

Merton Council

Pension Fund Investment Advisory Panel Agenda

Membership

Councillors:

Adam Bush (Vice-Chair)
Mark Allison
Philip Jones

Officers:

Tina Pickard (Pensioner Rep): Gwyn Isaac (GMB Union Rep): Caroline Holland (LBM): Roger Kershaw (LBM): Nemashe Sivayogan (LBM).

Date: Wednesday 7 March 2018

Time: 7.00 pm

Venue: Merton Civic Centre

This is a public meeting and attendance by the public is encouraged and welcomed.
For more information about the agenda please contact
Merton.PensionFund@merton.gov.uk or telephone [020 8545 3458](tel:02085453458).

All Press contacts: communications@merton.gov.uk, 020 8545 3181

Pension Fund Investment Advisory Panel Agenda

7 March 2018

- | | | |
|---|--|---------|
| 1 | Apologies for absence | |
| 2 | Declarations of pecuniary interest | |
| 3 | Minutes of the previous meeting | 1 - 4 |
| 4 | Merton Pension Fund 2017-18 Audit Plan | 5 - 8 |
| 5 | Merton Pension Fund - Training Policy | 9 - 12 |
| 6 | Quarterly Performance Review | 13 - 22 |
| 7 | Future meeting dates | |
| | 18 th July 2018 | |
| | 13 th September 2018 | |
| | 28 th November 2018 | |
| | 27 th February 2019 | |

Note on declarations of interest

Members are advised to declare any Disclosable Pecuniary Interest in any matter to be considered at the meeting. If a pecuniary interest is declared they should withdraw from the meeting room during the whole of the consideration of that matter and must not participate in any vote on that matter. If members consider they should not participate because of a non-pecuniary interest which may give rise to a perception of bias, they should declare this, withdraw and not participate in consideration of the item. For further advice please speak with the Assistant Director of Corporate Governance.

Attendance:

Cllr Philip Jones (Chair)
Cllr Stephen Crowe (deputising for Cllr Adam Bush)
Cllr Mark Allison
Roger Kershaw (Interim Assistant Director of Resources LBM)
Caroline Holland (CS Director LBM)
Paul Audu (Treasury and Insurance Manager)
Gwyn Isaac (GMB Union Rep)
Jackie Stephens (Minute taker)

Additional Attendees: Aniket Bhaduri (JLT)

1.0 MEETING (Part 1)

1.1 Introductions made by Chair

1.2 Apologies for Absence: Cllr Adam Bush, Tina Pickard (Pensioner Rep)

1.3 Members Declaration of Interest – None

2.0 PRESENTATION OF MINUTES OF LAST MEETING (7th September 2017)

2.1 Agreed as true record.

3.0 QUARTERLY PERFORMANCE REVIEW (1st July – 30th September 2017)

3.1 It was noted that the fund was valued at £661.6m at 30 September 2017. Up by £7.7m (1.2%) since 30 June 2017.

3.2 The fund underperformed the benchmark by 0.3% for quarter ending 30 September 2017 (1.1% gained compared to benchmark 1.4%)

3.3 All three fund managers performed slightly below benchmark, although underperformance not significant.

3.4 The report was noted.

4.0 UPDATE ON PENSION FUND INVESTMENT STRATEGY IMPLEMENTATION

4.1 PA asked panel to note report which looks at progress to date on implementation, as agreed by PFAP on 8th March 2017. PA highlighted delay in products being developed by the London CIV.

4.2 The panel was updated on progress to date since March 2017. Officers and JLT have been exploring strategy options and reviewing products. JLT confirmed that they were able to make specific recommendations on some products available within the CIV at a later part of the agenda.

4.3 PA gave update on asset classes that Merton was looking to consider and develop solutions outside CIV. It was noted that the CIV were unlikely to offer illiquid products for some time.

