

# AGENDA

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**Meeting:** Investment Sub-Committee

**Place:** West Wiltshire Room - County Hall, Bythesea Road, Trowbridge,  
BA14 8JN

**Date:** Thursday 28 November 2019

**Time:** 10.30 am

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Please direct any enquiries on this Agenda to Jessica Croman, of Democratic Services, County Hall, Bythesea Road, Trowbridge, direct line 01225 718262 or email [jessica.croman@wiltshire.gov.uk](mailto:jessica.croman@wiltshire.gov.uk)

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## Membership:

Cllr Tony Deane (Chairman)  
Cllr Brian Ford

Cllr Gordon King

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## **Public Participation**

Please see the agenda list on following pages for details of deadlines for submission of questions and statements for this meeting.

For extended details on meeting procedure, submission and scope of questions and other matters, please consult [Part 4 of the council's constitution](#).

The full constitution can be found at [this link](#).

For assistance on these and other matters please contact the officer named above for details

# AGENDA

## 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 **Apologies**

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

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

To consider the Part 1 (public) minutes of the meeting held on 5 September 2019.

4 **Declarations of Interest**

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

5 **Chairman's Announcements**

To receive any announcements through the Chairman.

6 **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 21 November in order to be guaranteed a written response prior to the meeting. Any question received between the above deadline, and no later than 5pm two clear working days before the meeting, may only receive a verbal response at the meeting.

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.

7 **MiFID II Compliance** *(Pages 13 - 16)*

To highlight the requirements of members who sit on the Investment sub-Committee.

8 **Date of next meeting**

The next ordinary meeting of the Sub-Committee will be held on 27 February 2020.

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 **Investment Quarterly Progress Report** *(Pages 17 - 46)*

To receive a quarterly update on investments from the Investment Manager.

12 **Investment Manager Database** *(Pages 47 - 60)*

To receive a report from the Investment Manager on investment data.

13 **Mercer's Quarterly Report** *(Pages 61 - 92)*

To receive a report on Mercers quarterly performance.

14 **Responsible Investment Quarterly Update Report** *(Pages 93 - 104)*

To receive a report updating committee on Responsible Investing.

15 **Accounting Update Report** *(Pages 105 - 112)*

To receive a report updating committee on Accounting.

16 **Minutes** (*Pages 113 - 118*)

To confirm the Part 2 (confidential) minutes of the meeting held on 5 September 2019.

17 **Presentation from CBRE**

To receive a presentation from CBRE.

18 **Presentation from Investec**

To receive a presentation from Investec

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## **INVESTMENT SUB-COMMITTEE**

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**DRAFT MINUTES OF THE INVESTMENT SUB-COMMITTEE MEETING HELD ON 5 SEPTEMBER 2019 AT KENNET ROOM - COUNTY HALL, BYTHESEA ROAD, TROWBRIDGE, BA14 8JN.**

**Present:**

Cllr Tony Deane (Chairman), Cllr Brian Ford and Cllr Gordon King

**Also Present:**

Cllr Cllr Robert Jandy and Cllr Edward Kirk

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**31 Apologies**

Apologies were received from Cllrs Roy While.

**32 Minutes**

**Resolution:**

**The minutes of the meeting held on 5 June 2019 were approved.**

**33 Declarations of Interest**

There were no declarations of interest.

**34 Chairman's Announcements**

The Chair announced the sad news that Cllr Roy While had retired due to ill health and reminded committee of the long standing contribution Cllr While had made to pensions and the wider local authority throughout his career.

The Chair expressed his concern at staff churn from Mercer and requested a meeting with Joanna Holden.

Kieran Harkin of Mercer was welcomed to the committee and was invited to outline his extensive experience working with numerous LGPS across England and Wales.

### 35 **Public Participation and Councillors Questions**

Jane Laurie, retired member of the Wiltshire Pension Fund, had submitted three written questions and had received written responses. At the invitation of the chair the following supplementary questions were asked:

1. What is the timetable for action?
2. How is threat of divestment deployed in your investment strategy of engagement with fund managers?
3. What steps are being taken to consult active and retired members on responsible investment?

The Chair emphasised there was no end-point for action, rather there was a rate of acceleration and that ESG was a key aspect of due diligence prior to investment.

The following additional points were made; the priority is to balance assets with liabilities through returns, in the long-term good governance delivers sustained returns and the committee is open to engagement from the public on this issue.

Dave Willers gave examples on engagement with firms from pension funds that had fostered change of policy and priorities. Anthony Fletcher advised that divestment was central to influencing firms and fund managers but reminded the meeting that once you divest, you have no influence at all whilst others step in who may or may not be seeking engagement on ESG.

### 36 **Date of next meeting**

The date of the next meeting was to be 28 November 2019.

### 37 **Urgent items**

There were no urgent items.

### 38 **Exclusion of the public**

It was,

**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.**



**39 Presentation from Magellan**

The committee received a confidential presentation on Magellan's procedures.

**40 Investment Quarterly Progress Report**

The committee received a confidential report on 40 Investment Quarterly Progress and it was;

**RESOLVED**

**To recommend to Wiltshire Pension Committee to:**

- **To note the two investment reports and the update provided by officers and advisers at the meeting;• to approve increasing the allocation to Magellan up to 8% of the total value of the Fund, less the value of the Partners Group portfolios, to be funded from the disinvestment from the Loomis Sayles Absolute Return bond fund;**
- **To increase the allocation to global property to 35% of the total property portfolio;**
- **To implement the disinvestment from Barings diversified growth fund by making a series of 5-6 equal sized monthly redemptions, and invest the proceeds in index inked gilts;**
- **To approve that the increase in protection assets is actioned by creating a new allocation to secured income of 10% of the total fund value, and that this is held in index linked gilts (from the proceeds of the Barings disinvestment) in the interim until this can be deployed.**

**41 Investment Manager's Database**

The committee received a confidential report on the fund's investment performance data and it was;

**RESOLVED**

**The committee noted the report.**

**42 Accounting Update Report**

The committee received a confidential accounting update and it was;

**RESOLVED**

**The committee noted the report.**

**43 Responsible Investing**

The committee received a confidential report on responsible investing and it was;

**RESOLVED**

**To recommend to Wiltshire Pension committee that:**

- **The spending of £13,000 on the research into carbon footprint be approved;**
- 
- **The Wiltshire Pension Fund sign up to support the Transition Pathway Initiative.**

**44 Mercer's Report**

The committee received a confidential report on Mercer's performance and it was;

**RESOLVED**

**The committee noted the report.**

**45 Presentation from Brunel**

The committee received a confidential presentation on x' Brunel's investment decisions.

**46 Property Transition**

The committee discussion on property transition and it was:

**RESOLVED**

**To recommend to Wiltshire Pension committee that:**

- **To begin the process of data sharing information on the property portfolios with Brunel, and to seek more assurance on the documentation and ability of Brunel to manage the first transitions before reassessing whether to go ahead with transitioning Wiltshire's property funds to Brunel;**
- **To instruct CBRE to notify Wiltshire officers before making any commitments to closed-ended funds.**

47 **Minutes**

**RESOLVED**

**To recommend to Wiltshire Pension committee that:**

**The part 2 minutes of the meeting held on 5 June 2019 were approved.**

(Duration of meeting: 10.30 am - 3.05 pm)

The Officer who has produced these minutes is Jim Brewster, of Democratic Services, direct line 01225 718262, e-mail [jessica.croman@wiltshire.gov.uk](mailto:jessica.croman@wiltshire.gov.uk)

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## **WILTSHIRE COUNCIL**

INVESTMENT SUB COMMITTEE  
28 November 2019

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### **MiFID II compliance self-certification**

#### **Purpose of the Report**

1. In accordance with the Wiltshire Pension Fund's training & development strategy for members, the purpose of this report is to highlight the requirement of those members who sit on the Investment sub-Committee to self-certify that they remain competent to carry out the duties and responsibilities associated with sitting on this Committee.

#### **Background**

2. At the Investment sub-Committee meeting dated 13<sup>th</sup> September 2017 (Minute 25) members confirmed that they would opt for "Professional Investor" status with effect from 3<sup>rd</sup> January 2018, the introduction of MiFID II guidance.
3. The legislative reference in connection with this requirement is Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU.
4. To maintain "Professional Investor" status good governance arrangements have been set in place to ensure members selected to oversee the Fund's investment matters continue to discharge their duties & responsibilities in accordance with the regulations. These arrangements were agreed as part of the Fund's training strategy at the Wiltshire Pension Fund Committee meeting dated 12<sup>th</sup> December 2018 (Minute 79) & the WPF Board meeting dated 24<sup>th</sup> January 2019 (Minute 11).

#### **Key Considerations for the Committee / Risk Assessment**

5. Members are required to self-certify that they have undertaken the necessary continuous training to ensure that they remain competent to carry out the duties and responsibilities associated with sitting on this Committee & are respectfully requested to complete the circulated confirmation letter at this meeting.
6. In addition to self-certifying their own compliance, as a matter of good practice, members should consider requesting confirmation from their investment advisers that they too continue to be fully compliant with MiFID II regulations in order that they can continue to offer investment advice. It is recommended that their confirmation is minuted.

