



ASSET POOLING: THE STORY SO FAR

Border to Coast Pensions Partnership

Warwickshire Pension Fund Annual General Meeting

November 2024

INTRODUCTIONS



Milo Kerr
Head of Customer Relationship
Management (CRM)

2.5 years with Border to Coast Pensions Partnership
9 years with Mercer as an Investment Consultant
A qualified Chartered Financial Analyst

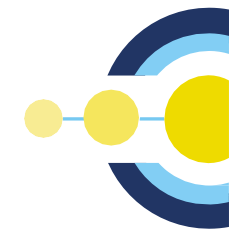


THE PURPOSE OF THE LOCAL GOVERNMENT PENSION SCHEME (LGPS)

- The LGPS exists to pay the pensions of its 6.1 million members in an affordable and sustainable manner.
- Over 18,000 employers participate in the LGPS.
- It has c.£354bn of assets, making it one of the largest pensions schemes in the world.

The screenshot shows the LGPS website interface. At the top left is the 'lgps' logo. To the right is a 'Contact your fund' button. Below the logo is a navigation menu with links for 'Home', 'About the LGPS', 'Your pension', and 'Help and Support'. A search icon is also present. A dark blue banner below the navigation contains the text 'For members of the Local Government Pension Scheme in England and Wales'. The main content area features the heading 'About the LGPS' in orange, followed by a paragraph: 'The LGPS is a national pension scheme for people working in local government or working for other employers that participate in the scheme.' To the right of this text is a colorful illustration of people in a circle. Below the text is a grid of eight diverse people's faces. A large portrait of a man with glasses is positioned to the right of the grid.

LARGEST PENSION FUNDS GLOBALLY



| Rank | Fund | Fund | Total Assets (US\$) |
|------|-------------------------------|-------------|---------------------|
| 1 | Government Pension Investment | Japan | \$1,593bn |
| 2 | Government Pension Fund | Norway | \$1,585bn |
| 3 | National Pension | South Korea | \$802bn |
| 4 | Federal Retirement Thrift | U.S. | \$783bn |
| 5 | ABP | Netherlands | \$552bn |
| 6 | Canada Pension | Canada | \$478bn |
| 7 | California Public Employees | U.S. | \$452bn |
| | LGPS as a single fund | | |
| 8 | Central Provident Fund | Singapore | \$433bn |
| 9 | National Social Security | China | \$364bn |

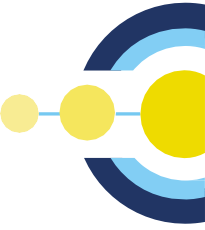


The UK Government is looking
“to ensure the LGPS punches its weight”.

