

Pension Committee Investment Sub-Committee: Minutes (public)

Date: 23 May 2024

Time: 10:00am-12.15pm

Place: New Shire Hall, Alconbury Weald

Present: County Councillors A Whelan (Chair), M Black (Vice Chair), M Atkins and A Costello; Liz Brennan and Howard Nelson

Officers: B Barlow, D Cave, S Heywood (virtual), M Hudson, A Jose and M Whitby

Adviser/Consultants: J Crowther and C West (Mercer); S Gervaise-Jones; C Fawcett and M Ibbs (item 122 only)

113. Apologies and Declarations of Interest

Apologies were received from Cllr McDonald (Cllr Atkins substituting).

There were no declarations of interest.

114. Public minutes of the Pension Fund Investment Sub-Committee held 29th February 2024

The public minutes of the Committee meeting held 29th February 2024 were agreed as a correct record.

115. Action Log

The Sub-Committee reviewed the Action Log, and updates were noted on the following items:

Item 87: JPMorgan and Stafford SIT X had been selected as the successful candidates by Apex.

Item 110: The Social and Affordable Housing tender had been awarded to Elgin.

Item 53: The Property Portfolio review was now complete, with the AVIVA Lime Long Lease Property Fund selected.

The Action Log was noted.

116. Petitions and Public Questions

No petitions or public questions were received.

117. Stewardship and Engagement Update

The Committee considered an update on stewardship and engagement matters relating to the Fund's investments.

Members noted a summary of engagement activity, including voting numbers, and reasons for voting against proposals. There were no incidences where managers had overridden voting guidelines. Disappointingly, there had been minimal voting activity by some managers, and this had been escalated to the ACCESS Support Unit.

The Sub-Committee noted how the team engages with managers, and also information on the LAPF engagements. A new addition to the report was the LAPF voting alerts, which were followed up by the Pensions team. The response to the LAPF voting alert should provide more feedback going forward. A Member asked about the three different companies which had been the subject of voting alerts. Officers agreed to provide that information to the Member. Action required.

In response to a Member query on the 17 occasions where no votes had been cast, it was confirmed that in these cases managers should have good reasons for not voting. Examples were given where a manager may choose to go against guidelines, or where there was a conscious decision to abstain.

A Member raised a query on investments the Fund holds from the Palestine Solidarity Campaign, and sought advice on what legitimate ethical policy decision the Fund could make in relation to those companies. Officers advised that they would firstly be ascertaining if the list provided was current, and would then obtain advice on any policy decision that could be made. A legal view would need to be sought, and that process had already commenced.

A Member was pleased to see the example of Starbucks on the engagement list, which they felt was the sort of engagement the Fund should be undertaking. It was noted that this was being done through LAPF. The Member observed that this issue showed how local authorities collectively had real influence which could result in real changes. The process for engaging through LAPF and ACCESS were noted, as well as the ability of the team to engage with individual managers.

It was noted that the Economic Activity of Public Bodies (Overseas Matters) Bill had had its third reading in Parliament, but its progress was likely to be impeded by the recently announced General Election. The Bill aimed to prevent public bodies from making decisions about procurement and investment on the basis of political or moral disapproval of a particular foreign state. Whilst the focus was currently Gaza/Israel, the remit of the Bill was likely to impact on any similar situation globally. Some disengagement at an individual company level would probably still be permissible. Officers agreed to notify the Committee once the future timetable of this Bill was known. Action required.

The Sub-Committee resolved to note the report.

118. Cambridgeshire Pension Fund Public Monitoring Report - 31 March 2024

The Sub-Committee received the public report summarising the performance of the Pension Fund for the quarter ended 31 March 2024.

Members noted that there had been positive returns to the Fund's assets over the quarter, fuelled by better than expected USA growth data in Q4, and AI expectations driving returns in tech/comms sectors. Returns for more defensive Bonds were flat or negative, as markets had been expecting greater rate cuts, which had not been forthcoming from the central banks.

It had been a positive quarter from a funding perspective, and liabilities were largely stable. There had been a number of sales from equities to fund Property investments as the Investment Strategy was implemented. However, strong equity returns had effectively maintained the overweight equity position. This would be addressed by further sales of equities in early Q2. The key detractor was the Alternatives portfolio, mainly due to the slow down in UK property and Private Equity.

It was resolved unanimously to note the report.

119. Exclusion of Press and Public

The Sub-Committee resolved that the press and public be excluded from the meeting for the following items on the grounds that they contained exempt information under Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972, as amended (information relating to the financial or business affairs of any particular person (including the authority holding that information) and that it would not be in the public interest for this information to be disclosed as they contained commercially sensitive information.

120. Cambridgeshire Pension Fund Private Monitoring Report – 31 March 2024

The Sub-Committee received the private report summarising the performance of the Pension Fund for the quarter to 31 March 2024.

It was resolved to note the report.

121. Confidential minutes of the Pension Fund Investment Sub-Committee held 29th February 2024.

The confidential minutes of the Committee meeting held 29th February 2024 were agreed as a correct record.

122. Cambridge and Counties Bank

The Sub-Committee considered a report from the Cambridge & Counties Bank.

It was resolved unanimously to:

- a) note recommendation (a);
- b) reject recommendation (b).

123. Currency Hedging Review

The Sub-Committee considered a report on currency hedging.

It was resolved unanimously to approve the report recommendations.

(The Sub-Committee adjourned for a short break)

124. Analytics for Climate Transition

Members received an update on climate data availability across its asset portfolio.

It was resolved unanimously to approve the report recommendations.

Sam Gervaise-Jones left the meeting for the following item

125. Equity Portfolio Review

The Sub-Committee considered an equity portfolio review.

It was resolved unanimously to:

- a) note the presentation;
- b) approve the recommendation.

Councillor Alison Whelan
Chair
12th September 2024