



Minutes of a meeting of the Local Pension Committee held at County Hall, Glenfield on Friday, 7 September 2018.

PRESENT

Mr. P. C. Osborne CC (in the Chair)

Mr. P. Bedford CC
 Cllr. M. Graham MBE
 Cllr. D. Bajaj
 Mr. N. Booth
 Mr. Z. Limbarda

Dr. S. Hill CC
 Mr. R. Bone
 Mr. S. Sheahan CC
 Cllr Dr Lynn Moore

162. Minutes.

The minutes of the meeting held on 25 May 2018 were taken as read, confirmed and signed.

163. Question Time.

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

164. Questions asked by members.

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

165. Urgent Items.

There were no urgent items for consideration.

166. 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.

167. LGPS Central Update.

The Committee considered a presentation from LGPS Central which provided a progress update on pooling of the Pension Fund. A copy of the presentation is filed with these minutes marked 'Agenda Item 6'.

Arising from discussion the following points were noted:-

- i) The Leicestershire Pension Fund will decide its asset allocation, while LGPS Central would manage the day to day functions of the scheme.

- ii) A business case review would be undertaken; it was noted some asset classes would see returns quicker than others. Further information would be made available to show savings on the Product Information day. To enable the savings assets needed to be transferred as soon as possible.
- iii) As stated in the original business case LGPS Central would over time save the cost of fund managers, operational costs, custodial service and give access to investments that would not normally be available due to size of investment needed. Savings would be reported back to the Committee in the future.

RESOLVED:

That Members note LGPS Central's update.

168. 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 30 June 2018. A copy of the report is filed with these minutes, marked '7'.

Arising from the discussion the following was noted:

- i) The Investment Subcommittee had recently met to consider Millennium and its negative performance against targets. The Subcommittee had agreed to keep the fund as it offered variety for Leicestershire Pension Fund. This would be evaluated at the next strategy meeting to consider if the exposure level needed to be adjusted. However, it was expected Millennium's position would improve in future.
- ii) Equity Dividend Kempen & Kleinwort both fell at a slight lag due to a well performing equity market. Equity Dividend was on LGPS Central's plan however it would be one of the last to be developed and would likely be different to Leicestershire's current focus.
- iii) LGPS Central would set up an Global Active Equity product later in the year, however it was unlikely to have the same equity dividend focus as Leicestershire's Fund. It would be evaluated at the next strategy review whether to join LGPS Central's Global Active Equity fund or stay with the Fund's current Global Equity managers.
- iv) Currently Target Return managers (Aspect, Pictet and Ruffer) were 24% of all fund assets. Central would eventually launch a Collective Target Return product in a year.

RESOLVED

That the Committee note the report.

169. Market Update.

The Committee considered two reports concerning global market conditions. A copy of the reports, produced by the Fund's Independent Investment Advisor and Kames Capital are filed with these minutes, marked 8.

The Committee noted that despite global problems, generally, the global economy remained strong, expanding at the same pace as previous years.

Active managers try to make judgement in short to medium time. However, Leicestershire were seen to be better served by managers who outperform when times are tough.

RESOLVED

That Members note the Market update.

170. Funding update as at 30 June 2018.

The Committee considered a report by Hymans Robertson which presented the funding projection at 30 June 2018. A copy of the report, marked '9', is filed with these minutes.

It was reported that while wealth had grown, market judgement on the UK had fallen meaning long-term bond yields had fallen by half a percent from 2.17 to 1.67. Due to this fall in long-term bond yields the deficit was up, however would be expected to rise in the long-term.

RESOLVED:

That the update be noted.

171. 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 as its meeting on 11 July 2018. A copy of the report marked '10' is filed with these minutes.

The Committee considered the item under Minute 168.

RESOLVED:

That the report be noted.

172. Risk Register.

The Director of Corporate Resources presented a report, the purpose of which was to detail any concerns relating to the risk management and internal controls of the Fund. A copy of the report is filed with these minutes, marked '11'.

It was noted a new risk relating to the transition of assets to LGPS Central had been added, and that criteria for assessing the impact and likelihood of risks had been added to the register following a request by the Committee at the previous meeting.

RESOLVED

That the revised risk register of the Pension Fund be approved.

173. Dates of Future Meetings.

Future meetings of Local Pension Committee will be held at 9.30am on the following dates:-

9 November 2018
25 January 2019 (Strategy Meeting)
15 February 2019
31 May 2019
6 September 2019
8 November 2019

174. 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.

175. Update on Investment Manager Activity.

The Committee considered an exempt report on Investment Manager Activity, 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.

176. Legal and General Investment Manager Quarterly Report

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

177. Ashmore Quarterly Report

The Committee considered an exempt report by Ashmore, 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.

178. Stafford Timberland Quarterly Report

The Committee considered an exempt report by Stafford Timberland, 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.

179. Aspect Capital Quarterly Report

The Committee considered an exempt report by Aspect Capital, 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.

180. Ruffer Quarterly Report

The Committee considered an exempt report by Ruffer, 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.

181. Pictet Quarterly Report

The Committee considered an exempt report by Pictet, a copy of which marked '121' 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.

182. Millennium Global Quarterly Report

The Committee considered an exempt report by Millennium Global Quarterly Report, 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.

183. IFM Investors Quarterly Report

The Committee considered an exempt report by IFM, 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.

184. Delaware Investments Quarterly Report

The Committee considered an exempt report by Delaware Investments, 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.

185. JP Morgan Quarterly Report

The Committee considered an exempt report by JP Morgan, 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.

186. Kleinwort Quarterly Report

The Committee considered an exempt report by Kleinwort, 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.

187. Kempen Capital Management Quarterly Report

The Committee considered an exempt report by Kempen Capital, 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.

188. Aviva Quarterly Report.

The Committee considered an exempt report by Aviva, a copy of which 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.

189. Kames Capital Quarterly Report

The Committee considered an exempt report by Kames, a copy of which 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.

190. KKR Quarterly Report.

The Committee considered an exempt report by KKR, a copy of which 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.

CHAIRMAN

07 September 2018

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