

MINUTES OF A MEETING OF THE PENSIONS PANEL:
17th October 2006

Councillors *Gmmh Rahman Khan (Chair), *Bevan (Deputy Chair),
*Aitken, Basu, Beacham, Butcher, *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 Councillor Basu, Roger Melling and from Andrew Travers.

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 meetings held on 15th June 2006 and 29th June 2006, be confirmed and signed as accurate records.

5. ATTENDANCE BY FOUR FUND MANAGERS:

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

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

MINUTES OF A MEETING OF THE PENSIONS PANEL:
17th October 2006

i) Wellington

Fund performance was 0.14% above benchmark and 0.26% below target in the quarter to June 2006. Annualised performance since inception was 1.69% below benchmark and 3.69% below target.

An introduction was given by the fund manager describing their model used, with a performance summary of the Haringey Fund. Performance, together with returns had again been disappointing, worst segments being telecoms, consumer discretionary and financials. To help in rectifying the current trends, the company reported that added resources were now in place to improve performance, with an increase in fundamental analysts in Europe. It was considered that US inflation was past its peak. 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.

ii) Bernstein

Fund performance was 0.17% below benchmark and 0.67% below target in the quarter to June 2006. Annualised performance since inception was 0.17% above benchmark and 1.83% 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 being consumer cyclicals and medical. The FTSE 250 had risen, with mid cap stocks at a premium since 2004. UK banks were attractively valued and pub chains, with the impending smoking ban, highlighted. The Chair indicated that he was happy with the performance and wished to see this continued.

iii) Capital

Fund performance was 0.47% below benchmark and 0.86% below target in the quarter to June 2006. Annualised performance since inception was 0.35% below benchmark and 1.63% 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 UK and overseas equities. There had been a reduced over-exposure in emerging markets. This was detailed and a reassessment of their approach explained. Commission paid had fallen sharply and the fees structure for bonds would be reviewed. 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 third quarter.

MINUTES OF A MEETING OF THE PENSIONS PANEL:
17th October 2006

iv) Fidelity

Fund performance was 0.7% below benchmark and 1.00% below target in the quarter to June 2006. Annualised performance since inception was 0.2% above benchmark and 0.8% below target.

A summary was given on Fidelity's operation as a fund manager, with a diverse investment strategy led by research and a portfolio built in a risk controlled way. The Haringey fund portfolio position was summarised. They reported on positive European equity markets (ex UK), whilst UK equities were a significant detractor. US, Japanese and emerging market equities also produced reduced performance.

With regard to the markets, there were concerns about the slowdown in economic growth and reduction in UK equities. Bonds had been invested in a cautious manner without high interest rates.

RESOLVED:

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

6. FUND PERFORMANCE UPDATE:

It was reported that the fund had increased in absolute terms since inception to the end of June 2006 by 16.65% (annualised), but had under performed against the gross benchmark and target by 0.45% and 2.10% respectively, in annualised terms. Bernstein and Fidelity had met their agreed benchmarks to date. The annualised performance of Capital was 0.40% below benchmark and ING was 0.35% below benchmark to date.

The performance of Wellington was still a concern as annualised under-performance compared to benchmark and target since inception were 2.04% and 4.04% respectively. Performance in the quarter to June 2006 was 0.51% below target. This would continue to be monitored carefully, as agreed as part of the health-check.

As previously requested, ING'S benchmark had started to become more volatile as the constituent holdings had grown significantly. As part of the review of investment strategy it would be considered whether to change this benchmark, as this would involve taking more risk in order to outperform.

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.

With regards to providing training for Trustees, it was reported that this would be undertaken over two days, on 2nd November and 22nd November 2006 at Alexandra Palace.

The Panel had previously agreed that the Updated Statement of Investment Principles (SIP) would be updated annually and the revised version was presented. The main change was that the data had been updated to 31st March 2006.

MINUTES OF A MEETING OF THE PENSIONS PANEL:
17th October 2006

RESOLVED:

That the Fund Performance, as at the end of June 2006, be noted together with recommendations made.

7. FUND ADMINISTRATION UPDATE:

This was the first separate report on 'Fund Administration Update'. The report set out the administration updates to the end of 30th September 2006 and the quarterly statistical reports, on early retirements and appeals, to 30th June 2006.

In considering Salary Sacrifice schemes for Haringey Staff, contracts of employment would be amended to state that the value of the Salary Sacrifice was a pensionable element of pay. This was to ensure that the deduction of pension contributions could not be challenged.

It was proposed that it would be reasonable to set a benchmark for each employing body's ill health retirements, as part of the next Fund Valuation at 31st March 2007. From that date onwards, ill health retirements would be monitored and any likely impact on employer contribution rates flagged up to the employers at an early stage.

The Chair requested that additional items be included in future reports.

RESOLVED:

That the Fund Administration Update, as at the end of September 2006, be noted together with recommendations made.

8. BUSINESS PLAN 2006 – 07:

The first Business Plan that had been prepared for the Pensions Fund was presented. This would be updated on an annual basis, as necessary. The Plan included key information relating to the Pensions Fund, including Trustees, officers, advisors and external key providers of services, the Local Government Pension Scheme, how the Service was structured and delivered, Admitted and Scheduled Bodies, Fund membership, Pension Fund accounts for 2006/07 (including the actuarial position), internal and external audit reports, Statement of Investment Principles (SIP), Funding Strategy Statement (FSS), Fund Managers, Master Custodian and external advice, and the Budget for 2006/07.

RESOLVED:

That the 2006 – 07 Business Plan be accepted.

MINUTES OF A MEETING OF THE PENSIONS PANEL:
17th October 2006

9. NEW ITEMS OF URGENT BUSINESS:

There were no New Items of Urgent Business.

10. EXCLUSION OF PRESS AND PUBLIC:

The following item is likely to be the subject of a motion to exclude the press and public from the meeting as they contain 'exempt' information as defined in Section 100A of the Local Government Act 1972, namely that it contains terms proposed or to be proposed by or to the Authority in the course of negotiations for a contract for the acquisition or disposal of property or the supply of goods or services.

11. EXEMPT MINUTES :

RESOLVED:

That the Exempt Minutes of the meetings held on 29th June and 26th July 2006 be confirmed and signed as accurate records.

12. NEW ITEMS OF URGENT EXEMPT BUSINESS:

There were no New Items of Urgent Exempt Business.

The meeting ended at 21.25 hours.

Signed.....

Date.....

**COUNCILLOR Gmmh RAHMAN KHAN
CHAIR.**