

County Buildings, Stafford
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Pensions Panel

Tuesday, 7 March 2017
9.30 am
Ivanovo Room - County Buildings

John Tradewell
Director of Strategy, Governance and Change
27 February 2017

A G E N D A

1. **Apologies**
2. **Declarations of Interest**
3. **Minutes of meeting held on 6 December 2016** (Pages 1 - 4)
4. **Pension Fund Investment Performance 2016/17** (Pages 5 - 30)
Report of the Director of Finance and Resources
5. **Annual Investment Strategy for Pension Fund Cash 2017/18** (Pages 31 - 38)
Report of the Director of Finance and Resources
6. **Investment Strategy Statement.** (Pages 39 - 58)
Report of the Director of Finance and Resources
7. **Dates of Future Meetings**
To be confirmed:
6 June 2017
25 July 2017 (Global Managers Day)
5 September 2017
5 December 2017
6 March 2018

All meetings are scheduled to start at 9.30am at County Buildings, Stafford unless indicated otherwise.

8. **Exclusion of the Public**

The Chairman to move:-

'That the public be excluded from the meeting for the following items of business which involve the likely disclosure of exempt information as defined in the paragraphs of Part 1 of Schedule 12A of the Local Government Act 1972 (as amended) indicated below'.

PART TWO

(All reports in this section are on pink paper)

9. **Exempt Minutes of the Meeting held on 6 December 2016** (Pages 59 - 68)
(Exemption paragraph 3)
10. **Pooling of LGPS Investments**
(Exemption paragraph 3)
- Oral update by the Director of Finance and Resources
11. **Strategic Benchmark Review and Monitoring**
(Exemption paragraph 3)
- a) Market Update (Pages 69 - 74)
Presentation by Hymans Robertson
- b) Review of Position as at 31 January 2017 (Pages 75 - 86)
Report of the Director of Finance and Resources
12. **Pension Fund Performance and Manager Monitoring for the quarter ended 31 December 2016** (Pages 87 - 124)
(Exemption paragraph 3)
- (Report of Portfolio Evaluation for the quarter ended 31 December 2016 enclosed for information)*
13. **Responsible Investment Report (RI) Quarter 4 2016** (Pages 125 - 140)
(Exemption paragraph 3)
- Report of the Director of Finance and Resources
14. **Property**
(Exemption paragraph 3)
- a) Confirmation of action taken by the Director of Finance and Resources (Pages 141 - 150)
Report of the Director of Finance and Resources

- b) Property Investment Strategy for the year commencing 1 April 2017 (Pages 151 - 176)

Presentation by Colliers Capital

(Report of Colliers International for the year commencing 1 April 2017 enclosed for information)

15. **Managers Presentations** (Pages 177 - 198)
(Exemption paragraph 3)

To receive a presentation from Insight Investments on the Fund's Corporate Bond portfolio.

(Report of Insight Investments for the quarter ended 31 December 2016 enclosed for information).

Membership

Philip Atkins, OBE (Chairman)	Mike Lawrence
Derek Davis, OBE	Robert Marshall
Carolan Dobson	Shelagh McKiernan
Graeme Johnston	David Thomas

Note for Members of the Press and Public

Filming of Meetings

The Open (public) section of this meeting may be filmed for live or later broadcasting or other use, and, if you are at the meeting, you may be filmed, and are deemed to have agreed to being filmed and to the use of the recording for broadcast and/or other purposes.

Recording by Press and Public

Recording (including by the use of social media) by the Press and Public is permitted from the public seating area provided it does not, in the opinion of the chairman, disrupt the meeting.

Minutes of the Pensions Panel Meeting held on 6 December 2016

Attendance

Philip Atkins, OBE (Chairman)	Mike Lawrence
Derek Davis, OBE	Shelagh McKiernan

Also in attendance: David Thomas (Independent Adviser), Tim Legge (Observer) and Graeme Johnston (Hymans Robertson).

Apologies: Robert Marshall and Carolan Dobson (Independent Adviser)

PART ONE

30. Declarations of Interest

There were no Declarations of Interest on this occasion.

31. Minutes of meeting held on 8 September 2016

RESOLVED – That the minutes of the Meeting of the Pensions Panel held on 8 September 2016 be confirmed and signed by the Chairman.

32. Pension Fund Performance and Portfolio of Investments as at 30 September 2016

The Director of Finance and Resources submitted a summary of the performance of the Pension Fund, together with a portfolio of the Fund's investments, as at 30 September 2016.

The Panel were informed that the Fund had a market value of £4.2bn at 30 September 2016. It had returned 6.9% over the quarter marginally outperforming its strategic benchmark by 0.8%. This was predominantly driven by positive returns from equity markets and the fall in the value of Sterling. However, it was also helped by the fact the Fund was underweight in several lower returning asset classes, such as bonds and overweight in the higher returning global equities. Private equity, UK equities and Property all outperformed their relative benchmarks.

With regard to the longer term, the Fund had outperformed its strategic benchmark by 0.5% in the year to date and over the 3 and 5 year time periods it continued to outperform its strategic benchmark by 0.3% and 0.7% respectively.

In response to a question from Mr. Davis as to whether he thought the market value of the Fund had reached its peak, Mr. Thomas expressed the opinion that the Fund had reached a point where it was not likely to grow as quickly as it had done, more recently.

RESOLVED – That the Pension Fund investment performance and the portfolio of investments for the quarter ended 30 September 2016 be noted.

33. Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016

The Panel considered a report from the Director of Finance and Resources informing them of the content of the new Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016, which came into force on 1 November 2016.

They were informed that in November 2015, the Government issued a consultation paper on Revoking and Replacing the LGPS (Management and Investment of Funds) Regulations 2009, with the aim of removing the prescriptive nature of the existing regulation, in order to allow LGPS Funds the ability to collaborate on the pooling of Fund assets.

In its post-consultation commentary, published in September 2016, the DCLG reported that it had received 23,516 responses to its consultation proposals. No fewer than 23,131 of those were from individual members of the public who objected to the new powers of intervention that the government intended to grant itself, alongside its insistence that administering authorities should not pursue policies that conflicted with those of the Government in the areas of foreign affairs and defence. Despite the objections, the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 were published and came into force on 1 November 2016.

The Panel noted that, under the new Regulations there were several key areas of reform:

- (i) the existing 'prescribed' means of securing a diversified investment strategy were removed and instead the onus was placed on authorities to determine the balance of their investments and take account of risk;
- (ii) the introduction of safeguards to ensure that the more flexible legislation was used appropriately and that the guidance on pooling assets was adhered to. This included a power for the Secretary of State to intervene in the investment function of an administering authority where he considered it necessary; and
- (iii) the obligation for administering authorities to formulate an Investment Strategy Statement (ISS) in accordance with the governments' guidance on such and publish it by 1 April 2017.

The Director explained that the Investment Strategy Statement (ISS) would replace the current Statement of Investment Principles. Authorities were required to prepare and maintain an ISS which documents how the investment strategy for the Fund is determined and implemented. The authority is required to publish its first ISS by 1 April 2017 and maintain it, with reviews taking place at least every three years. The ISS for the Staffordshire Pension Fund, which was being worked on in collaboration with LGPS Central colleagues, would be available for consideration by the Pensions Panel and Pensions Committee at their meetings in March 2017.

RESOLVED – That the content of the new Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016, which came into force on 1 November 2016, be noted.

34. Dates of Future Meetings

- 7 March 2017

To be confirmed:

- 6 June 2017
- 25 July 2017 (Managers' day)
- 5 September 2017
- 5 December 2017
- 6 March 2018

All meetings are scheduled to start at 9.30am at County Buildings, Stafford.

35. Exclusion of the Public

RESOLVED - That the public be excluded from the meeting for the following items of business which involve the likely disclosure of exempt information as defined in the paragraph of Part One of Schedule 12A of the Local Government Act 1972 (as amended) indicated below.

PART TWO

The Panel then proceeded to consider reports on the following issues:

36. Exempt Minutes of the Meeting held on 8 September 2016
(Exemption paragraph 3)

37. Pooling of LGPS Investments
(Exemption paragraph 3)

38. Property - Confirmation of the action of the Director of Finance and Resources
(Exemption paragraph 3)

39. Strategic Benchmark Review and Monitoring
(Exemption paragraph 3)

40. Pension Fund Performance and Manager Monitoring for the quarter ended 30 September 2016
(Exemption paragraph 3)

41. Responsible Investments (RI) Report Quarter 3 2016
(Exemption paragraph 3)

42. Manager Presentations
(Exemption paragraph 3)

Chairman

Local Members Interest	

PENSIONS PANEL – 7 MARCH 2017

Report of the Director of Finance and Resources

PENSION FUND INVESTMENT PERFORMANCE 2016/17

1. Purpose of Report

1.1 To provide, for information;

- i) a summary of performance of the Staffordshire Pension Fund as at 31 December 2016; and
- ii) a portfolio of the Pension Fund’s investments as at 31 December 2016.

2. Performance Summary

2.1 Period

	<u>Fund</u> %	<u>Benchmark</u> %	<u>Relative</u> <u>Performance</u> %
June 2016 Quarter	5.9	6.2	-0.3
September 2016 Quarter	6.9	6.1	0.8
December 2016 Quarter	4.0	4.1	-0.1
2016/17 Financial Year to date	17.8	17.2	0.5

2.2 The MSCI **World** Index rose by +4.78% in local currency terms during the fourth quarter of 2016. The US underperformed Europe with the S&P 500 rising 3.65% and MSCI Europe rising 5.44%. Emerging market performance was mixed; Mexico and China were two of the weaker markets with Russia by far the strongest.

2.3 In the **UK** there was continued uncertainty surrounding exiting the European Union with the High Court ruling that parliament must be consulted. Despite ongoing uncertainty, UK economic growth indicators generally impressed the market during the quarter. The FTSE rose to all-time highs of over 7000 by the end of the quarter. The Pound weakened sharply at the beginning of the quarter following suggestion Article 50 would be triggered by March 2017, but firmed towards the end of the period following resilient economic data.

2.4 In the **US** the Dow Jones index rose to new all-time highs, of 20,000, as investors priced in lower tax rates and higher government spending following

Trump's election. Expectations for further inflation on the back of his fiscal plans also heightened with the Federal Reserve increasing interest rates in December. Inflation increased to 1.7% year on year, and unemployment fell to 4.6%. The US Dollar rose to a 14 year high against the euro at the end of the year and continued to rise against the pound.

- 2.5 **Emerging Markets** were hit by the strength of the US Dollar and concerns about Trump's protectionist policies with regard to trade deals. These headlines broadly overshadowed positive policy developments and economic data. Brazil introduced a spending growth limit and Russia continued efforts to reduce their budget deficit to 3%.
- 2.6 In **Europe**, the European Central Bank (ECB) extended its quantitative easing program until the end of 2017. Whilst in Italy a referendum on constitutional reform was rejected resulting in the resignation of Prime Minister Matteo Renzi. After the referendum, Moody's cut Italy's sovereign rating outlook to negative from stable. The Euro weakened over the quarter given concerns over the European banking system, particularly following the outcome of the referendum in Italy. Inflation remained flat at 0.6% year on year for November.

3. **Fund Value**

- 3.1 The Fund had a market value of £4.4 billion as at 31 December 2016.
- 3.2 Over the quarter the Fund returned 4.0%, marginally underperforming its strategic benchmark by -0.1%. This was primarily due to stock selection generated within the equity pool where global equity managers had mixed performance success. The Emerging Markets and UK Equity portfolios had positive quarters and outperformed their benchmarks. Asset allocation also contributed a minor underperformance primarily due to being overweight cash; a low returning asset class.
- 3.3 The Fund has outperformed its strategic benchmark by 0.5%, in the year to date and longer term, over the 3 and 5 year time periods it continues to outperform its strategic benchmark by 0.3% and 0.7% respectively. The high returning Private Equity portfolio and outperformance generated by the Property portfolios were both contributors to the outperformance over the year to date.

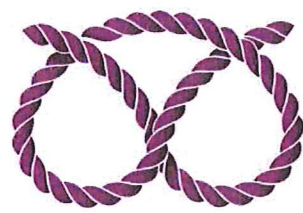
4. **Portfolio of Investments as at 31 December 2016**

- 4.1 A copy of the Staffordshire Pension Fund's portfolio of investments as at 31 December 2016 is attached.

Andrew Burns
Director of Finance and Resources

Contact : Melanie Stokes
Telephone No. (01785) 276330

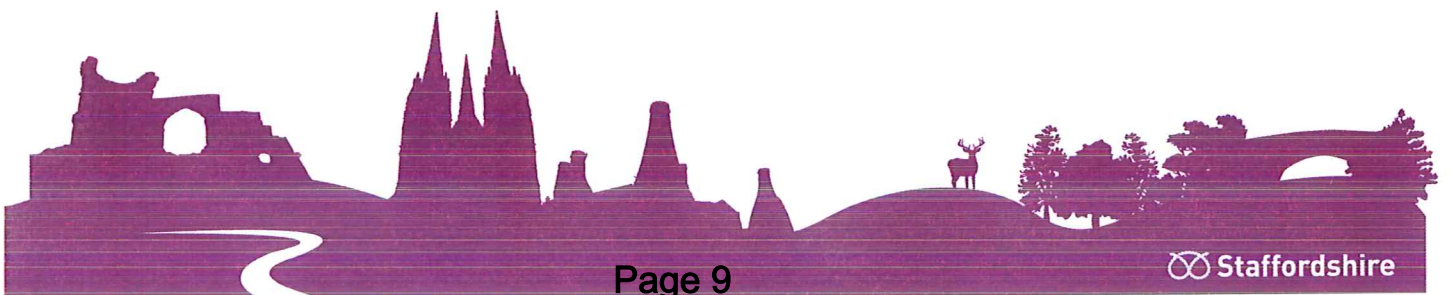
Background Documents:
Portfolio Evaluation Performance Measurement Data



Staffordshire
Pension Fund
Local Government Pension Scheme

Investment Portfolio

31 December 2016



STAFFORDSHIRE PENSION FUND

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STAFFORDSHIRE PENSION FUND
PORTFOLIO ANALYSIS AS AT 31 DECEMBER 2016

		<u>PREVIOUS QUARTER</u> <u>MARKET VALUE</u> £	<u>CURRENT QUARTER</u> <u>BOOK COST</u> £	<u>CURRENT QUARTER</u> <u>MARKET VALUE</u> £
UK	Equities	267,583,089.32	237,987,528.59	281,661,610.67
	Cash	4,110,937.92	2,604,508.99	2,604,508.99
GLOBAL	Equities	1,162,490,214.54	887,976,686.05	1,211,550,930.36
	Cash	19,422,403.46	32,167,626.13	32,167,626.13
BONDS	Global Corporate Bonds	167,891,576.42	323,753,612.82	325,909,215.53
	Passive UK Index Linked Gilts	247,374,585.88	137,768,964.69	240,029,443.09
	Cash	88,217,044.97	4,619,724.24	4,619,724.24
PASSIVE GLOBAL	Equities	1,282,748,977.68	1,064,748,610.35	1,364,206,948.70
EMERGING MARKETS	Equities	98,661,287.68	40,600,000.00	100,661,124.51
HEDGE FUNDS		83,559,970.55	70,240,579.00	86,144,112.73
PROPERTY		357,495,000.00	325,666,525.00	353,295,000.00
PRIVATE EQUITY		131,582,960.46	55,112,541.26	139,317,822.22
PRIVATE DEBT		60,793,757.68	65,486,961.29	65,486,961.29
CASH	Central Cash Fund	240,865,121.58	174,015,355.65	174,015,355.65
	Private Equity	4,656,675.85	7,026,145.74	7,026,145.74
TRANSITION	Equities	0.61	0.00	0.64
	Cash	0.00	0.00	24,283.48
TOTAL INVESTMENTS		<u>3,860,181,420.82</u>	<u>3,209,342,009.05</u>	<u>4,168,263,169.74</u>
TOTAL CASH		<u>357,272,183.78</u>	<u>220,433,360.75</u>	<u>220,457,644.23</u>
TOTAL		<u><u>4,217,453,604.60</u></u>	<u><u>3,429,775,369.80</u></u>	<u><u>4,388,720,813.97</u></u>

STAFFORDSHIRE PENSION FUND

PORTFOLIO VALUATION

Fund - Standard Life (UK Equity)	Currency - Sterling			Report Date -		31-12-16
	Cost	Average	Market	Market	Unrealised	
Holding	Cost	Cost	Price	Value	Gain/Loss	
	£	£	£	£	£	£
UK EQUITIES & CONVERTIBLES						
Aerospace & Defense						
BAE SYSTEMS ORD GBP0.025	727,769	3,921,204.48	5.39	5.92	4,304,753.64	383,549.16
SENIOR GBP0.10	167,873	455,039.94	2.71	1.94	326,177.24	(128,862.70)
		4,376,244.42			4,630,930.88	254,686.46
Automobiles & Parts						
GKN ORD GBP0.10	1,038,794	2,236,712.67	2.15	3.32	3,445,679.70	1,208,967.03
Banks						
BARCLAYS PLC ORD GBP0.25	3,484,888	7,201,411.72	2.07	2.23	7,786,982.24	585,570.52
HSBC HLDGS ORD USD0.50(UK REG)	846,286	5,109,370.77	6.04	6.57	5,559,252.73	449,881.96
LLOYDS BANKING GP ORD GBP0.1	5,060,984	3,161,045.77	0.62	0.63	3,163,621.10	2,575.33
ROYAL BK SCOT GRP ORD GBP1	699,616	1,710,850.48	2.45	2.25	1,571,337.54	(139,512.94)
STANDARD CHARTERED PLC SHS	402,618	1,829,016.57	4.54	6.64	2,671,773.05	842,756.48
		19,011,695.31			20,752,966.66	1,741,271.35
Beverages						
BRITVIC ORD GBP0.2	225,957	1,243,967.85	5.51	5.67	1,281,176.19	37,208.34
Chemicals						
JOHNSON MATTHEY	125,811	3,344,489.41	26.58	31.82	4,003,306.02	658,816.61
SYNTHOMER PLC ORD GBP0.10	742,955	2,715,732.15	3.66	3.83	2,842,545.83	126,813.68
		6,060,221.56			6,845,851.85	785,630.29
Construction & Materials						
POLYPIPE GROUP PLC ORD GBP0.001	898,097	2,223,243.54	2.48	3.24	2,908,936.18	685,692.64
KIER GROUP ORD GBP0.01	118,500	1,454,513.64	12.27	13.73	1,627,005.00	172,491.36
FORTERRA PLC ORD GBP0.01	946,858	1,714,656.23	1.81	1.74	1,649,900.07	(64,756.16)
		5,392,413.41			6,185,841.25	793,427.84
Financial Services						
CLOSE BROS GROUP ORD GBP0.25	119,637	1,006,299.28	8.41	14.45	1,728,754.65	722,455.37
JOHN LAING GROUP P ORD GBP0.10	454,662	872,378.76	1.92	2.71	1,231,224.70	358,845.94
		1,878,678.04			2,959,979.35	1,081,301.31
Fixed Line Telecommunications						
BT GROUP ORD GBP0.05	2,364,062	6,195,298.43	2.62	3.67	8,673,743.48	2,478,445.05
TELECOM PLUS ORD GBP0.05	157,234	2,169,597.75	13.80	11.76	1,849,071.84	(320,525.91)
		8,364,896.18			10,522,815.32	2,157,919.14
Gas, Water & Multiutilities						
CENTRICA ORD GBP0.061728395	1,088,400	2,576,062.40	2.37	2.34	2,547,944.40	(28,118.00)
NATIONAL GRID ORD GBP0.113953	560,609	4,866,149.25	8.68	9.52	5,334,755.24	468,605.99
SEVERN TRENT ORD GBP0.9789	136,303	2,909,088.69	21.34	22.22	3,028,652.66	119,563.97
UNITED UTILITIES GROUP ORD GBP0.05	266,872	2,293,733.60	8.59	9.01	2,404,516.72	110,783.12
		12,645,033.94			13,315,869.02	670,835.08
General Industrials						
RPC GROUP ORD GBP0.05	654,552	2,906,323.62	4.44	10.65	6,970,978.80	4,064,655.18
SMITH(DS) ORD GBP0.10	1,147,421	2,222,200.41	1.94	4.08	4,682,625.10	2,460,424.69
		5,128,524.03			11,653,603.90	6,525,079.87
General Retailers						
INCHCAPE ORD GBP0.10	598,734	3,580,164.58	5.98	7.02	4,203,112.68	622,948.10
JUST EAT PLC ORD GBP0.01	16,413	68,953.51	4.20	5.84	95,769.86	26,816.35
DIXONS CARPHONE PLC ORD GBP0.001	723,283	2,796,573.83	3.87	3.55	2,564,761.52	(231,812.31)
SPORTS DIRECT INTL ORD GBP0.10	358,228	1,543,779.79	4.31	2.79	998,023.21	(545,756.58)
		7,989,471.71			7,861,667.27	(127,804.44)
Health Care Equipment & Services						
NMC HEALTH PLC ORD GBP0.10	170,430	2,230,840.94	13.09	15.44	2,631,439.20	400,598.26

