Pension Fund Committee Investment Sub-Committee: Minutes (Public)

Date:	26 June 2025	
Time:	10.00am – 1.02pm	
Venue:	Red Kite Room, New Shire Hall, Alconbury Weald PE28 4YE	
Present:	Councillors S Fisher, D Keane, G Seeff (Chair) and A Whelan (Vice Chair); and H Nelson	
Advisers:	S Gervaise-Jones	Independent Adviser
	J Crowther and F Alves	Mercer
Investment Manager:	P Bolger	Executive Director IFM, Head of UK & Ireland
	M Fieguth	Executive Director IFM, Asset Management (Infrastructure)
	K Wojciechowska	Senior Associate IFM, Investor Relations
Observers:	Councillor M Black	Pension Fund Committee member and substitute representative on the ACCESS Joint Committee
	Councillor D Payne	Chair, Pension Fund Board

1. Notification of Chair and Vice Chair for 2025/26

The committee noted the appointment of Councillor G Seeff as the Chair of the Pension Fund Committee Investment Sub-Committee and Councillor A Whelan as Vice for 2025/26.

2. Apologies for Absence and Declarations of Interest

Apologies for absence were received from Councillor C Boden and from L Brennan.

There were no declarations of interest.

3. Minutes – 27 February 2025 (Public)

The minutes of the meeting on 27 February 2025 were approved as an accurate record and signed by the Chair.

4. Minutes Action Log

The minutes action log was reviewed.

5. Petitions and Public Questions

One public question was received from Averil Parkinson, on behalf of the Cambridge Palestine Solidarity Campaign. A copy of the question and response is attached at Appendix 1.

6. Stewardship and Engagement Update

A stewardship and engagement update was submitted to the sub-committee on a quarterly basis. It included details of voting and engagement by investment managers in relation to the pension fund's current holdings. Of the three ACCESS pool sub-funds in which the Cambridgeshire Pension Fund currently invested there had been 118 occasions for investment managers to vote since the last report. Of these 118 votes, none were subject classified as Environmental, 18 were classified as Social and 100 were classified as Governance. Investment managers abstained from voting on 7 occasions, and cast 75 votes in favour of management proposals and 36 against. All votes were in line with ACCESS policy. There had been 38 engagement activities in the period covered by the report and further detail on these was included in Exempt Appendix A. There was significant interest around climate and conflict zone investments and all pension funds would have some holdings within this category as it included investments in multi-national companies.

The Chair asked whether any members wanted to discuss the information contained in the exempt appendix to the report. There were no requests to do so.

In discussion of the public report, individual members:

- suggested that the section on risk management should be made more prominent in future reports given the current geopolitical situation. Officers confirmed they would review this section to make sure it reflected current risks. **Action required**

- asked what action was taken if investment managers did not vote in line with Cambridgeshire Pension Fund policies. The sub-committee learned that investment managers were the experts and were trusted to know what was in the Fund's best interest, but were free to vote in the way they deemed best. This was usually in line with Fund policies, and when it was not they would explain why. The same approach was taken by the ACCESS pool.

It was resolved unanimously to:

a) note the report.

b) note the Climate Engagement Target List (CETL) outlined in Exempt Appendix A.

c) note the list of Fund investment companies operating in conflict zones in Exempt Appendix A.

7. Investment Current Topics – Quarter 1 2025

The Mercer representatives described the impact of current global political and economic events which had led to volatility within some investment markets. Equity markets had fallen during Quarter 1 on the assumption of lower profits and continuing uncertainty. The markets had settled following a pause in tariffs by the United States of America, with the next round of tariffs due to be announced in early July 2025. The value of private market assets was less impacted by this and it was judged that this was not a time to pause investment in private markets if Fund managers could identify suitable opportunities. As the Fund was a long term investor short-term market volatility would not necessarily drive decisions around its investments. The sub-committee's perspective on risk and time horizons were key considerations in its decisions around strategic asset allocation. Part of the criteria of the Government's Fit for the Future initiative was to create a greater focus on strategic asset allocation.

Individual members of the Sub-Committee raised the following issues:

- asked about the background to a steep decline in commodities. Mercer advised that the relatively low price of oil was a big factor in this. There had also been a lot of forward purchasing in Quarter 1 in anticipation of the introduction of tariffs, and demand had now dropped. Gold had been strong the previous year, but its position had now stabilised.

