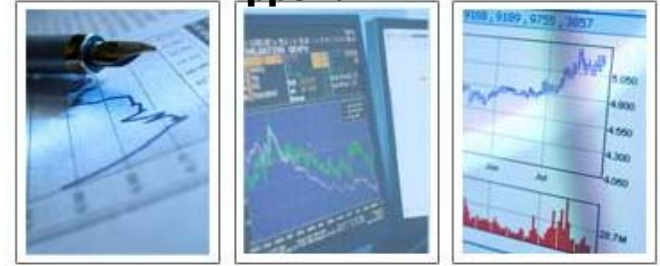


PORTFOLIO
EVALUATION
LIMITED

Appendix A



Specialists in Investment Risk and Return Evaluation

Quarterly Risk and Return Analysis

Leicestershire County Council Pension Fund

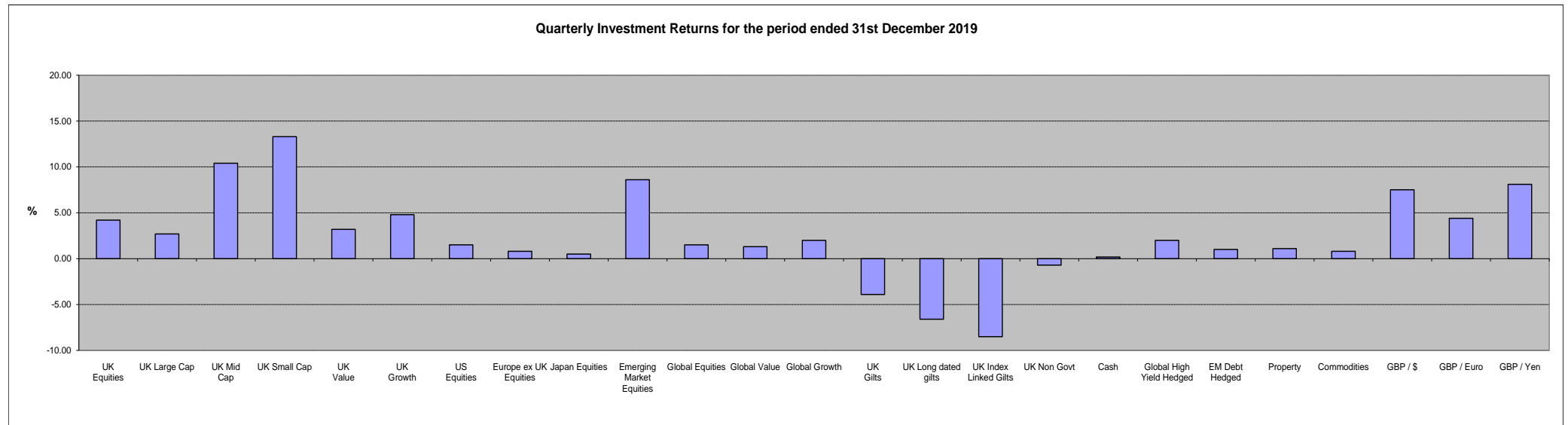
Period ending 31st December 2019



Portfolio Evaluation Ltd Market Commentary Q4 2019 (Sterling)

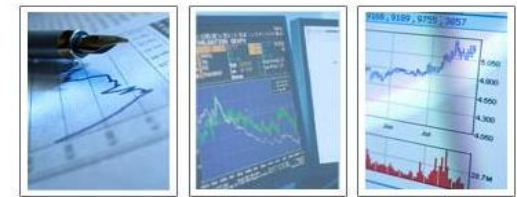
After a positive first nine months of the year equity markets continued with positive returns, albeit in a volatile quarter in terms of markets that depreciated and then rallied strongly. The UK performed strongly following the election; mid and small cap (in particular) stocks performed particularly strongly whilst the performance of the FTSE 100 despite having positive returns was quite muted probably due to sterling appreciation and performance earlier in the year. Over the quarter global equity markets also performed strongly; however due to sterling appreciation the impact of non UK equity markets on UK investors was limited. The positive global outlook this quarter saw growth stocks continue to outperform value as they have done for recent years. Over the year the UK and global equity markets performed strongly.

Over the quarter bond market returns were negative as yields increased and investors reduced their exposure to bonds whilst over the year they had positive returns with the result that yields reduced further. Property has had a quiet year in terms of return as have other 'alternative' asset classes over the year with Private Equity typically being the strongest performer.

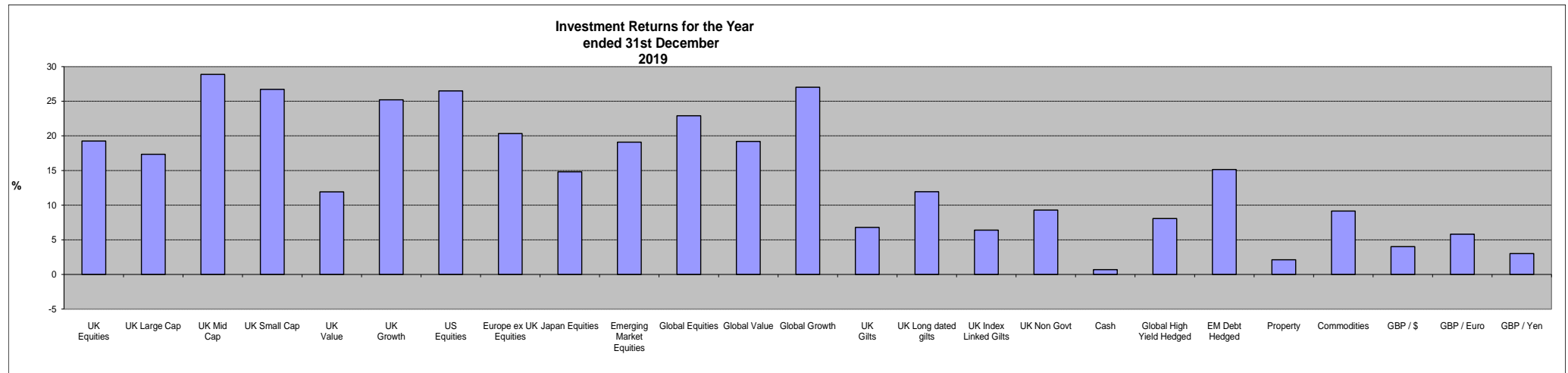


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It would appear that markets are set to remain in a late market cycle phase for a while given the economic growth, especially as some economic growth indicators improved this quarter, and it is not uncommon for markets to produce positive returns in this phase; however this can be more volatile. This phase may remain resilient



for a while as it is supported by dovish central bank policy, continuing low inflation and positive consumer demand (it should be noted that there is in the developed world a lower supply of available workers than previously).



