



City of Westminster Pension Fund
Annual Investment Performance to 31
March 2019

Deloitte Total Reward and Benefits Limited
April 2019

Asset Mix

The Fund employs 8 different investment organisations to manage its assets. In addition, the Fund has appointed Pantheon to manage an Infrastructure Equity allocation, however no assets have been drawn down or invested at this stage.

Each manager has a clear performance objective and the Pensions Committee and Officers regularly monitor the performance of the managers to check that they are managing the assets appropriately.

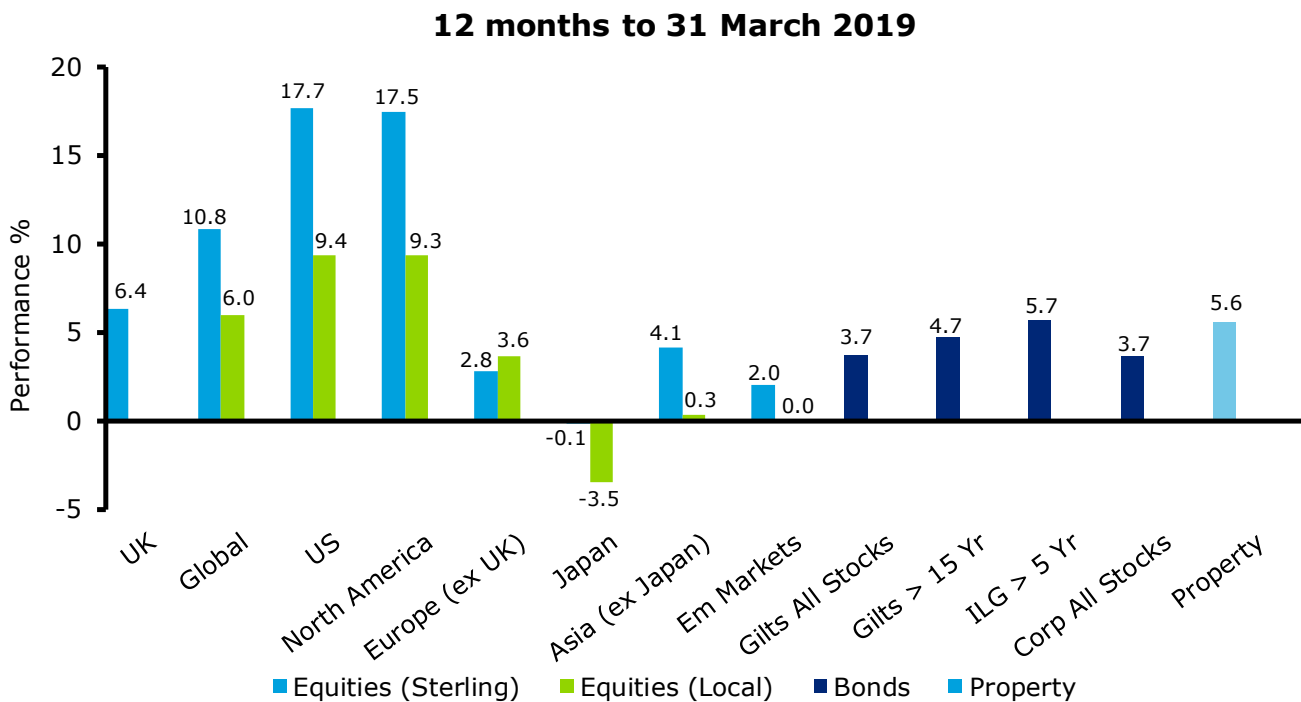
Manager	End March 2019 (%)	Benchmark (%)	Role for Westminster
Equities			
Majedie	21.0	22.5	To actively manage a portfolio of predominantly UK equities with the objective of outperforming the UK equity market
LGIM	23.4	22.5	To invest in a portfolio of global equities with the objective of matching the performance of a global benchmark
Baillie Gifford	20.4	25.0	To actively manage global equity portfolios with the objective of outperforming the global equity benchmark
Longview	5.0		
Fixed Income – Bonds			
Insight	14.3	13.5	To manage a buy and maintain credit portfolio. The fund aims to invest in predominately investment grade credit which the manager believes can be held until maturity
Fixed Income – Multi Asset Credit			
CQS	6.6	6.5	To manage a multi asset credit mandate with the aim of outperforming the 3 month Sterling LIBOR benchmark by 4% p.a. over a 4-year rolling period
Property			
Hermes	4.7	5.0	To invest in a portfolio of commercial UK property with the objective of outperforming a benchmark based on the performance of other similar UK property funds
Aberdeen Standard	4.6	5.0	To invest in a portfolio of commercial UK property where the focus is on properties with long leases, let to high quality tenants. Performance is compared against a UK government bonds benchmark
Total	100.0	100.0	

