

PENSION INVESTMENT SUB COMMITTEE

29 SEPTEMBER 2023

LGPS CENTRAL UK GILT DISCRETIONARY MANDATE

Recommendation

- 1. The Chief Financial Officer recommends that the LGPS Central UK GILT Discretionary Mandate presentation be noted.**

Background

UK GILT Discretionary Mandate

2. Although the Fund does not currently have an allocation to UK Gilts within its asset portfolio, it does have an allocation of approx. £181m to fixed income investments with LGPS Central's Global Active Investment Grade Corporate Bond Multi Manager Fund since March 2020.
3. The Strategic Asset Allocation Review, approved by Committee on 22 March 2023, considered that the impact of quantitative easing over the last few years has led to a scenario in which Gilts offered very poor value to investors and were mainly held for liability matching purposes. However, it current quantitative tightening and rising interest rates could make them potentially attractive to investors.
4. At the last Pension Investment Sub Committee held on 4 June 2023, members asked the Fund's officers to investigate the appropriateness of an allocation to UK Gilts, in particular through LGPS Central. Officers felt that the most efficient manner to deliver findings to members was to invite the Fixed Income team at LGPS Central to deliver an appropriate presentation to this meeting of the sub-committee.
- 5. Please note that the Appendix contains exempt information (on salmon pages) and should members wish to discuss the information included in this Appendix they would need to consider passing the appropriate resolution and moving into exempt session.**

Contact Points

Specific Contact Points for this report

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Supporting Information

- Appendix - LGPS Central UK Gilt Discretionary Mandate presentation (**Exempt Information – Salmon pages**)

Background Papers

In the opinion of the proper officer (in this case the Chief Financial Officer) there are no background papers relating to the subject matter of this report.