

London CIV's new CIO

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11/03/2024

The pension pool for London's Local Government Pension Schemes (LGPS), London Collective Investment Vehicle (CIV), is beginning the year under the leadership of a new CIO.

Aoifinn Devitt (*pictured*) [joins CIV](#) from US-based wealth management firm Moneta, where she had also served as CIO. She brings with her over 15 years of experience advising Local Government Pension Schemes (LGPS) on asset allocation and responsible investment.

Devitt tells IJInvestor that her first few weeks in the job have been "fantastic" adding her private wealth experience has been "much more relevant than imagined". She says dealing with a large client base – of over 6,000 – helped prepare her for providing tailored offerings to clients of London CIV – which is the UK's largest pension pool by number of constituent funds.

Over her time as CIO, Devitt hopes to "help with the process of elevating CIV to be a partner of choice for our funds". She adds that she wants LCIV to be seen "as one of the leaders, one of the most-forward thinking asset allocators and a real force to be reckoned with".



Background

London CIV was established in 2015 by London Local Authorities and manages London LGPS assets.

It is 1 of 8 UK asset pooling vehicles and counts the London boroughs and the City of London as its 32 stakeholders.

The fund hopes to deliver investment solutions on behalf of clients allowing for economies of scale, greater efficiency and improved performance.

In 2015 the pool managed £300 million (\$380.5m) in 1 fund and had 5 staff. As of March last year (2023), its assets under management (AUM) had increased almost 50x, its offerings increased to 22 strategies and employed 42 people.

The London CIV represents 37% of all combined English and Welsh LGPS.

Aoifinn says pooling in London is on pace with other pools – adding it now has a suite of vehicles catering for "every part of the asset allocation spectrum".

Portfolio

London CIV has £12.5 billion in passive funds and over £14.3 billion AUM in active funds.

Its infra-focused strategies include:

- [LCIV Infrastructure Fund](#) – £399 million
 - [LCIV Renewable Infrastructure Fund](#) – £984 million
 - [The London Fund](#) – £250 million
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It also offers real estate funds:

- LCIV Real Estate Long Income Fund – £213 million
- LCIV UK Housing Fund – £195 million

The LCIV Renewable Infrastructure Fund is the largest of the pension pool’s real asset offerings. It is managed by the pool and has so far drawn £382 million from a total base of 14 client investors.

The fund targets brownfield and greenfield renewable energy assets – including generation, transmission, distribution and enabling assets. It has so far made investments in 5 funds managed by:

- BlackRock Investment Management
- Foresight Group
- Quinbrook Infrastructure Partners
- Stonepeak Global Renewables
- Macquarie

London CIV’s inaugural Infrastructure fund launched in 2019 and is managed by Stepstone. Of its committed capital it has so far deployed £316 million in funds managed by:

- MIRA
- Arcus
- Equitix
- Basalt
- Igneo
- Capital Dynamics
- Meridiam

London CIV’s infrastructure offerings continue to see “steady inflows” of capital from client funds – particularly into the renewable infrastructure fund.

The London Fund was launched in 2020 alongside the Local Pensions Partnership – also acting as manager – and London Pensions Fund Authority. It targets:

- residential property
- affordable housing
- community regeneration
- digital infrastructure
- clean energy

The fund reached a [£250 million final close](#) this year and has so far invested £87.9 million since its launch. Its portfolio includes:

- Delancey and Oxford Residential’s DOOR – a residential investment vehicle with 3,918 homes under management
- Yoo Capital Fund II – LCIV invested £30 million in the platform, focused on redeveloping and repositioning existing assets in Greater London, primarily in healthcare, life sciences and creative industries. Assets include Shepherd’s Bush Market and Saville Theatre
- [VIRTUS](#) – a hyperscale data centre platform in London, consisting of 11 properties, with 100% renewable energy procurement
- EDGE London Bridge – a 28-floor sustainable office tower in London Bridge

The open-ended LCIV UK Housing Fund was launched last year and has already committed £150 million to UK housing projects – through a £100 million commitment to CBRE Affordable Housing Fund and a £50 million investment into the [Octopus Affordable Housing Fund](#).

The mandate for the UK housing fund extends to:

- general need social and affordable housing – minimum 50%, though currently closer to 70%
- specialist housing – up to 25%
- transitional and supported housing – up to 25%

According to Devitt, the Housing Fund is receiving strong interest from clients as the fund provides a “concrete area of impact” on an issue “very close to the heart of many councillors”.

Outlook

Devitt’s appointment comes at an exciting time for the London CIV. As [previously reported](#) by IJInvestor, the fund is looking to launch a nature-based solutions fund in the first half of this year (2024) and has conducted “extensive consultation”. The strategy will focus on:

- renewable agriculture
- woodland creation
- peatland restoration
- timberland

The vehicle aims to help London CIV client funds achieve climate and sustainability goals, while delivering impact, including on biodiversity. The fund will be advised by Redington.

The pool decided to separate the fund from its renewables offerings as, despite being in the same “asset family” and with a shared objective, natural capital has distinct characteristics including:

- inflation linkage
- diversification
- magnitude of income component
- scale
- divergent concerns
- geographic exposure
- asset lifespan

Enfield Pension Fund [tells IJInvestor](#) it had already entered discussions with London CIV about partnering with the strategy.

The move comes as institutional investors elsewhere look to natural-capital solutions as an infrastructure-adjacent investment. Last month (February) Gresham House [launched](#) a biodiversity fund, with WTW clients as cornerstone investors, under its sustainable infrastructure strategy. Gresham’s MD of sustainable infra, Peter Bachmann, tells IJInvestor “someone like an LCIV could be an interesting LP into this biodiversity fund”.

The natural capital strategy forms part of London CIV’s sustainability offerings. As well as the renewable fund, these include:

- LCIV Global Alpha Growth Paris Aligned Fund – £2.21 billion
- LCIV Sustainable Equity Fund – £1.12 billion
- LCIV Sustainable Equity Exclusion Fund – £679 million
- LCIV Passive Equity Progressive Paris Aligned Fund – £851 million

London CIV integrates ESG risk at every stage of decision making – from due diligence to monitoring – and the pool reports on climate metrics for every fund.

The CIO also spoke about the infrastructure sector more broadly. She conceded: “It’s a challenging time” for infrastructure however, as an emerging asset class for LGPS investors, it is more insulated from market restrictions than

real estate, as an example. She expects a loosening up of the LP mindset in the coming months.

Devitt says that London CIV: “will definitely be in the market looking for infrastructure offerings... the most innovative infrastructure right now is on the renewables side.”

She adds: “We’re always interested in solar.”

London CIV will also be launching a second private credit platform shortly – likely in the second half of 2024 – as part of an ongoing desire from institutional investors to have private credit exposure.

Devitt added: “Everywhere you look institutional investors are seeking to add more to private credit, so definitely that’s a huge priority.”

Prior to joining the London CIV, Devitt hosted a podcast highlighting diversity and inclusion. She said that “All of our checklists for managers will look at the diversity and inclusion piece. We know that’s important to our stakeholders and to our clients and that has always been important to me.”

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