

Quarterly Risk and Return Analysis



Specialists in Investment Risk and Return Evaluation









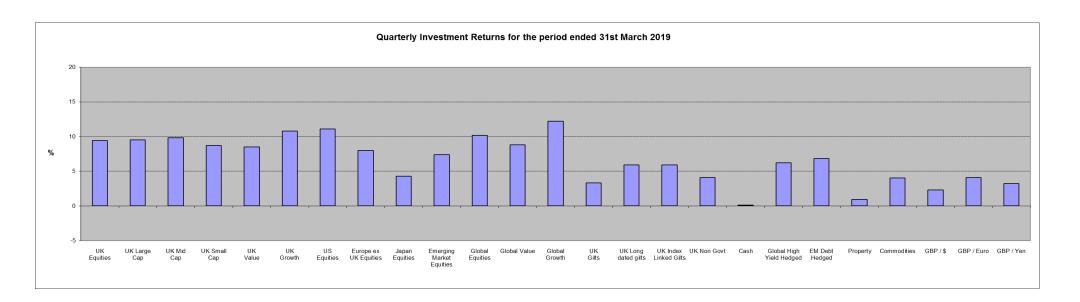
Specialists in Investment Risk and Return Evaluation

Portfolio Evaluation Ltd Market Commentary Q1 2019 (Sterling)

After a disappointing quarter and year ended December 2018 most markets bounced back in the quarter ended March 31 2019 to an extent that left the losses posted in 2018 largely recovered.

The last quarter of 2018 saw markets fall due largely to increase uncertainty caused by a number of factors including central banks discussing raising rates and / or easing quantitative easing, slower global economic growth (of particular note was China) which some saw as being a precursor to a potential recession, trade war issues (US and China), increased market volatility, and some geopolitical concerns. The first quarter of 2019 saw many of these concerns reduce as the US authorities reduced the likelihood of short term interest rate hikes, the Chinese have undertaken measures to reduce the decline in economic growth due to monetary tightening, there have been positive steps gained in global trade discussions and inflation seems muted in developed markets. The response to this has been a rise global markets.

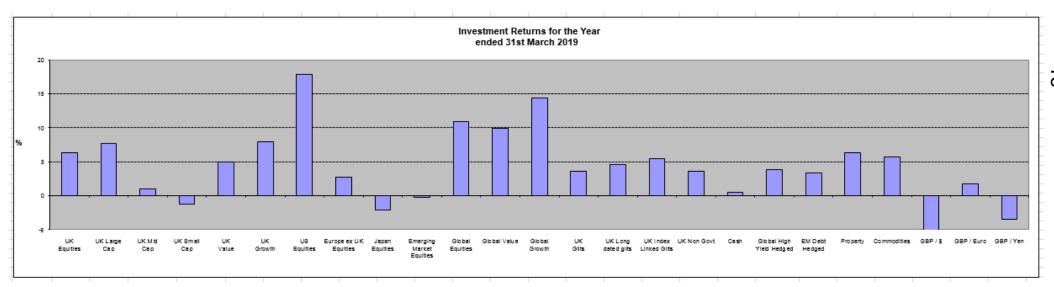
Looking forwards market commentators continue to expect lower global economic growth and corporate earnings growth with the Eurozone looking particularly vulnerable. Many investors seem to expect growth to continue into 2020 and potentially to 2021 as the outlook for a recession gets moved back due partly positive central bank actions and benign inflation. However despite this quarter many market commentators are discussing more defensive strategies going forwards, and many are also viewing emerging markets positively.





Specialists in Investment Risk and Return Evaluation

Within the UK the obsession and lack of resolution with Brexit has continued through the quarter. This continues to lower the economic growth outlook and reduce the willingness of both companies and investment managers to invest in the UK. The 'high street' sector continues to struggle with high costs and lower revenues whilst business is still reviewing how to proceed in the future. Despite posting significant equity market gains the concerns about the future outlook helps to explain the relatively lack lustre performance of UK stockmarkets when compared to many others. The more positive global outlook this quarter saw growth outperform value however the market return was very sector specific led by Technology, Basic Materials and Consumer Goods (except for Autos). Given market events over the last 12 months UK equities have shown mixed results over time, however Technology Healthcare, Basic Materials and Oil & Gas sectors have been strong performers whilst Financials, Industrials, Consumer Goods and Consumer Services have dragged.



Market volatility has continued to increase as a result of the outlook and in particular the risk levels between asset classes has also increased as diversification benefits reduce. Many commentators expect this to continue throughout 2019.

