

Minutes of the meeting of the Essex Pension Fund Investment Steering Committee (ISC) held in Committee Room 2, on 28 November 2018

1. Membership, Apologies and Declarations of Interest.

The report of the Membership, Apologies and Declarations of Interest were received.

Membership Present:

Essex County Council

Cllr S Barker	(Chairman)
Cllr M Platt	(Vice Chairman)
Cllr A Goggin	
Cllr C Souter	
Cllr L Scordis	
Cllr A Hedley	
Cllr M Maddocks	(Sub-Member)

Scheme Employer Representatives

Cllr C Riley	(Observer) (Left at 2.50pm)
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The following officers and advisors were also present in support:

Kevin McDonald	Director for Essex Pension Fund
Jody Evans	Head of Essex Pension Fund
Samantha Andrews	Investment Manager
Amanda Crawford	Compliance Manager
Marcia Wong	Compliance Officer
Mark Stevens	Independent Advisor
Matt Woodman	Hymans Robertson
John Dickson	Hymans Robertson
Marina Lund	Longview (presentation only)
Alistair Graham	Longview (presentation only)
Stuart Rhodes	M&G Investments (presentation only)
Orla Haughey	M&G Investments (presentation only)

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

Paul Hewitt	Scheme Member Representative
Andrew Coburn	Scheme Member Representative

Members noted that the meeting would be recorded to assist with the minutes for the meeting.

The Chairman welcomed PAB observers Paul Hewitt and Andrew Coburn.

Opening Remarks

The Chairman notified the Committee that Cllr Pond, Non-Aligned Group and Member of the ISC and Essex Pension Fund Strategy Board (PSB), had resigned from the Committee and Board leaving a vacancy on each. The vacancy would be announced at a Full Council meeting to enable the position to subsequently be filled.

Resolved:

The Committee noted the update.

Apologies for Absence

Apologies were received from Cllr A Erskine (Essex CC) and Sandra Child (UNISON).

It was noted that PAB members Nicola Mark, Mark Paget and Debs Hurst were unable to attend.

Declarations of Interest

Declarations were received from Cllr S Barker who stated she was in receipt of an Essex LGPS pension and that her son was also a member of the Essex LGPS pension scheme. Cllr A Goggin declared his wife, sister and brother-in-law were in receipt of an Essex LGPS pension. Cllr C Riley and Cllr M Maddocks both declared they were in receipt of an Essex LGPS Pension.

2. Minutes

The Chairman notified the Committee that a small amendment to her declaration would be made to the minutes as her son is not in receipt of an Essex LGPS Pension, but is a current member of the scheme. The amended Minutes of the meeting of the ISC held on 17 October 2018 were approved as a correct record and signed by the Chairman.

Resolved:

The Committee noted the amendment.

3. Market Commentary

The Committee received a paper from Matt Woodman from Hymans Robertson. A verbal overview of the markets development since the July 2018 meeting was provided.

Resolved:

The Committee noted the update.

4. **Schedule of Meetings**

The Committee received a presentation from the Director for Essex Pension Fund detailing the planned Committee and Board meetings for the next municipal year. The Committee were advised that these slides would be provided alongside the minutes to formally agree the proposed Committee dates.

The Director for Essex Pension Fund also notified the Committee of the events/conferences that were on the horizon during 2019. Committee Members' particular attention was drawn to the three-yearly Baillie Gifford event in Edinburgh during October 2019. The Committee were informed that this would replace the October 2019 ISC meeting.

The Chairman also informed the Committee that she would be exploring how Committee and Board training can be delivered in consultation with Officers and the Independent Governance and Administration Advisor (IGAA).

The Committee confirmed the schedule of meetings for the municipal year 2018/19.

Investment Steering Committee

20 February 2019 – 1.00pm

27 March 2019 – 1.00pm

Pension Strategy Board

19 December 2018 – 9.30am

6 March 2019 – 1.00pm

Pension Advisory Board

16 January 2019 – 1.00pm

5. **Revised Investment and Funding Risks**

The Committee received a report from the Director for Essex Pension Fund. An overview of the work carried out to date was provided to the Committee.

The Committee were advised that the revised Investment and Funding Risks would form part of a future Committee meeting for their approval to allow the newly appointed IGAA to review the content and provide comments and/or suggestions for Officers to consider.

Resolved:

The Committee noted the update.

6. **Urgent Part I Business**

None.

Exclusion of the Public and Press

That, having reached the view that, in each case, the public interest in maintaining the exemption (and discussing the matter in private) outweighed the public interest in disclosing the information, the public (including the press) be excluded from the meeting during consideration of the following items of business on the grounds that they involved the likely disclosure of exempt information as specified in paragraphs 3 and 5 of Part 1 of Schedule 12A of the Local Government Act 1972.

