

## Pension Fund Investment Board - 21 May 2012

### Investment Performance

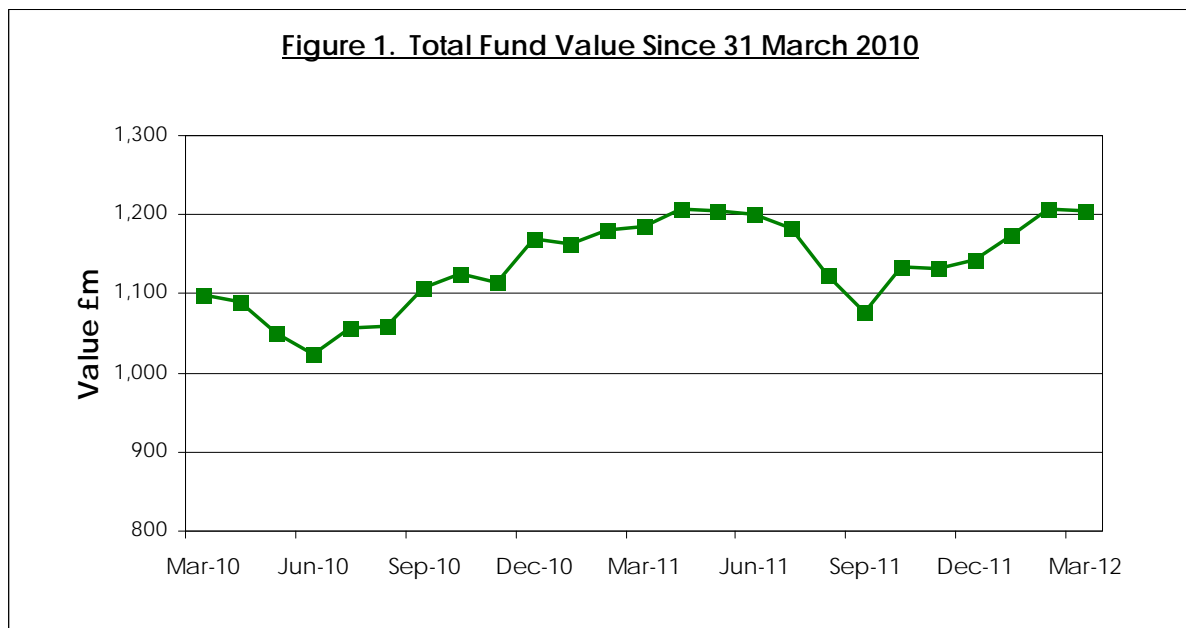
### Report of the Head of Finance

#### Recommendation

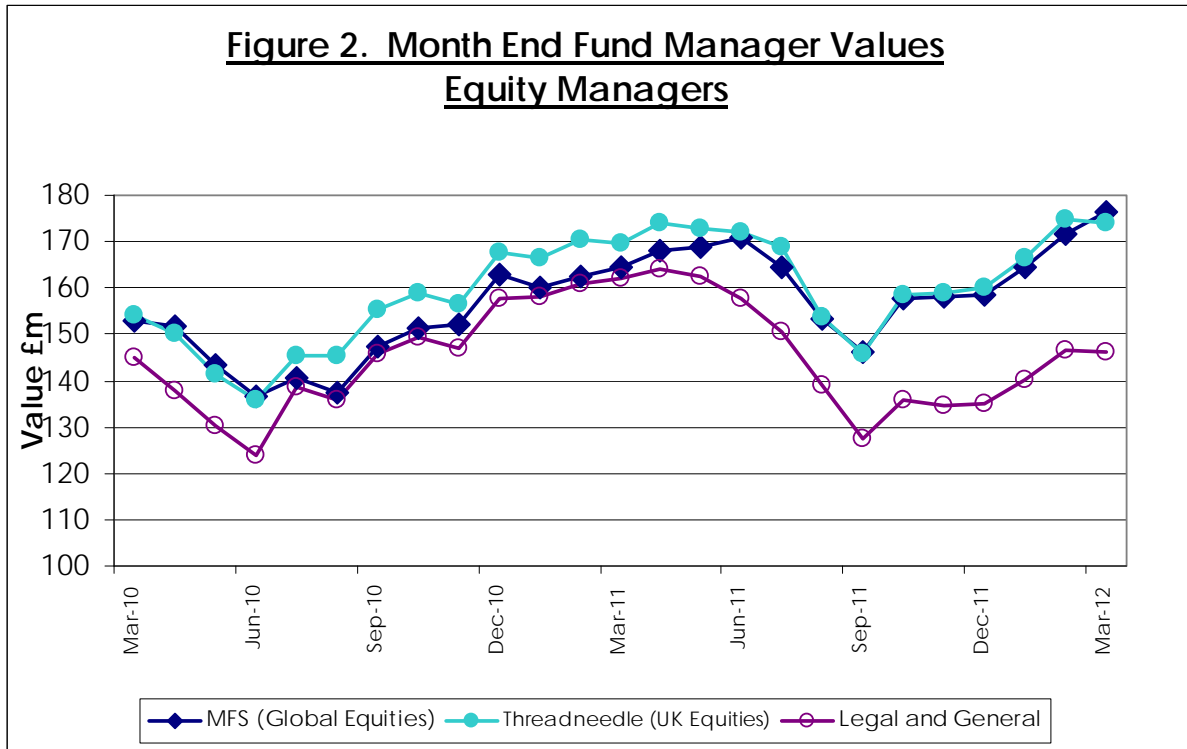
That the Board note the fund value and investment performance for the fourth quarter in 2011/12 to 31 March 2012.