For further information

If you would like further information about the topics contained in this newsletter or would like to discuss your investment performance requirements please contact Nick Kent or Deborah Barlow Tel: +44 (0)1937 841434 (e-mail: nick.kent@portfolioevaluation.net) or visit our website at www.portfolioevaluation.net. Please note that all numbers, comments and ideas contained in this document are for information purposes only and as such are not investment advice in any form. Please remember that past performance is not a guide to future performance.

Client: Leicestershire County Council Pension Fund

Manager: Multi-manager
Mandate: Total Fund
Asset Class: Combined Assets
Benchmark: LCC - Total Fund Index
Inception: 31-Mar-2016

£4.3bn

Mkt Val:

Total Fund Overview Leicestershire County Council Pension Fund Report Period: Quarter Ending March 2019



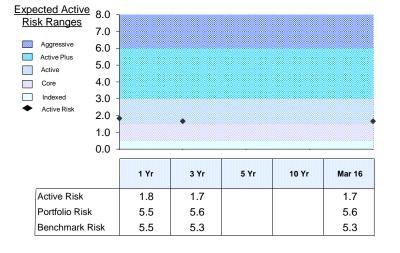
Excess Return Analysis (%)



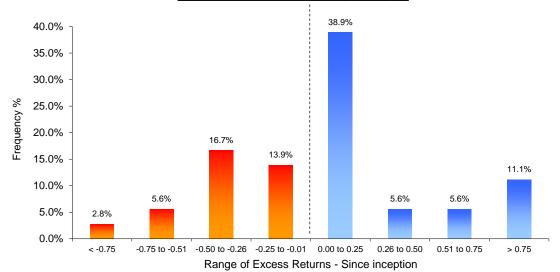
	QTR	YTD	1 Yr	3 Yr	5 Yr	10Yr	Since Mar 16 (p.a.)
Excess Return	-0.6	-1.2	-1.2	0.9			0.9
Portfolio Return	5.0	5.2	5.2	10.4			10.4
Benchmark Return	5.7	6.4	6.4	9.5			9.5

All returns for periods in excess of 1 year are annualised. The portfolio return is net.

Ex-Post Active Risk Analysis (%)



Excess Return Consistency Analysis



Attribution to Total Fund Excess Return Analysis Leicestershire County Council Pension Fund for Quarter Ended 31st March 2019





The Returns Summary details the Portfolio, Benchmark and Excess Returns. The Excess Returns are plotted. The Asset Allocation Summary details the weights held by the portfolio and benchmark in each asset class/manager. The green plots are the over/underweight exposures of the Fund (v Fund benchmark) at the beginning and end of the period. The Astribution to Excess Returns, identifies how each asset class/manager has contributed to the overall excess return of the Fund. It is broken down into Asset Allocation (how successful the decision to over/underweight each asset class was) and then into Stock Selection excess returns are all additive and equal the Total Excess Return of the Fund.

Attribution to Total Fund Excess Return Analysis Leicestershire County Council Pension Fund for Year Ended 31st March 2019



Market Value: 4.3bn



Manager Summary-Total Fund Leicestershire County Council Pension Fund for Period Ended 31st March 2019



