

Aberdeen City Council

Aberdeen 21 November 2008 Minute of the Meeting of the Joint Investment Advisory Committee.

Present: Councillor N Fletcher Convener, Councillor A Milne, Councillor S Coull In Attendance, Ms S Cooper, City Chamberlain, Mrs J Hope, Pensions Manager, Mrs L Goodchild, Principal Pensions Officer, Mr Eric Lambert from WM, and Ms C Mann, representing the Clerk.

Apologies for Absence

1. Apologies for absence were intimated on behalf of Cllr Watt, Cllr Bews, Cllr Crockett, Cllr Paul, Mr Morrice and Mr Millican.

Cllr Fletcher asked Mrs Hope to come back to the committee to advise if substitutes are allowed to attend JIAC meetings.

Minute of previous meeting dated 10 November 2008

2. The Committee had before them and approved as a correct record, the Minute of the Joint Investment Advisory Committee of 10 November 2008.

Minute of Meeting of 28 August 2008

3. The Committee had before them and approved as a correct record, the Minute of the Joint Investment Advisory Committee of 28 August 2008.

Minute of the Pensions Panel meeting of 11 June 2008

4. The Committee noted the Minute of the Pensions Panel of 11 June 2008

Matters Arising

5. None

Presentation on the 2008 Valuation - Paul Middleman Pension Fund Actuary.

6. Paul Middleman gave a presentation on the 2008 Actuarial Valuation the key issues discussed with the committee being.
 - Future service costs pressures
 - New scheme, mortality, funding levels
 - Extended recovery period
 - Model Investment return contribution to recovery plan
 - Uncertainties- Commutation, ill health, job evaluation.
 - Reviewing Funding Strategy Statement, differential employer rates, and Termination policy.

The Committee resolved:

That the actuary comes back to the committee with figures looking at a 20 & 25-year recovery period, and to explore differential rates for new employers.

Proposed Schedule of Meetings for Year 2009 - Report by Clerk

7. It was suggested that a meeting in late Jan 09 would be appropriate

The Committee resolved:

To accept the schedule of meetings for 2009 with the addition of a January meeting.

Investment Report to 30 September 2008 - Report by the Pension Manager

8. Mrs Hope picked out a few points from the report.
 - The total value of the fund stood at 1.6billion at the end of September, but due to the volatile markets the fund total at the end of October was down to 1.5billion.
 - Investment performance - Blackrock and Baillie Gifford both had bad quarters but are still adding value.
 - Transport Fund - had been performing badly but during the last quarter there performance had turned round.
 - Rogge- still underperforming, an analysis was done on them which came back suggesting that our mandate might not suit the size of their company.

The Committee resolved:

That Mrs Hope instigates a further investigation on Rogge and report back at the next JIAC meeting.

At this point a discussion arose about tactical asset allocation in the current market. Eric Lambert will prepare comments on TAA for the next meeting.

Cllr Fletcher took the opportunity to advise the committee about an investment opportunity that may become available in respect of a Local Authority Investment Bond.

Mrs Hope advised that independent advice should be sought on this investment.

The Committee resolved:

That Mrs Hope liase with Mercers the Fund consultant regarding advice on this possible investment and report back to the committee.

Presentation on Private Equity - Laura Goodchild

9. This presentation was postponed till the next JIAC meeting

Presentation on the UK Property Portfolio - Aberdeen Asset Managers

10. They started by introducing the committee to the new portfolio manager Sandy Thomson who has over 20 years experience in property fund management. They then went through their investment process, the funds performance and some individual properties in our portfolio. Wood Street was the cause of underperformance and they acknowledged that their communication about this property to the pension fund's officers had been poor.

Cllr Fletcher welcomed Sandy Thomson and reiterated that he was expecting much better communication between them and the officers, which would make for a better relationship going forward.

Cllr Fletcher also asked if they have any plan for the 20million they have in cash waiting to invest.

Sandy advised that they would be looking to buy in the new year, as there would be more choice at that time.

Any Other Competent Business

11. None

Councillor N Fletcher - Convener