

PENSION BOARD– FRIDAY, 11 MARCH 2016

Written question from Paul Wilkinson, Chairman of the Board to the Technical Finance Manager.

There is a great deal of interest nationally in transparency of investment costs, and whether they effectively negate the hoped-for benefits of active management. (The Dutch public sector pension fund model has admirers in both Government and the trade unions.) What information does the Council consider routinely or otherwise on costs of investing, so that performance of managers can be judged after taking account of brokerage and other costs as well as management fees per se?

Response

The annual report and accounts for the fund contain details of management and performance fees paid to fund managers directly, but not specifically indirect fees paid, e.g. brokerage, transactional costs etc. such fees are included in the monthly performance reporting from each of the fund managers – i.e. the monthly change in market value is reported after deducting these fees. Nothing is explicitly reported to the pension fund committee on these fees at this stage.