

 Brent	<p align="center">Pension Fund Sub-Committee</p> <p align="center">23 February 2016</p> <p align="center">Report from the Chief Finance Officer</p>
For Information	Wards Affected: ALL
Implementation of Strategic Asset Allocation Policy	

Recommendations

Committee Members are asked to:

1. Note that a decision was made to move investments to the London Collective Investment Vehicle (CIV) as part of the review of the strategic asset allocation policy agreed by the Pension Fund Sub-Committee in July 2015;
2. Note the progress to date on implementation of the new policy, set out in this report;
3. Note that the decision was made to redeem all the units in the Aviva Real Estate Fund of Funds and that a further decision will be required on where to hold the Aviva monies, if suitable funds are not available in the CIV at the time of receipt of the Aviva redemptions.

Introduction

4. This report sets out the steps required to implement the new asset allocation policy along with the progress to date.
5. Many of these steps are dependant on suitable funds being available within the London CIV and clarification will be sought on plans for the introduction of new funds in the CIV.

Plan for Implementation of Strategic Asset Allocation Policy

	Style	Manager	Dec 15 Value (£m)	Dec15 (%)	Proposed Target %	Action required	Date	Status	Comments	Note
Fixed Income	Active	Henderson	86.4	13.1	0.0	Redeem Henderson Fund	TBC	Outstanding	implementation dependant on availability of fund in CIV. Henderson fund will provide a reasonable substitute in short term	Stage 3
	2 Alt Credit funds	TBD	0.0	0.0	15.0	Add £10m to proceeds of Henderson fund to fund 2 new funds				
Equities	UK Passive	LGIM	87.7	13.3	20.0 (combined)	Divest £106m (net) (combined). Transfer LGIM holdings to CIV reweighting between UK & overseas to reflect relative weights in global equity index	Q2 2016	Outstanding	date tbc by CIV. Proceeds from Dimensional redemption being held in LGIM o/s tracker until second DGF is available in CIV	Stage 2
	Overseas Passive	LGIM	195.5	29.6						
	Global Active (2 funds)	TBD	0.0	0.0	20.0	Add £126m	TBC	Outstanding	date tbc by CIV	Stage 2
	UK Small-Cap	Henderson	26.7	4.0	5.0	No action needed	N/A	No action required		
	Emerging Markets	Dimensional	0	0.0	0.0	Redeem all units	Q4 2015	Complete	Proceeds invested in L&G o/s equity tracker	Stage 1
Diversified Growth	Multi-asset	Baillie Gifford	68.8	10.4	11.0	Move to CIV	Q1 2016	Outstanding		Stage 1
	Multi-asset	TBD	0.0	0.0	10.0	Add £65m (combined)	TBC	Outstanding	£65m funded from Dimensional & Aviva proceeds. Investment in 2nd DGF fund subject to availability of funds in London CIV	Stage 1
Property	UK fund-of-funds	AVIVA	35.0	5.7	0.0	Redeem all units	April 2017	Outstanding	£10m to be redeemed each quarter from July 16 to April 17	Stage 1
	Europe fund-of-funds	AVIVA	3.5	0.0	0.0	Redeem all units	April 2017	Outstanding	Being wound down by end-2017	Stage 1
Private Equity	Fund of Funds	Capital Dynamics	83.1	12.6	10.0	No further commitments	N/A	No action required		N/A
Infrastructure	Direct	ALINDA	30.8	4.7	8.0 (combined)	\$20m commitment to be drawn down	N/A	No action required		N/A
	Funds+ Direct	Capital Dynamics	10	1.5	0	No further commitments	N/A	No action required		N/A
Cash	Short-dated	In-house	33.7	5.1	1.0		N/A	No action required		N/A
TOTAL			661.2	100.0	100.0					