

NORTH YORKSHIRE COUNTY COUNCIL

PENSION FUND COMMITTEE

10 JULY 2014

FUND MANAGER MATTERS

Report of the Treasurer

1.0 PURPOSE OF REPORT

- 1.1 To seek a decision from Members on the next step of the review of the Equity allocation of the Fund.

2.0 ALLOCATION TO EQUITIES

- 2.1 Since the Investment Strategy Workshops in October 2013 and February 2014 Members have received presentations from 4 equity managers with alternative styles to the Fund's existing managers, Baillie Gifford, Standard Life and Fidelity. This was to assist Members consideration of adding a fourth, complimentary manager to address the issues identified in the Workshops, being:
- the relative risk the fund is exposed to through the portfolio managed by Standard Life
 - Fidelity's ability to achieve their performance target of 2% above their benchmark
 - the size of mandates with each of the equity managers
- 2.2 Aon Hewitt has provided a document titled *Development of the Equity Portfolio* which summarises the position and concludes with four options for the way forward, and a one page summary of the key characteristics of the four managers referred to above. Both documents have been circulated to Members separately.
- 2.3 Members are asked to choose the way forward from the following:
1. commence a search for a new traditional global equity manager to complement the existing three
 2. commence a search for a low volatility global equity manager to complement the existing three
 3. pursue both options 1 and 2 to provide even greater diversification
 4. not to pursue an additional appointment at this time

The fund's advisers have produced a paper which sets out these options in greater detail. This paper is not for public information but is attached as **Appendix 1** for the Committee.

- 2.4 Should members wish to pursue one or more additional appointments the Committee is asked to nominate a Panel of Members to participate in the selection process.
- 2.5 Members may wish to discuss filtering criteria to be used to narrow the breadth of the manager search, or to leave some or all of these decisions to the Panel.

3.0 **RECOMMENDATIONS**

3.1 Members are asked to choose one of the options described in **paragraph 2.3**

3.2 If Members wish to commence one or more new appointments:

- i. nominate a Panel of Members to participate in the selection process(es)
- ii. determine any filtering criteria they deem appropriate

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27 June 2014