

**To: All Members of the
Investment Committee**

**From: COUNTY SECRETARY'S
DEPARTMENT**

Ask for: Adrian Service

Ext: 25564

Minicom: 6611

My Ref: AS/kp

Your Ref:

**INVESTMENT COMMITTEE
5 DECEMBER 2002**

MINUTES

ATTENDANCE

MEMBERS OF THE COMMITTEE

H G S Banks, N Brook, D Clayton, F Escott, P V Goggins, B N W Hammond,
M Janes (Chairman), I H Laidlaw-Dickson, N Payne, R J Smith.

Officers in Attendance

C Sweeney - Finance Director
A Service - Committee Administrator
N Webb - Corporate Services

Upon consideration of the Agenda for the Investment Committee meeting on 5 December 2002 as circulated, copy annexed, action was taken or decisions were reached on individual items as recorded below:-

APOLOGY

An apology for absence was submitted on behalf of S Taylor.

1. MINUTES

The Minutes of the meeting of the Investment Committee held on 5 September 2002 were confirmed as an accurate record.

2. PENSION FUND – COST OF INVESTMENT MANAGEMENT

The Finance Director submitted a report giving a breakdown of all the costs involved with the investment management of the Hertfordshire Pension Fund during 2001 / 2002.

The Committee in particular having regard to the need highlighted in the Myners Review on institutional investment, analysed the commission charges paid to brokers for each investment transaction.

The Finance Director stated that no progress had yet been made in standardising Managers reports into a brief format.

The Committee requested that presentation summary reports made by managers attending future meetings should be circulated in advance of the day of the meeting.

RESOLVED

That the report on all costs involved with the investment management of the Hertfordshire Pension Fund during 2001 / 2002 be noted.

EXCLUSION OF PRESS AND PUBLIC

That under Section 100 (A) (4) of the Local Government Act 1972, the public be excluded from the meeting for the following items of business on the grounds that they involve the likely disclosure of exempt information as defined in paragraph 7 of Part I of Schedule 12 to the said Act.

3. PENSION FUND - SUMMARY STATEMENT AS AT 30 SEPTEMBER 2002

It was noted that Schroders had reorganised its investment operations in the USA and were changing the way they handled US investments.

RESOLVED

That the report of the Finance Director summarising the investments held at 30 September 2002, which detailed the performance of the Investment Managers during the last financial quarter, year and three year period be noted.

4. PENSION FUND - INVESTMENT MANAGER'S REPORT (JUPITER ASSET MANAGEMENT) - PORTFOLIO FOR THE QUARTER ENDING 30 SEPTEMBER 2002

Ken Cliff from Jupiter Asset Management attended the meeting and advised of the activities undertaken on behalf of the Pension Fund during the past quarter and informed of the Manager's expectations together with their anticipated policy for the future.

RESOLVED

That the report of Jupiter Asset Management be noted.

5. PENSION FUND - INVESTMENT MANAGER'S REPORT (SCHRODER INVESTMENT MANAGEMENT) - PORTFOLIO FOR THE QUARTER ENDING 30 SEPTEMBER 2002

Charles Crole and Jill Thompson from Schroder Investment Management attended the meeting and advised of the activities undertaken on behalf of the Pension Fund during the past quarter and informed of the Manager's expectations together with their anticipated policy for the future.

RESOLVED

That the report of Schroder Investment Management be noted.

6. PENSION FUND - INVESTMENT MANAGER'S REPORT (BAILLIE GIFFORD) FOR THE QUARTER ENDING 30 SEPTEMBER 2002

RESOLVED

That the report of Baillie Gifford be noted.

7. PENSION FUND - INVESTMENT MANAGER'S REPORT (MERRILL LYNCH) FOR THE QUARTER ENDING 30 SEPTEMBER 2002

RESOLVED

That the report of Merrill Lynch be noted.

8. PENSION FUND - INVESTMENT MANAGER'S REPORT (CAPITAL INTERNATIONAL) FOR THE QUARTER ENDING 30 SEPTEMBER 2002

RESOLVED

That the report of Capital International be noted.

9. PENSION FUND - INVESTMENT MANAGER'S REPORT (JUPITER ASSET MANAGEMENT) (UK SPECIALIST PORTFOLIO) FOR THE QUARTER ENDING 30 SEPTEMBER 2002

Ken Cliff and Paul Sheenan from Jupiter Asset Management attended the meeting and advised of the activities undertaken on behalf of the Pension Fund in respect of the UK Specialist Fund during the past quarter and informed of the Manager's expectations together with their anticipated policy for the future.

RESOLVED

That the report of Jupiter Asset Management on the UK Specialist Portfolio be noted.

10. IN HOUSE PROPERTY PORTFOLIO

The Finance Director submitted a report advising on the action taken to transfer the management of Property unit Trusts held by Schroders and Jupiter on behalf of the Hertfordshire Pension Fund in house and increase these holdings.

RESOLVED

That the report on the arrangements for the in house management of the property portfolio be noted.

11. PRIVATE EQUITY

The Finance Director submitted a report outlining the progress made in establishing a diversified private equity portfolio.

The report also gave details of the invitation received to invest in the East of England Development Agency Regional Venture Capital Fund together with advice obtained from Mercers on this investment option.

The Finance Director stated that given the current lack of interest by County Councils in the East of England to invest in the Regional Venture Capital Fund discussions would be held with the East of England Development Agency, to ascertain if the Venture Fund proposals could be varied to make investment in the Fund less risky and more attractive.

RESOLVED

That (a) a Sub - Committee of four members comprising of B N W Hammond, M H T Janes, I H Laidlaw – Dickson and N Payne be appointed to interview and recommend an Investment Manager for appointment to manage the Pension Fund's Equity portfolio.

(b) taking into account the likely effects of Tax Credits and increased level of employers contributions to the Pension Fund and the current content of the East of England Development Agency Regional Venture Capital Fund, no investment be made in this Venture Fund at the present time.

12. EMPLOYERS MEETING

The Chairman reminded members of the annual meeting with Employers to be held on Friday 14 February 2003, which all members of the Committee were invited to attend.

Andrew Laycock
County Secretary