



**Minutes of a meeting of the Investment Subcommittee held at County Hall, Glenfield on Wednesday, 26 March 2014.**

**PRESENT:**

Leicestershire County Council

Mr. G. A. Hart CC (Chairman)  
Mr. K. W. P. Lynch CC

Mr. J. B. Rhodes CC

Leicester City Council/District Council  
Representative

Cllr. P. Kitterick  
Cllr. M. Graham

Mr. A. Stephens

Staff Representative

Mr. N. Booth

Independent Advisers and Managers

Mr. A. Green	Hymans Robertson
Mr. S. Jamieson	Independent Investment Adviser
Mr. A. Swan	M&G Investments
Mr. P. Taylor	M&G Investments
Mr. P. Clark	Kames Capital
Mr. D. Wise	Kames Capital
Mr. S. McWilliam	Kames Capital

**25. Minutes of the meeting held on 16 October 2013**

The minutes of the meeting held on 16 October 2013 were taken as read, confirmed and signed.

**26. Questions**

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

**27. Questions asked by members**

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

**28. Urgent items**

There were no urgent items for consideration.

## **29. 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.

## **30. Change to the order of business**

With the consent of the Subcommittee, the Chairman agreed to vary the order of business from that set out on the meeting agenda.

## **31. Recommended Investment in M&G Debt Opportunities Fund II**

The Subcommittee considered a report of the Director of Corporate Resources which provided information in respect of a recommended investment in the M&G Debt Opportunities Fund II. A copy of the report marked 'Item 6' is filed with these minutes.

Arising from the discussion, the following points emerged:

- i) The proposed investment in M&G Debt Opportunities Fund II (DOF2) would be a continuation of the strategy used by the M&G Debt Opportunities Fund I (DOF1) in which the Pension Fund had an investment. The original fund was 90% drawn with the remaining 10% likely to be filled in June 2014, at which point DOF2 would be opened;
- ii) The structure of DOF2 would be identical to that of the first fund, and was therefore classed as a closed-ended investment which was expected to mature by 2019;
- iii) Investment opportunities would be carefully selected by M&G Investments in order to create a risk-averse portfolio;
- iv) DOF1 had returned significant profit on the Pension Fund's original investment and it was expected that DOF2 would achieve similar results.

RESOLVED:

That the report be noted.

## **32. Exclusion of Press and Public**

RESOLVED

That under Section 100(A) of the Local Government Act 1972 the public be excluded from the meeting for the following item of business on the grounds that it involves the likely disclosure of exempt information as defined in Part 1 of Schedule 12(A) of the Act:

Item

Exempt Under  
Paragraph:

Presentation by M&G Investments

3 and 10

**[At this point representatives of M&G Investments joined the meeting.]**

**33. Supplementary Presentation on Recommended Investment in M&G Debt Opportunities Fund II**

The Subcommittee received a presentation by M&G Investments outlining its reasoning for why the Pension Fund should invest in its proposed fund. The presentation 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.

**[At this point representatives of M&G Investments withdrew from the meeting.]**

Following the presentation, members of the Subcommittee discussed in private whether or not to invest in the proposed fund.

RESOLVED:

- a) That the presentation be noted;
- b) That a £40m commitment to invest in the M&G Debt Opportunities Fund II be approved.

**[The meeting then reconvened into public session.]**

**34. Proposed Investment in Kames UK Active Value Property Unit Trust**

The Subcommittee considered a report of the Director of Corporate Resources which provided information in respect of a recommended investment in the Kames UK Active Value Property Unit Trust. A copy of the report marked 'Item 7' is filed with these minutes.

Arising from the discussion, the following points were noted:

- i) An investment in the Kames UK Active Value Property Unit Trust would be consistent with the 'opportunity pool' strategic asset allocation agreed at the Pension Fund Management Board's Strategy meeting in January;
- ii) The Fund had already invested in real estate recovery through its Aviva Investors portfolio. An additional investment into the Kames Property Trust would allow the Fund to gain a more meaningful exposure in the secondary property market, which was performing well.

RESOLVED:

That the report be noted.

**35. Exclusion of Press and Public**

RESOLVED

That under Section 100(A) of the Local Government Act 1972 the public be excluded from the meeting for the following item of business on the grounds that it involves the likely disclosure of exempt information as defined in Part 1 of Schedule 12(A) of the Act:

Item	Exempt Under Paragraph:
Presentation by Kames Capital	3 and 10

**[At this point representatives of Kames Capital joined the meeting.]**

**36. Supplementary Presentation on Proposed Investment in Kames UK Active Value Property Unit Trust**

The Subcommittee received a presentation by Kames Capital outlining its reasoning for why the Pension Fund should invest in its proposed fund. The presentation 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.

**[At this point representatives of Kames Capital withdrew from the meeting.]**

Following the presentation, members of the Subcommittee discussed in private whether or not to invest in the proposed fund.

RESOLVED:

- a) That the presentation be noted;
- b) That a £25m commitment to invest in the Kames UK Active Value Property Unit Trust be approved.

**[The meeting then reconvened into public session.]**

**37. Date of Next Meeting - 23 April 2014**

It was noted that the next meeting would be held on 23 April 2014.

Wednesday, 26 March 2014  
10.00 am - 11.40 am

CHAIRMAN