STAFFORDSHIRE PENSION FUND

PORTFOLIO VALUATION

Fund - Standard Life (UK Equity)	Currency - Sterling			Report Date -		31-12-16
	Cost	Average Cost	Market Price	Market Value	Unrealised Gain/Loss	
Holding	£	£	£	£	£	£
Household Goods & Home Construction						
BARRATT DEVELOPMENTS ORD GBP0.10	339,700	1,500,550.94	4.42	4.62	1,570,772.80	70,221.86
BELLWAY GBP0.125	60,783	1,101,300.13	18.12	24.76	1,504,987.08	403,686.95
COUNTRYSIDE PROPER ORD GBP0.01	549,430	1,238,343.70	2.25	2.49	1,366,981.84	128,638.14
CREST NICHOLSON H ORD GBP0.05	390,934	1,520,844.36	3.89	4.53	1,770,931.02	250,086.66
MCCARTHY & STONE P ORD GBP0.08	720,410	1,319,003.08	1.83	1.61	1,159,860.10	(159,142.98)
REDROW ORD GBP0.10	244,290	1,005,448.93	4.12	4.29	1,048,004.10	42,555.17
RECKITT BENCK GRP ORD GBP0.10	30,236	1,250,099.90	41.34	68.86	2,082,050.96	831,951.06
		8,935,591.04			10,503,587.90	1,567,996.86
Industrial Engineering						
BODYCOTE PLC ORD GBP0.1727272	522,549	2,549,200.73	4.88	6.44	3,365,215.56	816,014.83
Life Insurance						
AVIVA ORD GBP0.25	1,372,372	5,621,551.65	4.10	4.86	6,675,217.41	1,053,665.76
JRP GROUP PLC ORD GBP0.10	1,055,710	1,049,887.91	0.99	1.50	1,578,286.45	528,398.54
PHOENIX GROUP HOLD EUR0.0001 (DI)	346,975	2,533,582.09	7.30	7.35	2,550,266.25	16,684.16
PRUDENTIAL GBP0.05	655,746	5,959,357.87	9.09	16.28	10,672,266.15	4,712,908.28
		15,164,379.52			21,476,036.26	6,311,656.74
Media						
RIGHTMOVE ORD GBP0.01	80,161	3,205,355.44	39.99	39.03	3,128,683.83	(76,671.61)
ENTERTAINMENT ONE ORD NPV	968,033	2,362,451.64	2.44	2.30	2,229,380.00	(133,071.64)
ITV ORD GBP0.10	739,964	1,254,554.17	1.70	2.06	1,527,285.70	272,731.53
WPP PLC ORD GBP0.10	201,808	3,308,036.89	16.39	18.16	3,664,833.28	356,796.39
RELX PLC	362,159	4,174,618.62	11.53	14.49	5,247,683.91	1,073,065.29
		14,305,016.76			15,797,866.72	1,492,849.96
Mining						
ANGLO AMERICAN USD0.54945	334,623	5,353,449.48	16.00	11.60	3,881,626.80	(1,471,822.68)
BHP BILLITON PLC USD0.50	228,654	3,492,312.68	15.27	13.07	2,987,364.51	(504,948.17)
GLENCORE PLC ORD USD0.01	3,293,241	6,629,800.00	2.01	2.77	9,133,803.91	2,504,003.91
PETRA DIAMONDS ORD GBP0.10 (DI)	906,062	835,128.66	0.92	1.57	1,419,799.15	584,670.49
RIO TINTO ORD GBP0.10	296,973	7,801,214.63	26.27	31.59	9,379,892.21	1,578,677.58
		24,111,905.45			26,802,486.58	2,690,581.13
Mobile Telecommunications						
VODAFONE GROUP ORD USD0.2095238	3,744,570	7,316,035.85	1.95	2.00	7,483,523.15	167,487.30
Nonlife Insurance						
DIRECT LINE INSURANCE PLC ORD GBP	812,502	2,312,650.23	2.85	3.69	3,001,382.39	688,732.16
JARDINE LLOYD THOMPSON GROUP ORD GBP0.05	312,022	2,930,060.20	9.39	9.85	3,071,856.59	141,796.39
		5,242,710.43			6,073,238.98	830,528.55
Oil & Gas Producers						
BP ORD USD0.25	1,128,552	5,271,240.43	4.67	5.10	5,751,100.99	479,860.56
ROYAL DUTCH SHELL 'B'ORD EUR0.07	152,242	1,921,273.43	12.62	23.54	3,583,776.68	1,662,503.25
		7,192,513.86			9,334,877.67	2,142,363.81
Oil Equipment, Services & Distribution						
PETROFAC ORD USD0.02	189,488	2,070,703.95	10.93	8.69	1,646,650.72	(424,053.23)
Personal Goods						
UNILEVER PLC ORD GBP0.031111	121,231	2,775,329.07	22.89	32.93	3,991,530.68	1,216,201.61
Pharmaceuticals & Biotechnology						
SHIRE PLC ORD GBP0.05	198,292	7,756,422.32	39.12	46.84	9,287,997.28	1,531,574.96
ASTRAZENECA ORD USD0.25	103,532	3,906,135.80	37.73	44.38	4,594,232.50	688,096.70
BTG ORD GBP0.10	464,800	2,456,988.96	5.29	5.90	2,742,320.00	285,331.04
GLAXOSMITHKLINE ORD GBP0.25	175,069	2,355,992.33	13.46	15.62	2,734,577.78	378,585.45
		16,475,539.41			19,359,127.56	2,883,588.15
Software & Computer Services						
SAGE GROUP GBP0.01051948	576,017	3,033,921.25	5.27	6.55	3,772,911.35	738,990.10

STAFFORDSHIRE PENSION FUND

PORTFOLIO VALUATION

Fund - Standard Life (UK Equity)	Currency - Sterling				Report Date -	31-12-16
	Holding	Cost £	Average Cost £	Market Price £	Market Value £	Unrealised Gain/Loss £
Support Services						
ESSENTRA PLC ORD GBP0.25	792,951	5,321,078.43	6.71	4.61	3,655,504.11	(1,665,574.32)
BABCOCK INTL GROUP ORD GBP0.60	822,022	7,244,698.03	8.81	9.53	7,833,869.66	589,171.63
AA PLC ORD GBP0.001	825,665	2,533,687.48	3.07	2.77	2,287,917.72	(245,769.76)
WORLDPAY GRP PLC ORD GBP0.03 144A	658,274	1,869,415.79	2.84	2.70	1,776,681.53	(92,734.26)
ATKINS WS GBP0.005	92,938	1,183,367.58	12.73	14.58	1,355,036.04	171,668.46
ASHTAD GROUP ORD GBP0.10	400,205	4,119,746.50	10.29	15.80	6,323,239.00	2,203,492.50
HOWDEN JOINERY GR ORD GBP0.10	245,097	484,184.67	1.98	3.84	940,682.29	456,497.62
		22,756,178.48			24,172,930.35	1,416,751.87
Tobacco						
BRITISH AMERICAN TOBACCO ORD GBP0.25	113,283	3,886,397.36	34.31	46.22	5,235,373.85	1,348,976.49
IMPERIAL BRANDS PLC GBP0.10	197,399	5,329,559.50	27.00	35.43	6,992,859.58	1,663,300.08
		9,215,956.86			12,228,233.43	3,012,276.57
Travel & Leisure						
INTL CONS AIRL DI	1,301,846	4,532,293.36	3.48	4.41	5,739,839.01	1,207,545.65
CARNIVAL PLC ORD USD1.66	76,970	2,795,594.92	36.32	41.25	3,175,012.50	379,417.58
EI GROUP PLC ORD GBP0.025	997,622	1,119,649.60	1.12	1.22	1,212,110.73	92,461.13
GVC HLDGS PLC ORD EURO0.1	302,550	1,501,380.93	4.96	6.43	1,943,883.75	442,502.82
MITCHELLS & BUTLERS ORD GBP0.085416	658,159	2,306,920.44	3.51	2.51	1,651,320.93	(655,599.51)
THOMAS COOK GROUP ORD EURO0.01	2,909,088	3,514,395.19	1.21	0.87	2,536,724.74	(977,670.45)
TUI AG NPV (REGD)	253,145	2,465,391.46	9.74	11.63	2,944,076.35	478,684.89
		18,235,625.90			19,202,968.01	967,342.11
Unit Trusts						
STANDARD LIFE INVT POOLED UK EQTY SMALLER	1,395,450	2,048,219.97	1.47	3.13	4,362,605.16	2,314,385.19
Total Investments		237,987,528.59			281,661,610.67	43,674,082.08
Cash Balance		2,604,508.99			2,604,508.99	
Total Value of Portfolio		240,592,037.58			284,266,119.66	

STAFFORDSHIRE PENSION FUND

PORTFOLIO VALUATION

Funds - Aberdeen Asset Management, JP Morgan Asset Management, Longview Partners, Sarasin & Partners (Global Equity)

Currency - Sterling

Report Date -

31-12-16

Holding	Cost £	Average Cost £	Market Price £	Market Value £	Unrealised Gain/Loss £	
EUROPE						
Austria						
ERSTE GROUP BANK AG NPV	39,630	868,819.35	21.92	23.75	941,268.05	72,448.70
Belgium						
KBC GROEP NV NPV	20,600	909,457.53	44.15	50.22	1,034,475.34	125,017.81
UMICORE NPV	116,279	3,792,499.92	32.62	46.22	5,374,694.99	1,582,195.07
		4,701,957.45			6,409,170.33	1,707,212.88
Denmark						
ISS A/S DKK1	102,700	2,001,616.40	19.49	27.37	2,810,734.66	809,118.26
NOVO-NORDISK AS DKK0.2 SERIES'B'	61,148	1,901,201.15	31.09	29.24	1,787,945.83	(113,255.32)
NOVOZYMES A/S SERIES'BDKK2 (POST CONSOLIDAT	193,538	3,204,901.19	16.56	27.95	5,410,138.32	2,205,237.13
VESTAS WIND SYSTEM DKK1	22,234	1,292,623.46	58.14	52.69	1,171,584.02	(121,039.44)
		8,400,342.20			11,180,402.83	2,780,060.63
Finland						
OUTOKUMPU OYJ SER'A'NPV	169,438	720,442.78	4.25	7.26	1,230,096.57	509,653.79
UPM-KYMMENE CORP NPV	64,118	558,554.80	8.71	19.92	1,277,423.48	718,868.68
		1,278,997.58			2,507,520.05	1,228,522.47
France						
AIRBUS EUR1	79,298	2,906,465.43	36.65	53.64	4,253,559.23	1,347,093.80
ARCELORMITTAL NPV	210,014	806,250.92	3.84	5.99	1,257,742.97	451,492.05
AXA EUR2.29	87,531	1,027,859.81	11.74	20.47	1,792,072.96	764,213.15
BNP PARIBAS EUR2	37,138	1,402,027.15	37.75	51.69	1,919,493.89	517,466.74
CAP GEMINI EUR8	13,570	592,275.43	43.65	68.42	928,404.95	336,129.52
CHRISTIAN DIOR SE EUR2	7,099	1,118,630.89	157.58	170.08	1,207,395.58	88,764.69
ESSILOR INTL EUR0.18	50,328	2,763,341.35	54.91	91.63	4,611,750.41	1,848,409.06
GTT EURO.01	67,088	2,538,653.31	37.84	35.08	2,353,357.49	(185,295.82)
NATIXIS EUR1.6(POST SUBDV)	207,942	863,352.56	4.15	4.58	951,395.47	88,042.91
RENAULT SA EUR3.81	13,875	929,716.03	67.01	72.14	1,000,910.32	71,194.29
SANOFI EUR2	40,091	2,593,344.82	64.69	65.64	2,631,644.99	38,300.17
SANOFI EUR2	95,700	5,069,457.58	52.97	65.64	6,281,919.28	1,212,461.70
SCHNEIDER ELECTRIC EUR4.00	22,853	1,234,198.08	54.01	56.43	1,289,627.99	55,429.91
SES FDR EACH REP 1 'A' NPV	255,823	4,253,606.41	16.63	17.86	4,569,399.49	315,793.08
TECHNIP NPV	22,124	833,898.18	37.69	57.88	1,280,594.02	446,695.84
TELEPERFORMANCE SOCIETE EUROPEENNE	11,950	409,817.48	34.29	81.35	972,108.81	562,291.33
TOTAL EUR2.5	168,400	6,168,317.86	37.07	41.59	6,920,136.73	751,818.87
TOTAL EUR2.5 (STK DIV 04/01/2017)	166,400	0.00	0.00	0.00	0.00	0.00
VALEO EUR1	24,605	494,735.75	20.11	46.62	1,146,963.56	652,227.81
VINCI EUR2.50	17,937	757,863.17	42.25	55.23	990,622.44	232,759.27
		36,763,812.21			46,359,100.58	9,595,288.37
Germany						
BAYERISCHE MOTOREN WERKE A G COM	17,566	1,189,618.04	67.72	75.76	1,330,746.44	141,128.40
CONTINENTAL AG ORD NPV	39,020	3,503,198.96	89.78	156.81	6,118,577.92	2,615,378.96
COVESTRO AG NPV	23,061	842,489.27	36.53	55.64	1,283,058.82	440,569.55
FRESENIUS MEDICAL CARE NPV	91,600	5,557,623.73	60.67	68.67	6,290,361.38	732,737.65
FRESENIUS MEDICAL CARE NPV	111,411	4,178,131.26	37.50	68.67	7,650,823.71	3,472,692.45
HEIDELBERGCEMENT NPV	14,542	660,252.02	45.40	75.65	1,100,167.89	439,915.87
HENKEL AG & CO KGAA NON-VTG PRF NPV	68,100	5,081,197.33	74.61	96.67	6,583,235.58	1,502,038.25
HENKEL AG & CO KGAA NON-VTG PRF NPV	14,268	1,068,623.68	74.90	96.67	1,379,289.36	310,665.68
LINDE AG NPV	3,098	315,923.21	101.98	133.25	412,798.77	96,875.56
MERCK KGAA NPV	12,361	863,332.20	69.84	84.63	1,046,165.51	182,833.31
SAP SE	94,800	3,987,717.25	42.06	70.69	6,701,086.07	2,713,368.82
SIEMENS AG NPV(REGD)	14,036	933,924.63	66.54	99.70	1,399,394.87	465,470.24
		28,182,031.58			41,295,706.32	13,113,674.74
Ireland						
ACCENTURE PLC SHS CL A NEW	18,052	1,121,012.30	62.10	94.79	1,711,189.20	590,176.90
ACCENTURE PLC SHS CL A NEW	65,900	2,191,267.96	33.25	94.79	6,246,807.45	4,055,539.49
		3,312,280.26			7,957,996.65	4,645,716.39
Italy						
ENEL SPA EUR1	304,586	869,633.01	2.86	3.57	1,088,856.59	219,223.58
TELECOM ITALIA SPA NPV	1,241,358	863,663.09	0.70	0.71	886,903.93	23,240.84
		1,733,296.10			1,975,760.52	242,464.42
Netherlands						
ING GROEP N.V. EUR0.01	191,197	1,417,902.64	7.42	11.41	2,182,059.33	764,156.69
KONINKLIJKE BOSKAL EUR0.01	96,564	2,609,626.75	27.02	28.16	2,719,265.65	109,638.90
NN GROUP N.V. EUR0.12	47,696	923,184.28	19.36	27.48	1,310,763.87	387,579.59
RELX NV	71,878	795,120.73	11.06	13.65	981,066.67	185,945.94
		5,745,834.40			7,193,155.52	1,447,321.12
Norway						
NORSK HYDRO ASA NOK1.098	244,573	624,182.18	2.55	3.88	949,677.16	325,494.98
Spain						
AMADEUS IT GROUP EUR0.01	24,397	936,570.61	38.39	36.85	899,026.62	(37,543.99)
IBERDROLA SA EURO.75	203,915	672,928.45	3.30	5.32	1,085,100.71	412,172.26
		1,609,499.06			1,984,127.33	374,628.27

STAFFORDSHIRE PENSION FUND

PORTFOLIO VALUATION

Funds - Aberdeen Asset Management, JP Morgan Asset Management, Longview Partners, Sarasin & Partners (Global Equity)

