

MINUTES

A & B

| | |
|--|---|
| Pension Fund Committee Council Chamber, Town Hall, Lerwick Tuesday 29 August 2017 at 1.30pm <u>Present - Members:</u> S Coutts S Leask R McGregor C Smith G Smith T Smith R Thomson <u>Apologies:</u> M Burgess A Cooper A Duncan | Pension Board Council Chamber, Town Hall, Lerwick Tuesday 29 August 2017 at 1.30pm <u>Present - Members:</u> I Scott C Wiseman <u>Apologies:</u> M Bell A Goudie J Johnson E Macdonald D Marsh A Taylor |
| <u>In Attendance:</u> M Boden, Chief Executive J Belford, Executive Manager – Finance C Bain, Treasury Accountant K Adam, Solicitor L Adamson, Committee Officer <u>Also in Attendance:</u> J Fraser, SIC J Griffith, KBI Global Investors G Maher, KBI Global Investors | |

Chair

Mr C Smith, Chair of the Pension Fund Committee, presided.

Circular

The circular calling the meeting was held as read.

Declarations of Interest

None.

Minutes

The minutes of the meeting held on 19 June 2017 were approved on the motion of Mr Coutts, seconded by Mr Thomson.

12/17 Presentation from KBI Global Investors - Fund Manager

The Committee and Board considered a report by the Executive Manager – Finance [F-076], which introduced the presentation from KBI Global Investors - Fund Manager.

The Executive Manager – Finance introduced the representatives from KBI Global Investors, Mr J Griffiths and Mr G Maher, who manage an equity fund on behalf of the Pension Fund.

Mr Griffiths and Mr Maher, KBI Global Investors (KBI GI), gave a presentation entitled “KBI GI – Equity Strategies” (*copy of the slides attached as Appendix A*). The presentation covered the performance summary since KBI GI was awarded their mandate in December 2014, an overview of the business and client base, their approach and philosophy to investing, dividend performance and outlook.

In response to questions, Mr Maher advised on the main factors that have influenced performance of their portfolio since last reporting to the Committee/Board in May 2016. In terms of Brexit, Mr Griffiths commented on the long and difficult process ahead, with uncertainty and potential repercussions, while he hoped that solutions can be found.

In responding to a question regarding the monthly screening of the portfolio, Mr Maher advised that this can result in a 6% turnover on a monthly basis, losing 5/6 companies, where the focus to rebalance is to add yield, growth and quality.

In response to a question regarding expectations to follow the strategy for the Pension Fund, Mr Maher said that a 15% p.a. return from equity markets could not be expected for the next five years, but that an earnings growth of around 5-8% would be more realistic.

The Chair thanked Mr Griffiths and Mr Maher for the presentation and information provided.

(Mr Griffiths and Mr Maher left the meeting).

Decision:

The Pension Fund Committee and Pension Board **NOTED** the presentation by representatives of KBI Global Investors.

13/17 **Management Accounts for Pension Fund 2017/18 - Projected Outturn at Quarter 1**

The Committee and Board considered a report by the Executive Manager – Finance [F-063-F], which set out the overall Pension Fund projected financial position as at Quarter 1.

After hearing the Executive Manager – Finance introduce the report Mr C Smith approved the recommendation contained therein. Mr G Smith seconded.

Decision:

The Pension Fund Committee and Pension Board **NOTED** the Management Accounts showing the projected outturn position at Quarter 1.

14/17 **Pension Fund – Quarter to June 2017 Investment Review Report**

The Committee and Board considered a report by the Executive Manager – Finance [F-074-F], which presented the investment position and performance of the Pension Fund’s external investments, managed on their behalf by Fund Managers, for the quarter to June 2017.

The Executive Manager – Finance summarised the main terms of the report.

The Executive Manager – Finance advised on the proposal to report to the Pension Fund Committee/Board later this year on the long-term view of the Fund Managers to align with the triennial valuation being undertaken by the Actuaries. An interim report will also be prepared on the five Fund Managers.

Decision:

The Pension Fund Committee and Pension Board **NOTED** the outcome of the quarterly review.

15/17

Pension Fund – Risk Register

The Committee and Board considered a report by the Executive Manager – Finance [F-077-F], which provided up to date information on the risks associated with the Council's Pension Fund.

The Executive Manager – Finance summarised the main terms of the report.

Decision:

The Pension Fund Committee and Pension Board **NOTED** the content of the report and the current Risk Register.

16/17

Pension Fund Committee and Pension Board Business Programme 2017/18

The Committee and Board considered a report by the Executive Manager – Finance [F-075-F], which informed of the planned business to be presented to the Committee/Board to 31 March 2018.

The Executive Manager – Finance introduced the report, and in referring to the Business Programme at Appendix 1, he outlined the proposed reports to Committee/Board for the remainder of the financial year.

In responding to a comment for consideration to be given to alternative investment opportunities, the Executive Manager – Finance explained that the Pension Fund invests in a range of asset classes for the long-term with the expectation to deliver on a more modest level. Following some discussion, the Executive Manager – Finance undertook to provide more information on the different asset classes to the Committee and Board in due course.

On the motion of Mr C Smith, seconded by Mr McGregor, the Committee approved the recommendation in the report.

Decision:

The Pension Fund Committee considered its planned business for financial year 1 April 2016 to 31 March 2017 and **RESOLVED** to approve the Business Programme, as presented.

The Pension Board **NOTED** the report.

The meeting concluded at 2.30pm.

.....
Chair