

## **Pensions Sub-Committee**

**Thursday, 07 November 2013 at 10:00**

**County Hall, County Hall, West Bridgford, Nottingham NG2 7QP**

<b>1</b>	<b>Minutes of last meeting held on 16 July 2013</b> Details	<b>3 - 6</b>
<b>2</b>	<b>Apologies for Absence</b> Details	<b>1-2</b>
<b>3</b>	<b>Declarations of Interests by Members and Officers:- (see note below)</b> (a) Disclosable Pecuniary Interests (b) Private Interests (pecuniary and non-pecuniary)	<b>1-2</b>
<b>4</b>	<b>Local Government Conference Investment Summit 2013</b> Details	<b>7 - 12</b>
<b>5</b>	<b>Property Inspection 2013</b> Details	<b>13 - 14</b>
<b>6</b>	<b>Working Party Recommendations</b> Details	<b>15 - 18</b>
<b>7</b>	<b>Local Authority Pension Fund Forum</b> Details	<b>19 - 24</b>
<b>8</b>	<b>Proxy Voting</b> Details	<b>25 - 28</b>
<b>9</b>	<b>Investment Performance Review 2012-13</b> Details	<b>29 - 30</b>
<b>9a</b>	<b>APAS NOTTINGHAMSHIRE FISCAL 2013</b> Details	<b>31 - 46</b>
<b>9b</b>	<b>QPAS NOTTINGHAMSHIRE 2013 Q1</b> Details	<b>47 - 94</b>
<b>10</b>	<b>Work Programme</b> Details	<b>95 - 98</b>



Meeting PENSIONS SUB COMMITTEE

Date Tuesday, 16<sup>th</sup> July 2013 at 2.00pm

## **membership**

Persons absent are marked with 'A'

## **COUNCILLORS**

S Smedley MBE JP (Chairman)

A Ken Rigby (Vice Chairman)

	Reg Adair	Sheila Place
	Chris Barnfather	Darrell Pulk
A	Mrs Kay Cutts	Parry Tsimbiridis
	Glynn Gilfoyle	

## **Nottingham City Council**

A Councillor Alan Clark  
Councillor Thulani Molife  
Councillor Jackie Morris

## **Nottinghamshire Local Authorities' Association**

A Executive Mayor Tony Egginton  
A Councillor Milan Radulovic MBE

## **Trades Unions**

A Mr J Hall  
Mr C King

## **Scheduled Bodies**

A Mr N Timms

## **Pensioners**

2 Vacancies

## **Officers in Attendance**

Simon Cunnington	(Environment & Resources)
Chris Holmes	(Policy Planning and Corporate Services)
Nigel Stevenson	(Environment & Resources)
Sarah Stevenson	(Environment & Resources)

## **APPOINTMENT OF CHAIRMAN AND VICE CHAIRMAN**

### **RESOLVED 2013/001**

That the appointment by the County Council at its Annual Meeting of Councillor Stella Smedley MBE JP as Chairman and Councillor Ken Rigby as Vice Chairman of the Sub-Committee be noted.

## **MINUTES**

The minutes to the last meeting of the Sub-Committee held on 13<sup>th</sup> December 2012, having been previously circulated were confirmed and signed by the Chairman.

## **APOLOGIES FOR ABSENCE**

Apologies for absence were received from:-

Councillor Mrs Kay Cutts - (other County Council business)  
Councillor Ken Rigby - (other County Council business)  
Councillor Alan Clark - (other City Council business)  
Executive Mayor Tony Egginton (on other Council business)

## **DECLARATIONS OF INTEREST BY MEMBERS AND OFFICERS**

None

## **MEMBERSHIP AND TERMS OF REFERENCE OF THE PENSIONS SUB-COMMITTEE**

### **RESOLVED 2013/002**

- (1) That the membership and terms of reference of the Sub-Committee be noted as set out in the report
- (2) That arrangements be made for the Appointments Sub-Committee to meet as set out in the report to appoint the pensioner representatives.

## **PROXY VOTING**

### **RESOLVED 2013/003**

That the report on the proxy voting on equity holdings in the first quarter of 2013 be noted.

## **FUND BENCHMARKS**

### **RESOLVED 2013/004**

That the report on the new Fund benchmarks be noted.

**CONFERENCE REPORT – NATIONAL ASSOCIATION OF PENSION  
FUNDS LOCAL AUTHORITY CONFERENCE 2013**

**RESOLVED 2013/005**

- (1) That it be noted that attendance at key conference is part of the Fund's commitment to ensuring those charged with decision making and financial management have effective knowledge and skills.
- (2) That the report be noted

The meeting closed at 2.35pm.

CHAIRMAN  
M\_16Jul2013



**REPORT OF SERVICE DIRECTOR – FINANCE & PROCUREMENT****LGC INVESTMENT SUMMIT 2013****Purpose of the Report**

1. To report on the LGC Investment Summit 2013.

**Information and Advice**

2. The LGC Investment Summit 2013 was held on 4<sup>th</sup> to 6<sup>th</sup> September 2013 at the Celtic Manor Resort. In accordance with prior approval and as part of the Fund's commitment to ensuring those charged with decision-making and financial management have effective knowledge and skills, the conference was attended by Cllr Parry Tsimbiridis, Mr Chris King and Simon Cunnington (Senior Accountant – Pensions & Treasury Management).

3. ***Local economic influences***

The conference began with Paul Johnson, Director of the Institute for Fiscal Studies, giving the economic background to the financial crisis and the outlook for the future. The UK's GDP is still below the 2008 level and, although employment levels have now recovered, output has collapsed meaning that productivity is still 12% lower. The Office for Budget Responsibility is now forecasting weak growth in 2013 with up to 2% growth in 2015. Consensus forecasts are better for 2013 with 2% growth for the next 4 years indicating higher levels of optimism. In 2010, public sector borrowing was forecast to be under control by 2015/16. However, the last 3 years have seen no reduction (due to low growth) and forecast now goes beyond 2017/18. This means that significant cuts are still to come.

4. ***Pension fund perspective on LGPS 2014***

Jonathan Bunt (LB Barking & Dagenham) gave some background to their fund and outlined his views on the impact of the new scheme. The fund is about £650m with liabilities of £950m. Active members increased in 2012/13 but those paying higher contributions reduced (particularly as a result of sharing senior managers). However, cash flow modelling of the new scheme suggests an extra £300,000 in contributions.

5. He then went on to give views on the proposals of fund mergers, suggesting that the evidence can be used to argue both sides. The London debate is not as polarised as portrayed in the press with most agreeing that the current structure is not sustainable. Management fees are not as important as made out but reporting

performance net of fees would aid comparability. He ended by emphasising the importance of bond yields in dealing with deficits, stating that a change of 0.5% in yields would change their liabilities by £75m.

6. Geik Drever then outlined the position of the West Midlands Pension Fund (a £9.9 billion fund with a funding level of 75%). Despite the new scheme, she expects the funding level to reduce at the latest valuation with a consequent rise in employer contributions. The LGPS 2014 will increase the administrative burden but the Scheme Advisory Board and the involvement of the Pensions Regulator will bring an even higher level of confidence in governance. She is, however, predicting further scheme changes before 2020.

7. In relation to proposed fund mergers, she made the point that most funds already operate a shared service as they provide pensions for multiple (and increasing) employers. Affordability and sustainability are of prime importance.

8. ***Smarter exposure to global equities***

This session allowed two investment managers to explain how they approach global equity investing. First was Ben Kottler (MFS Investment Management) whose approach is to focus on companies' revenue streams rather than domicile. For well-known brands, over 50% of revenues are generated outside the country of domicile. Across the MSCI AC World indices, about a third of revenues are generated outside of each region. This is particularly marked in Europe where poor domestic growth encourages an export economy and where some stock markets actively encourage foreign companies to list.

9. Mikhail Zverev (Standard Life Investments) claimed that most investors use very high level information when selecting stocks. This has been driven by the "risk on, risk off" attitude since 2007 and the growth of Exchange Traded Funds (ETFs) and global macro investment approaches. This, he argues, gives great opportunities for "stock-pickers" who can focus on stock specifics.

10. ***N-50: the next generation of emerging market opportunities***

In the first of two break-out sessions, Nick Davidson (AllianceBernstein) put forward the opportunities available in what he termed the N-50, the next 50 emerging markets. These are spread across Africa, South America, Eastern Europe and Asia although not all are classed as investible yet. Traditional emerging markets are becoming more correlated with developed markets. The N-50 are less correlated and expected to be less volatile. However, liquidity is low and most "frontier indices" do not include sufficient stocks. This means management has to be active and focused on long term returns (expected to be 13-15% pa).

11. ***Finding the best opportunities across fixed income markets***

In the second session, Iain Lindsay (Goldman Sachs Asset Management) outlined the prospects for fixed income. Over the last 10 years, the 10-year gilt yield has reduced from 4.5% to 1.5%. Therefore bond returns have been good (although not so good for funding levels). This seems to be changing, with the yield at that stage up to 3% and rising. Bond returns are heavily influenced by interest rate movements and investment has traditionally been made on this basis. However, it



is increasingly important to be more flexible and dynamic taking into account both macro and stock specific data as well as views on rates and currency.

## 12. ***Making the best investment choices at the right time***

The first day concluded with a panel session comprising Emily McGuire (Aon Hewitt), John Harrison (Independent Adviser) and Georgina Taylor (Invesco Perpetual) and chaired by Nicola Mark (Norfolk Pension Fund). A summary of the discussions is shown below.

### **Current asset allocations**

Emily McGuire	Figures from WM show an average allocation to equities of 63% with 80% overall in growth assets. There is a trend from equities to alternatives which is good.
---------------	--

John Harrison	The only available option to deal with deficits is to improve investment returns. Equities are a good, cost-effective way of generating long term returns. Need to be wary of inflation though.
---------------	---

Georgina Taylor	Need to test portfolios and look at the drivers of different asset classes and the correlations between them.
-----------------	---

### **What should we have done differently 10 years ago? Any top tips?**

John Harrison	On the whole, local authorities did reasonably well by not moving out of equities. Could have been a bit quicker moving into emerging markets and should have focused more on liabilities.
---------------	--

Top tips – focus on things which mean will have to pay out more (eg inflation) and be ready for de-risking as funding levels improve.

Georgina Taylor	It is important to challenge beliefs and most funds underestimated globalisation.
-----------------	---

Top tips – be wary of the exposure of equities particularly via indices.

Emily McGuire	Funds needed to evaluate decisions more and have governance systems in place to enable quick decisions.
---------------	---

Top tips – examine balance between developed and emerging markets with a view to increasing weighting to emerging.

### **LGPS Restructure Proposals**

Georgina Taylor	It is important to think about unintended consequences of changes such as the possibility of encouraging more passive investment.
-----------------	---

Emily McGuire	It is returns net of fees which are important in reducing deficits. Fees tend to reduce with mandate size but only marginally with mandates above £100m. Savings are therefore unlikely to be as big as forecast. Collaboration has an important role to play.
---------------	--

John Harrison	Those without knowledge of the LGPS believe that bigger funds mean lower fees and better returns and therefore some consolidation is probably inevitable. Cost savings can be big in money terms but are a small proportion of deficits and transition costs could outweigh savings for many years. In general, over-complexity costs more.
---------------	---

The call for evidence was more a 'call for affirmation'.

**What should funds not be doing?**

Emily McGuire Don't ignore liabilities.

John Harrison Don't buy gilts. Don't follow fashions. Don't overpay for performance.

Georgina Taylor Don't look back. Don't ignore equity exposure.

**13. *De-risking but where to and where from?***

Mark Parry (Aberdeen Asset Management) began day two by discussing diversification. This is generally accepted as a good idea but how should it be implemented? Stock markets have become increasingly correlated and have tended to move together in times of stress. His approach is through diversified growth, investing in a number of different asset classes but limiting the amount in each. The investments available now are much wider than in the old balanced funds and include infrastructure, cash, options and gold.

14. Nicholas Gartside (JP Morgan Asset Management) predicted that global bonds will outperform equities over the next 5 years. Fixed income benchmarks have been skewed by the transfer of debt from private to public and by concentration into a few corporate names. Neither of the two enemies of bond returns (rising interest rates and inflation) is currently present but it will be important to watch wage inflation. High yield bonds will be driven by the default rate and this is expected to remain low. The key to investing over the next 5 years will be to customise benchmarks, use indices better and reduce managers' constraints.

**15. *But how will it all help the valuation outcomes?***

Ronnie Bowie (Hymans Robertson) used his traditional conference closing slot to give his views on the outcome of the current valuation and the proposed fund mergers. The current valuation is expected to result in slightly reduced average funding levels but with significantly higher cash deficits. The notion that fund mergers would help reduce these deficits was described as 'nonsense'.

16. 'Cashflows are king' and the combination of contributions and investment income means that most funds can still invest for the long term. He stated that there is no correlation between size of fund and returns giving the example of four funds ranging from £300m to £8 billion with the same 5 year returns. However, larger funds tend to have less variance in average returns and may better be able to access more difficult asset classes such as private equity.

## **Statutory and Policy Implications**

17. This report has been compiled after consideration of implications in respect of finance, the public sector equality duty, human resources, crime and disorder, human rights, the safeguarding of children, sustainability and the environment and those using the service and where such implications are material they are

described below. Appropriate consultation has been undertaken and advice sought on these issues as required.

## **RECOMMENDATION/S**

- 1) That it be noted that attendance at key conferences is part of the Fund's commitment to ensuring those charged with decision-making and financial management have effective knowledge and skills.
- 2) That the report be noted

### **Report author:**

**Simon Cunnington**

**Senior Accountant – Pensions & Treasury Management**

**For any enquiries about this report please contact: Simon Cunnington**

### **Background Papers**

None



**REPORT OF SERVICE DIRECTOR – FINANCE & PROCUREMENT****PROPERTY INSPECTION 2013****Purpose of the Report**

1. To report on the recent property inspection.

**Information and Advice**

2. The Fund has a significant portfolio of directly held UK commercial property and strategic land opportunities and, as part of the fiduciary duties of members, each year a visit is arranged to inspect a number of these sites. This year's visit took place on 9<sup>th</sup> and 10<sup>th</sup> October 2013 and was attended by members of the Sub-Committee and officers, the Fund's independent adviser and representatives from Aberdeen Asset Management.
3. The first property viewed was The Frontage, Nottingham. This has recently reverted to the Fund following the end of a long lease, with the existing sub-tenants remaining in occupation. The visit enabled members to see the size and layout of the office space and compare a vacant floor to one which has recently been refurbished. It also allowed members to view vacant retail units and question the representatives from Aberdeen on the potential for letting.
4. The second viewing was a of a retail unit in Leeds which gave a good sense of the unit's location between the City's main shopping areas and a brand new shopping centre. Next, was a vacant industrial unit at Brooke Park, Handforth which is being marketed by new agents. Members were able to meet the agents and discuss their marketing approach. It was also useful to see the size of the unit and the configuration of the yard and car park in terms of access.
5. The first day finished in Northwich where the Fund owns a supermarket let to Marks & Spencer. This allowed members to see the location of the store in relation to the main shopping areas and will give greater insight into possible future developments in Northwich.
6. The whole of the second day involved strategic land opportunities with the viewing of a number of sites within the Barwood Fund as well as Minton Distribution Centre, Sywell. A training session was also held which updated members on the background and progress of the Barwood Fund and the holdings in Basildon and Peebles.

## **Statutory and Policy Implications**

7. This report has been compiled after consideration of implications in respect of finance, the public sector equality duty, human resources, crime and disorder, human rights, the safeguarding of children, sustainability and the environment and those using the service and where such implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required.

## **RECOMMENDATION/S**

- 1) That it be noted that regular property inspections are regarded as an important part of fulfilling members' fiduciary duties.
- 2) That the report be noted.

### **Report Author:**

**Simon Cunningham**

**Senior Accountant – Pensions & Treasury Management**

**For any enquiries about this report please contact: Simon Cunningham**

## **Background Papers and Published Documents**

Except for previously published documents, which will be available elsewhere, the documents listed here will be available for inspection in accordance with Section 100D of the Local Government Act 1972.

## **REPORT OF SERVICE DIRECTOR – FINANCE & PROCUREMENT**

### **WORKING PARTY RECOMMENDATIONS**

#### **Purpose of the Report**

1. To seek agreement to the recommendations of the Pensions Working Party to make changes to the Fund's bond portfolio.

#### **Information and Advice**

2. A meeting of the Pensions Working Party was held on 1 October 2013 to consider proposals for amending the Fund's bond portfolio. The Fund's main bond portfolio at 30 June 2013 was valued at over £409 million. The Fund also has £58 million invested in an Inflation Linked Fund.

3. The Fund's Statement of Investment Principles (SIP) includes agreed asset allocation ranges as follows:

Equities	55% to 75%
Property	5% to 25%
Bonds	10% to 25%
Cash	0% to 10%

4. The SIP states that the 'policy of the Fund will be to treat the equity allocation as a block aimed at maximising the financial returns to the fund' while the bonds are part of a 'block... aimed at lowering overall risk (at the cost of anticipated lower return)'. The use of asset allocation ranges gives the Fund flexibility to decide on various management arrangements in order to balance risk management against the desire to outperform the strategic benchmark.

5. The strategic benchmark is shown below together with the actual asset allocation of the Fund as at 30 June 2013. The liability based benchmark is also shown.

<b>Strategic Benchmark</b>			<b>Actual 30/6/13</b>
Equities (inc private equity)	65.0%	FTSE All World	72%
Property	15.0%	IPD annual universe	12%
Bonds	17.5%	FTSE UK Gilt All Stock	13%
Cash	2.5%	LIBID 7 Day	3%
	<b>100.0%</b>		
<b>Liability Based Benchmark</b>	100.0%	FTSE UK Gilts IL > 5 Yrs	

6. The actual allocations show that the Fund continues to be overweight “growth assets” in preference to bonds. The overall investment strategy and the type of investment management used are determined by the Nottinghamshire Pension Fund Committee, advised by this Sub-Committee. Each manager is then given a benchmark against which their performance is measured, the aim being to encourage better performance than the relevant element of the strategic benchmark shown at paragraph 5.
7. The benchmark for the bond portfolio is shown below along with index returns for 1, 3 and 5 years. The manager is given flexibility to under- or over-weight each asset type.

Type	Benchmark %	Index Returns		
		1 year	3 yrs pa	5 yrs pa
Gilts	40.0%	-3.0%	4.2%	6.2%
Corporate Bonds	30.0%	3.0%	6.1%	8.5%
European/US Government	20.0%	4.9%	2.2%	6.6%
Index-linked	10.0%	6.6%	8.3%	7.6%

8. The current benchmark is heavily weighted to traditional gilts and includes currency risk in the form of overseas bonds. There is general consensus that gilt yields are likely to rise over the medium term resulting in capital value falls. Rising yields will benefit the Fund as a whole as this is one of the key factors in the discount rate used by the actuaries in calculating the Fund’s liabilities (a higher discount rate equals lower liabilities). Sensitivity analysis carried out by the actuaries for the 2012/13 accounts showed that a change in the discount rate of just 0.1% changes the liabilities by around £125 million.
9. However, although the Fund will benefit overall from rising gilt yields, the bond portfolio (as currently structured) will not. The aim of the Working Party, therefore, was to discuss the options available for bond investment within the framework of the SIP and the Fund’s strategic benchmark. These discussions resulted in the following recommendations:
  - a. Change the portfolio benchmark to:
    - i. reduce the weighting to gilts
    - ii. increase the weighting to corporate bonds
    - iii. remove overseas government bonds entirely
  - b. Give flexibility to the manager to invest up to 10% in ‘high-yield’ bonds
  - c. Transfer the index-linked bonds to the Inflation Linked Fund

## Statutory and Policy Implications

10. This report has been compiled after consideration of implications in respect of finance, the public sector equality duty, human resources, crime and disorder, human rights, the safeguarding of children, sustainability and the environment and those using the service and where such implications are material they are



described below. Appropriate consultation has been undertaken and advice sought on these issues as required.

## **RECOMMENDATION/S**

- 1) That the Nottinghamshire Pension Fund Committee be recommended to approve the following:
  - a. Change the portfolio benchmark to:
    - i. reduce the weighting to gilts
    - ii. increase the weighting to corporate bonds
    - iii. remove overseas government bonds entirely
  - b. Give flexibility to the manager to invest up to 10% in 'high-yield' bonds
  - c. Transfer the index-linked bonds to the Inflation Linked Fund

### **Report Author:**

**Simon Cunningham**

**Senior Accountant – Pensions & Treasury Management**

**For any enquiries about this report please contact: Simon Cunningham**

### **Background Papers and Published Documents**

Except for previously published documents, which will be available elsewhere, the documents listed here will be available for inspection in accordance with Section 100D of the Local Government Act 1972.



**REPORT OF SERVICE DIRECTOR – FINANCE & PROCUREMENT****LOCAL AUTHORITY PENSION FUND FORUM (LAPFF)****Purpose of the Report**

1. To report on the activities of the Local Authority Pension Fund Forum (LAPFF) and to recommend approval for members to attend LAPFF business meetings.

**Information and Advice**

2. The Local Authority Pension Fund Forum was formed in 1990 to provide an opportunity for the UK's local authority pension funds to discuss investment and shareholder engagement issues. LAPFF currently has 56 members (including the Nottinghamshire Fund) with combined assets of well over £100 billion and is consequently able to exert significant influence over companies in which funds are invested.
3. LAPFF exists 'to promote the long-term investment interests of UK local authority pension funds, and in particular to maximise their influence as investors to promote corporate social responsibility and high standards of corporate governance amongst the companies in which they invest'. It also:
  - a. Provides a forum for information exchange and discussion about investment issues.
  - b. Facilitates the commissioning of research and policy analysis of issues in a more effective manner than individual members could achieve.
  - c. Provides a forum for consultation on shareholder initiatives.
  - d. Provides a forum to consider issues of common interest to all pension fund administrators and councillors.
4. Membership of LAPFF is open to all administering authorities within the LGPS and includes two attendees at the annual LAPFF conference. In addition there are four business meetings each year to which the Fund can send a Member and an officer representative. The Forum's work programme is managed by the Forum Executive, comprising six elected members and three officers. It is recommended that approval is given for members to attend LAPFF business meetings. These meetings are held in London and the travel costs (approximately £160 per person per meeting) would be a legitimate charge to the Fund.
5. LAPFF produces research documents, consultation responses and reports on its activities together with its annual report and quarterly newsletters. Appendix A

provides a list of recent titles produced by LAPFF. Appendix B shows the current members of LAPFF.

## **Statutory and Policy Implications**

6. This report has been compiled after consideration of implications in respect of finance, the public sector equality duty, human resources, crime and disorder, human rights, the safeguarding of children, sustainability and the environment and those using the service and where such implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required.

## **RECOMMENDATION/S**

- 1) That the Nottinghamshire Pension Fund Committee be recommended to give approval for members of the Sub-Committee to attend LAPFF business meetings.

### **Report Author:**

**Simon Cunnington**

**Senior Accountant – Pensions & Treasury Management**

**For any enquiries about this report please contact: Simon Cunnington**

## **Background Papers and Published Documents**

Except for previously published documents, which will be available elsewhere, the documents listed here will be available for inspection in accordance with Section 100D of the Local Government Act 1972.

## **RESEARCH REPORTS**

### **Investor Stewardship**

Local Authority Pension Funds: Investing for Growth

LAPFF ESG Policies - Executive Summary

Proxy Voting Disclosure by UK Asset Managers

LAPFF analysis of public disclosure of voting records by UK asset managers, April 2009.

Trustee Guide: Which Deals Create Value? Mergers and Acquisitions

Trustee Guide: Holding Fund Managers to Account

### **Corporate Governance**

Expectations for Executive Pay

Trustee Guide: People & Investment Value

UK and Irish Banks Capital Losses - Post Mortem

LAPFF's view into banking failures in the UK and Ireland from the perspective of shareholders, September 2011.

