

LGSS and EISS pick Russell

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The Local Government Superannuation and Energy Industries Superannuation schemes, which together have assets of \$5.5 billion, have appointed Frank Russell as their investment adviser following an extensive review.

Frank Russell has been the incumbent investment adviser for the Energy Industries Superannuation Scheme (EISS), but has historically also provided investment advisory services to the Local Government Superannuation Scheme (LGSS). However, Mercer Human Resource Consulting (for manager research) and State Street Global Advisors Australia (for portfolio optimisation) are presently LGSS's service providers.

EISS chair Warwick Tomlins says: "We continue to be impressed with the depth and quality of services on offer from all the short-listed respondents. In the end the decision came down to the value proposition of our current supplier, Frank Russell. The offer included an expanded range of services by Russell which was well received by the board."

Asked 'why Frank Russell?', LGSS chair Peter Woods says: "The decision does not reflect any concern or disappointment with the incumbent providers of the service. Rather the expanded offering by Frank Russell and their pricing made good sense to the LGSS board."

Each of the schemes made their own decision regarding the suitability of Frank Russell, says Brett Westbrook, CEO of Superannuation Services Company (SSC), which is jointly owned by both schemes and provides each with secretariat and administration services.

But he adds that the structure of SSC allowed the schemes to negotiate as a group when it came to fees and services. "Economies of scale of course matter. Our organisational structure is such that we are able to deliver the best of both worlds when it comes to buying investment advisory services," he says.

"As a combined group we are able to negotiate the best rates and services. In addition the appointment of one investment adviser provides simplicity when managing the complex needs of the group. The services Frank Russell is currently offering are complementary to our activities."

In keeping with previous practice, Frank Russell has been appointed for two years.

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