Not for publication by virtue of Schedule 12A of the Local Government Act 1972, as amended

Nottinghamshire County Council

Report to Pensions Fund Committee

12 September 2019

Agenda Item:

EXEMPT APPENDIX TO REPORT OF THE SERVICE DIRECTOR FOR FINANCE, INFRASTRUCTURE & IMPROVEMENT

FUND VALUATION AND PERFORMANCE

Information and Advice

1. The table below shows the detailed breakdown by portfolio of the Fund as at 30 June 2019 together with the total value of each portfolio at the previous quarter end.

	Core Index		Schroders		Kames		Kames S		Aberdeen		Specialist		Total	
	£m	%	£m	%	£m	%	£m	%	£m	%	£m	%	£m	%
UK Bonds														
Gilts					182.7	37%	0.0	0%					182.7	3%
Corporate Bonds					282.0	57%	186.2	100%					468.2	8%
					464.7	94%	**186.2**	100%					**650.9**	**12%**
Overseas Bonds														
Corporate Bonds					13.1	3%	0.0	0%					13.1	0%
					13.1	3%	**0.0**	0%					**13.1**	**0%**
Inflation Linked											200.6	16%	200.6	**4%**
UK Equities	568.6	39%	736.3	47%							47.0	4%	1,351.9	**24%**
Overseas Equities														
North America	380.2	26%	474.4	30%							0.0	0%	854.6	15%
Europe	184.5	13%	117.6	8%							165.2	13%	467.3	8%
Japan	103.4	7%	67.6	4%							77.6	6%	248.6	4%
Pacific	107.9	7%	45.5	3%									153.4	3%
Emerging Markets	72.9	5%	73.0	5%							90.4	7%	236.3	4%
Global	30.4	2%									0.0	0%	30.4	1%
	879.3	61%	**778.1**	50%							**333.2**	26%	**1,990.6**	**36%**
Private Equity											198.4	15%	198.4	**4%**
Infrastructure											278.2	22%	278.2	**5%**
Property														
UK Commercial									447.7	74%			447.7	8%
UK Commercial - Local									24.5	4%			24.5	0%
UK Strategic Land									7.9	1%			7.9	0%
Pooled - UK									17.2	3%	132.4	10%	149.6	3%
Pooled - Overseas									107.8	18%	0.8	0%	108.6	2%
									605.1		**133.2**	10%	**738.3**	**13%**
Cash/Currency	3.3	0%	46.8	3%	16.9	3%	0.0	0%			96.7	8%	163.7	**3%**
Total	**1,451.2**	26%	**1,561.2**	28%	**494.7**	9%	**186.2**	3%	**605.1**	11%	**1,287.3**	23%	**5,585.7**	
Previous Qtr Totals	1,361.6	25%	1,509.1	28%	484.8	9%	205.8	4%	499.9	9%	1,345.5	25%	5,406.7	

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2. The following table shows estimated performance over 3 and 12 months for each of the main managers along with market indices and the Fund benchmark returns.

3 months to 30 June 2019

Current Quarter	Core Index	Schroders	Kames	Aberdeen	Specialist	Indices	Strategic Benchmark
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]				[redacted]	
[redacted]	[redacted]	[redacted]				[redacted]	
[redacted]	[redacted]	[redacted]				[redacted]	
[redacted]	[redacted]	[redacted]				[redacted]	
[redacted]	[redacted]	[redacted]				[redacted]	
[redacted]	[redacted]	[redacted]				[redacted]	
					[redacted]		
[redacted]					[redacted]		
[redacted]					[redacted]		
[redacted]	[redacted]	[redacted]			[redacted]		[redacted]
[redacted]							
[redacted]						[redacted]	
[redacted]							
[redacted]					[redacted]		
[redacted]			[redacted]				[redacted]
[redacted]				[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]					[redacted]	[redacted]
[redacted]							[redacted]

