

# **London Borough of Lewisham Annual Performance Review**

**Period Ending 31<sup>st</sup> March 2014**

**Tuesday 9th September 2014  
Lynn Coventry**

## Agenda

Section 1 – Market Environment

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Section 2 – Total Fund Performance versus Local Authority Average

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Appendix

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# Section 1

## Market Environment

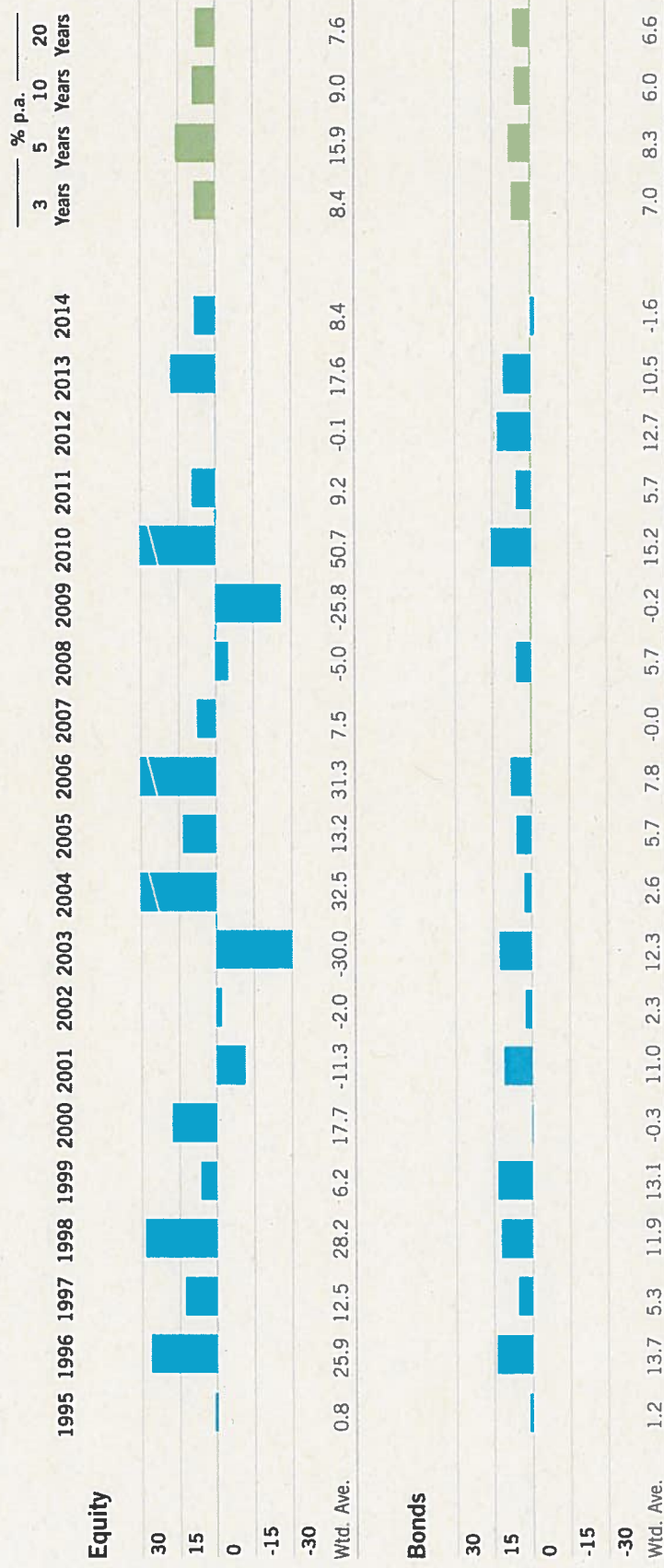
# 2013/2014 Returns (%)



Source: State Street Investment Analytics, 2014

Past performance is not a reliable indicator of future results.

## Annual Returns (%)\*



\* Source: State Street Investment Analytics, 2014.

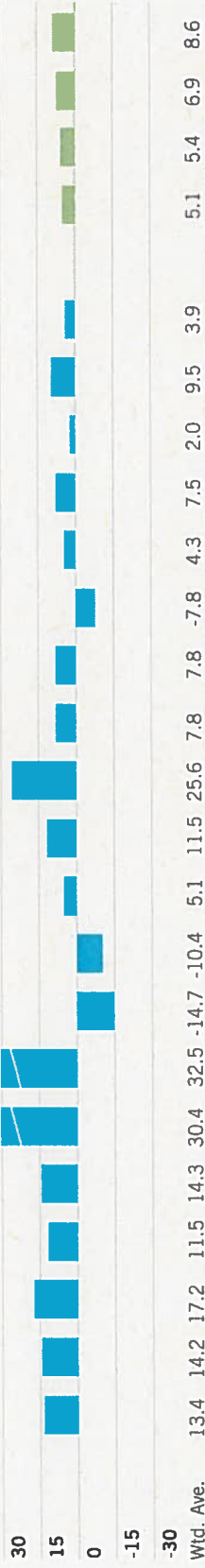
Past performance is not a reliable indicator of future results.

