

LONDON BOROUGH OF SOUTHWARK PENSION FUND  
PENSIONS ADVISORY PANEL

Date: 20 <sup>th</sup> July 2017	Chair Person: Fiona Colley
Time: 10am	Notes of meeting: Caroline Watson
Venue: Southwark Council 160 Tooley St, London, SE1 2TZ	
Attendees: Cllr Fiona Colley (Chair); Cllr John Hartley; Cllr Eliza Mann; Duncan Whitfield; Chris Cooper; Alex Moylan; Jo Holden (Mercer); David Cullinan; Mike Ellsmore	

Item No	Item
1	<b>Apologies:</b> Fay Hammond; Jo Anson
2	<b>Disclosures of Interest &amp; Dispensations:</b> None
3	The minutes of the 7 <sup>th</sup> March 2017 meeting were agreed as accurate.
4	<p><b>Matters Arising:</b></p> <p>MiFID II Update</p> <ul style="list-style-type: none"> <li>• An update was provided on the opt up process to elect for a return to professional status.</li> </ul> <p>London CIV Update</p> <ul style="list-style-type: none"> <li>• Governance review of CIV agreed in February, not yet started.</li> <li>• Global equities – 4 of 7 are live.</li> <li>• CIV AGM and Joint Committee quarterly meeting took place last week.</li> <li>• No progress yet re reduced carbon fund.</li> </ul>
5	<p><b>Investment Update</b></p> <p>David Cullinan</p> <ul style="list-style-type: none"> <li>• Update provided on fund manager performance for the quarter to March 2017.</li> <li>• Noted that volatility of the Fund is significantly improved by property holdings.</li> <li>• A summary was provided of the results of the Local Authority Pension Performance Analytics report for the year to March 2017. The Fund's performance ranked favourably over the medium to long term.</li> </ul> <p>Jo Holden (Mercer)</p> <ul style="list-style-type: none"> <li>• Noted that the Fund outperformed relative to its liabilities over the quarter.</li> <li>• Performance figures for Brockton and Frogmore have been removed from the quarterly report. Mercer has asked both managers for suggestions on the approach to reporting in future.</li> </ul>

6	<p><b>Investment Strategy Review</b></p> <ul style="list-style-type: none"> <li>• Key factors for consideration: risk/return given improvement in funding level; DGF and ARB performance; options for carbon reduction over time.</li> <li>• JH advised on the DGF managers on the London CIV and it was agreed that PAP should also consider the alternatives to investing in a DGF fund. Mercer to include details of alternatives in a pros and cons table as part of a paper for the next PAP meeting.</li> <li>• More information to also be provided on CIV funds and other well rated funds at next meeting.</li> <li>• Road map setting out progress to be tabled at next meeting. Any changes in complexity and working with partners across London to be included.</li> </ul>
7	<p><b>Local Pension Board Update</b></p> <ul style="list-style-type: none"> <li>• ME provided an update on the above: he advised that the LPB are considering an additional employer representative.</li> <li>• LPB members asked ME to come back to PAP re the points they previously raised on the Investment Strategy Statement which refers to the council's own plans. Observations were noted.</li> </ul>
8	<p><b>Pension Services Update</b></p> <ul style="list-style-type: none"> <li>• Temporary structure in place at present.</li> <li>• Working with AON Hewitt on data cleansing with employers (in conjunction with work on annual benefit statements).</li> <li>• In process of rolling out systems which will enable employers to upload data directly.</li> </ul>
9	<p><b>Governance Review</b></p> <ul style="list-style-type: none"> <li>• Progress update was noted.</li> </ul>
10	<p><b>Standing Items</b></p> <ul style="list-style-type: none"> <li>• Update on Property Fund drawdowns – noted</li> <li>• Funding Update – the increase in funding level to 98% at 31 March 2017 was noted.</li> <li>• Training schedule – noted. Requirement to record training in a formal manner under MiFID II was noted.</li> <li>• Responsible investment and engagement monitor – report noted. Recognised that there is a need to better represent ESG being applied by all investment managers and ensure it is documented.</li> </ul>
11	<p><b>Any Other Business</b></p> <ul style="list-style-type: none"> <li>• September PAP meeting to be moved to first week of October (date to be confirmed)</li> <li>• Karrim Jalali to be confirmed as GMB representative on PAP.</li> </ul>