

Pension Fund Investment Sub Committee

13 March 2019

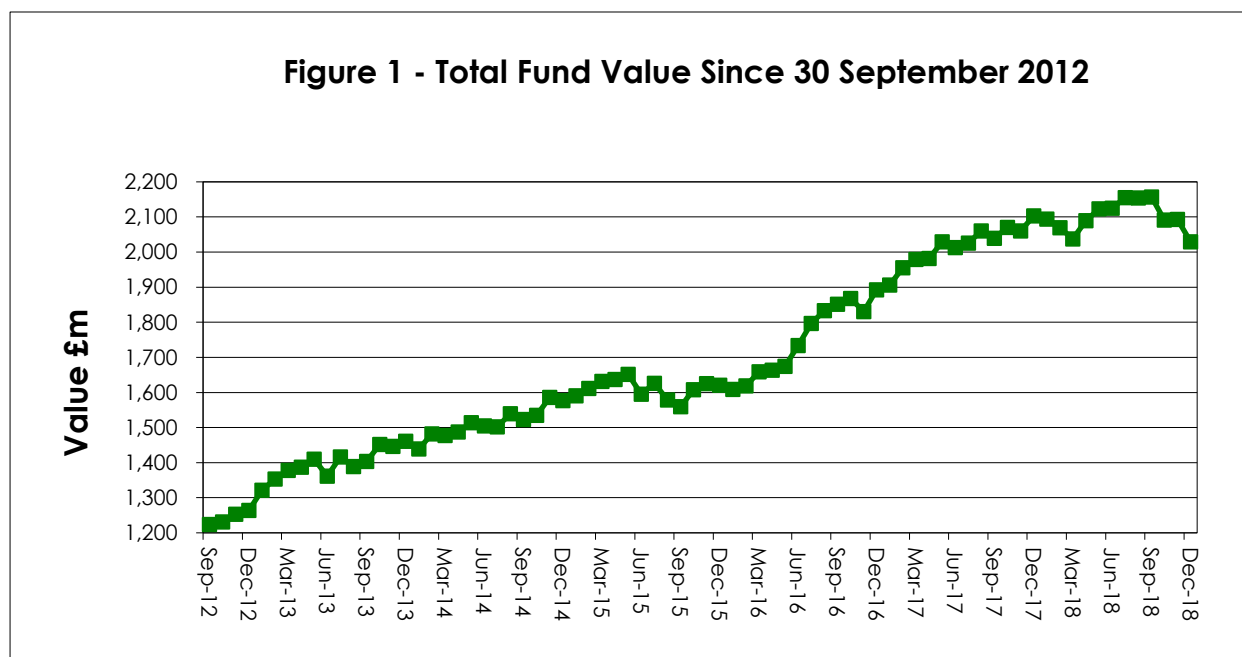
Investment Performance

Recommendation

That the Sub Committee note the fund value and investment performance for the first quarter of 2018/19 to 31st December 2018.

1. Fund Value at 31st December 2018

- 1.1 The fund value was £2,029.4m at 31st December 2018 a decrease of 5.92% against the previous quarter of £2,157.1 at 31st September 2018 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 31st December 2018 is shown in Table 1.

