

**PENSIONS COMMITTEE**  
**6 OCTOBER 2017****PENSION INVESTMENT UPDATE**

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**Recommendation**

1. **The Chief Financial Officer recommends that:**
  - a) **the Independent Financial Adviser's fund performance summary and market background be noted;**
  - b) **the update on the Investment Managers placed 'on watch' by the Pension Investment Advisory Panel be noted; and**
  - c) **the update regarding First State is noted.**

**Background**

2. 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.
3. 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**

4. JP Morgan (Emerging Markets) portfolio outperformed their benchmark over the quarter by 0.4%. Performance for the year ended June 2017 was 5.3% ahead of benchmark and therefore 3.3% ahead of their target outperformance of +2.0% per annum. Over the past three years JP Morgan have underperformed their performance target by 1.3% per annum.

5. It is recommended that JP Morgan remain 'on watch' until their three year outperformance is near target.

**JP Morgan Bonds**

6. The JP Morgan Bond portfolio outperformed their benchmark by 0.3% in the quarter ended June 2017. Performance for the year ended June 2017 was ahead of benchmark by 1.0% and therefore equal to their target outperformance. Over the past three years they have outperformed their performance target by 0.3% per annum.

7. It is recommended that JP Morgan (Bonds) remain on watch until their three year performance is tracking further towards target.

### **First State**

8. Following the Pension Committee decision to appoint First State as a new Infrastructure Manager to the Fund, an update has been provided as Appendix 4 to this report regarding a management change.

**9. Please note that Appendix 4 contains exempt information (on salmon pages) and should members wish to discuss the information included in the Appendix they would need to consider passing the appropriate resolution and moving into exempt session.**

### **Contact Points**

#### County Council Contact Points

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#### Specific Contact Points for this report

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### **Supporting Information**

- Independent Financial Adviser summary report (Appendix 1)
- Bar Chart of investment managers' performance (Appendix 2)
- Portfolio Evaluation Performance Report (Appendix 3)
- First State update paper (Appendix 4) **(Exempt information - Salmon pages)**

### **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.