

AVON PENSION FUND COMMITTEE INVESTMENT PANEL

Minutes of the Meeting held

Wednesday 3rd September 2025, 1.00 pm

Members: Councillor Toby Simon, John Finch, Pauline Gordon and Jackie Peel

Advisors: Steve Turner (Mercer) and Nick Page (Mercer)

Also in attendance: Nick Dixon (Head of Pensions), Liz Woodyard (Group Manager for Funding, Investment & Risk), Nathan Rollinson (Investments Manager) and Jeff Wring (Director of Financial Services, Assurance & Pensions)

59 EMERGENCY EVACUATION PROCEDURE

In the absence of Councillor Shaun Stephenson-McGall, Councillor Toby Simon informed the Panel that he had agreed to act as Chair for the duration of the meeting.

The Democratic Services Officer drew attention to the Emergency Evacuation Procedure.

60 DECLARATIONS OF INTEREST

Councillor Toby Simon declared an other interest in agenda item 8 (Local Impact Portfolio) as he has a personal investment in the Octopus Titan VCT.

61 APOLOGIES FOR ABSENCE AND SUBSTITUTIONS

Councillor Shaun Stephenson-McGall and Councillor Chris Dando had sent their apologies to the Panel.

62 TO ANNOUNCE ANY URGENT BUSINESS AGREED BY THE CHAIR

There was none.

63 ITEMS FROM THE PUBLIC - TO RECEIVE STATEMENTS, PETITIONS OR QUESTIONS

There were none.

64 ITEMS FROM COUNCILLORS AND CO-OPTED AND ADDED MEMBERS

There were none.

65 MINUTES: 4TH JUNE 2025

The Panel **RESOLVED** that the minutes of the meeting held on 4th June 2025 be confirmed as a correct record and signed by the Chair.

66 LOCAL IMPACT PORTFOLIO

The Panel, having been satisfied that the public interest would be better served by not disclosing relevant information, **RESOLVED**, in accordance with the provisions of the Section 100(A)(4) of the Local Government Act 1972 that the public should be excluded from the meeting for this item of business, because of the likely disclosure of exempt information as defined in paragraph 3 of Part I of Schedule 12A of the Act as amended.

67 REVIEW OF INVESTMENT PERFORMANCE FOR PERIODS ENDING 30 JUNE 2025

The Senior Investments Officer introduced the report to the Panel and highlighted the following points.

- The Fund's assets stood at £6,031m on 30 June 2025, delivering a net return of 3.7% over the quarter. This was 0.3% ahead of the return for the strategic benchmark. There were positive returns generated from the Brunel listed equity portfolios and the LDI portfolio, as gilt yields fell. Multi Asset Credit (MAC) and Diversifying Returns also contributed positively, although with the exception of MAC, the Brunel portfolios underperformed their respective benchmarks. Returns for the private markets portfolios were also positive, although performance versus benchmarks were mixed.
- The estimated funding level stood at 106% at 30 June 2025 (c. £367m surplus).
- Over 1 year to the end of June the Fund returned 3.4% in absolute terms and -2.5% in relative terms. The Brunel listed portfolios all delivered positive returns, however these fell short of their respective benchmarks contributing to underperformance over one year.
- The second quarter of 2025 was marked by heightened volatility, as markets contended with renewed trade tensions and escalating geopolitical risks. The announcement of aggressive new tariffs by the U.S. administration in early April triggered a sharp sell-off, but sentiment stabilised following a temporary suspension of most measures to allow for trade negotiations.
- Technology stocks were the standout performers, rebounding sharply as the pause in tariff implementation created a strong risk-on environment which was strengthened by better-than-expected earnings announcements and renewed enthusiasm for AI technologies among investors. In contrast, the healthcare and energy sectors lagged, weighed down by weak earnings and geopolitical disruptions.
- At an individual portfolio level, the Brunel Global High Alpha portfolio returned 4.4%, lagged its benchmark return by 0.8% as weak stock selection in aggregate more than offset the benefits from sector allocation. Positive allocation was driven by underweights in energy and consumer staples. Selection was strong within IT where the underweight in Apple and overweight

in TSMC were the largest contributors, with the latter benefitting from renewed AI-related demand.

- The FTSE Developed Paris Aligned Index (PAB) returned 4.9% over the quarter, closely replicating the performance of the benchmark index over the period. Although the index has a positive tilt towards growth and an overweight allocation to technology stocks, returns were held back by weak stock selection in the technology sector. The majority of this is attributable to underweight positions in Nvidia and Broadcom. The portfolio did benefit from an underweight towards the energy sector which was the weakest performing sector given the fall in oil prices over the quarter.

The Panel, having been satisfied that the public interest would be better served by not disclosing relevant information, **RESOLVED**, in accordance with the provisions of the Section 100(A)(4) of the Local Government Act 1972 that the public should be excluded from the meeting for this item of business, because of the likely disclosure of exempt information as defined in paragraph 3 of Part I of Schedule 12A of the Act as amended.

The Panel **RESOLVED** to note the information as set out in the reports.

68 STRATEGIC REVIEW IMPLEMENTATION

The Panel, having been satisfied that the public interest would be better served by not disclosing relevant information, **RESOLVED**, in accordance with the provisions of the Section 100(A)(4) of the Local Government Act 1972 that the public should be excluded from the meeting for this item of business, because of the likely disclosure of exempt information as defined in paragraph 3 of Part I of Schedule 12A of the Act as amended.

69 LIQUIDITY AND CASHFLOW ANALYSIS

The Panel, having been satisfied that the public interest would be better served by not disclosing relevant information, **RESOLVED**, in accordance with the provisions of the Section 100(A)(4) of the Local Government Act 1972 that the public should be excluded from the meeting for this item of business, because of the likely disclosure of exempt information as defined in paragraph 3 of Part I of Schedule 12A of the Act as amended.

70 RISK MANAGEMENT FRAMEWORK REVIEW FOR PERIODS ENDING 30 JUNE 2025

The Senior Investments Officer introduced the report to the Panel and highlighted the following points.

- The underlying equity benchmark rose 4.7% over the quarter, with the equity protection strategy (EPS) detracting 1.9% from the net equity performance. Since inception the dynamic EPS has detracted c. 2.5% from equity returns and reduced volatility by c. 24%.

- At quarter end, the interest rate hedge ratio stood at 28% and the inflation hedge ratio was around 15%. The yield trigger framework for implementing hedging at attractive levels has been discontinued ahead of adopting a long-term strategic hedge ratio target.

The Panel, having been satisfied that the public interest would be better served by not disclosing relevant information, **RESOLVED**, in accordance with the provisions of the Section 100(A)(4) of the Local Government Act 1972 that the public should be excluded from the meeting for this item of business, because of the likely disclosure of exempt information as defined in paragraph 3 of Part I of Schedule 12A of the Act as amended.

The Panel **RESOLVED** to note the performance of each of the underlying RMF strategies and current collateral position as set out in Exempt Appendix 1.

71 FORWARD AGENDA

The Group Manager for Funding, Investment & Risk introduced the report to the Panel.

She explained that pooling arrangements would dominate the work focus of the investments team for the remainder of the year and therefore the Panel's focus would be on monitoring performance and considering pooling issues related to the investment strategy if required.

Jackie Peel asked if meeting dates for 2026 for the Panel could be circulated.

The Panel **RESOLVED** to note their forward agenda.

The meeting ended at 3.47 pm

Chair(person)

Date Confirmed and Signed

Prepared by Democratic Services