Market background

Over the 12 months to 31 March 2019, the FTSE All Share delivered a positive return of 6.4% as the rebound in the most recent quarter offset the sharp fall at the end of 2018. At the sector level there was a wide dispersion of returns. Technology was the best performing sector returning 28.2%, whilst Telecommunications was the poorest performing sector delivering a negative return of -18.8%. Global equities performed broadly in line with UK equities in local terms (6.0%) but outperformed in sterling terms (10.8%) due to the depreciation of sterling over the year.

UK nominal gilts achieved positive returns over the 12 months to 31 March 2019, as nominal gilt yields fell by c. 20bps over the period. The All Stocks Gilts Index returned 3.7% and the Over 15 Year Gilts Index returned 4.7% over the year. UK index-linked gilts delivered positive returns as real yields also fell across the curve, particularly at shorter durations, with the Over 5 Year Index-Linked Gilts Index returning 5.7%. Corporate bonds performed similarly to gilts over the year, as their higher income yield was offset by a widening in credit spreads. The iBoxx All Stocks Non Gilt Index delivered a return of 3.7%.

The MSCI UK All Property Property Index returned 5.6% over the 12 months to 31 March 2019 as the property market has begun to cool in recent quarters in light of uncertainty over Brexit and a slowing UK economy.



Fund Performance

The following table summarises the fund performance over the one-year and three-year period to 31 March 2019.

Manager	Asset Class	12 Months (%)			Last 3 Years (% p.a.) ¹		
		Fund		B'mark	Fund		B'mark
		Gross	Net		Gross	Net	
Majedie	UK Equity	2.5	1.9	6.4	7.9	7.3	9.5
LGIM	Global Equity	5.1	5.0	5.0	10.8	10.8	10.8
Baillie Gifford	Global Equity	8.6	8.2	10.5	18.2	17.9	14.4
Longview	Global Equity	16.6	16.0	12.0	14.9	14.2	14.4
Insight²	Buy and Maintain	n/a	n/a	n/a	n/a	n/a	n/a
Hermes	Property	6.8	6.4	5.8	8.2	7.8	7.2
Aberdeen Standard	Property	6.9	6.4	5.8	8.1	7.6	5.6
CQS³	Multi Asset Credit	n/a	n/a	n/a	n/a	n/a	n/a
Total		6.1	5.8	6.7	10.5	10.1	9.6

Source: Northern Trust

(1) Estimated by Deloitte when manager data is not available

(2) Insight date of inception of 9 April 2018, therefore 12 month and 3 year performance not available

inception of 30 October 2018, 12 month and 3 year performance not available

(3) CQS Fund date of

The Fund has delivered 5.8% on a net of fees basis over the 12 months to 31 March 2019, underperforming its benchmark by 0.9%. Strong outperformance from Longview was offset by underperformance from Majedie and Baillie Gifford.

Over the longer three-year period, the Fund has outperformed its benchmark by 0.5% p.a. on a net of fees basis. Aberdeen Standard Investments, Baillie Gifford and Hermes each outperformed their respective benchmarks over this period.



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