- 4.4 RK advised the panel that Merton had an additional complexity in its current position in working to implement its new strategy whilst at the same time endeavouring to move its mandates into the CIV.
- 4.5 PA advised the panel that there would be some one off procurement costs to undertake pre tender work which will be charged to the pension fund.
- 4.6 The panel discussed the importance of any collaboration with other London Council's on joint procurement mandates being 'CIV proof'.
- 4.7 The panel agreed that Merton, in consultation with JLT, would pursue collaborations with other London Boroughs to develop alternative solutions to access asset classes and to mitigate risk of London CIV further delaying investment strategy implementation plans.
- 4.8 JLT then advised the panel on a review it had undertaken on potential products offered by the CIV that would be suitable for the Merton fund to invest in pursuant to its new strategy. After some discussion the decision was made to invest in the following CIV products:
- Baille Gifford Global Alpha Growth Fund 10%
 - RBC Global Sustainable Equity Fund 10%
 - Baille Gifford – Diversified Growth fund 5%
 - Pyrford Global – total Return Strategy 5%

5.0 UPDATE ON LONDON CIV

- 5.1 The update was noted. The CIV was in some areas moving at gradual pace and had recently experienced some personnel changes in its management structure. It was also going through a governance review, the outcome of which was still awaited.

6.0 MARKET IN FINANCIAL INSTRUMENTS DIRECTIVE (MiFID II)

- 6.1 PA referred to the report seeking panel agreement to the immediate commencement of applications for professional client status and panel to agree in elected professional client status and agree that the authority will forgo the protections available to retail clients and panel to delegate authority to Director of Corporate Services to pursue 'opt up'.
- 6.2 The following recommendations were noted and approved:
- Potential impact on investment strategy of becoming a retail client with effect from 3 January 2018.
 - Immediate commencement and progress of applications for elected professional client status with all relevant institutions in order to ensure it can continue to implement an effective investment strategy.
 - The Authority, in electing for Professional Client status, will forgo the protections available to retail clients.
 - Give Director of Corporate Services delegated retrospective and ongoing responsibility for the purposes of completing and lodging applications and determining the basis of the application as either full or single service.

7.0 RISK REGISTER

- 7.1 Panel accepted recommendations and acknowledged report and Pension Fund Risk Register.

8.0 PANEL TRAINING

- 8.1 PA referred to report and recommendations to develop a training policy in consultation with JLT. Work programmes for PFAP and Merton Pension Board to be noted and training policy to be submitted at next PFAP on 7th March 2018 for consideration/approval.
- 8.2 Clarification was given that training will be ongoing to reflect regulations as part of MiFID II process. Requirement for panel to have skills and understanding to enable them to carry out duties effectively. All training to be logged as evidence to obtain ongoing professional client status.
- 8.3 Future PFAP agenda's to be balanced against standard items and training.
- 8.4 The panel received training in Equity funds and Diversified growth funds to assist them in assessing the options form moving the Merton Fund towards their determined strategy.

9.0 ANY OTHER BUSINESS

- 9.1 CH referred to accounts to close earlier than usual, therefore future timings of meetings to be considered.
- 9.2 Chair declared meeting closed at 9.45pm.

Date of Next Meetings:

7th March 2018

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**London Borough of Merton
Pension Fund Advisory Committee**

Date: 07 March 2018

Wards: All

Subject: 2017/18 Merton Pension– The Annual Audit Plan and Preparatory Activity

Lead officer: Caroline Holland Director of Corporate Services

Lead member: Councillor Phillip Jones

Contact officer: Roger Kershaw

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RECOMMENDATION

Members are asked to note notes the Planning Report from Ernest and Young that relates to the Merton Pension Fund's financial accounts, as set out in Appendix 1.

That PFAP notes the preparatory activity undertaken and underway by Officers, as set out in the main report.

The Purpose of the Report

This report presents the Merton Pension Fund's 2017-18 audit plan prepared by the Council's external auditors Ernst and Young LLP. This report sets out details of their proposed audit scope for the Merton Pension Scheme for the year ending 31 March 2018

1. Context

- 1.1 The purpose of the audit planning report is to set out to the PFAP the key considerations of planning for this year's audit with a view to ensuring that the year-end activities can be managed smoothly.
- 1.2 The responsibilities of the auditors are set out in Appendix 1 – Briefing on Audit Matters. The auditors are asked to treat the Local Government Pension Scheme as a Stand-alone body, with a separate audit plan and report to the PFAP.

2. Main Risks to Note

- 2.1 The precise details of approach to be adopted by the auditors are laid out in the Appendix to this report.

