

# **Investment Performance**

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**Nottinghamshire  
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# Agenda

- Whole Fund investment returns
- Management arrangements
- Benchmarks
- Individual manager returns
- Asset allocation
- Summary

# Investment returns to 31 March 2020

|                   | 1 year      |             | 3 years    |            | 5 years    |            |
|-------------------|-------------|-------------|------------|------------|------------|------------|
|                   | Fund        | BM          | Fund       | BM         | Fund       | BM         |
|                   | %           | %           | % pa       | % pa       | % pa       | % pa       |
| Equities          | -13.8       | -11.9       | -1.6       | -0.7       | 3.6        | 5.3        |
| Property          | 1.1         | -0.6        | 5.1        | 4.6        | 6.9        | 5.9        |
| Bonds             | 5.4         | 9.9         | 3.0        | 4.6        | 3.8        | 4.7        |
| <b>Total Fund</b> | <b>-6.4</b> | <b>-5.1</b> | <b>1.0</b> | <b>1.6</b> | <b>4.6</b> | <b>5.6</b> |

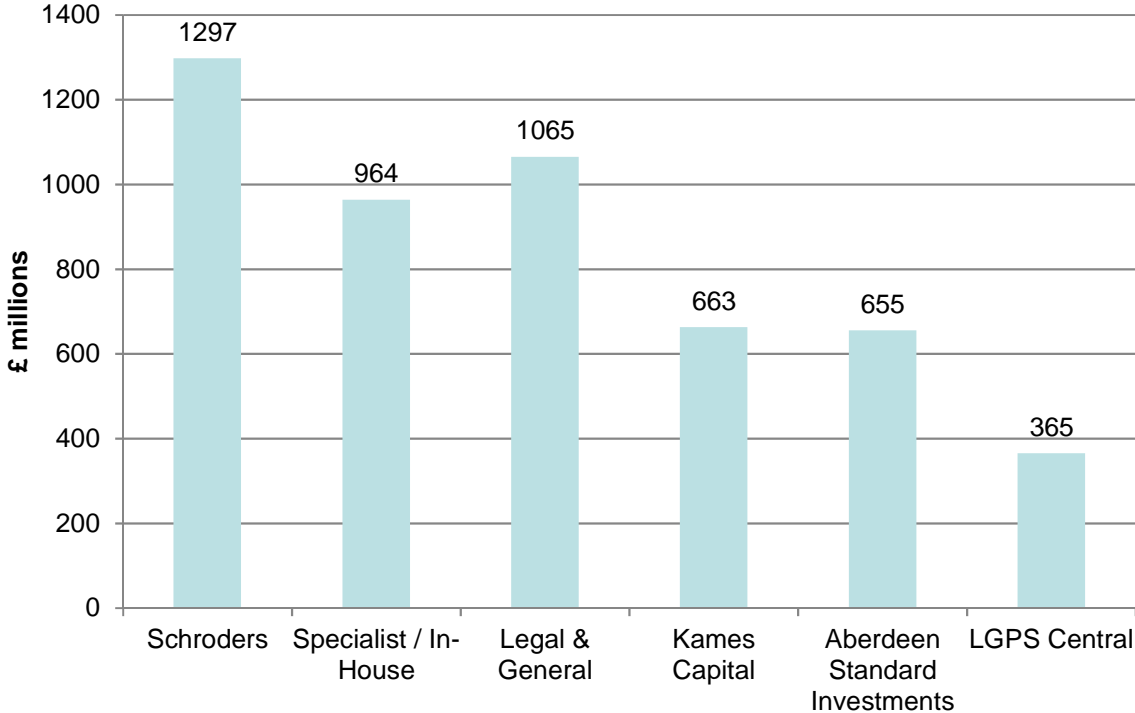
Source: Performance Evaluation

Target return on assets following the last valuation was 5.8% p.a.

Figures have been updated since those published at the AGM.

# Management arrangements as at 31 March 2020

## Portfolio Structure 2019/20

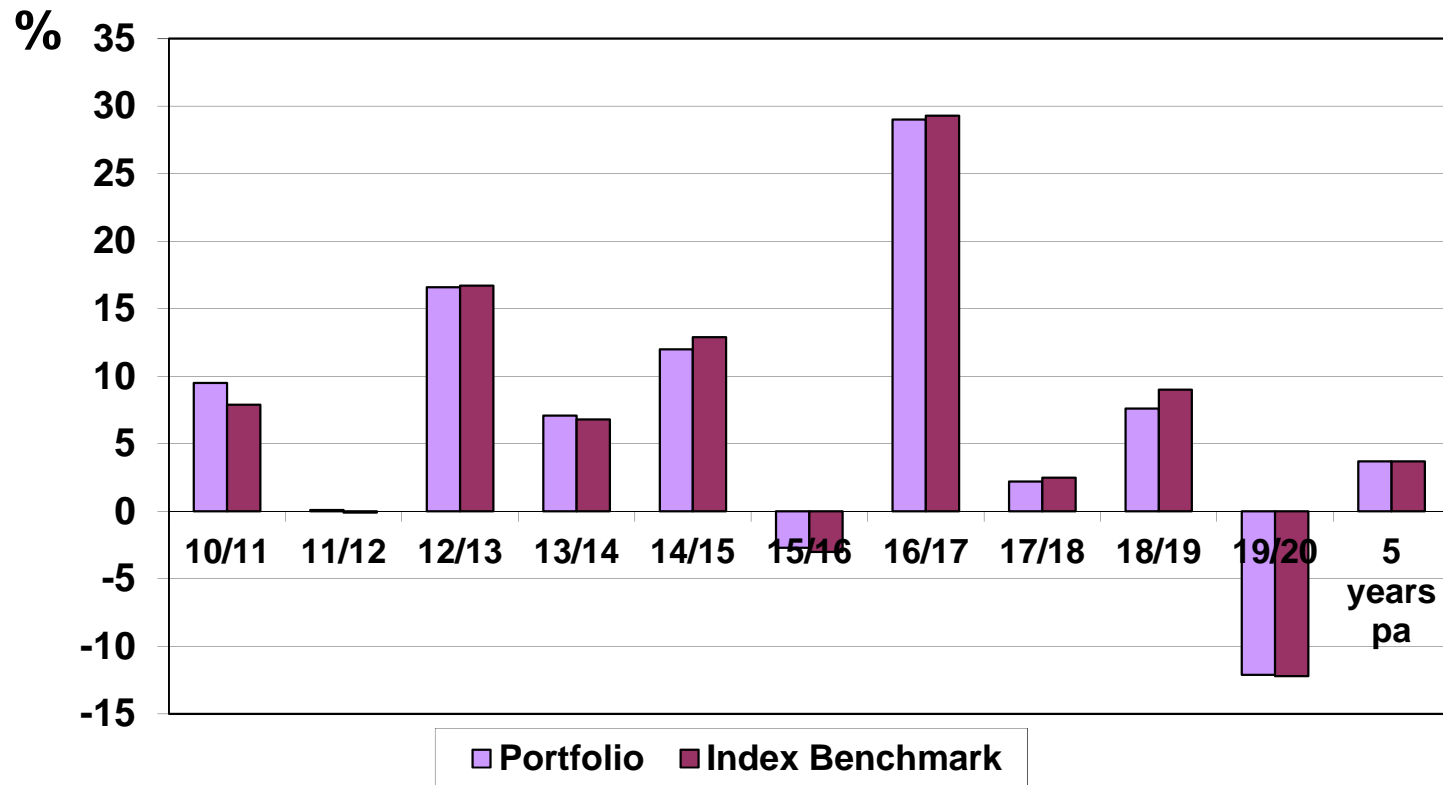


# Strategic benchmark

- The Fund's strategic benchmark is based on its agreed asset allocation strategy
- It uses a high level market index for each asset class and this helps to inform decisions regarding asset management

| Outcome                         | Asset Class                 | Allocation Ranges | Strategic Benchmark                      |     |
|---------------------------------|-----------------------------|-------------------|--|-----|
| Growth                          | Listed and Private Equity   | 57.5% to 67.5%    | 45% FTSE All Share<br>55% FTSE All World | 60% |
| Income and inflation protection | Property and Infrastructure | 15% to 25%        | MSCI IPD                                 | 23% |
| Income only                     | Fixed income                | 5% to 15%         | FTSE UK All Stock                        | 10% |
| Inflation protection only       | Index linked fund           | 3% to 15%         | RPI                                      | 5%  |
| Liquidity                       | Cash, short term bonds      | 0% to 10%         | LIBID 7 Day                              | 2%  |

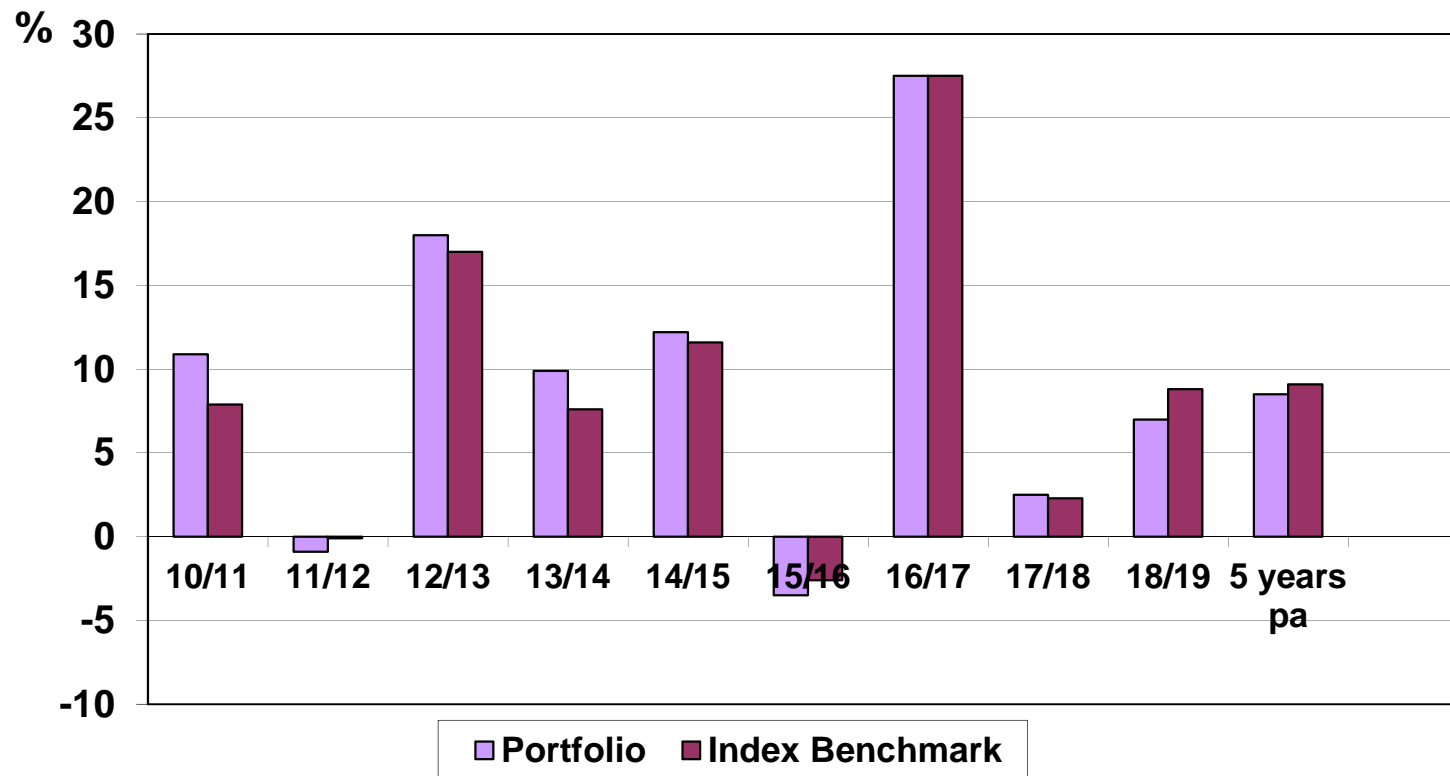
# Core Index – Equities



Performance target – to be within  $\pm 0.3\%$  of benchmark

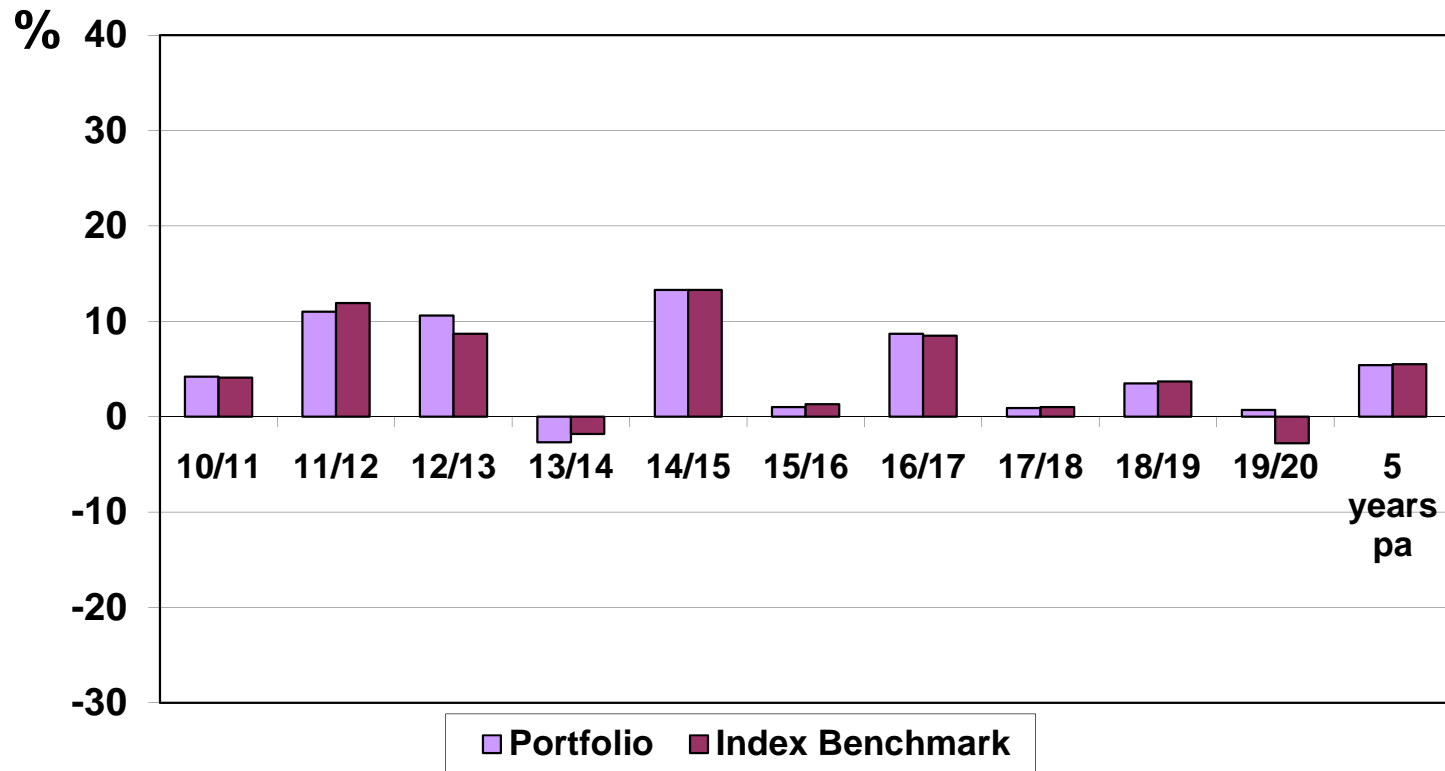


# Schroders – Equities



Performance target – to beat benchmark by 1% (net of fees)

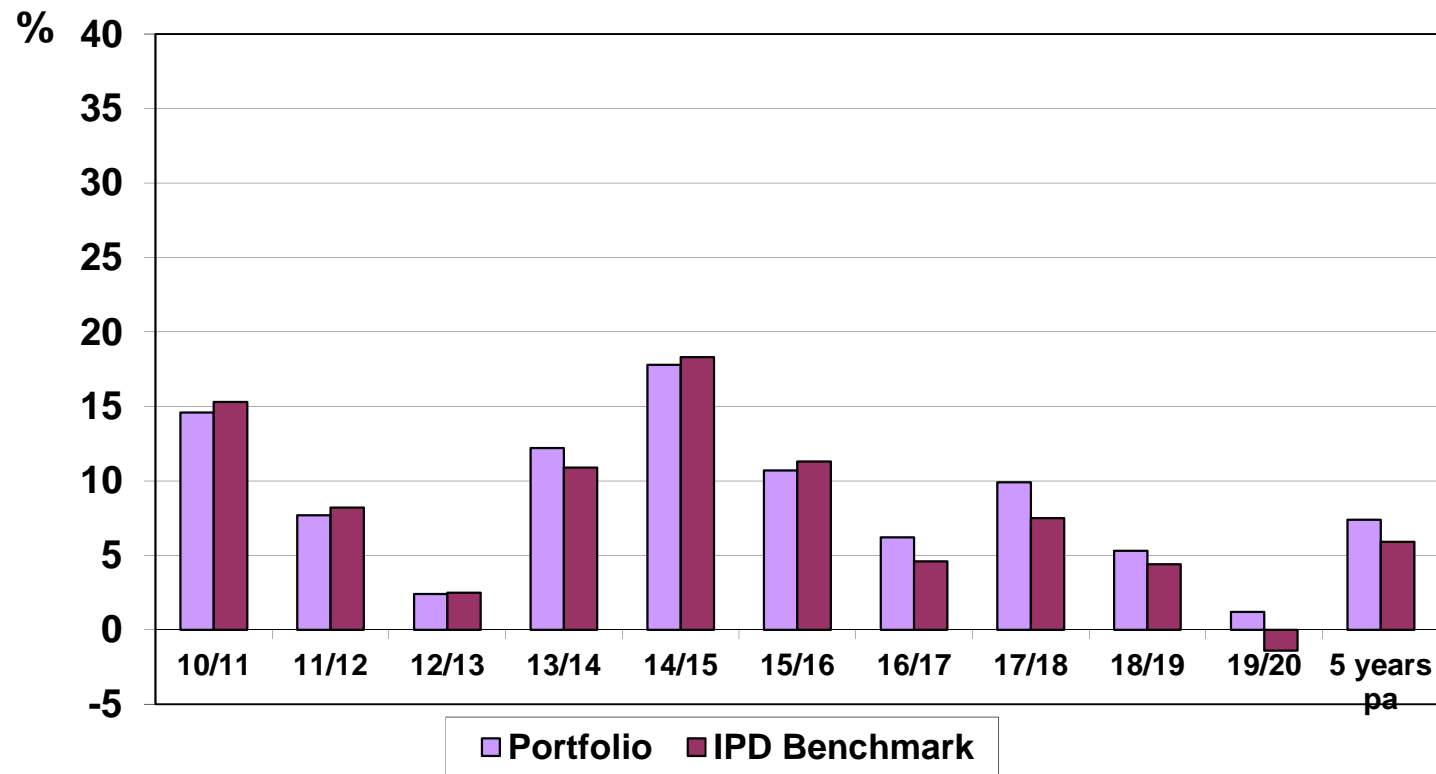
# Kames – Bonds



Performance target – to beat benchmark by 0.4% over rolling 3 year periods







# Aberdeen – Property



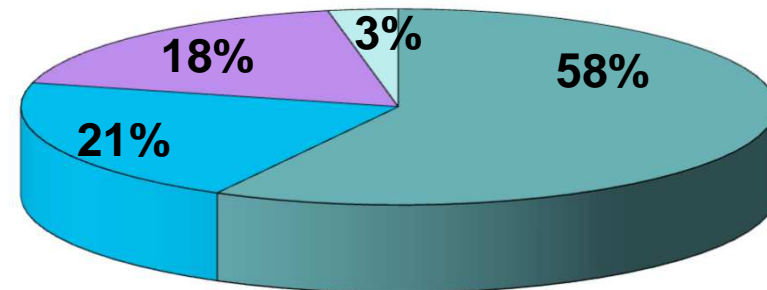
Performance target (since 2014) – to achieve 6.5% pa on long-term basis

# Asset allocation

It is widely recognised that asset allocation is the most important factor in driving long term investment returns.

| Asset Class  | Allocation Ranges |
|--|-------------------|
| Equities          | 57.5% to 67.5%    |
| Property & Infra  | 15% to 25%        |
| Bonds            | 8% to 30%         |
| Cash            | 0% to 10%         |

Actual Allocation  
31 March 2020



# Summary

- Valuations reduced at year end due to the market fluctuations caused by the global pandemic.
- Consequently the fund's net assets decreased during 19/20
- Equity returns are behind the Fund's strategic benchmark largely due to the lower weighting to US equities which have performed exceptionally well
- Despite last year's reductions, total returns over 5 years are only slightly behind the actuary's assumed return
- Asset allocation is the most important factor in driving long term investment returns

