



Derbyshire Pension Fund Update to Pensions and Investments Committee

PRESENTED BY

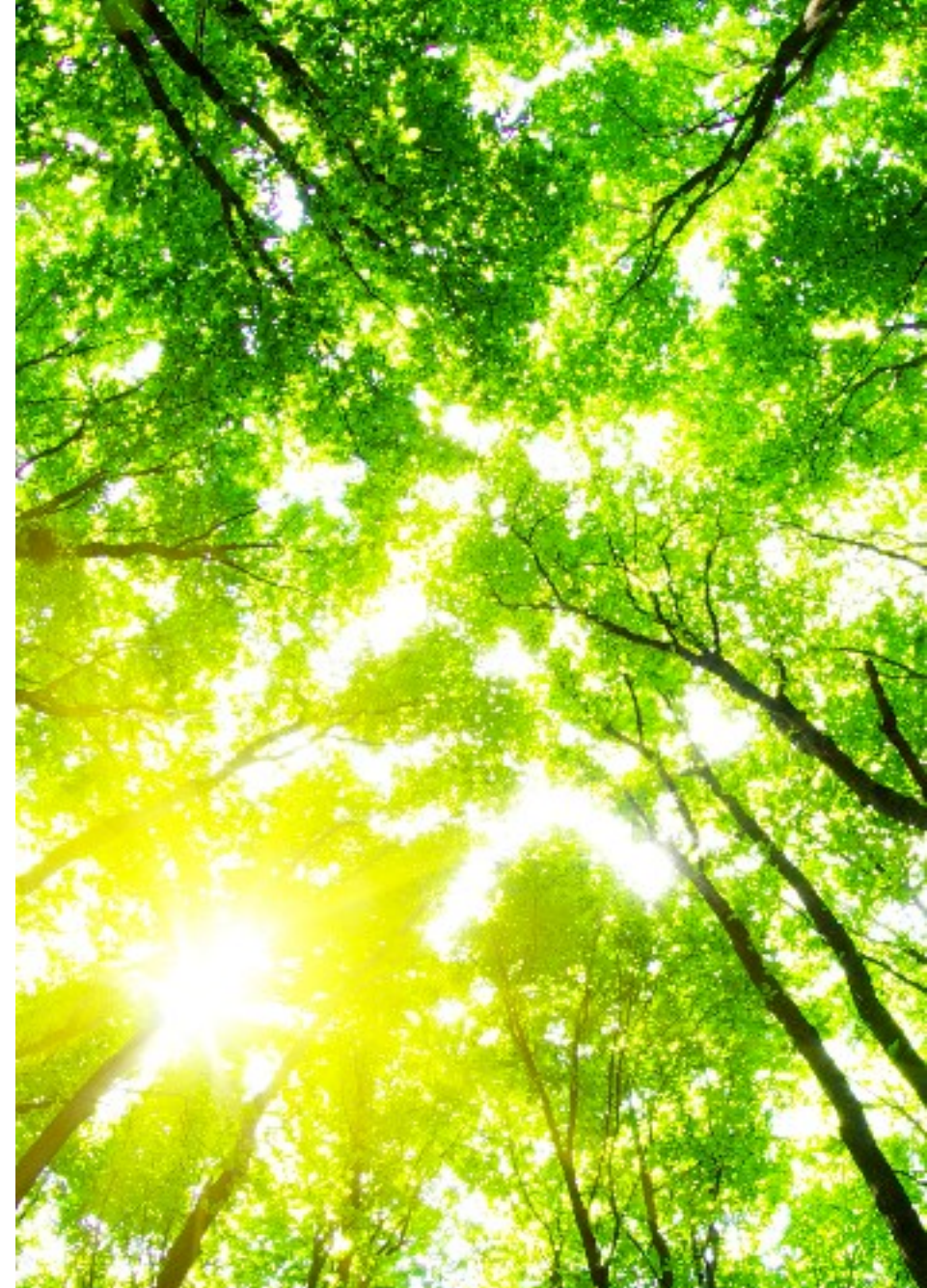


MIKE WESTON
CEO



MATT JONES
Chief Stakeholder Officer

19 October 2022



Agenda:

AREAS FOR DISCUSSION

- Company Update
- Investment Funds
 - DPF's investments in LGPS Central Funds
 - DPF's investment performance
 - Product Development
 - Responsible Investment and Engagement
- Staffing and Recruitment
- Summary



LGPS Central – Key Themes for 2022/23



FOUR AREAS OF FOCUS FOR LGPSC BOARD AND MANAGEMENT TEAM



Fund Performance



Recruitment and Retention



Business Maturity



The Future

LGPS Central Update



£28.5bn

Assets under our stewardship
As at 30/06/2022

£55.3bn

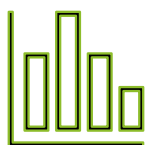
Collective assets of Partner Funds
As at 30/06/2022

