



# LGPS in the UK: Learnings from International Peers

Insight Report

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# Executive Summary

Three years after the LGPS began consolidating assets in the UK, the benefits of pooling are beginning to be realised.

The pooling of local government pension assets has been a trend in other parts of the world for more than a decade. To understand and learn from some of the experiences of global peers, seven UK LGPS pools commissioned research with 11 comparable international investors.

## The research revealed

- **All respondents confirm the benefits of scale from pooling to be meaningful and (critically) realisable.**
- **Measures of success.** Consensus among respondents is that success is ultimately decided by long-term performance after costs against a benchmark established by stakeholders; peer comparisons are problematic due to inherent differences among investors.
- **Models of success.** Shared characteristics of investors determined to be successful include (i) contemporary governance; (ii) professional management; (iii) long-term strategic planning and implementation; and (iv) firm regulation.
- **No best way to Pool.** The journey each respondent has taken in building scale contributes to inherent differences across respondents.
- **Realising the benefits of scale can be accelerated by optimising governance, hiring and retaining the right talent to deliver on the pooling opportunity, both of which are required for the enablement of long-term investment implementation (in addition to firm regulation).**

## The benefits of scale are meaningful and (critically) realisable, confirm all respondents

The benefits of pooling are confirmed to include, but are not limited to, access to scale benefits such as:

1. Improved long-term performance after fees

2. Reduced investment costs through enhanced ability to negotiate with external managers, invest in people and systems to manage select investments in-house, and the dispersion of fixed costs; and
3. Improved control over investments with greater choice and access to better assets and external asset managers.

In our interviews, respondents unanimously confirmed these benefits *could*, and often *had*, been achieved, and so pooling had enhanced long-term stakeholder value.

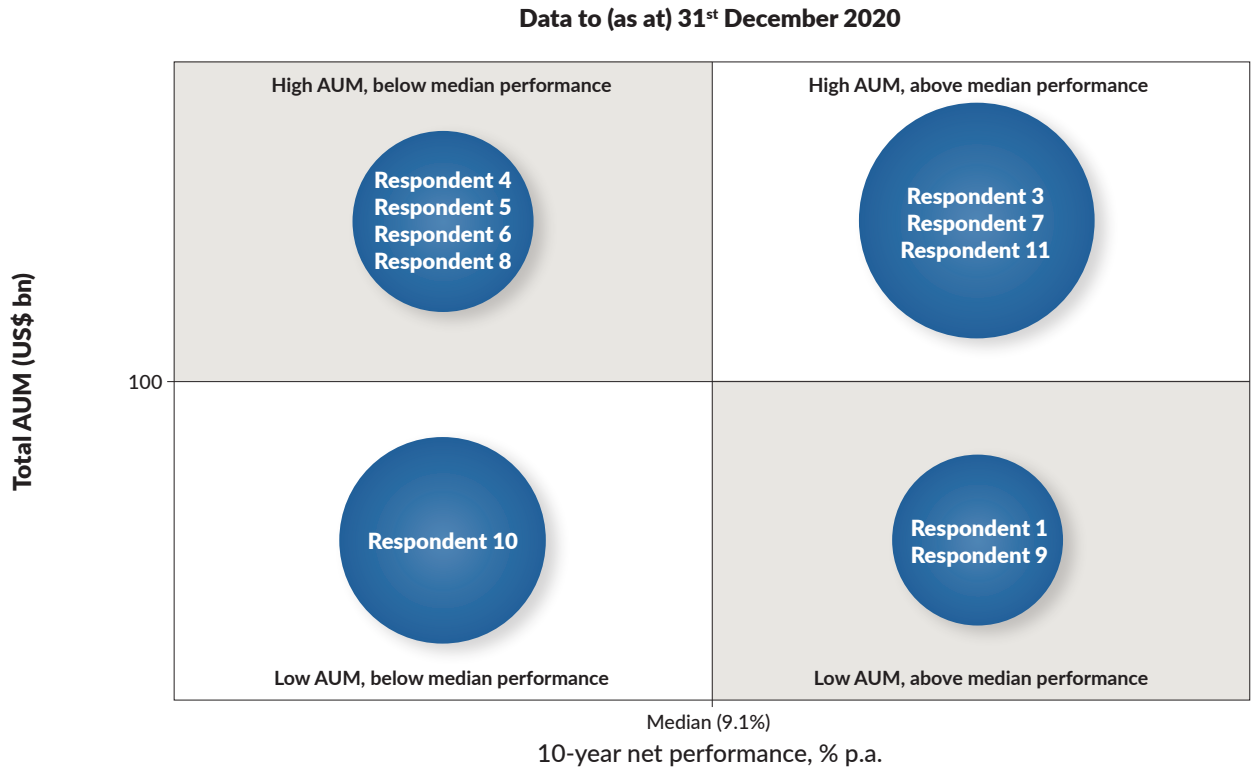
## Measures of success. Long-term performance after costs against a benchmark established by stakeholders

Respondents all consider *long-term portfolio performance after costs against a benchmark that all stakeholders have endorsed* to be the best measure of success, defining 'long-term' as periods of ten years or more. Importantly, the benchmark should be realistic and consider the mandate, objectives and investment strategy agreed between stakeholders, *not* peer comparisons.

Respondents were clear on this latter point. While it was common for stakeholders to cite peer performance, rendering comparisons unavoidable, the prevailing view was that comparing returns among peers had limited application due to qualitative differences between investors. These ranged from the number and nature of the mandates and partner funds they managed, often with differently 'shaped' liabilities, risk profiles, certainty of funding, potential for sequencing risk, and asset allocations. Objectives, too, can differ markedly, and be managed under divergent governance models in diverse markets with distinctive histories, influences, risks, and regulations. Figures 1 and 2 further highlight challenges in peer comparisons.

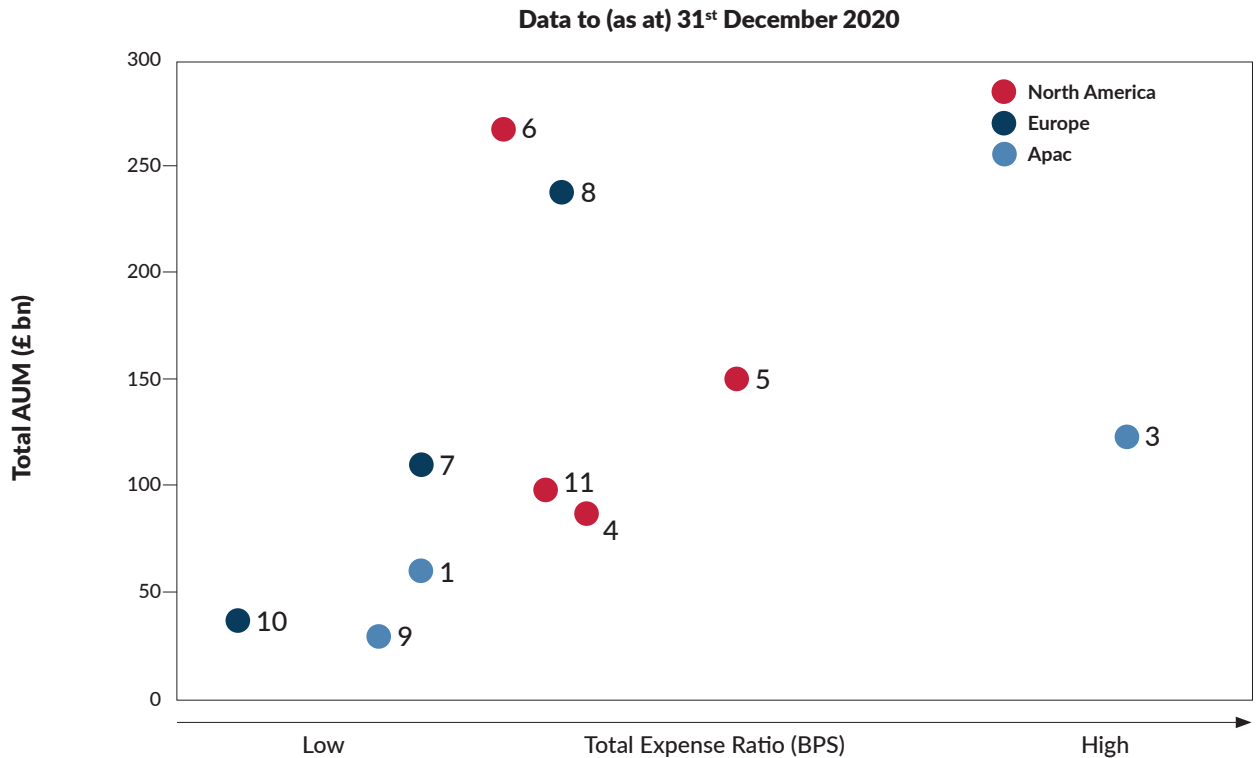
Figure 1 presents the long-term returns of ten of our respondents relative to the cohort's median (8.9% p.a.) and to size (assets under management). Figure 2 plots size against each pool's total expense ratio (costs incurred, including management, trading, and legal fees, as a percentage of assets managed).

