

**LOCAL PENSION COMMITTEE – 9 NOVEMBER 2018**

**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> Sept 2018 (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 2018 was £4,266.1m compared to £4,181.4m at 30<sup>th</sup> June 2018, an increase of £84.7m. In the three month period non-investment related net cash inflows amounting to £7.2m were received. After adjusting for non-investment related cash flows the Fund value increased by £77.5m, or 1.9%, due to changes in the value of investments.
- The total returns of various indices since 30<sup>th</sup> June 2018 were as follows:-

	<b>Local Currency %</b>	<b>Converted to Sterling %</b>	<b>Return with 50% hedge %</b>
UK Gilts	-1.7	-1.7	-1.7
UK Index-Linked	-1.2	-1.2	-1.2
UK Equities	-0.8	-0.8	-0.8
North American Equities	+7.7	+9.0	+8.4
European Equities	+0.6	+3.1	+1.9
Japanese Equities	+5.9	+5.0	+5.5
Pacific (Ex Japan) Equities	+2.6	+0.7	+1.7

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

	<b>30<sup>th</sup> September 2018</b>		<b>30<sup>th</sup> June 2018</b>
	<b>£m</b>	<b>%</b>	<b>%</b>
UK Equities	324.3	7.6	7.5
Overseas Equities	1,676.5	39.3	38.7
Targeted Return/Credit/Opportunity Pool	1,008.7	23.6	23.7
Private Equity	175.2	4.1	3.8
Property	390.6	9.2	8.8
Cash	59.4	1.4	2.3
Inflation-Linked Assets	631.9	14.8	15.3
Active and Passive Currency	-0.6	(0.0)	(0.1)
	<b>4,266.1</b>	<b>100.0</b>	<b>100.0</b>

5. The investment performance of the individual managers is presented 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 (%)
Ashmore (emerging market debt)	+1.5	+0.4	+1.1
Aspect Capital (managed futures)	+1.0	+1.2	-0.2
Aviva Investors (property)	+1.9	+1.6	+0.3
Delaware (emerging market equities)	+0.9	+0.1	+0.8
Kempen (equity dividend)	+3.1	+6.3	-3.2
Kleinwort Benson (equity dividend)	+5.2	+5.5	-0.3
Legal & General (passive global equities)	+3.9	+3.9	0.0
Millennium (currency)	-0.1	+0.4	-0.5
Pictet (targeted return)	+0.4	+1.2	-0.8
Ruffer (targeted return)	-0.4	+1.2	-1.6

### One year

Manager/Portfolio	Actual (%)	B/mark(%)	Relative (%)
Ashmore (emerging market debt)	-3.6	-3.4	-0.2
Aspect Capital (managed futures)	+4.3	+4.8	-0.5
Aviva Investors (property)	+10.0	+8.8	+1.2
Delaware (emerging market equities)	-1.8	+2.0	-3.8
Kempen (equity dividend)	+8.0	+14.4	-6.4
Kleinwort Benson (equity dividend)	+10.6	+12.9	-2.3
Legal & General (passive global equities)	+10.2	+10.2	0.0
Millennium (currency)	-0.6	+1.5	-2.1
Pictet (targeted return)	+3.2	+4.8	-1.6
Ruffer (targeted return)	+2.6	+4.8	-2.2

### Three years (performance per annum)

Manager/Portfolio	Actual (%)	B/mark(%)	Relative (%)
Ashmore (emerging market Debt)	+9.3	+5.2	+4.1
Aspect Capital (managed futures)	-2.8	+4.8	-7.6
Aviva Investors (property)	+7.9	+7.1	+0.8
Delaware (emerging market equities)	+8.2	+6.0	+2.2
Kempen (equity dividend)	+18.8	+19.2	-0.4
Kleinwort Benson (equity dividend)	+18.2	+19.2	-1.0
Legal & General (passive global equities)	+17.6	+17.6	0.0
Millennium (currency)	-0.7	+1.5	-2.2
Pictet (targeted return)	+2.0	+1.5	+0.5
Ruffer (targeted return)	+5.4	+4.4	+1.0

**Five years (performance per annum)**

<b>Manager/Portfolio</b>	<b>Actual (%)</b>	<b>B/mark(%)</b>	<b>Relative (%)</b>
Ashmore (emerging market debt)	+3.8	+2.0	+1.8
Aspect Capital (managed futures)	+6.1	+4.8	+1.3
Aviva Investors (property)	+12.0	+10.4	+1.6
Delaware (emerging market equities)	+1.9	+1.6	+0.3
Kempen (Equity Dividend)	+11.8	+14.1	-2.3
Kleinwort Benson (equity dividend)	+12.3	+13.4	-1.1
Legal & General (passive global equities)	+12.1	+12.1	0.0
Millennium (currency)	+0.7	+1.5	-0.8
Ruffer (targeted return)	+5.5	+4.8	+0.7

**Recommendation**

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

**Appendix**

7. Report of the Fund's Independent Investment Advisor

**Equality and Human Rights Implications**

8. None.

**Officers to Contact**

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## Appendix

## LEICESTERSHIRE PENSION FUND INVESTMENTS AT 30 SEPTEMBER 2018

	<u>Market Value</u>	<u>Value</u>	<u>Benchmark</u>	<u>Variance</u>
	£	%	%	%
<u>Equities</u>				
United Kingdom	324,323,649	7.60	7.10	0.50
Overseas:				
Global dividend-focused	349,153,990	8.18	8.00	0.18
North America	570,635,839	13.38	12.80	0.58
Europe (Ex UK)	249,281,165	5.84	5.30	0.54
Japan	125,234,771	2.94	2.40	0.54
Pacific (Ex Japan)	119,864,148	2.81	2.40	0.41
Emerging Markets	262,342,425	6.15	6.00	0.15
Total	1,676,512,338	39.30	36.90	2.40
<u>Private Equity</u>				
	175,240,471	4.11	4.00	0.11
<u>Property</u>				
Direct Holdings	102,115,000	2.39	3.30	-0.91
Indirect Holdings	288,514,962	6.76	6.70	0.06
Total	390,629,962	9.16	10.00	-0.84
<u>Alternative Investments</u>				
Fauchier	383,287	0.01	0.00	0.01
Pictet	121,195,695	2.84	2.00	0.84
Ruffer	257,220,007	6.03	6.00	0.03
Credit Opportunities	252,838,305	5.93	7.50	-1.57
Aspect	136,979,458	3.21	3.50	-0.29
Emerging Market Debt	104,954,342	2.46	2.50	-0.04
Opportunity pool	135,097,965	3.17	4.00	-0.83
	1,008,669,059	23.64	25.50	-1.86
<u>Inflation-Linked Assets</u>				
Global Government Index-Linked Bo	302,014,649	7.08	7.50	-0.42
Infrastructure	208,774,222	4.89	6.00	-1.11
Timberland	121,109,851	2.84	3.00	-0.16
	631,898,722	14.81	16.50	-1.69
<u>Cash on Deposit</u>				
	59,434,811	1.39	0.00	1.39
<u>Unrealised Profit On Currency</u>				
Active	-236,830	-0.01	0.00	-0.01
Passive*	-389,454	-0.01	0.00	-0.01
Total	-626,284	-0.01	0.00	-0.01
<b>TOTAL</b>	<b>4,266,082,728</b>	<b>100.00</b>	<b>100.00</b>	<b>0.00</b>

\*Number is from Q1 due to a delay in information being received