

# Croydon Council

<b>REPORT TO:</b>	<b>PENSION COMMITTEE</b> <b>9 June 2015</b>
<b>AGENDA ITEM:</b>	<b>8</b>
<b>SUBJECT:</b>	<b>Progress Report for Quarter Ended 31 March 2015</b>
<b>.LEAD OFFICER:</b>	<b>Richard Simpson, Assistant Chief Executive (Corporate Resources and s.151 Officer)</b>
<b>CABINET MEMBER</b>	<b>Councillor Simon Hall</b> <b>Cabinet Member for Finance and Treasury</b>
<b>WARDS:</b>	<b>All</b>
<b>CORPORATE PRIORITY/POLICY CONTEXT:</b> Sound Financial Management: Reviewing and ensuring that the performance of the Council's Pension Fund investments is in line with their benchmark and within the assumptions made by the Actuary.	
<b>FINANCIAL SUMMARY:</b> This report shows that the market value of the Pension Fund (the Fund) investments as at 31 March 2015 was £852.3 million compared to £804.8 million at 31 December 2014, an increase of £47.5 million. The performance figures in this report have been provided by WM Company and are quoted net of fees. Independent information and analysis on the fund managers and markets have been provided by the Fund's independent investment advisor AON Hewitt.	
<b>FORWARD PLAN KEY DECISION REFERENCE NO.: N/A</b>	

## **1 RECOMMENDATIONS**

- 1.1 The Committee are asked to consider and note the contents of this report.

## 2 EXECUTIVE SUMMARY

2.1 This report provides an update on the London Borough of Croydon Pension Fund's (the Fund's) performance for the year and quarter to 31 March 2015. This includes an analysis by asset class and by fund manager. The report comprises two parts: the second part of this report contains material that is considered commercially sensitive or material that is propriety for advisors to the Fund so appears in Part B of the agenda. Members of the Committee may wish to read this report in conjunction with the Fund Managers' and the WM Company reports, which have been distributed separately. Table 1 below summarises this quarter's market values by asset class.

**Table 1: Performance for Quarter Ended 31 March 2015**

Asset Class	Value at Asset class at Quarter End in £million		Performance relative to benchmark (%)		
	Quarter Ended 31/12/2014	Quarter Ended 31/03/2015	Return Made	Benchmark Return	Over/Under Performance
			(a)	(b)	(a-b)
Global Equities	452.1	484.1	6.9	7.5	-0.6
Global Fixed Interest	174.8	179.1	2.4	2.2	0.2
Fund of Hedge Funds	31.3	32.4	3.6	2.6	1.0
Private Equity <sup>1</sup>	35.9	41.2	7.9	4.4	3.5
Property	79.6	80.3	2.0	3.0	-1.0
Infrastructure <sup>1</sup>	27.1	29.0	9.9	2.9	7.0
Cash <sup>2</sup>	3.9	6.2	0.1	0.1	0.0
<b>Fund Total</b>	<b>804.7</b>	<b>852.3</b>	<b>4.8</b>	<b>5.0</b>	<b>-0.2</b>

*Source: WM Returns*

All figures are rounded to the nearest one decimal place for clarity. Because of roundings figures may not cross-cast. Source: WM Returns.

Notes:

<sup>1</sup> Returns for private equity and infrastructure are lagged, that is to say the process by which the assets are valued and performance assessed takes longer than the time required to prepare quarterly valuations. These returns are also quite lumpy – so that one does not observe a steady, smooth growth in the value of the funds, rather they increase in value in steps.

<sup>2</sup> Cash figure is cash held in house. The performance figure reflects the use of AAA-rated money market funds to deposit working capital. These instruments are rated as being very risk averse but consequently generate less returns.

- 2.2 This report also considers officers' review of the Fund Managers over the quarter. This takes into consideration the performance of the Manager against the agreed target, trigger events defined by Croydon that require investigation, and the rating given by AON Hewitt; providers of independent analysis on the fund managers. AON Hewitt's ratings report (Appendix D) has been provided as an appendix to this report.
- 2.3 Financial and market commentaries from the Council's Independent Pension Fund Adviser AON Hewitt are appended to this report (Appendix F in the closed section of the report). AON Hewitt (Appendix E in the closed section of the report) provides a Market Valuation Review of the medium term outlook for returns over three to five years.

### **3 DETAIL - PERFORMANCE OF THE PENSION FUND**

- 3.1 The WM Company collates valuation and performance data for Croydon's Pension Fund Investment Managers. Reporting on the Fund's performance has been provided below for the period to 31 March 2015. The overall Fund benchmark is a weighted average of the Fund's individual asset benchmarks based on the target allocation to each asset class.

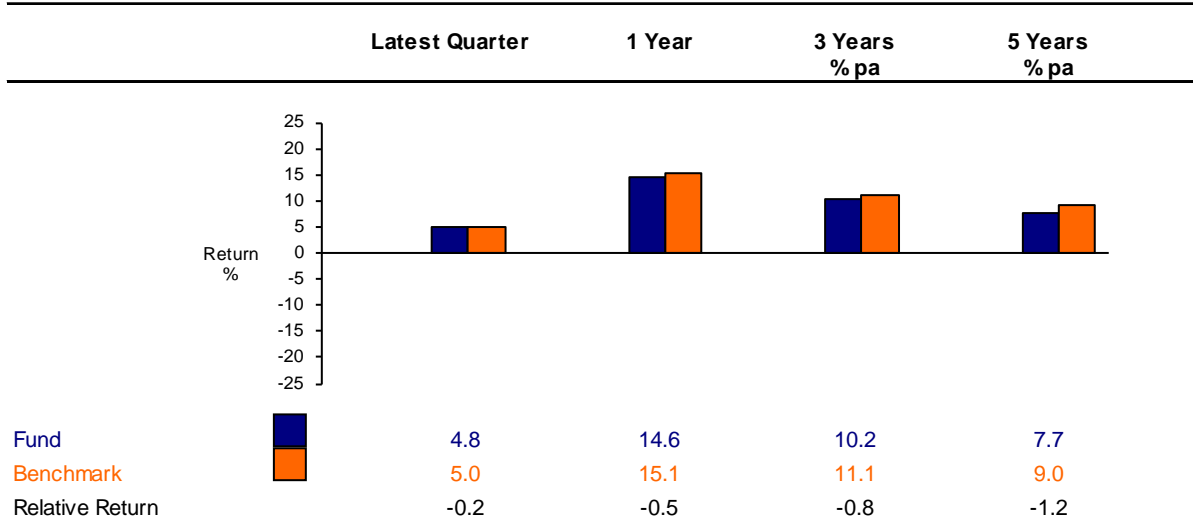
#### **Changes to Fund Structure**

- 3.2 Following Committee approval to exclude direct investments in tobacco (Minute B04/14), the Director of Finance and Assets (Section 151 Officer) under previously delegated decision making powers (Minute A03/13) and in consultation with the Chairman decided to invest in a segregated FTSE4Good tracker fund with Legal and General Investment Management (LGIM). The transition to FTSE4Good Global Equity Mandate was completed by the 31<sup>st</sup> of March 2015. The transition acted as a drag on performance, shown by the slight under-performance against benchmark.
- 3.3 The asset allocation strategy is currently under review and a revised strategy is tabled for approval at this Committee meeting.
- 3.4 The cash balance reported in Table 1 above represents cash held by the in-house treasury team and includes both working capital (i.e. the difference between contributions received and benefits and transfers paid out) and cash liquidated awaiting reinvestment. Cash managed in-house is held as working capital and therefore during any given quarter can be reduced by the value of invoices paid out or transfers made. The largest regular charge on this sum relates to the cost of the pensions payroll that is financed by the General Fund of the Council and recharged to the Pension Fund. In keeping with best practice the cash is held and accounted for separately from the general funds of the authority. The balance is invested overnight in a Goldman Sachs Asset Management Money Market Fund. Interest is accrued on a daily basis and paid monthly.

## Total Fund Performance

3.5 The chart below provides a high level summary of the performance of the fund. The total Fund return for the quarter was 4.8% underperforming the benchmark by 0.2%. The Fund has underperformed the benchmark over the year, 3-year and 5-year periods. The performance gap is steadily falling though, from 1.2% over the 5-year period to 0.8% over the 3 years. Further details of performance including underlying asset classes and individual fund managers are provided in section 4 below.

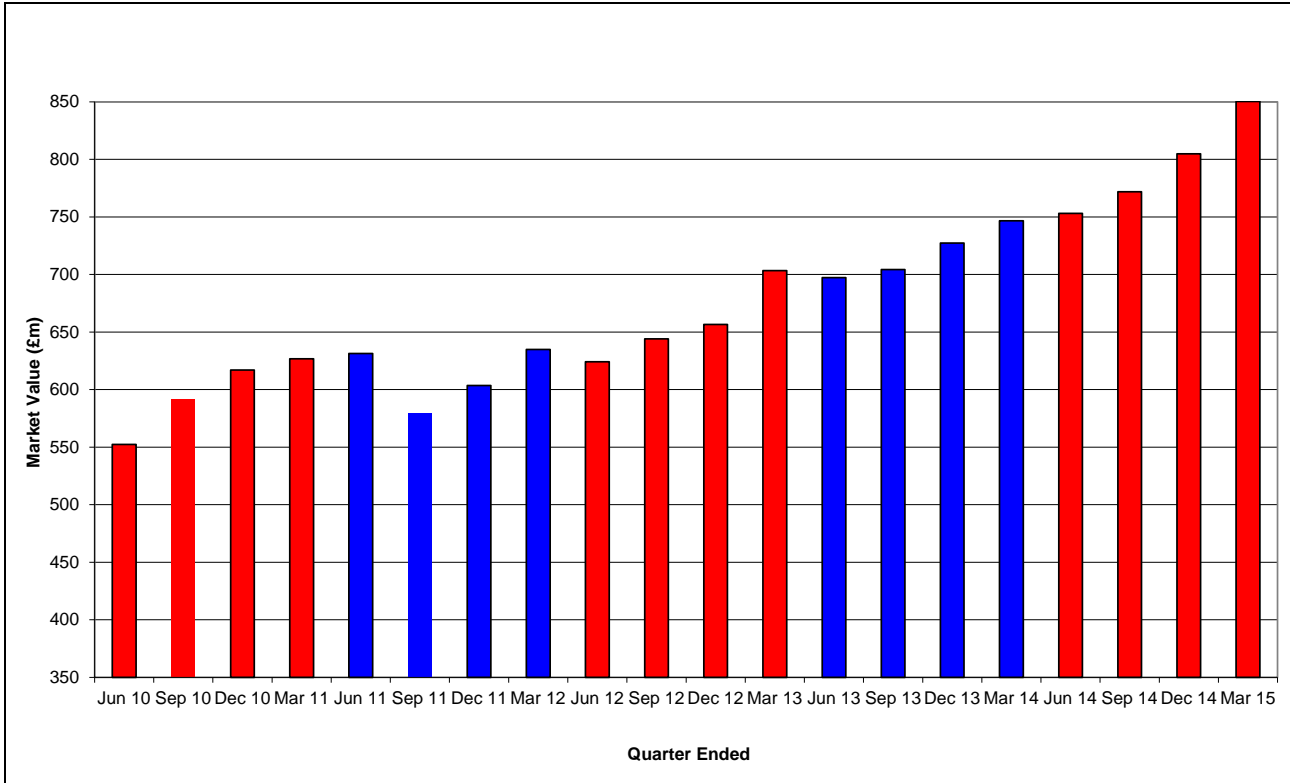
**Chart 2: Performance of the Pension Fund**



Source: WM Returns

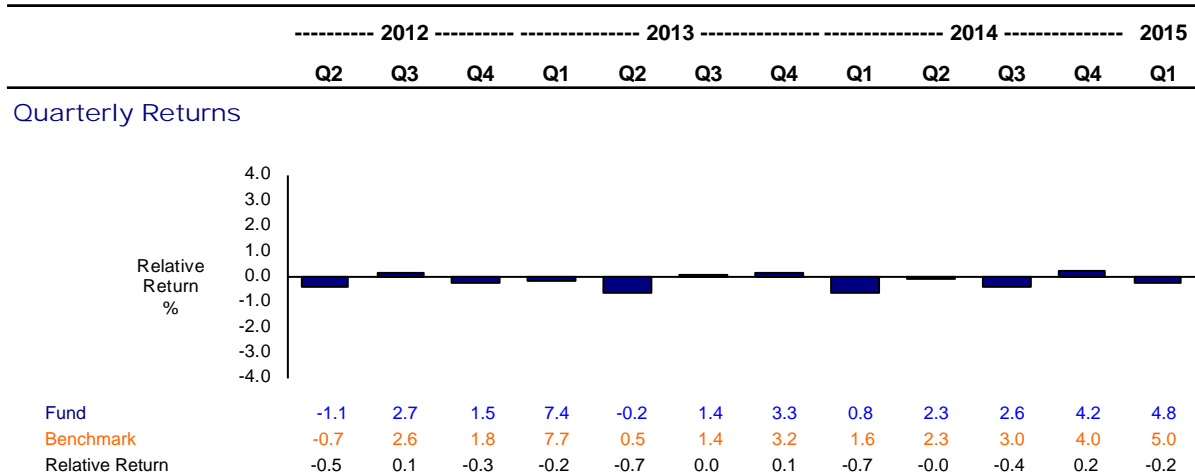
3.6 Chart 3 below details the movement in the Market Value of Fund on a quarter by quarter basis, over a 5-year period. The market value of the fund at the end of March 2015 was £852.3m, an increase of £47.5m over the previous quarter's valuation.

