

Pensions CIV Sectoral Joint Committee Agenda

11 December 2017 – 10:30 – 12:30

Conference Suite (1st Floor)

At London Councils offices, 59½ Southwark St., London SE1 0AL

Refreshments will be provided

London Councils offices are wheelchair accessible

Labour Group pre-meeting: Room 1 (1st Floor) 10.00

(Political Adviser: 07977 401955)

Conservative Group pre-meeting: Room 3 (1st Floor) 10:00

(Political Adviser: 07903 492195)

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Lunch will be provided in Room 1

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***Declarations of Interests**

If you are present at a meeting of London Councils' or any of its associated joint committees or their sub-committees and you have a disclosable pecuniary interest* relating to any business that is or will be considered at the meeting you must not:

- participate in any discussion of the business at the meeting, or if you become aware of your disclosable pecuniary interest during the meeting, participate further in any discussion of the business, or
- participate in any vote taken on the matter at the meeting.

These prohibitions apply to any form of participation, including speaking as a member of the public.

It is a matter for each member to decide whether they should leave the room while an item that they have an interest in is being discussed. In arriving at a decision as to whether to leave the room they may wish to have regard to their home authority's code of conduct and/or the Seven (Nolan) Principles of Public Life.

*as defined by the Relevant Authorities (Disclosable Pecuniary Interests) Regulations 2012

Pensions CIV Sectoral Joint Committee (PSJC)

13 September 2017

Minutes of a meeting of the Pensions CIV Sectoral Joint Committee held on Wednesday 13 September 2017 at 10:30am in the Conference Suite, London Councils, 59½ Southwark Street, London SE1 0AL

Present:

City of London	Sir Mark Boleat (Chair)
Barking and Dagenham	-
Barnet	Cllr Mark Shooter
Bexley	Cllr Louie French
Brent	Cllr Sharfique Choudhary
Bromley	Cllr Russell Mellor (Deputy)
Camden	Cllr Rishi Madlani
Croydon	-
Ealing	Cllr Yvonne Johnson
Enfield	Cllr Toby Simon
Greenwich	-
Hackney	Cllr Robert Chapman
Hammersmith and Fulham	Cllr Iain Cassidy
Haringey	-
Havering	-
Harrow	Cllr Nitkin Parekh
Hillingdon	Cllr Philip Corthorne
Hounslow	-
Islington	Cllr Richard Greening
Kensington and Chelsea	Cllr David Lindsay
Kingston Upon Thames	Cllr Andrew Day
Lambeth	Cllr Iain Simpson
Lewisham	Cllr Mark Ingleby
Merton	-
Newham	Cllr Forhad Hussain
Redbridge	-
Richmond Upon Thames	-
Southwark	Cllr Fiona Colley
Sutton	Cllr Sunita Gordon
Tower Hamlets	Cllr Clare Harrison
Waltham Forest	-
Wandsworth	Cllr Maurice Heaster
City of Westminster	Cllr Suhail Rahuja

Apologies:

Bromley	Cllr Keith Onslow
Croydon	Cllr Simon Hall
Havering	Cllr John Crowder
Hounslow	Cllr Mukesh Malhotra
Merton	Cllr Philip Jones
Redbridge	Cllr Elaine Norman
Richmond Upon Thames	Cllr Thomas O'Malley
Southwark	Cllr Fiona Colley

Officers of London Councils were in attendance as were Hugh Grover (CEO, London CIV), Julian Pendock (CIO, London CIV), Brian Lee (COO, London CIV), Ian Williams (Chair of IAC), and Jill Davys (Client Relations Director (CRD), London CIV)

1. Announcement of Deputies

- 1.1. Apologies for absence and deputies were as listed above.

2. Declarations of Interest

- 2.1. There were no declarations of interest that were of relevance to this meeting.

3. Minutes of the Pensions CIV Sectoral Joint Committee AGM held on 12 July 2017

- 3.1. The following amendments to the minutes were made:
 - *Paragraph 15.2 (page 7) – Councillor Johnson said that it was agreed to follow the voting “alerts” (not “rights”).*
 - *Paragraph 15.2 (page 6/7) – Councillor Greening said that the adoption of alerts sentence needed to be strengthened.*
 - *Paragraph 15.2 (page 7) – Councillor French said that a mechanism needed to be in place “to ensure fund managers were not being provided with mixed instructions on how to proceed with shareholder voting. He said that some boroughs had previously delegated ESG matters to the fund manager in their individual investment strategies, whereas the CIV dictates that LAPFF voting policies be followed.”*

4. CEO’s Report

- 4.1. The CEO introduced the report. He informed members that in the KPI column for “Operating Cost” (page 12 of the report) the figures in “End July Forecast” (£931,311) and “End of July Actual” (£1,203,071) needed to be swapped around as they were in the wrong row. The KPIs were broadly on target.
- 4.2. Cllr Johnson thanked Jill Davys, Client Relations Director, who was leaving LCIV, for all her contributions to the CIV and wished her all the best for the future, as did all of the PSJC.
- 4.3. The CEO said that recruiting consultants previously had taken longer than anticipated. He said that it was disappointing to lose key members of staff. A replacement was also being sought for Dominique Kobler, the previous Chief Risk Officer, who had only been with the LCIV for a short period of time.
- 4.4. The CEO informed members that some people putting themselves forward for recruitment were not currently employed, and could take up the posts quickly, should they be successful.

- 4.5. The CEO said that Jill Davys had carried out a great deal of good work during her time working at the LCIV and her loss was a blow. Interviewing to find a replacement for Jill would be taking place shortly, with four potential contenders currently being considered. The CEO reassured the Committee that a high quality replacement would be recruited to the position.
- 4.6. Councillor Madlani voiced concern at recruiting staff that were not currently working in the market, especially with regards to ensuring that they were still FCA regulated. He said that there were concerns at losing a CRO and CRD and a potential loss of diversity.
- 4.7. Councillor Greening asked how many women there would be in the Senior Management Team. Councillor French said that the successful candidates needed to be able to perform the job well. The CEO said that he could bring a note on diversity to the next Committee meeting in December 2017. He informed members that there were currently three senior members of the team who were women. Councillor Heaster asked how many women were represented on the CIV Board. The CEO confirmed that there were currently two women on the Board.
- 4.10. The following comments were made about the Ministerial letter that could be found on page 17 of the report:
- The Chair said that the ministerial letter stated that all funds must participate in to a pool.
 - Councillor Greening said that these were not Central Government assets. He said that he agreed with the issue of infrastructure funding.
 - Councillor Johnson said that most borough officers were in disagreement with the contents of the letter and disliked the tone. She said that the LCIV was different from other pension “pools”. Councillor Johnson said that it was borough money being used after all.
 - Councillor Simon asked how minimum risk could be presented. He said that other pools were pooling all their equities together. There was also no current infrastructure plan. Councillor Simon said that the LCIV was not locked into private equity for the long-term. The LCIV had hedge funds that few other organisations in London had and issues like these needed to be pointed out to the Government.
 - Councillor Parekh asked if a response would be written to the Ministerial letter.
 - Councillor Rahuja said that not enough assets had been transferred yet. He emphasised the need to save taxpayers’ money, as a great deal was wasted on fees to fund managers. There were two separate issues: (a) ensuring the asset class choice was the right one (competition), and (b) the transition of

assets in to the CIV - how quickly the CIV could provide choices. Councillor Rahuja felt that the Ministerial letter was badly phrased.

- The Chair said that the objective was to reduce fund agent costs. A general response needed to be made to the letter, emphasising the various points made. The regulatory burden had also been far greater than anticipated and these had taken up the majority of the cost savings, and had slowed down creating the funds. Choice was also very important. The Chair said he would go back to the City of London and raise some of the questions asked.
- Councillor Simon said that the Government wanted a response in October 2017, and asked whether the PSJC could see a draft of this response before it was sent out. The CEO confirmed that Jill Davys would circulate a draft of this letter to the PSJC. The Chair said that a separate discussion on this needed to be had, as quite a lot of thinking was required on the issue beforehand.

4.11. The Chair confirmed that the Governance Review had already started, with the meeting of the Governance Review Steering Committee (GRSC) on 6 September 2017. Councillor Johnson informed members that the survey would be sent to the PSJC, via email, at the end of September/early October. The CEO said that he would send out a letter that on behalf of Willis Tower Watson within the next few days.

4.12. Councillor Madlani asked whether the PSJC could see the Governance Review report before it went to London Councils' Leaders Committee. The CEO assured members that this would be the case.

4.13. The Committee:

- Agreed that the CEO would bring in a note regarding the diversity of the LCIV to the next PSJC meeting in December 2017.
- Noted that a separate discussion would take place before a response to the Ministerial letter was made. The PSJC would see a draft of the response before it was sent out. Jill Davys would be responsible for drafting the initial response.
- Noted that a survey of the Governance Review would be sent to the PSJC, via email, by end of September/early October 2017, for members to complete.
- Noted that the PSJC would have sight of the Governance Review report before it went to Leaders' Committee.

5. Finance Report

5.1. The COO introduced the report that provided Committee with a finance update on delivery against the 2017/18 business plan and MTFS. The following comments were made:

- Councillor Simpson asked if cash flow and balance sheet report could be incorporated into future Finance reports. The COO confirmed that these would be reported at the next PSJC in December 2017.
- Councillor Shooter queried the £29,000 interest costs in the “opening defined benefit obligation” table on page 25 of the report. The COO confirmed that this was a notional cost of interest.
- Councillor Shooter asked about the costs of transferring pensions from the public/private sectors when joining LCIV. The CEO said that a report on 22 September would look into this and the choices to be made – (a) to continue offer the LGPS to all new staff joining or if already an LGPS member to join the “pot”, and (b) if previously from the private sector to offer them an LGPS pension. The CEO said that offering the LGPS pension was an attraction, especially in light of the fact that LCIV was already paying lower market rates for recruitment.
- The CEO said that there was an underspend in some areas of the recruiting and resources budget. He said that there was an option to get FTC consultants in place.
- The Committee noted the report and that cash flow and balance sheet would be reported in the Finance report at the PSJC in December 2017

6. Fund Performance Report

6.1. The CIO introduced the report and made the following comments:

- LCIV MJ UK Equity (Majedie) had only been in operation for a few weeks.
- LCIV Global Equity Alpha (Allianz) – looking to rotate moving out of funds
- Other funds performing well, with the exception of LCIV NW Global Equity (Newton)

6.2 The Committee noted the report.

7. Fund Launch Progress

7.1. The COO introduced the report and the following comments were made:

- Councillor Johnson asked if some further updates could be given on the “Fund Launch Pipeline August 2017” table (page 84). The COO confirmed that this had been updated recently (Longview and Henderson). The CIO said that funds in the table were new – EPOCH currently had no initial £AUM commitments.
- The CIO said that it was not economically viable to open funds that were currently empty. A paper on Infrastructure would be sent to members and a firm steer was needed on this.
- Councillor Rahuja said that Westminster had concerns with Longview Global Equity regarding their fees in general, including a transition charge that they were now requesting. No money had been transferred to Longview as a result of this.

- Councillor French asked about the costs for setting up funds that remained empty. The COO confirmed that the third party set-up costs could be between £30k to £40k depending on the type of fund, although there were no day-to-day costs attributed to this.
- The COO said that there were no costs attributed to a fund that had not been opened. If the FCA was not content after 6 months, they could look to close the fund. Councillor Greening said that a model was needed for boroughs to have a choice on transferring funds.
- Councillor Madlani asked when LCIV would have the first structures in place regarding Infrastructure. The CIO confirmed that the Infrastructure Working Group was coming together and negotiations were taking place with the LGPS (Hermes/JP Morgan)
- Councillor Johnson asked if there was a timetable for when Infrastructure would be rolled out, as this appeared to be stalling at the moment. She said that she understood that there were issues regarding regulation, but did not know how long this would take. The CEO said that the plan that was in place last year had been revisited and Fixed Incomes had been brought forward over Infrastructure. This could be separated out of the business plan.
- The CEO said it would be beneficial if boroughs could send LCIV details of their investment strategies, as talking to individual boroughs was very resource intensive.

The Committee noted the report.

8. Investment Advisory Committee Update

- 8.1. The Chair of the IAC introduced the report and said that the IAC continued to work closely with LCIV on a wide range of investment related projects.
- 8.2. The Committee noted the report

9. Quarterly Client Engagement and Stakeholder Report

- 9.1. The Client Relations Director, LCIV, introduced the report and informed Committee that a new Global Equity Manager Session II meeting was taking place today.
- 9.2. The Committee noted the report.

10. MiFID Update Report

- 10.1. The CEO introduced the report, which gave an update on the MiFID and to opt up LGPS from retail to professional status. The following comments were made:
- 10.2. Engagement with officers was currently taking place, and boroughs needed to have opted up with all of their providers. The LGA had produced a useful template, which needed to be completed and given to fund managers. Boroughs needed to give their completed forms to LCIV as soon as possible. If

there was any change to borough commitments (eg because of local elections in 2018), then the opt-up process would have to be repeated.

10.3. The Committee noted the report and the urgency in completing the LGA template and passing this to LCIV.

11. Variations of Permissions

11.1. The COO introduced the report and said that Committee approval was now needed to seek agreement to LCIV applying to the FCA for a Variation of Permissions.

11.2. The Committee agreed that LCIV proceed to prepare a resolution for shareholder approval to extend the activity of the Company to manage both authorised and unauthorised Alternative Investment Funds (AIFs).

The meeting closed at 11:45am

Pensions Sectoral Joint Committee

Item no: 4

Finance Report and update on MTFS

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

Date: Date 1st December 2017

Contact Officer: Brian Lee

Telephone: 020 7934 9818 **Email:** brian.lee@londonciv.org.uk

Summary: This report provides an update on the financial results for the six months actuals and the forecast to the end of the financial year 2017/18, including cash flow, capital adequacy calculations and a request to bill the balance of the Development Funding Charge.

Recommendations:

The Committee is recommended :-

1. To note the finance report and
 2. To confirm the Development Funding Charge for the financial year 2017/18 and
 3. To note the status of the MTFS
-

1. Finance Report

Income Statement

This report provides an update to the Committee on the income and expenditure for the six months actuals and the six months' forecast to March 2018.

Income Statement

	1H Actual	2H Forecast	Full Year Forecast	MTFS	Variance	Notes
Service Charge	1,600,000	1,600,000	3,200,000	3,200,000		
Fund Income	600,917	681,762	1,282,678	1,250,576	32,102	
LGIM Fees	127,583	136,029	263,612		263,612	1
Total income	2,328,500	2,417,791	4,746,291	4,450,576	295,715	
Facilities	(156,795)	(199,268)	(356,063)	(359,256)	3,193	
Staff Costs	(858,173)	(1,362,611)	(2,220,784)	(2,318,220)	97,436	2
Legal & Professional	(369,316)	(847,111)	(1,216,426)	(1,231,000)	14,574	3
Travel & General Expenses	(26,539)	(19,222)	(45,761)	(67,375)	21,614	
Technology	(12,368)	(224,023)	(236,390)	(308,458)	72,068	4
Data Services	(55,568)	(65,298)	(120,866)	(110,000)	(10,866)	
Total Costs	(1,478,759)	(2,717,532)	(4,196,291)	(4,394,309)	198,018	
Interest Income	4,255	6,900	11,155	15,000	(3,845)	
Depreciation	(1,078)	(1,578)	(2,656)	(1,842)	(814)	
Net Profit	852,918	(294,420)	558,498	69,425	492,918	
AUM	£5.5bn	£7.2bn		£6.3bn		

Comments on the major variances on the forecast for the full year compared to the MTFS are as follows:-

- 1 -LCIV's agreed fee of 0.5bp for negotiating lower fees with LGIM was not included in the MTFS as the PSJC agreed to this arrangement after the MTFS was approved. The agreed fee is calculated monthly and will be billed to the LLAs annually in arrears in April 2018.
- 2 Timing differences on staff recruitment which were budgeted in the MTFS to start earlier than has been achieved have led to the positive expense variance. In addition, staff turnover which was not forecast has impacted staffing levels and the recruitment target in the year. We anticipate that headcount will be @15 by year end (currently at 12) and that the recruitment for the additional ten staff as set out in the MTFS will continue in 2018/19.
- 3 After the MTFS was approved by the PSJC, it was agreed by the Board, the PSJC and input from Treasurers that third party professional fees incurred in respect of fund launches should be charged to funds rather than being expensed in the management company as this was considered to be an equitable allocation of costs relating to fund launches.
- 4 Technology, systems and related consulting costs have yet to be incurred in respect of the target operating model and systems development. Work began working with the consulting firm Alpha, who are working with a number of other pools including Brunel and Borders to Coast, in October and the initial discovery and analysis phase with recommendations are due to report to the Board in mid December. The project focuses on three areas, investment oversight, client reporting and data management.

The following table sets out the funds launched by LCIV to date and planned launches before the end of the financial year. Further details are set out in the fund launch report.

	Planned		Actual	
	Date	AUM	Date	AUM
Allianz Global Equity Alpha			Dec-15	507
Baillie Gifford - Diversified Growth			Feb-16	511
BG Global Alpha Growth	May-16	1,455	Apr-16	931
Pyrford - Global Total Return	Jun-16	200	Jun-16	188
Ruffer - Absolute Return	Jun-16	335	Jun-16	301
Newton - Real Return	Dec-16	330	Dec-16	321
Majedie - UK Equity	Apr-17	530	May-17	526
Newton - Global Equity	Apr-17	500	May-17	666
Longview - Global Equity	May-17	450	Jul-17	286
EPOCH Income Equity	Sep-17	200	Nov-17	140
HD Emerging market equity	Sep-17	200	Jan-18	80
RBC sustainable equity	Sep-17	200	Jan-18	180
Global Equity 4	Dec-17	150	Under review	
Global Equity 5	Dec-17	150	Potential low carbon tracker off ACS	

Cash flow and Balance Sheet

The cash flow analysis below shows cash movement for the first six months of the year and the forecast to March 2018. The service charge of £25k and the DFC of £50k per shareholder was invoiced in April 2017 and represents the large cash inflow in Q1.

The forecast for the second half of the year includes the balance of the DFC totalling £800k being invoiced in December and paid before the end of March 2018. Cash balances are held by Barclays Bank.

The Committee is asked note that although the fund set up costs are not expensed in LCIV and charged to the relevant sub-fund, LCIV funds the expense and recovers from the fund over a two year period so that LCIV is cash flow negative during this recovery period. At the end of September LCIV had funded £215k on behalf of fund launches.

In addition, service charges are outstanding from the following boroughs:-

Camden	£90,000
Kensington and Chelsea	£90,000
Newham	£90,000
Wandsworth	£90,000

In respect of income and expenses, management fee income and expenses generally cycle on either a monthly or quarterly basis.

Cashflow for the year 2017/18

	Q1 Actual	Q2 Actual	Q3 Forecast	Q4 forecast
Service Charge	1,425,000	525,000	450,000	800,000
Fund Income	263,437	337,480	340,881	340,881
LGIM Fees				
Cash inflow	1,688,437	862,480	790,881	1,140,881
Facilities	(121,894)	(134,901)	(99,634)	(99,634)
Staff Costs	(364,157)	(494,016)	(592,209)	(770,402)
Legal & Professional	(215,911)	(252,816)	(370,762)	(476,349)
Travel & General Expenses	(8,618)	(17,921)	(9,172)	(10,050)
Technology	(7,176)	(5,192)	(10,973)	(213,050)
Data Services	(27,255)	(28,313)	(32,649)	(32,649)
Net cash outflow	(745,011)	(933,159)	(1,115,399)	(1,602,134)
Net cash movement	943,425	(70,678)	(324,518)	(461,253)
Opening cash position	4,291,340	5,234,766	5,164,087	4,839,569
Closing cash position	5,234,766	5,164,087	4,839,569	4,378,316

The balance sheet for LCIV is set out below. The balance sheet is straightforward as there are very few capital assets. The premises and equipment are licensed from London Councils on an annual license, invoiced quarterly. LCIV currently pay £14k per desk pa which will increase in 2018/19 to £17k per desk pa.

Balance Sheet

	Actual Mar-17	Actual Sep-17	Forecast Mar-18
Non Current Assets	4,800	3,723	3,223
Current Assets	4,604,860	6,197,791	5,138,188
Current Liabilities	(299,613)	(1,038,546)	(272,866)
Non Current Liabilities	(831,000)	(831,000)	(831,000)
Net Assets	3,479,047	4,331,968	4,037,545
Capital and Reserves	4,950,033	4,950,033	4,950,033
Profit & Loss Account	(1,470,986)	(618,068)	(912,488)
Net Capital	3,479,047	4,331,965	4,037,545

Capital Adequacy

The calculation of regulatory capital follows a proscribed formula whereby the capital requirement is based on the higher of 0.02% of assets under management plus the GBP equivalent of Eur250m, compared to a quarter of the annual audited expenditure (excluding extraordinary items).

The Committee will note from the table below that the capital requirement is expected to increase by @£850k this year as the AUM increases from £3.6bn to £7.2bn. A condition of the capital adequacy calculation is that current year profits are not allowed as an asset until audited. Consequently, the forecast surplus this year will be included in permitted capital next year and improve the capital position of LCIV.

The Committee is asked to note that the FRS102 accounting deficit discussed at the PSJC meeting in July is currently included as a reduction in the surplus regulatory capital. After the exercise to address the accounting impact has been resolved, it is expected that the capital position will be increased by £831k if the resolution can be achieved before the end of the financial year.

CAPITAL ADEQUACY	Actual Mar 2017	Actual Jun 2017	Actual Sep 2017	F'cast Mar 2018
AUM	3,575	4,940	5,557	7,277
A = Initial Capital - Euro 125k	106	109	110	110
B = 0.02% of AUM in Excess of EUR 250 Mn	673	944	1,067	1,411
C = Quarter of Operating Expenses	556	576	576	576
Regulatory Capital Requirement	779	1,053	1,177	1,521
Share Capital	4,950	4,950	4,950	4,950
Retained Earnings	-1,471	-1,471	-1,471	-1,471
Current Year P&L	0	485	853	558
Total Reserves Carried Forward	3,479	3,964	4,332	4,037
Surplus/Deficit Regulatory Capital	2,700	2,426	2,302	1,958

note: current year reserves do not qualify for regulatory capital purposes

Recommendation

The Committee is asked to note the finance report.

2. Development Funding Charge ('DFC')

As the Committee is aware the DFC was designed to provide funding to LCIV necessary to support and deliver its objectives of generating cost savings and improved investment performance, which invariably requires upfront funding of costs as AUM grows over time. Over the last 12 months LCIV has grown the AUM from £3.6bn to its forecast level of £7.2bn, ahead of the MTFS AUM of £6.3bn as further funds are launched.

It was agreed with the PSJC that the DFC should be split into two parts, two thirds in April and the balance in December. Based on the foregoing financial analysis, it is recommended that the balance of the Development Funding Charge should be billed in order to ensure that the business is adequately funded to deliver benefits to stakeholders and investors. The Committee is asked to note that the DFC is an important source of funding for LCIV whilst it builds AUM. The balance of the DFC for 2017/18 totals £800k and will ensure that LCIV avoids a forecast financial loss in the year which would further erode LCIV's regulatory capital. The intention of the B shares was to provide a contribution towards the Regulatory Capital Requirements of LCIV capital funding and not funding of the operating expenses of LCIV (s3.2 of the Shareholder Agreement).

As mentioned in the finance report, LCIV is progressing recruitment and infrastructure development, although progress has not matched the MTFS, the Committee should note that favourable expense variances are timing differences rather than unnecessary expenditure. The DFC ensures that the regulatory capital of the business, which will be impacted by the growth in AUM, is not being additionally eroded through operating losses. LCIV still expects the DFC to reduce from its current level of £75k to £10k per shareholder over the next four years when AUM is forecast to be at £15bn and so the Committee is recommended to confirm the charging of the DFC of £25k per shareholder. This recommendation has also been discussed and agreed with the Board and LFAC.

Recommendation:

The Committee is recommended to confirm the charging of the full Development Funding Charge for the financial year 2017/18

3. Medium Term Financial Strategy

At the time of drafting this report, the Committee is asked to note that the MTFS is currently in progress and a draft is being presented to the Board for discussion on the 13th December. Following this meeting and subject to any comments from the Board, the updated MTFS will be circulated to the Committee for discussion and adoption at the next PSJC Committee meeting at the end of January. This timeline meets with the requirements of the Shareholder Agreement (s6.4).

Recommendation:

The Committee is recommended to note the status of the Annual Budget and MTFS.

Financial Implications

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

Legal implications

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

Equalities implications

There are no equalities implications for the Committee.

Brian Lee

1st December 2017

Fund Launch Status Report

Report by: Julian Pendock

Job title: Chief Investment Officer

Date: 11 December 2017

Contact Officer: Julian Pendock

Telephone: 020 7934 9887

Email: Julian.Pendock@londonciv.org.uk

Summary: This paper serves to update the PSJC on the progress of sub-fund openings.

Recommendations: The committee is recommended to note and discuss the contents of this report.

Fund Launch Update

- EPOCH has successfully launched with £141mil on November 8th thanks to the borough of Hillingdon.
- Henderson Emerging Markets fund launch was scheduled to launch on October 24th with Lambeth as the seed investor with £80mil. That launch is now on hold as Lambeth needs to work through Committee approval (December 7th).
- RBC was operationally ready to open on September 21st. The fund will officially launch once we have subscriptions from the boroughs. Hackney will be the seed investor with £180mil to transition in January.
- Fixed Income and other equity – please refer to CIO report.
- **Financial implications:** The MTFS plan estimated three global equity fund launches in September with £550mil in AUM. To date, one fund will launch in November with £150mil in AUM. LCIV do not have a launch date for Henderson at this time. RBC may launch in January with Hackney as the seed investor with £180mil, four months after the fund is operationally ready to open.
- **New Commercial Arrangements:** The LCIV investment team have been working with Baillie Gifford to reduce the lowest tiered fee Global Alpha from 35bps to 33bps effective immediately for AUM over £600mil. As the fund is now £1.8bn this is a significant savings.

LCIV Capacity Report (attached)

- Many of the London CIV funds have capacity constraints. The capacity limits are reviewed regularly and may change due to inflows, market conditions or new terms agreed with the investment managers. In light of the Longview capacity situation we are planning on including capacity terms in the Investment Manager Agreements.

LCIV Client Pipeline Report (attached)

- Active client pipeline report includes both seed investors for new funds and subscription/redemption activity.

2017/18 Fund Launch Status as of November 2017

Plan Phase	Vehicle Type/On-Off Platform	Fund	Current Launch Date	MTFS Launch Date	Launch Date RAG	Launch £AUM (m)	MTFS £ AUM (m)	AUM vs. Plan and/or Commitments	Current AUM	Boroughs Indications of Interest / Comment
Global Equities Phase 1	Delegated/On Platform	Henderson Emerging Markets	Jan '18	Sep		£172	£150	£22	£0	£80m Lambeth seed investor. Indications of interest: £80m Waltham Forest /£12m Enfield
	Delegated/On Platform	EPOCH Equity Income	Nov 8th	Sep		£141	£200	-£59	£145	Launched with £141mil Hillingdon
	Delegated/On Platform	RBC Sustainable	Jan '18	Sep		£180	£200	-£20	£0	Hackney £180mil seed investor
Global Equities Phase 2	tbc	Low Carbon Tracker	tbc	Dec		tbc	£150	-£150		Need to determine demand for strategies (RWC) and investment manager for low carbon tracker. Low carbon working group meeting on Oct. 31st.
	Delegated/On Platform	RWC Core Equity	tbc	Dec		tbc	£150	-£150		
Fixed Income	Delegated/On Platform	Global Bond	tbc	Mar '18		tbc	£300 per fund (on avg)	N		FI Working Group: Oct 19th
	Delegated/On Platform	Liquid MAC (2)	tbc	Mar '18		tbc		N		<u>Global Bond / Liquid MAC / Liquid Loans</u>
	Direct/On Platform	Private Debt: Liquid Loans	tbc	July '18		tbc		N		Conduct Investment Due Diligence on Preferred Managers (4 wks Oct 23rd to Nov 23rd)
	Direct/On Platform	Illiquid MAC	tbc	July '18		tbc		N		Summary Report of Investment Due Diligence to FI group (Nov 24th)
	Direct/On Platform	Private Debt: Illiquid Direct Lending	tbc	Oct '18		tbc		N		Investment Manager Beauty Parade w/ Fixed Income working group Dec 1st Board review and sign off week of Dec 4th
Infrastructure	tbc	Infrastructure Fund	tbc	Dec '18		tbc	£300	N		Finalise Product design and operational model
						MTFS Aum	£3.1bn			<u>Private Debt</u> Investment Due Diligence Nov 22-Dec 1st Summary report due diligence results Dec 4th week Investment Manager Beauty Parades w/ FI working group Dec 22nd (tbc)
										Some boroughs have requested infrastructure by the May elections. Ryan to produce client pipeline.
G on track			A AUM commitments delayed			R No firm AUM commitments / impact: delayed fund launches			N Fund structure & plan to be developed	

Client Pipeline Report

Borough	Fund	New Investor	AUM (m)	Cash or In-Specie	Funding /Transition Date	Onboarding Documents Status	Decision Date	Notes
Barking and Dagenham	BG/Epoch/NW GE/Henderson/RBC		£150				Nov 24th	Equity day 24th Nov. May move out of Kempen if they see a viable replacement.
Bexley	Newton GE /Epoch/Ruffer		£130 switch	Cash			Dec	Bexley is switching a portion of their AUM £130 out of Newton GE into Epoch £90m & Ruffer £40m
Brent	HEM/RWC							They are looking to move out of Passive Equity. Possibly HEM/RWC
Bromley	BG GA	Y	tbc	In-specie	Jan '18			Decision to transition January time frame.
Ealing	Allianz /BG GA /HEM		£208	In-specie				Allianz Redemption - Will leverage LGIM as transition manager as a portion of Allianz assets are moving to passive. BG GA £186, HEM £22
Enfield	Baillie Gifford /HEM/Longview		£165	In-specie			Nov 24th	Paul is working with Aon to decide how they will allocate £165m over Henderson, Longview & Baillie Gifford GA.
Hackney	RBC	Y	£180	In-specie	Jan '18	wip		Dependent upon other transactions - transition in Jan estimated.
Hammersmith & Fulham	Ruffer	Y	£60	Cash				Would be coming out of Majedie. Although topping up their current amount in Ruffer, they will look to divest at some point to move into Infrastructure fund.
Haringey	Ruffer	Y	£100	Cash	Dec			Pensions committee Nov 21st for decision. Two tranches £50mil per on Dec 6th & Dec 20th
Lambeth	HEM		£80	Cash		N/A	Dec 6th	The £80 is currently parked in Pyrford. Launch date has been postponed until further notice.
Waltham Forest	BG GA / HEM /Longview	Y	£320	In-specie	Jan '18	wip		Working with a transition manager to bring assets into three LCIV funds.
		Net new money	£975					

London LGPS CIV Capacity Review

Many of the London CIV funds have capacity constraints. The capacity limits are reviewed regularly and may change due to inflows, market conditions or new terms agreed with the investment managers. A review of where the funds currently stand against these capacities is shown below:

Fund (All figures in £m)	Total Capacity	Fund AUM as at 17 Oct	Current Unused Capacity	Expected Flows	Projected Unused Capacity
Allianz Global Equity Alpha	Unlimited	736		-	
Baillie Gifford - Diversified Growth	2,000/9,500*	475	1,300	-	1,300
Baillie Gifford - Global Alpha Growth	650	1,810	650	306	344
Longview - Global Equity	1,500**	440	151	210	Closed
Majedie - UK Equity	500	527	500	-	500
Newton - Global Equity	Unlimited	679		-	
Newton - Real Return	Unlimited	346		-	
Pyrford - Global Total Return	Unlimited	224		50	
Ruffer - Absolute Return	1,500	580	920	160	760
Henderson - Emerging Market Equity	500	-	500	194	306
RBC - Sustainable Equity	1,000	-	1,000	180	820
Epoch - Income Equity	750	-	750	130	620
		5,816	5,772	1,230	4,592

*The Diversified growth capacity is for the ACS is £2bn, they also have a capacity for the strategy as a whole of £9.5bn. The current size of the strategy is £6.7bn.

**The Longview capacity of £1.5bn includes LLAs invested with Longview outside of the ACS. These external investments currently total £909m.

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Pensions CIV Sectoral Joint Committee

Item no: 6

Fund Performance Report

Report by: Julian Pendock **Job title:** Chief Investment Officer

Date: 11 December 2017

Contact Officer: Julian Pendock

Telephone: 020 7934 9887 **Email:** Julian.Pendock@londonciv.org.uk

Summary: This report updates the Committee on the performance of the LCIV sub-funds

Recommendations: The committee is recommended to note and discuss the contents of this report.

LONDON CIV – QUARTERLY PERFORMANCE STATISTICS

Q3 2017 JULY – SEPTEMBER 2017

FUND (Underlying Manager)	PRICE (Pence)	FUND SIZE £M	Q3	YTD	1 year	SINCE INCEPTION	INCEPTION DATE	Number of Investors
UK Equity Sub-Fund								
LCIV MJ UK Equity (Majedie)	99.73	£523	2.74%	0.07%	N/A	0.07%	18/05/17	3
Benchmark: FTSE All Share Index			2.14%	0.83%		0.83%		
Performance Against Benchmark			0.6%	-0.76%		-0.76%		
Global Equity Sub-Funds								
LCIV Global Equity Alpha (Allianz Global Investors)	137.8	£715	3.98%	15.37%	17.81%	41.36%	02/12/15	3
Benchmark: MSCI World Net GBP Index			1.50%	6.85%	14.41%	36.32%		
Performance Against Benchmark			2.48%	8.52%	3.40%	5.04%		
LCIV BG Global Alpha Growth (Baillie Gifford)	145.5	£1,742	4.12%	17.20%	21.80%	47.05%	11/04/16	9
Benchmark: MSCI All Countries World Gross Index			2.27%	8.52%	15.50%	36.56%		
Performance Against Benchmark			1.85%	8.68%	6.30%	10.49%		
LCIV NW Global Equity (Newton)	100.9	£661	0.40%	1.11%	N/A	N/A	22/05/17	3
Benchmark: MSCI All Countries World Gross Index			1.96%	3.09%				
Performance Against Benchmark			-1.56%	-1.98%				
Multi Asset Sub-Funds								
LCIV PY Total Return (Pyrford)	108.3	£223	-0.91%	0.93%	1.50%	8.30%	17/06/16	3
LCIV Diversified Growth (Baillie Gifford)	115.5	£434	0.65%	5.31%	7.43%	17.53%	15/02/16	5
LCIV RF Absolute Return (Ruffer)	109.3	£539	-0.72%	-1.16%	0.83%	10.20%	21/06/16	5
LCIV NW Real Return (Newton)	102.7	£343	-0.85%	2.27%	N/A	3.71%	16/12/16	3
Total LCIV Assets Under Management		£5,557						18

Data taken from Bloomberg as at 30/09/2017

All performance reported Net of fees and charges with dividends reinvested

Important Information

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LONDON CIV

LCIV NW Real Return Fund
Q3 Manager Review
October 2017

CIV Investment Team

Newton Real Return Fund

Inception date 16/12/2016

Fund Size £343m
(as at 30/09/2017)

Number of holdings N/A

Benchmark 1month Libor +3% per annum
over 5 years (Net)

Investment objective

The sub-fund's objective is to achieve real rates of return in Sterling terms. The Sub-fund seeks a minimum return of cash (1 month GBP LIBOR) +3% per annum over 5 years net of fees.

