

## NORTH YORKSHIRE COUNTY COUNCIL

## PENSION FUND COMMITTEE

26 FEBRUARY 2015

PERFORMANCE OF THE FUND'S PORTFOLIO FOR THE QUARTER  
ENDING 31 DECEMBER 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 December 2014.

**2.0 PERFORMANCE REPORT**

- 2.1 The Fund Analysis & Performance Report (**Appendix 1**) produced by BNY Mellon Asset Servicing (MAS) provides a performance analysis of the North Yorkshire Pension Fund for the quarter ending 31 December 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 (+5.1%) was above the customised benchmark for the Fund (+4.6%) by 0.5%.**
- 3.2 **The 12 month absolute rolling return was +10.2%, 0.7% 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.

<b>Year End</b>	<b>Absolute %</b>	<b>Relative %</b>
31 December 2014	+10.2	+0.7
30 September 2014	+9.8	+1.9
30 June 2014	+12.9	+4.4
31 March 2014	+12.0	+6.1

- 3.4 The performance of the various managers against their benchmarks for the Quarter ended 31 December 2014 is detailed on **page 8** of the MAS report and in **Section 4** below. 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 recent investment performance.

**Appendix 2** Fund Manager Performance over the three years to 31 December 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 2004 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 4** in a simple graphical format

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 +5.1% in the Quarter increased the invested value of the Fund by £111m before taking into account the transfer out in relation to the Probation Service (see **Section 7**). Eight managers/funds outperformed their respective benchmarks and three underperformed, however every manager added value in absolute terms. At the end of the December 2014 quarter the value of the Fund was £198m above the value at the end of December 2013, an increase of 10%.

4.2 **Appendix 3** shows the **performance of NYPF relative to other Funds in the LGPS universe**. The local authority average performance figure for the quarter is not yet available. For the one, three and five year periods to September 2014 NYPF was placed 17<sup>th</sup>, 2<sup>nd</sup> and 4<sup>th</sup> respectively.

#### Overseas Equities

4.3 **Fidelity** produced a positive relative return in the quarter of 0.9% over the benchmark return of +2.8%. Performance over the year to December 2014 was +1.2% relative. The longer term figures also look impressive, at +1.7% pa and +0.7% pa over the last three and five years respectively. Since inception in November 2008 the manager has exceeded the benchmark by 0.4% pa (gross of fees) with the manager out-performing in all geographic areas (North America, Europe ex-UK, Emerging Markets and Pan-Pacific).

#### Global Equities

4.4 The Global Alpha fund managed by **Baillie Gifford** returned +6.6% for the quarter against a benchmark return of +4.5%. Outperformance over the longer term was +0.4% over 1 year, +2.8% pa over 3 years and +3% pa over 5 years. Since inception in 2006, the Fund has outperformed the FTSE All World by 2.2% pa.

The LTGG fund, also managed by **Baillie Gifford** on an absolute return basis, produced a positive relative return for the quarter (+0.3%) against the same benchmark return of +4.5%. Outperformance over the longer term was +2.1% over 1 year, +5.8% pa over 3 years and +3.7% pa over 5 years. Performance since inception in 2006 is 3.1% pa above the benchmark.

## **UK Equities**

- 4.5 **Standard Life** produced a negative relative return (-0.8%) in the quarter against the benchmark return of +3.7%. Relative performance for the year was -1.5%, which was 4.1% below the benchmark return. Performance over the longer term has been more positive, with the manager achieving a relative +3.3% pa over three years and -0.9% pa over five years. It should be borne in mind that exceeding the FTSE 350 equally weighted benchmark is a particularly challenging target, as this benchmark performed more strongly than the FTSE All World by 3.3% pa and 3% pa over three and five years respectively.

## **Fixed Income**

- 4.6 **ECM** produced +0.6% relative against the cash benchmark for the quarter and +2.8% relative for the year to December 2014. The benchmark was changed from liability matching to cash in 2010 and since that time the manager has outperformed by 3.9% pa.
- 4.7 **Amundi** underperformed above the benchmark (+11.7%) by 1.9% in the quarter and was also below it (-2.9%) for the year to December 2014. This was largely as a result of yields tightening, contrary to expectations. Relative performance over the longer term was +1.4% pa and +0.6% pa over three and five year periods respectively.
- 4.8 The investment in Gilts with **M&G** equalled the liability matching benchmark of +11.7% for the quarter to December 2014. Year to date performance was above the benchmark return of +26.8% by +0.4%. Performance since inception in 2011 was +1.8% pa.

## **Property**

- 4.9 The investments with **Hermes**, **Threadneedle** and **L&G** produced +1.1%, +1.4% and -0.3% respectively in relative terms, against the property index for each manager for the quarter to December 2014.
- 4.10 Property has been the best performing asset class over the year to December 2014 with **Hermes**, **Threadneedle** and **L&G** returning in absolute terms +19.3%, +20.3% and +12.9% respectively.

## **Diversified Growth Funds**

- 4.11 The Investment with the **Standard Life** Global Absolute Return Strategy (GARS) Fund and the **Newton Investments** Real Return Fund produced relative outperformance of +1.1% and +0.6% respectively against a cash benchmark of +0.1%.

4.12 Over the period since inception in March 2013, in absolute terms, Standard Life returned +5% pa and Newton +1.9% pa. The cash benchmark return was +0.5% pa.

## 5.0 RISK INDICATORS

5.1 The Report (**pages 10 and 11**) includes three long-term risk indicators.

5.2 The Fund's annualised **Standard Deviation**, which is a reflection of volatility, is 7.8% for the rolling three year period to December 2014, 1.4% above the benchmark.

5.3 The **Sharpe Ratio** is a measure of how well the return compensates an investor relative to the risk taken. A higher Sharpe Ratio reflects a better return for a given level of risk or lower risk for a given level of return. The ratio for the Fund for the rolling three year period to December 2014 is slightly above the benchmark.

5.4 The **Tracking Error** figure reflects how closely a fund manager's actual return follows their respective benchmark. As at December 2014 the figure was 2.9%.

5.5 The **Information Ratio** is a measure of excess returns in relation to the benchmark and the consistency of those returns. A high IR could be derived from a high portfolio return, a low benchmark return and a low tracking error. For the period to December 2014 the ratio for the Fund was +1.1%.

## 6.0 SOLVENCY

6.1 The **solvency position** is presented in **Appendices 4 and 5**. As at 31 December 2014 the estimated solvency was 77%, being 4% below the level at the previous quarter end.

6.2 The assets of the Fund increased by 2.7% in the Quarter, whilst liabilities (as modelled by the Actuary) rose by 8.6% as a result of Gilt yields falling. Despite investment returns exceeding expectations, in cash terms the deficit increased by £171m in the quarter.

## 7.0 REBALANCING

7.1 It was reported at the last PFC meeting that as a result of local authority pension fund arrangements for the Probation Service transferring to Greater Manchester Pension Fund, £34m was transferred from NYPF on 1 October 2014. This was funded by disinvestments from Amundi (£17m) and Fidelity (£18m), the balance being required for cash flow purposes.

7.2 An £11.7m transfer from cash to Threadneedle on 27 October 2014 to fund a secondary market investment opportunity was matched by a £14m disinvestment from Amundi on 12 December 2014, the balance being required for cash flow purposes. See **Appendix 6** for the Rebalancing Schedule.

7.3 An opportunity to acquire additional units in one of the property funds may become available. A verbal update will be provided 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 October to December 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 note the investment performance of the Fund for the Quarter ending 31 December 2014.

GARY FIELDING  
Treasurer  
Central Services  
County Hall  
Northallerton

17 February 2015



**BNY MELLON**  
ASSET SERVICING

**North Yorkshire Pension Fund**

**3 Months Ending 31 December 2014**

*Fund Analysis & Performance Report*



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### Market Review

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

#### Market Summary

During the fourth quarter of 2014, returns were all positive with UK Index-Linked Gilts providing the strongest result of the quarter, followed by UK Bonds, Overseas Equities, and Property. UK Cash and UK Equities were the poorest performers over the quarter.

#### UK Equities

All of the UK Equity market capitalisation sectors recorded positive returns for the quarter except the FTSE 100 with a negative return of -0.2%. The FTSE 250 was the best performing sector with a return of 5.2%, followed by the FTSE All-Share and FTSE 350, both with a return of 0.6%.

Over the one year period ending 31st December 2014, all the indices achieved positive returns. The FTSE 250 was the best performing index with a return of 3.7% over this period. The FTSE 100 was the weakest performing index with a return of 0.7%.

Telecommunications was the best performing industry sector with a return of 9.2% for the quarter. The weakest performing sector was Oil and Gas with a return of -11.9%.

Over the one year period ending on 31st December 2014, returns ranged from 14.9% for Health Care to -10.2% for Oil and Gas. Utilities was the second best performing sector with a return of 13.2%.

#### Overseas Equities

The fourth quarter of 2014 saw mixed results across the Overseas Equity market. Within Europe, Ireland was the best performing country with a return of 8.0%. This was followed by Belgium and Germany with returns of 4.7% and 3.6% respectively. Greece was the weakest performing country with a return of -25.4%, followed by Portugal with a return of -20%. Over the one year period, Ireland was the strongest performing country with a return of 18.2%, and Greece the weakest with a return of -38%.

Outside Europe, Hong Kong was the best performing country with a return of 5.9%. Taiwan provided the second best performance with a return of 5.6%. The weakest performing country was Brazil with a return of -11.9% in Sterling terms.



### Market Review

#### UK Bonds

Returns were positive across all the UK Bond sectors during the quarter. UK Gilts outperformed Non-Gilts with a return of 6.3% compared to 4.3%. Within Gilts, Long-dated Gilts was the strongest performing sector with a return of 11.2%. Short-dated Gilts was the weakest performing sector with a return of 1.6%.

Over the one year period ending 31st December 2014, UK Gilts was the best performing sector with a return of 13.9% compared to the return of 12.3% for UK Non-Gilts. Within Gilts, Long-dated Gilts provided the strongest performance with a return of 26.1%, whilst the weakest came from Short-dated Gilts with 2.9%.

#### Overseas Bonds

The fourth quarter of 2014 saw Overseas Bonds record a positive performance of 2.8%. Within Europe, Denmark was the best performing country with a return of 3.1%. Sweden was the weakest performing country with a return of -0.8%. Outside Europe, USA was the best performing country with a return of 6.4%, whereas Japan was the weakest performing country with a return of -2.5%.

Over the twelve month period, Overseas Bonds achieved a return of 6.4%. European Bonds saw positive returns over this period, except Sweden with a return of -2.3%. Spain provided the strongest performance with a return of 9.1%, followed by Italy with a return of 8%. Outside Europe, the best performance again came from the USA with a return of 12.7%. The worst performing country was Japan with a return of -2.4%.

#### UK Index-Linked Gilts

UK Index Linked-Gilts achieved a positive return of 8.4% for the fourth quarter of 2014. Within this sector, Long-dated Index-Linked Gilts provided the strongest performance with a return of 11.9%, whereas the weakest performance was provided by Short-dated Index-Linked Gilts with a negative return of -0.2%.

Over the one year period to 31st December 2014, on an overall basis UK Index-Linked Gilts achieved a return of 19%. Over the same period, Long-dated Index-Linked Gilts was the strongest performing sector with a return of 27.3%, whereas short-dated Index Linked Gilts showed the weakest performance, returning 0.4%.

