Public Document Pack

Brent Pension Fund Sub-Committee

Wednesday 24 February 2021 at 6.00 pm

This will be held as an online virtual meeting
Details on how to access the link in order to view proceedings will be made available online via the following link: [Democracy in Brent]

Membership:

Members	Substitute Members
Councillors:	Councillors
S Choudhary (Chair) Aden (Vice-Chair) Daly Donnelly-Jackson Maurice W Mitchell Murray Perrin	A Choudry, Kabir, McLeish and Naheerathan Councillors Colwill and Kansagra

Non Voting Co-opted Members

Bankole	Brent Unison representative

For further information contact: Joe Kwateng, Governance Officer
0208 937 1354; joe.kwateng@brent.gov.uk

For electronic copies of minutes, reports and agendas, and to be alerted when the minutes of this meeting have been published visit:
democracy.brent.gov.uk

Members' virtual training at 5.00pm.
Sub-Committee virtual meeting at 6.00pm

The press and public are welcome to attend part of this on online virtual meeting. The link to attend and view proceedings will be made available online via the following link: [Democracy in Brent]

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Notes for Members - Declarations of Interest:

If a Member is aware they have a Disclosable Pecuniary Interest* in an item of business, they must declare its existence and nature at the start of the meeting or when it becomes apparent and must leave the room without participating in discussion of the item.

If a Member is aware they have a Personal Interest** in an item of business, they must declare its existence and nature at the start of the meeting or when it becomes apparent.

If the Personal Interest is also significant enough to affect your judgement of a public interest and either it affects a financial position or relates to a regulatory matter then after disclosing the interest to the meeting the Member must leave the room without participating in discussion of the item, except that they may first make representations, answer questions or give evidence relating to the matter, provided that the public are allowed to attend the meeting for those purposes.

***Disclosable Pecuniary Interests:**

(a) **Employment, etc. -** Any employment, office, trade, profession or vocation carried on for profit gain.
(b) **Sponsorship -** Any payment or other financial benefit in respect of expenses in carrying out duties as a member, or of election; including from a trade union.
(c) **Contracts -** Any current contract for goods, services or works, between the Councillors or their partner (or a body in which one has a beneficial interest) and the council.
(d) **Land -** Any beneficial interest in land which is within the council's area.
(e) **Licences-** Any licence to occupy land in the council's area for a month or longer.
(f) **Corporate tenancies -** Any tenancy between the council and a body in which the Councillor or their partner have a beneficial interest.
(g) **Securities -** Any beneficial interest in securities of a body which has a place of business or land in the council's area, if the total nominal value of the securities exceeds £25,000 or one hundredth of the total issued share capital of that body or of any one class of its issued share capital.

****Personal Interests:**

The business relates to or affects:

(a) Anybody of which you are a member or in a position of general control or management, and:

- To which you are appointed by the council;
- which exercises functions of a public nature;
- which is directed is to charitable purposes;
- whose principal purposes include the influence of public opinion or policy (including a political party of trade union).

(b) The interests a of a person from whom you have received gifts or hospitality of at least £50 as a member in the municipal year;

or

A decision in relation to that business might reasonably be regarded as affecting the well-being or financial position of:

- You yourself;

a member of your family or your friend or any person with whom you have a close association or any person or body who is the subject of a registrable personal interest.

Agenda

Introductions, if appropriate.

Apologies for absence and clarification of alternate members

Item		Page
1	**Declarations of personal and prejudicial interests** Members are invited to declare at this stage of the meeting, any relevant personal and prejudicial interests and discloseable pecuniary interests in any matter to be considered at this meeting.	
2	**Minutes of the previous meeting**	1 - 6
3	**Matters arising**	
4	**Deputations (if any)**	
5	**London CIV Responsible Investment Update** The purpose of this report is to update the committee on recent developments within the London CIV (LCIV) regarding Responsible Investment and Engagement. I have attached an appendix to the report. **Ward affected:** All Wards — ***Contact Officer**:* Minesh Patel, Director of Finance Tel: 020 8937 4043 minesh.patel@brent.gov.uk	7 - 30
6	**H2 2020 Investment Monitoring Report**	31 - 50
7	**Investment update** The purpose of this report is to update the committee on the Fund's investments. I have attached 2 appendices (part of which is exempt) to the report.	51 - 62

Ward affected: All Wards

Contact Officer: Minesh Patel, Director of Finance

Tel: 020 8937 4043
minesh.patel@brent.gov.uk

8 LAPFF Engagement Report 63 - 78

This report presents members with an update on the engagement activity undertaken by LAPFF (the Local Authority Pension Fund Forum) on behalf of the Fund. The Fund's commitment with LAPFF and its work demonstrates its commitment to Responsible Investment and engagement as a way to achieve its objectives.

I have attached an appendix to the main report.

Ward affected: All Wards

Contact Officer: Minesh Patel, Director of Finance

Tel: 020 8937 4043
minesh.patel@brent.gov.uk

9 Any other urgent business

Notice of items to be raised under this heading must be given in writing to the Head of Executive and Member Services or his representative before the meeting in accordance with Standing Order 60.

10 Minutes of Pension Board - 3 November 2020 79 - 86

11 Exclusion of Press and Public

The press and public will be excluded from the remainder of the meeting as the reports to be considered contain the following category of exempt information as specified in Paragraph 3, Schedule 12A of the Local Government Act 1972, namely:

"Information relating to the financial or business affairs of any particular person (including the authority holding that information)"

12 London CIV Investment Review 87 - 106

The purpose of this report is to update the committee on recent developments regarding Brent Pension Fund investments held within the London CIV (LCIV)

I have attached an appendix to the report.

Ward affected: All Wards

Contact Officer*:* Minesh Patel, Director of Finance

Tel: 020 8937 4043
minesh.patel@brent.gov.uk

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LONDON BOROUGH OF BRENT

MINUTES OF THE BRENT PENSION FUND SUB-COMMITTEE
Tuesday 6 October 2020 at 6.00 pm

PRESENT: Councillor S Choudhary (Chair), Councillor Aden (Vice-Chair) and Councillors Daly, Donnelly-Jackson and Perrin

Apologies for absence were received from: Ms Bankole

1. **Declarations of personal and prejudicial interests**

   None declared.

2. **Minutes of the previous meeting**

   RESOLVED:-

   that the minutes of the previous meeting held on 16th July 2020 be approved as an accurate record of the meeting.

3. **Matters arising**

   None.

4. **Deputations**

   None.

5. **Investment Monitoring report 2020, Q2**

   Kameel Kapitan and Kenneth Taylor (Hymans Robertson) introduced this report which provided details on investment monitoring for quarter 2, 2020 and answered Members' questions. Members heard that asset classes recovered strongly during the quarter from the steep declines suffered in the first quarter with the key drivers being the amounts of stimulus package by global central banks and the re-opening of economies after the lockdown. The Fund's assets produced a return of 11.6% and outperformed against the aggregate benchmark over the second quarter of 2020 with the result that value of the Fund's assets increased over the quarter from £835.3m to £926.9m and recovered almost all of the ground lost during the first quarter.

   He then spotlighted on the results of the Q1 2020 investment strategy review and the agreed target allocations adding that the Fund was currently overweight in growth assets and cash and underweight in diversifiers. Members heard that around £28m of cash (c3% of assets) will be invested in a low carbon passive equity fund and the interim target allocations will be updated to reflect this increase in growth assets reflected in future reports. Over the quarter, £8m has been invested in emerging market equities, and £4m has been invested in the CQS multi-asset credit fund. Both investments had taken the respective allocations closer to their interim targets

On manager performance, Members noted that the total Fund return was positive during Q2 2020, on both an absolute and relative basis. Equity markets led the recovery, with global equities performing particularly strongly. This was evident in the performance of LGIM's mandates: global returned 20.4% and UK 10.2%. The Fund's DGF mandates produced strong positive returns over the quarter, with Baillie Gifford returning 8.4% and Ruffer 6.4%. The economic stimulus provided by governments also boosted credit markets with spreads narrowing. The CQS mandate produced a return of 12.7% over the quarter recovering some of the ground lost during Q1. Gilts again delivered positive returns over the quarter and are now the strongest performing of the Fund's assets over the last 12 months.

Members welcomed the report and with no further issues raised, the Chair confirmed that all members had followed the discussions and thanked members and officers for their contribution. It was RESOLVED:

That the report on investment monitoring Q2 be noted.

6. **Investment Strategy: Transition Roadmap**

This report detailed the investment strategy transition roadmap prepared by the Fund's investment advisors, Hymans Robertson. Mr Kenneth Taylor introduced the report and set out options that could be considered to address two particular areas of the investment strategy:

- The current split of the passive equity mandates between UK and Global (ex UK)
- The split between the two multi-asset funds within the London CIV (Baillie Gifford and Ruffer)

He referenced the Fund's investment beliefs and appendix 1 to the report which highlighted that the Fund was broadly in line with the interim strategic allocation but that structural imbalances prevailed. Members noted that global equities were 4.2% underweight, UK equities were 5.9% overweight and an imbalance between Baillie Gifford and Ruffer (13.3% and 5.7% respectively). To address these he recommended that the global equity allocation be increased by 3% once the initial investment in BlackRock's low carbon fund had been completed. This would reduce exposure to UK equities and adjust the allocations to Baillie Gifford and Ruffer.

He also recommended a reduction in the allocation to UK equities to the interim target allocation of 5% by selling down LGIM's UK equity holding in two steps, each of 3%, and reinvesting the proceeds as follows:
1. Reinvest 3% in Ruffer for the reasons set out in the next section
2. Reinvest 3% in LGIM global equity

Mr Taylor then gave detailed reasons that accounted for the underperformance of UK equities against the global equity index. These included economic growth, political factors, monetary policy and currency movements and the sector composition of the UK equity market characterised by less diversification when compared with the global index. In addition, the most overweight UK sectors (Oil and Gas, basic Materials, Financials and Consumer Goods) were in the bottom 5 performing sectors relative to the Global index.

Members welcomed the report and with no further issues raised, the Chair confirmed that all members had followed the discussions and thanked members and officers for their contribution. It was RESOLVED:

(i) To note the report;

(ii) To note the position to reduce the allocation of UK equities to the interim target allocation of 5% by selling down LGIM's UK equity holding in two steps, each of 3% as agreed during the investment strategy review in February 2020, in line with Brent's long term asset allocation strategy.

(ii) To note the two steps to reinvest the proceeds from LGIM's UK equity holding, each of 3%, into Ruffer and LGIM global equity moving towards the interim target allocation of 10% and 43% respectively.

7. **Actuarial Update: COVID-19 and Regulatory Changes**

The purpose of this report was to assist the Members to understand the nature and impact of several recent changes to Regulations on the Fund as well as recent market movements. Mr Saagar Raithatha (Financial Analyst) introduced the report and provided an overview of recent market movements and recent changes to the Fund Regulations, referencing the appendix to the main report.

Members heard that COVID-19 had had a substantial impact on the global economy and the financial markets in 2020, resulting in the funding level of the Fund becoming increasingly volatile from February 2020 onwards with a sharp fall in March 2020. The Fund had since bounced back. There were variations by sector and by source of funding. The majority of the Fund's employers are public sector bodies, where the covenant is strong. The most significant impact on covenant was in respect of other employers including those who were close to exit, not publicly-funded and/or had a weak covenant at the 2019 valuation.

The McCloud judgement would result in a small increase in liabilities at Fund level of c£1M or 0.1% but at whole fund level, it was not expected the McCloud remedy would have a sizable impact on the funding position and hence on employer costs. It was noted however, that increases in liabilities for some employers may be significantly higher. From an administration perspective, the effort required to implement the remedy would be significant and officers estimated that the project would take about 2 years or more to complete

Cost Management Valuations 2016 and 2020 were an ongoing national process which was resulting in current uncertainty around the benefit structure of the LGPS. On the Public Sector Exit Payments Cap, the HMT have announced that an exit payment cap of £95,000 applying to all exits from public sector employers would be in place by the end of the year. Exit payments would include redundancy payments, severance payments and pension strain costs. In a nutshell, if the total value of such payments including strain costs exceeds the £95,000 cap then an employee's pension will be reduced. The MHCLG have also proposed further changes to redundancy pay for public sector employees, notably that people over 55 will no longer be able to receive both redundancy pay and immediate pension in full. The funding costs arising from the Goodwin ruling were minimal, however, this will be a further administration and communication burden to address

Members welcomed the report and with no further issues raised, the Chair confirmed that all members had followed the discussions and thanked members and officers for their contribution. It was RESOLVED:

To note the report on actuarial update on Covid-19 and regulatory changes.

8. **Competitive Markets Authority (CMA) Objectives**

The report outlined the proposed approach to be taken by the Fund in relation to the assessment of Hymans Robertson against objectives set in 2019. Mr Sawan Shah (Senior Financial Analyst) introduced the report. Members heard that since 10 December 2019 pension scheme trustees had been required to set strategic objectives for their investment consultants before they entered into a contract or continue to receive services from them. They are also required to submit 'compliance statements' stating that they have complied with the above requirement. Currently the CMA order only requires trustees to confirm that they have complied with the requirements over the period they had had the objectives in place.

Mr Shah informed the Sub-Committee that the 'compliance statements' needed to be submitted within 12 months and 4 weeks from the 10 December 2019 and annually thereafter. Therefore, the Compliance Statement must be submitted to the CMA by 07 January 2021. It was expected that the Department for Work and Pensions (DWP) would amend current legislation so that the CMA requirements would become part of pension law and be overseen by The Pensions Regulator. He continued that under the CMA requirements, the Fund is only required to complete a compliance statement, essentially acknowledging they have and will continue to have objectives in place for their investment consultants. He drew Members' attention to the appendix 1 that set out the objectives adding that officers would regularly monitor and assess the performance as part of a robust governance regime.

Members welcomed the report and with no further issues raised, the Chair confirmed that all members had followed the discussions and thanked members and officers for their contribution. It was RESOLVED:

That the report on Competitive Markets Authority and the objectives as set out in appendix 1 to the report be noted.

9. **Brent Pension Fund: Annual Report and Accounts 2019-2020**

This report presents the draft Pension Fund Annual Report and audited Annual Accounts for the year ended 31 March 2020. Mr Sawan Shah (Senior Finance Analyst) introduced the report adding that only minor amendments and clarifications were made to the draft accounts. To date the auditors had not raised any major queries. The regulations require the annual report to be published on or before 1 December and it was anticipated to complete this before the deadline. Members noted the following highlights:

- There had been no major changes to the Audited Annual Accounts since the submission of the Draft Annual Accounts. Only minor changes and additional clarifications have been made.
- During 2019/20, the value of the Pension Fund's investments decreased to £835m (2018/19 £856m). This was due to the poor performance of equity markets in the final quarter of the year related to COVID-19. At the end of December 2019, investments were valued at £935m.
- Total contributions received from employers and employees totalled £60m for the year, an increase on the previous year's £52.1m.
- Total benefits paid to scheme beneficiaries, in the form of pensions or other benefits, totalled £48m, an increase on the previous year's £46m.
- As in 2018/19, the Fund is in a positive cash-flow position because its contributions exceed its outgoings to members.
- The Fund completed its 2019 valuation in the 2019/20 financial year when it was agreed that the employer contribution rate would remain stable at 35% for the next 3 years. This was consistent with the Fund's deficit recovery plan to clear its deficit within 19 years of the balance sheet date.

Members welcomed the report and with no further issues raised, the Chair confirmed that all members had followed the discussions and thanked members and officers for their contribution. It was RESOLVED:

That the Brent Pension Fund annual report and accounts 2019-2020 be noted.

10. **Minutes of Pension Board - 5th August 2020**

Members welcomed Mr David Ewart (Independent Chair of Pension Board) to the meeting. Mr Ewart provided highlights of the minutes of the last Board meeting.

RESOLVED:

That the minutes of Pension Board of 5th August 2020 be noted.

11. **Any other urgent business**

None.

12. **Exclusion of Press and Public**

RESOLVED:

That the press and public will be excluded from the remainder of the meeting as the reports and appendices to be considered contained the following category of exempt information as specified in Paragraph 3, Schedule 12A of the Local Government Access to Information Act 1972, namely;

"Information relating to the financial or business affairs of any particular person (including the Authority holding that information)."

13. **London CIV Update**

The purpose of this report was to update the Sub-Committee on recent developments within the London CIV (LCIV). Mr Ravinder Jassar (Head of Finance) provided updates on the following key aspects within the report:

i) ESG reporting which provides an investment summary, a London CIV and market update and key portfolio data for the Fund's holdings with London CIV.
ii) Multi asset credit fund.
iii) Private debt. Since the last committee meeting, officers had provided London CIV on what the Fund would be looking for from private debt mandate.
iv) Fund launches; details as set out in appendix 3 to the report.

Members welcomed the report and with no further issues raised, the Chair confirmed that all members had followed the discussions and thanked members and officers for their contribution. It was RESOLVED:

That the recent developments within the London CIV be noted.

The meeting closed at 7.38 pm

S CHOUDHARY
Chair

Brent	**Pensions Fund Sub-Committee** **24 February 2021**
	Report from the Director of Finance

London CIV Update

Wards Affected:	ALL
Key or Non-Key Decision:	Non-Key
Open or Part/Fully Exempt: (If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)	OPEN
No. of Appendices:	One 1. Brent - LCIV Responsible Investment Review – Public Presentation
Background Papers:	▪ N/A
Contact Officer(s): (Name, Title, Contact Details)	Minesh Patel, Director of Finance Ravinder Jassar, Deputy Director of Finance Sawan Shah, Senior Finance Analyst Saagar Raithatha, Finance Analyst

1.0 Purpose of the Report

1.1 The purpose of this report is to update the committee on recent developments within the London CIV (LCIV) regarding Responsible Investment and Engagement.

2.0 Recommendation(s)

2.1 The Committee is asked to note the update provided by London CIV.

3.0 Detail

3.1 As outlined in the H2 Investment Monitoring report, the Brent Pension Fund has a number of investments held with the London CIV. As set out in Appendix 1, London CIV are to provide an update regarding key priorities for 2021 with respect to Climate Change, Stewardship, Fund Launches and its policy on Responsible Investment and Engagement.

3.2 The London CIV aim to make responsible investment a core part of its investment process across all asset classes and investment mandates. This policy will have three clear objectives:

- To support the company's investment objectives.
- To lead by example and raise the bar on responsible investment throughout the industry.
- To add value to clients through improved services.

3.3 In conjunction with the above, London CIV has 6 key priority areas.

- Climate Policy supported by robust, forward looking climate foot printing.
- Stewardship Policy complemented by a dedicated voting provision.
- Product Offering driven by clear investment beliefs and rigorous strategy.
- Capacity to Deliver and move towards best practice.
- Culture at the London CIV, which supports the delivery of the Responsible Investment strategy.
- Communications, which ensure a Responsible Investment strategy and associated priorities are disclosed.

Further details regarding an update on the progression of these 6 key areas and its Responsible Investment strategy are set out in the appendix.

Fund Launches

3.4 Detailed in Appendix 1 is the revised timeline from LCIV on Fund Launches as at February 2021.

3.5 Since the last Fund Launch update, the Private Debt Fund has completed the formal mandate sign-off from the Executive Committee, including selection for an investment manager and launch date expected in March 2021.