A statement on the financial crisis by The Local Authority Pension Fund Forum

### **Environmental**

Trustee Guide: Investing in a changing climate

LAPFF Statement on Climate Change

Note on Emissions Trading

Pension Funds and Climate Change

Climate Change - An Engagement Strategy

Reporting on Greenhouse Gas Emissions: Initial Company Responses

### **Social**

Trustee Guide: Unlocking Human Capital: Engagement on Employment Best Practice

Trustee Guide: Labour Standards in China: Best Practice Guidelines

Labour Standards in China

Company Workforce Practices

## **QUARTERLY ENGAGEMENT REPORTS**

**2013**

Q2: April to June Engagement Report

Highlights: Voting Alerts, QC opinion on IFRS, Associated British Foods, Centrica, Imperial Tobacco

Q1: January to March Engagement Report

Highlights: Expectations on Executive Pay, Lonmin AGM, Societe Generale, Comcast

**2012**

Q4: October to December Engagement Report

Highlights: News Corp AGM, People & Investment Value, IFRS, National Express, RBS.

Q3: July to September Engagement Report

Highlights: the banks & IFRS, Lonmin, News Corp and Rolls-Royce.

Q2: April to June Engagement Report

Highlights: Barclays, HSBC, Royal Bank of Scotland, News Corp, Goldman Sachs, BP, Shell.

Q1: January to March Engagement Report

Highlights: easyJet, Afren, Cable & Wireless Worldwide, Goldman Sachs, Heineken.

**CONSULTATION RESPONSES**

**2013**

IIRC consultation on draft of International IR framework

LAPFF response to the draft International IR framework

Letter to the UK Competition Commission on Auditor Rotation

FRC Consultation on Revision to ISA 700

LAPFF response to the FRC ISA 700 consultation

FRC Consultation on Sharman Implementation

LAPFF response to the FRC on the Sharman implementation

FRC Consultation on Financial Reporting Disclosure

LAPFF response to the FRC on Financial Reporting Disclosure

FSA Consultation on Listing Rules

**Membership of LAPFF**

Avon Pension Fund  
Barking and Dagenham LB  
Bedfordshire Pension Fund  
Camden LB  
Cheshire Pension Fund  
City of London Corporation  
Clwyd Pension Fund  
Croydon LB  
Cumbria Pension Scheme  
Derbyshire CC  
Devon CC  
Dorset County Pension Fund  
Dyfed Pension Fund  
Ealing LB  
East Riding of Yorkshire Council  
Enfield  
Falkirk Council  
Greater Gwent Fund  
Greater Manchester Pension Fund  
Greenwich Pension Fund  
Gwynedd Pension Fund  
Hackney LB  
Haringey LB  
Harrow LB  
Hounslow LB  
Islington LB  
Lancashire County Pension Fund  
Lewisham LB  
Lincolnshire CC  
London Pension Fund Authority  
Lothian Pension Fund  
Merseyside Pension Fund  
Newham LB  
Norfolk Pension Fund  
North East Scotland Pension Fund  
North Yorkshire CC Pension Fund  
Northamptonshire CC  
Northern Ireland Local Government Officers Superannuation Committee  
Nottinghamshire CC  
Rhondda Cynon Taf  
Royal Borough of Greenwich Pension Fund  
Shropshire Council  
Somerset CC  
South Yorkshire Integrated Transport Authority  
South Yorkshire Pensions Authority  
Southwark LB  
Staffordshire Pension Fund  
Surrey CC  
Teesside Pension Fund

Tower Hamlets LB  
Tyne and Wear Pension Fund  
Waltham Forest LB  
Warwickshire Pension Fund  
West Midlands PTA Pension Fund  
West Midlands Pension Fund  
West Yorkshire Pension Fund  
Wiltshire CC  
Worcestershire CC



## **REPORT OF SERVICE DIRECTOR – FINANCE & PROCUREMENT**

### **PROXY VOTING**

#### **Purpose of the Report**

1. To report on the voting of equity holdings in the second and third quarters of 2013.

#### **Information and Advice**

2. The CIPFA *Principles for investment decision making and disclosure* require administering authorities to include a statement of their policy on responsible investment in the Statement of Investment Principles and report periodically on the discharge of such responsibilities. The Fund's statement on responsible investment states that "the Fund continues to exercise its ownership rights by adopting a policy of actively voting stock it holds".
3. The Fund retains responsibility for voting (rather than delegating to its investment managers) and votes the majority of its equity holdings in the UK, Europe, US and Japan. Voting is implemented by Pensions Investment Research Consultants (PIRC). PIRC issue Shareholder Voting Guidelines each year and the latest version places even greater emphasis on management of shareholders' capital and remuneration policies. PIRC use these guidelines when implementing voting on behalf of the Fund.
4. During the second and third quarters of 2013, 710 meetings were held with a total of 9,818 voting resolutions. A list of all meetings held during the period together with a full analysis of voting at each meeting can be found on the pension fund's website at <http://www.nottspf.org.uk/pensionfund/voting/>.
5. Overall, 32% of the votes cast were not in favour of the resolutions with Europe and the US having the highest percentage of oppose votes at 22% and 31% respectively. The UK meetings had 12% of oppose votes. The main oppose votes were on executive pay schemes, annual reports and remuneration reports. This demonstrates that the Fund continues to take its stewardship role seriously through considered exercise of its voting rights. A summary of the voting is shown in the table below.

<b>2013 Q2 &amp; Q3</b>	<b>UK</b>	<b>Europe</b>	<b>North America</b>	<b>Japan</b>	<b>Global</b>	<b>Total</b>
For	2211 77%	1830 72%	1961 55%	716 85%	5 83%	6723 68%

Oppose	343	12%	556	22%	1103	31%	115	14%	1	17%	2118	22%
Abstain	321	11%	170	7%	178	5%	7	1%	0	0%	676	7%
Withhold	0	0%	0	0%	301	8%	0	0%	0	0%	301	3%
	2875		2556		3543		838		6		9818	

6. During the latest quarter the Competition Commission has published a provisional decision regarding the tendering of external audit services for FTSE 350 companies. Whilst the Commission stops short of the more radical proposal of mandatory rotation, it recommends the Financial Reporting Council's Audit Quality Review team should review every audit engagement in the FTSE 350 on average every five years. The Commission also proposes a prohibition of 'Big-4-only' clauses and a shareholder vote on whether Audit Committee Reports in company annual reports contain sufficient information.
7. The topical issue of tax avoidance was addressed by Farrer & Co, a leading legal firm, which says director's fiduciary duty is not to maximise shareholder value through tax avoidance. "It is not possible to construe a director's duty to promote the success of the company as constituting a positive duty to avoid tax", says the firm. The law firm was commissioned by the Tax Justice Commissioners to clarify this matter.

## Statutory and Policy Implications

8. This report has been compiled after consideration of implications in respect of finance, the public sector equality duty, human resources, crime and disorder, human rights, the safeguarding of children, sustainability and the environment and those using the service and where such implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required.

## RECOMMENDATION/S

- 1) That the report be noted.

### Report Author:

**Simon Cunnington**

**Senior Accountant – Pensions & Treasury Management**

**For any enquiries about this report please contact: Simon Cunnington**

## Background Papers and Published Documents

Except for previously published documents, which will be available elsewhere, the documents listed here will be available for inspection in accordance with Section 100D of the Local Government Act 1972.

PIRC Notts Quarterly Report Q2 2013





**REPORT OF SERVICE DIRECTOR – FINANCE & PROCUREMENT****PERFORMANCE REVIEW 2012/13****Purpose of the Report**

1. To provide background information on the Fund's performance monitoring arrangements.

**Information and Advice**

2. The Fund used to subscribe to performance monitoring services from BNY Mellon. This service is no longer being provided and, as a consequence, from 1 April 2012 performance monitoring has been provided by the WM Company, part of State Street Investment Analytics.
3. Data on asset values, transactions and fund cash flows are submitted to WM who then produce individual reports for each subscribing fund as well as average performance data across all subscribing local authority funds (the local authority universe).
4. Karen Thrumble from WM will be attending the meeting to present the attached reports on the Fund's performance for 2012/13. The first report is the *Annual Performance Review* and shows the combined fund performance against the strategic benchmark and the local authority universe. The second report is an example of a *Quarterly Performance Review* to show the additional detail that will be available on individual portfolios within the Fund.

**Statutory and Policy Implications**

5. This report has been compiled after consideration of implications in respect of finance, the public sector equality duty, human resources, crime and disorder, human rights, the safeguarding of children, sustainability and the environment and those using the service and where such implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required.

**RECOMMENDATION/S**

- 1) That the report be noted.

**Report Author:**  
**Simon Cunnington**  
**Senior Accountant – Pensions & Treasury Management**

**For any enquiries about this report please contact: Simon Cunnington**

### **Background Papers and Published Documents**

Except for previously published documents, which will be available elsewhere, the documents listed here will be available for inspection in accordance with Section 100D of the Local Government Act 1972.

**WM PERFORMANCE SERVICES**

A State Street Business

# Quarterly Performance Service

**NOTTINGHAMSHIRE COUNTY COUNCIL -  
TOTAL COMBINED  
ANNUAL PERFORMANCE REVIEW**

PERIODS TO END MARCH 2013

Produced 25 October 2013

# Contents

NOTTINGHAMSHIRE COUNTY COUNCIL - TOTAL COMBINED  
Benchmark - LOCAL AUTHORITY UNIVERSE

Periods to end March 2013  
Pound Sterling

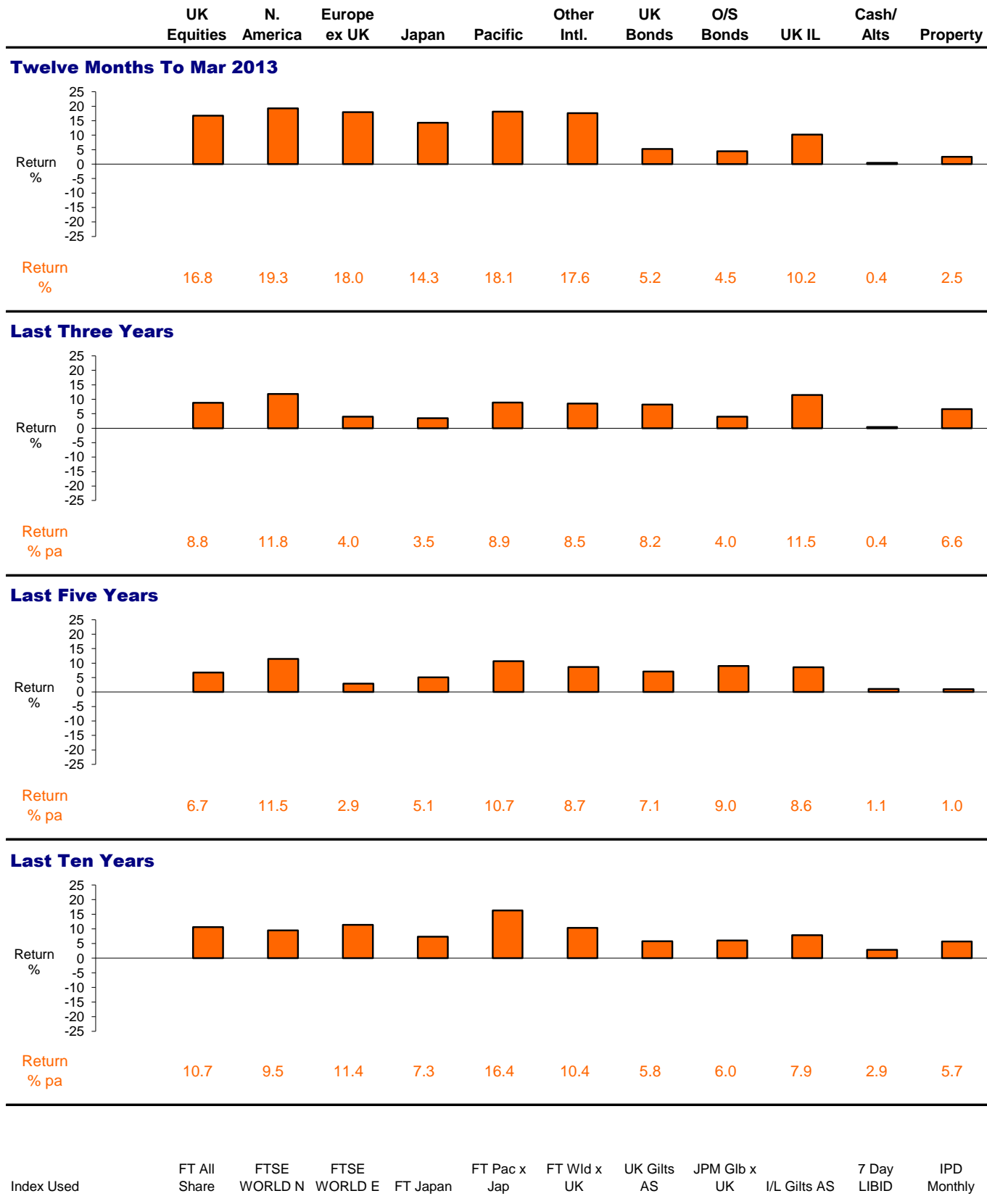
	<b>Page</b>
Market Background	2
Fund Structure and Benchmarks	3
Performance Summary	4
Detailed Analysis of the Latest Period Performance	5
Long Term Performance Analysis	6
Long Term Asset Allocation	7
Long Term Stock Selection	8
Performance Summary - Manager Attribution	9
Summary of Manager Performance	10
Performance Summary	11
Detailed Analysis of the Latest Period Performance	12
Long Term Performance Analysis	13
Asset Mix and Returns	14
Summary of Long Term Returns	15



## Market Background

Periods to end March 2013  
Pound Sterling

This page details the performance of the major markets.



## Fund Structure and Benchmarks

NOTTINGHAMSHIRE COUNTY COUNCIL - TOTAL COMBINED

30/03/2012 to 29/03/2013

Benchmark - Nottinghamshire Combined Benchmark

Pound Sterling

### Structure

The Fund is managed partly internally with the remainder of assets managed externally by Schroders, Kames and Aberdeen Asset Management.

### Benchmark

The Fund's performance is analysed relative to a customised benchmark as detailed below:

	%	Index
Equity	65	FTSE All World
Bonds	17.5	FTSE UK Gilt All Stock
Cash	2.5	LIBID 7 Day
Property	15	IPD Annual Universe

The individual manager allocations are detailed below:

	Internal Equity	Schroders	Internal Misc	Kames	Aberdeen
Equity	95	95	65		
Bonds				100	
Cash	5	5	10		
Property			25		100

### WM Contact: Karen Thrumble

Direct Telephone: (0131) 315 5248 E-mail: karen.thrumble@statestreet.com

*© 2013 The World Markets Company PLC ("WM") a STATE STREET BUSINESS. No part of this publication may be reproduced, stored in a retrieval system or transmitted, in any form or by any means, electronic, mechanical, photocopying, recording or otherwise, without WM's prior written consent.*

*While all reasonable efforts have been made to ensure the accuracy of the information contained in this document, there is no warranty, express or implied, as to its accuracy or completeness. This document is for general information purposes only. State Street Corporation and its affiliates (including WM and the State Street Investment Analytics division) accept no responsibility for any loss arising from any action taken or not taken by anyone using this material.*

*All statistics quoted are sourced by the State Street Investment Analytics division unless otherwise stated.*

## Performance Summary

NOTTINGHAMSHIRE COUNTY COUNCIL - TOTAL COMBINED

Periods to end March 2013

Benchmark - Nottinghamshire Combined Benchmark

Pound Sterling

Category - TOTAL ASSETS

This page summarises the overall value and performance of the Fund.

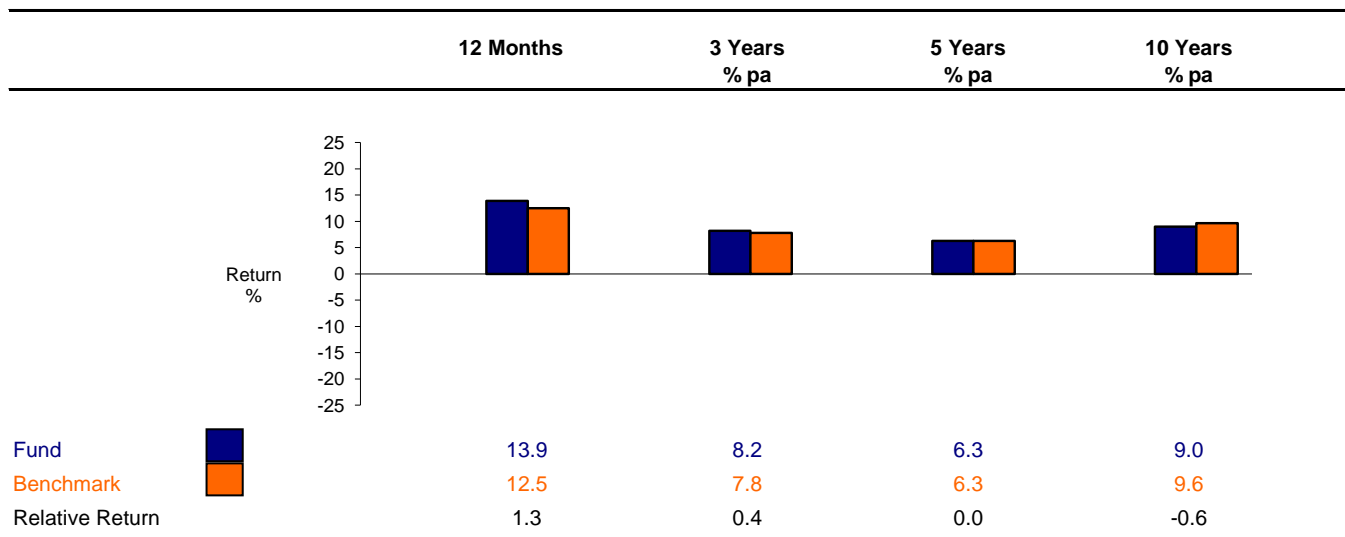
### Fund Value

Values (GBP)'000	Mandate	Value at 30/03/2012	Transactions	Capital Gain / loss	Income	Value at 29/03/2013	% Fund
INT GLOB EQ	Eq Gbl	1,152,961	53,961	165,553	29,585	1,372,475	39
SCHRODERS	Eq Gbl	786,401	24,177	117,627	24,089	928,205	27
INT MULTI AS	Multi Asset	471,498	-45,922	37,918	2,493	463,494	13
KAMES	Bd Gbl	383,822	15,346	26,683	14,215	425,851	12
ABERDEEN AM	Prop UK	266,603	35,097	-10,512	17,188	291,188	8
Total Fund		3,061,285	82,658	337,269	87,570	3,481,213	100

The table shows the 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 the investments.

### Fund Returns



The graphs show the performance of the Fund and Benchmark over the latest period and longer term.

The relative return is the degree by which the Fund has out or underperformed the Benchmark over these periods

# = Data not available for the full period

# Detailed Analysis of the Latest Period Performance

NOTTINGHAMSHIRE COUNTY COUNCIL - TOTAL COMBINED

30/03/2012 to 29/03/2013

Benchmark - Nottinghamshire Combined Benchmark

Pound Sterling

Category - TOTAL ASSETS

This page analyses in detail the Fund performance over the latest period.

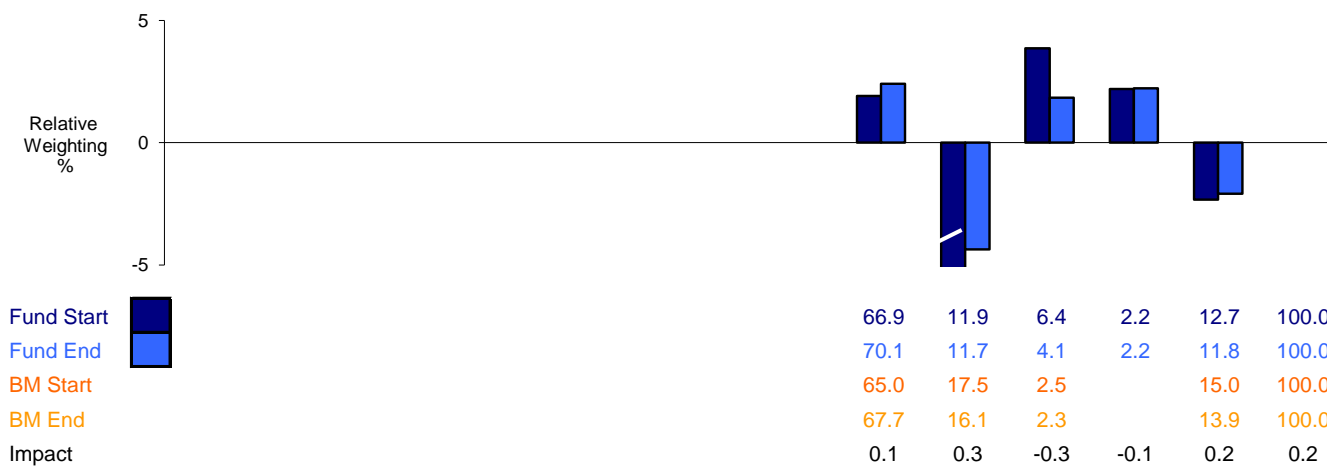
## Summary

Fund Return	13.9
Benchmark Return	12.5
Relative Performance	1.3
attributable to:	
Asset Allocation	0.2
Stock Selection	1.0

The relative performance can be attributed to the effects of stock selection and asset allocation as detailed below:

	Total Equity	Bonds + IL	Cash	Private Eq	Property	Total Fund
--	--------------	------------	------	------------	----------	------------

## Asset Allocation



## Stock Selection



An asset allocation decision will have a positive impact if a Fund is invested more heavily than its Benchmark in an area that has performed well.

Conversely, a positive benefit would be derived from having a relatively low exposure to an area that has performed poorly.

Stock selection will have a positive impact if the Fund has outperformed the Benchmark in a particular area.

The impact of both asset allocation and stock selection is weighted by the level of investment in the area.

