

Essex Pension Fund Strategy Board	EPB/10/15
date: 8 July 2015	

Investment Steering Committee (ISC) Quarterly Report

Report by the Director for Essex Pension Fund

Enquiries to Kevin McDonald on: 0333 0138 488

1. Purpose of the Report

1.1 To provide a report on ISC activity since the last Board meeting.

2. Recommendations

2.1 That the Board should note the report.

3. Background

- 3.1 In accordance with its Terms of Reference, the ISC is required to submit quarterly reports on its activities to the Essex Pension Fund Board.
- 3.2 Since the Board's last meeting the ISC has met twice on 25 March 2015 and 17 June 2015. In addition the ISC Appointment Sub-Committee was held on 19 June 2015.

4. Report of the meeting of ISC on 25 March 2015

- 4.1 The Committee agreed that the responses to the Statement of Investment Principles (SIP) consultation be noted and that the SIP be approved and published.
- 4.2 The Committee reviewed the draft Treasury Management Strategy 2015/16. It was agreed that the Northern Trust GLF limit be increased from £60m to £80m and that the Fund's cash flow situation be kept under review.
- 4.3 A report on the Q4 2014 Investments Tables, which detailed investment manager performance, was discussed. It was noted that the Fund's value had risen from £4.253bn as at 30 September 2014 to £4.663bn as at 31 December 2014.
- 4.4 The Committee noted the traffic light report on investment managers and the reports of meetings that officers & advisers had held with M&G Alpha Opportunity and L&G on 4 February 2015 and 6 March 2015 respectively.
- 4.5 Presentations were received from Hamilton Lane on the private equity portfolio and Partners Group on the infrastructure portfolio. The Committee agreed to a further commitment of £50m to new private equity opportunities and a further commitment of £180m to Partners Group during 2015/16.
- 4.6 The Committee received a report on the Institutional Investment Consultant Contract and the arrangements to select a successor for Keith Neale, the Independent Investment Adviser. It was agreed that Hymans Robertson contract continue for the remainder of 2015 and the calendar year of 2016. That during the latter part of 2016 the contract would be then be subject to re-tender using the National LGPS framework. The Committee agreed that an Appointment Sub Committee be established to appoint the new Independent Investment Adviser.

5. Report of the meeting of ISC on 17 June 2015

- 5.1 The Committee noted its new membership, its Terms of Reference, and the appointment of Cllr Bass as Chairman following the 12 May 2015 annual meeting of Essex County Council. Cllr Hume was appointed as Vice Chairman.

- 5.2 The Committee noted a report on progress on the procurement of a new Independent Investment Adviser, ahead of the meeting of the ISC Appointment Sub-Committee on 19 June 2015.
- 5.3 A verbal update on Q1 2015 market conditions was discussed followed by the Investment Tables which detailed Investment Managers performance. It was noted that as at 31 March 2015 the value of the Fund's assets had risen to a provisional value of £4.933bn.
- 5.4 The Committee noted the report of the meeting that officers & advisers held with Marathon and M&G Investments on 29 May 2015.
- 5.5 Presentations were received from M&G Investments on the global equity portfolio and Aviva on the property portfolio.

6. Report of the meeting of the ISC Appointment Sub Committee 19 June 2015

- 6.1 The Members of the Appointment Sub Committee received a presentation on the process to date and the three shortlisted candidates.
- 6.2 The Committee interviewed three shortlisted candidates and agreed the appointment of Mark Stevens to the role of Independent Investment Adviser to the Essex Pension Fund.

7. Link to Essex Pension Fund Objectives

- 7.1 Investments
To maximise the returns from investments within reasonable risk parameters.
To ensure the Fund is properly managed.

8. Risk Implications

- 8.1 None other than those already identified as part of the Fund's investment strategy.

9. Communication Implications

- 9.1 None

10. Finance and Resources Implications

- 10.1 None other than those already identified as part of the Fund's investment strategy.

11. Background Papers

- 11.1 ISC meetings of 25 March 2015 and 17 June 2015 – agenda and draft minutes.
- 11.2 ISC Appointment Sub-Committee 19 June 2015 – agenda and draft minutes.