

# Croydon Council

<b>REPORT TO:</b>	<b>PENSION COMMITTEE</b> <b>10 March 2015</b>
<b>AGENDA ITEM:</b>	<b>10</b>
<b>SUBJECT:</b>	<b>Progress Report for Quarter Ended 31 December 2014</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 December 2014 was £804.8 million compared to £769.3 million at 30 September 2014, an increase of £35.5 million. The performance figures in this report have been provided by WM Company and are quoted gross 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>	

For general release

## **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 December 2014. 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 the Quarter Ended 31 December 2014**

Asset Class	Value at Asset class at Quarter		Performance relative to benchmark (%)		
	Quarter Ended 30/09/2014	Quarter Ended 31/12/2014	Return Made	Benchmark Return	Over/Under Performance
			(a)	(b)	(a-b)
Global Equities	434.3	452.1	5.6	4.5	1.1
Global Fixed Interest	169.9	174.8	2.9	3.8	-0.9
Fund of Hedge Funds	31.0	31.3	1.0	2.5	-1.5
Private Equity <sup>2</sup>	33.0	35.9	4.8	3.0	1.8
Property <sup>1</sup>	73.8	79.6	4.2	4.4	-0.2
Infrastructure	27.2	27.1	n/a	n/a	n/a
Cash <sup>3</sup>	0.1	3.9	n/a	0.1	n/a
<b>Fund Total</b>	<b>769.3</b>	<b>804.7</b>			

*Source: WM Returns*

All figures are rounded to the nearest one decimal place for clarity. Because of roundings figures may not cross-cast. The performance figures and benchmarks are weighted across the entire fund. Source: WM Returns.

Notes:

<sup>1</sup> The performance figure for property has been adjusted to exclude the Henderson HIP European property fund as it is considered transitional and an exemption notice is in place.

<sup>2</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>3</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 December 2014. 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**

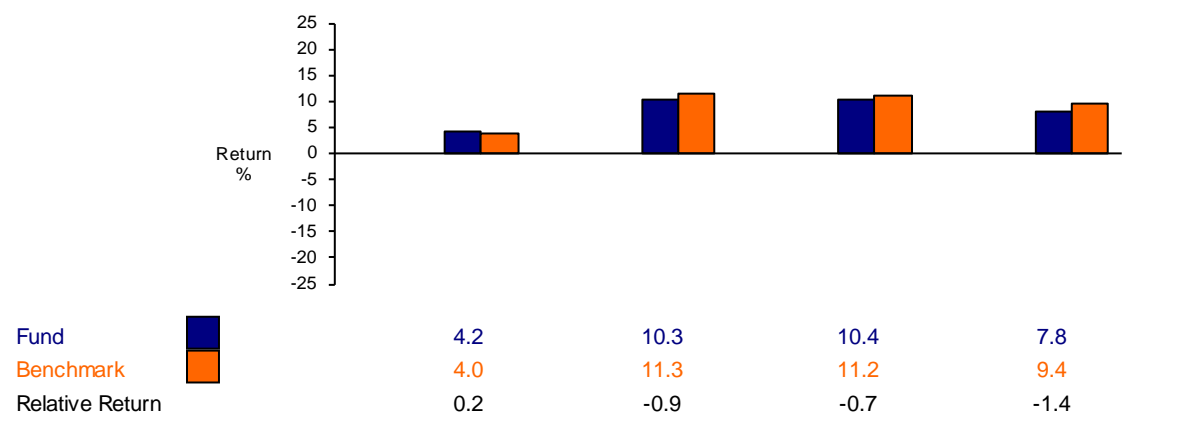
- 3.2 Following Committee approval to exclude direct investments in tobacco (Minute B04/14), the Director of Finance and Assets (Section 151 Officer) under previously delegated decision making powers (Minute A03/13) and in consultation with the Chairman has decided to invest in a segregated FTSE4Good tracker fund with Legal and General Investment Management (LGIM). The transition to FTSE4Good Global Equity Mandate is underway and should be completed by the 31<sup>st</sup> of March 2015.
- 3.3 The asset allocation strategy is currently under review and a revised strategy will be tabled for approval at the June 2015 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 4.2% outperforming 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 1.4% over the 5-year period to 0.7% over the 3 years. Further details of performance including

underlying asset classes and individual fund managers are provided in section 4 below.

