

Report to: **Pension Committee**
Date: **29 September 2015**
By: **Chief Operating Officer**
Title: **Programme of Future Quarterly Meetings with Fund Managers**
Purpose: **The Committee to consider the frequency with which the fund managers are scheduled or requested to attend meetings.**

RECOMMENDATIONS

The Pension Committee is requested to agree the proposed programme of meeting Fund Managers

1. Introduction

1.1 The Fund has a wide range of investment managers running traditional and alternative asset classes in both segregated and pooled mandates and via active and passive investment approaches. The structure of the Fund has grown more complex in recent years, reflecting the increasing desire for growth and diversify investment strategy.

1.2 The Committee at its 27 July 2015 meeting considered a paper on the strategy for meeting with the East Sussex Pension Fund managers, and agreed that managers to be seen once every three years, should be changed to two years. It is important to ensure that the maximum benefit is derived from the managers employed and that the Committee is kept up to date with their progress.

2. Investment Managers and Governance

2.1 The Fund has a total of 13 distinct investment managers / mandates (including two private equity managers). It is recommend that meeting with those managers investing via an active approach more frequently than those managing passive mandates. The more volatile the asset class being managed, ideally the more supervision and oversight is required.

2.2 A risk-based approach has always been taken to monitoring the fund managers' performance; for example, the active equity managers were seen more often than the passive manager. A key risk control is the monitoring of the managers, which is performed on behalf of the Fund by its adviser, Hymans. Hymans has specialist research teams to monitor fund managers, and Hymans reports its views and ratings on each manager to the Committee every quarter.

3. Proposed new programme of future quarterly meetings

3.1 The proposed new pattern is as follows, assuming fund managers are still engaged;

	Fund Managers	Managers to be seen
1	Longview (Global equities)	once per year
2	Lazard (Global equities)	once per year
3	Ruffer (Absolute return)	once per year
4	Newton (Absolute return)	once per year
5	Schroder (property)	once per year
6	M&G (bonds	once per year
7	Adam Street	Once every two years
8	HarbourVest	Once every two years
9	Infracapital (M&G Infrastructure)	Once every two years
10	UBS (Infrastructure)	Once every two years
11	M&G (Financing Fund)	Once every two years
12	L&G (passive manager)	As necessary
13	State Street (passive manager)	As necessary

3.2 This gives a proposed new programme attached as Appendix A below, with following options:

- Option 1 - Managers meeting arranged in line with classes of assets.
- Option 2 - Managers meeting arranged randomly but complies with agreed arrangements in Para 3.1 above.

3.3 It is helpful to plan the programme of meetings in advance so that the key fund manager can be invited to attend the meetings well in advance. Most trustee groups hold their meetings around the same point in the quarterly cycle, and therefore key managers are unlikely to be available to attend at short notice. However, should the Committee have any concerns about the performance of a particular manager, it would be appropriate to invite that manager to attend more quarterly meetings than indicated in the proposed programme shown above.

3.4 The arguments in favour of seeing the managers include provision of valuable (and free) training and background information for Committee members which is useful not just in monitoring the existing managers, but helpful when selecting new managers and monitoring other managers; and it's particularly useful for new Committee members; without it they would not gain an understanding of how the Fund's money is managed or what each of the managers does.

4. Conclusion and reasons for recommendations

4.1 The Committee is requested to agree the frequency with which the fund managers are scheduled to attend the Committee meeting.

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LOCAL MEMBERS

All

BACKGROUND DOCUMENTS

None

Appendix A

Option 1 - Managers meeting arranged in line with classes of assets.

Year	February	May	September	November
2015				Ruffer (Absolute return)
				Newton (Absolute return)
2016	Schroder (property)	Longview (Global equities)	Ruffer (Absolute return)	Adams Street
	M&G (bonds)	Lazard (Global equities)	Newton (Absolute return)	HarbourVest
2017	Schroder (property)	Ruffer (Absolute return)	Longview (Global equities)	Infracapital (M&G Infrastructure)
	M&G (bonds)	Newton (Absolute return)	Lazard (Global equities)	UBS (Infrastructure)
2018	M&G (Financing Fund)	Schroder (property)	Ruffer (Absolute return)	Longview (Global equities)
	Adams Street	M&G (bonds)	Newton (Absolute return)	Lazard (Global equities)
2019	Longview (Global equities)	L&G (passive manager)	Schroder (property)	Ruffer (Absolute return)
	Lazard (Global equities)	State Street (passive manager)	M&G (bonds)	Newton (Absolute return)
2020	Infracapital (M&G Infrastructure)	Longview (Global equities)	Ruffer (Absolute return)	Schroder (property)
	UBS (Infrastructure)	Lazard (Global equities)	Newton (Absolute return)	M&G (bonds)

Option 2 - Managers meeting arranged randomly

Year	February	May	September	November
2015				Longview (Global equities)
				Newton (Absolute return)
2016	Schroder (property)	Lazard (Global equities)	Longview (Global equities)	M&G (bonds)
	M&G (Financing Fund)	Ruffer (Absolute return)	Newton (Absolute return)	L&G (passive manager)
2017	UBS (Infrastructure)	Schroder (property)	Lazard (Global equities)	Longview (Global equities)
	Infracapital (M&G Infrastructure)	M&G (bonds)	Ruffer (Absolute return)	Newton (Absolute return)
2018	Schroder (property)	Longview (Global equities)	M&G (bonds)	Lazard (Global equities)
	Adam Street	Newton (Absolute return)	HarbourVest	Ruffer (Absolute return)
2019	Lazard (Global equities)	M&G (bonds)	Longview (Global equities)	Schroder (property)
	Ruffer (Absolute return)	State Street (passive manager)	Newton (Absolute return)	M&G (Financing Fund)
2020	Lazard (Global equities)	Schroder (property)	M&G (bonds)	Longview (Global equities)
	Ruffer (Absolute return)	Adam Street	HarbourVest	Newton (Absolute return)