

# London Borough of Harrow Performance Review

**Period Ending March 2012**

**25<sup>th</sup> June 2012**  
**Lynn Coventry**

## Agenda

Section 1 – Market Environment

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Section 2 – Total Fund Performance versus Strategic Benchmark

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Section 3 – Total Fund Performance versus Peer Group

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Summary

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# Section 1

## Market Environment

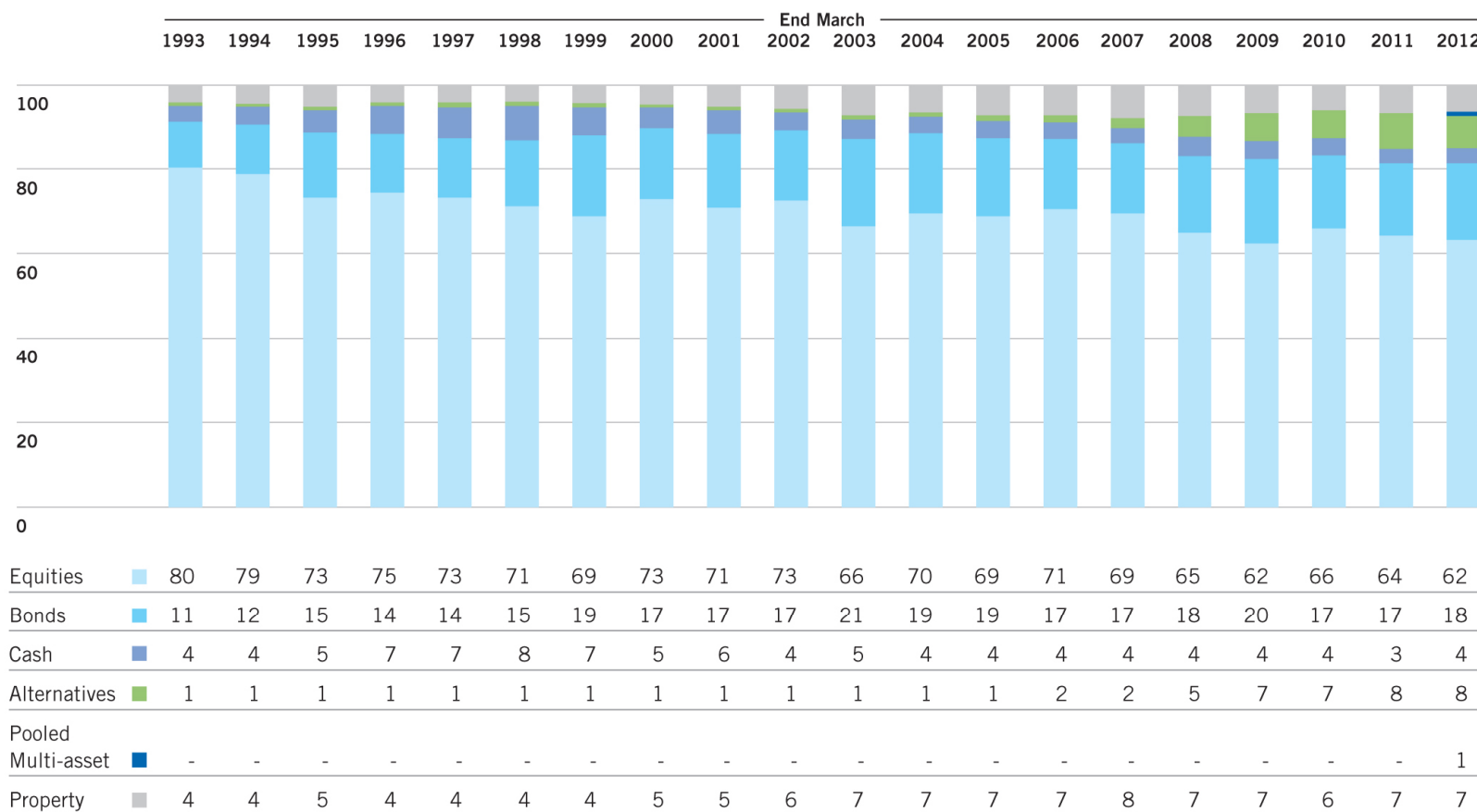
# 2011/2012 Returns and Ranges (%)

2011/2012 Returns and Ranges (%)



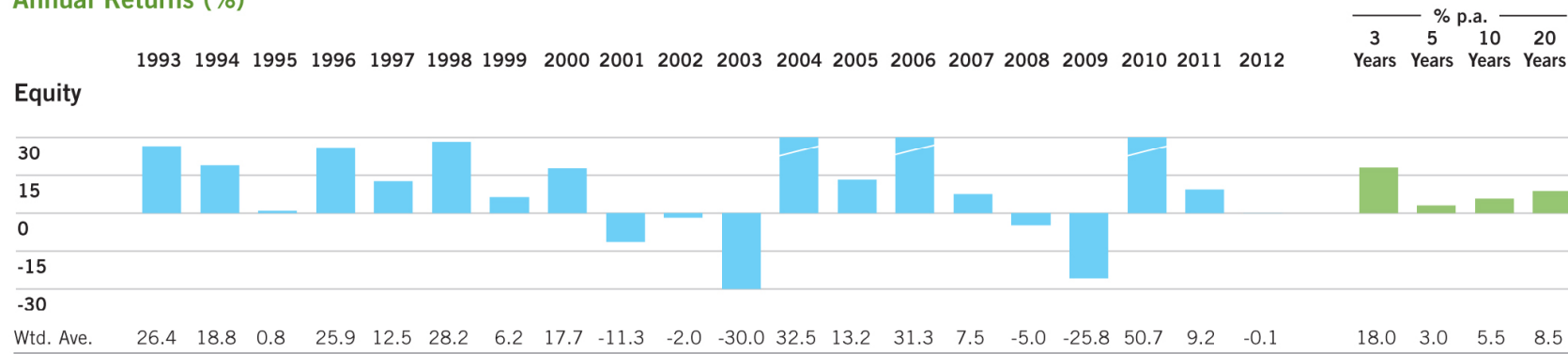
# Longer Term Asset Allocation (%)

