

# NORTH YORKSHIRE COUNTY COUNCIL

## PENSION FUND COMMITTEE

22 MAY 2014

### PERFORMANCE OF THE FUND'S PORTFOLIO FOR THE QUARTER AND YEAR ENDING 31 MARCH 2014

#### Report of the Treasurer

#### 1.0 PURPOSE OF REPORT

- 1.1 To report the investment performance of the overall Fund, and of the individual Fund Managers, for the Quarter to 31 March 2014 and the twelve months ending on that same date.

#### 2.0 PERFORMANCE REPORT

- 2.1 The Fund Analysis & Performance Report (attached as **Appendix 1**) produced by BNY Mellon Asset Servicing (MAS) provides a performance analysis of the North Yorkshire Pension Fund for the quarter and year ending 31 March 2014.
- 2.2 The report highlights the performance of the total Fund by asset class against the customised Fund benchmark. It also includes an analysis of the performance of each manager against their specific benchmark and a comparison of performance levels over time.

#### 3.0 PERFORMANCE OF THE FUND

- 3.1 **The absolute overall return for the quarter (+1.5%) was above the customised benchmark for the Fund (+1.4%) by 0.1%.**
- 3.2 **The 12 month absolute rolling return was +12%, 6.1% above the customised benchmark.**
- 3.3 Absolute and relative returns over the rolling years to each of the last four quarter ends were as follows.

Year End	Absolute %	Relative %
31 March 2014	+12.0	+6.1
31 December 2013	+20.9	+5.5
30 September 2013	+22.5	+6.2
30 June 2013	+21.0	+3.5

- 3.4 The performance of the various managers against their benchmarks for the Quarter ended 31 March 2014 is summarised on **page 8** of the MAS report. This

performance is measured on a time-weighted basis and expressed as a +/- variation to their benchmark.

- 3.5 The Appendices used in this report have been designed to present a fuller picture of investment performance.

**Appendix 2** Fund Manager Performance over the three years to 31 March 2014 in absolute percentage terms from a starting point of “100”

**Appendix 3** Performance of NYPF relative to other LGPS Funds over the last ten years

**Appendix 4** Solvency position (in % and £ terms) since the 2001 Triennial Valuation; this Appendix also shows in absolute terms the +/- in the value of assets and liabilities of the Fund

**Appendix 5** Solvency graph – this shows the key figures from **Appendix 3** since March 2004 in a simple graphical format

**Appendix 6** Details of Rebalancing up to the date of this report

- 3.6 The separate reports of the Investment Adviser and Investment Consultant explain what has been happening in the financial markets and to NYPF’s investments, and look ahead over the short, medium and longer term.

## 4.0 FUND MANAGER PERFORMANCE

- 4.1 In monetary terms, the positive absolute return of +1.5% in the Quarter increased the invested value of the Fund by £31m. Twelve out of thirteen of the Fund’s managers and funds added value, with the majority outperforming their respective benchmarks, which was another good quarterly result for the Fund. At the end of the March 2014 quarter the value of the Fund was £240m above the value at the end of March 2013, an increase of 13%.

### Performance relative to other LGPS Funds

- 4.2 **Appendix 3** shows the **performance of NYPF relative to other Funds in the LGPS universe**. NYPF outperformed the local authority average by 0.6% for the quarter and 5.7% for the year to 31 March 2014. The outperformance for the year was mainly as a result of the outperformance in the September quarter (+3%) reflecting a particularly strong period for equities generally and the Fund’s managers in particular.

### Overseas Equities

- 4.3 **Fidelity** produced a negative relative return in the quarter (-0.2%) against a benchmark return of +0.7%. Performance over the year to December 2013 was +1.4% relative.

The manager has achieved +0.6% pa over the benchmark over the rolling three year period to March 2014 against the target of +2% pa. Since inception in

November 2008 the manager has exceeded the benchmark by 0.3% pa (gross of fees).

### **Global Equities**

- 4.4 The Global Alpha fund managed by **Baillie Gifford** produced a positive relative return (+1.7%) continuing an exceptional run of outperformance of nineteen of the last twenty quarters. The Fund was 6% above the benchmark for the year to March 2014.

The LTGG fund, also managed by **Baillie Gifford** produced a negative relative return (-1.7%) for the quarter. The concentrated nature of this fund (30-40 stocks) means that significant volatility over short term periods should be expected from time to time. The strategy for this fund is to outperform over five to seven year periods.

Both funds managed by Baillie Gifford have performed exceptionally well over the long term, since the manager was appointed in 2006. At the end of December 2013 the annualised performance figures were 2.5% (Global Alpha) and 2.8% (LTGG) ahead of the FTSE All World benchmark since inception, compared to targets of +2% and +3% respectively.

### **UK Equities**

- 4.5 **Standard Life** produced a negative relative return (+0.4%) in the quarter against the FTSE 350 equally weighted benchmark return of +2.6%. However relative performance for the year was 8.1% above the benchmark.

The manager has achieved +2.4% pa over the benchmark over the rolling three year period to March 2014 against the target of +3% pa.

### **Fixed Income**

- 4.6 **ECM** produced +1.1% relative against the cash benchmark for the quarter and +4.1% relative for the year to March 2014. The performance target is to beat the cash benchmark by 3% each year. The manager also outperformed the most comparable corporate bond index, the Merrill Lynch ER00 (duration hedged) index by 0.4% for the quarter.
- 4.7 Between July 2005 and May 2007 NYPF invested £125m with ECM. The valuation reached a peak of £141m in December 2007, dropped to a low point of £58m in February 2009. By the end of March 2014 the value of the investment stood at £125.8m.
- 4.8 **Amundi** performed below the benchmark (+3.9%) by 0.9% in the quarter and was 0.3% above it for the year to March 2014. The performance target is to exceed the benchmark by 2.5% each year.

The investment with this manager has proven to be a helpful contributor to Fund performance, outperforming liabilities since inception (+1% pa).

- 4.9 The investment in Gilts with **M&G** produced +4.2% against the liability matching benchmark of +3.9% for the quarter to March 2014. Performance for the year to the same date was above the benchmark by 1.8%. The performance target is to exceed the benchmark by 0.5% (net of fees) each year.

### **Property**

- 4.10 The investments with **Hermes**, **Threadneedle** and **L&G** produced +3%, +2.7% and +2.6% respectively in relative terms, against the RPI benchmark of +0.6% for the quarter to March 2014.

### **Diversified Growth Funds**

- 4.11 Investments were made into the **Standard Life** Global Absolute Return Strategy (GARS) Fund and the **Newton Investments** Real Return Fund during March 2013. Both funds performed positively in the quarter, producing +0.1% and +1.2% respectively against the cash benchmark of +0.1%.

## **5.0 RISK INDICATORS**

- 5.1 The Report (**pages 10 and 11**) describes the risk profile of the Fund. The Sharpe Ratio indicates that the additional risk take by the Fund's managers is broadly in line with performance but there are interesting differences between them. The positive Information Ratio for all of the Fund's managers reflects the valuable contribution over the last three years.

## **6.0 SOLVENCY**

- 6.1 The **solvency position** is presented in **Appendices 4 and 5**. As at 31 March 2014 the estimated solvency increased in the last quarter from 83% to 84%.
- 6.2 The assets of the Fund increased by 2.4% in the Quarter, whilst liabilities (as modelled by the Actuary) rose by less than 1%, the two combining to produce a 1% increase in solvency in the Quarter.
- 6.3 The relative position, over time, between liabilities and assets is shown very clearly in **Appendix 4** which is a simple graph using data from **Appendix 3**.
- 6.4 It is clear that the Fund's assets have exhibited significant volatility at certain times which is unsurprising given the experience through the financial crisis. However over a longer time period assets have grown broadly in line with expectations.
- 6.5 What is more surprising is the extent of volatility seen in the Fund's liabilities. The assumptions used to value liabilities over the long term are usually relatively stable when attempting to assess conditions decades into the future. However liability values (as measured by the Actuary) have fluctuated significantly due to certain financial market based assumptions (e.g. discount factor) changing over very short time periods. Although this is volatility is effectively smoothed out through successive Triennial Valuations, for example by allowing employers to take post

Valuation events into account in their contribution requirements, the consequence is a rather erratic funding level.

## 7.0 REBALANCING

- 7.1 The rebalancing schedule is attached as **Appendix 6**. During April 2014 £20m was transferred from cash into the property investment with Legal & General. This was funded out of deficit payments from ten of the Fund's employers, received annually in advance instead of in monthly instalments.
- 7.2 The target allocation for Property as an asset class, to be shared between the three property managers Hermes, Legal & General and Threadneedle is from 5% to 10% of the Fund. At the end of March 2014 the allocation stood at 4.8% (£99m).
- 7.3 Following the investment with L&G, the allocation to property now stands at £119m, or 5.7% of the Fund.
- 7.4 Members have previously agreed that further transfers to property remain on hold unless suitably attractive opportunities on the secondary market become available, or until the outlook for property improves sufficiently. However the latest advice from the Investment Consultant is that prospects for property have improved significantly, and that opportunities on the secondary market are very unlikely to occur, hence the investment with L&G.
- 7.5 Options to invest directly with two of the investment managers are now restricted. An investment with Hermes could not be made before Q1 of 2015, and Threadneedle has imposed a limit of £10m each month per investor. This reflects the managers' responses to the number of willing investors and the time it takes to acquire the underlying properties.
- 7.6 **Although no further rebalancing is anticipated at this time, Members may wish to consider reducing the allocation to Equities in favour of Property (where possible) or Diversified Growth Funds in order to reduce overall risk following a period of sustained growth in equity markets. The Fund's Investment Consultant and Independent Adviser will provide advice at the meeting.**

## 8.0 PROXY VOTING

- 8.1 The report from PIRC is available on request summarising the proxy voting activity in the period January to March 2014. This report covers the votes cast on behalf of NYPF at all relevant company AGMs in the period and includes an analysis of voting recommendations at selected meetings and responses to company engagement.

10.0 **RECOMMENDATION**

10.1 Members to decide if any rebalancing should take place as described in **paragraph 7.6.**

GARY FIELDING

Treasurer

Central Services

County Hall

Northallerton

13 May 2014



**BNY MELLON**  
ASSET SERVICING

**North Yorkshire Pension Fund**

**3 Months Ending 31 March 2014**

*Fund Analysis & Performance Report*



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## Executive Summary

### Market Review

#### Market Briefing - Quarter Ended 31 March 2014

##### Market Summary

On the whole, Quarter One 2014 saw positive returns across most sectors. Fixed Income and Overseas Equities achieved positive returns whereas UK Equities failed to achieve positive returns this quarter. Both Cash and Property also recorded positive returns.

##### UK Equities

During the Quarter results were mixed for the UK Equity Indices. The FTSE 250 and the FTSE Small Cap indices were the best performing sectors with returns of 2.5% and 1.4% respectively. Results for the FTSE 100 and 350 were both in negative territory and on an overall basis this sector returned -0.6%.

Over the one year period ending on 31<sup>st</sup> March 2014, all the indices achieved positive returns. The FTSE Small CAP was the best performing sector with a return of 20.4% over this period. The FTSE 100 was the weakest performing index with a return of 6.7%.

Health Care was the best performing industry sector with a return of 4.4% for the Quarter. The weakest performing sector was Telecommunications with a return of -7.6%.

Over the one year period ending on 31<sup>st</sup> March 2014, returns ranged from 24.2% for Telecommunications to -0.9% for Basic Materials. Health Care was the second best performing sector with a return of 17.6%.

##### Overseas Equities

The First Quarter of 2014 saw mixed results across the Overseas Equity market. Australia was the best performing country with a return of 5.1%. Brazil provided the second best performance with a return of 1.6%. The weakest performing country was Japan with a return of -6.1% in sterling terms.

Within Europe, Greece was the best performing country with a return of 17.4%. This was followed by Ireland and Denmark with returns of 15.9% and 14.8% respectively. Austria was the weakest performing country with a return of -2.6%, followed by Finland with a return of -1.2%. Over the one year period Greece was the strongest performing country with a return of 66.5%, with Norway being the weakest with a return of 2.0%.

## Executive Summary

### Market Review

#### UK Bonds

Returns were positive across all UK Bond sectors during the quarter. For the seventh quarter running, UK Non-Gilts outperformed Gilts with a return of 2.5% compared to 2.1%. Within Gilts, long-dated Gilts were the strongest performing sector with a return of 3.4%. Short-dated Gilts were the weakest performing sector with a return of 0.4%.

Over the one year period ending 31<sup>st</sup> March 2014, UK Non-Gilts was once again the best performing sector with a return of 1.6% compared to a return of -2.6% for UK Gilts. Within Gilts, short-dated Gilts provided the strongest performance with a return of -0.7%, whilst the weakest came from medium-dated Gilts with -3.6%.