**Chart 3: Trend in Total Value of Pension Fund in £millions**



3.7 Chart 4 below illustrates the Fund's historic relative performance against the benchmark since inception of the revised investment strategy. This benchmark is an aggregate of individual asset class benchmarks weighted by the Fund's target asset allocations.

**Chart 4: Trend in Relative Returns of the Pension Fund**



Source: WM Returns

## Attribution

- 3.8 For the period ending 31 March 2015 the Fund's return of 4.8% was 0.2% under the benchmark return. The table below shows that stock selection was the most significant downwards pressure on performance which perhaps validates the decision to move away from the group of active equity managers. Indeed, apart from the periods when equities appeared more bearish, asset allocation was consistently a positive contribution to performance suggesting that the asset allocation works towards achieving the long-term funding goals.

### Summary:

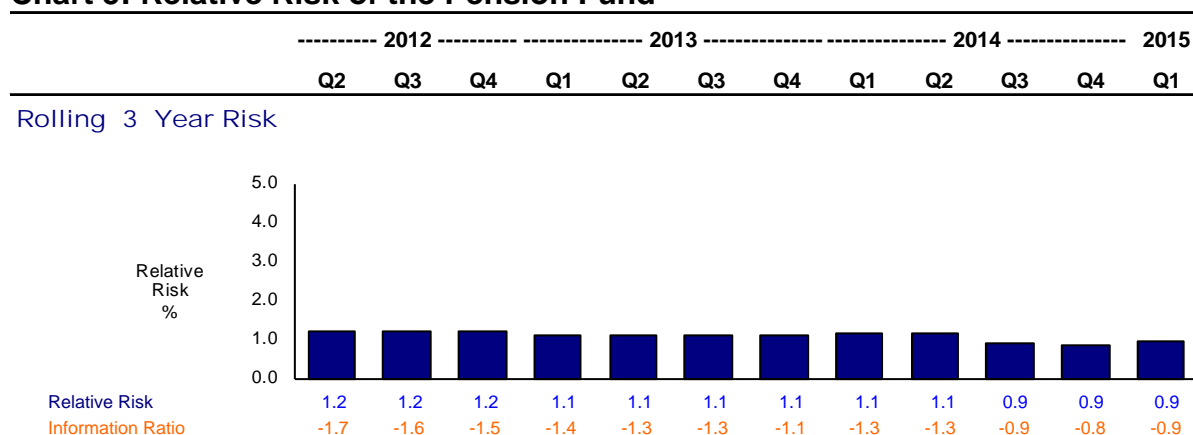
Fund Return	4.8
Benchmark Return	5.0
Relative Performance	-0.2
<b>attributable to:</b>	
Asset Allocation	0.2
Stock Selection	-0.5

Source: WM Returns

## Risk

- 3.9 Chart 5 below illustrates the relative risk of the fund over the past 3 years. Relative risk measures the degree of fund performance deviation from benchmark. This is compared with the information ratio, a measure of manager skill in adding value over and above the benchmark. The reduction in relative risk is consistent with the strategy to move away from more rigidly idiosyncratic investment styles.

**Chart 5: Relative Risk of the Pension Fund**



Source: WM Returns

- 3.10 WM graphs demonstrating the impact of asset allocation and stock selection are attached as Appendix C to this report.

- 3.11 Below is a table of the Top 10 holdings within the segregated part of the portfolio:

<b>Top 10 Holdings Held in Fund</b>	<b>Value (£m)</b>	<b>Weight %</b>
APPLE INC	18.11	2.13%
MICROSOFT CORP	7.51	0.88%
WELLS FARGO & CO	7.03	0.83%
JOHNSON & JOHNSON	6.92	0.81%
NESTLE SA	6.05	0.71%
NOVARTIS AG	5.76	0.68%
PROCTER & GAMBLE	5.60	0.66%
VERIZON COMMUNICATIONS INC	5.02	0.59%
ROCHE HOLDING AG	4.83	0.57%
TOYOTA MOTOR CORP	4.66	0.55%