#### 1. Fund Value at 31 March 2012

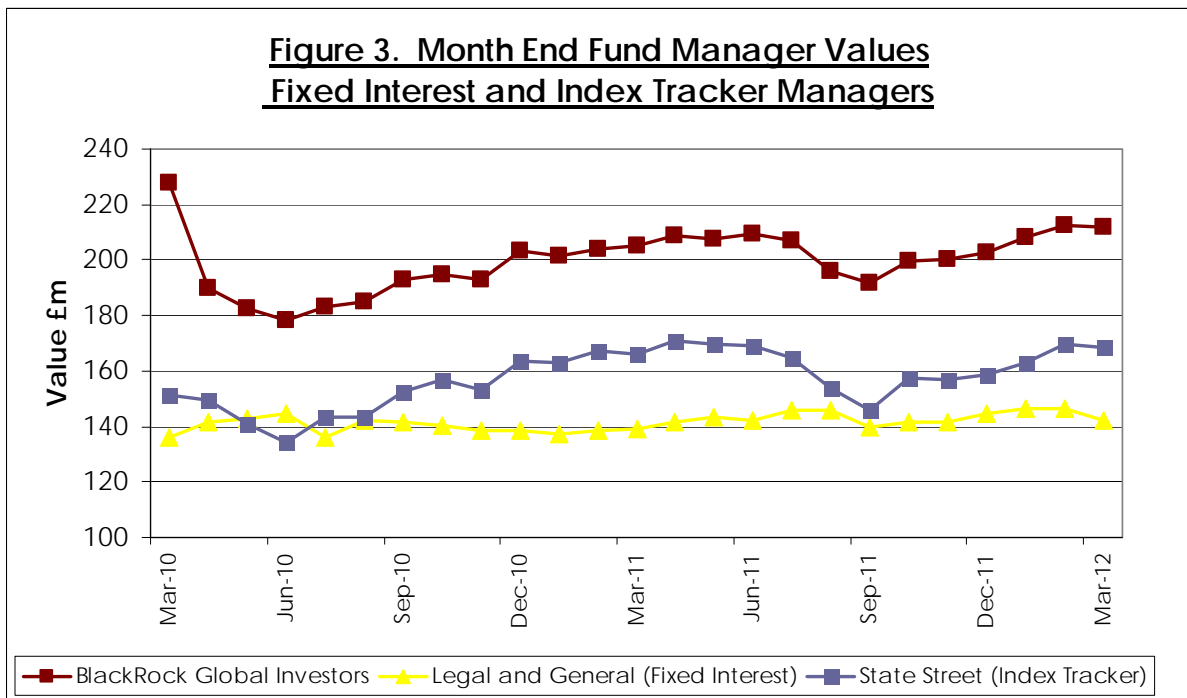
- 1.1 The report to the Board's meeting on 13 February 2012 gave the fund position of £1,143.1m at 31 December 2011.
- 1.2 The fund value was £1,205.3m at 31 March 2012.



