

**Minutes of a meeting of the Local Pension Committee held at County Hall,
Glenfield on Friday, 25 January 2019.**

PRESENT:

Leicestershire County Council

Mr. P. C. Osborne CC (Chairman)	Dr. S. Hill CC
Mr. T. Barkley CC	Mr. Max Hunt CC
Mr. L. Breckon JP CC	

Leicester City Council

Cllr. L. Moore

District Council Representative

Cllr. Malise Graham MBE

Staff Representatives

Mr. R. Bone	Ms. J. Dean
Mr. N. Booth	

232. Minutes.

The minutes of the meeting held on 9th November 2018 were taken as read, confirmed and signed.

233. Question Time.

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

234. Questions asked by members.

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

235. Urgent Items.

There were no urgent items for consideration.

236. 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.

237. Independent Investment Advisor Scot Jamieson.

The Chairman reported that Scott Jamieson Independent Investment Manager had now retired, on behalf of the Local Pension Committee he thanked Scott for all his work for the Leicestershire Pension Fund.

238. Annual Review of the Asset Strategy and Structure.

The Committee considered a report of the Director of Corporate Resources which was accompanied by appendices produced by the Fund's Independent Investment Advisor 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 '6' are filed with these minutes.

Arising from the discussion, the following points were noted:

- i) The proposed changes to the Fund's strategic benchmark would improve the overall structure of the portfolio. The main proposal would see an increase in the strategic allocation to credit from 10% to 12.5%. This would be funded from the targeted return allocation, maintaining the Fund's current target return at CPI+3.4%;
- ii) As opportunity pool investments came to their conclusion, consideration would need to be given as to where to allocate these assets. It was noted that there was ongoing consultation on statutory guidance for LGPS Funds which were expected to stipulate that from 2020 all new investments would have to be acquired through the pool. It was therefore proposed that whilst the Fund would maintain its existing opportunity pool investments, and look to continue to keep its target weighting in distressed debt until such time statutory pooling took effect, it would work with LGPS Central for new investments;
- iii) Work was ongoing by LGPS Central to enable partner funds to begin investing into the Pool. It was noted that the initial development work had been slow to due to the resource required to achieve consensus across the funds, but the first sub fund (Global Equity) of which the Leicestershire Fund would invest in, was due to be available from February 2019;
- iv) Whilst LGPS Central developed its various sub-fund vehicles, Leicestershire would retain many of its existing investments. The Investment Subcommittee would assess the appropriateness of each sub-fund relative to the Fund's current investment strategy and objectives prior to investment;
- v) LGPS Central had a responsible investment policy which the Local Pension Committee had previously approved. The Pool intended to use its shareholding position to actively engage with companies it invested in to encourage them to consider environmental, social and corporate governance factors closely.
- vi) The Fund's Private equity exposure with Adams Street Partners was held through closed-ended funds and would continue to do so until such time when a similar offering was available through the Pool; Officers would continue to work closely with LGPS Central to ensure their sub-fund offering aligned to Leicestershire's investment strategy.

vii) The date of the triennial valuation of the Fund of the 29 March 2019 coincided with the current date the UK was expected to leave the EU. It was noted that the actuaries conducting the Fund's valuation would be expected to take into account the potential market volatility when producing their assumptions.

RESOLVED:

- a) That the revised strategic benchmark for the Fund as shown on page 25 of Appendix A of the report be approved;
- b) That the Investment Subcommittee be asked to consider over the course of 2019 the product launches by LGPS Central and the appropriate commitments to be made by the fund, including the investments to divest;
- c) That the Investment Subcommittee review the structure of the Fund's currency hedging programme and how best to implement the hedge post pooling;
- d) That the Investment Subcommittee review and distressed debt opportunities that may arise;
- e) That the current notional exposure to the Millennium currency overlay be maintained at £340 million.

239. Date of next meeting

The date of the next meeting would be 15th February 2019.

CHAIRMAN

25 January 2019