

## WIRRAL COUNCIL

### PENSIONS COMMITTEE

18 JUNE 2009

### REPORT OF THE DIRECTOR OF FINANCE

#### INVESTMENT PERFORMANCE 2008 - 2009

##### 1. EXECUTIVE SUMMARY

1.1. This report outlines the investment performance of Merseyside Pension Fund for the year ended 31 March 2009 as reported by the WM Company.

##### 2. PERFORMANCE REVIEW

2.1. The Fund returned a negative 17.7 per cent in the financial year to the end of March 2009 compared to its bespoke benchmark return of -17.8 per cent , an outperformance of 0.1 per cent against benchmark.

2.2. Over the same period, the average return of all Local Authority Pension Funds based on the WM Local Authority universe of 90 funds was -19.2 per cent.

2.3. The financial year ending March 31 2009 witnessed an unprecedented downward spiral across the globe encompassing all asset classes. The near failure and rescue of high profile financial institutions worldwide exacerbated a credit crunch which spilled over into the real economy as the corporate sector struggled to raise bank finance. At the macro economy level, the major OECD economies fell into recession with significant downgrades in the outlook for GDP going forward

2.4. In an extremely challenging financial market environment, the relative performance of the Fund against its constituent benchmarks held up well. The one exception was the extremely disappointing performance of alternative assets which underperformed its benchmark by 18% and exerted a materially negative impact on aggregate Fund performance of 170bps (1.7%).

2.5. The performance of the Fund against its relevant benchmark and against price and earnings indices over 1, 3 and 5, year periods is tabulated below.

	1 Year	3 Year	5 Year	10 year
<b>MPF</b>	-17.7	-4.8	3.5	NA
<b>Benchmark *</b>	-17.8	-4.3	3.4	NA
<b>RPI</b>	0.9	3.1	3.0	NA
<b>Average Earnings</b>	3.3	3.6	4.0	NA

- 1, 3 & 5 year benchmarks = MPF bespoke.

**3. FINANCIAL IMPLICATIONS**

- 3.1. The Fund returned -17.7 per cent in 2008/09. The Fund declined in value by circa £800m over the financial year to 31 March 2009.

**4. STAFFING IMPLICATIONS**

- 4.1. There are no staffing implications in this report.

**5. EQUAL OPPORTUNITY IMPLICATIONS**

- 5.1. There are none arising directly from this report.

**6. HUMAN RIGHTS IMPLICATIONS**

- 6.1. There are none arising directly from this report.

**7. COMMUNITY SAFETY IMPLICATIONS**

- 7.1. There are no specific implications arising from this report.

**8. LOCAL MEMBER SUPPORT IMPLICATIONS**

- 8.1. There are no specific implications for any Member or Ward.

**9. LOCAL AGENDA 21 IMPLICATIONS**

- 9.1. There are no specific implications arising from this report.

**10. PLANNING IMPLICATIONS**

- 10.1. There are no specific implications arising from this report.

**11. BACKGROUND PAPERS**

- 11.1. This report is based upon an analysis by the WM Company.

**12. RECOMMENDATION**

- 12.1. That the Committee is requested to note the investment performance of the Fund in the year ended 31 March 2009.

IAN COLEMAN  
DIRECTOR OF FINANCE