

# Investment Advisory Sub-Committee

9 December 2015

**Time** 10.30 am **Public Meeting?** YES **Type of meeting** Pensions

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

## Membership

### Labour

Cllr Peter Bilson  
Cllr Jasbir Jaspal  
Cllr Ian Brookfield  
Cllr Tersaim Singh

### 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 Sandra Hevican (Sandwell Metropolitan Borough Council)  
Cllr Angela Sandison (Solihull Metropolitan Borough Council)  
Cllr David Sparks (Dudley 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, 1<sup>st</sup> floor, St Peter's Square,  
Wolverhampton WV1 1RL

Copies of other agendas and reports are available from:

**Website** <http://wolverhamptonintranet.moderngov.co.uk>  
**Email** [democratic.support@wolverhampton.gov.uk](mailto:democratic.support@wolverhampton.gov.uk)  
**Tel** 01902 555043

Please take note of the protocol for filming, recording, 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               | <b>Apologies for absence (if any)</b>   |
| 2               | <b>Substitute members</b>   |
| 3               | <b>Declarations of interest (if any)</b>  |
| 4               | <b>Minutes of last meeting (23 September 2015)</b> (Pages 5 - 8)<br>[For approval]                                |
| 5               | <b>Matters arising</b><br>[To consider any matters arising from the minutes of the meeting held on 26 March 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

- | <i>Item No.</i> | <i>Title</i>  | <i>Grounds for Exemption</i>  |
|-----------------|---|---|
| 7               | <b>Asset allocation and investment performance - quarter three 1 July to 30 September 2015</b> (Pages 9 - 30)<br>[To receive and note the performance report]   | Information relating to the financial or business affairs of any particular person (including the authority holding that information) Paragraph (3) |
| 8               | <b>West Midlands Integrated Transport Authority Pension Fund asset allocation and investment monitoring report - quarter three - 1 July to 30 September 2015</b> (Pages 31 - 40)<br>[To receive and note the monitoring report] | Paragraph (3)   |
| 9               | <b>Economic and market update - December 2015</b> (Pages 41 - 48)<br>[To receive and note the update]   | Paragraph (3)   |

- 10      **The Markets in Financial Investments Directive**      Paragraph (3)  
(Pages 49 - 52)  
[To review the potential implications of the directive on  
the West Midlands Pension Fund]
- 11      **Cleveland planning application update** (Pages 53 -      Paragraph (3)  
56)  
[To note the update]
- 12      **Direct property investment strategy** (Pages 57 - 78)      Paragraph (3)  
[To review the strategy for 2016]

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# Investment Advisory Sub-Committee

## Minutes - 23 September 2015

### Attendance

#### Members of the Investment Advisory Sub-Committee

Cllr Lorna McGregor (Vice-Chair)  
Cllr Jasbir Jaspal  
Cllr Tersaim Singh

#### Observers

Cllr Ian Brookfield  
Cllr Paul Singh  
Cllr Wendy Thompson

#### District Members

Cllr Mohammed Arif (Walsall MBC)  
Cllr Damian Gannon (Coventry City Council)  
Cllr Sandra Hevican (Sandwell MBC)  
Cllr Angela Sandison (Solihull MBC)  
Cllr David Sparks (Dudley MBC)

#### Trade Union observers

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

#### Employees

Mark Chaloner	Assistant Director, Investments
Dereck Francis	Democratic Support Officer
Geik Drever	Strategic Director - Pension Fund
Mark Taylor	Director of Finance
David Kane	Head of Finance
Rachel Brothwood	Assistant Director, Actuarial and Pensions

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## 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 Bert Turner (Chair) (City of Wolverhampton Council) and Cllr Mohammad Afzal (Birmingham City Council).
- 2 Substitute members**  
No notifications of substitutes were received for the meeting.
- 3 Declarations of interest (if any)**  
No declarations of interest were made.

4 **Minutes of last meeting - 24 June 2015**

Resolved:

That the minutes of the meeting held on 24 June 2015 be approved as a correct record signed by the Chair of the meeting.

5 **Matters arising**

With reference to Minute No. 11 (Update on investment collaboration opportunities), Geik Drever, Strategic Director of Pensions reported that a report was included on the agenda for the Pensions Committee to be discussed later in the day on Local Government Pension Scheme Reform update 2015. The big issue in that report concerned discussions with other Funds on pooling for investments. She also reported that the Chair of the Pensions Committee had been invited to a meeting with the Local Government Association and the Department for Communities and Local Government on 16 October 2015 to discuss the issue.

Also on Minute No. 11, the Strategic Director of Pensions informed the Sub Committee that the Pensions Infrastructure Platform (PIP) would be attending the meeting on 9 December to discuss their work.

Referring to Minute 12 (Cleveland planning application update), the Strategic Director of Pensions reported that an appeal had been lodged on 9 September 2015 against the decision to reject the planning application for a residential scheme for up to 1000 homes on the Fund's agricultural land in Cleveland.

6 **Trustee Training 2016**

The Sub Committee reviewed trustee training arrangements on investments for 2016.

Geik Drever, Strategic Director of Pensions reported that it was intended to undertake another structured training programme in early March 2016. She undertook to forward details of the arrangements to members in due course.

Cllr Mohammad Arif suggested that the Sub Committee receive quarterly feedback on how the training programme was progressing. The Strategic Director of Pensions asked members to reply direct to Jane Hazeldine when they receive their training spreadsheets in order that she can update members' training records. She also recommended the trustee training online toolkit, the link to which would also be forwarded members.

Cllr David Sparks requested that important articles on investment matters from the Financial Times and other publications be forwarded to members

Resolved:

That the proposals for trustee training on Investments proposed for 2016 be noted.

7 **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 items of business as they involve the likely disclosure of exempt information falling within the paragraph 3 of Schedule 12A of the Act.

8 **West Midlands Pension Fund (WMPF) Asset Allocation and Investment Performance - Quarter Two - 1 April to 30 June 2015**

Mark Chaloner, Assistant Director, Investments summarised the key elements of the quarterly asset allocation and investment monitoring report for the Fund.

The Assistant Director, Investments responded to the Sub-Committee's questions on the allocation of cash balances and plans for investment of cash balances; the indirect property sector analysis; and on lending securities.

Cllr Mohammad Arif asked whether the Fund had an ethical stance on short selling. The Strategic Director of Pensions advised that the Fund was a responsible investment fund and its policy was to engage, and to support and promote best practice.

Resolved:

That the contents of the asset allocation and investment monitoring report for the quarter ended 30 June 2015 be noted.

9 **West Midlands Integrated Transport Authority Asset Allocation and Investment Performance - Quarter Two - 1 April to 30 June 2015**

Mark Chaloner, Assistant Director, Investments summarised the key elements of the quarterly asset allocation and investment monitoring report for the Fund.

Resolved:

1. That the contents of the asset allocation and investment monitoring report for the quarter ended 30 June 2015 be noted.
2. That the commencement of unitisation of the attributable assets of the two employers (National Express and Preston Bus) with effect from 1 April 2015 be noted.

10 **Economic and Market Update - September 2015**

Mark Chaloner, Assistant Director, Investments summarised the key elements of the review of the global economy and investment markets produced by the Fund's Investment Advisers Hymans, Robertson.

Resolved:

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

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