

**MINUTES OF A MEETING OF THE PENSIONS AND INVESTMENT COMMITTEE
HELD AT COUNTY HALL, LLANDRINDOD WELLS
ON THURSDAY 16TH JULY 2015**

PRESENT: County Councillor P.J. Ashton (Chairman)

County Councillors T.G. Turner and G.P. Vaughan

In attendance:

County Councillor W.T. Jones, Portfolio Holder for Finance
Gerard Moore, Chair of Powys Pensions Board
Rachel Pinder and Rosie Hughes of Aon Hewitts.

David Powell Strategic Director Resources, Mark Evans Head of Business Services,
Chris Jones Accountancy Support Officer, Steve Offa Assistant Finance Business
Partner/Technical Accountancy Assistant, Joe Rollin Pensions Manager, Jane
Thomas Professional Lead Finance

The Chair welcomed Gerard Moore who had been appointed Chair of the Powys
Pensions Board to the meeting.

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| 1. | APOLOGIES | PIC18 – 2015 |
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Apologies for absence were received from County Councillors A.G. Thomas and
E.A. Jones.

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| 2. | MINUTES | PIC19 – 2015 |
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The Chairman was authorised to sign the minutes of the meetings held on 12th
February and 13th May 2015 as correct records.

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| 3. | DECLARATIONS OF INTEREST | PIC20 – 2015 |
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All members present declared interests as members of the Local Government
Pension Scheme.

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| 4. | WALES AUDIT OFFICE REVIEW OF THE LGPS FUNDS IN WALES: COST, STRUCTURE AND MANAGEMENT | PIC21 – 2015 |
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Welsh Government had commissioned the Wales Audit Office and Price Waterhouse
Coopers to review the LGPS Funds in Wales with a view to achieving investment
cost efficiencies. The report had concluded that the use of Collective Investment
Vehicles were likely to be more effective than LGPS Fund mergers in delivering
substantial investment cost efficiencies. Across Wales, based on £11.8 billion of
assets, an improvement in net investment performance of £45 million a year is a

reasonable target. This would require either mandation or a high level of voluntary participation. New investment arrangements could be established within 2 years.

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| RESOLVED | Reason for Decision |
| To note the report. | As per report. |

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| 5. | LOCAL GOVERNMENT PENSION SCHEME (AMENDMENTS) REGULATIONS 2015 | PIC22 – 2015 |
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The Committee received a report on the Local Government Pension Scheme (Amendments) Regulations 2015.

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| RESOLVED | Reason for Decision |
| To note the report. | As per report. |

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| 6. | FIDUCIARY DUTIES OF MEMBERS AND OFFICERS | PIC23 – 2015 |
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The Committee noted Counsel's advice that both members of Committee and relevant Officers should ensure that when considering Pension Fund matters all other issues, relating to other non- Pension Fund responsibilities held by them, should be set aside. Fiduciary duty requires that members of Committee and relevant Officers act in the best interests of the Pension Fund as a corporate entity separate from Powys County Council.

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| RESOLVED | Reason for Decision |
| To note the report. | As per report. |

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| 7. | PRESTEIGNE SHIRE HALL MUSEUM TRUST | PIC24 – 2015 |
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The Committee noted that the last remaining active member of the LGPS employed by Presteigne Shire Hall Museum Trust had retired and as a result the admission agreement ceases and the Trust is no longer an employer participating in the Pension Fund.

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| RESOLVED | Reason for Decision |
| To note the report. | As per report. |

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| 8. | TRAINING | PIC25 – 2015 |
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The Committee considered a Knowledge and Skills Framework Policy for Members of the Committee.

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| RESOLVED | Reason for Decision |
| That the Knowledge and Skills Framework Policy be adopted. | As per report. |

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| 9. | AUTHORISED SIGNATORIES | PIC26 – 2015 |
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The Committee received an updated list of authorised signatories for bank and financial transactions.

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| RESOLVED | Reason for Decision |
| That the list of authorised signatories be approved. | In accordance with Financial Standing Orders. |

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| 10. | CONFIDENTIAL MATTERS | PIC27 – 2015 |
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RESOLVED to exclude the public for the following items on the grounds that there would be disclosure to them of exempt information under category 3 of The Local Authorities (Access to Information) (Variation) (Wales) Order 2007).

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| 11. | MARKETS UPDATE | PIC30 – 2015 |
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Rachel Pinder provided an update on the markets. She advised the Committee that it was a good time to review the investment strategy to assess risks and ensure the portfolio was diversified. She advised that there was little value in corporate bonds and that the Committee should consider reducing the allocation.

She also advised on Aon Hewitt's manager monitoring arrangements and it was agreed that she would discuss the pooled options arrangement whereby "qualified" and "sell" managers with "buy" managers with the Strategic Director – Resources and that he would report back to the Committee.

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| 12. | QUARTERLY INVESTMENT REPORT | PIC28 – 2015 |
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There had been strong equity performance in quarter 1 with the value of the Fund increasing from £486.47m to £509.82m. The value of the Fund had fallen in quarter 2 to £495m due to weak markets and benefit payments.

The Committee noted that there were more managers with a qualified rating and Aon Hewitt were asked to report back to the next meeting with details of their assessment of when they were likely to move back to a buy rating.

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| 13. | MEDIUM TERM ASSET ALLOCATION UPDATE | PIC29 – 2015 |
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The MTAA had added 46.8% Cumulative (10.1% annualised) compared to the benchmark of 46.1% (9.9% annualised) since inception. Aon Hewitt apologised for an error in the performance calculation reported at the February meeting. The actual value of the Fund was not affected but it did mean that the performance was approximately £450k better than reported and therefore a fee was due based on

15% of the net value added. Aon Hewitt gave an assurance that procedures had been put in place to prevent this kind of error in the future.

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| 14. | ABERDEEN ASSET MANAGEMENT | PIC30 – 2015 |
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Martin Connaghan, Senior Investment Manager, and Natalia Winterfrost, Client Director of Aberdeen Asset Management attended and explained their investment process and took questions from Members.

Members challenged them on their investment strategy and asked when they could expect to see an improvement in performance. Mr Connaghan said that their investment process focused on strong company fundamentals and that this philosophy tended to do poorly in momentum driven markets but that they remained committed to it. He did acknowledge that a number of their stock selections had performed poorly and that some of their geographic exposure to developing markets had been detrimental to performance.

P.J. ASHTON
CHAIR