

FLINTSHIRE COUNTY COUNCIL

REPORT TO: **CLWYD PENSION FUND COMMITTEE**

DATE: **22nd JULY 2014**

REPORT BY: **CHIEF OFFICER (PEOPLE AND RESOURCES)**

SUBJECT: **INVESTMENT STRATEGY AND MANAGER SUMMARY**

1.00 PURPOSE OF REPORT

1.01 To update Committee Members on the performance of the Fund's investment strategy and performance of fund managers.

2.00 BACKGROUND

2.01 A role of the Committee is to monitor the performance of the Fund's investment strategy and fund managers.

2.02 On behalf of the Committee, the Investment Consultant and Pension Finance Managers:

- Undertake regular monitoring to ensure that the investment strategy is operating within the approved Statement of Investment Principles (SIP).
- Regularly monitor fund manager and investment performance.
- Recommend to Advisory Panel alternative investments within the asset allocations agreed within the SIP.
- Recommend to Advisory Panel changes to asset allocation allowed within the SIP, including re-balancing.
- Report investment performance to the Advisory Panel and Committee.
- Recommend changes to the investment strategy to Committee.

3.00 CONSIDERATIONS

3.01 The report from the Fund's Investment Consultant on the performance of the investment strategy and fund managers as at 31st March 2014 is attached. The Investment Consultant will present the report at the Committee meeting including a verbal update for the quarter ending 30 June 2014.

3.02 In summary the Fund performed in line with its benchmark over the quarter ending 31st March 2014. In appendix 1 of the Investment Consultant's report there is a summary of mandates which shows a number of fund managers or asset classes which have long term absolute return targets of 8-10% or 15% per annum. Under current financial conditions it should be recognised that these targets are not achievable and the 'red circles' shown in the manager performance section of the report should be read in this context.

3.03 As part of the Service Plan 2014/15 there will be a fundamental review of the Fund's investment strategy and the implementation of the strategy, including a review of the current fund managers, benchmarks and targets. The intention is to bring recommendations to the 5th November 2014 Committee. In preparation, a meeting will be organised in October for Committee Members to discuss in detail various options with the Investment Consultant and pension finance officers.

3.04 Until the completion of the investment review there will be no further commitments made within the alternative asset allocations.

4.00 RECOMMENDATIONS

4.01 That Committee Members:

1. Note and discuss the performance of the investment strategy and fund managers.
2. Agree for a meeting in October to be organised to discuss the outcomes of the investment strategy review.

5.00 FINANCIAL IMPLICATIONS

5.01 None directly as a result of this report.

6.00 ANTIPOVERTY IMPACT

6.01 None directly as a result of this report.

7.00 ENVIRONMENTAL IMPACT

7.01 None directly as a result of this report.

8.00 EQUALITIES IMPACT

8.01 None directly as a result of this report.

9.00 PERSONNEL IMPLICATIONS

9.01 None directly as a result of this report

10.00 CONSULTATION REQUIRED

10.01 None directly as a result of this report

11.00 CONSULTATION UNDERTAKEN

11.01 None directly as a result of this report

12.00 APPENDICES

12.01 Investment Strategy and Fund Manager Performance Review

LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985

Background Papers: None

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