



**LOCAL AUTHORITY
PENSION PERFORMANCE
ANALYTICS**

HARROW PENSION FUND

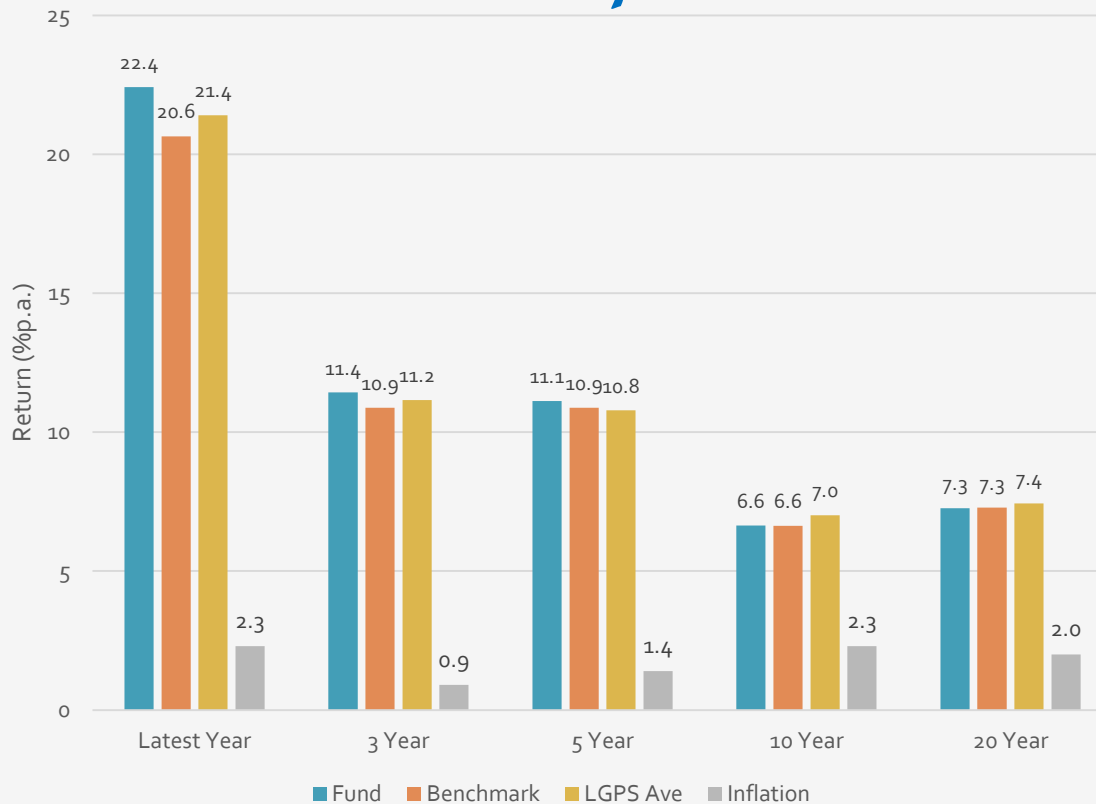
*Performance Review to June 2017
18th September 2017*

Harrow Fund Structure – Latest Fiscal Year

	31/03/2016		31/03/2017	
	Fund	BM	Fund	BM
Equity	65	62	66	62
Longview	11		11	
State Street	33		33	
GMO	11		12	
Oldfields	11		10	
Private Equity	3	5	2	5
Pantheon	3		2	
Property	8	10	8	10
Aviva	8		8	
Bonds	13	13	13	13
Blackrock	13		13	
Diversified Growth	8	10	7	10
Insight	4		4	
Standard Life	4		4	
Cash	2		4	

- Fund invested close to Benchmark
- Little change over the year
- Asset drift has resulted in the equity allocation rising to 66%.

