

# Border to Coast Pensions Partnership Ltd

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**Lincolnshire  
Pension Fund**

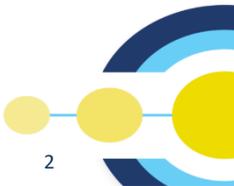
**15th July 2021**



# Agenda

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- **Background and Governance Arrangements**
- **Our Team**
- **Progress**
- **Investments and Responsible Investment at Border to Coast**
- **Pooling Savings Update**



# Border to Coast Pensions Partnership Ltd

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Border to Coast  
- Background



# Border to Coast Pensions Partnership

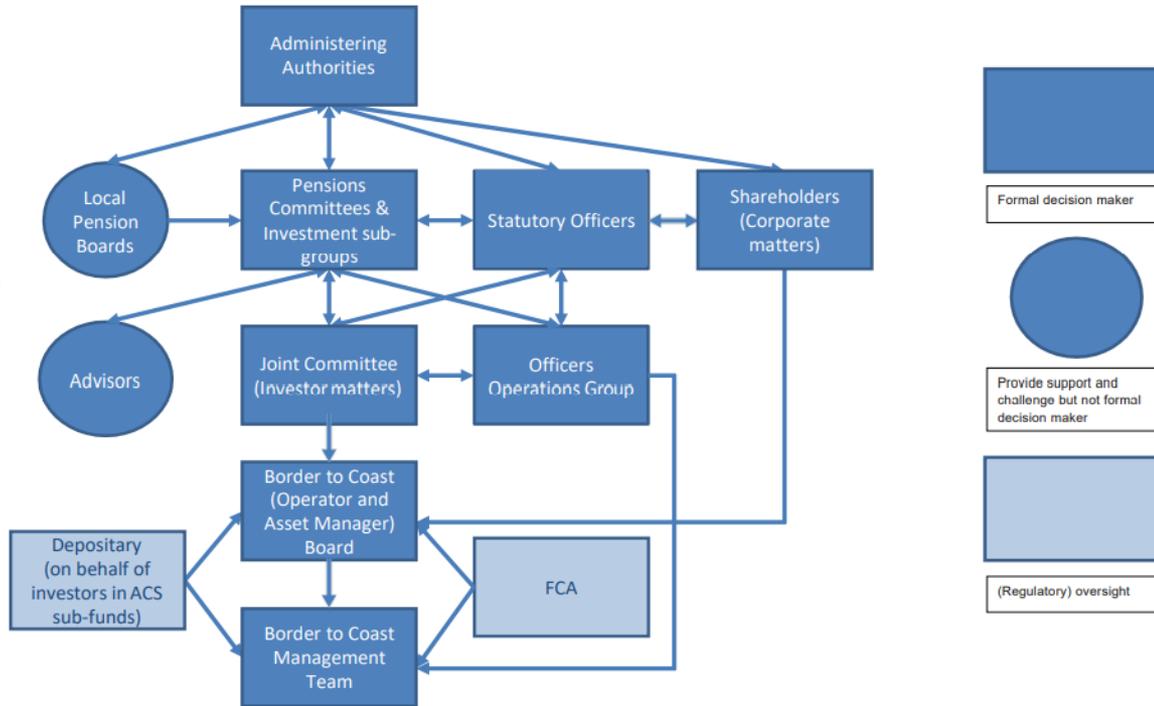
- Established in **2018**
  - **11** Local Government Pension Funds with c. **£55bn in assets**
    - **Internal & External Management of Listed and Private Market products**

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# Governance Arrangements and the Seven Guiding Principles