Longer Term Asset Allocation (%)

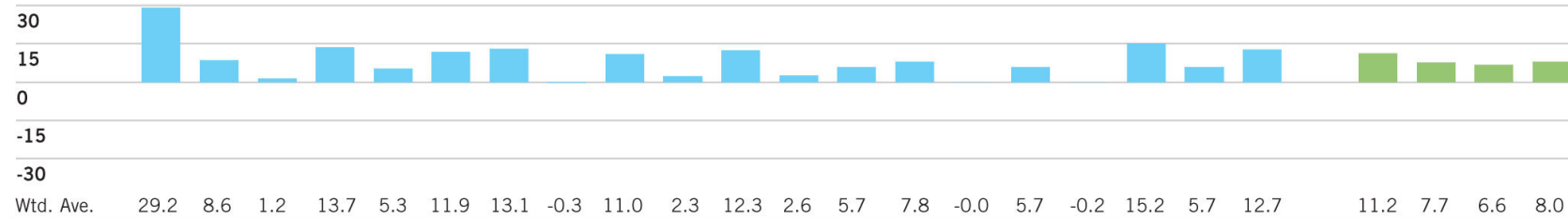


# Annual Returns (%)

## Annual Returns (%)

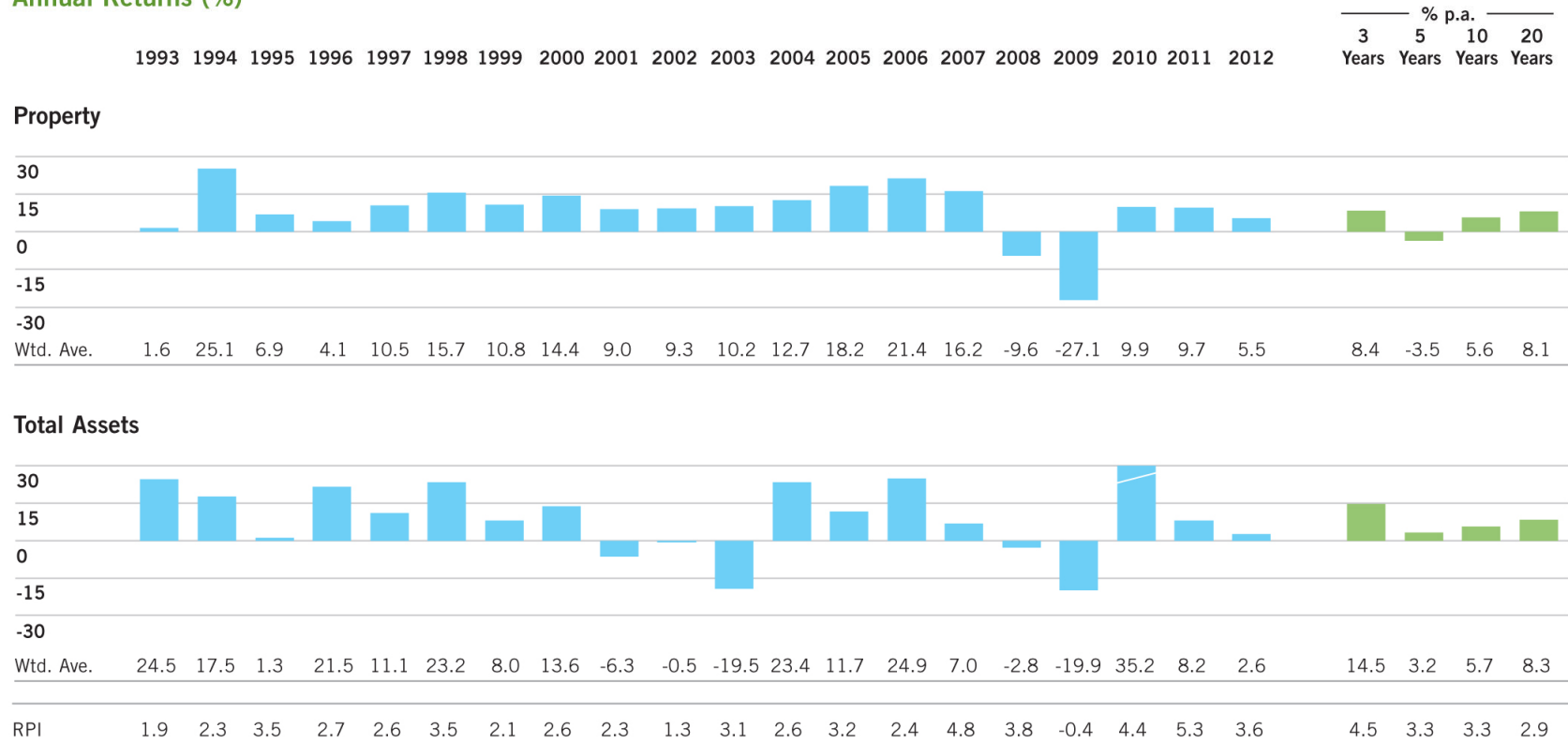


## Bonds



# Annual Returns (%)

## Annual Returns (%)



## Alternative Performance

### Alternative Performance

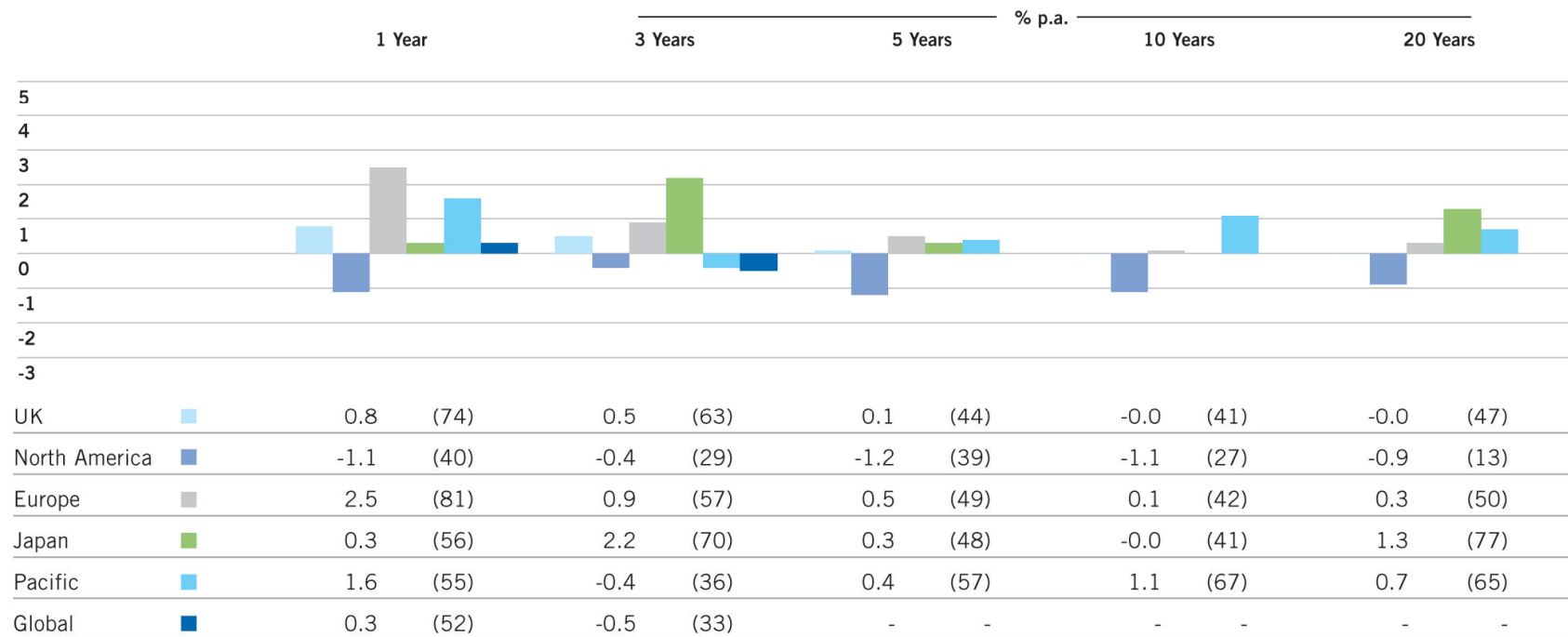
	Private Equity	Hedge Funds	Other Alternatives			
			Active Currency	Commodities	GTAA	Infrastructure
2007/2008	19.1	5.3	-	-	-18.6	4.8
