



London Borough of Enfield

Report Title	London CIV business update
Report to	Pension Policy & Investment Committee (PPIC)
Date of Meeting	31 July 2024
Cabinet Member	Cllr Tim Leaver
Executive Director / Director	Fay Hammond
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Purpose of Report

1. This report provides a quarterly update on developments at the London Collective Investment Vehicle (CIV) in creating sub-funds for the spectrum of asset classes, on-boarding of assets and development of the CIV's staff resource. Progress with the London CIV contributes to the Government's pooling agenda and drive to reduce costs in the Local Government Pension Scheme (LGPS).

Recommendations

2. PPIC are recommended to note the contents of this report and the attached appendix.

Background & Introduction

3. In 2015, the U.K. government introduced the concept of investment pools to increase the scale of LGPS investments. The main goals were to improve returns through scale and reduce investment costs.
4. London CIV is one of eight U.K. LGPS asset pooling companies. The London Boroughs and City of London who are the 32 shareholders are also clients.

5. London CIV was established in 2015 as a collaborative vehicle to pool LGPS pension fund assets with the intention of achieving cost savings on investment products and delivering best value. The purpose of the company is **“to be the LGPS pool for London to enable the London Local Authorities (LLAs) to achieve their pooling requirements”**.
6. Pool members are both shareholders and investors. Beyond the practical purpose to deliver pooling, LCIV aspires to be **“a best-in-class asset pool delivering value for Londoners through long term sustainable investment strategies.”** This statement has been updated to emphasise their commitment to responsible investment and stewardship.
7. This report covers the establishment and procurement of new sub-classes, launches of new sub-funds, assets under management and resources build-out at the CIV. This will assist PPIC in its responsibility of asset allocation whilst future procurement of funds and management and monitoring of those sub-funds is now the responsibility of London CIV.
8. The Enfield Pension Fund (the “Fund”) has approximately 54% of its assets in the London CIV pool.

LONDON CIV SHAREHOLDER COMMITTEE

9. The CIV held their Shareholder Committee on 21 June 2024. Some highlights from that meeting are:
 - The CIV continue to look at a comprehensive funding model
 - Good progress has been made on delivering the current programme of fund launches which includes Nature Based Solution, Private Debt 2, and a Global Equity Value Fund.
 - The CIV are also developing a real estate advisory service planned to launch at the end of 2024
 - They achieved the budgeted £1.6bn target increase in assets for 2023/24 as a result of high inflows in the last quarter of the financial year
 - They continue to develop their Responsible Investment activity with work in progress on the Net Zero Action Plan and updated Climate Policy, publication of the Responsible Investment and Stewardship Outcomes Report on 31 May 2024 and TCFD report due to be published on 31 June 2024
 - Their new Chief Risk Officer (CRO), Sarah Nowell, starts on 1 July 2024 and the recruitment of a Chief Proposition Officer (CPO) is in chain with a start date in September 2024.

FUND ACTIVITY

10. Overall Fund Value managed by the CIV is illustrated below:

£15.5bn

Public Markets - AUM

£14.4bnPublic Markets - Pooled assets
managed by Blackrock and LGIM**£1.6bn**

Private Markets - Drawn

(£3.1bn)

Private Markets – Committed

£17.1bnTotal assets managed
by London CIV**£31.5bn**Total pooled
assets

11. The following tables show all public market CIV funds and Enfield's investments in those funds as at 31 May 2024:

Global Equities

LCIV FUND	Manager	Size	No of investors	Enfield investment	%
Global Alpha Growth Fund	Baillie Gifford	£1,441m	5		
Global Alpha Growth Paris Aligned Fund	Baillie Gifford	£2,278m	11	£117m	5%
Global Equity	Newton	£603m	3		
Global Equity Quality	MSIM	£546m	2		
Global Equity Focus	Longview	£1,228m	6	£127m	10%
Emerging Market Equity	JP Morgan	£544m	8	£31m	6%
Sustainable Equity	RBC	£1,402m	8		
Sustainable Equity Exclusion	RBC	£725m	5		
Passive Equity Progressive Paris Aligned	State Street	£942m	4		

Multi Asset

LCIV FUND	Manager	Size	No of investors	Enfield investment	%
Global Total Return Fund	Pyford	£100m	1		
Diversified Growth Fund	Baillie Gifford	£319m	6		
Absolute Return Fund	Ruffer	£989m	10		
Real Return Fund	Newton	£184m	2		

Fixed Income

LCIV FUND	Manager	Size	No of investors	Enfield investment	%
Global Bond Fund	PIMCO	£881m	10	£81m	9%
MAC Fund	CQS + PIMCO	£1,885m	17	£59m	3%
Alternative Credit	CQS	£518m	4		
Short Duration Buy and Maintain Credit	Insight	£137m	2		
Long Duration Buy and Maintain Credit	Insight	£786m	6		