# Annual Returns (%)\*

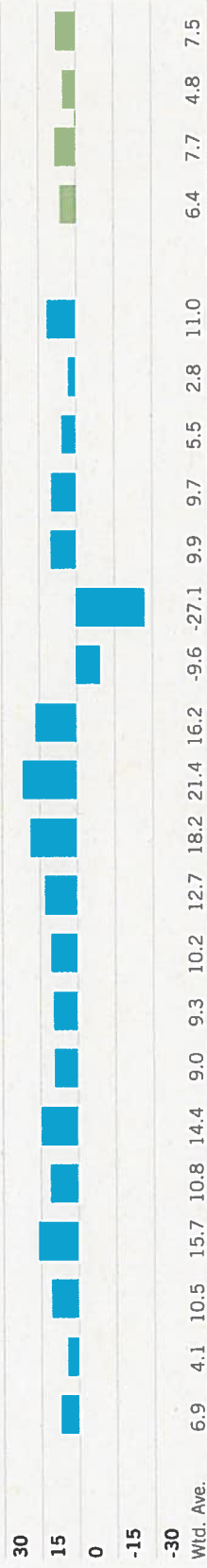
% p.a.  
 3 5 10 20  
 Years Years Years Years

1995 1996 1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014

## Alternatives



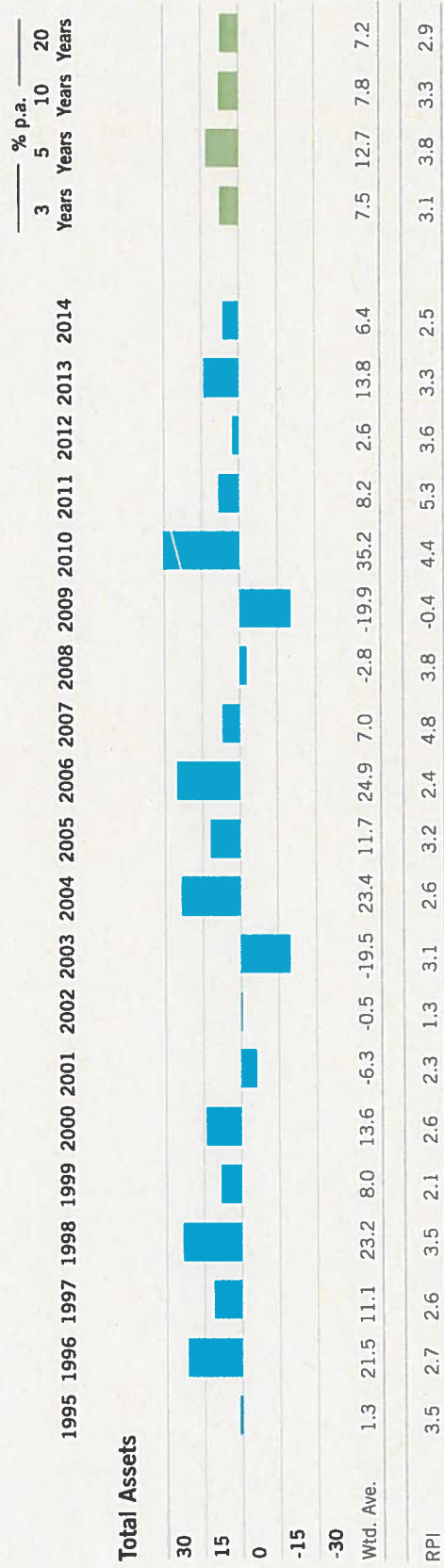
## Property



\* Source: State Street Investment Analytics, 2014.

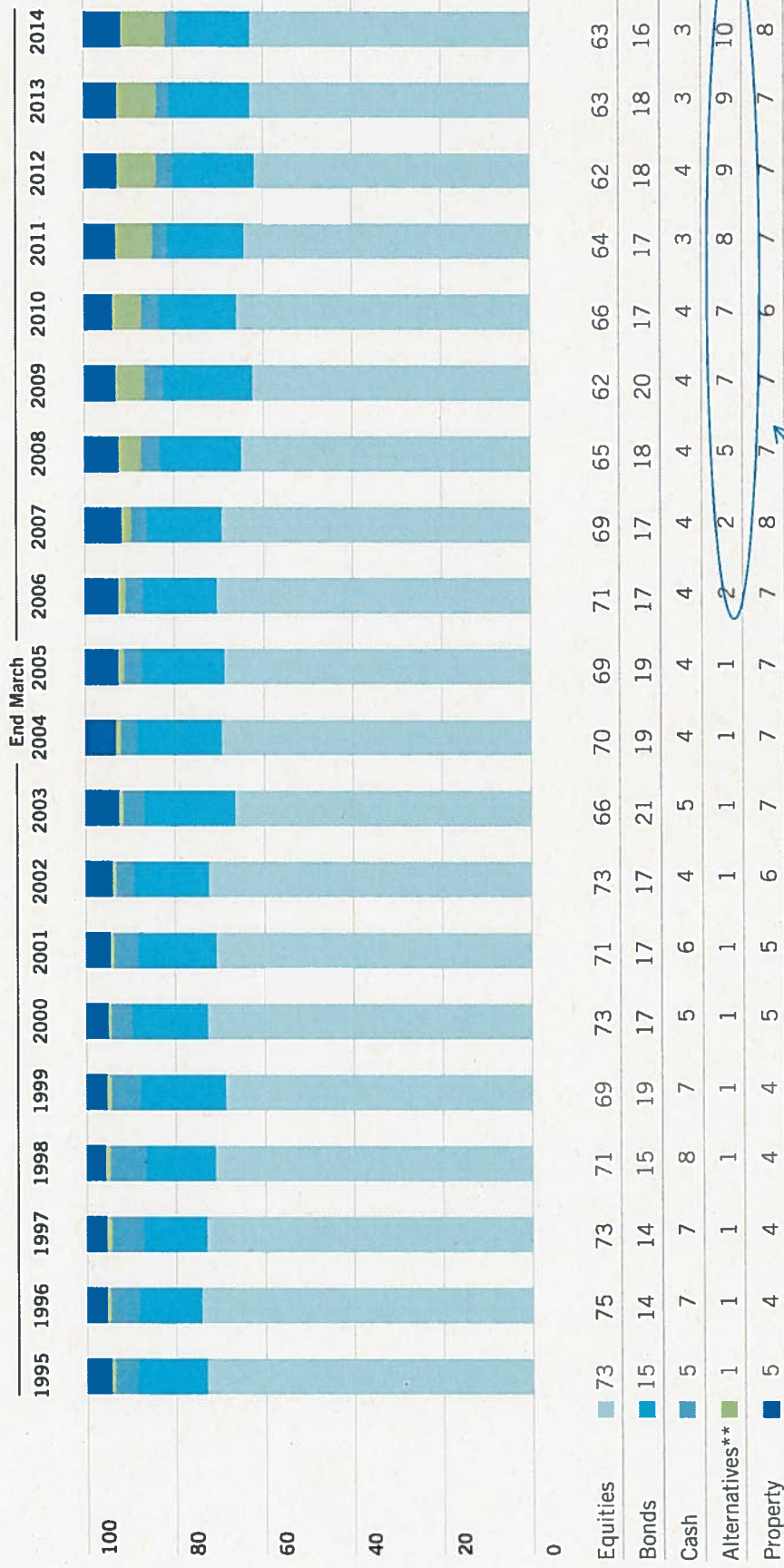
Past performance is not a reliable indicator of future results.

