

## **PENSIONS INVESTMENT SUB-COMMITTEE**

Minutes of the meeting held at 7.30 pm on 7 November 2013

### **Present**

Councillor Paul Lynch (Chairman)  
Councillor Julian Grainger (Vice-Chairman)  
Councillors Eric Bosshard and Neil Reddin FCCA

### **19 APOLOGIES FOR ABSENCE AND NOTIFICATION OF SUBSTITUTE MEMBERS**

Apologies were received from Councillors Russell Mellor, Richard Scoates and Stephen Wells.

### **20 DECLARATIONS OF INTEREST**

Members present declared an interest as members of the Bromley Local Government Pension Scheme.

### **21 CONFIRMATION OF MINUTES OF THE MEETING HELD ON 17TH OCTOBER 2013 EXCLUDING THOSE CONTAINING EXEMPT INFORMATION**

The minutes were agreed.

### **22 QUESTIONS BY MEMBERS OF THE PUBLIC ATTENDING THE MEETING**

There were no questions.

### **23 PENSION FUND PERFORMANCE Q2 2013/14**

#### **Report RES13202**

Summary details were provided of the investment performance of Bromley's Pension Fund for the first two quarters of 2013/14 along with information on general financial and membership trends of the Fund and summarised information on early retirements.

AllenbridgeEpic provided further detail on investment performance and Baillie Gifford also provided brief commentary on recent developments in financial markets, their impact on the Council's Fund and the future outlook.

The market value of the Fund rose during the September quarter to £601.8m (compared to £582.4m at 30<sup>th</sup> June 2013). The comparable value at 30<sup>th</sup> September 2012 was £509.2m. By 25<sup>th</sup> October 2013, the Fund value had risen to £621.3m.

Mr Stevenson provided a brief update on investment performance - the quarterly performance of the Bromley Fund being positive.

Councillor Grainger suggested the fixed income element of the Fund at 20% should be smaller given higher returns he felt could be achieved from other investments. Mr Stevenson recommended there should be no rebalancing until Phases 2 and 3 of the Investment Strategy had concluded. Additionally, it would not be possible to confirm proportions until the Actuary report had been received. Going forward, Mr Stevenson recommended that 20% of the Fund continue to be given to fixed income; some £100m in fixed income provided a good diversity on a global absolute return mandate. It was possible to invest up to £120m in fixed income.

Fixed income assets provided cash for the Fund which was cash positive (income from equities being re-invested). Councillor Grainger suggested having a couple of cash flow scenarios; Mr Stevenson suggested a cash projection(s) at the next meeting, before taking decisions on Phase 3 of the Investment Strategy.

Members were advised that revised figures for the actuarial valuation were due by the end of the following week. They would show an increase in employer contributions and an increase in the deficit. It might be possible to keep the employer's contribution rate stable by extending the deficit recovery period, but this would need to be agreed with the actuary. Councillor Grainger suggested that it was necessary to know the yield target at the current deficit recovery period. Councillor Reddin asked whether there could be an additional three years to the official deficit recovery period to help provide a cushion against any merger scenario. The Chairman felt that such matters could be looked at when the valuation figures were available.

Mr Stevenson advised that that L B Bromley's fund with Baillie Gifford was "hard closing" to new monies for Diversified Growth Funds. As the fund was underweight, Baillie Gifford would be prepared to allow L B Bromley to "top-up" funds when Phase 3 of the investment strategy was complete.

**RESOLVED that the report be noted.**

**24 LOCAL GOVERNMENT ACT 1972 AS AMENDED BY THE  
LOCAL GOVERNMENT (ACCESS TO INFORMATION)  
(VARIATION) ORDER 2006 AND FREEDOM OF INFORMATION  
ACT 2000**

**RESOLVED that the Press and public be excluded during consideration of the items of business referred to below as it is likely in view of the nature of the business to be transacted or the nature of the proceedings that if members of the Press and public were present there would be disclosure to them of exempt information.**

**The following summaries  
refer to matters  
involving exempt information**

**25 CONFIRMATION OF EXEMPT MINUTES - 17TH OCTOBER  
2013**

The exempt minutes were agreed.

**26 INVESTMENT STRATEGY PHASE 3 - FIXED INCOME**

**Report RES13203**

Members considered an initial report from the Fund's Investment Adviser on Phase 3 of the revised investment strategy (fixed income).

**27 PENSION FUND - INVESTMENT REPORT**

Quarterly performance reports (to 30th September 2013) from Baillie Gifford and Fidelity had been circulated to Sub Committee Members prior to the meeting along with quarterly reports (to 30th September 2013) from Standard Life Investments and Baillie Gifford in respect of the Diversified Growth Fund investments.

Representatives from Baillie Gifford attended the meeting to present their investment review and answer questions.

The Meeting ended at 8.46 pm

Chairman