

London Borough of Lewisham Annual Performance Review

Period Ending 31st March 2013

Monday 2nd September 2013

Lynn Coventry

Agenda

Section 1 – Market Environment

Section 2 – Total Fund Performance versus Local Authority Average

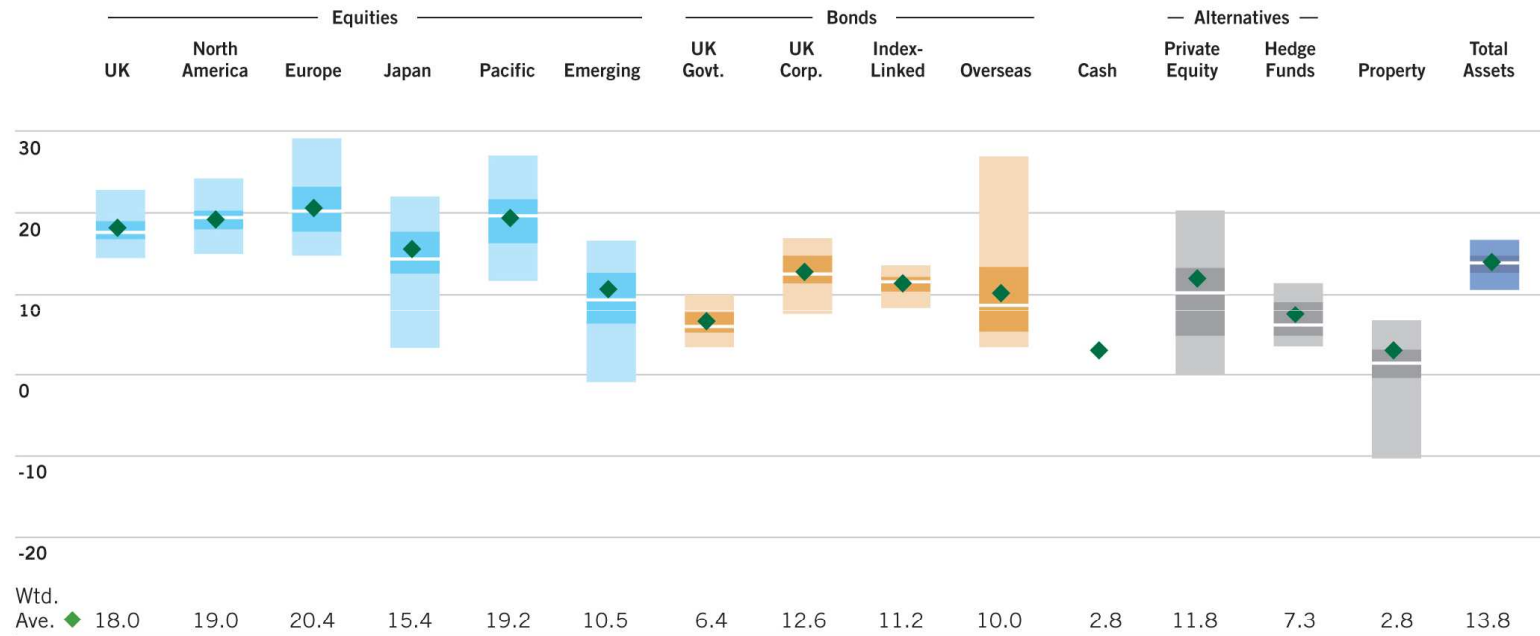
Appendix

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Section 1

Market Environment

2012/2013 Returns and Ranges (%)



Source: State Street Investment Analytics, 2013.

Past performance is not a reliable indicator of future results.

Range of Results

- 5th to 95th Percentile ■
- 25th to 75th Percentile ■
- Median shown in white

Annual Returns (%)*



* Source: State Street Investment Analytics, 2013.

Past performance is not a reliable indicator of future results.

Annual Returns (%)*



* Source: State Street Investment Analytics, 2013.

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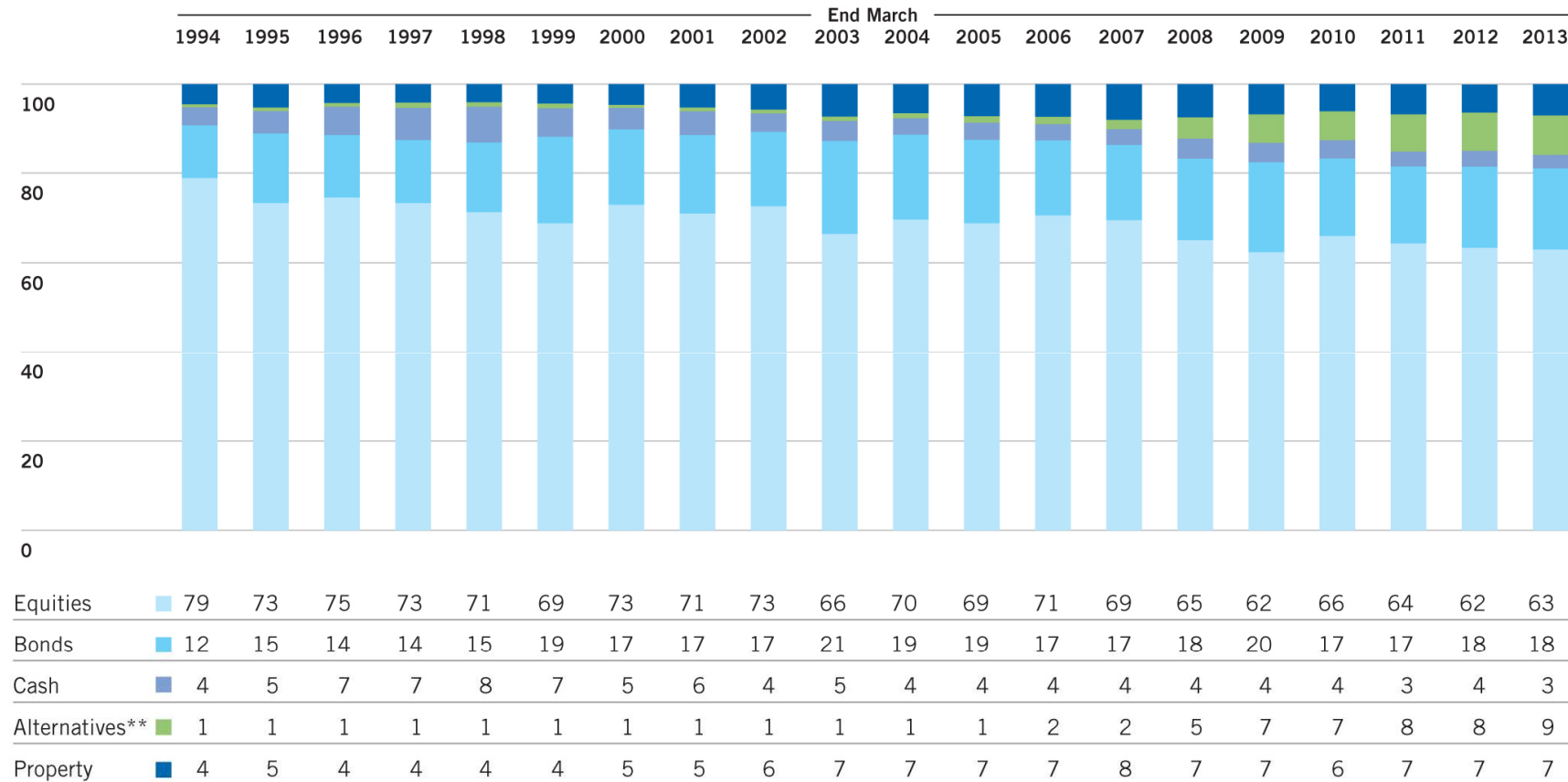
Annual Returns (%)*



* Source: State Street Investment Analytics, 2013.

Past performance is not a reliable indicator of future results.

Longer Term Asset Allocation (%)*



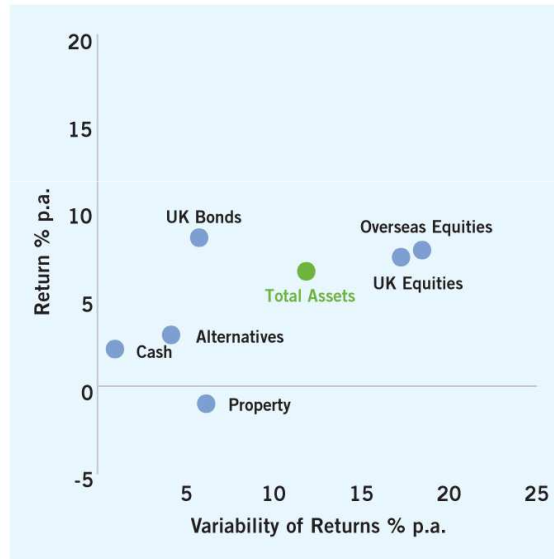
* Source: State Street Investment Analytics, 2013.

** Includes Pooled Multi-Asset from March 2010.

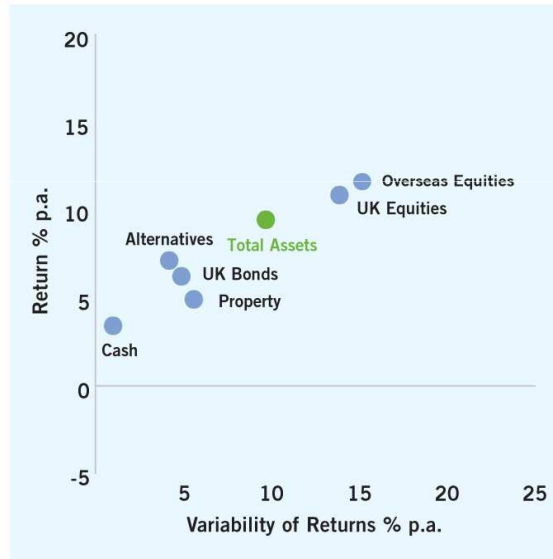
Past performance is not a reliable indicator of future results.