# not invested in this area for the entire period

- indicates a value less than 0.05 and greater than -0.05

# Long Term Performance Analysis

NOTTINGHAMSHIRE COUNTY COUNCIL - TOTAL COMBINED

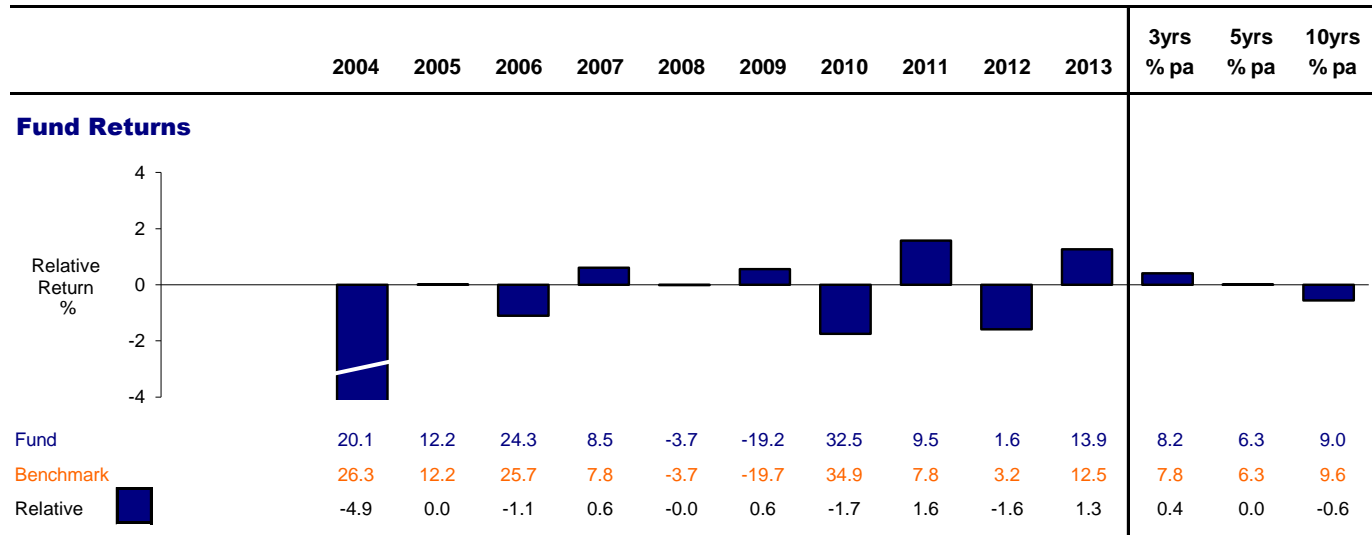
Periods to end March 2013

Benchmark - Nottinghamshire Combined Benchmark

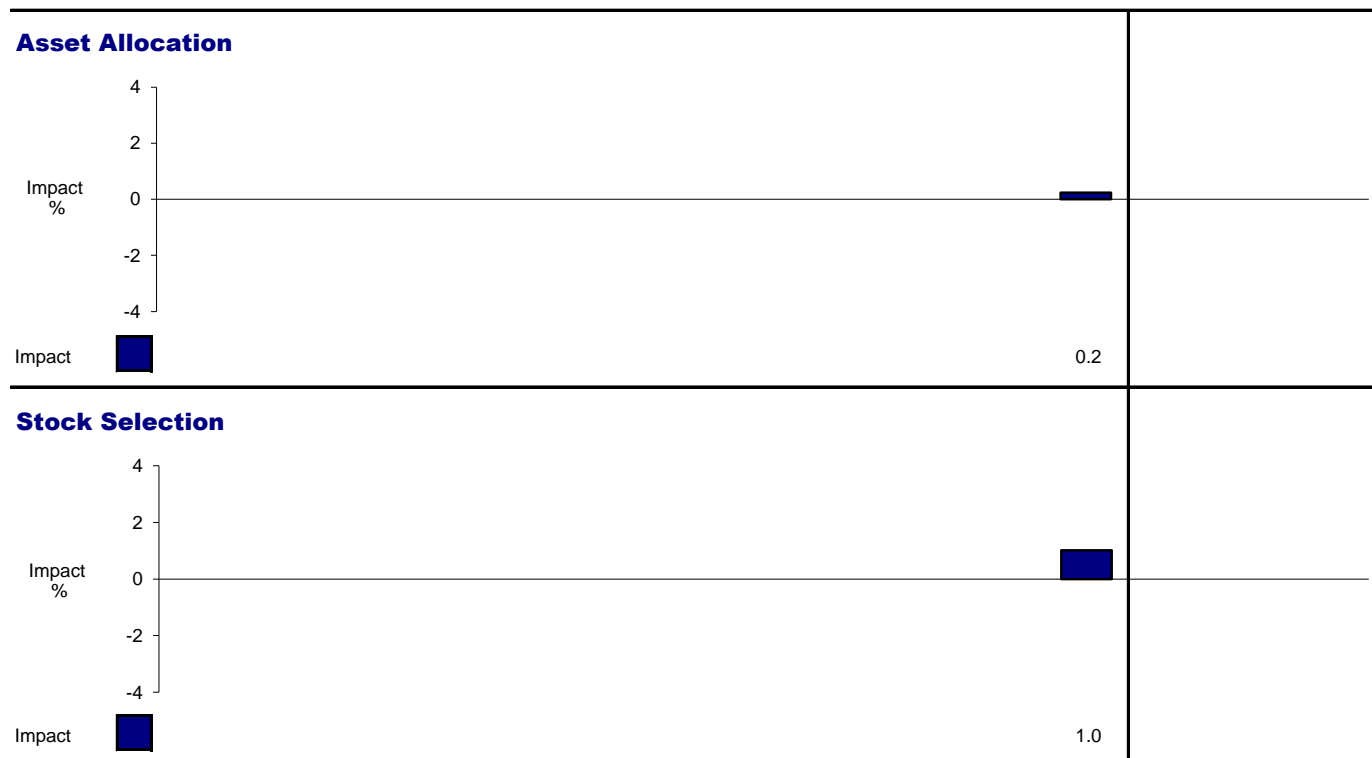
Pound Sterling

Category - TOTAL ASSETS

This page looks in more detail at the long term performance, plotting it relative to the Benchmark.



The relative performance can be attributed to the effects of asset allocation and stock selection as detailed below:



An asset allocation decision will be positive if a Fund is invested more heavily than its Benchmark in an area that has performed well.

Conversely a positive benefit would be derived from investing less heavily in an area that has performed poorly.

Stock selection will be positive if the Fund has outperformed the Benchmark in a particular area.

The impact of both asset allocation and stock selection is weighted by the level of investment in the area.

# not invested in this area for the entire period

- indicates a value less than 0.05 and greater than -0.05

# Long Term Asset Allocation

NOTTINGHAMSHIRE COUNTY COUNCIL - TOTAL COMBINED

Periods to end March 2013

Benchmark - Nottinghamshire Combined Benchmark

Pound Sterling

This page looks in more detail at asset allocation decisions, plotting the Fund's exposure at the end of each period relative to the Benchmark and detailing the impact on the total fund performance.

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	3yrs % pa	5yrs % pa	10yrs % pa
<b>TOTAL EQUITIES</b>													
Relative Weight %													
Fund										70.1			
Benchmark										65.0			
Impact										0.1			
<b>TOTAL BONDS PLUS INDEX-LINKED</b>													
Relative Weight %													
Fund										11.7			
Benchmark										17.5			
Impact										0.3			
<b>TOTAL CASH</b>													
Relative Weight %													
Fund										4.1			
Benchmark										2.5			
Impact										-0.3			
<b>TOTAL PRIVATE EQUITY</b>													
Relative Weight %													
Fund										2.2			
Benchmark													
Impact										-0.1			
<b>TOTAL PROPERTY</b>													
Relative Weight %													
Fund										11.8			
Benchmark										15.0			
Impact										0.2			

For each area of investment the initial weighting for the Fund and the Benchmark is shown and the difference plotted.

The impact will be positive when the Fund is overweight in an area that has outperformed or vice versa.

- indicates a value less than 0.05 and greater than -0.05

# Long Term Stock Selection

NOTTINGHAMSHIRE COUNTY COUNCIL - TOTAL COMBINED

Periods to end March 2013

Benchmark - Nottinghamshire Combined Benchmark

Pound Sterling

This page looks in more detail at the impact of stock selection, plotting the return in each area relative to the Benchmark and detailing the impact on the total fund performance.

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	3yrs % pa	5yrs % pa	10yrs % pa
<b>TOTAL EQUITIES</b>													
Relative Return %													
Fund										17.7			
Benchmark										17.1			
Impact										0.3			
<b>TOTAL BONDS PLUS INDEX-LINKED</b>													
Relative Return %													
Fund										11.3			
Benchmark										5.2			
Impact										0.7			
<b>TOTAL CASH</b>													
Relative Return %													
Fund										4.0			
Benchmark										0.4			
Impact										0.2			
<b>TOTAL PRIVATE EQUITY</b>													
Relative Return %													
Fund										9.1			
Benchmark													
Impact													
<b>TOTAL PROPERTY</b>													
Relative Return %													
Fund										1.3			
Benchmark										2.5			
Impact										-0.2			

For each area of investment the return for the Fund and the Benchmark is shown and the relative return plotted.

The impact of stock selection is the relative return weighted by the level of investment in the area.

# not invested in this area for the entire period

- indicates a value less than 0.05 and greater than -0.05

## Performance Summary - Manager Attribution

NOTTINGHAMSHIRE COUNTY COUNCIL  
Benchmark - Nottinghamshire Combined Benchmark

12 Months to end March 2013  
Pound Sterling

This page analyses in detail the contributions to the Fund performance over the latest period.

### Summary

Fund Return	13.9
Benchmark Return	12.5
Relative Performance	1.3
<b>attributable to:</b>	
Strategic Allocation	-
Manager Contribution	0.1
Residual	1.1

The relative performance can be attributed to the effects of manager contribution and strategic allocation.

### Detail

Strategic Allocation			Manager Contribution			
Distribution		Policy	Investment	Weighted	% Return	
Portfolio	Benchmark	Contribution	Manager	Contribution	Portfolio	Benchmark
37.7		-	INTERNAL GLOBAL EQUITY	-	16.6	16.7
25.7		-	SCHRODERS INVESTMENT MANAGEMENT	0.2	18.0	17.0
15.3		-	INTERNAL MULTI ASSET	-0.3	9.4	11.8
12.6		-	KAMES CAPITAL	0.2	10.6	8.7
8.7		-	ABERDEEN ASSET MGMT PLC	-	2.4	2.5
		-		0.1		

The Strategic Allocation quantifies the impact of the fund being invested differently from the Strategic Benchmark set.

The Manager Contribution comes about from the out / underperformance of each manager relative to their benchmarks weighted by the value of assets held.

# = not invested in this area for the entire period



## Summary of Manager Performance

NOTTINGHAMSHIRE COUNTY COUNCIL - TOTAL COMBINED

Periods to end March 2013

Benchmark - Nottinghamshire Combined Benchmark

Pound Sterling

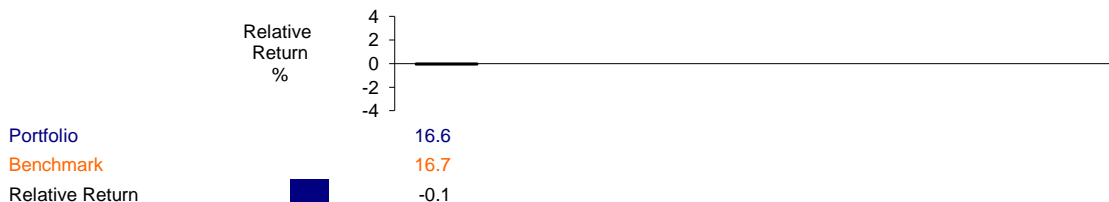
Category - TOTAL ASSETS

This page summarises the performance of each investment manager plotting the return achieved relative to the Benchmark.

	1 Year	3 Years % pa	5 Years % pa	10 Years % pa
--	--------	-----------------	-----------------	------------------

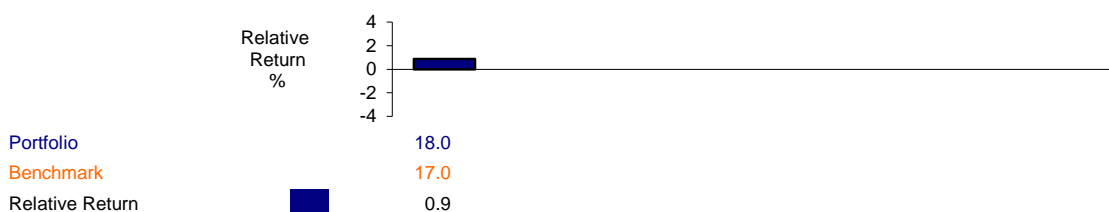
### INTERNAL GLOBAL EQUITY - TOTAL ASSETS

Nottinghamshire Internal Global Benchmark



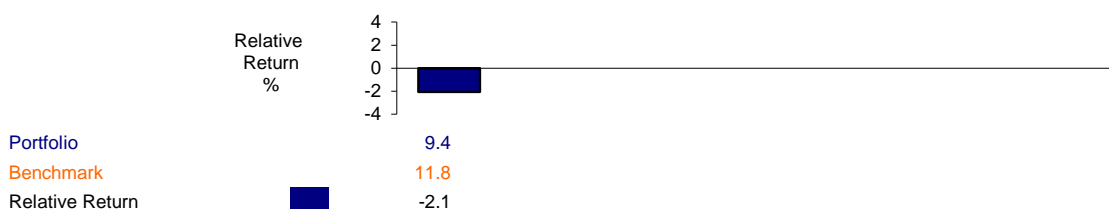
### SCHRODERS INVESTMENT MANAGEMENT - TOTAL ASSETS

Nottinghamshire SIM Global Benchmark



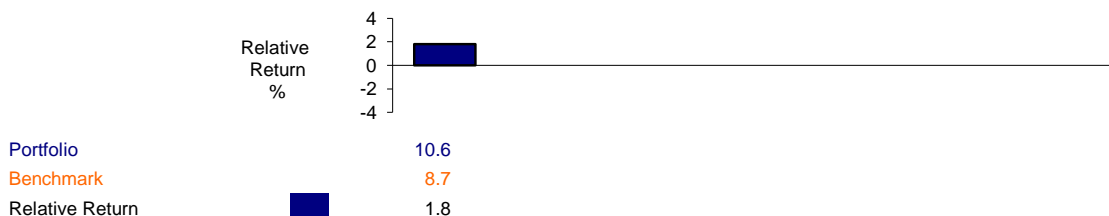
### INTERNAL MULTI ASSET - TOTAL ASSETS

Nottinghamshire Internal Benchmark



### KAMES CAPITAL - TOTAL ASSETS

Nottinghamshire Kames Benchmark



### ABERDEEN ASSET MGMT PLC - TOTAL ASSETS

IPD All Properties



The graphs show the performance of each manager relative to their Benchmark.

The relative return is the degree of out or underperformance of the Benchmark over these periods.

# not invested in this area for the entire period

## Performance Summary

NOTTINGHAMSHIRE COUNTY COUNCIL - TOTAL COMBINED

Periods to end March 2013

Benchmark - LOCAL AUTHORITY UNIVERSE

Pound Sterling

### Category - TOTAL ASSETS

This page summarises the overall value and performance of the Fund.

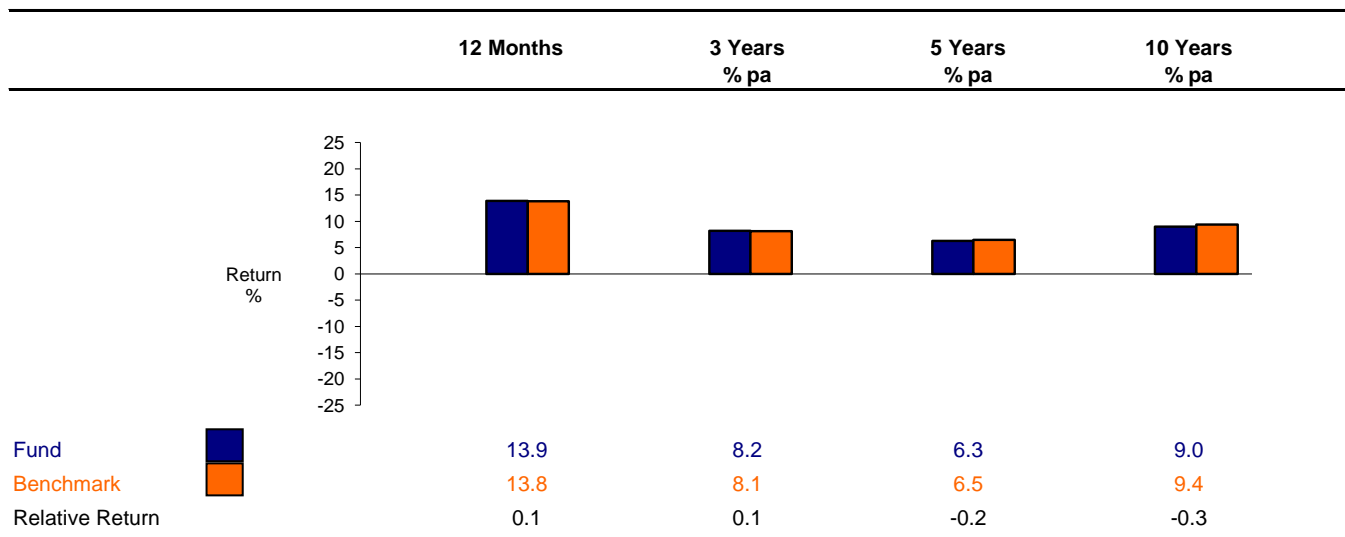
### Fund Value

Values (GBP)'000	Mandate	Value at 30/03/2012	Transactions	Capital Gain / loss	Income	Value at 29/03/2013	% Fund
INT GLOB EQ	Eq Gbl	1,152,961	53,961	165,553	29,585	1,372,475	39
SCHRODERS	Eq Gbl	786,401	24,177	117,627	24,089	928,205	27
INT MULTI AS	Multi Asset	471,498	-45,922	37,918	2,493	463,494	13
KAMES	Bd Gbl	383,822	15,346	26,683	14,215	425,851	12
ABERDEEN AM	Prop UK	266,603	35,097	-10,512	17,188	291,188	8
Total Fund		3,061,285	82,658	337,269	87,570	3,481,213	100

The table shows the 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 the investments.

### Fund Returns



The graphs show the performance of the Fund and Benchmark over the latest period and longer term.

The relative return is the degree by which the Fund has out or underperformed the Benchmark over these periods

# = Data not available for the full period

## Detailed Analysis of the Latest Period Performance

NOTTINGHAMSHIRE COUNTY COUNCIL - TOTAL COMBINED

30/03/2012 to 29/03/2013

Benchmark - LOCAL AUTHORITY UNIVERSE

Pound Sterling

Category - TOTAL ASSETS

This page analyses in detail the Fund performance over the latest period.

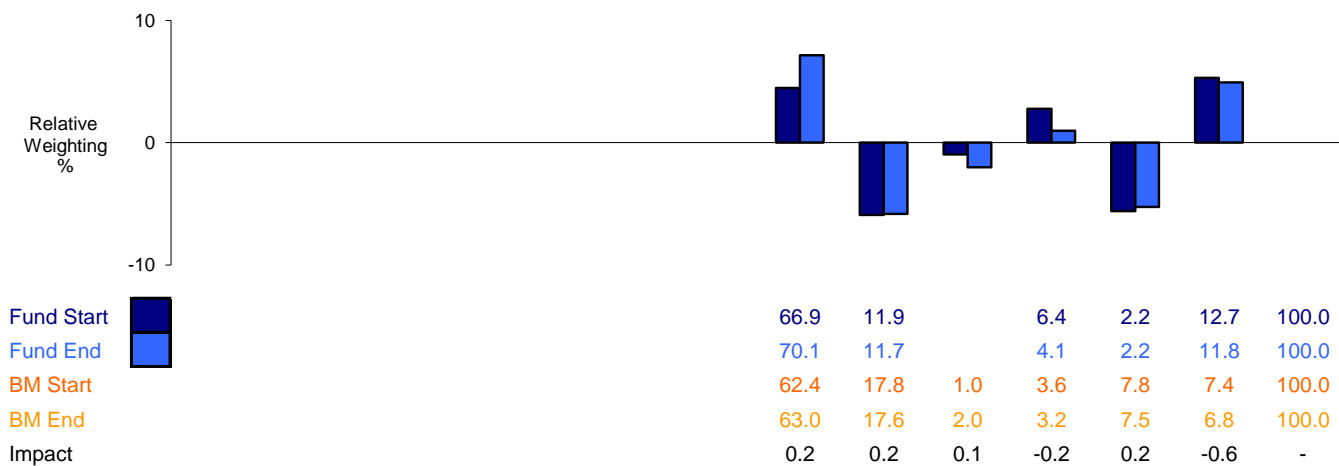
### Summary

Fund Return	13.9
Benchmark Return	13.8
Relative Performance	0.1
<b>attributable to:</b>	
Asset Allocation	-
Stock Selection	0.1

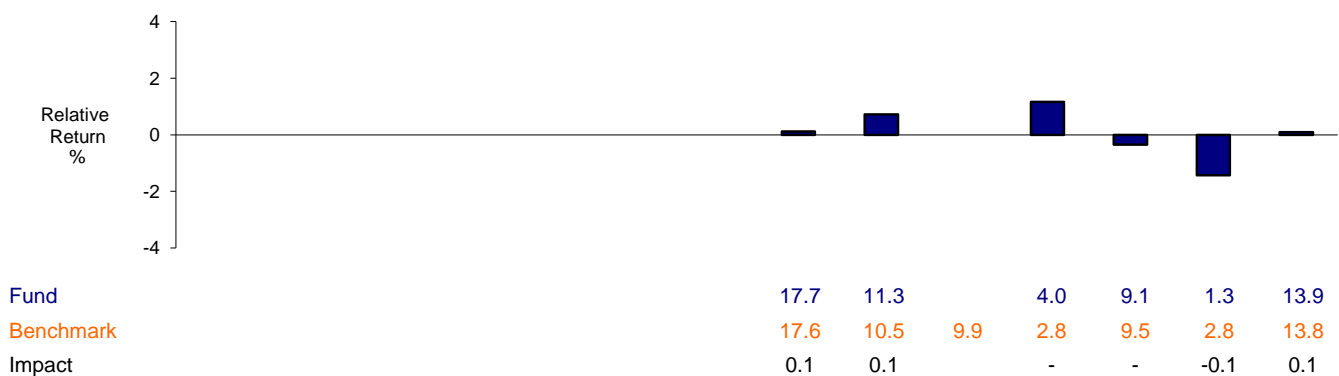
The relative performance can be attributed to the effects of stock selection and asset allocation as detailed below:

	Total Equity	Bonds + IL	Multi Asset	Cash	Alternatives	Property	Total Fund
--	--------------	------------	-------------	------	--------------	----------	------------

### Asset Allocation



### Stock Selection



An asset allocation decision will have a positive impact if a Fund is invested more heavily than its Benchmark in an area that has performed well.

Conversely, a positive benefit would be derived from having a relatively low exposure to an area that has performed poorly.

Stock selection will have a positive impact if the Fund has outperformed the Benchmark in a particular area.

The impact of both asset allocation and stock selection is weighted by the level of investment in the area.

