

Pension Fund Investment Sub-Committee

13 March 2017

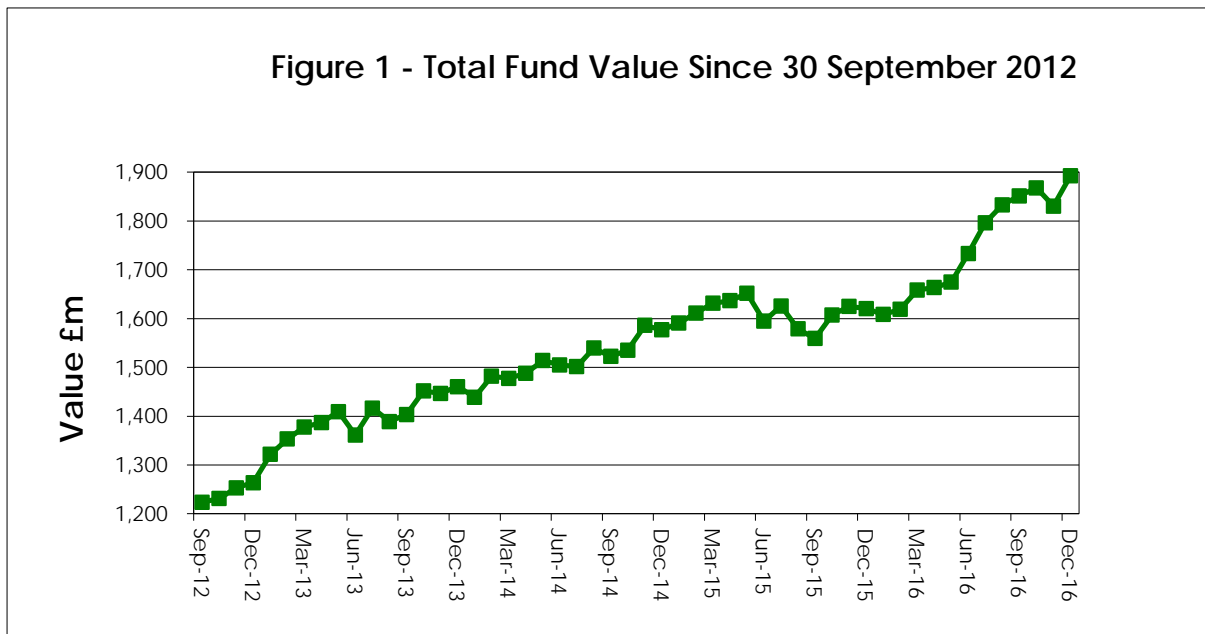
Investment Performance

Recommendation

That the Sub Committee note the fund value and investment performance for the third quarter of 2016/17 to 31 December 2016.

1. Fund Value at 31 Dec 2016

- 1.1 The fund value was £1,892.4m at 31 December 2016 an increase of 2.21% 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 31 December 2016 is shown in Table 1.