Long Term Risk and Return*

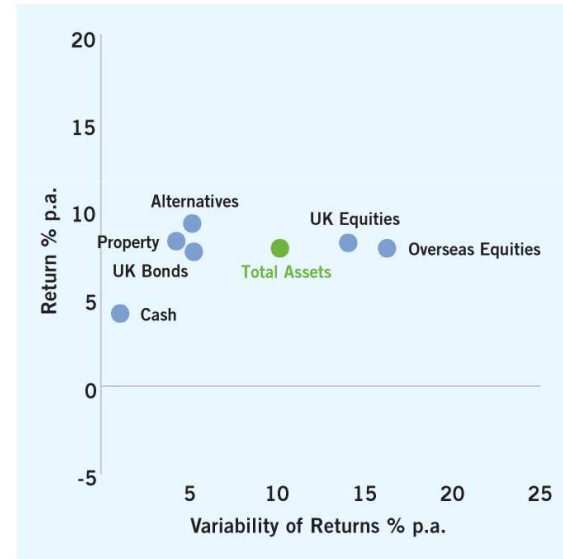
Last 5 Years



Last 10 Years



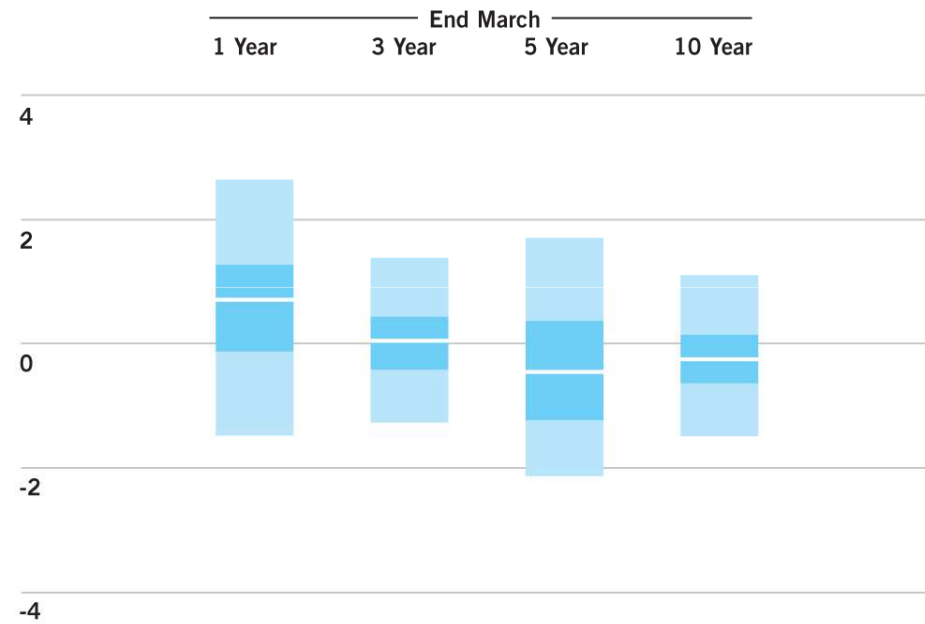
Last 20 Years



* Source: State Street Investment Analytics, 2013.

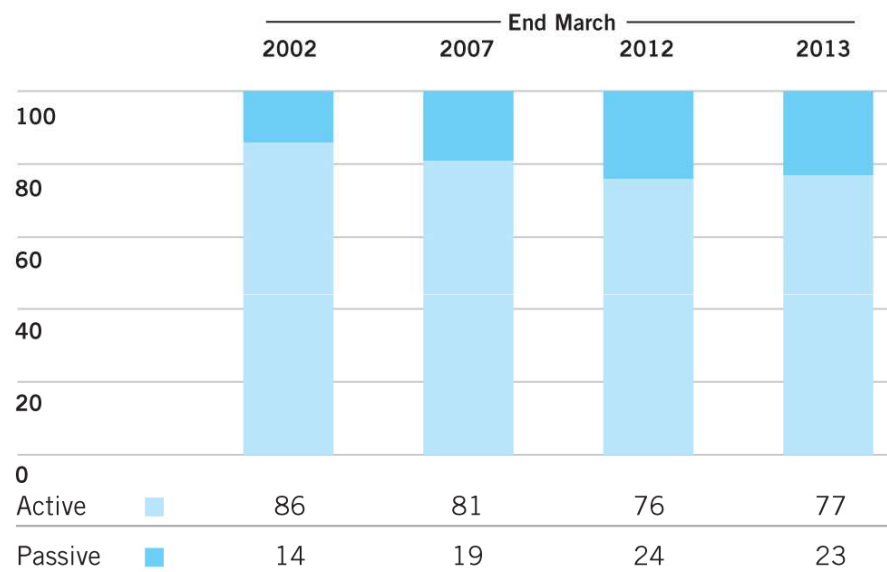
Past performance is not a reliable indicator of future results.

Performance Relative to Benchmark*



* Source: State Street Investment Analytics, 2013.
Past performance is not a reliable indicator of future results.

Level of Indexation (%)*



* Source: State Street Investment Analytics, 2013.
 Past performance is not a reliable indicator of future results.

Section 2

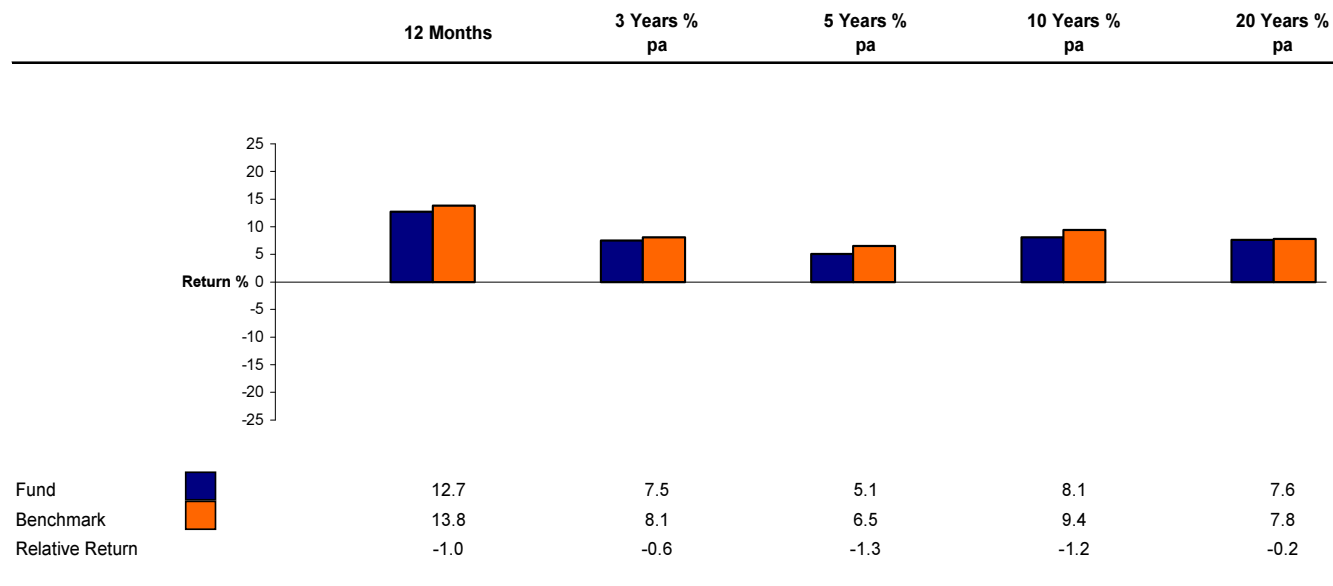
Total Fund Performance versus Local Authority Average Return