# not invested in this area for the entire period

- indicates a value less than 0.05 and greater than -0.05

# Long Term Performance Analysis

NOTTINGHAMSHIRE COUNTY COUNCIL - TOTAL COMBINED

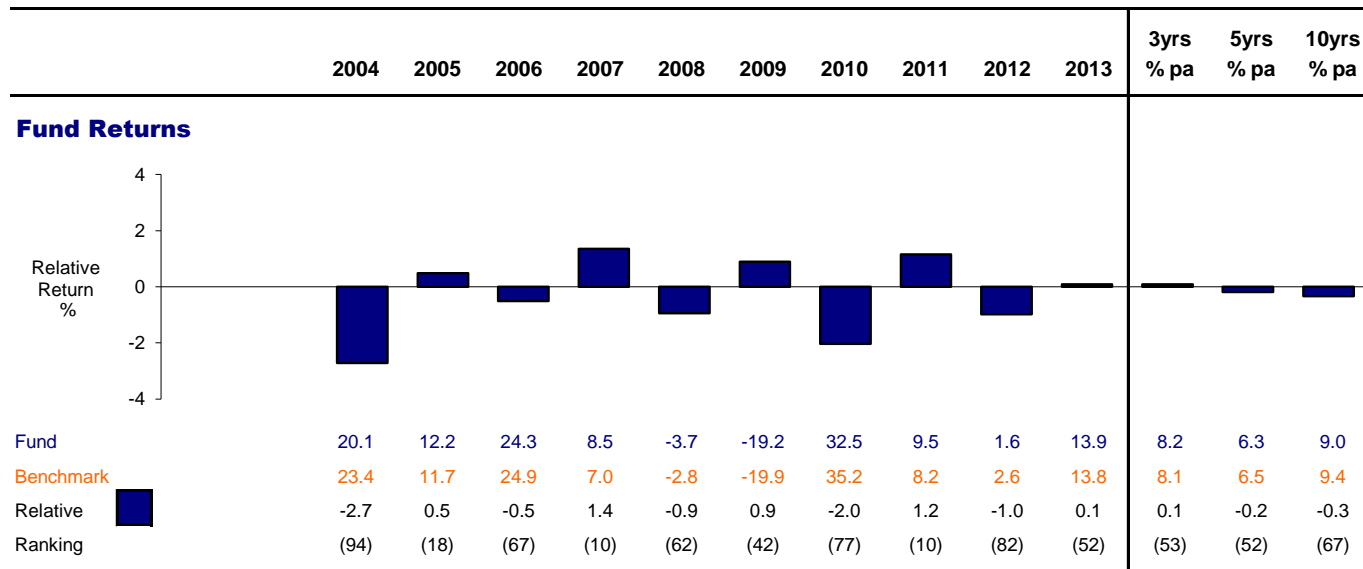
Periods to end March 2013

Benchmark - LOCAL AUTHORITY UNIVERSE

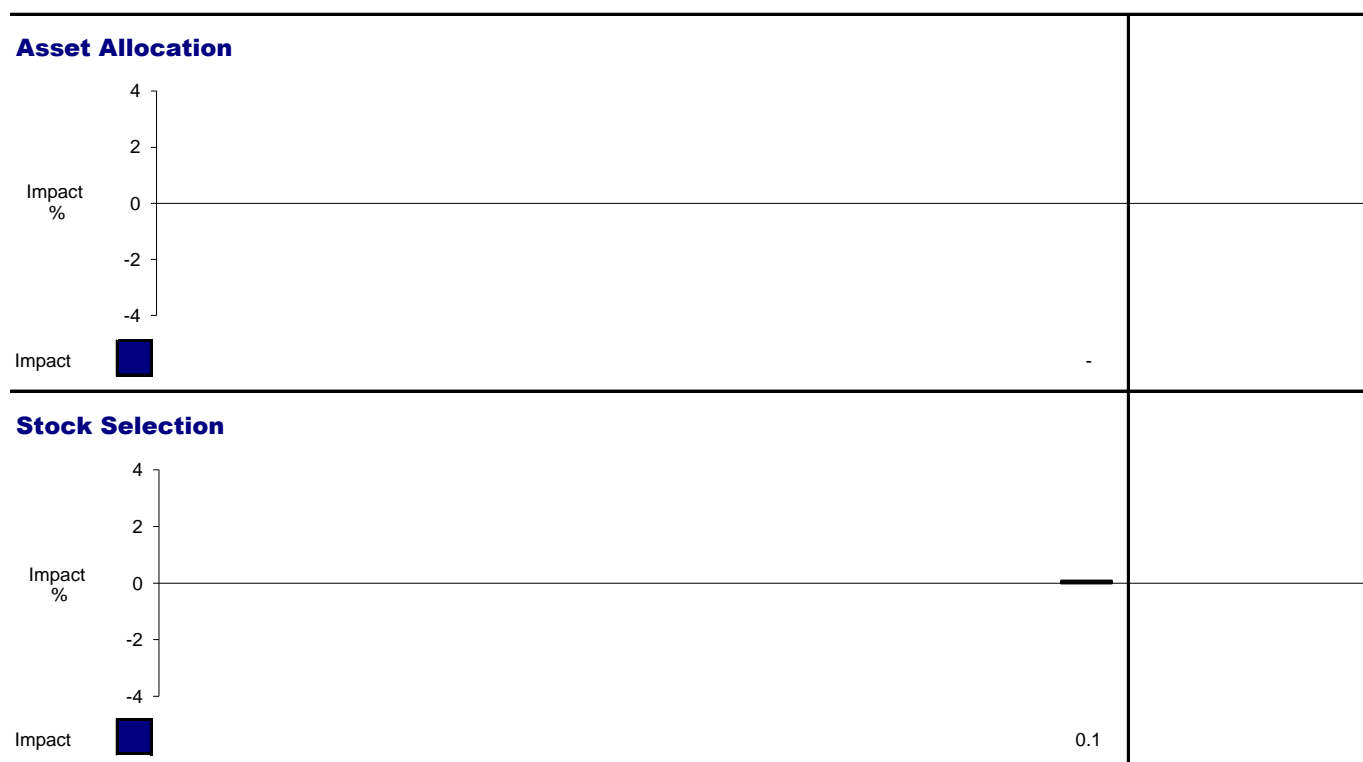
Pound Sterling

Category - TOTAL ASSETS

This page looks in more detail at the long term performance, plotting it relative to the Benchmark (with rankings).



The relative performance can be attributed to the effects of asset allocation and stock selection as detailed below:



An asset allocation decision will be positive if a Fund is invested more heavily than its Benchmark in an area that has performed well.

Conversely a positive benefit would be derived from investing less heavily in an area that has performed poorly.

Stock selection will be positive if the Fund has outperformed the Benchmark in a particular area.

The impact of both asset allocation and stock selection is weighted by the level of investment in the area.

# not invested in this area for the entire period

- indicates a value less than 0.05 and greater than -0.05

# Asset Mix and Returns

NOTTINGHAMSHIRE COUNTY COUNCIL - TOTAL COMBINED

30/03/2012 to 29/03/2013

Benchmark - LOCAL AUTHORITY UNIVERSE

Pound Sterling

This page provides the underlying detail for the fund over the latest period.

All values are shown in GBP'000s	Asset Allocation						Stock Selection			
	30/03/2012						29/03/2013			
	Value	%	Purchases	Sales	Gain/ Loss	Income	Value	%	Return	B'M
TOTAL EQUITIES	2,048,434	67	287,785	206,753	312,288	53,570	2,441,754	70	17.7	17.6
U.K. EQUITIES	1,048,940	34	111,096	100,930	150,732	37,050	1,209,839	35	18.3	18.0
OVERSEAS EQUITIES	999,494	33	176,689	105,823	161,556	16,519	1,231,916	35	17.0	17.5
NORTH AMERICA	358,487	12	21,400	18,675	62,482	7,559	423,694	12	19.9	19.0
CONTINENTAL EUROPE	272,702	9	92,324	70,761	43,022	5,729	337,287	10	16.7	20.4
JAPAN	97,805	3	9,469	16,387	11,801	711	102,688	3	14.6	15.4
TOTAL PACIFIC (EX.JAPAN)	125,443	4			26,448	1,381	151,890	4	22.4	19.2
OTHER INTL EQUITIES	145,057	5	53,497		17,803	1,139	216,356	6	9.5	11.4
EMERGING MARKETS	130,544	4	53,497		14,866	1,139	198,907	6	8.5	10.5
GLOBAL POOLED EX UK	14,513	0			2,937		17,450	1	20.2	18.0
TOTAL BONDS PLUS INDEX-LINKED	363,355	12	459,972	441,220	26,683	14,178	408,790	12	11.3	10.5
TOTAL BONDS	288,011	9	434,490	413,782	19,071	12,851	327,790	9	10.9	10.6
U.K. BONDS	233,950	8	128,757	136,116	14,146	10,402	240,737	7	10.7	10.6
TOTAL UK GOVERNMENT BONDS	123,086	4	111,932	118,621	2,925	4,074	119,322	3	5.5	6.4
TOTAL UK CORPORATE BONDS	110,864	4	16,825	17,495	11,221	6,329	121,415	3	16.4	12.6
OVERSEAS BOND INC HEDGING	54,061	2	305,732	277,667	4,925	2,448	87,053	3	11.0	28.1
OVERSEAS BONDS	54,061	2	146,890	119,618	5,719	2,448	87,053	3	11.9	10.0
OVERSEAS BOND HEDGING			158,842	158,048	-794				5.1 #	
U.K. INDEX - LINKED	75,344	2	25,482	27,438	7,612	1,327	81,001	2	12.4	11.1
TOTAL CASH	194,521	6	798,067	854,072	5,187	1,095	143,703	4	4.0	2.8
TOTAL PRIVATE EQUITY	66,979	2	5,540	1,718	6,403		77,204	2	9.1	11.8
TOTAL PROPERTY	387,996	13	35,058		-13,292	18,728	409,762	12	1.3	2.8
U.K. PROPERTY	299,022	10	35,097		-11,715	17,331	322,404	9	1.8	2.9
OVERSEAS PROPERTY	88,974	3	-39		-1,577	1,397	87,358	3	-0.2	-0.2
<b>TOTAL ASSETS</b>	<b>3,061,285</b>	<b>100</b>	<b>1,586,422</b>	<b>1,503,764</b>	<b>337,269</b>	<b>87,570</b>	<b>3,481,213</b>	<b>100</b>	<b>13.9</b>	<b>13.8</b>

The change in Fund value over the period is a combination of the net money flows into or out of the Fund and any gain or loss on the capital value of the investments.

# not invested in this area for the entire period

## Summary of Long Term Returns

NOTTINGHAMSHIRE COUNTY COUNCIL - TOTAL COMBINED

Periods to end March 2013

Benchmark - LOCAL AUTHORITY UNIVERSE

Pound Sterling

This page summarises the long term returns at asset class level

A ranking against the peer group is shown in brackets.

Return %	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	3yrs % pa	5yrs % pa	10yrs % pa
<i>Total Equity</i>	31.4 (69)	14.4 (10)	30.5 (67)	8.3 (29)	-6.7 (67)	-26.0 (56)	51.2 (34)	10.9 (11)	-0.0 (53)	17.7 (44)	9.3 (29)	7.9 (33)	11.2 (46)
<i>Bonds + IL</i>										11.3 (44)			
<i>Total Bonds</i>										10.9 (50)			
<i>UK Bonds</i>						2.6 (25)	12.2 (66)	5.0 (84)	11.9 (48)	10.7 (53)	9.2 (53)	8.4 (53)	
<i>OS Bds inc H</i>										11.0 (40)			
<i>UK IL</i>	6.6 (35)	5.8 (30)	0.0 (100)	-2.1 (100)	14.9 (4)	-4.5 (93)	15.1 (8)	8.1 (13)	16.6 (94)	12.4 (15)	12.3 (70)	9.3 (40)	7.1 (97)
<i>Cash</i>	3.8 (27)	4.3 (55)	1.1 (96)	4.2 (57)	0.0 (86)	4.1 (61)	0.4 (55)	1.1 (34)	0.9 (41)	4.0 (18)	2.0 (31)	2.1 (35)	2.4 (76)
<i>Alternatives</i>										9.1 (43)			
<i>Property</i>	14.3 (20)	16.4 (86)	19.3 (84)	20.0 (14)	-9.2 (40)	-24.8 (31)	12.8 (26)	11.2 (14)	3.6 (78)	1.3 (54)	5.3 (36)	-0.2 (26)	5.5 (31)
<i>Total Assets</i>	20.1 (94)	12.2 (18)	24.3 (67)	8.5 (10)	-3.7 (62)	-19.2 (42)	32.5 (77)	9.5 (10)	1.6 (82)	13.9 (52)	8.2 (53)	6.3 (52)	9.0 (67)

# not invested in this area for the entire period

**WM PERFORMANCE SERVICES**

A State Street Business

# Quarterly Performance Service

**NOTTINGHAMSHIRE COUNTY COUNCIL -  
TOTAL COMBINED  
QUARTERLY PERFORMANCE REVIEW**

PERIODS TO END MARCH 2013

Produced 09 October 2013

# Contents

NOTTINGHAMSHIRE COUNTY COUNCIL - TOTAL COMBINED  
Benchmark - Nottinghamshire Combined Benchmark

Periods to end March 2013  
Pound Sterling

	<b>Page</b>
Market Background	2
Fund Structure and Benchmarks	3
Performance Summary	4
Detailed Analysis of the Latest Quarter Performance	5
Long Term Performance Analysis	6
Long Term Asset Allocation	7
Long Term Stock Selection	8
Long Term Performance	9
Asset Mix and Returns	10
Summary of Long Term Returns	11
Summary of Manager Performance	12
Performance Summary - Manager Attribution	13
Performance Summary - Manager Attribution	14
Summary of Manager Performance - Rates of Return	
<b>Appendices</b>	16
<b>INTERNAL GLOBAL EQUITY</b>	17
Detailed Analysis of the Latest Quarter Performance	18
Long Term Performance Analysis	19
Long Term Asset Allocation	20 - 21
Long Term Stock Selection	22 - 23
Asset Mix and Returns	24
Summary of Long Term Returns	25



# Contents

NOTTINGHAMSHIRE COUNTY COUNCIL - TOTAL COMBINED  
Benchmark - Nottinghamshire Combined Benchmark

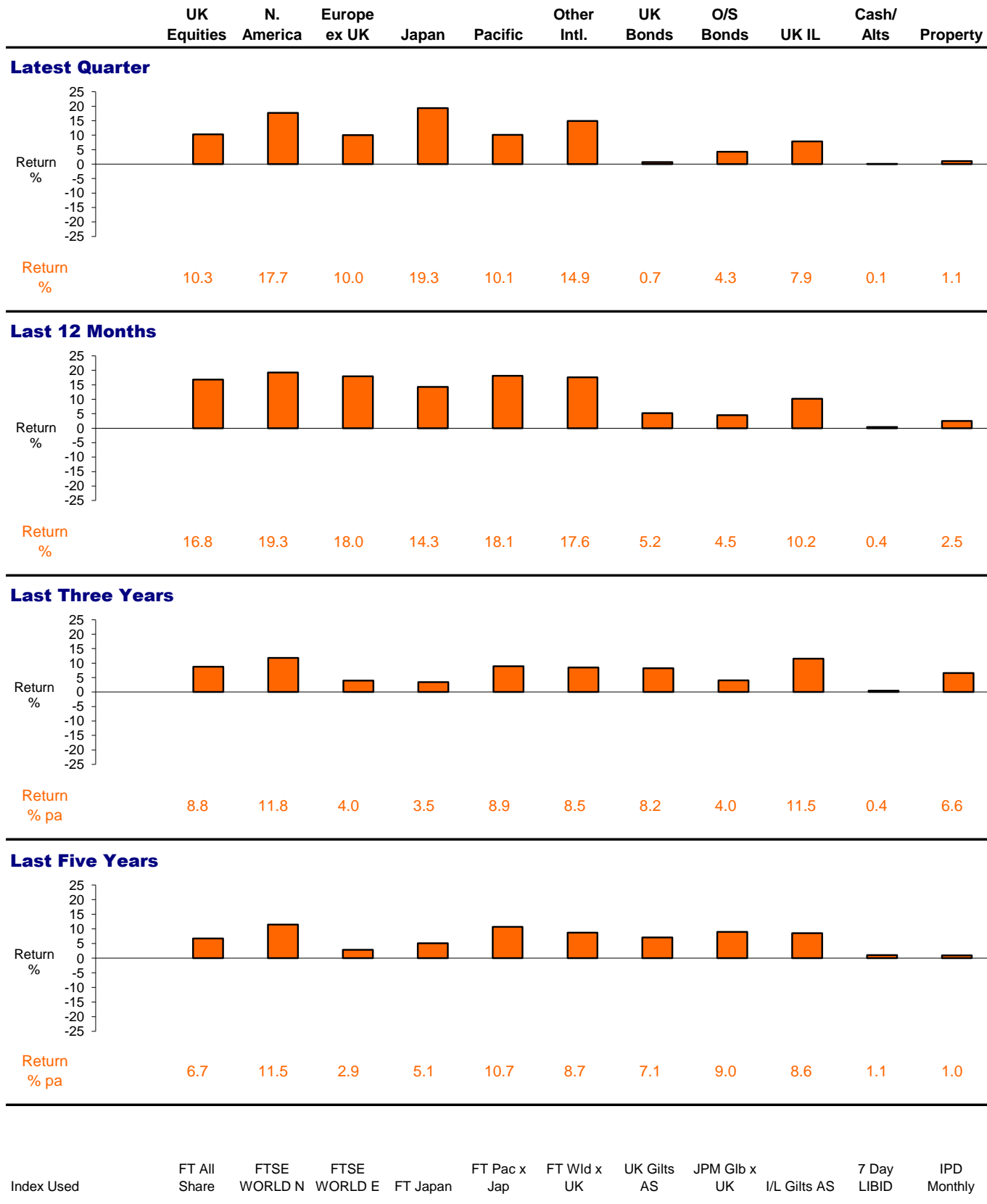
Periods to end March 2013  
Pound Sterling

	<b>Page</b>
<b>SCHRODERS INVESTMENT MANAGEMENT</b>	26
Detailed Analysis of the Latest Quarter Performance	27
Long Term Performance Analysis	28
Long Term Asset Allocation	29 - 30
Long Term Stock Selection	31 - 32
Asset Mix and Returns	33
Summary of Long Term Returns	34
<b>KAMES CAPITAL</b>	35
Detailed Analysis of the Latest Quarter Performance	36
Long Term Performance Analysis	37
Long Term Asset Allocation	38
Long Term Stock Selection	39
Asset Mix and Returns	40
Summary of Long Term Returns	41
Asset Mix and Returns	42
Summary of Long Term Returns	43
Asset Mix and Returns	44
Summary of Long Term Returns	45

## Market Background

Periods to end March 2013  
Pound Sterling

This page details the performance of the major markets.



## Fund Structure and Benchmarks

NOTTINGHAMSHIRE COUNTY COUNCIL - TOTAL COMBINED

31/12/2012 to 29/03/2013

Benchmark - Nottinghamshire Combined Benchmark

Pound Sterling

### Structure

The Fund is managed partly internally with the remainder of assets managed externally by Schroders, Kames and Aberdeen Asset Management.

### Benchmark

The Fund's performance is analysed relative to a customised benchmark as detailed below:

	%	Index
Equity	65	FTSE All World
Bonds	17.5	FTSE UK Gilt All Stock
Cash	2.5	LIBID 7 Day
Property	15	IPD Annual Universe

The individual manager allocations are detailed below:

	Internal Equity	Schroders	Internal Misc	Kames	Aberdeen
Equity	95	95	65		
Bonds				100	
Cash	5	5	10		
Property			25		100

### WM Contact: Karen Thrumble

Direct Telephone: (0131) 315 5248 Fax Number: (0131) 315 3496 E-mail: karen.thrumble@statestreet.com

*© 2013 The World Markets Company PLC ("WM") a STATE STREET BUSINESS. No part of this publication may be reproduced, stored in a retrieval system or transmitted, in any form or by any means, electronic, mechanical, photocopying, recording or otherwise, without WM's prior written consent. While all reasonable efforts have been made to ensure the accuracy of the information contained in this document, there is no warranty, express or implied, as to its accuracy or completeness. This document is for general information purposes only. State Street Corporation and its affiliates (including WM and the State Street Investment Analytics division) accept no responsibility for any loss arising from any action taken or not taken by anyone using this material.*

*All statistics quoted are sourced by the State Street Investment Analytics division unless otherwise stated.*

## Performance Summary

NOTTINGHAMSHIRE COUNTY COUNCIL - TOTAL COMBINED

Periods to end March 2013

Benchmark - Nottinghamshire Combined Benchmark

Pound Sterling

Category - TOTAL ASSETS

This page summarises the overall value and performance of the Fund.

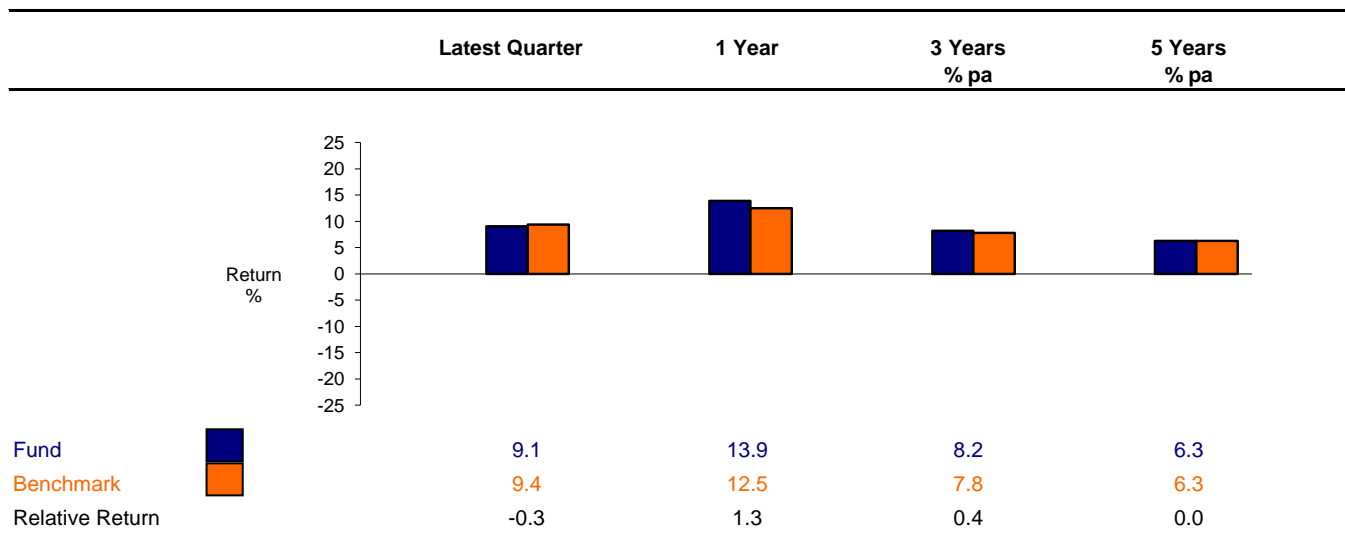
### Fund Value

Values (GBP)'000	Mandate	Value at 31/12/2012	Transactions	Capital Gain / loss	Income	Value at 29/03/2013	% Fund
INT GLOB EQ	Eq Gbl	1,232,257	4,869	135,350	7,440	1,372,475	39
SCHRODERS	Eq Gbl	828,744	4,537	94,924	5,160	928,205	27
INT MULTI AS	Multi Asset	436,065	-3,746	31,174	807	463,494	13
KAMES	Bd Gbl	411,735	5,563	8,554	4,127	425,851	12
ABERDEEN AM	Prop UK	276,688	16,353	-1,853	4,341	291,188	8
Total Fund		3,185,488	27,576	268,149	21,874	3,481,213	100

The table shows the 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 the investments.

### Fund Returns



The graphs show the performance of the Fund and Benchmark over the latest period and longer term.

The relative return is the degree by which the Fund has out or underperformed the Benchmark over these periods

# = Data not available for the full period

# Detailed Analysis of the Latest Quarter Performance

NOTTINGHAMSHIRE COUNTY COUNCIL - TOTAL COMBINED

Periods to end March 2013

Benchmark - Nottinghamshire Combined Benchmark

Pound Sterling

Category - TOTAL ASSETS

This page analyses in detail the Fund performance over the latest period.

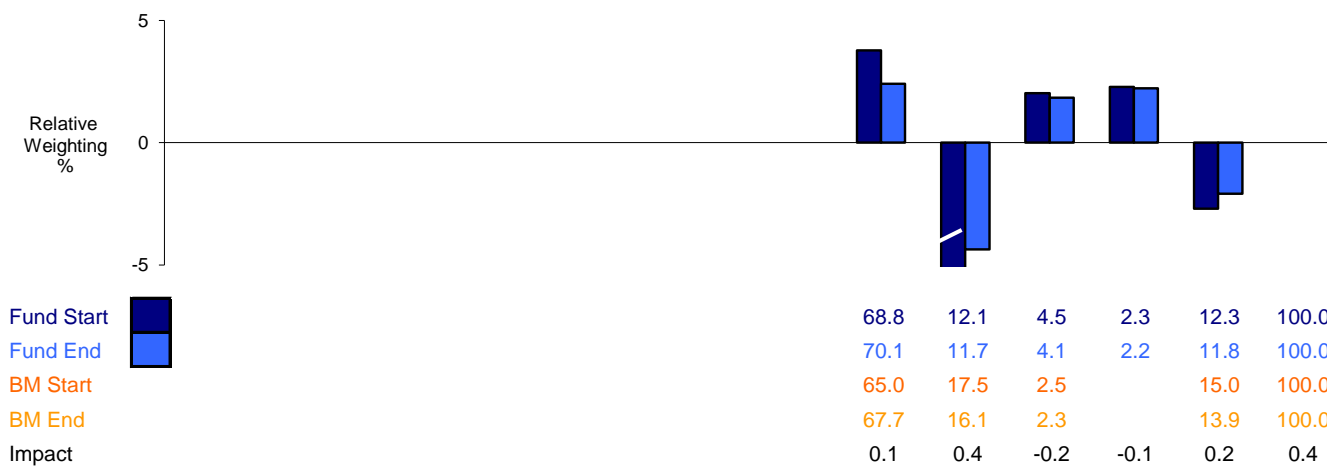
## Summary

Fund Return	9.1
Benchmark Return	9.4
Relative Performance	-0.3
attributable to:	
Asset Allocation	0.4
Stock Selection	-0.7

The relative performance can be attributed to the effects of stock selection and asset allocation as detailed below:

	Total Equity	Bonds + IL	Cash	Private Eq	Property	Total Fund
--	--------------	------------	------	------------	----------	------------

## Asset Allocation



## Stock Selection



An asset allocation decision will have a positive impact if a Fund is invested more heavily than its Benchmark in an area that has performed well.

