIA HLDGS INC COM USD0.01	74,941	7,257,573.28	96.84	181.50	6,344,440.54
KKR & CO INC CL A CL A	18,384	981,284.72	53.38	64.99	213,502.13
LAM RESH CORP COM	4,769	786,827.91	164.99	614.42	2,143,331.05
LINDE PLC	7,060	1,657,907.10	234.83	322.18	616,655.48
MANHATTAN ASSOCS INC COM	7,893	976,945.02	123.77	168.90	356,221.46
MARRIOTT INTL INC NEW COM STK CL A	6,207	989,059.45	159.35	176.90	108,948.44
MARSH & MCLENNAN CO'S INC COM	94,120	9,859,672.91	104.76	148.63	4,129,121.41
MASTERCARD INC CL A	12,558	2,658,156.42	211.67	334.57	1,543,374.93
MCKESSON CORP	9,197	1,586,542.27	172.51	363.18	1,753,610.48
MEDTRONIC PLC COMMON STOCK STOCK	192,930	12,340,842.91	63.97	64.62	126,659.56
MERCADOLIBRE INC COM STK	1,723	1,758,421.09	1,020.56	1,232.77	365,647.95
MERCK & CO INC NEW COM	10,520	970,916.55	92.29	85.52	(71,253.61)
META PLATFORMS INC COM USD0.000006 CL 'A'	27,539	4,428,858.87	160.82	277.66	3,217,598.36
MICROSOFT CORP COM	65,700	5,246,756.07	79.86	294.98	14,133,402.43
MICROSOFT CORP COM	8,825	825,939.15	204.55	294.98	4,785,855.20

STAFFORDSHIRE PENSION FUND

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MOODYS CORP COM	50,267	12,635,276.91	251.36	306.37	15,400,280.81	2,765,003.90
MORGAN STANLEY COM STK USD0.01	27,477	1,213,183.93	44.15	73.15	2,009,907.47	796,723.54
MUELLER INDS INC COM	30,456	939,634.69	30.85	36.99	1,126,451.43	186,816.74
NETFLIX INC COM STK	3,375	870,260.83	257.86	381.93	1,289,002.10	418,741.27
NEUROCRINE BIOSCIENCES INC COM	9,657	844,029.42	87.40	103.36	998,122.23	154,092.81
NEXTERA ENERGY INC COM	41,143	2,456,767.46	59.71	47.65	1,960,327.60	(496,439.86)
NRG ENERGY INC COM NEW	38,161	1,469,989.31	38.52	40.56	1,547,633.78	77,644.47
NUCOR CORP COM	3,058	364,231.08	119.11	136.52	417,488.45	53,257.37
NVIDIA CORP COM	24,494	3,834,723.93	156.56	388.47	9,515,153.54	5,680,429.61
NXP SEMICONDUCTORS N V COM STK	11,104	1,537,814.93	138.49	180.17	2,000,601.29	462,786.36
OLD DOMINION FREIGHT LINE INC COM	2,396	793,291.16	331.09	317.96	761,821.94	(31,469.22)
ORACLE CORP COM	150,200	3,762,101.74	25.05	82.70	12,422,015.03	8,659,913.29
PALO ALTO NETWORKS INC COM USD0.0001	7,829	667,481.68	85.26	231.31	1,810,962.77	1,143,481.09
PENSKO AUTOMOTIVE GROUP INC COM STK	7,155	942,434.74	131.72	125.91	900,885.60	(41,549.14)
PEPSICO INC COM	4,864	727,996.18	149.67	133.23	648,024.55	(79,971.63)
PG&E CORP COM	141,858	1,919,957.82	13.53	14.14	2,006,353.58	86,395.76
PROCTER & GAMBLE COM NPV	30,873	2,963,081.18	95.98	114.95	3,548,893.21	585,812.03
PROGRESSIVE CORP OH COM	10,695	1,202,883.61	112.47	124.95	1,336,287.63	133,404.02
PROLOGIS INC COM	29,978	2,939,085.70	98.04	104.57	3,134,661.98	195,576.28
PULTE GROUP INC	25,926	1,598,256.76	61.65	80.97	2,099,216.75	500,959.99
PURE STORAGE INC CL A CL A	51,766	1,291,783.24	24.95	27.97	1,448,051.00	156,277.76
QUANTA SVCS INC COM	5,048	797,393.86	157.96	169.28	854,532.72	57,138.86
RAMBUS INC DEL COM	24,265	900,058.22	37.09	53.54	1,299,094.85	399,036.63
REGENERON PHARMACEUTICALS INC COM	3,662	2,271,439.49	620.27	688.96	2,522,982.22	251,542.73
ROSS STORES INC COM	15,102	1,425,424.62	94.39	108.56	1,639,445.89	214,021.27
ROYAL CARIBBEAN GROUP COM STK	8,340	799,838.12	95.90	101.58	847,149.76	47,311.64
S&P GLOBAL INC COM	5,509	1,709,067.98	310.23	345.56	1,903,690.37	194,622.39
S&P GLOBAL INC COM	42,045	12,086,120.91	287.46	345.56	14,529,072.75	2,442,951.84
SALESFORCE INC COM USD0.001	15,608	2,551,456.81	163.47	206.42	3,221,751.49	670,294.68
SERVICENOW INC COM USD0.001	2,373	1,232,032.67	519.19	554.20	1,315,108.75	83,076.08
STATE STR CORP COM	226,784	12,940,198.46	57.06	60.76	13,779,955.49	839,757.03
STEEL DYNAMICS INC COM	14,359	1,174,187.74	81.77	92.64	1,330,246.13	156,058.39
SYSCO CORP COM	223,130	11,795,495.26	52.86	57.37	12,800,043.63	1,004,548.37
TAYLOR MORRISON HOME CORP COM USD0.00001	41,697	1,477,523.06	35.43	41.85	1,745,006.88	267,483.82
TESLA INC COM USD0.001	11,658	2,089,129.21	179.20	194.92	2,272,340.46	183,211.25
THE CIGNA GROUP	3,371	684,203.96	202.97	234.90	791,846.46	107,642.50
THERMO FISHER SCIENTIFIC INC COM USD1	34,790	12,317,070.47	354.04	416.37	14,485,552.75	2,168,482.28
TJX COS INC COM NEW	21,571	1,418,682.19	65.77	73.59	1,587,366.92	168,684.73
TJX COS INC COM NEW	208,680	8,966,663.98	42.97	73.59	15,356,345.52	6,389,681.54
T-MOBILE US INC COM	11,001	1,027,650.26	93.41	125.77	1,383,581.89	355,931.63
TOLL BROS INC COM	20,158	1,224,461.96	60.74	80.63	1,625,384.89	400,922.93
TRANE TECHNOLOGIES PLC COM USD1	8,003	1,080,415.22	135.00	191.32	1,531,166.89	450,751.67
TRAVELERS COS INC COM STK	10,112	1,394,600.02	137.92	149.43	1,511,009.36	116,409.34
TRUIST FINL CORP COM	76,314	1,996,373.30	26.06	28.96	2,218,848.96	222,475.66
UFP INDUSTRIES INC COM USD1.00	7,131	589,054.36	82.60	98.49	702,303.87	113,249.51
UNITED RENTALS INC COM	3,511	369,151.12	105.14	449.81	1,579,288.88	1,210,137.76
UNITED THERAPEUTICS CORP DEL COM STK	6,421	804,870.60	125.35	172.49	1,107,556.93	302,686.33
UNITEDHEALTH GROUP INC COM	12,635	3,692,055.34	292.21	412.98	5,218,032.58	1,525,977.24
UNITEDHEALTH GROUP INC COM	35,516	4,854,149.58	136.68	412.98	14,667,482.78	9,813,333.20
US FOODS HLDG CORP COM	226,100	5,469,905.13	24.19	35.62	8,053,969.40	2,584,064.27
VERTEX PHARMACEUTICALS INC COM	8,729	1,860,256.03	213.11	319.18	2,786,117.45	925,861.42
VICI PPTYS INC COM	49,006	1,220,200.70	24.90	25.01	1,225,534.32	5,333.62
VISA INC COM CL A STK	22,235	2,817,532.47	126.72	204.23	4,541,011.76	1,723,479.29
VISA INC COM CL A STK	68,511	12,501,086.43	182.47	204.23	13,991,871.24	1,490,784.81
VISTRA CORP COM USD0.01	51,763	1,430,721.63	27.64	30.22	1,564,096.80	133,375.17
WELLS FARGO & CO NEW COM STK	106,641	3,958,789.42	37.12	38.61	4,117,406.34	158,616.92
		410,026,207.17			607,785,978.72	197,759,771.55
TOTAL NORTH AMERICA		419,587,131.20			618,122,815.88	198,535,684.68
EMERGING MARKETS						
Brazil						
ADR ITAU UNIBANCO HLDG SA SPONSORED ADR	332,890	1,596,868.11	4.80	5.45	1,814,861.40	217,993.29
ADR PETROLEO BRASILEIRO SA PETROBRAS SPONSORED ADR	201,536	2,351,288.84	11.67	11.99	2,415,649.39	64,360.55
NU HOLDINGS LTD	183,277	1,110,659.49	6.06	6.53	1,197,597.50	86,938.01
		5,058,816.44			5,428,108.29	369,291.85
China						
ADR PDD HOLDINGS INC SPON ADS EACH REP 4 ORD SHS	13,410	1,571,445.65	117.18	114.77	1,539,078.24	(32,367.41)
ALIBABA GROUP HOLDING LTD	122,300	1,403,683.52	11.48	7.59	928,828.99	(474,854.53)
HAIER SMART HOME CO LTD-H	680,800	1,917,017.28	2.82	2.22	1,508,049.68	(408,967.60)
JD.COM INC USD0.00002 A CLASS	49,950	1,157,551.53	23.17	11.30	564,515.05	(593,036.48)
KUNLUN ENERGY CO COMSTK	1,870,000	1,233,273.15	0.66	0.71	1,322,518.55	89,245.40
NETEASE INC COMSTK	43,800	807,656.57	18.44	14.12	618,652.74	(189,003.83)
PETROCHINA COMPANY LIMITED H CNY1	1,326,000	799,020.01	0.60	0.52	687,354.43	(111,665.58)
PICC PROPERTY & CA 'H' CNY1	582,000	587,699.46	1.01	0.93	542,573.36	(45,126.10)
TENCENT HLDGS LTD HKD0.00002	112,500	2,634,984.09	23.42	29.49	3,318,150.51	683,166.42
		12,112,331.26			11,029,721.55	(1,082,609.71)
India						
ADR HDFC BK LTD ADR REPSTG 3 SHS	41,946	942,712.39	22.47	52.64	2,208,186.26	1,265,473.87
Indonesia						
BK CENTRAL ASIA IDR12.50	2,613,300	1,089,239.98	0.42	0.48	1,251,523.23	162,283.25
BK RAKYAT IDR50	5,546,400	1,520,493.12	0.27	0.29	1,617,739.06	97,245.94
		2,609,733.10			2,869,262.29	259,529.19
Korea, Republic Of						
DOOSAN BOBCAT INC KRW500	29,899	943,473.55	31.56	30.70	917,831.50	(25,642.05)
HANKOOK TIRE & TECHNOLOGY CO LTD	28,616	809,899.61	28.30	27.65	791,298.86	(18,600.75)
KIA CORP	35,023	1,638,297.48	46.78	60.91	2,133,187.87	494,890.39
SAMSUNG ELECTRONIC KRW100	72,973	2,802,760.26	38.41	47.81	3,489,053.42	686,293.16
SAMSUNG FIRE & MARINE INS.CO.LTD	7,638	1,181,641.30	154.71	160.19	1,223,520.25	41,878.95
		7,376,072.20			8,554,891.90	1,178,819.70

STAFFORDSHIRE PENSION FUND

PORTFOLIO VALUATION

**Funds - JP Morgan Asset Management.
Longview Partners (GLOBAL ACTIVE)**

Currency - Sterling

Report Date -

31-12-2023

	Cost	Average Cost	Market Price	Market Value	Unrealised Gain/Loss	
 Holding	 £	 £	 £	 £	 £	
Mexico						
GRUPO FINANCIERO BANORTE S A B DE C V	206,681	1,101,526.35	5.33	7.91	1,634,828.60	533,302.25
Taiwan						
QUANTA COMPUTER TWD10	152,000	801,351.90	5.27	5.74	872,195.56	70,843.66
TAIWAN SEMICON MAN TWD10	338,000	4,256,668.95	12.59	15.16	5,123,011.54	866,342.59
		5,058,020.85			5,995,207.10	937,186.25
TOTAL EMERGING MARKETS		34,259,212.59			37,720,205.99	3,460,993.40
UNITED KINGDOM						
3I GROUP ORD GBP0.738636	92,416	1,916,853.52	20.74	24.21	2,237,391.36	320,537.84
BALFOUR BEATTY GBP0.50	392,086	1,483,410.38	3.78	3.31	1,298,588.83	(184,821.55)
BANK OF GEORGIA GR ORD GBP0.01	10,868	367,470.48	33.81	39.75	432,003.00	64,532.52
BP ORD USD0.25	497,618	1,262,411.83	2.54	4.66	2,319,646.31	1,057,234.48
CENTRICA ORD GBP0.061728395	1,010,146	1,063,773.49	1.05	1.41	1,420,770.35	356,996.86
COMPASS GROUP ORD GBP0.1105	681,450	7,761,644.15	11.39	21.46	14,623,917.00	6,862,272.85
CRH PLC EQUITY	21,913	899,410.45	41.04	54.10	1,185,493.30	286,082.85
DIAGEO ORD PLC	387,281	13,555,181.06	35.00	28.56	11,060,745.36	(2,494,435.70)
JD SPORTS FASHION ORD GBP0.0005	706,095	1,234,295.34	1.75	1.66	1,171,764.65	(62,530.69)
JET2 PLC	106,495	1,384,275.22	13.00	12.49	1,330,122.55	(54,152.67)
MITIE GROUP ORD GBP0.025	1,006,297	974,030.96	0.97	0.99	999,252.92	25,221.96
RIO TINTO ORD GBP0.10	37,999	2,167,457.24	57.04	58.42	2,219,901.58	52,444.34
SEGRO PLC ORD GBP0.10	224,994	1,813,828.70	8.06	8.86	1,994,346.82	180,518.12
SHELL PLC ORD EURO.07	153,968	1,863,398.41	12.10	25.72	3,959,287.12	2,095,888.71
SSE PLC ORD GBP0.50	105,853	1,947,139.21	18.39	18.56	1,964,631.68	17,492.47
TAYLOR WIMPEY ORD GBP0.01	573,579	830,308.60	1.45	1.47	843,447.92	13,139.32
TESCO ORD GBP0.0633333	743,701	2,003,674.92	2.69	2.91	2,160,451.41	156,776.49
TOTAL UNITED KINGDOM		42,528,563.96			51,221,762.16	8,693,198.20
Equities Sub-Total		593,635,395.07			823,135,913.36	229,500,518.29
Fund - LGPS Central (GLOBAL ACTIVE)						
GLOBAL EQ ACTIVE MULTI MANAGER FUND	4,215,679.51	378,363,354.78	89.75	168.93	712,154,739.62	333,791,384.84
Equities Sub-Total		378,363,354.78			712,154,739.62	333,791,384.84
Equities		971,998,749.85			1,535,290,652.98	563,291,903.13
Cash		6,926,350.68			6,926,350.68	
TOTAL GLOBAL ACTIVE EQUITY		978,925,100.53			1,542,217,003.66	

STAFFORDSHIRE PENSION FUND

PORTFOLIO VALUATION

Currency - Sterling

Report Date -

31-12-2023

 Holding	 Cost £	 Average Cost £	 Market Price £	 Market Value £	 Unrealised Gain/Loss £	
Fund - Legal & General Investment Management (GLOBAL PASSIVE)						
GPBE ALL WORLD EQUITY INDEX	358,736,366	665,071,611.86	1.85	2.98	1,068,011,971.86	402,940,360.00
GPFH LOW CARBON TRANS GBL EQTY IDX OFC	611,642,245	649,900,467.02	1.06	1.17	714,434,840.24	64,534,373.22
 TOTAL GLOBAL PASSIVE EQUITY		 1,314,972,078.88			 1,782,446,812.10	 467,474,733.22

