

**MINUTES OF THE MEETING OF THE
PENSION POLICY & INVESTMENT COMMITTEE
HELD ON MONDAY, 20TH NOVEMBER, 2017**

Councillors Present: T. Simon JP (Chair), D. Levy, D.Taylor,
Councillors absent: D Pearce, T Neville OBE JP, A Sitkin
Officers: Carolan Dobson (Independent Advisor), Fay Hammond (Director of Finance-designate), Paul Reddaway (Head of Finance)
Also Attending: Daniel Carpenter (Aon), Rohan Meswani (Aon).

1. WELCOME AND INTRODUCTION

The Chair, Cllr T. Simon, welcomed all to the meeting. The Chair also introduced Fay Hammond who officially starts her role as the Director of Finance on the 12th February 2018.

Noted: Apologies for lateness from Councillor Taylor; any decisions were taken when Cllr Taylor was present.

2. DECLARATION OF INTERESTS

Noted: Cllr Toby Simon declared his wife is a governor of Enfield Learning Trust, a multi-academy trust, a scheme employer.

Carolan Dobson declared she is a non-executive director of the London CIV.

3. MINUTES OF PREVIOUS MEETING : 6 SEPTEMBER 2017

Agreed: The minutes of the meeting held 6 September 2017 were agreed.

Matters Arising

- M&G Inflation Opportunities Fund – the sale of units by an existing investor did not materialise.
- Markham Rae – the manager's performance continues to disappoint and the manager is now holding cash due to the lack of volatility in the markets – see section 8.

4a. PENSION FUND CASHFLOW UPDATE

Received: Statistics Received on London Borough of Enfield Pension Fund 2017/18: Cash Flow

Noted: 2017 has been Cashflow positive and the forecast for next year (2018) is also positive.

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4b. RISK REGISTER UPDATE

Received: A new addition to the Risk Register has been included – statutory statement of accounts.

Noted: Current controls included closedown timetable to be revised to reflect deadlines; introduction of quarter closedowns of investments; monthly reviews of Contributions and Benefits; and the narrative notes in the Statement of Accounts would be revised earlier.

4c. SUCCESSION PLANNING

Received: Report Received regarding Succession Planning Statement London Borough of Enfield Pension Fund.

Noted: Following the elections in May 2018 there will be an issue around continuity and stability as at present only two members are likely to be standing for re-election. The MDSG would be asked to consider issues related to membership with a view to proposals being presented to January's Council meeting.

The Exchequer pension team was being restructured; an update will be presented at the next meeting.

Agreed: Ms Hammond would review continuity for officers when in post.

4d. 2017 BENEFIT STATEMENTS

Noted: Paul Reddaway confirmed that all the Benefits statements were issued before the statutory deadline.

4e. BROCKTON PROPERTY UPDATE

Noted: The Chair and Paul Reddaway had had a meeting with Brockton to discuss the delays in committing capital and on the level of fees and possibility on having a local authority rep on their advisory panel. Discussions are proceeding with the London Boroughs of Newham and Southwark.

4f. ANTIN PURCHASE (PART 2 ITEM)

Received: Briefing report

Noted: The committee were updated on the latest Antin purchase.

4g. MIFID2 UPDATE

Noted: PR made a verbal update - to date ten managers have opted the Fund up. It is anticipated the process will be completed before 3rd January 2018.

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4h. 2016/17 EXTERNAL AUDIT REPORT

Received: The committee Received the external Auditor's (BDO) 2016/17 report.

Noted: The report had been approved by the Audit Committee on 28th September. No issues were raised by the auditor, and it received an unqualified audit opinion.

4i. STATEMENT OF ACCOUNTS CLOSEDOWN 2017/18 TIMETABLE

Received: Pension Fund Closedown Timetable 2017/18.

Noted: The Pension Fund closedown timetable has been fully reviewed with key dates moved to ensure the accounts can be closed down by the 31st May 2018. It will involve the use of estimates. This has been done in consultation with the external auditor.

4j. TRAINING LOG

Noted: Discussion regarding training logs and how to implement/ record this as per the policy.

Agreed: Minutes of meeting will record will any training provided and its length.

5. ADAM STREET PARTNERS - 2018 SUBSCRIPTION

Received: Adams Street report pack.

Noted: Adams Street managed \$1.9 billion from 11 LGPS funds, with >\$200 million for the 2017 vintage. Fees would be calculated on an aggregated basis across the LGPS which gave useful savings.

The presentation included ½ hour training on private equity investment.

Agreed: It was decided to invest a further \$5 million in the 2017 vintage to take advantage of the cheaper fees; and to commit \$10million to 2018. It might be desirable to make a further \$5million subscription to 2018 but this will be considered in November 2018

6 INVESTMENT STRATEGY OUTCOMES

Received: Investment strategy review

Noted: The Committee in September (last meeting) considered the results of an investment strategy review undertaken by Aon. The aim was as far as possible to invest via the London CIV but it was unlikely to cover several of the asset classes used by the fund. The option of substituting some of the Diversified Growth Funds offered by the CIV was discussed. It was agreed that there would be considerable costs in doing so; and they did not offer a sufficient substitute for the downside protections offered by the current strategy.

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Agreed: To reduce exposure to global equity initially by 5% (from 45% to 40%); a further 5%, to 35% will be considered if there are clear signs of a bear market.

Aon will bring forward as soon as possible proposals to allocate cash to other asset classes and as to how the equity portfolio will be split over managers, to be agreed in correspondence.

7. EPOCH EQUITY PRESENTATION

Received: Presentation materials

Noted: Epoch representatives explained their investment process and track records.

The presentation included ½ hour training on equity investment methodologies.

Agreed: While Epoch were now on the London CIV platform their strategy would not fit well with the overall equity strategy and the other active managers (BG, MFS, Longview and Janus EMs) provided an appropriate split of styles and markets

8. INVESTMENT UPDATE INCLUDING QUARTERLY INVESTMENTS REPORT (PART 2 ITEM)

Received: Quarterly Investment Report Q3 2017

Noted: Aon presented review of each of the fund managers performance for the quarter and long term.

Agreed: Markham Rae: Given the continued poor performance and that the portfolio was merely in effect holding cash and their major seed investor had decided to redeem, the committee would dismiss them as a manager.

9. DATES OF FUTURE MEETINGS

28th February 2018 and 26th April 2018