

**Agenda Item No.4 (a)**

**DERBYSHIRE COUNTY COUNCIL  
PENSIONS AND INVESTMENTS COMMITTEE**

**6 September 2017**

**Report of the Director of Finance & ICT**

**INVESTMENT REPORT**

**1 Purpose of the Report**

To review the Fund's asset allocation, investment activity since the last meeting, long term performance analysis and to approve the investment strategy in the light of recommendations from the Director of Finance & ICT and the Fund's independent adviser.

**2 Information and Analysis**

**(i) Report of the External Adviser**

A copy of Mr Fletcher's report, incorporating his view on the global economic position, factual information for global market returns, the performance of the Fund and his recommendations on investment strategy and asset allocation, is attached in Appendix 1.

**(ii) Asset Allocation and Recommendations Table**

The Fund's latest asset allocation as at 31 July 2017 and the recommendations of the Director of Finance & ICT and Mr Fletcher, in relation to the Fund's benchmark, are shown in the table below.

The table also shows the recommendations of the Director of Finance & ICT adjusted to reflect the impact of future investment commitments. These commitments largely relate to Alternatives, Multi-Asset Credit and Property and totalled £221m at 31 July 2017. Whilst the timing of drawdowns will be lumpy and difficult to predict, the In-house Investment Fund Manager Team (IFMT) believe that these are likely to occur over the next 18 to 24 months.

## PUBLIC

Asset Category	Benchmark		Fund Allocation	Fund Allocation	Permitted Range	Benchmark Relative Recommendation		Recommendation		Recommendation Adjusted for Commitments (2)	Benchmark Return
	Old	New (1)	30/4/17	31/7/17		AF 6/9/17	DPF 6/9/17	AF 6/9/17	DPF 6/9/17	DPF 6/9/17	3 Months to 31/7/17
<b>Equities</b>	<b>60.0%</b>	<b>58.0%</b>	<b>65.5%</b>	<b>65.4%</b>	<b>+/- 8%</b>	<b>+2.0%</b>	<b>+6.8%</b>	<b>60.0%</b>	<b>64.8%</b>	<b>64.8%</b>	<b>n/a</b>
UK Equities	28.0%	25.0%	27.8%	27.2%	+/- 6%	-1.0%	+1.7%	24.0%	26.7%	26.7%	3.0%
Overseas Equities	32.0%	33.0%	37.6%	38.2%	+/- 6%	+3.0%	+5.1%	36.0%	38.1%	38.1%	n/a
N. America	11.0%	12.0%	11.3%	11.1%	+/- 4%	-	-0.9%	12.0%	11.1%	11.1%	2.3%
Europe	9.0%	9.0%	10.4%	10.7%	+/- 4%	-	+1.7%	9.0%	10.7%	10.7%	5.0%
Japan	5.0%	5.0%	6.6%	6.8%	+/- 2%	+1.0%	+1.8%	6.0%	6.8%	6.8%	4.2%
Pacific ex-Japan	4.0%	4.0%	5.4%	5.5%	+/- 2%	+1.0%	+1.5%	5.0%	5.5%	5.5%	6.8%
Emerging Markets	3.0%	3.0%	3.9%	4.0%	+/- 2%	+1.0%	+1.0%	4.0%	4.0%	4.0%	6.2%
<b>Bonds</b>	<b>22.0%</b>	<b>22.0%</b>	<b>18.9%</b>	<b>18.6%</b>	<b>+/- 5%</b>	<b>-2.0%</b>	<b>-2.7%</b>	<b>20.0%</b>	<b>19.3%</b>	<b>20.6%</b>	<b>n/a</b>
Conventional	6.5%	5.5%	5.9%	5.7%	+/- 3%	-1.5%	+0.2%	4.0%	5.7%	5.7%	(1.2%)
Index-Linked	6.5%	6.5%	6.1%	5.7%	+/- 3%	-1.5%	-0.8%	5.0%	5.7%	5.7%	(5.8%)
Corporate	6.0%	6.0%	5.4%	5.3%	+/- 3%	-	-0.7%	6.0%	5.3%	5.3%	0.1%
Multi-Asset Credit	3.0%	4.0%	1.5%	2.0%	+/- 2%	+1.0%	-1.4%	5.0%	2.6%	3.9%	0.8%
<b>Property</b>	<b>9.0%</b>	<b>9.0%</b>	<b>6.6%</b>	<b>6.6%</b>	<b>+/- 3%</b>	<b>-</b>	<b>-2.4%</b>	<b>9.0%</b>	<b>6.6%</b>	<b>6.9%</b>	<b>2.3% (3)</b>
Direct	5.0%	5.0%	3.9%	3.9%	+/- 2%	+1.0%	-1.1%	6.0%	3.9%	3.9%	2.3% (3)
Indirect	4.0%	4.0%	2.7%	2.7%	+/- 2%	-1.0%	-1.3%	3.0%	2.7%	3.0%	2.2% (3)
<b>Alternatives</b>	<b>7.0%</b>	<b>9.0%</b>	<b>3.5%</b>	<b>3.8%</b>	<b>+/- 3%</b>	<b>-</b>	<b>-4.8%</b>	<b>9.0%</b>	<b>4.2%</b>	<b>7.4%</b>	<b>n/a</b>
Infrastructure	3.0%	5.0%	1.9%	2.2%	+/- 2%	-	-2.8%	5.0%	2.2%	3.6%	0.6%
Private Equity	4.0%	4.0%	1.6%	1.6%	+/- 2%	-	-2.0%	4.0%	2.0%	3.8%	4.0%
<b>Cash</b>	<b>2.0%</b>	<b>2.0%</b>	<b>5.5%</b>	<b>5.6%</b>	<b>0 – 8%</b>	<b>-</b>	<b>+3.1%</b>	<b>2.0%</b>	<b>5.1%</b>	<b>0.3%</b>	<b>0.1%</b>

(1) The New Benchmark came into effect on 1 April 2017

(2) Recommendation adjusted for investment commitments at 31 July 2017

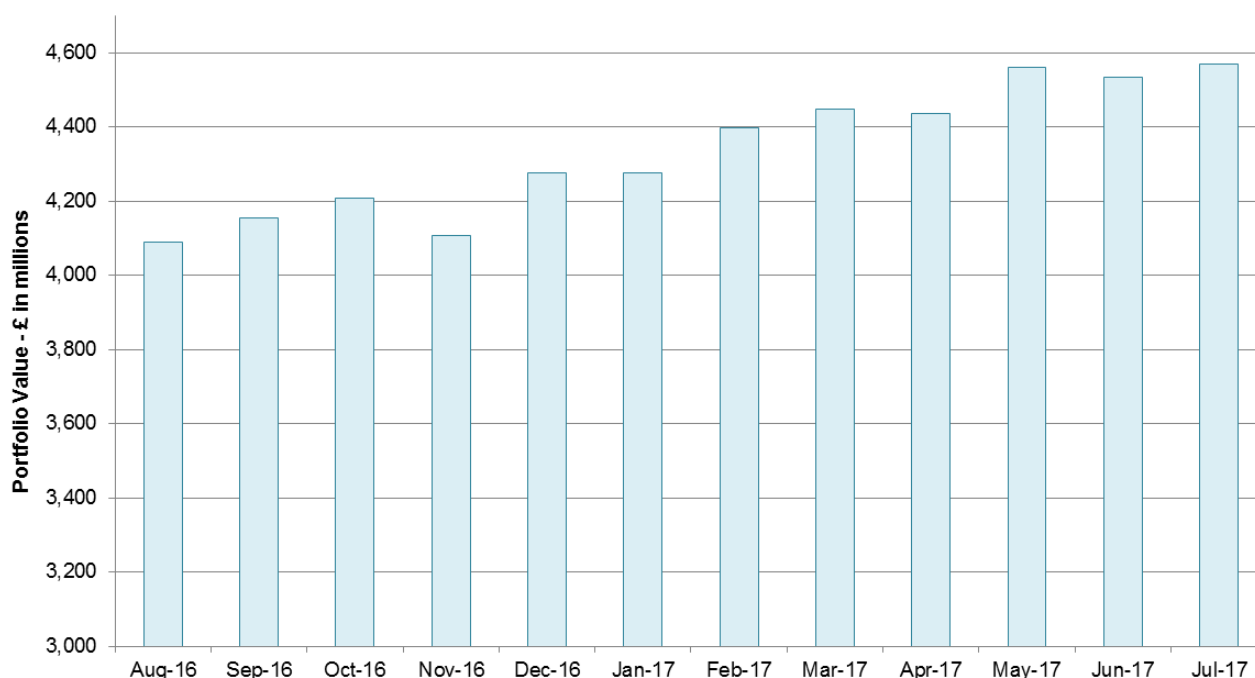
(3) Benchmark Return for the three months to 30 June 2017

Relative to the benchmark, the Fund as at 31 July 2017 was overweight in Equities and Cash but underweight in Bonds, Property and Alternative investments.

### (iii) Total Investment Assets

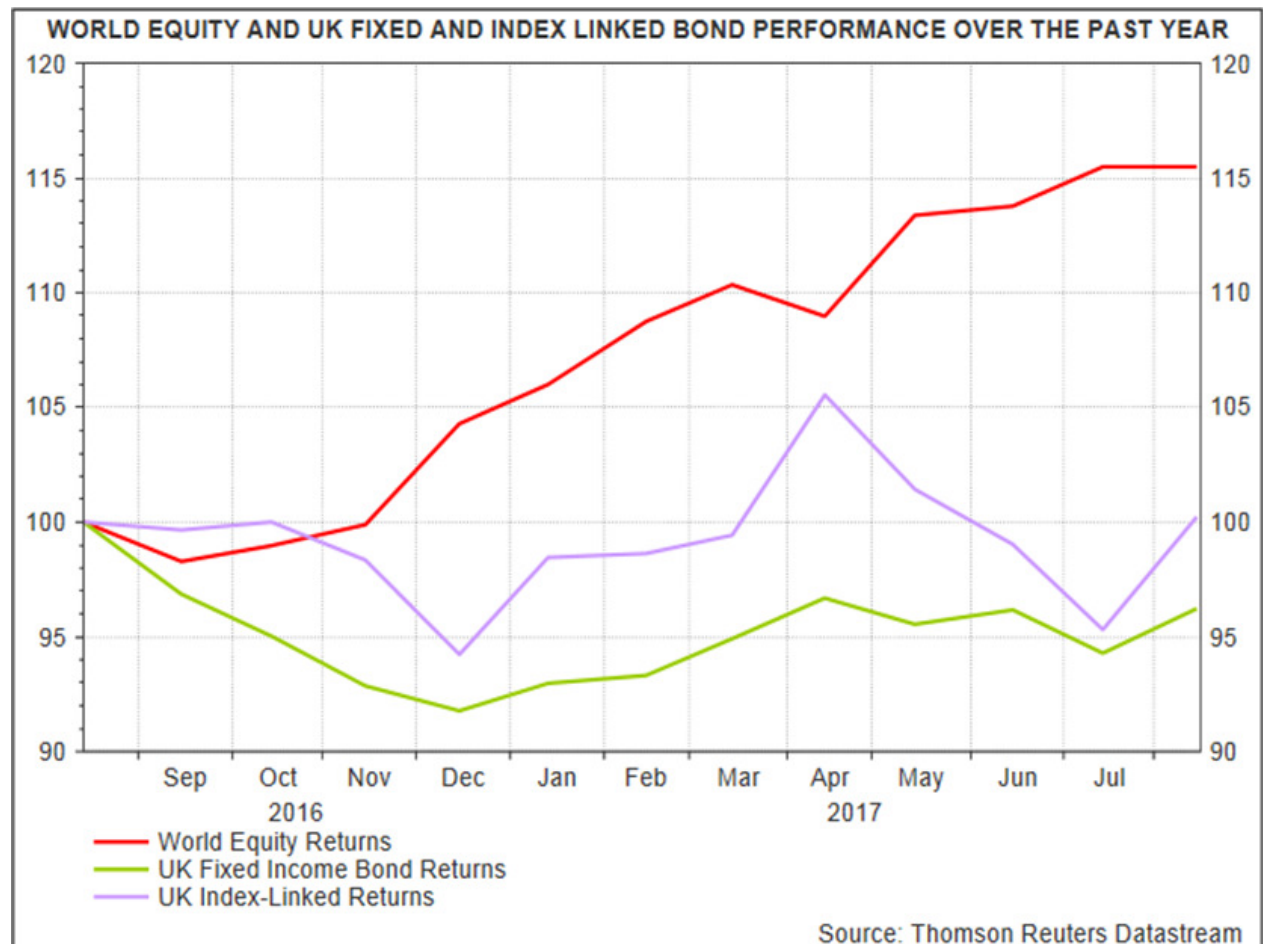
The Fund's investment assets increased by £135.2m (+3.0%) between 30 April 2017 and 31 July 2017. Over the twelve months to 31 July 2017, the Fund's investment assets have risen by £558m (+13.9%), reflecting strong equity market returns. A copy of the Fund's valuation is attached at Appendix 2.

**Total Investment Assets**



The Fund's valuation can fluctuate significantly in the short term reflecting market conditions and supports the Fund's strategy of focusing on the long term.

## Market returns over the last 12 months



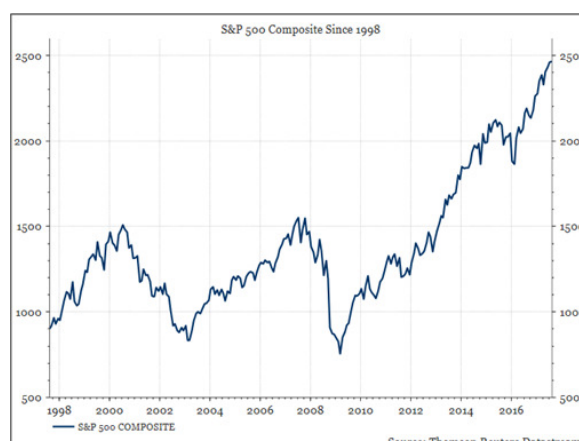
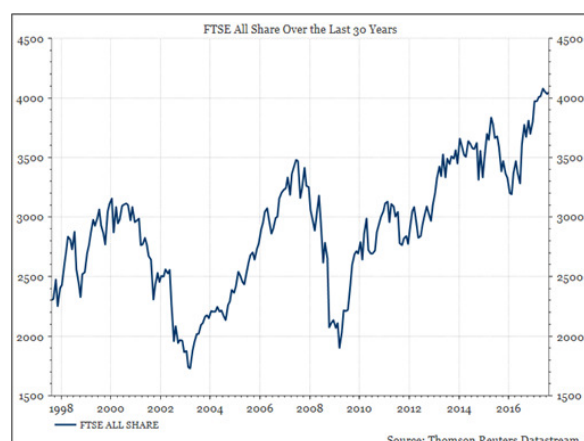
The chart above shows market returns for World Equities, UK Fixed Income and UK Index Linked bonds between 16 August 2016 and 15 August 2017.

Equity markets have been strong over the last 12 months. The election of Donald Trump in November 2016 boosted equity markets on the expectation of higher economic growth and lighter regulation, and overseas equity returns have been particularly strong for UK investors since the EU referendum in June 2016, with sterling falling sharply against both the dollar and euro immediately afterwards. Improving economic conditions and a softening of political risks in Europe (which weighed on markets at the start of the year)

helped equity returns in local currency, although a recovery in the value of the pound led to weaker sterling returns.

Bond returns have traded sideways for much of the last 12 months and have lagged behind equity market returns. Bond yields rose in June 2017 as comments from several central banks awakened expectations that monetary support might be withdrawn earlier than anticipated. Bonds rallied slightly in July 2017 as rate rise expectations softened on the back of weaker global inflation data.

Asset class weightings and recommendations are based on values at the end of July 2017. Many global stock markets are now trading at all-time highs and it should be noted that the asset class returns over the last twelve months (see charts below which show the long term value of the FTSE All Share and S&P 500 Composite) were well in excess of long term averages.



## (v) Longer Term Performance

Figures provided by Portfolio Evaluation Limited show the Fund's performance over 1, 3, 5 and 10 years to 31 March 2017.

Per annum	The Fund	Benchmark Index
1 year	17.4%	15.1%
3 year	10.7%	9.9%
5 year	11.2%	10.6%
10 year	7.1%	6.5%

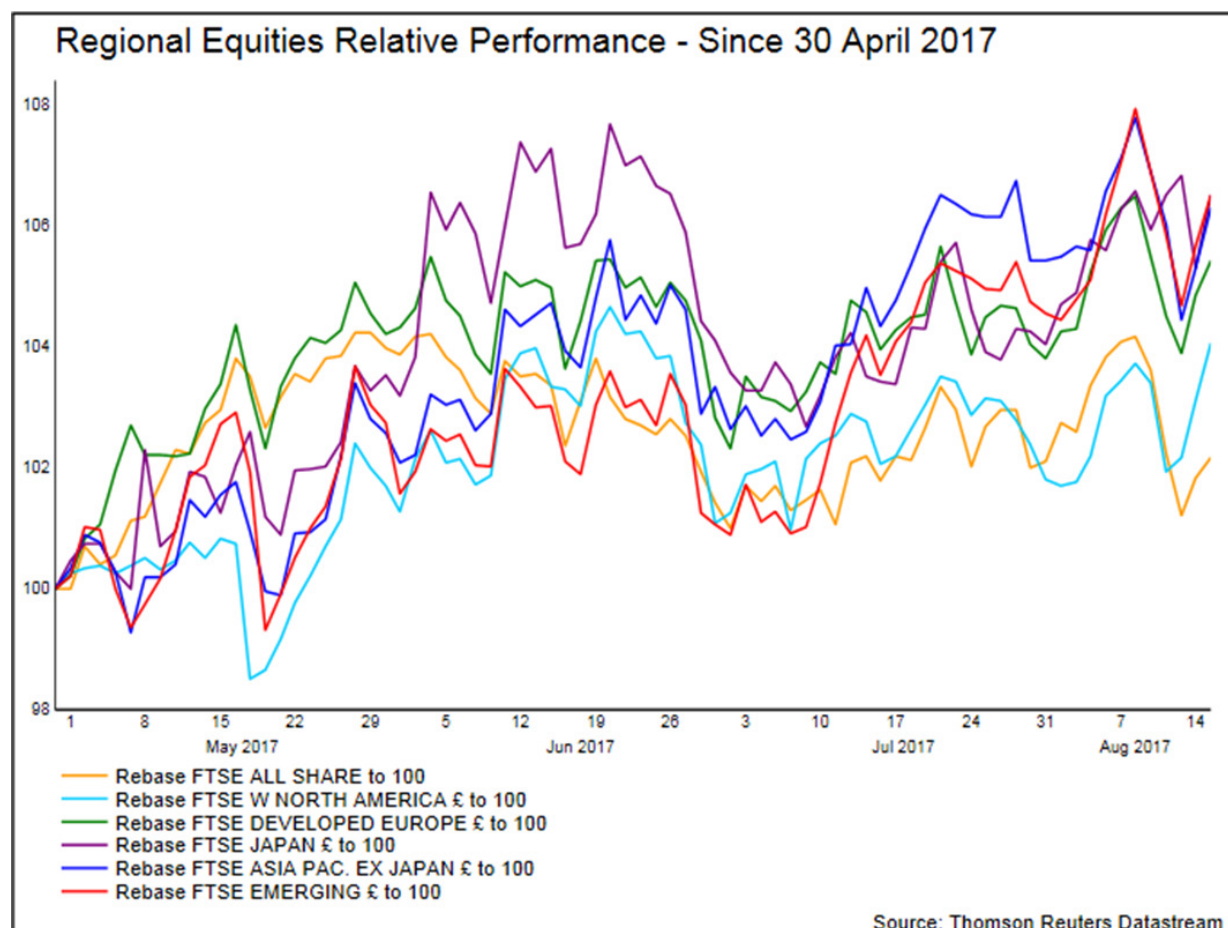
The Fund outperformed the benchmark over each of the periods.

## (vi) Asset Class Recommendations

### Equities

At the last meeting it was agreed to reduce the overall weighting in Equities to 64.9%, a 6.9% overweight position against the benchmark at 31 July 2017. At 31 July 2017, the overall equity weighting was 65.4%. The IFMT recommendations below would take the overall equity weighting to 64.8%.

The Chart below shows the relative regional equity returns between 30 April 2017 and 15 August 2017.