Total Performance Relative to Local Authority Average

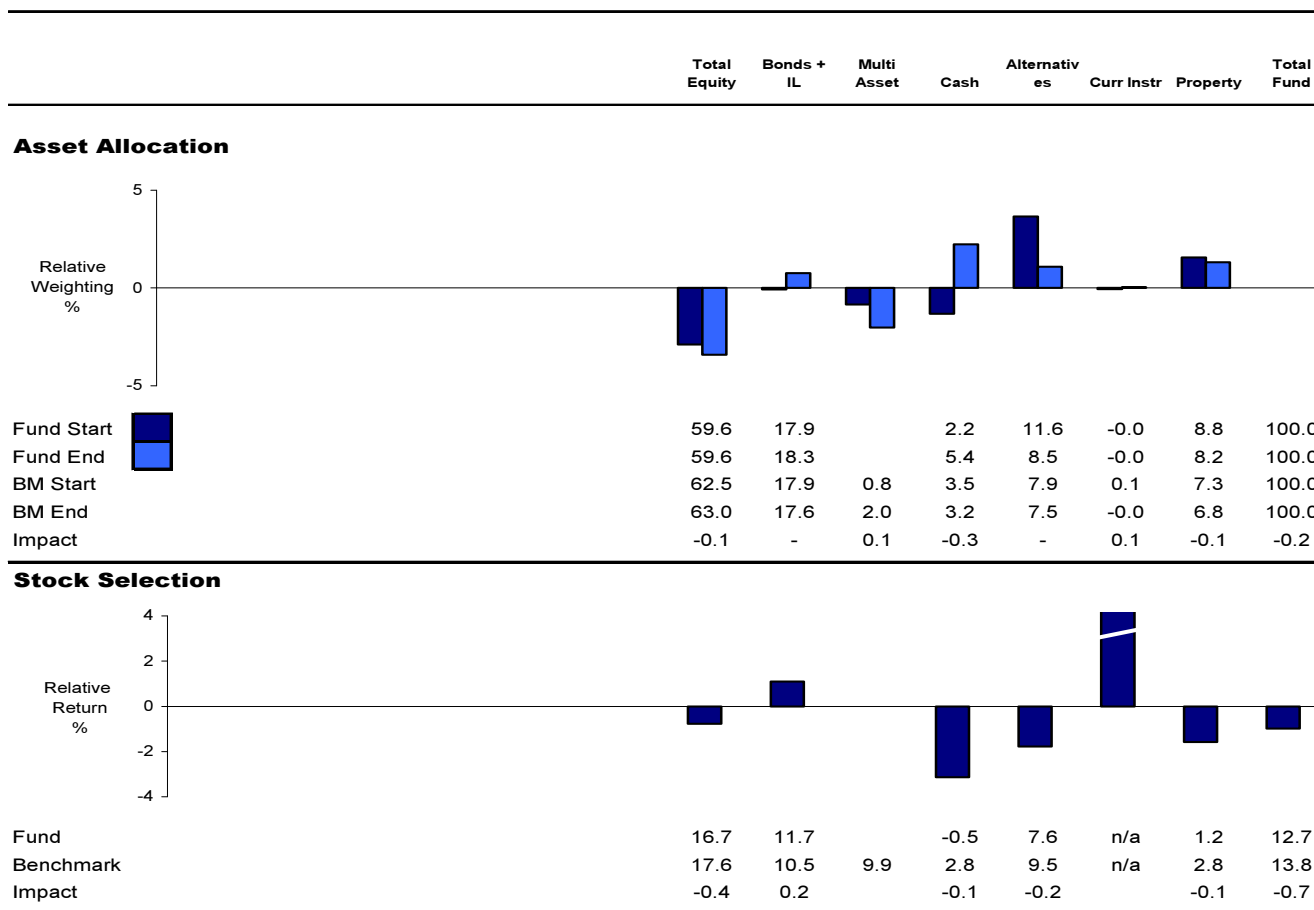
Fund Value

	Values GBP'000
Value at 30/03/2012	773,394
Transactions	-3,461
Capital Gain/Loss	87,875
Income	11,318
Value at 29/03/2013	857,808

