



Investment Advisory Sub-Committee

Minutes - 24 September 2014

Attendance

Members of the Investment Advisory Sub-Committee

Cllr Bert Turner (Chair)
Cllr Lorna McGregor (Vice-Chair)
Cllr Mohammed Arif (Walsall MBC)
Cllr Peter Bilson
Cllr Damian Gannon (Coventry City Council)
Cllr Sandra Hevican (Sandwell MBC) (Substitute External Member)
Cllr Alan Rebeiro (Solihull MBC)
Cllr Tersaim Singh

Trade Union observers

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

Employees

Carl Craney	Democratic Support Officer, Delivery
Geik Drever	Director of Pensions
Rachel Howe	Head of Governance, Pensions
Mark Taylor	Assistant Director, Finance, Delivery
Mark Chaloner	Assistant Director, Investments, Pensions

Advisers

Graeme Johnston – Hymans Robertson LLP
William Marshall – Hymans Robertson LLP

Part 1 – items open to the press and public

Item No. *Title*

- 1 Apologies for absence (if any)**
Apologies for absence had been received from Cllr Steve Eling (Sandwell MBC) and John Fender (John Fender Associates).
- 2 Notification of Substitute Members (if any)**
Cllr Sandra Hevican attended the meeting as a substitute Member for Cllr Steve Eling (Sandwell MBC).
- 3 Declarations of interest (if any)**
No declarations of interest were made in relation to items under consideration at the meeting.

4 **Minutes of last meeting**

Resolved:

That the minutes of the meeting held on 25 June 2014 be confirmed as a correct record and signed by the Chair.

5 **Matters arising**

There were no matters arising from the minutes of the meeting held on 25 June 2014.

6 **Exclusion of the press and public**

Exclusion of 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:

Item No.	Title	Applicable paragraph
7	Asset allocation and investment performance – 1 April 2014 – 30 June 2014	3
8	West Midlands Pension Fund (WMPF) Investment Management Activity – 1 April 2014 – 30 June 2014	3
9	Economic and Market Update – June 2014	3
10	SIAB review of listed equities	3
11	Cleveland planning application - update	3

7 **Asset allocation and investment performance - 1 April 2014 to 30 June 2014**

Mark Chaloner presented a report which detailed the Fund's investment performance and the implementation of its investment strategy for the period 1 April 2014 – 30 June 2014 and which included also set out the position of each portfolio at the end of the period.

Cllr Alan Rebeiro queries the benchmark that was used. Mark Chaloner explained that the benchmark was derived from a composite of various market indices. Cllr Rebeiro requested that performance be presented in a graphical format. Geik Drever explained that this type of illustration was provided on an annual basis and agreed to provide it in future reports.

Resolved:

1. That the performance and investment activity for the quarter ended 30 June 2014 be noted;
2. That future reports contain performance data in a graphical and textual format.

8 **West Midlands Pensions Fund (WMPF) Investment Management Activity - 1 April 2014 - 30 June 2014**

Details of the Investment Management Activity between 1 April 2014 – 30 June 2014 were made available for consideration.

Resolved:

That the Investment Management Activity 1 April 2014 – 30 June 2014 be received and any matters arising therefrom be referred to the Director of Pensions for response.

9 **Economic and Market Update - June 2014**

Mark Chaloner introduced and Graeme Johnston presented a report which reviewed the global economy and investment markets. Graeme Johnston responded to a number of questions including explain the technical terminology used in the Appendix to the report and his presentation.

Resolved:

That the global market and economic report prepared by the Fund's advisers, Hymans Robertson, be received and noted.

10 **SIAB review of listed equities**

Geik Drever presented a report which outlined a review of the Fund's listed equities portfolio and explained the reasoning behind the various recommendations contained therein. Graeme Johnston and William Marshall presented slides which detailed the background to the recommendations. They responded to various questions from Members of the Sub Committee.

Resolved:

1. That the following changes in the Strategic Investment Allocation Benchmark (SIAB) allocation to listed equities be approved;
 - a) A decrease in the allocation to UK equities from 8% to 10% of assets;
 - b) An increase in the allocation to global equities from 10% to 8%;
 - c) Within the overseas equities allocation (which remained at 30%), allocations to each of North America, Europe ex UK, Pacific / Japan (3.75% each) and emerging markets;
2. That the detailed plans for the implementation of the changes in management arrangements for the listed equities portfolio be presented to the December 2014 Pensions Committee when a statement of investments beliefs would also be presented following consideration at the Trustee training session planned for October 2014 in Edinburgh.

11 **Cleveland planning application - update**

Geik Drever presented a report which informed the Sub Committee on the progress with the planning application on the Fund's agricultural land in Cleveland. She responded to questions from Members in relation to the report.

Resolved:

That the report be received and noted.