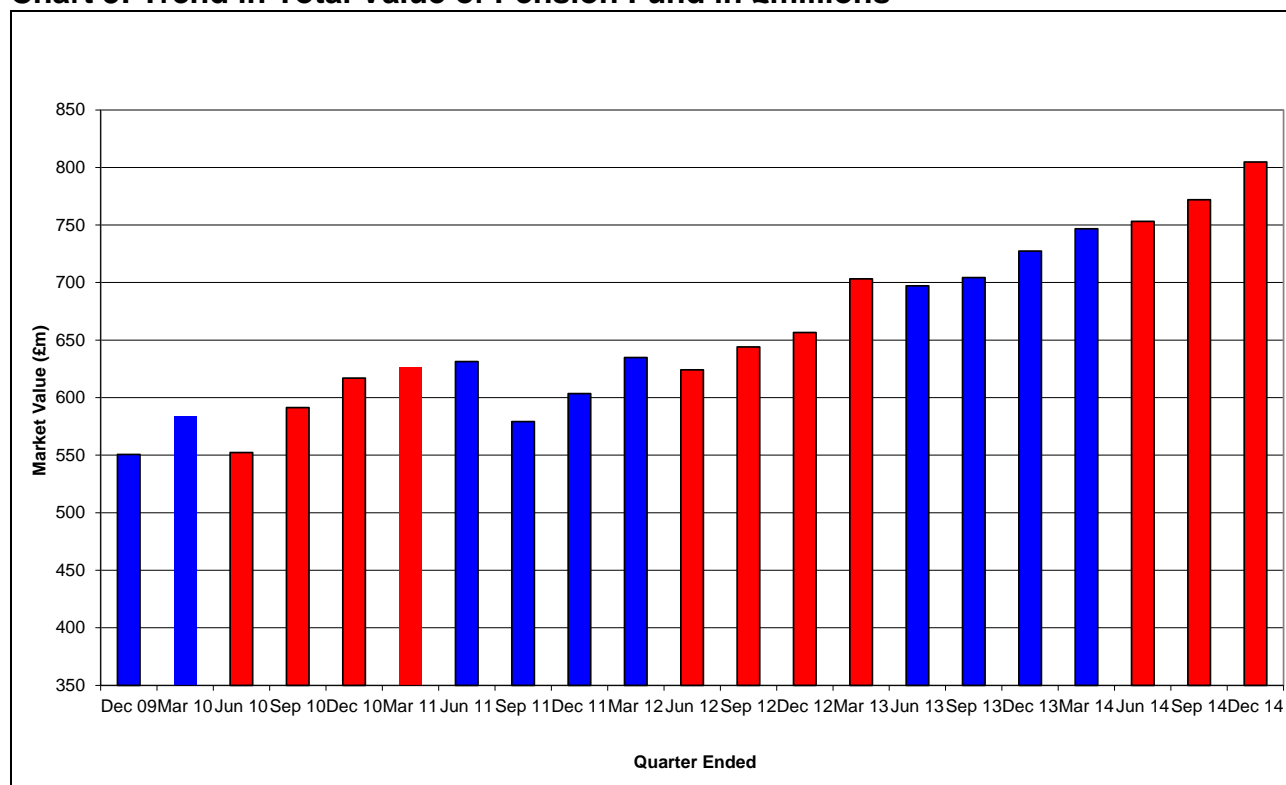
**Chart 2: Performance of the Pension Fund**



Source: WM Returns

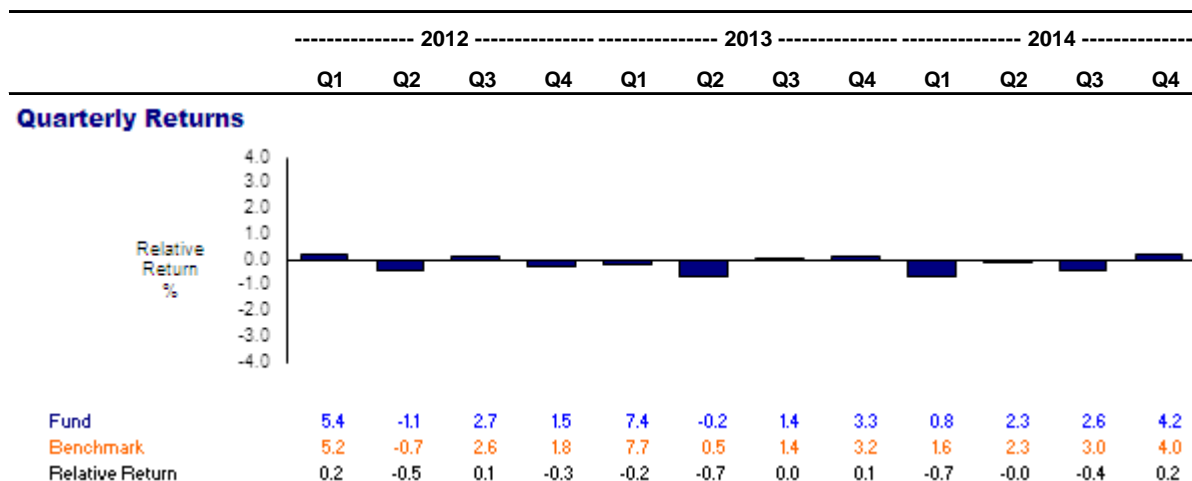
3.6 Chart 3 below details the movement in the Market Value of Fund on a quarter by quarter basis, over a 5-year period. The market value of the fund at the end of December 2014 was £804.8m, an increase of £35.5m over the previous quarter's valuation.

**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 December 2014 the Fund's return of 4.2% was 0.2% over the benchmark return. Stock selection and asset allocation equally contributed to performance over the quarter.

