



Pensions CIV Sectoral Joint Committee

Item 6

Fund Performance Report

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Summary: This report updates the Committee on the performance of the LCIV sub-funds.

1. Summary

The performance of the equity funds over Q4 2017 generally struggled to keep pace with their respective benchmarks. Many of the fund managers are finding valuations difficult to justify, prompting them to take a more defensive position. As the broader market continued its rapid rise with another 4.6% increase during Q4, these positions hurt the relative performance. The LCIV MJ UK Equity fund was particularly affected, underperforming the FTSE All Share by 2.8%.

The Multi-Asset funds all had a positive Q4, but were also more defensively positioned, relative to history, so failed to take full advantage of the rising equity markets.

2. Manager updates

The **Newton Real Return Fund** was formally placed on **Watch** after the announcement that the lead Portfolio Manager, Iain Stewart, will be stepping back from managing the portfolio. The London CIV team have met with the wider team twice since then and remain concerned that the departure will mean a significant gap in knowledge and expertise will be left.

The **Newton Global Equity Fund** was formally placed on **Watch** after details of an FCA investigation emerged over its UK Equity fund practices surrounding small and mid-cap UK stocks. While there have been assurances that these practices were not utilised in the Global Equity Fund, the instances do cause concerns over the governance practices on the Equity teams. The London CIV team have set up a meeting with the CIO to discuss the matter further and will revert back to the Executive Committee with a formal report.

London CIV—Quarterly Performance Statistics

Q4 2017 September - December 2017

FUND (Underlying Manager)	PRICE (Pence)	FUND SIZE £M	Q4	YTD	SINCE INCEPTION	INCEPTION DATE	No. of Investors
UK Equity Sub-Fund							
LCIV MJ UK Equity (Majedie)	101.3	531	2.15	n/a	2.22	18/05/17	3
<i>Benchmark: FTSE All Share Index</i>			4.96	n/a	5.84		
Performance Against Benchmark			-2.81	n/a	-3.62		
Global Equity Sub-Funds							
London LGPS CIV Global Equity Alpha (Allianz Global Investors)	143.0	742	3.98	19.96	46.98	02/12/15	3
<i>Benchmark: MSCI World Index Total Return (Net) in GBP</i>			4.64	11.80	45.27		
Performance Against Benchmark			-0.66	8.16	1.71		
London LGPS CIV Global Alpha Growth (Baillie Gifford)	152.3	1,826	4.84	22.87	54.16	11/04/16	9
<i>Benchmark: MSCI All Country World Gross Index</i>			4.83	13.76	43.15		
Performance Against Benchmark			0.01	9.11	11.01		
LCIV NW Global Equity (Newton)	104.9	641	4.35	n/a	5.50	22/05/17	3
<i>Benchmark: MSCI All Country World Index Total Return (Gross)</i>			4.97	n/a	8.21		
Performance Against Benchmark			-0.62	n/a	-2.71		
LCIV LV Global Equity (Longview Partners)	103.6	442	3.66	n/a	3.76	17/07/17	3
<i>Benchmark: MSCI World Index Total Return (Net) in GBP</i>			4.64	n/a	5.06		
Performance Against Benchmark			-0.98	n/a	-1.30		
LCIV EP Income Equity (Epoch Investment Partners)	99.1	140	-0.90	n/a	-0.90	08/11/17	1
<i>Benchmark: MSCI World Index Total Return (Net) in GBP</i>			-0.42	n/a	-0.42		
Performance Against Benchmark			-0.48	n/a	-0.48		
Multi Asset Sub-Funds							
LCIV PY Total Return (Pyrford)	108.9	359	0.55	1.49	8.90	17/06/16	4
LGPS CIV Diversified Growth (Baillie Gifford)	117.5	477	1.73	7.14	19.56	15/02/16	6
LCIV RF Absolute Return (Ruffer)	112.2	834	2.65	1.46	13.13	21/06/16	9
LCIV NW Real Return (Newton)	103.0	344	0.29	2.57	4.01	16/12/16	3
Total LCIV Assets Under Management		6,336					21

Data Source: Bloomberg as at 29/12/2017 - All performance reported Net of fees and charges with dividends reinvested

Important information

London CIV

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