

## Bath & North East Somerset Council

MEETING:	AVON PENSION FUND COMMITTEE	
MEETING DATE:	28 MARCH 2014	AGENDA ITEM NUMBER
TITLE:	INVESTMENT PANEL ACTIVITY	
WARD:	ALL	
<b>AN OPEN PUBLIC ITEM</b>		
List of attachments to this report: Appendix 1 – Minutes from Investment Panel meeting held 26 <sup>th</sup> February 2014 EXEMPT Appendix 2 – Summaries of Investment Panel meetings with Investment Managers EXEMPT Appendix 3 – Emerging Markets Equity mandate: Appointment decision		

### 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 December 2013 committee meeting, on 26<sup>th</sup> February 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. The Panel also held a Selection Panel meeting on 4<sup>th</sup> December 2013 (this was too late in the quarter to be included in last quarter's report) and a Meet the Managers Workshop on 26<sup>th</sup> February 2014.
- 1.3 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 26<sup>th</sup> February 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 were made by the Panel since the last quarterly activity report. There were no recommendations to Committee:

- (1) Investment Panel Meeting, 26 February 2014:
- a) The Panel agreed the selection process and evaluation criteria for the infrastructure tender process.
  - b) The Panel agreed the scope for the review of hedge funds
- (2) Meet the Manager Workshop, 26 February 2014:
- a) Signet - Following weakening performance and Signet's recent acquisition by Morgan Creek, Officers will continue to closely monitor performance and to evaluate the impact of the recent acquisition.
  - b) Gottex – Following the announcement of a proposed merger, officers will monitor the potential impacts on organisation and team as more information about the merger becomes known.

A summary of the meeting is provided at Exempt Appendix 2.

- (3) Selection Panel meeting, 4 December 2013: The Panel appointed Unigestion to manage the Fund's new emerging markets equity mandate. Exempt Appendix 3 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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<b>Background papers</b>	
<b>Please contact the report author if you need to access this report in an alternative format</b>	