

MINUTES

A&B - PUBLIC

**Shetland Islands Council
Council Chamber, Town Hall, Lerwick
Wednesday 22 January 2020 at 2pm**

Present:

M Bell	P Campbell
A Cooper	S Coutts
A Duncan	S Flaws
A Hawick	M Lyall
A Manson	S Leask
E Macdonald	R McGregor
A Priest	D Sandison
I Scott	D Simpson
C Smith	G Smith
T Smith	

Apologies:

J Fraser
C Hughson
R Thomson

In Attendance (Officers):

M Sandison, Chief Executive
J Manson, Executive Manager – Finance
K Johnson, Team Leader – Legal
C Bain, Treasury Manager
S Brown, Senior Accountant
A MacIver, Assistant Accountant
L Malcolmson, Committee Officer

Chairperson

Mr Bell, Convener of the Council, presided.

Circular

The circular calling the meeting was held as read.

Declarations of Interest

None

16/20 Fund Manager Presentations from Partners Group, Baillie Gifford and BlackRock

The Council considered a report by the Executive Manager – Finance (F-001-20-F) that introduced presentations by Fund Managers, Partners Group, Baillie Gifford and BlackRock, which forms part of the governance arrangements in regard to the annual review of the Council's investments.

Partners Group

Mr Ott and Ms Brewer provided Members with a presentation and an overview of their performance as fund managers for the Council's Direct Lending Mandate.

Following their presentation, Mr Ott and Ms Brewer responded to Member's technical questions including the Company's view on the debt market and its impact on the global market, and in regard to Climate Change. They provided examples where they invest in companies that take account of Environmental, Social and Governance (ESG), and it was also confirmed that their Australian investments are not in mining or raw materials. The Council was advised that their investments in the last three years had been predominantly in the UK to ideally avoid any effect from the consequences of Brexit.

Mr Ott and Ms Brewer left the meeting

There being no debate, the Members noted the Fund Manager's presentation.

Baillie Gifford

Mr Wright and Mr Gooding provided Members with a presentation and an overview of their performance as fund managers for the Council's equity and diversified growth mandate.

(Mr G Smith, Mr T Smith and Mr Cooper left the meeting during this item)

Following their presentation, Mr Wright and Mr Gooding responded to Member's technical questions and in terms of ethical and environmental investments they confirmed that they do not invest in big oil companies or mining companies. They clarified that any companies they do invest in are committed to reducing carbon and have to do so to continue to be a viable investment for Baillie Gifford. In terms of fracking, two companies were named where there is limited investment exposure and it was advised that Baillie Gifford's analysts had met with EOG Resources in October 2019 to discuss sustainability and how they would modify in terms of business.

During further questions in regard to sustainable investments the Council were advised that if companies do not adapt then Baillie Gifford is in a position where it can move quickly to sell the investments and an example was given where this had been done. It was noted that new technologies were moving at pace with Tesla opening within 10 months in Shanghai and vehicles were already being produced.

There being no debate the Council noted the Fund Manager's presentation.

(Ms Manson and Mr Simpson left the meeting)

BlackRock

Mr Barkett, Mr Bhandari and Ms Wallis provided Members with a presentation and an overview of their performance as fund managers for the Council's passive equity mandate

Following their presentation, Mr Barkett, Mr Bhandari and Ms Wallis responded to Member's technical questions in regard to how they saw EU and UK investments performing following the UK's exit from the EU at the end of January 2020. They also confirmed that the Government subsidy was important in terms of investing in renewables.

During debate comment was made that the information presented was a snap shot in time but at the end of the day it would be difficult for the Council to make

judgements on investments therefore it was important to have these Fund Managers handling the Council's funds.

The Council noted the presentation by BlackRock.

Decision:

The Council NOTED the Fund Manager presentations from Partners Group, Baillie Gifford and BlackRock.

The meeting concluded at 4pm.

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Chair