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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 many market commentators are discussing more defensive strategies going forwards (this would not have been not a successful relative strategy in 2019) although many are also viewing emerging markets positively and corporate bonds over government bonds. There are some risks in the returns that can be achieved, these include Trade Wars remain on going between the US, China and to some degree Europe, we are also in the position where central banks may not be able to continue lowering interest rates much more. We are also seeing increased political risk and it must be remembered that 2020 is an election year in the United States. In the UK despite Brexit going ahead there are significant risks as the UK seeks a trade deal with both Europe and the United States.

Market volatility has recently become stable and in core asset classes has reduced slightly; however risk within multi asset class portfolio has not reduced as the risk levels between asset classes has increased as diversification benefits reduce.

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
 Mkt Val: £4.6bn

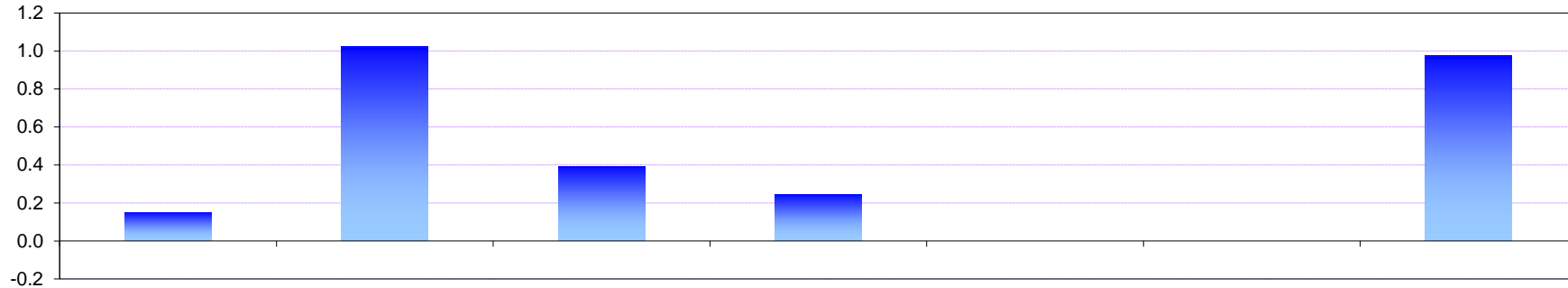
Total Fund Overview

Leicestershire County Council Pension Fund

Report Period: Quarter Ending December 2019



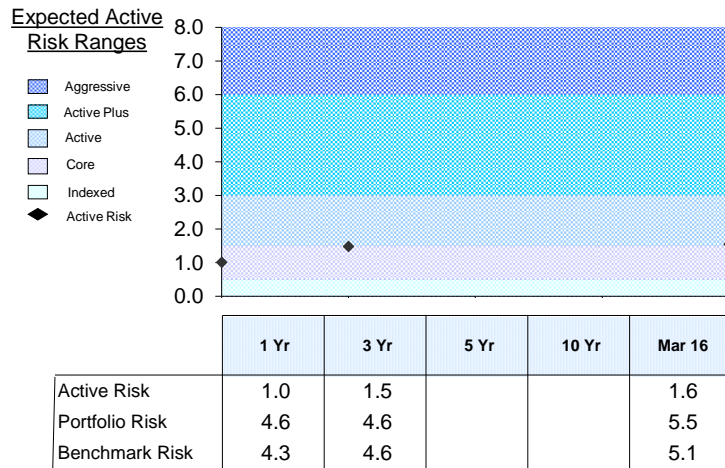
Excess Return Analysis (%)



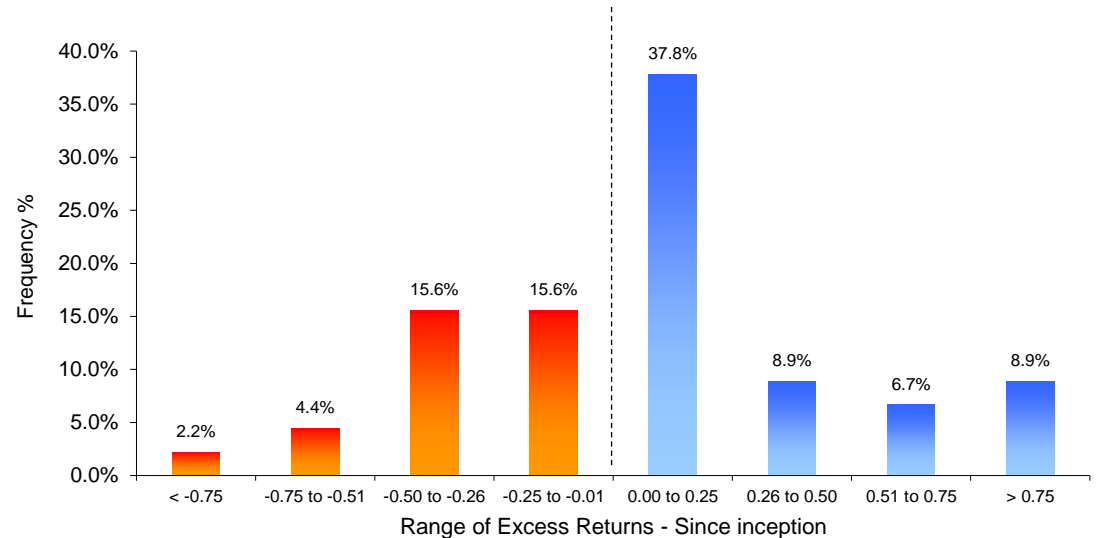
	QTR	Fin YTD	1 Yr	3 Yr	5 Yr	10Yr	Since Mar 16 (p.a.)
Excess Return	0.2	1.0	0.4	0.2			1.0
Portfolio Return	1.5	7.8	13.2	7.0			10.4
Benchmark Return	1.3	6.7	12.8	6.8			9.4

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



Ex-Post Active Risk measures the volatility of the actual excess returns achieved by the Portfolio/Fund.
Excess Return Consistency Analysis measures the frequency of the Portfolio/Fund's outperformance (Blue) and underperformance (Red) versus its benchmark, calculated using monthly (or quarterly if indicated) returns since inception.

