



Leicestershire County Council Pension Fund

LGPS Central Limited Update

PRESENTED BY



JOANNE SEGARS
Chair



MIKE WESTON
CEO

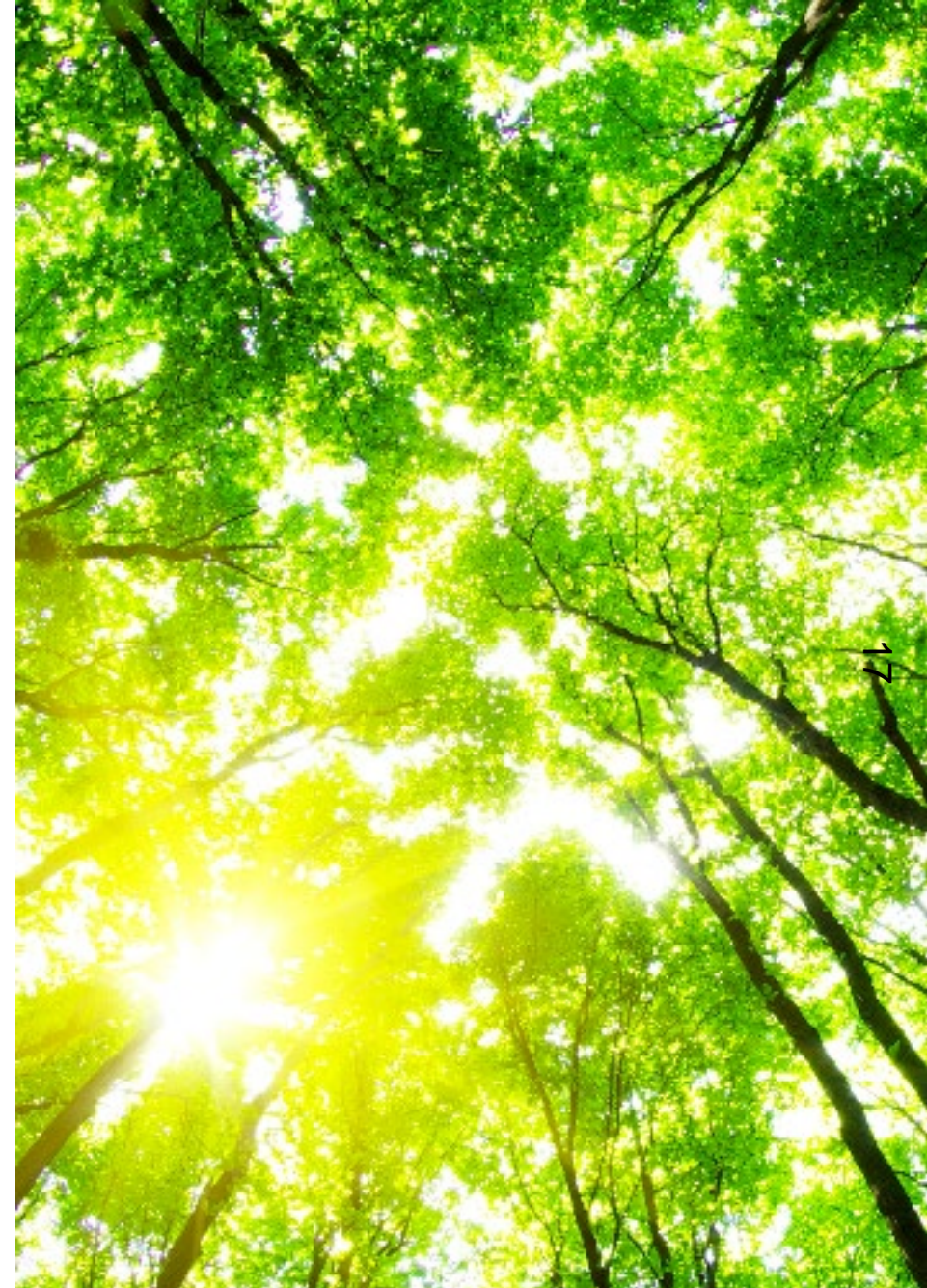


GORDON ROSS
Chief Investment Officer



PATRICK O'HARA
Investment Director,
Responsible Investment & Engagement

4th June 2021



Agenda:

AREAS FOR DISCUSSION

- LGPS Central and Leicestershire County Council Pension Fund
- Investment Summary
- Performance Update
- Responsible Investment and Engagement
- Summary



LGPS Central and LCCPF

The Role of LGPS Central

Joanne Segars



LGPS Central and LCCPF:



THE ROLE OF LGPS CENTRAL

- **Responsible investment** at the heart of everything we do
- Meetings underway to **develop new** Responsible Investment and Engagement reporting tools
- Continued support to Partner Funds with **Climate Stewardship Plans** and **Pool-wide Climate Strategies**
- **Product Development** a priority with a further 5 funds to be launched over 2021:
 - Private Debt
 - Private Equity
 - Targeted Return
 - Sustainable Equity
 - Property



- **1/4** actively managed funds **ahead of target** since inception
 - 5/10 individual managers ahead of target
- **4/4** funds **ahead of benchmark** since inception
 - 8/10 individual managers ahead of benchmark
- **c. £22.2bn** assets under stewardship

- The team continues to grow with **dedicated staff** to meet the needs of LCCPF
- Working in **partnership with our shareholders** to drive the success of LGPS Central

Investment Summary

31 March 2021

Gordon Ross



LCCPF Investment Summary:



ASSETS UNDER MANAGEMENT 31 MARCH 2021

Asset Class	Fund	LCCPF's Assets	Total Fund AUM	LCCPF % of Fund
Active Global Equity	LGPS Central Limited Global Equity Active Multi Manager Fund	£454.5m	£2,865.9m	15.9%
Active Emerging Market Equity	LGPS Central Limited Emerging Markets Equity Active Multi Manager Fund	£214.7m	£733.2m	29.3%
Active Global Fixed Income	LGPS Central Limited Investment Grade Corporate Bond Multi Manager Fund	£106.1m	£1,562.2m	6.8%
Active Emerging Market Fixed Income	LGPS Central Limited Global Active Emerging Market Bond Multi Manager Fund	£107.8m	£615.5m	17.5%
Multi-Asset Fixed Income	LGPS Central Limited Global Multi Asset Credit Fund	£200.0m ¹	£680.0m ¹	29.4% ¹
Passive Global Equity	LGPS Central Limited All World Equity Climate Multi Factor Fund	£774.9m	£3,247.9m	23.9%
Private Equity	LGPS Central PE Primary Partnership 2018 LP	£3.3m ²	£50.4m ²	6.7% ²

Over c. £1.8bn assets invested with LGPSC

LCCPF own up to 1/3 of chosen investment funds

Additional investments being considered in Infrastructure, Private Equity, Targeted Return

22

¹ Asset Values at date of Fund launch – 14 April 2021

² Net Asset Value as at 31 December 2020 – due to nature of private market investments, valuations lag by one quarter

LCCPF Performance Summary:



LCCPF PERFORMANCE TO 31 MARCH 2021 – ACS FUNDS

Fund	LCCPF Inception Date	Performance Since Inception %	Target Since Inception %	Relative vs. Target %	Benchmark Since Inception %	Relative vs. Benchmark %
ACTIVE FUNDS						
LGPSC Global Equity Active Multi Manager Fund ¹	13/02/2019	16.28	16.78	-0.50	15.20	1.00
LGPSC Emerging Markets Equity Active MM Fund ²	01/07/2019	9.01	10.43	-1.42	8.43	0.58
LGPSC Global Active IG Corporate Bond MM Fund ³	22/04/2020	6.25	5.14	1.11	4.34	1.91
LGPSC Global Active Emerging Market Bond MM Fund ⁴	03/12/2020	-4.16	-3.98	-0.18	-4.26	0.10

