



**Minutes of a meeting of the Investment Subcommittee held at County Hall, Glenfield on Wednesday, 13 October 2021.**

**PRESENT:**

Leicestershire County Council

Mr. T. Barkley (Chairman)  
Mr. D. Grimley

Leicester City Council/District Council  
Representative

Cllr. A. Clarke (Online)  
Cllr. M. Graham MBE

University Representative

Mr. Z. Limbada

Staff Representative

Mr. N. Booth (Online)

Independent Advisers and Managers

Hymans Robertson

Mr. P. Pearson  
Ms. P. Cochrane  
Ms. E. Sim (Online)

Christofferson Robb and Company (Minute 24 refers)

Mr. J. Christofferson  
Mr. E. Glaister

LGPS Central (Online) (Minute 26 and 27 refer)

Mr. I. Brown  
Mr. J. Sidhu

**16. Minutes of the meeting held on 28 July 2021.**

The minutes of the meeting held on 28 July 2021 were taken as read, confirmed and signed.

**17. Question Time.**

The Chief Executive reported that no questions had been received under Standing Order 35.

**18. Questions asked by members under Standing Order 7(3) and 7(5).**

The Chief Executive reported that no questions had been received under Standing Order 7(3) and 7(5).

**19. To advise of any other items which the Chairman has decided to take as urgent elsewhere on the agenda.**

There were no urgent items for consideration.

**20. Declarations of interest in respect of items on the agenda.**

The Chairman invited members who wished to do so to declare any interest in respect of items on the agenda for the meeting.

No declarations were made.

**21. Recommended Investment into: LGPS Central Private Equity 2021 Vintage, LGPS Central Private Debt High Return 2021 Vintage and the Christofferson Robb & Company CRF 5 Product.**

The Subcommittee considered a report by the Director of Corporate Resources which provided members with information in respect of recommended investments into LGPS Central Private Equity Vintage, LGPS Central Private Debt High Return 2021 Vintage and the Cristofferson Robb and Company CRF 5 Product. A copy of the report marked 'Agenda Item 7' is filed with these minutes.

Arising from the discussion the following points were noted:-

- i. The Fund was overweight to the Private Equity asset class by around one percent, however the proposed investment would maintain vintage year diversification, and maintain the strategic allocation as investments returned to the Fund.
- ii. The proposed investment into the LGPS Central Private Debt High Return 2021 vintage would supplement the Investment Subcommittee's previous investments at the July 2021 meeting, with investment into Partners Group MAC 6 and Central's Private Debt Low Return sleeve.
- iii. The Fund had previously invested with Christofferson Robb and Company (CRC) in 2017 when a £40million commitment had been approved, which had performed well.
- iv. The Pension Fund was able to fund each investment from its cash resources, circa £200million as at 30<sup>th</sup> June 2021. The Fund benefitted from its positive cash flow nature, and it was important to reinvest it in order to support the Fund long-term.
- v. If approved the commitments would be drawn down as called by investment managers over the next 24 months.

RESOLVED:  
That the report be noted.

**22. Date of Next Meeting - 15 December 2021**

It was noted that the next meeting would be held 15 December 2021 at 10am.

**23. Exclusion of the Press and Public.**

RESOLVED

That under Section 100(A) of the Local Government Act 1972 the public be excluded from the meeting for the remaining items of business on the grounds that they involve the likely disclosure of exempt information as defined in Part 1 of Schedule 12(A) of the Act.

**24. Supplementary Information on Recommended Investment into Christofferson Robb and Company Capital Relief Fund 5 Product.**

The Subcommittee considered a briefing paper produced by the Fund's investment advisors, Hymans Robertson, which was followed by questions from members. A copy of the briefing note is filed with these minutes marked '9'. The note was not for publication by virtue of Paragraphs 3 and 10 of Part 1 of Schedule 12(A) of the Local Government Act 1972.

Hymans Robertson advised the Subcommittee of the due diligence undertaken on Christofferson Robb and Company (CRC) in managing Capital Relief transactions. The investment was considered suitable to address the underweight position of the Private Debt asset class allocation.

*[At this stage of the meeting representatives from CRC joined the meeting]*

The Subcommittee received a presentation by representatives from CRC. A copy of the presentation is also filed with these minutes. Arising from the question and answers the following points were noted:-

- i. CRC set out their strong track record in risk sharing transaction with banks', that improved banks' capital ratios and provided CRC funds with investments that generated returns that held up, even under extreme economic stress. Members noted the previous investment in 2017 by the Leicestershire Pension Fund had performed well.
- ii. The Capital Relief fund would only draw down capital once it had investments for them to be drawn into.
- iii. CRC discussed the potential changes in European banking regulations. It was felt the quick drawn down of funding mitigated such a risk.
- iv. CRC would work with investors regarding the type of Environmental,

Social and Governance reporting that they required. ESG factors also played an important role in CRC's processes when looking at the governance of the management company and promoting effective corporate governance in Europe.

## RESOLVED

- a) That the supplementary information provided be noted.
- b) That a £52million commitment to invest in Cristofferson-Robb and Company's Capital Relief Fund 5 product be approved.

### **25. Change to the Order of Business.**

The Chairman sought and obtained the consent of the Subcommittee to vary the order of business from that set out on the agenda for the meeting.

### **26. Supplementary Information on Recommended Investment into LGPS Central Private Debt High Return Product.**

The Subcommittee considered a briefing paper produced by the Fund's investment advisors, Hymans Robertson, which was followed by questions from members. A copy of the briefing note is filed with these minutes marked '11'. The note was not for publication by virtue of Paragraphs 3 and 10 of Part 1 of Schedule 12(A) of the Local Government Act 1972.

Arising from the discussion the following points arose:-

- i. Hymans set out key risks and mitigating features regarding the Private Debt High Return sleeve. Members considered the blind pool risk as no underlying managers had been selected, though were assured by Hymans support of Central's selection processes, and the credibility of the shortlisted managers.
- ii. The product was close-ended as the underlying loans targeted in the strategy were illiquid.
- iii. The proposed commitment, including to the low return sleeve previously invested in, would amount to 25% of the total allocation to private debt which was considered a reasonable balance between the risk of committing to a new multi-manager and the benefits of pooling.

*[At this stage of the meeting representatives from LGPS Central joined the meeting]*

The Subcommittee received a presentation by Ian Brown from LGPS Central. A copy of the presentation is also filed with these minutes. Arising from the question and answers the following points were noted:-

- iv. Only well-established underlying managers with a strong track record on at least three previous Funds were considered by LGPS Central.

- v. LGPS Central assured the Subcommittee that the team had only minimal departures in the previous 24 months and did not consider its staffing level a going concern.
- vi. LGPS Central reported and monitored its responsible investment at manager level for primary commitments and at the portfolio company level for co-investments which were reported through its quarterly reporting.

RESOLVED:

- a) That the supplementary information received be noted.
- b) That a £60million commitment to invest in LGPS Central's Private Debt High Return 2021 Vintage be approved.

**27. Supplementary Information Informing the Recommended Investment into LGPS Central Private Equity 2021 Vintage.**

The Subcommittee considered a briefing paper produced by the Fund's investment advisors, Hymans Robertson, which was followed by questions from members. A copy of the briefing note is filed with these minutes marked '10'. The note was not for publication by virtue of Paragraphs 3 and 10 of Part 1 of Schedule 12(A) of the Local Government Act 1972.

Arising from the discussion the following points arose:-

- i. Hymans set out key risks and mitigating factors to the Fund, including blind pool risk. The Subcommittee were assured that the processes set out for Manager Selection had assured Hymans adequately.
- ii. Given underlying investments were realised to the Fund the investment into LGPS Central's Private Equity 2021 Primary Sleeve would enable the Fund to maintain its target allocation to the asset class through to the end of 2022.

*[At this stage of the meeting representatives from LGPS Central joined the meeting]*

The Subcommittee received a presentation by representatives from LGPS Central. A copy of the presentation is also filed with these minutes. Arising from the question and answers the following points were noted:-

- i. LGPS Central had a fully integrated responsible investment and engagement process covering its due diligence of potential managers. It had further integrated its responsible investment processes across policy, people, process and performance.
- ii. LGPS Central reported and monitored its responsible investment at manager level for primary commitments and at the portfolio company level for co-investments which are reported through its quarterly reporting.

## RESOLVED:

- a) That the supplementary information provided be noted.
- b) That a £30 million commitment to invest into LGPS Central Private Equity 2021 Vintage be approved.

**28. Any other items which the Chairman has decided to take as urgent.**

The Committee considered this matter, the Chairman having decided that it was of an urgent nature...

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