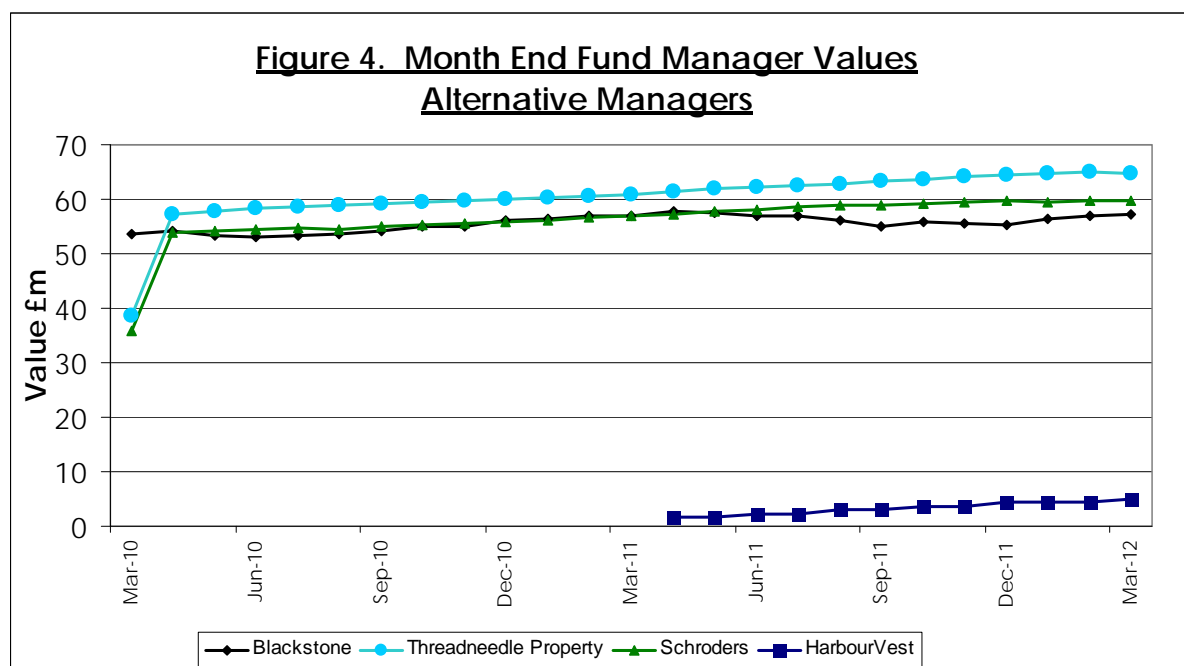
1.3 The values of the portfolios invested with the equity managers are shown in Figure 2.