3. Preparatory Activity for 2017/18 Statement of Accounts

- 3.1 In general, officers have commenced and progressed preparations for financial year-end from a much earlier point in the year. The officers had the initial meeting with the auditors in February.
- 3.2 There has been extensive engagement between with Pension Shared Services and Pension Team at Merton to ensure that planning for year-end is embedded, and therefore laying the groundwork for a trouble-free exercise.

4. Finance

- 4.1 2017-18 Pension Fund audit fee is £21k (2016-17 £21k) and this will be paid from the Pension Fund.

5. Legal and statutory implications

- 5.1 The Accounts and Audit (England) Regulations 2011 require the Council to maintain an adequate and effective system of internal audit of its accounting records, and of its system of internal control in accordance with proper practice.
- 5.2 Regulation 4 requires the Council to conduct a review, at least once a year, of the effectiveness of internal control which includes risk management arrangements. The Council is also under a duty to conduct, at least once a year, a review of its system of internal audit. The findings of both reviews must be considered together by the PFAP.

6. FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS

6.1 None

7. HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS

7.1 N/A

8. RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS

8.1 N/A

9. BACKGROUND PAPERS

9.1 2017-18 Audit plan

10. Timetable for implementation

10.1 The 2017/18 reporting cycle opens formally with this report, and will be continued with presentation of the final Pension Fund Statement of Accounts and Annual report in July 2018.

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London Borough of Merton Pension Fund Advisory Committee

Date: 07 March 2018

Wards: All

Subject: Merton Pension Fund – Training Policy

Lead officer: Caroline Holland Director of Corporate Services

Lead member: Councillor Phillip Jones

Contact officer: Roger Kershaw

This is a Public Document

RECOMMENDATION

Members are asked to note the content of this report in particular the training plan for 2018-19 and approve the attached Merton Pension Fund's training policy (Appendix 1)

The Purpose of the Report

This report presents the Merton Pension Fund's Training Policy. The 2004 Pensions Act and the MIFIDii requires that trustee of occupational pension schemes should be trained and have knowledge and understanding of the law relating to pensions and role of trustees, the principles of scheme funding and investment, and the management and administration of pension scheme benefits.

Pension Fund Advisory Panel (PFAP) the Pension board and the officers in performing Pension responsibilities will be expected to undertake regular training to ensure they have sufficient knowledge of the LGPS, pension benefits and investment issues to make informed Pension decisions for the benefit of all stakeholders

1. **Context**

- 1.1 This is the Training Policy of the London Borough of Merton in its role as the Administering Authority of the Merton LGPS Pension Fund. The policy details the training strategy for members of the PFAP, Pension Board (PB) and senior officers responsible for the management of the Fund.
- 1.2 The Training Policy is established to aid the PFAP, PB members and officers in performing and developing personally in their individual roles, with the ultimate aim of ensuring that Merton Pension Fund is managed by individuals who have the appropriate levels of knowledge and skills

2.0 **Objective**

- 2.1 The pension funds are managed and their services delivered by people who have the appropriate knowledge and expertise, and that this knowledge and expertise is maintained within the continually changing LGPS and wider pensions landscape.
- 2.2 Those persons responsible for governing the Fund have sufficient expertise to be able to evaluate and challenge the advice they receive, ensure their decisions are robust and well based, and manage any potential conflicts of interest.
- 2.3 The implementation of MiFID II (Markets in Financial Instruments Directive) reclassifies local and public authorities as retail investors from 3rd January 2018. The authorities elected for a return to professional status in order to ensure they can access the full range of vehicles and managers to meet the needs of their investment strategy.
- 2.3 To maintain the professional status with the investment managers and to take advantage of new investment options the Fund have a responsibility ensure that the PFAP members and the officers have the relevant knowledge and they receive regular training to make effective investment decisions

3 **CIPFA Knowledge and Skills Framework**

- 3.1 The Chartered Institute of Public Finance and Accounting (CIPFA) has developed a technical knowledge and skills framework which is intended as a tool for pension funds to determine whether they have the right skill mix to meet their scheme financial management needs and an assessment tool for individuals to measure their progress and plan their development.

