

Minutes of the meeting of the Essex Pension Fund Investment Steering Committee (ISC) held in Committee Room 2, on 27 March 2019

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)	left 12:50pm
Cllr M Platt	(Vice Chairman)	
Cllr C Souter		
Cllr L Scordis		arrived 1:00pm
Cllr A Hedley		left 3:50pm
Cllr M Maddocks		
Cllr A Erskine	(Conservative Group Substitute attending on behalf of Cllr Goggin)	

Scheme Employer Representatives

Cllr C Riley	(Observer)	left 12:50pm
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Scheme Member Representatives

Sandra Child (UNISON)	(Observer)
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The following officers and advisors were also present in support:

Kevin McDonald	Director for Essex Pension Fund
Samantha Andrews	Investment Manager
Helen Pennock	Compliance Analyst
Marcia Wong	Compliance Officer

Mark Stevens	Independent Advisor
John Dickson	Hymans Robertson
Alessandra Santiago	Hymans Robertson

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

Andrew Coburn	Scheme Member Representative
Paul Hewitt	Scheme Member Representative

Ian Gleeson	CBRE Global Investment Partners (Presentation only)
Ivo de Wit	CBRE Global Investment Partners (Presentation only)
Achal Ghandi	CBRE Global Investment Partners (Presentation only)
Alice Wilcox	CBRE Global Investment Partners (Presentation only)

Ed Casal	La Salle Investment Management (Presentation only)
Alistair Dryer	La Salle Investment Management (Presentation only)
Darren Robinson	La Salle Investment Management (Presentation only)
Anne Lucking	La Salle Investment Management (Presentation only)

Sarah Brewer	Partners Group (Presentation only)
Mike Bryant	Partners Group (Presentation only)

Jessica Wichser

Partners Group (Presentation only)

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

Opening Remarks

The Chairman welcomed PAB observers Paul Hewitt and Andrew Coburn to the meeting.

The Chairman also advised the Committee that due to a prior commitment Cllr Platt would takeover chairing the meeting for the afternoon session.

Apologies for Absence

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

Cllr Barker and Cllr Riley gave their apologies for the afternoon session.

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 Hedley stated that he was in receipt of an Aviva Group pension. Cllr C Riley and Cllr M Maddocks both declared they were in receipt of an Essex LGPS Pension.

2. Minutes

Minutes of the meeting of the ISC held on 20 February 2019 were approved as a correct record and signed by the Chairman.

3. Market Commentary

John Dickson introduced his colleague Alessandra Santiago, as this was her first meeting.

The Committee received a report and presentation from Hymans Robertson. A verbal overview of the markets in relation to GDP growth, equities, bonds and property was provided. It was noted that whilst the markets fell in the quarter ending December 2018 it had since recovered.

Resolved:

The Committee noted the update.

4. Treasury Management Strategy 2019/20

The Director for Essex Pension Fund apologised for the incorrect year Treasury Strategy being included in the agenda pack originally emailed 19th March. The correct version had been emailed 20th March and was tabled at the meeting.

Kevin McDonald highlighted that the Treasury Management Strategy for the Essex Pension Fund replicates to a large extent the Treasury Management Strategy already approved for Essex County Council, but has been adapted to reflect the scale of

borrowing requirements, use of global custodian and the separate governance arrangements of the Pension Fund.

It was proposed that there be no change to Northern Trust and BNP Paribas GLF limits agreed in 2018/19 and that a minor update be made to the institutional lending list to also include fixed term deposit arrangements.

It was confirmed that whilst a £26m shortfall in cash flow is forecast for 2019/20 operational plans are already in place by redirecting some UK dividend and rental income.

It was highlighted that the Funding Strategy agreed for the last two triennial valuations had enabled tax raising bodies flexibility in profiling deficit payments. A number of Councils had chosen to pay three years' deficit up front, which had implications for the Fund's cash flow. Members noted that 2019 triennial valuation would soon commence.

Resolved:

The Committee noted the report and presentation. In addition, the Committee agreed that:

- the Fund's cash flow situation be kept under review; and
- the 2019/20 Essex Pension Fund Treasury Management Strategy be approved.

5. 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 Director for Essex Pension Fund also notified the Committee of the events/conferences that were on the horizon during 2019/20.

In relation to the Ballie Gifford conference, it was confirmed that details would be sent shortly and for any Members wishing to attend to contact Fund Officers.

Investment Steering Committee

26 June 2019 – 1.00pm
17 July 2019 – 1.00pm
9 & 10 October 2019 – Baillie Gifford Conference (Edinburgh)
27 November 2019 – 1.00pm
19 February 2020 – 1.00pm
25 March 2020 – 1.00pm

Pension Strategy Board

3 July 2019 – 1.00pm
11 September 2019 – 1.00pm
18 December 2019 – 1.00pm
4 March 2020 – 1.00pm

Resolved:

The Committee noted the schedule of meetings for the municipal years 2019/20.

