



Committee report

Committee	PENSION FUND COMMITTEE
Date	14 SEPTEMBER 2018
Title	INVESTMENT AND FUNDING UPDATE
Report of	Technical Finance Manager

EXECUTIVE SUMMARY

1. This report presents a summary of the valuation of the fund's investment assets at 30 June 2018, and the indicative funding level at that date.
2. Members are asked to note this report, which will inform forthcoming discussions about investment objectives and beliefs, with a view to reviewing the fund's investment strategy and strategic investment allocation.

INVESTMENT PERFORMANCE

3. Appendix 1 sets out the change in market value of the fund's investment assets for the quarter to 30 June 2018, showing an increase in market value of £32.3 million since the previous year end.
4. Strong performances by both UK and global equities have outweighed negative performance from the diversified growth fund in the quarter.
5. David Walker from Hymans Robertson LLP will be attending the meeting to present a more detailed overview of the investment performance of each manager. The Hymans investment report, the first received by the committee since Hymans' appointment as investment consultants, is presented as appendix 2 to this report.
6. Tom Wright and Chris Murphy from Baillie Gifford & Co will also be attending the meeting, to present an overview of the performance of the diversified growth fund. The Baillie Gifford quarterly investment report is presented as a separate paper on this agenda.

INTERIM FUNDING LEVEL

7. The interim funding level for the fund has increased to 95 per cent at 30 June 2018, compared to 91.5 per cent at the last formal valuation at 31 March 2016, resulting in a reduction in the funding deficit of £13 million to £31 million.

8. The interim funding report from Hymans Robertson is attached as Appendix 3.
9. Members are reminded that this is an estimation of the funding level at 30 June 2018, based on market movements since the last valuation. The report does not necessarily reflect the position of the fund at the next formal valuation, which will be as at 31 March 2019, as the underlying actuarial assumptions have not been updated to since 2016.

STRATEGIC CONTEXT

10. The primary objective of the fund is to provide pension and lump sum benefits for members on their retirement and/or benefits on death before or after retirement for their dependents, in accordance with the Local Government Pension Scheme (LGPS) regulation and statutory provisions. The committee aims to operate the fund in such a manner that, in normal market conditions, all accrued benefits are fully covered by the value of the fund's assets, and that an appropriate level of contributions is agreed by the employers to meet the costs of benefits accruing.

EQUALITY AND DIVERSITY

11. The council, as a public body, is required to meet its statutory obligations under the Equality Act 2010 to have due regard to eliminate unlawful discrimination, promote equal opportunities between people from different groups and to foster good relations between people who share a protected characteristic and people who do not share it. The protected characteristics are: age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation.
12. There are no implications on any of the protected characteristics arising from this report.

RECOMMENDATION

13. The committee is asked to note this report, and the presentation from Hymans Robertson.

APPENDICES ATTACHED

14. [Appendix 1](#): Investment assets overview at 30 June 2018.
15. [Appendix 2](#): Hymans Robertson investment report at 30 June 2018.
16. [Appendix 3](#): Hymans Robertson funding update at 30 June 2018.

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