

**Pensions Sub Committee - 16 September 2014**

Non-confidential minutes of the meeting of the Pensions Sub Committee held at Committee Room 4, Town Hall, Upper Street, N1 2UD on 16 September 2014 at 7.30 pm.

**Present:**           **Councillors:**           Richard Greening (Chair), Andy Hull and Michael O'Sullivan

**Also Present:**                           Karen Shackleton, AllenbridgeEPIC Investment Advisers  
Nick Sykes and Catherine Bermingham, Mercer Investment Consulting

**Councillor Richard Greening in the Chair**

**18           APOLOGIES FOR ABSENCE (Item A1)**

Received from Councillor Jean Roger Kaseki, Brian Booker, retired pensioners' representative, and Vaughan West, GMB.

**19           DECLARATION OF SUBSTITUTES (Item A2)**

None.

**20           DECLARATION OF INTERESTS (Item A3)**

None.

**21           MINUTES OF THE PREVIOUS MEETING (Item A4)**

**RESOLVED:**

That the minutes of the Sub-Committee meeting held on 15 July 2014 be confirmed as a correct record and the Chair be authorised to sign them.

**22           PENSIONS ADMINISTRATION PERFORMANCE - 1 JUNE TO 31 JULY 2014 (Item B1)**

**RESOLVED:**

(a) That the performance against key performance indicators for the period 1 June to 31 July 2014, including statistics regarding the internal dispute resolution procedure, complaints and compliments, as detailed in the report of the Corporate Director of Finance and Resources, be noted.

(b) That the Corporate Director of Finance and Resources include in the next report to the Sub-Committee on administration performance reasons for variances in the levels of active members in the Fund.

**23           PENSION FUND PERFORMANCE (Item B2)**

**RESOLVED:**

(a) That the performance of the Fund from 1 April to 30 June 2014, detailed in the report of the Corporate Director of Finance and Resources, be noted.

(b) That the quarterly WM Company report on the overall performance, updated market value and asset allocation of the Fund, as at 30 June 2014, detailed in Annex A to the report, be noted.

(c) That the report by AllenbridgeEPIC Investment Advisers on fund managers' quarterly performance, detailed in Appendix 2 to the report and their presentation, be noted.

(d) That a sum of \$40m be re-invested in Franklin Templeton Fund 2 from the distributions received and that the Corporate Director of Finance and Resources and the Assistant Chief Executive Governance undertake due diligence and agree terms, including the possibility of a reduction in the Council's fees.

**24 PRESENTATION FROM FRANKLIN TEMPLETON (GLOBAL PROPERTY) (Item B3)**

Representatives from Franklin Templeton gave a presentation to the Sub-Committee.

An overview of the portfolio was given, which was ahead of expectations and giving good returns. He described the current projected cash flows and the long term portfolio planning. He hoped that the quality and quantity of the cash flows would improve. He highlighted the chart on page 7 which indicated the net capital investments in Fund 1 and Fund 2. The total commitment for Fund 2 would be \$40m, the same as for Fund 1.

Members noted that in order to maintain its investment level, the Council would need to commit to another fund, Fund 2, to recycle the distributions received from Fund 1.

**RESOLVED:**

That the presentation be noted (- see minute 23 for decision).

**25 PRESENTATION FROM AVIVA (UK PROPERTY) (Item B4)**

Renos Booth, the Fund Manager, gave a presentation to the Sub-Committee on the Lime Property Fund. He described the Lime Fund strategy of investment in a range of property assets including healthcare, education, libraries, offices and retail. He said that the strategy had not changed and that the Lime Property Fund had been the best balanced Fund in the IPD as at March 2014. He described the diversification of 58 properties across 11 different sectors. The Fund had shown long term consistent performance and income distribution, with a number of new purchases in the last 12 months. The Fund was open to new investors, though most investment was existing investors topping up. In response to a question as to whether Aviva would match the rebate if Islington invested more, Mr Booth said that that could be considered. He offered to keep Islington informed of future property investment opportunities.

**RESOLVED:**

That the Head of the Pensions Fund and Treasury Management be kept informed of future investment opportunities in the Lime Property Fund.

**26 STRATEGY UPDATE (TO FOLLOW) (Item B5)**

Members of the Sub-Committee discussed the developing investment strategy, including how and when to consider the large number of potential alternatives which were available and to confirm a process and timescale for considering the following:

- Fixed income
- Further property investment (eg social housing)
- Exiting the current private equity investments (noting that this would probably take some time)

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- Alternatives, such as agricultural land, infrastructure etc.
- Investing in new emerging markets such as Africa

Suggestions were made that a diversified growth fund should be pursued, with a 75%/25% growth and defensive investment, to include infrastructure and social housing.

### **RESOLVED:**

- (a) That the Head of the Pension Fund and Treasury Management report to the next meeting of the Sub-Committee on:
  - (i) Proposals for the defensive side of the investment portfolio, including social housing and infrastructure options
  - (ii) Proposals for terminating private equity investments and reinvestment into emerging markets
- (b) That an early draft of the report be circulated to Members of the Sub-Committee by email, as soon as it becomes available, and in advance of the meeting of the Sub-Committee on 25 November 2014.

**27**

### **PENSION FUND FORWARD PLAN 2014/15 (Item B6)**

#### **RESOLVED:**

- (a) That the following amendments to the Forward Plan of business for meetings of the Sub-Committee for 2014/15, detailed in Appendix A to the report of the Corporate Director of Finance and Resources, be noted:

25 November 2014 – add “Statement of Investment Principles” and “Strategy update”  
Postpone Standard Life presentation on bonds to a future meeting

- (b) That there be one training session prior to the Sub-Committee on 25 November 2014 on “Social housing”

The meeting ended at 9.20 pm

**CHAIR**