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



Market Value: £4.6bn

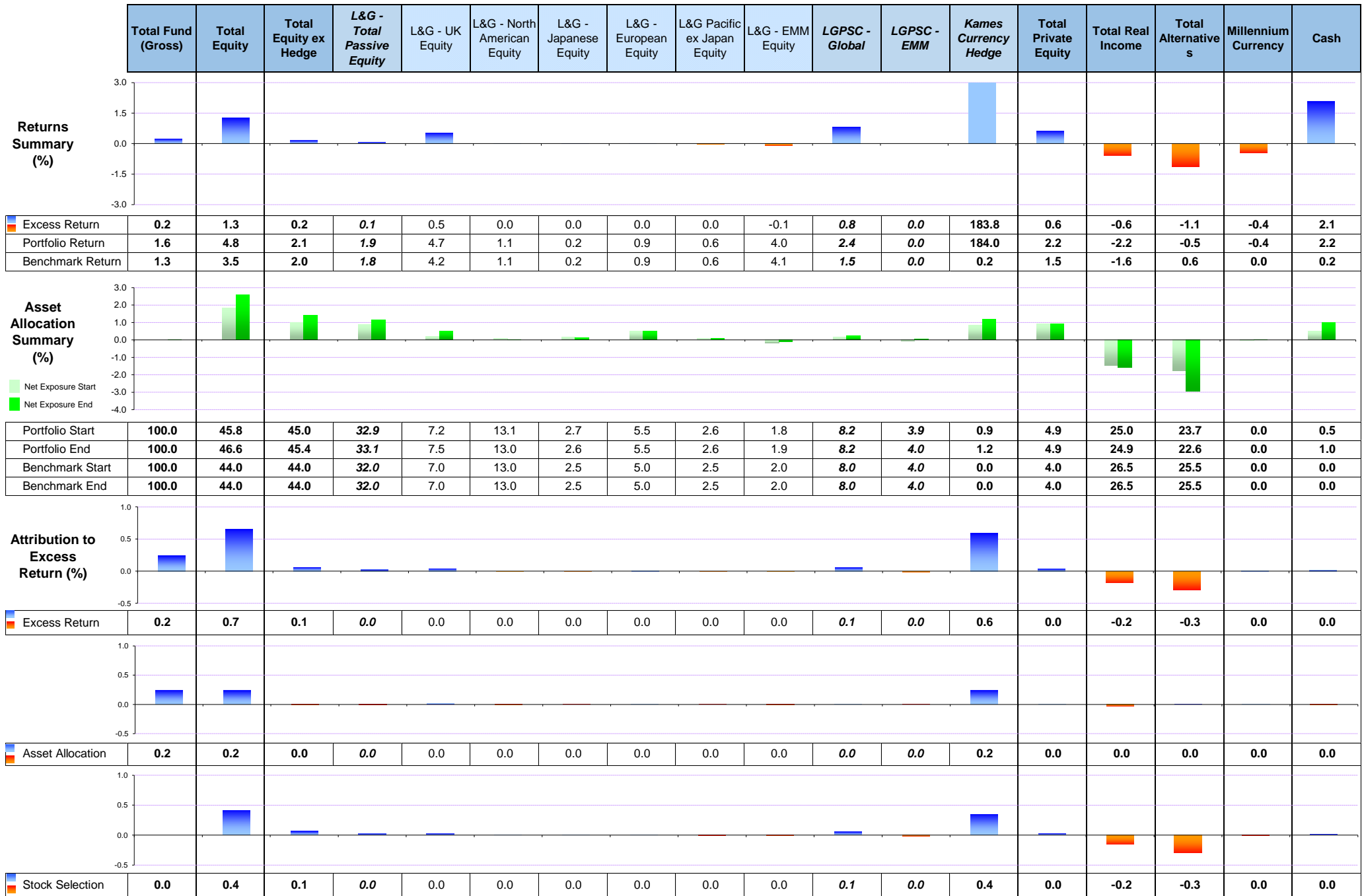


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The Returns Summary details the Portfolio, Benchmark and Excess Returns. The Excess Returns are plotted. The Asset Allocation Summary details the weights held by the portfolio and benchmark in each asset class/manager. The green plots are the over/underweight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

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

Market Value: £4.6bn

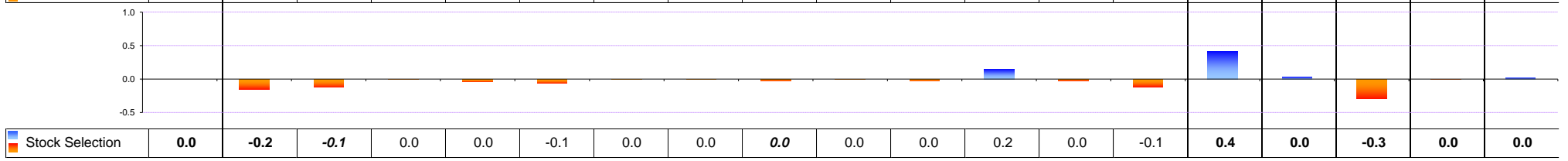
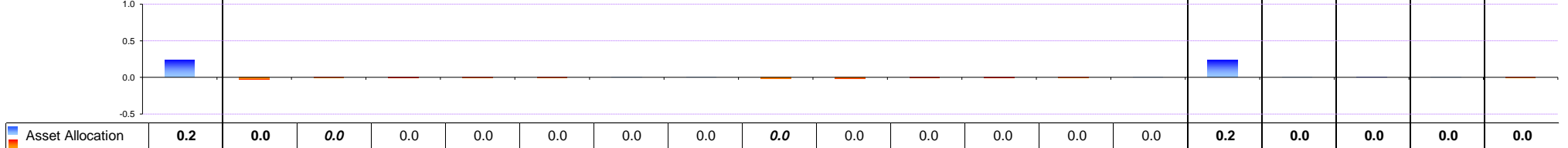
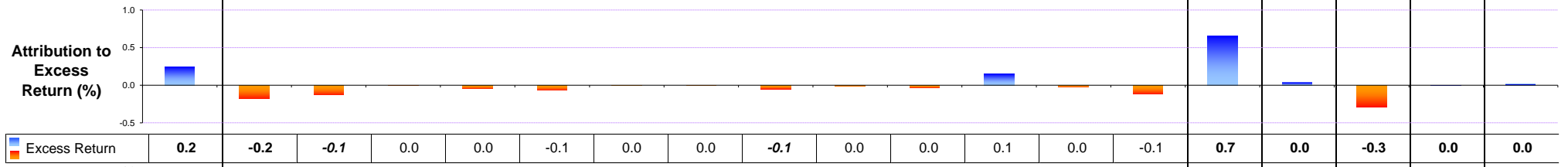
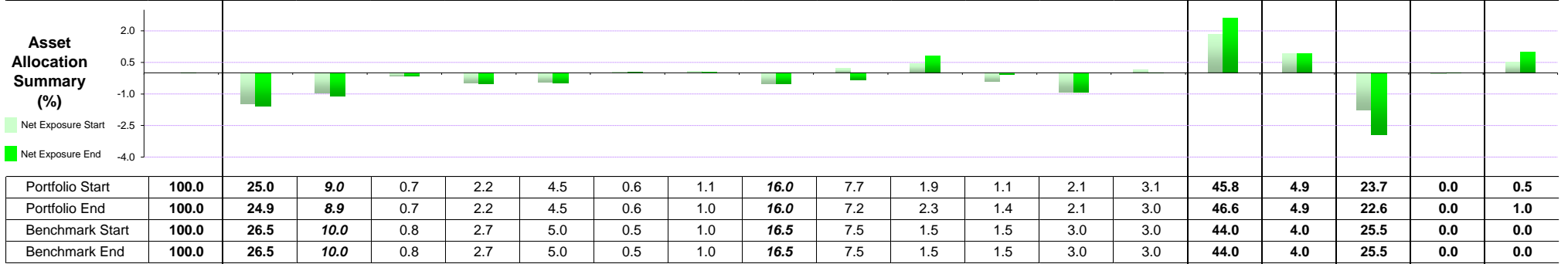
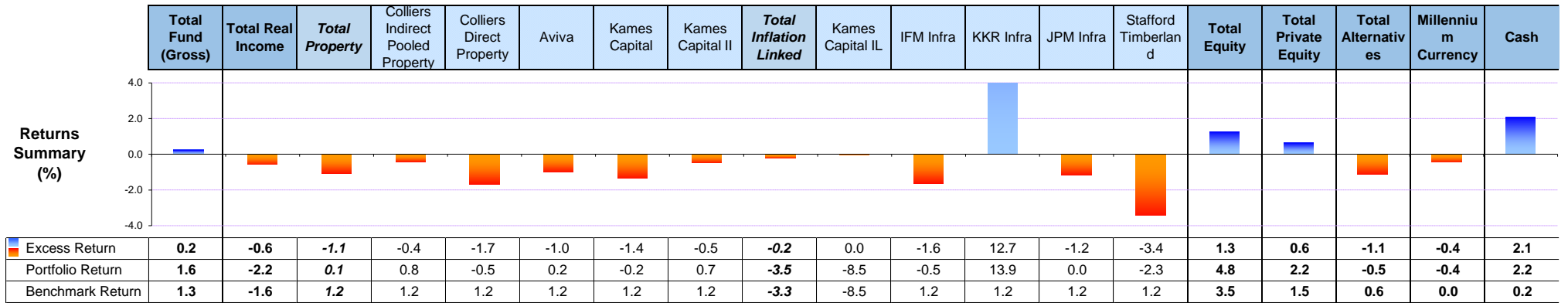


