

MINUTES

meeting: INVESTMENT ADVISORY SUB-COMMITTEE

date: 22 OCTOBER 2008

PRESENT:-

Councillor Heap (Chair)	-	Wolverhampton City Council
Councillors Bilson and Docherty		
Councillor Clark	-	Birmingham City Council
Councillor Allport	-	Solihull Metropolitan Borough Council

TRADE UNION REPRESENTATIVES:-

M Clift	-	TGWU
---------	---	------

EXTERNAL ADVISERS IN ATTENDANCE:-

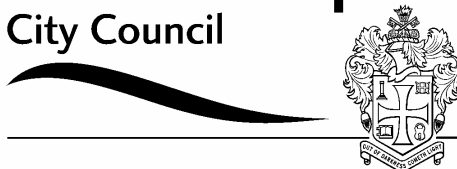
K Aitchison	-	ING Real Estate Investment
M Daggett	-	ING Real Estate Investment
I Whittock	-	ING Real Estate Investment
J Fender	-	John Fender Consultancy
P Gale	-	Gartmore Investment Ltd
A Owens	-	William M Mercer Limited

OFFICERS IN ATTENDANCE:-

Wolverhampton City Council

B Bailey	-	Director for Pension Services
J Saunders	-	Chief Investment Officer - Pension Services
F Davis	-	Customer and Shared Services
M Fox	-	Democratic Support, Office of the Chief Executive

Wolverhampton
City Council



APOLOGIES FOR ABSENCE:-

Apologies for absence were submitted on behalf of Councillors Mrs Johnson (Coventry City Council), Silvester (Sandwell MBC) and Quarmby (Wolverhampton City Council) and I Smith (Trade Union Observer)

PART I - OPEN ITEMS

Declarations of Interest

8 No interests were declared.

Update on Current Markets

Peter Gale updated the Sub-Committee on the current financial situation and the world economies indicating that, as previously predicted, America is suffering from a recession but that the effect on the rest of the world has been more marked and faster than anticipated and the world's banking system had been close to collapse. He added that Governments had not realised the scale of the problem but had moved quickly to guarantee the banking system and a level of debt had therefore transferred from the private to the public sector. The situation had now eased although some repercussions of the collapse are still to come and this will lead to a global recession. In terms of investments, there are likely to be excellent buying opportunities available for long term funds particularly in property, private equity and complementary assets.

Brian Bailey commented that the fund did not have any direct exposure to the failed institutions and although there would be repercussions at second and third tier levels in the fundings holdings, these were not thought to be too serious. He suggested however that there is a need to draw up a list of opportunities following the financial crisis and suggested that Sub-Committee Members may like to hold a special meeting in London early in the new year to take stock of the Fund's investments and opportunities.

Members discussed the implications of the crisis and noted from Peter Gale that it was likely to take up to two years before any significant recovery might be seen. The Chair took the opportunity of congratulating the Investment Team on their success in the Pensions and Investments UK Scheme Awards, having been presented with the "Best Defined Benefits Scheme" and "Best Investment Strategy". He commented that the fund is better placed than many other funds at this point in time.

9 Resolved:-

That the reports on the current financial situation be noted and that arrangements be made for the Sub-Committee to hold a special meeting in London during January 2009 in order to consider current investments and to give consideration to future investment opportunities.

Minutes

- 10 Resolved:-
That the minutes of the meeting held on 23 July 2008 be approved as a correct record.

Exclusion of Press and Public

- 11 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 (information relating to the business or financial affairs of any particular person) is likely to be disclosed.

PART II - EXEMPT ITEMS

Investment Presentations (Appendix 1/4)

The Sub-Committee received a presentation from MFS Investment Management which manages a global equity portfolio for the Fund. They were represented by Elaine Alston, Relationship Manager and Ben Cottler, Institutional Portfolio Manager. A booklet was presented to illustrate the presentation which reviewed the portfolio and detailed performance results, significant transactions and changes in portfolio sector weights. Following the presentation and question period, the Chair thanked the representatives for their attendance and they withdrew from the meeting.

A further presentation was then received from IMPAX Asset Management Limited, which manages a fund with global exposure to quoted companies that provide, utilise and advise upon systems, products or services in the environmental field. The company was represented by Keith Falconer, Chairman of IMPAX Group Plc, Adrian Cornwall, Head of UK Sales and Jon Forster, Senior Fund Manager, IMPAX Environmental Markets. The presentation was accompanied by a booklet which detailed the background to the company, the investment process, a breakdown of the portfolio and investment performance. Following the presentation and question period, the Chair thanked the representatives for their attendance at the meeting and they withdrew.

- 12 Resolved:-
That the presentations be noted.

West Midlands Pension Fund Investment Management Activity from 1 June 2008 - 31 August 2008 (Appendix 1/5)

The Director for Pension Services submitted a report giving details of investment activity from 1 June 2008 to 31 August 2008. Members noted

particularly the progress in the property section of the report in that the first letting at Newhall Street, Birmingham had been achieved and that the fund is about to finalise the terms for the car park development in Glasgow.

13

Resolved:-

That the report be received.