

Commercial and in Confidence



London Borough of Tower Hamlets Pension Board

27th 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

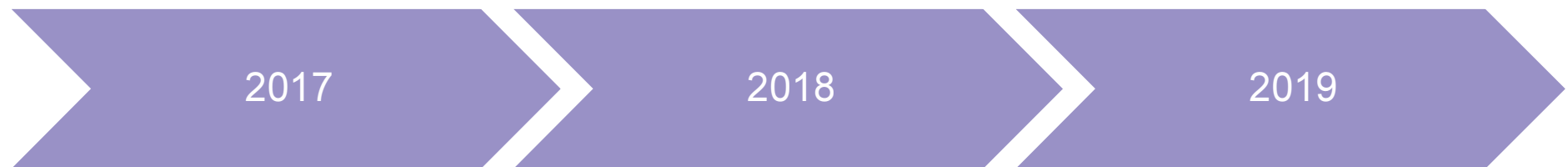
Current Sub-Funds



| 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



Last of CQC based sub-funds opened July 2017.

Global equity:

The first of the sub-funds from the procurement opened Nov 2017 (Income), with the next two due to open in January (Sustainable Equity & Emerging Markets)

Fixed Income:

DD completed on Managers, selection taking place in December, Global Bonds and Liquid Loans fund launches in March 2018, and illiquid MAC and Private Debt/Credit in May 2018.

Infrastructure:

Working group meetings have taken place (8 LLA's represented), in the process of scoping for an advisor to assist in the evaluation of universe, looking at Global Core/Core+. Mid to late 2018 launch.

Investment Oversight



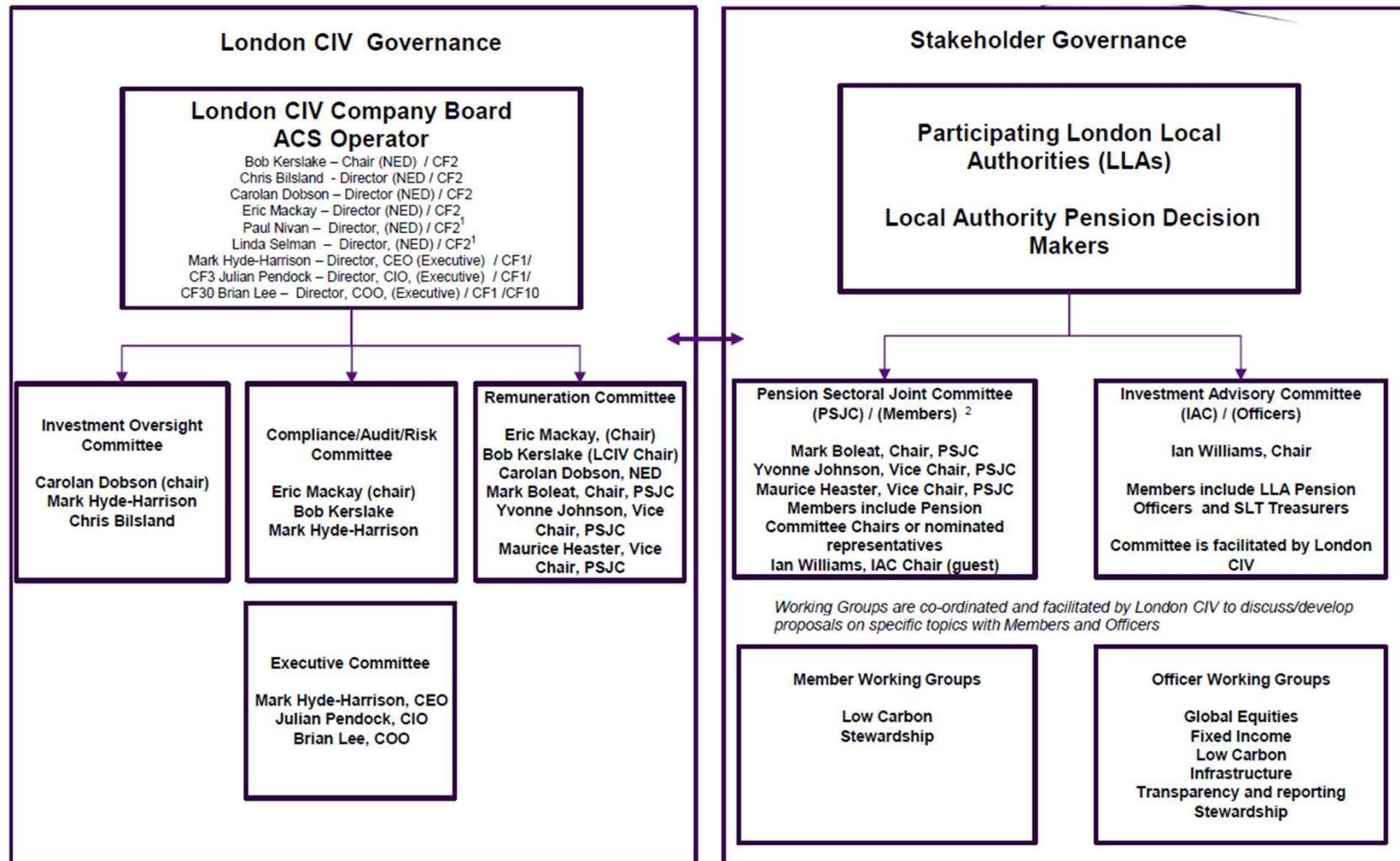
- Portfolio sits on the CIV – enhanced governance, portfolio look-through
- Daily portfolio checks on CIV systems
- Quarterly Manager Review Meetings – robust challenge, write-ups sent to boroughs
- Managers monitored through CIV's regulated governance structure including Investment, Compliance and Operational 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

