

**Report to:** Pension Committee

**Date:** 25 November 2019

**By:** Chief Finance Officer

**Title of report:** Quarterly Performance Report – Hymans Robertson

**Purpose of report:** To strategically review the Fund's performance and consider potential actions.

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**RECOMMENDATION – The Committee is recommended to note this report.**

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## **1. Background**

1.1 The Pension Committee receives a quarterly investment monitoring report, attached at the appendix 1 to this item, from its investment consultant, Hymans Robertson.

## **2. Supporting information**

2.1 Since the last quarter, the valuation of the Fund increased from £3.767bn to £3.878bn, an increase of £0.111bn, in the main due to a strong performance in equities. The total return of the Fund was slightly ahead of the benchmark over the quarter to 30 September 2019, noting that the benchmark performance of each mandate reflects the updated benchmarks agreed at by the Pension Committee in September 2018.

2.2 In the quarter ending 30 September 2019, (Q3, 2019) the top contributors to relative performance were Newton, Ruffer and Longview. Newton and Ruffer outperformed the cash plus benchmark as equity and bond markets delivered positive returns. Longview outperformed its MSCI AC World benchmark, with stock selections in the Industrial and Financial sectors driving positive performance.

2.3 Conversely, the main detractors to relative performance were M&G Absolute Return Credit and UBS Emerging Market. The remaining UBS investments performed mostly in line with its respective benchmarks except for the Climate Aware which marginally overperformed the FTSE Developed Index benchmark.

2.4 In relation to Growth, Income and Protection asset allocations, the Fund allocation to Income is underweight at the end of Q3, 2019, however it is expected that further drawdowns into infrastructure and real estate debt will address this over time. M&G Alpha Opportunities was also underweight at an underlying fund level however no action is proposed at the current time. The Fund's Protection allocation is overweight, following a further fall in gilt yields and also as a result of holding cash (1.1) % of asset allocation.

2.6 In addition, there has been a development within the Schroders team that manage our property portfolio Graeme Rutter, Head of Real Estate Capital Partners (ReCap), has resigned and will leave the Schroders early next year no action is proposed on this information.

## **3. Conclusion and reasons for recommendation**

3.1 Investments are regularly monitored to ensure that the Fund's strategic asset allocation set out in the Fund's Investment Strategy Statement (ISS) is being complied with and to keep the Committee informed of any significant concerns with the investment managers, retained to implement the Fund's strategic asset allocation.

3.2 The Pension Committee is recommended to note this report.

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