

PENSIONS INVESTMENT SUB-COMMITTEE

Minutes of the meeting held at 7.00 pm on 17 December 2019

Present:

Councillor Keith Onslow (Chairman)
Councillor Gareth Allatt (Vice-Chairman)
Councillors Simon Fawthrop, Simon Jeal, Christopher Marlow
and Gary Stevens

Also Present:

John Arthur, MJ Hudson Allenbridge

48 APOLOGIES FOR ABSENCE AND NOTIFICATION OF SUBSTITUTE MEMBERS

Apologies for absence were received from Councillor David Jefferys.
Councillor Marlow submitted apologies for lateness.

49 DECLARATIONS OF INTEREST

Councillor Keith Onslow declared that his son was employed by Fidelity but
had no involvement with the Bromley Pension Account.

50 QUESTIONS BY MEMBERS OF THE PUBLIC ATTENDING THE MEETING

The Chairman reported that two questions had been received from a Member
of the Bromley Pension Fund. As this was a special meeting, questions had
to relate to a specific item on the agenda. The questions received concerned
the Investment strategy and consequently answers would be provided at the
next special meeting due to be held on 30 January 2020, along with any other
questions that may be submitted.

51 ASSET ALLOCATION Report FSD20004

At the meeting on 3rd December 2019, the Sub-Committee considered the
asset allocation strategy review carried out by the Fund's Investment Adviser,
MJ Hudson Allenbridge, and the proposed changes to the strategic allocation.
Members requested further information on the options being presented,
specifically relating to Private Equity and US Real Estates compared with
Global Property Funds. The report before the Sub-Committee provided
details on a number of options available in respect of asset allocation and
made a number of recommendations arising from the work undertaken by MJ
Hudson Allenbridge around strategic allocation. The Sub-Committee noted

that at this special meeting there was a requirement for Members to identify a suitable direction of travel in relation to strategic asset allocation.

The Sub-Committee discussed in detail the various options available and the recommendations that had been made noting that a long-term view was required. It was highlighted that, as the Pension Fund was currently fully funded, it did not make sense to increase risk substantially. Members commented that over the years one of the key strengths of Bromley's Pension Fund was the simplicity of the Portfolio, although it was recognised that there was a need for some further diversification which could be achieved through investing a small amount in real estate. It was also stressed that there should not be an over dependence on any one asset class.

The Council's investment advisor referred to any reduction in fixed income should be matched by a reduction in equities also to avoid creating a higher risk portfolio. A new asset class relating to property (TBC) should improve the return on the portfolio as well as providing greater diversity in the portfolio to assist in managing risk.

Councillor Fawthrop proposed the following option for strategic asset allocation, (for fixed income and UK property it represented the existing proportion of investments in the fund) . The proposal was seconded by Councillor Onslow. (Councillor Marlow then suggested an alternative proposal which was not put to a vote).

Equities	58%
Multi Asset Income	20%
Fixed Income	13%
UK Real Estate	4%
International Property or US Property - TBC	5%

The substantive motion, having been duly proposed and seconded, was put to a vote.

3 in favour
3 against

The motion was therefore CARRIED on the Chairman's casting vote.

The Sub-Committee noted that at the next special meeting, scheduled for 30 January 2020, Members would give detailed consideration to options in relation to the choice between investing in International Property Funds and investing in US Property Funds for the as yet unallocated 5% remaining..

RESOLVED: that

- 1. The report be noted;**
- 2. The following changes to the asset allocation strategy be agreed –**

Equities	58%
Multi Asset Income	20%
Fixed Income	13%
UK Real Estate	4%
International Property or US Property - TBC	5%

- 3. A further report be presented to the special meeting of the Pensions Investment Sub-Committee on 30 January 2020 detailing the options for investing in International Property Funds compared to US Property Funds for the unallocated 5%, as well as arrangements for implementing the strategy and any procurement timescales.**

52 UPDATES FROM THE CHAIRMAN AND/OR DIRECTOR OF FINANCE ON ANY EXEMPT MATTERS

There were no updates provided on exempt matters however the Director of Finance provided the following Part 1 update –

The Triennial valuation would be presented to the Sub-Committee on 30 January 2020. It was expected that the valuation would confirm that the Bromley Pension Fund was fully funded and that the Council's ongoing contributions would not change. The Director of Finance confirmed that the Actuary would be in attendance at the meeting on 30 January.

The Sub-Committee also noted that there was a requirement to update the Investment Strategy Statement, following the outcome of the Triennial Valuation and informed by the Asset Allocation Review. The aim was to also do this at the end of January 2020.

The Meeting ended at 8.40 pm

Chairman