

MINUTES OF THE MEETING OF THE PENSION POLICY & INVESTMENT COMMITTEE HELD ON MONDAY, 29TH OCTOBER, 2018

MEMBERS: Councillors Mahmut Aksanoglu, Ergun Eren, Derek Levy, Terence Neville OBE JP and Doug Taylor

Officers:

Matt Bowmer (Interim Director of Finance), Paul Reddaway (Head of Finance Pension Investments) and Tariq Soomauroo (Governance & Scrutiny)

Also Attending: Daniel Carpenter (Aon) and Rohan Meswani (Aon)

81. WELCOME & INTRODUCTION

The Chair welcomed all attendees to the meeting.

82. APOLOGIES

Apologies for absence were received from Councillor Claire Stewart and Carolan Dobson (Independent Advisor).

Apologies for lateness received from Councillor Derek Levy.

83. DECLARATION OF INTERESTS

There were no declarations of interest in respect of any item listed on the agenda.

84. STANDING ITEMS

Paul Reddaway (Head of Finance Pension Investments) updated the board on the standing items.

A. Business Plan 2018/19 - No changes

B. Enfield Pension Fund Risk Management Policy – Following a governance review a Pension Fund Risk Policy has now been prepared to accompany the Fund's Risk register.

Councillor Doug Taylor (Chair) advised that he would like the Local Pension Board Committee papers added to future agendas as a standing item.

85. MINUTES OF PREVIOUS MEETINGS: 1ST AUGUST 2018

Noted:

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Councillor Terry Neville advised that the minutes should reflect that Members were not convinced at the last meeting due to the absence of a portfolio manager.

Agreed:

The minutes of the meeting held on 01 August 2018 were agreed as a correct record.

86. CQS PRESENTATION - MULTI ASSET CREDIT

Councillor Doug Taylor (Chair) and Paul Reddaway (Head of Finance Pensions Investments) introduced the report following the points of clarification requested by Members from the previous meeting.

Noted:

- CQS had superior long-term performance figures than JP Morgan
- Members wanted to identify how both managers could navigate the market in these uncertain times.

Received a report pack tabled by LCIV & CQS

Craig Scordellis (Head of Long-Only Multi-Asset Credit CQS) presented the item on their investment philosophy.

Noted

- Company launched on the 31st May 2018 with £343m
- Current AUM £488m (Figure 700m at the end of this quarter)
- Worst October month returns since 2008, return rate since inception is 1.43%
- Annualised Return 5.07%, Annualised Volatility LTD 2.06% and Sharpe Ratio LTD 2.19%.
- No underlying markets are bought to ensure there is minimal volatility (avoiding defaults)
- There are no material drawdowns to investors when there are defaults
- US loans are currently safer than Europe (Strong US housing data and low loan default rates).
- CQS will preserve/outperform when there is a crisis
- Allocation will be to loans rather than HYC
- After December, numbers will be 5 ½ % (3.35% Cash Interest)
- Next year with Brexit and other issues, volatility will increase but this does create good investment opportunities.

The Committee thanked CQS for their presentation

AGREED

- £50m to be invested into the Multi Asset Credit (MAC) via the LCIV.

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- Formal review to take place in 6 months' time
- Paul Reddaway advised he can invest money by the end of November.

87. AON PRESENTATION ON RESPONSIBLE INVESTMENTS

Lara Kennard (Aon Representative) made a presentation on the area of Responsible investments.

Noted:

What is responsible investment (RI)
The importance of them in an investment strategy
Potential actions in constructing a RI

The Committee thanked Lara for her presentation.

88. LCIV - PRESENTATION ON ESG POLICY

London CIV representatives presented their ESG Policy.

Noted:

- Responsible Investment Policy established (to be ratified at Shareholder meeting)
- LCIV has become a UN PRI signatory and member of LAPFF
- LCIV is a signatory of the UK Stewardship Code
- All LCIV Managers are required to have RI Policies (Published on LCIV client portal)

The Committee thanked LCIV for the presentation and advised that they would like an update on the proposals from the Shareholder meeting.

89. PRESENTATION RBC - SUSTAINABLE EQUITY PRODUCT/ LCIV

Received a Global Asset Management report pack from Simon Gregory (Global Equity Team product specialist) and Greta Favetta (Investment analyst).

The Committee thanked Global Asset Management for their presentation.

90. RESPONSIBLE INVESTMENT FRAMEWORK - REPORT

Paul Reddaway (Head of Finance Pensions Investments) asked the members to note the contents of this report and to consult with the wider membership of the Fund.

The Committee noted the contents of the report.

91. ANTIN PROPOSAL FOR A NEW INFRASTRUCTURE FUND

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Received a report from Paul Reddaway (Head of Finance Pensions Investments) on Antin proposal for a new Infrastructure Fund.

Noted

- Enfield have successfully committed capital towards Antin in line with the original commitment timetable (January 2017)
- Funds would be commit funds towards Antin over time to increase Fund's allocation to infrastructure.
- New fund likely to oversubscribe and a delayed decision may lead to Enfield's commitment being scaled down
- LCIV are unveiling their proposals next week.

Agreed

- The Committee will compare the relative merits of both options at the next meeting.

92. QUARTERLY PERFORMANCE REPORT - 30TH JUNE 2018

Received a report from Paul Reddaway (Head of Finance Pensions Investments) on the Aon quarterly Investment report ended 30th June 2018.

The Committee noted the individual manager performances and acknowledged the funding level assessed.

93. ABSOLUTE RETURN BOND MANDATE

Received a report from Paul Reddaway (Head of Finance Pensions Investments) regarding Options for Absolute Return Bonds (ARB) mandate.

Noted:

- To agree in principle to dis-invest from Insight ARB 400+ product and to consider an alternative ARB manager with a less aggressive approach and lower volatility or to examine the LCIV Global Bonds Fund that targets an absolute return with high quality bonds.

Agreed:

- To consider options set out in the report at the next Pension, Policy and Investment Committee in December.

94. EXCLUSION OF THE PRESS AND PUBLIC

RESOLVED, in accordance with Section 100(A) of the Local Government Act 1972 to exclude the press and the public from the meeting for the items listed on part two of the agenda on the grounds that they involve the likely disclosure of exempt information as defined in Paragraph 3 (information relating to the financial

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or business affairs of any particular person (including the authority holding that information) of Part 1 of Schedule 12A to the Act (as amended by the Local Government (Access to Information) (Variation) (Order 2006).