

Pensions Sub-Committee

Supplementary Agenda

Tuesday 19 September 2017

7.00 pm

Committee Room 3 - Hammersmith Town Hall

MEMBERSHIP

Administration:	Opposition:
Councillor Iain Cassidy (Chair) Councillor PJ Murphy Councillor Guy Vincent	Councillor Michael Adam Councillor Nicholas Botterill

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http://www.lbhf.gov.uk/Directory/Council_and_Democracy

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Date Issued: 14 September 2017

Pensions Sub-Committee Supplementary Agenda

19 September 2017

<u>Item</u>		<u>Pages</u>
1.	MINUTES OF THE PREVIOUS MEETING To approve as an accurate record and the Chair to sign the minutes of the meeting held on 20 June 2017.	1 - 5
9.	LONDON CIV UPDATE London CIV to provide a progress update and a presentation.	6 - 24



London Borough of Hammersmith & Fulham

Pensions Sub- Committee Minutes

Tuesday 20 June 2017

PRESENT

Committee members: Councillors Michael Adam, Iain Cassidy (Chair), PJ Murphy, Guy Vincent and Nicholas Botterill

External Guests: Alistair Sutherland from Deloitte

Officers: Peter Carpenter (Interim Director of Treasury and Pensions), Peter Worth (Finance Officer), Susan Hands (Interim Finance Manager), and Amrita Gill (Assistant Committee Co-ordinator)

1. APPOINTMENT OF VICE CHAIR

RESOLVED

That Councillor Michael Adam was elected as Vice Chair of the Pension Sub Committee for the 2017/18 municipal year.

2. MINUTES OF THE PREVIOUS MEETING

Peter Carpenter noted an update under Item 5 – Pensions Fund Quarterly Update Pack: The London CIV would attend the Pensions Sub-Committee on 19 September.

Peter Carpenter noted an update under Item 6 – Pension Fund Actuarial Certification: In terms of the actuary figures, the funding had increased from 88% to 94% and the deficit had halved. Following a discussion with the actuary he noted that it would take 10 years to become fully funded at a hurdle rate of 6%. He said that the actuary data would be reported to the Sub-Committee on a quarterly basis going forward. Councillor Michael Adam asked why there had been a significant improvement in comparison to the figures the Sub-Committee received in January 2017. Peter Carpenter responded that he would confirm why this was the case. Peter Carpenter confirmed that public sector deficits were lower than private sector figures due to the private sector using gilt yields as the comparison basis and public sector figures were based on actual returns.

RESOLVED

That, with the above correction, the minutes of the meeting held on 15 March 2017 were agreed as a correct record and were signed by the Chair.

3. APOLOGIES FOR ABSENCE

Apologies for lateness were received from Councillor PJ Murphy.

4. DECLARATIONS OF INTEREST

There were no declarations of interest.

5. RESULTS OF THE PENSION STRATEGY REVIEW

Peter Carpenter presented the paper and noted the recommendations discussed at the investment strategy review working group meeting on 20 May 2017, which was to remain with the present allocation model. Relative to most Local Government allocation models, the Council's model was not fully dependent on equities for its return and had a broad diversification, however the present portfolio was 7% overweight in equities and needed to be rebalanced as per the asset allocation strategy.

Councillor Michael Adam said to take the opportunity and use some of the profit from the equity overweight portfolio and move the assets from LGIM to Ruffer and invest the balance into infrastructure.

Peter Carpenter said following agreement from Councillors, discussions would be held with the London CIV on 21 June 2017. Councillor PJ Murphy asked how long would it take to transfer the assets. Alistair Sutherland said the process would take approximately two weeks. Councillors queried if LGIM was in the London CIV. Peter Carpenter responded LGIM was a life fund, therefore could not be a CIV product however the Council was paying a lower fee through the London CIV.

Alistair Sutherland, in reference to Appendix D, noted that four infrastructure investment options had been considered and additionally infrastructure would depend on drawdown rates. Councillor Michael Adam highlighted that the Aviva fund invested in unleveraged infrastructure assets and actively sought assets with limited competition for structural reasons, therefore wouldn't pose a risk that came with leverage.

Councillors noted that there was an overlap between Aviva Investors and Hermes Investment Management and felt that they were a similar product. Councillors felt that they needed to meet with the organisations to assess their financial viability prior to making a decision. Alistair Sunderland recommended that if Councillors wanted to meet with three different infrastructure managers he would recommend a combination of Aviva Investors, Standard Life Capita Partners, and First State Investments. Peter Carpenter said he would invite the organisations to present to the Sub-Committee at a separate selection meeting within 6 weeks.

Peter Carpenter noted, in relation to Friends of the Earth he had informed the Leader Councillor Stephen Cowan that the Council would continue to embed the present allocation strategy due to their fiduciary responsibility, therefore would not make any decisions in the short-term, but would review the position

after 2 years. In addition, at the meeting Friends of the Earth were asked for a consistent position across London for clarity and consolidation of Investment Vehicles. Councillor Guy Vincent commented that actual carbon items were with the London CIV and no longer directly with the Council.

RESOLVED

1. That the Pension Sub-Committee considered the options set out in this report to examine the present investment strategy, the results and requirements of the recently completed triennial revaluation, external factors and investment opportunities to evaluate any changes required to the present investment strategy set out in the statement of investment principles to ensure that the fund's assets grow (and were protected) at an adequate rate to meet on-going liabilities.
2. That if more work was required to move the strategy forward, that meetings were scheduled over the summer to make sure the updated strategy was ready in October 2017.

6. QUARTERLY REVIEW PACK

An updated copy of Appendix 1 of the agenda was tabled.

Peter Carpenter presented the quarterly update pack for the quarter that ended on 31 March 2017 and noted that the risk register had been updated.

Alistair Sutherland, in reference to Appendix 2 of the report, noted that a section on the London CIV had been included to provide the Sub-Committee with an overview of the sub-funds currently available on the London CIV platform. He also added that The Standard Life and Aberdeen Asset Management merger had now taken place.

Councillor Guy Vincent queried if The London CIV were cooperating as expected and if they consulted officers on behalf of the Sub-Committee prior to making decisions. Alistair Sutherland noted that improvements had been made and they were actively working towards streamlining their decision making process. He reassured Councillors that, if a fund was being offered and officers thought it was not appropriate the Council would be obliged to inform the London CIV as it held fiducial responsibility.

In addition, Peter Carpenter commented that Surrey County Council and BT would be invited to the next Pensions Board meeting for Councillors to fully understand what their present position was and how the Council would get assurance that processes were in place and being followed correctly.

