

**AVON PENSION FUND COMMITTEE - INVESTMENT PANEL**

**Minutes of the Meeting held**

Wednesday, 25th May, 2016, 2.00 pm

**Members:** Councillor Christopher Pearce (Chair), Councillor David Veale, Councillor Cherry Beath, Ann Berresford, Councillor Mary Blatchford and Shirley Marsh

**Advisors:** Steve Turner (Mercer), James Giles (Mercer) and Tony Earnshaw (Independent Advisor)

**Also in attendance:** Tony Bartlett (Head of Business, Finance and Pensions), Liz Woodyard (Investments Manager), Matt Betts (Assistant Investments Manager) and Helen Price (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: 24TH FEBRUARY 2016**

A Member raised a query about the third bullet point in the third paragraph of page 9:

“there was no manager so bad that Members would want to disinvest from them in the next three to six months”

It was agreed that this was true only on the basis of the information available to the Panel at that time, and was not a restriction on the ability of the Panel to disinvest from any manager if it appeared appropriate to do so at a future date.

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

## **8 LIABILITY RISK MANAGEMENT FRAMEWORK**

The Assistant Investments Manager introduced this item.

He said this was the next step in the process of developing a liability risk framework, which the Panel had already considered at two previous meetings. The representatives from Mercer would comment in detail on the proposal. The key issues were the target levels for hedging and the trigger levels and their implementation. The Panel would be invited to recommend to the Committee that it approve the proposed framework and delegate its implementation to officers in consultation with the Panel.

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

Mr Turner and Mr Giles commented on the proposal set out in Appendix 1.

After discussion, the Panel **RESOLVED** to recommend to the Committee

1. The liability risk management framework summarised on pages 24 and 25 of Exempt Appendix 1.
2. that the implementation of the framework be delegated to officers in consultation with the Panel.

## **9 REVIEW OF INVESTMENT PERFORMANCE**

[Shirley Marsh left the meeting.]

The Assistant Investments Manager introduced this item.

He asked Members to note two changes to the reports. In Appendix 1 an extra column had been added for currency hedging to make it more transparent and in Exempt Appendix 3 three years of performance data had been added to facilitate the monitoring of changes over time.

He said that it had been quite a challenging quarter for managers in terms of absolute returns and relative performance. Schroders global equity and Standard Life are underperforming their three-year targets. IFM had drawn down \$195m of the Fund's \$300m commitment. All active managers were underweight in oil and gas. This will be picked up in the next SRI review.

A Member said that she had asked Unigestion a question at their last meeting with the Panel about their investments in oil and gas. At a conference last week they said that they had reviewed their framework and were disinvesting from two stocks to reduce their carbon risk, and that the review had been prompted by her question.

The Assistant Investments Manager said that managers value feedback on how they are addressing issues – another example being the questions the Fund raised with managers recently about the funding of terrorism.

Mr Turner commented on the Mercer performance report.

**RESOLVED**

1. That there were no issues to be notified to the Committee.
2. To note the information as set out in the reports.

**10 WORKPLAN**

The Investment Manager presented the report.

**RESOLVED** to note the workplan to be included in the Committee papers.

The meeting ended at 4.53 pm

Chair(person) .....

Date Confirmed and Signed .....

**Prepared by Democratic Services**

This page is intentionally left blank