
Investment Steering Committee (ISC)

Minutes of a meeting of the Investment Steering Committee held at 2:00pm at County Hall, Chelmsford on 26 March 2014

Present

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

The following Advisers were present in support of the meeting;

Keith Neale	Independent Adviser
John Dickson	Hymans Robertson
Matt Woodman	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 Margaret Lee (Executive Director for Corporate Services & Corporate Operations). It was also noted that Cllr Pam Challis and Charles Garratt, (both Members of the Essex Pension Board) and Cllr Bobbin (Substitute Member for the Labour Party) 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 24 February 2014, 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 still yet to commence and as such no new developments had occurred since the last Committee meeting.

5 Q1 2014 Market Commentary

John Dickson introduced a report by Hymans Robertson on the markets as at 31 December 2013.

The report was noted.

6 Treasury Management Strategy 2014/15

A report from the Director for Essex Pension Fund was received detailing the Essex Pension Fund Treasury Management Strategy 2014-15.

Kevin McDonald highlighted that this was the first time the Treasury Management Strategy had been brought to this Committee.

He highlighted to the Committee that, at the previous Essex Pension Board on 5 March 2014, the Board agreed that the Treasury Management Strategy review was more aligned with the remit of the Investment Steering Committee as it linked very closely to the Fund's investment strategy. As such the Board agreed that the terms of reference be amended to reflect this change.

Following detailed discussions **it was agreed:**

- that an additional annex be included detailing the Essex Pension Fund internally managed Counterparty Lending List, highlighting any additions or deletions that have occurred since the Treasury Management Strategy's last review; and
- that the Essex Pension Fund Treasury Management Strategy 2014-15 be approved.

7 Urgent Part 1 Business

The Chairman updated the Committee on a response provided to a Freedom of Information request from the Essex Chronicle on the investments of the Fund.

The response was noted.

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 2013 Investment Tables
- Investment Manager Update
 - Officer and Adviser Meeting Report
 - Traffic Light Report
 - Bond Portfolio Proposal
- Update on Investment Managers presenting – Hamilton Lane and M&G Alpha Opportunities
- Investment Manager Presentation – Hamilton Lane
- Investment Manager Presentation – M&G Alpha Opportunities

9 Q4 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 31 December 2013.

The value of the Fund rose from £4.075bn as at 30 September 2013 to a value of £4.253bn as at 31 December 2013.

The report was noted.

10 Investment Manager Update

(Press & public excluded)

10a Officer & Adviser Meeting Report

The Committee received a report on the Officer & Adviser meetings held on 19 December 2013 with First State and Hamilton Lane and on 3 February 2014 with GSAM.

The report was noted.

10b Traffic Light Report

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

Matt Woodman highlighted the report showed no concerns with the Fund's current line-up of Investment Managers.

The report was noted.

10c Bond Portfolio Proposal

At its meeting of 24 February 2014 the Committee agreed that the Officers and Advisers would bring back proposals for rebalancing the bond portfolio back to its strategic allocation.

Matt Woodman highlighted to the Committee that, although the Fund's overweight position in equities had been rebalanced back via L&G's swing mandate, this had in turn resulted in the Index Linked Gilt mandate being significantly overweight relative to the Fund's other bond mandates. Matt informed the Committee that a cost/benefit analysis had been undertaken and this concluded that the potential gains far outweighed the cost of rebalancing.

Following discussions **it was agreed:**

- that the active Bond Managers mandates be rebalanced back to their strategic allocation and the implementation would be delegated to the Officers in consultation with the Advisers.

11 Update on Investment Manager presenting – Hamilton Lane and M&G Alpha Opportunities

(Press & public excluded)

The Committee received a report from Hymans Robertson on Hamilton Lane and M&G Alpha Opportunities.

Following discussions the report was noted.

12 Investment Manager Presentation – Hamilton Lane

(Press & public excluded)

The Committee received a presentation from Ana Lei Ortiz and Erik Hirsh on the private equity portfolio held by Hamilton Lane.

It was agreed:

- that a further £50m be committed to new Private Equity opportunities in 2014/15; and
- that the presentation be noted.

13 Investment Manager Presentation – M&G Alpha Opportunities

(Press & public excluded)

The Committee received a presentation from Richard Ryan and Mike Thomas from M&G Alpha Opportunities.

Following questions the presentation was noted.

14 Urgent Exempt Business

(Press and public excluded)

There was none.

There being no further business, the meeting closed at 4:40pm.

Chairman
18 June 2014