

By: Chairman Superannuation Fund Committee
Corporate Director of Finance

To: Superannuation Fund Committee – 23 June 2017

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 Appendix 1.

QUARTER TO 31 MARCH

- 2. The Fund returned +5.27% in the Quarter, well ahead of the benchmark return of +3.43%.
- 3. Once again there were good returns from equities, with Global equities in sterling terms continuing to outperform UK equities. There were small positive returns on Fixed Income. UK Property performed surprisingly strongly in the quarter.
- 4. The overweight position in Equities continued (68% v 64%) but the Overseas Equities overweight is +7% over benchmark. Fixed Income is 4% underweight.
- 5. After the last quarter of 2016 where our active managers generally underperformed there was a much stronger performance in this quarter with Schroders UK equities, Woodford UK equities, Baillie Gifford Global equities, Sarasin Global equities and both the Goldman Sachs and Schroders Fixed Income mandates all outperforming their benchmarks .

12 MONTHS TO 31 MARCH

6. At Fund level the return of +21.14% compares with a benchmark of +18.12% so a very strong absolute return and significant outperformance of the benchmark. Within the equity managers there were some extremes of under and over performance:

Outperformance	
Baillie Gifford global equities	+31.77% v +30.82%
Schroders Global Active Value	+34.74 v 32.22%
M&G Global equities	+36.56 v +32.97%
Goldman Sachs fixed income	+8.81% v +3.51%

Outperformance	
Schroders fixed income	+5.52% v +0.60%
DTZ UK property	+11.31% v +3.83%
Underperformance	
Woodford UK equities	+12.68% v +21.96%
Sarasin global equities	+31.00% v +32.22%

7. On the two underperforming equity managers Woodford had outperformed in a year of negative index returns in 2015/16. The Income Fund we are invested in is unconstrained and typically looks to target returns in high single figures, the portfolio was positioned for a more difficult year and as it has in previous times when Mr Woodford was at Invesco Perpetual tends to do less well in buoyant markets. Woodford have announced some major changes in the portfolio positioning (Appendix 2). Sarasin have performed better in the latter part of 2016/17 and only marginally underperformed the benchmark.

ASSET ALLOCATION

8. The Committee will be reviewing asset allocation in detail later this year. At the current time it is recommended that no changes are made.

RECOMMENDATIONS

9. Members are asked to note this report.

Nick Vickers
Business Partner (Pension Fund)
Tel: 07920 428575
E-mail: nick.vickers@kent.gov.uk