## Annual Returns (%)\*



\* Source: State Street Investment Analytics, 2014. Past performance is not a reliable indicator of future results.

## Longer Term Asset Allocation (%)\*



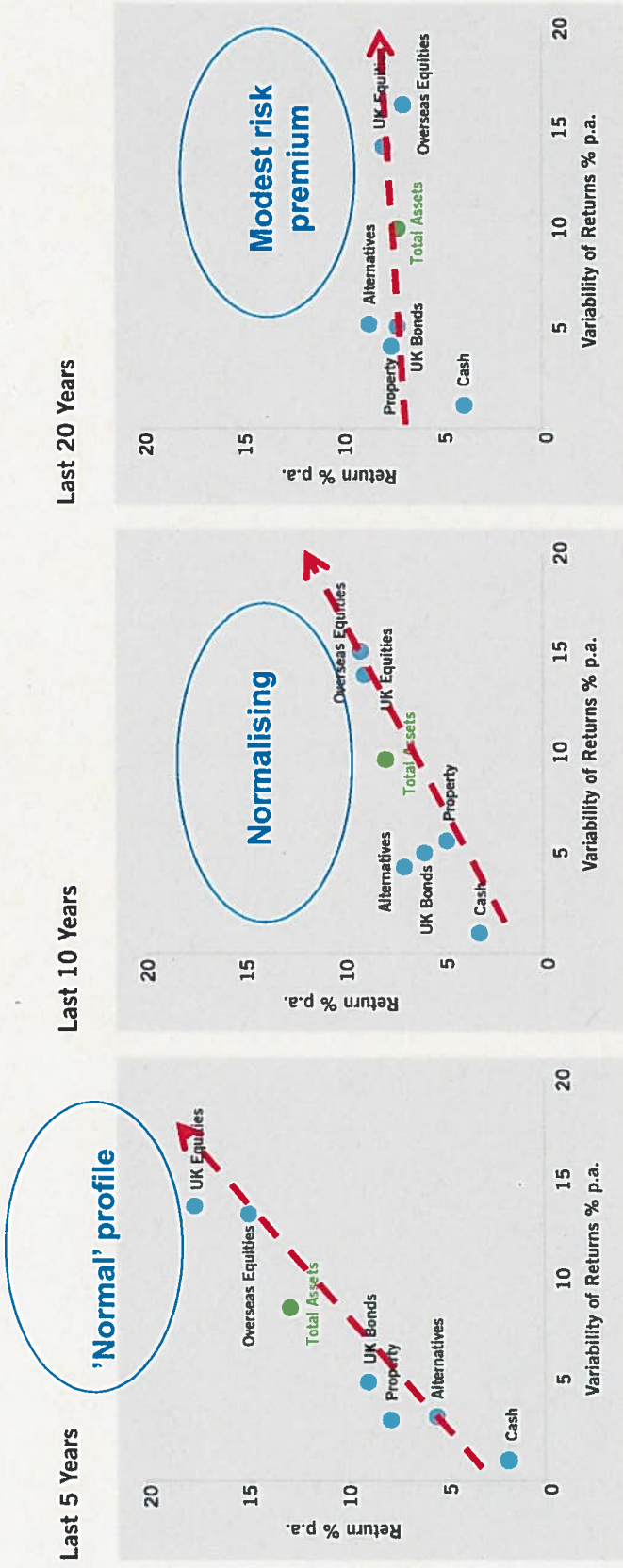
\* Source: State Street Investment Analytics, 2014.

