

# WIRRAL COUNCIL

## PENSIONS COMMITTEE

18 SEPTEMBER 2017

<b>SUBJECT:</b>	<b>SYSTEMATIC INVESTING</b>
<b>WARD/S AFFECTED:</b>	<b>NONE</b>
<b>REPORT OF:</b>	<b>MANAGING DIRECTOR DELIVERY</b>
<b>KEY DECISION?</b>	<b>NO</b>

### 1.0 EXECUTIVE SUMMARY

- 1.1 This report provides Members with an update on the progress made to date in the potential development of internally managed factor-based investment strategies.
- 1.2 The appendix to this report contains exempt information. This is by virtue of paragraph(s) 3 of Part 1 of Schedule 12A of 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 The Fund has been exploring options to increase the proportion of its assets managed internally, consistent with its long-term investment philosophy and with due regard to risk. The accompanying report provides some background information and initial outcomes from the back testing of factor-based portfolios. Additional information will be provided at the next Investment Monitoring Working Party.

### 3.0 RELEVANT RISKS

- 3.1 The Fund diversifies its equity mandates with regard to mandate size and style. The first explicitly factor driven portfolio was implemented through an external investment mandate in 2009. It is important that any changes to mandate style and structure have due regard to both investment and operational risks.

### 4.0 OTHER OPTIONS CONSIDERED

- 4.1 No other options have been considered.

### 5.0 CONSULTATION

- 5.1 N/A.

## **6.0 OUTSTANDING PREVIOUSLY APPROVED ACTIONS**

6.1 There are no previously approved actions outstanding.

## **7.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS**

7.1 There are none arising from this report.

## **8.0 RESOURCE IMPLICATIONS: FINANCIAL; IT; STAFFING; AND ASSETS**

8.1 There are none arising directly from this report. The anticipated substantial cost savings of bringing assets in house will be confirmed if arrangements are finalised and implemented.

## **9.0 LEGAL IMPLICATIONS**

9.1 There are none arising from this report.

## **10.0 EQUALITIES IMPLICATIONS**

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

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

## **11.0 CARBON REDUCTION AND ENVIRONMENTAL IMPLICATIONS**

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

## **12.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS**

12.1 There are none arising from this report.

## **13.0 RECOMMENDATION/S**

13.1 That Members note the report.

## **14.0 REASON/S FOR RECOMMENDATION/S**

14.1 Members are kept informed of potential developments in the fund's investment strategy.

**REPORT AUTHOR: PETER WALLACH**  
Director of Pensions  
telephone (0151) 2421309  
email peterwallach@wirral.gov.uk

## **APPENDICES**

Exempt report on systematic investing.

**BACKGROUND PAPERS/REFERENCE MATERIAL**

EDHEC Risk Institute: Diversified or Concentrated Factor Tilts

**BRIEFING NOTES HISTORY**

Briefing Note	Date

**SUBJECT HISTORY (last 3 years)**

Council Meeting	Date