

Pension Fund Committee

17 December 2024

Overall Value of Pension Fund Investments to 30 September 2024



Report of Paul Darby, Corporate Director of Resources

Purpose of the Report

1. To provide an update to Members on the:
 - (a) overall value of the Pension Fund's investments at 30 September 2024;
 - (b) movement in the cash balance during the quarter, and;
 - (c) rebalancing activity undertaken during the quarter two (1 July – 30 September 2024).

Executive Summary

2. The overall value of the Fund as at 30 September 2024 was £3.705 billion and the cash balance held in the Durham County Council Pension Fund bank account was £35.159 million. Fund managers also held cash of £50.470 million at that date.
3. Working cash balance levels and rebalancing reviews continue to be undertaken. No asset classes hit the trigger point for rebalancing requirements during the quarter to 30 September 2024.

Recommendation

4. Members are asked to note and agree the information relating to the Fund value as at 30 September 2024 and cash flows contained within the report.

Value of the Pension Fund

5. Reports from the four listed fund managers, namely:

- AB
- BCPP
- CB Richard Ellis
- Foresight

are included in Part B of today's agenda.

6. The value of the Fund at 30 September 2024 was £3.705 billion compared to £3.655 billion at 30 June 2024. This is an increase of £50 million (or 1.37%) in the second quarter of 2024/25. Details of the fund's performance are provided later in the meeting.

Allocation of New Investment Money/ Withdrawal of Investment Money to Deal with Estimated Shortfall

7. New investment money is allocated to fund managers when the Pension Fund has cash which is not required to be available as a working cash balance, for example to pay pensioners or fees.
8. When it is estimated that the Pension Fund will not have sufficient cash available as a working cash balance, cash is withdrawn from fund managers. The working cash balance requirement has been calculated as between £33 million and £35 million.

Fund Rebalancing

9. Fund rebalancing is the mechanism by which the Pension Fund ensures that the asset allocation to fund managers is maintained at the target levels previously agreed by the Pension Fund Committee and as set out in the Investment Strategy Statement. It is also the means by which cash is moved to or from managers as a consequence of the cash flow forecasts.
10. In line with decisions taken by the Committee, periodic rebalancing is undertaken. The revised rebalancing approach reflects the change in the composition of the liquid assets held by the Fund.
11. No rebalancing has been undertaken during the second quarter.

12. The table below highlights the fund balance by fund manager and asset class as at 30 September 2024 :

Fund Manager and Asset Class	As of 30 September 2024 Market Value £000's	Actual Weight	Current Target Weight	Rebalancing Range – Trigger Points
ALLIANCE BERNSTEIN *	192.20	5.19%	5.00%	n/a
CBRE 1 *	226.52	6.11%	8.66%	n/a
CBRE 2 *	54.31	1.46%	1.34%	n/a
BCPP GLOBAL EQUITY ALPHA FUND	1,571.91	42.42%	40.00%	36%-44%
BCPP STERLING INDEX LINKED BOND	361.59	9.76%	10.00%	10%-12%
BCPP PRIVATE MARKETS*	292.55	7.90%	6.10%	n/a
BCPP MULTI ASSET CREDIT FUND	582.62	15.72%	15.00%	13%-17%
BCPP LISTED ALT FD	48.90	1.32%	3.86%	1%-3%
FORESIGHT REGIONAL INVESTMENT*	4.28	0.12%	0.04%	n/a
BCPP EMERGING MARKET ALPHA FUND	192.54	5.20%	5.00%	4%-6%
BCPP INVESTMENT GRADE CREDIT	177.94	4.80%	5.00%	4%-6%
TOTAL	3,705.36	100.00%	100.00%	

**Not within scope of rebalancing*

Background Papers

13. Investment Strategy Statement:
<https://www.durham.gov.uk/media/44693/Pension-Fund-Investment-Strategy-Statement/pdf/PensionFundInvestmentStrategyStatement.pdf?m=1716909339213>

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