

PENSIONS COMMITTEE
1 DECEMBER 2017**PENSION INVESTMENT UPDATE**

Recommendation

- 1. The Interim 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) JP Morgan Emerging Markets be removed from list of 'on watch' managers by the Committee.**

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 outperformed their benchmark over the quarter by 3.1%. Performance for the year ended September 2017 was 5.8% ahead of benchmark and therefore 3.8% ahead of their target outperformance of +2.0% per annum. Over the past three years JP Morgan has outperformed their performance target by 0.6% per annum.
5. Taking into account JP Morgan's recent strong performance and as JP Morgan have now outperformed their performance target over the past three year period it is recommended that JP Morgan are taken off 'watch' by the Committee.

JP Morgan Bonds

6. The JP Morgan Bond portfolio outperformed their benchmark by 0.3% in the quarter ended September 2017. Performance for the year ended September 2017 was ahead of benchmark by 0.9% and therefore behind their target outperformance by 0.1%. Over the past three years they have outperformed their performance target by 0.6% per annum.

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

Contact Points

County Council 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 Interim Chief Financial Officer) there are no background papers relating to the subject matter of this report.