Market Value: 4.3bn

					QTR		Year To Date		1 Year			3 Year			Sin	ce Incep	Inception		
	Benchmark Incep Value		Weight	PF BM ER		PF BM ER			PF BM ER			PF BM ER			PF BM ER				
		Date	(£m)	%															
Total Equity Fund	Client Weighted Index	Mar-16	1,937.4	45.1	8.8	9.6	-0.8	6.9	7.2	-0.3	6.9	7.2	-0.3	13.6	12.5	1.1	13.7	12.6	1.1
Total Equity Fund ex Hedge	Client Weighted Index	Mar-16	1,892.2	44.1	8.0	8.9	-0.9	6.8	7.7	-0.9	6.8	7.7	-0.9	13.3	13.6	-0.3	13.3	13.6	-0.3
L&G Total Passive Equity Fund	Client Weighted Index	Mar-16	1,377.1	32.1	8.9	8.9	0.1	8.1	7.9	0.2	8.1	7.9	0.2	13.2	13.1	0.0	13.2	13.1	0.0
L&G UK Equity Fund	FTSE All Share Index	Dec-13	313.6	7.3	9.7	9.4	0.3	6.5	6.4	0.2	6.5	6.4	0.2	9.4	9.5	-0.1	5.6	5.7	0.0
L&G North American Equity Fund	Client Specific Index	Dec-13	532.5	12.4	10.7	10.7	0.0	15.7	15.5	0.1	15.7	15.5	0.1	15.8	15.9	-0.1	14.5	14.6	-0.1
L&G Japanese Equity Fund	FTSE All World Japan Index	Dec-13	108.1	2.5	4.5	4.5	0.0	-0.9	-0.9	-0.1	-0.9	-0.9	-0.1	12.3	12.3	0.0	9.7	9.9	-0.1
L&G European Equity Fund	Client Specific Index	Dec-13	229.2	5.3	7.1	7.1	0.0	8.0	1.0	-0.1	0.8	1.0	-0.1	11.0	10.2	0.8	7.2	6.9	0.3
L&G Pacific Ex Japan Equity Fund	FTSE Developed Asia Pacific Ex. Japan Index	Mar-13	113.0	2.6	7.7	7.7	-0.1	4.5	4.8	-0.4	4.5	4.8	-0.4	13.3	13.6	-0.3	8.5	8.7	-0.2
L&G Emerging Markets Equity Fund	MSCI Emerging Markets Index	Dec-13	80.7	1.9	7.9	7.5	0.4	1.6	0.1	1.6	1.6	0.1	1.6	14.2	14.8	-0.6	8.7	8.6	0.0
LGPS Global Active Equity Fund	FTSE All World Index	Feb-19	333.2	7.8	-1.8	1.3	-3.0										-1.8	1.3	-3.0
Kleinwort Benson Global Equity Fund	FTSE All World Index	Dec-13	0.0	0.0	6.8	8.3	-1.5	5.4	9.4	-4.0	5.4	9.4	-4.0	12.2	14.8	-2.6	9.9	11.7	-1.7
Kempen Global Equity Fund	FTSE All World Index	Dec-13	0.0	0.0	6.0	8.3	-2.2	7.5	9.4	-1.9	7.5	9.4	-1.9	13.3	14.8	-1.5	10.2	11.9	-1.8
Delaware Emerging Markets Equity Fund	MSCI Emerging Markets Index	Dec-13	181.9	4.2	7.5	7.5	0.0	1.9	0.1	1.9	1.9	0.1	1.9	18.4	14.8	3.7	9.6	8.5	1.1
Kames Currency Hedge Fund	LIBOR 1 Month	Mar-16	45.2	1.1	59.2	0.2	59.0	6.6	0.7	6.0	6.6	0.7	6.0	-12.3	0.5	-12.8	-12.3	0.5	-12.8
Total Private Equity Fund	FTSE All World Index	Mar-16	203.4	4.7	0.4	9.6	-9.3	19.9	10.7	9.1	19.9	10.7	9.1	15.8	14.9	0.9	15.8	14.9	0.9
Total Real Income Fund	Client Weighted Index	Mar-18	1,066.2	24.8	1.9	2.3	-0.3	6.6	5.3	1.3	6.6	5.3	1.3	10.3	7.3	3.0	10.3	7.3	3.0
Total Property Fund	IPD UK Monthly Property Index (GBP)	Mar-16	398.0	9.3	-0.1	0.5	-0.6	4.9	5.6	-0.7	4.9	5.6	-0.7	8.7	6.9	1.8	8.7	6.9	1.8
Colliers Pooled Property	IPD UK Monthly Property Index (GBP)	Mar-16	30.2	0.7	0.0	0.5	-0.5	11.9	5.6	6.4	11.9	5.6	6.4	6.0	6.9	-0.8	6.1	6.9	-0.8
Colliers Direct Property Fund	IPD UK Monthly Property Index (GBP)	Mar-16	99.8	2.3	-1.7	0.5	-2.2	0.4	5.6	-5.1	0.4	5.6	-5.1	7.8	6.9	0.9	7.8	6.9	0.9
Aviva Property Fund	IPD UK Monthly Property Index (GBP)	Dec-13	204.3	4.8	0.5	0.5	0.0	5.8	5.6	0.2	5.8	5.6	0.2	9.9	6.9	3.0	12.0	3.9	8.1
Kames Capital Property Fund	IPD UK Monthly Property Index (GBP)	Mar-16	27.6	0.6	-0.1	0.5	-0.6	7.1	5.6	1.5	7.1	5.6	1.5	7.5	6.9	0.6	8.6	8.2	0.4
Kames Capital II Property Fund	IPD UK Monthly Property Index (GBP)	Nov-16	36.2	0.8	0.8	0.5	0.3	5.6	5.6	0.1	5.6	5.6	0.1				7.8	8.7	-0.9
Total Inflation-Linked Fund	Client Weighted Index	Mar-16	668.2	15.6	3.2	3.3	-0.2	7.6	4.9	2.7	7.6	4.9	2.7	11.7	7.8	3.9	11.7	7.8	3.9
