

By: Chairman Superannuation Fund Committee  
Corporate Director Finance and Procurement

To: Superannuation Fund Committee – 21 March 2014

Subject: **FUND POSITION STATEMENT**

Classification: Unrestricted

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Summary: To provide a summary of the Fund asset allocation and performance.

**FOR DECISION**

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**INTRODUCTION**

1. The Fund Position Statement is attached.
2. The Fund at 31 December 2013 recorded its highest ever value at £4,087m with a return of 18.6% in the year. As the Fund Position Statement shows in the section on Performance Returns the Fund has benefitted substantially from the Committee's decision to remain overweight in equities. Compared with the WM Local Authority Average the Fund was in the 10<sup>th</sup> percentile over 1 year, 15<sup>th</sup> over 3 years and 24<sup>th</sup> over 5 years-exceptionally strong performance.
3. The Fund continues to have an overweight position in Equities with a total allocation of 70.3% against a benchmark of 64% - an overweight of £260m. January saw general falls in equity markets with UK and Global equities down 3%, this was largely reversed in February with strong returns, UK equities and European ex UK Equities up 5%. Notwithstanding the major changes made recently to the investment manager roster the most important investment decision facing the Committee is whether to maintain the overweight to equities. There is also the subsidiary issue of what to do with any money taken out of equities, with yields likely to rise Fixed Income is not attractive and Pyrford already have a large allocation and have fallen behind their benchmark. Members are asked to consider whether they wish to reduce the overweight position.

**RECOMMENDATION**

4. Members are asked to:
  - (1) Note the Fund Position Statement.
  - (2) Determine whether to reduce the Equity overweight position.

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