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| Bath & North East Somerset Council | | | | |
| MEETING: | AVON PENSION FUND INVESTMENT PANEL | | | |
| MEETING DATE: | 28 May 2021 | AGENDA ITEM NUMBER | | |
| TITLE: | Legacy Portfolio Plan | | | |
| WARD: | ALL | | | |
| AN OPEN PUBLIC ITEM | | | | |
| List of attachments to this report: | | | | |
| Exempt Appendix 1 – Legacy Portfolio Plan | | | | |

1 THE ISSUE

- 1.1 The Fund has several legacy portfolios that need to either be managed down as a result of strategic asset allocation decisions or transitioned to Brunel portfolios.
- 1.2 A number of the legacy portfolios are illiquid or not easily sold, for example hedge funds, infrastructure, and therefore will have to be managed down over time.
- 1.3 For some of the legacy portfolios there is no comparable portfolio currently offered by Brunel therefore the Fund will seek suitability advice from Mercer to ensure strategic objectives are met from any allocation made to Brunel portfolios.
- 1.4 Officers will report back to Panel on an annual basis as to the progress made in winding down legacy portfolios.

2 RECOMMENDATION

- 2.1 **The Panel notes the legacy portfolio plan as outlined in Exempt Appendix 1.**

3 FINANCIAL IMPLICATIONS

3.1 The fees that Avon will pay to its investment managers including Brunel are provided for in the Fund's annual budget. Advice will be sought on any costs attached to the exit of legacy portfolios and reported back to Panel.

4 LEGACY PORTFOLIO PLAN

4.1 The transition plan is set out in Exempt Appendix 1.

4.2 Mercer are supportive of the plan outlined in Exempt Appendix 1 noting that further work will need to be undertaken on the suitability of the Brunel infrastructure and property portfolios.

4.3 Officers will report back to Panel on an annual basis as to the progress made in winding down legacy portfolios.

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. It discharges this responsibility by ensuring the Fund has an appropriate investment strategy and investment management structure in place that is regularly monitored. The creation of an Investment Panel further strengthens the governance of investment matters and contributes to reduced risk in these areas.

6 CLIMATE CHANGE

6.1 The Fund is implementing a digital strategy across all its operations and communications with stakeholders to reduce its internal carbon footprint. The Fund acknowledges the financial risk to its assets from climate change and is addressing this through its strategic asset allocation to Low Carbon Equities and renewable energy opportunities. The strategy is monitored and reviewed by the Committee.

7 EQUALITIES

7.1 A proportionate equalities impact assessment has been carried out using corporate guidelines and no significant issues have been identified.

8 OTHER OPTIONS CONSIDERED

8.1 None.

9 CONSULTATION

9.1 The Council's Section 151 Officer has had the opportunity to input to this report and have cleared it for publication.

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| Contact person | Nathan Rollinson – Investments Manager, 01225 395357 |
| Background papers | None. |
| Please contact the report author if you need to access this report in an alternative format | |