



## LOCAL PENSION COMMITTEE – 08 MARCH 2024

### REPORT OF THE DIRECTOR OF CORPORATE RESOURCES

#### ADAMS STREET PARTNERS (ASP) – PRIVATE EQUITY PRESENTATION

##### Purpose of the Report

1. The purpose of this report is to provide the Local Pension Committee with information on the Leicestershire Pension Fund (Fund) private equity (PE) investments and the performance of the Fund's PE investments held with Adam Street Partners (ASP).
2. Appended to the report is a PowerPoint presentation which will be delivered at the meeting by representatives from ASP.

##### Background

3. The Fund has a PE allocation currently managed by three managers with the majority managed by ASP. As at 31 December 2023 the Fund's total PE investments were valued at £422m, or 6.9% of total Fund assets. The Fund has a target weighting to PE set at 7.5% of total Fund assets and is therefore marginally underweight to this asset class.
4. The Fund has a long history of investing with ASP stretching back to 2002. The Fund has invested in most annual vintages and a number of the strategies which ASP will talk about during their presentation. The value of the ASP holdings as at 31 December 2023 is £385m, or about 90% of the value of the Fund's PE investments.
5. The Fund has also invested via Aberdeen Standard Life into one vintage (2017) of a secondaries fund where the strategy is to acquire positions in PE funds from sellers. Private equity is an illiquid asset class, with investors required to commit for ten years or more. A secondary market in investments has arisen as the only way for individual investors to make an early exit from their private equity commitments. Purchasing secondaries can sometimes be more favourable in terms of pricing than the last available pricing for the Fund being acquired. The current value of this investment which is now returning capital to investors is £24m.
6. Finally, the Fund has committed capital to three LGPS Central vintages totalling £80m. Much of this is still uncalled and as such the current value is £11.5m with the last of the three vintages (2023) yet to call capital.
7. In October 2023 the Investment Sub Committee (ISC) agreed to commit:
  - a. £40m (GBP) to the LGPS Central PE 2023 vintage; (£40m included in point 6)
  - b. \$50million (USD) be committed to the ASP Global Funds 2024 vintage;
  - c. A combined £80million be committed to PE in 2024/25 with the split by PE Fund to be decided.

8. The ASP presentation will cover the following:
- a. Overall performance of the Fund's total ASP holdings
  - b. Types of PE investment made by ASP
  - c. Detailed performance of Leicestershire County Council Pension Fund (LCCPF) PE investments over time
  - d. How ASP view PE within the United Kingdom
  - e. How ASP integrate Environmental, Social and Governance (ESG) standards

### **Recommendation**

9. The Committee is asked to note the report and presentation.

### **Environmental Implications**

10. The LCCPF has agreed a Net Zero Climate Strategy (NZCS). This outlines the high-level approach the Fund is taking to its view on Climate Risk. This will align with the Fund's Responsible Investment approach as set out in the Principles for Responsible Investment. The Fund is committed to supporting a fair and just transition to net-zero. There are no changes to this approach as a result of this paper.

### **Equality Implications**

11. There are no direct implications arising from the recommendations in this report. The Fund incorporates financially material ESG factors into investment processes. This has relevance both before and after the investment decision and is a core part of the Fund's fiduciary duty. The Fund will not appoint any manager unless they can show evidence that responsible investment considerations are an integral part of their decision-making processes. This is further supported by the Fund's approach to stewardship and voting through voting, and its approach to engagement in support of a fair and just transition to net zero. There are no changes to this approach as a result of this paper.

### **Human Rights Implications**

12. There are no direct implications arising from the recommendations in this report. The Fund incorporates financially material ESG factors into investment processes. This has relevance both before and after the investment decision and is a core part of the Fund's fiduciary duty. The Fund will not appoint any manager unless they can show evidence that responsible investment considerations are an integral part of their decision-making processes. This is further supported by the Fund's approach to stewardship and voting through voting, and its approach to engagement in support of a fair and just transition to net zero. There are no changes to this approach as a result of this paper.

### **Appendix**

Adams Street Partners – Presentation - LCC Pension Fund PE review

**Background Papers**

11 October 2023 - Investment Sub Committee – Recommended investments to Private Equity products – agenda item 20

<https://democracy.leics.gov.uk/ieListDocuments.aspx?CId=919&MId=7258&Ver=4>

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