

Staffordshire Pension Fund

Annual General Meeting

12 November 2019

Tim Byford & Melanie Stokes



Staffordshire Pension Fund

Accounts for year ended 31 March

2019



Contributions and Benefits

	2017/18 £000	2018/19 £000
Contributions receivable	*232,391	157,136
Transfers in	12,531	12,737
Benefits payable	(171,205)	(182,326)
Transfers out	(15,294)	(19,704)
Net additions/(withdrawals) from dealing with members	58,423	(32,157)

*Includes £84.1m of employer deficit prepayments of which £59.4m related to future years

Management Expenses

	2017/18 £000	2018/19 £000
Administrative expenses	(2,383)	(2,190)
Investment management expenses	(13,355)	(16,512)
Oversight and Governance expenses	(1,012)	(1,741)
Total management expenses	(16,750)	(20,443)

Return on Investments

	2017/18 £000	2018/19 £000
Investment income	68,899	76,381
Change in the market value of investments	76,688	329,462
Net change in investments	145,587	405,843

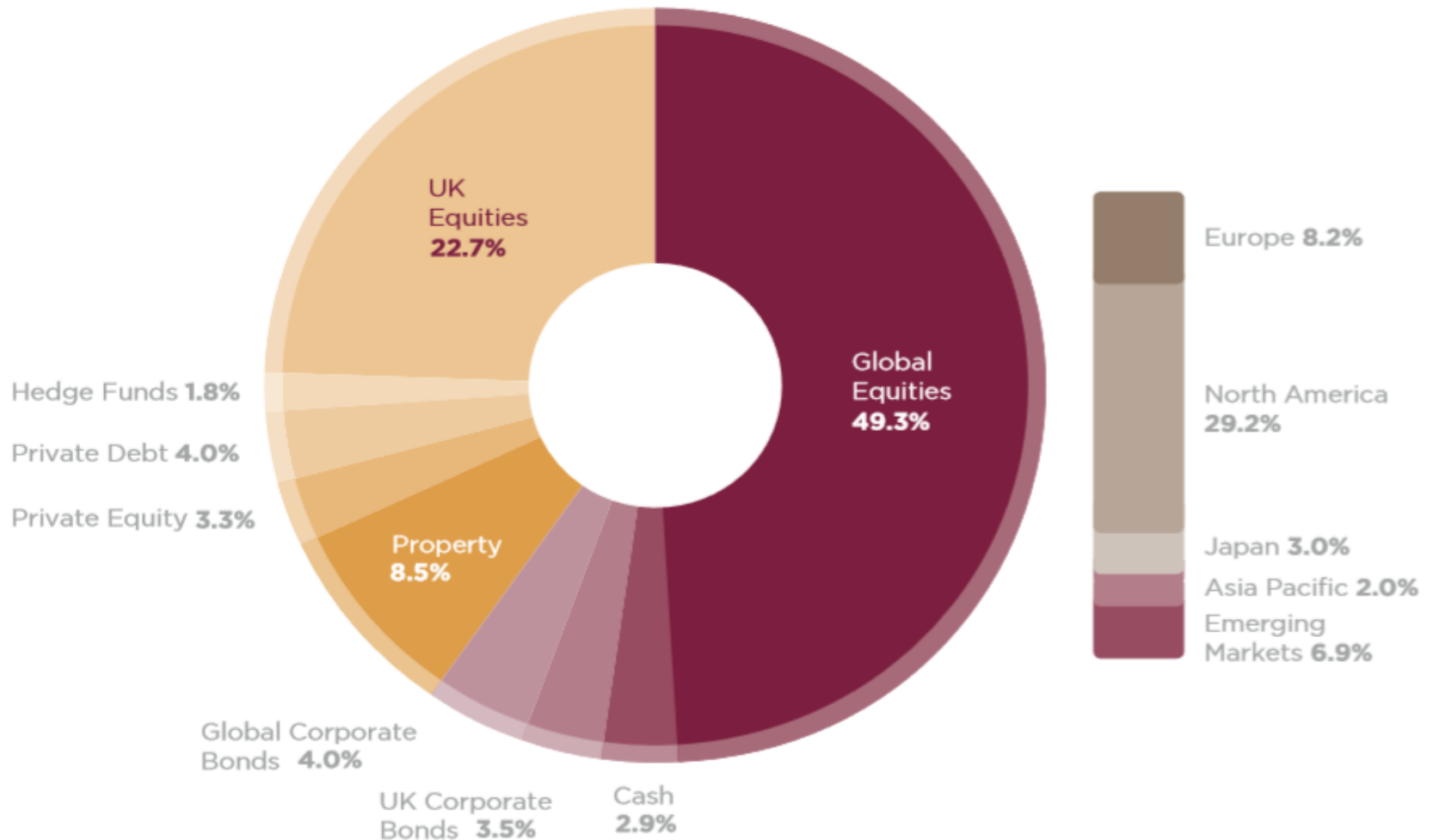
Net assets of the Fund

	2017/18 £000	2018/19 £000
Opening net assets of the Fund	4,590,513	4,777,773
Net increase in the Fund	187,260	353,243
Closing net assets of the Fund	4,777,773	5,131,016