1.4 The values of the portfolios invested with the Fixed Interest and Index-Tracker Managers are shown in Figure 3.



1.5 The values of the portfolios invested with alternative investment managers are shown in Figure 4.



## 2. Fund Asset Allocation

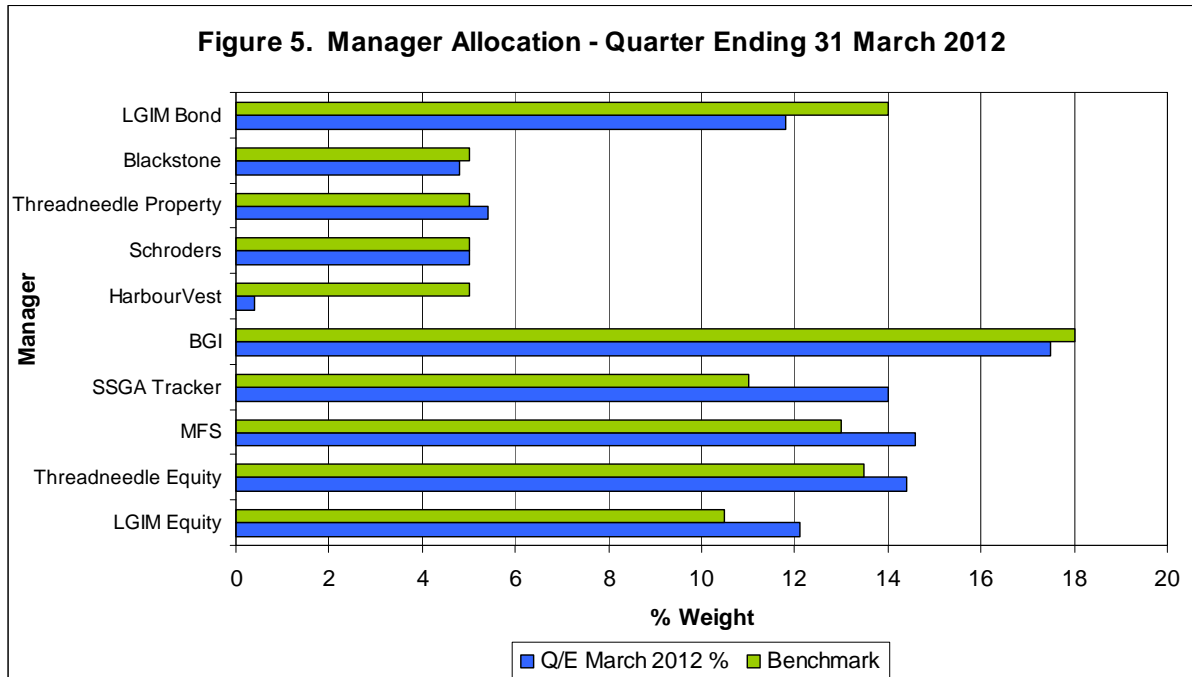
2.1 The performance of the Fund against its asset class benchmarks for the quarter ending 31 March 2012 is shown in Table 1 (which is to be distributed at the board meeting).

2.2 The fund managers' asset allocation against the benchmark for the quarter ending 31 March 2012 is shown in Table 2.

**Table 2: Fund Asset Allocation by Manager**

Manager	Benchmark	Q/E March 2012 %	Variance
LGIM Equity	10.5	12.1	1.6
Threadneedle Equity	13.5	14.4	0.9
MFS	13.0	14.6	1.6
SSGA Tracker	11.0	14.0	3.0
BGI	18.0	17.5	-0.5
HarbourVest	5.0	0.4	-4.6
Schroders	5.0	5.0	0.0
Threadneedle Property	5.0	5.4	0.4
Blackstone	5.0	4.8	-0.2
LGIM Bond	14.0	11.8	-2.2
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>0.0</b>

2.4 Fund asset allocation against each manager is shown in Figure 5.



2.5 HarbourVest will not be fully subscribed for some time as funds will be drawn down when the manager requests the instalment payments.

### 3. Fund Performance

3.1 The performance of the Fund against its asset class benchmarks for the quarter ending 31 March 2012 is summarised in the table below.