Currency - Sterling

Report Date -

31-12-16

<u>Holding</u>	<u>Cost</u>	<u>Average Cost</u>	<u>Market Price</u>	<u>Market Value</u>	<u>Unrealised Gain/Loss</u>	
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>	
VCA INC	17,641	957,685.59	54.29	55.56	980,095.29	22,409.70
VERIZON COMMUNICATIONS COM	45,106	1,828,515.54	40.54	43.20	1,948,576.44	120,060.90
VISA INC COM CL A STK	126,900	5,011,790.69	39.49	63.14	8,012,575.41	3,000,784.72
VISA INC COM CL A STK	27,568	1,296,129.50	47.02	63.14	1,740,667.29	444,537.79
VMWARE INC CL A COM CL A COM	18,613	1,041,310.85	55.95	63.72	1,185,935.83	144,624.98
WALGREENS BOOTS ALLIANCE INC COM	49,949	1,992,894.65	39.90	66.98	3,345,429.19	1,352,534.54
WALT DISNEY CO	73,810	5,058,638.73	68.54	84.34	6,225,451.24	1,168,812.51
WELLS FARGO & CO NEW COM STK	44,653	1,385,086.98	31.02	44.60	1,991,524.32	606,437.34
WELLS FARGO & CO NEW COM STK	145,600	2,848,564.93	19.56	44.60	6,493,761.70	3,645,196.77
WESTN DIGITAL CORP COM	21,569	851,680.72	39.49	54.99	1,186,107.45	334,426.73
WILLIS TOWERS WATSON PLC COM USD0.000115	65,896	5,716,470.04	86.75	98.96	6,521,072.74	804,602.70
ZIMMER BIOMET HLDGS INC COM	81,375	5,152,960.19	63.32	83.52	6,796,342.56	1,643,382.37
ZIONS BANCORP COM	43,110	905,290.23	21.00	34.83	1,501,602.03	596,311.80
ZIONS BANCORP COM	126,570	3,503,371.72	27.68	34.83	4,408,670.13	905,298.41
		437,263,187.85			642,602,348.31	205,339,160.46
TOTAL NORTH AMERICA		452,193,226.66			657,205,635.60	205,012,408.94
EMERGING MARKETS						
Argentina						
ADR TENARIS S A SPONSORED ADR	191,700	4,668,962.16	24.36	28.90	5,540,086.23	871,124.07
Brazil						
ADR BANCO BRADESCO S A SPONSORED ADR REPSTG PFD SHS	901,428	6,121,827.48	6.79	7.05	6,354,095.83	232,268.35
ADR ITAU UNIBANCO HLDG SA SPONSORED ADR REPSTG 500 PFD	123,413	857,810.40	6.95	8.32	1,026,735.52	168,925.12
ADR VALE S A ADR	173,998	1,069,965.45	6.15	6.17	1,073,010.05	3,044.60
		8,049,603.33			8,453,841.40	404,238.07
China						
ADR ALIBABA GROUP HOLDING LTD SPONSORED ADS	20,510	1,319,969.32	64.36	71.06	1,457,518.91	137,549.59
ADR ALIBABA GROUP HOLDING LTD SPONSORED ADS	43,540	3,136,036.86	72.03	71.06	3,094,118.65	(41,918.21)
ADR NETEASE INC SPONSORED ADR ADR EACH REPR 25 COM STK	4,432	733,020.35	165.39	174.27	772,376.45	39,356.10
ANHUI CONCH CEMENT 'H' CNY1	474,000	971,873.07	2.05	2.20	1,043,967.93	72,094.86
BANK OF CHINA LTD 'H' CNY1	3,425,000	1,135,068.12	0.33	0.36	1,229,830.84	94,762.72
BELLE INTERNATIONAL HKD0.01	1,648,000	916,493.94	0.56	0.46	750,015.19	(166,478.75)
CHINA CONSTRUCTION BANK 'H' CNY1	2,198,410	1,070,077.91	0.49	0.62	1,369,964.72	299,886.81
CHINA MOBILE LTD HKD0.10	121,500	936,543.83	7.71	8.58	1,042,496.15	105,952.32
CHINA OVERSEAS LAND & INVESTMT HKD0.10	354,000	615,821.81	1.74	2.15	759,349.04	143,527.23
CHINA SHENHUA ENERGY CO 'H'	412,000	603,268.45	1.46	1.52	627,879.69	24,611.24
CNOOC LTD HKD0.02	1,283,000	1,236,308.36	0.96	1.01	1,299,046.67	62,738.31
ENN ENERGY COMSTK	958,000	4,300,983.12	4.49	3.33	3,189,940.30	(1,111,042.82)
PING AN INSURANCE GROUP 'H' CNY1	362,500	1,310,094.12	3.61	4.05	1,468,135.36	158,041.24
SINOPHARM GROUP CO. LTD. 'H' SHS CNY1	270,000	1,032,898.30	3.83	3.34	900,452.88	(132,445.42)
TENCENT HLDGS LIMITED COMMON STOCK	111,100	1,180,425.02	10.62	19.80	2,199,924.38	1,019,499.36
		20,498,882.58			21,205,017.16	706,134.58
India						
ADR HDFC BK LTD ADR REPSTG 3 SHS	23,539	487,646.07	20.72	49.11	1,155,947.59	668,301.52
ADR ICICI BK LTD	105,958	579,065.18	5.47	6.06	642,273.69	63,208.51
ADR ICICI BK LTD	620,582	4,531,078.20	7.30	6.06	3,761,712.10	(769,366.10)
		5,597,789.45			5,559,933.38	(37,856.07)
Indonesia						
ADR PERUSAHAAN PERSEROAN PERSERO P T TELEKOMUNIKASI	41,168	512,702.81	12.45	23.60	971,520.23	458,817.42
BANK RAKYAT INDONESIA PERSER	1,120,200	636,053.63	0.57	0.70	785,613.28	149,559.65
		1,148,756.44			1,757,133.51	608,377.07
Israel						
ADR TEVA PHARMACEUTICAL INDS	41,637	1,336,835.32	32.11	29.34	1,221,495.87	-115,339.45
CHECK PT SOFTWARE TECHNOLOGIES ORDILS.01	101,700	5,479,703.25	53.88	68.35	6,951,469.02	1,471,765.77
MOBILEYE NV EURO.01	98,600	3,031,562.39	30.75	30.85	3,041,826.01	10,263.62
		9,848,100.96			11,214,790.90	1,366,689.94
Korea, Republic Of						
ADR POSCO SPONSORED ADR	37,566	1,416,519.41	37.71	42.53	1,597,615.39	181,095.98
HANKOOK TIRE CO KRW500	26,165	910,429.57	34.80	38.86	1,016,853.19	106,423.62
SAMSUNG ELECTRONIC KRW5000	1,596	1,291,915.53	809.47	1,207.44	1,927,068.70	635,153.17
SAMSUNG ELECTRONIC PFD KRW5000	9,400	3,136,414.12	333.66	960.19	9,025,755.58	5,889,341.46
SK HYNIX INC	42,404	1,123,753.56	26.50	29.95	1,270,058.93	146,305.37
SK INNOVATION CO.LTD KRW5000	8,946	975,925.44	109.09	98.16	878,164.84	-97,760.60
		8,854,957.63			15,715,516.63	6,860,559.00
Mexico						
ADR FOMENTO ECONOMICO MEXICANO SAB DE CV	101,400	4,939,276.83	48.71	61.68	6,253,951.06	1,314,674.23
GRUPO AEROPORTUARIO DEL SURESTE S.A.B DEC.V.	5,731	451,713.89	78.82	116.45	667,368.31	215,654.42
GRUPO FINANCIERO BANORTE S A B DE C V	663,302	2,004,339.17	3.02	4.02	2,665,585.69	661,246.52
		7,395,329.89			9,586,905.06	2,191,575.17
Russian Federation						
ADR PJSC LUKOIL SPONSORED ADR	40,893	1,419,445.03	34.71	45.42	1,857,253.55	437,808.52
ADR SBERBANK RUSSIA SPONSORED ADR	175,987	821,181.22	4.67	9.37	1,649,277.40	828,096.18
MAGNIT PJSC GDR REGS	32,778	961,170.78	29.32	35.73	1,171,164.02	209,993.24
ROSNEFT OIL CO GDR EACH REPR 1 ORD 'REGS'	210,626	882,618.24	4.19	5.26	1,107,974.84	225,356.60
YANDEX N.V. COM USD0.01 CL 'A'	51,170	875,094.42	17.10	16.29	833,611.61	(41,482.81)
		4,959,509.69			6,619,281.42	1,659,771.73

STAFFORDSHIRE PENSION FUND

PORTFOLIO VALUATION

Funds - Aberdeen Asset Management, JP Morgan Asset Management, Longview Partners, Sarasin & Partners (Global Equity)

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South Africa					
EXXARO RESOURCES ZAR0.01	164,519	976,654.24	5.94	871,397.51	(105,256.73)
FIRSTRAND LTD ZAR0.01	284,801	626,919.76	2.20	896,159.65	269,239.89
MTN GROUP LTD ZAR0.0001	467,400	4,958,841.92	10.61	3,489,972.68	(1,468,869.24)
SHOPRITE HLDGS LTD ZAR0.01134	105,146	1,062,369.22	10.10	1,066,922.30	4,553.08
STEINHOFF INT H NV EURO.5	264,197	1,277,159.24	4.83	1,105,942.17	(171,217.07)
TIGER BRANDS ZAR0.10	45,701	1,013,245.33	22.17	1,075,970.71	62,725.38
		9,915,189.71		8,506,365.02	(1,408,824.69)
Taiwan					
TAIWAN SEMICON MAN TWD10	2,053,000	2,784,904.92	1.36	9,356,712.78	6,571,807.86
TAIWAN SEMICONDUCTOR MFG CO LTD SPONSORED ADR	67,852	720,557.78	10.62	1,578,719.83	858,162.05
TAIWAN SEMICONDUCTOR MFG CO LTD SPONSORED ADR	256,060	5,222,195.65	20.39	5,957,775.74	735,580.09
		8,727,658.35		16,893,208.35	8,165,550.00
Thailand					
KASIKORN BANK PLC THB10 (ALIEN MKT)	1,256,200	4,439,328.26	3.53	5,039,080.67	599,752.41
Turkey					
TURKIYE GARANTI BK TRY1	461,077	921,481.20	2.00	808,325.96	(113,155.24)
TOTAL EMERGING MARKETS		95,025,549.65		116,899,485.69	21,873,936.04
UNITED KINGDOM					
3I GROUP ORD GBP0.738636	176,522	710,499.31	4.02	1,242,714.88	532,215.57
ANGLO AMERICAN USD0.54945	74,285	926,441.23	12.47	861,706.00	(64,735.23)
ASSOCD BRIT FOODS ORD GBP0.0568	172,053	3,071,941.16	17.85	4,722,854.85	1,650,913.69
BARCLAYS PLC ORD GBP0.25	2,305,030	6,018,097.88	2.61	5,150,589.54	(867,508.34)
BHP BILLITON PLC USD0.50	236,300	3,815,442.66	16.15	3,087,259.50	(728,183.16)
BRITISH AMERICAN TOBACCO ORD GBP0.25	162,200	3,516,697.83	21.68	7,496,073.00	3,979,375.17
BRITISH AMERICAN TOBACCO ORD GBP0.25	64,685	2,938,297.02	45.42	2,989,417.28	51,120.26
BT GROUP ORD GBP0.05	439,739	1,738,959.11	3.95	1,613,402.39	(125,556.72)
BURBERRY GROUP ORD GBP0.0005	83,026	1,032,884.83	12.44	1,242,899.22	210,014.39
COMPASS GROUP PLC ORD GBP0.10625	410,541	2,295,366.78	5.59	6,162,220.41	3,866,853.63
EXPERIAN ORD USD0.10	336,100	3,868,256.47	11.51	5,290,214.00	1,421,957.53
GLENCORE PLC ORD USD0.01	558,856	835,102.42	1.49	1,549,987.12	714,884.70
HSBC HLDGS ORD USD0.50(UK REG)	405,228	2,342,098.61	5.78	2,661,942.73	319,844.12
IMPERIAL BRANDS PLC GBP0.10	24,527	572,665.32	23.35	868,868.98	296,203.66
KINGFISHER ORD GBP0.157142857	1,143,805	4,345,023.41	3.80	4,006,748.92	(338,274.49)
LLOYDS BANKING GP ORD GBP0.1	9,047,600	5,123,575.44	0.57	5,655,654.76	532,079.32
NEXT ORD GBP0.10	118,583	6,328,427.41	53.37	5,908,990.89	(419,436.52)
OCADO GROUP PLC ORD GBP0.02	1,442,821	5,337,816.83	3.70	3,810,490.26	(1,527,326.57)
PERSIMMON ORD GBP0.10	61,005	737,176.97	12.08	1,083,448.80	346,271.83
PRUDENTIAL GBP0.05	316,590	4,311,890.00	13.62	5,152,502.25	840,612.25
RIO TINTO ORD GBP0.10	54,367	1,565,204.87	28.79	1,717,181.70	151,976.83
ROLLS ROYCE HLDGS C SHS ENTITLEMENT (JAN2017)	29,109,122	0.00	0.00	29,109.12	29,109.12
ROLLS ROYCE HLDGS ORD GBP0.20	632,807	5,767,934.40	9.11	4,227,150.76	(1,540,783.64)
ROYAL DUTCH SHELL 'A' SHS EURO.07(GBP)	117,599	2,580,973.62	21.95	2,637,157.58	56,183.96
ROYAL DUTCH SHELL 'B' ORD EURO.07	219,300	4,380,376.64	19.97	5,162,322.00	781,945.36
SHIRE PLC ORD GBP0.05	39,166	1,797,341.63	45.89	1,834,535.44	37,193.81
STANDARD CHARTERED PLC SHS	704,376	8,485,059.40	12.05	4,674,239.14	(3,810,820.26)
TAYLOR WIMPEY ORD GBP0.01	522,064	681,941.85	1.31	801,368.24	119,426.39
TESCO ORD GBP0.05	540,140	1,168,437.15	2.16	1,117,279.59	(51,157.56)
VODAFONE GROUP ORD USD0.2095238	4,109,100	8,059,970.64	1.96	8,212,036.35	152,065.71
VODAFONE GROUP ORD USD0.2095238	4,233,319	9,441,817.04	2.23	8,460,288.02	(981,529.02)
WEIR GROUP ORD GBP0.125	49,682	706,204.00	14.21	938,989.80	232,785.80
WHITBREAD ORD GBP0.76797385	175,755	6,942,739.71	39.50	6,636,508.80	(306,230.91)
WHITBREAD ORD GBP0.76797385	180,776	6,685,604.02	36.98	6,826,101.76	140,497.74
WPP PLC ORD GBP0.10	68,408	1,230,793.90	17.99	1,242,289.28	11,495.38
WPP PLC ORD GBP0.10	348,445	2,562,772.28	7.35	6,327,761.20	3,764,988.92
TOTAL UNITED KINGDOM		121,923,831.84		131,402,304.56	9,478,472.72
Total Investments		887,976,686.05		1,211,550,930.36	323,574,244.31
Cash Balance		32,167,626.13		32,167,626.13	
Total Value of Portfolio		920,144,312.18		1,243,718,556.49	

STAFFORDSHIRE PENSION FUND

PORTFOLIO VALUATION

Fund - Insight Investment (Global Corporate Bonds)

