



Specialists in Investment Risk and Return Evaluation

Quarterly Risk and Return Analysis

Leicestershire County Council Pension Fund

Period ending 31st March 2020





Specialists in Investment Risk and Return Evaluation

Portfolio Evaluation Ltd Market Commentary Q1 2020 (Sterling)

Over the last few years we have commented on rising equity markets and positive asset class returns despite a slowing of global economic growth. Unfortunately the end of February 2020, despite new equity market highs early on, saw a 'black swan' event due to the global spread of coronavirus from China to the rest of the world resulting in havoc in investment markets towards the end of February and much of March. In equity markets nobody escaped. Global equities had their fastest decline ever and the cash market for riskier bonds, like in 2008, became illiquid. The oil price reached new lows and property companies were confronted with both rising financing costs and falling revenues as customers defaulted on paying rent. Even 'safe' government bonds initially only offered limited protection due to the dash for US cash and gold. It was only after both governments and central banks launched monetary and budgetary programs to protect companies and employees did some calm return to the markets and bank yields settled down and equity markets recovered a significant part of the negative returns. However lockdowns are impacting local economies hard as factory output and consumer demand falls due to concerns over jobs and the 'marketplace' not being open. The leisure sector will be impacted throughout 2020 as it will probably be the last are to be released from lockdown. Looking forwards market commentators are cautious as we are dependent on central banks and government policies and their support of health systems.







Specialists in Investment Risk and Return Evaluation

In terms of performance Japan was the best performing equity market. The UK equity market appears particularly hard hit but this is partly due to sterling weakness increasing non UK equity returns. Typically in market crashes we expect value stocks to outperform growth stocks but that has not been the case this time. The energy sector was the worst performer, due to the persistent drop in the oil price. Financials, facing a jump in non-performing loans and dividend payment cancellations plus commodity and property stocks were also bad performers. On the other hand, the healthcare sector and consumer staples, two key industries in this crisis, outperformed. Technology also did well; this sector is cash-rich and may benefit from structural trends enhanced by the current crisis.



Risk within asset classes and multi asset class portfolios will have increased as the risk levels between asset classes has increased as market risk has more than doubled and correlations between asset classes have increased. This is not unusual in these types of circumstances. However we would expect a decrease in volatility and correlations over the next six months as markets and the world stabilises.

For further information If you would like further information about the topics contained in this newsletter or would like to discuss your investment performance requirements please contact Nick Kent or Deborah Barlow Tel: +44 (0)1937 841434 (e-mail: nick.kent@portfolioevaluation.net) or visit our website at www.portfolioevaluation.net. Please note that all numbers, comments and ideas contained in this document are for information purposes only and as such are not investment advice in any form. Please remember that past performance is not a guide to future performance.





All returns for periods in excess of 1 year are annualised. The portfolio return is net.



Ex-Post Active Risk Analysis (%)



Ex-Post Active Risk measures the volatility of the actual excess returns achieved by the Portfolio/Fund.

Excess Return Consistency Analysis measures the frequency of the Portfolio/Fund's outperformance (Blue) and underperformance (Red) versus its benchmark, calcula ted using monthly (or quarterly if indicated) returns since inception

Attribution to Total Fund Excess Return Analysis Leicestershire County Council Pension Fund for Quarter Ended 31st March 2020

Market Value: £4.1bn



The Returns Summary details the Portfolio, Benchmark and Excess Returns. The Excess Returns are plotted. The Asset Allocation Summary details the weights held by the portfolio and benchmark in each asset class/manager. The green plots are the over/underweight excess return is the Vertage are benchmark in each asset class/manager. The green plots are the over/underweight excess return is the Vertage are benchmark in a Excess Returns. The Asset Allocation Summary details the weights held by the portfolio and benchmark in each asset class/manager. The green plots are the over/underweight excess returns of the Total Fund. It is broken down into Asset Allocation (how successful the decision to over/underweight each asset class was) and then into Stock Selection (how well each manager/s decisions have performed). The Asset Allocation plus the Stock Selection excess returns are all additive and equal the Total Excess Return of the Fund.

