

REPORT FOR: Pension Fund Committee

Date of Meeting: 25 November 2015

Subject: **Information Report** – Performance of Fund Managers for Quarter Ended 30 September 2015 and Valuation at 31 October 2015

Responsible Officer: Dawn Calvert, Director of Finance

Exempt: No

Wards affected: All

Enclosures: Appendix 1 – Fund Valuation
Appendix 2 – Fund Performance

Section 1 – Summary

The report sets out the performance of the investment managers and of the overall Fund for the quarter, year and three years ending 30 September 2015 and the valuation at 31 October 2015.

FOR INFORMATION

Section 2 – Report

1. Attached to the report are tables summarising the Fund valuation at 30 September 2015 and 31 October 2015 (Appendix 1) and Fund performance as at 30 September 2015 (Appendix 2).
2. As calculated by State Street Global Services, the Fund return in the quarter to 30 September 2015 of -4.8% was 0.3% below benchmark due mainly to underperformance within the diversified growth fund mandates.
3. The one year return of 1.8%, whilst disappointing is still ahead of the benchmark of 1.1% due mainly to outperformance within the equities mandates.
4. The value of the Fund at the end of September had reduced to £624m (£675m as at 31 March 2015) but had risen to £655m at 31 October 2015 due largely to the performance of the equities mandates.

Financial Implications

5. Asset allocation and manager performance are the two drivers of investment returns.

Risk Management Implications

6. All investment risks are included within the Pension Fund Risk Register.

Equalities implications

7. There are no direct equalities implications arising from this report.

Council Priorities

8. Investment performance has a direct impact on the financial health of the Pension Fund which directly affects the level of employer contribution which then, in turn, affects the resources available for the Council's priorities

Section 3 - Statutory Officer Clearance

Name: Dawn Calvert



Director of Finance

Date: 16 November 2015

Ward Councillors notified:

NO

Section 4 - Contact Details

Contact: Ian Talbot, Treasury and Pension Fund Manager 0208 424
1450

Background Papers - None

Total Portfolio Allocation by Manager & Asset Class

30th September and 31 October 2015

Asset Class	Value 31.03.2015 £'000	Value 30.09.2015 £'000	Value 31.10.2015 £'000	Allocation 31.10.2015 %	Strategic Allocation %	Strategic Range %
Global Equities						
Longview	75,561	70,993	75,061	12	11	
State Street	220,601	197,355	208,725	32	31	
GMO	76,541	66,375	68,530	10	10	
Oldfields	77,276	66,262	72,120	11	10	
Total Global Equities	<u>449,979</u>	<u>400,984</u>	<u>424,436</u>			
Total Equities	<u>449,979</u>	<u>400,984</u>	<u>424,436</u>	<u>65</u>	<u>62</u>	<u>58-68</u>
Private Equity						
Pantheon	22,954	22,530	22,530			
Total Private Equity	<u>22,954</u>	<u>22,530</u>	<u>22,530</u>	<u>3</u>	<u>5</u>	<u>4-6</u>
Property						
Aviva	50,562	52,467	52,659			
Total - property	<u>50,562</u>	<u>52,467</u>	<u>52,659</u>	<u>8</u>	<u>10</u>	<u>8-12</u>
Bonds						
Blackrock - FI	69,247	65,762	66,253	10	10	10
Blackrock - IL	17,130	16,608	16,465	3	3	3
Total Bonds	<u>86,377</u>	<u>82,370</u>	<u>82,718</u>	<u>13</u>	<u>13</u>	<u>11-15</u>
Alternatives						
Insight	28,857	26,989	27,402	4	5	5
Standard Life	30,678	29,688	30,408	5	5	5
Total Alternatives	<u>59,535</u>	<u>56,677</u>	<u>57,810</u>	<u>9</u>	<u>10</u>	<u>8-12</u>
Cash & NCA						
Cash Managers	865	811	43			
Cash NatWest	4,632	2,457	8,604			
Record passive currency hedge	-2,649	-569	-29			
Cash Custodian (JP Morgan)	1,433	2,162	3,515			
Debtors and Creditors	1,157	4,474	2,604			
Total Net Current Assets	<u>5,438</u>	<u>9,335</u>	<u>14,737</u>	<u>2</u>	<u>0</u>	
Total Assets	<u>674,845</u>	<u>624,363</u>	<u>654,890</u>	<u>100</u>	<u>100</u>	

Appendix 2

Investment Performance – 30th September 2015

Asset Class	Quarter			Year		
	Fund	Benchmark	Relative	Fund	Benchmark	Relative
	%	%	%	%	%	%
Global Equities						
Longview	-6.2	-7.7	1.5	7.3	-0.8	8.1
State Street	-5.8	-5.8	0.0			
GMO	-6.9	-14.6	7.7			
Oldfields	-10.4					
Total	-7.6	-7.7	0.1	-0.6	-2.8	2.2
Bonds						
Blackrock						
Corporate Bonds	1.4	1.5	-0.1	5.5	5.6	-0.1
Index Linked	2.3	2.3	0.0	12.0	11.8	0.2
Total	1.6	1.7	-0.1	6.8	6.9	-0.1
Property						
Aviva	2.3	3.0	-0.7	12.7	14.4	-1.7
Total	2.3	3.0	-0.7	12.7	14.4	-1.7
Private Equity						
Pantheon	4.2	-5.8	10.0	11.9	0.6	11.3
Total	4.2	-5.8	10.0	11.9	0.6	11.3
Alternatives						
Insight	-4.1	1.1	-5.2			
Standard Life	-1.8	1.1	-2.9			
Total	-2.9	1.1	-4.0	0.8	4.6	-3.8
Total Fund	-4.8	-4.5	-0.3	1.8	1.1	0.7