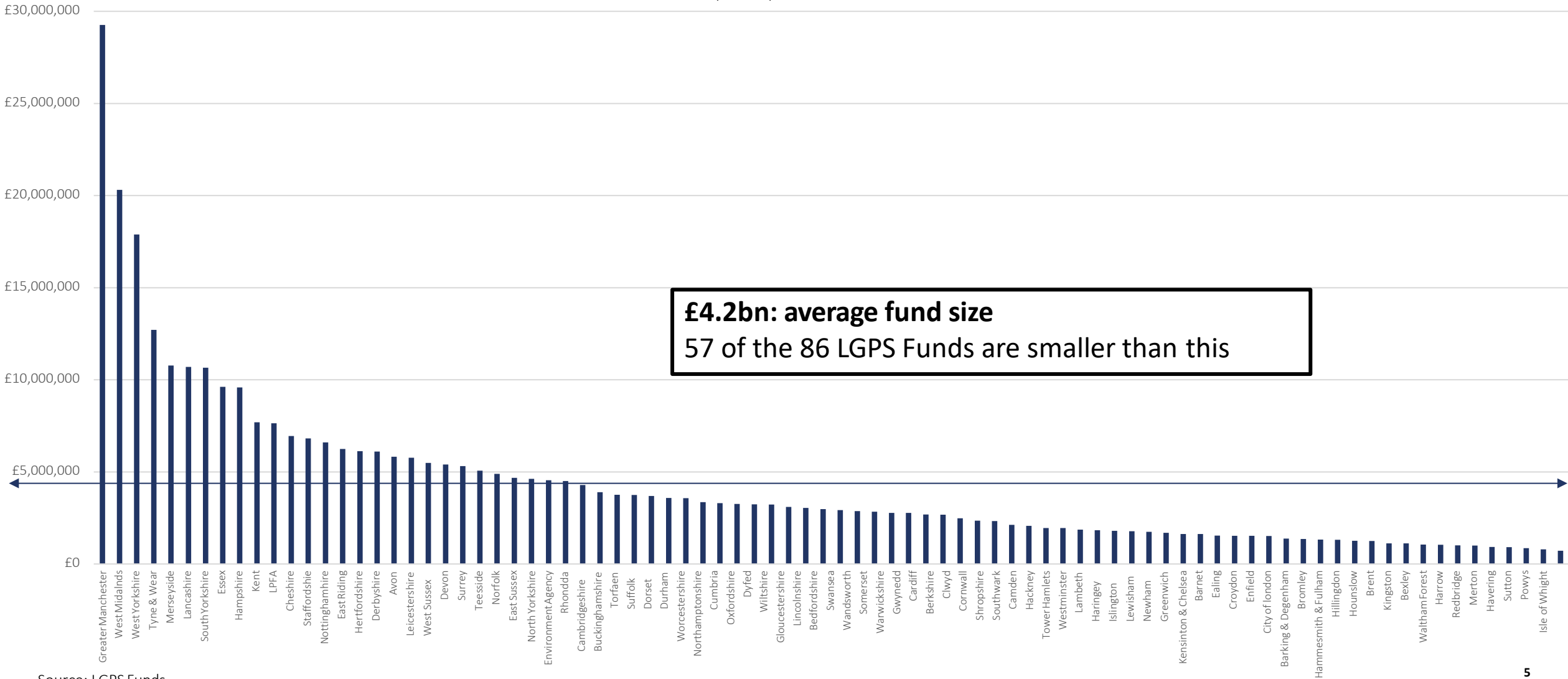
Source: Thinking Ahead Institute / LGPS Board
US funds’ data as of September 30, 2023. Non-US funds’ data as of 31 December 2023
LGPS as of March 31, 2023, GBP to USD conversion as of March 31, 2023.

86 LGPS FUNDS

DATA AS AT Q1 2022

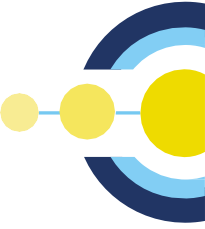


LGPS AUM (£'000s)