3.2 The Fund will have to demonstrate that it has adopted the knowledge and skills framework as a basis for the training and development of Members and officers, or outline what alternative basis it has selected to determine develop and measure their skills

4. OTHER ISSUES AFFECTING THE FUND

None

5. FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS

5.1 None.

6. LEGAL AND STATUTORY IMPLICATIONS

6.1 None.

7. HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS

7.1 N/A

8. RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS

8.1 None

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**London Borough of Merton
Pension Fund Advisory Committee
Date: 07 March 2018**

Subject: Performance of the Pension Fund for the Quarter Ending December 2017

Lead officer: Caroline Holland - Director of Corporate Services

Lead member: Councillor Phillip Jones

Contact officer: Roger Kershaw

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RECOMMENDATION

Members are asked to note the content of this report, in particular, the market values and performance of the total fund and component portfolios for the quarter ending 31 December 2017, attribution of the results and the market environment during the period.

1.0 PURPOSE OF REPORT

- 1.1 To report the investment performance at total fund level, and of the individual fund managers, for the quarter to 31 December 2017.
- 1.2 The report gives the Committee a consistent basis on which to review the performance of the Fund as at 31 December 2017 and provide information to support future actions including periodic rebalancing and review of investment strategy and investment management arrangement.

Reason for Exemption from Disclosure

Information relating to the financial or business affairs of a particular person. (Including the authority holding that information).

2.0 PERFORMANCE REPORT

- 2.1 The attached Fund Analysis & Performance Report (**Appendix 1**) produced by State Street GS Performance Services provides useful analysis and insights of the Pension Fund activity and results for the quarter to 31 December 2017.
- 2.2 The report highlights the performance of the total Fund by asset class compared to the customised benchmark. It also includes comprehensive analysis of the performance of each manager against their specific benchmark and a comparison of performance over longer periods.
- 2.3 At 31 December 2017 the total Fund was valued at £689.1m, up by £27.4m (or 4.2%) since 30 September 2017.

3.0 Market Background/Outlook

- 3.1 Investment markets saw a continued focus on developments within the political sphere globally over the final quarter of 2017, as equities advanced and volatility remained low amidst signs of strong economic growth. Much attention was given to the progress of tax reform through the US Congress in particular, which has been a key priority for the Trump administration. Markets were cheered by clear signs of a legislative package emerging which would have support across the Republican party, and a final deal was passed in December.

Other political events over the quarter received a more mixed response from investors. While there was progress in the ongoing Brexit negotiations between the UK and the Eurozone, talks over the formation of a coalition government broke down in Germany. There was also continuing uncertainty in Catalonia following a disputed referendum over independence from Spain in October. The re-election of Prime Minister Abe in Japan was welcomed by markets however.

A third interest rate increase in 2017 from the US Federal Reserve (Fed) had been widely expected and came as no surprise in December. While the Bank of England (BoE) also moved to increase its base rate in November, further increases are likely to be gradual. In the meantime, other major central banks such as the European Central Bank (ECB) and the Bank of Japan (BoJ) reiterated their commitment to loose monetary policy.