P O R T <mark>F O L I O</mark> E V A L U A T I O N

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Attribution to Total Equity Fund Excess Return Analysis Leicestershire County Council Pension Fund for Quarter Ended 31st March 2020

Market Value: £4.1bn



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Attribution to Total Real Income Fund Excess Return Analysis Leicestershire County Council Pension Fund for Quarter Ended 31st March 2020

Market Value: £4.1bn



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Attribution to Total Alternative Fund Excess Return Analysis Leicestershire County Council Pension Fund for Quarter Ended 31st March 2020

Market Value: £4.1bn



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Market	Value	£4 1hn	

						QTR		Y	ear To Da	ite		1 Year			3 Year	Since Inception			
	Benchmark	Incep Date	Market Value (£m)	Weight %	PF	вм	ER	PF	BM	ER	PF	BM	ER	PF	вм	ER	PF	вм	ER
Total Equity Fund	Client Weighted Index	Mar-16	1,749.4	42.2	-22.4	-18.0	-4.3	-12.8	-9.3	-3.5	-12.8	-9.3	-3.5	-0.5	1.1	-1.6	6.4	6.6	-0.3
Total Equity Fund ex Hedge	Client Weighted Index	Mar-16	1,680.6	40.6	-19.6	-17.3	-2.3	-11.5	-8.8	-2.7	-11.5	-8.8	-2.7	-0.9	0.5	-1.4	6.5	7.6	-1.0
L&G Total Passive Equity Fund	Client Weighted Index	Mar-16	1,221.2	29.5	-19.9	-20.2	0.3	-11.5	-11.9	0.4	-11.5	-11.9	0.4	-0.8	-0.9	0.1	6.4	6.3	0.1
L&G UK Equity Fund	FTSE All Share Index	Dec-13	280.7	6.8	-24.9	-25.1	0.2	-18.0	-18.5	0.5	-18.0	-18.5	0.5	-4.1	-4.2	0.1	1.4	1.4	0.1
L&G North American Equity Fund	Client Specific Index	Dec-13	461.7	11.1	-18.5	-19.0	0.5	-8.0	-8.5	0.6	-8.0	-8.5	0.6	1.9	1.6	0.2	10.5	10.5	0.0
L&G Japanese Equity Fund	FTSE All World Japan Index	Dec-13	95.8	2.3	-11.0	-11.0	0.0	-2.2	-2.1	-0.1	-2.2	-2.1	-0.1	1.4	1.4	0.0	7.7	7.8	-0.
L&G European Equity Fund	Client Specific Index	Dec-13	217.9	5.3	-20.7	-20.8	0.1	-12.4	-12.6	0.1	-12.4	-12.6	0.1	-2.6	-2.5	-0.1	3.8	3.5	0.3
L&G Pacific Ex Japan Equity Fund	FTSE Developed Asia Pacific Ex. Japan Index	Mar-13	96.1	2.3	-21.3	-21.3	0.0	-17.7	-17.6	-0.1	-17.7	-17.6	-0.1	-4.3	-4.2	-0.1	3.8	4.0	-0.