## UK Equities

It was agreed that the Fund would reduce its weighting from 27.8% to 27.3%. Divestment totalled £22m and the weighting fell by 0.6% to 27.2% at 31 July 2017. Benchmark UK Equities returned 3.0% in the period.

Mr Fletcher notes that it is always difficult to underweight the UK equity market given the quality of: the rule of Law; accounting practices and governance procedures required by UK regulators. For Derbyshire it is the home market, there is no currency volatility to worry about and many of the larger companies represented in the FTSE 100 have significant exposure to overseas operations, including fast growing emerging markets. However, Mr Fletcher believes that the general election has weakened the UK government's hand in the Brexit negotiations, which are likely to become more detailed after the summer and the German elections in September. Mr Fletcher recommends a 1.0% underweight allocation in the medium term against the benchmark of 25%. The IFMT believe that, while the immediate impact of the UK referendum vote has been significantly less than expected, there are now signs of an economic slowdown. The UK market is likely to experience periods of volatility connected to the Brexit negotiations which are likely to be protracted. The IFMT recommend that the current allocation is reduced by 0.5% to 26.7% over the next quarter, continuing the long term directional trend towards a neutral position of 25% against the benchmark. It should be noted that this will require a divestment of around £100m and sourcing attractive alternative investment opportunities remains challenging.

### **Northern American Equities**

At the last meeting it was agreed to maintain the weighting at 11.3%, 0.7% underweight against the benchmark of 12%. Relative market weakness reduced the weighting to 11.1% at 31 July 2017. Benchmark US Equities returned 2.3% in the period.

Mr Fletcher notes that that US equity market appears to remain overvalued, but the recent earnings season provided positive surprises and consumption and labour markets remain strong. The economy seems capable of continuing to grow and, hopefully by the end of the year, there will be some clarity on fiscal policy. In the meantime, Mr Fletcher believes that it is difficult to be underweight and recommends a neutral weighting of 12.0%. The IFMT believe that current valuations leave little room for disappointment in earnings and the environment for buybacks, which have underpinned market strength, is expected to deteriorate. US interest rates are rising and the dollar has shown some weakness recently, following a market reassessment of President Trump's ambitious policy programme. Furthermore, earnings growth forecasts are expected to slow. As a result, the IFMT recommend maintaining the current 0.9% underweight position of 11.1%.

### **European Equities**

It was agreed at the last meeting that the Fund would maintain a 1.4% overweight position of 10.4%. Whilst there were no transactions in the period,

relative market strength (benchmark European Equities returned 5.0% in the period) increased the weighting to 10.7% at 31 July 2017. If the Fund managed the European portfolio actively, Mr Fletcher would recommend an overweight position as he believes that growth could continue to surprise on the upside and that the risks in the region are well known and can be avoided by good country and stock selection. As the portfolio is currently managed passively, Mr Fletcher recommends a neutral weighting of 9%. The IFMT recommend that the current 1.7% overweight position of 10.7% is maintained, supported by reduced political risk, an improving economic outlook and corporate earnings growth.

### **Japanese Equities**

At the last meeting it was agreed to maintain a 1.6% overweight position of 6.6%. There were no transactions in the period but a benchmark return of 4.2% increased the weighting to 6.8% at 31 July 2017.

Mr Fletcher notes that the Japanese economy finally appears to have reached “escape velocity” and views the Japanese market as only fair value relative to the rest of the world, but cheap relative to its own history. Japanese companies are carrying the largest cash balances of any developed nation and share buy-backs and dividend payouts remain high. Mr Fletcher recommends a 1% overweight position of 6%. The IFMT view the cash balances within Japanese companies and the current low payout ratios compared with other regions as offering potential for a re-rating in share prices. The economic outlook has improved, providing support for Japanese equities, and the IFMT recommend that the current overweight position of 6.8% should be maintained.

### **Asia Pacific Ex Japan and Emerging Markets**

It was agreed that the Fund would retain the Asia Pacific Ex Japan weight at 5.4% (1.4% overweight) and the Emerging Market weight at 3.9% (0.9% overweight). Over the period, benchmark Asia Pacific Ex Japan Equities returned 6.8%, and benchmark Emerging Market Equities returned 6.2%. These strong relative market returns increased the Asia Pacific Ex Japan weighting to 5.5%, and the Emerging Market weighting to 4.0%, at 31 July 2017.

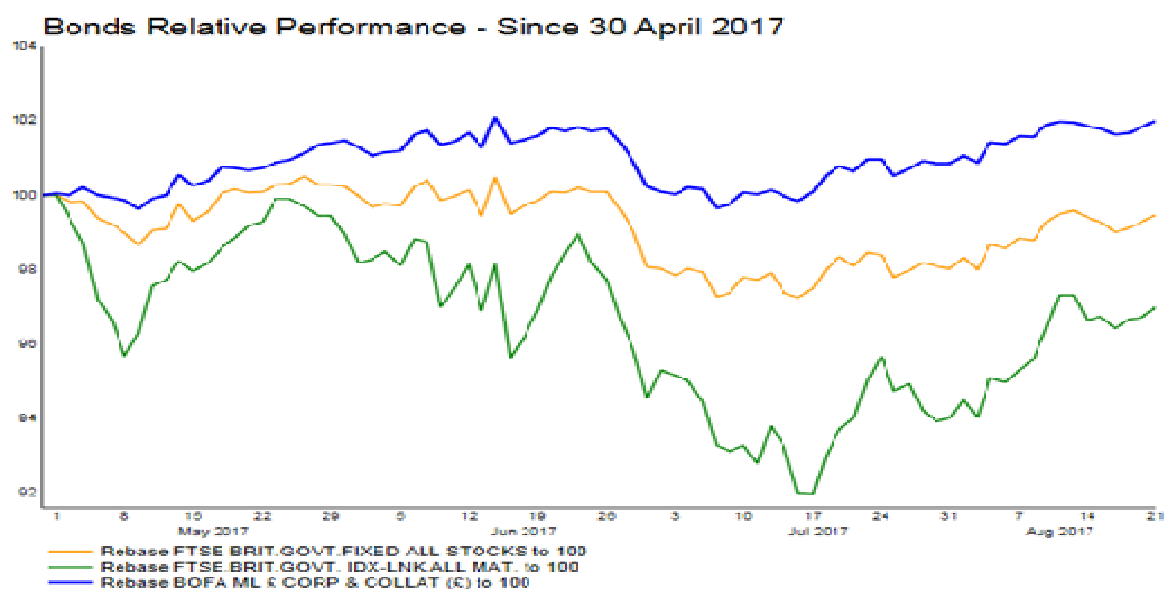
Mr Fletcher notes that these economies are growing roughly twice as fast as developed economies and have positive domestic macro fundamentals. As a result, Mr Fletcher recommends a 1% overweight position in both regions. The IFMT continue to believe in the long term growth potential of these regions and recommend maintaining the 1.5% overweight position in Asia Pacific Ex Japan and the 1.0% overweight position in Emerging Markets.



## Bonds

At the last meeting it was agreed to maintain the overall weighting in bonds at 19.4%, a 2.6% underweight position. At 31 July 2017, the overall weighting to bonds was 18.6%, reflecting the sharp increase in yields (i.e. reducing returns) noted earlier. The IFMT recommendations below would take the overall bond weighting to 19.3%.

The Chart below shows the relative regional bond returns between 30 April 2017 and 15 August 2017.



## Conventional Bonds

It was agreed to maintain the allocation at 5.9%, 0.4% overweight against the benchmark. Relative market weakness reduced the weighting to 5.7% at 31 July 2017, with benchmark Conventional Bonds returning -1.2% over the quarter.

Mr Fletcher recommends at 1.5% underweight position of 4.0% against the benchmark. Mr Fletcher anticipates that while global bond yields are likely to be pushed higher by increased US yields, the demand dynamics, the debt burden and the demographics do not really support a move to the kind of levels we have seen in the past, before the impact of higher yields put pressure on economic activity. Whilst the IFMT would prefer to move to a neutral weighting of 5.5% based on bond market fundamentals, they believe

that, on a relative basis, Conventional Bonds afford greater protection than other asset classes in periods of market uncertainty and therefore recommend that the current 0.2% overweight position of 5.7% is maintained.

### **Index-Linked Bonds**

At the last meeting it was agreed to hold a 0.4% underweight position of 6.1%. Relative performance weakness reduced the weighting by 0.4% to 5.7% at 31 July 2017. Benchmark Index-Linked bonds returned -5.8% over the period.

Mr Fletcher notes that UK Index-Linked gilts remain some of the most expensive in the world. However, demand remains high from corporate pension schemes and insurance companies looking for safe long term inflation linked returns. Mr Fletcher continues to recommend a 1.5% underweight position of 5.0%. Mr Fletcher notes that the current tactical allocation to US Treasury Inflation Protected Securities (TIPS) has worked well recently and the position has been reduced of late. Mr Fletcher believes that it may be worth closing this position and re-investing the proceeds into UK Index-Linked bonds. The IFMT agree with Mr Fletcher regarding the current value of UK Index-Linked bonds and recommend that the current 0.8% underweight position of 5.7% is maintained and that the current exposure to US TIPS (around one third of the Index-Linked portfolio) is maintained due to the yield uplift available over UK Index-Linked bonds.

### **Corporate Bonds**

It was agreed to maintain the weighting at 5.4%. Whilst there were no transactions in the period, relative market weakness reduced the weighting to 5.3% at 31 July 2017. Benchmark Corporate Bonds returned 0.1% over the quarter.

Mr Fletcher has maintained his neutral weighting of 6.0% and notes that, whilst he continues to believe that the Fund should have a higher weighting to Corporate Bonds, he acknowledges that following the recent decline in the extra yield available from investment grade corporates, the attractiveness of these bonds is less compelling and, in the short term, there is a risk that spreads could widen. The IFMT continue to believe that the yield pick-up offered by Corporate Bonds provides insufficient compensation for the increased default and liquidity risk of the asset class. The IFMT, therefore, recommend a maintained underweight position of 5.3%.

### **Multi-Asset Credit**

At the last meeting it was agreed to increase the invested weighting to 2.0% and the committed weighting to 3.4%. Investment in the period totalled £22m

and the invested weighting increased to 2.0% at 31 July 2017. The benchmark return for this asset class over the period was 0.8%.

In order to increase the diversified sources of bond market risk and return in the portfolio, Mr Fletcher recommends an increased allocation to Multi-Asset Credit of 5% which would represent a 1% overweight position against the benchmark. The IFMT remain positive about the attractions of this asset class and prefer a bias towards defensive forms of credit (e.g. senior secured debt with low default rates) with strong covenants and floating rate protection. Due diligence is being undertaken on a number of possible investments and the IFMT recommend increasing the invested weighting by 0.6% to 2.6% and the committed weighting to 3.9%.

## **Property**

At the last meeting it was agreed to increase the overall allocation to property by 0.4% to 7.0%; a 2.0% underweight position. Investment in the period was lower than expected following the unexpected termination of a commitment and the weighting remained flat at 6.6%, with Direct Property accounting for 3.9% (1.1% underweight) and Indirect Property accounting for 2.7% (1.3% underweight). Benchmark property returns in the three months to 30 June were 2.3%.

Mr Fletcher continues to recommend a neutral overall allocation to Property believing attractive opportunities can still be sourced, with a preference for a 1% overweight position in Direct Property and a 1% underweight in Indirect Property. Mr Fletcher supports the approach of buying well researched quality properties at the right price and minimising voids. This can lead to delays in sourcing new property investments. The IFMT recommend maintaining the Direct Property weighting while the external discretionary manager seeks out attractive propositions. The IFMT also recommend that the current Indirect Property weighting is maintained while the IFMT assess Indirect Property funds with a focus on funds invested in specialist areas which can provide strong covenants and sustainable rental growth. On a committed basis, the Indirect Property weighting is 3.0%, in line with Mr Fletcher's recommendation.

## **Alternatives**

At the last meeting it was agreed to increase the overall allocation to Alternatives to 3.8% on an invested basis and 6.8% on a committed basis against the neutral benchmark of 9%. At 31 July 2017, the invested weighting was 3.8%. The recommendations from the IFMT, set out below, increase the invested weighting to 4.2% and the committed weighting to 7.4%.

## **Infrastructure**

It was agreed to increase the invested and committed weightings to 2.2% and 3.8% respectively, against a neutral position of 5%. Investment in the period totalled £20m and the invested weighting increased to 2.2% at 31 July 2017. Commitments totalled £63m at 31 July 2017, taking the committed weighting to 3.6%.

Mr Fletcher has maintained his neutral weighting of 5%, whilst acknowledging that the problem with infrastructure investment remains the supply of “shovel ready projects”. The IFMT recommend maintaining the invested weighting at 2.2% and the committed weighting at 3.6% as further opportunities are assessed.

## **Private Equity**

At the last meeting it was agreed to maintain the invested Private Equity weighting at 1.6%, 3.0% on a committed basis. There was no net investment in the period and the weighting remained unchanged at 31 July 2017. Commitments of around £20m were added in the quarter (commitments totalled £86m at 31 July 2017), increasing the committed weighting to 3.8%.

Mr Fletcher recommends at neutral weighting of 4% in Private Equity. The IFMT recommends that the invested weighting is increased by 0.4% to 2.0%, reflecting opportunities to invest in liquid publically listed private equity companies. It should be noted that, whilst progress has been made on building the committed weighting over the last twelve months and a further significant commitment is expected in the near term, the invested weighting remains subject to the drawdown timetables of the individual Private Equity funds.

## **Cash**

It was agreed to reduce the cash weighting to 4.9%. The actual cash weighting at 31 July 2017 was 5.6%. Mr Fletcher notes that the Fund is cash flow positive and the current balance appears to be quite high, but that most of the cash held is committed to fund managers that have yet to ‘draw-down’ their allocations for investment; once all committed cash is drawn, the

balance will fall significantly. The IFMT believe that valuations are currently very rich, with many stock markets trading at record highs on demanding ratings. Bond yields appear to offer poor value on a long term basis. Markets are too sanguine about the level of political risk globally and are factoring in optimistic earning assumptions to support high market valuations. In this environment, the IFMT recommend a defensive cash allocation of 5.1%, with the emphasis placed on making commitments to more attractively priced illiquid markets. If all current commitments were drawn down, the cash balance would reduce to just 0.3%.

### **3 Other Considerations**

In preparing this report the relevance of the following factors has been considered: financial, legal and human rights, human resources, equality and diversity, health, environmental, transport, property, social value and prevention of crime and disorder.

### **4 Background Papers**

Files held by the Investment Section.

### **5 Officer's Recommendations**

- 5.1 That the report of the external adviser, Mr Fletcher, be noted.
- 5.2 That the asset allocations, total assets and long term performance analysis in this report be noted.
- 5.3 That the strategy outlined in the report be approved.

PETER HANDFORD

Director of Finance & ICT



Second Quarter 2017 Investment Report  
Prepared for

**Derbyshire County Council Pension Fund  
Pensions and Investment Committee  
Meeting**

September 2017

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### **Investment Report for Derbyshire County Council Pension Fund**

This report has been prepared by Anthony Fletcher “External Investment Advisor” of Derbyshire County Council Pension Fund (the Fund). At the request of the Pension and Investment Committee the purpose of the report is to fulfil the following aims: -

- Provide an overview of market returns by asset class over the last quarter and 12 months.
- An analysis of the Fund’s performance by asset class versus the Fund specific benchmark for the last quarter and the last 12 months.
- An overview of the economic and market outlook by major region, including consideration of the potential impact on the Fund’s asset classes
- An overview of the outlook for each of the Funds asset classes for the next two years; and recommend asset class weightings for the next quarter together with supporting rationale.

The report is expected to lead to discussions with the in-house team on findings and recommendations as required. The advisor is expected to attend quarterly meetings of the Pensions and Investment Committee to present his views and actively advise committee members.

Meeting date 6<sup>th</sup> September 2017

Date of paper 14<sup>th</sup> August 2017

## 1. Market Background

The markets had a bit of a wakeup call from the Central banks in June, see table 1 below; with UK and European equity markets giving up most of their gains over the quarter in local currency terms. The strength of the Euro however meant that in GBP terms Europe did rather better than the UK. In the rest of the world; Asia Pacific, Japanese and Emerging equity had the best quarter followed by the US in local currency terms, but a recovery in the pound meant that in Sterling terms these equity markets underperformed Europe. The bond markets had a “triple whammy” in the form of speeches from both the UK, US and European Central bank governor’s suggesting that monetary accommodation may be coming to an end sooner than expected. The Fed announced that it was planning to reduce the size of its balance sheet “relatively soon”; which means they will stop reinvesting the coupons and redemptions it receives from its stock of US treasury’s into the market. The ECB noted that because the European economy was showing signs of recovery it could further reduce it’s purchases of bonds and the Bank of England (BoE) suggested that the chances of a rate hike in the next 12 months had increased.

In terms of economic data US, Japanese and developing country data was as expected, with Europe stronger and the UK weaker. On the political front Mr Trump seems to feel that his twitter feed is the most accurate measure of activity whereas in fact very little seems to be getting done in what increasingly looks like a dysfunctional White House. In Europe, the success of M. Macron in the presidential and national assembly elections has turned what looked earlier in the year like a political headwind for Europe into a tailwind and in the UK the decision by Mrs May to call an election has weakened both the strength and stability of her government just as we are about to embark on the Brexit negotiations.

The failure of the Conservative government to increase its majority and the need to seek the support of the DUP must have weakened it’s negotiating hand not just in Europe but also in the UK Parliament especially with a resurgent opposition. On the economic front falling real wage growth and consumer confidence do not bode well for consumption. The savings rate is already at new lows and the level of consumer credit outstanding leaves little room for increased consumer spending without wage growth or fiscal expansion. Talk of an increase in Interest rates seems premature in my estimation.

As I noted in my last report, after the strong performance of markets in the last 12 months, I am much more cautious about the investment outcome for the next 12 months; I believe asset market total returns will be considerably lower going forward and while average measured volatility may not be much higher, the dispersion of outcomes for individual investment decisions could be much more dramatic. Therefore, active management, idea selection and diversification will be much more important than just being in the market. From a macro policy point of view I believe Monetary Policy has played out. Outside of the UK over the next 12 months I expect all central banks to become less accommodative, because it is likely that GDP and inflation will be higher and Fiscal Policy will play a larger part in stimulating economic activity.



**Table 1**, below shows the total investment return in pound Sterling for the major asset classes; for the month of July 2017, 3 and 12 months to the end of June 2017.

% Total return dividends reinvested			
	Market returns		
		Period end 30 <sup>th</sup> June 2017	
	July 2017	3 months	12 Months
FTSE All-Share	1.2	1.4	18.1
FTSE World ex UK	1.3	0.5	23.3
North America	0.6	-0.9	21.3
Europe ex UK	1.8	5.2	29.1
Japan	0.4	1.5	24.0
Pacific Basin	3.2	0.9	28.1
Emerging Equity Markets	4.3	0.2	24.1
UK Gilts - Conventional All Stocks	0.3	-1.3	-0.9
UK Gilts - Index Linked All Stocks	-1.3	-2.3	6.7
UK Corporate bonds*	0.7	0.7	6.7
Overseas Bonds**	0.1	0.7	-3.0
Property IPD quarterly		2.3	5.5
Cash 7 day LIBID	0.01	0.03	0.1

\* Merrill Lynch £ Corporate Bond; \*\*Citigroup WGBI ex UK hedged

### Recent Developments

July was a rather better month for markets, the global economy continues to grow at an above trend rate as it did in the first half of the year. Equity markets extended their gains with the US outperforming the rest of the world and the S&P 500 making new highs on US dollar weakness and better than expected second quarter earnings growth. Bond markets recovered their composure as inflation reports were lower than expected and central banks sounded more “dovish” than they did in June.

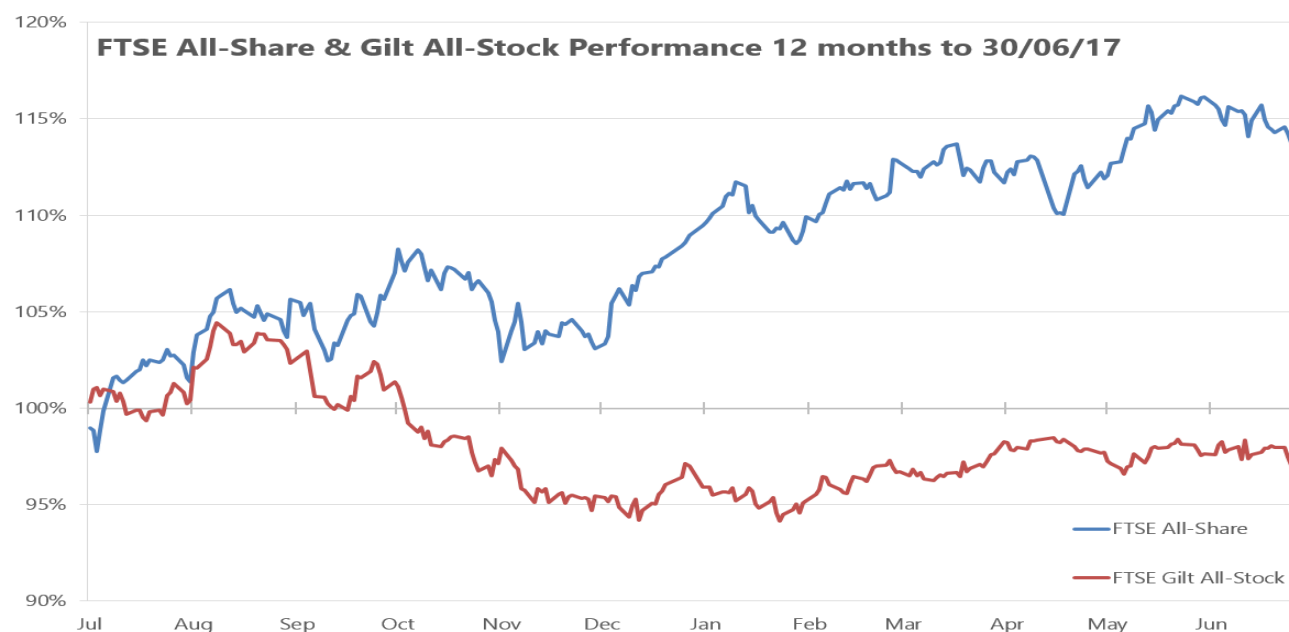
At the August meeting of the Monetary Policy Committee (MPC) the BoE voted 6:2 in favour of keeping the bank rate at 0.25% and decided not to increase further its level of Quantitative Easing (QE). But indicated that rates may have to rise faster than the 2 rate hikes already anticipated by the market over the next 3 years. The August inflation report published at the same time, shows that the BoE has again revised down UK growth from 1.9 to 1.7% for 2017 and from 1.8 to 1.6% for 2018. The report also shows that the BoE expects Inflation to peak later this year at 3% before falling back to 2.2% in 2019.

In his press conference, BoE Governor Mark Carney noted that households have cut back on spending as a result of a squeeze on real incomes from higher inflation. However, he noted that the sole reason for inflation being above target is the fall in sterling caused by the Brexit referendum result. Over time, the year-on-year effect of that fall in sterling should dissipate, causing inflation to fall and reducing the drag on real incomes in the process.

A modest improvement in net exports and business investment is also expected. Over the next three years, the spare capacity in the economy is expected to be fully absorbed due to weak growth in the supply potential of the economy.

The governor emphasised that the key driver of the outlook for the UK economy will be the uncertain outcome of the Brexit negotiations and that the current assumption of a smooth transition to a new economic relationship with the EU will be tested.

**Chart 1: - UK bond and Equity markets since 30<sup>th</sup> June 2016**



Source: - Bloomberg

### Bond Markets

In chart 1 above the red line maps the performance of the UK Government bond (gilts) market over the last year. Bond market performance peaked in the summer of 2016 as yields discounted the potential negative economic impact of Brexit. With the election of Mr Trump and the increase in US interest rates, bond markets had a very difficult fourth quarter, with a marked increase in yield and hence a negative performance. In the first quarter of 2017 yields fell slightly, resulting in a small positive return. In the second quarter bond yields moved sideways until the last week of June when yields increased on “hawkish” comments from the UK, US and European central banks. The returns from UK inflation linked gilts were more negative, investment grade, high yield non-government bonds and emerging market debt all outperformed as the spread over government bonds narrowed.

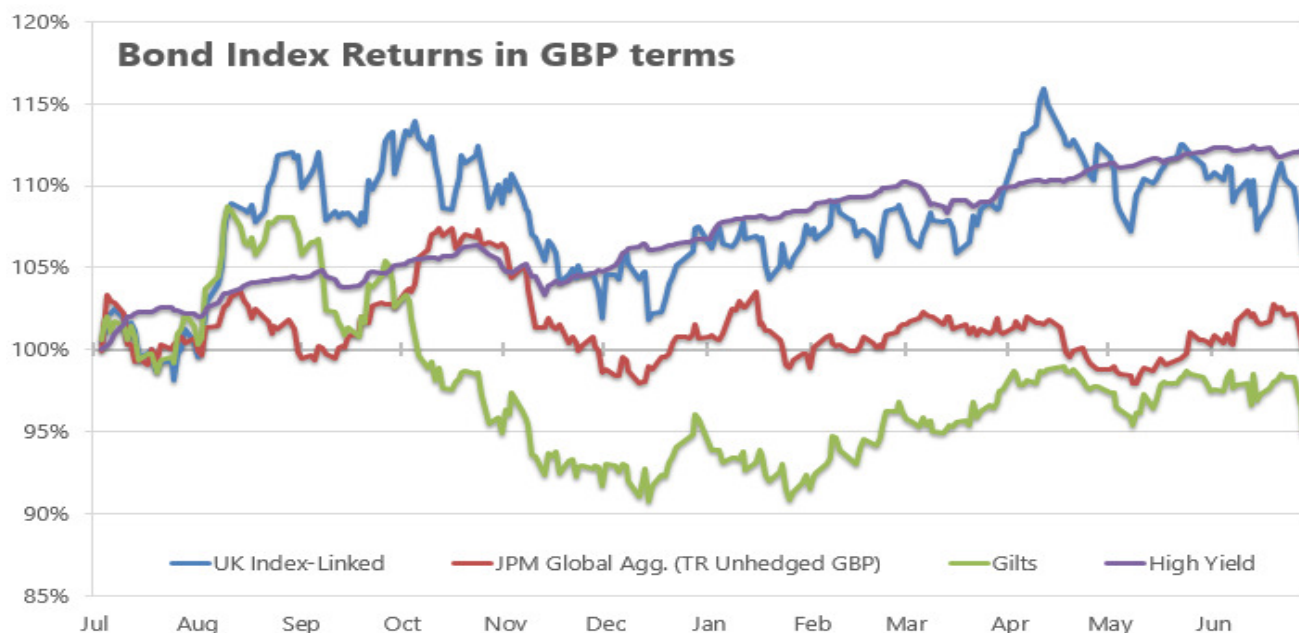
As can be seen in table 2 and Chart 2 below, in the second quarter the yield available from both conventional and index linked, UK government bonds (gilts), increased in all maturities, gilt yields are now higher than they were 12 months ago. It is similar pattern for overseas government bonds, in the second quarter 10 year US Treasury yields fell slightly but the year they are almost 1% higher, 10 year yields in both Germany and Japan are also significantly higher than they were a year ago.

Non-government bond yields have continued to fall as their spread (extra yield) over government has fallen.

**Table 2:** - Change in Bond Market yields over the quarter

Bond Market % yield to maturity	31 <sup>st</sup> March 2017	30 <sup>th</sup> June 2017	Change	30 <sup>th</sup> June 2016	Current 11 <sup>th</sup> August 2017
<b>UK government bond (gilts)</b>					
10 year	1.14	1.26	<b>+0.12</b>	0.86	1.06
30 year	1.73	1.87	<b>+0.14</b>	1.68	1.71
10 Index linked	-1.90	-1.68	<b>+0.22</b>	-1.38	-1.81
30 Index linked	-1.66	-1.52	<b>+0.14</b>	-1.29	-1.60
<b>Overseas government bond</b>					
10 US Treasury	2.39	2.31	<b>-0.08</b>	1.44	2.25
10 Germany	0.33	0.47	<b>+0.14</b>	-0.13	0.38
10 Japan	0.07	0.09	<b>+0.02</b>	-0.25	0.05
<b>Non-government bond</b>					
UK corporates	2.39	2.41	<b>+0.04</b>	2.85	2.23
Global High yield	5.57	5.37	<b>-0.20</b>	6.91	5.30
Emerging markets	5.07	5.04	<b>-0.03</b>	4.85	4.95

Source: - BofE DMO; Bloomberg and Merrill Lynch, indices.

**Chart 2:** - Bond index returns unhedged in Sterling terms, last 12 months.

Source: - Bloomberg

As mentioned in my last report going forward, bond market returns are likely to be low, with the further possibility of negative quarterly returns, for the moment at least, I believe higher yielding lower duration non-government bonds are likely to continue to give better total returns.

## Equity markets

The blue line in chart 1 above maps the performance of the UK equity market as measured by the FTSE All Share index. After the volatility around the referendum the market has performed strongly delivering 18% over 12 months, but following the “hawkish” comments on interest rates in June the market sold off delivering only 1.4% in the second quarter of 2017.

**Chart 3: - Total return of overseas equity markets in Sterling terms, last 12 months.**



Source: - Bloomberg

Overseas equity markets had a good second quarter, in local currency terms emerging markets outperformed developed markets; with Asia ex Japan leading the way at up 8.8%. Europe ex UK only returned 2.7% in local terms but 4.8% in sterling terms as the Euro strengthened. The strength of the emerging economies was the main driver of their performance. Europe rallied after the French election result. As in the UK at the end of June returns were impacted by Central Bank comments.

As shown in Table 1 above, once currency is taken into consideration, the weakness of sterling over the year as a whole, results in higher foreign equity market, total returns. The table shows that ranked in terms of total return over the last 12 months, un-hedged overseas equities outperformed UK equity, bond and alternatives markets. I believe that over the next 12 months, equity markets are likely to outperform bonds and may outperform alternatives, but that changes in the value of sterling will not make such a strong contribution to total returns.

## 2. Investment Performance

Table 3, shows the performance of the Derbyshire Pension Fund versus the fund specific benchmark for the 3 and 12 month periods to the end of June 2017. The performance data has been provided by Portfolio Evaluation Limited (PEL) using their own data for the 12 month period since the end of March 2016 and a combination of PEL and WM data over longer periods. The analysis shows that the Fund outperformed in its benchmark over 3 and 12 months, 3,5,10 years and since inception on a net of fees basis. Returns in the second quarter were lower than achieved recently but the 12 month returns remain strong. The PEL attribution data suggests that Stock selection was the main driver of positive returns in all asset classes.

**Table 3: - Derbyshire Pension Fund and Benchmark returns**

% Total return 30 <sup>th</sup> June 2017	3 months		12 months	
	Derbyshire Pension Fund	Benchmark	Derbyshire Pension Fund	Benchmark
UK Equity	1.5	1.4	20.0	18.1
Overseas Equity	2.3	1.4	26.0	24.9
North America	-0.2	-0.9	23.2	21.5
Europe	4.8	4.8	28.7	28.7
Japan	3.1	1.5	27.3	24.0
Pacific Basin	2.4	1.3	25.8	27.7
Emerging markets	1.0	0.2	24.9	24.1
UK Gilts	-1.1	-1.3	-0.7	-0.9
UK and Overseas Inflation Linked	-2.1	-2.3	4.1	6.7
UK Corporate bonds	1.0	0.8	7.3	7.1
Multi-asset Credit	2.0	0.8	12.9	3.4
Alternatives (all sectors)	3.6	1.1	18.7	11.6
Property (all sectors)	3.0	2.3	8.9	5.5
Cash	0.1	0.0	0.4	0.1
<b>Total Fund</b>	<b>1.6</b>	<b>1.0</b>	<b>17.4</b>	<b>15.1</b>

**Total fund value at 30<sup>th</sup> June 2017 £4,537million**

### Equity performance

The largest allocation in the Fund is to the UK equity market representing 26.9% (a reduction of 1% over the quarter) of total assets under management at the end of the quarter. Relative to the FTSE All Share index, this element of fund outperformed the benchmark over the quarter and 12 month periods. The 3, 5 and 10 year results are also well ahead of benchmark.

The policy of holding an overweight position in overseas equity un-hedged has made a very strong positive contribution to the total return of the Fund, outperforming UK equities in all periods.

The next largest allocation is to North American equity, this portion is actively managed in a segregated portfolio, by Wellington Asset Management. This component of the Fund had a slightly negative performance in the quarter but returns are strongly positive over 12 months and has consistently outperformed the benchmark by close to 2% per annum (pa) in all periods since June 2001.

The continental European equity portfolio is passively managed by UBS. The 3 and 12 month returns are in-line with the benchmark as are the 3 year returns. The 5 year returns continue to reflect a period of poor results from active management and remain 0.9% behind benchmark.

The other equity assets are invested in Japan, the Pacific Basin and Emerging equities, via pooled funds selected by the in-house team. In the second quarter the Japanese, Pacific Basin and Emerging equities funds all outperformed their specific benchmarks. Over 12 months only the Pacific Basin Fund underperformed however, the combination of these 3 funds returned more than 26% comfortably outperforming the benchmark. The 3 years number for Emerging equity are behind benchmark but over 10 years all 3 regional allocations have both outperformed UK equity and their respective benchmarks.

### **Fixed Income Performance**

The yield of government bonds (Gilts) is so low and the duration so long that it only takes a small increase in yields to produce negative total returns. Non-government bonds like corporates and the high yield and emerging bonds held alongside private credit held in the Multi-Asset Credit allocation; all have higher yields and lower durations. These attributes plus some spread compression between government and non-government bonds over the quarter led to a positive return and an outperformance of Gilts. The Funds underweight duration and asset allocation, to both conventional and Index Linked Gilts meant that the Fund outperformed.

Over the year, the exposure to the underperforming US TIPS and the underweight duration and asset allocation held back the performance of the Index Linked portfolio relative to benchmark. Over the medium term, returns from bonds have been mixed and the overall contribution negative relative to benchmark.

### **Alternatives**

The performance of the in-house team's portfolio of Alternative investments outperformed over the quarter, over all longer term periods Alternatives continue to enjoy excellent absolute and relative returns despite the underweight allocation. At the end of the quarter the allocation had increased from 3.5 to 3.8% with further cash committed but as yet un-invested by the selected managers.

### **Property**

Over the quarter the allocation to indirect property funds and the allocation to direct property outperformed, over the medium and longer term both areas of Property investment have produced strong positive absolute and relative returns.

### **Asset Allocation**

At the asset allocation level the DPF's in-house team has made some excellent decisions. In general over the medium to long term, being overweight "growth" assets like equity at the expense of "income" assets like bonds has been a good decision. Within equity, being overweight higher growth regions like Asia Pacific and Emerging

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Markets has in absolute terms increased Fund performance. Within bonds the Fund could have benefitted from a higher allocation to non-government sectors but this would have increased risk. On balance in terms of total return it is has probably been better, to use the money generated by being underweight bonds in general to invest it in being overweight equity. The Fund has also been successful with its allocations to Property and Alternatives and it also identified good managers that have outperformed their benchmarks, the contribution to overall Fund return would have been even more significant if the managers had invested all the DPF's committed cash.

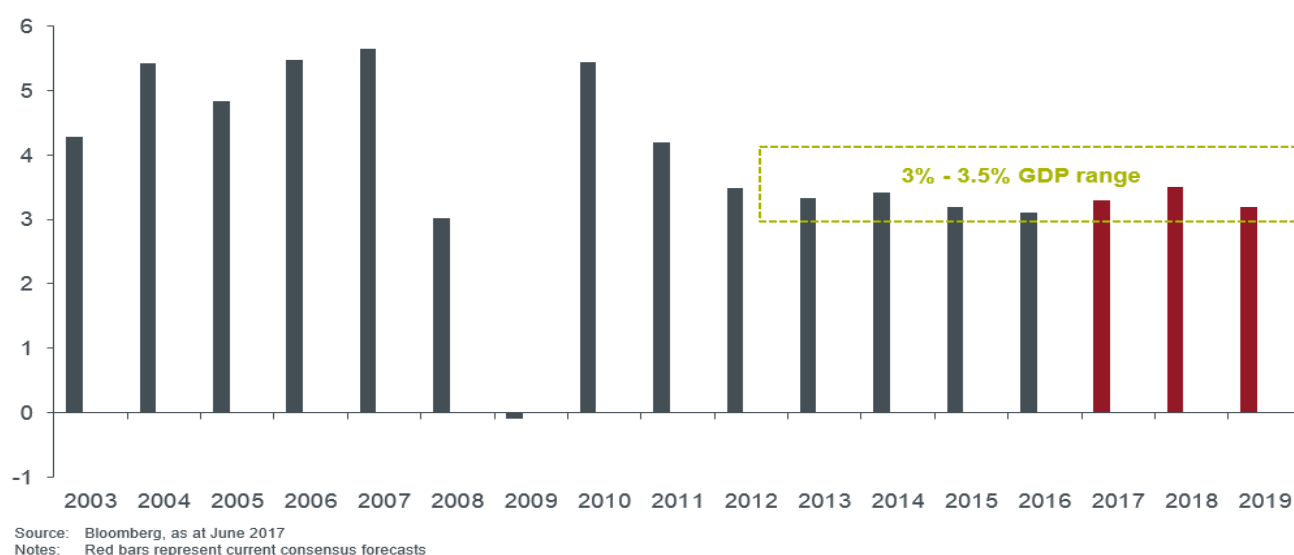
### 3. Economic and Market outlook

#### Economic background

So far this year despite the concerns about political uncertainty the global economy has produced fairly steady growth helped by surge in economic momentum in continental Europe and Japan and a continuing recovery in the developing world. For the first time in a number of years corporate earnings have delivered above expectations. The consensus opinion remains that the global economy looks set to continue to grow at a low but sustainable rate, see chart 4 below. Growth in the US, Japan and continental Europe was higher in the second quarter of 2017 and this trend is expected to continue provided interest rates and bond yields in the US do not rise too quickly. Sadly this cannot be said for the UK where GDP has again been revised lower, the impact of inflation on real incomes being the main driver.

**Chart 4:** - Global developed market economic growth Low but sustainable

#### Consensus world GDP growth (%)



As discussed in previous reports one of the main risks for the sustainability of US growth in particular is their economy is much further into the recovery cycle than the rest of the world. However the optimism/concern over the size of any US fiscal stimulus package has largely dissipated, notwithstanding some lingering hopes of tax cuts this autumn.

In June, the G4 Central banks did talk more openly about the possibility of reducing the level of Monetary Policy stimulus, because of the success of their respective policies in generating a more reasonable level of growth with low inflation. But for the most part we are still only talking about a reduction in the pace of easing. The US Federal Reserve Bank (Fed) is in tightening mode but the pace of tightening should not be high enough to derail the recovery.

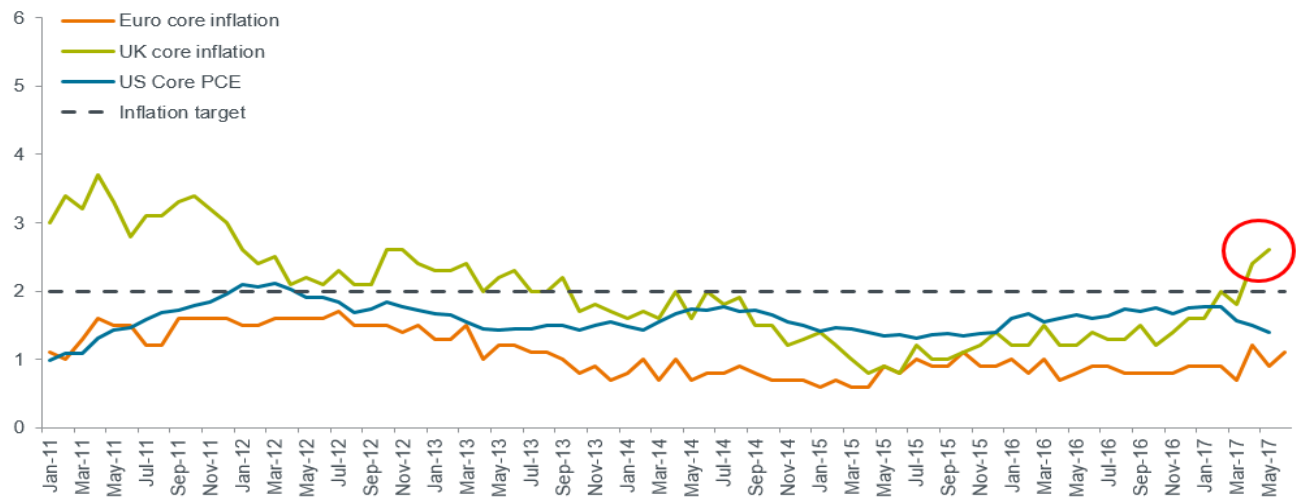
In terms of Inflation see chart 5, lower energy prices and continued slack in the global economy means that inflation rates are below target and are not expected to increase dramatically. Once again the exception is the UK where the weakness of Sterling has had a major impact. The inflation report of the Bank of England published on the 3<sup>rd</sup> August, noted that the sole reason for inflation being above target is the fall in sterling caused by the



Brexit referendum result. Over time, the year-on-year effect of that fall in sterling should dissipate, causing inflation to fall and reducing the drag on real incomes in the process.

**Chart 5:** - Inflation forecasts remain at or below the central bank target rate of 2% (outside of the UK).

### Inflation in advanced economies (year-on-year %)



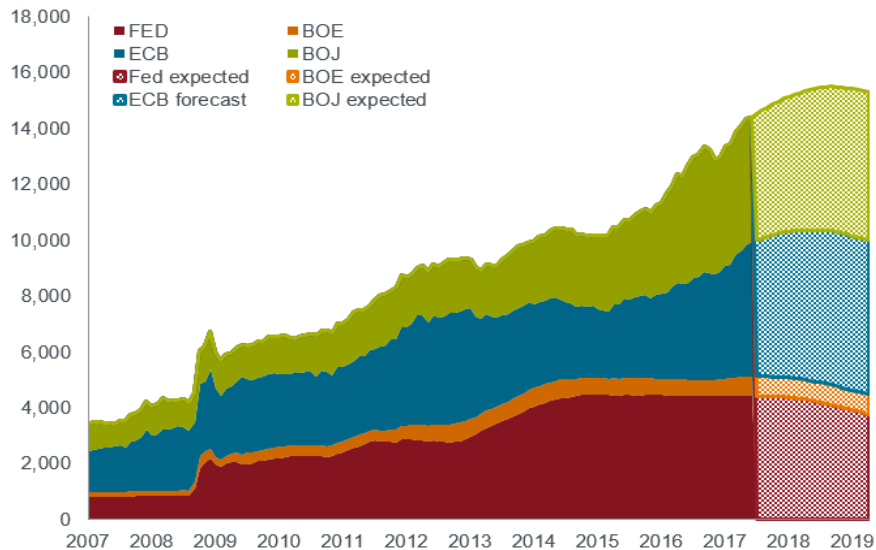
Source: Bloomberg, as at 30 June 2017

On the political front Mr Trump seems to feel that his twitter feed is the most accurate measure of activity whereas in fact very little seems to be getting done in what increasingly looks like a dysfunctional White House. In Europe, the success of M. Macron in the presidential and national assembly elections has turned what looked earlier in the year like a political headwind for Europe into a tailwind. In the UK the decision by Mrs May to call an election has weakened both the strength and stability of her government just, the failure of the Conservative government to increase its majority and the need to seek the support of the DUP must have weakened its negotiating hand not just in Europe but also in the UK Parliament especially with a resurgent opposition. The next big political event for Europe is the German elections in September, this combined with the summer recesses suggest that the real negotiations over Brexit are unlikely to see any progress before the fourth quarter of 2017.

Monetary policy, In June the G4 Central Banks started talk about the possibility of further reductions in the rate of monetary easing. The Fed is already in tightening mode having raised rates 4 times Since December 2015 and has let the market know that it plans to stop reinvesting coupon and redemptions proceeds in September 2017. The BoE has stopped easing through QE, but the ECB and Bank of Japan (BoJ) have continued to ease albeit at a slower rate. Chart 6 below shows the size of the G4 central bank balance sheet in March 2017, the shaded area to the right shows where these balance sheets will be if current policies are continued. The projection shows that the aggregate G4 central bank balance sheet will continue to grow until 2019, before it starts to decline as result of the action by the US fed. We may be getting closer to the end of the period of global easy money but it has some way to run as yet.

**Chart 6:** - Combined balance sheet of the US Fed, Bank of Japan, ECB and Bank of England

## G4 Central Bank Assets (US\$bn)



Source: Datastream, as at March 2017

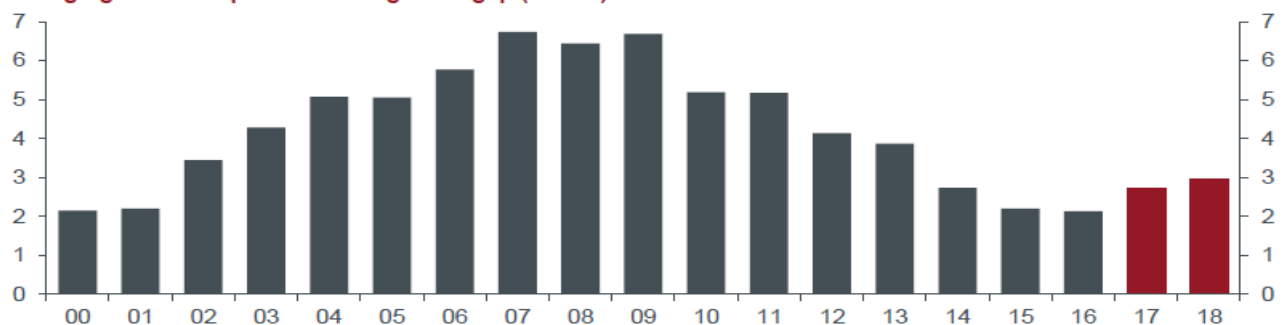
- FED to cease reinvestments Sep-17
- ECB to taper asset purchases 2018
- BOE halts QE program Mar-17
- BOJ introduces yield curve control Sep-16

To summarise, it is unlikely that we will see any further easing of central bank policy once the current QE programmes of the BoE, ECB and the Bank of Japan have come to an end. The excitement over Fiscal policy seems to have subsided but is expected to become expansionary. The much larger dampening effects of the continued high debt burden and demographics will prevent developed market growth from going much higher than about 3%. Inflationary pressures in the near term outside of the UK seem to have abated but for sound economic reasons the US fed is likely to continue to raise rates which in turn means bond yields could be higher and the US dollar could be stronger, but because this is already expected by the market, we could see lower bond yields and a weaker US dollar. As I mentioned in my last report Emerging economies are becoming less internationally dependent and increasingly able to finance activity from their own domestic savings and growth. Their demographics are also more favourable and their debt burdens lower which means they will probably continue to sustain higher growth rates, see chart 7.

**Chart 7:** - Emerging market economic growth to outpace developed markets by an increased margin.

## Emerging markets: signs of recuperation

### Emerging vs Developed real GDP growth gap (% YoY)



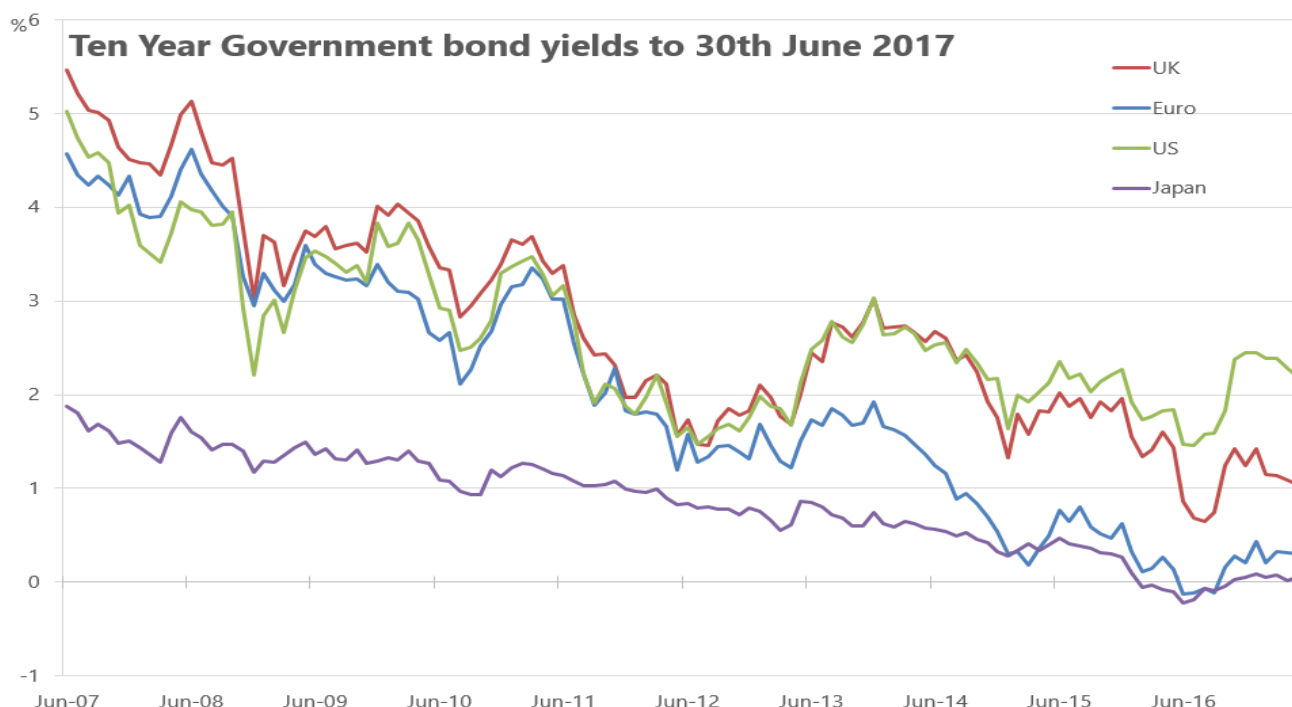
Source: Bloomberg, as at March 2017

Notes: Red bars represents consensus forecast

## Government bonds

As can be seen in Chart 8 below yields are higher than they were in the summer of last year. US yields have moved the most and are now above the levels seen 12 months ago. The main reason for the change is the increased confidence in a sustainable path of higher economic growth. The US Federal Reserve Bank has increased rates 4 times already and is widely expected to increase rates twice more this year. Slightly more subdued growth and lower inflation year to date has caused US yields to move sideways, but as we move forward through the year we should expect an increase in US yields and this will drag UK, EU and Japanese bond yields higher. It is difficult to see how much higher gilt yields can rise for domestic reasons given the forecast for growth in 2017 and 2018 and the uncertainty over Brexit. While UK inflation is likely to be above the BoE's target of 2% an increase in rates is highly unlikely during the Brexit negotiations. The BoE reminded us again in August that they have decided to look through the weakness of sterling, preferring instead to keep rates low to help smooth the path to EU exit.

**Chart 8: - Government bond yields, last 10 years**



Source: - Bloomberg

As a result it is entirely likely that gilts could deliver another negative quarterly return in 2017, especially the long dated and duration sensitive sectors of the market. I continue to believe it is sensible to remain underweight and short of duration in government bond markets.

## Non-government bonds

UK non-government bond yields and their spread over gilts, have fallen again in the second quarter as demand for higher yielding bond assets remains high and the level of defaults extremely low. Investors appear remarkably sanguine about spreads despite the BoE completing its corporate bond buying programme. As gilt yields rise non-government bond yields are also likely to rise but because they have lower duration and higher

yield the total return is likely to be less negative than government bonds and it is possible that spreads could narrow even further.

Investment grade non-government bond yield spreads were on average 1.1% down from 1.2% in March 2017, making the all in yield for the Investment grade UK corporate bond index 2.3% at the end of June, this remains attractive compared to gilts but is close to the low seen since the beginning of the financial crisis. The average high yield bond is yielding around 5.3%, more than 4 times higher than gilts, admittedly the credit risk is also much higher but the average duration is much lower.

In table 4 below I have updated the data and recalculated my estimates of the total return from government and non-government bond indices based on their yield and interest rate sensitivity (Duration) over 3 and 12 months. The estimates do not take into consideration any widening of spread over the holding period. If the yield spread on investment grade corporates and global high yield widened by 0.3% and 2% respectively then all 3 indices would have a similar negative return to gilts over 12 months.

**Table 4, Total returns from representative bond indices**

Index	Yield to Maturity %	Duration	Yield increase %	% Total return, holding period	
				3 month	12 Month
All Stock Gilts	1.1	11.8	0.5	-5.6	-4.8
UK Corporate Bonds	2.2	8.6	0.5	-3.7	-2.0
Global High Yield	5.3	3.8	0.5	-0.6	3.4

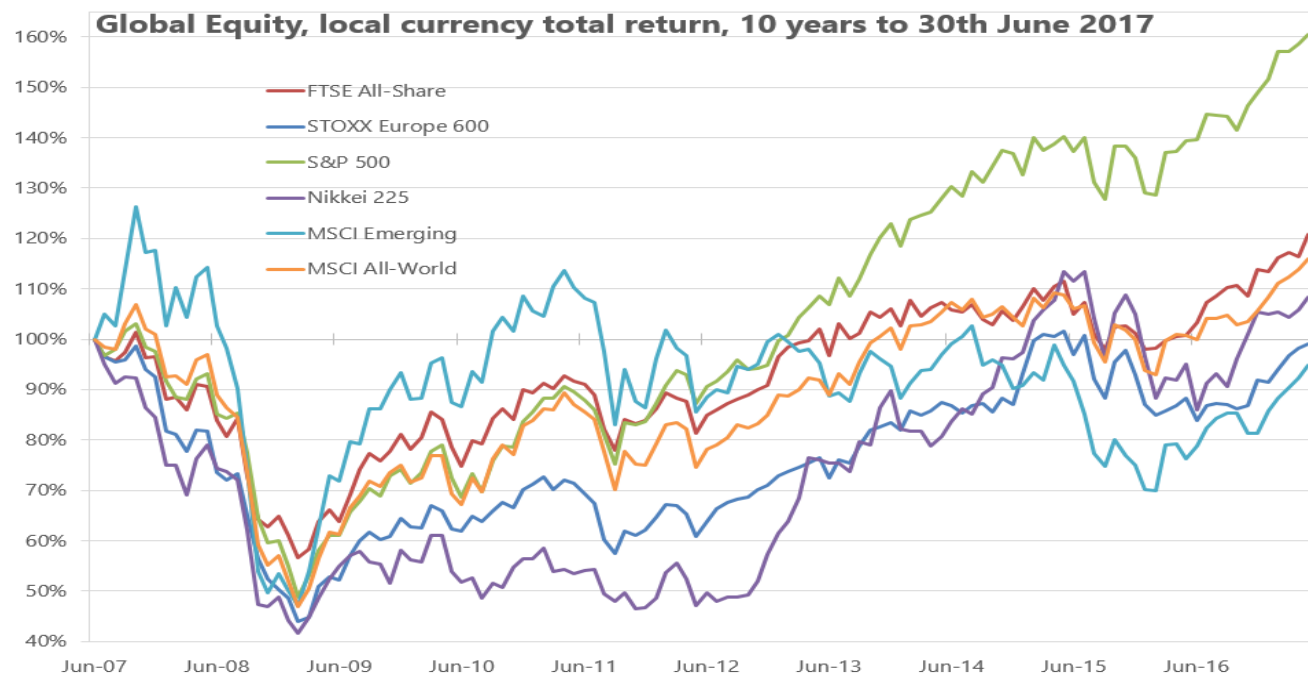
Source: - BofA Merrill Lynch Indices 10<sup>th</sup> August 2017

I expect government bonds in general to achieve a low single digit total return over the next 12 months and it is entirely likely that we could see further quarters of negative returns. While I am not expecting a generalised credit event or a sharp increase in default rates, investment grade non-government bonds are looking relatively expensive at the current level of spreads.

## Equities

Chart 9 below shows the performance of representative equity market indices in local currency terms since 2007. The US market represented by the S&P 500 index has had the strongest returns since the financial crisis and Europe (STOXX Europe 600) and emerging markets the poorest.

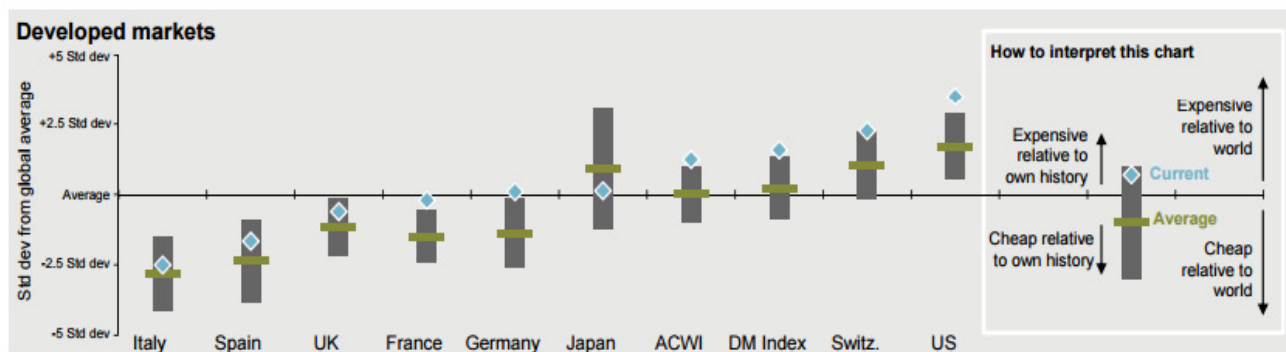
**Chart 9:** - Global Equity returns, last 10 years.

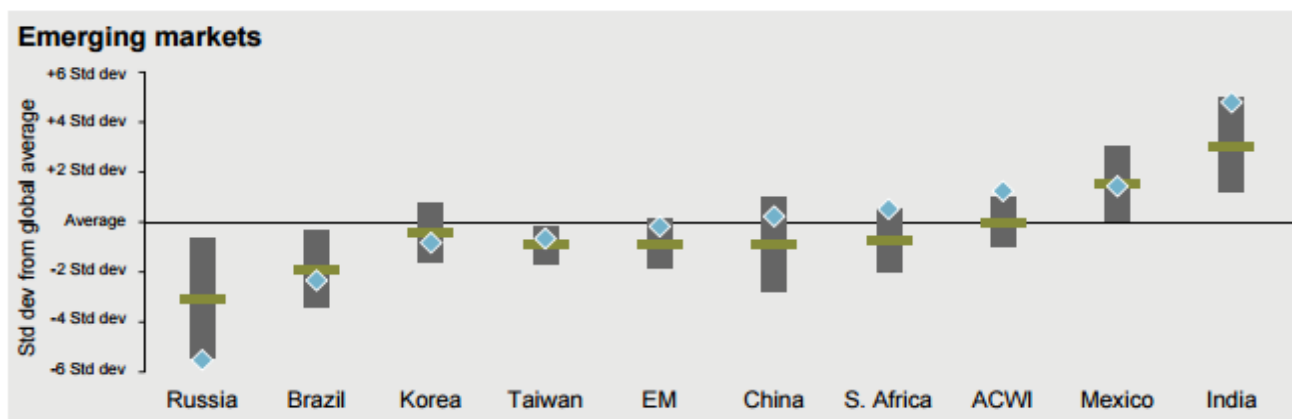


Source: - Bloomberg

As discussed in my previous reports, equity market valuations in developed markets are with the exception of Japan above average and expensive but as can be seen in chart 10 below, this is mainly because of valuations in the US and Switzerland. Japan has become more fair value but is still cheap relative to its own average valuation and compared to the US. European equity markets remain cheap relative to the rest of the world especially in southern Europe and in Italy in particular, but with good reason. The strong performance of all emerging market equities over the last 12 months leaves valuations around their average for the last 12 years, but they are still cheap compared to Developed Market indices.

**Chart 10:** - Equity markets relative valuation MSCI indices since 2004

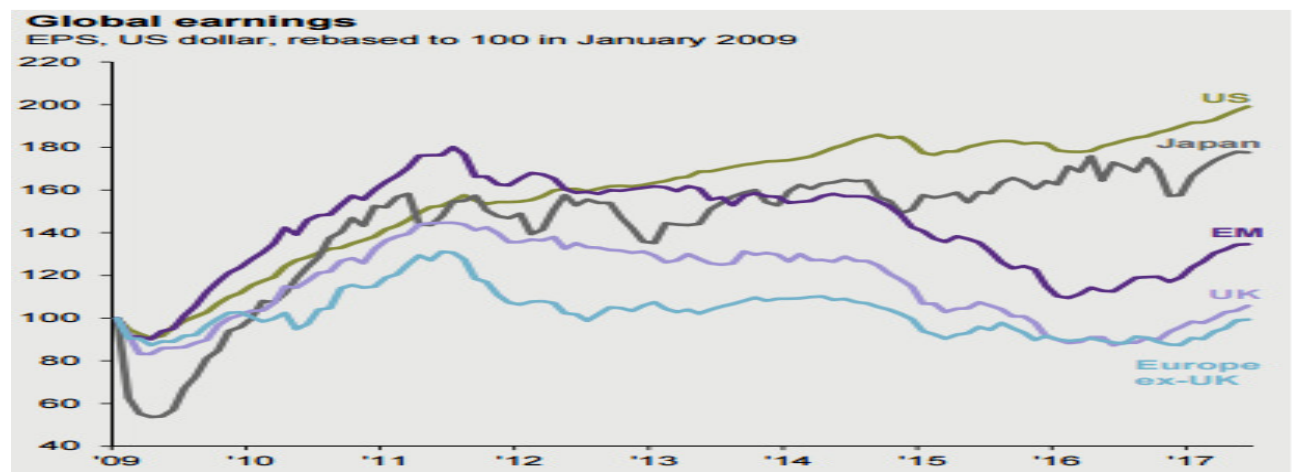




Source: - MSCI, DataStream, JP Morgan Asset Management, June 2017

Despite what the charts above suggest there is still room for optimism on the returns from global equity markets. Chart 11 below shows global earnings as measured by Earnings per Share (EPS) this suggests that the recovery outside of the US has some way to go.

**Chart 11:** - Global Earnings per Share in US dollars since January 2009



Source: - MSCI, DataStream, JP Morgan Asset Management, June 2017

It is likely that we could see some marked divergence in the performance of companies and sectors in the UK, with those driven by domestic growth suffering and those dependent on global growth doing better. It is worth remembering that 80% of the earnings of the FTSE 100 companies are derived from outside of the UK, while the devaluation of Sterling over the last 18 months has been a strong support for some of the index constituents, higher global growth and the global access these companies enjoy will continue to support their performance.

Europe continues to recover from the crises of a few years ago and remains cheap because of the risks presented by the banking sector and the German election. While some volatility cannot be ruled out there are good stock selection opportunities and in general the region remains relatively cheap.

The fundamentals for many emerging economies have improved in recent years, growth is stronger and their valuations remain attractive. As they develop, the positive demographics and the rise of the “middle classes” means they are becoming more domestically orientated, hence policy decisions taken in the US may not have such a negative impact on emerging countries as they did in the past.

## GDP Forecasts

Table 5, shows the consensus forecasts for GDP growth in calendar 2017 and 2018 and my expectations in May and July 2017.

**Table 5: - GDP forecasts - Consensus versus Advisor expectations**

% Change yoy	2017				2018			
	May		July		May		July	
	Consensus	AF	Consensus	AF	Consensus	AF	Consensus	AF
US	2.1	<b>2.5</b>	2.2	<b>2.5</b>	2.4	<b>2.5</b>	2.3	<b>2.5</b>
UK	1.7	<b>1.5</b>	1.6	<b>1.5</b>	1.6	<b>1.5</b>	1.4	<b>1.3</b>
Japan	1.4	<b>1.5</b>	1.4	<b>1.5</b>	1.1	<b>1.5</b>	1.1	<b>1.5</b>
EU 28	1.8	<b>2.0</b>	1.9	<b>2.0</b>	1.7	<b>2.0</b>	1.8	<b>2.0</b>

Source: - Consensus Economics July 2017

Consensus estimates for 2017, with the exception of the UK which have been marked down, have been revised up for most developed markets. I believe the optimism in the US and the resurgence in Europe and Japan will lead to growth being generally higher than consensus with the exception of the UK where poor earnings growth and the Brexit negotiations may keep GDP growth lower than expected.

The US economy grew by 1.2% annualised in the first quarter of 2017 and second quarter growth was estimated at 2.6%, second quarter growth was boosted by business investment, consumption and federal government spending.

UK growth was confirmed at only 0.2% in the first quarter of 2017 (2% annual), in the second quarter the growth rate was 0.3%, over 12 months the rate is estimated at 1.7%. Positive contributions came from Retail Trade, Film Production and Distribution, negative contributions came from Construction and Manufacturing.

In Japan the first quarter annualised GDP rate was revised to 1.5%, the second quarter is estimated at 4% annualised this is the seventh straight quarter of expansion, 2q17 growth was boosted by private consumption and capital expenditure, in contrast net trade was negative. Eurozone GDP grew by a confirmed 1.9% annualised in the first quarter, and an estimated 2.1% in the second quarter.

I expect GDP to be stronger than the consensus estimates for 2017 and 2018 set out in the table above in all economies other than the UK where I believe GDP will struggle to beat consensus because of higher inflation, lower wage growth and a continued pause in medium and long term business investment.

## Consumer Price Inflation

Table 6, shows the consensus forecasts for Consumer Price Inflation in calendar 2017 and 2018 and my expectations in May and July 2017.

**Table 6: - Consumer Price Inflation forecasts - Consensus versus Advisor expectations**

% Change yoy	2017				2018			
	May		July		May		July	
	Consensus	AF	Consensus	AF	Consensus	AF	Consensus	AF
US	2.4	<b>2.7</b>	2.1	<b>2.4</b>	2.2	<b>2.5</b>	2.1	<b>2.4</b>
UK	2.6	<b>3.0</b>	2.7	<b>3.0</b>	2.7	<b>3.0</b>	2.7	<b>3.0</b>
Japan	0.7	<b>1.0</b>	0.5	<b>0.8</b>	1.0	<b>1.3</b>	0.8	<b>1.1</b>
EU 28	1.8	<b>1.8</b>	1.7	<b>2.0</b>	1.7	<b>2.0</b>	1.7	<b>2.0</b>

Source: - Consensus Economics July 2017

In line with the lower outcome for US inflation in the first half of 2017 inflation forecasts for the US have been revised down. I still expect that inflation will come in above expectations but I do not believe that this will be a surprise to any of the major central banks, therefore I do not see any unexpected changes in policy.

I am reasonably comfortable to forecast higher than consensus inflation going forward from here into 2017 and 2018. I believe that central banks remain comfortable with the level of inflation and recognise that the developed economies have some way to go before growth will put pressure on inflation.

Having said that I believe the outlook for inflation globally has changed after a long period of low inflation driven by weak economic activity in the developed economies and the deflationary influence on global goods prices from emerging economies. As we move through the growth cycle it would be reasonable to experience a period of higher inflation arising from stronger developed country growth and a switch from exports to domestic consumption in the emerging countries.



## 4. Outlook for the securities markets

### Bond Markets

In table 7, below I have set out my expectations for 3 month LIBOR interest rates and benchmark 10 year government bond yields, in December 2017 and September 2018. They are not meant to be accurate point forecasts, more an indication of the likely direction of yields from where they are in mid-August 2017.

Yields have moved sideways over the year to date as inflations and growth have moderated particularly in the US and the UK but the overall direction of government bond yields is likely to be higher over the year because growth and inflation is likely to be higher. As expected the US Fed raised interest rates again at their meeting in June and may have raised rates twice more by the Summer of 2018, as a result US bond yields could rise to around 2.75% by the middle of next year. I do not anticipate any change in official rates in the UK, Europe or Japan over the same period, however US bond yields are likely to drag government bond yields in the rest of the world higher.

**Table 7: - Interest rate and Bond yield forecasts**

%	Current	December 2017	September 2018
<b>United States</b>			
3month LIBOR	1.32	1.50	2.0
10 year bond yield	2.22	2.50	2.75
<b>United Kingdom</b>			
3month LIBOR	0.28	0.35	0.35
10 year bond yield	1.07	1.25	1.5
<b>Japan</b>			
3month LIBOR	-0.03	-0.05	-0.05
10 year bond yield	0.09	0.10	0.10
<b>Germany</b>			
3month EURIBOR	-0.38	-0.25	-0.25
10 year bond yield	0.47	0.65	1.00

Source: - Trading Economics and AF estimates; 14<sup>th</sup> August 2017

Japanese and German (the benchmark for Europe) government bond yields are currently negative out to 7 years, over the year these rates are likely to become less negative as the economies build on their economic recoveries.

### Bond Market Recommendations

I believe that because, the US is likely to see the strongest growth and inflation and because the Fed is increasing interest rates it is appropriate to focus on US government yields as the main driver for higher global government bond yields. At the time of writing this report yields are slightly lower than the end of the second quarter but I continue to believe the overall direction of travel remains higher. Outside of the US the central banks are still easing through Quantitative Easing (QE), however these policies are coming to an end, as in the UK or are being scaled back in the case of the ECB. Despite no change in official rates, government yields are like to rise, but probably by less than in the US.

While I anticipate that global government yields are likely go higher because of increased US yields, the demand dynamics, the debt burden and the demographics suggest that yields will not reach the levels we have seen in the past, before their impact puts pressure on economic activity.

In table 4 above I have shown how investing in non-government bond sectors could protect the DPF from the scale of negative returns that investment in gilts could result in. However with the recent decline in the extra yield available from Investment grade corporates, the attractiveness of these bonds is less compelling, in the short term there has to be a risk that spreads could widen. It should also be remembered that gilts provide a hedge for the DPF's potential liabilities and any further reduction in gilts may not be desirable at this stage. I also know that the DPF is underweight duration, this combined with an underweight to bonds in general has and will continue to reduce the negative impact of higher gilt yields relative to the strategic benchmark allocation.

I continue to believe that the DPF's bond allocation should have diversified sources of bond market risk and return and that this can be achieved through allocations to Investment grade and sub-investment grade credit and to emerging market debt funds. This can also be achieved by allocation to Multi-asset Credit Funds, but the accumulation of a position in these funds is subject to the opportunities being available and requires a lot of due diligence and careful research. I continue to suggest increasing the allocation to Multi-asset Credit from 2% to neutral at 4% as soon as is reasonably possible. Strategically I maintain my view that the fund should have a higher weight to corporate bonds, however I accept that tactically the current level of spread may not be attractive enough to have an overweight position. I therefore recommend that the weight should be maintained at neutral and if the spread over gilts increases an overweight allocation should be considered.

UK Index Linked gilts remain some of the most expensive bond assets in the world, in absolute terms and when compared to inflation linked government bonds elsewhere. However, demand remains high from corporate pension schemes and Insurance companies looking for safe long term Inflation linked returns. The tactical allocation to US Treasury Inflation Protected Securities (TIPS) worked well recently and the position has been reduced, it may be worth closing this position and re-investing the proceeds into UK index Linked. Overall I believe it is appropriate to be underweight this asset class.

## Equity Markets

Table 8 below, shows the dividend yield, earnings growth and price / earnings ratio forecasts, for 2017 and 2018 provided by Citi Research.

**Table 8: - Dividend yield, Earnings growth and Price/Earnings Ratios**

Country	Dividend Yield	Earnings Growth		Price/Earnings Ratio	
Forecast period	2017	2017	2018	2017	2018
United Kingdom	4.2	19.6	7.3	15.0	13.9
United States	2.0	10.3	12.1	19.0	16.9
Europe ex UK	3.3	18.4	9.7	15.6	14.2
Japan	2.1	12.7	8.1	15.1	13.9

Source: - Citi Research, Global Equity Strategist, 4<sup>th</sup> July 2017

Earnings growth has been revised lower in all regions for 2017 and 2018 this may prove to be correct in the UK but less so in the US and the rest of the world.

Equity markets had a good year to date, save for the wobble at the end of June markets are generally higher. Global earnings have been generally higher than expected and expectations remain positive. The Macro environment has been supportive for some time and since the US and European elections sentiment has become more positive. As a result markets have been pushed higher and look fairly expensive relative to the long term average price/earnings ratio. As noted above on a fundamental valuation basis the US looks expensive, Japan fair value and Europe cheap. Emerging equities also appear cheap relative to developed equities. The prospects for UK equities remain mixed, the uncertainty over trade with Europe post Brexit means there could be a marked difference in performance between companies with domestic rather than international earnings.

### Equity Market Recommendations

In summary I have not changed my position since the last report and PIC meeting. I continue to suggest a 2% overweight to equity funded from bonds and that the strategic weight to UK equities should be underweight, despite the valuation a neutral position in the US would appear for now to remain appropriate, I continue to recommend neutral exposure to Europe ex UK and a 1% overweight to Japan, Asia-Pacific and Emerging markets.

It is always difficult to underweight the UK equity market because of the quality of; the rule of Law, accounting practices and governance procedures required by the UK regulators. It is the home market, there is no currency volatility to worry about and many of the bigger companies especially represented in the FTSE 100 are international companies with overseas earnings, (It is estimated that 80% of the earnings of FTSE 100 listed companies come from outside the UK) who through their subsidiaries have exposure to fast growing emerging economies. Having said that, the general election has weakened the UK government's hand in the Brexit negotiations which are likely to become more earnest after the summer and the German elections in September. I have no doubt that in the long term the UK economy could do well once negotiations are complete but in the medium term I believe a lower allocation is prudent.

The US equity market appears to remain overvalued, but the recent earnings season provided positive surprises and consumption and labour markets remain strong. Despite the dysfunctional White House the economy seems capable of continuing to grow and government carries on, hopefully by the end of the year there will some clarity on Fiscal Policy. In the meantime it seems difficult to be underweight. I suggest staying with a neutral position.

If the DPF had an active manager for European equity I would like to be overweight because I think the risks are well known and can be avoided by good country and stock selection, overall I believe the economy could continue to surprise on the upside. However as the assets are managed passively I believe it is appropriate to remain neutral.

The Japanese economy finally appears to have reached "escape velocity" the market is now only fair value relative to the rest of the world but remains cheap, relative to its own longer term history. Companies are carrying the largest cash balances of any in the developed world, hence share buybacks and dividends remain high. This combined with the domestic growth dynamics of Japan's regional neighbours is likely to help Japanese companies grow their share of regional trade, therefore I continue to recommend an overweight position of 1%.

Pacific Basin and Emerging Market Equity markets continue to perform strongly. These economies are growing roughly twice as fast as developed economies and have positive domestic macro fundamentals, I believe that a 1% overweight to both sectors can be justified.

## Property, Alternatives and Cash

The Strategic benchmark is well diversified and contains an allocation to Property and Alternatives. These areas of investment tend to be less liquid (more difficult to buy and sell) and require high levels of due diligence to ensure only the best opportunities are acquired. The manager selection process is resource intensive, can be slow and once the manager is selected, deployment of committed cash can take a long time as investments are discovered. Despite this, the assets purchased have many desirable attributes for pension funds whose long term liabilities have call for a balanced portfolio of long term assets whose performance is dependent on diverse sources of risk and return to more traditional tradable asset classes such as bonds and equities. For instance alternatives can provide a cheaper way to access long term inflation linked cash flows than through index linked gilts. Asset Allocation is increasing but remains below benchmark.

The Property market had a difficult time in 2016 as short term sentiment and investors reacted to the news flow around the UK referendum on Europe. This emphasises the need to be more long term in the approach to investment in property to avoid these short term bouts of volatility. I continue to recommend that a neutral overall weight to property be maintained and express a preference for being 1% overweight direct, against being 1% underweight indirect property. I realise this is more difficult to achieve but attractive opportunities can still be sourced. The in-house team's approach of buying well researched quality properties at the right price and minimising "voids" is likely to continue to be successful in future.

Alternatives; the Strategic weight of Infrastructure has been increased from 3 to 5%, I am therefore happy to move my recommendation from +1% to neutral and maintain a neutral allocation to Private Equity. The problem for infrastructure investment remains the supply of "shovel ready projects" remains low, difficult to find and demand is high. However the "market" for infrastructure assets is becoming broader and deeper with many new opportunities coming to market from both existing and new managers.

Finally cash, because the Fund is cash flow positive there is no requirement to carry a large cash balance. The current balance appears to be quite high but most of the cash held is committed to fund managers that have yet to "draw down" their allocations for investments, once all committed cash is drawn the balance will fall significantly.

The asset allocation set out in table 9, below shows the Derbyshire Pension Fund's Strategic benchmark allocations and my recommended relative weights as of 26<sup>th</sup> May and the 14<sup>th</sup> August 2017. My suggested asset allocation weights represent an ideal objective for the Fund based on my expectations for economic growth and market performance, but they do not take into consideration the difficulty in reallocating between asset classes and the time needed to be taken by the investment managers to find correctly priced assets for inclusion in the Fund.

Table 9: - Recommended asset allocation against the new strategic benchmark set on 1<sup>st</sup> April 2017

% Asset Category	Derbyshire Strategic Weight 1 <sup>st</sup> April 2017	Anthony Fletcher 26 <sup>th</sup> May 2017	Anthony Fletcher 14 <sup>th</sup> August 2017
<b>Total Equity</b>	<b>58</b>	<b>+2</b>	<b>+2</b>
<b>UK Equity</b>	<b>25</b>	<b>-1</b>	<b>-1</b>
<b>Overseas Equity</b>	<b>33</b>	<b>+3</b>	<b>+3</b>
North America	12	0	0
Europe ex UK	9	0	0
Japan	5	+1	+1
Pacific ex Japan	4	+1	+1
Emerging markets	3	+1	+1
<b>Total Bonds</b>	<b>22</b>	<b>-2</b>	<b>-2</b>
Conventional Gilts	5.5	-1.5	-1.5
UK index Linked	6.5	-1.5	-1.5
US TIPS	0	0	0
Non-government	6	0	0
Multi-asset Credit	4	+1	+1
<b>Total Alternatives</b>	<b>18</b>	<b>0</b>	<b>0</b>
Infrastructure	5	0	0
Private Equity	4	0	0
Direct Property	5	+1	+1
Indirect Property	4	-1	-1
<b>Cash</b>	<b>2</b>	<b>0</b>	<b>0</b>

Anthony Fletcher

14<sup>th</sup> August 2017

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## Appendix

### References

Source material was provided by, including but not limited to, the following suppliers:-

Derbyshire Pension Fund, PEL and WM performance services

GFC Economics, Citi Research,

FTSE, Citigroup, IPD, Barclay's Global and Interbank Indices

Kames, Blackrock, Henderson Global Investors, M&G and JP Morgan, Asset Management

Bank of England, UK Debt Management Office, UK OBR, UK Treasury, ONS

US Bureau of Labour Statistics, US Commerce Dept. Executive office of the President of the United States.

