

# AGENDA

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**Meeting:** Investment Sub-Committee  
**Place:** Kennet Room - County Hall, Trowbridge BA14 8JN  
**Date:** Thursday 10 September 2015  
**Time:** 10.30 am

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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](mailto:elizabeth.beale@wiltshire.gov.uk)

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## Membership:

Cllr Charles Howard (Chairman)	Cllr Mark Packard
Cllr Tony Deane	Cllr Steve Weisinger

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## Chairman's Briefing:

Thursday 10 September, 9:30am, Kennet Room- County Hall, Trowbridge BA14 8JN

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# AGENDA

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 Sub-Committee.

3        **Apologies**

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

4        **Minutes of the previous meeting** (*Pages 7 - 12*)

To confirm and sign as a true and correct record the minutes of the meeting held on 4 June 2015.

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 3 September 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 **Date of next meeting**

The next ordinary meeting of the Investment Sub-Committee is to be held on 23 November 2015.

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 – 12 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 **Mercer Report and the Investment Quarterly Progress Report (Pages 13 - 68)**

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

The Sub-Committee is asked to note the attached investment reports and the update provided by officers and advisers at the meeting.

12 **Flight Paths Considerations (Pages 69 - 88)**

The Sub-Committee is asked to consider a paper from Mercers and officers that explores the rationale for implementing a "flight-path" strategy for the Fund and

how this would be incorporated into the Fund's investment strategy.

The Sub-Committee is asked:

- a. To note the report and presentation from Mercer on the rationale and purpose of a flight-path; and
- b. To recommend to the Wilshire Pension Fund Committee that Mercer are commissioned to develop a be-spoke flight-path for the Fund.

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## **INVESTMENT SUB-COMMITTEE**

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### **MINUTES OF THE INVESTMENT SUB-COMMITTEE MEETING HELD ON 4 JUNE 2015 AT KENNET ROOM - COUNTY HALL, TROWBRIDGE BA14 8JN.**

#### **Present:**

Cllr Tony Deane, Cllr Charles Howard, Cllr Gordon King and Cllr Steve Weisinger

#### **Also Present:**

Jim Edney, Joanne Holden, Michael Hudson and Cllr Dick Tonge

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#### **1 Election of a Chairman**

Nominations were sought for the position of Chairman. Members considered it unnecessary to elect a Vice-Chairman due to the size of the sub-Committee.

#### **Resolved:**

**To elect Cllr Charles Howard as Chairman for the 2015/16 year.**

Members commented that the work of the Wiltshire Pension Fund Committee should not be replicated at the Sub-Committee and agreed that meetings of the Sub-Committee should release capacity in the main Committee to consider other issues. Similarly, the Sub-Committee was assured that the Local Pensions Board would oversee the administration of the Fund and would supplement the work of the Committee.

#### **2 Membership**

Cllr Steve Weisinger had replaced Cllr Brian Ford on this Sub-Committee and the Wiltshire Pension Fund Committee.

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

Cllr Dick Tonge and Fiona Rae, Democratic Services Officer, were in attendance as observers.

#### 4 **Apologies**

Apologies for absence were received from Cllr Mark Packard who was substituted by Cllr Gordon King.

#### 5 **Declarations of Interest**

There were no declarations of disclosable interests.

#### 6 **Chairman's Announcements**

There were no Chairman's Announcements.

#### 7 **Public Participation and Councillors Questions**

There were no members of the public present.

#### 8 **Remit and Future Work Planning**

David Anthony, Head of Pensions, introduced a report detailing the work programme for the Sub-Committee. It was explained that key responsibilities for the Sub-Committee were: to consider the performance of investment managers, report items of strategic importance to the Pension Fund Committee and make opportunistic investments up to 5% of the Fund's strategic allocation. The Pension Fund Committee would continue to receive a quarterly progress report and the minutes of the Investment Sub-Committee meetings.

Members of the Sub-Committee were invited to ask questions and it was confirmed that two of its meetings per year would be used to meet with investment managers, remaining dates could be used to look at other issues as required. Joanne Holden highlighted that a paper would be brought to the September meeting to consider the strategy of the Fund and the February 2016 meeting would consider asset allocation in light of the valuation approach. David Anthony advised that, should the Sub-Committee wish to make an opportunistic investment, a Special meeting could be called to arrange this in a timely manner.

**Resolved:**

**To note the report and proposed work plan for the Investment Sub Committee.**

#### 9 **Date of next meeting**

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

10 **Urgent items**

There were no urgent items.

11 **Exclusion of the public**

**Resolved:**

**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.**

12 **Mercer Report and the Investment Quarterly Progress Report**

Confidential reports were circulated updating the Committee on the performance of the Fund's investments as to the end of March 2015.

Catherine Dix, Strategic Pensions Manager, highlighted key issues in relation to the Fund's investment performance as at 31 March 2015 including an overview of Fund performance as a whole, investment activity, individual managers, funding position and cash flow. Jim Edney and Joanne Holden suggested key questions to ask managers and it was agreed it was important to have a rebalancing strategy in place to safeguard the Fund. Members discussed the performance of the different investment managers and the importance of corporate behaviour in determining the future performance of companies the Fund had invested in.

**Resolved:**

**To note the two investment reports and the update provided by officers and advisers at the meeting.**

**To continue to monitor Barings performance.**

13 **Baillie Gifford - Review of 2014-15 & Plans for the Future**

The Sub-Committee received 2 confidential reports updating on the performance of the Fund's investments as to the end of March 2015.

Tim Garratt and Rosemary Shannon gave a presentation reminding the Sub-Committee of Baillie Gifford's ethos and the portfolio it held with the Fund. Top-performing investments were reviewed alongside the risks associated with stock concentrations in the portfolio.

**Resolved:**

**To note the reports and verbal updates provided at the meeting**

**14 Barings - Formal Review of the Diversified Growth Fund Mandate**

The Sub-Committee considered a confidential annual report from Barings and presentation from Marino Valensise and Brian Corris. Members were advised on how the company had adapted to recent personnel changes and the portfolio it held. Reflections on the performance of the portfolio were provided.

In the discussion that followed, members agreed that if the Barings Fund fell below a trigger point of £1.8bn then a discussion would commence between officers and the Chairman and Vice-Chairman of the Committee on an appropriate course of action

**Resolved:**

**To note the report and verbal updates provided at the meeting**

**That, should the Barings fund value fall below £1.8bln, officers should alert the Chairman and Vice-Chairman of the Committee and agree, in consultation with them, an appropriate course of action.**

**15 Berenberg - Formal Review of the Dynamic Currency Overlay mandate**

The Sub-Committee received a confidential presentation from Matthew Stemp, Tino Siragusano and Frank Diesterhoeft of Berenberg bank.

The background of the bank and its personnel changes were explained in addition to the effects of hedging currency on the fund's portfolio and risk management within the portfolio.

**Resolved:**

**To note the presentation and verbal updates provided at the meeting.**

**16 Loomis Sayles - Formal Review of the Multi Asset Credit and Absolute Return Credit mandates**

The Sub-Committee received a confidential presentation from Kevin Kearns and Chris Yiannakou of Loomis Sayles on the performance of the portfolio during the first 6 weeks of the mandate.

During discussions on the allocation between the World Credit Asset and Strategic Alpha packages it was commented that, in future, a rebalancing between the allocations could be required depending on the performance of both products. It was agreed that officers could develop one benchmark for each product which would trigger an assessment of rebalancing.

**Resolved:**

**To note the presentation and verbal updates given at the meeting.**

**To delegate to officers to develop triggers to alert when rebalancing between World Credit Asset and Strategic Alpha may be needed. Should this rebalancing be a strategic decision, it would be referred to Committee for determination.**

(Duration of meeting: 10.30 am - 2.40 pm)

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

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