

# PENSIONS BOARD

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**Monday, 27 November 2017 at 10.00 a.m.**

**MG8, Ground Floor, Town Hall, Mulberry Place, 5 Clove Crescent,  
London E14 2BG.G.**

## **SUPPLEMENTAL AGENDA**

**This meeting is open to the public to attend.**

**Contact for further enquiries:**

Georgina Wills, Democratic Services.

Tel: 0207 364 6695

E-mail: [georgina.wills@towerhamlets.gov.uk](mailto:georgina.wills@towerhamlets.gov.uk)

Web: <http://www.towerhamlets.gov.uk/committees>

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agenda:



For further information including the Membership of this body and public information, see the main agenda.

- 7. DISCUSSION AND PRESENTATION FROM LONDON CIV  
ON GOVERNANCE ARRANGEMENT, STEWARDSHIP AND  
ENGAGEMENT**

**3 - 16**

## London Borough of Tower Hamlets Pension Board

27<sup>th</sup> November 2017

London CIV aims to be the investment vehicle of choice for Local Authority Pension Funds through successful collaboration and delivery of compelling performance.



# Current Sub-Funds



- £6.1bn\* AUM across 10 sub-funds
- £6.9bn AUM in passive outside the CIV platform
- 2 further equity sub-funds launched awaiting funding
- 5 fixed income sub-funds in the pipeline
- Work on 1st infrastructure investment continues

