

9 February 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 December 2011.

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 Some information relating to this report is not for publication by virtue of paragraph 3 of Schedule 12A of the Local Government Act 1972.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 December 2011, together with the previous two quarters, is included in the table below.

	31 Dec 2011		30 Sept 2011		30 June 2011	
	£m	%	£m	%	£m	%
UK Fixed Interest	302	11%	291	11%	278	9%
Overseas Fixed Interest	40	1%	69	2%	68	2%
Inflation-Linked Fund	60	2%	55	2%	0	0%
UK Equities	980	34%	926	34%	1,067	35%
Overseas Equities	912	32%	853	32%	1,033	34%
Private Equity	65	2%	69	2%	67	2%
UK Property	322	11%	316	12%	316	11%
Overseas Property	90	3%	88	3%	94	3%
Cash	111	4%	63	2%	107	4%
TOTAL	2,882	100%	2,730	100%	3,030	100%

4. During the quarter the Fund increased by £152 million (5.6%). Net contributions to the Fund added £5 million with the balance from investment returns. The final quarter of 2011 continued the volatility seen throughout the year. Stock markets (apart from Japan) rallied towards the year end following better economic data from the US. Bond performance differed widely by country, with yields falling further in countries perceived as safe (such as the UK), driven by market uncertainty over the various measures proposed by European leaders to solve the Eurozone crisis. Property returns were flat over the quarter reflecting the difficult environment for tenants and the lack of risk appetite on the part of investors.

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 Cunnington

Background Papers

None.