L&G Emerging Markets Equity Fund	MSCI Emerging Markets Index	Dec-13	69.0	1.7	-18.2	-18.3	0.2	-12.4	-13.2	0.8	-12.4	-13.2	0.8	-1.1	-1.0	-0.2	5.0	4.8	0.2
LGPS Global Active Equity Fund	FTSE All World Index	Feb-19	307.3	7.4	-18.8	-15.9	-2.9	-9.5	-6.2	-3.3	-9.5	-6.2	-3.3				-10.0	-4.5	-5.
LGPSC Central Emerging Market Active fund	FTSE All World Emerging Markets Index	Jul-19	152.2	3.7	-18.1	-19.0	0.9										-18.2	-18.5	0.2
LGPSC Central Multi Factor Fund	FTSE AW Climate Balanced																		
Kames Currency Hedge Fund	LIBOR 1 Month	Mar-16	68.8	1.7	-120.7	0.1	-120.8	-150.3	0.7	-151.0	-150.3	0.7	-151.0	-196.0	0.6	-196.5	-176.3	0.5	-176
Total Private Equity Fund	FTSE All World Index	Mar-16	246.1	5.9	-0.3	-15.9	15.7	11.1	-6.2	17.4	11.1	-6.2	17.4	11.3	2.2	9.1	14.6	9.2	5.4
Private Equity Fund (Adams, LGPSC, Catapult)	FTSE All World Index	Jan-20	225.7	5.4	-0.3	-15.9	15.6										-0.3	-15.9	15.
Aberdeen Standard Private Equity Fund	Absolute Return +7.5%	Sep-19	20.4	0.5	0.0	1.8	-1.8										6.9	3.7	3.3
Total Real Income Fund	Client Weighted Index	Mar-16	1,114.3	26.9	0.6	0.3	0.3	2.7	2.6	0.1	2.7	2.6	0.1	5.0	4.6	0.4	8.4	6.1	2.3
Total Inflation-Linked Fund	Client Weighted Index	Dec-19	282.8	6.8	2.4	1.6	0.7										2.4	1.6	0.7
Kames Capital Index-Linked Fund	FTSE All Stocks Index Linked Index	Dec-13	282.8	6.8	2.4	1.6	0.7	2.8	2.2	0.6	2.8	2.2	0.6	3.0	2.7	0.3	10.9	10.4	0.5
Total Infrastructure Fund	LIBOR 1 Month + 4%	Dec-19	431.2	0.0	1.7	1.1	0.6										1.7	1.1	0.0
JPMorgan Infrastructure Fund	LIBOR 1 Month + 4%	Jun-16	90.9	2.2	3.7	1.1	2.6	7.0	4.7	2.3	7.0	4.7	2.3	2.9	4.6	-1.7	5.1	4.5	0.5
IFM Global Infrastructure Fund	LIBOR 1 Month + 4%	Dec-13	103.6	2.5	-1.8	1.1	-2.9	8.0	4.7	3.3	8.0	4.7	3.3	12.0	4.6	7.4	14.5	6.5	8.0
KKR Global Infrastructure Fund	LIBOR 1 Month + 4%	Mar-16	76.0	1.8	13.0	1.1	11.9	31.8	4.7	27.1	31.8	4.7	27.1	15.4	4.6	10.8	22.2	4.5	17.
Stafford Timberland Fund	LIBOR 1 Month + 4%	Mar-16	144.9	3.5	-0.3	1.1	-1.5	0.0	4.7	-4.7	0.0	4.7	-4.7	0.5	4.6	-4.1	3.8	4.5	-0.
Infracapital Infrastructure Fund	Absolute Return +7.5%	Nov-17	15.8	0.4	-13.2	1.8	-15.1	-10.0	7.5	-17.5	-10.0	7.5	-17.5				3.7	7.5	-3.