Conversely, a positive benefit would be derived from having a relatively low exposure to an area that has performed poorly.

Stock selection will have a positive impact if the Fund has outperformed the Benchmark in a particular area.

The impact of both asset allocation and stock selection is weighted by the level of investment in the area.

# not invested in this area for the entire period

- indicates a value less than 0.05 and greater than -0.05

# Long Term Performance Analysis

NOTTINGHAMSHIRE COUNTY COUNCIL - TOTAL COMBINED

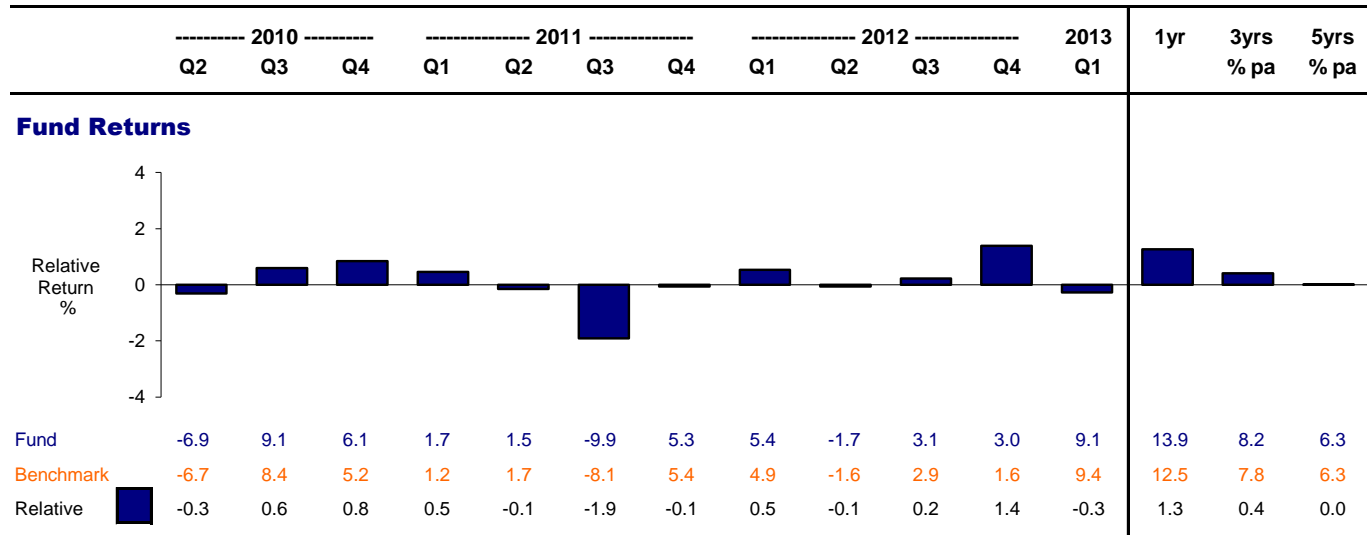
Periods to end March 2013

Benchmark - Nottinghamshire Combined Benchmark

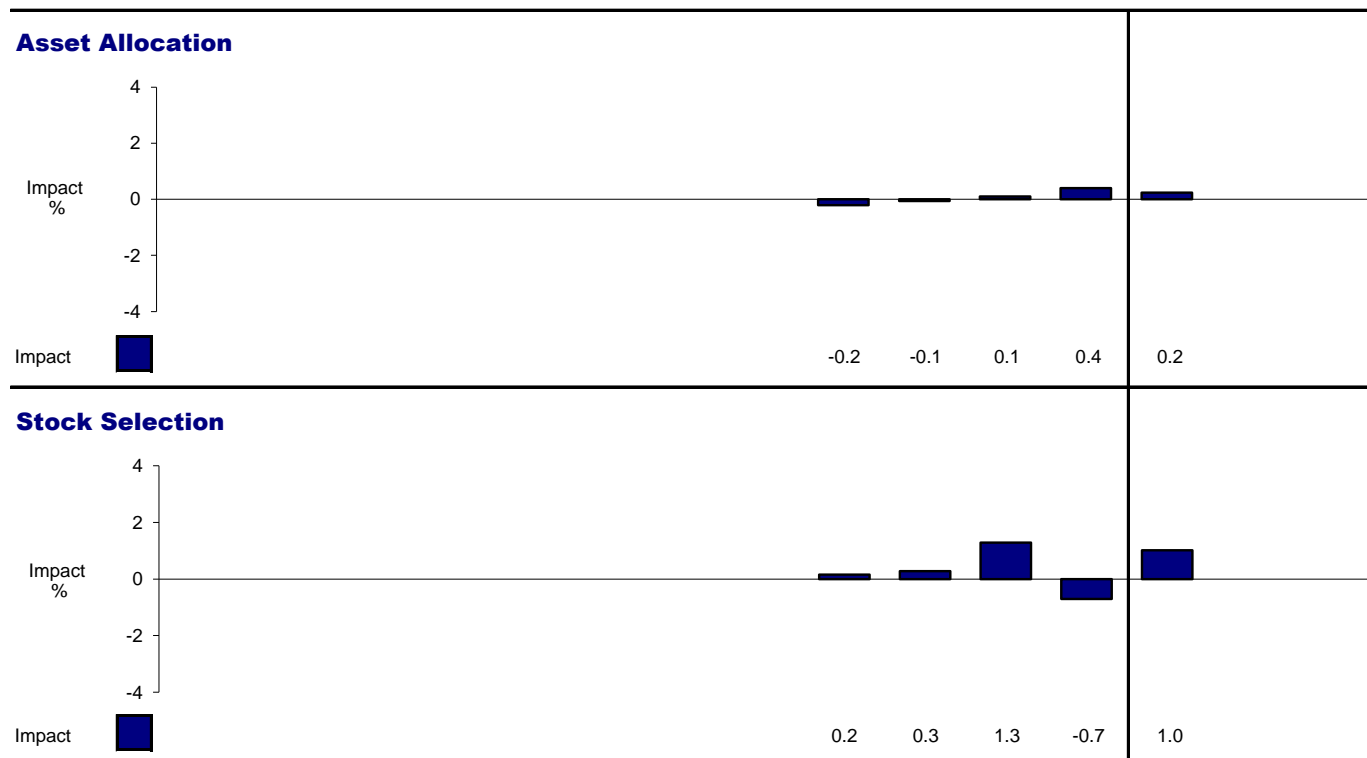
Pound Sterling

Category - TOTAL ASSETS

This page looks in more detail at the long term performance, plotting it relative to the Benchmark.



The relative performance can be attributed to the effects of asset allocation and stock selection as detailed below:



An asset allocation decision will be positive if a Fund is invested more heavily than its Benchmark in an area that has performed well.

Conversely a positive benefit would be derived from investing less heavily in an area that has performed poorly.

Stock selection will be positive if the Fund has outperformed the Benchmark in a particular area.

The impact of both asset allocation and stock selection is weighted by the level of investment in the area.

# not invested in this area for the entire period

- indicates a value less than 0.05 and greater than -0.05

# Long Term Asset Allocation





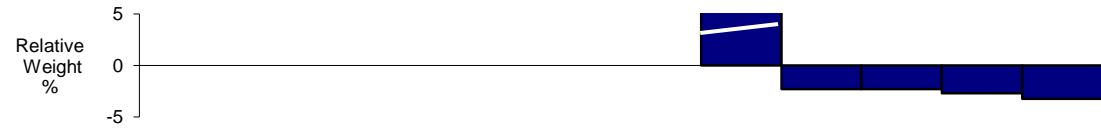
NOTTINGHAMSHIRE COUNTY COUNCIL - TOTAL COMBINED

Periods to end March 2013

Benchmark - Nottinghamshire Combined Benchmark

Pound Sterling

This page looks in more detail at asset allocation decisions, plotting the Fund's exposure at the end of each period relative to the Benchmark and detailing the impact on the total fund performance.

	2010			2011			2012			2013	1yr	3yrs	5yrs
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	% pa	% pa
<b>TOTAL EQUITIES</b>													
Relative Weight %													
Fund								66.8	65.9	66.8	68.8	70.1	
Benchmark									65.0	65.0	65.0	65.0	
Impact									-	-	-	0.1	0.1
<b>TOTAL BONDS PLUS INDEX-LINKED</b>													
Relative Weight %													
Fund								13.0	12.5	12.1	11.7		
Benchmark								17.5	17.5	17.5	17.5		
Impact								-0.3	0.1	0.1	0.4	0.3	0.3
<b>TOTAL CASH</b>													
Relative Weight %													
Fund								4.6	6.0	5.6	4.5	4.1	
Benchmark									2.5	2.5	2.5	2.5	
Impact									0.1	-0.1	-	-0.2	-0.3
<b>TOTAL PRIVATE EQUITY</b>													
Relative Weight %													
Fund								2.4	2.3	2.3	2.2		
Benchmark													
Impact								0.1	-0.1	-	-0.1	-0.1	-0.1
<b>TOTAL PROPERTY</b>													
Relative Weight %													
Fund								9.8	12.7	12.7	12.3	11.8	
Benchmark									15.0	15.0	15.0	15.0	
Impact									-	-	-	0.2	0.2

For each area of investment the initial weighting for the Fund and the Benchmark is shown and the difference plotted.

The impact will be positive when the Fund is overweight in an area that has outperformed or vice versa.

- indicates a value less than 0.05 and greater than -0.05

# Long Term Stock Selection

NOTTINGHAMSHIRE COUNTY COUNCIL - TOTAL COMBINED

Periods to end March 2013

Benchmark - Nottinghamshire Combined Benchmark

Pound Sterling

This page looks in more detail at the impact of stock selection, plotting the return in each area relative to the Benchmark and detailing the impact on the total fund performance.

	2010			2011				2012				2013	1yr	3yrs	5yrs
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1		% pa	% pa
<b>TOTAL EQUITIES</b>															
Relative Return %															
Fund									-3.2	4.4	3.9	12.0	17.7		
Benchmark									-3.6	4.0	2.5	14.0	17.1		
Impact									0.3	0.3	0.9	-1.2	0.3		
<b>TOTAL BONDS PLUS INDEX-LINKED</b>															
Relative Return %															
Fund									3.6	1.8	2.1	3.3	11.3		
Benchmark									3.8	1.1	-0.4	0.7	5.2		
Impact									-	0.1	0.3	0.3	0.7		
<b>TOTAL CASH</b>															
Relative Return %															
Fund									0.9	-0.7	0.7	3.0	4.0		
Benchmark									0.1	0.1	0.1	0.1	0.4		
Impact									-	-	-	0.1	0.2		
<b>TOTAL PRIVATE EQUITY</b>															
Relative Return %															
Fund									3.9	-1.3	1.5	4.9	9.1		
Benchmark															
Impact															
<b>TOTAL PROPERTY</b>															
Relative Return %															
Fund									-0.9	0.1	0.5	1.6	1.3		
Benchmark									0.3	0.6	0.5	1.1	2.5		
Impact									-0.2	-0.1	-	0.1	-0.2		

For each area of investment the return for the Fund and the Benchmark is shown and the relative return plotted.

The impact of stock selection is the relative return weighted by the level of investment in the area.

# not invested in this area for the entire period

- indicates a value less than 0.05 and greater than -0.05



# Long Term Performance

NOTTINGHAMSHIRE COUNTY COUNCIL - TOTAL COMBINED

Periods to end March 2013

Benchmark - Nottinghamshire Combined Benchmark

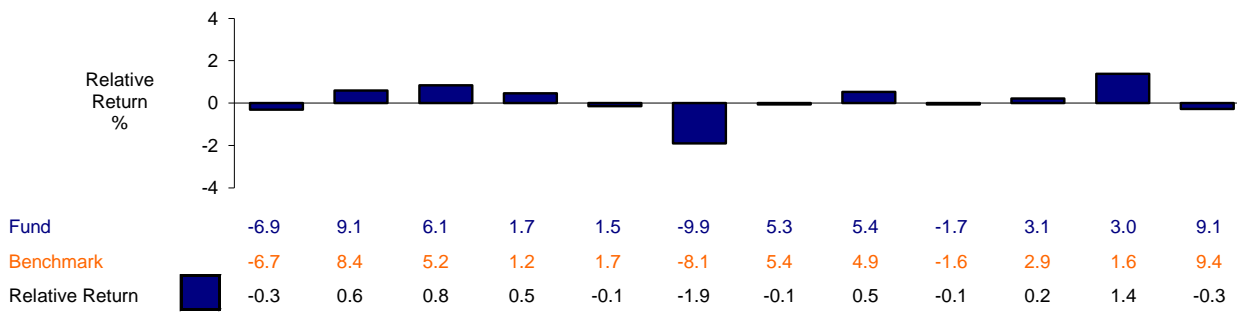
Pound Sterling

Category - TOTAL ASSETS

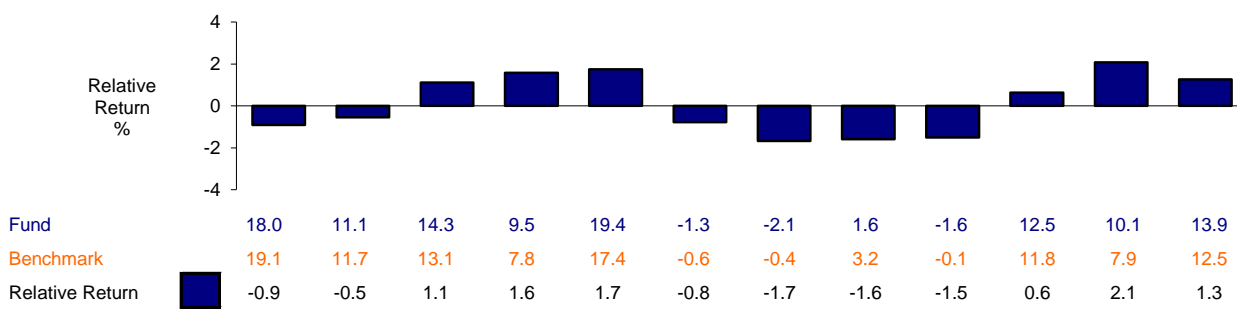
This page details the longer term performance of the Fund, plotting it relative to the Benchmark set.

	2010			2011				2012				2013
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1

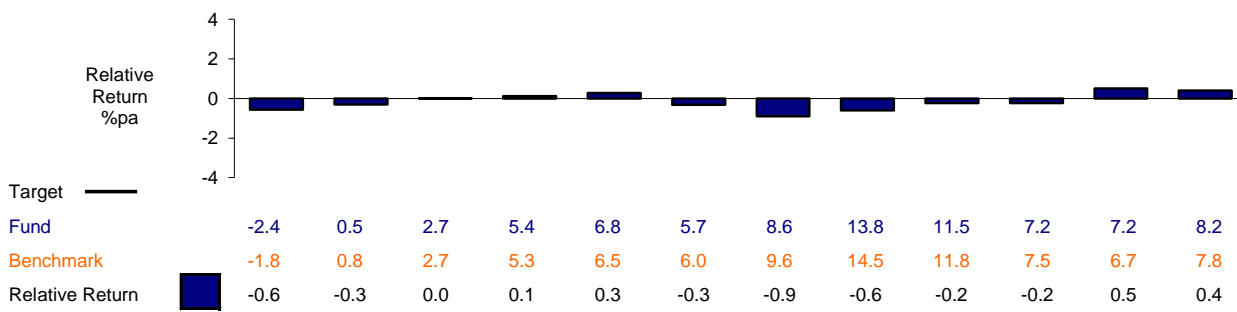
## Quarterly Performance



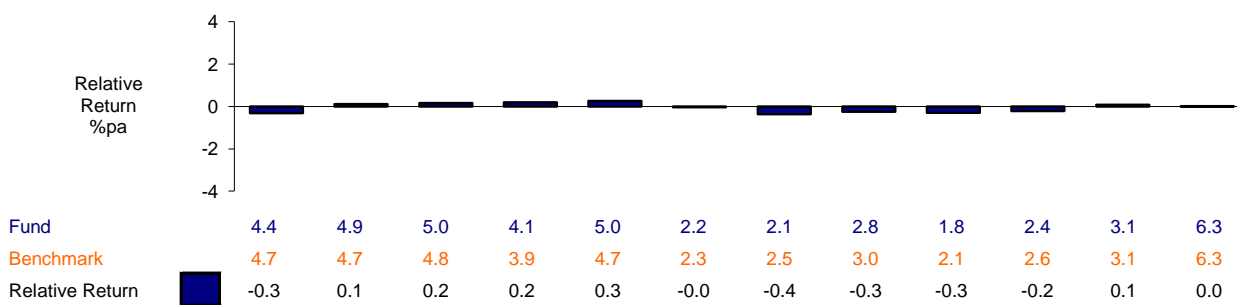
## 12 Months



## Rolling Three Year Periods



## Rolling Five Year Periods



The relative return is the degree of out or underperformance of the Benchmark over these periods.

A target is the degree by which the manager is expected to outperform the Benchmark.

# not invested in this area for the entire period

# Asset Mix and Returns

NOTTINGHAMSHIRE COUNTY COUNCIL - TOTAL COMBINED

Periods to end March 2013

Benchmark - Nottinghamshire Combined Benchmark

Pound Sterling

This page provides the underlying detail for the fund over the latest period.

All values are shown in GBP'000s	Asset Allocation						Stock Selection			
	31/12/2012						29/03/2013			
	Value	%	Purchases	Sales	Gain/ Loss	Income	Value	%	Return	B'M
TOTAL EQUITIES	2,190,505	69	64,488	63,408	250,170	12,599	2,441,754	70	12.0	14.0
U.K. EQUITIES	1,103,747	35	24,923	24,635	105,804	9,900	1,209,839	35	10.5	
OVERSEAS EQUITIES	1,086,758	34	39,565	38,773	144,365	2,699	1,231,916	35	13.5	
NORTH AMERICA	354,531	11	3,210	44	65,997	1,376	423,694	12	18.9	
CONTINENTAL EUROPE	307,029	10	33,324	35,191	32,125	994	337,287	10	10.9	
JAPAN	86,642	3	3,031	3,538	16,553	329	102,688	3	19.6	
TOTAL PACIFIC (EX.JAPAN)	136,004	4			15,886		151,890	4	11.7	
OTHER INTL EQUITIES	202,552	6			13,805		216,356	6	6.8	
EMERGING MARKETS	187,381	6			11,526		198,907	6	6.2	
GLOBAL POOLED EX UK	15,171	0			2,279		17,450	1	15.0	
TOTAL BONDS PLUS INDEX-LINKED	386,527	12	196,178	182,468	8,554	4,127	408,790	12	3.3	0.7
TOTAL BONDS	309,947	10	178,812	163,985	3,015	3,721	327,790	9	2.2	0.7
U.K. BONDS	220,785	7	50,119	30,794	627	2,594	240,737	7	1.4	0.7
TOTAL UK GOVERNMENT BONDS	100,596	3	45,254	25,762	-766	1,176	119,322	3	0.2	0.7
TOTAL UK CORPORATE BONDS	120,189	4	4,865	5,032	1,393	1,419	121,415	3	2.3	
OVERSEAS BOND INC HEDGING	89,162	3	128,693	133,191	2,388	1,127	87,053	3	4.2	
OVERSEAS BONDS	89,162	3	50,282	55,904	3,512	1,127	87,053	3	5.6	
OVERSEAS BOND HEDGING			78,411	77,287	-1,124				-3.7 #	
U.K. INDEX - LINKED	76,580	2	17,365	18,483	5,539	406	81,001	2	8.0	
TOTAL CASH	143,841	5	289,243	293,766	4,385	425	143,703	4	3.0	0.1
TOTAL PRIVATE EQUITY	72,625	2	1,032	62	3,608		77,204	2	4.9	
TOTAL PROPERTY	391,990	12	16,340		1,432	4,723	409,762	12	1.6	1.1
U.K. PROPERTY	307,859	10	16,353		-1,807	4,395	322,404	9	0.8	1.1
OVERSEAS PROPERTY	84,131	3	-13		3,239	327	87,358	3	4.2	
<b>TOTAL ASSETS</b>	<b>3,185,488</b>	<b>100</b>	<b>567,280</b>	<b>539,704</b>	<b>268,149</b>	<b>21,874</b>	<b>3,481,213</b>	<b>100</b>	<b>9.1</b>	<b>9.4</b>

The change in Fund value over the period is a combination of the net money flows into or out of the Fund and any gain or loss on the capital value of the investments.

# not invested in this area for the entire period

## Summary of Long Term Returns

NOTTINGHAMSHIRE COUNTY COUNCIL - TOTAL COMBINED

Periods to end March 2013

Benchmark - LOCAL AUTHORITY UNIVERSE

Pound Sterling

This page summarises the long term returns at asset class level

A ranking against the peer group is shown in brackets.

Return %	2010			2011				2012				2013	1yr	3yrs	5yrs
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1		% pa	% pa
<i>Total Equity</i>	-10.2	12.0	8.5	1.7	1.2	-15.2	7.1	8.8	-3.2	4.4	3.9	12.0	17.7	9.3	7.9
	(21)	(16)	(65)	(28)	(47)	(65)	(46)	(34)	(22)	(59)	(28)	(80)	(44)	(29)	(33)
<i>Bonds + IL</i>									3.6	1.8	2.1	3.3	11.3		
									(7)	(54)	(59)	(49)	(44)		
<i>Total Bonds</i>									4.4	2.5	1.5	2.2	10.9		
									(5)	(74)	(51)	(36)	(50)		
<i>UK Bonds</i>	3.2	4.2	-2.5	0.1	2.2	5.6	5.1	-1.3	4.6	3.2	1.1	1.4	10.7	9.2	8.4
	(35)	(85)	(59)	(77)	(25)	(21)	(22)	(93)	(6)	(64)	(78)	(53)	(53)	(53)	(53)
<i>OS Bds inc H</i>									3.6	-0.0	2.8	4.2	11.0		
<i>UK IL</i>	1.9	4.0	1.1	0.9	4.2	6.9	7.3	-2.3	0.5	-1.1	4.7	8.0	12.4	12.3	9.3
	(24)	(56)	(26)	(13)	(76)	(63)	(86)	(90)	(89)	(10)	(66)	(68)	(15)	(70)	(40)
<i>Cash</i>	0.2	0.2	0.5	0.2	0.2	0.4	0.2	0.1	0.9	-0.7	0.7	3.0	4.0	2.0	2.1
	(43)	(40)	(25)	(35)	(35)	(30)	(31)	(50)	(16)	(91)	(16)	(12)	(18)	(31)	(35)
<i>Alternatives</i>									3.9	-1.3	1.5	4.9	9.1		
									(3)	(96)	(48)	(48)	(43)		
<i>Property</i>	3.4	1.6	3.5	2.3	1.3	0.9	1.3	0.0	-0.9	0.1	0.5	1.6	1.3	5.3	-0.2
	(17)	(66)	(5)	(36)	(89)	(64)	(36)	(78)	(95)	(49)	(41)	(17)	(54)	(36)	(26)
<i>Total Assets</i>	-6.9	9.1	6.1	1.7	1.5	-9.9	5.3	5.4	-1.7	3.1	3.0	9.1	13.9	8.2	6.3
	(48)	(27)	(31)	(18)	(50)	(72)	(64)	(55)	(40)	(67)	(43)	(55)	(52)	(53)	(52)

# not invested in this area for the entire period

## Summary of Manager Performance

NOTTINGHAMSHIRE COUNTY COUNCIL - TOTAL COMBINED

Periods to end March 2013

Benchmark - Nottinghamshire Combined Benchmark

Pound Sterling

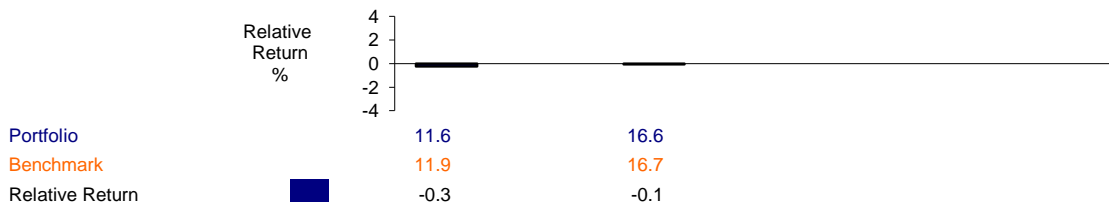
Category - TOTAL ASSETS

This page summarises the performance of each investment manager plotting the return achieved relative to the Benchmark.