### Summary:

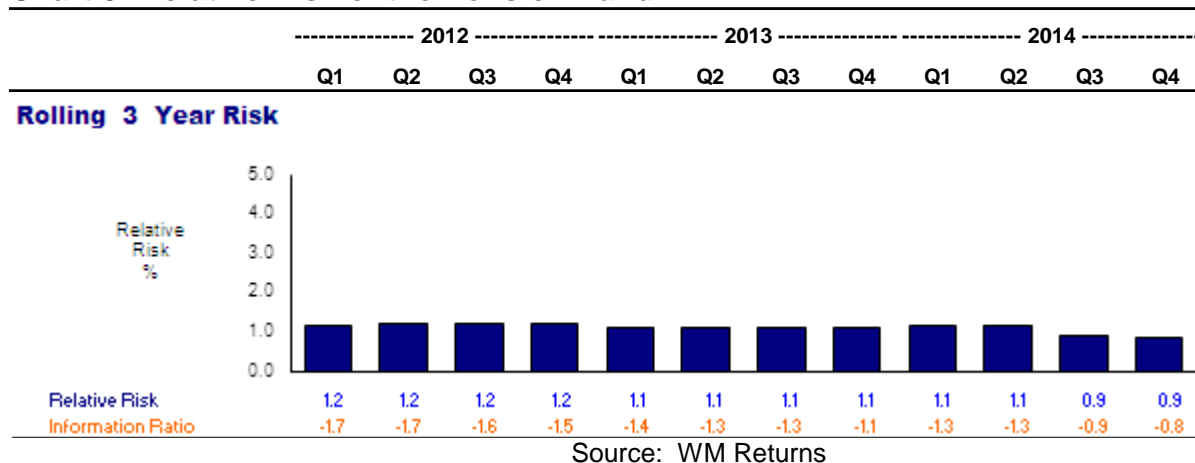
Fund Return	4.2
Benchmark Return	4.0
Relative Performance	0.2
<b>attributable to:</b>	
Asset Allocation	0.1
Stock Selection	0.1

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 included with the information ratio, a measure of manager skill in adding value over and above the benchmark.

## Chart 5: Relative Risk of the Pension Fund



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:

Top 10 Holdings Held in Fund	Value (£m)	Weight %
ROCHE HLDG	4.90	0.61%
APPLE INC	4.61	0.57%
ADOBE SYSTEMS INC	4.42	0.55%
SYNGENTA AG	4.12	0.51%
DANAHER CORP	3.60	0.45%
CITIGROUP INC	3.25	0.40%
SIGNATURE BANK	3.21	0.40%
ATHENAHEALTH INC	3.07	0.38%
UNITE UK STUDENT ACCOMODATION	2.99	0.37%
SGS SA	2.99	0.37%

Source: BNYM Workbench

Note that these equities may be held by more than one of the fund managers.

