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**BCPP JOINT COMMITTEE**

**AGENDA**

**Venue:** **Border to Coast Offices, Toronto Square, Leeds, LS1 2HJ**

**Date:** **Tuesday, 26 March 2024**

**Time:** **11.15 am**

**Membership:**

**Chair:-**

| | |
|---|---|
| Cllr Doug McMurdo | Bedfordshire Pension Fund |

**Vice Chair**

| | |
|---|---|
| Cllr George Jabbour | North Yorkshire Pension Fund |

**Membership:-**

| | |
|---|---|
| Cllr Doug Rathbone | Cumbria Pension Fund |
| Cllr David Sutton -Lloyd | Durham Pension Fund |
| Cllr Paul Hopton | East Riding Pension Fund |
| Cllr Eddie Strengiel | Lincolnshire Pension Fund |
| Cllr Jayne Dunn | South Yorkshire Pension Fund |
| Cllr Jill Ewan | Teesside Pension Fund |
| Cllr Nick Harrison | Surrey Pension Fund |
| Cllr Anne Walsh | Tyne & Wear Pension Fund |
| Cllr Christopher Kettle | Warwickshire Pension Fund |

**Scheme Member Representatives**

| | |
|---|---|
| Linda Bowen | East Riding LPB |
| Nicholas Wirz | Tyne & Wear LPB |

**Terms of Reference of the BCPP Joint Committee**

1. The primary purpose of the Joint Committee is to exercise oversight over investment performance of the collective investment vehicles comprised in the BCPP Pool.

2 The Joint Committee will provide effective engagement with the Authorities as the BCPP Pool vehicles are established and ultimately operated. It will encourage best practice, operate on the basis that all partners have an equal say and promote transparency and accountability to each Authority.

The remit of the Joint Committee is:

**2.1 Phase 2 – Post Establishment and Commencement of Operations**

2.1.1 To facilitate the adoption by the Authorities of relevant contracts and policies.

2.1.2 To consider requests for the creation of additional ACS sub-funds (or new collective investment vehicles) and to make recommendations to the BCPP Board as to the creation of additional sub-funds (or new collective investment vehicles).

2.1.3 To consider from time to time the range of sub-funds offered and to make recommendations as to the winding up and transfer of sub-funds to the BCPP Board.

2.1.4 To review and comment on the draft application form for each additional individual ACS sub-fund on behalf of the Authorities prior to the Financial Conduct approval (or the draft contractual documents for any new collective investment vehicle).

2.1.5 To formulate and propose any common voting policy for adoption by the Authorities and to review and comment on any central policy adopted by BCPP.

2.1.6 To formulate and propose any common ESG/RI policy for adoption by the Authorities and to review and comment on any central policy adopted by BCPP.

2.1.7 To formulate and propose any common conflicts policy for adoption by the Authorities and to review and comment on any central policy adopted by BCPP.

2.1.8 To agree on behalf of the Authorities high level transition plans on behalf of the Authorities for approval by the Authorities for the transfer of BCPP assets.

2.1.9 To oversee performance of the BCPP Pool as a whole and of individual sub-funds by receiving reports from the BCPP Board and taking advice from the Officer Operations Group on those reports along with any external investment advice that it deems necessary.

2.1.10 To employ, through a host authority, any professional advisor that the Joint Committee deems necessary to secure the proper performance of their duties.

## AGENDA

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**Border to Coast Joint Committee 26th March 2024 – Public Questions**

**Question 1 - Submitted by Ms Alison Whalley**

**Preamble**

As the Joint Committee is aware, climate risk scenarios (from advisers such as Mercers and Hyman Robertson) are one of various factors used to inform investment, especially long- term investment decisions. Recent research has put this modelling under academic scrutiny and found that these scenarios produce mis-leading economic modelling that grossly mismatches what climate scientists are saying about how a world that warms to over 1.5°C will behave. Important bodies like the Pension Regulator and the Institute and Faculty of Actuaries are sounding the alarm and urging investors to review their reliance on such modelling.

**Question**

We are encouraged to learn that BCPP does not use this flawed climate modelling. This being the case, we would like to know how BCPP assesses climate risk and what modelling is used? And further, whether this important information has been shared with your eleven Pension Fund partners, and if not, why not, given that BCPP's position on this matter would carry considerable weight with the individual Pension Funds and the impact on their Responsible Investment and Climate Change/Net Zero policies.

**Response**

The Border to Coast operating company provides fund management services to the 11 partner pension funds. Under the LGPS regulations it is the responsibility of the 11 partner funds to determine their own policies to the management of climate risk. In doing this they will make use of information provided by the Border to Coast company (and other fund managers with whom they might have relationships) although the licensing arrangements for the use of some data make it difficult for this to fully shared.

The Company uses third-party ESG and carbon data to assess individual holdings. The Company conduct carbon screens to identify the largest emitters and potential risks around stranded assets. The Company utilise internal, sell-side and climate-specific research and produce Carbon Risk Assessment (CRA) reports for the largest emitters in our portfolio, which provide a deeper dive to assess the credibility of the transition plans of the companies. The Company also use forward-looking metrics, including the TPI tool, the CA100+ Net Zero Company Benchmark and the IIGCC's Net Zero Investment Framework (NZIF) Paris Alignment metric to assess companies' transition progress. Climate risks are factored into the selection and appointment of external managers and the ongoing monitoring of these mandates.

Stewardship is a critical component of the Company's Net Zero Implementation Plan, with engagement being the primary mechanism for driving alignment to Net Zero in our portfolio companies and thereby meeting our own Net Zero targets, both at asset class and portfolio level, as well as for driving real-world decarbonisation. They have therefore developed a Net Zero Engagement Strategy using the Institutional Investors Group on Climate Change’s (IIGCC) Net Zero Stewardship Toolkit.

The collectively agreed position of the Partner Funds on these issues is reflected in the policies agreed by the Joint Committee each year. Partner Funds own policies will vary reflecting their own circumstances and either mirror the collective policy or be a statement of where they would wish the consensus position to move to.

**Question 2 – Submitted by Ms Jenny Condit**

**Preamble**

In February of this year BCPP announced a number of steps intended to "Further strengthen responsible investment policies to support climate and ESG risk management". One particular part of the policy, however, appears to be anything but strong. You say you will not invest in organisations where thermal coal and oil sand production represent more than 25% of revenues. The implication of this statement is that these types of fossil fuels are so damaging that you will restrict your ownership of them. Notwithstanding this policy, in the past two years you have built a £50mm position in ConocoPhillips (COP) in the Global Equity Alpha fund. This company is a major player in the Athabasca Tar Sands , and effective with a recently completed acquisition has actually doubled its tar sands assets. COP must now own the largest or second largest amount of tar sands reserves in the world. Yet even given its dominant position in this business, COP does not breach your test for exclusion from your portfolio. In fact it's not even close. This is because COP, a vast fossil fuel company, generates so much conventional oil and gas as well. This demonstrates that if you have a big enough carbon footprint overall, you can bring as much tar sands product into the world as you want and BCPP can still own you.

**Question**

Would you accept that your policy for exclusion of businesses from your portfolio as a function of a percentage of revenue test for a troublesome product line is really not fit for purpose? Do you not think a test should better address how much carbon a business is generating, rather than how much money the owner is making on it? In the case of tar sands, with its extreme carbon intensity, a 25% contribution to revenue is equivalent to a much larger contribution to carbon emissions. A test which does not exclude a dominant player in a business is less a test than a cakewalk, surely?

**Response**

The selection of individual stocks is not a matter for the Joint Committee and is delegated to those managing portfolios within the individual investment funds. Each fund is managed in line with an investment mandate which defines the investment universe for the Fund and other parameters such as performance targets and risk tolerances. These matters are the responsibility of the Partner Funds who retain responsibility for setting policy and strategy. The collective position of the partner funds as set out in the various collectively agreed policies is to favour engagement over divestment while at the same time gradually ratcheting down the revenue threshold applied to exclude companies in particularly problematic sectors from the investment universe. There are different means of determining how to exclude individual companies, however, a revenue threshold is the most common means and the easiest to apply in practice.

**Question 3 – Submitted by Lindsey Coeur-Belle**

**Preamble**
In 2022 PFZW, a €256bn care and welfare pension fund in the Netherlands and the 3rd largest in Europe, divested from 114 fossil fuel producers who had no carbon reduction targets.

