

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

**DERBYSHIRE COUNTY COUNCIL  
PENSIONS AND INVESTMENTS COMMITTEE**

**12 December 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 as Appendix 1.

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

The Fund's latest asset allocation as at 31 October 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 around £250m at 31 October 2017. Whilst the timing of drawdowns will be lumpy and difficult to predict, the In-house Investment Fund Manager Team (IFMT) believes 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 (1)	Benchmark Return
		31/7/17	31/10/17		AF 12/12/17	DPF 12/12/17	AF 12/12/17	DPF 12/12/17	DPF 12/12/17	3 Months to 31/10/17
<b>Equities</b>	<b>58.0%</b>	<b>65.4%</b>	<b>65.5%</b>	<b>+/- 8%</b>	<b>+2.0%</b>	<b>+4.7%</b>	<b>60.0%</b>	<b>62.7%</b>	<b>62.7%</b>	<b>n/a</b>
UK Equities	25.0%	27.2%	26.9%	+/- 6%	-1.0%	-0.8%	24.0%	24.2%	24.2%	2.8%
Overseas Equities	33.0%	38.2%	38.6%	+/- 6%	+3.0%	+5.5%	36.0%	38.5%	38.5%	n/a
N. America	12.0%	11.1%	11.1%	+/- 4%	-	-0.9%	12.0%	11.1%	11.1%	4.0%
Europe	9.0%	10.7%	10.8%	+/- 4%	-	+1.8%	9.0%	10.8%	10.8%	3.3%
Japan	5.0%	6.8%	7.2%	+/- 2%	+1.0%	+2.0%	6.0%	7.0%	7.0%	6.2%
Pacific ex-Japan	4.0%	5.5%	5.5%	+/- 2%	+1.0%	+1.5%	5.0%	5.5%	5.5%	3.8%
Emerging Markets	3.0%	4.0%	4.1%	+/- 2%	+1.0%	+1.1%	4.0%	4.1%	4.1%	3.8%
<b>Bonds</b>	<b>22.0%</b>	<b>18.6%</b>	<b>18.8%</b>	<b>+/- 5%</b>	<b>-2.0%</b>	<b>-2.4%</b>	<b>20.0%</b>	<b>19.6%</b>	<b>20.6%</b>	<b>n/a</b>
Conventional	5.5%	5.7%	5.4%	+/- 3%	-1.5%	-0.1%	4.0%	5.4%	5.4%	(0.5%)
Index-Linked	6.5%	5.7%	5.6%	+/- 3%	-1.5%	-0.9%	5.0%	5.6%	5.6%	1.4%
Corporate	6.0%	5.3%	5.2%	+/- 3%	-	-0.3%	6.0%	5.7%	5.7%	0.1%
Multi-Asset Credit	4.0%	2.0%	2.5%	+/- 2%	+1.0%	-1.1%	5.0%	2.9%	3.9%	0.8%
<b>Property</b>	<b>9.0%</b>	<b>6.6%</b>	<b>6.6%</b>	<b>+/- 3%</b>	<b>-</b>	<b>-2.2%</b>	<b>9.0%</b>	<b>6.8%</b>	<b>7.8%</b>	<b>2.3% (2)</b>
Direct	5.0%	3.9%	3.8%	+/- 2%	+1.0%	-1.0%	6.0%	4.0%	4.0%	2.5% (2)
Indirect	4.0%	2.7%	2.8%	+/- 2%	-1.0%	-1.2%	3.0%	2.8%	3.8%	2.2% (2)
<b>Alternatives</b>	<b>9.0%</b>	<b>3.8%</b>	<b>4.6%</b>	<b>+/- 3%</b>	<b>-</b>	<b>-3.7%</b>	<b>9.0%</b>	<b>5.3%</b>	<b>8.6%</b>	<b>n/a</b>
Infrastructure	5.0%	2.2%	2.6%	+/- 2%	-	-1.7%	5.0%	3.3%	4.4%	0.6%
Private Equity	4.0%	1.6%	2.0%	+/- 2%	-	-2.0%	4.0%	2.0%	4.2%	3.8%
<b>Cash</b>	<b>2.0%</b>	<b>5.6%</b>	<b>4.6%</b>	<b>0 – 8%</b>	<b>-</b>	<b>+3.8%</b>	<b>2.0%</b>	<b>5.6%</b>	<b>0.3%</b>	<b>0.1%</b>

(1) Recommendation adjusted for investment commitments at 31 October 2017

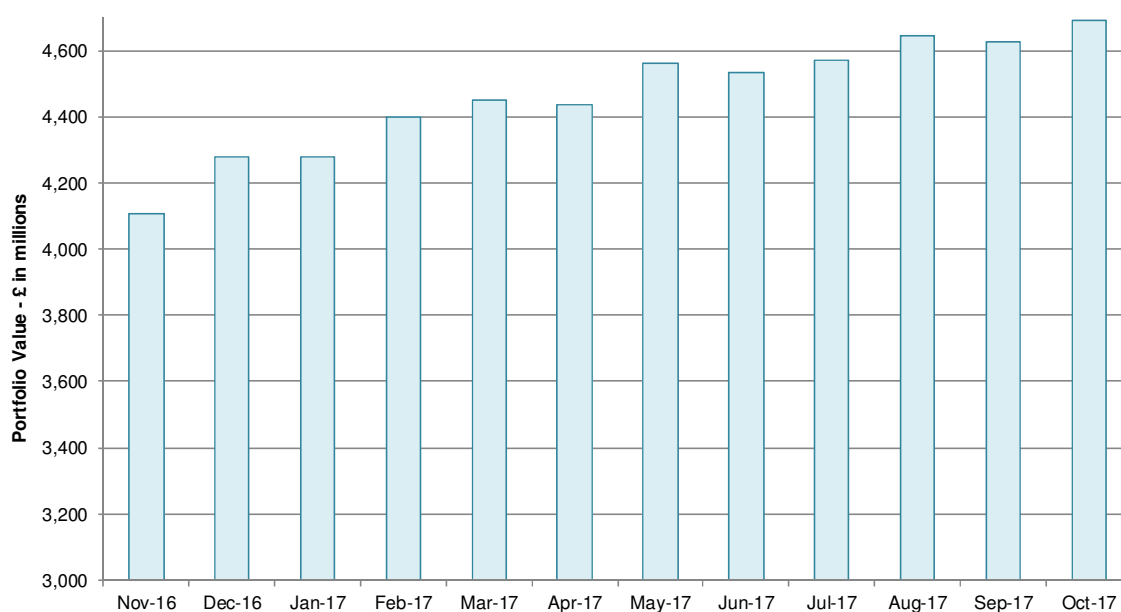
(2) Benchmark Return for the three months to 30 September 2017

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

### (iii) Total Investment Assets

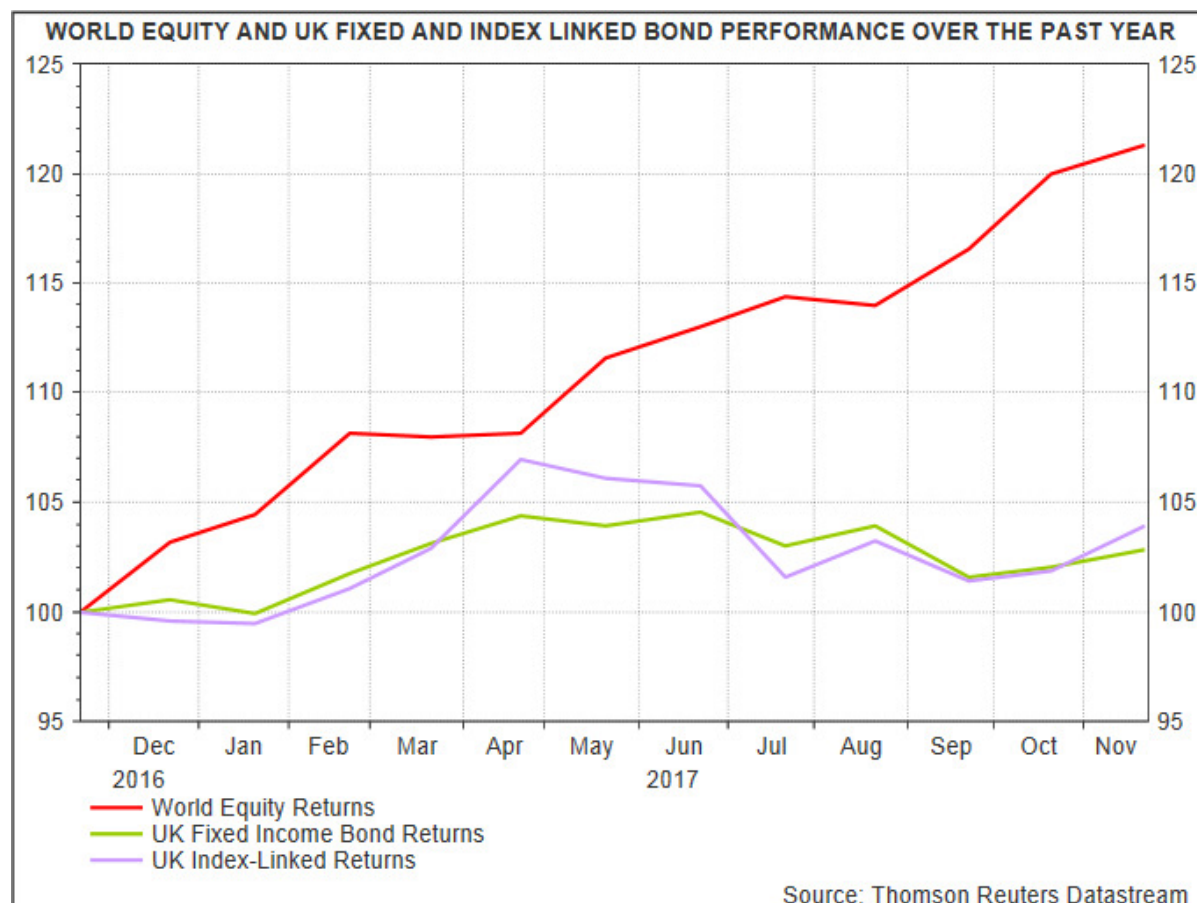
The Fund's investment assets increased by £119.1m (+2.6%) between 31 July 2017 and 31 October 2017 to £4.7bn. Over the twelve months to 31 October 2017, the Fund's investment assets have risen by £482.3m (+11.5%), reflecting strong equity market returns. A copy of the Fund's valuation is attached at 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.