 Holding	 Cost £	 Average Cost £	 Market Price £	 Market Value £	 Unrealised Gain/Loss £	
Fund - LGPS Central (GLOBAL FACTOR BASED)						
LGPS CENTRAL GLOBAL MULTI FACTOR EQUITY INDEX FUND	2,451,830.36	255,608,485.74	104.25	125.45	307,582,118.66	51,973,632.92
LGPS CENTRAL ALL WORLD EQUITY MULTI FACTOR FUND	2,155,806.72	299,871,044.46	139.10	146.25	315,286,732.80	15,415,688.34
 TOTAL GLOBAL FACTOR BASED EQUITY		 555,479,530.20			 622,868,851.46	 67,389,321.26

STAFFORDSHIRE PENSION FUND

PORTFOLIO VALUATION

Funds - Impax Asset Management (GLOBAL SUSTAINABLE)		Currency - Sterling			Report Date -	31-12-2023
 Holding	 Cost	 Average Cost	 Market Price	 Market Value	 Unrealised Gain/Loss	
	 £	 £	 £	 £	 £	
EUROPE						
Denmark						
VESTAS WIND SYSTEM DKK0.20	129,598	3,083,623.63	23.79	24.91	3,228,351.21	144,727.58
France						
SCHNEIDER ELECTRIC EUR0.40	69,871	9,372,876.74	134.15	157.52	11,005,902.42	1,633,025.68
Germany						
HANNOVER RUECK SE ORD NPV(REGD)	59,059	8,032,289.59	136.00	187.43	11,069,428.74	3,037,139.15
SARTORIUS AG NON VTG PRF NPV	9,790	3,189,113.76	325.75	288.73	2,826,638.60	(362,475.16)
		11,221,403.35			13,896,067.34	2,674,663.99
Ireland						
KERRY GROUP 'A' ORD EUR0.125	81,946	6,853,024.34	83.63	69.08	5,660,797.89	(1,192,226.45)
Netherlands						
ASML HOLDING NV EUR0.09	7,764	3,376,566.28	434.90	590.71	4,586,289.03	1,209,722.75
DSM FIRMENICH AG EUR0.01	60,382	7,646,711.43	126.64	79.72	4,813,687.81	(2,833,023.62)
WOLTERS KLUWER EUR0.12	94,658	7,761,485.62	82.00	111.52	10,556,464.00	2,794,978.38
		18,784,763.33			19,956,440.84	1,171,677.51
Portugal						
JERONIMO MARTINS EUR1	240,085	3,110,114.59	12.95	19.96	4,793,250.23	1,683,135.64
Switzerland						
ALCON INC	172,837	10,072,397.30	58.28	61.18	10,573,814.25	501,416.95
TOTAL EUROPE		62,498,203.28			69,114,624.18	6,616,420.90
Japan						
KDDI CORP NPV	378,600	9,025,969.00	23.84	24.96	9,450,184.27	424,215.27
KEYENCE CORP NPV	20,900	6,857,038.09	328.09	345.65	7,224,006.55	366,968.46
TOTAL JAPAN		15,883,007.09			16,674,190.82	791,183.73
ASIA PACIFIC (Ex Japan)						
Hong Kong						
AIA GROUP LTD NPV	1,326,600	10,645,587.13	8.02	6.84	9,068,921.24	(1,576,665.89)
TOTAL ASIA PACIFIC (Ex Japan)		10,645,587.13			9,068,921.24	(1,576,665.89)
North America						
United States						
ANALOG DEVICES INC COM	51,054	5,718,421.00	112.01	155.76	7,952,056.36	2,233,635.36
APPLIED MATERIALS INC COM	47,758	4,714,158.69	98.71	127.13	6,071,649.24	1,357,490.55
APTIV PLC COM USD	103,327	9,208,268.56	89.12	70.38	7,272,119.32	(1,936,149.24)
BECTON DICKINSON & CO COM	30,205	5,958,555.28	197.27	191.27	5,777,286.30	(181,268.98)
BOSTON SCIENTIFIC CORP COM	142,549	4,552,123.35	31.93	45.35	6,464,352.87	1,912,229.52
CADENCE DESIGN SYS INC COM	30,982	3,490,226.14	112.65	213.66	6,619,522.03	3,129,295.89
CINTAS CORP COM	26,085	8,952,155.77	343.19	472.75	12,331,648.00	3,379,492.23
COOPER COS INC COM NEW COM NEW	14,486	4,396,358.69	303.49	296.86	4,300,346.26	(96,012.43)
DANAHER CORP COM	44,378	7,474,357.91	168.42	181.47	8,053,346.18	578,988.27
IQVIA HLDGS INC COM USD0.01	40,763	6,445,100.99	158.11	181.50	7,398,605.43	953,504.44
LINDE PLC	43,381	9,585,410.45	220.96	322.18	13,976,317.16	4,390,906.71
MARSH & MCLENNAN CO'S INC COM	45,614	7,246,865.87	158.87	148.63	6,779,482.19	(467,383.68)
MASTERCARD INC CL A	38,452	10,392,406.27	270.27	334.57	12,864,889.58	2,472,483.31
MICROSOFT CORP COM	48,810	9,718,795.73	199.11	294.98	14,397,953.37	4,679,157.64
MSCI INC COM USD0.01	17,539	7,327,178.56	417.76	443.72	7,782,345.91	455,167.35
TE CONNECTIVITY LTD	58,526	5,521,141.14	94.34	110.21	6,450,347.00	929,205.86
THERMO FISHER SCIENTIFIC INC COM USD1	23,795	8,695,202.08	365.42	416.37	9,907,551.82	1,212,349.74
UNITED RENTALS INC COM	12,946	3,391,183.21	261.95	449.81	5,823,262.27	2,432,079.06
VISA INC COM CL A STK	31,375	5,049,446.63	160.94	204.23	6,407,656.58	1,358,209.95
		127,837,356.32			156,630,737.87	28,793,381.55
TOTAL NORTH AMERICA		127,837,356.32			156,630,737.87	28,793,381.55
EMERGING MARKETS						
India						
ADR HDFC BK LTD ADR REPSTG 3 SHS	186,189	9,327,459.15	50.10	52.64	9,801,649.52	474,190.37
TOTAL EMERGING MARKETS		9,327,459.15			9,801,649.52	474,190.37
UNITED KINGDOM						
ASHTREAD GROUP ORD GBP0.10	87,498	4,163,623.87	47.59	54.62	4,779,140.76	615,516.89
CRODA INTL ORD GBP0.10609756	90,936	6,101,572.75	67.10	50.50	4,592,268.00	(1,509,304.75)
HALEON PLC ORD GBP0.01	2,292,011	7,591,563.82	3.31	3.22	7,372,253.38	(219,310.44)
LEGAL & GENERAL GP ORD GBP0.025	2,771,291	7,005,672.32	2.53	2.51	6,958,711.70	(46,960.62)
UNILEVER PLC ORD GBP 0.031111	152,813	6,302,963.06	41.25	38.00	5,807,136.27	(495,826.79)
TOTAL UNITED KINGDOM		31,165,395.82			29,509,510.11	(1,655,885.71)
Equities Sub-Total		257,357,008.79			290,799,633.74	33,442,624.95
Fund - LGPS Central (GLOBAL SUSTAINABLE)						
GLOBAL SUSTAINABLE EQUITY ACTIVE TARGETED FUND	1,348,396.14	126,898,328.14	94.11	97.18	131,037,136.89	4,138,808.75
Equities Sub-Total		126,898,328.14			131,037,136.89	4,138,808.75
Equities		384,255,336.93			421,836,770.63	37,581,433.70
Cash		6,202,858.81			6,202,858.81	
TOTAL GLOBAL SUSTAINABLE EQUITY		390,458,195.74			428,039,629.44	

STAFFORDSHIRE PENSION FUND

PORTFOLIO VALUATION

Fund - PRIVATE EQUITY INVESTMENTS

Currency - Sterling

Report Date -

31-12-23

	Date of Inception	Estimated Total Approved Investment £	Cumulative Investments @ 31 Dec 2023 £	Jul-Sep Quarterly Transactions £	Oct-Dec Quarterly Transactions £	Cumulative Distributions @ 31 Dec 2023 £	Jul-Sep Quarterly Transactions £	Oct-Dec Quarterly Transactions £	Market Value @ 30 Sep 23 £	Oct-Dec Quarterly Transactions £	ESTIMATED Market Value @ 31 Dec 23 £
HARBOURVEST VII US Buyout Fund	Apr-03	5,260,384	5,299,569.55	0.00	0.00	10,244,299.06	26,092.50	0.00	0.00	0.00	0.00
KNIGHTSBRIDGE Venture Capital VI Series VXM	Feb-05	6,291,696	6,377,366.59	0.00	0.00	12,483,490.88	0.00	58,616.69	1,630,822.86	0.00	1,630,822.86
HARBOURVEST Asia Pacific Fund (HIPEP V)	Mar-06	5,056,257	5,466,435.93	0.00	0.00	8,883,209.29	0.00	112,783.92	119,080.73	0.00	119,080.73
HARBOURVEST 2007 Direct Fund	Sep-07	4,900,000	5,890,514.49	0.00	0.00	11,492,259.38	0.00	134,981.68	157,653.50	0.00	157,653.50
HARBOURVEST 2007 European Buyout Companion (HIPEP V)	Oct-07	5,000,000	5,890,762.76	0.00	0.00	9,340,061.03	0.00	74,552.33	78,783.21	0.00	78,783.21
HARBOURVEST VIII Cayman Venture Fund	Sep-07	2,450,000	2,946,946.59	0.00	0.00	6,492,979.50	0.00	210,147.21	1,214,462.23	0.00	1,214,462.23
HARBOURVEST VIII Cayman Buyout Fund	Sep-07	24,500,000	29,442,158.83	0.00	0.00	59,068,553.40	0.00	1,843,323.38	2,652,635.07	0.00	2,652,635.07
HARBOURVEST VIII US Mezzanine & Distressed Debt Fund	Sep-07	2,450,000	2,933,800.44	0.00	0.00	4,281,852.53	0.00	105,258.40	167,552.32	0.00	167,552.32
KNIGHTSBRIDGE Venture Capital VII LP Series VC	Apr-08	5,000,000	5,234,642.34	0.00	0.00	13,348,334.85	0.00	329,554.26	5,896,269.23	0.00	5,896,269.23
HARBOURVEST Dover Street VII Cayman Fund	May-08	10,000,000	11,727,495.90	0.00	0.00	17,958,637.16	0.00	0.00	80,204.82	0.00	80,204.82
PARTNERS Group Secondary 2008 LP	Nov-08	12,165,000	11,129,522.69	0.00	0.00	17,925,087.94	0.00	199,921.11	591,417.51	0.00	591,417.51
HARBOURVEST Cayman Partnership Fund (HIPEP VI)	Jun-08	29,687,775	29,168,600.70	0.00	0.00	49,231,327.97	707,031.34	1,133,897.10	18,190,707.36	0.00	18,190,707.36
KNIGHTSBRIDGE Venture Capital VIII	Feb-12	4,500,000	4,535,724.83	0.00	114,617.86	6,477,722.59	0.00	635,210.55	10,709,362.93	0.00	10,709,362.93
HARBOURVEST IX Cayman Venture Fund	Apr-13	6,150,000	5,876,782.26	0.00	0.00	13,197,647.77	313,129.31	382,305.89	9,279,229.91	0.00	9,279,229.91
HARBOURVEST IX Cayman Buyout Fund	Apr-13	12,300,000	11,327,175.60	401,318.08	0.00	18,491,588.41	742,876.25	494,780.51	9,598,168.89	0.00	9,598,168.89
HARBOURVEST IX Cayman Opportunities Fund	Apr-13	2,050,000	1,929,205.30	85,241.76	0.00	2,240,296.84	34,655.29	70,881.86	1,329,105.62	0.00	1,329,105.62
HARBOURVEST Dover Street VIII Cayman Fund	Apr-13	7,800,000	7,204,944.03	0.00	0.00	12,659,384.37	77,061.12	245,657.34	915,092.30	0.00	915,092.30
HARBOURVEST VII AIF Partnership	Jun-14	23,500,000	26,830,713.01	0.00	313,467.32	30,515,113.09	720,016.04	944,371.23	28,800,317.17	0.00	28,800,317.17
HARBOURVEST X AIF Buyout	Jun-15	25,400,000	23,666,888.27	0.00	0.00	17,438,227.36	0.00	655,661.63	27,363,873.06	(316,916.08)	27,046,956.98
HARBOURVEST X AIF Venture	Jun-15	14,270,000	14,275,744.35	0.00	-0.01	9,250,585.56	0.00	0.00	28,735,403.82	(0.01)	28,735,403.81
CAPITAL DYNAMICS LGPS Collective Private Equity 15/16	Feb-15	5,000,000	4,610,000.00	200,000.00	0.00	3,089,642.86	250,000.00	217,500.00	5,201,531.00	0.00	5,201,531.00
PARTNERS Group Global Growth 2014 LP	Mar-14	10,000,000	9,303,211.59	0.00	0.00	8,038,184.46	403,565.31	482,694.23	14,993,743.39	(199,165.23)	14,794,578.16
PARTNERS Group Direct Equity 2016 (EUR) LP	Jul-15	10,000,000	10,562,730.51	0.00	0.00	11,192,006.19	0.00	1,247,984.53	12,703,709.28	(328,240.12)	12,375,469.16
CAPITAL DYNAMICS LGPS Collective Private Equity 16/17	May-16	5,000,000	3,975,000.00	0.00	0.00	2,275,000.00	0.00	175,000.00	4,656,707.00	0.00	4,656,707.00
HARBOURVEST Dover Street IX AIF L.P.	Dec-16	8,333,333	6,824,633.44	0.00	0.00	7,103,700.89	0.00	46,795.42	4,826,017.38	(9,312.10)	4,816,705.28
KNIGHTSBRIDGE KVC IX Cayman LP	Jan-17	8,333,333	6,195,985.62	0.00	237,970.42	102,810.08	0.00	0.00	11,506,574.78	237,970.42	11,744,545.20
HARBOURVEST HIPEP VIII Partnership AIF Fund	Mar-17	28,333,333	21,217,503.60	558,796.94	0.00	5,686,795.07	892,725.77	279,617.67	27,324,270.43	(50,195.50)	27,274,074.92
CAPITAL DYNAMICS LGPS Collective PE Vehicle 17/18	Apr-17	10,000,000	9,281,344.09	380,000.00	0.00	2,111,290.32	600,000.00	0.00	12,747,829.00	0.00	12,747,829.00
HARBOURVEST Partners XI AIF LP	Apr-18	33,333,333	25,079,815.63	820,274.65	882,897.06	7,728,986.51	0.00	175,322.15	32,895,359.23	841,024.28	33,736,383.51
CAPITAL DYNAMICS LGPS Collective PE Vehicle 18/19	Oct-18	10,000,000	7,450,000.00	0.00	300,000.00	350,000.00	0.00	0.00	9,613,814.00	300,000.00	9,913,814.00
HARBOURVEST 2020 Global Feeder AIF	Sep-20	32,083,333	22,538,789.97	0.00	946,837.72	2,449,631.75	0.00	0.00	25,639,773.41	946,837.72	26,586,611.13
PARTNERS Group Direct Equity 2019 Fund	Oct-20	10,183,280	7,737,501.25	0.00	150,433.06	140,856.36	0.00	0.00	8,711,928.42	150,433.06	8,862,361.48
KNIGHTSBRIDGE Venture KVC X	Apr-21	16,666,667	5,280,406.67	952,496.64	480,172.86	0.00	0.00	0.00	4,563,328.45	480,172.86	5,043,501.31
HARBOURVEST 2022 Global Feeder AIF	Apr-22	116,666,667	32,610,302.23	6,641,103.16	8,881,486.94	1,343,222.94	1,343,222.94	0.00	29,185,692.58	8,881,486.94	38,067,179.52
		511,094,392	389,822,219.06	10,039,231.23	12,307,883.23	382,632,786.42	6,110,375.87	10,256,819.09	352,080,420.89	10,934,096.24	363,014,517.13
LGPS CENTRAL PE Primary Partnership 2018 LP	Mar-19	10,000,000	7,684,193.12	120,361.18	19,363.59	2,075,019.31	369,814.50	3,578.79	8,565,100.00	15,784.80	8,580,884.80
LGPS CENTRAL PE Primary Partnership 2021 LP	Dec-21	40,000,000	4,275,102.38	1,393,778.94	466,021.43	16.84	16.84	0.00	3,908,342.00	466,021.43	4,374,363.43
		50,000,000	11,959,295.50	1,514,140.12	485,385.02	2,075,036.15	369,831.34	3,578.79	12,473,442.00	481,806.23	12,955,248.23
TOTAL PRIVATE EQUITY		561,094,392	401,781,514.56	11,553,371.35	12,793,268.25	384,707,822.57	6,480,207.21	10,260,397.88	364,553,862.89	11,415,902.47	375,969,765.36

