

Meeting:	Pension Fund Investments Panel
Date:	3 July 2006
Subject:	Update on Tenders for Private Equity and Currency
Responsible Officer:	Myfanwy Barrett (Director of Financial and Business Strategy)
Contact Officer:	Myfanwy Barrett
Portfolio Holder:	Cllr D. Ashton (Business Development)
Key Decision:	No
Status:	Part 1

Section 1: Summary

Decision Required

The Panel is asked to note the report

Reason for report

To provide the Panel with an update on the tender process on Private Equity and Active Currency Management as part of its responsibilities for Pension Fund investments.

Benefits

The use of Private Equity and Currency Management was considered by the Panel at its meeting in March 2006 to be part of the Pension Fund's future investment policy and which would add value to the assets of the Fund.

Cost of Proposals

Should be minimal, however the value of investments may alter over time.

Risks

The risk associated with a change in investment strategy could be a fall in investment values thereby affecting the financial integrity of the Pension Fund.

Implications if recommendations rejected

This report is for information only.

Section 2: Report

Brief History

1. At their meeting of 20 March 2006 the Panel agreed that Active Currency Management and Private Equity be used in the management of the Fund. It was agreed that this change would be actioned by inviting tenders which would be a long term process with Member consideration. An update was requested for the July meeting.

Progress Update

2. Hymans Robertson, the Funds Investment Advisors, were engaged to assist in the tender and evaluation process. Throughout the process Hymans will answer manager questions and liaise with them over the procedure and details of the mandates. They will also provide advice on investment aspects of the Investment Management/Partnership Agreements. The following arrangements are now in process:
 - Issue of OJEU notices for both private equity and currency managers;
 - Assess expressions of interest from managers, prepare long lists for each mandate and recommend managers who should receive a detailed questionnaire;
 - Prepare and send out detailed questionnaires to selected managers;
 - Assess detailed submissions from the managers and prepare reports including a recommended short list of managers to interview for both mandates;
 - Prepare papers for the final manager selection meetings;
 - A programme of meetings have been arranged between the officers and Hymans to review expressions of interest, shortlist for each contract, carry out the final evaluation with Members for each contract, and report the outcome of this process to this Panel at the 13 November 2006 meeting.

Consultation

3. None.

Financial Implications

4. This is a report of the Director of Financial and Business Strategy and deals with financial matters throughout.

Legal Implications

5. The Pension Fund is managed under the Local Government Pension Scheme regulations S1 1995 No 1019. The Trustees of the Pension Fund have a number of common law duties including fidelity and prudence. In addition, the trustees are subject to a statutory duty of care under the Trustee Act 2000 when carrying out their functions.

Equalities Impact

6. No direct implications.

Section 17 Crime and Disorder Act 1998 Considerations

7. None.

Section 3: Supporting Information/ Background Documents

- Appendices: none
- No further information is on deposit in Group Offices, on the web or available for inspection at the meeting.
- Pension Fund Panel meeting of 20 March 2005