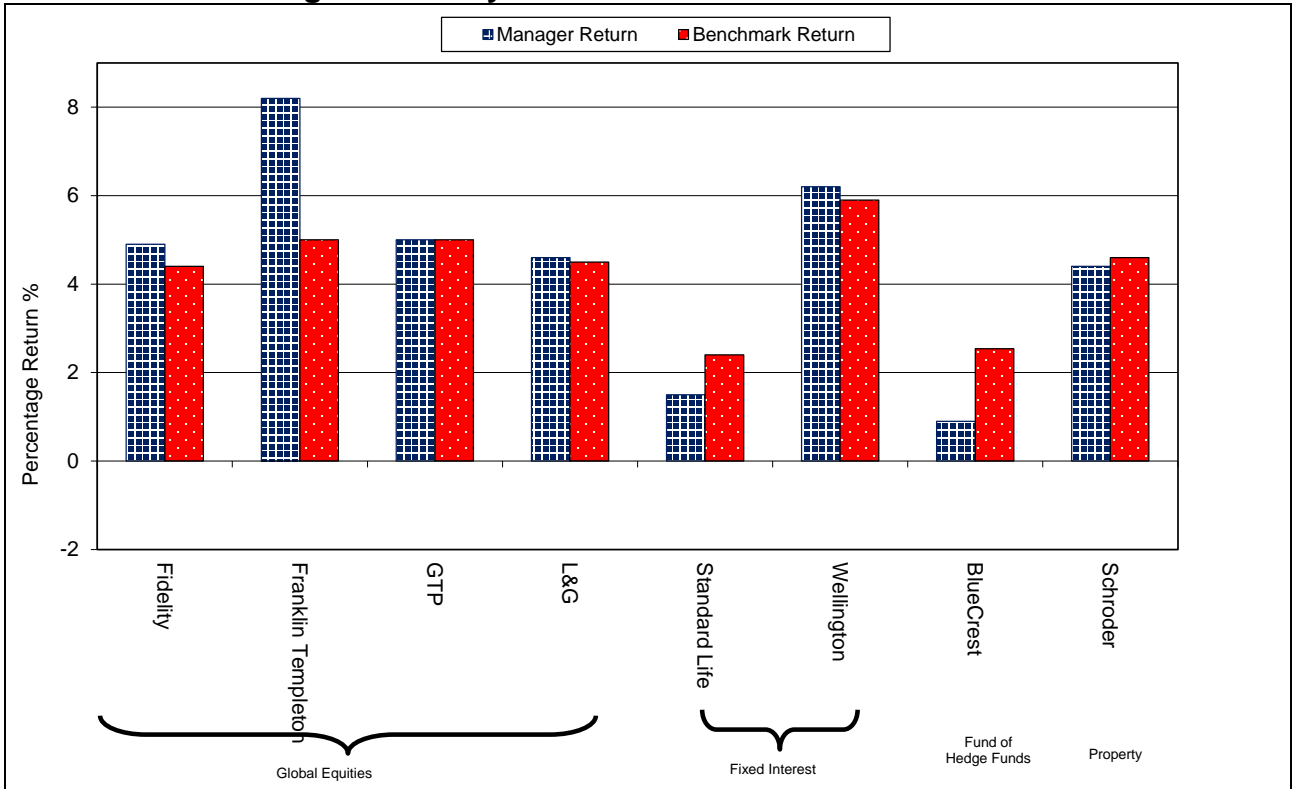
## 4 FUND MANAGER PERFORMANCE

### Summary

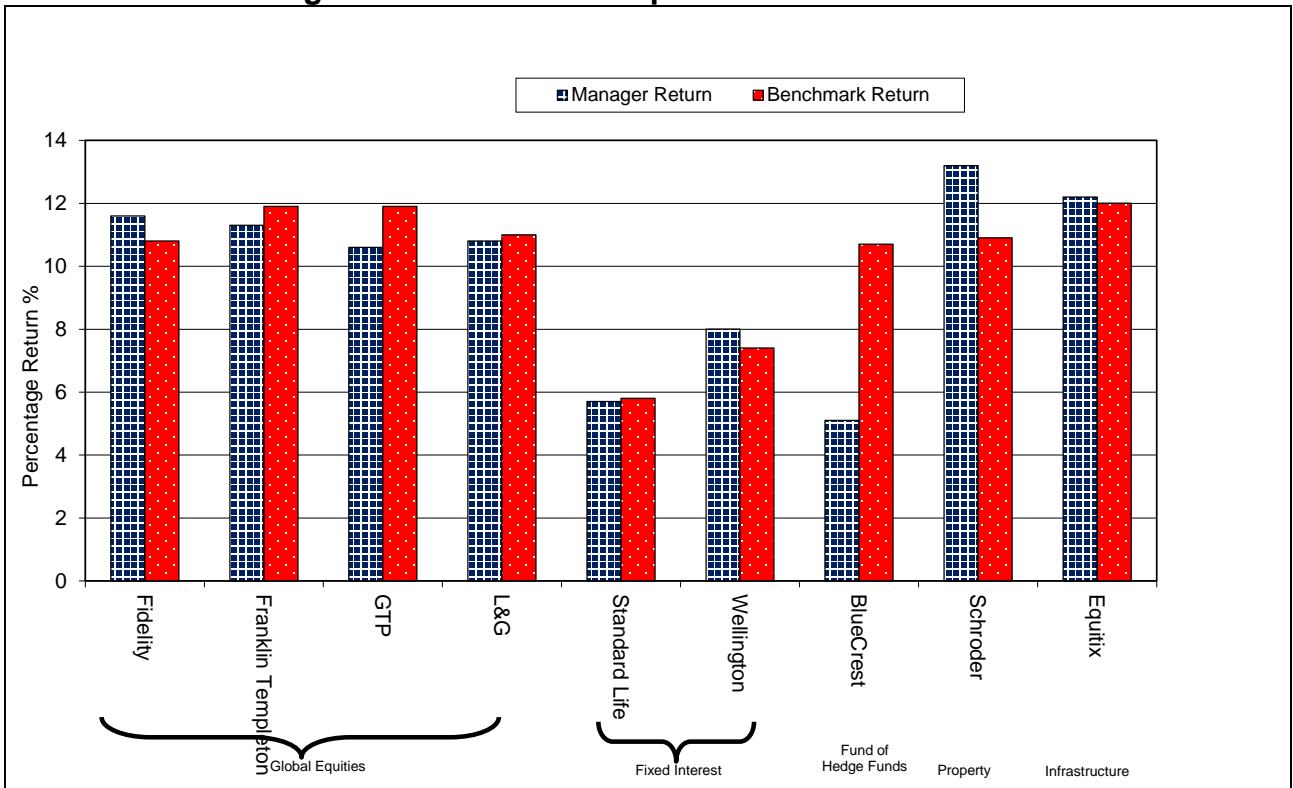
4.1 Appendix A details the market value and performance over the quarter and since inception for each fund manager.

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.

**Chart 6: Fund Manager Quarterly Returns**



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



- 4.3 Global equities enjoyed positive returns over the quarter. Central banks continued to ease monetary policy with the exception of the Fed who ended its quantitative easing program. US equities posted strong gains during the quarter led by utilities and closely followed by consumer discretionary and consumer staples stocks boosted by holiday season sales and merger and acquisition activity. Eurozone equities were virtually flat over the quarter due mostly to disappointing data from Germany's industrial sector. Performance across the region was also hampered by the ECB's stance against further quantitative easing, although it has been hinted further easing could come in the first part of 2015.
- 4.4 The FTSE All Share gained 0.6% during quarter as merger and acquisition activity had a positive influence on UK equities. BT's possible acquisition of EE gained momentum, Aviva and Friends Life agreed the terms of their merger and rumors of Vodafone's interest in Liberty Global were amongst the biggest M&A stories emerging from the UK. Falling oil prices detracted from UK equity returns as the region is heavily weighted towards the resources sector.
- 4.5 Japanese stocks gained during the quarter due in most part to the weakening of the yen. General economic data was weak the industrial and retail sectors were the biggest detractors from performance. The MSCI Emerging Markets (EM) index lagged the MSCI World as emerging markets posted negative returns over the quarter. Emerging Asia posted the strongest performance on the back China cutting its official of interest rate. Conversely the Malaysian market was the worst performing market primarily due to a sharp fall in oil prices.
- 4.6 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**