	Latest Quarter	1 Year	3 Years % pa	5 Years % pa
--	----------------	--------	-----------------	-----------------

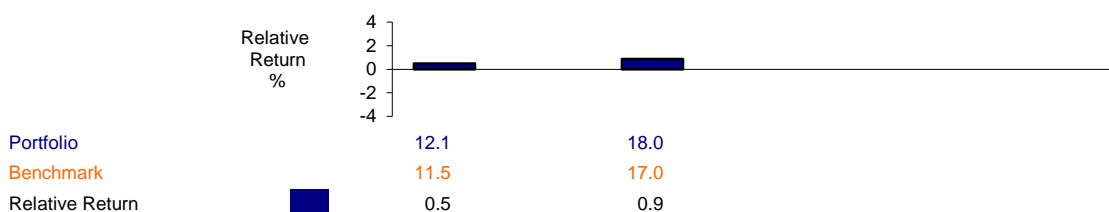
### INTERNAL GLOBAL EQUITY - TOTAL ASSETS

Nottinghamshire Internal Global Benchmark



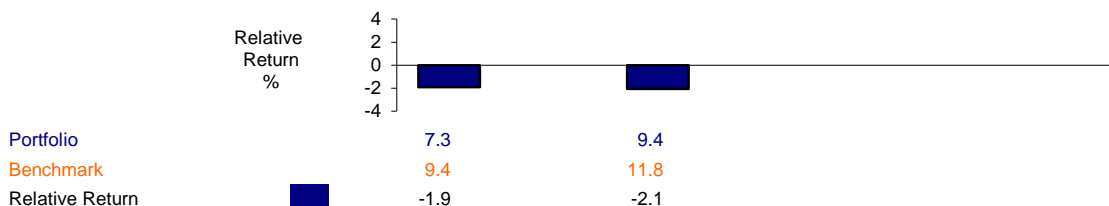
### SCHRODERS INVESTMENT MANAGEMENT - TOTAL ASSETS

Nottinghamshire SIM Global Benchmark



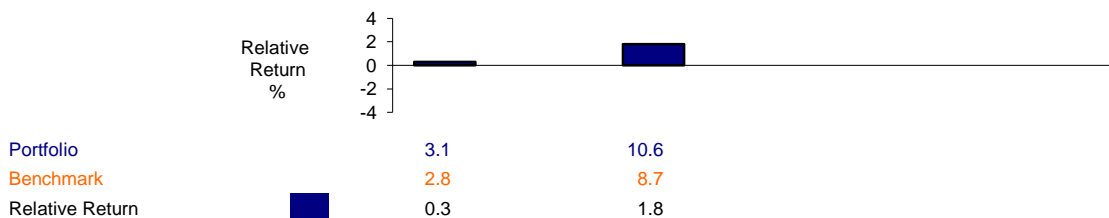
### INTERNAL MULTI ASSET - TOTAL ASSETS

Nottinghamshire Internal Benchmark



### KAMES CAPITAL - TOTAL ASSETS

Nottinghamshire Kames Benchmark



### ABERDEEN ASSET MGMT PLC - TOTAL ASSETS

IPD All Properties



The graphs show the performance of each manager relative to their Benchmark.

The relative return is the degree of out or underperformance of the Benchmark over these periods.

# not invested in this area for the entire period

## Performance Summary - Manager Attribution

NOTTINGHAMSHIRE COUNTY COUNCIL  
Benchmark - Nottinghamshire Combined Benchmark

Quarter to end March 2013  
Pound Sterling

This page analyses in detail the contributions to the Fund performance over the latest period.

### Summary

Fund Return	9.1
Benchmark Return	9.4
Relative Performance	-0.3
<b>attributable to:</b>	
Strategic Allocation	-
Manager Contribution	-0.2
Residual	-0.1

The relative performance can be attributed to the effects of manager contribution and strategic allocation.

### Detail

Strategic Allocation			Manager Contribution			
Distribution		Policy	Investment	Weighted	% Return	
Portfolio	Benchmark	Contribution	Manager	Contribution	Portfolio	Benchmark
38.6		-	INTERNAL GLOBAL EQUITY	-0.1	11.6	11.9
26.0		-	SCHRODERS INVESTMENT MANAGEMENT	0.1	12.1	11.5
13.8		-	INTERNAL MULTI ASSET	-0.3	7.3	9.4
12.9		-	KAMES CAPITAL	-	3.1	2.8
8.7		-	ABERDEEN ASSET MGMT PLC	-	0.9	1.1
		-		-0.2		

The Strategic Allocation quantifies the impact of the fund being invested differently from the Strategic Benchmark set.

The Manager Contribution comes about from the out / underperformance of each manager relative to their benchmarks weighted by the value of assets held.

# = not invested in this area for the entire period

## Performance Summary - Manager Attribution

NOTTINGHAMSHIRE COUNTY COUNCIL  
Benchmark - Nottinghamshire Combined Benchmark

12 Months to end March 2013  
Pound Sterling

This page analyses in detail the contributions to the Fund performance over the latest period.

### Summary

Fund Return	13.9
Benchmark Return	12.5
Relative Performance	1.3
<b>attributable to:</b>	
Strategic Allocation	-
Manager Contribution	0.1
Residual	1.1

The relative performance can be attributed to the effects of manager contribution and strategic allocation.

### Detail

Strategic Allocation			Manager Contribution			
Distribution		Policy	Investment	Weighted	% Return	
Portfolio	Benchmark	Contribution	Manager	Contribution	Portfolio	Benchmark
37.7		-	INTERNAL GLOBAL EQUITY	-	16.6	16.7
25.7		-	SCHRODERS INVESTMENT MANAGEMENT	0.2	18.0	17.0
15.3		-	INTERNAL MULTI ASSET	-0.3	9.4	11.8
12.6		-	KAMES CAPITAL	0.2	10.6	8.7
8.7		-	ABERDEEN ASSET MGMT PLC	-	2.4	2.5
		-		0.1		

The Strategic Allocation quantifies the impact of the fund being invested differently from the Strategic Benchmark set.

The Manager Contribution comes about from the out / underperformance of each manager relative to their benchmarks weighted by the value of assets held.

# = not invested in this area for the entire period

## Summary of Manager Performance - Rates of Return

NOTTINGHAMSHIRE COUNTY COUNCIL - TOTAL COMBINED

Periods to end March 2013  
Pound Sterling

	Mkt Val (GBP 1000)	% of Fund	Latest Quarter	1 Year	3 Years	5 Years	10 Years	Since Inception	Incept. Date
<b>Bonds - World</b>									
KAMES CAPITAL	425,851	12.2	3.1	10.6	3.4 #	2.0 #	1.0 #	10.6	30/3/2012
Nottinghamshire Kames Benchmark			2.8	8.7				8.7	
			0.3	1.8				1.8	
<b>Multi Asset</b>									
INTERNAL MULTI ASSET	463,494	13.3	7.3	9.4	3.1 #	1.8 #	0.9 #	9.4	30/3/2012
Nottinghamshire Internal Benchmark			9.4	11.8				11.8	
			-1.9	-2.1				-2.1	
<b>Equity - World</b>									
SCHRODERS INVESTMENT MANAGEMENT	928,205	26.7	12.1	18.0	5.7 #	3.4 #	1.7 #	18.0	30/3/2012
Nottinghamshire SIM Global Benchmark			11.5	17.0				17.0	
			0.5	0.9				0.9	
INTERNAL GLOBAL EQUITY	1,372,475	39.4	11.6	16.6	5.3 #	3.1 #	1.5 #	16.6	30/3/2012
Nottinghamshire Internal Global Benchmark			11.9	16.7				16.7	
			-0.3	-0.1				-0.1	
<b>Property - UK</b>									
ABERDEEN ASSET MGMT PLC	291,188	8.4	0.9	2.4	0.8 #	0.5 #	0.2 #	2.4	30/3/2012
IPD All Properties			1.1	2.5				2.5	
			-0.2	-0.2				-0.2	
<b>TOTAL FUND</b>									
TOTAL COMBINED	3,481,213	100.0	9.1	13.9	8.2	6.3	9.0	8.1	30/3/1990
Nottinghamshire Combined Benchmark			9.4	12.5	7.8	6.3	9.6	8.2	
			-0.3	1.3	0.4	0.0	-0.6	0.0	

## **Appendices**



## **NOTTINGHAMSHIRE COUNTY COUNCIL**

### **INTERNAL GLOBAL EQUITY**

# Detailed Analysis of the Latest Quarter Performance

NOTTINGHAMSHIRE COUNTY COUNCIL - INTERNAL GLOBAL EQUITY

Periods to end March 2013

Benchmark - Nottinghamshire Internal Global Benchmark

Pound Sterling

Category - TOTAL ASSETS

This page analyses in detail the Fund performance over the latest period.

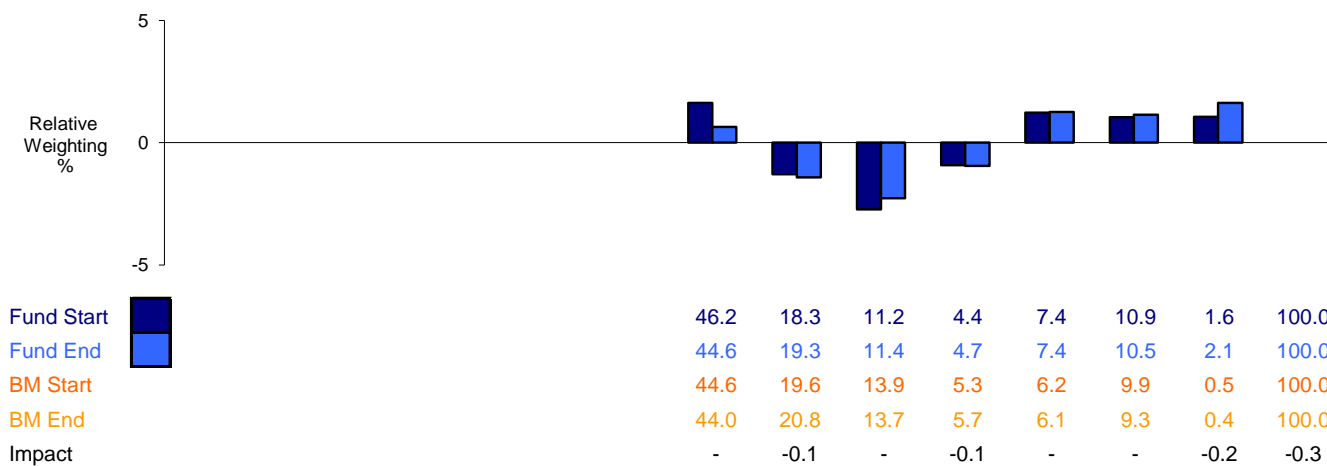
## Summary

Fund Return	11.6
Benchmark Return	11.9
Relative Performance	-0.3
<b>attributable to:</b>	
Asset Allocation	-0.3
Stock Selection	0.1

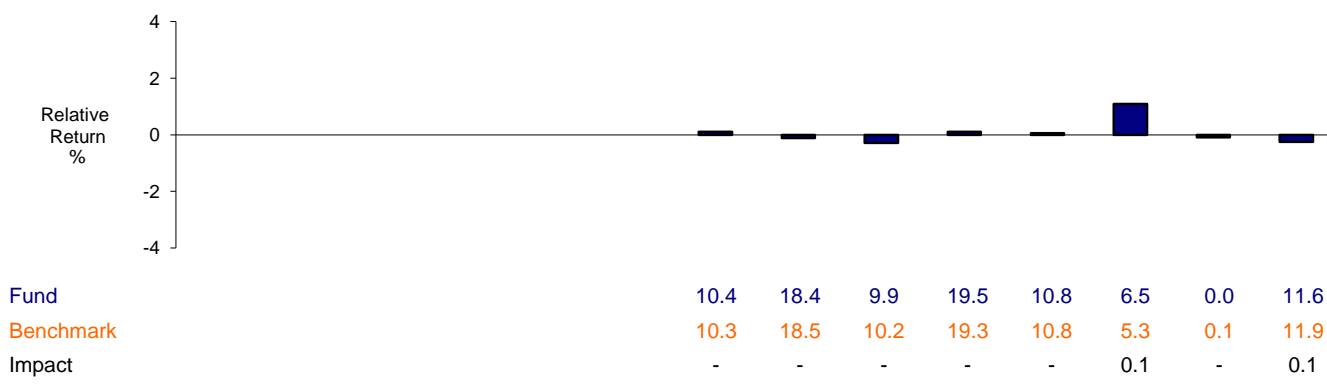
The relative performance can be attributed to the effects of stock selection and asset allocation as detailed below:

	UK Equities	N. America	Europe ex UK	Japan	Pacific	Other Intl.	Cash/ Alts	Total Fund
--	----------------	---------------	-----------------	-------	---------	-------------	---------------	---------------

## Asset Allocation



## Stock Selection



An asset allocation decision will have a positive impact if a Fund is invested more heavily than its Benchmark in an area that has performed well.

Conversely, a positive benefit would be derived from having a relatively low exposure to an area that has performed poorly.

Stock selection will have a positive impact if the Fund has outperformed the Benchmark in a particular area.

The impact of both asset allocation and stock selection is weighted by the level of investment in the area.

# not invested in this area for the entire period

- indicates a value less than 0.05 and greater than -0.05

# Long Term Performance Analysis

NOTTINGHAMSHIRE COUNTY COUNCIL - INTERNAL GLOBAL EQUITY

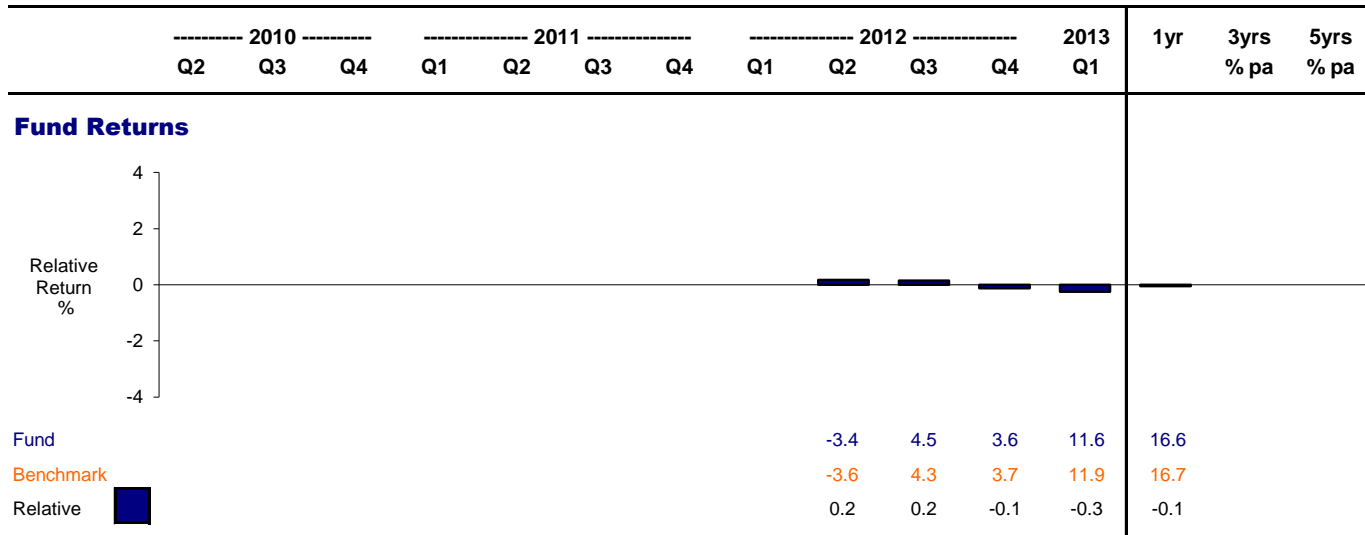
Periods to end March 2013

Benchmark - Nottinghamshire Internal Global Benchmark

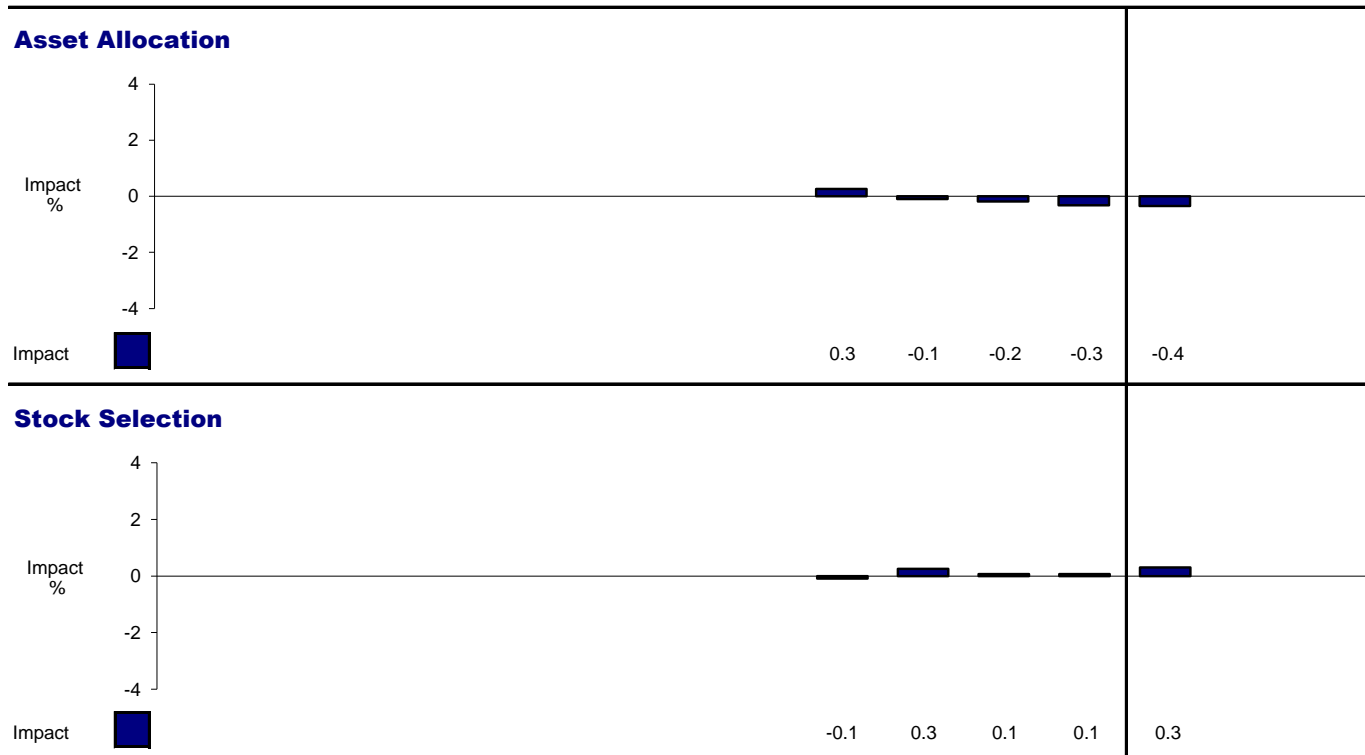
Pound Sterling

Category - TOTAL ASSETS

This page looks in more detail at the long term performance, plotting it relative to the Benchmark.



The relative performance can be attributed to the effects of asset allocation and stock selection as detailed below:



An asset allocation decision will be positive if a Fund is invested more heavily than its Benchmark in an area that has performed well.

Conversely a positive benefit would be derived from investing less heavily in an area that has performed poorly.

Stock selection will be positive if the Fund has outperformed the Benchmark in a particular area.

The impact of both asset allocation and stock selection is weighted by the level of investment in the area.

# not invested in this area for the entire period

- indicates a value less than 0.05 and greater than -0.05

# Long Term Asset Allocation

NOTTINGHAMSHIRE COUNTY COUNCIL - INTERNAL GLOBAL EQUITY

Periods to end March 2013

Benchmark - Nottinghamshire Internal Global Benchmark

Pound Sterling

This page looks in more detail at asset allocation decisions, plotting the Fund's exposure at the end of each period relative to the Benchmark and detailing the impact on the total fund performance.

	2010			2011				2012				2013	1yr	3yrs	5yrs
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1		% pa	% pa
U.K. EQUITIES															
Relative Weight %															
Fund								48.0	48.1	47.2	46.2	44.6			
Benchmark									46.6	44.2	43.9	44.6			
Impact									-	-	-	-		-	
NORTH AMERICA															
Relative Weight %															
Fund								19.1	19.5	19.8	18.3	19.3			
Benchmark									17.8	19.6	20.0	19.6			
Impact									-	-	-	-0.1		-	
CONTINENTAL EUROPE															
Relative Weight %															
Fund								11.2	10.4	11.1	11.2	11.4			
Benchmark									13.4	13.6	14.0	13.9			
Impact									0.1	-0.1	-0.1	-		-0.1	
JAPAN															
Relative Weight %															
Fund								4.9	4.8	4.4	4.4	4.7			
Benchmark									6.1	5.8	5.5	5.3			
Impact									-	0.1	-	-0.1		-	
TOTAL PACIFIC (EX.JAPAN)															
Relative Weight %															
Fund								7.3	7.3	7.5	7.4	7.4			
Benchmark									6.6	6.2	6.4	6.2			
Impact									-	-	-	-		-	
OTHER INTL EQUITIES															
Relative Weight %															
Fund								7.2	6.9	6.9	10.9	10.5			
Benchmark									9.0	10.1	9.7	9.9			
Impact									0.1	-	-	-		-	

For each area of investment the initial weighting for the Fund and the Benchmark is shown and the difference plotted.

The impact will be positive when the Fund is overweight in an area that has outperformed or vice versa.

- indicates a value less than 0.05 and greater than -0.05

# Long Term Asset Allocation


NOTTINGHAMSHIRE COUNTY COUNCIL - INTERNAL GLOBAL EQUITY

Periods to end March 2013

Benchmark - Nottinghamshire Internal Global Benchmark

Pound Sterling

This page looks in more detail at asset allocation decisions, plotting the Fund's exposure at the end of each period relative to the Benchmark and detailing the impact on the total fund performance.

2010			2011				2012				2013	1yr	3yrs	5yrs
Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1		% pa	% pa
<b>CASH/ALTERNATIVES</b>														
														
Fund							2.3	3.2	3.2	1.6	2.1			
Benchmark								0.5	0.5	0.5	0.5			
Impact								0.1	-0.1	-0.1	-0.2	-0.3		

For each area of investment the initial weighting for the Fund and the Benchmark is shown and the difference plotted.

The impact will be positive when the Fund is overweight in an area that has outperformed or vice versa.

- indicates a value less than 0.05 and greater than -0.05

# Long Term Stock Selection







NOTTINGHAMSHIRE COUNTY COUNCIL - INTERNAL GLOBAL EQUITY

Periods to end March 2013

Benchmark - Nottinghamshire Internal Global Benchmark

Pound Sterling

This page looks in more detail at the impact of stock selection, plotting the return in each area relative to the Benchmark and detailing the impact on the total fund performance.

	2010			2011				2012				2013	1yr	3yrs	5yrs
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1		% pa	% pa
<b>U.K. EQUITIES</b>															
Relative Return %															
Fund									-2.6	5.2	4.3	10.4	18.0		
Benchmark									-2.6	4.7	3.8	10.3	16.8		
Impact									-	0.2	0.2	-	0.5		
<b>NORTH AMERICA</b>															
Relative Return %															
Fund									-0.6	3.8	-1.2	18.4	20.6		
Benchmark									-1.0	3.3	-0.9	18.5	20.1		
Impact									0.1	0.1	-0.1	-	0.1		
<b>CONTINENTAL EUROPE</b>															
Relative Return %															
Fund									-8.4	6.0	7.2	9.9	14.4		
Benchmark									-7.1	6.6	8.0	10.2	17.8		
Impact									-0.2	-	-0.1	-	-0.3		
<b>JAPAN</b>															
Relative Return %															
Fund									-5.5	-3.5	5.0	19.5	14.4		
Benchmark									-5.5	-3.6	5.1	19.3	14.3		
Impact									-	-	-	-	-		
<b>TOTAL PACIFIC (EX.JAPAN)</b>															
Relative Return %															
Fund									-4.4	7.4	5.5	10.8	20.1		
Benchmark									-4.4	7.4	5.4	10.8	20.0		
Impact									-	-	-	-	-		
<b>OTHER INTL EQUITIES</b>															
Relative Return %															
Fund									-7.8	4.7	4.0	6.5	6.9		
Benchmark									-7.2	4.6	4.9	5.3	7.3		
Impact									-	-	-	0.1	-		

For each area of investment the return for the Fund and the Benchmark is shown and the relative return plotted.

The impact of stock selection is the relative return weighted by the level of investment in the area.

# not invested in this area for the entire period

- indicates a value less than 0.05 and greater than -0.05

## Long Term Stock Selection

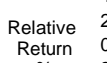
NOTTINGHAMSHIRE COUNTY COUNCIL - INTERNAL GLOBAL EQUITY

Periods to end March 2013

Benchmark - Nottinghamshire Internal Global Benchmark

Pound Sterling

This page looks in more detail at the impact of stock selection, plotting the return in each area relative to the Benchmark and detailing the impact on the total fund performance.

----- 2010 -----				----- 2011 -----				----- 2012 -----				2013	1yr	3yrs	5yrs	
Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1		% pa	% pa		
<b>CASH/ALTERNATIVES</b>																
																
Fund												0.1	0.0	0.2	0.0	0.3
Benchmark												0.1	0.1	0.1	0.1	0.4
Impact												-	-	-	-	-

For each area of investment the return for the Fund and the Benchmark is shown and the relative return plotted.

The impact of stock selection is the relative return weighted by the level of investment in the area.

# not invested in this area for the entire period

- indicates a value less than 0.05 and greater than -0.05

# Asset Mix and Returns

NOTTINGHAMSHIRE COUNTY COUNCIL - INTERNAL GLOBAL EQUITY

Periods to end March 2013

Benchmark - Nottinghamshire Internal Global Benchmark

Pound Sterling

This page provides the underlying detail for the fund over the latest period.

All values are shown in GBP'000s	Asset Allocation						Stock Selection			
	31/12/2012		Gain/				29/03/2013			
	Value	%	Purchases	Sales	Loss	Income	Value	%	Return	B'M
TOTAL EQUITIES	1,213,056	98	17,641	21,934	135,350	7,440	1,344,113	98	11.8	11.9
U.K. EQUITIES	569,530	46	1,412	11,972	53,521	5,331	612,490	45	10.4	10.3
OVERSEAS EQUITIES	643,526	52	16,229	9,962	81,829	2,109	731,622	53	13.0	13.2
NORTH AMERICA	225,521	18	0	44	40,040	1,376	265,517	19	18.4	18.5
CONTINENTAL EUROPE	137,708	11	16,229	9,919	12,663	733	156,681	11	9.9	10.2
JAPAN	54,013	4			10,514		64,528	5	19.5	19.3
TOTAL PACIFIC (EX.JAPAN)	91,503	7			9,896		101,399	7	10.8	10.8
OTHER INTL EQUITIES	134,781	11			8,716		143,497	10	6.5	5.3
CASH/ALTERNATIVES	19,201	2	26,803	17,641		0	28,363	2	0.0	0.1
<b>TOTAL ASSETS</b>	<b>1,232,257</b>	<b>100</b>	<b>44,444</b>	<b>39,575</b>	<b>135,350</b>	<b>7,440</b>	<b>1,372,475</b>	<b>100</b>	<b>11.6</b>	<b>11.9</b>

The change in Fund value over the period is a combination of the net money flows into or out of the Fund and any gain or loss on the capital value of the investments.

# not invested in this area for the entire period



## Summary of Long Term Returns

NOTTINGHAMSHIRE COUNTY COUNCIL - INTERNAL GLOBAL EQUITY

Periods to end March 2013

Benchmark - Nottinghamshire Internal Global Benchmark

Pound Sterling

This page summarises the long term returns at asset class level

Return %	----- 2010 -----			----- 2011 -----				----- 2012 -----				2013	1yr	3yrs	5yrs
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1		% pa	% pa
<i>Total Equity</i>									-3.5	4.7	3.7	11.8	17.1		
<i>UK Equities</i>									-2.6	5.2	4.3	10.4	18.0		
<i>O/S Equities</i>									-4.5	4.2	3.1	13.0	16.0		
<i>N. America</i>									-0.6	3.8	-1.2	18.4	20.6		
<i>Europe ex UK</i>									-8.4	6.0	7.2	9.9	14.4		
<i>Japan</i>									-5.5	-3.5	5.0	19.5	14.4		
<i>Pacific</i>									-4.4	7.4	5.5	10.8	20.1		
<i>Other Intl.</i>									-7.8	4.7	4.0	6.5	6.9		
<i>Cash/ Alts</i>									0.1	0.0	0.2	0.0	0.3		
<i>Total Assets</i>									-3.4	4.5	3.6	11.6	16.6		

# not invested in this area for the entire period

## **NOTTINGHAMSHIRE COUNTY COUNCIL**

### **SCHRODERS INVESTMENT MANAGEMENT**

# Detailed Analysis of the Latest Quarter Performance

NOTTINGHAMSHIRE COUNTY COUNCIL - SCHRODERS INVESTMENT MANAGEMENT

Periods to end March 2013

Benchmark - Nottinghamshire SIM Global Benchmark

Pound Sterling

Category - TOTAL ASSETS

This page analyses in detail the Fund performance over the latest period.

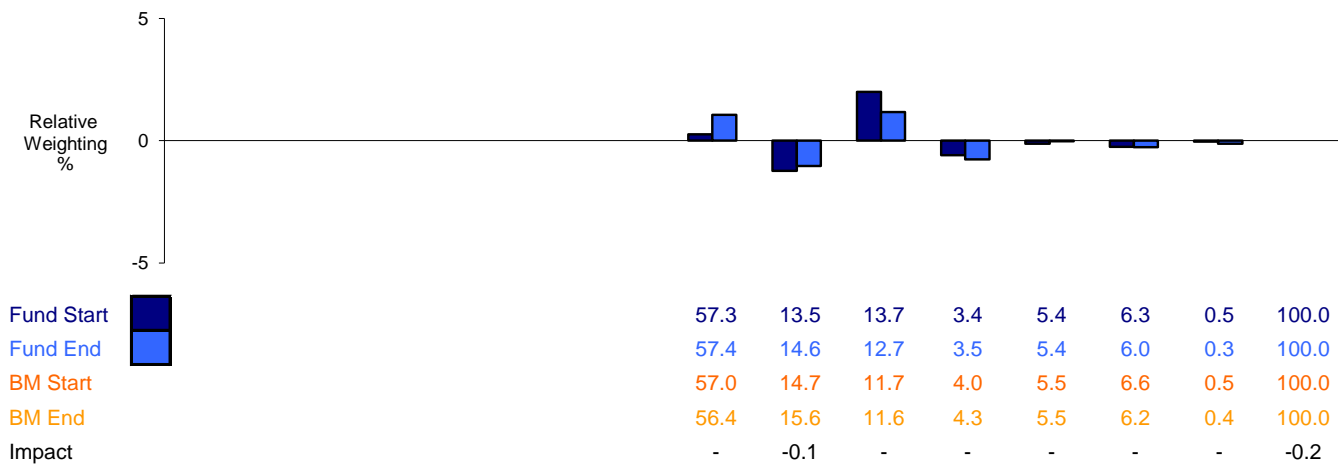
## Summary

Fund Return	12.1
Benchmark Return	11.5
Relative Performance	0.5
<b>attributable to:</b>	
Asset Allocation	-0.2
Stock Selection	0.6

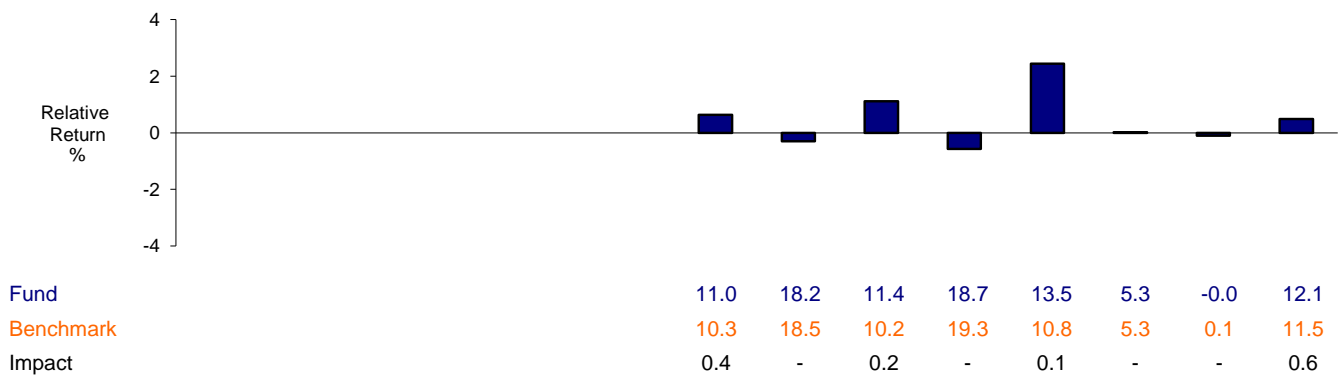
The relative performance can be attributed to the effects of stock selection and asset allocation as detailed below:

	UK Equities	N. America	Europe ex UK	Japan	Pacific	Other Intl.	Cash/ Alts	Total Fund
--	----------------	---------------	-----------------	-------	---------	-------------	---------------	---------------

## Asset Allocation



## Stock Selection



An asset allocation decision will have a positive impact if a Fund is invested more heavily than its Benchmark in an area that has performed well.

Conversely, a positive benefit would be derived from having a relatively low exposure to an area that has performed poorly.

Stock selection will have a positive impact if the Fund has outperformed the Benchmark in a particular area.

The impact of both asset allocation and stock selection is weighted by the level of investment in the area.

# not invested in this area for the entire period

- indicates a value less than 0.05 and greater than -0.05



# Long Term Asset Allocation

NOTTINGHAMSHIRE COUNTY COUNCIL - SCHRODERS INVESTMENT MANAGEMENT

Periods to end March 2013

Benchmark - Nottinghamshire SIM Global Benchmark

Pound Sterling

This page looks in more detail at asset allocation decisions, plotting the Fund's exposure at the end of each period relative to the Benchmark and detailing the impact on the total fund performance.

	2010			2011				2012				2013	1yr	3yrs	5yrs
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1		% pa	% pa
<b>TOTAL EQUITIES</b>															
Relative Weight %															
Fund								99.1	99.4	99.4	99.5	99.7			
Benchmark									99.5	99.5	99.5	99.5			
Impact									-	-0.1	-	-0.2	-0.3		
<b>U.K. EQUITIES</b>															
Relative Weight %															
Fund								56.4	57.6	56.8	57.3	57.4			
Benchmark									57.0	56.9	56.9	57.0			
Impact									-	-	-	-	-		
<b>OVERSEAS EQUITIES</b>															
Relative Weight %															
Fund								42.6	41.8	42.6	42.3	42.2			
Benchmark									42.5	42.6	42.6	42.5			
Impact									-	-0.1	-	-0.1	-0.3		
<b>NORTH AMERICA</b>															
Relative Weight %															
Fund								15.2	15.4	14.9	13.5	14.6			
Benchmark									14.7	14.7	14.2	14.7			
Impact									-	-	-	-0.1	-0.1		
<b>CONTINENTAL EUROPE</b>															
Relative Weight %															
Fund								11.5	10.6	11.6	13.7	12.7			
Benchmark									11.7	12.2	12.9	11.7			
Impact									-	-	-	-	-		
<b>JAPAN</b>															
Relative Weight %															
Fund								4.7	4.6	4.3	3.4	3.5			
Benchmark									4.0	3.7	3.5	4.0			
Impact									-	-0.1	-	-	-0.1		

For each area of investment the initial weighting for the Fund and the Benchmark is shown and the difference plotted.

The impact will be positive when the Fund is overweight in an area that has outperformed or vice versa.

- indicates a value less than 0.05 and greater than -0.05

# Long Term Asset Allocation



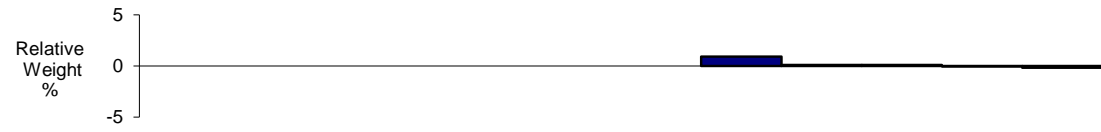
NOTTINGHAMSHIRE COUNTY COUNCIL - SCHRODERS INVESTMENT MANAGEMENT

Periods to end March 2013

Benchmark - Nottinghamshire SIM Global Benchmark

Pound Sterling

This page looks in more detail at asset allocation decisions, plotting the Fund's exposure at the end of each period relative to the Benchmark and detailing the impact on the total fund performance.

	2010			2011			2012			2013	1yr	3yrs	5yrs
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	% pa	% pa
<b>TOTAL PACIFIC (EX.JAPAN)</b>													
Relative Weight %													
Fund								5.2	5.3	5.5	5.4	5.4	
Benchmark									5.5	5.6	5.5	5.5	
Impact									-	-	-	-	-
<b>OTHER INTL EQUITIES</b>													
Relative Weight %													
Fund								6.0	5.9	6.3	6.3	6.0	
Benchmark									6.6	6.4	6.5	6.6	
Impact									-	-	-	-	-
<b>CASH/ALTERNATIVES</b>													
Relative Weight %													
Fund								0.9	0.6	0.6	0.5	0.3	
Benchmark									0.5	0.5	0.5	0.5	
Impact									-	-	-	-	-

For each area of investment the initial weighting for the Fund and the Benchmark is shown and the difference plotted.

The impact will be positive when the Fund is overweight in an area that has outperformed or vice versa.

- indicates a value less than 0.05 and greater than -0.05

# Long Term Stock Selection

NOTTINGHAMSHIRE COUNTY COUNCIL - SCHRODERS INVESTMENT MANAGEMENT

Periods to end March 2013

Benchmark - Nottinghamshire SIM Global Benchmark

Pound Sterling

This page looks in more detail at the impact of stock selection, plotting the return in each area relative to the Benchmark and detailing the impact on the total fund performance.

	2010			2011				2012				2013	1yr	3yrs	5yrs
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1		% pa	% pa
<b>U.K. EQUITIES</b>															
Relative Return %															
Fund									-1.8	3.4	4.7	11.0	18.0		
Benchmark									-2.6	4.7	3.8	10.3	16.8		
Impact									0.5	-0.7	0.5	0.4	0.6		
<b>NORTH AMERICA</b>															
Relative Return %															
Fund									-1.2	3.0	-1.4	18.2	18.5		
Benchmark									-1.0	3.3	-0.9	18.5	20.1		
Impact									-	-	-0.1	-	-0.1		
<b>CONTINENTAL EUROPE</b>															
Relative Return %															
Fund									-7.6	7.7	7.8	11.4	19.4		
Benchmark									-7.1	6.6	8.0	10.2	17.8		
Impact									-0.1	0.1	-	0.2	0.2		
<b>JAPAN</b>															
Relative Return %															
Fund									-4.9	-2.6	2.9	18.7	13.1		
Benchmark									-5.5	-3.6	5.1	19.3	14.3		
Impact									-	-	-0.1	-	-		
<b>TOTAL PACIFIC (EX.JAPAN)</b>															
Relative Return %															
Fund									-1.1	8.0	4.9	13.5	27.0		
Benchmark									-4.4	7.4	5.4	10.8	20.0		
Impact									0.2	-	-	0.1	0.3		
<b>OTHER INTL EQUITIES</b>															
Relative Return %															
Fund									-4.8	4.6	5.7	5.3	10.8		
Benchmark									-7.2	4.6	4.9	5.3	7.3		
Impact									0.2	-	0.1	-	0.2		

For each area of investment the return for the Fund and the Benchmark is shown and the relative return plotted.

The impact of stock selection is the relative return weighted by the level of investment in the area.

# not invested in this area for the entire period

- indicates a value less than 0.05 and greater than -0.05

## Long Term Stock Selection


NOTTINGHAMSHIRE COUNTY COUNCIL - SCHRODERS INVESTMENT MANAGEMENT

Periods to end March 2013

Benchmark - Nottinghamshire SIM Global Benchmark

Pound Sterling

This page looks in more detail at the impact of stock selection, plotting the return in each area relative to the Benchmark and detailing the impact on the total fund performance.

----- 2010 -----				----- 2011 -----				----- 2012 -----				2013	1yr	3yrs	5yrs
Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q1	% pa	% pa	% pa
<b>CASH/ALTERNATIVES</b>															
															
Fund													0.2	0.4	
Benchmark													0.1	0.4	
Impact													-	-	

For each area of investment the return for the Fund and the Benchmark is shown and the relative return plotted.

The impact of stock selection is the relative return weighted by the level of investment in the area.

# not invested in this area for the entire period

- indicates a value less than 0.05 and greater than -0.05



## Asset Mix and Returns

NOTTINGHAMSHIRE COUNTY COUNCIL - SCHRODERS INVESTMENT MANAGEMENT

Periods to end March 2013

Benchmark - Nottinghamshire SIM Global Benchmark

Pound Sterling

This page provides the underlying detail for the fund over the latest period.

All values are shown in GBP'000s	Asset Allocation						Stock Selection			
	31/12/2012						29/03/2013			
	Value	%	Purchases	Sales	Gain/ Loss	Income	Value	%	Return	B'M
TOTAL EQUITIES	824,897	100	46,847	41,474	94,924	5,160	925,194	100	12.1	11.6
U.K. EQUITIES	474,527	57	23,511	12,663	47,850	4,570	533,225	57	11.0	10.3
OVERSEAS EQUITIES	350,371	42	23,336	28,810	47,073	590	391,969	42	13.6	13.2
NORTH AMERICA	111,529	13	3,210		20,677		135,416	15	18.2	18.5
CONTINENTAL EUROPE	113,531	14	17,095	25,272	12,727	261	118,081	13	11.4	10.2
JAPAN	28,209	3	3,031	3,538	4,870	329	32,572	4	18.7	19.3
TOTAL PACIFIC (EX.JAPAN)	44,501	5			5,990		50,491	5	13.5	10.8
OTHER INTL EQUITIES	52,600	6			2,810		55,410	6	5.3	5.3
CASH/ALTERNATIVES	3,846	0	46,011	46,847		0	3,011	0	-0.0	0.1
<b>TOTAL ASSETS</b>	<b>828,744</b>	<b>100</b>	<b>92,858</b>	<b>88,320</b>	<b>94,924</b>	<b>5,160</b>	<b>928,205</b>	<b>100</b>	<b>12.1</b>	<b>11.5</b>

The change in Fund value over the period is a combination of the net money flows into or out of the Fund and any gain or loss on the capital value of the investments.

# not invested in this area for the entire period

## Summary of Long Term Returns

NOTTINGHAMSHIRE COUNTY COUNCIL - SCHRODERS INVESTMENT MANAGEMENT

Periods to end March 2013

Benchmark - Nottinghamshire SIM Global Benchmark

Pound Sterling

This page summarises the long term returns at asset class level

Return %	----- 2010 -----			----- 2011 -----				----- 2012 -----				2013	1yr	3yrs	5yrs
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1		% pa	% pa
<i>Total Equity</i>								0.0 #	-2.7	3.8	4.2	12.1	18.1		
<i>UK Equities</i>								0.0 #	-1.8	3.4	4.7	11.0	18.0		
<i>O/S Equities</i>								0.0 #	-3.8	4.4	3.6	13.6	18.2		
<i>N. America</i>								0.0 #	-1.2	3.0	-1.4	18.2	18.5		
<i>Europe ex UK</i>								0.0 #	-7.6	7.7	7.8	11.4	19.4		
<i>Japan</i>								0.0 #	-4.9	-2.6	2.9	18.7	13.1		
<i>Pacific</i>								0.0 #	-1.1	8.0	4.9	13.5	27.0		
<i>Other Intl.</i>								0.0 #	-4.8	4.6	5.7	5.3	10.8		
<i>Cash/ Alts</i>								0.0 #	0.2	0.0	0.2	-0.0	0.4		
<i>Total Assets</i>								0.0 #	-2.7	3.8	4.2	12.1	18.0		

# not invested in this area for the entire period

## **NOTTINGHAMSHIRE COUNTY COUNCIL**

### **KAMES CAPITAL**

# Detailed Analysis of the Latest Quarter Performance

NOTTINGHAMSHIRE COUNTY COUNCIL - KAMES CAPITAL

Periods to end March 2013

Benchmark - Nottinghamshire Kames Benchmark

Pound Sterling

Category - TOTAL ASSETS

This page analyses in detail the Fund performance over the latest period.

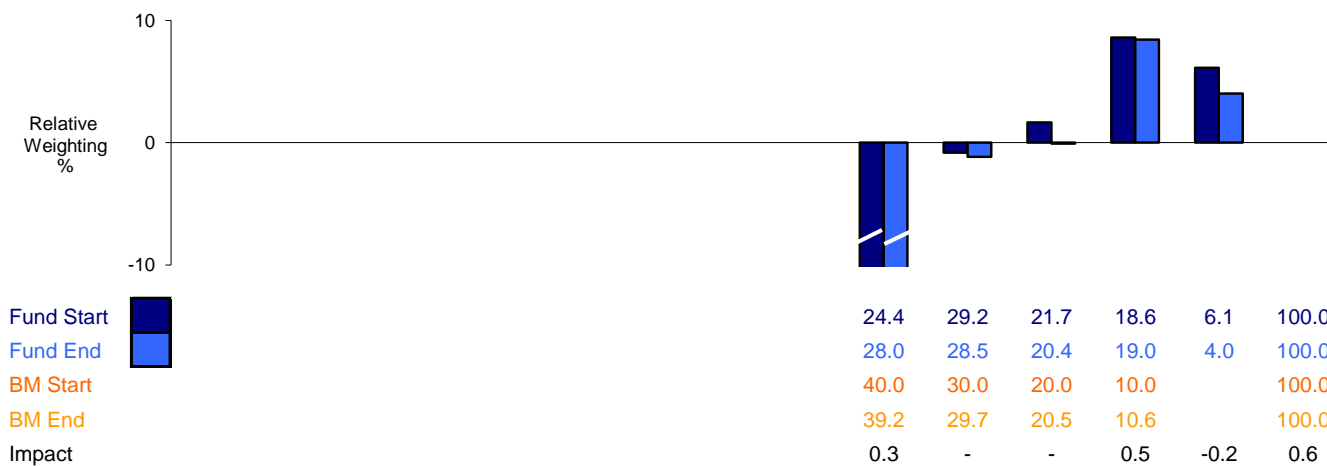
## Summary

Fund Return	3.1
Benchmark Return	2.8
Relative Performance	0.3
attributable to:	
Asset Allocation	0.6
Stock Selection	-0.3

The relative performance can be attributed to the effects of stock selection and asset allocation as detailed below:

	UK Gov Bond	UK Corp Bond	OS Bds inc H	Tot IL	Cash/ Alts	Total Fund
--	----------------	-----------------	-----------------	--------	---------------	---------------

## Asset Allocation



## Stock Selection



An asset allocation decision will have a positive impact if a Fund is invested more heavily than its Benchmark in an area that has performed well.

Conversely, a positive benefit would be derived from having a relatively low exposure to an area that has performed poorly.

Stock selection will have a positive impact if the Fund has outperformed the Benchmark in a particular area.

The impact of both asset allocation and stock selection is weighted by the level of investment in the area.

# not invested in this area for the entire period

- indicates a value less than 0.05 and greater than -0.05

# Long Term Performance Analysis

NOTTINGHAMSHIRE COUNTY COUNCIL - KAMES CAPITAL

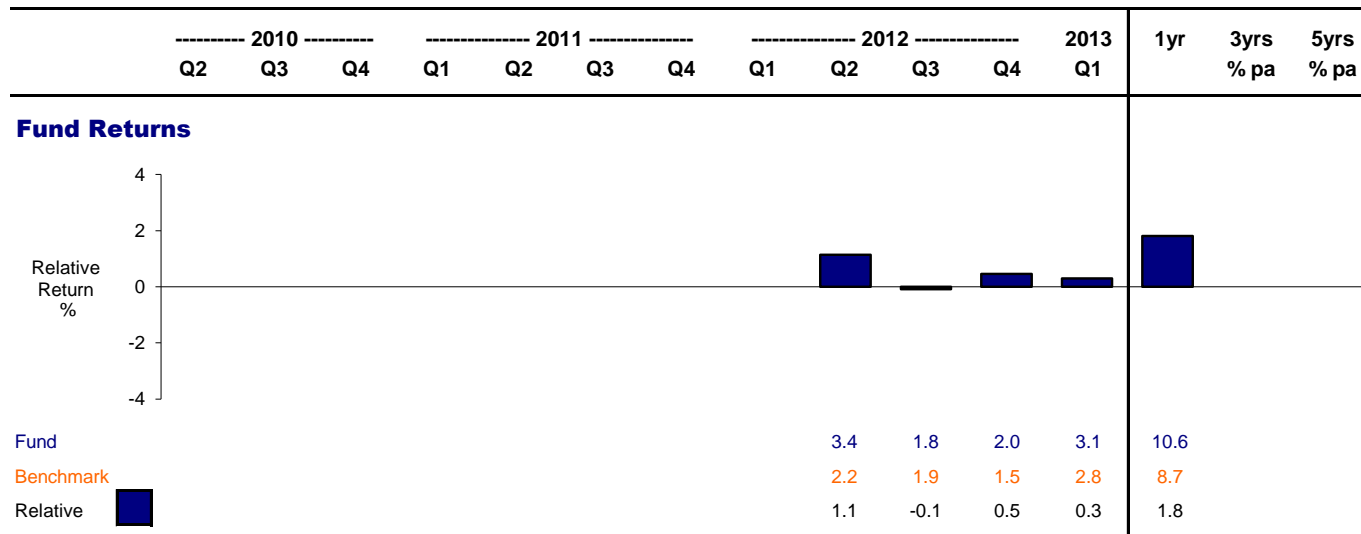
Periods to end March 2013

Benchmark - Nottinghamshire Kames Benchmark

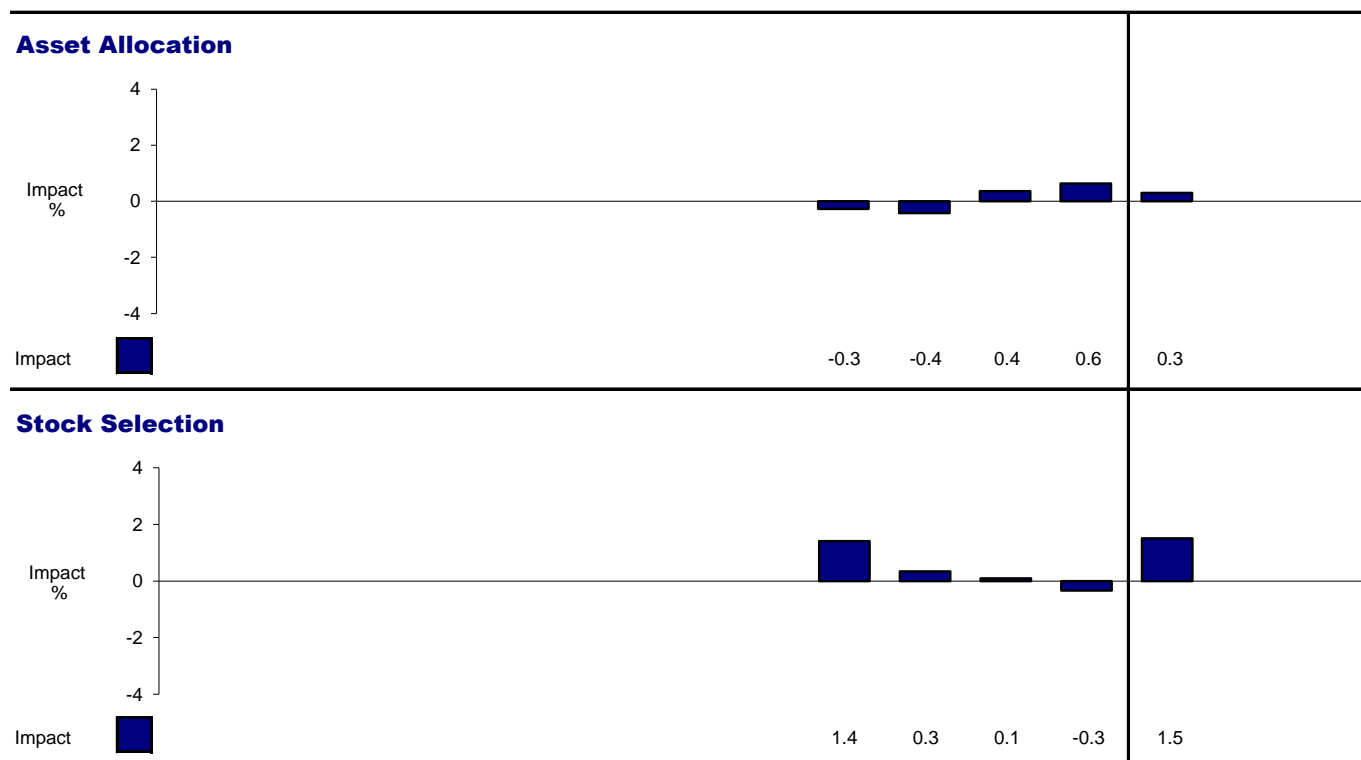
Pound Sterling

Category - TOTAL ASSETS

This page looks in more detail at the long term performance, plotting it relative to the Benchmark.



The relative performance can be attributed to the effects of asset allocation and stock selection as detailed below:



An asset allocation decision will be positive if a Fund is invested more heavily than its Benchmark in an area that has performed well.

Conversely a positive benefit would be derived from investing less heavily in an area that has performed poorly.

Stock selection will be positive if the Fund has outperformed the Benchmark in a particular area.

The impact of both asset allocation and stock selection is weighted by the level of investment in the area.

# not invested in this area for the entire period

- indicates a value less than 0.05 and greater than -0.05

# Long Term Asset Allocation

NOTTINGHAMSHIRE COUNTY COUNCIL - KAMES CAPITAL

Periods to end March 2013

Benchmark - Nottinghamshire Kames Benchmark

Pound Sterling

This page looks in more detail at asset allocation decisions, plotting the Fund's exposure at the end of each period relative to the Benchmark and detailing the impact on the total fund performance.

	2010			2011			2012			2013	1yr	3yrs	5yrs
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	% pa	% pa
<b>TOTAL UK GOVERNMENT BONDS</b>													
Relative Weight %													
Fund								32.1	34.3	31.3	24.4	28.0	
Benchmark								40.0	40.0	40.0	40.0	40.0	
Impact								-0.1	0.1	0.2	0.3	0.4	
<b>TOTAL UK CORPORATE BONDS</b>													
Relative Weight %													
Fund								28.9	28.1	28.8	29.2	28.5	
Benchmark								30.0	30.0	30.0	30.0	30.0	
Impact								-	-0.1	-	-	-	-0.1
<b>OVERSEAS BOND INC HEDGING</b>													
Relative Weight %													
Fund								17.7	18.0	21.7	20.4		
Benchmark								20.0	20.0	20.0	20.0		
Impact								0.1	-	-	-	0.1	
<b>TOTAL INDEX LINKED</b>													
Relative Weight %													
Fund								19.6	18.1	17.8	18.6	19.0	
Benchmark								10.0	10.0	10.0	10.0	10.0	
Impact								-0.1	-0.4	0.3	0.5	0.2	
<b>CASH/ALTERNATIVES</b>													
Relative Weight %													
Fund								5.3	1.9	4.1	6.1	4.0	
Benchmark								-0.1	-	-0.1	-0.2	-0.2	
Impact								-0.1	-	-0.1	-0.2	-0.4	

For each area of investment the initial weighting for the Fund and the Benchmark is shown and the difference plotted.

The impact will be positive when the Fund is overweight in an area that has outperformed or vice versa.

- indicates a value less than 0.05 and greater than -0.05

## Long Term Stock Selection

NOTTINGHAMSHIRE COUNTY COUNCIL - KAMES CAPITAL

Periods to end March 2013

Benchmark - Nottinghamshire Kames Benchmark

Pound Sterling

This page looks in more detail at the impact of stock selection, plotting the return in each area relative to the Benchmark and detailing the impact on the total fund performance.

	2010			2011				2012				2013	1yr	3yrs	5yrs
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1		% pa	% pa
<b>TOTAL UK GOVERNMENT BONDS</b>															
Relative Return %									1.1	-0.1	-0.1	-0.1	0.1		
Fund									4.9	0.8	-0.4	0.2	5.5		
Benchmark									3.8	1.1	-0.4	0.7	5.2		
Impact									0.4	-0.1	-	-0.1	0.1		
<b>TOTAL UK CORPORATE BONDS</b>															
Relative Return %									2.1	0.2	0.2	0.2	1.1		
Fund									4.3	6.2	2.7	2.3	16.4		
Benchmark									2.1	5.6	2.2	1.6	11.9		
Impact									0.6	0.2	0.2	0.2	1.1		
<b>OVERSEAS BOND INC HEDGING</b>															
Relative Return %									3.6	-0.0	2.8	4.2	0.2		
Fund									3.6	-0.0	2.8	4.2	11.0		
Benchmark									0.0	0.4	2.8	5.5	8.9		
Impact									0.5	-0.1	-	-0.3	0.2		
<b>TOTAL INDEX LINKED</b>															
Relative Return %									0.5	-1.1	4.7	8.0	0.1		
Fund									0.5	-1.1	4.7	8.0	12.4		
Benchmark									0.8	-3.2	5.0	9.0	11.7		
Impact									-0.1	0.4	-0.1	-0.2	0.1		
<b>CASH/ALTERNATIVES</b>															
Relative Return %									0.1	0.0	0.1	-0.0	0.2		
Fund									0.1	0.0	0.1	-0.0	0.2		
Benchmark															
Impact															

For each area of investment the return for the Fund and the Benchmark is shown and the relative return plotted.

The impact of stock selection is the relative return weighted by the level of investment in the area.

# not invested in this area for the entire period

- indicates a value less than 0.05 and greater than -0.05

# Asset Mix and Returns

NOTTINGHAMSHIRE COUNTY COUNCIL - KAMES CAPITAL

Periods to end March 2013

Benchmark - Nottinghamshire Kames Benchmark

Pound Sterling

This page provides the underlying detail for the fund over the latest period.

All values are shown in GBP'000s	Asset Allocation						Stock Selection			
	31/12/2012		Gain/				29/03/2013			
	Value	%	Purchases	Sales	Loss	Income	Value	%	Return	B'M
TOTAL BONDS	309,947	75	178,812	163,985	3,015	3,721	327,790	77	2.2	2.1
U.K BONDS	220,785	54	50,119	30,794	627	2,594	240,737	57	1.4	1.1
TOTAL UK GOVERNMENT BONDS	100,596	24	45,254	25,762	-766	1,176	119,322	28	0.2	0.7
TOTAL UK CORPORATE BONDS	120,189	29	4,865	5,032	1,393	1,419	121,415	29	2.3	1.6
OVERSEAS BOND INC HEDGING	89,162	22	128,693	133,191	2,388	1,127	87,053	20	4.2	5.5
OVERSEAS BONDS	89,162	22	50,282	55,904	3,512	1,127	87,053	20	5.6	5.5
OVERSEAS BOND HEDGING			78,411	77,287	-1,124				-3.7 #	
TOTAL INDEX LINKED	76,580	19	17,365	18,483	5,539	406	81,001	19	8.0	9.0
CASH/ALTERNATIVES	25,208	6	188,031	196,178		0	17,061	4	-0.0	
<b>TOTAL ASSETS</b>	<b>411,735</b>	<b>100</b>	<b>384,209</b>	<b>378,646</b>	<b>8,554</b>	<b>4,127</b>	<b>425,851</b>	<b>100</b>	<b>3.1</b>	<b>2.8</b>

The change in Fund value over the period is a combination of the net money flows into or out of the Fund and any gain or loss on the capital value of the investments.

# not invested in this area for the entire period



## Summary of Long Term Returns

NOTTINGHAMSHIRE COUNTY COUNCIL - KAMES CAPITAL

Periods to end March 2013

Benchmark - Nottinghamshire Kames Benchmark

Pound Sterling

This page summarises the long term returns at asset class level

Return %	----- 2010 -----			----- 2011 -----				----- 2012 -----				2013	1yr	3yrs	5yrs
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1		% pa	% pa
<i>Total Bonds</i>									4.4	2.5	1.5	2.2	10.9		
<i>UK Bonds</i>									4.6	3.2	1.1	1.4	10.7		
<i>UK Gov Bond</i>									4.9	0.8	-0.4	0.2	5.5		
<i>UK Corp Bond</i>									4.3	6.2	2.7	2.3	16.4		
<i>OS Bds inc H</i>									3.6	-0.0	2.8	4.2	11.0		
<i>O/S Bonds</i>									3.6	-0.1	2.4	5.6	11.9		
<i>O/S Bond Hdg</i>										7.9 #	1.2 #	-3.7 #			
<i>Tot IL</i>									0.5	-1.1	4.7	8.0	12.4		
<i>Cash/ Alts</i>									0.1	0.0	0.1	-0.0	0.2		
<i>Total Assets</i>									3.4	1.8	2.0	3.1	10.6		

# not invested in this area for the entire period

## Asset Mix and Returns

NOTTINGHAMSHIRE COUNTY COUNCIL - INTERNAL MULTI ASSET  
Benchmark - Nottinghamshire Internal Benchmark

Periods to end March 2013  
Pound Sterling

This page provides the underlying detail for the fund over the latest period.

All values are shown in GBP'000s	Asset Allocation						Stock Selection		
	31/12/2012						29/03/2013		Return B'M
	Value	%	Purchases	Sales	Gain/ Loss	Income	Value	%	
TOTAL EQUITIES	152,552	35			19,896		172,448	37	13.0 14.0
U.K. EQUITIES	59,690	14			4,434		64,123	14	7.4
OVERSEAS EQUITIES	92,862	21			15,463		108,324	23	16.7
NORTH AMERICA	17,481	4			5,280		22,761	5	30.2
CONTINENTAL EUROPE	55,790	13			6,735		62,525	13	12.1
JAPAN	4,420	1			1,169		5,589	1	26.4
OTHER INTL EQUITIES	15,171	3			2,279		17,450	4	15.0
CASH/ALTERNATIVES	168,211	39	13,077	16,810	7,994	425	172,472	37	4.9 0.1
TOTAL PROPERTY	115,303	26	-13		3,284	382	118,574	26	3.2 1.1
<b>TOTAL ASSETS</b>	<b>436,065</b>	<b>100</b>	<b>13,064</b>	<b>16,810</b>	<b>31,174</b>	<b>807</b>	<b>463,494</b>	<b>100</b>	<b>7.3 9.4</b>

The change in Fund value over the period is a combination of the net money flows into or out of the Fund and any gain or loss on the capital value of the investments.

# not invested in this area for the entire period

## Summary of Long Term Returns

NOTTINGHAMSHIRE COUNTY COUNCIL - INTERNAL MULTI ASSET

Periods to end March 2013

Benchmark - Nottinghamshire Internal Benchmark

Pound Sterling

This page summarises the long term returns at asset class level

Return %	----- 2010 -----			----- 2011 -----				----- 2012 -----				2013	1yr	3yrs	5yrs
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1		% pa	% pa
<i>Total Equity</i>								0.0 #	-3.5	5.6	4.4	13.0	20.3		
<i>UK Equities</i>								0.0 #	3.2	6.1	4.6	7.4	23.1		
<i>O/S Equities</i>								0.0 #	-7.3	5.3	4.2	16.7	18.8		
<i>N. America</i>								0.0 #	-7.4	1.4	-2.7	30.2	18.9		
<i>Europe ex UK</i>								0.0 #	-8.9	6.8	7.9	12.1	17.7		
<i>Japan</i>								0.0 #	1.8	4.4	-6.6	26.4	25.5		
<i>Other Intl.</i>								0.0 #	-3.8	5.5	3.0	15.0	20.2		
<i>Cash/ Alts</i>								0.0 #	2.2	-1.2	1.1	4.9	7.1		
<i>Property</i>								0.0 #	-4.6	-0.2	0.8	3.2	-1.0		
<i>Total Assets</i>								0.0 #	-1.3	1.3	2.1	7.3	9.4		

# not invested in this area for the entire period

## Asset Mix and Returns

NOTTINGHAMSHIRE COUNTY COUNCIL - ABERDEEN ASSET MGMT PLC

Periods to end March 2013

Benchmark - IPD All Properties

Pound Sterling

This page provides the underlying detail for the fund over the latest period.

All values are shown in GBP'000s	Asset Allocation						Stock Selection		
	31/12/2012						29/03/2013		Return B'M
	Value	%	Purchases	Sales	Gain/ Loss	Income	Value	%	
CASH/ALTERNATIVES			16,353	16,353		0			0.1 #
TOTAL PROPERTY	276,688	100	16,353		-1,853	4,341	291,188	100	0.9
<b>TOTAL ASSETS</b>	<b>276,688</b>	<b>100</b>	<b>32,705</b>	<b>16,353</b>	<b>-1,853</b>	<b>4,341</b>	<b>291,188</b>	<b>100</b>	<b>0.9 1.1</b>

The change in Fund value over the period is a combination of the net money flows into or out of the Fund and any gain or loss on the capital value of the investments.

# not invested in this area for the entire period

## Summary of Long Term Returns

NOTTINGHAMSHIRE COUNTY COUNCIL - ABERDEEN ASSET MGMT PLC

Periods to end March 2013

Benchmark - IPD All Properties

Pound Sterling

This page summarises the long term returns at asset class level

Return %	----- 2010 -----			----- 2011 -----				----- 2012 -----				2013	1yr	3yrs	5yrs
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1		% pa	% pa
Cash/ Alts									1.0 #	0.8 #	n/a	0.1 #	n/a		
Property									0.8	0.3	0.4	0.9	2.4		
Total Assets									0.8	0.2	0.4	0.9	2.4		

# not invested in this area for the entire period



**REPORT OF CORPORATE DIRECTOR, POLICY, PLANNING AND  
CORPORATE SERVICES****WORK PROGRAMME****Purpose of the Report**

1. To consider the Sub-Committee's proposed work programme for 2013/14.

**Information and Advice**

2. The County Council requires each sub-committee to maintain a work programme. The work programme will assist the management of the sub-committee's agenda, the scheduling of the sub-committee's business and forward planning. The work programme will be updated and reviewed at each pre-agenda meeting and sub-committee meeting. Any member of the sub-committee is able to suggest items for possible inclusion.
3. The attached work programme has been drafted in consultation with the Chairman and Vice-Chairman, and includes items which can be anticipated at the present time. Other items will be added to the programme as they are identified.

**Other Options Considered**

4. None.

**Reason/s for Recommendation/s**

5. To assist the sub-committee in preparing its work programme.

**Statutory and Policy Implications**

6. This report has been compiled after consideration of implications in respect of finance, public sector equality duty, human resources, crime and disorder, human rights, the safeguarding of children, sustainability and the environment and those using the service and where such implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required.

## **RECOMMENDATION/S**

- 1) That the sub-committee's work programme be noted, and consideration be given to any changes which the sub-committee wishes to make.

**Jayne Francis-Ward**

**Corporate Director, Policy, Planning and Corporate Services**

**For any enquiries about this report please contact:**

Chris Holmes, Team Manager Democratic Services

E-mail: [chris.holmes@nottsc.gov.uk](mailto:chris.holmes@nottsc.gov.uk) Tel: 0115 9773714

### **Constitutional Comments**

7. The Sub-Committee has authority to consider the matters set out in this report by virtue of its terms of reference.

### **Financial Comments**

8. There are no financial implications arising directly from this report.

### **Background Papers**

Except for previously published documents, which will be available elsewhere, the documents listed here will be available for inspection in accordance with Section 100D of the Local Government Act 1972.

None

### **Electoral Division(s) and Member(s) Affected**

All



## WORK PROGRAMME 2013-14

Report Title	Brief Summary of Agenda Item	For Decision or Information ?	Lead Officer
<b>6<sup>th</sup> February 2014</b>			
Proxy Voting - Q4 2013	Summary of voting activity during quarter 4 of 2013	Information	Simon Cunnington
LAPFF Conference	Report from the LAPFF Conference in Bournemouth	Information	
Working Party Recommendations	Report on recommendations from recent Working Party	Decision recommendation	Simon Cunnington
Triennial Valuation	Draft results from the triennial valuation	Information (& Training?)	Simon Cunnington
Membership analysis	Analysis of membership changes and impact on cash flow	Information	Simon Cunnington
In-House Portfolio	Report on the operation of the In-house portfolio	Information	Simon Cunnington
Procurement of Pensions Admin System	Background on possible procurement of a new pensions system to replace AXISe	Information	Sarah Stevenson
Implementation of LGPS 2014	Update on progress of implementation of the new scheme from 1/4/14	Information	Sarah Stevenson
New Admission/Transferee bodies	Standing item to give details of any new employers within the Fund	Information	Sarah Stevenson
<b>8<sup>th</sup> May 2014</b>			
Proxy Voting - Q1 2014	Summary of voting activity during quarter 1 of 2014	Information	Simon Cunnington
New Admission/Transferee bodies	Standing item to give details of any new employers within the Fund	Information	Sarah Stevenson
<b>22<sup>nd</sup> July 2014</b>			
NAPF Local Authority	Report from the NAPF Local Authority Conference at	Information	Simon

Conference 2014	the Cotswolds Water Park		Cunnington
New Admission/Transferee bodies	Standing item to give details of any new employers within the Fund	Information	Sarah Stevenson