

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)

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