Source: BNYM Workbench

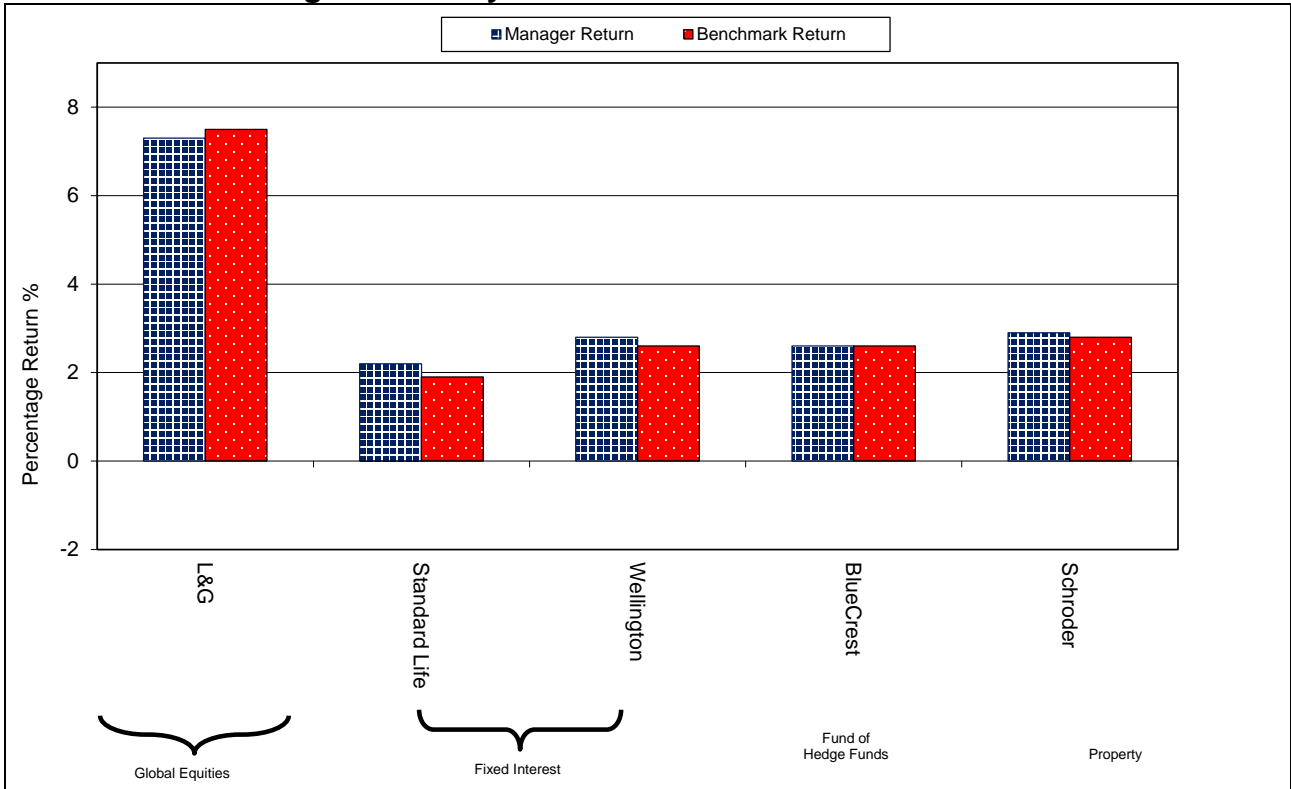
- 3.12 With the Chancellor of the Exchequer's announcement of 'Freedom and Choice in Pensions' in July 2014 the risk of significant cash outflows from the Fund has become apparent. This option has been available from April 2015 and in the near two-month period approximately 25 applications have been received. Approximately £4.5 m has been transferred over that period. Each transfer includes not only the contribution for each member of staff, paid as a payroll deduction, but also the employer's contribution and a notional share of the deficit. Thus for every £1 paid from the member's salary the Pension Fund pays over £6 more. The Treasury has published Regulations that will allow LGPS administering authorities to apply for a reduction in cash transfer amounts. Officers are assessing the long-term impact of this development and the options available to address this issue.

## **4 FUND MANAGER PERFORMANCE**

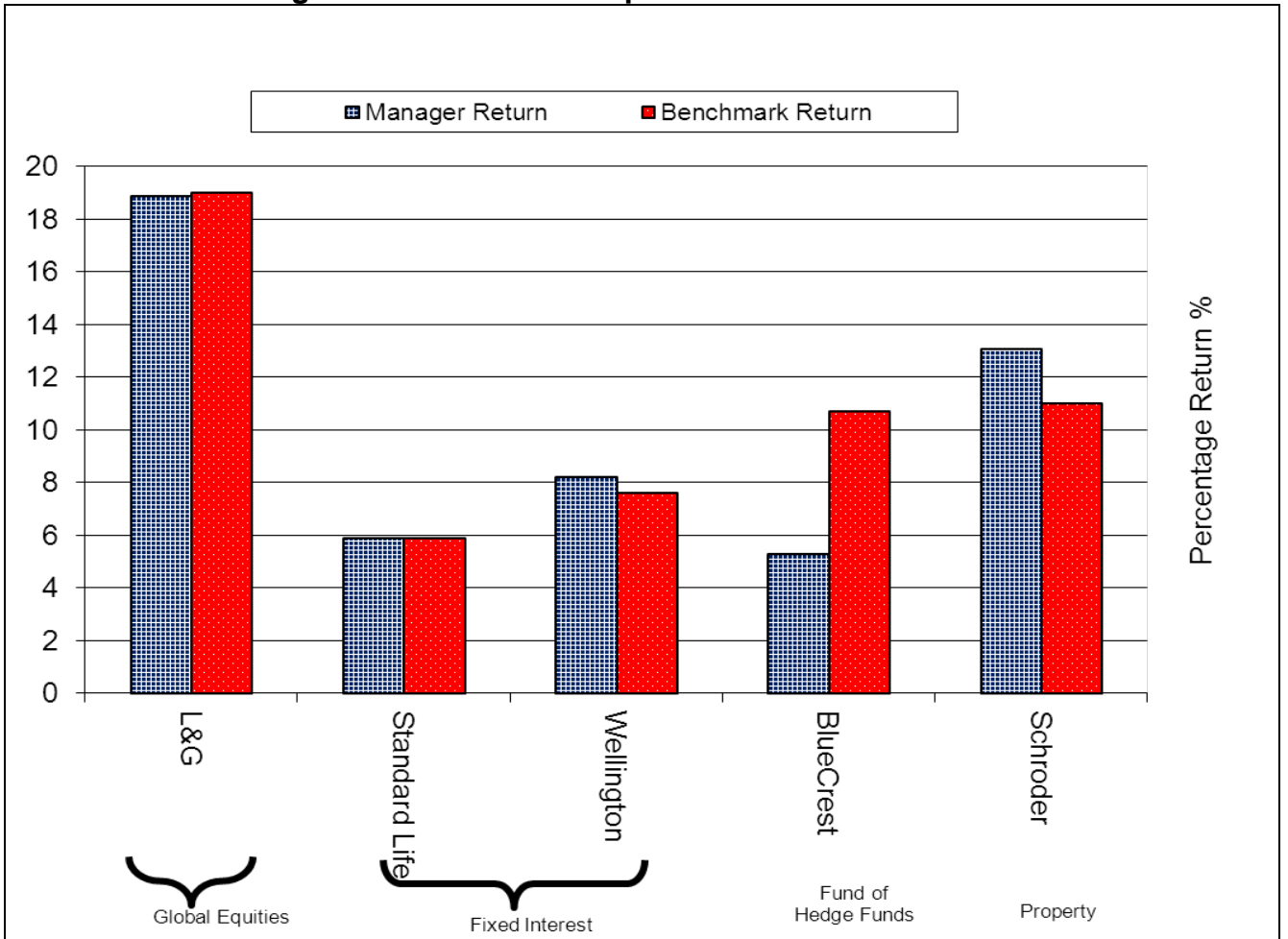
### **Summary**

- 4.1 Appendix A details the market value and performance over the quarter and since inception for each fund manager.
- 4.2 Chart 6 below illustrates the performance of each fund manager against their benchmark over the most recent quarter and Chart 7 demonstrates performance for each since inception. Note that the benchmark for private equity does not satisfactorily reflect the potential of immature funds such as Equitix and Knightsbridge. Consequently these two charts do not show performance for the quarter and from inception for the private equity and infrastructure funds, that is to say, Equitix, Knightsbridge and Pantheon. The Legal & General fund is the passively managed fund tracking the FTSE AW World index, established April 2014 as an alternative to holding transition balances in cash, and not the FTSE 4 Good Fund. Performance for the FTSE 4 Good tracker is wrapped up within the transition costs, reported elsewhere on this Agenda.

