

BFinance Group Press Release

BFINANCE LEADS ON £6.5BN INVESTMENT FROM MAJOR POOLED LGPS COLLABORATION

SECURES SUBSTANTIAL FEE REDUCTION FOR INVESTORS

Showcases the benefits of LGPS Funds working together to achieve more cost effective investments

London, 30 November 2015 – bfinance, the independently owned investment consultancy, announces that following a rigorous and transparent selection process, its client, the Shires, a group of seven UK LGPS Funds, has chosen to invest approximately £6.5bn in pooled funds managed by Legal & General Investment Management (LGIM).

Included in the initiative are the local government pensions scheme (LGPS) funds of the following counties: Cheshire, Leicestershire, Nottinghamshire, Shropshire, Staffordshire, Warwickshire and Worcestershire (together 'the Group'). This landmark appointment is an early example of how pooling of assets can be used to the benefit of the LGPS.

Overall fee savings will exceed 50%, illustrating the value of such initiatives for local government pension funds.

The investment constitutes a mixed mandate spanning passive equity, passive fixed income and smart beta strategies in the UK and internationally. The individual Funds will continue to track the indices that they were using prior to the appointment and have not had to compromise their investment strategies.

Demonstrating a significant commitment to collaboration, the Group has moved from initial discussions to an investment decision in just five months, following initial work carried out by Staffordshire, Cheshire and Shropshire. In conjunction with representatives of the Group, bfinance conducted a detailed search of suitable pooled funds and implemented a rapid selection process, which was completed in less than two months.

Candidate funds were analysed and scored according to evaluation criteria agreed with the Group, including manager expertise in passive management, transition management of assets and fees. The quality of fund offerings across the industry was very high and competition in the process generated significant price tension. Ultimately LGIM's capability stood out and made its offering the most attractive for the Group's pension schemes.

The Group's investment comes at a time of significant political support for LGPS asset pooling and the Group has taken advantage of this environment to achieve significant savings.

The swift selection and significant fee reduction showcases bfinance's strength in investment consultancy for public pension funds – the consultancy has worked with over half of the 89 UK LGPSs, while its expertise also extends internationally. bfinance utilised this experience to help the Group achieve the results announced today.

Speaking on behalf of the Group, a Group spokesman said:

'This is a great result for all the pension schemes in the Group. Joining forces with other pension funds has enabled us to unlock significant savings and gives clear and tangible evidence of what can be achieved if LGPS Funds are willing to work together and collaborate as equals.

bfinance's thorough selection process gave us an excellent range of pooled funds to consider and we are very pleased with the quality of LGIM's offering combined with its expertise in passive management . We look forward to working with the team to implement the investments.

Announcing the appointments Pal Sarai, Managing Director and Head of Client Consulting, said:

'We welcome the Group's landmark investment in LGIM's pooled funds and the excellent outcome of an extensive and rigorous selection process.

Our tailored search methodology in a competitive landscape of pooled funds enabled us to identify an excellent match for the Group's requirements and in particular secure considerable savings on fees and a highly efficient approach to transition – key priorities for the Group's schemes.

Given this success we expect significant interest from other local government pension schemes in similar arrangements to achieve more cost effective investment strategies.'

ENDS

Worcestershire County Council Press Release

December 2, 2015

Worcestershire County Council Pension Fund achieves significant savings by joining forces with six other local government pension schemes to invest £6.5 billion.

The group, known as The Shires, is made up of Local Government Pension Scheme Funds in Cheshire, Leicestershire, Nottinghamshire, Shropshire, Staffordshire, Warwickshire and Worcestershire. The group has pooled funds in order to invest approximately £6.5bn in shares that track indices such as the FTSE, with Legal and General Asset Management. This landmark partnership is an example of how the pooling of assets can be used to bring maximum benefit to members.

It is predicted that overall fee savings will exceed 50%, illustrating the value of working together across local government pension funds.

The Worcestershire fund has 55,000 members and has a current market value of £1.9bn.

Councillor Adrian Hardman, the Chair of the Pension Investment Advisory Panel, said:

"This is a great result for the thousands of members of our pension fund and for all of the pension schemes in the Group. Joining forces with other pension funds has enabled us to unlock significant savings and gives clear and tangible evidence of what can be achieved if LGPS Funds are willing to work together and collaborate as equals."

In one of the first partnerships of its kind in the UK, The Shires Group has moved quickly, progressing from initial discussions to an investment decision in just five months. A detailed search of suitable pooled funds was coordinated by bfinance, an independently owned investment consultancy firm, followed by a rapid selection process, which was completed in less than two months.

The individual Funds will not have to compromise on their investment strategies and will continue to track the indices that they were using prior to the appointment.

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