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|-------------------------------|--|--------------------|--|
| <b>Report for:</b>            | <b>Pensions Committee</b><br>18 September 2014   | <b>Item number</b> |  |
| <b>Title:</b>                 | <b>Pension Fund Quarterly Update</b>   |                    |  |
| <b>Report authorised by :</b> | <b>Assistant Director – Finance (CFO)</b>  |                    |  |
| <b>Lead Officer:</b>          | George Bruce, Head of Finance – Treasury & Pensions<br>george.bruce@haringey.gov.uk<br>020 8489 3726 |                    |  |
| <b>Ward(s) affected:</b> N/A  | <b>Report for Non Key Decision</b>   |                    |  |

### **1. Describe the issue under consideration**

1.1 To report the following activities in respect of the three months period to 30<sup>th</sup> June 2014:

- Investment asset allocation
- Investment performance
- Responsible investment activity
- Budget management
- Late payment of contributions
- Communications

### **2. Cabinet Member Introduction**

2.1 Not applicable.

### **3. Recommendations**

3.1 That the information provided in respect of the activity in the three months to 30<sup>th</sup> June 2014 is noted.



- 3.2 It is proposed (see 15.4) that the format of responsible investment reporting is changed to annual face-to-face meetings with BlackRock, L&G and LAPFF to replace the current quarterly commentary.

#### **4. Other options considered**

- 4.1 None.

#### **5. Background information**

- 5.1 This update report is produced on a quarterly basis. The Local Government Pension Scheme Regulations require the Committee to review investment performance on a quarterly basis and sections 13 and 14 provide the information for this. Appendix 1 shows the targets which have been agreed with the fund managers.
- 5.2 The Pension Fund has a responsible investment policy and section 15 of this report monitors action taken in line with it. The remainder of the report covers various issues on which the Committee or its predecessor body have requested they receive regular updates.
- 5.3 Information on communication with stakeholders has been provided by officers in Human Resources and included in section 18.
- 5.4 The Independent Advisor has prepared an economic and market commentary (appendix 2).

#### **6. Comments of the Chief Financial Officer and Financial Implications**

- 6.1 The investment performance figures in section 14 show the impact of the introduction of passive fund managers in that generally the variance from target has reduced. The negative performance over three and five years reflects the underperformance of the private equity portfolio that has a demanding public equity plus benchmark together with write downs on the European property portfolio. Over longer time periods, the fund has achieved a return in excess of the average local authority.

#### **7. Head of Legal Services and Legal Implications**

- 7.1 The Council as administering authority for the Haringey Pension Fund ("Fund") has an obligation to keep the performance of its investment managers under review. In this respect the Council must, at least every three months review the investments made by investment managers for the Fund and any other actions taken by them in relation to it;
- 7.2 Periodically the Council must consider whether or not to retain the investment managers. In particular members should note the continuing negative



performance compared with the target benchmarks and the reason stated in this report as to why this is the case;

- 7.3 In carrying out its review proper advice must be obtained about the variety of investments that have been made and the suitability and types of investment;
- 7.4 All monies must be invested in accordance with the Council's investment policy and members of the Committee should keep this duty in mind when considering this report and have regard to advice given to them.

## **8. Equalities and Community Cohesion Comments**

- 8.1 The Local Government Pension Scheme is a defined benefit open scheme enabling all employees of the Local Authority to participate. There are no impacts in terms of equality from the recommendations contained within this report.

## **9. Head of Procurement Comments**

- 9.1 Not applicable

## **10. Policy Implications**

- 10.1 None.

## **11. Use of Appendices**

- 11.1 Appendix 1: Investment Managers' mandates, benchmarks and targets.
- 11.2 Appendix 2: Economic and market commentary.

## **12. Local Government (Access to Information) Act 1985**

- 12.1 Not applicable



## 13. Investment Update

### 13.1 Fund Holdings at 30th June and 31<sup>st</sup> July 2014

Total Portfolio Allocation by Manager & Asset Class

30/06/2014 & 31/07/2014

|                       | Value<br>31.03.14<br>£'000 | Value<br>30.06.14<br>£'000 | Value<br>31.07.14<br>£'000 | Allocation<br>31.07.2014<br>% | Strategic<br>Allocation<br>% |
|-----------------------|----------------------------|----------------------------|----------------------------|-------------------------------|------------------------------|
| <b>Equities</b>       |                            |                            |                            |                               |                              |
| UK                    | 173,136                    | 175,275                    | 174,743                    | 19.02%                        | 17.50%                       |
| North America         | 257,969                    | 258,463                    | 258,293                    | 28.11%                        | 25.30%                       |
| Europe                | 78,487                     | 77,520                     | 74,622                     | 8.12%                         | 8.60%                        |
| Japan                 | 29,449                     | 30,899                     | 31,488                     | 3.43%                         | 4.10%                        |
| Asia Pacific          | 34,644                     | 34,643                     | 36,186                     | 3.94%                         | 4.00%                        |
| Emerging Markets      | 88,730                     | 93,093                     | 96,206                     | 10.47%                        | 10.50%                       |
| <b>Total Equities</b> | <b>662,415</b>             | <b>669,893</b>             | <b>671,538</b>             | <b>73.08%</b>                 | <b>70.00%</b>                |
| <b>Bonds</b>          |                            |                            |                            |                               |                              |
| Index Linked          | <b>122,199</b>             | 123,607                    | <b>124,899</b>             | <b>13.59%</b>                 | <b>15.00%</b>                |
| <b>Property</b>       |                            |                            |                            |                               |                              |
| CBRE                  | <b>68,473</b>              | 79,639                     | <b>82,142</b>              | <b>8.94%</b>                  | <b>10.00%</b>                |
| <b>Private equity</b> |                            |                            |                            |                               |                              |
| Pantheon              | <b>35,333</b>              | 34,879                     | <b>35,012</b>              | <b>3.81%</b>                  | <b>5.00%</b>                 |
| <b>Cash &amp; NCA</b> |                            |                            |                            |                               |                              |
|                       | <b>9,204</b>               | 1,781                      | <b>5,320</b>               | <b>0.58%</b>                  | <b>0.00%</b>                 |
| <b>Total Assets</b>   | <b>897,624</b>             | <b>909,800</b>             | <b>918,910</b>             | <b>100.00%</b>                | <b>100.00%</b>               |
| <b>Fund Managers</b>  |                            |                            |                            |                               |                              |
| Legal & General       | 244,638                    | 256,425                    | 259,474                    | <b>28.24%</b>                 | <b>29.30%</b>                |
| BlackRock             | 520,281                    | 537,076                    | 536,964                    | <b>58.43%</b>                 | <b>55.70%</b>                |



The value of the fund increased by £12.2 million between March 2014 and June 2014. Equity gains were the main contributor to the market movements.

The recovery in equity markets in the last two years has seen the equity weighting rise to over 73%, in excess of its previous strategic weighting (70%). The other asset classes remain underweight. The January 2014 Corporate Committee meeting agreed to rebalance property back to its strategic allocation of 10%, which will involve additional property investments of approximately £35 million funded from sales of equities. Following these acquisitions property investments at July 2014 represent nearly 9% of the portfolio (up from 8.1% at the end April 2014). These have been funded by sales of equities.

Since the quarter end, the appointments of Allianz (infrastructure debt) and CQS (multi sector credit) have been completed. Each involved an investment of £45 million. The CQS mandate was funded on 1<sup>st</sup> September, with realisations from equities. No funds have as yet been drawn by Allianz.

With the establishment of these two new mandates, the revised equity benchmark is 10% lower at 60%.

#### **14. Investment Performance Update: to 30th June 2014**

Appendix 1 provides details of the benchmarks and targets the fund managers have been set. The tables below show the performance in the quarter April to June 2014.

