

Leicestershire County Council Pension Fund

Funding and risk report as at 31 March 2018

	31 March 2018	Ongoing funding
HEADLINE	Assets	£4,069m
	Liabilities	£5,229m
	Surplus/(deficit)	(£1,160m)
	Funding level	77.8%

Summary

This funding update is provided to illustrate the estimated development of the funding position from 31 March 2016 to 31 March 2018, for the Leicestershire County Council Pension Fund ("the Fund"). It is addressed to Leicestershire County Council in its capacity as the Administering Authority of the Fund and has been prepared in my capacity as your actuarial adviser.

At the last formal valuation the Fund assets were £3,164m and the liabilities were £4,153m. This represents a deficit of £989m and equates to a funding level of 76.2%. Since the valuation the funding level has increased by c2% to 77.8% as detailed in the table above.

This report has been produced exclusively for the Administering Authority. This report must not be copied to any third party without our prior written consent.

Should you have any queries please contact me.
Barry McKay FFA

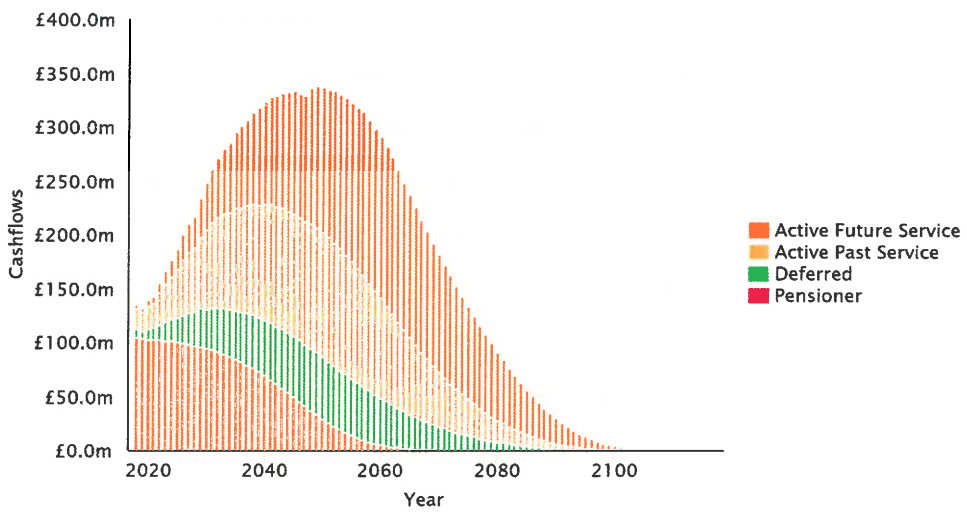
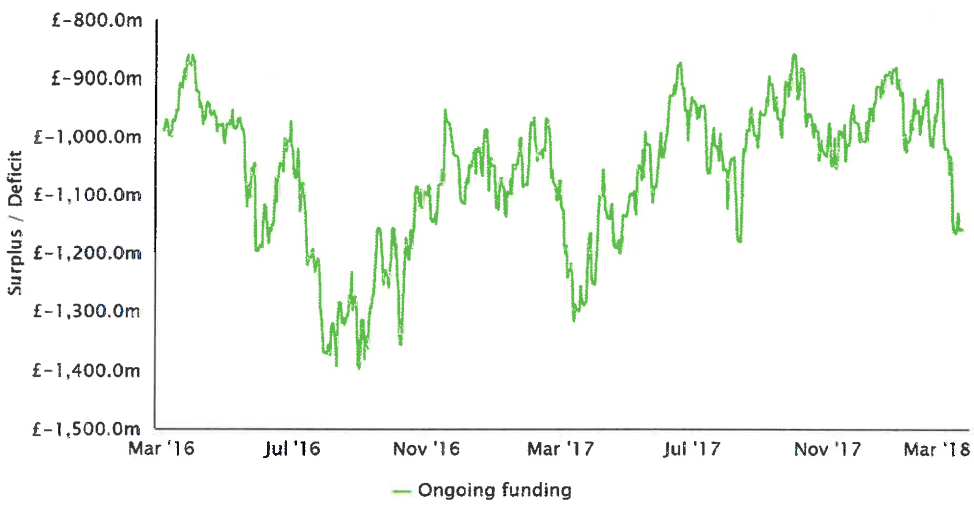
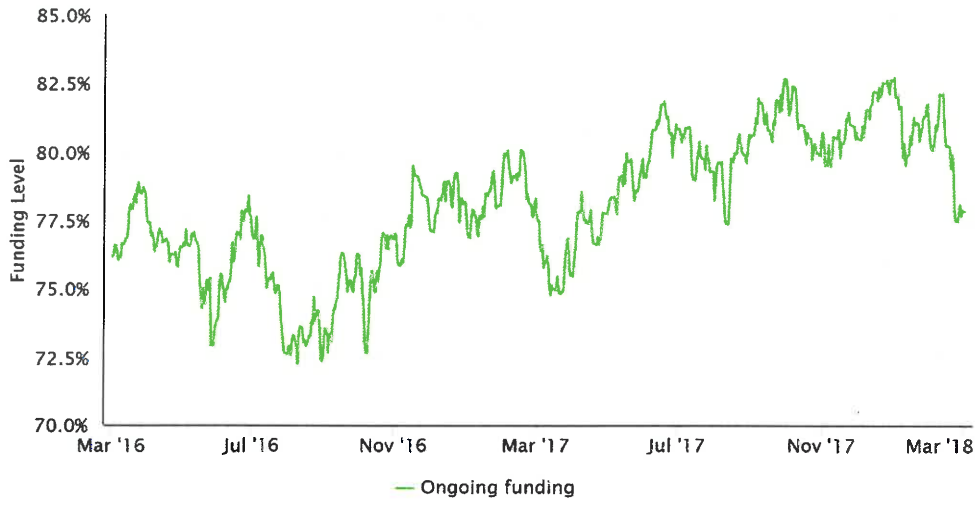
CURRENT POSITION