Table 1: Fund Asset Allocation

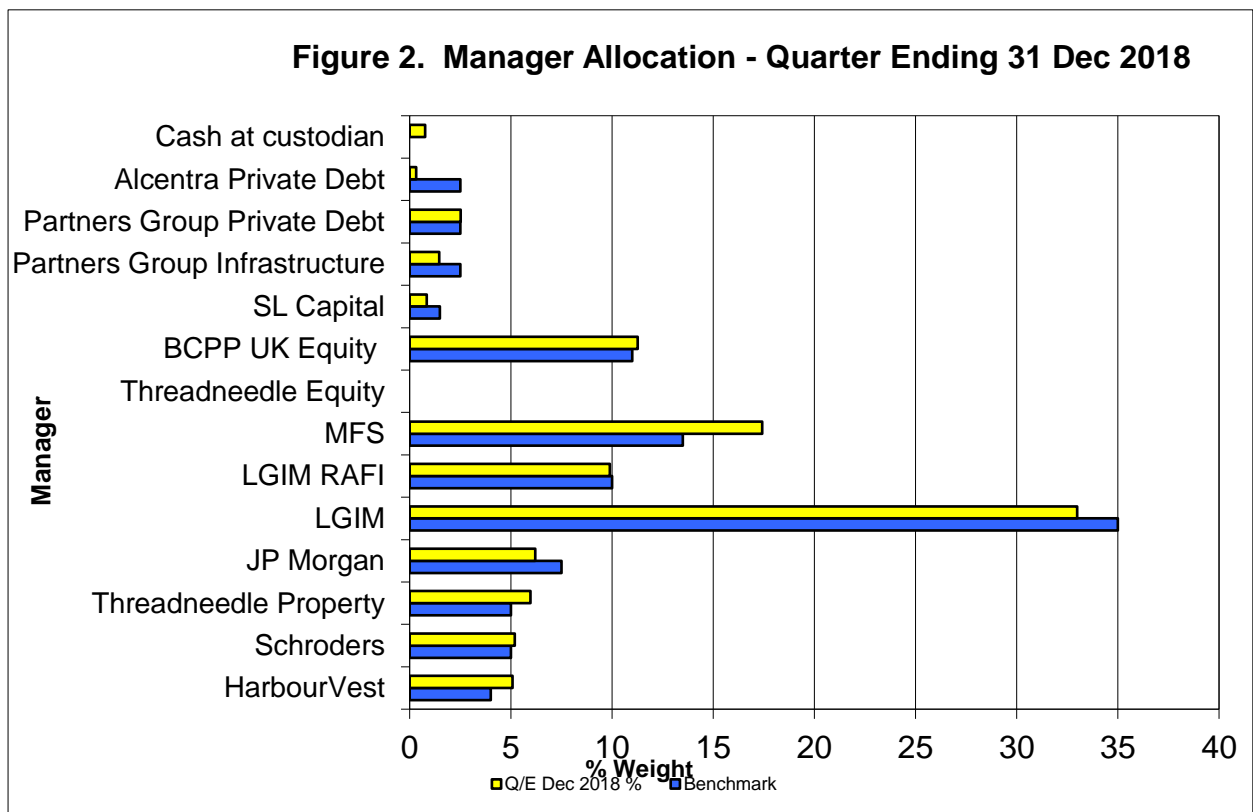
Asset Class	Q/E Sep 2018	Q/E Dec 2018	Variance Dec Qtr to Sep Qtr	Fund policy	Over/under weight
	%	%		%	%
Equity	58.3	56.7	-1.6	54.5	2.2
UK	22.8	19.1	-3.7	20.0	-0.9
Overseas	28.1	27.8	-0.3	27.5	0.3
Fundamental Global Equity	7.4	9.9	2.5	7.0	2.9
Fixed Income	15.5	15.8	0.3	15.0	0.8
UK corporate bonds	10.4	10.5	0.1	10.0	0.5
UK index linked bonds	5.1	5.3	0.2	5.0	0.3
Private Equity	4.4	5.1	0.7	4.0	1.1
Property	10.3	10.4	0.1	10.0	0.4
Absolute Return Bonds	6.1	6.2	0.1	7.5	-1.3
Infrastructure	2.0	2.3	0.3	4.0	-1.7
Private Debt	1.8	2.8	1.0	5.0	-2.2
Cash	1.6	0.7	-0.9	0.0	0.7

2.2 The fund managers' asset allocation against the benchmark for the quarter ending 31st December 2018 is shown in Table 2.