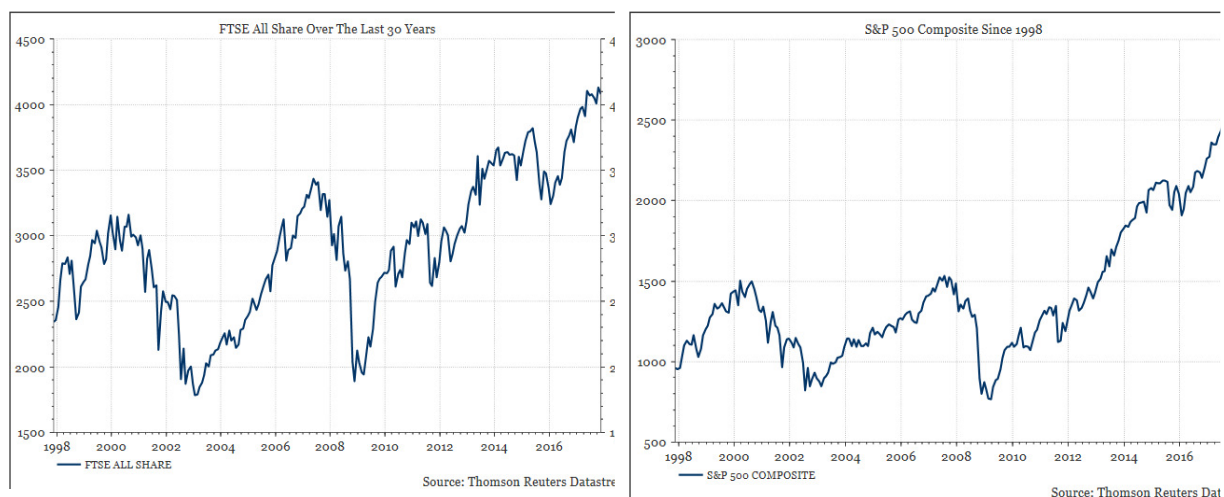
## Market returns over the last 12 months



The chart above shows market returns for World Equities, UK Fixed Income and UK Index Linked bonds between 23 November 2016 and 22 November 2017.

Equity markets have continued the strong rally started in November 2016 when the election of Donald Trump boosted expectations of higher economic growth and lighter regulation. After a pause in the summer months, caused by political concerns and a renewed focus on rising interest rates, the rally in equity markets resumed in September on the announcement of Trump's plan to overhaul the US tax regime. Bonds have largely traded sideways over the last 12 months, strengthening at the end of Q1 2017 on doubts over Trump's ability to deliver his proposed fiscal stimulus and signs of a slowdown in US economic growth, and weakening at the end of Q2 on more hawkish noises on potential interest rate rises and the resumption of the Trump reflation trade.

Asset class weightings and recommendations are based on values at the end of October 2017. Many global stock markets are now trading at all-time highs and it should be noted that recent asset class returns (see charts below which show the long term value of the FTSE All Share and S&P 500 Composite) are 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 30 September 2017.

Per annum	The Fund	Benchmark Index
1 year	10.9%	9.6%
3 year	10.8%	10.0%
5 year	10.9%	10.3%
10 year	7.2%	6.6%

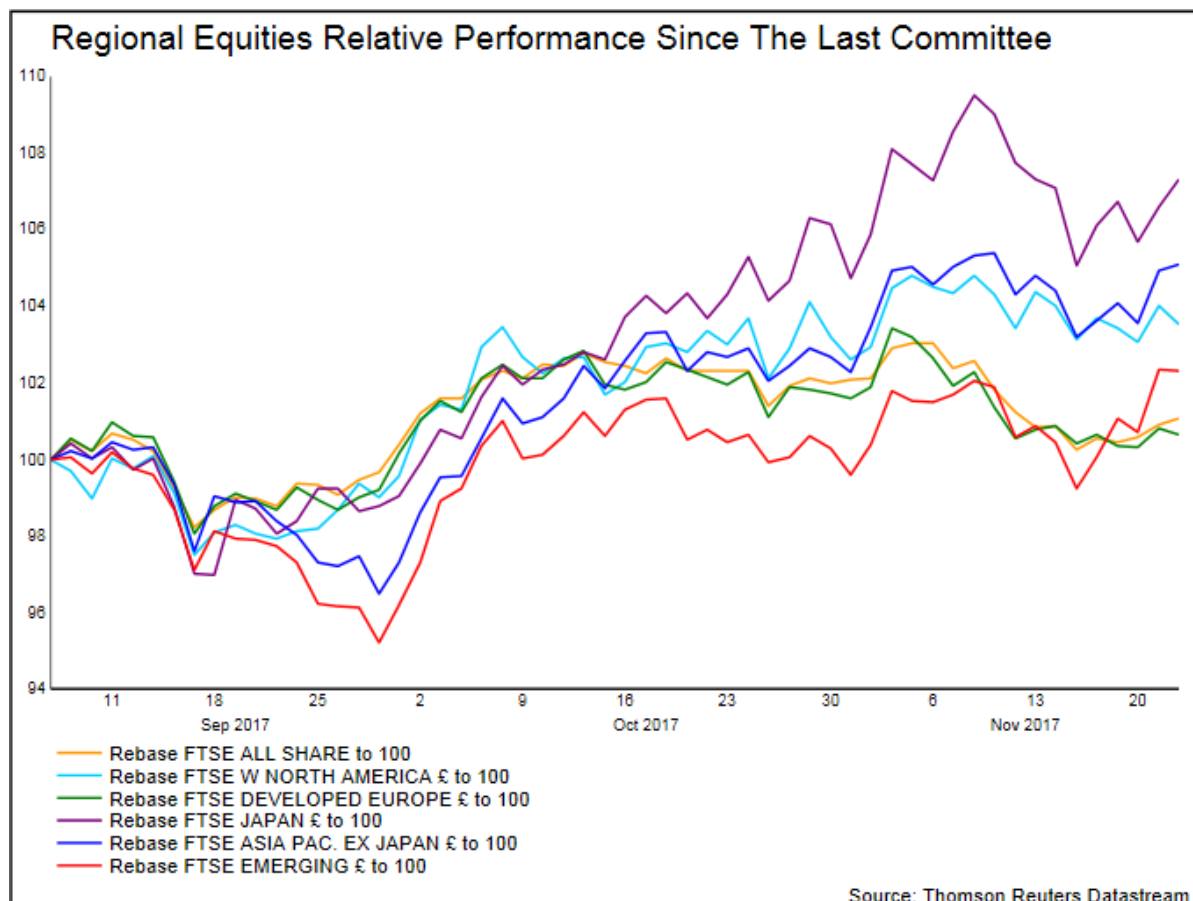
The Fund outperformed the benchmark over each of the periods.

### (vi) Asset Class Recommendations

#### Equities

At the last meeting it was agreed to reduce the overall weighting in Equities to 64.8%, a 6.8% overweight position against the benchmark at 31 October 2017. At 31 October 2017, the overall equity weighting was 65.5%, driven by continued strong equity returns. The IFMT recommendations below would take the overall equity weighting to 62.7%.

The Chart below shows the relative regional equity returns since the last meeting on 6 September 2017.



## UK Equities

It was agreed that the Fund would reduce its weighting from 27.2% to 26.7%. Benchmark UK Equities returned 2.8% in the period, whilst there was minimal divestment in the period, relative market weakness reduced the weighting to 26.9% at 31 October 2017.

Mr Fletcher notes that while it is always difficult to underweight UK equities because they represent the home market, he is becoming increasingly concerned about the low level of real earnings growth, the level of consumer debt and the squeeze this could put on the UK economy. Combined with the poor pace of progress on Brexit, sentiment towards UK equities could become negative and lead to a generalised weaker performance for UK equities relative to overseas equities. The fact that the majority of the earnings of the FTSE 100 companies come from overseas economies does afford some protection. Mr Fletcher recommends a 1.0% underweight allocation. The IFMT believes that, whilst the immediate impact of the UK referendum vote has been significantly less than expected, there is now evidence of an economic slowdown, exacerbated by the squeeze on real incomes caused by higher inflation. The UK market is likely to experience periods of volatility related to the Brexit negotiations, which could be compounded by any increase in concern on the impact of Brexit on financial institutions. The position of the coalition government in the UK also increases

the likelihood of politically induced market volatility in the short to medium term. The IFMT, therefore, recommends that the current allocation is reduced by 2.7% to 24.2% over the next quarter, 0.8% underweight against the benchmark.

### **Northern American Equities**

At the last meeting it was agreed to maintain the weighting at 11.1%, 0.9% underweight against the benchmark of 12%. There were no transactions in the period and the weighting at 31 October was in line with that recommendation. Benchmark US Equities returned 4.0% in the period.

Mr Fletcher notes that the US equity market remains overvalued, but earnings growth remains positive, whilst GDP growth is higher than expected at 3% and inflation lower than expected at 2%. Mr Fletcher believes that despite the overvaluation, it is difficult to be underweight this asset class and recommends staying at a neutral position. The IFMT continues to believe that current valuations leave little room for disappointment in earnings. Company profit margins already stand at cyclical highs, meaning revenue growth will have to drive earnings growth; with US GDP growth expected to be in the region of 2.5% in the medium term that is likely to prove difficult. As a result, the IFMT recommends 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 1.7% overweight position of 10.7%. Whilst there were no transactions in the period, relative market strength (benchmark European Equities returned 3.3% in the period) increased the weighting to 10.8% at 31 October 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 recommends that the current 1.8% overweight position of 10.8% is maintained, despite rising political concerns, with equities supported by an improving economic outlook and corporate earnings growth.

### **Japanese Equities**

At the last meeting it was agreed to maintain a 1.8% overweight position of 6.8%. There were no transactions in the period, but a benchmark return of 6.2% increased the weighting to 7.2% at 31 October 2017, taking it slightly higher than the permitted range.

Mr Fletcher notes that the Japanese market has enjoyed a very strong run since Mr Abe's General Election victory in October. The economy continues to do well and on a fundamental basis the market is now only fair value relative to the rest of the world, though cheap relative to its own history. Mr Fletcher notes that whilst it might be worth taking some profits after such a strong market run (+16% in local currency terms since the end of September), the domestic and regional economic fundamentals underpinning the Japanese equity market have not changed. Mr Fletcher continues to recommend a 1% overweight position of 6%. Following the recent strength in the market, the IFMT recommends reducing the weighting by 0.2% to 7.0%, which will bring it back to the top of the permitted range. The positive economic performance and continued success of Mr Abe's reforms continue to justify an overweight position relative to the Fund's Strategic Benchmark.

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

It was agreed that the Fund would retain the Asia Pacific Ex Japan weight at 5.5% (1.5% overweight) and the Emerging Market weight at 4.0% (1.0% overweight). The Asia Pacific Ex Japan weighting at 31 October 2017 was in line with that recommendation, with a modest divestment being offset by a Benchmark return of 3.8%. The Emerging Market weighting increased by 0.1% to 4.1% at 31 October 2017 reflecting a Benchmark return of 3.8%

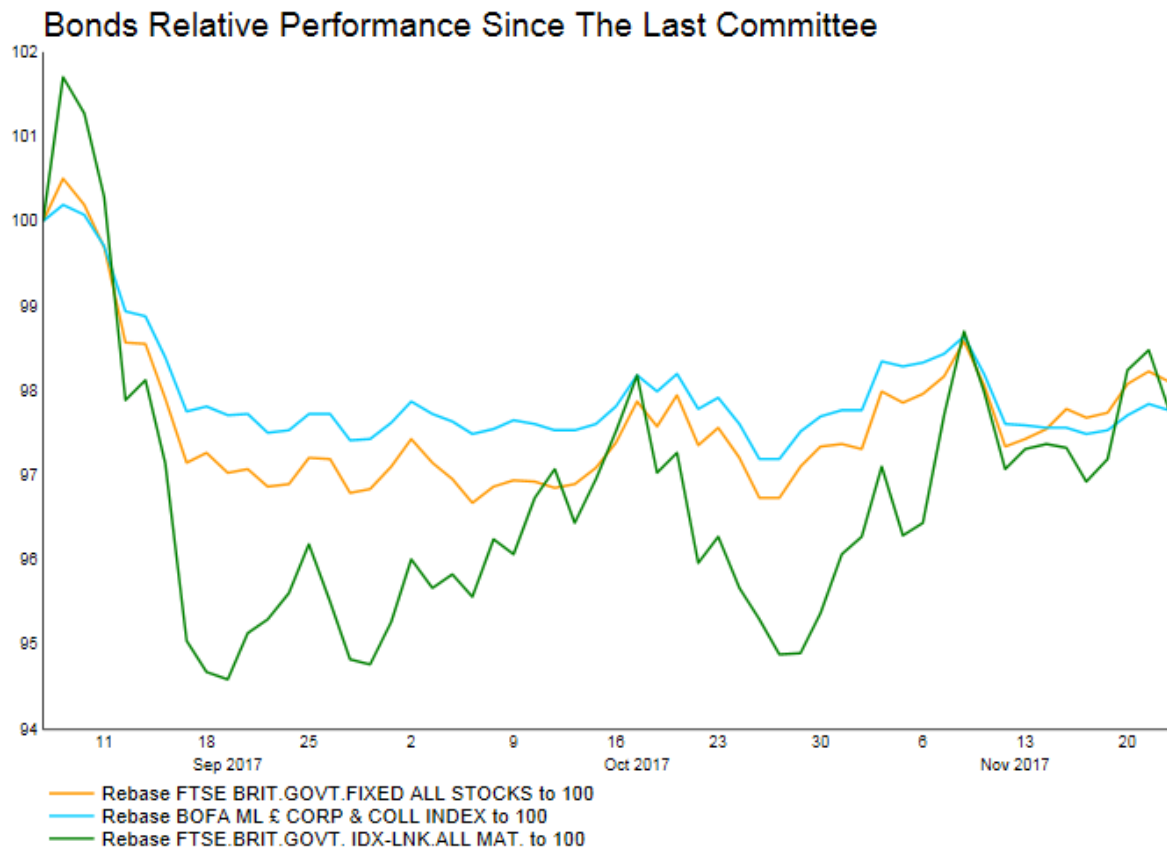
Mr Fletcher notes that these economies are growing roughly twice as fast as developed economies and have positive domestic macro fundamentals. As a result, Mr Fletcher recommends a 1% overweight position in both regions. The IFMT continue to believe in the long term growth potential of these regions and recommends maintaining the 1.5% overweight position in Asia Pacific Ex Japan and the 1.1% overweight position in Emerging Markets.

### **Bonds**

At the last meeting it was agreed to increase the overall weighting in bonds to 19.3%, a 2.7% underweight position. At 31 October 2017, the overall weighting to bonds was 18.8%, reflecting negative returns over the period. The IFMT recommendations below would take the overall bond weighting to 19.6%.

The Chart below shows the relative regional bond returns since the last meeting on 6 September 2017.





Source: Thomson Reuters Datastream

## Conventional Bonds

It was agreed to maintain the allocation at 5.7%, 0.2% overweight against the benchmark. Relative market weakness reduced the weighting to 5.4% at 31 October 2017, with benchmark Conventional Bonds returning -0.5% over the quarter.

Mr Fletcher recommends a 1.5% underweight position of 4.0% against the benchmark. Mr Fletcher anticipates that the overall direction of government bond yields is likely to be higher over the next year because growth and inflation are likely to be higher in 2018. Mr Fletcher expects that US rates will be increased twice more before the end of 2018. Whilst the BoE increased the Bank Rate by 0.25% to 0.50% in November, Mr Fletcher does not anticipate any further rate rises in the UK, Europe or Japan over the next twelve months. The IFMT recommends maintaining the current 0.1% underweight allocation of 5.4%. Despite sovereign bonds appearing to offer few attractions in a rising rate environment, structural drivers of low rates remain unchanged and tightening is unlikely to be aggressive in the absence of a more enduring spike in inflation. Conventional Bonds afford greater protection than other asset classes in periods of market uncertainty and they fulfil the role of diversifying assets in the portfolio.

## **Index-Linked Bonds**

At the last meeting it was agreed to hold a 0.8% underweight position of 5.7%. Relative performance weakness reduced the weighting to 5.6% at 31 October 2017. Benchmark Index-Linked bonds returned 1.4% 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 IFMT has maintained its position in US Treasury Inflation Protected Securities (TIPS) and this has added value, both on an absolute and relative basis. Mr Fletcher believes that it is appropriate to continue to be overweight in US TIPS and underweight in UK Index-Linked gilts. The IFMT agrees with Mr Fletcher regarding the current value of UK Index-Linked bonds and recommends that the current 0.9% underweight position of 5.6% is maintained with the current exposure to US TIPS (around one third of the Index-Linked portfolio) also maintained due to the yield uplift available over UK Index-Linked bonds.

## **Corporate Bonds**

At the last meeting, it was agreed to maintain the weighting at 5.3%. Whilst there were no transactions in the period, relative market weakness reduced the weighting to 5.2% at 31 October 2017. Benchmark Corporate Bonds returned 0.1% over the quarter.

Mr Fletcher has maintained his neutral weighting of 6.0% and believes that the benign outlook for government bonds and the increasing profitability of corporates means that non-government bond yields are attractive on a relative basis, despite the low level of spread. Whilst spreads are lower than they have been since the Global Financial Crisis (GFC), they appear to represent reasonable value when compared to spreads available before the GFC and the investment grade market is arguably of better quality now. Following a period of relative underperformance, the IFMT believes that Corporate Bonds now represent better relative value compared to other asset classes. Taking into account the higher yields on offer and the lower interest rate risk compared to sovereign bonds, the IFMT recommends increasing the allocation from 5.2% to 5.7%. The recommendation is still to remain underweight, albeit marginally, because there remains a risk that the yield pick-up compared with sovereign bonds is currently insufficient to compensate for the increased default risk. It is intended that a relatively defensive position will be maintained within the asset class.

## Multi-Asset Credit

At the last meeting it was agreed to increase the invested weighting to 2.6% and the committed weighting to 3.9%. Investment in the period totalled £27.5m and the invested weighting increased to 2.5% at 31 October 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 continues to remain positive about the attractions of this asset class, preferring 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 recommends increasing the invested weighting by 0.4% to 2.9% and maintaining the committed weighting at 3.9%.

## Property

At the last meeting it was agreed to maintain the overall allocation to Property at 6.6%; a 2.4% underweight position. Investment in the period totalled £1.7m and the weighting remained flat at 6.6%, with Direct Property accounting for 3.8% (1.2% underweight) and Indirect Property accounting for 2.8% (1.2% underweight). Benchmark property returns in the three months to 30 September were 2.3%. The recommendations below would increase the overall Property weighting to 6.8%.