#### UK Cash and Property

Property recorded a positive return for the eighth successive quarter with a return of 3.9%. The overall return for the one year period ending 31<sup>st</sup> December 2014 was 15.3%. Cash achieved a return of 0.1% over the Quarter and 0.3% over the last twelve months.

### Fund Performance, Risk and Allocation Highlights

During the fourth quarter of 2014, the fund returned 5.07% versus its benchmark of 4.62%, thereby outperforming by 0.45%. In terms of longer period performance, the fund outperformed over 5 years by 1.01%.

At asset class level, the fund outperformed its blended benchmark in the majority of asset classes. Overseas Equities is the best performing sector which outperformed its benchmark by 1.81%. UK Equities however underperformed the benchmark by 1.81% respectively.

Over the quarter, nine accounts out-performed their benchmarks. The best performance (excluding the Cash Account) was shown by Baillie Gifford GA which out-performed its benchmark by 2.12%.

For asset allocation the fund is closely matched to the benchmark with the largest variances being in UK Equities and Bonds where the fund is 2.01% underweight and 1.03% overweight respectively.

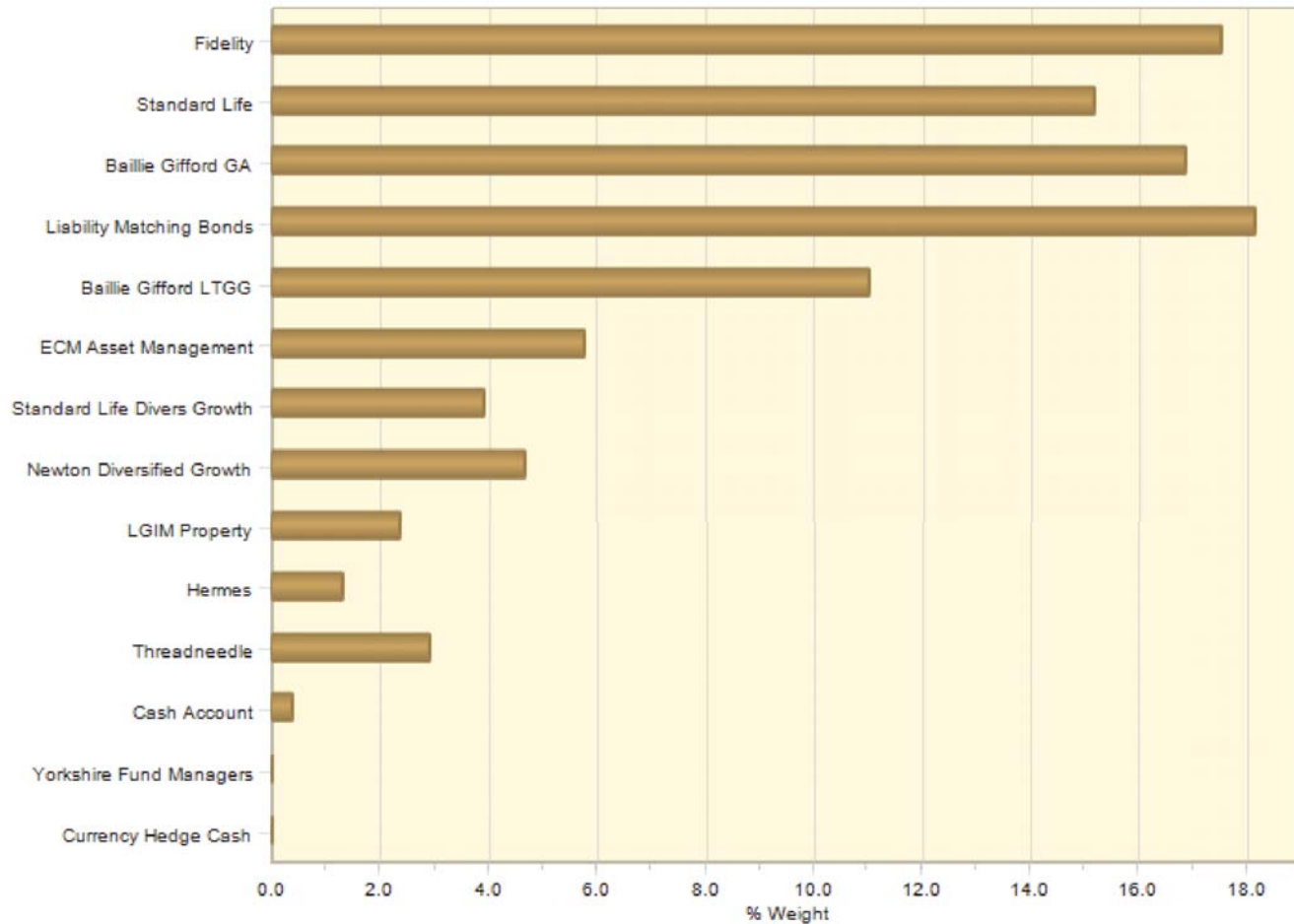
*Fund Allocation*



Fund Allocation - Managers

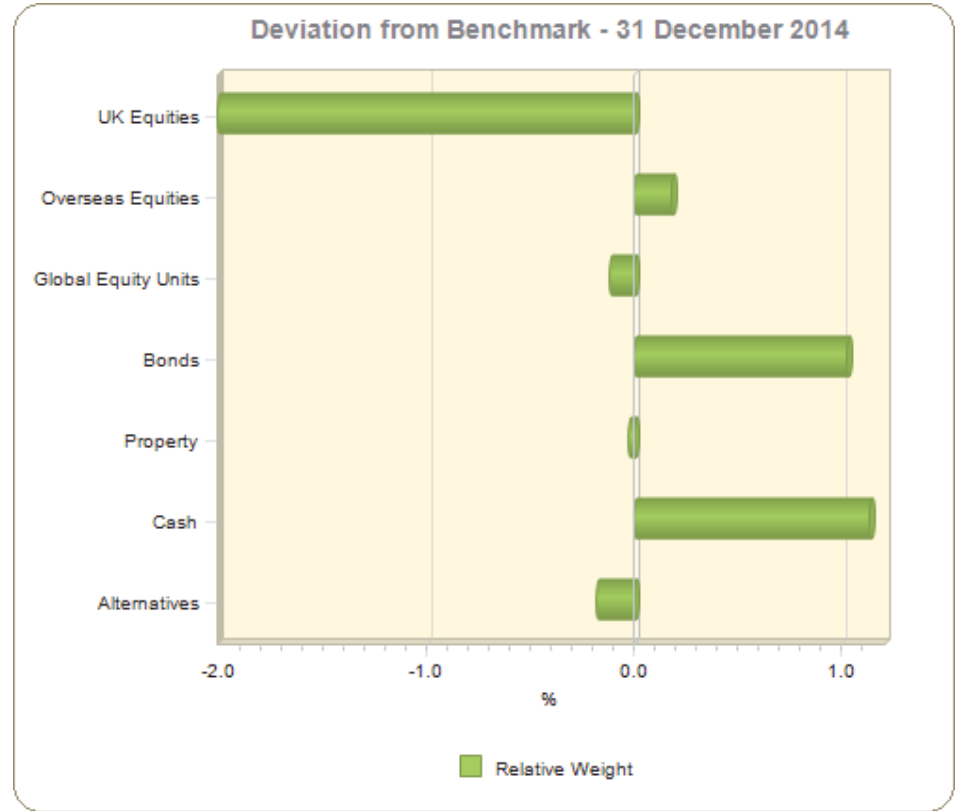
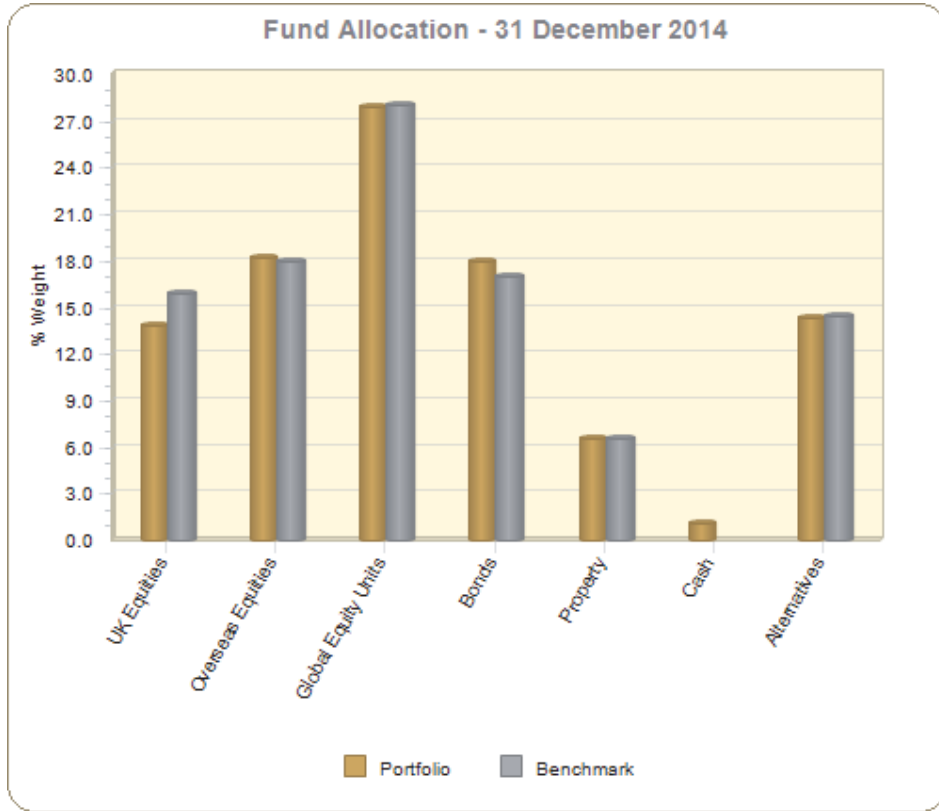


Manager Allocation - 3 Months Ending 31 December 2014



Manager	Weight (%)
Fidelity	17.54
Standard Life	15.17
Baillie Gifford GA	16.86
Liability Matching Bonds	18.14
Baillie Gifford LTGG	11.02
ECM Asset Management	5.76
Standard Life Divers Growth	3.91
Newton Diversified Growth	4.65
LGIM Property	2.37
Hermes	1.29
Threadneedle	2.90
Cash Account	0.37
Yorkshire Fund Managers	0.01
Currency Hedge Cash	0.00

Fund Allocation - Relative Analysis



	UK Equities	Overseas Equities	Global Equity Units	Bonds	Property	Cash	Alternatives
Portfolio	13.89	18.18	27.88	18.03	6.57	1.14	14.32
Benchmark	15.90	18.00	28.00	17.00	6.60	1.14	14.50
Relative Weight	-2.01	0.18	-0.12	1.03	-0.03	1.14	-0.18

