

London Borough of Harrow Performance Review

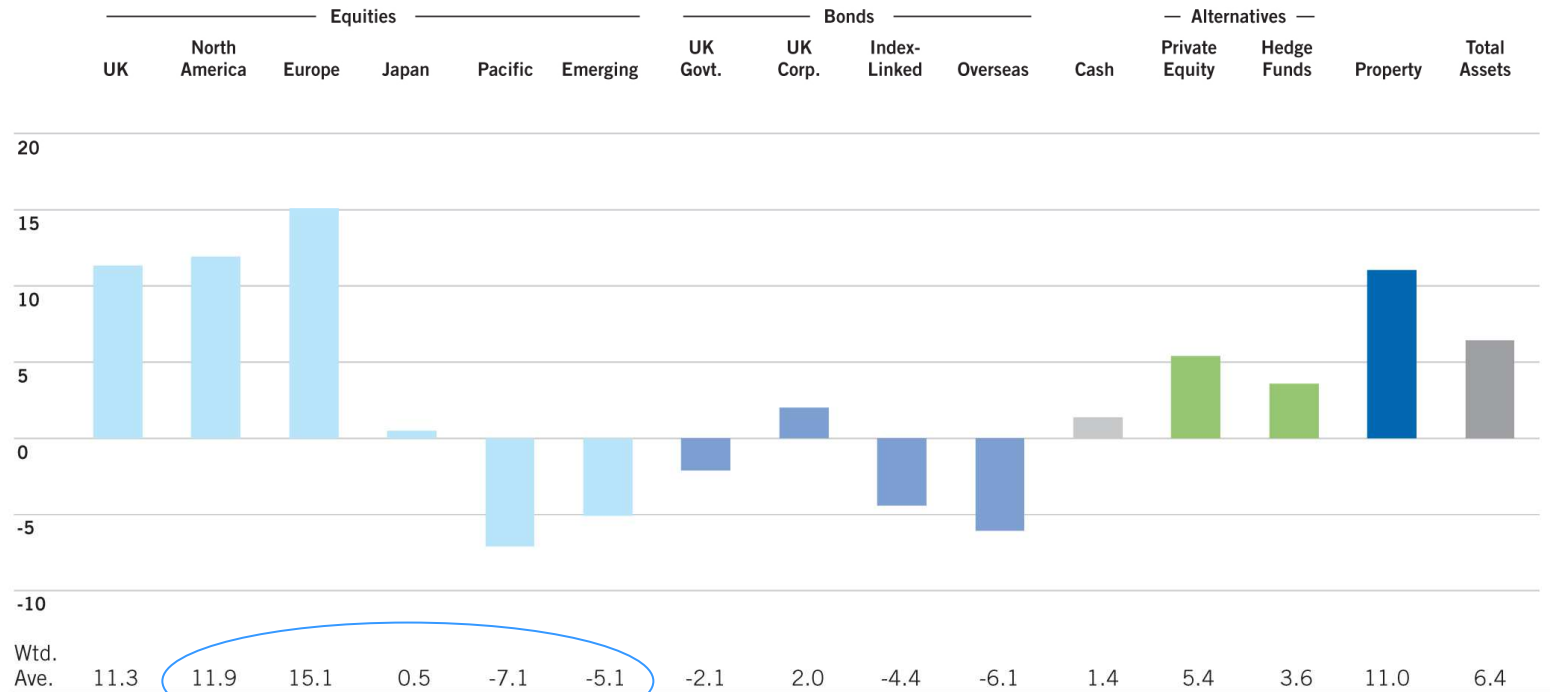
Period Ending 31st March 2014

Tuesday 23rd September 2014
Karen Thrumble

Section 1

Local Authority Universe Results

2013/2014 Returns (%)