#### Overseas Bonds

First Quarter of 2014 saw Overseas Bonds record a positive performance of 2.0%. Within Europe, Spain was the best performing country with a return of 5.4%. Sweden was the weakest performing country with a return of 1.1%. Outside Europe, Australia was the best performing country with a return of 4.2%, whereas Canada was the weakest performing country with a return of -2.2%.

Over the twelve month period, Overseas Bonds achieved a return of -8.5%. European Bonds saw mixed returns over this period where Spain provided the best return of 12.3%, followed by Italy with a return of 10.6%. Outside of Europe, the best performance came from USA with a return of -10.3%. Australia was the weakest performing country with a return of -17.9%.

#### UK Index-Linked Gilts

UK Index Linked-Gilts achieved a positive return of 3.2% for the First Quarter of 2014. Within this sector, long-dated Index-Linked Gilts provided the strongest performance with a return of 4.00%, whereas the weakest performance was provided by short-dated Index-Linked Gilts with a return of 0.6%.

Over the one year period to 31<sup>st</sup> March 2014, on an overall basis UK Index-Linked Gilts achieved a return of -3.80%. Over the same period, short-dated Index-Linked Gilts was the strongest performing sector with a return of -1.5%, whereas medium-dated Index Linked Gilts showed the weakest performance returning -6.8%.

#### UK Cash and Property

Property recorded a positive return for the fifth successive quarter with a return of 2.9%. The overall return for the year ending on 31<sup>st</sup> March 2014 was 9.5%. Cash achieved a return of 0.1% over the quarter and 0.4% over the last twelve months.

### Fund Performance, Risk and Allocation Highlights

During the First Quarter of 2014, the fund returned 1.53% versus its benchmark of 1.40%, thereby outperforming by 0.13%. In terms of longer period performance, the fund has outperformed over 5 year by 2.84%.

At asset class level, the fund out-performed its blended benchmark in all the majority of asset classes. Property is the best performing sector which outperformed its benchmark by 2.72%. Alternative is the second best performing asset class which outperformed its benchmark by 0.85.

Over the quarter, Nine accounts out-performed their benchmarks. The best (excluding the Cash Account) was shown by Hermes who out-performed their benchmark of UK Retail Price Index (RPI) by 2.98%.

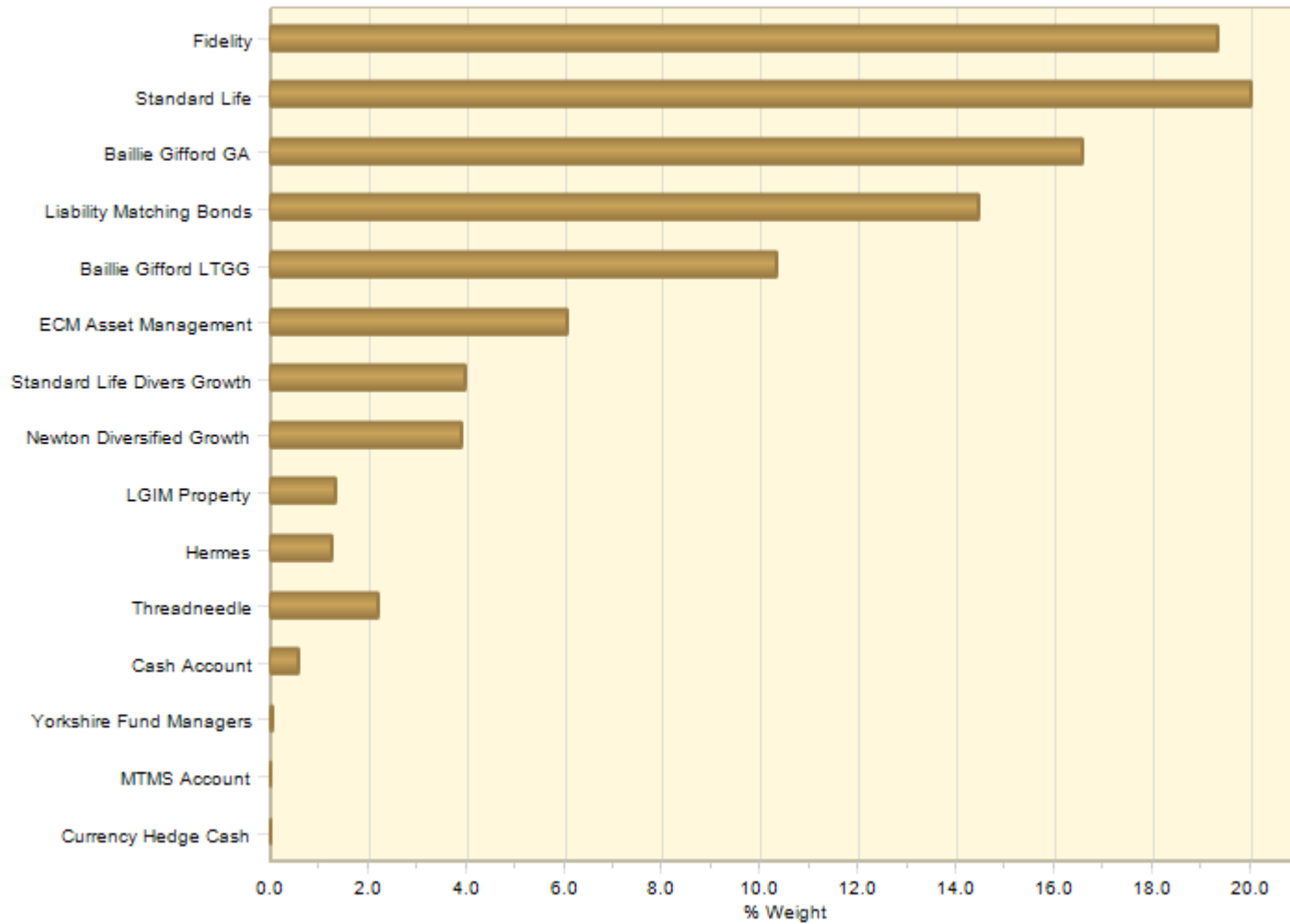
For asset allocation the fund is closely matched to the benchmark with the largest variances being in Alternatives and Global Equity Units where the fund is -4.07% underweight and 1.90% overweight respectively.

*Fund Allocation*

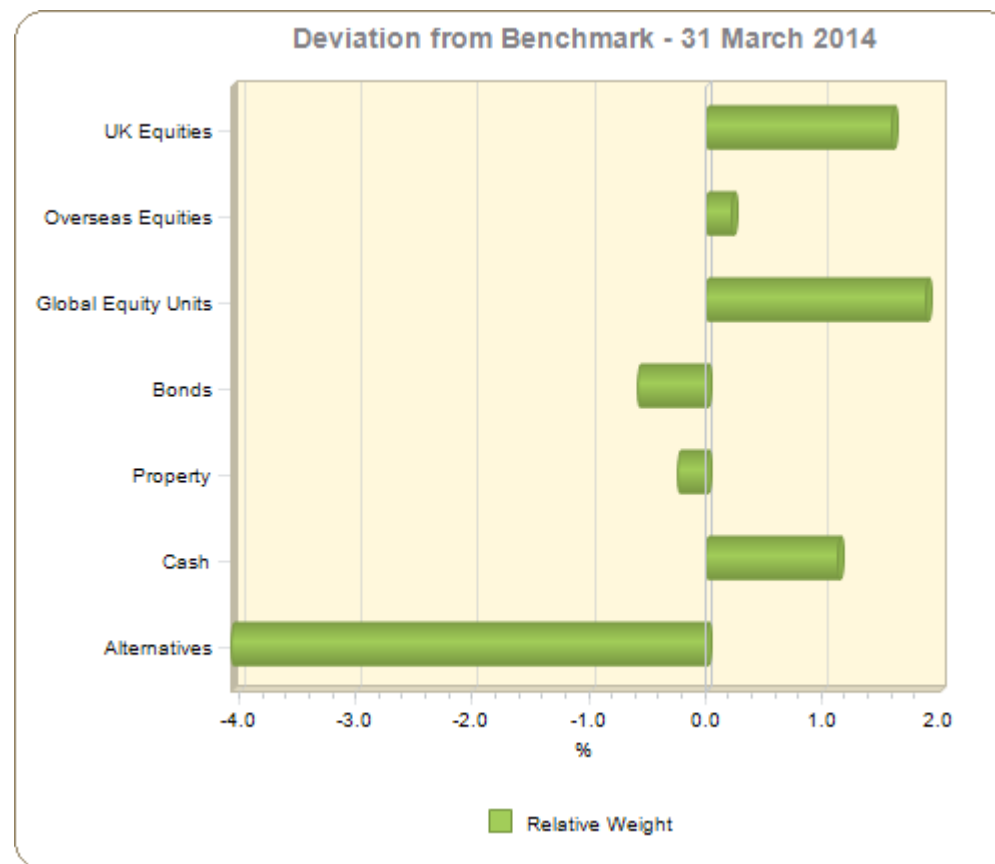
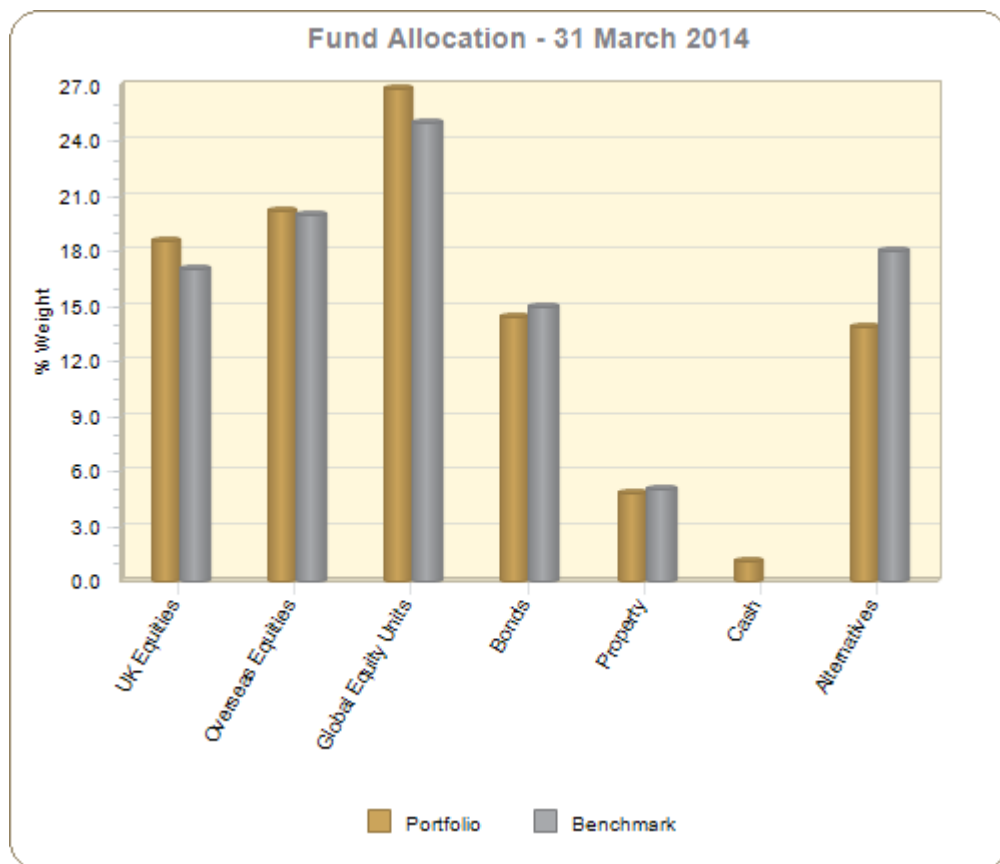


Fund Allocation - Managers

Manager Allocation - 3 Months Ending 31 March 2014

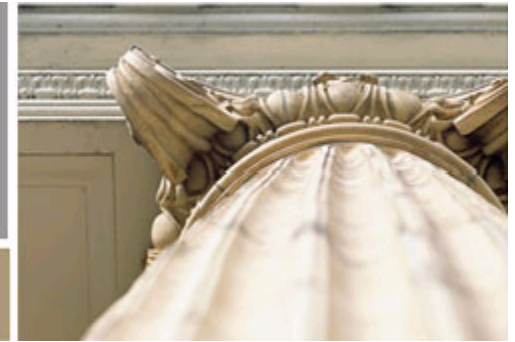


Manager	Weight (%)
Fidelity	19.35
Standard Life	20.02
Baillie Gifford GA	16.58
Liability Matching Bonds	14.44
Baillie Gifford LTGG	10.32
ECM Asset Management	6.04
Standard Life Divers Growth	3.99
Newton Diversified Growth	3.90
LGIM Property	1.34
Hermes	1.24
Threadneedle	2.18
Cash Account	0.58
Yorkshire Fund Managers	0.02
MTMS Account	0.00
Currency Hedge Cash	0.00



