

Northern Ireland Local Government Officers' Superannuation Committee

Minutes of the meeting of the Management Committee held via teleconference on 14 December 2021 at 10.00 am.

Members Present:

Lindsay Todd (Chairperson), Ken Clayton, Paul Francey, Alan Law, Mark McBride, Joan McCaffrey, Shane McCurdy, Peter Moore, Michael Rafferty, JJ Tohill, Heather McKinstry, Derek McCallan.

In Attendance:

David Murphy (Secretary)
Nicola Todd (Deputy Secretary)
Ciara Keenan (Head of Governance and Support Services)
Louise Hickland (Head of Investment Services)
Helen McEvoy (Investment Services Manager)
Caoimhe Fitzpatrick (Governance Manager)
Racquel Turtle (Corporate Support Officer)
Anthony Carleton (Department of Communities)
Alexei Jourovski (Unigestion)
Paul Jeffries (Unigestion)
Michel Sun (Unigestion)
Emma Perrin (Aon)
Pratik Patel (Aon)

Apologies:

Antoinette McMillen
Emily McGuire (Aon)

1. Declaration of Member's Interests

No interests were declared.

2. **Chairperson's Business and Apologies**

Apologies were received from Antoinette McMillen and Emily McGuire (Aon). In the absence of Emily McGuire, Pratik Patel was in attendance. JJ Tohill advised he would be temporarily leaving the meeting.

(JJ Tohill left the meeting).

3. **Minutes of the meeting held on 23 November 2021**

The minutes of the meeting held on 23 November 2021, having been circulated, were agreed.

4. **Matters Arising**

There were no matters arising.

5. **Audit and Risk Assurance Committee**

Report of the Meeting held on 15 November 2021

The Committee noted the verbal report, presented by the ARAC Chair, of the meeting held on 15 November 2021.

Audit and Risk Assurance Committee Terms of Reference

The Head of Governance and Support Services presented the revised ARAC Terms of Reference. She outlined the minor changes and confirmed that the scope and content of the Terms of Reference has been reviewed and updated in line with best practice.

The Committee agreed the revised Terms of Reference.

Review of Risk Register for the Quarter Ended 30 September 2021

The Head of Governance and Support Services presented the review of the risk register for the quarter ended 30 September 2021.

The Committee noted the review and approved the changes to the risk register.

(JJ Tohill rejoined the meeting, Anthony Carleton joined the meeting).

Departmental Assurance Statement – 6 months ended 30 September 2021

The Committee noted the Departmental Assurance Statement and comments made by the Secretary in relation to NILGOSC's concerns that procurement

delays experienced with CPD had the potential to impact on the successful delivery of planned projects within expected timeframes.

The Committee expressed their concern that CPD had suspended service delivery targets and the impact this could have on NILGOSC's procurement projects and the on-going delays and increased costs being borne by NILGOSC. The Committee discussed and explored options on how best to proceed in bringing this matter to a resolution.

The Secretary informed the Committee that he had written to the Permanent Secretary requesting a derogation for the procurement of investment tax advice to allow implementation of the investment strategy. Approval had been given for two investments however this was insufficient to meet investment needs and a further request had been issued.

The Committee noted the Departmental Assurance Statement and the Chairperson agreed to sign the Assurance Statement.

6. Equality Scheme

The Governance Manager presented the revised Equality Scheme and her summary report detailing the outcome of the review of the Scheme.

The Committee noted the review and approved the revised Equality Scheme.

(Ciara Keenan and Caoimhe Fitzpatrick left the meeting. Emma Perrin and Pratik Patel joined the meeting).

7. Manager Briefing Note – Unigestion

The Head of Investment Services provided a report which summarised the portfolio performance for the year to 30 September 2021.

The Committee noted the Manager Briefing report.

(Alexei Jourovski, Paul Jeffries and Michael Sun joined the meeting).

8. Presentation by Unigestion

The Chairperson welcomed Unigestion to the meeting and invited them to present their report on the performance and future prospects for the Unigestion portfolio.

Alexei Jourovski commenced the presentation with a summary of the mandate and performance objective.

He presented an overview of their investment process which aimed to deliver expected performance over a full market cycle due to capital protection in down markets. The Committee noted that downside protection provided by the strategy had not been sufficient to outperform over stated timeframes as a result of the unprecedented stock market rally in recent years, which was challenging for low risk strategies. The Committee discussed the detailed performance analysis provided and requested that future presentations also include data net of fees.

Michael Sun provided an overview of the portfolio position and outlook.

The Committee raised a number of questions with Unigestion on de-carbonising the portfolio; stock specific ESG concerns; the newly created academic advisory board; expectations during an inflationary environment and the impact of the new dynamic risk model on performance.

The Chairperson thanked Unigestion for their presentation and the Committee noted the update.

(Unigestion left the meeting. The Chairperson suggested a 10 minute comfort break. Paul Francey joined the meeting. JJ Tohill left the meeting. Anthony Carleton left the meeting).

9. Investment Monitoring Scorecard

The Head of Investment Services provided a summary of the outcome of the investment manager review for the quarter ended 30 September 2021.

She informed the Committee that all mandates had been awarded an overall green rating.

The Committee discussed the disappointing performance of Unigestion and sought reassurance from Aon. Pratik reminded the Committee of the downside protection role played by this strategy in the overall equity allocation and advised that the strategy would struggle in rising markets. Pratik stated Aon's continued conviction that the strategy would perform over a full market cycle.

The Committee further discussed Unigestion's response to stock specific ESG queries and, noting the confines of the virtual presentation, requested that a more detailed response be requested by the Investment Team.

The Committee agreed the overall ratings for the quarter ended 30 September 2021.

10. Presentation by Aon

The Chairperson welcomed Pratik Patel and Emma Perrin to the meeting and invited them to present their quarterly investment report to the Committee.

Before presenting his report, Pratik informed the Committee that Emily McGuire had recently resigned from Aon and advised that Colin Cartwright had been identified as a potential replacement.

He proceeded to provide an overview of the fund's performance for the quarter ended 30 September 2021 noting the movement in funding level and the total fund's outperformance against its CPI+3.5% target on a three and five year basis. He further provided a summary on asset allocation, manager performance and market outlook.

The Chairperson thanked Aon for their presentation.

(Emma Perrin and Pratik Patel left the meeting. Heather McKinstry left the meeting).

11. Secretary's Report and Seal Log

The Secretary presented his report outlining important operational issues that had arisen since the last Committee Meeting.

The Secretary verbally informed the Committee that since the last meeting, and in response to the recent NI Executive Statement, NILGOSC had taken a number of actions including closure to visitors, working from home if feasible and a cessation of all business travel. He highlighted that the latter would impact on those members planning to attend the Bournemouth Conference in January, noting that virtual attendance was available.

The Secretary advised the Committee that NILGOSC's annual review of voting activity was now available on the website.

He also verbally advised that NILGOSC had been notified of the Department of Education's intention to wind up the General Teaching Council NI, which would impact the current covenant exercise and necessitate an exit valuation depending on the dissolution route chosen.

The Committee noted the Secretary's Report and Seal Log.

12. Summary of Invested Funds at 30 November 2021

The Committee noted the summary of Invested Funds at 30 November 2021.

13. Date of Next Meeting

The next Management Committee will be held virtually on Monday, 24 January 2022 at 10.00 am.

There being no further business, the Chair wished everyone present a Merry Christmas and the meeting was closed.

CHAIRPERSON (signature):

DATE: