



# LGPS Central Pool Update

**Melanie Stokes** 

# LGPS Pooling From the beginning.....



#### **May 2013**

Speech by Brandon Lewis (Local Government Minister) opened up the prospect of LGPS fund mergers

#### **May 2014**

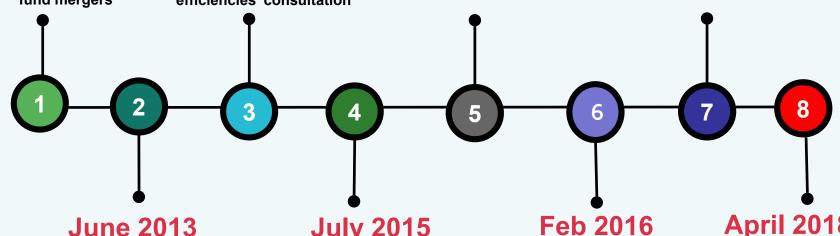
**Government's response** "No mergers" Launch 'Opportunities for collaboration, cost savings and efficiencies' consultation

#### Nov 2015

**Investment Reform Criteria** and Guidance issued. 'Backstop' Investment Regulation consultation

#### **July 2016**

LGPS Funds' detailed response to Criteria



**June 2013** 

'Call for Evidence' consultation into future structure of **LGPS** 

#### **July 2015**

**Summer Budget** 'pool investments to significantly reduce costs, while maintaining overall investment performance' 'sufficiently ambitious proposals'

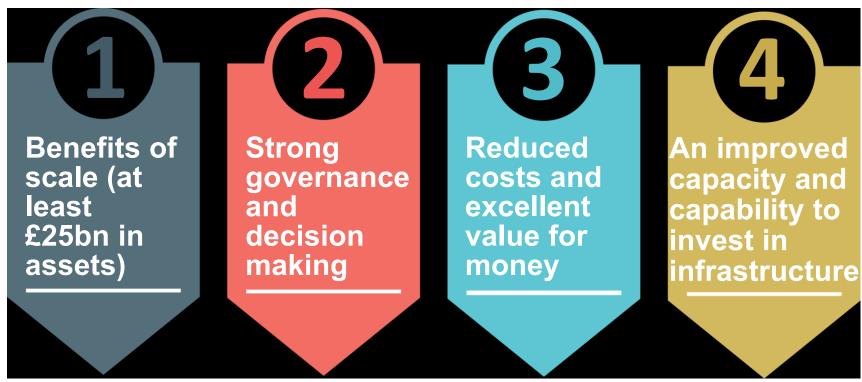
LGPS Funds' initial response to consultation