Table 1: Fund Asset Allocation

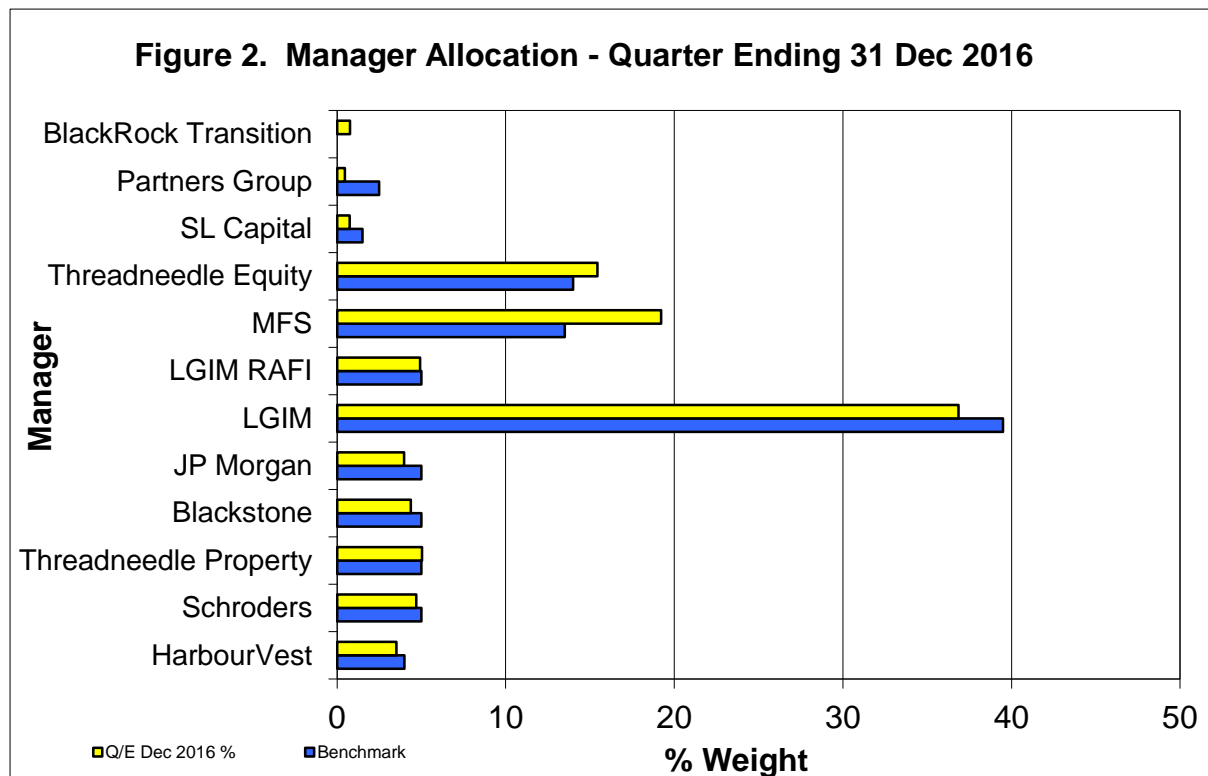
Asset Class	Q/E Dec 2016	Fund policy	Over/under weight
	%	%	%
Equity	59.2	54.5	4.7
UK	25.7	23.0	2.7
Overseas	28.5	26.5	2.0
Fundamental Global Equity	4.9	5.0	-0.1
Fixed Income	17.0	17.5	-0.5
UK corporate bonds	9.6	10.0	-0.4
UK government bonds	2.2	2.5	-0.3
UK index linked bonds	5.2	5.0	0.2
Hedge Funds	4.4	5.0	-0.6
Private Equity	3.5	4.0	-0.5
Property	9.4	10.0	-0.7
Absolute Return Bonds	4.0	5.0	-1.0
Infrastructure	1.2	4.0	-2.8
Cash	1.5	0.0	1.5
Total	100.0	100.0	0.0

2.2 The fund managers' asset allocation against the benchmark for the quarter ending 31 December 2016 is shown in Table 2.

Table 2: Fund Asset Allocation by Manager

Manager	Q/E Dec 2016 %	Benchmark	Variance
HarbourVest	3.5	4.0	-0.5
Schroders	4.7	5.0	-0.3
Threadneedle Property	5.0	5.0	0.0
Blackstone	4.4	5.0	-0.6
JP Morgan	4.0	5.0	-1.0
LGIM	36.9	39.5	-2.6
LGIM RAFI	4.9	5.0	-0.1
MFS	19.2	13.5	5.7
Threadneedle Equity	15.4	14.0	1.4
SL Capital	0.7	1.5	-0.8
Partners Group	0.5	2.5	-2.0
BlackRock Transition	0.8	0.0	0.8
Total	100.0	100.0	0.0

