



Worcestershire Pension Fund

LGPS Central Limited Update

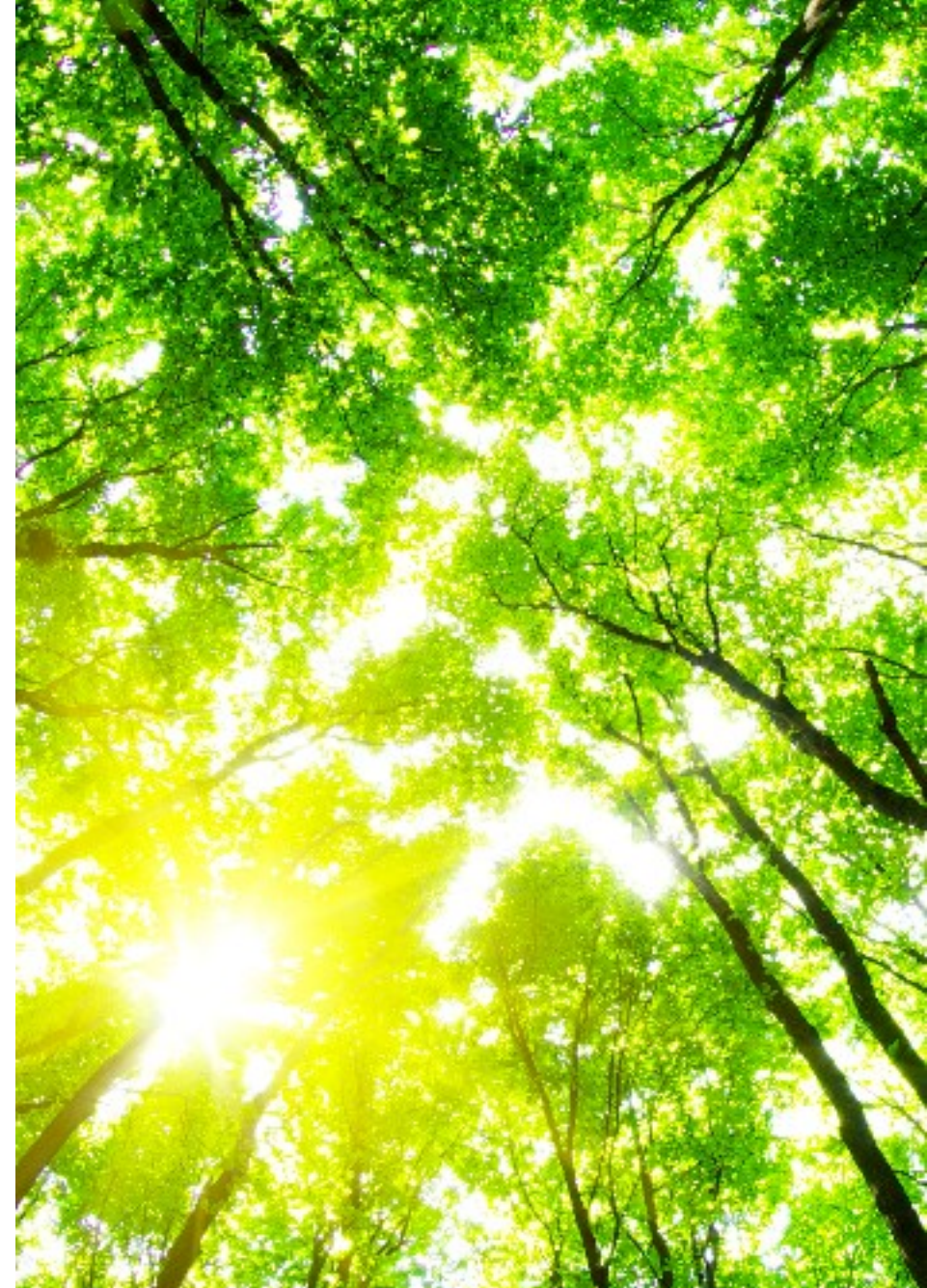
PRESENTED BY



GORDON ROSS
Chief Investment
Officer

28th June 2022

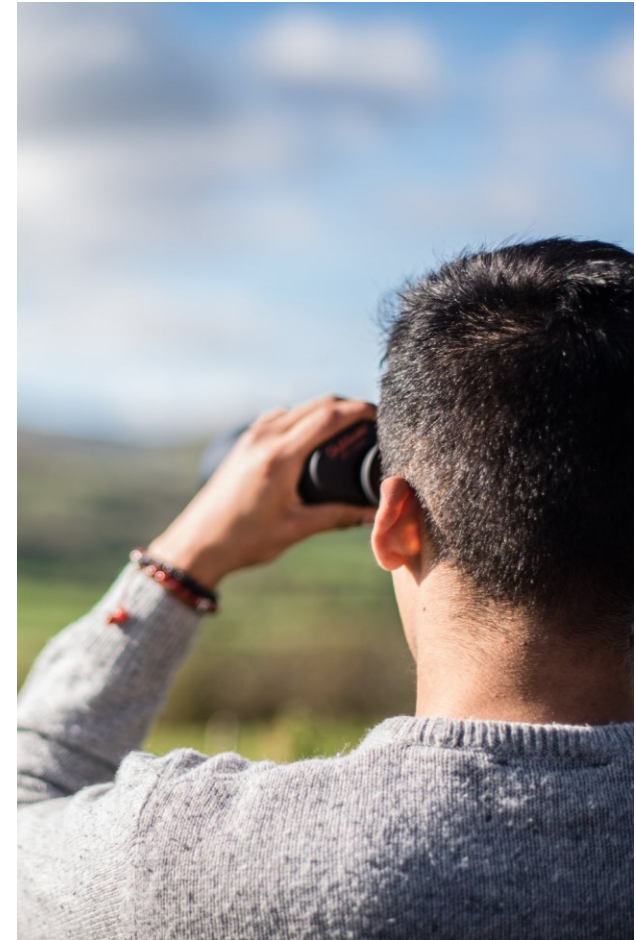
**Worcestershire
Pension Fund**



Agenda:

AREAS FOR DISCUSSION

- Company Update
- NED Process
- Staffing and Recruitment
- Investment Funds
- Russian Situation
- Looking forward
- Summary



LGPS Central

Company Update

Gordon Ross



LGPS Central Company Update



OUR FUNDS, PHILOSOPHY & PEOPLE

- Procurement process underway for Responsible Investment and Engagement reporting tool to **enhance client reporting**
- Continued support to Partner Funds with **Climate Stewardship Plans** and **Pool-wide Climate Strategies**
- **Product Development** a priority with a further 4 funds to be launched over 2022:
 - Targeted Return
 - Private Credit
 - Direct Property
 - Indirect Property



- **5/5** passively managed funds **meeting tracking errors**
- **3/5** actively managed funds **ahead of benchmark** since inception
- **c. £28.5bn** assets under stewardship

- Staffing challenges due to **highly competitive recruitment market**
- Working in **partnership with our shareholders** to drive the success of LGPS Central

LGPS Central

NED Process

NED Process

RECRUITMENT

- RFP deadline has passed
- Special Nomination Committee meeting is being scheduled to select firm and agree terms
- Live search followed by shortlist of candidates
- NomCo interviews and meeting with the Board
- Selection of preferred candidates
- Ongoing discussions with Partner Funds regarding Shareholder engagement in the process
- Targeting three new NEDs by the end of 2022

Staffing and Recruitment

Update

Staffing & Recruitment Summary

POSITIVE INFLUX OF NEW AND REPLACEMENT HIRES BUT RETENTION IS DIFFICULT

- Successful new hires who will join the business over the coming months:
 - Junior RIE Analyst: 20 June 2022
 - Portfolio Manager: 11 July 2022
 - Investment Operations Manager: 15 August 2022
 - Chief Stakeholder Officer: 06 September 2022
 - Chief Legal, Compliance & Risk Officer: 15 September 2022
- Recruitment under way for 3rd Graduate cohort to start in September
- Highly competitive recruitment market
 - Staff turnover at highest levels since launch of LGPS Central
 - Exit interview principal concerns around remuneration & benefits package and location & flexible working

Investment Funds

Update

LGPS Central Funds Launched:



TOTAL OF 20 FUNDS LAUNCHED TO 31.03.22

Fund	Launched
UK Equity (Passive)	2018
Global Equity (Passive)	2018
Global Dividend Growth (Passive)	2018
Multi-Factor Fund (Passive)	2021
Climate Fund (Passive)	2019
Global Equity MM Fund (Active)	2019
EM Equity MM Fund (Active)	2019
Corporate Bonds MM Fund (Active)	2020
EM FI MM (Active)	2020
Global MAC MM Fund (Active)	2021
Private Equity - 2018 Primary	2019
Private Equity - 2018 Co-Investment	2019
Private Equity - 2021 Primary	2021
Private Equity - 2021 Co-Investment	2021
Private Inflation Credit Fund	2021
Private Lower Credit Fund	2021
Private Higher Credit Fund	2021
Infrastructure Core Fund	2021
Infrastructure Value Add Fund	2021
Infrastructure JPM Fund	2021

Worcestershire Pension Fund have invested in these Funds

Global Sustainable Equity Active Fund was launched during May 2022, of which WPF is invested

5 Passive funds launched

5 Active funds launched

GSE Fund launched May 2022

WPF Investments in LGPS Central Funds



ASSETS UNDER MANAGEMENT 31 MARCH 2022

Asset Class	Fund	WPF's Assets	Total Fund AUM	WPF % of Fund
Passive Global Equity	LGPS Central Limited All World Equity Climate Multi Factor Fund	£207.1m	£4,251.7m	4.9%
Active Global Equity	LGPS Central Limited Emerging Markets Equity Active Multi Manager Fund	£322.6m	£812.0m	39.7%
Active Global Fixed Income	LGPS Central Limited Investment Grade Corporate Bond Multi Manager Fund	£206.3m	£1,608.8m	12.8%

£736m assets
invested with
LGPSC

Further
investment to be
considered in
range of funds
to be launched
over 2022/23

WPF Investments in LGPS Central Funds



PERFORMANCE AS AT 31 MARCH 2022

Annualised Performance Since Inception to 31 March 2022	Inception Date	Fund (% p.a.)	B'mark (% p.a.)	Tracking Error
Passive ACS Funds				
LGPS Central Limited All World Equity Climate Multi Factor Fund	Jan 2021	13.72	13.50	
Annualised Performance Since Inception to 31 March 2022	Inception Date	Fund (% p.a.)*	B'mark (% p.a.)	Target (% p.a.)
Active ACS Funds				
LGPS Central Limited Emerging Markets Equity Active Multi Manager Fund	July 2019	1.17	3.93	5.93
LGPS Central Limited Global Active Investment Grade Corporate Bond MM Fund	March 2020	4.43	3.83	4.63

INDIRECT PROPERTY SUB-FUND

- Meeting held with Partner Funds on 11 May 2022
- Agreement made to proceed with the Residential sleeve and potentially an Overseas sleeve
- Questionnaire sent to Partner Funds on 27 May requesting information that will be used to form the initial draft mandate(s)
- Once the initial mandate is in place, a timeline can be formulated giving indication of 'Go Live'

Product Development:

FUTURE FUND LAUNCHES



Private Debt

Investors to send approval for executing the amended Lasting Power of Attorney (LPA) with close expected towards the end of June



Targeted Return

Partner Funds engaged on strategies/managers to be included with launch expected October 2022



Direct Property

Finalising legal documents and FCA application with launch anticipated September 2022



Indirect Property

Agreement made to proceed with the Residential sleeve and potentially an Overseas sleeve

Russian Situation

Update

Russian Situation

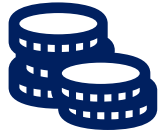
MARKET UPDATE

- Current market
- What it means for market liquidity
- What it means for ACS Sub-Funds
- Potential future developments

Looking Forward

THE NEXT STEPS FOR LGPS CENTRAL

Our Funds



- Responsibly achieved Investment performance is our top priority
- Continuing growth of Private Markets partnerships to facilitate increasing Partner Fund asset allocations

Our Philosophy



- Maintain 100% RI Integrated Status across all our investment products
- Implementation of Net Zero strategy and carbon analysis of Private Markets

Our People



- Staff retention remains a key challenge and focus for the Board and Senior Management
- Strengthening the Responsible Investment & Engagement team to support increased Partner Fund needs

Summary

PARTNERSHIP IS KEY TO EVERYTHING WE DO



Strong relationship with
WPF



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



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

DISCLAIMER:



LGPS Central 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 **13 June 2022**

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

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

