

PENSIONS COMMITTEE
22 JUNE 2018**PENSION INVESTMENT UPDATE**

Recommendation

1. **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

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 Pension Investment Advisory Panel (Appendix 1).

JP Morgan Emerging Markets

4. JP Morgan (Emerging Markets) portfolio underperformed against their benchmark over the quarter by 1.7%. Performance for the year ended March 2018 was 4.6% ahead of benchmark. Over the past three years JP Morgan has outperformed their performance target by 0.8% per annum. Since inception they remain behind target, at -0.5% against their performance requirement

JP Morgan Bonds

5. The JP Morgan Bond portfolio underperformed against their benchmark by 0.1% in the quarter ended March 2018. Performance for the year ended March 2018 was ahead of benchmark by 0.73% and therefore behind their target outperformance by 0.37%. Over the past three years they have underperformed against their performance target by 0.6% and ten years by 0.5%
6. It is recommended that JP Morgan (Bonds) remain on watch until their three year performance is tracking further towards target.

Contact Points

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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)

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.