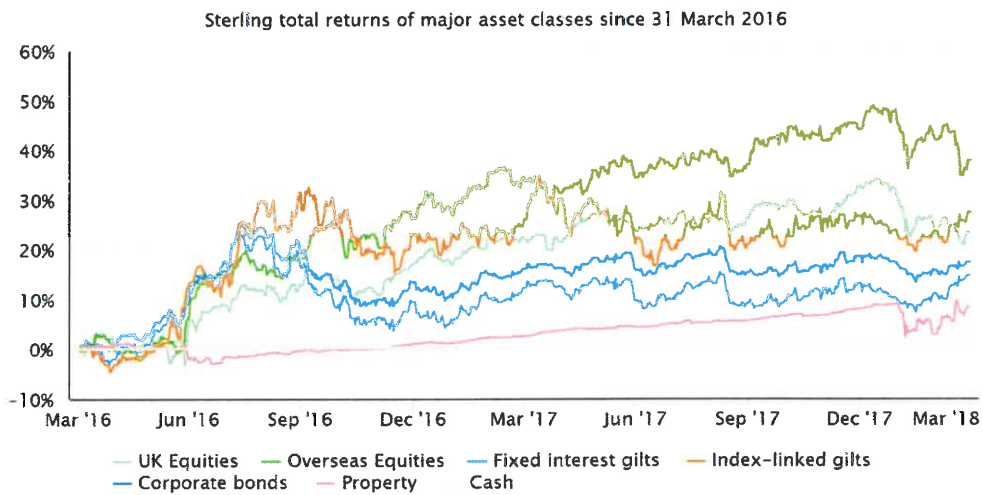
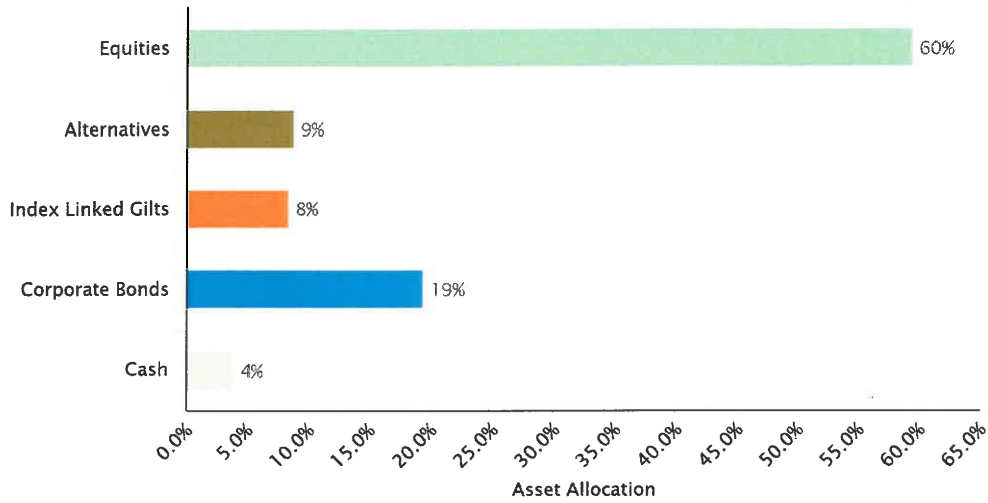
31 March 2018	Ongoing funding
Assets	£4,069m
Liabilities	£5,229m
Surplus/(deficit)	(£1,160m)
Funding level	77.8%

