

Northern Ireland Local Government Officer's Superannuation Committee

Minutes of the meeting of the Management Committee held via teleconference on 26 January 2021 at 10.15 am.

Members Present:

Lindsay Todd (Chairperson), Ken Clayton, Paul Francey, Alan Law, Mark McBride, Joan McCaffrey, Shane McCurdy, Antoinette McMillen, Sharon McQuillan, Peter Moore, Linda Neilan, Michael Rafferty and JJ Tohill.

In Attendance:

David Murphy (Secretary)
Nicola Todd (Deputy Secretary)
Helen McEvoy (Investments Services Manager)
Maria Bowers (Finance Manager)
Joanne Ferris (Corporate Support Officer)
Jeff Glass (Department for Communities)
Lloyd Butcher (BlueBay)
Anthony Pickering (BlueBay)
Raphael Robelin (BlueBay)

1. Declaration of Member's Interests

1.1. No declarations of interest were declared.

2. Chairperson's Business and Apologies

2.1. The Chair noted the receipt of a letter from the Minister for Communities regarding climate change. A response will be issued in due course.

2.2. The Chair updated the Committee on the now live competition for new members launched by the Department for Communities.

3. Minutes of the meeting held on 15 December 2020

3.1. The minutes of the meeting held on 15 December 2020, having been circulated,

were agreed. The minutes will be signed at the next available opportunity.

4. Matters Arising

- 4.1. No matters arose for discussion.

5. Investment Monitoring Scorecard – Jupiter

- 5.1. The Investment Services Manager presented the Committee with a scorecard report on the Jupiter blended mandate, which had been deferred from the December meeting. This assessment incorporated the outcome of Aon's research review and subsequent rating of the Growth Strategy of Jupiter's blended mandate and resulted in an overall red rating being awarded.
- 5.2. The Investment Services Manager noted that the full research review undertaken by Aon in December 2020 was equivalent in scope and nature to the retention review that would normally be required following a red rating, in accordance with the Investment Monitoring Guidelines. Any duplication of this review would be both costly and time consuming and, given that less than a month had passed since the research review, was highly unlikely to result in a contrasting opinion. The Investment Services Manager recommended that the Committee used its discretion under the Investment Monitoring Guidelines to dispense with the requirement for a formal retention review, noting the risks and costs associated with any decision to delay.
- 5.3. The Investment Monitoring Guidelines require that where such discretion is exercised, a formal record should be held of the circumstances surrounding the decision to set aside the Investment Monitoring Guidelines. The Committee discussed the Scorecard report in detail, including the options set out therein.
- 5.4. The Committee noted that it would be reviewing the strategic asset allocation in May and therefore the recommendation to move assets to UK passive would be temporary until the review was complete. It was also noted that a significant cost saving would arise by the move.
- 5.5. The Committee agreed the overall red rating for the Jupiter blended mandate for the

quarter ended September 2020. The Committee also agreed not to proceed with a formal retention review considering the full research review undertaken by Aon in December 2020, which addressed the areas normally covered by such a review. Furthermore, the Committee agreed to terminate the Jupiter mandate and transfer all Jupiter managed UK equity assets to passive management at the earliest opportunity.

6. Copenhagen Infrastructure Partners Fund IV

- 6.1. The Investment Services Manager presented a report to the Committee recommending a €50 million investment in Copenhagen Infrastructure Partners (CIP), a Danish employee-owned firm with a focus on acquiring and developing large scale renewable power and energy infrastructure assets. Aon proposed this investment as a suitable fund to build up NILGOSC's infrastructure allocation as per the objectives agreed in the fund's investment strategy.
- 6.2. The Investment Services Manager informed the Committee of the due diligence process which is now in the final stages of completion and then outlined key features of the Copenhagen Infrastructure Partners Fund IV (CI IV)
- 6.3. The ESG (Environmental, Social, and Governance) features of the proposed investment were discussed by the Committee and both the Secretary and Deputy Secretary responded to questions regarding the due diligence process and the role of Aon as investments advisor in the process.
- 6.4. The Committee approved the commitment to invest €50Million (£44.4Million) in CI IV.

