

Investment Performance

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**Nottinghamshire
County Council**

Agenda

- Whole Fund investment returns
- Management arrangements
- Benchmarks
- Individual manager returns
- Asset allocation
- Summary

Investment returns to 31 March 2023

*	1 year		3 years		5 years	
	Fund	BM*	Fund	BM*	Fund	BM*
	%	%	% pa	% pa	% pa	% pa
Equities	1.0	1.2	14.6	15.3	6.7	8.2
Property	-12.4	-12.6	-0.4	1.8	1.4	1.9
Bonds	-7.3	-9.0	-6.0	-9.1	-1.2	-1.8
Total Fund	-1.8	1.1	8.9	10.1	5.1	6.4

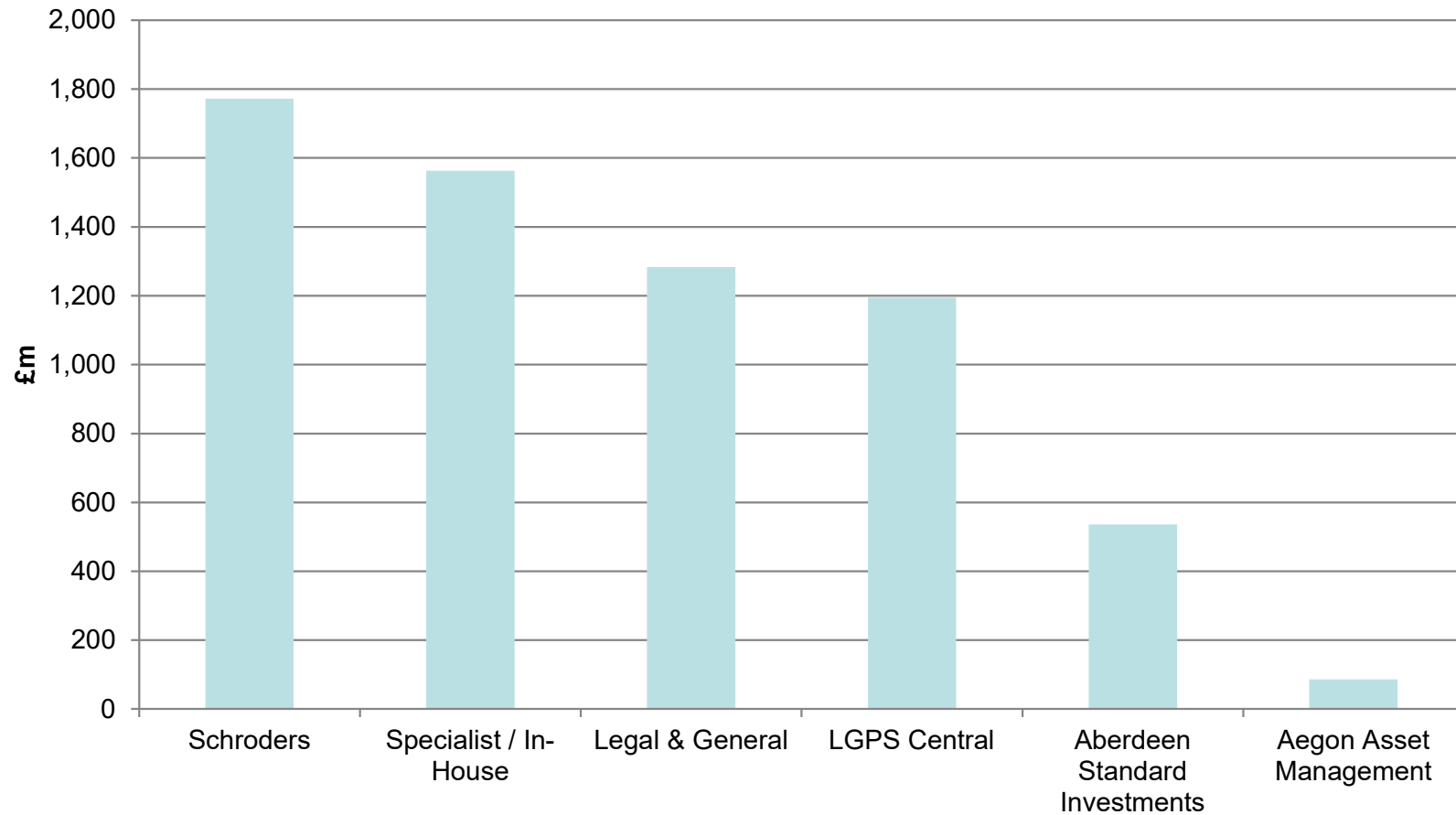
Source: Ortec

BM* Benchmark or for Property, the market comparator

Target return on assets following the last valuation was 5.7% p.a.