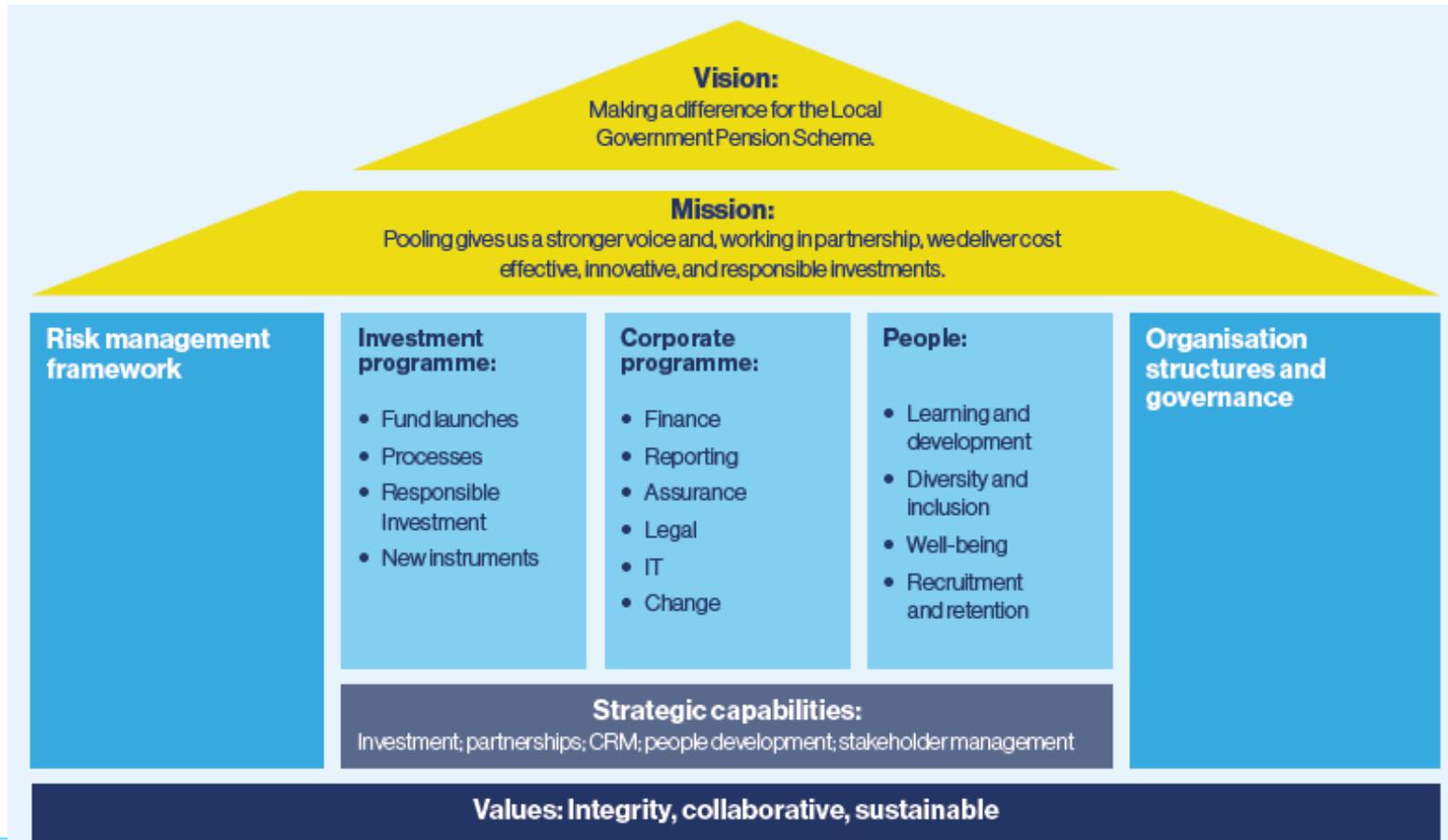
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1. Meeting central Government's aims for governance, responsible investing, infrastructure and value for money
2. One fund, one vote
3. Funds retaining governance role and ownership of asset allocation
4. Generating improved net-of-fees risk adjusted performance
5. Border to Coast internal management capability
6. Improved resilience and capacity over existing structures
7. A shared team in one location

# Border to Coast – Why Are We Here?

We were established by our Partner Funds to facilitate the pooling of their investments - to improve value for money through scale, increased access to investment opportunities, and strengthened governance



# Value Add - Focus

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## Operational efficiency – how have costs evolved through pooling?

