

# LONDON BOROUGH OF HAMMERSMITH & FULHAM

**Report to:** Pension Fund Committee

**Date:** 7 September 2022

**Subject:** Pension Fund Quarterly Update Pack

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**Responsible Director:** Phil Triggs, Director of Treasury and Pensions

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## SUMMARY

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

- Overall performance for the quarter ended 30 June 2022;
- Cashflow update and forecast;
- Assessment of risks and actions taken to mitigate these.

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## RECOMMENDATIONS

1. The Pension Fund Committee is recommended to note the update.

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**Wards Affected:** None

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<b>Our Values</b>	<b>Summary of how this report aligns to the H&amp;F Values</b>
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 – Q1 2022/23

1. This report and attached appendices make up the pack for the quarter one (Q1) ended 30 June 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 negative over the quarter, with global equity indices returning a -13.3% in local currency terms over the quarter.
  - Overall, the investment performance report shows that over the quarter to 30 June 2022, the market value of the assets decreased by £73.7m to £1,246.0m.
  - The Fund underperformed its benchmark net of fees by -0.1% in delivering a return of -5.4% over the quarter. The estimated funding level was 93.0% as at 31 December 2022 (due to the triennial valuation currently underway December is the most recently available funding level).
  - Over the year to 30 June 2022, the fund outperformed its benchmark by 2.1%, returning -0.3% overall.
  - The driving factors to performance over the quarter came from the LCIV Absolute Return Fund which underperformed its cash-plus target. This was partially offset by overperformance from the Abrdn Long Lease Property Fund which returned 2.2%.
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 March 2023. 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. The breaches of the law log has not been included this quarter as there have been no breaches to report.
6. The ESG dashboard can be found at:

<https://app.powerbi.com/view?r=eyJrljoiYjc2ZTEyZjltODI0Yi00NzY2LWJkNTMtODAwYjNINWNjYTQ5liwidCI6IjUwZDhjMTE1LWI3N2YtNDM5NS1hM2JhLTNiNDA3Y2FmMGQ4OCIsImMiOjh9>

### Risk Management Implications

1. This is included in the risk registers.

## **LIST OF APPENDICES**

Appendix 1: Scorecard at 30 June 2022

Appendix 2a: Deloitte Quarterly Report for Quarter Ended 30 June 2022

Appendix 2b: Deloitte Quarterly Report for Quarter Ended 30 June 2022 (EXEMPT)

Appendix 3: Cashflow Monitoring Report

Appendix 4: Pension Fund Risk Registers