52%

Pooled assets
As at 30/06/2022

£250m

Projected net savings by 2033/34



23 funds

Launched since 2018

13 funds

Launched this financial year

38

External managers

21.0%

Staff Turnover



100%

Responsible Investment Integrated Status

67

Employees

8

Partner Funds

Net Zero

Commitment on assets under our
stewardship 2050



UK
Stewardship
Code 2020

Signatory

3,326

Votes at meetings
(engagement activity)

TCFD

Reports Prepared

Diversity
Project

Member

LGPS Central Funds Launched



23 PUBLIC AND PRIVATE MARKET FUNDS LAUNCHED SINCE 2018

Fund	Launched
UK Equity (Passive)	2018
Global Equity (Passive)	2018
Global Dividend Growth (Passive)	2018
Multi-Factor Fund (Passive)	2021
● Climate Factor Fund (Passive)	2019
Global Equity Multi-Manager Fund (Active)	2019
● EM Equity Multi-Manager Fund (Active)	2019
● Corporate Bonds Multi-Manager Fund (Active)	2020
EM Fixed Income Multi-Manager (Active)	2020
Global MAC Multi-Manager Fund (Active)	2021
Global Sustainable Equity Broad (Active)	2022
Global Sustainable Equity Targeted (Active)	2022
Global Sustainable Equity Thematic (Active)	2022

Fund	Launched
Private Equity - 2018 Primary	2019
Private Equity - 2018 Co-Investment	2019
Private Equity - 2021 Primary	2021
Private Equity - 2021 Co-Investment	2021
Private Inflation Credit Fund	2021
● Private Lower Credit Fund	2021
Private Higher Credit Fund	2021
Infrastructure Core Fund	2021
Infrastructure Value Add Fund	2021
Infrastructure JPMorgan Fund	2021

5 Passive funds launched since inception of LGPSC

8 Active funds launched since inception of LGPSC

GSE Fund launched May 2022

● DPF have invested in these Funds

DPF Investments in LGPS Central Funds



ASSETS UNDER MANAGEMENT 31 AUGUST 2022

Asset Class	Fund	DPF's Assets	Total Fund AUM	DPF % of Fund
Passive Equity	LGPS Central Limited All World Equity Climate Multi Factor Fund	£310.1m	£4,221.1m	7.3%
Active Global Equity	LGPS Central Limited Emerging Market Equity Active Multi Manager Fund	£180.9m	£831.9m	21.7%
Fixed Income	LGPS Central Limited Global Active Investment Grade Corporate Bond Multi Manager Fund	£339.7m	£1,524.0m	22.3%
Private Credit	LGPS Central Credit Partnership II	£50m ¹	£1,025m ¹	4.9% ¹

Over £850m
assets invested
with LGPSC

¹ Commitment Amount

DPF Investments in LGPS Central Funds



CHALLENGING TIMES FOR ACTIVE MANAGEMENT

Annualised Performance Since Inception to 31 August 2022	Inception Date	Fund (% p.a.)	B'mark (% p.a.)	Within Tracking Error
Passive ACS Funds				
LGPS Central Limited All World Equity Climate Multi Factor Fund	October 2019	11.3	11.1	
Annualised Performance Since Inception to 31 August 2022	Inception Date	Fund (% p.a.)	B'mark (% p.a.)	Target (% p.a.)
Active ACS Funds				
LGPS Central Limited Emerging Market Equity Active Multi Manager Fund	July 2019	1.0	4.1	6.1
LGPS Central Limited Global Active Investment Grade Corporate Bond Multi Manager Fund	March 2020	-0.8	-0.8	0.1

Product Development:



FUTURE FUND LAUNCHES



Private Debt

Two sleeves: one is investment grade infrastructure debt (inflation linked) and the other, sub-investment grade infrastructure debt and real-estate debt 1st close at the end of June, this will remain open-ended



Targeted Return

Partner Funds engaged on strategies/managers to be included with launch expected Q1 2023



Direct Property

Finalising legal documents and FCA application with launch anticipated end of November 2022



Indirect Property

Agreement made to proceed with the Residential sleeve and an Overseas sleeve

Responsible Investment & Engagement

SIGNIFICANT JOINT ACHIEVEMENTS OVER THE LAST 6 MONTHS

- Agreed Pool and Company Net Zero Targets
- Delivered Company Stewardship Code Report and assisted those Partner Funds that also wanted to report in Q1 2022
- Refreshed the Climate Risk Monitoring Service, with additional Net Zero Relevant Metrics
- RI due diligence on Private Market Fund Launches and ongoing monitoring of external managers
- Significant engagements
 - Credit Suisse and Glencore
 - Deforestation, Plastic pollution, Climate Change and Human Rights



Responsible Investment & Engagement

PRIORITIES FOR THE NEXT SIX MONTHS



Complete Climate Risk Monitoring for SPF (including scenario analysis) later this year



