

**REPORT OF CORPORATE DIRECTOR RESOURCES**

**AGENDA ITEM: 7**

---

**INVESTMENT STRATEGY & ASSET ALLOCATION**

**Reason for this Report**

1. The Pension Committee Terms of Reference set out the Committee's responsibility for the strategic governance of the Cardiff & Vale of Glamorgan Pension Fund.
2. This report has been prepared to request that the Committee approve the Strategic Asset Allocation recommended by the Investment Advisory Panel for 2017-18.

**Issues**

3. The Investment Advisory Panel reviews the Fund's Strategic Asset Allocation annually. A fundamental review is carried out following each Triennial Valuation and minor changes may be made following interim reviews in other years. Formal approval of the Asset Allocation now falls within the Committee's remit.
4. The Investment Advisory Panel met on 19 September 2017 with the Strategic Asset Allocation as an item for review. The Panel report is attached as confidential Appendix 1. The Panel considered the implications of the significant increase in the Fund's assets over the 2016-17 financial year and the projected impact on the funding position. The independent advisors recommended reallocating 9% of assets from equities to fixed income, subject to the Fund actuaries confirming that this is consistent with the Fund's funding strategy. The recommended allocation for 2017-18 is shown in Appendix 2.

**Legal Implications**

5. The Strategic Asset Allocation is a technical document, the contents of which Legal Services are unable to comment upon. It is understood by Legal Services that this is drafted and prepared with assistance from appropriate external advisors and is recommended for approval by the Pensions Advisory Panel and it is understood this is an annual review rather than a fundamental review. The recommendation does not appear to raise any specific legal implications however the general legal advice set out below should be considered.
6. As with approval of all technical documents this decision must (a) be within the legal powers of the Council; (b) comply with any procedural requirement imposed by law; (c) be within the powers of the body or person exercising powers on behalf of the Council; (d) be undertaken in accordance with the procedural requirements imposed by the

Council eg. standing orders and financial regulations; (e) be fully and properly informed; (f) be properly motivated; (g) be taken having regard to the Council's fiduciary duty to its tax payers; and (h) be reasonable and proper in all the circumstances and comply with any equalities legislation.

### **Financial Implications**

7. There are no direct financial implications arising from this report.

### **Recommendations**

8. That the Committee approves the Strategic Asset Allocation recommended by the Investment Advisory Panel, subject to advice from the Fund Actuaries.

**CHRISTINE SALTER**  
**CORPORATE DIRECTOR RESOURCES**

The following Appendices are attached:

Appendix 1 – Report to Investment Advisory Panel 19 September 2017 CONFIDENTIAL  
Appendix 2 - Proposed Asset Allocation for 2017-18