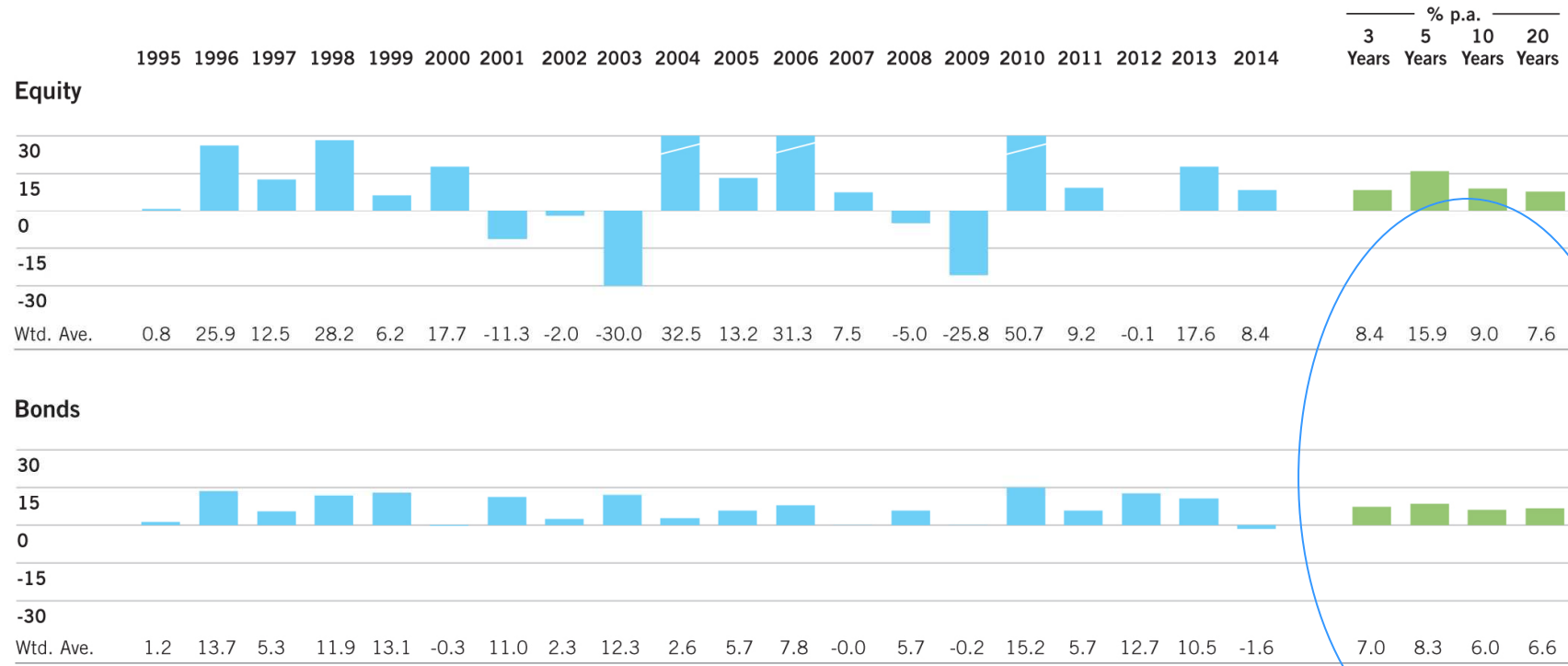


Source: State Street Investment Analytics, 2014.

Past performance is not a reliable indicator of future results.

Overseas returns were adversely affected by the strength of Sterling over the year.