Currency - Sterling

Report Date -

31-12-16

	Cost	Average	Market	Market	Unrealised	
Cost	Cost	Price	Value	Gain/Loss		
£	£	£	£	£	£	
Holding						
Corporate Bonds (GBP)						
ABBEY NATL TRSY SV 4.125% GTD MTN 14/09/17 GBP	2,000,000	2,155,200.00	1.08	1.02	2,047,562.00	(107,638.00)
ABN AMRO BANK NV BNDS 4.875% 16 JAN 2019	2,000,000	2,255,800.00	1.13	1.09	2,173,292.00	(82,508.00)
ANGLIAN WATER SVCS 5.837% A/BKD 30/07/2022 GBP	1,381,000	1,696,135.75	1.23	1.24	1,708,302.52	12,166.77
ANHEUSER-BUSCH INB 9.75% GTD SNR 30/07/24 GBP	1,900,000	3,048,010.00	1.60	1.55	2,937,582.40	(110,427.60)
ANNINGTON FIN NO4 0% M/BKD 07/12/2022 GBP 'A'	4,300,000	3,131,862.00	0.73	0.89	3,814,990.10	683,128.10
ASIF II 6.375% MTN 05/10/20 GBP1000	2,337,000	2,861,422.80	1.22	1.19	2,770,943.51	(90,479.29)
BARCLAYS BANK PLC 10% SUB 21/05/2021 GBP50000	2,900,000	3,702,514.00	1.28	1.28	3,700,733.50	(1,780.50)
BAT INTL FINANCE 6.375% GTD SNR 12/12/19GBP	1,800,000	2,255,220.00	1.25	1.16	2,088,109.80	(167,110.20)
BAT INTL FINANCE 7.25% GTD SNR 12/03/24 GBP	1,500,000	2,047,040.00	1.36	1.34	2,013,930.00	(33,110.00)
BG ENERGY CAPITAL 5.125% GTD SNR 07/12/17 GBP	1,900,000	2,209,966.00	1.16	1.04	1,979,655.60	(230,310.40)
BHP BILLITON FINANCE LTD 3.25% 25/09/2024 GBP1000	4,200,000	4,374,301.00	1.04	1.10	4,608,899.40	234,598.40
BK OF AMERICA CORP 6.125% SNR 15/09/2021GBP	4,000,000	4,810,934.00	1.20	1.20	4,798,720.00	(12,214.00)
BK OF SCOTLAND PLC 9.375% SUB 15/05/2021GBP	2,100,000	2,693,733.00	1.28	1.29	2,707,882.80	14,149.80
BMW FIN NV 3.375% 14/12/2018	2,100,000	2,234,400.00	1.06	1.05	2,208,332.70	(26,067.30)
BP CAP MARKETS PLC MTN 4.325% DUE 10/12/2018	2,500,000	2,834,750.00	1.13	1.07	2,676,270.00	(158,480.00)
BRITISH TELECOM 6.625% EMTN 23/06/2017 GBP	1,900,000	2,287,258.00	1.20	1.03	1,952,143.60	(335,114.40)
CITIGROUP INC 7.625% SNR 03/04/2018 GBP	1,800,000	2,250,378.00	1.25	1.09	1,953,273.60	(297,104.40)
COMCAST CORP NEW 5.5% DUE 11-23-2029	2,000,000	2,266,400.00	1.13	1.35	2,705,528.00	439,128.00
CRED SUIS GP FUN LTD 3.0% 27/05/2022	1,500,000	1,524,900.00	1.02	1.03	1,542,997.50	18,097.50
CREDIT AGRICOLE LONDON 5.5% 17/12/2021	2,000,000	2,283,580.00	1.14	1.20	2,403,112.00	119,532.00
CREDIT AGRICOLE SA 7.375% SUB 18/12/2023GBP	950,000	1,117,881.00	1.18	1.29	1,222,696.55	104,815.55
DAIMLER AG MTN 1.0% 1.0% 20/12/2019	4,774,000	4,758,293.54	1.00	1.00	4,791,300.98	33,007.44
DEUTSCHE TELEKOM I 7.375%-VAR SNR 04/12/19 GBP	1,700,000	2,231,766.78	1.31	1.19	2,017,906.80	(213,859.98)
E.ON INTERNATIONAL 6% GTD SNR MTN 30/10/19 GBP	1,800,000	2,234,113.00	1.24	1.14	2,052,905.40	(181,207.60)
EDF 6.875% SNR 12/12/2022 GBP	1,700,000	2,229,924.00	1.31	1.29	2,198,497.80	(31,426.20)
ENEL FINANCE INTL 5.625% MTN 14/08/2024 GBP	3,400,000	4,259,206.00	1.25	1.22	4,149,336.20	(109,869.80)
ESB FINANCE DAC 6.5% GTD SNR 05/03/2020 GBP	1,200,000	1,396,512.00	1.16	1.17	1,399,659.00	3,147.00
EVERSHOLT FUNDING PLC 5.831% 02/12/2020	1,900,000	2,240,632.00	1.18	1.17	2,217,714.20	(22,917.80)
EVERSHOLT FUNDING PLC 6.359% 02/12/2025	1,500,000	1,986,375.00	1.32	1.32	1,979,589.00	(6,786.00)
FCE BANK 2.727% SNR 03/06/2022 GBP	3,500,000	3,623,415.20	1.04	1.04	3,635,413.25	11,998.05
GATWICK FUNDING LI 5.25% A/BKD 23/01/2024 GBP	2,500,000	2,837,155.00	1.13	1.21	3,019,772.50	182,617.50
GE CAP UK FDG UNLI 5.125% SNR 24/05/2023GBP	1,500,000	1,835,865.00	1.22	1.22	1,829,304.00	(6,561.00)
GE CAP UK FDG UNLI 5.875% GTD SNR 04/11/20 GBP	1,900,000	2,276,640.80	1.20	1.19	2,251,762.20	(24,878.60)
GLENCORE FIN MTN 27/02/2019	2,000,000	2,284,300.00	1.14	1.10	2,200,551.00	(83,749.00)
GOLDMAN SACHS GRP 6.125% SNR 14/02/2017 GBP	2,000,000	2,270,890.80	1.14	1.01	2,012,158.00	(258,732.80)
GOODMAN AUS FIN 9.75% GTD SNR 16/07/18 GBP	752,000	857,317.60	1.14	1.12	845,190.10	(12,127.50)
GREAT ROLLING ST 6.25% GTD SNR 27/07/20 GBP	2,350,000	2,850,868.50	1.21	1.16	2,735,650.28	(115,218.22)
HAMMERSON 3.5% SNR 27/10/25 GBP1000000	1,500,000	1,608,750.00	1.07	1.07	1,607,256.75	(1,493.25)
HEATHROW FUNDING 5.225%-FRN 15/02/2025 GBP	3,500,000	4,101,118.00	1.17	1.19	4,166,744.75	65,626.75
HSBC BANK 6.5% SUB 07/07/2023 GBP1000	3,400,000	4,217,190.08	1.24	1.23	4,191,159.60	(26,030.48)
IBERDROLA FINANZAS 7.375% GTD SNR 29/01/24 GBP	3,000,000	4,127,658.00	1.38	1.34	4,031,610.00	(96,048.00)
IMPERIAL TOB FIN 15/03/2024	1,200,000	1,721,484.00	1.43	1.39	1,667,108.40	(54,375.60)
IMPERIAL TOBACCO FINANCE 7.75% 24/06/2019	1,700,000	2,212,057.00	1.30	1.16	1,979,697.60	(232,359.40)
ING BANK NV 5.375% 15/04/2021	2,600,000	3,015,080.00	1.16	1.18	3,061,637.80	46,557.80
INNOGY FINANCE BV 5.5% GTD SNR 06/07/2022 GBP	1,900,000	2,261,304.00	1.19	1.19	2,260,791.00	(513.00)
INNOGY FINANCE BV 5.625% GTD SNR 06/12/23 GBP	800,000	972,568.00	1.22	1.23	984,284.40	11,716.40
INTERSTAR MILLENNIUM 2004-4E FRN MTG/BK14-11-2036	1,772,484	1,717,094.23	0.97	0.96	1,698,650.63	(18,443.60)
INTU (SGS) FINANCE PLC 17/03/2023	3,900,000	4,021,430.00	1.03	1.08	4,219,566.00	198,136.00
JP MORGAN CHASE & CO 4.25% MTN 25/01/2017	2,100,000	2,295,082.00	1.09	1.00	2,104,298.70	(190,783.30)
KONINKLIJKE KPN NV 5.0% 18 NOV 2026	2,800,000	3,255,588.00	1.16	1.19	3,332,742.00	77,154.00
LANARK MASTER ISSUER PLC FLOATING RATE BNDS 22 DEC 2054	4,140,159	4,293,344.71	1.04	1.01	4,178,848.60	(114,496.11)
LLOYDS BANK PLC 5.75%-FR EMTN 7/25 GBP(VAR)	964,000	1,053,052.36	1.09	1.10	1,055,680.26	2,627.90
METLIFE INC 5.375% SNR 09/12/2024 GBP	1,600,000	1,947,588.00	1.22	1.24	1,982,598.40	35,030.40
MORGAN STANLEY 5.75% SNR MTN 14/02/17 GBP	2,000,000	2,212,080.00	1.11	1.01	2,011,396.00	(200,684.00)
MOTABILITY OPERATI 5.375% GTD SNR 28/06/22 GBP	1,900,000	2,293,680.00	1.21	1.22	2,316,478.10	22,798.10
NATIONAL AUSTRALIA BANK 3.625% 08/11/2017	500,000	542,035.00	1.08	1.03	512,824.50	(29,210.50)
NATIONWIDE B/S 3% SNR 06/05/2026 GBP100000	1,200,000	1,253,088.00	1.04	1.05	1,263,748.80	10,660.80
NATIONWIDE B/S 5.625% SNR 09/09/2019 GBP	300,000	355,269.00	1.18	1.13	337,507.80	(17,761.20)
NATL AUSTRALIA BK 7.125%-FRN SUB 12/06/23 GBP	2,100,000	2,420,220.00	1.15	1.08	2,261,280.00	(158,940.00)
NORTHUMBRIAN WTR F 6.875% GTD SNR 06/02/23 GBP	2,000,000	2,552,560.00	1.28	1.30	2,600,524.00	47,964.00
ORANGE 5.25% SNR EMTN 05/12/25 GBP	1,200,000	1,500,660.00	1.25	1.25	1,498,552.80	(2,107.20)
ORANGE 7.25% MTN 10/11/20 GBP(VAR)	2,015,000	2,619,579.50	1.30	1.24	2,488,659.00	(130,920.50)
PORTERBROOK RAIL FIN LTD 5.5% 20/04/2019	2,500,000	2,880,000.00	1.15	1.10	2,752,812.50	(127,187.50)
ROYAL BANK OF SCOT 6.625% SNR 17/09/2018GBP	1,700,000	2,074,918.00	1.22	1.10	1,863,126.90	(211,791.10)
SANTANDER UK GR 3.625% SNR 14/01/2026 GBP	2,100,000	2,178,124.00	1.04	1.03	2,157,577.80	(20,546.20)
SCENTRE MGMT LTD 2.375% 08/04/2022	2,400,000	2,523,960.00	1.05	1.04	2,496,156.00	(27,804.00)
SEGRO PLC 5.5% SNR 20/06/2018 GBP1000	1,906,000	2,161,996.84	1.13	1.07	2,030,469.42	(131,527.42)
SEGRO PLC 6.75% SNR 23/11/21 GBP50000	1,700,000	2,124,388.00	1.25	1.25	2,121,202.20	(3,185.80)
SKY GROUP FINANCE PLC 5.75% SNR 20/10/17	1,900,000	2,234,020.00	1.18	1.04	1,975,618.10	(258,401.90)
SOCIETE GENERALE 5.4% SUB EMTN 30/01/18 GBP	2,180,000	2,278,819.40	1.05	1.05	2,279,992.24	1,172.84
SOUTHERN GAS NETWO 5.125% SNR 02/11/2018GBP	120,000	138,000.00	1.15	1.08	129,588.60	(8,411.40)
SSE PLC 5.875% SNR 22/09/22 GBP1000	1,640,000	2,018,971.20	1.23	1.24	2,026,867.80	7,896.60
TELEFONICA EMISION 5.375% GTD SNR 02/02/26 GBP	1,200,000	1,461,348.00	1.22	1.20	1,438,014.00	(23,334.00)
TESCO 6.125% SNR 24/02/2022 GBP	1,800,000	2,224,170.00	1.24	1.14	2,049,696.00	(174,474.00)
TOTAL CAPITAL SA 3.875% SNR MTN 14/12/18GBP	2,000,000	2,249,400.00	1.12	1.06	2,125,380.00	(124,020.00)
WALES & WEST UTL FIN PLC 4.625% 13-12-2023	2,100,000	2,372,166.00	1.13	1.19	2,504,804.40	132,638.40
WELLS FARGO & CO 2% SNR EMTN 28/07/2025 GBP	500,000	483,595.00	0.97	0.99	493,080.50	9,485.50
WELLS FARGO BK NA 5.25% SUB EMTN 01/08/23 GBP	3,200,000	3,739,992.00	1.17	1.19	3,796,835.20	56,843.20
WESTERN POWER EAST 5.25% SNR EMTN 17/01/23 GBP	2,500,000	2,912,480.00	1.16	1.20	2,990,930.00	78,450.00
WESTPAC BKG CORP 5% SNR 21/10/2019 GBP50000	2,300,000	2,693,345.00	1.17	1.12	2,570,829.60	(122,515.40)
WPP 2008 LIMITED 6% BDS 04/04/17 GBP1000	1,900,000	2,196,134.00	1.16	1.01	1,925,154.10	(270,979.90)
WPP FINANCE S.A. 6.375% GTD SNR 06/11/20GBP	1,500,000	1,798,275.00	1.20	1.20	1,796,626.50	(1,648.50)
XSTRATA CANADA FIN 7.375% GTD SNR 27/05/20 GBP	2,215,000	2,729,901.95	1.23	1.17	2,588,127.83	(141,774.12)
YORKSHIRE WATER SV 6% A/BKD 21/08/2019 GBP'A1'	1,900,000	2,328,260.00	1.23	1.13	2,155,508.20	(172,751.80)
		200,586,765.04			197,433,712.07	(3,153,052.97)

STAFFORDSHIRE PENSION FUND

PORTFOLIO VALUATION

Fund - Insight Investment (Global Corporate Bonds)

Currency - Sterling

Report Date -

31-12-16

	Cost	Average	Market	Market	Unrealised	
Holding	£	Cost	Price	Value	Gain/Loss	
	£	£	£	£	£	
Corporate Bonds (Foreign Currency)						
ABN AMRO BANK NV 2.875%-STP SUB 18/01/28EUR	1,700,000	1,576,326.55	0.93	0.90	1,533,670.87	(42,655.68)
ANHEUSER BUSCH INBEV FIN INC 3.7 DUE 02-01-2024	1,900,000	1,601,642.12	0.84	0.84	1,589,483.56	(12,158.56)
AUST & NZ BANK GRP 4.875% BDS 144A 12/01/21	3,000,000	2,221,151.99	0.74	0.88	2,628,626.85	407,474.86
AXA 5.125%-FRN SUB 04/07/43 EUR	2,600,000	2,650,063.22	1.02	0.99	2,561,012.98	(89,050.24)
AXA 5.25%-FRN SUB 16/04/40 EUR	800,000	746,428.20	0.93	0.95	760,918.26	14,490.06
BNP PARIBAS / BNP 5 DUE 01-15-2021	3,300,000	2,316,314.60	0.70	0.88	2,913,606.60	597,292.00
BNP PARIBAS 2.625%-STP SUB 14/10/27 EUR	1,500,000	1,276,524.10	0.85	0.88	1,315,722.67	39,198.57
BP CAP MKTS P L C 3.994% DUE 09-26-2023	1,300,000	1,107,415.28	0.85	0.85	1,105,854.90	(1,560.38)
BPCE MEDIUM TERM 4.625% DUE 07-11-2024	5,100,000	4,113,302.62	0.81	0.80	4,078,143.01	(35,159.61)
BRITISH SKY BROADCASTING GROUP 3.75% DUE 09-16-2024 BEO	2,700,000	2,232,491.51	0.83	0.81	2,192,020.41	(40,471.10)
BRUNEL RES MTG SEC FRN M/BKD 01/2039 EUR'A4A'	1,407,515	1,103,841.66	0.78	0.85	1,200,016.58	96,174.92
BURL NORTHN SANTA 3.4% DUE 09-01-2024	4,600,000	3,858,990.42	0.84	0.83	3,832,502.23	(26,488.19)
CITIGROUP INC 4.6% DUE 03-09-2026	2,500,000	2,126,563.33	0.85	0.84	2,091,172.83	(35,390.50)
CMNWLTB BK OF AUST 5.5% SUB EMTN 06/08/19 EUR	2,400,000	2,240,328.62	0.93	0.97	2,334,143.01	93,433.00
CR SUISSE GROUP 3.8% DUE 09-15-2022	3,300,000	2,624,267.35	0.80	0.82	2,694,342.79	70,075.44
CVS CAREMARK CORP 4 DUE 12-05-2023	4,000,000	3,314,149.33	0.83	0.85	3,410,820.49	96,671.16
DUTCH MBS BV DUTCH 2012-17 A2 02/10/2044	1,773,809	1,581,828.02	0.89	0.86	1,528,583.68	(53,244.34)
ELECTRICITE DE 3.625% 13/10/2025	1,800,000	1,473,126.78	0.82	0.81	1,454,895.11	(18,231.67)
E-MAC PROGRAM B V REMACP 2007 - NL3A A1 144A 25/07/2047	1,035,777	636,042.37	0.61	0.80	831,297.28	195,254.91
ENTERPRISE PRODS 3.75% DUE 02-15-2025	5,000,000	4,128,433.23	0.83	0.82	4,111,447.75	(16,985.48)
EXXON MOBIL CORP 2.726% DUE 03-01-2023	4,700,000	3,809,906.91	0.81	0.81	3,816,606.47	6,699.56
GOLDMAN SACHS 4% DUE 03-03-2024	2,500,000	2,101,908.35	0.84	0.84	2,098,933.93	(2,974.42)
HAMMERSON PLC BNDS 2.0% 01/07/2022	2,800,000	2,575,259.52	0.92	0.88	2,476,211.81	(99,047.71)
KRAFT HEINZ FOODS 3.5% DUE 07-15-2022	4,600,000	3,797,463.59	0.83	0.82	3,778,969.27	(18,494.32)
MCDONALDS CORP 2.625 DUE 01-15-2022 REG	3,200,000	2,572,114.98	0.80	0.81	2,582,098.38	9,983.40
MCDONALDS CORP 3.7% DUE 01-30-2026	1,000,000	804,415.45	0.80	0.82	823,936.46	19,521.01
MOLSON COORS 1.25% DUE 07-15-2024	4,000,000	3,318,356.57	0.83	0.85	3,410,412.79	92,056.22
NATIONWIDE B/S 6.75% SUB EMTN 22/07/20 EUR	2,500,000	2,250,906.04	0.90	1.03	2,568,877.36	317,971.32
NEWELL BRANDS INC 3.15% DUE 04-01-2021	3,600,000	2,935,829.03	0.82	0.82	2,965,002.95	29,173.92
NORDEA BK AG 4.875% DUE 05-13-2021	3,000,000	2,023,621.58	0.67	0.87	2,608,501.00	584,879.42
PHILIP MORRIS INTL INC 2.9 DUE 11-15-2021	3,200,000	2,617,483.84	0.82	0.82	2,624,463.77	6,979.93
RABOBANK 4.125% SUB MTN 14/09/22 EUR	2,700,000	2,281,315.95	0.84	0.98	2,658,296.58	376,980.63
REYNOLDS AMERN INC FIXED 4.45% DUE 06-12-2025	4,600,000	4,064,685.07	0.88	0.85	3,930,507.01	(134,178.06)
SCENTRE GROUP TR 1/2 FIXED 3.5% DUE 02-12-2025	2,000,000	1,678,810.31	0.84	0.80	1,598,227.78	(80,582.53)
SCHLUMBERGER HLDGS 4% DUE 12-21-2025	3,900,000	3,238,618.08	0.83	0.85	3,307,701.48	69,083.40
SHELL INTL FIN B V 3.4% DUE 08-12-2023	1,624,000	1,348,310.91	0.83	0.83	1,348,701.46	390.55
SIMON INTE FIN SCA 1.25% GTD SNR 13/05/25 EUR	4,000,000	3,333,306.46	0.83	0.86	3,439,165.43	105,858.97
SMUCKER J M CO 3.5% DUE 10-15-2021	4,100,000	3,413,901.79	0.83	0.84	3,449,222.96	35,321.17
SOCIETE GENERALE 2.5%-STP SUB 16/09/2026EUR	1,600,000	1,434,397.25	0.90	0.88	1,402,540.21	(31,857.04)
SPECTRA ENERGY 3.5% DUE 03-15-2025	5,100,000	4,127,452.28	0.81	0.79	4,031,355.00	(96,097.28)
SPI AUSTRALIA ASSETS PTY MTN 3.3% 09/04/2023	3,200,000	2,576,078.52	0.81	0.80	2,556,941.74	(19,136.78)
STATOIL ASA 2.65% DUE 01-15-2024	4,800,000	3,834,652.96	0.80	0.79	3,813,052.87	(21,600.09)
SYDNEY AIRPORT FINANCE 2.75% 23/04/2024	1,300,000	1,294,061.13	1.00	0.94	1,225,245.58	(68,815.55)
SYDNEY AIRPORT FINANCE 3.625% 04-28-2026	1,000,000	837,108.83	0.84	0.80	795,755.33	(41,353.50)
TELEFONICA 4.57% DUE 04-27-2023	3,000,000	2,598,223.89	0.87	0.85	2,547,158.38	(51,065.51)
TELSTRA CORPORATION LTD 4.8 DUE 10-12-2021 BEO	3,756,000	3,288,186.98	0.88	0.88	3,321,095.81	32,908.83
TEVA 2.8% DUE 07-21-2023	3,300,000	2,568,586.12	0.78	0.77	2,528,022.14	(40,563.98)
TEVA 3.15% DUE 10-01-2026	2,000,000	1,597,499.52	0.80	0.75	1,492,213.94	(105,285.58)
TOTAL CAP INTL 2.875% DUE 02-17-2022	2,000,000	1,641,265.24	0.82	0.82	1,631,374.71	(9,890.53)
VERIZON 3.65% DUE 09-14-2018	5,000,000	3,224,559.34	0.64	0.84	4,180,055.37	955,496.03
WAL-MART STORES 3.625% DUE 07-08-2020	3,200,000	2,258,771.62	0.71	0.86	2,737,585.78	478,814.16
WESTPAC BKG CORP 4.322% DUE 11-23-2031	1,000,000	790,158.72	0.79	0.81	811,868.31	21,709.59
		123,166,847.78			126,728,402.18	3,561,554.40
Futures						
FUT MAR 17 EURX EUR-BUND	-112	0.00	-	2,287.49	(256,199.31)	(256,199.31)
FUT MAR 17 LIF LONG GILT	593	0.00	-	3,021.16	1,791,550.00	1,791,550.00
FUT MAR 17 CBT 5Y T-NOTE	-145	0.00	-	(145.42)	21,086.11	21,086.11
FUT MAR 17 10 YR T-NOTES	-716	0.00	-	(266.29)	190,664.48	190,664.48
		0.00			1,747,101.28	1,747,101.28
Total Investments		323,753,612.82			325,909,215.53	2,155,602.71
Cash Balance		4,619,724.24			4,619,724.24	
Total Value of Portfolio		328,373,337.06			330,528,939.77	

