

Quarterly Investment Dashboard Q2 2022

London Borough of Southwark Pension Fund



Prepared for: The Pensions Advisory Panel

Prepared by: Aon

Date: 30 June 2022

At a glance...

Assets

£1,990.5m 

Assets decreased by £122.0m over the quarter.

Funding

-

Surplus

-

Manager ratings

10 **Buy rated** 9 **Not rated**
1 **Qualified** 0 **Not recommended**

Performance (short term)

-5.9% 

The scheme returned -5.9% vs -5.0% over the quarter.

Performance (longer term)

+0.3% 

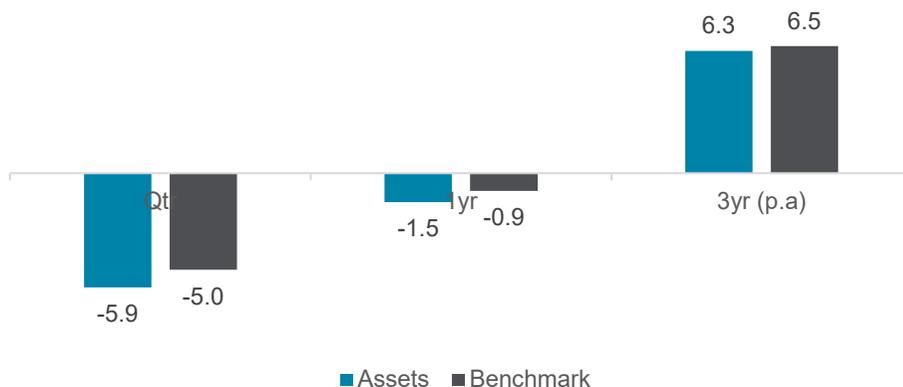
The scheme returned 10.0% vs 9.8% over the three-year period.

Comments

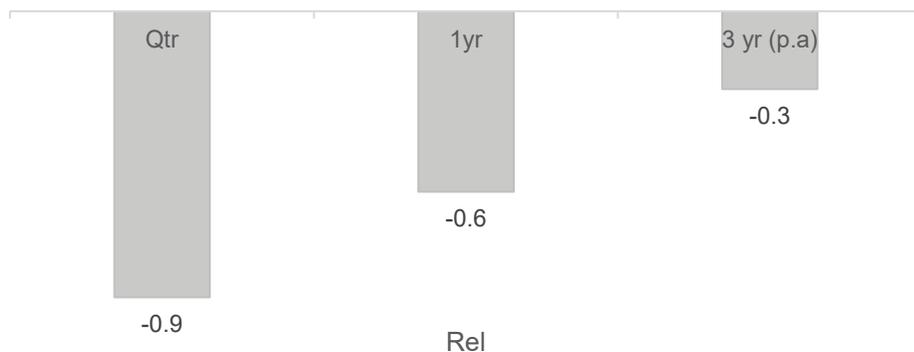
- The Fund's total assets decreased by £122.0m over the quarter, from £2,112.5m to £1,990.5m.
- Aon no longer believe Diversified Growth Fund ("DGF") strategies provide clients with a cost-effective solution for the primary reasons they are held by clients which are diversification or growth. As such, over the quarter, we have downgraded our Buy rated strategies (including the Blackrock Dynamic Diversified Growth Fund) to Qualified to reflect our reduced confidence in DGF's delivering the desired client outcomes.
- More information on notable developments are found in the Manager Review section

Fund performance – Snapshot

Fund performance & benchmark



Relative performance



Quarterly (relative)

-0.9%



The scheme returned -5.9% vs -5.0% over the quarter.

3 year (relative)

-0.3%



The scheme returned 6.3% vs 6.5% over the period.