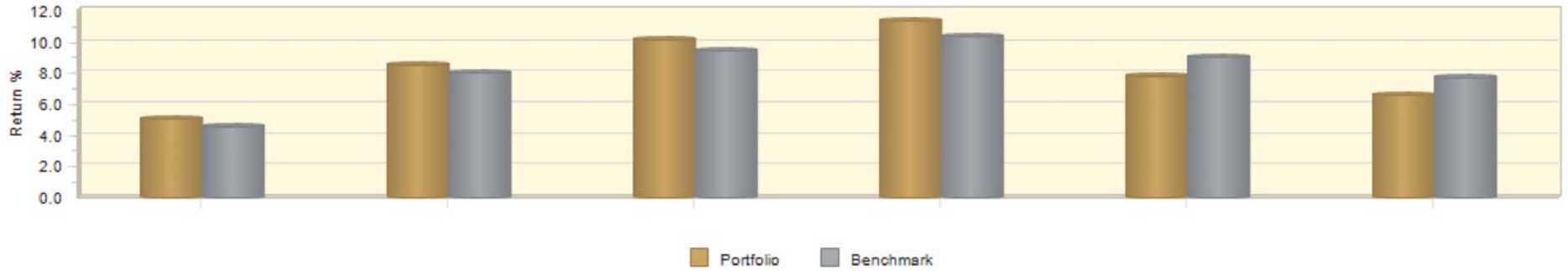
*Fund Performance*



Fund Performance - Summary



Periodic Performance



	Quarter	Fiscal Year To Date	1 Year	5 Years (Ann)	10 Years (Ann)	Since Inception (Ann)
Portfolio	5.07	8.55	10.21	11.42	7.77	6.61
Benchmark	4.62	8.03	9.54	10.41	9.11	7.71

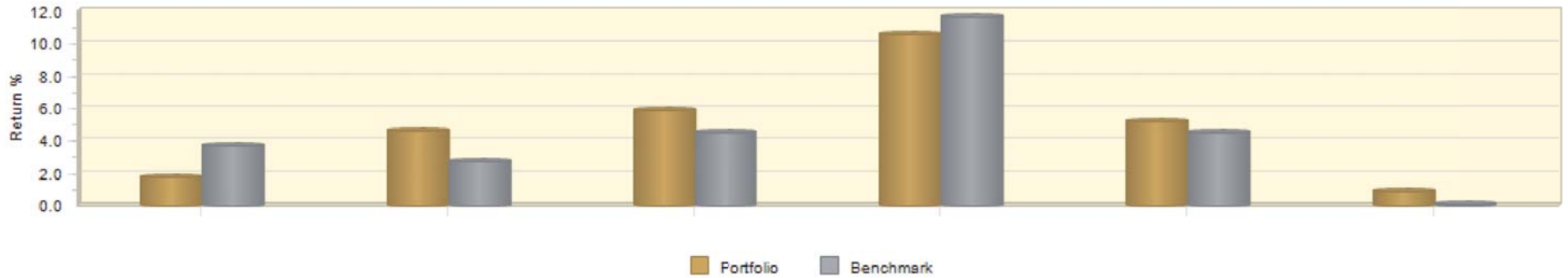
Inception Date: 31 Jan 2002

Ann = Annualised

Fund Performance - Segment Analysis



Segment Performance - 3 Months Ending 31 December 2014

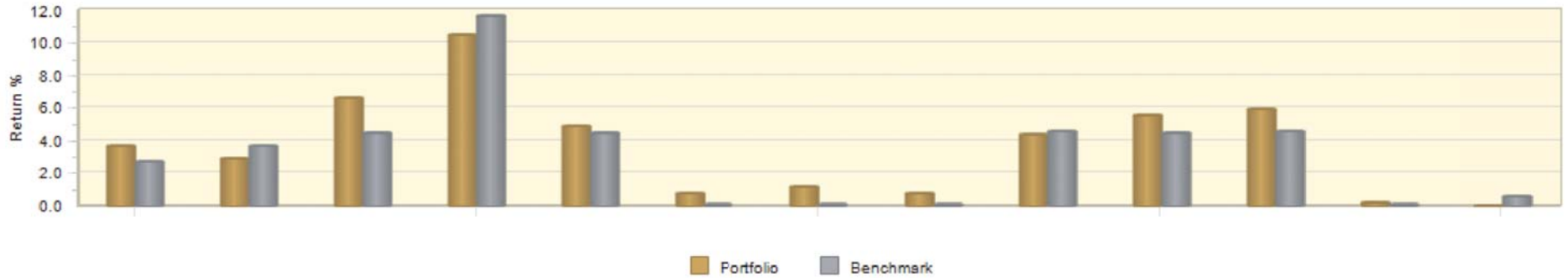


	UK Equities	Overseas Equities	Global Equity Units	Bonds	Property	Alternatives
Portfolio	1.85	4.59	5.91	10.64	5.25	0.86
Benchmark	3.66	2.78	4.49	11.66	4.55	0.13



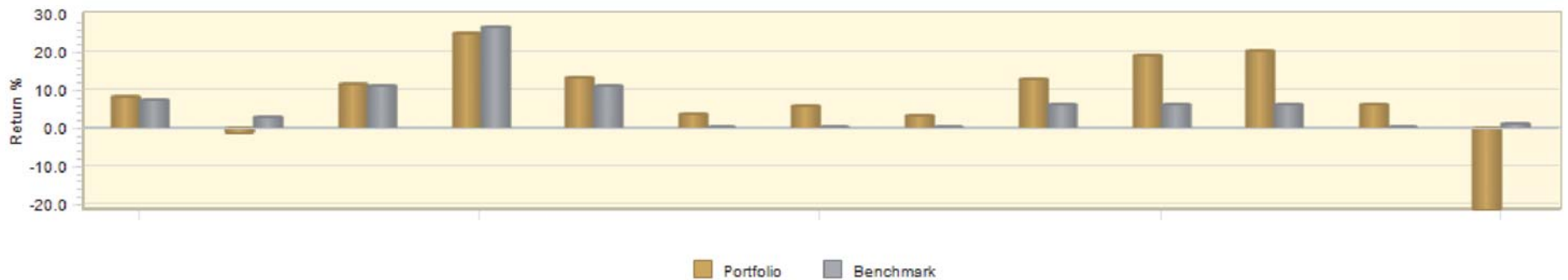
**Fund Performance - Manager Overview**

**Manager Performance - 3 Months Ending 31 December 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	3.67	2.94	6.61	10.55	4.84	0.75	1.17	0.74	4.35	5.55	5.95	0.21	0.00
Benchmark	2.78	3.66	4.49	11.66	4.49	0.13	0.13	0.13	4.56	4.52	4.56	0.09	0.58

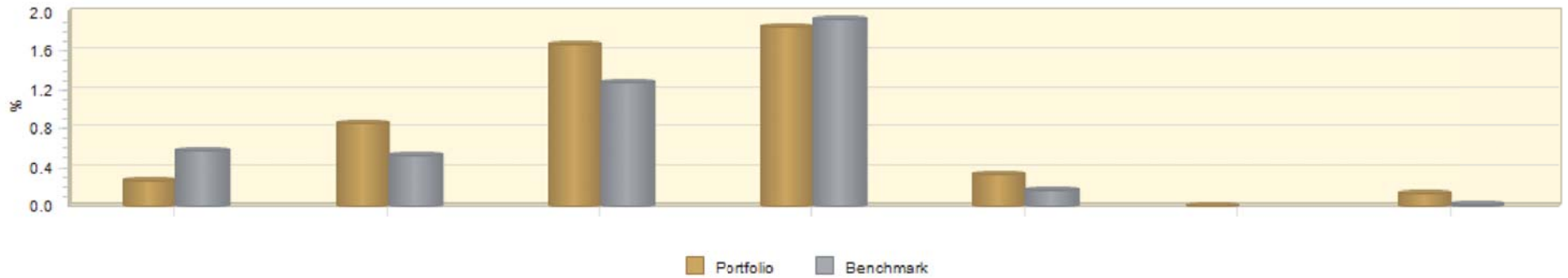
**Manager Performance - 1 Year Ending 31 December 2014**



	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	8.12	-1.37	11.68	25.12	13.42	3.66	5.66	3.36	12.95	19.31	20.34	6.33	-21.33
Benchmark	7.33	2.74	11.30	26.85	11.30	0.50	0.50	0.50	6.29	6.25	6.29	0.35	1.18

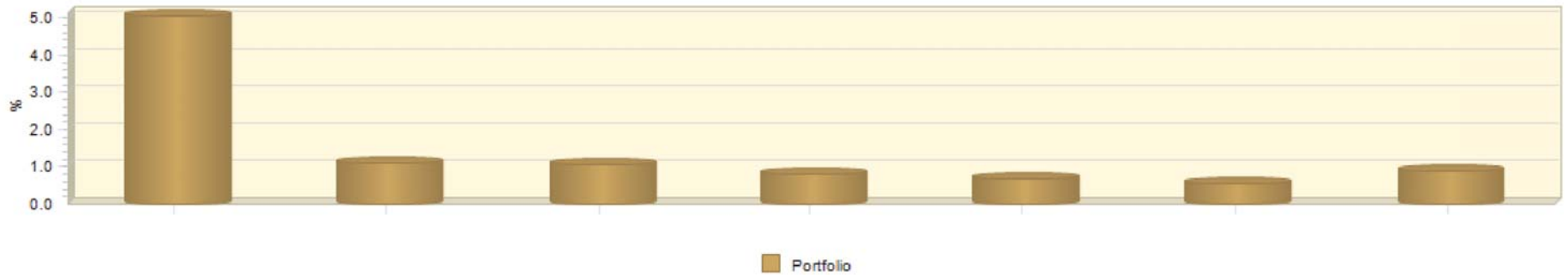
**Fund Performance - Contribution Analysis**

Source of Contribution - Quarter to 31 December 2014



	UK Equities	Overseas Equities	Global Equity Units	Bonds	Property	Cash	Alternatives
Portfolio	0.26	0.85	1.67	1.85	0.33	0.00	0.13
Benchmark	0.58	0.52	1.28	1.93	0.30		0.02

Top 5 Manager Contribution - Quarter to 31 December 2014



	Total Consolidation	Baillie Gifford GA	Amundi	M&G	Fidelity	Baillie Gifford LTGG	Remaining Managers
Portfolio	5.07	1.10	1.06	0.79	0.66	0.56	0.90

*Risk Profile*



**Risk Profile - Historic Risk**

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



	Total Consolidation	Fidelity	Standard Life	Baillie Gifford GA	Amundi	Baillie Gifford LTGG	ECM Asset Management	M&G	Yorkshire Fund Managers
Portfolio	7.85	9.80	14.24	10.14	9.60	13.22	1.76	9.17	19.35
Benchmark	6.44	10.57	12.26	9.87	9.56	9.87	0.09	9.56	10.33