STAFFORDSHIRE PENSION FUND

PORTFOLIO VALUATION

Fund - PRIVATE EQUITY INVESTMENTS

Currency - Sterling

Report Date - 31-12-16

	Date of Inception	Estimated Total Approved Investment	Cumulative Investments @ 30 Sep 2016	Quarters Transactions	Cumulative Distributions @ 30 Sep 2016	Quarters Transactions	Market Value @ 30 Sep 2016 *
		£	£	£	£	£	£
LAZARD US TECHNOLOGY PARTNERS 2nd Fund	Jan-01	6,214,639.57	6,216,640.24	0.00	5,294,478.56	0.00	1,113,494.91
CAPITAL DYNAMICS UK HIGH TECHNOLOGY FUND	May-01	4,000,000.00	4,007,302.74	0.00	2,211,961.37	120,000.00	34,160.00
HARBOUR VEST European Buyout Fund (HIPEP IV)	Jan-02	6,811,851.14	6,973,790.92	0.00	12,026,359.39	0.00	908,344.46
HARBOUR VEST VII US Buyout Fund	Apr-03	5,260,383.82	5,299,569.55	0.00	7,728,129.45	150,284.79	2,374,333.15
KNIGHTSBRIDGE Venture Capital VI Series VXM	Feb-05	6,291,695.54	6,377,366.59	0.00	7,616,569.38	247,242.83	4,017,891.92
HARBOUR VEST Asia Pacific Fund (HIPEP V)	Mar-06	5,056,257.30	5,466,435.93	0.00	5,722,682.93	0.00	3,657,825.74
HARBOUR VEST 2007 Direct Fund	Sep-07	4,900,000.00	5,870,119.65	38,240.92	6,792,512.32	833,528.92	4,036,383.83
HARBOUR VEST 2007 European Buyout Companion (HIPEP V)	Oct-07	5,000,000.00	5,890,762.76	0.00	4,689,001.06	394,729.07	4,109,852.62
HARBOUR VEST VIII Cayman Venture Fund	Sep-07	2,450,000.00	2,926,614.78	0.00	2,692,555.38	164,132.40	2,877,115.25
HARBOUR VEST VIII Cayman Buyout Fund	Sep-07	24,500,000.00	27,854,752.18	189,515.97	28,536,616.94	1,699,355.08	21,672,915.96
HARBOUR VEST VIII US Mezzanine & Distressed Debt Fund	Sep-07	2,450,000.00	2,872,805.00	0.00	2,685,583.81	0.00	1,734,357.06
KNIGHTSBRIDGE Venture Capital VII LP Series VC	Apr-08	5,000,000.00	5,053,138.77	0.00	1,726,526.67	346,473.66	9,061,172.51
DOVER STREET VII Cayman Fund	May-08	10,000,000.00	11,752,382.56	0.00	13,392,042.45	180,828.56	5,306,210.52
PARTNERS Group Secondary 2008 LP	Nov-08	12,165,000.00	11,602,530.76	0.00	12,524,534.54	776,072.41	5,626,298.34
HARBOUR VEST Cayman Partnership Fund (HIPEP VI)	Jun-08	29,687,775.33	23,433,274.13	471,487.50	6,812,813.16	471,487.50	28,502,447.79
KNIGHTSBRIDGE Venture Capital VIII	Feb-12	4,500,000.00	1,773,562.73	160,777.84	74,737.39	0.00	2,271,432.47
HARBOUR VEST IX Cayman Venture Fund	Apr-13	6,150,000.00	4,795,303.32	176,356.80	1,146,660.70	122,427.27	6,447,118.83
HARBOUR VEST IX Cayman Buyout Fund	Apr-13	12,300,000.00	7,408,256.86	634,884.51	1,800,101.66	261,058.14	8,867,527.42
HARBOUR VEST IX Cayman Opportunities Fund	Apr-13	2,050,000.00	1,159,336.30	0.00	416,430.27	57,003.83	1,218,467.96
DOVER STREET VIII Cayman Fund	Apr-13	7,800,000.00	6,263,744.71	448,652.16	3,024,012.42	251,266.78	6,660,518.35
HARBOURVEST VII AIF Partnership	Jun-14	23,500,000.00	7,776,204.96	1,174,225.74	408,666.18	0.00	9,135,248.72
HARBOURVEST X AIF Buyout	Sep-15	25,400,000.00	1,365,834.31	0.00	0.00	0.00	1,688,828.97
HARBOURVEST X AIF Venture	Sep-15	12,700,000.00	885,227.35	0.00	0.00	0.00	990,150.81
CAPITAL DYNAMICS LGPS Collective Private Equity 15/16	Sep-15	5,000,000.00	548,251.08	100,000.00	0.00	0.00	565,204.00
PARTNERS Group Global Growth 2014 LP	Sep-15	10,000,000.00	2,747,766.40	805,902.67	0.00	0.00	3,215,057.49
PARTNERS Group Direct Equity 2016 (EUR) LP	Sep-15	10,000,000.00	2,597,043.45	1,576,169.63	0.00	0.00	2,827,402.14
CAPITAL DYNAMICS LGPS Collective Private Equity 16/17	Apr-16	5,000,000.00	375,000.00	75,000.00	0.00	0.00	398,061.00
TOTAL PRIVATE EQUITY		254,187,602.70	169,293,018.02	5,851,213.74	127,322,976.03	6,075,891.24	139,317,822.22

* latest available valuation

STAFFORDSHIRE PENSION FUND

PORTFOLIO VALUATION

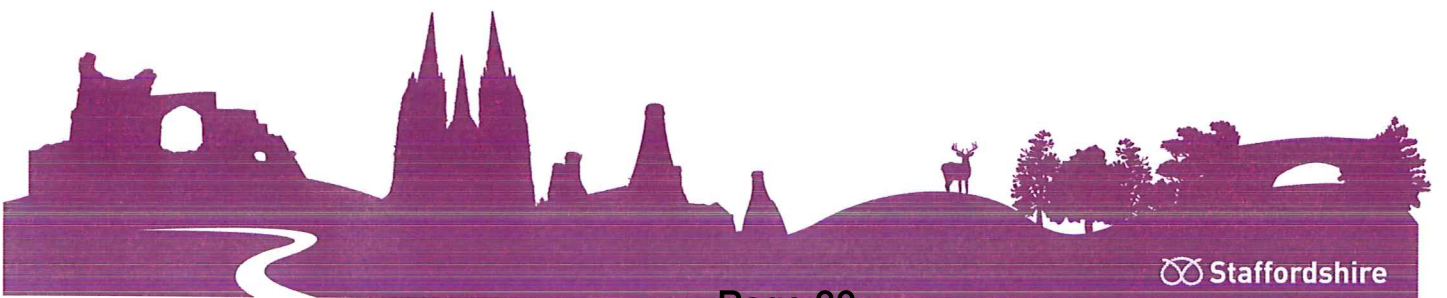
	<u>Currency - Sterling</u>				<u>Report Date -</u>		<u>31-12-16</u>
		<u>Average</u>	<u>Market</u>		<u>Market</u>	<u>Unrealised</u>	
	<u>Cost</u>	<u>Cost</u>	<u>Price</u>		<u>Value</u>	<u>Gain/Loss</u>	
<u>Holding</u>	<u>£</u>	<u>£</u>	<u>£</u>		<u>£</u>	<u>£</u>	
<u>Fund - Legal & General Investment Management (Passive Global Equity)</u>							
<u>UK - PASSIVE</u>							
LEGAL & GENERAL N UK EQUITY INDEX	26,747,100	264,789,162.20	9.90	11.77	314,912,336.10	50,123,173.90	
<u>GLOBAL - PASSIVE</u>							
LEGAL & GENERAL CY UK (WORLD) EQUITY INDEX	29,694,036	59,979,610.82	2.02	2.45	72,758,999.84	12,779,389.02	
LEGAL & GENERAL S NORTH AMERICA EQUITY INDEX	33,546,407	477,327,807.66	14.23	19.29	647,076,635.75	169,748,828.09	
LEGAL & GENERAL T EUROPE (EX UK) EQUITY INDEX	12,669,508	135,381,467.44	10.69	12.98	164,464,153.93	29,082,686.49	
LEGAL & GENERAL R JAPAN EQUITY INDEX	57,693,896	76,583,475.38	1.33	1.68	97,144,405.45	20,560,930.07	
LEGAL & GENERAL W ASIA PAC EXJAP DEV EQUITY INDEX	4,518,482	48,296,289.62	10.69	14.52	65,597,058.81	17,300,769.19	
LEGAL & GENERAL MIDDLE EAST/AFRICA DEV EQUITY INDEX	1,462,878	2,390,797.23	1.63	1.54	2,253,358.82	(137,438.41)	
		799,959,448.15			1,049,294,612.60	249,335,164.45	
<u>TOTAL PASSIVE GLOBAL EQUITY</u>		1,064,748,610.35			1,364,206,948.70	299,458,338.35	
<u>Fund - Legal & General Investment Management (Passive UK Index Linked Bonds)</u>							
LEGAL & GENERAL AP OVER 5 YR INDEX-LINKED	30,736,673	137,768,964.69	4.48	7.81	240,029,443.09	102,260,478.40	
<u>TOTAL PASSIVE UK INDEX LINKED BONDS</u>		137,768,964.69			240,029,443.09	102,260,478.40	
<u>PRIVATE DEBT</u>							
CLAREANT EUROPEAN DIRECT LENDING FUND II (GBP) SCSp	n/a	28,988,544.43	n/a	n/a	28,988,544.43	0.00	
HAYFIN DIRECT LENDING FUND	n/a	25,803,400.71	n/a	n/a	25,803,400.71	0.00	
HIGHBRIDGE PRIVATE LENDING OPPORTUNITIES FUND	n/a	10,695,016.15	n/a	n/a	10,695,016.15	0.00	
<u>TOTAL PRIVATE DEBT</u>		65,486,961.29			65,486,961.29	0.00	
<u>Fund - Staffordshire Pension Fund (Emerging Markets Funds)</u>							
FRANK RUSSELL EMERGING MARKETS EQUITY	2,216,717	40,600,000.00	18.32	45.41	100,661,124.51	60,061,124.51	
<u>TOTAL EMERGING MARKETS</u>		40,600,000.00			100,661,124.51	60,061,124.51	
<u>Fund - Staffordshire Pension Fund (Funds of Hedge Funds)</u>							
GOLDMAN SACHS HFP II FUND (H1)	527,597	70,240,579.00	133.13	163.28	86,144,112.73	15,903,533.73	
<u>TOTAL HEDGE FUNDS</u>		70,240,579.00			86,144,112.73	15,903,533.73	

Dir/Ind	Property Address or Fund	Unit	Tenant or Fund	Tenure	Use	Total Cost £	Date of Purchase	Value £ @ 31/03/2016	Value £ @ 31/12/2016	Lease or Fund Term	Lease Fund Expiry or Break	Rent pa £ Purchase	Current Rent pa £	Ground Rent pa £	Next Rent Review	% Yield on Cost	% Return on Value
CHICHESTER	30 East Street		Mothercare UK Ltd	FH	Retail	2,422,179	29/01/1999	3,525,000	3,500,000	10 yrs	24/03/2020	120,000	186,250	-	On Expiry	7.7	5.3
DOVER	Bridge Street		Wm Morrison Supermarkets Plc	FH	Foodstore	18,059,355	31/03/2010	16,100,000	14,025,000	35 yrs	09/04/2024	912,604	912,604	-	29/04/2019	5.1	6.5
EDINBURGH	Grosvenor Street		Park UK Holdings Ltd (t/a Hilton)	FH	Hotel	18,598,181	28/07/2015	17,650,000	18,400,000	125 yrs	16/02/2094	802,500	840,038	-	17/02/2025	4.5	4.6
EYNSHAM	Oasis Park,	Chilbrook 1	Adlens Ltd		Office	-	-	-	-	10 yrs	05/10/2021	57,494	79,536	-	06/10/2021	-	-
		Chilbrook 2	Adlens Ltd		Office	-	-	-	-	10 yrs	05/10/2021	56,128	56,128	-	06/10/2021	-	-
		Chilbrook 3	Vacant		Office	-	-	-	-	-	-	0	0	-	-	-	-
		Chilbrook 4	Vacant		Office	-	-	-	-	-	-	0	0	-	-	-	-
		Chilbrook 5	Atkins Ltd		Office	-	-	-	-	10 yrs	13/08/2020	89,508	132,800	-	On Expiry	-	-
		Chilbrook 6	Christian Witness to Israel		Office	-	-	-	-	5 yrs	08/07/2019	22,927	36,036	-	On Expiry	-	-
		Chilbrook 7	Vacant		Office	-	-	-	-	-	-	43,859	0	-	-	-	-
		1-5	Southern Electricity Plc		Substation	-	-	-	-	125 yrs	24/01/2116	1	1	-	On Expiry	-	-
		6	Vacant		Office	-	-	-	-	-	-	202,220	0	-	-	-	-
		7	Amplivox Ltd		Office	-	-	-	-	5 yrs	12/02/2019	90,000	45,500	-	On Expiry	-	-
		8	Waterslade Ltd		Office	-	-	-	-	5 yrs	23/12/2017	33,770	21,782	-	23/12/2017	-	-
		9 & 10	Usborne Publishing Ltd		Office	-	-	-	-	10 yrs	28/09/2018	33,770	39,287	-	29/09/2018	-	-
		11	Ice Energy Heat Pumps Ltd		Office	-	-	-	-	5 yrs	31/03/2017	57,500	76,716	-	On Expiry	-	-
		12	Bit by Bit Directors Scheme		Office	-	-	-	-	999 yrs	23/06/2986	75	75	-	On Expiry	-	-
		13	Adler & Allan Ltd		Office	-	-	-	-	5 yrs	22/12/2019	44,000	33,638	-	On Expiry	-	-
HAYES	Hayes Road,		Toys R Us Ltd	FH	Office	12,732,619	14/10/1999	5,250,000	5,700,000	-	-	43,800	0	-	-	4.1	9.1
KINGSTON UPON THAMES	24/24a Market Place		Links (London) Ltd	FH	Retail WH	16,224,160	07/01/2008	13,450,000	12,700,000	25 yrs	28/09/2019	779,000	813,300	-	On Expiry	5.0	6.4
LANCASTER	Parliament Street		Links (London) Ltd	FH	Retail	1,339,621	14/04/2000	3,075,000	3,075,000	15 yrs	15/03/2022	83,250	143,000	-	16/03/2017	10.7	4.7
	Retail Park,		Links (London) Ltd	FH	Retail	5,106,960	18/12/1995	6,150,000	6,025,000	25 yrs	28/09/2020	100,170	142,742	-	29/09/2015	8.2	7.0
LEEDS	Killingbeck Retail Park,	A	Carpetright Plc		Retail WH	-	-	-	-	20 yrs	23/06/2016	195,000	200,740	-	On Expiry	-	-
	Killingbeck Drive	B	B&M Retail Ltd		Retail WH	-	-	-	-	10 yrs	14/07/2023	195,700	150,000	-	15/07/2018	-	-
		C	B&Q Plc		Retail WH	-	-	-	-	25 yrs	23/06/2016	197,340	202,400	-	On Expiry	-	-
		D	B&Q Plc		Retail WH	20,201,334	06/06/2008	14,650,000	14,200,000	25 yrs	23/06/2016	604,750	604,750	-	On Expiry	5.7	8.2
LEEDS	20/26 King Edward Street & 49/51 Vicar Lane	20	Vacant		Retail	-	-	-	-	-	-	91,250	0	-	-	-	-
		22	Airwair International Ltd (t/a Dr Martens)		Retail	-	-	-	-	10 yrs	22/07/2019	95,000	98,000	-	22/07/2019	-	-
		24	VF Northern Europe Services Ltd (t/a Vans)		Retail	-	-	-	-	15 yrs	03/10/2018	105,000	105,000	-	On Expiry	-	-
LEICESTER	45 Gallowtree Gate & 47/49 Market Place	26	JD Sports Fashion PLC (t/a Size)		Retail	6,538,408	25/10/2012	7,500,000	7,500,000	20 yrs	24/03/2021	158,500	170,000	-	25/03/2016	5.7	5.0
			London Lotus Ltd (t/a Chopstix)		Restaurant	-	-	-	-	20 yrs	07/03/2031	187,000	0	-	08/03/2016	-	-
			Vacant		Restaurant	4,768,455	26/09/1997	775,000	775,000	-	-	30,000	0	-	-	0.0	0.0
LEICESTER	Unit 19, Meridian Business Park		JP Boden & Co Ltd	FH	Industrial	3,771,984	04/11/2011	4,750,000	4,425,000	-	20/06/2017	380,000	380,000	-	On Expiry	10.1	8.6
LONDON EC2		B	Epiq Systems Ltd		Store	-	-	-	-	9 yrs	13/04/2020	3,210	3,210	-	On Expiry	-	-

Dir/Ind	Property Address or Fund	Unit	Tenant or Fund	Tenure	Use	Total Cost £	Date of Purchase	Value £ @ 31/03/2016	Value £ @ 31/12/2016	Lease or Fund Term	Lease Fund Expiry or Break	Rent pa £ @ Purchase	Current Rent pa £	Ground Rent pa £	Next Rent Review	% Yield on Cost	% Return on Value
	11 Old Jewry	B, LG, G	Goodman City Ltd		Restaurant	-	-	-	-	21.5 yrs	31/01/2032	162,500	162,500	-	-	-	-
		LG, G	Bank of China (UK) Ltd		Bank	-	-	-	-	20 yrs	31/01/2032	185,000	185,000	-	24/01/2022	-	-
		1st, B	Tom James International		Office	-	-	-	-	10 yrs	06/06/2020	196,000	196,000	-	On Expiry	-	-
		1st, B	Epiq Systems Ltd		Office	-	-	-	-	5.8 yrs	13/04/2020	121,974	121,974	-	On Expiry	-	-
		2nd (S)	John Graham Construction		Office	-	-	-	-	5 yrs	10/01/2019	227,469	227,469	-	On Expiry	-	-
		2nd (N)	Bedell Trust UK Ltd		Office	-	-	-	-	10 yrs	24/08/2020	214,095	214,095	-	25/08/2020	-	-
		3rd	Milliman Ltd (Surety Milliman Inc)		Office	-	-	-	-	10 yrs	26/10/2019	342,085	342,085	-	On Expiry	-	-
		4th	Epiq Systems Ltd		Office	-	-	-	-	10 yrs	13/04/2020	323,638	323,638	-	On Expiry	-	-
		5th	AIOI Motor & General Insurance Company of Europe Ltd		Office	-	-	-	-	10 yrs	31/03/2018	265,625	265,625	-	On Expiry	-	-
		6th (S)	Bedell Cristin London Partnership		Office	-	-	-	-	10 yrs	21/12/2021	0	125,366	-	22/12/2021	-	-
		6th N, B	Epiq Systems Ltd		Office	-	-	-	-	6.75 yrs	13/04/2020	115,367	115,367	-	On Expiry	-	-
		7th (S)	Reincubate Ltd		Office	-	-	-	-	5 yrs	18/05/2018	66,340	66,340	-	On Expiry	-	-
		7th (N), B	Intertrust (UK) Ltd		Office	-	-	-	-	6 yrs	01/03/2017	81,515	81,515	-	On Expiry	-	-
		8th (S)	Nataxis Praxem International Ltd		Office	-	-	-	-	15 yrs	09/03/2020	53,848	53,848	-	10/03/2020	-	-
		8th (N)	Milliman Ltd (Surety Milliman Inc)		Office	21,833,658	01/08/2016	-	20,700,000	10 yrs	26/10/2019	80,189	80,189	-	On Expiry	11.7	12.4
	LONDON SW1	5th	Gallaher Ltd		Office	-	-	-	-	15 yrs	25/12/2018	117,500	117,500	-	On Expiry	-	-
	Burwood House, 14/24 Caxton Street	4th	Sport & Recreation Alliance		Office	-	-	-	-	15 yrs	27/11/2018	135,375	146,000	-	On Expiry	-	-
		3rd	William Sturges & Co		Office	-	-	-	-	15 yrs	28/09/2018	166,760	170,260	-	On Expiry	-	-
		2nd	William Sturges & Co		Office	-	-	-	-	15 yrs	28/09/2018	166,485	168,985	-	On Expiry	-	-
		1st	BAE Systems Plc		Office	-	-	-	-	15 yrs	24/03/2018	152,000	146,620	-	On Expiry	-	-
		Gd	BAE Systems Plc		Office	-	-	-	-	10 yrs	24/03/2018	38,118	42,000	-	On Expiry	-	-
		Gd	William Sturges & Co		Office	-	-	-	-	15 yrs	28/09/2018	49,665	49,665	-	On Expiry	-	-
		Gd	Pret a Manger (Europe) Ltd		Retail	-	-	-	-	15 yrs	02/09/2027	46,000	77,500	-	03/09/2017	-	-
		Gd	William Sturges & Co		Office	-	-	-	-	15 yrs	28/09/2018	7,345	7,345	-	On Expiry	-	-
		Gd	Starbucks Coffee Co (UK) Ltd		Retail	-	-	-	-	15 yrs	15/12/2017	45,000	45,000	-	On Expiry	-	-
		Gd	Car spaces		Garage	16,164,376	16/05/2011	24,300,000	24,150,000	-	-	32,962	33,962	14,809	-	6.1	6.1
	LONDON WC1	5th	Orient Petroleum UK Ltd		Office	-	-	-	-	5 yrs	07/10/2017	88,125	83,662	-	On Expiry	-	-
	16 Upper Woburn Place	4th & 3rd	London Upper Woburn Place Centre Ltd (t/a Regus)		Office	-	-	-	-	10 yrs	18/11/2023	224,238	462,462	-	19/11/2018	-	-
		2nd	London Upper Woburn Place Centre Ltd (t/a Regus)		Office	-	-	-	-	8.33 yrs	18/11/2023	205,840	289,840	-	19/11/2018	-	-
		1st	Sue Ryder		Office	-	-	-	-	10 yrs	12/04/2018	213,745	317,000	-	On Expiry	-	-
		Gd	Vacant		Office	-	-	-	-	-	-	93,000	0	-	-	-	-
		Gd & LG	Prezzo Plc		Restaurant	-	-	-	-	20 yrs	04/01/2024	87,500	90,000	-	05/01/2019	-	-
		LG	Barry's Bootcamp Ltd		Gym	-	-	-	-	25 yrs	24/06/2024	75,460	87,032	-	23/07/2018	-	-
			EDF Energy Networks (LPN) Plc		Substation	19,207,152	12/08/2011	29,300,000	30,850,000	99 yrs	03/03/2106	0	0	-	-	6.9	4.3
	LONDON WC2	4th	Directors UK Ltd		Office	-	-	-	-	10 yrs	28/07/2022	76,335	208,125	-	29/07/2021	-	-
	22 Stukeley Street	3rd	Directors UK Ltd		Office	-	-	-	-	10 yrs	28/07/2022	42,073	114,500	-	29/07/2021	-	-
		3rd	AIG Edenspietkermann Ltd		Office	-	-	-	-	10 yrs	19/03/2020	50,827	119,493	-	20/03/2020	-	-
		2nd	Trentnet Ltd		Office	-	-	-	-	5 yrs	22/03/2020	83,250	196,064	-	On Expiry	-	-
		1st	Prospectus Ltd		Office	-	-	-	-	10 yrs	24/11/2021	85,360	160,416	-	25/11/2019	-	-
		Gd & LG	Freedom Recruitment Ltd		Office	-	-	-	-	5 yrs	01/04/2019	80,765	182,529	-	On Expiry	-	-
		Gd & LG	Zero Degrees West Ltd		Office	8,837,147	16/12/1998	19,900,000	20,950,000	10 yrs	24/04/2020	49,200	116,305	-	24/04/2019	12.4	5.2
	MANCHESTER	29	Hancocks Jewellers Ltd		Retail	-	-	-	-	25 yrs	31/05/2030	120,000	120,000	-	01/06/2020	-	-
	Old Exchange Buildings, 29/31 King Street	31	Hermes (GB) Ltd		Retail	-	-	-	-	25 yrs	31/05/2023	106,000	106,000	-	01/06/2018	-	-
			Crabtree & Evelyn		Retail	-	-	-	-	20 yrs	13/07/2018	62,500	62,500	-	On Expiry	-	-
			Vacant		Retail	-	-	-	-	-	-	60,000	0	-	-	-	-
		1st	Lucinda Ellery Ltd		Retail	-	-	-	-	3 yrs	13/01/2019	17,648	18,000	-	On Expiry	-	-

Dir/Ind	Property Address or Fund	Unit	Tenant or Fund	Tenure	Use	Total Cost £	Date of Purchase	Value £ @ 31/03/2016	Value £ @ 31/12/2016	Lease or Fund Term	Lease Fund or Break	Rent pa £ Purchase	Current Rent pa £	Ground Rent pa £	Next Rent Review	% Yield on Cost	Yield % Return on Value
	ROMFORD	2nd	Talent International UK Ltd		Office	-	-	-	-	5 yrs	26/05/2019	0	35,552	-	On Expiry	-	-
	26/30 South Street	3rd	Spencer Ogden		Office	-	-	-	-	5 yrs	13/05/2016	29,377	29,377	-	On Expiry	-	-
	SOUTHAMPTON	4th	Denton Corker Marshall		Office	6,591,908	11/08/2014	6,125,000	6,125,000	5 yrs	08/02/2020	0	10,955	-	On Expiry	5.8	6.2
	Centurion Park, Bitterne Road		Hallifax Plc	FH	Retail	2,146,455	11/09/1998	2,145,000	2,065,000	25 yrs	23/06/2020	135,000	183,500	-	29/09/2016	8.5	8.9
	Cornerstone Telecommunications Infrastructure Ltd		Phone Mast			-	-	-	-	10 yrs	12/10/2026	0	5,750	-	13/10/2019	-	-
	Sulzer Dowding & Mills (JK) Ltd	A			Industrial	-	-	-	-	3 yrs	24/11/2014	104,000	114,000	-	On Expiry	-	-
	Vacant	B			Industrial	-	-	-	-	-	-	67,750	0	-	-	-	-
	Oyster Marine Ltd	C			Industrial	-	-	-	-	2.75 yrs	30/09/2014	68,780	65,000	-	On Expiry	-	-
	Millbrook Furnishing Industries Ltd	D			Industrial	-	-	-	-	3.25 yrs	30/09/2018	61,450	59,470	-	On Expiry	-	-
	The BSS Group Ltd	E			Industrial	-	-	-	-	5.5 yrs	11/12/2018	30,000	32,950	-	On Expiry	-	-
	Thunderbolts Ltd	F			Industrial	-	-	-	-	5 yrs	31/12/2016	33,000	30,500	-	On Expiry	-	-
	TLC (Southern) Ltd	G			Industrial	-	-	-	-	10 yrs	19/12/2022	29,750	33,200	-	20/12/2017	-	-
	SCA Support Services Ltd	H			Industrial	-	-	-	-	25 yrs	27/04/2015	30,000	32,227	-	On Expiry	-	-
	St Gobain Building Distribution Ltd	J			Industrial	-	-	-	-	5 yrs	16/01/2017	65,640	73,500	-	On Expiry	-	-
	CJR Propulsion Ltd	K			Industrial	-	-	-	-	10 yrs	19/05/2015	49,000	59,963	-	On Expiry	-	-
	Vacant	L			Leisure	-	-	-	-	-	-	60,000	0	-	-	-	-
	M (Land)				Industrial	-	-	-	-	-	-	0	0	-	-	-	-
	The Post Office	P			Industrial	-	-	-	-	20 yrs	05/02/2019	146,772	113,000	-	On Expiry	-	-
	Secretary of State for Transport	R			Industrial	-	-	-	-	3 yrs	05/10/2019	24,148	44,000	-	On Expiry	-	-
	Custom Covers (1984) Ltd	S			Industrial	11,700,575	19/09/2000	11,200,000	11,750,000	-	-	34,750	35,500	-	On Expiry	6.0	5.9
	Stone Computers Ltd			FH	Industrial	4,687,173	22/02/2011	5,350,000	5,250,000	15.5 yrs	25/05/2020	355,400	399,000	-	On Expiry	8.5	7.6
	STAFFORD					-	-	-	-	-	-	0	0	-	-	-	-
	Granite 100, Acton Gate				Retail	-	-	-	-	-	-	120,000	0	-	-	-	-
	SWANSEA				Retail	-	-	-	-	-	-	0	0	-	-	-	-
	263/265 Oxford Street & 8 Portland Street			LH	Retail	3,005,251	21/07/2000	1,350,000	1,350,000	19.5 yrs	27/07/2016	95,000	114,600	2,250	On Expiry	3.8	8.5
	SWINDON	22 & 23	UK Storage Company (SW) Ltd		Industrial	-	-	-	-	25 yrs	21/09/2025	121,000	124,050	-	22/09/2020	-	-
	Westmead Industrial Estate, Units 22/25 & Westmead Drive, Unit R	24			Industrial	-	-	-	-	-	-	63,500	0	-	-	-	-
		25			Industrial	-	-	-	-	-	-	40,640	0	-	-	-	-
		R	PI Crouch, MA Clarke, PA Hopkins, & Hornbuckle Medical Trustees Ltd	FH	Industrial	4,024,038	15/12/1999	2,900,000	2,830,000	125 yrs	31/01/2114	26,600	27,265	-	01/02/2014	3.8	5.3
	TRURO	11 & 12	Waterstones Booksellers Ltd		Retail	-	-	-	-	15 yrs	05/11/2017	269,950	269,950	-	On Expiry	-	-
	11/15 Boscawen Street	13	Superdrug Stores PLC		Retail	-	-	-	-	25 yrs	24/12/2022	154,000	154,000	-	25/12/2017	-	-
		14 & 15	The White Company (UK) Ltd	FH	Retail	8,424,788	11/11/1992	5,735,000	7,950,000	10 yrs	26/08/2018	97,500	140,000	-	27/08/2018	6.7	7.1
	WARRINGTON		QAS Co Pak Ltd	FH	Industrial	2,654,601	24/03/1994	2,325,000	2,615,000	20 yrs	15/10/2021	160,000	200,000	-	25/12/2016	7.5	7.6
	Calver Road, Winwick Quay					-	-	-	-	-	-	0	0	-	-	-	-
	WEYBRIDGE		Kite Glass Ltd	FH	Industrial	3,376,249	20/12/1990	5,450,000	5,910,000	15 yrs	18/02/2029	275,000	335,000	-	19/03/2019	9.9	5.7
	29 Avro Way, Brooklands Business Park					-	-	-	-	999 yrs	28/09/3010	0	0	-	On Expiry	-	-
	WOLVERHAMPTON	A	J Banks & Co Ltd		Industrial	-	-	-	-	-	-	154,680	0	-	-	-	-
	Vernon Park,	B	Vacant		Industrial	-	-	-	-	-	-	294,490	294,490	-	13/06/2017	-	-
		C	Mann + Hummel (UK) Ltd		Industrial	-	-	-	-	12 yrs	12/06/2024	0	0	-	-	-	-
		Land (D)		FH	Industrial	8,197,767	21/07/2000	8,650,000	8,375,000	-	-	0	0	-	-	3.6	3.5
						311,974,440	275,135,000	325,645,000	19,307,105	20,836,656					6.7	6.4	

Dir/Ind	Property Address or Fund	Unit	Tenant or Fund	Tenure	Use	Total Cost £	Date of Purchase	Value £ @ 31/03/2016	Value £ @ 31/12/2016	Lease or Fund Term	Lease Fund Expiry or Break	Rent pa £ @ Purchase	Current Rent pa £	Ground Rent pa £	Next Rent Review	% Yield on Cost	% Return on Value
Ind	Ashford Investor Limited Partnership		LP owns the Designer Outlet Centre, 74 Retail Units, 1,231 car spaces	LP	Shopping Centre	13,691,185	23/05/2002	24,750,000	27,650,000	-	28/2/2017	514,312	1,485,000	-	n/a	10.8	5.4
	Vista UK Residential Real Estate		PRS Fund	LP	Residential	900	01/04/2016	0	0		Open Ended	0	0	-	n/a	0.0	0.0
Total:						13,692,085		24,750,000	27,650,000			514,312	1,485,000			10.8	5.4
Total:						325,666,525		299,885,000	353,295,000			19,821,417	22,321,656	17,059		6.9	6.3



Local Members Interest	
NIL	

PENSIONS PANEL – 7 MARCH 2017

Report of the Director of Finance and Resources

Annual Investment Strategy for Pension Fund Cash 2017/18

Recommendation of the Chairman

1. That the Pensions Panel approves the proposed Annual Investment Strategy (AIS) for the Staffordshire Pension Fund ('the Pension Fund'), for the investment of internally managed Pension Fund cash.

Reasons for Recommendations

2. In previous years, administering authorities were required to formulate a policy for the investment of its fund money by the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009; as a result the Pension Fund produced a separate AIS for its cash balances. The regulations, updated in 2016, now infer policies for fund money should form part of the Investment Strategy Statement (ISS), although this is not made explicit.
3. The Pension Fund considers it good practice to continue preparing a separate AIS for cash balances and make reference to it within the ISS. In addition, the Government has provided specific guidance to local authorities under the Local Government Act 2003 in completing an AIS; the relevant principles of which have been used to structure this AIS for the Pension Fund.

Background

4. The Pension Fund has a small strategic asset allocation to cash of 1%, recognising that cash balances are needed for the day to day management of the Pension Fund. This cash is managed by Officers in the County Council's Treasury and Pension Fund Team; mainly in the short-term to provide liquidity to pay bills as they arise. It is not invested solely to seek a return and is not usually considered a major asset allocation decision.
5. The cash does increase from time to time, pending investment in other major asset classes e.g. property and private debt. The proposed AIS will therefore need to allow for such situations occurring. The Pensions Panel will need to agree these temporary increases as part of its quarterly review of the strategic asset allocation benchmark, together with any associated ranges.

6. The proposed AIS will not deal with the segregated, relatively small working cash balances held by the custodian (Northern Trust) under the control of the investment managers or with cash arising from occasional transitional activity. Overnight, Northern Trust sweep funds into their “AAA” rated Money Market Funds (MMFs).

AIS for Pension Fund Cash 2017/18

Objectives of investment

7. The proposed main objectives for the AIS are to:
 - provide security of capital (i.e. ensure the return of the money and interest);
 - provide liquidity (i.e. pay the bills as they fall due and ensure funds are available for reinvestment when needed); and
 - earn interest (i.e. obtain a reasonable return within the constraints outlined at a) and b)).
8. The 1% allocation to cash will by its nature need to be kept short-term. To accommodate balances exceeding this allocation, investment limits for existing individual investment categories may need to be increased temporarily. If balances are higher, pending investment in other asset classes, temporary investments may need to be considered that recognise their longer-term nature. It is anticipated that initially, any longer term requirements will be fulfilled through the use of ‘cash plus or short bond funds’ (see **paragraph 24**).
9. To allow the practical management of the treasury transactions each day, it is proposed that the change in investment limits and the choice over the investments made is delegated to the Director of Finance and Resources. Outside of this, the Pensions Panel will need to assess any specific requirements and consider any changes that may be required to the AIS.
10. Cash balances had been relatively high in 2016/17 due to time lags between capital being committed and drawn e.g. to private debt funds. As a result of this increase in cash, investment limits for individual MMF’s were increased temporarily to a high of £42m during the year. In addition a second cash plus MMF was opened, the Royal London Cash Plus Fund. As some of the cash balances were subsequently reinvested as part of strategic asset allocation, the investment limits were again reduced to the current temporary level of £32m per individual MMF.
11. In 2017/18 the Pension Fund is expected to receive up to £90m in forward pension contributions from participating employers. This amount will form part of the Pension Fund cash balance until it can be invested in accordance with the main strategic allocation of assets. It is envisaged that the temporary investment limits for MMF’s may need to increase once again, or the scope to open a third investment fund be explored whilst the Pension Fund has higher cash balances.

Credit Rating Criteria and the Approved Lending List (the List)

12. Government regulations state that local authorities have to decide how they define a 'high credit rated' counterparty (i.e. a bank or a building society). In the past, the Fund has relied on advice and creditworthiness services from Treasury Management Advisors, such as those appointed by the County Council.
13. Recent changes in legislation have made investing with banks and building societies more risky for local authorities; the Pension Fund falls within this classification. In January 2015, the UK implemented the Bank Recovery and Resolution Directive (BRRD) which ensures EU Member States are consistent in how they deal with the failure of banks and investment firms; instead of a government "bail out" of a bank, a "bail in" of current investors will be forced upon the bank by regulators. The risk of loss for local authorities in a bail-in situation is much greater, as any unsecured fixed-term deposits would be ranked near the bottom of the capital structure and would be one of the first to suffer losses.
14. Under normal circumstances where the Pension Fund is fully invested, there is forecast to be a low level of cash, and it is considered unlikely that the Pension Fund will need to enter into a large number of term deposits with banks or building societies, thus reducing the risk of "bail in". This means a simplified AIS consisting of the three following elements, and acknowledging the 'high credit rating' concept, can still be proposed for 2017/18.
 - (i) Regulation Investments
15. Government Regulations specify the type of financial instruments that can be used and they divide them into 'specified' and 'non-specified' investments.
16. Specified investments are investments made in sterling for a period of less than a year that are invested with:
 - the UK Government;
 - a local authority;
 - a parish or community council (unlikely to be used by the Pension Fund);
 - or
 - a body, or in an investment instrument, that has a 'high credit rating'.
17. The first three named investments can be used by the Pension Fund by virtue of their inclusion within the guidance; these are referred to as Regulation Investments in the remainder of this report. It is important to note that these classes of investment are not subject to "bail-in" risk as mentioned earlier in this report (**see paragraph 13**).
- (ii) Money Market Funds (MMF's)
18. MMF's are pooled investment vehicles consisting of money market deposits and similar instruments. MMF's have been used for some time by the Pension

Fund and by Northern Trust as stated earlier. They are also widely used by other public and private sector bodies.

19. MMF's proposed for use by the Pension Fund would be 'AAA' rated, the highest possible credit rating and they would have the following attributes:
 - Diversified – MMF's are diversified across many different investments, far more than the Pension Fund could hope to achieve on its own account.
 - Same day liquidity – this means that funds can be accessed on a daily basis.
 - Ring-fenced assets – the investments are owned by the investors and not the fund management company.
 - Custodian – the investments are also managed by an independent custodian, who operates at arms-length from the fund management company.
20. All treasury activity carries an element of risk and MMF's are no different. In the event of a further financial crisis, the failure of one or more of an MMF's investments could lead to a run on the MMF as investors rush to redeem their investment. This could then spread to other MMF's as investors take flight from this asset class.
21. In December 2016, the European Commission and European Parliament agreed on proposals for regulatory reform to enhance the safety and stability of MMF's, and limit some of their risks. The European Council are yet to agree to the proposals, although implementation of the new legislation is expected by April 2018.
22. The very low interest rate environment may threaten the ongoing continuity of MMF's. Each MMF charges a fee and this could mean that interest earned becomes negative after its deduction. If this problem arose then it would be a matter of moving funds to an alternative class of investment.
23. MMF's as described in these paragraphs are judged to meet the criteria of an instrument that meets the definition of a 'high credit rating'. Providing daily liquidity, the Pension Fund currently has accounts open with 5 MMF's.
24. Additionally, the Pension Fund invests in 2 'cash plus' MMF's. 'Cash plus and short bond' funds provide a useful longer term option to investments in same day notice MMF's. Whilst they are considered to be slightly higher risk, they can enhance investment returns and provide diversification away from very short term investments. An investment period of at least six months is generally recommended. It is proposed to delegate the decision on the further use of 'cash plus and short bond' funds to the Director of Finance and Resources, after taking appropriate advice.
 - (iii) The Pension Fund's Banker
25. Relatively low levels of cash will be retained with Lloyds Bank each night earning interest at a market rate. It is important to note that funds are available daily and are not committed for any period of time.

