

REPORT OF SERVICE DIRECTOR – FINANCE & PROCUREMENT**PERFORMANCE REVIEW 2014/15****Purpose of the Report**

1. To provide information on the Fund's investment performance in 2014/15.

Information and Advice

2. The Fund subscribes to performance monitoring services from State Street Global Services (SSGS, formerly the WM Company). Data on asset values, transactions and fund cash flows are submitted to SSGS 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). Karen Thrumble from SSGS will be attending the meeting to present information on the Fund's performance for 2014/15.
3. The presentation will cover:
 - Market background
 - Fund performance versus benchmark
 - Performance relative to other funds
4. Performance was disappointing compared to the Fund's strategic benchmark largely because of the marked difference between the composition of the strategic equity benchmark and the individual portfolio benchmarks. The former has a much higher weighting to the US market whereas the latter have a heavy weighting to the UK. This has been considered recently by both the Working Party and Pensions Sub-Committee and, although changes are being made to the portfolio benchmarks, it was agreed that the Fund should continue to favour UK equities on the basis that long term return expectations are still favourable and volatility is lower due to currency risk. The changes will be implemented over the next 12 to 18 months.

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

Constitutional Comments

6. Because this report is for noting only, no Constitutional Comments are required.

Financial Comments (SRC 28/10/15)

7. There are no direct financial implications arising from this report.

Background Papers and Published Documents

None