

PENSIONS COMMITTEE

3 FEBRUARY 2016

SUMMARY OF PASSIVE EQUITIES TRANSITION

Recommendation

1. **The Chief Financial Officer recommends that: the summary of passive equities transition from UBS to LGIM be noted.**

Background

2. The Committee provided the Chief Financial Officer with delegated authority, at its meeting on 30 September 2015 Pension Committee meeting, to complete the joint procurement of a passive equity manager and if required terminate the Fund's incumbent passive equity manager (UBS). (Minute no. 15 refers)
3. The LGPS Group, consisting of Cheshire, Leicestershire, Nottinghamshire, Shropshire, Staffordshire, Warwickshire and Worcestershire, working in conjunction with bfinance completed the tender in November 2015 and the preferred bidder was identified as Legal and General Asset Management (LGIM). Following consultation with the Chairman of the Committee, the Chief Financial Officer decided to progress the appointment of LGIM and notify UBS of their mandate termination following the transition of assets.

Management fee savings

4. The tender generated significant price tension between bidders and following final negotiations bfinance secured a fee schedule with LGIM that reduced Group management fees by more than 50% for the Group. The annual fee saving for the Fund will be c.290k and for the group in excess of £2.9m per annum inclusive of Transition costs.

Transition

5. The transition started on 15 December 2015 and completed on 12 January 2016. All transition costs have been dealt with in accordance with LGIM's bid.

Contact Points

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Background Papers

In the opinion of the proper officer (in this case the Chief Financial Officer) the following are the background papers relating to the subject matter of this report:

The agenda papers and minutes of the Pensions Committee on 30 September 2015 and 14 December 2015.