

Croydon Council

REPORT TO:	Pension Committee 20 June 2017
AGENDA ITEM:	11
SUBJECT:	Engagement with Pension Fund Investment Managers
LEAD OFFICER:	Nigel Cook Head of Pensions and Treasury
CABINET MEMBER	Councillor Simon Hall Cabinet Member for Finance and Treasury
WARDS:	All
CORPORATE PRIORITY/POLICY CONTEXT: Sound Financial Management: This report sets out a schedule for members of the Pension Committee to engage with fund managers.	
FINANCIAL SUMMARY: In order to fulfil their fiduciary responsibilities the Committee needs to engage with the fund managers with whom the assets of the Pension Fund are invested.	
FORWARD PLAN KEY DECISION REFERENCE NO.: N/A	

1. RECOMMENDATIONS

- 1.1 The Committee is asked to note the report

2. EXECUTIVE SUMMARY

- 2.1 The Committee has agreed to rebalance the Pension Fund portfolio and its members should have the opportunity to acquaint themselves with new fund managers. This is to be facilitated by an engagement day at the Council. To ensure continued engagement with existing managers a series of off-site visits is being arranged.

3. DETAIL

- 3.1 Following last year's asset allocation review and the current requirement to rebalance the Pension Fund cash has been allocated to a number of fund managers. A number of these managers have only recently been added to the roster. Other fund managers have been allocated additional sums, to seed new investments or add to existing allocations. In each case officers, advised by the Fund's professional investment advisers, have undertaken extensive due diligence to ensure that the investment goals for the Fund have the greatest

chance of being met within an acceptable risk envelope.

- 3.2 These two groups of managers, existing fund managers investing in listed equity, debt, property and unlisted businesses, and new managers investing in infrastructure, private equity and residential property, manage over £1 billion of assets on behalf of the Pension Fund. As agreed by the Committee, investment decisions have been taken by the Executive Director for Resources (S. 151 Officer) in consultation with the Chair and Vice-Chair of the Committee. A considerable amount of supporting information and legal documentation exists to inform each of these decisions.
- 3.3 In order for the Committee to better understand the dynamics of the portfolio, expectations of performance in different environments and the overall allocation of the risk budget, these managers are providing the Committee with an Information Day. Each have been invited to present to the Committee, providing an opportunity for members to better understand each offering and, as most of the funds are now drawing down funds, to discuss anticipated performance and track records, where relevant.
- 3.4 Six fund managers have made themselves available. The Information Day has been scheduled for Wednesday 28th June, for a 10:00 am start at the Town Hall, Room F10.
- 3.5 The funds are as follows:
- **Temporis Capital** – Infrastructure – Renewable Energy. Their investment strategy is to target UK based wind projects and solar projects post-construction in the early stages of their operating life.
 - **Access Capital Partners** – Infrastructure. Real Infrastructure assets. The fund focuses primarily on operational and cash yielding infrastructure assets in Europe. The Fund typically invests alongside established fund managers, institutional investors or corporates across a broad spectrum of opportunities including transportation, utilities, renewable energy and social infrastructure.
 - **Green Investment Bank** – Infrastructure. Off-shore wind farms.
 - **North Sea Capital** – Private Equity - The core investment strategy will invest in expansion/growth capital, buyout capital and special situations. It is anticipated that the majority of the capital will be deployed in the US and Europe with some exposure to emerging markets in Asia and Latin America.
 - **M & G Real Estate** – Private Rental Sector (Residential Property). The investment objective is to invest mainly in residential real estate assets in the UK predominantly in the private rented sector.
 - **Markham Rae** – Private Equity. The objective is to generate predominantly contractual returns by assuming a series of priority loss exposures that are linked to the trade finance operating platform of primarily European banks.
- 3.6 For the more established fund managers officers have arranged for a series of off-site visits. This will allow representatives of the Committee to have a more detailed discussion about investment philosophy and execution, market forecasts and projected returns as well as having the opportunity to meet the investment teams.
- 3.7 This is the calendar of proposed visits:

LGIM (Listed equity)
Standard Life (Fixed interest)

26th July
27th September

Schroders (Commercial property)	26 th October
Wellington (Fixed interest)	29 th November
Pantheon (Private Equity)	24 th January 2018
Equitix (Infrastructure)	21 st February
Knightsbridge (Private Equity)	21 st March

4. RECOMMENDATIONS

- 4.1 The report recommends that the Committee notes the report

5 FINANCIAL CONSIDERATIONS

- 5.1 There are no further financial considerations flowing from this report.

6. OTHER CONSIDERATIONS

- 6.1 Other than the considerations referred to above, there are no customer Focus, Equalities, Environment and Design, Crime and Disorder or Human Rights considerations arising from this report

7. COMMENTS OF THE SOLICITOR TO THE COUNCIL

- 7.1 The Solicitor to the Council comments that there are no direct legal implications arising from the recommendations within this report.
- 7.2 (Approved for and on behalf of Jacqueline Harris-Baker, Director of Law, Council Solicitor and Monitoring Officer)

CONTACT OFFICER:

Nigel Cook, Head of Pensions Investment and Treasury,
Resources department, ext. 62552.

BACKGROUND DOCUMENTS:

None