They then undertook a 2-year engagement programme in which oil and gas companies were asked to produce a viable energy transition strategy by the end of 2023 with short- and medium-term targets and information on carbon emissions. As a result of this exercise in February this year PFZW sold their €2.8bn stake in a further 310 oil and gas companies including Shell, BP, and Total Energies.

**Question**
PFZW have demonstrated the effectiveness of utilising a "SMART" approach to engagement (defined as specific, measurable, achievable, relevant and time bound). In light of this example will BCPP, and its constituent member funds, revise their engagement strategies immediately to a SMART based approach as currently they are woefully inadequate for professional organisations?

**Response**

Engagement activities undertaken on behalf of the 11 partner funds whether by the operating company's team, external fund managers, Robeco acting for the operating company or the Local Authority Pension Fund Forum acting for the 11 partner funds all work with defined objectives, timescales, and approaches to escalation. As detailed in the collectively agreed Responsible Investment Policy, the best way to influence companies is through engagement; therefore, the Partnership does not divest from companies principally on social, ethical, or environmental reasons. As responsible investors, the approach taken is to influence companies' governance standards, environmental, human rights and other policies by constructive shareholder engagement and the use of voting rights. For all engagements, SMART engagement objectives are defined.

If engagement does not lead to the desired result, then escalation may be necessary. A lack of responsiveness by the company can be addressed by conducting collaborative engagement with other institutional shareholders, registering concern by voting on related agenda items at shareholder meetings, attending a shareholder meeting in person and filing/co-filing a shareholder resolution. If the investment case has been fundamentally weakened, the decision may be taken to sell the company's shares.

Clearly the effectiveness of these approaches are a matter of opinion on which the Partnership would differ from the questioner.

Minutes of the Border to Coast Joint Committee

**Tuesday 28th November 2023 at 11:15am**
**Border to Coast Offices, Toronto Square, Leeds, LS1 2HJ**

| | |
|---|---|
| **Present Members:** | **Chair:**<br>Cllr Doug McMurdo, Bedfordshire Pension Fund<br><br>**Vice-Chair:**<br>Cllr George Jabbour, North Yorkshire Pension Fund<br>-----<br><br>Cllr Doug Rathbone, Cumbria Pension Fund<br>Cllr David Sutton-Lloyd, Durham Pension Fund<br>Cllr Paul Hopton, East Riding Pension Fund<br>Cllr Eddie Strengiel, Lincolnshire Pension Fund<br>Cllr Jayne Dunn, South Yorkshire Pension Fund<br>Cllr Nick Harrison, Surrey Pension Fund<br>Cllr John Kabuye, Teesside Pension Fund<br>Cllr Anne Walsh, Tyne & Wear Pension Fund<br>Cllr Christopher Kettle, Warwickshire Pension Fund |
| **Scheme Member Representatives:** | Nicholas Wirz<br>Lynda Bowen |
| **Fund Officers**<br><br>**Statutory Officer Representative(s):** | Andy Watkins, Bedfordshire Pension Fund<br>Pete George, Cumbria Pension Fund<br>Paul Cooper, Durham Pension Fund<br>Tom Morrison, East Riding & North Yorkshire Pension Funds<br>Jo Kempton, Lincolnshire Pension Fund<br>George Graham, South Yorkshire Pension Fund<br>Neil Mason, Surrey Pension Fund<br>Nick Orton, Teesside Pension Fund<br>Paul McCann, Tyne & Wear Pension Fund<br>Andy Felton and Victoria Moffett, Warwickshire Pension Fund |
| **Partner Fund Nominated Non Executive Directors** | Cllr David Coupe<br>Cllr John Holtby |
| **Border To Coast Representatives:** | Rachel Elwell – Chief Executive Officer<br>Joe McDonnell – Chief Investment Officer<br>Chris Hitchen – Chair<br>Mark Lyon – Deputy Chief Investment Officer<br>Milo Kerr - Head of Customer Relationship Management |

Graham Long – Head of External Management
Ewan McCulloch – Chief Stakeholder Officer
Fiona Miller – Deputy Chief Executive Officer
Jane Firth (Item 6)

**Apologies:** None received

## 1 APOLOGIES/DECLARATIONS OF INTEREST

***The Chair welcomed everyone to the meeting including members of the public. Apologies were noted as above.***

***Members declared no further interests in addition to those included in the relevant register.***

***George Jabour declared a non-pecuniary interest in relation to the nature of his campaigning work, including the way public sector pension funds manage their funds.***

## 2 MINUTES OF THE MEETING HELD ON 28 SEPTEMBER 2023

***The minutes were received, and members asked to approve.***

***RESOLVED – The minutes of the meeting held on 28 September 2023 be agreed as a true record.***

## 3 QUESTIONS FROM THE PUBLIC

***A question had been received from Mr Sean Ashton, which the Chair had agreed should be responded to.***

***The Chair provided a response in terms of the Joint Committee's position and the approach taken by the Border to Coast company on the issues raised was explained. A full copy of the question and the response is appended to the minutes.***

***Members requested that the Secretariat develop a formal protocol for dealing with questions from members of the public.***

## 4 JOINT COMMITTEE BUDGET

***A report was presented updating the Joint Committee on the current position of the agreed budget confirming that the expenditure to date was £30,395.***

***It was noted that the budget may be slightly overspent by the end of the financial year however it was recognised that his was not an issue in terms of overall funds. It was also noted that the budget may need to be increased at the 2024/25 review in line with inflation.***

***RESOLVED – To note the budget position for 2023/24.***

## 5 JOINT COMMITTEE EFFECTIVENESS REVIEW

***George Graham presented a report outlining the proposal that the Joint Committee carry out a review of its effectiveness.***

***It was noted that an appropriate timescale for this to take place would be prior to the end of the municipal year to ensure that members involved have benefited from at least just short of 12 months membership.***

***Discussions took place around the procurement of the external facilitator, and it was noted that the intention would be to undertake this through an existing framework agreement.***

***RESOLVED – To approve an undertaking of an effectiveness review before the end of the current municipal year.***

## 6 RESPONSIBLE INVESTMENT POLICIES ANNUAL REVIEW 2023

***Jane Firth presented a report providing the Committee with an overview of the annual review process for the three Responsible Investment policies, highlighting the key changes for each policy.***

***Particular attention was drawn to the review of exclusions within the Responsible Investment Policy and the reduction in revenue thresholds resulting in an increased number of companies being excluded from the investment universe.***

***The review of the Voting Guidelines resulted in minor changes, as set out in the report, and the majority of the changes to the Climate Change Policy are a restructure of wording that reflects the work carried out to support Net Zero commitments.***

***It was noted that all three policies have been evaluated by Robeco using the International Corporate Governance Network Global Governance Principles.***

***Following discussions around voting and engagement, monitoring COP28 outcomes and private markets it was:***

***RESOLVED: To note the report and support taking the revised policies to Pensions Committees for comment and for them to consider adoption of the principles in their own RI policies in line with industry best practice.***

## 7 RESPONSIBLE INVESTMENT UPDATE

***Jane Firth presented a report providing the Committee with an update on the Responsible Investment activity undertaken by the Company on behalf of Partner Funds over the period since the last meeting.***

***Members attention was drawn to the engagement activity supporting priority themes as well as engagement undertaken by Robeco.***

***It was noted that the peak voting season has come to an end and that quarterly stewardship and voting reports produced by Border to Coast and Robeco for the quarter ended 30th September 2023 can be found on the Border to Coast website.***

***RESOLVED – To note the contents of the report.***

## 8 SUMMARY OF INVESTMENT PERFORMANCE AND MARKET RETURNS

***Joe McDonnell presented a report to update members on the quarter 3 market environment and fund performance. The report also included commentary on the medium-term investment outlook.***

***It was noted that in future reports, given the impact that China has on the economy, it would be differentiated from the rest of emerging markets.***

***Following discussion it was:***

***RESOLVED – To note the contents of the report.***

**Exclusion of the Public and Press**

***RESOLVED – That under Section 100(A) of the Local Government Act 1972, thepublic be excluded from the meeting for the following items of business on the grounds that they involve the likely disclosure of exempt information as defined inparagraph 3 of Part 1 of Schedule 12A of the Act and the public interest not to disclose information outweighs the public interest in disclosing it.***