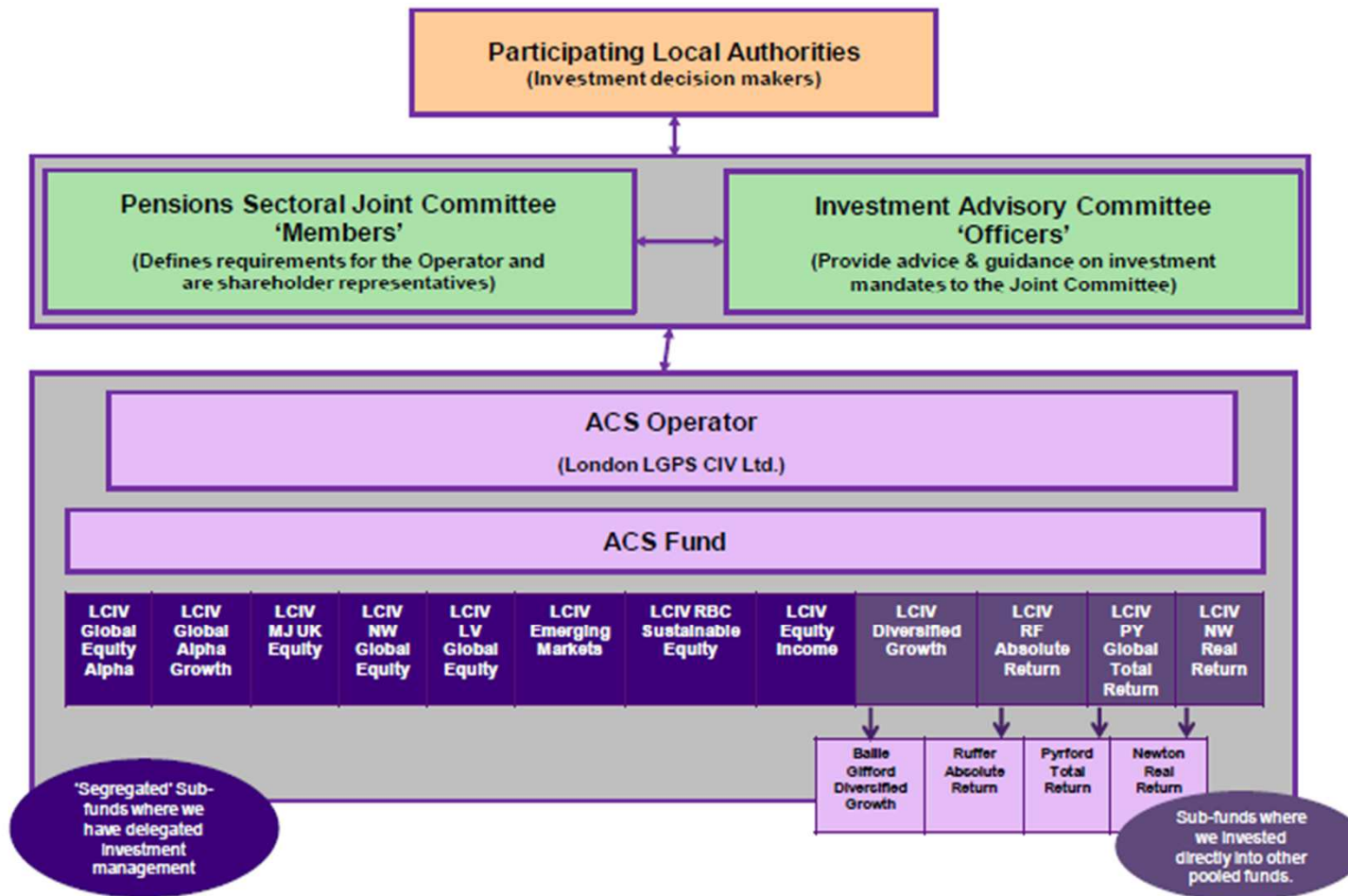
Governance



¹ New Board members starting 1st September 2017

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

Governance



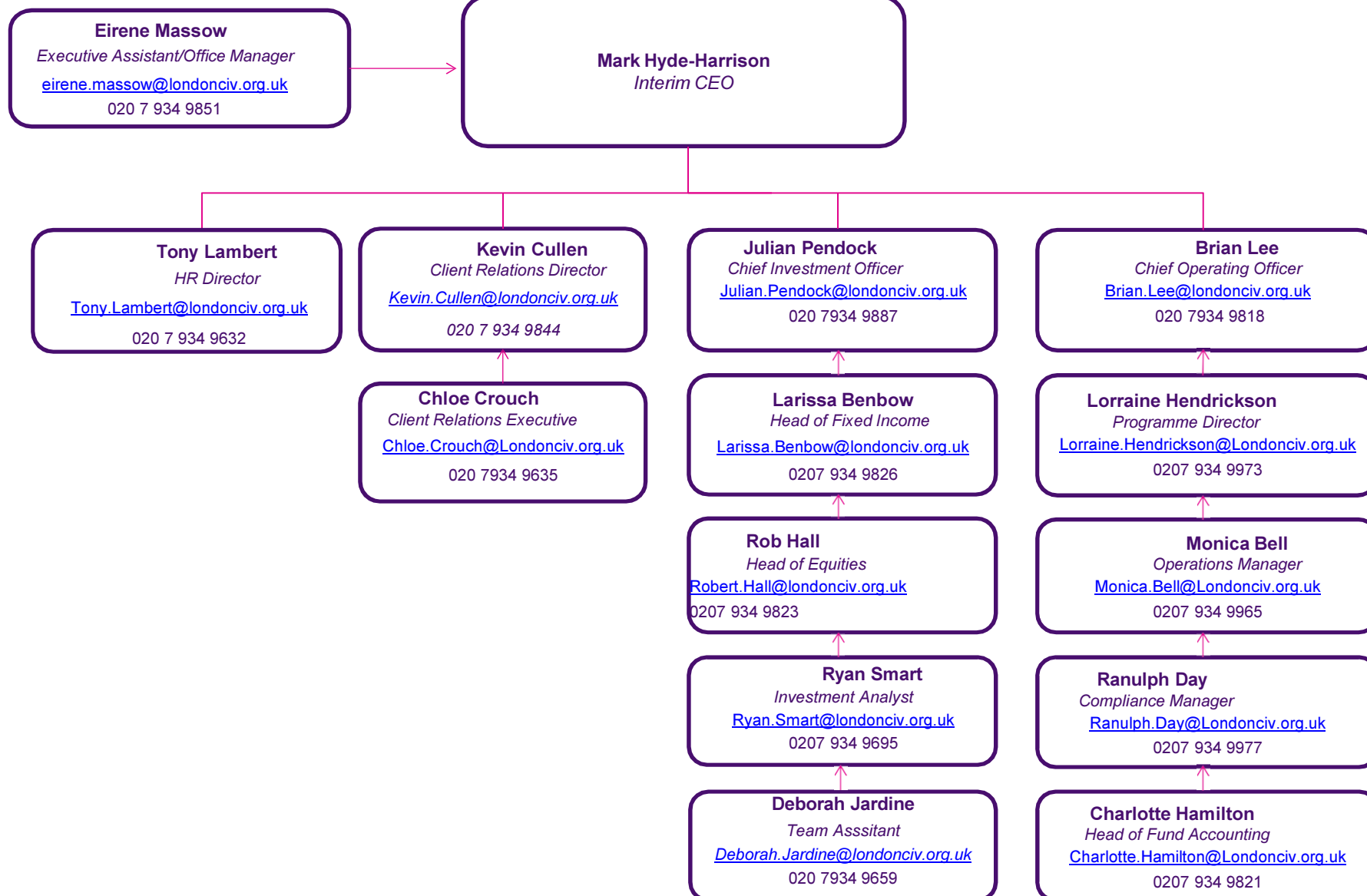
Governance



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

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