

Northern Ireland Local Government Officer's Superannuation Committee

Minutes of the meeting of the Management Committee held at the Mount Conference Centre on 21 March at 10.15a.m

Members Present

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

In Attendance(Not List)

David Murphy (Secretary)
Nicola Todd (Deputy Secretary)
Catherine Whyte (Corporate Support Officer)
Caoimhe Fitzpatrick (Governance Manager)
Louise Hickland (Head of Investment Services)
Helen McEvoy (Investment Services Manager)
Emma Lynch (Department for Communities) (Via M S Teams)
Pratik Patel (Aon) (Via MS Teams)
Colin Cartwright (Aon) (Via MS Teams)
Tim Garrett (Baillie Gifford) (Via MS Teams)
Gareth Roberts (Baillie Gifford) (Via MS Teams)

1 Declaration of Member Interests

1.1 No interests were declared.

2 Chairperson's Business and Apologies

2.1 The Committee requested that the Secretary send a message of best wishes to the previous Chairman following a recent period of ill-health.

3 Minutes of the meeting held on 21 February 2022

3.1 The minutes of the meeting held on 21 February 2022, having been circulated, were agreed.

4 Matters Arising

4.1 The Committee noted the draft Terms of Reference for Internal Audit Examination of NILGOSC's procurement arrangements with Construction Procurement Directorate (CPD) and requested that the Secretary liaise

with ASM to expand the scope to include all evidence up to the date of review.

5 Delegations of Authority

- 5.1 The Deputy Secretary presented the revised Delegations of Authority which had already been circulated to the Committee by email following the previous meeting.
- 5.2 The Committee approved the revised Delegations of Authority.

6 Freedom of Information Publication Scheme

- 6.1 The Governance Manager presented the revised Freedom of Information Publication Scheme to the Committee.
- 6.2 The Chair queried if Departmental approval was required and was advised that this was not the case and that all public bodies were required to follow the ICO guidance.
- 6.3 The Committee approved the revised Freedom of Information Publication Scheme.

The Governance Manager left the meeting, the Head of Investment Services and the Investment Services Manager joined the meeting.

7 Public Sector Pensions Report

- 7.1 The Secretary gave an update on the Public Sector Pensions Report.
- 7.2 The Secretary discussed a recent legislative amendment agreed by the House of Commons which would give the Secretary of State the powers to intervene in investment decisions not in line with UK foreign and defence policy. He noted that the amendment was not yet law and would only apply to England Scotland and Wales. The Committee requested that, should a similar matter be subject to consultation in Northern Ireland in the future, a draft response should be shared with it prior to submission.
- 7.3 The Committee noted the Report.

8 Stewardship Code

- 8.1 The Investment Services Manager presented the Stewardship report to 30 June 2021, noting that it had been prepared in support of NILGOSC's imminent application to become an official signatory to the UK Stewardship Code.

- 8.2 Subject to a minor change to a graphic included in the report, the Committee approved the Stewardship Report to 30 June 2021 for onward submission to the Financial Reporting Council by 30 April 2022.

9 Investment Monitoring Scorecard

- 9.1 The Head of Investment Services presented the Investment Monitoring Scorecard and Watchlist as at 31 December 2021.
- 9.2 The Committee approved the Scorecard.

10 Manager Performance Briefing Note – Baillie Gifford

- 10.1 The Head of Investment Services presented a summary of the performance for the equity portfolio managed by Baillie Gifford.
- 10.2 The Committee noted the recent fall in value of the portfolio and discussed the impact this would have on the ongoing rebalancing exercise.
- 10.3 The Committee noted the briefing note and agreed questions for Baillie Gifford.

11 Secretary's Report and Seal Log

- 11.1 The Secretary presented his report and Seal Log, thanking both the Head of Finance and the Department for Communities for their efforts in expediting the pay remit approval process to allow payment to be made before the year end.
- 11.2 The Committee discussed the conflict in Ukraine and the potential implications for scheme administration, cyber security and investments. The Secretary provided information on actions taken to date by external fund managers in light of sanctions imposed by Western governments. The Committee noted the confirmation received from external fund managers that there was no intention to make new investments in Russia for the foreseeable future. The Committee requested that fund managers advise NILGOSC of any change to this position.
- 11.3 The Secretary agreed to report at the next meeting on the insurance arrangements for cyber security.

The Chair suggested a short break, and the Committee had a break of 10mins.

Pratik Patel and Colin Cartwright from Aon, and Tim Garrett and Gareth Roberts from Baillie Gifford joined the meeting via M S Teams.

12 Presentation by Baillie Gifford

- 12.1 The Chair welcomed Aon and Baillie Gifford to the meeting and invited Baillie Gifford to present their report on the performance and prospects for the portfolio.
- 12.2 Gareth Roberts commenced the presentation by giving an overview of the performance of the portfolio and noting the current dislocation in the market for growth stocks.
- 12.3 Gareth Roberts provided a summary of market and portfolio activity to 31 December 2021.
- 12.4 Tim Garrett outlined the outlook and future prospects for the portfolio and discussed its current positioning across different sectors.
- 12.5 The Committee raised several questions with Baillie Gifford on how the portfolio has been affected by the conflict in Ukraine, actions taken in regard to the regulatory crackdown in China, what changes are likely as we progress into a post-covid world and the prioritisation of social factors within emerging markets.
- 12.6 The Chairperson thanked Baillie Gifford for their presentation.

Tim Garrett and Gareth Roberts left the meeting.

13 Presentation by Aon

- 13.1 The Chair again welcomed Pratik Patel and Colin Cartwright to the meeting, noting it was Colin's first meeting with NILGOSC. The Chair then invited them to present their quarterly investment report to the Committee.
- 13.2 Colin Cartwright provided the current backdrop to global financial markets and Pratik Patel presented an overview of the fund's performance for the quarter ended 31 December 2021, noting that inflation remained a key challenge for investors over the year ahead.
- 13.3 Pratik Patel provided an update on the funding position and individual manager performance over the quarter.
- 13.4 The Committee noted the Investment Advisor's report on quarterly performance to 31 December 2021, together with Aon's supplementary briefing note on the Russian invasion of Ukraine and the impact on global markets.

Pratik Patel and Colin Cartwright left the meeting. The Head of Investment Services and the Investment Services Manager left the meeting.

14 Investments

- 14.1 The Committee noted the summary of invested funds at 28 February 2022.

15 Format of Future Meetings

- 15.1 The Chair invited the Secretary to present his paper on the Format of Future Meetings.
- 15.2 The Secretary presented a paper outlining various options for the format of future meetings, highlighting the advantages and disadvantages of each.
- 15.3 The Committee discussed the various options and agreed a preference for in-person Committee meetings subject to prevailing workplace guidance. Fund Managers would be invited to attend person and then virtually every other year unless on the monitoring scorecard watchlist. The Investment Advisor will be invited to attend every other meeting in person, the remainder virtually. The Actuary will be invited to attend in person.
- 15.4 It was agreed that future meetings should facilitate virtual attendance for any Committee members unable to attend in person in exceptional circumstances.
- 15.5 The Committee discussed the current scheduling of fund manager presentations and the potential need to expand the agenda to include greater focus on ESG issues. The Secretary was tasked with identifying suitable options to be brought to the next meeting for consideration.

16 Any Other Business

- 16.1 The Chair sought a completion date for the draft partnership agreement currently sitting with DfC from the Departmental Observer. Emma Lynch agreed to follow this up and to provide indicative timescales to the Secretary.
- 16.2 There being no further business, the meeting was closed.

Chairperson (Signature).

Date