



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

Part 1 – items open to the press and public

<i>Item No.</i>	<i>Title</i>	<i>Action</i>
-----------------	--------------	---------------

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.