

Bath & North East Somerset Council

MEETING:	AVON PENSION FUND COMMITTEE	
MEETING DATE:	21 JUNE 2013	AGENDA ITEM NUMBER 12
TITLE:	INVESTMENT PANEL ACTIVITY	
WARD:	ALL	
AN OPEN PUBLIC ITEM		
List of attachments to this report: Appendix 1 – Draft minutes from Investment Panel meeting held 4 June 2013 EXEMPT Appendix 2 – Draft EXEMPT minutes from Investment Panel meeting held 4 June 2013		

1 THE ISSUE

- 1.1 The Investment Panel is responsible for exploring 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 meeting since the March 2013 committee meeting, on 4 June 2013. The draft minutes of the Investment Panel meeting provide a record of the Panel's debate before reaching any decisions or recommendations. These draft minutes can be found in at Appendix 1.
- 1.3 There are no recommendations from the Panel. The Panel made the decisions as set out in paragraph 4.2

2 RECOMMENDATION

That the Committee notes:

- 2.1 the draft minutes of the Investment Panel meeting held on 4 June 2013**
- 2.2 the decisions made by the Panel at the meeting on 4 June 2013**

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 There are no recommendations to Committee arising from the meeting held on 4 June 2013.
- 4.2 Decisions were made as follows:
- (1) To terminate fund of hedge fund mandate managed by Man on the basis of on-going concerns regarding performance.
 - (2) Agreed to fund the new Diversified Growth Fund and Emerging markets mandates from the BlackRock passive equity portfolio in two stages and use the opportunity to restructure the BlackRock passive equity portfolio to deliver appropriate regional allocations and options to take income (the regional allocation for the passive equity portfolio will be agreed at a later meeting).
 - (3) Agreed the Diversified Growth Mandate specification and appointment process.
 - (4) Agreed the performance reporting policy to strengthen the monitoring and reporting framework.

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 - Finance) have had the opportunity to input to this report and have cleared it for publication.

Contact person	Matt Betts, Assistant Investments Manager (Tel: 01225 395420)
Background papers	
Please contact the report author if you need to access this report in an alternative format	