**Figure 1** Value (10-year net performance) vs. Size (AUM)



Source: data provided by respondents; NMG analysis.

**Figure 2** Size (AUM) vs. cost (total expense ratio<sup>^</sup>)



Source: Data collected from interviews; NMG analysis

<sup>^</sup> Total expense ratio includes management, trading, and legal costs, expressed as a percentage of assets managed.



If like-for-like comparisons were possible and all other things being equal, investors of similar size should generate similar returns and incur similar costs. However, while several larger respondents performed above the median, all did not, while one smaller respondent (Respondent 9) outperformed all other respondents over the selected period.

Like the findings with respect to size, different costs have been incurred across similar sized pools.

The results are inconclusive. Comparing peer performance is not a reliable measure of success and scale is not a reliable determinant of performance or cost – at least, not on their own.

There is no straightforward causal relationship between AUM, cost and performance: other factors can play a determining influence, not least those of governance, planning, regulation and management outlined above. It is therefore crucial that measures of success incorporate such considerations, as demonstrated by the section on long-term planning, below.

## Models of success. Shared characteristics of better performers

Better performers presented below in Figure 3, selected for a combination of attractive long-term returns after costs and/or how favourably they are viewed by their peers, shared four characteristics.

- a. **Contemporary governance.** Establishment of clear divisions of responsibilities, and simplified, flexible decision-making including effective delegations to specialists trusted to exercise sound judgement over the long-term.
- b. **Professional management.** Competing for, hiring, and retaining the “right” people for key positions to, among other things, implement long-term investment strategy while building trust and confidence among stakeholders.
- c. **Long-term strategic planning and implementation.** An agreed long-term strategic asset allocation reviewed annually or less frequently, with the Pool afforded wide ranges to implement and operate within. This ultimately follows successful delivery of (a) and (b).
- d. **Firm regulation.** An external factor that is harder for investors to manage, regulatory settings and government oversight can be an important determinant of success. Firm regulation can accelerate the benefits of scale, such as through legislation mandating or encouraging consolidation and pooling, helping manage structural impediments and conflicts along the way.

**Figure 3** Success factors

Respondents:	Models of success							Other			
	1	3	6	7	9	10	11	2	4	5	8
<u>Shared characteristic</u>											
Contemporary governance	✓	✓	✓	✓	✓	✓	✓	✓	✓		
Professional management	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Long-term strategic planning & empowerment	✓	✓	✓	✓	✓	✓	✓	✓			
Firm regulation	✓	✓	✓		✓	✓	✓		✓	✓	✓

## Lessons from international pooling

### Fully realising the benefits of scale is only possible if the governance allows it

A common theme of our interviews was that establishing ‘contemporary’ investment governance from the start (or as soon as possible), provides clarity of roles and effective delegations that among other things allow investment teams to have conviction and move quickly.

Less contemporary governance can introduce complexity and inertia, diluting the benefits of scale, particularly those offered by greater investment control such as access to private markets.

Our cohort’s best performing pool over the ten-year period, for example, believed the main contributor to its success was its contemporary governance structure. In its view, governance structures should aim for long-term value creation by establishing clear decision-making structures that promote flexibility and decisiveness, are transparent, accountable, and resilient.

*“ At a high level, the governance structure has remained very stable and unchanged. Responsibilities shifted around a decade ago, with the board delegating more to the management team. The board took ownership of the reference portfolio and gave complete delegation of the actual portfolio to the management team. That was a very clean division of power and left no uncertainty as to who controlled what ”*

### **Hiring the ‘right people’ organised around a clear purpose and culture, paid appropriately, engenders trust**

The right people in key positions build trust and provide confidence among stakeholders.

A clear purpose and a culture engaged with and aligned to that purpose increases the ability to attract and retain the right people, particularly when competing against the private sector, an important characteristic of better performing pools.

Appropriate remuneration is a key consideration in attracting and retaining talent, and structures need to be put in place to build stakeholder alignment around this.

### **Long-term strategic planning and implementation builds consensus among stakeholders, giving the Pool the freedom it needs to deliver performance**

This particularly concerns the implementation of appropriate long-term strategic asset allocation – sometimes considered as a reference portfolio – reviewed annually or less frequently, thus affording the Pool wide ranges within which to realise the investment goals, both strategically and tactically.

Several respondents noted that this was a difficult but crucial point to agree with stakeholders, and to do so quickly, to ensure efficient and timely implementation by the Pool.

### **Firm government and regulatory activity can accelerate pooling and the realisation of its benefits**

The success factors outlined above are within grasp of the pools and, in theory, these characteristics are self-determined. However, we found regulatory settings and government oversight can be an important determinant of success, and that this is less within the control of our respondents.



*Firm regulation* that encourages pooling or consolidation where relevant (which for some, includes regular funding) provides pools with greater certainty in the long-term planning and investments required to fully realise scale benefits. For many, this includes investment in internal investment capabilities and hiring the professional management required to deliver value to stakeholders.

*Passive regulation*, on the other hand, has been shown to delay pooling and consolidation until more firm regulatory action is taken.

## There is no ‘best way’ to Pool

### **The journey each respondent has taken in building scale contributes to inherent differences across respondents**

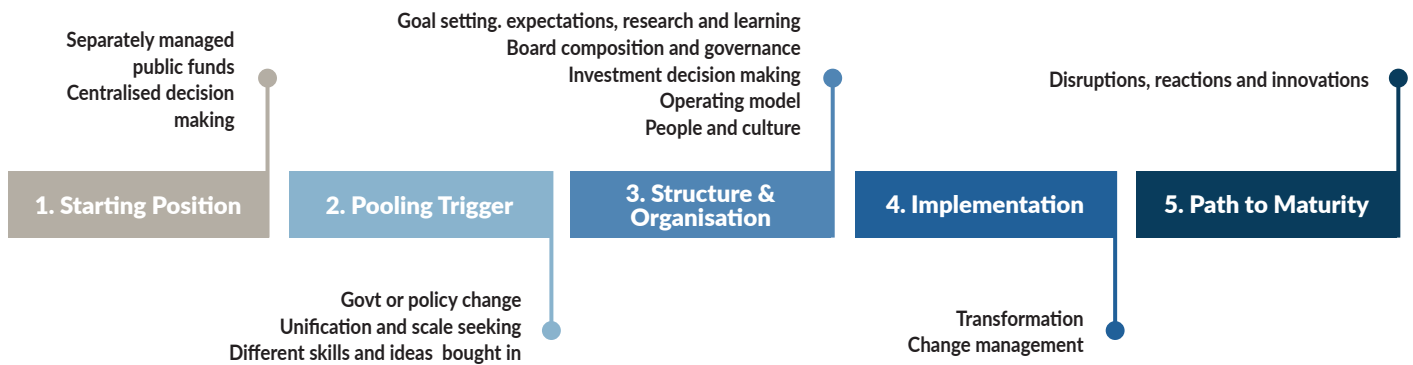
There is as much to be learned from the similarities in the international pooling experience as there is from the differences discussed above. Interviews with the 11 respondents revealed their journeys to larger scale followed certain common stages and steps. Although not all the interviewees will have faced all the steps below, their experiences offer valuable insight into what catalyses the pooling discussion and the common stages and inflection points that follow on the journey to maturity.

While we found each international pool’s journey followed a similar path – in terms of convergence towards similar asset allocations and investment models – the variation in how their journeys began and the specific challenges faced is important to understand the value created.