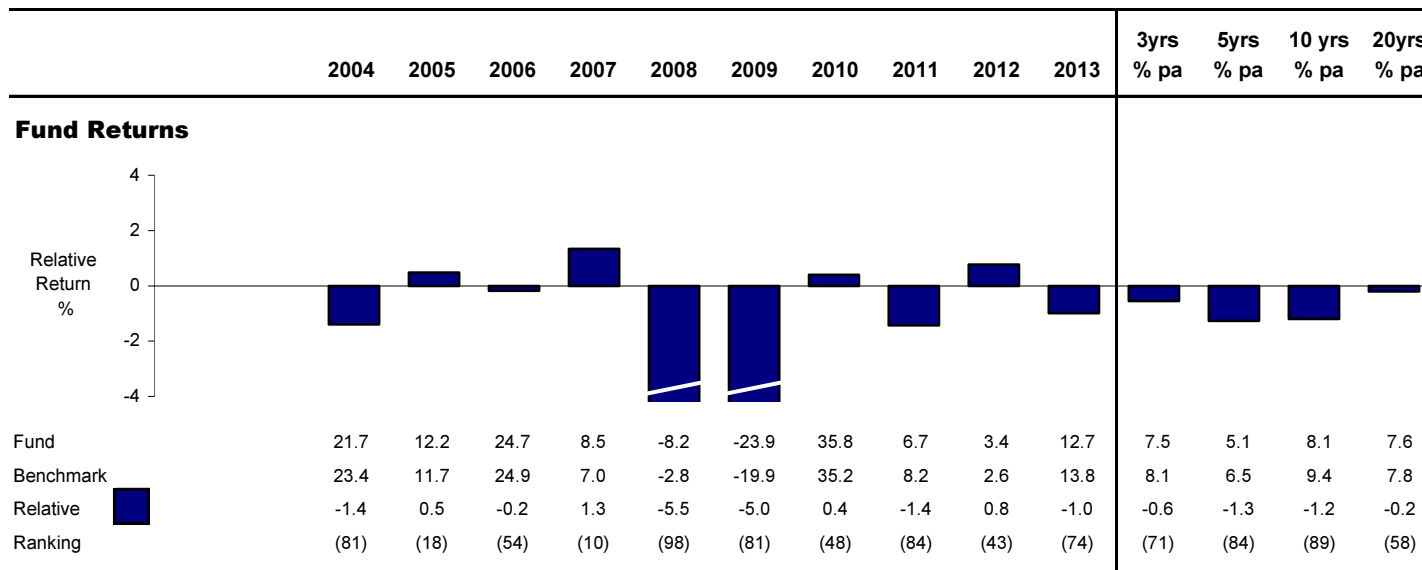
Fund Returns



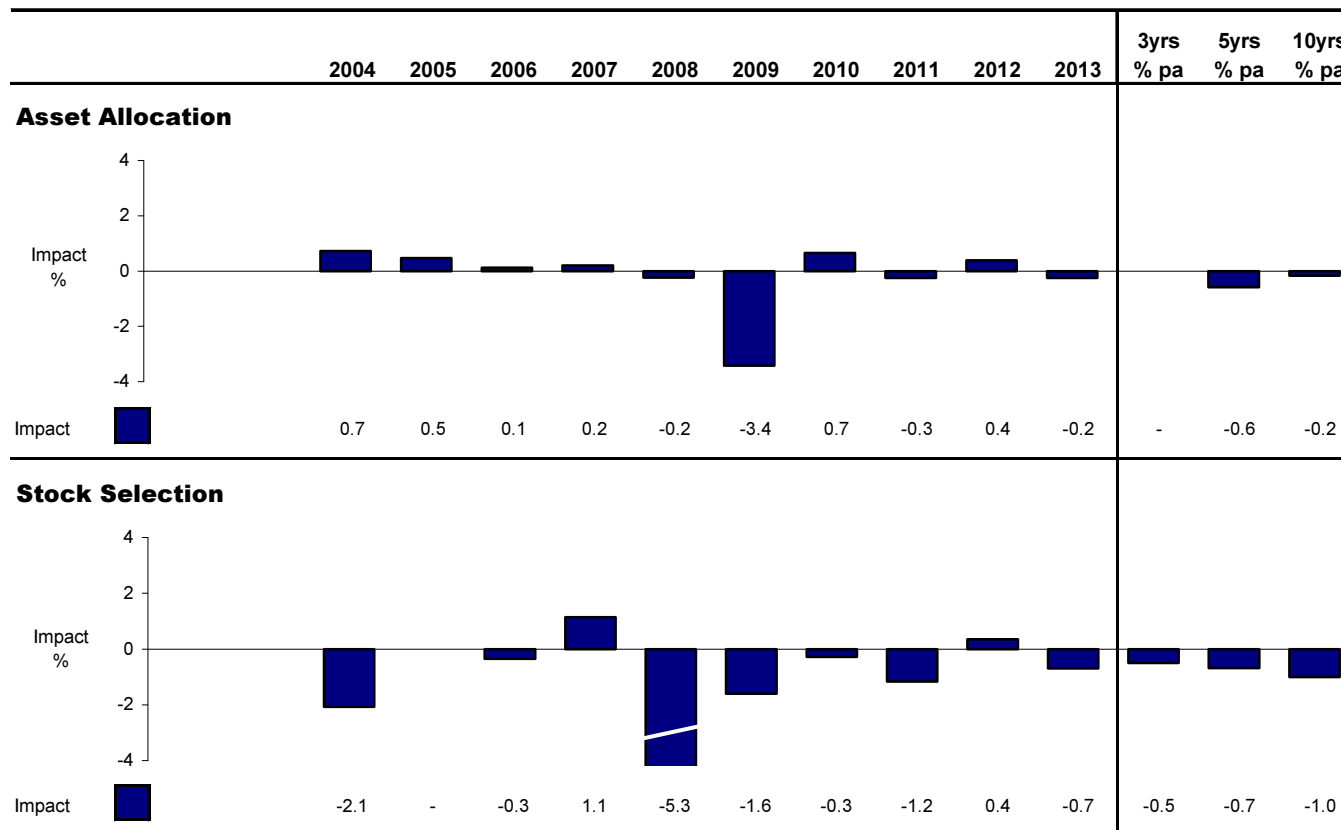
Latest Year Attribution



Longer Term Performance

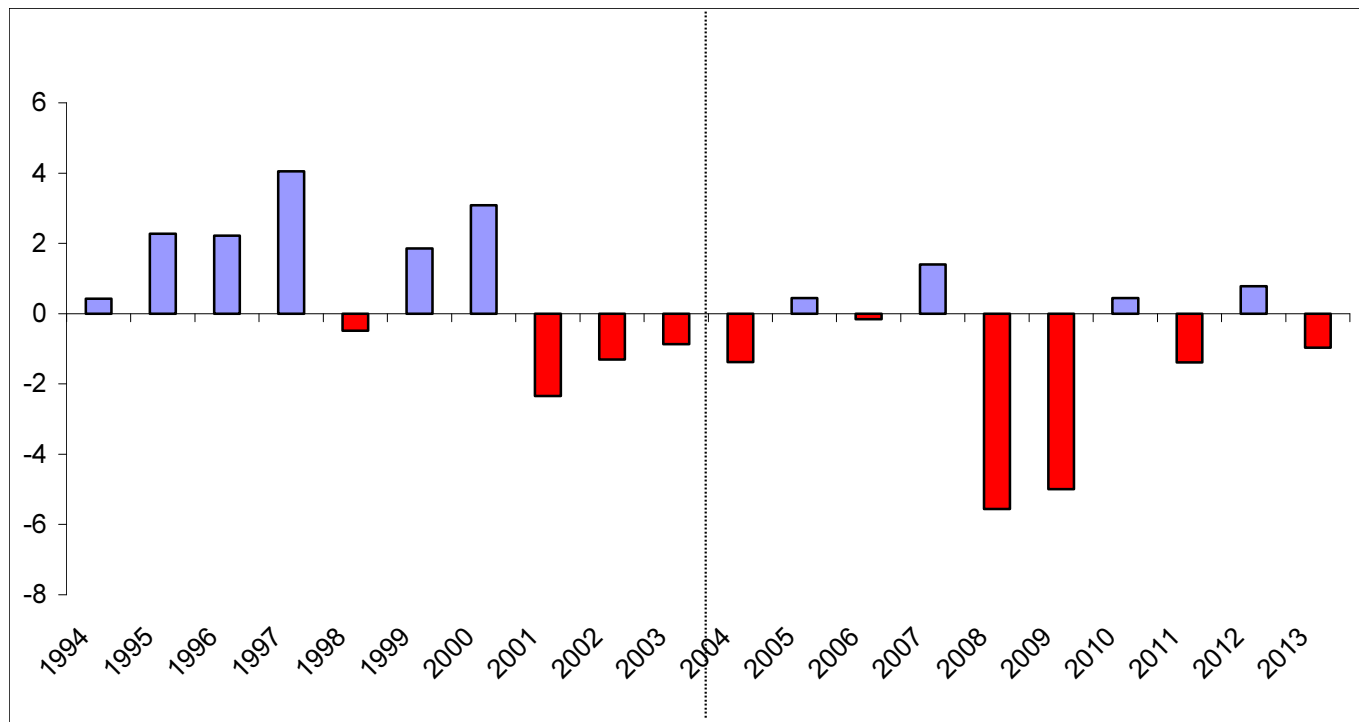


Longer Term Attribution



Stock selection has been the key factor in the below average performance due