**Chart 6: Fund Manager Quarterly Returns**



**Chart 7: Fund Manager Returns Since Inception**





It should be noted that, as performance data is compiled at the end of the quarter, there is no data reported for the active equity managers who managed funds up to 16 March 2015. There would be an additional cost for compiling this data and such an exercise would impact adversely on reporting deadlines.

- 4.3 Three key themes dominated global economic news over the first quarter of 2015: oil prices, inflation (or lack thereof), and central bank activity in the major economies. The net result of the economic news was generally positive. As a result, global equities generally finished in positive territory, but with news-flow causing bouts of volatility and some divergence between the major markets. Oil supply has surged over the last few years and prices fell steadily throughout 2014. Although prices stabilised slightly in the first quarter, the effects of the fall continued to permeate various global economies, boosting personal income and lowering global inflation figures. Indeed, inflation in Europe turned negative for the first time in decades while UK CPI fell to zero. This put central banks in the spotlight, with the EU and China using various mechanisms to stimulate growth, while the US continued to discuss raising rates. The divergence in central bank policy mirrored a divergence in market performance. Although most major markets produced positive returns in local currency terms, Europe and Japan outperformed most other regions, with the US, UK and emerging markets lagging. Despite the relatively modest gain, US equities hit fresh all-time highs in early March and have now risen for nine consecutive quarters. In the UK, the FTSE 100 index breached the previous high set in late 1999 towards the end of the quarter.
- 4.4 The methodology for assessing the in-year performance of the private equity managers remains problematic especially when the funds are immature, such as is the case for both the Equitix and Knightsbridge funds. Please refer to the attribution analysis below under section 5. A detailed review of individual fund manager performance has been undertaken and is reported under the Fund Manager Review section below.

### **Fund Manager Review**

- 4.5 Officers continuously review the performance of managers and engage with them periodically. A summary table of results is provided below. A tolerance level of 1% below the benchmark has been set for further investigation. Where appropriate, Officers will meet with the manager to discuss performance and consistency of investment themes. Note, where underperformance is consistent across all managers, and attributable to market conditions, - i.e. beta, a review will be considered based on the circumstances at the time. Along with performance data, qualitative information will be considered based on trigger events, news and reviews by the Fund's independent advisors. Members are invited to comment on the outcome of this review process.

**Table 2: Summary by Fund Manager**

<b>Fund Manager</b>	<b>Is Performance in line with the appropriate index? (allowing for</b>	<b>Has there been no trigger event?</b>	<b>Has there been a visit (or virtual meeting) this quarter?</b>	<b>If in any of these instances the answer is no, what action has been taken?</b>

	1% variance)			
L&G	✓	✓	✓	N/A
Standard Life	✓	✓	✓	See paragraph 4.12
Wellington	✓	✓	x	See paragraph 4.12
BlueCrest	✓	✓	x	See paragraph 4.12
Pantheon	n/a	✓	✓	See paragraph 4.12
Equitix	n/a	✓	✓	See paragraph 4.12
Knightsbridge	n/a	✓	x	See paragraph 4.12
Schroders	n/a	✓	✓	See paragraph 4.12

## Performance

- 4.6 There was a range of outperformance and underperformance by the managers against their benchmarks over the quarter. For further details please refer to Chart 5 (above) and Appendix A showing the WM performance for each fund manager. None of the Fund Managers underperformed outside the 1% tolerance over the quarter.

## Equities

- 4.7 Cash invested with Fidelity, Franklin Templeton and Global Thematic Partners was transitioned to the Legal and General FTSE 4 Good tracker fund at the close of the quarter. The L&G FTSE World tracker, opened to hold cash pending investment in line with the strategic goals of the Fund, returned 7.3%, in line with the index performance.

## Fixed Interest

- 4.8 Wellington's performance of 2.8% during the quarter was 0.2% over the benchmark. Wellington has outperformed the BAML GBP Broad Market benchmark by 0.6% since inception. Standard Life outperformed the benchmark by 0.3% over the quarter and matched the benchmark from inception.

## Property

- 4.9 The formal measurement of Schroders' performance commenced in the quarter starting 1 January 2014. The Schroders' UK property portfolio is measured against the IPD All Balanced Weighted Average index. The portfolio outperformed the benchmark by 0.1% during the quarter to 31 March 2015 and has outperformed by 1.9% since inception.

## Fund of Hedge Funds

- 4.10 BlueCrest have a benchmark of 10% over 3-month LIBOR (London Inter-Bank Offer Rate; the interest rate that banks charge each other for loans). BlueCrest outperformed their benchmark by 1.0% over the quarter but has underperformed against the benchmark by 1.3% since inception.

## Private Equity and Infrastructure

- 4.11 Equitix, Pantheon and Knightsbridge – The design of private equity and infrastructure funds makes meaningful performance management in the initial few years problematic. Both fund managers ask for cash to invest as opportunities arise – in the case of the Knightsbridge fund this will be over a 5 to 7-year period, for Equitix up to 2 years. The value of Knightsbridge’s investments will become clear when the invested companies are listed on public exchanges or acquired by other businesses. Consequently there will be a timing gap between investment and crystallising returns. The Fund is investing in the second generation of Pantheon’s funds. The first, earlier, generations are in the cash distribution phase. The second generation of funds is in its infancy and looking for investment opportunities. The performance of the asset class is difficult to assess until funds are quite mature. However, since inception, Knightsbridge have returned 8.9% p.a., Pantheon 9.2% and Equitix 10.1%.

### Manager Visits

- 4.12 In addition to virtual meetings held during the quarter ended 31 March 2015, officers and/or members attended meetings with the following managers:

Manager	Date of Meeting
Schroders	14 January 2015
LGIM	27 January 2015
Pantheon	11 February 2015
Equitix	12 February 2015
Standard Life	18 March 2015

## 5. ASSET ALLOCATION

### Effect on Performance

- 5.1 Returns of the Fund are due to two factors; the allocation of investments to different assets classes; and how these individual asset classes perform. Table 3 below summarises the asset allocation as at 31 March 2015. The geographical breakdown of asset allocation is provided in the WM Asset Mix and Returns schedule attached as Appendix B.

