

By: Chairman Superannuation Fund Committee
Corporate Director of Finance

To: Superannuation Fund Committee – 17 November 2017

Subject: **FUND POSITION STATEMENT**

Classification: Unrestricted

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

FOR DECISION

INTRODUCTION

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

INVESTMENT RETURN QUARTER TO 30 SEPTEMBER

2. The Fund returned +1.12% in the Quarter compared with a benchmark return of +1.68% increasing in value by £69m.
3. Equity and UK Commercial Property all saw positive returns.
4. Relative to the benchmark this was generally a disappointing quarter for our active equity managers with only Schroders UK and Sarasin Global outperforming the benchmark.
5. The main area for concern is the continued underperformance of Woodford. The recent problems have had extensive media coverage and there have been some high profile investments which have gone badly wrong, Provident being notable. Neil Woodford's investment approach is not benchmark constrained and there can be significant under and over performance. The Chairman is holding discussions with the product specialist in December and will be meeting with Neil Woodford in February, they will also be attending the meeting on 23 March.

INVESTMENT RETURN ONE YEAR

6. The one year return at Fund level is well ahead of benchmark (12.58% against 10.15%). This primarily reflects strong performance from the Fund's core investment mandates; Schroders UK Equities, Baillie Gifford Global Equities and DTZ Commercial Property. Compared with a year ago when they last attended the Committee Sarasin have had strong out performance.

7. It is also worth reminding the Committee of the key contribution of State Street the passive equity manager delivering strong absolute performance in a rising equity market.

ASSET ALLOCATION

8. The asset allocation shown as at 30 September is prior to the £200m in Global Equities agreed by the Committee at its last meeting. Global equity returns were negative in September against broadly neutral UK Equities.
9. The Committee is formally required to consider asset allocation at each meeting. It is recommended that no changes are made to asset allocation.

RECOMMENDATION

10. Members are asked to agree the report.

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