

AVON PENSION FUND COMMITTEE - INVESTMENT PANEL

Minutes of the Meeting held

Wednesday, 4th June, 2014, 11.45 am

Members: Councillor Charles Gerrish (Chair), Councillor Patrick Anketell-Jones, Ann Berresford, Councillor Mary Blatchford, Roger Broughton and Councillor Ian Gilchrist
Advisors: Tony Earnshaw (Independent Advisor), John Finch (JLT), Jig Sheth (JLT)
Also in attendance: Tony Bartlett (Head of Business, Finance and Pensions), Liz Woodyard (Investments Manager), Matt Betts (Assistant Investments Manager) and Matthew Clapton (Investments Officer)

1 EMERGENCY EVACUATION PROCEDURE

The Democratic Services Officer read out the procedure.

2 DECLARATIONS OF INTEREST

There were none.

3 APOLOGIES FOR ABSENCE AND SUBSTITUTIONS

There were none.

4 TO ANNOUNCE ANY URGENT BUSINESS AGREED BY THE CHAIR

There was none.

5 ITEMS FROM THE PUBLIC - TO RECEIVE DEPUTATIONS, STATEMENTS, PETITIONS OR QUESTIONS

There were none.

6 ITEMS FROM COUNCILLORS AND CO-OPTED AND ADDED MEMBERS

There were none.

7 MINUTES: 26 FEBRUARY 2014

These were approved as a correct record and signed by the Chair.

8 REVIEW OF INVESTMENT PERFORMANCE FOR PERIODS ENDING 31 DECEMBER 2013

The Assistant Investments Manager presented the report. He said that that the quarter ending 31 March 2014 had been a difficult one in some markets. The Fund's assets had increased by 0.8%. Two managers previously rated amber had been uprated to green, and so no longer appeared in the RAG Summary Report. The implementation of the new investment strategy was substantially complete, as shown

in section 4 of the report. The selection meeting for the Infrastructure mandate was planned for July.

Mr Finch commented on the JLT report. He said that emerging markets had been negative, while Japan had been significantly negative. There were emerging problems in China. Quantitative easing was to continue longer than expected, so bond yields had picked up. Emerging markets had risen strongly in the three months to the end of May, so the Fund may have been fortunate with the timing of its investment in these markets. Japan had also picked up after quarter end. In response to a question from a Member on the prospects for China and global growth, Mr Finch commented that there was suspicion about the trustworthiness of Chinese growth figures and the Chinese property market was slowing. The Chinese banks had begun to refuse credit for property. There were still doubts about growth in Europe. Inflation was not picking up. From a global perspective, the UK economy was one of the strongest. He referred to the bar charts on page 26 and the performance table on page 27 of the agenda showing the performance of managers relative to their benchmarks. Nine managers had achieved or surpassed their benchmarks over the past year. Four managers had not met their three year targets and five managers did not yet have a three-year track record. Overall he felt the Fund was near where it should be. He drew attention to the personnel changes within Schroders (page 32) and said that it would be interesting to see the impact of these.

A Member said that following the meeting with Signet, she now felt comfortable with their approach, but wondered how long the Fund should be prepared to wait for an improvement in their performance. Mr Finch replied that he had not focussed on Signet in particular, because the whole hedge fund portfolio was being reviewed. The Member said that four months had passed since the meeting with Signet, and she wondered whether the Fund should still be investing in them. The Investments Manager replied that even if the Fund disinvested, a rump of illiquid assets would be left with them, which would need to be managed on an ongoing basis. Signet's performance will be a focus of the next quarterly performance report.

RESOLVED to note the information set out in the report.

9 HEDGE FUND REVIEW

The Panel having been satisfied that the public interest would be better served by not disclosing relevant information, **RESOLVED** that, in accordance with the provisions of Section 100(A)(4) of the Local Government Act 1972, the public be excluded from the meeting for this item of business because of the likely disclosure of exempt information as defined in paragraph 3 of Part 1 of Schedule 12A of the Act as amended.

The Panel **RESOLVED** to report its preliminary discussions to the Avon Pension Fund Committee.

[Councillors Anketell-Jones and Gilchrist left the meeting at this point.]

10 WORKPLAN

The Investment Manager presented the Panel's workplan up to February 2015.

RESOLVED to note the workplan.

The meeting ended at 1.45 pm

Chair(person)

Date Confirmed and Signed

Prepared by Democratic Services