Kames Capital Index-Linked Fund	FTSE All Stocks Index Linked Index	Dec-13	317.1	7.4	5.9	5.9	0.0	5.5	5.5	0.0	5.5	5.5	0.0	11.2	10.0	1.1	12.5	12.0	0.5
IFM Global Infrastructure Fund	LIBOR 1 Month + 4%	Dec-13	73.9	1.7	1.3	1.2	0.2	18.5	4.7	13.8	18.5	4.7	13.8	17.8	4.5	13.3	15.7	6.8	8.9
KKR Global Infrastructure Fund	LIBOR 1 Month + 4%	Mar-16	45.9	1.1	0.8	1.2	-0.4	17.0	4.7	12.3	17.0	4.7	12.3	19.2	4.5	14.8	19.2	4.5	14.8
JPMorgan Infrastructure Fund	LIBOR 1 Month + 4%	Jun-16	92.9	2.2	-1.2	1.2	-2.3	1.0	4.7	-3.7	1.0	4.7	-3.7				4.4	4.5	-0.1
Stafford Timberland Fund	LIBOR 1 Month + 4%	Mar-16	138.3	3.2	1.7	1.2	0.6	7.4	4.7	2.7	7.4	4.7	2.7	5.1	4.5	0.6	5.1	4.5	0.6
Total Alternatives Fund	Client Weighted Index	Mar-16	1,059.3	24.7	3.1	1.3	1.8	0.5	4.9	-4.4	0.5	4.9	-4.4	5.0	4.9	0.0	5.0	4.9	0.0
Total Targeted Return Fund	LIBOR 1 Month + 4%	Apr-16	531.2	12.4	4.3	1.2	3.1	-2.7	4.7	-7.4	-2.7	4.7	-7.4	2.4	4.5	-2.1	2.4	4.5	-2.1
Aspect Capital Partners Fund	LIBOR 1 Month + 4%	Dec-13	129.4	3.0	7.6	1.2	6.5	-8.1	4.7	-12.7	-8.1	4.7	-12.7	-4.3	4.5	-8.8	4.6	4.5	0.2
Ruffer Fund	LIBOR 1 Month + 4%	Dec-13	253.7	5.9	3.0	1.2	1.8	0.0	4.7	-4.7	0.0	4.7	-4.7	4.9	4.5	0.4	4.8	4.5	0.3
Pictet Fund	LIBOR 1 Month + 4%	Sep-15	147.7	3.4	3.5	1.2	2.4	-2.0	4.7	-6.6	-2.0	4.7	-6.6	5.0	4.5	0.5	4.2	4.5	-0.3
EnTrustPermal Fund	LIBOR 1 Month + 4%	Apr-07	0.4	0.0	-8.3	1.2	-9.4	-11.5	4.7	-16.2	-11.5	4.7	-16.2	-12.5	4.5	-16.9	-0.1	3.0	-3.1
Total Credit and EMM Debt Fund	Client Weighted Index	Apr-16	383.4	8.9	2.3	1.4	0.9	3.2	5.2	-2.0	3.2	5.2	-2.0	7.1	5.6	1.5	7.1	5.6	1.5
Ashmore Emerging Markets Debt Fund	LCC - Ashmore EMM Debt	Jan-14	110.7	2.6	3.2	2.2	1.0	6.2	6.6	-0.4	6.2	6.6	-0.4	11.2	8.4	2.7	9.6	5.0	4.5
JPMorgan Global Credit Fund	LIBOR 1 Month + 4%	Apr-15	27.4	0.6	4.0	1.2	2.9	1.9	4.7	-2.8	1.9	4.7	-2.8	3.6	4.5	-0.9	2.6	4.5	-1.8
Partners Group Private Debt Fund	LIBOR 1 Month + 4%	Mar-16	245.4	5.7	1.7	1.2	0.6	2.0	4.7	-2.7	2.0	4.7	-2.7	4.4	4.5	0.0	4.5	4.5	0.0
Total Other Opportunities Fund	Client Weighted Index	Apr-18	144.7	3.4	1.3	1.5	-0.1	5.7	5.9	-0.1	5.7	5.9	-0.1	11.7	5.0	6.7	11.7	5.0	6.7
M&G DOF Fund	LIBOR 1 Month + 4%	Mar-16	74.4	1.7	2.3	1.2	1.2	-2.6	4.7	-7.3	-2.6	4.7	-7.3	9.0	4.5	4.5	9.0	4.5	4.5
Christofferson Robb & Company Fund	Absolute Return +7.5%	Dec-17	48.9	1.1	0.5	1.8	-1.3	20.8	7.5	13.4	20.8	7.5	13.4				15.7	7.6	8.1
Infracapital Infrastructure Fund	Absolute Return +7.5%	Nov-17	13.6	0.3	-0.8	1.8	-2.7	12.1	7.5	4.6	12.1	7.5	4.6				16.1	7.5	8.6
Aberdeen Standard Private Equity Fund	Absolute Return +7.5%	Dec-17	7.8	0.2	1.2	1.8	-0.6	7.0	7.5	-0.4	7.0	7.5	-0.4				6.8	7.5	-0.7
Millennium Currency Fund	None	Dec-13	-0.4	0.0	-0.4	0.0	-0.4	-0.4	0.0	-0.4	-0.4	0.0	-0.4	-0.6	0.0	-0.6	0.5	0.0	0.5
Cash Fund	LIBOR 1 Month	Mar-16	27.9	0.7	0.2	0.2	0.0	0.8	0.7	0.1	0.8	0.7	0.1	0.4	0.5	0.0	0.4	0.5	0.0
Leicestershire County Council Pension Fund ex Hedge (Gross)	Client Weighted Index	Mar-16			4.7	5.2	-0.5	5.6	6.6	-1.0	5.6	6.6	-1.0	10.9	9.8	1.1	10.9	9.8	1.1
Leicestershire County Council Pension Fund (Gross)	Client Weighted Index	Mar-16			5.1	5.7	-0.5	5.6	6.4	-0.8	5.6	6.4	-0.8	10.8	9.5	1.3	10.8	9.5	1.3
Leicestershire County Council Pension Fund ex Hedge (Net)	Client Weighted Index	Mar-16	4,248.7	98.9	4.6	5.2	-0.6	5.2	6.6	-1.4	5.2	6.6	-1.4	10.4	9.8	0.6	10.4	9.8	0.6
Leicestershire County Council Pension Fund (Net)	Client Weighted Index Client Weighted Index	Mar-16	4,246.7	100.0	5.0	5.7	-0.6	5.2	6.4	-1.2	5.2	6.4	-1.2	10.4	9.5	0.0	10.4	9.5	0.9

