

# Quarterly Investment Dashboard Q2 2023

London Borough of Southwark Pension Fund



Prepared for: The Pension Advisory Panel

Prepared by: Aon

Date: 18 September 2023



For professional clients only

**AON**

# At a glance...

## Assets

£2,053.6m 

Assets increased by £38.6m over the quarter.


## Funding

110%

 £1m  
vs 31 Mar 2023

## Surplus

£192M

 £23M  
vs 31 Mar 2023

## Manager ratings

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

## Relative performance (short term)

2.0% 

The scheme returned 2.3% vs 0.4% over the quarter.

## Relative performance (3 year p.a.)

-0.4% 

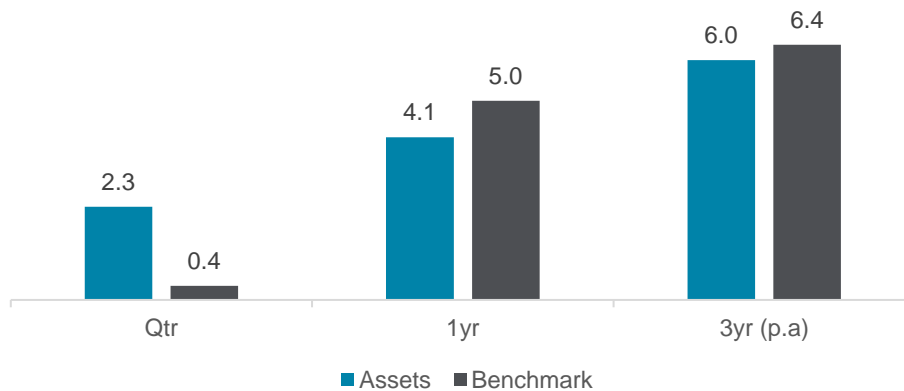
The scheme returned 6.0% p.a. vs 6.4% p.a. over the three-year period.

## Comments

- The Fund's total assets increased by £38.6m over the quarter, from £2,015.0m to £2,053.6m.
- Following the Fixed Income Manager Selection Day on 9 March 2023, the PAP agreed to invest c.£100m in the Robeco Climate Global Credits Fund. This decision was ratified at the July 2023 PAP Meeting and the implementation was successfully implemented in early September with the majority of the monies sourced from the Blackrock Dynamic Diversified Growth ('DDG') Fund and the residual amount being sourced from Blackrock Absolute Return Fixed Income Fund.
- As part of the Fund's cashflow management framework, the Officers fully redeemed their holdings in the Blackrock Sterling Liquidity Fund (SLF) and invested the proceeds into money market funds and the LGIM Sterling Liquidity Fund.
- Following Aon's suitability advice note, the PAP agreed to invest £30m in the Darwin Leisure Development Fund. The decision was taken outside of the quarterly PAP meeting cycles to enable the Fund to meet the deadline required to benefit from a fee discount.
- Post quarter-end, Aon provided the Officers and PAP with suitability advice on whether to make an additional £6m investment into the Temporis Impact Fund V. Temporis required the additional commitment to invest in an attractive battery project.
- More information on notable developments are found in the Manager Review section

# Fund performance – Snapshot

## Fund performance & benchmark



## Quarterly (relative)

**2.0%**



The scheme returned 2.3% vs 0.4% over the quarter.

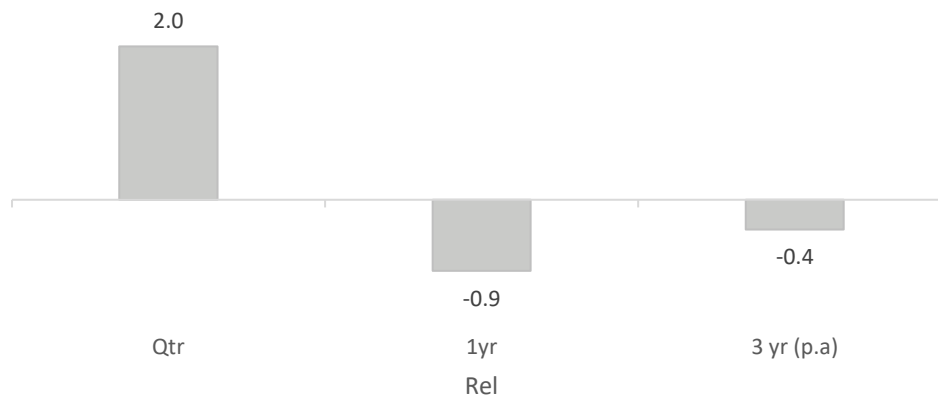
## 3 year (relative) p.a.

**-0.4%**



The scheme returned 6.0% p.a. vs 6.4% p.a. over the period.

## Relative performance



## Comments

Over the quarter, the Fund overperformed the total composite benchmark.

The property portfolio, particularly Frogmore and Nuveen were notable detractors to performance whilst the sustainable infrastructure portfolio, particularly the Temporis funds were notable contributors to performance. Further commentary can be found in the manager review section

# Manager performance – 30 June 2023

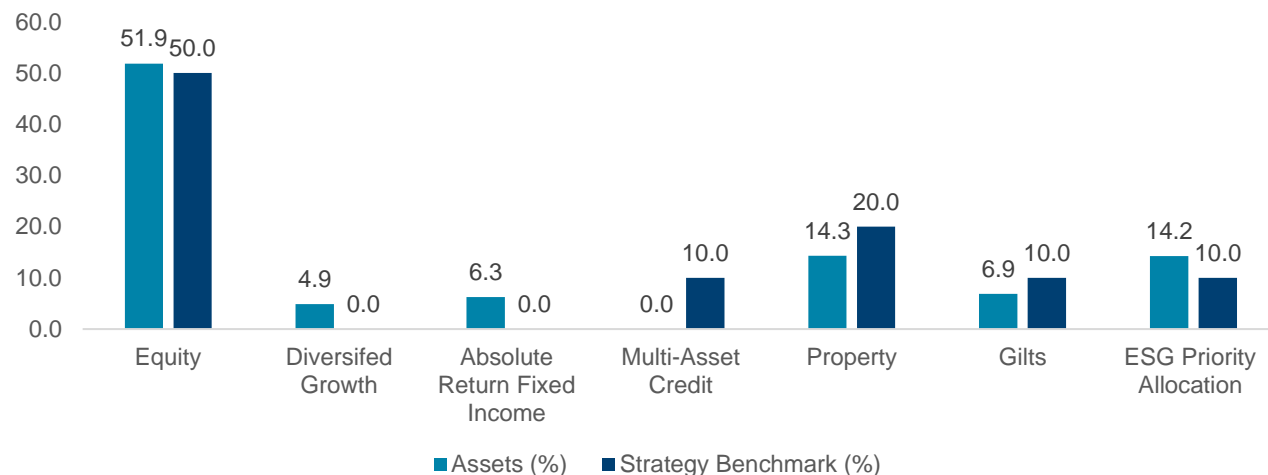
	3 month (%)		1 year (%)		3 years (p.a.) (%)	
	Return	Relative	Return	Relative	Return	Relative
Blackrock Aquila Over 5y Index Linked Gilts	-4.3*	3.5	-1.0	3.6	3.2	1.3
LGIM Low Carbon Equity	4.1	3.2	9.0	4.8	6.7	2.1
Newton Active Global Equity	2.0	-1.9	12.5	-2.0	9.0	-4.2
Comgest Growth Emerging Markets Plus	-3.9	-2.0	-0.3	4.6	-	-
Blackrock Diversified Dynamic Growth	0.2	-1.0	4.8	1.2	1.4	-1.5
Blackrock Absolute Return Fixed Income	-3.4	-4.6	-2.6	-6.2	0.1	-3.3
Nuveen Real Estate	0.6	-1.1	-14.7	-21.7	4.7	-5.5
Invesco Real Estate UK Residential Fund	0.3	-1.6	1.8	-6.2	3.6	-4.4
M&G UK Residential Property Fund	1.3	-0.7	0.6	-7.4	1.3	-6.7
Frogmore Real Estate Partners III	-3.3	-7.2	-21.9	-38.4	-9.3	-25.8
Brockton Capital Fund III	0.0	-3.6	-3.6	-18.6	-0.5	-15.5
Glennmont Clean Energy Fund	-4.1	-6.5	28.0	18.0	12.0	2.0
Blackrock Global Renewable Power	0.6	-1.8	9.9	-0.1	-	-
BTG Pactual OEF Fund	-3.0	-4.4	5.9	-0.1	-	-
Darwin Bereavement Services Fund	0.7	-0.8	4.8	-1.2	-	-
Temporis Operational Renewable Energy Strategy	49.2*	46.8	51.5	41.5	24.2	14.2
Temporis Impact Fund	32.1*	29.7	35.3	25.3	-	-
BlackRock World Low Carbon Equities Fund	4.8	-	-	-	-	-
LGIM Low Carbon Transition Developed Markets Index Fund	4.9	0.8	-	-	-	-
LGIM Over 5y Index Linked Gilts	-7.8*	-5.6	-	-	-	-
Temporis Renewable Energy Fund	-1.0	-2.4	-	-	-	-
Blackstone Strategic Capital Holdings GP Stakes Fund II	10.4	7.5	-9.3	-21.3	-	-

Source: J.P.Morgan and fund managers as required. Totals may not sum due to rounding.

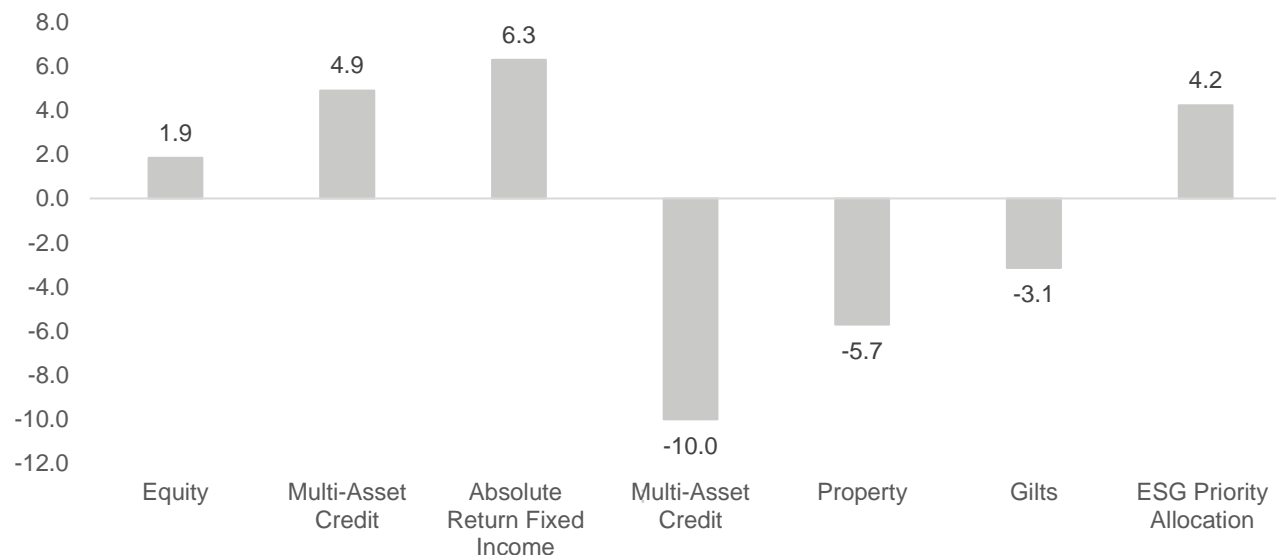
\*These numbers are currently being reviewed by JPM and may be subject to change.

# Strategic allocation – Snapshot

## Strategic allocation & benchmark



## Relative allocation



## Assets

£2,053.6m ▲

Assets increased by £38.6m over the quarter.

## Comments

- All asset classes remain well within the maximum strategic allocation limit.
- We note that it was also agreed to switch the 10% allocation from Diversified Growth to Multi-Asset Credit. **This has been reflected in the charts and tables within this section with a caveat that the Fund remained invested in a diversified growth fund over the quarter and is in the process of transitioning the assets across.**
- Following the Fixed Income Manager Selection Day on 9 March 2023, the PAP agreed to invest c.£100m in the Robeco Climate Global Credits Fund. This decision was ratified at the July 2023 PAP Meeting and the implementation was successfully implemented in early September with the majority of the monies sourced from the Blackrock Dynamic Diversified Growth ('DDG') Fund and the residual amount being sourced from Blackrock Absolute Return Fixed Income Fund.
- Aon and the Officers continue to review and assess potential strategies to ensure that the remainder of the legacy holdings are allocated to a suitable credit mandate.
- Following Aon's suitability advice note, the PAP agreed to invest £30m in the Darwin Leisure Development Fund. The decision was taken outside of the quarterly PAP meeting cycles to enable the Fund to meet the deadline required to benefit from a fee discount.

# 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