4.0 Financial Implications

4.1 These are discussed throughout the report and appendices.

5.0 Legal Implications

5.1 Not applicable.

6.0 Equality Implications

6.1 Not applicable.

7.0 Consultation with Ward Members and Stakeholders

7.1 Not applicable.

8.0 Human Resources

8.1 Not applicable.

<u>Report sign off:</u> ***Minesh Patel*** Director of Finance

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LONDON CIV

Update on Responsible Investment & Engagement Programme

February 2021

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PRESENTER

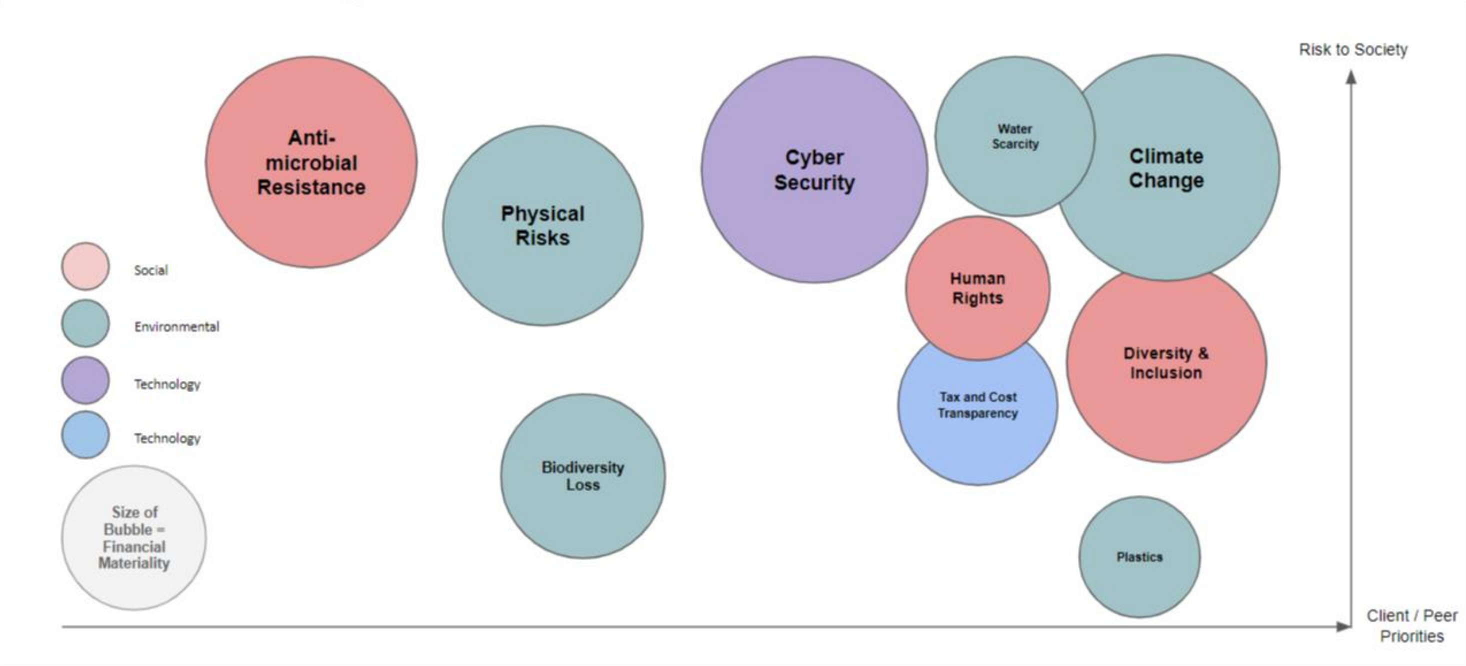
Page 12

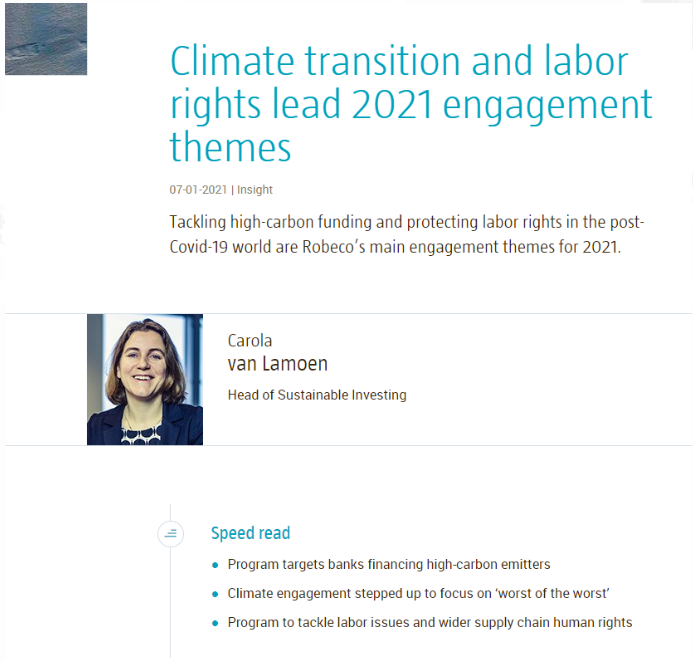
Jacqueline Jackson

Head of Responsible Investment

Priority Themes 2021

Climate change and human rights emerge as 2021 priorities





Source: Fidelity International

Page 13

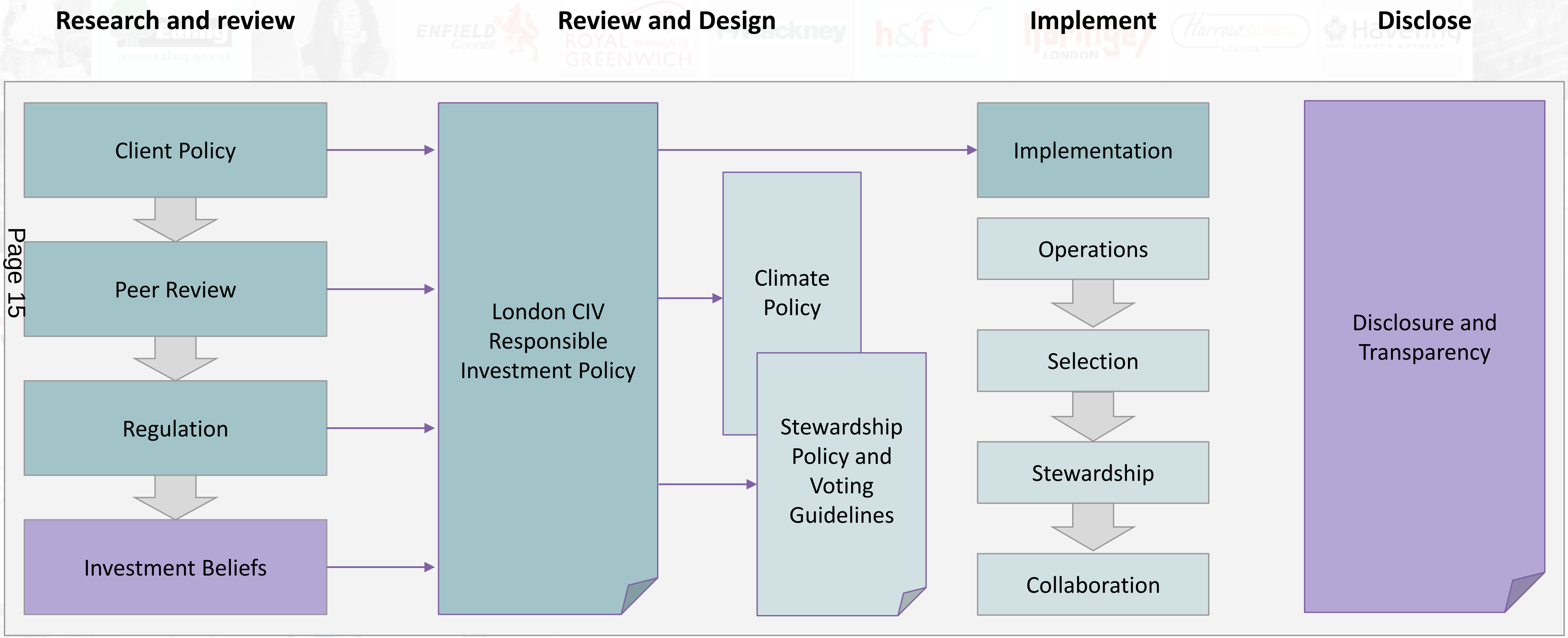
Responsible Investment and Engagement

The integration of responsible investment factors supports long-term risk adjusted returns. For this reason, the London CIV would like to make responsible investment a core part of its investment process across all asset classes and investment mandates.

This policy will have three clear objectives:

1. To support the company's investment objectives,
2. To lead by example and raise the bar on responsible investment throughout the industry, and
3. To add value to clients through improved services

Overview



Page 15

Implementation

Policies should be implemented across its own operations, investment portfolio selection and stewardship activities

Integrate

Operations
- Board Commitment
- Staff Objectives
- Impact Reduction
- External Ambassadors
- Best Practice Reporting

Investment Decisions and Selection
- Internal
  - Integrated Analysis
- External
  - Manager Selection
  - IMA / Side Letters

Stewardship
- Engagement
  - Direct / Partners
  - Monitor Managers
- Voting
  - Policy Driven
  - Co-filing

Collaborate

Collaboration
- Industry Participation
- Working Groups
- Consultations
- Dialogue with Regulators
- Conferences

Update on Progress

Six priority areas:

1. **Climate Policy** supported by robust, forward-looking climate foot-printing
2. **Stewardship Policy** complemented by a dedicated voting provision
3. **Product Offering** driven by clear investment beliefs and rigorous strategy
4. **Capacity to Deliver** and move towards best practice
5. **Culture** at the London CIV, which supports the delivery of the Responsible Investment strategy
6. **Communications,** which ensure our Responsible Investment strategy and associated priorities are disclosed.

Climate Policy

LONDON CIV

Task	Driver	Detail	Progress
Investment Beliefs	Informing investment strategy and responsible investment policies	Investment beliefs and principles	Complete
Climate Data Procurement	Regulation, industry best practice, adding client value, mitigating climate risk, supporting strategy, target setting	Climate risk analysis (in progress) in line with TCFD guidelines. Expected to be in line with industry best practice for 91% of AUM	Complete
Industry Collaboration	Supporting engagement and driving industry best practice	London CIV have joined: TCFD, UN PRI, ClimateAction100+, TPI. Net Zero recommendation made.	Nearly complete
Leadership	Driving best practice in industry, adding value for clients	• Consultations: DWP, PRI, TCFD • Engagements: NDC Letter to UK Government	Ongoing
Climate Risk Analysis (Equities and Debt)	Regulation, industry best practice, adding client value, mitigating climate risk, supporting strategy, target setting	Climate risk analysis covering 91% of London CIV existing AUM	Nearly complete
Climate Risk Analysis (Real Assets)	Demonstrating leadership, industry best practice, target setting	Opportunity to calculate in-house	Data collection underway
Climate Policy Setting	Industry best practice, adding client value, setting targets	Owing to its materiality London CIV should have a separate statement on climate change	Draft complete
Climate Target Setting	Industry best practice, adding client value, risk mitigation, societal benefits of decreased emissions	London CIV should set a short and long-term target e.g. 7% annual reduction to 2025, 2050 net zero	Recommendation underway

Task Force on Climate Related Financial Disclosures

Page 19

Figure 1

Climate-Related Risks, Opportunities, and Financial Impact

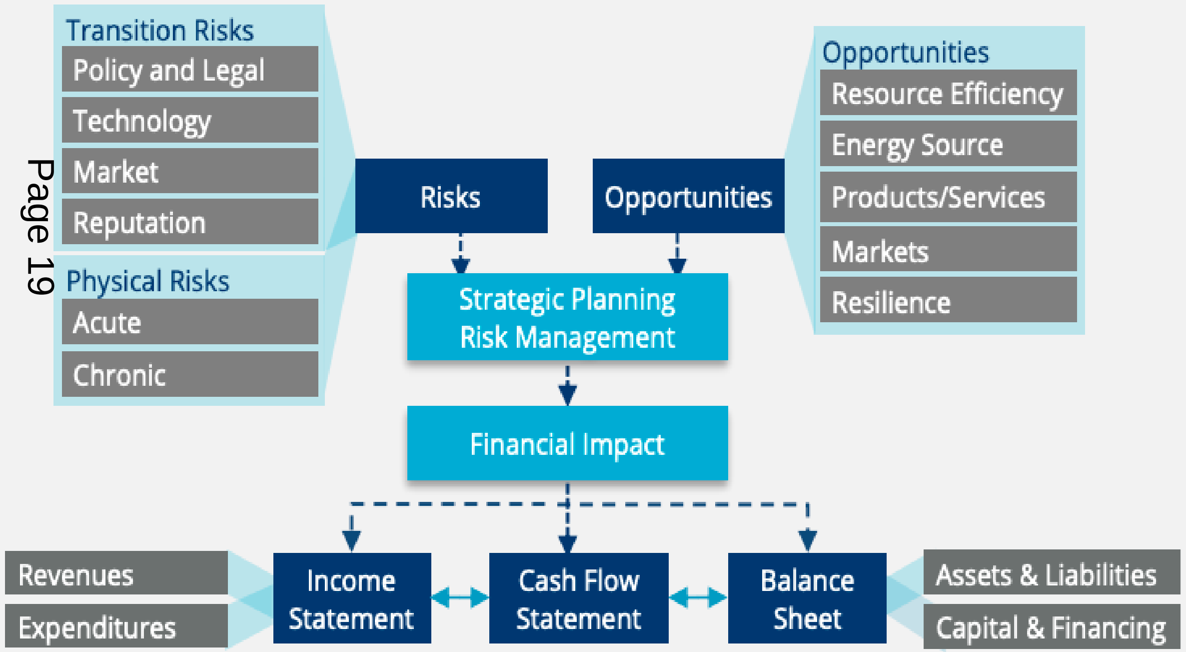


Figure 2

Core Elements of Recommended Climate-Related Financial Disclosures

Governance
The organization's governance around climate-related risks and opportunities

Strategy
The actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning

Risk Management
The processes used by the organization to identify, assess, and manage climate-related risks

Metrics and Targets
The metrics and targets used to assess and manage relevant climate-related risks and opportunities

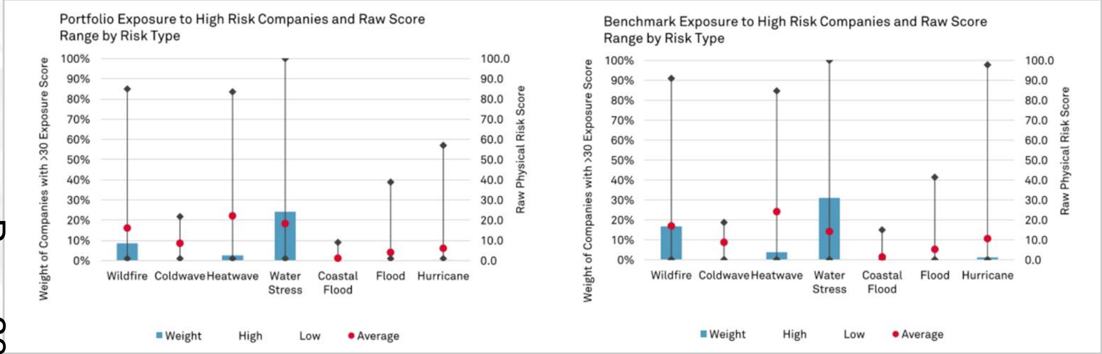
Source: TCFD - https://www.fsb-tcfd.org/about/

TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

LONDON CIV

Clockwise: Portfolio exposure to high risk companies vs benchmark, portfolio and benchmark under carbon earnings at risk, portfolios versus 2 degree alignment and physical risk at the equity level.

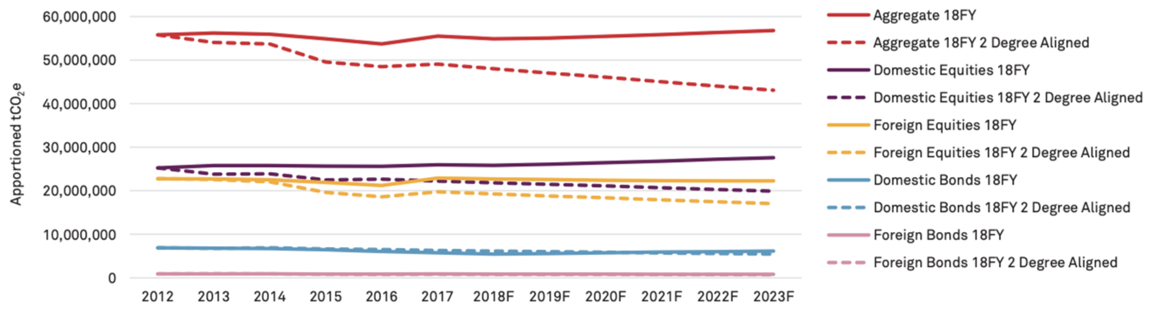
Page 20



	Original Value Analysed (%)	Companies with Negative Earnings (%)	Final Value Analysed (%)	Final Value Analysed (mJPY)
Domestic Equities 18FY	99.59	0.62	98.97	38,027,868
TOPIX 18FY	99.49	0.54	98.90	-
Foreign Equities 18FY	99.74	3.52	96.23	39,930,127
ACWI 18FY	99.81	3.37	96.45	-
Domestic Bonds 18FY	82.75	1.76	81.30	2,790,569
Foreign Bonds 18FY	72.92	5.36	69.01	2,070,802

ID	Name	Sector	Portfolio Weight	Data Quality	Physical Risk Scores 2030 Drought	Flood	Heatwave	Cold wave	Hurricane	Coastal Flood	Composite Score
1	ABC Power Ltd	Energy	6.41%	A	33	95	87	40	39	59	59
2	XYZ Materials GmBH	Materials	5.13%	A	14	14	99	56	99	85	61
3	Universal Products Inc	Consumer Staples	2.56%	A	7	27	18	26	77	94	42
4	Electric Corp	Energy	1.28%	B	97	94	3	39	80	1	52
5	Consumer Products Inc	Consumer Discretionary	1.28%	A	58	94	90	40	69	89	73
6	ABC Tech Limited	Information Technology	2.56%	B	19	21	12	1	95	45	32
7	GHF Industrials Ltd	Industrials	1.28%	C	31	85	65	72	66	7	54
8	Materials Corp	Materials	3.85%	A	69	33	99	23	31	79	56
9	JKL Networks Inc	Utilities	1.28%	A	72	18	18	30	66	67	45
10	Real Estate Ltd	Real Estate	2.56%	C	38	88	13	26	70	54	48

Example portfolio analysis report. High climate change scenario 2030. Physical risk scores range from 1 (low risk) to 100 (high risk). Composite physical risk scores are calculated as a sensitivity weighted average of the physical risk score for all physical risk indicators. Colour coding indicates high (red) to low (green) risk.

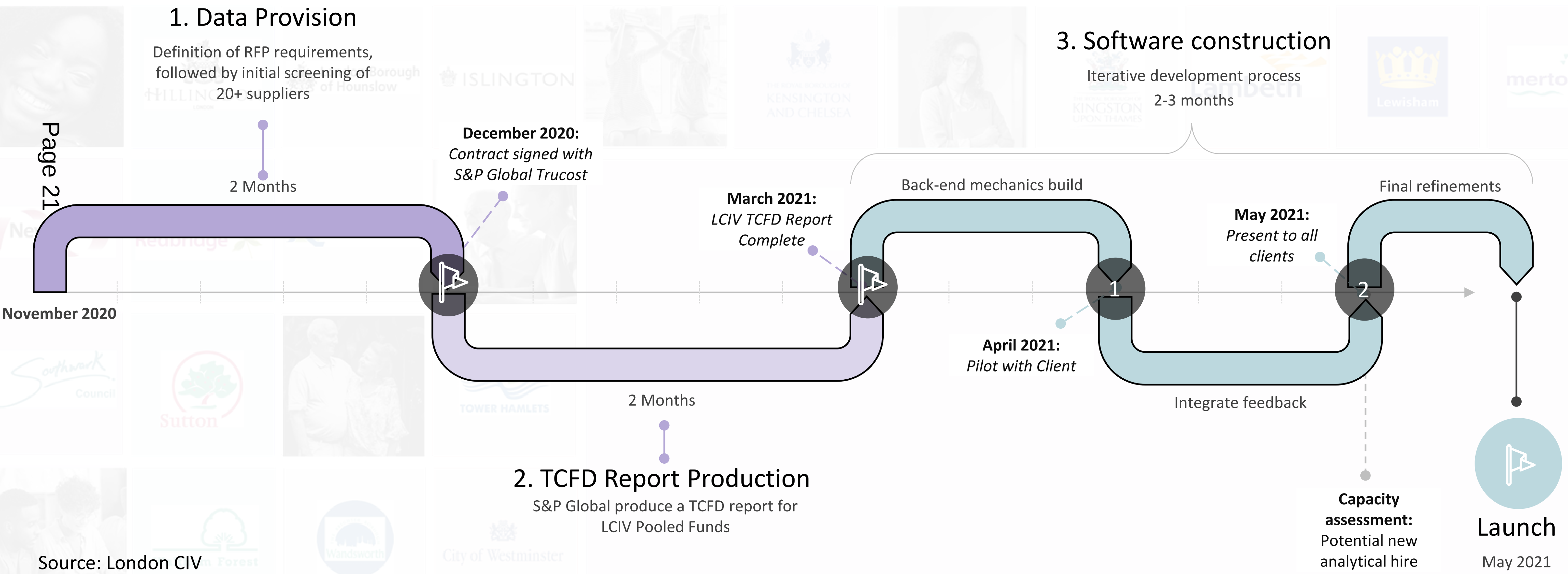


Source: S&P Global

Climate Policy: client services

Our Climate Risk application will offer off-pool investors climate risk reporting capabilities which include both physical risk metrics and transition risk analysis produced in line with the TCFD recommendations.

Page 21



Source: London CIV

Stewardship

Task	Driver	Detail	Progress
Investment Beliefs	Informing investment strategy and responsible investment policies	Investment beliefs and principles	Complete
Industry Collaboration	Supporting engagement and driving industry best practice	London CIV have joined: UN PRI, Pensions for Purpose, ClimateAction100+, Say on Climate, ShareAction Healthy Markets, ShareAction Good Work, TPI and are a founding supporter of Asset Owner Diversity Charter	Ongoing
Leadership	Driving best practice in industry, adding value for clients	• Consultations: PRI • Engagements: ShareAction Decent Work, Nutrition, MCS Microplastics,	Ongoing
Voting and Engagement Procurement	Regulation, industry best practice, adding client value, mitigating risk, driving better practice	London CIV need an engagement partner to support the ongoing engagement, voting and reporting	Responses due back 25th February 2021
Stewardship and Voting Policy Setting	Industry best practice, adding client value, delivering client requirements through engagement	This policy will set out London CIV's voting guidelines, engagement themes and material topics	Recommendations made

CURRENT FUND OFFERING

31 December 2020

Fund (ACS)	AUM (£m)	Inception Date	Client Fund Investors
Equity			
LCIV Global Alpha Growth Fund	3,612	11-Apr-16	13
LCIV Global Equity Fund	696	22-May-17	3
LCIV Global Equity Focus Fund	861	17-Jul-17	5
LCIV Equity Income Fund	133	08-Nov-17	2
LCIV Sustainable Equity Fund	625	18-Apr-18	4
LCIV Sustainable Equity Exclusion Fund	385	11-Mar-20	2
LCIV Global Equity Core Fund	504	21-Aug-20	2
LCIV Emerging Market Equity Fund	498	11-Jan-18	6
Fixed Income			
LCIV MAC Fund	1,105	31-May-18	12
LCIV Global Bond Fund	354	30-Nov-18	3
Multi Asset			
LCIV Diversified Growth Fund	670	15-Feb-16	7
LCIV Real Return Fund	123	16-Dec-16	2
LCIV Global Total Return Fund	274	17-Jun-16	4
LCIV Absolute Return Fund	910	21-Jun-16	8
Assets under Management in the ACS	**10,750**		
Fund (EUUT)	**Commitment (£m)**	**Inception Date**	**Client Fund Investors**
Infrastructure			
LCIV Infrastructure Fund	399*	31-Oct-19	6
Property			
LCIV Inflation Plus Fund	107*	11-Jun-20	2
Total AUM including commitments	**11,256**		

Source: London CIV. Data as at 31 December 2020. (*) Amount committed.