The following were all cited as having led to variations in the common journey illustrated below:

- how pooling was triggered, whether by government intervention and legislation or with less oversight;
- the governance and decision-making models established; and
- decisions to insource or outsource, who was hired and retained and the influence on culture.

**Figure 4** The commons stages of the pooling journey internationally



These lessons have been summarised into four themes, which guide the main body of the report:

**Theme 1: Pooling journey.** The journey each respondent has taken in building scale, including the challenges faced and how and why decisions were made. This is important context, helping explain important individual differences in results, the extent to which benefits of scale from pooling have been realised, and signposts opportunities for learning.

**Theme 2: Frameworks:** establishing clear, contemporary governance from the start – pooling adds layers of complexity, so clarity around roles and responsibilities is needed to assist partner funds in delivering the best long-term outcomes for beneficiaries.

**Theme 3: People:** compete for and hire the ‘right people’ organised around a clear purpose and culture.

**Theme 4: Delivering value:** the ‘right’ governance and people engender trust – the ‘right’ governance operated by and overseeing the ‘right’ people, communicating investment decisions transparently with stakeholders fosters trust, enabling the Pool to better deliver value (long-term performance after costs).

# 1. About the research

*NMG Consulting assessed 11 public pension pools and institutional investors (respondents) to understand how they have managed their pooling journey and other topics relevant to managing assets at scale.*

NMG Consulting was selected as a specialist independent firm to ensure high-quality objective results. Interviews for this paper were conducted by NMG Consulting during May and June of 2021.

Key components of the methodology included:

- A focus on key decision makers, interviewed using an experienced consultant and offering insights and learnings as opposed to financial incentives.
- In-depth (typically 1-hour) face-to-face interviews (video) using a discussion guide ensuring some quantitative as well as qualitative data was collected.

- Results interpreted by NMG leveraging relevant consulting experience in the global pensions sector.

This report is based upon NMG’s assessment of the responses to a questionnaire developed with input from representatives of the UK LGPS Pools and LGPS that commissioned this piece of work.

**Figure 5** Table outlining the key topics and sub-topics discussed throughout the interviews conducted with the 11 respondents

Topic	Topics covered	Focus
<b>Frameworks</b>	Ownership and funding	
	Governance	
	Regulatory model	
	Insourcing & outsourcing	
<b>People</b>	Culture	
	Talent and employee value propositions	
	Cost and value for money	
	Scale	
<b>Value</b>	Measures of success	
	Performance reporting	
	Generating performance	

# 2. Respondents

*The respondents are senior executives at organisations meeting agreed selection criteria.*

Individuals from these organisations agreed to interviews based on strict confidentiality, both with respect to their individual identities as well as that of the organisations. As such, both have been anonymised.

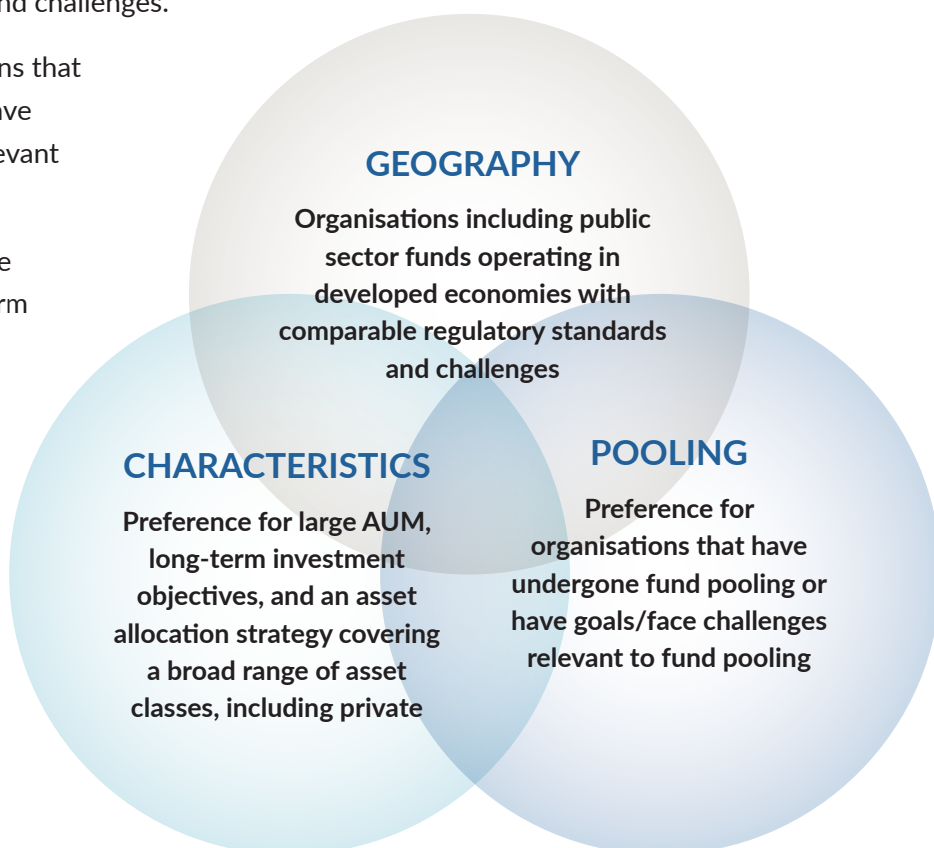
## Respondent selection criteria

A long list of eligible respondents was compiled by NMG based on the following criteria:

- 1. Geography:** organisations, including public sector funds, operating in developed economies with comparable regulatory standards and challenges.
- 2. Pooling:** preference for organisations that have undergone fund pooling or have goals / face challenges that are relevant to fund pooling.
- 3. Characteristics:** preference for large assets under management, long-term investment objectives, and an asset allocation and investment strategy covering a broad range of asset classes, including private markets markets.

The long list was then prioritised based on:

- 1. Recency of pooling experience:** to ensure that the Pool can give insights which will be directly relatable to the situation LGPS currently find and the situations that they are likely to find themselves within in future.
- 2. Spread across pension systems;** and
- 3. 'Fit' for the objectives of the research.**



## Respondent profiles

To ensure confidentiality is maintained, respondents have been grouped into AUM and maturity segments, as follows:

**Figure 6:** Respondent information, aided by appropriate mapping tables

AUM Segment (US\$, bn)		Maturity segment (inception)	
1	20-50	1	Before 1990
2	50-100	2	1990-2000
3	100-200	3	2000-2010
4	200 plus	4	2010 to present

Source: data provided by respondents; NMG analysis

Respondent	1	2	3	4	5	6	7	8	9	10	11
<b>Region</b>	APAC	APAC	APAC	NA	NA	NA	EUR	EUR	APAC	EUR	NA
<b>Respondent AUM</b>	2	3	3	3	3	4	3	4	1	2	3
<b>Maturity segment</b>	4	3	3	3	2	1	1	1	3	1	2

### Investment implementation

<b>Fixed Income</b>	15%	30%	3%	34%	21%	31%	27%	43%	7%	45%	18%
<b>Equities</b>	55%	25%	32%	39%	34%	33%	30%	31%	71%	31%	33%
<b>Real Estate</b>	8%	-	4%	10%	16%	10%	12%	11%	2%	14%	17%
<b>Private Equity</b>	1%	1%	13%	5%	13%	18%	10%	6%	5%	4%	25%
<b>Infrastructure</b>	12%	44%	5%	5%	9%	9%	10%	4%	2%	4%	0%
<b>Other</b>	9%	-	44%	7%	8%	-	11%	6%	13%	2%	8%
<b>Listed</b>	77%		60%				62%	75%	78%	75%	51%
<b>Unlisted</b>	23%		40%				38%	25%	22%	25%	49%
<b>Insourced</b>	33%	100%	-		75%	90%	72%		15%	91%	10%
<b>Outsourced</b>	67%	-	100%		25%	10%	28%		85%	9%	90%
<b>Active</b>	78%		45%	15%					33%	85%	40%
<b>Passive</b>	22%		55%	85%					67%	15%	60%