mainly to the below average returns in UK and Overseas equities. The negative impact from asset allocation over the last 5 years was due mainly to the unfavourable impact from currency hedging (notably 2009).

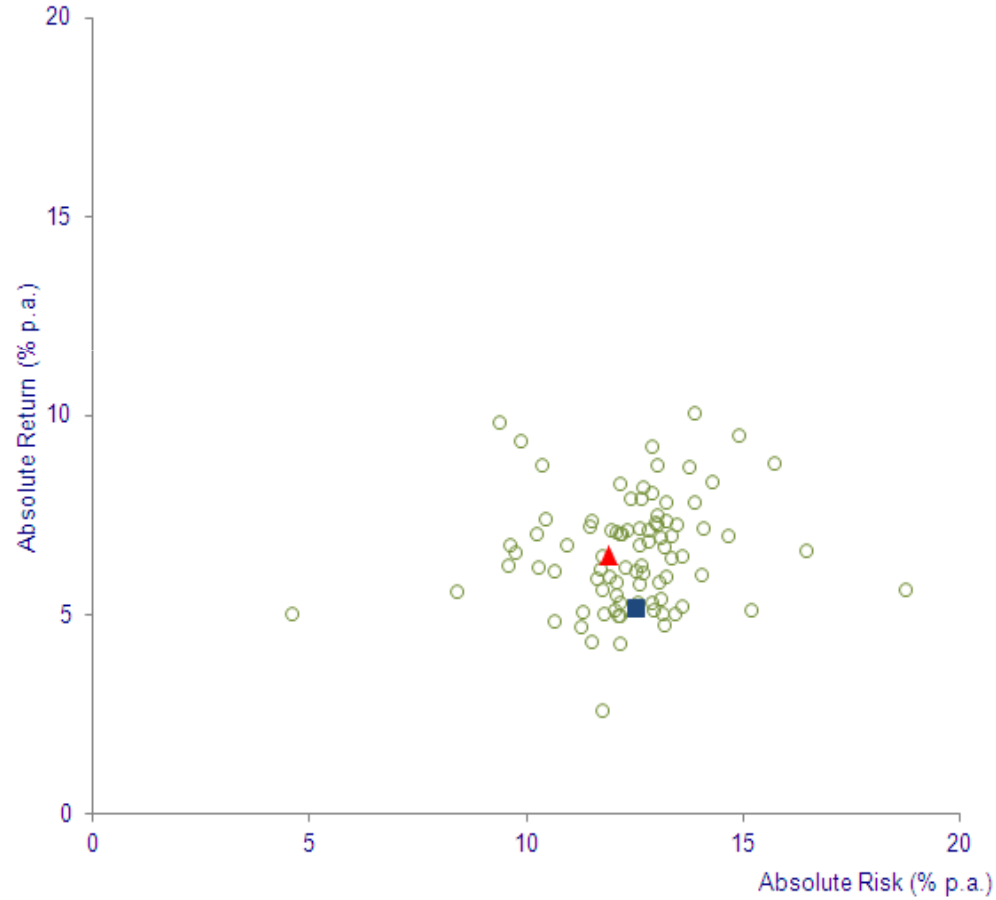
Performance Relative to Local Authority Average