100% Active Funds outperforming their benchmarks since inception

1 out of 4 funds outperforming target since inception

100% Passive Funds performing within their tracking range

Fund	LCCPF Inception Date	Performance Since Inception %	Benchmark Since Inception %	Relative vs. Benchmark %	Within Target Tracking Range
PASSIVE FUNDS					
LGPSC AW Passive Equity Climate Multi Factor Fund	09/12/2020	3.25	3.15	0.10	YES

Source: LGPS Central Limited. All performance figures based on LCCPF date of first investment and so are investor specific.

¹Target: Benchmark +1.5% p.a. (adjusted) ²Target: Benchmark +2.0% p.a. (adjusted) ³Target: Benchmark +0.8 p.a. (adjusted) ⁴Target: Benchmark + 1% p.a. (adjusted)

LCCPF Performance Summary:

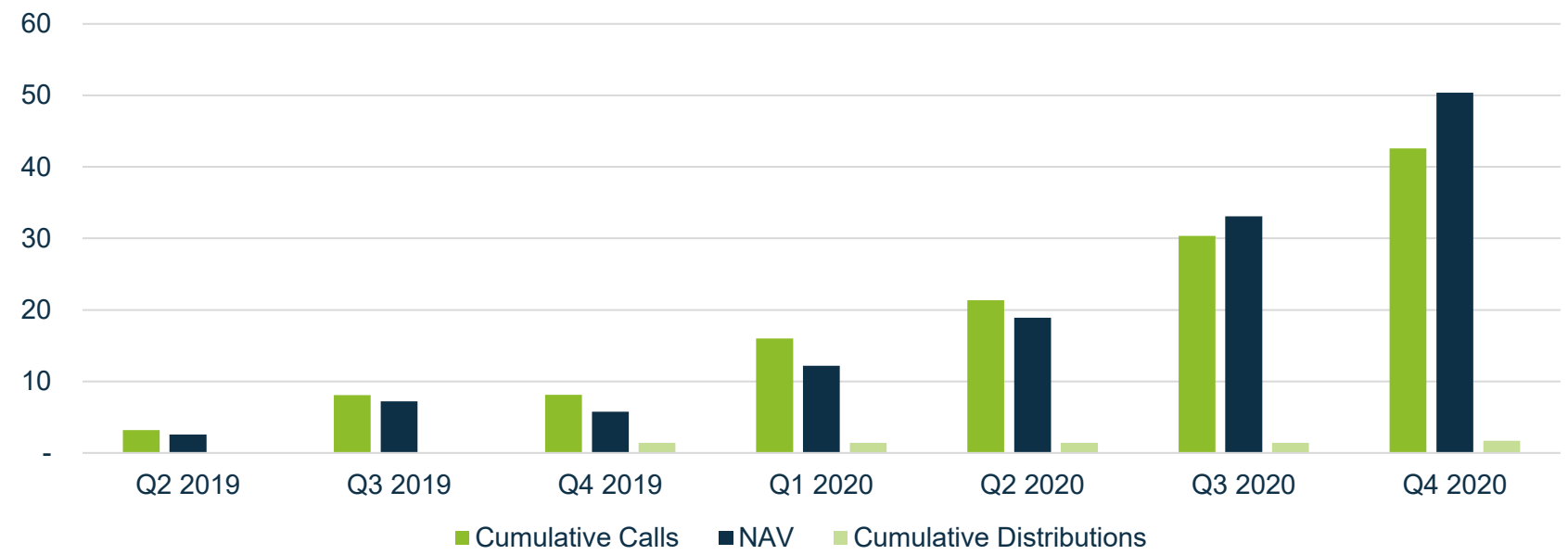


LCCPF PERFORMANCE TO 31 DECEMBER 2021 – PRIVATE MARKET FUNDS

Fund (Limited Partnership)	Inception Date	LCCPF Commitment (£m)	NAV (£m)	Performance Since Inception %	Target Since Inception %	Relative vs. Target %	Benchmark Since Inception %	Relative vs. Benchmark %
LGPS Central PE Primary Partnership 2018 LP	31/01/2019	10	3.3	34.7%	29.7%	5.0%	25.7%	9.0%

