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

### **Minutes of a meeting of the Essex Pension Fund Investment Steering Committee held at 2:00pm at County Hall, Chelmsford on 25 November 2015**

#### **Present**

Cllr R Bass (Chairman)	Essex CC
Cllr S Barker	Essex CC
Cllr K Clempner	Essex CC
Cllr J Whitehouse	Essex CC
Cllr K Bobbin (Labour substitute)	Essex CC
Cllr M Mackrory (Liberal Democrat substitute)	Essex CC

The following Advisers were present in support of the meeting;

Mark Stevens	Independent Adviser
Matt Woodman	Hymans Robertson

The following officers were present in support of the meeting;

Kevin McDonald	Director for Essex Pension Fund
Jody Evans	Head of Essex Pension Fund
Samantha Andrews	Investment Manager
Joel Ellner	Pensions Team Manager
Shani Ominiya	Investment Accountant

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

Keith Flowers	UNISON
Paul Hewitt	Deferred Member

#### **1 Apologies for absence**

Apologies were received from Cllr N Hume (Essex CC), Cllr S Canning (Essex CC) and Cllr N Le Gresley (Essex CC), and Cllr C Riley (ISC employer observer representative).

It was also noted that Cllr R Woodley (member of the Essex Pension Fund Strategy Board) and Cllr J Galley, Cllr B Johnson, and Mark Paget (members of the Essex Pension Fund Advisory Board) were unable to attend.

## **2 Declaration of Interest**

There were none.

## **3 Minutes**

The minutes of the meetings of the Committee which took place on 22 July 2015 were approved as a correct record.

## **4 Structural Reform of LGPS**

Cllr Bass, ISC Chairman, briefed the Committee on the recent Local Government Association (LGA) event held for LGPS Pension Fund Committee Chairs that he attended in October 2015. In addition Kevin McDonald, Director for Essex Pension Fund, gave a further update outlining the other latest developments regarding the potential structural reform of the LGPS.

The updates were noted.

## **5 Market Commentary**

Matt Woodman from Hymans Robertson gave a verbal update on the markets since the Committees' last meeting.

The update was noted.

## **6 The Markets in Financial Instruments Directive (MiFiD II)**

Kevin McDonald, Director for Essex Pension Fund highlighted to the Committee the proposed introduction by the European Commission of the Markets in Financial Instruments Directive II (MiFiD II) due to take effect in January 2017 and its potential impact on the Essex Pension Fund.

Following detailed discussions the Committee **agreed** that:

- a new risk, reflecting the potential impact of the introduction of MiFiD II to the Fund, be added to the Fund's risk register; and
- the report be noted.

## **7 Matters of Interest**

Kevin McDonald highlighted to the Committee details of forthcoming investment conferences taking place in 2016.

Members were asked that if they wish to attend to bring this to the attention of Fund Officers. The report was noted.

## **8 Urgent Part 1 Business**

There were none.

## **9 Exclusion of the Public**

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:

- Investment Tables – Q2 September 2015
- Investment Manager Update:
  - Traffic Light report;
  - Officer and Adviser Briefing note; and
  - Update on global equity rebalancing
- Global Custody Review
- Update on Investment Managers presenting – Longview and Stewart Investors (formerly First State)
- Investment Manager Presentation – Longview
- Investment Manager Presentation – Stewart Investors (formerly First State)

## **10 Investment Tables – Q2 September 2015**

(Press & public excluded)

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 30 September 2015.

The value of the Fund decreased from £4.887bn as at 30 June 2015 to a value of £4.725bn as at 30 September 2015. It was noted that the value of the Fund has since recovered.

The report was noted.

## **11 Investment Manager Update**

(Press & public excluded)

### **11a Traffic Light Report**

(Press & public excluded)

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

The report was noted.

**11b Officer & Adviser Briefing Note**

(Press & public excluded)

The Committee received a report on the Officer & Adviser meeting held on 26 October 2015 at which M&G Infracapital was present.

After discussions the Committee **agree** that:

- Officers in conjunction with Advisers explore the options highlighted in the report in more detail, with a view to bring back a recommendation to the February 2016 Strategy meeting; and
- the report be noted.

**11c Update on Global Equity Rebalancing**

(Press & public excluded)

Kevin McDonald, Director for Essex Pension Fund updated the Committee on progress with regard to rebalancing the Baillie Gifford global equity mandate back to within 1% of its strategic allocation.

It was highlighted that the transition strategy was highly effective, completing on schedule and was well within the pre-trade cost estimation.

The report was noted.

**12 Global Custody Review**

(Press & public excluded)

The Committee received a report from Kevin McDonald, Director for Essex Pension Fund regarding a proposal that the global custody services undertaken by the Northern Trust Company be reviewed.

The Committee **agree** that:

- a further report be brought back to the Committee in the first quarter of 2016 on the review of the Global Custodian services provided by Northern Trust; and
- the content of the report was noted.

**13 Update on Investment Managers presenting – Longview and Stewart Investors (formerly First State)**

(Press & public excluded)

The Committee received a report from Matt Woodman from Hymans Robertson on Longview and Stewart Investors.

Following discussions the report was noted.

**14 Investment Manager Presentation – Longview Partners**

(Press & public excluded)

The Committee received a presentation from Marina Lund and Alistair Graham of Longview Partners on their global equity portfolio.

The presentation was noted.

**15 Investment Manager Presentation - Stewart Investors (formerly First State)**

(Press & public excluded)

The Committee received a presentation from Alan Nesbitt and Harry Gladstone of Stewart Investors on their emerging market equity portfolio.

Discussion covered areas of potential new investment. Stewart Investors agreed to provide further background detail on the limits that would apply in these circumstances.

The presentation was noted.

**16 Urgent Exempt Business**

(Press & public excluded)

There were none.

There being no further business, the meeting closed at 4:15pm.

**Chairman**  
**22 February 2016**