

MINUTES of a meeting of the **PENSIONS AND INVESTMENT COMMITTEE**
held at County Hall, Matlock on 1 June 2016

PRESENT

Councillor D J Wilcox (in the Chair)

Derbyshire County Council

Councillors S Brittain, R Davison, S J Ellis, S Freeborn, J Innes, S Marshall-Clarke and R A Parkinson

Investment Adviser

Mr Anthony Fletcher – AllenbridgeEpic Investment Advisers

Trade Union Observer

M Wilson – Derbyshire County Unison

33/16 **MINUTES RESOLVED** that the minutes of the meeting held on 11 and 27 April 2016 be confirmed as a correct record and signed by the Chair.

34/16 **INVESTMENT ACTIVITY** The report of the external adviser to the Committee was presented, and Mr Anthony Fletcher of AllenbridgeEpic Investment Advisers Limited, was welcomed to the meeting. The report incorporated Mr Fletcher's view on the global economic position, information on global market returns, the performance of the Derbyshire Fund, and his latest recommendations on investment strategy and asset allocation.

Details were provided of Mr Fletcher's investment recommendations in UK Equities, North American Equities, European Equities, Japan, Asia/Pacific, Emerging Markets, Bonds, Property, Alternatives and Cash, along with those of the Derbyshire Pension Fund In-House Fund Management Team.

The Fund's latest asset allocation as at 30 April 2016, and the recommendations of the Director of Finance and the Fund's Independent Adviser in relation to the Pension Fund's benchmark was reported. Relative to the benchmark, the Fund as at 30 April 2016 was overweight in equities and cash but underweight in bonds, property and alternative investments. Details were also provided of the recommendations of the Director of Finance which had been adjusted to reflect the impact of future investment commitments. These largely related to alternatives and property, and totalled £114m at 30 April 2016. The In-house Investment Fund Manager Team believed that these were likely to occur over the next 18 months.

Investment activity since the last meeting was reported. Net divestment between 1 February and 30 April 2016 had totalled £10.2m, principally reflecting divestment in respect of UK Equities (£13.9m) and Conventional Bonds (£17.8m), together with capital returns of £6.8m in respect of Alternative assets. This had been partly offset by investment into Emerging Market Equities (£16.1m) and Property (£15.1m). The Fund's investment assets were currently valued at £3,666.4m. A copy of the latest portfolio was presented.

A summary of world equities and UK fixed income and index linked bond performance over the past year was given. This demonstrated that markets had been volatile over the last twelve months, and it was felt that this was likely to continue for the foreseeable future. Over the three months to 30 April 2016, equities had outperformed bonds.

Details were given on the Fund's performance over 1, 3 and 5 years to 31 March 2016. Comparable performance for the 10 years to 31 March 2016 was not yet available. The Fund had performed in line with its benchmark over the one year period and had outperformed over the 3, 5 and 10 year periods.

RESOLVED that (1) the report of the external advisor, Mr Fletcher, be noted;

(2) the asset allocations, investment activity and long term performance analysis be noted; and

(3) the strategy outlined in the report be approved.

35/16 VOTING ACTIVITY Details of the Fund's voting activity for the period 5 March – 19 May 2016 were given, along with a summary of votes against management proposals.

RESOLVED that the report be noted.

36/16 EXCLUSION OF THE PUBLIC RESOLVED that the public be excluded from the meeting during the Committee's consideration of the remaining items on the agenda to avoid the disclosure of the kind of information detailed in the following summary of proceedings:-

SUMMARY OF PROCEEDINGS CONDUCTED AFTER THE PUBLIC HAD BEEN EXCLUDED FROM THE MEETING

1. To confirm the exempt minutes of the meetings held on 11 and 27 April 2016

2. LGPS Central Pool – Presentation for Chairs, Vice Chairs and Section 151 Officers
3. To consider the exempt reports of the Director of Finance on:-
 - a) Request by Amber Valley School Sports Partnership CIO for Admission Body Status (contains information relating to the financial or business affairs of any particular person)
 - b) Request by Catering Academy Limited for Admission Body Status (contains information relating to the financial or business affairs of any particular person)
 - c) Request by DCS Cleaning Solutions for Admission Body Status (contains information relating to the financial or business affairs of any particular person)
 - d) Request by Derbyshire Building Control Partnership for Admission Body Status (contains information relating to the financial or business affairs of any particular person)
 - e) Request by Voluntary and Community Services (Peaks and Dales) for Admission Body Status (contains information relating to the financial or business affairs of any particular person)
 - f) Guaranteed Minimum Pension Reconciliation (contains information relating to the financial or business affairs of any particular person (including the Authority holding that information))
 - g) Local Government Pension Scheme – Referral of Adjudicator's Decision (contains information relating to an individual)
4. To consider the exempt report of the Strategic Director – Adult Care on Early Release of Pension on Flexible Retirement Grounds (contains information relating to an individual)