Source: LGPS Central Limited, Net Asset Value and performance data as at 31 December 2020 – due to nature of private market investments, valuations lag by one quarter
 The above benchmark, FTSE All World, reflects the return of the index weighted by the Fund's cashflows. Target is FTSE All World +4%

FUND DEVELOPMENT



Significant out-performance achieved since inception

Responsible Investment and Engagement

LGPS Central Integration

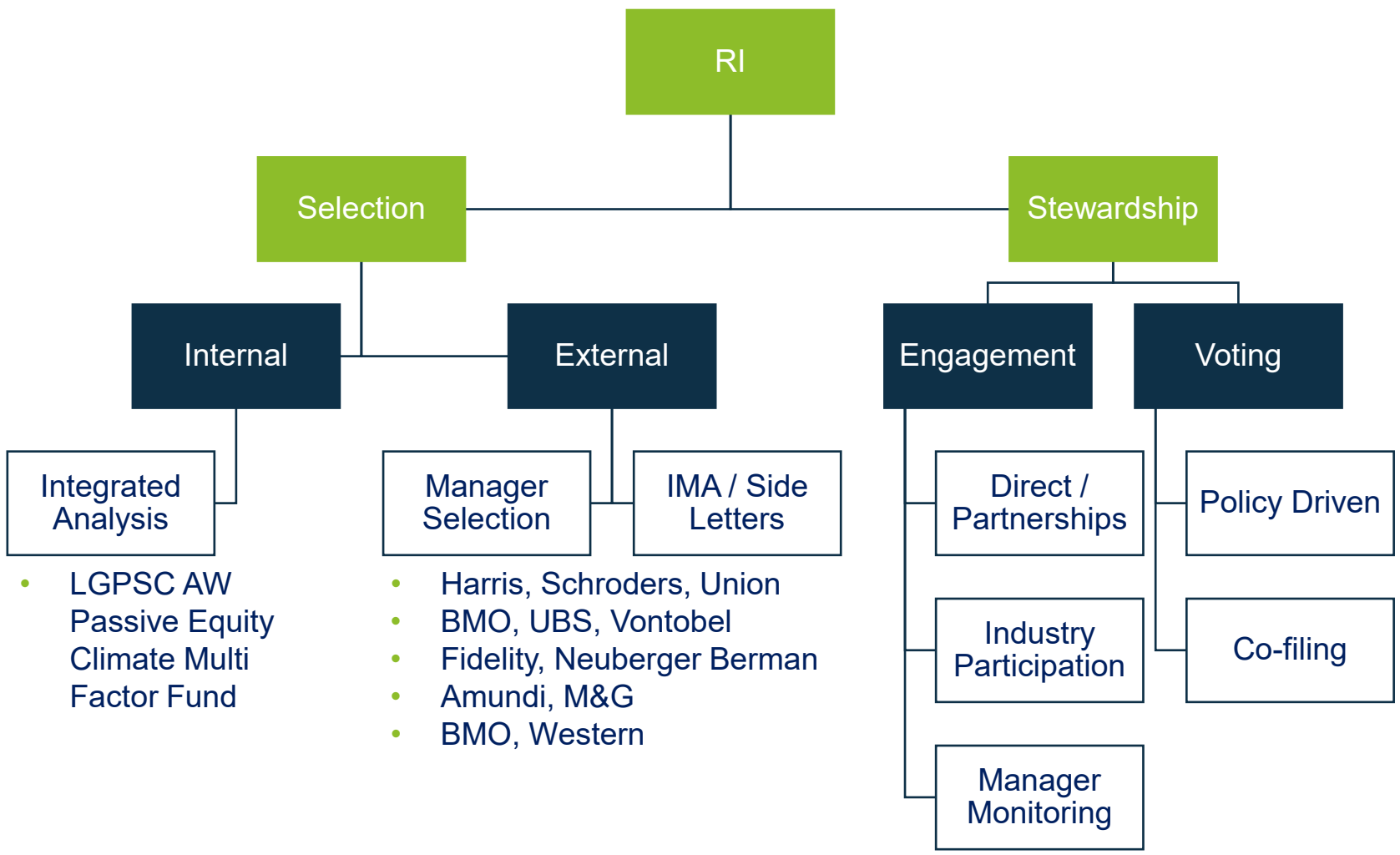
Patrick O'Hara



LGPS Central and RI&E



UNDERLYING ESG APPROACH OF INVESTMENT MANAGERS



100% LGPSC Funds achieved RI Integrated Status

Dedicated in-house stewardship resources

Targeted voting and engagement strategies

LGPS Central and Decarbonisation



TARGETED ENGAGEMENT IS KEY

Engagement works but it can be a long game

As an owner, you have a voice

Not all companies within a sector are equal



Royal Dutch Shell

Vs.

ExxonMobil

Summary

Mike Weston



SUMMARY:



THE WAY FORWARD



Strong relationship with LCCPF



LCCPF significant involvement in new LGPSC products (e.g. Targeted Return)



Continue to develop LGPS Central's Products to meet LCCPF's needs



RI integration with targeted engagement throughout the life of LGPSC's products



Appendix

Leicestershire Investment Summary:



ASSETS UNDER MANAGEMENT 31 MARCH 2021

Asset Class	Fund	Description
Active Global Equity	LGPS Central Limited Global Equity Active Multi Manager Fund	A global active equity fund consisting of three underlying portfolio managers (Harris, Schroders, Union) which seeks to outperform the FTSE All World Index (Total Return, GBP) by 1.5% p.a. over rolling 5-year periods.
Active Emerging Market Equity	LGPS Central Limited Emerging Markets Equity Active Multi Manager Fund	An emerging market active equity fund consisting of three underlying portfolio managers (BMO, UBS, Vontobel) which seeks to outperform the FTSE Emerging Markets Index (Total Return, GBP) by 2.0% p.a. over rolling 5-year periods.
