

Pension Fund Investment Sub Committee

12th June 2017

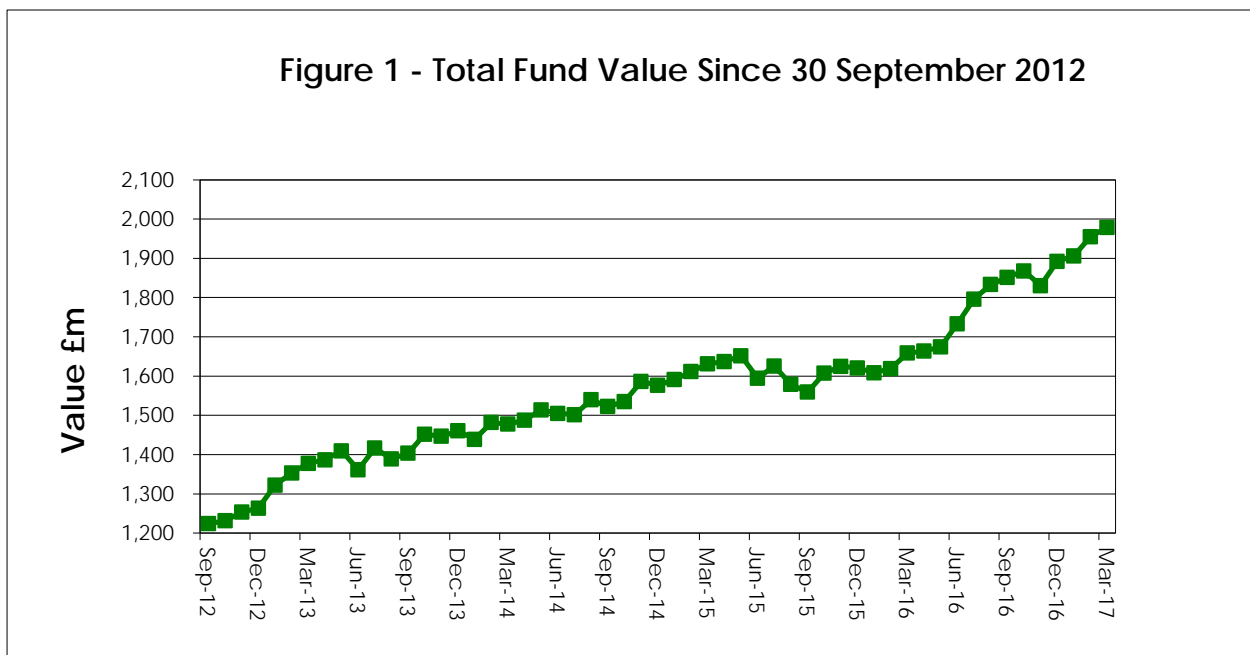
Investment Performance

Recommendation

- (1) That the Sub Committee note the fund value and investment performance for the final quarter of 2016/17 to 31 Mar 2017.

1. Fund Value at 31 Mar 2017

- 1.1 The fund value was £1,978.8m at 31 Mar 2017 an increase of 4.55% 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 Mar 2017 is shown in Table 1.

Table 1: Fund Asset Allocation

Asset Class	Q/E Mar 2017	Fund policy	Over/under weight
	%	%	%
Equity	62.2	54.5	7.7
UK	26.9	22.0	4.9
Overseas	30.0	27.5	2.5
Fundamental Global Equity	5.3	5.0	0.3
Fixed Income	16.4	17.5	-1.1
UK corporate bonds	9.2	10.0	-0.8
UK government bonds	2.1	2.5	-0.4
UK index linked bonds	5.1	5.0	0.1
Hedge Funds	4.3	5.0	-0.7
Private Equity	3.4	4.0	-0.6
Property	9.7	10.0	-0.3
Absolute Return Bonds	3.8	5.0	-1.2
Infrastructure	1.0	4.0	-3.0
Cash/Current liabilities	-0.8	0.0	-0.8
Total	100.0	100.0	0.0

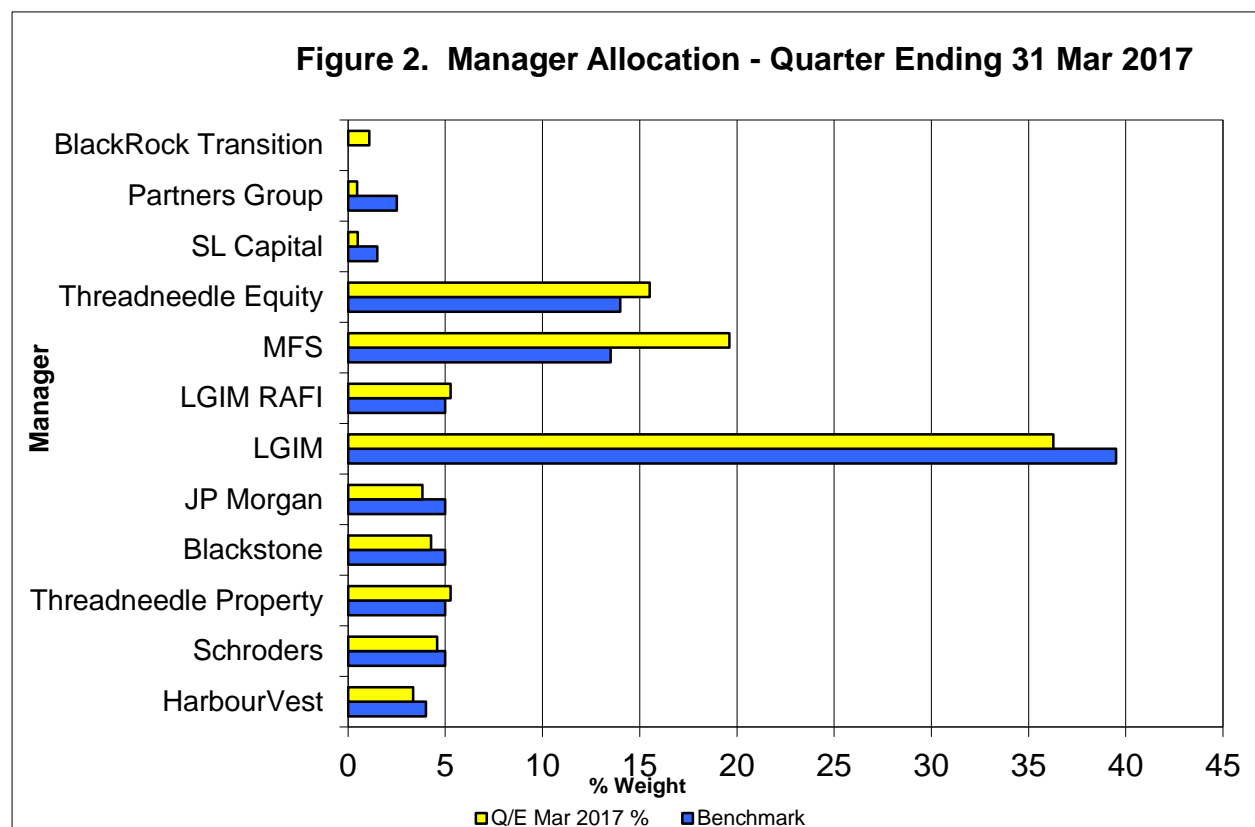
2.2 The current liability figure is due to the re-balancing transaction between MFS and LGIM which had not settled by 31 March 2017.

2.2 The fund managers' asset allocation against the benchmark for the quarter ending 31 Mar 2017 is shown in Table 2.

Table 2: Fund Asset Allocation by Manager

Manager	Q/E Mar 2017 %	Benchmark	Variance
HarbourVest	3.4	4.0	-0.7
Schroders	4.6	5.0	-0.4
Threadneedle Property	5.3	5.0	0.3
Blackstone	4.3	5.0	-0.7
JP Morgan	3.8	5.0	-1.2
LGIM	36.3	39.5	-3.2
LGIM RAFI	5.3	5.0	0.3
MFS	19.6	13.5	6.1
Threadneedle Equity	15.5	14.0	1.5
SL Capital	0.5	1.5	-1.0
Partners Group	0.5	2.5	-2.0
BlackRock Transition	1.1	0.0	1.1
Total	100.0	100.0	0.0

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



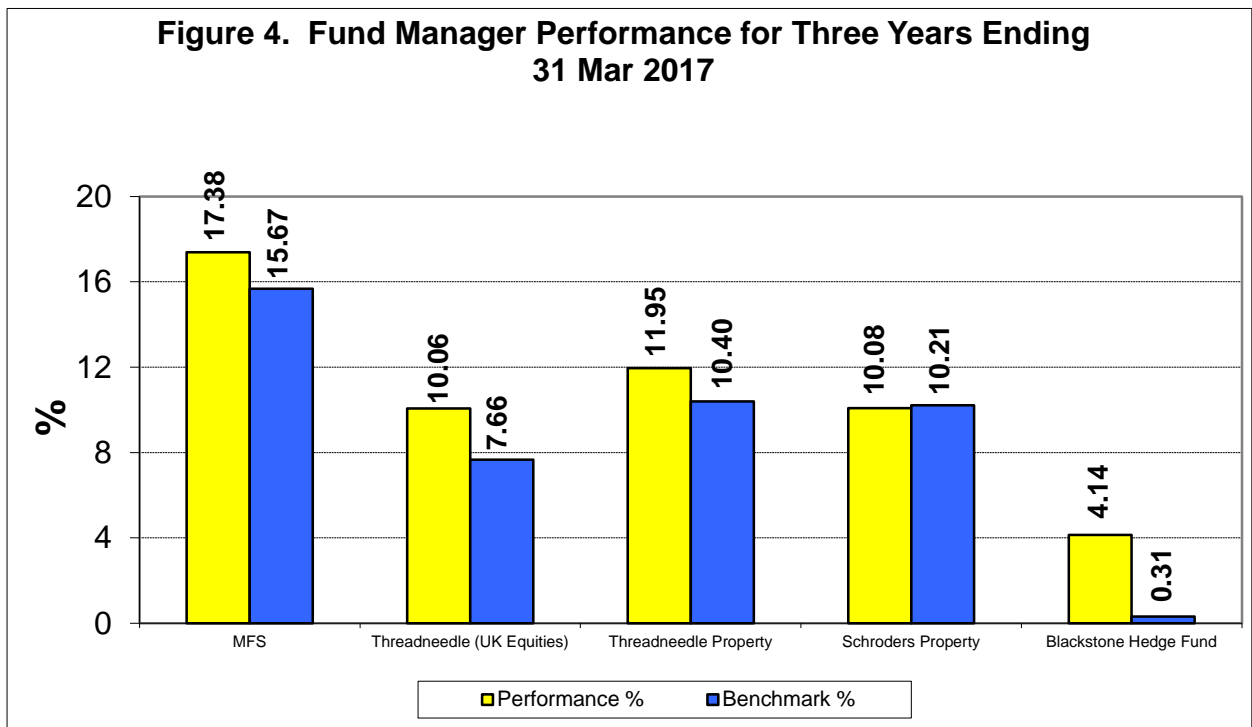
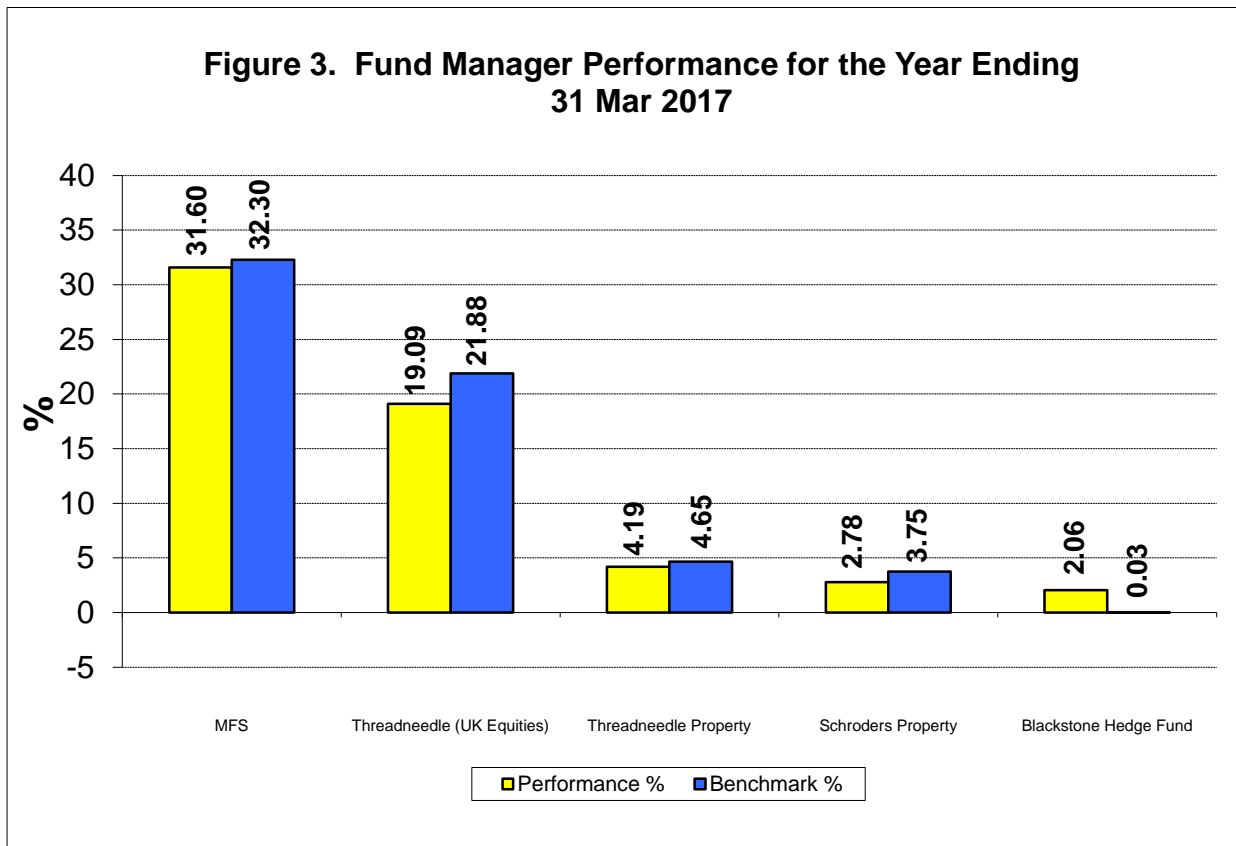
3. Fund Performance