Bank of Japan, Japan MITI

ECB, Eurostat

Bloomberg, Markit, Trading Economics, DataStream and S&P

Financial Times, Daily Telegraph, Guardian, Wall Street Journal, New York Times, Washington Post

## APPENDIX 2

# DERBYSHIRE PENSION FUND

Portfolio Valuation  
31/7/17





## DERBYSHIRE PENSION FUND

## JULY 2017 PORTFOLIO VALUATION - BID

	Number held	Mkt Price In local currency (Clean) use for Hedge Calc & IL Valuation	Mkt Price In local currency (Dirty) use for Non IL Valuation	Mkt Price pence GBP	Total £ GBP
<b>UK GILTS</b>					
TSY 1.25% 22/7/2018	5,000,000	100.92	100.96	100.96	5,047,898
TSY 3.75% 7/9/2020	10,322,000	110.64	112.14	112.14	11,574,984
TSY 4.75% 7/3/2020	10,000,000	111.89	113.59	113.59	11,358,842
TSY 1.75% 7/9/2022	13,490,000	105.86	106.56	106.56	14,375,355
TSY 4% 7/3/2022	10,995,000	116.03	117.63	117.63	12,933,509
TSY 2.25% 7/9/2023	15,400,000	109.13	110.02	110.02	16,943,816
TSY 5% 7/3/2025	5,500,000	130.16	132.16	132.16	7,268,871
TSY 2% 7/9/2025	14,800,000	107.90	108.70	108.70	16,087,883
TSY 1.5% 7/2/2026	5,650,000	103.23	103.27	103.27	5,834,967
TSY 4.25% 7/12/2027	18,000,000	129.27	129.91	129.91	23,383,199
TSY 4.75% 7/12/2030	13,162,000	139.49	140.21	140.21	18,453,887
TSY 4.25% 7/9/2032	12,370,000	135.06	135.70	135.70	16,785,801
TSY 4.5% 7/9/2034	16,373,000	141.48	143.28	143.28	23,459,489
TSY 4.25% 7/3/2036	11,400,000	139.46	141.15	141.15	16,091,635
TSY 1.75% 7/9/2037	11,800,000	98.42	99.12	99.12	11,695,930
TSY 4.75% 7/12/2038	7,934,000	151.85	152.57	152.57	12,104,570
TSY 4.25% 7/9/2039	4,050,000	143.39	145.09	145.09	5,876,011
TSY 3.25% 1/22/2044	8,000,000	127.85	127.94	127.94	10,235,225
TSY 4.25% 7/12/2046	3,900,000	153.34	153.97	153.97	6,004,973
001 UKGB Total					245,516,845

## US GOVERNMENT BONDS

T 2.25% 15/11/2024	9,950,000	100.72	101.20	76.57	7,619,188
T 2.75% 15/11/2042	7,500,000	97.84	98.43	74.48	5,585,957
004 USGB Total					13,205,146

## NON GOVERNMENT BONDS

Kames UK Corp Bond Fund	41,438,164	285.85	285.85	285.85	118,460,893
Royal London UK Corporate Bond F	49,684,075	250.65	250.65	250.65	124,534,129
Non Govt Bonds Total					242,995,121

## MULTI ASSET CREDIT

AMP Capital Infrastructure Debt Fur	17,000,000	0.03	0.03	0.03	456,633
Barings Global Private Loan Fund	40,000,000	0.77	0.77	0.77	30,798,666
Barings Global Private Loan Fund	40,000,000	0.07	0.07	0.07	2,793,290
Henderson Multi Asset Credit Fund	54,356,218	1.02	1.02	1.02	55,677,074
Multi Asset Credit Total					89,725,663

## UK INDEX LINKED

TREAS 4.125% IL STK 22/7/2030	6,510,000	364.23	364.45	364.45	23,725,723
TREAS 2% IL STK 26/1/2035	12,435,000	264.47	264.52	264.52	32,893,191
002 UKGIL Total					56,618,913

## INDEX LINKED (3 months)

	Number held	Clean Price	Index Ratio	Gross	Accrued Interest	Total
<b>UK INDEX LINKED (3months)</b>						
TREAS 0.125% IL STK 22/3/2024	9,230,000	115.3550	1.120790	11,933,349.82	4,138.45	11,937,488
TREAS 1.25% IL STK 22/11/2027	7,400,000	133.8200	1.400030	13,864,049.08	17,846.47	13,881,896
TREAS 0.125% IL STK 22/3/2029	5,325,000	122.7750	1.144390	7,481,757.18	2,387.57	7,484,145
TREAS 1.25% IL STK 22/11/2032	2,777,000	149.7750	1.251310	5,204,513.31	6,697.25	5,211,211
TREAS 0.75% IL STK 22/3/2034	11,465,000	144.1300	1.169970	19,333,174.53	30,843.34	19,364,018
TREAS 1.125% IL STK 22/11/2037	5,580,000	163.9550	1.343430	12,290,623.26	12,111.48	12,302,735
TREAS 0.625% IL STK 22/3/2040	5,600,000	158.6550	1.254830	11,148,763.00	12,554.35	11,161,317
TREAS 0.625% IL STK 22/11/2042	5,950,000	166.2400	1.276800	12,648,958.86	7,174.76	12,656,144
TREAS 0.125% IL STK 22/3/2044	11,470,000	152.0000	1.120770	19,639,852.49	5,142.80	19,645,095
TREAS 0.125% IL STK 22/3/2046	8,730,000	156.0250	1.053960	14,355,970.72	3,914.27	14,359,885
TREAS 0.75% IL STK 22/11/2047	6,500,000	184.3500	1.307720	15,670,081.83	9,405.57	15,679,487
UK INDEX LINKED (3months) TOTAL						143,583,420

	Number held	Clean Price \$	Index Ratio	Gross \$	Accrued Interest \$	Total \$	Total £
<b>US INDEX LINKED</b>							
TI10.125% 15/1/2023	7,000,000	99.617188	1.060270	7,393,478.08	404.21	7,393,882	5,594,950.73
TI13.625% 15/4/2028	4,045,000	131.226563	1.513130	8,031,867.22	43,268.24	8,075,135	6,110,455.00
TI11.750% 15/1/2028	5,550,000	112.007813	1.168200	7,262,037.72	4,486.75	7,266,524	5,498,679.07
TI12.5% 16/1/2029	7,000,000	120.859375	1.139890	9,643,647.51	8,084.24	9,651,732	7,303,465.41
TI12.125% 15/2/2040	4,095,000	124.140825	1.132290	5,756,062.56	40,144.01	5,796,207	4,385,989.51
TI10.75% 15/2/2042	20,300,000	94.875000	1.083080	20,859,714.65	70,236.88	20,929,952	16,837,694.32
TI10.625% 15/2/2043	21,500,000	91.695313	1.064470	20,985,485.50	61,990.68	21,047,476	15,926,625.22
0045 USGB IL Total							60,657,759

## TOTAL BONDS

852,292,867

Index linked-total	260,860,093
Conventional-total	258,721,990
Non gov-total	332,710,784

DERBYSHIRE PENSION FUND  
JULY 2017 PORTFOLIO VALUATION - BID

US EQUITIES

Sector	Company Name	Number held	Mkt price USD/CAN\$	Mkt Price GBP	Value in Sterling £
<b>OIL &amp; GAS PRODUCERS</b>					
US Oil & Gas	ANTERO RESOURCES CORP	50315	20.61	15.60	784,692
US Oil & Gas	BP PLC-SPONS ADR	40451	35.14	26.59	1,075,610
US Oil & Gas	CHEVRON CORP	22894	109.23	82.65	1,892,288
US Oil & Gas	CONTINENTAL RESOURCES INC/OK	18241	33.43	25.30	461,433
US Oil & Gas	DIAMONDBACK ENERGY INC	17102	95.88	72.55	1,240,791
US Oil & Gas	EOG RESOURCES INC	5730	95.18	72.02	412,690
US Oil & Gas	EXTRACTION OIL & GAS INC	128941	12.18	9.22	1,188,398
US Oil & Gas	EXXON MOBILE CORP	28993	80.04	60.57	1,755,998
US Oil & Gas	NEWFIELD EXPLORATION CO	211774	28.73	21.74	4,603,965
US Oil & Gas	PARSLEY ENERGY INC-CLASS A	57220	29.27	22.15	1,267,343
US Oil & Gas	PDC ENERGY INC	21813	47.15	35.68	778,253
US Oil & Gas	QEP RESOURCES INC	161615	8.58	6.49	1,049,283
US Oil & Gas	SUNCOR ENERGY INC	46647	32.61	24.68	1,151,061
US Oil & Gas	TRANSCANADA CORP	28581	51.11	38.67	1,105,368
US Oil & Gas	WPX ENERGY INC	66224	10.78	8.16	540,204
<b>US Oil &amp; Gas Producers Total</b>					<b>19,307,378</b>
<b>OIL &amp; GAS SERVICES</b>					
US Oil & Gas Services	HELIX ENERGY SOLUTIONS GROUP	49890	6.53	4.94	246,519
US Oil & Gas Services	MONSANTO CO	13200	116.89	88.45	1,167,549
US Oil & Gas Services	ONEOK INC	20179	56.57	42.81	863,793
US Oil & Gas Services	PIONEER NATURAL RESOURCES CO	7675	163.24	123.52	948,044
US Oil & Gas Services	TESCO CORP	59430	4.55	3.44	204,617
<b>US Oil &amp; Gas Services Total</b>					<b>3,430,522</b>
<b>CHEMICALS</b>					
US Chemicals	CABOT CORP	19585	54.34	41.12	805,317
US Chemicals	CELANESE CORP	25441	96.16	72.76	1,851,196
US Chemicals	DOW CHEMICAL CO	66651	64.24	48.61	3,239,932
US Chemicals	PPG INDUSTRIES INC	33452	105.26	79.65	2,664,460
US Chemicals	WESTLAKE CHEMICAL CORP	10952	70.34	53.23	582,934
<b>US Chemicals Total</b>					<b>9,143,839</b>
<b>FORESTRY &amp; PAPER</b>					
US Industrial Metals	INTERNATIONAL PAPER CO	53061	54.99	41.61	2,207,918
<b>US Forestry &amp; Paper Total</b>					<b>2,207,918</b>
<b>INDUSTRIAL METALS</b>					
US Industrial Metals	ALCOA CORP	9694	36.39	27.54	266,937
US Industrial Metals	MARTIN MARIETTA MATERIALS	6234	226.44	171.35	1,068,178
US Industrial Metals	STEEL DYNAMICS INC	22929	35.40	26.79	614,203
<b>US Industrial Metals Total</b>					<b>1,949,318</b>
<b>MINING</b>					
<b>US Mining Total</b>					
<b>CONSTRUCTION</b>					
US Industrial Metals	ARDAGH GROUP SA	33800	22.45	16.99	574,192
US Industrial Metals	BOISE CASCADE	24643	30.35	22.97	565,947
US Industrial Metals	CRH PLC-SPONSORED ADR	9303	35.05	26.52	246,737
US Industrial Metals	VULCAN MATERIALS CO	8675	123.12	93.16	808,206
<b>US Construction Total</b>					<b>2,195,082</b>
<b>AEROSPACE</b>					
US Aero defence	BOEING CO/THE	31024	242.50	183.50	5,692,896
US Aero defence	GENERAL DYNAMICS	20051	196.34	148.57	2,978,987
US Aero defence	LOCKHEED MARTIN CORP COM	23576	292.14	221.06	5,211,766
US Aero defence	UNITED TECHNOLOGIES CORP	48867	118.57	89.72	4,384,441
<b>US Aerospace Total</b>					<b>18,268,090</b>

**GENERAL INDUSTRIAL**

US Div Ind	AGCO CORP	11580	72.13	54.58	632,045
US Div Ind	BALL CORP	81646	41.92	31.72	2,589,882
US Div Ind	CATERPILLAR INC	5917	114.00	86.26	510,423
US Div Ind	DEERE & CO	12564	128.28	97.07	1,219,581
US Div Ind	ILLINOIS TOOL WORKS INC	41135	140.71	106.48	4,379,860
US Div Ind	OWENS-ILLINOIS INC	30461	23.89	18.08	550,661
US Div Ind	PENTAIR LTD	70211	63.07	47.73	3,350,825
US General Industrial Total					13,233,276

**ELECTRONIC EQUIPMENT**

US Electricity	AMETEK INC	72000	61.59	46.61	3,355,571
US Electricity	EATON CORP	62123	78.25	59.21	3,678,413
US Electricity	FORTIVE CORP	74577	64.74	48.99	3,653,435
US Electricity	GENERAL ELECTRIC CO	282529	25.62	19.39	5,477,292
US Electronic Equipment Total					16,164,711

**INDUSTRIAL ENGINEERING**

US Industrial Engineering Total

**INDUSTRIAL TRANSPORT**

US Transportation	FEDEX CORP	14878	208.07	157.45	2,342,490
US Transportation	HUNT (JB) TRANSPORT SERVICES INC	7588	90.71	68.64	520,842
US Transportation	KIRBY CORP	7107	60.95	46.12	327,781
US Transportation	KNIGHT TRANSPORTATION INC	29045	35.65	26.98	783,528
US Transportation	NORFOLK SOUTHERN CORP	15617	112.59	85.20	1,330,519
US Transportation	PACCAR INC	9605	68.45	51.80	497,502
US Transportation	SCHNEIDER NATIONAL INC-CL B	13722	21.64	16.37	224,698
US Industrial Transport Total					6,027,360

**SUPPORT SERVICES**

US Support Services	ACCENTURE LTD	10703	128.83	97.49	1,043,389
US Support Services	GENPACT LTD	58161	28.99	21.94	1,275,862
US Support Services	TRANSUNION	60481	45.82	34.67	2,096,997
US Support Services Total					4,416,248

**AUTOMOBILES & PARTS**

US Autos & parts	ADVANCE AUTO PARTS INC	30061	111.98	84.74	2,547,227
US Autos & parts	O'REILLY AUTOMOTIVE INC	10877	204.31	154.60	1,681,599
US Automobiles & Parts Total					4,228,826

**BEVERAGES**

US Beverages	ANHEUSER-BUSCH INBEV SPN ADR	18648	120.62	91.27	1,692,934
US Beverages	CONSTELLATION BRANDS INC-A	24353	193.43	146.37	3,564,512
US Beverages	MONSTER BEVERAGE CORP	131166	52.75	39.92	5,235,612
US Beverages	PEPSICO INC	82820	116.62	88.25	7,308,663
US Beverages Total					17,801,621

**FOOD PRODUCTION/PROCESS**

US Food Prod & Proce	CAMPBELL SOUP CO	1300	52.83	39.98	51,969
US Food Prod & Proce	HOSTESS BRANDS INC	274026	15.28	11.56	3,168,392
US Food Prod & Proce	POST HOLDINGS INC	71361	83.20	62.96	4,492,706
US Food Prod & Proce	SIMPLY GOOD FOODS CO/THE	133281	11.85	8.97	1,195,117
US Food Prod & Proce	SIMPLY GOOD FOODS CO-CW22-WARRA	44426	2.29	1.73	76,983
US Food Production & Processing Total					8,985,167

**HOUSEHOLD GOODS**

US Hous Gds Txtiles	MOHAWK INDUSTRIES	12805	248.99	188.41	2,412,599
US Hous Gds Txtiles	NIKE INC -CL B	141404	59.05	44.68	6,318,374
US Hous Gds	VF CORP	7944	62.15	47.03	373,598
US Household Goods Total					9,104,571

**PERSONAL GOODS**

US Personal Care / Hc	COTY INC-CL A	305212	20.47	15.49	4,727,627
US Personal Care / Hc	ESTEE LAUDER COMPANIES-CL A	18718	99.76	75.49	1,412,992
US Personal Care / Hc	HERBALIFE LTD	19695	66.52	50.34	991,361
US Personal Goods Total					7,131,980

<b>TOBACCO</b>					
US Tobacco	ALTRIA GROUP INC	118518	65.00	49.19	5,829,367
US Tobacco	BRITISH AMERICAN TOB-SP ADR	82178	62.58	47.35	3,891,481
<b>US Tobacco Total</b>					<b>9,720,848</b>

#### HEALTHCARE EQUIPMENT & SERVICES

US Healthcare Equiprr	BECTON DICKINSON AND CO	15500	201.46	152.44	2,362,894
US Healthcare Equiprr	BOSTON SCIENTIFIC CORP	187406	26.64	20.16	3,777,822
US Healthcare Equiprr	BROOKDALE SENIOR LIVING INC	44971	14.19	10.74	482,879
US Healthcare Equiprr	CIGNA CORP	22670	173.49	131.28	2,976,115
US Healthcare Equiprr	CONFORMIS INC	36000	5.01	3.79	136,478
US Healthcare Equiprr	HCA HOLDINGS INC	25724	80.34	60.79	1,563,846
US Healthcare Equiprr	STRYKER CORP	31597	147.12	111.33	3,517,558
US Healthcare Equiprr	THERMO FISHER SCIENTIFIC	17800	175.63	132.90	2,365,606
<b>US Healthcare Equipment &amp; ServicesTotal</b>					<b>17,183,199</b>

#### PHARMACEUTICAL, BIOTECH

US Healthcare	ABBOTT LABORATORIES	66237	49.19	37.22	2,465,478
US Healthcare	ADURO BIOTECH INC	37789	12.85	9.72	367,445
US Healthcare	AERIE PHARMACEUTICALS INC	12337	54.30	41.09	506,913
US Healthcare	ALDER BIOPHARMACEUTICALS INC	19800	10.70	8.10	160,314
US Healthcare	ALLERGAN PLC	21990	252.50	191.07	4,201,558
US Healthcare	ALNYLAM PHARMACEUTICALS INC	4360	82.74	62.61	272,977
US Pharm, Biotech	ASTRAZENECA PLC-SPONS ADR	78625	30.18	22.84	1,795,575
US Healthcare	BAXTER INTERNATIONAL INC	41093	60.49	45.77	1,880,941
US Healthcare	BIOGEN INC	789	289.74	219.25	172,985
US Healthcare	BIOHAVEN PHARMACEUTICAL HOLD	9300	25.81	19.53	181,633
US Healthcare	BLUEBIRD BIO INC	3813	94.25	71.32	271,939
US Healthcare	BRISTOL-MYERS SQUIBB CO	106478	56.90	43.06	4,584,541
US Healthcare	CALITHERA BIOSCIENCES INC	21100	15.30	11.58	244,285
US Healthcare	CARDINAL HEALTH INC	49521	77.27	58.47	2,895,503
US Healthcare	CELGENE CORP	21500	135.61	102.62	2,206,246
US Pharm, Biotech	ELI LILLY & CO COM	60126	82.67	62.56	3,761,265
US Pharm, Biotech	GLYCOMIMETICS INC	38689	11.41	8.63	334,039
US Pharm, Biotech	INCYTE CORP	7061	133.44	100.97	712,978
US Pharm, Biotech	IRONWOOD PHARMACEUTICALS INC	50649	17.75	13.43	680,288
US Pharm, Biotech	JOHNSON & JOHNSON	41851	132.72	100.43	4,203,063
US Pharm, Biotech	JOUNCE THERAPEUTICS INC	2500	12.90	9.76	24,404
US Pharm, Biotech	KALA PHARMACEUTICALS INC	15900	20.08	15.19	241,593
US Pharm, Biotech	KARYOPHARM THERAPEUTICS INC	30670	8.44	6.39	195,875
US Pharm, Biotech	LOXO ONCOLOGY INC	8900	72.31	54.72	486,981
US Healthcare	MCKESSON CORP COM	22971	161.89	122.50	2,813,997
US Healthcare	MEDTRONIC INC	134349	83.98	63.55	8,537,565
US Healthcare	MYLAN NV	63139	39.00	29.51	1,863,314
US Healthcare	MYOKARDIA INC	18957	15.60	11.80	223,778
US Pharm, Biotech	OTONOMY INC	27176	18.80	14.23	386,605
US Pharm, Biotech	RA PHARMACEUTICALS INC	20165	14.71	11.13	224,458
US Pharm, Biotech	REGENERON PHARMACEUTICALS	1012	491.56	371.96	376,427
US Pharm, Biotech	SYNDAX PHARMACEUTICALS	28800	12.11	9.16	263,913
US Pharm, Biotech	TESARO INC	6520	127.63	96.58	629,686
US Pharm, Biotech	TEVA PHARMACEUTICAL-SP ADR	18732	32.14	24.32	455,569
US Pharm, Biotech	TREVENA INC	49635	2.61	1.97	98,028
US Healthcare	UNITEDHEALTH GROUP INC	55615	191.76	145.10	8,070,003
<b>US Pharmaceutical, Biotech Total</b>					<b>56,792,165</b>

#### FOOD RETAIL

US Retail Food & Drug	HILTON WORLDWIDE HOLDINGS INC	25458	62.53	47.32	1,204,582
US Retail Food & Drug	MCDONALD'S CORP	27056	155.15	117.40	3,176,429
US Retail Food & Drug	WINGSTOP INC	5487	30.01	22.71	124,602
<b>US Food Retail Total</b>					<b>4,505,613</b>

#### RETAILERS - GENERAL

US Retailers Gen	AMAZON.COM INC	10465	987.50	747.24	7,819,880
US Retailers Gen	COSTCOWHOLESALE CORP	24967	158.51	119.94	2,994,655
US Retailers Gen	EXPEDIA INC	25015	156.47	118.40	2,961,797
US Retailers Gen	L BRANDS	28002	46.38	35.10	982,751
US Retailers Gen	SYSCO CORP	7100	52.64	39.83	282,812
US Retailers Gen	TJX COMPANIES INC	18912	70.28	53.18	1,005,757
US Retailers Gen	WALGREENS BOOTS ALLIANCE INC	62452	80.67	61.04	3,812,257