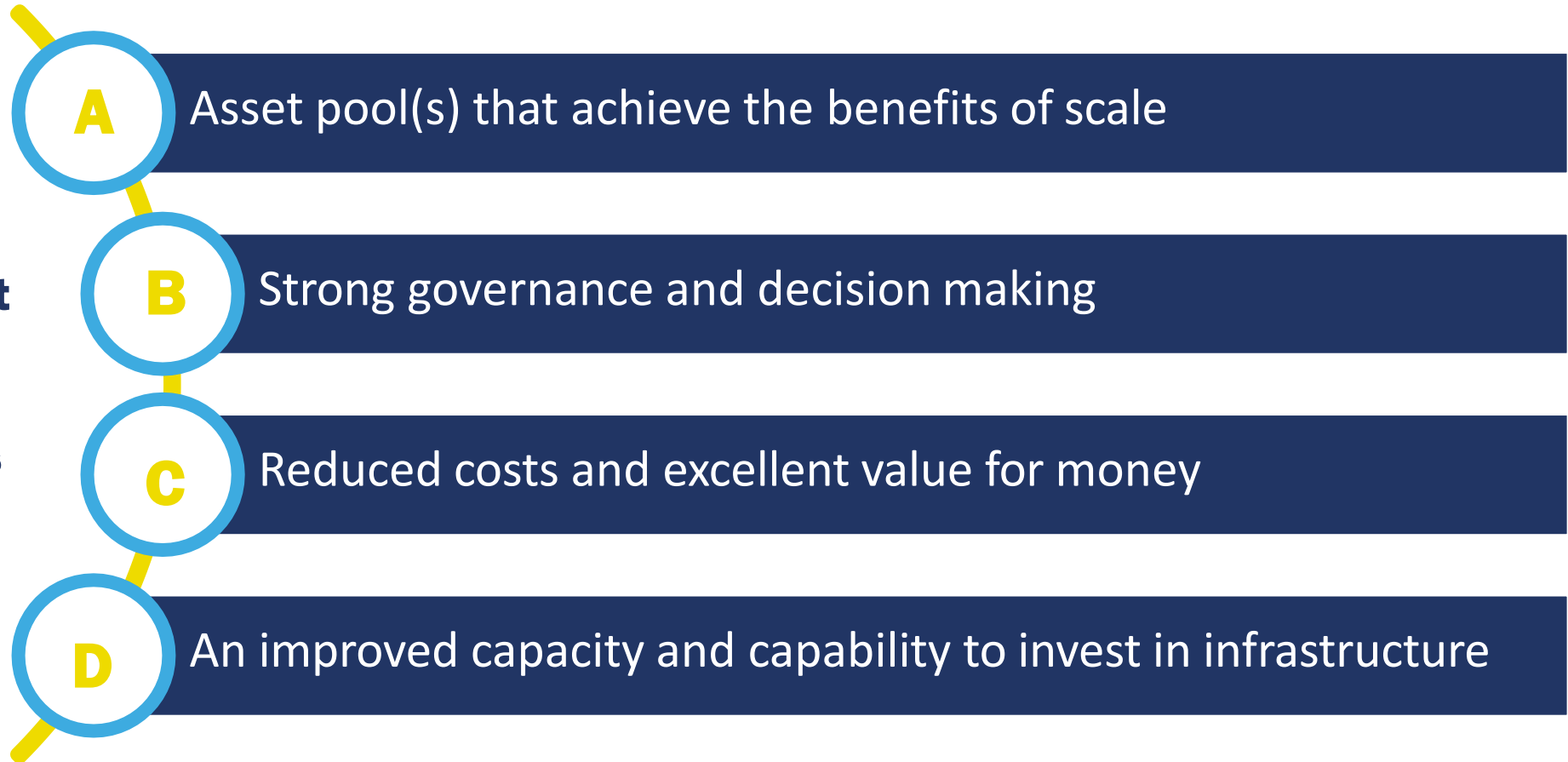


Source: LGPS Funds

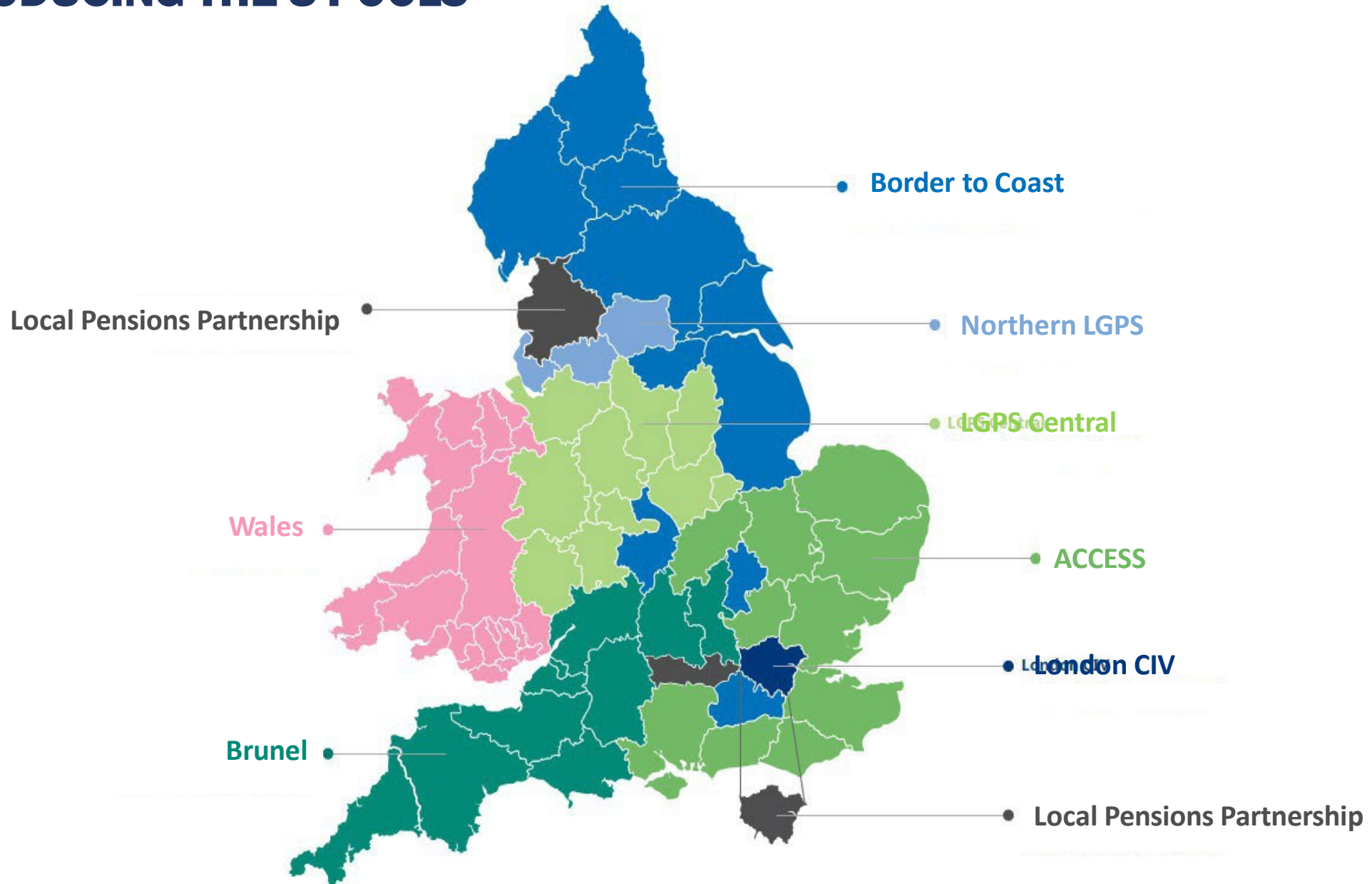
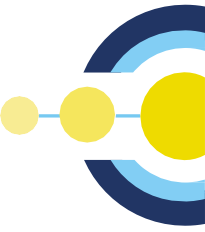
BACKGROUND TO POOLING



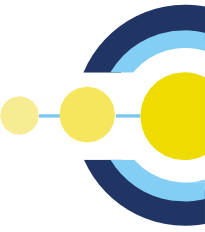
**July 2015 Budget:
Central Government
announce the
intention for LGPS
to pool investments**



