

# Warwickshire County Council Pension Fund



<https://www.bordertocoast.org.uk>



*Working for  
Warwickshire*

- History and Government Objectives
- Governance
- 2018 Developments
- Strategic Asset Allocation
- Border to Coast Funds

# History

2013 – CLG Consultation on Reform

2014 – Consultation on Collaboration

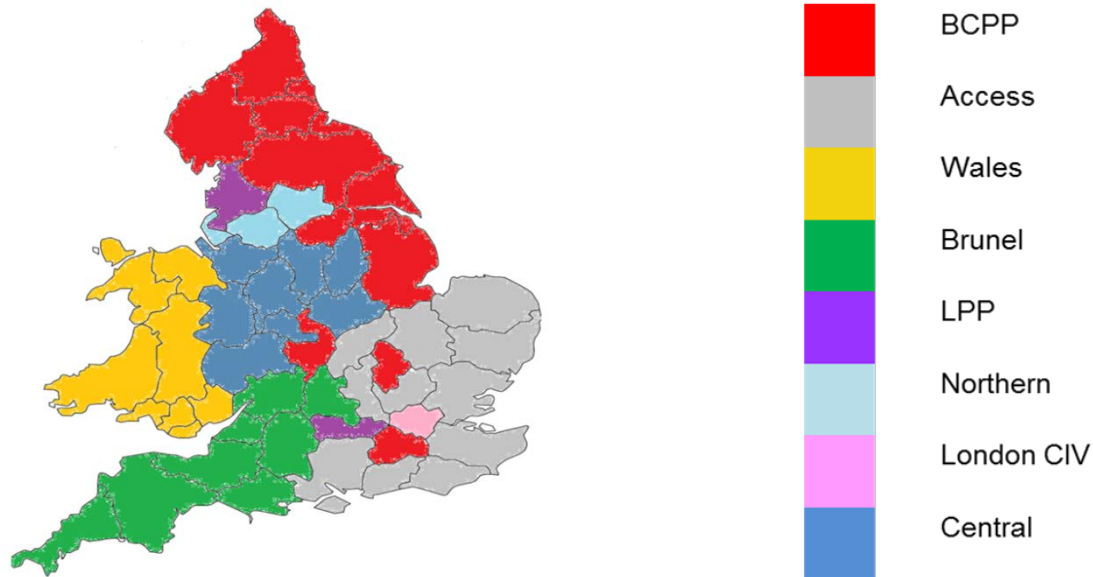
2015 – Summer Budget

2016 – Regulations

# Government Objectives

- Achieve benefits of scale
- Strong governance and decision making
- Reduced costs and excellent value for money
- Improved capacity to invest in infrastructure

# 8 LGPS Pension Pools



# Border to Coast Funds

- Bedfordshire (£2.1bn)
- Cumbria (£2.4bn)
- Durham (£2.7bn)
- East Riding (£4.5bn)
- Lincolnshire (£2.1bn)
- North Yorkshire (£3.0bn)
- Northumberland (£1.3bn)
- South Yorkshire (£7.6bn)
- Surrey (£3.8bn)
- Teesside (£3.9bn)
- Tyne and Wear (£7.9bn)
- Warwickshire (£2.0bn)

