

LONDON BOROUGH OF SOUTHWARK PENSION FUND
PENSIONS ADVISORY PANEL

Date: 20 th March 2018	Chair Person: Fiona Colley
Time: 11am	Notes of meeting: Caroline Watson
Venue: Southwark Council 160 Tooley St, London, SE1 2TZ	
Attendees: Cllr Fiona Colley (Chair); Cllr Eliza Mann; Duncan Whitfield; Chris Cooper; Rob Woollatt; Alex Moylan; Andrew Weir; Jo Holden (Mercer); Tom Bacon (Mercer); David Cullinan; Mike Ellsmore	

Item No	Item
1	Apologies: Karrim Jalali
2	Disclosures of Interest & Dispensations: None

3	The minutes of the 9 th January 2018 meeting were agreed as accurate.
4	<p>Matters Arising:</p> <p>London CIV Update</p> <ul style="list-style-type: none"> • Proposal going to the leaders committee: to transfer from separate committees which include all boroughs to twice yearly shareholder committees. To consist of 8 committee Chairs and 4 treasurers. Also to include a trade union representative in observer status. • LCIV consulting on 3 models for investment mandate options: this will go out to all funds to look at in more detail. Theme of not being subsumed and retaining control.
5	<p>Newton Presentation</p> <p>Rob Hay, Jeff Munroe and David Moylett from Newton attended for this agenda item.</p> <p>Key points from presentation are as follows:</p> <ul style="list-style-type: none"> • An explanation was provided for the portfolio's poor performance and details were provided regarding changes which have been made to the portfolio over the last 6 months. • Newton claimed to be back on right track and expect performance to improve. • PAP members asked about the continuing commitment to themes influencing stock selection. • Confirmed that themes continue to be important to the investment process. • Sale of investment in Suncor was formally reported and investment case for this was noted. <p>Agreed: Further review to be carried out following Q2 results.</p>
6	<p>Investment Strategy Review</p> <ul style="list-style-type: none"> • £150m will be invested in the BlackRock low carbon target index fund in a series of transactions in April to be finalised in April or May. • Following the revised fee proposal from Legal and General Investment Management (LGIM), PAP agreed to recommend that £150m is invested in the LGIM low carbon target index fund. • PAP members agreed to recommend an amendment to the target asset allocation to include a new 5% target to sustainable infrastructure with a corresponding 5% reduction in the target weighting for absolute return bonds. • PAP further agreed an investment of £30m in the Glenmont Clean Energy Fund Europe III as part of this new asset class. • Agreed that further potential opportunities in infrastructure would be pursued in order to meet the new target allocation. • Confirmed that no asset rebalancing had taken place to date, but that £15m will be withdrawn from LGIM toward the end of March to fund a property acquisition by TH Real Estate.

7	<p>Investment Update</p> <p>David Cullinan</p> <ul style="list-style-type: none"> • Fund performance for quarter to December was approx. 4%. • The absolute return bond and diversified growth funds sacrificed some return, but this has reduced volatility. • TH Real Estate is ahead of long term target. • Risk and return: exposure to property is giving up some returns but reducing volatility.
8	<p>Portfolio Carbon Footprint Assessment</p> <ul style="list-style-type: none"> • Results of assessment form a starting position which can be measured against in future • Noted that Newton’s carbon intensity is lower than previously estimated. This is due to stock and sector selection. • Noted that total carbon intensity can be used to compare over time. • Further work required on TH Real Estate – estimates used at present. Expect results based on actuals to be better. <p>Actions: Review impact on the portfolio carbon footprint following the implementation of the passive low carbon mandates, as well as the commitment to sustainable infrastructure mandate with Glenmont.</p>
9	<p>Pensions Services Update</p> <ul style="list-style-type: none"> • Performance statistics will be provided at next PAP meeting. • ME requested a written report is tabled at the April Local Pension Board meeting. • Recruitment for head of pensions team underway. • Emerging issue around tax and annual allowances. Information sessions have been provided but there is an expectation from scheme members to be provided with advice, which is not permitted. • Scheme Advisory Board has approached ALATS to look at how to support councils in this area.
10	<p>Local Pension Board Update</p> <ul style="list-style-type: none"> • ME: referred to LPB’s focus on pensions administration. • Considering strategy for appointing a schools forum member to LPB.
11	<p>Forward Plan</p> <ul style="list-style-type: none"> • Newton to be added to PAP agenda forward plan. • AM confirmed business plan is being reviewed. • CC suggested a discussion around the roles and responsibilities of the LPB is added to the forward plan. ME suggested that this is an opportunity to review the terms of reference.

12	<p>Standing Items</p> <ul style="list-style-type: none">• Update on Property Fund drawdowns – noted that drawdowns for 2 opportunistic property funds are low given the maturity of the funds.• Funding Update – noted• Responsible investment and engagement monitor – noted.
11	<p>Any Other Business</p> <p>FC thanked PAP members for their support during her time as Chair. In return PAP members thanked FC for her input and work on the fund during the last 4 years.</p>