

LONDON BOROUGH OF HAMMERSMITH & FULHAM

Report to: Pension Fund Committee

Date: 20 June 2022

Subject: Aviva Infrastructure Income Fund Update

Report author: Matthew Hopson, Strategic Investment Manager

Responsible Director: Phil Triggs, Director of Treasury and Pensions

SUMMARY

The purpose of this report is to update the Committee on the Pension Fund's investment in the Aviva Infrastructure Income Fund. Specifically, the Fund's investment advisor, Deloitte, has produced a report relating to the various issues that Aviva is facing, and the subsequent position Aviva has on Deloitte's rated list as a recommended manager, or otherwise. Deloitte has recommended a suitable course of action.

RECOMMENDATION

1. The Pension Fund Committee is recommended to act in accordance with Deloitte's view and recommendation, as outlined on page 3 of the attached Deloitte report, shown as Exempt Appendix 1.

Wards Affected: None

Our Values	Summary of how this report aligns to the H&F Values
Being ruthlessly financially efficient	Ensuring good governance for the Pension Fund should ultimately lead to better financial performance in the long run for the Council and the council taxpayer.

Financial Impact

None.

Legal Implications

None.

DETAILED ANALYSIS

Background

1. In early 2021, Aviva Investors informed its clients of its intention to apply a soft close to its Aviva Investors Infrastructure Income Fund ("AIIF"), which the Fund did not choose to pursue.
2. Additionally, there have been a number of asset specific issues that have negatively impacted the fund's performance and the potential outlook of AIIF. The assets in question are the Project Hull, Project Barry, and Project Boston biomass plants, which currently have litigation issues associated with them.
3. Aviva hosted an Open Forum Meeting to provide an update on a number of topics, including the biomass plants, which led to subsequent discussions between Deloitte and Aviva to ascertain the situation in more detail.
4. An update on this matter was provided to the Committee on 28 February 2022, recommending that the Committee consider its liquidity options.
5. The attached Deloitte report outlines a number of liquidity options and the implications of each.

LIST OF APPENDICES

Exempt Appendix 1: Deloitte report on the Aviva Investors Infrastructure Income Fund.