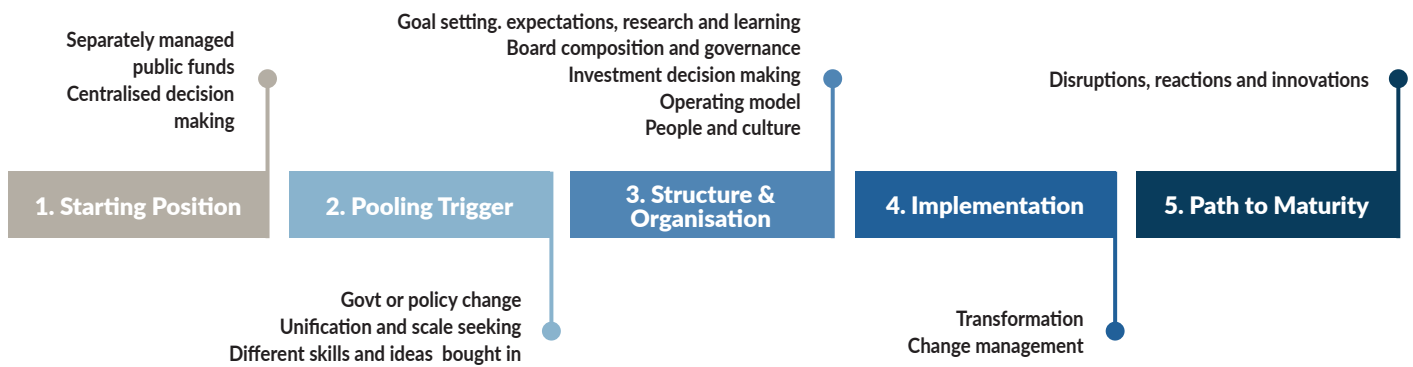
Blank cells indicate data was either unavailable or not applicable for that respondent

# 3. The pooling journey

The discussions with the 11 respondents revealed that their journeys to larger scale followed some common stages and steps. Although not all the interviewees will have faced all the steps illustrated below, their experiences offer valuable insight into what catalyses the pooling discussion and the common stages/inflection points on the journey to maturity.

How pools navigate these steps, how decisions are made and by which stakeholders, the nature of those interactions and how implementation is managed, provides useful insight into organisational differences and ultimately, outcomes (ie. value) for beneficiaries.

**Figure 7** The commons stages of the pooling journey internationally



This journey can be split into five steps:

- **Starting position:** funds begin their journey either as separately managed public funds or as a particular mandate/pension pool that is run almost entirely by the government.
- **Pooling trigger:** at some point, these characteristics are perceived to be sub-optimal, often as result of change in government or policy. Several respondents noted this inspired a recognition that new skills were required to take the pool to the next stage. New management and/or new professionals are brought in to agree upon and oversee the structure and organisation of the pooling arrangement.
- **Structure and organisation:** with a new direction and (sometimes) management, the next step is often a review of investment governance, people, processes, and systems. This is where LGPS find themselves today, and several respondents noted their Pool also looked to peers for best-in-class attributes.
- **Implementation:** once the stakeholders decide on which aspects of their organisation needs refreshing, attention turns to the transformation process and change management. The experience of our respondents suggests that to increase the chances of successful transformation, the goals, roles and responsibilities should be agreed from the outset (or as soon as possible).
- **Path to maturity:** while most respondents said they were yet to reach maturity, this destination could only be reached within a high-functioning and supportive structure, built upon the four stages above.



## POOLING JOURNEY CASE STUDY 1 – APAC Respondent

State intervention compels pooling, a new set of skills is hired, moving toward a model of 'best practice' based on peer discussions, followed by several difficult years clarifying roles and responsibilities, finally moving to a unified strategic asset allocation, and more effective decision-making.

### Starting position

Three separate bodies managing state assets for government plans. A small, implemented platform built with local and global equities and some diversifying asset classes managed by two or three people supported by an asset consultant.

### Pooling trigger

New leadership in government questioned why assets were dispersed across three completely different organisations with different people, investment philosophies, different processes and models leading to inconsistent outcomes. The government triggered consolidation with a set of ministerial orders under one of the three managers. The others were ordered to (1) cede capabilities to the chosen Pool but retain their board and decision rights to what was termed in the legislation 'Investment Strategy'; and (2) to negotiate contracts with the Pool in line with the legislation. The Pool was appointed as manager and adviser on investment strategy with the partner funds.

### Structure and organisation

What happened next? Two organisations that had for decades managed their own money, suddenly lost it under compulsion and it took around three years for progress to be made on effective, unified decision-making. The first few years saw lots of talk but little meaningful action. To move things along the Board of the Pool and government looked for a different set of skills (professional management), some of whom came from the private sector.

### Implementation

New management developed high conviction that a new asset allocation approach would deliver greater value to stakeholders. It took five years to achieve, requiring the formation of a new investment advisory committee and a long process of building confidence to achieve the goal. The main challenges were building trust and belief with partner funds, but also overcoming a lack of clarity in the governance structure particularly with the term 'investment strategy', responsibility for which was conferred to its partner funds in the ministerial orders. The definition of this term was unclear and some of the Pool's changes could arguably fall under the term.

The change was eventually successful, in part accomplished with the formation of an investment advisory committee and the long process of building trust to achieve the goal. In this Pool's experience, getting this right at the beginning would ultimately have delivered a better result earlier for all stakeholders.

# 4. Frameworks

Establishing clear and contemporary investment governance from the start provides the clarity, certainty, and flexibility to assist partner funds in delivering the best long-term outcomes for beneficiaries. These are common features of pools judged successful by their peers.

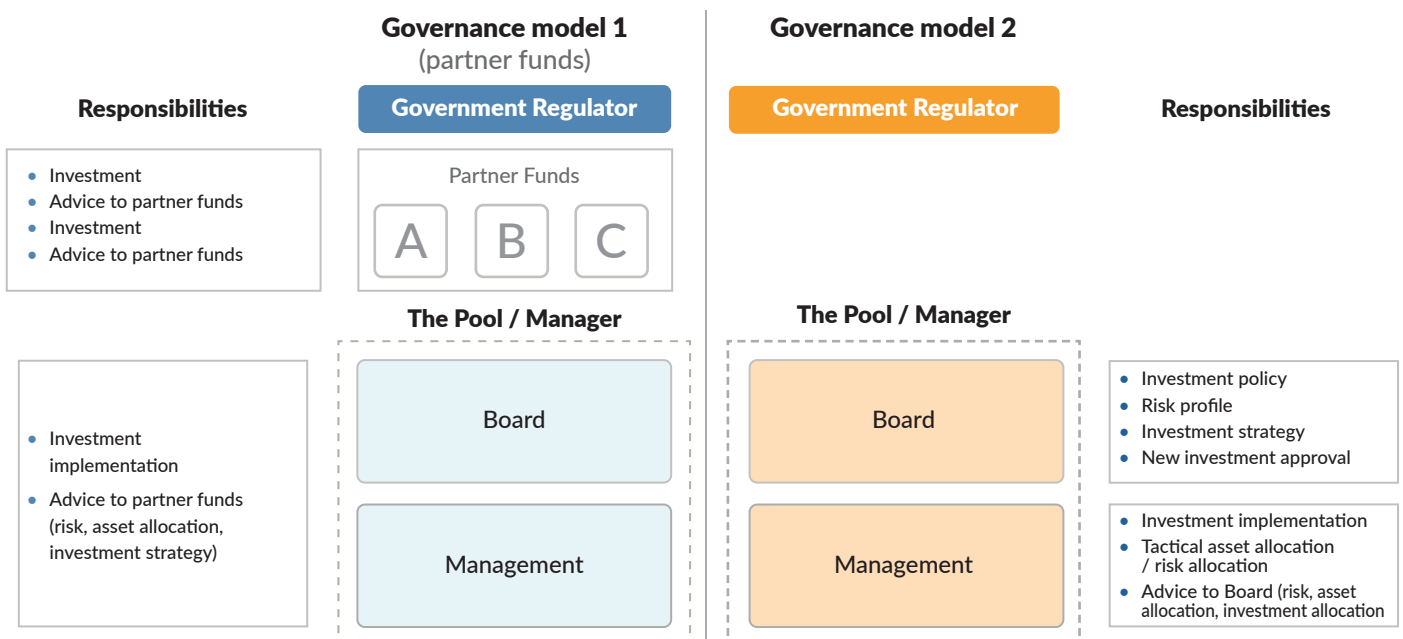
- One hypothesised benefit of pooling is 'strengthened governance'; respondents overwhelmingly cite clear, contemporary governance as critical in providing pools the agility to deliver value, particularly in private markets.
- Complex decision-making conflicts with efforts to deliver value from pooling, producing the costs (i.e. complexity) but not the benefits of scale.

