

# CYNGOR SIR POWYS COUNTY COUNCIL

## Pensions and Investment Committee 11<sup>th</sup> July 2016

**REPORT BY:** Strategic Director of Resources

**SUBJECT:** Disinvestment from Permal

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**REPORT FOR:** Information

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### 1 Introduction

- 1.1 Following receipt of advice from Aon in February 2016 that they had downgraded Permal (formerly Fauchier Partners) to a 'Sell' rating, the Strategic Director of Resources in consultation with the Chair and Vice Chair took the decision to disinvest from this hedge fund mandate.

### 2 Downgrade Rationale

- 2.1 Aon's recommendation followed an earlier downgrade to 'Qualified' which was reported to Committee in February. The reasons for the further downgrading were that there have been a number of changes to staff in senior roles which has brought about uncertainty over the future management of Permal's Absolute Return Fund. There is also a future change in business structure due this year and there has been an asset decline in the fund which has led to concerns around the importance to Permal of the fund in general. These changes have developed over time and in combination have led to the downgrade.

### 3 Reallocation of Disinvested Funds

- 3.1 Disinvestment from Permal was completed on 31<sup>st</sup> May 2016 and the proceeds were added to the Fund's hedge fund mandate with GSAM, pending completion of the review of the Fund's wider hedge fund portfolio.

### 4. Recommendation

- 4.1 Committee is asked to note the contents of this report.

<b>Recommendation:</b>		<b>Reason for Recommendation:</b>	
To note the contents of the report.		As per report	
<b>Person(s) To Action Decision:</b>			
<b>Date By When Decision To Be Actioned:</b>			
<b>Relevant Policy</b>	N/A		

<b>(ies):</b>			
<b>Within Policy:</b>	N/A	<b>Within Budget:</b>	N/A
Contact Officer Name:	Tel:	Fax:	Email:
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<b>Relevant Portfolio Member(s):</b>	Councillor Wynne Jones
<b>Relevant Local Member(s):</b>	