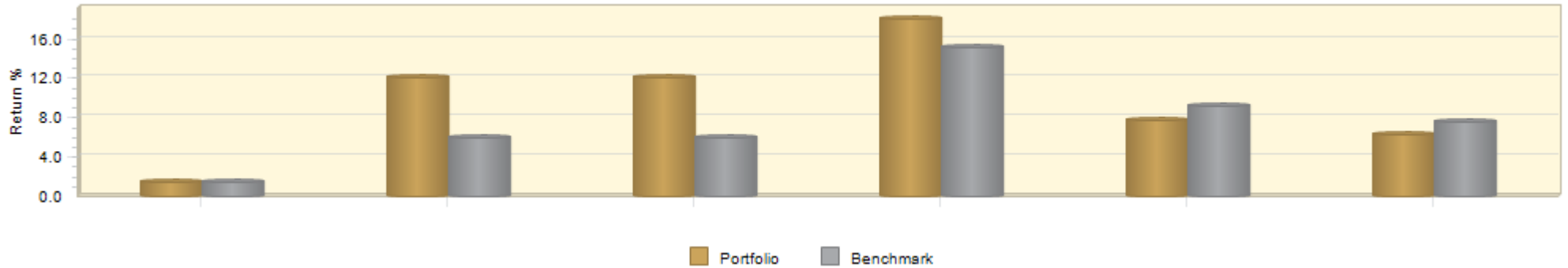
	UK Equities	Overseas Equities	Global Equity Units	Bonds	Property	Cash	Alternatives
Portfolio	18.61	20.23	26.90	14.42	4.76	1.14	13.93
Benchmark	17.00	20.00	25.00	15.00	5.00		18.00
Relative Weight	1.61	0.23	1.90	-0.58	-0.24	1.14	-4.07

*Fund Performance*



Fund Performance - Summary

Periodic Performance



	Quarter	Fiscal Year To Date	1 Year	5 Years (Ann)	10 Years (Ann)	Since Inception (Ann)
Portfolio	1.53	11.98	11.98	18.09	7.74	6.32
Benchmark	1.40	5.88	5.88	15.25	9.20	7.52

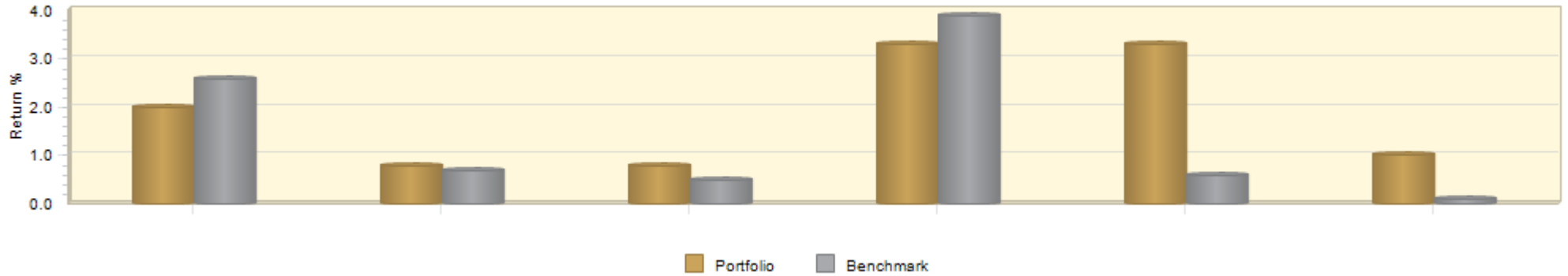
Inception Date: 31 Jan 2002

Ann = Annualised



Fund Performance - Segment Analysis

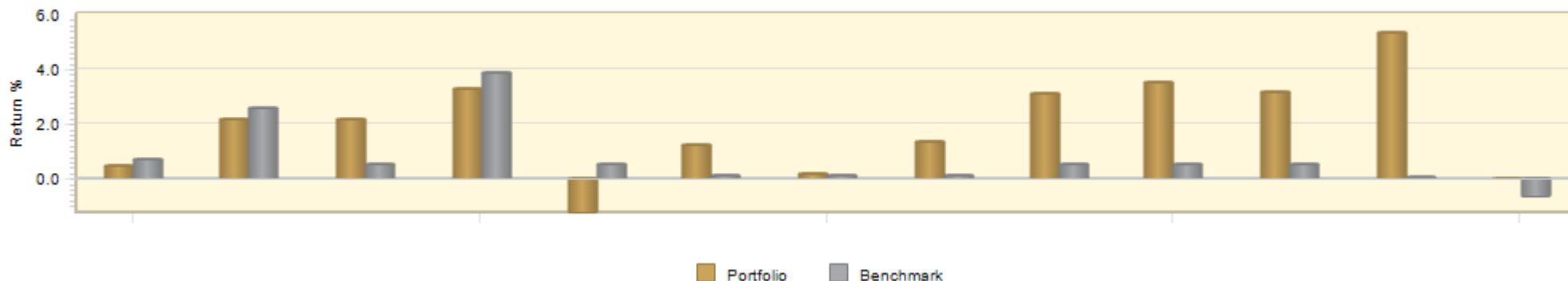
Segment Performance - 3 Months Ending 31 March 2014



	UK Equities	Overseas Equities	Global Equity Units	Bonds	Property	Alternatives
Portfolio	2.01	0.78	0.85	3.33	3.27	0.97
Benchmark	2.61	0.73	0.54	3.89	0.55	0.12

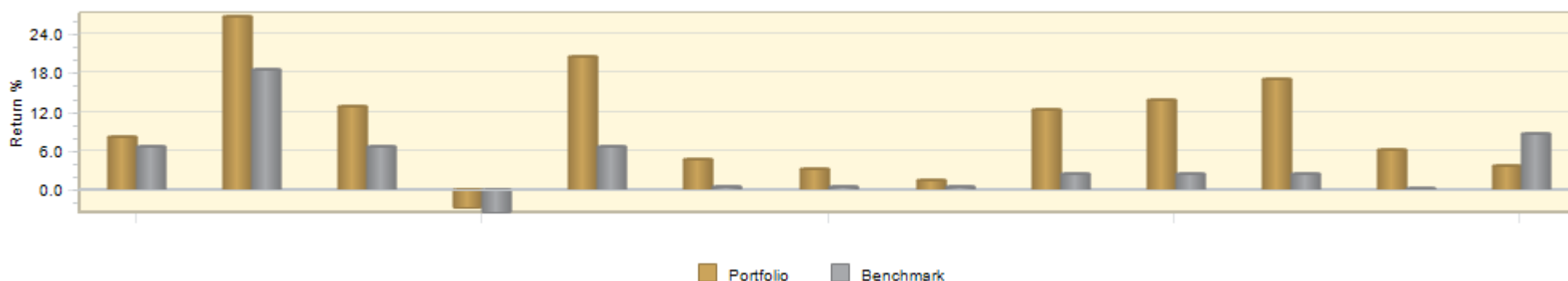
Fund Performance - Manager Overview

Manager Performance - 3 Months Ending 31 March 2014



	Fidelity	Standard Life	Baillie Gifford GA	Liability Matching	Baillie Gifford LTGG	ECM Asset Management	Standard Life Divers Growth	Newton Diversified	LGIM Property	Hermes	Threadneedle	Cash Account	Yorkshire Fund
Portfolio	0.49	2.16	2.18	3.32	-1.22	1.22	0.21	1.36	3.10	3.53	3.21	5.36	0.00
Benchmark	0.73	2.61	0.54	3.89	0.54	0.12	0.12	0.12	0.55	0.55	0.55	0.09	-0.63

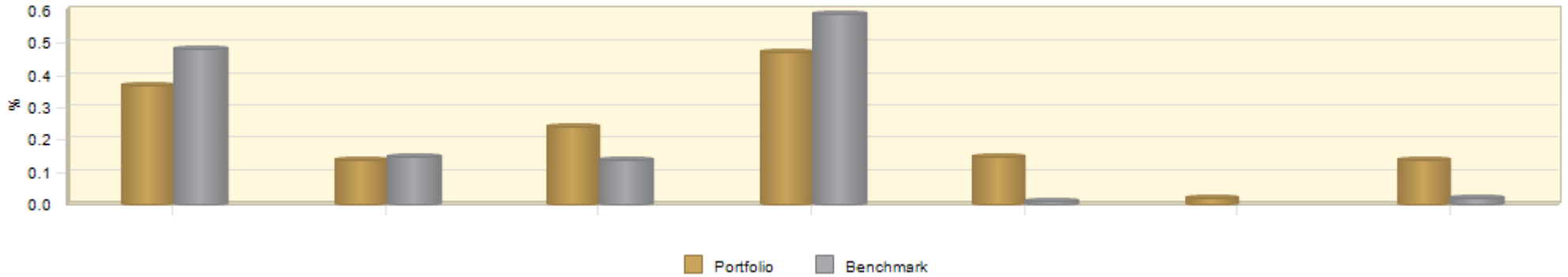
Manager Performance - 1 Year Ending 31 March 2014



	Fidelity	Standard Life	Baillie Gifford GA	Liability Matching	Baillie Gifford LTGG	ECM Asset Management	Standard Life Divers Growth	Newton Diversified	LGIM Property	Hermes	Threadneedle	Cash Account	Yorkshire Fund
Portfolio	8.20	26.65	12.77	-2.76	20.57	4.61	3.34	1.57	12.43	13.84	17.22	6.19	3.75
Benchmark	6.81	18.51	6.75	-3.44	6.75	0.49	0.49	0.49	2.45	2.45	2.45	0.36	8.81

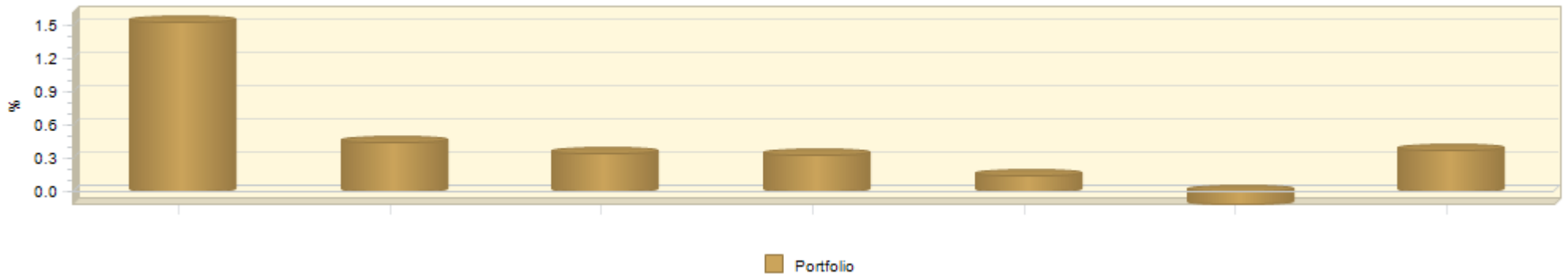
Fund Performance - Contribution Analysis

Source of Contribution - Quarter to 31 March 2014



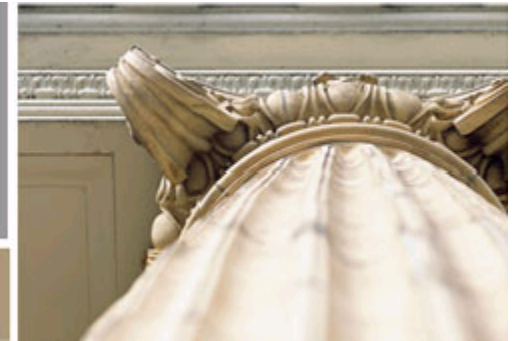
	UK Equities	Overseas Equities	Global Equity Units	Bonds	Property	Cash	Alternatives
Portfolio	0.37	0.14	0.24	0.47	0.15	0.02	0.14
Benchmark	0.48	0.15	0.14	0.59	0.01		0.02

Top 5 Manager Contribution - Quarter to 31 March 2014



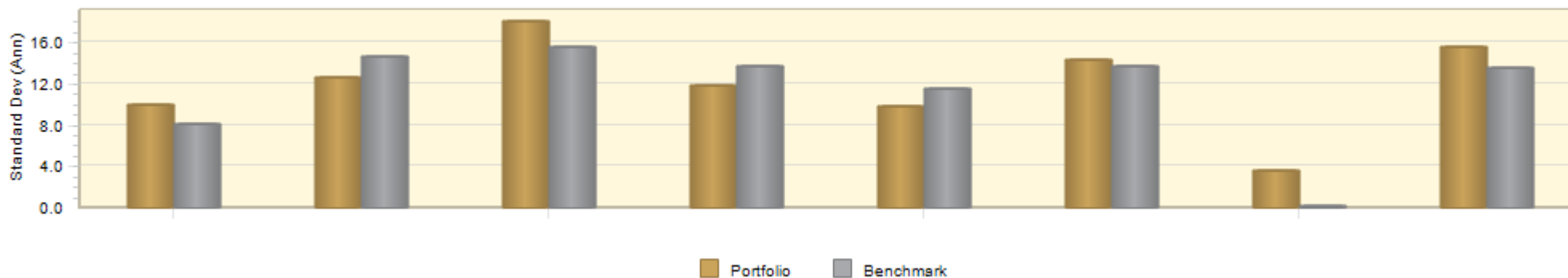
	Total Consolidation	Standard Life	Baillie Gifford GA	Amundi	M&G	Baillie Gifford LTGG	Remaining Managers
Portfolio	1.53	0.44	0.35	0.33	0.14	-0.11	0.38