Comments

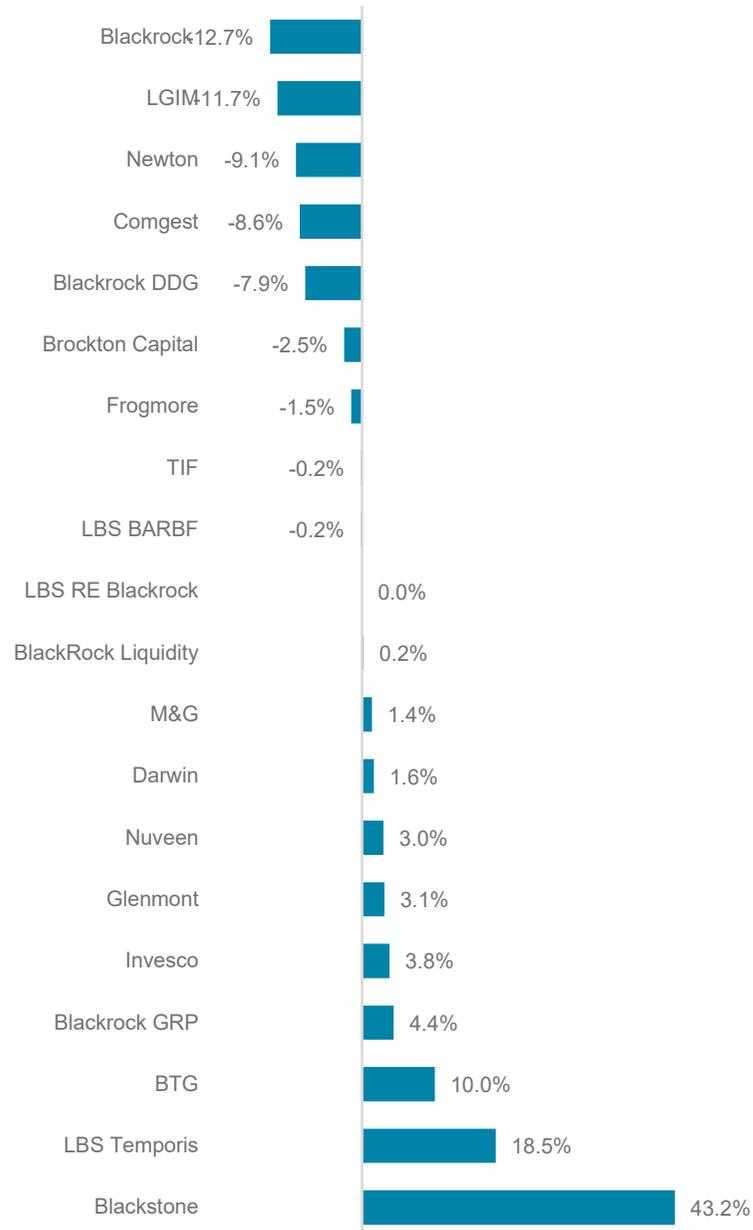
Over the quarter, the Fund marginally underperformed the benchmark

Notable detractors to performance were the Blackrock Dynamic Diversified Growth Fund, Brockton Capital III Fund, and the Blackstone GP Stakes Fund II while positive contributors included the Frogmore Real Estate Partners Fund III and the Glennmont Clean Energy Fund

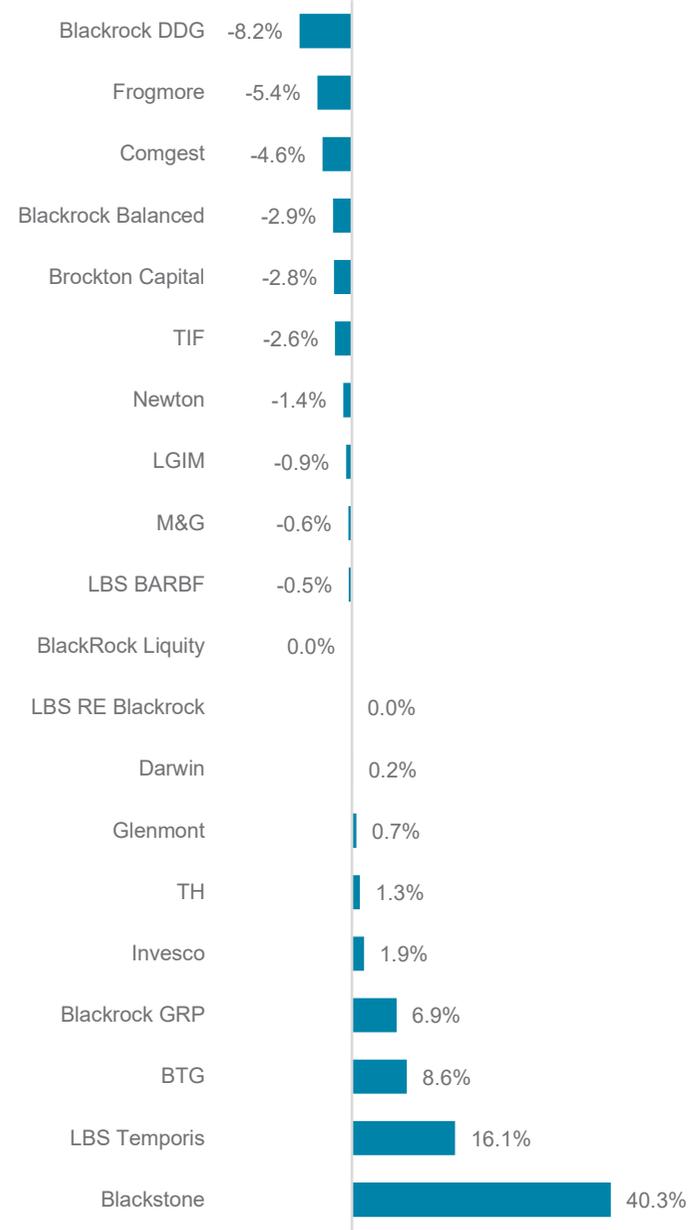


Manager performance

Absolute performance



Relative performance

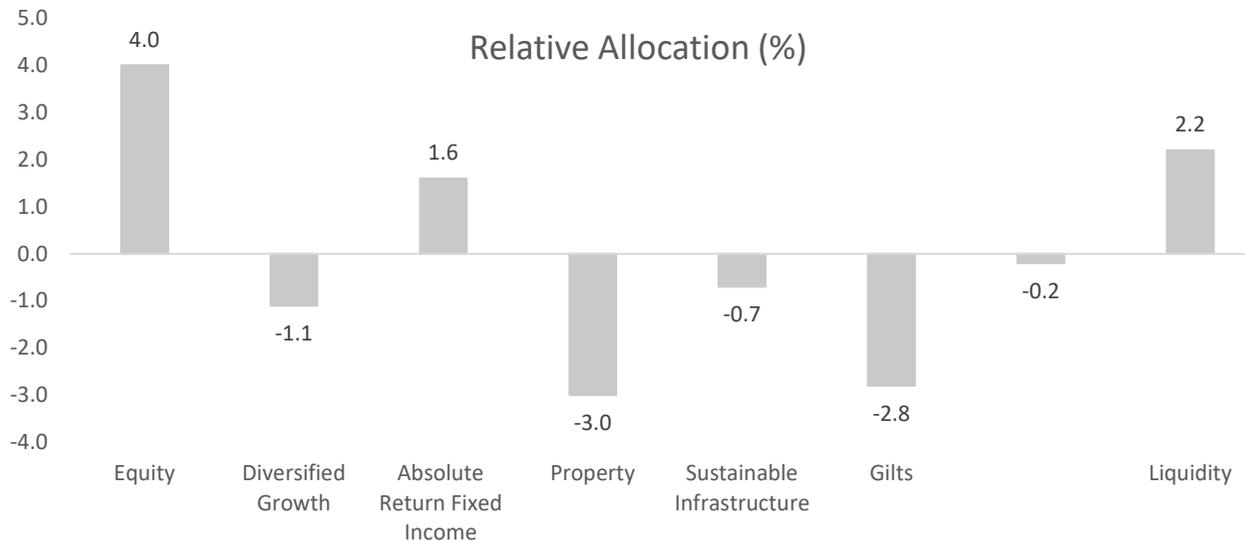


Strategic allocation – Snapshot

Strategic allocation & benchmark



Relative allocation



Assets

£1,990.5m 

Assets decreased by £122.0m over the quarter.

Comments

- Equity and absolute return fixed income remain overweight relative to strategic target for the asset class, while Sustainable Infrastructure, Property and ESG priority allocation are notably underweight target exposure.
- All asset classes remain well within the maximum strategic allocation limit.

Explanation of Ratings – Overall ratings

Overall ratings

An overall rating is then derived taking into account both the above outcomes for the product. The table lists how the overall rating can be interpreted.

The comments and assertions reflect our views of the specific investment product and our opinion of its quality. Differences between the qualitative and Aon InForm outcome can occur and if meaningful these will be explained within the Key Monitoring Points section. Although the Aon InForm Assessment forms a valuable part of our manager research process, it does not automatically alter the overall rating where we already have a qualitative assessment. Overall rating changes must go through our qualitative manager vetting process. Similarly, we will not issue a Buy recommendation before fully vetting the manager on a qualitative basis.

Overall Rating	What does this mean?
Buy	We recommend clients invest with or maintain their existing allocation to our Buy rated high conviction products
Buy (Closed)	We recommend clients invest with or maintain their existing allocation to our Buy rated high conviction products, however it is closed to new investors
Qualified	A number of criteria have been met and we consider the investment manager to be qualified to manage client assets
Not Recommended	A quantitative assessment of this strategy indicates it does not meet our desired criteria for investment. This strategy is not recommended.
Sell	We recommend termination of client investments in this product
In Review	The rating is under review as we evaluate factors that may cause us to change the current rating

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