Fund launch pipeline

Page 24

FUND	CURRENT STAGE	EXPECTED LAUNCH DATE(S)	OVERALL RAG	EXPECTED DEMAND
London Fund	Live	Launched on **15 December 2020**	On Track	£100m at first close, plus £50m from LPFA in Q1
Renewable Energy Infrastructure	Stage 4 – IM Selection	**Q1 2021 (March)**		£628m
Private Debt	Stage 4 – IM Selection	**Q1 2021 (March)**		£320m
Low Carbon Equity (Passive)	Stage 2 – Mandate Development	TBC		£550m
Sterling Credit Fund	Stage 1 - Client Demand			£320m
Paris Aligned Global Equity	Stage 3 – Fund Structure / Operational Viability	**April 2021**		£690m

1. Client Demand
2. Mandate Development
3. Fund Structure Op Viability
4. IM Selection
5. Fund Preparation
6. FCA Process Fund Launch

Source: London CIV. As of 1 February 2021

Recommended Priorities

PRI Principles for Responsible Investment

THE UK STEWARDSHIP CODE 2020

TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

Climate Action 100+ Global Investors Driving Business Transition

CDP DISCLOSURE INSIGHT ACTION

PENSIONS FOR PURPOSE

SUSTAINABLE DEVELOPMENT GOALS

Transition Pathway Initiative

NET ZERO INVESTMENT FRAMEWORK 1.5°C DEVELOPED BY 70 global investors representing $16 trillion in assets

FAIRR A COLLER INITIATIVE

Local Authority Pension Fund Forum

30% Club GROWTH THROUGH DIVERSITY

CTI

DIVERSITY PROJECT CHARITY

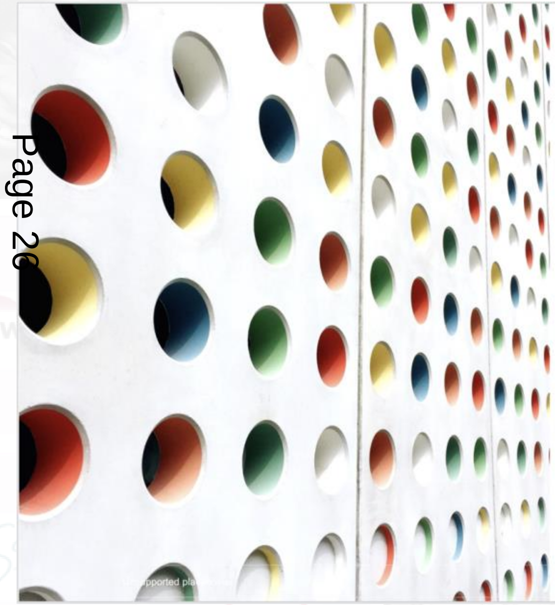
Stonewall Acceptance without exception

Working With Other Pools

LONDON CIV

Asset Owner Diversity Working Group - Microplastics Engagement - Good Work Investor Coalition – Healthy Markets Coalition

Page 26



Asset Owner Diversity Working Group Update

HELEN PRICE & JACQUELINE JACKSON

Camden | BRUNEL Pension Partnership | LOTHIAN PENSION FUND | nest | UNIVERSITY OF CAMBRIDGE

14 LIFE BELOW WATER

BORDER TO COAST PENSIONS PARTNERSHIP

BRUNEL Pension Partnership

marine conservation society

LGPS Central Limited

Northern LGPS
Greater Manchester, Merseyside and West Yorkshire Pension Funds working together

ShareAction»

- Living Wage
- Insecure Work
- Gender Equality For Low Paid Women
- Healthy Markets

Capacity and Culture

Task	Driver	Detail	Progress
Setting up responsible investment team	Capacity to deliver responsible investment at London CIV	Head of Responsible Investment and Responsible Investment Manager, further analyst required	Good progress at current stage
Culture and governance	Capacity to deliver responsible investment at London CIV in a robust way	ESG ambassador in place, RIRG ongoing, RI partnering with governance to detail processes and reporting strategy	Ongoing
Website	Better communications for beneficiaries and clients, improved transparency, leadership	Responsible investment documents and documentation draft completed	Underway
Training	Better ESG knowledge and integration throughout the business	Cross pool training discussion underway to benefit clients, CISI responsible investment training for London CIV staff recommendation made	Underway

Reporting

Task	Driver	Detail	Progress
UKSC	Regulation, transparency, better engagement	The UK Stewardship Code disclosure must be completed at year end	Review complete, outcomes report in draft
SRD II	Regulation, transparency	The SRD II disclosure must be completed at year end each year	Review complete, outcomes report in draft
PRI	Transparency, industry best practice, risk mitigation	The PRI transparency report is due annually on March 2021, new rules have complicated the process	Review complete, draft underway
Climate risk reporting	Risk mitigation, client value and transparency	The PRI now mandate climate reporting in line with TCFD. LCIV intend to publish its first TCFD report in the next 4 months.	Procurement complete, TCFD report in draft
Stewardship and outcomes report	Client communications, industry best practice, track progress	Stewardship and outcomes should be reported quarterly	Procurement in progress
Quarterly reporting	Adding client value, best practice, transparency	Better engagement and voting data will be delivered and disclosed on a quarterly basis, design complete, data collection templates in design	Minor adjustments made, review complete, templates in design
Responsible Investment & Engagement: annual reporting	Client communications, beneficiary communications, industry best practice, track progress	An RI&E summary report should be shared annually with the annual report or within annual report	Review complete

Q&A

Disclaimer

Important information

London CIV Fourth Floor,
22 Lavington Street SE1 0NZ

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Past performance is not a guide to future performance. The value of investments and the income from them may go down as well as up and you may not get back the amount you invest. Changes in the rates of exchange between currencies may cause the value of investments to diminish or increase. Fluctuation may be particularly marked in the case of a higher volatility fund and the value of an investment may fall suddenly and substantially. Levels and basis of taxation may change from time to time.

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London LGPS CIV Ltd. is a private limited company, registered in England and Wales, registered number 9136445.

London Borough of Brent Pension Fund

Page 31

H2 2020 Investment Monitoring Report

Kenneth Taylor, Investment Consultant
Kameel Kapitan, Associate Consultant
Dave Gilmour, Investment Analyst

Agenda Item 6

HYMANS ROBERTSON

Performance Summary
The assets combined to return 7.6% over this period, outperforming the aggregate target return over the second half of 2020.

Risk assets continued their recovery during the second half of 2020, albeit with continued volatility. Q4 saw renewed vigour after a more subdued Q3. This followed positive vaccine news and the removal of some political uncertainty with a Brexit deal struck and clarity over the US election result.

Performance was also strong within credit markets - high yield outperformed investment grade.

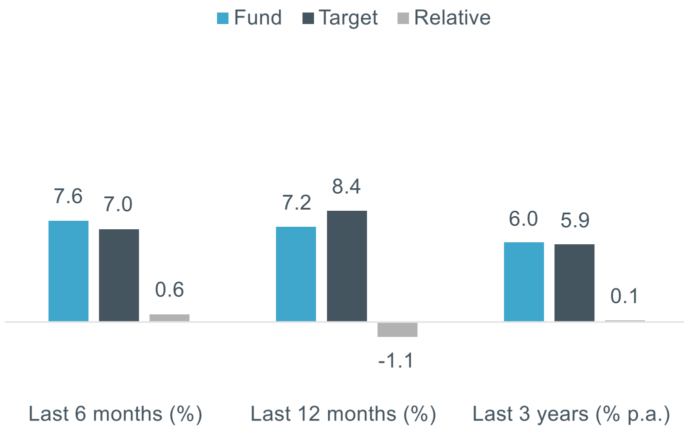
Conversely, UK government bonds returns were negative over the 6 months. The slight recovery in Q4 was not enough to offset losses in Q3 stemming from the weak economic outlook.

Key Actions
In Q4 2020 Officers began implementing the following agreed transitions:
- 3% from UK equities to Global equities
- 3% from UK equities to Ruffer
- 3% cash investment in BlackRock Low Carbon Fund

Key points to note

- The Fund has posted strong returns over the past 6 months, crossing the £1bn mark to end 2020 with a valuation of £1,010.5m (up from 934.9m at the end of Q2 2020).
- The Fund's Growth holdings were the main drivers of returns, while the Diversifiers also contributed. Within equities, the JP Morgan Emerging Market fund with the LCIV was the standout performer.
- The Fund's Protection assets proved useful earlier in the year, gaining while other areas struggled, thereby reducing volatility.
- During Q4, £13m was sold from the UK Equity fund, with the proceeds split equally between the Global Equity fund and the Ruffer Multi-asset fund.
- The Fund is currently holding more cash than usual. The Fund's upcoming investment in Low Carbon equities, and capital calls for the private markets mandates, will be funded from cash.
- The residual holding in the Aviva property fund was sold over the period.

Fund performance vs benchmark/target



High Level Asset Allocation

As part of the investment strategy review carried out in Q2 2020, the Fund's DGF mandates were re-categorised as 'Diversifiers' and included within the 'Income' bucket.

GrIP	Actual	Benchmark	Relative
Growth	57.9%	58.0%	-0.1%
Income	23.9%	25.0%	-1.1%
Protection	13.5%	15.0%	-1.5%
Cash	4.7%	2.0%	2.7%

Whilst on the journey to its interim and long term targets for Property, Infrastructure and Private Debt, the current agreement is that the Fund will hold a higher allocation to DGF's.

Following the results of the Q1 2020 investment strategy review, the following target allocations were agreed:

<u>Interim</u>
Growth – 55%
Income/Diversifiers – 30%
Protection – 15%

<u>Long-term</u>
Growth – 50%
Income/Diversifiers – 35%
Protection – 15%

The Fund is currently overweight growth assets and cash and underweight diversifiers.

Of the c£50 in cash, £28m is due to be invested in the BlackRock Low Carbon fund in Q1 2021.

During Q4, £13m was sold from the UK Equity fund, with the proceeds split equally between the Global Equity fund and the Ruffer Multi-asset fund.

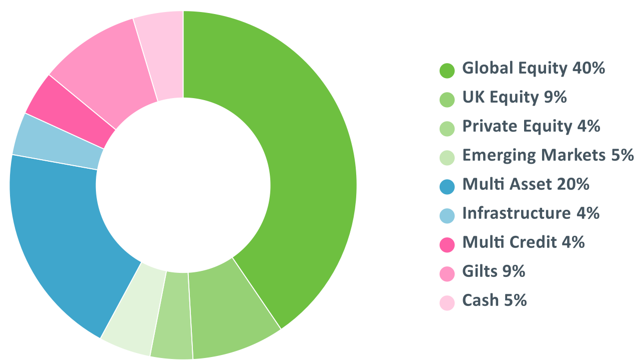
The LCIV infrastructure fund is still in its infancy with an expected 3 year ramp up phase. We therefore expect the Fund commitment of £50m to continue to be drawn down until end 2022.

Asset Allocation

Manager	Valuation (£m)		Actual Proportion	Benchmark	Relative
	Q2 2020	Q4 2020			
LGIM Global Equity	353.3	408.8	40.5%	40.0%	0.5%
LGIM UK Equity	103.7	87.2	8.6%	5.0%	3.6%
Capital Dynamics Private Equity	50.3	40.1	4.0%	5.0%	-1.0%
JP Morgan Emerging Markets	38.6	48.9	4.8%	5.0%	-0.2%
Total Growth	**545.9**	**585.1**	**57.9%**	**55.0%**	**2.9%**
LCIV Baillie Gifford Multi Asset	120.1	131.6	13.0%	10.0%	3.0%
LCIV Ruffer Multi Asset	53.3	69.6	6.9%	10.0%	-3.1%
Alinda Infrastructure	22.8	23.4	2.3%	0.0%	2.3%
Capital Dynamics Infrastructure	10.1	8.9	0.9%	0.0%	0.9%
Aviva Property	0.1	0.0	0.0%	0.0%	0.0%
London LGPS CIV Infrastructure	3.4	7.9	0.8%	10.0%	-9.2%
Total Income	**209.7**	**241.4**	**23.9%**	**30.0%**	**-6.1%**
CQS Multi Credit	38.5	41.9	4.1%	5.0%	-0.9%
BlackRock UK Gilts Over 15 yrs	96.2	94.8	9.4%	10.0%	-0.6%
Total Protection	**134.6**	**136.7**	**13.5%**	**15.0%**	**-1.5%**
Cash	44.6	47.2	4.7%	0.0%	4.7%
Total Scheme	**934.9**	**1010.4**	**100.0%**	**100.0%**	

Figures may not add up due to rounding. The benchmark currently shown as the interim-target allocation as the first step in the journey towards the long-term target. As the Fund's allocations and commitments to private markets increase over time, we will move towards comparison against the long-term target.

Asset class exposures



HYMANS ROBERTSON

Source: Investment Managers

The total Fund return was positive during H2 2020, on both an absolute and relative basis. Longer term performance is behind target.

Equity markets continued their recovery in H2 2020. Most regions posted positive performance over 2020.The notable exception was UK equities. Its sectoral composition (heavy Financials and Oil & Gas), coupled with lingering Brexit concerns meant it struggled. However, there was a rotation into cyclicals late in the year which provided a welcome boost to the UK market.

The Fund's DGF mandates continued to recover well, with the Baillie Gifford fund outperforming the more cautious Ruffer fund by 3.9% over 6 months. Over 2020 though, Ruffer's approach better navigated the volatility.

The economic stimulus provided by governments meant credit spreads ended the year lower than end-2019. The CQS mandate produced a return of 1.9% over the year, recovering well from the sharp falls in Q1.

Gilts showed strong performance over the year, functioning as intended and offering downside protection. Some gains were given up over the last 6 months but only marginally so.

Manager performance

	Last 6 months (%)			Last 12 months (%)			Last 3 years (% p.a.)		
	Fund	Target	Relative	Fund	Target	Relative	Fund	Benchmark	Relative
Growth									
LGIM Global Equity	12.0	12.0	**-0.0**	14.5	14.6	**-0.1**	11.3	11.3	**0.0**
LGIM UK Equity	9.4	9.3	**0.1**	-9.7	-9.8	**0.1**	-0.8	-0.9	**0.1**
Capital Dynamics Private Equity	-9.7	13.4	**-20.3**	1.2	16.9	**-13.4**	7.5	9.9	**-2.1**
JP Morgan Emerging Markets	26.7	19.8	**5.8**	26.6	17.2	**8.0**			
Income									
LCIV Baillie Gifford Multi Asset	9.6	1.8	**7.7**	2.1	3.7	**-1.5**	3.0	3.4	**-0.3**
LCIV Ruffer Multi Asset	5.7	1.8	**3.8**	9.8	3.7	**5.9**	4.0	3.4	**0.6**
Alinda Infrastructure				-1.8	6.6	**-7.9**	-4.7	5.5	**-9.7**
Capital Dynamics Infrastructure				-14.0	6.6	**-19.4**	2.1	5.5	**-3.3**
Protection									
CQS Multi Credit	8.9	2.0	**6.7**	1.9	4.6	**-2.6**			
BlackRock UK Gilts Over 15 yrs	-1.4	-1.4	**0.0**	14.0	13.9	**0.1**			
Total	7.6	7.0	**0.6**	7.2	8.4	**-1.1**	6.0	5.9	**0.1**

This table shows the new performance target measures, implemented for 2020. Please note the 3 year return is on the old benchmark basis.

Performance from Alinda and Capital Dynamics Infrastructure is based on information provided by Northern Trust. For such investments, there are more appropriate measures to assess performance. Furthermore, performance in respect of Alinda is skewed by the Alinda III fund which is in the relatively early stages. It is therefore difficult to judge performance from this mandate at this stage on a purely percentage basis. However, as the Fund's commitments continue to be drawn, and the size of investments increase, it will become more appropriate to consider return measures in percentage terms. More detail on relevant measures of assessment for infrastructure funds is provided in the individual manager pages. This is also the case for Private Equity as an asset class.

The table above also excludes the performance of the Fund's investment in the London CIV's infrastructure sub-fund. Given initial draw downs only occurred during Q1 2020, it still remains too early to report appropriate performance at this stage. Like the Alinda III fund above, as the Fund's commitments continue to be drawn under this mandate, and the size of investments increase, it will become more appropriate to report and consider return measures in percentage terms. At this stage, we have also not included a separate manager page.

Source: Fund performance provided by Investment Managers and is net of fees.
Benchmark performance provided by Investment Managers and DataStream

Manager Ratings

There were no manager rating changes to existing managers over the period.

However, we would note the developments at the LCIV in relation to CQS. As previously mentioned, the manager has been under close monitoring by the LCIV. In the second half of 2020 the LCIV informed Boroughs of their intentions to review the structure of the mandate with a view to making it a 'multi-manager' sub-fund. Discussions are currently ongoing with more information due in Q1 2021.

Over the period we expanded our coverage of assets in respect to RI monitoring. Now included in the table on the right are our available ratings for the Fund's managers.

Information on the rating categories can be found in the appendix.

Manager ratings

Manager	Mandate	Hymans Rating	Hymans RI Rating
LGIM	Global Equity	Preferred	Strong
LGIM	UK Equity	Preferred	Strong
JP Morgan Emerging Markets	Emerging Markets (LCIV)	Suitable	Adequate
Capital Dynamics	Private Equity	Suitable	Not Rated
LCIV Baillie Gifford	Multi Asset (LCIV)	Preferred - On-watch	Good
LCIV Ruffer	Multi Asset (LCIV)	Positive	Adequate
Alinda	Infrastructure	Not Rated	Not Rated
Capital Dynamics	Infrastructure	Not Rated	Not Rated
London LGPS CIV	Infrastructure	Not Rated	Not Rated
CQS	Multi Credit (LCIV)	Suitable	Not Rated
BlackRock	UK Gilts Over 15Yrs	Preferred	Adequate

Baillie Gifford business update

Four Partners retired at Baillie Gifford over Q3 2020 and seven new partners were appointed over the period. In addition, it was announced more recently that Charles Plowden, Baillie Gifford's Joint Managing Partner, will retire next year on 30 April 2021. Malcolm MacColl will replace Plowden as Joint Managing Partner on 1 May 2021. In relation to the Multi Asset Team, over the quarter, James Squires also formally became of the head of the team following Patrick Edwardson's retirement.

Ruffer business update

Ruffer have announced that Jonathan Ruffer has formally stepped down from the business's Executive Committee, which is responsible for the day-to-day management of the firm. His investment responsibilities remain unchanged.

Source: Investment Managers

LGIM Global Equity

The LGIM global equity mandate returned 12.0% over the second half of the year.

Following the strong recovery after the March lows, the fund ended the year up 14.5%.

As a passively managed fund, it has matched its benchmark over all periods.

Global markets continued to fare better compared to the UK due to:

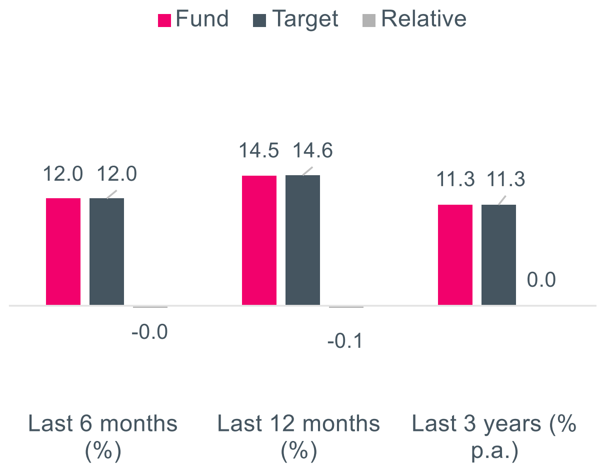
- Lower weighting to oil & gas and industrials
- Higher weightings to technology
- The continuing weakening of the Pound

Strong performance from the US mega-cap tech stocks, including Amazon, Apple, Microsoft and Tesla, did the heavy lifting of the recovery for global equities.

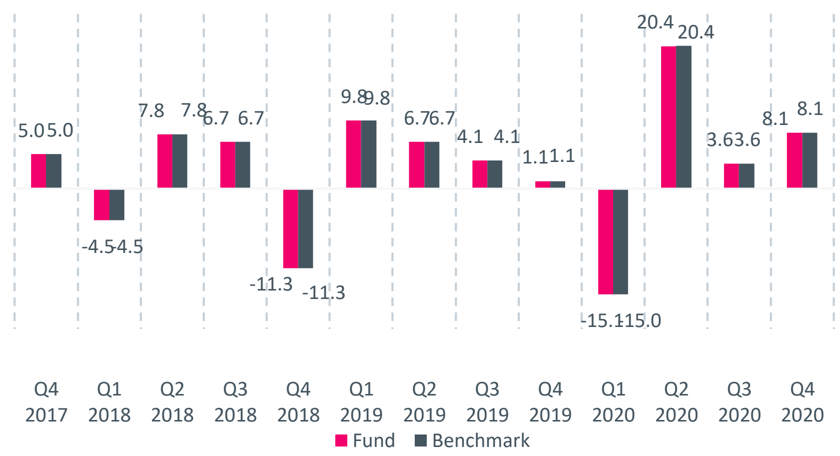
We continue to rate LGIM's passive equity capabilities as 'Preferred'.

Page 36

Fund Performance vs benchmark/target



Historical Performance/Benchmark



Source: Investment Manager

LGIM UK Equity

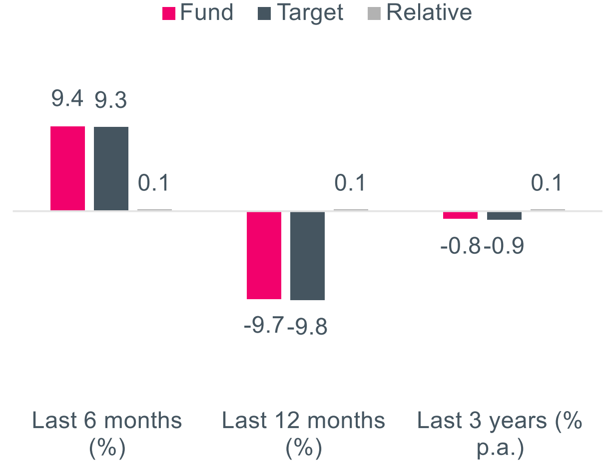
The LGIM UK equity mandate returned 9.4% over the second half of the year, clawing back some of the drawdown of Q1 2020. Performance over 12 months remains negative but this strong performance has helped moderate longer term returns.

