

Public Sector Social Impact Fund

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PSSIF Overview and Features

Fund terms

Asset type
Private Asset Backed Investments

Holdings
15-20

Holding period
7-10 years with annual income

Targeted Returns
6.0% to 10.0% Gross

Structure
UK LLP

Domicile
UK

Transparency
Full costs transparency

Financial Reporting
Quarterly & Annual

Social Impact Reporting
Annual report on social impact achieved

Legal Structure & Service Providers

General Partner
PSSIF (GP) LLP

Legal & Tax Adviser
Freeths LLP

Administrator
Apex Fund and Corporate Services (UK) Limited

Depository
Apex Depository (UK) Limited

Public Sector Social Impact Fund “PSSIF” - A Public Private Sector Partnership

- A specialist Public Sector Investment Fund, domiciled in the UK, investing in a diversified range of UK secured assets with positive social impact, generating competitive market returns
- By pooling together the resources and knowledge of like-minded Public Sector groups, Local Authorities cash flows are improved, investments in projects with long-lasting social impact are created and benefitting the lives of local constituents.
- Joint Venture between Warrington Borough Council (WBC) and Altana Wealth (Altana)
- Alignment of interests and shared values, with Altana co-investing alongside Local Authorities
- A thorough due diligence process, conducted by industry experts with specialised experience, alongside a rigorous social impact investment philosophy
- The Fund will follow best practise of the Global Steering Group and the UN Sustainable Development Goals framework
- Regular reporting of the social impact achieved by the fund
- Highest standards of governance with representation from Local Authorities
- No upfront or exit fees

Investment and Governance

Types of Investment

Social Enterprise UK defines Social Impact as:

“The effect of an activity on the social fabric of the community and well-being of individuals and families”

The remit of PSSIF is defined similarly. All investments must improve the lives of UK residents. However, investments must be backed by real assets in mature businesses that consistently deliver real yields.

Examples:

- **Automotive** – electric car charging points
- **Education** – special needs schools
- **Energy** – solar/wind
- **Environmental** – forestry
- **Finance** – local lending vehicles
- **Industrial** – energy savings and efficiency equipment
- **Property** – social housing

A large proportion of investments will see local authorities both source investment ideas and also act as high quality creditors backing their proposals

Governance

Altana will be legally responsible and act as the regulated manager of the funds

There will be multiple checks and measures in place before an investment can be made:

1. The Investment Committee has eight participating members
 - a) Three are from Local Authorities
 - b) Three are from Altana
 - c) Two are experienced financial professionals and entrepreneurs
2. There is a Conflicts of Interest Policy in place
3. Proposals can only be executed if there is a super majority (>75%)

PSSIF Benefits

- Higher returns than standard deposits. For example, circa £42bn of Public Sector money (62%) currently sits on deposit each day earning interest rates of close to zero, despite only needing a portion of this liquidity (*data.gov.uk, Borrowing & Investment Live Table Q1 2019*)
- Secured investments (the bulk of Local Authority investments are unsecured)
- Local Authorities gain exposure to interesting, off-market, social impact investment opportunities introduced by their peers
- The collective force of Local Authority and Altana enables better terms to be negotiated, improving returns for all and increasing Local Authority budget resources
- Opportunity to co-invest additional amounts in projects of interest
- Through PSSIF Local Authorities can pool resources to help them invest in a socially impactful manner, cutting down on costs and lead time

Public Sector Social Impact Fund

Risk Management

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PSSIF will adhere to the following framework:

- Maximum position size of 10%
- UK assets with maximum concentration of 10% in any one transaction and 20% in any one sector or region
- Invest across the capital structure, predominantly in senior asset backed securities
- Counterparties to be investment grade quality
- Market based or higher returns, with a minimum hurdle of Libor +500
- Legal due diligence with experienced law firms
- Independent third party trustees

Joint Venture Partners

Altana Wealth

Altana was created in 2009 by Lee Robinson, a co-founder of Trafalgar Asset Managers. Altana has consistently developed innovative alpha strategies across the investment spectrum and has won seven performance awards in the past five years. Altana's interests are totally aligned with those of their investors, has always been driven by performance and is proud to have made more from its performance than management fees. The company has over 30 employees with its headquarters based in London, where it has built an institutional quality operational infrastructure for back office and fund accounting, it has an independent risk manager and has retained well-trusted service providers.

Warrington Borough Council

Warrington Borough Council is at the forefront of social impact investment by local government. During the past few years it has diversified its investment and debt portfolio, with the collective aims of increasing yield through secured investments, making its portfolio more ethical and increasing social returns. The Council has developed the concept of developing collective investments with other Local Authorities, particularly in the area of green energy bonds - where £500m has been structured using the Council's model to date. Warrington Borough Council became the first Council in a generation to issue a City Bond, when it structured a £150m bond in 2015. This is one of the most successful issues in recent years.

Experienced Team

<p>Lee Robinson</p>	<p>Lee has two almost three decades experience in financial markets. He started as an equity and fixed income derivatives trader at BNP Paribas and Deutsche Bank, before joining Tudor and setting up Trafalgar Asset Managers and Altana. In his close to 20 years in asset management Lee has won multiple industry awards and generated over \$1bn in gross profits for his investors.</p> <p>Lee is a Board Member of RFPL, the holding company of Redwood Bank. He holds a degree in Mathematics from Cambridge University (Magdalene College).</p>
<p>Omar Ghafur</p>	<p>Omar has over 15 years of experience in the private investments sector. Prior to Altana he was the Investment Director of Private Equity at LGPS Central Ltd, responsible for investing the pooled assets of nine Midlands-based local government pension schemes. During his tenure with LGPS Central Limited, he built and launched the LGPS Central PE Fund platform in under six months, whilst ensuring there was a robust ESG framework policy in place. The Fund was tailored to fit the LGPS "pooling" mandate of significantly reducing costs and enhancing risk-adjusted returns whilst ensuring underlying investments met high ESG standards. Omar and his team successfully deployed circa 90% of the LGPS Central PE Funds capital within eight months of its launch in AAA quality private equity investments.</p> <p>He started his career at a Bank of America Structured Finance Affiliate Co. in London, and more recently was a Board Director and Senior Investment Manager with Special Situations Investment Partners, the private investments arm of a charitable trust. Omar holds a bachelor's degree in Finance and Computer Science from New Jersey City University and an MBA in Finance from Cass Business School, City University, London.</p>
<p>Phil Crate</p>	<p>Phil is responsible for investing PSSIF's capital in money market instruments prior to funds being called for social impact investments. He is an experienced portfolio manager with a successful track record in direct investments and portfolio allocation, including reviewing ESG compliance with regard to external manager selection.</p> <p>He started his career at the Bank of England and then went on to become Global Head of Credit Research at BNP Paribas.</p>
<p>Investment Committee</p>	<p>Comprised of local authority representatives (Warrington Borough Council, City of London Police), financial professionals (ex Citigroup, Goldman Sachs and Barclays) and entrepreneurs.</p>

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