

## PENSIONS PANEL – 9 JULY 2021

### Report of the Director of Corporate Services

#### PENSION FUND INVESTMENT PERFORMANCE Q1 2021

#### 1. Purpose of Report

1.1 To provide, for information;

- i) a summary of performance of the Staffordshire Pension Fund as at 31 March 2021;
- ii) a portfolio of the Pension Fund's investments as at 31 March 2021.

#### 2. Performance Summary

##### 2.1 Period

	<u>Fund</u> %	<u>Benchmark</u> %	<u>Relative</u> <u>Performance</u> %
June 2020 Quarter	12.9	12.5	0.4
September 2020 Quarter	2.4	1.5	0.9
December 2020 Quarter	6.8	6.6	0.2
March 2021 Quarter	2.8	2.2	0.6
Financial Year	26.9	24.4	2.5

2.2 Equity markets rose over the quarter, despite there being some volatility, with concerns about new COVID-19 strains and national lockdowns. However, the continued roll out of the vaccination programme provided welcome optimism. The MSCI world rose 4.52% as central banks in the US and Europe eased fears of interest rate rises, by stating easy funding would continue, although expectations of increased inflation have since grown. Oil and other commodity prices have continued to rise with the improving market sentiment. Annual figures for the quarter are being boosted by the poor data 12 months ago, at the start of the COVID-19 pandemic.

2.3 In the US, President Biden deployed an unprecedented \$1.9 trillion fiscal stimulus package and a \$2 trillion infrastructure plan, along with the continued vaccination programme rollout, which helped to strengthen the dollar and contributed to the rise in equity markets. The S&P 500 rose 5.77% over the quarter. US bond yields also rose sharply over the quarter.

- 2.4 The Euro lost ground on the dollar over the quarter with ongoing difficulties over vaccine supplies and new national lockdowns. However, equity markets still rose with the Euro Stoxx 50 up 3.92%.
- 2.5 Developed markets outperformed Emerging markets over the quarter with the Hang Seng (Hong Kong) and Nikkei 225 (Tokyo) returning 4.21% and 6.32% respectively.
- 2.6 In the UK, despite a national lockdown throughout most of the quarter, the roll out of the vaccination program helped the performance of UK equities. The Brexit trade deals agreed also helped the equity markets and the prediction of increased spending and pent up demand outweighed concerns over long term employment figures. Sterling gained against the Euro over the quarter and the FTSE 100 rose 10.32%.

### 3. **Fund Value**

- 3.1 The Fund had a market value of £6.1 billion as at 31 March 2021, its highest reported value to date.
- 3.2 Over the quarter the Fund returned 2.8%, which outperformed the Fund's Strategic Asset Allocation benchmark return (2.2%) by 0.6%. The best performing asset class relative to its benchmark, was global active equities.
- 3.3 The financial year to 31 March 2021 has seen the Fund produce an annual return of 26.9%, 2.5% above its strategic benchmark return. Equities were the main driver of returns, with global active equities returning 45.0% over the year and passive equities returning 39.5%.
- 3.4 The Fund has modestly outperformed its strategic benchmark return over a 3, 5 and 10-year period. Annualised returns over 10 years are 9.1% per annum, well above the investment return assumptions used by the Actuary as part of the triennial valuation.

### 4. **Portfolio of Investments as at 31 March 2021**

- 4.1 A copy of the Staffordshire Pension Fund's portfolio of investments as at 31 March 2021 is attached at Appendix 1.

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**Director of Corporate Services**

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Background Documents:  
Portfolio Evaluation Performance Measurement Data