



# Investment Advisory Sub-Committee

24 September 2014

**Time** 10.00 am **Public Meeting?** YES **Type of meeting** Pensions

**Venue** Committee Room 2 - Civic Centre, St Peter's Square, Wolverhampton WV1 1SH

## Membership

**Chair** Cllr Bert Turner (Lab)  
**Vice-chair** Cllr Lorna McGregor (Lab)

### Labour

Cllr Peter Bilson  
Cllr Tersaim Singh

### Conservative

### Liberal Democrat

### District Members

Cllr Muhammad Afzal (Birmingham City Council)  
Cllr Damian Gannon (Coventry City Council)  
Cllr Rachel Harris (Dudley Metropolitan Borough Council)  
Cllr Steve Eling (Sandwell Metropolitan Borough Council)  
Cllr Alan Rebeiro (Solihull Metropolitan Borough Council)  
Cllr Mohammed Arif (Walsall Metropolitan Borough Council)

### Trade union observers

Mr Malcolm Cantello  
Mr Martin Clift  
Mr Victor Silvester  
Mr Ian Smith

Quorum for this meeting is three Councillors.

## Information for the Public

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

**Contact** Carl Craney  
**Tel/Email** 01902 555046 or [carl.craney@wolverhampton.gov.uk](mailto:carl.craney@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.moderngov.co.uk>  
**Email** [democratic.support@wolverhampton.gov.uk](mailto:democratic.support@wolverhampton.gov.uk)  
**Tel** 01902 555043

[NOT PROTECTIVELY MARKED]

Please take note of the protocol for filming and recording of, and use of social media in, meetings, copies of which are displayed in the meeting room.

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

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# Agenda

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

- | <i>Item No.</i> | <i>Title</i>   |
|-----------------|--|
| 1               | <b>Apologies for absence (if any)</b>  |
| 2               | <b>Notification of Substitute Members (if any)</b>   |
| 3               | <b>Declarations of interest (if any)</b>   |
| 4               | <b>Minutes of last meeting</b> (Pages 1 - 4)<br>(a) Investment Advisory Sub Committee – 25 June 2014<br>[for approval] |
| 5               | <b>Matters arising</b><br>[To consider any matters arising from the minutes of the meeting held on 25 June 2014]       |
| 6               | <b>Exclusion of the press and public</b><br>[[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 public and press

- |   |   |  |
|---|---|--|
| 7 | <b>Asset allocation and investment performance - 1 April 2014 to 30 June 2014</b> (Pages 5 - 18)<br>[To consider a report on the performance and investment activity for the quarter ended 30 June 2014]  | Information relating to the financial or business affairs of any particular person (including the authority holding that information) Para (3) |
| 8 | <b>West Midlands Pensions Fund (WMPF) Investment Management Activity - 1 April 2014 - 30 June 2014</b><br>[To review and note investment management activity for the period 1 April 2014 – 30 June 2014 – 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 that information) Para (3) |
| 9 | <b>Economic and Market Update - June 2014</b> (Pages 19 - 26)<br>[To review conditions in the global economy and economic markets]  | Information relating to the financial or business affairs of any particular person (including  |

the authority holding that information) Para (3)

10 **SIAB review of listed equities** (Pages 27 - 48)

[To review the Fund's listed equities portfolio]

Information relating to the financial or business affairs of any particular person (including the authority holding that information) Para (3)

11 **Cleveland planning application - update** (Pages 49 - 52)

[To receive an update with progress on the planning application process for up to 1,000 homes on the Fund's agricultural land in Cleveland]

Information relating to the financial or business affairs of any particular person (including the authority holding that information) Para (3)



# Meeting of the Investment Advisory Sub-Committee Minutes - 25 June 2014

## Attendance

**Chair** Cllr Bert Turner  
**Vice Chair** Cllr Lorna McGregor

### Members of the Sub Committee (Wolverhampton CC)

Cllr Tersaim Singh

### Trade Union observers

Victor Silvester (UNITE)

## District Members

Cllr Mohammad Arif (Walsall MBC)  
Cllr Rachel Harris (Dudley MBC)  
Cllr Damian Gannon (Coventry City Council)