RESOLVED

That the report was noted.

7. BUSINESS PLAN

Peter Carpenter presented the report for the Pension Fund Business Plan 2017-2018 and noted that it was best practice for Council services to have business plans that set out objectives of the service.

Councillor PJ Murphy asked whether a cost-benefit analysis had been undertaken since the Tri-Borough Treasury and Pensions arrangements were established. Peter Carpenter responded that the primary aim of the present arrangements was to provide resilience that would not otherwise be there in a single Council environment. He also noted that although there was considerable consolidation, the three funds were still free to make their own choices independently.

RESOLVED

That the Pensions Sub-Committee noted the Tri-Borough Pensions Business Plan and agreed with the direction of travel set out in the plan in regard to the Action Plan.

8. COMPLIANCE PLAN

Peter Carpenter presented the item and noted that there was a requirement for the Sub-Committee, on a yearly basis, to review its governance arrangements to ensure statutory requirements were being met. Overall the Sub-Committee complied with all statutory requirements except for representation. He said that the Sub-Committee may co-opt non-voting independent members, including Trade Unions and representatives from the admitted and scheduled bodies in the Pensions Fund, however a Trade Union Representative had not attended for over three years and as such might have dropped off the invite list. The Councillors commented that they had no objection to a Trade Union Representative attending future Sub-Committee meetings.

RESOLVED

1. That the Pensions Sub-Committee approved the 2017/18 Governance Compliance Statement.
2. That the Pensions Sub-Committee delegated to the Pension Board, as its scrutiny body, to review compliance to the Pensions Regulator's Codes of Practice at its next meeting and report back to the Sub-Committee.

9. ANNUAL REPORT TO SCHEME ADVISORY BOARD ON POOLING

Peter Carpenter presented the report and noted that local authority pension fund administering authorities were required to move Pension Fund assets into asset pools (such as the London Collective Investment Vehicle or CIV) to obtain lower fees from investment managers through economies of scale. The paper set out what opportunities were available through the London CIV and the pipeline of investment managers that would become available in the near-term. The Council was in a strong position and was towards the 'higher end' compared to other London Boroughs with assets on the CIV at 56%. He said

that London CIV would be invited to the next Pensions Sub-Committee for further discussions with the Councillors.

RESOLVED

That the Pensions Sub-Committee noted the present position regarding Fund Managers presently available via the London CIV and those being used by the London Borough of Hammersmith and Fulham Pension Fund.

10. DATE OF THE NEXT MEETING

The next meeting was scheduled for 19 September 2017.

Meeting started: 7:20pm

Meeting ended: 8:40pm

Chair

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Agenda Item 9

<p>London Borough of Hammersmith & Fulham</p> <p>PENSIONS SUB-COMMITTEE</p> <p>19 September 2017</p>	 <p>h&f hammersmith & fulham</p>
UPDATE ON LONDON COLLECTIVE INVESTMENT VEHICLE (CIV)	
Report of the Strategic Finance Director	
Open Report	
Classification - For Information	
Key Decision: No	
Wards Affected: None	
Accountable Director: Peter Worth, Interim Director of Treasury and Pensions	
Report Author: Sue Hands, Interim Finance Manager - Pensions	Contact Details: Tel: 0207 641 4331 E-mail: shands@westminster.gov.uk

1. EXECUTIVE SUMMARY

1.1 This note provides a brief update on the progress of the London CIV.

2. RECOMMENDATIONS

2.1. That the report be noted.

3. BACKGROUND PAPERS USED IN PREPARING THIS REPORT

13.1. None

LIST OF APPENDICES:

Appendix 1: London CIV Update Report

LCIV UPDATE – JULY 2017

This note provides a brief update on the progress of the London CIV and is the third of these updates. It has been agreed that this will be a quarterly briefing note to be provided initially for SLT and then shared more widely with Pension Managers for either inclusion or extracting information to include in Committee papers if required. Key items this quarter are:

a) IAC Membership – The membership of the Investment Advisory Committee is reviewed on annual basis with SLT members asked for nominations either for themselves or for their pension managers. This year's request for membership nominations has again received a very strong response and we are pleased to report that all nominations have been accepted. Whilst this has led to an increase in size for the IAC, it is recognised that not all members are able to attend every meeting. In total 28 nominations were received representing 29 LLA's. A copy of the IAC members is attached at appendix 1 for information.

b) Sub-funds available within the London CIV – Current funds available –

3 global equity funds:

- a. LCIV Global Equity Alpha (management delegated to Allianz)
- b. LCIV Global Alpha Growth (management delegated to Baillie Gifford)
- c. LCIV NW Global Equity (management delegated to Newton)

1 UK equity:

- d. LCIV MJ UK Equity (management delegated to Majedie)

4 multi-asset/total return funds:

- e. LCIV BG DGF (direct investment into the Baillie Gifford Diversified Growth Fund)
- f. LCIV NWT RR (direct investment into Newton Real Return Fund)
- g. LCIV PY TR (direct investment into Pyrford Real Return Fund)
- h. LCIV RF AR (direct investment into Ruffer Absolute Return Fund)

Appendix 2 covers a high level overview of the sub-funds in terms of size and performance to 30th June 2017. The LCIV NW global equity and LCIV MJ UK equity sub-funds were launched in May and therefore the performance provided only covers from mid-May.

Quarterly monitoring of the managers on the CIV platform is conducted and the second series of notes on these manager meetings were circulated to Funds for information. If you have any feedback on these or would like copies of these notes, please contact Jill Davys jill.davys@londonciv.org.uk Please note that these notes are however, confidential and should not be placed in public papers.

Quarterly reporting on all sub-funds to the end of June 2017 is currently being collated and will be circulated to Funds shortly.

c) Sub-Fund Launches July to September – Over the next 3 months, a further 4 sub-funds are scheduled for launch on the CIV platform, 1 under the CQC (Commonality,

Quantum and Conviction) mechanism and a further 3 that have come from the global equity procurement process.