Management arrangements as at 31 March 2023

Analysis by Portfolio

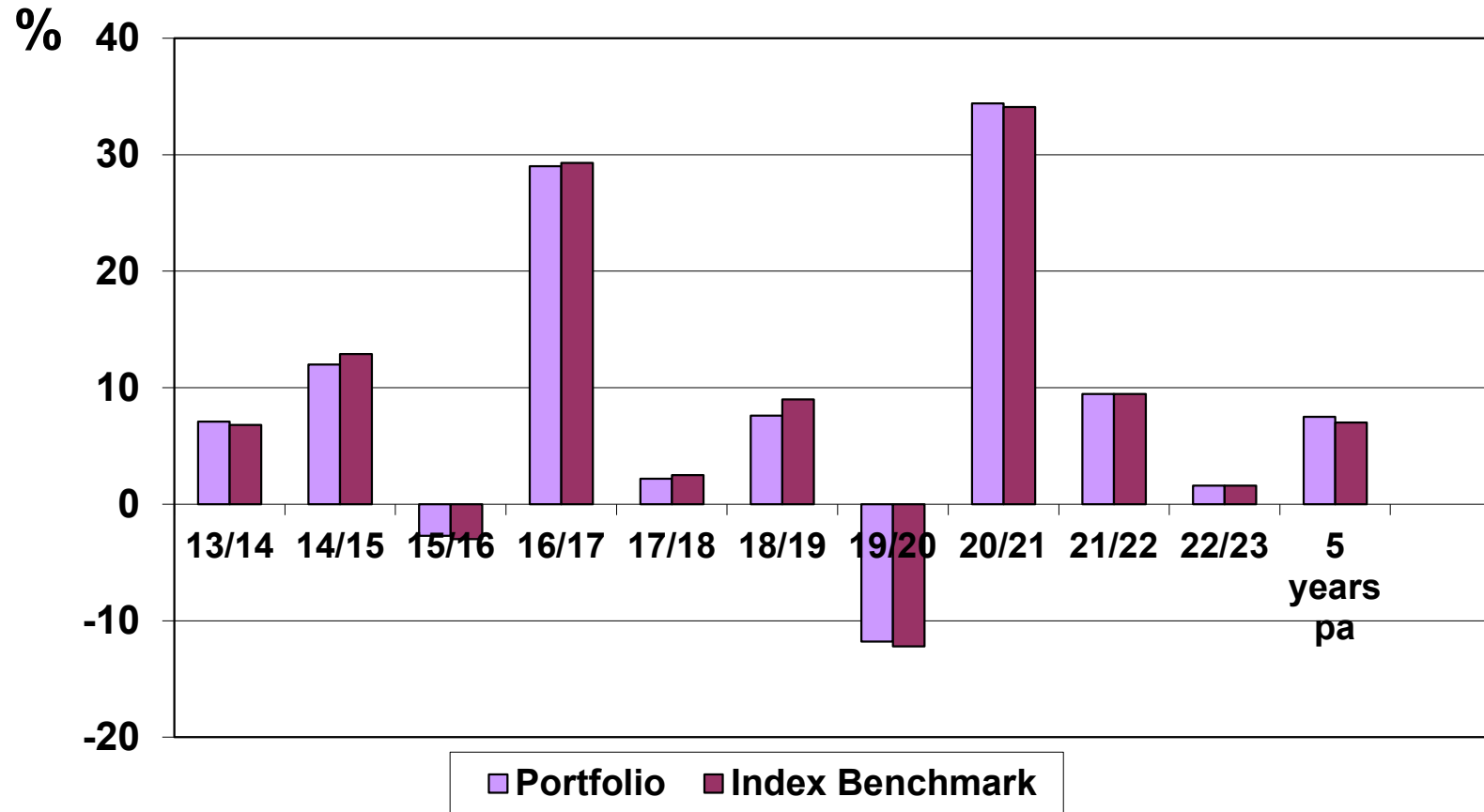


Strategic benchmark

- The Fund's strategic benchmark is based on its agreed asset allocation strategy
- It uses a high level market index for each asset class and this helps to inform decisions regarding asset management