* latest available valuation

** current quarter transactions - bookcost element only

*** latest available valuation adjusted for current quarter transactions

**STAFFORDSHIRE PENSION FUND
PROPERTY PORTFOLIO SUMMARY**

Dir/Ind	Property Address or Fund	Unit	Tenant or Fund	Tenure	Use	Total Cost £	Date of Purchase	Value £ @ 31/03/2023	Value £ @ 31/12/2023	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	AVONMOUTH Portside Park, Kings Weston Lane	1&2	PJH Group Ltd		Industrial	-	-	-	-	10 yrs	27/05/2026	248,868	248,868	-	27/05/2026	-	-
		3	Radius Warehouse & Logistics Services Ltd		Industrial	-	-	-	-	10 yrs	28/09/2027	133,735	133,735	-	29/09/2027	-	-
		4	Deep R&D Ltd		Industrial	-	-	-	-	15 yrs	21/12/2031	406,350	406,350	-	22/12/2026	-	-
		5	Framatone Ltd		Industrial	-	-	-	-	10 yrs	21/01/2031	344,225	344,225	-	25/01/2026	-	-
		6	Framatone Ltd		FH Industrial	26,551,075	09/08/2023	-	24,300,000	10 yrs	21/01/2031	167,720	167,720	-	25/01/2026	4.9	5.4
			BARDON Interlink Park		Belron UK Ltd	FH	Industrial	18,293,947	30/10/2019	19,300,000	19,350,000	11 yrs	12/05/2030	894,739	894,739	-	25/03/2025
Dir	BIRMINGHAM 80/87 New Street & 45/51 Pinfold Street	80 New	Vacant		Retail	-	-	-	-	-	-	51,000	0	-	-	-	-
		81/83 New	Mexican Grill Ltd (t/a Tortilla)		Retail	-	-	-	-	15 yrs	28/04/2027	116,000	67,500	-	29/04/2027	-	-
		84 New	Empire Property Midland Ltd (t/a Simply Local)		Retail	-	-	-	-	5 yrs	29/09/2026	65,000	50,000	-	29/09/2026	-	-
		84b New	Birmingham Inns Ltd		Leisure	-	-	-	-	56 yrs	23/06/2028	25,000	25,000	-	24/06/2025	-	-
		85 New	Greggs Plc		Retail	-	-	-	-	5 yrs	24/06/2024	60,000	40,000	-	On Expiry	-	-
		87 New	The Royal British Legion		Retail	-	-	-	-	10 yrs	29/04/2024	77,500	77,500	-	On Expiry	-	-
		45/46 Pinfold	Fox and Chance Ltd		Retail	-	-	-	-	5 yrs	03/08/2024	40,000	36,000	-	On Expiry	-	-
		47 Pinfold	Yunyou Li		Retail	-	-	-	-	5 yrs	15/09/2025	12,000	12,000	-	On Expiry	-	-
		49 Pinfold	The Feel Good Group Ltd		Retail	-	-	-	-	10 yrs	15/12/2025	25,000	25,000	-	15/12/2020	-	-
		50 Pinfold	Vacant		Retail	-	-	-	-	-	-	25,000	0	-	-	-	-
		51 Pinfold	Nine Three's Ltd (t/a Mail Boxes etc)		Retail	-	-	-	-	10 yrs	18/12/2024	18,000	18,000	-	18/12/2019	-	-
		Pt 3rd	Vacant		Office	-	-	-	-	-	-	16,150	0	-	-	-	-
		Pt 3rd	Vacant		Office	-	-	-	-	-	-	0	0	-	-	-	-
		Pt 3rd	Vacant		Office	-	-	-	-	-	-	11,745	0	-	-	-	-
		Pt 2nd	The Royal British Legion		Office	-	-	-	-	10 yrs	29/04/2024	35,800	37,700	-	On Expiry	-	-
		Pt 2nd	Vacant		Office	-	-	-	-	-	-	0	0	-	-	-	-
		Pt 1st	Vacant		Office	-	-	-	-	-	-	12,925	0	-	-	-	-
		Pt 1st	Vacant		Office	-	-	-	-	-	-	0	0	-	-	-	-
		Pt 1st	People Solutions Group Ltd		FH Office	9,619,774	19/08/2016	7,000,000	6,650,000	5 yrs	30/09/2024	24,300	26,000	-	On Expiry	4.3	6.2
		Dir	BIRMINGHAM 92/93 New Street & 3/17 Ethel Street	92/93 New	Lord 3 Ltd (t/a Fat Burgers)		Retail	-	-	-	-	3 yrs	21/12/2023	226,850	24,300	-	On Expiry
3 Ethel	Vacant for Redevelopment				Retail	-	-	-	-	-	-	27,000	0	-	On Expiry	-	-
5 Ethel	Vacant for Redevelopment				Offices	-	-	-	-	-	-	400	0	-	-	-	-
5a Ethel	La Galleria Birmingham Ltd				Restaurant	-	-	-	-	3.5	31/03/2025	30,000	36,000	-	On Expiry	-	-
5b Ethel	Vacant for Redevelopment				Retail	-	-	-	-	-	-	21,000	0	-	-	-	-
7 Ethel	Vacant for Redevelopment				Retail	-	-	-	-	-	-	24,000	0	-	On Expiry	-	-
9 Ethel	Vacant for Redevelopment				Retail	-	-	-	-	-	-	17,250	0	-	On Expiry	-	-
11 Ethel	Autograph Ltd				Retail	-	-	-	-	3 yrs	15/11/2025	22,000	20,000	-	On Expiry	-	-
15 Ethel	Autograph Ltd				Retail	-	-	-	-	3 yrs	15/11/2025	15,000	14,000	-	On Expiry	-	-
17 Ethel	Autograph Ltd				FH Retail	5,714,998	21/06/2010	3,250,000	3,000,000	3 yrs	15/11/2025	15,000	4,000	-	On Expiry	0.5	0.9
Dir	BIRMINGHAM Colonnade Buildings, 98/100 New Street & 2/12 Ethel Street	98 New	Wagamama Ltd		Retail	-	-	-	-	20 yrs	30/09/2029	215,000	215,000	-	01/10/2024	-	-
		99 New	Vacant		Retail	-	-	-	-	-	-	0	0	-	-	-	-
		100 New	Vacant		Retail	-	-	-	-	-	-	157,000	0	-	-	-	-
		8 Ethel	Curzon Projects Ltd		Office	-	-	-	-	99 yrs	11/03/2063	5	5	-	On Expiry	-	-
		8a Ethel	T-Lites Ltd (t/a Tablites)		Retail	-	-	-	-	3 yrs	11/02/2026	10,000	10,000	-	On Expiry	-	-
		10 Ethel	Harvey & Thompson Ltd		Retail	-	-	-	-	5 yrs	24/12/2026	32,000	32,000	-	On Expiry	-	-
		12 Ethel	Vacant		Retail	-	-	-	-	-	-	42,500	0	-	-	-	-
			HSBC Bank Pension Trust Ltd Car Spaces		FH Rent Charge Parking	7,996,837	30/12/2014	4,950,000	4,800,000	99 yrs	23/06/2058 31/01/2023	10,000 19,900	10,000 4,800	-	On Expiry On Expiry	- 3.4	- 5.7
Dir	BLETCHLEY Rushmere Retail Park, Watling Street	1	Wickes Building Supplies Ltd		Retail WH	-	-	-	-	25 yrs	25/03/2026	259,500	429,000	-	25/03/2021	-	-
		2	Halfords Ltd		FH Retail WH	5,094,683	11/04/1996	6,700,000	6,850,000	5 yrs	04/11/2024	104,500	133,100	-	On Expiry	11.0	8.2
Dir	BRISTOL St Annes Road		Rocket Padel Bristol Ltd	FH	Industrial	6,520,622	17/08/2015	6,000,000	5,900,000	10 yrs	19/10/2032	424,874	369,300	-	20/10/2027	5.7	6.3
Dir	BROMSGROVE Bromsgrove Retail Park, Birmingham Road	1	T J Morris Ltd (t/a Home Bargains)		Retail WH	-	-	-	-	15 yrs	21/08/2033	185,000	185,000	-	22/08/2023	-	-
		2	Iceland Foods Ltd (t/a Food Warehouse)		Retail WH	-	-	-	-	10 yrs	19/08/2028	180,000	180,000	-	22/08/2023	-	-
		3 & 4	Lidl Great Britain Ltd		Retail WH	-	-	-	-	25 yrs	18/06/2033	346,783	388,525	-	18/06/2023	-	-
		5b	Pure Gym Ltd		Leisure	-	-	-	-	15 yrs	28/07/2029	120,000	120,000	-	29/07/2024	-	-
		5a	Greggs Plc		Retail WH	13,774,835	07/01/2021	15,000,000	13,600,000	10 yrs	03/03/2028	30,000	30,000	-	On Expiry	-	-
Dir	BURY ST EDMUNDS 42/42a Buttermarket		McDonald's Real Estate LLP	FH	Retail	3,059,752	22/07/1994	1,550,000	1,625,000	5 yrs	16/07/2028	152,500	125,000	-	On Expiry	4.1	7.7
Dir	BURY ST EDMUNDS		B&Q Ltd	FH	Retail WH	5,666,760	12/06/2013	5,000,000	5,500,000	5 yrs	31/01/2030	491,763	438,955	-	12/01/2026	7.7	8.0

Dir/Ind	Property Address or Fund	Unit	Tenant or Fund	Tenure	Use	Total Cost £	Date of Purchase	Value £ @ 31/03/2023	Value £ @ 31/12/2023	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	
LONDON EC2 11 Old Jewry		B 2&8	The Grocers Company		Store	-	-	-	-	9.5 yrs	03/04/2027	3,210	4,399	-	04/04/2027	-	-	
		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	14,759,654	01/08/2016	13,000,000	11,400,000	12 yrs	26/10/2024	80,189	73,000	-	-	27/10/2024	12.1	15.7
		LONDON SW1 Burwood House 14/24 Caxton Street		5th	Vacant (Development)		Office	-	-	-	-	-	-	117,500	0	-	-	-
4th	Vacant (Development)				Office	-	-	-	-	-	-	135,375	0	-	-	-	-	
3rd	Vacant (Development)				Office	-	-	-	-	-	-	166,760	0	-	-	-	-	
2nd & B	William Sturges & Co				Office	-	-	-	-	5 yrs	28/09/2028	173,830	238,588	-	-	On Expiry	-	-
1st	BAE Systems Plc				Office	-	-	-	-	5 yrs	24/03/2025	152,000	195,150	-	-	On Expiry	-	-
Gd	BAE Systems Plc				Office	-	-	-	-	5 yrs	24/03/2025	38,118	45,150	-	-	On Expiry	-	-
Gd	BAE Systems Plc				Office	-	-	-	-	5 yrs	24/03/2025	49,665	51,882	-	-	On Expiry	-	-
Gd	Pret a Manger (Europe) Ltd				Retail	-	-	-	-	15 yrs	02/09/2027	46,000	82,000	-	-	On Expiry	-	-
Gd	Starbucks Coffee Company (UK) Ltd				Retail	-	-	-	-	10 yrs	15/12/2027	45,000	64,000	-	-	On Expiry	-	-
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	16,233,095	16/05/2011	18,900,000	18,600,000	-	-	-	17,499	5,000	14,809	On Expiry	4.3	3.8		
LONDON W1 47/48 Berners Street & Wells Mews		47/48 4th/6th	Vacant (Development)		Office	-	-	-	-	-	-	216,529	0	-	-	-	-	
		47/48 3rd	Vacant (Development)		Office	-	-	-	-	-	-	92,820	0	-	On Expiry	-	-	
		47/48 1st/2nd	Vacant (Development)		Office	-	-	-	-	-	-	188,457	0	-	-	-	-	
		47/48 Gd/LG	Vacant (Development)		Showroom	-	-	-	-	-	-	231,500	0	-	-	-	-	
		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	10,449,613	15/01/2020	7,650,000	6,800,000	5 yrs	30/04/2023	31,000	35,500	600	-	On Expiry	0.9	1.3		
LONDON WC1 16 Upper Woburn Place		5th	London Upper Woburn Place Centre Ltd (t/a Regus)		Office	-	-	-	-	9.33 yrs	18/11/2027	88,125	115,132	-	19/11/2023	-	-	
		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	-	-
LONDON WC2 22 Stukeley Street		LG	Barry's Bootcamp Ltd		Gym	-	-	-	-	25 yrs	18/11/2027	75,460	131,192	-	23/07/2028	-	-	
		B	EDF Energy Networks (LPN) Plc		Substation	19,770,540	12/08/2011	30,000,000	28,500,000	99 yrs	03/03/2106	0	0	-	-	-	9.8	6.8
		4th	Directors UK Ltd		Office	-	-	-	-	10 yrs	28/07/2026	76,335	208,125	-	-	On Expiry	-	-
		3rd	Story Films Ltd		Office	-	-	-	-	5 yrs	17/08/2027	42,073	107,242	-	-	On Expiry	-	-
		3rd	ALG 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	22/11/2026	85,360	201,250	-	-	On Expiry	-	-
Gd & LG	Fashion Box		Office	-	-	-	-	10 yrs	19/12/2033	80,765	196,392	-	-	20/12/2028	-	-		
Gd & LG	Vacant	FH	Office	8,988,216	16/12/1998	19,400,000	18,200,000	-	-	-	49,200	0	-	-	11.4	5.6		
MANCHESTER Old Exchange Buildings, 29/31 King Street		29	Hancocks Jewellers Ltd		Retail	-	-	-	-	10 yrs	01/06/2022	120,000	70,000	-	02/06/2022	-	-	
		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	Vacant		Retail	-	-	-	-	-	-	17,648	0	-	On Expiry	-	-	