*Risk Profile*



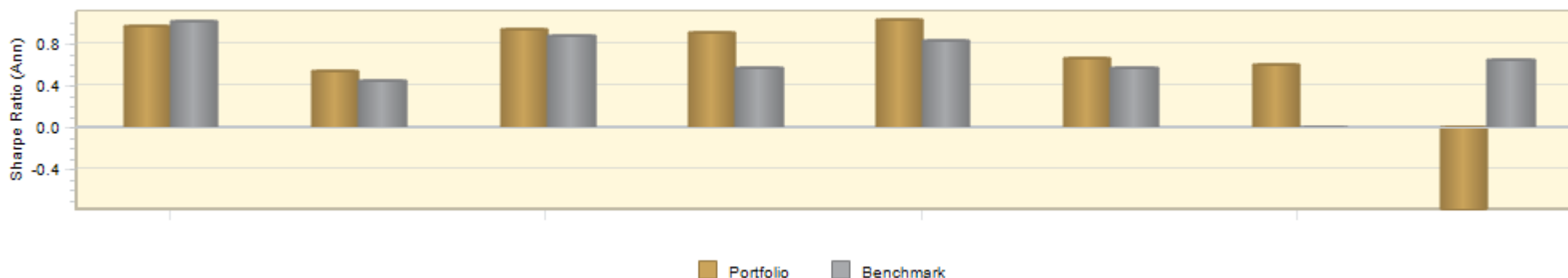
**Risk Profile - Historic Risk**

**Standard Deviation - 3 Years (Ann) to 31 March 2014**



	Total Consolidation	Fidelity	Standard Life	Baillie Gifford GA	Amundi	Baillie Gifford LTGG	ECM Asset Management	Yorkshire Fund Managers
Portfolio	9.96	12.57	18.02	11.84	9.78	14.38	3.59	15.52
Benchmark	8.04	14.61	15.60	13.63	11.53	13.63	0.16	13.58

**Sharpe Ratio - 3 Years (Ann) to 31 March 2014**

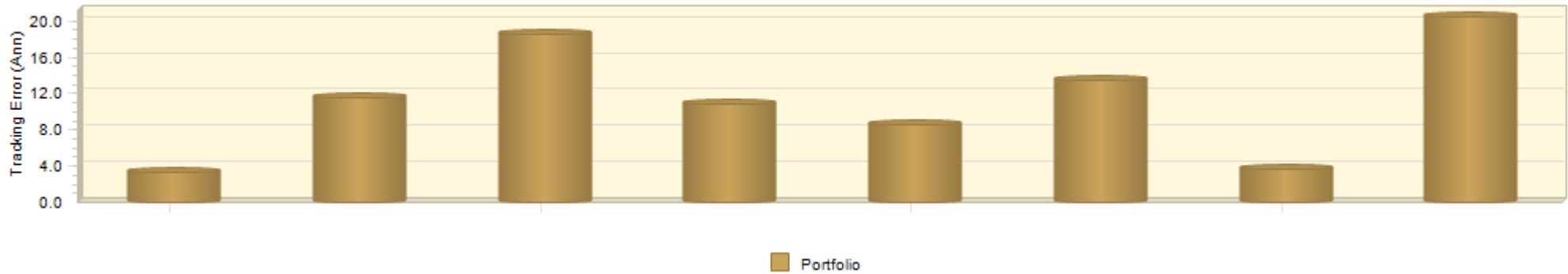


	Total Consolidation	Fidelity	Standard Life	Baillie Gifford GA	Amundi	Baillie Gifford LTGG	ECM Asset Management	Yorkshire Fund Managers
Portfolio	0.98	0.54	0.94	0.91	1.04	0.67	0.61	-0.78
Benchmark	1.02	0.46	0.89	0.57	0.84	0.57	0.00	0.65

Ann = Annualised

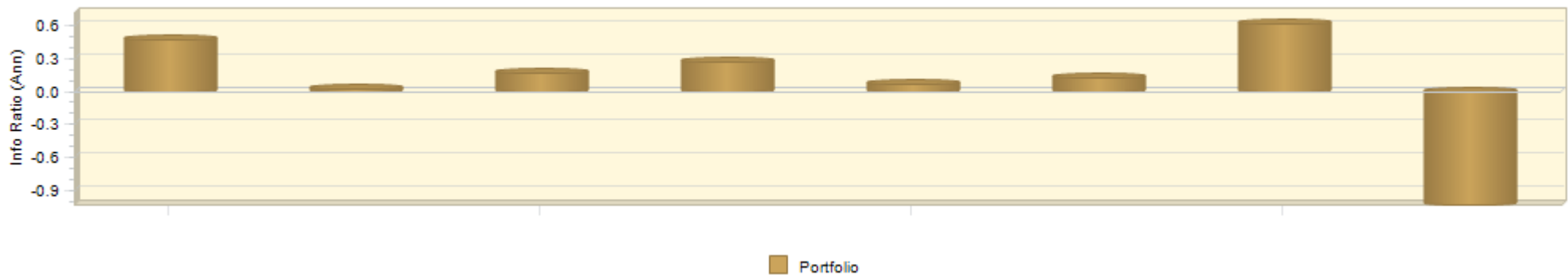
Risk Profile - Historic Risk

Tracking Error - 3 Years (Ann) to 31 March 2014



	Total Consolidation	Fidelity	Standard Life	Baillie Gifford GA	Amundi	Baillie Gifford LTGG	ECM Asset Management	Yorkshire Fund Managers
Portfolio	3.29	11.60	18.56	10.90	8.65	13.42	3.60	20.43

Information Ratio - 3 Years (Ann) to 31 March 2014



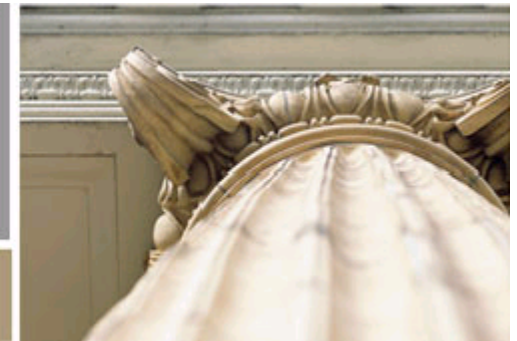
	Total Consolidation	Fidelity	Standard Life	Baillie Gifford GA	Amundi	Baillie Gifford LTGG	ECM Asset Management	Yorkshire Fund Managers
Portfolio	0.47	0.02	0.16	0.27	0.06	0.13	0.61	-1.03

Ann = Annualised

Risk Profile - Consistency Analysis

Manager	Active Number of Months	Number of Positive Months	Consistency Rate (%)	Benchmark Consistency (%)	Outperformance (%)
<b>Total Consolidation</b>	<b>147</b>	<b>96</b>	<b>65</b>	<b>68</b>	<b>54</b>
Fidelity	65	42	65	45	52
Standard Life	90	50	56	32	58
Baillie Gifford GA	90	55	61	36	54
Amundi	105	61	58	32	54
Baillie Gifford LTGG	91	53	58	35	52
ECM Asset Management	105	67	64	43	61
Standard Life Divers Growth	13	10	77	100	69
Newton Diversified Growth	13	5	38	100	38
M&G	28	15	54	54	57
LGIM Property	16	15	94	69	75
Hermes	25	14	56	67	48
Threadneedle	22	19	86	68	73
Yorkshire Fund Managers	129	4	3	33	14

*Fund Profile*





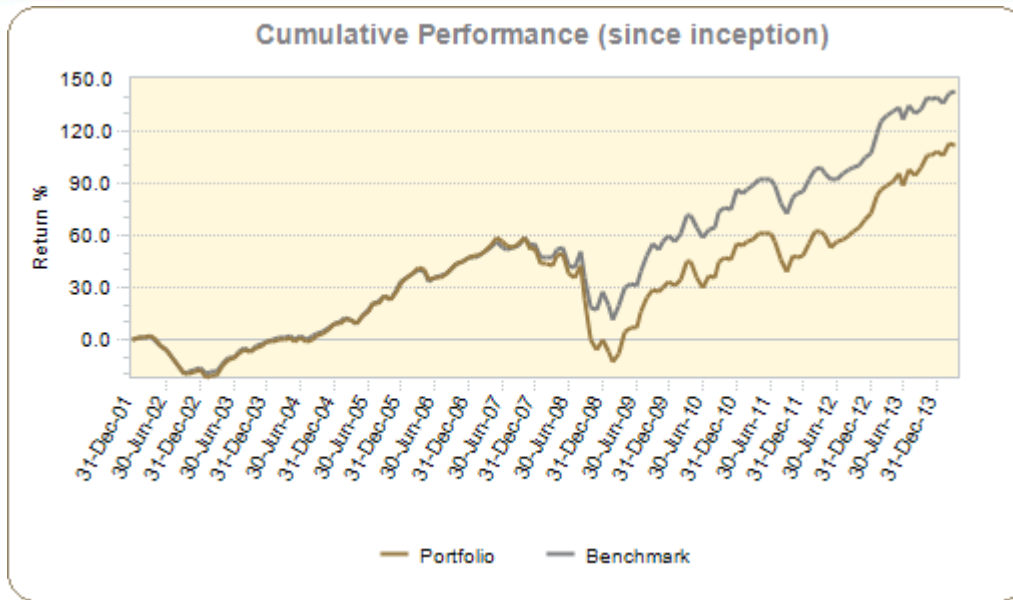
Fund Profile - Movement of Funds

Manager Name	Market Value 31-Dec-2013 (000's)	Net Contributions (000's)	Income (000's)	Gain/Loss (000's)	Market Value 31-Mar-2014 (000's)	% Change
<b>Total Consolidation</b>	<b>2,040,187.95</b>	<b>10,023.26</b>	<b>3,574.05</b>	<b>27,803.84</b>	<b>2,081,589.11</b>	<b>2.03</b>
Total Consolidation	2,040,187.95	10,023.26	3,574.05	27,803.84	2,081,589.11	2.03
Fidelity	400,782.53	-1.48	1,167.29	800.99	402,749.33	0.49
Standard Life	407,957.84	0.00	1,831.07	6,978.30	416,767.22	2.16
Baillie Gifford GA	337,827.38	0.05	0.00	7,358.77	345,186.20	2.18
Amundi	221,933.46	0.00	0.00	6,735.41	228,668.87	3.03
Baillie Gifford LTGG	217,490.00	0.00	0.00	-2,651.61	214,838.39	-1.22
ECM Asset Management	124,266.98	0.00	0.00	1,516.58	125,783.56	1.22
Standard Life Divers Growth	82,817.51	0.00	0.00	175.12	82,992.63	0.21
Newton Diversified Growth	80,164.81	0.00	0.00	1,093.73	81,258.54	1.36
M&G	69,088.89	-98.62	325.98	2,605.53	71,921.78	4.10
LGIM Property	27,142.14	0.00	0.00	842.34	27,984.48	3.10
Hermes	25,157.89	-246.05	246.05	641.34	25,799.23	2.55
Threadneedle	43,870.05	0.00	0.00	1,408.79	45,278.84	3.21
Cash Account	-2,995.65	14,989.85	-5.74	4.02	11,992.48	-500.33
Yorkshire Fund Managers	327.68	0.00	0.00	0.00	327.68	0.00
MTMS Account	0.23	0.10	9.33	-9.66	0.00	-100.00
Currency Hedge Cash	4,356.20	-4,620.58	0.05	304.20	39.87	-99.08

*Manager Analysis*



Manager Analysis - Total Consolidation



Inception Date: 31 Jan 2002

Periodic Performance						
	Quarter	Fiscal Year To Date	1 Year	5 Years (Ann)	10 Years (Ann)	Since Inception
Portfolio	1.5	12.0	12.0	18.1	7.7	6.3
Benchmark	1.4	5.9	5.9	15.2	9.2	7.5

Risk Profile - 3 Years (Ann) to 31 March 2014				
	Standard Deviation	Sharpe Ratio	Tracking Error	Information Ratio
Portfolio	10.0	1.0	3.3	0.5
Benchmark	8.0	1.0		