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

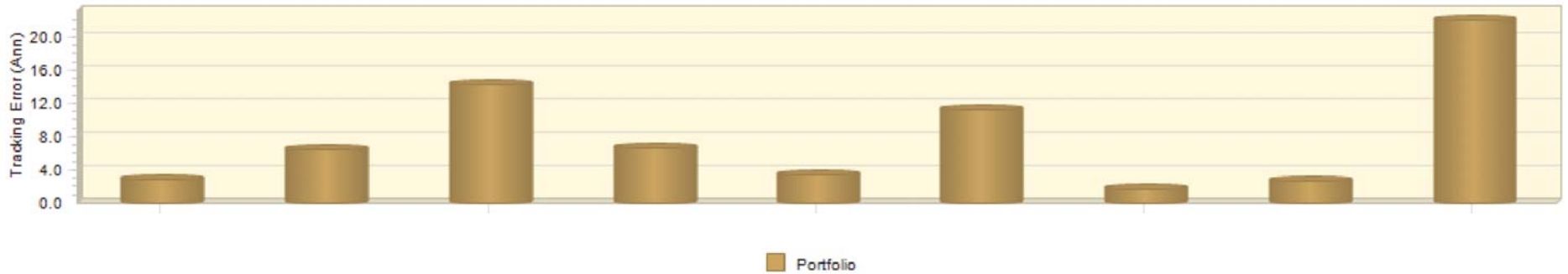


	Total Consolidation	Fidelity	Standard Life	Baillie Gifford GA	Amundi	Baillie Gifford LTGG	ECM Asset Management	M&G	Yorkshire Fund Managers
Portfolio	1.85	1.40	1.44	1.60	0.94	1.44	2.81	0.91	-0.99
Benchmark	1.77	1.17	1.37	1.39	0.84	1.39	0.00	0.83	1.03

Ann = Annualised

Risk Profile - Historic Risk

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



	Total Consolidation	Fidelity	Standard Life	Baillie Gifford GA	Amundi	Baillie Gifford LTGG	ECM Asset Management	M&G	Yorkshire Fund Managers
Portfolio	2.90	6.46	14.21	6.60	3.36	11.20	1.78	2.69	22.08

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



	Total Consolidation	Fidelity	Standard Life	Baillie Gifford GA	Amundi	Baillie Gifford LTGG	ECM Asset Management	M&G	Yorkshire Fund Managers
Portfolio	1.08	0.20	0.26	0.38	0.30	0.47	2.78	0.14	-1.35

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>156</b>	<b>101</b>	<b>65</b>	<b>67</b>	<b>54</b>
Fidelity	74	46	62	45	54
Standard Life	99	54	55	34	56
Baillie Gifford GA	99	60	61	38	55
Amundi	114	69	61	36	53
Baillie Gifford LTGG	100	59	59	38	53
ECM Asset Management	114	75	66	47	63
Standard Life Divers Growth	22	16	73	100	68
Newton Diversified Growth	22	10	45	100	45
M&G	37	22	59	59	57
LGIM Property	25	23	92	76	72
Hermes	34	23	68	73	56
Threadneedle	31	28	90	77	74
Yorkshire Fund Managers	138	4	3	33	17

*Fund Profile*



Fund Profile - Movement of Funds

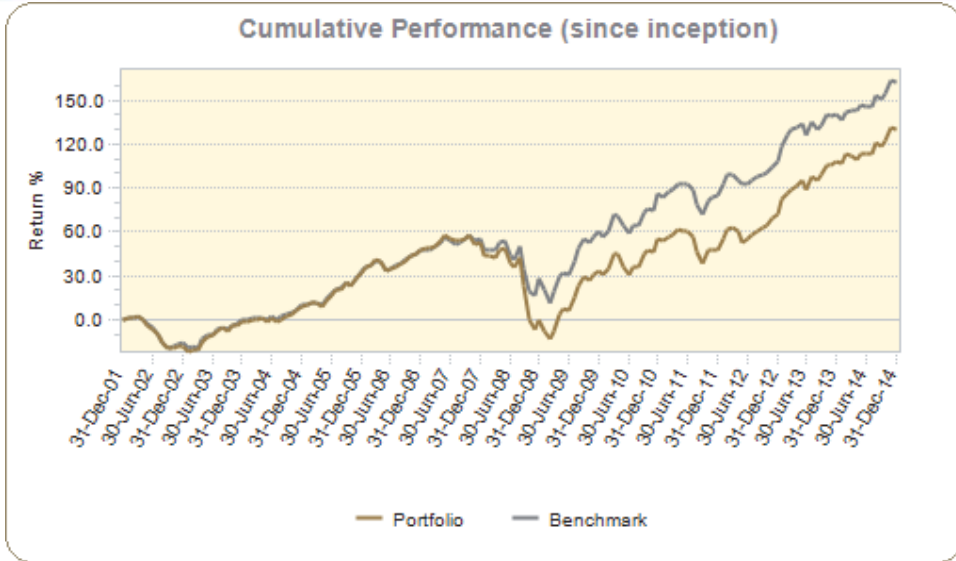
Manager Name	Market Value 30-Sep-2014 (000's)	Net Contributions (000's)	Income (000's)	Gain/Loss (000's)	Market Value 31-Dec-2014 (000's)	% Change
<b>Total Consolidation</b>	<b>2,171,617.44</b>	<b>-42,242.03</b>	<b>4,481.75</b>	<b>103,827.17</b>	<b>2,237,684.33</b>	<b>3.04</b>
Total Consolidation	2,171,617.44	-42,242.03	4,481.75	103,827.17	2,237,684.33	3.04
Fidelity	396,592.01	-18,000.00	1,526.09	12,382.29	392,500.39	-1.03
Standard Life	329,770.67	0.00	2,502.04	7,207.86	339,480.58	2.94
Baillie Gifford GA	353,898.31	-0.60	0.00	23,395.82	377,293.52	6.61
Amundi	250,269.84	-31,002.24	0.00	22,904.82	242,172.42	-3.24
Baillie Gifford LTGG	235,278.20	0.00	0.00	11,393.99	246,672.19	4.84
ECM Asset Management	127,857.35	-0.78	0.00	957.46	128,814.03	0.75
Standard Life Divers Growth	86,493.93	0.00	0.00	1,009.94	87,503.87	1.17
Newton Diversified Growth	103,253.95	0.00	0.00	761.22	104,015.17	0.74
M&G	146,630.11	-74.99	160.39	16,936.27	163,651.78	11.61
LGIM Property	50,836.78	0.00	0.00	2,209.52	53,046.30	4.35
Hermes	27,703.41	-287.69	287.69	1,250.67	28,954.08	4.51
Threadneedle	49,825.83	11,695.03	0.00	3,424.26	64,945.12	30.34
Cash Account	12,885.58	-4,507.08	6.63	-7.22	8,377.92	-34.98
Yorkshire Fund Managers	257.80	0.00	0.00	0.00	257.80	0.00
Currency Hedge Cash	63.66	-63.65	-1.11	0.25	-0.86	-101.35



*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	5.1	8.5	10.2	11.4	7.8	6.6
Benchmark	4.6	8.0	9.5	10.4	9.1	7.7

Risk Profile - 3 Years (Ann) to 31 December 2014				
	Standard Deviation	Sharpe Ratio	Tracking Error	Information Ratio
Portfolio	7.9	1.9	2.9	1.1
Benchmark	6.4	1.8		

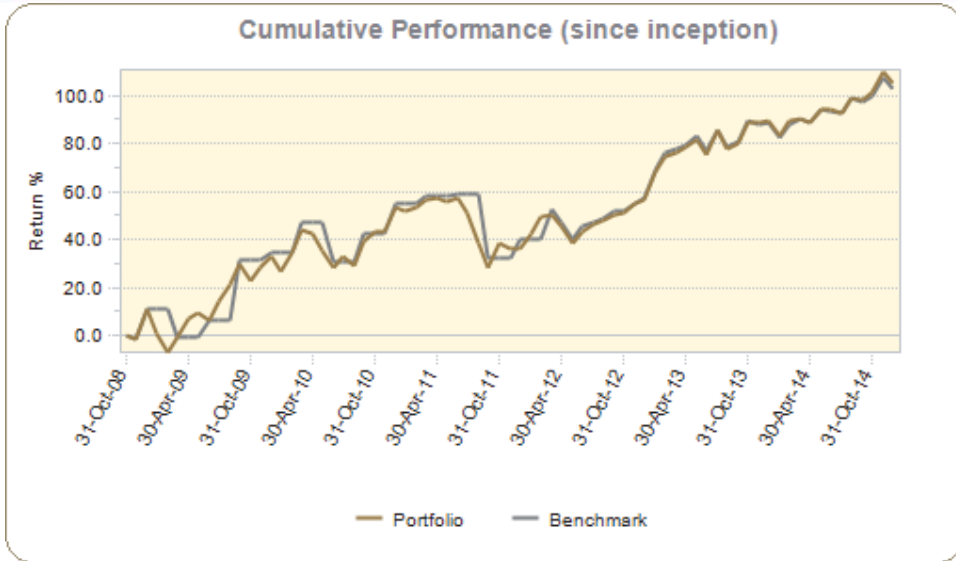
Portfolio Size and Mandate	
Portfolio Size (GBP)	Portfolio Mandate
2,237,684,333	Total Plan

Allocation - 31 December 2014							
	UK Equities	Overseas Equities	Global Equity	Bonds	Property	Cash	Alternative
Portfolio	13.89	18.18	27.88	18.03	6.57	1.14	14.32
Benchmark	15.90	18.00	28.00	17.00	6.60		14.50

**Summary - 3 Months Ending 31 December 2014**

The fund's relative performance of the Quarter and 1 Year was 0.5% and 0.7% respectively.

**Manager Analysis - Fidelity**



Inception Date: 30 Nov 2008

Periodic Performance					
	Quarter	Fiscal Year To Date	1 Year	5 Years (Ann)	Since Inception (Ann)
Portfolio	3.7	7.6	8.1	9.1	12.4
Benchmark	2.8	6.6	7.3	8.5	12.0

Risk Profile - 3 Years (Ann) to 31 December 2014				
	Standard Deviation	Sharpe Ratio	Tracking Error	Information Ratio
Portfolio	9.8	1.4	6.5	0.2
Benchmark	10.6	1.2		

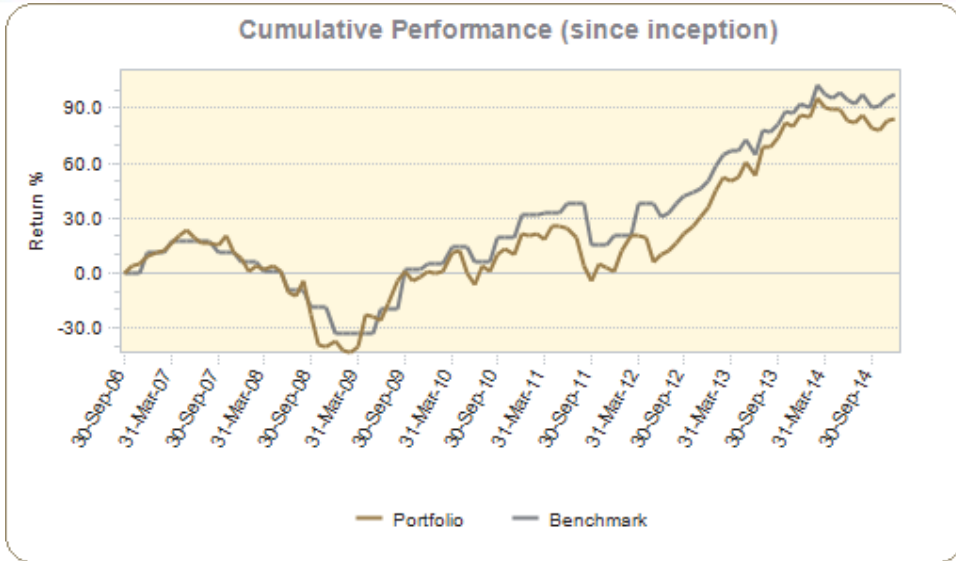
Portfolio Size and Mandate	
<b>Portfolio Size (GBP)</b>	<b>Portfolio Mandate</b>
392,500,394	Global Equities

Allocation - 31 December 2014			
	UK Equities	Overseas Equities	Cash
Portfolio	0.25	98.08	1.67
Benchmark		100.00	

**Summary - 3 Months Ending 31 December 2014**

The manager's relative performance of the Quarter and 1 Year was 0.9% and 0.8% respectively.