12 months to 30 June 2019

Last 12 Months	Core Index	Schroders	Kames	Aberdeen	Specialist	Indices	Strategic Benchmark
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]				[redacted]	
[redacted]	[redacted]	[redacted]				[redacted]	
[redacted]	[redacted]	[redacted]				[redacted]	
[redacted]	[redacted]	[redacted]				[redacted]	
[redacted]	[redacted]	[redacted]				[redacted]	
[redacted]	[redacted]	[redacted]				[redacted]	
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[redacted]	[redacted]	[redacted]			[redacted]		[redacted]
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[redacted]						[redacted]	
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[redacted]					[redacted]		
[redacted]			[redacted]				[redacted]
[redacted]				[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]					[redacted]	[redacted]
[redacted]							[redacted]

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Fund Strategic Benchmark		
Equities (inc private equity)	68.0%	FTSE All World
Property	15.0%	IPD annual universe
Bonds	15.0%	FTSE UK Gilt All Stock
Cash	2.0%	LIBID 7 Day
	100.0%	
Liability Based Benchmark	100.0%	FTSE UK Gilts IL > 5 Yrs

3. The following table shows the estimated 3 and 5 year returns for each of the main managers along with market indices. The Fund benchmark returns are also shown for comparison.

3 years annualised returns to 30 June 2019

3 years	**Core Index**	**Schroders**	**Kames**	**Aberdeen**	**Specialist**	**Indices**	**Benchmark**
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]				[redacted]	
[redacted]	[redacted]	[redacted]				[redacted]	
[redacted]	[redacted]	[redacted]				[redacted]	
[redacted]	[redacted]	[redacted]				[redacted]	
[redacted]	[redacted]	[redacted]				[redacted]	
[redacted]	[redacted]	[redacted]				[redacted]	
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[redacted]					[redacted]		
[redacted]					[redacted]		
[redacted]	[redacted]	[redacted]			[redacted]		[redacted]
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[redacted]							
[redacted]					[redacted]		
[redacted]			[redacted]				[redacted]
[redacted]				[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]					[redacted]	[redacted]
[redacted]							[redacted]

5 year annualised returns to 30 June 2019

5 years	**Core Index**	**Schroders**	**Kames**	**Aberdeen**	**Specialist**	**Indices**	**Benchmark**
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]				[redacted]	
[redacted]	[redacted]	[redacted]				[redacted]	
[redacted]	[redacted]	[redacted]				[redacted]	
[redacted]	[redacted]	[redacted]				[redacted]	
[redacted]	[redacted]	[redacted]				[redacted]	
[redacted]	[redacted]	[redacted]				[redacted]	
[redacted]	[redacted]	[redacted]					[redacted]
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[redacted]						[redacted]	
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[redacted]					[redacted]		
[redacted]			[redacted]				[redacted]
[redacted]				[redacted]		[redacted]	[redacted]
[redacted]	[redacted]					[redacted]	[redacted]
[redacted]							[redacted]

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Core Index Portfolio

4. Below are detailed reports showing the valuation of the Core Index portfolio at the quarter end and the transactions during the quarter. The table below summarises the valuation and compares it to the portfolio benchmark (and a comparison with the previous quarter). The benchmark changed in the second quarter of 18/19 as part of a long term aim to bring our overseas developed market passive investments to be consistent with the regional allocation of the LGPS Central Overseas passive fund as agreed at the June Pension Fund Committee. This will be a gradual change over time. The Global category below is the LGPS Central Overseas passive fund.

