

SURREY PENSION FUND COMMITTEE REPORT



SURREY COUNTY COUNCIL

SURREY PENSION FUND COMMITTEE

DATE: 13 DECEMBER 2024

LEAD OFFICER: NEIL MASON, LGPS SENIOR OFFICER

SUBJECT: ASSET CLASS FOCUS – PRIVATE MARKETS

SUMMARY OF ISSUE:

As part of good governance, the Committee periodically reviews the performance of the Fund's investments. There is a further focused review of different asset classes each quarter. This paper concentrates on Private Markets and specifically the exposure to renewable energy.

RECOMMENDATIONS:

It is recommended that the Pension Fund Committee:

1. Note the Fund's Private Markets renewable energy exposure and review from the Fund's independent investment advisor.

REASON FOR RECOMMENDATIONS:

A solid framework of review is required to benefit from this long-term asset category. This is consistent with Fund's strategic investment objectives.

DETAILS:

Background

1. Private markets are investments made in assets not traded on a public exchange or stock market. This includes private equity, investments made in private companies, or private debt, where investors lend directly to borrowers when there is no listed market to trade that debt on. The Fund may distinguish these investments by asset type, for example infrastructure and climate opportunities.
2. Asset owners invest in private markets for a variety of reasons, including targeting superior returns or looking for portfolio diversification. Private markets can offer exposures that are unavailable on listed markets and access to companies throughout their lifecycle. However, fees can be large and opaque, and liquidity is significantly reduced.

3. At the December 2023 Committee meeting it was agreed that the Private Markets review in December 2024 should focus on highlighting the renewable energy exposure within the Private Markets investments.
4. Annexe 1 contains the private market renewable energy report by the independent financial advisor.

CONSULTATION:

5. The Chair of the Pension Fund Committee.

RISK MANAGEMENT AND IMPLICATIONS:

6. Any relevant risk related implications have been considered and are contained within the report.

FINANCIAL AND VALUE FOR MONEY IMPLICATIONS:

7. Any relevant financial and value for money implications have been considered and are contained within the report. The cost of the resources necessary for implementing the changes recommended above and for delivering the administering authority role is met from the pension fund (under Regulation 4(5) of The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009).

LEGAL IMPLICATIONS:

8. There are no legal implications or legislative requirements.

EQUALITIES AND DIVERSITY:

9. There are no equality or diversity issues.

OTHER IMPLICATIONS:

10. There are no other implications.

NEXT STEPS:

11. The following steps are planned:
 - a) Continued monitoring of Private Markets holdings with a performance review report to be brought to the Committee at the September 2025 meeting.
 - b) Committee to consider further commitments to the Border to Coast Pensions Partnership (BCPP) Private Markets programme in March 2025.

Contact Officer:

Lloyd Whitworth, Head of Investment & Stewardship

Annexes:

1. Private Markets renewable energy report from the Independent Investment Advisor - Annexe 1

Sources/Background papers:

None

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