

SOUTH YORKSHIRE PENSIONS AUTHORITY

INVESTMENT BOARD

13 SEPTEMBER 2018

PRESENT: Councillor S Ellis (Chair)
Councillors: M Stowe (Vice-Chair), S Cox, J Mounsey,
A Sangar and I Saunders

Officers: G Graham (Fund Director), M McCarthy (Deputy Clerk), N Copley (Treasurer), S Smith (Head of Investments), F Bourne (Administration Officer) and M McCoole (Senior Democratic Services Officer)

Trade Union Members: N Doolan-Hamer (Unison), D Patterson (UNITE) and G Warwick (GMB)

Investment Advisors: T Gardener and L Robb

J Britton and N Ireland (Aberdeen Standard Investments)

Councillor A Teal and Councillor R Wraith (Observers)

Apologies for absence were received from: A Frosdick

1 APOLOGIES

An apology for absence was noted as above.

2 ANNOUNCEMENTS

None.

3 URGENT ITEMS

None.

4 ITEMS TO BE CONSIDERED IN THE ABSENCE OF THE PUBLIC AND PRESS

RESOLVED – That Item 8 ‘Annual Review of Performance of the Commercial Property Portfolio’ would be considered in the absence of the public and press.

5 DECLARATIONS OF INTEREST

None.

6 MINUTES OF THE MEETING HELD ON 21 JUNE 2018

RESOLVED – That the minutes of the meeting held on 21 June 2018 be agreed and signed by the Chair as a true record.

7 WORK PROGRAMME

Members were presented with the Board's Work Programme to 20 June 2019.

RESOLVED – That the Work Programme be noted.

8 EXCLUSION OF THE PUBLIC AND PRESS

RESOLVED – That under Section 100(A) of the Local Government Act 1972, the public be excluded from the meeting for the following items of business on the grounds that they involve the likely disclosure of exempt information as defined in paragraph 3 of Part 1 of Schedule 12A of the Act and the public interest not to disclose information outweighs the public interest in disclosing it.

9 ANNUAL REVIEW OF PERFORMANCE OF THE COMMERCIAL PROPERTY PORTFOLIO

The Chair welcomed James Britton and Nick Ireland from Aberdeen Standard Investments to the meeting, who gave a presentation on the performance of the commercial property portfolio over the year and the strategy going forward. It was noted that the commercial property portfolio had consistently over the long term, outperformed the benchmark.

The Chair thanked James Britton and Nick Ireland for an interesting and informative presentation.

Members and Advisors agreed that future presentations focus on the key strategic issues, and that the Board should set the framework for presentations, to ensure a greater focus towards Members' expectations and outcomes.

AT THIS POINT THE MEETING RE-OPENED TO THE PUBLIC AND PRESS

10 QUARTERLY REPORT TO 30 JUNE 2018

The Board considered the Quarterly Report to 30 June 2018.

Members noted that this was the last Quarterly Report where the Fund's investments were managed internally. Border to Coast would produce similar reports on a quarterly basis, for submission to the Board. Representatives from Border to Coast would be in attendance at the next Board meeting, in order to provide a broad economic picture, which may impact upon the strategic asset allocation, and to be held accountable for their performance.

T Gardener suggested that the representatives from Border to Coast should be regarded as external managers, when attending future Board meetings.

RESOLVED – That Members noted the report.

11 POOLING UPDATE

A report of the Fund Director was submitted informing Members of the progress in implementing the Border to Coast pooling arrangements.

Members noted that the transition process had run fairly smoothly overall, and that the final portfolios had been closer to the target than had been anticipated. As a result following the forthcoming emerging markets transition, Border to Coast would manage c.51.5% of the value of the Fund's assets by the end of September 2018.

A number of officer workshops would be held over the coming months for the 12 funds and Border to Coast, to provide an opportunity to support the development of the various products to be launched, to share information, and to identify the priority issues to focus on.

RESOLVED – That Members agreed:-

- i) The progress with the implementation of the Border to Coast pooling arrangements.
- ii) That future reporting in relation to Border to Coast investment related issues and responsible investment be included in appropriate reports on the Board's agenda rather than as a separate item.

12 RESPONSIBLE INVESTMENT UPDATE

A report of the Fund Director was presented which provided Members with an update on activity relating to responsible investment during the first quarter of the financial year.

Members noted that due to its size, the PIRC's report on the exercise of the Authority's voting rights in the period up to the end of their contract in July 2018 had not been included in the agenda pack. An online reading room for Members was currently being specified and would incorporate large technical documents of this nature for ease of reference.

A Pensions Authority seminar on the Corporate Planning Process would be held on 20 September 2018, which would provide an opportunity to address a number of key issues associated with aspects of responsible investment.

RESOLVED – That Members noted:-

- i) The Authority's voting activity prior to the transition of assets into the Border to Coast pooling vehicles.
- ii) The process for reviewing the various pool level policies by Border to Coast in the run up to the next financial year.

- iii) The issues discussed at the last LAPFF Business Meeting, and the results of the elections to the LAPFF Executive.
- iv) The complaint made against LGPS in relation to climate risk and the current position proposed by officers.

CHAIR