Fund Performance – Fiscal Years



- The Fund has outperformed its benchmark and the peer group over the medium term
- Longer term, the Fund has performed in line with benchmark but modestly behind the Universe average
- Returns have consistently outpaced the important measure of inflation – and by a substantial margin

Performance Relative to Benchmark – 2016/17

31/03/2016		31/03/2017		Asset All.	Manager		
Fund	BM	Fund	BM	Impact	Impact	TWR	BM
11	11	11	11	0.0 Longview	-0.3	14.2	17.2
33	31	33	31	0.3 State Street	0.0	33.0	33.0
11	10	12	10	0.1 GMO	-0.3	31.8	34.7
11	10	10	10	0.1 Oldfields	1.6	49.9	32.0
3	5	2	5	-0.2 Pantheon	-0.3	19.9	33.0
8	10	8	10	0.3 Aviva	-0.1	3.7	4.7
13	13	13	13	0.0 Blackrock	0.1	15.7	15.1
4	5	4	5	0.2 Insight	0.2	8.0	3.3
4	5	4	5	0.1 Standard Life	-0.1	1.1	3.3
2	0	4		-0.3 Cash		0.0	0.0
100	100	100	100	0.6	0.8	22.4	20.6

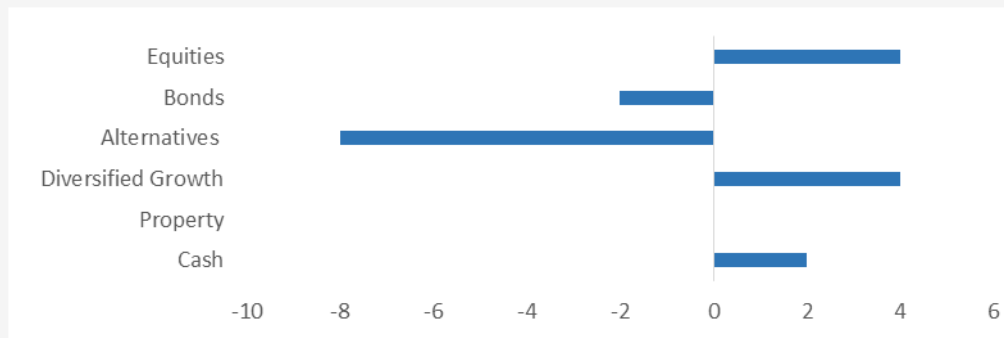
- In the latest year the Fund outperformed by 1.5%
- Strong performance from Oldfields more than offset underperformance from the other active equity managers.
- Being overweight equity and underweight property and 'DG' was beneficial

Performance Relative to Peers – 2016/17

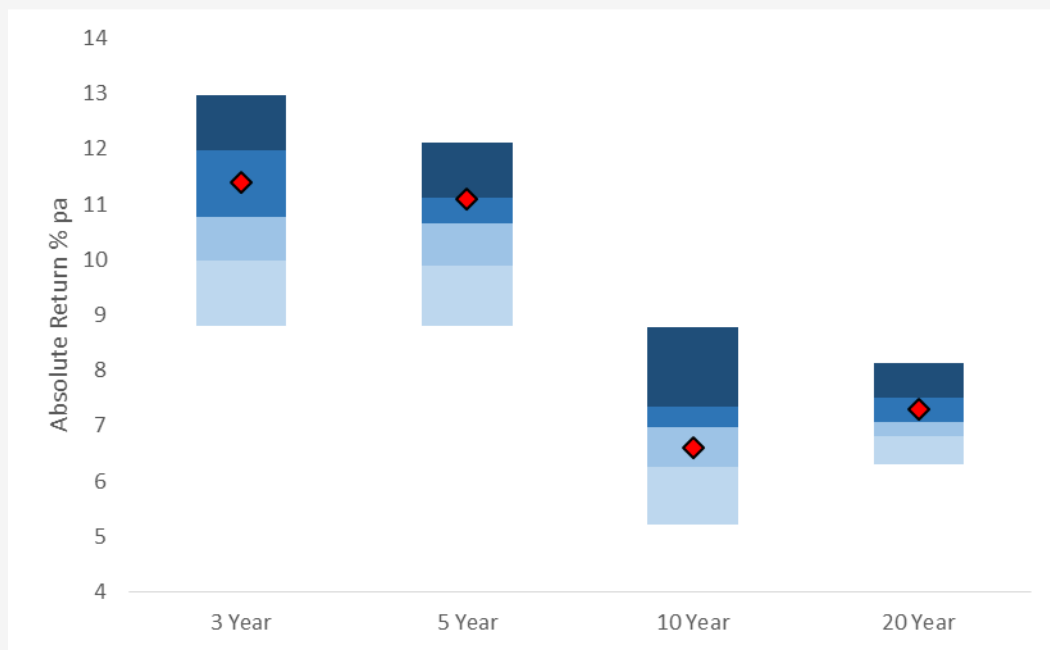
	Fund	Universe	Relative
Equities	32.3	28.9	2.6
Bonds	15.7	11.3	4.0
Alternatives	19.9	16	3.4
DG	4.6	7.2	-2.4
Property	3.7	6.2	-2.4
Total	22.4	21.4	0.8