Governance is critical to any well-run pension scheme and respondents believed this is especially the case with respect to pools, as additional stakeholders add layers of complexity alleviated through the concise mapping of roles and responsibilities.

Our discussions focused on investment (as opposed to corporate) governance and the four main decision-making bodies, or stakeholders, common across respondents (figure 8 below):

1. Government (or government body) with responsibility and oversight of the relevant arrangements.
2. The Partner funds (individual portfolios of assets, often public defined benefit pension schemes, that delegate all or part of the implementation to a Pool).
3. The Board (of the Pool); and

**Figure 8** Typical governance models experienced by respondents



Source: data provided by respondents; NMG analysis

Note: This chart is a simplification for illustrative purposes. It does not recognise all potential stakeholders and functions, focusing on the main bodies and functions relevant to the research. The nomenclature has been chosen to closely approximate that used by the LGPS.

#### 4. Management (of the Pool, implementing all or some investments for partner funds).

The Board and Management together are referred hereafter as 'the Pool' or 'Investors'.

## Fully realising the benefits, however, is only possible if the governance allows it.

The most frequently cited lesson learned with respect to governance was that 'clear, contemporary governance' and 'getting it right' from the outset, is vital to the proper functioning of the Pool and its ability to deliver long-term value.

As summarised in the executive summary and described in further detail in the conclusion of this section, 'contemporary' broadly describes investment governance that features clear divisions of responsibilities, and simplified, flexible decision-making including effective delegations to specialists trusted to exercise sound judgement over the long-term.

The central considerations for contemporary investment governance among respondents were:

1. Balancing stakeholder interests; and
2. Role clarity, clear definitions, and effective delegation.

Balancing stakeholder interests is essential to a well-functioning governance system, primarily due to its role in creating the trust that is key to building confidence in the system and delegations.

'Contemporary' investment governance provides clarity of roles and effective delegation, allowing investment teams to have conviction and move quickly. Less contemporary governance can introduce complexity and inertia, diluting the benefits of scale, particularly those offered by greater investment control, such as access to private markets.

Role clarity was another theme of the conversations. Agreeing roles and responsibilities, clearly defining them and their associated terms was considered critical by many respondents to ensure the success of pooling.

Respondents expressed greater confidence in delivering value when their investment governance could be considered 'contemporary' as defined in this paper, and when the model more closely resembled model 2 in figure 8.

In model 1, partner funds are responsible for critical roles such as strategic asset allocation investment strategies and operate with varying degrees of consultation with the Pool. This produces differences in long-term strategic asset allocations and investment strategies, limiting opportunities to pool assets into similar strategies and structures that could produce greater scale benefits.

A more unified approach to strategic asset allocation and investment strategy would allow for larger pools of assets to be implemented uniformly and could, for example, be used to:

- negotiate lower fees with external managers;
- provide access to better private market assets; and
- improve the case for hiring investment professionals, with the potential for the costs of doing so to compare favourably to external asset management fees when dispersed across more assets.

Respondents more closely approximating model 2 expressed greater confidence in their decision-making frameworks, and their ability to plan for the long-term. Some respondents had operated under this model since their inception. Others had moved from governance that resembled model 1 to one more closely approximating model 2. This latter group had secured agreement from stakeholders in a long-term strategic asset allocation that would be reviewed annually or less frequently and wide ranges within

which to implement and operate within.

The lesson here is not that model 1 or 2 is better than the other, but that within either model, establishing a decision-making process that best approximates 'contemporary governance' is critical to successful pooling. This includes:

- clearly defined roles and responsibilities and associated terms (respondents, for example, encountered challenges when terms like 'investment strategy' were not tightly defined from the outset);
- the right balance between giving Pools the freedom and flexibility they require to deliver value while maintaining confidence of partner funds that it will not impact their duties as fiduciaries; and
- the challenges that can arise from growth and dealing with them quickly, including how to equitably distribute the investment opportunity set across partner funds; the right governance structures at the outset was again seen as vital in affording pools the flexibility to adapt as responsibilities changed and increased.

## Firm regulation accelerates scale and access to its benefits; communication and transparency is key

Governments (local, state, and/or national) play an important role in pooling, establishing the governance model, and its ongoing relationship with its stakeholders. How 'tight' or 'loose' governments are in the design and ongoing direction is a key consideration.

The implications of firm regulation described above has often created tension among stakeholders. Several respondents whose pooling trigger had been firm government action explained it had fostered

mistrust about the Pool's priorities among some clients.

*“ The Government intended to establish the Pool at arm's length, but the arms were very short ”*

One respondent noted the influence their proximity to government has had on its journey. The compulsory pooling of partner funds had been challenged by a degree of mistrust.

The Board was formed by the Government without representation from the Partner funds. This was interpreted as the government exerting influence over investment decision making, particularly by those that had not been managed by government agencies prior to pooling. This respondent noted that among its partners, those managed by government bodies prior to pooling were more inclined to be trustful and focus on securing pooling's benefits.

Reflecting on where aspects of the organisation could be improved this respondent focused on the frameworks at their disposal, with the required governance changes outlined as:

1. A clear and arm's length relationship between governments and the Pool
2. Ensuring client involvement within the governance process, albeit not strict client oversight
3. Increasing transparency underpinned by a clear and concise reporting methodology; and
4. The creation of a model that over-emphasises simplicity, clarifying the division of responsibility between the Pool and partner funds, appreciating how and where they can best leverage their relevant knowledge and skills to deliver the most value.

This last point includes some of the key elements of governance often cited in interviews as critical in providing pools the agility to deliver value, referred to in this paper as 'contemporary'.

## POOLING JOURNEY CASE STUDY 2 – APAC Respondent

Cited by several of our other respondents as an exemplar of a sound investment decision-making model, the respondent pointed out that a very clear and stable governance structure had been advantageous for the Pool during its journey.

Consistent with governance model 2 above, while this investor is accountable to the relevant government body, it is also legally separate, operating with an independent board and without partner funds.

Even with this relatively simple structure, it took the decision to improve the portfolio and decision-making process further, moving to a reference portfolio, in part due to its relative simplicity and recognising boards (and partner funds where appropriate) are often not specialists in the complexity of long-term investing and meet infrequently to consider these matters.

*“ At a high level the governance structure has remained very stable and unchanged. Responsibilities shifted around a decade ago with the board delegating more to the management team. The board took ownership of the reference portfolio and gave complete delegation of the actual portfolio to the management team. That was a very clean division of power and left no uncertainty as to who controlled what ”*

This investor believes it was key that the board be clear on its investment beliefs, roles and responsibilities, delegation to management (the Pool) and operating this way for two or three cycles was key in building confidence and trust that it could be effective.

The change recognises that boards (and partner funds where appropriate) are often not specialists in long-term investing, lacking familiarity and meet infrequently to consider the subject matters. The reference portfolio provides for simple, unified strategic asset allocation (SAA) and implementation, reducing the amount of education required. While fully formed proposals are still submitted and debated, it has encouraged flexibility and trust.

Finally, developing a framework and culture with the long-term in mind is a strategic imperative for enduring success. Decisions made today often take several years to play out, and the people making those decisions may not be around when the results clear and can be accurately assessed.



For some, the lack of role clarity presented challenges as they proceeded on their journey.

This was the case for one APAC respondent, who emphasised the importance not only in deciding who is doing what but clearly defining the associated terms. In their case, issues arose around the term 'investment strategy', the responsibility for which was conferred to its partner funds in the ministerial orders that triggered pooling. A lack of clarity proved challenging when circumstances changed and required a new investment strategy.

A new CIO determined, after a rapid rise in the size of the Pool and following a detailed review of 'best in class' global pension and asset management, that a new approach was required. The Pool developed high conviction that a new asset allocation approach would deliver greater value to stakeholders. However, this took five years to achieve due to the construction of an investment advisory committee and the long process of building confidence to achieve the goal. Given the definition of long-term performance is 10 years-plus, a transitional period of this length could have a considerable drag on performance.

