

CPF MEMBERS FORUM

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UK INVESTMENTS AND UK RETURNS

There has been considerable focus recently on how pension funds should invest more in the UK for “Levelling Up”, for UK growth and for the future. This is a major part of the LGPS funds consultation published recently by the DLUHC, see below.

In their annual reports, the 86 LGPS funds publish figures showing the balance of their UK and Global investment assets, AND the income or returns from these investments. Cheshire Pension Fund seem to show an example of the 80-20 rule, or Pareto Principle.

Information from Annual Reports for five years shows that CPF invests only about 20% of CPF assets in the UK, but these return about 80% of investment income.

	2022/2023	2021/2022	2020/2021	2019/2020	2018/2019	2017/2018
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Cheshire Pension Fund	£m	£m	£m	£m	£m	£m
Fund assets at end of Financial Year	£6,254	£6,958	£6,539	£5,501	£5,589	£5,336
Assets invested - UK		£1,584	£1,406	£1,464	£1,155	£1,116
Assets invested - non UK		£632	£604	£509	£920	£854
Assets invested - Global		£4,742	£4,529	£3,527	£3,513	£3,366
Investment Income for Financial Year		£31.8	£30.0	£40.0	£34.3	£34.7
Investment Income - UK		26.6	24.8	28.0	25.4	27.6
Investment income - non UK		0.2	1.5	0.4	0.4	0.7
Investment Income - Global		4.9	3.8	11.9	8.4	6.3
% Assets invested in UK	?	22.8%	21.5%	26.6%	20.7%	20.9%
% Investment income - UK	?	83.6%	82.7%	70.0%	74.1%	79.5%

If UK investment produces considerably better investment income for CPF, we question why CPF management, advisers, and the councillors who manage the fund, continue to invest about 80% of our pensions globally, missing out on better returns, as well as growth for the future of the UK economy. 2022/2023 Information is not yet available, see [Annual Report | Members \(cheshirepensionfund.org\)](http://AnnualReportMembers.cheshirepensionfund.org)

UK GROWTH AND LGPS FUNDS

A. The DLUHC consultation on LGPS Reforms 2 October 2023. [LGPS \(England and Wales\): Next steps on investments - GOV.UK \(www.gov.uk\)](http://LGPS(EnglandandWales):Nextstepsoninvestments-GOV.UK(www.gov.uk))

“The Local Government Pension Scheme England and Wales (LGPS) is one of the world’s largest funded pension schemes and a key player in global markets, investing around £364 billion (excluding Environment Agency funds) worldwide.

Its scale enables it to have a significant impact through its investments and gives it the potential to lead the market in innovation and transparency. While long term stable returns in order to pay pensions for its members are the primary purpose of the investments, the government believes that there is scope to deliver substantial benefits to the UK as a whole