#### **Financial Implications**

7. No direct implications.

#### **Legal Implications**

8. There are no known implications from the proposals.

#### **Environmental Impacts of the Proposals**

9. There is no known environmental impact of this report.

**Safeguarding Considerations/Public Health Implications/Equalities Impact**

10. There are no known implications currently.

**Proposals**

11. For all Investment Sub-Committee members to complete the self-certification letter, as required.

12. To receive confirmation from the Fund's Investment Advisers that they continue to remain competent to provide investment advice to the Wiltshire Pension Fund.

Jennifer Devine  
INVESTMENT MANAGER

Report Author: Richard Bullen, Fund Governance & Performance Manager

Unpublished documents relied upon in the production of this report: NONE

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Wiltshire Pension Fund, County Hall, Trowbridge, Wiltshire BA14 8JN  
T: 01225 713613 ♦ F: 01225 713645 ♦ E: pensionenquiries@wiltshire.gov.uk  
www.wiltshirepensionfund.org.uk

## Investment sub-Committee Member confirmation of continued MiFID II Compliance

### Introduction

Reference – The Investment sub-Committee meeting dated 13<sup>th</sup> September 2017 (Minute 25) confirmed the Wiltshire Pension Fund (“the Fund”) to opt for “Professional Investor” status with effect from 3<sup>rd</sup> January 2018.

The qualification for adopting the “per se” professional investor status under FCA categorisation was based on the Fund’s nature as a Pension Fund & as a local or public authority. To enable the Fund to maintain its opted status, good governance arrangements have been set in place to ensure Members selected to oversee the Fund’s investment matters continue to discharge their duties & responsibilities in accordance with the regulations.

These arrangements were agreed as part of the Fund’s training strategy at the Wiltshire Pension Fund Committee meeting dated 12<sup>th</sup> December 2018 (Minute 79) & the WPF Board meeting dated 24<sup>th</sup> January 2019 (Minute 11)

The unsigned therefore agrees to annually self-certify that as a Member of the Fund’s Investment Sub-Committee they have undertaken the relative training to maintain their knowledge & understanding of investment matters & ensure that they continue to be MiFID II compliant in order to carry out their duties.

Description	Details
Name of Member	
Role	
Fund Year	

In certifying their continued competence to discharge their duties & responsibilities the Member has given consideration to the following definitions & criteria;

### Definitions

- ‘Knowledge’ - acquiring & maintaining an appropriate level of experience to fulfil the Fund’s obligations of a “professional client” status & possess the necessary knowledge to meet the relevant regulatory and legal requirements and business ethics standards;
- ‘Appropriate experience’ – that as a Member they continue to successfully demonstrate their ability to perform the relevant service through their role, notably that they can give information on investment products and services, when required;
- ‘Competence’ – that as a Member they can assess and review compliance with the MiFID II guidelines, notably that they can understand and apply the Fund’s internal policies and procedures designed to ensure compliance with MiFID II.

- 'Investment products' means the financial instruments and structured deposits as defined in MiFID II.

**Criteria for the knowledge & competence of Members**

The Fund's ensure that Members giving information about investment products, investment services or ancillary services have available to them through the Fund the necessary knowledge and competence to:

- a. Understand the key characteristics, risk and features of investment products available through the Fund, including any general tax implications and costs to be incurred in the context of transactions;
- b. Understand the total amount of costs and charges to be incurred in the context of transactions in an investment product, investment services or ancillary services;
- c. Understand the characteristics and scope of investment services or ancillary services;
- d. Understand how financial markets function and how they affect the value and pricing of investment products on which information is provided;
- e. Understand the impact of economic figures, national/regional/global events on markets and on the value of investment products on which information is provided;
- f. Understand the difference between past performance and future performance scenarios as well as the limits of predictive forecasting;
- g. Understand the issues relating to market abuse and anti-money laundering;
- h. Assess data relevant to the investment products of the Fund such as Key Investor Information Documents, prospectuses, financial statements, or financial data;
- i. Understand specific market structures for the investment products and where relevant, their trading venues or the existence of any secondary markets;
- j. Have a basic knowledge of valuation principles for the type of investment products in relation to the information provided.

I certify that I \_\_\_\_\_ continue to be MiFID II competent & maintain sufficient knowledge & understanding of investment products, investment services and/or ancillary services to continue my role on the Wiltshire Pension Fund's Investment sub-Committee.

Signature	
Date	



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of the Local Government Act 1972.

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