



bfinance Media Coverage
Announcement of LGPS pooled investment

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Seven more local UK pensions pool assets

CHRIS NEWLANDS

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Cheshire, Leicestershire, Nottinghamshire, Shropshire, Staffordshire, Warwickshire and Worcestershire have jointly invested £6.5bn with Legal & General Investment Management. The move will cut more than 50 per cent off their investment costs.

The arrangement comes a week after London Councils, which represents the city's 32 boroughs, received regulatory approval to begin pooling the £25bn of assets belonging to local authority pension schemes.

A spokesperson for the seven funds said: "This is a great result. Joining forces with other pension funds has enabled us to unlock significant savings and gives clear and tangible evidence of what can be achieved."

Local authority schemes have come under intense pressure to collaborate after Mr Osborne invited proposals on cost cutting and investment pooling last year.

Pal Sarai, managing director at Bfinance, the consultancy that helped the seven schemes select LGIM, said: "We welcome the landmark investment in L&G's pooled funds.

"We expect significant interest from other local government pension schemes."

[http://www.ft.com/cms/s/0/9ae1444e-951f-11e5-](http://www.ft.com/cms/s/0/9ae1444e-951f-11e5-8389-7c9ccf83dceb.html#axzz3syaben9p)

[8389-7c9ccf83dceb.html#axzz3syaben9p](http://www.ft.com/cms/s/0/9ae1444e-951f-11e5-8389-7c9ccf83dceb.html#axzz3syaben9p)

Seven UK local government pension funds pool assets

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"We expect significant interest from other local government pension schemes in similar arrangements."

Last week, as part of the UK's [Autumn Statement](#), Mr Osborne published criteria and guidance for pooling the local government pensions funds into six "British wealth funds" worth at least £25bn each.

Joanne Segars, chief executive of the Pensions and Lifetime Savings Association, said: "We support the development of pooled investment vehicles that generate economies of scale and enable smaller funds to access new and novel investments."

Bfinance said competition among the asset managers pitching for the £5.5bn mandate "generated significant price tension". The assets will be invested in passive equity, passive fixed income and [smart-beta](#) strategies, which are a hybrid of active and passive investing.

<http://www.ipe.com/news/mandates/lgps-consortium-awards-65bn-mandate-to-legal-and-general-im/10010962.article>

LGPS consortium awards £6.5bn mandate to Legal & General IM

30 NOVEMBER 2015 BY JONATHAN WILLIAMS

A consortium of local authority funds has awarded Legal & General Investment Management (LGIM) £6.5bn (€9.2bn) worth of passive mandates, a doubling of mandates previously run for the funds by one of the UK's largest managers.

The seven local government pension schemes (LGPS) – Cheshire, Leicestershire, Nottinghamshire, Shropshire, Staffordshire, Warwickshire and Worcestershire – were, in September, [reported to be jointly tendering for passive equity managers to reduce costs](#).

As a result of the exercise, the Shires managed to reduce management fees by more than 50%, asking LGIM to run a series of passive equity, passive fixed income and smart beta strategies.

UBS Asset Management, State Street Global Advisors (SSGA) and [BlackRock](#) have lost mandates as a result of LGIM's appointment.

SSGA, for example, was responsible for a global index-tracking strategy worth 31% of the Warwickshire Pension Fund's £1.6bn in assets.

The fund also employed BlackRock for a passive multi-asset mandate.

UBS, meanwhile, ran a passive equity strategy for the Worcestershire County Pension Fund.

As a result of the mandate, LGIM has doubled the volume of assets run on behalf of the seven local authority funds.

All members of the consortium, with the exception of the £2bn Worcestershire Pension Fund, were already invested in funds run by LGIM.

Existing mandates were worth more than £3.9bn, largely stemming from £1.2bn in mandates from the £4.1bn Cheshire Pension Fund and a further £1bn from the Leicestershire County Pension Fund.

Bfinance, which conducted the tender on behalf of the consortium, said the exercise was completed in five months, after initial exploratory work by Staffordshire, Cheshire and Shropshire.

A spokesman for the consortium, which has £19.6bn in assets, praised the work done by **bfinance** and said he was pleased with the quality of LGIM's funds and its experience in managing passive strategies.

He added: "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."

Pai Sarai, managing director and head of client consulting at bfinance, said the award to LGIM's pooled funds was an excellent outcome after an "extensive and rigorous" tender process.

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

It is the second sizeable mandate award by local authority funds in recent weeks, following from the [£6bn in sub-funds launched by the collective investment vehicle set up by London's local authorities](#).

<http://www.institutionalassetmanager.co.uk/2015/11/30/234254/shires-group-lgps-invest-gbp65bn-lgim-pooled-funds>



The Shires group of LGPS to invest GBP6,5bn in LGIM pooled funds

Mon, 30/11/2015 - 09:10

The Shires, a group of seven UK local government pension scheme (LGPS) funds advised by investment consultancy bfinance, is investing approximately GBP6.5 billion in pooled funds managed by Legal & General Investment Management (LGIM).

Included in the initiative are the LGPS funds of the following counties: Cheshire, Leicestershire, Nottinghamshire, Shropshire, Staffordshire, Warwickshire and Worcestershire.

Overall fee savings will exceed 50 per cent, 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 Shire 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.

Pal Sarai (pictured), Managing Director and Head of Client Consulting at bfinance,

says: '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.'

PROFESSIONAL PENSIONS

<http://www.professionalpensions.com/professional-pensions/news/2437018/seven-lgps-funds-appoint-lgim-to-manage-gbp65bn-pooled-investments>

Seven LGPS funds appoint LGIM to manage £6.5bn pooled investments

Michael Klimes

30 Nov 2015

Legal and General Investment Management (LGIM) has been chosen to manage £6.5bn of passive pooled investments for seven local government pension schemes (LGPS) known as the “Shires”.

Cheshire, Leicestershire, Nottinghamshire, Shropshire, Staffordshire, Warwickshire and Worcestershire are the counties which make up the group.

In the Summer Budget the [government revealed](#) plans to work with LGPS funds to pool investments to reduce costs.

LGIM head of distribution Sarah Aitken said: "LGIM's pooled passive mandates can offer our clients a route to significant benefits of scale without compromising their individual investment and funding goals."

The consultancy bfinance which advised the schemes said overall fee savings would exceed 50%.

A group spokesman added: "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."

LGIM manages £35.8bn for 53 LGPS funds as of 30 September 2015

<http://www.funds-europe.com/home/news/17091-pension-scheme-collaboration-leads-to-lower-passive-fees>

Pension scheme collaboration leads to lower passive fees

30 November 2015



Seven local authority pension funds in the UK have collaborated to invest £6.5 billion (€9.2 billion) in pooled passive funds managed by Legal & General Investment Management (LGIM) and negotiated fee reductions by more than half.

The investment consultant that led the appointment, bfinance, says the appointment is a “landmark” move that shows how pooling of assets can be used to the benefit of the Local Government Pension Scheme (LGPS).

The seven pension funds that are all members of the LGPS are Cheshire, Leicestershire, Nottinghamshire, Shropshire, Staffordshire, Warwickshire and Worcestershire.

Overall fee savings will exceed 50%, says bfinance.

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

The investment came about five months after the schemes agreed to collaborate.

LGIM’s appointment follows an evaluation that assessed manager expertise in passive investment, along with the quality of transition management and level of fees. Bfinance says fund offerings across the industry were very high and that selection generated significant price tension.

An LGPS spokesman says: “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..

Pal Sarai, head of client consulting, at bfinance, says significant interest from other local government pension schemes is expected.