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**Attribution to Total Real Income Fund Excess Return Analysis
Leicestershire County Council Pension Fund
for Quarter Ended 31st December 2019**



Market Value: £4.6bn



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

Market Value: £4.6bn



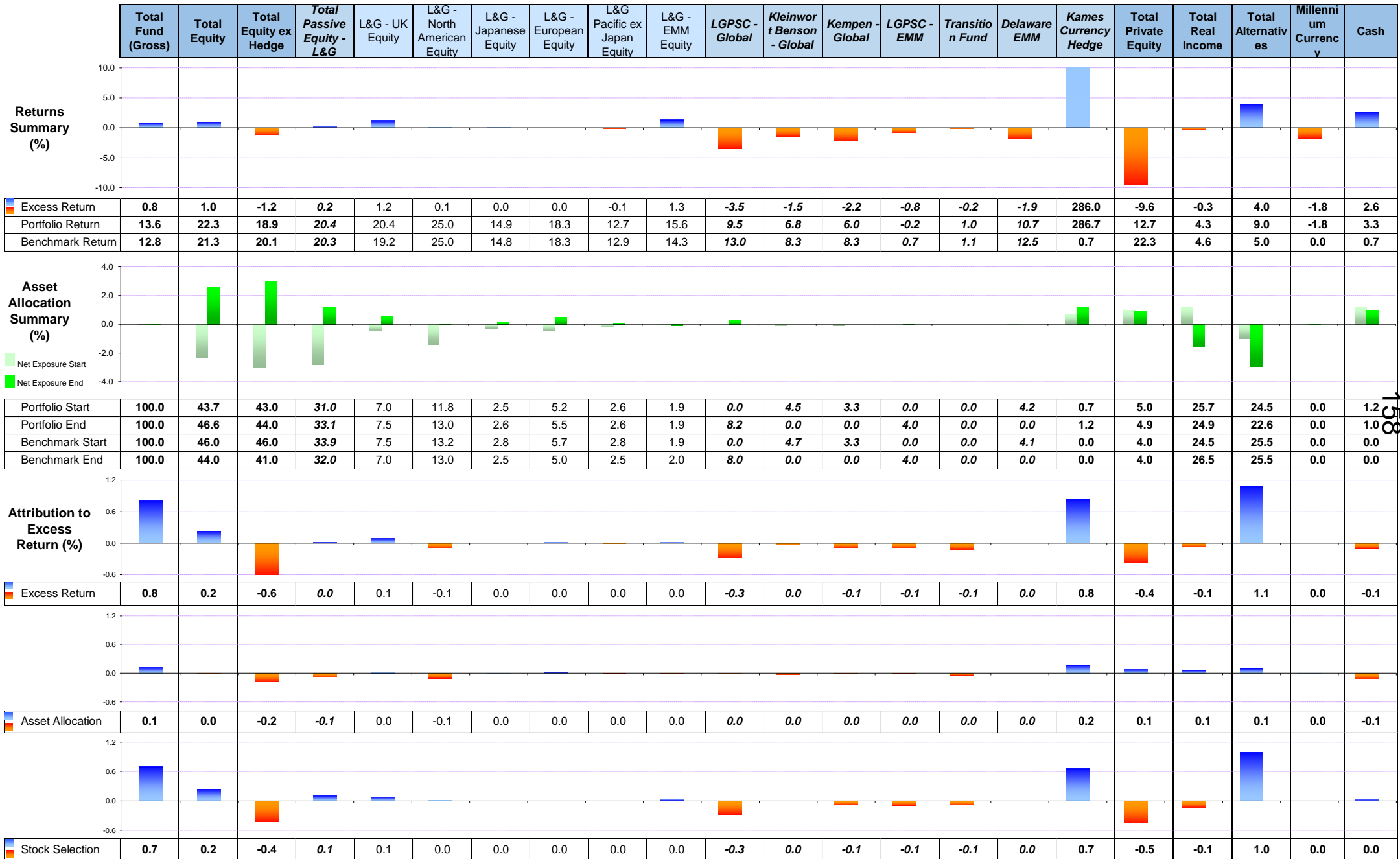
**Attribution to Total Fund Excess Return Analysis
Leicestershire County Council Pension Fund
for Year Ended 31st December 2019**

