

**Pension Fund Committee**

**1<sup>st</sup> December 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 1<sup>st</sup> July 2008 to 30<sup>th</sup> September 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, Black Rock, 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 1<sup>st</sup> July 2008 to 30<sup>th</sup> September 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 <sup>th</sup> September 2008		Since inception (11 <sup>th</sup> February 2008)	
	Performance	Performance compared to Benchmark	Performance	Performance compared to Benchmark
Alliance Bernstein	-5.66	-7.84	-2.97	-8.15
Barings	-2.63	-5.06	-4.86	-10.64
Black Rock	-21.97	-10.46	-23.02	-9.30
CBRE	-11.42	-13.40	-20.79	-27.07
Edinburgh Partners	-1.41	4.66	-6.75	1.04
Royal London	-0.73	0.22	2.71	0.36

**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 31<sup>st</sup> December 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 31<sup>st</sup> December 2008. The amount allocated to each Manager is subject to the need to retain money to meet the Funds net cash outflow. However, it is suggested that, as a review of the Funds 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 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.

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25 November 2008  
Ac/r/mhSup2nf new

## DURHAM COUNTY COUNCIL PENSION FUND

Quarter Ended (1)	31.12.07		31.03.08		30.06.08		30.09.08		31.12.08
	Estimate (2) £	Actual (3) £	Estimate (4) £	Actual (5) £	Estimate (6) £	Actual (7) £	Estimate (8) £	Actual (9)	Estimate (10)
Contributions - DCC	10,600,000	10,711,125	10,700,000	11,333,866	11,200,000	10,940,000	11,000,000	11,103,425	11,100,000
- Other	10,600,000	10,539,037	11,600,000	13,838,251	12,000,000	14,474,904	11,900,000	12,057,874	12,000,000
Pensions Increase	1,000,000	1,646,926	1,200,000	1,147,997	1,000,000	1,281,000	1,000,000	1,314,496	1,000,000
Transfer Values	2,000,000	1,951,357	1,500,000	1,664,024	1,500,000	1,900,000	1,500,000	2,894,547	2,000,000
Loans Repaid	0	0	0	0	0	0	0	0	0
Gross Dividend & Interest	8,000,000	9,011,438	4,000,000	6,246,547	0	1,424,578	1,300,000	1,034,239	1,000,00
Total Income	32,200,000	33,859,883	28,000,000	34,230,685	25,700,000	30,020,482	26,700,000	28,404,581	27,000,000
Payroll Paysheets	15,000,000	14,942,211	15,200,000	15,150,000	15,300,000	15,201,057	15,300,00	15,821,915	16,000,000
Payables Paysheets (incl. Managers' fees)	5,000,000	5,485,236	5,500,000	8,238,851	8,000,000	10,901,470	11,000,000	9,917,182	11,000,000
Total Expenditure	20,000,000	20,427,447	20,700,000	23,388,851	23,300,000	26,102,527	26,300,000	25,739,097	27,000,000
Surplus / (Deficit)	12,200,000	13,432,436	7,300,000	10,841,834	2,400,000	3,917,955	400,000	2,665,484	0
Net Capital payments/(receipts)		3,000,000		73,408,502		976,437		4,247,426	
Balance at Bank (opening)		117,252,769		127,218,045		71,144,012		75,326,504	
Balance at Bank (closing)		127,218,045		71,144,012		75,326,504		79,258,915	
Allocated to Managers		112,478,895		50,658,697		50,658,697		50,658,697	
Money paid/(recovered) to/(from Manager)		0		73,408,562		0		0	

## DURHAM COUNTY COUNCIL PENSION FUND

Manager	Mandate	Balance as at 30.06.08	Purchases	Sales	Change in Market Value	Balance as at 30.09.08
Alliance Bernstein	Broad Bonds	227,284,738	0	0	-12,854,150	214,430,588
Barings	Dynamic Asset Allocation	112,353,820	53,429,577	41,517,951	-14,962,321	109,303,125
Black Rock	UK Equity	274,077,601	14,153,829	14,317,928	-59,113,089	214,800,613
CBRE	Global Property	58,037,498	6,926,249	2,490,856	-7,242,812	55,230,079
Edinburgh Partners	Global Equities	379,085,781	32,973,246	30,508,375	-7,265,660	374,284,992
Royal London	Conventional Bonds	295,559,163	329,798,959	329,016,947	-2,843,396	293,497,779
		1,346,398,601	437,281,860	417,851,857	-104,281,428	1,261,547,176