

Investment Advisory Sub-Committee

7 December 2016

Time 9.30 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 Keith Chambers (Walsall Metropolitan Borough Council)
Cllr Sandra Hevican (Sandwell Metropolitan Borough Council)
Cllr Changese Khan (Birmingham City 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, 2nd 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 interests (if any) |
| 4 | Minutes of last meeting - 14 September 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 the public and press

- | <i>Item No.</i> | <i>Title</i> | <i>Grounds for Exemption</i> |
|-----------------|--|--|
| 7 | Asset Allocation and Investment Performance Quarter Three - 1 July to 30 September 2016 (Pages 9 - 58)
[To receive the performance monitoring report] | 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 Monitoring Performance Quarter Three - 1 July to 30 September 2016 West Midlands Integrated Transport Authority Pension Fund (Pages 59 - 86)
[To receive the performance monitoring information] | 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 - December 2016 (Pages 87 - 94)
[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) |

- 10 **Cleveland Planning Application update** (Pages 95 - 98)
[To receive an update with the planning application process for up to 821 homes on the Fund's agricultural land in Cleveland]
- 11 **Implementation of Index Futures Trading** (Pages 99 - 102)
[To receive an update on the proposed use of index futures]
- Information relating to the financial or business affairs of any particular person (including the authority holding that information) Para (3)
- 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 - 14 September 2016

Attendance

Members of the Investment Advisory Sub-Committee

Cllr Ian Brookfield (Chair)
Cllr Keith Inston (Vice-Chair)
Cllr Peter Bilson
Cllr Tersaim Singh
Cllr Keith Chambers (Walsall MBC)
Cllr Sandra Hevican (Sandwell MBC)
Cllr John Mutton (Coventry City Council)
Cllr Angela Sandison (Solihull MBC)

Trade Union observers:

Malcolm Cantello (Unison)
Alan Phillips (GMB)

Employees

Geik Drever	Strategic Director of Pensions - West Midlands Pension Fund
Rachel Brothwood	Director of Pensions - West Midlands Pension Fund
David Evans	Head of Portfolio, Passive Equities, West Midlands Pension Fund
Rachel Howe	Head of Governance - West Midlands Pension Fund
David Kane	Head of Finance - West Midlands Pension Fund
Mark Taylor	Director of Finance and Section 151 Officer

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 Steve Booton (Birmingham City Council), Ian Smith and Martin Clift (Unite).
- 2 Substitute members**
No notifications of substitute members were received for the meeting.
- 3 Declarations of interest (if any)**
No declarations of interests were made.

4 **Minutes of the previous meeting - 22 June 2016**

Resolved:

That the minutes of the previous meeting held on 22 June 2016 be approved as a correct record and signed by the Chair.

5 **Matters arising**

Referring to Minute 8 (Economic and market update), Geik Drever, Strategic Director of Pensions reported that the Investment Advisory Panel had been in discussions following the outcome of the EU Referendum on 23 June 2016. The risks and opportunities would be kept under review as the situation and path of exit develops.

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 press and public

7 **Economic and Market Update - September 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.

Resolved:

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

8 **Asset allocation and investment performance - quarter two 1 April to 30 June 2016**

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

During the ensuing discussion on cash deployment, Geik Drever, Strategic Director of Pensions reported on the asset classes where the Fund's cash holdings had been deployed during the quarter.

The Strategic Director also responded to the Sub Committee's questions on the performance of global equities external funds compared to the in-house portfolio confirming that the in-house active manager had a different strategy and it was still early days to assess performance.

Resolved:

That the contents of the asset allocation and investment monitoring report for the quarter ended 30 June 2016 be noted.

9 **West Midlands Integrated Transport Authority (WMITA) Pension Fund asset allocation and investment monitoring - 30 June 2016**

David Evans, Head of Portfolio, Passive Equities summarised the key elements of the quarterly asset allocation and investment monitoring report for the WMITA Fund. The Fund had performed well during the quarter, increasing in its value and outperforming against its benchmarks.

Resolved:

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

10 **US dividend aristocrats index**

David Evans, Head of Portfolio, Passive Equities presented a report on an overview of the implementation of the Fund's US S&P 500 Dividend Aristocrats index fund.

Responding to questions, the Head of Portfolio explained why this particular index fund had been selected as opposed to the other index strategies that could have been pursued. Geik Drever, Strategic Director for Pensions added that the Dividend aristocrats index had a good track record and research was being undertaken into other available index strategies.

Resolved:

That the implementation of the Fund's in house US S&P 500 Dividend Aristocrats index fund carried out during the third quarter of 2016 be noted.

11 **Cleveland planning application update**

Mike Hardwick, Head of Portfolio, Alternatives and Fixed Interests presented an update report on the planning application process for the 821 homes on the Fund's agricultural land in Cleveland.

The Sub Committee discussed the proposed next stages planning process.

Resolved:

That the report be noted.

12 **Direct property investment update**

The Sub Committee received an update on the Fund's property investment strategy for 2016 and related investment activity from CBRE Global Investors.

Resolved:

1. That the Fund's direct property investment update from CBRE Global Investors be noted.
2. That a more detailed presentation on the Fund's retail portfolio be presented to the Committee later in the year.

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