Table 2: Fund Asset Allocation by Manager

Manager	Q/E Sep 2018 %	Q/E Dec 2018 %	Variance Dec Qtr to Sep Qtr	Benchmark	Variance Dec to Benchmark
HarbourVest	4.4	5.1	0.7	4.0	1.1
Schroders	5.0	5.2	0.2	5.0	0.2
Threadneedle Property	5.5	6.0	0.5	5.0	1.0
JP Morgan	6.1	6.2	0.1	7.5	-1.3
LGIM	32.6	33.0	0.4	35.0	-2.0
LGIM RAFI	7.4	9.9	2.5	10.0	-0.1
MFS	18.2	17.4	-0.8	13.5	3.9
Threadneedle Equity	15.5	0.0	-15.5	0.0	0.0
BCPP UK Equity	0.0	11.3	11.3	11.0	0.3
SL Capital	0.8	0.9	0.0	1.5	-0.7
Partners Group Infrastructure	1.2	1.5	0.3	2.5	-1.0
Partners Group Private Debt	1.8	2.5	0.7	2.5	0.0
Alcentra Private Debt	0.0	0.3	0.3	2.5	-2.2
Cash at custodian	1.6	0.8	-0.8	0.0	0.8
Total	100.0	100.0	0.0	100.0	0.0

