



Investment Advisory Sub-Committee

10 December 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
Address Democratic Support, Civic Centre, 2nd 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
Tel 01902 555043

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.

Agenda

Part 1 – items open to the press and public

- | <i>Item No.</i> | <i>Title</i> |
|-----------------|---|
| 1 | Apologies for absence (if any) |
| 2 | Substitute members |
| 3 | Declarations of interest (if any) |
| 4 | Minutes of last meeting (Pages 1 - 4) (a) Investment Advisory Sub Committee – 24 September 2014 [for approval] |
| 5 | Matters arising [To consider any matters arising from the minutes of the meeting held on 24 September 2014] |
| 6 | Exclusion of the 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 public and press

- | | | |
|---|--|--|
| 7 | Asset allocation and investment performance - 1 July 2014 - 30 September 2014 (Pages 5 - 18) [To consider a report on the performance of the Fund and the implementation of its investment strategy for the quarter ended 30 September 2014] | Information relating to the financial or business affairs of any particular person (including the authority holding that information) Para (3) |
| 8 | Investment management activity - 1 July 2014 - 30 September 2014 [To review and note the investment management activity for the quarter ended 30 September 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 | Economic and Market Update - September 2014 (Pages 19 - 26) [To review conditions in the global economy and investment markets] | Information relating to the financial or business affairs of any particular person (including |

the authority holding that information) Para (3)

10 **Direct property investment strategy** (Pages 27 - 40)

[To review the Fund's direct property investment strategy for 2015]

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

11 **Pensions Infrastructure Platform (PIP) - Update**
(Pages 41 - 48)

[To receive an update on the Pensions Infrastructure Platform (PIP) including a presentation from Mike Weston, PIP, London]

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



Investment Advisory Sub-Committee

Minutes - 24 September 2014

Attendance

Members of the Investment Advisory Sub-Committee

Cllr Bert Turner (Chair)
Cllr Lorna McGregor (Vice-Chair)
Cllr Mohammed Arif (Walsall MBC)
Cllr Peter Bilson
Cllr Damian Gannon (Coventry City Council)
Cllr Sandra Hevican (Sandwell MBC) (Substitute External Member)
Cllr Alan Rebeiro (Solihull MBC)
Cllr Tersaim Singh

Trade Union observers

Malcolm Cantello (Unison)
Martin Clift (Unite)
Victor Silvester (Unite)
Ian Smith (Unite)

Employees

| | |
|---------------|---|
| Carl Craney | Democratic Support Officer, Delivery |
| Geik Drever | Director of Pensions |
| Rachel Howe | Head of Governance, Pensions |
| Mark Taylor | Assistant Director, Finance, Delivery |
| Mark Chaloner | Assistant Director, Investments, Pensions |

Advisers

Graeme Johnston – Hymans Robertson LLP
William Marshall – Hymans Robertson LLP

Part 1 – items open to the press and public

Item No. *Title*

- 1 Apologies for absence (if any)**
Apologies for absence had been received from Cllr Steve Eling (Sandwell MBC) and John Fender (John Fender Associates).
- 2 Notification of Substitute Members (if any)**
Cllr Sandra Hevican attended the meeting as a substitute Member for Cllr Steve Eling (Sandwell MBC).
- 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 25 June 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 25 June 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 | Asset allocation and investment performance – 1 April 2014 – 30 June 2014 | 3 |
| 8 | West Midlands Pension Fund (WMPF) Investment Management Activity – 1 April 2014 – 30 June 2014 | 3 |
| 9 | Economic and Market Update – June 2014 | 3 |
| 10 | SIAB review of listed equities | 3 |
| 11 | Cleveland planning application - update | 3 |

7 **Asset allocation and investment performance - 1 April 2014 to 30 June 2014**

Mark Chaloner presented a report which detailed the Fund's investment performance and the implementation of its investment strategy for the period 1 April 2014 – 30 June 2014 and which included also set out the position of each portfolio at the end of the period.

Cllr Alan Rebeiro queries the benchmark that was used. Mark Chaloner explained that the benchmark was derived from a composite of various market indices. Cllr Rebeiro requested that performance be presented in a graphical format. Geik Drever explained that this type of illustration was provided on an annual basis and agreed to provide it in future reports.

Resolved:

1. That the performance and investment activity for the quarter ended 30 June 2014 be noted;
2. That future reports contain performance data in a graphical and textual format.

8 **West Midlands Pensions Fund (WMPF) Investment Management Activity - 1 April 2014 - 30 June 2014**

Details of the Investment Management Activity between 1 April 2014 – 30 June 2014 were made available for consideration.

Resolved:

That the Investment Management Activity 1 April 2014 – 30 June 2014 be received and any matters arising therefrom be referred to the Director of Pensions for response.

9 **Economic and Market Update - June 2014**

Mark Chaloner introduced and Graeme Johnston presented a report which reviewed the global economy and investment markets. Graeme Johnston responded to a number of questions including explain the technical terminology used in the Appendix to the report and his presentation.

Resolved:

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

10 **SIAB review of listed equities**

Geik Drever presented a report which outlined a review of the Fund's listed equities portfolio and explained the reasoning behind the various recommendations contained therein. Graeme Johnston and William Marshall presented slides which detailed the background to the recommendations. They responded to various questions from Members of the Sub Committee.

Resolved:

1. That the following changes in the Strategic Investment Allocation Benchmark (SIAB) allocation to listed equities be approved;
 - a) A decrease in the allocation to UK equities from 8% to 10% of assets;
 - b) An increase in the allocation to global equities from 10% to 8%;
 - c) Within the overseas equities allocation (which remained at 30%), allocations to each of North America, Europe ex UK, Pacific / Japan (3.75% each) and emerging markets;
2. That the detailed plans for the implementation of the changes in management arrangements for the listed equities portfolio be presented to the December 2014 Pensions Committee when a statement of investments beliefs would also be presented following consideration at the Trustee training session planned for October 2014 in Edinburgh.

11 **Cleveland planning application - update**

Geik Drever presented a report which informed the Sub Committee on the progress with the planning application on the Fund's agricultural land in Cleveland. She responded to questions from Members in relation to the report.

Resolved:

That the report be received and noted.

This page is intentionally left blank

Document is Restricted

This page is intentionally left blank

Document is Restricted

This page is intentionally left blank

Document is Restricted

This page is intentionally left blank

Document is Restricted

This page is intentionally left blank

Document is Restricted

This page is intentionally left blank

Document is Restricted

This page is intentionally left blank

Document is Restricted

This page is intentionally left blank