\*as at 17/11/17

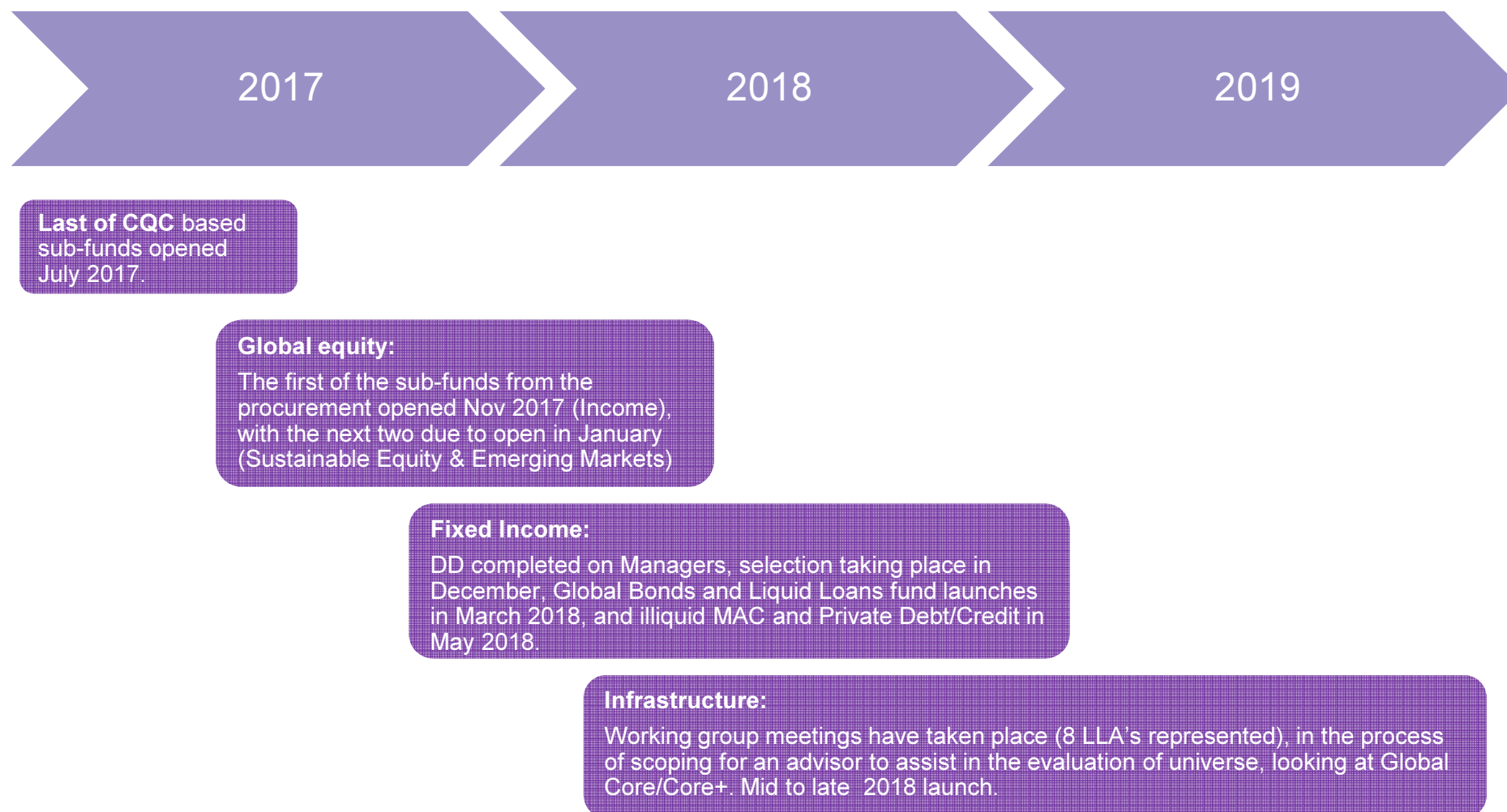
# Current Sub-Funds



Fund	AUM (17/11/17)	Delegated Manager	Launch Date
Global Equities			
LCIV EP Income Equity	£140m	Epoch Investment Partners	08 Nov 2017
LCIV LV Global Equity	£430m	Longview Partners	17 Jul 2017
LCIV NW Global Equity	£689m	Newton Investment Management	22 May 2017
LCIV Global Alpha Growth	£1.8bn	Baillie Gifford & Co	11 Apr 2016
LCIV Global Equity Alpha	£740m	Allianz Global Investors GMBH	02 Dec 2015
UK Equity			
LCIV MJ UK Equity Fund	£514m	Majedie Asset Management	18 May 2017
Multi-Asset			
LCIV NW Real Return	£345m	Newton Investment Management	16 Dec 2016
LCIV RF Absolute Return	£580m	Ruffer LLP	21 Jun 2016
LCIV PY Global Total Return	£358m	Pyrford International Limited	17 Jun 2016
LCIV Diversified Growth	£475m	Baillie Gifford & Co	15 Feb 2016

# Fund Development

## Current timeline



# Investment Oversight



- Portfolio sits on the CIV – enhanced governance, portfolio look-through
- Daily portfolio checks on CIV systems
- Quarterly Manager Review Meetings – robust challenge, write-ups sent to boroughs
- Managers monitored through CIV's regulated governance structure including Investment, Compliance and Operational due diligence
- Boroughs contacted by CIV should any issues develop
- Oversight and termination policies – boroughs can redeem at any time (exit a strategy)

