

Pensions Fund Committee - Investment Sub-Committee

Minutes of a meeting of the Pensions Fund Committee - Investment Sub-Committee held at Holding Room - The Guildhall, Northampton, NN1 1DE on Wednesday 27 September 2023 at 2.00 pm.

Present:

Councillor Malcolm Longley (Chair)
Councillor Graham Lawman
Councillor Phil Bignell
Councillor Cathrine Russell
Andy Langford

Also Present:

David Crum, Independent Advisor
Chris West, Mercer Ltd
Jonathan Crowther, Mercer Ltd
Henry Barstow, M & G
Charlie Hayes, M & G
Alex Grieves, M& G

Apologies for Absence:

Councillor Charles Morton
Peter Borley-Cox
Robert Austin

Officers:

Ben Barlow, Funding and Investment Manager
Mark Whitby, Head of Pensions
Amala Jose, Pension Services Financial Manager

92. **Declarations of Interest**

Andy Langford declared a disclosable pecuniary interest as a member of LGPS.
Councillor Cathrine Russell declared that her son had been working for a bank unbeknownst to her but that he would not be working there for much longer.

93. **Minutes of Previous Meeting**

RESOLVED:

That the minutes of the Investment sub-committee of 31 May 2023 be approved and signed as a correct record.

94. **Review of the Action Log**

The Funding and Investment Manager advised that 2 actions were now complete. A response had been provided on Longview's engagement with the bank in question regarding their approach to Scope 3 emissions. They believed that the bank was moving forward quickly in terms of its carbon footprint. The Passive Equity paper would be considered in private session. The Private Equity Review and Property Portfolio review were still ongoing. Good progress was being made in considering the new allocations in long lease property.

RESOLVED: That the Action Log be noted.

95. **Quarterly Performance Report for the period ending 30 June 2023**

At the Chair's invitation, Chris West and Jonathan Crowther from Mercer presented the quarterly performance report.

Referring to the performance over the second quarter there had been positive equity market returns driven by the United States markets. Other world returns were quite flat. Fewer than 10 stocks had made up the return of the second quarter in the United States; these were mainly technologically based. Returns were more negative in defensive bonds. On a positive note, the funding level had increased to 148% over the last quarter and it was expected that this would continue into quarter 3 also. The UK currently had high inflation and high interest rates. It appeared to be a critical time with regard to interest rates as the Bank of England had recently decided to not increase the interest rates again. The Bank of England had thrown gilts back into the market for quantitative easing. The positive performance was being driven by the gilt yields. The Committee welcomed the positive performance.

Councillor Bignell enquired if there was a downside to the high performance, Chris West considered that the reaction to a strong funding level could result in de-risking and reduced growth. In the next strategy review it was important to find the balance. The funding level increase was consistent with other pension funds. The Head of Pensions considered that the challenge would be with regard to the communication with scheme employers. As the terms of the fund were over a 20 year period there was no deficit payment. Contributions for employers had been reduced in previous years. It was highlighted that previously a decision had been made to increase gilt holdings by 5%, which was positive.

David Crum suggested that assumptions could be tightened up, the fund could de-risk or the investment strategy could be reviewed again. Chris West advised that the equity portfolio was being reviewed so the risks would be considered and the portfolio diversified; however there was a risk that this would be against the actuary rate.

With regard to manager performance this would be covered in the private session.

RESOLVED:

That the Investment Sub-Committee noted the quarterly performance report for the period ending 30 June 2023.

96. **Exclusion of Press and Public**

RESOLVED: That Under Section 100A of the Local Government Act 1972, the Local Pension Board agreed that the public be excluded from the meeting for the following items of business on the grounds that if the public were present it would be likely that exempt information under Part 3 of Schedule 12A to the Act would be disclosed to them.

The meeting closed at 4.05 pm

Chair: _____

Date: _____