

 <p>the low tax borough</p>	<p>London Borough of Hammersmith & Fulham</p> <p>AUDIT, PENSIONS AND STANDARDS COMMITTEE</p> <p>5th December 2013</p>
<p>PENSION FUND MANAGER BRIEFINGS</p>	
<p>Report of the Executive Director of Finance and Corporate Governance</p>	
<p>Open Report</p>	
<p>Classification: For Decision</p> <p>Key Decision: No</p>	
<p>Wards Affected: All</p>	
<p>Accountable Executive Director: Jane West, Executive Director of Finance and Corporate Governance</p>	
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1. EXECUTIVE SUMMARY

1.1. It is good practice to meet regularly with fund managers to scrutinise effectively their performance. It is proposed that separate briefings with fund managers take place once a quarter attended by Committee members and officers, which are reported back to the formal committee meetings.

2. RECOMMENDATIONS

2.1. That the Committee agree that separate quarterly briefings are set up with fund managers and that a summary of each meeting is reported back to the formal Committee meetings.

3. REASONS FOR DECISION

3.1. To improve the scrutiny of fund manager performance and to adopt good practice in the monitoring of investments.

4. INTRODUCTION AND BACKGROUND

- 4.1. The Local Government Pension Scheme regulations require Pension Funds regularly to review the fund managers it employs. This is currently done through the provision of a quarterly review report from the Fund's investment adviser.
- 4.2. However, it is further good practice for Committees to meet their fund managers regularly to understand their investment processes and the reasons for any over or under performance. Officers recognise that given this Committee's wide remit, there is not sufficient time on the formal Committee agendas for such meetings to be undertaken effectively in this forum.

5. PROPOSAL AND ISSUES

- 5.1. It is proposed that separate briefings take place once a quarter for Committee members to meet the fund managers with the aim of meeting every manager at least once a year. These briefings would be specifically for speaking to fund managers about the performance of the fund and no other issue would be covered. These briefings would not be a formal Committee meetings, and no decisions would be taken.
- 5.2. These briefings would be attended by committee members and officers from the Tri-Borough Pensions team, who would take notes. The notes would then form a report back to the next formal committee meeting with the managers' presentations attached.
- 5.3. In order to maximise the benefit from the briefings, it is proposed that a standard set of questions, attached as Appendix 1 is provided to the managers in advance .. The questions are used elsewhere in Tri-Borough.
- 5.4. In the interests of minimising costs, it is proposed that the investment adviser is not asked to attend these briefings, but they would be consulted in advance about any additional questions it would be worth asking the managers.
- 5.5. If there are particular concerns raised about a fund manager, it would still be possible for the Committee to call them into a formal committee meeting to answer questions in that forum.

6. OPTIONS AND ANALYSIS OF OPTIONS

- 6.1. Not applicable.

7. CONSULTATION

- 7.1. Not applicable.

7.2.

8. EQUALITY IMPLICATIONS

8.1. Not applicable.

9. LEGAL IMPLICATIONS

9.1. Not applicable.

10. FINANCIAL AND RESOURCES IMPLICATIONS

10.1. None.

11. RISK MANAGEMENT

11.1. Not applicable.

12. PROCUREMENT AND IT STRATEGY IMPLICATIONS

12.1. Not applicable.

LOCAL GOVERNMENT ACT 2000 **LIST OF BACKGROUND PAPERS USED IN PREPARING THIS REPORT**

No.	Description of Background Papers	Name/Ext of holder of file/copy	Department/ Location

LIST OF APPENDICES:

Appendix 1: Standard questions for fund managers

Standard Questions for fund managers

Past Performance

1. Please explain how your investment management decisions have affected performance of the portfolio in the last six months, both in absolute terms and relative to the benchmark.
2. Which events impacting on performance did you foresee and allow for? Which were unexpected?
3. How have you engaged with companies to increase the shareholder value they give (e.g. resisting directors' pay increases)?

The Organisation

4. Has the fund management team and / or investment style changed significantly in the last six months? If so, how?

The Future

5. What do you consider to be the main investment challenges ahead in the next six months?
6. How do you propose to position the investments to meet these challenges and will this involve a significant movement in assets or allocation policy?
7. What do you see as the main risks to your proposed strategy?