## 9 DEVELOPMENT OF INVESTMENT CAPABILITIES

***Milo Kerr presented a report to update members on the progress in the last quarter, highlighting the launch of a number of new investment propositions and setting out the progress in asset pooling.***

***It was however noted that further work was required to complete the original commitment to pool and the report set out potential options for transitioning un-pooled listed assets.***

***Following discussion it was:***

***RESOLVED***

1. ***To recommend the plan to Shareholders for approval.***
2. ***To note the quarterly management information used to track pooling progress as set out in Appendix 3***

## 10 ALTERNATIVES 2024

***Mark Lyon introduced a report presenting the proposed Alternative offerings to be launched in April 2024.***

***It was noted that existing and planned resources are considered sufficient to cover the launch of the new capabilities and that a full review of legal documentation has been carried out to ensure that it remains fit for purpose.***

***Members were informed that it is not anticipated that there will be any material operating model, capital, regulatory or procurement implications but this will be confirmed prior to implementation. It was also noted that the timeline is considered to be achievable and the importance of meeting the target date of 1 April 2024 was set out.***

***Following discussion, it was:***

***RESOLVED –***

***1. To note the contents of the report.***

***2. To note the overview of the UK Opportunities offering and comment on the proposition.***

***3. To delegate to Officers the authority to review the contractual documentation required to support the Alternatives 2024 launch.***

## 11 CEO REPORT

***The Company's CEO submitted a report updating the Committee on activity acrossthe whole range of the Company's activity.***

***Members were updated on the following key areas:***

- ***Partner Fund collaboration.***
- ***An update on progress in relation to corporate functions including the expected outturn for the Operating Budget.***
- ***The key business risks to the organisation, noting that Political risk continues to be significant.***

***Following discussion it was:***

***RESOLVED: To note the contents of the report.***

## 12 INVESTMENT REVIEW QUARTER ENDED 20 SEPTEMBER 2023

***Graham Long and Mark Lyon introduced a review of the performance and activity of the Border to Coast Investment Funds over Q3 2023 which set out detail in the following key areas:***

- ***Market Value.***
- ***Performance.***
- ***Market Background.***

***Following discussion it was:***

***RESOLVED – To note the contents of the report.***

## 13 STANDING ITEM - UPDATE ON EMERGING MATTERS

***There were no matters to report that had not already been dealt with elsewhere on the agenda.***

***CHAIR***

**Border to Coast Joint Committee Schedule of Meetings and Other Significant Events**

| 2024/25 Municipal Year | | 2025/26 Municipal Year | |
|---|---|---|---|
| Date of Meeting | Review of Performance for Quarter Ended | Date of Meeting | Review of Performance for Quarter Ended |
| Tuesday 18th June 2024 (Annual Meeting and Responsible Investment Workshop) | 31st March 2024 | Tuesday 17th June 2025 (Annual Meeting and Responsible Investment Workshop) | 31st March 2025 |
| Thursday 26th Sept. 2024 | 30th June 2024 | Thursday 25th Sept. 2025* | 30th June 2025 |
| Tuesday 12th November 2024 (Responsible Investment Workshop) Virtual | | Tuesday 11th November 2025 (Responsible Investment Workshop) Virtual | |
| Tuesday 26th Nov. 2024 | 30th Sept 2024 | Tuesday 25th Nov. 2025 | 30th Sept 2025 |
| Tuesday 25th March 2025 | 31st Dec 2024 | Tuesday 24th March 2026 | 31st Dec 2025 |

Where meetings are in person all meetings will take place in Leeds and timings will be set to allow for travel.

*Subject to confirmation of the date of the Border to Coast Annual Conference

**Border to Coast Joint Committee Schedule of Meetings and Other Significant Events**

Note:

The Annual General Meetings of the Border to Coast Operating Company will, subject to final confirmation by the Company take place on the following dates

23rd July 2024 to approve the report and accounts for 2023/24

22nd July 2025 to approve the report and accounts for 2024/25

The Border to Coast Annual Conference will (subject to final confirmation) take place on the following dates

18th – 19th July 2024

25th – 26th Sept 2025

In order to minimise travel and maximise the use of members' time the Joint Committee will take place on the Thursday morning before the commencement of the Conference.

# Border to Coast Pensions Partnership Limited

## Joint Committee

**Date of Meeting:** **26th March 2024**

**Report Title:** **Joint Committee Budget**

**Report Sponsor:** **Nick Orton, Chair Officer Operations Group**

### 1.0 Recommendation

1.1 The Joint Committee is asked to

- Note the current budget position for 2023/24
- Agree a budget for 2024/25 of £50,000

### 2.0 2023/24 Joint Committee Budget

2.1 At the Joint Committee meeting in March 2023 a budget of £40,000 was approved for 2023/24. This is consistent with the budget in previous years.

2.2 The Budget is intended to cover costs incurred by the Joint Committee and the partner funds, including the secretarial services to convene and run meetings, and for collective advice and support (internal from partner funds and external sources) which may be required from time to time by all partner funds.

2.3 It is also considered reasonable that this budget is used to cover travel costs and expenses for any members or officers who are attending meetings to represent all partner funds. This will include but will not be limited to meetings with the Department of Levelling Up, Housing and Communities (DLUHC). This budget will not be used where members and officers are attending meetings to represent their own funds including Joint Committee meetings and Officer Operations Group Meetings.

2.4 The budget will also be used to cover travel expenses for scheme member representatives appointed as non-voting members to the Joint Committee. This is because they will be deemed to be representing the scheme members from all partner funds.

2.5 In line with the cost sharing principles these costs will be shared equally between the partner funds.

2.6 As the time of writing total expenditure incurred for the year to date against this budget was £42,415. This largely relates to external legal costs for the review of the Border to Coast Global Property documentation and the Cost Sharing Agreement.

2.7 Other expenditure which will be incurred on the current year, includes:

- Secretariat support to the Joint Committee, from South Yorkshire Pensions Authority.

- Travel and subsistence for the scheme member representatives on the Joint Committee.

## 3.0 Proposed Budget for 2024/25

3.1 It is proposed that the budget for 2024/25 should be increased to £50,000.

3.2 This budget has been exceeded in the last two years and given current inflation levels it is deemed prudent to increase the budget to reflect the expected level of costs in the future.

3.3 As always only the final actual costs are recharged to partner funds and so the budget only provides an indicative figure for each partner fund to budget for.

## 4.0 Conclusion

4.1 The project final outturn slightly exceeds the Joint Committee Budget.

4.2 It is proposed that the budget for 2024/25 is increased to £50,000.

### Report Author:

Neil Sellstrom, neil.sellstrom@southtyneside.gov.uk

### Further Information and Background Documents:

N/A

PENSIONS PARTNERSHIP

**Border to Coast Joint Committee**

**Date of Meeting:** **26th March 2024**

**Report Title:** **Evolving the Work of the Joint Committee**

**Report Author:** **George Graham (Director – SYPA) for Officer Operations Group**

## 1.0 Executive Summary:

**1.1** This report proposes changes to the way in which the Joint Committee exercises its role in overseeing the work of the Border to Coast operating company and how this is supported by the Officer Operations Group (OOG) reflecting the move from the Company's establishment phase to steady state operation.

## 2.0 Recommendation:

2.1 It is recommended that the Joint Committee approve the changes to the way in which the Committee's agenda is structured and the way in which the Committee relates to the OOG as outlined in the body of this report.

## 3.0 Background and Options

3.1 As part of work to support both the Partnership's 2030 Strategy and the move of the operating company from its establishment phase to steady state operation the Officer Operations Group (OOG) has been considering how Partner Funds should effectively exercise their collective responsibilities in relation to oversight of the Partnership and in particular the operating company. This has involved Partner Fund Officers undertaking two two-day sessions at South Yorkshire Pensions Authority's offices in Barnsley and devoting a significant proportion of a regular OOG meeting to this task.

3.2 While each partner fund must remain responsible for oversight of its own assets managed within the pool collective oversight of the operation of the pool (which it must be remembered is not just the operating company) is a process that culminates in the work of the Joint Committee. To date the Joint Committee has exercised this function through a particular focus on, high level approval of new investment propositions, quarterly performance information for the various investment propositions, recommending collective policies to individual Pension Committees, receiving information on partner funds progress with transition to the Pool and more recently receiving annual reviews of investment propositions. This agenda has run in parallel to rather than being directly supported by the work of the OOG. The current inflexion point as the partnership moves to steady state operation is an opportunity to consider whether this arrangement is serving the partnership well and whether it can be improved.

