

**REPORT FOR: PENSION FUND  
COMMITTEE**

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**Date of Meeting:** 12 September 2018

**Subject:** Information Report – Quarterly Trigger Monitoring Q2 2018

**Responsible Officer:** Dawn Calvert, Director of Finance

**Exempt:** No

**Wards affected:** All

**Enclosures:** Quarterly Trigger Monitoring Q2 2018 (Aon Hewitt)

**Section 1 – Summary**

**Summary**

The Committee is requested note a report from the Fund's investment advisers Aon Hewitt on Quarterly Trigger Monitoring in line with its function to administer all matters concerning the Council's Pension investments in accordance with law and Council policy as conferred by Part 3A, Terms of Reference of the Council's Constitution.

**FOR INFORMATION**

## **Section 2 – Report**

1. At their meeting on 8 September 2015 the Committee considered a report entitled “Options for Liability Driven Investments (LDI) Strategy. After discussion they resolved:

*That the status quo, a 13% Bond allocation invested in a combination of corporate bonds and index-linked gilts, be retained in relation to the Fund’s Bond portfolio and that Aon Hewitt be requested to provide guidance on the catalysts that would trigger a move to an LDI Strategy with Option 2 being the preferred Option.*

2. On 25 November 2015 the Committee considered a further report from Aon Hewitt which set out options for taking forward the consideration of an LDI Strategy. They resolved:

*That they should receive a short report on funding levels at the next meeting of the Committee and thereafter on a quarterly basis.*

3. Attached is the report for the period up to 30 June 2018. The Committee are invited to note this report from Aon Hewitt as no de-risking actions are recommended at the current time.
4. The funding level as at 30 June 2018 was 80.0%, compared to 78.3% as at 31 March 2018 and 74.3% as at 31 March 2016 on believe that yields will rise faster than indicated by the market over the next three and five year period. The funding level rose over the quarter and long term bond yields remain at low levels. Aon believe that yields will rise faster than indicated by the market over the next three and five year period

### **Financial Implications**

5. The consideration of strategy changes is an important part of the management of the Pension Fund investments and the performance of the Fund’s investments plays an extremely important part in the financial standing of the Fund. The only financial implications arising from this report are those associated with not making any strategic changes and continuing to accept the current levels of risk.

### **Risk Management Implications**

6. The risks arising from investment performance are included in the Pension Fund risk register.

### **Equalities implications**

7. There are no direct equalities implications arising from this report.

## Council Priorities

- Investment performance has a direct impact on the financial health of the Pension Fund which directly affects the level of employer contribution which then, in turn, affects the resources available for the Council's priorities

## Section 3 - Statutory Officer Clearance

Name: Dawn Calvert  Director of Finance

Date: 30 August 2018

**Ward Councillors notified:** NO

## Section 4 - Contact Details and Background Papers

**Contact:** Iain Millar, Treasury and Pensions Manager  
Tel: 0208 424 1432 (Int Ext 2432)

**Background Papers:** None