

## PENSION FUND COMMITTEE – 3 DECEMBER 2010

### INVESTMENT MANAGER MONITORING ARRANGEMENTS

#### Report by Head of Finance & Procurement

#### Introduction

1. Each year the Committee considers the monitoring arrangements for the Investment Managers, agreeing the frequency that the managers attend Committee and how often they are seen by officers and the Independent Financial Adviser.

#### Current Arrangements

2. The current practice is as follows:

Alliance Bernstein	Seen six monthly by Committee
Baillie Gifford	Seen six monthly by officers / IFA, who then report to Committee
UBS	In this way these managers are seen quarterly, either by Committee or by the officers / IFA
Legal & General	Seen annually by Committee Seen annually by officers / IFA, who then report to Committee
Partners Group Adams Street	One of these Limited Liability Partners is seen annually
Peter Davies re private equity	Specific report annually to Committee, considered quarterly by officers

3. Officer/Independent Financial Adviser (IFA) meetings with Investment Managers are scheduled quarterly to supplement Committee meetings. This will ensure that either members or officers and the IFA will see active managers at least quarterly and the passive manager once every six months. As indicated, the IFA will report to Committee on any outcome from the officer/IFA meetings with Investment Managers where appropriate.
4. Meetings with the Limited Liability Private Equity Partners are set up from time to time when officers and the IFA deem it appropriate. At the end of 2009, the Committee agreed to see one of them each year.

5. There may be occasions where the Committee or the Chairman and Deputy Chairman of the Committee would like to see a manager more frequently. This could either be done by asking the manager to attend Committee or for the Chairman and Deputy Chairman attending the officer/IFA meeting with the manager. Either of these options are available at any time. The Committee may recall this happened recently when Alliance Bernstein were asked to attend the Committee two meetings in a row.
6. The Management and Investment of Funds Regulations 2009 require that Investment Managers report all action taken every three months and investments must be reviewed every three months. The Committee receives written reports from the Investment Managers quarterly and reviews the investments at each Committee meeting. Officers believe that combining this with the above practice for manager monitoring complies with the regulation.

**Proposed arrangements**

7. The proposed timetable for meetings over the next 16 months is as follows:

Date	Meeting	Investment Manager				
		UBS	Baillie Gifford	Alliance Bernstein	L&G	Private Equity
2 Mar 2011	Officer / IFA	√				√
18 Mar 2011	Committee		√	√		
17 May 2011	Officer / IFA		√	√		√
3 June 2011	Committee	√			√	
16 Aug 2011	Officer / IFA	√				√
2 Sept 2011	Committee		√	√		
15 Nov 2011	Officer / IFA		√	√		
2 Dec 2011	Committee	√				√
28 Feb 2012	Officer / IFA	√			√	√
16 Mar 2012	Committee		√	√		

8. Manager meetings with officer/IFA have generally been scheduled to take place about two weeks before Committee meetings to allow the IFA to report on the outcome of the meetings.

## **Regular Interim Meetings**

9. In 2009, in addition to the monitoring meetings with the investment managers, regular meetings were introduced between committees. These usually take place about half way between committee meetings, just after the quarter end. These meetings are initially between the officers and the Independent Financial Adviser. The Chairman and Deputy Chairman then join the meeting for the last hour or so.
10. The meetings are an opportunity to consider current issues related to Pension Fund investments and for the Chairman and Deputy Chairman to raise issues as they wish. At each meeting consideration is given to:
  - the value of the Pension Fund assets;
  - the IFA's quarterly report on Private Equity; and
  - the strategic asset allocation and whether any rebalancing is required.

## **RECOMMENDATION**

11. **The Committee is RECOMMENDED to agree the programme of manager meetings as set out in the report.**

PAUL GERRISH  
Head of Finance & Procurement

Background papers: Nil

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