



City of Westminster

Pension Board

Date: 26 November 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: Phil Triggs
Tri-Borough Director of Treasury and Pensions
ptriggs@westminster.gov.uk
020 7641 4136

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 30 June 2018.

2. Recommendation

2.1 The Board 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 30 June 2018. The investment performance report (Appendix 1) has been prepared by Deloitte, the Fund's investment adviser, who attended the Committee meeting on 18 October 2018 to present the key points and answer questions.

- 3.3 The Investment Performance Report shows that over the quarter to 30 June 2018, the market value of the assets increased by £75m to a value of £1,406m (£1,331m at 31 March 2018). The fund outperformed the benchmark net of fees by 0.8%. This is mainly attributable to the positive relative returns from Majedie.
- 3.4 The Investment Performance Report shows that over the year to 30 June 2018, the fund outperformed the benchmark net of fees by 1.5% with Baillie Gifford being the largest contributor, offsetting underperformance from Majedie.
- 3.5 The advisors continue to rate the fund managers favourably, with the exception of Longview, with the retirement of the Chief Executive, Ramzi Rishani a concern. They have also expressed ongoing concern about resignations and vacancies at senior management level within the London CIV..
- 3.6 The Committee elected to rebalance its equity exposure by selling down from its Longview portfolio and transferring to the LCIV's Multi Asset Credit Fund. This was scheduled for a 1 November 2018 transition date. The Board will be provided with a full transition report at the next meeting.
- 3.7 The funding update (Appendix 2) has been prepared by the fund actuary, Barnett Waddingham. This indicates that the estimated funding level as at 30 June 2018 was 92.8% an increase of 0.6% on the last quarter's 92.2% to 31 March 2018. This is due mainly to a greater return on assets than that anticipated at the time of the triennial valuation at 31 March 2016. This position is also up 12.8% on the funding level of 80% that was calculated at the triennial valuation of 31 March 2016.
- 3.8 Appendix 3 shows the performance of the Fund against the wider LGPS universe. The City of Westminster Pension Fund has performed very well, in the 13th percentile of the overall universe in terms of investment asset growth.

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

Matt Hopson pensionfund@westminster.gov.uk or 0207 641 4126

BACKGROUND PAPERS: None

APPENDICES:

Appendix 1: Deloitte Investment Report, Quarter Ending 30 June 2018.

Appendix 2: Barnett Waddingham Funding Update as at 30 June 2018.
Appendix 3: 2017/18 Performance Review PIRC