- Opportunities for operational efficiency identified and implemented
- Consistency of comparisons is important – and this is driven by Partner Funds
- Joint working party taking this forwards

## Investment process

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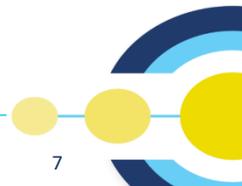
- Increased risk management and research capabilities
- Responsible investment embedded into process

## Investment team

- Succession planning - team broader and more robust, including graduate programme

## Collective voice

- Policy influence
- Responsible investment



# Border to Coast Pensions Partnership Ltd

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Border to Coast  
- Our Team



# Border to Coast Team

CEO: Rachel Elwell				
CIO: Daniel Booth	COO: Fiona Miller		CRO (Interim): Steve Walton	CEO Team
Investment Team 44 people	Operations Team 10 people	Corporate Functions 28 people	Risk Team (2 <sup>nd</sup> Line) 5 people	CRM, HR, Policy/Comms 9 people

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- Team of 100 in total (as at 31 March 2021)



# Investment Team – Key People

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- **Daniel Booth - Chief Investment Officer** - has over 20 years' investment experience including extensive breadth and depth across alternative asset investments. Daniel joined Border to Coast in September 2018 following 8 years at Saudi Aramco where he was Head of Portfolio Management.
- **Mark Lyon CFA - Head of Internal Investment** - joined Border to Coast in 2018 from his position as Head of Investments for East Riding Pension Fund, having previously worked for Derbyshire, bringing over 16 years of experience with him. In 2016 he was awarded Institutional Investors UK Public Pension Manager of the Year.
- **Graham Long - Head of External Management** - brings a wealth of experience from his senior roles at Abbey National and Aviva UK, where he operated as CIO, managing relationships with group and external managers covering total assets in the billions.
- **Tim Sankey – Head of Real Estate** - joined Border to Coast in November 2020 bringing nearly 20 years of experience with him from his role at Aberdeen Standard Investments where he was Fund Manager for their UK Property Fund.
- **Sarah-Jane Burns – Head of Research** - joined in September 2018. SJ started her career at Gartmore Asset Management and subsequently worked as an equity analyst for Henderson, before joining Findlay Park Partners LLP in 2008 as a fund manager. She made Partner at the firm in 2010.



# Border to Coast Pensions Partnership Ltd

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Border to Coast  
- Progress



# Border to Coast - Investment Programme

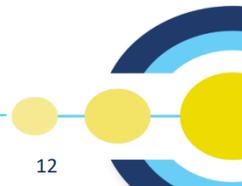
	Progress to date	2021	2022	2023 and beyond
Equities	UK Listed Equity (£4.6bn) O/seas Developed Equity (£4.2bn) Emerging Markets Equity (£0.8bn) UK Listed Equity Alpha (£1.4bn) Global Equity Alpha (£6.1bn) <b>Total AUM: £17.2bn<sup>1</sup></b>	Emerging Market Hybrid UK & O/seas Developed Equity (review) UK Equity Alpha (review)	Regional Alpha Emerging Markets Alpha	Passive/ Factor / ESG
Alternatives	Private Equity – Series 1 (£1.7bn) Infrastructure – Series 1 (£2.5bn) Private Credit – Series 1 (£1.5bn) <b>Total Committed: £5.7bn<sup>1,2</sup></b>	Listed Alternatives First co-investment made (green energy) Cashflow management	Legacy Diversified Alternatives Asset Allocation Series 2	Impact (local) Investing
Bonds	Sterling Index Linked Bond (£1.4bn) UK Investment Grade Credit (£3.1bn) <b>Total AUM: £4.5bn<sup>1</sup></b>	Multi-Asset Credit		
Real Estate			Global Real Estate	UK Real Estate
Other	1 <sup>st</sup> trade crossed between PFs, saving £3.5m costs			Hedging (FX & Equity)
Responsible Investing	ESG & carbon screens for all Equity and FI Funds External manager monitoring framework Voted at 902 meetings 12,011 resolutions Common policy for all Border to Coast holdings TCFD, Annual RI & Stewardship reports published Joined multiple RI collaborations	Standalone Climate Change Policy RI support for Real Estate Alternatives monitoring framework Publish PRI Transparency Report Net-zero carbon commitment Developing communications strategy		

