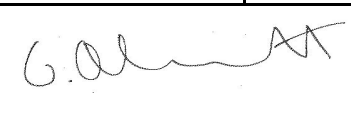


Report to:	Pension Committee	Date:	4 September 2017
Report title:	Review of Investment Strategy		
Report from:	Gerald Almeroth, Strategic Director – Resources		
Ward/Areas affected:	Borough Wide		
Chair of Committee:	Councillor Sunita Gordon		
Author(s)/Contact Number(s):	Lyndsey Gamble, Head of Financial Strategy and Planning, 0208 770 5358		
Corporate Plan Priorities:	<ul style="list-style-type: none"> • A Smart Council 		
Open/Exempt:	Part-Exempt: Appendix A is exempt on the basis of Paragraph 3, Schedule 12A of Local Government Act 1972		
Signed:		Date:	23 August 2017

1. Summary

- 1.1. This report updates the Committee on progress with the review of the current pension fund investment strategy. The final results of the review will be brought to the Pension Committee for discussion in December.

2. Recommendations

The Pension Committee is recommended to:

- 2.1. Note the update on progress of the review and the content of the research paper from the Fund's investment advisors Hymans Robertson (Appendix A).

3. Background

- 3.1. Following the completion of the triennial actuarial valuation, the Committee commissioned Hymans Robertson to work with officers and the Committee to review the current investment strategy.
- 3.2. It was agreed that the aims of the review were:
- to understand the level of risk within the current investment strategy in terms of achieving the overall funding objective of a 100% funding level within a period of 22 years;
 - to analyse a range of investment options and consider whether a different or refined strategy will better meet the agreed criteria; and,

- to develop a framework for the investment strategy that allows the council to set targets to manage risk within the Fund as it moves over time relative to the long term funding target.

3.3. Other factors to be brought into the review are as follows:

- consideration of the appropriate balance of active versus passive management of equities and UK versus Global equities;
- levels of diversification in the strategy; and,
- the role of property and other alternative asset classes within the investment strategy.

3.4. Officers are currently working closely with Hymans Robertson to review and consider the issues raised above. The timing of the review is on target as planned and the outcomes from this review will be brought to the December Committee for consideration and decision.

3.5. As part of the background work to the strategy review Hymans Robertson were asked to look at the historic performance of the London Borough of Sutton fund relative to other Local Government Pension Scheme (LGPS) funds. A short report outlining the results of this research is attached at Appendix A. This draws out some differences in how other funds are managed and different levels of performance over the period that can inform and shape the fund for Sutton in the future. Members are asked to consider the findings at this stage and comment appropriately.

4. Impacts and Implications

Financial

4.1. There are no direct financial implications arising from the recommendations in this report.

Legal

4.2. There are no legal implications arising from this report.

5. Appendices and Background Documents

Appendix Letter	Title
A	Hymans Robertson report: Review of Sutton and LGPS fund performance (exempt on the basis of Paragraph 3, Schedule 12A of Local Government Act 1972)

Background Documents

Presentation to Pension Committee on Review of Investment Strategy on 12 June 2017.

Audit Trail

Version:	Final	Date: 23 August 2017
Consultation with other officers		
Officer	Comments Sought	Comments checked by
Finance	Yes	Lyndsey Gamble
Legal	N/A	N/A
Equality Impact Assessment required?	N/A	N/A

This page is intentionally left blank