

ACCESS POOL

Introduction

This note is based on discussion at a work-shop held on 7th January 2016 which was attended by a number of funds (most from the south and south east regions) who are committed to or are considering working together to create one of six £25bn plus LGPS investment pools.

In this note we set out a draft of:

- 1) Key features of the group of funds committed to or considering working together;
- 2) Aims of the ACCESS pool; and
- 3) Principles that will guide the actions, approach and decisions of the ACCESS pool.

Key Features of ACCESS group of funds

Common features of the group of funds likely to participate include:

- 1) No single dominant fund. Funds range in size but with a small number of exceptions are broadly similar in size (most in the range £2-5bn)
- 2) Manageable number of funds for participation in governance (expect c9-11 funds)
- 3) Similarities in investment approach (asset types used) and similarities in managers used (top 12 managers by AUM cover 2/3rds of the assets of potential participants)
- 4) Although not a deciding criterion for pooling, the funds are reasonably close geographically which will be helpful for joint working and governance
- 5) All use external managers (no in-house management functions within the group of funds)
- 6) Participating funds have until now focused on **what** is the right approach to pooling before considering **who** they will work with
- 7) Blank canvas – all participating funds in at the beginning and are able to help shape design of the pool
- 8) No intention to set up an investment management business
- 9) Apolitical

Aims of the ACCESS Pool

Aims and objectives of the ACCESS POOL

- 1) To provide a range of asset types necessary to enable participating funds to execute their locally decided investment strategies.
- 2) To enable funds to achieve the benefits of pooling investments while preserving the best aspects of what is currently done locally and the desired level of local decision making and control.
- 3) To help participating funds to execute their fiduciary responsibilities to LGPS stakeholders, including scheme members and employers, as economically as possible.

Principles

Principles of the ACCESS POOL

- 1) All participating funds will have an equitable voice in governance.
- 2) The pool's governance will reflect the participating funds' preferences in terms of which decisions are made locally by individual funds.
- 3) The participating funds will work collaboratively.
- 4) Decision making will be objective and evidence based.
- 5) The pool will maintain standards of professionalism and risk management appropriate to the responsibilities of managing one of the biggest pools of pension assets in the UK.
- 6) The pool will avoid unnecessary complexity in its approach. OR .. The pool will aim for simplicity in approach.
- 7) The pool will evolve its approach to meet the changing needs and objectives of participating funds.
- 8) The pool will be open to innovation that will enable it to better serve the pool's participants.
- 9) The pool will be established and run economically, avoiding unnecessary cost.
- 10) The pool's costs will be shared equitably.