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



3. Fund Performance

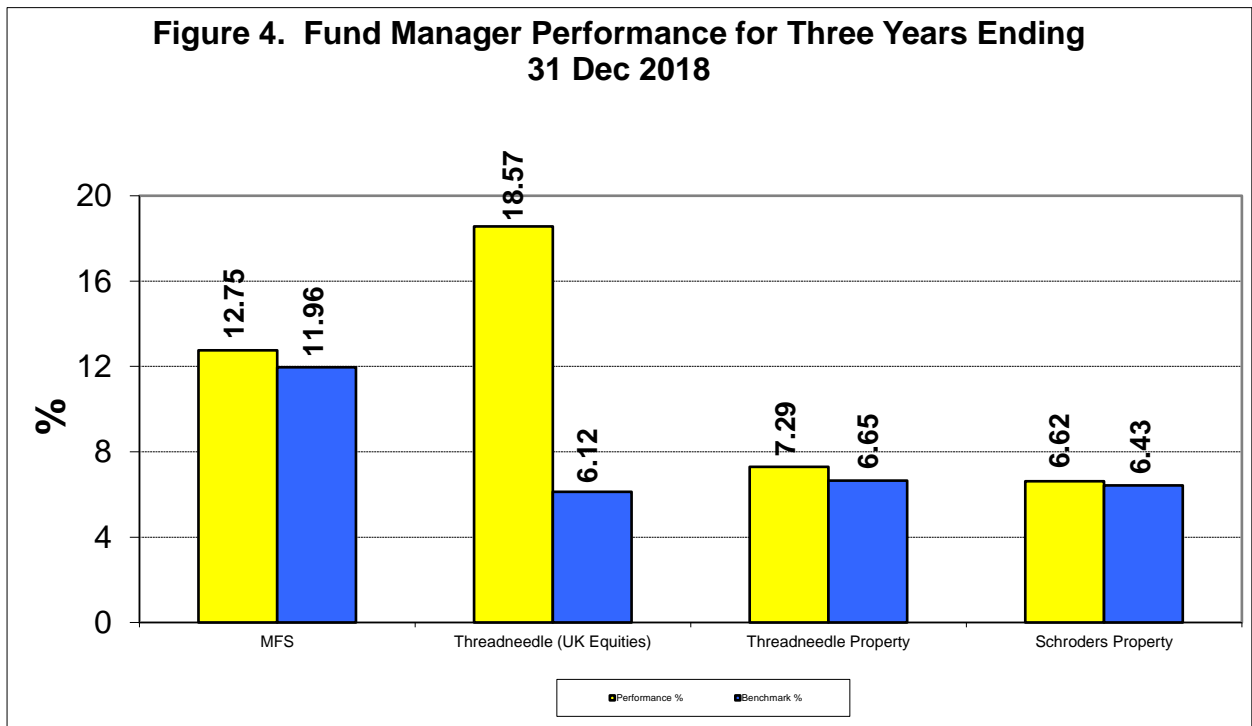
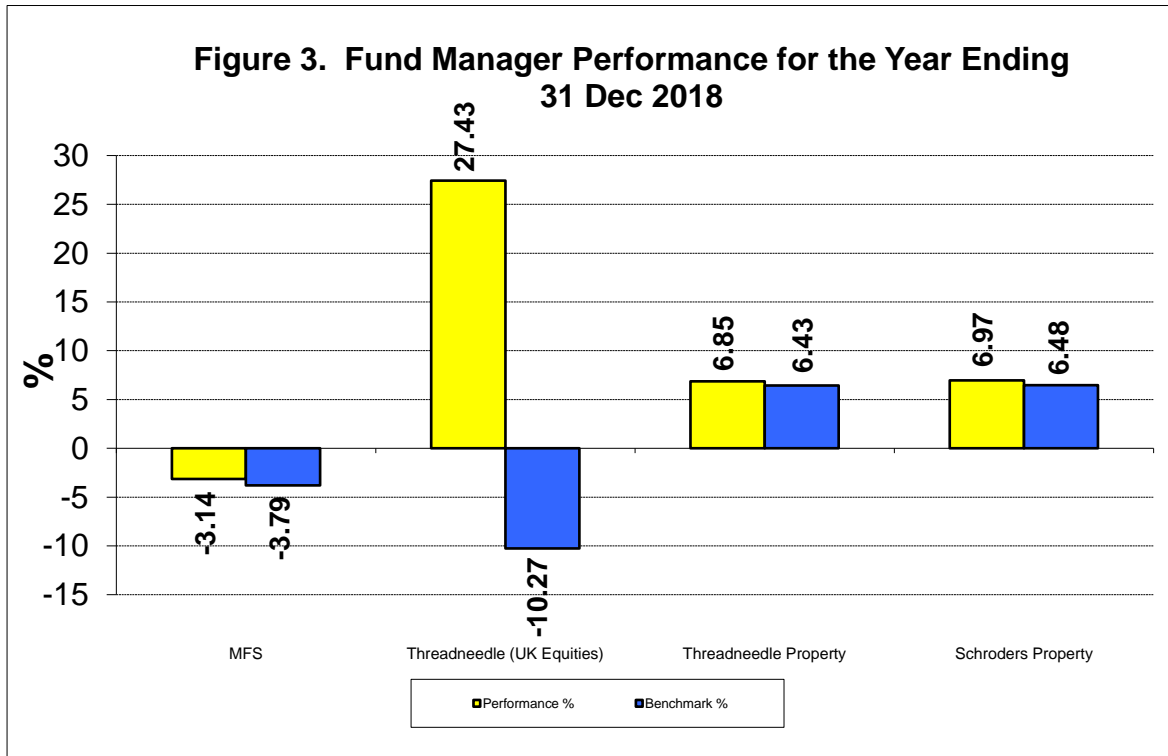
3.1 Overall the fund over-performed its overall benchmark by 0.37%. The performances of managers against their benchmarks for the quarter ending 31st December 2018 were:

Table 3: Performance by Fund Manager

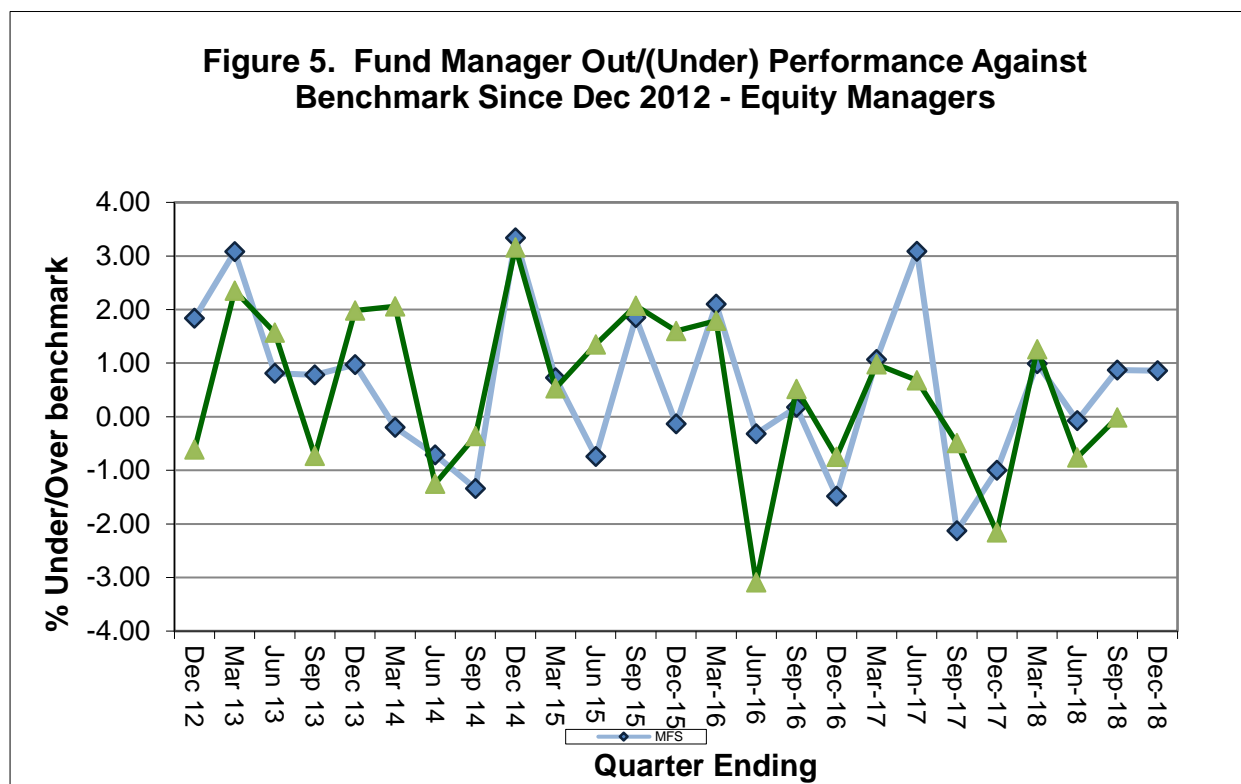
Manager	Benchmark Measure	Q/E Dec 2018	Benchmark	Variance
		%	%	%
MFS	Global Equity Benchmark	-9.81	-10.67	0.86
Threadneedle	FTSE All-Share	27.43	-10.27	37.70
Legal and General (Global Equities)	LGIM Benchmark	-9.82	-9.55	-0.27
Legal and General (Fixed Interest)	LGIM Benchmark	0.82	0.50	0.32
Threadneedle Property	Customised Benchmark	1.29	1.08	0.21
Schroders Property	Customised Benchmark	0.68	0.89	-0.21
JP Morgan Strategic Bond	Customised Benchmark	-2.87	0.18	-3.05
Total	WCC Total Fund Benchmark	-5.87	-6.24	0.37

*Note the Threadneedle UK Equity quarter 3 return figure is distorted due to the cash movements made to move into the new Border to Coast UK Equity Alpha Fund. The amount of income and interest earned over the quarter is based upon that generated by the whole fund available through the period, but the denominator is the closing balance of the fund at the end of the quarter after the transfer out, which was less than £1m.

3.2 Annualised return for the fund managers to 31st December 2018 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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