Total Property Fund	IPD UK Monthly Property Index (GBP)	Mar-16	400.2	9.7	-1.9	-1.3	-0.6	-0.9	0.1	-1.1	-0.9	0.1	-1.1	5.7	5.6	0.1	6.2	5.1	1.1
Colliers Pooled Property	IPD UK Monthly Property Index (GBP)	Mar-16	29.3	0.7	-3.6	-1.3	-2.4	-2.9	0.1	-3.0	-2.9	0.1	-3.0	5.5	5.6	-0.1	3.7	5.1	-1.4
Colliers Direct Property Fund	IPD UK Monthly Property Index (GBP)	Mar-16	96.8	2.3	-2.4	-1.3	-1.2	-2.9	0.1	-3.1	-2.9	0.1	-3.1	3.7	5.6	-1.9	5.0	5.1	-0.
Aviva Property Fund	IPD UK Monthly Property Index (GBP)	Dec-13	203.5	4.9	-1.7	-1.3	-0.5	-0.4	0.1	-0.5	-0.4	0.1	-0.5	6.7	5.6	1.1	9.9	3.3	6.6
Kames Capital Property Fund	IPD UK Monthly Property Index (GBP)	Mar-16	24.4	0.6	-2.5	-1.3	-1.2	-1.5	0.1	-1.7	-1.5	0.1	-1.7	5.3	5.6	-0.3	6.2	6.6	-0.
Kames Capital II Property Fund	IPD UK Monthly Property Index (GBP)	Nov-16	46.2	1.1	-0.8	-1.3	0.5	1.4	0.1	1.2	1.4	0.1	1.2	5.4	5.6	-0.1	5.8	6.1	-0.2
Total Alternatives Fund	Client Weighted Index	Mar-16	1.003.8	24.2	-4.4	0.5	-4.9	0.7	4.2	-3.5	0.7	4.2	-3.5	1.4	4.2	-2.8	3.9	4.7	-0.
Total Targeted Return Fund	LIBOR 1 Month + 4%	Apr-16	465.6	11.2	-3.4	1.1	-4.5	3.2	4.7	-1.5	3.2	4.7	-1.5	1.1	4.6	-3.5	2.6	4.5	-2.
Aspect Capital Partners Fund	LIBOR 1 Month + 4%	Dec-13	145.9	3.5	0.8	1.1	-0.3	12.1	4.7	7.4	12.1	4.7	7.4	2.8	4.6	-1.8	5.8	4.5	1.3
Pictet Fund	LIBOR 1 Month + 4%	Sep-15	151.8	3.7	-10.0	1.1	-11.1	-5.8	4.7	-10.5	-5.8	4.7	-10.5	-1.6	4.6	-6.1	1.9	4.6	-2.
Ruffer Fund	LIBOR 1 Month + 4%	Dec-13	167.8	4.0	-0.4	1.1	-1.5	6.0	4.7	1.3	6.0	4.7	1.3	2.2	4.6	-2.4	5.0	4.5	0.5
EnTrustPermal Fund	LIBOR 1 Month + 4%	Apr-07	0.2	0.0	6.5	1.1	5.4	13.6	4.7	8.9	13.6	4.7	8.9	-10.9	4.6	-15.5	0.9	3.1	-2.
Total Emerging Market Debt Fund	LCC - Ashmore EMM Debt	Dec-19	94.5	2.3	-17.0	-6.4	-10.6										-17.0	-6.4	-10.
Ashmore Emerging Markets Debt Fund	LCC - Ashmore EMM Debt	Jan-14	94.5	2.3	-16.3	-6.4	-9.9	-13.9	-1.7	-12.2	-13.9	-1.7	-12.2	-3.9	0.7	-4.6	5.4	3.9	1.5
Total Investment Grade Credit	LIBOR 1 Month + 4%		00																
Total Liquid Multi Asset Credit	LIBOR 1 Month + 4%	Dec-19	28.4	0.7	0.0	1.1	-1.1										0.0	1.1	-1.1
