

**Minutes of a meeting of the Local Pension Committee held at County Hall,
Glenfield on Friday, 17 March 2017.**

PRESENT:

Leicestershire County Council

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

Leicester City Council

Cllr Lynn Moore

District Council Representative

Cllr. Malise Graham MBE

Staff Representatives

Mr. R. Bone
Mr. N. Booth

Ms. J. Dean

Independent Advisers and Managers

Mr. S. Jamieson Independent Investment Advisor

526. Minutes of the previous meeting.

The minutes of the meeting held on 17 January 2017 were taken as read, confirmed and signed.

527. Question Time.

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

528. Questions asked by members.

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

529. Urgent items.

There were no urgent items for consideration.

530. 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.

531. Summary Valuation of Pension Fund Investments and 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 31 December 2016. A copy of the report is filed with these minutes, marked '6'.

The Director reported that for the third quarter in a row the Fund had recorded a significant increase in its assets value and this positive performance was expected to continue during the next quarter.

In relation to the pooling of the Fund's investments, the Committee noted that work was ongoing to ensure that the necessary governance and administration arrangements were in place in time for the LGPS Central pool to be operational by April 2018 as originally planned.

RESOLVED:

That the report be noted.

532. Closure of Tactical Underweight Position in Index - Linked Bonds.

The Committee considered a report of the Director of Corporate Resources concerning action taken in February 2017 to adjust the Fund's exposure to global indexed-linked bonds in order to bring it back to the 7.5% strategic allocation agreed by the Committee at its last meeting. A copy of the report is filed with these minutes, marked '7'.

The Director reported that the action taken by the Fund following the Committee's decision in January had been successful. Officers had arranged for the strategic weighting to be restored before the end of February and in the process had avoided a fall in the value of its assets in the region of £4.2m.

RESOLVED:

That the report be noted.

533. Risk Management and Internal Controls.

The Director of Corporate Resources presented a report which detailed the requirement of the Committee to consider identified risks/concerns associated with the Leicestershire Pension Fund, a stipulation set out within the Pension Regulator's Code of Practice. A copy of the report is filed with these minutes, marked '8'.

The Director reported that the Pension Section already had a mechanism for identifying risks associated with the Fund through a risk register and members would have previously been advised of any concerns as they arose. Under the new requirements, a report would be considered at every meeting of the Local Pension Committee and Local Pension Board. He added that there were currently no significant risks identified.

RESOLVED:

That the report be noted.

534. Funding Update as at 31 December 2016.

The Committee considered a report by Hymans Robertson which presented the funding projection at 31 December 2016. A copy of the report, marked '9', is filed with these minutes.

RESOLVED:

That the funding position of the Leicestershire Pension Fund as at 31 December 2016 be noted.

535. Market Updates - Reports of the Independent Advisor and Kames Capital.

The Committee considered two presentations concerning global market conditions which were presented by the Fund's Independent Investment Advisor. A copy of the presentations, marked '10' are filed with these minutes.

Arising from discussion the following points were noted;

- Previously agreed action by the Committee to change the Fund's hedging position against UK sterling would help negate any potential losses as a result of a sharp rise in the pound and help preserve the considerable currency gains made by the Fund over the past 12 months;
- The UK economy had been stable and undramatic in recent times which provided a good base for steady investment with little expected volatility. The expectation that UK interest rates would remain low in the short to medium term also encouraged investment markets.

RESOLVED:

That the updates be noted.

536. Mr. G. A. Hart CC.

The Director of Corporate Resources informed the Committee that this would be Mr Hart CC's last meeting of the Committee before his retirement in May 2017.

It was noted that Mr Hart joined the Pension Fund Management Board (which would become the Local Pension Committee) in 2012 and became its Chairman the following year, a position he continued to uphold until January of 2017.

Members and officers thanked Mr Hart for his considerable contribution to the work of the Committee over the previous 5 years.

537. 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 involved the likely disclosure of exempt information as defined in paragraphs 3 and 10 of Part 1 of Schedule 12(A) of the Act.

538. Kempen Capital Management Quarterly Report.

The Committee considered an exempt report by Kempen, a copy of which marked '13' 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.

539. Aspect Capital Quarterly report.

The Committee considered an exempt report by Aspect 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.

540. Kleinwort Benson Investors Quarterly Report.

The Committee considered an exempt report by Kleinwort Benson, 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.

541. Ruffer Quarterly Report.

The Committee considered an exempt report by Ruffer, 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.

542. Pictet Quarterly Report.

The Committee considered an exempt report by Pictet, 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.

543. Millennium Global Quarterly Report.

The Committee considered an exempt report by Millennium, 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.

544. IFM Investors Quarterly Report.

The Committee considered an exempt report by IFM 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.

545. Delaware Investments Quarterly Report.

The Committee considered an exempt report by Delaware Investments, 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.

546. JP Morgan Quarterly Report.

The Committee considered an exempt report by JP Morgan, 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.

547. Aviva Investors Quarterly Report.

The Committee considered an exempt report by Aviva Investors, 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.

548. Legal and General Investment Manager Quarterly Report.

The Committee considered an exempt report by Legal and General, 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.

549. Ashmore Quarterly Report.

The Committee considered an exempt report by Ashmore, 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.

550. Kames Capital Quarterly Report.

The Committee considered an exempt report by Kames Capital, 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.

551. Stafford Timberland Quarterly Report.

The Committee considered an exempt report by Stafford Timberland, 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.

552. KKR Quarterly Report.

The Committee considered an exempt report by KKR, 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.