

WIRRAL COUNCIL

PENSIONS COMMITTEE

28 JUNE 2010

REPORT OF THE DIRECTOR OF FINANCE

INVESTMENT PERFORMANCE 2009 - 2010

1. EXECUTIVE SUMMARY

- 1.1. This report outlines the investment performance of Merseyside Pension Fund for the year ended 31 March 2010 as reported by the WM Company.

2. PERFORMANCE REVIEW

- 2.1. MPF returned 33.1 per cent in the financial year to the end of March 2010 compared to its bespoke benchmark return of 33 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 88 funds was 35 per cent – the highest return achieved for 30 years.
- 2.3. The financial year ended March 31 2010 witnessed a strong rebound in equity markets worldwide as leading economies staged a tentative recovery from the worst recession experienced since the Second World War. Equities outperformed bonds in an environment that favoured “riskier” assets namely a return to economic growth, exceptionally low interest rates across the globe, and fiscal stimulus packages in the major advanced economies.
- 2.4. UK bonds and alternative assets performed strongly over the period although this was offset somewhat by underperformance in UK equities where active managers were unable to meet their benchmark targets.
- 2.5. The performance of MPF against the relevant benchmark and against price and earnings indices over 1, 3, 5, and 10 year periods is tabulated below. The longer term investment performance continues to hold up well. Over three and ten years, Merseyside Pension Fund ranks in the top one third of all Local Authority funds.

	1 Year	3 Year	5 Year	10 year
MPF	33.1	2.6	7.1	4.4
Benchmark *	33	2.7	7.2	3.8
RPI	4.4	2.6	3	2.7
Average Earnings	5.5	3.6	3.7	3.8

- 1, 3 & 5 year benchmarks = MPF bespoke.
- 10 year benchmark = UK Local Authority Peer Group.

3. FINANCIAL IMPLICATIONS

- 3.1. The Fund returned 33.1% per cent in 2009/10. The Fund increased in value by £1.15bn over the financial year to 31 March 2010.

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. Analysis by the WM Company.

12. RECOMMENDATION

- 12.1. That the Committee note the investment performance for the year ended March 2010.

IAN COLEMAN
DIRECTOR OF FINANCE