US Retailers Gen	WAYFAIR INC-CLASS A	63737	76.33	57.76	3,681,380
US Retailers - General Total					23,541,288
<b>MEDIA</b>					
US Media & Photo	ALLIANCE DATA SYSTEMS CORP	8758	241.36	182.64	1,599,536
US Media & Photo	CHARTER COMMUNICATIONS INC-A	12962	391.84	296.51	3,843,302
US Media & Photo	COMCAST CORP CL A	186308	40.50	30.65	5,709,660
US Media & Photo	FACEBOOK INC	103098	169.28	128.09	13,206,253
US Media & Photo	LIBERTY MEDIA CORP-MEDIA C	40023	35.16	26.61	1,064,835
US Media & Photo	NETFLIX INC	20338	181.63	137.44	2,795,243
US Media & Photo	NEW YORK TIMES CO-A	29089	19.00	14.38	418,221
US Media & Photo	OUTFRONT MEDIA INC	22024	22.84	17.28	380,641
US Media & Photo	SCRIPPS NETWORKS INTER-CL A	8743	87.43	66.16	578,422
US Media & Photo	TWENTY-FIRST CENTURY FOX	55924	29.10	22.02	1,231,445
US Media & Photo	VIACOM INC-CLASS B	69506	34.90	26.41	1,835,572
US Media Total					32,663,131
<b>TRAVEL &amp; LEISURE</b>					
US Hotels Leisure	PRICELINE.COM INC	1561	2,028.46	1,534.94	2,396,035
US Transport	SOUTHWEST AIRLINES CO	4849	55.51	42.00	203,679
US Transport	SPIRIT AIRLINES INC	19468	38.83	29.38	572,022
US Transport	WYNN RESORTS LTD	8773	129.34	97.87	858,627
US Travel & Leisure Total					4,030,363
<b>TELECOMS</b>					
Telecoms	VERIZON COMMUNICATIONS INC	131800	48.40	36.62	4,827,080
US Telecoms Total					4,827,080
<b>ELECTRICITY</b>					
US Electricity	AVANGRID INC	72897	45.40	34.35	2,504,317
US Electricity	DOMINION RESOURCES INC/A	42978	77.19	58.41	2,510,331
US Electricity	EDISON INTERNATIONAL	29616	78.68	59.54	1,763,252
US Electricity	EVERSOURCE ENERGY	17683	60.80	46.01	813,548
US Electricity	EXELON CORP	57993	38.34	29.01	1,682,486
US Electricity	NEXTERA ENERGY INC	48573	146.09	110.55	5,369,566
US Electricity	NRG ENERGY INC	44571	24.63	18.84	830,693
US Electricity	PG&E CORP	50915	67.69	51.22	2,607,918
US Electricity	PINNACLE WEST CAPITAL	6186	86.73	65.63	405,978
US Electricity	UGI CORP	33980	50.46	38.18	1,297,461
US Electricity Total					19,785,550
<b>GAS &amp; WATER</b>					
Gas	KINDER MORGAN INC	178914	20.42	15.45	2,764,546
Gas	SEMPRA ENERGY	29386	113.02	85.52	2,513,156
US Gas & Water Total					5,277,702
<b>BANKS, RETAIL</b>					
US Banks Retail	BANK OF AMERICA CORP	689158	24.12	18.25	12,578,239
US Banks Retail	CITIGROUP INC	110431	68.45	51.80	5,719,897
US Banks Retail	PNC FINANCIAL SERVICES GROUP	62062	128.87	97.52	6,052,034
US Banks - Retail Total					24,350,169
<b>NON-LIFE INSURANCE</b>					
US Insurance	AMERICAN INTERNATIONAL GROUP	111062	65.47	49.54	5,502,139
US Insurance	ALLSTATE CORP	27380	90.99	68.85	1,885,171
US Insurance	ASSURED GUARANTY LTD	91219	45.00	34.05	3,106,144
US Insurance	ATHENE HOLDING LTD-CLASS A	35432	50.52	38.23	1,354,512
US Insurance	CHUBB LTD	13442	146.45	110.82	1,489,625
US Insurance	HARTFORD FINANCIAL SVCS GRP	50440	55.02	41.63	2,100,000
US Insurance	MARSH & MCLENNAN COS INC COM	77305	77.99	59.02	4,562,157
US Insurance	METLIFE INC	46250	55.00	41.62	1,924,856
US Insurance	PRUDENTIAL FINANCIAL INC	28574	113.23	85.68	2,448,253
US Non-Life Insurance Total					24,372,857
<b>LIFE INSURANCE</b>					
US Banks Retail	MANULIFE FINANCIAL CORP	110559	20.61	15.60	1,724,233
US Banks Retail	XL GROUP	100660	44.39	33.59	3,381,161

US Life Insurance Total					5,105,393
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#### REAL ESTATE

US Real Estate	AMERICAN TOWER CORP	57256	136.42	103.23	5,910,480
US Real Estate	APARTMENT INVT & MGMT CO-A	46652	45.51	34.44	1,606,574
US Real Estate	ALEXANDRIA REAL ESTATE EQUIT	25380	121.03	91.58	2,324,387
US Real Estate	CROWN CASTLE INTL CORP	10902	100.56	76.09	829,574
US Real Estate	EQUINIX INC	5774	450.80	341.12	1,969,629
US Real Estate	INVITATION HOMES INC	77700	21.33	16.14	1,254,110
US Real Estate	PROLOGIS INC	37302	60.84	46.04	1,717,296
US Real Estate	SIMON PROPERTY GROUP INC	12682	158.49	119.93	1,520,944
US Real Estate Total					17,132,995

#### GENERAL FINANCIAL

US Special Finance	AMERICAN EXPRESS CO	67415	85.25	64.51	4,348,852
US Special Finance	CAPITAL ONE FINANCIAL CORP	72338	86.23	65.25	4,720,072
US Special Finance	EQUIFAX INC	13312	145.44	110.05	1,465,045
US Special Finance	FINANCIAL ENGINES INC	19938	38.40	29.06	579,344
US Special Finance	FLEETCOR TECHNOLOGIES INC	15445	152.07	115.07	1,777,277
US Special Finance	GLOBAL PAYMENTS INC	59057	94.37	71.41	4,217,247
US Special Finance	GOLDMAN SACHS GROUP INC	8172	225.24	170.44	1,392,828
US Special Finance	HUNTINGTON BANCSHARES INC	245817	13.25	10.03	2,464,629
US Special Finance	INTERCONTINENTAL EXCHANGE INC	35350	66.73	50.49	1,784,984
US Special Finance	LEGG MASON INC	11969	40.00	30.27	362,278
US Special Finance	IHS MARKIT LTD	27783	46.65	35.30	980,741
US Special Finance	NORTHERN TRUST CORP	10282	87.50	66.21	680,784
US Special Finance	PAYPAL HOLDINGS INC	56002	58.55	44.30	2,481,157
US Special Finance	TD AMERITRADE HOLDING CORP	47439	45.73	34.60	1,641,574
US Special Finance	TOTAL SYSTEM SERVICES INC	10398	63.46	48.02	499,314
US Special Finance	VISA INC CL A SHS	91625	99.57	75.34	6,903,451
US Special Finance	WEX INC	10810	108.65	82.22	888,749
US Special Finance	WISDOMTREE INVESTMENTS INC	41000	10.44	7.90	323,898
US General Financial Total					37,512,224

#### SOFTWARE

US Software & Comp	ADOBE SYSTEMS INC	17176	146.50	110.86	1,904,072
US Software & Comp	ALPHABET INC - CL A SHARES	13331	945.98	715.82	9,542,637
US Software & Comp	ATLASSIAN CORP PLC-CLASS A	35298	35.82	27.10	956,752
US Software & Comp	AUTODESK INC	13623	110.80	83.84	1,142,184
US Software & Comp	BLUECORA INC	30066	22.40	16.95	509,621
US Software & Comp	COGNIZANT TECH SOLUTIONS-A	11334	69.32	52.45	594,519
US Software & Comp	EBAY INC	166926	35.73	27.04	4,513,160
US Software & Comp	GUIDEWIRE SOFTWARE INC	14252	72.15	54.60	778,101
US Software & Comp	HUBSPOT INC	17566	72.25	54.67	960,361
US Software & Comp	MICROSOFT CORP	119047	72.72	55.03	6,550,826
US Software & Comp	SALESFORCE.COM INC	30290	90.80	68.71	2,081,176
US Software & Comp	SERVICENOW INC	27921	110.41	83.55	2,332,723
US Software & Comp	SPLUNK INC	8344	60.00	45.40	378,834
US Software & Comp	SS&C TECHNOLOGIES HOLDINGS	21655	38.75	29.32	634,971
US Software & Comp	WORKDAY INC-CLASS A	23916	102.08	77.24	1,847,366
US Software Total					34,727,303

#### TECHNOLOGY HARDWARE

US IT Hardware	ADVANCED MICRO DEVICES	128161	13.61	10.30	1,319,890
US IT Hardware	APPLE INC	185878	148.77	112.57	20,925,078
US IT Hardware	ARISTA NETWORKS INC	27347	149.26	112.95	3,088,708
US IT Hardware	BROADCOM LTD	23445	246.72	186.69	4,377,018
US IT Hardware	MICROCHIP TECHNOLOGY INC	37533	80.04	60.57	2,273,234
US IT Hardware	MICRON TECHNOLOGY INC	67450	28.10	21.26	1,434,208
US IT Hardware	NETAPP INC	59940	43.42	32.86	1,969,383
US IT Hardware	VIDIA CORP	35058	162.51	122.97	4,311,128
US IT Hardware	QUALCOMM INC	103661	53.17	40.23	4,170,670
US Technology Hardware Total					43,869,317

#### TOTAL UNITED STATES

508,993,104

DERBYSHIRE PENSION FUND  
JULY 2017 PORTFOLIO VALUATION - BID  
NEW SECTORS  
UK EQUITIES

Sector	Company Name	Number held	Mkt Price Pence	Total £
<b>OIL &amp; GAS PRODUCERS</b>				
UK Oil & Gas	BP PLC USD\$0.25	11,000,000	445.65	49,021,500
UK Oil & Gas	CAIRN ENERGY	500,000	179.40	897,000
UK Oil & Gas	ROYAL DUTCH SHELL A' SHARES	1,000,000	2133.00	21,330,000
UK Oil & Gas	ROYAL DUTCH SHELL 'B' SHARES	2,760,000	2151.50	59,381,400
UK Oil & Gas	TULLOW OIL PLC	1,427,142	168.10	2,399,026
<b>UK Oil &amp; Gas Producers Total</b>				<b>133,028,926</b>
<b>OIL &amp; GAS SERVICES</b>				
UK Const Build Ma	WOOD GROUP (JOHN) PLC	270,000	610.50	1,648,350
<b>UK Oil &amp; Gas Services Total</b>				<b>1,648,350</b>
<b>CHEMICALS</b>				
UK Chemicals	JOHNSON MAT ORD£1	135,000	2806.00	3,788,100
UK Chemicals	VICTREX PLC	50,000	1966.00	983,000
<b>UK Chemicals Total</b>				<b>4,771,100</b>
<b>FORESTRY &amp; PAPER</b>				
UK Forestry & Pap	MONDI PLC	300,000	1994.00	5,982,000
<b>UK Forestry &amp; Paper Total</b>				<b>5,982,000</b>
<b>MINING</b>				
UK Mining	ANGLO AMER US\$0.50	1,000,000	1252.50	12,525,000
UK Mining	BHP BILLITON PLC	900,000	1378.00	12,402,000
UK Mining	GLENCORE PLC	7,000,000	334.05	23,383,500
UK Mining	RIO TINTO 10P	600,000	3520.00	21,120,000
<b>UK Mining Total</b>				<b>69,430,500</b>
<b>CONSTRUCTION</b>				
UK Engin Mach	BALFOUR BEATTY PLC	2,000,000	116.00	2,320,000
UK Engin Mach	KIER GROUP PLC	230,614	1288.00	2,970,308
<b>UK Construction Total</b>				<b>5,290,308</b>
<b>AEROSPACE</b>				
UK Aero defence	BAE ORD 2.5P	1,900,000	601.50	11,428,500
UK Aero defence	COBHAM PLC	2,000,000	132.70	2,654,000
UK Aero defence	ROLLS ROYCE 20P	600,000	888.00	5,328,000
<b>UK Aerospace Total</b>				<b>19,410,500</b>
<b>GENERAL INDUSTRIAL</b>				
UK General Industri	DS SMITH PLC	1,000,000	482.60	4,826,000
UK General Industri	RPC GROUP PLC	450,000	896.00	4,032,000
UK General Industri	SMURFIT KAPPA GROUP PLC	150,000	2247.00	3,370,500
<b>UK General Industrial Total</b>				<b>12,228,500</b>
<b>ELECTRONIC EQUIPMENT</b>				
UK Electronic equi	HALMA PLC	550,000	1097.00	6,033,500
<b>UK Eelectronic Equipment Total</b>				<b>6,033,500</b>
<b>INDUSTRIAL ENGINEERING</b>				
UK Engin Mach	HILL & SMITH HOLDINGS PLC	250,000	1340.00	3,350,000
UK General Industri	ROTORK PLC	1,350,000	231.40	3,123,900
UK Engin Mach	SPIRAX-SARCO 25P	120,000	5555.00	6,666,000

<b>UK Industrial Engineering Total</b>			<b>13,139,900</b>
<b>SUPPORT SERVICES</b>			
UK Support Service BABCOCK INT'L	1,300,000	844.50	10,978,500
UK Support Service BUNZL PLC	300,000	2286.00	6,858,000
UK Support Service CAPITA PLC	250,000	658.50	1,646,250
UK Support Service ESSENTRA PLC	360,000	535.50	1,927,800
UK Const Build Ma FERGUSON PLC	152,000	4526.00	6,879,520
UK Support Service G4S PLC	1,000,000	327.10	3,271,000
UK Const Build Ma TRAVIS PERKINS 10P	325,000	1517.00	4,930,250
UK Const Build Ma WORLDPAY GROUP PLC	1,200,000	370.00	4,440,000
<b>UK Support Services Total</b>			<b>40,931,320</b>
<b>AUTOMOBILES</b>			
UK Autos GKN PLC ORD 50P	1,900,000	321.30	6,104,700
<b>UK Automobiles Total</b>			<b>6,104,700</b>
<b>BEVERAGES</b>			
UK Beverages BRITVIC	1,500,000	713.50	10,702,500
UK Beverages DIAGEO 28 101/108P	1,500,000	2448.50	36,727,500
<b>UK Beverages Total</b>			<b>47,430,000</b>
<b>FOOD PRODUCERS</b>			
UK Foods ASSOCIATED BRITISH FOODS PLC	500,000	2964.00	14,820,000
<b>UK Food Producers Total</b>			<b>14,820,000</b>
<b>HOUSEHOLD GOODS</b>			
UK Housebuilders BOVIS HOMES GROUP PLC	600,000	1008.00	6,048,000
UK Housebuilders BELLWAY PLC	200,000	3190.00	6,380,000
UK Hous Gds Txili PETER GEESON 2nd PREFERRED ORDS	16,487	0.00	-
UK Personal Care RECKITT BENCKISER	330,000	7368.00	24,314,400
UK Housebuilders REDROW PLC	500,000	592.00	2,960,000
<b>UK Household Goods Total</b>			<b>39,702,400</b>
<b>PERSONAL GOODS</b>			
UK Food Prod & Pi BURBERRY	280,000	1711.00	4,790,800
UK Housebuilders PZ CUSSONS PLC	1,250,000	362.30	4,528,750
UK Retailers Gen TED BAKER PLC	200,000	2506.00	5,012,000
UK Food Prod & Pi UNILEVER ORD 1.4P	630,000	4318.50	27,206,550
<b>UK Personal Goods Total</b>			<b>41,538,100</b>
<b>TOBACCO</b>			
UK Tobacco BRIT AMER TOBC 25P	1,025,000	4713.00	48,308,250
UK Tobacco IMPERIAL BRANDS PLC	600,000	3120.00	18,720,000
<b>UK Tobacco Total</b>			<b>67,028,250</b>
<b>PHARMACEUTICAL &amp; BIOTECH</b>			
UK Pharm, Biotech ASTRAZENECA ORD	775,000	4566.50	35,390,375
UK Pharm, Biotech GLAXOSMITHKLINE25P	3,155,000	1514.50	47,782,475
UK Pharm, Biotech SHIRE PHARMA ORD5P	250,000	4261.00	10,652,500
<b>UK Pharmaceutical &amp; Biotech Total</b>			<b>93,825,350</b>
<b>FOOD RETAIL</b>			
UK Retail Food & I BOOKER GROUP PLC	2,300,000	192.50	4,427,500
UK Retail Food & I TESCO ORD 5P	3,800,000	174.05	6,613,900
<b>UK Food Retail Total</b>			<b>11,041,400</b>
<b>GENERAL RETAIL</b>			
UK Retailers Gen DIXONS CARPHONE PLC	125,000	269.00	336,250
UK Retailers Gen INCHCAPE PLC	100,000	802.50	802,500
UK Retailers Gen KINGFISHER	1,660,000	294.40	4,887,040
UK Retailers Gen M&S ORD 25P	850,000	322.10	2,737,850



UK Retailers Gen NEXT PLC	14,000	3950.00	553,000
<b>UK General Retail Total</b>			<b>9,316,640</b>
<b>MEDIA</b>			
UK Media & Photo INFORMA PLC	1,000,000	695.50	6,955,000
UK Media & Photo ITV ORD	7,000,000	173.00	12,110,000
UK Media & Photo RELX PLC	375,000	1651.00	6,191,250
UK Media & Photo UNITED BUSINESS MEDIA	800,000	725.00	5,800,000
UK Media & Photo WPP GRP ORD 10P	1,200,000	1545.00	18,540,000
<b>UK Media Total</b>			<b>49,596,250</b>
<b>TRAVEL &amp; LEISURE</b>			
UK Travel & Leisur COMPASS GRP ORD10P	904,976	1616.00	14,624,412
UK Travel & Leisur GREENE KING PLC	725,000	684.00	4,959,000
UK Travel & Leisur INTERCONTINENTAL HOTELS GRP	111,701	4290.00	4,791,973
UK Travel & Leisur LADBROKES CORAL GROUP PLC	2,100,000	126.50	2,656,500
UK Travel & Leisur MARSTON'S	2,250,000	115.80	2,605,500
UK Travel & Leisur NATIONAL EXPRESS GROUP	800,000	364.10	2,912,800
UK Travel & Leisur STAGECOACH ORD0.5P	1,400,000	180.30	2,524,200
<b>UK Travel &amp; Leisure Total</b>			<b>35,074,385</b>
<b>TELECOMS</b>			
UK Fixed-Line Tele BT ORD GBP 5P	5,750,000	313.50	18,026,250
UK Mobile Telecon VODAFONE GRP COM	16,000,000	221.95	35,512,000
<b>UK Telecoms Total</b>			<b>53,538,250</b>
<b>ELECTRICITY</b>			
UK Electricity SCOT & SOUTH 50P	450,000	1377.00	6,196,500
<b>UK Electricity Total</b>			<b>6,196,500</b>
<b>GAS &amp; WATER</b>			
UK Gas Distribution CENTRICA	2,700,000	198.50	5,359,500
UK Electricity NAT GRID PLC ORD 10P	2,887,500	936.40	27,038,550
UK Water PENNON GP ORD £1	500,000	805.00	4,025,000
UK Water SEVERN TR 65 5/19P	236,000	2239.00	5,284,040
UK Water UNITED UTILITIES GROUP PLC	550,000	897.00	4,933,500
<b>UK Gas &amp; Water Total</b>			<b>46,640,590</b>
<b>BANKS, RETAIL</b>			
UK Banks Retail BARCLAYS ORD 25P	12,500,000	203.00	25,375,000
UK Banks Retail HSBC HLDG \$0.50	9,500,000	757.00	71,915,000
UK Banks Retail LLOYDS BANKING GROUP PLC	54,000,000	65.57	35,407,800
UK Banks Retail STANDARD CHARTERED ORD	800,000	845.70	6,765,600
<b>UK Banks - Retail Total</b>			<b>139,463,400</b>
<b>NON-LIFE INSURANCE</b>			
UK Insurance BEAZLEY PLC	1,600,000	512.00	8,192,000
UK Insurance HISCOX	400,000	1297.00	5,188,000
UK Insurance JARDINE LLOYD THOMPSON GROUP	350,000	1186.00	4,151,000
UK Insurance RSA INSURANCE GROUP	875,000	652.50	5,709,375
<b>UK Non-Life Insurance Total</b>			<b>23,240,375</b>
<b>LIFE INSURANCE</b>			
UK Insurance Life AVIVA ORD 25P	1,950,000	538.50	10,500,750
UK Insurance Life LEGAL&GEN GRP 2.5P	5,900,000	268.30	15,829,700
UK Insurance Life OLD MUTUAL ORD	3,400,000	196.30	6,674,200
UK Insurance Life PRUDENTIAL ORD 5P	1,900,000	1848.00	35,112,000
<b>UK Life Insurance Total</b>			<b>68,116,650</b>
<b>REAL ESTATE INVESTMENT TRUSTS</b>			
UK Real Estate BRITISH LAND 25P	750,000	610.50	4,578,750
UK Real Estate LAND SECS ORD £1	700,000	1021.00	7,147,000

