

**8 November 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 30 September 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 Some information relating to this report is not for publication by virtue of paragraph 3 of Schedule 12A of the Local Government Act 1972.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 30 September 2012, together with the previous two quarters, is included in the table below.

	<b>30 Sept 2012</b>		<b>30 June 2012</b>		<b>31 March 2012</b>	
	£m	%	£m	%	£m	%
UK Fixed Interest	315	11%	319	11%	313	10%
Overseas Fixed Interest	73	2%	70	2%	55	2%
Inflation-Linked	57	2%	59	2%	58	2%
UK Equities	1,058	34%	1,030	34%	1,047	34%
Overseas Equities	1,005	32%	948	32%	1,000	33%
Private Equity	71	2%	71	2%	67	2%
UK Property	308	10%	296	10%	297	10%
Overseas Property	84	3%	85	3%	89	3%
Cash	119	4%	118	4%	132	4%
<b>TOTAL</b>	<b>3,090</b>	<b>100%</b>	<b>2,996</b>	<b>100%</b>	<b>3,057</b>	<b>100%</b>

4. During the quarter the Fund increased overall by £94 million (3%). Net contributions to the Fund added £2.7 million with the remaining increase coming from investment income and net profits on investments (both realised and unrealised). All developed equity markets (with the exception of Japan) rose during the quarter. European markets performed strongly following early comments and later action by the President of the ECB although significant concerns still surround peripheral countries, in particular Greece and Spain. Yields on UK, US and German government bonds reduced marginally over the quarter.
5. A Pensions Working Party was held on 30 October 2012 to review the Fund's use of benchmarks. It was agreed to recommend that a strategic fund benchmark be set and that quarterly reporting be amended to focus more on longer term performance against this benchmark. Further information will be brought to a future Sub-Committee on these proposed changes.

## **Statutory and Policy Implications**

6. 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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## **Background Papers**

None.