

Investment Advisory Sub-Committee

14 September 2016

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

Chair Cllr Ian Brookfield (Lab)

Vice-chair Cllr Keith Inston (Lab)

Labour

Cllr Peter Bilson
Cllr Tersaim Singh

Conservative

Liberal Democrat

District Members

Cllr Steve Booton (Birmingham City Council)
Cllr Keith Chambers (Walsall Metropolitan Borough Council)
Cllr Sandra Hevican (Sandwell Metropolitan Borough Council)
Cllr John Mutton (Coventry City 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 Alan Phillips
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://wolverhamptonintranet.modern.gov.co.uk>
Email democratic.support@wolverhampton.gov.uk
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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 | Apologies for absence (if any) |
| 2 | Substitute members |
| 3 | Declarations of interest (if any) |
| 4 | Minutes of the previous meeting - 22 June 2016 (Pages 5 - 8) [For approval] |
| 5 | Matters arising [To consider any matters arising from the minutes of the previous meeting] |
| 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 press and public

- | <i>Item No.</i> | <i>Title</i> | <i>Grounds for Exemption</i> |
|-----------------|--|--|
| 7 | Economic and Market Update - September 2016 (Pages 9 - 16) [To review the 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 two 1 April to 30 June 2016 (Pages 17 - 44) [To note the performance monitoring report] | Information relating to the financial or business affairs of any particular person (including the authority holding that information) Para (3) |
| 9 | West Midland Integrated Transport Authority Pension Fund asset allocation and investment monitoring 30 June 2016 (Pages 45 - 56) [To note the performance monitoring report] | Information relating to the financial or business affairs of any particular person (including the authority holding that information) Para (3) |

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|----|---|---|
| 10 | <p>US dividend aristocrats index (Pages 57 - 62) [To receive an overview on the implementation of the index]</p> | <p>Information relating to the financial or business affairs of any particular person (including the authority holding that information) Para (3)</p> |
| 11 | <p>Cleveland planning application update (Pages 63 - 66) [To note the update on the planning application process]</p> | <p>Information relating to the financial or business affairs of any particular person (including the authority holding that information) Para (3)</p> |
| 12 | <p>Direct property investment update (Pages 67 - 70) [To receive an update on the Fund's direct property investment strategy for 2016 and related investment activity]</p> | <p>Information relating to the financial or business affairs of any particular person (including the authority holding that information) Para (3)</p> |

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Attendance

Members of the Investment Advisory Sub-Committee

Cllr Ian Brookfield (Chair)
Cllr Keith Inston (Vice-Chair)
Cllr Peter Bilson
Cllr Tersaim Singh
Cllr Muhammad Afzal (Birmingham City Council)
Cllr Sandra Hevican (Sandwell MBC)
Cllr Sandison (Solihull MBC)
Cllr David Sparks (Dudley MBC)

Trade Union observers

Malcolm Cantello (Unison)
Martin Clift (Unite)
Alan Phillips (GMB)
Ian Smith (Unite)

Employees

| | |
|------------------|---|
| Rachel Brothwood | Assistant Director, Actuarial and Pensions - West Midlands Pension Fund |
| Mark Chaloner | Assistant Director, Investments |
| Geik Drever | Strategic Director of Pensions - West Midlands Pension Fund |
| David Evans | Head of Portfolio, Passive Equalities, West Midlands Pension Fund |
| Dereck Francis | Democratic Support Officer |
| Rachel Howe | Head of Governance - West Midlands Pension Fund |
| David Kane | Head of Finance - West Midlands Pension Fund |
| Mark Taylor | Director 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 Keith Chambers (Walsall Metropolitan Borough Council) and Cllr John Mutton (Coventry City Council).
- 2 Substitute members**
No notification of substitutes were received.
- 3 Declarations of interest (if any)**
No declarations of interests were made.

4 **Minutes of last meeting - 16 March 2016**

Resolved:

That the minutes of the previous meeting held on 16 March 2016 be approved as a correct record and signed by the Chair.

5 **Matters arising**

There were no matters arising from the minutes of the previous meeting.

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 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 public and press

7 **The future of global markets in three and five years**

The Sub Committee received a presentation from Baillie Gifford on their view on the future of global markets in three and five years.

Resolved:

That the presentation from Baillie Gifford be received and noted.

8 **Economic and market update - June 2016**

David Evans, Head of Portfolio, Passive Equities presented a report which summarised the key elements of the review of the global economy and investment markets produced by the Fund's Investment Advisers Hymans- Robertson.

Cllr Ian Brookfield (Chair) asked whether plans were in place in the event that the outcome of the EU Referendum was to leave the EU. In response the Strategic Director for Pensions advised that the Investment Advisory Panel had discussed the matter and further discussions were planned shortly after the referendum.

Resolved:

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

9 **Annual report on the Investment Advisory Panel and West Midlands Integrated Transport Authority (WMITA) Investment Strategy Panel**

The Strategic Director for Pensions presented the report on the activities of the Investment Advisory Panel (IAP) and the WMITA Investment Strategy Panel (WMITA ISP) during 2015/16. The Strategic Director also sought approval to re-appoint Hymans Robertson and Scott Jamieson as Investment Advisers.

In response to a question from Malcolm Cantello on whether the costs associated with running the IAP were within the budget, the Strategic Director for Pensions confirmed that provision for the IAP was included in the budget. She also reported on the fees for the services of the two external Investment advisers to the IAP, Hymans Robertson and Scott Jamieson.

Resolved:

1. That the Committee continue with Hymans Robertson as Investment Advisers to both WMPF and the WMITA fund and with Scott Jamieson as Investment Adviser to WMPF for 2016/17.
2. That the work of the Investment Advisory Panel and the WMITA Investment Strategy Panel for 2015/2016 be noted.

10 **Emerging Market Debt review**

David Evans, Head of Portfolio, Passive Equities presented a report on an overview of the restructure of the Fund's emerging market debt portfolio.

Cllr Ian Brookfield welcomed the outcomes from streamlining the structure of the Fund's emerging market debt portfolio, which would lead to projected investment management fee savings of around £1million per annum when compared to the previous management structure of the portfolio.

Resolved:

That the restructuring and associated transition of the Fund's emerging market debt portfolio carried out during the first quarter of 2016 be noted.

11 **Asset allocation and investment performance - quarter one - 1 January - 31 March 2016**

David Evans, Head of Portfolio, Passive Equities summarised the key elements of the quarterly asset allocation and investment monitoring report for the Fund.

Cllr Ian Brookfield expressed his gratitude for all of the work done to achieve the good overall Fund returns in a difficult market environment.

Resolved:

That the contents of the asset allocation and investment monitoring report for the quarter ended 31 March 2016 be noted.

12 **West Midlands Integrated Transport Authority (WMITA) Pension Fund asset allocation and investment monitoring report - 31 March 2016**

The Advisory Sub Committee received a report on the key elements of the quarterly asset allocation and investment monitoring report for the WMITA Fund.

Resolved:

That the contents of the asset allocation and investment monitoring report for the period ended 31 March 2016 be noted.

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