Investment Policy

The sub-fund invests 100% in the Newton Real Return Fund to achieve its objective. Reference to Newton or the portfolio refers to the Newton Real Return fund.

Agenda

1. Review the second quarter performance of the fund and any significant drivers of returns.
2. Discuss any portfolio activity relating to the quarter.
3. Offer an overview of the macroeconomic views of the real return team.

	LCIV Newton Real Return	1month Libor +3% (annualised)
Q3 2017	-0.85%	1.00%
Since LCIV Inception	3.71%	3.20%

Source: Bloomberg, as at 30/09/2017. Net of fees with dividends re-invested. Libor is shown on an annualised basis since inception.

Executive summary

The LCIV NW Real Return Fund delivered a -0.85% net return for the second quarter, and a 3.71% return since its December 2016 inception.

The Newton strategy comprises a return seeking core with a layer of stabilizing assets and hedging positions. The return-seeking core was mostly flat over the quarter, with the equity portfolio delivering positive gains. The appreciation of GBP detracted slightly from the fund's performance, but the largest drag on performance came from the equity derivative positions, which were deployed to protect the fund from an equity market correction.

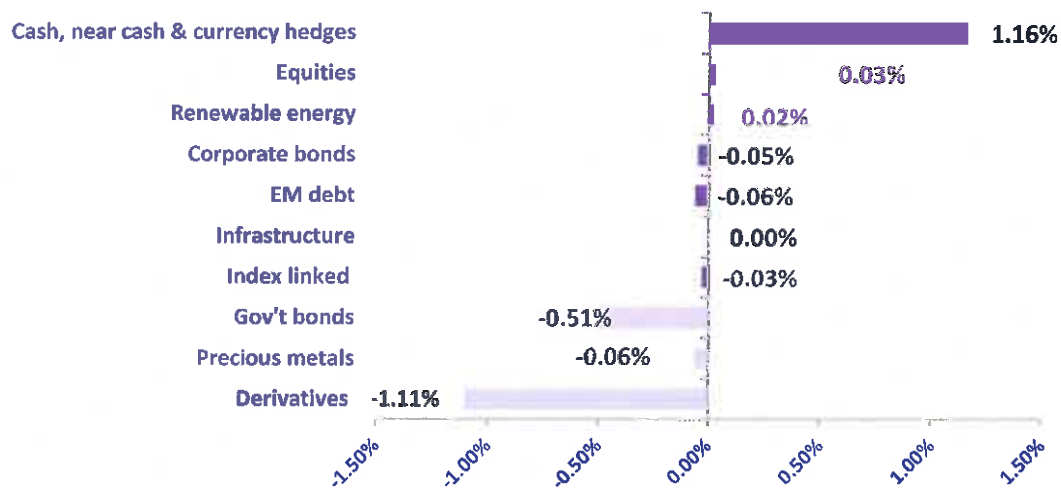
The manager remains fundamentally cautious, given the plethora of macroeconomic, market and geopolitical risks. It should be noted that Iain Stewart, the lead PM on the strategy, will be largely stepping back from his responsibilities. A co-lead structure will be introduced, with Suzanne Hutchins and Aron Pataki stepping up.

Q3 performance review¹:

The LCIV NW Real Return Fund delivered a -0.85% net return during the third quarter. The largest contributor to performance came from currency forward positions, with cash, cash equivalents and hedges contributing 1.16%. Equities were flat overall in the quarter. The major detractor from equity performance was Teva Pharmaceuticals, which fell by approximately 45% in the quarter.

Infrastructure and Emerging Market Debt was a marginal drag on performance. Holdings in US, Australian and New Zealand government debt were a more material drag, with a -0.51% performance impact.

Key contributors to return Q3 2017



Portfolio activity²:

Duration sensitivity was reduced further during the quarter (through a reduction in US Treasury exposure) as the manager remains wary of the risk of a rise in yields in the short term. There have been some detailed discussions with the manager concerning the mechanisms for duration management within the portfolio. Further detail is shown below:

Bond derivative protection summary (% portfolio)

Total protection

¹ Source: Newton Investment Management & Pace. Data relates to Newton's direct fund holdings which does not perfectly correlate with the returns received by local London authorities but serves as a reasonable approximation.

² Source: Newton investment management Q2 2017 investment report.

Bond duration has been kept low, but this was insufficient to protect the portfolio from losses in government bonds.

The one area which warranted more investigation pertained to the hedging policy of the fund manager. The use of S&P500 index futures to protect against equity market falls was arguably inefficient, and this issue was compounded by a mismatch between the index and Newton's underlying equity holdings. The cautious stance of the manager meant that the equity holdings are reasonably defensive, and therefore on a net basis, the manager was effectively running a short position in the economically-sensitive economic constituents such as banks. The major impact is likely to have come from being short of the "FANG" stocks (Facebook, Amazon, Netflix and Google (now rebranded Alphabet)), in an environment where the vast majority of gains in the S&P500 came from the FANG grouping.

Macro discussion

Newton has maintained its cautious stance, in common with Newton's thematic approach. The concerns include stretched market valuations, the prospect of higher rates, trade disruptions, economic and political risk emanating from China, the maturity of the business cycle (especially in the US), and the withdrawal of liquidity from markets as Quantitative Easing becomes Quantitative Tightening (QT).

The below table from Newton illustrates the difference between US market valuations and macroeconomic considerations at this point in the cycle, versus 1981 (which many market participants had been using as a comparator).

End 1981	United States	Q2 2017 ¹
12%	Fed funds rate	1.25%
14%	10-year bond yield	2.3%
\$149 billion	Monetary base	\$3.8 trillion
10.7%	Profit margins (national accounts) ²	15.4% ⁴
7.8x	S&P cycle adjusted P/E ³	30.1x
5.8%	MSCI USA dividend yield	2.0%
27	Average age of baby boomer	62

Notes:

¹ 30 June 2017.

² Calculated by the Bureau of Economic Analysis in the US in calculating the national accounts.

³ Used 10 years of earnings to remove the effect of the economic cycle from the P/E calculation.

⁴ Data as at 31 March 2017.

Source: Datastream, Bloomberg, US Census Bureau, Newton.

CIO conclusion:

The cautious stance thus far has been the “pain trade”, particularly being effectively net short of the FANG stocks. The use of derivatives (which cost the fund just over 5% over the last 12 months) was the key performance drag. The change in portfolio manager responsibilities for the fund also bears watching, and CIV officers will continue to monitor this closely.

Meeting Attendees

Team CIV:

Julian Pendock; CIO
Rob Hall, Head of Equities

Newton:

Iain Stewart; Portfolio manager
Philip Shucksmith; Portfolio manager

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LONDON CIV

LCIV Diversified Growth Fund (Baillie
Gifford) Q3 Manager Review
25th October 2017

CIV Investment Team

LCIV Diversified Growth Fund (Baillie Gifford)

Inception date 15/2/2016

Fund Size £435.8m
(as at 30/09/2017)

Number of holdings N/A

Benchmark N/A

Investment objective

The objective is to achieve long term capital growth at lower risk than equity markets.

Agenda

1. Review the second quarter performance and the significant contributors across the various sub-asset classes.
2. Discuss any portfolio activity relating to the quarter.

LCIV BG Diversified Growth	
Q3 2017	0.65%
Since Inception	17.5%

Executive summary

The fund delivered a 0.65% in the third Quarter. Markets remain benign and monetary policy remains accommodative. The riskier allocations in the fund (equities, corporate bonds) were the salient performance contributors as these markets continued to rise. The Central Bank rhetoric is increasingly hawkish, however, and the team are increasingly concerned that the impending tightening may derail the increases in equity and corporate bond markets. Nevertheless, the improving growth characteristics in economies should counteract this, according to the manager.

The Baillie Gifford ('BG') team have become slightly more risk-on in Q3. The main asset allocation move is out of traditional investment grade and high yield bonds and into emerging market debt although they have also increased allocations to equity. They have also added to

the Absolute Return positions to increase the embedded protection within the portfolio in case of a market shock. The team retain a 10% allocation to cash which has been around their average liquid holding over the past 3 years for opportunistic investing.

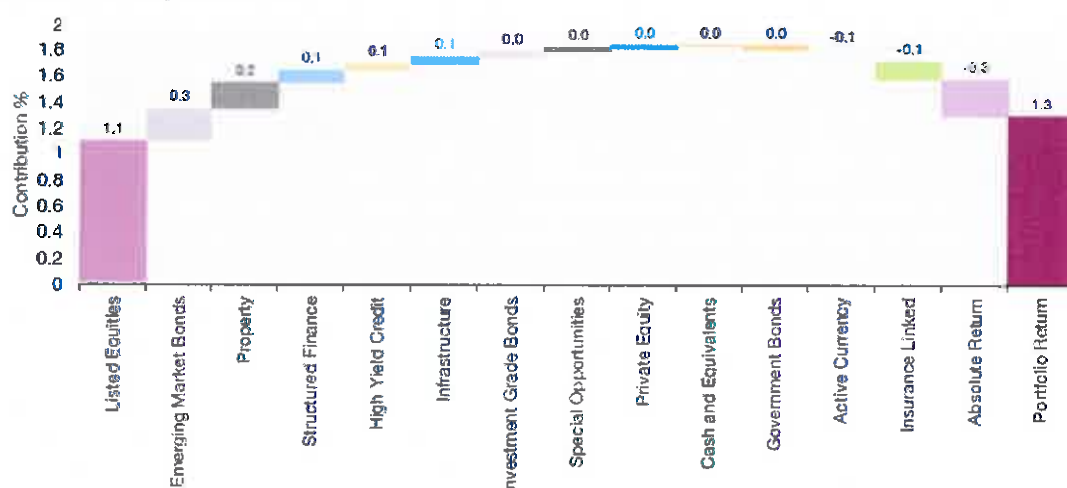
Q3 performance review:

The fund continued its decent performance in Q3 as the risk assets performed well. This brings the 12 months performance (net of fees) to 7.6% to 30th September 2017. The majority of the performance over the quarter came from the listed equity space, as markets continued their grind to record levels. However, unlike many peers in this space, the team at Baillie Gifford can see plenty of reason for optimism. They believe that accommodative monetary policy is likely to continue, as the central banks are likely to err on the side of caution when raising rates, rather than risk triggering a market sell-off. Furthermore, inflation remains low and stable, the global economy is growing at an accelerating rate and unemployment figures are falling. It is this backdrop which has led almost all risk assets higher over the last 12 months and Q3 was no different.

The chart below (courtesy of Baillie Gifford) shows the performance attribution over the quarter. As one can see, the main driver of performance was the equity portfolio, which contributed to 1.1% out of the 1.3% (gross of fees) return. The average exposure to listed equities during this period was 21.1%, which was the largest allocation in the fund to any one asset class.

Contributions to Performance

Quarter to 30 September 2017



Given the managers' perceptions of a relatively benign market backdrop, they are happy to let this weighting increase, as it has been over the last 2 years. However, the managers are concerned that markets may be due a correction, as there is increasing trepidation over the

valuations of the equity markets among participants. Therefore, the level of protection and cash employed by the portfolio has also increased.

The manager employs a scenario-based portfolio construction methodology, where numerous scenarios are modelled and then a probability assigned to each one. The team will then optimise the portfolio such that the expected return in any given scenario is as large as possible, with a higher weighting given to those which have a higher perceived probability. The team have noted that their scenarios have become increasingly wide-ranging of late, which means that a barbell strategy (buying risk assets and protection assets at the same time), is the obvious route.

This is likely, however, to increase the cost of implementation in the form of hedging cost, so care must be paid to structuring the protection.

Portfolio activity:

Significant transactions:

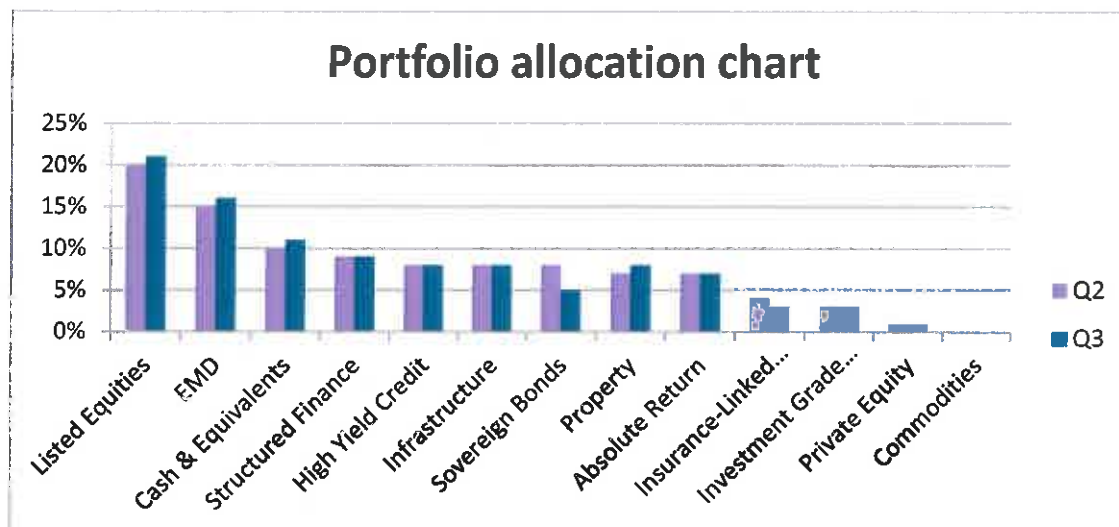
➤ Equities:

The team added to their equities position over the quarter, maintaining a bias towards Europe, Japan and Emerging Markets as they perceive these to be the areas which are still benefiting the most from central bank support.

➤ Emerging Market Bonds:

The team remain bullish on the case for Emerging Market debt and selectively added to positions in this space. Specifically, the managers added to positions in Argentinian and Indian bonds, but also added some new positions in Egyptian T-bill and a Peruvian bond. The managers believe that these offer attractive returns as well as diversification from the other risk exposures within the fund.

The chart below shows the high level changes to the portfolio over the quarter.



Source: Baillie Gifford (as at 30/09/2017)

Sovereign bonds and Insurance-Linked Securities made way for the increases in listed equities, EMD and Property. Part of this was down to market moves, but the majority was due to the reasons outlined above.

Conclusion:

The fund continues to materially outperform other DGFs in the market. It is, however, apparent that the fund does have a higher proportion of risk-weighted assets in the portfolio in order to achieve this. The manager believes that the environment remains a benign one and, while valuations are reaching high levels, with the level of stimulus and benign backdrop, they have reason to and could go further. The test of this strategy will come when growth markets do fall. Then we will see how well the protection portfolio has been structured and whether it will be enough to counteract the large positions held in the riskier markets.

There were no changes to the process or personnel during the quarter.

Meeting Attendees

Team CIV:

Robert Hall; Head of Equity

Baillie Gifford:

David McIntyre; Investment Manager
Chris Murphy; Client RM



LONDON CIV

LCIV RF Absolute Return Fund
Q3 Manager Review
July 18th 2017

CIV Investment Team

LCIV RF Absolute Return Fund

Inception date 21 June 2016

Fund Size £473m
(as at 30/06/2017)

Number of holdings N/A

Benchmark Not applicable

Investment objective

To achieve low volatility and positive returns in all market conditions. Capital invested in the Sub-fund is at risk and there is no guarantee that a positive return will be delivered over any one or a number of twelve-month periods

Investment policy

The ACS Manager aims to achieve the objective by investing solely in the CF Ruffer Absolute Return Fund, and cash and near cash.

Agenda

1. Review the quarterly performance of the fund.
2. Explain any portfolio changes relating to the second quarter.
3. Briefly discuss the macroeconomic views of the Ruffer team.

LCIV Ruffer Absolute Return Fund	
Q3 2017	-0.72%
Since LCIV Inception	10.20%

Source: Bloomberg, as at 30/06/2017. Net of fees with dividends re-invested.

Executive summary

The Absolute Return fund continued to lose ground in Q3, as a combination of option cost, positioning in inflation-linked bonds hurt performance. Whilst equity selection was a positive the portfolio was not in the fastest moving areas of equity markets, so the returns from growth assets were not sufficient to offset protective positions.

The team are maintaining conviction in these positions, arguing that they are well-protected both if inflation rises significantly as well as if inflation stays at these levels. The large amount of monetary stimulus and the prospect of fiscal policy on the horizon means that the third scenario of inflation falling is over-priced, according to the managers.

While there was some continued options cost in the quarter, the team at Ruffer are happy to accept this as it is these positions that will protect the portfolio in the event that, as both fixed interest and equity markets have risen simultaneously over the past 7 years, they will also fall simultaneously. Historic correlation analysis and fundamental CAPM thinking will not serve to protect should this occur and the team are happy to pay for the protection. The last 30 years having been characterized by falling rates and falling inflation, which has supported asset prices, and negative correlation at times of stress. In the event that these dynamics change the protection Ruffer hold may (in their view) be the only safe haven. In the meantime the manager hopes that the growth assets (principally equities) will be able to drive positive returns.

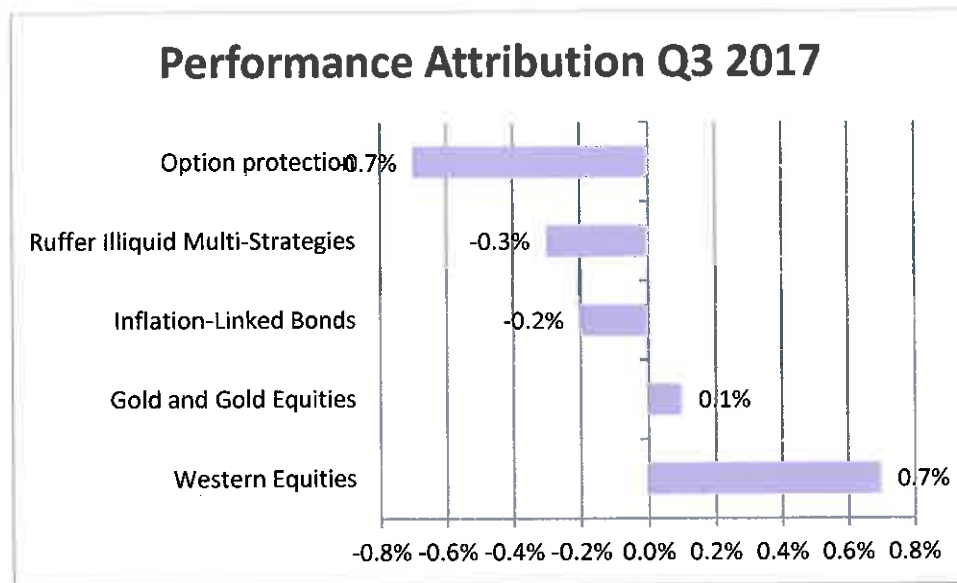
Q3 performance review

It is the philosophy at Ruffer that their portfolios should be able to make steady positive returns in all market conditions, this might give the appearance of being like “driving a tractor on a motorway”, slow and steady but relentless. The last 18 months have, in the managers’ own words, been “the most difficult [he] can remember” as potential risks have increased, but the asset prices still grind higher. The team at Ruffer are therefore positioning the portfolio with a defensive mindset, building in protection for as many scenarios as possible without nullifying the exposures. As volatility in these markets continues to fall, the value of this protection has, on an accounting basis, continued to fall and thus hurt the fund.

Nevertheless, the manager is adamant that this protection is worth paying for, as the historical inverse relationship between bonds and equities appears to have stalled, and both asset classes appear expensive.

Inflation-linked bonds were a detractor to performance as higher inflation readings led to more hawkish rhetoric from the Bank of England, which drove bond market yields higher. The breakeven rate, however, was broadly unchanged, which meant that Inflation-linked gilts perversely underperformed.

Stock selection helped performance in equities, with BP being the stand-out performer. Higher oil prices meant that investors flocked back into the Energy sector more broadly, and BP in particular, bringing Q3 performance to 10% for the stock.



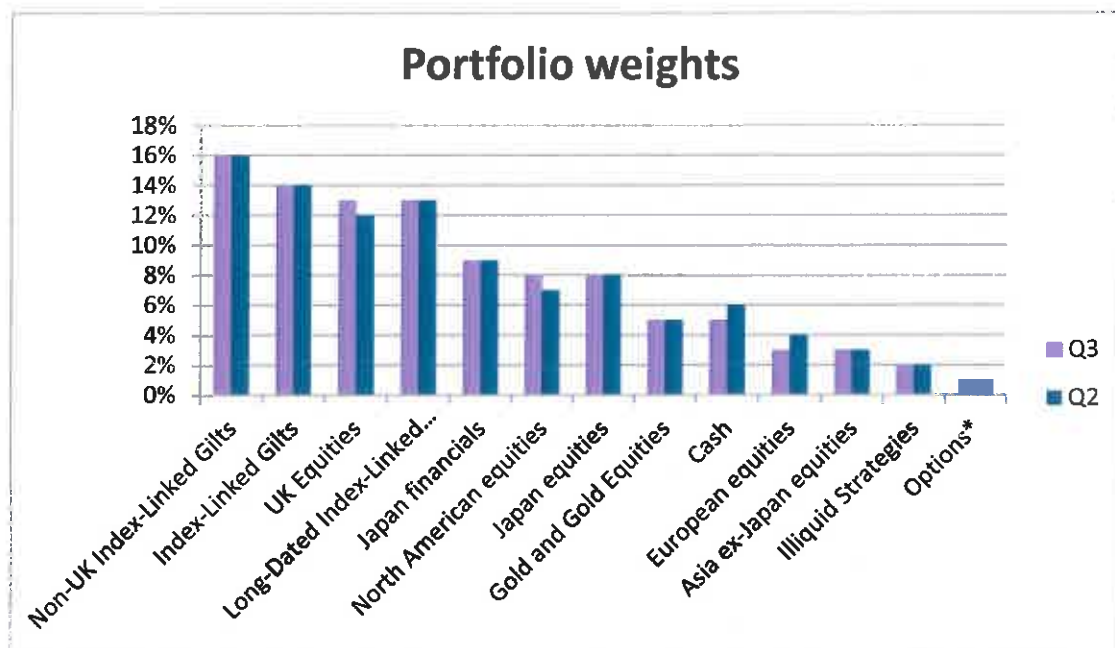
Source: Ruffer

From an asset allocation perspective, the portfolio is dominated by Index-Linked gilts (27% of portfolio), half of which is in Long-dated securities. Furthermore, there is a 16% weighting to Non-UK Index-linked bonds (US and Canadian) and 5% in Gold (and gold equities), which emphasises the expectations of negative real yields within the fund. To balance this view, the managers have opted to invest in financial equities (particularly in Japan) and tilt the equity portfolio towards more economically sensitive names. Japan is a market they believe has the highest optionality should inflation not increase from current levels.

