

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

PRESENT:

Leicestershire County Council

Mr. G. A. Hart CC

Mr. S. J. Hampson CC

Mr. Max Hunt CC

Mr. K. W. P. Lynch CC

Mr. P. C. Osborne CC

District Council Representative

Cllr. M Graham MBE

Cllr. N. Frost

Staff Representatives

Mr. R. Bone

Mr. N. Booth

Independent Advisers and Managers

Mr. A. Green

Mr. S. Jamieson

Hymans Robertson

Independent Investment Advisor

513. Appointment of Chairman

The Committee noted that work to establish Local Government Pension Scheme pooling arrangements was ongoing and there was an expectation that the Chairman of the Local Pension Committee would attend meetings concerning the new arrangements. Mr G. A. Hart CC had indicated that he would not be standing for re-election as a County Councillor in May 2017 and therefore considered it to be in the best interest of the Committee if he stood down as Chairman in order for another member to take on the role and represent the Committee at pooling meetings going forward.

RESOLVED:

That Mr. P. C. Osborne CC be appointed Chairman of the Local Pension Committee for the period ending with the date of the Annual Council meeting in May 2017.

Mr. P. C. Osborne in the Chair

514. Election of Vice Chairman

The Committee noted that due to the former Vice Chairman of the Committee Mr. P. C. Osborne CC being appointed Chairman, a new Vice Chairman was being sought.

RESOLVED:

That Mr. G. A Hart CC be elected Vice Chairman of the Local Pension Committee for the period ending with the date of the Annual Council meeting in May 2017.

515. Minutes of the previous meeting.

The minutes of the meeting held on 15 November 2016 were taken as read, confirmed and signed.

516. Question Time.

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

517. Questions asked by members.

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

518. Urgent items.

There were no urgent items for consideration.

519. 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.

520. Market Outlook.

The Committee received a report concerning global market conditions which was presented by the Fund's Independent Investment Advisor. A copy of the report, marked '8' is filed with these minutes.

RESOLVED:

That the update be noted.

521. Strategic Investment Benchmark and Portfolio Structure of the Fund.

The Committee considered a report of the Director of Corporate Resources which was accompanied by appendices produced by the Fund's Independent Investment Advisor, Scott Jamieson, and Investment Consultants Hymans Robertson. The report recommended a small number of changes to the Leicestershire Fund's strategic investment benchmark and portfolio structure. A copy of the report and appendices marked '9' are filed with these minutes.

The Director reported that the proposed changes to the Fund's strategic benchmark, whilst modest, would improve the overall structure of the portfolio. He explained that the recommended additional investment in private lending through the sale of a small amount of the Fund's equities investments would enable additional exposure to a safer asset class with similar medium-term return expectations.

The Board acknowledge that whilst the proposed additional investment would need to be made in stages as opportunities arose, the selling of the required equity assets straight away and holding them as cash, would mean that the Fund would be insulated from any fall in equity markets over the intervening period and would also avoid the risk of being a

forced seller of equities (to pay drawdowns on private debt investments) at what might not be deemed an appropriate point.

It was moved by Mr. P. C. Osborne CC and seconded by Mr. G. A. Hart CC:

- a) That a revised strategic benchmark for the Fund as detailed on page 15 of Appendix A to the report be approved;
- b) That the selling of equity assets to raise the required capital to bring the Fund's credit weighting up to 7.5% as soon as is practical be approved;
- c) That a revised portfolio split within the Fund's targeted return portfolios as below be approved:

Ruffer	6.5% of total Fund assets
Aspect Capital	3.5% of total Fund assets
Pictet	1.5% of total fund assets
- d) That a change in the benchmark, against which the Fund's index-linked gilt exposure will be managed, to the All Stocks Index-Linked Gilt Index, be approved;
- e) That a change in the neutral hedging position in respect of the Fund's currency exposure created by its overseas equity benchmark position to 2/3rd be approved.

The motion was passed and carried unanimously.

522. Draft Investment Strategy Statement.

The Committee considered a report of the Director of Corporate Resources which recommended the approval of an Investment Strategy Statement (ISS) for the Leicestershire County Council Pension Fund. A copy of the report marked '10' is filed with these minutes.

The Director reported that one of the requirements identified within the ISS was the stipulation that pension funds should consider social, environmental and corporate governance factors when appointing and retaining its investment managers. He was confident that the necessary processes were in place to ensure that the Leicestershire Fund adhered to these requirements.

RESOLVED:

That the Investment Strategy Statement be approved.

523. Draft Funding Strategy Statement.

The Committee considered a report of the Director of Corporate Resources which sought approval for a revised Funding Strategy Statement. A copy of the report marked '11' is filed with these minutes.

The Director reported that the revised document was an updated version of the Fund's existing statement approved by the Committee in February 2014. The main changes

related to the inclusion of details to reflect the 2016 actuarial valuation and the expanding of explanations regarding the Fund's policies in certain areas.

RESOLVED:

That the Funding Strategy Statement be approved.

524. 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 item of business on the grounds that it involves the likely disclosure of exempt information as defined in paragraphs 3 and 10 of Part 1 of Schedule 12(A) of the Act.

525. Potential Investment with Partners Group - Private Debt Investments.

The Committee considered an exempt report of the Director of Corporate Resources which provided information in respect of a potential investment in Private Debt with the Partners Group. A copy of the report 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 an Investment in the Partners Group 2016 and 2017 Multi Asset Credit Fund be approved in order for the Leicestershire Pension Fund to reach its target benchmark weighting in credit investment of 7.5%.

09.30 – 11.10
17 January 2017

CHAIRMAN