##### 14.1 Whole Fund

|              | Return | Benchmark | (Under)/Out |  |
|--------------|--------|-----------|-------------|--|
| Apr-Jun 2014 | 2.39%  | 2.70%     | (0.31%)     |  |
| One Year     | 9.11%  | 9.88%     | (0.77%)     |  |
| Three Years  | 8.02%  | 8.57%     | (0.55%)     |  |
| Five Years   | 12.05% | 12.84%    | (0.79%)     |  |



| <b>One year</b> | Return (%)  | Benchmark (%) | Under/out (%) |
|-----------------|-------------|---------------|---------------|
| Equities        |             |               |               |
| UK              | 13.04       | 13.12         | -0.08         |
| Developed       |             |               |               |
| Europe          | 16.78       | 16.93         | -0.15         |
| North           |             |               |               |
| America         | 10.94       | 11.02         | -0.08         |
| Japan           | -2.01       | -1.71         | -0.30         |
| Asia ex Japan   | 6.14        | 6.19          | 0.05          |
| Emerging        | 1.29        | 1.20          | -0.09         |
| I L gilts       | 4.40        | 4.31          | 0.09          |
| Property        | 11.94       | 15.07         | -3.13         |
| Private equity  | 5.92        | 16.11         | -10.19        |
| <b>Total</b>    | <b>9.11</b> | <b>9.88</b>   | <b>-0.77</b>  |

| <b>Five years</b> | Return (%)   | Benchmark (%) | Under/out (%) |
|-------------------|--------------|---------------|---------------|
| Equities          |              |               |               |
| UK                | 14.24        | 14.48         | -0.24         |
| Developed         |              |               |               |
| Europe            | 12.58        | 12.43         | 0.15          |
| North             |              |               |               |
| America           | 17.27        | 17.39         | -0.12         |
| Japan             | 8.42         | 6.61          | 1.81          |
| Asia ex Japan     | 12.64        | 12.59         | 0.05          |
| Emerging          | 10.44        | 8.76          | 1.68          |
| Index linked      |              |               |               |
| gilts             | 9.00         | 8.28          | 0.72          |
| Property          | 7.51         | 11.09         | -3.58         |
| Private equity    | 9.09         | 20.43         | -11.34        |
| <b>Total</b>      | <b>12.05</b> | <b>12.84</b>  | <b>-0.79</b>  |

- All four time periods indicate under performance compared with the benchmarks, more so in the longer 3 and 5 year periods.
- Equity and index linked gilts, which are passively managed, show some variability compared to the benchmarks, but not significant differences.
- The main detractor from performance is private equity and property. These are discussed in detail below.



### 14.2 BlackRock Investment Management

|              | Return | Benchmark | (Under)/Out |
|--------------|--------|-----------|-------------|
| Apr-Jun 2014 | 2.14%  | 2.12%     | 0.02%       |
| One Year     | 10.55% | 10.28%    | 0.27%       |

- Total Value at 30/06/14: £538 million
- BlackRock manages equities and index linked passively.
- All the equity markets returned close to their benchmarks over 12 months, the most significant underperformance being 0.12 b.p. for Japan.

### 14.3 Legal & General Investment Management

|              | Return | Benchmark | Variance |
|--------------|--------|-----------|----------|
| Apr-Jun 2014 | 2.99%  | 3.08%     | (0.09%)  |
| One Year     | 6.09%  | 6.24%     | (0.15%)  |

- Total Value at 30/06/14: £257 million
- Variances at regional level are minimal. The highest out-performance over one year was UK equities at 0.14 b.p. with European equities at minus 0.13 b.p. being the greatest detractor.

### 14.4 CBRE Global Investors

|              | Return | Benchmark | (Under)/Out |
|--------------|--------|-----------|-------------|
| Apr-Jun 2014 | 2.84%  | 4.30%     | (1.46%)     |
| One Year     | 11.70% | 15.07%    | (3.37%)     |
| Three Years  | 4.99%  | 7.39%     | (2.40%)     |
| Five Years   | 7.91%  | 9.69%     | (1.78%)     |

- Total Value at 30/06/14: £80 million
- The performance of the property has been poor over the reported periods. The table below, based on data from CBRE, segregates the returns for UK and European property.

|         | UK   | Europe | Target |
|---------|------|--------|--------|
| Quarter | 4.8  | -15.0  | 4.3    |
| Year    | 15.9 | -81.0  | 15.1   |
| 3 Years | 8.7  | -50.3  | 7.4    |
| 5 Years | 10.6 | -33.8  | 9.7    |

- The UK element of the portfolio has almost achieved its plus 1% target over 5 years and is positive in all periods.