Dir/Ind	Property Address or Fund	Unit	Tenant or Fund	Tenure	Use	Total Cost £	Date of Purchase	Value £ @ 31/03/2023	Value £ @ 31/12/2023	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
		2nd	Lucinda Ellery Ltd		Office	-	-	-	-	5 yrs	31/01/2028	0	49,995	-	-	-	-
		3rd & Pt 4th	Vacant		Office	-	-	-	-	5 yrs	-	29,377	0	-	-	-	-
		Pt 4th	Denton Corker Marshall		Office	6,591,908	11/08/2014	3,600,000	3,250,000	5 yrs	08/02/2020	0	10,955	-	-	3.8	7.6
	NOTTINGHAM NCP Nottingham City 73 Mount Street		National Car Parks Ltd		Car Park	23,738,525	19/07/2018	15,250,000	16,100,000	34.9 yrs	21/05/2037	996,200	1,170,508	-	29/06/2023	4.9	7.3
	ROMFORD 26/30 South Street		Halifax Plc	FH	Retail	2,146,455	11/09/1998	2,600,000	2,400,000	25 yrs	23/06/2030	135,000	183,500	-	24/06/2025	8.5	7.6
	SOUTHAMPTON Centurion Park Bitterne Road	A	Cornerstone Telecoms Infrastructure Ltd		Phone Mast	-	-	-	-	10 yrs	12/10/2026	0	5,750	-	13/10/2024	-	-
		B	Sulzer Electro Mechanical Services (UK) Ltd		Industrial	-	-	-	-	5 yrs	24/03/2027	104,000	156,186	-	On Expiry	-	-
		C	Nottingham Rehab Ltd		Industrial	-	-	-	-	7 yrs	31/07/2025	67,750	93,000	-	01/08/2025	-	-
		D	Howden Joinery Properties Ltd		Industrial	-	-	-	-	15 yrs	11/10/2032	68,780	103,167	-	12/10/2027	-	-
		E	Total Asia Food (Bristol) Ltd		Industrial	-	-	-	-	10 yrs	17/01/2032	61,450	114,038	-	17/01/2027	-	-
		F	Vauxhall Trade Parts Ltd		Industrial	-	-	-	-	5 yrs	12/03/2028	30,000	50,000	-	On Expiry	-	-
		G	Bufab (UK) Ltd		Industrial	-	-	-	-	3 yrs	31/12/2024	33,000	43,899	-	On Expiry	-	-
		H	TLC (Southern) Ltd		Industrial	-	-	-	-	10 yrs	23/06/2028	29,750	50,170	-	24/06/2028	-	-
		J	Toolstation Ltd		Industrial	-	-	-	-	5 yrs	17/12/2023	30,000	45,862	-	On Expiry	-	-
		K	He-Man Dual Controls Ltd		Industrial	-	-	-	-	10 yrs	24/10/2028	65,640	100,000	-	25/10/2023	-	-
		L	CJR Propulsion Ltd		Industrial	-	-	-	-	10 yrs	26/11/2027	49,000	82,500	-	On Expiry	-	-
		M (Land)	CJR Propulsion Ltd		Industrial	-	-	-	-	10 yrs	26/11/2027	60,000	82,800	-	On Expiry	-	-
		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	15,986,420	19/09/2000	18,000,000	20,800,000	10 yrs	26/09/2027	34,750	47,084	-	27/09/2022	7.4	5.7
	STOKE ON TRENT Hadleigh Park Blythe Bridge		Hadleigh Industrial Estates Ltd	FH	Industrial	25,704,500	25/08/2021	23,500,000	20,500,000	99 yrs	16/10/2059	918,500	918,500	-	-	3.6	4.5
						-	-	-	-	-	-	-	-	-	-	-	-
	SWINDON Westmead Industrial Estate, Units 22/25 & R, Westmead Drive	22 & 23	UK Storage Company (SW) Ltd		Industrial	-	-	-	-	25 yrs	21/09/2025	121,000	145,404	-	22/09/2025	-	-
		24	Network Rail Infrastructure Ltd		Industrial	-	-	-	-	10 yrs	19/01/2026	63,500	91,589	-	20/01/2026	-	-
		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	6,200,000	6,100,000	125 yrs	31/01/2114	26,600	27,265	-	01/02/2024	6.9	5.2
	TRURO 17/15 Boscawen Street	11 & 12	Waterstones Booksellers Ltd		Retail	-	-	-	-	10 yrs	25/12/2026	269,950	230,000	-	On Expiry	-	-
		13	Superdrug Stores Plc		Retail	-	-	-	-	5 yrs	06/11/2026	154,000	105,000	-	On Expiry	-	-
		14 & 15	The White Company (UK) Ltd	FH	Retail	8,427,238	11/11/1992	3,650,000	3,350,000	10 yrs	26/08/2023	97,500	140,000	-	On Expiry	5.6	14.2
	WARRINGTON Calver Road Winwick Quay		QAS Group Ltd	FH	Industrial	2,654,601	24/03/1994	5,300,000	5,250,000	10 yrs	15/10/2031	160,000	250,000	-	16/10/2026	9.4	4.8
	WEYBRIDGE 29 Avro Way Brooklands Business Park		Kite Glass Ltd	FH	Industrial	3,376,249	20/12/1990	11,850,000	12,500,000	15 yrs	28/09/2043	275,000	395,000	-	29/09/2023	11.7	3.2
	WOLVERHAMPTON Vernon Park,	A	J Banks & Co Ltd		Industrial	-	-	-	-	999 yrs	28/09/3010	0	0	-	-	-	-
		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	-	-
		D	Under Development	FH	Industrial	12,092,666	16/01/2014	10,350,000	11,000,000	-	-	0	0	-	-	4.6	5.0
Total:	Direct Property					455,133,657		417,175,000	429,375,000			23,552,423	24,132,619			5.3	5.6
Ind	Ashford Investor Limited Partnership		LP owns the Ashford Designer Outlet Centre,	LP	Shopping Centre	19,581,185	23/05/2002	32,125,000	32,878,750	-	28/02/2032	514,312	1,361,250	-	n/a	7.0	4.1
	Hearthstone Residential Fund 1		Private Rented Sector Houses & Flats	LP	Residential	19,999,989		19,357,641	19,418,463			0	616,726	-	n/a	3.1	3.2
	Gresham House ReSi		Shared Ownership Houses & Flats	LP	Residential	33,569,849		30,517,828	33,085,461			0	0	-	n/a	0.0	0.0
	Leisure Fund Unit Trust		Leisure Properties	LP	Leisure	16,597,195		14,523,995	14,416,894			0	757,276	-	n/a	4.6	5.3
Total:	Indirects					89,748,217		96,524,464	99,799,568			514,312	2,735,252			3.0	2.7
Total:	Portfolio					544,881,874		513,699,464	529,174,568			24,066,735	26,867,871	15,409		4.9	5.1

STAFFORDSHIRE PENSION FUND

PORTFOLIO VALUATION

Fund - INFRASTRUCTURE INVESTMENTS

Currency - Sterling

Report Date -

31-12-23

	Estimated Total Approved Investment £	Cumulative Investments @ 31 Dec 2023 £	Jul-Sep Quarterly Transactions £	Oct-Dec Quarterly Transactions £	Cumulative Distributions @ 31 Dec 2023 £	Jul-Sep Quarterly Transactions £	Oct-Dec Quarterly Transactions £	Market Value @ 30 Sep 23 * £	Oct-Dec Quarterly Transactions £	ESTIMATED Market Value @ 31 Dec 23 ** £
IFM Global Infrastructure Fund	50,000,000	50,691,340.43	553,603.97	0.00	691,340.43	553,603.97	0.00	60,653,770.83	0.00	60,653,770.83
BlackRock - Global Renewable Power Infrastructure Fund III	31,353,579	19,700,337.57	1,259,855.45	2,186,393.00	1,305,179.48	0.00	0.00	19,979,562.44	2,186,393.00	22,165,955.43
Equitix EFVI Investment Account	25,000,000	29,176,860.72	3,739,525.72	0.00	4,356,308.24	0.00	0.00	24,433,424.34	0.00	24,433,424.34
Pantheon IV Feeder	44,790,827	23,770,948.37	3,847,293.74	7,224,580.79	192,278.84	134,862.94	(34,094.34)	16,869,425.52	7,258,675.13	24,128,100.65
Brookfield Super-Core Infra Partners Fund	43,895,010	39,879,342.14	9,077,576.43	0.00	0.00	0.00	0.00	41,213,898.02	0.00	41,213,898.02
Gresham House BSIF II LP	30,000,000	21,144,978.33	1,814,553.62	0.00	0.00	0.00	0.00	22,682,891.78	0.00	22,682,891.78
	<u>225,039,416</u>	<u>184,363,807.56</u>	<u>20,292,408.93</u>	<u>9,410,973.79</u>	<u>6,545,106.99</u>	<u>688,466.90</u>	<u>-34,094.34</u>	<u>185,832,972.93</u>	<u>9,445,068.13</u>	<u>195,278,041.06</u>
LGPS Core Infra SubFund Core/Plus	120,000,000	33,770,755.07	1,998,515.59	2,095,329.83	203,844.16	0.00	0.00	31,363,664.00	2,095,329.83	33,458,993.83
LGPS JPM Infra Fund	80,000,000	80,000,000.00	22,412.96	19,977,587.04	0.00	22,412.96	-22,412.96	62,413,992.00	20,000,000.00	82,413,992.00
LGPS Value Add/Oppportunistic Infra Sub Fund	20,000,000	393,025.85	0.00	393,025.85	0.00	0.00	0.00	0.00	393,025.85	393,025.85
	<u>220,000,000</u>	<u>114,163,780.92</u>	<u>2,020,928.55</u>	<u>22,465,942.72</u>	<u>203,844.16</u>	<u>22,412.96</u>	<u>-22,412.96</u>	<u>93,777,656.00</u>	<u>22,488,355.68</u>	<u>116,266,011.68</u>
TOTAL INFRASTRUCTURE	<u>445,039,416</u>	<u>298,527,588.48</u>	<u>22,313,337.48</u>	<u>31,876,916.51</u>	<u>6,748,951.15</u>	<u>710,879.86</u>	<u>(56,507.30)</u>	<u>279,610,628.93</u>	<u>31,933,423.81</u>	<u>311,544,052.74</u>

* latest available valuation

** latest available valuation adjusted for current quarter transactions

STAFFORDSHIRE PENSION FUND

PORTFOLIO VALUATION

Fund - PRIVATE DEBT INVESTMENTS

Currency - Sterling

Report Date -

31-12-23

	Estimated Total Approved Investment £	Cumulative Investments @ 31 Dec 2023 £	Jul-Sep Quarterly Transactions £	Oct-Dec Quarterly Transactions £	Cumulative Distributions @ 31 Dec 2023 £	Jul-Sep Quarterly Transactions £	Oct-Dec Quarterly Transactions £	Market Value @ 30 Sep 23 * £	Oct-Dec Quarterly Transactions £	ESTIMATED Market Value @ 31 Dec 23 ** £
BARINGS European Private Loan Fund III	45,000,000	33,750,000.00	2,250,000.00	0.00	0.00	0.00	0.00	33,996,232.00	0.00	33,996,232.00
CLAREANT European Direct Lending Fund II	80,000,000	83,639,448.99	0.00	0.00	53,604,226.91	3,285,037.45	0.00	25,819,732.00	0.00	25,819,732.00
CLAREANT European Direct Lending Fund III	60,000,000	62,268,314.17	0.00	0.00	14,534,008.54	2,094,551.95	0.00	47,513,257.88	0.00	47,513,257.88
HAYFIN Direct Lending Fund II	80,000,000	72,162,153.62	0.00	0.00	48,949,017.59	36,372.00	1,807,336.77	20,147,168.48	(1,807,336.77)	18,339,831.71
HAYFIN Direct Lending Fund III	75,000,000	86,514,948.24	0.00	0.00	25,008,270.75	2,465,889.54	4,404,313.05	69,735,406.66	(4,404,313.05)	65,331,093.61
HPS Private Lending Opportunities Fund	47,111,688	41,720,885.40	0.00	22,883.50	25,765,012.48	0.00	2,353,807.14	24,098,342.21	(2,330,923.64)	21,767,418.57
HPS Specialty Loan Fund II	32,615,784	29,831,078.86	9,180.90	61,991.75	17,520,638.52	9,180.90	1,346,965.07	14,513,813.07	(1,284,973.32)	13,228,839.75
HPS Specialty Loan Fund V	80,932,341	59,513,178.97	6,418,631.48	7,277,719.57	0.00	0.00	0.00	62,720,447.12	7,277,719.57	69,998,166.69
	500,659,812	469,400,008.25	8,677,812.39	7,362,594.82	185,381,174.79	7,891,031.84	9,912,422.03	298,544,399.42	(2,549,827.21)	295,994,572.21
LGPS Central Credit Partnership I LP (Higher Return)	45,000,000	24,532,056.65	1,039,045.40	1,557,029.50	1,944,962.87	131,584.98	1,579,316.50	24,345,085.00	(22,287.00)	24,322,798.00
LGPS Central Credit Partnership II LP (Lower Return)	45,000,000	23,762,884.26	2,634,745.66	3,985,486.38	1,022,921.60	73,792.84	208,352.27	20,042,715.00	3,777,134.11	23,819,849.11
LGPS Central Credit Partnership IV LP (Real Assets)	70,000,000	34,412,131.12	596,761.19	4,540,906.13	1,902,413.97	155,374.76	87,042.40	26,961,362.00	4,453,863.73	31,415,225.73
	160,000,000	82,707,072.03	4,270,552.25	10,083,422.01	4,870,298.44	360,752.58	1,874,711.17	71,349,162.00	8,208,710.84	79,557,872.84
TOTAL PRIVATE DEBT	660,659,812	552,107,080.29	12,948,364.63	17,446,016.83	190,251,473.23	8,251,784.42	11,787,133.20	369,893,561.42	5,658,883.63	375,552,445.05

* latest available valuation

** latest available valuation adjusted for current quarter transactions

STAFFORDSHIRE PENSION FUND

PORTFOLIO VALUATION

		<u>Currency - Sterling</u>			<u>Report Date -</u>	31-12-2023
		<u>Cost</u>	<u>Average Cost</u>	<u>Market Price</u>	<u>Market Value</u>	<u>Unrealised Gain/Loss</u>
	<u> Holding</u>	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
Fund - PRIVATE DEBT INVESTMENTS (see page 14 for detail)						
Various	n/a	<u>284,018,833.47</u>	n/a	n/a	<u>295,994,572.21</u>	11,975,738.74
LGPS Central	n/a	<u>77,836,773.59</u>	n/a	n/a	<u>79,557,872.84</u>	1,721,099.25
Fund - Legal & General Investment Management (INDEX LINKED GILTS)						
AP OVER 5 YR INDEX-LINKED	90,689,772	<u>543,001,931.69</u>	5.99	6.20	<u>562,585,835.67</u>	19,583,903.98
Fund - LGPS Central (CORPORATE BONDS)						
GLOBAL ACTIVE CORPORATE BOND MULTI MANAGER FUND	5,826,483.54	<u>559,716,702.88</u>	96.06	91.59	<u>533,647,627.43</u>	(26,069,075.45)
TOTAL FIXED INCOME		<u>1,464,574,241.63</u>			<u>1,471,785,908.16</u>	7,211,666.53

PENSIONS PANEL – 5 MARCH 2024

Report of the Director of Finance

**RESPONSIBLE INVESTMENT & ENGAGEMENT (RI&E) REPORT
QUARTER 4 2023**

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 (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 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. 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).

UK Stewardship Code

6. The UK Stewardship code is a voluntary set of principles that sets high expectations for how investors, and those that support them, invest, and manage money on behalf of UK savers and pensioners, and how this leads to sustainable benefits for the economy, the environment and society. There are 12 principles for asset owners and asset managers. These principles cover the policies, processes, activities, and outcomes of effective stewardship. The code was significantly strengthened following a review in 2020, with more stringent criteria to be met to achieve signatory status. The principles are supported by reporting expectations which indicate the information that organisations should publicly report to become a signatory.
7. The Staffordshire Pension Fund's 2022 Stewardship Report was approved by the FRC in August 2023 and the Staffordshire Pension Fund is now officially a signatory of the UK Stewardship Code (and can use the graphic within the report footer). This is a real achievement for the Fund and something only 25% of LGPS funds have attained. The report is available on the Pension Fund's Website www.staffspf.org.uk.

Climate Change Strategy

8. In March 2023, the Pensions Committee approved the Fund's updated 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, in March 2023, an updated Climate Stewardship Plan (CSP) was developed. The CSP is a working document which is updated for engagement activity carried out throughout the year 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 Q4 2023 managers' engagement topics included:
- Engagement with a Chinese technology firm around its AI policies including Privacy and Security, and around investor and director dialogue.
 - Meeting with a US Retailer to discuss Modern Slavery risks and practices in its own operations and within its supply chain.
 - Engagement with Volkswagen on human rights in relation to its operations in China. An independent Audit, conducted by a well-respected body was carried out in Dec 2023, leading to MSCI removing its red flag against the company.

