



LOCAL PENSION COMMITTEE – 9 NOVEMBER 2018

REPORT OF THE DIRECTOR OF CORPORATE RESOURCES

ACTION AGREED BY INVESTMENT SUBCOMMITTEE (ISC)

Purpose

1. The purpose of this report is to provide the Committee with an update following the meeting of the Investment Sub Committee on 10 October 2018.

Background

2. Ruffer has been employed by the Leicestershire Pension Fund since June 2009. It forms part of the Fund's Target Return portfolio alongside Aspect and Pictet. Ruffer has the highest allocation of the three managers accounting for slightly over half of the Targeted Return allocation with 6% of the Fund's assets under management (£260m).
3. The aim of the Targeted Return portfolio is to provide similar returns to equity, but with a lower level of volatility. There is also the additional benefit of some diversification away from equities, as the managers can invest in a range of asset types. The benchmark performance for the portfolio is cash + 4% p.a.
4. Ruffer's performance for the Fund since inception has been very good. However, the annual performance over the last three years of 3.7% is 0.7% below benchmark.

Review

5. At its meeting on the 10 October 2018 the Investment Subcommittee was asked to consider the Leicestershire Pension Fund's investments that are managed by Ruffer.
6. Briefing notes were received from the Funds Independent Investment Advisor and Hymans Robertson to support the review.
7. Ruffer attended the meeting and provided a presentation covering their investment philosophy, historic investment performance, the current make-up of their portfolio and the future outlook.
8. Following the presentation by Ruffer the ISC decided that the Leicestershire Pension Fund should reduce its target asset allocation in Ruffer's Targeted Return Investment from 6.0% to 4.0% of total Fund assets. The remaining 2.0% would be then used to increase the Fund's current investment in Pictet Asset Management.

LGPS Central Fund Launches

9. The ISC also received an update on the progress LGPS Central has made in the launch of its first two pooled products. The Leicestershire Fund has expressed an interest in both products, namely the Global Equities Active Multi-Manager Fund and the Private Equity Fund. Both products are still progressing to launch and a further update is provided as an item on today's agenda, through the LGPS Central Update report.

Recommendation

10. It is recommended that the report be noted.

Appendix

11. Reports of the Investment Subcommittee – 10 October 2018

Equality and Human Rights Implications

12. None.

Officers to Contact

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