

Minutes of the Pension Fund Investment Sub-Committee meeting held on 11 June 2018

Present:

Members

Councillors Bill Gifford (Vice-Chair), John Horner, Bob Stevens (Chair), Wallace Redford and Alan Webb

Officers

John Betts – Head of Finance
Aneeta Dhoot – Senior Finance Officer
Chris Norton – Strategic Finance Manager
Jane Pollard – Legal Services Manager
Ben Patel-Sadler - Democratic Services Officer

Invitees

Tej Dosanjh – CEM Benchmarking
Rachel Elwell – CEO Border to Coast Pensions Partnership
Emma Garrett – Hymans Robertson
Peter Jones – Independent Investment Adviser
Paul Potter – Hymans Robertson
Karen Shackleton – Independent Investment Adviser
John Simmons – CEM Benchmarking
Richard Warden – Hymans Robertson

Observers

None

1. General

(1) Apologies for absence

None

(2) Members Disclosures of Pecuniary and Non-Pecuniary Interests

None

(3) Minutes of the previous meetings held on 12 March 2018 and 15 May 2018

The Chair wished to place on record that the recent training session provided to members of the Sub-Committee by Hymans Robertson had been extremely informative and useful. The training had been tailored to impart the necessary knowledge required by members.

The minutes of the meetings held on 12 March 2018 and 15 May 2018 were agreed as true and correct records and were signed by the Chair.

2. Investment Performance

Chris Norton – Strategic Finance Manager introduced the report and informed the Sub-Committee that the overall fund value had decreased by 3.11% when compared to the previous quarter - but this was ahead of the benchmark which was a decrease of the 3.3%. Members noted that this decrease was due partly to stock market fluctuations which were now beginning to stabilise.

Paul Potter – Hymans Robertson informed the Sub-Committee that the investment performance in relation to equities had shown a rally at the end of March 2018.

Members noted that the fund was currently holding 4% of funds as cash which would be allocated to the Private Debt and Infrastructure asset classes.

Chris Norton informed the Sub-Committee that the Fund's cash held at the bank by the custodian would generate a small return before it was allocated to specific asset classes.

Chris Norton informed the Sub-Committee that Threadneedle Equity had shown a positive variance of 1.26% paid to benchmark for the quarter ending 31st March 2018. Active UK equities would be discussed further later on in the meeting.

Members noted that although some Fund Managers had shown a negative performance in relation to equities investments, the fund had over-performed its overall benchmark by 0.19%.

In relation to the MFS Fund Manager, members noted that although they had shown an underperformance at the quarter ending 31st March 2018, their overall performance was good. The Sub-Committee noted that MFS had undertaken a change in managers at the organisation in order to reflect current market characteristics.

The Sub-Committee queried how the fund's liabilities could continue to be paid if the amounts being paid into the fund by employees continued to decrease. Members requested that they be provided with details of the current net inflow to the fund. Members noted that future liabilities would be met via the returns being generated on current and future investments.

Resolved

That the Sub-Committee notes the fund value and investment performance for the last quarter of 2017/18 to 31 March 2018.

3. Share Voting

Chris Norton – Strategic Finance Manager introduced the report and informed the Sub-Committee that the proposed changes were seeking to reflect recent changes in corporate governance best practice. Members noted that the adoption of this revised policy would also serve to assist the transition to the Border to Coast Pool

(specifically the alignment or Warwickshire's current voting policy to the Border to Coast voting guidelines).

Resolved

That the Sub-Committee approves the Voting Policy, as outlined in Appendix A of the report.

4. Any other items

None

5. Reports Containing Confidential or Exempt Information

Resolved:

'That members of the public be excluded from the meeting for the items mentioned below on the grounds that their presence would involve the disclosure of exempt information as defined in paragraph 3 of Schedule 12A of Part 1 of the Local Government Act 1972'.

6. Exempt Minutes of the Meeting held on 12 March 2018

The exempt minutes were agreed as a true and accurate record for signing by the Chair.

7. Actuarial Update (Hymans)

The Sub-Committee were provided with a revised actuarial update that was presented with revised content and style after members had provided feedback at a previous meeting. This report included additional information from the actuarial team at Hymans which had previously been requested by the Sub-Committee.

8. Private Equity Update

The Sub-Committee were provided with additional information around private equity and infrastructure investments and how they differed from other 'traditional' asset classes.

9. CEM Presentation - Warwickshire Investment Benchmarking Report

Members considered a presentation from CEM Benchmarking which outlined the process of comparing pension funds and their associated investment costs.

10. Borders to Coast Pension Partnership Implementation Costs and Regulatory Capital

Members received an update around the current and potential future Border to Coast Pension Partnership implementation costs.

11. Border to Coast Pension Partnership Update

The Sub-Committee received a verbal update from Rachel Elwell – CEO Border to Coast Pensions Partnership in relation to the progress being made at Border to Coast.

The meeting rose at 13.20 pm

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Chair