- The two European funds have very significantly underperformed. With an aggregate cost of £9.7 million, they are now valued at £0.7 million, a virtual total loss. Both funds are invested in highly leverage non prime property (German residential and Italian office / retail). The underlying holdings have suffered during the Euro crisis from low occupancy and refurbishment costs. The German fund has also lost money from interest rate hedges. The impact of the losses from the property holdings has been magnified on unit holders by the high levels of debt in each fund. Both funds are being rationalised which may offer an exit opportunity, but with little recovered value. The magnitude of the losses were not fully realised until a new valuer was appointed in 2013, who changed the basis of the valuation to one based on realisation proceeds reflecting the intention to sell the underlying properties.
- The portfolio will lag the benchmark for many years until the impact of the two European funds passes through.
- Both funds were established in 2006 and acquired by the previous property manager, ING, following a change in guidelines to permit 25% of the portfolio to be invested outside the UK. CBRE replaced ING in November 2011 taking over the existing portfolio. Due to the poor performance and high leverage it has not been possible to find an acceptable buyer for the two holdings. CBRE is a member of the investor advisory committees for these two investments and has been active if seeking an improved outcome.

#### 14.5 Pantheon

|              | Return | Benchmark | (Under)/Out | Distributions<br>Less<br>drawdowns |
|--------------|--------|-----------|-------------|------------------------------------|
| Apr-Jun 2014 | 1.19%  | 3.68%     | -2.49%      | £0.9m                              |
| One Year     | 5.28%  | 16.11%    | -10.83%     | £2.01m                             |
| Three Years  | 8.61%  | 15.57%    | -6.96%      | -£0.7m                             |
| Five Years   | 9.07%  | 20.43%    | -11.36%     | £-24.49m                           |

- Total Value at 30/06/14: £36 million
- Distributions exceeded drawdowns during the quarter as the funds moved into the distribution phase of their cycles.
- The performance target is the MCSI Worlds plus 5%. The funds are still relatively young for long term returns to emerge. As yet only 69% of the committed funds have been invested and only a quarter of funds invested have been realised. Private equity valuations tend to underestimate exit prices. It is only when the fund is substantially realised will a more accurate picture of performance emerge.





15. Responsible Investment Activity in the three months ended 30<sup>th</sup> June 2014

| BlackRock                        | Legal & General  | LAPFF   |
|----------------------------------|--|---|
| <b>15.1 Environmental Issues</b> |  |   |
|                                  | <p><b>BP</b></p> <p>Meetings have been held with the Company to discuss a range of ESG issues and the structure of the newly formed Board. This includes discussions surrounding risk management and internal processes, Health and Safety, the ongoing settlement with the Department of Justice regarding the Gulf of Mexico and the Company's stake in TNK-BP. We will be arranging a meeting with the new Senior Independent Director later this year</p> <p><b>Lamprell</b></p> <p>In May, the Company announced a profit warning which led to a 57% drop in the Company's share price in one day. We held a conference call with the Board Chairman to discuss limited level of disclosure of key risks in the business and how this can have a significant impact on operations. We will continue to engage with the Company to improve</p> | <p><b>Norwegian pension fund review</b></p> <p>LAPFF reported the commissioning by the Norwegian Pension Fund (NPF) of an independent review to investigate whether it is better to address climate change by using influence as a shareholder in oil and gas stocks to engage, or alternatively developing responsible criteria to support an exclusionary stance. The NPF holds £43 billion in such stocks (8.6% of its equity portfolio). The review results are due in mid 2015 and LAPFF will monitor these closely.</p> <p><b>Palm Oil</b></p> <p>Following its participation in collaborative engagement with a number of US companies on sustainable palm oil, LAPFF was pleased to note at the beginning of April that</p> |



| BlackRock | Legal & General  | LAPFF   |
|-----------|--|---|
|           | <p>transparency. Subsequent to our conversation , the Company has announced that the Chairman would step down to become Deputy Chairman and a new independent Non-Executive Chairman was appointed</p> | <p><b>General Mills</b> joined the growing number of companies that have pledged to only source from suppliers that provide fully traceable, deforestation-free palm oil.</p> |

| BlackRock  | Legal & General   | LAPFF  |
|--|---|--|
| <b>15.2 Governance / Remuneration Issues</b>   |   |  |
| <p>A UK mining company held its Annual Group Meeting (AGM) this quarter where shareholders had the opportunity to vote on both the remuneration policy and report. BlackRock withheld support for their remuneration report at their last two AGMs. As a result, the CGRI team in close cooperation with portfolio managers, continued to engage with the company on their executive remuneration practices. During these engagements, BlackRock expressed concerns over a number of aspects, including the structure of the incentive schemes, inadequate transparency and the possibility for accelerated vesting of</p> | <p><b>Thomas Cook</b></p> <p>In Q3 2011, we reported to you our engagement with the Company which resulted in the CEO stepping down, a new Board Chairman being appointed and a full strategic reviewing being announced. LGIM has held private discussions with the Board Chairman regarding management succession. On the 24 May, the Company announced the appointment of a new CEO with FTSE 350 experience. We were consulted on her recruitment package</p> <p><b>Carrefour</b></p> | <p><b>Barclays</b></p> <p>LAPFF recommended voting against the re-election of the banks compensation committee chairman at the shareholder meeting on 25<sup>th</sup> April. LAPFF was particularly concerned by the scale of bonuses allied to the deteriorating performance, particularly within Barclay’s investment banking division. Result: New chair of compensation committee elected following LAPFF and other shareholder pressure.</p> <p><b>Smith &amp; Nephew</b></p> |



| <b>BlackRock</b>  | <b>Legal &amp; General</b>  | <b>LAPFF</b>   |
|---|---|--|
| <p>awards in case of a change in control. For the 2014 AGM, the company announced a number of changes, including a complete redesign of the executive incentive schemes, a considerable increase in disclosure and the elimination of problematic practices. As a result, BlackRock voted to support both the remuneration policy and the report.</p> <p>A UK provider of wireless technology and value-added services had its first ever say on pay at the 2014 shareholder meeting. The main concerns at the time of the vote were that awards were largely discretionary and that the long term incentive plan was not subject to any performance conditions. Furthermore, the company failed to disclose the limits of both the incentive schemes and the overall dilution. After careful consideration in cooperation with fund managers, BlackRock decided to abstain on the approval of the remuneration report given that it was the first time the company had submitted its pay policy to shareholders, and engage with the company in the second half of the year with the aim</p> | <p>We engaged with the Company ahead of the AGM to discuss severance agreements with the former and current CEO. As these agreements include the target bonus we explained to the company that this could result in rewarding for failure, therefore we opposed the agreements at the AGM</p> | <p>At the AGM LAPFF asked for more detail on factors taken into account in bonus payments. Sir John Buchanan, the chair, responded that both financial and nonfinancial issues were reflected in the bonus calculations. The remuneration chair, added that the score-card used took account not only of business objectives, but also had a measure of risk/return.</p> |



| <b>BlackRock</b>  | <b>Legal &amp; General</b> | <b>LAPFF</b> |
|---|----------------------------|--------------|
| <p>of encouraging changes ahead of the 2015 annual shareholder meeting.</p> <p>At the contested annual meeting of a UK company, a dissident shareholder sought to add a number of candidates to the board, citing a failure to deliver on promises of growth by underperformance against the sector on a wide range of measures thereby causing the share value to decline. BlackRock engaged extensively with both sides of this proxy contest, and while the dissident shareholder had made a compelling case, we determined not to support the election of the new board members proposed by the shareholder. Whilst we agreed, and further communicated to the company, that some measure of board level change and a new perspective on the company's strategy and performance would be beneficial given the poor track record, we reached the conclusion that the recently appointed Chairman should be provided with an opportunity to start a board renewal from within at a pace of his own. As part of an</p> |                            |              |



| <b>BlackRock</b>  | <b>Legal &amp; General</b> | <b>LAPFF</b> |
|---|----------------------------|--------------|
| <p>overall board review, the company subsequently announced a number of changes affecting the future composition of the Board, including a number of long standing board members stepping down, while commencing the search for new independent directors. We believe these changes should allow the Board to anticipate and address future technological and regulatory changes, ultimately being better positioned to maximize long-term value of the business and its shareholders. BlackRock will continue to monitor the situation over time and engage with the company when necessary.</p> |                            |              |

| <b>BlackRock</b>   | <b>Legal &amp; General</b>  | <b>LAPFF</b> |
|--|---|--------------|
| <b>15.3 Other Engagement activity</b>  |   |              |
| <p>Members of BlackRock’s EMEA CGRI team participated in a number of roundtables and one-to-one discussions with the objective of furthering the public policy debate on matters deemed important to investors and</p> | <p><b>Chesapeake Energy Corp</b><br/>We raised concerns including continued misalignment between executive remuneration and shareholder returns, the board structure, and the role of audit committee members following</p> |              |



| <b>BlackRock</b>   | <b>Legal &amp; General</b>   | <b>LAPFF</b> |
|--|--|--------------|
| <p>which may help promote an increased understanding of BlackRock’s approach to CGRI. We will aim to engage with those regulators and/or other corporate governance bodies where we can either highlight or suggest changes in current governance rules and market practices for the benefit of all BlackRock clients.</p> <p>BlackRock engaged with the Dutch Authority for the Financial Markets (AFM) regarding the Shareholder Rights Directive and its implications for investors. The discussion was centred on some specific aspects of the directive including shareholder approval of related party transactions and cross border voting.</p> | <p>issues surrounding the financial interaction between the co-founder/CEO and the Company. In an attempt to placate shareholder concerns ahead of the AGM the Company separated the roles of Chairman and CEO. In addition, at the AGM there was only 20% support for management's remuneration policy and the two audit committee members were not re-elected. The Company agreed to replace four of its board members. We shall continue to engage with the company to improve governance practices going forward</p> |              |



**15.4 Proposals for SRI monitoring going forward (type SRI in full once please)**

The current SRI monitoring arrangements consists of reporting key SRI and corporate governance engagements undertaken by Fund managers and the Local Authorities Pension Fund Forum (LAPFF) each quarter in a table in this report. This approach adds little value to members understanding of each issue and the part played by Fund managers and LAPFF in influencing and ultimately changing corporate behaviour to the benefit of shareholders. It is therefore proposed that the current arrangements are replaced with a more direct approach which involves Fund managers and a representative from LAPFF attending Pensions committee annually to focus specifically on these issues and answer any questions which committee members may have.

**16. Budget Management – 3 months to 31<sup>st</sup> June 2014**

|  | Prior year<br>2013-14<br>£'000 | Current year<br>2014-15<br>£'000 | Change in<br>expenditure<br>£'000 |
|--|--------------------------------|----------------------------------|-----------------------------------|
| <b>Contributions &amp; Benefit related expenditure</b> |                                |                                  |                                   |
| Income   |                                |                                  |                                   |
| Employee Contributions                                 | 2,150                          | 2,066                            | (84)                              |
| Employer Contributions                                 | 7,600                          | 7,442                            | (158)                             |
| Transfer Values in                                     | 600                            | 430                              | (170)                             |
| <b>Total Income</b>                                    | <b>10,350</b>                  | <b>9,938</b>                     | <b>(412)</b>                      |
| Expenditure  |                                |                                  |                                   |
| Pensions & Benefits                                    | (10,100)                       | (12,215)                         | (2,115)                           |
| Transfer Values Paid                                   | (825)                          | (542)                            | 283                               |
| Administrative Expenses                                | (200)                          | (133)                            | 67                                |
| <b>Total Expenditure</b>                               | <b>(11,125)</b>                | <b>(12,890)</b>                  | <b>(1,765)</b>                    |
| <b>Net of Contributions &amp; Benefits</b>             | <b>(775)</b>                   | <b>(2,952)</b>                   | <b>(2,177)</b>                    |
| <b>Returns on investment</b>                           |                                |                                  |                                   |
| Net Investment Income                                  | 625                            | 654                              | 29                                |
| Investment Management Expenses                         | (400)                          | (218)                            | 182                               |
| <b>Net Return on Investment</b>                        | <b>225</b>                     | <b>436</b>                       | <b>211</b>                        |
| <b>Total</b>   | <b>(550)</b>                   | <b>(2,516)</b>                   | <b>(1,966)</b>                    |



## Haringey Council

The fund has moved into a position in which expenditure exceeds income as active membership fall and numbers of pensioners' increases. Member and employer contribution increases in 2014-15 will mitigate this trend.

The income shown for 2013-14 is virtually all from property as income from other asset classes is automatically re-invested and shown within the change in market value.

### 17. Late Payment of Contributions

17.1 The table below provides details of the employers who have made late payments during the last quarter. These employers have been contacted and reminded of their obligations to remit contributions on time.

| Employer         | Occasions late | Average Number of days late | Average monthly contributions (£) |
|------------------|----------------|-----------------------------|-----------------------------------|
| Cofely Workplace | 1              | 3                           | 9,400                             |
| TLC              | 1              | 2                           | 4,900                             |

### 18. Communication Policy

18.1 Two sets of regulations govern pension communications in the LGPS: The Disclosure of Information Regulations 1996 (as amended) and Regulation 67 of the Local Government Pensions Scheme (Administration) Regulations 2008 as amended.

18.2 In March 2011, the Council approved the Pensions Administration Strategy Statement (PASS). The PASS sets out time scales and procedures which are compliant with the requirements of the Disclosure of Information Regulations. The PASS is a framework within which the Council as the Administering Authority for the Fund can work together with its employing bodies to ensure that the necessary statutory requirements are being met.

18.3 In June 2008 the Council approved the Policy Statement on Communications with scheme members and employing bodies. The Policy Statement identifies the means by which the Council communicates with the Fund members, the employing bodies, elected members, and other stakeholders. These cover a wide range of activities which include meetings, workshops, individual correspondence and use of the internet. In recent times, the Pensions web page has been developed to provide a wide range of employee guides, forms and policy documents. Where possible, Newsletters and individual notices are sent by email to reduce printing and postage costs.

18.4 The requirement to publish a Communications Policy Statement recognises the importance that transparent effective communication has on the proper management of the LGPS.





**Haringey** Council



**Appendix 1 – Investment Managers mandates, benchmarks and targets**

| <b>Manager</b>                        | <b>% of Total Portfolio</b> | <b>Mandate</b>          | <b>Benchmark</b>                                | <b>Performance Target</b>                         |
|---------------------------------------|-----------------------------|-------------------------|---|---|
| BlackRock Investment Management       | 55.7%                       | Global Equities & Bonds | See overleaf                                    | Index (passively managed)                         |
| Legal & General Investment Management | 29.3%                       | Global Equities & Bonds | See overleaf                                    | Index (passively managed)                         |
| CBRE Global Investors                 | 10%                         | Property                | IPD UK Pooled Property Funds All Balanced Index | +1% gross of fees p.a. over a rolling 5 yr period |
| Pantheon Private Equity               | 5%                          | Private Equity          | MSCI World Index plus 5%                        | + 0.75% gross of fees p.a.                        |
| <b>Total</b>                          | <b>100%</b>                 |                         |   |   |



| <b>Asset Class</b> | <b>Benchmark</b>                                | <b>BlackRock Investment Management</b> | <b>Legal &amp; General Investment Management</b> | <b>Total</b> |
|--------------------|---|--|--|--------------|
| UK Equities        | FTSE All Share                                  | 14.9%                                  | 2.6%   | 17.5%        |
| Overseas Equities  |   | 28.8%                                  | 23.7%  | 52.5%        |
| North America      | FT World Developed North America GBP Unhedged   | 21.5%                                  | 3.8%   | 25.3%        |
| Europe ex UK       | FT World Developed Europe X UK GBP Unhedged     | 4.3%                                   | 4.3%   | 8.6%         |
| Pacific ex Japan   | FT World Developed Pacific X Japan GBP Unhedged | 2.0%                                   | 2.0%   | 4.0%         |
| Japan              | FT World Developed Japan GBP Unhedged           | 1.0%                                   | 3.1%   | 4.1%         |
| Emerging Markets   | FT World Global Emerging Markets GBP Unhedged   | 0.0%                                   | 10.5%  | 10.5%        |
| Index Linked Gilts | FTA Index Linked Over 5 Years Index             | 12.0%                                  | 3.0%   | 15.0%        |
|                    |   | 55.7%                                  | 29.3%  | 85.0%        |