- The Fund held less than the average in alternatives and more in equities – both beneficial
- The Fund outperformed the average in equities and bonds
- In alternatives the Fund's PE investments performed strongly whilst DG lagged

Asset Allocation Relative to Universe 31/3/2017

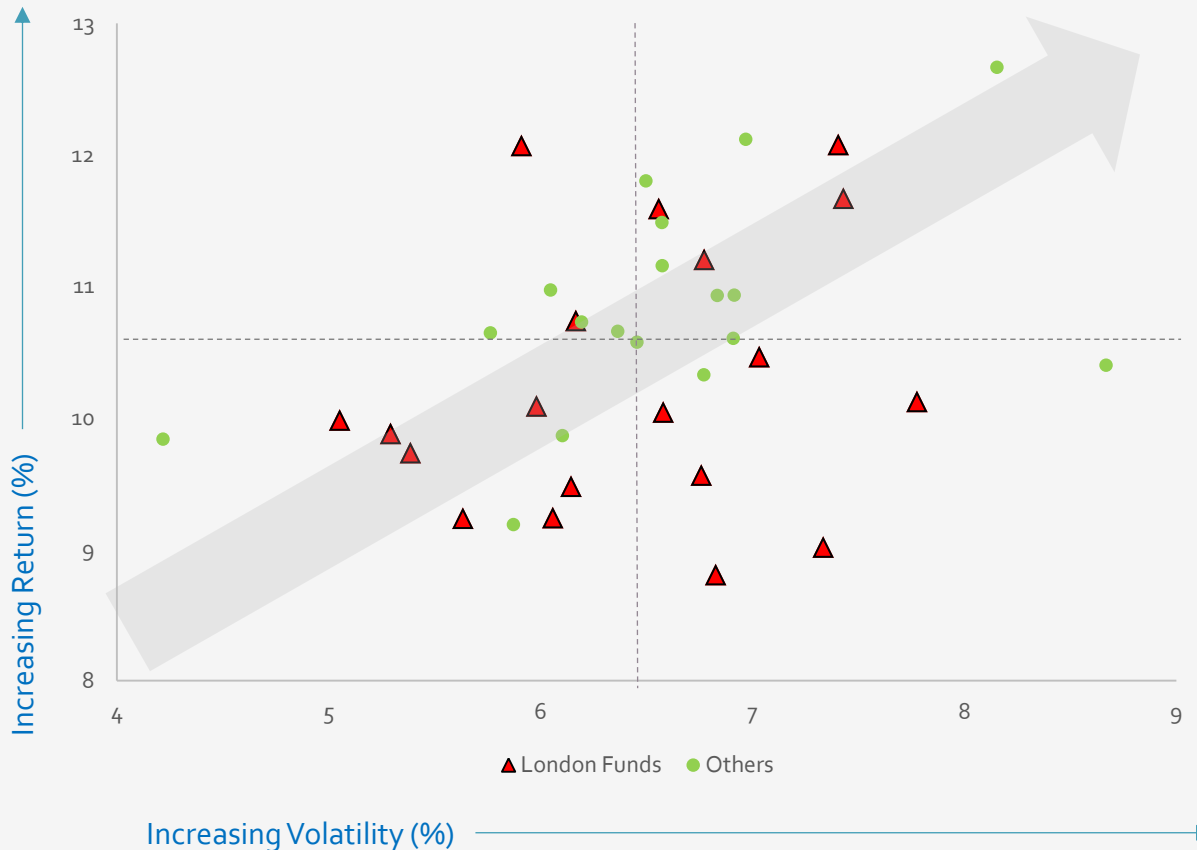


