

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

To: Superannuation Fund Committee – 4 November 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. This is the first time we are reporting to Committee since the cessation of the long standing WM performance service and this meeting is early in the quarter so the Treasury & Investments Team have had to prepare the report themselves and it will be refined for the next quarters report.

PERFORMANCE TO 30 SEPTEMBER

2. The main feature of the quarter was the very strong performance of equity markets with UK equities returning +8.2% and Global Equities +10.8% in sterling terms. One year equity returns are +16% on UK equities and +31% on Global Equities again in sterling terms. Schroders have provided the following figures for overseas equity returns in local currencies:

	MSCI Japan	MSCI Europe	MSCI USA	MSCI World	MSCI AC World
6 months	-1.17	+6.96	+6.44	+6.11	+6.36
12 months	-5.19	+6.95	+14.38	+10.50	+10.79

This reinforces just how much of the overseas equity return results from the depreciation of sterling, in sterling terms Japan equities have returned 30.75% in the last 12 months, MSCI AC 30.55% and US 33.38%. As a Fund that does not hedge foreign currency this has been very beneficial to the Fund's performance.

3. At asset allocation level the biggest overweight is in Global Equities (38% against a benchmark of 32%) and an overall overweight of 5% in equities is offset by a 4% underweight in fixed income.
4. The Fund performed strongly in the quarter with a return of +7.0% against a benchmark of +4.89%. On equities Woodford, Baillie Gifford and M&G were the best performers but there was no significant underperformance from any of the managers. The fixed income managers also performed well.

5. On the 1 year returns the Fund again has performed well with a return of +19.26% against a benchmark of +16.46%. The best performers were Baillie Gifford, M&G and the fixed income managers. Pyrford also performed well. Sarasin was the only manager to significantly underperform.

ASSET ALLOCATION

6. No changes to asset allocation are proposed.

RECOMMENDATION

7. Members are asked to note this report.

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Background documents - none