Nevertheless, this Pool was cited more than once by other respondents as a model of success despite generating below-median performance, which can in part be attributed to lack of clarity around the responsibility for investment strategy for most of the ten-year period reported. These respondents noted the recent, successful modernising of its governance and the introduction of a new long-term strategic asset allocation. In doing so, this APAC respondent evidenced a key success factor: long-term planning and implementation.

In this Pool's experience, getting this right at the beginning, or sooner, would ultimately have delivered a better result earlier for all stakeholders.

*“ Not getting it right early makes the journey so much harder because of time spent discussing who has the right to do what ”*

Several respondents echoed this point in our interviews: when conducting strategic change, it is vital to start from scratch and have difficult conversations early.

## Trust is a prerequisite for establishing contemporary governance

One of the central tensions observed in discussing the pooling journeys of our respondents was finding the right balance between allowing the manager the freedom and flexibility required to deliver value while maintaining the confidence of partner funds that these decisions won't impact their duty as fiduciaries.

Several respondents noted trust between Pool and partner funds is vital in achieving successful pooling. Partner funds must ultimately trust in the long-term viability of the Pool in performing its duties and meeting its fiduciary obligations, thereby providing partner funds with the confidence that they will meet their own obligations to beneficiaries.

Similarly, most Pools expressed the importance that their investment decisions could be made, implemented, and managed with clear, well-defined delegation, rules, and guidelines. This, for many, is essential to ensuring they maximise the value of pooling to partner funds and is critical if they are to achieve their investment mandate.

A respondent from APAC expressed a great degree of confidence in its investment decision-making model and did not feel that it faced issues of trust from partner funds thanks to its structure and design. The Board and Management are government agencies, purpose-built to manage to a single mandate and funded directly by the government. Partner funds were pooled later, compelled to delegate asset management to the Pool. All partner funds were either already managed by a government agency or newly created for a specific purpose and



funded by the Government, always with the intention that this respondent would manage the assets. This is believed to provide a comparative advantage in that the Pool has a single client (the government) and purpose (to invest on behalf of future generations and strengthen the government's balance sheet).

Finally, communicating effectively and being transparent is key to building trust, as is identifying, recruiting, and retaining professionals, which we elaborate further on in Section 8.

This was supported by one APAC respondent. It noted effective delegation, providing the Pool with the confidence to develop successful internal capabilities in non-traditional asset classes. A modestly sized front office team has developed a specific global macro strategy considered by peers to be 'best in class'. Outsourcing the same strategy would incur high management and performance fees. With confidence from stakeholders, this respondent was able to develop a successful strategy internally and achieve equal or better performance than comparable top quartile asset managers, at a much lower cost.

On the other hand, overlooking the importance of communication and not focusing on managing relationships with stakeholders can introduce tensions and mistrust. For example, a European Pool explained the complications of operating a multi-client model in which one client commands a dominating position and smaller clients may not feel that they are receiving the service as was intended and expected to be delivered at the pooling trigger stage. Layers of oversight and complexity was introduced by partner funds as a result, which complicated and slowed down decision-making. Ultimately, this mistrust and the complexity and inertia that followed, negatively impacted its ability to deliver value. The Pool would like to improve their service offering to be more client-focused, reflecting their different sizes and requirements.

## POOLING JOURNEY CASE STUDY 3 – North American Respondent

Operating with autonomy, clarity and flexibility is considered ‘best practice’ but requires considered and structured collaboration among stakeholders to truly succeed.

### **Operating with autonomy can create a different set of challenges**

This was the case for one North American pool. Established decades ago purely as an asset manager, its partner funds have always delegated investment decisions to the Pool (retaining management of liabilities and risk profile). By law, partner funds were compelled to delegate 100% of the management of their assets to the Pool while retaining their fiduciary obligations to beneficiaries.

### **Complexity introduces costs and can dilute scale advantages**

The Pool still found investment decisions could be interrupted by partner funds using risk profiling. It limited their ability to generate enough assets to make certain investment strategies cost effective. This Pool recognised this as their biggest challenge: creating segregated accounts for each client prevented it from realising the full potential of larger size.

*“ How do we allow each client to have a risk profile that is in line with their tolerance for risk yet do it in a way that we can benefit from the size of the Pool? ”*

### **Collaborating on the solution**

The Pool’s answer was to develop a single unitised fund for each asset class, which allowed them to provide partner funds some input in the investment offering without impacting their ability to scale the management of the assets.

The Pool worked with the partner funds on an investment policy for each asset class unitised fund, which documented its risk profile and set investment guidelines to match that profile. Partner funds that chose to invest in a unitised vehicle could formally provide input into its management via an annual meeting.

The Pool continues to add value with overlays for all partner funds and while partner funds are not provided an opt-out, they can, under certain circumstances, request their own overlay strategies that the Pool implements (if the partner fund accepts responsibility).

The Pool believes this is a good solution but equally, helped establish better relationships between stakeholders.

# 5. People

*Hiring and retaining the 'right' talent to is key to delivering on the pooling opportunity. Among other things, professional management is best able to implement long-term investment strategy while building trust and confidence among stakeholders. The market for talent, however, is competitive.*

- *Having the right people in key positions builds trust and confidence among stakeholders; 'appropriate' remuneration is essential to attracting and retaining the talent required to succeed.*
- *As pools insourced investment management, retaining or hiring the 'wrong' people was seen as a potential challenge to the established culture.*
- *Respondents noted remuneration of internal management was often considered in aggregate rather than relative to fees paid to external managers, which is perceived as 'easier' to explain to stakeholders.*

Governance is a system of rules covering decision-making and oversight. People operate this system and as was frequently mentioned in the interviews, the "right" people are vital for its effective design and operation.

The two most frequently cited considerations in hiring and retaining the right people were:

1. The organisation must have a clear, shared purpose and a successful culture
2. People should be remunerated appropriately

We will explore these two observations below. However, it is important to note that representatives of several different models of pooling were interviewed. For example, markets such as Canada are renowned for their high levels of insourcing and large allocations to private market assets. In contrast, other Pools outsource almost all investments to asset managers, maintaining responsibility for asset allocation and asset manager selection either by design or due to legislation (e.g. Respondent 3). These considerations are explored in further detail in Section 6: Delivering Value.

Regardless of the model pursued, each pool

interviewed noted the importance of hiring and retaining key people (here referred to as 'talent') in delivering their long-term objectives.

## **Attracting, recruiting, retaining, and developing talent are key priorities for respondents but presents clear challenges for public funds**

Attracting and retaining the 'right' people in a public service environment presents clear challenges, not least of which is competition from the private sector. A relatively common observation from the Pools interviewed was the difficulty of competing directly with comparable private sector companies on remuneration and that other measures were required to enhance recruitment and retention success.

Several respondents remarked there was a common journey for the staff they hired, beginning in the private sector. After an early career working long hours and receiving rewards well above public

service remuneration, some professionals experienced a change in circumstances and/or priorities and sought an adjacent employer where they were able to satisfy their professional curiosity and ambitions while achieving an improved work life balance, often with a greater sense of purpose. Public pensions schemes generally appeared a good proposition for these individuals.

- One European investors noted it had been relatively easy to attract people to senior investment roles thus far, hiring individuals with lengthy careers in the private sector, either with investment banks or asset managers. Graduates were the other well-represented cohort, together providing a mix of very senior people and highly educated recent graduates. However, the Pool found it very difficult to attract professionals between these two experience cohorts. The challenge of a workforce weighted towards senior professionals was that the organisation and ideas could become stale. The respondent therefore outlined the importance of encouraging fresh ideas by hiring graduates. Graduates, however, were seen as prone to leave the organisation after a couple of years of training, often a time when they begin to be valuable to the Pool.
- Another pool, from APAC, agreed that as a purpose-driven organisation it had ways other than remuneration to attract people. This fund found it was able to attract high quality talent during its early stages without the provision of top bracket remuneration. However, as the fund has grown so has its need for talent, and their rates of pay have moved closer to the private sector over the past 5 years.

## A clear purpose and strong culture are an attractive quality for the 'right' talent

Several respondents provided examples of how a clear purpose and culture allowed employees to engage with and align to that purpose, acting as a key proponent in increasing their ability to attract and retain the 'right' people.