The sub-fund launch under the CQC basis:

- a. Longview Global Equity (17-07-17) – now launched

Additional global equity sub-fund launches following global equity procurement, one in July and two in September:

- a. Henderson Emerging Markets (17-07-17)
- b. Epoch Global Equity Income (09/17)
- c. RBC Sustainable Equity (09/17)

- d) **Sub-Fund Capacity** – The IAC reviewed the capacity constraints within LCIV sub-funds at its meeting in June and agreed a communication to be issued to London Funds highlighting which of LCIV sub-funds were “limited capacity” sub-funds. A copy of the note and the capacity constraints for each of the sub-funds is set out in Appendix 3 as a reminder. One point to note is that we understand that Baillie Gifford DGF Fund having been closed to new subscriptions may make some additional capacity available to LCIV in the near future.
- e) **Equity Strategies** – A global equity information day was held on 11th May (invitations were sent to Pensions Sectoral Joint Committee (PSJC) Members, Treasurers and Pension Managers). This provided Funds the opportunity to meet with Longview, Henderson, Epoch and RBC. Due to the timing of the general election, there was a limited presence from elected Members, but over 30 attendees were present. The feedback to the format of the day and also the presentations themselves was overall very positive. Attendees were also asked to indicate what additional equity strategies they would be interested in and this would then help inform future sub-fund launches. From the feedback on the day, the indications were that demand was highest for low volatility, core and low carbon funds. LLAs will be approached with a global equity survey to gauge demand for additional equity investment strategies.
- f) **Fixed Income and Cashflow Strategies** – This has been the prime focus for LCIV and the IAC over the last quarter, with regular meetings of the fixed income working group taking place to review a range of approaches. Following a review of Pension Fund’s investment requirements and a survey of treasurers and officers, it is clear that there is strong demand for products in this area including private debt, multi-asset income, multi-asset credit, buy & maintain and corporate bonds. LCIV are currently undertaking a tender process for an adviser prior to commencing a full search for managers in key fixed income products. The timetable for launching funds in this area is being progressed and it is anticipated that sub-funds will be launched in advance of the business plan date of March 2018. LCIV and the fixed income working group are currently working to a timeline of sub-fund launches towards the end of the calendar year 2017 or early 2018. The results of the recent survey are attached at Appendix 4 for information.
- g) **LLA Changing Asset Allocation and Investment Strategies** – LCIV has been reviewing the LLA Investment Strategy Statements and holding meetings with the LLAs to better understand their future strategic asset allocation requirements. This shows that there is about a 6% (or about £1.8bn) move out of equity or growth type mandates into

fixed income and cashflow generating asset classes. In addition LLAs are also looking to build exposure in infrastructure and property assets. This will be taken into account by LCIV as it considers its business plans for future years. As noted earlier the shift in LLA requirements means that LCIV is targeting an earlier launch date for fixed income products where feasible to do so.

- h) Passive Funds and Fee Charges** – This is by way of a reminder to Funds that it was agreed where the CIV had negotiated London wide fee reductions on passive life funds then a charge could be applied from 1st April 2017 charged annually and based on monthly AUMs at a rate 0.005% on AUM.
- i) London CIV Budget and Medium Term Financial Strategy** – Regular reporting on progress against the budget and targets in the Medium Term Financial Strategy is being provided to the PSJC and a copy of the report that went to the July meeting can be found here: <http://www.londoncouncils.gov.uk/node/32109>
- j) Recruitment** – LCIV has been actively recruiting over the last few months with a Corporate Development Director (1 year fixed term) Head of Fixed Income & Alternatives, Chief Risk Officer, Fund Accountant and Client Relations Executive having been appointed. Further recruitment is underway focusing on a Head of Global Equities and Investment Analyst. Vacancies will be placed on LCIV website and will be open to colleagues from local authorities to apply where they have the requisite skills to fulfil the roles. In addition, LCIV has also appointed two additional non-executive directors with extensive investment experience to the Board: Linda Selman (Hymans, Baillie Gifford and Scottish Provident) and Paul Niven (BMO, ISIS and RSA).
- k) Events** – As noted under the global equities section, a global equity information day was held in May which proved popular with both Members and Officers. Given the general election and closedown of accounts, other events planned for June/July were deferred to later in the year. A seminar on MiFID II and the Code of Transparency has been arranged for the last week in July and it is hoped to be able to run and DGF/Total Return Information Day in August. The low carbon workshop has been rearranged for September and an updated draft calendar of events is included in Appendix 5 for information. Invitations to future events will be sent in due course, but feedback or suggestions for future topics are welcome; please email jill.davys@londonciv.org.uk if you have any comments.
- l) MiFID II** – The long awaited announcement from the FRC finally arrived and in line with expectations included provisions which made it easier for LA Pension Funds to opt up to professional status by recognising the collective nature of decision making in LA Pension Funds with the Committee Structures and also acknowledging the role of advisers. All local authority pension funds will need to opt-up to professional status by 3rd January 2018 to avoid being classified as retail clients leading to significant restrictions in what fund managers are able to provide to authorities by way of investment products. The LGA are working closely with the Investment Association (IA) to agree a template for all fund managers to use for Local Authority Pension Funds, which should help ease the opt-up process. LCIV are running a briefing session on the 27th July to cover both MiFID II and the Code of Transparency. In addition the LGA are running a MiFID II briefing in August. Funds should consider taking action over the coming months to opt up in order to retain professional status, rather than leaving it until towards the end of the year. LCIV will also

need to receive confirmation from Funds on their ability to meet the new FCA opt-up criteria.

- m) Stewardship** – Following the end of the year, LCIV collated a voting and engagement report from the underlying managers on LCIV platform, this was distributed to investors in the relevant sub-funds. LCIV officers have also been engaging with the Cross Pools Responsible Investment Group and the LGA on draft guidance for Administering Authorities which is due to be consulted on by the Scheme Advisory Board. The officer Stewardship Working Group will also be considering the statements issued by Pension Funds in their Investment Strategy Statements in relation to ESG, Voting and Stewardship to assess whether further work is required by LCIV to assist Funds in meeting their stewardship responsibilities.
- n) Governance Review of the CIV** – Colleagues will recall that it has been agreed that a governance review be carried out to look at structures and decision making for LCIV. The project Steering Committee comprises:
- Mark Boleat (Chair) (PSJC Chair)
 - Lord Kerslake (Vice Chair)
 - Eric Mackay (LCIV NED)
 - Cllrs Johnson and Heaster (PSJC Party Group Chairs)
 - Ian Williams and Gerald Almeroth (SLT representatives)

Pre-market engagement has taken place with 3 advisers and the ITT issued, one of whom has withdrawn. For information the final specification is attached at Appendix 6, as are the Terms of Reference for the Steering Committee.

