

# **Investments & Contracts Committee**

## **Minutes of the meeting held on 20 May 2014**

**PRESENT:** Mr. H. Eifion Jones (Chair)

Messrs. K P Hughes, R LI Jones, A M Jones and G O Jones

**IN ATTENDANCE:** Secretary,  
Interim Head of Function(Finance)/Section 151,  
Committee Officer (MEH).

**APOLOGIES:** Mr. Alun W Mummery, Nicola Roberts and Dafydd Rhys Thomas

**ALSO PRESENT:** Mr. T. Victor Hughes – Chair of the Isle of Anglesey Charitable Trust

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### **1 DECLARATION OF INTEREST**

No declaration of interest received.

### **2 MINUTES**

The minutes of the meeting held on 5 November, 2013 were confirmed.

### **3 INVESTMENT MANAGEMENT**

Submitted – the HSBC Global Asset Management (UK) Limited Quarterly Report for the period up to the end of March 2014. Contained within the report were the figures of the dividends attracted by the portfolio over the last 10 years as requested by the Investments and Contracts Committee held in May 2014.

The Investment Management reported that the portfolio showed a return over the 12 month performance of +7.3%, against the benchmark of +5.5%. However over the last three months the portfolio has been slightly under the benchmark. The closing value of the fund on 19 May, 2014 was £17,214.934. Mr. Gareth Watts gave a brief report on the performance of the portfolio together with asset allocation, dividends and income from the investments.

He stated that there has been a gradual recovery in the developing world with returns from overseas emerging markets are strong. He referred to the tapering of Quantitative Easing in the US which did have an effect on the US financial markets in the beginning. Late May and June 2013 saw widespread weakness across markets due to fears that the Federal Reserve would begin tapering its quantitative easing programme sooner than anticipated. During this period almost all assets fell and cash was the only safe haven.

The UK interest rates are still at a record low and are likely to remain for the foreseeable future. Customer spending and confidence seems to remain subdued at present.

The Secretary stated that some Members of the Charitable Trust have raised the issue of ethical investments and questioned if the Investment Management has a policy framework in respect of ethical investments within portfolios. Mr. Watts responded that HSBC will always discuss and engage with companies before voting at general meetings. He stated that he would make available to the Charitable Trust the reports on HSBC ethical framework.

The Secretary further stated that a number of Members of the Charitable Trust have questioned if it was appropriate to spend some of the capital funding of the Trust as the performance of the portfolio at present is fairly good. The Chair stated that there is a need to review the benchmark of the portfolio to attract a higher percentage dividend each year. He requested that HSBC should afford this Committee with figures of the dividends attracted by the portfolio over the last 10 years.

Following a question and answer session it was **RESOLVED :-**

- **To accept the report;**
- **That HSBC shall afford the Charitable Trust with their ethical framework as requested;**
- **That HSBC shall afford this Committee with figures of the dividends of the portfolio over the last 10 years.**

#### **4 ADDITIONAL ITEM**

##### **ITEM TAKEN IN PRIVATE**

##### **REVIEW OF INVESTMENT MANAGEMENT**

The Chair raised that it has been some years since a review had been undertaken in respect of the Investment Management of the Charitable Trust.

Following discussions it was **RESOLVED that the Secretary shall write to HSBC Investment Management to negotiate a review of the fee structure and the need to increase the benchmark of the Trust's.**

**MR. H. EIFION JONES**  
Chair