Active Global Fixed Income	LGPS Central Limited Investment Grade Corporate Bond Multi Manager Fund	A global active corporate bond fund consisting of two underlying portfolio managers (Fidelity, Neuberger Berman) investing in instruments rated at least investment grade, which seeks to outperform the benchmark by 0.8% p.a.
Active Emerging Market Fixed Income	LGPS Central Limited Global Active Emerging Market Bond Multi Manager Fund	A global active bond fund consisting of two underlying portfolio managers (Amundi, M&G) investing in bonds (sovereign and corporate) issued in emerging market countries which seeks to outperform the benchmark by 1% p.a. over rolling 3-year periods.
Multi-Asset Fixed Income	LGPS Central Limited Global Multi Asset Credit Fund	A global fixed income fund consisting of two underlying portfolio managers (BMO and Western) which invests in a range of fixed-income assets, including sub-investment grade, to generate a return of 4% p.a. over a cash benchmark (3-month GBP SONIA) over rolling 3-year periods.
Passive Global Equity	LGPS Central Limited All World Equity Climate Multi Factor Fund	A passively managed fund which seeks to track a global equity multi-factor index with constituent weights based on five style factors (quality, value, momentum, low volatility and size) and three climate-related measures.

DISCLAIMER:



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Share Class and Benchmark performance displayed in GBP.

Performance is shown on a Net Asset Value (NAV) basis, with gross income reinvested where applicable.

All information is prepared as of **24 May 2021**

This document is intended for **PROFESSIONAL CLIENTS** only.

“One Central team, working in partnership to invest with purpose and deliver superior returns”



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