Longer Term Returns (%)*

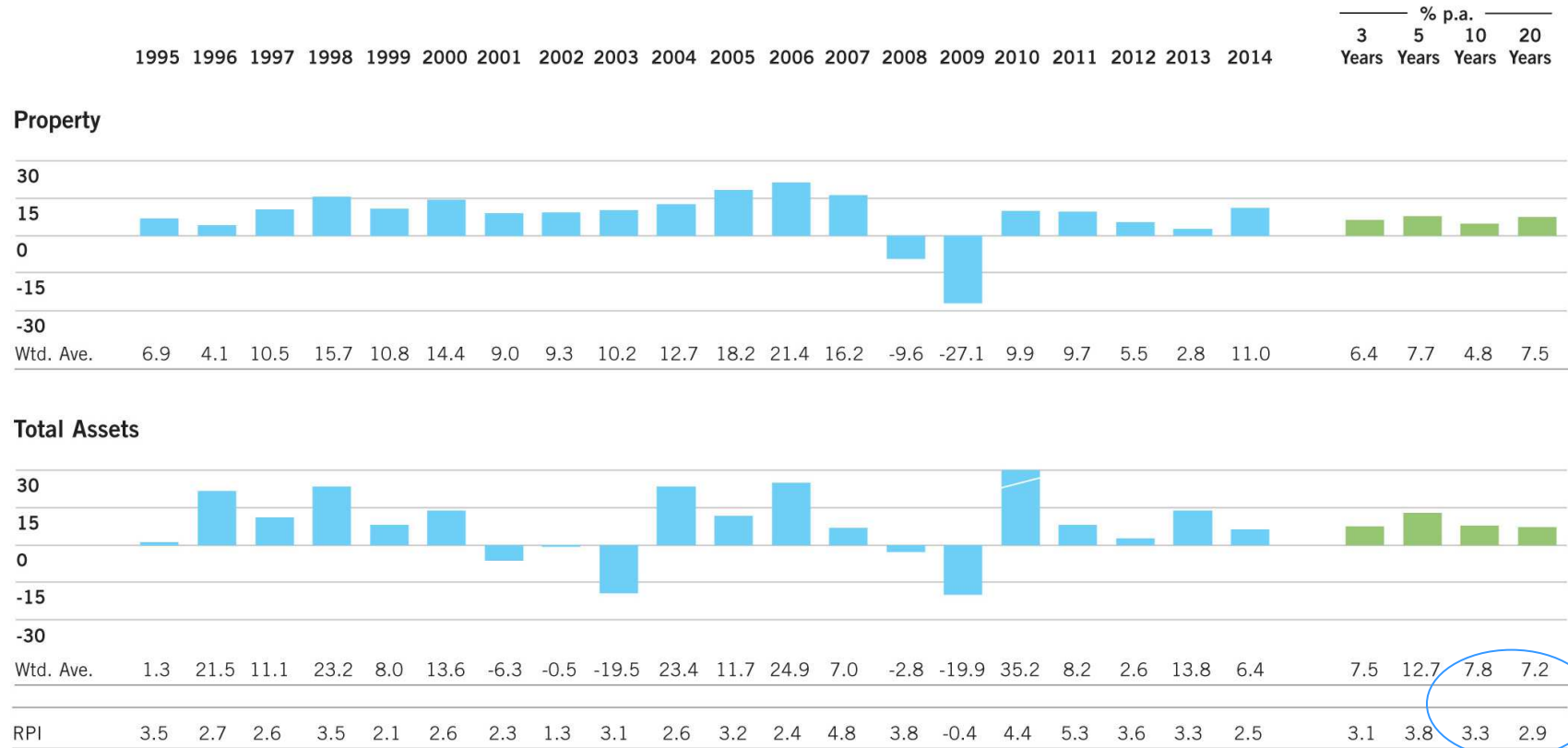


* Source: State Street Investment Analytics, 2014.

Past performance is not a reliable indicator of future results.

“Equity risk premium” in evidence

Longer Term Returns (%)*

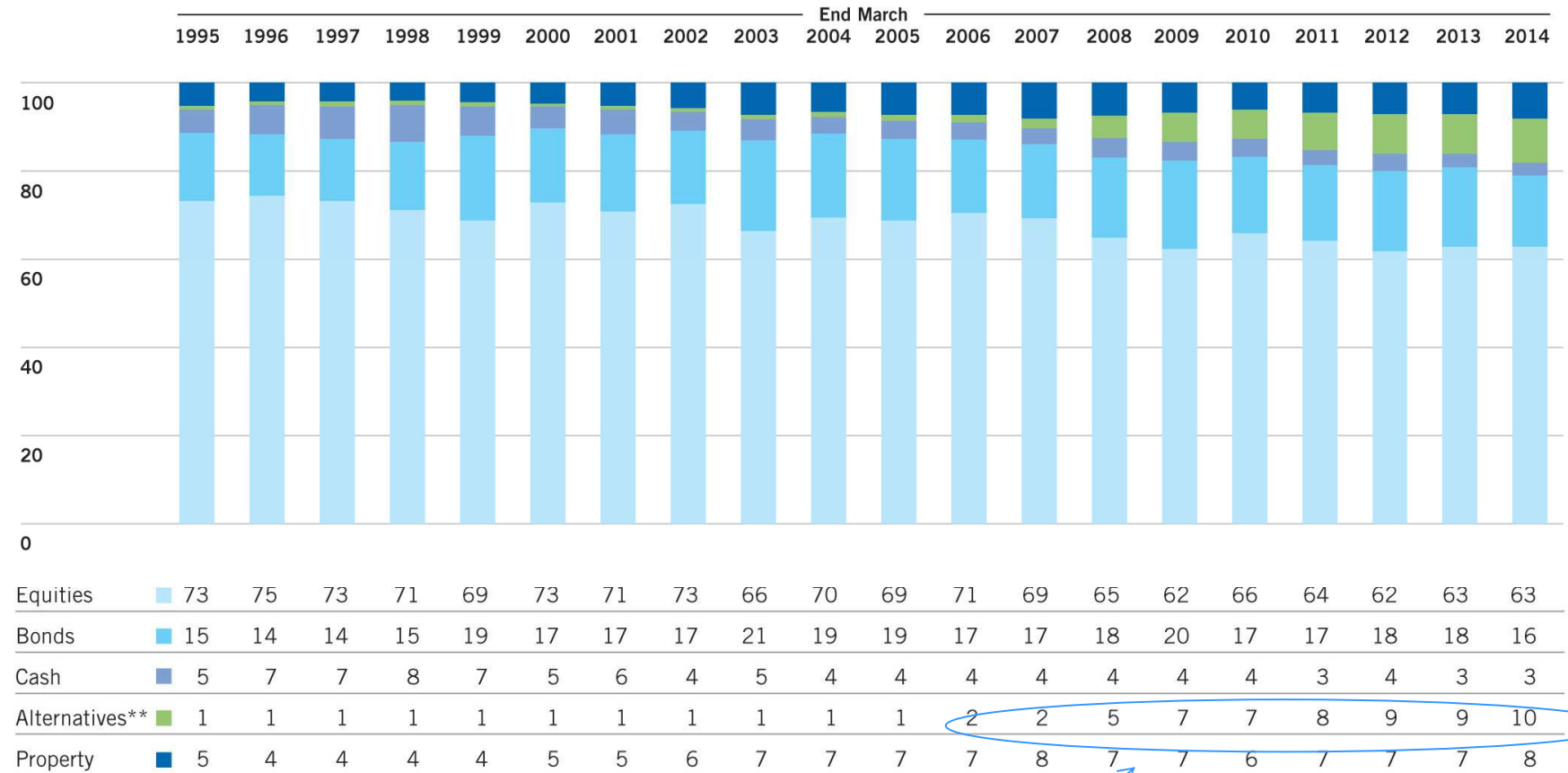


* Source: State Street Investment Analytics, 2014.

