

By: Chairman Superannuation Fund Committee  
Director of Finance

To: Superannuation Fund Committee – 3 July 2009

Subject: **INVESTMENT ADVICE**

Classification: Unrestricted

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Summary: To report on options for investment advice.

## **FOR INFORMATION**

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### **INTRODUCTION**

1. This report is to raise with members options around how the Fund obtains investment advice. The Fund has significantly increased in size and complexity and the need for high quality investment advice is paramount. The Fund's existing relationship with Hymans Robertson dates back to 1999.

### **OPTIONS**

2. There are two main options available to us:

- (1) Investment Advisers

Some funds use investment advisers who act as professional advisers to the Committee. They are normally highly experienced investment professionals who have retired from their full time employment.

Advantages	<ul style="list-style-type: none"><li>- highly experienced individuals</li><li>- independent</li><li>- good networks</li><li>- robust external challenge</li></ul>
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Disadvantages	<ul style="list-style-type: none"><li>- keeping up to date in a rapidly changing environment.</li><li>- lack of accountability</li><li>- no access to other resources eg. research teams evaluating managers.</li><li>- ability to cover all asset classes well.</li></ul>
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The approach can work well but it is wholly dependent on the quality of the individual.

(2) Investment Consultants

The major actuarial and accountancy firms all have large investment consultancy practices. Local Authorities have tended to have relationships with the actuarial firms, I am not aware of any use of the accounting firms.

Advantages

- well resourced
- ability to recruit and retain high quality individuals
- access to extensive in-house resource eg. manager research.
- can keep up with developments.

Disadvantages

- accountability for advice
- industry wise aversion risk

3. In the last 18 months links with Hymans Robertson have been re-established and David Boyd has provided clear high quality advice to the Committee.
4. As the new Committee moves forward with its work it will be important to keep options under review and explore different options.

**RECOMMENDATION**

5. Members are asked note this report

**Nick Vickers**  
**Head of Financial Services**

**17 June 2009**