



Report of: Corporate Director of Resources

Meeting of:	Date	Agenda item	Ward(s)
Pensions Sub-Committee	26 June 2018		n/a

Delete as appropriate	Exempt	Non-exempt
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**Appendix 1 and 2** are exempt and not for publication as it contains the following category of exempt information as specified in Paragraph 3, Schedule 12A of the Local Government Act 1972, namely: Information relating to the financial or business affairs of any particular person (including the authority holding that information)

## SUBJECT: LISTED EQUITY PORTFOLIO REVIEW- LCIV ALLIANZ

### 1. Synopsis

- 1.1 This report and exempt appendices provide information on the Fund's listed equities portfolio and considers next steps on the LCIV Allianz global equity portfolio.
- 1.2 Mercer, our investment advisors have prepared a high level presentation of our current equity portfolios and style and current sub funds available on the LCIV platform.(attached as exempt appendix 1and 2)

### 2. Recommendation

- 2.1 To receive and consider the presentation by Mercer, our investment advisors
- 2.2 To agree one of the below options
  - (i) to continue investing in Allianz
  - (ii) to terminate Allianz and transfer assets to alternative global equity LCIV sub fund(s)
  - (iii) to terminate Allianz and rebalance the whole fund to meet the long term strategic allocation
- 2.3 Depending on recommendation 2.2; agree that officers and Mercer prepare further analysis and evaluate the most suitable option for the Fund and report progress at the next meeting.

### 3. Background

- 3.1 The Committee agreed to transfer our global equity assets with Allianz to the LCIV Allianz sub fund as part of the Phase 1 funding in December 2015. We were part of 3 boroughs who completed this transition at the time. As of the 2<sup>nd</sup> quarter of this year the other 2 boroughs terminated their mandate with Allianz due to changes in asset allocation and requirements.
- 3.2 The LCIV will not terminate the Allianz sub fund because asset under management c £110m still makes it viable. Members are being asked to reconsider the portfolio because we are the only investors at the moment. A factsheet of the alternatives available on the LCIV platform and the current capacity is attached as Exempt Appendix 2 for information.
- 3.3 Mercer will discuss in their presentation attached as Exempt Appendix 1 more details about the portfolio and the options available for consideration.

## **4. Implications**

### **4.1 Financial implications**

- 4.1.1 The cost of providing independent investment advice and transition cost is part of fund management and administration fees charged to the pension fund.

### **4.2 Legal Implications**

None applicable to this report

### **4.3 Environmental Implications**

None applicable to this report. Environmental implications will be included in each report to the Pensions Sub-Committee as necessary.

### **4.4 Resident Impact Assessment**

None applicable to this report. The council must, in the exercise of its functions, have due regard to the need to eliminate discrimination, harassment and victimisation, and to advance equality of opportunity, and foster good relations, between those who share a relevant protected characteristic and those who do not share it (section 149 Equality Act 2010). The council has a duty to have due regard to the need to remove or minimise disadvantages, take steps to meet needs, in particular steps to take account of disabled persons' disabilities, and encourage people to participate in public life. The council must have due regard to the need to tackle prejudice and promote understanding

## **5. Conclusion and reasons for recommendation**

- 5.1 Members are asked receive the Mercer presentation and LCIV factsheet attached as exempt appendix 1 and 2 and consider the recommendations.

### **Background papers:**

None

Final report clearance:

### **Signed by:**

**Received by:** Corporate Director of Resources Date

Head of Democratic Services Date

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