



LOCAL PENSION COMMITTEE – 10th JUNE 2022

REPORT OF THE DIRECTOR OF CORPORATE RESOURCES

ACTION AGREED BY INVESTMENT SUBCOMMITTEE

Purpose of the Report

1. The purpose of this report is to provide the Committee with details of investments agreed by the Investment Subcommittee at its meeting held on 27 April 2022.

Background

2. The Leicestershire Pension Fund has a requirement to maintain investments in asset classes close to the Fund's Strategic Asset Allocation (SAA) as existing investments are returned.
3. The Leicestershire Fund requires investments into income assets where the Fund was underweight to the target SAA. Income assets include investments in private debt, infrastructure and property. The Fund was at 31st December 2021 underweight the property asset class by £125m and as part of the January 2022 Local Pension Committee an action was approved to review this asset class in conjunction with Hymans Robertson (Hymans) the Fund's investment advisor.
4. The ISC were informed of the current property holdings covering 3 managers including an overview of the mandate, performance metrics and future returns of capital.
5. The Fund, as a part owner of LGPS Central (Central), has an aim to transition investments to cost effective and relevant products at Central as and when they are made available. Central have developed a UK direct property fund for which they have appointed DTZ international (DTZ) as property manager for.
6. DTZ were invited to present to the ISC with Mike Hardwick, Investment Director for Property from Central available for questions if needed.
7. Hymans presented their recommendations to the Committee which were approved and are summarised below.
 - a. A £120m commitment to the LGPS Central Direct UK property Fund split over two years, £60m per financial year.
 - b. Transfer of the management of the existing Colliers UK direct legacy (£113m at 31st December 2021) assets to DTZ
 - c. Movement of the Colliers UK indirect funds (£18m) to the LaSalle mandate.

- d. That the Director of Corporate Resources, following consultation with the Chairman of the Investment Subcommittee, be authorised to agree new benchmarks and target objectives for the UK and global mandate with LaSalle.
- e. That subject to d. the Director of Corporate Resources, following consultation with LaSalle, be authorised to determine the appropriate time to switch reporting to new benchmarks and a transition plan that balances the time taken to transition, and fees incurred, noting the transition will need to be carefully managed over a number of years.

Recommendation

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

Equal Opportunities Implications

None specific

Background Papers

Investment Subcommittee - 13 October 2021– 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

<http://politics.leics.gov.uk/documents/s164155/Public%20Proposal%20for%203%20investments.pdf>

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