

Minutes of IMWP 12th March 2024

1. Attendees

Name	Initials	Organisation
Councillor Julie McManus (Chair)	CP	WBC
Councillor Ruth Molyneux	RM	WBC
Councillor Pat Cleary	PC	WBC
Councillor Chris Carubia	CC	WBC
Councillor George Davies	GD	WBC
Councillor Ann Ainsworth	AA	WBC
Councillor Brenda Hall	BH	WBC
Jill Davys	JD	Redington
Paul Watson	PWt	Independent Advisor
Rohan Worrall	RW	Independent Advisor
Peter Wallach	PWI	MPF
Adil Manzoor	AM	MPF
Owen Thorne	OT	MPF
Alex Abela-Stevenson	AAS	MPF
Emma Littler	EL	MPF
Greg Campbell	GC	MPF
Ciaran Sharp	CS	MPF
Daniel Proudfoot	DP	MPF
Allister Goulding	AG	MPF

1. Apologies

Name	Initials	Organisation
Councillor Cherry Povall	CP	WBC
Roger Bannister	RB	Unison Member Rep
Councillor Brian Kenny	BK	WBC
Councillor Andrew Gardner	AG	WBC

2. Minutes of IMWP 15th November 2023

Noted, no amendments.

3. Market Commentary – Rohan Worrall (RW)

Context was provided around Q4 2024 key indicators including equities, bonds, commodities, and alternatives. Further perspective was given to the purchasing managers index, core, and CPI inflation rates.

Members asked if the UK would achieve its 2% inflation target in the medium term. A viewpoint was presented that core inflation will stabilise above the 2% target for the long-term. Further highlights were given that emphasised the significance of upcoming UK and US political elections impacting central bank policy decision making.

Attention was drawn to recent global equity performance and certain P/E ratios in growth and value stocks.

Further analysis focused on fixed income markets touching on the US 10-year Treasury yield, the UK 10-year Gilt yield, European government bonds and corporate bonds.

An overview on Currencies, Commodities & Property focusing on oil, gold and the FTSE EPRA Nareit Global Index was presented to members.

The presentation was concluded with a current asset outlook.

Members questioned the situation around sequestration of Russian assets. An explanation on the global situation around Russian assets being blocked and or seized as a consequence of the Ukraine invasion was provided.

4. Monitoring Report – Peter Wallach (PWI)

Commentary was provided on investment mandates with attention focused on the red, amber, and green (RAG) investment report scoring mechanism and the nuances around performance vs style. Members' views and opinions were sought on the monitoring report and its usefulness.

Members explored the option of ranking mandates in numerical order to provide a more clear and structured scoring system.

The dynamic of underperformance versus investment management style against market conditions was reflected.

Members queried whether risk was appropriately diversified at the investment manager level. Officers provided commentary around MPF's equity change programme and long-term strategy focus in this area.

the impact of rolling time measurement concerning mandates in the report was highlighted.

Members asked if ESG would be an important factor in the decision making around new manager selection. Officers confirmed this to be correct and emphasised MPF's responsible investment policy.

It was suggested more narrative in the RAG commentary rating may provide meaningful context for members and reporting the length of time a mandate has been rated red in the RAG system.

An update was provided on the UK Internal Equity performance attribution.

Action. Officers to review monitoring reporting.

5. Strategy Update and Investment Workplan 2024 - Jill Davys (JD)

Redington provided an update on the Fund's Strategic Asset Allocation ("SAA"). Alongside the SAA Redington set out indicative SAA implementation and the investment workplan proposed for the IMWP.

Questions included:

The NGFS (Network for Greening the Financial System). Redington confirmed this was related to ESG scenario climate testing.

MPF's ESG reporting against baselines. Redington referred to MPF's net zero paper and ESG targets to be presented.

ESG reporting at Northern LGPS. Officers explained about Northern LGPS carbon footprint reporting plans.

Members stressed the importance of MPF having a clear policy stance on defence companies.

The topic of crypto currencies (Bitcoin) and the implications for MPF was discussed.

ESG engagement frameworks within the change programme were discussed along with the way in which high risk ESG companies will be captured and addressed. Redington underlined the intention to have a more detailed discussion around this topic in the next Responsible Investment Working Party. A report by the financial markets law committee was brought to Members' attention and it was agreed that it would be circulated.

Action. The Financial Markets Law Committee report to be circulated.

6. Responsible Investment Update – Peter Wallach (PW)

Members were provided with a review of the topics covered at the RIWP held on 21st February 2024. The overview included.

- Responsible investment policy
- Climate risk
- Net zero target setting
- De-carbonisation
- Adopting implied temperature rise metrics
- Engagement
- Investing in climate solutions
- Stewardship and engagement

7. LAPFF Q4 2023 – Owen Thorne (OT)

Officers summarised the LAPFF Quarterly Engagement Report October – December 2023. An update was provided on a range of topics within the report such as company engagements, stewardship reporting, governance target setting and stewardship themes. Officers also gave specific detailed examples of recent successful engagement outcomes.

Members commented on the positive progress made on fossil fuel engagement.

https://lapfforum.org/wp-content/uploads/2024/02/LAPFF_QER04_2023.pdf
https://northernlgps.org/assets/pdf/stewardq4_2023.pdf

Some of the specific definitions around engagement data groupings was queried. Officers provided context around the groupings.

Date of next meeting 5 June 2024