**Table 3: Performance by Asset Type**

Asset Type	Benchmark Measure	Q/E Mar 2012	Benchmark %	Variance %
<b>Equity</b>				
United Kingdom	<i>Total Fund UK Composite</i>	7.59	6.00	<b>1.59</b>
Europe ex UK	<i>FTSE AW Dev Europe ex UK</i>	10.87	9.65	<b>1.22</b>
North America	<i>FTSE AW Dev North America</i>	9.97	9.27	<b>0.70</b>
Japan	<i>FTSE World Japan</i>	8.75	7.88	<b>0.87</b>
Pacific Basin ex Japan	<i>FTSE AW Developed Asia Pacific (ex Japan)</i>	9.45	9.75	<b>-0.30</b>
Emerging Markets	<i>Total Fund Emerging Markets Composite</i>	12.00	10.80	<b>1.20</b>
<b>Fixed Income</b>				
UK Corporate Bonds	<i>iBoxx Sterling Non-Gilts</i>	2.56	2.67	<b>-0.11</b>
UK Government Bonds	<i>FTSE UK Government All Stocks</i>	-0.61	-1.74	<b>1.13</b>
UK Index Linked Bonds	<i>FTSE UK Government Linked Gilts</i>	-1.50	-1.51	<b>0.01</b>
<b>Alternatives</b>				
Property	<i>Property Benchmark</i>	0.50	3.04	<b>-2.54</b>
Hedge Funds	<i>Hedge Funds Benchmark</i>	3.23	1.53	<b>1.70</b>
<b>Total WCC Fund</b>	<b><i>WCC Total Fund Benchmark</i></b>	<b>5.84</b>	<b>5.26</b>	<b>0.58</b>

3.2 Overall, the fund out-performed the benchmark by 0.58%. There was out-performance in eight asset classes:

- UK Equities performed 1.59% above the benchmark.
- European Equities performed 1.22% above the benchmark.
- North American Equities performed 0.70% above the benchmark.
- Japanese Equities performed 0.87% above the benchmark.

- Emerging Markets performed 1.20% above the benchmark.
- UK Government Bonds performed 1.13% above the benchmark.
- UK Index Linked Bonds performed 0.01% above the benchmark.
- Hedge Funds performed 1.70% above the benchmark.

3.3 However, three asset classes either equalled or under-performed their benchmarks in the quarter.

- Pacific Basin ex Japan performed 0.30% below the benchmark.
- UK Corporate Bonds performed 0.11% below the benchmark.
- Property performed 2.54% below the benchmark.

3.4 The performances of managers against their benchmarks for the quarter ending 31 March 2012 were:

**Table 4: Performance by Fund Manager**

Manager	Benchmark Measure	Q/E Mar 2012 %	Benchmark %	Variance %
BlackRock Global Investors	<i>BlackRock Benchmark</i>	4.55	4.80	<b>-0.25</b>
MFS	<i>Global Equity Benchmark</i>	11.19	8.83	<b>2.36</b>
State Street Tracker	<i>FTSE All-Share</i>	6.15	6.11	<b>0.04</b>
Threadneedle	<i>FTSE All-Share</i>	8.69	6.11	<b>2.58</b>
Legal and General (Global Equities)	<i>LGIM Benchmark</i>	9.02	8.94	<b>0.08</b>
Legal and General (Fixed Interest)	<i>LGIM Benchmark</i>	1.06	0.45	<b>0.61</b>
Threadneedle Property	<i>Threadneedle Property Benchmark</i>	0.63	3.04	<b>-2.41</b>
Schroders Property	<i>Schroders Property Benchmark</i>	0.37	3.04	<b>-2.67</b>
Blackstone Hedge	<i>Blackstone Hedge Benchmark</i>	3.23	1.53	<b>1.70</b>
<b>Total</b>	<b><i>WCC Total Fund Benchmark</i></b>	<b>5.84</b>	<b>5.26</b>	<b>0.58</b>