**Manager Analysis - Standard Life**



Inception Date: 31 Oct 2006

Portfolio Size and Mandate	
<b>Portfolio Size (GBP)</b>	<b>Portfolio Mandate</b>
339,480,583	UK Equities

Allocation - 31 December 2014			
	<b>UK Equities</b>	<b>Overseas Equities</b>	<b>Cash</b>
Portfolio	91.19	6.41	2.40
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	2.9	-3.5	-1.4	12.7	7.7
Benchmark	3.7	0.1	2.7	13.5	8.6

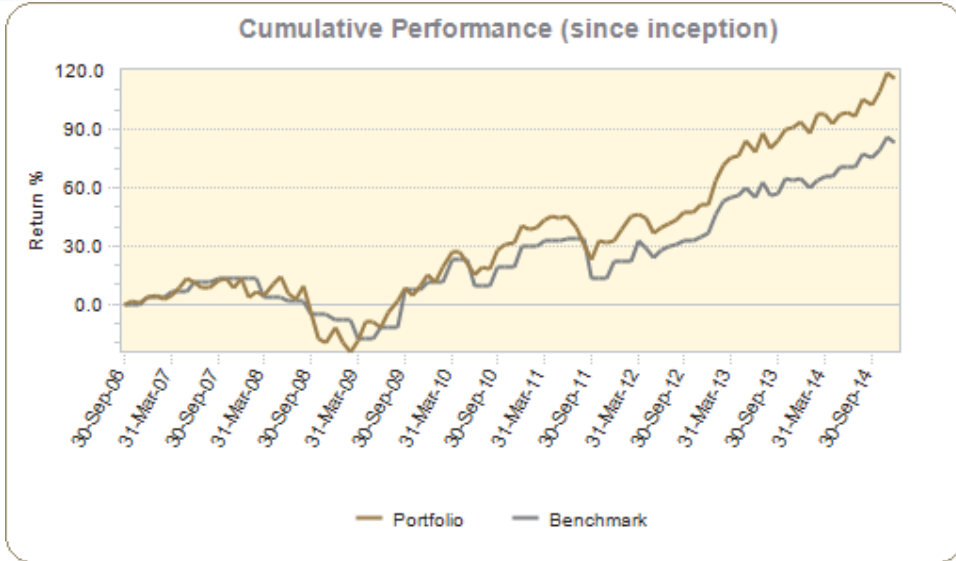
**Summary - 3 Months Ending 31 December 2014**

The manager's relative performance of the Quarter and 1 Year was -0.8% and -4.1% respectively.

Risk Profile - 3 Years (Ann) to 31 December 2014				
	<b>Standard Deviation</b>	<b>Sharpe Ratio</b>	<b>Tracking Error</b>	<b>Information Ratio</b>
Portfolio	14.2	1.4	14.2	0.3
Benchmark	12.3	1.4		

# North Yorkshire County Council - 3 Months Ending 31 December 2014

## Manager Analysis - Baillie Gifford GA



Inception Date: 31 Oct 2006

Periodic Performance					
	Quarter	Fiscal Year To Date	1 Year	5 Years (Ann)	Since Inception (Ann)
Portfolio	6.6	9.3	11.7	13.5	9.8
Benchmark	4.5	10.7	11.3	10.5	7.6

Risk Profile - 3 Years (Ann) to 31 December 2014				
	Standard Deviation	Sharpe Ratio	Tracking Error	Information Ratio
Portfolio	10.1	1.6	6.6	0.4
Benchmark	9.9	1.4		

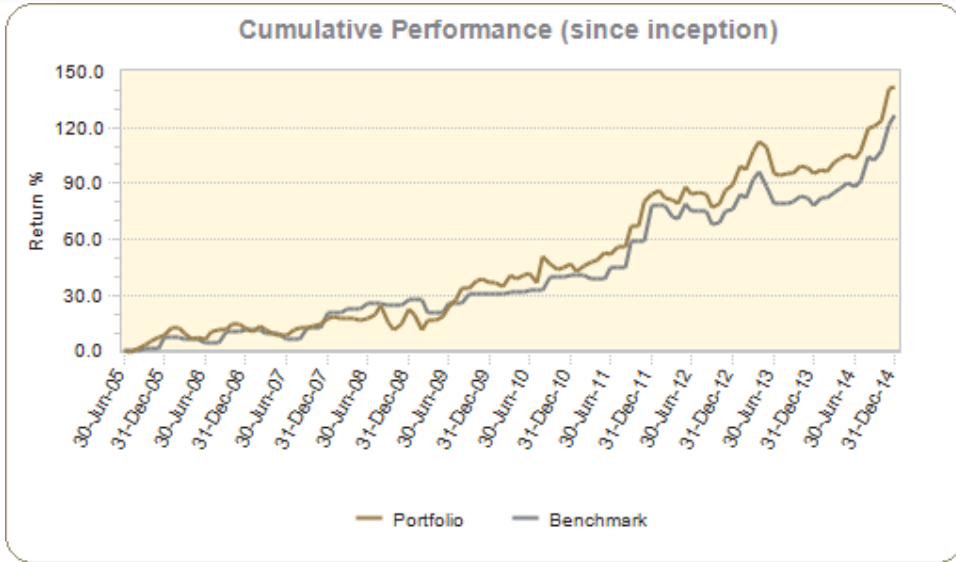
Portfolio Size and Mandate	
<b>Portfolio Size (GBP)</b>	<b>Portfolio Mandate</b>
377,293,519	Global Equities

Allocation - 31 December 2014		
	Global Equity Units	Cash
Portfolio	100.00	0.00
Benchmark	100.00	

### Summary - 3 Months Ending 31 December 2014

The manager's relative performance of the Quarter and 1 Year was 2.1% and 0.4% respectively.

**Manager Analysis - Amundi**



Inception Date: 31 Jul 2005

Periodic Performance					
	Quarter	Fiscal Year To Date	1 Year	5 Years (Ann)	Since Inception (Ann)
Portfolio	9.8	20.2	23.9	12.1	9.7
Benchmark	11.7	22.1	26.8	11.5	9.0

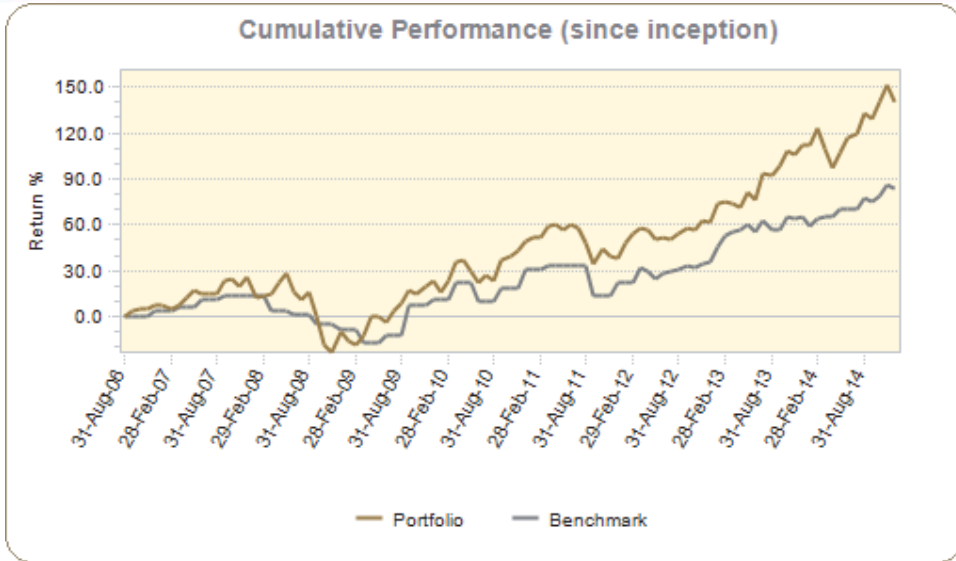
Risk Profile - 3 Years (Ann) to 31 December 2014				
	Standard Deviation	Sharpe Ratio	Tracking Error	Information Ratio
Portfolio	9.6	0.9	3.4	0.3
Benchmark	9.6	0.8		

Portfolio Size and Mandate	
<b>Portfolio Size (GBP)</b>	<b>Portfolio Mandate</b>
242,172,424	Global Bonds

Allocation - 31 December 2014		
	Bonds	Cash
Portfolio	100.00	0.00
Benchmark	100.00	

**Summary - 3 Months Ending 31 December 2014**  
The manager's relative performance of the Quarter and 1 Year was -1.9% and -2.9% respectively.

**Manager Analysis - Baillie Gifford LTGG**



Inception Date: 30 Sep 2006

Periodic Performance					
	Quarter	Fiscal Year To Date	1 Year	5 Years (Ann)	Since Inception (Ann)
Portfolio	4.8	14.8	13.4	14.2	11.1
Benchmark	4.5	10.7	11.3	10.5	

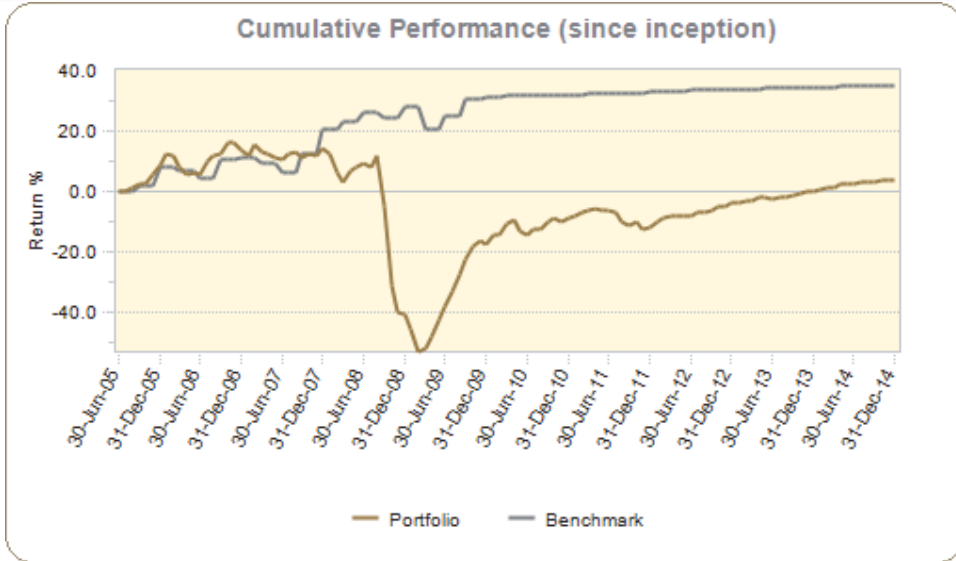
Risk Profile - 3 Years (Ann) to 31 December 2014				
	Standard Deviation	Sharpe Ratio	Tracking Error	Information Ratio
Portfolio	13.2	1.4	11.2	0.5
Benchmark	9.9	1.4		

Portfolio Size and Mandate	
<b>Portfolio Size (GBP)</b>	<b>Portfolio Mandate</b>
246,672,185	Global Equities

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

**Summary - 3 Months Ending 31 December 2014**  
The manager's relative performance of the Quarter and 1 Year was 0.3% and 2.1% respectively.