**TOTAL £43.3bn**

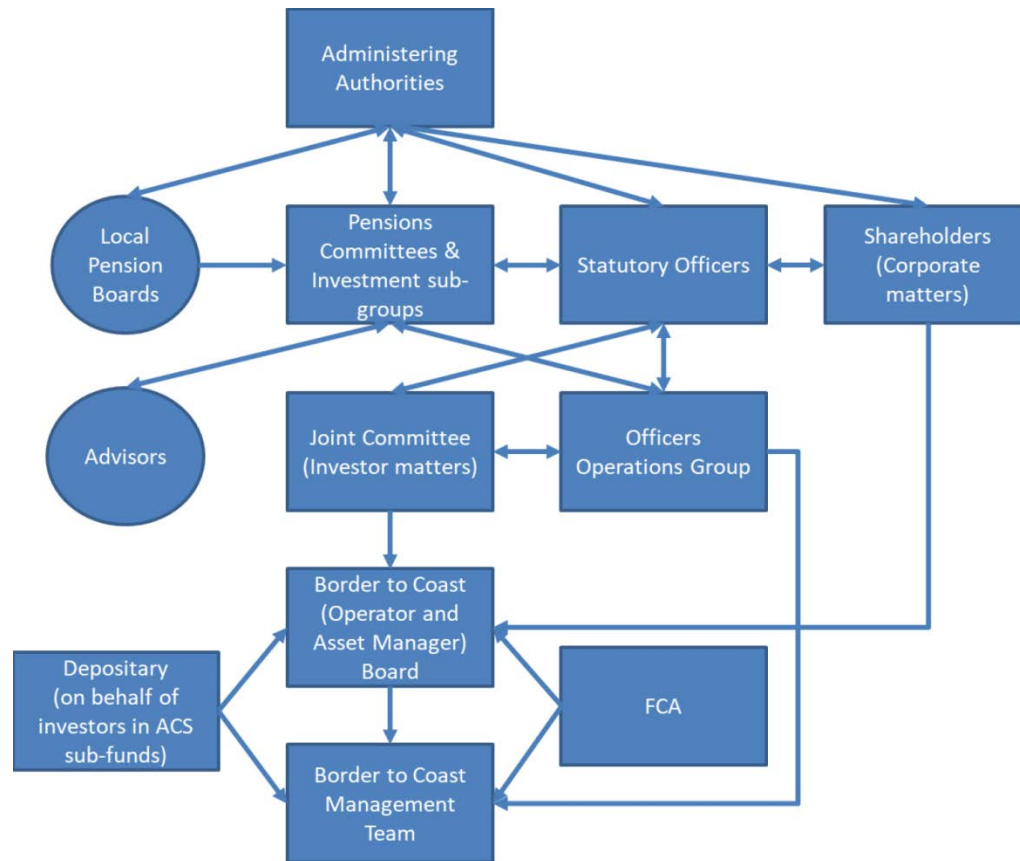
**Representing:  
Over 900,000 members  
Over 2000 employers**

**Basic Principle;  
One Fund One Vote**

# 2018 Company Developments

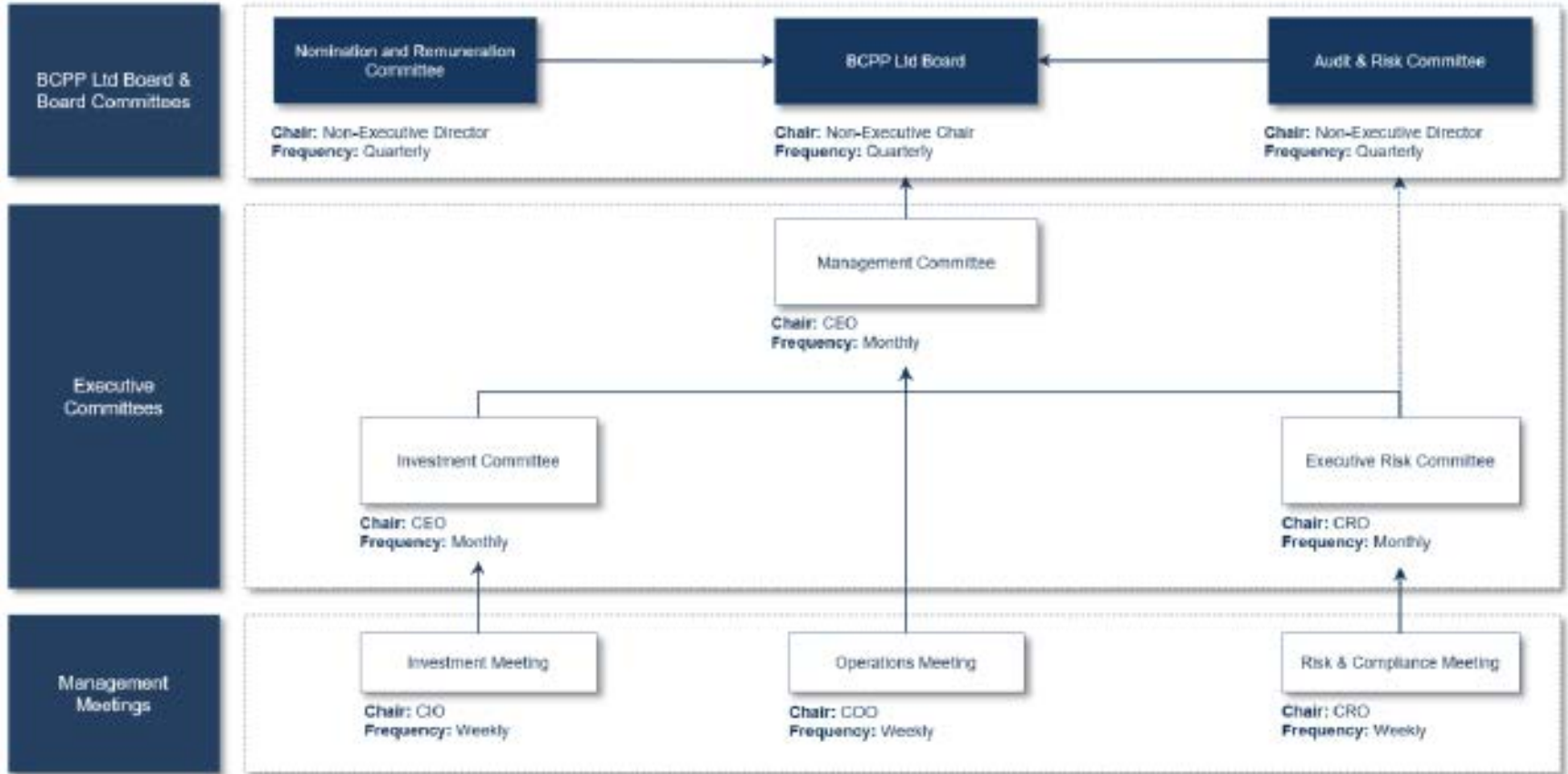
- January - Senior Management Appointments
- February - Northern Trust Depository and Third Party Administrator
- May – New Offices in Leedds
- June – Asset Manager Days
- June – Regulatory Capital
- July – Voting and Engagement Manager Appointment
- July – First Funds Go Live £7bn
- September – Permanent CIO Appointment
- October – First External Asset Managers Appointed
- November/December – First External Fund Launched
- December – Second External Fund Design Sign Off