Surplus/(deficit)	£m
Surplus/(deficit) as at 31/03/2016	(989)
Contributions (less benefits accruing)	(53)
Interest on surplus/(deficit)	(79)
Excess return on assets	563
Impact of change in yields & inflation	(601)
Surplus/(deficit) as at 31/03/2018	(1,160)

	31 March 2016	31 December 2017	31 March 2018
Market Yields (p.a)			
Fixed Interest Gilts	2.17%	1.68%	1.63%
Index-linked Gilts	-0.96%	-1.64%	-1.65%
Implied Inflation	3.16%	3.38%	3.34%
AA Corporate Bonds	3.36%	2.44%	2.58%
Price Indices			
FTSE All Share	3,395	4,222	3,894
FTSE 100	6,175	7,688	7,057

PROGRESS





Sensitivity Matrix as at 09 May 2018 for basis Ongoing funding (£m)

Shift in equity level (using FTSE 100 levels as proxy)

	5364	6130	6896	7663	8429	9195	9961
	-30%	-20%	-10%	0%	10%	20%	30%
0.6	(1,327)	(1,040)	(754)	(467)	(181)	106	392
0.4	(1,456)	(1,170)	(883)	(597)	(310)	(24)	263
0.2	(1,594)	(1,307)	(1,021)	(734)	(448)	(161)	125
0.0	(1,740)	(1,453)	(1,167)	(881)	(594)	(308)	(21)
-0.2	(1,896)	(1,609)	(1,323)	(1,037)	(750)	(464)	(177)
-0.4	(2,062)	(1,776)	(1,489)	(1,203)	(916)	(630)	(343)
-0.6	(2,240)	(1,953)	(1,667)	(1,380)	(1,094)	(808)	(521)

Shift in bond yields (% p.a.)

Shift in bond yields (% p.a.)	< 50%	50% - 85%	85% - 95%	95% - 100%	100% - 105%	105% - 115%	> 115%
< 50%	(1,327)	(1,456)	(1,594)	(1,740)	(1,896)	(2,062)	(2,240)
50% - 85%	(1,040)	(1,170)	(1,307)	(1,453)	(1,609)	(1,776)	(1,953)
85% - 95%	(754)	(883)	(1,021)	(1,167)	(1,323)	(1,489)	(1,667)
95% - 100%	(467)	(597)	(734)	(881)	(1,037)	(1,203)	(1,380)
100% - 105%	(181)	(310)	(448)	(594)	(750)	(916)	(1,094)
105% - 115%	106	(24)	(161)	(308)	(464)	(630)	(808)
> 115%	392	263	125	(21)	(177)	(343)	(521)

Reliances and limitations

This report was commissioned by and is addressed to Leicestershire County Council in their capacity as the Administering Authority and is provided to assist in monitoring certain funding and investment metrics. It should not be used for any other purpose. It should not be released or otherwise disclosed to any third party except as required by law or with our prior written consent, in which case it should be released in its entirety. **Decisions should not be taken based on the information herein without written advice from your consultant.** Neither I nor Hymans Robertson LLP accept any liability to any other party unless we have expressly accepted such liability in writing.

The method and assumptions used to calculate the updated funding position are consistent with those disclosed in the documents associated with the last formal actuarial valuation, although the financial assumptions have been updated to reflect known changes in market conditions. The calculations contain approximations and the accuracy of this type of funding update declines with time from the valuation; differences between the position shown in this report and the position which a new valuation would show can be significant. It is not possible to assess its accuracy without carrying out a full actuarial valuation. This update complies with Technical Actuarial Standard 100.

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