

Agenda

Pension Investment Sub-Committee

Friday, 29 September 2023, 10.00 am
County Hall, Worcester

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DISCLOSING INTERESTS

There are now 2 types of interests:
'Disclosable pecuniary interests' and **'other disclosable interests'**

WHAT IS A 'DISCLOSABLE PECUNIARY INTEREST' (DPI)?

- Any **employment**, office, trade or vocation carried on for profit or gain
- **Sponsorship** by a 3rd party of your member or election expenses
- Any **contract** for goods, services or works between the Council and you, a firm where you are a partner/director, or company in which you hold shares
- Interests in **land** in Worcestershire (including licence to occupy for a month or longer)
- **Shares** etc (with either a total nominal value above £25,000 or 1% of the total issued share capital) in companies with a place of business or land in Worcestershire.

NB Your DPIs include the interests of your spouse/partner as well as you

WHAT MUST I DO WITH A DPI?

- **Register** it within 28 days and
- **Declare** it where you have a DPI in a matter at a particular meeting
 - you must **not participate** and you **must withdraw**.

NB It is a criminal offence to participate in matters in which you have a DPI

WHAT ABOUT 'OTHER DISCLOSABLE INTERESTS'?

- No need to register them but
- You must **declare** them at a particular meeting where:
You/your family/person or body with whom you are associated have a **pecuniary interest** in or **close connection** with the matter under discussion.

WHAT ABOUT MEMBERSHIP OF ANOTHER AUTHORITY OR PUBLIC BODY?

You will not normally even need to declare this as an interest. The only exception is where the conflict of interest is so significant it is seen as likely to prejudice your judgement of the public interest.

DO I HAVE TO WITHDRAW IF I HAVE A DISCLOSABLE INTEREST WHICH ISN'T A DPI?

Not normally. You must withdraw only if it:

- affects your **pecuniary interests** **OR** relates to a **planning or regulatory** matter
- **AND** it is seen as likely to **prejudice your judgement** of the public interest.

DON'T FORGET

- If you have a disclosable interest at a meeting you must **disclose both its existence and nature** – 'as noted/recorded' is insufficient
- **Declarations must relate to specific business** on the agenda
 - General scattergun declarations are not needed and achieve little
- Breaches of most of the **DPI provisions** are now **criminal offences** which may be referred to the police which can on conviction by a court lead to fines up to £5,000 and disqualification up to 5 years
- Formal **dispensation** in respect of interests can be sought in appropriate cases.

Pension Investment Sub-Committee
Friday, 29 September 2023, 10.00 am, Kidderminster Room,
County Hall, Worcester

Membership: Cllr Adrian Hardman (Chairman), Cllr Elizabeth Eyre, Cllr Karen Hanks

Co-opted Members

Councillor Peter Stoddart (voting) Herefordshire Council
 Vacancy (non-voting) Employee Representative

Agenda

Item No	Subject	Page No
1	Apologies/Named Substitutes	
2	Declaration of Interests	
3	Public Participation Members of the public wishing to take part should notify the Assistant Director for Legal and Governance in writing or by e-mail indicating both the nature and content of their proposed participation no later than 9.00am on the working day before the meeting (in this case 28 September). Enquiries about this can be made through the telephone number/e-mail address listed in this agenda and on the website.	
4	Nomura Far East Developed Equities and Emerging Markets Active Manager Worcestershire Pension Fund Performance Review	1 - 30
5	ARA Europe Venn Commercial Real Estate Funds I and II Worcestershire Pension Fund Performance Review and ARA Real Estate Debt Fund III Presentation	31 - 66
6	LGPS Central UK GILT Discretionary Mandate	67 - 94

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To obtain further information or a copy of this agenda contact Simon Lewis, Committee Officer on 01905 846621, slewis@worcestershire.gov.uk

All the above reports and supporting information can be accessed via the Council's website

Date of Issue: Wednesday, 20 September 2023

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PENSION INVESTMENT SUB COMMITTEE

29 SEPTEMBER 2023

NOMURA FAR EAST DEVELOPED EQUITIES & EMERGING MARKETS ACTIVE MANAGER WORCESTERSHIRE PENSION FUND PERFORMANCE REVIEW

Recommendation

1. **The Chief Financial Officer recommends that the Pensions Investment Sub Committee note and comment on:**
 - a) **Nomura Far East Developed Equities and Emerging Equity Markets Active Manager Quarterly review as at the end of June 2023; and**
 - b) **The potential impact on the existing portfolio of excluding China and China together with Hong-Kong from the current mandate.**