**Table 3: Asset Allocation of the Pension Fund**

Asset Class	Percentage of Fund Value	Strategic Allocation	Variance
Equities	57%	50% +/- 3	4.0%
Fixed Income	21%	25% +/- 3	-1.0%
Property	9.0%	10% +/- 3	0.0%
Private Equity	5.0%	5%	0.0%
Infrastructure	3.0%	5%	-2.0%
Hedge Funds	4.0%	4%	0.0%
Cash	n/a	n/a	n/a

Source: WM Returns

- 5.2 The Fund held an overweight in equities at the end of the quarter, this reflects the committee decision to use passive equities to hold excess cash positions. Infrastructure is underweight against the strategic benchmark. There is a long-term plan to match these commitments with draw-downs, subject of course to the appropriate investment opportunities presenting themselves.
- 5.3 Members will note that market volatility has the potential to drive the weightings of asset allocation out of balance. Asset allocations against the benchmark are reviewed and addressed on a quarterly basis within the agreed tolerances. Adjusting investment levels can be a protracted process involving extensive due diligence and therefore there will typically be a lag between the decision to rebalance and the execution of that decision.
- 5.4 When private equity and infrastructure investments are in their infancy, it takes considerable time to draw down the full amount of committed capital. As the investments mature, the investment manager's pay capital distributions to the Fund. To counter balance the incoming cash flow, further investments are made into private equity and infrastructure funds. Hence it is very difficult to keep these assets classes at their strategic allocation.
- 5.5 The asset allocation of the portfolio will be monitored internally by officers on a monthly basis. Where needs be the portfolio will be further rebalanced under delegated powers and in consultation of the Chairman.

## **6 INVESTMENT ADVISOR'S REVIEW**

- 6.1 An independent review of the fund managers has been provided by AON Hewitt in the Managing Monitoring Report attached as Appendix D on the closed section of the agenda. AON Hewitt has applied a rating to each fund manager and a traffic light system has been used to highlight where there are issues of concern surrounding each manager.
- 6.2 AON Hewitt have also produced a Market Review paper for the quarter ended 31 March 2015, it is attached at Appendix E in the closed section of this report. This examines the prospects for equities and fixed interest over the forth coming period.

## **7 CONSULTATION**

- 7.1 Officers have fully consulted with the Pension Fund's advisers in preparing this report.

## **8 FINANCIAL CONSIDERATIONS**

- 8.1 This report deals exclusively with the investment of the Council's Pension Fund and compares the return on investment of the Fund against the benchmark return.

## **9. COMMENTS OF THE COUNCIL SOLICITOR AND MONITORING OFFICER**

- 9.1 The Council Solicitor comments that there are no direct legal implications arising from this report.

Approved by Gabriel MacGregor, Head of Corporate Law on behalf of the Council Solicitor & Director of Democratic & Legal Services

## **10. FREEDOM OF INFORMATION/DATA PROTECTION CONSIDERATIONS**

- 10.2 This report contains confidential information which could be of a sensitive nature, disclosure of which could prejudice the commercial interest of the companies involved and those of the Council's Pension Fund.

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### **CONTACT OFFICER:**

Nigel Cook – Head of Pensions and Treasury  
Corporate Resources Department, ext. 62552.

### **BACKGROUND DOCUMENTS:**

Reports from WM Company

Reports from AON Hewitt

## Appendices

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Appendix A: Summary of Manager Performance

Appendix B: Asset Mix and Returns

Appendix C: Detailed Analysis of the Latest Quarter Performance

The following appendices are commercially sensitive:

Appendix D: AON Hewitt Manager Monitoring Report

Appendix E: AON Hewitt Market Review: 3 months to 31 March 2015

Appendix F: AON Hewitt Quarterly Investment Outlook

## Summary of Manager Performance - Rates of Return

LONDON BOROUGH OF CROYDON - TOTAL COMBINED

Periods to end March 2015

Pound Sterling

	Mkt Val (GBP 1000)	% of Fund	Latest Quarter	1 Year	3 Years	5 Years	Since Inception	Incept. Date
<b>Bonds - World</b>								
WELLINGTON	57,920	6.8	2.8	14.6	6.7	8.3	8.2	29/1/2010
BAML GBP BROAD MARKET			2.6	14.2	6.6	7.6	7.6	
			0.2	0.4	0.0	0.6	0.6	
STANDARD LIFE	121,155	14.2	2.2	6.4	5.9	5.9	5.9	31/3/2010
STANDARD LIFE CUSTOMISED BOND BENCHMARK			1.9	7.6	5.6	5.9	5.9	
			0.3	-1.1	0.2	0.0	0.0	
<b>Private Equity</b>								
KNIGHTSBRIDGE	10,789	1.3	16.2	41.0	15.9	8.3	8.9	31/12/2009
LB OF CROYDON - KNIGHTSBRIDGE PRIVATE EQUITY B/M			4.4	10.6	11.7	7.0	8.6	
			11.3	27.5	3.7	1.2	0.2	
PANTHEON VENTURES	30,422	3.6	5.0	11.8	6.2	11.4	9.2	31/12/2001
LB OF CROYDON - PANTHEON PRIVATE EQUITY B/M			0.6	1.2	11.1	7.6	6.2	
			4.4	10.5	-4.4	3.6	2.9	
<b>Absolute/Targeted Return</b>								
BLUECREST CAPITAL MGT	14,704	1.7	2.6	7.4	5.8	4.8	5.3	31/12/2009
GBP 3 MONTH LIBOR + 10%			2.6	10.6	10.6	10.7	10.7	
			0.0	-2.8	-4.3	-5.3	-4.8	
<b>Fund - Hedged</b>								
BLUECREST CAPITAL MGT	17,694	2.1	4.5	10.9			11.7	1/10/2013
GBP 3 MONTH LIBOR + 10%			2.6	10.6			10.6	
			1.9	0.3			1.0	
<b>Infrastructure</b>								
EQUITIX	27,025	3.2	-7.1	-15.8	8.3	10.0	10.1	31/12/2009
12% PER ANNUM (GBP)			2.9	12.0	12.0	12.0	12.0	
			-9.7	-24.8	-3.3	-1.8	-1.7	
<b>Cash</b>								
INTERNALLY MANAGED CASH	6,235	0.7	0.3	n/a	n/a	n/a	n/a	28/6/2002
GBP 7 DAY LIBID			0.1	0.3	0.4	0.4	2.5	
			0.2					
<b>Equity - World</b>								
L&G	40,916	4.8	7.3	19.6			18.9	30/4/2014
FTSE AW World TR			7.5	18.8			19.0	
			-0.1	0.7			-0.1	
<b>Property - UK</b>								
SCHRODER INVESTMENT MGMT INTL	80,291	9.4	2.9	17.8			13.1	31/8/2012
AREF/IPD ALL BALANCED			2.8	16.6			11.0	
			0.1	1.0			1.9	
<b>TOTAL FUND</b>								
TOTAL COMBINED	850,359	100.0	4.8	14.6	10.2	7.7	7.8	31/12/1990
LB OF CROYDON BENCHMARK			5.0	15.1	11.1	9.0	8.6	
			-0.2	-0.5	-0.8	-1.2	-0.8	

## Asset Mix and Returns

LONDON BOROUGH OF CROYDON - TOTAL COMBINED

Periods to end March 2015

Benchmark - L B OF CROYDON BENCHMARK

Pound Sterling

This page provides the underlying detail for the fund over the latest period.

