



# Investment Advisory Sub-Committee

11 December 2013

**Time** 1.30pm      **Public meeting?** Yes      **Type of meeting** Oversight

**Venue** Civic Centre, St Peter's Square, Wolverhampton WV1 1SH

**Room** Committee Room 3 (3<sup>rd</sup> floor)

*A buffet lunch will be provided for members  
of the sub-committee from 12.30pm.*

## Membership

**Chair** Cllr Bert Turner (Lab)

**Vice-chair** Cllr Zahid Shah (Lab)

**Labour**  
Cllr Peter Bilson

**Conservative**

**Liberal Democrat**  
Cllr Mike Heap

### District members

Cllr Muhammad Afzal (Birmingham City Council)  
Cllr Zahid Ali (Walsall Metropolitan Borough Council)  
Cllr Damian Gannon (Coventry City Council)  
Cllr Rachel Harris (Dudley Metropolitan Borough Council)  
Cllr Allan Martin (Solihull Metropolitan Borough Council)  
Cllr Vic Silvester (Sandwell Metropolitan Borough Council)

### Trade union observers

Mr Malcolm Cantello  
Mr Martin Clift  
Mr Ian Smith

Quorum for this meeting will be two Councillors

## Information for the Public

If you have any queries about this meeting, please contact the democratic support team:

**Contact** John Wright

**Tel** 01902 555048

**Email** [john.wright@wolverhampton.gov.uk](mailto:john.wright@wolverhampton.gov.uk)

**Address** Democratic Support, Civic Centre, 2<sup>nd</sup> floor, St Peter's Square,  
Wolverhampton WV1 1RL

Copies of other agendas and reports are available from:

**Website** <http://wolverhampton.cmis.uk.com/decisionmaking>

**Email** [democratic.support@wolverhampton.gov.uk](mailto:democratic.support@wolverhampton.gov.uk)

**Tel** 01902 555043

Some items are discussed in private because of their confidential or commercial nature. These reports are not available to the public.

# Agenda

## Part 1 – items open to the press and public

*Item No.*    *Title*

### MEETING BUSINESS ITEMS:

1.            **Apologies for absence**
2.            **Substitute members**
3.            **Declarations of interest**
4.            **Minutes**  
**Investment advisory sub-committee – 17 September 2013**  
[for approval]
5.            **Matters arising**  
[To consider any matters arising from the minutes]

### EXCLUSION OF PRESS AND PUBLIC

6.            **Exclusion of press and public**  
[To pass the following resolution:

That in accordance with Section 100A(4) of the Local Government Act 1972 the press and public be excluded from the meeting for the following items of business as they involve the likely disclosure of exempt information on the grounds shown below.]

## Part 2 – exempt items, closed to the press and public

<i>Item No.</i>	<i>Title</i>	<i>Grounds for exemption</i>	<i>Applicable paragraph</i>
7.	<b>Presentation</b> [To receive a presentation from Foreign and Colonial]	Information relating to the financial or business affairs of any particular person (including the authority holding the information).	3

- |     |  |   |   |
|-----|--|---|---|
| 8.  | <b>Investment management activity – 1 July – 30 September 2013</b><br>[To review and note investment management activity for the period]                           | Information relating to the financial or business affairs of any particular person (including the authority holding the information). | 3 |
| 9.  | <b>Transaction list 1 July – 30 September 2013</b><br>[To note that the list will be available for inspection at the meeting]                                      | Information relating to the financial or business affairs of any particular person (including the authority holding the information). | 3 |
| 10. | <b>Strategic investment allocation benchmark (SIAB) update review</b><br>[To receive an update on the implementation of the SIAB]                                  | Information relating to the financial or business affairs of any particular person (including the authority holding the information). | 3 |
| 11. | <b>Tactical asset allocation</b><br>[To note the decision to suspend the use of tactical asset allocation]   | Information relating to the financial or business affairs of any particular person (including the authority holding the information). | 3 |
| 12. | <b>Property management services</b><br>[To note the arrangements planned for the new property services contract]   | Information relating to the financial or business affairs of any particular person (including the authority holding the information). | 3 |
| 13. | <b>Pensions infrastructure platform (PIP)</b><br>[To note progress on the initiative and to agree the changes to infrastructure to permit the proposed investment] | Information relating to the financial or business affairs of any particular person (including the authority holding the information). | 3 |
| 14. | <b>Finance Birmingham – Mezzanine Loan Fund</b><br>[To note progress on the Fund's discussions]  | Information relating to the financial or business affairs of any particular person (including the authority holding the information). | 3 |
| 15. | <b>Responsible investing</b><br>[To note responses to recent enquiries about the Fund's approach to responsible investing]   | Information relating to the financial or business affairs of any particular person (including the authority holding the information). | 3 |



# Investment Advisory Sub-Committee

Minutes – 17 September 2013

## Attendance

### Members of the Sub-Committee

Cllr Bert Turner(chair)  
Cllr Peter Bilson  
Cllr Mike Heap  
Cllr Zahid Shah

### District Members

Cllr Rachel Harris (Dudley MBC)  
Cllr Alan Martin (Solihull MBC)  
Cllr Vic Silvester (Sandwell MBC)

### Trade Union Observers

Malcolm Cantello – Unison  
Martin Clift - Unite  
Ian Smith – Unite (retired)

### Staff

Geik Drever	Director of Pensions
Mark Chaloner	Assistant Director-Investments
Kevin Dervey	Portfolio Manager
David Evans	Portfolio Manager
Martin Fox	Democratic Support Officer

### Advisors

Graeme Johnston	Hymans Robertson
Mick Roulton	CBRE Global Investors

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## Part 1 – items open to the press and public

<i>Item No.</i>	<i>Title</i>	<i>Action</i>
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### BUSINESS ITEMS

- Apologies for Absence**  
Apologies for absence were submitted on behalf of Cllr Muhammad Afzal (Birmingham CC), Cllr Damian Gannon (Coventry CC) and John Fender (Advisor)
- Substitute members**  
Cllr Silvester attended the meeting on behalf of Cllr Eling (Sandwell MBC)

3. **Declarations of interest**

No interests were declared.

4. **Minutes**

Resolved:

That the minutes of the meeting held on 3 July 2013 be approved as a correct record.

5. **Matters Arising**

Geik Drever

**Pensions infrastructure platform**

Responding to a question, the Director of Pensions undertook to provide a progress report as soon as possible about this initiative.

**EXCLUSION OF PRESS AND PUBLIC**

6. **Exclusion of press and public**

Resolved:

That in accordance with Section 100A(4) of the Local Government Act 1972, the press and public be excluded from the meeting for the remaining items of business as they involve the likely disclosure of exempt information falling within the paragraph 3 of Schedule 12A of the Act.

**Part 2 – exempt items, closed to the press and public**

**DECISION ITEMS**

7. **Investment presentation**

Geik Drever

The Sub-Committee received a presentation from Permira, a European private equity firm. They were represented by Philip Muelder (partner) and Michail Zekkos (principal on the agriculture sub asset class). The presentation was accompanied by a written document which gave a background to the organisation and provided an overview of investment activity in the consumer sector, particularly in the food and beverage industries and the wider 'food chain'.

Following a period of questions, the Chair thanked the representatives for their attendance at the meeting and they withdrew.

Resolved:

That the presentation be received.

8. **Strategic investment allocation benchmark (SIAB) – update review** Geik Drever
- The Director of Pensions presented a report, which provided an update on recent activity. Responding to a question about the review of the fixed interest portfolio, the Director of Pensions indicated that investment in fixed income on an unconstrained basis is unlikely to be carried out in-house; the passive fixed interest could be but would require the employment of additional staff. It was noted that the West Midlands Pension Fund may join forces through a procurement framework with another fund. The final paper on Absolute Return was agreed.
- Resolved:
- That the report be noted.
9. **Cleveland Estate Planning Applications** Geik Drever
- The report detailed progress regarding planning applications on potential developments of the Fund's land holdings at Marske on Sea.
- Resolved:
- That the report be noted.
10. **Responsible Investing** Geik Drever
- A report was submitted which gave an overview of the Fund's approach to responsible investing in the light of a number of letters and a petition recently received about the Fund's shareholdings in certain sectors including tobacco, aerospace and defence. A letter from Sandwell MBC making representations about a disinvestment in tobacco was also circulated, together with a draft response prepared by the Director of Pensions.
- Resolved:
- (a) That the report and the issues raised by the recent letters and petition received by the Fund be noted.
  - (b) That the Fund's approach to responsible investing, including the policy of shareholder engagement to encourage high standards of corporate activity, be noted.
  - (c) That the draft response to Sandwell MBC regarding tobacco investment, as circulated at the meeting, be endorsed.
11. & **Investment management activity from 1 April to 30 June 2013** Geik Drever
12. The Director of Pensions presented a report, which provided an overview of recent investment management activity. The transaction list was also made available for inspection.
- Resolved:
- That the report be received.