Longer Term Performance – 2016/17



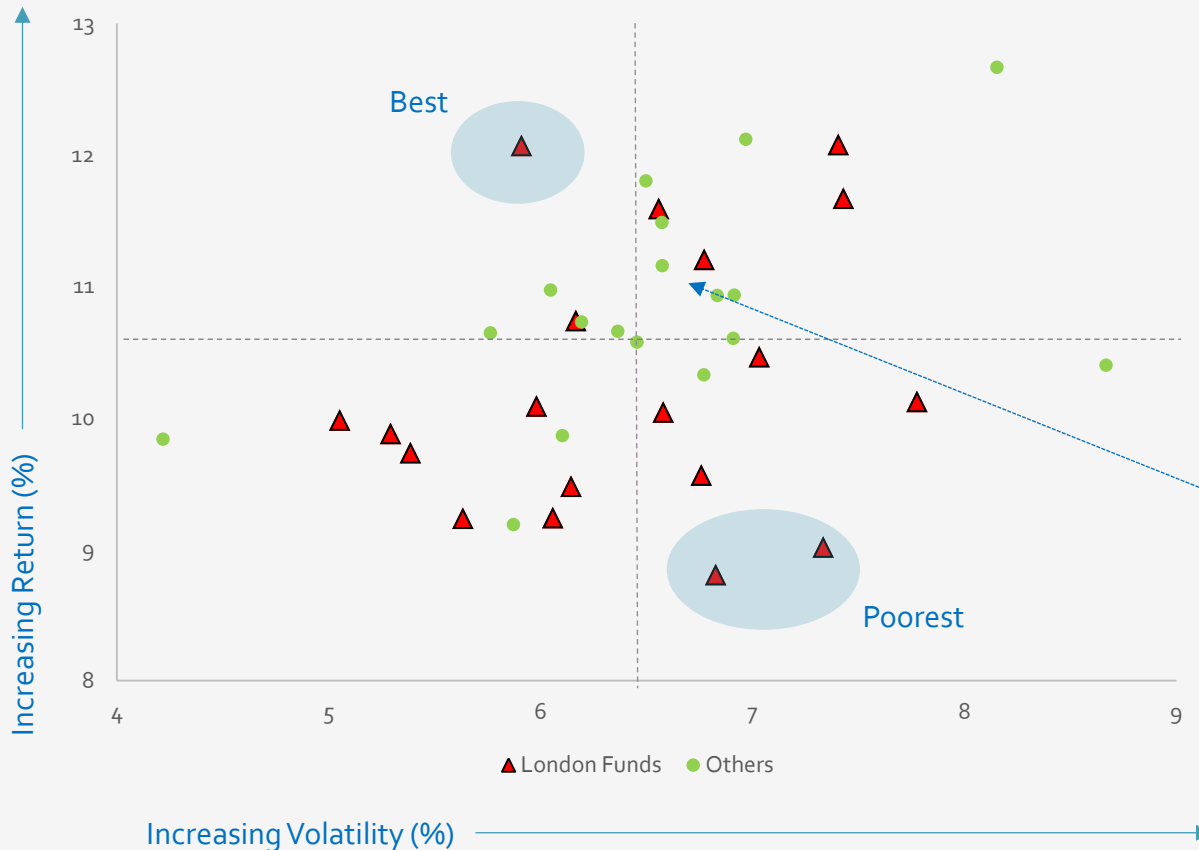
- The Fund has performed well over most periods
- Over the last three and five years it ranked 34th and 26th percentile respectively
- Over the ten years it ranked in the 61st percentile, and over the last 20 years 33rd