All values are shown in GBP'000s	Asset Allocation						Stock Selection			
	31/12/2014		Purchases	Sales	Gain/		31/03/2015		Return	B'M
	Value	%			Loss	Income	Value	%		
TOTAL EQUITIES	446,416	55	803,452	798,562	30,098	925	481,404	57	6.9	7.5
U.K. EQUITIES	17,721	2	8,405	27,255	1,129	125			6.8 #	
U.K.	10,030	1	1,341	12,125	753	55			8.0 #	
UK GLOBAL	7,691	1	102	8,135	342	70			5.4 #	
UK (WORLD) EQUITY INDEX			6,962	6,995	34				0.5 #	
OVERSEAS EQUITIES	216,943	27	111,978	340,788	11,867	491			5.4 #	
NORTH AMERICA	118,955	15	67,671	193,661	7,035	346			5.8 #	
U.S.A.	72,479	9	8,236	85,136	4,420	200			6.4 #	
USA GLOBAL	39,687	5	4,750	47,342	2,904	116			7.7 #	
CANADA	5,040	1	789	5,751	-78	15			-1.3 #	
CANADA GLOBAL	1,748	0	785	2,707	174	15			9.5 #	
NORTH AMERICAN INDEX UNITS			53,111	52,726	-385				-0.7 #	
CONTINENTAL EUROPE	46,892	6	21,482	70,910	2,536	30			5.3 #	
EUROLAND TOTAL	32,827	4	6,029	40,317	1,461	27			4.6 #	
FRANCE	4,967	1	918	6,251	366	2			7.2 #	
FRANCE GLOBAL	1,062	0		1,158	95				16.1 #	
GERMANY	3,466	0	779	4,674	429	3			12.1 #	
GERMANY GLOBAL	12,148	2	1,031	14,012	833	12			7.5 #	
ITALY	1,025	0	184	1,388	179				15.8 #	
ITALY GLOBAL	2,401	0	843	3,487	243				9.3 #	
NETHERLANDS	1,708	0	41	1,906	157	2			10.0 #	
NETHERLANDS GLOBAL	1,642	0	94	1,839	103				6.1 #	
AUSTRIA	106	0		112	6	0			5.5 #	
AUSTRIA GLOBAL	211	0		213	2				0.7 #	
BELGIUM	863	0		962	99				11.8 #	
FINLAND	453	0		478	25				5.5 #	
GREECE GLOBAL	467	0		301	-166				-35.4 #	
LUXEMBOURG GLOBAL	684	0		647	-37				-5.4 #	
SPAIN	1,263	0	178	1,493	52	2			4.1 #	
IRELAND	360	0	1,962	1,397	-925	5			8.2 #	
NON EUROLAND TOTAL	14,065	2	966	15,991	959	3			6.9 #	
SWITZERLAND	4,541	1	301	5,129	287	2			6.6 #	
SWITZERLAND GLOBAL	6,403	1	357	7,163	403				6.2 #	
DENMARK	757	0		836	79				10.4 #	
NORWAY	218	0	95	361	48	1			18.0 #	
SWEDEN	1,416	0	27	1,595	152				10.6 #	
SWEDEN GLOBAL	480	0		517	38				8.8 #	
TURKEY GLOBAL	251	0	186	389	-48				-13.0 #	
EUROPE EX UK INDEX UNITS			14,486	14,602	116				0.8 #	
JAPAN	9,839	1	9,114	19,749	796	4			7.6 #	
JAPAN	9,839	1	1,412	12,014	763	4			7.7 #	
JAPAN			7,702	7,735	33				0.4 #	
TOTAL PACIFIC (EX.JAPAN)	9,730	1	6,795	16,941	416	32			4.6 #	
HONG KONG	1,326	0	337	1,745	82	1			5.8 #	
HONG KONG GLOBAL	713	0	100	839	26				3.5 #	



