

MINUTES

meeting: INVESTMENT ADVISORY SUB-COMMITTEE

date: 18 JANUARY 2006

PRESENT:-

Councillor Docherty (Vice-Chair - in the Chair) - Wolverhampton City Council
Councillor Bilson - Wolverhampton City Council
Councillor Kyles - Solihull Metropolitan Borough Council
Councillor Ridley - Coventry City Council
Councillors Mrs J M C Stevenson - Wolverhampton City Council

UNION OBSERVER:-

M Clift - TGWU

EXTERNAL ADVISERS IN ATTENDANCE:-

J Fender - John Fender Consultancy
P Gale - Gartmore Investments Ltd
H Meaney - Healey & Baker
A Owens - William M Mercer Ltd

OFFICERS IN ATTENDANCE:-

B Bailey - Director for Resources and Support
F Davis - Resources and Support
J Saunders - Chief Investment Officer
M Fox - Democratic Support Officer

APOLOGIES FOR ABSENCE:-

Apologies for absence were submitted on behalf of Councillor Singh (Chair), Councillors Eling (Sandwell MBC) and Zahid (Walsall MBC) and I Smith (Trade Union Observer).

Wolverhampton
City Council



PART I - OPEN ITEMS

Declarations of Interest

20 No interests were declared.

Minutes

21 Resolved:-
That the minutes of the meeting held on 11 November 2005 be approved as a correct record.

Appointment of US Equity Enhanced Indexation Portfolio Managers (Resolution 19)

22 The Director for Resources and Support indicated that the new managers had been appointed and had taken up their duties.

Exclusion of Press and Public

23 Resolved:-
That in accordance with Section 100A(4) of the Local Government Act 1972, the press and public be excluded from consideration of the items of business in Part II of the agenda on the grounds that, in view of the nature of the business to be transacted, or the nature of the proceedings, exempt information falling within paragraph 7 of Schedule 12A of the Act is likely to be disclosed.

PART II - EXEMPT ITEMS

Investment Presentations (Appendix 1)

The first of two presentations at the meeting related to the Fund's external corporate bond manager, Royal London Asset Management. Jonathan Platt, Head of Fixed Interest and Bond Fund Manager and Victoria Muir, Client Relationship Director were in attendance. RLAM had been appointed in January 2003 to actively manage a proportion of the Fund's corporate bonds. The presentation included an overview and review of the portfolio as well as an economic outlook and summary. Following the presentation and questions, the Chair thanked the representatives for their attendance at the meeting and they withdrew.

The Director for Resources and Support then circulated a copy of the Investment Strategy Update (Appendix 2) which outlined current strategy and factors to be considered if alternative investments were to be introduced.

The Sub-Committee then received a presentation from representatives of Dawnay, Day Olympia, the UK affiliate of the Olympia Group, a hedge fund of funds Investment Company. The Group specialised in multi-strategy and multi-manager fund of funds both in alternative investments (including hedge funds, futures and other derivatives) and the more traditional investments.

The Sub-Committee welcomed Ian Morley, Chief Executive Officer and Douglas Findlay-Shirras, Head of Institutional Marketing, who presented an overview of the hedge fund industry. The representatives responded to questions about comparisons between hedge funds and more traditional investments.

Following the presentation and question period, the Chair thanked the representatives for their attendance at the meeting and they withdrew.

The Sub-Committee then discussed possible investment in hedge funds which they considered should be investigated in consultation with the Fund's advisers, whilst noting the need for caution and the high fees connected with such investments. The Director responded that further presentations would be arranged for the Sub-Committee detailing other investment options prior to making a decision on any change in investment policy.

- 24 Resolved:-
That the presentations and reports be noted.

West Midlands Pension Fund Investment Management Activity from 1 September 2005 to 30 November 2005 (Appendix 3)

The Director for Resources and Support presented a report giving details of investment activity from 1 September 2005 to 30 November 2005, which showed that the fund had enjoyed a strong year.

- 25 Resolved:-
That the report be received and noted.