LAPFF Quarterly report

11. LAPFF's Quarterly Engagement Report for Q4 2023 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:
- LAPFF met with the chief sustainability officer at national grid to discuss the backlog of new connections, which is holding back many new power generation projects. National Grid commented a recent change in regulations has enabled the backlog to start to be cleared.
 - LAPFF met with representatives from the FTSE100 housebuilder Persimmon. In the meeting LAPFF had an open discussion about target setting which covered issues around embodied carbon. The meeting covered transition planning and plans, including the "hard to abate sectors" such as cement, smaller supplier, offsetting and Net Zero homes trails. LAPFF will be following the development of housebuilders' transition plans and delivering on the targets that they have set.
 - During LAPFF's meeting with Nestlé, the Forum gained insights into the strategies and initiatives involved in implementing regenerative agriculture. Discussions looked at how this would be incorporated into their broader climate strategy and covered biodiversity more widely. While the long-term efficacy of these actions is yet to be measured, the conversations indicated a strong commitment from Nestlé, although further evaluation will be required in the future to gauge the impacts of strategies.

LGPS Central Quarterly Stewardship Report Q4 2023

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 2023 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 2024 Pensions Panel. Some examples of engagement carried out over the quarter by LGPS Central or on behalf of the Fund are included below, for information.

- EOS, LGPS Central’s stewardship partner, engaged with a food manufacturer around sustainability metrics used in its remuneration. The company responded by splitting the ESG metric under the long-term incentive plan into three areas with equal weighting (Health, Nature and Social), with each area having a direct link to the company's strategy (e.g. the current health metric relates to the percentage volume sold of products intended for children which contain less than 10g of sugar). This sustainability metric has now been fully implemented by the company.
- One of the Global Active Equity fund’s underlying managers engaged with a soft drinks manufacturer about the company’s high exposure to single use plastics, an area which may attract greater criticism as reporting on nature-based disclosures receives greater attention. The manager has pledged to continue to engage with the soft drinks manufacturer in an effort to influence the behaviour of the company.
- LGPS Central engaged with an underlying manager in the Corporate Bond fund around its exposure to water utility companies, as water utility companies were recently connected with class action lawsuits due to allegations of misleading regulators. The manager demonstrated a strong understanding of the issue and explained that the portfolio is exposed to high quality companies which are at lower risk of penalties they would be unable to manage.

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 Q4 2024.

Investment Manager Voting Activity Q4 2024

	Total resolutions	Vote with management	Votes against management or abstain
Impax	39	32	7
JP Morgan	105	102	3
Longview	77	66	11
Legal & General	12,913	9,381	3,532
LGPS Central – Global Equity Fund	142	116	26

LGPS Central – Global Sustainable Equity Targeted Fund	26	22	4
LGPS Central- Global Climate Multi-Factor Fund	1,350	1,141	209
LGPS Central- Global Low Carbon Multi-Factor Fund	862	742	120
Total	15,514	11,602	3,912

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Staffordshire
Pension Fund
Local Government Pension Scheme

Climate Stewardship Plan

2023/24



Staffordshire Pension Fund Climate Stewardship Plan 2023/24

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 most recent Climate Risk Report has enabled an updated CSP to be produced for 2023/24. This reflects changes in the Fund's portfolio and underlying company investments and was approved by the Pensions Committee at its meeting on 31 March 2023.

The 2023/24 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.

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.

Company (Sector)	Portfolio	% of CA100+ Net Zero Benchmark* Indicators Met	TPI Score	Objectives	Vehicle	Next Steps	Engagement carried out 2023/24
BP (Energy)	<ul style="list-style-type: none"> • LGIM • LGPS Central • JP Morgan 	30%	4*	<ul style="list-style-type: none"> • Achievement of the high-level objectives of the CA100+ initiative • To duly account for climate risks in financial reporting 	LGIM, CA100+, LAPFF, JP Morgan, EOS	<ul style="list-style-type: none"> • Improved green house gas (GHG) intensity emissions reduction trajectory on products sold, as -12-20% by 2030 doesn't appear Paris aligned • Publish absolute emissions projections for downstream business • Lower oil price used in the capex test (engagers believe \$60/bbl is too high) 	<p>Q1 23/24 JMP. On BP paring back its climate goals without shareholder consultation, BP said they might hold another vote in the future, but they want to focus on executing the strategy. However, acknowledged the risk of rising investor discontent with the action. Given half of its operational emissions reductions this year through divestments, JMP highlighted the increasing push for setting principles for responsible divestment from some groups. While admitting that the company is paying attention to the concept of responsible divestment, the Chairman added that their acquisitions have enabled them to use the assets better than others and hence drive down emissions.</p> <p>Q3 23/24 LAPFF attended a meeting with new Chair of BP, Helge Lund, in November, where we were told that the departure of the CEO had not changed BPs climate commitments.</p>
CRH (Materials)	<ul style="list-style-type: none"> • LGIM • LGPS Central 	30%	4	<ul style="list-style-type: none"> • Improved disclosure around its membership and 	LGIM, LGPS Central via CA100+	<ul style="list-style-type: none"> • Climate-aligned accounting and audit: • The company has thus far not responded to investor expectations 	

				<p>involvement in trade associations engaged in climate issues</p> <ul style="list-style-type: none"> • More robust reporting of Scope 1, 2 and 3 emissions • Increased development of activities focusing on low-carbon cement solutions 		<p>regarding how material climate risks are considered in its accounts, how its own climate targets have been incorporated into the assessment of assets, liabilities and profitability, or what a 1.5° pathway might mean for CRH's financial position.</p> <ul style="list-style-type: none"> • EOS will continue to engage on this topic. 	
<p>Glencore (Materials)</p>	<ul style="list-style-type: none"> • LGPS Central • LGIM 	40%	4	<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. 	<p>LGIM, LGPS Central via CA 100+, LAPFF</p>	<ul style="list-style-type: none"> • LGPS has voted against Glencore's climate progress report at the AGM 28 April, alongside 35pprox. 23% of shareholders. Above 20% is substantial opposition, and the UK Corporate Governance Code requires the company to open dialogue with shareholders to understand their views and reasons for the opposition. 	<p>Q1 23/24 LGIM co-filed a shareholder proposal which called for Glencore to disclose how the company's thermal coal production plans and capital allocation decisions are aligned with the Paris objectives. This proposal received 29.2% support from shareholders, and the company has published its intention to continue to engage with shareholders and improve understanding on this matter.</p>

					<ul style="list-style-type: none">• As co-lead of CA100+ engagement with Glencore, we will continue dialogue with the CEO, but also seeking dialogue with the Board Chair and Chair of Audit Committee, on:• More ambitious short-term targets - A specific 2030 target, to ensure full transparency on the trajectory of decarbonisation relative to IEA/IPCC's 1.5C for coal• Net zero accounting, with dialogue based around the findings of Carbon Tracker (previously shared with Glencore)• Climate policy lobbying, with emphasis on Glencore actively advocating for a policy environment in key markets (including Australia) which will be conducive to the	
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						green shift and supportive of the pivot that Glencore is seeking	
Holcim (Materials)	<ul style="list-style-type: none"> • LGIM • LGPS Central 	30%	4	<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	<ul style="list-style-type: none"> • To continue to push the company to set targets aligned with a 1.5C scenario. • To continue asking for clear, meaningful, and actionable strategies for the company to achieve its targets. • To request the company explains how its capital expenditure plans align with long-term emissions reductions. 	
Linde (Materials)	<ul style="list-style-type: none"> • LGIM • LGPS Central • Impax • JP Morgan 	N/A	3	<ul style="list-style-type: none"> • Improve transparency on company's chemical production disclosure • Take a leadership role in phasing out the most persistent chemicals and publish a timebound 	LGIM, LGPS Central, Impax, JP Morgan	<ul style="list-style-type: none"> • EOS have highlighted that Linde have been reluctant to engage on certain topics including climate change, a target should be to place additional pressure on Linde and escalate engagement where possible. • Improve transparency regarding chemical production. 	

				commitment to do so		<ul style="list-style-type: none"> • Improve performance to reduce scope 1 and 2 emissions to better align to the trajectory of 2035 and 2050 greenhouse gas targets. • Get targets validated from the science-based targets initiative 	
NextEra Energy (Utilities)	<ul style="list-style-type: none"> • LGIM • LGPS Central • Impax 	10%	3	<ul style="list-style-type: none"> • Capital allocation alignment with the Paris Agreement • Commitment to clear medium- and long-term GHG reduction target 	LGIM, LGPS Central via CA100, LAPFF	<ul style="list-style-type: none"> • NextEra should aim to get their targets validated by the science-based target initiatives (SBTi), and targets should be aligned to a 1.5 degrees scenario. • Inclusion of scope 3 emissions in targets. • Robust scenario analysis and TCFD reporting should also be considered. 	Q3 23/24 Schroders (LGPS Central) engaged with Nextera Energy, one of the largest contributors to the portfolio's carbon emissions. This engagement focused on decarbonising and minimising emissions.
Rio Tinto (Materials)	<ul style="list-style-type: none"> • LGIM • LGPS Central • JP Morgan 	20%	4	<ul style="list-style-type: none"> • Achievement of the high-level objectives of the CA100+ initiative 	LGIM, CA100+, LAPFF, JP Morgan	<p>Engagement will focus on encouraging the company to:</p> <ul style="list-style-type: none"> • Set robust, time-bound scope 3 emissions reductions target • Exit any industry associations with 	

						<p>climate lobbying practices that are misaligned with the Paris Agreement</p> <ul style="list-style-type: none"> • Provide a definition of the extent that the company will rely on carbon capture and storage within its decarbonisation strategy 	
<p>Royal Dutch Shell (Energy)</p>	<ul style="list-style-type: none"> • LGIM • LGPS Central • JP Morgan 	50%	4	<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 for achieving net-zero emissions by 2050 	<p>LGIM, CA100+, LAPFF, JP Morgan</p>	<ul style="list-style-type: none"> • Intensity emissions reduction targets must be complimented by absolute emissions reduction targets, across all scopes. • Aligning CAPEX with their NZ ambition. • Demand-side: investors will work with sectors on the demand side, alongside Shell's engagement with its customers, to influence a 1.5°C aligned transition. 	<p>Q1 23/24 JMP met with Shell and discussed the company's progress around decarbonisation and their planned divestment in Nigeria. Shell gave an update on the ongoing court case related to the 2019 oil spill, which led to a pause in the divestment process for Shell from onshore activities in Nigeria. Spill incidents are still overwhelmingly caused by theft and sabotage (88% of spills). To counter this a number of cages to protect key points where pipes are connected have been increased. SBTI methodology for the sector (something Shell had previously been part of the working group on), would provide credibility to the company's intensity-based approach. The SBTI has still not finalised the methodology. JMP also spoke about progress towards the 30% reduction in absolute Scope 1 and 2 emissions towards 50% by 2030. Shell explained that the majority of this has been achieved through midstream divestments (~70% of the 30%) but acknowledged the lack of real-world emissions</p>

							<p>reductions achieved through divestments and spoke to the due diligence that went into sales decisions, including the carbon credentials of potential buyers.</p> <p>Q2 23/24 LAPFF has met with the chair of Shell with some meeting of minds on some issues. Comments from the new leadership at the Shell Annual General meeting, that Shell does not have enough visibility on some putative sources of future revenue and growth to attach numbers to, does accord with LAPFF's critique in LAPFF's voting alerts since 2020.</p> <p>Q3 23/24 JPM spoke to Shell on their Energy Transition Strategy which will be refreshed in 2024. They explained that they did not feel that the previous changes announced had a longer-term impact on their strategy as the company maintains its commitment to \$10-15 billion low carbon capex between 2023-2025 although they did acknowledge that the company will likely need to change their Net Carbon Intensity target.</p>
The Southern Company (Utilities)	<ul style="list-style-type: none"> • LGIM • LGPS Central 	20%	3	<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+ 	LGIM, CA100+, LAPFF	<ul style="list-style-type: none"> • Improved CA100+ NZB Score • For the company to set a short term GHG reduction target • For the company to decarbonise its capital expenditures 	

				Benchmark Framework.			
RWE (Utilities)	<ul style="list-style-type: none"> • LGIM • LGPS Central • JP Morgan 	40%	3	<ul style="list-style-type: none"> • Achievement of the high-level objectives of the CA100+ initiative • Improve the ambition of short term and medium-term targets to be 1.5 degree aligned 	LGIM, CA100+, EOS, JP Morgan	<p>Engagement will focus on encouraging the company to:</p> <ul style="list-style-type: none"> • More ambitious short and medium terms targets, such that they are 1.5-degree pathway aligned. • Improvement of climate scenario analysis included in the TCFD report. 	

CLIMATE ACTION 100+ (CA100+)*

The CA100+ Net Zero benchmark is designed to assess the performance of the world's 166 largest corporate greenhouse gas emitters against ten key indicators. These indicators are all measures of success for business alignment with a net zero emissions future and with the goals of the Paris Agreement.

The ten indicators 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 (Target Delivery)
6. Capital Alignment
7. Climate Policy Engagement
8. Climate Governance
9. Just Transition
10. TCFD Disclosure

The first assessments for each CA100+ company against the ten indicators were published on 22 March 2021 and refreshed on 30 March 2022. These assessments offer comparative assessments of individual focus company performance against the goals of the initiative. The most recent company assessments took place during October 2022. Climate Action 100+ has been consulting on a set of proposals to enhance the Net Zero Company Benchmark for the initiative's next phase, which is set to begin in 2023.

TRANSITION PATHWAY INITIATIVE**

The Transition Pathway Initiative (TPI) framework evaluates companies based on their climate risk management quality and their carbon performance. The former includes an assessment of policies, strategy, risk management and targets. There are six management quality levels a company can be assigned to:

- Level 0 – Unaware of (or not Acknowledging) Climate Change as a Business Issue
- Level 1 – Acknowledging Climate Change as a Business Issue
- Level 2 – Building Capacity
- Level 3 – Integrated into Operational Decision-making
- Level 4 – Strategic Assessment
- Level 4* – Satisfies all management quality criteria

Companies expected future emissions intensity pathways – labelled carbon performance – is assessed against international targets and national pledges made as part of the 2015 Paris Agreement. Alignment is tested on different timeframes, including 2030 and 2050.

There are eight carbon performance trajectories:

- No or unsuitable disclosure
- Not aligned
- International pledges
- National pledges
- Paris pledges
- 2 Degrees
- Below 2 Degrees
- 1.5 Degree

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Quarterly
Engagement
Report

October-December
2023



**Say on Climate,
National Grid, BP,
UN Forum on
Business and
Human Rights,
Rio Tinto**



UPDATES

ACT

LAPFF Conference

LAPFF held its 2023 annual conference in Bournemouth, covering a range of topics with a particular focus on climate-related issues. On the first afternoon, delegates heard from Richard Eadie and Simon Davy on how water companies can better deliver environmental value. This was followed by a discussion panel on how LGPS funds are managing climate-related financial risks. The first day closed with a review of the 2023 shareholder resolutions and a glimpse of the ones to come in 2024.

The second day kicked off with a discussion panel on the significance of proxy voting choices for investors in passive funds and the breakthrough introduction of passthrough voting. This allows asset owners to adopt their own

voting policies in pooled funds. Delegates then heard from asset managers on how they respond to the recent headline phenomenon of an ESG backlash. This was followed by a deep dive from Sir Philip Augar on whether investors should be concerned about the listing rules review.

The afternoon had a strong climate-related focus, opening with a discussion on how clean and equitable EV supply chains can be ensured, an emerging area of importance in the endeavor to decarbonise. This was accompanied by a session on how nature-related risks and the biodiversity crisis are managed and tackled. Another session outlined the role of alternatives in the race to achieving net zero by 2050. Also in the afternoon,

delegates engaged in a poignant discussion on investors' role in ending modern-day slavery, highlighting the pressing need and methods to take action and make change.

The final morning of the conference opened with a session with economic commentator, Will Hutton, on the great pay divide between executives and employees, followed by a discussion on the Living Wage with a representative from the Living Wage Foundation. This was followed by a presentation from LGA adviser, Barry Quirk, on levelling up. The conference closed with an inspirational story by Dave Fishwick about his journey to creating the Bank of Dave to help local businesses and communities in the wake of the 2008 financial crisis.