One European investor noted its clear objective and purpose had been very effective in the retention of staff and in delivering long-term value for its stakeholders (this respondent has delivered the highest five-year net returns of all respondents interviewed). Its objective is to be the nation's best pension fund and their purpose is clear; to serve all citizens, current and future. Hiring and retaining the best people was seen as central to the objective of being the nation's best pension fund and delivering long-term value.

Therefore, their policy is to pay people competitive local market rates while recognising that it is a large fund in a relatively small market and so it has some natural comparative advantages. In their view, culture is determined by motivation and one of the things they believe has worked over their journey over and above the purpose, is providing professionals with challenges that align to their ambitions, namely in their case investing in a broad set of markets and building out strategies internally.

## Remuneration is important: policies should reflect, and keep pace with, the competition to be effective

All respondents agreed paying appropriate remuneration is one consideration in attracting and retaining the talent required to successfully run their Pools, although we observed the relative importance of remuneration varied. Some respondents considered it important while others noted it was a 'hygiene factor'.

'Appropriate remuneration' is a broad term. The various considerations with respect to appropriate remuneration discussed in our interviews can be summarised as:

- Which asset class investment capabilities were insourced (if any), and which were outsourced
- Transparency when reporting remuneration (that can be well above the public sector average) and level of comfort of stakeholders
- Understanding and awareness of compensation paid to external asset managers relative to internalising, and the willingness to report on a relative basis
- Scale, access to deals and networks (in private markets, in particular)
- Linking remuneration to long-term net performance
- The Pool's geographical location, and impact on competitiveness as an employer

Not all Pools discussed each of these considerations; we have provided some of the stories below.

One North American Pool, a very large investor with high levels of insourcing, particularly in private markets, expressed a long-held belief that it is essential to pay above average public sector

remuneration to attract top talent in private markets. This was a result of its early realisation that internalising investments, particularly on the private asset side, required attracting the right talent and to accomplish that would require paying market rates (but without paying at the top end). This aligned well with the strong, regular cashflows into the Pool, which mitigated the need for the people they hired to demonstrate a track record of raising funds. This meant considerably less pressure when compared against the private sector, a comparative advantage in recruitment. The challenge for this Pool was the amounts in aggregate paid to senior staff in this part of their business. Doing so, however, in their experience delivered significant savings to the Pool when compared to outsourcing.

However, an APAC respondent that outsources 100% of its investment activities and manages to a net of cost return target, has over the years been challenged by a more competitive local market. Once considered a leader among institutional investors in its market, in recent years its peers have built significant scale and expertise in investment management. Higher remuneration across the industry naturally followed, thus restricting its ability to hire top talent. In this respondent's view, remuneration policies then should reflect, and keep pace with, the competition if they are to be effective.

## The trouble with 'appropriate'; agreeing remuneration in a transparent, public service environment

Several investors pointed out that 'appropriate remuneration' was difficult to agree among a broad set of stakeholders and that it was important to be clear from the start, promoting simplicity and transparency. This is particularly important in an environment where remuneration reporting is fully transparent.



- A North American investor noted that in its experience it had been impossible to find consensus among stakeholders on ‘appropriate remuneration’. They found it important to be clear on remuneration early in the journey, as updating remuneration policies could be very time consuming. This was particularly the case where remuneration is a shared decision among stakeholders (that is, the Pool must go to the Board, partner funds and/or a remuneration committee). For Respondent 4, the first challenge was overcoming unclear accountabilities among stakeholders as to who sets and decides remuneration. Furthermore, this Pool learned that the transparency of the incentive and compensation systems with partner funds was important in building trust that the Pool and its portfolio managers were relatively well aligned with their risk tolerances, such that they were not incentivised to take excessive risks.
- This investor’s experience highlights the implications of disclosure and transparency. Without clearly defined roles and responsibilities, this respondent found it difficult to change the policy so that it was incentivising the right behaviour for all stakeholders. This sounds prudent; however, it has proven challenging to agree no matter the new model proposed; fixing one thing creates a situation somewhere else. The lesson here is again that clarifying roles and responsibilities at the beginning is critical.

## Not all pools are located equally – the impact of geography and the regulatory environment on pools

Geographic location can have an impact on remuneration levels, as can the regulatory environment.

- One APAC respondent, operating outside of a

major financial centre, faces low competition from the surrounding financial services industry, which is modestly sized. With over two decades behind it, the respondent has proven to be a relatively attractive employer, with a focus on maintaining a compelling employee value proposition. Limitations on their ability to pay internationally competitive salaries mean that it has been difficult to attract and recruit from a broader pool of talent, compounded by the proposition of moving to a relatively remote location. However, retention has been less of a problem. Their focus has been to invest in the people they have through training and development alongside attractive benefits such as maternity/paternity leave, employer pension contributions, and events. A culture of striving for the greater good was seen as a key element in attracting and retaining people.

- Another investor was frank about the growing pains they encountered as they increased the size of their business from what was, in effect, a small start-up, into a medium to large scale employer. The initial Pool was created with an intention that everyone who worked for the company would be able to sit within the same room. However, given the growth experienced, the legacy and culture were impacted. The respondent predicted that the existence of clear internal processes and a transparent governance structure would offset much of the cultural complications as the business grows and their office footprints spread further afield.
- One European investor, also located outside of a major financial centre, arrived at a similar model over time, paying competitive base salaries relative to both public and private but without bonuses that foster a culture of long-term investing. The draw has been “personal freedom”, work-life balance and attractive benefits. A team oriented, community culture means the Pool is an attractive option for those coming from the



high-pressure private sector environment and keen for a change. This investor offers an interesting case study in that they engage with an outside consultant to survey the compensation of a universe of peers (both public and private), which is reported to the board, and forms the basis of compensation brackets. This ensures that pay levels are, by definition, moderate yet not out of sync with peers.

- While its recruitment processes were largely straightforward, once recruited, the challenge has been ensuring the continual development of their employees and addressing the tougher aspects of organisational culture. The ability to be circumspect and appreciate the organisational processes outside of the investment process minutiae was seen as helpful in ensuring the continual evolution of both the Pool's culture and of the employees which operate within it.

funds specifically to manage their private market investments, delivering attractive returns at costs that compare well to the private sector. The landscape for private market talent, however, has become more competitive over time.

Our interviews revealed a clear message for pooling in the UK: the 'right' people are central to the delivery of value. Changing personnel is arduous and challenging for any organisation, and so it is crucial that the Pools (a) have a clear idea of the long-term target operating model and culture; (b) identify the right people to operate within this model and their qualities; and (c) embed this into an employee value proposition targeted at the right people and hiring practices.

As one respondent noted:

*“The final element of best practice for us was our people, organisation structure and culture. You have got to get the right people on the bus even before you necessarily know where the bus is going. And you must get the wrong people off the bus. Design the model, think about the organisational structure, think about the capability and cultural set of the people required, go out and hire them and manage accordingly”*

## Plan for growth and the impact on culture

The rapid growth of assets or an increase in the insourcing of investment management activities in parts of the portfolio, such as private markets, means that retaining or hiring the 'wrong' people was seen as potentially presenting a challenge the established culture.

This was a view supported by one APAC investor. As it grew, a focus on remuneration diluted the original culture and purpose. Ultimately, the organisation found that it had started to attract people that were focused on remuneration rather than the needs of their clients. In a fast-growing environment (the Pool doubled headcount every three years), they found introducing too many people from the private sector diluted their existing culture.

The caveat here is that this Pool is relatively unique in that it was formed decades ago by its partner

# 6. Delivering value

*Having clear, contemporary governance and securing the “right people” was seen as offering pools the best possible chance of delivering long-term value.*

- *Scale affords several benefits, including improved internal capabilities, access to attractive investment opportunities, improved bargaining power and more attractive fees.*
- *In turn these benefits of scale were seen to deliver greater diversification and improved overall portfolio resilience.*
- *Respondents emphasised a focus on long-term performance ahead of strict considerations of cost, with funds highlighting the need to agree this with stakeholders.*

In our discussions on delivering value from pooling, we found that the considerations in sections 4 and 5, namely clear governance frameworks and employing the “right” people, were often cited as enablers of value.

One of the motivating factors for pooling has been its propensity for scale to deliver greater value to the end beneficiaries. Overall, respondents considered their ability to *deliver value* in the context of generating long-term investment performance after costs. Our interviews covered several aspects of value, primarily associated with:

1. Improved investment performance
2. Insourcing and outsourcing decisions
3. Reduced costs

These are not mutually exclusive considerations, but are often intertwined and, as such, are dealt with together below.

