



# Derbyshire Pension Fund

## *LGPS CENTRAL LIMITED UPDATE ON POOLING*

PRESENTED BY



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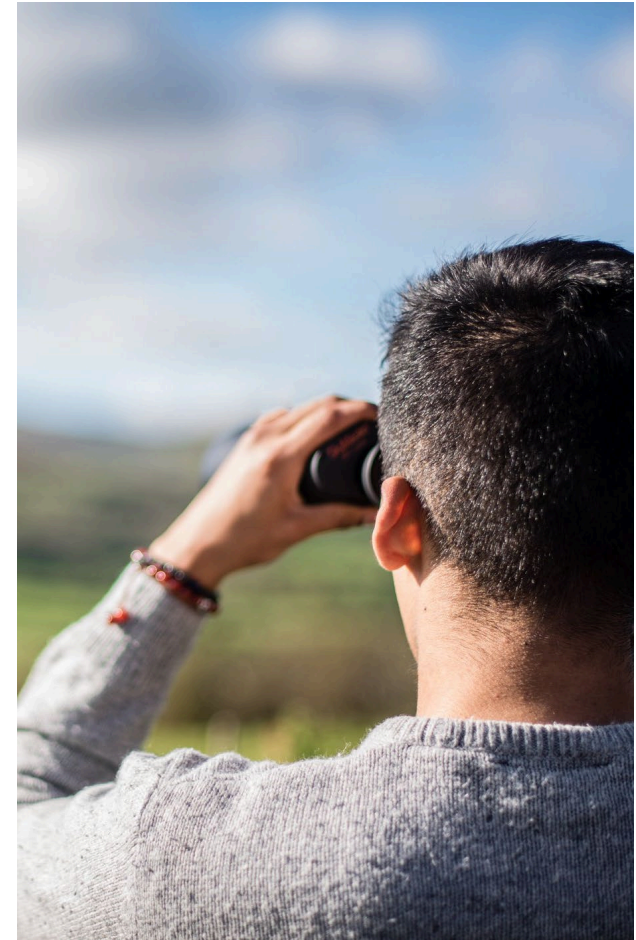
**21<sup>st</sup> July 2021**



# Agenda

## AREAS FOR DISCUSSION

- LGPS Central Update
- Looking forward
- Responsible Investment and Engagement
- Summary





# LGPS Central Update

**Mike Weston**



# LGPS Central and DPF



## DPF'S POOLING COMPANY: LGPS CENTRAL

- Working together with DPF and Partner Funds to provide **access** to a **wide range of asset classes tailored** to meet the **needs of DPF**
- Using **combined purchasing power** enables LGPSC to negotiate discounts to investment manager fees on behalf of DPF
- Ability to **reduce any governance burden** on DPF with LGPS Central taking on vital role of manager monitoring
- **Product Development** a priority with a further 4 funds to be launched over 2021:
  - Private Equity
  - Targeted Return
  - Sustainable Equity
  - Property



- **1/4** actively managed funds **ahead of target** since inception
    - 5/10 individual managers ahead of target
  - **3/4** funds **ahead of benchmark** since inception
    - 8/10 individual managers ahead of benchmark
  - **c. £23.6bn** assets under stewardship
- 
- The team continues to grow with **dedicated staff** to meet the needs of DPF
  - Working in **partnership with our shareholders** to drive the success of LGPS Central

# Recap: DPF Investment Summary



## ASSETS UNDER MANAGEMENT 31 MAY 2021

Asset Class	Fund	DPF's Assets	Total Fund AUM	DPF % of Fund
Active Emerging Market Equity	LGPS Central Limited Emerging Markets Equity Active Multi Manager Fund	£143m	£899m	16%
Active Global Fixed Income	LGPS Central Limited Investment Grade Corporate Bond Multi Manager Fund	£376m	£1,603m	23%

