

**LOCAL PENSION COMMITTEE – 10<sup>TH</sup> NOVEMBER 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> September 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> September 2017 was £3,999.1m compared to £3,907.4m at 30<sup>th</sup> June 2017, an increase of £91.7m. In the three month period non-investment related net cash inflows amounting to £3.0m were received. After adjusting for non-investment related cash flows the Fund value increased by £88.7m, or 2.3%, due to changes in the value of investments.
- The total returns of various indices since 30<sup>th</sup> June 2017 were as follows:-

	<b>Local Currency %</b>	<b>Converted to Sterling %</b>	<b>Return with 70% hedge %</b>
UK Gilts	-0.5	-0.5	-0.5
UK Index-Linked	-0.7	-0.7	-0.7
UK Equities	2.1	2.1	2.1
North American Equities	4.5	1.4	3.6
European Equities	4.2	3.6	4.0
Japanese Equities	4.3	0.8	3.2
Pacific (Ex Japan) Equities	2.5	0.2	1.8

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

	<b>30<sup>th</sup> September 2017</b>		<b>30<sup>th</sup> June 2017</b>
	<b>£m</b>	<b>%</b>	<b>%</b>
UK Equities	318.1	7.9	8.0
Overseas Equities	1,602.6	40.1	39.8
Targeted Return/Credit/Opportunity Pool	893.7	22.4	21.8
Private Equity	139.7	3.5	3.7
Property	327.2	8.2	8.2
Cash	125.1	3.1	4.7
Inflation-Linked Assets	552.4	13.8	13.7
Active and Passive Currency	40.3	1.0	0.1
	<b>3,999.1</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)	+2.1	+2.1	-
Aviva Investors (property)	+2.8	+2.4	+0.4
Aspect Capital (managed futures)	-1.1	+1.1	-2.2
Delaware (emerging market equities)	+11.0	+4.5	+6.5
Kleinwort Benson (equity dividend)	+1.7	+1.8	-0.1
Kempen (equity dividend)	+3.9	+1.8	+2.1
Ruffer (targeted return)	-0.3	+1.1	-1.4
Pictet (targeted return)	+1.6	+1.1	+0.5
Ashmore (emerging market debt)	+0.9	-0.8	+1.7
Millennium (currency)	+0.3	+0.4	-0.1

### Financial year to date (6 months)

Manager/Portfolio	Actual (%)	B/mark(%)	Relative (%)
Legal & General (passive global equities)	+2.6	+2.6	-
Aviva Investors (property)	+5.2	+4.8	+0.4
Aspect Capital (managed futures)	-4.2	+2.2	-6.4
Delaware (emerging market equities)	+14.2	+6.7	+7.5
Kleinwort Benson (equity dividend)	+0.7	+2.2	-1.5
Kempen (equity dividend)	+4.2	+2.2	+2.0
Ruffer (targeted return)	-1.1	+2.2	-3.3
Pictet (targeted return)	+1.2	+2.2	-1.0
Ashmore (emerging market debt)	-0.6	-2.3	+1.7
Millennium (currency)	+0.6	+0.7	-0.1

### One year

Manager/Portfolio	Actual (%)	B/mark(%)	Relative (%)
Legal & General (passive global equities)	+15.4	+15.3	+0.1
Aviva Investors (property)	+9.9	+9.3	+0.6
Aspect Capital (managed futures)	-10.9	+4.4	-15.3
Delaware (Emerging market equities)	+28.7	+18.6	+10.1
Kleinwort Benson (equity dividend)	+13.1	+14.9	-1.8
Kempen (equity dividend)	+19.1	+14.9	+4.5
Ruffer (targeted return)	+2.0	+4.4	-2.4
Pictet (targeted return)	+4.4	+4.4	-
Ashmore (emerging market debt)	+6.4	+1.2	+5.2
Millennium (currency)	+0.7	+1.5	-0.8

**Three years (performance per annum)**

<b>Manager/Portfolio</b>	<b>Actual (%)</b>	<b>B/mark(%)</b>	<b>Relative (%)</b>
Legal & General (passive global equities)	+13.4	+13.4	-
Aviva Investors (property)	+9.8	+8.9	+0.9
Aspect Capital (managed futures)	+5.1	+4.5	+0.6
Delaware (Emerging market equities)	+15.6	+11.7	+3.9
Ruffer (targeted return)	+6.1	+4.5	+1.6
Kleinwort Benson (equity dividend)	+13.3	+14.4	-1.1
Kempen (equity dividend)	+15.2	+14.4	+0.8
Ruffer (targeted return)	+6.1	+4.5	+1.6
Millennium (currency)	+0.8	+1.5	-0.7

**Five years (performance per annum)**

<b>Manager/Portfolio</b>	<b>Actual (%)</b>	<b>B/mark(%)</b>	<b>Relative (%)</b>
Legal & General (passive global equities)	+14.2	+14.2	-
Aviva Investors (property)	+10.5	+9.5	+1.0
Delaware (Emerging market equities)	+13.6	+7.9	+5.7
Ruffer (targeted return)	+7.3	+4.5	+2.8
Millennium (currency)	+1.2	+1.5	-0.3

**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 this report.

**Officer to Contact**

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