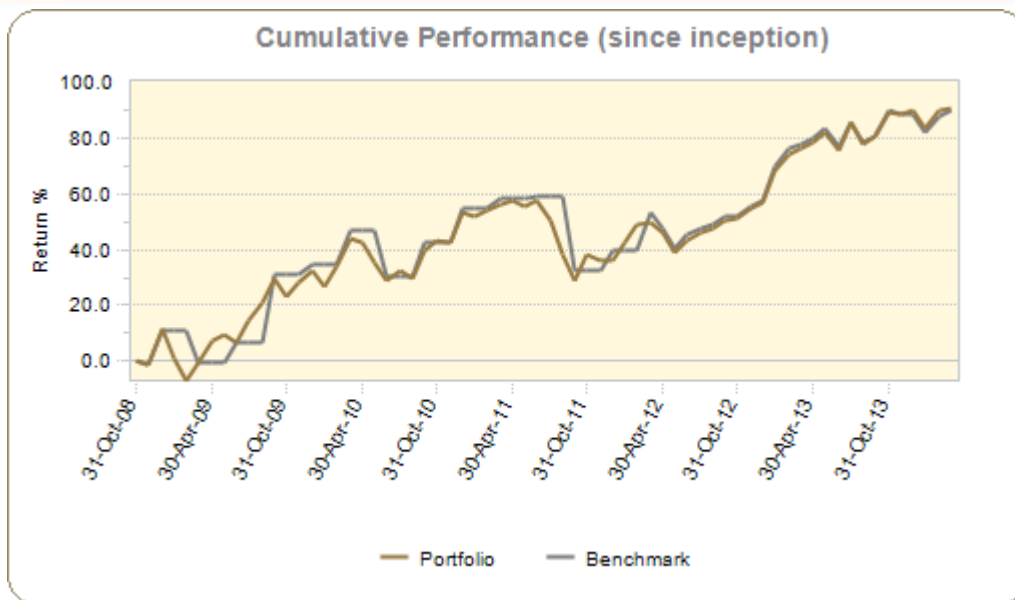
Portfolio Size and Mandate	
Portfolio Size (GBP)	Portfolio Mandate
2,081,589,111	Total Plan

Allocation - 31 March 2014							
	UK Equities	Overseas Equities	Global Equitv	Bonds	Property	Cash	Alternative
Portfolio	18.61	20.23	26.90	14.42	4.76	1.14	13.93
Benchmark	17.00	20.00	25.00	15.00	5.00		18.00

Summary - 3 Months Ending 31 March 2014

The fund's relative performance of the Quarter and 1 Year was 0.10% and 6.10% respectively.

Manager Analysis - Fidelity



Inception Date: 30 Nov 2008

Portfolio Size and Mandate	
<b>Portfolio Size (GBP)</b>	<b>Portfolio Mandate</b>
402,749,327	Global Equities

Allocation - 31 March 2014			
	<b>UK Equities</b>	<b>Overseas Equities</b>	<b>Cash</b>
Portfolio	0.41	98.50	1.09
Benchmark		100.00	

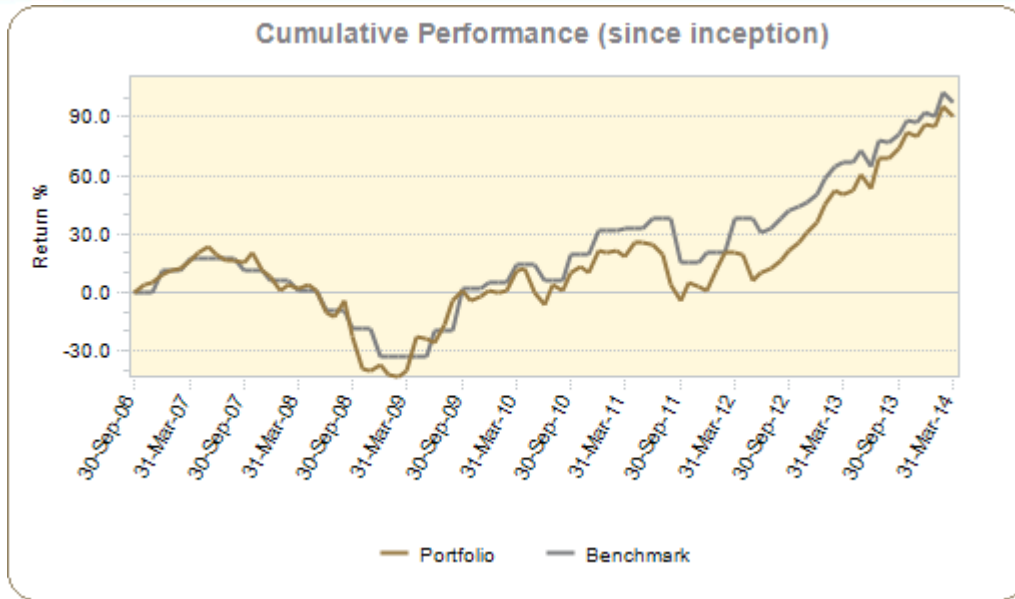
Periodic Performance					
	<b>Quarter</b>	<b>Fiscal Year To Date</b>	<b>1 Year</b>	<b>5 Years (Ann)</b>	<b>Since Inception (Ann)</b>
Portfolio	0.5	8.2	8.2	13.9	12.7
Benchmark	0.7	6.8	6.8	13.9	12.4

Summary - 3 Months Ending 31 March 2014

The manager's relative performance of the Quarter and 1 Year was -0.20% and 1.40% respectively.

Risk Profile - 3 Years (Ann) to 31 March 2014				
	<b>Standard Deviation</b>	<b>Sharpe Ratio</b>	<b>Tracking Error</b>	<b>Information Ratio</b>
Portfolio	12.6	0.5	11.6	0.0
Benchmark	14.6	0.5		

Manager Analysis - Standard Life



Inception Date: 31 Oct 2006

Portfolio Size and Mandate	
<b>Portfolio Size (GBP)</b>	<b>Portfolio Mandate</b>
416,767,223	UK Equities

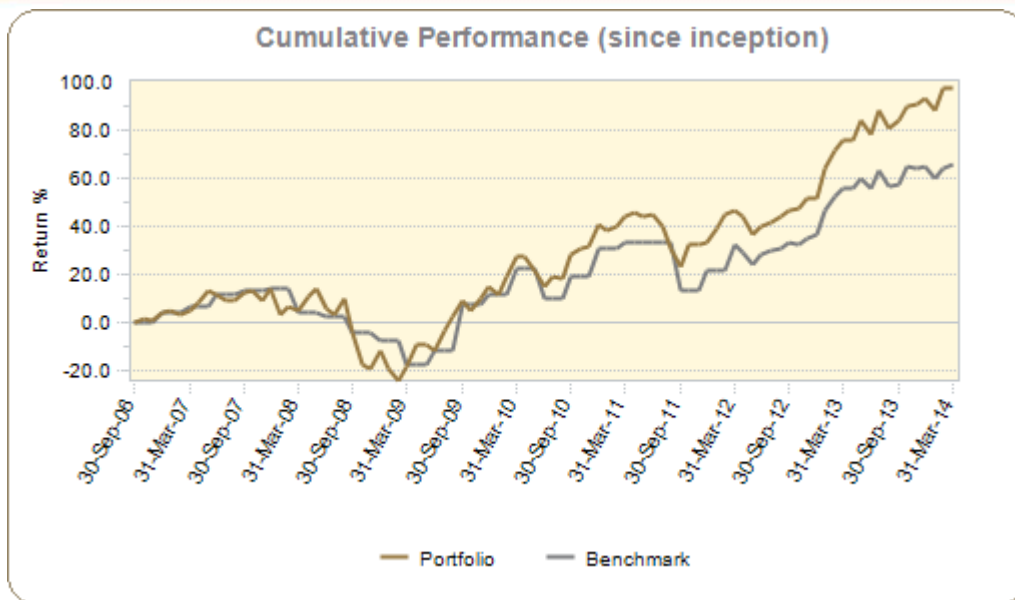
Allocation - 31 March 2014			
	<b>UK Equities</b>	<b>Overseas Equities</b>	<b>Cash</b>
Portfolio	92.48	5.84	1.68
Benchmark	100.00		

Periodic Performance					
	<b>Quarter</b>	<b>Fiscal Year To Date</b>	<b>1 Year</b>	<b>5 Years (Ann)</b>	<b>Since Inception (Ann)</b>
Portfolio	2.2	26.6	26.6	25.9	9.0
Benchmark	2.6	18.5	18.5	24.0	9.5

**Summary - 3 Months Ending 31 March 2014**  
 The manager's relative performance of the Quarter and 1 Year was -0.40% and 8.10% respectively

Risk Profile - 3 Years (Ann) to 31 March 2014				
	<b>Standard Deviation</b>	<b>Sharpe Ratio</b>	<b>Tracking Error</b>	<b>Information Ratio</b>
Portfolio	18.0	0.9	18.6	0.2
Benchmark	15.6	0.9		

Manager Analysis - Baillie Gifford GA



Inception Date: 31 Oct 2006

Portfolio Size and Mandate	
<b>Portfolio Size (GBP)</b>	<b>Portfolio Mandate</b>
345,186,201	Global Equities

Allocation - 31 March 2014		
	<b>Global Equity Units</b>	<b>Cash</b>
Portfolio	100.00	0.00
Benchmark	100.00	

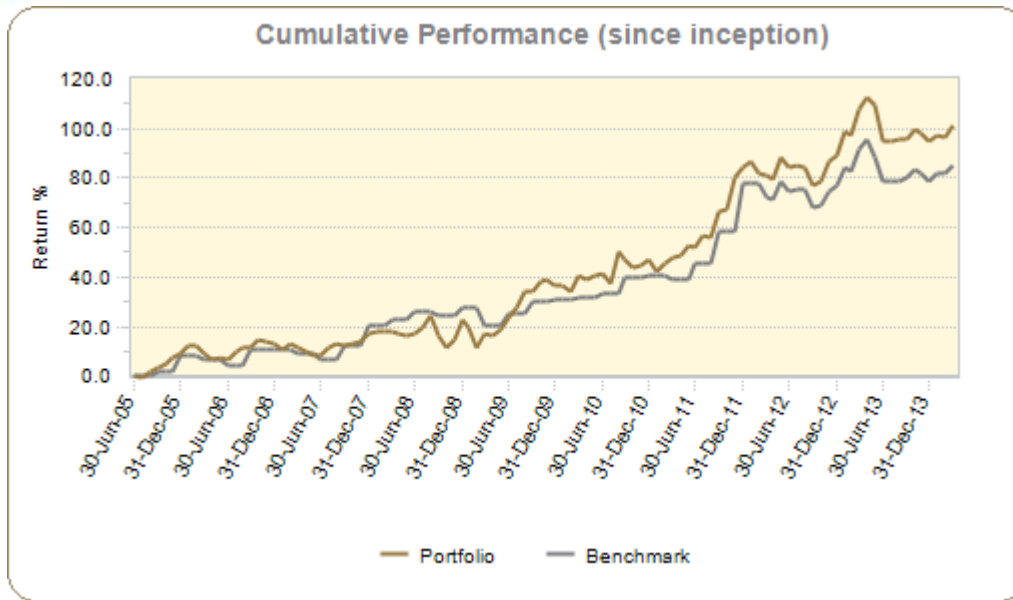
Periodic Performance					
	<b>Quarter</b>	<b>Fiscal Year To Date</b>	<b>1 Year</b>	<b>5 Years (Ann)</b>	<b>Since Inception (Ann)</b>
Portfolio	2.2	12.8	12.8	19.4	9.5
Benchmark	0.5	6.8	6.8	14.9	7.0

Summary - 3 Months Ending 31 March 2014

The manager's relative performance of the Quarter and 1 Year was 1.70% and 6.00% respectively.