PF = Portfolio Return BM = Benchmark Return ER = Excess Return

CLIENT SPECIFIC: 7.00% FTSE All Share 6.50% FTSE AW North America 70% GBP Hedged 6.50% FTSE RAFI AW 3000 North America 70% GBP Hedged **Total Fund Benchmark** 2.50% FTSE Developed Europe Ex UK 70% GBP Hedged
2.50% FTSE RAFI 3000 Developed Europe Ex UK 70% GBP Hedged 2.50% FTSE AW Japan 70% GBP Hedged 2.50% FTSE Developed Asia Pacific Ex Japan 50% GBP Hedged 2.50% Ashmore Specific Index

10.00% IPD UK Monthly Property Index 7.50% FTSE All Stocks Index Linked 6.00% MSCI EMM 50% GBP Hedged 8.00% FTSE All World 70% GBP Hedged 4.00% FTSE All World 32.00% Libor 1 Month +4%

Not & Gross - Currently we have not received all the necessary manager data to complete this, therefore please use with caution. If you require additional information please contact us. Adams Street: Data is on a 4 month lag. We have received the Q4 2018 data, as we have not yet received the Q1 2019 data this is lagged. Q2 2019: Kleinwort Benson Global Equity Fund & Kempen Global Equity Fund transferred to the LGPS Global Active Equity Fund as at 15th February 2019. Therefore the returns quoted within this

report for these funds are in effect 'partial period returns'.

