LONDON BOROUGH OF HAMMERSMITH & FULHAM

Report to:	Pension Fund Committee
Date:	5 March 2025
Subject:	Alpha Real Capital ILIF Top-Up Option
Report author:	Siân Cogley, Pension Fund Manager
Responsible Director:	Phil Triggs, Tri-Borough Director of Treasury and Pensions

SUMMARY

This report presents an opportunity for the Pension Fund Committee to top up their investment in the Alpha Real Capital Index Linked Income Fund.

RECOMMENDATIONS

1. The committee is requested to consider an additional investment of £30m into the ILIF Fund.

Wards Affected: None

Our Values	**Summary of how this report aligns to the H&F Values**
Being ruthlessly financially efficient	Manager selection 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.

BACKGROUND

1. The London Borough of Hammersmith and Fulham Pension Fund initially invested in ILIF in May 2021.

2. As at 31 December 2024, the Fund's investment in ILIF is circa £78m (5.5% of total assets)

3. In the investment strategy, the ILIF investment is strategically allocated 7.5%, so it is currently 2% (£30m) underweight to this target.

4. An opportunity has arisen to invest in the ILIF Fund via the purchase of secondary units.

5. The exempt appendices to this paper provide:

    - An overview of the situation that has allowed the purchase of secondary units to become available.

    - Market outlook and considerations for UK Commercial Ground Rents.

    - A performance summary of the current investment in ILIF.

    - Isio's advice on the investment opportunity.

LIST OF APPENDICES

Appendix 1: (EXEMPT) Alpha Real Top-Up Option 05032025