

Northern Ireland Local Government Officer's Superannuation Committee

Minutes of the meeting of the Management Committee held videoconference on 22 September 2020 at 10.30am.

Members Present:

Lindsay Todd (Chairperson), Peter Caldwell, Paul Francey, Tom Irvine, David Jackson, Mark McBride, Joan McCaffrey, Antoinette McMillen, Peter McMurray, Sharon McQuillan, Linda Neilan, Michael Rafferty, and JJ Tohill.

In Attendance:

David Murphy (Secretary)
Nicola Todd (Deputy Secretary)
Helen McEvoy (Investment Services Manager)
Catherine Whyte (Corporate Support Officer)
Joanne Ferris (Corporate Support Officer)
Anthony Carleton (Department for Communities)
Emily McGuire (Aon Solutions UK)
Pratik Patel (Aon Solutions UK)
Arif Husain (T Rowe Price)
Stephane Fertat (T Rowe Price)
Andrew Skeat (T Rowe Price)

Observers:

Alan Law
Peter Moore
Shane McCurdy
Ken Clayton

1. Declaration of Member's Interests

1.1. No interests were declared.

2. Chairperson's Business and Apologies

- 2.1. The Chair welcomed Alan Law, Peter Moore, Shane McCurdy, and Ken Clayton to the meeting. Their attendance was as observers, pending the commencement of their appointment as Committee members on 1 October 2020.

3. Minutes of the meeting held on 25 August 2020

- 3.1. The minutes of the meeting held on 25 August 2020, having been circulated were agreed. The minutes will be signed at the next suitable opportunity.

4. Matters Arising

- 4.1. The Secretary offered further clarification on a previous query surrounding action that could be taken against NILGOSC under insolvency legislation. The Secretary will ask the Northern Ireland Audit Office for more detail and can seek further legal advice if requested by the Committee.

(Anthony Carleton joined the meeting)

5. Review of Actuarial Funding Level

- 5.1. The Secretary presented a review of the Actuarial Funding level noting the latest funding update from the Scheme Actuary.
- 5.2. The Secretary recommended removing uncertainty surrounding employer contributions rates rises seeking agreement to retain current certified rates for 2021/22 and 2022/23.
- 5.3. The Committee requested that communications with Scheme employers draw attention to the increase in future funding rate, which is currently being offset by the existing surplus.
- 5.4. The Committee agreed to maintain contribution rates for 2021/22 and 2022/23 at those set out in the rates and adjustment certificate in the Actuarial Valuation report as at 31 March 2019.

6. Provision of Investment Consultancy Service

- 6.1. The Secretary presented a report with the recommendation that AON Solutions UK Limited are appointed as the Scheme's investment advisor following the conclusion of the Investment Advisory Services tender evaluation process.
- 6.2. The Committee approved the appointment of Aon Solutions UK Limited for a seven-year period commencing on 1 January 2021.

7. Investment Monitoring Scorecard

- 7.1. The Investment Services Manager presented the Investment Monitoring Scorecard summarising the investment review of the quarter ending 30 June 2020.
- 7.2. The Investment Services Manager advised that all Fund Managers with the exception of Jupiter and LaSalle had an overall green rating.
- 7.3. The Committee agreed that LaSalle Core and the Jupiter blended mandate remain on the watchlist pending further investigation.
- 7.4. The Committee approved the overall manager ratings for the quarter ended 30 June 2020.

(Tom Irvine joined the meeting)

8. Manager Performance Briefing Note – T Rowe Price

- 8.1. The Investment Services Manager presented a report with a summary of the T Rowe Price Absolute Bond portfolio performance for the year to 30 June 2020, noting they were appointed in February 2019.
- 8.2. The Committee noted the briefing.

