

LONDON CIV - INDIVIDUAL BOROUGH RESPONSE

London Borough of Harrow

	£'000
Total Assets Under Management - Please insert net assets @31/03/15	674,845

Liquid Assets	£'000	£'000
Total Liquid Assets		653,383
Global Equities (Active)	229,378	
Global Equities (Passive)	220,601	
UK Equities (Active)	0	
UK Equities (Passive)	0	
Multi Asset / DGFs	59,535	
Fixed Interest Products	69,247	
Property (unitised funds)	50,562	
Alternative products	0	
Other including cash	6,930	
Index Linked Securities	17,130	

Please provide any additional comments on transition timeline for the individual fund - Subject to suitable investment products being available the timeline we envisage is, by the end of 2016, 44% of our Fund being invested in the CIV, by the end of 2018, 58% and by the end of 2020, 96%. Subject to meeting our strategic objectives, we would consider putting up to 10% of our Fund in infrastructure investments but we are likely to prefer long term debt infrastructure rather than start up equity.

Additional Comments? The Pension Fund Committee is concerned that in the immediate or medium term only one of the Fund's Managers/Mandates is included within the CIV portfolio.

Illiquid Assets	£'000	£'000
Total Illiquid Assets		21,462
Hedge Funds	0	
Private Equity	22,954	
Partnerships	0	
Infrastructure	0	
Property	0	
Real Assets	0	
Others - please specify - Currency Hedging	-2,649	
Net Current Assets	1,157	

Please provide detail e.g. any maturity dates, further subscriptions, etc.

Additional Comments?

Assets to remain outside the CIV	£'000	£'000
Total Assets to remain outside the CIV		21,462
Private Equity	22,954	
Currency hedging	(2,649)	
Net Current Assets	1,157	

Please provide detail for holdings outside CIV - including timescales for later transition. The Private equity portfolio has reached maturity and its year end value is decreasing as distributions are received

Additional comments?

Infrastructure	£'000	%
Current Allocation	0	0.00%
Actual Committed Funds	0	0.00%
Existing Target Allocation	0	0.00%
Long Term Target Allocation	0	0.00%

Please provide any additional comments on infrastructure ambitions or views on returns required

Additional Comments?

CEM Benchmarking Data	2013 - £000	2013 bps	2015 - £000	2015 bps
Investment Costs £'000 and basis points	2,281	45.3	3,176	50.8
Benchmark Cost analysis £'000 and basis points	Not supplied by CEM		3,670	58.7

Additional Comments?

CEM Benchmarking Data	2013 - %	2015 - %
Net Total Return	Not supplied by CEM	9.4
Policy Return	Not supplied by CEM	8.7
Net Value Added	Not supplied by CEM	0.7
Asset Risk	Not supplied by CEM	11.8

Estimated Transition Costs	£'000	Basis Points
Expected to Transition 2016		
Expected to Transition 2017		
Expected to Transition 2018		
Expected to Transition 2019		
Expected to Transition 2020		
Expected to Transition 2021		
Assets remaining for transition		

The CIV will work on some broad guidelines on transition costs - given past experience and advice received. However, if you did want to comment on what you expect your individual costs will be, please feel free to do so here.

Additional Comments on Pooling - Please put any additional comments here - these will be included as an annexe in the CIV Pool submission with reference made to individual responses in the main submission document:

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2033 is where the gov has asked us to forecast out to

Please note the assumptions and notes comments highlighted in the text boxes below

Indicative Sub-Funds Available on CIV	2015	2016	2017	2018	2019	2020	2021	2022	2033	Additional Comments? Whilst clearly a lot of effort has gone into establishing the sub-funds set up to date and there is a clear commitment to offer opportunities to all the CIV funds we are concerned as to whether sufficient opportunities will be available for all funds. Our current strategy includes a major investment in emerging markets active equities and we are not sure whether there will be sufficient room within the number of sub-funds envisaged to offer us a suitable opportunity. We would also appreciate more detail on the fixed interest and alternatives products likely to be available before we can commit ourselves to anything other than an aspiration for 2020.
Global Equities (Active)	1	3	6	6	6	6	6	6	6	6
Global Equities (Passive)		4	5	4	3	3	3	3	3	3
UKEquities (Active)			2	2	2	2	2	2	2	2
UKEquities (Passive)		2	2	1	1	1	1	1	1	1
Multi Asset / DGFs		4	4	4	4	4	4	4	4	4
Fixed Interest & income/cashflow generating		1	3	4	5	5	5	5	5	5
Property				2	3	4	4	4	4	4
Alternative products				2	2	4	5	5	5	5
Private Equity					2	3	3	3	3	3
Real Assets				2	2	3	3	4	4	4
Infrastructure			1	2	2	3	4	5	6	6
Total Sub-Funds open	1	14	23	29	32	38	40	42	43	

Assumptions: Sub-fund openings will be spread over the year. The majority of sub-funds will be through the ACS structure, where it is practical and financially beneficial to do so and where this isn't practical, the CIV will look to set up another fund structure (2017/18) that will accommodate assets outside of the ACS. Sub-funds will provide a wide range of investment options within individual asset classes and will be based on meeting the needs of the London Boroughs, based on their asset allocation and investment strategy decisions. Please note that the managers in sub-funds will be kept under constant review and will be changed as and when appropriate to do so. It should be noted that the number and types of sub-fund may vary significantly from the above to reflect changing asset allocation requirements

Estimated Assets to be transitioned based on 2015 Total Assets Under Management

	£'000	2016	2017	2018	2019	2020	2021	2022	2033	Please provide any additional comments on transition timeline for the individual fund As requested, all valuations are as in the 2014-15 accounts at market levels at the time. Between 2015 and 2033 there will obviously be inflation, changes in market levels and strategy changes and the fund will be more mature.
Total Assets Under Management - Please insert net assets @31/03/15	674845	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Global Equities (Active)		75,561		77,276		76,541				If Longview sub-fund is set up in 2016 transition will be straightforward; opportunity for transition from Oldfields should arise in 2018; a satisfactory emerging markets fund needs to be available for the GMO mandate (say) 2020
Global Equities (Passive)		220,601								If, as indicated above, 4 funds become available in 2016 we can do the transition from State Street
UKEquities (Active)										
UKEquities (Passive)										
Multi Asset / DGFs										
Fixed Interest & income/cashflow generating						86,377				Includes fixed income and index linked but we need more clarity before committing. We are very significant holders in the Aviva fund and, if required to transition, would wish to take a managed approach over several years
Property				15,000	15,000	20,562				Although four products have apparently been chosen all appear to be similar and are all different in style to our own. We would wish to see a bigger range on offer
Alternative products						59,535				
Private Equity										
Real Assets										
Infrastructure										
Other including cash										
Total Assets to be transitioned £m	296,162	-	92,276	15,000	243,015	-	-	-	646,453	

NOTE: The transition of assets is indicative only to provide an indication for the 15th July submission and it is recognised that Funds will need to take decisions on transitioning assets as and when suitable products are available to meet their strategic asset allocation and investment decisions. Individual fund data will not be submitted to DCLG, but will be aggregated to provide an indicative value of assets at a whole fund level for the London CIV Pool submission