Risk Profile - 3 Years (Ann) to 31 March 2014				
	<b>Standard Deviation</b>	<b>Sharpe Ratio</b>	<b>Tracking Error</b>	<b>Information Ratio</b>
Portfolio	11.8	0.9	10.9	0.3
Benchmark	13.6	0.6		

Manager Analysis - Amundi



Inception Date: 31 Jul 2005

Portfolio Size and Mandate	
<b>Portfolio Size (GBP)</b>	<b>Portfolio Mandate</b>
228,668,875	Global Bonds

Allocation - 31 March 2014		
	<b>Bonds</b>	<b>Cash</b>
Portfolio	100.00	0.00
Benchmark	100.00	

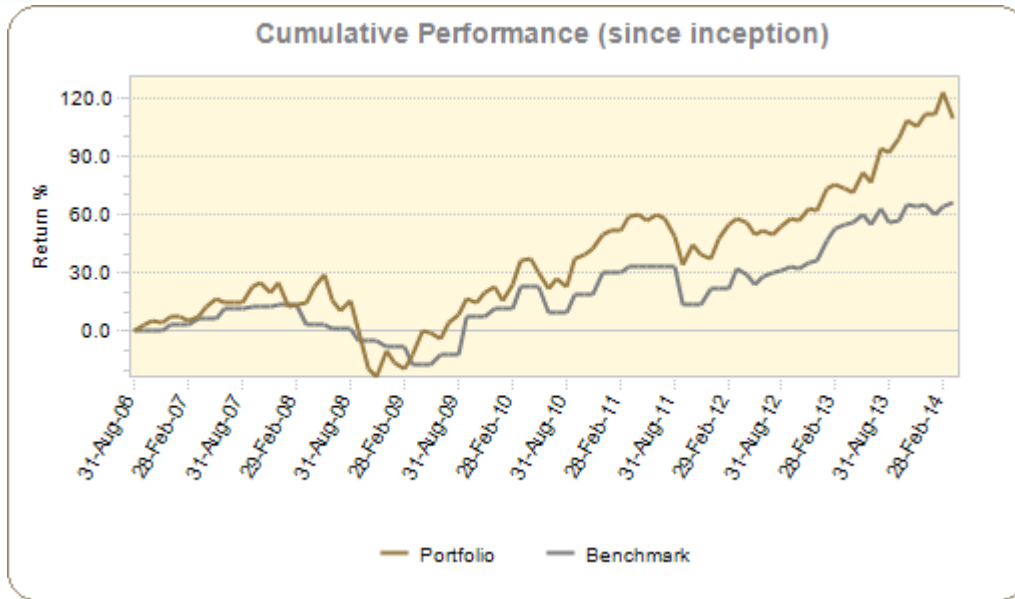
Periodic Performance					
	<b>Quarter</b>	<b>Fiscal Year To Date</b>	<b>1 Year</b>	<b>5 Years (Ann)</b>	<b>Since Inception (Ann)</b>
Portfolio	3.0	-3.1	-3.1	11.4	8.3
Benchmark	3.9	-3.4	-3.4	9.0	7.3

Summary - 3 Months Ending 31 March 2014

The manager's relative performance of the Quarter and 1 Year was -0.90% and 0.30% respectively

Risk Profile - 3 Years (Ann) to 31 March 2014				
	<b>Standard Deviation</b>	<b>Sharpe Ratio</b>	<b>Tracking Error</b>	<b>Information Ratio</b>
Portfolio	9.8	1.0	8.6	0.1
Benchmark	11.5	0.8		

Manager Analysis - Baillie Gifford LTGG



Inception Date: 30 Sep 2006

Portfolio Size and Mandate	
<b>Portfolio Size (GBP)</b>	<b>Portfolio Mandate</b>
214,838,388	Global Equities

Allocation - 31 March 2014	
	<b>Global Equity Units</b>
Portfolio	100.00
Benchmark	100.00

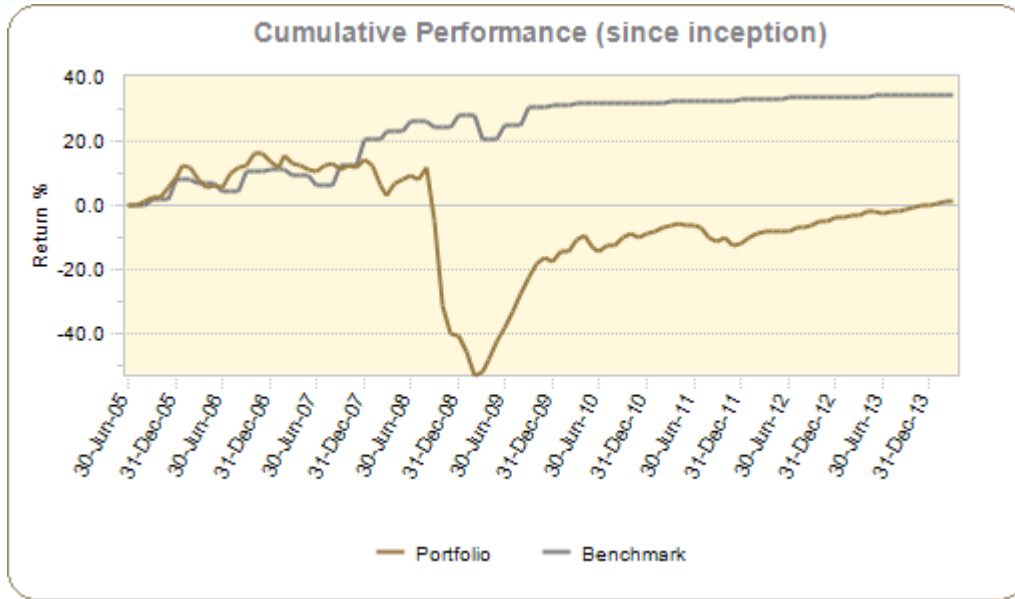
Periodic Performance					
	Quarter	Fiscal Year To Date	1 Year	5 Years (Ann)	Since Inception (Ann)
Portfolio	-1.2	20.6	20.6	18.9	10.2
Benchmark	0.5	6.8	6.8	14.9	

**Summary - 3 Months Ending 31 March 2014**  
 The manager's relative performance of the Quarter and 1 Year was -1.70% and 13.80% respectively.

Risk Profile - 3 Years (Ann) to 31 March 2014				
	Standard Deviation	Sharpe Ratio	Tracking Error	Information Ratio
Portfolio	14.4	0.7	13.4	0.1
Benchmark	13.6	0.6		



Manager Analysis - ECM Asset Management



Inception Date: 31 Jul 2005

Periodic Performance					
	Quarter	Fiscal Year To Date	1 Year	5 Years (Ann)	Since Inception (Ann)
Portfolio	1.2	4.6	4.6	16.1	0.2
Benchmark	0.1	0.5	0.5	2.3	3.5

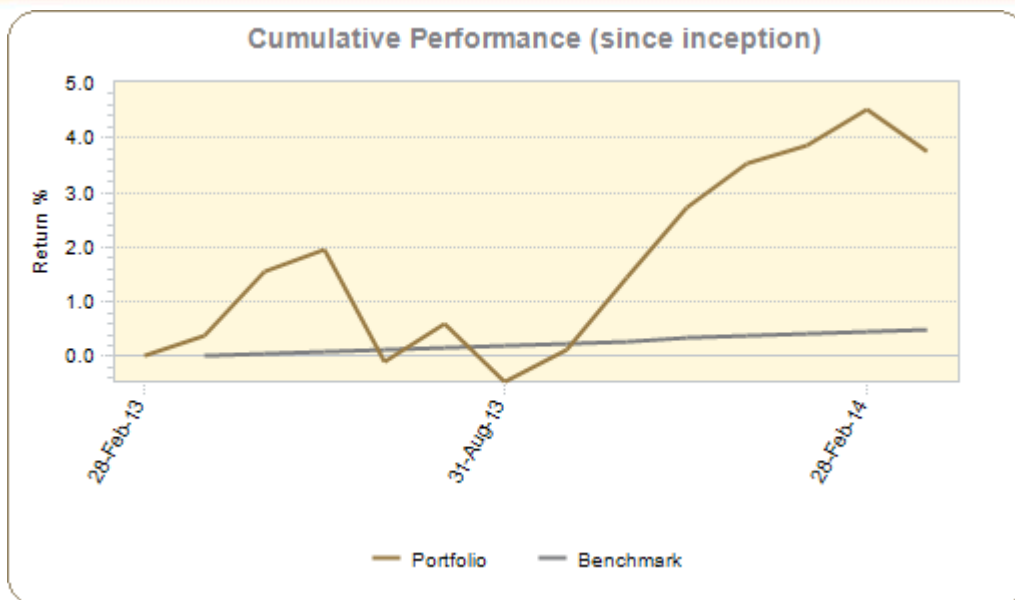
Risk Profile - 3 Years (Ann) to 31 March 2014				
	Standard Deviation	Sharpe Ratio	Tracking Error	Information Ratio
Portfolio	3.6	0.6	3.6	0.6
Benchmark	0.2	0.0		

Portfolio Size and Mandate	
<b>Portfolio Size (GBP)</b>	<b>Portfolio Mandate</b>
125,783,562	European Bonds

Allocation - 31 March 2014		
	Cash	Alternatives
Portfolio	0.00	100.00
Benchmark		100.00

**Summary - 3 Months Ending 31 March 2014**  
 The manager's relative performance of the Quarter and 1 Year was 1.10% and 4.10% respectively

Manager Analysis - Standard Life Divers Growth



Inception Date: 31 Mar 2013

Portfolio Size and Mandate	
<b>Portfolio Size (GBP)</b>	<b>Portfolio Mandate</b>
82,992,632	Diversified Growth

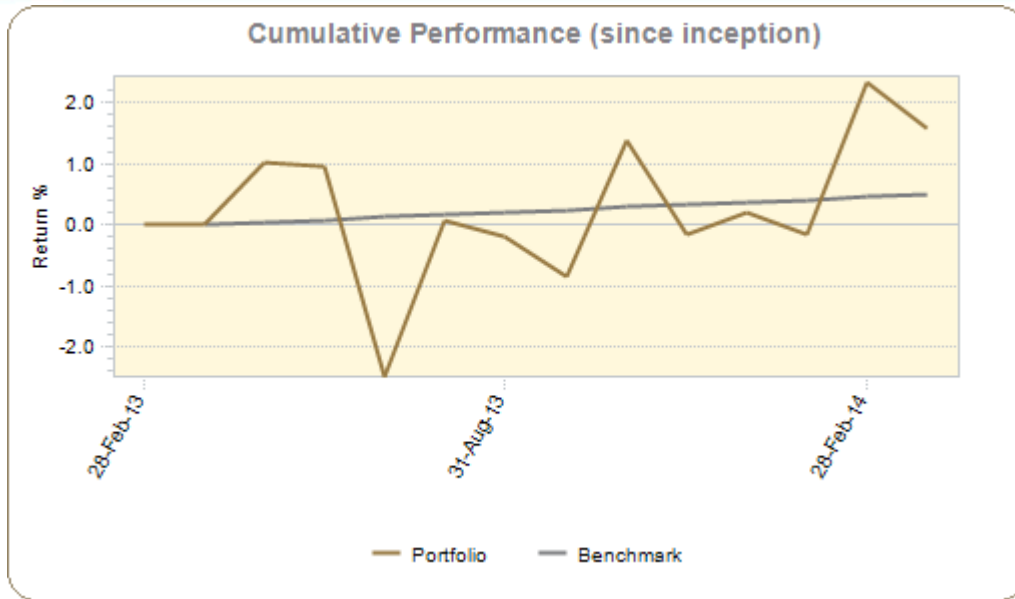
Allocation - 31 March 2014	
	<b>Alternatives</b>
Portfolio	100.00
Benchmark	100.00

Periodic Performance				
	Quarter	Fiscal Year To Date	1 Year	Since Inception (Ann)
Portfolio	0.2	3.3	3.3	3.4
Benchmark	0.1	0.5	0.5	0.5

**Summary - 3 Months Ending 31 March 2014**  
 The manager's relative performance of the Quarter and 1 Year was 0.10% and 2.80%.

Risk Profile - 3 Years (Ann) to 31 March 2014				
	Standard Deviation	Sharpe Ratio	Tracking Error	Information Ratio
Portfolio				
Benchmark				

Manager Analysis - Newton Diversified Growth



Inception Date: 31 Mar 2013

Portfolio Size and Mandate	
<b>Portfolio Size (GBP)</b>	<b>Portfolio Mandate</b>
81,258,545	Diversified Growth

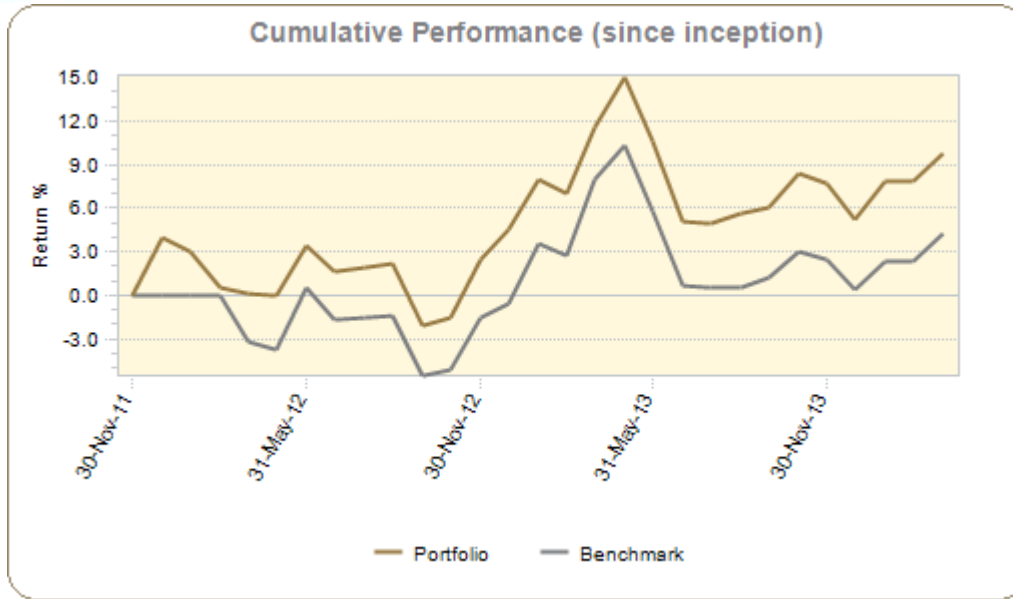
Allocation - 31 March 2014	
	<b>Alternatives</b>
Portfolio	100.00
Benchmark	100.00

Periodic Performance				
	Quarter	Fiscal Year To Date	1 Year	Since Inception (Ann)
Portfolio	1.4	1.6	1.6	1.5
Benchmark	0.1	0.5	0.5	0.5

**Summary - 3 Months Ending 31 March 2014**  
 The manager's relative performance of the Quarter and 1 Year was 1.30% and 1.10.