Staffordshire Pension Fund 2018/19 Investment Update

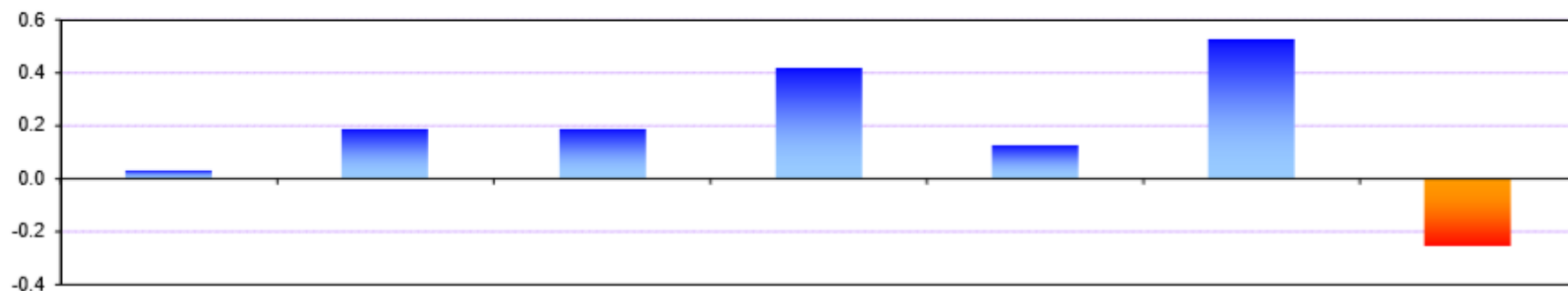


Percentage breakdown by asset class at 31 March 2019



Fund Performance at 31 March 2019

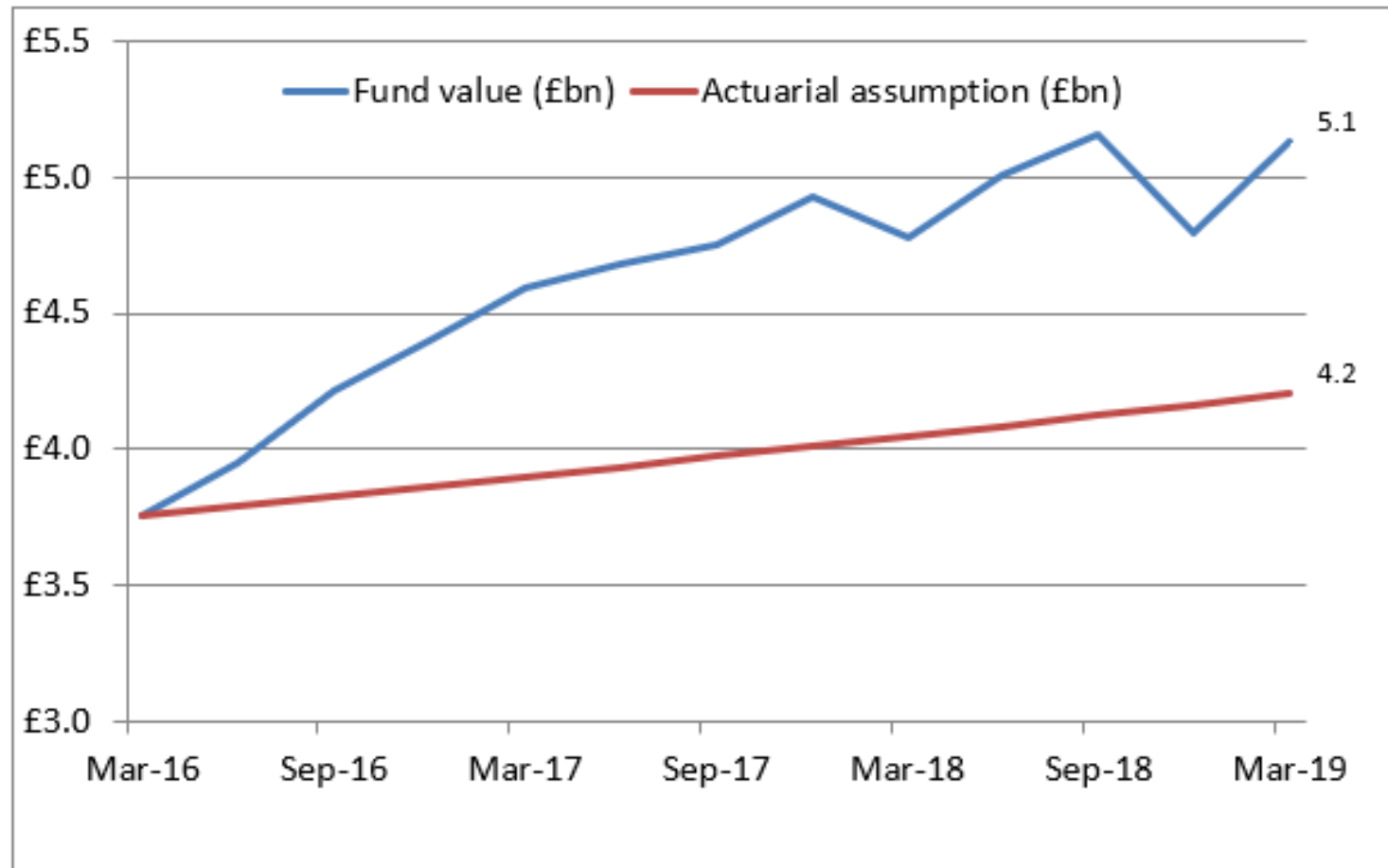
Excess Return Analysis (%)



	QTR	YTD	1 Yr	3 Yr	5 Yr	10Yr	Since Apr 95 (p.a.)