	30 June 2019			31 March 2019	
	Portfolio		B/Mark	Portfolio	
	£000	%	%	£000	%
UK Equities	568,585	39.2%	40.0%	550,965	40.5%
Overseas Equities:	879,286	60.6%	59.5%	807,843	59.3%
North America	380,211	26.2%	18.0%	355,926	26.1%
Europe	184,483	12.7%	18.0%	169,649	12.5%
Japan	103,445	7.1%	9.0%	100,466	7.4%
Pacific Basin	107,896	7.4%	9.0%	101,889	7.5%
Emerging Markets	72,872	5.0%	5.5%	70,429	5.1%
Global	30,379	2.1%	0%	9,484	0.7%
Cash	3,315	0.2%	0.5%	2,829	0.2%
Total	**1,451,186**			**1,361,637**	

5. The table below summarises transactions during the quarter.

Sector	**Purchases £000**	**Sales £000**	**Net Purchases £000**
UK Equities	0	0	0
Overseas Equities			
North America	0	0	0
Europe	0	0	0
Japan	0	0	0
Pacific Basin	0	0	0
Emerging Markets	0	0	0
Global	20,000	0	20,000
Totals	**20,000**	**0**	**20,000**

The additional £20 million relates to an investment in the LGPS Central Global Active Equity fund. This investment was funded through a reduction to the Schroders portfolio. Strictly speaking the Core Index portfolio is not an appropriate portfolio to hold this active investment. This will be a temporary compromise. When the Kames Fixed Income portfolio transitions later this year it will be replaced with an LGPS Central portfolio which will hold all the LGPS Central fund investments.

6. Estimated performance figures to the end of the quarter are compared with benchmarks below.

	3 months		12 months		3 years		5 years	
	Portfolio %	B/mark %	Portfolio %	B/mark %	Portfolio %	B/mark %	Portfolio %	B/mark %
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]		[redacted]		[redacted]	
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
	[redacted]							
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]

7. The differences from benchmark relate to the impact of sales during the periods, roundings, tracking errors and owning two different emerging market funds with different indices. The performance of the Global active fund is excluded from the table due to the short period for which it was invested.

8. [redacted]

9. The equity markets have grown in this quarter, but there are increasing signs of volatility.

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Schroder Investment Management Portfolio

10. Attached are the detailed reports provided by Schroders showing the valuation of their portfolio at the quarter end, the transactions during the quarter and narrative to accompany performance. Any differences in figures shown in these reports result from different accounting treatment of income and corporate actions.

11. The table below summarises the valuation and compares it to Schroders' benchmark. The position at the end of the previous quarter is also shown.

	30 June 2019			**31 March 2019**		
	Portfolio		**B/Mark**	**Portfolio**		**B/Mark**
	£000	**%**	**%**	**£000**	**%**	**%**
UK Equities	736,255	47.2%	50.0%	718,173	47.6%	50.0%
Overseas Equities	778,043	49.8%	49.5%	767,066	50.8%	49.5%
North America	474,396	30.4%	28.9%	473,245	31.4%	28.9%
Europe	117,618	7.5%	8.3%	108,123	7.2%	8.3%
Japan	67,589	4.3%	4.7%	65,817	4.4%	4.7%
Pacific Basin	45,461	2.9%	3.0%	41,549	2.8%	3.0%
Emerging Markets	72,979	4.7%	4.6%	78,332	5.2%	4.6%
Cash	46,793	3.0%	0.5%	23,834	1.6%	0.5%
Total	**1,561,091**			**1,509,073**		

12. The table below summarises transactions within the quarter.

Sector	**Purchases £000**	**Sales £000**	**Net Purchases £000**
UK Equities	6,267	0	6,267
Overseas Equities			
North America	0	27,207	-27,207
Europe	17,833	16,584	1,249
Japan	4,025	3,631	394
Pacific Basin			0
Emerging Markets		9,211	-9,211
Totals	**28,125**	**56,633**	**-28,508**

[redacted]

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13. Estimated performance figures (gross) to the end of the quarter are compared with benchmarks below.

	3 months		12 months		3 years		5 years	
	Portfolio %	B/mark %	Portfolio %	B/mark %	Portfolio %	B/mark %	Portfolio %	B/mark %
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]		[redacted]		[redacted]		[redacted]		[redacted]

14. Schroders performance target is to outperform their benchmark by 1.0% p.a. (net of fees) and to fall not more than 2.0% below benchmark over rolling 3 year periods. [redacted]

15. [redacted]

16. [redacted]

17. [redacted]

18. [redacted]

19. [redacted]

20. [redacted]

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[redacted]

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Kames Capital

22. Attached are the detailed reports provided by Kames Capital showing the valuation of their portfolio at the quarter end, the transactions during the quarter and narrative to accompany performance. Any differences in valuation shown in these reports result from different accounting treatment of income.

