



Pensions Committee

20 March 2015

10.30 am

**MINUTES OF THE PENSIONS COMMITTEE MEETING HELD ON 28 NOVEMBER 2014
10.30 AM - 12.36 PM**

Responsible Officer: Sarah Townsend
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Present:

Members of the Committee:

Councillors Thomas Biggins, Anne Chebsey, Andrew Davies and Malcolm Pate

Co-Opted Members (Non-Voting):

Jean Smith

37 Apologies for Absence and Substitutions

Apologies for absence were received from Councillor Bill McClements and Councillor Malcolm Smith.

Apologies for absence were also received from Councillor Arnold England and Councillor Rob Sloan (Substitute Members).

38 Disclosable Pecuniary Interests

Members were reminded that they must not participate in the discussion or voting on any matter in which they had a Disclosable Pecuniary Interest and should leave the room prior to the commencement of the debate.

39 Minutes

RESOLVED:

That the minutes of the meeting held on 19 September 2014 be approved and signed by the Chairman as a correct record.

40 Public Questions

There were no public questions.

41 HarbourVest (Private Equity)

Mr Peter Wilson and Ms Hannah Tobin gave an overview of HarbourVest, which was formed in 1982 as an independent business owned by its employees. It had committed more than \$40 billion to investments over three decades.

A list of the assets in which Shropshire County Pension Fund was invested as at 30 June 2014 was detailed together with their status and performance. A more detailed analysis of the various funds was then provided.

Finally, two more recent investments, namely, Dover Street VIII and HarbourVest Partners IX-Venture Fund were outlined to the Committee.

42 BlackRock (Hedge Funds)

Mr Simon Betteley and Mr John Ware gave a presentation about the Hedge Fund Market Environment and about BlackRock, who provide bespoke hedge fund solutions.

It currently had £12 billion of assets under management with fifteen people in its Local Authorities team. The key themes for this team in 2015 included reducing the fund volatility, seeking return from secure income assets and impact investing.

Shropshire County Pension Fund's investment was in QIP Ltd, which sought to minimise the frequency and magnitude of negative returns. The presentation compared the fund's performance against various benchmark indices and detailed the portfolio characteristics and its discipline and strategy allocations.

In terms of the outlook going forward, it was reported that a pick up in market volatility was expected.

43 Brevan Howard (Hedge Funds)

Mr Magnus Olsson and Mr Dan Riggs gave a presentation about Brevan Howard, which is a large global macro absolute return manager. It was founded in 2002 and currently had £25 billion of assets under management for more than 650 institutional investors in over 35 countries.

Shropshire County Pension Fund's investment is in Brevan Howard Multi-Strategy Master Fund Ltd, which in turn is invested in seven underlying Brevan Howard managed funds and a Direct Investment Portfolio, where funds are allocated directly to Senior Traders. The paper presented, detailed the investment allocation to each fund, as well as risk allocation by asset class and an analysis of historical performance to September 2014.

The Committee were advised that the proceeds of the Commodity Fund and Emerging Market Fund, which the Shropshire Fund had a small percentage invested in, were being transferred to the Direct Investment Portfolio.

44 Corporate Governance Monitoring

The Committee received the report of the Head of Treasury and Pensions (copy attached to the signed Minutes) which informed Members of Corporate Governance and socially responsible investment issues arising in the quarter 01 July 2014 to 30 September 2014.

RESOLVED:

That the position as set out in the report, Manager Voting Reports (Appendix A) and F&C Responsible Engagement Overlay Activity Report (Appendix B) be accepted.

45 Pensions Administration Monitoring

The Committee received the report of the Pension Administration Manager (copy attached to the signed Minutes) which provided Members with monitoring information on the performance of and issues affecting the Pensions Administration Team.

It was noted that The Pension Fund had responded to the first DCLG Consultation, which closed in August 2014. In terms of their second consultation, which began in October 2014, on the revised draft Local Government Pension Scheme (Amendment) (Governance) Regulations 2014, they were not intending to submit a second response as there were very few changes. These changes were briefly outlined to the Committee.

RESOLVED:

That the position as set out in the report by the Pension Administration Manager be accepted.

46 Annual Report Update

The Committee received the report of the Head of Finance, Governance and Assurance (copy attached to the signed Minutes) which informed Members that the Addendum to the Annual Report for 2013/14 (Appendix B) had been produced in response to a letter dated 18 August 2014 from the Department for Communities and Local Government and the revised guidance issued by CIPFA (Appendix A).

RESOLVED:

That the Addendum to the Pension Fund Annual Report 2013/14 (Appendix B) be approved.

47 Exclusion of Press and Public

RESOLVED:

That under paragraph 10.2 of the Council's Access to Information Procedure Rules, the proceedings of the Committee in relation to the following items, be not conducted in public on the grounds that they might involve the likely disclosure of exempt information as defined by the category specified against them.

48 Exempt Minutes (Exempted by Category 3)

RESOLVED:

That the Exempt Minutes of the meeting held on 19 September 2014 be approved and signed by the Chairman as a correct record.

49 Investment Monitoring - Quarter to 30 September 2014 (Exempted by Category 3)

The Committee received the exempt report of the Head of Treasury and Pensions (copy attached to the Exempt signed Minutes) which provided Members with monitoring information on investment performance and managers for the quarter period to 30 September 2014, and reported on the technical meetings held with managers since the quarter end.

RESOLVED:

That the position as set out in the exempt report by the Head of Treasury and Pensions be noted.

Signed (Chairman)

Date: