

**REPORT FOR: Pension Fund
Investment Panel**

Date of Meeting: 8th January 2013

Subject: Appointment of Diversified Growth Funds

Responsible Officer: Julie Alderson, Corporate Director of Resources

Exempt: No (apart from the Aon Hewitt enclosure that is exempt from publication under paragraph 3 of Schedule 12A to the Local Government Act 1972 (as amended) as it contains information relation to the financial or business affairs of any particular person (including the authority holding that information))

Enclosures: Aon Hewitt's Diversified Growth Manager Selection Report

Section 1 – Summary

The earlier agenda item on strategy proposes an allocation to Diversified Growth Funds (“DGF”). Should this be agreed, the attached report discusses the DGF most highly rated by Aon Hewitt.

Recommendation

The Panel is invited to agree the Diversified Growth Fund managers with whom it would wish to meet.

Section 2 – Report

1. The earlier agenda item 7 recommended a revised investment strategy including an allocation to diversified growth funds (“DGF”). Should the strategy be approved, the attached report from Aon Hewitt discusses the funds that Aon Hewitt recommend be considered for appointment. This agenda item will only be introduced if an allocation to DGF is agreed by the Panel.
2. The proposed appointment process would comprise the following steps:
 - a) Provision of a list of funds rated as most suitable by Aon Hewitt (attached),
 - b) Agreement of the Panel to the funds they wish to meet and any additional material the Panel require to support the appointment process.
 - c) Presentations by the invited funds followed by questions. Preferably all the presentations will be on the same day and will be preceded by a discussion with a representative of Aon’s manager research team.
 - d) A decision on which manager(s) to appoint.
 - e) Authority to officers to negotiate the legal documents and complete purchases and sales of investments in line with the revised strategy.
3. Harrow’s Legal Department have agreed that the appointment falls outside of EU procurement rules, being classified as the acquisition of an investment. However, Harrow has internal rules on transparency and fairness and the implications of these are being discussed with Procurement.
4. Aon Hewitt will discuss the attached report with the Panel, including the implication of splitting the DGF allocation between 2 funds. The transition arrangements will be further clarified in discussion with the appointed fund manager(s) later in the process.
5. The estimated cost of the appointment process is discussed in the strategy paper.

Section 3 – Further Information

6. N/A

Section 4 – Financial Implications

7. Manager out-performance is a significant source of projected returns.

Section 5 - Risk Management Implications

8. Risk included on Directorate risk register? No

9. Separate risk register in place? No.

Section 6 - Equalities implications

10. Was an Equality Impact Assessment carried out? Yes

11. There are no direct equalities implications relating to the pension fund

Section 7 – Corporate Priorities

12. Corporate Priorities are not applicable to Pension Fund as it does not have a direct impact on Council's resources.

Name: Hasina Shah	<input checked="" type="checkbox"/>	on behalf of the Chief Financial Officer
Date: 3 January 2013		
Name: Matthew Adams	<input checked="" type="checkbox"/>	on behalf of the Monitoring Officer
Date: 3 January 2013		

Section 8 - Contact Details and Background Papers

Contact: George Bruce (Treasury and Pension Scheme Manager)

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Background Papers: None