

**Minutes of a meeting of the Local Pension Committee held at County Hall,  
Glenfield on Friday, 2 September 2016.**

**PRESENT:**

Leicestershire County Council

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

Mr. P. C. Osborne CC

Leicester City Council

Cllr Lynn Moore

District Council Representative

Cllr. Malise Graham MBE

University Representative

Mr. J. Shuter

Staff Representatives

Mr. N Booth

Mr. R. Bone

Independent Advisers and Managers

Mr. A. Green                      Hymans Robertson  
Mr. S. Jamieson                  Independent Investment Advisor

458. Minutes of the previous meeting.

The minutes of the meeting held on 22 June were taken as read, confirmed and signed.

459. Question Time.

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

460. Questions asked by members.

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

461. Urgent Item.

The Chairman agreed that the Committee should consider one urgent item, a report of the Director of Corporate Resources to inform the Board of action taken by the Director of Corporate Resources using delegated powers.

The matter was considered urgent in light of the fact that the actions detailed within the report were taken after the agenda for the meeting had been published and members needed to be advised at the earliest opportunity.

462. 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.

463. Summary Valuation of Pension Fund Investments and Investment Performance of Individual Managers.

The Committee considered a report of the Director of Corporate Resources, the purpose of which was to present a summary valuation of the Fund's investments at 30 June 2016. A copy of the report is filed with these minutes, marked '6'.

The Director reported that after a brief fall in the value of markets following the vote for Britain to leave the European Union (EU), they had subsequently recovered, resulting in the Fund's value increasing by 6.5% to £206.3m over the quarter.

RESOLVED:

That the report be noted.

464. Brexit and Impact on Asset Values.

The Committee considered a report of the Director of Corporate Resources which detailed the short-term impact of the UK's decision to leave the EU on the value of the Fund's assets. The report also contained a summary of action taken by the Fund in the run-up to the referendum to help mitigate market turbulence. A copy of the report marked '7' is filed with these minutes.

The Director reported that shortly before the referendum the Fund had removed currency hedging in order to lessen its exposure to any negative market effects caused by the outcome of the vote. The action had proved successful with the value of sterling falling considerably following the decision to leave the EU. He added that the action taken by the fund combined with a recovery of most equity markets close to – or above – their post-referendum levels meant the Fund's value since the end of May 2016 had increased by over 10%, although this had been somewhat curtailed by an increase in the Fund's liabilities as a result of falling Gilt Yields.

RESOLVED:

That the report be noted.

465. Market Update.

The Committee received a presentation by Kames Capital concerning global market conditions. A copy of the presentation, marked '8', is filed with these minutes.

RESOLVED

That the update be noted.

466. Market Guidance.

The Committee received a presentation by the Independent Investments Advisor which provided members with further information concerning the current market conditions. A copy of the presentation, marked '9', is filed with these minutes.

RESOLVED:

That the update be noted.

467. Dates of Future Meetings.

RESOLVED:

That the following meeting dates for 2017 be approved:

Friday 20 January 2017;  
Friday 17 March 2017;  
Friday 2 June 2017;  
Friday 1 September 2017;  
Friday 10 November 2017.

468. Urgent Item - Action Taken Using Delegated Powers of the Director of Corporate Resources.

The Committee received an urgent report of the Director of Corporate Resources in respect of action taken by the Director using delegated powers. The report was considered to be of an urgent nature in light of the fact that the actions detailed within the report were taken after the agenda for the meeting had been published and it was deemed necessary to inform members of the details at the earliest opportunity. The report having been circulated at the meeting, is filed with these minutes.

It was noted that in recent months the value of index-linked bonds had increased significantly and as a result the Fund's Independent Investment Advisor had strongly suggested that the Fund should consider selling some of the bonds at a profit. It was necessary to act swiftly rather than wait until the Committee next convened and risk negative market movement.