7. Manager Briefing Note- BlueBay

- 7.1. The Investment Services Manager presented a report giving an overview of the BlueBay Asset Management (BlueBay) Multi Asset Credit (MAC) portfolio performance for the year to 30 September 2020.
- 7.2. The Committee noted the briefing report and agreed several questions to ask the manager.

(Lloyd Butcher, Anthony Pickering and Raphael Robelin joined the meeting)

8. Presentation by BlueBay

- 8.1. The Chair welcomed Anthony Pickering, Lloyd Butcher and Raphael Robelin from BlueBay to the meeting and noted the apologies for Blair Reid absence because of illness. The Chair invited Anthony and Raphael to present on BlueBay's Multi-Asset Credit (MAC) mandate.
- 8.2. Anthony Pickering gave an overview of the business and team stability and provided a summary of the investment philosophy and approach adopted in the management of NILGOSC's MAC mandate.
- 8.3. Raphael Robelin provided an overview of credit markets and key performance drivers for the portfolio over the past year, noting the impact the global pandemic had on the strategy during the first quarter of 2020. He drew the Committee's attention to the markedly low default rate over 2020 due to fiscal easing and also the fund's high rating for ESG commitments. Raphael shared his outlook for the portfolio, noting portfolio positioning across the credit spectrum.
- 8.4. The Committee questioned the representatives on several relevant matters including positioning, performance attribution and lessons learned because of the pandemic.
- 8.5. The Committee noted the presentation, and the Chair thanked the representatives from BlueBay for their participation.

(Lloyd Butcher, Anthony Pickering and Raphael Robelin left the meeting)

(Maria Bowers joined the meeting)

9. Finance Systems Business Case

- 9.1. The Finance Manager presented a business case in line with NILGOSC's Purchasing Policy and procedures which require Committee approval for tenders more than £100,000. The business case was prepared in line with the 5 Case Model for small business cases (up to £500k) as directed by FD (DoF) 11/20 – Better Business Cases NI.

- 9.2. Expenditure approval was requested for a new Finance System over a ten-year contract length with the project objectives being compliance, business efficiency and automation.
- 9.3. The Committee approved the case to permit formal engagement with CPD to procure appropriate e-business software tools and systems integration services for e-business solution deployment from 1 April 2022.

10. Secretary's Report and Seal Log

- 10.1. The Secretary presented his report outlining important operational matters arising since the last meeting.
- 10.2. He advised the Committee that the Pension Regulator's Annual Scheme Return was submitted in December 2020, together with a new administrator survey, and confirmed that, the annual TPR Governance and Administration Survey had recently been issued and would be replied to in due course.
- 10.3. The Committee were updated on progress with respect to the ongoing due diligence process to appoint a new Emerging Markets manager.
- 10.4. The Secretary verbally informed the Committee that NILGOSC had just received notice that it was named as a third defendant in an Industrial Tribunal case relating to the McCloud judgements.
- 10.5. The Committee questioned the Secretary around statistics provided on NILGOSC staff working in the office. The Secretary advised that the Health & Safety Executive/Belfast City Council had recently reviewed NILGOSC's workplace risk assessment and had no recommendations to make. The Secretary informed the Committee of current working practices and provided assurance that contingency plans were in place should circumstances change.
- 10.6. The Committee wished to formally note their thanks to those NILGOSC staff continuing to work in the office and their commitment to ensuring that members saw no interruption to their pension payments.

11. Investments

11.1. The Committee noted the Summary of Invested Funds at 31 December 2020 and requested that supporting information be circulated for the quarter,

There being no further business, the meeting was closed. The next meeting is 23 February 2021.

CHAIRPERSON (signature):

DATE: