



LOCAL PENSION COMMITTEE – 10TH NOVEMBER 2017

REPORT OF THE DIRECTOR OF CORPORATE RESOURCES

ACTION AGREED BY INVESTMENT SUBCOMMITTEE (ISC)

Purpose of the Report

1. The purpose of this report is to provide the Committee with details of three investments agreed by the Investment Subcommittee (ISC) at its meeting held on 11th October 2017.

Background

2. The Fund's investment consultant, Hymans Robertson, identified three investment opportunities that were felt to be appropriate for inclusion within the 'Opportunity Pool' portfolio of the Leicestershire Pension Fund, and the managers were invited to present the investments to the ISC.
3. The 'Opportunity Pool' is a concept whereby the Fund has a certain amount of capital that can be deployed into investment opportunities that do not fit neatly into the remaining asset allocation split, but where the potential returns are thought to be sufficiently high to justify an investment. The Fund's target asset allocation weighting for the opportunity pool is between 4% - 6% and there is an expectation that the net investment return of each separate investment will be 10% p.a. or more.
4. As a general rule opportunity pool investments will tend to be highly specialist in their nature, and they will often be investments that arise as a result of a market dislocation or a general misunderstanding about the risk and return profile of the asset type. The manager will often operate in a highly niche market and be one of a small number of investors with the skills to access the opportunities.
5. Attached as the appendix to this report is a report that was produced for the ISC, which gives further details on the investments and why they were felt to be appropriate.

M & G Debt Opportunities Fund IV

6. Following a presentation by the manager, an investment of £40m (1% of total Fund assets) was agreed by the ISC and it is expected that this investment will be 'drawn down' over a period of about 3 years, commencing within the next three months.

SL Capital Secondary Opportunities Fund III

7. Following a presentation by the manager, an investment of \$40m (0.75% of total Fund assets) was agreed by the ISC and it is expected that this investment will be 'drawn down' over a period of about 3 years, commencing early in 2018.

Infracapital Greenfield Partner I

8. Following a presentation by the manager, an investment of £30m (0.75% of total Fund assets) was agreed by the ISC. As the Infracapital fund has already invested in a number of projects there is an expectation that around 50% of the commitment will be drawn within the next 12 months, with the remainder being drawn over the following two years.

Recommendation

9. The Local Pension Committee is asked to note the content of the report.

Appendix

Report to the Investment Subcommittee – 11 October 2017 - Recommended Investment into 'Opportunity Pool' Investments.

Equal Opportunities Implications

None specific

Background Papers

None

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