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AT A MEETING of the Hampshire Pension Fund Panel and Board of HAMPSHIRE COUNTY COUNCIL held at Mitchell Room, EII Podium, Winchester on Friday, 29th September, 2017

PRESENT

Chairman:
p Councillor M. Kemp-Gee

Elected members of the Administering Authority (Councillors):

a C. Carter	p A. Joy
p A. Dowden	p P. Latham
a A. Gibson	p D. Mellor (substitute)
a J. Glen	p B. Tennent
	p T. Thacker

Employer Representatives (Co-opted members):

a Councillor P. Giddings (Test Valley Borough Council)
p Councillor M. Chaloner (Southampton City Council)
p Mr D. Robbins (Churchers College)

Scheme Member Representatives (Co-opted members):

p Dr C. Allen (pensioners' representative)
p Mr N. Wood (scheme members representative)
p Mrs V. Arrowsmith (deferred members' representative)

Independent Adviser:

p C. Dobson

BROADCAST ANNOUNCEMENT

The Chairman announced that the press and members of the public were permitted to film and broadcast the meeting. Those remaining at the meeting were consenting to being filmed and recorded, and to the possible use of those images and recording for broadcasting purposes.

26. APOLOGIES FOR ABSENCE

Councillors Carter, Gibson, Giddings and Glen sent their apologies.

27. DECLARATIONS OF INTEREST

Members were mindful that where they believed they had a Disclosable Pecuniary Interest in any matter considered at the meeting they must declare that interest at the time of the relevant debate and, having regard to the circumstances described in Part 3, Paragraph 1.5 of the County Council's Members' Code of Conduct, leave the meeting while the matter was discussed, save for exercising any right to speak in accordance with

Paragraph 1.6 of the Code. Furthermore Members were mindful that where they believed they had a Non-Pecuniary interest in a matter being considered at the meeting they considered whether such interest should be declared, and having regard to Part 5, Paragraph 2 of the Code, considered whether it was appropriate to leave the meeting whilst the matter was discussed, save for exercising any right to speak in accordance with the Code.

28. CONFIRMATION OF MINUTES (NON-EXEMPT)

The minutes of the Pension Fund Panel and Board held on 7 July 2017 were confirmed.

29. CHAIRMAN'S ANNOUNCEMENTS

The Chairman and Dr Allen provided a summary of the main topics covered at the Local Government Chronicle pensions conference.

The Chairman and Mrs Arrowsmith provided brief feedback from the Schroders autumn conference.

The Chairman thanked all of the full members of the committee for completing their training needs analyses and reminded the committee that the Pension Fund's annual employers meeting was taking place on 13 October 2017.

30. INVESTMENTS - IMPLEMENTATION OF THE MARKETS IN FINANCIAL INSTRUMENTS DIRECTIVE (MIFID II)

The Panel considered a report of the Director of Corporate Resources (item 5 in the Minute Book) outlining the impact of the implementation of the Markets in Financial Instruments Directive (MiFID II) and in particular the risk to the Fund's investment strategy if the administering authority were to become a retail client on 3 January 2018 under the new regulations. In order to continue to effectively implement the Fund's investment strategy after the new regulations take effect, applications for election to be treated as a professional client should be submitted to all financial institutions with whom the administering authority has an existing or potential relationship in relation to the investment of the Fund.

RESOLVED:

- (a) That the potential impact on investment strategy of becoming a retail client with effect from 3 January 2018 was noted.
- (b) That the immediate commencement of applications for elected professional client status with all relevant institutions in order to ensure it can continue to implement an effective investment strategy was approved.
- (c) That in electing for professional client status the protections available to retail clients attached as Appendix 1 of the report that would be foregone were acknowledged and agreed.

- (d) That the importance of the identification and participation in training by Panel and Board members in the Pension Fund securing elected professional client status was noted.
- (e) That delegated responsibility to the Director of Corporate Resources for the purpose of completing the applications and determining the basis of the application as either full or single service was approved.

31. GOVERNANCE: PENSION FUND COSTS 2016/17

The Panel and Board considered and noted a report of the Director of Corporate Resources (item 6 in the Minute Book) on the costs of managing the Pension Fund in the financial year 2016/17. Costs were disclosed according to the three categories specified in CIPFA's guidance on Pension Fund Accounts; investment management costs, administration expenses and oversight and governance costs.

The Panel and Board noted that while the cost of managing the Pension Fund was significant, it was low in comparison to the overall size of the Pension Fund and in line with Hampshire's position as one of the largest LGPS funds. It was highlighted that investment management costs had increased in percentage terms, due to the large transition between the Fund's global equity portfolios and the increased allocation to alternative investments, some of which were now able to charge a fee based on their investment performance which had exceeded the base levels set out in the funds' agreements.

32. EXCLUSION OF THE PRESS AND PUBLIC

RESOLVED:

That the public be excluded from the meeting during the following items of business, as it is likely, in view of the nature of the business to be transacted or the nature of the proceedings, that if members of the public were present during these items there would be disclosure to them of exempt information within Paragraphs 1, 2 and 3 of Part 1 of Schedule 12A to the Local Government Act 1972, and further that in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information, for the reasons set out in the reports.

33. CONFIRMATION OF THE MINUTES OF THE PREVIOUS MEETING

The exempt minutes of the Pension Fund Panel and Board held on 7 July 2017 were confirmed.

34. GOVERNANCE: PENSION FUND COSTS 2016/17- EXEMPT APPENDIX

The Panel and Board noted the exempt appendix from the Director of Corporate Resources (Item 9) in the Minute Book) detailing the Fund's investment management costs. [SUMMARY OF A MINUTE WHICH CONTAINS EXEMPT INFORMATION]

35. **GOVERNANCE: PROVISION OF ADVICE TO THE PANEL AND BOARD**

The Panel and Board considered the exempt report from the Director of Corporate Resources (Item 10 in the Minute Book) to consider the advice provided to the Pension Fund Panel and Board. [SUMMARY OF A MINUTE WHICH CONTAINS EXEMPT INFORMATION]

36. **INVESTMENT - INVESTMENT UPDATE**

The Panel and Board considered the exempt report from the Director of Corporate Resources (Item 11 in the Minute Book) updating the Panel and Board about the progress of the Pension Fund's investments. [SUMMARY OF A MINUTE WHICH CONTAINS EXEMPT INFORMATION]

37. **INVESTMENTS - ALTERNATIVE INVESTMENTS PORTFOLIO UPDATE**

The Panel and Board received an exempt report from the Director of Corporate Resources (Item 12 in the Minute Book) updating the Panel and Board on the Fund's alternative investment portfolios. [SUMMARY OF A MINUTE WHICH CONTAINS EXEMPT INFORMATION]

Chairman,