
Investment Steering Committee (ISC)

Minutes of a meeting of the Investment Steering Committee held at 2:00pm at County Hall, Chelmsford on 27 November 2013

Present

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| Cllr R L Bass (Chairman) | Essex CC |
| Cllr S Barker | Essex CC |
| Cllr K Clempner | Essex CC |
| Cllr J Whitehouse | Essex CC |
| Cllr N Le Gresley | Essex CC |
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| Cllr K Bobbin (substitute for Labour Group) | Essex CC |
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| Cllr J Archer (Observer representing Employers) | Maldon DC |
| Keith Blackburn (Observer representing scheme members) | UNISON |

The following Board members were present;

Cllr Pam Challis Essex Pension Board

The following Advisers were present in support of the meeting;

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| Keith Neale | Independent Adviser |
| John Dickson | Hymans Robertson |
| Matt Woodman | Hymans Robertson |

The following officers were present in support of the meeting;

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| Margaret Lee | Executive Director for Corporate Services |
| Kevin McDonald | Director for Essex Pension Fund |
| Samantha Andrews | Investment Manager |

1 Apologies for absence

It was noted that Cllr N Hume was unable to attend the meeting.

2 Declarations of Interest

None were made.

3 Minutes

The minutes of the meeting of the Committee which took place 24 July 2013 were approved as a correct record.

4 Statement for Investment Principles (SIP)

Kevin McDonald introduced a report by the Director for Essex Pension Fund in consultation with Hymans Robertson and with Keith Neale, Independent Investment Adviser. The report provided details of the 3 responses received as a result of the SIP consultation. The Committee's attention was drawn to the response received from Essex Fire Authority and Anglia Ruskin University.

After due deliberation **it was agreed:**

- that the responses received from the consultation be noted;
- that the observation made by Essex Fire Authority "that one of the investment limits shown in Appendix C was within 2 years of expiry" be noted and reviewed at a future strategy meeting;
- that the draft reply to Anglia Ruskin University be approved and sent; and
- that the SIP be approved and published.

5 Structural Reform of Local Government Pension Scheme (LGPS)

A report from the Director for Essex Pension Fund was received outlining the latest developments and forthcoming expected milestones in respect of the potential structural reform of the LGPS.

After due discussion the report was noted.

6 Q3 2013 Market Commentary

Matt Woodman introduced a report by Hymans Robertson on the markets as at 30 September 2013. Following discussions the report was noted.

7 Arrangements for future meetings

The following dates for future Committee meetings were agreed for the municipal year 2014/15.

(2:00pm, unless stated)

Wednesday 18 June 2014

Wednesday 23 July 2014 (all day strategy meeting)

Wednesday 22 October 2014 (reserve date)

Wednesday 26 November 2014

Monday 23 February 2015 (all day strategy meeting)

Wednesday 25 March 2015

In addition it was agreed that the strategy meeting scheduled for Wednesday 26 February 2014 be moved forward to Monday 24 February 2014 to accommodate those Committee Members wishing to attend the LGC conference in Chester.

8 Urgent Part 1 Business

There was 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:

- Q3 2013 Investment Tables
- Investment Manager Update
 - Officer & Adviser Meetings Report
 - Traffic Light Report
 - Update on Commitments to Alternative Investments
 - Update on Transition to new Management Arrangements
- Update on Investment Managers presenting
- Investment Manager Presentation – Goldman Sachs
- Investment Manager Presentation - Marathon

10 Q3 2013 Investment Tables

(Press & public excluded)

The Committee received a report from the Director for Essex Pension Fund in consultation with Keith Neale Independent Investment Adviser, which gave details of the Fund's investment performance for the quarter ending 30 September 2013.

The value of the Fund rose from £3.930bn as at 30 June 2013 to a value of £4.075bn as at 30 September 2013.

The report was noted.

11 Investment Manager Update

(Press & public excluded)

11a Officer & Adviser Meeting Report

The Committee received a report on the Officer & Adviser meetings held on 23 August and 29 October 2013 with Partners Group, Stafford Timberland, M&G Alpha Opportunities Fund and Aviva Investors.

The report was noted.

11b Traffic Light Report

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

Following discussions the report was noted.

11c Update on commitments to alternative investments

The Committee received a Hymans Robertson report which provided an update on the ISC decisions of 24 July 2013 in respect of the Fund's commitment to alternative investments.

Following detailed discussions **it was agreed:**

- to maintain the current 2% weighting, an additional £25m commitment be made to the Partners' 2012 Infrastructure fund;
- that, in view of the shortfall of alternative assets relative to target, that a further allocation to Partners of £75m (2% of the Fund) be made;
- that an additional 1% allocation to the Stafford Timberland SIT VII fund, of £41m (\$67m) be made bringing the Fund's allocation to timberland in line with its strategic target of 2%; and
- that Officers & Advisers, in consultation with Aviva Investors, bring to a future meeting a business case in respect of the outstanding £25m earmarked for property, but not yet drawn upon.

11d Update on transition to new management arrangements

The ISC received a report from Hymans Roberson which provided an update in respect of a number of on-going transition and allocation projects within the Fund.

Matt Woodman informed the Committee that during October 2013, £100m from the FTSE All Share tracking fund was transferred to fund the new FTSE Mid 250 tracking fund. In addition the funding of Longview and M&G Investments, the two new global equity mandates, was completed on 25 November 2013.

The report was noted.

12 Update on Investment Managers presenting – Goldman Sachs and Marathon
(Press & public excluded)

The Committee received a report from Hymans Robertson on Goldman Sachs and Marathon.

Following discussions the report was noted.

13 Investment Manager Presentation – Goldman Sachs
(Press & public excluded)

The Committee received a presentation from Iain Lindsay and Jason Freeman in respect of the bond portfolio they manage. Following questions the presentation was noted.

14 Investment Manager Presentation – Marathon

(Press and public excluded)

Wilson Phillips and Neil Ostrer from Marathon Asset Management gave the Committee a presentation on the Fund's global equity mandate. Following questions the presentation was noted.

15 Urgent Exempt Business

(Press and public excluded)

There was none.

There being no further business, the meeting closed at 4:25pm.

Chairman
24 February 2014