Market Value: £4.6bn

	Total Fund (Net)	Total Fund ex Hedge (Net)	Total Fund (Gross)	Total Fund ex Hedge (Gross)	Total Equity	Total Equity ex Hedge	Total Private Equity	Total Real Income	Total Property	Total Inflation Linked	Total Alternatives	Total Targeted Return	Total Credit and EMM Debt	Total Other Opportunities	Millennium Currency	Cash
Returns Summary (%)																
Excess Return	0.4	-0.5	0.8	-0.1	1.0	-1.2	-9.6	-0.3	-1.7	0.9	4.0	6.9	0.3	1.8	-1.8	2.6
Portfolio Return	13.2	11.6	13.6	12.0	22.3	18.9	12.7	4.3	0.9	6.6	9.0	11.7	5.8	7.9	-1.8	3.3
Benchmark Return	12.8	12.1	12.8	12.1	21.3	20.1	22.3	4.6	2.6	5.6	5.0	4.7	5.4	6.1	0.0	0.7
Asset Allocation Summary (%)																
Portfolio Start	100.0	99.3	100.0	99.3	43.7	43.0	5.0	25.7	9.8	15.9	24.5	11.8	9.3	3.4	0.0	1.2
Portfolio End	100.0	97.4	100.0	97.4	46.6	44.0	4.9	24.9	8.9	16.0	22.6	10.5	8.0	4.1	0.0	1.0
Benchmark Start	100.0	100.0	100.0	100.0	46.0	46.0	4.0	24.5	10.0	14.5	25.5	13.0	10.0	2.5	0.0	0.0
Benchmark End	100.0	97.0	100.0	97.0	44.0	41.0	4.0	26.5	10.0	16.5	25.5	11.4	10.0	4.1	0.0	0.0
Attribution to Excess Return (%)																
Excess Return	0.4	-0.5	0.8	-0.1	0.2	-0.6	-0.4	-0.1	-0.2	0.1	1.1	0.8	0.1	0.1	0.0	-0.1
Asset Allocation			0.1	0.0	0.0	-0.2	0.1	0.1	0.0	0.0	0.1	0.0	0.1	0.1	0.0	-0.1
Stock Selection			0.7	-0.1	0.2	-0.4	-0.5	-0.1	-0.3	0.1	1.0	0.9	0.0	0.1	0.0	0.0

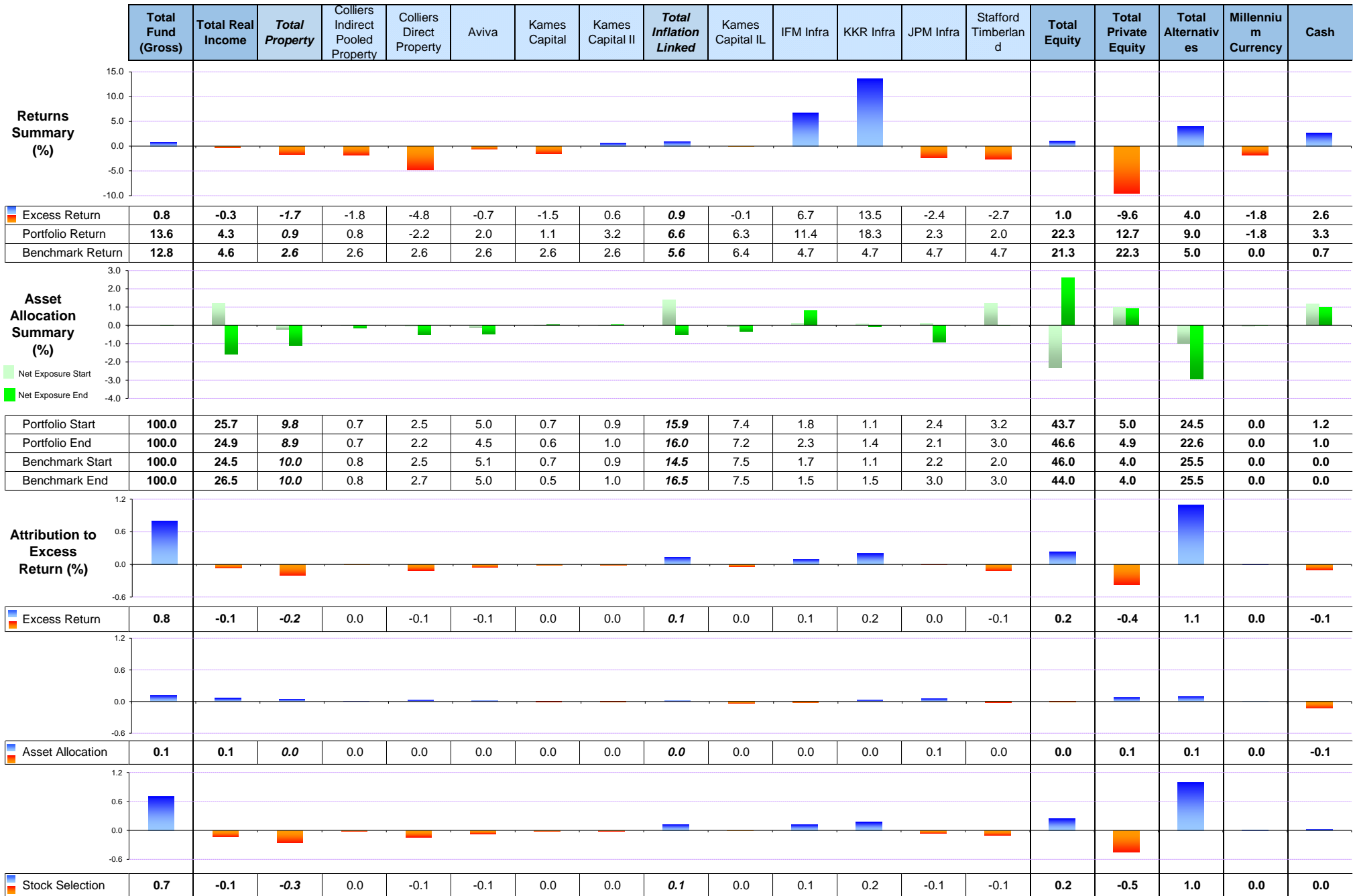
**Attribution to Total Equity Fund Excess Return Analysis
Leicestershire County Council Pension Fund
for Year Ended 31st December 2019**

