



Minutes of a meeting of the Local Pensions Committee (formerly know as the Pension Fund Management Board) held at County Hall, Glenfield on Friday, 4 September 2015.

PRESENT:

Leicestershire County Council

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

Mr. P. C. Osborne CC

Leicester City Council

Cllr Deepak Bajaj

District Council Representative

Cllr. Malise Graham MBE

University Representative

Mr. J. Shuter

Staff Representatives

Mr. R. Bone

329. Appointment of Deputy Chairman.

RESOLVED:

That Mr. P. C. Osborne CC be appointed Vice Chairman of the Local Pensions Committee for the period ending with the date of the Annual Council meeting in May 2016.

330. Minutes of the previous meeting.

RESOLVED:

The minutes of the meeting held on 29 May 2015 were taken as read, confirmed and signed.

331. Question Time.

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

332. Questions asked by members.

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

333. Urgent items.

There were no urgent items for consideration.

334. 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.

335. 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 30th June 2015 together with figures showing the performance of individual managers. A copy of the report is filed with these minutes, marked '7'.

The Director said that the Fund's target weighting in infrastructure of 3% was currently not being met and therefore an additional investment in IFM would enable the Fund to move closer to its desired structure.

RESOLVED:

- a) That the report be noted
- b) That the application for an additional investment of up to \$15m in infrastructure via IFM be approved.

336. Action Agreed by the Investment Subcommittee.

The Committee received a report by the Director of Corporate Resources, the purpose of which was to inform members of the decisions taken by the Investment Subcommittee at its meeting on 24 June 2015. A copy of the report marked '8' is filed with these minutes.

RESOLVED:

That the report be noted.

337. Collaborative Working with other Local Government Pension Funds.

The Committee received a report by the Director of Corporate Resources, the purpose of which was to inform members of the discussions which had taken place between the County Council and other administering authorities concerning potential collaborative investments. A copy of the report marked '9' is filed with these minutes.

The Director said that Government led consultation on the future structure of the Local Government Pension Scheme had focused on the possibility of asset pooling via the

formation of a small number of Common Investment Vehicles and the increased use of passive management. In response to the Government's proposals, officers, on behalf of the Leicestershire Fund had been in discussion with six other administering authorities concerning the possibility of a joint procurement of passive investment managers. It was envisaged that this approach would enable the Funds to collectively procure passive investment management services at a significantly lower cost than the individual funds were currently paying.

Following questions from members, the Director confirmed that the delegated authority being sought was to enable the joint appointment of a passive manager only and any proposed action concerning the possibility of merging active funds would be presented to the Committee at a future meeting.

RESOLVED:

- a) That the report be noted
- b) That the Director of Corporate Resources be authorised to conclude the matter of a joint procurement of a passive investment manager with other LGPS administering authorities.

338. Funding Update as at 30 June 2015 - Leicestershire County Council Pension Fund.

The Committee considered a report by Hymans Robertson which presented the funding projection at 30 June 2015. A copy of the report, marked '10', is filed with these minutes.

The Investment Consultant reported that due to recent market instability, both equities and bonds had recorded negative returns which had resulted in the Fund experiencing a fall in its funding level over the quarter.

RESOLVED:

That the report be noted.

339. Market Update.

The Committee received a presentation by Kames Capital concerning global market conditions. A copy of the presentation marked '11' is filed with these minutes.

It was noted that whilst bond yields were not expected to rise in the short term, yields and equity markets were still an attractive option for investors and the Fund had a healthy exposure to this type of investment.

RESOLVED:

That the report be noted.

340. Dates of Future Meetings.

RESOLVED

That it be noted that:

- a) The Annual meeting of the Pension Fund will be held on 7 January 2016 at 6.00 pm;
- b) The dates of meetings in 2016, are as follows –

22 January 2016 (Strategy Meeting)
 26 February 2016
 27 May 2016
 2 September 2016
 11 November 2016

341. Exclusion of the Public

RESOLVED:

That under Section 100(A) of the Local Government Act 1972 the public be excluded from the meeting for the following 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:

342. Recommended changes to Pictet and Investec Portfolios

The Committee considered a report by the Director of Corporate Resources which was accompanied by a paper produced by investment advisors Hymans Robertson and a presentation by representatives from Pictet Asset Management. A copy of the report and presentation is filed with these minutes marked '15' and '15a'. The report and 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:

- a) That the existing holding in Absolute Return Global Diversified Fund (ARGD) be switched into an investment in Dynamic Absolute Allocation Fund (DAA) , subject to the Director of Corporate Resources being satisfied that the costs of making the switch are acceptable;
- b) That the Director of Corporate Resources be requested to liaise with Investec Asset Management and agree an efficient and cost-effective process for the sale of the Fund's holding in the Investec Global Commodities and Resources Fund;
- c) Subject to recommendation b), proceeds from the sale of the Investec Global Commodities and Resources Fund be invested into DAA.

343. Kames Capital Quarterly Report.

The Board considered a report by Kames Capital Quarterly Report. A copy of the exempt report 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.

344. KKR Quarterly Report.

The Board considered a report by KKR Quarterly Report. A copy of the exempt report 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.

345. Kempen Capital Management Quarterly Report.

The Board considered a report by Kempen Capital Management Quarterly Report. A copy of the exempt report 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.

346. Kleinwort Benson Investors - Quarterly Report.

The Board considered a report by Kleinwort Benson Investors. A copy of the exempt report 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.

347. Ruffer - Quarterly Report.

The Board considered a report by Ruffer Quarterly Report. A copy of the exempt report 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.

348. Pictet Asset Management - Quarterly Report.

The Board considered a report by Pictet Asset Management. A copy of the exempt report 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.

349. Investec Asset Management - Quarterly Report.

The Board considered a report by Investec Asset Management. A copy of the exempt report 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.

350. Aviva Investors - Quarterly Report.

The Board considered a report by Aviva Investors. A copy of the exempt report 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.

351. Millennium Global - Quarterly Report.

The Board considered a report by Millennium Global. A copy of the exempt report 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.

352. IFM Investors - Quarterly Report.

The Board considered a report by IFM Investors. A copy of the exempt report 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.

353. Legal and General Investment Management - Quarterly Report.

The Board considered a report by Legal and General Investment Manager. A copy of the exempt report 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.

354. Stafford Timberland - Quarterly Report.

The Board considered a report by Stafford Timberland. A copy of the exempt report 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.

355. Delaware Investments - Quarterly Report.

The Board considered a report by Delaware Investments. A copy of the exempt report 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.

356. Ashmore Quarterly Report.

The Board considered a report by Ashmore Quarterly Report. A copy of the exempt report marked '29' 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.

357. Aspect Capital - Quarterly report.

The Board considered a report by Aspect Capital. A copy of the exempt report marked '30' 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.

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