2008/2009	2.0	-15.9	-	-	-26.6	-5.4
2009/2010	-2.4	12.1	0.8	14.0	30.2	12.1
2010/2011	10.3	5.3	-6.8	21.3	5.7	-1.4
2011/2012	5.3	-0.1	-5.7	-10.0	-0.8	2.9
<b>Last 3 Years % p.a.</b>	<b>4.3</b>	<b>5.6</b>	<b>-4.0</b>	<b>7.5</b>	<b>10.9</b>	<b>4.4</b>
<b>Last 5 Years % p.a.</b>	<b>6.6</b>	<b>0.9</b>	<b>-9.9</b>	<b>3.2</b>	<b>-4.0</b>	<b>2.4</b>



# Equity Performance (%)

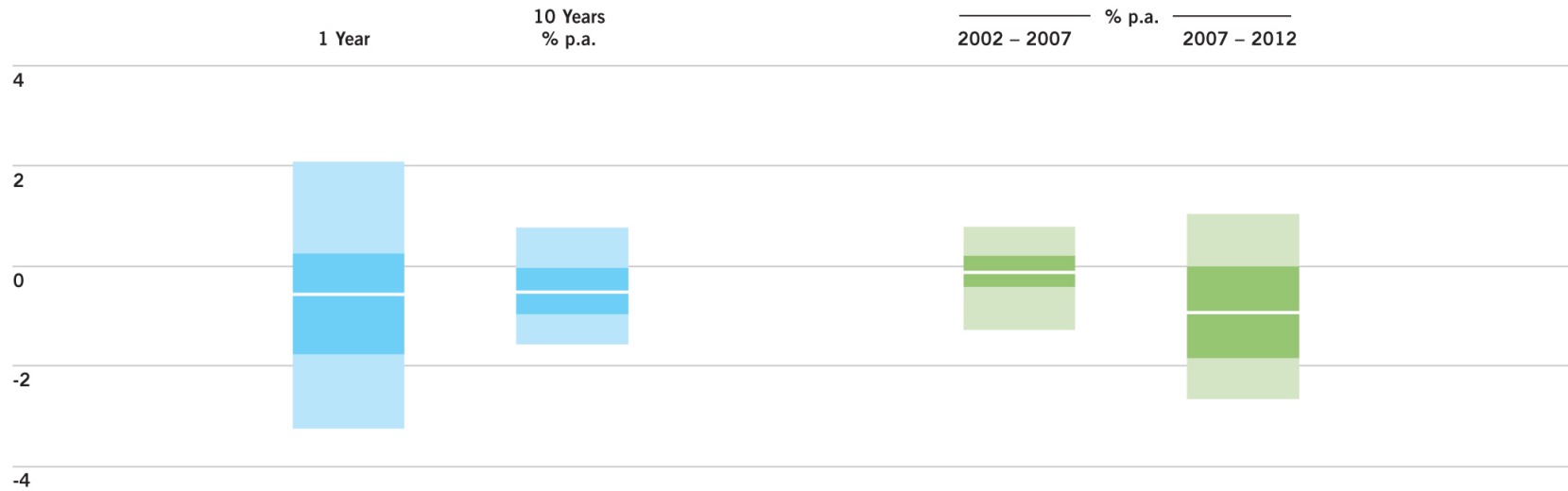
## Equity Performance Relative to Market Indices (%)