Vaccine news and a Brexit deal contributed to the UK market experiencing this strong end to the year. A rotation into “value” stocks benefited the UK market as cyclical stocks outperformed.

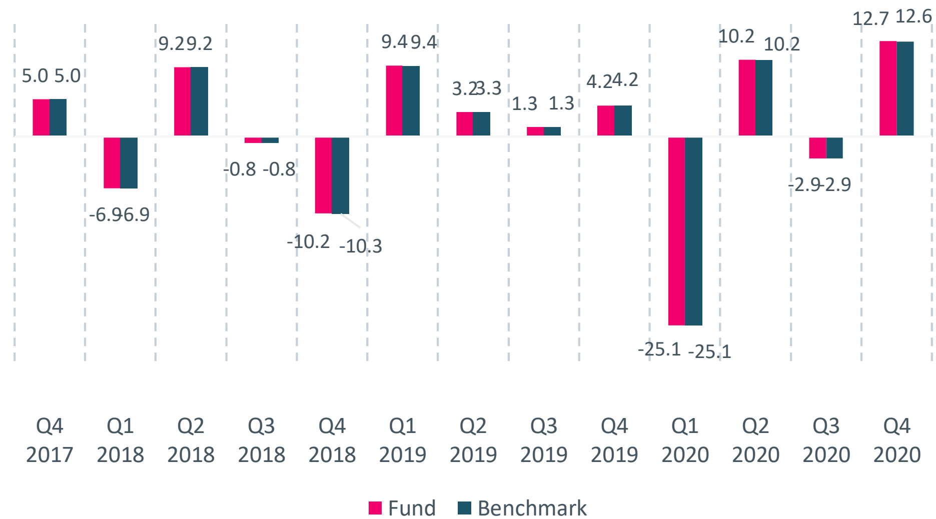
Over the term the fund has performed in line with its benchmark as we would expect for a passively managed portfolio.

We continue to rate LGIM’s passive equity capabilities as ‘Preferred’.

Fund Performance vs benchmark/target



Historical Performance/Benchmark



Source: Investment Manager

JP Morgan Emerging Markets

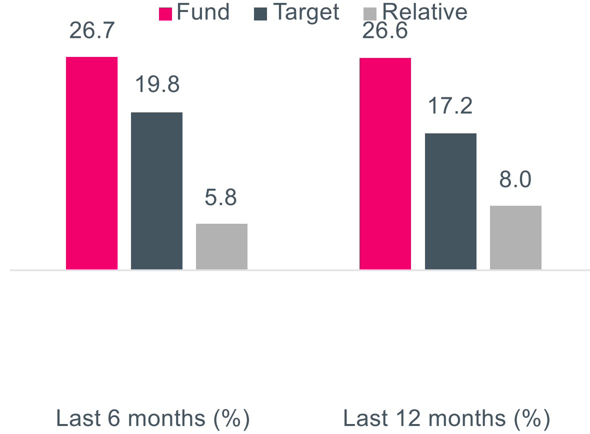
The JP Morgan Emerging Markets fund carried on the momentum from Q2, returning 26.7% over the second half of 2020, comfortably ahead of benchmark. The extent of this recovery has meant the mandate has posted strong absolute and relative performance over the last 12 months.

Emerging markets in general outperformed developed markets in Q4 2020 due to a falling dollar and the improved prospects for global trade with the roll out of vaccines.

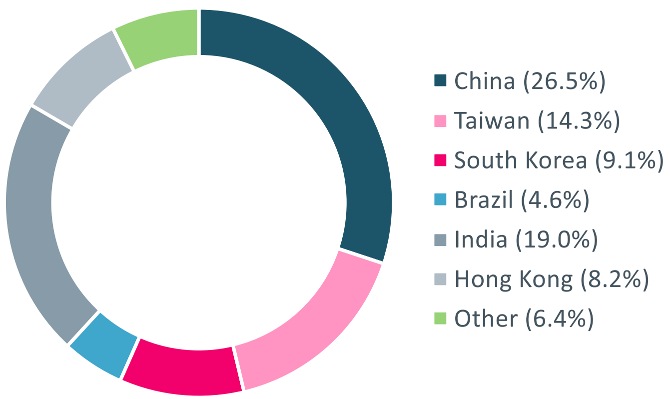
Outperformance within the JP Morgan mandate was driven by three factors: a geographical overweight to China and India, where both countries recovered well from the Covid-19 shock; a significant focus on e-commerce businesses which performed well as economies adjusted to different lifestyles during the pandemic; and excellent stock selection. Notable performers over recent periods have been the Taiwan Semiconductor Manufacturer and HDFC Bank in India.

We continue to rate JP Morgan's Emerging Market equity fund as 'Suitable'.

Fund performance vs benchmark/target



Fund Regional Allocation



Source: Investment Manager

Capital Dynamics Private Equity

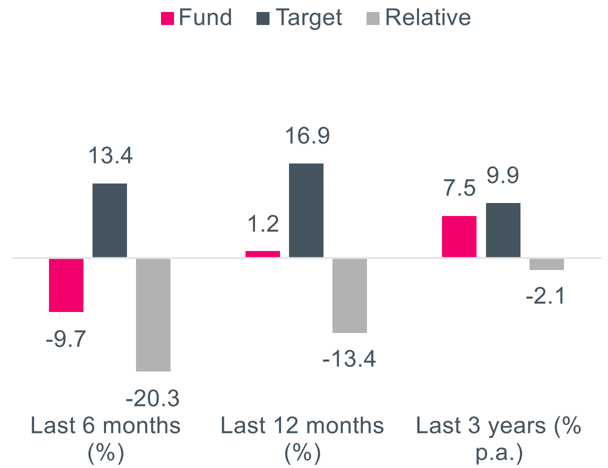
The Capital Dynamics Private Equity fund is invested across a range of sub-funds offering good diversification.

Based on information provided by Northern Trust, the fund returned -9.7% over the period. Over the more meaningful 3 year time period, the fund returned 7.5% per annum. Performance is behind the target return of MSCI All World +3% p.a.

In practice, there are two key metrics to assess performance for private equity investments; Internal Rate of Return (IRR) and the Total Value to Paid-In (TVPI) ratio.

The investment is at a mature stage meaning assessing the IRR (a percentage value) alongside the TVPI carries greater weight. As at 30 September 2020 the IRR was 9.7% with a TVPI of 1.66x.

Fund Performance



Summary as at 30 September 2020

Total contributed:	c.90%
IRR:	9.7%
TVPI:	1.66x

Source: *Investment Manager*

Baillie Gifford Multi-asset

In the second half of 2020 the Baillie Gifford Multi-asset fund produced a return of 9.6%, outperforming its benchmark by 7.7%.

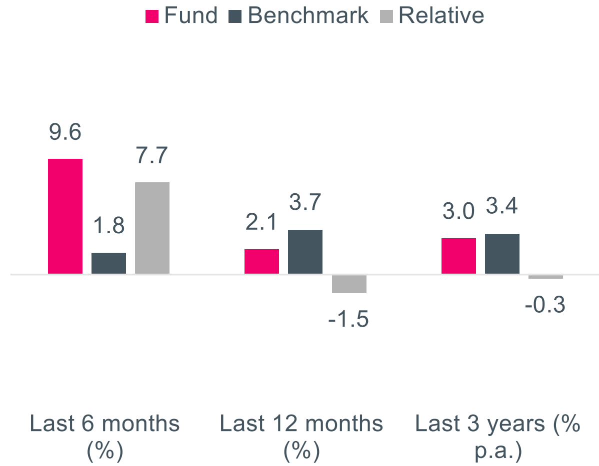
3-year performance is positive on an absolute basis and broadly in line with benchmark.

In a period of much improved market sentiment the majority of asset classes contributed positively to return. Providing much of the impetus was the continued recovery in equities and useful contribution from the Infrastructure allocation as de-carbonisation steps accelerated.

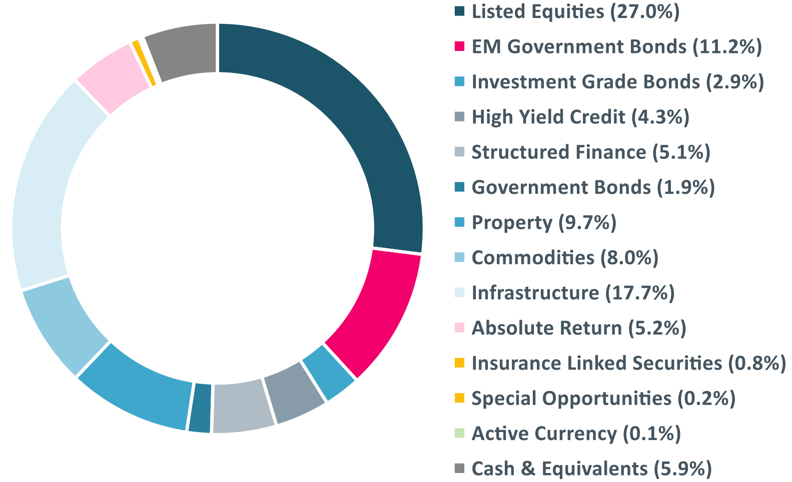
Allocations to absolute returns and active currency marginally detracted from performance.

The manager's market outlook is one of continued low inflation and accommodative monetary policy while the recovery in risk assets is expected to continue with the successful roll-out of vaccinations. Heightened volatility can still be expected in equities and the fund's hedges include factor-based low volatility and momentum strategies to help protect against risks.

Fund Performance



Fund Asset Allocation



Source: Investment Manager

Ruffer Multi-asset

The Ruffer Multi-Asset fund returned 5.7% over the second half of 2020, outperforming the benchmark by 3.8%.

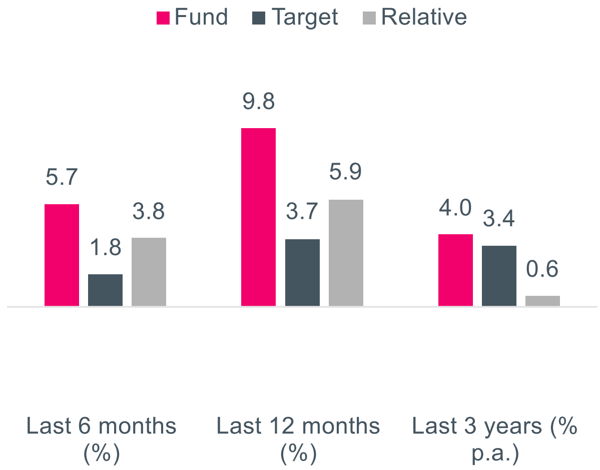
It is the more defensively positioned of the two multi-asset mandates held by the Fund within the LCIV.

Strong returns were driven by the fund's equity holdings, which saw a sharp rise following positive vaccine news, while the large holdings in Government bonds added useful protection over the 12 months.

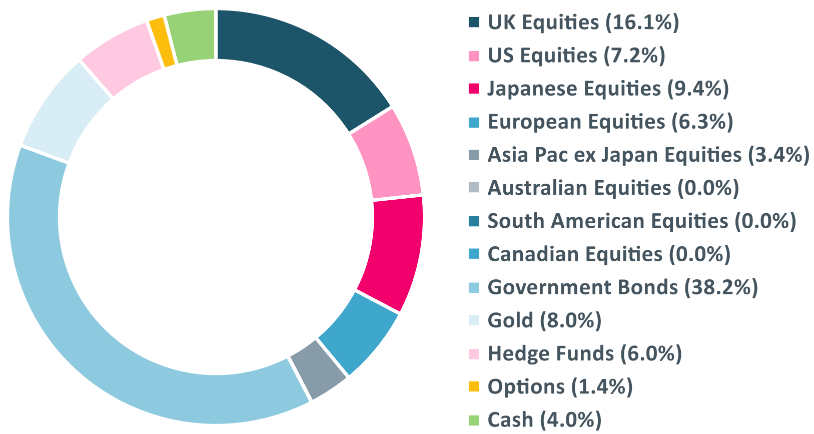
A notable addition to the fund this year has been a 2% allocation to Bitcoin, which has been added as an additional hedge against inflation. The manager also pointed to the increasing adoption of Bitcoin by institutional investors and corporations as a potential positive driver of returns.

We have a cautious view of Bitcoin from an ESG perspective; however we are comfortable with Ruffer's justification and sizing of this trade within the portfolio.

Fund Performance



Fund Asset Allocation



Source: Investment Manager

Alinda Infrastructure

Target: Absolute return of 8.0% p.a.

The two key metrics to assess performance for infrastructure investments are the Internal Rate of Return (IRR) and the Total Value to Paid-In (TVPI) ratio.

At the beginning it is too early to assess performance on a purely percentage basis. TVPI is more informative. This essentially seeks to outline what the Fund has achieved (its return) so far as a multiple of the deployed capital to date.

The Alinda III Infrastructure fund is in the ramp-up stage, drawing down and deploying capital which is skewing and adding volatility to the combined percentage return.

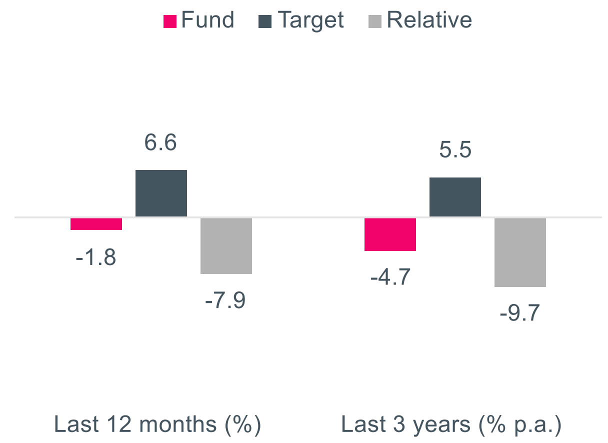
Remaining capital commitments as at 30 September 2020 are as follows:

Alinda II: $3,523,133
Alinda III: $11,229,782

The following net distributions (distributions less contributions) were made over Q3:

Alinda II: $406,286
Alinda III: $248,052

Fund performance vs benchmark/target



Summary as at 30 September 2020

Alinda Fund II	
IRR (Gross)	5.9%
IRR (Net)	3.3%
Cash yield	7.0%
TVPI (Net)	1.2x

Alinda Fund III	
IRR (Gross)	19.9%
IRR (Net)	11.7%
Cash yield	9.2%
TVPI (Net)	1.3x

Source: Investment Manager

Capital Dynamics Infrastructure

Target: Absolute return of 8.0% p.a.

The Fund's holdings are currently solely held within the Capital Dynamics Clean Energy and Infrastructure fund.

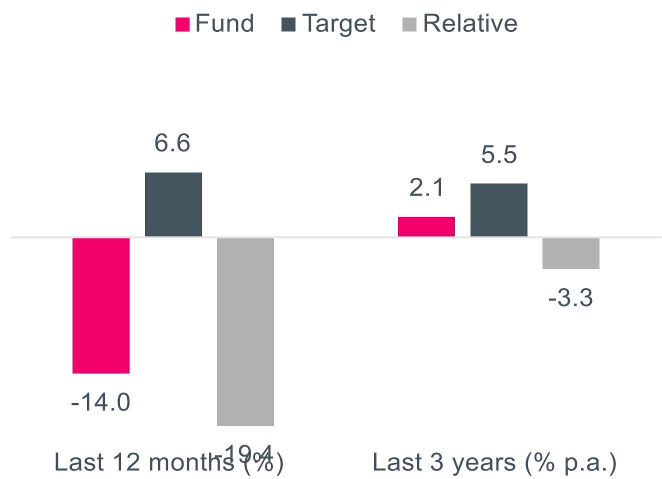
The two key metrics to assess performance for infrastructure investments are the Internal Rate of Return (IRR) and the Total Value to Paid-In (TVPI) ratio.

With the Fund having deployed most of the capital commitment it is appropriate to assess performance on both measures.

Reporting on underlying commitments is as at 30 September 2020 due to the lag in reporting from the manager, which is typical for funds of this nature.

As can be seen by both the IRR and TVPI, performance has been lower than expected to date.

Fund performance vs benchmark/target



Summary as at 30 September 2020 (figures in $m where applicable)

Capital committed	$15.0
Total contributed	$14.7
Distributions	$1.2
Value created	($0.2)
Net asset value	$13.3

Net IRR since inception	(1.1%)
Total value-to-paid-in-ratio (TVPI)	0.94x

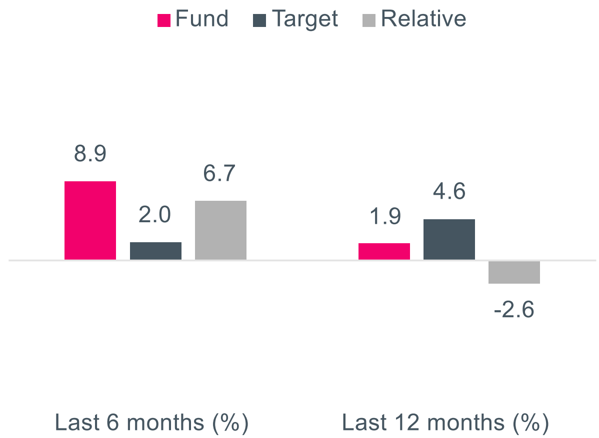
CQS Multi Credit

Over the second half of 2020 CQS's multi-asset credit strategy returned 8.9% against a benchmark of 2.0%. The 12 month performance picture looks more favourable as a result. Performance is positive but behind benchmark.

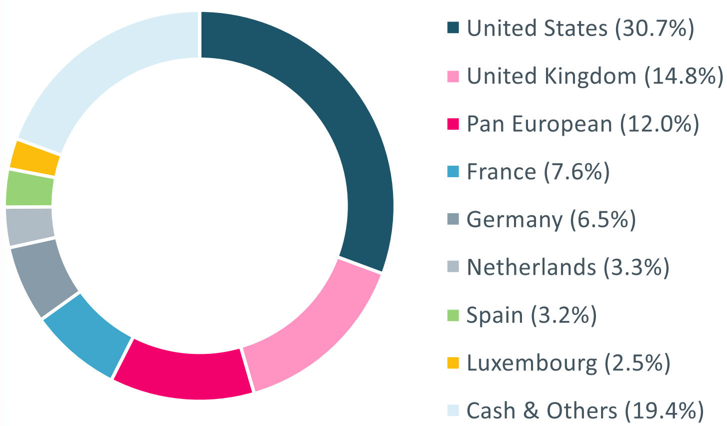
Performance over the past 6 months has been driven by the fund's Financial and Asset-Backed securities, both which recovered strongly in Q4 from their March lows. Performance is still weaker over 12 months due to the manager's preference for European debt over US. This preference is driven by the fund's more defensive positioning; the European market tends to have higher-rated issuers with improved fundamentals relative to their US peers.

The fund maintains a high allocation to loans, which the manager believes offer better return opportunities in the long run.

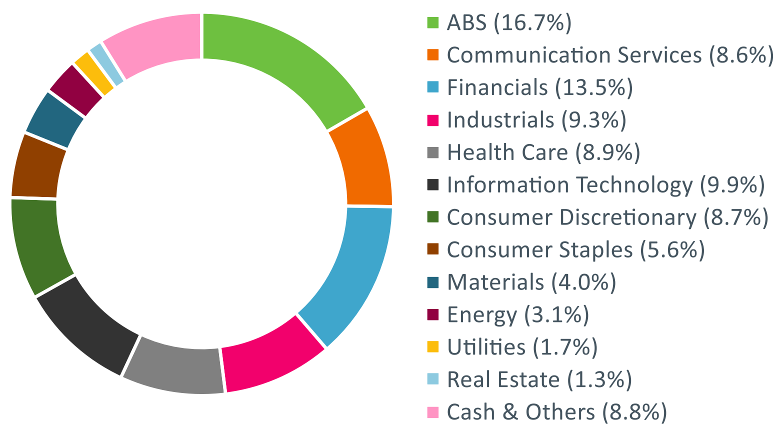
Fund performance vs benchmark/target



Country Weights



Sector Weights



Source: Investment Manager

BlackRock UK gilts

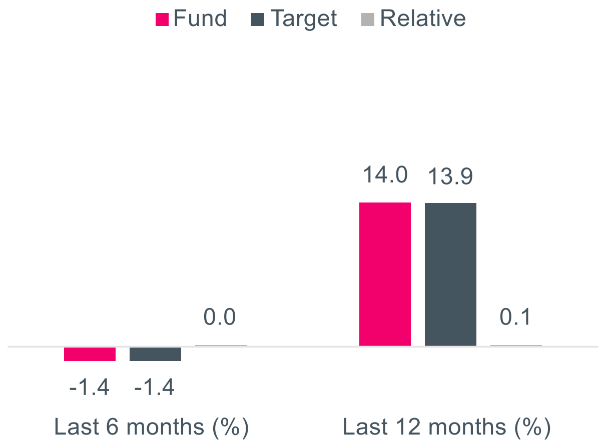
BlackRock were appointed in March 2019 to oversee the Fund's bond allocation.

It is a passively managed mandate aimed at matching the FTSE UK Gilts Over 15 Yrs index.

Over the second half of 2020 the fund returned -1.4% as gilt yields rose slightly due to the weak economic outlook. Looking at 2020 as a whole though, performance was strong with an absolute return of 14.0%.

In periods of volatility, gilts offer downside protection due to their 'safe haven' status.

