

WARWICKSHIRE

pension fund

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WPFinvestments@Warwickshire.gov.uk

Topics - Funding

1) Commitment to full funding

2) Value of smooth contributions

3) Investment strategy and risk

4) Preferred funding method

Objectives

Ensure that pensions are paid accurately and on time when they are due

Ensure that funds are available to pay member pensions when they are due

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What is your favoured probability of the Fund having sufficient monies to pay members' benefits?

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Ways of meeting our objectives

Two levers:

Employer
contributions

Investment returns

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To what extent do you value smooth contributions? (range of increases or decreases is limited to this value at each triennial review)

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Funding level and contribution rate

Small downside

Higher contribution rate

Small chance of increase

Medium downside

Medium contribution rate

Medium chance of increase

Large downside

Lower contribution rate

Large chance of increase

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Presenter

2021-05-11 15:21:56

Current assumed investment return is 3% p.a. (numbers as at 31 March 2019 were £180m or 4.1% p.a.) Likelihood of 4.1% was 70%, 3.9% now has a 70% probability of achievement

What is your preferred method of repairing any future emerging funding deficits?

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Relationship between volatility, expected asset return and downside funding level

Risk is measured by an asset's volatility

Volatility measures the dispersion of returns

Higher volatility assets sometimes offer higher expected returns

Higher volatility across the portfolio would increase the level of downside risk


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What worst case scenario is acceptable? (as measured by the likelihood of a fall in the funding level of more than x% in the next 3 years)

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Any questions or comments? (open text)

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Topics - Investments

5) Management style beliefs

6) Responsible investment beliefs

7) Location beliefs

8) Liquidity beliefs

Management style

Fees:

Active (higher absolute fee)

Passive (lower absolute fee)

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Under what circumstances would you be willing to pay active management fees?" (multiple choices allowed)

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Responsible investment beliefs

Environmental

Social

Governance


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Rank the following in order of importance for you when considering investments

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Where would you like the Pension Fund to sit in relation to
Responsible Investments

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Location beliefs

Local - Warwickshire

National - UK

Proportionate—
Global

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Should the Fund have any preferences for regional investments, in addition to targeting investment returns? (multiple choices allowed)

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Liquidity beliefs

Alternatives

Deployment

Cash

Benefit payments

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What reasons for holding cash seem reasonable to you?


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Any questions or comments?

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pension fund

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