Monitoring Status

12. The Monitoring status of the various sub funds is shown below:

Watch list	Enhanced monitoring	Normal monitoring
Zero	Six	All other sub funds
	Fund: LCIV Global Equity Focus Fund Manager: Longview Status confirmed: August 2023 Next review: 3 June 2024	Completed review: LCIV Absolute Return Fund Manager: Ruffer Investor update: 11 July 2024
	Fund: LCIV Global Total Return Fund Manager: Pyrford Status confirmed: August 2023 Next review: Q2 2024	Completed review: LCIV Alternative Credit Fund Manager: CQS Investor update: 10 July 2024
	Fund: LCIV Diversified Growth Fund Manager: Baillie Gifford Status confirmed: January 2024 Next review: June 2024	Completed review: LCIV MAC Fund Managers: CQS and PIMCO Investor update: 10 July 2024
	Fund: LCIV Global Equity Fund Manager: Newton Status confirmed: February 2024 Next review: July 2024	In process: LCIV Emerging Markets Equity Fund Manager: JP Morgan Asset Management Investor update: August 2024
	Fund: LCIV Sustainable Equity Fund + LCIV Sustainable Equity Exclusion Manager: RBC Status approved: April 2024 Next review: Sept. 2024 (interim: June 2024)	

Private Markets Fund Monitoring

13. The table below shows the CIV's private market funds:

LCIV's Private Market Funds	Total Commitments	Drawn Since Inception	% drawn (change in month)	Valuation	Valuation as at	Drawn Since Valuation Date	% Allocated	No. of Investors
	£'000	£'000		£'000		£'000		
EUUT								
LCIV Infrastructure Fund	475,000	315,874	66% (-)	371,356	31/03/2024	n/a	81%	6
- No movements.								
LCIV Real Estate Long Income Fund	213,000	213,000	100% (-)	154,378	31/03/2024	n/a	100%	3
- No movements.								
LCIV Renewable Infrastructure Fund	1,108,500	481,149	43% (+2%)	490,498	31/03/2024	66,884	69%	16
- One capital call of £27.6m was issued to clients following a capital call received from Next Power V.								
LCIV Private Debt Fund	625,000	420,091	67% (-)	498,034	31/03/2024	n/a	95%	8
- No movements.								
LCIV UK Housing Fund	450,000	73,200	16% (+6%)	1,377	31/03/2024	71,200	60%	8
- One capital call of £25.5m was issued to clients following a capital call received from Octopus.								
SLP	£'000	£'000		£'000		£'000		
The London Fund	250,000	104,026	42% (-)	99,774	31/03/2024	4,035	61%	4
- No movements.								
Total	3,121,500	1,607,340	51% (+2%)	1,615,417		142,119	76%	23

The Enfield Pension Fund currently only has a £4m investment in the renewable infrastructure fund in the private markets funds. (Although a £75m commitment to the fund has been made which is awaiting drawdown's)

Fund Launches

14. **Nature Based Solutions:** Work continues on this fund with a target of June 2024 to make the fund available with a first close in September 2024. The Fund is targeting a 6-8% return with core allocations to forestry

and agriculture. The fund is looking to invest in core developed markets in the US, Australia, New Zealand, UK and Europe. The Enfield Pension Fund may potentially invest in this Fund via the Infrastructure Asset Class once appropriate due diligence has been carried out.

15. **Private Debt II:** the Seed investor group has confirmed a preference for a closed ended structure. Detailed work continues with the target of June 2024 to make the fund available and have a first close of September 2024. The Enfield Pension Fund may potentially invest in this Fund as result of recent changes to the Fixed Income/Bond asset class once appropriate due diligence has been carried out.

16. **Indirect Property pooling:** LCIV are aiming to deliver a solution for partner funds who have indirect property exposure in 2024, meaning the funds that hold individual property holdings rather than a fund of funds.

Staffing Changes

17. London CIV has created a new post titled “Chief Proposition Officer”. This new role forms a core part of London CIV’s next strategic phase to launch a choice of products and services beyond pooling that will further strengthen the London LGPS community’s continued ability to work together and deliver a sustainable LGPS in the coming years and decades.

Responsible Investment

18. The Fund’s engagement with, and commitment to, the London CIV is an important part of how the Fund can act as a responsible investor. Pooling increases the leverage and influence that any individual LGPS fund may have with fund managers, creating more opportunities for RI to be both discussed and practised. The Fund will need to think carefully about how to incorporate Task Force on Nature Related Financial Disclosure (TNFD) requirements in the future.

Relevance to Council Plans and Strategies

- 19. Clean and green places
- 20. Strong Healthy and safe communities
- 21. An economy that works for everyone

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Appendices

None