Past performance is not a reliable indicator of future results.

4% – 4.5% over inflation

Longer Term Asset Allocation (%)*



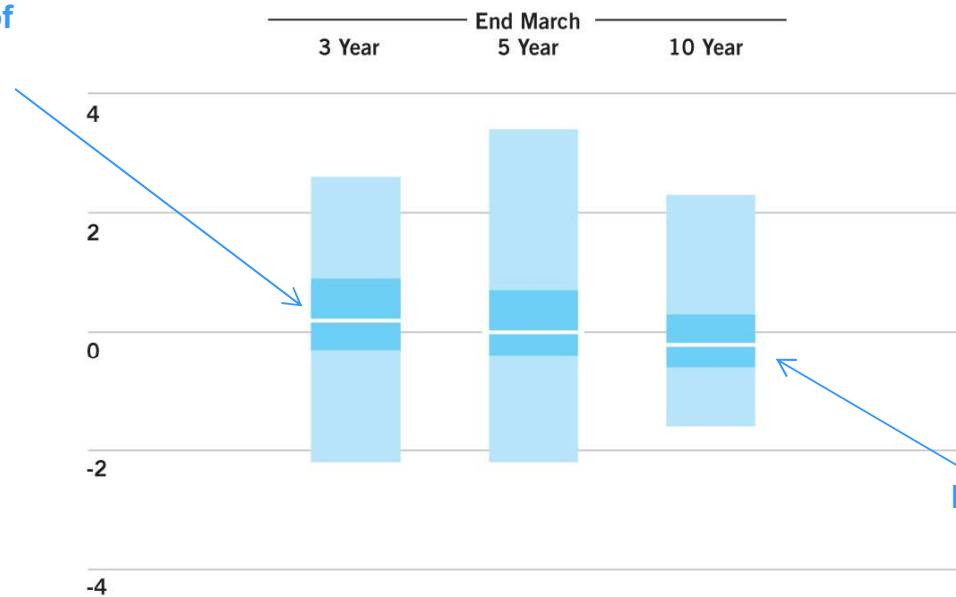
* Source: State Street Investment Analytics, 2014.
 ** Includes Pooled Multi-Asset from March 2010.

Past performance is not a reliable indicator of future results.

Recent growth

Performance Relative to Benchmark*

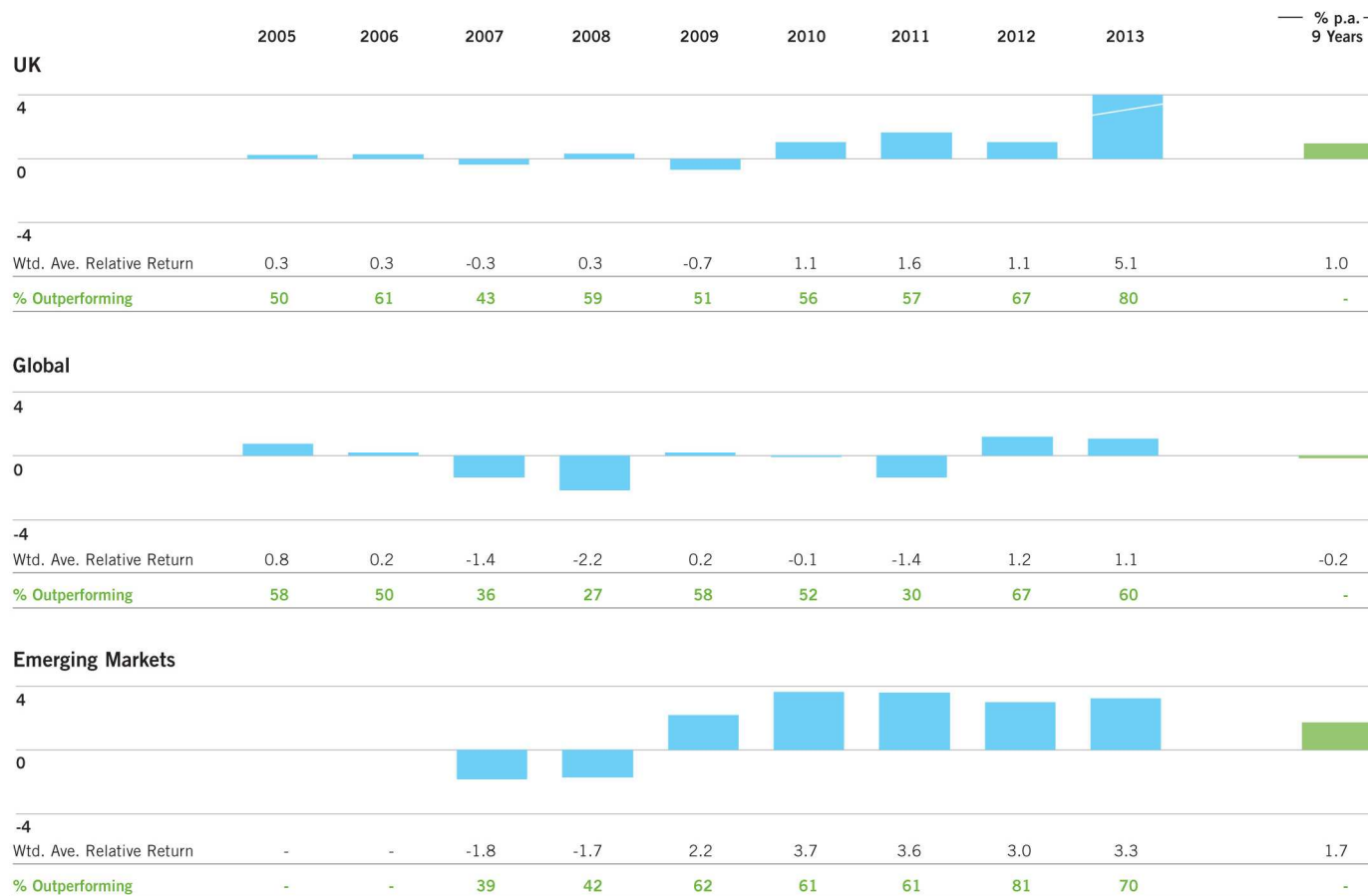
More than half of funds outperformed



Less than half of funds outperformed

* Source: State Street Investment Analytics, 2014.
Past performance is not a reliable indicator of future results.

Active Equity Managers Have Had a Relatively Strong Run



Section 2

Fund Performance compared to Benchmark

Harrow Fund Structure & Benchmark

Asset Class	Weight %	Index
Total Equities	62.0	
UK Equities	26.0	FTSE All Share
Global Equities	36.0	MSCI AC World Index GDR 50% Hedged
Total Bonds	13.0	
Bonds	13.0	80% BAML Eurosterling over 10 Years 20% FTSE Index Linked Gilts Over 5 Year
Total Property	10.0	
Property	10.0	IPD UK PPF All Balanced Funds
Total Alternatives	15.0	
Pooled Multi Asset	10.0	3 Month LIBOR +4%
Private Equity	5.0	LIBID 7 Day Index

Manager Benchmarks and Targets

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
Barings	Pooled Multi Asset	3 Month LIBOR + 4%
Standard Life	Pooled Multi Asset	3 Month LIBOR + 4%
Pantheon	Private Equity	GBP 7 Day Libid
Record	Passive Currency	

Outperformance of Benchmark Measured over three year periods % pa

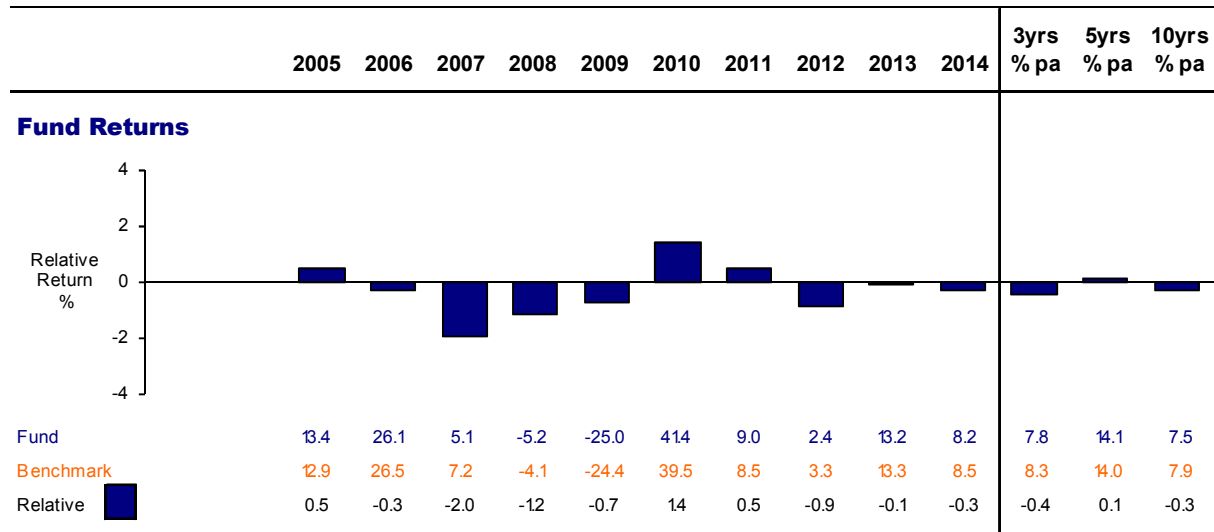
Blackrock Bonds	0.5% pa over rolling 3 years
State Street	Match benchmark
Wellington	2% p.a. gross of fees over a 3 year rolling period.
Fidelity	2% p.a. gross of fees over a 3 year rolling period.
Longview	2% p.a. gross of fees over a 3 year rolling period.