JPMorgan Global Credit Fund	LIBOR 1 Month + 4%	Apr-15	28.4	0.7	0.0	1.1	-1.1	3.6	4.7	-1.0	3.6	4.7	-1.0	2.7	4.6	-1.9	2.8	4.5	-1.3
Total Global Credit Private Debt	Client Weighted Index	Dec-19	415.3	10.0	-2.5	1.2	-3.7										-2.5	1.2	-3.
Christofferson Robb & Company Fund	Absolute Return +7.5%	Dec-17	49.8	1.2	5.9	1.8	4.1	14.0	7.5	6.6	14.0	7.5	6.6				14.9	7.5	7.4
M&G DOF Fund	LIBOR 1 Month + 4%	Mar-16	88.0	2.1	-1.9	1.1	-3.1	1.9	4.7	-2.8	1.9	4.7	-2.8	3.0	4.6	-1.6	7.2	4.5	2.6
Partners Group Private Debt Fund	LIBOR 1 Month + 4%	Mar-16	277.5	6.7	-4.2	1.1	-5.3	-0.9	4.7	-5.6	-0.9	4.7	-5.6	2.0	4.6	-2.6	3.1	4.5	-1.
Cash Fund	LIBOR 1 Month	Mar-16	30.0	0.7	0.3	0.1	0.1	3.4	0.7	2.7	3.4	0.7	2.7	1.4	0.6	0.8	1.2	0.5	0.6
Leicestershire County Council Pension Fund ex Hedge (Gross		Mar-16	4,074.9	98.3	-9.9	-7.9	-2.0	-3.6	-1.9	-1.7	-3.6	-1.9	-1.7	1.9	2.9	-1.0	7.0	6.8	0.3
Leicestershire County Council Pension Fund (Gross)	Client Weighted Index	Mar-16	4,143.7	100.0	-11.3	-8.4	-2.8	-4.1	-2.3	-1.8	-4.1	-2.3	-1.8	2.1	2.5	-0.4	6.9	6.4	0.5
Leicestershire County Council Pension Fund ex Hedge (Net)	Client Weighted Index	Mar-16	4,074.9	98.3	-9.9	-7.9	-2.0	-3.9	-1.9	-2.0	-3.9	-1.9	-2.0	1.5	2.9	-1.4	6.7	6.8	-0.1
Leicestershire County Council Pension Fund (Net)	Client Weighted Index	Mar-16		100.0	-11.2	-8.4	-2.8	-4.3	-2.3	-2.0	-4.3	-2.3	-2.0	1.8	2.5	-0.7	6.5	6.4	0.1
	CLIENT SPECIFIC:			F	PF = Portfolio	Return B	M = Benchma	rk Return	ER = Excess	Return									
1	ULIENT SPECIFIC:							Q1 2020: T									new pools ar		Is have
	7.00% FTSE All Share	2.50% Ashmore Specific Index ceased. Civen this, the longer term attribution is now longer available as the interpretation of this would be quite misleading give restructuring.																	
	6.50% FTSE AW North America 70% GBP Hedged			ly Property Inde	эх			Net & Gross	- Currently v	ve have not re	ceived all the	necessary m	anager data to	complete this	, therefore pl	ease use with	caution. If you	require add	tional
Total Fund Benchmark	6.50% FTSE RAFI AW 3000 North America 70% GBP Hedged	7.50% F	TSE All Stocks	Index Linked					-case cuilidCl										

