

PENSIONS COMMITTEE

13 March 2017

PENSION INVESTMENT UPDATE

Recommendation

The Chief Financial Officer recommends that:

- a) the Independent Financial Adviser's fund performance summary and market background be noted; and**
- b) the update on the Investment Managers placed 'on watch' by the Pension Investment Advisory Panel be noted.**

Background

1. The Committee will receive regular updates on fund performance. The fund's Independent Financial Adviser has provided a fund performance summary and a brief market background update (Appendix 1). The market background update is provided to add context to the relative performance and returns achieved by the fund's investment managers.
2. The Committee will also receive regular updates regarding 'on watch' managers and will receive recommendations in relation to manager termination in the event of a loss of confidence in managers by the Advisory Panel (Appendix 1).

JP Morgan Emerging Markets

3. JP Morgan (Emerging Markets) portfolio outperformed their benchmark over the quarter by 0.4%. Performance for the year ended December 2016 was 1.4% ahead of benchmark and therefore 0.6% behind their target outperformance of +2.0% per annum. Over the past three years JP Morgan have underperformed their performance target by 1.9% per annum.
4. It is recommended that JP Morgan remain 'on watch' until consistent outperformance is regained.

JP Morgan Bonds

5. The JP Morgan Bond portfolio outperformed their benchmark by 0.2% in the quarter ended December 2016. Performance for the year ended December 2016 was ahead of benchmark by 0.2% and therefore 0.8% behind their target outperformance. Over the past three years they have underperformed their performance target by 0.6% per annum.

6. It is recommended that JP Morgan (Bonds) remain on watch until their three year performance is tracking further towards target and the Committee are fully satisfied that JP Morgan are managing their portfolio risk budget effectively.

Supporting Information

- Appendix 1 - Independent Financial Adviser summary report
- Appendix 2 - Bar Chart of investment managers' performance
- Appendix 3 - Portfolio Evaluation Performance Report

Contact Point for the Report

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Background Papers

In the opinion of the proper officer (in this case the Chief Financial Officer) there are no background papers relating to the subject matter of this report.