MEETING:	**PENSIONS COMMITTEE**
DATE:	**28 September 2012**
TITLE:	**LGC INVESTMENT SUMMIT, 5-7 SEPTEMBER 2012 "Desperately Seeking Growth"**
PURPOSE:	**To inform the members of the Pensions Committee of the benefits gained from attending the conference**
AUTHOR:	**Dafydd L Edwards – Head of Finance**

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1. INTRODUCTION

Once again, this year's 'LGC Investment Summit', was held at Celtic Manor, Newport, and attended by Councillor Trefor Edwards, Councillor Stephen Churchman and Dafydd Edwards, Head of Finance.

The conference Chairman emphasised that the discussions were held under "Chatham House Rules", hence the following notes are brief, or are not attributed to specific presenters.

2. GROWING ECONOMIES AND MARKETS

In the opening session, Joshua McCallum, Senior Research Analyst (Economics), from UBS reflected on economic effects on pension funds, noting that "quantitative easing" (or "desperately printing money") had made little impact in developed economies, but opportunities may exist in emerging markets.

3. FUTURE OF THE LGPS

Bob Holloway, Head of Pensions at the DCLG, gave a guarded presentation on the development of the new Scheme, Auto Enrolment, and their effects on membership and funds' deficits.

Terry Crossley, former head at the DCLG, also attended the conference and he provided an interesting insight during an informal conversation.

4. COST SAVING, COLLABORATIVE WORKING AND MERGING OPERATIONS

A panel session featured representatives of 3 funds who had considered various means of collaborating. The panel's ideas were rather limited and the audience were critical of their focus on cost saving (considering that costs are insubstantial relative to funds' value and their returns).

The most robust current development was an endeavour by 7 funds (Croydon, Norfolk, Buckinghamshire, Cambridgeshire, Derbyshire, Lincolnshire and Northamptonshire) jointly looking for actuarial consultants, investment consultants, and custodians via a "super-tender" process.

Nicola Mark (Norfolk) and Nathan Elvery (Croydon) were on the panel and suggested that other funds should join their venture with framework agreements. The Gwynedd Fund could use these in the future in order to save time as well as costs.

5. GLOBAL EQUITIES

Amongst the speakers discussing equities was our old friend Martyn Hole of Capital International.

The Fund representatives' visit to Capital's presentation suite provided an opportunity to build bridges with Martyn as an individual, although the timing of the conference proved unfortunately rather difficult, further to our very recent decisions regarding both Capital and UBS.

Despite the "lost decade", the session on equities concluded that the asset class remains "fit for purpose", but that greater returns may be available in emerging markets (including China and South America), compared with traditional developed economies.

We were reminded of an old French proverb: "Buy on the cannons, sell on the trumpets", and the lessons being that we should stay engaged in global equity, especially in times of disappointment, maintain diversity, and focus on the long term rather than sort term volatility.

6. INVESTMENT IN PROPERTY

We received a joint presentation on Property from Schroders' and L&G's specialists.

Amongst the types of investment they suggested might provide better growth were "pressured event opportunities", "sale and leaseback" arrangements, and "income partnerships".

The retail sector (e.g. convenience stores, car showrooms) was considered to be one category of property which could currently be an opportunity for growth.

7. OTHER OPPORTUNITIES FOR GROWTH

Ronnie Bowie from Hymans Robertson closed the conference with his customary entertaining session.

He suggested that there is value to be had from holding stocks until maturity, while banks are nervous about those investments' market value, because they are reflected at market value on those vulnerable banks' balance sheets. Ronnie Bowie argued that this presented an opportunity for pension funds, which are "balance sheet agnostic".

He expanded that those investments for pension funds to seek were those which were likely to give stable rather than stellar returns.

8. NETWORKING

The time for informal discussions with investment managers between sessions provided the opportunity to hear the frank truth regarding firms' performance and reasons behind recent staff movements.

Further, there was an opportunity to network with other funds' representatives (all the Welsh funds were represented) and to discuss their recent selections and their current strategies.

9. CONCLUSION

This special venue, the Celtic Manor, once again gave a high profile to the conference and to Wales. It provided an ideal environment to meet, learn and listen to a valuable debate on leading edge investment issues, and the conference will return to the same venue in 2013.