

MINUTE

B – PUBLIC

**Special Shetland Islands Council
Council Chamber, Town Hall, Lerwick
Monday 10 November 2014 at 9.15am**

Present:

| | |
|-------------|-----------|
| M Bell | M Burgess |
| P Campbell | G Cleaver |
| A Cooper | B Fox |
| R Henderson | C Smith |
| G Smith | T Smith |
| M Stout | A Wishart |
| V Wishart | |

Apologies

| | |
|-------------|------------|
| S Coutts | A Duncan |
| A Manson | D Ratter |
| F Robertson | G Robinson |
| D Sandison | A Westlake |
| J Wills | |

In Attendance (Officers):

J Gray, Executive Manager – Finance
C Bain, Treasury Accountant
A MacIver, Assistant Accountant
L Gair, Committee Officer

Also:

D Walker, Hymans Robertson
D Marsh, Pension Fund Consultative Panel
R Polson, Pension Fund Consultative Panel

Also Apologies:

J Johnson, Pension Fund Consultative Panel
A Taylor, Pension Fund Consultative Panel

Chair:

Mr M Bell, Convener of the Council, presided.

Circular:

The circular calling the meeting was held as read.

Declarations of Interest

None

In order to avoid the disclosure of exempt information, Mr Bell moved, Mr Smith seconded, and the Council agreed to exclude the public in terms of the relevant legislation during consideration of the following item of business.

86/14 **Pension Fund – Selection of an Alternative Credit, an Active Global Equity and a Diversified Growth Fund Manager**

The Council considered a report by the Executive Manager - Finance, which provided up to date information regarding the three selection exercises, setting out the proposed structure for the final selection meeting.

The Executive Manager – Finance introduced the report and outlined the three mandates that were to be considered by Members. He explained the robust shortlisting process that had been undertaken with assistance from Hymans Robertson. Mr Walker provided more detail on the tendering process and the shortlisting of fund managers. He advised that the Council were in an ideal position stating that each of the fund managers presenting today were appointable. Mr Walker provided an outline of each mandate.

Alternative Credit Mandate

(During the presentation Mr Wishart and Mr Cooper attended the meeting)

Representatives from Henderson attended. Mr Colin Fleury, Mr David Milward and Mr Mark Fulwood presented Members with an outline of Henderson's proposal and responded to a number of technical questions.

The Chair thanked Mr Fleury, Mr Milward and Mr Fulwood for their presentation.

(Mr Colin Fleury, Mr David Milward and Mr Mark Fulwood left the meeting)

Mr Swan, representative for M&G Investments, presented Members with an outline of M&G Investment's proposal and responded to a number of technical questions.

The Chair thanked Mr Swan for his presentation.

(Mr Swan left the meeting)

Mr Fox moved that the Council appoint M&G as fund manager to manage an Alternative Credit Mandate. Mr Wishart seconded.

The meeting adjourned at 11.45 am.

The meeting reconvened at 12 noon.

Present:

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|-------------|-----------|
| M Bell | M Burgess |
| P Campbell | G Cleaver |
| A Cooper | B Fox |
| R Henderson | C Smith |
| G Smith | T Smith |
| M Stout | V Wishart |

Apologies

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In Attendance (Officers):

J Gray, Executive Manager – Finance
C Bain, Treasury Accountant

A MacIver, Assistant Accountant
L Gair, Committee Officer

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Also Apologies:

J Johnson, Pension Fund Consultative Panel
A Taylor, Pension Fund Consultative Panel
R Polson, Pension Fund Consultative Panel

Active Global Equity Mandate

Mr Tim Gooding and Mr Tom Wright, representative for Baillie Gifford, presented Members with an outline of Baillie Gifford's proposal and responded to a number of technical questions.

The Chair thanked Mr Gooding and Mr Wright for their presentation.

(Mr Gooding and Mr Wright left the meeting)

Mr Noel O'Halloran, Mr Gareth Maher and Mr John Griffith, representatives for Kleinwort Benson, presented Members with an outline of Kleinwort Benson's proposal and responded to a number of technical questions.

The Chair thanked Mr O'Halloran, Mr Maher and Mr Griffith for their presentation.

(Mr O'Halloran, Mr Maher and Mr Griffith left the meeting)

(Mr C Smith and Ms Wishart left the Chamber during discussions)

Mr G Smith moved that the Council approve Kleinwort Benson as fund manager to manage an Active Global Equity Mandate. Mr Cooper seconded.

Mr Fox moved, as an amendment, that the Council approve Baillie Gifford as fund manager to manage an Active Global Equity Mandate. Mr Campbell seconded.

Following summing up, voting took place with a show of hands and the results were as follows:

Amendment (Mr Fox) 3
Motion (Mr G Smith) 7

Kleinwort Benson were duly appointed as fund manager to manage an Active Global Equity Mandate.

(Mr C Smith returned)

The meeting adjourned at 2pm.

The meeting reconvened at 2.30pm.

Present:

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|-----------|-----------|
| M Bell | M Burgess |
| G Cleaver | A Cooper |
| B Fox | C Smith |

G Smith

M Stout

Apologies

P Campbell

S Coutts

A Duncan

R Henderson

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D Ratter

F Robertson

G Robinson

D Sandison

T Smith

A Westlake

J Wills

In Attendance (Officers):

J Gray, Executive Manager – Finance

C Bain, Treasury Accountant

A MacIver, Assistant Accountant

L Gair, Committee Officer

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The Chair advised that Officers had taken on board comments regarding the distribution of funds and asked Members if they wished to consider requesting that there be a split of the global equity investment to include emerging markets, to give global coverage.

Members commented that they had seen a presentation on a certain approach and in fairness to the other company it would be important to see how Kleinwort's approach performed over the next few months.

Mr Bell moved that Kleinwort Benson's letter of appointment include a request that they make a presentation to Members on Emerging Markets during the fund manager's review in May 2015. Mr Cooper seconded.

Diversified Growth Fund Mandate

Mr Tommy Garvey and Mr Peter Froude, representative for GMO presented Members with an outline of GMO's proposal and responded to a number of technical questions.

The Chair thanked Mr Garvey and Mr Froude for their presentation.

(Mr Garvey and Mr Froude left the meeting)

Mr Iain Stewart and Mr Stephen Wells, representative for Newton presented Members with an outline of Newton's proposal and responded to a number of technical questions.

The Chair thanked Mr Stewart and Mr Wells for their presentation.

(Mr Stewart and Mr Wells left the meeting)

Mr Stout moved that the Council appoint Newton as fund manager to manage a Diversified Growth Fund Mandate. Mr Cleaver seconded.

Members unanimously granted delegated authority to the Executive Manager – Finance to implement any fund management appointments, and conclude the secure transfer of funds to the appointed fund managers.

Decision:

The Council **RESOLVED** to:

- Appoint M&G as fund manager to manage an Alternative Credit Mandate;
- Appoint Kleinwort Benson as fund manager to manage an Active Global Equity Mandate and in addition that their appointment letter will include a request that they make a presentation to Members on emerging markets during the fund manager's review in May 2015;
- Appoint Newton as fund manager to manage a Diversified Growth Fund Mandate; and
- Grant delegated authority to the Executive Manager – Finance to implement any fund management appointments, and conclude the secure transfer of funds to the appointed fund managers.

The meeting concluded at 4.30pm.

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Convener