In a departure from other multi-asset funds, the team at Ruffer believe that the markets are currently upside down. The more stable a company cash flows are, the more they are being used as bond proxies and are therefore inherently risky in a period of rising rates; this viewpoint implies that many equities seen as "quality" companies are especially vulnerable to any market correction brought about by higher interest rates. The fund is, instead, choosing to adopt a more special situations strategy for the equity portfolio, which accounts for around 40% of the fund. With the exception of a macro call on financials, which is partly hedging the Inflation-linked bond area of the portfolio, the manager is choosing to increasingly rely on the in-house analyst idea generation capabilities and less on market price-based screens to increase the diversification within the portfolio.

Portfolio positioning

Ruffer made few changes to positioning in the third quarter, as shown in the chart below.



Source: Ruffer

The manager remains cautious of the general environment, in particular the crowded nature of key trades. The portfolio is therefore adopting a barbell strategy, attempting to benefit from both inflation-benign (Bank equities) and inflation-hostile (Index-Linked Gilts) environments. While the protection is continuing to prove expensive for the fund, the highly convex nature of these instruments is, in the manager's view, worth the cost.

Conclusion:

The negative performance of the fund over the quarter was primarily due to the fall in option pricing, due to the ever-lower levels of volatility. While this has been the case for the last two quarters, the high convexity and flexibility within these instruments does, according to the manager, provide unique protection that is otherwise impossible to achieve. The manager did manage to avoid the broad-based rotation out of "defensive" sectors in the equity market, as he had predicted these to be the most overvalued areas. The manager is attempting to increase the diversification in the portfolio by any means necessary, be it from a geographical, sector, or asset class perspective. The manager believes that this is the only way to continue to protect client money in the upcoming market "hurricane".

Meeting Attendees

Team CIV:

Robert Hall; Head of Equity

Ruffer

Alex Lennard; Investment Director

David Balance; Investment Director



LONDON CIV

LCIV RF Absolute Return Fund
Q3 Manager Review
July 18th 2017

CIV Investment Team

LCIV RF Absolute Return Fund

Inception date 21 June 2016

Fund Size £473m
(as at 30/06/2017)

Number of holdings N/A

Benchmark Not applicable

Investment objective

To achieve low volatility and positive returns in all market conditions. Capital invested in the Sub-fund is at risk and there is no guarantee that a positive return will be delivered over any one or a number of twelve-month periods

Investment policy

The ACS Manager aims to achieve the objective by investing solely in the CF Ruffer Absolute Return Fund, and cash and near cash.

Agenda

1. Review the quarterly performance of the fund.
2. Explain any portfolio changes relating to the second quarter.
3. Briefly discuss the macroeconomic views of the Ruffer team.

LCIV Ruffer Absolute Return Fund	
Q3 2017	-0.72%
Since LCIV Inception	10.20%

Source: Bloomberg, as at 30/06/2017. Net of fees with dividends re-invested.

Executive summary

The Absolute Return fund continued to lose ground in Q3, as a combination of option cost, positioning in inflation-linked bonds hurt performance. Whilst equity selection was a positive the portfolio was not in the fastest moving areas of equity markets, so the returns from growth assets were not sufficient to offset protective positions.

The team are maintaining conviction in these positions, arguing that they are well-protected both if inflation rises significantly as well as if inflation stays at these levels. The large amount of monetary stimulus and the prospect of fiscal policy on the horizon means that the third scenario of inflation falling is over-priced, according to the managers.

While there was some continued options cost in the quarter, the team at Ruffer are happy to accept this as it is these positions that will protect the portfolio in the event that, as both fixed interest and equity markets have risen simultaneously over the past 7 years, they will also fall simultaneously. Historic correlation analysis and fundamental CAPM thinking will not serve to protect should this occur and the team are happy to pay for the protection. The last 30 years having been characterized by falling rates and falling inflation, which has supported asset prices, and negative correlation at times of stress. In the event that these dynamics change the protection Ruffer hold may (in their view) be the only safe haven. In the meantime the manager hopes that the growth assets (principally equities) will be able to drive positive returns.

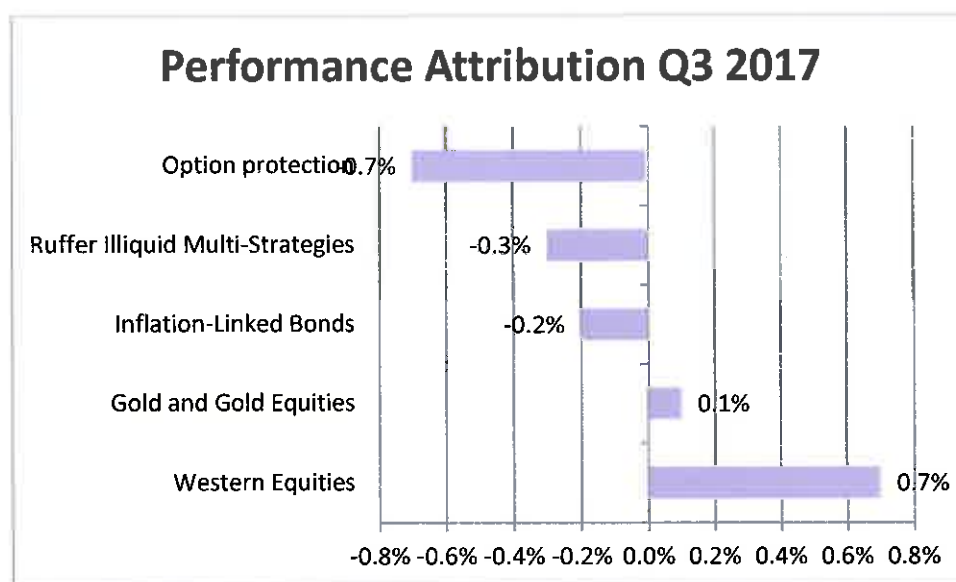
Q3 performance review

It is the philosophy at Ruffer that their portfolios should be able to make steady positive returns in all market conditions, this might give the appearance of being like “driving a tractor on a motorway”, slow and steady but relentless. The last 18 months have, in the managers’ own words, been “the most difficult [he] can remember” as potential risks have increased, but the asset prices still grind higher. The team at Ruffer are therefore positioning the portfolio with a defensive mindset, building in protection for as many scenarios as possible without nullifying the exposures. As volatility in these markets continues to fall, the value of this protection has, on an accounting basis, continued to fall and thus hurt the fund.

Nevertheless, the manager is adamant that this protection is worth paying for, as the historical inverse relationship between bonds and equities appears to have stalled, and both asset classes appear expensive.

Inflation-linked bonds were a detractor to performance as higher inflation readings led to more hawkish rhetoric from the Bank of England, which drove bond market yields higher. The breakeven rate, however, was broadly unchanged, which meant that Inflation-linked gilts perversely underperformed.

Stock selection helped performance in equities, with BP being the stand-out performer. Higher oil prices meant that investors flocked back into the Energy sector more broadly, and BP in particular, bringing Q3 performance to 10% for the stock.



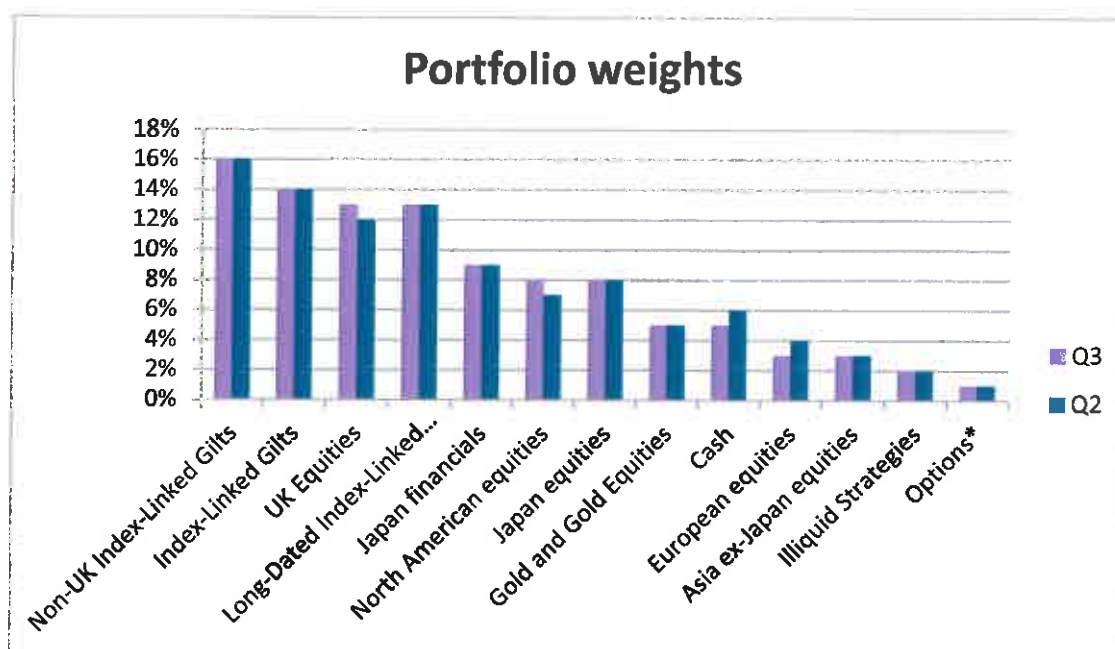
Source: Ruffer

From an asset allocation perspective, the portfolio is dominated by Index-Linked gilts (27% of portfolio), half of which is in Long-dated securities. Furthermore, there is a 16% weighting to Non-UK Index-linked bonds (US and Canadian) and 5% in Gold (and gold equities), which emphasises the expectations of negative real yields within the fund. To balance this view, the managers have opted to invest in financial equities (particularly in Japan) and tilt the equity portfolio towards more economically sensitive names. Japan is a market they believe has the highest optionality should inflation not increase from current levels.

In a departure from other multi-asset funds, the team at Ruffer believe that the markets are currently upside down. The more stable a company cash flows are, the more they are being used as bond proxies and are therefore inherently risky in a period of rising rates; this viewpoint implies that many equities seen as “quality” companies are especially vulnerable to any market correction brought about by higher interest rates. The fund is, instead, choosing to adopt a more special situations strategy for the equity portfolio, which accounts for around 40% of the fund. With the exception of a macro call on financials, which is partly hedging the Inflation-linked bond area of the portfolio, the manager is choosing to increasingly rely on the in-house analyst idea generation capabilities and less on market price-based screens to increase the diversification within the portfolio.

Portfolio positioning

Ruffer made few changes to positioning in the third quarter, as shown in the chart below.



