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| MEETING | PENSIONS COMMITTEE |
| DATE | 7 OCTOBER 2013 |
| TITLE | LGC INVESTMENT SUMMIT, 4 – 6 SEPTEMBER 2013 “25 Years at the Heart of the Local Government Pensions Debate” |
| PURPOSE | To inform the members of the Pensions Committee of the benefits gained from attending the conference |
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1. INTRODUCTION

This year’s ‘LGC Investment Summit’ was held at the Celtic Manor Resort, Newport and was attended by Councillor Hywel Eifion Jones, Councillor Dafydd Meurig and Caroline Roberts, Investment Manager.

2. LOCAL ECONOMIC INFLUENCES

The opening session was a detailed presentation by Paul Johnson, Director of the Institute for Fiscal Studies. He explained how UK public finances and economic outlook are changing and how they can impact on pension funds.

3. PENSION FUND PERSPECTIVE ON LGPS 2014

Jonathan Bunt, Chief Finance Officer at the London Borough of Barking and Dagenham and Geik Drever, Director of Pensions at West Midland Pension Fund explained how the new scheme will impact on funding and investment strategies.

Jonathan emphasised the importance of cash flow and how some of the collaborative work to share Chief Officers impacts on this as the number of higher contributing members to the pension fund reduces.

Geik explained the impact on the West Midland fund of ensuring that the large number of employers in the fund are ready to implement the new scheme.

4. SMARTER EXPOSURE TO GLOBAL EQUITIES

The presentation by Ben Kottler, Institutional Portfolio Manager at MFS Investment Management considered the investment exposure to global markets based on revenue analysis rather than the domicile of the companies in which funds are invested. For example many European companies sell to America and Emerging markets and that exposure is not considered when assessing the risk of investments.

5. THE NEXT GENERATION OF EMERGING MARKET OPPORTUNITIES

Nicholas Davidson, Senior Portfolio Manager at Alliance Bernstein gave his views on what the next 50 emerging markets will be and why they are attractive for investment with strong growth forecast and risk similar to historical emerging markets.

6. MAKING THE BEST INVESTMENT CHOICES AT THE RIGHT TIME

An interactive session chaired by Nicola Mark, Head of Norfolk Pension Fund discussed the current thinking about where to invest, what to avoid and how to achieve funding targets. Many views were expressed but the majority appeared to agree that collaboration is the way forward.

7. OPPORTUNITIES IN UK PROPERTY – RESPONDING TO CARBON REDUCTION TARGETS / LEGISLATION

Don Jordison, Managing Director of Threadneedle Property Investments Ltd considered the impact of carbon reduction targets on the property portfolios currently held and gave examples of the ways that Threadneedle is ‘future-proofing’ its property portfolios by making them more energy efficient. This is a question we should be asking our property managers – including Threadneedle!

8. BUT HOW WILL IT HELP THE VALUATION OUTCOMES?

The closing session entitled ‘Fairy tales and LGPS deficits’ was from Ronnie Bowie, Senior Partner at Hymans Robertson and was, as usual, both informative and entertaining.

He focused on the coming valuation and the comparatives that Hymans Robertson make across the LGPS funds on consistent assumptions. His opinion is that percentage funding levels in 2013 will decrease slightly but that the deficits will be larger. There should be correlation between funding level and contribution rates but when the funds are compared using consistent assumptions this is not always the case. He emphasised that each fund should have a credible plan for funding the deficit. He also stated that there is no correlation between fund size and investment returns.

9. CONCLUSION

There were plenty of opportunities for networking with the investment managers and representatives from other funds and discuss their current issues.

The Celtic Manor is an excellent venue and the weather was also excellent this year allowing a lunch barbecue outside and sending people home with an ideal experience of the venue and their visit to Wales. The conference will return to the same venue in 2014.