

FINANCIAL INVESTMENT BOARD

Tuesday, 5 September 2017

Minutes of the meeting of the Financial Investment Board held at the Guildhall EC2 at 1.45 pm

Present

Members:

Andrew McMurtrie (Chairman)
Nicholas Bensted-Smith (Deputy
Chairman)
Alexander Barr
Deputy Jamie Ingham Clark
Deputy Clare James
Tim Levene

Andrien Meyers
Deputy Henry Pollard
James de Sausmarez
Ian Seaton
Deputy Philip Woodhouse

Officers:

Sacha Than	-	Town Clerk's Department
Peter Kane	-	Chamberlain
Caroline Al-Beyerty	-	Chamberlain's Department
Tom Broughton	-	Chamberlain's Department
Kate Limna	-	Chamberlain's Department
Catrina Arbuckle	-	Mercer

1. APOLOGIES

Apologies were received from Henry Colthurst and Alderman Robert Howard.

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

Alexander Barr declared an interest due to working for Standard Life Aberdeen PLC which is branded as Aberdeen Standard Investments.

James de Sausmarez declared an interest in respect of Item 13 due to working for Janus Henderson and withdrew from part of the discussion at this item.

3. MINUTES OF THE PREVIOUS MEETING

RESOLVED - That the public minutes and non-public summary of the meeting held on 29 June 2017 be agreed as a correct record.

4. OUTSTANDING ACTIONS

The Board received the list of outstanding actions and the Chairman noted there were no public actions at present.

In response to a Member's request for an update on the letter received from the Minister for Local Government in relation to Local Government Pension

Scheme Investment Pooling, the Chamberlain explained that this letter would be circulated to the Board following the meeting, and the letter confirmed that all funds must fully participate in a Pool, and those Pools must have an FCA authorised operator. The Chamberlain further explained that although all Pools must be operational by April 2018 (and the London CIV is fully operational already) there are no specific deadlines for on-boarding any individual asset class allocations onto the Pool. The Pools are required to update Ministers on progress periodically. The Chamberlain suggested it might be helpful to invite officers from the London CIV to a future FIB meeting.

RESOLVED – That the report be noted.

5. **MONTHLY INVESTMENT ANALYSIS REVIEW**

The Board received the monthly review for July 2017 which detailed the list of current investments.

RESOLVED – That the analysis review be noted.

6. **IMPLEMENTATION OF THE MARKETS IN FINANCIAL INSTRUMENTS DERIVATIVE (MIFID II)**

The Board received a report of the Chamberlain which asked Members to agree that elections to profession client status should be made on behalf of the authority.

The Chairman explained that in order to continue to effectively implement the City Corporation's investment strategy after 3 January 2018, applications for election to be treated as professional clients should be submitted to all financial institutions with whom the City Corporation has an existing or potential relationship with, in relation to the investment of the pension fund and the treasury management function.

The Board agreed that the Chamberlain should be granted the necessary delegation to make applications on the City Corporation's behalf and to determine the nature of the application on either full or single service basis.

The Chamberlain explained that a training programme would be rolled out to Members of the Board which could include self-assessment elements and other needs-based training.

In response to a Member's question, the Chamberlain confirmed that if in the future, Members of the Court were interested in joining the Financial Investment Board, those who had not received relevant training would still be eligible to join the Board. The Chamberlain further explained that the Board was comprised of highly qualified finance professionals and the Chamberlain's Department would, if necessary contact Members regarding their biographies to send as part of the application.

RESOLVED – That the Board:

- a) note the potential impact on investment strategy of becoming a retail client with effect from 3rd January 2018;
- b) agree to 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;
- c) note that in electing for professional client status the Board acknowledges and agrees to forgo the protections available to retail clients as at appendix one in the report before Members;
- d) note that a training programme will need to be formalised to better evidence and expertise, experience and knowledge of the Board as set out in paragraph nine of the report before Members and a further report would follow in due course;
- e) agree to delegate responsibility to the Chamberlain for the purposes of completing the applications and determining the basis of the application as either full or single service.

7. **RESPONSIBLE INVESTMENT - NEXT STEPS**

The Board received a report of the Chamberlain which set out further actions to be taken in order to continue to build responsible investment, this would commence with a Survey of Financial Investment Board Members on their investment beliefs and the results of this would inform a workshop and subsequent discussions.

The Board noted that it would be useful for the Survey to also seek views on implementation of Environmental, Social and Governance (ESG) considerations for investment policies. The Board further noted that it would be useful for the Survey to be shared with Members of the Social Investment Board (SIB) and asked the Chamberlain to liaise with SIB Members. The Board asked that a note of this discussion and the report before Members be sent to the next meeting of the Social Investment Board.

RESOLVED – That the Board agree:

- a) to a survey of FIB Members on their investment beliefs in relation to RI/ESG considerations;
- b) following the analysis of the survey results, a workshop/FIB discussion on a Responsible Investment draft policy statement, that would feed into the wider Investment Strategy;
- c) to subsequently, prepare an implementation plan that would enable us to commit to the UK Stewardship Code and to the Principles of Responsible Investment within an agreed timeframe; and
- d) that a note of this discussion and the report before Members be sent to the next meeting of the Social Investment Board.

8. **QUESTIONS ON MATTERS RELATING TO THE WORK OF THE COMMITTEE**

There were no questions.

A Member explained that a new Guild of Investment Managers was being formed for those already not in a Livery Company and it was hoped that this

guild would later be awarded Livery status. Applications would be welcome from those interested in joining.

9. **ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT**

There was no other business.

10. **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
11-15	3
16-17	-

11. **NON-PUBLIC MINUTES OF THE PREVIOUS MEETING**

RESOLVED - That the non-public minutes of the meeting held on 29 June 2017 be agreed as a correct record.

12. **NON-PUBLIC OUTSTANDING ACTIONS**

The Board received the list of non-public outstanding actions.

RESOLVED – That the report be noted.

13. **PENSION FUND - DRAFT INVESTMENT STRATEGY REVIEW**

The Board considered a covering report of the Chamberlain and a report of Mercer.

14. **INVESTMENT MONITORING REPORT**

The Board considered a report of the Chamberlain.

15. **SIR WILLIAM COXEN TRUST FUND (206936): FUTURE PLANS AND OBJECTIVES**

The Board considered a report of the Town Clerk.

16. **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.

17. **NON-PUBLIC QUESTIONS ON MATTERS RELATING TO THE WORK OF THE COMMITTEE**

There were no non-public questions.

The meeting closed at 3.03 pm

Chairman

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