

AGENDA

Meeting: Investment Sub-Committee
Place: Kennet Room, County Hall, Trowbridge, BA14 8JN
Date: Thursday 24 November 2016
Time: 10.30 am

Please direct any enquiries on this Agenda to Libby Beale, of Democratic Services, County Hall, Bythesea Road, Trowbridge, direct line 01225 718214 or email elizabeth.beale@wiltshire.gov.uk

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Chairman's Briefing:	Date	Time	Place
	24 November	10am	Kennet Room

Membership:

Cllr Charles Howard (Chairman)	Cllr Gordon King
Cllr Tony Deane	Cllr Steve Weisinger

PART 1

Items to be considered when the meeting is open to the public

1 **Membership**

To note any changes to the membership of the Sub-Committee.

2 **Attendance of non-members of the Committee**

To note the attendance of any non-members of the Committee.

3 **Apologies**

To receive any apologies for absence or substitutions for the meeting.

4 **Minutes** (*Pages 7 - 12*)

To consider the Part 1 minutes of the meeting held on 15 September 2016.

5 **Declarations of Interest**

To receive any declarations of disclosable interests or dispensations granted by the Standards Committee.

6 **Chairman's Announcements**

To receive any announcements through the Chairman.

7 **Public Participation and Councillors Questions**

The Council welcomes contributions from members of the public.

Statements

If you would like to make a statement at this meeting on any item on this agenda, please register to do so at least 10 minutes prior to the meeting. Up to 3 speakers are permitted to speak for up to 3 minutes each on any agenda item. Please contact the officer named above for any further clarification.

Questions

To receive any questions from members of the public or members of the Council received in accordance with the constitution. Those wishing to ask questions are required to give notice of any such questions in writing to the officer named above (acting on behalf of the Corporate Director), no later than **5pm on Thursday 17 November** in order to be guaranteed a written response. Questions received after this deadline but before **5pm on Monday 21 November** may only receive a verbal response. Please contact the officer named on the first page of this agenda for further advice. Questions may be asked without notice if the Chairman

decides that the matter is urgent.

Details of any questions received will be circulated to Committee members prior to the meeting and made available at the meeting and on the Council's website.

8 **Date of next meeting**

The next ordinary meeting of the Sub-Committee will be held on 1 March 2017.

9 **Urgent items**

Any other items of business which, in the opinion of the Chairman, should be considered as a matter of urgency. Urgent items of a confidential nature may be considered under Part II of this agenda.

10 **Exclusion of the public**

To consider passing the following resolution:

To agree that in accordance with Section 100A(4) of the Local Government Act 1972 to exclude the public from the meeting for the business specified in Item Numbers 11 – 16 because it is likely that if members of the public were present there would be disclosure to them of exempt information as defined in paragraphs 3 of Part I of Schedule 12A to the Act and the public interest in withholding the information outweighs the public interest in disclosing the information to the public.

PART 2

Items during consideration of which it is recommended that the public should be excluded because of the likelihood that exempt information would be disclosed.

11 **Minutes** *(Pages 13 - 20)*

To confirm the Part 2 minutes of the meeting held on 15 September 2016.

12 **Update on the Government's proposals on pooling of investments and the Investment Regulations** **10:35am**

A verbal update will be provided by the Head of Pensions on the latest developments with the Government's proposal to consult on the pooling of investments.

13 **Investment Quarterly Progress Report** *(Pages 21 - 74)* **10:45am**

Three confidential reports, including one from Mercer, are circulated updating the Sub-Committee on the performance of the Fund's investments as to the end of September 2016.

- 14 **CBRE- Review of 2015-16 & Plans for the Future** *(Pages 75 - 156)* **11am**

A confidential Annual Report from CBRE is attached and Members are asked to consider this along with the verbal report at the meeting.

- 15 **Partners Group- Review of 2015-16 & Plans for the Future** *(Pages 157 - 210)* **11:45am**

A confidential Annual Report from Partners is attached and Members are asked to consider this along with the verbal report at the meeting.

- 16 **Legal and General - Review of 2015-16 & Plans for the Future** *(Pages 211 - 254)* **1pm**

A confidential Annual Report from Legal and General is attached and Members are asked to consider this along with the verbal report at the meeting.

INVESTMENT SUB-COMMITTEE

PART 1 MINUTES OF THE INVESTMENT SUB-COMMITTEE MEETING HELD ON 15 SEPTEMBER 2016 AT THE WEST WILTSHIRE ROOM - COUNTY HALL, TROWBRIDGE BA14 8JN.

Present:

Cllr Tony Deane, Cllr Charles Howard and Cllr Gordon King

Also Present:

Jim Edney and Joanne Holden

1 Election of a Chairman

Nominations were sought for the position of Chairman for the 2016-17 year.

Resolved:

To elect Cllr Charles Howard as Chairman for the forthcoming year.

2 Membership

Resolved:

To note that Cllr Gordon King had replaced Cllr Mark Packard on the Pension Fund Committee and Investment Sub-Committee.

3 Attendance of non-members of the Committee

There were no non-members of the Sub-Committee present.

4 Apologies

Apologies for absence were received from Cllr Steve Weisinger.

5 Minutes

The part 1 (public) minutes of the meeting held on 16 June 2016 were presented.

Resolved:

To confirm the minutes of the meeting held on 16 June 2016.

6 Declarations of Interest

There were no declarations of disclosable interests.

7 Chairman's Announcements

There were no Chairman's Announcements.

8 Public Participation and Councillors Questions

There were no members of the public present.

9 Investment Sub-Committee Effectiveness

Members considered a report from Mercer on the effectiveness of the Sub-Committee over the last 12 months. The report had been part of the Sub-Committee's work plan and the findings were generally positive. It was considered that the Sub-Committee had effectively freed up time at the full Committee to focus on the governance and administration of the fund and allowed members to scrutinise investments in detail at the Sub-Committee level. It was also highlighted that effective decisions at the individual manager level, such as the Loomis Sayles mandate, had been made by the Sub-Committee.

The Fund's advisor Jo Holden (Mercer) was in support of the review as a tool to develop future workplans for the ISC and assist with Committee succession planning in that new members would understand why decisions had been taken

in the future. The review also improved the transparency of the Fund and its decisions. It was acknowledged however that reviewing performance was difficult since: it was difficult to plot the impact of changing or terminating mandates, and the outcome of investment decisions would vary according to the point in time at which they were assessed.

Independent Advisor to the Fund, Jim Edney (CIPFA), considered it good governance to review the effectiveness of decision-making bodies and recommended that this also be undertaken for the full Wiltshire Pension Fund Committee and Pension Board. Officers supported a review of the Committee and Board and took advice from Sub-Committee members that information on members' meeting and training attendance should factor in to such a review.

Resolved:

To note the report on the effectiveness of the Sub-Committee.

10 Date of next meeting

The next ordinary meeting of the Sub-Committee was to be held on 24 November 2016.

11 Urgent items

There were no urgent items.

12 Exclusion of the public

Resolved:

That in accordance with Section 100A(4) of the Local Government Act 1972 to exclude the public from the meeting for the business specified in minute numbers 13-17 because it is likely that if members of the public were present there would be disclosure to them of exempt information as defined in paragraphs 3 of Part I of Schedule 12A to the Act and the public interest in withholding the information outweighs the public interest in disclosing the information to the public.

13 **Minutes**

The part 2 (confidential) minutes of the meeting held on 16 June 2016 were presented.

Resolved:

To confirm the minutes of the meeting held on 16 June 2016.

14 **Update on the Government's proposals on pooling of investments**

David Anthony, Head of Pensions, provided a verbal update on the Government's proposals to pool pension fund investments and progress with the Brunel Pension Partnership.

Resolved:

To note the update provided by the Head of Pensions.

15 **Investment Quarterly Progress Report**

The Committee was updated on the performance of the Fund's investments as to 30 June 2016.

Resolved:

To note the report and update provided by officers at the meeting.

To request the latest funding figures be provided to the Chairman and Vice Chairman of the Pension Fund Committee.

16 **Risk Management**

Officers and Mercers presented a confidential report on the main risks the Committee was exposed to and proposed mitigation options for consideration.

Resolved:

- a) To note the report and presentation from Mercer on the risk management mitigation options considered; and**

- b) To recommend that the Committee takes a training session on the use of LDI which sets out the nature and size of the risks the Fund itself is facing; and**
- c) To explore in more detail by way of an initial training session on the options available for equity protection strategies in comparison to investing in a lower volatility equity strategy; and**
- d) To note the comments made in relation to currency hedging and consider these as part of the formal review of Berenberg dynamic currency hedging mandate.**

17 Berenberg Dynamic Currency Overlay- Formal Review of Mandate

Officers introduced a formal review of the Berenberg mandate and representatives from Berenberg presented their annual report and explained the performance of the mandate since inception.

Resolved:

To recommend to the Wiltshire Pension Fund Committee that:

- a) the Berenberg dynamic currency hedging mandate is terminated; and**
- b) the strategic dynamic currency overlay programme is replaced with a 50% passive currency overlay on its overseas equity exposure; and**
- c) that 50% of the overseas equity exposure is hedged through the use of Legal & General hedged global equities and Legal & General hedged RAFI 3000 pooled vehicles.**

(Duration of meeting: 10.30 am - 1.15 pm)

The Officer who has produced these minutes is Libby Beale, of Democratic Services, direct line 01225 718214, e-mail elizabeth.beale@wiltshire.gov.uk

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