(% of Funds Above Index Over the Period Shown in Brackets)



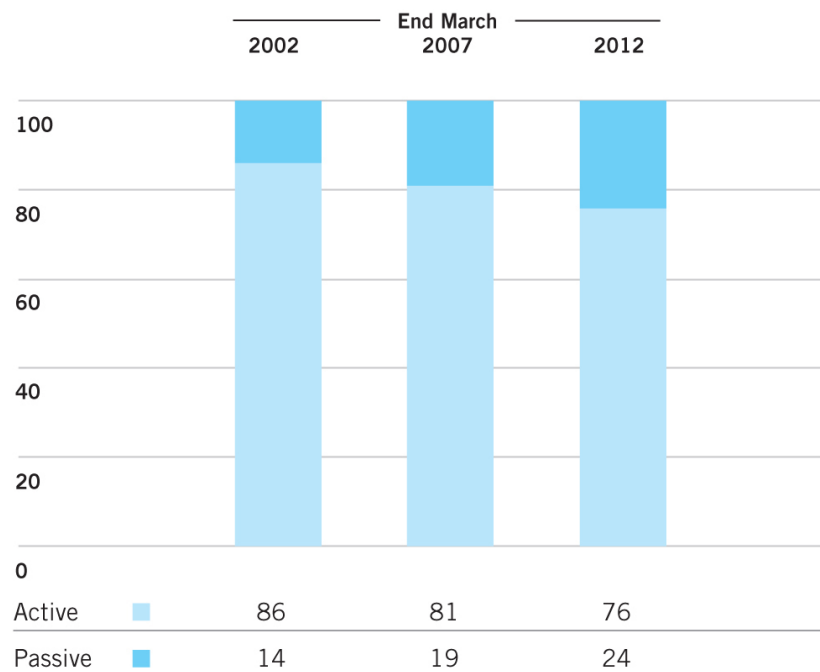
# Performance Relative to Benchmark

## Performance Relative to Benchmark



# Level of Indexation (%)

Level of Indexation (%)



## Section 2

### Total Fund Performance versus Strategic Benchmark

## Fund Structure & Benchmarks

Manager	Mandate	Benchmark
SSGA	UK Equities	FTSE All Share
Wellington	Global Equities	MSCI All Countries World Index GDR
Fidelity	Global Equities	MSCI All Countries World Index GDR
Longview	Global Equities	MSCI World (Local) TR Net
BlackRock	Bonds	Customised
Aviva	Property	IPD UK PPF All Balanced Funds
UBS	Property	IPD All Funds Pooled Index Median
Pantheon	Private Equity	GBP 7 Day Libid
Record	Passive Currency	

### Benchmark

The Fund is measured relative to a customised benchmark as detailed in the table below:

Asset Class	Weight %	Index
UK Equities	26.0	FTSE All Share
Global Equities	45.0	MSCI AC World Index GDR 50% Hedged
Bonds	13.0	80% BAML Eurosterling over 10 Years 20% FTSE Index Linked Gilts Over 5 Years
Property	10.0	IPD UK PPF All Balanced Funds
Private Equity	3.0	LIBID 7 Day Index
Cash	3.0	LIBID 7 Day Index

### Target

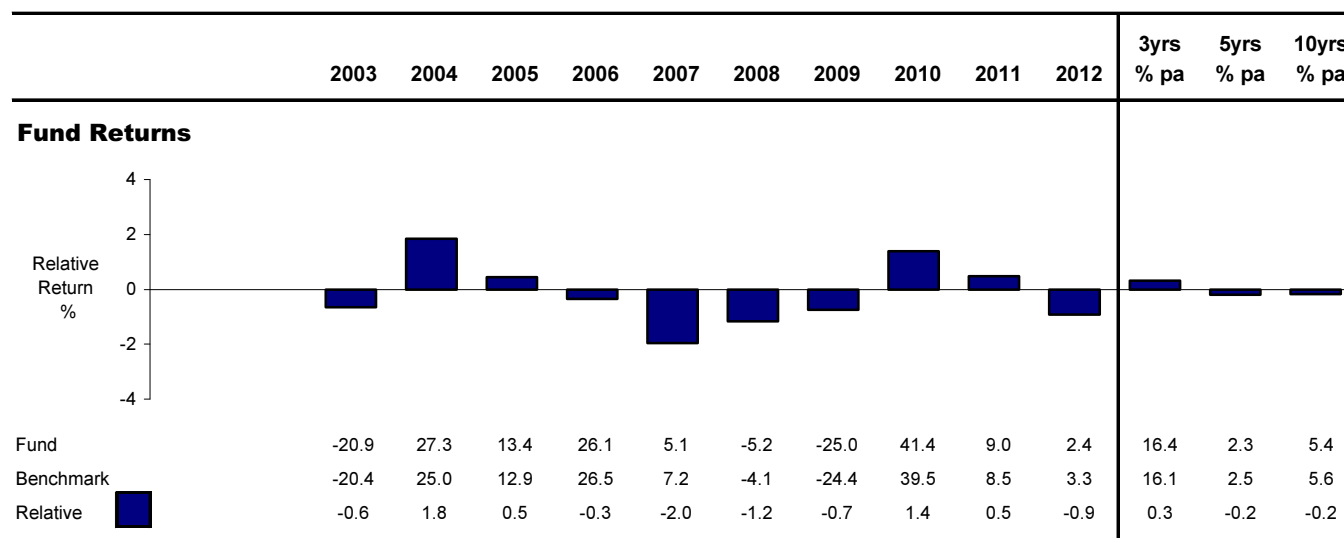
The individual manager objectives are detailed below.

