WILTSHIRE PENSION FUND COMMITTEE

Wiltshire COUNTY COUNCIL
website: www.wiltshire.gov.uk

MINUTES of a MEETING of the WILTSHIRE PENSION FUND COMMITTEE held at COUNTY HALL, TROWBRIDGE on WEDNESDAY 3 SEPTEMBER 2008.

PRESENT:

Mr AN Deane (Chairman), Miss MF de Rhé-Philipe, Mr J Caldwell, Mr Jackson, Mr D Moffatt and Mr JC Noeken.

Mr WR Moss also attended the meeting.

Also in attendance:

Mr K Neale Independent Pensions Advisor

Representing Hymans Robertson

Mr G Henshilwood

Representing Capital International

Mr M Ericksen
Dr N Osborne

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27. **Apologies** Apologies for absence were received from Mr JR Henning and Mr P Stoddard.

28. **Minutes of Previous Meeting**

Resolved: To confirm and sign the minutes of the Committee meeting held on 17 June 2008.

29. **Chairman's Announcements** The Chairman made the following announcements:-

(a) Dorset County Council Members' Training Day An invitation had been extended by Dorset County Council for members of this Committee to attend a training day at County Hall, Dorchester on Friday 24 October 2008, starting at 10.00am and finishing at 4.30pm. The day would consist of two parts; the morning session would be an introduction to Investments and consider the various assets classes, and cover strategy and briefly the Local Government Pension Scheme Regulations. The afternoon session would concentrate on Hedge Funds, Property and Corporate Bonds. Any member interested should contact Mr David Broome, Head of Pensions.

(b) Baillie Gifford's Centenary Celebration To mark their centenary, Baillie Gifford had extended an invitation to members of this Committee to join representatives at a dinner probably on the evening preceding the date of a committee meeting. Members were very appreciative of this kind invitation and agreed to accept providing that the function was relatively modest.

30. **Date of Next Meeting**

Resolved: To note that the next regular meeting of the Committee would be held on Tuesday 18 November 2008 at 10.30am.

31. **Exclusion of the Public**

Resolved: 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 Nos. 32 – 35 because it is likely that if members of the public were present there would be disclosure to them of exempt information as defined in paragraph 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.

32. **Amendment to Property Mandate** Consideration was given to a report by the Chief Financial Officer which sought approval for a minor operational change in relation to the Fund's property investment mandate.

Resolved: To approve a change to ING Real Estate's mandate to allow the use of IPD Index Linked Notes (Structured Notes) which are rated AA- or higher.

33. **Quarterly Progress Report** Consideration was given to a confidential report by BNY Mellon on investment activity and performance of the Fund for the quarter to 30 June 2008.

Resolved: To note the contents of the report.

34. **Capital International – Review of Previous Period & Plans for the Future** The Committee considered the written and verbal reports of Capital International which outlined actions taken and being taken in relation to their performance, as well as expectations for the future.

Mr M Ericksen and Dr N Osborne answered questions concerning the report.

Resolved: To note the information contained in the reports.

35. **Review of Investment Arrangements** Consideration was given to a confidential report by the Chief Financial Officer which set out recommendations from the recent Investment Away Day and also various options for the future investment strategy and management arrangements of the Wiltshire Pension Fund.

After a full debate during which various options were examined,

Resolved:

(a) To amend the long term investment aspirations of the Wiltshire Pension Fund to reflect:

- the limiting of new individual mandates to allocations of no more than 12.5% of the overall Fund;
- the move of UK Equity allocation downwards towards 30% of the total equity exposure of the Fund in favour of global equities as opportunities arise;
- the move to UK Equity allocations being predominantly managed passively and global allocations predominantly actively managed, as opportunities arise; and
- the increase in passive investment management in the Fund from the current 5% to a long term target of 20%, covering both equities and bonds, but this will only be implemented at times when it would be cost effective and have the least impact on returns.

(b) To agree the following changes to Western Asset Management's (WAM) mandate at the appropriate time by giving delegation to the Chief Financial Officer in consultation with the Chairman and Vice-Chairman:

- to move 40% of WAM's mandate (ie. the index linked bond & gilt elements) which is equivalent to 7% of the overall Fund, to passive management by Legal & General, leaving WAM with an allocation of 10.5%; and

- at the same time to revise the benchmark on the remaining 60% of WAM mandate to the UK Corporate bond element only, but allow WAM to invest overseas in corporate bonds on a tactical basis where opportunities to add value arise.

(c) To take no action on the Capital International AIG mandate at present but to monitor its performance for a further 6 months.

(d) To agree to implement a new composite benchmark based on 70% FTSE All Share and 30% FT Gilts All Stocks as a short term benchmark for the Capital International AIG mandate.

(e) To retain Capital International's Global Mandate unchanged for a further 12 month period but to request the officers to monitor the situation and present an interim report at the next meeting of this Committee.

(Duration of meeting: 10.30am – 13.25pm)

The Officer who has produced these minutes is Roger Bishton, Democratic & Members' Services, direct line (01225) 713035 or e-mail rogerbishton@wiltshire.gov.uk

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