Risk & Return – Five Years



- Over this relatively short period, funds with 'riskier' strategies have performed best
- London funds' risk profiles are broadly diversified
- London funds' returns have typically lagged the average

Risk & Return – Five Years



- The best (higher return/lower risk) and poorest (lower return/higher risk) London funds' outcomes were determined both by asset class performance and their strategies
- Harrow, we suspect, will lie somewhere here i.e. higher return/moderately higher volatility – a very acceptable outcome

Performance Relative to Benchmark – Latest Quarter

IMV	BM IMV	FMV	BM FMV	Asset All.		Selection		BM
				Impact		Impact	TWR	
11	11	11	11	-0.0	Longview (Hedged)	0.1	3.4	2.7
33	31	33	31	-0.0	State Street	0.0	0.5	0.5
12	10	12	10	0.0	GMO	-0.0	2.3	2.3
10	10	10	10	-0.0	Oldfields	-0.3	-2.4	0.3
2	5	2	5	0.0	Pantheon	0.0	2.2	0.5
8	10	8	10	-0.0	Aviva	-0.0	2.0	2.4
13	13	12	13	0.0	Blackrock	0.0	0.1	
4	5	4	5	0.0	Insight	0.1	1.6	0.1
4	5	4	5	0.0	Standard Life	0.0	1.2	0.1
4		4		-0.1	Cash		0.0	
100	100	100	100	-0.1		-0.1	1.3	1.6

- Modest underperformance in the latest quarter
- Oldfields gave up some of the good near term performance

Manager Performance – Longer term

	Start	End	Range		Qtr	1 Year	3 Year
Total Global Equities	66%	62%	58-68%				
Longview	11%	11%		Portfolio	3.4%	17.9%	10.7%
				Benchmark	2.7%	18.8%	7.8%
				Relative	0.7%	-1.0%	2.9%
State Street	33%	31%		Portfolio	0.5%	22.8%	
				Benchmark	0.5%	22.9%	
				Relative	0.0%	-0.0%	
GMO	12%	10%		Portfolio	2.3%	20.4%	
				Benchmark	2.3%	27.4%	
				Relative	-0.0%	-7.0%	
Oldfields	10%	10%		Portfolio US\$	1.1%	26.6%	3.6%
				Benchmark	4.3%	18.2%	5.2%
				Relative	n/a	8.4%	-1.6%
Property							
Aviva	8%	10%		Portfolio	2.0%	5.3%	8.8%
				Benchmark	2.4%	6.6%	9.7%
				Relative	-0.4%	-1.3%	-0.9%
Bonds							
Blackrock - FI	10%	10%		Portfolio	0.7%	7.7%	9.9%
				Benchmark	0.4%	6.5%	9.6%
				Relative	0.3%	1.2%	0.3%
Blackrock - IL	2%	3%		Portfolio	-2.3%	7.8%	13.6%
				Benchmark	-2.4%	7.1%	13.2%
				Relative	0.1%	0.6%	0.4%
Alternatives							
Insight	4%	5%		Portfolio	1.6%	7.6%	3.2%
				Benchmark	0.1%	0.3%	0.4%
				Relative	1.6%	7.3%	2.9%
Standard Life	4%	5%		Portfolio	1.2%	3.4%	2.3%
				Benchmark	0.1%	0.5%	0.7%
				Relative	1.1%	2.9%	1.6%

- Mixed outcomes
- We will continue to monitor/develop this analysis

Summary

- Public sector pension funds have delivered excellent returns over all periods
 - This is not widely appreciated (nor acknowledged)!
 - Funds' commitment to growth assets has been extremely successful

 - The Fund enjoyed an excellent 2016/17 both in absolute, and relative terms (vs benchmark and the peer group average)
 - The Fund has outperformed its benchmark and the peers over the medium term
 - Longer term, the Fund has performed in line with benchmark but a little behind the Universe average
 - The fund underperformed in the period to June
 - We will continue to develop the analysis in the coming quarters
-
- 