Over c. £500m assets invested with LGPSC

Working closely with DPF for on-going development of Funds

## PERFORMANCE SUMMARY: INCEPTION TO 31 MAY 2021

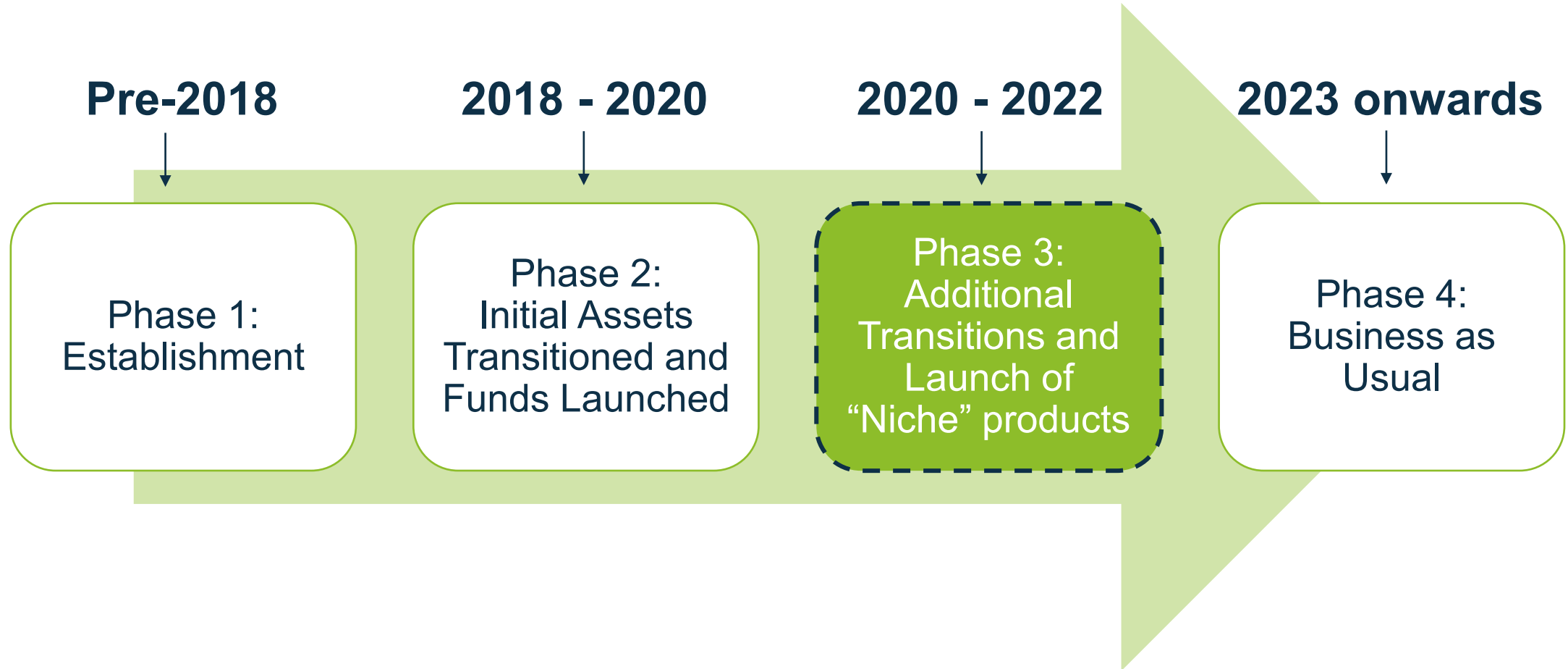
Fund	Inception of Fund	Performance %	Target %	Relative vs. Target %	Benchmark %	Relative vs. Benchmark %
LGPSC Emerging Markets Equity Active MM Fund	01/07/2019	8.87	10.88	-2.01	8.88	-0.01
LGPSC Global Active IG Corporate Bond MM Fund	22/04/2020	13.61	13.05	0.56	12.25	1.36

In active dialogue around Climate Factor Fund and Sustainable Equities

# LGPS Central: Timeline



MOVING OUT OF START UP TOWARDS MATURITY



# LGPS Central: Achievements to Date

## DELIVERING ON THE SIX PRIORITIES IN THE 2021/22 BUSINESS PLAN

- Work closely with DPF and Partner Funds to develop and monitor LGPSC products
- Incorporate Partner Fund feedback into all aspects of our work