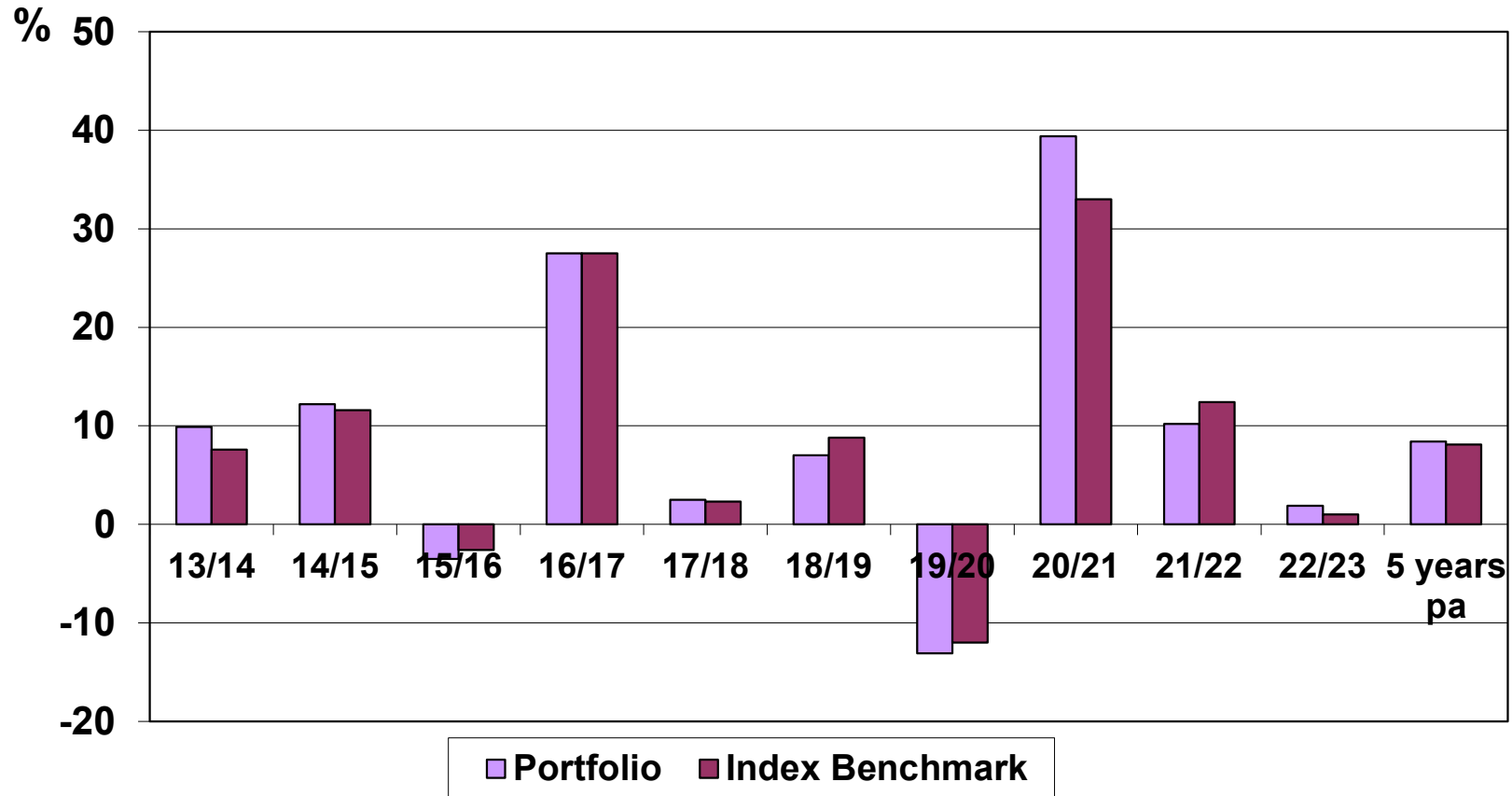
Outcome	Asset class	Allocation ranges	Strategic benchmark	
Growth	Listed and Private Equity	50% to 70%	65% FTSE World ex UK. 35% FT Allshare	60%
Inflation protection	Property, Infrastructure* and Index linked fund	15% to 35%	CPI	28%
Income only	Fixed income	5% to 15%	FTSE UK All Stock	10%
Liquidity	Cash, short term bonds	0% to 10%	SONIA	2%