Source: BNY Mellon

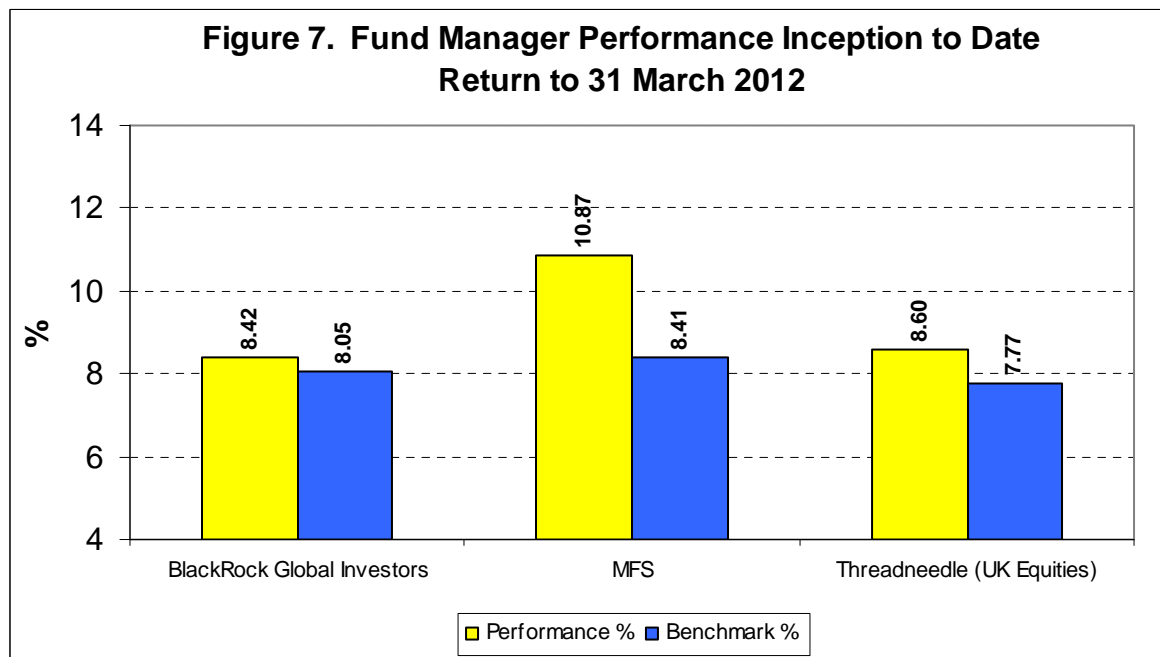
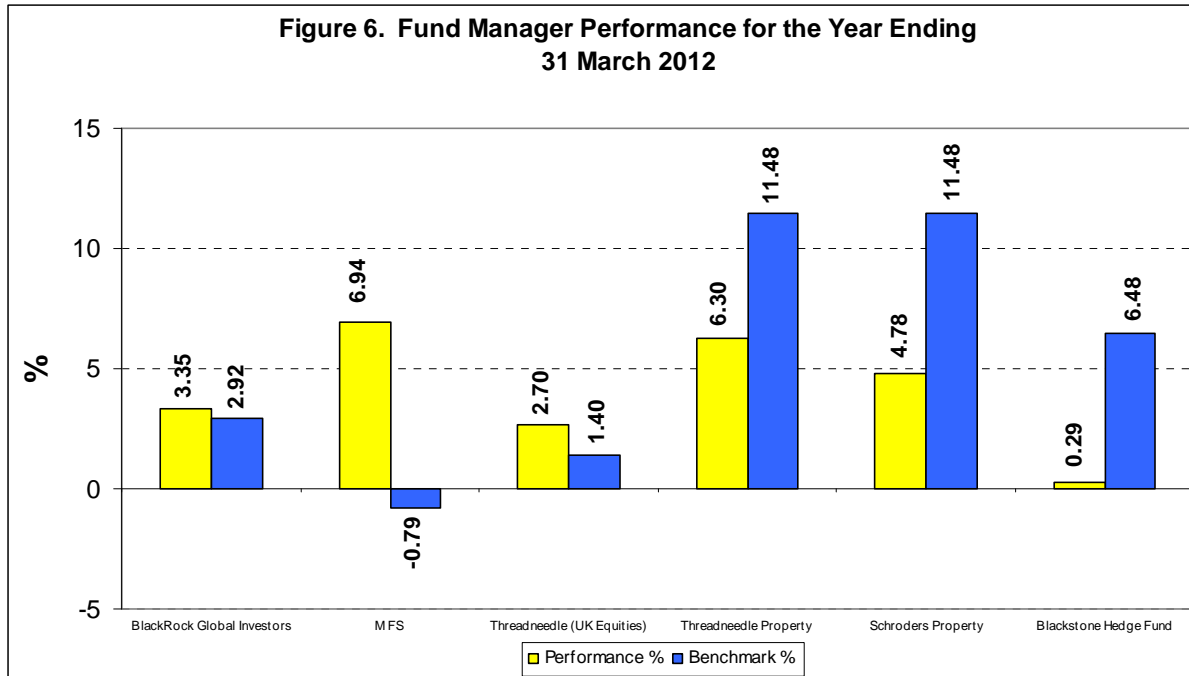
- 3.5 Overall the fund out-performed its overall benchmark by 0.58%. During the quarter MFS, State Street, Threadneedle (UK Equities) and Legal and General (Global Equities), Legal and General (Fixed Interest), and Blackstone out-performed their benchmarks. All other managers under-performed their benchmarks.
- 3.6 Twelve months data on the performance of the managers is available. The performance of managers against their benchmark over this period is shown below.