Outperformance of Benchmark Measured over three year periods % pa	
Blackrock Bonds	0.5% pa over rolling 3 years
State Street	Match benchmark
Wellington	2% p.a. gross of fees over a 3 year rolling period.
Fidelity	2% p.a. gross of fees over a 3 year rolling period.
Longview	2% p.a. gross of fees over a 3 year rolling period.

## Performance Summary

Values (GBP)'000	Mandate	Value at 31/03/2011	Transactions	Capital Gain / loss	Income	Value at 30/03/2012	% Fund
SSGA	Eq UK	120,433	0	1,835	0	122,269	25
FIDELITY	Eq Gbl	86,499	266	-1,928	667	84,837	17
LONGVIEW	Eq Gbl	32,041	22	1,878	0	33,941	7
WELLINGTON	Eq Gbl	97,835	222	-1,071	0	96,985	20
BLACKROCK	Fixed Int	54,498	4,220	4,587	2,882	63,304	13
PANTHEON	Private Eq	20,873	2,488	-305	0	23,056	5
MELLON	Currency Act	3,020	-2,826	-194	0		0
RECORD	Curr Overlay	900	302	446	0	1,648	0
UBS	Prop UK	10,166	-264	77	569	9,978	2
BLACKROCK	Prop UK	31,429	-31,834	555	561	150	0
BLACKROCK	Cash	35	0	2	0	37	0
INT FUND	Cash	16,902	4,106	0	0	21,007	4
AVIVA	Prop UK		31,763	-77	476	31,685	6
TRANSITION	Trans		-375	375	0		
Total Fund		474,629	8,090	6,180	5,154	488,899	100

# Total Fund Performance



Over the longer term of 20 years the Fund return of 8.4% p.a. compares with the Benchmark return of 8.2% p.a.

## Latest Year Attribution

**Detail**

Strategic Allocation			Investment Manager	Manager Contribution		
Distribution		Policy		Weighted Contribution	% Return	
Portfolio	Benchmark	Contribution			Portfolio	Benchmark
<b>70.9</b>	<b>71.0</b>	-	<b>TOTAL EQUITIES</b>	<b>-0.3</b>		
25.4		-	STATE STREET GLOBAL ADVISORS LTD	-	1.5	1.4
20.6		-	WELLINGTON MANAGEMENT COMPANY	-0.3	-1.1	0.1
18.2		-	FIDELITY INVESTMENT SERVICES LIMITED	-0.3	-1.4	0.1
6.7		-	LONGVIEW	0.3	5.9	1.5
<b>11.5</b>	<b>13.0</b>	<b>-0.2</b>	<b>TOTAL BONDS</b>	<b>-0.1</b>		
11.5		-	BLACKROCK	-0.1	13.6	14.1
<b>8.8</b>	<b>10.0</b>	-	<b>TOTAL PROPERTY</b>	-		
6.6		-	AVIVA COMBINED	-	6.1	5.7
2.1		-	UBS GLOBAL ASSET MANAGEMENT	-	6.6	5.7
<b>8.7</b>	<b>6.0</b>	<b>-0.2</b>	<b>CASH/ALTERNATIVES</b>	<b>-0.1</b>		
4.4		-	PANTHEON VENTURES	-0.1	-1.1	0.5
3.6		-	INTERNAL FUND	-	0.0	0.5
0.6		-	MELLON CAPITAL MGMT	-	n/a	n/a
		<b>-0.4</b>		<b>-0.5</b>		



## Manager Performance

	Final Value (GBP 1000)	1 Year	3 Years	5 Years	Since Inception	Incept. Date
<b>Equity - UK</b>						
STATE STREET GLOBAL ADVISORS LTD	122,269	1.5			8.7	10/11/2009
FTSE All Share TR		1.4			8.5	
Relative Return		0.1			0.1	
<b>Equity - World</b>						
FIDELITY INVESTMENT SERVICES LIMITED	84,837	-1.4			8.5	11/11/2009
MSCI AC WORLD GDR		0.1			9.4	
Relative Return		-1.6			-0.7	
WELLINGTON MANAGEMENT COMPANY	96,985	-1.1			10.4	12/11/2009
MSCI AC WORLD GDR		0.1			9.7	
Relative Return		-1.2			0.6	
LONGVIEW	33,941	5.9			11.1	20/11/2009
LB OF HARROW - LONGVIEW B/M		1.5			7.9	
Relative Return		4.3			3.0	