## 2020 LAPF AWARDS

- Won 'Pool of the Year' for the second year
- Won the 'Collaboration' award

<sup>1</sup> AUM as at 31/03/2021

<sup>2</sup> Alternatives values shown based on Partner Fund commitments



# Border to Coast

## - Wider Corporate Development Programme

	Progress to date	2021	2022	2023 and beyond
Office	Central Leeds location established – meeting our principle of having a shared team in one location	Second floor secured in our building - larger team and need for more meeting rooms with videoconferencing capabilities		
People	100 employees, 28 joined during lockdown Well set-up for working remotely during lockdown Graduate scheme in place: 2020 recruitment delayed	Employee Value Proposition, colleague engagement, learning & development, succession planning, well-being, diversity, culture		
Corporate Function	Embedded operating models, outsourcing where appropriate. Established risk & control frameworks	Assessment of operating model – efficiencies, risk appetite, opportunities to move in-house. Review working practices. Maturing risk & control frameworks, etc		
Customer Relationships	Team established, processes documented, Customer Strategy developed	Ensuring info meets requirements, increasing capacity, evaluating CRM software, training materials, promoting Customer voice		
Data Room	Established as secure source of fund launch due diligence and subsequently expanded to include Customer Reporting, materials from meetings, etc,	Re-launched following feedback – easier to navigate, improved look & feel		
Annual Conference	Annual Conference established (run online in 2020)	Will incorporate new Member training sessions (following election turnover)		
Reporting & Assurance	Statutory accounts approved Account for GPs/LPs and ACS structures Transition from Type 1 to Type 2 AAF report in 2020 ISO27001 Certification			
Comms Strategy	Formalised strategy in 2020, establishing current channels & future plans	Launched <i>Investment Insight</i> articles & videos		
Collective Voice	Responsible Investment, Asset Management Industry, LGPS	Policy change (leveraging strategic partnerships)		
Regulatory	Aligned with SMCR Brexit-related changes			

# Border to Coast Pensions Partnership Ltd

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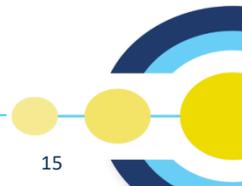
Border to Coast

Investment Funds  
& Responsible  
Investment



# Lincolnshire – Current Investments with Border to Coast

Listed Investments	Lincolnshire Value (as at 31/03/2021)	Total Fund Value (as at 31/03/2021)
	£	£
UK Listed Equity Fund	442.9m	4.6bn
Global Equity Alpha Fund	711.5m	6.1bn
Sterling Investment Grade Credit Fund	195.9m	3.1bn



# Lincolnshire

## – Potential Future Investments

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- **Multi-Asset Credit:**

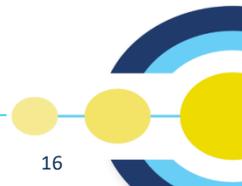
- Fund designed to give access to a wide range of credit assets to diversify risk & return sources
- Best of both worlds approach – returns from both asset allocation and sector specialists
- Expected to launch later in 2021

- **Alternative Investments:**

- Border to Coast has launched stand-alone Alternatives offerings in the form of Private Equity, Infrastructure and Private Credit
- Lincolnshire are expecting to invest in the next series of Alternatives offerings in April 2022
- Subsequently, Border to Coast will develop a solution for Lincolnshire in which it takes responsibility for the likes of discretionary asset allocation

