

INVESTMENT COMMITTEE

Thursday, 16 May 2019

Minutes of the meeting of the Investment Committee held at the Guildhall EC2 at 2.30 pm

Present

Members:

Deputy Tom Sleight (Chair)	Alderman Robert Hughes-Penney
Nicholas Bensted-Smith (Deputy Chairman)	Shravan Joshi
Tijs Broeke	Tim Levene
Deputy Michael Cassidy	Deputy Edward Lord
Henry Colthurst	Andrien Meyers
Simon Duckworth	Dhruv Patel
Alderman Alison Gowman	Deputy Henry Pollard
Alderman Robert Howard	James de Sausmarez
Michael Hudson	Ian Seaton

Officers:

Joseph Anstee	- Town Clerk's Department
Peter Kane	- Chamberlain
Caroline Al-Beyerty	- Chamberlain's Department
Kate Limna	- Chamberlain's Department
Nicholas Gill	- City Surveyor's Department
David Farnsworth	- Chief Grants Officer
Tim Wilson	- City Bridge Trust
James Graham	- Chamberlain's Department
Simon Latham	- Town Clerk's Department

1. APOLOGIES

Apologies for absence were received from Chris Boden, John Chapman, Deputy Jamie Ingham Clark, Deputy Clare James and Jeremy Mayhew.

2. MEMBERS' DECLARATIONS UNDER THE CODE OF CONDUCT IN RESPECT OF ITEMS ON THE AGENDA

There were no declarations.

3. ORDER OF THE COURT OF COMMON COUNCIL

The Committee received an Order of the Court of Common Council of 25 April 2019 appointing the Committee and approving its Terms of Reference.

4. APPOINTMENT OF THE BOARDS AND FREQUENCY OF MEETINGS

The Committee considered a report of the Town Clerk seeking Members' approval on the composition, frequency of meetings, and co-option protocol for the Committee's Boards.

The Town Clerk read a list of names who had indicated their wish to serve on the Financial Investment Board and, with 13 Members indicating their willingness for 12 to 14 places, it was: -

RESOLVED – That the following Members be elected to the Financial Investment Board for the year ensuing:

Nick Bensted-Smith
Henry Colthurst
Simon Duckworth
Alderman Robert Howard
Alderman Robert Hughes-Penney
Deputy Jamie Ingham Clark
Deputy Clare James
Tim Levene
Andrien Meyers
Deputy Henry Pollard
James de Sausmarez
Ian Seaton
Deputy Philip Woodhouse

The Town Clerk read a list of names who had indicated their wish to serve on the Property Investment Board and, with 12 Members indicating their willingness for 12 to 14 places, it was: -

RESOLVED – That the following Members be elected to the Property Investment Board for the year ensuing:

Chris Boden
John Chapman
Alderman Alison Gowman
Christopher Hayward
Michael Hudson
Deputy Jamie Ingham Clark
Shravan Joshi
Deputy Edward Lord
Andrien Meyers
Dhruv Patel
Deputy Tom Sleigh
Deputy Philip Woodhouse

The Town Clerk read a list of names who had indicated their wish to serve on the Social Investment Board. Four Members indicated their willingness to serve for three appointments, and a ballot was therefore required. Following the ballot, it was

RESOLVED – That Nick Bensted-Smith, Tijs Broeke and Deputy Henry Pollard be elected to the Social Investment Board for the year ensuing.

Election of Chairman and Deputy Chairman to the Financial Investment Board

The Town Clerk invited Members of the newly appointed Financial Investment Board to elect a Chairman in accordance with Standing Order 29. A list of Members eligible to stand was read out and Nick Bensted-Smith, being the only Member indicating his willingness to serve, was declared to have been elected for the year ensuing.

The Town Clerk invited Members of the newly appointed Financial Investment Board to elect a Deputy Chairman in accordance with Standing Order 30. A list of Members eligible to stand was read out and Henry Colthurst, being the only Member indicating his willingness to serve, was declared to have been elected for the year ensuing.

Election of Chairman and Deputy Chairman to the Property Investment Board

The Town Clerk invited Members of the newly appointed Property Investment Board to elect a Chairman in accordance with Standing Order 29. A list of Members eligible to stand was read out and Deputy Tom Sleigh, being the only Member indicating his willingness to serve, was declared to have been elected for the year ensuing.

The Town Clerk invited Members of the newly appointed Property Investment Board to elect a Deputy Chairman in accordance with Standing Order 30. A list of Members eligible to stand was read out and Andrien Meyers, being the only Member indicating his willingness to serve, was declared to have been elected for the year ensuing.

