



## 2 Declaration of Interest

There were none.

## 3 Minutes

The minutes of the meeting of the Committee which took place on 23 February 2015 were approved as a correct record.

## 4 Structural Reform of the Local Government Scheme

It was noted that no new developments had occurred since the last Committee meeting.

## 5 Statement of Investment Principles

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 highlighted that 2 responses were received in respect of the consultation progress.

After due deliberation **it was agreed:**

- that the responses received from the consultation be noted;
- that in light of the observation made by Essex Police & Crime Commissioner in respect of Environmental, Social and Governance Considerations the *wording "Intervention is likely to be extremely rare as companies are aware of the increasing sensitivity of investors"* be reinstated;
- that all (typographical and presentational) changes to the SIP, as detailed in Annex A be made; and
- that the SIP be approved and published.

## 6 Treasury Management Strategy 2015/16

A report from the Director for Essex Pension Fund was received detailing the Essex Pension Fund Treasury Management Strategy 2015-16.

Kevin McDonald highlighted that following the decisions agreed at the February 2015 ISC meeting the draft Treasury Management Strategy had been updated to reflect the Fund's changing cash flows circumstances and the requirement within the next 12 months to realise investment income to make good the shortfall of contribution (both employer and employee) income to meet benefit payments as the Fund continues to mature.

Following detailed discussions **it was agreed:**

- that the Northern Trust GLF limit be increased from £60m to £80m.
- that the Fund's cash flow situation be kept under review; and

- that the Essex Pension Fund Treasury Management Strategy 2015/16 be approved.

## **7 Urgent Part 1 Business**

Kevin McDonald brought to the attention of the Committee that two enquiries had recently been received from members of the public in which it appears that individuals are receiving cold calls inviting them to invest in Christmas trees and that the Essex Pension Fund is being mentioned as an investor.

Kevin informed the Committee that the Fund had responded back to these enquiries confirming that although the Fund has a strategic allocation of 4% in timber no such investment had been made. The matter has been reported to Action Fraud, Trading Standards and internal audit have also been notified.

## **8 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:

- Q4 2014 Investment Tables;
- Investment Manager Update;
  - Traffic Light Report;
  - Officer & Adviser Briefing Note;
- Update on Investment Managers Presenting;
- Manager Presentation - Hamilton Lane; and
- Manager Presentation – Partners Group

## **9 Q4 2014 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 31 December 2014.

The value of the Fund increased from £4.593bn as at 30 September 2014 to a value of £4.663bn as at 31 December 2014.

The report was noted.

**10a Traffic Light Report**

(Press & public excluded)

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

Matt Woodman highlighted the disappointing performance of M&G Investment and brought to the attention of the Committee the letter received from the Fund Manager, Stuart Rhodes.

Following a discussion **it was agreed:**

- that when M&G Investment next present to the Committee that their presentation begin by addressing the content of the letter; and
- that the report be noted.

**10b Officer & Adviser Briefing Note**

(Press & public excluded)

The Committee received a report on the Officer & Adviser meetings held on 4 February 2015 and 6 March 2015 at which M&G Alpha Opps and L&G presented.

The report was noted.

**11 Update on Investment Managers Presenting – (Press & public excluded)**

The Committee received a report from Hymans Robertson on Hamilton Lane and Partners Group.

Following discussions the report was noted.

**12 Manager Presentation – Hamilton Lane**

(Press & public excluded)

The Committee received a presentation from Ana Lei Ortiz from Hamilton Lane on their private equity mandate.

**It was agreed:**

- that a further £50m be committed to new Private Equity opportunities in 2015/16; and
- that the presentation be noted.

**13 Investment Manager Presentation – Partners Group**

(Press & public excluded)

The Committee received a presentation from Sarah Brewer and Michael Barben on the infrastructure mandate managed by Partners Group.

Following discussions **it was agreed:**

- that a further £180m be committed, it is expected that the draw-down of monies will be spread over a 4 year period (although actual draw-down is unlikely to be smooth);
- that the £180m investment be split £140m to the 2015 Partners Group Direct Infrastructure partnership and £40m to the 2015 Global Infrastructure Fund; and
- that the presentation be noted.

At 4pm Matt Woodman and Yvonne Haizel left the room.

#### **14 Institutional Investment Consultant Contract – Hymans Robertson (Press and public excluded)**

The Committee received a report from the Director for Essex Pension Fund outlining the outcome of a review undertaken by Fund Officers in conjunction with the Independent Investment Adviser of the performance of the Fund's Institutional Investment Consultant, Hymans Robertson.

Kevin McDonald also provided an update to the Committee on the progression of tender process in respect of the successor for Keith Neale, the Independent Investment Adviser.

Following a discussion **it was agreed:**

- Hymans Robertson continue to be contracted in their role as the Fund's Institutional Investment Consultant for the remainder of 2015 and the calendar year of 2016;
- that a re-tender of this contract takes place in late 2016 using the National LGPS framework;
- that an Appointment Sub-Committee be established to appoint the new Independent Investment Adviser; and
- that the report be noted.

#### **15 Urgent Exempt Business (Press and public excluded)**

There was none.

There being no further business, the meeting closed at 4:05pm.

Chairman  
17 June 2015