Source: Ruffer

The manager remains cautious of the general environment, in particular the crowded nature of key trades. The portfolio is therefore adopting a barbell strategy, attempting to benefit from both inflation-benign (Bank equities) and inflation-hostile (Index-Linked Gilts) environments. While the protection is continuing to prove expensive for the fund, the highly convex nature of these instruments is, in the manager's view, worth the cost.

Conclusion:

The negative performance of the fund over the quarter was primarily due to the fall in option pricing, due to the ever-lower levels of volatility. While this has been the case for the last two quarters, the high convexity and flexibility within these instruments does, according to the manager, provide unique protection that is otherwise impossible to achieve. The manager did manage to avoid the broad-based rotation out of "defensive" sectors in the equity market, as he had predicted these to be the most overvalued areas. The manager is attempting to increase the diversification in the portfolio by any means necessary, be it from a geographical, sector, or asset class perspective. The manager believes that this is the only way to continue to protect client money in the upcoming market "hurricane".

Meeting Attendees

Team CIV:

Robert Hall; Head of Equity

Ruffer

Alex Lennard; Investment Director

David Balance; Investment Director

Important information

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LONDON CIV

LCIV Global Equity Alpha (Allianz)
Q3 Manager Review
12th October 2017

CIV Investment Team

LCIV Global Equity Alpha (Allianz) Fund

Inception date 2/12/2015

Fund Size £713m
(as at 30/09/2017)

Number of holdings 49

Benchmark MSCI World Index

Investment objective

The Sub-fund aims to achieve capital growth by outperforming the MSCI World Index Total Return (Net) GBP by 2% p.a. net of fees.

Agenda

1. Review the latest quarterly performance of the portfolio.
2. Outline any changes to portfolio holdings.

	Allianz GEA	MSCI World
Q1 2017	4.0%	1.5%
Since LCIV Inception (annualised)	20.84%	18.47%

Source: Bloomberg, as at 30/09/2017 Net of fees with dividends re-invested. Inception date = 02/12/2015

Executive summary

Performance has been strong this year, outperforming the benchmark by 8.5% to 30th September (15.4% v. 6.9%)¹. This was largely driven by the growth bias and an overweight in IT, a sector which has performed strongly in 2017. Stock selection was also additive to performance both over the last Quarter and the year as a whole.

There have been no significant changes to the Global Equities business at Allianz GI, although there is a greater focus on research costs which may lead to a change in the near future. The team continues to be stable and they have added a dedicated Consumer Discretionary analyst during the Quarter. Bixuan Xu previously worked on the Graduate program and has been working closely with the team for almost a year.

¹ Source: Allianz Global Investors

As is the case with many market participants currently, the team are concerned with valuations at present. To reduce the sensitivity to a pullback, the manager has incorporated more technical analysis to ensure that the “stretched” stocks are given priority in trading. This may lead to lumpy trading in the short term.

Q3 Performance review:

The fund has had a strong year and Q3 was a continuation of this theme, outperforming the index by 2.5% net of fees. This was primarily driven by an overweight in IT, which combined with the stock selection within this sector contributed over 1% to relative performance over the Quarter. Tencent was one of the primary drivers of this, as the market continues to react positively to both the organic growth story and the swathe of acquisitions which the Chinese tech giant has effected this year. There are some concerns that this performance has meant that the stock price is now extrapolating unreasonable expectations, so the manager is paring back the overweight to the stock.

Elsewhere, Healthcare stock Abbvie had a strong Quarter, due to a combination of the FDA approving their Mavyret drug and the resolution of the long-standing patent dispute in the favour of the company. Abbvie shares reacted positively, jumping 17% in one week on the news.

Relative detractors were also on the long side, with Wabtec in particular losing the fund 38 bps over the Quarter. The stock lost 20% in 2 days following the CEO downgrade of earnings at their Q3 call. Furthermore, the possibility of recovery for earnings, while probable, was pushed out past the year end, leading many analysts to downgrade the stock. Despite the stock having been one of the poorest performers in the portfolio this year, Lucy MacDonald believes that the stock price reaction has been overdone and has added to the position on weakness.

Portfolio activity:

Significant transactions:

- Purchases
 - o Albemarle 1.5% position
 - o Roper Technologies 1.3% position
- Sales
 - o Monsanto
 - o United Technologies

CIO conclusion:

The fund continues to enjoy 2017 amid the growth-driven markets and an excellent stock selection performance, but the change in trading does indicate that there is some trepidation in the absolute levels of stock prices. The bottom-up nature of the fund does leave it open to large macro or sector reversals and although the team have begun to implement more technical analysis to counteract this on a stock-specific level, it is doubtful that it will significantly protect against a more widespread move.

Meeting Attendees

Team CIV:

Julian Pendock; CIO

Robert Hall; Head of Equity

Allianz

Lucy Macdonald; Portfolio Manager

Joanne Wheatley; Client RM

Important information

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LONDON CIV

LCIV UK Equity Fund (Majedie)
Q3 Manager Review
16th October 2017

CIV Investment Team

LCIV UK Equity Fund

Inception date	18th May 2017
Fund Size	£523.3m (as at 30/09/2017)
Number of holdings	87
Benchmark	FTSE All Share Total Return Index

Investment objective

The Sub-fund aims to achieve capital growth by outperforming the FTSE All Share Total Return Index by 2% p.a. over a rolling 3 year window.

Agenda

1. Review the latest quarterly performance of the portfolio.
2. Outline any changes to portfolio holdings.

	Majedie UK Equity Fund	FTSE All Share TR
Q3 2017	2.7%	2.1%
Since LCIV Inception	0.1%	0.8%

Source: Bloomberg, as at 30/09/2017 Net of fees with dividends re-invested. Inception date = 18/05/2017

Executive summary

The fund has performed well over the Quarter, outperforming the FTSE All Share Index by 0.6%. This is perhaps slightly unexpected, given their cautious view on the markets, but strong performances from the sector positions and underlying stocks proved to outweigh the cautious tones within the portfolio.

While the fund has underperformed the index since inception, the team have managed significant outperformance over the longer term. Their apparent skill in minimizing downside capture is impressive, given that this is a long-only portfolio.

There have been no changes to the team or the process since the inception of the LCIV fund.

Q3 Performance review:

The fund performed well in Q3, outstripping a buoyant benchmark. Sector underweights in Tobacco and Biotech particularly helped, as these stocks suffered from adverse regulatory news in the US. Overweights in Mining stocks also helped as Anglo American and KAZ Minerals, in particular, performed strongly.

Detractors were mainly stock specific in companies such as Glencore, Ryanair and WM Morrisons, all of which are still held within the portfolio.

Positioning is still exhibiting a cautious tilt, with the managers pulling in their Mining exposure and adding some Gold stock positions to protect from any inflation shocks. The managers continue to focus more on those companies which are less exposed to a weaker Sterling, such as Food retailers and Telecoms. The thesis is that, while GBP has had a decent rebound over the course of the year, the trend is looking increasingly weak and there are signs that it is reversing. Import companies, such as the majority of Consumer Staples stocks, will suffer headwinds in this environment. Domestic UK stocks are better-protected from these headwinds, so one should expect the proportion of UK-based earnings to grow in the near term.

The Food Retailer position is a salient one in the portfolio and one which is not widely shared among the manager universe. The managers believe that stocks such as Tesco, WM Morrisons and Marks & Spencer are cheap, relative to their history and the optionality within. Operating margins have already risen from 0% - c.4% over the last 18 months in the case of Tesco, and any food price inflation is likely to help this grow further in the future.

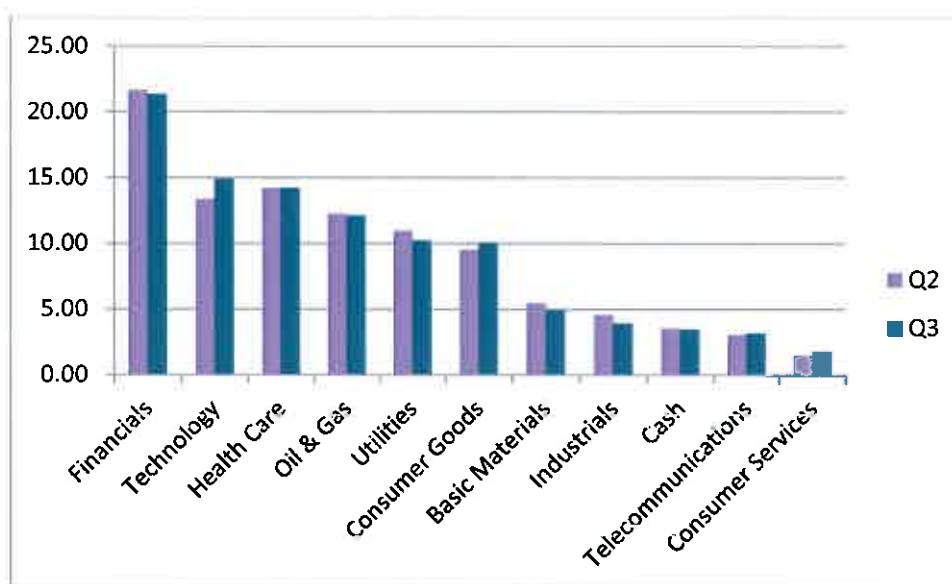
Portfolio activity:

Significant transactions:

- Purchases:
 - o BP
 - o SSE
 - o Associated British Foods
 - o Rio Tinto
- 📄 Sales
 - o GlaxoSmithKline
 - o Anglo American
 - o Card Factory

Portfolio evolution

The chart below gives the sector evolution of the portfolio over the quarter.



Source: Majedie

The largest change at a sector level has been the increase in Technology and Consumer Goods. The former was largely due to additions in Sage Group, an enterprise software group which is headquartered in Newcastle. The Consumer Goods increase reflects additions to the Food Retailers, as well as the new acquisition in Associated British Foods.

Basic Materials have decreased despite strong performance due to the manager selling positions on the strength.

CIO conclusion:

Majedie are, like many of their peers, increasingly bearish about the state of the markets given current valuations. However, positioning at the sector level helped the fund to outpace the Index during the quarter. Despite this, one should expect that the fund will exhibit lower beta over longer time periods, given the defensive stance in the portfolio. There have been no changes to the team or the process over the course of the year.

Meeting Attendees

Team CIV:

Robert Hall; Head of Equity

Allianz

James de Uphough, PM

James Mowat, Client Service



LONDON CIV

LCIV NW Global Equity (Newton)
Q3 Manager Review
20th October 2017

CIV Investment Team

LCIV NW Global Equity (Newton) Fund

Inception date 22/05/2017

Fund Size £661m
(as at 30/9/2017)

Number of holdings 62

Benchmark MSCI All Countries World Index

Investment objective

The Sub-fund aims to achieve capital growth by outperforming the MSCI All Countries World Index Total Return (Gross) GBP.

Agenda

1. Review the first quarter performance of the portfolio.
2. Outline any changes to portfolio holdings.

	Newton	MSCI World
Q3 2017	0.4%	2.0%
Since LCIV Inception	1.1%	3.1%

Source: Bloomberg, as at 31/09/2017 Net of fees with dividends re-invested.

Executive summary

While the performance was lacking during the quarter, perhaps what is more disappointing is the driver of that performance. At a stock and a sector level, the fund failed to anticipate market movements over the quarter and there is evidence of regret aversion bias creeping into the process as transactions have risen on the back of this poor performance.

Nevertheless, the themes in the portfolio remain well-defined, with a particular focus on companies with low debt which are either proving to be disruptors, or at least aligned with those disruptors. The distortion from the quantitative easing and tightening processes are less likely to be a major driver to this portfolio, although the manager does believe that the strong performance in financials over the last 12 months is unlikely to continue against this backdrop.

