



# Worcestershire Pension Fund

*LGPS CENTRAL LIMITED UPDATE ON POOLING*

PRESENTED BY



**JOANNE SEGARS**  
CHAIR



**MIKE WESTON**  
CEO



**CARA FORREST**  
CLIENT RELATIONSHIP  
MANAGER

**8<sup>th</sup> October 2021**



# Agenda

## AREAS FOR DISCUSSION

- LGPS Central Overview
- LGPS Central Recent Activity
- Looking Forward
- Summary



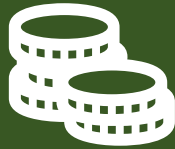
# LGPS Central Overview

Joanne Segars



# LGPS Central Update: 31 July 2021

Assets Under Management



c.£25bn

Investment Vehicles



14

Number of Staff



66

Cost Savings



c.£270m

Net by 2033/34

Responsible Investment



100%

RI Integrated Status and Signatory to 2020 Stewardship Code

Compliance



100%

Unqualified AAF Report

# LGPS Central Product Overview:



Annualised Performance Since Inception to 31 August 2021	Inception Date	Fund (% p.a.)	B'mark (% p.a.)	Target (% p.a.)
<b>Passive Funds</b>				
LGPS Central Limited UK Passive Equity Fund	April 2018	5.34	5.54	-
LGPS Central Limited Global Ex-UK Passive Equity Fund	April 2018	13.00	13.23	-
LGPS Central Limited Global Equity Dividend Growth Factor Fund	April 2018	12.07	12.32	-
LGPS Central Limited All World Equity Climate Multi Factor Fund	October 2019	17.53	17.33	-
LGPS Central Limited Global Multi Factor Fund	January 2021	12.16	12.28	-
<b>Active Funds</b>				
LGPS Central Limited Global Equity Active Multi Manager Fund	March 2019	18.39	17.42	18.92
★ LGPS Central Limited Emerging Markets Equity Active MM Fund	July 2019	7.39	7.67	9.67
★ LGPS Central Limited Global Active Investment Grade Corporate Bond MM Fund	March 2020	12.92	11.73	12.53
LGPS Central Limited Global Active Emerging Market Bond MM Fund	December 2020	1.54	0.98	1.68
LGPS Central Limited Global Active Multi Asset Credit MM Fund	April 2021	1.72	0.02	1.51
<b>Scottish Limited Partnerships</b>				
LGPS Central PE Primary Partnership 2018 LP	January 2019	25.8	30.4	34.4
LGPS Central PE Co-Investment Partnership 2018 LP	January 2019	48.5	26.0	30.0
LGPS Central Infrastructure Partnership – Core / Core Plus	April 2021	-	-	-
LGPS Central Infrastructure Partnership – Value Add / Opportunistic	April 2021	-	-	-

5 Passive Funds launched

5 Active Funds launched

4 Private Market Strategies Launched

Source: LGPS Central  
Where inception dates are less than one-year, absolute performance shown.  
Performance of Scottish Limited Partnerships shown to 31 March 2021.  
Due to the nature of private markets, performance reports lag by one quarter.

# LGPS Central: Recent Activity

**Mike Weston**



# September Company Meeting



## UPDATE

- Virtual meeting on 28 September 2021
- Chair delivered her commitment to update shareholders on NED succession and Board continuity
- Shareholder resolutions circulated and voted on



# LGPS Central Data Pool Submission 2021



- LGPS Central completed the Department for Levelling Up, Housing and Communities (formerly known as Ministry of Housing, Communities & Local Government) annual data submission on 24 September 2021.
- The headlines from our response, completed in conjunction with our Partner Funds, were as follows:
  1. Total forecast cumulative net savings to 2034 of £127.4m on investment products that were live at the time of submitting this return (including life funds and sustainable equity framework savings).
  2. Total forecast cumulative net savings to 2034 of £325.1m across all products (including life funds and sustainable equity framework savings).
  3. Significant savings continue to be realised on external manager fees, with savings of 40-60% on products launched within the last year.
  4. The pool continues to develop and launch new products, with actual AUM in pooled products standing at 25% of total partner funds' AUM as at March 2021, projected to rise to 47% as at March 2024.



