

By: Chairman Superannuation Fund Committee
Corporate Director of Finance & Procurement

To: Superannuation Fund Committee – 16 September 2016

Subject: **FUND POSITION STATEMENT**

Classification: Unrestricted

Summary: To provide a summary of the Fund asset allocation and performance.

FOR INFORMATION

INTRODUCTION

1. The Fund Position Statement is attached in the Appendix 1.

QUARTER 1 APRIL TO 30 JUNE

2. The Fund returned +4.4% in the Quarter against a benchmark +4.9%. Equity market returns were strong and in sterling terms North American Equities returned +10.3%, Global Equities +8.6% and UK Equities +4.7%. Returns were also strong in conventional Fixed Income markets.
3. In asset allocation terms the overweight to Global Equities increased (36.6% against 32%) and the Equity weighting Global to UK is now 56% to 44%. This reflects the ongoing trend of Global Equities outperforming UK Equities when returns are expressed in sterling.
4. Of the equity mandates in stronger markets Sarasin, Schroders GAV performed best. Woodford have given back some of the very strong performance in 2015/16. The Head of Financial Services is meeting with Mr Woodford on 6 September and a verbal update will be given. In Fixed Income Goldman Sachs continued to perform more strongly than Schroders. It is also noteworthy that Pyrford had a good Quarter and 12 months.

PERFORMANCE SINCE 1 JULY

5. On 23 June the FTSE 100 stood at 6,338 and at the time of writing is 6,828 a rise of 8%. July saw Global Equities (in sterling) return 5% and UK Equities 4%.
6. Whilst it is too early to discern any significant trends Global Equity markets are proving very resilient and further Quantitative Easing in the UK should be supportive of growth assets – the particular case of UK Commercial Property will be considered in the Fund Structure report.

7. July performance by investment manager in Appendix 2 shows largely positive absolute and relative returns.
8. M&G have performed particularly strongly with a return of 25.3% against a benchmark of 19.7% in the year to 31 August. The additional investment of £20m on 7 December has returned 22.6%.

RECOMMENDATION

8. Members are asked to note this report.

Nick Vickers
Head of Financial Services
Tel: 03000 416797
E-mail: nick.vickers@kent.gov.uk

Background documents – None