

Pension Fund Investments

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**Nottinghamshire
County Council**

Agenda

- Governance, Statements and Strategies
- Key Objectives
- Pensions & TM Team
- Statement of Investment Principles
- Asset Allocation & Management Arrangements
- Fund returns
- Developments



Governance

Under the terms of the council's constitution, the functions of the council as administering authority of the pension fund are delegated to the Nottinghamshire Pension Fund Committee.

- It is responsible for Administering the Nottinghamshire Pension Fund and is supported by two Sub-Committees.
- The Pensions Sub-Committee makes recommendations to the Nottinghamshire Pension Fund Committee on matters relating to the administration and investment of the Pension Fund.
- The Pensions Investment Sub-Committee has responsibility for investment performance management of the Fund Managers.

Statements and Strategies

The Pension Fund Committee separately approves:

- Funding Strategy Statement
 - responsibilities as regards funding the scheme (ie achieving and maintaining assets equal to 100% of projected liabilities)
- Statement of Investment Principles
 - including the overall investment strategy of the fund, the proposed asset allocation, restrictions on investment types, type of investment management used and performance monitoring.
- Risk Management Strategy
 - aims to reduce or eliminate risks which may jeopardise the achievement of the Fund's key objectives.



Key Objectives

The purpose of the Fund is to:

- Pay pensions, lump sums and other benefits provided under the LGPS Regulations
- Meet the costs associated in administering the Fund
- Receive contributions, transfer values and investment income
- Invest any Fund money not needed immediately to make payments.

Pensions & TM team – main role is in last point
BUT ensure accounting is correct for whole Fund

Pensions & TM Team

- Manage In-House equity portfolio (direct holdings in UK, North America, Europe; external funds in other markets)
- Implement investment strategy for Specialist portfolio
- Monitor and liaise with external managers & custodian
- Account for investment assets/liabilities and all pension fund transactions
- Prepare statement of accounts and annual report
- Procure relevant services
- Provide reports and advice to committees



Statement of Investment Principles

The SIP must cover policy on:

- the types of investment to be held
- the balance between different types of investments
- the ways in which risks are to be measured and managed
- the expected return on investments
- the realisation of investments
- the extent (if at all) to which social, environmental or ethical considerations are taken into account in the selection, retention and realisation of investments
- the exercise of the rights (including voting) attaching to investments
- stock lending.

Statement of Investment Principles

The following principles underpin the Fund's investment activity:

- The Fund will aim to be sufficient to meet all its obligations on a continuing basis.
- The Fund will be invested in a diversified range of assets.
- Proper advice on the suitability of types of investment will be obtained and considered at reasonable intervals.
- The Fund will aim to conduct its business and to use its influence in a long term responsible way.

Asset Allocation

It is widely recognised that asset allocation is the most important factor in driving long term investment returns.

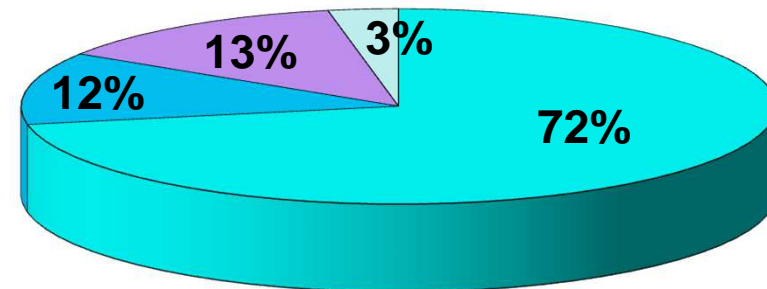
Asset Class	Allocation Ranges	Strategic Benchmark	
Equities	55% to 75%	FTSE All World	65.0%
Property	5% to 25%	IPD annual universe	15.0%
Bonds	10% to 25%	FTSE UK Gilt All Stock	17.5%
Cash	0% to 10%	LIBID 7 Day	2.5%

Actual Asset Allocation

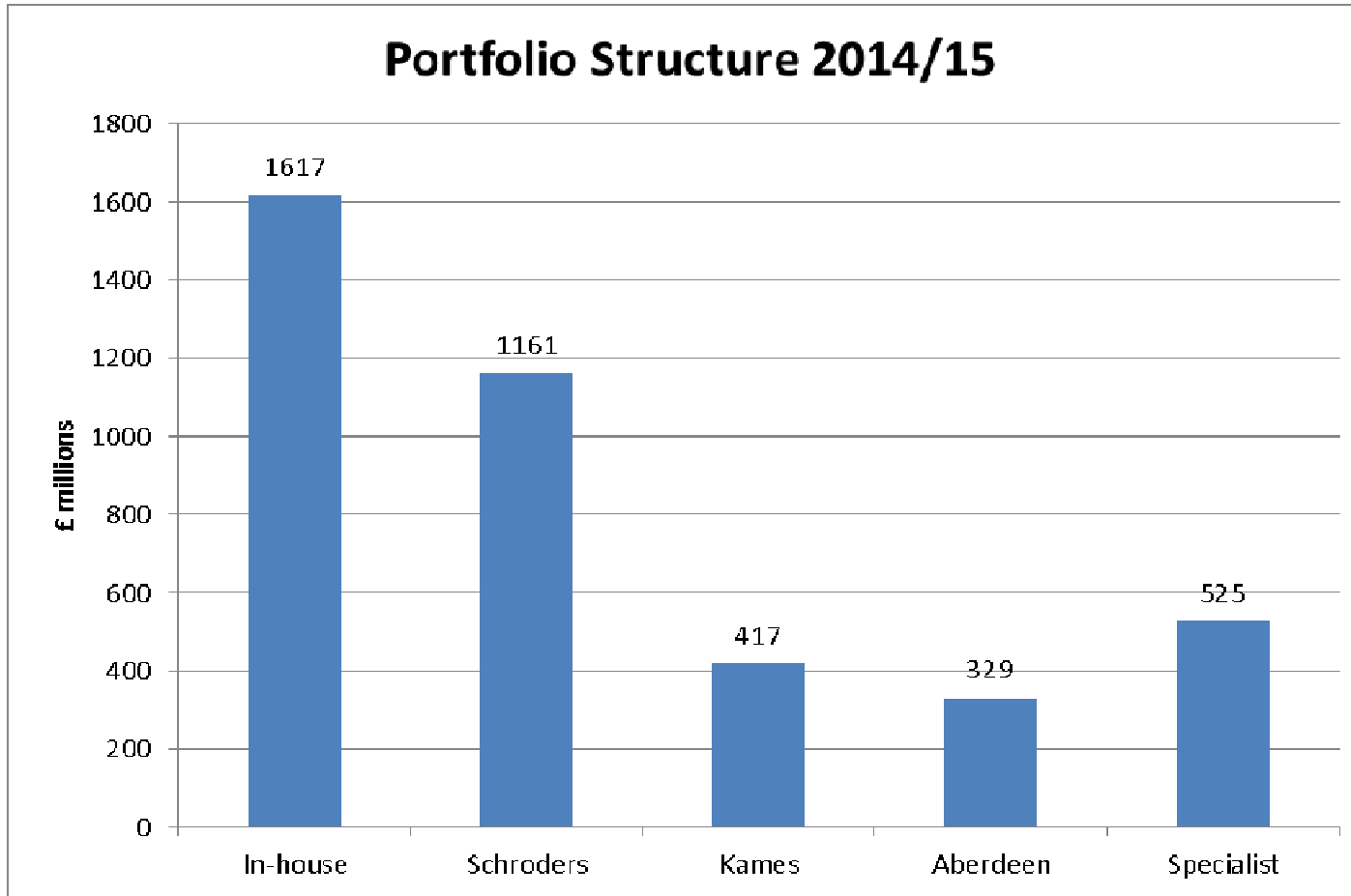
Asset allocation ranges:

■ Equities	55% to 75%
■ Property	5% to 25%
■ Bonds	10% to 25%
■ Cash	0% to 10%

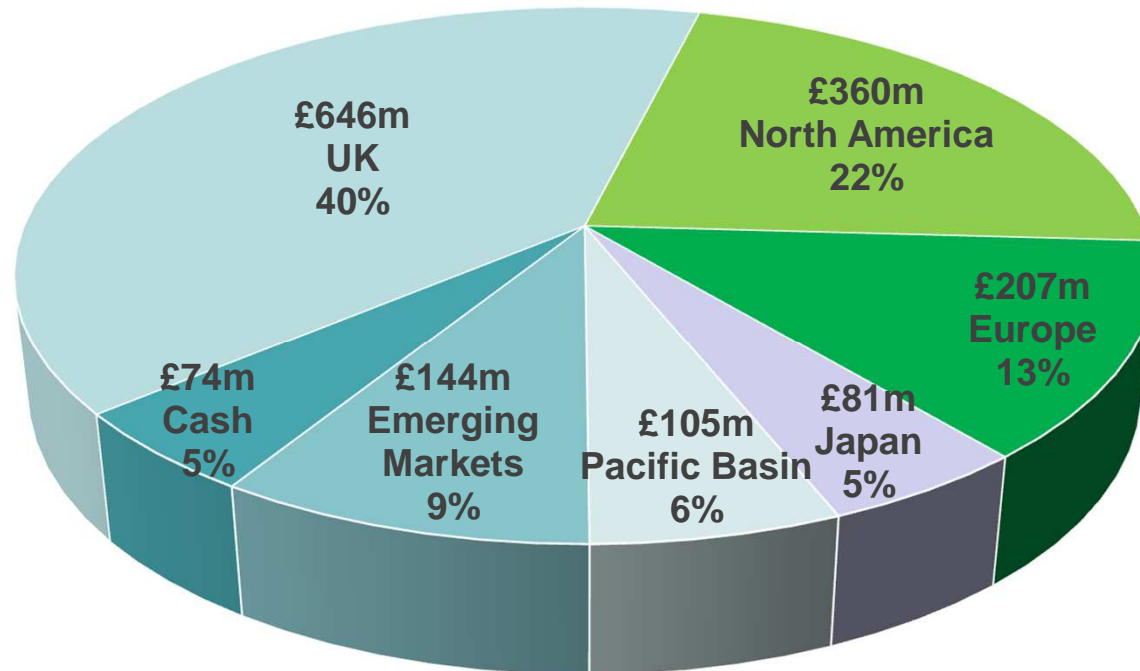
Actual Allocation
31 March 2015



Management Arrangements



In-House Portfolio



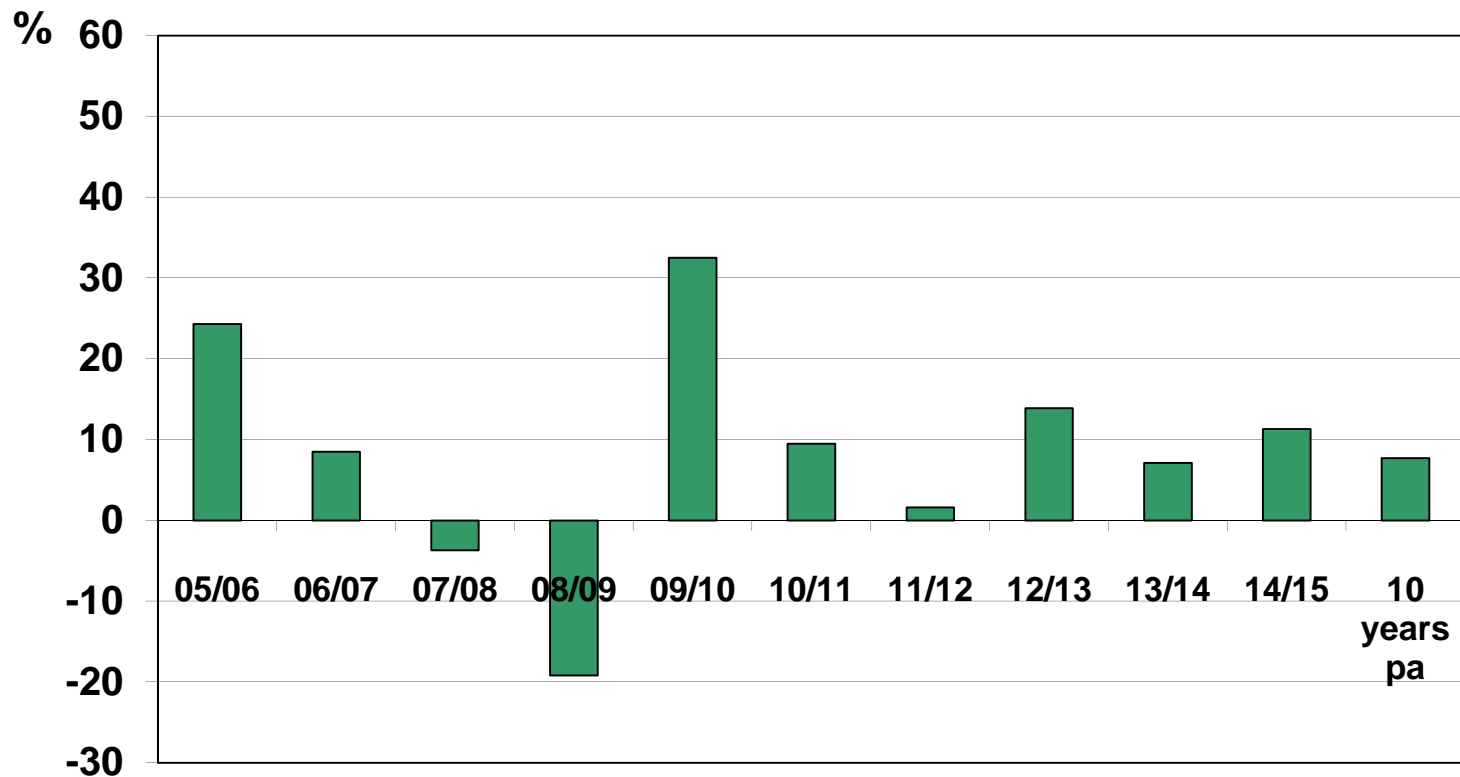
In-House portfolio as at 31 March 2015



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Fund 10 year returns



Developments

- Asset Pooling
 - Announced in July 2015 budget
 - Aiming to achieve the benefits of scale and drive efficiencies
 - Initial response Feb 2016, final submissions July 2016
 - Participating in LGPS Central
- Revised investment regulations
 - Removing existing schedule of limitations on investments
 - Moving to a prudential approach to investment
 - Introduction of Investment Strategy Statement
 - Power of intervention if the Secretary of State believes that an Administering Authority has not had regard to regulations and guidance