## Manager Performance

	Final Value (GBP 1000)	1 Year	3 Years	5 Years	Since Inception	Incept. Date
<b>Fixed Interest</b>						
BLACKROCK	63,304	13.6	11.4	8.6	6.8	31/7/2003
LBof Harrow BlackRock FI BM		14.1	10.9	8.8	7.0	
Relative Return		-0.5	0.4	-0.2	-0.2	
<b>Property - UK</b>						
UBS GLOBAL ASSET MANAGEMENT	9,978	6.6	17.2	3.7	9.7	31/12/1990
L B OF HARROW - UBS B/M		5.7	16.1	4.0	8.9	
Relative Return		0.8	0.9	-0.3	0.7	
AVIVA COMBINED FUND	31,835	6.1	8.1	-3.7	5.7	29/12/2000
IPD UK PPF ALL BALANCED FUNDS.		5.7	8.8	-3.6	5.5	
Relative Return		0.4	-0.7	-0.1	0.2	

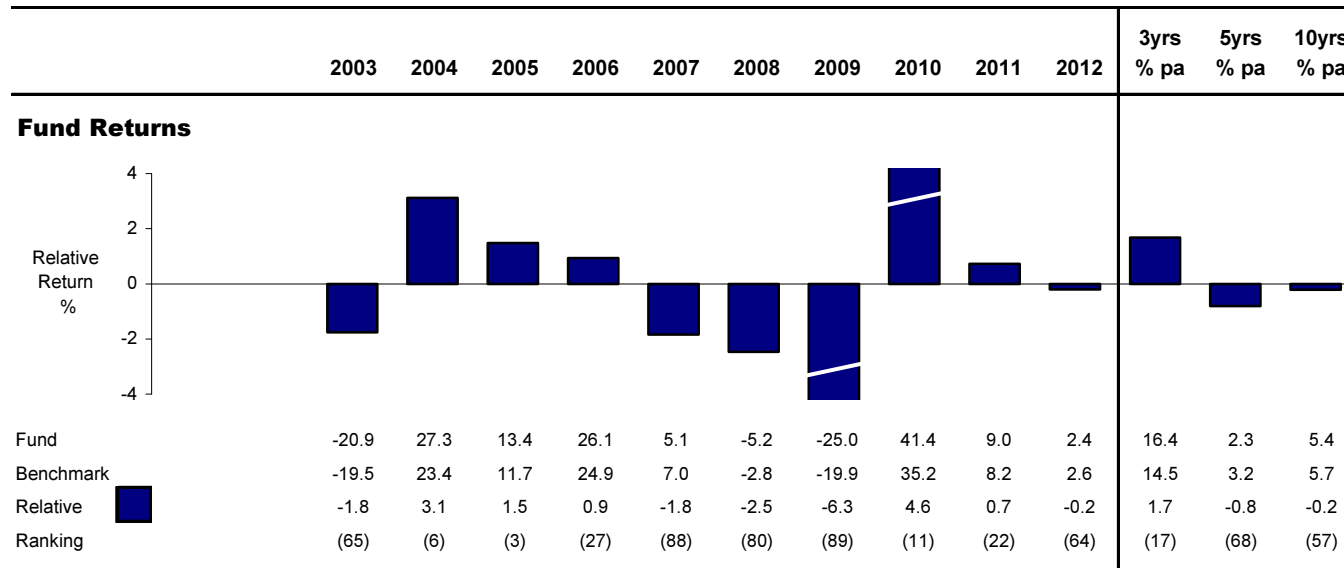
## Manager Performance

	Final Value (GBP 1000)	1 Year	3 Years	5 Years	Since Inception	Incept. Date
<b>Private Equity</b>						
PANTHEON VENTURES	23,056	-1.1	0.5		2.0	30/4/2007
GBP 7 DAY LIBID		0.5	0.4		2.0	
Relative Return		-1.6	0.0		0.1	
<b>Currency Overlay</b>						
RECORD CURRENCY MGMT	1,648	n/a	n/a		n/a	29/6/2007
GBP 7 DAY LIBID		0.5	0.4		1.8	
<b>Cash</b>						
BLACKROCK	37	5.8	8.2	9.3	7.0	29/12/2000
L B OF HARROW - BLACKROCK BM		10.2	9.7	3.0	2.9	
Relative Return		-4.1	-1.4	6.1	4.0	
INTERNAL FUND	21,007	0.0			0.6	31/12/2010
GBP 7 DAY LIBID		0.5			0.5	
Relative Return		-0.5			0.1	
<b>TOTAL FUND</b>						
TOTAL COMBINED	488,899	2.4	16.4	2.3	8.8	31/12/1990
L B Harrow - Combined Hedged Benchmark		3.3	16.1	2.5	8.6	
Relative Return		-0.9	0.3	-0.2	0.2	

## Section 3

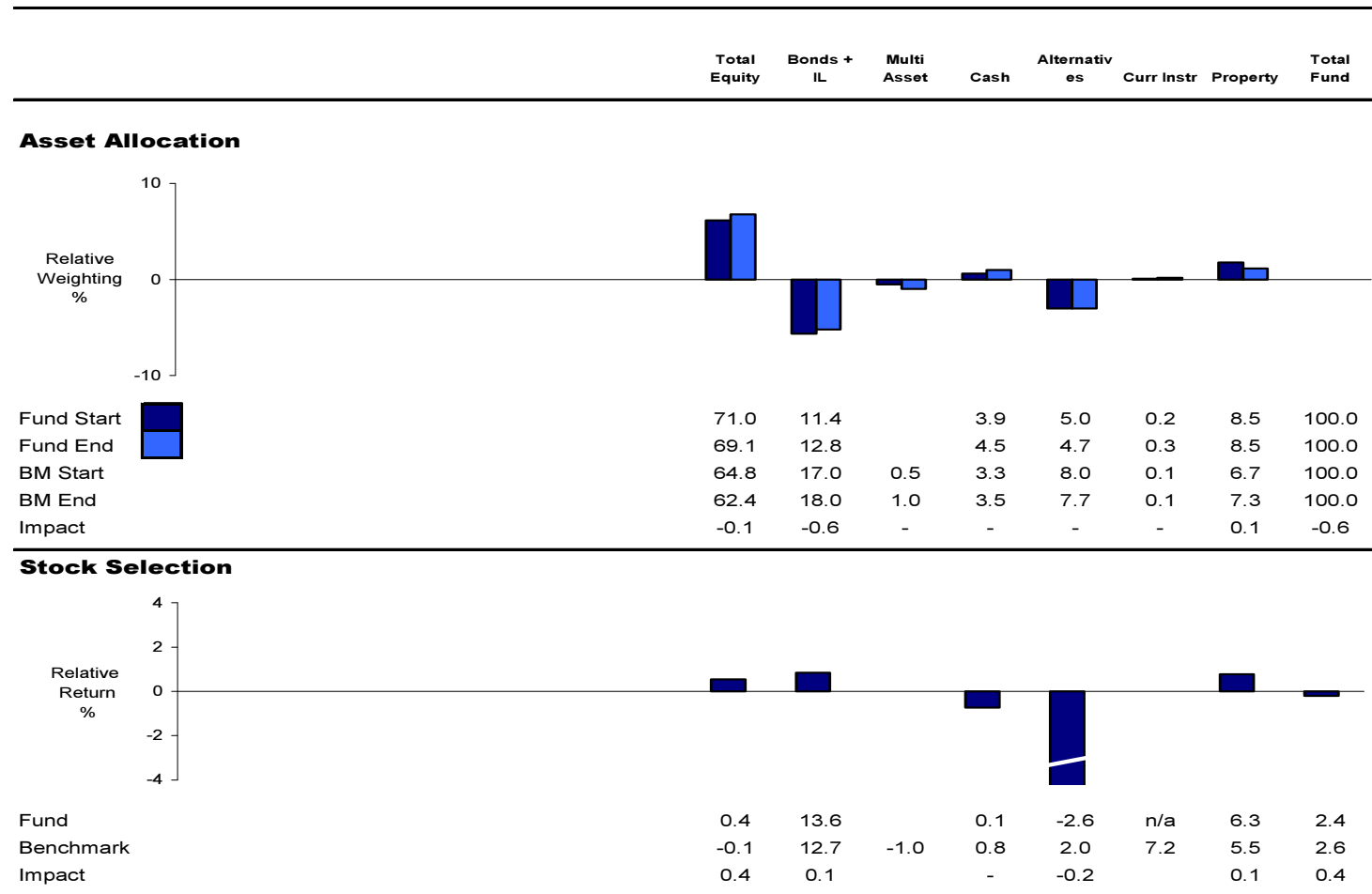
### Total Fund Performance versus Peer Group

# Total Fund Performance

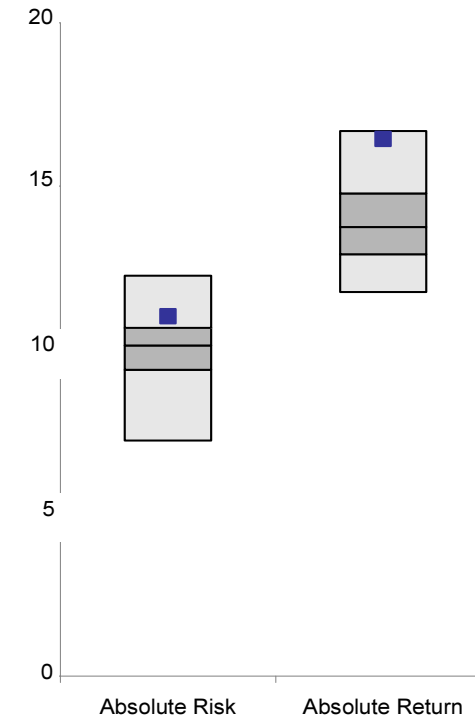
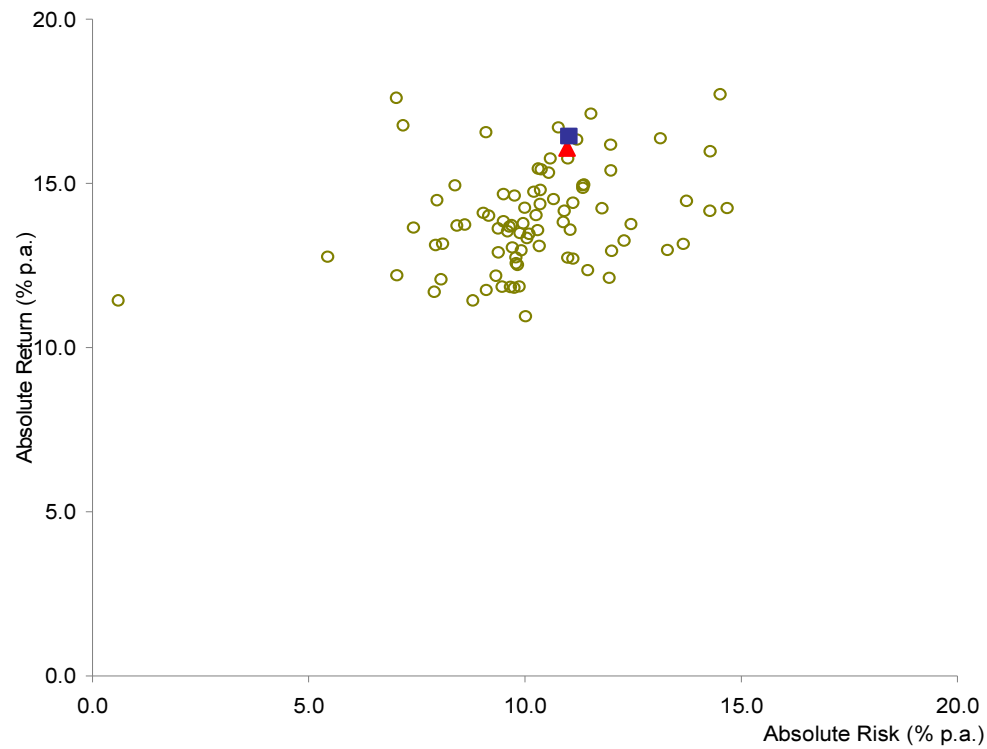


