

1	Risk Description	Asset and Investment Risk	Risk Score:	Impact	10	Likelihood	4	Total	40
Significant volatility and negative sentiment in global investment markets following disruptive geopolitical and economic uncertainty. Within this consideration is given to Covid-19, Brexit, and the invasion of Ukraine, current events in the Middle East.									
Risk Owner(s)		Phil Triggs							
Summary risk update/current position (incl. key metrics)			Date updated:		30 June 2025				
<p><i>Global investment markets remain under considerable pressure, shaped by a convergence of disruptive geopolitical and economic events. This environment has created heightened uncertainty, contributing to increased market volatility and cautious investor sentiment. The following key risks are central to the current landscape:</i></p> <p><i>Impact of Recent Tariff Actions by the Trump Administration on Global Markets:</i></p> <p><i>In early April 2025, President Donald Trump announced the implementation of significant tariffs, including a 10% levy on all imports and higher duties on major exporters such as China and the European Union. These measures have intensified global trade tensions and led to notable market disruptions, including but not limited to stock market declines and investors shifting to cash and other liquid assets.</i></p> <p><i>Brexit (Ongoing Trade and Regulatory Frictions):</i></p> <p><i>While the UK has formally exited from the EU, the long-term economic and investment implications of Brexit are still unfolding. Persistent trade frictions, regulatory divergence, and political tensions continue to affect investor confidence and business operations.</i></p> <p><i>Invasion of Ukraine (Geopolitical Tensions and Energy Security):</i></p> <p><i>The conflict in Ukraine has significantly reshaped global geopolitical dynamics and continues to disrupt markets. Key risks include elevated energy prices, food supply chain challenges, and sanctions-related market distortions. The war has led to redefined trade alliances and increased defence spending.</i></p> <p><i>Middle East Conflict (Rising Tensions and Market Sensitivity):</i></p> <p><i>Renewed and escalating conflict in the Middle East, particularly involving Israel and regional actors, has raised fears of broader instability. This presents a significant risk to energy markets, global supply chains, and investor sentiment. The situation remains fluid, with the potential for escalation posing additional downside risk for global markets.</i></p> <p><i>These developments have amplified existing geopolitical and economic uncertainties, contributing to a complex and volatile environment for global investment markets.</i></p>									
Proposed/planned mitigations					Mitigation Owner		Date for completion		Current Status
TREAT									
1. Ongoing Engagement with Investment Managers on Political Risk Management - the Fund maintains structured and continuous engagement with fund managers to ensure appropriate consideration and management of political risk, particularly within global developed markets. These discussions encompass assessment of geopolitical developments, and the corresponding impact on investment positions. Managers are expected to demonstrate clear strategies for responding to market dislocations arising from political events, thereby ensuring that political risk is proactively incorporated into the investment decision-making process.					Tri-Borough Pensions Team		Ongoing		Ongoing
2. Integration of Portfolio Diversification and Risk Management within the Investment Strategy - The Fund's investment strategy is designed to incorporate robust diversification across asset classes, geographies, sectors, and investment styles. This approach aims to reduce concentration risk and enhance resilience against external shocks, including those of a political or economic nature. Diversification is not only a defensive measure but also serves to enhance the potential for stable long-term returns under varied market conditions.					Tri-Borough Pensions Team		Ongoing		Ongoing
3. Continuous Review of Investment Strategy with Investment Consultant - The Fund, in collaboration with its investment consultant, undertakes ongoing strategic reviews to ensure that its investment approach remains appropriate, adaptive, and aligned with its long-term objectives. These reviews include detailed assessments of macroeconomic trends, geopolitical developments, and the performance of individual asset classes. Recommendations may include adjustments to strategic asset allocation, rebalancing across asset types, or reassessment of investment mandates. This continuous review process supports informed, evidence-based decision-making and strengthens the Fund's ability to navigate evolving market environments.					Tri-Borough Pensions Team		Ongoing		Ongoing

2	Risk Description	Liability Risk	Risk Score:	Impact	12	Likelihood	3	Total	36
There is insufficient cash available to the Fund to meet pension payments due to reduced income generated from underlying investments, leading to investment assets being sold at sub-optimal prices to meet pension obligations.									
Risk Owner(s)		Phil Triggs							
Summary risk update/current position (incl. key metrics)			Date updated:		30 June 2025				
The Fund faces a liability risk stemming from potential shortfalls in available cash to meet pension payment obligations. The Fund would currently be cashflow negative in terms of the contributions received would not equal the payment of the outgoing pensions, however income from distributions of investments keeps the cashflow position neutral.									
Proposed/planned mitigations					Mitigation Owner		Date for completion	Current Status	
TREAT									
1. Cashflow Forecast Maintained and Monitored; Position Reported Quarterly to Committee - The Fund maintains a detailed and dynamic cashflow forecast to monitor its ability to meet short- and medium-term pension payment obligations. This forecast is updated regularly to reflect changes in contribution inflows, benefit payments, and expected investment income. The cashflow position is formally reviewed and reported to the Pensions Committee on a quarterly basis, enabling timely identification of potential shortfalls and ensuring that any necessary actions can be taken in advance to preserve liquidity and financial stability.					Tri-Borough Pensions Team		Ongoing	Ongoing	
2. Quarterly Income Distributions from Investments to Support Short-Term Obligations - A proportion of the Fund’s investment portfolio is structured to deliver quarterly income distributions, which provide a consistent and predictable cash inflow. This income is utilised to help meet ongoing pension payments and reduce reliance on the sale of growth assets. By aligning a portion of the investment strategy with income generation, the Fund enhances its ability to manage liability cashflows while limiting the need to disinvest during periods of market volatility.					Tri-Borough Pensions Team		Ongoing	Ongoing	
Ongoing Review of Investment Income with Targeted Allocations to Meet Income Requirements - The Fund, in conjunction with its investment consultant, regularly reviews the level of income generated from its underlying investments. This includes evaluating the sustainability and reliability of income streams across asset classes. Where necessary, strategic allocations may be adjusted to ensure the Fund remains aligned with its target income objectives. The next formal review of the investment strategy will follow the conclusion of the 2025 Triennial Valuation.					Tri-Borough Pensions Team		Ongoing	Ongoing	