- o) Future Updates on Progress** –We hope this provides useful information on what both the CIV and the Investment Advisory Committee are working on, but if you have any comments or would like us to cover specific items in more detail, please contact either or us or email jill.davys@londonciv.org.uk

Ian Williams Chair, CIV Investment Advisory Committee

Hugh Grover, London CIV CEO

APPENDIX 1

Nominations for IAC - July 2017 (updated List)

SLT Members	London Local Authority	Officers	London Local Authority		
Ian Williams (Chair)	Hackney	Rachel Cowburn	Hackney		
Gerald Almeroth	Sutton	Stephen Wild	Newham	Bexley	Havering
John Turnball	Waltham Forest	Debbie Drew	Waltham Forest		
Mike Curtis	Islington	Joana Marfoh	Islington		
Mark Maidment	Richmond & Wandsworth	Paul Guillotti	Richmond & Wandsworth		
Peter Turner	Bromley	Jeremy Randell	Kingston		
Duncan Whitfield	Southwark	Paul Reddaway	Enfield		
Clive Palfreyman	Hounslow	Peter Carpenter/Peter Worth	Westminster	K&C	H&F
Caroline Holland	Merton	Sian Kunert	Hillingdon		
		Nigel Mascarenhas	Camden		
		Bridget Uku	Ealing		
29 LLA represented		Kate Limna	City of London		
28 Attendees		Nigel Cook	Croydon		
		David Dickenson	Barking & Dagenham		
		Thomas Skeen	Haringey		
		Hamant Bharadia	Lambeth		
		Bola Tobin	Tower Hamlets		
		Ravinder Jassar	Brent		
		Iain Millar	Harrow		

Key

Existing Members

New Nominations

SUB-FUNDS OVERVIEW

Following the launch of the LCIV MJ UKLCIV and LCIV NW Global Equity, by the end of the quarter to 30th June, LCIV had 8 sub-funds available for investment and assets under management (AUM) of £4.9bn up from £3,573m at 31st March 2017. The table below provides an overview of the sub-funds, performance over the quarter, year to date, 1 year (where applicable) and since inception along with the number of individual LLAs invested in each sub-fund.

FUND (Underlying Manager)	PRICE (Pence)	FUND SIZE £M	Q2	YTD	1 year	SINCE INCEPTION	INCEPTION DATE	Number of Investors
UK Equity Sub-Fund								
LCIV MJ UK Equity (Majedie) <i>Benchmark: FTSE All Share Index</i> Performance Against Benchmark	97.4	£510	N/A	-2.60% -1.28% -1.32%	N/A	-2.60% -1.28% -1.32%	18/05/17	3
Global Equity Sub-Funds								
LCIV Global Equity Alpha (Allianz Global Investors) <i>Benchmark: MSCI World Net GBP Index</i> Performance Against Benchmark	133.3	£691	3.89% 0.14% 3.75%	10.95% 5.27% 5.68%	25.12% 21.64% 3.48%	35.95% 34.31% 1.64%	02/12/15	3
LCIV BG Global Alpha Growth (Baillie Gifford) <i>Benchmark: MSCI All Countries World Gross Index</i> Performance Against Benchmark	140.1	£1,674	4.62% 0.71% 3.91%	12.56% 6.12% 6.44%	31.13% 21.81% 9.32%	41.23% 33.53% 7.70%	11/04/16	9
LCIV NW Global Equity (Newton) <i>Benchmark: MSCI All Countries World Gross Index</i> Performance Against Benchmark	100.7	£659	N/A	0.70% 1.11% -0.41%	N/A	0.70% 1.11% -0.41%	22/05/17	3
DGF/Total Return Sub-Funds								
LCIV PY Total Return (Pyrford)	109.3	£225	0.18%	1.86%	5.60%	9.30%	17/06/16	3
LCIV Diversified Growth (Baillie Gifford)	116.2	£362	1.75%	4.63%	11.74%	16.77%	15/02/16	5
LCIV RF Absolute Return (Ruffer)	110.7	£473	-0.45%	-0.45%	8.61%	11.00%	21/06/16	5
LCIV NW Real Return (Newton)	104.6	£346	1.16%	3.16%	N/A	4.60%	16/12/16	3
Total LCIV Assets Under Management		£4,940						18

*Data Source: Bloomberg as at 30/06/17 – Net of all fees and charges with income reinvested

APPENDIX 3

Dear Colleagues,

We are writing to advise you that a number of London CIV sub-funds, including some of those scheduled for launch over the next 3-4 months are subject to capacity constraints and will therefore be referred to as “limited issue” sub-funds within the ACS Fund Prospectus. You will be aware that it is not uncommon for Fund Managers to close or set capacity limits on the size of their investment strategies or limits on the size that individual investors may account for.

We have therefore set out in the attached schedule the capacity constraints for both existing sub-funds and those scheduled for launch by the end of September. Whilst we don’t at this time anticipate subscriptions exceeding the capacity available, we are keen to ensure that everyone (invested boroughs and those that might want to invest later) is aware of the current status of the “limited issue” sub-funds. We will keep you informed of the available capacity in sub-funds and where available capacity reduces to a level where we can foresee having to close a sub-fund for new subscriptions, we will make you aware.

In addition, where we are experiencing significant levels of demand for a “limited issue” sub-fund (this may be particularly the case with new sub-fund launches with limited capacity) we will need to implement an allocations policy which provides for allocations to be undertaken on a first come first served basis, but also to allow for pro-rating subscriptions in circumstances where there is an oversubscription. For more details on our allocations procedure, please ask us for a copy of the policy.

If you are looking to subscribe further in “limited issue” sub-funds, please ensure you contact myself or Chloe chloe.crouch@londonciv.org.uk (020 7934 9635) to check on available capacity before lodging a subscription or if you have any queries relating to this notice.

CAPACITY OVERVIEW – 30/06/17

FUND (Underlying Manager)	LCIV CURRENT AVAILABLE CAPACITY £M	FUND SIZE 30/06/17 £M	INCEPTION DATE	NO. OF LONDON LOCAL AUTHORITIES ALREADY INVESTED at 30/06/17
UK Equity Sub-Fund				
LCIV UK Equity (Majedie)	£470	£510	18/05/17	3
Global Equity Sub-Funds				
LCIV Equity Income (EPOCH)	£750	*	21/09/17	*
LCIV Sustainable Equity (RBC)	£1,000	*	21/09/17	*
LCIV HN Emerging Markets (Henderson)	£335	£165*~	17/07/17	*
LCIV LV Global Equity (Longview)	£990	£510	17/07/17	3
LCIV NW Global Equity (Newton)	Unlimited	£659	22/05/17	3

