

## Bath & North East Somerset Council

MEETING:	AVON PENSION FUND COMMITTEE	
MEETING DATE:	27 SEPTEMBER 2013	AGENDA ITEM NUMBER
TITLE:	INVESTMENT PANEL ACTIVITY	
WARD:	ALL	
<b>AN OPEN PUBLIC ITEM</b>		
<p>List of attachments to this report:</p> <p>Appendix 1 – Minutes from Investment Panel meeting held 18<sup>th</sup> July 2013</p> <p>EXEMPT Appendix 2 – EXEMPT Minutes from Investment Panel meeting held 18th July 2013</p> <p>Appendix 3 – Draft Minutes from Investment Panel meeting held 4 September 2013</p> <p>EXEMPT Appendix 4 – Draft EXEMPT Minutes from Investment Panel meeting held 4 September 2013</p>		

### 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 two meetings since the June 2013 committee meeting, on 18 July 2013 and on 4 September 2013. The draft minutes of the Investment Panel meetings provide a record of the Panel's debate before reaching any decisions or recommendations. These draft minutes can be found in the Appendices.
- 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 meetings held on 18 July 2013 and 4 September 2013**
- 2.2 the decisions made by the Panel at the meeting on 18 July 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 meetings held on 18 July 2013 and on 4 September 2013.
- 4.2 The decisions taken on 18 July 2013 relate to the implementation of the new investment strategy agreed by Committee in March 2013, and were as follows (no decisions were made on 4 September 2013):
- (1) Agreed the Emerging markets equity mandate specification and the make-up and timing of the selection panel.
  - (2) Agreed the target allocation within the overseas regional equity portfolio and arrangements for annual rebalancing.
  - (3) Agreed the changes to the allocation within the bond portfolio and timescale for the changes.
- 4.3 Additionally the Panel wish to highlight to the Committee the ongoing monitoring they are undertaking with managers evaluated through the RAG performance framework as being rated Red or Amber. This quarter has seen all Amber rated managers showing improvement and progress towards a Green rating. The only Red rated manager is Man from whom the Fund is in the process of divesting.

### **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.

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