Fund performance vs benchmark/target



Source: Investment Manager

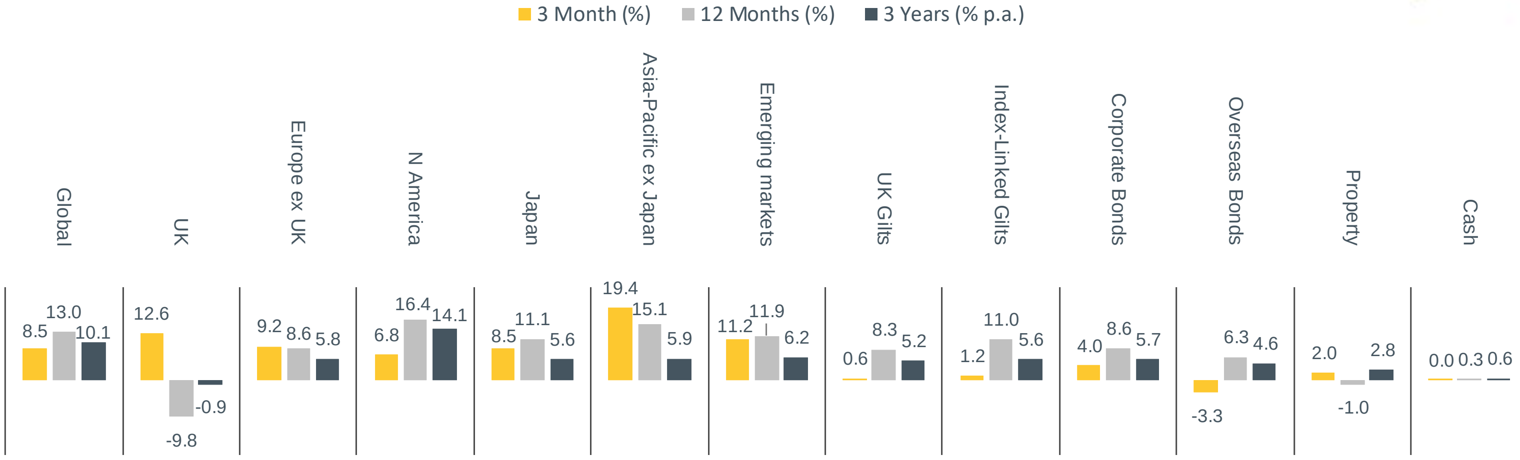
Q3 GDP releases show the initial rebound in activity was sharp as the major advanced economies emerged from lockdown but annualised falls in output have been significant. Composite PMIs suggest the UK and Eurozone economies ended 2020 on a weak note but the global equivalent remains at a level signalling expansion, supported by solid readings in the US, China and elsewhere. Though COVID-19 cases continue to rise at a global level, many advanced economies could potentially vaccinate a large proportion of their most vulnerable citizens in the first half of 2021.

UK headline inflation slowed more than expected falling from 0.7% in October to 0.3% year-on-year in November as restrictions to curb the spread of coronavirus were re-imposed.

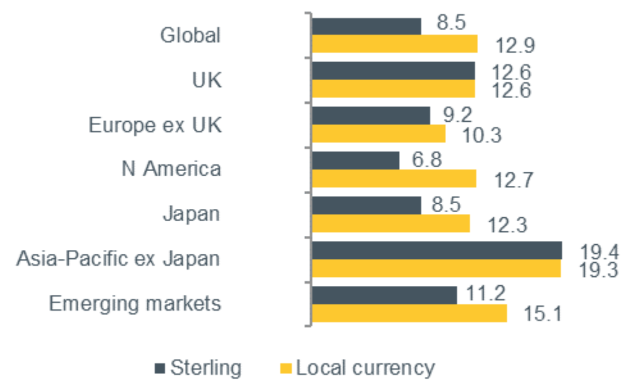
Despite hopes of economic recovery in 2021, government bond yields rose only modestly in the US and fell in the UK and Germany due to near-term economic weakness and central bank intervention. Implied inflation rose at longer terms despite the government's announcement that RPI will be aligned with CPIH from 2030. Global investment grade credit spreads fell from 1.4% p.a. to 1.0% p.a. and global speculative-grade spreads from 5.6% p.a. to 4.1% p.a., as lower rated credit outperformed higher quality.

Sterling was volatile as Brexit talks approached their conclusion, although it ended the period 1.9% higher in trade-weighted terms as the EU and UK reached a trade deal. In comparison, on a trade-weighted basis the US Dollar and Japanese Yen, both typically considered safe-haven currencies, fell 5.3% and 1.4% below end-September levels.

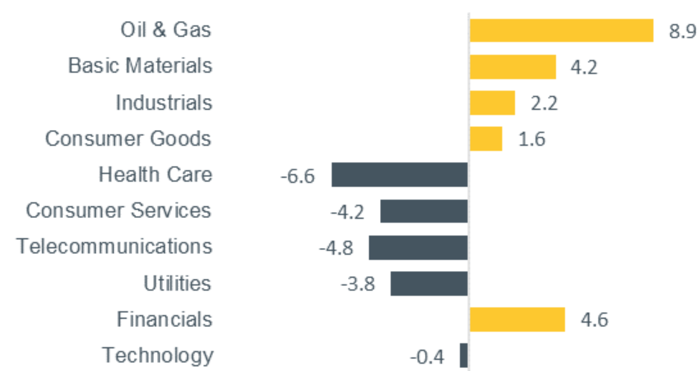
Historic returns for world markets [1]



Regional equity returns [2]



Global equity sector returns (%) [3]



[1] All returns are in Sterling terms. Indices shown (from left to right) are as follows: FTSE All World, FTSE All Share, FTSE AW Developed Europe ex-UK, FTSE North America, FTSE Japan, FTSE AW Developed Asia Pacific ex-Japan, FTSE Emerging, FTSE Fixed Gilts All Stocks, FTSE Index-Linked Gilts All Maturities, iBoxx Corporates All Investment Grade All Maturities, JP Morgan GBI Overseas Bonds, MSCI UK Monthly Property Index; UK Interbank 7 Day. [2] FTSE All World Indices [3] Relative to FTSE All World Indices.

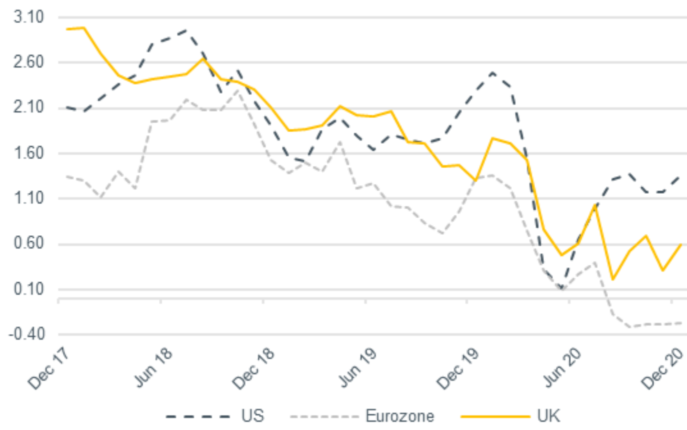
HYMANS ROBERTSON

After falling in October amid renewed restrictions to curb rapidly rising COVID-19 cases, positive vaccine news propelled equity markets higher, with the FTSE All World returning 12.9% in Q4. This news also caused some moderate rotation within global equities as areas of the market most impacted negatively by the pandemic outperformed. This was evident in the outperformance of cyclical sectors such as oil & gas, financials and materials and interconnectedly, styles such as value and smaller capitalisation stocks. Defensive areas such Healthcare, Utilities and Telecoms all underperformed.

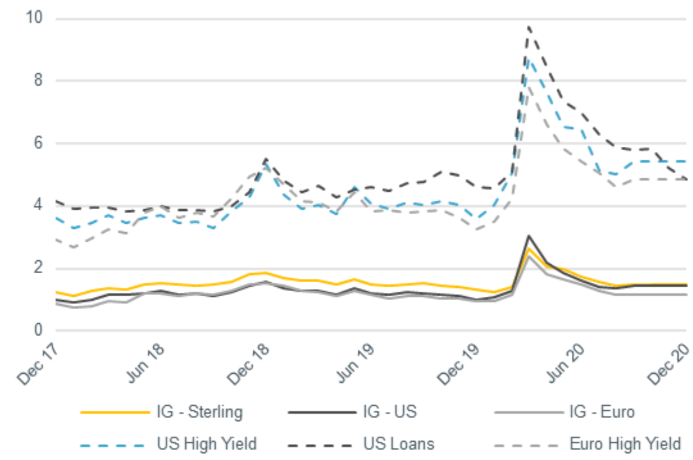
From a regional perspective, Emerging market and Asia ex-Japan equities outperformed, both benefiting from renewed hopes of a cyclical recovery, a falling dollar and increasing global trade activity.

The rolling 12-month total return on the MSCI UK Monthly Property index was -1.9% to the end of November, although monthly total returns have now been positive since July. Capital values, in aggregate, have fallen 7.1% in the year to November, predominantly due to a 17.9% fall in the retail sector, where capital values continue to decline sharply.

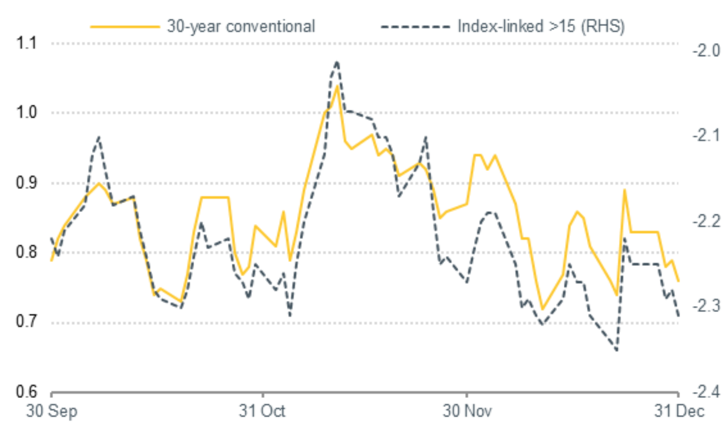
Annual CPI Inflation (% p.a.)



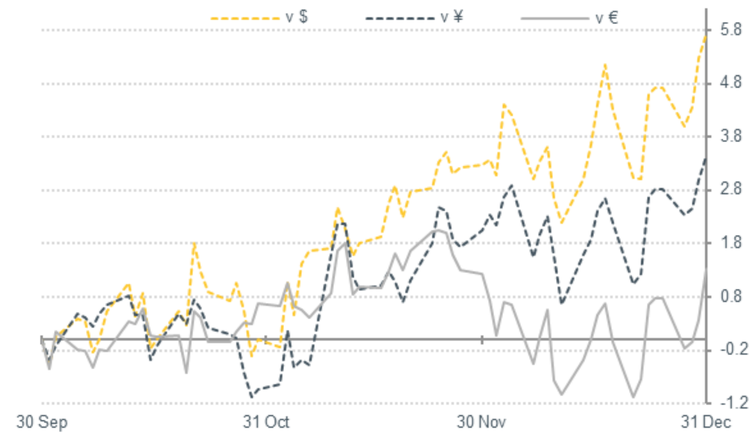
Investment and speculative grade credit spreads (% p.a.)



Gilt yields chart (% p.a.)



Sterling trend chart (% change)



Source: Reuters

Hymans Rating

Preferred	Our highest rated managers in each asset class. These should be the strategies we are willing to put forward for new searches.
Positive	We believe there is a strong chance that the strategy will achieve its objectives, but there is some element that holds us back from providing the product with the highest rating.
Suitable	We believe the strategy is suitable for pension scheme investors. We have done sufficient due diligence to assess its compliance with the requirements of pension scheme investors but do not have a strong view on the investment capability. The strategy would not be put forward for new searches based on investment merits alone.
Negative	The strategy is not suitable for continued or future investment and alternatives should be explored.
Not Rated	Insufficient knowledge or due diligence to be able to form an opinion.

Responsible Investment

Strong	Strong evidence of good RI practices across all criteria and practices are consistently applied.
Good	Reasonable evidence of good RI practices across all criteria and practices are consistently applied.
Adequate	Some evidence of good RI practices but practices may not be evident across all criteria or applied inconsistently.
Weak	Little to no evidence of good RI practices.
Not Rated	Insufficient knowledge to be able to form an opinion on.

Risk Warning

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

In some cases, we have commercial business arrangements/agreements with clients within the financial sector where we provide services. These services are entirely separate from any advice that we may provide in recommending products to our advisory clients. Our recommendations are provided as a result of clients' needs and based upon our independent research. Where there is a perceived or potential conflict, alternative recommendations can be made available.

Geometric v Arithmetic Performance

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

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

Some industry practitioners use the simpler arithmetic method as follows:

$$Fund\ Performance - Benchmark\ Performance$$

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

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

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Brent	**Pensions Fund Sub-Committee** 24 February 2021
	Report from the Director of Finance

Investment update

Wards Affected:	ALL
Key or Non-Key Decision:	Non-Key
Open or Part/Fully Exempt: (If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)	PART EXEMPT - as it contains the following category of exempt information as specified in Paragraph 3, Schedule 12A of the Local Government Act 1972, namely: “Information relating to the financial or business affairs of any particular person (including the authority holding that information)"
No. of Appendices:	Two 1. Private Debt (Exempt) 2. Investment strategy: Transition Roadmap
Background Papers:	▪ Review of Investment Strategy - 25 February 2020
Contact Officer(s): (Name, Title, Contact Details)	Minesh Patel, Director of Finance Ravinder Jassar, Deputy Director of Finance Sawan Shah, Senior Finance Analyst

1.0 Purpose of the Report

1.1 The purpose of this report is to update the committee on the Fund’s investments.

2.0 Recommendation(s)

2.1 The Committee is asked to:

- Note the overall report including the investment update and Capital Dynamics proposal.
- Note that officers will be proceeding with the allocation to Private Debt through the London CIV offering, subject to further due diligence, which is in line with the previously agreed strategic allocation to the asset class.

3.0 Detail

Private Debt

3.1 Following the Fund's investment strategy review in February 2020, it was agreed to continue significant allocations to diversifiers and, as part of this review, to introduce an allocation to Private Debt. Private debt is an income focussed asset with a shorter-term focus than infrastructure. The strategic rationale for doing this was to deliver an absolute return, meaningfully higher than might currently be achieved investing in cash or short-term high-quality bonds.

3.2 As part of pooling, it is expected that any new investments will only be made through London CIV. This is in line with the Fund's investment strategy statement which states that the Fund's intention is for all assets (subject to due diligence) to be transitioned into the London CIV. At the time of the investment strategy review, it was mentioned that the London CIV planned to offer a Private Debt vehicle although the development of this product was at an early stage.

3.3 Since the investment strategy review and as previously reported to the committee, London CIV have progressed development of the product with the proposed structure in place and a planned launch date of March 2021.

3.4 Appendix 1 (exempt) provides a proposed term sheet and further analysis of the London CIV Private Debt offering.

3.5 Private Debt assets operate in a similar manner to the Fund's current infrastructure holdings where the Fund commits a certain amount of money to the investment managers' funds, with the manager then calling these monies over time, as investments become available. Therefore once the commitment is made, the allocation will take some time to be built up.

3.6 In light of this, the Fund's long-term objective is to invest 5% of its strategic allocation to Private Debt. Based on the Fund's most recent asset valuation of approximately £1bn, this would represent an investment of £50m. It is expected that, initially, capital calls will be funded using the Fund's existing cash holdings. This commitment will be monitored as part of the Fund's regular cash flow analysis and rebalancing will have to be considered when cash holdings have been used up.

3.7 The committee is asked to note that officers will be proceeding with this allocation to Private Debt through the London CIV offering, subject to further due diligence, which is in line with the previously agreed strategic allocation to the asset class.

Investment Update

3.8 In February 2020, the Committee agreed to the investment strategy review undertaken by the Fund's investment advisors and in July 2020 the committee was presented with a transition roadmap which presented a plan to move to the agreed asset allocations. The transition roadmap has been attached to this report in Appendix 2.

3.9 At the previous Committee meeting on 6 October 2020, the committee noted the actions being taken to move the investment allocation towards the strategic target allocations agreed.

3.10 This included the intention to reduce the allocation of UK equities to the interim target allocation of 5% by selling down LGIM's UK equity holding and to reinvest the proceeds from LGIM's UK equity holding, each of 3%, into Ruffer and LGIM global equity.

3.11 The fund continues to be in regular contact with its investment advisors, Hymans Robertson LLP and regular meetings to discuss the implementation of the investment strategy. The fund took into account the high level of volatility affecting both the UK and global markets during these times and the trades split into two tranches in order to reduce the timing and volatility risk associated with trading in such times. Additionally, no trading took place between mid-December 2020 and mid-January 2021 to avoid any market volatility or reduced liquidity related to the Christmas period.

3.12 Trading took place between November 2020 and February 2021. A total of £26m was sold in tranche 1 which was completed on 09 December 2020. The proceeds were invested equally between LGIM global equity and Ruffer.

3.13 The Fund revised the trading amount for tranche 2 to reflect updated asset valuations. A total of £30m from LGIM UK equity was sold and the sales proceeds were invested equally between LGIM global equity and Ruffer. Tranche 2 which was completed on 01 February 2021.

3.14 The impact of the implementation of tranche 1 is reflected in the investment monitoring report on the agenda. The impact of tranche 2 will be reflected in the investment monitoring report that will be presented to the committee at its first meeting in the 2021-22 financial year.

3.15 In addition to this, the Committee also approved an initial investment of c£28m into the BlackRock passive low carbon equity fund on 16 July 2020. Deployment of this investment has been delayed in the account opening process, where the Fund has needed to request specialist tax advice from the Council's tax advisors, Ernst & Young. Officers will be making this investment as soon as practically possible.

3.16 The London Borough of Brent Pension Fund committed £50 million to London CIV's infrastructure fund, in October 2019. The total commitments to the fund stand at £399 million therefore London Borough of Brent's investment represents 12.5% of the Fund.

3.17 There were no capital calls for the LCIV Infrastructure Fund in Q3 (Jul – Sep 2020). A total of £4.7m was drawn down in Q4 2020 (Oct – Dec 2020) taking the overall total drawn down to £8.1m.

3.18 The LCIV Infrastructure Fund has made commitments across several sectors and geographies. These sectors include utilities, transportation, datacentres, renewables and telecoms. Overall, the Fund has now committed to 6 primary funds. The fund is within it's investment guidelines. Renewables exposure takes up the largest proportion of the portfolio with a 37% weighting. London CIV estimates that deployment of committed capital is expected to increase in 2021.

Capital Dynamics

3.19 The Brent Pension Fund currently have a number of private equity holdings with Capital Dynamics that were entered into between 2004 and 2006 and are at the end of their expected life. However, these investments have not been fully wound down and Capital Dynamics have proposed that unrealised holdings in 4 of our investments are sold as a block to a single investor ("Project Phoenix").

3.20 Capital Dynamics asked the Fund, together with other investors, to vote on the sale proposal, which requires 50.01% of investors to consent in order to pass.

3.21 If the sale does go through, each investor then has two options – either to take the sale proceeds as cash (at a discount) or to reinvest the proceeds and become an investor in the follow-on fund with the new manager.

3.22 If the sale does not go through, the only viable options would be to either keep extending the fund life until the holdings are fully realised or to explore another sale at a later stage.

3.23 The Fund took advice from it's investment advisors, Hymans Robertson, on this transaction. They have advised that none of the options available to the Fund were perfect and each has its drawbacks but they advised that the Fund should vote in favour of the transaction and elect for the cash redemption.

3.24 This is in line with the Fund's long term strategic aims. As per the 2020 Investment Strategy review, private equity does not factor in the long term investment strategy. Whilst taking cash requires the Fund to accept a discount to net asset value, it is considered a more efficient use of capital to accept cash and re-invest the proceeds in other opportunities rather than wait for 100% of the potential gains to be realised over an unknown period.

3.25 Officers requested approval of this decision from the Chair of the Committee and the Director of Finance prior to the deadline of 04 February 2021 and the committee is required to note this decision. At the time of writing, officers are awaiting the outcome of the vote.

4.0 Financial Implications

4.1 These are discussed throughout the report and further set out in the appendices.

5.0 Legal Implications

5.1 Not applicable.

6.0 Equality Implications

6.1 Not applicable.

7.0 Consultation with Ward Members and Stakeholders

7.1 Not applicable.

8.0 Human Resources

8.1 Not applicable.

Report sign off: ***Minesh Patel*** Director of Finance

Investment strategy: transition roadmap (June 2020)

Introduction

This paper is addressed to the Pension Fund Sub-Committee (the "Committee") of the London Borough of Brent Pension Fund (the "Fund"). Its purpose is to summarise the actions being taken to move the investment strategy towards the strategic target allocations agreed in February 2020. Transitioning to the interim and long-term targets in practice will be fluid and will depend on numerous factors including market conditions and the attractiveness of investment opportunities in the relevant asset classes. However, as a guide, we would expect the Fund to move towards the interim target over the next 12-24 months (so by mid-2022) and towards the long-term target over the next 3-5 years (so by 2025). We understand the Fund remains in a positive cashflow position following the conclusion of the 2019 valuation and new contribution rates coming into force on 1 April 2020. The cashflow position will be monitored at regular intervals. To date we are not aware of any requests for contribution deferrals.

Key points/actions are as follows:

- **Low carbon equities:** subject to approval by the Committee, invest £25m to £30m (c3% of Fund assets) in a passive low carbon equity fund. Build further exposure to low carbon/sustainable oriented equities over time, partially using proceeds from reducing exposure to UK equities.
- **Increase interim allocations to equity and cash as a proxy for future infrastructure investments, until the agreed infrastructure allocation is built up:** investing £25m to £30m will take listed equity allocation c3% above the previously outlined interim target. We recommend this 3% overweight position is maintained alongside a 2% holding in cash while the Fund builds its investment in infrastructure. This is on the basis that a 5% allocation to equities/cash is expected to deliver a similar long-term risk/return profile to 5% in diversifiers.
- **Build infrastructure investment over time:** the Fund has undrawn commitments of c£50m to the LCIV infrastructure fund and c£12m to Alinda (total 7% of Fund assets) so exposure to infrastructure will increase naturally. Balancing this, Alinda (II), Alinda (III) and Capital Dynamics will run off over time (2, 6 and 2 years respectively). Proceeds from Alinda/Capital Dynamics and equity/cash holding can be invested in LCIV's Infrastructure Fund or other suitable alternatives e.g. LCIV's new Renewables Fund which has ESG benefits (subject to due diligence on the funds to ensure they meet the Committee's beliefs/objectives).
- **Baillie Gifford and Ruffer:** Consider appropriate balance between these managers, acknowledging different styles.
- **Cash holding:** the Fund held c£54m of cash at 31 March 2020. £12m being used to increase the Fund's emerging markets equities (£8m) and multi-asset credit (£4m) holdings plus there is a proposal to invest £25m to £30m in a passive low carbon equity fund. As explained above, we recommend a cash balance of £15m to £20m is maintained while the Fund builds its investment in infrastructure.

