

LONDON BOROUGH OF HAMMERSMITH & FULHAM

Report to: Pensions Board

Date: 8/06/2022

Subject: Pension Fund Quarterly Update Pack

Report author: Patrick Rowe, Pension Fund Manager

Responsible Director: Phil Triggs, Director of Treasury and Pensions

SUMMARY

This paper provides the Pensions Board with a summary of the Pension Fund's:

- Overall performance for the quarter ended 31 March 2022;
- Cashflow update and forecast;
- Assessment of risks and actions taken to mitigate these.

RECOMMENDATIONS

1. That the Pensions Board notes the update.

Wards Affected: None

Our Values	Summary of how this report aligns to the H&F Values
Being ruthlessly financially efficient	Ensuring good governance for the Pension Fund should ultimately lead to better financial performance in the long run for the Council and the council tax payer.

Financial Impact

None.

Legal Implications

None.

DETAILED ANALYSIS

LBHF Pension Fund Quarterly Update – Q4 2021/22

1. This report and attached appendices make up the pack for the quarter four (Q4) ended 31 March 2022. An overview of the Pension Fund's performance is provided in Appendix 1. This includes administrative, investment, and cash management performance for the quarter.
2. Appendix 2 provides information about the Pension Fund's investments and performance. The highlights from the quarter are shown below:
 - Overall global markets performance was volatile over the quarter, with global equity indices returning a -4.6% in local currency terms over the quarter.
 - Overall, the investment performance report shows that over the quarter to 31 March 2022, the market value of the assets decreased by £0.8m to £1,319.7m.
 - The Fund outperformed its benchmark net of fees by 1.1% in delivering a return of -0.8% over the quarter to 31 March 2022, and the estimated funding level was 93.0% as at 31 December 2022 (the most recently available funding level).
 - Over the year to 31 March 2022, the fund overperformed against its benchmark by 2.5%, returning 9.8% overall.
 - The highlights over the quarter to 31 March 2022 came from the LCIV Absolute Return Fund contributing 4.4% to outperformance. Partners Group MAN and the Abrdn Long Lease Property Fund were also strong performers, returning 4.0% and 5.9% respectively.
3. The Pension Fund's cashflow monitor is provided in Appendix 3. This shows both the current account and invested cash movements for the last quarter, as well as cashflow forecasts to 31 December 2022. An analysis of the differences between the actuals and the forecasts for the quarter is also included.
4. Appendix 4 contains the Pension Fund's Risk Registers.
5. Appendix 5 contains the LBHF Committee and Board Knowledge and Skills 2022 questionnaire. Please complete this and send to Phil Triggs or Mat Dawson.
6. The breaches of the law log has not been included this quarter as there have been no breaches to report.

Risk Management Implications

7. This is included in the risk registers.

LIST OF APPENDICES

Appendix 1: Scorecard at 31 March 2022

Appendix 2: Deloitte Quarterly Report for Quarter Ended 31 March 2022

Appendix 3: Cashflow Monitoring Report

Appendix 4: Pension Fund Risk Registers

Appendix 5: LBHF Committee and Board Knowledge and Skills 2022