## Advisors

John Fender – John Fender Associates  
Graeme Johnston – Hymans Robertson LLP

## Employees

Mark Chaloner – Assistant Director – Investments  
Geik Drever – Director of Pensions  
Mark Taylor – Assistant Director – Finance  
Carl Craney – Democratic Support Officer

Item No. Title

**1 Apologies for absence (if any)**

Apologies for absence had been received from Councillor Muhammed Afzal (Birmingham City Council), Councillor Peter Bilson (Wolverhampton City Council), Councillor Robert Hulland (Solihull MBC), Councillor Alan Rebeiro (Solihull MBC), Malcolm Cantello (UNISON) and Ian Smith (UNITE – Retired Members).

**2 Substitute members**

No substitute Members had been appointed for the meeting.

**3 Declarations of interest (if any)**

No declarations of interest were made in relation to items under consideration at the meeting.

**4 Minutes of last meeting**

Resolved:

That the minutes of the meeting held on 26 March 2014 be confirmed as a correct record and signed by the Chair.

**5 Matters arising**

There were no matters arising from the minutes of the meeting held on 26 March 2014.

**6 Exclusion of the press and public**

**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 following item(s) of business as they involve the likely disclosure of exempt information falling within the paragraphs of Schedule 12A of the Act set out below:

Item No.	Title	Applicable paragraph
7	West Midlands Pension Fund (WMPF) Investment Activity – 1 January 2014 – 31 March 2014	3
8	Investment Management Activity – 1 January 2014 – 31 March 2014	3
9	Economic and Market Update – March 2014	3
10	Strategic Investment Allocation Benchmark (SIAB) – Update review	3

11	Investment Strategy Review	3
12	Pensions Infrastructure Platform (PIP) – Update	3

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

### **7 West Midlands Pensions Fund (WMPF) Investment Activity - 1 January 2014 - 31 March 2014**

Mark Chaloner presented a report on the performance and investment activity of the Fund for 1 January 2014 – 31 March 2014 and all transactions together with the position of each portfolio at the end of the reporting period.

Resolved:

That the performance and investment activity for the quarter ended 31 March 2014 be noted.

### **8 Investment Management Activity - 1 January 2014 - 31 March 2015**

Details of the Investment Management Activity between 1 January 2014 – 31 March 2014 were made available for consideration.

Resolved:

That the Investment Management Activity 1 January 2014 – 31 March 2014 be received and any matters arising therefrom be referred to the Director of Pensions for response.

### **9 Economic and Market Update - March 2014**

Mark Chaloner introduced and Graeme Johnson presented a report which updated the Sub Committee on conditions in the global economy and investment markets.

Resolved:

That the global and economic report prepared by the Fund's advisor, Hymans Robertson LLP be received and noted.

### **10 Strategic Investment Allocation Benchmark (SIAB) - Update review**

Geik Drever presented a report which provided an update on recent activity relating to the Strategic Investment Allocation Benchmark (SIAB) and its implementation.

Resolved:

That the report be received and noted.

### **11 Investment Strategy Review**

Geik Drever presented a report which invited the Sub Committee to review the Fund's investment strategy and its appropriateness following the 2013 actuarial review. Graeme Johnston made a presentation on this subject and responded to questions from Councillors and Geik Drever on its contents.

Resolved:

1. that in the light of findings of the review, the Fund continues to deploy its current return seeking investment strategy;
2. That the funding position be monitored and further consideration be given to moving to a lower risk strategy should there be a notable improvement in the funding position;
3. That consideration be given to setting up specific investment strategies for employers whose risk profiles were materially different from that of the main Fund;
4. That the investment strategy review undertaken by Hymans Robertson be noted.

## 12 **Pensions Infrastructure Platform (PIP) - Update**

Geik Drever presented a report which updated the Sub Committee on progress with the Pensions Infrastructure Platform (PIP) and which outlined changes required to the Fund's position in order to enable continued participation with the project.

Resolved:

That the deadline to support the build stage of the PIP to 31 December 2014, to allow the criteria of six original founding investors required to support the build out to be changed to a minimum of five and enable new founding investors to be included within this group of five, be approved.



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