# Staffing & Recruitment Summary



## DELIVERING THE “PEOPLE” OBJECTIVES INCLUDED IN THE 2021/22 BUSINESS PLAN

- Recruitment efforts are focussed on
  - Delivering the new 2021/22 roles
  - Replacing departures
  - Implementation of internal restructuring
- 2021/22 individual training plans in place across the Company
  - Candidates sitting IMC and CFA exams
- 2021 Graduate program underway
  - Offers made and accepted by six candidates with anticipated start date mid-October



# Office Accommodation

## STEADY PROGRESS

- The lease for i9 was officially signed on 15 September 2021
- Fit-out supplier and lay-out approved by Exco and its work is expected to commence on 29 September 2021
- Occupation of i9 expected c.12 weeks from the signing of the lease (around mid-December – mid January).
- Monthly saving on delay to occupancy equates to £6k
- Approved permanent budget variance remains at £98k p.a.
- Additional set-up costs of £14k p.a. and absorbed within the base budget



# Quarterly Financial Report: Quarter One 2021/22



## HIGHLIGHTS

- The projected expenditure for LGPS Central Limited for 2021/22 is £11.220 million, giving rise to a favourable variance of £243,000 against the approved budget.
- This is primarily driven by temporary savings against the staffing budget and other one-off items that are not expected to recur in 2022/23.



# Key Performance Indicators (KPIs)



FALLING PROPORTION OF “RED” KPIs FOR BOTH CLIENTS AND SHAREHOLDERS

KPI STATUS AT 30 JUNE 2021*	CLIENT FOCUSED		SHAREHOLDER FOCUSED	
	NUMBER	%	NUMBER	%
Green	9	75.0%	12	75.0%
Amber	2	16.7%	2	12.5%
Red	1	8.3%	2	12.5%

Red KPIs relate to minor process errors and the number of staff compared to budget targets

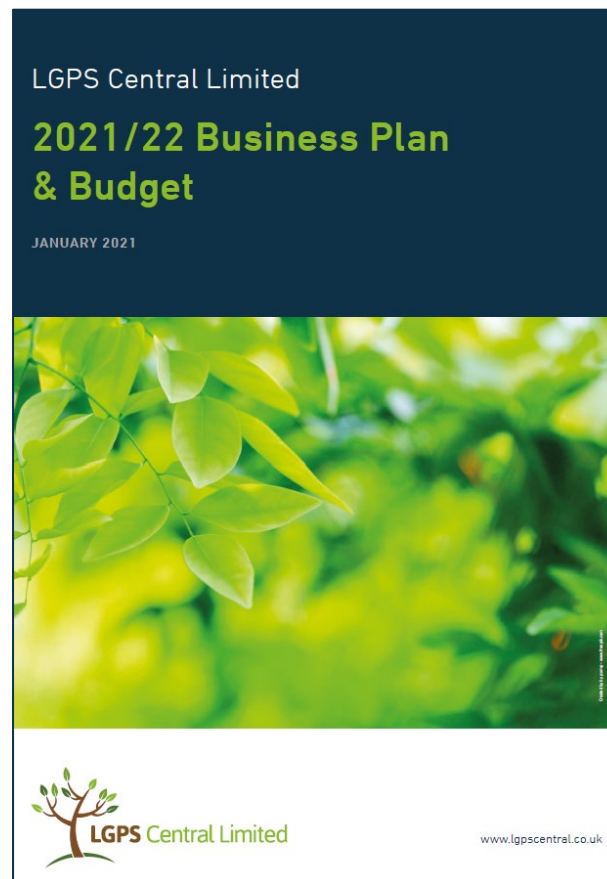
\*In addition to the above there are three KPIs with data not yet available as at 30 June 2021. These will be measured throughout the course of 2021 / 22 as soon as possible.

# 2022/23 Business Plan & Budget



## INITIAL UPDATE ON APPROACH AND TIMING FOR THIS YEAR'S DEVELOPMENT PROCESS

- Adopting a similar approach to the successful discussions for 2021/22
  - Agreement of priority themes and deliverables
  - Budget based on inflation adjusted current year budget plus/minus any permanent variations
- Agreement to accelerate the process for completion pre-Christmas 2021
- Initial discussions within the Company have been conducted over the summer

