



LOCAL PENSION COMMITTEE – 27TH MAY 2016

REPORT OF THE DIRECTOR OF CORPORATE RESOURCES

SUMMARY VALUATION OF PENSION FUND INVESTMENTS AND INVESTMENT PERFORMANCE OF INDIVIDUAL MANAGERS

Purpose of Report

- To present to the Committee a summary valuation of the Fund's investments at 31st March 2016 (attached as an appendix to the report). Due to staff unavailability it was not possible to include the investment performance of individual managers within the report before it was posted to members, but it is expected that an update on this will be provided at the meeting.

Summary Valuation

- The total market value of investments at 31st March 2016 was £3,158.6m compared to £3,079.5m at 31st December 2015, an increase of £79.1m. In the three month period non-investment related net cash inflows amounting to £3.6m were received. After adjusting for non-investment related cash flows the Fund value increased by £75.5m, or 2.4%, due to changes in the value of investments.
- The total returns of various indices since 31st December 2015 were as follows:-

	Local Currency %	Converted to Sterling %	Return with 50% hedge %
UK Gilts	+4.9	+4.9	+4.9
UK Index-Linked	+5.7	+5.7	+5.7
UK Equities	-0.4	-0.4	-0.4
North American Equities	+1.2	+4.2	+2.7
European Equities	-6.4	+0.6	-3.5
Japanese Equities	-12.8	-4.3	-8.5
Pacific (Ex Japan) Equities	-0.6	+5.6	+2.5

- The current split of investments over sectors is as follows:-

	31st March 2016		31st December 2015
	£m	%	%
UK Equities	262.1	8.3	12.0
Overseas Equities	1,285.9	40.7	37.1
Targeted Return/Credit/Opportunity Pool	792.9	25.1	25.4
Private Equity	121.0	3.8	3.8
Property	293.4	9.3	9.4
Cash	8.4	0.3	1.4
Inflation-Linked Assets	387.0	12.2	11.1
Active and Passive Currency	7.9	0.3	(0.2)
	3,158.6	100.0	100.0

Equal Opportunities Implications

5. The matters referred to in the report have no identifiable equal opportunities implications.

Recommendation

6. The Local Pension Committee is asked to note the report.

Background Papers

Nil.

Officer to Contact

Colin Pratt, Investments Manager
Tel: (0116) 305 7656
Email: Colin.Pratt@leics.gov.uk

APPENDIX

PENSION FUND INVESTMENTS AS AT 31ST MARCH 2016

	<u>Market Value</u> £	<u>Value</u> %	<u>Benchmark</u> %	<u>Variance</u> %
<u>Equities</u>				
United Kingdom	262,119,053	8.30	8.10	0.20
Overseas:				
Global dividend-focused	248,698,695	7.87	8.00	-0.13
North America	462,863,106	14.65	14.20	0.45
Europe (Ex UK)	197,849,515	6.26	6.10	0.16
Japan	94,268,188	2.98	3.00	-0.02
Pacific (Ex Japan)	102,272,321	3.24	3.00	0.24
Emerging Markets	179,914,182	5.70	6.10	-0.40
Total	1,285,866,007	40.71	40.40	0.31
<u>Private Equity</u>				
	121,038,054	3.83	4.00	-0.17
<u>Property</u>				
Direct Holdings*	96,225,000	3.05	4.00	-0.95
Indirect Holdings	197,209,327	6.24	6.00	0.24
Total	293,434,327	9.29	10.00	-0.71
<u>Alternative Investments</u>				
Fauchier	687,967	0.02	0.00	0.02
Pictet	84,129,109	2.66	3.00	-0.34
Ruffer	215,251,927	6.81	7.00	-0.19
Credit Opportunities	158,184,755	5.01	5.00	0.01
Aspect	137,824,017	4.36	4.00	0.36
Emerging Market Debt	80,342,981	2.54	2.50	0.04
Opportunity pool	116,482,250	3.69	3.50	0.19
	792,903,006	25.10	25.00	0.10
<u>Commodities</u>				
	0	0.00	0.00	0.00
<u>Inflation-Linked Assets</u>				
Global Government Index-Linked Bonds	235,097,432	7.44	7.50	-0.06
Infrastructure	86,053,677	2.72	3.00	-0.28
Timberland	65,884,862	2.09	2.00	0.09
	387,035,971	12.25	12.50	-0.25
<u>Cash on Deposit</u>				
	8,289,392	0.26	0.00	0.26
<u>Unrealised Profit On Currency</u>				
Active	-376,473	-0.01	0.00	-0.01
Passive	8,244,460	0.26	0.00	0.26
Total	7,867,987	0.25	0.00	0.25
TOTAL	3,158,553,797	100.00	100.00	0.00
<u>Direct Property Holdings*</u>				
Retail	14,390,000	14.95		
Retail Warehouses	19,695,000	20.47		
Offices	24,500,000	25.46		
Industrials	16,855,000	17.52		
Leisure (Hotels/Health Club)	18,010,000	18.72		
Farms	2,775,000	2.88		
	96,225,000	100.00		

This page is intentionally left blank