- observed that active engagement in markets offered opportunities for gain even when markets were in decline.

- commented that assurance was needed that there was strong cashflow management in place. The Funding and Investment Manager confirmed that a number of controls were in place and that the draft accounts would be available soon and would illustrate this. Mercer stated that cashflow should be managed to ensure the payment of benefits.

- questioned whether the American investment market was so large that it would be impossible to move away from it even if the level of risk or uncertainty became unacceptable. Mercer stated that the American markets had been robust for many years, but that there were now questions around this. Around 60-70% of equity markets were based in the United States (US) and the pension fund would look at how it controlled that risk. An analysis had been conducted previously around exposure to the US dollar and the sub-committee had been comfortable with that, but it was always something to be mindful of. At this point, the fund was in a reasonable position. Asset values had dropped in Quarter 1, but recovered slightly in Quarter 2. If US tariffs were relatively certain then the markets would adapt, but stability was key as the markets disliked uncertainty. Geo-political factors remained in a state of flux.

- asked whether it was likely that some US companies might move away from environment, social and governance (ESG) and equality, diversity and inclusion (EDI) considerations to gain favour with current United States administration. Mercer advised that ESG and EDI policies were in place to attract the best people to drive a business forward and so they were good business policies. They judged this was unlikely to change for many US business, although the rhetoric might be different. The issue of climate was more of an issue for the US market and this was an evolving situation. Mercer continued to think there was a challenge to preventing funds getting trapped value and so advocated a balanced view.

The report was noted.

8. Cambridgeshire Pension Fund Quarterly Monitoring Report (Public)

Mercer advised that pension fund liabilities had increased slightly in the first quarter of 2025 and assets had decreased slightly. The estimated funding level had decreased from 181% in December 2024 to 170% in March 2025, but these figures would be recast in line with the actuarial valuation date of 31 March 2025. Looking across the period since the last actuarial valuation in 2022 the estimated funding level had increased from 125% to 170% over three years. Overall, the fund had under-performed by around 1.2% against benchmark in Quarter 1 of 2025. JO Hambro had underperformed quite significantly in this period with some poor investment decisions and a performance update had been requested. BlueBay had also underperformed, but were seen as offering good balance when equity markets performed poorly. During the same period both M&G and Dodge & Cox had overperformed against benchmark. The release of the DeepSeek artificial intelligence (AI) tool had impacted the major technology companies which had in turn had impacted the market. Property managers were mostly under performing in the short-term, but looking longer term both private equity and infrastructure mandates had shown a good performance.

The Chair asked whether any members wanted to discuss the information contained in the exempt appendix to the report. There were no requests to do so.

In response to questions the sub-committee learned that Government was understood to be considering requiring local government pension funds to increase their investment in the infrastructure asset class. At present around 6.6% of the Cambridgeshire Pension Fund's investments were within this class, compared to Government's ambition of 10%. Mercer advised that this target was likely to be implemented over a period of two to four years as deploying money into the market would take time. It was understood that Government also wanted to encourage more investment in small and medium sized enterprises (SMEs), and it was noted that the Cambridgeshire Pension Fund already held quite significant investments in SMEs within the United Kingdom. Further details were expected in the Pensions Bill.

The report was noted.

9. Exclusion of Public and Press

The sub-committee resolved unanimously that the public and press be excluded from the remainder of the meeting on the grounds that the agenda contained exempt information under Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972, as amended, in that it would not be in the public interest for this information to be disclosed: information relating to any individual, and information relating to the financial or business affairs of any particular person (including the authority holding that information).

10. Cambridgeshire Pension Fund Quarterly Performance Report: (Confidential)

Mercer provided an overview of the confidential Cambridgeshire Pension Fund Quarterly Performance Report.

The report was noted.

11. Minutes – 27 February 2025 (Confidential)

The confidential minutes of the meeting on 12th September 2024 were approved as an accurate record and signed by the Chair.

12. Equity Portfolio Review (Confidential)

The Investment Sub-Committee received and discussed a review of the Cambridgeshire Pension Fund Equity Portfolio presented by Mercer.

It was resolved unanimously to:

a) note the report and presentation from Mercer.

b) approve recommendation b).

c) approve recommendation c).

The meeting was adjourned between 11.50am to 12.00pm.

