

Pension Fund Investment Sub- Committee

17 November 2014

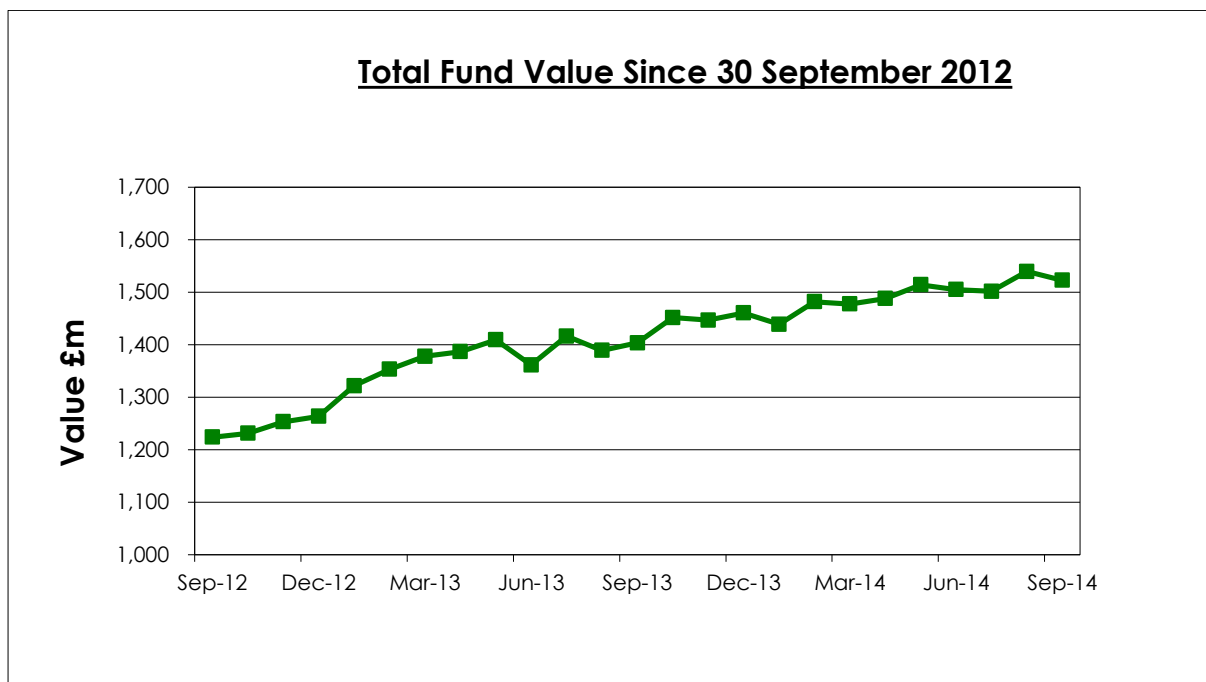
Investment Performance

Recommendation

That the Committee note the fund value and investment performance for the second quarter in 2014/15 to 30 September 2014.

1. Fund Value at 30 September 2014

- 1.1 The fund value was £1,522.6m at 30 September 2014 an increase of 1.2% on the previous quarter as shown in Figure 1.



2. Fund Asset Allocation

2.1 The performance of the Fund against its asset class benchmarks for the quarter ending 30 September 2014 is shown in Table 1.

Table 1: Fund Asset Allocation

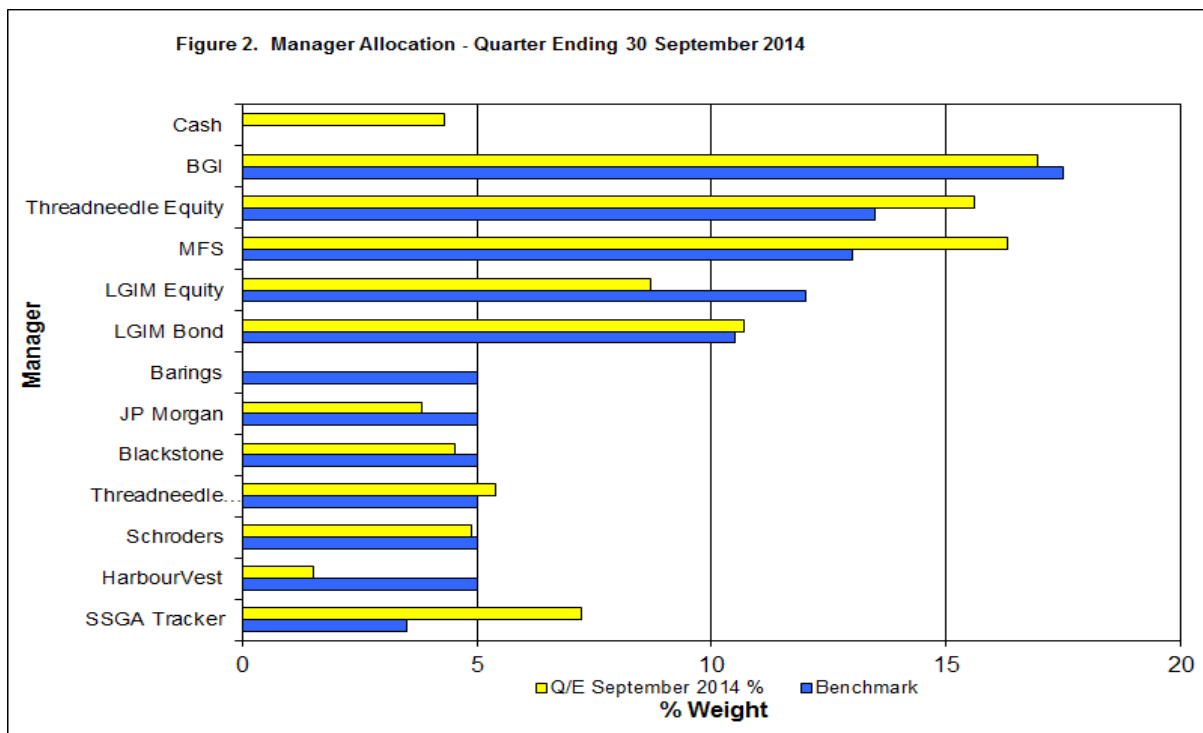
Asset Class	Q/E Sep 2014 %	Fund policy %	Over/under weight %
Equity	58.22	52.50	5.72
UK	28.22	22.50	5.72
Overseas	30.00	30.00	0.00
Fixed Income	16.83	17.50	-0.67
UK corporate bonds	9.93	10.00	-0.07
UK government bonds	2.20	2.50	-0.30
UK index linked bonds	4.70	5.00	-0.30
Hedge Funds	4.55	5.00	-0.45
Private Equity	1.53	5.00	-3.47
Property	10.09	10.00	0.09
Multi Asset Absolute Return	0.00	5.00	-5.00
Absolute Return Bonds	3.82	5.00	-1.18
Cash	4.96	0.00	4.96
Total	100.00	100.00	0.00

2.2 The fund managers' asset allocation against the benchmark for the quarter ending 30 September 2014 is shown in Table 2.

Table 2: Fund Asset Allocation by Manager

Manager	Q/E September 2014 %	Benchmark	Variance
SSGA Tracker	7.22	3.5	3.7
HarbourVest	1.53	5.0	-3.5
Schroders	4.89	5.0	-0.1
Threadneedle Property	5.39	5.0	0.4
Blackstone	4.55	5.0	-0.5
JP Morgan	3.82	5.0	-1.2
Barings	0.00	5.0	-5.0
LGIM Bond	10.69	10.5	0.2
LGIM Equity	8.72	12.0	-3.3
MFS	16.31	13.0	3.3
Threadneedle Equity	15.60	13.5	2.1
BGI	16.96	17.5	-0.5
Cash	4.30	0.0	4.3
Total	100.0	100.0	0.0

2.2 Fund asset allocation against each manager is shown in Figure 2.



3. Fund Performance

3.1 Overall the fund under-performed its overall benchmark by 0.19%. The performances of managers against their benchmarks for the quarter ending 30 September 2014 were:

Table 3: Performance by Fund Manager

Manager	Benchmark Measure	Q/E Sep 2014	Benchmark	Variance
		%	%	%
BlackRock Global Investors	<i>BlackRock Benchmark</i>	1.55	1.80	-0.25
MFS	<i>Global Equity Benchmark</i>	1.75	3.04	-1.29
State Street Tracker	<i>FTSE All-Share</i>	-0.95	-0.97	0.02
Threadneedle	<i>FTSE All-Share</i>	-1.25	-0.98	-0.27
Legal and General (Global Equities)	<i>LGIIM Benchmark</i>	0.28	1.03	-0.75
Legal and General (Fixed Interest)	<i>LGIIM Benchmark</i>	3.12	3.12	0.00
Threadneedle Property	<i>Customised Benchmark</i>	4.72	4.13	0.59
Schroders Property	<i>Customised Benchmark</i>	4.17	4.03	0.14
Blackstone Hedge	<i>Customised Benchmark</i>	1.49	0.09	1.40
Barings Multi Asset	<i>Customised Benchmark</i>	1.02	0.13	0.89
JP Morgan Strategic Bond	<i>Customised Benchmark</i>	-0.62	0.13	-0.75
Total	VCC Total Fund Benchmark	1.31	1.50	-0.19

3.2 Annualised return for the fund managers to 30 September 2014 is summarised in Figure 3. The three year annualised return is summarised in Figure 4.