Procurement of ESG tool and associated analysis



Finalize Net Zero Implementation Strategy and Metric Gathering



Extend Carbon Analysis to Private Markets



Recruitment to bring RI Team back to 6 people



Modern Slavery Statement



Staff are our only Asset



POSITIVE INFLUX OF NEW AND REPLACEMENT HIRES BUT RETENTION IS DIFFICULT

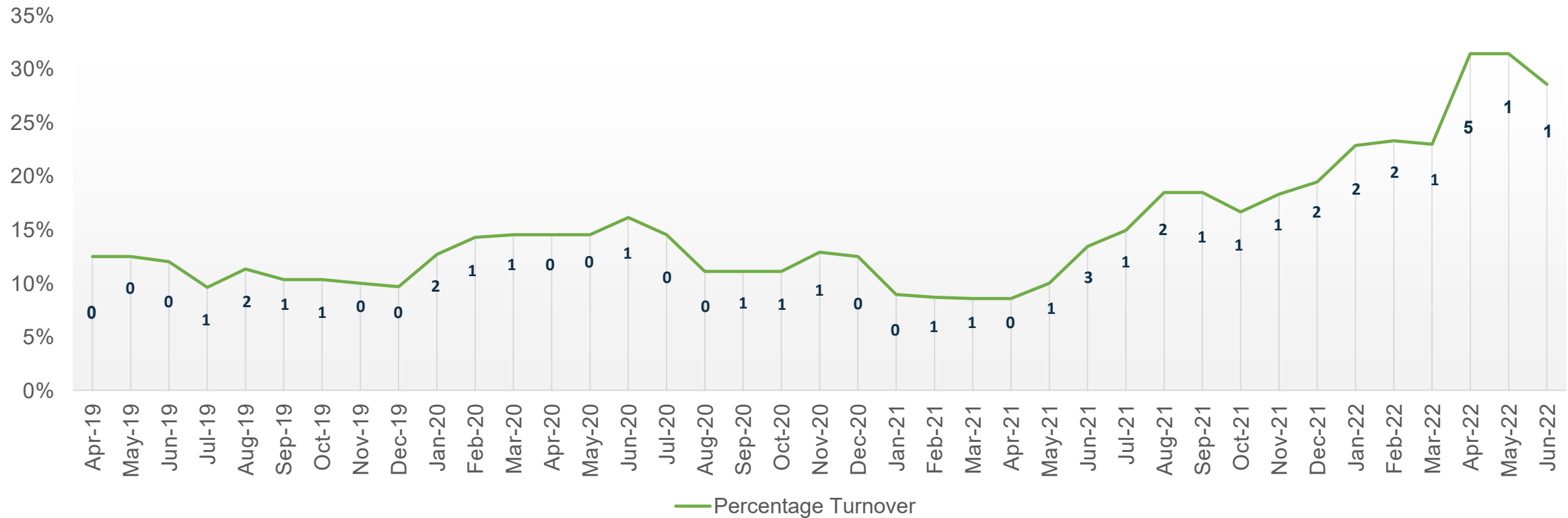
- Successful new hires that joined in September:
 - Chief Stakeholder Officer **Matthew Jones**
 - Chief Legal, Compliance & Risk Officer **Struan Fairbairn**
 - RI Integration Manager (FTC) **Justin Sloggett**
 - Compliance Manager **Mohammed Nadeem**
 - Investment Operations Manager **Jaytin Patel**
 - Admin Assistant **Rhys Khan**
- 3rd Graduate cohort started in early October
- Highly competitive recruitment market
 - Inward recruitment taking longer
 - The quality and skills of LGPSC Ltd staff make them attractive to alternative employers
 - Exit interviews consistently cite "Remuneration & Benefits" packages and "Location" as reasons for leaving



Staff Turnover has Risen over the Last Year

COVID RE-EVALUATION, REMOTE WORKING AND 3-YEAR POINT ALL CONTRIBUTING

Rolling 12-Month Staff Turnover



Numbers below the line depict number of leavers in the month
 Data calculation: number of leavers over a 12-month period over head count

Summary

CONTINUING PROGRESS IN A CHALLENGING ENVIRONMENT

- Staff **retention** remains a key challenge and focus for the Board and Senior Management



- Responsibly achieved Investment **performance** is our top priority
- Continuing growth of **Private Markets** partnerships to facilitate increasing Partner Fund asset allocations
- **Cost savings** are being achieved

- Cumulative **breakeven** within sight
- **What next** once new fund launches and asset transitions plateau?

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Share Class and Benchmark performance displayed in GBP.

Performance is shown on a Net Asset Value (NAV) basis, with gross income reinvested where applicable.

All information is prepared as of **06 October 2022**

This document is intended for **PROFESSIONAL CLIENTS** only.

“One Central team, working in partnership to invest with purpose and deliver superior returns”

