
Investment Steering Committee (ISC)

Minutes of a meeting of the Investment Steering Committee held at 1 p.m. at County Hall, Chelmsford on 22 February 2012

Membership / attendance

Investment Steering Committee & Essex Pension Fund Board Members

* Cllr R L Bass (Chairman)	Essex County Council
Cllr D Finch (Vice Chairman)	Essex County Council
* Cllr J Aldridge	Essex County Council
* Cllr M Lager	Essex County Council
Cllr N Hume	Essex County Council
Cllr T C Smith-Hughes	Essex County Council
Cllr Mrs S Barker (Conservative substitute)	Essex County Council
* Cllr J Archer (Observer representing Employers)	Maldon District Council
* Keith Blackburn (Observer representing scheme members)	UNISON

* present

Matt Woodman, John Dickson, Keith Neale and Tony Hardy (advisers to the Committee), Peter Lewis, Martin Quinn and Kevin McDonald (Essex County Council officers) were also present.

1. Apologies for absence

Apologies were received from Cllr Finch, Cllr Hume, Cllr Smith-Hughes and Cllr Mrs Barker,

2. Declarations of Interest

None were made.

3. Minutes

The minutes of the meeting of the ISC which took place on 17 November 2011 were approved as a correct record.

4. Statement of Investment Principles (SIP)

Martin Quinn introduced a revised draft SIP, incorporating the July decisions and subsequent developments. The ISC noted that a review had been carried out of the expected return from the Fund's assets and that it had fallen from 7.9% p.a. to 6.1% p.a. At that level it was below the normal rate of return assumed by the Fund Actuary in the 2010 Actuarial valuation. However the investment consultants consider that this is a symptom of current unusual market conditions, where gilt yields are at very low levels, and expect that gilt yields will return to more normal levels (i.e. increase) over time, which is expected to lead to a fall in the assessed

value of the liability which will assist in closing the funding gap in relative terms. The funding strategy will be reassessed during 2013 as part of the triennial valuation.

It was agreed that the draft SIP, amended to include a statement of the investment consultants' opinion, be sent out for consultation with stakeholders.

5. Urgent Part 1 Business

The Chairman drew attention to a tabled list of proposed dates for ISC meetings for the municipal year 2012/13.

Investment Steering Committee		
Proposed Meetings 2012/13		
Wednesday	13 June 2012	2.00pm
Wednesday	25 July 2012	ALL DAY
Wednesday	10 October 2012	2.00pm
Wednesday	28 November 2012	2.00pm
Wednesday	20 February 2013	ALL DAY
Wednesday	27 March 2013	2.00pm

Following discussion the above dates **were agreed**.

6. 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:

- Global Custodian Market Testing;
- Report of Officer & Adviser meetings with Managers;
- Review of Strategy & Structure update;
- Update on Manager presenting – Hamilton Lane
- Investment Manager Presentation – Hamilton Lane
- Urgent exempt business

7. Global Custodian Services Tender

(Press and public excluded)

The ISC received a report from the Group Manager Investments on progress with the tender for Global Custodian. The report was noted.

8. Report of Officer & Adviser meetings with Managers

(Press and public excluded)

The ISC received a report on Officer & Adviser meetings with Alliance Bernstein and Mellon. The report was noted.

9. Review of Strategy & Structure update

(Press and public excluded)

The ISC received presentations from Matt Woodman and John Dickson from Hymans Robertson on this report. Following detailed discussion **it was agreed that:**

- the Mellon mandate be retained unchanged;
- the Alliance Bernstein mandate be retained unchanged;
- work should be carried out by Hymans Robertson, in conjunction with the Fund Actuary and officers and advisers, on the development of:
 - A high level cash model for the Fund;
 - Ongoing monitoring of the funding position;
 - Triggers for equity allocation reduction;
 - Target asset allocations as equity allocation reduces.
- work should be carried out by Hymans Robertson, in conjunction with officers and advisers, on more detailed proposals for macro asset allocation for discussion at the July 2012 ISC meeting;
- the revised proposal by officers and advisers for the Aviva mandate be agreed and implementation delegated to officers, in consultation with advisers;
- work should be carried out by Hymans Robertson on researching global property and Aviva's suitability as a global property manager for discussion at the July 2012 ISC meeting;
- an additional indicator on "favourability of market background to a manager's performance" be included in future traffic light reports and
- the current rebalancing strategy be maintained unchanged.

10. Update on Manager Presenting – Hamilton Lane

(Press and public excluded)

Prior to the presentation, the ISC received a report from Hymans Robertson on Hamilton Lane.

The report was noted.

11. Investment Manager Presentation – Hamilton Lane

(Press and public excluded)

The Committee received a presentation by Ana Lei Ortiz and Jim Strang.

12. Urgent Exempt Business

(Press and public excluded)

There was none.

There being no further business, the meeting closed at 3.45pm.

Chairman
28 March 2012