

**Minutes of a meeting of the Investment Subcommittee held at County Hall,
Glenfield on Wednesday, 25 June 2014.**

PRESENT:

Leicestershire County Council

Mr. G. A. Hart CC (Chairman)

Mr. J. B. Rhodes CC

Leicester City Council/District Council
Representative

Cllr. M. Graham

Cllr. P. Kitterick

Staff Representative

Mr. R. Bone

Independent Advisers and Managers

Mr. S. Jamieson

Independent Investment Adviser

Mr A. Green

Hymans Robertson

Ms. C. Ballantyne

Hymans Robertson

50. Election of Chairman

It was proposed, seconded and resolved that Mr. G.A Hart CC be appointed Chairman of the Investment Subcommittee for the period ending with the date of the Annual Council meeting in May 2015.

Mr. G.A Hart CC – In the Chair

51. Minutes.

That the minutes of the meeting held on 23 April 2014 were taken as read, confirmed and signed.

52. Question Time.

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

53. Questions asked by members.

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

54. Urgent Items.

The Chairman agreed that Investment Subcommittee should consider one urgent item, a report of the Director of Corporate Resources concerning the outcome of negotiations with two Investment Managers on their fee levels.

The matter was considered urgent in light of the fact that the next Pension Fund Management Board meeting was scheduled for 5 September 2014, and if a decision was delayed until then a considerable amount of potential savings would be lost.

55. Declarations of interest.

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.

56. Multi Credit: Bank Replacement.

The Subcommittee received a briefing note on Multi Credit Bank Replacement prepared by Investment Consultants Hymans Robertson. A copy of the briefing note is filed with these minutes marked '7'.

Arising from the discussion, the following points were noted:

- That it had been agreed at the Pension Fund Management Board Strategy meeting on January 24 2014 that funds would be drawn down from within the JP Morgan Fund and reinvested into other credit opportunities, including Bank Replacement Lending;
- It was recognised that as banks withdrawal of lending continued, there would be an increase in demand for non-bank intermediaries, such as multi asset credit funds, to meet the credit needs of the economy;
- A 4% real asset return was required in order for the Fund to remain healthy. It was expected that an investment in Multi Credit Bank Replacement would be able to provide this value of return.

RESOLVED:

That the information provided be noted.

57. Date of Next Meeting - 23 July 2014.

RESOLVED:

That it be noted that:

- a) the next meeting of the Subcommittee is scheduled to be held on 23 July, 2014;
- b) 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.

[Subsequently to the meeting, the 23 July 2014 meeting was confirmed as cancelled].

58. Urgent Item - Investment Fund Management Fees Paid By The Pension Fund.

The Subcommittee received an urgent report by the Director of Corporate Resources in respect of fee negotiations with two Investment Managers, the Chairman having decided that it was of an urgent nature in light of the fact that the next Pension Fund Management Board meeting was scheduled for 5 September 2014, and if a decision was delayed until then a considerable amount of potential savings would be lost. The report having been circulated at the meeting is filed with these minutes.

It was noted that following the decision by The Pension Fund Management Board on 22 May 2014, officers were asked to seek the reduction of fees paid to the Boards Investment managers whose recent poor performance had caused concern. Those discussions had now taken place and had been concluded.

RESOLVED:

- a) That the offers of reduced management fees as detailed in paragraphs 6-9 of the report, be approved;
- b) That the decision of the Subcommittee be reported back to the September meeting of the Pension Fund Management Board for its consideration.

59. Supplementary Information informing the Multi - Credit - Bank Replacement Manager Interviews.

The Board considered a report by the Investment Consultant, which provided members with background information relating to the Investment Manager interviews to be held as part of item 11 on the agenda . A copy of the report is filed with these minutes marked '10'. The report was not for publication by virtue

of Paragraphs 3 and 10 of Part 1 of Schedule 12(A) of the Local Government Act 1972.

RESOLVED:

That the information provided be noted.

60. Multi - Credit - Bank Replacement Manager Interviews.

The Subcommittee received presentations by representatives from three Investment Managers which were followed by questions from members. A copy of the presentations are filed with these minutes marked '11a', '11b' and '11c'. The presentations were not for publication by virtue of Paragraphs 3 and 10 of Part 1 of Schedule 12(A) of the Local Government Act 1972.

RESOLVED:

- a) That the presentations delivered on behalf of the three Investment Managers be noted;
- b) That a £100m commitment to invest in the Partners Group Multi Asset Credit Fund 2014 be approved.

Wednesday, 25 June 2014
10.00 am - 12.40 pm

CHAIRMAN