**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	0.7	2.4	3.7	4.7	0.4
Benchmark	0.1	0.4	0.5	0.6	3.2

Risk Profile - 3 Years (Ann) to 31 December 2014				
	Standard Deviation	Sharpe Ratio	Tracking Error	Information Ratio
Portfolio	1.8	2.8	1.8	2.8
Benchmark	0.1	0.0		

Portfolio Size and Mandate	
<b>Portfolio Size (GBP)</b>	<b>Portfolio Mandate</b>
128,814,034	European Bonds

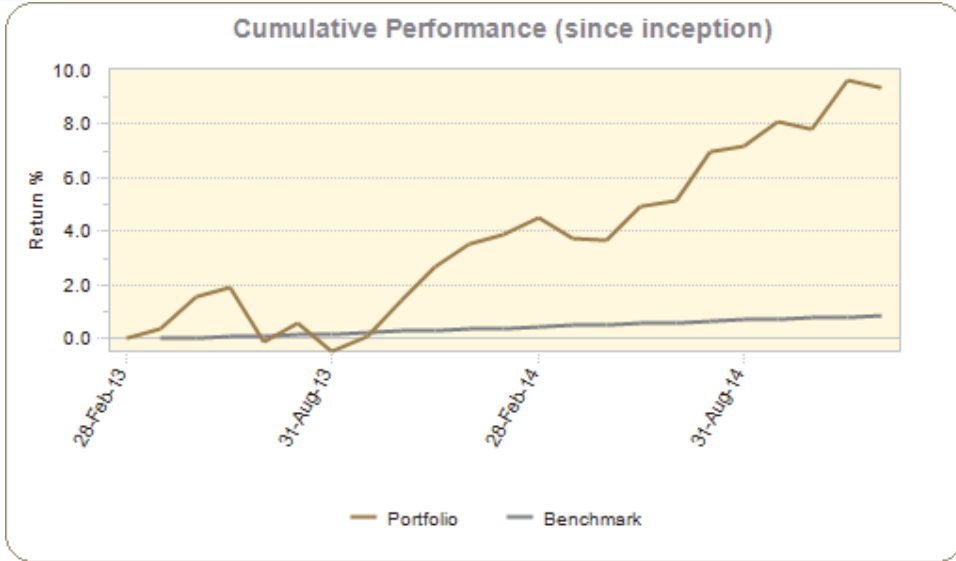
Allocation - 31 December 2014	
	<b>Alternatives</b>
Portfolio	100.00
Benchmark	100.00

**Summary - 3 Months Ending 31 December 2014**

The manager's relative performance of the Quarter and 1 Year was 0.6% and 3.2% 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>
87,503,871	Diversified Growth

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

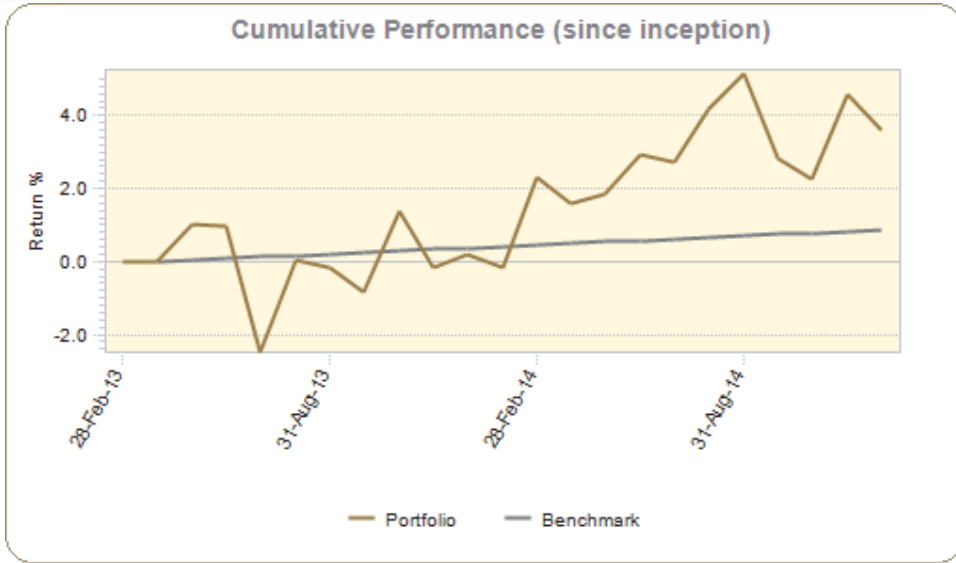
Periodic Performance				
	Quarter	Fiscal Year To Date	1 Year	Since Inception (Ann)
Portfolio	1.2	5.4	5.7	5.0
Benchmark	0.1	0.4	0.5	0.5

**Summary - 3 Months Ending 31 December 2014**

The manager's relative performance of the Quarter and 1 Year was and 1.1% & 5.2% respectively.

Risk Profile - 3 Years (Ann) to 31 December 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>
104,015,175	Diversified Growth

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

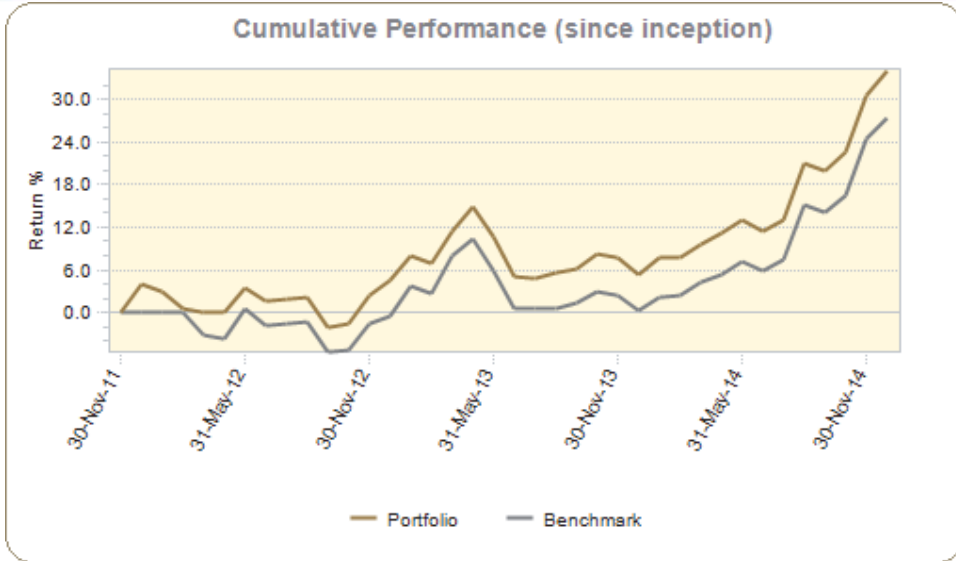
Periodic Performance				
	Quarter	Fiscal Year To Date	1 Year	Since Inception (Ann)
Portfolio	0.7	2.0	3.4	1.9
Benchmark	0.1	0.4	0.5	0.5

**Summary - 3 Months Ending 31 December 2014**

The manager's relative performance of the Quarter and 1 Year was 0.6% and 2.9% respectively.

Risk Profile - 3 Years (Ann) to 31 December 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>
163,651,784	Global Bonds

Allocation - 31 December 2014		
	<b>Bonds</b>	<b>Cash</b>
Portfolio	98.52	1.48
Benchmark	100.00	

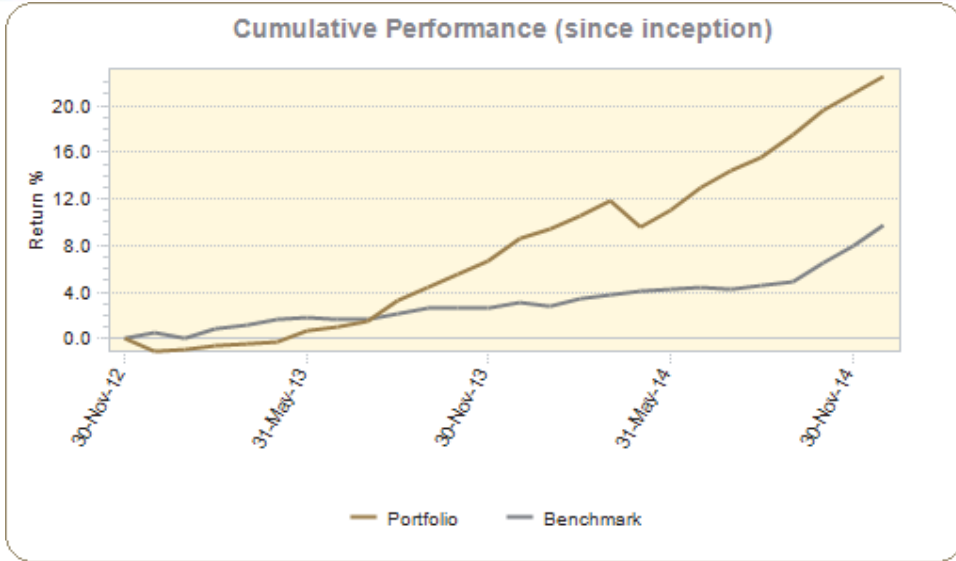
Periodic Performance				
	<b>Quarter</b>	<b>Fiscal Year To Date</b>	<b>1 Year</b>	<b>Since Inception (Ann)</b>
Portfolio	11.7	22.1	27.2	9.9
Benchmark	11.7	22.1	26.8	8.1

**Summary - 3 Months Ending 31 December 2014**

The manager's performed equal of the Benchmark over the Quarter and outperformed by 0.4% over the 1 year period.