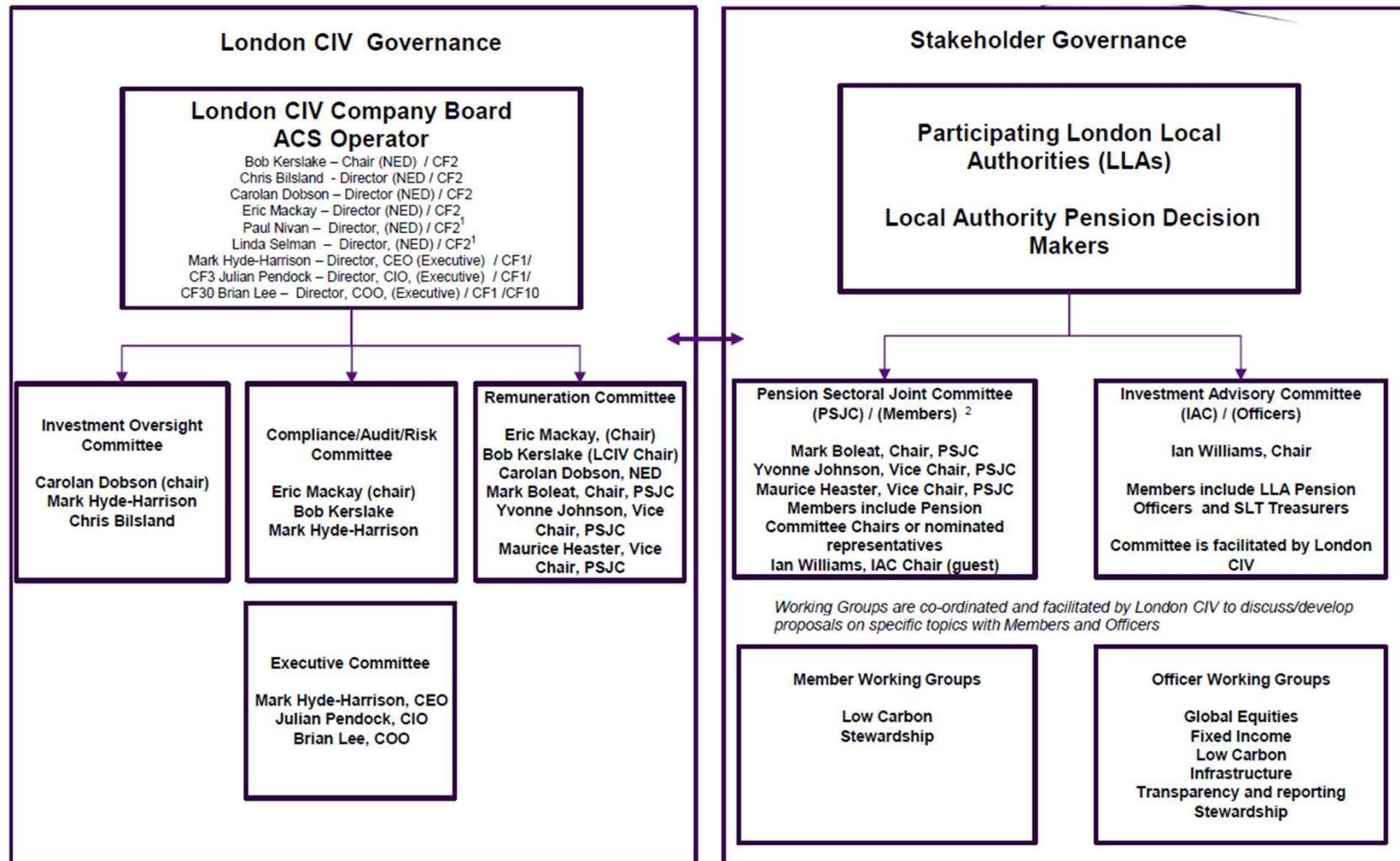
# Stewardship



- LCIV currently signed up to the Stewardship Code as a Tier 1 – Asset Owner
- Systems procurement in progress
- LAPFF voting alerts
- Stewardship working group
- FOI's on Fossil Fuels, Tobacco Holdings, Arms Companies