LCIV Global Equity Alpha (Allianz Global Investors)	Unlimited	£691	02/12/15	3
LCIV BG Global Alpha Growth (Baillie Gifford)	£650	£1,675	11/04/16	9
DGF/Total Return Sub-Funds				
LCIV PY Total Return (Pyrford)	Unlimited	£225	17/06/16	3
LCIV Diversified Growth (Baillie Gifford)	Closed#	£362	15/02/16	5
LCIV RF Absolute Return (Ruffer)	£490	£473	21/06/16	6
LCIV NW Real Return (Newton)	Unlimited	£346	16/12/16	3

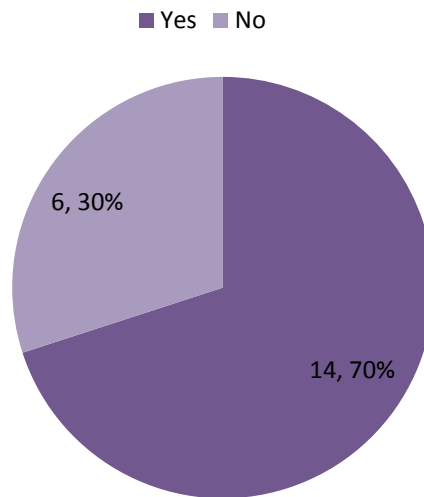
Source: Northern Trust, data as at 30/06/17

*Fund not yet launched ~Fund awaiting opening of Indian markets before being open to subscriptions and Indications of interest from three LLAs # Additional Capacity may be made available to LCIV in the near future

Fixed Income Survey - June 2017

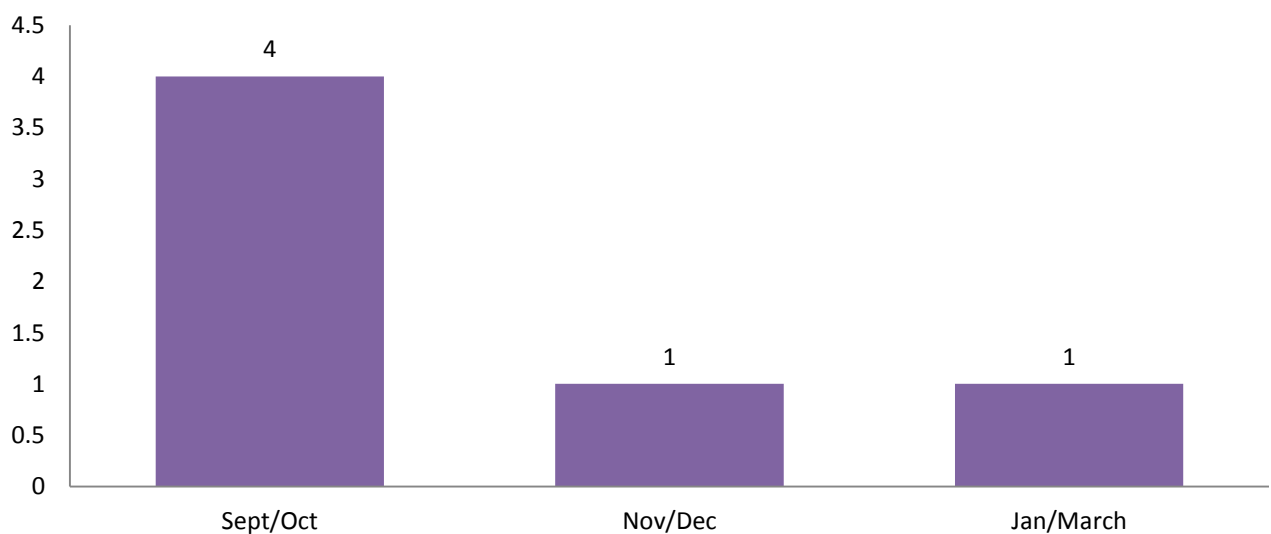
20 representatives from the boroughs replied. The results are as follows:

Q1: Have you completed your Asset Allocation/ Investment Strategy review following the triennial valuation?



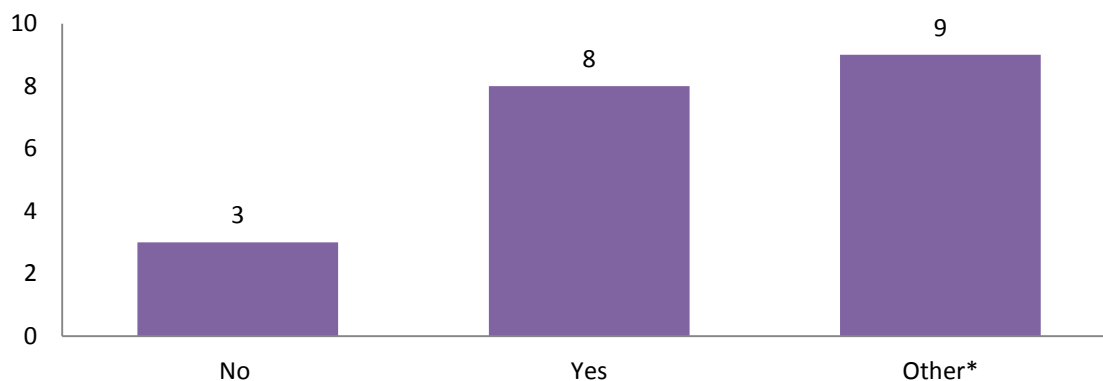
Q2: If no, when do you anticipate Strategic Asset Allocation to be completed?

Out of the five boroughs that haven't completed their Strategy Asset Allocation, four are scheduled to complete in September/October time, whereas the other two will complete in Nov/Dec and Jan/March.



Q3: Are you looking to increase allocations to Fixed Income/Cashflow products?