## There is not a ‘best way’ to pool: difficulties in comparing pool performance

The first consideration when discussing value was the difficulty in comparing long-term net performance across peers with very different investment models and, indeed, communicating the differences to stakeholders.

For example, several respondents noted discussions with respect to reducing costs by investing passively in public markets, were easier to negotiate than discussing alpha generation. Considerations such as differing allocations to private markets and the fees paid to external managers versus internal investment teams introduced additional complexity to the discussions.

There was, as a result, a consensus that a clear objective should be established with stakeholders at the outset, establishing a long-term performance objective after costs that would best reflect the well-defined and agreed risk profile of each partner fund.

Pools often manage a series of distinct partner fund

assets with differently 'shaped' liabilities and varying risk profiles. This can lead to important differences in asset allocation over time depending on the structure (i.e. segregated mandates vs. unitisation). Ultimately this leads to varying performance outcomes and makes comparisons problematic.

- One APAC respondent, for example, pointed to its numerous, distinct partner funds, with differing liability profiles. Some had high illiquidity budgets while others were primarily invested in short-term, liquid assets. In this respondent's experience, emphasising peer returns must be treated with caution, potentially emphasising a focus on short-term league tables over long-term investment performance and a focus on the partner funds underlying objectives.

For several respondents however, it was challenging not to discuss performance relative to peers.

- For example, a North American investor has, for many years, had higher levels of internally managed assets (primarily in private markets) than peers in the same market. It had agreed clear investment objectives with partner funds based on an understanding of their risk profiles and had developed a transparent investment process. Despite this, it found discussions frequently turned to how their performance compared to peers or the index of a different asset class.

## Benefits of scale realistic and realisable, believe all respondents

The ability of pooling to "improve performance" was a central topic of respondent conversations, with respondents largely agreeing that pooling had enabled the Pool to effectively harness the benefits of scale. Respondents most frequently cited the following benefits:

1. Increased access to attractive investment opportunities unavailable at smaller scale; and

2. Greater bargaining power with asset managers.

A North American respondent found that economies of scale really began for the Pool once it hit US\$100 billion of assets under management. This is consistent with the views of several other respondents interviewed. This Pool found it allowed them to do two things:

1. Access investments in asset classes and strategies that could not be accessed previously (at smaller levels of assets under management)
2. To insource certain investment capabilities where they could realise benefits

For this Pool, access benefits were greatest in private markets, where it has a considerable allocation. Scale in these asset classes is considered vital for competitiveness as demand for assets has risen quickly over the past decade, often faster than quality opportunities, particularly in infrastructure. Large pools with experience in these markets have an access advantage, as large parcel sizes are generally required and allow the Pool to invest alongside other large institutional investors in co-investment and club deals. The advantages include greater control over asset selection but also control and the ability to invest for the long-term without the pressure to divest, which can be the case with closed-end funds where smaller pools consider gaining access.

## Scale benefits are on offer in private markets, realised with the 'right' people and governance

All investors interviewed invested with a mix of public and private market assets, with the latter believed to offer attractive returns and diversification benefits. Most respondents believed internal management of these investments delivered better results, including control, access and improved costs. But that this was only truly available at scale.

The case for returns was no longer entirely clear for one respondent in North America, who observed that in its early days, private assets were less efficient and less liquid, offering opportunities for alpha generation. Investors who were able to access these investments often also had an opportunity to add value in comparison to public markets. However, this was a major rationale for developing internal investment capability in private markets through the hiring of quality investment professionals: securing access to the more attractive deals which can in this respondent's view only be accomplished with very large scale, with very high-quality professionals with very good professional networks and after building a reputation for being able to do the deals relatively quickly, which requires flexible governance.

The increase in demand for private markets has for some altered the case for private markets. In such an environment, positioning carefully, having top talent with large networks, and maintaining strategic partners is essential in gaining access to the better deals.

- A very large APAC respondent finds its scale useful in securing partnerships with asset managers, and in working with them to implement its private market objectives. As the Pool operates within tight restrictions that prohibit internal investment implementation, scale has been useful in securing partnerships and negotiating improved management fees. One of the key challenges they have faced over the past decade has been finding enough quality asset managers to manage a considerable and growing pool of assets. For them, alpha is difficult to find, as is having conviction in managers to deliver it, and the best managers operate with limited capacity.
- In their view, investing for alpha makes sense. The Pool manages to a net of cost returns and while managing costs remain important, they have found scale mitigates those costs to an extent. Therefore, their focus is maximising returns and

paying quality managers is seen as part of that process.

For one European investor, scale benefits are leveraged to build sophisticated internal capabilities, allowing them to run strategies within passive public market portfolios as well directly investing in private markets. All of this is managed relative to a reference portfolio and with clear delegations. Strategic Asset Allocation is directed by the Board, reviewed annually but is delegated to our respondents who is afforded relatively wide ranges. The respondent says this agility has benefitted long-term returns, allowing it to make fast decisions, which is a requirement for investors of scale in private markets where there is high competition for quality deals from large investors who invest quickly. For this respondent, a two-month education and decision-making process, often characterised by greater Board involvement, is not an option.

## Cost reductions are available at scale across a wide range of asset classes and strategies

The final idea covered is reducing costs.

Respondents cited improved costs as a benefit of insourcing private markets investment capabilities. However, as mentioned in Section 5, several commented that remuneration of internal investment teams does come under scrutiny from partner funds and the public when disclosed, and this presented a unique set of challenges.

- While one very large APAC Pool invests all but exclusively via external asset managers, the Pool has delivered value in alternatives and private markets over time by developing trusted relationships. Their scale has meant that they have become a bigger part of the client base, which generates additional benefits such as improved access. In terms of costs, it has driven most efficiencies in equities and overlays.

- Before setting out on the process of changing the investment model, another APAC investor believed it important for investors to assess where their comparative advantages are. For example, it determined it was virtually impossible to invest with a passive approach better or more cheaply than external managers with experience and enormous scale themselves. Another consideration was the abundance of talent and sophistication in the private sector competing to generate good returns by gathering and hunting for assets. Finally, constraints in their ability to pay private sector salaries ultimately led to a decision to outsource most of their assets, except for asset classes where they had a long track record, good people and/or that they could objectively assess as delivering a comparative advantage.
- Cost was a relatively unimportant consideration for this respondent – in part thanks to having been an early investor in private markets, managed by a stable internal team. Over the years it has delivered attractive, long-term real asset returns at much lower costs than if outsourced to external managers.
- With reasonable overall costs and attractive returns, the Pool has come to the view that it would not be sensible to chase a few basis points of cost savings, focusing instead on long-term return generation and the benefits of diversification.

Several other respondents shared this view, that it was important to dispassionately assess which asset classes you should implement internally. However, others were surprised by what could be accomplished by going against this convention, as was the case for a smaller APAC respondent.

- This respondent deployed its internal investment capabilities to deliver an innovative investment in an area most would outsource to highly regarded, and well-remunerated asset managers. With a relatively small team, they were able to develop a sophisticated investment solution with very strong performance at much lower costs. This respondent says the Pool learned that bold can pay dividends rather than accepting that a relatively small Pool with a small team cannot achieve comparable, or even better results than the private sector. The initial challenge seemed daunting, even for a relatively simple macro strategy, but the results have been pleasing. In their view, if you have good quality, engaged and curious people on board they can learn quickly and deliver value to stakeholders without going out to market and hiring asset managers at greater cost.

*Has the international pooling experience been positive, and can this experience help the LGPS as it navigates the path ahead? Yes, on both counts.*

*Interviews revealed a set of shared characteristics that together enhance scale benefits and stakeholder value offer and form a model for success. Equally, not delivering these characteristics within the context of each Pool's particular circumstances or delaying their introduction, can leave potential long-term stakeholder value on the table. Government and regulators can help accelerate the delivery of value to stakeholders with sensible long-term policy decisions that encourages pooling and provides greater certainty in the long-term strategic planning and implementation.*

*As our interviews demonstrated, pooling isn't linear and not without its challenges. Optimising for success today, often by making tough decisions and having difficult conversations, offers the LGPS the best possible chance of delivering long-term value.*

Further information about this publication

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