

Minutes of Euraplan's User Group Meeting

Friday 18 March 2005

Meeting Date: Friday 18th March 2005
Venue: London Borough of Tower Hamlets

Present:

Chris Fields	Accenture HR Services
Sally Iles	Bath & North East Somerset Council
Julie Martin	Bath & North East Somerset Council
John Andrews	Civil Aviation Authority Pension Scheme
Mark Heavens	Civil Aviation Authority Pension Scheme
Marija Lees	Devon County Council
Lisa Barton	Greater Gwent (Torfaen) Pension Fund
Vannah Duffin	Hampshire Pension Fund
Nita Patel	Hampshire Pension Fund
Jim Heppell	Lincolnshire County Council
Ken Bumpus	London Borough of Camden
Olayinka Salami	London Borough of Hackney
Su Mann	London Borough of Harrow
Pauline D'Mello-Maplesden	London Borough of Hounslow
Malcolm Smith	London Borough of Richmond Upon Thames
Jim Bollegala	London Borough of Tower Hamlets
Owen Thorne	Merseyside Pension Fund
Goetz Boue	Ratio One
Gary Branston	Sears Retail Pension Scheme
Michael Davis	Tyne and Wear Pension Fund

Speakers:

Alister Esam	Ratio One
Shane Norman	RCP & Partners

Euraplan:

Andrew Caird
Bhopinder Khakh
Brian Freeman
Peter Baker
Stephen Savva

Pensions Governance

Speaker: Alister Esam, Managing Director, Ratio One Ltd

Presentation: [Click here](#) to view presentation slides.

Questions & Answers

Owen Thorne - Merseyside

Q. Do you have a link with Euraplan now?

A. No but we feel there is the potential for working together. There may be ways in which their new product (TradeShare) may interact with eShare so we do talk to each other.

Malcolm Smith – London Borough of Richmond

Q. Can you be sure that your web-site is secure?

A. We use a web site provided by a third party that operates to the highest standards of current acceptable practice. In short, yes we are sure that the web site is secure.

Malcolm Smith – London Borough of Richmond

Q. What is the input and are there regular updates/downloads?

A. Not a full reply but mentioned the links Euraplan have to the fund managers and their desire to replicate such links allowing for electronic interfaces. They did not want to duplicate work already done by others.

Transparency in Asset Management

Speaker: Shane Norman, Director, RCP & Partners S.A.

Presentation: [Click here](#) to view presentation slides.

Questions & Answers

Jim Heppell – Lincolnshire County Council

Q. You mentioned marketing at the bottom of a bear market and not at the top of a bull market. What does this mean?

A. You should not market a product when you know it is coming to the end of its run. This happened with the dot.com companies that brokers continued to market even though everyone knew they were overvalued and likely to fall in value.

Malcolm Smith – London Borough of Richmond

Q. Who asks you to do a rating and in terms of the UK firms is your cover rather selective?

A. Usually it is the fund manager itself. This obviously poses questions of conflicts of interest, one is reporting to the person who pays you. The solution is

transparency. We have done very few ratings in the UK; our strength is in Germany where managers want the seal of approval of an independent body.

Ken Bumpus – London Borough of Camden

Q. When you identify weaknesses do you make recommendations as to what they should do to cure them?

A. No, but we do sometimes link a weakness to an individual or a process.

Malcolm Smith – London Borough of Richmond

Q. How do you avoid your reports being subject to individual subjectivity?

A. Why should one want to avoid subjectivity? We give opinions and these are of necessity personal. We also use technology which gives us an element of objectivity.

TradeShare Update

Speaker: Andrew Caird, Sales and Marketing Associate Director

- Quarter 1 and Quarter 2 reports complete for 2004. Quarter 3 is targeted for first part of April.
- Reports have been focused on UK equity. Overseas analysis ready for 2004 full report.
- Unique market sectors: UK, Pan European including UK, Eurozone, Japan, Asia Pacific excluding Japan, North America, US, South Africa and Emerging markets. The full 2004 reports should provide information on these categories.
- Development – working on statistical display of information e.g. sampling, mean and mid averages to establish an industry benchmark with an acceptable level of deviation. Changes should be implemented in 2004 definitive report.
- 70 clients have signed-up. Plan to have 100 by the summer.
- Currently hold over 310,000 transactions.

No questions.

Support Update

Speaker: Brian Freeman, Acting Support Manager

- Informed clients that Thomas Jobson was assisting with support queries, therefore may receive replies from him as well as Brian Freeman.
- UBS Asset Management have moved custody to BONY but they will still be providing FMI files directly to clients.

No questions.

Other Business

Chairman Opens Debate

Owen Thorne - Merseyside Pension Fund

Has anyone received questions under the Freedom of Information Act ("FIA") relating to private equity investments ("PEI")? We are finding that outside bodies that are interested in getting data on PEIs are being refused data from the sponsors of the PEI. Their recourse is to try to persuade Local Government Pension Schemes to release data such as size of PEI fund, the internal rate of return and list of participants, using queries raised under the FIA.

Malcolm Smith - Richmond

We have received two letters from a company called Private Equity Intelligence asking us about our PEI investments. Our response has been to talk to lawyers and to rely on advice from the PEI sponsor.

Owen Again

The danger is that Local Authority Pension Schemes will be forced to give away information otherwise unavailable to those asking the questions and this will force PEI sponsors to exclude such schemes from future ventures. Merseyside's actuaries have written to them to remind them that advice given is confidential.

Malcolm again

Richmond has also received such letters from their actuary and lawyer.

Michael Davis - Tyne and Wear

Confirmed receiving FIA queries but stalling on replies.

Owen again

Was interested in whether anyone had been given legal advice on the extent that a pension scheme could rely on the exemptions in the Act.

Ken Bumpus – London Borough of Camden

Camden has received queries about internal rates of return and detailed information on fees paid to the manager e.g. 1% on first £2million, etc. Camden have relied on defence of commercial sensitivity and not given any real information.

Owen again

Felt there was a conflict in that the contract with the manager may stress confidentiality but this may not be a defence against the Act.

Ken Bumpus – London Borough of Camden

Asked if any schemes will be interested in investing in the new 50 year Gilts the State were supposedly going to offer. At this time little is known on the detail of these Gilts.

Next Meeting: Date & Location

Friday 7th October 2005 and Euraplan will write to everyone seeking a host for this meeting.