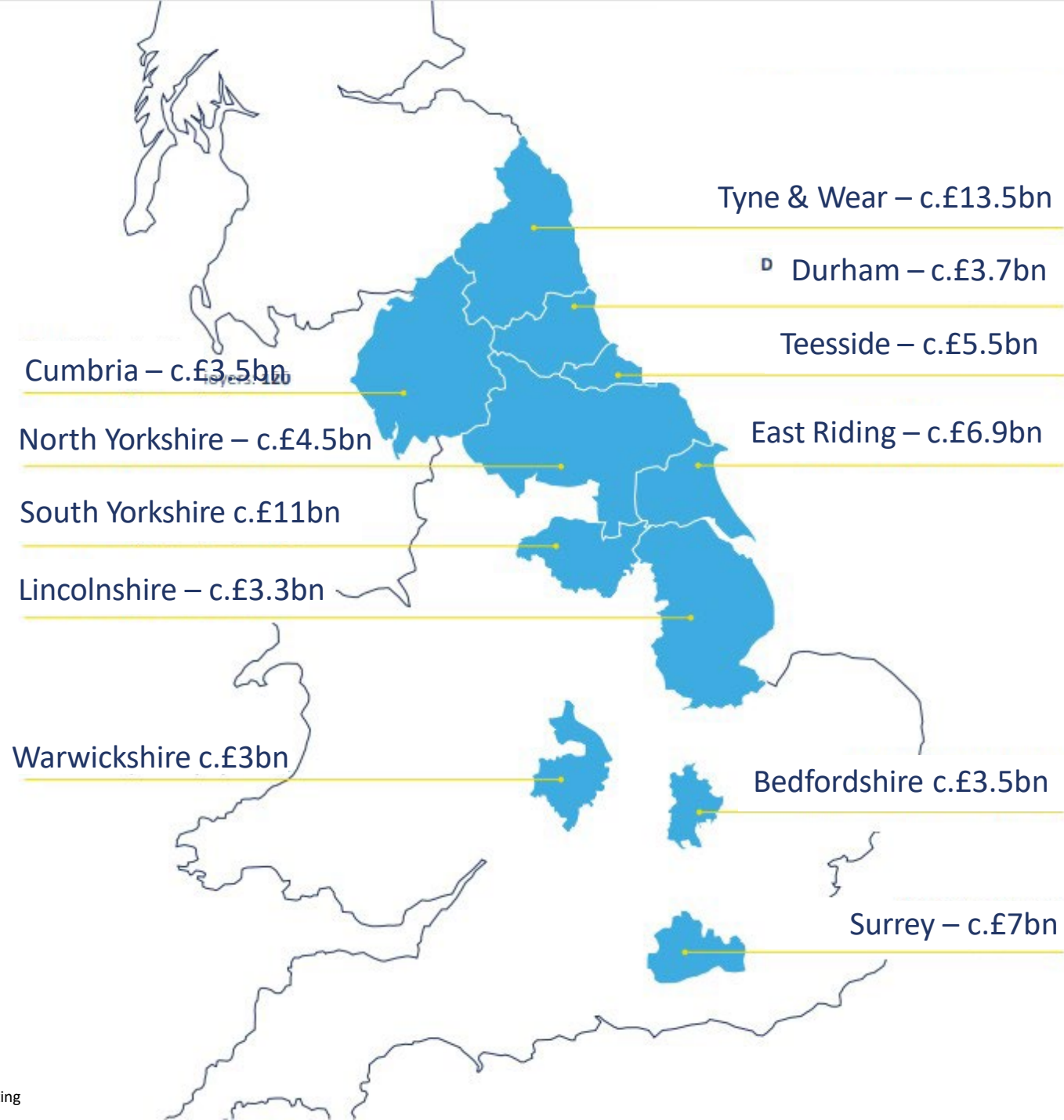
INTRODUCING THE 8 POOLS



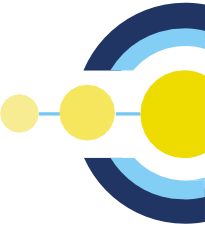
OUR PARTNER FUNDS



£64bn



OUR FOUNDING PRINCIPLES FROM 2015



1

Meeting central Government's aims for governance, responsible investing, infrastructure and value for money

2

One fund, one vote

3

Funds retaining governance role and ownership of asset allocation

4

Generating improved net-of-fees risk adjusted performance

5

Border to Coast internal management capability

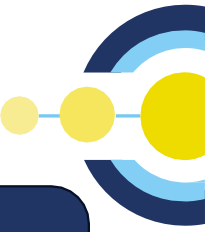
6

Improved resilience and capacity over existing structures

7

A shared team in one location

THE DEVELOPMENT OF OUR PARTNERSHIP



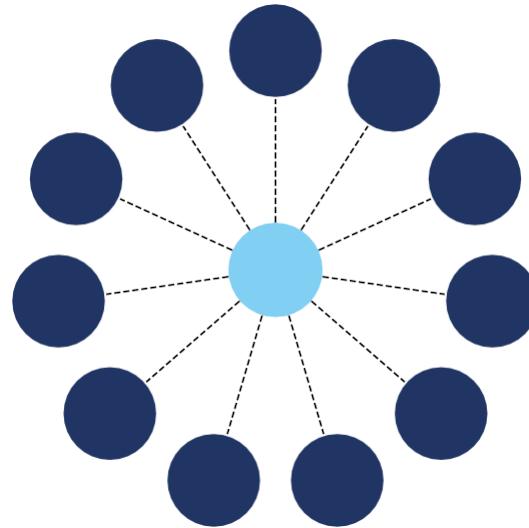
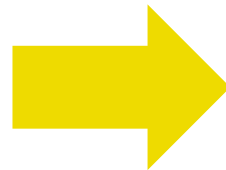
2015-17

2017-18

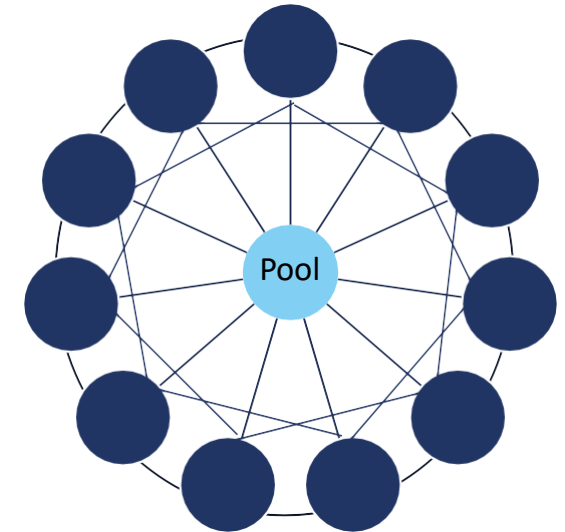
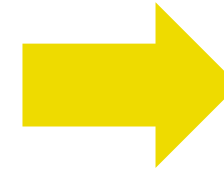
2018-NOW



