

## AVON PENSION FUND COMMITTEE INVESTMENT PANEL

### Minutes of the Meeting held

Monday, 12th November, 2018, 2.00 pm

**Members:** Councillor Patrick Anketell-Jones (Chair), Councillor David Veale, Councillor Rob Appleyard, Pauline Gordon and Shirley Marsh

**Advisors:** Steve Turner (Mercer) and Ross Palmer (Mercer)

**Also in attendance:** Tony Bartlett (Head of Business, Finance and Pensions), Liz Woodyard (Investments Manager) and Nathan Rollinson (Assistant Investments Manager)

#### 24 EMERGENCY EVACUATION PROCEDURE

The Democratic Services Officer advised the meeting of the procedure.

#### 25 DECLARATIONS OF INTEREST

There were none.

#### 26 APOLOGIES FOR ABSENCE AND SUBSTITUTIONS

Apologies were received from Councillor Mary Blatchford.

#### 27 TO ANNOUNCE ANY URGENT BUSINESS AGREED BY THE CHAIR

There was none.

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

There were none.

#### 29 ITEMS FROM COUNCILLORS AND CO-OPTED AND ADDED MEMBERS

There were none.

#### 30 MINUTES: 10 SEPTEMBER 2018

The public and exempt minutes of the meeting of 10 September 2018 were approved as a correct record and signed by the Chair.

#### 31 REVIEW OF INVESTMENT PERFORMANCE FOR PERIODS ENDING 30 SEPTEMBER 2018

The Assistant Investments Manager presented the report and summarised the key information.

Mr Turner presented the Mercer Performance Monitoring Report. He drew attention to Unigestion's stellar outperformance during the period; they had made excellent

returns in a falling market because their low volatility approach favours stocks that did well in that environment.

Before considering the Mercer Risk Management Framework Quarterly Monitoring Report, the Panel, having been satisfied that the public interest would be better served by not disclosing relevant information, **RESOLVED**, in accordance with section 100(A)(4) of the Local Government Act 1972, that the public should be excluded from the meeting for the consideration of this report, and that the reporting of this part of the meeting should be prevented, because of the likely disclosure of exempt information as defined by paragraph 3 of Part I of Schedule 12A of the Act as amended.

After the Panel had returned to open session, Mr Turner presented three Mercer papers: “Is there a Bear Market on the Horizon?”, “Political Risk: ‘Big Things’ lie ahead” and “From QE to QT”.

Members noted Mercer’s view that there would be a higher volatility environment for some time. The Head of Business, Finance and Pensions agreed that the political dynamics of an increase in nationalism and populism were likely to cause high volatility into the next valuation, and it would be difficult to assess the likely impact on economic growth. Incorporating the right balance between investment growth and liquidity into the strategy would be a challenge.

The Chair asked how the review of the investment strategy would be co-ordinated with the transition to Brunel. The Investments Manager replied that the review of strategy will have to take into account the timeline of the Brunel transition. The new strategy would take some time to implement. If a suitable Brunel portfolio did not exist to enable the Fund to implement part of its strategy, she would want to start discussions with them as soon as possible.

A Member said that the Panel had noted that sometimes the approach of one manager complemented that of another. She wondered how that kind of linkage could be implemented through Brunel. The Investments Manager replied that this can be done through Brunel; their proposed UK equities portfolio, for example, contains managers of quite contrasting styles. Brunel can tweak the allocation between the different managers in a portfolio depending on their view of the market and how each managers style will perform in that environment; this is an important means by which pooling can add value over the longer term.

**RESOLVED** to note the information as set out in the reports.

## **32 DIVERSIFIED GROWTH FUNDS UPDATE**

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

After discussion the Panel **RESOLVED** to approve the officer recommendations with amendments.

### **33 CASH MANAGEMENT - EXCHANGE-TRADED FUND SOLUTION**

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

After discussion the Panel **RESOLVED** to approve the officers' recommendations.

### **34 UPDATE ON POOLING OF ASSETS**

The Investments Manager presented the report.

Before considering the appendices the Panel, having been satisfied that the public interest would be better served by not disclosing relevant information, **RESOLVED**, in accordance with section 100(A)(4) of the Local Government Act 1972, that the public should be excluded from the meeting for the consideration of this item, and that the reporting of this part of the meeting should be prevented, because of the likely disclosure of exempt information as defined by paragraph 3 of Part I of Schedule 12A of the Act as amended.

After discussion the Panel **RESOLVED** to note:

1. the progress made on the pooling of assets;
2. the project plan for the transition of assets.

### **35 WORKPLAN**

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

The meeting ended at 4.10 pm

Chair(person) .....

Date Confirmed and Signed .....

**Prepared by Democratic Services**