



# Report to Pension Fund Consultative Group

**Title:** Pension Fund Manager Performance

**Date:** 11 March 2008

## Summary

To present the performance of the Pension Fund's managers for the fourth quarter of 2007.

## Fund Value and Asset Allocation

The market value as at 31 December 2007 was £1,284m, Table 1 below shows the asset allocation:

<b>Asset Allocation by Class at 31 December 2007</b>	<b>£m</b>	<b>£m</b>
<b>Equities</b>		
UK		404
Overseas		447
North America	163	
Europe (ex UK)	149	
Japan	53	
Developed Pacific (ex Japan)	23	
Emerging Markets	59	
<b>Bonds</b>		234
Fixed Interest Gilts	193	
UK Index-Linked Gilts	41	
<b>Property</b>		92
<b>Private Equity</b>		1
<b>Absolute Return Funds</b>		61
<b>Cash</b>		45
		<b>1,284</b>

The Fund's investments are managed by nine fund managers, the value of the Fund held by each fund manager and the type of mandate at 31 December 2007 is shown in Table 2 below:

<b>Fund Manager</b>	<b>Mandate</b>	<b>£m</b>	<b>%</b>
Alliance Bernstein	Less constrained global equities	112	9
Blackrock	Cash / inflation plus	22	2
Blackstone	Hedge fund of funds	40	3
Capital International	Global equities	126	10
LGIM*	Passive global equities and bonds	439	34
LGIM*	Bonds	184	14
Mirabaud	UK equities	141	11
Morley	Property fund of funds	115	9
Pantheon	Private Equity	1	0
Standard Life	Less constrained UK equities	99	8
Pension Fund	Cash	5	0
<b>Total</b>		<b>1,284</b>	<b>100</b>

\*LGIM – Legal and General Investment Management

Table 3 below shows the fund managers' performance for the quarter to 31 December 2007 compared to the benchmark:

<b>TABLE 3</b>			
<b>Fund Manager</b>	<b>Performance %</b>	<b>Benchmark %</b>	<b>Relative Return %</b>
Alliance Bernstein	3.9	0.0	3.9
Blackrock	2.6	1.4	1.2
Blackstone	2.7	1.5	1.2
Capital International	-1.6	0.9	-2.5
LGIM	1.1	1.1	0.0
LGIM	3.8	3.8	0.0
Mirabaud	6.1	-0.3	6.5
Morley	-6.8	-8.3	1.6
Pantheon		Mandate too small	
Standard Life	-3.6	-0.3	-3.2
<b>Total Fund</b>	<b>0.9</b>	<b>0.4</b>	<b>0.5</b>

Fluctuations in the markets mean that quarterly performance can be volatile and performance should be monitored over longer periods. Table 4 below shows the fund managers' annual performance to 31 December 2007 compared to benchmark:

<b>TABLE 4</b>			
<b>Fund Manager</b>	<b>Performance %</b>	<b>Benchmark %</b>	<b>Relative Return %</b>
Alliance Bernstein	13.4	7.7	5.3
Blackrock	7.2	4.0	3.2
Blackstone	13.0	5.7	6.9
Capital International	6.0	11.2	-4.7
LGIM	9.2	9.1	0.1
LGIM	4.4	4.5	-0.2
Mirabaud	12.7	5.3	7.0
Morley	-2.9	-5.4	2.7
Pantheon		Mandate too small	
Standard Life	-0.3	5.3	-5.3
<b>Total Fund</b>	<b>6.8</b>	<b>6.7</b>	<b>0.1</b>

The Fund's 5 year average is 38th percentile. The quarterly and annual performance recorded each quarter can be volatile; the three years and five years percentiles demonstrate the improving trend in the Fund's performance. Table 5 below shows the trend in the Funds quarterly, annual, 3 year and 5 year performance each quarter during 2006 and 2007.

<b>TABLE 5</b>								
	<b>2006</b>				<b>2007</b>			
	<b>Q1</b>	<b>Q2</b>	<b>Q3</b>	<b>Q4</b>	<b>Q1</b>	<b>Q2</b>	<b>Q3</b>	<b>Q4</b>
Quarterly	35	57	51	26	48	63	25	23
Annual	21	18	30	41	55	61	40	30
Three Years	40	41	56	50	51	56	38	34
Five Years	81	84	66	77	81	63	30	38