

PENSIONS INVESTMENT COMMITTEE			
REPORT TITLE	Investment Performance for the quarter end 30 September 2014		
KEY DECISION	No	Item No:	
WARD	N/A		
CONTRIBUTORS	Executive Director for Resources & Regeneration		
CLASS	Part 1	Date:	13 November 2014

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 2014.
- 1.2 The report comprises the following sections:
1. Summary
 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 2014 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 bid market value of £954m for the quarter ended 30 September 2014. The Fund's value has increased by £26m over the quarter, with the Fund's actively managed mandates being the main enhancers to performance. The Fund outperformed its benchmark by 0.49%, returning 2.86%.

4.2 The Fund's valuation summary has been set out below in Table 1.

Table 1 – Portfolio Valuation Summary

Manager	Mandate	*Asset Value Qtr 1 (Jun 2014) £m	*Asset Value Qtr 1 (Sep 2014) £m	Actual Proportion %	Target Proportion %
Blackrock	Passive Multi-asset	378.0	389.3	41.0	40.5
Harbourvest	Venture Capital	40.6	42.2	4.0	3.0
Investec	Commodities	35.2	33.7	4.0	5.0
M&G	UK Financing Fund	14.1	14.2	1.0	1.0
Schroders	Property	80.0	83.5	9.0	10.0
UBS	Passive Multi-asset	379.8	390.4	41.0	40.5
Cash		0.24	0.40	0.0	0.0
Total Fund		928.2	953.7	100.0	100.0

*Asset bid values based on custodian valuation

4.3 The performance of the individual managers relative to the appropriate benchmarks is as set out in Table 2. This indicates an overall positive performance from most of the mandates. Schroders (our property portfolio) delivered a strong performance in absolute terms, but underperformed relative to the benchmark. The Investec fund (our commodities portfolio) declined in value over the quarter, but it outperformed relative to its benchmark.

Table 2: Managers Performance Relative to Target

Manager	Quarter Ended 30 Sep 14	12 Months to 30 Sep 2014	Since Inception
Blackrock – Passive Multi-asset	0.2%	0.2%	0.2%
Harbourvest – Venture Capital	2.5%	0.5%	0.1%
Investec – Commodities	2.7%	2.3%	1.6%
M&G – UK Financing Fund	1.0%	4.2%	3.1%
Schroders – Property	-0.3%	-0.6%	-0.9%
UBS – Passive Multi-asset	0.0%	0.0%	0.0%

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 Overall performance for the quarter from the Fund's managers was positive. All of the mandates performed relatively well, Investec (Commodities) was the only fund to decline in value.

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:

David Austin, Head of Corporate Resources on 020 8314 9114.