Market Value: £4.6bn



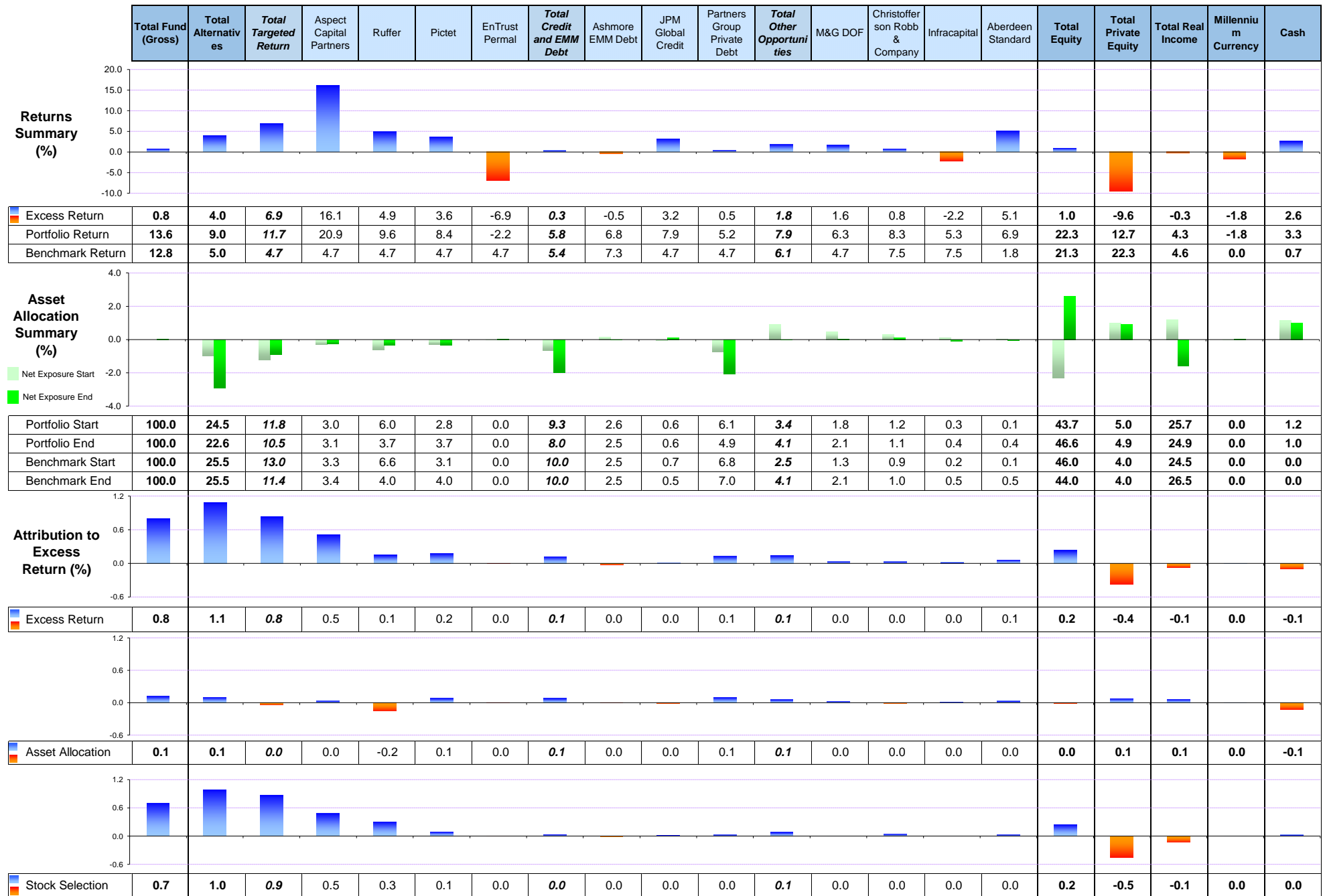
**Attribution to Total Real Income Fund Excess Return Analysis
Leicestershire County Council Pension Fund
for Year Ended 31st December 2019**

Market Value: £4.6bn



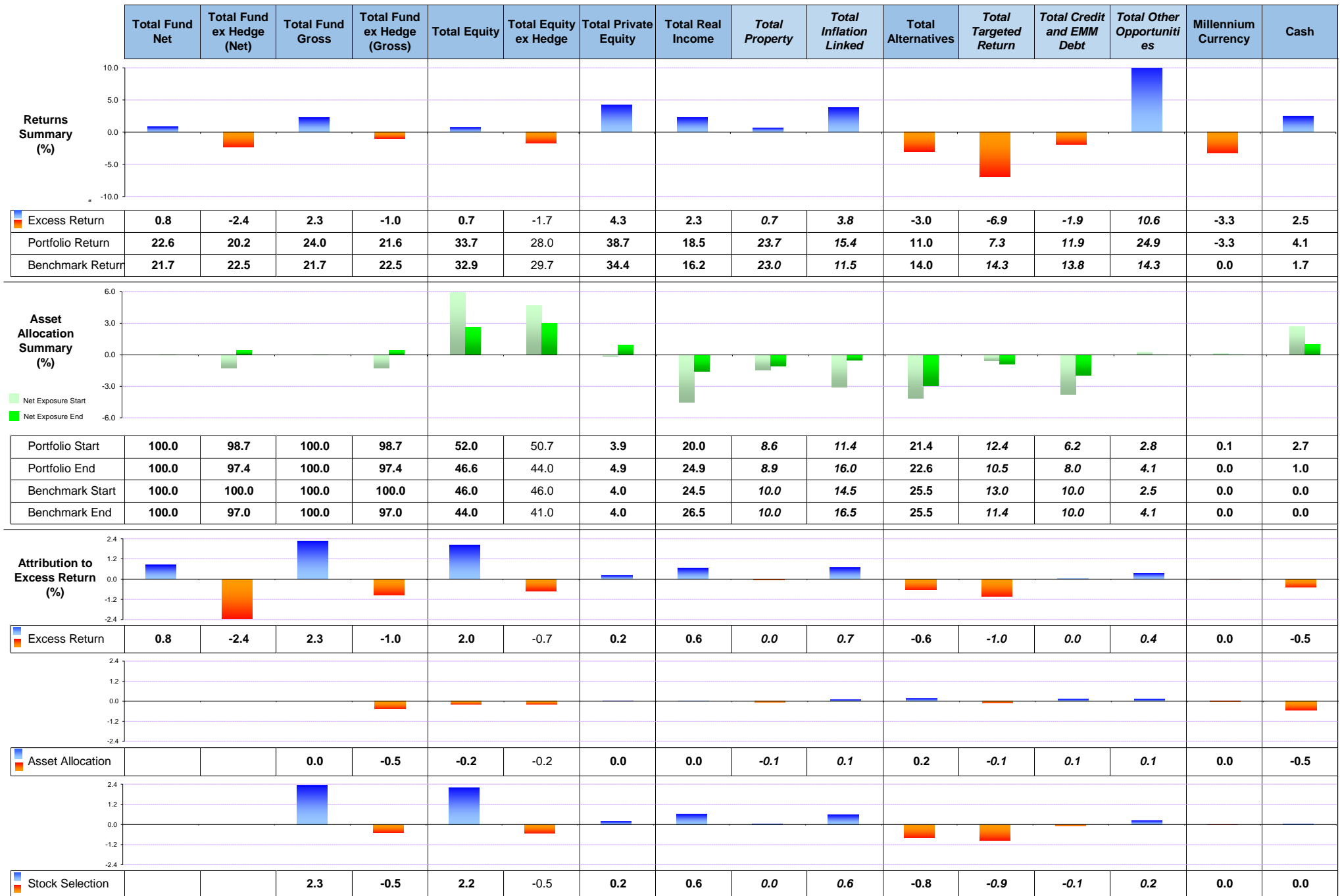
**Attribution to Total Alternative Fund Excess Return Analysis
Leicestershire County Council Pension Fund
for Year Ended 31st December 2019**

Market Value: £4.6bn



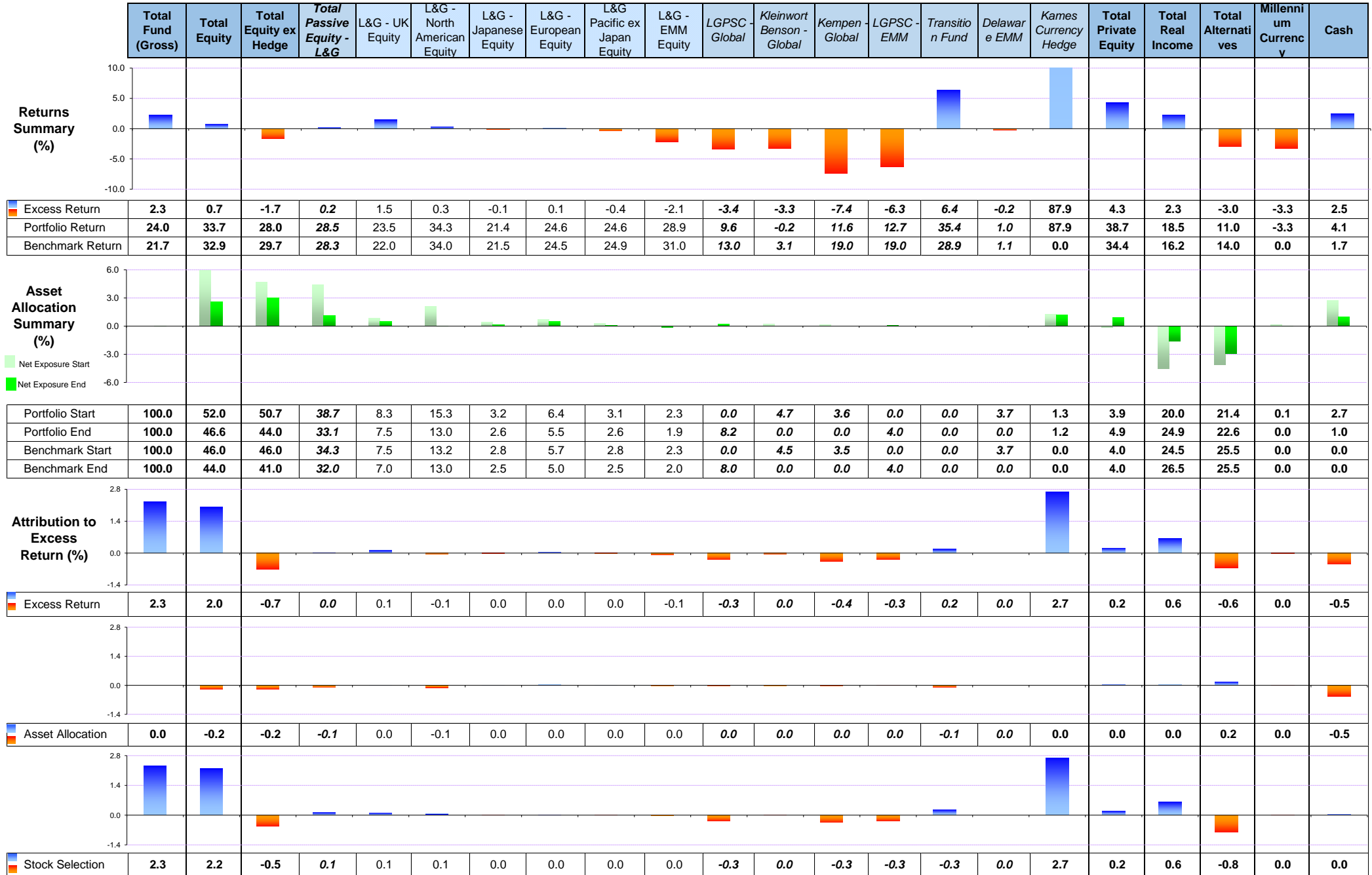
**Attribution to Total Fund Excess Return Analysis - Unannualised
Leicestershire County Council Pension Fund
for 3 Year Ended 31st December 2019**

Market Value: £4.6bn



Attribution to Total Equity Fund Excess Return Analysis - Unannualised
Leicestershire County Council Pension Fund
for 3 Year Ended 31st December 2019

Market Value: £4.6bn



Attribution to Total Real Income Fund Excess Return Analysis - Unannualised
Leicestershire County Council Pension Fund
for 3 Year Ended 31st December 2019

