

LOCAL PENSION COMMITTEE – 23RD FEBRUARY 2018

REPORT OF THE DIRECTOR OF CORPORATE RESOURCES

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

Purpose of the Report

- The purpose of this report is to present to the Committee a summary valuation of the Fund's investments at 31st December 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 31st December 2017 was £4,146.0m compared to £3,999.1m at 30th September 2017, an increase of £146.9m. In the three month period non-investment related net cash inflows amounting to £8.4m were received. After adjusting for non-investment related cash flows the Fund value increased by 138.5m, or 3.5%, due to changes in the value of investments.
- The total returns of various indices since 30th September 2017 were as follows:-

	Local Currency %	Converted to Sterling %	Return with 70% hedge %
UK Gilts	+2.0	+2.0	+2.0
UK Index-Linked	+3.5	+3.5	+3.5
UK Equities	+5.0	+5.0	+5.0
North American Equities	+6.5	+5.6	+6.2
European Equities	+0.3	+0.4	+0.3
Japanese Equities	+8.9	+7.9	+8.6
Pacific (Ex Japan) Equities	+6.5	+7.8	+6.9

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

	31st December 2017		30th September 2017
	£m	%	%
UK Equities	327.5	7.9	7.9
Overseas Equities	1643.2	39.6	40.1
Targeted Return/Credit/Opportunity Pool	977.0	23.6	22.4
Private Equity	144.4	3.5	3.5
Property	358.7	8.6	8.2
Cash	121.4	2.9	3.1
Inflation-Linked Assets	578.9	14.0	13.8
Active and Passive Currency	(5.1)	(0.1)	1.0
	4146.0	100.0	100.0

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)	+4.9	+4.9	-
Aviva Investors (property)	+3.4	+3.1	+0.3
Aspect Capital (managed futures)	+9.6	+1.1	+8.5
Delaware (emerging market equities)	+2.0	+6.5	-4.5
Kleinwort Benson (equity dividend)	+5.6	+4.8	+0.8
Kempen (equity dividend)	+4.7	+4.8	-0.1
Ruffer (targeted return)	+3.1	+1.1	+2.0
Pictet (targeted return)	+3.2	+1.1	+2.1
Ashmore (emerging market debt)	+0.2	+0.4	-0.2
Millennium (currency)	-0.1	+0.4	-0.5

Financial year to date (9 months)

Manager/Portfolio	Actual (%)	B/mark(%)	Relative (%)
Legal & General (passive global equities)	+7.6	+7.6	-
Aviva Investors (property)	+8.8	+8.0	+0.8
Aspect Capital (managed futures)	+5.0	+3.4	+1.6
Delaware (emerging market equities)	+16.1	+13.9	+2.2
Kleinwort Benson (equity dividend)	+6.3	+7.2	-0.9
Kempen (equity dividend)	+9.2	+7.2	+2.0
Ruffer (targeted return)	+1.9	+3.4	-1.5
Pictet (targeted return)	+4.4	+3.4	+1.0
Ashmore (emerging market debt)	-0.5	-2.0	+1.5
Millennium (currency)	-0.1	+1.2	-1.3

One year

Manager/Portfolio	Actual (%)	B/mark(%)	Relative (%)
Legal & General (passive global equities)	+13.3	+13.3	-
Aviva Investors (property)	+11.6	+10.2	+1.4
Aspect Capital (managed futures)	+3.9	+4.4	-0.5
Delaware (Emerging market equities)	+31.8	+25.4	+6.4
Kleinwort Benson (equity dividend)	+11.2	+13.2	+2.0
Kempen (equity dividend)	+14.1	+13.2	+0.9
Ruffer (targeted return)	+2.1	+4.4	-2.3
Pictet (targeted return)	+6.0	+4.4	+1.6
Ashmore (emerging market debt)	+3.8	+1.2	+2.6
Millennium (currency)	-1.5	+1.5	-3.0

Three years (performance per annum)

Manager/Portfolio	Actual (%)	B/mark(%)	Relative (%)
Legal & General (passive global equities)	+14.1	+14.1	-
Aviva Investors (property)	+9.4	+8.4	+1.0
Aspect Capital (managed futures)	+1.0	+4.4	-3.4
Delaware (Emerging market equities)	+18.0	+14.4	+3.6
Ruffer (targeted return)	+5.8	+4.4	+1.4
Kleinwort Benson (equity dividend)	+13.8	+14.6	-0.8
Kempen (equity dividend)	+16.4	+14.6	+1.8
Ashmore (emerging market debt)	+9.3	+4.8	+4.5
Millennium (currency)	-0.1	+1.5	-1.6

Five years (performance per annum)

Manager/Portfolio	Actual (%)	B/mark(%)	Relative (%)
Legal & General (passive global equities)	+14.4	+14.4	-
Aviva Investors (property)	+11.6	+10.3	+1.3
Aspect Capital (managed futures)	+5.5	+4.4	+1.1
Delaware (Emerging market equities)	+12.2	+8.2	+4.0
Ruffer (targeted return)	+7.2	+4.4	+2.8
Kleinwort Benson (equity dividend)	+14.7	+14.9	-0.2
Kempen (equity dividend)	+14.0	+14.9	-0.9
Millennium (currency)	+0.9	+1.5	+0.6

Recommendation

6. It is recommended that the report be noted.

Appendix

7. Pension Fund Investments as at 31st December 2017.

Equality and Human Rights Implications

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

Officer to Contact

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