

Pensions Committee

14 September 2016

Report title	Extension of Investment Advisors Contract	
Originating service	Pension Services	
Accountable employee(s)	Tom Powell	Passive Equities Manager
	Tel	01902 552085
	Email	Tom.Powell@wolverhampton.gov.uk
Report to be/has been considered by	Rachel Brothwood	Director of Pensions
	Tel	01902 551715
	Email	Rachel.Brothwood@wolverhampton.gov.uk

Recommendations for decision:

The Committee is recommended to:

1. Extend the Fund's contract with its investment advisor, Hymans Robertson.

1.0 Purpose

- 1.1 To inform the Pensions Committee of the work undertaken by Hymans Robertson in its role of investment advisor to the Fund and to recommend the extension of the contract with Hymans Robertson for an additional two-year period.

2.0 Background

- 2.1 Following a tender process Hymans Robertson was appointed to advise the Fund on its Strategic Investment Allocation Benchmark (SIAB) in November 2011. The original agreement was scheduled to run for five years with an option to extend by a further two years.

3.0 Review of investment advice arrangements

- 3.1 To date Hymans Robertson has delivered services in line with its contract, with the production of the Fund's annual asset allocation (SIAB) review coupled with reviews of the Fund's benchmarks for its portfolios and the Fund's Statement of Investment Principles. Hymans Robertson has also conducted reviews of the Fund's major portfolios including equities, bonds and absolute return and it is intended that the private equity portfolio will be reviewed in 2016/17. In addition, quarterly economic and market reports are produced by the firm for both Investment Advisory Panel (IAP) and Investment Advisory Sub-Committee meetings. John Dickson, a partner of Hymans Robertson, represents the firm at IAP meetings and there are monthly conference calls between Hymans Robertson and WMPF staff covering the investment market environment and investment opportunities.
- 3.2 The original contract stipulated a fee of £60,000 for the first year with RPI increases from the second year onwards. Hymans Robertson's fee for 2015/16 was £70,000 and the proposed fee for 2016/17 is £70,700.
- 3.3 Taking into account the Fund's expected requirements, it is recommended that the Fund should retain Hymans Robertson as its investment advisor by taking up the option to extend the contract for an additional two-year period beginning November 2016. It is recommended that this extension should also cover Hymans Robertson's advisory work with the West Midlands Integrated Transport Authority (WMITA) Pension Fund.

4.0 Financial implications

- 4.1 The financial implications of this transition are set out throughout the report.

5.0 Legal implications

- 5.1 This report contains no direct legal implications.

6.0 Equalities implications

- 6.1 This report contains no equal opportunities implications.

7.0 Environmental implications

7.1 Environmental implications are addressed through the Fund's corporate governance policy.

8.0 Human resources implications

8.1 This report contains no direct human resources implications.

9.0 Corporate landlord implications

9.1 This report contains no direct corporate landlord implications.

10.0 Schedule of background papers

10.1 There were no preceding background papers.

11.0 Schedule of Appendices

11.1 None.