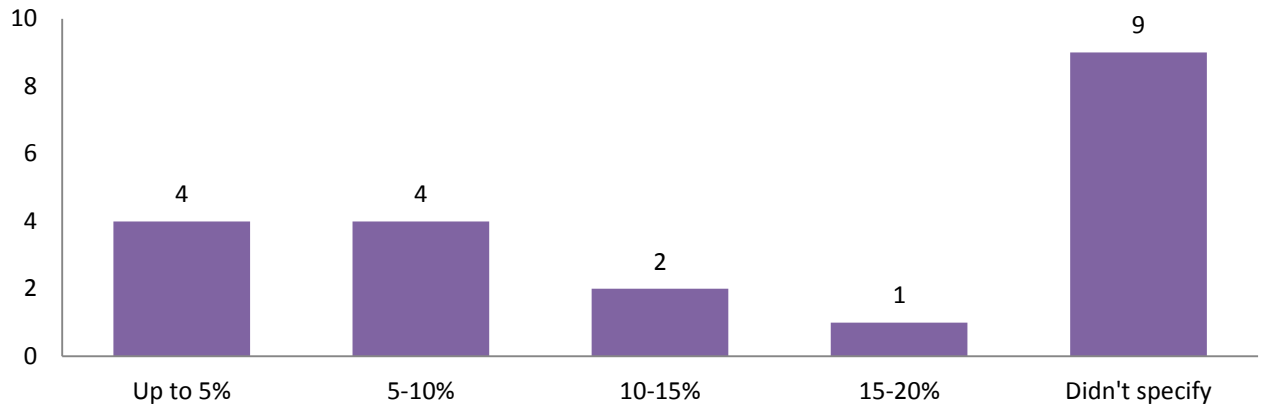
Eight boroughs stated that they are looking to increase allocations to Fixed Income/Cashflow products, with three stating that they weren't looking to increase their allocations. However nine borough representatives gave other answers, which are outlined below.



*boroughs that selected 'other' the reasons for this are set out below:

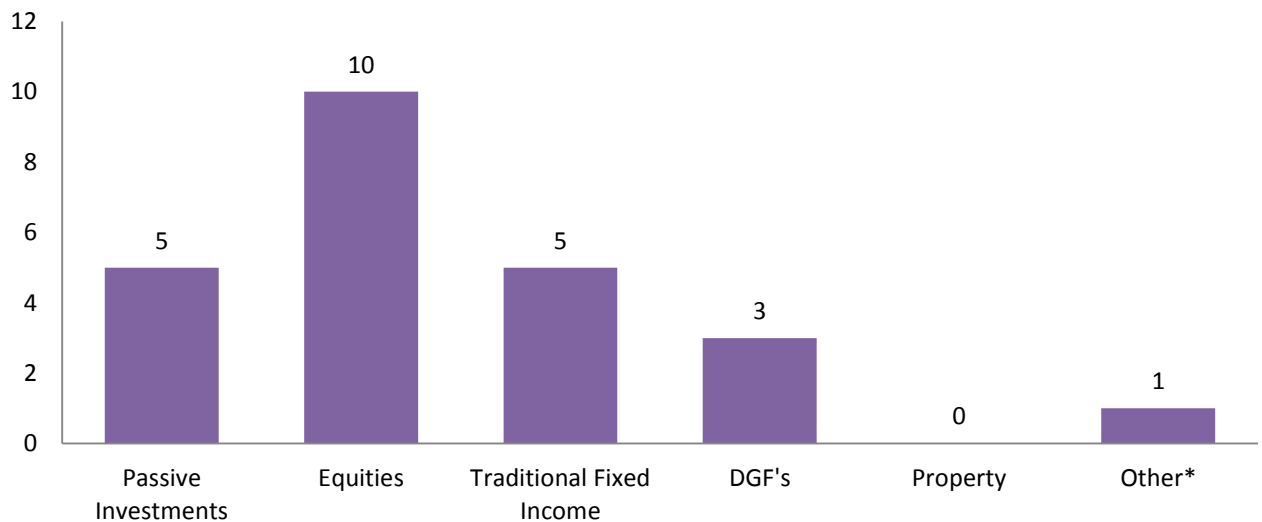
- Already increased allocation to alternative credit
- Depends on outcome of review
- Allocation to bonds in line with current target but different types of bonds required
- Aiming for £100m in multi asset income fund to transfer on to civ platform
- change from bonds to infrastructure
- Looking to reduce corporate bonds exposure (currently £65m approx). From a practical perspective, cash flow is unlikely to be an issue for at least 5 years, hence we would be looking for a product which enabled us to "compound our returns" rather than withdrawing to pay pensions e.g. a MAC could facilitate that.
- Possibly but still subject to strategy review and risk analysis
- The Fixed Income mandate must be replaced on 31/12/17.
- Not looking to Increase but to change allocation within the fixed income space)

Q4: If you are looking to increase allocations to Fixed Income/Cashflow products, please provide an indication of indicative allocation



Q5: If you plan to increase allocations to fixed income or alternatives, where would the money come from to increase that allocation?

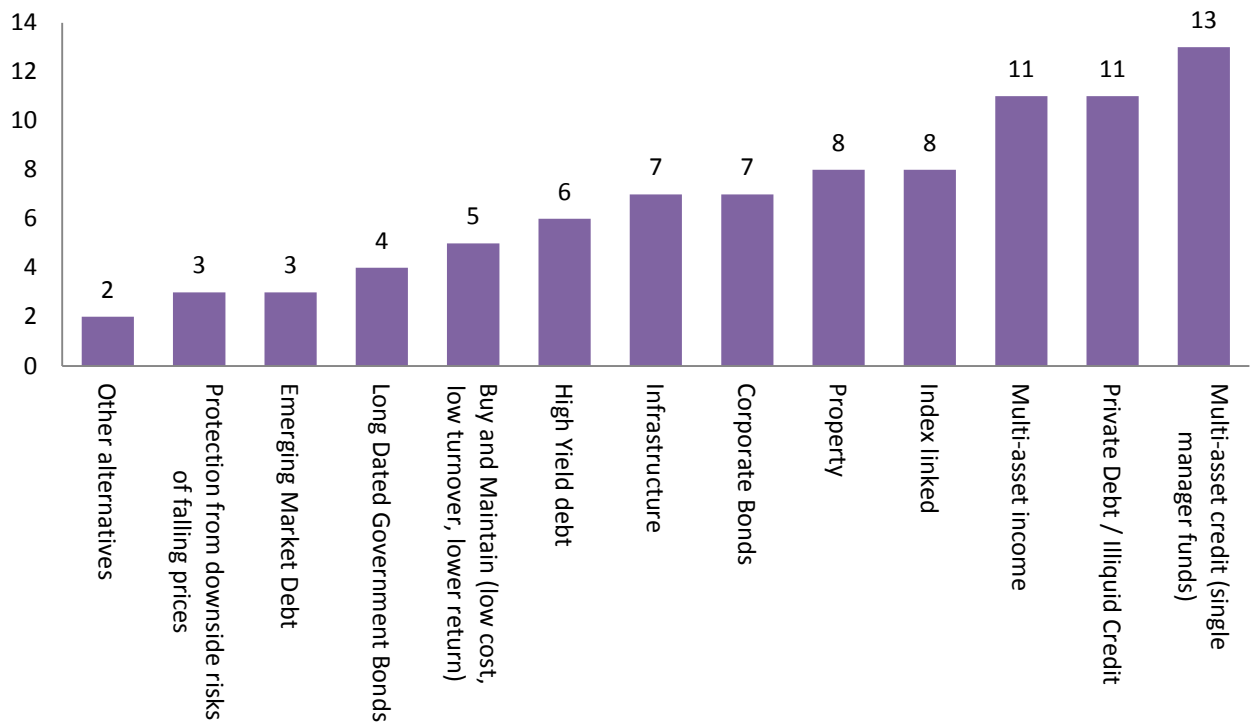
For this question they were able to select more than one asset class. Ten borough representatives stated the money would come from Equities, with the five selecting Passive Investments and Traditional Fixed Income, and three selecting DCF's. One selected other and the asset class is listed below.