6. Urgent Part I Business

No matters arising.

Exclusion of the Public and Press

That the press and public are excluded from the meeting during the consideration of the remaining items of business on the grounds that they involve the likely disclosure of exempt information falling within Schedule 12A to the Local Government Act 1972, the specific paragraph(s) of Schedule 12A engaged being set out in the report or appendix relating to that item of business.

Resolved:

The Chairman brought to the attention the above statement and the Committee agreed to proceed.

7. PART TWO Minutes of ISC meeting 20 February 2019

Part Two Minutes of the meeting of the ISC held on 20 February 2019 were approved as a correct record and signed by the Chairman.

8. Investment Tables Quarter end 31 December 2018

The Committee received a report from Kevin McDonald, Director for Essex Pension Fund in consultation with Mark Stevens Independent Investment Adviser, which gave details of the Fund's investment performance for the quarter ended 31 December 2018.

The value of the Fund decreased from £7.060bn as at 30 September 2018 to a value of £6.651bn as at 31 December 2018. It was noted that the Fund has since made a recovery back to September values.

Resolved:

The Committee noted the report and update.

9. Investment Manager Update - Traffic Light Report

The Committee received a report and presentation from Hymans Robertson which summarised the current views of Hymans Robertson on some of the Fund's managers.

It was confirmed that Hymans engage with Fund Managers as part of their ongoing monitoring.

Resolved:

The Committee noted the report and update.

10. MHCLG Guidance on LGPS Asset Pooling – Informal Consultation

Kevin McDonald highlighted that at 18 March 2019 AJC meeting Members agreed a revised ACCESS Consultation response which had been subsequently circulated to ISC Members prior to the meeting.

Resolved:

Following discussions the Committee noted:

- that the 18 March 2019 AJC agenda will be circulated to Members;
- the final ACCESS response to the consultation; and

- the content of the report

11. **Strategy Implementation Tracker**

The Committee received a report and presentation on the progress made to date.

Resolved:

The Committee noted:

- the content of the report; and
- the progress made to date.

12. **Global Property RfP Review**

The Committee received a report from Hymans Robertson in consultation with the Independent Investment Advisor and Director for Essex Pension Fund outlining the Global Property mandate selection process to date.

It was explained that of the 24 managers that had applied for the Request for a Proposals (RfP), 13 were completed and returned. Each submission was evaluated against the qualifying criteria. Of which 3 managers; CBRE Global Investment Partners; La Salle Investment Management and Partners Group met the required qualifying score and were then invited to interview.

Resolved:

Following discussions the Committee noted the report.

13. **Global Property Training**

The Committee received a global property training presentation from Hymans Robertson in consultation with the Independent Investment Advisor.

Resolved:

After discussions the presentation was noted

14. **Global Property Selection Short List**

The Committee received a report from Hymans Robertson in consultation with the Independent Investment Advisor and Director of Essex Pension Fund on the three Managers shortlisted.

The meeting was adjourned for lunch at 12:50pm and reconvened at 1:25pm

The Vice Chairman welcomed Cllr Scordis to the meeting.

15. **Investment Manager Presentation – CBRE Global Investment Partners**

The Vice Chairman welcomed Ian Gleeson, Ivo de Wit, Achal Ghandi, and Alice Wilcox from CBRE who provided the Committee with a presentation in relation to their proposed global property strategy offering.

Ian Gleeson, Ivo de Wit, Achal Ghandi, and Alice Wilcox left the meeting.

Resolved:

The Committee noted the presentation.

16. Investment Manager Presentation – La Salle Global Investment Management

The Vice Chairman welcomed Ed Casal, Alistair Dryer, Darren Robinson and Anne Lucking from La Salle who provided the Committee with a presentation in relation to their proposed global property strategy offering.

Ed Casal, Alistair Dryer, Darren Robinson and Anne Lucking left the meeting.

Resolved:

The Committee noted the presentation.

17. Investment Manager Presentation – Partners Group

The Vice Chairman welcomed Sarah Brewer, Mike Bryant and Jessica Wichser from Partners Group who provided the Committee with a presentation in relation to their proposed global property strategy offering.

Sarah Brewer, Mike Bryant and Jessica Wichser left the meeting.

Resolved:

The Committee noted the presentation.

18. Evaluation and selection of Investment Managers

Following consideration of the presentation and discussion it was agreed that:

- the preferred Fund Manager, subject to the 'standstill' period be appointed to manage the 4% of the Fund global property allocation;
- that officers, in conjunction with fund advisers, be authorised to finalise the arrangements; and
- that the outcome be reflected within the review of the Investment Strategy Statement.

19. Urgent Exempt Business

No matters arising.

20. Closing Remarks

There being no further business the meeting closed at 3:54pm.

**Chairman
26 June 2019**