



City of Westminster

Committee Report

Decision Maker:	PENSION FUND COMMITTEE
Date:	21 June 2018
Classification:	General Release
Title:	Performance of the Council's Pension Fund
Wards Affected:	All
Policy Context:	Effective control over Council Activities
Financial Summary:	There are no immediate financial implications arising from this report, although investment performance has an impact on the Council's employer contribution to the Pension Fund and this is a charge to the General Fund.
Report of:	Steven Mair <i>City Treasurer</i> smair@westminster.gov.uk 020 7641 2904

1. Executive Summary

- 1.1 This report presents the performance of the Pension Fund's investments, together with an update on the funding position to 31 March 2018.

2. Recommendation

- 2.1 The Committee is asked to note the performance of the investments, and funding position.

3. Background

- 3.1 The terms of reference of the Pension Fund Committee require the committee to monitor the performance of the Pension Fund, individual fund managers, and other service providers to ensure that they remain suitable.
- 3.2 This report presents a summary of the Pension Fund's performance and estimated funding level to 31 March 2018. The investment performance report (Appendix 1) has been prepared by Deloitte, the Fund's investment

adviser, who will be attending the meeting to present the key points and answer questions.

- 3.3 The Investment Performance Report shows that over the quarter to 31 March 2018, the market value of the assets decreased by £36.5 million to a value of £1,331 million (£1,368) at 31 December 2017). The fund outperformed the benchmark net of fees by 0.6%. This is mainly attributable to the positive relative returns from Baillie Gifford, Hermes and Aberdeen Standard.
- 3.4 The Investment Performance Report shows that over the year to 31 March 2018, the market value of the assets increased by £68.4 million to a value of £1,331 million (£1,263 at 31 March 2017). The fund outperformed the benchmark net of fees by 1.1% with Baillie Gifford being the largest contributor, offsetting underperformance from Majedie.
- 3.5 The advisors continue to rate the fund managers favourably. They have however, expressed ongoing concern about resignations and vacancies at senior management level within the London CIV. The advisors have also expressed concern surrounding the departure of Longview's CIO from 31st December 2018.
- 3.6 The Funding update (Appendix 2) has been prepared by the Fund Actuary, Barnett Waddingham. This indicates that the estimated funding level as at 31 March 2018 was 92.2% an increase of 2.4% on the last quarter's 89.8% to 31 December 2017. This is due mainly to a greater return on assets than that anticipated at the time of the triennial valuation in March 2016. This position is also up 12.2% on the funding level of 80% that was calculated at the triennial valuation of 31 March 2016.

If you have any questions about this report, or wish to inspect one of the background papers, please contact the report author:

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BACKGROUND PAPERS: None

APPENDICES:

Appendix 1: Deloitte Investment Report, Quarter Ending 31 March 2018.

Appendix 2: Barnett Waddingham Funding Update as at 31 March 2018.