Risk Profile - 3 Years (Ann) to 31 December 2014				
	<b>Standard Deviation</b>	<b>Sharpe Ratio</b>	<b>Tracking Error</b>	<b>Information Ratio</b>
Portfolio	9.2	0.9	2.7	0.1
Benchmark	9.6	0.8		

Manager Analysis - LGIM Property



Inception Date: 31 Dec 2012

Portfolio Size and Mandate	
<b>Portfolio Size (GBP)</b>	<b>Portfolio Mandate</b>
53,046,305	Property

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

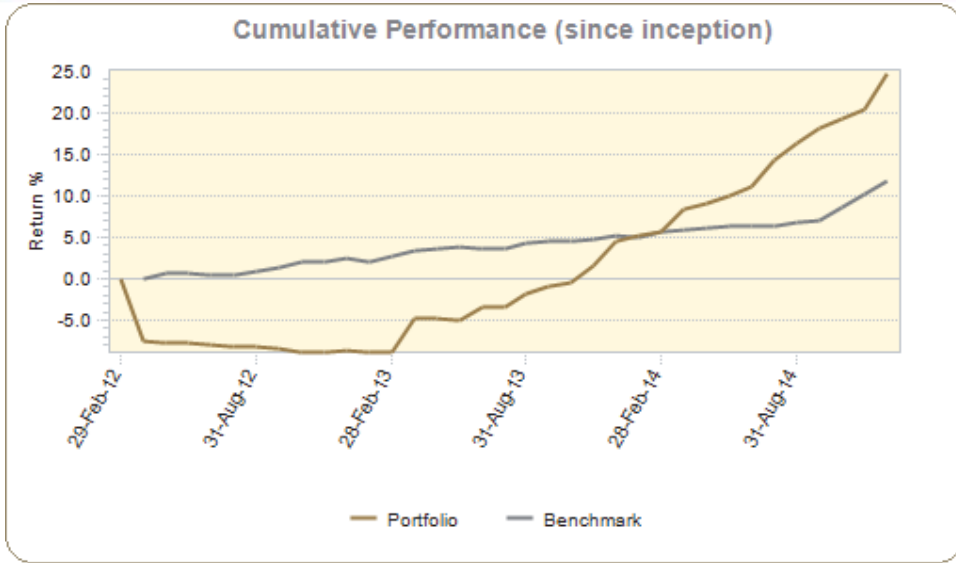
Periodic Performance				
	Quarter	Fiscal Year To Date	1 Year	Since Inception (Ann)
Portfolio	4.3	9.5	12.9	10.3
Benchmark	4.6	5.7	6.3	4.5

**Summary - 3 Months Ending 31 December 2014**

The manager's relative performance of the Quarter and 1 year was -0.3% and 6.6% respectively.

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

**Manager Analysis - Hermes**



Inception Date: 31 Mar 2012

Periodic Performance				
	Quarter	Fiscal Year To Date	1 Year	Since Inception (Ann)
Portfolio	5.6	15.2	19.3	8.1
Benchmark	4.5	5.7	6.3	4.1

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

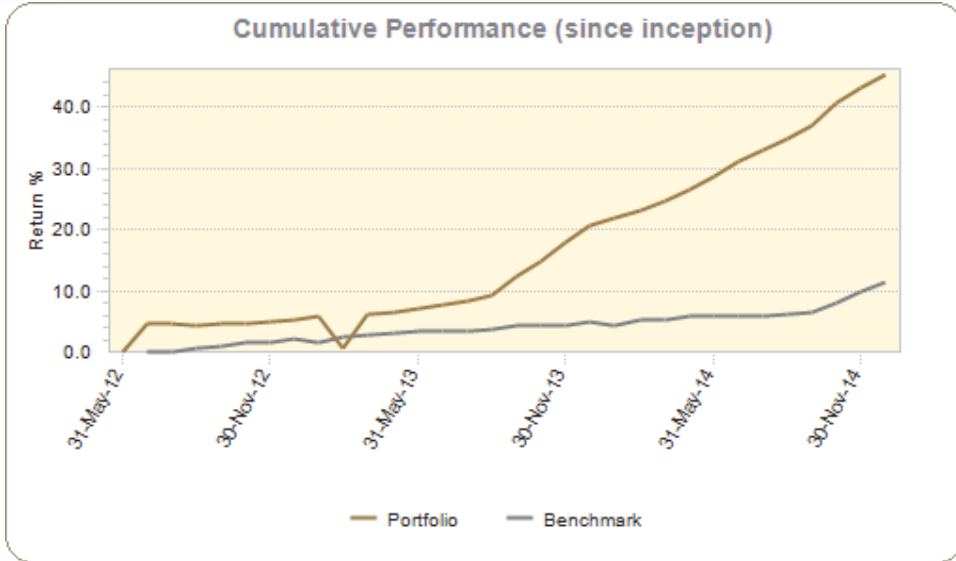
Portfolio Size and Mandate	
Portfolio Size (GBP)	Portfolio Mandate
28,954,082	Property

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

**Summary - 3 Months Ending 31 December 2014**

The manager's relative performance of the Quarter and 1 Year was 1.1% and 13% respectively.

**Manager Analysis - Threadneedle**



Inception Date: 30 Jun 2012

Periodic Performance				
	Quarter	Fiscal Year To Date	1 Year	Since Inception (Ann)
Portfolio	6.0	16.6	20.3	15.5
Benchmark	4.6	5.7	6.3	4.4

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

Portfolio Size and Mandate	
Portfolio Size (GBP)	Portfolio Mandate
64,945,117	Property

Allocation - 31 December 2014	
	Property
Portfolio	100.00
Benchmark	100.00

**Summary - 3 Months Ending 31 December 2014**

The manager's relative performance of the Quarter and 1 year was 1.4% and 14% respectively.

*Appendix*



Appendix - Benchmark Summary



Manager	Weight	Benchmark
Total Consolidation	28.00	Overseas Global Equity Bmk
	18.00	Overseas Equity Bmk
	17.00	Fixed Income Bmk
	15.90	UK Equity Bmk
	14.50	Cash Bmk
	6.60	Property Bmk
Fidelity	100.00	Fidelity Bmk
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	IPD ABal Prop Fund WA^
Hermes	100.00	IPDOBALPROPMO^
Threadneedle	100.00	IPD ABal Prop Fund WA^
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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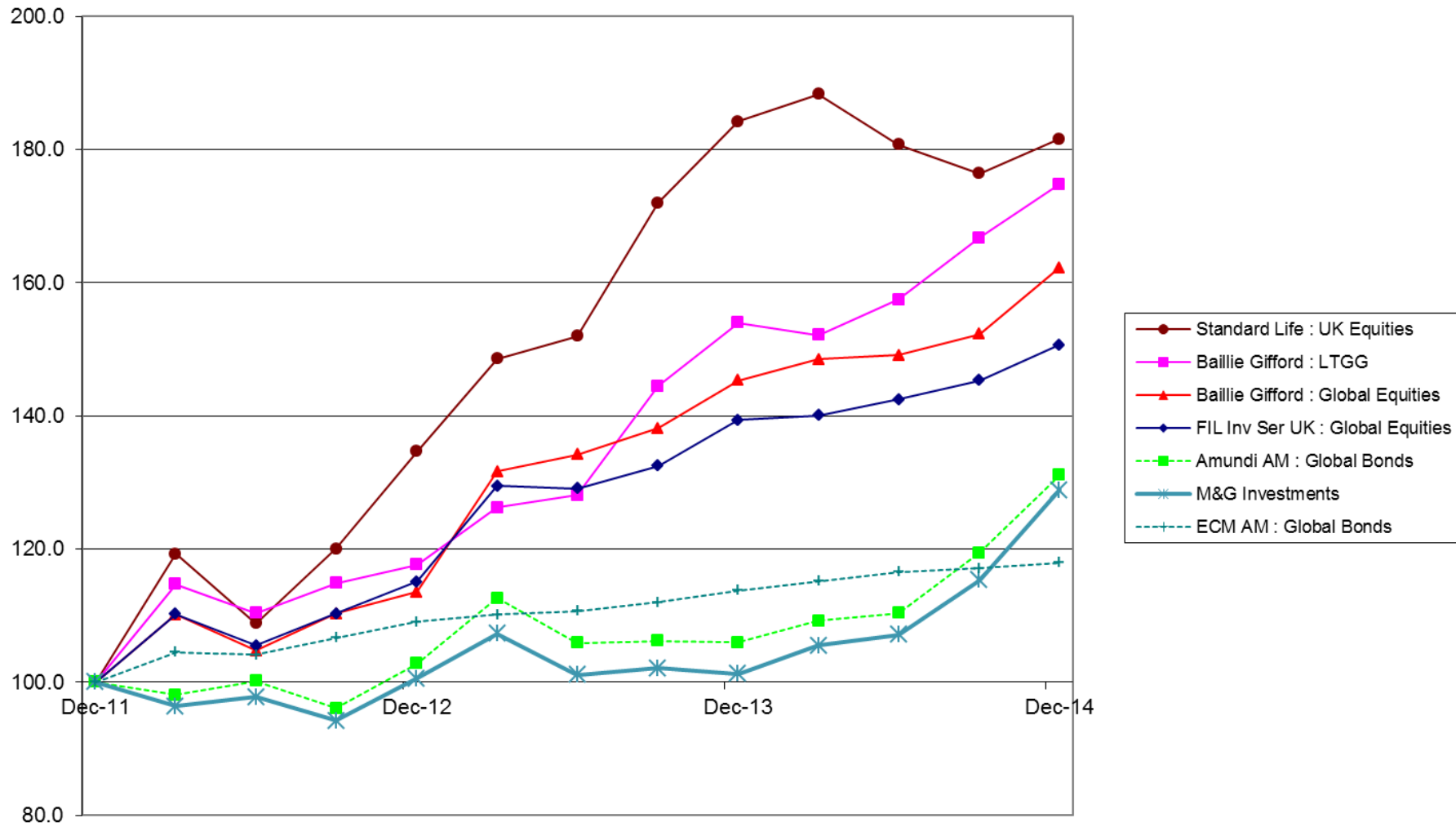
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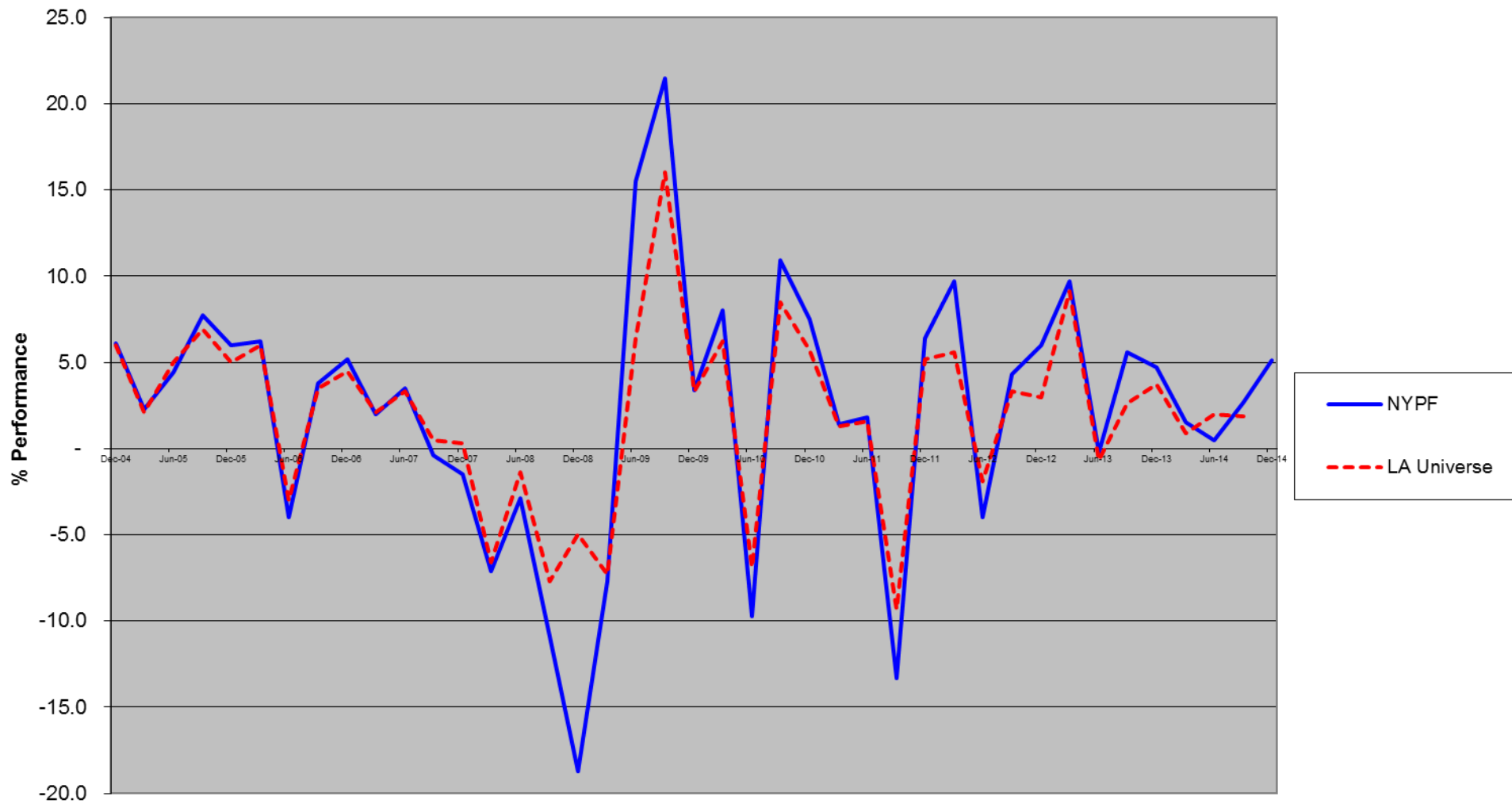
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Investment Manager Performance - cumulative absolute performance 3 years to December 2014



