

MINUTES

meeting: INVESTMENT ADVISORY SUB-COMMITTEE

date: 18 OCTOBER 2006

PRESENT:-

Councillor T H Turner (Chair)	-	Wolverhampton City Council
Councillor Bilson	-	Wolverhampton City Council
Councillor Singh	-	Wolverhampton City Council
Councillor Mrs J M C Stevenson	-	Wolverhampton City Council
Councillor Clark	-	Birmingham City Council
Councillor Mrs Johnson	-	Coventry City Council

UNION OBSERVER:-

M Clift - TGWU

EXTERNAL ADVISERS IN ATTENDANCE:-

J Fender	-	John Fender Consultancy
P Gale	-	Gartmore Investments Limited
H Meaney	-	Cushman & Wakefield Investors
A Owens	-	William M Mercer Limited

OFFICERS IN ATTENDANCE:-

B Bailey	-	Director for Resources and Support
F Davis	-	Legal and Procurement, Resources and Support
J Saunders	-	Chief Investment Officer, Resources and Support
C White	-	Senior Investment Manager, Resources and Support
M Fox	-	Democratic Support Officer

APOLOGIES FOR ABSENCE:-

Apologies for absence were submitted on behalf of Councillor Miller (Dudley MBC), Councillor Eling (Sandwell MBC), Councillor Kyles (Solihull MBC), Councillor Zahid Ali (Walsall MBC) and R Carr (Chief Executive, Wolverhampton City Council)

Wolverhampton
City Council



PART I - OPEN ITEMS

Declarations of Interest

6 No interests were declared.

Minutes

7 Resolved:-
That the minutes of the meeting held on 19 July 2006 be approved as a correct record.

Exclusion of Press and Public

8 Resolved:-
That in accordance with Section 100A(4) of the Local Government Act 1972, the press and public be excluded from consideration of the items of business in Part II of the agenda on the grounds that, in view of the nature of the business to be transacted, or the nature of the proceedings, exempt information falling within paragraph 3 of Schedule 12A of the Act is likely to be disclosed.

PART II - EXEMPT ITEMS

Investment Strategy Update (Appendix 6)

The report provided information on the progress of implementation of the investment strategy as approved by the Superannuation Committee in December 2004. There was an allocation of 2-3% to alternative investments which had not yet been determined and which was the main area for further work. Members were due to receive a presentation later in the meeting on alternative investments in relation to Emerging Market Debt and Commodities.

9 Resolved:-
That progress on implementing changes to the investment strategy approved in December 2004, and work still to be completed, be noted.

Investment Presentation (Appendix 7)

The presentation covered two different alternative investments, namely Emerging Market Debt and Commodities. The presentation was made by Goldman Sachs International, who were represented by Edgar J Senior and Max Ramirex, members of the Pensions and Insurance Strategy Group. The presentation aimed to add to Members' knowledge of alternative investments, looking in detail at Emerging Market Debt and Commodities, both of which could be capital protected. The firm were prepared to take on the risk of full capital protection and therefore only worked with a limited number of managers who were regarded as leaders in their field.

Following the presentation and question period, the Chair thanked the representatives for their attendance at the meeting and they withdrew. A discussion then ensued during which Members expressed support in principle for investing in the specified areas, whilst not pursuing the capital protection issue. It was suggested that further consideration be given to any ethical issues surrounding such investments and of the need to review the Investment Managers identified. The Director for Resources and Support indicated that arrangements would now be made for a special meeting to take place later in the year in order to consider the Fund's approach to currency management, when a report would be submitted on the outcomes of today's meeting, together with the further information requested by Members.

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Resolved:-

That the presentation and report be noted and that arrangements be made for a special meeting to consider further alternative investments.

**West Midlands Pension Fund Investment Management Activity From
1 June 2006 to 31 August 2006 (Appendix 9)**

The Director for Resources and Support presented a report giving details of investment activity from 1 June 2006 to 31 August 2006.

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Resolved:-

That the report be received and noted.