**Table 5: Fund Manager Performance to Date**

<b>Manager</b>	<b>Variance Q/E Jun 11 %</b>	<b>Variance Q/E Sep 11 %</b>	<b>Variance Q/E Dec 11 %</b>	<b>Variance Q/E Mar 12 %</b>
BlackRock Global Investors	-0.55	1.03	0.08	-0.25
MFS	3.14	0.23	2.16	2.36
State Street	-0.16	0.04	0.06	0.04
Threadneedle	-0.44	-1.81	1.55	2.58
Legal and General (Global Equities)	0.58	-1.82	0.32	0.08
Legal and General (Fixed Interest)	0.00	-0.88	-0.29	0.61
Threadneedle Property	0.26	-1.49	-1.22	-2.41
Schroders Property	0.01	-1.82	-1.85	-2.67
Blackstone Hedge	-0.20	-5.00	-0.80	1.70
<b>Total</b>	<b>0.14</b>	<b>-0.66</b>	<b>0.16</b>	<b>0.58</b>

Source: BNY Mellon

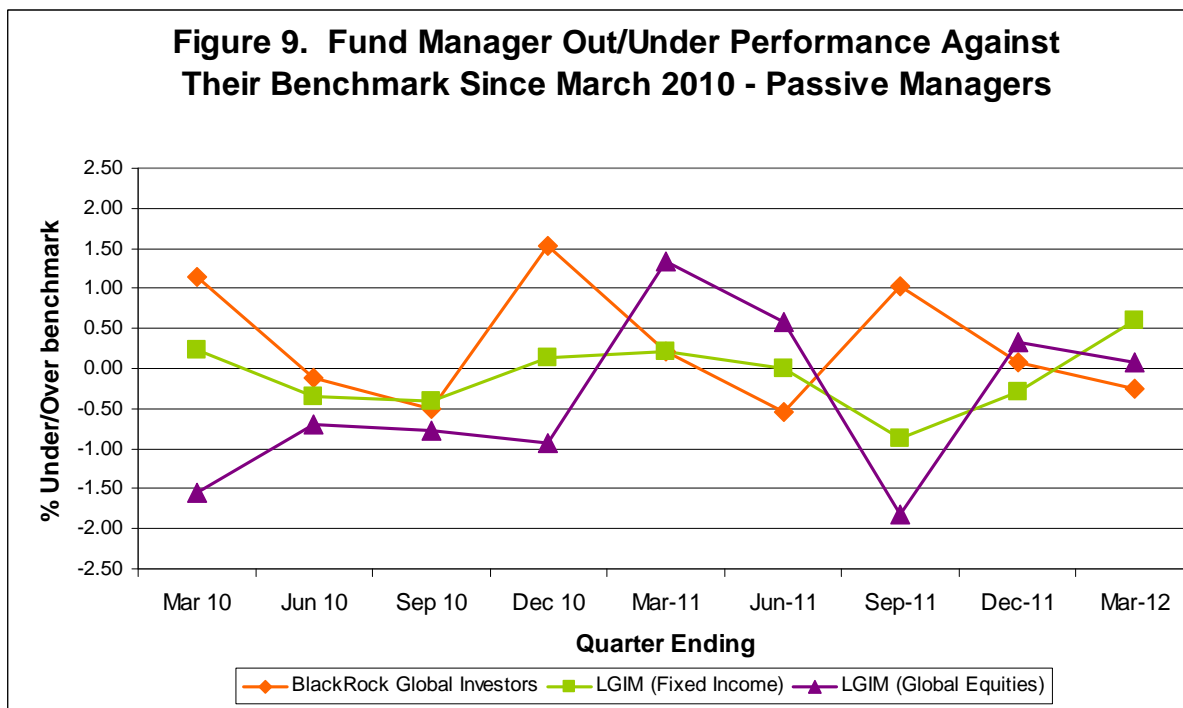
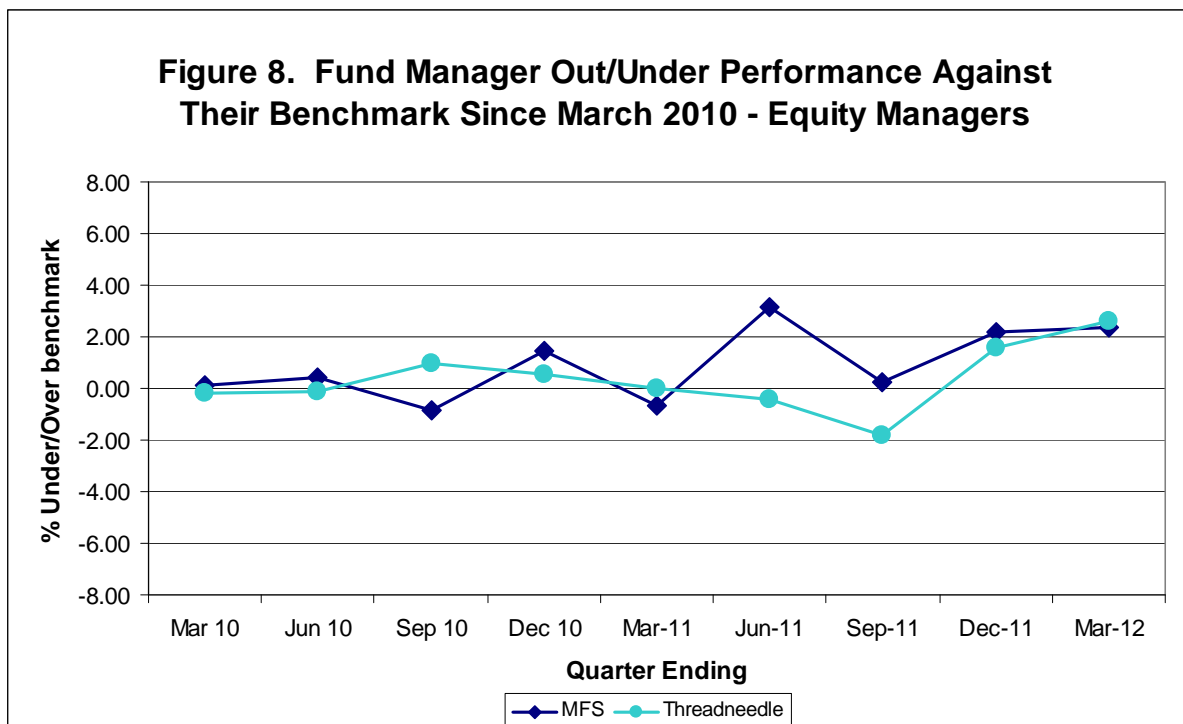
3.7 The Annualised return for the fund managers to 31 March 2012 is summarised in Figure 6. The Inception to Date return is summarised in Figure 7.



Source: BNY Mellon



3.8 Fund Manager performances against their benchmarks are summarised in Figures 8 and 9.



Source: BNY Mellon

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