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 recognises that the approach of buying well researched quality properties at the right price and minimising voids can lead to delays in sourcing new property investments but it is likely to continue to be a successful strategy in the future. The IFMT recommends increasing the Direct Property weighting to 4% and the external discretionary manager continues to seek out attractive propositions. The IFMT recommends that the current Indirect Property weighting is maintained whilst the IFMT continues to assess funds, with a focus on vehicles invested in specialist areas which provide strong covenants and sustainable rental growth. On a committed basis, the Indirect Property weighting is 3.8%.

## **Alternatives**

At the last meeting it was agreed to increase the overall allocation to Alternatives to 4.2% on an invested basis and 7.4% on a committed basis against the neutral benchmark of 9%. At 31 October 2017, the invested weighting was 4.6%. The recommendations from the IFMT, set out below, increase the invested weighting to 5.3% and the committed weighting to 8.6%.

## **Infrastructure**

It was agreed at the last meeting to maintain the invested weightings at 2.2%, against a neutral position of 5%. Investment in the period totalled £17.9m, reflecting some unexpected attractive opportunities, increasing the invested weighting to 2.6% at 31 October 2018; 4.4% on a committed basis.

Mr Fletcher has maintained his neutral weighting of 5%, whilst reflecting that the demand/supply imbalance of opportunities remains. The asset class remains attractive relative to fixed income alternatives and the IFMT continues to assess opportunities, recommending that the invested weighting is increased to 3.3%, taking the committed weighting to 4.4%.

## **Private Equity**

At the last meeting it was agreed to increase the invested Private Equity weighting by 0.4% to 2.0%, 3.8% on a committed basis. Investment in the period totalled £21.7m and the invested weighting increased to 2.0% at 31 October 2017.

Mr Fletcher recommends a neutral weighting of 4% in Private Equity. The asset class continues to offer lower relative valuations than public equities and a larger target universe. The IFMT recommends maintaining the invested weighting at 2.0% as opportunities continue to be assessed. The IFMT expects commitments to increase to around £105m in the next three months, taking the committed weighting to 4.2%.

## **Cash**

It was agreed to reduce the cash weighting to 5.1%, however the actual cash weighting at 31 October 2017 was 4.6%, reflecting higher than expected net investment. Mr Fletcher notes that the Fund is cash flow positive and has no requirement to carry the currently “quite high” cash balance. However, he acknowledges it has declined over the year as committed funds have been taken up and that much of the remaining cash is committed to fund managers who have yet to “draw down” their allocations. The IFMT continues to believe that valuations on public markets are currently very rich, with many stock markets trading at demanding valuations and bond markets appearing to offer

poor long term value. Opportunities in more attractively priced private markets remain difficult to source. Markets continue to be sanguine about the level of political risk globally and earning assumptions appear to be very optimistic. Against this background, the IFMT recommends a defensive cash allocation of 5.6%, with a continued emphasis 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



Third Quarter 2017 Investment Report  
Prepared for

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

December 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 12<sup>th</sup> December 2017

Date of paper 21<sup>st</sup> November 2017

## 1. Market Background

Global equity markets continued to deliver good returns, underpinned by broadly positive economic data indicating a seemingly synchronised global expansion. Factors such as strengthening employment, continued accommodative monetary policy, supportive financial conditions, favourable investor sentiment, relatively low volatility and the potential for fiscal stimulus helped sustain world economies during the period.

However, the broad view is that markets remain fragile, high asset valuations could potentially indicate a turn in the credit cycle and geopolitical tensions could impede further growth.

UK equities had a more subdued quarter relative to other major markets as uncertainty over Brexit continued and the appreciation of Sterling dampened overall overseas equity market performance. Inflation rose in 3Q overshooting the Bank of England target. The UK property market remained buoyant in the quarter, with growth remaining above inflation and low interest rates contributing to high returns on investment. The Bond market trends seen since early 2017 continued into Q3. The favourable backdrop helped investment grade corporate bonds and high yield issues; government bonds were mostly flat, except in the UK which saw a sell-off due to inflation worries; corporate bond spreads continued to narrow over the third quarter as geopolitical concerns arose over the North Korean nuclear programme.

The US dollar continued its decline into the third quarter of 2017 as investors favoured the Euro, with political concerns continuing to ease and better economic data surfacing in the Eurozone, some emerging market currencies were also stronger. Sterling also strengthened over the period against a weaker US dollar on the back of the Bank of England suggesting a rate hike in Q4. The oil price, which had declined in the two previous quarters, recovered in Q3 to \$56.1 a barrel after OPEC announced that it was considering extending or deepening output cuts.

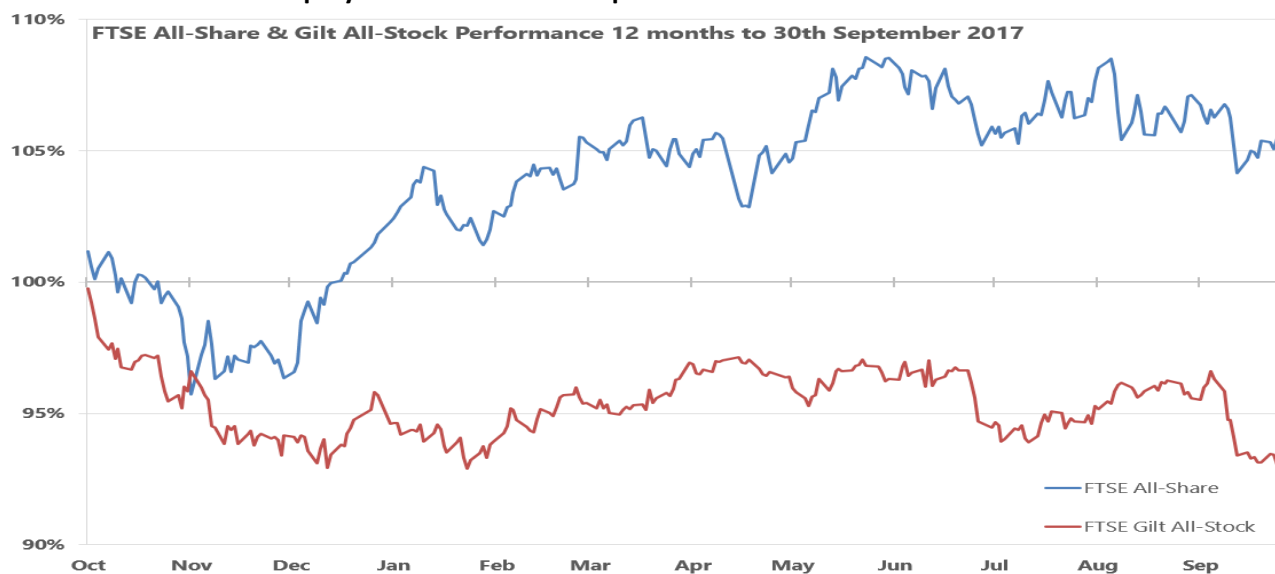


**Table 1**, below shows the total investment return in pound Sterling for the major asset classes; for the month of October 2017, 3 and 12 months to the end of September 2017.

% Total return dividends reinvested			
	Market returns		
		Period end 30 <sup>th</sup> September 2017	
	October 2017	3 months	12 Months
FTSE All-Share	1.9	2.1	11.9
FTSE World ex UK	3.3	1.9	15.8
North America	3.2	1.4	14.9
Europe ex UK	1.5	3.9	22.6
Japan	5.8	0.8	11.4
Pacific Basin	4.8	0.2	14.4
Emerging Equity Markets	3.6	4.5	16.6
UK Gilts - Conventional All Stocks	0.3	-0.5	-3.6
UK Gilts - Index Linked All Stocks	0.9	-0.7	-3.8
UK Corporate bonds*	0.5	0.2	0.0
Overseas Bonds**	0.4	0.4	-2.3
Property IPD quarterly		2.3	9.1
Cash 7 day LIBID	0.02	0.06	0.2