The Chair advised the Committee that the Property Investment Board would consider co-opting Deputy Alastair Moss to the Board. A Member asked that a review of the co-option protocol be undertaken, with an aim of ensuring that the diversity was accounted for when appointing a co-optee to the Board.

RESOLVED - That the Investment Committee:

- a) Approve the appointment of the Financial, Property and Social Investment Boards, and that the frequency of meetings, terms of reference and co-option protocol for the Committee's Boards be approved;
- b) Agree the composition of the Financial and Property Investment Boards;
- c) Appoint Nick Bensted-Smith, Tijs Broeke and Deputy Henry Pollard to the Social Investment Board;
- d) Note that the Chairman and Deputy Chairman of the Investment Committee are ex-officio Members of the following Committees:

- Policy & Resources
- Finance

e) Request that officers review the co-option protocol for the Committee, paying particular attention to the aim of increasing diversity.

5. **ELECTION OF CHAIRMAN**

The Committee proceeded to elect a Chairman in accordance with Standing Order No.29. The Town Clerk read a list of Members eligible to stand and Deputy Tom Sleight, being the only Member who expressed his willingness to serve, was duly elected as Chairman of the Committee for the ensuing year.

6. **ELECTION OF DEPUTY CHAIRMAN**

The Committee proceeded to elect a Deputy Chairman in accordance with Standing Order No.30. The Town Clerk read a list of Members eligible to stand and Nick Bensted-Smith, being the only Member who expressed his willingness to serve, was duly elected as Deputy Chairman of the Committee for the ensuing year.

The newly-elected Chair gave thanks to Members for their trust and support and congratulated the new Chairmen and Deputy Chairmen of the Boards. This was an interesting time for the Committee with existential risks, increasing valuations and potentially turbulent years ahead. The new Chair added that he wanted to use the significant experience and expertise on the Committee and involve everyone in its work. The Chair then welcomed new and returning Members to the Committee and thanked outgoing Members for their service.

VOTE OF THANKS

THAT the Members of the Investment Committee wish to express their sincere thanks to

ANDREW MCMURTRIE

for his capable stewardship as Chairman of the Investment Committee and for his dedicated service to the work of the Investment Committee and Investment Boards.

Whilst a short but sweet tenure as Chairman of this Committee, Andrew has been a valued Committee Member for the past six years. He has also been a consistent, committed and knowledgeable Chairman of the Financial Investment Board since October 2015, and has also served on the Social Investment Board since December of that year. Andrew's extensive knowledge and experience of investment matters has been of great value to the work of all bodies.

As Chairman, Andrew has provided clarity of direction and a reasoned approach to the work of the Financial Investment Board. Whilst facing challenges, his term has been positive and productive. Over the last three

years, all three Funds have outperformed their benchmark, with both the Pension Fund and City's Cash outperforming their benchmark over the last five years.

Andrew's extensive experience of the process of asset allocation, portfolio construction and security analysis has equipped him to ask searching questions of the City of London Corporation's various fund managers, and to be effective in holding them to account. Andrew has been a strong advocate for the Pension Fund as the City of London's shareholder representative on the London Collective Investment Vehicle.

Andrew has also been instrumental in promoting responsible investment and ESG during his time as Chairman of the Board. During his tenure, the City of London Corporation has agreed a Statement of Commitment to the UK Stewardship Code and a Responsible Investment Policy, and become a signatory to the Principles of Responsible Investment. The City was also opted up to professional status under MiFID II in 2018.

The Committee wishes to thank Andrew for his expertise and his significant service to the Investment Committee and the Financial and Social Investment Boards. The stewardship that Andrew has demonstrated is much appreciated by all Members of this Committee, who wish him much success in his continued service in the City of London Corporation and in other bodies.

7. MINUTES OF THE PREVIOUS MEETING

RESOLVED - That the public minutes and non-public summary of the meeting held on 16 January 2019 be approved as an accurate record.

8. MINUTES OF THE FINANCIAL INVESTMENT BOARD

RESOLVED - That the public minutes and non-public summary of the Financial Investment Board meeting held on 12 February 2019 be noted.

9. MINUTES OF THE PROPERTY INVESTMENT BOARD

A Member raised the issue of sustainability and responsible investment with regards to property investments, and suggested that the Committee consider developing a consistent policy and review mechanism for use across all three Boards. The Chamberlain responded that through the Financial Investment Board the City of London Corporation had signed up to the Principles of Responsible Investment and looked closely at the ESG credentials of the City of London Corporation and its fund managers. Social Impact Investing and Green Finance were also currently under consideration. A Sustainable Buildings Policy was a useful consideration and an overarching policy on green and sustainable investment would be helpful to draw the various strands together.

