

**CAMBRIDGESHIRE PENSION
FUND**



Pension Fund Board

Date: 24th July 2014

Report by: Head of Pensions

Subject:	Annual Performance Review to the 31st of March 2014
Purpose of the Report	To give a detailed view to the Pension Fund Board of the investment market environment and the performance of the Fund's investments for the year up to the 31 st of March 2014 relative to its LGPS peers.
Recommendations	That the Pension Fund Board: 1. Note the Annual Performance and Benchmarking Review.
Enquiries to:	Tolu Osekita – 01604 367456

1. Background

- 1.1** The Cambridgeshire Pension Fund (the "Fund") has engaged WM State Street Global Services ("State Street") to provide performance reporting for the Fund's investments. State Street provides quarterly reports for review at the meetings of the Investment Sub Committee.
- 1.2** State Street have summarised the full year's performance in the attached presentation to the Pension Fund Board reviewing the market environment and the total Fund performance covering the period from the 1st of April 2013 to the 31st of March 2014 relative to its other LGPS peers.

2. 2013/14 Annual Review

- 2.1** The State Street presentation is attached as an **Appendix** to this paper.

3. Conclusion

- 3.1** State Street summarise investment performance in the year as follows:-
 - Another strong year for the sector
 - Performance led by risk assets

- The Fund outperformed its benchmark for a second successive year and returned second quartile results when compared against the Local Authority Universe.
- The Fund has performed in line with benchmark over the last three years but underperformed longer term. Results are similar when compared against the Local Authority Universe results.
- The underperformance in the longer term is impacted by the 2009/10 year as a result of a 6% drop in performance relative to the benchmark and a 2.5% drop relative to the Local Authority Universe during that year.
- The Fund is well diversified in terms of asset type and manager

3.2 The review of 2014/15 investment environment and Fund performance will be presented in July 2015.

4. Relevant Pension Fund Objectives

Perspective	Outcome
Funding and Investment	<ul style="list-style-type: none"> • To ensure that the Fund is able to meet its liabilities for pensions and other benefits with the minimum, stable level of employer contributions. • To ensure that sufficient resources are available to meet all liabilities as they fall due. • To maximise the returns from its investments within reasonable risk parameters.

5. Finance and Resource Implications

5.1 There are no additional finance implications as a result of the recommendations set out in this paper.

6. Risk Implications

a) Risk(s) associated with the proposal

Risk	Mitigation	Residual Risk
None, this report is for noting.		Green

b) Risk(s) associated with not undertaking the proposal

Risk	Risk Rating
The Pension Fund Board are not clear on the performance of the Fund's investments.	Amber

7. Communication Implications

Direct Communications	None
Website	None
Newsletter	None
Induction	None
Seminar	None
Training	None

8. Legal Implications

- 8.1** There are no legal implications as a result of the recommendations set out in this paper.

9. Consultation with Key Advisors

- 9.1** The presentation has been produced by WM State Street Global Services utilising information provided by the Fund's investment managers.

10. Alternative Options Considered

None.

11. Background Papers

None

12. Appendix

WM State Street Global Services Cambridgeshire Pension Fund Annual Review.

Checklist of Key Approvals	
Is this decision included in the Business Plan?	YES
Will further decisions be required? If so, please outline the timetable here	NO
Is this report proposing an amendment to the budget and/or policy framework?	NO
Has this report been cleared by the relevant Director?	Yes – cleared by Matt Bowmer, Director of finance and Section 151 Officer.
Has this report been cleared by the Head of Pensions?	Yes Steve Dainty, Head of Pensions
Has this report been cleared by the Section 151 Officer?	Yes – cleared by Matt Bowmer, Director of finance and Section 151 Officer.
Has the Chairman of the Pension Fund Board been consulted?	YES
Has this report been cleared by Legal Services?	YES E-mailed Laurie Gould 9 th July 2013