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

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

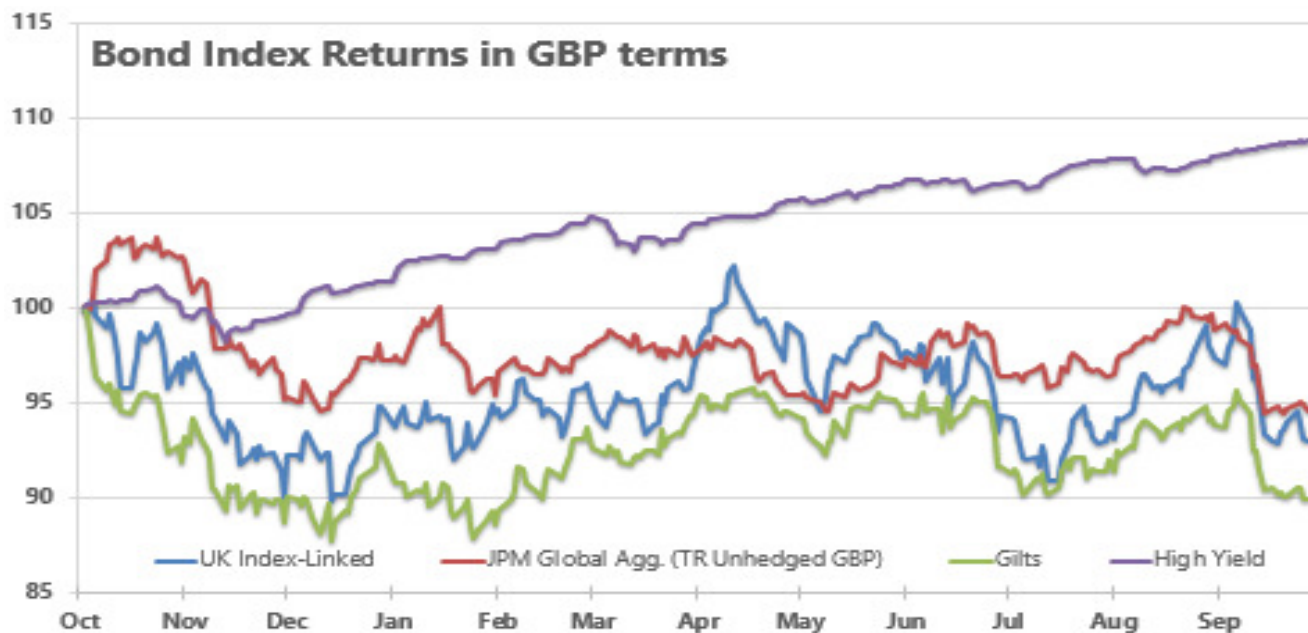


Source: - Bloomberg

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

Bond Market % yield to maturity	30 <sup>th</sup> June 2017	30 <sup>th</sup> September 2017	Change	30 <sup>th</sup> September 2016	Current 10 <sup>th</sup> November 2017
<b>UK government bond (gilts)</b>					
10 year	1.26	1.37	<b>+0.11</b>	0.75	1.34
30 year	1.87	1.92	<b>+0.05</b>	1.49	1.90
10 Index linked	-1.68	-1.71	<b>-0.03</b>	-2.03	-1.75
30 Index linked	-1.52	-1.47	<b>+0.05</b>	-1.75	-1.54
<b>Overseas government bond</b>					
10 US Treasury	2.31	2.33	<b>+0.02</b>	1.59	2.40
10 Germany	0.47	0.46	<b>-0.01</b>	-0.12	0.41
10 Japan	0.09	0.07	<b>-0.02</b>	-0.09	0.03
<b>Non-government bond</b>					
UK corporates	2.41	2.47	<b>+0.06</b>	2.21	2.45
Global High yield	5.37	5.11	<b>-0.25</b>	5.91	5.32
Emerging markets	5.04	4.77	<b>-0.27</b>	4.58	4.99

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

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

Source: - Bloomberg

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

Source: - Bloomberg

#### Recent developments.

Since the end of the quarter the Bank of England has raised rates, by 0.25% taking back the cut they made after the referendum result on the summer of 2016. While I do not believe they will be in a position to increase rates again for some time they have left the doubt in the market which is no bad thing given the level of inflation and the need by the bank to get rates a little higher just in case they need to cut them again! Mr Hammond's 1<sup>st</sup> November full budget, was at least entertaining but extremely light on measures to improve the UK economy which is hardly surprising given the weakness of earnings, higher inflation, a continuation of austerity, a delay in balancing the budget and the uncertainties over the main issue facing the UK economy namely Brexit. Despite the rise in rates bond market yields fell slightly as can be seen in table 2 above and the equity markets were stronger. As I write the rumours are writhe that the government will be paying the EU closer to £50 billion to leave and that these payments will be phased over a very long time horizon indeed, but this should come as no surprise to anyone.

## 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 September 2017. The performance data has been provided by Portfolio Evaluation Limited (PEL) using their own data for the 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 its benchmark over 3 and 12 months, 3,5,10 years and since inception on a net of fees basis. Market returns in the third quarter were again lower than the average of the last 4 quarters. The PEL attribution data suggests that Asset Allocation was the main driver of positive returns overall.

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

% Total return 30 <sup>th</sup> September 2017	3 months		12 months	
	Derbyshire Pension Fund	Benchmark	Derbyshire Pension Fund	Benchmark
UK Equity	2.7	2.1	13.4	11.9
Overseas Equity	2.1	2.3	17.0	16.7
North America	0.2	1.4	14.4	14.9
Europe	3.7	3.7	22.3	22.3
Japan	2.1	0.8	15.4	11.4
Pacific Basin	1.1	1.8	13.8	15.8
Emerging markets	4.4	4.5	17.5	16.5
UK Gilts	-0.3	-0.5	-3.3	-3.6
UK and Overseas Inflation Linked	0.1	-0.7	-1.5	-3.8
UK Corporate bonds	0.4	0.3	1.4	0.1
Multi-asset Credit	0.8	0.8	6.1	3.3
Alternatives (all sectors)	0.8	1.4	10.2	8.0
Property (all sectors)	2.1	2.3	8.8	9.1
Cash	0.1	0.0	0.3	0.1
<b>Total Fund</b>	<b>1.7</b>	<b>1.6</b>	<b>10.9</b>	<b>9.6</b>

**Total fund value at 30<sup>th</sup> September 2017 £4,627 million**

### Equity performance

The largest allocation in the Fund is to the UK equity market representing 27% of total assets under management at the end of the quarter roughly the same as at the end of the 2<sup>nd</sup> 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 negative contribution to performance in the quarter and this has dragged the relative performance down to 14.4 versus 14.9% for the benchmark, but returns are close to 2% per annum (pa) above benchmark in all longer periods since inception in 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 0.8% 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 third quarter the Japanese equity performance was ahead of benchmark; Pacific Basin behind and Emerging equities in line with their specific benchmarks. Over 12 months Japanese and Emerging equities were well ahead of benchmark, with the Pacific Basin lagging behind. The 3 year numbers 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's bond portfolio outperformed.

Over the year, the exposure to outperforming US TIPS and the underweight duration and asset allocation helped the DPF inflation linked bond portfolio outperform the Index Linked 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 underperformed over the quarter, but over 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 3.8 to 4.3% with further cash committed but as yet un-invested by the selected managers.

### **Property**

Over the quarter the allocation to direct and indirect property funds underperformed. Over the longer term direct property investments have helped the allocation outperform the benchmark whereas indirect property returns have been more mixed. Total return from the sector remains strong and positive on an absolute and relative basis.

### **Asset Allocation**

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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 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.

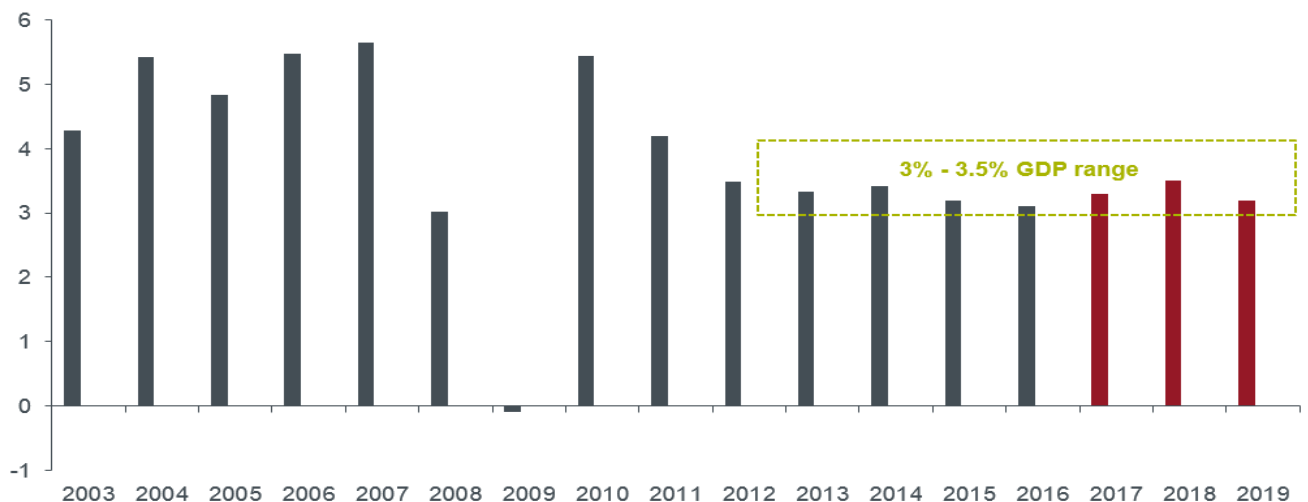
### 3. Economic and Market outlook

#### Economic background

As I mentioned in my last report the global economy has produced fairly steady growth helped by a 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 and the global Purchasing Managers index, (an economic confidence measure) is above 50 in all major economies reflecting the breadth of the economic upturn. 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 again higher and above expectations in the third quarter of 2017 and this trend is expected to continue. Sadly this cannot be said for the UK where GDP has again been revised lower, the impact of inflation on real incomes and therefore consumption being the main driver of poorer growth.

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

#### Consensus world GDP growth (%)



Source: Bloomberg, as at June 2017

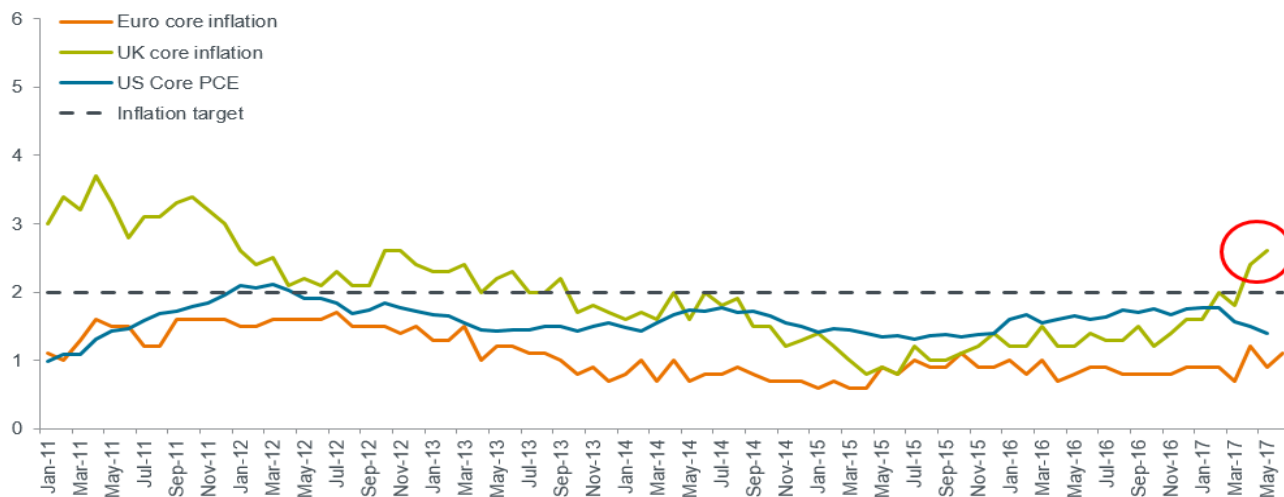
Notes: Red bars represent current consensus forecasts

The consensus opinion is that the US economy can continue to grow for another couple of years before the risk of recession begins to increase. This optimism is partly based on corporate tax reform which is expected this year and bank deregulation which is expected towards the end of next year.