Excess Return	0.0	0.2	0.2	0.4	0.1	0.5	-0.3
Portfolio Return	6.9	8.1	8.1	11.1	9.3	11.8	8.0
Benchmark Return	6.9	7.9	7.9	10.7	9.2	11.3	8.2

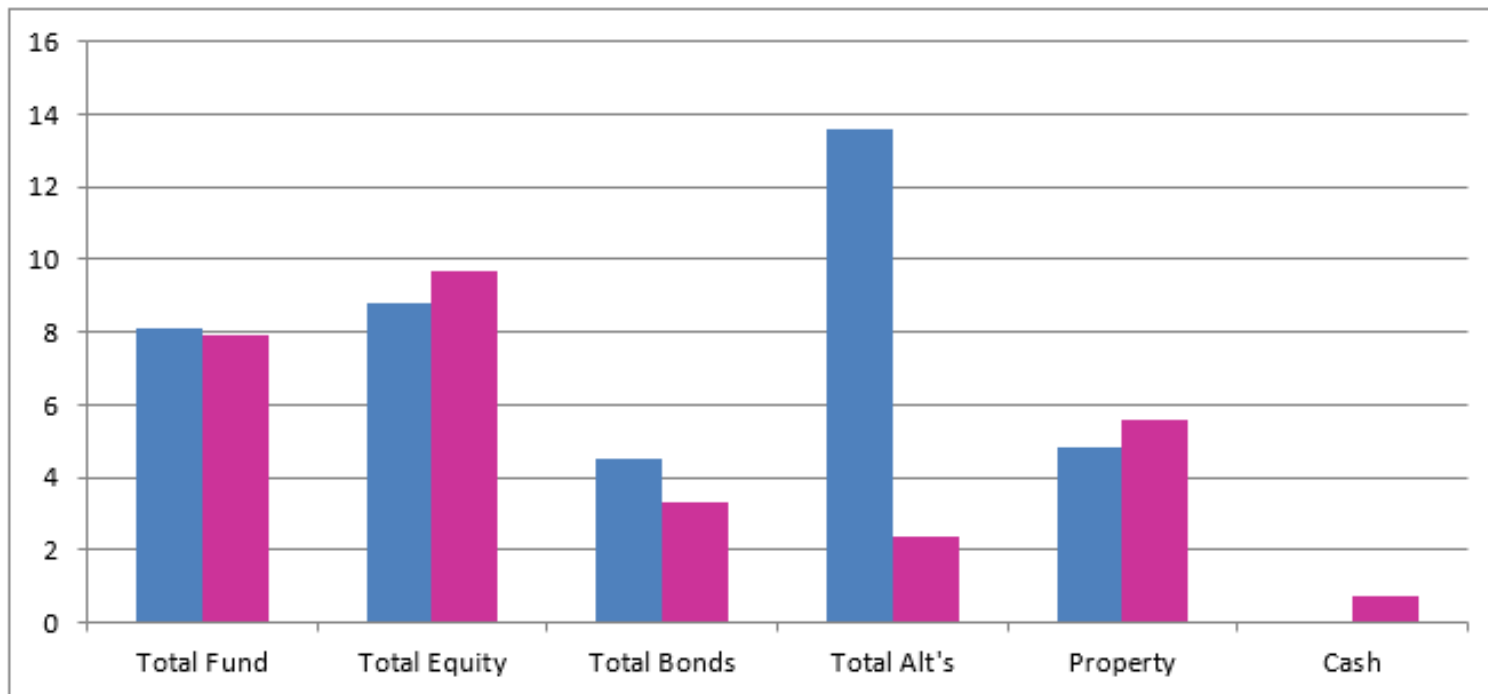
All returns for periods in excess of 1 year are annualised. The portfolio return is gross.

