

Pension Fund Investment Sub Committee

19 May 2014

Infrastructure Managers

Recommendation

- (1) That the sub-committee approve the current position with regard to the ongoing fund manager appointment process.

1 Introduction

- 1.1 This paper considers the implementation of the new investment arrangements following the appointment of SL Capital Partners and Partners Group.

2 Asset Allocation

- 2.1 At meeting of 11 November 2013 the sub-committee approved the proposal for officers to instruct Hymans Robertson to start initial work around infrastructure fund managers.
- 2.2 Following this meeting Hymans Robertson undertook a manager search which included both fund of fund and single fund managers for consideration. A subsequent conference call with the vice chair, officers, independent advisor and consultants took place to determine a short list. Short listed managers were subsequently interviewed on 20 March 2014.
- 2.3 The total allocation to infrastructure will be £55m (around 4% of the fund). It was decided that the fund would split the allocation to invest in a fund of funds and a single manager to best access the benefits of the asset class.
- 2.5 The single fund selected is the SL Capital Infrastructure I, a closed ended fund which will run for initial period of 12 years and will manage between 6-8 assets with a target AUM of £500m. Warwickshire will be investing £20m into this pooled product as a first close investor which will give the fund a preferential fee rate.
- 2.6 The fund of funds manager is Partners Group Global Infrastructure 2014. This product is a 12 year closed ended fund that will invest in primary and secondary investments as well as direct investments. Warwickshire will be investing £35m into this fund.

Transition manager

- 3.1 The Fund's transition manager, Blackrock, will be asked to manage the necessary transfers of assets.
- 3.2 The amendments to the asset allocation to allow for these managers will be presented in the July meeting as part of the Hymans review of the fund's investments.

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