- 4.7 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 1% variance)</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>
Fidelity	✓	✓	✓	See paragraph 4.9
Franklin Templeton	✓	✓	x	See paragraph 4.11
GTP (DB Advisors)	✓	✓	x	See paragraph 4.10
L&G	✓	✓	✓	N/A
Standard Life	✓	✓	x	See paragraph 4.12
Wellington	✓	✓	✓	See paragraph 4.12
BlueCrest	x	✓	x	See paragraph 4.15
Pantheon	n/a	✓	✓	See paragraph 4.16
Equitix	n/a	✓	✓	See paragraph 4.16
Knightsbridge	n/a	✓	✓	See paragraph 4.16
Schroders	n/a	✓	✓	See paragraph 4.14

### **Performance**

4.8 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. BlueCrest was the only manager who delivered underperformance outside the 1% tolerance over the quarter.

### **Equities**

4.9 Fidelity returned 4.9%, outperforming the MSCI AC World NDR index return by 0.5% over the quarter and has outperformed the benchmark by 0.7% since inception. A detailed analysis is contained in the closed section of this report.

4.10 Global Thematic Partners performed in line with the benchmark of 5.0 over the quarter ended 31 December 2014. Further information is contained in the closed section of this report. The manager has underperformed the benchmark by 1.2% since inception.

4.11 Franklin Templeton, the Fund's value equity manager, outperformed the MSCI World NDR by 3.0% during the quarter. The manager has underperformed the benchmark by 0.5% since inception, some 2.5% below their performance target of 2% above benchmark. The closed section of this report provides a more detailed analysis.

## **Fixed Interest**

- 4.12 Wellington's performance of 6.2% during the quarter was 0.3% over the benchmark. Wellington has outperformed the BAML GBP Broad Market benchmark by 0.6% since inception. Standard Life underperformed the benchmark by 0.9% over the quarter and underperformed the benchmark by 0.1% since inception.

## **Property**

- 4.13 European property - The Committee agreed to transfer the European property portfolio to Schroders to manage on a care and maintenance basis with a view to liquidating the holdings at an opportune time. Hence Schroders performance measurements will be net of the European property. A redemption notice has been served on the Henderson European property fund, it is anticipated that redemption proceeds will be received in April 2015. The market value of the Croydon share of this fund at 31 December 2014 is £6.85m.
- 4.14 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 underperformed the benchmark by 0.2% during the quarter to 31 December 2014 and has outperformed by 2.1% since inception.

## **Fund of Hedge Funds**

- 4.15 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 underperformed their benchmark by 1.6% over the quarter and has underperformed the benchmark by 5.1% since inception.

## **Private Equity and Infrastructure**

- 4.16 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, by close monitoring of the initial underlying investments and regular dialogue with fund managers, officers have been able to establish a degree of confidence in the ability of the funds to match performance targets.

## Manager Visits

- 4.17 In addition to virtual meetings held during the quarter ended 31 December 2014 2014, officers and/or members attended meetings with the following managers:

Manager	Date of Meeting
Wellington	7 October 2014
Fidelity	8 October 2014
Wellington	20 October 2014
Schroders	5 November 2014
Knightsbridge	11 November 2014
Knightsbridge	9 December 2014

## 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 December 2014. 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	56.1%	50% +/- 3	3.1%
Fixed Income	21.7%	25% +/- 3	-0.3%
Property	9.9%	10% +/- 3	0.0%
Private Equity	4.5%	5%	-0.5%
Infrastructure	3.4%	5%	-1.6%
Hedge Funds	3.9%	4%	-0.1%
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. Conversely property, private equity and infrastructure allocations are underweight against their 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 December 2014, 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  
Chief Executive's 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 December 2014

