



Investment Advisory Sub-Committee

24 June 2015

Time 1.30 pm **Public Meeting?** YES **Type of meeting** Pensions

Venue Committee Room 3 - Civic Centre, St Peter's Square, Wolverhampton WV1 1SH

Membership

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

Labour

Conservative

Liberal Democrat

District Members

Cllr Muhammad Afzal (Birmingham City Council)
Cllr Mohammed Arif (Walsall Metropolitan Borough Council)
Cllr Damian Gannon (Coventry City Council)
Cllr Rachel Harris (Dudley Metropolitan Borough Council)
Cllr Sandra Hevican (Sandwell Metropolitan Borough Council)
Cllr Angela Sandison (Solihull Metropolitan Borough Council)

Trade union observers

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

Quorum for this meeting is two Councillors.

Information for the Public

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

Contact Dereck Francis
Tel/Email 01902 555835 or dereck.francis@wolverhampton.gov.uk
Address Democratic Support, Civic Centre, 1st 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
Tel 01902 555043

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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 (18 March 2015) (Pages 5 - 8) [For approval]
5	Matters arising [To consider any matters arising from the minutes of the meeting held on 18 March 2015]
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

<i>Item No.</i>	<i>Title</i>	<i>Grounds for Exemption</i>
7	Economic and Market Update - June 2015 (Pages 9 - 16) [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)
8	Asset allocation and investment performance quarter one 2015 (Pages 17 - 36) [To consider the contents of the asset allocation and investment performance report for the quarter ended 31 March 2015]	Information relating to the financial or business affairs of any particular person (including the authority holding that information) Para (3)
9	Transition on overseas equities portfolios (Pages 37 - 40) [To note the restructuring and associated transition of the Fund's overseas equities portfolios carried out during the first quarter of 2015]	Information relating to the financial or business affairs of any particular person (including the authority holding that information) Para (3)

- 10 **Update on investment collaboration opportunities**
(Pages 41 - 44)
[To update the Committee on investment collaboration opportunities]
- 11 **Cleveland planning application update** (Pages 45 - 48)
[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]
- 12 **West Midlands Integrated Transport Authority asset allocation and investment monitoring report quarter one 2015** (Pages 49 - 60)
[The contents of the asset allocation and investment monitoring report for the quarter ended 31 March 2015]
- Information relating to the financial or business affairs of any particular person (including the authority holding that information) Para (3)
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Investment Advisory Sub-Committee

Minutes - 18 March 2015

Attendance

Members of the Investment Advisory Sub-Committee

Cllr Bert Turner (Chair)
Cllr Peter Bilson
Cllr Tersaim Singh
Cllr Mohammed Arif (Walsall MBC)
Cllr Muhammad Afzal (Birmingham City Council)
Cllr Sandra Hevican (Sandwell MBC)
Cllr Alan Rebeiro (Solihull MBC)

Trade Union observers

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

Observers

Cllr Damian Gannon (Coventry City Council)
Cllr Phil Page (Wolverhampton City Council)

Employees

Mark Chaloner	Assistant Director-Investments
Geik Drever	Strategic Director - Pension Fund
Mark Taylor	Director of Finance (s151 Officer)
Dereck Francis	Democratic Support Officer
David Kane	Head of Finance

Part 1 – items open to the press and public

Item No. *Title*

- 1 **Apologies for absence (if any)**
Apologies for absence were submitted on behalf of Cllr Lorna McGregor (Wolverhampton City Council); and Mr J Fender (Property Adviser).
- 2 **Substitute members**
No notification of substitutes were received for the meeting.
- 3 **Declarations of interest (if any)**
No declarations of interests were made.
- 4 **Minutes of last meeting (10 December 2014)**
Resolved:
 1. That the attendance details for the meeting be corrected by:
 - i. Deleting Malcolm Cantello (Trade Union Representative) from the list of members of the Pensions Committee present.

- ii. Adding Cllr Sandra Hevican (Sandwell) to the list of members present.
- iii. Adding Geik Drever, Strategic Director of Pensions and Mike Hardwick, Portfolio Manager to the list of employees present.
- iv. Changing the designation of David Kane to Head of Finance

2. That subject to resolution 1 above, the minutes of the meeting held on 10 December 2014 be approved as a correct record and signed by the Chair.

5 **Matters arising**

Referring to Minute 11 on the Pensions Infrastructure Platform (PIP) – Update, Geik Drever, Strategic Director of Pensions reported that the work of the PIP was progressing and that Mike Weston, the PIP’s Chief Executive, was developing the business plan.

6 **Exclusion of the 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

<i>Item no.</i>	<i>Title</i>	<i>Applicable paragraph</i>
7	Asset allocation and investment performance quarter four - 1 October to 31 December 2014	3
8	Economic and market update - December 2014	3
9	Review of fixed interest portfolio	3

Part 2 - exempt items, closed to the public and press

7 **Asset allocation and investment performance quarter four - 1 October to 31 December 2014**

Mark Chaloner, Assistant Director- Investments presented a quarterly report on the performance of the Fund and the implementation of its investment strategy for the period from 1 October 2014 to 31 December 2014.

The Assistant Director- Investments and the Geik Drever, Strategic Director of Pensions responded to various questions from members and observers.

The Strategic Director of Pensions also informed the Sub Committee that a property tour for members and observers would take place on 7 to 9 July 2015. A trustee training event would be arranged for the members on the tour. Details would be circulated in due course.

Resolved:

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

8 **Economic and market update - December 2014**

Mark Chaloner, Assistant Director- Investments presented a report that reviewed the conditions in the global economy and investment markets

The Assistant Director- Investments and Geik Drever, Strategic Director of Pensions, responded to various questions from members and observers.

Resolved:

That the global economic and market update paper prepared by the Fund's investment adviser, Hymans Robertson, be noted.

9 **Review of fixed interest portfolio**

Geik Drever, Strategic Director for Pensions provided a trustee training session on cashflow matching investment strategy and managing orphan liabilities.

Following the training the Sub Committee was requested to review agenda item 9 on the Fund's fixed interest portfolio.

The Strategic Director of Pensions and Mark Chaloner, Assistant Director- Investments responded to various questions from members and observers.

Resolved:

1. That the following changes in the allocation to the fixed interest portfolio be approved:
 - a. A decrease in the allocation to stabilising fixed interest assets from 10% to 9%.
 - b. A decrease in the allocation to return seeking fixed interest assets from 9% to 7%.
 - c. The creation of a new cashflow matching fixed interest allocation initially set at 3% (2% from return seeking and 1% from stabilising fixed interest assets) to be put into place specifically to de-risk the Fund's orphan liabilities, subject to Pensions Committee approval.
2. That the plans for implementation of the changes both in asset allocation and in management arrangements for the fixed interest portfolio be noted. An update on progress would be made at the Committee's next meeting.

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