

LONDON BOROUGH OF HAMMERSMITH & FULHAM

Report to: Pension Fund Committee

Date: 7 September 2022

Subject: Infrastructure Equity – Market Considerations

Report author: Patrick Rowe, Pension Fund Manager

Responsible Director: Phil Triggs, Director of Treasury and Pensions

SUMMARY

This report discusses the parameters and characteristics required from an infrastructure allocation to replace the current outgoing allocation to the Aviva Investors Infrastructure Income Fund (“AIIF”).

RECOMMENDATIONS

1. The Pension Fund Committee is recommended to note the report.

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 tax payer.

Financial Impact

None

Legal Implications

None

DETAILED ANALYSIS

1. At the Pension Fund Committee meeting of 20 June 2022, the decision was made to proceed with the proposed full disinvestment from AIIF.
2. AIIF made up a 2.5% allocation within the Fund's investment strategy to Infrastructure Income. Therefore, a replacement infrastructure mandate is required.
3. The report provides a summary of the key objectives outlined at the time of selecting the AIIF, including a focus on inflation protection and income. The AIIF was not specifically labelled a renewable infrastructure fund. However, the majority of assets were in the renewable sector.
4. There are a number of considerations outlined in the report that can aid the Committee in its decision making around appointing a new manager.
5. Appendix 2 provides a shortlist of managers to consider.

LIST OF APPENDICES

Appendix 1: Infrastructure Equity - Market Considerations

Appendix 2: Infrastructure Equity - Manager Shortlist (EXEMPT)