As a result, the Director of Corporate Resources actioned the sale of £65m of index linked bonds, reducing the Fund's weighting in the asset class to 5%. The Committee noted that it was intended that the Fund would reinvest funds back into index-linked bonds (and return to its strategic benchmark weighting of 7.5%) when prices returned to levels that were more justified by the economic outlook.

RESOLVED:

That the report be noted.

469. Exclusion of the Press and Public.

RESOLVED:

That under Section 100(A) of the Local Government Act 1972 the public be excluded from the meeting for the remaining items of business on the grounds that they involve the likely disclosure of exempt information as defined in paragraphs 3 and 10 of Part 1 of Schedule 12(A) of the Act.

470. Kames Active Value Property Unit Trust/Opportunity Pool.

The Committee considered an exempt report of the Director of Corporate Resources which recommended an internal 'reclassification' of where the investment in the Kames Active Value Property Unit Trust (KAVPUT) should sit within the Fund's strategic asset allocation benchmark. The report also sought the Committee's views on a potential new investment and the preferred top limit of the opportunity pool weighting. 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. A copy of the report marked '13' is filed with these minutes.

RESOLVED:

- (i) That the Fund's existing investment in Kames Active Value Property Unit Trust be re-categorised as a property investment rather than as part of the opportunity pool;
- (ii) That the top limit of the opportunity pool weighting be set as "advisory only", with scope to invest above this level if suitable opportunities arise;
- (iii) That a £25m investment in Kames Active Value 2 be approved.

471. Kames Capital Quarterly Report.

The Committee considered an exempt report by Kames Capital, a copy of which marked '14' is filed with these minutes. 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 report be noted.

472. Kempen Capital Management Quarterly Report.

The Committee considered an exempt report by Kempen Capital, a copy of which marked '15' is filed with these minutes. 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 report be noted.

473. Aspect Capital Quarterly Report.

The Committee considered an exempt report by Aspect Capital, a copy of which marked '16' is filed with these minutes. 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 report be noted.

474. Stafford Timberland Quarterly Report.

The Committee considered an exempt report by Stafford Timberland, a copy of which marked '17' is filed with these minutes. 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 report be noted.

475. KKR Quarterly Report.

The Committee considered an exempt report by KKR Quarterly Report, a copy of which marked '18' is filed with these minutes. 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 report be noted.

476. Kleinwort Benson Investors Quarterly Report

The Committee considered an exempt report by Kleinwort Benson Investors, a copy of which marked '19' is filed with these minutes. 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 report be noted.

477. Ruffer Quarterly Report.

The Committee considered an exempt report by Ruffer, a copy of which marked '20' is filed with these minutes. 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 report be noted.

478. Pictet Quarterly Report.

The Committee considered an exempt report by Pictet, a copy of which marked '21' is filed with these minutes. 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 report be noted.

479. Millennium Global Quarterly Report.

The Committee considered an exempt report by Millennium Global, a copy of which marked '22' is filed with these minutes. 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 report be noted.

480. IFM Investors Quarterly Report.

The Committee considered an exempt report by IFM Investors, a copy of which marked '23' is filed with these minutes. 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 report be noted.

481. Delaware Investments Quarterly Report.

The Committee considered an exempt report by Delaware Investments, a copy of which marked '24' is filed with these minutes. 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 report be noted.

482. JP Morgan Quarterly Report.

The Committee considered an exempt report by JP Morgan Quarterly Report, a copy of which marked '25' is filed with these minutes. 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 report be noted.

483. Aviva Investors Quarterly Report.

The Committee considered an exempt report by Aviva Investors, a copy of which marked '26' is filed with these minutes. 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 report be noted.

484. Legal and General Investment Manager Quarterly Report.

The Committee considered an exempt report by Legal and General, a copy of which marked '27' is filed with these minutes. 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 report be noted.

485. Ashmore Quarterly Report.

The Committee considered an exempt report by Ashmore, a copy of which marked '28' is filed with these minutes. 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 report be noted.

09.30 – 11.25am  
02 September 2016

CHAIRMAN