2. **The Nomura Far East Developed Equities and Emerging Equity Markets Active Manager provides:-**
 - a) **Big Picture;**
 - b) **Asia ex Japan and Japan;**
 - c) **Outlook and Strategy;**
 - d) **Appendix with more detailed market overview; and**
 - e) **Review of potential exclusion of China and China together with Hong-Kong from the existing mandate**

3. **The Pensions Investment Sub-Committee is asked to note and comment on:**
 - a) **The presentation provided by Nomura Far East Developed Equities and Emerging Equity Markets (Appendix 1) Active Manager as at the end of June 2023; and**
 - b) **The potential impact on the existing portfolio of excluding China and China together with Hong-Kong from the current mandate (Appendix 2).**

4. **Please note that Appendices 1 and 2 contain exempt information (on salmon pages) and should members wish to discuss the information included in these Appendices they would need to consider passing the appropriate resolution and moving into exempt session.**

Supporting Information

Appendix 1 (**Exempt Information – Salmon pages**) – Nomura Far East Developed Equities and Emerging Equity Markets Active Manager as at the end of June 2023.

Appendix 2 (**Exempt Information – Salmon pages**) – Nomura Portfolio Ex China.

Specific Contact Points for this report

Sherief Loutfy

Head of Pensions Investment & Treasury Management

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Background Papers

In the opinion of the proper officer (in this case the Chief Financial Officer) there are no background papers relating to the subject matter of this report.

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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PENSION INVESTMENT SUB COMMITTEE

29 SEPTEMBER 2023

ARA EUROPE VENN COMMERCIAL REAL ESTATE FUNDS I AND II WORCESTERSHIRE PENSION FUND PERFORMANCE REVIEW AND ARA REAL ESTATE DEBT FUND III PRESENTATION

Recommendation

1. **The Chief Financial Officer recommends that the Pensions Investment Sub Committee:**
 - a) **Note and comment on ARA Europe Venn Commercial Funds I and II quarterly review as at the end of June 2023; and**
 - b) **Note and comment on the ARA Real Estate Debt Fund III presentation attached as an Appendix.**
2. **ARA Europe's presentation provides:**
 - a) **Venn Commercial Fund I quarterly review as at the end of June 2023;**
 - b) **Venn Commercial Fund II quarterly review as at the end of June 2023; and**
 - c) **Investor presentation for ARA Real Estate Debt Fund III.**
3. **The Pensions Investment Sub is asked to note and comment on the ARA Europe quarterly update for Commercial Real Estate Funds I and II as at the end of June 2023 and also the investor presentation for the proposed ARA Real Estate Debt Fund III.**
4. **Please note that the Appendix contains exempt information (on salmon pages) and should members wish to discuss the information included in this Appendix they would need to consider passing the appropriate resolution and moving into exempt session.**

Supporting Information

Appendix (**Exempt Information – Salmon pages**) – ARA Europe Commercial Real Estate Funds I and II as at the end of June 2023 including investor presentation for ARA Real Estate Debt Fund III.

Specific Contact Points for this report

Sherief Loutfy

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PENSION INVESTMENT SUB COMMITTEE

29 SEPTEMBER 2023

LGPS CENTRAL UK GILT DISCRETIONARY MANDATE

Recommendation

- 1. The Chief Financial Officer recommends that the LGPS Central UK GILT Discretionary Mandate presentation be noted.**

Background

UK GILT Discretionary Mandate

2. Although the Fund does not currently have an allocation to UK Gilts within its asset portfolio, it does have an allocation of approx. £181m to fixed income investments with LGPS Central's Global Active Investment Grade Corporate Bond Multi Manager Fund since March 2020.
3. The Strategic Asset Allocation Review, approved by Committee on 22 March 2023, considered that the impact of quantitative easing over the last few years has led to a scenario in which Gilts offered very poor value to investors and were mainly held for liability matching purposes. However, it current quantitative tightening and rising interest rates could make them potentially attractive to investors.
4. At the last Pension Investment Sub Committee held on 4 June 2023, members asked the Fund's officers to investigate the appropriateness of an allocation to UK Gilts, in particular through LGPS Central. Officers felt that the most efficient manner to deliver findings to members was to invite the Fixed Income team at LGPS Central to deliver an appropriate presentation to this meeting of the sub-committee.
- 5. Please note that the Appendix contains exempt information (on salmon pages) and should members wish to discuss the information included in this Appendix they would need to consider passing the appropriate resolution and moving into exempt session.**

Contact Points

Specific Contact Points for this report

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Supporting Information

- Appendix - LGPS Central UK Gilt Discretionary Mandate presentation (**Exempt Information – Salmon pages**)

Background Papers

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