



Financial Investment Board

Date: TUESDAY, 2 JULY 2013
Time: 1.45pm
Venue: COMMITTEE ROOMS - WEST WING, GUILDHALL

Members: Ray Catt (Chairman)
Deputy Robert Howard (Deputy Chairman)
Deputy Ken Ayers
Roger Chadwick
Henry Colthurst
Simon Duckworth
Tom Hoffman
Clare James
Edward Lord
Andrew McMurtrie
Deputy Henry Pollard
John Scott
Ian Seaton
Philip Woodhouse

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Lunch for Members will be served in the Guildhall Club at 1pm

John Barradell
Town Clerk and Chief Executive

AGENDA

Part 1 - Public Agenda

1. **APOLOGIES**
2. **MEMBERS' DECLARATIONS UNDER THE CODE OF CONDUCT IN RESPECT OF ITEMS ON THE AGENDA**
3. **MINUTES OF THE PREVIOUS MEETING**
To agree the public minutes and non-public summary of the meeting held on 5 June 2013.

For Decision
(Pages 1 - 4)
4. **QUESTIONS ON MATTERS RELATING TO THE WORK OF THE COMMITTEE**
5. **ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT**
6. **EXCLUSION OF THE PUBLIC**
MOTION - 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.

Part 2 - Non-Public Agenda

7. **NON-PUBLIC MINUTES OF THE PREVIOUS MEETING**
To agree the non-public minutes and of the meeting held on 5 June 2013.

For Decision
(Pages 5 - 10)
8. **CHAMBERLAIN'S UPDATE - CURRENT ISSUES**
A report of the Chamberlain (copy attached).

For Decision
(Pages 11 - 14)
9. **INVESTMENT OF SURPLUS CASH**
A report of Aon Hewitt (copy attached).

For Decision
(Pages 15 - 22)
10. **INFRASTRUCTURE INVESTMENT MANAGER SELECTION**
A report on Aon Hewitt (copy attached).

For Decision

(Pages 23 - 52)

11. **STANDARD LIFE CAPITAL PARTNERS**

A report of Aon Hewitt (copy attached).

For Information

(Pages 53 - 58)

12. **STANDARD LIFE CAPITAL PARTNERS' 'SECONDARY OPPORTUNITIES FUND'**

A Summary of the Standard Life Capital Partners' 'Secondary Opportunities Fund' (copy attached).

For Information

(Pages 59 - 62)

13. **PROTECTING AGAINST EQUITY MARKET FALLS**

A report of Aon Hewitt (copy attached).

For Decision

(Pages 63 - 70)

14. **INTRODUCTION TO STRATEGIC RISK REVIEW**

A report of Aon Hewitt (attached).

For Decision

(Pages 71 - 76)

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

16. **ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT AND WHICH THE COMMITTEE AGREE SHOULD BE CONSIDERED WHILST THE PUBLIC ARE EXCLUDED**

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FINANCIAL INVESTMENT BOARD

Wednesday, 5 June 2013

Minutes of the meeting of the Financial Investment Board held at Guildhall, EC2 on
Wednesday, 5 June 2013 at 1.45pm

Present

Members:

Ray Catt (Chairman)
Deputy Robert Howard (Deputy Chairman)
Deputy Ken Ayers
Simon Duckworth
Tom Hoffman
Clare James
Edward Lord
Deputy Henry Pollard
John Scott
Ian Seaton

Officers:

Chris Bilsland - Chamberlain
Paul Mathews - Chamberlain's Department
Mark Bryans - Chamberlain's Department
Jacqui Daniels - Town Clerk's Department
Alistair MacLellan - Town Clerk's Department

Tapan Datta - Aon Hewitt
Gary Allen - Aon Hewitt

1. APOLOGIES

Apologies were received from Roger Chadwick, Henry Colthurst, Andrew McMurtrie and Philip Woodhouse. Notice was received from Deputy Ken Ayers that he would attend the Board in part.

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

There were no declarations.