UK Real Estate	LONDONMETRIC PROPERTY PLC	2,300,000	168.10	3,866,300
UK Real Estate	SEGRO PLC	1,140,000	527.00	6,007,800
UK Real Estate	SHAFTESBURY PLC	400,000	982.00	3,928,000
<b>UK Real Estate Total</b>				<b>25,527,850</b>

#### **REAL ESTATE INVESTMENT & SERVICES**

UK Real Estate	CAPITAL & COUNTIES PROPERTIES	800,000	287.50	2,300,000
<b>UK Real estate investment &amp; services</b>				<b>2,300,000</b>

#### **FINANCIAL SERVICES**

UK Special Financial	ABERDEEN ASSET MANAGEMENT	1,500,000	329.40	4,941,000
UK Special Financial	MAN GROUP	2,400,000	159.90	3,837,600
UK Special Financial	RATHBONE BROTHERS PLC	125,000	2673.00	3,341,250
UK Special Financial	SCHRODERS ORD GBP1	325,000	3445.00	11,196,250
UK Special Financial	TP ICAP PLC	625,000	486.90	3,043,125
<b>UK General Financial Total</b>				<b>26,359,225</b>

#### **EQUITY INVESTMENT COMPANIES**

UK Investment Co'	ABERFORTH SML 1P	1,050,000	1306.00	13,713,000
UK Investment Co'	BLACKROCK SMALLER COMPANIES TRUST PLC	2,100,000	1203.00	25,263,000
UK Investment Co'	DUNEDIN SMR CO 25P	2,819,000	235.50	6,638,745
UK Investment Co'	LOW CARBON ACCELERATOR LTD	3,868,000	0.00	-
UK Investment Co'	MONTANARO UK SMALLER CO'S 10P	2,684,857	533.00	14,310,288
UK Investment Co'	RIVER & MERCANTILE UK MICRO	4,189,570	173.00	7,247,956
UK Investment Co'	STRATHDON INVESTMENTS PLC	20	100000.00	20,000
<b>UK Equity Investment Companies Total</b>				<b>67,192,989</b>

#### **SOFTWARE & COMPUTER SERVICES**

UK Elect electron	MICRO FOCUS INTERNATIONAL	100,000	2231.00	2,231,000
UK Elect electron	NCC GROUP PLC	1,800,000	193.50	3,483,000
UK Software & Cor	SAGE GROUP ORD 1P	1,000,000	674.00	6,740,000
<b>UK Software &amp; Computer Services Total</b>				<b>12,454,000</b>

#### **IT HARDWARE**

UK IT Hardware	LAIRD PLC	2,000,000	149.25	2,985,000
<b>UK IT Hardware Total</b>				<b>2,985,000</b>

#### **UNIT TRUSTS & OEICs**

UK Unit Trusts	LIONTRUST UK SMALLER COMPANIES FUND1	1,348,544	1260.46	16,997,864
UK OEIC	, TB SARACEN UK BETA-ACC	2,250,000	706.33	15,892,425
<b>UK Unit Trusts &amp; OEICs Total</b>				<b>32,890,289</b>

#### **INVESTMENT ENTITIES**

UK Unit Trusts	MONTANARO UK SMALLER COS-£D	5,267,580	1.60	8,412,326
<b>UK Investment Entities Total</b>				<b>8,412,326</b>

#### **TOTAL UNITED KINGDOM**

**1,242,689,822**

DERBYSHIRE PENSION FUND  
JULY 2017 PORTFOLIO VALUATION - BID

EUROPEAN EQUITIES Company name	Number held	Mkt price in local currency	Mkt Price GBP	Value in Sterling £
EUROPEAN PASSIVE TRACKER FUND				
EUROPEAN UBS LIFE EUROPE EX-UK EQUITY T	155,961,021	313.44	3.13	488,844,223
EUROPEAN EQUITIES TOTAL				488,844,223

DERBYSHIRE PENSION FUND  
JULY 2017 PORTFOLIO VALUATION - BID

OTHER EQUITIES	Number held	Mkt price in local currency	Mkt Price GBP	Value in Sterling £
Company name				
<b>JAPAN</b>				
<b>Investment Companies</b>				
Japan CC Japan Income & Growth Trust	5,000,000	137.00	137.00	6,850,000
Japan JPMorgan JAP IT 25P	7,730,000	368.25	368.25	28,465,725
Japan JPMF Japs smoc	2,250,000	363.50	363.50	8,178,750
Japan Schroder Japan Growth Fund 10p ords	11,300,000	195.00	195.00	22,035,000
<b>J Investment Companies Total</b>				<b>65,529,475</b>
<b>Unit Trusts &amp; OEICs</b>				
Japan Baillie Gifford OGF - Japanese B Acc Shares	4,511,848.83	1,485.00	1,485.00	67,000,955
Japan Baring Japan Growth Trust	5,500,000.00	194.80	194.80	10,714,000
Japan Invesco Perpetual Japan-NTA	4,503,671.63	199.13	199.13	8,968,161
Japan JPMorgan Jap Fd A Acc	3,000,000.00	398.20	398.20	11,946,000
Japan Legg Mason IF Martin Currie Japan Alpha Fund X	31,075,861.03	159.30	159.30	49,503,847
Japan Schroder UT Tokyo Ac	11,000,000.00	343.50	343.50	37,785,000
<b>J Unit Trusts Total</b>				<b>185,917,963</b>
<b>Investment Entities</b>				
Japan Aberdeen Global - JAP Smaller Cos Fund DE	1,662,639.78	10.04	10.04	16,690,409
Japan DSBi-JPN EQT FUNDMNTL ACT-IG	60,000.00	124.60	12,460.00	7,476,000
Japan JO Hambro - Japan Fd GBP-A	15,000,000.00	2.40	2.40	35,970,000
<b>J Investment Entities Total</b>				<b>60,136,409</b>
<b>JAPAN TOTAL</b>				<b>311,583,847</b>
<b>OTHER ASIA</b>				
<b>Investment Companies</b>				
Asian ABERDEEN ASIAN INCOME FUND ORDS	2,500,000	212.50	212.50	5,312,500
Asian ABERDEEN NDIT 25P	7,350,000	227.00	227.00	16,684,500
Asian EDINBURGH DT 20P	12,300,000	359.50	359.50	44,218,500
Asian INVESCO ASIA TRUST 10P	7,480,000	278.00	278.00	20,794,400
<b>OA Investment Companies Total</b>				<b>87,009,900</b>
<b>Unit Trusts &amp; OEICs</b>				
Asian Stewart Investors Asia Pacific Fund (First State A)	5,250,000	1,453.76	1,453.76	76,322,400
Asian JPMorgan Asia Fund A Ac	20,000,000	196.30	196.30	39,260,000
Asian Schroder Instl PAC Fd Ac	2,000,000	1,432.00	1,432.00	28,640,000
<b>OA Unit Trusts Total</b>				<b>144,222,400</b>
<b>Investment Entities</b>				
Asian Baring Int'l Australia \$	130,000,000	112.61	85.21	11,077,558
Asian Legg Mason-Martin Currie Greater China Fund-A	416,304,256	29.90	22.63	9,419,021
<b>OA Investment Entities Total</b>				<b>20,496,579</b>
<b>OTHER ASIA TOTAL</b>				<b>251,728,879</b>
<b>EMERGING MARKETS</b>				
<b>Investment Companies</b>				
Internatio ABERDEEN EMERGING MARKETS	3,098,250	590.00	590.00	18,279,675
Internatio ABERDEEN FRONTIER MARKETS	5,000,000	66.50	66.50	3,325,000
Internatio BLACKROCK FRONTIERS INV TRUST	3,200,000	145.00	145.00	4,640,000
Internatio BLACKROCK EMERGING EUROPE PL	2,780,175	322.00	322.00	8,952,164
Latin Amr Blackrock Latin American Investment Trust plc	862,529	440.50	440.50	3,799,440
Internatio GENESIS EMERGING MKTS FUND LTD	4,300,000	682.00	682.00	29,326,000
Internatio JP Morgan EMER IT25P	3,700,000	817.50	817.50	30,247,500
<b>Int'l Investment Companies Total</b>				<b>98,569,779</b>
<b>Unit Trusts &amp; OEICs</b>				
Internatio Stewart Investors Global Emerging Markets Funf	3,000,000	892.05	892.05	26,761,500
Latin Amr Thd ndle Lnamer Gwth	3,500,000	272.30	272.30	9,530,500
<b>Int'l Unit Trusts Total</b>				<b>36,292,000</b>
<b>Investment Entities</b>				
Internatio FPP GLOBAL EMERGING MKTS	82,057,980	107.90	81.65	6,700,038
Latin Amr JPMorgan LNAMEA A U\$	86,085,904	46.16	34.93	3,006,918
Internatio POLUNIN FUNDS-DEVEL CNTY-B	47,502,659	1,090.91	825.49	39,213,046
<b>LatAm Investment Entities Total</b>				<b>48,920,002</b>
<b>EMERGING MARKETS TOTAL</b>				<b>183,781,781</b>
<b>OTHER EQUITIES TOTAL</b>				<b>747,094,508</b>

**DERBYSHIRE PENSION FUND**  
**JULY 2017 PORTFOLIO VALUATION - BID**

<b>OTHER EQUITIES</b>	<b>Number held</b>	<b>Mkt price in local currency</b>	<b>Value in Sterling £</b>
<b>Company name</b>			
<b>PRIVATE EQUITY</b>			
<b>Quoted Private Equity</b>			
UK Invest APAX GLOBAL ALPHA LTD	4,900,000	150.50	7,374,500
UK Invest ELECTRA PRIVATE EQUITY PLC	100,000	1683.00	1,683,000
UK Invest HARBOURVEST GLOBAL PRIVATE	825,000	1268.00	10,461,000
UK Invest HGCAPITAL TRUST PLC	587,003	1692.00	9,932,091
UK Invest NB PRIVATE EQUITY PARTNERS Ltd (A)	1,224,083	13.38	12,393,407
UK Invest WOODFORD PATIENT CAPITAL TRUST	5,000,000	104.10	5,205,000
<b>UK Quoted Private Equity Total</b>			<b>47,048,998</b>
<b>Unquoted Private Equity</b>			
UK Uncia BAIRD CAPITAL PARTNERS EUROPE FUND L	4,300,000	0.04	158,284
UK Uncia CAPITAL DYNAMICS GLOBAL SECONDARIES	20,000,000	0.30	4,564,276
UK Uncia CAPITAL DYNAMICS MID-MARKET DIRECT FI	15,000,000	0.44	5,854,321
UK Uncia CATAPULT GROWTH FUND UNITS	3,000,000	0.29	858,542
UK Uncia EAST MIDLANDS VENTURE	3,000,000	0.12	353,167
UK Uncia GRANVILLE PRIVATE EQUITY MANAGERS (U	2,000,000	0.00	9,487
UK Uncia MOBEUS EQUITY PARTNERS IV LP	10,000,000	0.25	2,515,613
UK Invest PANORAMIC ENTERPRISE CAPITAL UNITS	2,500,000	0.20	495,192
UK Invest PANORAMIC GROWTH FUND 2 LP	10,000,000	0.17	1,692,842
UK Invest PARTNERS GROUP GLOBAL VALUE 2008	7,500,000	0.62	4,169,916
UK Uncia PHILDREW VENTURES 4TH	820,000	0.40	3,280
UK Invest STAR CAPITAL STRATEGIC ASSETS III LP	12,500,000	0.08	869,108
UK Uncia VESPA CAPITAL II LLP	10,000,000	0.27	2,743,518
<b>UK Unquoted Private Equity Total</b>			<b>24,287,547</b>
<b>PRIVATE EQUITY TOTAL</b>			<b>71,336,545</b>
<b>INFRASTRUCTURE</b>			
<b>UK Infrastructure Quoted</b>			
Closed-er FORESIGHT SOLAR FUND LTD	5,000,000	112.50	5,625,000
Closed-er HICL INFRASTRUCUTRE CO LTD	5,030,652	159.90	8,044,013
Closed-e INTERNATIONAL PUBLIC PARTNERSHIP LTI	21,460,903.00	160.90	34,530,592.93
Closed-e RENEWABLES INFRASTRUCTURE GR	10,446,098.00	109.70	11,459,369.51
<b>UK Infrastructure Quoted Total</b>			<b>59,658,975</b>
<b>UK Infrastructure Unquoted</b>			
UK Uncia EQUITIX FUND 1 LTD P'SHIP	7,500,000	1.83	13,716,954
UK Uncia Equitix Fund IV Ltd P'ship	25,000,000	0.48	11,890,051
UK Uncia IMPAX NEW ENERGY INVESTORS II UNITS	10,000,000	0.12	1,082,626
UK Uncia MEIF 5 Co-Invest LP	12,600,000	0.31	3,469,219
UK Uncia Macquarie European Infrastructure Fund 5 LP	14,400,000	0.27	3,475,391
UK Uncia SL CAPITAL INFRASTRUCTURE 1LP	15,000,000	0.58	8,636,655
<b>UK Infrastructure Total</b>			<b>42,270,895</b>
<b>INFRASTRUCTURE TOTAL</b>			<b>101,929,870</b>
<b>ALTERNATIVES TOTAL</b>			<b>173,266,415</b>

DERBYSHIRE PENSION FUND  
JULY 2017 PORTFOLIO VALUATION - BID

30/06/2017

Real Property		Value £
Property	Southampton Property	5,250,000
Property	Retail Unit Tamworth	10,350,000
Property	15-17 Jockeys Field London	10,900,000
Property	D'Arblay House, London	14,100,000
Property	Bristol Odeon Development	5,850,000
Property	Quintins Centre, Hailsham	5,450,000
Property	Caledonia House, London	21,900,000
Property	Chelsea Fields Ind Est, London	9,700,000
Property	Planet Centre, Feltham	11,200,000
Property	Hill St, Mayfair	16,300,000
Property	Birmingham - Travelodge developm't	15,500,000
Property	Saxmundham, Tesco developm't	9,800,000
Property	Roundhay Road, Leeds	8,100,000
Property	Premier Inn, Rubery, Birmingham	6,200,000
Property	South Normanton Warehouse, Alfreton	14,200,000
Property	Loddon Centre, Basingstoke	11,650,000
Total Real Property		176,450,000

Property Managed Funds		Number held	Mkt price	
Property	Pence	Assura PLC	4,000,000	64.0500
Property	GBP	Aviva Pooled Property Fund - cl	690,993	14.5713
Property	GBP	Aviva Pooled Property Fund - cl	448,699	14.6599
Property	GBP	Blackrock UK Property Fund	-	41.8306
Property	GBP	Bridges Property Alternatives Fu	833	10292.8831
Property	GBP	Bridges Property Alternatives Fu	88	4752.6630
Property	EUR	Fidelity Eurozone Select Real Es	2,468	5455.8824
Property	GBP	Igloo Regeneration P'ship Prope	4,644,493	0.4825
Property	EUR	Invesco Real Estate-European F	44,569	115.3200
Property	Pence	Target Healthcare REIT Ltd	2,915,000	120.2500
Property	GBP	Prudential M&G Property Fund	27,124	727.1800
Property	EUR	M&G European Property Fund	13,000,000	0.9832
Property	GBP	Threadneedle Pensions Property	1,647,730	5.7776
Property	Pence	Tritax Big Box Indirect Pooled Fu	10,000,000	149.7000
Property	Pence	TR Property Investment Trust	150,000	351.5000
Property	GBP	Unite UK Student Accommodatic	15,584,567	1.3010
Total Property Funds				127,088,297

Local Authority Dep	Chesterfield Borough Council	16,074	2,178
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Cash		Mellon	Exch rate	
Updated to 31 July 2017		USD		
Cash	Mellon USD - USA			0
Cash	Mellon - In House			0
Cash	Mellon UBS - Core			0
Cash	Mellon UBS - Sat			0
Cash	BNP Paribas			13,495,523
Cash				0
Cash				11,001,005
Cash				
Cash	Cash - Lloyds bank Superfund			4,361,000
Cash	Cash Temporary Loans	116,000,000		
	Santander 31 Day Notice	10,000,000		
	Leeds City Council 2D/N	20,000,000		
	London Borough of Bexley 2 D/N	5,000,000		
	Northamptonshire County Council	5,000,000		
	Nottingham City Council 7 D/N	10,000,000		
	Thurrock Council 7 D/N	10,000,000		
	Standard Life	20,000,000		
	Federated Prime Rate	10,000,000		
	Blackrock MMF	10,000,000		
	Deutsche Global MMF	9,000,000		225,000,000
Total Cash				253,857,530

EQUITIES	UK	US	Europe	Japan	Other Asia	Emerging Mkts
Oil & Gas Producers	152,336,304	133,028,926				
Oil & Gas Services	5,078,872	1,648,350				
Chemicals	13,914,939	4,771,100				
Forestry & Paper	8,189,918	5,982,000				
Industrial Metals	1,949,318	1,949,318				
Mining	69,430,500	0				
Construction	7,485,390	2,195,082				
Aerospace	37,678,590	18,268,090				
General Industrial	25,461,776	13,233,276				
Electronic Equipment	22,198,211	6,033,500				
Industrial Engineering	13,139,900	0				
Industrial Transport	6,027,360	6,027,360				
Support Services	45,347,568	4,416,248				
Automobiles	10,333,526	4,228,826				
Beverages	65,231,621	17,801,621				
Food Producers	23,805,167	8,985,167				
Household Goods	48,806,971	9,104,571				
Leisure Goods	0					
Personal Goods	48,670,080	7,131,980				
Tobacco	76,749,098	9,720,848				
Healthcare Equipment & Service	17,183,199	17,183,199				
Pharmaceutical / Biotech	150,617,515	56,792,165				
Food Retail	15,547,013	4,505,613				
General Retail	32,857,928	23,541,288				
Media	82,259,381	32,663,131				
Travel & Leisure	39,104,748	4,030,363				
Telecoms	58,365,330	4,827,080				
Electricity	25,982,050	19,785,550				
Gas & Water	51,918,292	5,277,702				
Banks	163,813,569	24,350,169				
Non-Life Insurance	47,613,232	24,372,857				
Life Insurance	73,222,043	5,105,393				
Real Estate Investment Trusts	42,660,845	17,132,995				
Real Estate Investment Service	2,300,000	0				
General Financial	63,871,449	37,512,224		65,529,475	87,009,900	98,569,779
Investment Companies	318,302,143	26,359,225				
Software	47,181,303	12,454,000				
Technology Hardware	46,854,317	43,869,317				
Unit Trusts & OEICs	399,322,652	2,985,000		185,917,963	144,222,400	36,292,000
Investment Entities	137,965,317	32,890,289		60,136,409	20,496,579	48,920,002
Passive tracker fund	488,844,223	8,412,326	488,844,223			
Total Equities	2,987,621,658	1,242,689,822	508,993,104	311,583,847	251,728,879	183,781,781

**DERBYSHIRE PENSION FUND**  
**JULY 2017 PORTFOLIO VALUATION - BID**

**Fixed Interest**

JK Government Bonds	245,516,845
JK Government Index Linked	200,202,334
Corporate Bonds	242,985,121
Corporate Index Linked	0
Multi Asset Credit	89,725,663
JS Govt	13,205,145
JS Govt Index Linked	60,657,759
France	0
French Govt Index Linked	0
Germany	0
German Govt Index Linked	0
<b>Total Fixed Interest</b>	<b>852,292,867</b>

**Alternatives**

Private Equity - quoted	47,048,998
Private Equity - unquoted	24,287,547
Infrastructure - quoted	59,658,975
Infrastructure - unquoted	42,270,895
<b>Total Alternatives</b>	<b>173,266,415</b>

**Miscellaneous**

Real Property	176,450,000
Property Funds	127,088,297
Local Authority Deposits	2,178
Cash (incl USA)	253,857,530
<b>Total Miscellaneous</b>	<b>557,398,005</b>
<b>TOTAL PORTFOLIO</b>	<b>4,570,578,944</b>