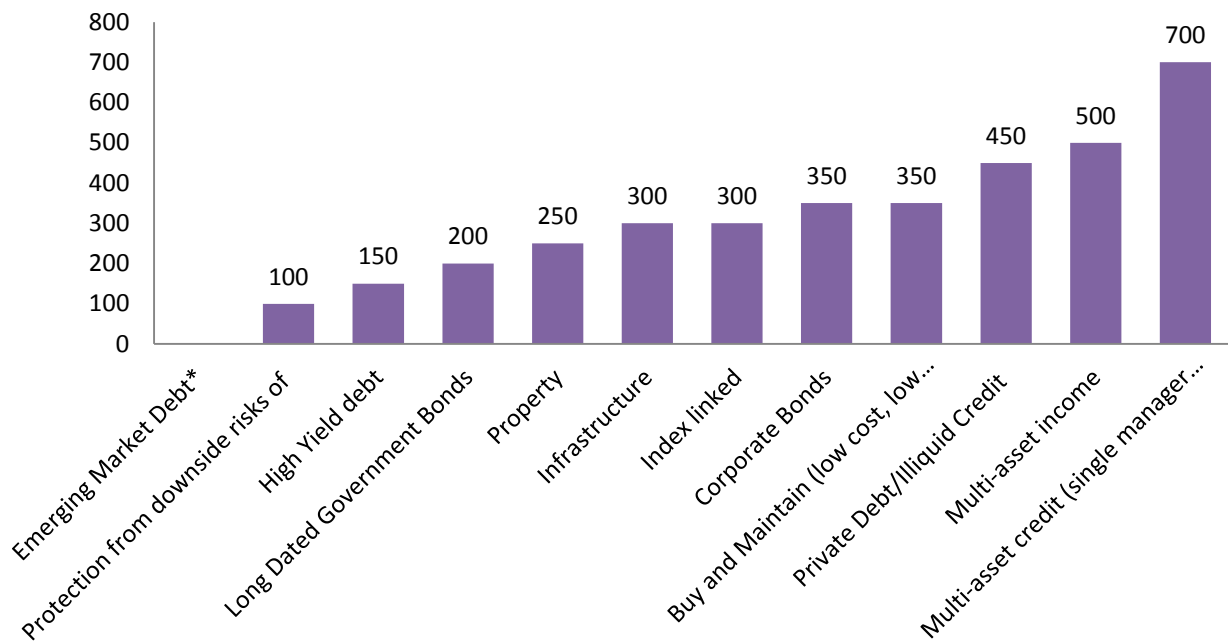
*Other places that the money would be coming from:

- Absolute Return Assets

Q6. Which areas would you be interested in?

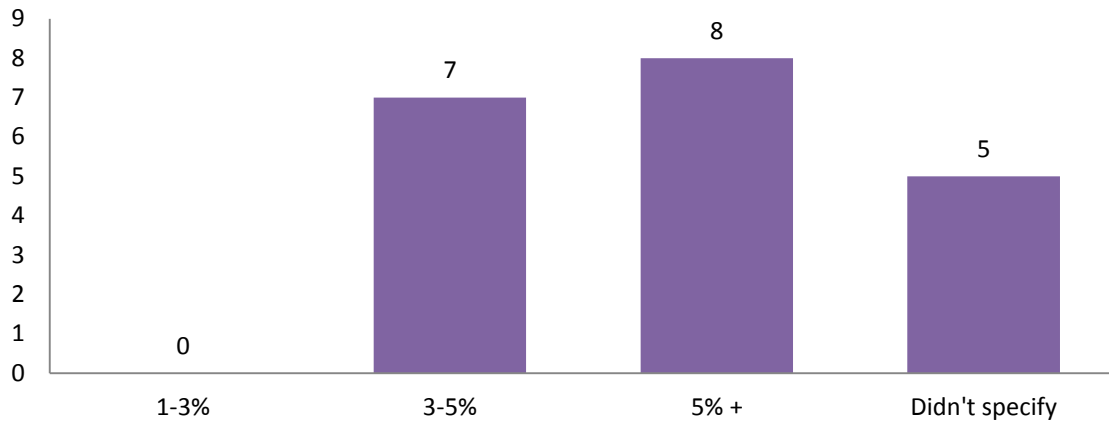


The following chart shows the indicative amounts that could be invested.



*Emerging Market Debt – some interest but unquantified

Q7. What returns are you looking for?



APPENDIX 5

DRAFT LONDON CIV EVENT CALENDAR 2017

Spring	19th January	1st February	1st March	April
Event	Fixed Income / Cashflow Seminar	Stewardship Seminar	LCIV Conference	Easter
Attendees	Officers / Consultants	Councillors / Officers	Councillors / Officers / Advisers	
Venue	Russell Investments, Rex House, SW1Y 4PE	Guildhall, City of London	etc.venues, 43/44 Crutched Friars, EC3M 4AJ	

Summer	11th May	June	27th July	August (TBC)
Event	Global Equity Information Day		MiFID II & Code of Transparency	DGF/Total Return Information Day
Attendees	Councillors / Officers		Officers	Councillors / Officers
Venue	London Councils 59½ Southwark St		London Councils 59½ Southwark St	London Councils 59½ Southwark St

Autumn / Winter	19th September	16th October	7th November	12th December
Event	Low Carbon Workshop	Fixed Income / Cashflow Seminar	Global Equity Information Day Phase II	Infrastructure Seminar
Attendees	Councillors / Officers / Advisers	Councillors / Officers / Advisers	Councillors / Officers / Advisers	Councillors / Officers / Advisers
Venue	TBA	TBA	TBA	TBA

London CIV Governance Review Project

Steering Committee Terms of Reference

1. Objective

The Steering Committee has been established to scope, resource, and oversee the delivery of the London CIV Governance Review project and ensure the project is aligned with stakeholder needs and meets the overall objectives of the review. The Steering Committee will also be the leadership group reviewing the draft final report and recommendations and providing any necessary clarifications to finalise the report.

