
Essex Pension Fund **Investment Steering Committee (ISC)**

Minutes of a meeting of the Essex Pension Fund Investment Steering Committee held at 13:00pm at County Hall, Chelmsford on 21 February 2018

1 Membership

Present

Cllr S Barker (Chairman)	Essex CC
Cllr A Erskine (Conservative Group Substitute attending on behalf of Cllr S Canning)	Essex CC
Cllr A Goggin	Essex CC
Cllr A Hedley	Essex CC
Cllr M Maddocks (Conservative Group Substitute)	Essex CC
Cllr L Scordis*	Essex CC
Cllr C Souter	Essex CC

* Attended the meeting from 2pm

Sandra Child (Observer representing scheme employees)	UNISON
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The following Advisers were present in support of the meeting;

Mark Stevens	Independent Adviser
John Dickson	Hymans Robertson
Matt Woodman	Hymans Robertson
Ian Colvin	Hymans Robertson

The following Officers were present in support of the meeting;

Kevin McDonald	Director for Essex Pension Fund
Samantha Andrews	Investment Manager

The following Essex Pension Fund Advisory Board (PAB) members were present as observers of the meeting:

Andrew Coburn	UNISON
Mark Paget	Active Member
Paul Hewitt	Deferred Member

2 Apologies for absence

Apologies were received from Cllr S Canning & Cllr D Blackwell (ECC Members) and Cllr C Riley (Castle Point District Council).

3 Declaration of Interest

Cllr Goggin declared that his wife and brother-in-law were in receipt of an Essex LGPS pension. Cllr Barker and Cllr Maddocks confirmed they are also in receipt of an Essex LGPS pension and Cllr Hedley declared he is in receipt of an Aviva Group pension.

4 Minutes

The revised minutes of the meeting of the Committee which took place on 21 November 2017 were approved as a correct record.

5 Matters of Interest

Kevin McDonald, Director for Essex Pension Fund highlighted a forthcoming conference that the Committee may wish to consider in attending: Baillie Gifford Long Term Global Growth half day Seminar on 24 May 2018.

It was noted that positive feedback had been received from Members who had attended this event in the past.

Members were asked to contact Officers by Friday 30 March 2018 if they were interested in attending either event.

The report was noted.

6 Market Background and Outlook Q4 2017

Matt Woodman from Hymans Robertson gave a verbal update on the markets since the Committees' last meeting in particular highlighting the short term volatility experienced in the markets over the last few weeks.

Following discussions the update was noted.

7 Urgent Part I Business

The Committee received a provisional schedule of meetings for the municipal year 2018/19.

27 June 2018
18 July 2018
17 October 2018
28 November 2018
20 February 2019
27 March 2019

It was agreed that all meetings will commence at 1pm and the schedule of dates was noted.

8 Exclusion of the public

(Press & Public excluded)

Resolved:

That the Public (including the press) be excluded from the meeting during consideration of the following items on the grounds that they involve the likely disclosure of exempt information as specified in Part 1 of Schedule 12A of the Local Government Act 1972:

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- Passive Transition Update
 - Review of Investment and Funding Objectives
 - Review of Funds Costs
 - Investment Manager Update – Officer & Adviser Briefing Note
 - Introduction to the Investment Strategy Review
 - Investment Manager Training Presentation – CBRE
 - Investment Manager Presentation - Alcentra
 - Investment Strategy Review– Implementing the transition from equity to alternatives
 - Structural Reform of the Local Government Pension Scheme (LGPS) Pooling – AJC Quarterly update

9 Passive Transition Update

(Press & public excluded)

The Committee received a report from Kevin McDonald, Director for Essex Pension Fund and Samantha Andrews, Investment Manager updating Members on the timetable and implementation in relation to the transition of the passively managed assets and currency hedge arrangements from the incumbent Legal and General Investment Management (LGIM) to the new ACCESS single passive provider, UBS Asset Management (UBS).

The Committee noted:

- the passive portfolio transition timetable;
- the progress made to date in transitioning the passively managed assets from LGIM to UBS;
- the arrangements put in place to manage migration of the passive currency overlay with the new provider;
- that a further report be brought to a future meeting detailing the extent that the new currency overlay arrangement meets the Fund's requirement; and
- that a further report detailing the total cost of the transition be brought to a future meeting.

10 Review of Investment and Funding Objectives

(Press & public excluded)

The Committee received a report from Ian Colvin, Independent Governance and Administration Adviser outlining the timetable agreed at the Essex Pension Fund Strategy Board (PSB) to undertake a fundamental review of the Funds objectives which would then be followed by an exercise to identify the risks that might hamper the successful attainment of those objectives. It was explained that prior to the PSB approving the full set of Fund objectives the ISC be given the opportunity to provide comment on the objectives specific to Investment and Funding.

It was **agreed that**:

- the investment objective "To ensure the Fund is properly managed" be amended to explicitly reference pooling and that a further amendment be made. The objective to now read *"To ensure the Fund's investments is properly managed before, during and after pooling is implemented"*;
- the findings of the investment and funding objective review undertaken by the ISC be brought to the next PSB meeting; and
- the report be noted

11 Review of the Fund's Cost

(Press & public excluded)

The Committee received a report from Matt Woodman, Hymans Robertson summarising the independent review CEM Benchmarking had undertaken of the overall fees paid by the Fund, investment returns and net value added compared to its peers across the LGPS and global universal for the year to 31 March 2017.

It was **agreed that**:

- CEM undertake a cost benchmarking review as at 31 March 2018; and
- the report and conclusions be noted.

12 Investment Manager Update – Officer & Adviser Briefing Note

(Press & Public excluded)

The Committee received a report on the Officer & Adviser meetings held with both Aviva Investors and Stewart Investors. The report was noted.

13 Introduction to the Investment Strategy Review

(Press & Public excluded)

The Committee received a presentation from Matt Woodman outlining the key considerations in respect of implementing the target structure agreed in principle at the last meeting.

The presentation was noted.

14 Investment Manager Presentation – CBRE

(Press & Public excluded)

The Committee received a training presentation from Andrew Angeli, Achal Gandhi and Max Johnson from CBRE in respect of global property.

Following discussions the presentation was noted.

15 Investment Manager Presentation – Alcentra

(Press & Public excluded)

The Committee received a presentation from Simon Perry and Pascal Meysson from Alcentra, the Fund's Private lending manager.

Following discussions the presentation was noted.

16 Review of Investment Strategy – Implementing the transition from equity to alternatives

(Press & Public excluded)

The Committee received a presentation from Matt Woodman from Hymans Robertson outlining principles and considerations for the implementation of the target portfolio structure agreed in principle at the previous meeting.

It was **agreed that**:

- the recommendations set out on page 50 and 51 be agreed.

17 Structural Reform of Local Government Pension Scheme (LGPS) – Pooling AJC Update

(Press & public excluded)

Kevin McDonald, Director for Essex Pension Fund, gave an update outlining the latest developments in respect of the structural reform of the LGPS.

The progress on the Operator procurement and implementation, sub fund construction, ACCESS Governance review, client function and support arrangements workstreams were outlined.

Members were informed of the conclusion of the Operator procurement and the award of the contract to the preferred bidder. It was explained that further progress had also been made on the initial sub fund seeding arrangements.

Members noted that Muse Advisory Ltd had been appointed to assist with the review and development of ACCESS governance arrangements in particular assisting with defining roles & responsibilities and to advise on overlaps and potential gaps, in accordance with accepted best governance practice.

The update was noted.

18 Urgent Exempt Business

(Press & public excluded)

There were none.

There being no further business, the meeting closed at 4.35pm

Chairman
28 March 2018