

## **Minutes of the Pensions Panel Meeting held on 14 September 2020**

### **Attendance**

Philip Atkins, OBE (Chairman)	Mike Sutherland
Derek Davis, OBE	

**Also in attendance:** Rob Birch (Observer), Carolan Dobson (Independent Adviser), Ian Jenkinson (Observer) and Paul Potter (Hymans Robertson).

**Apologies:** Colin Greatorex and Stephen Sweeney

### **PART ONE**

#### **1. Declarations of Interest**

Carolan Dobson (Independent Advisor) informed the Panel that she was a member of the Aberdeen Standard Fund Managers Board.

#### **2. Minutes of meeting held on 3 March 2020**

**RESOLVED** – That the minutes of the Meeting of the Pensions Panel held on 3 March 2020 be confirmed and signed by the Chairman.

#### **3. Pension Fund Investment Performance Q2 2020**

The Director of Corporate Services submitted a summary of the performance of the Staffordshire Pension Fund, together with a portfolio of the Fund's investments, as at 30 June 2020.

The Panel were informed that the Fund had a market value of £5.4 billion as at 30 June 2020. Over the quarter the Fund returned 12.9%, which was higher than the Fund's Strategic Asset Allocation benchmark return by 0.4%. The best performing asset classes relative to their benchmark, were Hedge Funds and Private Debt, whilst Private Equity was the main detractor from performance, underperforming its benchmark by 2.1%.

The Fund has still outperformed its strategic benchmark over a 10-year period. Annualised returns over this period are more than 9% per annum, well above the investment return assumptions used by the Actuary as part of the triennial valuation.

In response to a question from Mr Jenkinson regarding the fall in the value of BP stocks well below their purchase price, Mr Potter explained that the devaluation of these stocks had come about due to a heavy fall in oil prices as a result of a drop in demand during the Coronavirus pandemic.

**RESOLVED** – That the Pension Fund Investment performance and the portfolio of investments for the quarter ended 30 June 2020 be noted.

#### **4. Responsible Investment (RI) report quarter 2 2020**

The Director of Corporate Services submitted a summary of activity during the quarter ended 30 June 2020 by the Fund's investment managers in fulfilment of their corporate governance and socially responsible investment obligations, including details of their voting activity on corporate resolutions for companies held in their portfolios.

The Director also submitted the quarterly report of the Local Authority Pension Fund Forum (LAPFF) and the Quarterly Stewardship Report issued by LGPS Central Limited.

The Panel were informed that, in accordance with Regulations, the Fund is expected to become a signatory to the Financial Reporting Council's UK Stewardship Code. The Staffordshire Pension Fund was accepted as a Tier 1 signatory of the UK Stewardship Code in 2017. The Fund's statement of compliance with the UK Stewardship code was updated in 2018 and submitted to the Financial Reporting Council, who reaffirmed the Tier 1 status. The Financial Reporting Council recently launched an updated UK Stewardship Code. The Code took effect from 1 January 2020 and aims to improve stewardship practices by setting a substantially higher standard than before. Existing signatories to the Code will be required to submit a Stewardship Report that meets the FRC's new reporting expectations by 31 March 2021, to continue to be listed as signatories to the UK Stewardship Code. Further information would be brought to the Panel in 2020 on the work the Fund does, to meet the criteria of the enhanced UK Stewardship Code.

**RESOLVED** - That the content of the Responsible Investment (RI) report, including the Local Authority Pension Fund Forum (LAPFF) Quarterly Engagement Report and LGPS Central Limited (LGPSC) Quarterly Stewardship Report, be noted.

#### **5. Dates of Future Meetings**

**RESOLVED** – That the dates of Future meetings of the Panel, as set out below, be noted:

1 December 2020  
2 March 2021

(Note: All meetings are scheduled to start at 9.30am.)

#### **6. Exclusion of the Public**

**RESOLVED** - That the public be excluded from the meeting for the following items of business which involve the likely disclosure of exempt information as defined in the paragraph of Part One of Schedule 12A of the Local Government Act 1972 (as amended) indicated below.

### **PART TWO**

The Panel then proceeded to consider reports on the following issues:

**7. Exempt Minutes of the Meeting held on 3 March 2020**  
(Exemption paragraph 3)

**8. Staffordshire Pension Fund performance and manager monitoring for the quarter ended 30 June 2020**  
(Exemption paragraph 3)

**9. Strategic asset allocation review and monitoring**  
(Exemption paragraph 3)

- a) Market Update
- b) Sustainable Equity investing
- c) Strategic Asset Allocation Review and Monitoring

**10. Corporate bond transition**  
(Exemption paragraph 3)

**11. Manager presentation - Longview Partners (global equity)**  
(Exemption paragraph 3)

**12. Manager presentation - J.P. Morgan (global equity)**  
(Exemption paragraph 3)

**Chairman**