

Pensions CIV Sectoral Joint Committee

Item no: 12

Fund Launch Progress

Report by: Brian Lee **Job title:** Chief Operating Officer

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Summary: This report summarises the status of fund launches to ensure transparent and robust reporting of delivery against the Company's Business Plan and MTFS.

Recommendation: The Committee is recommended to note and discuss the content of this report

Fund Launch Progress

1. **Newton Global Equity and Majedie UK Equity:** launched successfully in May with a combined £1.1bn in new assets bringing the total CIV AUM to £5bn. Hammersmith & Fulham, Lambeth and Westminster transitioned assets via Majedie. Bexley, Islington and Sutton have invested via Newton with Bexley a new investor to the CIV.
2. **Longview Global Equity & Henderson Emerging Market Equity:** are on track to launch in July. Longview's transition includes the boroughs of Westminster, Harrow and Wandsworth, with Harrow being new to the CIV with total assets of £450m. Newham and RBKC have made the decision to remain outside the CIV for the time being. Longview's launch will complete the lift and shift phase for the CIV. Henderson is operationally on target to launch in July and will be ready to accept assets once the India market opens. Lambeth and Enfield have indicated their interest to invest.
3. **RBC Sustainable Equity and EPOCH Equity Income:** are on track to launch in September. To date there are no firm indications of interest from the boroughs. The number of funds and timing of the launch for Global Equities Phase 2 is subject to a Borough needs assessment. Further details will be provided at the next PSJC meeting.
4. **Global Equities Phase 2:** subject to LLA responses to a survey that is currently out with LLA colleagues, more global; equity funds will be opened in the autumn. This is currently timetabled for December but if there is significant interest in having more GE products available best efforts will be made to bring this forward.

5. **Fixed Income:** The investment consultant procurement is underway, and this will be followed by the Investment Manager procurement (which is targeted to finish in September 2017). Two Fixed Income funds (with an indicated £600mil in assets) were projected to launch by March '18 as per the MTFS plan, however ongoing work by the CIV has been accelerated in order to meet recent indications of borough demand for cashflow-generating investments. CIV officers will continue to work closely with members of the Fixed Income Working Group (FIWG), whose members are drawn from the IAC and every effort will be made to open the first products sooner than currently planned.

Recommendations

6. The Committee is recommended to note and discuss the content of this report.

Financial Implications

7. The financial implications are contained within the body of the report.

Legal implications

8. There are no legal implications for the Committee that have not been considered in the report.

Equalities implications

9. There are no equalities implications for the committee.

Fund Launch Pipeline Status as of 4 July 2017

Phan Phase	Fund	Current Launch Date	MTFS Launch Date	Launch Date RAG	Anticipated AuM (mil)	MTFS £ AUM (mil)	£AUM RAG	Boroughs Indications of Interest	Comment
Lift and Shift	Longview Global Equity	July	May		£450	£450		<ul style="list-style-type: none"> Harrow, Wandsworth, and Westminster moving onto CIV. Newham and RBKC to remain outside CIV. 	<ul style="list-style-type: none"> On track to launch July 17th with a possible phased investment
Global Equities Phase 1	Henderson Emerging Markets	July	Sep		£150	£150		<ul style="list-style-type: none"> 3 LLAs have given firm indications of investment. 	<ul style="list-style-type: none"> Fund operationally ready. Assets will be accepted once Indian market opening approved
	EPOCH Equity Income	Sep	Sep		£200	£200		<ul style="list-style-type: none"> No firm LLA commitments. 	<ul style="list-style-type: none"> N/A
	RBC Sustainable	Sep	Sep		£200	£200		<ul style="list-style-type: none"> No firm LLA commitments. 	<ul style="list-style-type: none"> N/A
Global Equities Phase 2	Strategy TBC	tbc	Dec	N	tbc	£150	N	<ul style="list-style-type: none"> Equity survey to be completed to finalize Global Equity Phase 2 investment strategy choices. 	<ul style="list-style-type: none"> Project plan in development with consideration being given to bringing fund launch forward to October if possible.
	Strategy TBC	tbc	Dec	N	tbc	£150	N	<ul style="list-style-type: none"> Early indications show interest in core, low volatility and low carbon 	
Fixed Income	Corporate Debt	tbc	Mar '18	N	tbc	£600 / 2 funds	N	<ul style="list-style-type: none"> Fixed income survey in process. Two thirds of LLAs have responded. 	<ul style="list-style-type: none"> LCIV Investment Oversight Committee in process of reviewing / approving procurement plan Project plan in development with consideration being given to bringing fund launch dates forward to December if possible.
	Private Debt: Direct Lending	tbc	Mar '18	N	tbc		N	<ul style="list-style-type: none"> Early survey responses and earlier work with LLAs and Group indicate interests in four strategies: 	
	Multi Asset / Illiquid	tbc	tbc	N	tbc		N	<ul style="list-style-type: none"> - Corporate Debt - Priv. Debt: Direct Lending - Multi Asset/Illiquid - Multi-Asset/Liquid 	
	Multi Asset / Liquid	tbc	tbc	N	tbc		N		

G Green: On track to deliver according the MTFS timeline and AuM.

R Red : Significant launch delay and/or issues with LLA fund transfers / commitments

A Amber: Potential/minor launch delays and/ or issues with LLA fund transfers / commitments

N Not Defined: Fund strategy and/or structure not finalized and launch plan to be developed