Over the longer term of 20 years the Fund return of 8.4% p.a. compares with the Local Authority Average return of 8.3% p.a. , ranking in the 33<sup>rd</sup> percentile.

# Latest Year Attribution



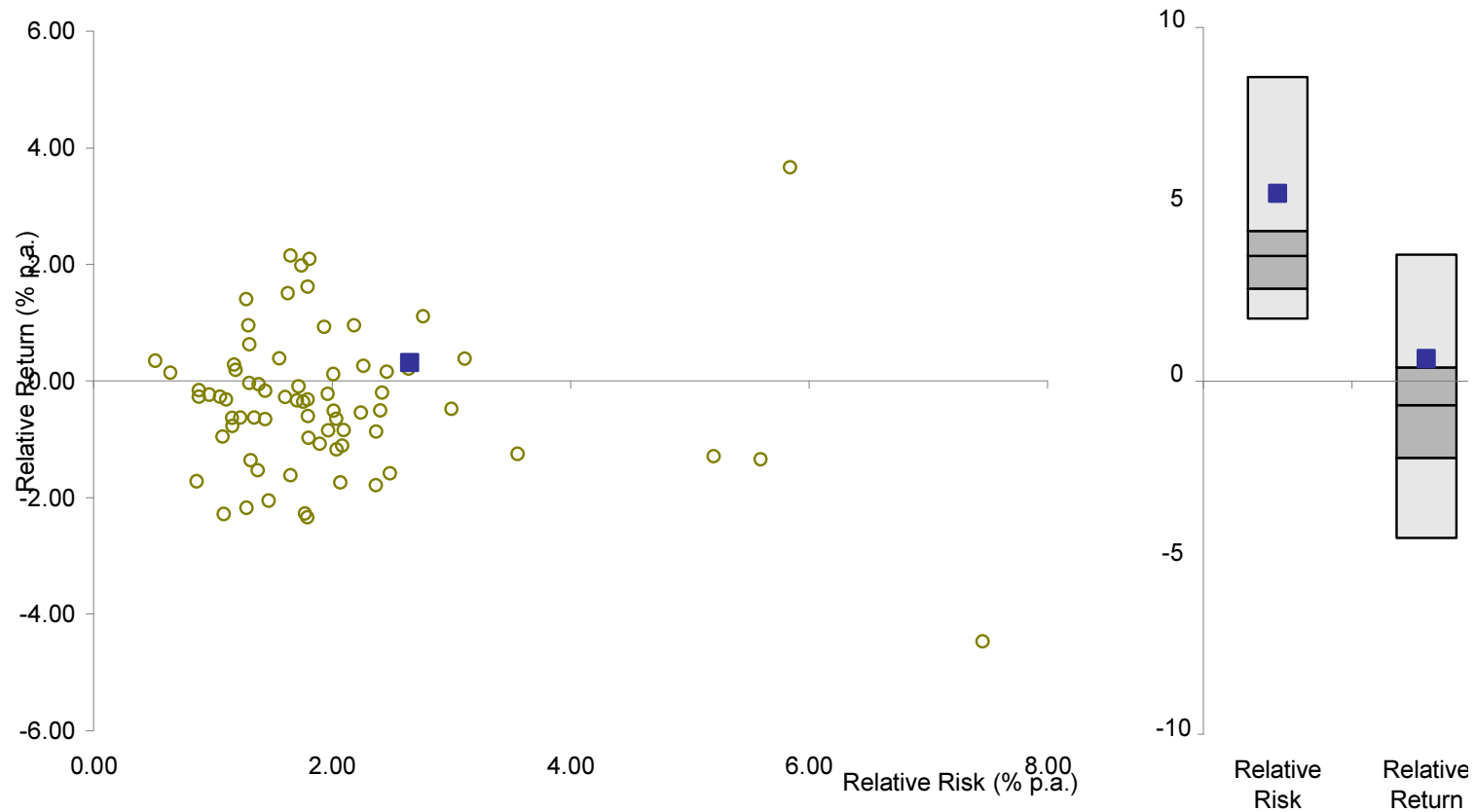
## Absolute Risk and Return 3 Years % p.a.



■ Your Fund. ▲ Your Benchmark.

○ Each circle in the risk/return space represents a fund from the relevant backdrop.

## Relative Risk and Return 3 Years % p.a.



■ Your Fund.

○ Each circle in the risk/return space represents a fund from the relevant backdrop.



## Overall Conclusions

*Over the last 12 months, the Fund return of 2.4% was 0.9% below the Benchmark return of 3.3%. This compared with the Local Authority Average return of 2.6%, ranking 64<sup>th</sup> percentile.*

*The return over the 3 year period of 16.4% p.a. was ahead of both the Benchmark return of 16.1% p.a. and the Average return of 14.5% p.a., ranking 17<sup>th</sup> percentile.*

*Over the last 20 years the Fund return of 8.4% p.a. compares with the Benchmark return of 8.2% p.a. and the UK RPI index return of 2.9% p.a., a real return of 5.3% p.a.*