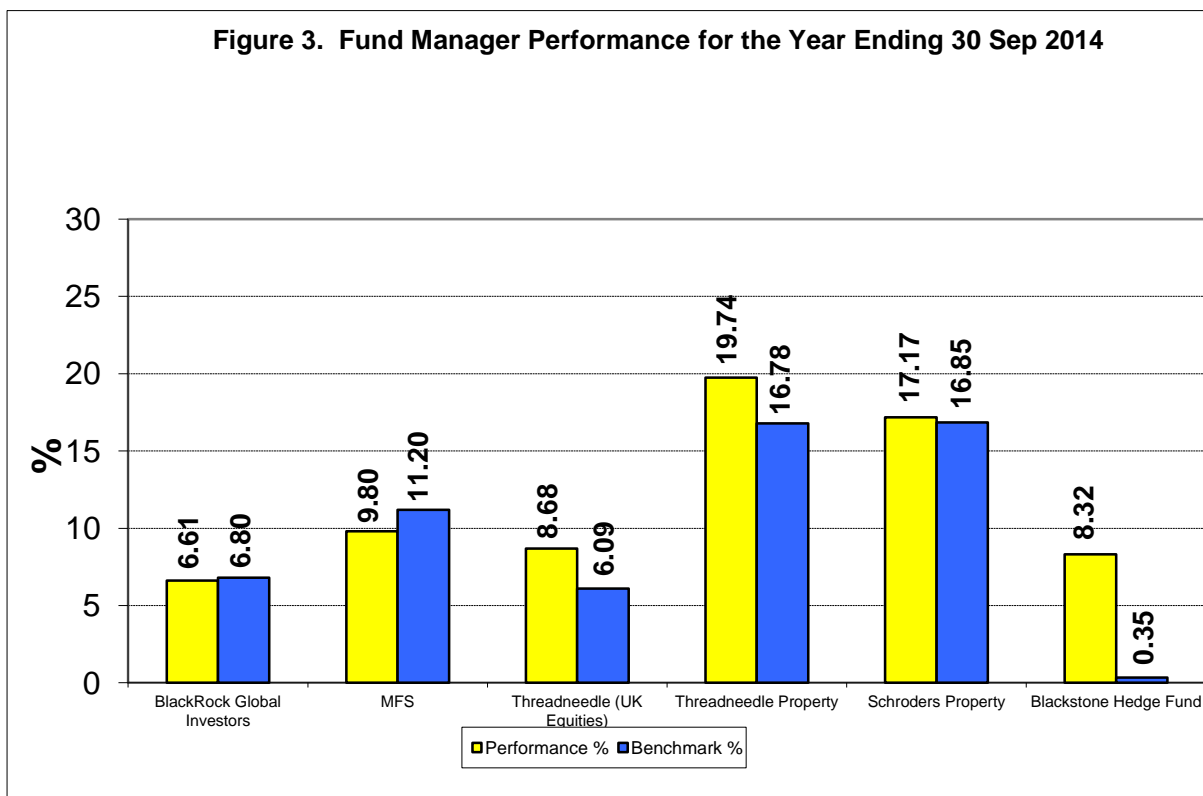
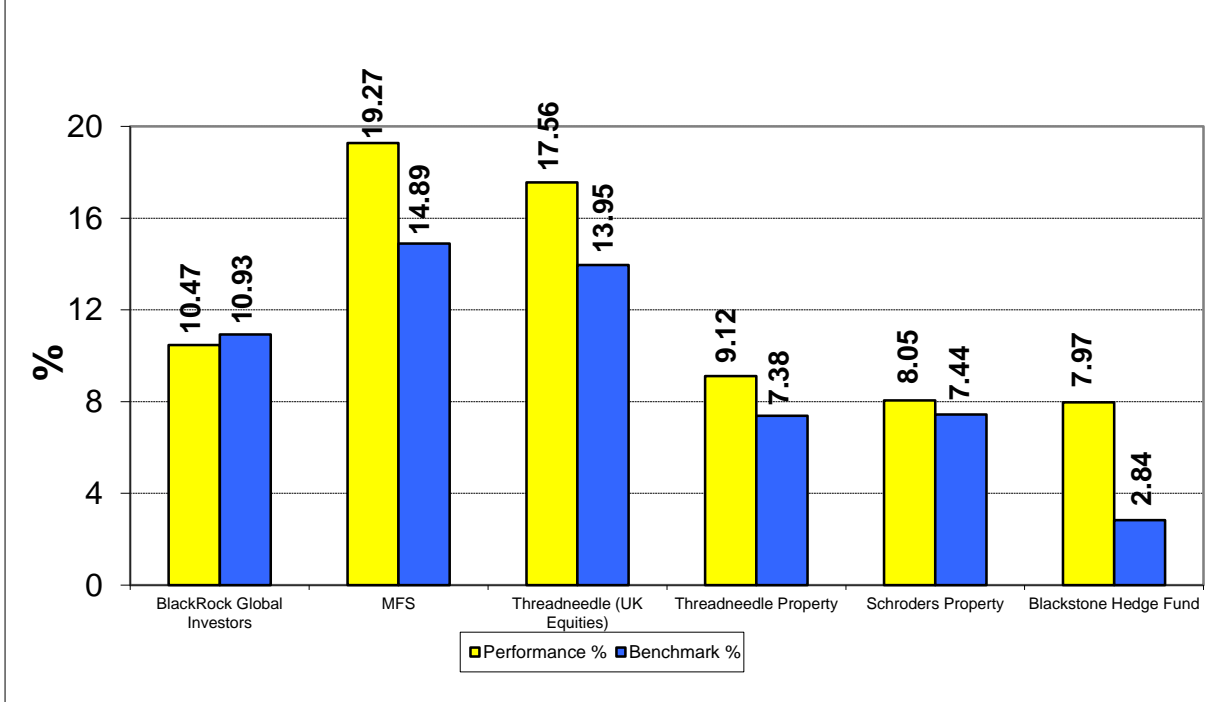
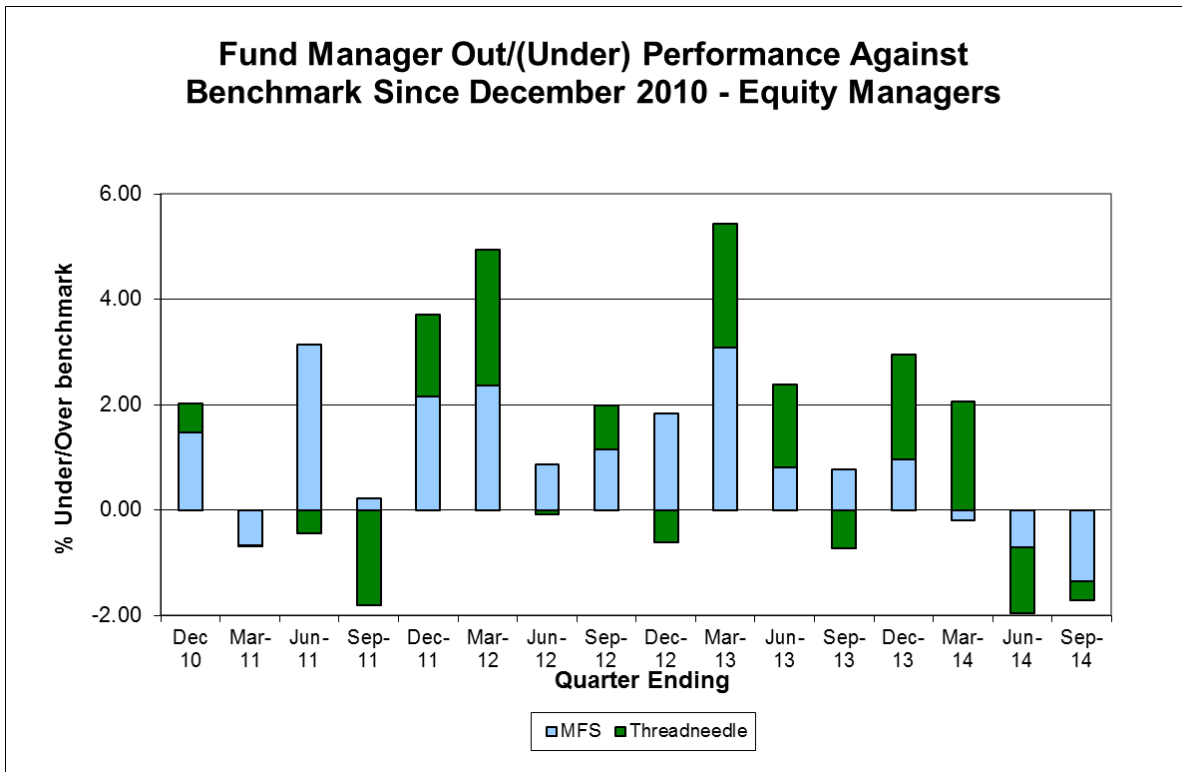


Figure 4. Fund Manager Performance for Three Years Ending 30 September 2014



3.3 Equity Manager performance against their benchmarks are summarised in Figures 5.



Background Papers

1. Bank of New York Mellon Quarterly Attribution Report September 2014

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