Fund Overview

Values (GBP)'00 Mandate		Value at 29/03/2013	Transactions	Capital Gain / loss	Income	Value at 31/03/2014	% Fund
SSGA	Eq UK	142,834	0	12,678	0	155,513	26
WELLINGTON	Eq Gbl	109,156	275	4,480	0	113,911	19
FIDELITY	Eq Gbl	98,713	-34,571	4,496	563	68,638	12
LONGVIEW	Eq Gbl	40,109	0	9,398	0	49,507	8
BLACKROCK	Fixed Int	72,598	2,921	-2,921	2,775	72,598	12
STANDARD LIFE	Pooled Multi Asset	0	27,000	890	0	27,890	5
BARINGS	Pooled Multi Asset	0	27,000	-370	0	26,630	5
PANTHEON	Private Equity	25,781	-3,100	2,438	0	25,119	4
RECORD	Currency	-2,274	-2,232	5,619	0	1,113	0
INT FUND	Cash	22,306	-20,645	0	0	1,661	0
BLACKROCK	Cash	41	0	-1	0	40	0
AVIVA	Prop UK	41,906	0	3,145	1,633	45,051	8
BLACKROCK	Property	151	-151	0	0		
Total Fund		551,321	-3,504	39,852	4,971	587,669	100

£54m moved into
Pooled Multi Asset
investments
during year

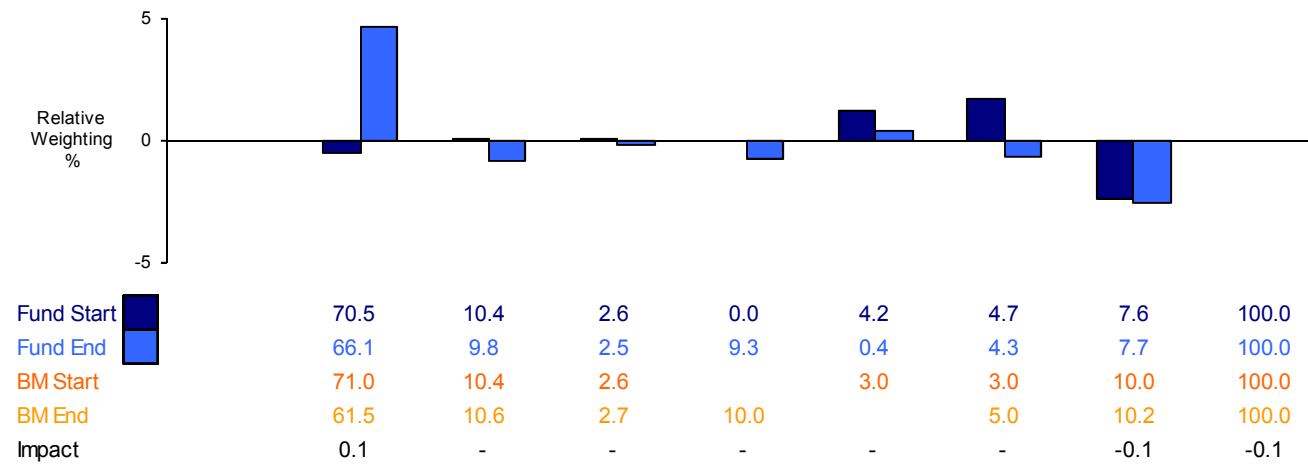
Total Fund Performance Relative to Benchmark



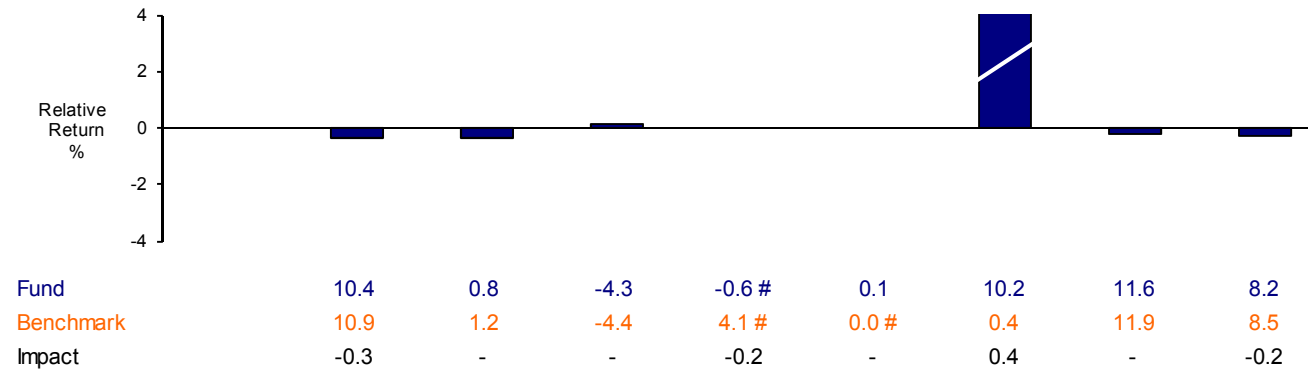
Latest Year Attribution – Fund vs. Benchmark