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



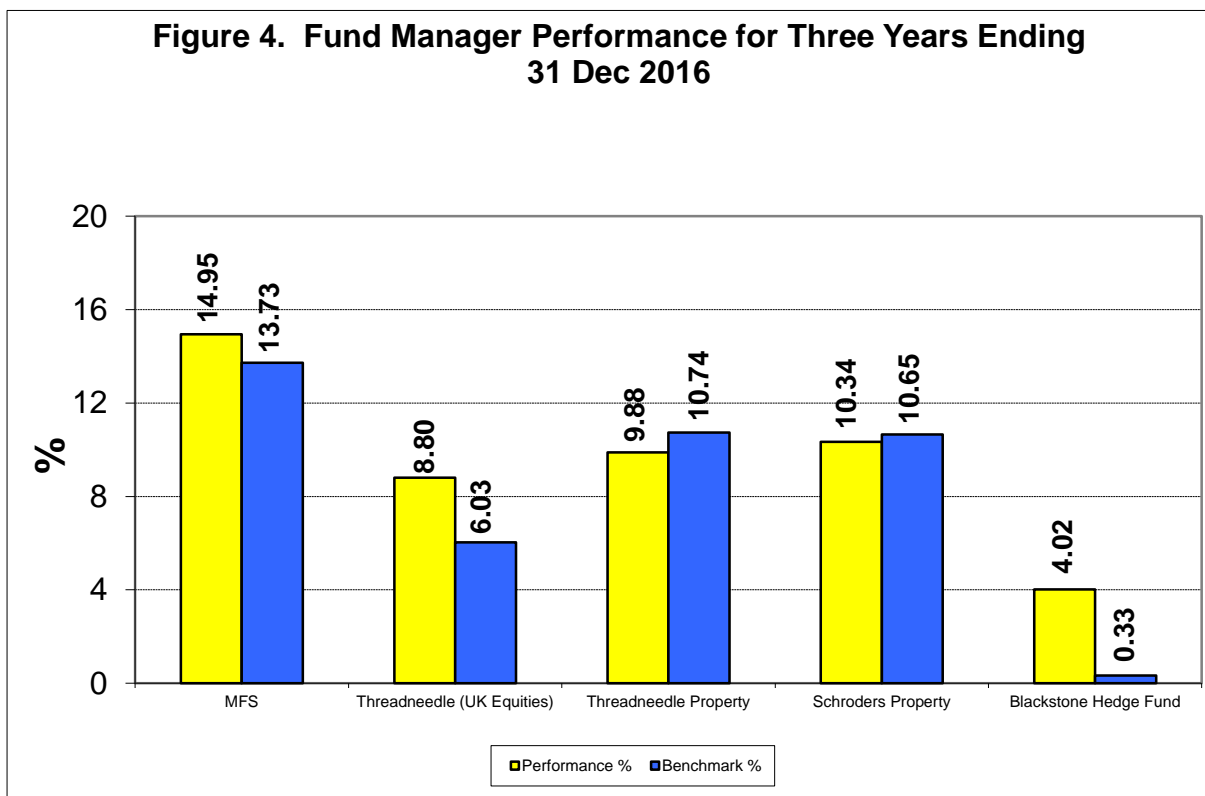
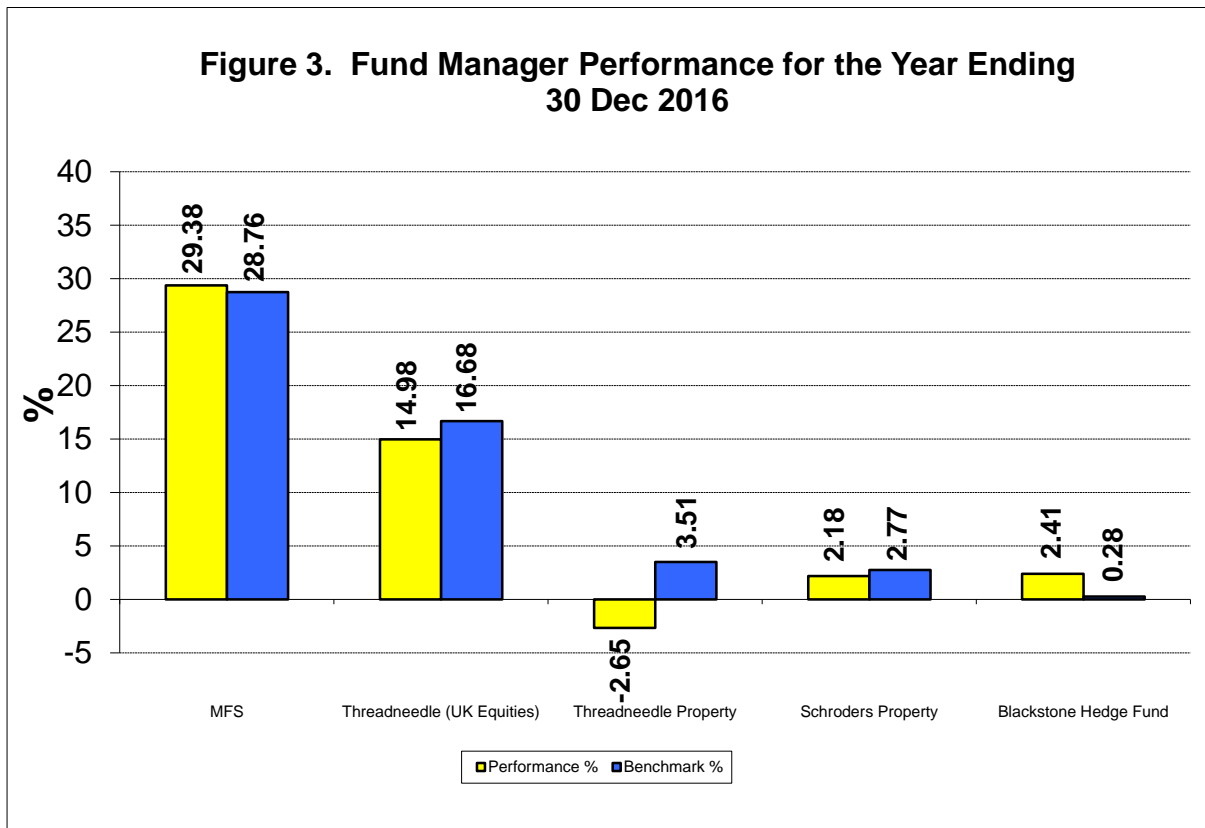
3. Fund Performance

3.1 Overall the fund out-performed its overall benchmark by 0.39%. The performances of managers against their benchmarks for the quarter ending 31 December 2016 were:

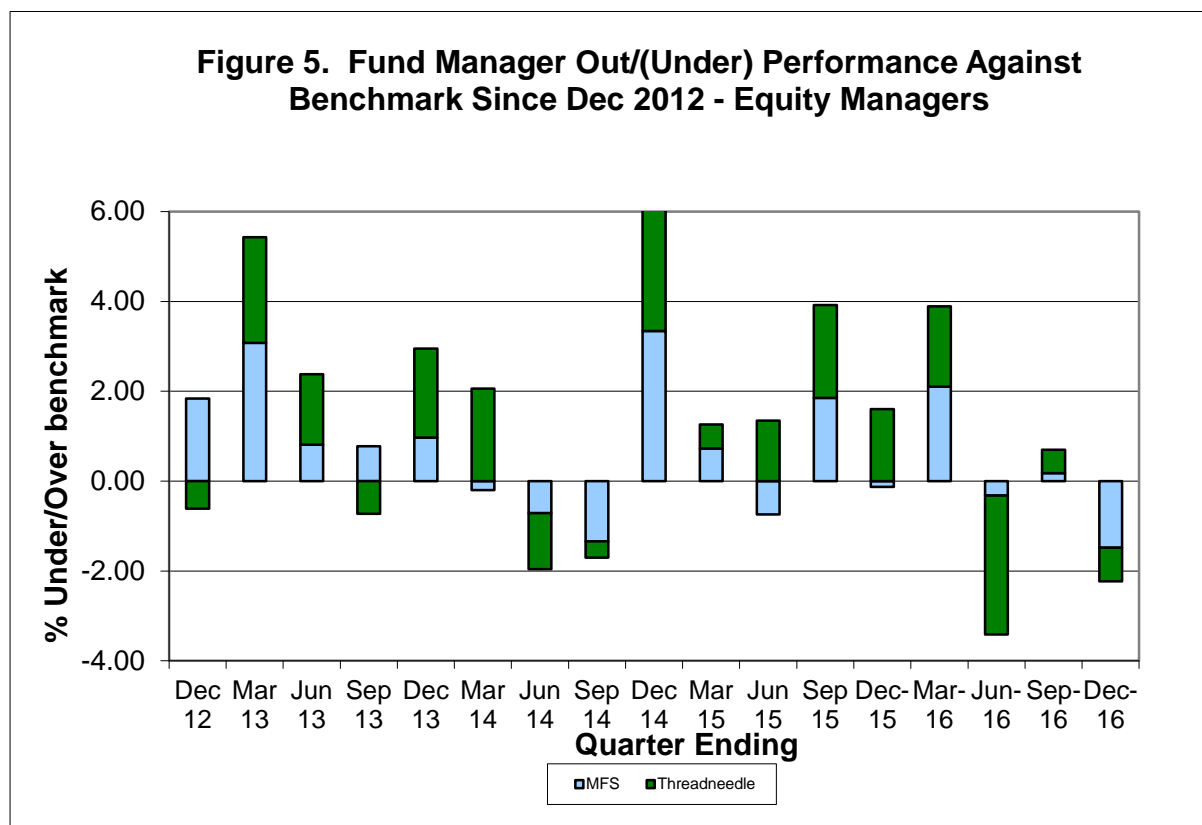
Table 3: Performance by Fund Manager

Manager	Benchmark Measure	Q/E Dec 2016	Benchmark	Variance
		%	%	%
MFS	Global Equity Benchmark	4.93	6.41	-1.48
Threadneedle	FTSE All-Share	3.07	3.82	-0.75
Legal and General (Global Equities)	LGIM Benchmark	5.17	4.15	1.02
Legal and General (Fixed Interest)	LGIM Benchmark	6.50	5.06	1.44
Threadneedle Property	Customised Benchmark	-3.82	2.02	-5.84
Schroders Property	Customised Benchmark	1.65	0.03	1.62
Blackstone Hedge	Customised Benchmark	2.12	0.07	2.05
JP Morgan Strategic Bond	Customised Benchmark	0.15	0.07	0.08
Total	WCC Total Fund Benchmark	2.30	3.18	-0.88

3.2 Annualised return for the fund managers to 31 December 2016 is summarised in Figure 3. The three year annualised return is summarised in Figure 4.



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



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The report was circulated to the following members prior to publication:

Local Member(s):

Other members: