

DYFED PENSION FUND COMMITTEE

DATE 26/06/2023

Strategic Asset Allocation (SAA) Review

To provide the Dyfed Pension Fund Committee with information in relation to a SAA Review.

Recommendations / key decisions required:

The Committee to approve the work associated with a SAA Review.

Reasons:

Further to the results of the 2022 Triennial Valuation, a review will examine the overall SAA of the investment portfolio. Recommendations will be made as to where any portfolio optimisation may be implemented to meet the Fund's objectives and requirements.

Cabinet Decision Required N/A

Council Decision Required N/A

CABINET MEMBER PORTFOLIO HOLDER:- N/A

Directorate:
Corporate Services

Name of Director:
Chris Moore

Report Author:
Chris Moore

Designations:
Director of Corporate
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**EXECUTIVE SUMMARY
DYFED PENSION FUND COMMITTEE
DATE 26/06/2023**

Strategic Asset Allocation (SAA) Review

The review will examine the overall SAA of the investment portfolio and provide recommendations as to where any portfolio optimisation may be implemented to meet the Fund's objectives and requirements.

As part of the review the following data would be examined:

- Latest Investment Strategy Statement.
- Actuarial Valuation Report as at 31 March 2022.
- Latest SAA and current asset allocations as at 31 December 2022.
- Latest investment returns.
- Projections of cashflow requirements (including projected liabilities and contributions).

There are several investment consultants who could undertake this review. They all have significant experience in this area of work. One such consultant, MJ Hudson (APEX Group), has recently completed a similar exercise for a number of other Local Authority Pension Funds. They are therefore well placed to undertake this piece of work and have an understanding of the Fund through other services they provide.

They have significant resources in terms of actuarial expertise and available technology to assist with the review, using a proprietary model to suggest a range of alternative portfolios, which might offer the best risk-adjusted return available to the Fund.

Appointing MJ Hudson, with their existing knowledge of the Fund, will ensure the work is conducted in an efficient manner with officer time spent on the review minimised. Their understanding of the Fund and resources available to them will also increase the likelihood that the review is conducted to a high standard and any recommendations are relevant to the Fund's risk appetite.

The proposed fee at £19,750 is competitive compared with the other investment consultants. The review will take a few months to complete.

DETAILED REPORT ATTACHED?

NO

IMPLICATIONS

I confirm that other than those implications which have been agreed with the appropriate Directors / Heads of Service and are referred to in detail below, there are no other implications associated with this report:

Signed: **C Moore**

Director of Corporate Services

Policy, Crime & Disorder and Equalities	Legal	Finance	ICT	Risk Management Issues	Staffing Implications	Physical Assets
YES	NONE	YES	NONE	YES	NONE	NONE

Policy

The outcome of the review will have an impact on the Fund's policies in terms of Strategic Asset Allocation and Investment Strategy. Any amendments to the Investment Strategy will be formally approved by Committee once the review has been completed.

Finance

The proposed fee for this piece of work is £19,750. This fee has been included in the Fund's 2023-2024 budget.

Risk Management

The review will ensure that the risk profile of the Fund's investment portfolio is appropriate in terms of its funding position as per the results of the 2022 Triennial Valuation.

CONSULTATIONS

I confirm that the appropriate consultations have taken in place and the outcomes are as detailed below

Signed: C Moore

Director of Corporate Services

1. Scrutiny Committee request for pre-determination	N/A
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2. Local Member(s)

N/A

3. Community / Town Council

N/A

4. Relevant Partners

N/A

5. Staff Side Representatives and other Organisations

N/A

CABINET MEMBER PORTFOLIO HOLDER(S) AWARE/CONSULTED	N/A
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**Section 100D Local Government Act, 1972 – Access to Information
List of Background Papers used in the preparation of this report:**

THERE ARE NONE

Title of Document	File Ref No.	Locations that the papers are available for public inspection