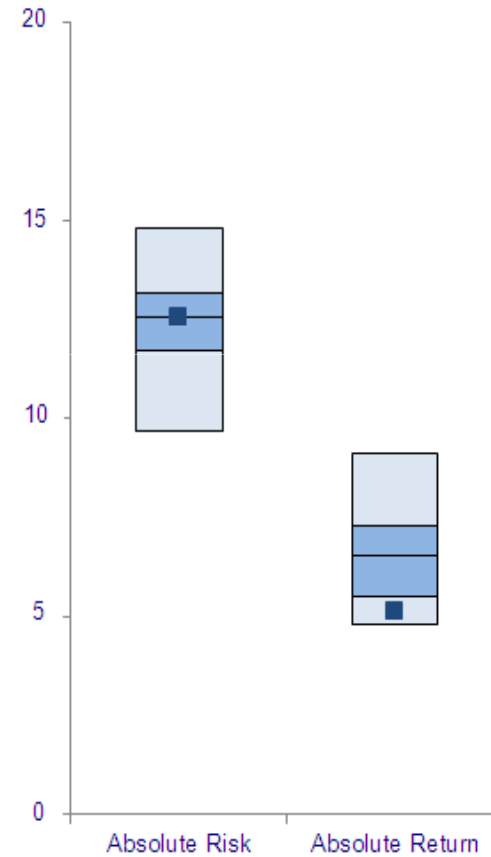
Performance relative to the Local Authority average has been particularly unfavourable in the most recent 10 year period.

Risk Adjusted Return Analysis – Five Years % p.a.

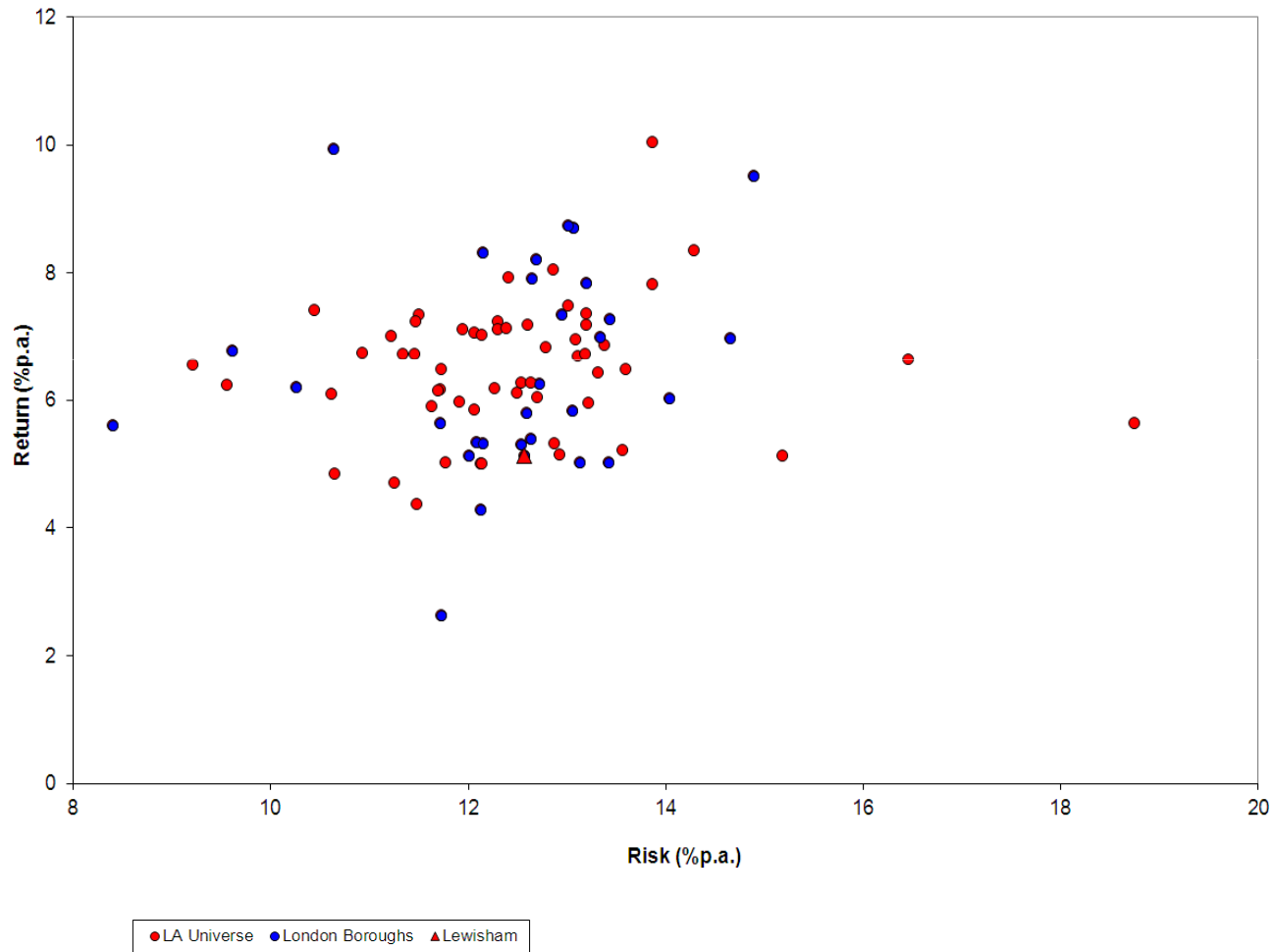
Absolute Risk & Return



■ Your Fund. ▲ Local Authority Average



London Boroughs Absolute Risk – 5 Years % p.a.