Total Equity UK Bonds UK IL Multi Asset Cash Private Eq Property Total Fund

Asset Allocation



Stock Selection



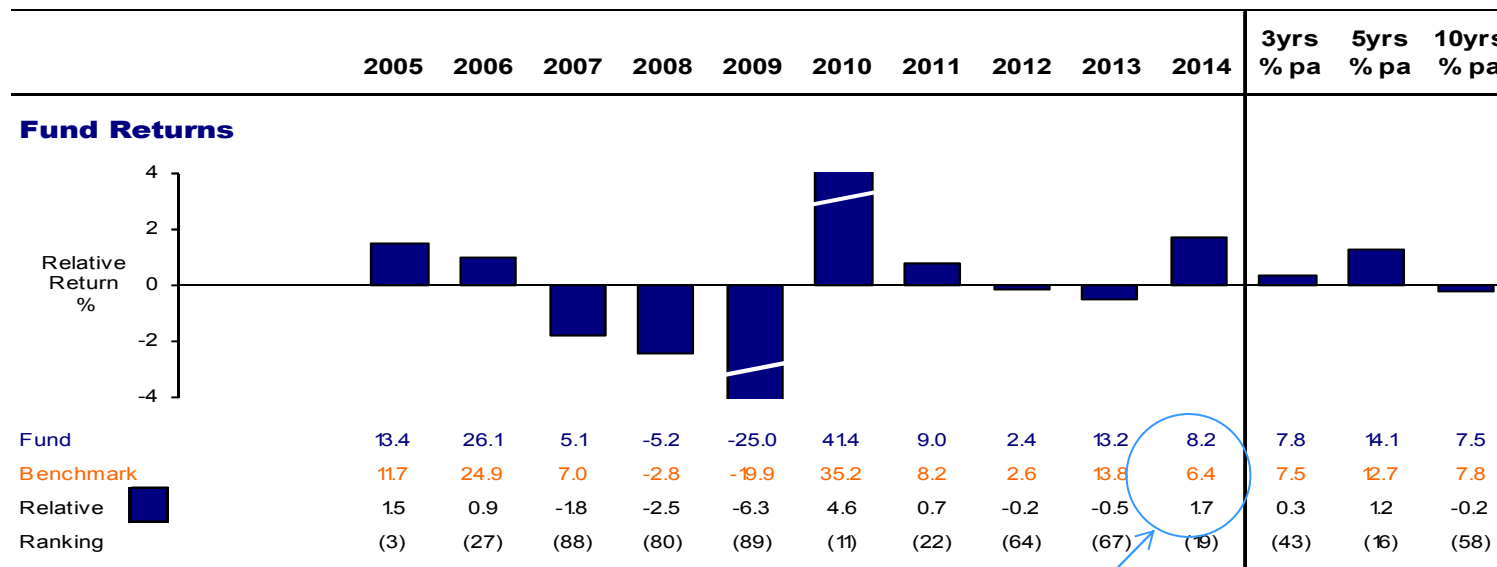
Manager Performance

	% of Fund	1 Year	3 Years (% pa)	5 Years (% pa)	Since Inception (% pa)	Incept. Date
Equity - UK						
SSGA	26	8.9	8.9		10.5	10/11/2009
FTSE All Share TR		8.8	8.8		10.4	
Relative		0.1	0.1		0.1	
Equity - World						
FIDELITY INVESTMENT SERVICES LI	12	8.1	7.5		10.2	11/11/2009
MSCI AC WORLD GDR		6.7	7.7		10.4	
Relative		1.3	-0.2		-0.2	
WELLINGTON MANAGEMENT COMP.	19	4.1	5.0		9.3	12/11/2009
MSCI AC WORLD GDR		6.7	7.7		10.6	
Relative		-2.5	-2.6		-1.1	
LONGVIEW	8	23.4	15.5		15.4	20/11/2009
LB OF HARROW - LONGVIEW B/M		18.6	11.2		11.7	
Relative		4.1	3.9		3.3	
Fixed Interest						
BLACKROCK	12	-0.2	9.0	9.5	6.8	31/7/2003
LBof Harrow BlackRock FI BM		0.1	9.1	9.2	7.0	
Relative		-0.3	-0.1	0.3	-0.2	
Private Equity						
PANTHEON VENTURES	4	10.2	6.9	4.6	4.6	30/4/2007
GBP 7 DAY LIBID		0.4	0.4	0.4	1.5	
Relative		9.8	6.4	4.1	3.0	
Pooled Multi Asset						
BARING ASSET MANAGEMENT	5				-1.4	14/5/2013
GBP 3 MONTH LIBOR +4%					4.0	
Relative					-5.1	
STANDARD LIFE	5				3.3	18/6/2013
GBP 3 MONTH LIBOR +4%					3.5	
Relative					-0.2	
Property - UK						
AVIVA COMBINED FUND	8	11.6	6.9	7.7	6.0	29/12/2000
AREF/IPD ALL BALANCED		11.9	5.7	7.5	5.3	
Relative		-0.2	1.1	0.2	0.6	