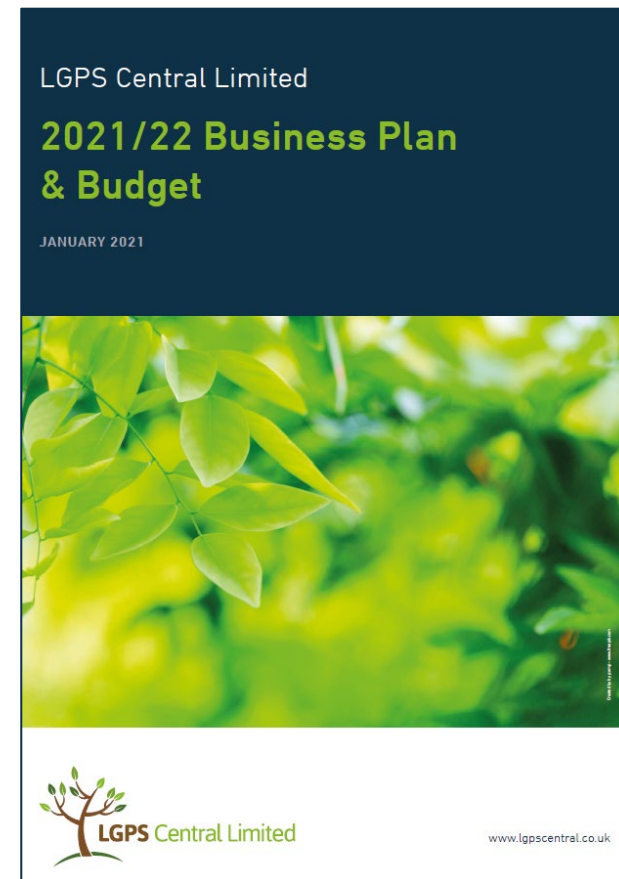


# 2022/23 Business Plan & Budget



## ESSENTIAL NEXT STEPS TO ACHIEVE A PRE-CHRISTMAS COMPLETION DATE

Date	Deliverable
16 Sept 2021	Partner Fund SAA Day
22 Oct 2021	Circulation of draft plan/budget ahead of Nov PAF and APM1
8 Nov	All Parties Meeting #1
Nov-Dec	Draft revisions and review
Mid Dec	All Parties Meeting #2
6 Jan 2022	Agreed final draft presented to PAF
11 Jan 2022	Final LGPS Central Ltd Board sign off
2 Feb 2022	Circulation of papers to Shareholders