Overall Conclusions

- *The Fund had an absolute return of 12.7% over the latest year, which was 1.0% behind the Local Authority Average return of 13.8%.*
- *Below average performance continues over the longer term with stock selection in equity investments proving unfavourable.*
- *The impact of the below average performance during 2008 and 2009 has had a particularly detrimental impact.*
- *The return of 7.6% p.a. over the last 20 years compares with the UK RPI index return of 2.9% p.a., a real return of 4.6% p.a.*

Summary of Returns and Rankings

Return %	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	3yrs % pa	5yrs % pa	10yrs % pa
<i>Total Equity</i>	28.7 (95)	12.9 (46)	29.7 (82)	8.5 (23)	-11.0 (100)	-27.5 (75)	48.1 (72)	6.4 (97)	0.6 (37)	16.7 (75)	7.7 (86)	6.0 (86)	9.3 (98)
<i>UK Equities</i>	27.4 (100)	13.4 (95)	23.0 (100)	11.2 (40)	-14.8 (98)	-30.3 (70)	50.9 (61)	7.8 (86)	0.2 (93)	15.9 (93)	7.8 (96)	5.7 (85)	8.3 (98)
<i>O/S Equities</i>	31.5 (69)	11.5 (16)	40.3 (19)	4.7 (22)	-5.3 (87)	-25.7 (85)	46.3 (69)	5.7 (91)	0.9 (15)	16.6 (69)	7.5 (64)	6.2 (86)	10.7 (74)
<i>Total Bonds</i>	1.6 (75)	4.7 (83)	8.0 (38)	-0.3 (61)	2.5 (55)	-0.8 (57)	32.1 (8)	9.0 (4)	12.5 (36)	11.2 (43)	10.9 (19)	12.3 (2)	7.7 (4)
<i>UK Bonds</i>	2.8 (76)	5.4 (70)	10.1 (13)	0.8 (36)	-1.8 (87)	-6.8 (75)	32.1 (7)	9.0 (3)	12.5 (42)	11.4 (46)	11.0 (17)	11.0 (8)	7.1 (7)
<i>O/S Bonds</i>	-1.8 (49)	1.8 (98)	0.3 (98)	-4.8 (71)	16.3 (38)	36.0 (18)				-0.6 #			
<i>UK IL</i>	6.5 (39)	-0.5 #					10.5 (51)	6.9 (32)	21.6 (20)	0.7 #			
<i>Cash/ Alts</i>	3.8 (38)	9.9 (8)	-1.0 (100)	3.4 (62)	10.4 (16)	-9.4 (71)	2.5 (44)	8.6 (16)	-1.4 (86)	4.5 (49)	3.8 (40)	0.8 (75)	3.0 (60)
<i>Cash</i>	3.8 (27)	9.7 (5)	-1.2 (97)	3.3 (65)	7.0 (24)	13.1 (11)	6.5 (6)	4.0 (22)	0.1 (71)	-0.5 (83)	1.2 (37)	4.5 (15)	4.5 (9)
<i>Alternatives</i>	0.0 #	16.1 #	13.4 (44)	2.2 (70)	16.8 (20)	-5.7 (45)	-0.1 (66)	8.8 (37)	-1.6 (83)	7.6 (56)	4.8 (57)	1.6 (57)	
<i>Private Eq</i>				2.3 (59)	16.8 (48)	0.7 (55)	-11.8 (79)	10.4 (47)	7.0 (33)	17.6 (10)	11.6 (24)	4.3 (43)	
<i>Total Hedge</i>				0.0 #		-10.1 #	13.2 (52)	1.0 (85)	-4.3 (92)	-2.3 #			
<i>Total Other</i>								11.7 (31)	-6.2 (81)	0.8 (68)	1.8 (69)		
<i>Property</i>	13.0 (37)	19.5 (28)	25.5 (8)	20.9 (8)	-15.1 (97)	-31.0 (71)	3.6 (84)	6.4 (86)	5.4 (42)	1.2 (57)	4.3 (69)	-4.1 (76)	3.5 (76)
<i>UK Property</i>	13.0 (37)	19.5 (28)	25.5 (8)	20.9 (8)	-15.1 (97)	-31.0 (64)	2.9 (93)	6.4 (90)	5.4 (49)	1.2 (57)	4.3 (74)	-4.2 (78)	3.4 (79)
Total Assets	21.7 (81)	12.2 (18)	24.7 (54)	8.5 (10)	-8.2 (98)	-23.9 (81)	35.8 (48)	6.7 (84)	3.4 (43)	12.7 (74)	7.5 (71)	5.1 (84)	8.1 (89)

not invested in this area for the entire period

Asset Class Performance*

	% of Asset Class		% p.a. Return			
	At end 2011/12	At end 2012/13	3 Yrs	5 Yrs	10 Yrs	20 Yrs
Equities	100	100				
UK Equities	40.7	38.8	9.8	7.3	10.8	8.1
Overseas Equities	52.2	52.8	7.8	7.7	11.6	7.8
North America	17.3	18.5	11.4	10.5	8.4	7.7
Continental Europe	12.8	12.8	5.9	4.1	11.6	9.3
Japan	5.5	5.4	5.3	5.9	7.5	2.3
Pacific ex Japan	5.8	5.7	9.4	11.4	17.2	9.4
Emerging Markets	8.4	9.1	4.3	6.8	17.1	-
Global	7.1	8.4	7.8	6.7	-	-
Bonds	100	100				
UK	58.5	58.5	9.2	8.4	6.2	7.6
Index-Linked	26.6	23.1	12.3	9.3	8.0	7.9
Overseas Bonds	10.8	12.9	6.6	8.5	5.7	6.0
Pooled	4.2	5.5	7.1	-	-	-
Alternatives	100	100				
Private Equity	55.2	55.5	9.1	5.3	-	-
Hedge Funds	28.5	30.5	4.1	1.3	-	-
Active Currency	1.9	0.5	-4.0	-6.1	-	-
Commodities	3.2	2.6	1.8	-1.7	-	-
GTAA	2.9	1.7	2.7	0.7	-	-
Infrastructure	8.3	9.1	3.9	3.5	-	-

* Source: State Street Investment Analytics, 2013.

Past performance is not a reliable indicator of future results.