Resolved:

The Chairman brought to the attention the above statement.

The Chairman recommended item 10 be taken prior to item 7.

10. Investment Manager Presentation - Longview

The Chairman welcomed and introduced Marina Lund and Alistair Graham from Longview who provided the Committee with a presentation in relation to their global equity mandate.

Resolved:

The Committee noted the presentation.

Marina Lund and Alistair Graham then left the meeting.

7. Investment Tables end September 2018

The Committee received a report from the Independent Investment Advisor Mark Stevens. The Committee raised concerns with the performance of Goldman Sachs. Further considerations will be brought back to a further meeting.

Resolved:

The Committee noted the report and update.

8a. Structural Reform of the Local Government Pension Scheme – Pooling update progress to date

The Committee received a report and presentation from the Director for Essex Pension Fund.

The Committee were provided with an update in relation to Pooling:

- a meeting was held with the Minister who was pleased with the progress made;
- the post of the Contract Manager within the ACCESS Support Unit (ASU) has been successfully recruited and the post holder would start on 3 December 2018;
- an overview of the tranche 1 and 2 sub fund implementation was provided;

- the Baillie Gifford re-balancing and transition to the Pool has been successful.

The Chairman provided the Committee with an update from an Infrastructure S101 Chairman's meeting held on 15 November which led to a discussion.

The Director for Essex Pension Fund notified the Committee that the Investment Strategy Statement would come back to the Committee to review and update during the first half of 2019.

Resolved:

The Committee noted the report, presentation and update.

8b. Structural Reform of the LGPS – Pooling update next steps – Phase 1 Tranche 2

The Committee received a paper and presentation from Matt Woodman from Hymans Robertson. The Committee were asked to agree:

- to reduce Longview's overweight equity position by 1.4%;
- to use the proceeds from the Longview rebalancing to top up equally the regional and RAFI indexes managed by the Fund's passive manager;
- the remaining Longview assets (7%) be transferred into the ACCESS Longview sub fund;
- the M&G equity assets (c7%) be transferred into the ACCESS M&G global dividend sub fund;
- to reduce Marathon's overweight equity position by 2% to bring to within an acceptable tolerance level of its existing strategic allocation;
- to use the proceeds from Marathon's rebalancing to increase the allocation to index linked gilts, pending future drawdowns to alternatives asset allocations;
- the Committee to delegate to Officers, in conjunction with Advisors, responsibility to implement the above recommendations and make the necessary arrangements;
- the Committee to delegate to Officers, in conjunction with Advisors, the discussion with Marathon; and
- note the content of the report.

Resolved:

The Committee agreed:

- to reduce Longview's overweight equity position by 1.4%;
- to use the proceeds from the Longview rebalancing to top up equally the regional and RAFI indexes managed by the Fund's passive manager;
- the remaining Longview assets (7%) be transferred into the ACCESS Longview sub fund;
- the M&G equity assets (c7%) be transferred into the ACCESS M&G global dividend sub fund;

- to reduce Marathon's overweight equity position by 2% to bring to within an acceptable tolerance level of its existing strategic allocation;
- to use the proceeds from Marathon's rebalancing to increase the allocation to index linked gilts, pending future drawdowns to alternatives asset allocations;
- the Committee to delegate to Officers, in conjunction with Advisors, responsibility to implement the above recommendations and make the necessary arrangements;
- the Committee to delegate to Officers, in conjunction with Advisors, the discussion with Marathon; and
- to note the content of the report and presentation.

9a. Investment Manager update – Traffic Light Report

The Committee received a report from Matt Woodman which summarised the current views of Hymans Robertson on each of the Fund's managers.

Resolved:

The Committee noted the report and update.

9b. ISC Briefing Note on Managers Presenting

The Committee received a report from Matt Woodman, Hymans Robertson on Longview and M&G Investments.

Resolved:

The Committee noted the report.

11. Investment Manager Presentation – M&G Investments

The Chairman welcomed and introduced Stuart Rhodes and Orla Haughey from M&G Investments who provided the Committee with a presentation in relation to their global equity mandate.

Resolved:

The Committee noted the presentation.

Stuart Rhodes and Orla Haughey then left the meeting.

12. Urgent Exempt Business

None.

13. Closing Remarks

The Chairman reaffirmed that the next PSB would take place on Wednesday 19 December 2018 at the earlier start time of 9.30am.

The Chairman reaffirmed that the next ISC would take place on Wednesday 20 February 2019 at 1pm.

There being no further business the meeting closed at 4.05pm.

A handwritten signature in cursive script, appearing to read "Fran Barker".

Chairman
20 February 2019