The Chair suggested that a working party or task and finish group be set up to work on such a policy for the whole investment portfolio, and asked for delegated authority to work on establishing such a group, in consultation with the Deputy Chairman and officers. The Committee noted that the City of London Corporation had also developed a Responsible Business Strategy. A

Member suggested involving the Finance Committee as a number of major properties were overseen by the Corporate Asset Sub-Committee.

RESOLVED – That:

- a) the public minutes and non-public summaries of the Property Investment Board meetings held on 12 December 2018, 23 January 2019, 20 February 2019 and 20 March 2019 be noted; and
- b) Authority be delegated to the Town Clerk, in consultation with the Chairman and Deputy Chairman, to establish a body to look into developing an overarching green and sustainable investments policy that could be applied across the City of London Corporation’s investment portfolio.

10. MINUTES OF THE SOCIAL INVESTMENT BOARD

RESOLVED - That the public minutes and non-public summary of the Social Investment Board meeting held on 7 February 2019 be noted.

11. BREXIT UPDATE

The Committee received an update on Brexit from the Chamberlain.

12. ELECTION OF EPPING FOREST VERDERERS 2020

The Committee considered a report of the Town Clerk and the Director of Open Spaces concerning the election of Epping Forest Verderers in 2020. The Town Clerk gave Members an overview of the electoral system for verderers and explained the background behind the proposal.

RESOLVED – That the Investment Committee agree that the proxy vote of the Investment Committee will not be used for the 2020 election of verderers.

13. QUESTIONS ON MATTERS RELATING TO THE WORK OF THE COMMITTEE

In response to a query from a Member, the Chair advised the Committee that he would consult with Members to review the timings of meetings.

14. ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT

There was no other business.

15. EXCLUSION OF THE PUBLIC

RESOLVED - That under Section 100(A) of the Local Government Act 1972, the public be excluded from the meeting for the following items on the grounds that they involve the likely disclosure of exempt information as defined in Part I of the Schedule 12A of the Local Government Act.

Item No.	Paragraph(s) in Schedule 12A
16 – 25	3
26 – 27	-

16. NON-PUBLIC MINUTES OF THE PREVIOUS MEETING

RESOLVED: That the non-public minutes of the meeting held on 16 January 2019 be approved as an accurate record.

17. **NON-PUBLIC MINUTES OF THE FINANCIAL INVESTMENT BOARD**
The Committee received the non-public minutes of Financial Investment Board meetings since the last meeting of the Investment Committee.
18. **NON-PUBLIC MINUTES OF THE PROPERTY INVESTMENT BOARD**
The Committee received the non-public minutes of Property Investment Board meetings since the last meeting of the Investment Committee.
19. **NON-PUBLIC MINUTES OF THE SOCIAL INVESTMENT BOARD**
The Committee received the non-public minutes of Social Investment Board meetings since the last meeting of the Investment Committee.
20. **CITY FUND, CITY'S ESTATE AND BRIDGE HOUSE ESTATES - SCHEME OF DELEGATIONS AND GATEWAYS**
The Committee considered a report of the City Surveyor.
21. **BRIDGE HOUSE ESTATES - INVESTMENT STRATEGY**
The Committee received a report of the Town Clerk.
22. **BRIDGE HOUSE ESTATES: PART INVESTMENT OF THE PROCEEDS FROM THE SALE OF 1-5 LONDON WALL BUILDINGS**
The Committee considered a report of the Chamberlain.
23. **STRATEGIC ASSET ALLOCATION REVIEW**
The Committee considered a report of the Chamberlain and the City Surveyor.
24. **UPDATE ON THE ACTIVITIES OF THE FINANCIAL INVESTMENT BOARD**
The Committee received a report of the Chamberlain.
25. **UPDATE ON THE ACTIVITIES OF THE SOCIAL INVESTMENT BOARD**
The Committee received a report of the CGO.
26. **NON-PUBLIC QUESTIONS ON MATTERS RELATING TO THE WORK OF THE COMMITTEE**
There were no non-public questions.
27. **ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT AND WHICH THE COMMITTEE AGREE SHOULD BE CONSIDERED WHILST THE PUBLIC ARE EXCLUDED**
There was no other business.

The meeting closed at 3.42 pm

Chairman

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