Appendix F: AON Hewitt Quarterly Investment Outlook

## Summary of Manager Performance - Rates of Return

LONDON BOROUGH OF CROYDON - TOTAL COMBINED

Periods to end December 2014

Pound Sterling

	Mkt Val (GBP 1000)	% of Fund	Latest Quarter	1 Year	3 Years	5 Years	Since Inception	Incept. Date
<b>Equity - World</b>								
DB ADVISORS	96,120	11.9	5.0	9.9	16.0		10.6	29/1/2010
MSCI World NDR			5.0	11.5	15.3		11.9	
			0.0	-1.4	0.6		-1.2	
FRANKLIN TEMPLETON	87,950	10.9	8.2	11.8	15.8		11.3	29/1/2010
MSCI World NDR			5.0	11.5	15.3		11.9	
			3.0	0.3	0.4		-0.5	
FIDELITY INVESTMENT SERVICES LIMITE	141,813	17.6	4.9	11.5	15.4		11.6	27/1/2010
MSCI AC WORLD NDR			4.4	10.6	13.9		10.8	
			0.5	0.8	1.3		0.7	
L&G	126,147	15.7	4.6	11.4 #	3.7 #		10.8	30/4/2014
FTSE AW World TR			4.5				11.0	
			0.1				-0.2	
<b>Bonds - World</b>								
WELLINGTON	56,332	7.0	6.2	14.1	5.5		8.0	29/1/2010
BAML GBP BROAD MARKET			5.9	13.9	5.6		7.4	
			0.3	0.2	0.0		0.6	
STANDARD LIFE	118,518	14.7	1.5	6.1	5.7		5.7	31/3/2010
STANDARD LIFE CUSTOMISED BOND BEI			2.4	7.2	5.6		5.8	
			-0.9	-1.0	0.1		-0.1	
<b>Private Equity</b>								
KNIGHTSBRIDGE	9,539	1.2	6.8	38.4	9.7	6.1	6.1	31/12/2009
LB OF CROYDON - KNIGHTSBRIDGE PRI			3.0	11.2	12.8	8.1	8.1	
			3.7	24.5	-2.7	-1.9	-1.9	
PANTHEON VENTURES	26,412	3.3	4.1	10.2	6.8	11.1	9.0	31/12/2001
LB OF CROYDON - PANTHEON PRIVATE I			-1.0	6.1	13.9	8.8	6.2	
			5.1	3.8	-6.3	2.1	2.6	
<b>Absolute/Targeted Return</b>								
BLUECREST CAPITAL MGT	14,334	1.8	0.9	9.6	5.2	5.1	5.1	31/12/2009
GBP 3 MONTH LIBOR + 10%			2.5	10.5	10.6	10.7	10.7	
			-1.6	-0.9	-4.9	-5.1	-5.1	
<b>Fund - Hedged</b>								
BLUECREST CAPITAL MGT	16,931	2.1	1.0	8.7			10.2	1/10/2013
GBP 3 MONTH LIBOR + 10%			2.5	10.5			10.5	
			-1.5	-1.7			-0.3	
<b>Infrastructure</b>								
EQUITIX	27,094	3.4	-6.4	-8.6	11.0	12.2	12.2	31/12/2009
12% PER ANNUM (GBP)			2.9	12.0	12.0	12.0	12.0	
			-9.0	-18.4	-0.9	0.2	0.2	
<b>Cash</b>								
INTERNALLY MANAGED CASH	3,940	0.5	n/a	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	

	Mkt Val (GBP 1000)	% of Fund	Latest Quarter	1 Year	3 Years	5 Years	Since Inception	Incept. Date
<b>Equity - World</b>								
DB ADVISORS	96,120	11.9	5.0	9.9	16.0		10.6	29/1/2010
MSCI World NDR			5.0	11.5	15.3		11.9	
<b>Property - UK</b>								
SCHRODER INVESTMENT MGMT INTL	72,805	9.0	4.4	17.9			13.2	31/8/2012
AREF/IPD ALL BALANCED			4.6	17.2			10.9	
			-0.2	0.6			2.1	
SCHRODER INVESTMENT MGMT INTL	6,859	0.9	1.4				4.2	1/5/2014
AREF/IPD ALL BALANCED			4.6				11.9	
			-3.0				-6.9	
<b>TOTAL FUND</b>								
TOTAL COMBINED	804,794	100.0	4.2	10.3	10.4	7.8	7.7	31/12/1990
L B OF CROYDON BENCHMARK			4.0	11.3	11.2	9.4	8.5	
			0.2	-0.9	-0.7	-1.4	-0.8	