In terms of Inflation see chart 5, strong activity has not yet translated into higher inflation. 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 1<sup>st</sup> November, noted that "Imported inflation, prompted by the fall in sterling since late November 2015, had been by far the dominant factor driving CPI inflation above the target". While the year-on-year effect of that fall in sterling should dissipate, the bank noted that unit labour costs had risen more than expected and lower wage costs in the public sector were not expected to be persistent and that these factors had contributed to the decision to raise rates by 0.25%.

**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 %)

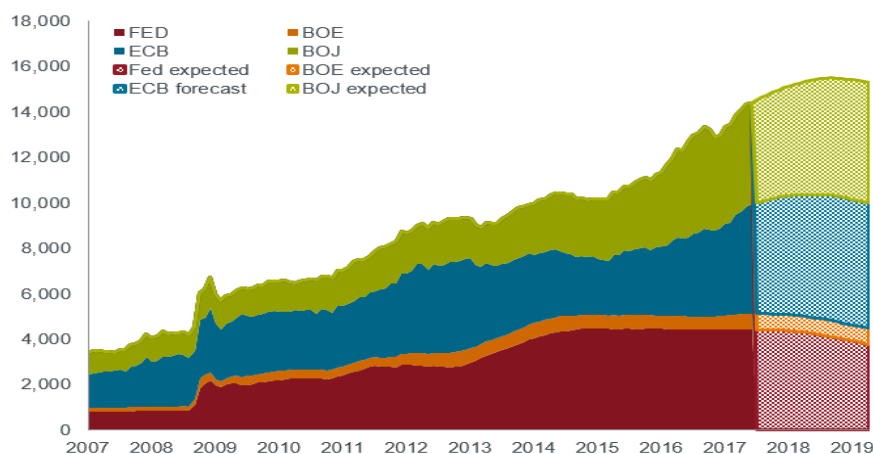


Source: Bloomberg, as at 30 June 2017

Monetary policy, the US Fed has kept rates unchanged since June but is expected to increase rates again in December and a couple more rate increases are expected next year. It has also decided to start the process of unwinding QE, to achieve this it has stopped reinvesting coupon and redemption proceeds, this process has been named Quantitative Tightening (QT) and has not been tried before. In March, the BoE stopped easing through QE and in November decided to take back the 0.25% “insurance cut”, it made post the referendum result. The ECB and Bank of Japan (BoJ) have continued to ease albeit at a slower rate. Chart 6 below shows the combined 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 will continue for a while longer.

**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



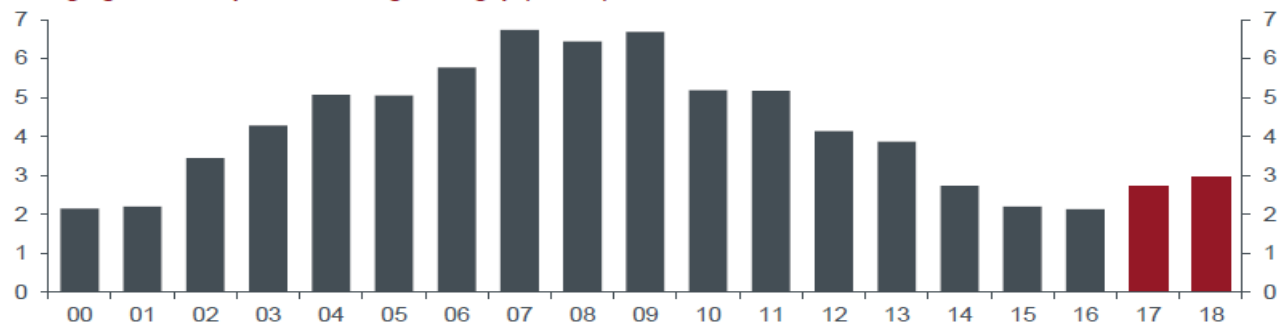
The much larger dampening effects of the continued high debt burden and demographics will prevent developed market growth from going much higher than about 3%. Inflationary pressures in the near term outside of the UK seem to have abated, but for sound economic reasons the US Fed is likely to continue 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 bond yields drift sideways and a ironically a weaker US dollar.

Rising incomes and a switch to domestic demand are helping to drive growth in the Emerging economies which means they 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

In terms of political risk, the markets seem to have become accustomed to Mr Trump's style and his recent trip to Asia and heavy handed approach to North Korea has been hailed as a great success.

In Europe, Mrs Merkel's CDU and her the partners the CSU remain the largest party after the general election but like the SPD, all lost ground to more right wing or nationalist smaller parties like the FDP and the AfD. The AfD "Alternative for Deutschland" is the 3<sup>rd</sup> largest party with 12.6% of the vote and it is this shift that is making difficult for Mrs Merkel to form a new coalition government. This continues the trend of European election results that has seen less "consensus pro-euro" and more nationalist and predominantly right wing parties, gaining ground in the popular vote, if not in actual political power. At the time of writing there is still no government in Germany and Mrs Merkel has talked about the possibility of calling a new General Election.

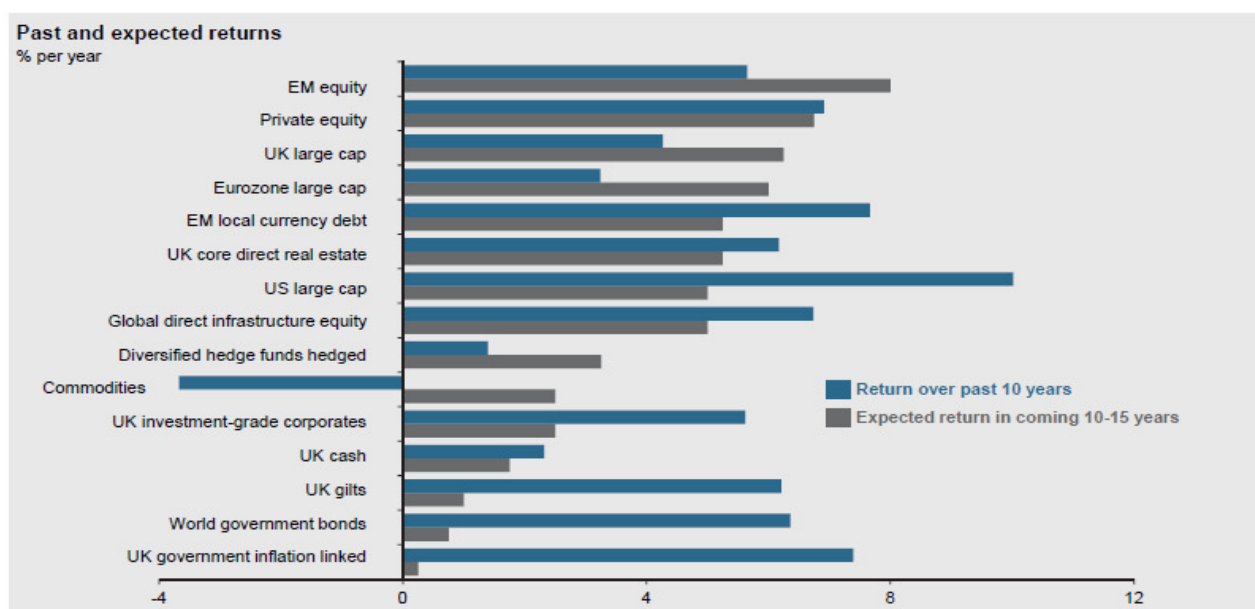
The result of the illegal and largely ignored, independence referendum on Catalonia has caused something of a crisis in Spain. The Spanish Federal Government had little it could do from a constitutional point of view, but it is important to see how it responds post the crisis and how well mobilised, the voting population will be when the next election in Catalonia is held.

The UK government, seems to stumble from one crisis to another and the Brexit negotiations continue to go round and round. I do not believe that we will ever know the real value for the Financial Settlement because it is not in the interests of either of the negotiators to quantify the actual figure. I also do not believe we will get a change in government until after the negotiations are supposed to complete in March 2019. In the meantime companies

that have close links, in terms of trade with Europe, are likely to start implementing their contingency plans because they cannot wait any longer for the start of the negotiations on trade in goods and services. This is especially true of service companies like banks and insurance companies that have no certainty over access to the European market post Brexit.

In the longer term JPMorgan Asset Management have just published their latest expectations of Long Term Capital Market returns set out in chart 8 below. These suggest that provided the global economy and markets see fairly benign inflation and reasonable growth over the next 10 to 15 years market returns from bonds and US equity market will be lower than those achieved in the last 10 years and higher for large cap UK and European Equity and for emerging equity in general.

