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## **Investment Steering Committee (ISC)**

### **Minutes of a meeting of the Investment Steering Committee held at 1:30pm at County Hall, Chelmsford on 24 February 2014**

#### **Present**

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
Cllr J Archer (Observer representing Employers)	Maldon DC
Keith Blackburn (Observer representing scheme members)	UNISON

The following Pension Board members were present;

Cllr G Rice	Thurrock Council
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The following Advisers were present in support of the meeting;

Keith Neale	Independent Adviser
John Dickson	Hymans Robertson
Matt Woodman	Hymans Robertson
Phil Spencer	Hymans Robertson

The following officers were present in support of the meeting;

Kevin McDonald	Director for Essex Pension Fund
Samantha Andrews	Investment Manager

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

Apologies were received from Cllr Hume and Margaret Lee.

It was also noted that Cllr Bobbin and Cllr Challis were 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 on 27 November 2013, were approved as a correct record.

#### **4 Structural Reform of LGPS Update**

Kevin McDonald, Director for Essex Pension Fund, gave a verbal update outlining the latest developments in respect of the potential structural reform of the LGPS.

It was noted that consultation on options for structural reform had yet to commence.

#### **5 Matters of Interest**

A report from the Director for Essex Pension Fund was received highlighting that in December the Essex Pension Fund won “Fund of the Year (over £2bn)” at the prestigious LGC Investment Awards held in London.

The Chairman, on behalf of the Committee, expressed his thanks to everyone involved in the Fund for their contribution in achieving this award.

The Committee was also informed that John Dickson was recently appointed as Chairman of the Board at Hymans Robertson.

The report was noted.

#### **6 Urgent Part 1 Business**

There was none.

#### **7 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:

- Review of Investment Strategy
- Market Views
- Annual Review of Investment Structure

#### **8 Review of Investment Strategy**

(Press & public excluded)

The Committee received a presentation from Matt Woodman from Hymans Robertson outlining the results of the Asset Liability Study (ALS) which was undertaken in consultation with the Fund Actuary, Barrett Waddington, on the findings of the 2013 Actuarial Valuation.

Matt highlighted that the Committee commissioned the ALS to aid its role to assess the risks assumed by the Fund at a global level as well as on a manager by manager basis and, secondly, to approve and review the asset allocation benchmark of the Fund.

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Following detailed discussions **it was agreed:**

- that the scorecard, as reported to the Essex Pension Fund, records that the current investment strategy has been reviewed as part of the 2013 valuation and is consistent with the Funding Strategy;
- that the allocation to alternatives continues with a ceiling set at 27% given the increasing maturity of the Fund and the changes to cash flow requirements.
- that Officers & Advisers develop a plan for covering future cash flow requirements for consideration by the ISC later in 2014;
- that Officers & Advisers in consultation with the Fund Actuary consider a possible framework for managing investment risk levels as the Fund continues to mature; and
- that Officers & Advisers consider risks associated with a single investment strategy.

## **9 Market Views**

(Press & public excluded)

The Committee received a presentation from John Dickson outlining current market views on the asset classes invested in by the Fund.

Following discussions the report was noted

## **10 Annual Review of Investment Structure**

(Press & public excluded)

The Committee received a presentation from John Dickson reviewing the current Fund structure in the context of the Fund's investment beliefs which have been developed to aid good fund governance.

Following detailed discussions **it was agreed:** to delegate to Officers and Advisers the following investigations to be reported back later this year:

1. proposals for a strategy to take income from the Fund's assets to meet the expected shortfall between contributions and benefit payments within the next 2 years;
2. proposals for a rebalancing of the bond mandate;
3. proposals for consideration of an additional allocation to illiquid debt within the alternatives portfolio given both the diversification benefit and market opportunity; and
4. a review of the benchmarks for all manager mandates.

**11 Urgent Exempt Business**

(Press and public excluded)

There was none.

There being no further business, the meeting closed at 4:20pm.

Chairman  
26 March 2014