

Pension Fund Committee

1st September 2008



Pension Fund Investments

Report of Stuart Crowe, County Treasurer

Purpose of the Report

- 1 To provide the Committee with an overview of the transactions undertaken during the period 1st April 2008 to 30th June 2008, to show how the value of the portfolio has changed during the period, the overall performance of the Managers and to consider the additional sums available for allocation to the Managers for further investment.

Value of the Fund and Transactions

- 2 Reports from the six appointed managers - Alliance Bernstein, Barings, BlackRock, CBRE, Edinburgh Partners and Royal London are included on the Agenda. A summary of their transactions and the change in the value of the Fund for the period 1st April 2008 to 30th June 2008, detailed by Manager, is attached in the Appendix 1.

Managers' Performance

- 3 The table below shows how the Managers of the six parts of the Fund have performed over the last quarter and since inception against agreed benchmarks:

Manager	Quarter ended 30 th June 2008		Since inception (11 th February 2008)	
	Performance	Performance compared to Benchmark	Performance	Performance compared to Benchmark
Alliance Bernstein	+2.71	+0.52	+2.84	-0.09
Barings	-0.62	-3.05	-2.30	-5.56
BlackRock	+1.49	+2.20	-1.35	+1.15
CBRE	-8.42	-11.89	-10.57	-14.80
Edinburgh Partners	-3.85	-3.03	-5.42	-4.03
Royal London	+1.39	+0.07	+3.47	+0.14

Allocation of "New Money"

- 4 Appendix 2 details the cash position of the Fund, cash flow for the last four quarters, and an estimated cash flow for the quarter ended 30th September 2008.

- 5 The un-invested cash balance at the end of the previous quarter, together with interest and dividend received during the quarter, would normally be available for investment during the quarter ending 30th September 2008. The amount allocated to each Manager is subject to the need to retain money to meet the Fund's net cash outflow. However, it is suggested that, as a review of the Fund's Rebalancing Policy is presently being undertaken in conjunction with the Pension Fund's Advisors, no allocation be made until this work is completed.

Conclusion

- 6 Members are asked to note the value of the Fund as at 30th June 2008, the performance of the Fund Managers and that no allocation of "new money" will be made to Fund managers pending the completion of the Rebalancing Policy.

Contact: Paul Turner Ext: 3571

DURHAM COUNTY COUNCIL PENSION FUND

Manager	Mandate	Balance as at 31 st March 2008	Purchases	Sales	Change in Market Value	Balance as at 30 th June 2008
Alliance Bernstein	Broad Bonds	221,295,873	0	0	5,988,865	227,284,738
Barings	Dynamic Asset Allocation	113,031,510	10,177,060	2,812,182	-8,042,568	112,353,820
BlackRock	UK Equity	270,946,932	16,088,092	14,409,692	1,452,269	274,077,601
CBRE	Global Property	60,151,937	1,745,099	299,848	-3,559,690	58,037,498
Edinburgh Partners	Global Equities	363,219,608	32,763,295	13,068,996	-3,828,126	379,085,781
Royal London	Conventional Bonds	291,309,108	84,577,599	83,023,182	2,695,638	295,559,163
		1,319,954,968	145,351,145	113,613,900	-5,293,612	1,346,398,601

DURHAM COUNTY COUNCIL PENSION FUND

Quarter Ended (1)	30.09.07		31.12.07		31.03.08		30.06.08		30.09.08
	Estimate (2)	Actual (3)	Estimate (4)	Actual (5)	Estimate (6)	Actual (7)	Estimate (8)	Actual (9)	Estimate (10)
			£	£	£	£	£	£	£
Contributions - DCC	10,500,000	10,462,996	10,600,000	10,711,125	10,700,000	11,333,866	11,200,000	10,940,000	11,000,000
- Other	10,500,000	10,519,814	10,600,000	10,539,037	11,600,000	13,838,251	12,000,000	14,474,904	11,900,000
Pensions Increase	1,000,000	1,240,215	1,000,000	1,646,926	1,200,000	1,147,997	1,000,000	1,281,000	1,000,000
Transfer Values	1,500,000	3,155,487	2,000,000	1,951,357	1,500,000	1,664,024	1,500,000	1,900,000	1,500,000
Loans Repaid	0	0	0	0	0	0	0	0	0
Gross Dividend & Interest	8,000,000	10,068,211	8,000,000	9,011,438	4,000,000	6,246,547	0	1,424,578	1,300,000
Total Income	31,500,000	35,446,723	32,200,000	33,859,883	28,000,000	34,230,685	25,700,000	30,020,482	26,700,000
Payroll Paysheets	14,600,000	14,960,206	15,000,000	14,942,211	15,200,000	15,150,000	15,300,000	15,201,057	15,300,000
Payables Paysheets (incl. Managers' fees)	6,000,000	4,235,942	5,000,000	5,485,236	5,500,000	8,238,851	8,000,000	10,901,470	11,000,000
Total Expenditure	20,600,000	19,196,148	20,000,000	20,427,447	20,700,000	23,388,851	23,300,000	26,102,527	26,300,000
Surplus / (Deficit)	10,900,000	16,250,575	12,200,000	13,432,436	7,300,000	10,841,834	2,400,000	3,917,955	400,000
Net Capital payments/(receipts)		0		3,000,000					
Balance at Bank (opening)		99,203,038		117,252,769		127,218,045		71,144,012	
Balance at Bank (closing)		117,252,769		127,218,045		71,144,012		75,326,504	
Allocated to Managers		105,223,295		112,478,895		39,070,333		39,070,333	
Money paid/(recovered) to/(from Manager)		6,000,000		0		73,408,562		976,436	