Performance versus actuarial assumption on investment returns (3.8%)



Analysis of 1 year returns at 31 March 2019

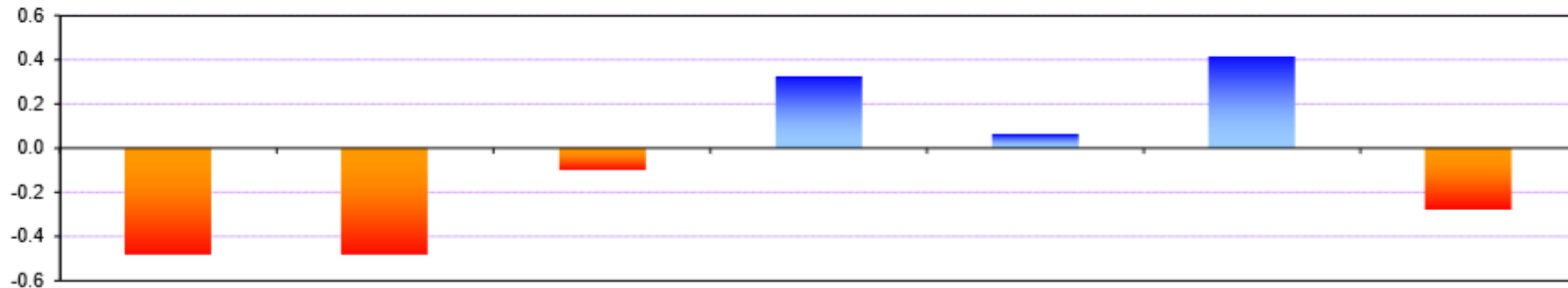
**Total Fund
Returns Summary
(%)**



Portfolio Return (%)	8.1	8.8	4.5	13.6	4.8	0.0
Benchmark Return (%)	7.9	9.7	3.3	2.4	5.6	0.7
Excess Return (%)	0.2	-0.9	1.2	11.2	-0.8	-0.7

Fund performance at 30 June 2019

Excess Return Analysis (%)



	QTR	YTD	1 Yr	3 Yr	5 Yr	10Yr	Since Apr 95 (p.a.)
Excess Return	-0.5	-0.5	-0.1	0.3	0.1	0.4	-0.3
Portfolio Return	3.5	3.5	6.6	10.2	9.6	11.4	8.0
Benchmark Return	4.0	4.0	6.7	9.9	9.6	11.0	8.3

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

The underperformance for the quarter ending June 2019 was driven by the stock selection of the Fund's equity managers. Performance numbers for quarter ending September 2019 not available yet (but imminent).

