

**MINUTES OF A MEETING OF THE
PENSIONS COMMITTEE
Committee Room 3B - Town Hall
12 September 2013 (9.00 am - 5.05 pm)**

Present:

COUNCILLORS

Conservative Group Rebecca Bennett (Chairman), Melvin Wallace (Vice-Chair), Steven Kelly and Roger Ramsey

UKIP Frederick Osborne

Apologies were received for the absence of Councillors Pat Murray and Ron Ower, John Giles (UNISON) and Andy Hampshire (GMB).

The Chairman reminded Members of the action to be taken in an emergency.

10 EXCLUSION OF THE PUBLIC

The Committee resolved to excluded the public from the meeting during discussion of the following item on the grounds that if members of the public were present it was likely that, given the nature of the business to be transacted, that there would be disclosure to them of exempt information within the meaning of paragraph 3 of Schedule 12A to the Local Government Act 1972 which could reveal information relating to the financial or business affairs of any particular person (including the authority holding that information) and it was not in the public interest to publish this information.

11 APPOINTMENT OF MULTI-ASSET POOLED FUNDS MANAGER

Prior to the start of interviews Hymans Robertson (HR) delivered a short session outlining the mandate brief and identifying the different asset classes which the prospective Fund Managers could be investing in.

The Committee were reminded that there would be approximately £140m available for investment and this was likely to be split between two funds. In agreeing the revised Statement of Investment Principles the Committee had indicated they would only be interested in pooled funds.

The objective of the mandate was to deliver returns in line with the long-term expected return on equities, albeit with a lower risk than investing in equity markets. The return objective for the funds should be LIBOR + 3 -4 % per annum (or equivalent) over rolling 3 to 5 year periods.

With multi-asset mandates return arises from:

- Exploiting the 'beta' or market returns from a number of different asset classes;

- Dynamic asset allocation between these asset classes; and
- Generating additional 'alpha' or performance in excess of market returns through active management within the asset class mix.

HR advised that there were different types of mandate which the Pension Fund could opt for:

- Asset allocation focused:
 - The Manager would take a view on risk and return forecasts for a range of different asset classes.
 - The Manager would invest in a diversified portfolio of assets, focused on market beta as a return driver, but vary asset allocation over time.
- Absolute Return focused:
 - Take a view on the risk and return potential for a range of different individual assets.
 - Invest in a diversified portfolio of assets, with a focus on capital preservation, but vary portfolio over time.
- Alternatives focused:
 - Aim to build a portfolio of assets that complements investment in equity and bonds.
 - Invest in a diversified portfolio of assets, largely excluding conventional equities and bonds.
 - Expect lower variation in portfolio asset allocation.

HR had worked with officers to reduce the long list of potential managers down to a short-list of 6. These had been divided into two categories, each of three managers/products. The three funds interviewed in the morning strategies were driven by asset allocation. The three funds interviewed in the afternoon were more akin to Multi-Alternative Asset driven.

HR, and to some extent, officers had envisaged one of the morning managers being allocated approximately £100m, with the successful manager in the afternoon being allocated £40m to invest.

After interviewing all 6 managers and discussing the merits of each fund the Committee agreed as follows:

- To invite Manager 'B' to deliver an Asset driven mandate;
- To ask Hymans Robertson to explore the possibility, merits and disadvantages of splitting the remaining mandate between managers 'D' and 'E';
- To ask Hymans Robertson to explore the proposed allocation of funds between the two mandates/three managers.
- To make a final decision at the next meeting of the Committee on 24 September, 2013.

Chairman