

MEETING	PENSIONS COMMITTEE
DATE	29 JUNE 2009
TITLE	APPOINTING A NEW PENSION FUND MANAGER FOR BONDS
AUTHOR	DILWYN WILLIAMS STRATEGIC DIRECTOR OF RESOURCES

1. Background

- 1.1 At the 12 December 2008 meeting, the Committee agreed to introduce a new active bond mandate into the Fund's Investment structure. This new mandate would represent 15% of total Fund assets (circa £100m) and would be funded from the fixed income assets that are currently held in BGI's passive mandate.

2. Manager Selection

- 2.1. In order to appoint a new active bond manager, the Fund will have to carry out a formal tender process within time constraints set out by law. The process will have 4 stages:-

- Draft and agree a Fund specific Official Journal of the European Union (OJEU) notice and Pre Qualification Questionnaire (PQQ).
- Analyse PQQ responses using quantitative and qualitative screening to identify investment managers to be included in the restricted long list.
- Issue detailed Requests for Proposal (RFP) to long-listed managers and analyse responses. Agree managers to be short-listed for interviews with the Members.
- Shortlist of managers present to members.

3. Timetable

- 3.1 An OJEU tender notice has already been issued and Pre Qualification Questionnaires issued to each manager that responded. The remaining timetable will be as follows -

Date	Action	Responsibility
By 21/07/09	Agree which managers are to receive Requests for Proposals (RFPs).	HR/Gwynedd
By 24/07/09	Issue RFP's.	HR
By 04/09/09	Deadline for receipt of RFP's.	HR
By 18/09/09	Issue report discussing RFP responses and recommending list of managers to be interviewed.	HR
By 25/09/09	Agree which managers to present to the Committee.	HR/Gwynedd
By end October 2009	Committee interviews. Agree manager to be appointed.	HR/Gwynedd

- 3.2 In the appointment of a Global Equity Manager the Committee decided that the decision on the managers that should be given a Request for Proposal should be left to myself having received recommendations from Hymans Robertson and that the Committee should draw up a short list of managers to be interviewed from the proposals received.
- 3.3 I would remind members that at the last meeting of the Investment Panel, we had a discussion on the proposal to utilise an absolute return benchmark on the new mandate. Those members who were present will recall that this means that they will be measured against a cash benchmark. This allows the managers the freedom of action within the bond universe to try and achieve the stated return , as opposed to a more traditional approach which would constrain them to pre-determined weightings within the bond universe.

4. Recommendation

- 4.1 I recommend that the Committee agrees that having received Hymans Robertson's report I be delegated the authority to determine which managers should be sent an RfP and that the Committee should then draw up a short-list for interview from the proposals received..
- 4.2 That the Committee reaffirms its decision to run the new mandate on an absolute return basis with a benchmark relative to cash.