Section 3

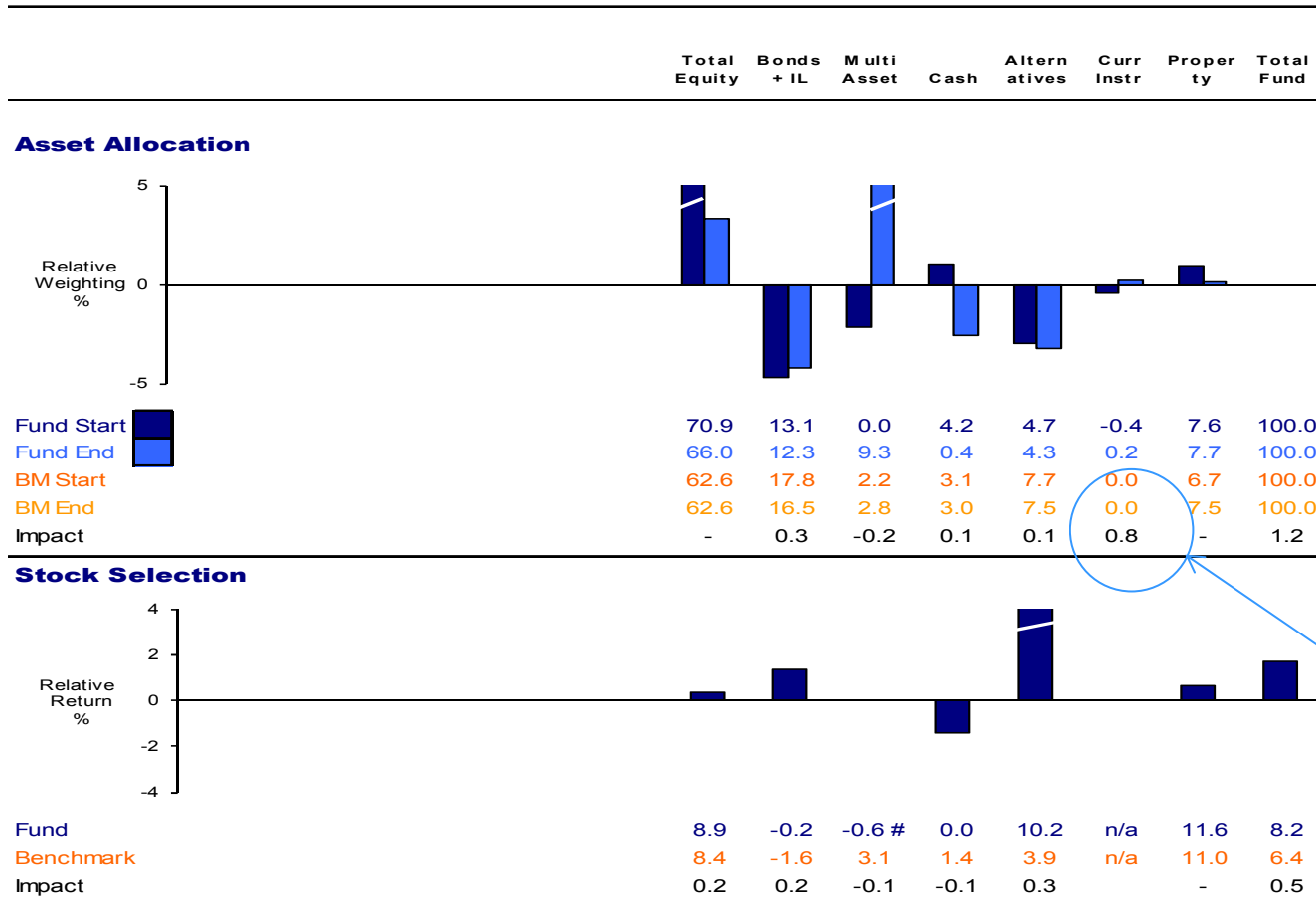
Fund Performance compared to the Local Authority Universe

Total Fund Performance Relative to Local Authority Universe



Although the Fund underperformed its own benchmark it was well ahead of the Local Authority Average

Latest Year Attribution –vs. Local Authority Universe



The key reason for the outperformance was the Fund's decision to hedge the overseas currency exposure.

Key Points

- A year of change with major strategic move towards Pooled Multi Asset investments.
- The Fund underperformed its own benchmark but was well ahead of the Local Authority average, benefiting from the effect of currency hedging.
- Over the longer term the Fund is slightly behind its own benchmark and other funds. This can be attributed to the period 2007-2009 when the Fund suffered from having a relatively high level of equities and from poor investment manager returns in that area.