Risk Profile - 3 Years (Ann) to 31 March 2014				
	Standard Deviation	Sharpe Ratio	Tracking Error	Information Ratio
Portfolio				
Benchmark				

Manager Analysis - M&G



Inception Date: 31 Dec 2011

Portfolio Size and Mandate	
<b>Portfolio Size (GBP)</b>	<b>Portfolio Mandate</b>
71,921,781	Global Bonds

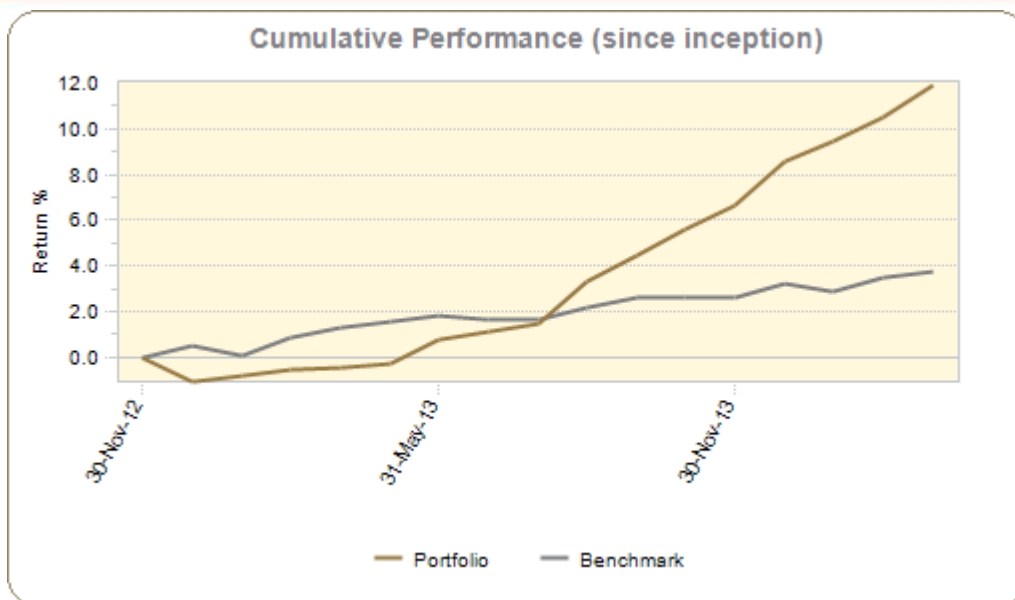
Allocation - 31 March 2014		
	<b>Bonds</b>	<b>Cash</b>
Portfolio	99.51	0.49
Benchmark	100.00	

Periodic Performance				
	<b>Quarter</b>	<b>Fiscal Year To Date</b>	<b>1 Year</b>	<b>Since Inception (Ann)</b>
Portfolio	4.2	-1.6	-1.6	4.0
Benchmark	3.9	-3.4	-3.4	1.8

**Summary - 3 Months Ending 31 March 2014**  
 The manager's relative performance of the Quarter and 1 Year was 0.30% and 1.80% respectively

Risk Profile - 3 Years (Ann) to 31 March 2014				
	<b>Standard Deviation</b>	<b>Sharpe Ratio</b>	<b>Tracking Error</b>	<b>Information Ratio</b>
Portfolio				
Benchmark				

Manager Analysis - LGIM Property



Inception Date: 31 Dec 2012

Periodic Performance				
	Quarter	Fiscal Year To Date	1 Year	Since Inception (Ann)
Portfolio	3.1	12.4	12.4	8.8
Benchmark	0.6	2.5	2.5	2.8

Risk Profile - 3 Years (Ann) to 31 March 2014				
	Standard Deviation	Sharpe Ratio	Tracking Error	Information Ratio
Portfolio				
Benchmark				

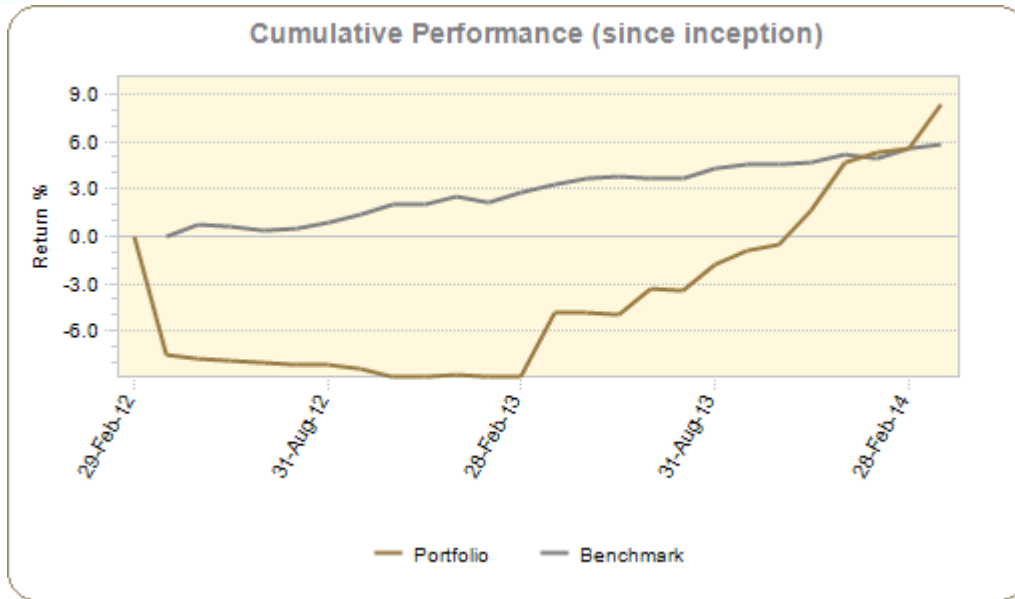
Portfolio Size and Mandate	
Portfolio Size (GBP)	27,984,479
Portfolio Mandate	Property

Allocation - 31 March 2014	
Portfolio Benchmark	Property 100.00

Summary - 3 Months Ending 31 March 2014

The manager's relative performance of the Quarter and 1 year was 2.50 and 9.90 % respectively.

Manager Analysis - Hermes



Inception Date: 31 Mar 2012

Portfolio Size and Mandate	
<b>Portfolio Size (GBP)</b>	<b>Portfolio Mandate</b>
25,799,234	Property

Allocation - 31 March 2014		
	Property	Cash
Portfolio	100.00	0.00
Benchmark	100.00	

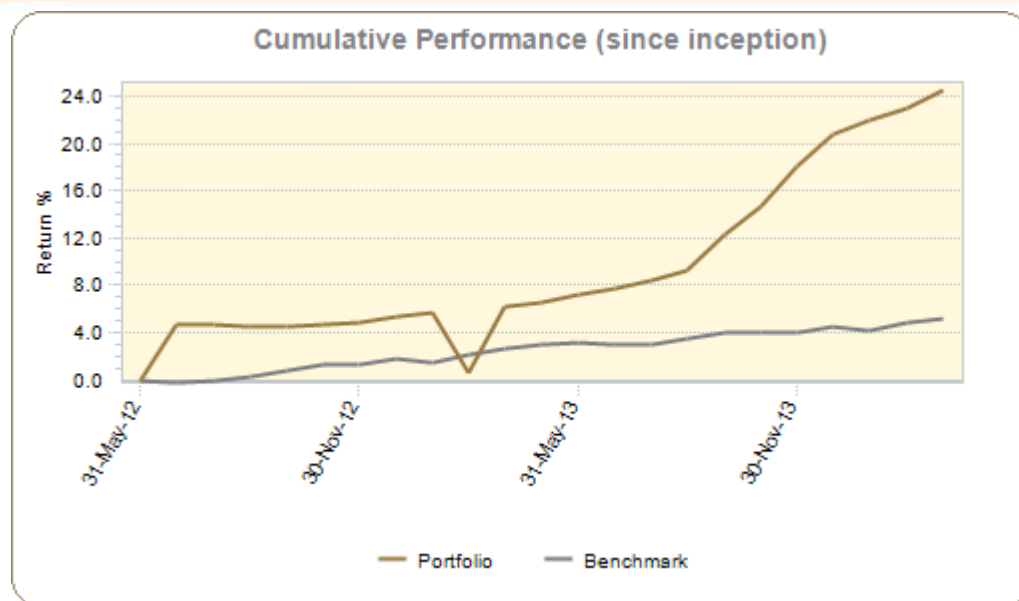
Periodic Performance				
	Quarter	Fiscal Year To Date	1 Year	Since Inception (Ann)
Portfolio	3.5	13.8	13.8	3.9
Benchmark	0.6	2.5	2.5	2.9

Summary - 3 Months Ending 31 March 2014

The manager's relative performance of the Quarter and 1 Year was 2.90% and 11.30% respectively

Risk Profile - 3 Years (Ann) to 31 March 2014				
	Standard Deviation	Sharpe Ratio	Tracking Error	Information Ratio
Portfolio				
Benchmark				

## Manager Analysis - Threadneedle



Inception Date: 30 Jun 2012

Periodic Performance				
	Quarter	Fiscal Year To Date	1 Year	Since Inception (Ann)
Portfolio	3.2	17.2	17.2	12.7
Benchmark	0.6	2.5	2.5	2.8

Risk Profile - 3 Years (Ann) to 31 March 2014				
	Standard Deviation	Sharpe Ratio	Tracking Error	Information Ratio
Portfolio				
Benchmark				

Portfolio Size and Mandate	
<b>Portfolio Size (GBP)</b>	<b>Portfolio Mandate</b>
45,278,839	Property

Allocation - 31 March 2014	
	<b>Property</b>
Portfolio	100.00
Benchmark	100.00

### Summary - 3 Months Ending 31 March 2014

The manager's relative performance of the Quarter and 1 year was 2.60% and 14.7% respectively.

*Appendix*





Appendix - Benchmark Summary

Manager	Weight	Benchmark
Total Consolidation	25.00	Overseas Global Equity Bmk
	20.00	Overseas Equity Bmk
	18.00	Cash Bmk
	17.00	UK Equity Bmk
	15.00	Fixed Income Bmk
	5.00	Property Bmk
	Fidelity	100.00
Standard Life	100.00	Standard Life Alg100 Bmk
Baillie Gifford GA	100.00	FTAW All World
Amundi	100.00	Amundi Bmk
Baillie Gifford LTGG	100.00	FTAW All World
ECM Asset Management	100.00	LIBOR BBA GBP 1 Month
Standard Life Divers Growth	100.00	LIBOR BBA GBP 1 Month Index
Newton Diversified Growth	100.00	LIBOR BBA GBP 1 Month Index
M&G	100.00	M&G Bmk
LGIM Property	100.00	UK Retail Price Idx RPI
Hermes	100.00	UK Retail Price Idx RPI
Threadneedle	100.00	UK Retail Price Idx RPI
Cash Account	100.00	LIBID 1 Week Bid
Yorkshire Fund Managers	100.00	FTSE All-Share

## Appendix - Glossary

### Risk

**Standard Deviation** - Standard Deviation measures the variability (or volatility) of a fund's return over a specified time period.

**Tracking Error** - Tracking Error measures the variability of a fund's returns relative to its benchmark over a time period.

**Information Ratio** - Information Ratio is a measure of performance adjusted for the level of (active) risk.

**Sharpe Ratio** - Sharpe Ratio relates a portfolio's reward (determined as the portfolio's return minus risk free return) to the portfolio's variability (as measured by its standard deviation).

**Active Number of months** - Number of complete months of performance

**Number of Positive Months** - number of complete months the portfolio has produced a positive return

**Consistency Rate (%)** - Number of Positive Months/Active Number of Months

**Benchmark Consistency (%)** - Number of Positive Benchmark Months/Active Number of Months

**Outperformance (%)** - Percentage of months the portfolio has outperformed the benchmark

### Attribution

**Allocation Effect** - Measures the impact of decisions to allocate assets differently from the benchmark.

**Selection Effect** - Measures the impact of decisions of selecting securities different from those held in the benchmark.

**Currency Effect** - Measures the impact of deviating from the benchmark currency position.

**Management Effect** - Measures the combined impact of allocation, selection and currency effects. At the total level, this represents the fund's relative performance against the benchmark.

**Interaction Effect** - Measures the combined impact of an investment manager's selection and allocation decisions within a segment.