Strategic Asset Allocation at 30 September 2019

STRATEGIC BENCHMARK <u>CURRENT</u> (%) from 1 April 2019	
Fixed Income	18.0
UK Index-linked Gilts	6.5
Corporate Bonds	6.5
Private Debt	5.0
Equities	68.0
UK	12.5
Global	47.0
Factor Based Investment	5.0
Private Equity	3.5
Property	10.0
Alternatives	3.0
Infrastructure	1.0
Hedge Funds	2.0
Cash	1.0

STRATEGIC BENCHMARK <u>ACTUAL</u> at 30 September 2019 (%)	
Bonds	20.0
UK Index-linked Gilts	8.0
Corporate Bonds	7.7
Private Debt	4.3
Equities	69.1
UK	12.9
Global	52.7
Factor Based Investment	0.0
Private Equity	3.5
Property	8.2
Alternatives	1.7
Infrastructure	0.0
Hedge Funds	1.7
Cash	1.0

Recent & Ongoing Fund Activity

- A review of the Fund's Strategic Asset Allocation (SAA) in conjunction with the 2019 Actuarial Valuation. No room for significant de-risking away from equities, despite good recent returns.
- FBI and Infrastructure included in the new SAA (from April 2019).
- Divestment from an Emerging Market Equity fund and other minor structural changes.
- Further investment in Private Equity (including via LGPS Central) and Private Debt.
- Continued investment in Private Residential Property.
- The transition of 10.0% of the Fund's SAA (c£500m) into the LGPS Central Global Active Equity Fund.
- A transition of Corporate Bond assets in to LGPS Central due January 2020

Property transactions in the last 12 months

Purchases

- Revolution Park, Chorley (Industrial) £20.35m
- Hearthstone Residential Fund £10.97m to date (Private Residential Property)
- Interlink Park, Bardon, Leicestershire (Industrial) £17.30m
- Further capital investment in Birmingham New Street and Ashford Designer Outlet, Kent

Sales

- Meridian Business Park, Leicester £5.89m - (Industrial – under offer)

