

**ROYAL BOROUGH OF WINDSOR & MAIDENHEAD
BERKSHIRE PENSION FUND
EXTERNAL FUND MANAGERS DUE DILIGENCE POLICY**

The Royal Borough of Windsor & Maidenhead (“RBWM”) acting as the administering authority for the Royal County of Berkshire Pension Fund (“the Fund”) takes its responsibilities for the management of the Fund’s assets seriously. In particular RBWM believes that due diligence on external fund managers should not only be carried out prior to appointment but also on a continuous basis following appointment.

At the very least officers (Head of Finance, Pension Fund Manager or Investment Manager) will complete the checks listed below on all fund managers appointed to manage part of the Fund’s assets. On occasion officers may be accompanied by one or more members of the Investment Working Group when conducting due diligence site visits.

UK Based Managers

- i.** At least annual visits to offices for meeting with fund manager,
- ii.** Visit portfolio managers’ desks within offices,
- iii.** Ask for demonstration of information systems (price feeds etc) and dealing system,
- iv.** Visit dealers (if in-house),
- v.** Meet back office team and look at price feeds, reconciliations etc,
- vi.** Obtain SAS 70, FRAG 21 or AAF 0/06 reports on internal controls on an annual basis. Check auditors used. If not a recognised major firm make further enquiries,
- vii.** If using a “fund” structure check on other professional advisers including but not limited to auditors, lawyers, custodians, administrators,
- viii.** Prior to award of contract do requisite financial checks with Internal Audit consistent with RBWM’s contract award policy.

Overseas based

- i.** As above but within 6 months of appointment visit principal overseas office and carry out checks ii-v above.

In the event of officers being dissatisfied with any aspect of their due diligence on a fund manager they will report to the Investment Working Group with an appropriate recommendation which may include termination of the contract.

Approved by the Berkshire Pension Fund Panel
27 April 2009.