

10 May 2012

Agenda Item:4

REPORT OF THE SERVICE DIRECTOR (FINANCE)

FUND VALUATION AND PERFORMANCE

Purpose of the Report

1. To report on the total value of the Pension Fund and performance over the period to 31 March 2012.

Information and Advice

2. This report is to inform the Sub-Committee of the value of the Pension Fund at the end of the latest quarter and give information on the performance of the Fund over that quarter and the previous year. Some information relating to this report is not for publication by virtue of paragraph 3 of Schedule 12A of the Local Government Act 1972. Having regard to the circumstances, on balance the public interest in disclosing the information does not outweigh the reason for exemption because divulging the information would significantly damage the Council's commercial position in relation to the Pension Fund. The exempt information is set out in the exempt appendix.
3. A summary of the total value of the Fund as at 31 March 2012, together with the previous two quarters, is included in the table below.

	31 March 2012		31 Dec 2011		30 Sept 2011	
	£m	%	£m	%	£m	%
UK Fixed Interest	313	10%	302	11%	291	11%
Overseas Fixed Interest	55	2%	40	1%	69	2%
Inflation-Linked	58	2%	60	2%	55	2%
UK Equities	1,047	34%	980	34%	926	34%
Overseas Equities	1,000	33%	912	32%	853	32%
Private Equity	67	2%	65	2%	69	2%
UK Property	297	10%	322	11%	316	12%
Overseas Property	89	3%	90	3%	88	3%
Cash	132	4%	111	4%	63	2%
TOTAL	3,057	100%	2,882	100%	2,730	100%

4. During the quarter the Fund increased by £175 million (6.1%). Net contributions to the Fund added £13.5 million with the balance from investment returns. Most equity markets performed well over the first quarter of 2012, as investors started to return to risk assets, and consequently yields on UK and US bonds rose. Positive data from the US and encouragement from central banks contributed to the confidence although concerns still surround the Eurozone. The UK economy contracted another 0.2% in the quarter, putting the UK back into recession.

Statutory and Policy Implications

5. This report has been compiled after consideration of implications in respect of finance, equal opportunities, human resources, crime and disorder, human rights, the safeguarding of children, sustainability and the environment and those using the service and where such implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required.

RECOMMENDATION

- 1) That the report be noted.

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For any enquiries about this report please contact: Simon Cunningham

Background Papers

None.