### 1. Partner Fund Relationships



- RI Integrated Status established and maintained for all LGPSC products
- Additional services provided to Partner Funds e.g. Climate Risk Reports

### 2. RI Focus



- Ongoing monitoring of external managers
- Strong performance delivered to date across LGPSC funds
- Adapting and developing existing products to ensure remain suitable to meet investor

### 3. Management of Existing Assets





# LGPS Central: Achievements to Date

## DELIVERING ON THE SIX PRIORITIES IN THE 2021/22 BUSINESS PLAN

- Additional three funds launched over 2021 to date
- Further four funds to be launched over course of the business year
- DPF invested additional £251m during 2021

### 4. Transitioning New Assets



- Recruitment efforts focussed on strengthening both the Operations and Responsible Investment Teams
- Enhancing the internal organisational structure

### 5. The “One Central” Team



- Unqualified AAF report for full 12 months of 2020 (as was the report for the first three months of 2021)
- Only Pool Company to have completed AAF Type 2 report for its Clients

### 6. Operational Resilience





# Looking Forward

# What's Next For LGPS Central?

## MULTIPLE PRODUCT DEVELOPMENT



### Private Debt

First Close completed in June 2021, with further two closes expected over the course of 2021



### Private Equity

Targeting end July / early August for first close



### Sustainable Equity

Procurement is underway to appoint external managers to run our upcoming c.£1bn Global Sustainable Equities Fund. The Fund is expected to be launched over H2 2021.



### Targeted Return

Procurement is underway to appoint external managers to run our upcoming c.£700m Targeted Return Fund. The Fund is expected to be launched in early 2022.



### Property

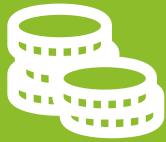
Work continues with the Partner Funds to design the product with launch expected for the latter half of H2 2021.

DPF play an active role in development of Sustainable Equity Fund

# Next Steps LGPS Central

## A CLEAR ORGANISATIONAL FOCUS LOOKING FORWARD

### Our Funds



- Transitioning away from multiple new product launches to continuing to **deliver efficient portfolio management and investment performance**

### Our Philosophy



- Achieving our fiduciary objectives without compromising societal responsibilities – focussing on engagement rather than divestment
- Maintain **100% RI Integrated Status** across all our investment products and extending our support for **Net Zero alignments, off-setting and carbon pricing**

### Our People



- Continued **investment in our people** to ensure we have **the right people with the right capabilities in the right roles**.
- Strengthening the **Responsible Investment & Engagement team** to support increased Partner Fund needs – **one of the main advantages of pooling**



