

Agenda Item 8

THE ROYAL BOROUGH OF KENSINGTON AND CHELSEA

INVESTMENT COMMITTEE – 15 APRIL 2024 MEETING

REPORT BY THE TRI-BOROUGH DIRECTOR OF TREASURY AND PENSIONS

REBALANCING REPORT

The Investment Committee has agreed that rebalancing is to be a standing item at each committee meeting. This report presents the most recent valuations for each fund manager and the action needed to bring the strategic asset allocation back in line.

FOR INFORMATION

1. BACKGROUND

- 1.1. The Terms of Reference for the Investment Committee require it to consider and decide all matters pertaining to the Council's Pension Fund. This report provides a basis for the Investment Committee to regularly review the current asset allocation.
- 1.2. The Investment Committee is asked to review the most recent investment asset valuations, noting the portfolio and asset classes reference the target allocation ranges.

2. VALUATION UPDATE

- 2.1. The table below shows the most up-to-date available valuations as provided by fund managers. These are mostly unaudited at the time of committee meetings. These are the most up to date valuations with known cash movements included:

Fund Manager	Value at 28.02.24 £000	Actual Allocation 28.02.24	Target Allocation	Review Range	Variance 28.02.24
Baillie Gifford (Global Equities)	384,971	22%	20%	+/-3%	+2%
BlackRock (Global Equities)	886,115	50%	50%	+/-3%	0%
Listed Equity subtotal	1,271,086	72%	70%	+/-5%	+2%
Adams Street (Private Equity)	124,929	7%	5%	+/-2%	+2%
CBRE (Pooled Property)	6,482	0.5%	0%	+5/-2%	+0.5%
Kames (Pooled Property)	8,602	0.5%	0%	+5/-2%	+0.5%
Direct Property	172,924	10%	20%	+5/-2%	-10%
Client Cash	93,308	5%	0%	n/a	+5%
Index Linked Gilts	81,190	5%	5%		0%
Total Allocation	1,758,521	100%	100%		

- 2.2. Following the decision taken on 24 January 2024 by the Investment Committee meeting, officers immediately actioned redemption of £105m from the BlackRock fund and purchased £12m index-linked gilts which completed on 31 January 2024. This has bought the assets in line with the strategic allocation.
- 2.3. Due to the timing of this meeting, valuations for 28 February 2024 are not all available. The Adams Street valuation is for the 31 December 2023 quarter end, with known cash movements.
- 2.4. Direct property valuations are currently valued with capital costs incurred during the year included. External valuers are currently underway to complete the 31 March 2024 property valuation.
- 2.5. Adams Street is reporting an over allocation to private equity. The current commitment plan, as agreed at the Investment Committee meeting on 10 July 2023, is expected to bring the allocation in line with strategic targets.
- 2.6. Cash held with the custodian is awaiting deployment to property acquisitions. There are several potential properties in the pipeline, with funds ready to be used as opportunities arise.
- 2.7. All other assets are in line with strategic targets and no further rebalancing is currently necessary.

FOR INFORMATION

Phil Triggs
Tri-Borough Director of Treasury and Pensions

Contact officer: Julia Stevens, Pension Fund Manager
E-mail: pensioninvestment@rbkc.gov.uk

LIST OF APPENDICES:

Appendix 1 – Rebalancing Policy