23. The table below summarises the valuation and compares it to Kames' benchmark. The position at the end of the previous quarter is also shown.

	30 June 2019			31 March 2019		
	Portfolio		B/Mark	Portfolio		B/Mark
	£000	%	%	£000	%	%
UK Bonds						
Gilts	182,739	37%	30%	176,070	36%	30%
Corporate Bonds	281,966	57%	70%	282,266	58%	70%
Overseas Bonds						
Corporate Bonds	13,101	3%		12,945	3%	
Cash	16,950	3%		13,527	3%	
Total	**494,756**			**484,808**		

24. The table below summarises transactions within the quarter.

Sector	**Purchases £000**	**Sales £000**	**Net Purchases £000**
UK Bonds			
Gilts	32,037	27,314	4,723
Corporate Bonds	8,451	11,943	-3,492
Overseas Bonds			
Government Bonds	0	0	0
Corporate Bonds	626	1,296	-670
Totals	**41,114**	**40,553**	**561**

25. Estimated performance figures to the end of the quarter are compared with benchmarks below.

	3 months		12 months		3 years		5 years	
	Portfolio %	B/mark %	Portfolio %	B/mark %	Portfolio %	B/mark %	Portfolio %	B/mark %
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]

26. Kames performance target is to outperform their benchmark by 0.40% p.a. (after fees) over rolling 3 year periods. [redacted]

27. [redacted]

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Aberdeen Standard Investments (ASI)

28. The value of the direct holdings at the end of the previous two quarters is shown below.

Commercial Property	30/06/2019	31/03/2019	Change
ARVATO CHIPPENHAM DR KINGSTON IND EST MILTON KEYNE	[redacted]	[redacted]	[redacted]
BAGSHOT RETAIL PARK LONDON ROAD SURREY	[redacted]	[redacted]	[redacted]
BRIDLESMITH GATE - NOTTINGHAM	[redacted]	[redacted]	[redacted]
BROOK STREET - LONDON	[redacted]	[redacted]	[redacted]
BROOKE PARK HANDFORTH MANCHESTER	[redacted]	[redacted]	[redacted]
CASTLEWOOD BUSINESS PK SOUTH NORMANTON DERBYSHIRE	[redacted]	[redacted]	[redacted]
CROSS POINT (PLOT 6100) COVENTRY	[redacted]	[redacted]	[redacted]
DOWDING WAY TUNBRIDGE WELLS KENT	[redacted]	[redacted]	[redacted]
FINLAY HOUSE WEST NILE STREET - GLASGOW	[redacted]	[redacted]	[redacted]
FORWARD DRIVE/MASONS AVENUE - HARROW	[redacted]	[redacted]	[redacted]
GALA BINGO - BANBURY	[redacted]	[redacted]	[redacted]
GALLOWGATE GLASGOW	[redacted]	[redacted]	[redacted]
GROVEBURY RETAIL PARK LEIGHTON BUZZARD	[redacted]	[redacted]	[redacted]
HIGH ST (92-100) - WEST WICKHAM	[redacted]	[redacted]	[redacted]
INTERCHANGE LATHAM ROAD HUNTINGDON	[redacted]	[redacted]	[redacted]
KING'S STABLES ROAD, EDINBURGH	[redacted]	[redacted]	[redacted]
KIRBY ST LONDON	[redacted]	[redacted]	[redacted]
LANDS LANE - LEEDS	[redacted]	[redacted]	[redacted]
LEICESTER ST (21) - NORTHWICH	[redacted]	[redacted]	[redacted]
MAIDEN LANE (12) LONDON	[redacted]	[redacted]	[redacted]
NEW DOVER ROAD (50-60 & 68) CANTERBURY	[redacted]	[redacted]	[redacted]
QUEEN ST (125-139) CARDIFF	[redacted]	[redacted]	[redacted]
SHEEPSCAR WAY LEEDS	[redacted]	[redacted]	[redacted]
SPRUCEFIELD (UNITS 1&2) LISBURN NORTHERN IRELAND	[redacted]	[redacted]	[redacted]
TECHNOLOGY RETAIL PARK RUGBY	[redacted]	[redacted]	[redacted]
THE DRIVE GATWICK ROAD CRAWLEY	[redacted]	[redacted]	[redacted]
THE OAST HOUSE MANCHESTER	[redacted]	[redacted]	[redacted]
THE PAVILLION MANCHESTER	[redacted]	[redacted]	[redacted]
VERTEX PARK, EMERSONS GREEN, BRISTOL	[redacted]	[redacted]	[redacted]
WOODGATE DRIVE STREATHAM - LONDON	[redacted]	[redacted]	[redacted]
WOODYARD LANE WOLLATON NOTTINGHAM	[redacted]	[redacted]	[redacted]
	[redacted]	[redacted]	
Commercial Property - Local			
BAKKAVOR FOODS BROOKSIDE SUTTON IN ASHFIELD NOTTS	[redacted]	[redacted]	[redacted]
ISABELLA COURT MILLENNIUM BUSINESS PARK MANSFIELD	[redacted]	[redacted]	[redacted]
NCP CAR PARK NEWARK RAILWAY STATION NOTTS	[redacted]	[redacted]	[redacted]
CLUMBER ST (25-29) NOTTINGHAM	[redacted]	[redacted]	[redacted]
MKM BUILDING SUPPLIES MACON WAY CREWE	[redacted]	[redacted]	[redacted]
	[redacted]	[redacted]	
Strategic Land			
LITTLE CHALVEDON HALL - BASILDON ESSEX	[redacted]	[redacted]	[redacted]
ROSETTA CARAVAN PARK PEEBLES	[redacted]	[redacted]	[redacted]
	[redacted]	[redacted]	
Total value	[redacted]	[redacted]	

29. [redacted]

30. Estimated (gross) performance figures for the main portfolio to the end of the quarter are shown in the next table. Since 1 April 2014 ASI have had a long term performance target

of 6.5% pa (net of fees). Although described as a benchmark in the table, the IPD market returns are shown as a comparator only.

	3 months		12 months		3 years		5 years	
	Portfolio %	B/mark %	Portfolio %	B/mark %	Portfolio %	B/mark %	Portfolio %	B/mark %
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]

31. [redacted]

32. [redacted]

33. [redacted]

34. [redacted]

[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]		[redacted]
[redacted]	[redacted]		[redacted]
[redacted]	[redacted]		[redacted]
[redacted]	[redacted]		[redacted]

35. [redacted]

36. [redacted]

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37. [redacted]

38. Pages 46 to 59 of the ASI report show details of the Local Property Investment initiative. The scope of this initiative has been extended both geographically and financially. The following table shows the performance of the local fund.

	3 months		12 months		3 years		5 years	
	Portfolio %	B/mark %	Portfolio %	B/mark %	Portfolio %	B/mark %	Portfolio %	B/mark %
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]		[redacted]		[redacted]			[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
	[redacted]							[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]

39. [redacted]

40. [redacted]

41. [redacted]

	3 months		12 months		3 years		5 years	
	Portfolio %	B/mark %	Portfolio %	B/mark %	Portfolio %	B/mark %	Portfolio %	B/mark %
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
	[redacted]							[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]

[redacted]

42. The Committee is asked to note that approval was given in the quarter to the following, after consultation with Members where appropriate, as operational matters falling under the responsibility of the Service Director, Finance, Infrastructure & Improvement exercised by the Senior Accountant (Pensions & Treasury Management):

Date	Property	Transaction
01/04/2019	Finlay House, West Nile Street, Glasgow	Rent Review Memorandum
02/04/2019	Unit C, Grovebury Retail Park, Leighton Buzzard	Alterations license
03/04/2019	Unit C, Grovebury Retail Park, Leighton Buzzard	New lease

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03/04/2019	Unit C, Grovebury Retail Park, Leighton Buzzard	Deed of variation
16/04/2019	Unit C, Lands Lane, Leeds	Alterations license
17/05/2019	Bridlesmith House, Bridlesmith Gate, Nottingham	Rent review
05/06/2019	Former Seimens Site at Woodyard Lane, Wollaton	Sale of asset
12/06/2019	Forward Drive, Harrow	Alterations license
12/06/2019	Units 1 and 2, Crosspoint, Coventry	Alterations license

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Specialist Portfolio

43. Below are tables showing the composition and the valuation of the Specialist portfolio at the quarter end and the transactions during the quarter. The table below summarises the valuation and compares it to the portfolio benchmark. The position at the end of the previous quarter is also shown.

	30 June 2019		31 March 2019	
	£000	**%**	**£000**	**%**
Private Equity	198,400	16.7%	188,200	15.0%
Infrastructure	278,200	23.4%	260,300	20.7%
Property Funds	133,200	11.2%	231,800	18.5%
Kames DGF	200,600	16.8%	196,500	15.7%
Equity Funds	380,200	31.9%	378,400	30.1%
Total	**1,190,600**		**1,255,200**	

44. The table below summarises transactions within the quarter.

Sector	**Purchases £000**	**Sales £000**	**Net Purchases £000**
Private Equity	6,643	2,250	4,393
Infrastructure	10,730		10,730
Property Funds	-86,714	1,147	-87,861
Kames DGF	0		0
Equity Funds	0		0
Totals	**-69,341**	**3,397**	**-72,738**

£92m of investment in the European Property Growth Fund was transferred to the ASI portfolio during the quarter. This is represented as a negative purchase in the table above.

45. Estimated performance figures to the end of the quarter are compared to a relevant benchmark or with the Fund's target return.

	3 months		**12 months**		**3 years**		**5 years**	
	Portfolio %	**B/mark %**	**Portfolio %**	**B/mark %**	**Portfolio %**	**B/mark %**	**Portfolio %**	**B/mark %**
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
	[redacted]							[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]

46. Because performance figures have not previously been reported in this way, historic figures have been retrospectively created, and may not be entirely accurate. The Infrastructure portfolio has not yet been in existence for 5 years, so 5 year figures are not reported.

47. Because of the alternative nature of the Specialist portfolio, which is designed to diversify risks and not reflect the main market movements, selecting benchmarks with which to compare performance is difficult. Consequently performance is compared to target return 6% except for the Kames DGF which is compared to RPI and the equity funds which are compared to our equity benchmark of 55% FTSE World ex UK and 45% FTSE All Share.

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Private Equity

48. Private Equity and Infrastructure invested through private equity funds are often impacted by what is known as the 'J' curve. This means that in the early years of the fund, outgoings exceed income, and the fund delivers a negative return, with the growth only apparent near the maturity of the fund. Consequently until a portfolio of funds is mature, private equity is likely to underperform the wider equity market. [redacted]

Infrastructure

49. [redacted] We also made a new commitment to the Capital Dynamics Clean Energy Infrastructure Fund of £10m.

Alternative Property

50. [redacted]

Kames Diversified Growth Fund

51. The Kames Diversified Growth Fund (DGF) aims to maximise total return and outperform the UK Retail Price Index by at least 4% p.a. over the medium term. [redacted]

52. [redacted]

Alternative equities

53. [redacted]

RECOMMENDATIONS

1) That members consider whether there are any actions they require in relation to the issues contained within the report.

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Constitutional Comments

54. This is an updating information report and Pension Committee is the correct body for considering that information and any further action which members may wish to take in light of that information.

Financial Comments (TMR 3/9/2019)

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