

**WIRRAL COUNCIL**  
**PENSIONS COMMITTEE**  
**22 JUNE 2015**

<b>SUBJECT:</b>	<b>INVESTMENT PERFORMANCE</b>
<b>WARD/S AFFECTED:</b>	<b>NONE</b>
<b>REPORT OF:</b>	<b>STRATEGIC DIRECTOR</b> <b>TRANSFORMATION &amp; RESOURCES</b>
<b>KEY DECISION?</b>	<b>NO</b>

**1.0 EXECUTIVE SUMMARY**

- 1.1 This report sets out the investment performance of Merseyside Pension Fund for the fiscal year ended March 2015 as computed and reported by the WM Company.

**2.0 BACKGROUND AND KEY ISSUES**

- 2.1 The Fund returned 12.6 per cent in the financial year to the end of March 2015 compared to its bespoke benchmark return of 10.9 per cent, an outperformance of 1.5 per cent.
- 2.2. Over the financial year to the end of March 2015, global asset markets remained exposed to uncertainties about the world economic outlook, and expectations regarding the future path of global interest rates which continued to remain at unprecedented historically low levels.

Further divergence was seen in the economic growth paths of developed economies with the US Federal Reserve ending its QE3 asset purchase programme, while the Bank of Japan and the European Central Bank provided a further monetary stimulus to their respective faltering economies.

However, despite these uncertainties, and increased geopolitical tensions, global equity markets remained buoyant, with ample monetary stimulus continuing to fuel investors' risk appetite and boosting the search for higher yielding assets.

Stock markets rallied, particularly in advanced economies with the US S&P Index increasing over 21 per cent, and Japan's Nikkei 225 Index rising over 25 per cent year on year. European markets were more subdued with the UK's FTSE Index and European stocks gaining just over 2 per cent respectively over the comparable period.

In the fixed income markets bond yields continued to fall, with some markets witnessing negative yields. Yields on corporate bonds also narrowed over the year, with record low government bond yields pushing up the valuations of risky assets.

2.3. The performance of the Fund against its benchmark and against CPI and UK average weekly earnings indices for 1, 3, and 5 year periods is tabulated below.

	<b>1 Year</b>	<b>3 Year</b>	<b>5 Year</b>
<b>MPF</b>	12.6	10.6	8.6
<b>Benchmark</b>	10.9	8.8	7.5
<b>Relative Return</b>	1.5	1.6	1.1
<b>CPI</b>	-0.08	1.4	2.4
<b>Average Earnings</b>	3.3	1.7	1.6

Source: WM Quarterly Review Periods to End March 2015

### **3.0 RELEVANT RISKS**

3.1 The performance of the Fund, relative to its benchmark, is a key indicator of the successful implementation of the Fund's investment strategy which is established with a view to meeting the Fund's longer term liabilities.

### **4.0 OTHER OPTIONS CONSIDERED**

4.1 Not relevant for this report

### **5.0 CONSULTATION**

5.1 Not relevant for this report

### **6.0 OUTSTANDING PREVIOUSLY APPROVED ACTIONS**

6.1 None associated with the subject matter.

### **7.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS**

7.1 There are no implications arising directly from this report

### **8.0 RESOURCE IMPLICATIONS: FINANCIAL; IT; STAFFING; AND ASSETS**

8.1 The Fund returned 12.6 percent in the financial year ending March 31<sup>st</sup> 2015 and outperformed its bespoke benchmark which returned 10.9 per cent over the comparable period.

### **9.0 LEGAL IMPLICATIONS**

9.1 There are no implications arising directly from this report

**10.0 EQUALITIES IMPLICATIONS**

10.1 Has the potential impact of your proposal(s) been reviewed with regard to equality?

(b) No because there is no relevance to equality.

**11.0 CARBON REDUCTION IMPLICATIONS**

11.1 There are no carbon usage implications, nor any other relevant environmental issues arising from this report.

**12.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS**

12.1 There are no planning or community safety implications arising from this report.

**13.0 RECOMMENDATION/S**

13.1 Members note the report.

**14.0 REASON/S FOR RECOMMENDATION/S**

14.1 The performance of the Fund, relative to its benchmark, is a key indicator of the successful implementation of the Fund's investment strategy which is established with a view to meeting the Fund's liabilities over the long-term.

**REPORT AUTHOR:** *Leyland Otter*  
*Senior Investment Manager*  
telephone: (0151) 242 1316  
email: leylandotter@wirral.gov.uk

**APPENDICES**

NONE

**BACKGROUND PAPERS/REFERENCE MATERIAL**

The WM Company – Merseyside Pension Fund Quarterly Performance Review.

**BRIEFING NOTES HISTORY**

Briefing Note	Date
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**SUBJECT HISTORY (last 3 years)**

<b>Council Meeting</b>	<b>Date</b>
A report on the Fund's investment performance is brought annually to Pensions Committee	