

PENSIONS INVESTMENT COMMITTEE			
REPORT TITLE	Investment Performance for the quarter end 30 September 2013		
KEY DECISION	No	Item No:	
WARD	N/A		
CONTRIBUTORS	Executive Director for Resources & Regeneration		
CLASS	Part 1	Date:	14 November 2013

1. SUMMARY

- 1.1 This report sets out the performance of the Pension Fund investment portfolio and that of the individual managers for the quarter ended 30 September 2013.
- 1.2 The report comprises the following sections:
2. Recommendation
 3. Background
 4. Portfolio Summary
 5. Conclusions
 6. Financial Implications
 7. Legal Implications
 8. Crime and disorder Implications
 9. Equalities Implications
 10. Environmental Implications

2. RECOMMENDATION

- 2.1 The Committee is recommended to note the contents of the report.

3. BACKGROUND

- 3.1 This report sets out the performance for the quarter ended 30 September 2013 and since inception, as provided by the Fund's investment advisors Hymans Robertson. The full report and performance commentary will be provided at the meeting by the investment advisors.

4. PORTFOLIO SUMMARY

- 4.1 The Pensions Fund had an overall market value of £870.5m for the quarter ended 30 September 2013. The Fund's value has increased by £11.7m over the quarter, with the Fund's equity mandates being the main contributors to the increase. The

Fund marginally underperformed its benchmark by 0.1% over the period, returning 1.7%.

- 4.2 Under authority delegated by this Committee to the Executive Director for Resources & Regeneration, the proceeds from the Fauchier Partners disinvestment last year, have now been re-invested. At the end of the quarter, a total of £25m was invested equally between the Blackrock and UBS passive multi-asset mandates, with £12.5m going into each.
- 4.3 The Fund's valuation summary has been set out below in Table 1.

Table 1 – Portfolio Valuation Summary

Manager	Mandate	Asset Value Qtr 2 (Jun' 2013) £m	Asset Value Qtr 3 (Sept 2013) £m	Actual Proportion %	Target Proportion %
Blackrock	Passive Multi-asset	334.1	353.1	40.6	39.0
UBS	Passive Multi-asset	334.9	354.5	40.7	39.0
Schroders	Property	71.6	72.5	8.3	10.0
Investec	Commodities	35.7	35.0	4.0	5.0
Harbourvest	Venture Capital	38.8	38.4	4.4	3.0
M&G	UK Financing Fund	13.5	13.7	1.6	1.0
Cash		30.2	3.3	0.4	3.0
Total Fund		858.8	870.5	100.0	100.0

- 4.3 The performance of the individual managers relative to the appropriate benchmarks is as set out in Table 2. This indicates the volatility of returns and the continuing mixed performance of all mandates.

Table 2: Managers Performance Relative to Target

Manager	Quarter Ended 30 Sept 2013	12 Months to 30 Sept 2013	Since Inception
Blackrock – Passive Multi-asset	-0.1%	N/A	-0.3%
UBS – Passive Multi-asset	0.1%	N/A	0.0%
Schroders – Property	-1.3%	-1.4%	-0.9%
Investec – Commodities	2.5%	14.8%	2.1%
Harbourvest – Venture Capital	-2.3%	-6.9%	0.1%
M&G – UK Financing Fund	1.0%	4.4%	2.8%

- 4.4 The performance of individual managers will be analysed and appraised by the Council's Investment Advisor, Hymans Robertson, at the meeting.

5. CONCLUSION

- 5.1 Relative performance from the Fund's active managers was mixed, with underperformance from Schroders (property) and Harbourvest (private equity) offset by outperformance from Investec (commodities), and the M&G UK Financing Fund.

6. FINANCIAL IMPLICATIONS

- 6.1 The comments of the Executive Director for Resources & Regeneration have been incorporated into the report.

7. LEGAL IMPLICATIONS

- 7.1 As the administering authority for the Fund, the Council must review the performance of the Fund's investments at regular intervals and review the investments made by Fund Managers quarterly.
- 7.2 The Pension Regulations require that the Council has regard to the proper advice of its expert independent advisers in relation to decisions affecting the Pension Fund. They must also have regard to the separate advice of the Chief Financial Officer who has statutory responsibility to ensure the proper administration of the Council's financial affairs, including the administration of the Pension Fund.

8. CRIME AND DISORDER IMPLICATIONS

- 8.1 There are no crime and disorder implications directly arising from this report.

9. EQUALITIES IMPLICATIONS

- 9.1 There are no equalities implications directly arising from this report.

10. ENVIRONMENTAL IMPLICATIONS

- 10.1 There are no environmental implications directly arising from this report.

APPENDICES

The full report and performance is attached. Commentary will be provided at the meeting by the Council's investment advisors, Hymans Robertson.

FURTHER INFORMATION

If there are any queries on this report or you require further information, please contact:

Selwyn Thompson, Group Finance Manager Budget Strategy on 020 8314 6932.