\*\* Includes Pooled Multi-Asset from March 2010.

Recent growth



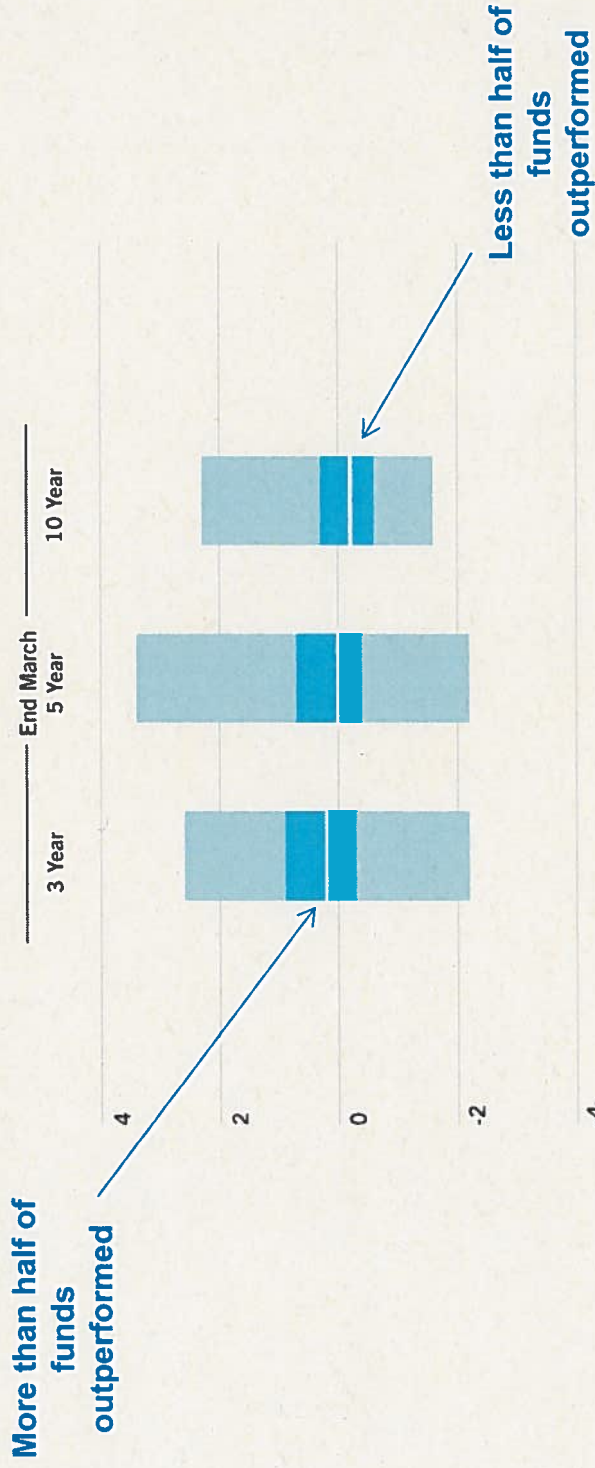
# Long Term Risk and Return\*



\* Source: State Street Investment Analytics, 2014.

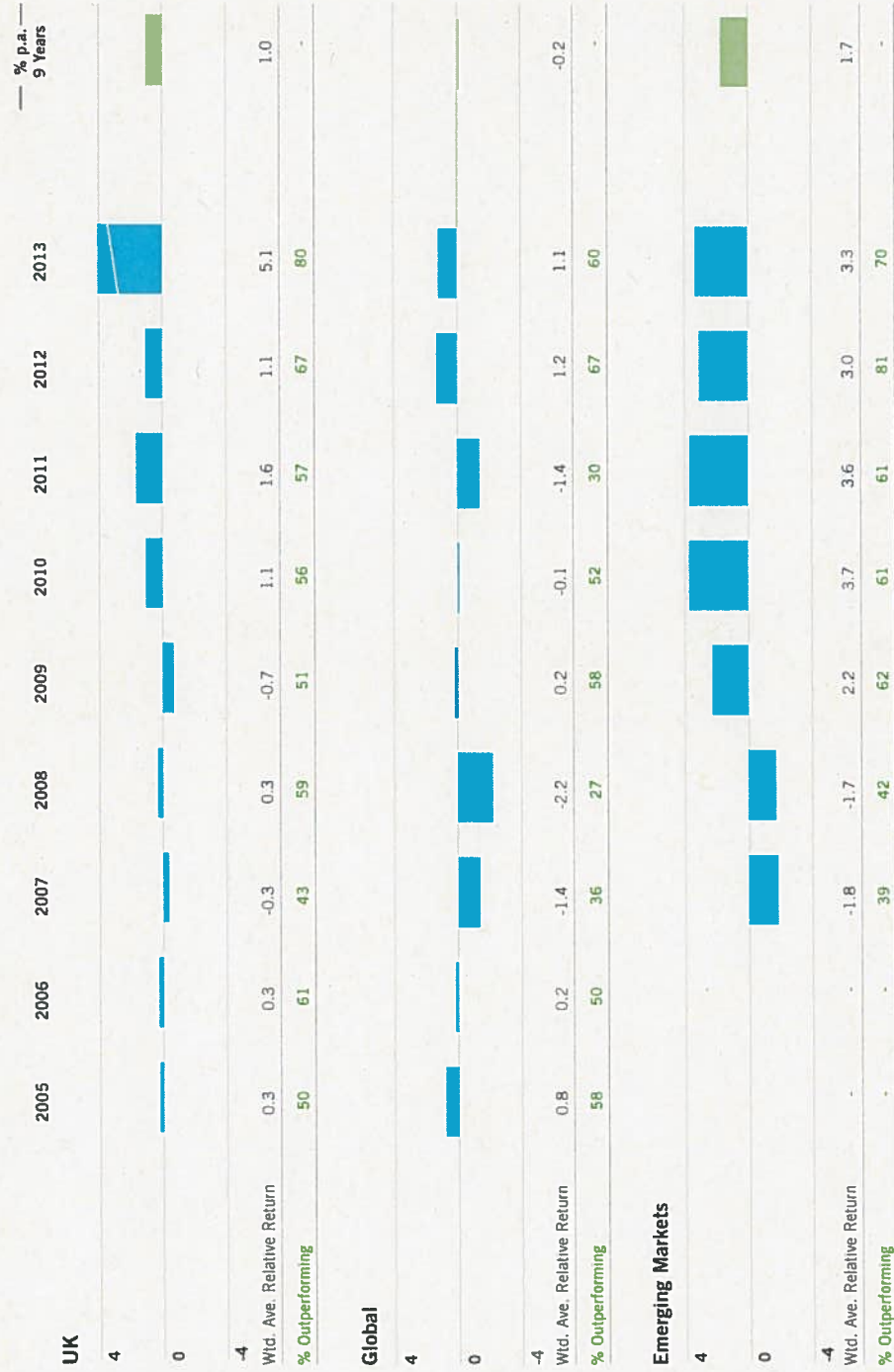
Past performance is not a reliable indicator of future results.