There have been no changes to the process or the personnel for the fund.

Q3 Performance review:

During the Quarter, the fund underperformed the Index by 160bps. According to the manager's own attribution, around half of this underperformance (82bps) was down to one stock, Teva Pharmaceuticals. This was due to a debt-funded acquisition of Actavis from Allergan, which not only meant that the company became very highly leveraged, but also failed to produce the promised initial cash flow to begin paying down that debt. Without a CEO, the market perceived that the turnaround would be delayed and the stock price plummeted by 47% on the news. It would be unfair to castigate the manager based on an ill-advised M&A story. However, the fact that the stock price had peaked in mid-2015 and the debt levels were steadily increasing even before the acquisition meant that avoiding this should have been possible.

Aside from Teva, the fund was also hurt by the overweight position in the Tobacco sector, after the FDA announced that they would start the process of forcing nicotine content in cigarettes down to non-addictive levels in July. British American Tobacco, Japan Tobacco and Altria all fell by over 10% on the news.

On the positive side, the fund's overweight to IT helped performance, although the stock selection within that tempered the result somewhat. Positions in Alphabet (Google) and Apple helped, but the fact that the fund did not own Facebook and Netflix hurt, relative to the index.

In accordance with the houseview, the manager is positioning the fund more cautiously into year-end as valuations are at historic levels and there are seemingly a limited amount of stocks of sufficient quality at attractive valuations for him to purchase. Therefore, he is happy to maintain a cash weighting of c.5% from here and it is likely that this will rise further in the near future.

Portfolio activity:

Significant transactions:

Purchases:

- Sony
- Blue Buffalo Pet Products
- Costco Wholesale
- Samsung

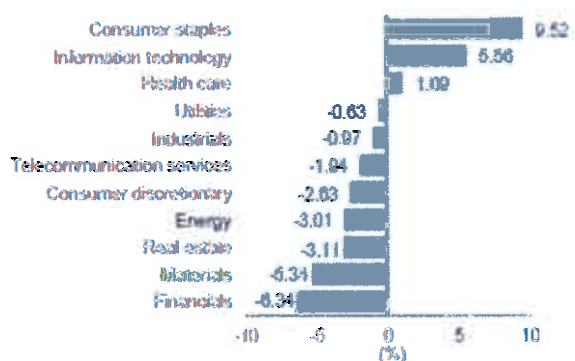
Sales:

- Teva
- Anheuser-Busch Inbev
- Walt Disney
- Express Scripts
- Dun & Bradstreet

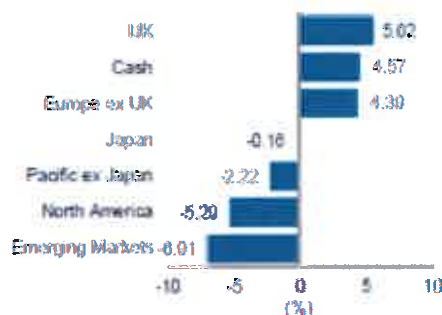
Portfolio positioning:

The chart below shows the relative sector and regional positions within the fund, compared to the MSCI All World Country Index.

Sector allocation (relative %)



Regional allocation (relative %)



Source: Newton, 30 September 2017.

As the charts show, the fund has a large overweight to Consumer Staples, although this has been trimmed since the last Quarter. Despite holding an overweight to IT, which continued to perform relatively well over the quarter, the manager missed out on the best performers within that space (Facebook and Netflix). Nevertheless, his holdings in Amazon and Apple did help performance on both an absolute and relative basis.

The underweight in financials continues to hurt on a relative basis, as expectations of interest rate rises being favourable to net interest margins for banks has led to a re-rating within that sector. The manager believes the transmission mechanism for this to occur is opaque at best and is therefore staying clear of the bigger banks.

Personnel changes:

There were no personnel changes over the Quarter.

Conclusion:

The fund has had a difficult Q3, underperforming the Index by 160 bps. While the manager was clearly disappointed with the performance, the frustrating fact is that a significant part of this could, and perhaps should, have been avoided. Indications are that the sell discipline has been weak, as evidenced in the case of Teva, but also in the Tobacco examples. Nevertheless, the manager does have a very different portfolio to others on the platform and this is likely to continue to do so in the future due to the more thematic style of the process.

Meeting Attendees

Team CIV:

Julian Pendock; CIO

Robert Hall; Head of Equity

Allianz

Jeff Munro; PM

David Moylett; Client RM

Important information

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Pensions CIV Sectoral Joint Committee

Client Engagement Report

Item no: 7

Report by: Kevin Cullen **Job title:** Client Relations Director
Date: 30 November 2017
Contact Officer: Kevin Cullen
Telephone: 020 7934 9844 **Email:** Kevin.Cullen@londonciv.org.uk

Summary: This report covers the various forms of engagement with the LLAs since the last report

Recommendations: The committee is recommended to note the contents of this report

Introduction

This report covers the interaction the CIV has had with the LLAs since the beginning of October via formal pension committee and pension board meetings, ad hoc meetings, committees, working groups and various events. Kevin Cullen was appointed as the new Client Relations Director effective 9th November. Kevin brings to the team over 25 years' experience of working with LGPS clients. A resourcing review of the client team has been initiated to meet the growth plans of the CIV and the increasing levels of engagement with our various stakeholders. The acquisition of a client management system in Q1 2018 will greatly help us plan, manage and record these various interactions.

Investment Advisory Committee (IAC) meetings

The October IAC covered the ongoing Governance review and MiFID opt ups the LLA need to complete and the November gathering focussed on investment opportunities in affordable housing with a presentation by JB Financial Consulting.

Pension Committee meetings

The CIV attended five pension committee meetings in November (Kingston, Greenwich, Enfield, Hounslow, Camden) with another three in the diary before year end. These focussed on recent changes at the CIV, the growth in assets on the platform, as well as updates on new products and proposed product launches.

Pension Board meetings

The CIV made presentations to the pension boards of Westminster and Tower Hamlets during November providing updates on developments at the CIV and outlining plans for new fund launches. Some CIV governance issues were raised and these have been fed into the governance review.

Ad hoc

Individual meetings were held with Haringey, Westminster, Hillingdon, Southwark and City of London to discuss general strategy, current and future plans, and to introduce the CIV's new Head of Equities, Rob Hall.

Fixed Income Working Group

The October meeting concentrated on the CIV's manager procurement progress to date, while at the November meeting the Group was provided with detailed analysis of the criteria used to arrive at the short list of managers who will be attending the 'beauty parade' in early December.

Infrastructure Working Group

The November meeting focussed on the work Ryan Smart has done in understanding the needs of our clients in this area. The CIV is organising an infrastructure seminar for the LLAs which is scheduled for late January 2018.

Global Equity Working Group

The October meeting was the first since the beginning of the year. This meeting was an introduction to our new head of equities, we had discussions about RWC who came through the global equity procurement on the Core strategy, Global Value funds and Reporting were also discussed.

Member Low Carbon Group

The group met for the first time to ascertain the most efficient route to market. The Investment team were tasked to explore the most suitable products, they have followed up with a paper detailing the products available, these include passive, active and "semi-active" funds.

Events

The CIV exhibited at the London Councils Annual Summit at The Guildhall in November.

Client Reporting

The introduction of the Client Portal, available via the CIV website, has been a great success, giving LLAs the ability to access detailed fund information updated on a daily basis. The new monthly fund information sheets have also been well received. The proposed client reporting software, that is scheduled to be introduced in early 2018, will further enhance our reporting proposition.

Transition Management

Feedback from a number of LLAs suggests that there is a growing expectation that the CIV would be expected to play a more active role in the transition of assets onto the CIV platform. This is likely to become more of an issue as the take up of CIV platform strategies accelerates and we start to see LLAs moving between CIV platform strategies. A meeting was held with Allenbridge to discuss their advisory service and a meeting with Northern Trust(NT) Transition Management is scheduled for early December to explore their TM offering and any advantages they might be able to offer LLAs (NT are the ACS's administrator/custodian as well as custodian for a large proportion of the LLAs' pension fund assets. Both Allenbridge and NT were recently appointed to the LGPS National Transition Management Framework.

Recommendations

1. The committee is recommended to note the contents of this report

Financial implications

2. There are no financial implications for London Councils

Legal implications

3. There are no legal implications for London Councils.

Equalities implications

1. There are no equalities implications for London Councils

Annex

IAC and working group membership

Annex

Investment Advisory Committee	
Name	Organisation
David Dickinson	Barking & Dagenham
Ravinder Jassar	Brent
Peter Turner	Bromley
Nigel Mascarenhas	Camden
Kate Limna	City of London
Nigel Cook	Croydon
Bridget Uku	Ealing
Paul Reddaway	Enfield
Julian Gocool	Greenwich
Ian Williams (Chair)	Hackney
Rachel Cowburn	Hackney
Thomas Skeen	Haringey
Tracie Evans	Haringey
Iain Millar	Harrow
Sian Kunert	Hillingdon
Clive Palfreyman	Hounslow
Mike Curtis	Islington
Joana Marfoh	Islington
Hamant Bharadia	Lambeth
Mark Hyde-Harrison	London CIV
Julian Pendock	London CIV
Brian Lee	London CIV
Lorraine Hendrickson	London CIV
Kevin Cullen	London CIV
Ryan Smart	London CIV
Chloe Crouch	London CIV
Caroline Holland	Merton
Stephen Wild	Onesource
Mark Maidment	Richmond & Wandsworth
Paul Guillotti	Richmond & Wandsworth
Duncan Whitfield	Southwark
Gerald Almeroth	Sutton
Bola Tobun	Tower Hamlets
John Turnbull	Waltham Forest
Debbie Drew	Waltham Forest
Matthew Hopson	Tri-Borough (Westminster, K&C, H&F)

Fixed Income Working Group	
Name	Organisation
Bridget Uku	Ealing
Paul Reddaway	Enfield
Rachel Cowburn	Hackney
Sian Kunert	Hillingdon
Paul Audu	Merton
Stephen Wild	Onesource
Paul Guillotti	Richmond & Wandsworth
Bola Tobun	Tower Hamlets
Debbie Drew	Waltham Forest
Matthew Hopson	Tri-Borough (Westminster, K&C, H&F)

Infrastructure Working Group	
Name	Organisation
David Dickinson	Barking & Dagenham
Nigel Mascarenhas	Camden
Iain Millar	Harrow
Joana Marfoh	Islington
Paul Audu	Merton
Paul Guillotti	Richmond & Wandsworth
Debbie Drew	Waltham Forest
Matthew Hopson	Tri-Borough (Westminster, K&C, H&F)

Global Equity Working Group	
Name	Organisation
Kate Limna	City of London
Paul Reddaway	Enfield
Rachel Cowburn	Hackney
Sian Kunert	Hillingdon
Paul Guillotti	Richmond & Wandsworth
Bola Tobun	Tower Hamlets
Debbie Drew	Waltham Forest

Council members Low Carbon Working Group	
Name	Organisation
Cllr Yvonne Johnson (Chair)	Ealing
Cllr Maurice Heaster	Wandsworth
Cllr Robert Chapman	Hackney
Cllr Fiona Colley	Southwark
Cllr Mukesh Malhotra	Hounslow
Cllr Clare Bull	Haringey
Cllr Mark Ingleby	Lewisham
Cllr Keith Onslow	Bromley
Cllr Peter Barnett	Waltham Forest
Cllr Louie French	Bexley
Borough Treasurers	
Ian Williams	Hackney
Duncan Whitfield	Southwark
John Turnbull	Waltham Forest
LCIV	
Julian Pendock	
Robert Hall	
Chloe Crouch	