PWYLLGOR:	**PWYLLGOR PENSIYNAU**
DYDDIAD:	**12 RHAGFYR 2008**
TEITL YR ADRODDIAD	**BUDDSODDI MEWN BONDIAU**
AWDUR YR ADRODDIAD	**Dilwyn Williams , Cyfarwyddwr Strategol Adnoddau**

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1 Yn y cyfarfod i fonitro perfformiad y rheolwyr buddsoddi a gynhaliwyd ym Manceinion ar 24 Tachwedd, fe gyflwynodd Hymans Robertson bapur yn amlinellu cynigion diwygiedig ar gyfer buddsoddi mewn bondiau ar gyfer y dyfodol. (Atodaf gopi arall o'u papur yn Atodiad 1 at ddefnydd aelodau'r Pwyllgor yn unig gan ei fod yn cynnwys cyngor penodol i'r Cyngor).

2 Bydd yr aelodau yn cofio mai'r bwriad gwreiddiol oedd rheoli bondiau (sy'n cynrychioli tua 15% o asedau'r Gronfa) drwy un o'r rheolwyr goddefol (sef BGI).

3 Fodd bynnag, mae'r rheoliadau buddsoddi yn gwahardd buddsoddiad mwy na 35% o'r Gronfa mewn unrhyw un cytundeb yswiriant, a chan fod gennym tua 35% o'r gronfa mewn ecwiti a reolir yn oddefol hefyd, o'u cynnwys gyda'r 15% bondiau byddai'n rhaid i ni dendro am reolwr buddsoddi goddefol arall.

4 Ym mis Gorffennaf codwyd y posibilrwydd gyda Hymans Robertson mai ateb arall fyddai cael rheolwr bondiau fyddai'n rheoli bondiau ar sail cytundeb gweithredol a byddai hyn wedyn yn golygu y byddai modd i BGI edrych ar ôl holl asedau ecwiti goddefol fyddai'n golygu na fyddai angen i ni benodi rheolwr goddefol arall.

5 Yn y cyfarfod ym Manceinion y teimlad ymysg yr aelodau oedd y dylid manteisio ar y cyfleoedd fyddai'n codi i gael gwell ffigyrau perfformiad (hyd yn oed ar ôl y ffioedd uwch) drwy benodi rheolwr bondiau gweithredol.

6 Mae angen i'r Pwyllgor roddi ystyriaeth ffurfiol i'r mater a phenderfynu a yw am wneud hynny ynteu gadw at y bwriad gwreiddiol i reoli bondiau yn oddefol a phenodi rheolwr goddefol arall i weithredu gyda BGI.

COMMITTEE:	**PENSIONS COMMITTEE**
DATE:	**12 DECEMBER 2008**
TITLE OF THE REPORT	**BOND INVESTMENTS**
AUTHOR	**Dilwyn Williams, Strategic Director Resources**

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1 At the meeting held in Manchester on 24 November to monitor Fund Managers' performance, Hymans Robertson presented a paper detailing a revised proposal in relation to future investment in bonds. (A further copy of the paper is attached at Appendix 1 for members' use only as it contains specific advice to the Council).

2 The members will recall that the original intention was to manage bonds (which represent around 15% of the Fund's Assets) via one of the Fund's passive managers (BGI).

3 However, the investment regulations prohibit the investment of more than 35% of the Fund in any single insurance contract, and as we also have around 35% of the Fund in passively managed equities, when taken with the 15% invested in bonds it would mean that we would have to tender for another passive manager.

4 In July we raised the possibility with Hymans Robertson that another answer might be to appoint an active bond manager which would then mean that all of the passively managed equities could be allocated to BGI which would mean that we would not need to appoint another passive manager.

5 At the meeting in Manchester the members present considered that we should take advantage of the opportunity which presents itself to obtain better performance figures (even allowing for higher fees) by appointing an active bond manager to manage the Fund's bonds.

6 The Committee will need to give formal consideration to the matter and decide whether it wished to proceed in this manner or whether it wished to adhere to its original intention by managing bonds on a passive basis and appointing another permanent passive manager to work with BGI.