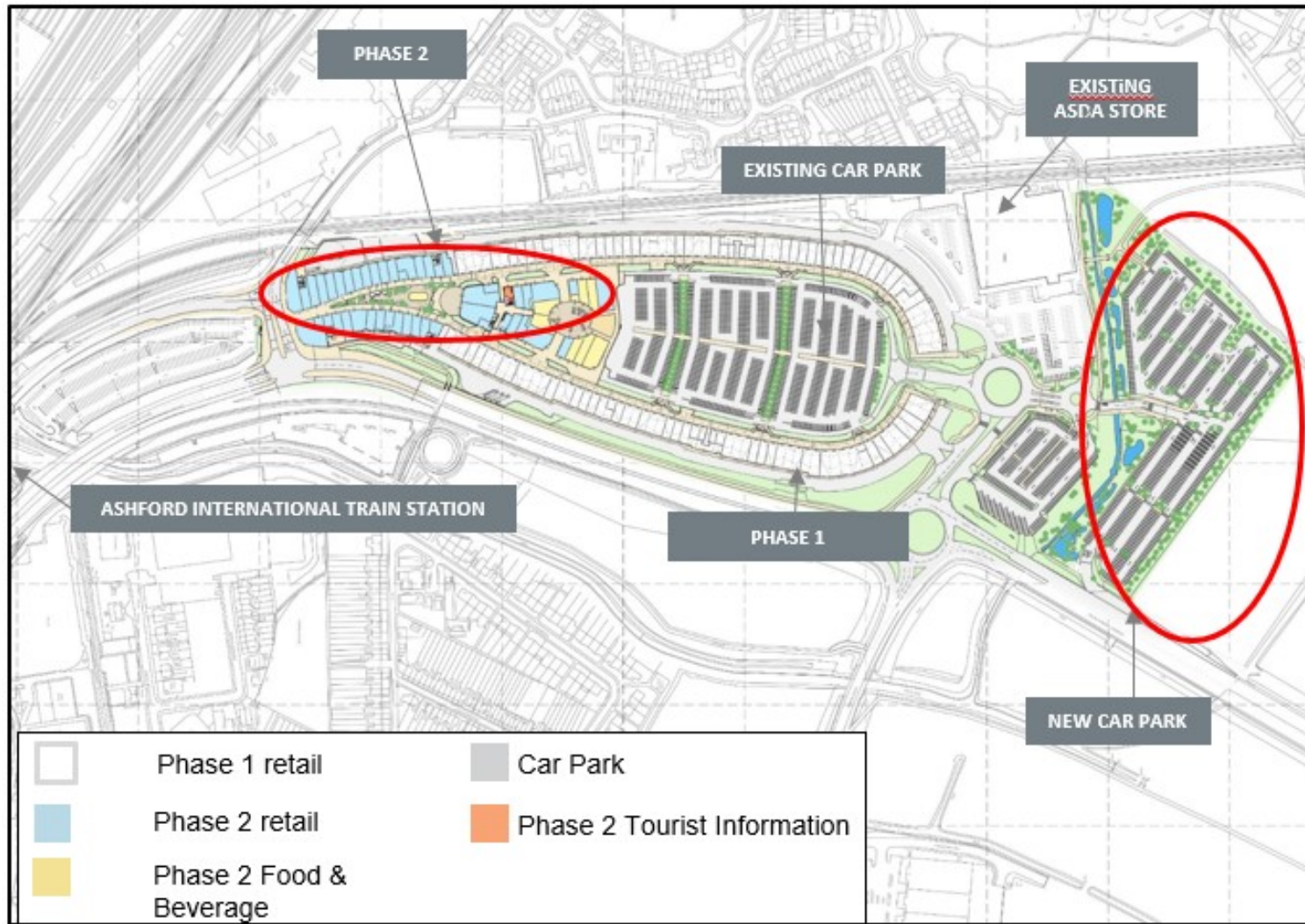
Revolution Park, Chorley



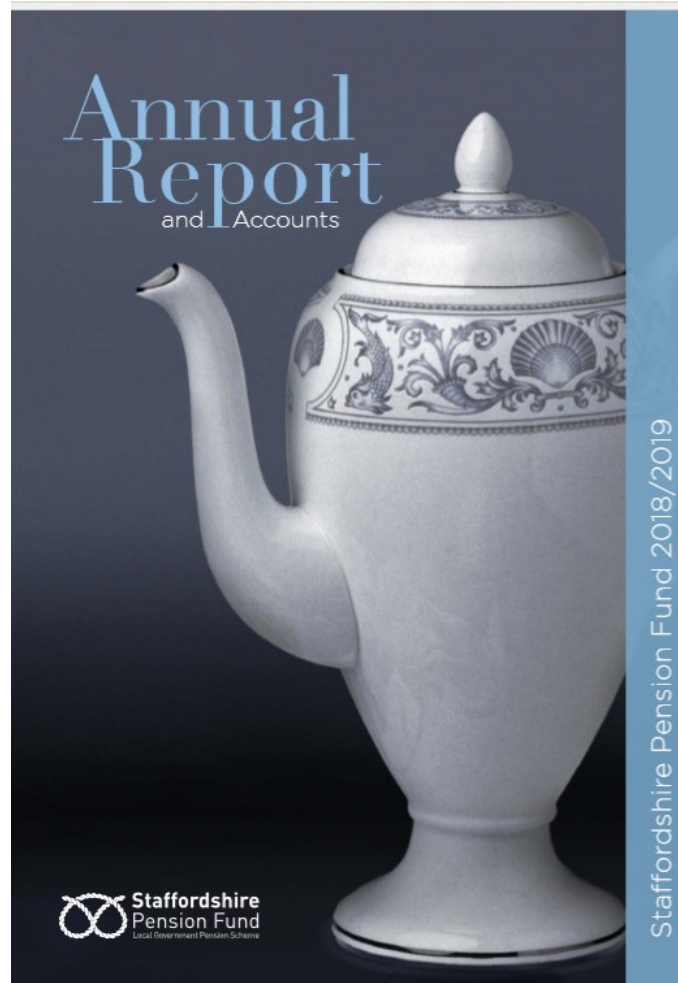
Interlink Park, Bardon, Leicestershire



Ashford Designer Outlet, Kent



More information on the Fund's investments and the latest accounts are available in the 2018/2019 Annual Report at www.staffspf.org.uk



Employer Engagement remains a key initiative for us

- Employer Focus Newsletter (monthly)
- Employer Focus Peer Group (quarterly)
- Employer Training Day (annual)
- Website – Employer Section now open - includes Fact Sheets and Processes – more to be developed.
- New Administration Strategy – September 2019 – details Employer Roles and Responsibilities
- New IDRPs Process – 2020 – SPF no longer a post box for Employers Stage 1's
- My Pensions Portal – 2020 launch – will need assistance from Employers.

**Please get involved and please continue
to help us to help you**

Thank you.

Any questions?