

**MINUTES OF A MEETING OF THE PENSIONS AND INVESTMENT COMMITTEE
HELD AT COMMITTEE ROOM A - COUNTY HALL, LLANDRINDOD WELLS,
POWYS ON THURSDAY, 13 DECEMBER 2018**

PRESENT

County Councillor P E Lewis (Chair)

County Councillors E A Jones, J G Morris, T J Van-Rees, D H Williams and
A W Davies

Mr M Weale, Co-opted Member

Head of Financial Services, Pension Fund Manager and Financial Reporting & Policy
Accountant.

Aon representatives - Simon Mayne, George Feane, Becky Durran and Sam Osborne
and Lucinda Downing [via Skype] for Item 13 and Kenneth Ettles [via Skype] for Item
14.

1. APOLOGIES

Apologies were received from Mr Gerard Moore, Chair Powys Pension Fund.

2. DECLARATIONS OF INTEREST

Members of the Committee declared interests as members of the Local
Government Pensions Scheme. These are personal interests, not prejudicial
interests in accordance with Paragraph 12(b) (iv) of the Members Code of
Conduct 2016.

3. MINUTES

The Chair was authorised to sign the minutes of the meeting held on 19 October,
2018 as a correct record. The Committee noted that the Pension Fund Annual
Report 2017/18 had been published on the Fund's website -
www.powyspensionfund.org - by 1 December, 2018.

4. PENSIONS BOARD MINUTES

The Committee received the Board minutes for 21 September, 2018 having
previously received a verbal report from the Chair at the last Committee meeting.

5. AON ACTUARIAL UPDATE

The Committee received the Actuarial update. The Committee noted that at the
2016 valuation the funding ratio was 80% [Total Assets/Total Liabilities%]. The
Government Actuaries Department [GAD] had undertaken a Section 13 Review
of Local Government Pension Schemes Valuations. No issues had been
identified in respect of the Powys Pension Fund.

The Committee noted the changes to the fund as at 30 September, 2018 and
that asset returns were 16% better than expected. It was noted that a range of
other issues impact on the Fund's performance including:-

Cost management process – the outcome of the Scheme Advisory Board [SAB] and Treasury Cost Control reviews could have an impact on the costs of the scheme and would need to be built into the Council's budget.

Longevity – standardised mortality rate information indicated that the trend for 2011-2017 was down but flattening out.

The 2019 valuation will take place on 31 March 2019 and there were no certainties as to whether the current position would prevail at this time.

6. HEDGE FUND UPDATE

The Committee noted the current position regarding the investment into the four Hedge Fund Managers. The Committee was advised that the required information had now been received from Stone Milliner Macro Fund and Man Alternative Risk Premis SP Fund and investments would be made at the next trading opportunities for each Fund. It was noted that each Fund Manager brought different skills to the investment portfolio.

RESOLVED	Reason for decision
To note the content of the report.	For information

7. WALES PENSION PARTNERSHIP [WPP] UPDATE

The Pension Fund Manager updated the Committee on the WPP. The transition to Global Equities was planned to be completed early in 2019. WPP was now working on the next set of Sub Funds and an update on progress would be provided to the Joint Governance Committee at the end of January 2019. The next set of Sub Funds would be made available once work had been completed.

It was noted that Carmarthenshire, the host authority, had now made an appointment which it was envisaged would allow for an improvement in communications with the Funds in the Partnership.

8. PENSIONS & INVESTMENT COMMITTEE MEMBER TRAINING

The Committee considered the report regarding Member training.

RESOLVED	Reason for decision
That the Committee complete an up to date training needs analysis form in order to assess training requirements.	To assess the training requirements of Committee Members, with a view to creating an individual training programme.

Members commented on the excellent value of the Local Government Association [LGA] training and that some members were disappointed by the recent training provided by LA Forum due to the last minute change to the Agenda. The Pension Fund Manager agreed to feed views back to the training providers.

9. FORWARD LOOKING BUSINESS PLAN

The Committee received the Forward Looking Business Plan and noted that information regarding cyber crime and security would be considered at a future meeting.

10. EXEMPT ITEM

RESOLVED to exclude the public for the following items of business 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).

11. PORTFOLIO EVALUATION - INTRODUCTION AND PRESENTATION

The Committee received a presentation from Portfolio Evaluation Ltd. regarding the Investment Performance review as at 30 September, 2018.

County Councillor A Davies left the meeting.

12. SECURITIES LENDING

The Chair welcomed Aon to the meeting, who provided some information and training on securities lending.

The Committee noted that a more detailed report on this issue would be provided to the next Committee meeting.

13. MARKETS AND BREXIT

Aon provided the Committee with an overview of markets and the impact of various Brexit options.

In respect of markets the following issues were noted:

- US markets were flat
- Equity markets were less likely to fall
- Economic growth in US was strong and although the Chinese economy was slowing it was unlikely that it and other economies would go into recession, as inflation was under control.

Councillor T Van-Rees left the meeting.

The following item was taken next.

14. EQUITY PROTECTION

Aon advised that it was considered that equity markets had entered a transitional period which could result in an equity market downturn. As a result, officers had asked Aon to consider a range of equity protection strategies. Aon explained the various options available which could mitigate equity risk. The

Committee would need to agree clear objectives for its use of equity protection and consider the level of risk it considered the Fund could bear.

RESOLVED	Reason for decision
That in principle the Committee agrees to further consider equity protection.	To enable Aon and officers to undertake further work on equity protection options.

County Councillor A Davies returned to the meeting.

15. COST TRANSPARENCY

The Committee noted the report.

16. RESPONSIBLE INVESTMENT

The Committee members had completed a survey regarding Responsible Investment and received the summary of survey results.

RESOLVED	Reason for decision
That the Committee consider the results and next steps for consideration at the next meeting.	To enable the Committee to consider Responsible Investment issues further.

17. MEDIUM TERM ASSET ALLOCATION (MTAA) UPDATE – QUARTERLY UPDATE TO 30 SEPTEMBER 2018

The Committee noted the Quarter 3 Medium Term Asset Allocation [MTAA] report to 30 September, 2018.

18. QUARTERLY MONITORING REPORT Q3 2018
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The Committee noted the Quarterly Monitoring report.

County Councillor P E Lewis (Chair)