



Meeting: **Investment Subcommittee**

Date/Time: **Wednesday, 11 July 2018 at 10.00 am**

Location: **Gartree Committee Room, County Hall, Glenfield**

Contact: **Miss C. Tuohy (Tel. 0116 305 5483)**

Email: **Cat.Tuohy@leics.gov.uk**

Membership

Mr. P. C. Osborne CC

Mr. R. Bone Dr. S. Hill CC
Mr. L. Breckon CC Dr. Cllr. L. Moore
Dr. P. Cross Cllr. Malise Graham

AGENDA

<u>Item</u>	<u>Report by</u>
1. Election of Chairman.	
2. Election of Vice Chairman.	
3. Minutes of the meeting held on 11 October 2017.	(Pages 3 - 6)
4. Question Time.	
5. Questions asked by members under Standing Order 7(3) and 7(5).	
6. To advise of any other items which the Chairman has decided to take as urgent elsewhere on the agenda.	
7. Declarations of interest in respect of items on the agenda.	



- | | | | |
|-----|---|---------------------------------|---------------|
| 8. | Review of the Millennium Currency Overlay Programme. | Director of Corporate Resources | (Pages 7 - 8) |
| 9. | Date of Next Meeting - 8 September 2018. | | |
| 10. | Any other items which the Chairman has decided to take as urgent. | | |

Exclusion of the Press and Public.

The public are likely to be excluded during consideration of the remaining items in accordance with Section 100(A)(4) of the Local Government Act 1972 (Exempt Information):

- | | | | |
|-----|--|---|----------------|
| 11. | Briefing notes of the Independent Investment Advisor and Hymans Robertson. | Independent Investment Advisor and Hymans Robertson | (Pages 9 - 20) |
| 12. | Presentation from Millennium Global Investments Limited. | | |

A presentation will be considered as part of this item.



**Minutes of a meeting of the Investment Subcommittee held at County Hall,
Glenfield on Wednesday, 11 October 2017.**

PRESENT:

Leicestershire County Council

Mr. P. C. Osborne CC (Chairman) Dr. S. Hill CC
Mr. L. Breckon JP CC

Leicester City Council/District Council
Representative

Cllr. Malise Graham
Cllr. L. Moore
Staff Representative

Mr. R. Bone

Independent Advisers and Managers

Mr. A. Green Hymans Robertson

11. Minutes of the previous meeting

The minutes of the meeting held on 14 June 2017 were taken as read,
confirmed and signed.

12. Question Time.

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

13. Questions asked by members.

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

14. Urgent items.

There were no urgent items for consideration.

15. 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.

16. Recommended Investment into 'Opportunity Pool' Investments.

The Subcommittee considered a report of the Director of Corporate Resources which detailed the potential for investments in three different pooled investment funds which were considered appropriate as part of the Fund's 'Opportunity Pool' strategy. A copy of the report marked '6' is filed with these minutes.

The Opportunity Pool' had a target allocation of 4 – 6% of total Fund assets, consisting of investments which were expected to produce returns that were at least as high as those expected from equity markets, but which would also provide an element of diversification. At present only 2.1% of total Fund assets were invested in the pool, with additional investments made but not yet deployed, expected to take it to nearer 4%, which was at the lower end of its target range. If all three of the recommended investments were approved by the Investment Subcommittee the amount of capital committed to the Pool would be close to the 6% upper limit.

RESOLVED:

That the report be noted.

17. Dates of Future Meetings

RESOLVED:

That future meetings of the Investment Subcommittee would be held at 10.00am on the following dates:-

13 December 2017
28 March 2018
20 June 2018
11 July 2018
8 August 2018
10 October 2018
12 December 2018

18. 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 Part 1 of Schedule 12(A) of the Act.

19. Briefing Notes of the Funds Investment Consultant Concerning Proposed Investment Opportunities.

The Subcommittee considered a briefing paper produced by the Fund's investment consultant, Hymans Robertson, which was followed by questions from members. A copy of the briefing note is filed with these minutes marked '9'. The note 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 briefing papers be noted.

20. Presentation of the Investment Manager - M&G Debt Opportunities Fund IV

The Subcommittee received a presentation by representatives from M&G Investments which was followed by questions from members. A copy of the presentation is filed with these minutes marked '10'. The presentation 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 a £40m commitment to invest in the M&G Debt Opportunities Fund IV be approved.

21. Presentation of the Investment Manager - SL Capital Secondary Opportunities Fund III

The Subcommittee received a presentation by representatives from SL Capital which was followed by questions from members. A copy of the presentation is filed with these minutes marked '11'. The presentation 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 a £30m commitment to invest in SL Capital Secondary Opportunities Fund be approved.

22. Presentation by the Investment Manager - Infracapital Greenfield Partners I

The Subcommittee received a presentation by representatives from Infracapital which was followed by questions from members. A copy of the presentation is filed with these minutes marked '12'. The presentation 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 a £30m commitment to invest in Infracapital Greenfield Partners I Fund be approved.

Wednesday, 11 October 2017
09.30 – 11.55

CHAIRMAN



INVESTMENT SUBCOMMITTEE – 11TH JULY 2018

REPORT OF THE DIRECTOR OF CORPORATE RESOURCES

REVIEW OF THE MILLENNIUM CURRENCY OVERLAY PROGRAMME

Purpose

1. The purpose of this report is to provide the Subcommittee with information concerning the Leicestershire Pension Fund's current Millennium currency programme and seek approval as to whether the Fund should continue with the Programme.

Background

2. Millennium Global is a London based currency investment specialist employed by the Leicestershire Pension Fund since April 2006. Millennium trade currency positions on behalf of the Fund with the aim of generating a financial return. The Programme operates independently from the currency hedge, managed by Kames, that aims to reduce the Fund's currency exposure from its investment in global assets.
3. Unlike the Fund's other investments a relatively small (circa £1.5m) capital outlay is required, as a consequence the Programme is judged on the absolute return delivered rather than as a return on investment.
4. A further benefit to the Fund is the diversity offered compared to the Fund's other investments. Currency returns tend to be uncorrelated to traditional equity, bond and commodity markets.
5. At this time none of the other partner funds in LGPS Central have expressed an interest in programmes similar to Millennium's. It is therefore assumed that the Programme will be managed locally for as long as it is maintained.
6. The Programme has generated a positive return since inception in 2006, although returns have been variable within this period. The Programme has lost money in each of last three financial years (total £13m), although a strong performance in 2014/15 has resulted in positive returns in the latest five-year period (£9m).
7. Due to the requirement to retain local oversight over the investment and a recent fall in performance, the Subcommittee is being asked to review the investment.

8. A range of potential options is available to the Subcommittee. The programme could continue in its current form, with a notional value of £350m and 3% p.a. target volatility. The notional value could be amended, either up or down, and potentially linked to the total value of the Fund to ensure that its contribution to the overall return is maintained at the desired level. The Programme could be stopped and the c. £1.5m of capital allocated redistributed.

Supplementary Information Informing the potential investment

9. Briefing notes provided by the Fund's Independent Investment Advisor and Hymans Roberson accompanied by a presentation from the investment managers representing Millennium, which are all of a sensitive nature, are included as items elsewhere on the agenda.

Recommendation

10. It is recommended that the Investment subcommittee notes the Leicestershire Pension Fund's current investment in the Millennium currency programme and agrees a future approach based on the options identified in paragraph 8 of the report.

Equality and Human Rights Implications

11. None.

Officers to Contact

Mr C Tambini, Director of Corporate Resources
Tel: 0116 305 6199 Email: Chris.Tambini@leics.gov.uk

Mr D Keegan, Assistant Director Strategic Finance and Property
Tel: 0116 305 7668 Email: Declan.Keegan@leics.gov.uk

By virtue of paragraph(s) 3, 10 of Part 1 of Schedule 12A of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank