

Pension Fund Committee

16th March 2009



Pension Fund Investments

Report of Stuart Crowe, Corporate Director Resources

Purpose of the Report

- 1 To provide the Committee with an overview of the transactions undertaken during the period 1st October 2008 to 31st December 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 1st October 2008 to 31st December 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 December 2008		Since inception (11 th February 2008)	
	Performance	Performance compared to Benchmark	Performance	Performance compared to Benchmark
Alliance Bernstein	-10.35	-12.23	-13.02	-20.18
Barings	-0.41	-2.54	-5.26	-13.28
Black Rock	-7.02	+2.47	-28.42	-6.51
CBRE	-6.08	-4.77	-25.60	-30.49
Edinburgh Partners	-1.73	+1.16	-8.37	+2.09
Royal London	-0.13	+0.25	+2.58	+0.62

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 31st March 2009.

- 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 31st March 2009. 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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11 March 2009
Ac/r/mhSup2nf new

DURHAM COUNTY COUNCIL PENSION FUND

Quarter Ended (1)	31.03.08		30.06.08		30.09.08		31.12.08		31.03.09
	Estimate (2) £	Actual (3) £	Estimate (4) £	Actual (5) £	Estimate (6) £	Actual (7) £	Estimate (8) £	Actual (9)	Estimate (10)
Contributions - DCC	10,700,000	11,333,866	11,200,000	10,940,000	11,000,000	11,103,425	11,100,000	8,031,222	14,000,000
- Other	11,600,000	13,838,251	12,000,000	14,474,904	11,900,000	12,057,874	12,000,000	11,665,754	12,000,000
Pensions Increase	1,200,000	1,147,997	1,000,000	1,281,000	1,000,000	1,314,496	1,000,000	886,965	800,000
Transfer Values	1,500,000	1,664,024	1,500,000	1,900,000	1,500,000	2,894,547	2,000,000	820,560	1,200,000
Loans Repaid	0	0	0	0	0	0	0	0	0
Gross Dividend & Interest	4,000,000	6,246,547	0	1,424,578	1,300,000	1,034,239	1,000,000	1,138,720	700,000
Total Income	28,000,000	34,230,685	25,700,000	30,020,482	26,700,000	28,404,581	27,000,000	22,543,221	28,700,000
Payroll Paysheets	15,200,000	15,150,000	15,300,000	15,201,057	15,300,000	15,821,915	16,000,000	15,839,087	16,000,000
Payables Paysheets (incl. Managers' fees)	5,500,000	8,238,851	8,000,000	10,901,470	11,000,000	9,917,182	11,000,000	5,346,475	8,000,000
Total Expenditure	20,700,000	23,388,851	23,300,000	26,102,527	26,300,000	25,739,097	27,000,000	21,185,562	24,000,000
Surplus / (Deficit)	7,300,000	10,841,834	2,400,000	3,917,955	400,000	2,665,484	0	1,357,659	4,700,000
Net Capital payments/(receipts)		73,408,502		976,437		4,247,426			2,933,061
Balance at Bank (opening)		127,218,045		71,144,012		75,326,504			79,258,915
Balance at Bank (closing)		71,144,012		75,326,504		79,258,915			85,413,855
Allocated to Managers		50,658,697		50,658,697		50,658,697			50,658,697
Money paid/(recovered) to/(from Manager)		73,408,562		0		0			0

DURHAM COUNTY COUNCIL PENSION FUND

Manager	Mandate	Balance as at 30.09.2008	Purchases	Sales	Change in Market Value	Balance as at 31.12.08
Alliance Bernstein	Broad Bonds	214,430,588	0	0	-22,202,622	192,227,966
Barings	Dynamic Asset Allocation	109,307,103	36,438,189	34,538,296	-1,687,938	109,519,058
Black Rock	UK Equity	214,800,613	25,406,716	21,853,466	-17,970,951	200,382,912
CBRE	Global Property	55,230,079	3,779,445	6,730,504	-1,607,866	50,671,154
Edinburgh Partners	Global Equities	374,284,992	62,035,308	54,046,938	-15,228,260	367,045,102
Royal London	Conventional Bonds	293,497,779	115,075,153	119,006,111	3,174,231	292,741,052
		1,261,551,154	242,734,811	236,175,315	-55,523,406	1,212,587,244