

HYMANS ROBERTSON LLP

Current Investment Arrangements

Addressee

This note is addressed to the Officers of the East Sussex Pension Fund (the "Fund"). Its purpose is to provide asset allocation information for the annual report and accounts for the Fund, as at 31 March 2016. It has not been prepared for use for any other purpose. The paper should not be released or otherwise disclosed to any third party except as required by law or regulatory obligation or without our prior written consent.

Asset allocation

Set out below is the Fund's strategic target and actual allocations at the beginning and end of the 2015/2016 financial year.

Mandate	Value (£m)		Proportion (%)		Value (£m)		Proportion (%)	
	Q1 2015	Actual	Target	Q1 2016	Actual	Target	Q1 2016	Actual
L&G - Global Equities	216.4	7.9%	8.0%	414.9	15.0%	15.5%	414.9	15.0%
Lazard - Global Equities	410.4	15.0%	15.0%	0.0	0.0%	0.0%	0.0	0.0%
Longview - Global Equity	174.8	6.4%	5.0%	180.9	6.5%	5.0%	180.9	6.5%
State Street - Fundamental Indexation	291.2	10.6%	10.0%	483.5	17.4%	17.5%	483.5	17.4%
L&G - UK Equities	271.6	9.9%	12.0%	261.2	9.4%	12.0%	261.2	9.4%
Newton - Absolute Return	250.1	9.1%	10.0%	253.6	9.1%	10.0%	253.6	9.1%
Ruffer - Absolute Return	257.1	9.4%	10.0%	240.3	8.7%	10.0%	240.3	8.7%
L&G - 5yr ILG	144.6	5.3%	5.0%	147.3	5.3%	5.0%	147.3	5.3%
M&G - Bonds	180.8	6.6%	6.5%	180.0	6.5%	6.5%	180.0	6.5%
Schroder - Property	300.5	11.0%	10.0%	333.3	12.0%	10.0%	333.3	12.0%
M&G - Infrastructure Fund	33.5	1.2%	1.0%	28.7	1.0%	1.0%	28.7	1.0%
UBS - Infrastructure	22.1	0.8%	1.0%	20.7	0.8%	1.0%	20.7	0.8%
Adams Street - Private Equity	83.3	3.0%	2.8%	88.6	3.2%	2.8%	88.6	3.2%
HarbourVest - Private Equity	70.0	2.6%	2.8%	79.3	2.9%	2.8%	79.3	2.9%
M&G - UK Financing Fund	10.7	0.4%	1.0%	8.5	0.3%	1.0%	8.5	0.3%
Cash account	25.4	0.9%	0.0%	54.3	2.0%	0.0%	54.3	2.0%
Total	2742.4	100.0%	100.0%	2775.1	100.0%	100.0%	2775.1	100.0%

Asset Class	Value (£m)		Proportion (%)		Value (£m)		Proportion (%)	
	Q1 2015	Actual	Target	Q1 2016	Actual	Target	Q1 2016	Actual
Global Equity	1080.9	39.4%	38.0%	1079.3	38.9%	38.0%	1079.3	38.9%
UK Equity	271.6	9.9%	12.0%	261.2	9.4%	12.0%	261.2	9.4%
Fixed Interest	113.1	4.1%	3.5%	112.5	4.1%	3.5%	112.5	4.1%
Index-Linked Gilts	144.6	5.3%	5.0%	147.3	5.3%	5.0%	147.3	5.3%
Property	293.9	10.7%	10.0%	332.0	12.0%	10.0%	332.0	12.0%
Infrastructure	55.6	2.0%	2.0%	49.5	1.8%	2.0%	49.5	1.8%
Private Equity	153.3	5.6%	5.5%	167.9	6.1%	5.5%	167.9	6.1%
Absolute Return Funds	507.2	18.5%	20.0%	493.9	17.8%	20.0%	493.9	17.8%
Cash	43.9	1.6%	0.0%	55.6	2.0%	0.0%	55.6	2.0%
UK Financing Fund	10.7	0.4%	1.0%	8.5	0.3%	1.0%	8.5	0.3%
Absolute Return Bonds	67.7	2.5%	3.0%	67.4	2.4%	3.0%	67.4	2.4%
Total	2742.4	100.0%	100.0%	2775.1	100.0	100.0	2775.1	100.0

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During the third quarter the Committee agreed to terminate the Lazard mandate, and the funds were reinvested equally between the pre-existing Legal and General and State Street passive equity mandates.

Fund performance

Actual and benchmark performance for each of the Fund's mandates is provided in the table below, over 12 months 3 years and 5 years. The Fund's private equity and infrastructure mandates have not been included as State Street announced at the start of 2016 that they will no longer be providing performance measurement services for third party clients.

Mandate	1 year			3 year (p.a.)			5 year (p.a.)		
	Fund	Benchmark	Relative	Fund	Benchmark	Relative	Fund	Benchmark	Relative
L&G - Global Equities	-0.4%	-0.5%	0.1%	8.2%	8.1%	0.1%	8.2%	8.1%	0.1%
Longview - Global Equity	4.2%	-1.2%	5.5%	N/A	N/A	N/A	N/A	N/A	N/A
State Street - Fundamental Indexation	-3.3%	-3.3%	0.0%	N/A	N/A	N/A	N/A	N/A	N/A
L&G - UK Equities	-3.8%	-3.9%	0.1%	3.8%	3.7%	0.1%	5.8%	5.7%	0.1%
Newton - Absolute Return	1.8%	0.5%	1.3%	3.5%	0.5%	3.0%	3.4%	0.5%	2.9%
Ruffer - Absolute Return	-6.6%	0.5%	-7.0%	1.6%	0.5%	1.1%	3.7%	0.5%	3.2%
L&G - 5yr ILG	1.9%	1.9%	0.0%	N/A	N/A	N/A	N/A	N/A	N/A
M&G - Bonds	0.0%	0.0%	0.0%	4.9%	3.4%	1.5%	6.5%	4.6%	1.8%
Schroder - Property	10.9%	10.6%	0.3%	14.0%	13.0%	0.9%	10.0%	9.1%	0.9%

Prepared by:-

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April 2016

For and on behalf of Hymans Robertson LLP