# Responsible Investment and Engagement

Patrick O'Hara





# The LGPS and ESG

LGPS CENTRAL IS AN INTEGRAL PART OF THE BROAD UK ESG EFFORT

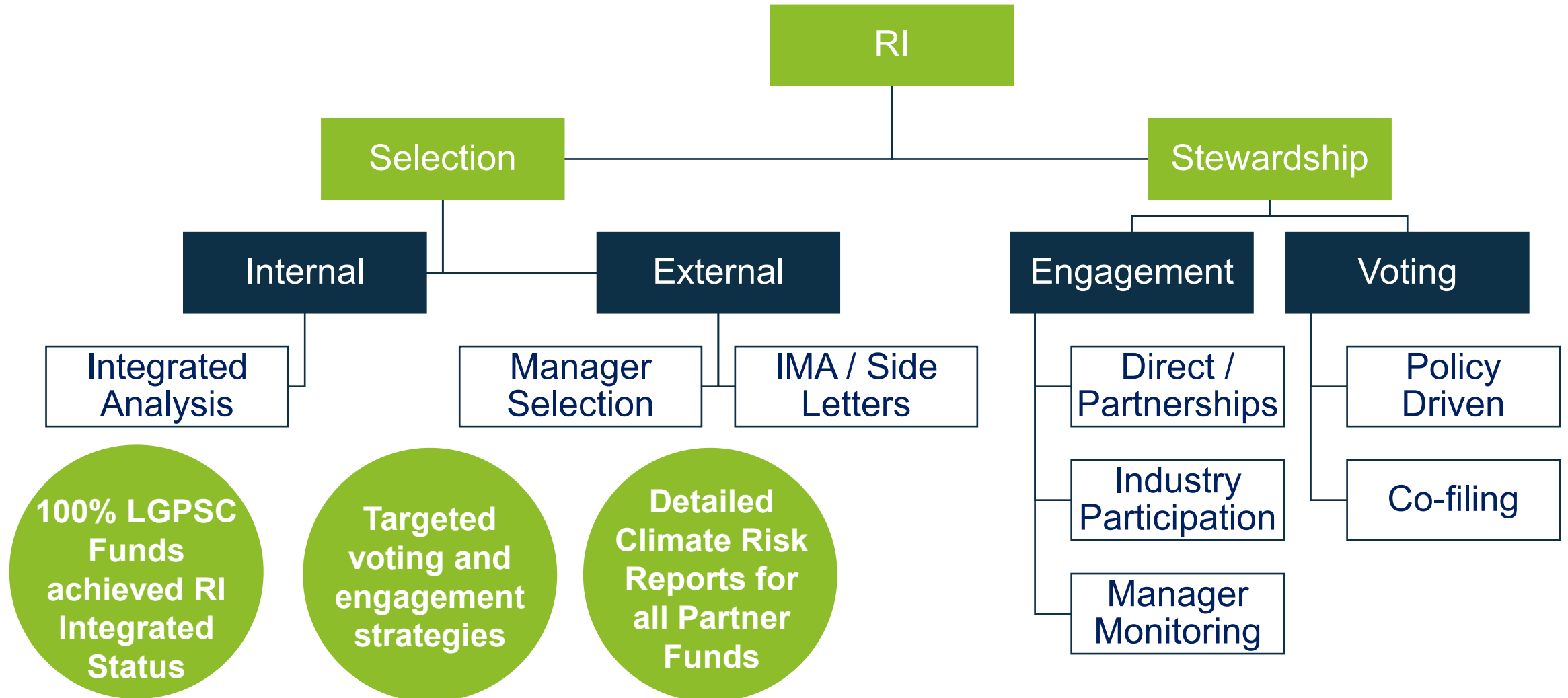
- Consideration of Environmental, Social and Governance issues is not new to LGPS funds, particularly DPF.
- DPF is also a member of the Local Authority Pension Fund Forum (LAPFF), formed in 1990, the leading collaborative shareholder's engagement group.



- LGPS Central Pool Member of LAPFF (along with wide ranging list of partnerships)
- Significant experience with LGPS Central RI&E team in engaging with companies on variety of ESG issues
- Provide additional support to DPF on RI&E issues, including provision of climate risk reports

# LGPS Central and RI&E

## MULTIPLE INTEGRATION ROUTES TO TAKE RI&E INTO ACCOUNT



# Does Engagement Work

## RESPONSIBLE INVESTORS TAKING THE LEAD

Engagement works but it can be a long game

As an owner, you have a voice

Corporations need responsible long-term investors

GLENCORE

Disclosure is Key

Voting and Engagement needs to be joined up

Share the heavy lifting

Collaboration increases impact

Small Investors can be influential



ExxonMobil



# LGPS Central and RI&E



## LGPS CENTRAL'S PARTNERSHIPS



THE INVESTOR FORUM





# Summary

**Mike Weston**

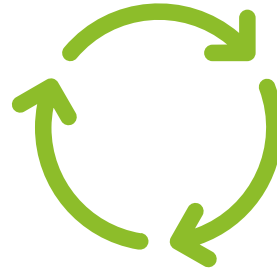


# Summary

PARTNERSHIP IS THE FOUNDATION FOR EVERYTHING WE DO



Strong relationship  
with DPF



Continue to develop  
LGPS Central's  
Products to meet  
DPF's needs



RI integration with  
targeted engagement  
throughout the life of  
LGPSC's products

# DISCLAIMER:



## LGPS Central Disclaimer

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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 **5 July 2021**

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



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

