

WILTSHIRE PENSION FUND COMMITTEE
14 November 2006

WILTSHIRE PENSION FUND COMMITTEE 2007

Purpose of the Report

1. The purpose of this report is to propose some minor changes to the operation of the Wiltshire Pension Fund Committee in 2007.

Background

2. With the appointment of three new investment managers and the loss of one existing manager in 2007, the Fund will have seven managers. Currently the Committee sees Baillie Gifford and Capital International twice a year and the other managers once a year. Maintaining the existing practice could impact on the effectiveness of the Committee, with a disproportionate amount of time being spent on managers.

Main Considerations

Meetings

3. I propose that each manager be seen by the Committee once a year. Officers would continue to meet managers at least once more each year. Any performance concerns would continue to be reported to the Committee promptly.
4. I suggest that the Committee should see two managers at each quarterly meeting, except June, when there would be one visiting manager. The aim would be to pair managers with similar mandates, where possible.
5. I propose that the June meeting be treated as an "Annual Meeting" which would give an opportunity to bring together the main issues from the previous financial year, including the draft Annual Report, the Outturn Statement and the Annual Investment Report. This meeting could also consider the Proxy Voting Policy for the ensuing year. It could be extended to allow time to look at the current investment strategy and management arrangements and consider whether reviews are needed.
6. The format of the meetings would remain the same, normally starting at 10:30 am, followed by lunch with the investment managers to give Committee the opportunity for informal discussions.
7. To appoint investment managers and receive the results of the Triennial Actuarial Valuation in 2007, we will need a number of additional meetings. The Appendix outlines the proposed programme of regular and special meetings in 2007. The proposed dates are summarised overleaf:

28 February 2007 (am)	Regular meeting
17 April 2007 (am)	Presentations and appointment of Currency Manager
19 April 2007 (am)	Presentations and appointment of Long-Short Equity Manager
25 April 2007 (am)	Presentations and appointment of Global Equity Manager
20 June 2007 (am/pm)	Annual Meeting
5 September 2007 (am)	Regular meeting
3 October 2007 (am)	Receive and approve Triennial Actuarial Valuation
28 November 2007 (am)	Regular meeting

8. One option for the appointment of the three new investment managers is that the Committee could appoint a smaller sub-committee to deal with this in April.

Reporting

9. Members have previously commented on the number and size of the investment managers' reports that they receive each quarter. To reduce this paper mountain in future, I propose to ask investment managers to provide their quarterly report in electronic form. Members could then request this by email, or in paper form as any exception. I would welcome Members' views on the possibility of setting up a secure area on the Wiltshire Pension Fund website where these reports could be available under restricted access.
10. The changing nature of the investment strategy means that it is becoming increasingly long term and can be expected to deliver increased volatility relative to benchmarks, but lower volatility at the Fund level. As a result, the Committee will want to focus on the longer term position and put less emphasis than previously on the quarterly situation.
11. I am proposing that each manager provides an "Annual Report" for the Committee in advance of their annual meeting. This would focus on "Last 12 Months" and "Since Inception" performance, rather than the "Last Quarter". I have also asked Northern Trust to change their "Executive Reporting" document (the green consolidated performance report) so that it now shows "Last 12 Months" and "Since Inception" numbers. The impact of this can be seen in this quarter's report.

Risk Assessment

12. The changes proposed in this paper aim to allow the Committee to consider the risks and rewards arising from the Fund's investment strategy in a more effective way, particularly to avoid some of "noise" generated by too much and too short-term reporting.

Financial Considerations

13. There are no significant financial implications for the Fund arising from these proposals. If anything, they should reduce officers and Members' time commitment to the routine business of the Fund and allow more time for strategic longer-term considerations.

Environmental Impact of the Proposals

14. There are none.

Proposals

15. Members views are invited to comment on the proposals laid out in paragraphs 3 to 11 above, particularly the meeting schedules and dates suggested.

SANDRA SCHOFIELD
Acting County Treasurer

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Unpublished documents relied upon in the production of this report: NONE

40/2007/WPF/DB

PROPOSED TIMING AND CONTENT OF 2007 MEETINGS

REGULAR MEETINGS	SPECIAL MEETINGS
<p><u>28 February 2007</u></p> <ul style="list-style-type: none"> Quarterly Progress Report Q4 2006 (Investments) Administration & Investment Costs Budget for next financial year Principles/Policies for 2007 Valuation PLUS Other items that arise Annual Presentation by: Capital International Annual Presentation by: Baillie Gifford 	
<p><u>20 June 2007 (ANNUAL MEETING)</u></p> <ul style="list-style-type: none"> Administration & Investment Costs Outturn 2006-07 Report Annual Investment Report 2006-07 (by Hymans Robertson) Approval of draft Wiltshire Pension Fund Annual Report 2006-07 Adopt Proxy Voting Guidelines for forthcoming year (2007-08) Possible stock-take of Investment Strategy and Management Arrangements PLUS Other items that arise Annual Presentation by: Western Asset Management 	<p><u>17, 19 & 25 April 2007</u></p> <ul style="list-style-type: none"> 3 ½ day special meetings to receive presentations from the final shortlist for the new 3 investment mandates and appoint managers
<p><u>5 September 2007</u></p> <ul style="list-style-type: none"> Quarterly Progress Report (Investments) PLUS Other items that arise Annual Presentation by: New Global Equity Manager Annual Presentation by: New Long/Short Equity Manager 	
<p><u>28 November 2007</u></p> <ul style="list-style-type: none"> Quarterly Progress Report (Investments) Final sign-off of 2007 Valuation Results following discussions with employers PLUS Other items that arise Annual Presentation by: ING Real Estate Annual Presentation by: New Currency Manager 	<p><u>3 October 2007</u></p> <ul style="list-style-type: none"> Special meeting (am) to receive actuarial valuation and presentation from Hymans Robertson prior to agreeing contribution rates for presentation to employers (usually pm same day)