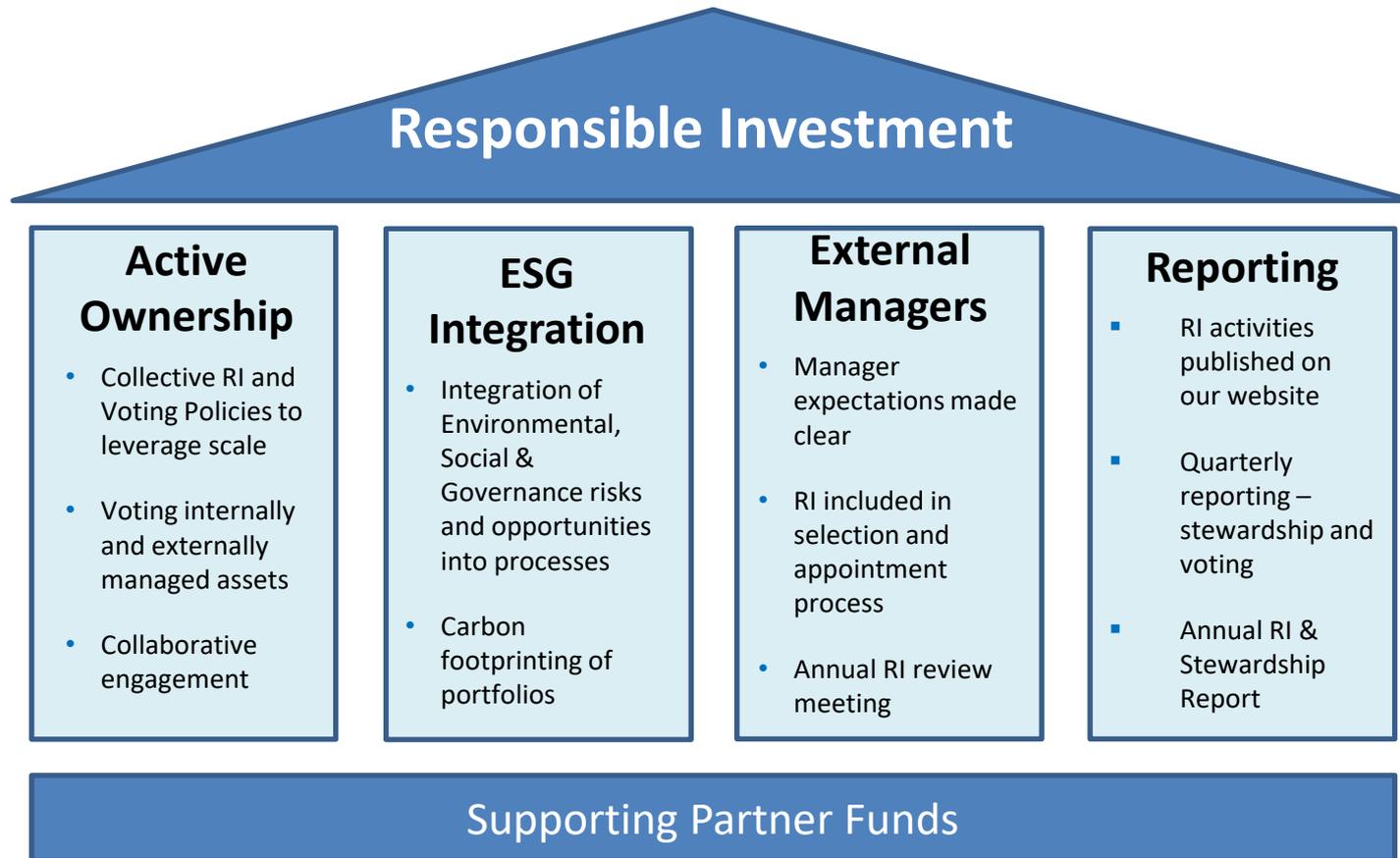
- **UK & Global Real Estate:**

- Developing Global Real Estate capability for 2022 launch and UK capability for 2023.



# Responsible Investment (RI) at Border to Coast

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# Border to Coast Pensions Partnership Ltd

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Pooling Savings  
Update



# Pooling Savings Update

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## Pooling Savings Project

- Project undertaken to state individual Partner Fund and total savings across our pool
- Working in collaboration – Border to Coast and the Partner Funds
- Border to Coast Annual Report & Accounts does not include Partner Fund specific savings, just the consolidated position
- As Officers are aware, we have not yet included future launches in these figures (aside from our soon-to-be-launched MAC Fund)
- The level of savings will grow as we develop and incorporate other funds, such as Real Estate and Listed Alternatives

## Ongoing Work:

- We have issued each Partner Fund with savings numbers for their Annual Reports, including supporting commentary
- To provide for greater consistency across the LGPS pools, Border to Coast has led a project to standardise the 2021 pooling savings report
  - Draft response has been issued to Partner Funds for review
  - Final response will be submitted to MHCLG on 24/09/21

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