Summary – current and target allocations

Asset class	31 March 2020 value (£m)	31 March 2020 allocation (%)	Interim target allocation (%)	Long-term target allocation (%)	Comments
Total growth	**461.8**	**55.3**	**58**	**50**	Focus is to introduce low carbon equity fund, seeded by c£25-30m of cash (approx. 3% of assets). Will take allocation 3% above the previously outlined interim target.
Total diversifiers	**196.2**	**23.5**	**25**	**35**	Will take time to for initial commitment to infrastructure to be drawn. Meantime increased interim positions in equities (+3%) and cash (+2%) expected to deliver similar risk/return to 5% invested in diversifiers. Unwind equity/cash position as infrastructure investment increases.
Total protection	**123.2**	**14.8**	**15**	**15**	In line with interim target allocation.
Cash	**53.9**	**6.5**	**2**	**-**	£12m being used to increase emerging markets equities (£8m) and multi-asset credit (£4m) holdings Proposal to invest c£25-30m (c3% of assets) in low carbon equity fund Retain remainder in cash, partly as part of the infrastructure proxy and partly to reflect current market uncertainty
Total	**835.1**	**100.0**	**100**	**100**	

Page 59

Growth assets

Asset class	Style	Manager	31 March 2020 value (£m)	31 March 2020 allocation (%)	Interim target allocation (%)	Long-term target allocation (%)	Comments
Equities	Global passive	LGIM	293.4	35.1	43	40	Proposal to establish low carbon equity holding, seeded by c£25-30m of cash (c3% of assets). Monitor and unwind interim versus long-term target as infrastructure investment increases. Increase exposure to low carbon equities over time. Options are to build investment in BlackRock low carbon fund and/or diversify by manager/style via London CIV offerings or suitable alternative. Prepare plan to reduce UK exposure over time. Rebalancing towards global equities could be time-based and/or based on relative market movements.
	Global low carbon	Discussed in a separate paper	-	-			
	UK passive	LGIM	94.1	11.3	5	5	
	EM active	JP Morgan (LCIV)	25.2	3.0	5	5	Investing c£8m of cash to increase allocation to c4%.
Private Equity	Fund of funds	Capital Dynamics	49.1	5.9	5	0	Long-term target allocation is 0%. Prepare plan to reduce exposure over the longer term and reallocate to diversifiers.
Total growth			**461.8**	**55.3**	**58**	**50**	

Page 60

Diversifiers

Asset class	Style	Manager	31 March 2020 value (£m)	31 March 2020 allocation (%)	Interim target allocation (%)	Long-term target allocation (%)	Comments
Div Growth	Multi-asset	Baillie Gifford (LCIV)	110.8	13.3	20	5	Consider balance between BG and Ruffer, acknowledging different styles. Longer term plan to reduce exposure to 5%.
Abs Return	Multi-asset	Ruffer (LCIV)	50.1	6.0			
Infrastructure	Direct	Alinda	24.6	2.9	5	15	Undrawn commitments of c£50m to the LCIV infrastructure fund, c£12m to Alinda (total 7% of assets) so exposure will increase. Balancing this, Alinda and Capital Dynamics to run off over time (6 and 2 years respectively). Proceeds could be reinvested in LCIV funds, including new renewables fund which has ESG benefits. Carry out due diligence on LCIV renewables fund to ensure meets Brent beliefs/objectives. Initially work to interim target then increase this as additional commitments are made to the asset class.
	Funds+ Direct	Capital Dynamics	10.1	1.2			
		LCIV	0.5	0.1			
Property	UK and potentially some global	Aviva (current holding a Europe fund of funds)	0.1	-	-	10	Consider options to access property market, including LCIV, as part of a longer term plan. Outside of LCIV options are one or more core balanced funds and supplement this with allocations to other parts of the market such as secure income (long lease), UK residential and/or global property. Would involve reassessing current strategic 10% allocation to 'UK Core'.
Private debt	-	-	-	-	-	5	No immediate action.
Total diversifiers			**196.2**	**23.5**	**25**	**35**	

Protection assets

Asset class	Style	Manager	31 March 2020 value (£m)	31 March 2020 allocation (%)	Interim target allocation (%)	Long-term target allocation (%)	Comments
Multi-asset credit	Active credit focused	CQS	30.6	3.7	5	5	Investing c£4m of cash to increase holding to c4.2% Worth noting the CQS mandate, through its credit exposure provides diversification benefits, rather than any protection of capital.
Gilts	Passive duration	BlackRock	92.6	11.1	10	10	Fixed interest gilts. No immediate action.
Cash		Fund	53.9	6.5	2	0	As part of the infrastructure proxy.
Total protection			**177.1**	**21.3**	**17**	**15**	

Prepared by:-
William Marshall, Partner
Kenneth Taylor, Associate Investment Consultant
Kameel Kapitan, Associate Investment Consultant
For and on behalf of Hymans Robertson LLP

June 2020

General Risk Warning

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Brent	**Pensions Fund Sub-Committee** 24 February 2021
	Report from the Director of Finance

LAPFF Engagement Report

Wards Affected:	ALL
Key or Non-Key Decision:	Non-Key
Open or Part/Fully Exempt: (If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)	OPEN
No. of Appendices:	1. LAPPF Engagement Report Q4 2020
Background Papers:	▪ N/A
Contact Officer(s): (Name, Title, Contact Details)	Minesh Patel, Director of Finance Ravinder Jassar, Deputy Director of Finance Sawan Shah, Senior Finance Analyst Saagar Raithatha, Finance Analyst

1.0 Purpose of the Report

1.1 This report is for noting and presents members with an update on the engagement activity undertaken by LAPFF (the Local Authority Pension Fund Forum) on behalf of the Fund. The Fund's commitment with LAPFF and its work demonstrates its commitment to Responsible Investment and engagement as a way to achieve its objectives.

2.0 Recommendation

2.1 The Committee is recommended to note this report.

3.0 Background of LAPFF

3.1 LAPFF (the Local Authority Pension Fund Forum) has 81 members, 6 pools and combined assets of £300bn. With investments widespread in many of the sectors, LAPFFs aim is to act together with the majority of the UK's local authority pension funds and pool companies to promote the highest standards of corporate governance in order to protect the long-term value of local authority pension funds.

3.2 Leading the way on issues such as executive pay, reliable accounting and a just transition to a net zero economy, the Forum engages directly with company chairs and boards to affect change at investee companies. LAPFF engages with companies and its stakeholders, such as employees and local communities, to understand their views on a company's behaviour and risks. Some issues extend beyond the behaviour of individual companies to the way markets function. The engagement is member led and on behalf of the Brent Pension Fund and other local authorities, LAPFF are able to challenge regulators and deliver reforms that advance corporate responsibility and responsible investment.

3.3 In October 2019, the Pension Sub-committee approved Brent Pension Fund's membership into LAPFF. Members of the Pension Sub-committee are welcome to attend meetings of the Forum. As a member of LAPFF, Brent Pension Fund are entitled to contribute to and participate in the work plan organised by the Forum around issues of common concern.

4.0 Engagement Report

4.1 The LAPFF policy on confidentiality requires that all company correspondence (letters and meeting notes) remain confidential; however LAPFF produce a Quarterly Engagement report to give an overview of the work undertaken. A summary of key engagement work has been provided in this report. However the full report is attached in Appendix 1 and highlights the achievements during the most recent quarter.

Engagement Conducted by LAPFF

4.2 LAPFF have approached HSBC to discuss a climate resolution. The resolution calls on HSBC to 'reduce financed emissions from its portfolio of customers to net zero by 2050 or sooner. The Company should report on progress against its targets and strategy in its annual report on an annual basis, starting from 2021 onwards, including a summary of the framework, methodology, timescales and core assumptions used. A meeting with HSBC has been requested to discuss the issue.

4.3 LAPFF met with Standard Chartered to seek evidence of progress in the period to 2030 against the company's net zero targets and request the 2021 AGM to be opened up to virtual attendance. Standard Chartered has committed to net-zero emissions across its global properties by 2030 by sourcing energy from renewable sources and pursuing energy efficiency measures. The company is working with its clients to measure, monitor and reduce emissions in order to ensure alignment of the portfolio with Paris goals. There are clear standards for non-compliance set but the bank has also committed to providing funding, with significant amounts for renewables and clean-tech projects over the next five years.

4.4 During 2020, LAPFF called on the UK government to ban sales of all new petrol, diesel and hybrid cars by 2025. Since then, the Government has confirmed that it will ban the sale of all new petrol and diesel cars by 2030, representing a significant outcome in terms of carbon reduction impact. LAPFF has sought to engage with the auto industry to ascertain how car makers will be approaching the challenges of electrifying their fleets and what their plans are to reduce carbon emissions. So far, LAPFF has written to six vehicle manufacturers regarding these issues, and the Forum recently met with BMW to understand targets set for its emissions. The company assured LAPFF that it is ready to meet a rise in demand for electric vehicles and that its own operations will be carbon neutral by next year by offsetting its carbon emissions in a number of ways. They have also ensured that all of their battery cell suppliers use green energy and are looking at all aspects of supply to reduce CO2 emissions.

4.5 Over the last quarter, LAPFF vice Chair met with ArcelorMittal to seek evidence of progress in the period to 2030 against the companies' net zero targets and to encourage board consideration of putting climate transition plans to shareholders for approval. It was a productive discussion with ArcelorMittal committing to look at providing appropriate hybrid arrangements for investors to participate in annual meetings and for their presentation in these meetings to include detail on the zero-carbon transition, with time being allowed for discussion on this. There have also been efforts made to explore partnerships with other companies in working towards using renewable power in manufacturing green steel.

4.6 Other engagement efforts conducted from LAPFF has been to push National Grid for a group-wide net zero target to be set. Although the company has been signed up to the science-based target initiative for some time, no scope 3 targets for the group had been set. However, at an ESG investor event, the company announced that it has set an interim target of 20% reduction in scope 3 emissions by 2030.

4.7 Part of LAPFF's strategy has been to make progress on tailings dam safety. To meet this, LAPFF has set out to meet company chairs to explain the Forum's perspective on the importance of speaking meaningfully with affected communities. The Forum had managed to speak to the chairs of Vale and BHP and over the last quarter, the LAPFF Chair spoke with both the AngloAmerican Chair and Glencore Chair on this issue. Both chairs recognised the importance of engaging effectively with affected communities but did not provide much detail on how their respective companies were going about this engagement. As an added dimension to this work, LAPFF have also met with a number of Brazilian investors, including Previ, the largest public pension fund in Brazil, to test their appetite for engaging with the affected communities in order to build a coalition amongst Brazilian communities and investors.

5.0 Financial Implications

5.1 Not applicable.

6.0 Legal Implications

6.1 Not applicable.

7.0 Equality Implications

7.1 Not applicable.

8.0 Consultation with Ward Members and Stakeholders

8.1 Not applicable.

9.0 Human Resources

9.1 Not applicable.

<u>Report sign off:</u>

Minesh Patel
Director of Finance

Quarterly Engagement Report

October-December 2020

Local Authority Pension Fund Forum

Climate goals, BHP, Vale, Standard Chartered, HSBC

CLIMATE EMERGENCY

It is the fifth anniversary of the Samarco dam collapse in Mariana, Brazil

LAPFF meets AngloAmerican and Glencore chairs on stakeholder engagement

Objective: Part of LAPFF's strategy to make progress on tailings dam safety has been to meet company chairs to explain the Forum's perspective on the importance of speaking meaningfully with affected communities. The Forum had managed to speak to the chairs of Vale and BHP but had yet to meet with the chairs of AngloAmerican and Glencore on this issue.
Achieved: Over the last quarter, LAPFF Chair, Cllr Doug McMurdo, spoke with both AngloAmerican Chair, Stuart Chambers, and Glencore Chair, Tony Hayward, on this issue. Both chairs recognised the importance of engaging effectively with affected communities but did not provide much detail on how their respective companies were going about this engagement.

"The more I discuss joint ventures with mining companies, the more concerned I become. These entities seem to mask significant governance failings that more often than not lead to significant ESG failings. We need to figure out a way forward on this issue."

Cllr Doug McMurdo

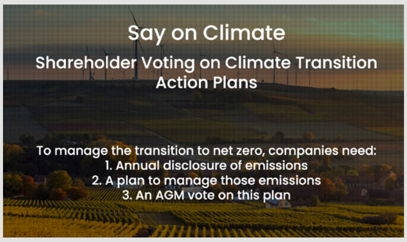
Cllr McMurdo noted that the Forum had held a webinar on 5 November to remember the fifth anniversary of the Samarco dam collapse in Mariana, Brazil and to highlight the fact that reparations thus far have been woefully inadequate. He also raised concerns about the role of joint ventures in contributing to poor environmental, social, and governance standards in mining projects. While there was general agreement that joint ventures were problematic, the different companies had different perspectives on these structures, which might account for the dissonance in running them.

As an added dimension to this work, Cllr McMurdo also met with a number of Brazilian investors, including Previ, the largest public pension fund in Brazil, to test their appetite for engaging with the

CLIMATE EMERGENCY

SAY ON CLIMATE

In December, LAPFF came out in support of the 'Say on Climate' initiative which aims to secure a 'say on climate' vote at a wide number of company AGMs. This followed a meeting with Sir Chris Hohn who earlier this year had been successful in securing an annual vote at the Spanish airport group Aena's AGM on its climate transition plan. Sir Chris runs the Children's Investment Fund Management which is associated with the Children's Investment Fund Foundation. The difference between this initiative and, for example, Climate Action 100+ is that it is not exclusive to high carbon-emitting companies but can be applied to all listed companies. Recommended actions also include advocating for a mandatory 'say on climate' which would mean it would be on every company AGM ballot. Further information can be found at www.sayonclimate.org.



affected communities. LAPFF found in its Rio Tinto engagement on Juukan Gorge that engaging with both local communities and local investors in Australia helped to galvanise a unified voice and support for change. The Forum is looking to build a similar coalition amongst Brazilian communities and investors.

These engagements fit within the continuing collaborative efforts between investors through another Church of England-led initiative on engagement with Indigenous communities. Over 70 letters were sent to mining companies globally to request improved disclosure on stakeholder engagement and governance. The results are now being collected to determine next steps.

In Progress: The Forum has yet to meet with Rio Tinto on the Juukan Gorge incident, despite additional requests to this end. Rio Tinto has granted investors meetings on climate change and general governance at board level but continues to push back on human rights and stakeholder engagement discussions. Having heard from community representatives in both the US and Mongolia on Rio Tinto's conduct, it is becoming clear that there are systemic failings in the company's ESG assessment processes that LAPFF will want to discuss when a meeting is finally granted.

It is also increasingly clear that joint ventures need more investor attention. Apart from the fact that they facilitate governance gaps, it was apparent from this quarter's meetings that the investors involved do not have a common vision for their operation or how to address ESG issues through these structures. This must change quickly for progress to be made.

The Glencore meeting also focused largely on the company's announcement that it would be exiting coal and giving a greater focus to base metals. It will be important to follow up with the company to see how its strategy is being implemented, especially as the company is forecasting an increase in coal production to 2025 and with a new CEO, Gary Nagle, who is currently Head of Coal Assets, taking over from Ivan Glasenberg in the first part of next year.

Financing a Just Transition Alliance

Cllr Rob Chapman, LAPFF vice chair, joined the first meeting of the Alliance which aims to translate financial sector commitments into real world impact. The Alliance aims to build on positive momentum to encourage tangible action and profile promising case studies. Co-ordinated by the London School of Economics, a report will be produced setting out recommendations in time for COP 26.

ArcelorMittal and National Grid CA100+ Engagements Continue

Objective: to seek evidence of progress in the period to 2030 against the companies' net zero targets and to encourage board consideration of putting climate transition plans to shareholders for approval.

Achieved: Cllr Chapman, LAPFF vice-chair, met with Aditya Mittal, ArcelorMittal's Finance Director and Bruno Lafont, the lead independent director, together with representatives from the other two lead Climate Action 100+ (CA100+) investors. It was a productive discussion with Aditya Mittal committing to look at providing appropriate hybrid arrangements for investors to participate in the annual meeting and for his presentation to the meeting to include detail on the zero-carbon transition with time being allowed for discussion on this. He also spoke about exploring partnerships with other companies to work towards using renewable power in manufacturing green steel. The company's progress in the use of hydrogen in steel-making to decarbonise the process, has been the issue raised most consistently in meetings with company representatives. In the 'Climate Action in Europe' report produced during the year, it was notable that this technology was separated out from the other 'smart carbon' technologies with the company announcing this quarter that they will produce the first steel using hydrogen from renewables in 2020.

At National Grid, LAPFF has long

LAPFF HOLDS WEBINAR SERIES TO REPLACE THE ANNUAL CONFERENCE

Presentations at the webinars included an overview from David Enrich, New York Times business investigations editor of his new book Dark Towers. Also expert speakers presented on the Opioid Crisis, Managing climate change in a pension fund portfolio, Just Transition, Financial Reporting on climate, an update from the communities affected by the Tailing Dam disasters, the COVID crisis and workers and Workforce Engagement.

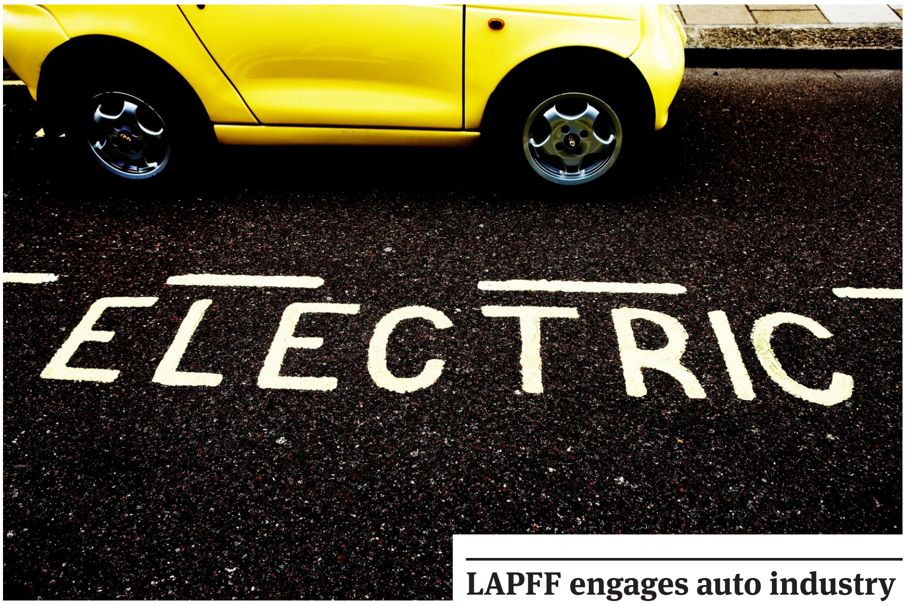
The Chair and Vice Chair also presented the LAPFF 2020 Annual report to the membership and detailed engagements undertaken on behalf of LAPFF.

COMPANY ENGAGEMENT

been pushing for group-wide net zero targets to be set. Although the company has been signed up to the science-based target initiative for some time, no scope 3 targets for the group had been set. At an ESG investor event, the company announced that it has set an interim target of 20% reduction in scope 3 emissions by 2030. LAPFF asked the chair if he would consider putting the net zero transition plan to vote at the next AGM. The answer was not in the affirmative, but will be something to pursue with Paula Rasput Reynolds who will replace Sir Peter Gershon as chair in 2021. After this event, Cllr Chapman met with Sir Peter and followed up on the possibility of the board putting a climate transition plan to shareholders at the AGM.
In Progress: Discussions continued with both ArcelorMittal and National Grid on the CA100+ benchmarking process. Some of the issues raised will be addressed in ArcelorMittal's second group climate report which seems likely to be issued in January 2021. Discussions with National Grid referred to the company's proposed Responsible Business Review to be published annually and how elements of the CA100+ benchmarking process might map into this and investors' ability to measure progress towards net zero.

LAPFF Approaches HSBC to Discuss Upcoming Climate Resolution

Objective: As was the case with the Barclays resolution this year, ShareAction has again approached LAPFF about co-filing a shareholder resolution with a UK bank. This time, HSBC is the target. The resolution calls on HSBC to 'reduce financed emissions from [its] portfolio of customers to net zero by 2050 or sooner. The Company should report on progress against its targets and strategy in its annual report on an annual basis, starting from 2021 onwards, including a summary of the framework, methodology, timescales and core assumptions used.'
Achieved: LAPFF's policy is to engage with companies prior to taking a view on whether or not to support a resolution, so a meeting with HSBC was requested in December to discuss the issue.
In Progress: This meeting will be pursued again in the new year.



LAPFF Engages Standard Chartered on Climate Finance

Objectives: LAPFF met with Standard Chartered to seek evidence of progress in the period to 2030 against the company's net zero targets and request the 2021 AGM be opened up to virtual attendance
Achieved: A virtual 'ESG' meeting provided access to the chairs of all board committees as well as the chair, José Viñals. Mr Viñals was responsive to both LAPFF questions. On progress to 2030, Standard Chartered has committed to net-zero emissions across its global properties by 2030 by sourcing energy from renewable sources and pursuing energy efficiency measures. For scope 3, he explained how the company is working with clients to measure, monitor and reduce emissions in order to ensure alignment of the portfolio with Paris goals. There are clear standards for non-compliance set but the bank has also committed to providing funding, with significant amounts for renewables and clean-tech projects over the next five years.
In Progress: In response to the question about running a 'hybrid' AGM, by allowing virtual attendance, Mr Viñals noted that the 2020 AGM had prepared for this by asking for a change in the articles of association. The board is reflecting on how this would work, including reflecting on the virtual ESG meeting itself and would 'try to do something that makes sense'.

LAPFF engages auto industry on climate

Objective: During 2020, LAPFF called on the UK government to ban sales of all new petrol, diesel and hybrid cars by 2025. Since then, the Government has confirmed that it will ban the sale of all new petrol and diesel cars by 2030, representing a significant 'real world' outcome in terms of carbon reduction impact. LAPFF has sought to engage with the auto industry to ascertain how car makers will be approaching the challenges of electrifying their fleets and what their plans are to reduce carbon emissions.
Achieved: So far, LAPFF has written to six vehicle manufacturers regarding these issues, and the Forum recently met with BMW. BMW has openly set science based targets for its Scope 1 & 2 emissions but has yet to set such targets for Scope 3 emissions. The company assured LAPFF that it is ready to meet a rise in demand for electric vehicles and that its own operations will be carbon neutral by next year by offsetting its carbon emissions in a number of ways. They have also ensured that all of their battery cell suppliers use green energy and are looking at all aspects of supply to reduce CO_2 emissions.
In Progress: LAPFF has meetings organised for early 2020 with two other vehicle manufacturers to discuss these issues. LAPFF hopes to get manufacturers that haven't already, to set science based targets for their scope 3 emissions and also wants to ensure that these companies are set up sufficiently to deal with the electrification of their fleets.

COMPANY ENGAGEMENT

Protesters demonstrate outside the Grosvenor House Hotel whilst arms dealers, MPS, and military personnel hold a black tie dinner.

LAPFF Attends BAE Briefing

Objective: About a year and a half ago, the Forum began an engagement with widely held defence contractors to discuss their arms policies given the use of their weapons for the war in Yemen. One of the companies engaged was BAE. The company had intended to hold an investor meeting just as the Covid pandemic broke, so decided to hold a webinar later in the year in lieu of a physical meeting. Cllr McMurdo attended to see if there were any updates on the initial meeting from August 2019.

Achieved: When Cllr McMurdo met with BAE, he raised the question of engagement with human rights. However, the company appears to continue to focus on staff issues as its primary indicator of performance on the 'S' element of ESG. While it is understandable that the company is in a difficult position with government arms contracts, it is worrying that it appears to barely acknowledge the human rights implications of its arms contracts.

In Progress: In the first instance, it seems that raising awareness within the industry of investor concerns about human rights is necessary. Perhaps further progress can be made once this has been done. Post-Covid, the Forum will also explore whether it might be fruitful to engage with government on this issue.

Israeli-Palestinian engagements underway

Objective: A number of LAPFF funds were approached by both pro-Israeli and pro-Palestinian groups about investments in the Israeli-Palestinian territories. Consequently, the Forum cross-referenced the companies of concern with a UN list of companies raising concerns based on their operations in this area to determine a preliminary list of companies with which to engage on this issue.

Achieved: The first engagements have taken place with three of the seventeen companies approached on this issue. So far, there has been pushback on two fronts from all three companies. Motorola, which the Forum has approached in the past, merely provided its standard annual report text in response to a meeting request and has not yet granted a meeting of any sort. Altice, a French telecommunications company, and Israeli Discount Bank have both pushed back on LAPFF's request for human rights impact assessments in respect of their operations in the territories on the grounds that the UN list is political and it would do no good to undertake these assessments because existing legal requirements ensure human rights compliance in any case. Altice did engage through a meeting, though, while Israeli Discount Bank submitted only a written response.

In progress: Forum members continue to be approached on this seemingly intransigent issue, and LAPFF will continue to engage with the companies approached. Although the Forum is not likely to solve this political problem, it is hoped that the companies engaged will come to understand the importance of conducting human rights impact assessments both for their own operations and in order to provide more helpful investment information to shareholders.

LAPFF IOPA Engagement Continues

Objective: LAPFF originally joined the Investors for Opioid and Pharmaceutical Accountability (IOPA) to combat the opioid epidemic in the US. However, since the Covid pandemic arose, the investor coalition has also engaged with pharmaceutical companies on their approaches to Covid vaccines.

Achieved: IOPA's Meredith Miller spoke at the LAPFF webinar series in early December and noted the dire situation on opioids in the US. Forum representatives also regularly attend IOPA meetings and have flagged shareholder resolutions stemming from the initiative.

In Progress: LAPFF will continue to notify members of co-filing opportunities as they arise.

COMPANY ENGAGEMENT

CONSULTATION RESPONSES

A letter on climate change was sent to the International Energy Authority (IEA) expressing LAPFF's concerns about carbon capture and storage (CCS). The letter points out the unproven record and technical lack of viability of CCS, coupled with the drastically reduced price of renewables in the last couple of years in questioning the IEA's position in support of CCS.

The CCS issue is of growing concern as company reporting in many of the hard-to-abate sectors appears to promote the technology and a meeting in December with the Global CCS Institute (GCCSI) revealed the extent of unsubstantiated and misleading material being shared with investors.

MEDIA COVERAGE

SAY ON CLIMATE:

Reuters UK local government pension group seeks mandatory climate votes

The Independent Why companies should give their investors a say on climate as well as bosses pay

Nasdaq UK local government pension group seeks mandatory climate votes

LSE (London South East) UK local government pension group seeks mandatory climate votes

IPE Ethos includes say on climate vote in guidelines

OTHER:

Telegraph Pension funds say accounting watchdog is compromised

Reuters Rio Tinto Names Sausholm as CEO in surprise pick after cave destruction

NETWORKS AND EVENTS

LAPFF Webinars

In addition to these end of year webinars, the Forum also held webinars with community members affected by mine operations in the US, Brazil, and Mongolia.

Once the world's fourth largest lake, the Aral has shrunk so much that it has now split into two separate bodies of water. [The United Nations Development Programme (UNDP) has been running an Aral Sea Programme since 1995, focusing mainly on water resources management, small business development, humanitarian assistance and a social and health programme as the ecological disaster of the dying sea has brought

VALUING WATER TASK FORCE

As a founding member of the Valuing Water Task Force, LAPFF attended the second task force meeting at the end of November. The purpose of the meeting was to provide feedback on the global impact assessment currently being undertaken by a team at the University of Saskatchewan. Task Force members discussed the importance of highlighting the link between water resources and climate change as well as the need for a solution-orientated approach. Members also discussed how best to encourage asset allocation to the future of water security. Part of the allocation discussion focussed on the potential scope and methods for harmonizing water risks and financial materiality. Ultimately, the methodologies of both the cost of inaction and the shadow price on water were identified as a potentially meaningful way of undertaking financial materiality assessments.

LGIM Stakeholder Webinar

A Forum representative also attended Legal and General Investment Management's annual stakeholder forum, held this year via video conference. The idea behind the event is to highlight upcoming issues for LGIM to consider in its voting and investing activities. This year, topics covered included anti-microbial resistance, climate, and human capital management.

CHRB and Covid Webinars

Forum representatives also attended a number of human rights-related webinars, including one on the impact of Covid on human rights and the launch of this year's Corporate Human Rights Benchmark (CHRB). This year's benchmark covers the auto industry for the first time with auto companies performing very poorly.

IIGCC Weekly Meetings

LAPFF continues to be represented in weekly meetings co-ordinated by IIGCC around the shareholder resolution filing process for CA100+. Information sharing at this group helps in engagements with chairs and joint-CA100+ leads on putting net zero transition plans to shareholders. A meeting was also held with JustShare, a south African NGO, who has had a proposed shareholder resolution on climate refused by the energy and chemicals company Sasol, despite other listed South African companies having tabled similar resolutions over the previous 15 years.

COMPANY PROGRESS REPORT

145 companies engaged over the quarter during 172 engagements

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

Company	Activity	Topic	Outcome	Position Engaged	Domicile
AFRICAN RAINBOW MINERALS LIMITED	Sent Correspondence	Human Rights	Dialogue	Exec Director or CEO	ZAF
AGNICO EAGLE MINES LTD	Sent Correspondence	Human Rights	Dialogue	Exec Director or CEO	CAN
AIR LIQUIDE SA	Received Correspondence	Climate Change	Moderate Improvement	Non-Exec Director	FRA
AIRBUS SE	Sent Correspondence	Climate Change	Dialogue	Non-Exec Director	NLD
AK ALROSA PAO	Sent Correspondence	Human Rights	Dialogue	Exec Director or CEO	RUS
ALCOA CORPORATION	Sent Correspondence	Human Rights	Dialogue	Exec Director or CEO	USA
ALSTOM SA	Sent Correspondence	Human Rights	Awaiting Response	Chairperson	FRA
ALTICE EUROPE NV	Meeting	Human Rights	Dialogue	Chairperson	NLD
ALUMINUM CORPORATION OF CHINA LIMITED	Sent Correspondence	Human Rights	Dialogue	Exec Director or CEO	CHN
ANGLO AMERICAN PLATINUM LTD	Sent Correspondence	Human Rights	Dialogue	Exec Director or CEO	ZAF
ANGLO AMERICAN PLC	Meeting	Governance (General)	Dialogue	Chairperson	GBR
ANGLOGOLD ASHANTI LIMITED	Sent Correspondence	Human Rights	Dialogue	Exec Director or CEO	ZAF
ANTOFAGASTA PLC	Sent Correspondence	Human Rights	Dialogue	Exec Director or CEO	GBR
AP MOLLER - MAERSK AS	Sent Correspondence	Climate Change	Dialogue	Non-Exec Director	DNK
ARCELORMITTAL	Sent Correspondence	Human Rights	Dialogue	Exec Director or CEO	LUX
ARCELORMITTAL SA	Meeting	Climate Change	Change in Process	Specialist Staff	LUX
ASTRAZENECA PLC	Meeting	Other	Satisfactory Response	Specialist Staff	GBR
B2GOLD CORP.	Sent Correspondence	Human Rights	Dialogue	Exec Director or CEO	CAN
BAE SYSTEMS PLC	Meeting	Governance (General)	Dialogue	Chairperson	GBR
BANK HAPOALIM B M	Sent Correspondence	Human Rights	Dialogue	Chairperson	ISR
BANK LEUMI LE-ISRAEL BM	Sent Correspondence	Human Rights	Awaiting Response	Chairperson	ISR
BARRICK GOLD CORPORATION	Sent Correspondence	Human Rights	Dialogue	Exec Director or CEO	CAN
BASF SE	Sent Correspondence	Climate Change	Dialogue	Non-Exec Director	DEU
BAYERISCHE MOTOREN WERKE AG	Meeting	Environmental Risk	Change in Process	Specialist Staff	DEU
BEZEQ THE ISRAELI TELECOMMUNICATION CORP LTD	Sent Correspondence	Human Rights	Awaiting Response	Chairperson	ISR
BHP	Sent Correspondence	Human Rights	Dialogue	Exec Director or CEO	AUS
BHP GROUP PLC	Meeting	Human Rights	Dialogue	Specialist Staff	GBR
BOLIDEN AB	Sent Correspondence	Human Rights	Dialogue	Exec Director or CEO	SWE
BOOKING HOLDINGS INC.	Sent Correspondence	Human Rights	Awaiting Response	Chairperson	USA
BP PLC	Sent Correspondence	Climate Change	Dialogue	Non-Exec Director	GBR
CHINA MOLYBDENUM CO., LTD.	Sent Correspondence	Human Rights	Dialogue	Exec Director or CEO	CHN
CHINA NORTHERN RARE EARTH HIGH-TECH CO., LTD.	Sent Correspondence	Human Rights	Dialogue	Exec Director or CEO	CHN
CHINA SHENHUA ENERGY CO LTD	Sent Correspondence	Human Rights	Dialogue	Exec Director or CEO	CHN
CITIGROUP INC.	Resolution Filed	Climate Change	Dialogue	Chairperson	USA
COAL INDIA LTD	Sent Correspondence	Human Rights	Dialogue	Exec Director or CEO	IND
COMPAGNIE DE SAINT GOBAIN	Sent Correspondence	Climate Change	Dialogue	Non-Exec Director	CHE
CONTINENTAL AG	Sent Correspondence	Climate Change	Dialogue	Non-Exec Director	DEU
CRH PLC	Sent Correspondence	Climate Change	Dialogue	Non-Exec Director	IRL
DAIMLER AG	Sent Correspondence	Climate Change	Dialogue	Non-Exec Director	DEU
DELEK GROUP LTD	Sent Correspondence	Human Rights	Awaiting Response	Chairperson	ISR
DIXONS CARPHONE PLC	Sent Correspondence	Environmental Risk	Dialogue	Chairperson	GBR
E.ON SE	Received Correspondence	Climate Change	Dialogue	Specialist Staff	DEU
EDF (ELECTRICITE DE FRANCE) SA	Sent Correspondence	Climate Change	Dialogue	Non-Exec Director	FRA
ENDESA SA	Sent Correspondence	Climate Change	Dialogue	Non-Exec Director	ESP
ENEL SPA	Sent Correspondence	Climate Change	Dialogue	Non-Exec Director	ITA
ENGIE SA.	Sent Correspondence	Climate Change	Dialogue	Non-Exec Director	FRA
ENI SPA	Sent Correspondence	Climate Change	Dialogue	Non-Exec Director	ITA
EQUINOR ASA	Sent Correspondence	Climate Change	Dialogue	Non-Exec Director	NOR

COMPANY PROGRESS REPORT

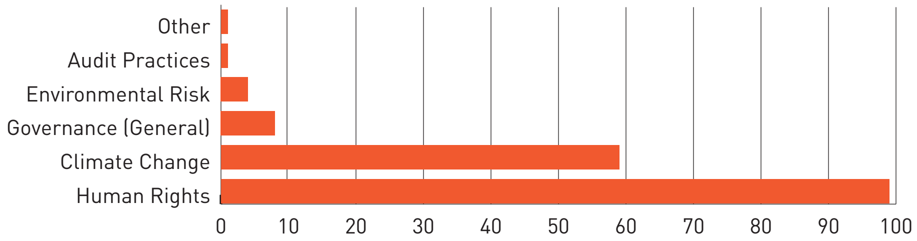
EVOLUTION MINING LTD	Sent Correspondence	Human Rights	Dialogue	Exec Director or CEO	AUS
EVRAZ PLC	Sent Correspondence	Human Rights	Dialogue	Exec Director or CEO	GBR
EXPEDIA GROUP INC	Sent Correspondence	Human Rights	Awaiting Response	Chairperson	USA
EXXON MOBIL CORPORATION	Received Correspondence	Climate Change	Dialogue	Specialist Staff	USA
FIAT CHRYSLER AUTOMOBILES N.V.	Sent Correspondence	Climate Change	Dialogue	Non-Exec Director	NLD
FIRST INTERNATIONAL BANK OF ISRAEL	Sent Correspondence	Human Rights	Awaiting Response	Chairperson	ISR
FIRST QUANTUM MINERALS LTD	Sent Correspondence	Human Rights	Dialogue	Exec Director or CEO	CAN
FORD MOTOR COMPANY	Sent Correspondence	Climate Change	Awaiting Response	Chairperson	USA
FORTESCUE METALS GROUP LTD	Sent Correspondence	Human Rights	Dialogue	Exec Director or CEO	AUS
FREEPORT MCMORAN INC	Sent Correspondence	Human Rights	Dialogue	Exec Director or CEO	USA
GANFENG LITHIUM CO., LTD.	Sent Correspondence	Human Rights	Dialogue	Exec Director or CEO	CHN
GENERAL MILLS INC	Sent Correspondence	Human Rights	Dialogue	Chairperson	USA
GENERAL MOTORS COMPANY	Sent Correspondence	Climate Change	Dialogue	Chairperson	USA
GLENCORE INTERNATIONAL AG	Sent Correspondence	Human Rights	Dialogue	Exec Director or CEO	CHN
GLENCORE PLC	Meeting	Governance (General)	Small Improvement	Chairperson	JEY
GOLD FIELDS LTD	Sent Correspondence	Human Rights	Dialogue	Exec Director or CEO	ZAF
GRUPO MEXICO SERVICIOS SA DE CV	Sent Correspondence	Human Rights	Dialogue	Exec Director or CEO	MEX
HAIER ELECTRONICS GP CO LTD	Sent Correspondence	Environmental Risk	Awaiting Response	Chairperson	HKG
HSBC HOLDINGS PLC	Sent Correspondence	Climate Change	Dialogue	Chairperson	GBR
IBERDROLA SA	Sent Correspondence	Climate Change	Dialogue	Non-Exec Director	ESP
ILUKA RESOURCES LTD	Sent Correspondence	Human Rights	Dialogue	Exec Director or CEO	AUS
IMPALA PLATINUM HOLDINGS LTD	Sent Correspondence	Human Rights	Dialogue	Exec Director or CEO	ZAF
INCITEC PIVOT LIMITED	Sent Correspondence	Human Rights	Dialogue	Exec Director or CEO	AUS
INDEPENDENCE GROUP	Sent Correspondence	Human Rights	Dialogue	Exec Director or CEO	AUS
INDORAMA VENTURES PCL	Sent Correspondence	Human Rights	Awaiting Response	Chairperson	THA
INDUSTRIAS PENOLES, S.A.B. DE C.V	Sent Correspondence	Human Rights	Dialogue	Exec Director or CEO	MEX
ISRAEL DISCOUNT BANK LTD	Sent Correspondence	Human Rights	Awaiting Response	Chairperson	ISR
JIANGXI COPPER COMPANY LIMITED	Sent Correspondence	Human Rights	Dialogue	Exec Director or CEO	CAN
KGHM POLSKA MIEDZ	Sent Correspondence	Human Rights	Dialogue	Exec Director or CEO	POL
KINROSS GOLD CORP	Sent Correspondence	Human Rights	Dialogue	Exec Director or CEO	CAN
KIRKLAND LAKE GOLD	Sent Correspondence	Human Rights	Dialogue	Exec Director or CEO	CAN
KUMBA IRON ORE LTD	Sent Correspondence	Human Rights	Dialogue	Exec Director or CEO	ZAF
LAFARGEHOLCIM LTD	Received Correspondence	Climate Change	Small Improvement	Non-Exec Director	CHE
LINDE PLC	Sent Correspondence	Climate Change	Dialogue	Non-Exec Director	IRL
LUFTHANSA AG	Sent Correspondence	Climate Change	Dialogue	Non-Exec Director	DEU
LYNAS CORP LTD	Sent Correspondence	Human Rights	Dialogue	Exec Director or CEO	AUS
MINERAL RESOURCES LTD	Sent Correspondence	Human Rights	Dialogue	Exec Director or CEO	AUS
MITSUBISHI MATERIALS CORPORATION	Sent Correspondence	Human Rights	Dialogue	Exec Director or CEO	JPN
MIZRAHI TEFAHOT BANK LTD	Sent Correspondence	Human Rights	Awaiting Response	Chairperson	ISR
MMC NORILSK NICKEL PJSC	Sent Correspondence	Human Rights	Dialogue	Exec Director or CEO	RUS
MMG LIMITED	Sent Correspondence	Human Rights	Dialogue	Exec Director or CEO	AUS
MOTOROLA SOLUTIONS INC.	Sent Correspondence	Human Rights	Dialogue	Chairperson	USA
NATIONAL GRID PLC	Meeting	Climate Change	Moderate Improvement	Specialist Staff	GBR
NEWCREST MINING LTD	Sent Correspondence	Human Rights	Dialogue	Exec Director or CEO	AUS
NEWMONT MINING CORP	Sent Correspondence	Human Rights	Dialogue	Exec Director or CEO	USA
NEXTERA ENERGY INC	Sent Correspondence	Climate Change	Dialogue	Chairperson	USA
NISSAN MOTOR CO LTD	Sent Correspondence	Climate Change	Awaiting Response	Chairperson	JPN
NORTHERN STAR RESOURCES LTD	Sent Correspondence	Human Rights	Dialogue	Exec Director or CEO	AUS
NOVOLIPETSK STEEL PJSC	Sent Correspondence	Human Rights	Dialogue	Exec Director or CEO	RUS
NUTRIEN LTD.	Sent Correspondence	Human Rights	Dialogue	Exec Director or CEO	CAN
OMV AG	Sent Correspondence	Climate Change	Dialogue	Non-Exec Director	AUT
OROCOBRE LTD	Sent Correspondence	Human Rights	Dialogue	Exec Director or CEO	AUS
OZ MINERALS LTD	Sent Correspondence	Human Rights	Dialogue	Exec Director or CEO	AUS
PAN AMERICAN SILVER CORP	Sent Correspondence	Human Rights	Dialogue	Exec Director or CEO	CAN
PAZ OIL CO LTD	Sent Correspondence	Human Rights	Awaiting Response	Chairperson	ISR
PEUGEOT SA	Sent Correspondence	Climate Change	Dialogue	Non-Exec Director	FRA
PILBARA MINERALS LTD	Sent Correspondence	Human Rights	Dialogue	Exec Director or CEO	AUS

COMPANY PROGRESS REPORT

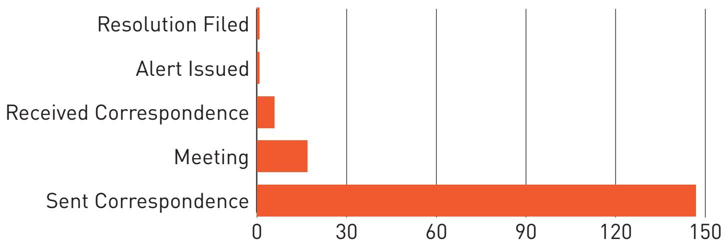
POLYMETAL INTERNATIONAL PLC	Sent Correspondence	Human Rights	Dialogue	Exec Director or CEO	CYP
POLYUS MC	Sent Correspondence	Human Rights	Dialogue	Exec Director or CEO	RUS
REGIS RESOURCES LTD	Sent Correspondence	Human Rights	Dialogue	Exec Director or CEO	AUS
RENAULT SA	Sent Correspondence	Climate Change	Dialogue	Non-Exec Director	FRA
REPSOL SA	Sent Correspondence	Climate Change	Dialogue	Non-Exec Director	ESP
RESOLUTE MINING LTD	Sent Correspondence	Human Rights	Dialogue	Exec Director or CEO	AUS
RIO TINTO GROUP (GBP)	Sent Correspondence	Climate Change	Change in Process	Non-Exec Director	GBR
ROYAL DUTCH SHELL PLC	Sent Correspondence	Climate Change	Dialogue	Non-Exec Director	NLD
SAINSBURY (J) PLC	Sent Correspondence	Environmental Risk	Awaiting Response	Chairperson	GBR
SANDFIRE RESOURCES	Sent Correspondence	Human Rights	Dialogue	Exec Director or CEO	AUS
SARACEN MINERAL HOLDINGS LTD	Sent Correspondence	Human Rights	Dialogue	Exec Director or CEO	AUS
SAUDI ARABIAN MINING COMPANY SJSC	Sent Correspondence	Human Rights	Dialogue	Exec Director or CEO	SAU
SEVERSTAL PJSC	Sent Correspondence	Human Rights	Dialogue	Exec Director or CEO	RUS
SHAANXI COAL INDUSTRY COMPANY LIMITED	Sent Correspondence	Human Rights	Dialogue	Exec Director or CEO	CHN
SHANDONG GOLD MINING CO., LTD.	Sent Correspondence	Human Rights	Dialogue	Exec Director or CEO	CHN
SIBANYE STILLWATER LTD	Sent Correspondence	Human Rights	Dialogue	Exec Director or CEO	ZAF
SILVER LAKE RESOURCES	Sent Correspondence	Human Rights	Dialogue	Exec Director or CEO	AUS
SOUTH32	Sent Correspondence	Human Rights	Dialogue	Exec Director or CEO	AUS
SOUTHERN COPPER CORP	Sent Correspondence	Human Rights	Dialogue	Exec Director or CEO	USA
ST BARBARA LTD	Sent Correspondence	Human Rights	Dialogue	Exec Director or CEO	AUS
STANDARD CHARTERED PLC	Meeting	Climate Change	Small Improvement	Chairperson	GBR
SUMITOMO METAL MINING CO LTD	Sent Correspondence	Human Rights	Dialogue	Exec Director or CEO	JPN
SUMITOMO MITSUI FINANCIAL GROUP	Sent Correspondence	Governance (General)	Dialogue	Chairperson	JPN
TECK RESOURCES LTD	Sent Correspondence	Human Rights	Dialogue	Exec Director or CEO	CAN
TESLA INC	Sent Correspondence	Climate Change	Awaiting Response	Chairperson	USA
THE MOSAIC COMPANY	Sent Correspondence	Human Rights	Dialogue	Exec Director or CEO	USA
THYSSENKRUPP AG	Sent Correspondence	Climate Change	Dialogue	Non-Exec Director	DEU
TOTAL SE	Received Correspondence	Climate Change	Moderate Improvement	Exec Director or CEO	FRA
TRIPADVISOR INC.	Sent Correspondence	Human Rights	Awaiting Response	Chairperson	USA
UNIPER SE	Sent Correspondence	Climate Change	Dialogue	Non-Exec Director	USA
UNITED TRACTORS	Sent Correspondence	Human Rights	Dialogue	Exec Director or CEO	IND
VALE SA	Meeting	Human Rights	Dialogue	Chairperson	BRA
VEDANTA LIMITED	Sent Correspondence	Human Rights	Dialogue	Exec Director or CEO	IND
VOLKSWAGEN AG	Sent Correspondence	Climate Change	Dialogue	Non-Exec Director	DEU
WESTERN AREAS LTD	Sent Correspondence	Human Rights	Dialogue	Exec Director or CEO	AUS
YARA INTERNATIONAL	Sent Correspondence	Human Rights	Dialogue	Exec Director or CEO	NOR
YES BANK	Meeting	Audit Practices	Awaiting Response	Chairperson	IND
ZHEJIANG HUAYOU COBALT	Sent Correspondence	Human Rights	Dialogue	Exec Director or CEO	CHN
ZHONGJIN GOLD CORP., LTD.	Sent Correspondence	Human Rights	Dialogue	Exec Director or CEO	CHN
ZIJIN MINING GROUP CO LTD	Sent Correspondence	Human Rights	Dialogue	Exec Director or CEO	CHN

ENGAGEMENT DATA

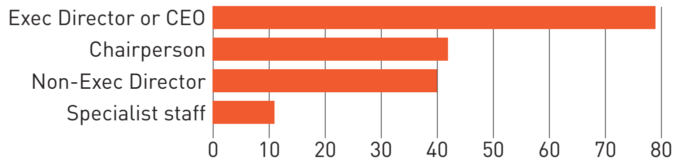
ENGAGEMENT TOPICS



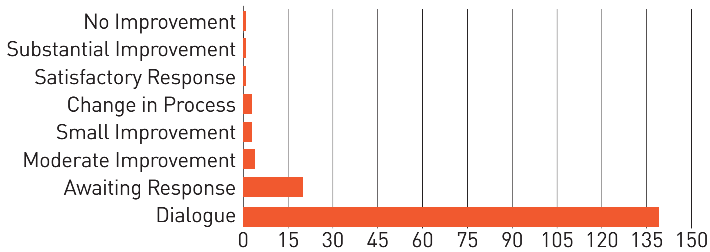
ACTIVITY



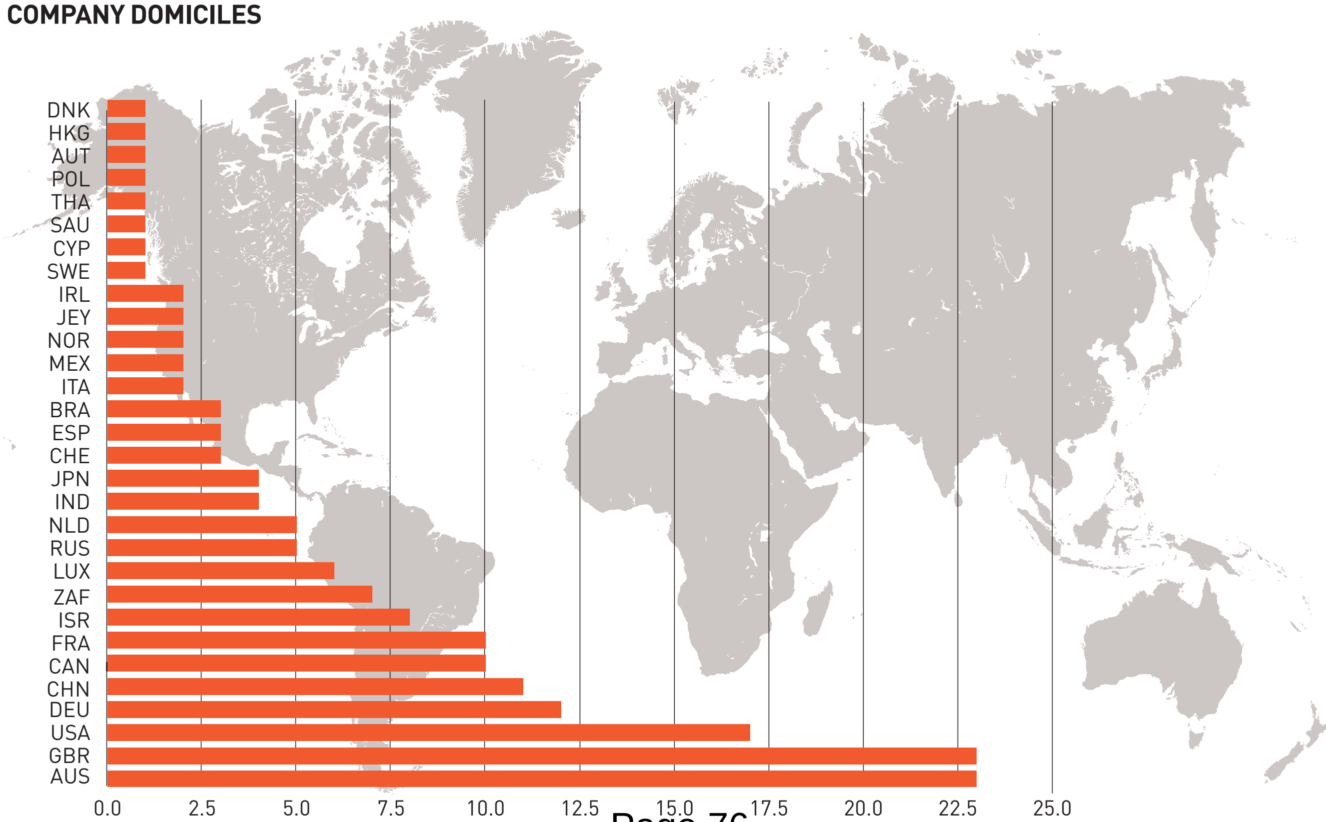
POSITION ENGAGED



MEETING ENGAGEMENT OUTCOMES



COMPANY DOMICILES



LOCAL AUTHORITY PENSION FUND FORUM MEMBERS

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

Pool Company Members
Border to Coast Pensions Partnership
Brunel Pensions Partnership
LGPS Central
Northern LGPS
London CIV
Wales Pension Partnership

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MINUTES OF THE PENSION BOARD
Tuesday 3 November 2020 at 6.00 pm

PRESENT: Mr David Ewart (Chair), Councillor and Councillors Crane, Kabir, Ms George, Bala and Wheeler

1. **Apologies for absence**

   Ms. Bola George.

2. **Declarations of interests**

   None declared.

3. **Minutes of the previous meeting - 5th August 2020**

   RESOLVED:

   That the minutes of the meeting held on 5th August 2020 be approved as an accurate record.

4. **Matters arising**

   None.

5. **Pension Fund Administration Update**

   This report updated the Pensions Board on various pensions administration matters as part of its remit to oversee the administration of the Brent Pension Fund and reviewed the performance of LPP. Mr Sawan Shah (Senior Finance Analyst) introduced the report and answered Members' questions. He reported on the Pensions administration team's monthly meetings with LPP that monitored the performance of the contract looking at both the individual month and trends across months.

   Members heard that the number of cases completed were on time in September 2020 at 99.5% which was above the target of 98%. He clarified that whilst most of the new cases related to death these were not necessarily related to Covid-19. Helpdesk call performance that measured the average wait time and calls answered was 90% the target time of 2 minutes. He then referenced the service improvements delivered; the launch of a bereavement survey, an in-house bulk email solution, mortality tracing and address screening launched through Target. Scheduled updates included launch of single website for all Members and Employers which was due in November 2020, members surveys to launch for estimates and transfers and a 'Livechat' feature to be available on the new website.

In concluding his review, Mr Shah stated that Brent and LPP were taking action to ensure that these cases are resolved swiftly however the complex nature of some cases meant that this was not always possible. In addition, following the completion of each case, a process was undertaken to ensure any lessons learned were reviewed and consequently, if necessary, processes and procedures updated.

Mr Ravinder Jassar (Head of Finance) introduced the remaining salient aspects of the report: Annual Benefit Statements (ABS), Data Cleansing and GAD Valuation. The Head of Finance informed the Board that ABS was issued online to all members identified on year-end returns from employers by the deadline of 31 August 2020. Any member who had opted out of electronic communications received a printed copy of their ABS through the post. The Board heard that the Fund was carrying out a focussed exercise with a dedicated resource to clear historical unprocessed leavers. Due to this issue, it had not been possible to issue an ABS to these members. The project, completion by 31st March 2021, would resolve these records and an ABS would be made available to these members as soon as possible.

In respect of year-end returns, he stated that some employers missed the April deadline but by the September, they had all submitted their returns. Mr Jassar continued that the Pensions Administration Strategy allowed the scheme manager to take actions against employers that failed to comply with their statutory and legal obligations to the Pension Fund. These actions would be considered should employers not respond to LPP's requests for information in a timely manner. The scheme manager would continue to work closely with LPP and employers to resolve the outstanding queries as soon possible, treating the overall exercise as a high priority.

On data cleansing, the Head of Finance informed the Board that notwithstanding the first phase of the project commissioned to cleanse and fix errors identified in member data, responses received were not sufficient to process the leaver cases. As a result, the Fund has commissioned a separate project to review and resolve these outstanding leaver queries. This will ensure that additional dedicated resources can be put in place until 31st March 2021 in order to ensure that this issue can be resolved as quickly as possible. In the absence of such a dedicated project, it is likely that these cases will remain un-solved into 2021/22 and continue to impact Brent's data scores. He then set out the flip side of not carrying out the project which included but not limited to the following:

- Errors remaining on records at the next valuation therefore requiring assumptions to be made.
- A material impact on the Fund's TPR data score, in particular the conditional score which records scheme specific data.
- The GAD (Government Actuary Department) require good quality data to be submitted for their analysis of LGPS funds.

With no further issues raised and having established that all members had followed the discussions, the Chair thanked all speakers for their contributions. In welcoming the updates Members RESOLVED:

To note the overall report.

6. **Actuarial Update: COVID-19 and Regulatory Changes**

The purpose of this report was to provide the Board with a summarised overview of recent market movements and recent changes to the Fund Regulations. Mr Ravinder Jassar (Head of Finance) introduced the report and answered Members' questions.

The Head of Finance informed the Board that COVID-19 has had a substantial impact on the global economy and the financial markets in 2020. This had led to the Fund's funding level becoming increasingly volatile from February 2020 onwards. The Fund experienced a sharp fall in the funding level in March however there had been some 'bounce-back' in recent months as explained in the tables within the report. He added that whilst the impact on businesses and institutions in all sectors was global, the majority of the Fund's employers were public sector bodies, where the covenant was strong. The most significant impact on covenant is in respect of other employers within the Fund including those who were close to exit, were not publicly-funded and/or had a weak covenant at the 2019 valuation.

He gave an update on the McCloud case and its impact on the Fund. He explained that to apply the same protections retrospectively to all members who were in the 2008 LGPS scheme on 31st March 2012 would require recalculating benefits for pensioners, and paying arrears and interest. This would result in a small increase in liabilities at Fund level of c£1M or 0.1% however, increases for some employers may be significantly higher. From an administration perspective, the effort required to implement the remedy would be significant and the project was estimated to take 2 years or more to complete.

Members heard that the Government announced in January 2019 that Cost Management Valuations, a valuation at national level carried out by the Government Actuary's Department (GAD) on behalf of Treasury to assess the overall cost of pension provision every 3 to 4 years was to be put on hold until McCloud was resolved. The Head of Finance drew Members' attention to developments involving the £95,000 exit cap payments The Goodwin Ruling and other regulation changes to support management of employer risk as set out within the report.

With no further issues raised and having established that all members had followed the discussions, the Chair thanked all speakers for their contributions. In welcoming the updates, Members RESOLVED:

To note the updates and the overall report.

7. **Brent Risk Register**

Mr Saagar Raithatha (Finance Analyst) introduced this report that presented the updated Risk Register for the Brent Pension Fund Pensions Administration Service. He drew the Board's attention to the appendix to the report that set out the risk register and highlighted the following key changes:

- Exit Pay Reform - New legislation which will alter the redundancy benefit entitlements to LGPS members aged 55 and above.
- Following the close of the McCloud consultation, Brent Officers had provided a response to MHCLG and following discussions with the Fund's actuary,

Officers were now in discussions with LPP and Hymans to prepare for the impact whilst awaiting the government's formal response to the consultation and the subsequent change in regulations enacted in law.

- The Auditors had signed off Brent Pension Fund Accounts 2020/21 and that the Brent Pension Annual Report was currently going through the audit sign-off process.

In response to a Member's enquiry, Me Raithatha assured the Board that security of data was always paramount in the risk register and therefore was regularly reviewed and consistently monitored.

Members welcomed the report and agreed with the classifications set out within the appendix. With no further issues raised and having established that all members had followed the discussions, the Chair thanked all speakers for their contributions. In welcoming the updates, Members RESOLVED:

To note the report.

8. **Investment Monitoring report 2020, Q2**

This report gave an overview of the Fund's performance for the quarter. Brent Pension Fund Sub-Committee had considered this report at its last meeting and noted the following highlights:

- Asset classes recovered strongly during the quarter from the steep declines suffered in the first quarter with the key drivers being the amounts of stimulus package by global central banks and the re-opening of economies after the lockdown.
- The Fund's assets produced a return of 11.6% and outperformed against the aggregate benchmark over the second quarter of 2020 with the result that value of the Fund's assets increased over the quarter from £835.3m to £926.9m and recovered almost all of the ground lost during the first quarter.

Members welcomed the report and with no further issues raised, the Chair confirmed that all members had followed the discussions and thanked members and officers for their contribution. It was RESOLVED:

That the investment monitoring report for quarter 2, 2020 be noted

9. **Investment Strategy: Transition Roadmap**

Mr Sawan Shah (Senior Finance Analyst) introduced this report that detailed the investment strategy transition roadmap prepared by the Fund's investment advisors, Hymans Robertson. Brent Pension Fund Sub-Committee meeting had considered and agreed the recommendations within the report. The following highlights were by the Board:

The Fund's investment beliefs and appendix 1 to the report highlighted that the Fund was broadly in line with the interim strategic allocation but that structural imbalances prevailed. Global equities were 4.2% underweight, UK equities were 5.9% overweight and an imbalance between Baillie Gifford and Ruffer (13.3% and 5.7% respectively). To address these global equity allocation be increased by 3%

once the initial investment in BlackRock's low carbon fund had been completed, thus reducing exposure to UK equities and adjusting the allocations to Baillie Gifford and Ruffer.

Recommended that a reduction in the allocation to UK equities to the interim target allocation of 5% by selling down LGIM's UK equity holding in two steps, each of 3%, and reinvesting the proceeds as follows:
1. Reinvest 3% in Ruffer for the reasons set out in the next section.
2. Reinvest 3% in LGIM global equity.

Members welcomed the report and with no further issues raised, the Chair confirmed that all members had followed the discussions and thanked members and officers for their contribution. It was RESOLVED:

That the report be noted.

10. **Competitive Markets Authority (CMA) Objectives**

The report outlined the proposed approach to be taken by the Fund in relation to the assessment of Hymans Robertson against objectives set in 2019. Mr Sawan Shah (Senior Financial Analyst) introduced the report that had been considered by the Brent Pension Fund Sub-Committee at its last meeting. He drew attention to the following salient points|:

- 'Compliance Statements' were to be submitted within 12 months and 4 weeks from the 10 December 2019 and annually thereafter. Officers were aiming to submit the statement well ahead of the scheduled deadline of 07 January 2021.
- The compliance statement, essentially acknowledges that the Fund would have and will continue to have objectives in place for their investment consultants.

Members welcomed the report and with no further issues raised, the Chair confirmed that all members had followed the discussions and thanked members and officers for their contribution. It was RESOLVED:

That the report be noted.

11. **Brent Pension Fund: Annual Report and Accounts 2019-2020**

This report presented the draft Pension Fund Annual Report and audited Annual Accounts for the year ended 31 March 2020. Mr Saagar Raithatha introduced the report that had been considered at the last meeting of Brent Pension Fund Sub-Committee at which the following were noted:

- There had been no major changes to the Audited Annual Accounts since the submission of the Draft Annual Accounts. Only minor changes and additional clarifications have been made.
- During 2019/20, the value of the Pension Fund's investments decreased to £835m (2018/19 £856m). This was due to the poor performance of equity markets in the final quarter of the year related to COVID-19. At the end of December 2019, investments were valued at £935m.

- Total contributions received from employers and employees totalled £60m for the year, an increase on the previous year's £52.1m.
- Total benefits paid to scheme beneficiaries, in the form of pensions or other benefits, totalled £48m, an increase on the previous year's £46m.
- As in 2018/19, the Fund is in a positive cash-flow position because its contributions exceed its outgoings to members.

The Fund completed its 2019 valuation in the 2019/20 financial year when it was agreed that the employer contribution rate would remain stable at 35% for the next 3 years. This was consistent with the Fund's deficit recovery plan to clear its deficit within 19 years of the balance sheet date.

The Board welcomed the report and on behalf of the Board, the Chair congratulated officers for the informative report. With no further issues raised, the Chair confirmed that all members had followed the discussions and thanked members and officers for their contribution. It was RESOLVED:

That the Brent Pension Fund Annual report and accounts 2019-2020 be noted.

12. **Any other urgent business**

Vacancy - Other Employers Representative.

Mr Ravinder Jassar (Head of Finance) informed the Board he had received expressions of interest to fill the vacant other employers' representative on the Board but due to the Covid-19 restrictions, he had put it on hold to be revisited.

13. **Exclusion of Press and Public**

RESOLVED:

That the press and public will be excluded from the remainder of the meeting as the reports and appendices to be considered contained the following category of exempt information as specified in Paragraph 3, Schedule 12A of the Local Government Access to Information Act 1972, namely;

"Information relating to the financial or business affairs of any particular person (including the Authority holding that information)."

14. **London CIV Update**

The purpose of this report was to update the Sub-Committee on recent developments within the London CIV (LCIV). Mr Ravinder Jassar (Head of Finance) provided updates on the following key aspects within the report which had been considered at the last meeting of Brent Pension Fund Sub-Committee:

i) ESG reporting which provides an investment summary, a London CIV and market update and key portfolio data for the Fund's holdings with London CIV.
ii) Multi asset credit fund.
iii) Private debt. Since the last committee meeting, officers had provided London CIV on what the Fund would be looking for from private debt mandate.
iv) Fund launches; details as set out in appendix 3 to the report.

Members welcomed the report and with no further issues raised, the Chair confirmed that all members had followed the discussions and thanked members and officers for their contribution. It was RESOLVED:

That the recent developments within the London CIV be noted.

The meeting closed at 7.25 pm

MR. D EWART
Chair

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By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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of the Local Government Act 1972.

Agenda Item 13

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