COMPANY ENGAGEMENTS

CLIMATE ENGAGEMENTS

LAPFF engages on climate change through both policy and company engagement channels. This dual approach is necessary to ensure that companies have an enabling environment to promote their climate change mitigation and adaptation work.

Say on Climate

Objective: Despite the significant investment risks of climate change, investors are not provided with a specific vote by investee companies on how they are seeking to decarbonise their business models. Against the backdrop of growing climate risks, rising expectations from investors for companies to outline their climate strategy, continued ratcheting up of climate regulations and emerging recommendations from the Transition Plan Taskforce, LAPFF has been engaging companies for the past few years on putting their transition plans to a shareholder vote. Last quarter, LAPFF coordinated an investor letter to 35 FTSE companies in high emitting sectors requesting such a vote. The letter was signed by 18 other investors with around £1.8tn AUM.

Achieved: LAPFF has received substantive responses to the letter, with some companies outlining their approach to climate and stating that they are considering such a vote for their AGM next year. Some companies outlined previous votes and their intention to continue to hold similar votes in the future. However, others stated either that they did not plan to hold such a vote and engaged shareholders through other means or that while having a vote in the past, they did not have immediate plans to do so again.

In progress: Despite additional companies having transition plan votes, they are not standard practice and often absent at AGMs where climate risks are most acute. LAPFF will continue to work with other investors engaging companies on having transition plan votes to enable investors to have a specific say on the climate strategies of investee companies.

LAPFF's main company engagements on climate this quarter were with National Grid and BP.

National Grid

Objective: LAPFF, along with two other investors of CA100+ Working Group, Church of England and Northern Trust, has been seeking to improve National Grid's disclosure and accountability on direct and indirect lobbying. The CA100+ benchmark on National Grid places it below its peer companies under indicator 7 on lobbying. In June 2023, National Grid pledged to publish its trade association memberships and updated climate policy ahead of the next AGM. LAPFF therefore is seeking to ensure the company's disclosure is timely and of a high standard.

LAPFF has also been seeking to ensure the company is more transparent about its plans to support the energy transition and reducing grid connection. The objective was to encourage disclosure and to offer the opportunity to provide feedback on the company's approach in both respects. LAPFF also sought a separate climate meeting with the company and to write a lobbying letter to National Grid seeking disclosure of industry associations and an updated climate policy.

Achieved: In November, LAPFF together with the Church of England wrote to the company, stating expectations for its upcoming lobbying report.

At the end of November, LAPFF met the Chief Sustainability Officer of National Grid. In this meeting LAPFF asked for an update on the backlog of grid connections and an update on the transition plan. The recent change in regulations has enabled the backlog to start to be cleared. This has been a main concern as the average time between requesting a connection and being offered one has increased from 18 months in 2019-20 to 5 years in 2023, as reported by the company. The easing of regulations will allow the company to terminate projects not progressing and push projects which are ready to the front of the queue.

Given that the expected power to be generated from these held-up contracts is as much as 400 Gigawatts with connection dates of 2030 or later, this

change will help towards decarbonising the power systems by 2030. However, there is still a challenge in speeding up building necessary infrastructure to physically enable the grid connections. LAPFF will monitor the effect of lifting these regulations and how quickly the company clears the backlog and is also looking for clarity in its infrastructure development plans.

The meeting also discussed the new transition plan to be published next year. LAPFF welcomed the fact that this is likely to be updated next year and will be put to a shareholder vote. LAPFF also encouraged the company to ensure the report is not only about reducing emissions but how the company can facilitate new infrastructure to be built, and its wider role in the energy transition. The company also recognised a challenge in reaching long-term targets of net zero by 2040 in absence of a pathway for gas distribution in the US.

In Progress: The release of the lobbying disclosure report next year in good time before the AGM is expected and will enable the Forum to assess the progress made in the company on this area. So far National Grid appears to be responding well.

LAPFF also expects the new transition report to be released and to address the points have raised here. A key outstanding issue is gas distribution in the US, where the company asserts the ongoing importance of gas networks to the business due to its existing infrastructure and cost efficiency and envisage both hybrid solutions and clean gas. To address this LAPFF will seek to understand the US energy market in more detail. On engagement specifics, LAPFF is organising a wider CA100+ meeting in January and will arrange some direct follow up meetings through 2024.

BP

Objective: With the surprise departure of Chief Executive Bernard Looney, LAPFF requested a meeting with the Chair, Helge Lund, to help ascertain whether that departure affected BPs climate commitments.

Achieved: LAPFF attended a meeting with Lund in November, where we were told that the departure of the CEO had

COMPANY ENGAGEMENTS

not changed BPs climate commitments.

In Progress: Since that meeting COP28 has strengthened the emphasis for solutions to the transition away from fossil fuels, which emerged as a last-minute compromise instead of the original goal to “phase out fossil fuels.” Prior commitments were in the form of far more malleable goals of “net zero by 2050” and complicating matters with Scope 1, Scope 2 and Scope 3 emissions. LAPFF’s policy for several years has been that fossil fuel components of businesses need to be put into managed decline.

With a closer match between COP and LAPFF policy, the emphasis on phase out will be the focus of BP and other oil and gas companies. Scope 3 emissions, originating from the products sold by fossil fuel companies, have been obfuscated by a focus on the comparatively minor Scope 1 and Scope 2 emissions, missing the obvious point that less Scope 3 extraction naturally leads to less Scope 1 and Scope 2.

Housebuilding also has a large impact on climate change. As part of an ongoing engagement with the sector, LAPFF met with Persimmon this quarter.

Persimmon

Objective: Minimising the investment risks associated with climate change involves decarbonising housing stock. Housebuilders therefore play an important role in reducing emissions as well as facing regulatory risks if they fail to prepare for higher energy efficiency and emissions standards. As part of LAPFF’s engagements with UK housebuilders, LAPFF seeks to ensure that adequate transition plans are in place. With the vast majority of emissions not coming from their own activities, the engagements focus on plans for decarbonising supply chains and decarbonising homes in use.

Achieved: LAPFF met with representatives from the FTSE100 housebuilder Persimmon. In the meeting LAPFF had an open discussion about target setting which covered issues around embodied carbon. The meeting covered transition planning and plans. The discussion touched on so-called hard to abate sectors within the supply chain, such as cement and offsetting,



Persimmon housing estate Suffolk, UK trial schemes for net zero homes, and engagement with smaller suppliers on the transition.

In progress: LAPFF will be following the development of housebuilders’ transition plans and delivering on the targets that they have set.

CLIMATE & INSURANCE

LAPFF has also re-started its 2020 engagement with insurance companies on their climate strategies and practices. After meeting with Munich Re last quarter to discuss the company’s progress on assessing its impact on climate change and integrating climate considerations into corporate strategy and operations, LAPFF met with AIA, AXA, Legal & General, Lloyds Banking Group, and Ping An to discuss the same issues. Given the interest of LAPFF members in natural resources – and specifically biodiversity – LAPFF also asked these insurers how they are addressing natural resources within their climate strategies.

While there has been some progress in insurers’ understanding of the need to assess their impacts on climate change in order to understand their climate-related business risks (otherwise known as double materiality), in LAPFF’s view there has not been enough progress on this front. In particular, insurers are focusing almost exclusively on their investment businesses in relation to climate mitigation. This approach makes sense at face value, but LAPFF would like

to see greater consideration given to the role the insurance products can play in mitigating climate change through setting societal expectations of risk.

All companies engaged are at the beginning of understanding the relationship between climate and natural resources and how to bring natural resources into business decision-making. Therefore, LAPFF will aim to engage with the remaining large insurance holdings before moving on its largest bank holdings under this engagement.

Because there is an increasing recognition of the impact that climate change has on natural resources, LAPFF has engaged a range of companies on their impacts on nature.

TJX Companies – Deforestation

Objective: As a retailer specialising in brand-name clothing, home goods, and outdoor products, TJX Companies is exposed to various commodities that potentially link to deforestation in its supply chain. However, it currently lacks a public deforestation policy and does not address this issue in its vendor code of conduct.

Achieved: LAPFF initiated a dialogue with TJX Companies and met with representatives for the first time to discuss the development of such a policy. The conversation began with an overview of the company’s sustainability priorities,

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focusing on climate and energy, before shifting to the topic of deforestation.

In Progress: This marks the commencement of ongoing discussions with TJX, a company substantially held by LAPFF. The Forum aims to continue engaging with TJX to advocate for the benefits of imposing deforestation requirements on its vendors.

Nestlé – Regenerative Agriculture and Climate Change

Objective: In the context of the agri-food sector’s shift towards more sustainable practices, LAPFF sought a meeting with Nestlé to assess and understand the integration of regenerative agriculture into its strategy. This includes understanding the company’s specific goals, initiatives, and progress in implementing regenerative practices, as well as its contributions to climate change mitigation and biodiversity conservation.

Achieved: During LAPFF’s meeting with Nestlé, the Forum gained insights into the strategies and initiatives involved in implementing regenerative agriculture. Discussions looked at how this would be incorporated into their broader climate strategy and covered biodiversity more widely. While the long-term efficacy of these actions is yet to be measured, the conversations indicated a strong commitment from Nestlé, although further evaluation will be required in the future to gauge the impacts of strategies.

In Progress: LAPFF will continue to engage with Nestlé, focusing on monitoring the implementation of their regenerative agriculture practices. LAPFF will also look more widely across the agri-food sector as others are incorporating this into their business strategies as new methods and technologies become available.

Chipotle – Water Stewardship

Objective: LAPFF has been engaged with Chipotle on its approach to water stewardship since 2019. The initial engagement objective was met during 2022, with the company undertaking an



Chipotle Mexican Grill at Pineapple Commons, Stuart, Florida

ingredient level water risk assessment to identify areas of water stress within the supply chain. The risk assessment found that a significant proportion of the company’s suppliers operate in areas of water stress. LAPFF now considers it imperative that the company utilise the results of this risk assessment to set measurable and time-bound targets in order to reduce negative impacts on freshwater.

Achieved: In October 2023, CERES published a corporate benchmark assessing the water stewardship practices of 72 companies against the six Corporate Expectations for Valuing Water, including Chipotle. Chipotle underperformed relative to the quick service restaurant (QSR) peer group. LAPFF Executive member John Anzani met with the company in December to discuss progress in adopting a more ambitious approach to its water stewardship practices.

In Progress: LAPFF is the lead investor for Chipotle as part of the Valuing Water Finance Initiative (VWFI) and will continue to engage with Chipotle on this basis during 2024. It is LAPFF’s expectation that Chipotle leverages the work it has undertaken in mapping exposure to water stress in order to set ambitious targets, particularly given that during Q4 2023 the science-based targets network has released guidance for companies to set the relevant freshwater targets.

HUMAN RIGHTS ENGAGEMENTS

Similar to the climate space, human rights policy and practice must align for companies to be able to implement their human rights responsibilities. Legislation requiring mandatory human rights and environmental due diligence, including the imminent Corporate Sustainability Due Diligence Directive (also known as the ‘CS triple D’), makes the need for this alignment pressing. LAPFF has taken a number of measures this quarter to work toward this alignment.

LAPFF’s view is that investors are still struggling to understand the link between human rights and financial materiality. LAPFF sees this link more and more clearly, particularly through its work with mining companies. LAPFF regularly undertakes various avenues of engagement on human rights, and will continue to seek in its engagements with both companies and investors to clarify this link. The goal is that human rights become an investor imperative to the extent that climate change is, not least because of the need for a just transition.

UN Forum and Working Group on Business and Human Rights

On the policy front, LAPFF was again

COMPANY ENGAGEMENTS

invited to present its work at the UN Forum on Business and Human Rights in Geneva on 27 November. LAPFF’s video about its visit to Brazil to see communities affected by tailings dams was selected for screening out of, reportedly, a huge number of potential options. The video was well-received, with attendees stating that they would share it with colleagues, clients, and law students to drive home the on-the-ground impact that mining companies can have on people in host communities.

LAPFF also submitted a response to a UN Working Group on Business and Human Rights consultation on investors, ESG, and human rights. The goal of this consultation is exactly to push alignment between law and practice on human rights. One of the main points LAPFF made is that corporate and commercial legal frameworks must align with international human rights law principles, for example of joint ventures, to facilitate good corporate practice.

COMPANY ENGAGEMENTS MEETINGS

In terms of company engagements, **Glencore** and **Grupo Mexico** were companies of focus this quarter. LAPFF generally has at least an annual meeting with the Glencore Chair. This meeting was its second with Chair Kalidas Madhavpeddi. Although LAPFF had requested a meeting with CEO Gary Nagle to discuss both climate and human rights performance at Glencore, Mr. Madhavpeddi was accommodating and helpful. LAPFF asked about the company’s engagement with affected communities, but Mr. Madhavpeddi did not share much on this front.

LAPFF subsequently held a seminar for investors with communities from Colombia and Peru who are affected by Glencore’s Cerrejon and Antapaccay projects, respectively. It has also been in touch with IndustriALL representatives who worked with investors last year to bring a climate-related resolution to Glencore’s AGM. LAPFF’s view from speaking to these stakeholders is that in the coming year, Glencore is likely to be the target of a concerted union and community campaign because of its human rights and environmental practices. Therefore, LAPFF has reached out to the company for a follow up

meeting to discuss these stakeholder concerns and to push the company to build and disclose stronger stakeholder engagement mechanisms and climate practices.

TECHNOLOGY COMPANIES AND HUMAN RIGHTS

Objective: Governance of new technology is well recognised as an investment risk. However, such risks have come to the fore again with significant advances in AI technologies. Alongside the significant potential benefits of AI, it has the potential to adversely impact people’s employment and creates human rights risks, not least around discrimination. These risks are often greatest at companies developing and selling AI services and products. As with other human rights risks, LAPFF expects technology companies to have due diligence policies in place to prevent negative impacts.

Achieved: LAPFF executive member Heather Johnson met with the German tech company SAP. The company faces specific risks related to AI, including products which support HR functions. The meeting covered how the company was managing the risks of adverse human rights impacts, including discrimination. The discussion covered identification of risks and the company set out the framework and processes it has in place for preventing negative impacts. The

Sonora, Mexico: 40,000 cubic meters of copper sulfate were spilled into a dam, property of Grupo Mexico

meeting also covered how the company had responded to the German Supply Chain Due Diligence Act.

In progress: AI is an emerging technology with risks likely to become greater and more complicated. LAPFF will continue to engage technology companies in how these risks are being managed to ensure appropriate frameworks and safeguards are in place.

RESPONSIBLE MINERALS – ELECTRIC VEHICLE MANUFACTURERS (FORD, RENAULT AND MERCEDES)

Objective: As highlighted, there is an increasing trend in international regulations to impose the responsibility for human rights due diligence on companies. These regulations highlight the electric vehicle industry’s obligation to ensure ethical and sustainable practices, particularly in supply chains. This development is part of a broader global movement towards enhanced corporate accountability and transparency. Over recent years, LAPFF has consistently engaged with various electric vehicle manufacturers on this matter, advocating for improved due diligence and transparency as these regulations have evolved.

Achieved: LAPFF has maintained ongoing dialogues with Ford, Renault, and Mercedes, meeting with Ford and Renault for the second time, and with Mercedes for the third time on this



COMPANY ENGAGEMENTS

issue. All three companies have shown notable progress in their human rights management processes and efforts to comply with regulations, especially in the depth of their public reporting. Despite some areas still requiring improvement, it would appear they are more actively engaging with suppliers and pursuing ethical sourcing to meet international human rights standards.

In Progress: LAPFF will continue to monitor and seek engagement with those companies exposed to the various human rights risks associated with electric vehicles, which become ever more evident as production is scaled up.

COLLABORATIVE ENGAGEMENTS PRI ADVANCE

LAPFF continued its engagement with **Vale** and **Anglo American** through the PRI Advance human rights initiative, including through bringing investors in other PRI Advance groups into stakeholder engagement meetings on **Glencore**, **BHP**, and **Rio Tinto**. These initiatives are moving quite slowly, in part in LAPFF's view, because investors are generally less aware of and less attuned to human rights considerations than they are corporate governance and environmental issues. Therefore, they are still considering how best to engage companies on human rights, which tend to deal with 'soft' issues such as illegal discrimination and freedom of association rather than 'hard' issues like clear financial costs.