11 LGPS Funds came together to agree founding principles



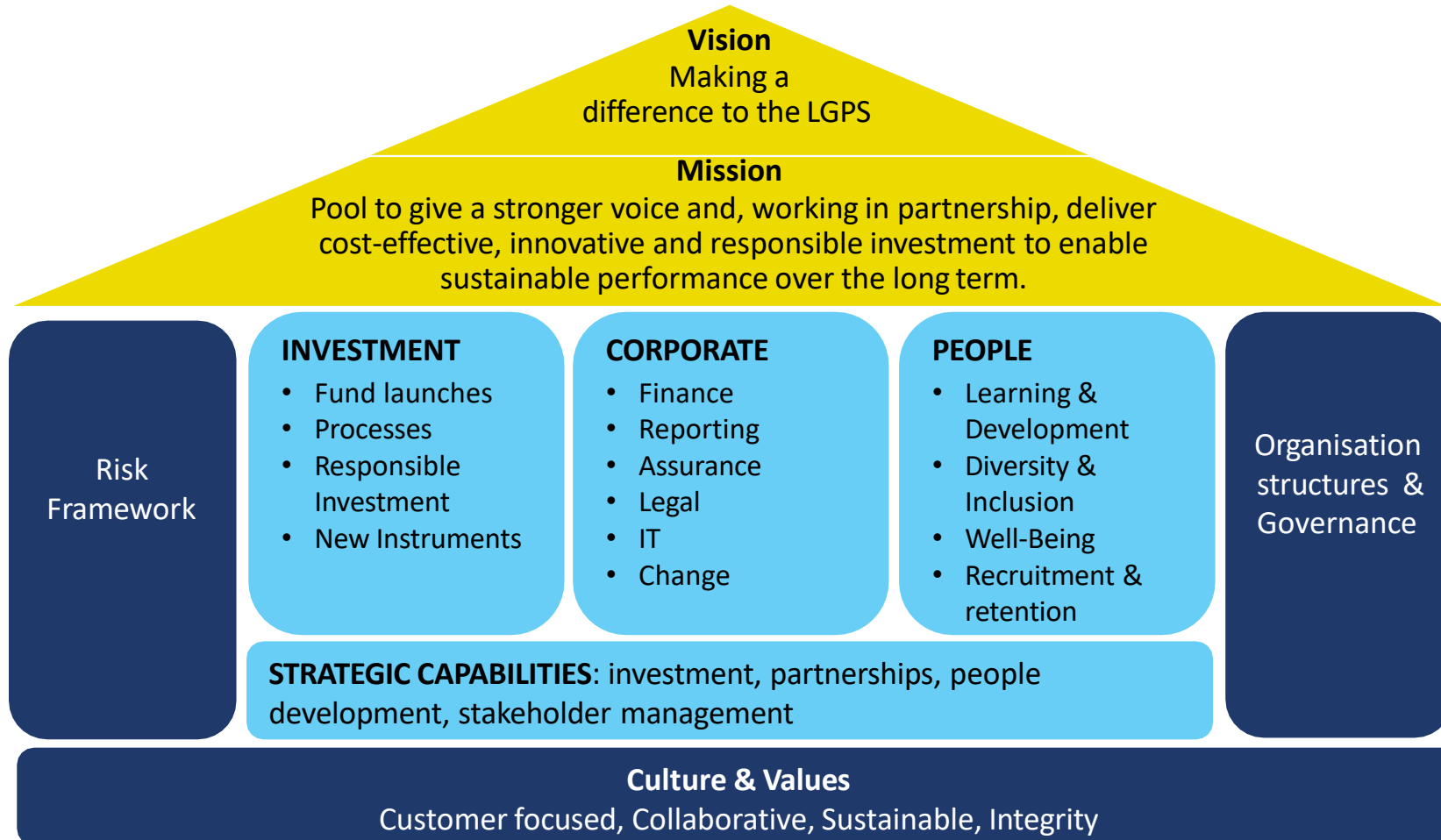
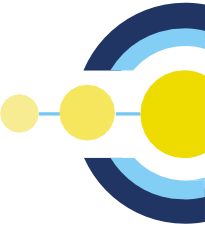
Pool & Governance established



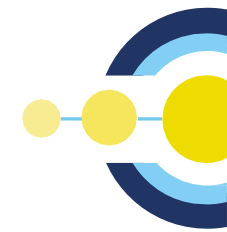
Transitioned assets, developed governance & matured relationships

Developing a more resilient and scalable structure that enables us to meet challenges together and provides flexibility and capabilities to capture opportunities

OUR STRATEGY IN SUMMARY



THE JOURNEY SO FAR: 2023/24 HIGHLIGHTS



1 **ACTIVE MANAGER OF THE YEAR**
PENSIONS AGE AWARDS



82%
OF ASSETS POOLED



4 **NEW PROPOSITIONS**



170 MEETINGS WITH
PARTNER FUNDS

ADDITIONAL
£3.6bn
IN-YEAR COMMITMENTS TO PRIVATE MARKETS



ALTERNATIVE INVESTMENT MANAGER OF THE YEAR
PROFESSIONAL PENSIONS
UK PENSIONS AWARDS



LAPF POOL INNOVATION OF THE YEAR AWARD



2 **NEW GRADUATE TRAINEES**



AWARDED SUNDAY TIMES BEST PLACE TO WORK



BEST CLIMATE CHANGE POLICY STATEMENT
PENSIONS FOR PURPOSE



FRC UK STEWARDSHIP CODE SIGNATORY



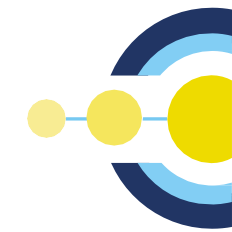
£105.6M
TOTAL COST SAVINGS
*CUMULATIVE SAVINGS TO 31 MARCH 2024

YOUR INVESTMENTS



WARICKSHIRE'S INVESTMENT WITH BORDER TO COAST

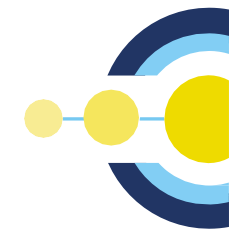
EXTERNAL INVESTMENT MANAGEMENT TEAM



| Fund | UK Listed Equity Alpha | Global Equity Alpha | Sterling Investment Grade Credit | Multi Asset Credit |
|---|--|--|----------------------------------|--|
| Benchmark | FTSE All Share | MSCI ACWI | iBoxx Sterling Non-Gilts | Sterling Overnight Interbank Average (SONIA) |
| Assets under management ¹ | £1.1bn | £6.7bn | £3.9bn | £4.1bn |
| Warwickshire's Investment ¹ | £99m | £418m | £246m | £280m |
| External Managers | Baillie Gifford, Redwheel, Lindsell Train, Janus Henderson | Loomis Sayles, Harris Associates, Ninety One Franchise, Ninety One Value, Lindsell Train, GSAM, Fountain Cap | M&G, Royal London, Insight | PIMCO, PGIM, Wellington, Ashmore, Border to Coast, Barings |
| Performance Target (Annual gain over benchmark) | +2.0% | +2.0% | +0.6% | +3-4% |
| Tracking Error Target Range | 2-6% | 2-6% | N/A | N/A |

1 – As at 30 September 2024, Source Northern Trust/ Border to Coast

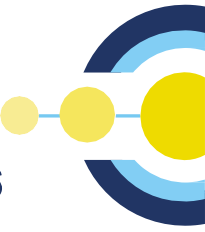
WARWICKSHIRE'S PRIVATE MARKETS COMMITMENTS



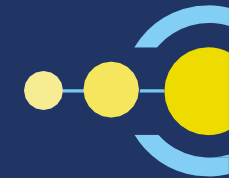
Warwickshire's commitments to Border to Coast's Private Market strategies

| Sleeve | Series 1 | 1A | 1B | 1C | Series 2 | 2A | 2B | 2C |
|-----------------------|--------------|-------------|-------------|-------------|--------------|-------------|-------------|-------------|
| Private Equity | £45,000,000 | £10,000,000 | £15,000,000 | £20,000,000 | £80,000,000 | £40,000,000 | £20,000,000 | £20,000,000 |
| Private Credit | £70,000,000 | £35,000,000 | | £35,000,000 | £100,000,000 | £30,000,000 | £30,000,000 | £40,000,000 |
| Infrastructure | £165,000,000 | £30,000,000 | £70,000,000 | £65,000,000 | £60,000,000 | £30,000,000 | £20,000,000 | £10,000,000 |
| Climate Opportunities | | | | | £35,000,000 | n/a | | £35,000,000 |

INVESTMENT CAPABILITY LAUNCH PIPELINE



| | 2023 | SCHEDULED 2024 | SCHEDULED 2025 | SCHEDULED 2026 |
|---------------------|--|---|--|--|
| EQUITIES | Emerging Markets Alpha Overseas Dev Equities Review | Factor Based Indexed Equities | | Wider capabilities to be developed alongside 2030 strategy such as rebalancing, cash management, hedging |
| ALTERNATIVES | Series 2b | Alts 24 inc. UK Opportunities and Climate Opportunities | Series 3 inc. wider support such as capital management | |
| FIXED INCOME | | | GSS Bonds | |
| REAL ESTATE | Global Real Estate | UK Real Estate | | |
| OTHER | | Listed Alts Changes | Review Climate & RI Strategy | |
| | | Information Sharing & Income Distribution | | |
| KEY | Support Transition of Other Assets to Pool | | | |
| | Delivered Within Tolerance | Forecast Delivery Date | Scheduling To Be Agreed | |



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