

Haringey Council

Report for:	Corporate Committee 27th June 2013	Item number	
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Title:	Pension Fund: Asset Allocation Advice
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Report authorised by :	<i>J. Power 18/6/13</i> Director of Corporate Resources
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Lead Officer:	Ian Talbot, Interim Head of Finance – Treasury & Pensions ian.talbot@haringey.gov.uk 020 8489 8621
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Ward(s) affected: N/A	Report for Non Key Decision
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1. Describe the issue under consideration

- 1.1 This report considers the Pension Fund's current asset allocation and recommends movements towards the agreed strategic benchmark.

2. Cabinet Member Introduction

- 2.1 Not applicable.

3. Recommendations

- 3.1 That the asset allocation moves set out in the Advice Table on page 6 of Appendix 1 are implemented.

4. Other options considered

- 4.1 None.



5. Background information

- 5.1 At the time of agreeing the new investment strategy for the Pension Fund, the Committee agreed the assets would be transferred to the new fund managers in their existing allocations and that asset allocation advice would be taken from the investment advisers, Aon Hewitt to move to the agreed strategy on a gradual basis taking into consideration conditions in the market.
- 5.2 At the meetings on 22nd January 2013 and 14th March 2013 Aon Hewitt presented a timetable of proposed moves which would achieve the strategic asset allocation by the end of 2013. The moves agreed at those meetings were implemented on 1st February 2013 and 2nd April 2013 respectively.

6. Comments of the Chief Financial Officer and financial implications

- 6.1 This report recommends the next set of timetabled moves to achieve the strategic asset allocation by the end of the calendar year. Implementing the moves on a gradual basis mitigates the risk to performance of making one large move.

7. Head of Legal Services and Legal Implications

- 7.1 The Council as administering authority for the Pension Fund has the power to invest fund monies as set out in Local Government Pension Scheme (Management and Investment Funds) Regulations 2009.
- 7.2 All investments must comply with the Council's published investment policy and the asset allocation must be in accordance with the investment strategy adopted on 12th April 2011. This third allocation forms part of the strategic allocation to the new fund managers.

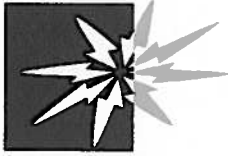
8. Equalities and Community Cohesion Comments

- 8.1 Not applicable.

9. Head of Procurement Comments

- 9.1 Not applicable.

10. Policy Implications



Haringey Council

10.1 None.

11. Use of Appendices

11.1 Appendix 1: Aon Hewitt – Asset Allocation Process

12. Local Government (Access to Information) Act 1985

12.1 Not applicable.

13. Asset Allocation

13.1 At the meetings on 22nd January 2013 and 14th March 2013 the Committee agreed to the first two sets of asset allocation moves towards the strategic asset allocation and these were implemented on 1st February 2013 and 2nd April 2013 respectively. Aon Hewitt have prepared a report setting out their advice for the third set of asset allocation moves to the strategic benchmark in 2013 and this is attached at Appendix 1.

13.2 This shows that the Pension Fund remains overweight in its allocation to equities (75.7% compared to 70%). Offsetting this overweight, the property and private equity allocations are underweight, but these are long term asset classes which cannot be added to quickly. Property and private equity, along with other alternative asset classes, are currently being considered by the working group. Recommendations will be brought to the Committee once the review is complete.

13.3 Aon Hewitt have recommended that the planned moves take place over time for all asset classes and that the overweight position in equities is temporarily maintained. These recommendations have been discussed with Aon Hewitt and are supported by officers and the Independent Adviser.