3.3 Meetings of the Joint Committee can feel crowded in terms of there being (too) many items on the agenda to be dealt with in a relatively fixed timescale meaning that the level of scrutiny being achieved can appear superficial. In addition, the focus on quarterly performance is unhelpful and tends to duplicate the focus of individual pension committees therefore adding little to the overall level of assurance that is available about whether individual propositions are performing as intended. More recent Joint Committee meetings have also received annual proposition reviews which perhaps provide a better vehicle for considering whether propositions are performing as intended. However, to date these reviews have not been considered at all by the OOG.

3.4 Therefore to provide a longer-term focus to the Joint Committee's oversight of the performance of individual investment propositions it is proposed that the Committee no longer receive quarterly performance information but review the performance of the individual propositions through the cycle of annual reviews which has already been established. To support this from an officer point of view there will be an "Investment OOG" a suitable period prior to each Joint Committee meeting which will examine each proposition review and identify issues which should be probed by the Joint Committee. These will be highlighted in a short covering paper produced on behalf of the OOG to accompany the proposition reviews. The other aspects of the Joint Committee agenda, such as high-level approval for new propositions, agreement of collective policies and monitoring the transition of assets into the Pool will continue as now.

3.5 The aim of these changes is to provide more effective oversight of the work of the operating company in delivering the various propositions in a way which complements the work undertaken by individual pension committees and which harnesses the collective insight of partner fund officers and advisers through the "Investment OOG".

3.6 It is proposed, if agreed, to implement these changes from the next meeting of the Joint Committee. Given this and the need to allow any new process of this sort time to settle it is proposed to leave the previously agreed proposal to carry out an effectiveness review of the Joint Committee in abeyance and return to it once these new arrangements and any changes in membership following the forthcoming local elections have settled down.

## 4.0 Conclusion

4.1 The proposals set out in this report contribute to improving the effectiveness of partner funds' collective oversight of the operating company and the propositions which it delivers while reducing the current level of duplication with the work of individual pension committees.

**Report Author:**

George Graham – Director - South Yorkshire Pensions Authority.

ggraham@sypa.org.uk

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**Border to Coast Joint Committee**

**Date of Meeting:** **26th March 2024**

**Report Title:** **Protocol for Public Questions**

**Report Author:** **George Graham (Director – SYPA)**

## 1.0 Executive Summary:

**1.1** Following the receipt of questions from members of the public at the last meeting of the Joint Committee this report proposes a protocol for dealing with public questions going forward.

## 2.0 Recommendation:

2.1 It is recommended that the Joint Committee approve the protocol for dealing with public questions at meetings of the Committee as set out in the body of this report.

## 3.0 Background and Options

3.1 Meetings of the Joint Committee like those of any other local authority committee are held in public. Most local authorities make provision for members of the public to ask questions at meetings of this sort as part of their processes for engaging with citizens. At the last meeting of the Joint Committee members of the public (who also happened to be members of Border to Coast partner funds) asked a question and in the absence of any formal protocol for dealing with questions the Chair exercised discretion to allow the question to be asked and answered, with a copy of the question and answer appended to the minutes of the meeting.

3.2 Following this member of the Joint Committee asked the secretariat to devise a protocol for dealing with public questions. This report sets out a proposed protocol.

a) At the discretion of the Joint Committee questions from members of the public may be received at any meeting, provided that seven clear days' notice in writing has been given to the Secretary to the Joint Committee of the proposed attendee(s), whether virtual or in person and the object of their question(s).

b) To be eligible to submit a question a member of the public must be either:

   i. An elector in the geographical area of one of the administering authorities represented on the Joint Committee, and/or
   ii. A member of one of the partner funds represented on the Joint Committee.

c) No more than 3 questions will be dealt with at any meeting of the Joint Committee. The questions to be answered being determined on a “first come first served” basis where more than 3 are submitted.

d) If members of the public are to attend:

   i. If attending in person they shall not exceed two persons in number, only one of whom shall speak and the speech inclusive of the reading of a memorial or petition, if one is to be presented, shall not exceed five minutes.
   ii. If attending virtually a member of the public may speak and the speech inclusive of the reading of a memorial or petition, if one is to be presented, shall not exceed five minutes.
   iii. the Chair shall put a motion that they be received which motion shall be put and moved without discussion. On the motion being approved, they shall be admitted.

e) The Chair shall invite the relevant officer(s) to provide a response to any question from a member of the public, which shall be appended to the minutes of the meeting.

f) No discussion shall take place on any matter raised by a question from the public, but any member of the Joint Committee shall be at liberty to move a motion that the subject matter be referred to the next ordinary meeting of the Joint Committee or to such other body as may be appropriate and such motion, on being seconded, shall be at once put to the vote.

3.3 These provisions are broadly based on those of South Yorkshire Pensions Authority but with additional limitations in terms of the numbers of attendees and questions which reflect the practicalities associated with meetings of the Joint Committee. They also provide for virtual attendance to ask questions on the basis that given the wide geographical spread of potential questioners this is likely to be both more inclusive and environmentally friendly.

## 4.0 Conclusion

4.1 The proposals set out in this report are intended to codify arrangements which are intended to promote public accountability while at the same time not inhibiting the overall work of the Joint Committee.

**Report Author:**

George Graham – Director - South Yorkshire Pensions Authority.

ggraham@sypa.org.uk

01226 666439

**AGENDA ITEM 7**

# Border to Coast Joint Committee

**Date of Meeting:** **26 March 2024**

**Report Title:** **Responsible Investment Update**

**Report Sponsor:** **Rachel Elwell - CEO**

## 1 Executive Summary

1.1 Border to Coast is a strong advocate for Responsible Investment which includes embedding environmental, social and governance issues into investment decision making and practicing active ownership through voting and engagement. This report provides an update on Responsible Investment activity and reporting.

1.2 An update is provided on engagement supporting our priority themes, as well as engagement undertaken by Robeco.

1.3 We are preparing for the 2024 AGM voting season and the implementation of the revised voting guidelines.

1.4 We continue to respond to consultations related to responsible investment and submitted a response to the Department for Energy Security and Net Zero's consultation on Scope 3 carbon emissions.

1.5 We have retained our signatory status to the UK Stewardship Code which demonstrates our commitment to responsible investment including our approach to stewardship.

1.6 The quarterly stewardship and voting reports produced by Border to Coast and Robeco for the quarter ended 31st December 2023 can be found on our website.

## 2 Recommendations

2.1 The Joint Committee is asked to note the report.

## 3 Engagement update

3.1 We continue to implement our thematic engagement plan to support the priority themes through direct engagement with companies, engagement conducted by Robeco and external managers, and through collaboration with other institutional investors.

3.2. We are collaborating with RLAM to engage four UK banks to integrate Just Transition into net zero strategies. Meetings have been held with several banks so far with some positive responses to progress either integration into existing net zero policies or standalone just transition policies. Engagement is ongoing.

3.3. Border to Coast is co-leading engagement with easyJet for the IIGCC Net Zero Engagement Initiative alongside other large institutional shareholders. Following assessment of easyJet's transition plans, a meeting was held in November to discuss its emission reduction targets and decarbonisation strategy. The Company response was satisfactory, with a well-below 2 degrees aligned Science Based Targets initiative (SBTi) target and comprehensive transition plan. Further disclosure has been requested on the feedstock and sustainability of Sustainable Aviation Fuels, and on the contributions of transition measures to meeting its targets. Engagement with easyJet is continuing.

3.4. We have again signed up to the Rathbones led 'Votes Against Slavery' initiative. 12 Border to Coast FTSE 350 holdings have been identified as not complying with the disclosure requirements of the Modern Slavery Act. Engagement is being undertaken with companies ahead of the AGMs. We will vote against accepting the Annual Report at their 2024 AGMs if they do not comply by that time.

3.5. Robeco themes tend to run for a three-year period. Every year a process is undertaken to determine new themes which includes input from Border to Coast and other clients. The new themes selected to be launched in 2024 are Ocean Biodiversity, looking at sectors where investors have exposure to sectors that contribute to ocean biodiversity loss; and Hazardous Chemicals where Robeco will engage those companies with most exposure to hazardous chemicals to encourage their phase-out. Robeco is also expanding the engagement coverage for climate change and biodiversity themes, given the strategic long-term importance of these topics.

