

LEICESTERSHIRE COUNTY COUNCIL PENSION FUND

ANNUAL GENERAL MEETING – JANUARY 11TH 2018

**REPORT OF STAFF REPRESENTATIVES OF THE LOCAL PENSION
COMMITTEE**

1. The value of the Fund up to the end of March 2017 showed a significant increase of £717 million over the year, leaving the Fund's value at £3,880 million. This is a 22.5% increase over the twelve months, and reflected strong equity returns during the year and the fall of sterling after the Brexit vote.
2. It should also be noted that the return in 2016/17 was 2.3% better than the benchmark and the average return over the last 5 years was 0.8% p.a. better than the benchmark.
3. The fund managers should be congratulated for deciding to remove the currency hedge in advance of the Brexit vote. This resulted in an additional £85m for the fund.
4. The latest full actuarial valuation of the fund showed that as of 31st March 2016, the assets represented 76% of the liabilities. Despite the strong growth in asset prices in 2016-17, the fund is still only approximately 80% funded due to increased liabilities due to falling gilt yields. It seems clear that it will be a long haul to get back to full funding status.
5. During the year considerable progress was made in respect of investment pooling within the LGPS, with the pool in which the Leicestershire Fund is involved (LGPS Central) being accepted by Central Government. LGPS Central will be operating from 1st April 2018 and will be responsible for implementing the Fund's investment wishes, although asset allocation (i.e. the markets in which the assets are invested), which is the major determinant of investment performance, will remain the responsibility of the Fund.
6. Whilst combining into a few pools or superfunds may reduce investment management costs in the long term which would be in the interests of members, only time will tell whether the creation of pools will be of overall benefit.
7. Staff were represented at all board meetings. We would like to thank the Pensions Section for their administration of the benefits of the fund which has a good reputation.
8. To conclude, the Staff representatives are satisfied that the Fund is currently being managed in a professional manner in the best interests of the scheme members and beneficiaries.