4	Risk Description	Asset and Investment Risk	Risk Score:	Impact	10	Likelihood	4	Total	40
Investment managers fail to achieve benchmark/ outperformance targets over the longer term: a shortfall of 0.1% on the investment target will result in an annual impact of £1.25m.									
Risk Owner(s)		Phil Triggs							
Summary risk update/current position (incl. key metrics)			Date updated:		30 June 2025				
There is a risk that investment managers may fail to achieve their performance benchmarks or outperformance targets over the longer term. Persistent underperformance would adversely affect the Fund’s ability to meet its long-term return objectives and could place additional pressure on funding levels and employer contributions. Monitoring manager performance and taking corrective action where necessary is essential to mitigating this risk.									
Proposed/planned mitigations					Mitigation Owner		Date for completion		Current Status
TREAT									
1. Regular Performance Monitoring and Manager Evaluation - The Fund conducts rigorous and ongoing monitoring of all investment managers against agreed performance benchmarks and objectives. Performance is reviewed quarterly and assessed over multiple time horizons to identify persistent underperformance trends. This includes both quantitative analysis and qualitative evaluation of investment processes, style consistency, and risk-adjusted returns.					Tri-Borough Pensions Team		Ongoing		Ongoing
2. Active Oversight and Governance through Investment Advisory Structures - The Fund’s Investment Committee, supported by its investment consultant, maintains strong governance oversight of manager performance. Where concerns arise, formal engagement with managers is undertaken to understand drivers of underperformance and to challenge their strategic positioning. If appropriate, recommendations for mandate changes or manager replacement are made in a timely manner.					Tri-Borough Pensions Team		Ongoing		Ongoing
3. Diversification Across Investment Managers and Styles - The Fund employs a diversified structure of investment managers with differing styles and specialisms to reduce reliance on any single manager or strategy. This approach mitigates the impact of individual underperformance and contributes to more stable aggregate returns. Strategic allocations are reviewed periodically to ensure that manager diversification continues to support the Fund’s overall risk-return objectives.					Tri-Borough Pensions Team		Ongoing		Ongoing

5	Risk Description	Asset and Investment Risk	Risk Score:	Impact	10	Likelihood	3	Total	30
Global investment markets fail to perform in line with expectations leading to deterioration in funding levels and increased contribution requirements from employers.									
Risk Owner(s)		Phil Triggs							
Summary risk update/current position (incl. key metrics)			Date updated:		30 June 2025				
There is an ongoing risk that global investment markets may fail to deliver returns in line with long-term expectations. Such underperformance could result in a deterioration of the Fund’s funding position, as investment returns are a key driver of asset growth. A sustained shortfall in returns may lead to increased contribution requirements from employers in order to maintain the Fund’s solvency and meet future pension liabilities.									
Proposed/planned mitigations					Mitigation Owner		Date for completion		Current Status
TREAT									
1. Diversification of Asset Classes and Managers - The Fund employs a diversified investment strategy structured to incorporate various asset classes, reducing reliance on any single asset manager or strategy. This approach mitigates the impact of individual underperformance and contributes to more stable aggregate returns. Diversification is not only a defensive measure but also serves to enhance the potential for stable long-term returns under varied market conditions.					Tri-Borough Pensions Team		Ongoing		Ongoing
2. Continuous strategy monitoring - The Fund conducts rigorous and ongoing monitoring of all investment managers against agreed performance benchmarks and objectives to ensure that its investment approach remains appropriate, adaptive, and aligned with its long-term objective. Recommendations may include adjustments to strategic asset allocation, rebalancing across asset types, or reassessment of investment mandates. This continuous review process supports informed, evidence-based decision-making and strengthens the Fund’s ability to navigate evolving market environments.					Tri-Borough Pensions Team		Ongoing		Ongoing
3. Engagement with the actuary - Actuarial valuation and strategy review take place every three years post the actuarial valuation. IAS19 data is received annually and provides an early warning of any potential problems. The actuarial assumption regarding asset outperformance is regarded as achievable over the long term when compared with historical data.					Tri-Borough Pensions Team		Ongoing		Ongoing