

## Pension Investment Sub-Committee

Wednesday, 12 June 2019, County Hall, Worcester - 9.30 am

### Present:

### Minutes

Mr A I Hardman (Chairman), Mr R W Banks,  
Mr M E Jenkins and Mr P Middlebrough (Vice Chairman)

### Available papers

The Members had before them the agenda papers (previously circulated).

**12**      **Named  
Substitutes  
(Agenda item 1)**

None.

**13**      **Apologies/  
Declaration of  
Interests  
(Agenda item 2)**

An apology was received from Mr L C R Mallett.

Mr P Middlebrough declared an interest as a Member of the Pension Fund.

**14**      **Public  
Participation  
(Agenda item 3)**

None.

**15**      **Actuarial  
Triennial  
Review (Agenda  
item 4)**

The Sub-Committee considered the Actuarial Triennial Review update.

In the ensuing debate, the following points were raised:

- What was the reason for the Government looking to move from a 3 year to a 4 year Valuation period? In response it was suggested that it might be the Treasury's intention to align public sector pension arrangements to develop a consistent approach
- Michael Hudson explained that there had been a decline/slowing down of the mortality rate in the county and the actuary had reflected that in their projections
- Philip Hebson commented that there was uncertainty as to how the discount rate had been determined and this would be an issue covered in the next training session for members
- Actuaries tended to take a short-term view and needed to be confident in the performance of the market over the next 12 months, particularly with

Brexit hence their support for equity protection whereas pension funds tended to take a long term less risk averse view.

**RESOLVED** that Actuarial Triennial Review update be noted.

**Exclusion of Public and Press**

**RESOLVED** that pursuant to Section 100A of the Local Government Act 1972, the press and public shall be excluded from the meeting during items 5 - 7 on the grounds that there would be disclosure to them of information relating to the financial or business affairs of any particular person (including the authority holding the information) and the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

**Summary of the proceedings of the meeting during which the press and public were excluded. (This is a fair summary of the proceedings and there are no exempt minutes.)**

**16 Nomura far east developed equities & emerging markets active manager Worcestershire Pension Fund Investment Quarterly Review (Agenda item 5)**

The Sub-Committee considered the Nomura far east developed equities & emerging markets active manager Worcestershire Pension Fund Investment Quarterly Review.

The Sub-Committee received a presentation from Andrew Whitaker, Vipul Mehta and Masaaki Tezuka, representatives of Nomura.

**RESOLVED** that Nomura Far East Developed Equities and Emerging Equity Markets Active Manager Quarterly review as at the end of March 2019 be noted.

**17 River & Mercantile Equity Protection Update and Future Considerations for Worcestershire Pension Fund (Agenda item 6)**

The Sub-Committee considered the River & Mercantile Equity Protection Update and Future Considerations for Worcestershire Pension Fund.

The Sub-Committee received a presentation from Jason Wood, Mark Davies and Masroor Ahmad, representatives of River & Mercantile.

**RESOLVED:**

- a) That the presentation provided by River & Mercantile on the Equity Protection strategy detailed in the Appendix to the report be noted;

**18 LGPS Central Active Bonds and Update on LGPS Central Investment Opportunities (Agenda item 7)**

and

**b) TO RECOMMEND to the Pensions Committee that:**

- i. The Equity Protection current static strategy is extended to mid-2020 in order to protect employer contributions and provide certainty to the Actuary that the Equity Protection is in place when the 2019 actuarial valuation results and contribution requirements have to be signed off;**
- ii. Those options are explored as to whether more upside participation can be implemented over this period without giving up too much downside protection is delegated to the Chief Financial Officer in consultation with the Chairman of the Pensions Committee; and**
- iii. The Equity Protection Strategy be considered as part of the Asset Allocation review that will be conducted from June 2019 through to around November 2019 to ascertain as to whether this should become an integral part of the Fund's future investment strategy.**

The Sub-Committee considered the LGPS Central Active Bonds and Update on LGPS Central Investment Opportunities.

The Sub-Committee received a presentation from Gordon Ross and Callum Campbell, representatives of LGPS Central.

**RESOLVED:**

- a) That the LGPS Central Active Bonds due diligence update and outcome attached as an Appendix to the report be noted and agreed;**
- b) TO RECOMMEND to the Pensions Committee the transition of the existing Active Bonds mandate with JP Morgan to LGPSC Active Bond mandate; and**
- c) That the other LGPSC investment opportunities available detailed as part of the Appendix to the report be noted.**

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The meeting was adjourned from 11.00am to 11.10am and ended at 1.10pm.

Chairman .....