

MINUTES OF A MEETING OF THE PENSIONS PANEL:
15 JUNE 2006

Councillors *Gmmh Rahman Khan (Chair), *Bevan (Deputy Chair), Basu, *Beacham, *Butcher, Davies, *Mallett and *Wilson.
[* Members present)

In attendance: *Howard Jones (Advisor to Trustees) and *Roger Melling (Designated Union Representative).

1. APOLOGIES FOR ABSENCE AND INTRODUCTION:

Apologies for absence were received from Councillors Basu and Davies and from Andrew Travers.

Cllr Khan (Chair) introduced the meeting and all members to the first meeting of the Panel in the 2006/7 municipal year. The Chair outlined the uniqueness of the Panel in terms of the Trustees' responsibilities, which were emphasised with a summary produced by Legal Service (on the basis of common law, Superannuation Act 1995, Local Govt Pensions Regulations etc) in a previous communication, which were in essence the duties of the trustees and involved :-

(a) Acting prudently and in good faith; (b) Acting in the best interest of the beneficiaries as a whole; (c) Seeking to maximise the assets of the scheme and, (d) Taking relevant advice from professional and other appropriate advisors and giving consideration to that advice.

Councillor Bevan had been appointed to Deputy Chair of the Panel.

2. URGENT BUSINESS:

There were no items of urgent business.

3. DECLARATIONS OF INTEREST:

Those Trustees who were members of the Haringey LGPS declared their interest. Cllr Wilson declared a personal interest in that he is employed by the Association of British Insurers.

4. MINUTES:

RESOLVED:

That the Minutes of the meeting held on 23 March 2006, be confirmed and signed as an accurate record, with the correction of Minute 6 (iv) on Page 4 of 'Alliance' to 'Capital International'.

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5. ATTENDANCE BY FOUR FUND MANAGERS:

Each was given approximately 10 minutes for presentation, followed by questions from the Trustees:

- **Fidelity**
- **Capital**
- **Wellington**
- **Bernstein**

i) Fidelity

Fund performance was 0.06% above benchmark and 0.29% below target in the quarter to March 2006. Annualised performance since inception was 0.47% above benchmark and 0.93% below target.

A summary was given as to how Fidelity operated as a fund manager, with a diverse investment strategy led by research and a portfolio built in a risk controlled way. A report was presented as to how the Haringey fund portfolio was currently positioned. They reported on positive equity markets. It was reported that the UK market had increased by 8%, with similar returns from global market environments, including the United States, Japan and emerging markets. Underweight in mining stocks had led to the reported under-performance.

With regard to the markets, investors were confident in economic growth, as for example demonstrated by the current copper prices. Inflationary fears were coming from the US, where interest rates had increased and economic growth had declined. The equities / bonds ratio investment was explained in relation to liabilities. Corporate responsibility (SRI) was explained and global warming was highlighted as an issue to be discussed at the next meeting.

ii) Capital

Fund performance was 0.21% below benchmark and 0.58% below target in the quarter to March 2006. Annualised performance since inception was 0.26% below benchmark and 1.76% below target.

After an introduction on the investment process and reassurances, the fund manager reported a quarter with stock selection explained as having caused the under-performance, particularly on some US equities. This was detailed and a reassessment of their approach proposed. The bond portfolio was elaborated.

Reassurance was given by the fund manager of 100% care of the fund and the Chair indicated that he was happy with the past performance and hoped that this would continue, with a good second half to 2006.

iii) Wellington

Fund performance was 2.12% below benchmark and 2.62% below target in the quarter

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to March 2006. Annualised performance since inception was 2.29% below benchmark and 4.29% below target.

An introduction was given by the fund manager, with a performance summary of the Haringey Fund. Performance, together with returns had again been disappointing. To help in rectifying the current trends, the company reported that added resources were in place to improve performance. Problems with various investments within the LBH portfolio were mentioned. The Chair highlighted the Panel's wish to see a reversal in performance and hoped that the changes in resources would produce the desired results. The Chair said that he wished to see better performance, because the Panel was anxious to ensure this.

iv) Bernstein

Fund performance was 0.39% below benchmark and 0.89% below target in the quarter to March 2006. Annualised performance since inception was 0.26% above benchmark and 1.74% below target.

Following an introduction and reassurances, the fund managers gave a summary of investment of the Haringey Fund, together with an up-to-date valuation. The fund managers outlined their approach for investing. A range of returns had been noted on the UK stockmarket, best segments were consumer cyclicals and industrial commodities. The Chair indicated that he was happy with the performance and wished to see this continued. It was agreed that they would report on their corporate social responsibility policy at the next meeting.

RESOLVED:

That the reports presented individually by Fidelity, Capital, Wellington and Bernstein, each be accepted with the added reassurances of care and expertise by each of the fund managers.

6. FUND PERFORMANCE AND ADMINISTRATION UPDATES

It was reported that the fund had increased in absolute terms since inception to the end of March 2006 by 19.41% (annualised), but had under performed against the gross benchmark and target by 0.35% and 2% respectively, in annualised terms. The performance of Wellington remained a concern, as annualised under-performance compared to benchmark and target were 2.29% and 4.29% respectively. The under-performance had increased since that reported at the last meeting. The position would continue to be monitored carefully.

It was reported that, in overall terms, spend to date was within the approved budget. The current surplus was being monitored carefully so that any net gain was invested at the appropriate time, in line with the new investment strategy.

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With regards to providing training for Trustees, it was agreed that the cost of different providers running a course be compared. The Chair did not wish training to take place prior to Pension Panel meetings. His preference was for one / two full days of training. A venue for training would need to be agreed and further topics were to be included in the training programme.

The main changes contained in the Local Government Pension Scheme (Amendment) Regulations 2006 were summarised and were being communicated to members shortly, including the elected members.

At a recently held employers' meeting, the employers were informed that the Chair of Pensions Panel was very anxious to have employers represented at Panel meetings. Employers had been reminded that the Panel minutes were sent to them so that they could raise issues, either with Officers or with the Chair.

In the future, it was agreed that two separate reports were to be prepared on i) Fund Performance and ii) Administration.

It was confirmed that no issues had been raised by the Ombudsman appeal.

RESOLVED:

That the Fund Performance, as at the end of March 2006 & administration update, be noted with the concern at the performance of Wellington. It was agreed that the Officers, responsible for the Pensions Fund must ensure that the legislative requirements and disclosure of information etc: had been complied with. It was also agreed that the admitted bodies be encouraged regarding their representation and close participation in the overall management of the fund. Further investigations were to be undertaken, regarding the Trustees' training, comparing costs, contents, provider & place etc before a decision could be made. Budget monitoring position to end of April 2006 was noted in principle, subject to producing a "Business Plan" at the earliest.

7. NEW ITEMS OF URGENT BUSINESS:

There were no New Items of Urgent Business.

The meeting ended at 21.45 hours.

Signed.....

Date.....

COUNCILLOR Gmmh RAHMAN KHAN
CHAIR.