## Performance Relative to Benchmark\*



\* Source: State Street Investment Analytics, 2014.  
Past performance is not a reliable indicator of future results.

## Active Equity Managers Have Had a Relatively Strong Run



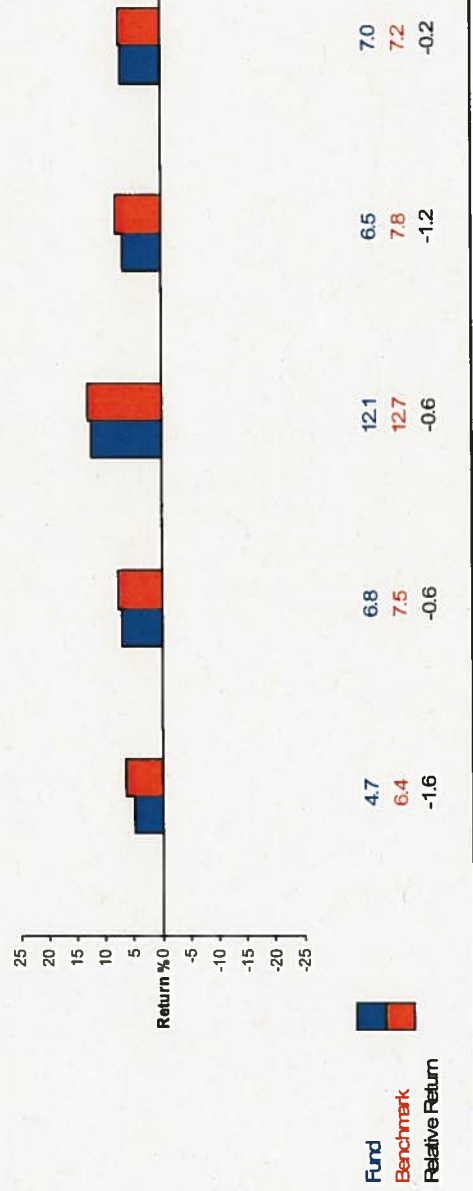
## Section 2

### Total Fund Performance versus Local Authority Average Return

## Summary of Performance

Fund Value	Values GBP'000
Value at 29/03/2013	857,808
Transactions	-3,306
Capital Gain/Loss	41,886
Income	5,073
Value at 31/03/2014	896,388

Fund Returns	12 Months	3 Years % pa	5 Years % pa	10 Years % pa	20 Years % pa
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# Latest Year Attribution

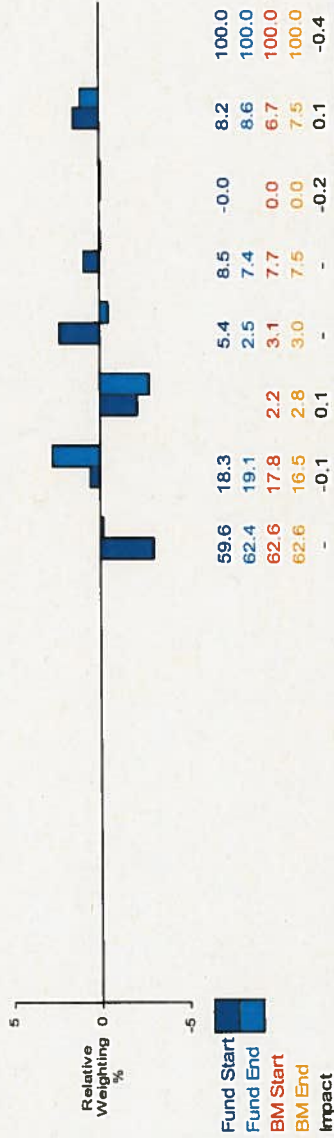
**Summary**

Fund Return	4.7
Benchmark Return	6.4
Relative Performance	-1.6
attributable to:	
Asset Allocation	-0.4
Stock Selection	-1.2

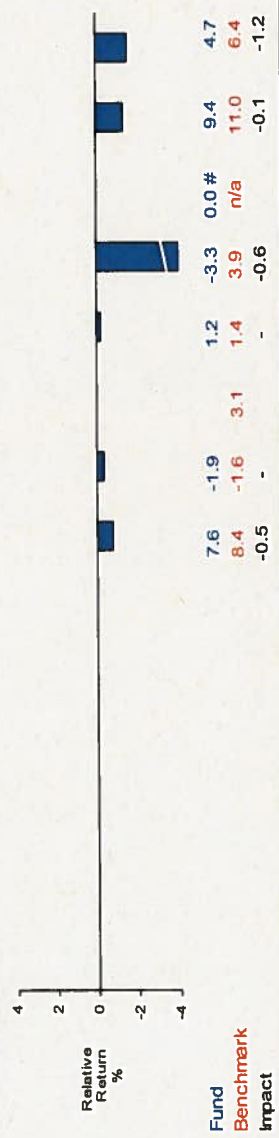
The relative performance can be attributed to the effects of stock selection and asset allocation as detailed below

Total Equity	Bonds +IL	Multi Asset	Cash	Alternatives	Curr Instr	Property	Total Fund
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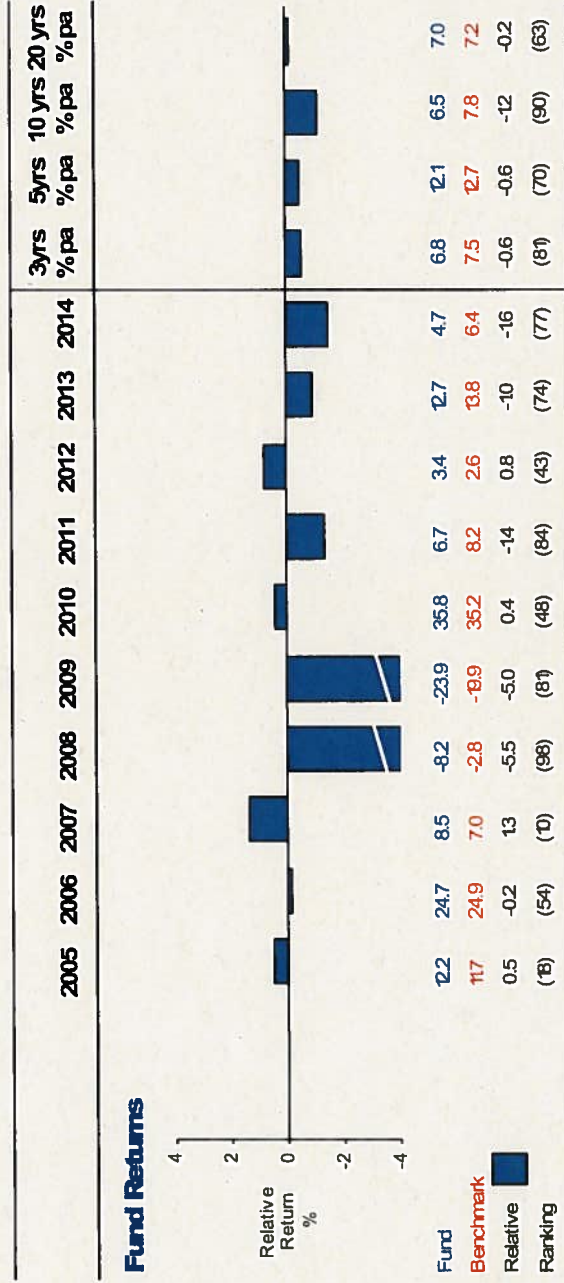
**Asset Allocation**



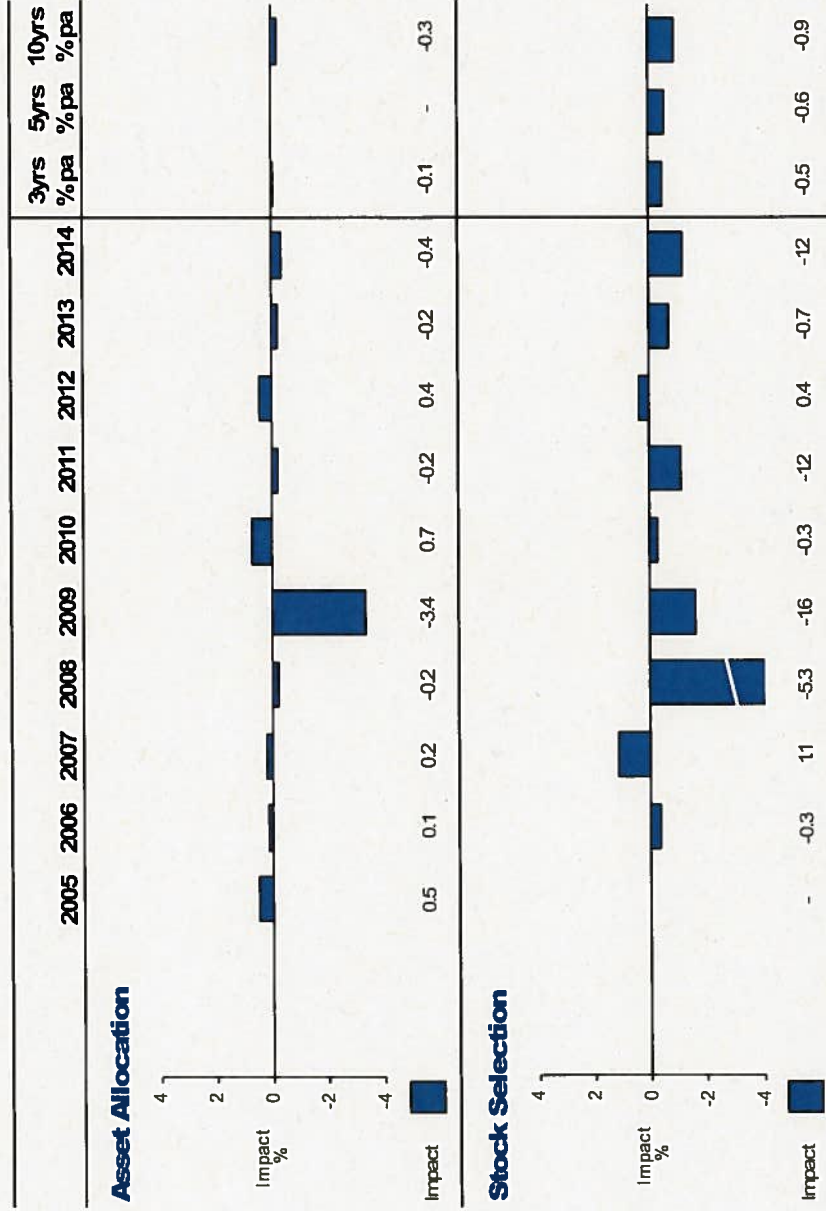
**Stock Selection**



# Longer Term Performance

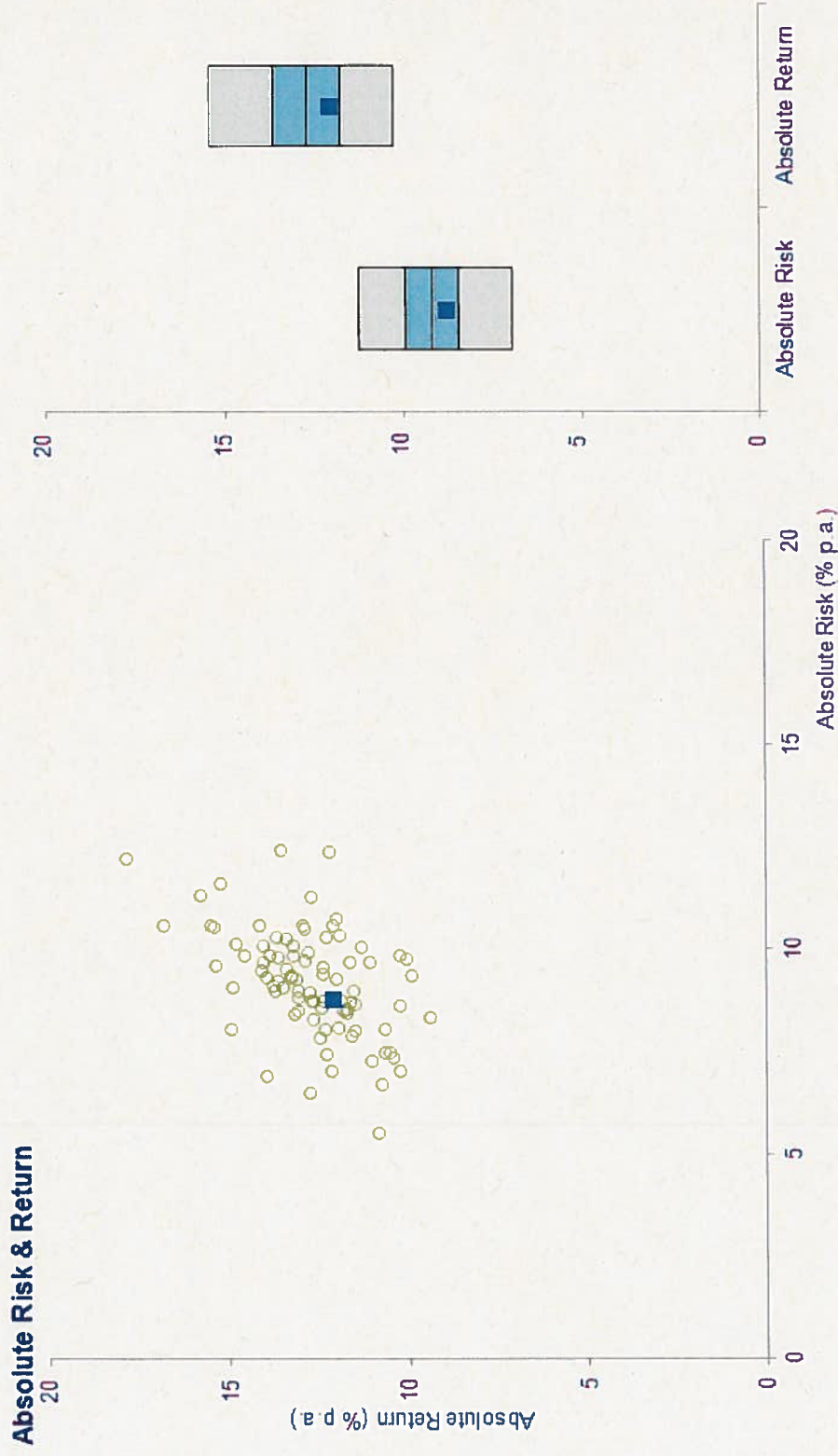


# Longer Term Attribution





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



■ Your Fund.

