

Investments & Contracts Committee

Minutes of the meeting held on 8 June 2015

- PRESENT:** Mr. H E Jones (Chair)
Mr. G O Jones (Vice-Chair)
- Messrs. T LI Hughes, K P Hughes, Victor Hughes, R LI Jones and Alun W Mummery
- IN ATTENDANCE:** Treasurer,
Senior Accountant (Strategic Planning & Transformation),
Committee Officer (MEH).
- APOLOGIES:** Messrs. A M Jones and Dafydd Rhys Thomas
- ALSO PRESENT:** Mr. T. Victor Hughes – Chair of the Isle of Anglesey Charitable Trust
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The Chair welcomed Mr. Rupert Cecil, Director, Charities Team and Mr. Simon Pearson HSBC Bangor to the meeting.

1 DECLARATION OF INTEREST

No declaration of interest received.

2 MINUTES

The minutes of the meeting held on 20 May, 2014 were confirmed.

3 INVESTMENT MANAGEMENT

Submitted – the HSBC Global Asset Management (UK) Limited Quarterly Report for the period up to the end of March 2015. 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 objective of the portfolio is to grow the capital in line with inflation and generate income sufficient to meet the cash flow requirements agreed annually with the trustees. The agreed strategy is to exceed the agreed fixed weight benchmark by 1.5% per annum over rolling three year periods. The value of the fund on 31 March 2015 was £17,754,534. However the value has fallen in recent months to just under £17,500,000 due to the volatility of the financial markets. The yield from the portfolio at present is 2.7%.

It was reported that equity markets in Europe and Japan are favoured and the Charitable Trust at present is overweight in UK equity. It was suggested that the portfolio should be moved to a Growth and Income Fund which could afford the Trust with higher percentage dividend each year.

The Treasurer noted that over the last few years it has become apparent that organisations who are looking for grant funding from the Trust, which is much higher than the grants allocated to small projects, have been presenting their projects to the full Trust. Allocation of grants to these organisations has been much higher than the dividend realised by the portfolio.

Discussion entailed in respect of the ethical framework of the portfolio of the Trust and it was agreed that since it was an intention that the portfolio will be moved into the Growth and Income Fund it was agreed that the matter will be further discussed within 12 months.

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

- **To thank the representatives from HSBC for attending the meeting and to accept the report;**
- **To recommend to the full Charitable Trust that the portfolio should be moved to a 'Growth and Income Fund'.**

4 ITEMS TAKEN IN PRIVATE

5 FUND MANAGEMENT CONTRACT ESTIMATES

Submitted – the report of the Treasurer in respect of the Investment Management Contract.

The Senior Accountant (Strategic Planning & Transformation) reported that the Trust's portfolio of investments has been managed by HSBC Asset Management for over 15 years. During that time HSBC have provided a level of service that appears to have been broadly acceptable to the Trust, both in terms of financial performance and also back office support. A key element of the responsible financial stewardship of the Trust is ensuring that the fund management delivers value for money, both in terms of returns on the investments and also the fund management fees charged for that service.

In order to consider the level of the fund management fees currently in place, a comparison against the fees charged by a number of the larger, well known, fund managers was performed. A table summarising the findings was highlighted within the report.

It was RESOLVED to approve the continuation of the investment management contract with HSBC until 31 March 2018 (NB this will not involve entering into a contract with HSBC to that date), subject to challenge and review on an exception basis during that time.

6 CONTRACT FOR AUDIT SERVICES

Submitted – the report of the Treasurer in relation to the arrangements for the provision of external audit services for the Charitable Trust.

The Treasurer reported that the Trust's external auditor has been in place for over 15 years. The service provided is the statutory audit of the Trustee's Annual Report and Accounts. As part of the responsible financial stewardship of the Trust, it would be appropriate to perform a procurement exercise to ensure value for money is maximised.

It was RESOLVED :-

- **To authorise the Treasurer to produce and finalise a contract specification for the future provision of external audit services;**
- **To authorise the Treasurer to perform a procurement exercise based upon the contract specification;**
- **To agree that the Treasurer is to report back to this Committee with the proposals following the procurement exercise to seek a resolution on the choice of external auditor.**

MR. H. EIFION JONES
Chair