



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.