# Governance





# Governance



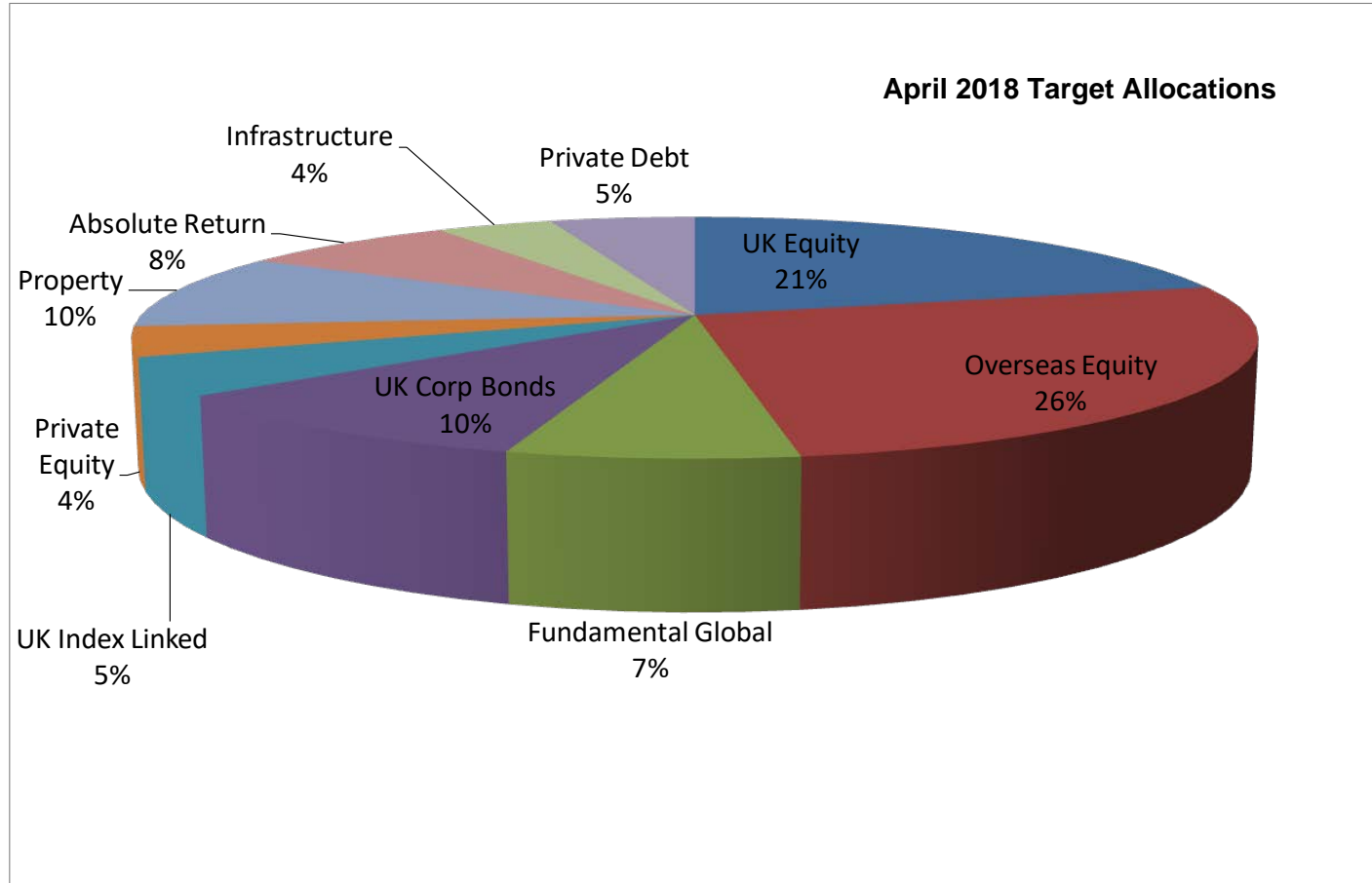
# 2018 Fund Decisions

- Border to Coast Budget
- Voting Policy
- Non Executive Director Appointments
- UK Active Equity Fund – Join
- Global Active Equity Fund – Work Towards
- Private Equity and Infrastructure Reinvestment

# 2018 Challenges

- Clarity of Roles – Strategy and Delivery
- Aligning Objectives
  - Pool needs simplicity to maximise scale
  - Funds need choice to enable delivery of different strategies
- Governance timescales and lead times
- Due Diligence
- Monitoring Performance

# Strategic Asset Allocation



# Border to Coast Funds

Area	Q1 18	Q2 18	Q3 18	Q4 18	Q1 19	Q2 19	Q3 19	Q4 19	Q1 20	Q2 20	Q3 20	
UK equities	Specify	Build	Launch									
UK equities alpha		Specify	Build	Launch								
UK equities alpha plus						Consultation						
Overseas Developed Equities	Specify	Build	Launch			Consultation						
Overseas Developed Equities alpha					Specify	Build	Launch					
Global Equities alpha			Specify	Build	Launch							
Global Equities alpha plus												
Emerging Market Equities	Specify	Build	Launch									
Gilts & Index-Linked Gilts	Specify	Build	Launch	Specify	Build	Launch						
Overseas Government Bonds					Build							
Investment Grade Corporate Bonds					Build							
Multi-asset credit					Build		Launch					
Diversified Growth						Specify	Build	Launch				
Alternatives: Private Equity		Specify	Build	Launch		Consider legacy						
Alternatives: Infrastructure			Specify	Build	Launch			Consider legacy				
Alternatives: Private Credit						Specify	Build		Launch			
Alternatives: Other							Specify	Build		Launch		
Property			Specify		Build Phase 1		Build Phase 2			Launch		

# UK Equity Alpha Fund

Our Current Fund	Border to Coast Fund
Benchmark: FTSE All Share Index	Benchmark: FTSE All Share Index
Target: +2% return gross of manager fees	Target: +2% return net of manager fees
1 Fund manager	3 fund managers
Columbia Threadneedle	Baillie Gifford, Janus Henderson and UBS Asset Management
£330m (overweight) Warwickshire Fund	£270m (on target) Warwickshire Fund
£330m total fund	£1.2bn total fund
	Manager fee savings
	Transition costs
	Different risk profile

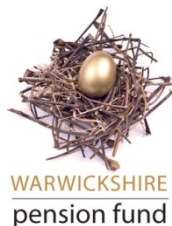
# Global Equity Alpha Fund

Our Current Fund	Border to Coast Fund
Benchmark: MSCI All World Index	Benchmark: Not confirmed
Target: +1.5% return gross of manager fees	Target: Higher - probably +2% return net of manager fees
1 Fund manager	To be determined but will be a number of managers with different mandates
MFS	To be determined
£370m (overweight) Warwickshire Fund	Not confirmed - but £bn's
	Manager fee savings
	Transition costs
	Different risk profile

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