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## Overall Conclusions

- *The Fund has an absolute return of 4.7% over the latest year, which was 1.6% behind the Local Authority Average return of 6.4%. This was due mainly to below average returns in Equities and Alternatives.*
- *Below average performance continues over the longer term. The impact of the underperformance during 2008 and 2009 was particularly unfavourable.*
- *The return of 7.0% p.a. over the last 20 years compares with the Local Authority Average return of 7.2% p.a. This was 4.0% p.a. above the UK RPI index return of 2.9% p.a.*

# Appendix

## Summary of Returns and Rankings

Return %	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	3yrs % pa	5yrs % pa	10yrs % pa
Total Equity	2.9 (46)	29.7 (82)	8.5 (23)	-10 (100)	-27.5 (75)	48.1 (72)	6.4 (97)	0.6 (37)	6.7 (75)	7.6 (65)	8.1 (84)	14.7 (87)	7.4 (95)
UK Equities	13.4 (95)	23.0 (100)	112 (40)	-14.8 (98)	-30.3 (70)	50.9 (61)	7.8 (86)	0.2 (93)	6.9 (93)	8.8 (73)	8.1 (93)	15.5 (91)	6.6 (97)
OS Equities	11.5 (15)	40.3 (19)	4.7 (22)	-5.3 (87)	-25.7 (85)	46.3 (69)	5.7 (91)	0.9 (15)	6.6 (69)	7.1 (41)	8.0 (31)	14.3 (80)	8.4 (70)
Total Bonds	4.7 (83)	8.0 (38)	-0.3 (61)	2.5 (55)	-0.8 (57)	32.1 (9)	9.0 (4)	2.5 (36)	12 (43)	-0.8 (61)	7.5 (43)	12.3 (19)	7.4 (1)
UK Bonds	5.4 (70)	11.1 (13)	0.8 (36)	-18 (87)	-6.8 (75)	32.1 (7)	9.0 (3)	2.5 (42)	14 (46)	-0.8 (77)	7.5 (51)	12.3 (11)	6.7 (11)
Alternatives	16.1#	13.4 (44)	2.2 (70)	16.8 (20)	-5.7 (45)	-0.1 (66)	8.8 (37)	-16 (83)	7.6 (56)	-3.3 (89)	0.8 (90)	2.2 (94)	2.2 (94)
Private Eq		2.3 (59)	16.8 (48)	0.7 (55)	-118 (79)	10.4 (47)	7.0 (33)	17.6 (10)	5.5 (48)	5.5 (48)	9.9 (20)	5.2 (64)	5.2 (64)
Total Other						117 (31)	0.8 (81)	-6.2 (68)	0.8 (82)	-112 (82)	-5.6 (80)		
Property	19.5 (28)	25.5 (9)	20.9 (9)	-5.1 (97)	-310 (71)	3.6 (84)	6.4 (86)	5.4 (42)	12 (57)	9.4 (78)	5.3 (96)	5.2 (71)	3.2 (73)
UK Property	19.5 (28)	25.5 (9)	20.9 (9)	-5.1 (97)	-310 (64)	2.9 (93)	6.4 (90)	5.4 (49)	12 (57)	9.4 (87)	5.3 (67)	5.0 (78)	3.1 (79)
Total Assets	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)	4.7 (77)	6.8 (81)	12.1 (70)	6.5 (90)

# not invested in this area for the entire period

## Asset Class Performance\*

	% of Asset Class		% p.a. Return			
	At end 2012/13	At end 2013/14	3 Yrs	5 Yrs	10 Yrs	20 Yrs
<b>Equities</b>	<b>100</b>	<b>100</b>				
UK Equities	38.8	38.2	10.3	17.5	8.9	7.9
Overseas Equities	52.8	52.9	6.9	14.8	9.1	6.9
North America	18.5	18.5	12.1	17.2	8.0	8.1
Continental Europe	12.8	13.6	7.9	15.0	9.8	8.8
Japan	5.4	4.9	5.5	9.3	3.7	1.0
Pacific ex Japan	5.7	5.1	2.3	14.9	12.6	7.0
Emerging Markets	9.1	9.2	-1.2	12.6	11.5	-
Global	8.4	8.9	8.1	14.8	-	-
<b>Bonds</b>	<b>100</b>	<b>100</b>				
UK	58.5	57.4	7.3	8.8	5.9	7.2
Index-Linked	23.1	22.3	8.4	8.6	6.9	7.3
Overseas Bonds	12.9	15.2	3.5	5.3	5.1	5.2
Pooled	5.5	5.0	5.0	9.2	-	-
<b>Alternatives</b>	<b>100</b>	<b>100</b>				
Private Equity	55.5	55.5	7.5	6.0	-	-
Hedge Funds	30.5	29.2	3.6	5.6	-	-
Other Alternatives	13.9	15.4	0.9	3.7	-	-

\* Source: State Street Investment Analytics, 2014.

Past performance is not a reliable indicator of future results.