2. Responsibilities of the Steering Committee

The Steering Committee is responsible for:

- Ensuring the project is aligned with all stakeholder needs;
- Establishing the project scope, deliverables and timelines;
- Agreeing the approach for selecting the service provider to complete the governance review;
- Overseeing delivery of the project;
- Resolving any strategic issues or potential scope, timeline or budget changes to the project;
- Reviewing and approving final project deliverables;
- Reviewing recommendations and making proposals for action to the Board, the Pensions CIV Joint Committee and London Councils Leaders' Committee;
- Establishing an effective plan to communicate findings, recommendations and action points to broader stakeholder groups.

3. Membership

Name	Title	Organisation	Steering Committee Role
Mark Boleat (City of London)	Chair	Pensions CIV Sectoral Joint Committee	Chair
Lord Bob Kerslake	Chair	London CIV	Vice Chair
Cllr Yvonne Johnson (LB Ealing)	Vice Chair	Pensions CIV Sectoral Joint Committee	Member
Cllr Maurice Heaster (LB Wandsworth)	Vice Chair	Pensions CIV Sectoral Joint Committee	Member
Ian Williams (LB Hackney)	Chair	Investment Advisory Committee and SLT	Member
Gerald Almeroth (LB Sutton)	Member	Investment Advisory Committee and SLT	Member
Eric Mackay	Non-Executive Director	London CIV	Member

4. Quorum and Decision-Making

A minimum number of 4 Steering Committee members are required for decision-making purposes. The quorum must include one or both of the Chair and Vice Chair and at least one member from each of the stakeholder groups represented by the membership (i.e. the Pensions CIV Sectoral Joint Committee, the Investment Advisory Committee, and London CIV).

5. Decision Making

Decisions should normally be reached on a consensus basis. In the event of a non-consensus, decisions on any matter can be reached on a majority basis, with one of the Co-Chairs having a casting vote in the event of a tie. A committee member who remains opposed to a proposal or recommendation after a vote can request for his/her dissent to be noted in the minutes. Any person invited to attend meetings, and who is not a member, is not entitled to vote on any matter before the committee

6. Frequency of Meetings

The Steering Committee will meet in person or via conference call, monthly and set additional meetings as required around the Project Milestones once the final project plan is approved. A schedule of Steering Committee meetings will be outlined and agreed with the final project plan.

7. Agenda, Minutes and Decision Papers

Members will be sent meeting materials three to five business days in advance of a Steering Committee meeting. This material will include the following as appropriate:

Agenda for upcoming meeting

Minutes of previous meeting

A progress report for the project

Decision papers

Any other documents/information to be considered at the meeting.

8. SPECIFICATION

8.1. Purpose

The purpose of the review is to consider the governance structures associated with the Pooling arrangements for the London LGPS funds as currently undertaken through LCIV and recommend potential improvements to ensure that all stakeholders have the necessary and appropriate level of engagement and influence, and that decision making is correctly positioned and defined. This should take into account the fiduciary, regulatory and statutory responsibilities of LCIV, its directors and officers, and the investing LGPS funds.

Any proposals for change should recognise the stage of development that LCIV has reached (i.e. passing through start-up phase and heading towards business as usual) and should ensure that the existing and any proposed structures represent the most economic, efficient and effective use of scarce public sector resources.

Reference should also be made to the emerging structures in other LGPS pools with a view to identifying any points of best practice that should be considered for incorporation into any amended structure.

8.2. Scope

Review roles and responsibilities and provide comments and recommendations for the overall governance structure of LCIV in the context of its purpose as outlined in the London CIV's 2017-20 Business Plan, the requirements and needs of the investing LGPS funds, the government's policy on the pooling of LGPS funds, and the regulatory regime imposed by the FCA.

Review and provide comments and recommendations for LCIV's committee structures including roles and responsibilities, terms of reference and composition (including the requisite skills, knowledge and training programmes) for the:

- Board;
- Executive Committee;
- Investment Oversight Committee;
- Compliance, Audit & Risk Committee; and
- Remuneration Committee.

Review and provide comments and recommendations for the committee structures that sit outside of LCIV including roles and responsibilities, terms of reference and composition (including the requisite skills, knowledge and training programmes) for the:

- London Councils' Pensions CIV Sectoral Joint Committee;
- Investment Advisory Committee

As input to the above reviews, consider roles and responsibilities, as defined by regulations, of:

- London local authority pension Committees
- London local authority Treasurers
- London local authority Pension Boards

8.3. Stakeholders

The successful tenderer will be expected to engage with a range of stakeholders and other groups to gather views. It is not expected that all members of each stakeholder group will be engaged on an in-depth basis; however, it is expected that all stakeholders have the opportunity to voice their views either via the selected stakeholder members or via an alternative approach. Tenderers should outline how they intend to approach this requirement, the number of stakeholders that will be engaged and how they will be selected. The stakeholders and other groups to be engaged and the relevant number of individuals within each group are outlined below.

- London CIV directors (7)
- London Councils' Pensions CIV Sectoral Joint Committee (PSJC) Members (33). The PSJC will also represent the London Local Authority Pension Committees
- London local authority Treasurers (AKA Section 151 Officers or the Society of London Treasurers) (32)
- London local authority Pension Fund Officers (32)
- London Councils' legal advisor (Comptroller and City Solicitor, City of London Corporation) (2)
- London CIV's legal advisors (Eversheds Sutherland LLP) (2)

8.4. Reference Material

Key reference material includes, but is not limited to:

- DCLG, November 2015; Local government pension scheme: investment reform criteria and guidance
- DCLG, November 2015; Design of the structure and governance of efficient and effective collective investment vehicles for LGPS Funds
- CIPFA, Investment Pooling Governance Principles
- LGPS regulations
- Financial Services regulations and the FCA handbook
- London CIV Shareholders Agreement (to be provided in pdf format)
- London CIV Articles of Association (to be provided in pdf format)
- LCIV Business Plan 2017-20 (to be provided in pdf format)
- Relevant LCIV policies, including those for the appointment, oversight and management, and termination of 3rd party Fund Manager contacts (to be provided in pdf format)
- Terms of Reference for the LCIV Committee Structures and Committees outside London CIV as noted in Section 8.2 (to be provided in pdf format)