3.6. The last two themes picked for 2023 were launched by Robeco in December. The first is Forced Labor and Modern Slavery, which supports our priority Social theme. This engagement will focus on companies predominantly linked to the Asia-Pacific region operating in sectors highly exposed to forced labor risks, such as Consumer discretionary, Consumer staples, Technology and Healthcare. The second is Tax Transparency and will focus on improving the transparency of companies over their tax status, and what they pay to the governments of the countries in which they operate.

3.7. During Q4 we also undertook post-AGM engagement, writing to 31 companies to advise of votes against the Chair due to our climate voting policy and advising of CA100+ Net Zero benchmark and TPI company expectations.

## 4 Voting

4.1 The run up to peak voting season has begun and we have been working with Robeco to ensure frameworks for implementation of the revised Corporate Governance & Voting Guidelines are in place. A watchlist of priority companies has been created both for our internal use, and for sharing and updating Partner Funds as the season progresses.

## 5 RI strategy

5.1 We responded to the Department for Energy Security and Net Zero (DESNZ) in a call for evidence on the benefits, costs and practicalities for reporting Scope 3 greenhouse gas emissions. We supported the Investment Association's response and highlighted the value of Scope 3 reporting in understanding the potential regulatory, reputational, and financial risks associated with climate change.

5.2 We contributed to a new Biodiversity guide from Accounting for Sustainability (A4S) – Managing Nature Risks and Investing in the Opportunities, which is a 'top tips' for pension fund chairs and trustees. This included how we engage on biodiversity issues as part of our priority engagement themes through collaborative initiatives and Robeco.

5.3 Border to Coast became a signatory to the UN Supported Principles for Responsible Investment (PRI) in October 2019, this allows us to publicly demonstrate our commitment to responsible investment. The six Principles are voluntary and aspirational and for most signatories' commitments are a work-in-progress. We submitted to the revised Reporting Framework in September reporting on modules covering policy governance and stewardship (including voting), and selection, appointment and monitoring of managers across asset classes. The reporting framework is also the platform where we submit updates to the Net Zero Asset Managers initiative on the progress we've made over the year. The PRI assessment uses a 1 – 5 star scoring system. We were notified of our assessment results in December receiving 4 and 5 stars for all modules. We were also significantly above the median for all modules.

## 6 Reporting

6.1 Our Climate Change Report received recognition from Pensions for Purpose at their Pension Fund Awards, winning the Paris Alignment Award – Best Climate Change Policy Statement. This recognises that our approach is regarded as leading industry best practice.

6.2 We produce quarterly and annual reports detailing our responsible investment activities. The quarterly stewardship reports produced by Border to Coast and Robeco, along with the voting reports for the quarter ended 31st December can be found on our website.

## 7 Risks

7.1 Responsible Investment and sustainability are central to Border to Coast's corporate and investment ethos and a key part of delivering our partner funds' objectives. There may be reputational risk if we are perceived to be failing in this area and our management of climate risk. To mitigate the risk, we have a 3-year RI strategy which is developed to reflect the shift in best practice. Reports on RI and stewardship are produced and published on the website to publicly disclose our activities in this area.

7.2 There is a risk that insufficient resources are in place to realise the Responsible Investment strategy. To mitigate this risk the resourcing of the RI team has increased, and support is also provided by the Communications and Customer Relationship Management teams.

## 8 Conclusion

8.1 Engagement is being conducted, either directly, through collaborations or conducted by Robeco, is continuing to support our priority engagement themes.

8.2 The regular quarterly reports on stewardship (voting and engagement) which detail our activities as an active steward have been published. All reports can be found on the website.

8.3 We were pleased to retain signatory status for the UK Stewardship Code and results from the PRI reporting framework demonstrating our commitment to responsible investment.

8.4 The Committee is asked to note the report.

## 9 Author

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8th March 2024

**Important Information**

# Border to Coast Joint Committee

**Date of Meeting:** 26 March 2024

**Report Title:** Summary of Investment Performance and Market Review

**Report Sponsor:** Joe McDonnell (CIO)

## 1 Executive Summary

1.1 This report provides an overview of the macroeconomic and market environment, the performance of Border to Coast funds and the medium-term investment outlook.

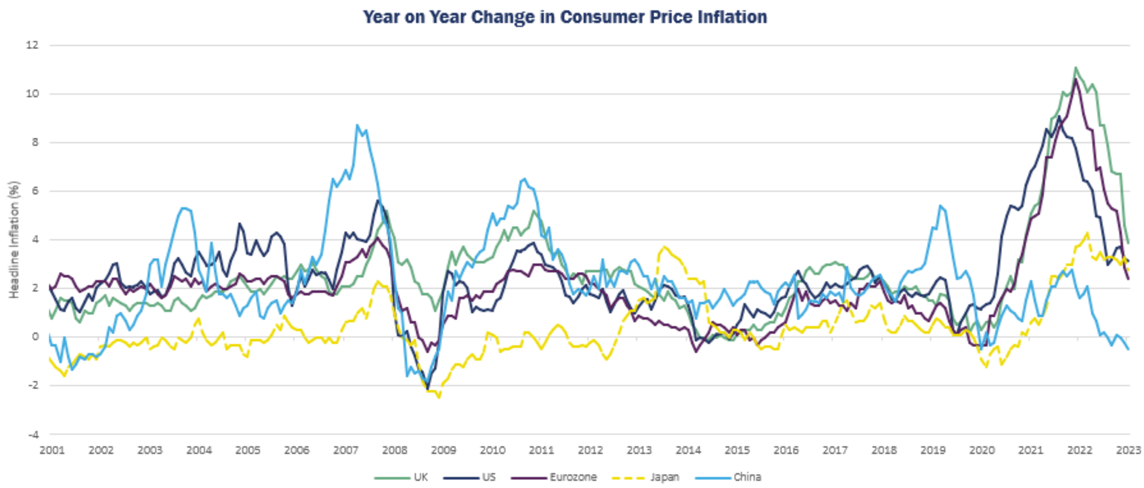
## 2 Recommendations

2.1 That the report is noted.

## 3 Macroeconomic environment

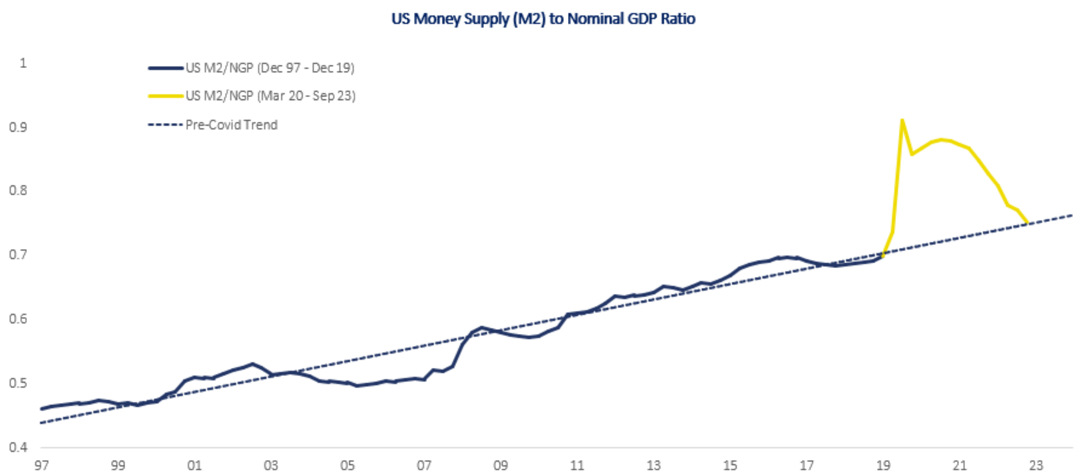
3.1 We started 2023 with most economists predicting the onset of a recession as higher interest rates were expected to feed into the real economy and therefore diminish the propensity for consumers to spend. At least in theory, this is the way that the monetary tightening system is supposed to work - damping consumer demand by making the cost of borrowing more expensive. The reality, however, is that consumers entered the year with significant post pandemic savings that allowed them to spend even in this high inflation high-rate environment. Also, in the US economy, consumption was helped by the fact that more than 85% of mortgages are fixed for 30-years, many of which originated during the pandemic when interest rates were at record lows. Most of these homeowners have essentially locked in extra purchasing power for decades ahead as their interest payments are significantly less than the current level of rates. The labour market also defied expectations that tighter monetary policy would trigger a steady deceleration - for example, the US has added nearly 7 million new jobs since January 2022. Despite this economic resilience, inflation has been resetting faster than anticipated across the major developed economies. This prompted markets to reprice the number of cuts for most developed economies next year driving the easing in financial conditions and a strong rally in risk assets.