**April 2018** 

Start to transition assets

# Government Criteria A reminder of what it was all about.....





**BUT MHCLG formal consultation awaited....** 



# LGPS Central 8 Partner Funds

















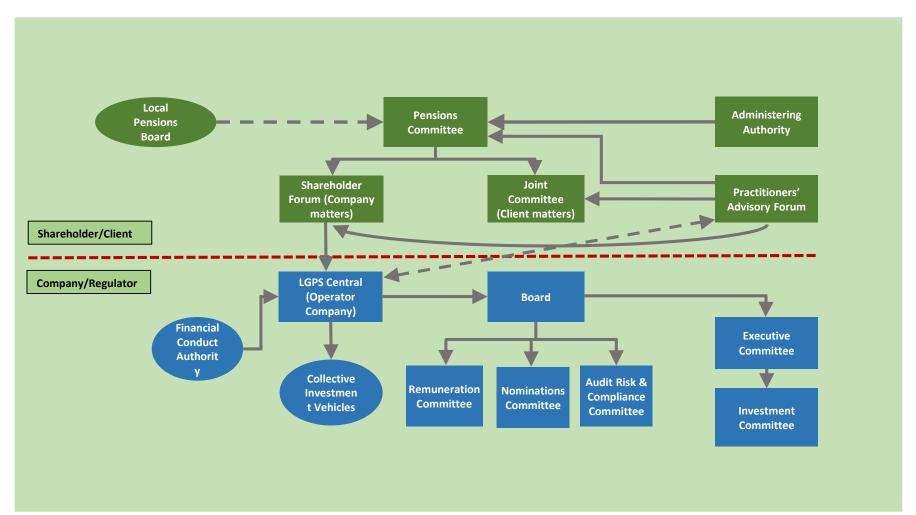






# **Governance – LGPS Central**

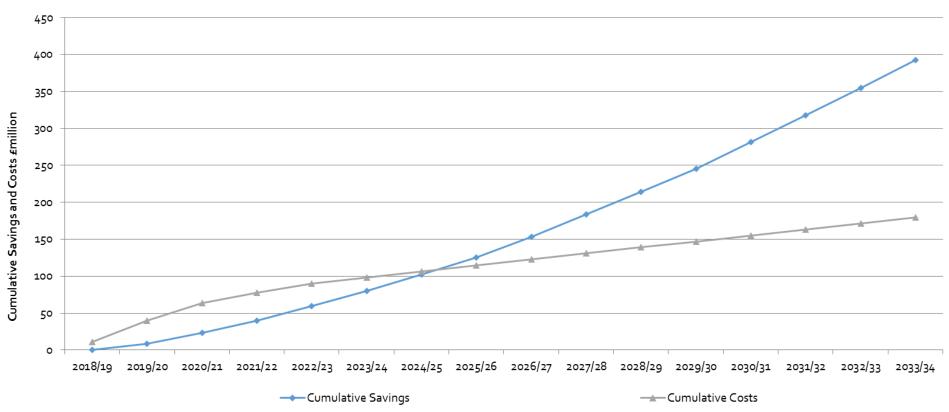




# **Costs And Value For Money**



#### **Pool Breakeven Analysis**



The original estimation was for LGPS Central to make cumulative savings of £247.7m by 2034. This estimate is currently being updated.

# LGPS Central Investment Offering



Aim to provide the most appropriate structure to access asset classes across different styles and geographies:

#### ACS

- Equities
- Bonds
- Property

#### LLP

- Infrastructure
- Private equity
- Target return

#### Life Policies

- Equities
- Bonds

LGPS Central will offer the investments needed to deliver the Partner Funds' investment strategies

## **Progress to Date – since April 2018**





## **Progress to Date**



#### WORKING IN PARTNERSHIP



#### GROWING OUR ASSETS UNDER MANAGEMENT



£9.1bn



in7 LGPSC sub-funds 17

advisory and discretionary mandates worth

£9.7bn

# 62 STAFF



blend of public and private sector

FOCUS ON LONG-TERM
PERFORMANCE & VALUE FOR MONEY



£45bn

Combined Partner Fund Assets

#### RESPONSIBLE INVESTMENT



Commitment to all internal & external managers operating in line with our RI integration standard

# What is LGPS Central Responsible for?



# **Current Stewardship - All Partner Funds**

FUND	INCEPTION DATE	FUND STRUCTURE	TOTAL POOLED ASSETS UNDER MANAGEMENT*
LGPS Central Passive Equities UK	Apr-18	ACS	£1,101 million
LGPS Central Passive Equities Global (Ex. UK)	Apr - 18	ACS	£3,685 million
LGPS Central Passive Global Equity Dividend Growth Factor Fund	Apr-18	ACS	£520 million
Private Equity (2018 Vintage)	Jan - 19	SLLP	Commitment: £257m. Calls: £36m
LGPS Central Active Equities Global Multi Manager	Mar-19	ACS	£2,334 million
LGPS Central Emerging Markets Equity Active MM	Jul-19	ACS	£569 million
LGPS Central All World Equity Climate Factor	Oct-19	ACS	£2,100 million

# What is LGPS Central Responsible for?

# **Current Stewardship - Staffordshire**

FUND	INCEPTION DATE	FUND STRUCTURE	ASSETS UNDER MANAGEMENT*
Private Equity (2018 Vintage)	JAN - 19	SLLP	£10 million
Active Equities Global Multi Manager	MAR - 19	ACS	£547 million

## **LGPS Central Global Active Equity Multi Manager Fund**

Aggregated Fund Performance (%)			Month to Date	Since Inception*
Benchmark			1.04	12.48
Fund			0.51	11.11
Harris			1.79	9.75
Schroders			0.23	12.44
Union			-0.54	11.45
*Inception date 12th March 2019. Source: Northern Trust as at 30 September 2019				
Manager Weightings at 30 August 2019				
	Default (%)	Target (%)	Actual (%)	Actual Relative to Target (%)
Harris	33.33	35.83	35.62	-0.21
Schroders	33.34	30.84	31.04	0.20
Union	33.33	33.33	33.34	0.01

Source: Northern Trust as at 30 September 2019

#### Impact of Move Away from Default Weight of 1/3<sup>rd</sup> for each Manager

	September 2019 (%)	Since Inception (%)
Benchmark	1.04	12.48
Added Manager Value at 1/3 <sup>rd</sup> Weighting each*	-0.57	-1.30
Difference Attributed to LGPS Central Limited*	0.04	-0.07
Total Net Performance	0.51	11.11

<sup>\*</sup>May Involve Rounding

Source: Northern Trust as at 30 September 2019

### What more might LGPS Central do for Staffordshire?



#### **Current Pipeline**

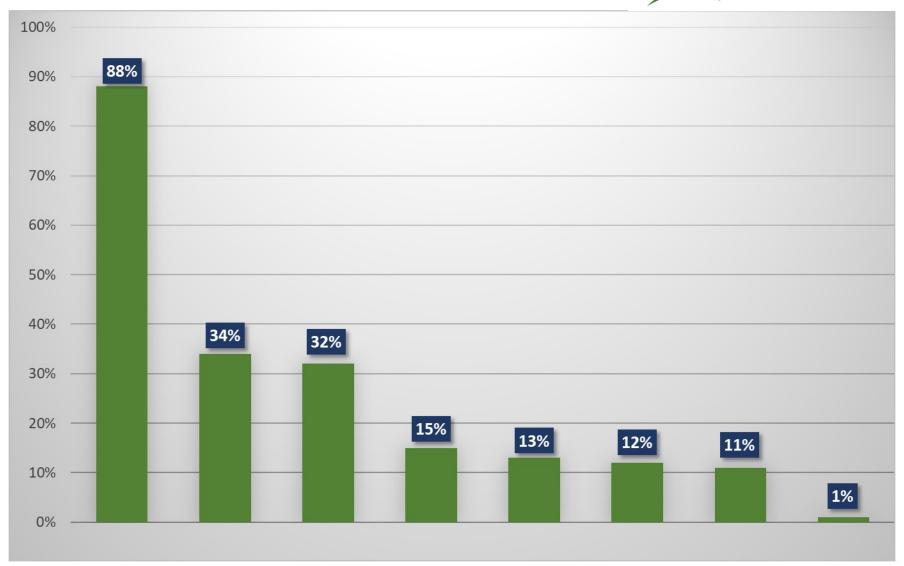
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FUND	OPERATIONAL READINESS	FUND STRUCTURE
Global Corporate Bonds	Jun 2019	ACS
Infrastructure	FY 2019/20	SLLP
UK Active Equity	FY 2019/20	ACS
Multi Asset Credit /EMD	FY 2019/20	ACS
Global FB Strategy	FY 2019/20	ACS
Targeted/Absolute Return	FY 2019/20	ACS
Property	FY 2019/20	ACS
G10	FY 2019/20	ACS

#### **Level of Interest**

FUND	INDICATIVE INTEREST
Global Corporate Bonds	CONFIRMED -£390m
UK Active Equities	HIGH - £300m
Global Factor Based Strategy	HIGH - £250m
Private Equity	MEDIUM - £10m
Infrastructure	UNDER REVIEW
Property	UNDER REVIEW

# Pooling Progress (% of assets managed by LGPS Central by Partner Fund)







# Our asset pooling journey continues...

...any Questions?