[Councillor Whelan left the meeting at 11.50am]

13. IFM Presentation (Confidential)

The Investment Sub-Committee received a report and presentation by Phelim Bolger, Executive Director of IFM and Head of IFM UK and Ireland, Max Fieguth, Executive Director IFM, Asset Management Infrastructure (airports) and Kasia Wojciechowska, Senior Associate at IFM (Investor Relations).

The report and presentation from IFM was noted.

(Chair)

Pension Fund Committee Investment Sub-Committee - 26 June 2025

Item 3: Public Questions and Petitions

Question from:	Question/ comment:
Averil Parkinson Cambridge Palestine Solidarity Campaign	We note from the reply of the County Council Pension Fund Committee to a question brought on 19th December 2024 that it will be reviewing and consulting on its Investment Strategy Statement this year, and that an update on the process will feature on the Agenda of the Investment Sub Committee meeting 26th June. We note also the engagement activities that take place in connection with pool holdings, summarised as a Stewardship Report within the public part of the ISC meeting, and that they say 'The ISC may consider at its next meeting whether it wishes to analyse further its exposures to certain business enterprises and any associated engagement activities'. The context right now in relation to Environment Social and Governance factors affecting investments is the enormity and extreme urgency of the Genocide in Gaza. The suffering not just from massive military bombardment but also deliberate gratuitous cruelty is beyond anything any of us have experienced or had to witness. Public support for divestment of local authority pension funds is growing (example here from Yorkshire https://www.msn.com/en-gb/money/other/thousands-call-for-halt-to-south-yorkshire-pension-fund-investment-in-israel-and-arms-firms/) New polling shows the British public strongly backs a range of sanctions on Israel, and locally a motion was passed in Peterborough on 18th June calling for divestment from companies enabling illegal occupation and grave violations of human rights https://x.com/i/status/1935730067327295917 . Our PSC group has witnessed a huge growth of public awareness across Cambridgeshire leading to vocal support for Palestinian rights justice and freedom. Divestment is a significant tool for achieving that. Question: Will the Investment Sub-Committee choose to do this work, and proactively engage also with pension holders and constituents, whereby the necessary up-to-date information can be shared with a view to finding a rapid pathway towards divesting from companies complicit in war crimes and genocide? We include 'constituents' here as the County Council makes investments as a public body which is accountable to its constituents, and which has a responsibility not to be complicit in grave violations of

Question from:	Question/ comment:
	international law. Within this frame we refer particularly to violations developed now to such extremes by Israel, that parties to the Genocide Convention, which the UK is, should be looking at their legal and other obligations.
Response from:	**Response:**
Councillor Geoffrey Seeff, Chair, Pension Fund Committee Investment Sub-Committee and Mark Whitby, Head of Pensions	Thank you for your question. You will know from our documented investment strategy that the Cambridgeshire Pension Fund's (CPF) overriding duty is to ensure that our obligations to pension scheme members are met in full. We have a robust policy of ensuring that, as far as practical and possible, all classes of assets in which we invest operate to established environmental, social and governance (ESG) guidelines and demonstrate high ethical standards. As regards your specific concerns, you will have seen from the published Agenda Item 6 Stewardship and Engagement Update - Section 7 that we have in fact examined whether companies in which we do invest have business activities in Israel and we report that, whilst we have no direct investments in Israeli companies, some of the multi-national companies we deal with do have a commercial presence there. The estimated value of CPF holdings in these companies is less than 4% of the Fund's value whilst the extent of their own interests in Israel will be diverse and is likely to represent a very small proportion of their global assets. This committee will in due course be revisiting its investment strategy, taking advice from our officers, investment managers and other professional advisers, and we will be looking at a range of ESG criteria, which will include your concerns. As a precursor to that we will be consulting with representatives of employers and members of the Pension Fund. The CPF has a legal responsibility to consult on its investment strategy with relevant stakeholders. Prior to that we intend to consult on the ESG views of pension scheme members. The Scheme Advisory Board on 17 September 2024 issued national guidance which includes who we should consult. It also stated that when acting within their fiduciary duty the Administrative Authority committee is obliged to limit itself to acting in the best interests of scheme members, and that the views of local residents generally on ESG matters is not relevant. So, the first consultation will be with scheme members, and we will explain in the report the rationale for that decision and then later in the year we will consult on the full policies when they have been produced.