

Committee Report

Decision Maker:	PENSION FUND COMMITTEE
Date:	20 September 2016
Classification:	General Release
Title:	Fund Manager Monitoring Meetings
Wards Affected:	All
Policy Context:	Effective control over Council Activities
Financial Summary:	There are no financial implications arising from this report.
Report of:	Steven Mair <i>City Treasurer</i> smair@westminster.gov.uk 020 7641 2904

1. Executive Summary

- 1.1 This report sets out the proposed arrangements for the monitoring of fund managers to be undertaken by the Pension Fund Committee, to which all of the Fund's managers are invited to provide the Committee with updates on the investments.

2. Recommendation

- 2.1 That the Committee approve the proposed annual fund manager monitoring arrangements.
- 2.2 The Committee agree the session format and proposed questions for the first fund manager monitoring meetings.

3. Background

- 3.1 It is important that members are fully informed about the various fund managers employed by the Fund to ensure effective decisions are made about investment strategy and implementation.
- 3.2 Investments for the Westminster Pension Fund are currently managed by seven different fund managers, one of which (Baillie Gifford) is pooled within the London CIV.

4. Proposal and Issues

- 4.1. It is proposed to implement a fund manager monitoring programme for officers and members. Although Deloitte meet with and talk to the fund managers regularly, it is important that direct contact is maintained to ensure that those involved in running the Fund are fully informed. The monitoring arrangements will include two elements – one officer lead and a second aimed at members of the Committee.
- 4.2. The officer lead meeting will involve a semi-annual meeting at the investment managers offices with direct access to the portfolio manager, the purpose being to confirm that the manager's process are consistent with those when appointed and identify any changes that will warrant reconsideration of the mandate. Due to the overlap of managers between Westminster, Hammersmith & Fulham and Kensington and Chelsea, these visits may cover more than one Scheme. Feedback will be provided to the Committee after each meeting.
- 4.3. It is also proposed that an annual fund manager monitoring day takes place where all the Fund's managers are invited to come in and give members a refresher of their mandate and updates on their people, processes and performance.
- 4.4. It is proposed that each manager would have 30 minutes to give a refresher of their mandate and updates on their people, processes and performance. The meetings could either be held in one full day session or two evening sessions.
- 4.5. A suggested list of questions for the fund managers is shown in Appendix 1 for members' comments. It is planned to provide these to the managers in advance to provide focus for the sessions. Managers will be briefed to spend no more than 20 minutes addressing the advance questions to give members sufficient time for any follow ups or additional matters they wish to raise.
- 4.6. The Committee is asked to approve the monitoring arrangements and agreed their preference for when the fund manager meetings should take place.
- 4.7. Officers will then seek to make the necessary arrangements with the fund managers and agree the date for the session/s in consultation with the Chair of the Pension Fund Committee.

If you have any questions about this report, or wish to inspect one of the background papers, please contact the report author:

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BACKGROUND PAPERS: None

APPENDICES:

Appendix 1 – Proposed Questions for fund manager monitoring sessions 2016

Proposed questions for fund managers

1. Please provide a brief overview of the portfolio you manage on behalf of Westminster including your investment philosophy and process.
2. Please outline any significant changes which have occurred in relation to your key staff or to your business which directly impact on the portfolio.
3. Please describe any changes you have made to your investment process since Westminster first invested in the current portfolio (or over the last three years where the investment has been held for longer), the reasons for them and the resulting impact on performance.
4. Please can you outline current portfolio characteristics including number of holdings, turnover, active risk, risk factors etc.
5. Please discuss your performance attribution analysis over the last 12 months and describe the level of risk you have taken to achieve this performance. How does this compare with the long term performance and risk level in your fund?
6. Please describe how you expect the portfolio to change over the coming 12 months.