

**LOCAL PENSION COMMITTEE – 1<sup>ST</sup> SEPTEMBER 2017**

**REPORT OF THE DIRECTOR OF CORPORATE RESOURCES**

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

Purpose of Report

- The purpose of this report is to present to the Committee a summary valuation of the Fund's investments at 30<sup>th</sup> June 2017 (attached as an appendix to this report), together with figures showing the performance of individual managers.

Summary Valuation

- The total market value of investments at 30<sup>th</sup> June 2017 was £3,907.4m compared to £3,872.9m at 31<sup>st</sup> March 2017, an increase of £34.5m. In the three month period non-investment related net cash inflows amounting to £3.1m were received. After adjusting for non-investment related cash flows the Fund value increased by £31.4m, or 0.8%, due to changes in the value of investments.
- The total returns of various indices since 31<sup>st</sup> March 2017 were as follows:-

	<b>Local Currency %</b>	<b>Converted to Sterling %</b>	<b>Return with 70% hedge %</b>
UK Gilts	-1.3	-1.3	-1.3
UK Index-Linked	-2.3	-2.3	-2.3
UK Equities	+1.4	+1.4	+1.4
North American Equities	+2.8	-0.9	+1.7
European Equities	+2.9	+5.2	+3.6
Japanese Equities	+1.7	+6.4	+3.1
Pacific (Ex Japan) Equities	+0.3	+4.6	+1.6

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

	<b>30<sup>th</sup> June 2017</b>		<b>31<sup>st</sup> March 2017</b>
	<b>£m</b>	<b>%</b>	<b>%</b>
UK Equities	312.3	8.0	8.0
Overseas Equities	1,556.6	39.8	40.0
Targeted Return/Credit/Opportunity Pool	853.0	21.8	20.4
Private Equity	143.4	3.7	3.7
Property	321.7	8.2	8.3
Cash	181.5	4.7	5.4
Inflation-Linked Assets	535.2	13.7	13.9
Active and Passive Currency	3.7	0.1	0.3
	<b>3,907.4</b>	<b>100.0</b>	<b>100.0</b>

5. The investment performance of the individual managers is laid out in the tables below, over various periods. For most managers the benchmark performance quoted is based on indices, for targeted return managers the benchmark is cash + 4% p.a. and for Millennium the benchmark is 1.5% p.a.

### 3 months

Manager/Portfolio	Actual (%)	B/mark(%)	Relative (%)
Legal & General (passive global equities)	+0.5	+0.5	-
Aviva Investors (property)	+2.3	+2.3	-
Aspect Capital (managed futures)	-3.1	+1.1	-4.2
Delaware (emerging market equities)	+2.9	+2.3	+0.6
Kleinwort Benson (equity dividend)	-1.0	+0.4	-1.4
Kempen (equity dividend)	+0.3	+0.4	-0.1
Ruffer (targeted return)	-0.8	+1.1	-1.9
Pictet (targeted return)	-0.4	+1.1	-1.5
Ashmore (emerging market debt)	+2.5	+2.5	-
Millennium (currency)	+0.3	+0.4	-0.1

### One year

Manager/Portfolio	Actual (%)	B/mark(%)	Relative (%)
Legal & General (passive global equities)	+22.8	+22.8	-
Aviva Investors (property)	+5.5	+6.0	-0.5
Aspect Capital (managed futures)	-11.3	+4.4	-15.7
Delaware (Emerging market equities)	+17.2	+12.7	+4.5
Kleinwort Benson (equity dividend)	+20.7	+22.2	-1.5
Kempen (equity dividend)	+24.8	+22.2	+2.6
Ruffer (targeted return)	+7.3	+4.4	+2.9
Pictet (targeted return)	+8.1	+4.4	+3.7
Ashmore (emerging market debt)	+12.4	+5.9	+6.5
Millennium (currency)	-0.1	+1.5	-1.6

### Three years (performance per annum)

Manager/Portfolio	Actual (%)	B/mark(%)	Relative (%)
Legal & General (passive global equities)	+13.1	+13.1	-
Aviva Investors (property)	+10.4	+9.5	+0.9
Aspect Capital (managed futures)	+7.9	+4.4	+3.5
Delaware (Emerging market equities)	+12.7	+10.8	+1.9
Ruffer (targeted return)	+7.1	+4.4	+2.7
Kleinwort Benson (equity dividend)	+13.4	+14.9	-1.5
Kempen (equity dividend)	+13.6	+14.9	-1.3
Millennium (currency)	+1.6	+1.5	+0.1

### Five years (performance per annum)

Manager/Portfolio	Actual (%)	B/mark(%)	Relative (%)
Legal & General (passive global equities)	+14.8	+14.8	-
Aviva Investors (property)	+9.9	+9.0	+0.9
Delaware (Emerging market equities)	+12.6	+8.0	+4.6
Ruffer (targeted return)	+7.5	+4.4	+3.1
Millennium (currency)	+1.1	+1.5	-0.4

**Equality and Human Rights Implications**

6. The matters referred to in this report have no identifiable equal opportunities implications.

**Recommendation**

7. It is recommended that the Committee notes the report.

**Officer to Contact**

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## PENSION FUND INVESTMENTS AS AT 30TH JUNE 2017

	<u>Market Value</u> £	<u>Value</u> %	<u>Benchmark</u> %	<u>Variance</u> %
<u>Equities</u>				
United Kingdom	312,318,207	7.99	7.50	0.49
Overseas:				
Global dividend-focused	320,134,292	8.19	8.00	0.19
North America	521,652,720	13.35	13.20	0.15
Europe (Ex UK)	245,218,128	6.28	5.70	0.58
Japan	112,936,916	2.89	2.80	0.09
Pacific (Ex Japan)	113,974,533	2.92	2.80	0.12
Emerging Markets	242,664,340	6.21	6.00	0.21
Total	1,556,580,929	39.84	38.50	1.34
<u>Private Equity</u>				
	143,435,226	3.67	4.00	-0.33
<u>Property</u>				
Direct Holdings*	96,224,000	2.46	3.30	-0.84
Indirect Holdings	225,460,467	5.77	6.70	-0.93
Total	321,684,467	8.23	10.00	-1.77
<u>Alternative Investments</u>				
Fauchier	533,158	0.01	0.00	0.01
Pictet	95,871,907	2.45	3.00	-0.55
Ruffer	241,689,539	6.19	6.50	-0.31
Credit Opportunities	209,011,088	5.35	7.50	-2.15
Aspect	121,280,577	3.10	3.50	-0.40
Emerging Market Debt	105,620,208	2.70	2.50	0.20
Opportunity pool	79,048,902	2.02	2.50	-0.48
	853,055,379	21.83	25.50	-3.67
<u>Commodities</u>				
	0	0.00	0.00	0.00
<u>Inflation-Linked Assets</u>				
Global Government Index-Linked Bonds	273,411,689	7.00	7.50	-0.50
Infrastructure	179,324,241	4.59	5.00	-0.41
Timberland	82,424,614	2.11	2.00	0.11
	535,160,544	13.70	14.50	-0.80
<u>Cash on Deposit</u>				
	181,511,245	4.65	0.00	4.65
<u>Unrealised Profit On Currency</u>				
Active	2,225,242	0.06	0.00	0.06
Passive	1,461,176	0.04	0.00	0.04
Total	3,686,418	0.09	0.00	0.09
<b>TOTAL</b>	<b>3,907,432,415</b>	<b>100.00</b>	<b>100.00</b>	<b>0.00</b>
<u>Direct Property Holdings*</u>				
Retail	13,495,000	14.02		
Retail Warehouses	19,310,000	20.07		
Offices	24,615,000	25.58		
Industrials	17,585,000	18.28		
Leisure (Hotels/Health Club)	18,425,000	19.15		
Farms	2,794,000	2.90		
	96,224,000	100.00		