

WIRRAL COUNCIL

PENSIONS COMMITTEE

25 JUNE 2012

SUBJECT:	THREE YEAR REVIEW OF EXTERNAL INVESTMENT MANAGEMENT MANDATES FOR UK AND EUROPEAN EQUITIES
WARD/S AFFECTED:	ALL
REPORT OF:	ACTING CHIEF FINANCE OFFICER
RESPONSIBLE PORTFOLIO HOLDER	
KEY DECISION?	NO

1.0 EXECUTIVE SUMMARY

- 1.1 This report informs Members of the results of recent reviews of the external investment mandates for UK and European Equities; Black Rock, M&G, Newton, TT International and Unigestion.
- 1.2 The result of the reviews is that all mandates are to be retained subject to further monitoring for up to three years in line with the original procurement. For one of the mandates this was a borderline decision and therefore this mandate is subject to closer scrutiny in ongoing monitoring as reported to previous IMWP meetings.
- 1.3 The detailed mandate reviews are provided in an exempt report. This is by virtue of paragraph(s) 3 of Part 1 of Schedule 12A of the Local Government Act 1972, i.e.: information relating to the financial or business affairs of any particular person (including the authority holding that information).

2.0 BACKGROUND AND KEY ISSUES

- 2.1 These mandates were approved by Pensions Committee on 17 November 2008 and subsequently funded on 9 March 2009. The term of these mandates as advertised at procurement was three years with a potential three year extension. The policy of MPF as detailed in the Policy for the Monitoring of Investment Mandates is to conduct a review and report to Pensions Committee before formally extending the contract. Given the long term nature of these investments it is anticipated that future mandates will be let on a five year plus five year option basis.
- 2.2 The reviews have been conducted by the internal team over the past three months and consisted of meetings and reviews of documentation from the managers and Analytics, in addition to drawing from the regular monitoring which has been reported to the IMWP on a quarterly basis.
- 2.3 As detailed in the Policy for the Monitoring of Investment Mandates, the contracts for investment management are made on a 28 day rolling basis and are subject to quarterly review of performance and that the Director of Finance can, under delegation, take any action required. This process will continue.

3.0 RELEVANT RISKS

3.1 Not relevant for this report

4.0 OTHER OPTIONS CONSIDERED

4.1 Not relevant for this report

5.0 CONSULTATION

5.1 Not relevant for this report

6.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

6.1 There are no implications arising directly from this report

7.0 RESOURCE IMPLICATIONS: FINANCIAL; IT; STAFFING; AND ASSETS

7.1 There is a change in the fee basis of Unigestion which is covered in the exempt report. For the other mandates there are no implications arising directly from this report as there are no changes to existing arrangements which are covered in existing budgets.

8.0 LEGAL IMPLICATIONS

8.1 There are no implications arising directly from this report

9.0 EQUALITIES IMPLICATIONS

9.1 Has the potential impact of your proposal(s) been reviewed with regard to equality?

(b) No because there is no relevance to equality.

10.0 CARBON REDUCTION IMPLICATIONS

10.1 There are no carbon usage implications, nor any other relevant environmental issues arising from this report.

11.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

11.1 There are no planning or community safety implications arising from this report.

12.0 RECOMMENDATION

12.1 That Members note the reviews and the three year extension, subject to continued monitoring of performance of the investment mandates for Black Rock, M&G, Newton, TT International and Unigestion change in fee arrangement detailed in the exempt report is noted.

12.2 That Members note the change in the fee arrangement detailed in the exempt report.

13.0 REASONS FOR RECOMMENDATION

13.1 The purpose of the recommendation is to inform Members of work undertaken within the monitoring regime detailed in the Statement of Investment Principles and the Policy for the Monitoring of Investment Mandates.

13.2 The change in fee arrangements for one of the mandates which is detailed in the exempt report is reported consistent with Contract Procedure Rule 16.1.

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APPENDICES

None

REFERENCE MATERIAL

Investment Manager Reports, Analytics Reports, Internal notes of meetings, WM Reports

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
Pensions Committee Management of UK Equities	17 November 2008
Pensions Committee Management of European Equities	17 November 2008
Pensions Committee Investment Contract Monitoring	20 March 2012
Pensions Committee IMWP Minutes	Various