3. APPOINTMENT OF FINANCIAL INVESTMENT BOARD MEMBER TO THE SOCIAL INVESTMENT BOARD

A resolution from the Investment Committee on the appointment of the Financial Investment Board, its Chairman and Deputy Chairman, and the frequency of meetings was noted.

The Financial Investment Board was then asked to nominate one of its members - to sit alongside the Chairman - on the Social Investment Board.

RESOLVED:

- (i) That the Board's appointment, election of Chairman and Deputy Chairman of the Board which took place at the Investment Committee on 14 May 2013, and the frequency of its meetings, be ratified.
- (ii) That Edward Lord – alongside the Chairman - sit on the Social Investment Board as a representative of the Financial Investment Board.

4. MINUTES OF THE PREVIOUS MEETING

RESOLVED: That the public minutes of the meeting held on 7 February 2013 be agreed as an accurate record, subject to an amendment noting the apologies of Clare James.

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

There were no questions.

6. ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT

There was no other business.

7. 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(s)	Paragraph
8-15	3
16	-

8. NON-PUBLIC MINUTES OF THE PREVIOUS MEETING

9. INVESTMENT PERFORMANCE MONITORING TO 31 MARCH 2013

The Corporate Treasurer summarised a report on investment performance monitoring to 31 March 2013.

RESOLVED: that the report be noted.

10. QUARTERLY INVESTMENT REPORT AS AT 31 MARCH 2013

Aon Hewitt provided an overview of the Quarterly Investment Report as at 31 March 2013.

RESOLVED: that

- (i) The contents of the report be noted
- (ii) The Chamberlain be requested to submit an options paper to the Financial Investment Board in July on the potential for hedging.

11. **EQUITIES INVESTMENTS, TRANSITION MANAGER SELECTION**

The Corporate Treasurer introduced the review report of Aon Hewitt and the recommendations report from the Chamberlain on the appointment of a Transition Manager.

RESOLVED: that, subject to further negotiation, BlackRock be appointed as Transition Manager for the proposed equities investments reorganisation.

12. **PRESENTATION BY ANDY GILBERT, MANAGING DIRECTOR, TRANSITION MANAGEMENT, BLACKROCK**

Andy Gilbert, Managing Director of Transition Management at BlackRock, addressed the Board on BlackRock's approach to Transition Management.

RESOLVED: that

- (i) The Chamberlain seek external legal counsel on whether the Corporation's three funds had to be treated as separate legal entities for the purposes of investment;
- (ii) The Chamberlain to receive feedback from BlackRock over whether their quoted fees may be reduced;
- (iii) The Chamberlain to report back to the Board on the potential movement of funds between pools and managers;
- (iv) Arrangements for adopting BlackRock as the preferred Transition Management candidate be progressed as quickly as possible, with demonstrable progress at the next Board meeting on 2 July;
- (v) The Chamberlain to circulate via email refreshed data on each of the accounts to the members of the Board.

13. **INFRASTRUCTURE AS AN ASSET CLASS FOR INSTITUTIONAL INVESTORS**

Gary Allen of Aon Hewitt introduced the report on infrastructure as an asset class for institutional investors.

RESOLVED: that the report be noted.

14. **PRESENTATION BY STEWART HAY AND ROGER PIMM, STANDARD LIFE CAPITAL PARTNERS**

Stewart Hay and Roger Pimm of Standard Life Capital Partners updated the committee on private equity, including an overview of their product offerings, including their Secondary Opportunities Fund (SOF).

RESOLVED:

- (i) That the presentation be noted; and

- (ii) The Chamberlain consider the options for private equity investment, including the Standard Life Secondary Opportunities Fund, and report back to the Board in July 2013.

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

There were no non-public questions.

16. ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT AND WHICH THE COMMITTEE AGREE SHOULD BE CONSIDERED WHILST THE PUBLIC ARE EXCLUDED

City Cash

The Chairman noted that a paper on surplus City Cash was going to Resource Allocations Sub Committee on 13 June.

The meeting ended at 3.40pm

Chairman

Contact Officer: Alistair MacLellan
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Agenda Item 7

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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Agenda Item 8

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Agenda Item 14

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