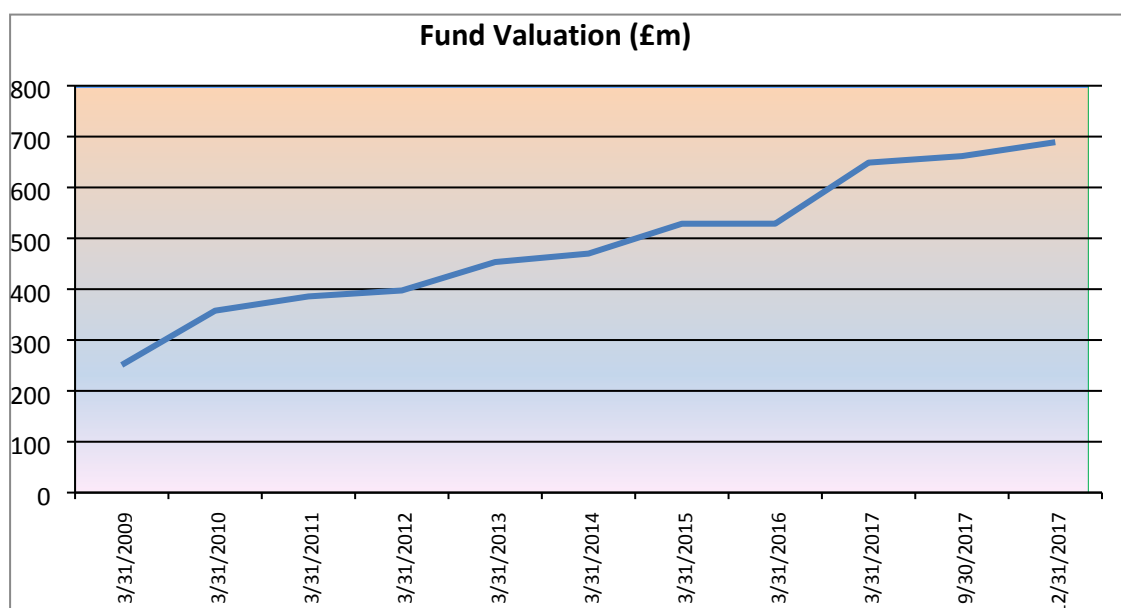
4.0 PERFORMANCE OF THE FUND

- 4.1 The table below shows the Fund's strategic asset allocation as at 31 December 2017 against the asset allocation of the benchmark. The Fund was overweight in Equities and underweight in Bonds and Property compared to the benchmark.

At 31/12/2017	Total Equity %	Total Bonds %	Cash/Alts %	Property %	Total Fund %
Fund Asset Allocation	74.2	22.2	0.3	3.3	100
Fund Benchmark	70.4	24.7	N/A	4.9	100
Difference	3.8	(2.5)	N/A	(1.6)	-

overweight / (underweight)					
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- 4.2 The Fund under performed the benchmark by 0.1% for the quarter ending 31 December 2017. It gained 4.2% compared to the benchmark return of 4.3% for the period.
- 4.3 The 0.1% under performance was due to stock selection. The manager's results are discussed in more detail below in section 5.
- 4.4 The following graph illustrates the Fund's market value trend between 31 March 2009 and 31 December 2017. It shows that the market value of the Fund has appreciated by £438m or 175% over the 8 ¾ yr. periods.



- 4.5 The table below shows the market value of each Portfolio at the start and end of the period. The change in value over the period is a combination of the net money flows into or out of each Portfolio and any gain or loss on the capital value of investments.

<i>Fund</i>	Market Value 30/09/17 £000	Capital Gain/loss £000	Income £000	Market Value 31/12/17 £000	% of Total Fund
UBS Passive Equity	296,517	13,501	704	310,771	46
Aberdeen Fixed Income	149,066	4,380	(115)	153,159	22
Aberdeen Active Equity	125,937	5,010	137	131,102	19
UBS Active Equity	66,950	3,200	222	70,446	10
UBS Property	15,919	305	115	16,125	2
BlackRock Property	7,230	173	41	7,448	1
Total External Fund	661,619	26,569	1,103	689,050	100
Internal Investments	150	-	-	150	-

Total	661,769	26,569	1,103	689,200	100
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4.6 The following table provides detailed analysis of the return on the Fund's investment for the period relative to the benchmark.

Sector	Market Value Sept 17 £000	Market Value Dec 17 £000	Fund Return Dec 2017 %	Benchmark Return Dec 2017 %
UK Equities	287,889	302,864	4.6	5.0
Overseas Equities	199,625	208,263	4.9	4.8
• <i>North America</i>	67,964	72,267	5.6	5.6
• <i>Continental Europe</i>	56,167	56,542	1.6	0.3
• <i>Total Far East</i>	53,802	56,403	7.6	7.7
• <i>Other Intl Equities</i>	21,692	23,051	5.4	6.4
UK Bonds	37,445	38,508	3.4	3.4
Overseas Bonds	36,768	37,388	0.5	0.2
UK Index-Linked	74,713	77,129	3.9	3.9
Cash Alternatives	2,929	2,125	(0.9)	-
Property	22,250	22,773	3.0	3.1
Total	661,619	689,050	4.2	4.3

4.7 The Fund's assets are invested in various sectors and markets globally. During the quarter to 31 December 2017, all asset classes yielded positive returns although not all met the benchmark.