SINGAPORE	870	0	200	1,033	-37				-4.0 #	
SOUTH KOREA GLOBAL	2,466	0	17	2,571	88				3.6 #	
PHILIPPINES	420	0		464	44				10.5 #	
ASIA-PACIFIC EX JAPAN			5,709	5,717	8				0.1 #	
AUSTRALIA	3,280	0	432	3,881	169	31			6.5 #	
AUSTRALIA GLOBAL	655	0		691	36				6.3 #	
OTHER INTL EQUITIES	31,527	4	6,917	39,527	1,082	79			3.7 #	
EMERGING MARKETS	31,527	4	6,917	39,527	1,082	79			3.7 #	
ISRAEL	515	0	19	526	-8	2			-1.0 #	
BRAZIL GLOBAL	7,383	1	641	7,936	-88	30			-0.7 #	
BAHRAIN	107	0		106	-1				-0.7 #	
FID INST SELECT EMERGING MARKE	14,643	2		15,236	593	25			4.2 #	
BERMUDA GLOBAL	1,063	0	482	1,532	-13	22			-0.2 #	
CHILE	364	0	42	366	-40				-11.0 #	
CAYMAN ISLANDS GLOBAL	1,564	0	255	1,965	146				9.2 #	
CHINA GLOBAL	3,808	0		4,164	357				11.1 #	
SOUTH AFRICA GLOBAL	1,365	0	345	1,914	204				18.5 #	
INDIA GLOBAL	383	0	300	691	8				3.6 #	
EGYPT	333	0		301	-32				-9.7 #	
COLOMBIA			314	277	-38				-12.0 #	
MIDDLE EAST/AFRICA EQUITY INDEX			221	218	-3				-1.5 #	
GLOBAL ADVANCED EMERGING MAF			4,297	4,295	-2				0.0 #	
GLOBAL POOLED INC UK	211,752	26	683,069	430,520	17,102	309	481,404	57	6.8	7.5
GLOBAL EQUITIES			679,341	244,798	5,945		440,488	52	-5.6 #	
TEMPLETON GLOBAL EQUITIES	85,605	11	3,729	93,209	3,876	309			4.9 #	
WORLD EQUITY INDEX	126,147	16		92,513	7,281		40,916	5	7.5	
TOTAL BONDS PLUS INDEX-LINKED	174,850	22	1		4,224		179,075	21	2.4	2.2
STANDARD LIFE GARS	64,063	8			815		64,878	8	1.3	
POOLED BONDS	110,787	14	1		3,409		114,196	13	3.1	2.2
CORPORATE BONDS	54,455	7			1,821		56,276	7	3.3	1.9
GLOBAL BOND FUND	56,332	7	1		1,587		57,920	7	2.8	2.6
CASH/ALTERNATIVES	105,264	13	683,077	679,386	1,794	11	110,749	13	1.7	3.1
TOTAL CASH	10,954	1	678,086	678,620	-305	11	10,115	1	-6.0	0.1
ALTERNATIVES	94,311	12	4,991	766	2,099		100,634	12	2.2	3.3
TOTAL INFRASTRUCTURE	27,094	3	1,895		-1,965		27,025	3	-7.1	2.9
EQUITIX PRIVATE EQUITY	27,094	3	1,895		-1,965		27,025	3	-7.1	
TOTAL PRIVATE EQUITY	35,951	4	3,095	766	2,931		41,211	5	7.9	4.4
PANTHEON PRIVATE EQUITY	26,412	3	3,095	470	1,384		30,422	4	5.0	
PANTHEON US FUND	2,471	0		145	83		2,409	0	3.5	
PANTHEON ASIA FUND	188	0		12	7		183	0	3.9	
PANTHEON EUROPE FUND	2,948	0		312	75		2,711	0	2.7	
PANTHEON - ASIA IV	2,848	0	324		353		3,525	0	11.7	
PANTHEON - EUROPE FUND VII	5,778	1	416		203		6,398	1	3.4	
PANTHEON USA FUND IX	6,660	1	266		425		7,351	1	6.3	
PANTHEON GLOBAL CO INVESTMEN	4,850	1	511		332		5,693	1	6.5	
PANTHEON - GLOBAL SECONDARY F	669	0	1,578		-94		2,152	0	-6.3	
KNIGHTSBRIDGE VENTURE CAPITAL	9,539	1		297	1,547		10,789	1	16.2	
TOTAL HEDGE FUNDS	31,265	4			1,133		32,398	4	3.6	2.6
HEDGE FUNDS	14,334	2			370		14,704	2	2.6	2.6
BLUECREST HEDGE FUND	16,931	2			763		17,694	2	4.5	

<i>TOTAL - EX. PROPERTY</i>	726,530	90	1,486,530	1,477,948	36,116	936	771,228	91	5.1	5.3
<i>U.K. PROPERTY</i>	78,264	10	6,871	7,137	1,134	484	79,131	9	2.0	3.0
<i>PROPERTY UNIT TRUSTS</i>	73,418	9	6,871	7,137	942	466	74,094	9	1.9	
<i>PROPERTY</i>	4,845	1			192	18	5,037	1	4.3	
<b>TOTAL ASSETS</b>	<b>804,794</b>	<b>100</b>	<b>1,493,400</b>	<b>1,485,086</b>	<b>37,250</b>	<b>1,420</b>	<b>850,359</b>	<b>100</b>	<b>4.8</b>	<b>5.0</b>

Detailed Analysis of the Latest Quarter Performance

LONDON BOROUGH OF CROYDON - TOTAL COMBINED

Periods to end March 2015

Benchmark - L B OF CROYDON BENCHMARK

Pound Sterling

Category - TOTAL ASSETS

This page analyses in detail the Fund performance over the latest period.

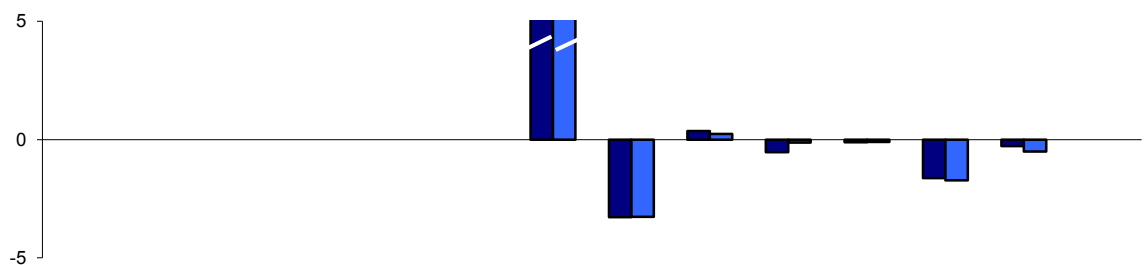
Summary

Fund Return	4.8
Benchmark Return	5.0
Relative Performance	-0.2
<b>attributable to:</b>	
Asset Allocation	0.2
Stock Selection	-0.5

The relative performance can be attributed to the effects of stock selection and asset allocation as detailed below:

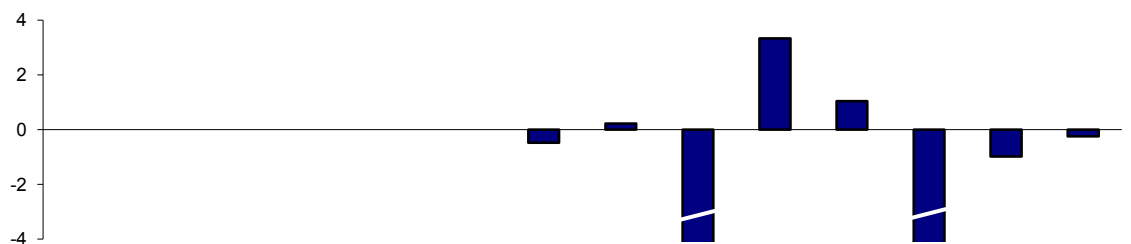
	Total Equity	Bonds + IL	Cash	Private Eq	Total Hedge	Infrastruc	Property	Total Fund
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Asset Allocation



Fund Start	55.5	21.7	1.4	4.5	3.9	3.4	9.7	100.0
Fund End	56.6	21.1	1.2	4.8	3.8	3.2	9.3	100.0
BM Start	50.0	25.0	1.0	5.0	4.0	5.0	10.0	100.0
BM End	51.1	24.3	1.0	5.0	3.9	4.9	9.8	100.0
Impact	0.1	0.1	-	-	-	-	-	0.2

Stock Selection



Fund	6.9	2.4	-6.0	7.9	3.6	-7.1	2.0	4.8
Benchmark	7.5	2.2	0.1	4.4	2.6	2.9	3.0	5.0
Impact	-0.3	0.1	-	0.2	-	-0.3	-0.1	-0.5