

Local Members Interest	

PENSIONS PANEL – 9 MARCH 2016

Report of the Director of Finance and Resources

PENSION FUND INVESTMENT PERFORMANCE 2015/16

1. Purpose of Report

1.1 To provide, for information;

- i) a summary of performance of the Staffordshire Pension Fund as at 31 December 2015; and
- ii) a portfolio of the Pension Fund's investments as at 31 December 2015.

2. Performance Summary

2.1 Period

	<u>Fund</u> %	<u>Benchmark</u> %	<u>Relative</u> <u>Performance</u> %
June 2015 Quarter	-2.4	-2.8	0.4
September 2015 Quarter	-3.7	-3.5	-0.2
December 2015 Quarter	4.8	4.9	-0.1
Financial Year to Date	-1.5	-1.6	0.1

2.2 The fourth quarter of 2015 saw a rebound from the weakness of the previous quarter with the MSCI All Countries World Index rising 5.76%. Whilst the US modestly outperformed global markets, Japan was the best performing market, rising 9.83% in local currency terms.

2.3 Q4 was a positive period for both UK equities and European equities as they enjoyed a strong start to the period. However, European equities suffered in December when Mario Draghi's announcement of further stimulus failed to meet investor expectations and markets fell sharply as a result.

2.4 In the US, the Federal Reserve finally raised interest rates, for the first time in nearly a decade, at their December meeting. Rates were raised by a quarter percentage point to 0.5%, and the committee pledged a gradual pace of increases going forwards.

2.5 During the quarter China continued to show signs of an economic slowdown, with the effect spilling over into the price of global commodities, particularly oil, which continued to see its price fall. The Chinese authorities responded by easing monetary policy again.

3. **Fund Value**

3.1 Global equities made up the ground they lost in Q3 and returned 7.4% in Q4, whilst bonds were the poorest performing asset class for the period, returning -1.2%. The Fund value stood at £3.7 billion at 31 December 2015.

3.2 The Fund returned 4.8% this quarter albeit it marginally underperformed its benchmark by 0.1%. Over the longer term the Fund continues to outperform its strategic benchmark and has generated absolute returns of 9.9% and 7.9% per annum in the 3 and 5 year time periods respectively.

4. **Portfolio of Investments as at 31 December 2015**

4.1 A copy of the Staffordshire Pension Fund's portfolio of investments as at 31 December 2015 is attached.

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Background Documents:

Portfolio Evaluation Performance Measurement Data