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

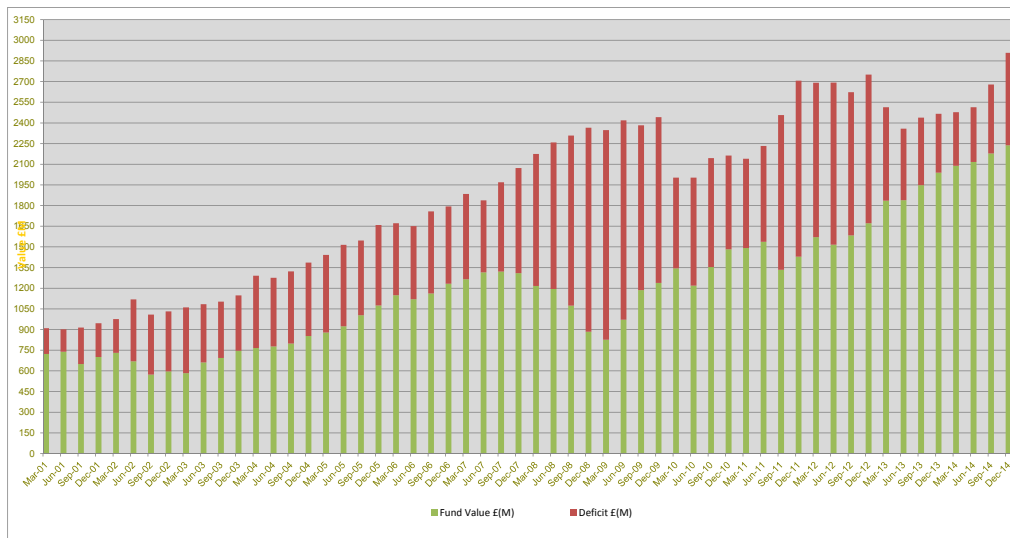


**Actuarial Model of Quarterly Solvency Position**

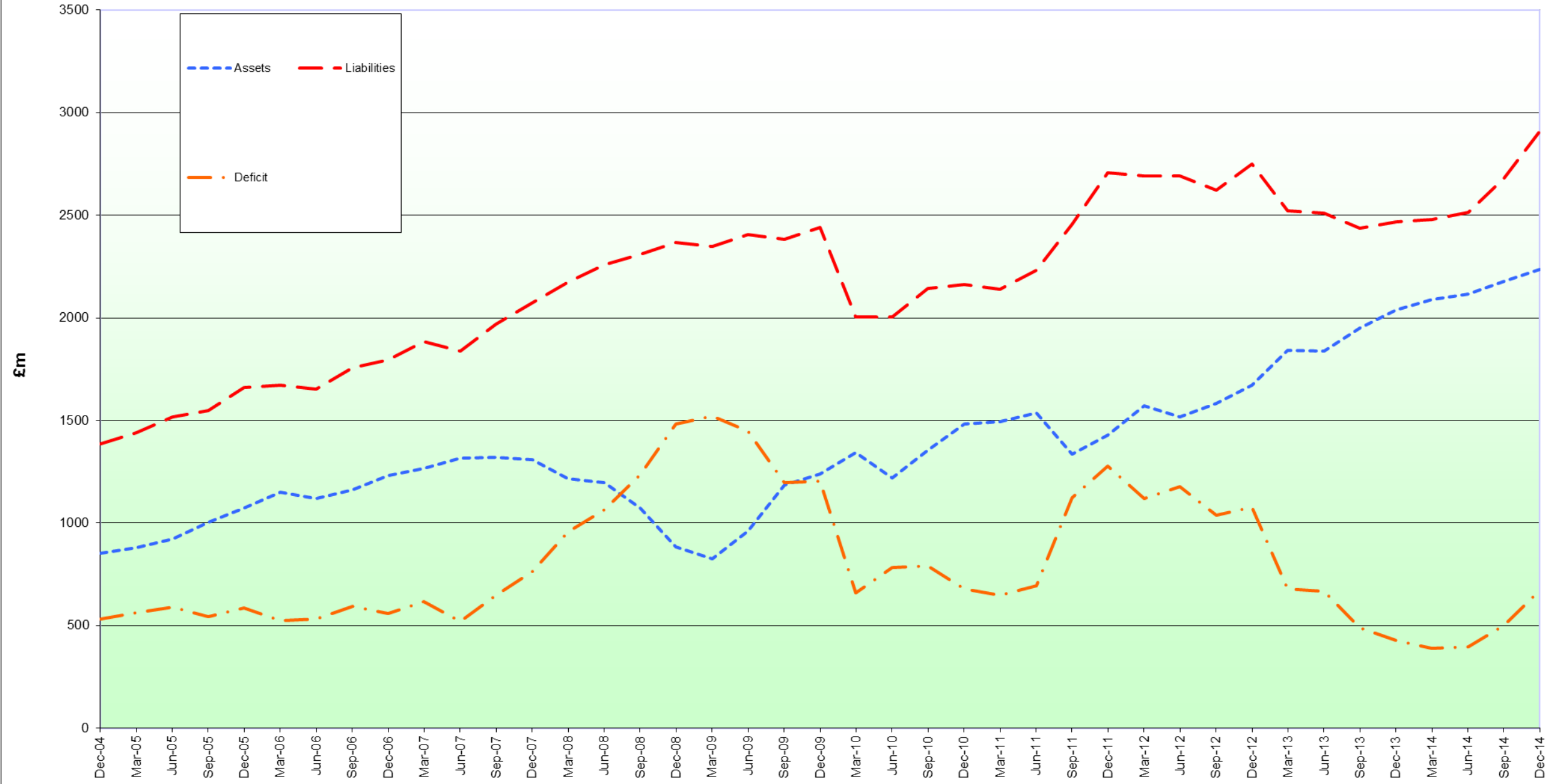
Date	Solvency	Deficit £(M)	Fund Value £(M)	FTSE 100
March 31, 2001	79%	187	724	5,634
June 30, 2001	82%	162	740	5,643
September 30, 2001	71%	265	650	4,903
December 31, 2001	74%	245	702	5,217
March 31, 2002	75%	245	732	5,272
June 30, 2002	60%	450	670	4,656
September 30, 2002	56%	435	574	3,722
December 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	66%	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	58%	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
June 30, 2014	84%	397	2117	6,744
September 30, 2014	81%	500	2179	6,623
December 31, 2014	77%	671	2238	6,566

Triennial valuation results highlighted in grey

**Movement in Assets and Liabilities**



# North Yorkshire Pension Fund Assets, Liabilities and Deficit



## REBALANCING OF NYPF ASSETS AS AT 31 DECEMBER 2014

Asset Class	Minimum Allocation to Non-Equities	Maximum Allocation to Non-Equities	Allocation as at December 2014	Allocation After Rebalancing
Equity + Cash	75%	50%	61.0%	61.0%
Bonds	15%	30%	23.9%	23.9%
DGFs	5%	10%	8.6%	8.6%
Property	5%	10%	6.6%	6.6%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

	31-Dec-14		Min				Max		Under		Over		Post December Rebalancing	
	Value £m	actual %	%	£m	%	£m								
<b>Global Equity Managers</b>														
Baillie Gifford Global Alpha	377.29	16.9%	13.6%	304.32	20.4%	456.49	0.00	0.00				377.29	16.9%	
Baillie Gifford Global Growth	246.67	11.0%	9.0%	201.39	13.6%	304.32	0.00	0.00				246.67	11.0%	
(a)	623.96	27.9%	22.6%	505.72	34.0%	760.81	0.00	0.00			0.00	623.96	27.9%	
<b>Global (ex UK) Equity Managers</b>														
Fidelity	392.50	17.5%										392.50		
(b)	392.50	17.5%	14.5%	324.46	21.7%	485.58	0.00	0.00			0.00	392.50	17.5%	
<b>UK Equity Managers</b>														
Standard Life	339.48	15.2%	12.9%	288.66	19.2%	429.63	0.00	0.00				339.48	15.2%	
Yorkshire Fund Managers	0.26	0.0%	0.0%	0.00	0.1%	2.24	0.00	0.00				0.26	0.0%	
(c)	339.74	15.2%	12.9%	288.66	19.3%	431.87	0.00	0.00			0.00	339.74	15.2%	
<b>Equity sub-total</b>	(a+b+c)=(d)													
	1356.20	60.6%	50.0%	1118.84	75.0%	1678.26	0.00	0.00			0.00	1356.20	60.6%	
Amundi	242.17	10.8%										242.17		
ECM	128.81	5.8%										128.81		
M & G	163.65	7.3%										163.65		
(e)	534.63	23.9%	15.0%	335.65	30.0%	671.30	0.00	0.00			0.00	534.63	23.9%	
<b>Fixed Income sub-total</b>														
Hermes	28.95	1.3%										28.95		
LGIM Property	53.05	2.4%										53.05		
Threadneedle	64.95	2.9%										64.95		
(f)	146.95	6.6%	5%	111.88	10%	223.77	0.00	0.00			0.00	146.95	6.6%	
<b>Property sub-total</b>														
Standard Life	87.50	3.9%										87.50		
Newton	104.02	4.6%										104.02		
(g)	191.52	8.6%	5%	111.88	10%	223.77	0.00	0.00			0.00	191.52	8.6%	
<b>DGF sub-total</b>														
Cash	8.38	0.4%	0.0%	0.00	0.0%	0.00	0.00	-8.38				8.38	0.4%	
(h)														
<b>Total Assets</b>	(d+e+f+g+h)=(i)													
	2237.68	100.0%										2237.68	100.0%	