Investment Diversification

26. In order to ensure diversification, it is proposed that under normal circumstances, the maximum investment limit for AAA rated diversified MMF's which are, by default, already invested across a larger number of counterparties, is the lower of 50% of total cash or £30m, per MMF. Cash plus and short bond funds will also be subject to these limits. This approach is considered reasonable for the Pension Fund's risk profile; taking into account that cash is only one asset class and the Pension Fund already has diversification across other asset classes. However, as stated in **paragraph 8**, a temporary rise in cash balances may require individual MMF limits to increase.
27. To allow the practical management of the treasury transactions each day, it is proposed that the choice over the investments made is delegated to the Director of Finance and Resources.

Investment duration

28. The investment arrangements set-out in this report are of short duration; with the exception of cash plus or short bond funds, investments in an MMF or with the Pension Fund's banker are liquid and available at one days notice. Other regulation investments may be invested for up to 12 months but more typically will be for periods of less than six months.
29. The Pension Fund's Approved Lending List is shown at **Appendix 2**. The maximum recommended investment duration for 2017/18 works within the definition of a specified investment which is to not invest for more than a year.

Risk

30. Cash is only a small part of the overall investments of the Pension Fund and the wider aspects of risk are taken into account in the strategic asset allocation where cash forms part of a diversified portfolio.
31. Looking at cash in isolation, treasury management usually recognises that the two prime risk areas are security and liquidity. It is considered that focussing primarily on these two risks is appropriate for the Pension Fund's relatively low 1% allocation to cash, for day to day cash management purposes; although the AIS has the flexibility to consider yield in the use of higher risk funds.
32. Should the Pensions Panel decide at some point in the future to make a higher strategic allocation to cash, where seeking a higher return would become more important, the balance of risk and reward would need to be revisited.

Review of Strategy

33. The main circumstances where a revised strategy would be prepared include a change in:
- the Fund's strategic asset allocation;
 - the economic environment;
 - the financial risk environment; and
 - the regulatory environment.
34. Whilst the Pensions Panel will be responsible for approving any revised strategy, it may be necessary for action to be taken quickly. It is proposed, therefore, that the responsibility for assessing the circumstances above will rest with the Director of Finance and Resources.

Andrew Burns
Director of Finance and Resources

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Equalities implications: There are no equalities implications arising directly from this report.

Legal implications: There are no direct legal implications arising from this report.

Resource and Value for money implications: All resource and value for money implications are covered in the body of this report.

Risk implications: Risk is inherent in an AIS and is dealt with throughout the report.

Climate Change implications: There are no direct climate change implications arising from this report.

Health Impact Assessment Screening: There are no direct implications arising from this report

PENSIONS PANEL – 7 MARCH 2017

Staffordshire Pension Fund
Approved Lending List

Lending List – March 2017	
	Time Limit
Regulation Investments <i>(no maximum investment limit)</i>	
UK Government T-bills	6 months
UK Government Gilts	12 months
UK Local Authority	12 months
Banks	
Lloyds Bank (£5m maximum investment limit)	call only
Money Market Funds (MMFs) <i>(maximum investment limit in each individual MMF is the lower of 50% of total cash or £30m)</i>	
Goldman Sachs	call only
J P Morgan	call only
Deutsche Bank	call only
Morgan Stanley	call only
Federated	call only
Standard Life Short Duration Cash Fund	3 days
Royal London Cash Plus Fund	3 days

Local Members Interest	
<u>Nil</u>	

PENSIONS PANEL – 7 MARCH 2017

Report of the Director of Finance and Resources

Investment Strategy Statement

Recommendation of the Chair

1. That the Pensions Panel approves the Staffordshire Pension Fund Investment Strategy Statement (ISS).
2. That the Pensions Panel notes plans to become signatories of the UK Stewardship code in 2017.

Reasons for Recommendations

3. The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 were published and came into force on 1 November 2016. This requires the administering authority to have in place an Investment Strategy Statement (ISS), which replaces the current Statement of Investment Principles (SIP).
4. The regulations also require Local Government Pension Funds to become signatories of the UK Stewardship code.

Background

5. There are several key areas of reform from the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009 to the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016:
 - (i) The existing 'prescribed' means of securing a diversified investment strategy are removed and instead the onus is placed on authorities to determine the balance of their investments and take account of risk.
 - (ii) The introduction of safeguards to ensure that the more flexible legislation is used appropriately and that the guidance on pooling assets is adhered to. This includes a power for the Secretary of State to intervene in the investment function of an administering authority where they consider it necessary.

- (iii) The obligation for administering authorities to formulate an Investment Strategy Statement (ISS) in accordance with the governments' guidance on such and publish it by 1 April 2017.
6. The new 2016 Investment Regulations can be accessed following the link below:

http://www.legislation.gov.uk/ukxi/2016/946/pdfs/ukxi_20160946_en.pdf

Investment Strategy Statement (ISS)

7. The ISS is a document that, under the new regulations, replaces and largely replicates, the current SIP. Authorities are required to prepare and maintain an ISS which documents how the investment strategy for the Fund is determined and implemented. The ISS is required to cover a number of areas, specifically:
- The requirement to invest money across a wide range of investments.
 - An assessment of the suitability of particular investments and investment types.
 - The maximum percentage authorities deem should be allocated to different asset classes or types of investment, although limits on allocations to any asset class are not prescribed as is currently the case under the 2009 Regulations.
 - The authority's attitude to risk, including the measurement and management of risk.
 - The authority's approach to investment pooling;
 - The authority's policy on social, environmental and corporate governance considerations.
 - The authority's policy with regard to stewardship of assets, including the exercise of voting rights.
8. Under Regulation 7(6) and 7(7), the statements must be published by 1 April 2017 and then kept under review and revised from time to time, at least every three years. The draft ISS for the Staffordshire Pension Fund is attached in Appendix 2.
9. Under Regulation 7(5), the authority must consult such persons as it considers appropriate as to the proposed contents of its investment strategy. In the formulation of the ISS, the Fund has initially consulted with its investment advisors and plans to consult more widely with employers via the website.

UK Stewardship Code

10. The guidelines issued by the Department for Communities and Local Government on Preparing and Maintaining an Investment Strategy Statement states: "Administering authorities are encouraged to consider the best way to engage with companies to promote their long-

term success, either directly, in partnership with other investors or through their investment managers, and explain their policy on stewardship with reference to the UK Stewardship Code. Administering authorities should become signatories to the Code and state how they implement the seven principles and guidance of the Code, which apply on a “comply or explain” basis”.

11. During 2017, it is the Fund’s intention to become a signatory of the Financial Reporting Council’s UK Stewardship Code. This will involve producing a statement of compliance against 7 key principles and whilst we believe our current approach to stewardship is fully compliant with the code, there is a need to document and develop the way we demonstrate this further. The Fund’s equity investment managers are all current signatories to the Code.

Andrew Burns
Director of Finance and Resources

Contact : Melanie Stokes
Telephone No. (01785) 276330

Background Documents:

1. The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016

1. **Equalities implications:** There are no direct equalities implications arising directly from this report.
2. **Legal implications:** There are no direct legal implications arising from this report.
3. **Resource and Value for money implications:** The resource and value for money implications are included in the body of the report.
4. **Risk implications:** There are no direct risk implications arising from this report.
5. **Climate Change implications:** There are no direct climate change implications arising from this report.
6. **Health Impact Assessment screening:** Not applicable



Investment Strategy Statement

April 2017



Investment Strategy Statement (published April 2017)

1. Introduction and Background

1.1 This is the Investment Strategy Statement ('the Statement') produced by Staffordshire County Council as the administering authority of the Staffordshire Pension Fund ('the Fund'), to comply with the regulatory requirements specified in Regulation 7 of The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 ('the investment regulations'). The Statement is subject to annual review and within six months of any material change in investment policy or other matters as required by law.

1.2 The Statement has been approved by the Pensions Committee following consultation with the Fund's advisors and employing bodies. The Pensions Committee is the main decision making body and comprises both elected councillors and non voting representatives from Trades Unions and from other employing bodies in the Fund. A full explanation of the governance arrangements setting out the respective roles of the Pensions Committee, Pensions Panel and the Employers' Forum can be found in the separate document entitled 'Governance Policy Statement' published on the web.

<http://www.staffspf.org.uk/governance>

1.3 In preparing the Statement, the Pensions Committee has consulted with its Advisors as there are close links between this statement and the separate Funding Strategy Statement ('FSS') which can also be found on the web.

<https://www.staffspf.org.uk/Finance-and-Investments/Funding-Strategy-Statement/161007-Funding-Strategy-Statement-2016-v3-DRAFT.pdf>

2. The Fund's Objectives

2.1 The **primary objective** of the Fund is:

- To ensure that sufficient funds are available to meet all pension liabilities as they fall due for payment.

2.2 The Fund has **funding strategy objectives** which are set out in the Funding Strategy Statement (FSS). These are:

- To ensure the long-term solvency of the Fund, using a prudent long term view. This will ensure that sufficient funds are available to meet all members' / dependents benefits as they fall due for payment:
- To ensure that employer contribution rates are reasonably stable where appropriate;
- To minimise the long-term cash contributions which employers need to pay to the Fund by recognising the link between assets and liabilities and adopting an investment strategy that balances risk and return (NB this will also minimise the costs to be borne by Council Tax payers);
- To reflect the different characteristics of different employers in determining contribution rates. This involves the Fund having a clear and transparent funding strategy to demonstrate how each employer can best meet its own liabilities over future years; and

Staffordshire Pension Fund Investment Strategy Statement

- To use reasonable measures to reduce the risk to other employers and ultimately to the council tax payer from an employer defaulting on its pension obligations.
- 2.3 The FSS sets out the main aims of the Fund and sets employers' contribution rates to achieve those aims on the basis of a Strategic Asset Allocation that is predominantly invested in equities. The FSS models the risks of this investment strategy and in particular the link between assets and liabilities. It also sets out the likelihood of achieving the funding objective in the long term. The FSS has an explicit stabilisation mechanism to limit the annual increase in contribution rates for Local Authorities and other employing bodies with strong covenants.
- 2.4 The **investment objective** of the Fund is:
- To achieve a return on Fund assets which is sufficient, over the long-term, to meet the funding objectives on an ongoing basis.

3. Investment Strategy and Beliefs

- 3.1 The Fund has built up assets over the years and continues to receive contribution and investment income. Any Fund money which is not needed immediately to make payments from the Fund must be invested in a suitable manner; the way in which this is done is referred to as the investment strategy. The Fund ensures it has parameters around its investment strategy by setting a Strategic Asset Allocation, which at a primary level indicates how much the Fund will allocate to each asset class i.e. Equities, Bonds, Alternatives and Cash. This primary level is often sub-divided further by geography, type of investment and manager allocations.
- 3.2 The Fund shares a set of common **investment beliefs** which it thinks about when setting its investment strategy:
- A long term approach to investment will deliver better returns;
 - The long term nature of LGPS liabilities allows for a long term investment horizon;
 - Asset allocation is the most important factor in driving long term investment returns;
 - Liabilities influence the asset structure; Funds exist to meet their obligations;
 - Risk premiums exist for certain investments and this can help to recover funding deficits;
 - Markets can be inefficient, therefore there is a place for both active and passive management;
 - Diversification across investments with low correlation improves the risk / return profile;
 - Secure and growing income streams underpin the ability to meet future liabilities; and
 - Responsible investment can enhance long term investment performance.
- 3.3 The Pension Fund's **Strategic Asset Allocation (SAA)** is formulated in consultation with the Fund's investment advisors, Hymans Robertson, with all the

Staffordshire Pension Fund Investment Strategy Statement

Fund's objectives in mind. The latest SAA was carried out following the results of the actuarial valuation as at 31 March 2016. It was determined with reference to:

- The probability that it will deliver a return that, in conjunction with the contribution strategy, will achieve the Fund's long-term funding target; and
- The probability that any shortfall from funding target in the event of adverse investment outcomes will be within acceptable levels.

3.4 In order to do this, Hymans Robertson carry out stochastic modelling on the proposed SAA and contribution rate strategy, to assess the likelihood of the desired funding level (i.e. 100%) being achieved in 20 years time. They test the strategies under a variety of simulated economic conditions to ensure that two thirds of the simulations achieve the desired funding level. This provides confidence that no matter what the economic conditions over the next 20 years, the SAA will most likely achieve the desired funding level. The modelled scenarios also test that a modest variation of the SAA, of up to 5%, can be tolerated without the likelihood of the funding level being compromised.

3.5 The 2016 actuarial valuation of the Fund, showed a funding level of 78%. This means the Fund still needs its assets to grow significantly and the SAA aims to achieve this, therefore, through a significant allocation to growth assets i.e. equities, property and alternatives. This is balanced to some degree by allocations to stabilising assets to closely match the liquidity demands of the Fund.

3.6 Currently, the contribution income from employing bodies and employees is roughly equal to benefit payments to pensioners. This is important as it means the income generated from assets can be reinvested in the Fund. However, at some point over the next 10 years the valuation indicates that outgoing payments will exceed income by 10%. It is expected that the income generated by the current asset allocations will be sufficient to cover this.

3.7 The SAA is reviewed and approved by the Pensions Committee, every three years, as part of setting the funding strategy and to take account of developments in the investment environment. It is monitored more frequently at quarterly meetings of the Pensions Panel.

3.8 The arrangements for the Fund's investments will change with the advent of LGPS Central Limited in April 2018. Staffordshire is one of 8 Partner Funds and over time, the majority of the Fund's investments will be managed by LGPS Central. However, the decision making around the Fund's SAA, which is recognised to be the primary driver of investment returns, will be retained by the Pensions Committee.

4. The requirement to invest money across a wide range of investments and an assessment of the suitability of particular investments and investment types.

4.1 The Pensions Committee receives advice on investments from its appointed Investment Consultants. The issues that the Committee takes into account in considering different investments (or asset classes) include;

- Legality – is it excluded by any regulation?
- The nature and type of return (e.g. is the asset 'real'?)
- The expected level of return

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- The expected variability of return (volatility)
- The relationship of returns between asset classes
- The long term track record of the asset class
- Liquidity
- Credit Risk (i.e. risk of loss)
- Leverage
- Currency risk
- Complexity
- Use of active management where it can add value

4.2 Following the Actuarial Valuation of the Fund as at 31 March 2016, the Pensions Committee agreed that the following asset classes were appropriate for the Fund to invest in.

Asset Class		Approval to invest
Equity	UK	✓
	Global	✓
	Private Equity	✓
	*LGPS Central	✓
Bonds	Gilts	✓
	Index Linked Gilts	✓
	Other Investment Grade Corporate Bonds	✓
	*LGPS Central	✓
Cash		✓
Property		✓
Alternatives	Hedge Funds	✓
	Commodities	✓
	Infrastructure	✓
	Active Currency	✓
	Other Alternatives e.g Private Debt	✓

*The Fund will invest in the regulatory capital of LGPS Central.

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- 4.3 The Fund's SAA is set to ensure that the Fund invests in a wide range of asset classes. This diversification of assets reduces risk and also aims to help meet the Funds funding objectives. Whilst the SAA sets the framework for the Fund's portfolio of assets over the long term, many more detailed decisions have to be taken to build the portfolio of assets; these include aspects such as the characteristics of the equity portfolio (e.g. passive (v) active management, geographical spread), the bonds to be held (e.g. government bonds or corporate credit) and the alternative assets in which the Fund should invest (e.g Private Equity, Private Debt, Hedge Funds, Infrastructure etc).
- 4.4 These 'structural' aspects are the subject of ongoing monitoring by Officers and Advisors and a 'Strategic Benchmark Review and Monitoring' report is presented quarterly to the Pensions Panel for its consideration. From time to time, when markets dislocate, 'tactical' moves between asset classes may be deemed appropriate. However, the Pensions Panel will only agree to make any such switches, following clear advice and recommendations from their advisors.
- 4.5 Furthermore, in order to ensure that 'tactical' switches are not effected unnecessarily, the Pensions Panel monitors the actual SAA of the Fund, subject to the tolerances versus the target SAA of the Fund. The current target SAA target and permitted tolerance ranges are provided in Appendix A.
- 4.6 The Fund categorises assets between growth assets and stabilising assets, with the stabilising assets being those which aim to remove some of the volatility and risk in the investment strategy (e.g. if equity markets fall in value, other asset classes may rise in value). The balance between growth assets and stabilising assets must be such that some of the volatility can be managed, but that the investment strategy is still capable of returning the level of growth required in the long term; as per the assumptions made by the Actuary in the triennial valuation.
- 4.7 The following table details the assumptions made about the expected 12 month long term returns (net of fees) from each of the main asset classes, which were used in the SAA modelling work as part of the 2016 actuarial valuation. The table also provides the annual expected volatility of those returns as at 31 March 2016.

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		Expected Rate of Return in Year 1 (p.a.)	20 year Rate of Return (p.a.)	Volatility of Return in Year 1 (p.a.)
		31 March 2016	31 March 2016	31 March 2016
Equity	UK	4.4%	5.9%	18%
	Overseas	3.9%	5.6%	22%
	Private Equity	5.0%	7.0%	27%
Bonds	Long-dated Gilts	0.1%	1.4%	11%
	Index-linked Gilts	0.2%	0.5%	9%
	Corporate Bonds	3.2%	1.6%	7%
Cash		0.7%	2.6%	1%
Property	UK Commercial	2.0%	3.7%	14%
Alternatives	Private Debt	1.7%	4.2%	7%
	Hedge Funds	1.5%	4.1%	13%

- 4.8 Any asset class / investment is assessed on its individual merits and on the potential it offers to improve the overall balance of risk and return for the Fund as a whole. The numbers given in the previous table are indicative of the characteristics sought. The expected return from alternatives is not required to match those of equities, if they offer a more stable pattern of returns (and a degree of diversification from equities).
- 4.9 The Portfolios making up the Fund's assets are managed on both an active and a passive basis with the active portfolios expected to outperform their respective benchmarks over the long term. As a result, the investment return achieved by the Fund is expected to exceed the return on gilts (a proxy for the expected growth in liabilities) by a greater margin than that assumed by the Actuary in the 2016 valuation. Details of the managers, their respective investment benchmarks and investment performance targets are included in Appendix B for information.
- 4.10 The Fund's investment portfolio is monitored quarterly by the Pensions Panel, who receive a quarterly report on performance. This covers the total Fund performance, in terms of returns received compared to the benchmark, the performance of individual asset classes and the performance of individual investment managers versus their individual targets. The Pensions Panel use this information to help them assess the ongoing suitability of the Fund's investment strategy and SAA.