(Emily McGuire, Pratik Patel, Arif Husain, Stephane Fertat and Andrew Skeat joined the meeting. Anthony Carleton left the meeting)

9. Presentation by T Rowe Price

- 9.1. The Chairperson welcomed members from Aon Solutions UK and T Rowe Price to the meeting and invited T Rowe Price to present on the portfolio under management.
- 9.2. Andrew Skeat introduced the team and their respective roles. Arif Husain provided a short business update before providing a reminder of the strategy adopted and overview of performance. Arif discussed current portfolio positioning and liquidity and provided an overview of how ESG and specifically climate risk is taken into account in the investment process.
- 9.3. The Committee raised several questions including Covid-related volatility, interest rates, emerging market opportunities and the application of FX limits in the management of the portfolio.
- 9.4. Arif explained the recent passive breaches of FX limits imposed on the portfolio, confirming that they were a feature of how derivatives were managed within the strategy.
- 9.5. The Committee noted the higher costs reported through the CTI reporting template in comparison to other mandates. Arif explained the higher transaction costs incurred in absolute return strategies relative to other asset classes and noted that these should be considered in the context of the outperformance delivered. T Rowe Price agreed to include additional performance reporting in future presentation to explicitly show performance net of fees.
- 9.6. The Chairperson thanked Arif, Stephane and Andrew for their presentation.
- 9.7. The Committee noted the presentation

(Arif Husain, Andrew Skeat and Stephane Fertat left the meeting)

(The Chair proposed a 5-minute break. Meeting resumed at 12.30)

10. Presentation by AON Solutions UK

- 10.1. Emily McGuire presented Aon Solutions UK quarterly report on the performance of the Fund for the quarter ended 30 June 2020, highlighting the impact that Covid-19 has had on global markets.
- 10.2. Pratik Patel presented performance data on a Total Fund level, asset level and manager level, highlighting how certain strategies had performed during recent volatility in the markets.
- 10.3. Pratik Patel provided an update on discussions with LaSalle with respect to the performance objective. The Committee noted that an investment strategy review was due in the next six months and agreed to review the continued suitability of asset classes and mandates at that time.
- 10.4. The Chair thanked Emily McGuire and Pratik Patel for their presentation and the Committee noted the report.

(Emily McGuire and Pratik Patel left the meeting)

11. Investment Fees and Costs

- 11.1. The Deputy Secretary presented a report analysing investment costs for the year ended 31 March 2020 using the new Cost Transparency Initiative (CTI) template and data provided by fund managers.
- 11.2. Highlights from the report were presented but caveated with some caution based on the limitations of the new CTI templates and differences in methodologies adopted.
- 11.3. A summary of the fees invoiced by investment managers during the year ended 31 March 2020 was included within the report.
- 11.4. The Committee noted the report and the Chair thanked the staff involved in this new analysis.

12. Public Sector Pensions Report

- 12.1. The Secretary advised the Committee that the Department's consultation for the McCloud remedy was yet to be published.
- 12.2. The Committee noted the Public Sector Pension's Report.

13. Secretary's Report and Seal Log

- 13.1. The Secretary confirmed the NJC pay award had been settled and that the agreed 2.75% was within the parameters previously approved by the Committee. He confirmed that pay remit approval has been sought from the Department prior to the increase being applied.
- 13.2. The Secretary also congratulated the staff involved in issuing 99.5% of active members benefit statements ahead of the statutory deadline of 31 August 2020.
- 13.3. The Committee noted the Secretary's report and Seal Log.

14. Investments

- 14.1. The Committee noted the Summary of Invested Funds as at 31 August 2020.

15. Any other business

- 15.1. The Secretary discussed the proposed content of the upcoming Investment Training Day on 13 October noting that it would be a virtual event.
- 15.2. The Chair acknowledged that this was the final meeting for four long serving members who had reached the end of their term of office. He thanked the departing members for their considerable contribution during this time both in respect of the Committee and various sub-committees and confirmed that a small token of appreciation would follow. The four departing members each thanked the Chair and other members for their support and kind words.

16. Date of next meeting

16.1. The date of the next meeting is Tuesday, 24 November 2020 at 10.30am with arrangements to be circulated nearer the time.

There being no further business, the meeting was closed.



CHAIRPERSON (signature):

DATE: