

Bath & North East Somerset Council

MEETING:	Avon Pension Fund Investment Panel	
MEETING DATE:	22 FEBRUARY 2012	AGENDA ITEM NUMBER
TITLE:	TT UK Equity Mandate	
WARD:	ALL	
AN OPEN PUBLIC ITEM		
List of attachments to this report: Exempt Appendix 1 – Summary of Investment Panel meeting with TT (7 Sept 2011) Exempt Appendix 2 – TT Peer Group Analysis		

1 THE ISSUE

- 1.1 TT are presenting to the Panel as part of the Panel's review of TT's performance following a deterioration in the longer term performance trend over the last 12 months.

2 RECOMMENDATION

- 2.1 The Investment Panel recommends to the Avon Pension Fund Committee any action required**

3 FINANCIAL IMPLICATIONS

- 3.1 There is a potential impact on costs should there be any change to the investment manager structure. Careful analysis would be undertaken on the impact of any change in costs before any changes would be made.

4 BACKGROUND

- 4.1 Following a period in which TT failed to achieve their performance target the Investment Panel met with TT on September 7 2011. A summary of that meeting is provided in Exempt Appendix 1. Subsequently, the Panel considered a report from the Fund's investment consultant which provided a peer group analysis of performance and risk. This analysis is included again at Exempt Appendix 2. The analysis concluded that:

- (1) TT's active decisions appear consistent with its peers;
- (2) TT are managing the portfolio in a way that is consistent with the mandate; and
- (3) There are areas for further analysis at the next presentation by TT in February 2012

5 ISSUE

- 5.1 The Investment Panel will receive a presentation from TT to further explain investment performance.
- 5.2 The presentation will focus on the attribution of performance to sector and stock selection to give greater insight into the drivers of performance.

6 RISK MANAGEMENT

- 6.1 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 and through the selection process followed before managers are appointed. This report monitors the return of the strategic benchmark and the performance of the investment managers. An Investment Panel has been established to consider in greater detail investment performance and related matters and report back to the committee on a regular basis.

7 EQUALITIES

- 7.1 This report is primarily for information only.

8 CONSULTATION

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

9 ISSUES TO CONSIDER IN REACHING THE DECISION

9.1 The issues to consider are contained in the report.

10 ADVICE SOUGHT

10.1 The Council's Monitoring Officer (Council Solicitor) and Section 151 Officer (Divisional Director - Finance) 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	