Market Value: £4.6bn

	Total Fund (Gross)	Total Real Income	Total Property	Colliers Indirect Pooled Property	Colliers Direct Property	Aviva	Kames Capital	Kames Capital II	Total Inflation Linked	Kames Capital IL	IFM Infra	KKR Infra	JPM Infra	Stafford Timberland	Total Equity	Total Private Equity	Total Alternatives	Millennium Currency	Cash
Returns Summary (%)																			
Excess Return	2.3	2.3	0.7	0.2	-6.7	4.9	-0.4	-3.6	3.8	2.0	35.5	34.6	-8.2	-12.0	0.7	4.3	-3.0	-3.3	2.5
Portfolio Return	24.0	18.5	23.7	23.1	16.3	27.9	22.6	19.4	15.4	10.6	49.8	48.9	6.0	2.3	33.7	38.7	11.0	-3.3	4.1
Benchmark Return	21.7	16.2	23.0	23.0	23.0	23.0	23.0	23.0	11.5	8.6	14.3	14.3	14.3	14.3	32.9	34.4	14.0	0.0	1.7
Asset Allocation Summary (%)																			
Portfolio Start	100.0	20.0	8.6	0.6	2.6	4.6	0.7	0.1	11.4	4.9	1.4	1.1	1.9	2.1	52.0	3.9	21.4	0.1	2.7
Portfolio End	100.0	24.9	8.9	0.7	2.2	4.5	0.6	1.0	16.0	7.2	2.3	1.4	2.1	3.0	46.6	4.9	22.6	0.0	1.0
Benchmark Start	100.0	24.5	10.0	0.7	3.0	5.4	0.8	0.1	14.5	7.5	1.6	1.3	2.2	2.0	46.0	4.0	25.5	0.0	0.0
Benchmark End	100.0	26.5	10.0	0.8	2.7	5.0	0.5	1.0	16.5	7.5	1.5	1.5	3.0	3.0	44.0	4.0	25.5	0.0	0.0
Attribution to Excess Return (%)																			
Excess Return	2.3	0.6	0.0	0.0	-0.2	0.2	0.0	0.0	0.7	0.1	0.5	0.5	-0.1	-0.3	2.0	0.2	-0.6	0.0	-0.5
Asset Allocation																			
Asset Allocation	0.0	0.0	-0.1	0.0	0.0	-0.1	0.0	0.0	0.1	0.0	0.0	0.0	0.1	0.0	-0.2	0.0	0.2	0.0	-0.5
Stock Selection																			
Stock Selection	2.3	0.6	0.0	0.0	-0.1	0.2	0.0	0.0	0.6	0.1	0.5	0.4	-0.2	-0.3	2.2	0.2	-0.8	0.0	0.0

**Attribution to Total Alternative Fund Excess Return Analysis - Unannualised
Leicestershire County Council Pension Fund
for 3 Year Ended 31st December 2019**

Market Value: £4.6bn



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

Market Value: £4.6bn

	30th September 2019			31st December 2019		
	Market Val (£000s)	Exposure (%)	Net Exp (%)	Market Val (£000s)	Exposure (%)	Net Exp (%)
Total Equity Fund	2,082,054	45.5	1.8	2,140,664	46.0	2.6
Total Equity Fund ex Hedge	2,043,378	44.7	1.0	2,086,697	44.9	1.4
L&G Total Passive Equity Fund	1,493,841	32.7	0.9	1,522,268	32.7	1.1
L&G UK Equity Fund	326,973	7.2	0.2	345,561	7.4	0.5
L&G North American Equity Fund	594,813	13.0	0.1	598,097	12.9	0.0
L&G Japanese Equity Fund	120,501	2.6	0.2	120,802	2.6	0.1
L&G European Equity Fund	250,823	5.5	0.5	252,462	5.4	0.5
L&G Pacific Ex Japan Equity Fund	117,563	2.6	0.1	118,214	2.5	0.1
L&G Emerging Markets Equity Fund	83,168	1.8	-0.2	87,132	1.9	-0.1
LGPS Global Active Equity Fund	370,157	8.1	0.2	378,627	8.1	0.2
LGPS Central Emerging Market Active Equity Fund	179,379	3.9	-0.1	185,803	4.0	-0.1
Kames Currency Hedge Fund	38,676	0.8	0.9	53,967	1.2	1.2
Total Private Equity Fund	223,917	4.9	0.9	226,350	4.9	0.9
Total Real Income Fund	1,151,864	25.2	-1.5	1,143,941	24.6	-1.6
Total Property Fund	410,134	9.0	-1.0	409,256	8.8	-1.1
Colliers Pooled Property	30,177	0.7	-0.1	30,412	0.7	-0.2
Colliers Direct Property Fund	99,755	2.2	-0.5	99,275	2.1	-0.5
Aviva Property Fund	206,605	4.5	-0.5	207,045	4.5	-0.5
Kames Capital Property Fund	26,081	0.6	0.0	25,318	0.5	0.0
Kames Capital II Property Fund	47,516	1.0	0.1	47,206	1.0	0.1
Total Inflation-Linked Fund	741,730	16.2	-0.5	734,686	15.8	-0.5
Kames Capital Index-Linked Fund	360,204	7.9	0.2	329,534	7.1	-0.3
IFM Global Infrastructure Fund	87,900	1.9	0.4	105,438	2.3	0.8
KKR Global Infrastructure Fund	55,820	1.2	-0.4	65,928	1.4	-0.1
JPMorgan Infrastructure Fund	95,670	2.1	-0.9	95,670	2.1	-0.9
Stafford Timberland Fund	142,135	3.1	0.1	138,115	3.0	0.0
Total Alternatives Fund	1,092,148	23.9	-1.8	1,092,418	23.5	-2.9
Total Targeted Return Fund	537,710	11.8	0.4	481,477	10.4	-0.9
Aspect Capital Partners Fund	147,651	3.2	-0.1	144,279	3.1	-0.3
Ruffer Fund	199,606	4.4	0.4	168,406	3.6	-0.3
Pictet Fund	190,284	4.2	0.2	168,627	3.6	-0.3
EnTrustPermal Fund	169	0.0	0.0	166	0.0	0.0
Total Credit and EMM Debt Fund	381,656	8.3	-1.6	423,957	9.1	-2.0
Ashmore Emerging Markets Debt Fund	118,764	2.6	0.1	113,751	2.4	0.0
JPMorgan Global Credit Fund	28,353	0.6	0.1	28,353	0.6	0.1
Partners Group Private Debt Fund	234,539	5.1	-1.8	281,853	6.1	-2.1
Total Other Opportunities Fund	172,782	3.8	-0.7	186,985	4.0	0.0
M&G DOF Fund	84,240	1.8	-0.4	97,606	2.1	0.0
Christofferson Robb & Company Fund	54,288	1.2	0.2	50,688	1.1	0.1
Infracapital Infrastructure Fund	15,964	0.3	-0.1	18,258	0.4	-0.1
Aberdeen Standard Private Equity Fund	18,289	0.4	-0.3	20,433	0.4	-0.1
Millennium Currency Fund	-1,664	0.0	0.0	665	0.0	0.0
Cash Fund	23,349	0.5	0.5	44,919	1.0	1.0
Leicestershire County Council Pension Fund ex Hedge	4,532,991	99.2	-0.9	4,594,991	98.8	100.0
Leicestershire County Council Pension Fund	4,571,667	100.0	0.0	4,648,958	100.0	100.0