

## Minutes of the Pensions Panel Meeting held on 1 December 2015

Present:

### Attendance

Derek Davis, OBE  
Shelagh McKiernan

Robert Marshall  
Stephen Sweeney (in the chair)

**Also in attendance:** Carolan Dobson (Independent Adviser), Graeme Johnston (Hymans Robertson) and David Thomas (Independent Adviser).

**Apologies:** Philip Atkins

### PART ONE

#### 32. Declarations of Interest

There were no declarations of interest on this occasion.

#### 33. Minutes of meeting held on 8 September 2015

**RESOLVED** – That the minutes of Meeting of the Pensions Panel held on 8 September 2015 be confirmed and signed by the Chairman.

#### 34. Pension Fund Performance and Portfolio of Investments as at 30 September 2015

The Director of Finance and Resources submitted a summary of the performance of the Pension Fund together with a portfolio of the Fund's investments as at 30 September 2015.

The Panel were informed that Global equity markets suffered bouts of extreme volatility over the third quarter of 2015. All major indices finished in negative territory with the MSCI World falling 7.72%. Markets feared that the world's second-largest economy, China, could be headed for major slow-down in growth. In August the surprise decision to devalue the yuan by Chinese authorities led many to speculate the situation was worse than feared and caused a further stock market sell-off dubbed 'Black Monday'. From June 12 to August 24, the Shanghai Composite index shed 38% of its value.

In the UK, as in all markets, equities had a disappointing time. The UK Consumer Price Index continued to hover around zero and the Bank of England followed the Federal Reserve in holding interest rates at their historical lows. Solid trade data and positive historical GDP revisions continued to suggest that the UK was in a strong position particularly versus its European peers.

Europe continued to show a modest recovery helped by the urgency around the Greek debt crisis being resolved.

The Panel noted that, given equity market performance over the quarter, it was no surprise that the Fund had generated a negative return of -3.7% (an underperformance of -0.2% against the benchmark), with the market value of the Fund standing at £3.6 billion at 30 September 2015. However, the Fund was still successfully outperforming the return of its benchmark over the financial year to date with an excess return of 0.2%. The Fund's Global Equity portfolio (-5.8%) had the biggest impact on the Fund's performance this quarter whilst Property was the best performing asset class, with a return of +2.8% over the quarter and a return of +15.4%, for the financial year to date.

Over the longer term, the Fund continued to outperform its benchmark return in the 1, 3 and 5 year time periods, with positive excess returns of 0.9% and 0.8% p.a. in the 3 and 5 year periods respectively.

**RESOLVED** – That the Pension Fund performance and portfolio of investments for the quarter ended 30 September 2015 be noted.

### **35. Dates of Future Meetings**

9 March 2016 (1.30pm)

To be confirmed:

7 June 2016

19 July 2016 (Managers' Day)

8 September 2016

6 December 2016

7 March 2017

All meetings are scheduled to start at 9.30am at County Buildings, Stafford.

### **36. 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.

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

**37. Exempt Minutes of the Meeting held on 8 September 2015**  
(Exemption paragraph 3)

**38. Pooling of LGPS Investments**  
(Exemption paragraph 3)

**39. Strategic Benchmark Review and Monitoring**  
(Exemption paragraph 3)

- a) Economic and Market Update
- b) Review of Position as at 31 October 2015

**40. Pension Fund Performance and Manager Monitoring for the quarter ended 30 September 2015**

(Exemption paragraph 3)

**41. Corporate Governance and Socially Responsible Investment Report Quarter 3 2015**

(Exemption paragraph 3)

**42. Private Equity Training and Strategy Implementation**

(Exemption paragraph 3)

- a) Investing in Private Equity

- b) Review of position at 30 September 2015 and approval of strategy 2016-2019 (Phase IV)

**43. Property Strategy Update**

(Exemption paragraph 3)

**Chairman**