LONDON MINING NETWORK AND COMMUNITIES AFFECTED BY MINING

LAPFF continues to find great value in engaging with community groups affected by mining company operations. The meeting with communities affected by **Glencore** operations in Colombia and Peru was the first in-person meeting of this kind that LAPFF had held since the Covid pandemic. Most community meetings are online because affected community members tend to be in developing countries, and everyone has limited travel budgets (not least for climate reasons). However, LAPFF



workers stock the shelves at a Home Depot store

coordinated with London Mining Network to hold an in-person seminar which six investors attended. The Colombian and Peruvian community members shared the severe environmental impacts **Cerrejon** was having on its rivers and soil, which is leading to significant health concerns in both countries. A LAPFF representative also met with communities with continued concern about **BHP's** practices in Brazil.

LAPFF held online meetings with communities from Brazil and Mexico. LAPFF continues to engage with the community members with whom it visited in Brazil, particularly in relation to the reparations at **Samarco**-affected communities. Although over 100 houses have reportedly been built in one of the resettlements – **Bento Rodrigues** - these community members continue to be concerned that the quality of the houses is poor, and they report that they don't know who to contact at **Vale** or **BHP** to complain. Part of the problem is that the **Renova Foundation** CEO with whom LAPFF met in Brazil has been sacked but not replaced successfully. His immediate successor lasted two months, according to the community members. LAPFF is waiting to hear whether a permanent, successful CEO has now been appointed or whether the search continues.

In relation to Mexico, LAPFF was assured earlier in the year that **Grupo Mexico** had met its reparations obligations in relation to its 2014 tailings

pond leak in Sonora, Mexico. However, LAPFF was alerted by a community representative and a news article about a Mexican government lawsuit to reinstate the reparation fund due to inadequate reparations payments. LAPFF has tried three times this quarter to obtain a meeting with the company but has been met with silence. Meanwhile, LAPFF met with the community representative at the UN Forum on Business and Human Rights at the end of November to receive a further update on the case. It appears that LAPFF will now need to investigate options to escalate its engagement with **Grupo Mexico**, but it will need to do so in consideration of safety concerns for the affected communities.

In Progress: LAPFF's view is that investors are still struggling to understand the link between human rights and financial materiality. LAPFF sees this link more and more clearly, particularly through its work with mining companies. Therefore, LAPFF will continue to seek in its engagements with both companies and investors to clarify this link so that human rights become an investor imperative to the extent that climate change is, not least because of the need for a just transition.

INVESTOR ALLIANCE FOR HUMAN RIGHTS

LAPFF continued to work closely with the

COLLABORATIVE ENGAGEMENTS

Investor Alliance for Human Rights, both in relation to the Uyghur Group and in relation to conflict-affected and high-risk areas (CAHRA).

Investor Alliance for Human Rights – The Home Depot Inc

Objective: As a part of the Investor Alliance for Human Rights' Uyghur Working Group, LAPFF led on an engagement with The Home Depot, which was implicated in allegations of Uyghur forced labour in its luxury vinyl tile (LVT) flooring supply chains, with PVC derived from Xinjiang. LAPFF sought to understand how Home Depot responded to these allegations, and how the company has undertaken work to eliminate forced labour risks and comply with human rights standards.

Achieved: LAPFF, alongside other investors, met with Home Depot for a second time following reports in August that shipments of LVT from Asia were being blocked by US Customs, including those destined for Home Depot. During the call, LAPFF sought answers on what the company was doing to ensure that its company supply chain was free of forced labour, potential implications of bifurcation of supply chains, and what new methods Home Depot was implementing to have sufficient audit procedures in place.

In Progress: LAPFF will continue to monitor the company's approach to global human rights due diligence and seek further engagement in due course for updates on the issue, with a focus on the company's implementation of enhanced audit procedures.

CAHRA PILOT PROJECT

LAPFF was invited to join IAHR's CAHRA pilot project. The project has been initiated in part because of the escalation of conflicts globally, including in Ukraine, Nagorno Karabakh, and Israel and Gaza, which reignited this quarter. LAPFF had already been attending a number of IAHR webinars on this topic to understand better how to engage companies on CAHRA issues, so the opportunity to participate in this pilot is welcome, especially given LAPFF's engagements with companies operating in Russia,

Myanmar, and the Occupied Palestinian Territories.

VOTING ALERTS

LAPFF also issued a voting alert for BHP expressing concern that the company's rhetoric and practices on climate are not aligned and expressing concerns about the corporate culture in respect of human rights. BHP is currently the subject of potentially costly litigation in Brazil, the UK, and Australia in relation to its failings related to the Samarco tailings dam collapse alone. LAPFF continues to have serious concerns that the company is not taking appropriate accountability and responsibility for its human rights and environmental practices, and that this omission could lead to large financial losses for both the company and investors.

JUST TRANSITION ENGAGEMENTS

LAPFF's aim is to move away from siloed ESG engagements in recognition of the overlap between these three areas in pursuing a just transition. There are currently two dedicated work streams covering a just transition specifically, although the climate and human rights work by definition addresses just transition to a degree.

RIO TINTO SHAREHOLDER RESOLUTION

Within the quarter LAPFF explored the option of filing a just transition shareholder resolution at Rio Tinto's 2024 AGM requesting the company undertake independent water impact assessments at its mine sites. The proposed resolution sought to ensure that the company adequately assesses its impacts on water resources so that it can properly identify operational, reputational, legal, and consequently financial risks to the business and investors.

In the end, LAPFF did not file the resolution. LAPFF is currently in dialogue with Rio Tinto, and Rio Tinto has issued a water impact assessment in relation to its QMM operation in Madagascar. Although the company is not fully meeting the

resolution's request, LAPFF is encouraged that the company is willing to discuss how to move forward on the request and continues to be hopeful that the company will meet it. LAPFF is pursuing further dialogue with the company on this issue and will take a view after the 2024 AGM whether the resolution filing process needs to be resumed.

EQUINOR

As part of its involvement with World Benchmarking Alliance just transition initiative, LAPFF participated in a collaborative call with Norwegian energy company, Equinor. Equinor has a policy commitment to a just transition and the engagement provided a useful opportunity to discuss how the policy was being implemented. The meeting covered the company's approach to assessing and mitigating negative social impacts of the energy transition, governance of just transition issues, just transition planning and metrics and targets.

In Progress: As part of LAPFF's involvement in the WBA initiative, it will continue oil and gas companies on just transition plans. LAPFF will continue to engage mining companies on undertaking independent water impact assessments.

BOARD DIVERSITY ENGAGEMENTS

Objective: It is well-documented at this point, both in academic literature and in the corporate governance world, that board diversity improves corporate performance. Diversity covers a range of areas, including gender, cultural, and economic (for example workers on boards). Consequently, LAPFF engages companies on board diversity and composition as a matter of course to work toward improved financial returns across member portfolios.

Achieved: LAPFF is a long-standing member of the 30% Club Investor Group, which began with a focus on gender diversity and has now expanded its work to include racial diversity on boards. Over time, this group has also expanded from focusing on UK companies to engaging

COLLABORATIVE ENGAGEMENTS

companies in other countries. The latest round of engagements has been with a range of Asian companies, including KKR & Co and Shinhan Financial Group.

LAPFF also questioned Glencore on its board composition this quarter. The company has a small board compared to its peers in the mining sector, and LAPFF wondered if its small size allowed for enough diversity of views. Although three of the eight board members are female, LAPFF is also looking, for example, for board members with backgrounds in climate change and human rights who are sufficiently independent to challenge the board on its climate, human rights, and internal controls systems, especially given the corruption challenges the company is continuing to face.

In Progress: Board diversity is a continuing workstream for LAPFF, as it pushes companies to move from merely appointing certain numbers of diverse board members to truly considering and integrating their views into company strategy and practice. This objective relies on cultural change which takes a long time to achieve so is something at which LAPFF chips away each quarter on different fronts. LAPFF has also secured a meeting with KKR & Co for Q1 or 2024 to discuss diversity targets.

GOVERNANCE ENGAGEMENT

Barclays

Objective: In October, former Barclays executive Jes Staley was banned by the FCA from holding senior positions in financial services and charged with a £1.8m fine for allegedly misleading the watchdog about his past relationship with convicted sex offender Jeffrey Epstein. In turn, LAPFF felt it imperative to engage with Barclays to discuss learnings from this tumultuous episode and sought to see actions the bank had taken to strengthen corporate governance at both board and management level.

Achieved: LAPFF met with the Chair of Barclays, Nigel Higgins, at the end of October. The Chair openly discussed the event and actions the bank had taken, including freezing deferred bonuses

to Stanley at the time of investigation. The company stated it has strengthened their board recruitment practices and remained vigilant. However, LAPFF will be monitoring the governance going forward. More widely, LAPFF requested an update of Barclays's climate policy and have arranged to have a specific meeting on this topic separately.

In Progress: Following the recent board changes earlier this year at Barclays, including the appointment of new executives, LAPFF will continue to watch the corporate governance nominations and succession plans of the company board. LAPFF maintains a cordial dialogue with the chair and aims to continue engaging on this topic.

PUBLIC HEALTH ENGAGEMENT

FAIRR Initiative's Restaurant Antibiotics Engagement – Restaurant Brands International (RBI)

Objective: FAIRR's Restaurant Antibiotics engagement focuses on reducing the use of antibiotics in protein supply chains. This initiative involves companies within the fast-food and casual dining sector, with the aim of mitigating the risks associated with antibiotic resistance due to the overuse of antibiotics in livestock. The objective is to safeguard public health.

Achieved: LAPFF joined a call with FAIRR and other investors with Restaurant Brands International (RBI). As a first call with the company, investors shared key asks of the engagement and pushed for enhanced transparency on the company's efforts to reduce antibiotics in its supply chain.

In Progress: LAPFF signed onto a series of letters sent by FAIRR and will seek to join meetings as appropriate when they become available. LAPFF is also hoping to continue supporting engagement with RBI as the dialogue develops.

Taskforce on Social Factors

LAPFF's chair is a member of the Taskforce on Social Factors, which was established by the DWP with cross-departmental and multi-regulator involvement. The taskforce was established to outline how trustees could and should address social risks and opportunities. Specifically, the group has looked at the materiality of such issues, data on social factors, and the actions pensions funds can take. During the quarter, the group's initial findings were published for consultation. Within the report a series of recommendations were set out to pension trustees, the investment industry, regulators, government, civil society and businesses.

MEDIA COVERAGE

ESG Investor: [ESG Overload – ESG Investor](#)

Room 151: [LAPFF alongside other investors call for climate vote at high-emitting companies – Room 151](#)

IPE: [Investors coalition creates platform to strengthen human rights stewardship | News | IPE](#)

The Point: [Global perspective: is ESG paying lip service to human rights? | The Point ESG News](#)

Environmental Finance: [CCLA, LAPFF call for climate votes at 'high-emitting' sectors](#)

Pensions & Investments: [U.K. investors turn up the heat on boards for climate transition plans](#)

Sustainable Times: [Investors Managing £1.8 Trillion Rally for Climate Strategy Votes at Upcoming FTSE 350 AGMs](#)

IPE: [Investor group calls for climate vote at high-emitting companies](#)

Net zero investor: [£1.8trn investors call for climate vote at high-emitting companies](#)

Funds- Europe.com: [Investors seek climate votes at high-risk firms](#)

Pensions Age Magazine: [Investor group calls for climate vote at high carbon emitting FTSE 350 firms](#)

TheMJ.co.uk: [Council pension funds call for climate vote](#)

LocalGov.co.uk: [Council pension funds call for climate vote](#)

Investment Week: [Investors overseeing £1.8tn in assets call for AGM votes on climate transition plans](#)

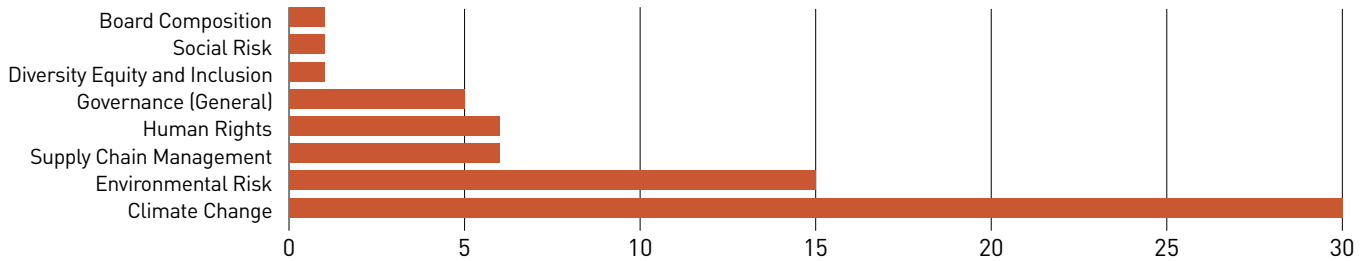
COMPANY PROGRESS REPORT

44 companies were engaged over the quarter.

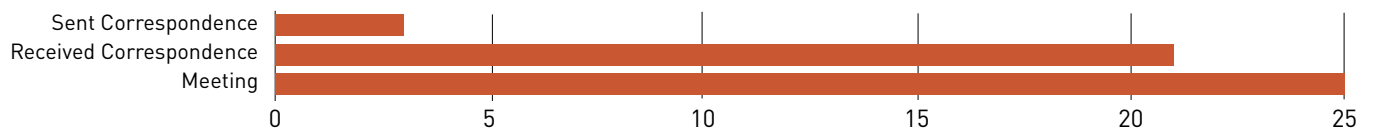
Company/Index	Activity	Topic	Outcome
Company/Index	Activity	Topic	Outcome
AIA GROUP LTD	Meeting	Environmental Risk	Dialogue
ASTON MARTIN LAGONDA GLOBAL HOLDINGS PLC	Received Correspondence	Climate Change	Dialogue
AVIVA PLC	Meeting	Climate Change	Dialogue
AXA	Meeting	Climate Change	Moderate Improvement
BAE SYSTEMS PLC	Received Correspondence	Climate Change	Dialogue
BAKKAVOR GROUP PLC	Received Correspondence	Climate Change	Dialogue
BARCLAYS BANK PLC	Meeting	Governance (General)	Dialogue
BARCLAYS PLC	Received Correspondence	Climate Change	Dialogue
BP PLC	Meeting	Governance (General)	Dialogue
CENTAMIN PLC	Received Correspondence	Climate Change	Dialogue
CHIPOTLE MEXICAN GRILL INC	Meeting	Environmental Risk	Change in Process
CRH PLC	Received Correspondence	Climate Change	Dialogue
EASYJET PLC	Received Correspondence	Climate Change	Dialogue
ENERGEAN PLC	Received Correspondence	Climate Change	Dialogue
EXXON MOBIL CORPORATION	Sent Correspondence	Social Risk	Awaiting Response
FORD MOTOR COMPANY	Meeting	Supply Chain Management	Dialogue
FRESNILLO PLC	Received Correspondence	Climate Change	Dialogue
GLENCORE PLC	Meeting	Board Composition	Dialogue
HARBOUR ENERGY PLC	Received Correspondence	Climate Change	Dialogue
HSBC HOLDINGS PLC	Received Correspondence	Climate Change	Dialogue
INTERNATIONAL DISTRIBUTIONS SERVICES PLC	Sent Correspondence	Governance (General)	Awaiting Response
JOHN WOOD GROUP PLC	Received Correspondence	Climate Change	Dialogue
KKR & CO INC	Received Correspondence	Diversity Equity and Inclusion	Small Improvement
LEGAL & GENERAL GROUP PLC	Meeting	Environmental Risk	Dialogue
LLOYDS BANKING GROUP PLC	Meeting	Environmental Risk	Small Improvement
MERCEDES-BENZ GROUP AG	Meeting	Human Rights	Small Improvement
NATIONAL GRID GAS PLC	Meeting	Climate Change	Dialogue
NATWEST GROUP PLC	Received Correspondence	Climate Change	Dialogue
NESTLE SA	Meeting	Environmental Risk	Change in Process
PERSIMMON PLC	Meeting	Climate Change	Dialogue
PING AN INSURANCE GROUP	Meeting	Climate Change	Change in Process
PRUDENTIAL PLC	Meeting	Climate Change	Change in Process
RENAULT SA	Meeting	Supply Chain Management	Moderate Improvement
RESTAURANT BRANDS INTERNATIONAL INC	Meeting	Supply Chain Management	Dialogue
RIO TINTO PLC	Meeting	Environmental Risk	No Improvement
ROLLS-ROYCE HOLDINGS PLC	Received Correspondence	Climate Change	Dialogue
SANOFI	Received Correspondence	Environmental Risk	Substantial Improvement
SAP SE	Meeting	Human Rights	Dialogue
SHELL PLC	Received Correspondence	Climate Change	Dialogue
STANDARD CHARTERED PLC	Received Correspondence	Climate Change	Dialogue
THE HOME DEPOT INC	Meeting	Supply Chain Management	Moderate Improvement
THE TJX COMPANIES INC.	Meeting	Environmental Risk	Small Improvement
TI FLUID SYSTEMS PLC	Received Correspondence	Climate Change	Dialogue
VALE SA	Meeting	Human Rights	Dialogue

