

By: Chairman Superannuation Fund Committee
Corporate Director of Finance

To: Superannuation Fund Committee – 23 March 2018

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 31 DECEMBER

2. The Fund returned +3.60% in the Quarter compared with a benchmark return of +3.72% increasing in value by £203m.
3. Equity markets and UK Commercial Property saw strong returns.
4. Relative to the benchmark this was a mixed month for the active equity managers. On UK Equities both Schroders and Woodford underperformed but on Global Equities Baillie Gifford, Schroders GAV and M&G all outperformed. Both Fixed Income mandates underperformed.
5. The ongoing performance issues with Woodford are considered in the Exempt part of the agenda.

INVESTMENT RETURN ONE YEAR

6. The one year return at Fund level is well ahead of benchmark (13.26% against 10.37%). This primarily reflects strong performance from the Fund's core investment mandates; Schroders UK Equities, Baillie Gifford Global Equities and DTZ Commercial Property. Sarasin's Global Equity mandate and the Goldman Sachs Fixed Income mandate also significantly outperformed.
7. Pyrford significantly underperformed their benchmark but this reflects their highly defensive positioning of their portfolio.

ASSET ALLOCATION

8. Despite reducing the Global Equity allocation by £200m the Fund is still overweight in Equities with an allocation of 67% against the benchmark of 64%. Since the start of the calendar year 2018 there has been significant volatility in markets; the FTSE 100 was down 1% in February and the MSCI All Country index fell -4.2%.
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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