

AGENDA

Meeting: Investment Sub-Committee
Place: Kennet Room - County Hall, Trowbridge BA14 8JN
Date: Thursday 4 June 2015
Time: 10.30 am

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

Press enquiries to Communications on direct lines (01225) 713114/713115.

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Membership:

Cllr Tony Deane
Cllr Charles Howard

Cllr Mark Packard
Cllr Steve Weisinger

Briefing arrangements:

Thursday 4 June, 9:30am, Kennet Room - County Hall, Trowbridge BA14 8JN

PART 1

1 **Election of a Chairman**

To elect a Chairman for the forthcoming year 2015-16.

2 **Membership**

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

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

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

4 **Apologies**

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

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 **28 May 2015**. 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 **Remit and Future Work Planning** *(Pages 7 - 10)*

A short report and verbal update from the Head of Pensions and Mercers outlining the areas of work that this Committee may look to cover over the next 12 months.

9 **Date of next meeting**

The next ordinary meeting of the Sub-Committee will be held on 10 September 2015.

10 **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.

11 **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 12 – 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

12 **Mercer Report and the Investment Quarterly Progress Report** *(Pages 11 - 60)*

Three confidential reports are circulated updating the Committee on the performance of the Fund's investments as to the end of March 2015.

13 **Baillie Gifford - Review of 2014-15 & Plans for the Future** *(Pages 61 - 104)*

Two confidential reports are circulated updating the Committee on the performance of the Fund's investments as to the end of March 2015.

14 **Barings - Formal Review of the Diversified Growth Fund Mandate** *(Pages 105 - 144)*

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

15 **Berenberg - Formal Review of the Dynamic Currency Overlay mandate** *(Pages 145 - 170)*

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

16 **Loomis Sayles - Formal Review of the Multi Asset Credit and Absolute Return Credit mandates** *(Pages 171 - 190)*

A confidential presentation from Loomis Sayles is attached and Members are asked to consider this along with the verbal report at the meeting.

WILTSHIRE COUNCIL

WILTSHIRE PENSION FUND INVESTMENT SUB COMMITTEE
4 June 2015

REMIT & FUTURE WORK PLANNING

Purpose of the Report

1. The purpose of this report is to outline the proposed areas of work for the Investment Sub-Committee (ISC).

Background

2. The role of the ISC is to consider the investment of the assets within the strategic investment framework and performance of investment managers to achieve the Fund's investment objectives. The ISC is also responsible for considering and determining opportunistic investments for assets limited in cumulative value to 5% of the Fund's strategic allocation, using its delegated powers to agree whether to make an investment and to select an appropriate investment vehicle when necessary following a selection process.
3. The ISC may also be occasionally requested to by the Wiltshire Pension Fund Committee (WPFC) to undertake research and report back on a specific investment areas. All decision taken and recommendations will be reported back to the next available ordinary meeting of the WPFC in the form of the minutes of the ISC.
4. The ISC, will be responsible for:
 - Reviewing strategic and emerging opportunities outside the strategic asset allocation and make recommendations to the Committee.
 - Reporting regularly to Committee on the performance of investments and matters of strategic importance.
 - Monitor investment managers' investment performance and recommend decision to terminate mandates on performance grounds to Committee.
 - Researching and providing a report back to the WPFC on any specific investment areas requested.
5. The ISC has delegated authority to:
 - Approve and monitor tactical positions within strategic allocation ranges.
 - Implement investment management arrangements in line with strategic policy, including the setting of mandate parameters and the appointment of managers.
 - Approve amendments to investment mandates within existing return and risk parameters and delegate specific decisions to officers as appropriate.
 - Review proposals put forward by the Fund's adviser, officers or the WPFC in regards to potential opportunistic investments that can deliver more favourable returns than global passive equities, with a 3 to 7 year time horizon and be redeemable after 7 years as a maximum.
6. In order to achieve this ISC will:

- Receive reports and advice from the Investment Adviser, officers, Independent Governance Adviser or where applicable any other product specialist invited by the ISC to the meeting.
- Receive monitoring reports when appropriate on investments to inform decision making;
- Report to the WPFC as necessary on its activities and use of delegated powers and investigate other specific areas of investment when requested by the WPFC.

Main Consideration for Committee

7. Mercer have outlined areas the ISC may want to consider over the next 12 months in the appendix. This includes:
 - a. The monitoring of performance of the investment managers (presentations to this Committee in June 2015 and November 2015);
 - b. Consider and make recommendations to WPFC following the annual asset allocation review of the Fund's assets, including risk management, illiquid assets and Barings review (September 2015);
 - c. Benchmarking exercise for investment managers fees (November 2015)
 - d. Consideration of asset allocation in light of valuation approach to be taken (February 2016)
8. The ISC will also consider proposals from officers and advisers for the use of the "opportunistic allocation" as they arise.

Financial Implications

9. There are no additional costs arising from this report other than those already budgeted for.

Risk Assessment

10. The work plan will ensure the regular monitoring and development of the WPFC investment strategy.

Legal Implications

11. None have been identified as arising directly from this report.

Environmental Impact of the Proposals

12. This is no environmental impact of these proposals.

Safeguarding Considerations / Public Health Implications / Equalities Impact

13. None have been identified as arising directly from this report.

Proposals

14. The Committee is asked to note the report.

MICHAEL HUDSON
Treasurer to the Pension Fund

Report Author: David Anthony, Head of Pensions

Unpublished documents relied upon in the production of this report:

NONE

WILTSHIRE PENSION FUND

APPENDIX

2015/16 Proposed Investment Sub-Committee Work Plan

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	Manager reviews	Asset Allocation Issues	Governance	Review Fund Documents and Policies	Biennial Manager Fee Review
June ISC	Baillie Gifford Loomis Sayles Barings Berenberg	-	-	-	-
Summer Committee Training	-	Training for Pensions Committee to include annual review of asset allocation - with follow up discussion at September ISC	-	-	-
September ISC	-	Follow up items from asset allocation review - likely to include risk management, illiquid assets and Barings	-	-	-
November ISC	Partners Group CBRE Investec L&G (to discuss Smart Beta?)	Update on any ongoing work	-	-	Short benchmarking exercise using Mercer fee survey
February ISC	-	Consideration of asset allocation in light of valuation approach to be taken	Review of new ISC effectiveness one year on. Also review of advisor.	In preparation for annual meeting	-

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Jo Holden
May 2015

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