5.0 FUND MANAGER PERFORMANCE

UBS

5.1 UBS manages three portfolios for LB Merton Pension Fund.

(1) UBS Active Global (Equity)

5.2 The market value of the active equity portfolio managed by UBS was £70.4m (£67m in September 2017). During the quarter the manager's performance of 5.1% was in-line with the benchmark.

The table below shows the movement during the period within the portfolio.

UBS Active Equity	30/09/2017		Purchases	Sales	Gain/Loss	Income	31/12/2017	
	£000	%					£000	£000
Total Equities	66,484	99	3,633	3,374	3,200	296	69,943	99
Cash & Cash Alternatives	466	1	7,193	7,157	-	-	503	1
Total	66,950	100	10,826	10,531	3,200	222	70,446	100

The manager's mandate is summarised in the following:

- For the portion of the Active Portfolio invested in UK Equities, the manager shall seek to outperform the benchmark by 1% p.a.
- For the portion of the Active Portfolio invested in Emerging Markets, the manager shall seek to outperform the benchmark by 2.0% p.a.

Performance of the UBS Active Equity over various time periods

Period	Manager	Benchmark	Variance	Comment
	%	%	%	
Last 3 months	5.1	5.1	-	In-line
Last 12 months	12.5	14.2	(1.7)	underperformed
Last 3 years	9.7	10.6	(0.9)	underperformed
Last 5 years	9.6	10.5	(0.9)	underperformed

(2) UBS Global Equity (Passive)

- 5.3 The passive equity portfolio was valued at £310.8m (£296.5m in September 2017). During the quarter the manager's performance of 4.8% underperformed the benchmark of 4.9%.

The table below shows the movement of assets during the quarter.

UBS Passive	Sept 2017		Purchases	Sales	Gain/ Loss	Income	Dec 2017	
	£000	%					£000	£000
UK Equities	163,486	55	3,895	2,583	7,265	741	172,064	55
North America	61,147	21	-	-	3,414	-	64,561	21
Continental Europe	36,681	12	-	-	87	-	36,768	12
Japan	17,592	6	-	250	1,373	-	18,715	6
Total Pacific (ex Japan)	17,812	6	-	250	1,362	-	18,924	6
Cash & Alternatives	(202)	-	3,838	3,895	-	-	(262)	0
Total	296,517	100	7,731	6,978	13,501	704	310,771	100

The manager is to track the Benchmark index over rolling three year periods.

This table shows the performance of the portfolio.

Period	Manager %	Benchmark %	Variance %	Comment
Last 3 months	4.8	4.9	(0.1)	underperformed
Last 12 months	13.6	13.8	(0.2)	underperformed
Last 3 years	12.6	12.7	(0.1)	underperformed
Last 5 years	13.0	13.0	-	In-line

(3) UBS Property Fund

- 5.4 The market value of the property portfolio managed by UBS was £16.1m (£15.9m in September 2017). During the quarter the manager's performance of 2.8% underperformed the benchmark of 3.1%.

The table below shows the movement during the period within the portfolio.

UBS Triton (Property)	30/09/2017		Purchases £000	Sales £000	Gain/Loss £000	Income £000	31/12/2017	
	£000	%					£000	%
Property	15,019	94	1,400	1,400	305	115	15,324	95
Cash & Cash Alternatives	900	6	-	99	-	-	800	5
Total	15,919	100	1,400	1,499	305	115	16,125	100

The manager is to track the Benchmark index over rolling three year periods.

This table shows the performance of the portfolio.

Period	Manager %	Benchmark %	Variance %	Comment
Last 3 months	2.8	3.1	(0.3)	underperformed
Last 12 months	9.5	10.2	(0.7)	underperformed
Last 3 years	8.5	8.4	0.1	outperformed
Last 5 years	8.5	10.3	(1.8)	underperformed

Aberdeen Asset Management

- 5.5 Aberdeen manages two portfolios for the LB Pension Fund.

(1) Aberdeen Active Global Equity

- 5.6 The market value of the active equity portfolio managed by Aberdeen was £131.1m (£125.9m in September 2017). During the quarter the manager's performance of 4.1% underperformed the benchmark of 4.8%.

The following below shows the movement during the period within the portfolio.

Aberdeen Active Equity	30/09/2017		Purchases	Sales	Gain/ Loss	Income	31/12/2017	
	£000	%					£000	£000
UK Equities	67,251	54	5,354	3,891	2,186	261	70,899	54
North America	6,817	5	500	2	391	-	7,706	6
Continental Europe	19,486	16	2,169	2,536	654	11	19,774	15
Japan	10,339	8	550	1,456	811	-	10,244	8
Total Pacific (ex Japan)	8,059	6	-	43	502	-	8,519	6
Other Intl Equities	12,360	10	250	66	465	-	13,009	10
Cash & Alternatives	1,625	1	11,898	12,573	-	1	950	1
Total	125,937	100	20,722	20,567	5,010	137	131,102	100

- 5.7 Although this portfolio is an active mandate, 35% is held in pooled funds. The Manager is required to outperform the benchmark by 1.25% p.a over rolling 3yr periods.

This table shows the performance of the portfolio

Period	Manager %	Benchmark %	Variance %	Comment
Last 3 months	4.1	4.8	(0.7)	underperformed
Last 12 months	14.8	15.9	(1.1)	underperformed
Last 3 years	10.6	12.6	(2.0)	underperformed
Last 5 years	10.0	11.7	(1.7)	underperformed

(2) Aberdeen (Bonds)

- 5.8 The market value of the bonds portfolio was £153.2m (£149.1m in September 2017). During the quarter the manager's performance of 2.9% outperformed the benchmark of 2.8%.

The table below shows the movement during the period within the portfolio.

Aberdeen (Bonds)	30/09/2017		Purchases	Sales	Gain/ Loss	Income	31/12/2017	
	£000	%	£000	£000	£000	£000	£000	%
UK Bonds	37,445	25	1	213	1,274	1	38,508	26
Overseas Bonds	36,768	25	470	20	170	-	37,388	24
UK Index Linked	74,713	50	(1)	519	2,936	(1)	77,129	50
Cash & Alternatives	139	0	752	758	-	-	133	-
Total	149,066	100	1,222	1,509	4,380	(115)	153,159	100

The manager is required to outperform its benchmark by 0.75% p.a. over a rolling three year period.

This table shows the performance of the portfolio.

Period	Manager	Benchmark	Variance	Comment
	%	%	%	
Last 3 months	2.9	2.8	0.1	outperformed
Last 12 months	2.0	1.8	0.2	outperformed
Last 3 years	8.0	8.0	-	In-line
Last 5 Years	7.7	7.9	(0.2)	underperformed

BlackRock (Property)

- 5.9 The market value of the property portfolio managed by Blackrock was £7.5m (£7.2m in September 2017). During the quarter the manager's performance of 3.0% underperformed the benchmark of 3.1%.

The following table below shows the movement in the portfolio during the period.

Blackrock	30/09/2017		Purchases	Sales	Gain/Loss	Income	31/12/2017	
	£000	%	£000	£000	£000	£000	£000	%
Property	7,230	100	45	-	173	60	7,448	100
Cash & Cash Alternatives	-	-	45	45	-	-	-	-
Total	7,230	100	90	45	173	41	7,448	100

The manager is required to outperform the average of similar institutional pooled vehicles by investing in a diversified range of property throughout the UK, principally, but not exclusively, in the retail, office and industrial/warehouse sectors.

This table shows the performance of the portfolio.

Period	Manager	Benchmark	Variance	Comment
	%	%	%	

Last 3 months	3.0	3.1	(0.1)	underperformed
Last 12 months	8.9	10.2	(1.3)	underperformed
Last 3 years	6.3	8.4	(2.1)	underperformed

6. OTHER ISSUES AFFECTING THE FUND

6.1 None

7. FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS

7.1 All relevant implications are included in the report.

8. LEGAL AND STATUTORY IMPLICATIONS

8.1 All relevant implications are included in the report.

9. HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS

9.1 N/A

10. RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS

10.1 Risk management is an integral part of designing the investment portfolio of the fund particularly in the current volatile economic environment.

11. BACKGROUND PAPERS

11.1 State Street Analytics performance report and individual Fund Managers investment reports.

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