

**Minutes of a meeting of the Investment Subcommittee held at County Hall,
Glenfield on Wednesday, 23 April 2014.**

PRESENT:

Leicestershire County Council

Mr. G. A. Hart CC (Chairman)
Mr. K. W. P. Lynch CC

Mr. J. B. Rhodes CC

Leicester City Council/District Council
Representative

Cllr. P. Kitterick
Cllr. M. Graham

Staff Representative

Ms. L. Bateman

Independent Advisers and Managers

Mr. S. Jamieson Independent Investment Adviser

38. Minutes of the meeting held on 26 March 2014.

The minutes of the meeting held on 26 March 2014 were taken as read,
confirmed and signed.

39. Question Time.

The Chief Executive reported that no questions had been received under
Standing Order 35.

40. Questions asked by members under Standing Order 7(3) and 7(5).

The Chief Executive reported that no questions had been received under
Standing Order 7(3) and 7(5).

**41. To advise of any other items which the Chairman has decided to take as
urgent elsewhere on the agenda.**

There were no urgent items for consideration.

42. Declarations of interest in respect of items on the agenda.

The Chairman invited members who wished to do so to declare any interest in
respect of items on the agenda for the meeting.

No declarations were made.

43. Change to the order of business

With the consent of the Subcommittee, the Chairman agreed to vary the order of business from that set out on the meeting agenda.

44. Opportunities in Fixed Income - Presentation from Asset Manager.

The Subcommittee considered a presentation from the Asset Manager. This explored the high yield corporate bond market and leveraged loans. A copy of the presentation, marked 'Item 10' is filed with these minutes.

Arising from the discussion, the following principal points were noted:

- i) High yield bonds, sometimes referred to as sub-investment grade companies, had shown good performance recently; the market being global, but dominated by US companies;
- ii) Leveraged loans comprised secured debt towards the top of the capital structure and the market remained healthy; bondholders enjoyed significant influence through their ability to request and receive regular information about their investments.

RESOLVED:

That the presentation be noted.

45. Emerging Market Debt - Presentation from Investment Adviser.

The Subcommittee considered a presentation from the Investment Adviser about the Emerging Debt Market. A copy of the presentation, marked 'Item 9' is filed with these minutes.

Arising from the discussion, the following principal points were noted:

- iii) There were opportunities for investment in a wide range of countries; yields in Europe were generally lower than elsewhere;
- iv) Whilst there was some volatility, the market offered gains especially if entering at a time of weak currency after bond prices had fallen and there were more opportunities than in 2013;
- v) Recent research suggested that political stability in the target country was more important than political governance.

RESOLVED:

That the presentation be noted.

46. Emerging Market Debt - Presentation from Investment Consultant.

The Subcommittee considered a presentation from the Investment Consultant which highlighted substantial markets with a rising yield offering attractive entry. A copy of the presentation, marked 'Item 8', is filed with these minutes.

RESOLVED:

- a) That the presentation be noted;
- b) That officers, with support from advisors, be requested to undertake a search process for an Emerging Market Debt Fund Manager with a view to officers drawing up a shortlist for a final interview stage and appointment, likely to be at the October meeting of the Investment Subcommittee.

47. Update on Multi Credit - Bank Replacement.

The Subcommittee considered a presentation from the Investment Consultant. This highlighted opportunities for pension funds to invest in areas which were previously the domain of the banks but had resulted from the need for banks to reduce debt to meet solvency requirements. A copy of the presentation, marked 'Item 6', is filed with these minutes.

RESOLVED:

That the presentation be noted.

48. Update on Multi Credit - Bank Replacement Investing.

The Subcommittee considered a presentation from the Investment Consultant. This explored multi-asset credit, allowing the manager discretion to rotate assets between different markets to take advantage of the highest returns. A copy of the presentation, marked 'Item 7', is filed with these minutes.

RESOLVED:

- a) That the presentation be noted;
- b) That officers, with support from advisors, be requested to undertake a search process for a Multi-Credit Fund Manager with a view to officers drawing up a shortlist for a final interview stage and appointment at the June meeting of the Investment Subcommittee.

49. Date of Next Meeting - Wednesday 25 June 2014.

RESOLVED:

That it be noted that:

- (a) The next meeting of the Subcommittee will be held on 25 June, 2014;
- (b) that the meetings scheduled for 23 July and 13 August 2014 are likely to be cancelled due to a lack of business to be transacted, Members to be contacted by officers to confirm matters nearer the time.

Wednesday, 23 April 2014
10.00 am - 11.10 am

CHAIRMAN