PORTFOLIO EVALUATION

Total Fund Reconciliation Leicestershire County Council Pension Fund for Quarter Ended 31st March 2019

Market	Value:	4 3hn

		31st Dec 2018			31st Mar 2019				
	Market Val	Exposure	Net Exp	Market Val	Exposure	Net Exp			
	(£000s)	(%)	(%)	(£000s)	(%)	(%)			
Total Equity Fund	1,778,358	43.7	-2.3	1,937,446	45.1	1.1			
Total Equity Fund ex Hedge	1,749,958	43.0	-3.0	1,892,238	44.1	0.1			
L&G Total Passive Equity Fund	1,263,920	31.0	-2.8	1,377,120	32.1	0.1			
L&G UK Equity Fund	286,255	7.0	-0.5	313,559	7.3	0.3			
L&G North American Equity Fund	480,382	11.8	-1.4	532,467	12.4	-0.6			
L&G Japanese Equity Fund	102,951	2.5	-0.3	108,134	2.5	0.0			
L&G European Equity Fund	212,984	5.2	-0.5	229,201	5.3	0.3			
L&G Pacific Ex Japan Equity Fund	105,392	2.6	-0.2	113,030	2.6	0.1			
L&G Emerging Markets Equity Fund	75,956	1.9	0.0	80,730	1.9	-0.1			
LGPS Global Active Equity Fund	0	0.0	0.0	333,186	7.8	-0.2			
Kleinwort Benson Global Equity Fund	184,618	4.5	-0.1	0	0.0	0.0			
Kempen Global Equity Fund	132,405	3.3	-0.1	0	0.0	0.0			
Delaware Emerging Markets Equity Fund	169,014	4.2	0.0	181,932	4.2	0.2			
Kames Currency Hedge Fund	28,400	0.7	0.7	45,208	1.1	1.1			
otal Private Equity Fund	203,004	5.0	1.0	203,403	4.7	0.7			
otal Real Income Fund	1,046,325	25.7	1.2	1,066,200	24.8	-1.7			
Total Property Fund	398,913	9.8	-0.2	397,995	9.3	-0.7			
Colliers Pooled Property	30,171	0.7	0.0	30,177	0.7	-0.1			
Colliers Direct Property Fund	101,520	2.5	-0.1	99,755	2.3	-0.4			
Aviva Property Fund	202,973	5.0	-0.1	204,266	4.8	-0.2			
Kames Capital Property Fund	27,837	0.7	0.0	27,593	0.6	0.0			
Kames Capital II Property Fund	36,411	0.9	0.0	36,205	0.8	0.0			
otal Inflation-Linked Fund	647,413	15.9	1.4	668,205	15.6	-0.9			
Kames Capital Index-Linked Fund	302,100	7.4	-0.1	317,139	7.4	-0.1			
IFM Global Infrastructure Fund	73,424	1.8	0.1	73,944	1.7	0.2			
KKR Global Infrastructure Fund	46,060	1.1	0.1	45,876	1.1	-0.4			
JPMorgan Infrastructure Fund	95,692	2.4	0.1	92,937	2.2	-0.8			
Stafford Timberland Fund	130,138	3.2	1.2	138,309	3.2	0.2			
otal Alternatives Fund	997,957	24.5	-1.0	1,059,296	24.7	-0.8			
Total Targeted Return Fund	479,304	11.8	-1.2	531,163	12.4	1.0			
Aspect Capital Partners Fund	120,469	3.0	-0.3	129,437	3.0	-0.4			
Ruffer Fund	244,912	6.0	-0.6	253,704	5.9	1.9			
Pictet Fund	113,532	2.8	-0.3	147,662	3.4	-0.6			
EnTrustPermal Fund	392	0.0	0.0	359	0.0	0.0			
Total Credit and EMM Debt Fund	380,050	9.3	-0.7	383,436	8.9	-1.1			
Ashmore Emerging Markets Debt Fund	107,319	2.6	0.1	110,684	2.6	0.1			
JPMorgan Global Credit Fund	26,271	0.6	-0.1	27,355	0.6	0.1			
Partners Group Private Debt Fund	246,459	6.1	-0.7	245,396	5.7	-1.3			
Total Other Opportunities Fund	138,603	3.4	0.9	144,698	3.4	-0.7			
M&G DOF Fund	72,774	1.8	0.5	74,425	1.7	-0.4			
Christofferson Robb & Company Fund	48,639	1.2	0.3	48,878	1.1	0.1			
Infracapital Infrastructure Fund	13,410	0.3	0.1	13,552	0.3	-0.2			
Aberdeen Standard Private Equity Fund	3,781	0.1	0.0	7,842	0.2	-0.3			
fillennium Currency Fund	-1,247	0.0	0.0	-426	0.0	0.0			
Cash Fund	47,221	1.2	1.2	27,941	0.7	0.7			
eicestershire County Council Pension Fund ex Hedge	4,043,219	99.3	-0.7	4,248,653	98.9	100.0			
	4,071,619	100.0	0.0	4,293,861		100.0			