

FINANCIAL INVESTMENT BOARD

2 February 2012

Minutes of the meeting of the FINANCIAL INVESTMENT BOARD held at Guildhall, EC2 on THURSDAY 2 FEBRUARY 2012 at 1.45pm.

Present

Members:

Robert Hughes-Penney (Chairman)	Clare James
Ray Catt (Deputy Chairman)	Anthony Llewelyn-Davies
Deputy Kenneth Ayers	Jeremy Mayhew
Simon Duckworth	Henry Pollard
Brian Harris	Ian Seaton
Tom Hoffman	

Officers:

Paul Mathews	Chamberlain's Department
Caroline Al-Beyerty	Chamberlain's Department
Mark Bryans	Chamberlain's Department
Claire Sherer	Town Clerk's Department

In Attendance

Simon Harris (Item 11 only)	GMO (UK) Ltd
Tom Smith (Item 11 only)	GMO (UK) Ltd
Peter Froude (Item 11 only)	GMO (UK) Ltd
John Harrison (Item 12 only)	Aon Hewitt
Emily McGuire (Item 12 only)	Aon Hewitt

1. APOLOGIES

Apologies for absence were received from Roger Chadwick and Oliver Lodge.

2. DECLARATIONS BY MEMBERS OF PERSONAL OR PREJUDICIAL INTERESTS IN RESPECT OF ITEMS TO BE CONSIDERED AT THIS MEETING

There were none.

3. MINUTES

The public minutes and summary of the non-public minutes of the meeting held on 12 December 2011 were approved.

4. TREASURY MANAGEMENT STRATEGY STATEMENT AND ANNUAL INVESTMENT STRATEGY 2012/13

The Board were given an outline of the Treasury Management Strategy Statement and Annual Investment Strategy 2012/13, which would subsequently feed into the 'City Fund 2012/13 Budget and Medium Term Financial Strategy' report which would be submitted to the Finance Committee and Court of Common Council. It was noted that the 'Approved Countries for Investments –

as based on Fitch Ratings' (as set out in Appendix 6 of the report) had changed since the papers were circulated and also that the UK would remain as an approved country even if it were to be downgraded from its current AAA status.

In response to a question, Officers agreed to review and update Members on current policy regarding Insurance Companies.

RESOLVED: That the Treasury Management Strategy Statement and Annual Investment Strategy be approved and submitted to the Court of Common Council for formal adoption.

5. UK STEWARDSHIP CODE

The Board were asked to note the requirements of the Finance Reporting Council's UK Stewardship Code (as published in July 2010) and to take assurance that the majority of the City Corporation's Investment Fund Managers adhere fully to the code (as shown in the appendices to the report).

The Chairman welcomed the positive findings and noted that it would be useful for the Board to receive an annual report on voting and corporate governance.

RESOLVED: That the City Corporation's current approach towards the Stewardship Code, as adopted by its Investment Managers, was agreed.

6. PENSION FUND – ACTUARIAL VALUATION

As requested at the previous meeting, the Board considered a December 2010 report to the Finance Committee which identified a decrease in the overall funding level of the Pension Fund following an Actuarial Valuation. This had resulted in Members agreeing to increase the deficit recovery period from 17 years to 20 years.

One Member noted that, in the context of disappointing investment returns and the current low growth period, this approach could only be deemed as short-term fix.

RESOLVED: That the report be noted.

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

There were none.

8. ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT

There were no urgent items.

9. 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.

**SUMMARY OF MATTERS CONSIDERED WHILST
THE PUBLIC WERE EXCLUDED**

10. NON-PUBLIC MINUTES

The non-public minutes of the Financial Investment Board meeting held 12 December 2011 were approved.

11. FUND MANAGER PRESENTATION

The Board considered a presentation from GMO (UK) Ltd.

12. IMPLEMENTATION OF INVESTMENT STRATEGY

The Board considered report of Aon Hewitt on implementing the City of London Corporation Investment Strategy.

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

There were no questions.

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

There were no urgent items.

The meeting closed at 3.35pm.

CHAIRMAN

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