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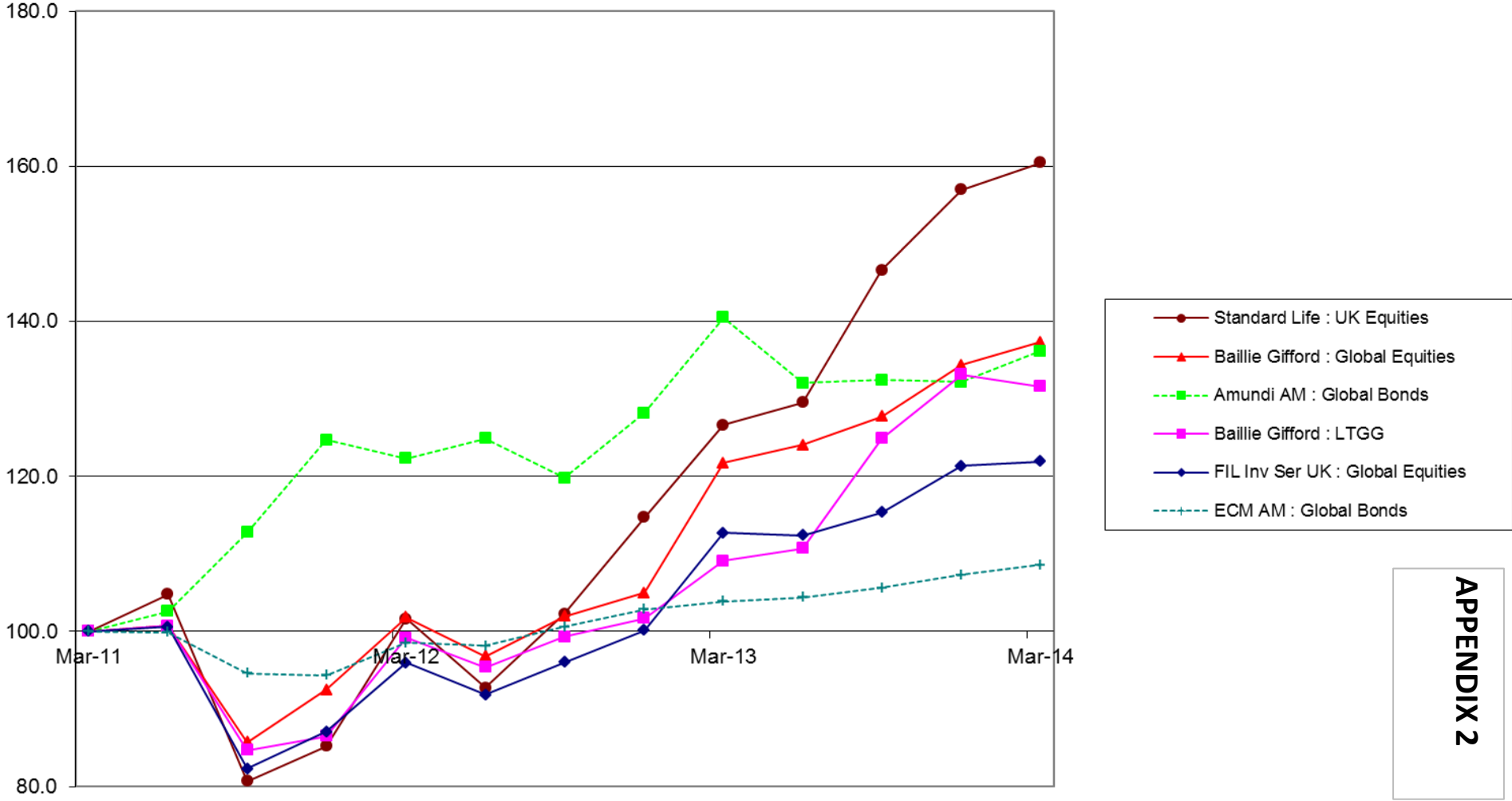
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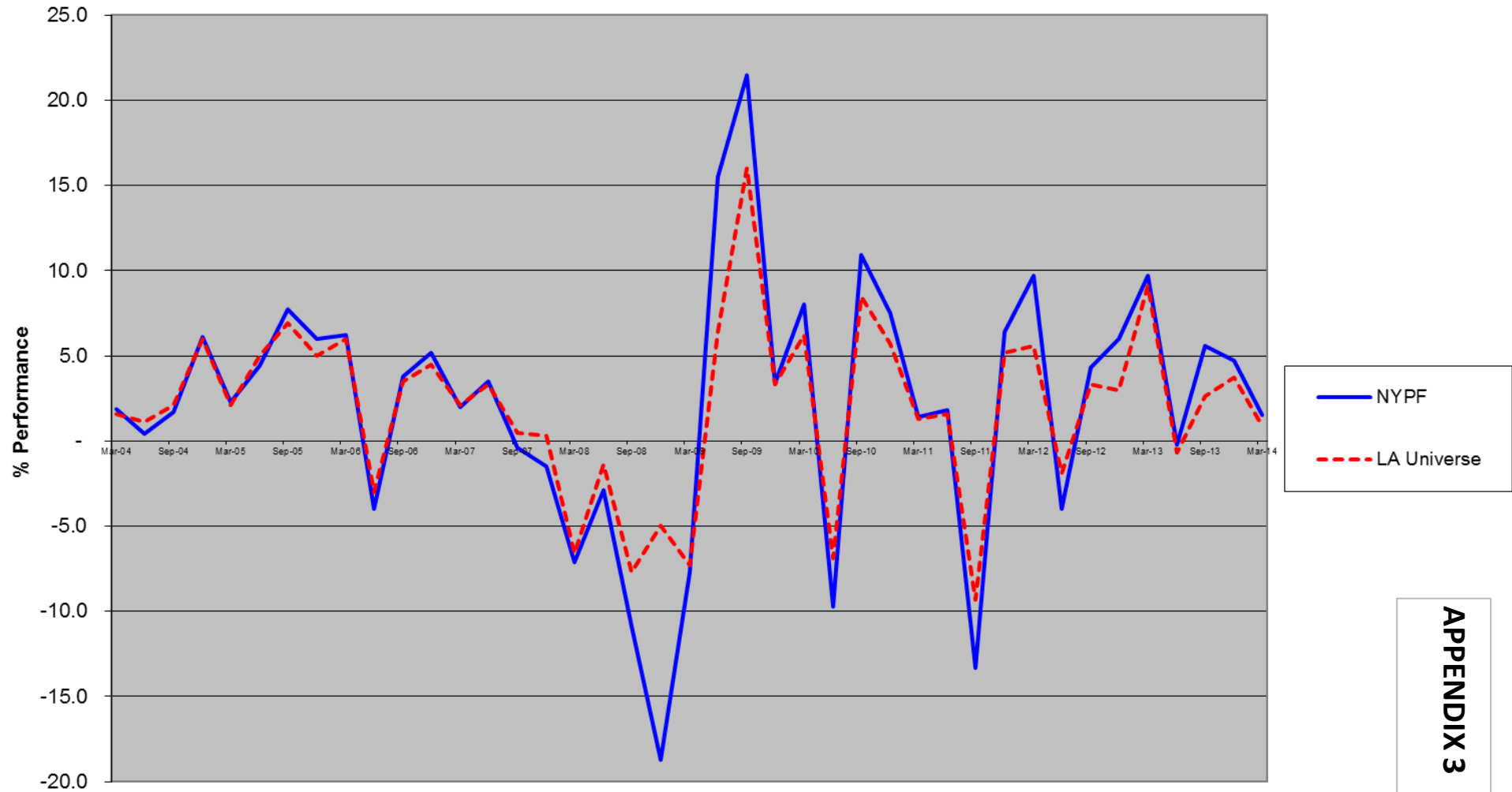
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Investment Manager Performance - cumulative absolute performance since March 2011



APPENDIX 2

### Pension Fund Performance - NYPF vs Other Local Authorities



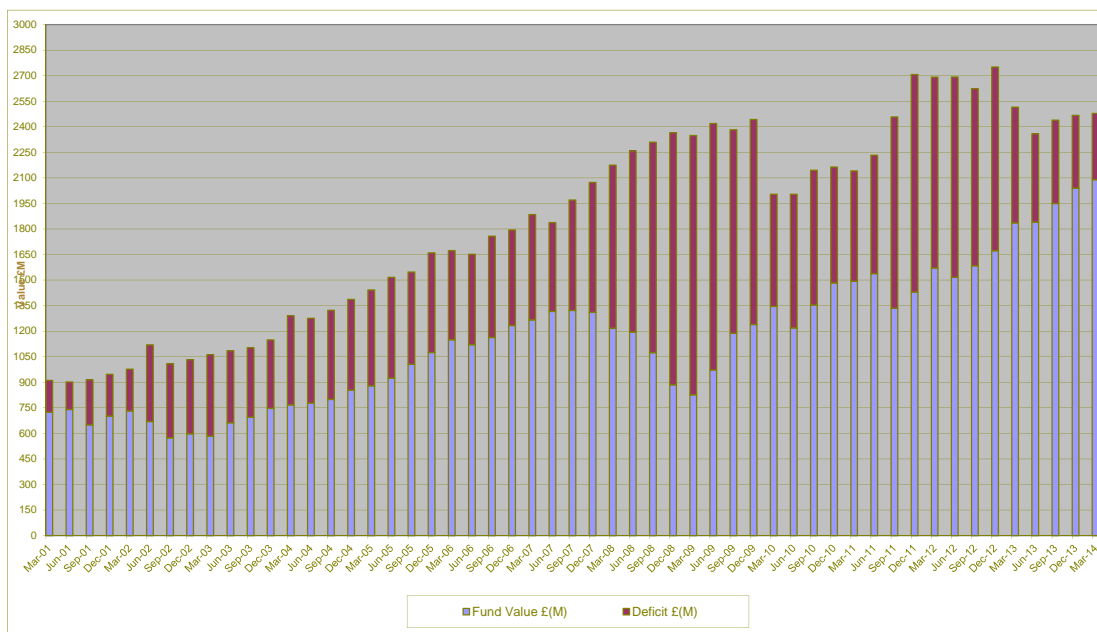
**APPENDIX 3**

**Actuarial Model of Quarterly Solvency Position**

Date	Solvency	Deficit £(M)	Fund Value £(M)	FTSE 100
March 31, 2001	79%	187	724	5,634
June 30, 2001	82%	162	740	5,643
September 30, 2001	71%	265	650	4,903
December 31, 2001	74%	245	702	5,217
March 31, 2002	75%	245	732	5,272
June 30, 2002	60%	450	670	4,656
September 30, 2002	56%	435	574	3,722
December 31, 2002	58%	435	597	3,940
March 31, 2003	55%	478	584	3,613
June 30, 2003	61%	423	662	4,031
September 30, 2003	63%	408	695	4,091
December 31, 2003	65%	402	747	4,477
March 31, 2004	59%	524	767	4,386
June 30, 2004	61%	498	778	4,464
September 30, 2004	60%	524	799	4,571
December 31, 2004	62%	533	854	4,814
March 31, 2005	61%	563	879	4,894
June 30, 2005	61%	592	924	5,113
September 30, 2005	65%	542	1005	5,478
December 31, 2005	65%	585	1075	5,619
March 31, 2006	69%	523	1150	5,965
June 30, 2006	68%	531	1121	5,833
September 30, 2006	68%	595	1163	5,961
December 31, 2006	69%	561	1233	6,221
March 31, 2007	67%	619	1266	6,308
June 30, 2007	72%	522	1316	6,608
September 30, 2007	67%	648	1322	6,467
December 31, 2007	63%	763	1310	6,457
March 31, 2008	56%	958	1217	5,702
June 30, 2008	53%	1064	1195	5,625
September 30, 2008	47%	1235	1074	4,902
December 31, 2008	37%	1481	885	4,434
March 31, 2009	35%	1522	827	3,926
June 30, 2009	40%	1447	972	4,249
September 30, 2009	50%	1196	1187	5,134
December 31, 2009	51%	1204	1239	5,413
March 31, 2010	67%	659	1345	5,680
June 30, 2010	61%	785	1219	4,917
September 30, 2010	63%	791	1354	5,549
December 31, 2010	69%	681	1483	5,900
March 31, 2011	70%	648	1493	5,909
June 30, 2011	69%	695	1538	5,946
September 30, 2011	54%	1123	1335	5,129
December 31, 2011	53%	1277	1430	5,572
March 31, 2012	58%	1121	1571	5,768
June 30, 2012	56%	1176	1517	5,571
September 30, 2012	60%	1040	1584	5,742
December 31, 2012	61%	1079	1672	5,898
March 31, 2013	73%	679	1836	6,412
June 30, 2013	78%	519	1840	6,215
September 30, 2013	80%	490	1949	6,462
December 31, 2013	83%	427	2040	6,749
March 31, 2014	84%	389	2089	6,598

Triennial valuation results highlighted in grey

**Movement in Assets and Liabilities**



# North Yorkshire Pension Fund Funding, Liabilities and Solvency