## Asset Mix and Returns

LONDON BOROUGH OF CROYDON - TOTAL COMBINED

Periods to end December 2014

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			
	30/09/2014		Purchases	Sales	Gain/ Loss Income		31/12/2014		Return	B'M
	Value	%			Value	%				
TOTAL EQUITIES	429,792	56	46,691	53,156	23,089	1,019	446,416	55	5.6	4.4
U.K. EQUITIES	18,944	2	2,734	3,707	-250	65	17,721	2	-1.0	
U.K.	10,336	1	1,589	1,719	-175	49	10,030	1	-1.3	
UK GLOBAL	8,608	1	1,145	1,988	-74	16	7,691	1	-0.7	
OVERSEAS EQUITIES	202,705	26	33,897	30,280	10,621	752	216,943	27	5.6	
NORTH AMERICA	112,006	15	16,692	17,909	8,166	502	118,955	15	7.7	
U.S.A.	66,032	9	8,913	8,196	5,731	303	72,479	9	9.1	
USA GLOBAL	39,492	5	7,056	9,095	2,235	162	39,687	5	6.1	
CANADA	5,022	1	540	618	97	24	5,040	1	2.4	
CANADA GLOBAL	1,461	0	184		103	13	1,748	0	7.3	
CONTINENTAL EUROPE	40,974	5	11,298	5,825	446	50	46,892	6	1.3	
EUROLAND TOTAL	26,877	3	9,056	3,418	312	49	32,827	4	1.5	
FRANCE	4,943	1	677	434	-219	25	4,967	1	-3.7	
FRANCE GLOBAL	716	0	220		126	8	1,062	0	15.1	
GERMANY	3,565	0	1,150	1,380	132	0	3,466	0	3.9	
GERMANY GLOBAL	8,636	1	3,300	188	400	0	12,148	2	3.9	
ITALY	999	0	132	89	-16		1,025	0	-1.7	
ITALY GLOBAL	522	0	2,010		-131		2,401	0	-7.9	
NETHERLANDS	2,365	0	34	662	-28	6	1,708	0	-0.4	
NETHERLANDS GLOBAL	1,425	0	189		28		1,642	0	1.8	
AUSTRIA	99	0			8	0	106	0	7.8	
AUSTRIA GLOBAL			364	79	-74		211	0	-48.1 #	
BELGIUM	864	0	47	99	50	7	863	0	7.0	
FINLAND	523	0	184	237	-18		453	0	-2.3	
GREECE GLOBAL			480		-13		467	0	-2.6 #	
LUXEMBOURG GLOBAL	711	0			-27		684	0	-3.8	
SPAIN	1,222	0	226	251	65	2	1,263	0	4.9	
IRELAND	287	0	43		30	0	360	0	10.5	
NON EUROLAND TOTAL	14,097	2	2,242	2,407	133	1	14,065	2	0.9	
SWITZERLAND	4,264	1	1,257	1,075	96	1	4,541	1	2.2	
SWITZERLAND GLOBAL	6,560	1	359	652	137		6,403	1	2.2	
DENMARK	974	0	33	205	-44	0	757	0	-5.1	
NORWAY	115	0	149	4	-42	0	218	0	-19.4	
SWEDEN	1,508	0	193	277	-7		1,416	0	-0.9	
SWEDEN GLOBAL	676	0		193	-4		480	0	-0.3	
TURKEY GLOBAL			253		-2		251	0	-1.6 #	
JAPAN	9,732	1	1,038	1,014	84	7	9,839	1	0.9	
JAPAN	9,732	1	1,038	1,014	84	7	9,839	1	0.9	
TOTAL PACIFIC (EX.JAPAN)	9,252	1	1,303	1,420	594	33	9,730	1	6.8	
HONG KONG	1,282	0	217	298	125	0	1,326	0	9.8	
HONG KONG GLOBAL	594	0			119		713	0	20.1	
SINGAPORE	887	0	41	69	11	5	870	0	1.8	
SOUTH KOREA GLOBAL	2,648	0		472	291		2,466	0	12.2	

PHILIPPINES	397	0			23		420	0	5.8	
AUSTRALIA	3,279	0	548	580	33	28	3,280	0	1.8	
AUSTRALIA GLOBAL	166	0	497		-8		655	0	-4.5	
OTHER INTL EQUITIES	30,741	4	3,566	4,112	1,332	161	31,527	4	4.9	
EMERGING MARKETS	30,741	4	3,566	4,112	1,332	161	31,527	4	4.9	
RUSSIA GLOBAL	938	0		921	-17				-1.8 #	
ISRAEL	299	0	183		33	1	515	0	10.0	
BRAZIL GLOBAL	6,448	1	2,633	1,102	-596	114	7,383	1	-6.0	
BAHRAIN	99	0			7		107	0	7.4	
FID INST SELECT EMERGING MARKE	14,599	2		204	248	37	14,643	2	2.0	
BERMUDA GLOBAL	1,125	0	139	277	77	2	1,063	0	7.1	
CHILE	332	0			32		364	0	9.5	
CAYMAN ISLANDS GLOBAL	1,654	0	48	97	-41		1,564	0	-2.5	
CHINA GLOBAL	2,762	0	184	374	1,235	6	3,808	0	43.7	
SOUTH AFRICA GLOBAL	1,346	0	287	476	207		1,365	0	21.5	
INDIA GLOBAL	770	0	92	662	183		383	0	30.1	
EGYPT	369	0			-36		333	0	-9.7	
GLOBAL POOLED INC UK	208,144	27	10,060	19,170	12,718	203	211,752	26	6.2	4.4
TEMPLETON GLOBAL EQUITIES	87,499	11	10,060	19,145	7,191	203	85,605	11	8.5	
WORLD EQUITY INDEX	120,644	16		24	5,527		126,147	16	4.6	
TOTAL BONDS PLUS INDEX-LINKED	169,859	22			4,991		174,850	22	2.9	3.8
STANDARD LIFE GARS	64,575	8			-512		64,063	8	-0.8	
POOLED BONDS	105,284	14			5,503		110,787	14	5.2	3.8
CORPORATE BONDS	52,243	7			2,212		54,455	7	4.2	2.4
GLOBAL BOND FUND	53,041	7			3,291		56,332	7	6.2	5.9
CASH/ALTERNATIVES	96,347	13	76,237	67,497	177	2	105,264	13	0.2	2.7
TOTAL CASH	5,058	1	71,310	65,449	34	2	10,954	1	-0.8	0.1
ALTERNATIVES	91,289	12	4,927	2,049	143		94,311	12	0.2	2.8
TOTAL INFRASTRUCTURE	27,281	4	2,845	1,249	-1,782		27,094	3	-6.4	2.9
EQUITIX PRIVATE EQUITY	27,281	4	2,845	1,249	-1,782		27,094	3	-6.4	
TOTAL PRIVATE EQUITY	33,041	4	2,082	799	1,627		35,951	4	4.8	3.0
PANTHEON PRIVATE EQUITY	24,110	3	2,082	799	1,019		26,412	3	4.1	
PANTHEON US FUND	2,663	0		299	106		2,471	0	4.2	
PANTHEON ASIA FUND	299	0		128	17		188	0	7.1	
PANTHEON EUROPE FUND	3,493	0		373	-172		2,948	0	-5.2	
PANTHEON - ASIA IV	2,366	0	325		157		2,848	0	6.2	
PANTHEON - EUROPE FUND VII	5,290	1	473		16		5,778	1	0.3	
PANTHEON USA FUND IX	5,215	1	1,011		433		6,660	1	7.6	
PANTHEON GLOBAL CO INVESTMEN	4,181	1	274		395		4,850	1	9.2	
PANTHEON - GLOBAL SECONDARY F	602	0			66		669	0	11.0	
KNIGHTSBRIDGE VENTURE CAPITAL	8,932	1			608		9,539	1	6.8	
TOTAL HEDGE FUNDS	30,966	4			299		31,265	4	1.0	2.5
HEDGE FUNDS	14,206	2			128		14,334	2	0.9	2.5
BLUECREST HEDGE FUND	16,760	2			171		16,931	2	1.0	
TOTAL - EX. PROPERTY	695,999	90	122,928	120,654	28,257	1,021	726,530	90	4.2	3.9
U.K. PROPERTY	74,310	10	9,092	7,492	2,353	675	78,264	10	4.2	4.4
PROPERTY UNIT TRUSTS	69,655	9	9,092	7,492	2,163	648	73,418	9	4.1	
PROPERTY	4,655	1			191	27	4,845	1	4.7	
<b>TOTAL ASSETS</b>	<b>770,309</b>	<b>100</b>	<b>132,020</b>	<b>128,146</b>	<b>30,611</b>	<b>1,697</b>	<b>804,794</b>	<b>100</b>	<b>4.2</b>	<b>4.0</b>

Detailed Analysis of the Latest Quarter Performance

LONDON BOROUGH OF CROYDON - TOTAL COMBINED

Periods to end December 2014

Benchmark - L B OF CROYDON BENCHMARK

Pound Sterling

Category - TOTAL ASSETS

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

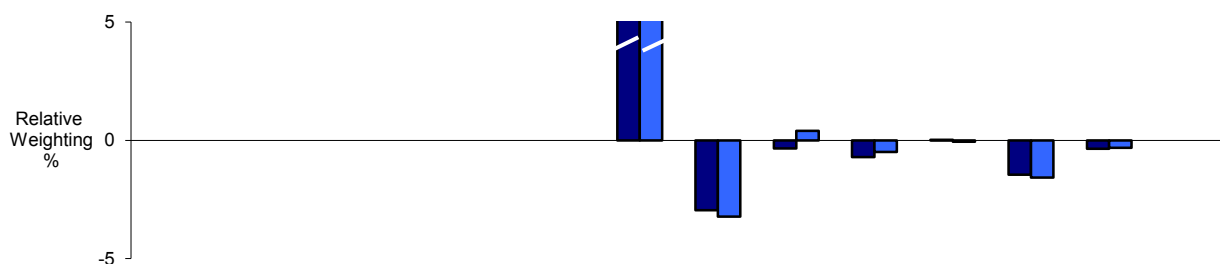
Summary

Fund Return	4.2
Benchmark Return	4.0
Relative Performance	0.2
<b>attributable to:</b>	
Asset Allocation	0.1
Stock Selection	0.1

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

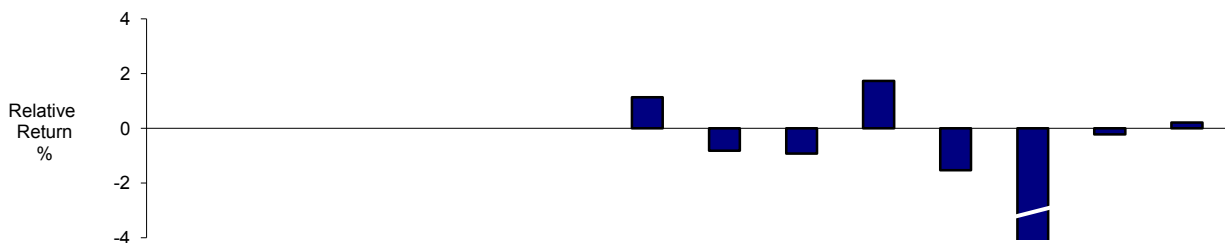
	Total Equity	Bonds + IL	Cash	Private Eq	Total Hedge	Infrastruc	Property	Total Fund
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Asset Allocation



Fund Start	55.8	22.1	0.7	4.3	4.0	3.5	9.6	100.0
Fund End	55.5	21.7	1.4	4.5	3.9	3.4	9.7	100.0
BM Start	50.0	25.0	1.0	5.0	4.0	5.0	10.0	100.0
BM End	50.2	25.0	1.0	5.0	3.9	4.9	10.0	100.0
Impact	-	-	-	-	-	-	-	0.1

Stock Selection



Fund	5.6	2.9	-0.8	4.8	1.0	-6.4	4.2	4.2
Benchmark	4.4	3.8	0.1	3.0	2.5	2.9	4.4	4.0
Impact	0.6	-0.2	-	0.1	-0.1	-0.3	-	0.1