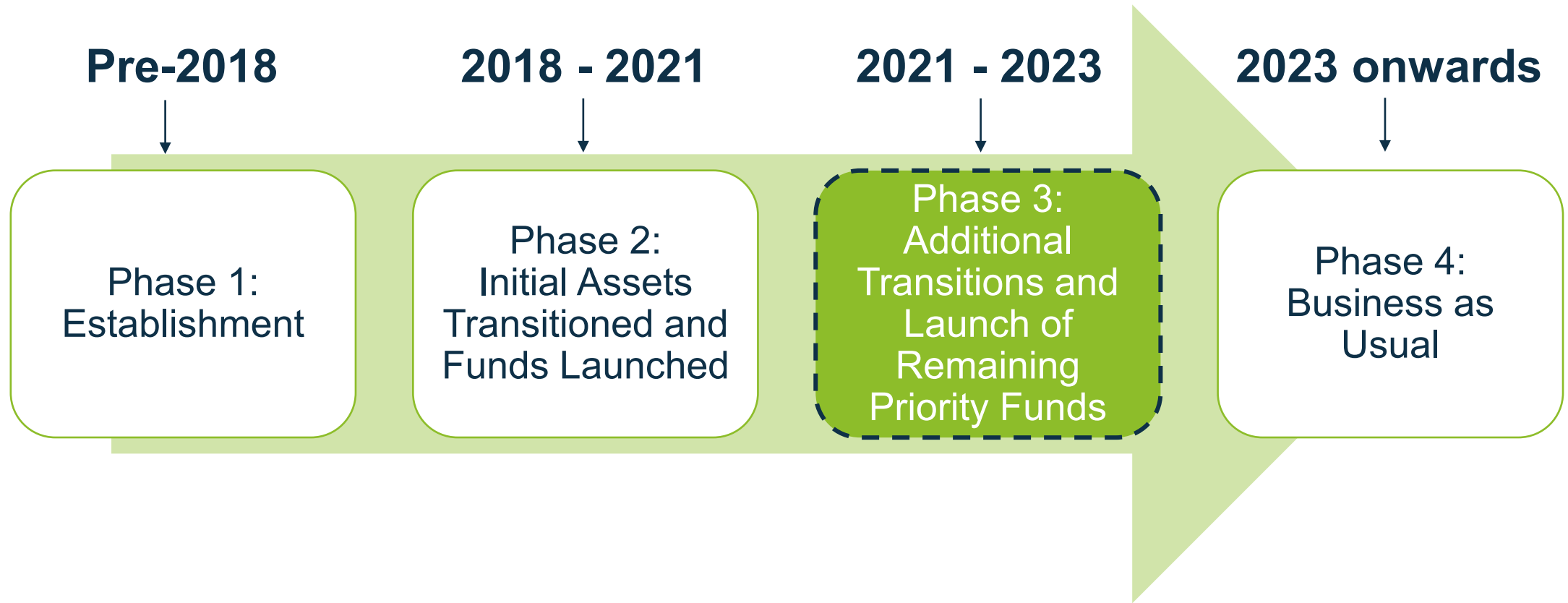
# Looking Forward

**Mike Weston**

# LGPS Central: Timeline



MOVING OUT OF START UP TOWARDS MATURITY



Significant level of work and input by Partner Funds to ensure success of LGPS Central to date



# Product Development



## MULTIPLE PRODUCT DEVELOPMENT



### Private Debt

First Close completed in June 2021, with further two closes expected over the course of 2021



### Private Equity

Targeting end July / early August for first close



### Sustainable Equity

Procurement is underway to appoint external managers to run our upcoming c.£1bn Global Sustainable Equities Fund. The Fund is expected to be launched over H2 2021.



### Targeted Return

Procurement is underway to appoint external managers run our upcoming c.£700m Targeted Return Fund. The Fund is expected to be launched in early 2022.



### Property

Work continues with the Partner Funds to design the product with launch expected for the latter half of H2 2021.

# Product Development: WPF Focus



## Infrastructure Update:

- Two investment vehicles available depending on risk/ return requirements; core / core plus and value add / opportunistic
- Total commitments across the two vehicles currently at £297m
- First investment into core / core plus sleeve of £85m to KKR (open ended fund)
- First investment made in the value add / opportunistic sleeve of £25m to Copenhagen Infrastructure Partners
- Further investments expected to be made over the investment period
- WPF confirmed commitment of £30m over 2021 and 2022 respectively, subject to final due diligence

## Active Sustainable Equity Update:

- Three investment vehicles available depending on risk / return and impact requirements
- Manager procurement for the three funds underway, with final managers expected to be selected over the coming weeks
- WPF played an active role in the construction of the fund profiles and attended manager due diligence meetings as an official observer to the process
- Final fund expected to be launched over the coming months with an AUM of c. £1bn

## Passive All World Equity Climate Multi Factor Fund

- WPF agreed, in principle, to invest c.£200m in the LGPSC All World Equity Climate Multi Factor Fund

## 2022 Focus:

- Final launch of agreed investment products within 2021 / 22 business plan (Targeted Return and Property)
- Continued development of private market funds and follow-up vintages
- Focus on LGPSC products launched to date with emphasis on performance and the composition of the multi-manager funds
- ESG integration and Responsible Investment high priority with further development of LGPSC's existing products in this area

# Summary

Joanne Segars



# Next Steps LGPS Central



## A CLEAR ORGANISATIONAL FOCUS LOOKING FORWARD

### Our Funds



- Transitioning away from multiple new product launches to continuing to **deliver efficient portfolio management and investment performance**

### Our Philosophy



- Achieving our fiduciary objectives without compromising societal responsibilities – focussing on engagement rather than divestment
- Maintain **100% RI Integrated Status** across all our investment products and extending our support for **Net Zero alignments, off-setting and carbon pricing**

### Our People



- Continued **investment in our people** to ensure we have **the right people with the right capabilities in the right roles.**
- Strengthening the **Responsible Investment & Engagement team** to support increased Partner Fund needs – **one of the main advantages of pooling**

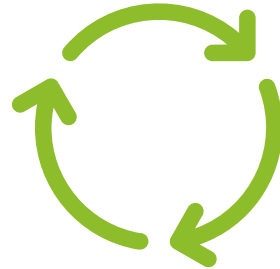
# Summary



PARTNERSHIP IS THE FOUNDATION FOR EVERYTHING WE DO



Strong relationship with WPF



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



Focus on the ongoing performance and structure of existing LGPSC products as we move into 2022

# 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 **22 September 2021**

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

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