3.2 Inflation has continued to fall in all major markets. After soaring during pandemic-induced supply shortages, good prices have been moving sideways-to lower since mid-2022. This drop-off in inflationary pressures was due in part the healing supply chains, but soft demand in the rest of the world, and excess capacity in China, also contributed. Rising shipping costs and geopolitical maritime risk couples with a recovery in goods sectors demand suggest less disinflationary help going forward.




Source: Bloomberg, Border to Coast.

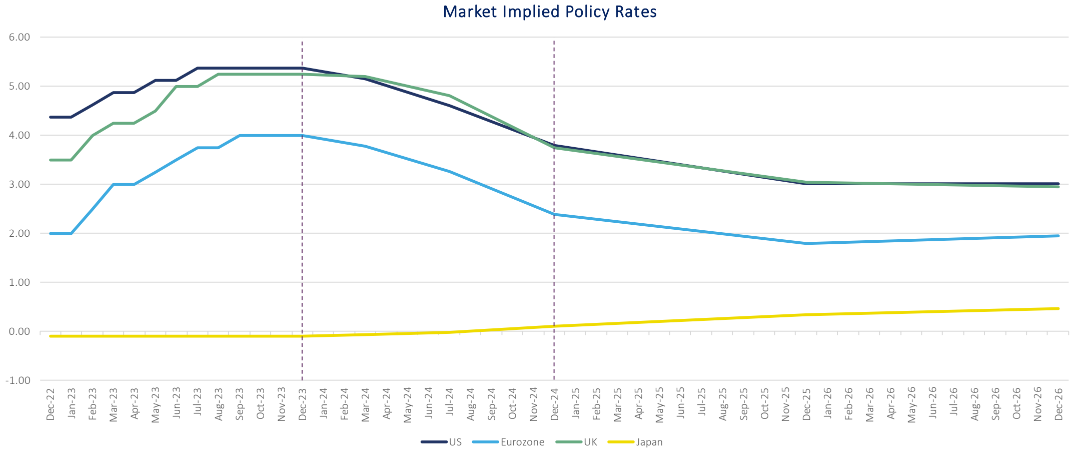
3.3 Markets are clearly focused on the level of interest rates; however, we would also argue that investors should be paying a closer look at the aggregate money supply (i.e. liquidity) adjusted for the level of the economy. Over the past eighteen months, the Fed has drained more than $1 trillion in liquidity as it reduced the size of its balance sheet. However, some argue that the actual dollar amount of money in the system is still $4 trillion higher than it was pre-pandemic. So why does it matter? As the chart below shows, you can't really have a growing economy when the money supply is decreasing. More importantly, simply looking at the absolute dollar amount of money in circulation ignores the fact that most developed economies require more liquidity to support current levels of GDP growth compared to what was required 20 years ago. This is the result of the stagnating productivity growth.




Source: Federal Reserve, Bureau of Economic Analysis, Jefferies

3.4 This is perhaps more evident in Europe, a manufacturing led economy that is reliant on money supply and private sector borrowing to drive economic growth. The ECB's Bank Lending Survey indicates that banks have tightened access to credit by the most since the bloc's debt crisis a decade ago. The issues in Europe are further exacerbated given its reliance on China and the concerns around its struggling real estate sector and the likely knock-on effects to the Chinese economy.

3.5 The markets are assuming significant rate cuts late in 2024 and going into 2025. This optimism has certainly fed into a broad appreciation of risk assets.

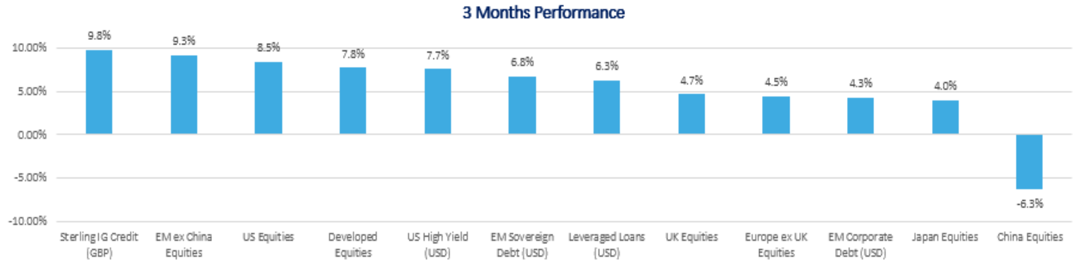


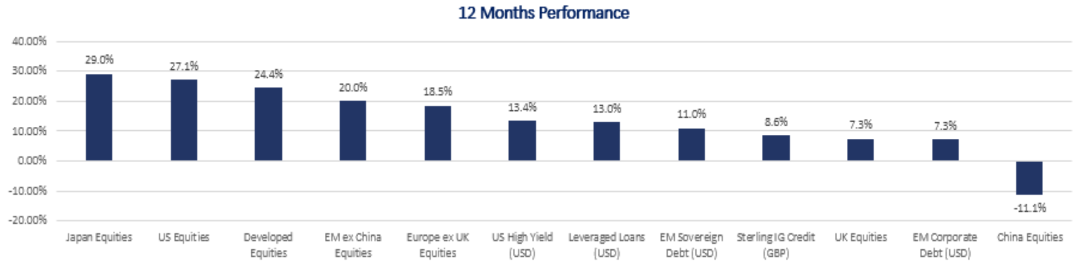

Source: Bloomberg, Border to Coast.

## 4 Markets

4.1 Despite widespread pessimism about the economic outlook, stocks had a strong end to the year and a very strong 2023 overall. The US and Japan lead the way and China was the only major disappointment. Resilient corporate profits have been the key, together with enthusiasm over the potential for artificial intelligence (AI) to boost profits even further. With anticipation of future rate cuts in 2024 the fourth quarter of 2023 was very strong with Global Equities +7.8%, Sterling IG Credit +9.8%, US High Yield +7.7% and UK Equities +4.7%.

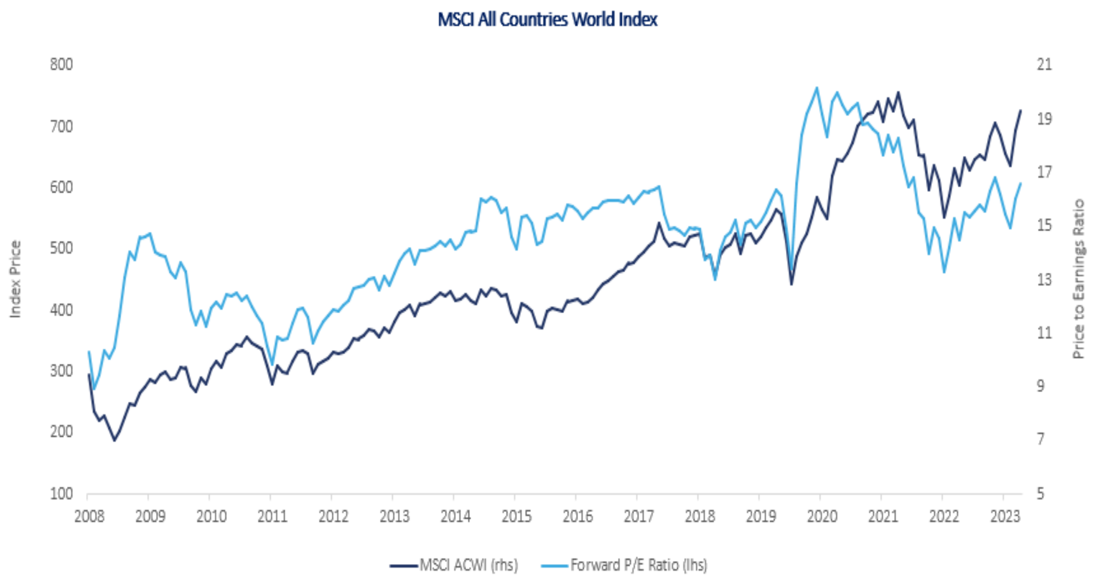
4.2 For the year Japanese equities led the way +29%, with US Equities close behind +27% and credit did very well - US High Yield +13.4% and Sterling IG +8.6%. China with its disappointing post COVID growth, real estate and more structural problems is poorly in the year – China Equities fell -11%. Most commentators are anticipating a rebound in the global goods cycle to further support equities. However, the view of the Border to Coast Asset Allocation Committee which met in December is more reserved with the view that growth will likely disappoint in 2024. Equity valuations are 'defying gravity' especially in the US. We are generally more constructive on credit with a preference for higher quality.



