Minutes of the Investment Sub Committee - Thursday 10 July

1. APOLOGIES FOR ABSENCE

Apologies were received from Mr Gurpreet Dehal.

2. MEMBERSHIP

Mr Nick Perryman was welcomed to the meeting as an observer.

3. MINUTES

To minutes of the last meeting held on 8 May 2014 were APPROVED. (ISC/14/01-ISC/14/30).

4. MATTERS ARISING FROM THE MINUTES

There were no matters arising from the minutes which were not covered elsewhere on the agenda.

GENERAL MATTERS

5. NEW INVESTMENT MANAGEMENT ARRANGEMENTS AT NEWTON INVESTMENT MANAGEMENT (NIM)

The new management arrangements at NIM were discussed.

It was considered that the current arrangement of maintaining a proportion of funds in the Newton Real Return Fund (RRF) was unsatisfactory as it required the committee to make investment decisions regarding the split of investment between the two funds rather than holding a monitoring role. Additionally, the RRF would not provide a natural counterweight to the Charities Growth and Income Fund (CG&IF) and itself invested a high proportion of its funds in equities. NIM did not have a fixed income fund which would provide a more effective balance to the CG&IF.

It was not considered satisfactory to move all the funds with NIM into the CG&IF as its targets, though similar, were not those previously accepted by NIM. The fund was considered aggressive in its aims and not in alignment with the requirements of the Founder’s Endowment Fund (FEF).

The transfer of all the funds to Aberdeen Asset Managers (AAM) was considered. WM, College’s independent advisers, had stated that it was common for funds of the size of the FEF to be split between two managers. It was decided to stick to two managers to spread the risk of underperformance by a manager.

The appointment of an alternative fund manager would require an EU tender process and would incur some frictional cost due to the transfer of assets. However it was agreed that this was the best course of action and that preparation for a tender process to appoint an alternative fund manager should commence. The Committee considered that there were suitable managers in the market, and noted that there was a trend towards investing in funds rather than individual stocks and shares.

The current primary investment objective of a total return of 8.5% over a three to five year period needed to be reconsidered, and the Committee favoured an objective that specified...
It was AGREED that the tender specification for the fund manager should be developed, together with the return objectives. These would be considered by circulation for agreement at the October committee meeting to enable the tender process to be effected in a timely fashion.

6. PUBLICATION

CONFIRMED the designation of papers as exempt from the Freedom of Information Act requirements.

ANY OTHER BUSINESS

There was no other business.

DATE OF THE NEXT MEETING

Tuesday 23 October 2014 at 1.30 pm in the Huntersdale Boardroom.

J Febry
Deputy Director of Finance
11 July 2014