ENGAGEMENT DATA

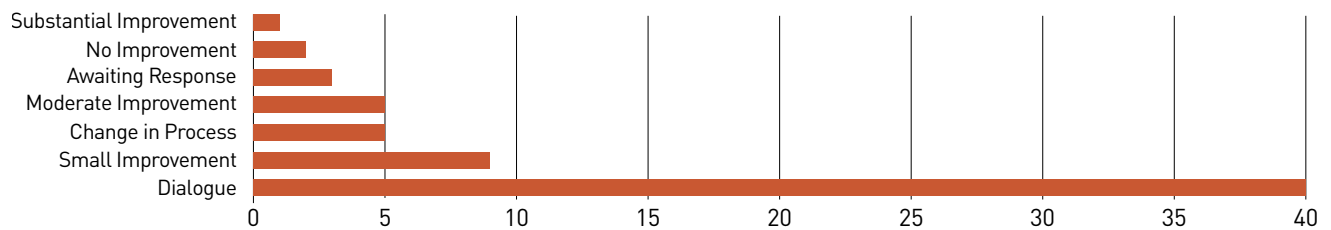
ENGAGEMENT TOPICS



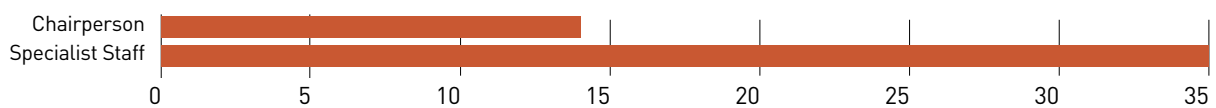
ACTIVITY



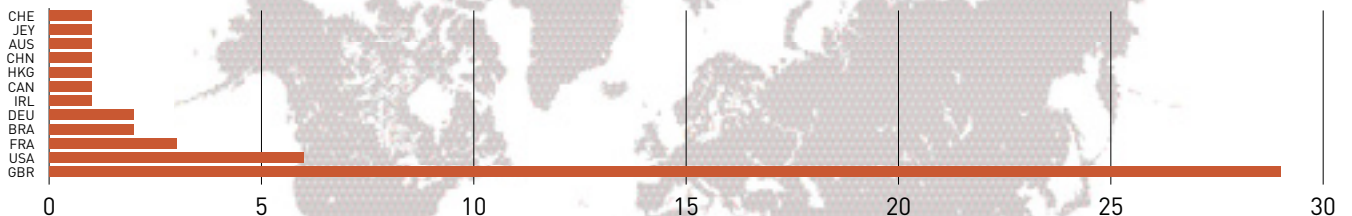
MEETING ENGAGEMENT OUTCOMES



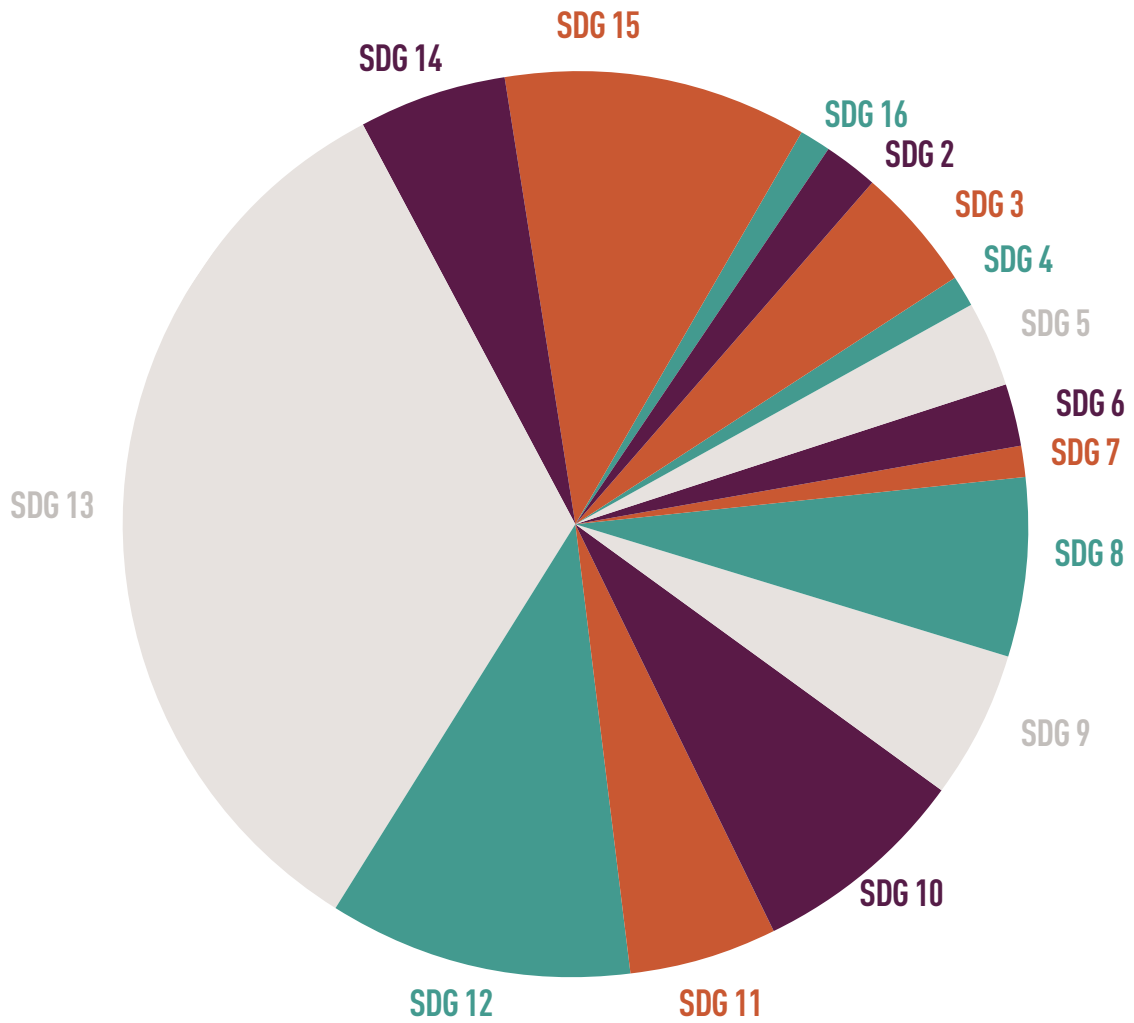
POSITION ENGAGED



COMPANY DOMICILES



ENGAGEMENT DATA



LAPFF SDG ENGAGEMENTS

SDG 1: No Poverty	0
SDG 2: Zero Hunger	2
SDG 3: Good Health and Well-Being	4
SDG 4: Quality Education	4
SDG 5: Gender Equality	3
SDG 6: Clean Water and Sanitation	2
SDG 7: Affordable and Clean Energy	1
SDG 8: Decent Work and Economic Growth	6
SDG 9: Industry, Innovation, and Infrastructure	5
SDG 10: Reduced Inequalities	7
SDG 11: Sustainable Cities and Communities	5
SDG 12: Responsible Production and Consumption	10
SDG 13: Climate Action	31
SDG 14: Life Below Water	5
SDG 15: Life on Land	10
SDG 16: Peace, Justice, and Strong Institutions	1
SDG 17: Strengthen the Means of Implementation and Revitalise the Global Partnership for Sustainable Development	0

LOCAL AUTHORITY PENSION FUND FORUM MEMBERS

Avon Pension Fund	Enfield Pension Fund	London Pension Fund Authority	Swansea Pension Fund
Barking and Dagenham Pension Fund	Environment Agency Pension Fund	Lothian Pension Fund	Teesside Pension Fund
Barnet Pension Fund	Essex Pension Fund	Merseyside Pension Fund	Tower Hamlets Pension Fund
Bedfordshire Pension Fund	Falkirk Pension Fund	Merton Pension Fund	Tyne and Wear Pension Fund
Berkshire Pension Fund	Gloucestershire Pension Fund	Newham Pension Fund	Waltham Forest Pension Fund
Bexley (London Borough of)	Greater Gwent Pension Fund	Norfolk Pension Fund	Wandsworth Borough Council Pension Fund
Cambridgeshire Pension Fund	Greater Manchester Pension Fund	North East Scotland Pension Fund	Warwickshire Pension Fund
Camden Pension Fund	Greenwich Pension Fund	North Yorkshire Pension Fund	West Midlands Pension Fund
Cardiff & Glamorgan Pension Fund	Gwynedd Pension Fund	Northamptonshire Pension Fund	West Yorkshire Pension Fund
Cheshire Pension Fund	Hackney Pension Fund	Nottinghamshire Pension Fund	Westminster Pension Fund
City of London Corporation Pension Fund	Hammersmith and Fulham Pension Fund	Oxfordshire Pension Fund	Wiltshire Pension Fund
Clywd Pension Fund (Flintshire CC)	Haringey Pension Fund	Powys Pension Fund	Worcestershire Pension Fund
Cornwall Pension Fund	Harrow Pension Fund	Redbridge Pension Fund	
Croydon Pension Fund	Havering Pension Fund	Rhondda Cynon Taf Pension Fund	Pool Company Members
Cumbria Pension Fund	Hertfordshire Pension Fund	Shropshire Pension Fund	ACCESS Pool
Derbyshire Pension Fund	Hounslow Pension Fund	Somerset Pension Fund	Border to Coast Pensions Partnership
Devon Pension Fund	Islington Pension Fund	South Yorkshire Pension Authority	LGPS Central
Dorset Pension Fund	Kingston upon Thames Pension Fund	Southwark Pension Fund	Local Pensions Partnership
Durham Pension Fund	Lambeth Pension Fund	Staffordshire Pension Fund	London CIV
Dyfed Pension Fund	Lancashire County Pension Fund	Strathclyde Pension Fund	Northern LGPS
Ealing Pension Fund	Leicestershire Pension Fund	Suffolk Pension Fund	Wales Pension Partnership
East Riding Pension Fund	Lewisham Pension Fund	Surrey Pension Fund	
East Sussex Pension Fund	Lincolnshire Pension Fund	Sutton Pension Fund	

Item no 8 on Agenda

Local Members Interest	
Nil	

PENSIONS PANEL – 5 MARCH 2024

Report of the Director of Finance

INVESTMENT STRATEGY STATEMENT (ISS)

Recommendation of the Chair

1. That the Pensions Panel approves the minor updates to the Staffordshire Pension Fund's Investment Strategy Statement (ISS) and recommends further approval of such to the Pensions Committee.
2. That the Pensions Panel notes the possible requirement for changes to the structure of the Investment Strategy Statement (ISS) in the future. This is because of the outcome of the Department for Levelling Up, Housing and Communities (DLUHC) formal consultation - Local Government Pension Scheme (England and Wales): Next steps on investments, published in November 2023.

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 a number of areas, such as:
 - 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.

- 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 2023, which incorporated the outcome of the 2022 Strategic Asset Allocation review and the 2022 Actuarial Valuation. The April 2024 version of the ISS, attached at Appendix 1, contains a few minor revisions in contrast. Principally these amendments reflect the progress made in the implementation of the Fund’s 2022 Strategic Asset Allocation recommendations over the past 12 months (e.g., where benchmarks have changed in Appendix A and Appendix B of the ISS).
 6. Under Regulation 7(5), the authority must consult such persons as it considers appropriate as to the proposed contents of its ISS. Although the revisions to the 2024 ISS, attached at Appendix 1, are minor, in the formulation of this ISS, the Fund has consulted with its investment advisors – Hymans Robertson.
 7. A full 3-year review of the ISS will be undertaken in 2026 at which point a wider consultation may be considered appropriate.

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



Staffordshire
Pension Fund
Local Government Pension Scheme

Investment Strategy Statement

April 2024



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 2024, 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.
 - 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.

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- 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 an SAA 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.
- 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 sizable 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.
 - 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	Multi-Asset Credit
	Private Debt
Defensive assets	
Fixed Income	Investment-Grade Corporate Bonds
	Index-Linked Gilts
	*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' 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 and will be updated the next time the Fund undergoes a ALM review and SAA review.

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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	Multi-Asset Credit	4.4%	7.0%
	Private Debt	4.3%	9.0%
Defensive assets			
Fixed-Income	Investment-Grade Corporate Bonds	2.1%	8.0%
	Index-linked Gilts	0.1%	7.0%
Cash		2.4%	0.0%

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., Index-Linked 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 and its Advisers 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, schemes 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 of 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 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;

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- 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.

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- 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 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.
- we will each report on our activities and progress towards implementing the principles.

As at March 2024, 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 their members 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 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
- 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 was accepted as a signatory to the more recent UK Stewardship Code
- 8.6 LGPS Central Limited is a signatory of the Financial Reporting Council's current UK Stewardship Code.

**Staffordshire Pension Fund
Investment Strategy Statement**

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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Appendix A – Strategic Asset Allocation – 1 April 2024

		Current Benchmark Target %	Long-Term Benchmark Target %	Permitted Tolerance
Return- seeking assets	Global Equity	58.0	44.0	
	Private Equity	5.0	5.0	
	Total Equity	63.0	49.0	+/- 3%
	Property	10.0	12.5	+/- 3%
	Infrastructure	5.0	10.0	+/- 3%
	Multi-Asset Credit	1.0	5.0	
	Private Debt	5.0	7.5	
Defensive assets	Investment-Grade Corporate Bonds	7.5	7.5	
	Index-linked Gilts	7.5	7.5	
	Total Fixed Income	21.0	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 84.0% under the current and long-term benchmark.

The defensive portfolio consists of total fixed-income (excluding private debt and multi-asset credit) and cash. This equates to 16% under the current and long-term benchmark.

**Staffordshire Pension Fund
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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 (All World Equity Climate Multi Factor Fund)	Global Equities – Factor Based	FTSE All-World Climate Balanced Comprehensive Factor Index (Net Total Return)	Match benchmark
LGPS Central Limited (Global Multi Factor Fund)	Global Equities – Factor Based	Scientific Beta Global Low-Carbon iHFI Diversified Multi-Beta Multi-Strategy Six Factor Equal-Weight Index	Match benchmark
LGPS Central Limited	Multi-Asset Credit	SONIA 3 Month + 4.0%	Outperform the benchmark over rolling 3-year periods
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 Quarterly Property Index (Direct)	To match or outperform the benchmark
Various	Infrastructure	CPI + 4.5%	To match or outperform the benchmark
Various	Private Debt	SONIA 3 Month + 5.0%	To match or outperform the benchmark
Various	Private Equity	MSCI World Index + 2.0% (lagged by one quarter)	To match or outperform the benchmark
Various	Cash	SONIA	To match or outperform the 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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