3.1 Overall the fund under-performed its overall benchmark by 0.88%. The performances of managers against their benchmarks for the quarter ending 31 Mar 2017 were:

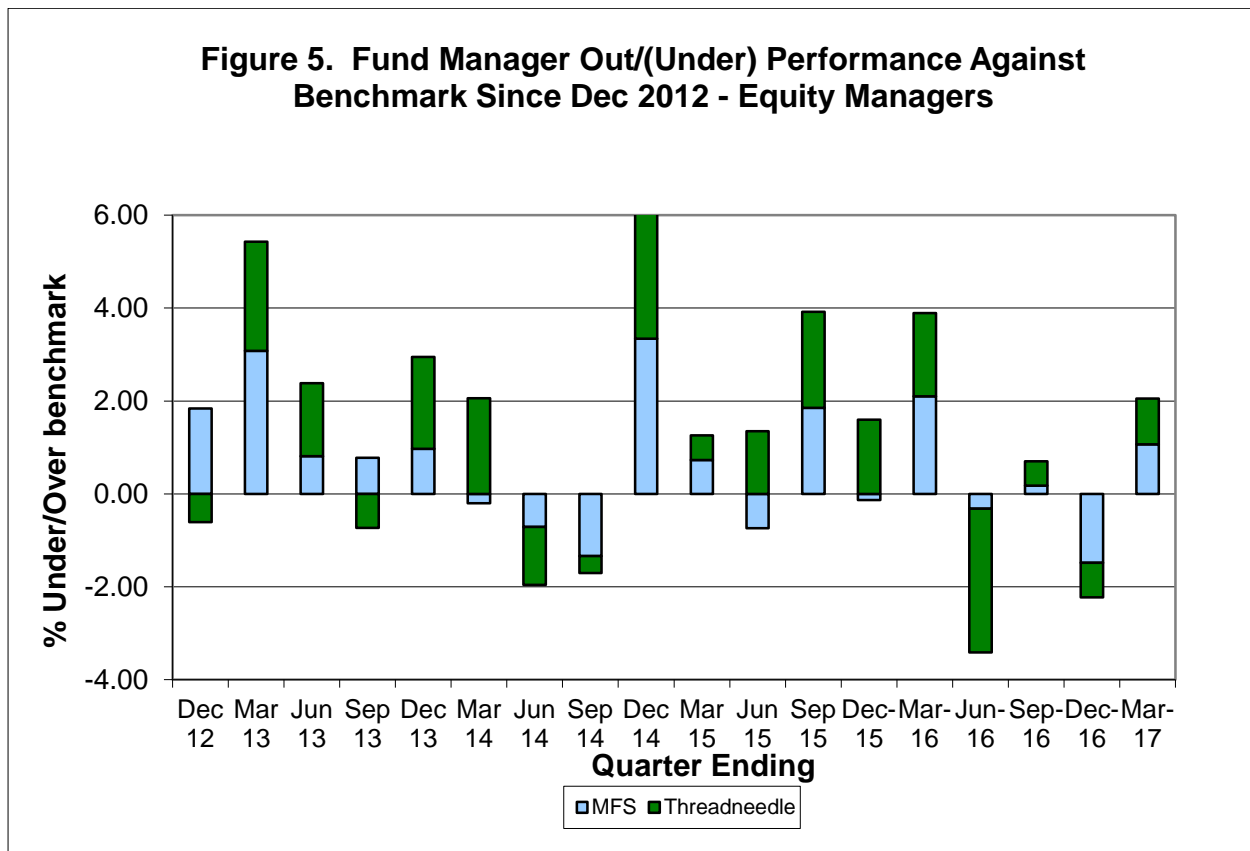
Table 3: Performance by Fund Manager

Manager	Benchmark Measure	Q/E Mar 2017	Benchmark	Variance
		%	%	%
MFS	Global Equity Benchmark	6.71	5.64	1.07
Threadneedle	FTSE All-Share	5.01	4.03	0.98
Legal and General (Global Equities)	LGIM Benchmark	5.90	6.35	-0.45
Legal and General (Fixed Interest)	LGIM Benchmark	-2.80	-2.73	-0.07
Threadneedle Property	Customised Benchmark	9.32	2.09	7.23
Schroders Property	Customised Benchmark	1.99	2.03	-0.04
Blackstone Hedge	Customised Benchmark	2.06	0.03	2.03
JP Morgan Strategic Bond	Customised Benchmark	1.50	0.06	1.44
Total	WCC Total Fund Benchmark	4.55	3.89	0.66

3.2 Annualised return for the fund managers to 31 Mar 2017 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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