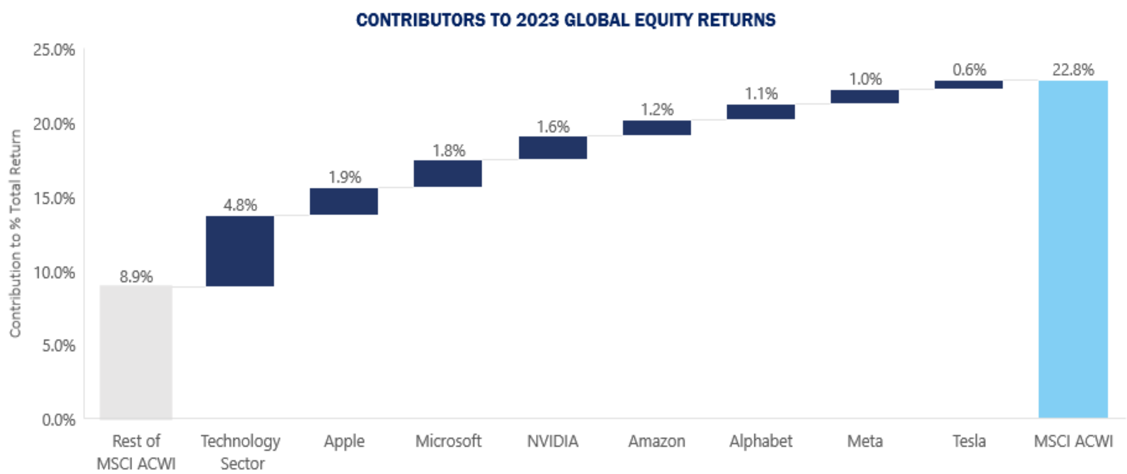




Source: Bloomberg, Border to Coast. As at 31 December 2023

4.3 In terms of market valuations – things have moved higher with the Forward P/E of the MSCI ACWI at x17. Although equity markets performed well last year, much of their momentum stemmed from the so-called 'Magnificent 7' stocks, which were buoyed by the artificial intelligence boom that captured investors' attention. Understandably, these companies now trade at eye-watering valuations and while they undoubtedly have room left to run in time, we are mindful of the expectations embedded in the current prices. Selectivity is key in this sector as we still need to evaluate the impact artificial intelligence may have on economic productivity and more importantly the ability for companies to monetise this opportunity.

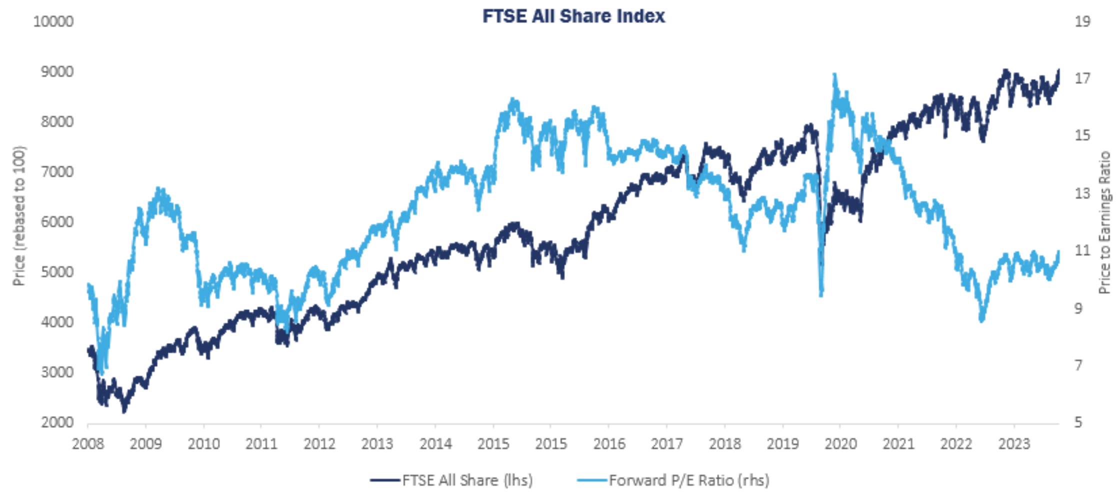



Source: MSCI, Bloomberg, Border to Coast.




Source: Bloomberg, Border to Coast 31st Dec 2023. Total returns for MSCI ACWI Index (GBP) using ICB Level 1 Sector Classifications.

4.4 UK equities stand out as having de-rated over the past there years. With a forward P/E of x11 and the market offers notable sector/factor level diversification versus the US equity market




: MSCI, Bloomberg, Border to Coast. 31sts Dec 2023

## 5 Fund Performance

5.1 As at year end asset under management in the ACS funds stood at £30.4bn (31st December 2023).

5.2 The table below shows performance data for the ACS funds (listed assets) to 31 December 2023 for funds with more than 12 months since inception. Note these returns are annualised. Performance for the private market's assets is given in a later report.

| % p.a. Since inception | Target vs. B'Mark | Type | Launch date | Return | B'Mark | Relative to B'Mark | Relative to Target |
|---|---|---|---|---|---|---|---|
| **Equities** | | | | | | | |
| UK Listed Equities | +1% | Internal | Jul-18 | 4.5% | 3.8% | +0.7% | -0.3% |
| UK Equity Alpha | +2% | External | Dec-18 | 5.3% | 6.2% | -0.9% | -2.9% |
| Overseas Developed | +1% | Internal | Jul-18 | 9.7% | 8.2% | +1.5% | +0.5% |
| Global Equity Alpha | +2% | External | Oct-19 | 10.1% | 10.0% | +0.1% | -1.9% |
| Emerging Market Equities | +1.5% | Hybrid | Oct-18 | 2.7% | 4.4% | -1.6% | -2.9% |
| **Alternatives** | | | | | | | |
| Listed Alternatives | N/A | Internal | Feb-22 | 2.7% | 6.9% | -4.2% | N/A |
| **Fixed Income** | | | | | | | |
| Sterling Inv Grade Credit | +0.6% | External | Mar-20 | 0.4% | -0.7% | +1.1% | +0.5% |
| Sterling Index Linked Bonds | +0.2% | Internal | Oct-20 | -17.2% | -17.5% | +0.3% | +0.1% |
| Multi Asset Credit Fund | N/A | Hybrid | Nov-21 | -0.6% | 6.4% | -7.1% | N/A |

5.2 **Benchmark Relative Returns:** As can be seen in the table above 5/9 ACS funds are ahead of benchmark since inception. Overseas Developed, Global Equity Alpha, UK Listed Equities, Sterling Investment Grade Credit and Sterling Index Linked Bonds are all ahead of benchmark since inception. UK Equity Alpha, Emerging Markets Equity, Listed Alternatives and Multi-Asset Credit Funds are below benchmark since inception.

5.3 **Target Relative Returns**: Target returns in excess of benchmark are set for each ACS fund. These excess return targets reflect the return we feel is commensurate with the active risk we take. Since inception Overseas Developed Equity, Sterling Index Linked Bonds and Investment Grade Credit are above target. UK Listed Equities is close to its target excess return. UK Equity Alpha, Global Equity Alpha, Emerging Markets Equity and Listed Alternatives are below their target return.

5.4 **2023 Year End Performance:** The ACS funds generally had a strong end to the year. Overall, 6/9 funds with full year performance finished Q4 ahead of benchmark and 7/9 ahead of their benchmarks for the year. In equities the Overseas Developed Fund (Internal) was up +0.35% in Q4 and finished the year +2.1% versus its benchmark. The Global Equity Alpha Fund (external) trailed its benchmark by -0.27% in Q4 but was up +1.55% for the year. The two UK Equity funds – Alpha (external) was up +0.15% in Q4 and was slightly ahead of the benchmark for the year, while UK Listed (Internal) had a challenging Q4 under-performing the benchmark by -0.45% and -0.68% year to date. The Emerging Market Equity Fund returned -0.11% relative in Q4 but was +0.22% ahead of benchmark for the year. The positive relative return was driven by the Border to Coast EM ex China sleeve that was up +3.2% in 2023. The Listed Alternatives Fund did very well in Q4 returning +11% (+4.72 ahead of the MSCI ACWI) and returned +9.8% for the year (-5.5% below the MSCI ACWI).

5.5 The Fixed Income ACS funds had generally a positive Q4 and a strong overall 2023. Multi-Asset Credit was up +5.9% in Q4 and beat the SONIA +3.5% benchmark by +2% for the year. SIG was up +0.31% in Q4 and +1.4% for the year. Finally, SIL was modestly up in Q4 +0.1% with a similar relative positive return for the year.

## 6 Looking forward

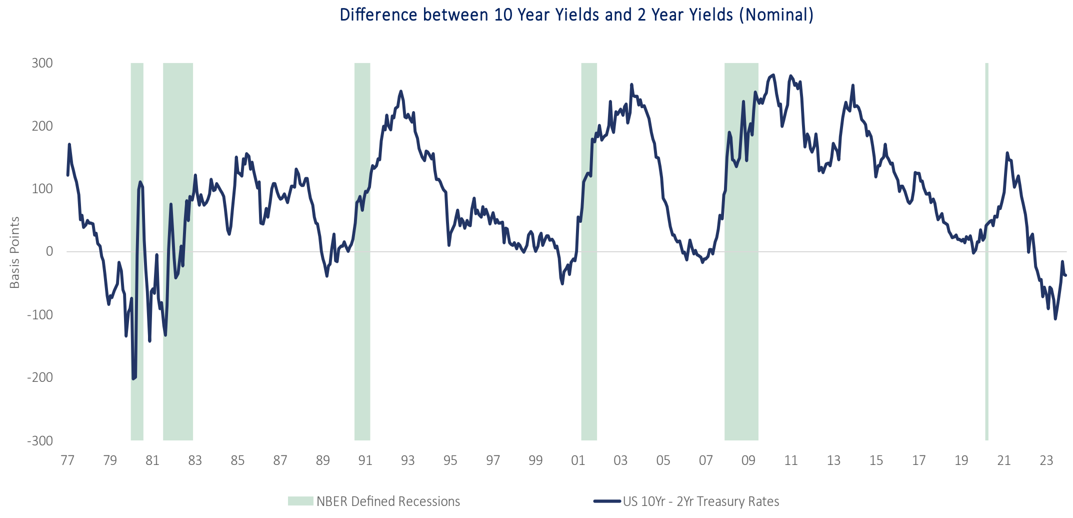
6.1 As a long-term global investor on behalf of the LGPS, we appraise the markets for structural shifts to guide strategic asset allocation decision making. We are approaching the coming months with caution. A look over our shoulders at last year, when the markets surprised to the upside, is a relevant starting point.

6.2 From an economic perspective, 2023 delivered better-than-expected results, with several major economies avoiding the recessions that had been forecasted. This was, in large part, due to consumers saving during the Covid-19 lockdowns, which allowed for continued post-pandemic spending despite the higher interest rate environment.

6.3 However, as 2024 progresses, we expect to see a curtailment of consumer demand, as the economic pressures of the past two years begin to weigh more heavily. The aggressive monetary tightening by central banks has increased debt repayments and will likely stifle consumer spending during the coming months. Similarly, businesses are left to grapple with tighter balance sheets, increased borrowing costs and subdued growth.

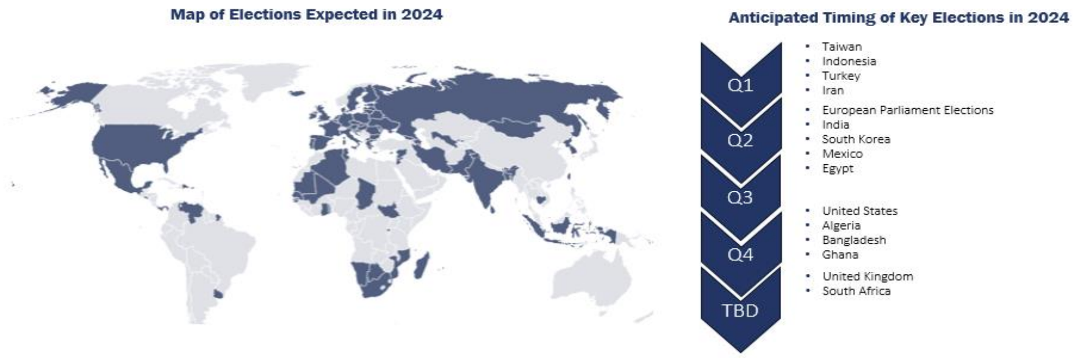
6.4 While the market remains primarily focused on interest rates, as illustrated in 3.3 there is another risk on the horizon – the US money supply. During the tightening cycle, the US Federal Reserve's balance sheet liquidity contracted by around $1 trillion. While there is still an abundance of dollar liquidity in absolute terms, this contraction is likely to have a negative effect on GDP improvements as developed economies have become increasingly dependent on upping their money supply to fuel growth.

6.5 With this in mind, we feel it is prudent to adopt a cautious approach for the coming months for higher quality and more defensive assets that offer better risk reward characteristics, particularly in the event of a market downturn. The Treasury curve remains inverted, and this has been a reliable indicator of economic slowdown.




Source: Bloomberg, Border to Coast.

6.6 The forthcoming year will be challenging on the geopolitical front with over 40 elections taking place – including the US and UK. Two key conflicts – Ukraine/Russia and Israel--Palestine are not likely to improve any time soon. Escalation on either front will impact risk assets and indeed may have more significant sustainable impact on energy prices.




Source: American Progressong; Jefferies Dec 2023

6.7 With some moderation likely in terms of US equity valuations we are currently more positive in Asia, specifically in Japan and China. Japan was one of the top performing markets of 2023, as inflation prompted a welcome and needed uptick in wage growth. One can seldom describe the Bank of Japan's monetary policy as 'aggressive' but certainly it has been more assertive in addressing yen weakness, and we expect this to continue this year. With this in mind, we prefer domestic companies with the potential to enhance shareholder value by improving governance and capital allocation.

6.8 Much was made of China's re-opening at the back end of 2022 but it's fair to say that 2023 was something of a damp squib, to put it mildly. However, we believe there remains room for optimism for domestic companies, particularly in high growth areas such as clean energy technology and digitisation, which Chinese policymakers appear committed to supporting.

6.9 While acknowledging that the muscle of the US economy may continue to lead markets higher over the coming months, we feel there is relative value in Asia and a more neutral stance towards the US is appropriate at this point in the cycle.

6.10 For fixed income, we continue to believe that long duration is the most prudent allocation, given the current economic climate. Having seen the worst of inflation, market expectations have refocused toward interest rate cuts; in fact, these were being priced in from December of last year. Although we do not anticipate rates falling at a similar velocity to when they were raised, we do expect a marked reduction by the close of 2024, as global economic weakness becomes more apparent. This type of environment is likely to benefit long duration fixed income assets.

6.11 We believe government bonds are among the most attractive instruments on offer, as they are an obvious beneficiary of inflation peaking. Should the economy soften as expected, government bonds are well placed to outperform. Additionally, with yields currently comparable to those seen during the global financial crisis, government bonds also provide a degree of diversification, which will be useful should equity markets begin to suffer. This also extends to emerging market debt, where proactive monetary policy over the past two years has been of net benefit to local economies. This has raised the value of emerging market debt in the eyes of many and has set the requisite conditions for continued regional growth.

6.12 In summary the main themes that have come out of the Border to Coast Asset Allocation Q4 Committee are – 1) Growth may disappoint in 2024 against a backdrop of declining consumer strength and increased credit stress. 2) Equity valuations are stretched in certain markets (US) and may come under pressure given the continued liquidity tightening and the consumer.

## 7. Author


Joe McDonnell (CIO)

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13 March 2024

**Important Information**

Agenda Item 10

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

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