% FTSE AW North America 70% GBP Hedged 7.50% FTSE All Stocks Index Linked 6.50% FTSE RAFI AW 3000 North America 70% GBP Hedged 2.50% FTSE Developed Europe Ex UK 70% GBP Hedged 6.00% MSCI EMM 50% GBP Hedged 2.50% FTSE RAFI 3000 Developed Europe Ex UK 70% GBP Hedged 8.00% FTSE All World 70% GBP Hedged 2.50% FTSE AW Japan 70% GBP Hedged 2.50% FTSE Developed Asia Pacific Ex Japan 50% GBP Hedged 4.00% FTSE All World 32.00% Libor 1 Month +4%

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Adams Street: Data is on a 4 month lag Cataput: Data is on a quarterly lag JP Morgan: Awaiting data. Christofferson 8 Entrust have been lagged by 1 month wile awaiting data

PORTFOLIO EVALUATION

Total Fund Reconciliation Leicestershire County Council Pension Fund for Quarter Ended 31st March 2020

Market Value: £4.1bn

		31st December 2019		Total	31st March 2020			
	Market Val	Exposure	Net Exp	Gain/Loss	Market Val	Exposure		
	(£000s)	(%)	(%)	(£000s)	(£000s)	(%)		
Total Equity	2,140,664	46.1	3.6	-476,966	1,749,423	42.2		
Total Equity Ex Hedge	2,086,697	44.9	2.9	-411,794	1,680,628	40.6		
Total Passive Equity -L&G	1,522,268	32.8	17.3	-306,823	1,221,170	29.5		
UK Equities	345,561	7.4	3.9	-84,290	280,697	6.8		
North American Equities	598,097	12.9	6.9	-108,738	461,669	11.1		
Japanese Equities	120,802	2.6	1.4	-13,559	95,798	2.3		
European Equities	252,462	5.4	2.9	-51,651	217,924	5.3		
Pacifix ex Japan Equities	118,214	2.5	1.3	-27,756	96,129	2.3		
Emerging Markets Equities	87,132	1.9	0.9	-20,829	68,953	1.7		
LGPSC Global	378,627	8.2	0.6	-71,358	307,268	7.4		
LGPS Central Emerging Markets Eq Active	185,803	4.0	0.0	-33,613	152,190	3.7		
LGPS Central Multi Factor Fund	0	0.0	-15.0	0	0	0.0		
Kames Other (Currency Hedge)	53,967	1.2	0.7	-65,172	68,795	1.7		
Total Private Equity	246,783	5.3	0.6	-686	246,113	5.9		
Total Private Equity ex Aberdeen Standard	226,350	4.9	0.6	-686	225,680	5.4		
Aberdeen Standard	20,433	0.4	-0.1	0	20,433	0.5		
Total Real Income	1,160,306	25.0	0.2	1,396	1,114,278	26.9		
Total Inflation-Linked	329,534	7.1	2.1	3,290	282,824	6.8		
Kames Capital IL	329,534	7.1	2.1	3,290	282.824	6.8		
Total Infrastructure	421,516	9.1	-0.7	7,117	431,209	10.4		
	89,048	1.9	-0.6	3,295	90,894	2.2		
JPMorgan Infrastructure	105,438	2.3	0.0	-1,876	103,603	2.5		
IFM Global Infrastructure	65,928	1.4	-0.1		8,585 75,993			
KKR Infrastructure	142,845	3.1	0.1	-472	144,876	1.8 3.5		
Stafford Timberland	18,258	0.4	-0.1	-472	15,843	0.4		
Infracapital						9.7		
Total Property	409,256	8.8	-1.2	-9,011	400,245	-		
Colliers Indirect Pooled Property	30,412	0.7	-0.2	-1,102	29,310	0.7		
Colliers Direct Property	99,275	2.1	-0.5	-2,430	96,845	2.3 4.9		
La Salle Aviva	207,045	4.5	-0.5		-3,575 203,470			
Kames Capital I	25,318	0.5	0.0	-878	24,440	0.6		
Kames Capital II	47,206	1.0	0.0	-1,025	46,180	1.1		
Total Alternatives	1,052,794	22.7	-4.0	-46,146	1,003,824	24.2		
Total Targeted Return	481,475	10.4	2.9	-16,263	465,587	11.2		
Aspect Capital Partners	144,279	3.1	-0.4	1,213	145,867	3.5		
Pictet	168,627	3.6	-0.4	-16,852	151,775	3.7		
Ruffer	168,406	3.6	3.6	-635	167,770	4.0		
Entrust Permal	164	0.0	0.0	11	174	0.0		
Total Emerging Market Debt	113,751	2.4	-0.1	-19,334	94,544	2.3		
Ashmore EMM Debt	113,751	2.4	-0.1	-19,334	94,544	2.3		
Total Investment Grade Credit	0	0.0	-3.0	0	0	0.0		
Liquid Multi Asset Credit	28,353	0.6	-3.4	0	28,353	0.7		
JPMorgan Global Credit	28,353	0.6	0.1	0	28,353	0.7		
Total Global Credit Private Debt	429,215	9.2	-1.2	-10,550	415,340	10.0		
Christofferson	49,755	1.1	0.1	2,758	49,752	1.2		
M&G	97,606	2.1	-0.4	-1,896	88,048	2.1		
Partners Group Private Debt	281,853	6.1	-0.9	-11,411	277,540	6.7		
	340,665	7.3	7.3	0	0	0.0		
Millenium Currency (gain/loss not mk value)	44,919		0.5	0	30,030			
Cash		1.0		-		0.7		
Leicestershire County Council Pension Fund ex Hedge Leicestershire County Council Pension Fund	4,591,499 4,645,465	98.8	0.2	-457,231 -522,402	4,074,873 4,143,668	98.3 100.0		