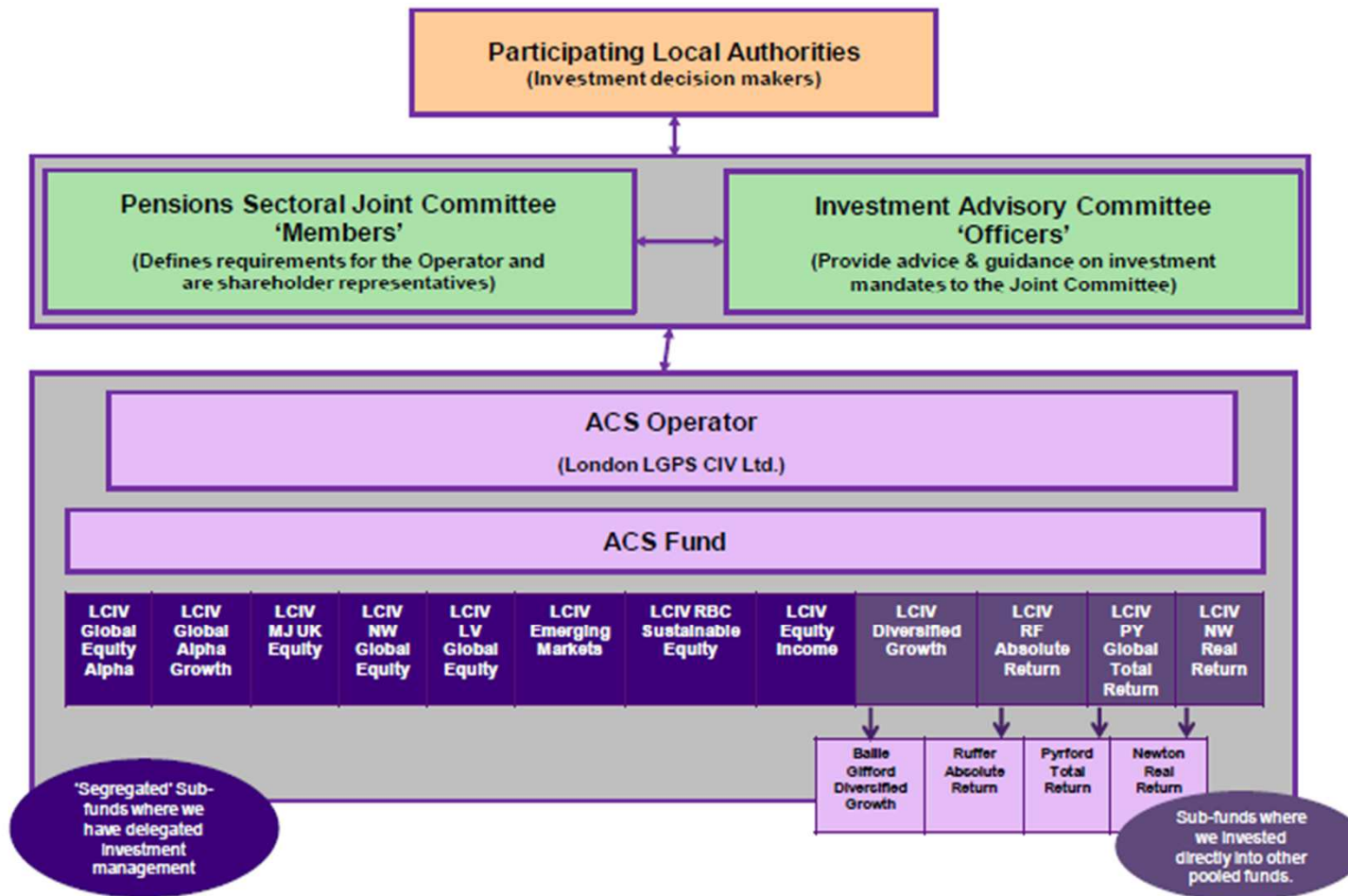
# Governance



<sup>1</sup> New Board members starting 1<sup>st</sup> September 2017

<sup>2</sup> PSJC is a committee of London Councils and is a statutory section 102 committee formed under London Councils Governing Agreement

# Governance



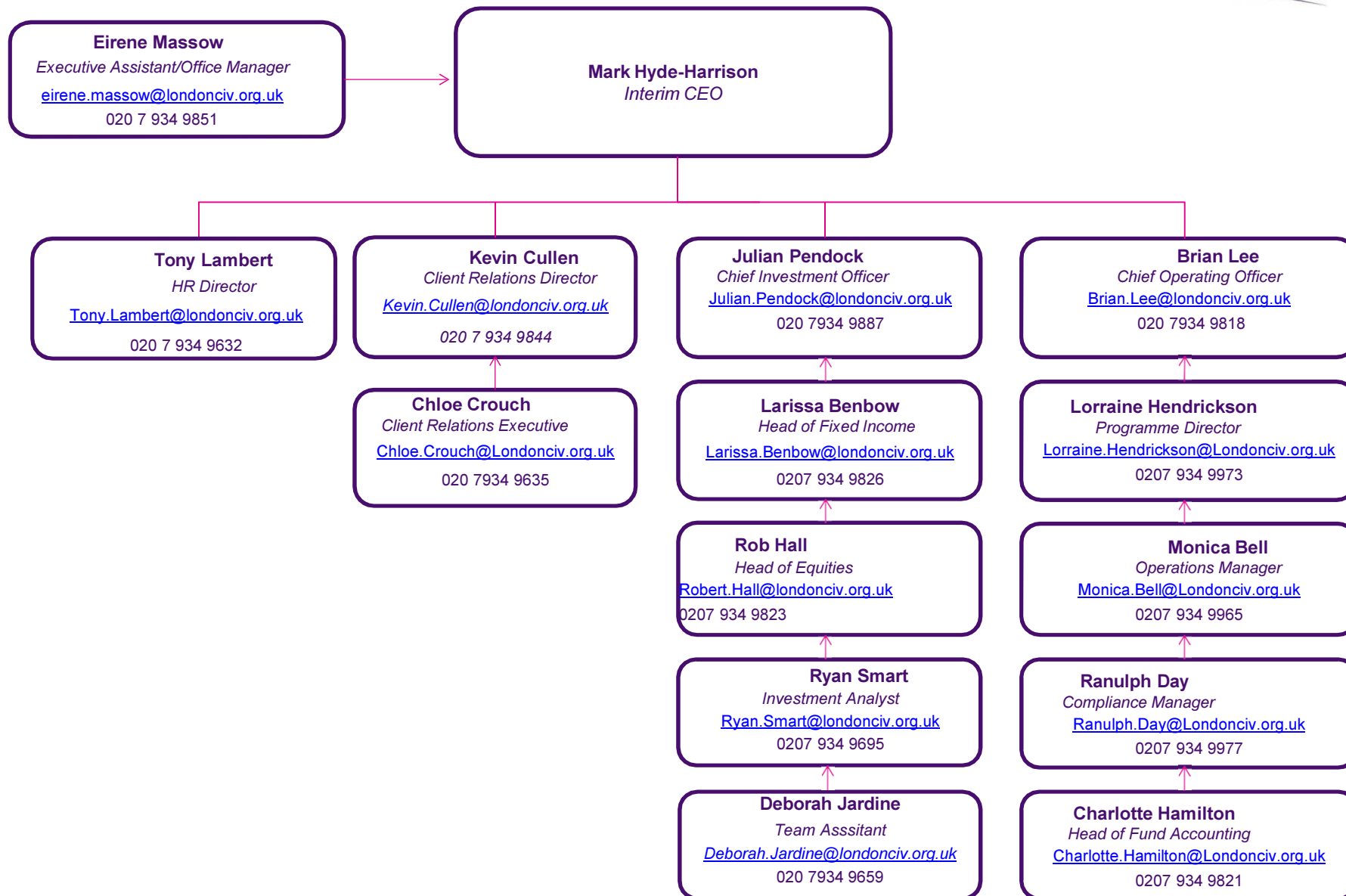
# Governance



Boroughs are shareholders and investors

- Control of pension fund stays at local level
  - Boroughs set their investment strategy
  - Boroughs decide asset allocation mix
  - LCIV appoints fund managers
- ACS Operator:
- Regulated by the FCA
- Company Board
- Committee Structure:
  - Investment Oversight
  - Compliance, Audit & Risk
  - Remuneration
  - Executive
- Supervisory Body (PSJC)
  - Formal committee of London Councils
  - One elected Member per authority
  - Oversight and scrutiny of the pool as shareholders & investors
  - Recommending strategic objectives
- Investment Advisory Committee
  - Officers from participating authorities
  - Mix of Treasurers and Pension Fund Managers
  - Operates under the leadership of the Society of London Treasurers
  - Reports to the PSJC
  - Works with London CIV officers
  - Sub-groups covering e.g. global equity search and selection, RI & stewardship, and infrastructure

## London CIV Org Chart



# Events



## Events taken place in 2017

- FI Seminar
- Stewardship & Responsible Investing
- London CIV Conference
- MiFID II and Code of Transparency
- Global Equity Information Day
- Low Carbon Workshop

## Future Events

- January '18 – Infrastructure Seminar
  - January '18 – FI Manager Information day's
- Plus many more...

# Questions



# Disclaimer

## Important information

**London CIV**  
59½ Southwark Street  
London  
SE1 0AL

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