

Bath & North East Somerset Council		
MEETING:	AVON PENSION FUND COMMITTEE	
MEETING DATE:	26 SEPTEMBER 2014	AGENDA ITEM NUMBER
TITLE:	INVESTMENT PANEL ACTIVITY	
WARD:	ALL	
AN OPEN PUBLIC ITEM		
<p>List of attachments to this report:</p> <p>Appendix 1 – Minutes from Investment Panel meeting held 3 September 2014</p> <p>EXEMPT Appendix 2 – Exempt Minutes from Investment Panel meeting held 3 September 2014</p> <p>EXEMPT Appendix 3 – Summary of decisions taken in Exempt session at Investment Panel meeting held 3 September 2014</p> <p>EXEMPT Appendix 4 – Summaries of Investment Panel meetings with Investment Managers</p> <p>EXEMPT Appendix 5 – Infrastructure mandate: Appointment decision</p>		

1 THE ISSUE

- 1.1 The Investment Panel is responsible for addressing investment issues including the investment management arrangements and the performance of the investment managers. The Panel has delegated responsibilities from the Committee and may also make recommendations to Committee. This report informs Committee of decisions made by the Panel and any recommendations.
- 1.2 The Panel has held one formal Investment Panel meeting since the June 2014 committee meeting, on 3 September 2014. The draft minutes of the Investment Panel meeting provides a record of the Panel's debate before reaching any decisions or recommendations. These draft minutes can be found in Appendix 1 and Exempt Appendix 2. The Panel also held a Meet the Managers Workshop on 3 September 2014. In addition, the Panel held a Clarification meeting on the Infrastructure mandate tender on 8 July 2014. The recommendations and decisions arising from these meetings are set out in paragraph 4.1.

2 RECOMMENDATION

That the Committee notes:

- 2.1 the draft minutes of the Investment Panel meetings held on 3 September 2014**
- 2.2 the recommendations and decisions made by the Panel since the last quarterly activity report, as set out in 4.1**

3 FINANCIAL IMPLICATIONS

- 3.1 In general the financial impact of decisions made by the Panel will have been provided for in the budget or separately approved by the Committee when authorising the Panel to make the decision.
- 3.2 There are transactional costs involved in appointing and terminating managers. Where these arise from a strategic review allowance will be made in the budget. Unplanned changes in the investment manager structure may give rise to transition costs which will not be allowed for in the budget.

4 RECOMMENDATIONS AND DECISIONS

- 4.1 The following decisions and recommendations were made by the Panel since the last quarterly activity report:

(1) Investment Panel Meeting, 3 September 2014:

- a) Decision on Hedge Fund portfolio structure, see Exempt Appendix 3.
- b) Decision to terminate an investment management mandate following significant loss of key investment personnel, see Exempt Appendix 3 for explanation.

The Panel also wished to notify the Committee that the termination of the mandate and temporary placement of the proceeds in the passive portfolio (whilst another manager is selected) will result in the Fund's allocation to equities being temporarily above the strategic range (estimated that it will be 59% versus the upper limit of the range of 55%)

(2) Meet the Manager Workshop, 3 September 2014:

- a) The Panel met with Schroder (Global Equity Mandate) and Record Currency Management. [to follow]

A summary of the meetings is provided at Exempt Appendix 4. [to follow]

- (3) Infrastructure Tender - Clarification meeting 8 July 2014: The Panel appointed a manager for the infrastructure mandate subject to completion of legal documentation (still in progress). Exempt Appendix 5 provides a brief summary of the decision.

5 RISK MANAGEMENT

- 5.1 The Avon Pension Fund Committee is the formal decision-making body for the Fund. As such it has responsibility to ensure adequate risk management processes are in place. An Investment Panel has been established to consider in greater detail investment performance and related matters, and to carry out responsibilities delegated by the Committee.
- 5.2 A key risk to the Fund is that the investments fail to generate the returns required to meet the Fund's future liabilities. This risk is managed via the Asset Liability Study which determines the appropriate risk adjusted return profile (or strategic benchmark) for the Fund.

6 EQUALITIES

- 6.1 An equalities impact assessment is not necessary as the report is primarily for information only.

7 CONSULTATION

7.1 This report is primarily for information and therefore consultation is not necessary.

8 ISSUES TO CONSIDER IN REACHING THE DECISION

8.1 The issues to consider are contained in the report.

9 ADVICE SOUGHT

9.1 The Council's Monitoring Officer (Divisional Director – Legal & Democratic Services) and Section 151 Officer (Divisional Director – Business Support) have had the opportunity to input to this report and have cleared it for publication.

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Background papers	
Please contact the report author if you need to access this report in an alternative format	