5. Other considerations:

5.1 Realisation of investments

5.1.1 The majority of stocks held by the Fund's Investment Managers are quoted on major stock markets and may be realised quickly if required. Property, Private Equity, Private Debt and Hedge Fund investments, which are relatively illiquid, currently make up a modest proportion of the Fund's assets.

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5.2 Stock Lending

5.2.1 Since May 1999, the Pension Fund has been part of its Custodian's stock lending arrangement, whereby securities held by the Pension Fund are loaned to a third party in return for a fee that helps the Pension Fund meet its funding objectives.

5.2.1 There are risks in stock lending but the Pensions Panel considers that these are well managed by the custodian through its lending program. They are also satisfied that there are appropriate collateral arrangements in place which reflect current market practice.

5.2.3 Overall, the Pensions Panel considers that the income from stock lending is beneficial to the Fund and that the risks are understood and well managed. Furthermore, they have agreed to place reliance on the co-ordinated actions of the national Financial Regulators in relation to the lending of certain bank, insurance and financial stocks. The policy will be kept under review with annual reports to the Pensions Panel.

5.2.4 The manager(s) of pooled funds may undertake a certain amount of stock lending on behalf of unit holders. Where a pooled fund engages in this activity, the extent to which it does is disclosed by the manager. Although the Pensions Panel has no direct control over stock lending in pooled funds, it is comfortable that the extent and nature of this activity is appropriate to the

5.3 Pension Fund Cash

5.3.1 Cash management in the Pension Fund comprises two elements:

- (i) Cash held in the Pension Fund bank account; and
- (ii) Cash held in the Custodian's bank account.

5.3.2 The Pension Fund has a 1% strategic allocation to cash which is primarily used for fulfilling the daily liquidity needs of the Fund. The cash is managed by Staffordshire County Council's Treasury and Pension Fund team in accordance with the Pension Fund's Annual Investment Strategy approved by the Pensions Panel before 31 March each year.

5.3.3 Each investment manager in the Fund with a segregated mandate will have a cash account with the Pension Fund's custodian for £ sterling and possibly foreign currency. Again, cash in these accounts is held primarily for the managers day to day liquidity needs but will fluctuate due to the timing issues of trade settlement, dividend income etc. Also, maximum cash limits are agreed with each manager as part of the Investment Management Agreement and so occasionally cash may increase in line with the managers' views on investment markets.

5.3.4 All cash balances held with the custodian are swept on an overnight basis into highly credit rated (AAA) money market funds, attracting an appropriate rate of interest.

6. The Fund's attitude to risk, including the measurement and management of risk.

6.1 The main strategic risk to the Fund is failing to meet its primary objective of having sufficient funds to meet its liabilities when they become due for payment. This particular risk is managed through the Funding Strategy, which models a range of outcomes using monte carlo simulation. The primary reason for the high variability (risk) in outcomes derives from the high proportion of the Fund invested in growth

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assets, in particular equities. However, in the long term this is considered to deliver returns that are commensurate with the risk and this helps to keep employer contributions lower than they would otherwise be. It also relies upon the strong covenant of the major employing bodies in the Fund which allows for a long term perspective to be taken.

6.2 Risks are inherently reported to the Pensions Panel/Committee as part of routine reporting. However, there is a separate risk register, which has been developed to categorise risk across 4 main areas of focus: Funding, Administration, Governance and Investment. Some key risks from each of the areas, and the way in which they are mitigated, are highlighted in the following paragraphs.

6.3 Funding

6.3.1 **Inflation** - future payments the Fund has to make to pensioners are linked to inflation. Therefore increases in the rate of inflation will increase the value of payments to pensioners. The Fund invests in assets, such as index linked gilts, which are linked to inflation. This reduces risk as it matches the return on these assets to actual increases in inflation.

6.3.2 **Longevity** - future life expectancy is an area which is difficult to forecast accurately but, as people are living longer, the cost to the Fund increases. The Fund has made assumptions on longevity with allowances for future increases. The Fund Actuary also has access to information on the experiences of other local authority pension funds. A substantial portion of this risk has been transferred to employees under LGPS 2014, with the linking of the scheme retirement age to state pension age.

6.3.3 **Changes in the maturity profile of the Fund** - the Fund will mature as the ratio of pensioners and deferred pensioners to active employees grows. This is growing as an issue as a result of structural changes affecting employers in the Fund. Over time it is possible to amend the investment strategy to better match this change but it may result in higher contribution rates for Fund employers.

6.4 Administration

6.4.1 **Maintaining an appropriate level of staffing and resources** – risks is mitigated through monitoring workloads, or backlogs and benchmarking staff numbers. Management review following performance conversations, customer feedback results and complaints monitoring.

6.4.2 **Maintaining complete and accurate records** – risks are mitigated through the use of internal contribution control and financial systems. Other controls include actuarial data checks, scheme of delegation, record keeping checks, actuarial calculation.

6.5 Governance

6.5.1 **Advisors** – there is a risk of failing to have proper arrangements in place to ensure the Fund receives appropriate advice. There is also a need to ensuring there are appropriate processes for the procurement and performance monitoring of advisors. A main investment consultant and 2 independent Advisors have been appointed and regularly attend Committee/Panel meetings with officers. Their performance is monitored by Members on an ongoing basis and ultimately through the performance of the Fund.

6.5.2 **Custody** – there are significant implications of failing to have appropriate custody arrangements in place for liquid markets and illiquid investments (including

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property). The Fund has appointed a global Custodian for this purpose and the contract contains detailed provisions for safekeeping of assets. The Custodian's credit rating is monitored. Arrangements are reviewed regularly with stock lending subject to a separate agreement and strict controls. The Council's Legal Services keep all property records. And, Limited Partnership agreements for illiquid investments and other documents are held by manager's custodians.

6.6 Investments

6.6.1 Investment in equities - a large proportion of the Fund is invested in equities which are expected to provide better returns than government bonds over the long term. The risk with this strategy is that equity values fall significantly in the short term and they fail to outperform bonds in the long term. This risk is managed through reliance on the funding strategy which details the positive cash flows of the Fund and the long term agreement of the main employing bodies. This then allows the Fund to take a long-term investment perspective and maintain a high exposure to equities over time for them to deliver the expected returns.

6.6.2 Interest rates - changes in interest rates will affect the level of the Fund's liabilities and the value of the Fund's investment in bonds. Little can be done in relation to the change in liabilities; this is a fundamental part of having a Pension Fund. To mitigate the risk of capital loss on bonds from interest rate changes, the Fund's strategic asset allocation allows scope to adjust the bond exposure.

6.6.3 Pension Fund investment managers underperform their target benchmarks – as the majority of the Fund is invested through external investment managers, this risk is partially managed by keeping a substantial share of the Fund invested passively and by ensuring that the active managers have complementary styles allied to regular monitoring. Each manager has an investment management agreement in place which sets out the relevant investment benchmark, investment performance target, asset allocation ranges and any investment restrictions. This constrains the investment managers from deviating significantly from the intended approach, while permitting sufficient flexibility to allow the manager to reach their investment performance target.

6.7 In terms of investment risks, the Pensions Committee receives an annual report from the Fund's independent performance measurer to show both performance and risk, where risk is measured as the variability of returns both against liabilities and against equity or other benchmarks. The Pensions Panel receives reports which monitor such risks quarterly.

6.8 Most of the Fund is invested in liquid investments. Risks are also managed through diversification. For example;

- across asset classes e.g. bonds, property, private equity, hedge funds and cash;
- across managers and styles, geographical areas e.g UK, Overseas, Emerging Markets; and
- through ensuring managers maintain a diversified portfolio of investments within their mandate.

6.9 Overseas **currency** risk is not currently hedged. Going forward, consideration will be given to passive currency hedging being put in place by the Fund's Global Custodian.

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- 6.10 The risks associated with **asset pooling** and the creation of LGPS Central Limited are addressed as part of a separate risk register, which is reviewed regularly by the project's Programme Board made up of the S151 Officers of the 8 Partner Funds.
- 7. The authority's approach to investment pooling**
- 7.1 Staffordshire County Council, as the administering authority of the Staffordshire Pension Fund, is one of 8 shareholders in LGPS Central Limited; the other 7 shareholders being the Local Authority Pension Schemes managed by Cheshire West and Chester Council, Derbyshire County Council, Leicestershire County Council, Nottinghamshire County Council, Shropshire Council, Wolverhampton City Council and Worcestershire County Council.
- 7.2 The 8 Partner Funds have a regional identity but welcome wider collaboration with other LGPS pools. Whilst, one fund, one vote, will be an overriding principle of the pooling arrangement, LGPS Central Limited recognises that Funds have different funding levels and deficit recovery profiles; the pool's structure will aim to meet each Fund's needs in this respect.
- 7.3 At the outset, the 8 Partner Funds of LGPS Central Limited outlined its key characteristics whereby: Assets will be managed by both internal and external investment managers and it is expected that the split between internal and external management will vary over time, as the internal investment resource and resilience is developed; Knowledge and expertise will be shared and participants will be open to challenge and change; Participants will listen and be constructive;. Strong governance, based on openness and transparency, within the pool will be paramount; Costs will be actively managed, be transparent and will be shared fairly between participants; Responsible investment will be an integral part of the investment process.
- 7.4 LGPS Central Limited has been formally accepted by the Secretary of State as a Local Authority Pension Fund Investment Pool. The company becoming an FCA registered investment manager will lead to improved governance, transparency and reporting, giving the 8 Partner Funds assurance around their investments and the investment process.
- 7.5 A Shareholders Forum, comprising one elected Member from each of the 8 Partner Funds will act as the supervisory body of the pool and will fulfil the shareholders' role in ensuring that the company is managed efficiently and effectively. A Joint Committee, set up in accordance with the provisions of the Local Government Act 1972, will be the forum for dealing with common investor issues and for the collective monitoring of the performance of the pool against its objectives (set out in the business case submission). To support the Joint Committee and the Shareholders' Forum, a Practitioners Advisory Forum will be created, consisting of Officers from each of the 8 Partner Funds. This Forum will provide day to day oversight of the company and will monitor its investment performance and investment costs. The Forum will also act as the customer, monitoring levels of customer service and the delivery of wider investor services such as responsible investment and voting.
- 7.6 With the exception of a working cash balance, to ensure liabilities can be paid as they fall due, all of the Funds assets, will be invested through LGPS Central. Albeit there will be a period of transition and restructuring, it is envisaged that LGPS Central will take over the oversight of all assets with effect from April 2018. A range of reporting processes to key stakeholders (which will likely include an annual report on the progress of asset transfers) will need to be developed.

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8. The Fund's policy on social, environmental and corporate governance considerations.

8.1 Responsible Investment (RI) is the belief that, over the long term, financial performance can be enhanced through the integration of environmental, social and corporate governance (ESG) considerations into investment management processes and active ownership practices.

8.2 The Pensions Committee / Panel seeks to ensure that, as far as possible, Responsible Investment (RI) factors (corporate governance, environmental and social factors) are incorporated together with financial factors into the investment process across all relevant asset classes. Non financial factors are considered as part of investments to the extent that they are not detrimental to the investment returns. Social impact is considered, but financial return is the primary concern. The Pension Fund operates a policy of engagement with companies it is invested in, rather than divestment. The Fund believes, that over time, this allows for better social outcomes and ultimately enhanced financial returns. The Fund will not pursue RI policies that are contrary to UK foreign policy or UK defence policy.

8.3 To assist them in doing this, the Fund:

8.3.1 endorses the United Nations Principles of Responsible Investing (UNPRI) and seeks to encourage its active equity managers to sign up to them in order to fully incorporate RI issues into their investment process.

The 6 principles are:

- we will incorporate Environmental Social and Governance issues into investment analysis and decision-making processes;
- we will be active owners and incorporate Environmental Social and Governance issues into our ownership policies and practices;
- we will seek appropriate disclosure on Environmental Social and Governance issues by the entities in which we invest
- We will promote acceptance and implementation of the Principles within the investment industry
- We will work together to enhance our effectiveness in implementing the Principles
- We will each report on our activities and progress towards implementing the Principles

As at April 2017, all of the Fund's active equity managers were signed up to UNPRI.

8.3.2 has been a member of the Local Authority Pension Fund Forum, since 1 April 2013. LAPFF exists to promote the investment interests of local authority pension funds, and to maximise their influence as shareholders while promoting social responsibility and high standards of corporate governance at the companies in which they invest. Formed in 1990, the Forum brings together a diverse range of 70 local authority pension funds with combined assets of over £175 billion. The Pensions Panel receives a copy of the LAPFF quarterly engagement report as part of its meeting papers. It is expected that LGPS Central will also become a member of LAPFF from April 2018, alongside its 8 Partner Funds.

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8.4 The Fund has delegated voting and day to day engagement with investee companies its investment managers. Following the pooling of the Fund's assets in 2018, with those of partner funds into LGPS Central, the responsibility for the selection of those investee companies will transfer to the pool and investment managers appointed by the pool. Agreements between LGPS Central and investment managers will need to set out how RI factors are taken into account. LGPS Central Limited has its own Responsible Investment policy which can be summarised as follows:

- The Pool believes that effective management of financially material ESG risks should support the Pool's requirement to protect returns over the long term.
- With regard to climate change risks, the Pool recognises that the scale of the potential impacts is such that a proactive and precautionary approach is needed in order to address them.
- The Pool considers RI to be relevant to investment performance across asset classes.
- The Pool recognises the need to operate at a market wide level to promote improvements that will help it to deliver sustainable long-term growth.
- The pool believes Investee companies with robust governance structures should be better positioned to handle the effects of shocks and stresses of future events.
- The Pool has a policy of risk monitoring and engagement in order to positively influence company behaviour and enhance shareholder value, influence that would be lost through a divestment approach.
- The Pool extends this principle of 'engagement for positive change' to the due diligence, appointment and monitoring of external fund managers who are at an early stage of developing its RI approach.
- The Pool aims to be aware of and monitor financially material RI issues in the context of investment and manager selection. Depending on the asset class and nature of the proposed mandate or vehicle, the Pool will monitor:
 - RI issues in relation to internally managed investments;
 - the extent to which the external managers incorporate RI issues into their investment processes; and
 - hold external managers to account for improvement in their RI performance over a reasonable timeframe.

8.5 Details of the Fund's individual investment managers' corporate governance and socially responsible investment policies, as well as details on the UK Stewardship Code and UNPRI are available at the Staffordshire Pension Fund website at www.staffspf.org.uk

9. The Fund's policy with regard to stewardship of assets, including the exercise of voting rights.

9.1 The Fund believes that voting is an integral part of Responsible Investment and delegates much of the stewardship of assets and the exercise of voting rights to the its investment managers. Details of resolutions investment managers have voted on and any engagement they have had with companies is noted in the quarterly reports the investment managers produce for the Fund.

9.2 The Pensions Panel receives regular updates from investment managers on details of votes cast on corporate resolutions as part of a quarterly RI report; any points of interest are also highlighted. The Fund also publishes a report on the voting activities carried out by Managers on its behalf as part of its annual report. This can be found on our annual report on the Pension Fund website <https://www.staffspf.org.uk/Finance-and-Investments/Annual-Reports-and-Accounts/Pension-Fund-Annual-Report-Accounts-2015-16.pdf>

Staffordshire Pension Fund Investment Strategy Statement

- 9.3 Following the formation of LGPS Central, in 2018, the exercising of voting rights will be a matter for the pool. The LGPS Central RI Policy states that their approach will be as follows:

'Where practical, the Pool aims to vote in every single market in which it invests. In the interests of sending a consistent signal to investee companies, the Pool has decided to use a third party provider for analysis of governance issues and executing its proxy voting rights across all markets in which it invests. At the present time, the Pool believes that the advantage of a consistent signal outweighs the inherent disadvantages to disconnecting the voting function from the investment and engagement decisions of external fund managers. However, given market developments in this area, the Pool will re-evaluate this position on a yearly basis'.

- 9.4 During 2017, it is the Fund's intention to become a signatory of the Financial Reporting Council's UK Stewardship Code. This will involve producing a statement of compliance against 7 key principles and whilst we believe our current approach to stewardship is fully compliant with the code, there is a need to document and develop the way we demonstrate this further. The Fund's equity investment managers are all current signatories to the Code.

If you have any comments on this Statement of Investment Principles or require any more information on the subjects contained within it, please contact:

Melanie Stokes

Strategic Investment Manager (Treasury and Pensions)

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**Staffordshire Pension Fund
Investment Strategy Statement**

Appendix A – Strategic Asset Allocation – 1 April 2017

	Benchmark Target %	Permitted Tolerance
Growth	86.0%	
UK Equities - Listed	14.0	
Global Equities - Listed	53.0	
Total Equity	67.0	+/- 3%
Property	10.0	+/- 3%
Private Equity	3.5	
Private Debt Funds	3.5	
Hedge Funds	2.0	
Total Alternatives**	9.0	<10%
Stabilising (including Cash)	14.0	
Gilts ***	6.5	
Index-linked Gilts	6.5	
Total Gilts	13.0	+/- 3%
Cash	1.0	3% maximum
Total	100.0	

Notes:

* An equally weighted split between long-dated conventional gilts (6.5%) and long-dated index-linked gilts (6.5%) is viewed as the Fund's benchmark neutral position.

**Subject to the identification of appropriate opportunities, the Pensions Panel have approved that: "An aggregate investment of up to 10% of the Fund may be made in appropriate Alternative Investments."

***The Fund disinvested from Gilts in 2012 due to their relatively high valuations. A tactical investment was made in Corporate Bonds pending gilt prices returning to an appropriate level, at which point the Fund will reinvest.

**Staffordshire Pension Fund
Investment Strategy Statement**

Appendix B - Investment Managers Benchmark Indices and Investment Targets

Active Portfolios

Standard Life Investments	UK Equities	FTSE All Share Index (capped by 2%)	2% above benchmark over rolling 3 year period
JP Morgan Asset Management	Global Equities	MSCI All Countries World Index	2% above benchmark over rolling 3 year period
Longview Partners	Global Equities	MSCI All Countries World Index	2% above benchmark over rolling 3 year period
Insight Asset Management	UK Corporate Bonds	3 month LIBOR	Maintain minimum initial yield of 2.5%
Russell Investments	Emerging Markets Equities	MSCI Emerging Markets Index	To outperform the benchmark
Colliers CRE	Property	IPD UK Monthly Property Index	To outperform the benchmark
Goldman Sachs	Fund of Funds Hedge Fund	3 month LIBOR	6% above benchmark
Various	Private Debt	-	-
Various	Private Equity	-	-

Indexed (Passive) Portfolios

Legal & General Investment Management	UK Equities	FTSE All Share Index	Match benchmark
Legal & General Investment Management	Global Equities *	FTSE All World Developed Index	Match benchmark
Legal & General Investment Management	Index-linked Bonds	FTSE-A Over 5 years Index-Linked Gilts Index	Match benchmark
Legal & General Investment Management	FTSE Emerging Markets Index	World Emerging Markets Equity Index	Match benchmark

*investments are made in a range of sub-funds which are periodically rebalanced to reflect the weightings in the FTSE All World Developed Index

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