Core Index – Equities



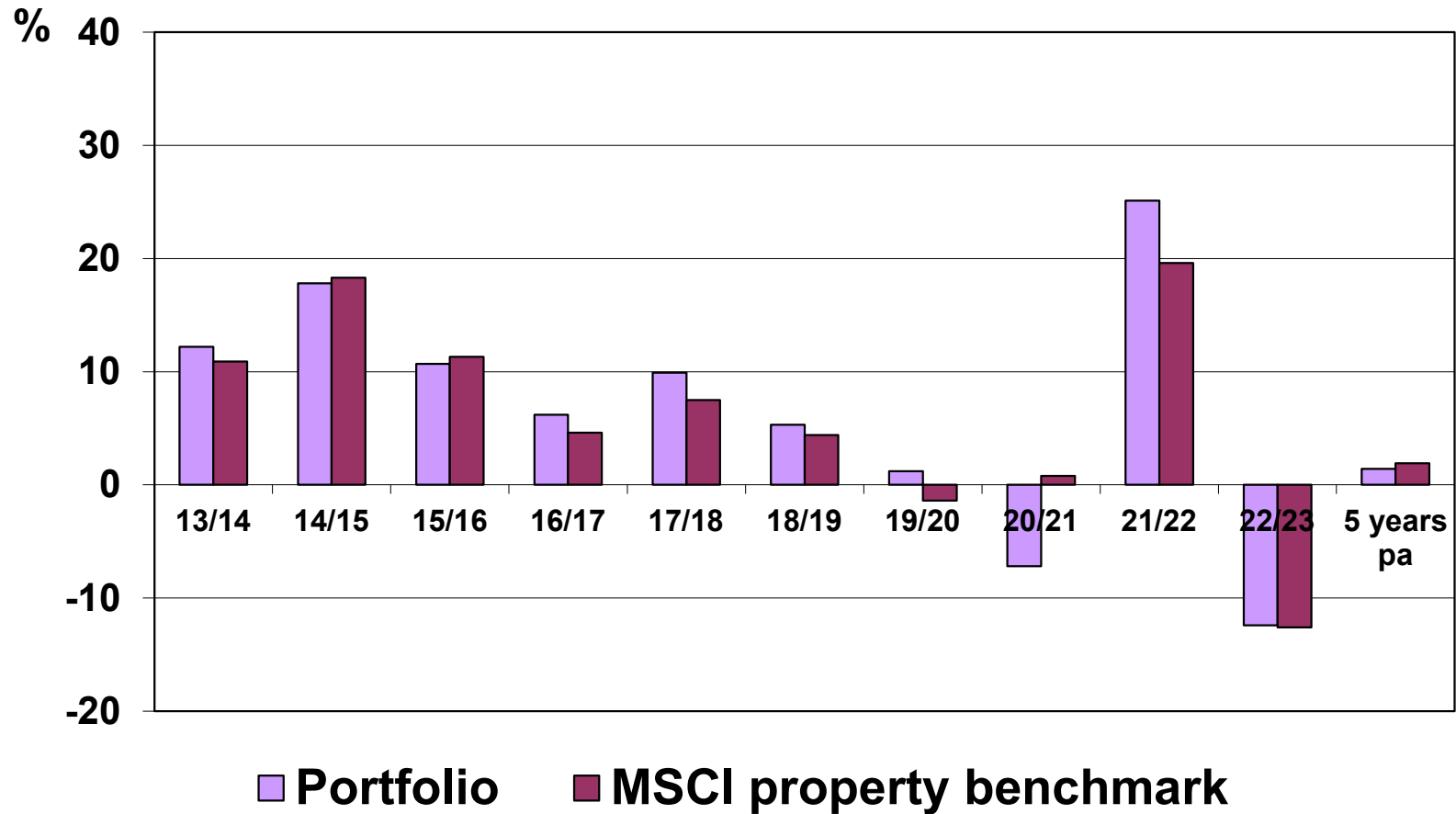
Performance target – to be within $\pm 0.3\%$ of benchmark

Schroders – Equities



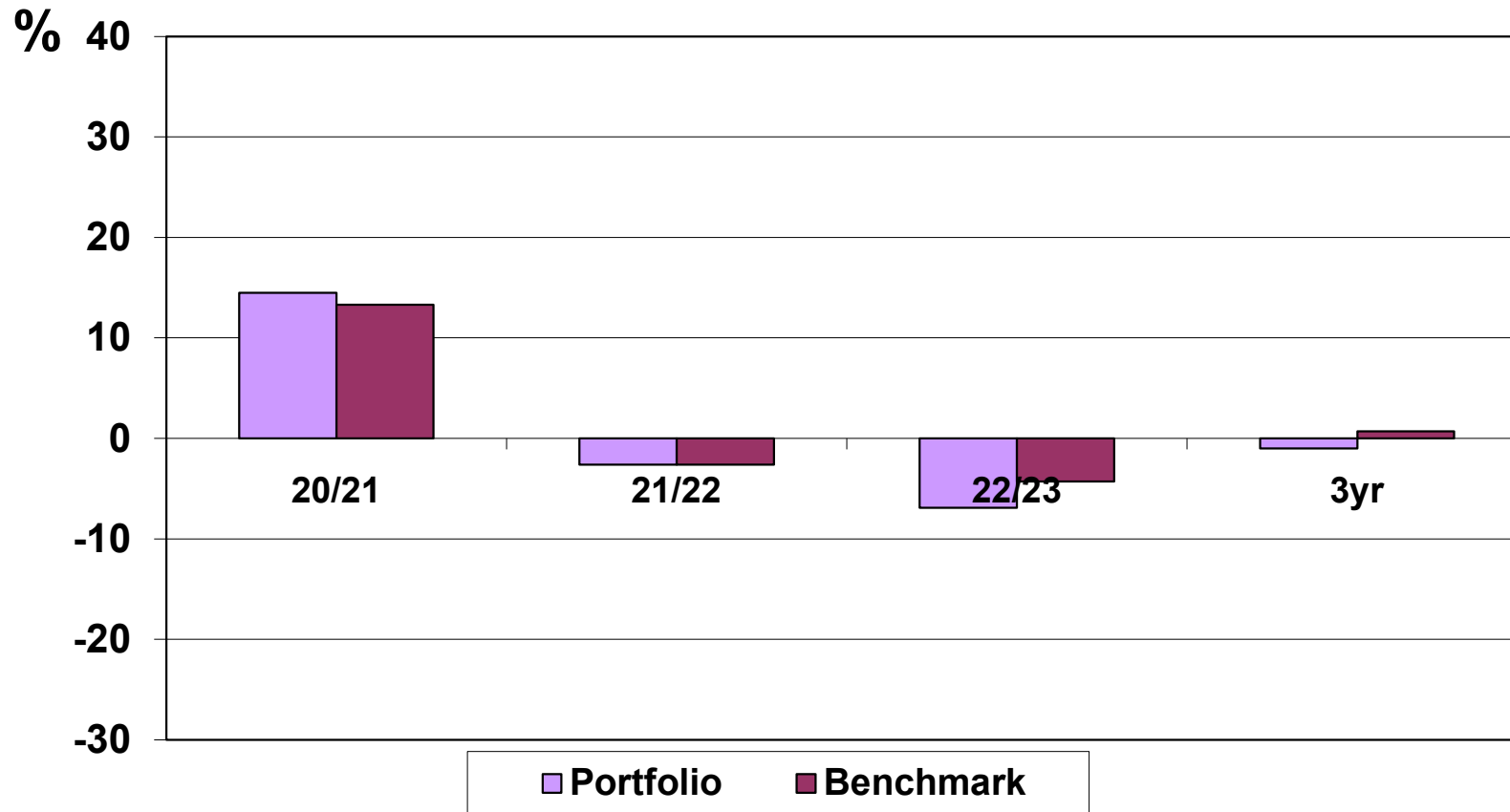
Performance target – to beat benchmark by 1% (net of fees)

Abrdn – Property



Performance target (since 2014) – to achieve 6.5% pa on long-term basis

LGPS Central

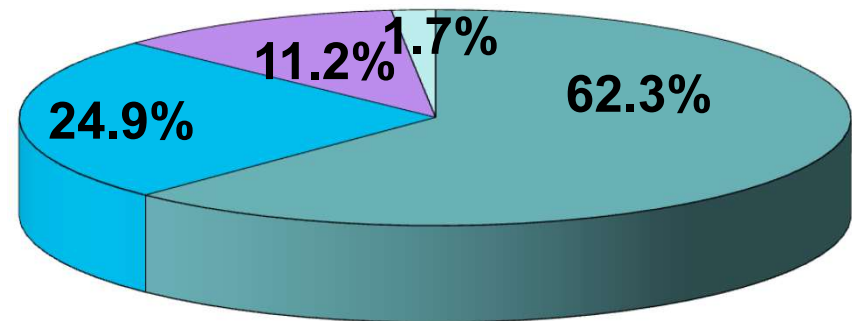


Asset allocation

It is widely recognised that asset allocation is the most important factor in driving long term investment returns.

Asset Class	Allocation Ranges
Growth	50% to 70%
Inflation Protection	15% to 35%
Income	5% to 15%
Liquidity	0% to 10%

Actual Allocation
31 March 2022



Summary

- The impact of inflation and increased interest rates has impacted both performance and our Fund benchmark.
- Increased volatility has been experienced.
- The fund's net assets decreased slightly during 22/23
- Total returns over 5 years remain ahead of the actuary's assumed return
- Asset allocation is the most important factor in driving long term investment returns