

Minute of Meeting Investment Review Board

Date	Time	Venue
Wednesday, 20 November 2019	11:00	Corporate Meeting Room 1, Council Headquarters, Renfrewshire House, Cotton Street, Paisley, PA1 1AN

Present

Councillor John McIntyre, Councillor Iain Nicolson, Councillor Jim Paterson, Councillor Jim Sharkey

Chair

Councillor Paterson Depute Convener, presided.

In Attendance

A MacArthur, Head of Finance, R Conway, Finance Manager (Financial Accounting) and P Shiach, Committee Services Officer (all Finance & Resources).

Also in Attendance

D Millar, Senior Investment Analyst, Hymans Robertson LLP; G Brisbane, Portfolio Manager (Aberdeen Standard Capital).

Apology

Councillor Shaw.

Declarations of Interest

There were no declarations of interest intimated prior to the commencement of the meeting.

1 Minute of Previous Meeting

There was submitted the Minute of the meeting of the Investment Review Board held on 12 June 2019.

DECIDED: That the Minute be approved.

2 Review of Statement of Investment Principles

There was submitted a report by the Director of Finance & Resources relative to the Review of Investment Principles in relation to the Paisley and Renfrew Common Good Funds.

The report indicated that the Council had arranged for the investments of the Paisley and Renfrew Common Good Funds to be managed by Aberdeen Standard Capital Limited and had agreed with the manager a number of principles which governed decisions regarding these investments. These principles covered a range of issues such as what benchmark should be employed against which to assess the manager's performance, and any restrictions which the manager required to observe when choosing sectors or classes of asset in which to invest. These requirements were formalised in a Statement of Investment Principles document, which is reviewed periodically to ensure that the principles contained therein remained appropriate to the requirements of the Common Good Funds.

The report advised that the Statement of Investment Principles had last been reviewed in December 2018 and was due for review. It was proposed that minor changes be made to the Statement, as detailed in the report

In response to a question in relation to the Climate Emergency, the Head of Finance advised that there were ethical investments contained within the current restrictions and that he could request that the Investment Manager submit options to the next meeting of the Board. It would then be for the Board to determine such options.

In response to a question regarding income achieved above the target rate being re-invested, the Head of Finance advised that this would be kept under review.

DECIDED:

- (a) That the Statement of Investment Principles appended to the report be approved;
- (b) That the that the Investment Manager submit to the next meeting of the Board investment options compatible with Council policies in relation to tackling the Climate Emergency; and
- (c) That the Director of Finance & Resources keep under review possibility of re-investment of income received above the income target.

3 Information Session

D Miller, Consultant (Hymans Robertson LLP) delivered a briefing relative to the performance of Renfrewshire Council's investment portfolios giving an update on current market and other economic news; equities markets in 2018/19 and a quarter 4 update; quarter 4 regional equity performance, investing as a long-term activity; bond markets; gilts currencies and currencies since the EU Referendum; GDP Growth; manufacturing; Core CPI inflation; and an asset class views framework which provided a guide to Hymans Robertson's views on markets over the medium term, including fundamentals; valuation and technical, which related to shorter – term factors that may tend to move markets back towards or further away from fir value.

In summary he indicated that markets had performed strongly both in equities and bonds; and that the Council's portfolio was well diversified and gained exposure to a wide range of countries/regions, sectors and assets.

D Miller was then heard in answer to questions from members on various aspects of the briefing.

DECIDED: That the briefing be noted.

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G Brisbane, Portfolio Manager, Aberdeen Standard Capital entered the meeting during consideration of the undernoted item.

4 Paisley and Renfrew Common Good Funds: Review of investment and income performance

There was submitted a report by the Director of Finance & Resources relative to the performance of the Paisley and Renfrew Common Good Funds during the six-months to 30 September 2019. A performance review by Hymans Robertson LLP was attached as an appendix to the report.

G Brisbane provided commentary on the performance of world markets; the global macroeconomic environment; Brexit; investment guidelines for Common Good Funds; long-term performance of Common Good Funds; asset contribution to Common Good Funds; stock contribution to Common Good Funds; investment restrictions; and the continuing thematic investment at Aberdeen Standard Capital.

The report advised that the value of the Paisley Common Good Fund had increased slightly from £4.160 million in March 2019 to £4.449 million in September 2019 and estimated income was now £150,171 (£147,019 in the last quarter) against a target of £113,000.

The value of the Renfrew Common Good Fund had also increased from £14.061 million in March 2019 to £15.040 million in September 2019 and estimated income was now £508,427 (£497,704 last quarter) against a target of £380.000.

DECIDED: That performance of investments be noted.

5 Date of Next Meeting

It was noted that the next meeting of the Investment Review Board would be held in Renfrewshire House on Wednesday 10 June 2020 at 11 am.

DECIDED: That the information be noted.