

**STRATHCLYDE PENSION FUND  
BOARD'S MINUTES.**

Glasgow, 28th August 2019.

**Item 2**

**4th September 2019**

**Strathclyde Pension Fund Board.**

- Present:** Andy Thompson, GMB (Chair); Councillor Tom Fisher, North Lanarkshire Council; Stephen Kelly, UNISON; and Councillor Collette Stevenson, South Lanarkshire Council.
- Apologies:** James Corry, UNISON; Mark Dickson, Scottish Water; and Siobhan McCready, UNITE.
- Attending:** A Wyber (Clerk); R McIndoe, Director of Strathclyde Pension Fund; J Gillies, I Jamison and R Keery (Strathclyde Pension Fund Office); and S Tough (Financial Services).

**Register of Interests noted.**

- 1** The Board noted that there were no new interests to register.

**UNITE – Appointment of representative noted.**

- 2** With reference to the minutes of 27th February 2019 noting that Mr Brian Gallagher had intimated his resignation as UNITE's representative on this Board, the Board noted that UNITE had now appointed Ms Siobhan McCready as its representative on this Board.

**Forthcoming training events noted.**

- 3** The Director of Strathclyde Pension Fund reported on 2 forthcoming training events for members of this Board.

After consideration, the Board noted that

- (1) an Investment Governance Group training day would be taking place at COSLA's office in Edinburgh on 3rd September 2019;
- (2) LGC would be holding a 2 day Scottish conference in Edinburgh on 24th and 25th October 2019; and
- (3) the Director of Strathclyde Pension Fund would circulate to members of this Board the details of the 2 events.

### **Fiduciary duty and responsible investment – Consideration continued.**

4 With reference to the minutes of 29th May 2019 noting that the issue of fiduciary and Strathclyde Pension Fund's investment/engagement strategy could be revisited and that officers could provide a briefing at the next Board meeting, the Board agreed to continue consideration of the matter until the next meeting.

### **Pension implications of equal pay settlements noted.**

5 With reference to the minutes of 29th May 2019 agreeing that the Director of Strathclyde Pension Fund would submit to the next meeting a report on the progress in relation to the pension implications of the equal pay settlement, particularly in relation to the effect on the administrative function of Strathclyde Pension Fund, the Board noted a verbal report by the Director of Strathclyde Pension Fund providing an update on the implications of equal pay settlements for Strathclyde Pension Fund office.

### **J P Morgan – Proposed presentation noted.**

6 The Board noted that J P Morgan would make a short training presentation on Global Infrastructure to Strathclyde Pension Fund Committee on 4th September 2019.

### **Minutes of previous meeting noted.**

7 The minutes of 29th May 2019 were submitted and noted.

### **Strathclyde Pension Fund - Annual Audit Report 2018/19 noted.**

8 With reference to the minutes of Strathclyde Pension Fund Committee of 11th June 2019 (Print 2, page 116) accepting the unaudited Annual Accounts for 2018/19 and noting that the unaudited accounts would be submitted to Audit Scotland, who upon completion of the audit would report its findings to Strathclyde Pension Fund Committee prior to the end of September 2019, there was submitted and noted a report by the Director of Strathclyde Pension Fund regarding Audit Scotland's annual Audit report for 2018/19.

### **Strathclyde Pension Fund – Annual Accounts 2018/19 noted.**

9 With reference to the minutes of Strathclyde Pension Fund Committee of 11th June 2019 (Print 2, page 116) noting the unaudited Annual Accounts for 2018/19, there was submitted and noted a report by the Director of Strathclyde Pension Fund regarding the audited annual Accounts 2018/19.

### **Direct Investment Portfolio – Equitix Fund VI – Investment proposal noted.**

**10** There was submitted a report by the Director of Strathclyde Pension Fund regarding a proposal to invest in the Equitix Fund VI within the Direct Investment Portfolio, advising

- (1) that Equitix Investment Management Ltd (Equitix) was a specialist manager of core infrastructure and energy assets predominantly located in the UK and had extensive experience of originating, developing, acquiring and managing infrastructure assets through various business cycles;
- (2) that Equitix was currently raising its 6th infrastructure fund, which was targeting total commitments of £1bn with which to fund the acquisition of a portfolio of 40 to 50 equity investments in the small to mid-market segment of the infrastructure market and the fund aimed to deliver long-term, stable ash yields and capital protection to its investors;
- (3) of the investment proposal; and
- (4) of the expected return from the fund, the main risks and the exit strategy.

After consideration, the Board noted the proposal to invest £50m in the Equitix Fund VI by the Direct Investment Portfolio.

### **Direct Investment Portfolio – Equitix Strathclyde Find Co-investment Fund – Investment proposal noted.**

**11** There was submitted a report by the Director of Strathclyde Pension Fund regarding a proposal to invest in the Equitix Strathclyde Find Co-investment Fund within the Direct Investment Portfolio, advising

- (1) that Equitix Investment Management Ltd (Equitix) was a specialist manager of core infrastructure and energy efficiency assets predominantly located in the UK and had extensive experience of originating, developing, acquiring and managing infrastructure assets through various business cycles;
- (2) that Equitix was currently raising its 6th infrastructure fund, which was targeting total commitments of £1bn with which to fund the acquisition of a portfolio of 40 to 50 equity investments in the small to mid-market segment of the infrastructure market and the fund aimed to deliver long-term, stable ash yields and capital protection to its investors;
- (3) of the investment proposal; and
- (4) of the expected return from the fund, the main risks and the exit strategy.

After consideration, the Board noted the proposal to invest £50m in the Equitix Strathclyde Find Co-investment Fund within the Direct Investment Portfolio.

**Property Portfolio - Legal Services Provider – Proposed appointment noted.**

**12** There was submitted a report by the Director of Strathclyde Pension Fund regarding the outcome of a tendering exercise for the appointment of a Legal Services Provider for Strathclyde Pension Fund's Property Portfolio.

After consideration, the Board noted the proposal to appoint CMS Cameron McKenna Nabarro Olswang LLP as a Legal Services Provider for Strathclyde Pension Fund's Property Portfolio.

**Business plan 2019/20 noted.**

**13** There was submitted and noted a report by the Director of Strathclyde Pension Fund regarding the progress in respect of the development priorities detailed in Strathclyde Pension Fund's business plan for 2019/20.

**Strathclyde Pension Fund – Investment performance noted.**

**14** There was submitted and noted a report by the Director of Strathclyde Pension Fund advising of the investment performance of Strathclyde Pension Fund as at 30th June 2019.

**Strathclyde Pension Fund – Portfolio summary noted.**

**15** There was submitted and noted a report by the Director of Strathclyde Pension Fund regarding the portfolio summary of Strathclyde Pension Fund as at 31st July 2019.

**Investment Advisory Panel – Outcome of meeting noted.**

**16** There was submitted and noted a report by the Director of Strathclyde Pension Fund regarding the outcomes of the Investment Advisory Panel meeting held on 8th August 2019.

**Responsible investment – Position noted.**

**17** There was submitted and noted a report by the Director of Strathclyde Pension Fund regarding the responsible investment policies of Strathclyde Pension Fund, advising of

- (1) the activity for the period to 30th June 2019; and

(2) the compliance of investment managers in implementing the Fund's policies.

**Scheme Developments - Position noted.**

**18** There was submitted and noted a report by the Director of Strathclyde Pension Fund regarding developments affecting the Local Government Pension Scheme, particularly in relation to the McCloud Judgement, the 2017 review of the Employer Cost Cap, the Exit Payment Cap and a review of the structure of the Local Government Pension Scheme in Scotland.