**Chart 8: - Past and Expected returns.**

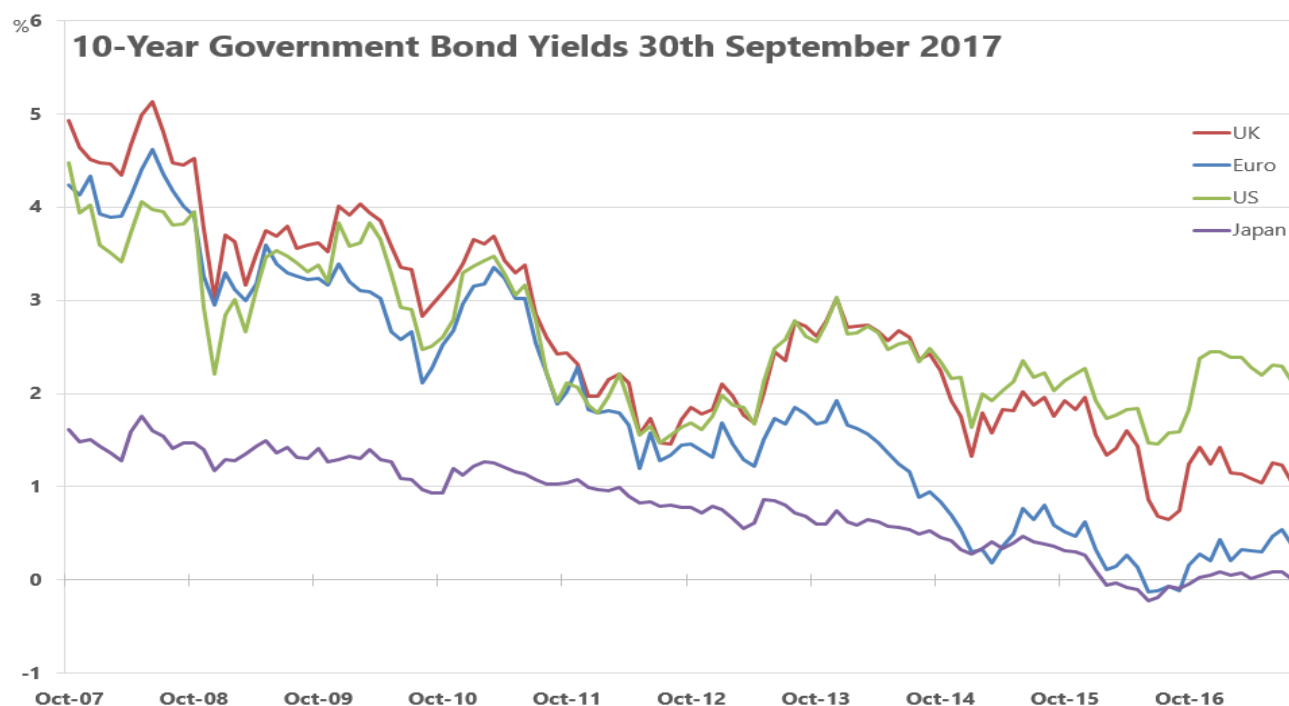


Source: 2017 Long-term capital market assumptions, J.P. Morgan Multi-Asset Solutions, J.P. Morgan Asset Management, October 2016. Returns are in GBP. The projections in the chart above are based on J.P. Morgan Asset Management's (JPMAM) proprietary long-term capital markets assumptions (10 – 15 years) for returns of major asset classes. The resulting projections include only the benchmark return associated with the portfolio and does not include alpha from the underlying product strategies within each asset class. The assumptions are presented for illustrative purposes only. The individual asset class assumptions are not a promise of future performance. *Guide to the Markets - UK*. Data as of 30 September 2017.

**J.P.Morgan**  
Asset Management

### Government bonds

As can be seen in Chart 9 below yields have generally moved sideways this year but they are higher than the summer of 2016, which means that total returns for government market have been negative over the last 12 months. The main reason for the change is the increased confidence in a sustainable path of higher economic growth and the increase in US interest rates. The US Fed has increased rates 4 times already and is widely expected to increase rates at least twice more in the next 12 months. It is difficult to see how much higher gilt yields can rise for domestic reasons given the forecast for growth in 2018 and 2019 and the uncertainty over Brexit. But rising US interest rates will keep the upward pressure on all developed market government bond yields.

**Chart 9: - Government bond yields, last 10 years**

Source: - Bloomberg

As a result it is entirely likely that gilts could deliver another negative quarterly return over the next 12 months, 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 been mixed in the third quarter with investment grade corporate spreads widening slightly but high yield and emerging debt spreads falling. It is still my expectation that as gilt yields rise, non-government bond yields are also likely to rise but because they have lower duration and higher yield therefore the total return is likely to be less negative than gilts and it is possible that spreads could narrow even further delivering an even greater outperformance.

Investment grade non-government bond yield spreads were on average 1.2% up from 1.1% in June 2017, making the all in yield for the Investment grade UK corporate bond index 2.45% at the end of September, this remains attractive compared to gilts but is close to the low seen since the beginning of the Global 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	1.32	11.7	0.5	-5.5	-4.5
UK Corporate Bonds	2.45	8.5	0.5	-3.6	-1.8
Global High Yield	5.32	4.0	0.5	-0.7	3.3

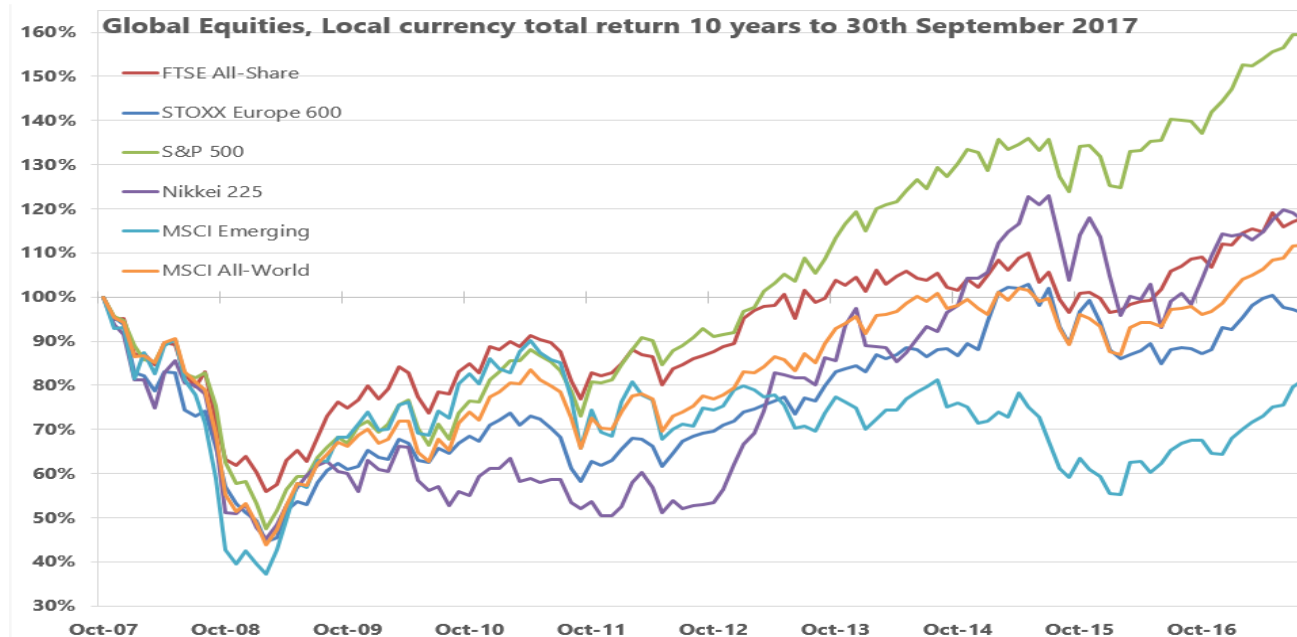
Source: - BofA Merrill Lynch Indices 10<sup>th</sup> November 2017

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 but given the benign outlook they are likely to outperform gilts.

## Equities

Chart 10 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 Global Financial Crisis and Europe (STOXX Europe 600) and emerging markets the poorest.

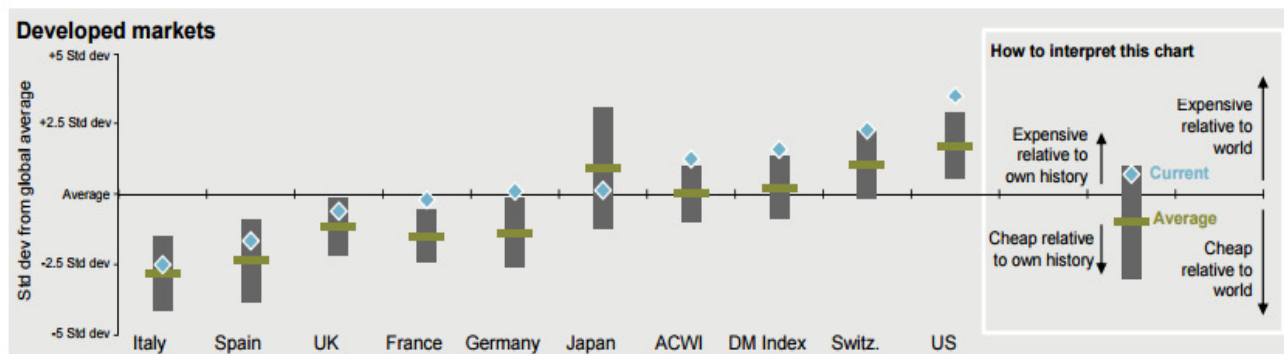
**Chart 10:** - Global Equity returns, last 10 years.

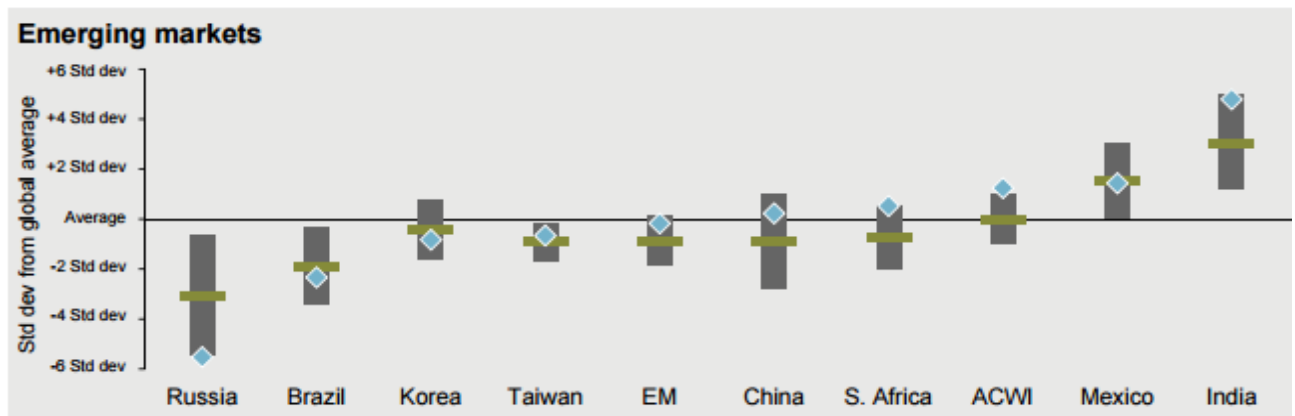


Source: - Bloomberg

Equity market valuations in developed markets are above average and expensive but as can be seen in chart 11 below, the US and Swiss markets are the most overvalued on a relative basis. However there is an argument that if the high performing “FANG” (Facebook, Amazon, Net-Flix, Google) stocks are excluded from the US data, general US equities valuations are not so stretched. Japan has become more fair value but is still cheap relative to its own average valuation and compared to the US. Relative valuations in Germany and France have recovered following their recent strong performance but Italy and Spain remain cheap and are likely to remain so given the long term adjustment difficulties of the Italian economy and the recent political difficulties in Spain. 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 11:** - Equity markets relative valuation MSCI indices since 2004

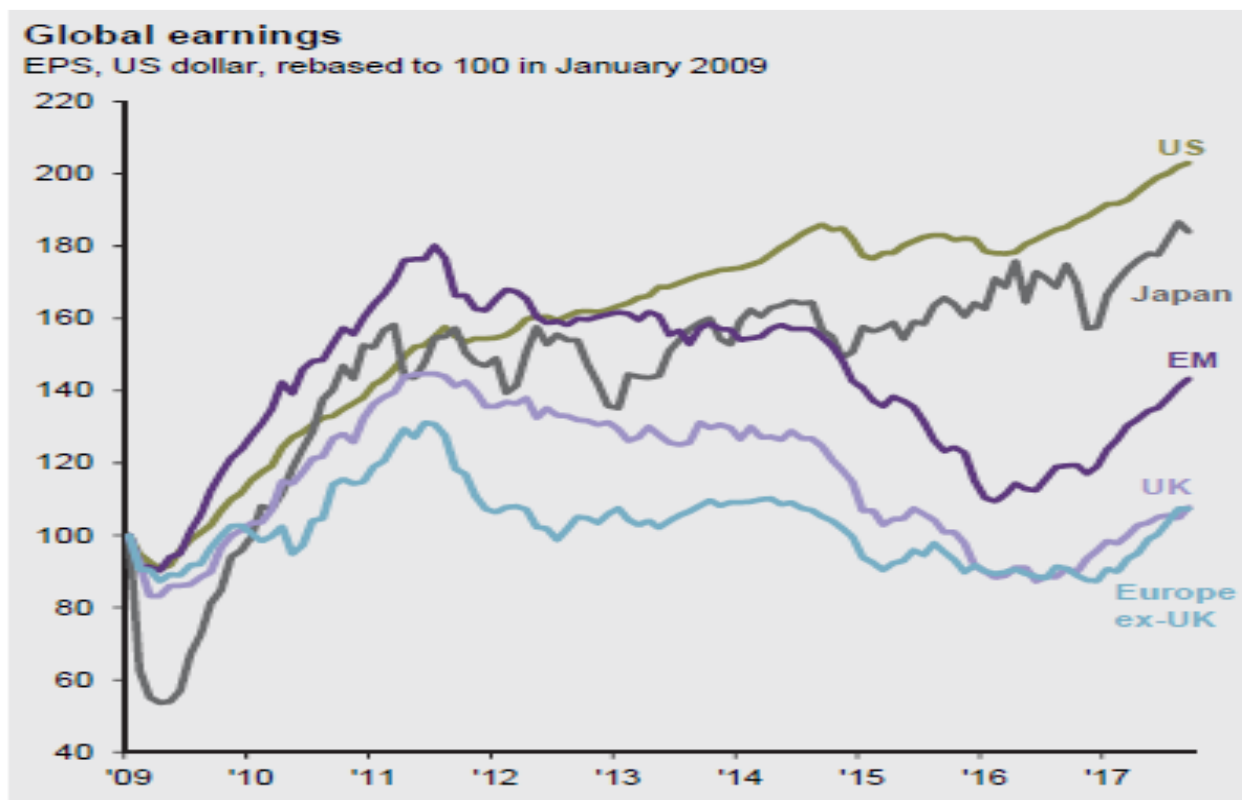




Source: - MSCI, DataStream, JP Morgan Asset Management, September 2017

Despite what the charts above suggest there is still room for optimism on the returns from global equity markets. Chart 12 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 12:** - Global Earnings per Share in US dollars since January 2009



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

Europe continues to recover from the crises of a few years ago and remains cheap because of the risks presented by the banking sector. The German election result was not as favourable as hoped with Mrs Merkel, at the time of writing still unable to form a new government coalition and now threatening a new general election. While a

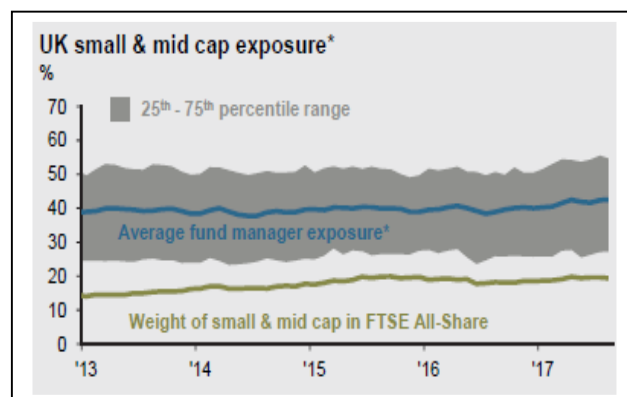
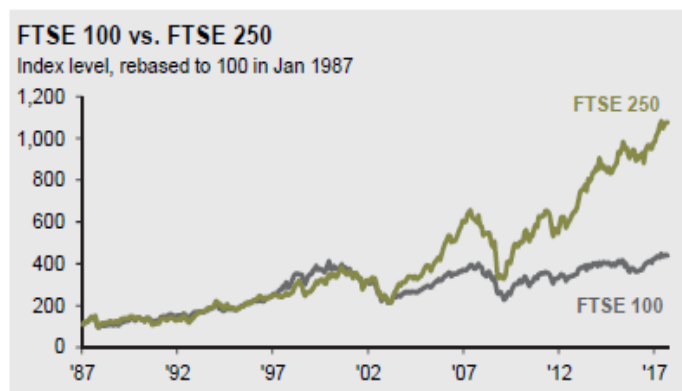
period of further short term volatility cannot be ruled out there are good stock selection opportunities and in general the region remains relatively cheap.

The fundamentals for most emerging economies remain positive, 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.

### UK equity

At the last board meeting I suggested that asset allocation to UK equity should be underweight. I realise this is difficult to achieve and the in-house team are moving to a lower weight from the weight in the old strategic benchmark. I would not normally suggest a shift in weight inside a market preferring instead to suggest an allocation difference at the overall level. But the different characteristics of the FTSE250 and FTSE100 may support the idea of a shift in emphasis on strategy in the UK Equity market. Over the last 9 years the FTSE250 has substantially outperformed the FTSE100, see Chart 13, below. This has been achieved on the back of better domestic demand in the UK, but with almost full employment and negative real wage growth expected to continue for some time it is difficult to see how this out performance to continue. Add to that the fact that consumer confidence, retail sales and overall growth rates are falling and consumer debt levels are extremely high. A switch from domestic sources of growth to international sources may be prudent either by further underweighting the UK as a whole or by shift in emphasis towards overseas earners in the FTSE100, it should be noted that also over 60% of the earnings of FTSE100 companies come from outside the UK. There is also a technical argument for considering such a switch, see chart 14, investors in small and mid-cap UK equity have held more than a double weight to this sector relative to its weight in the FTSE All-share, so that should this sector fall out of favour the outflow could cause significant underperformance.

**Chart 13:** - FTSE 100 relative to FTSE 250 index performance. **Chart 14:** - Relative weight of investor exposure.



Source: JPMorgan Asset Management September 2017.

## GDP Forecasts

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

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

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

Source: - Consensus Economics November 2017

Consensus estimates for 2017 and 2018, 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 revised to 3.1%, the advance estimate of third quarter growth is 3% despite the disruption of hurricanes Harvey and Irma. The components of growth were not so positive namely inventory growth and a fall in imports, lower investment, consumption and construction spending.

UK growth was confirmed at only 0.2% in the first quarter of 2017 (1.8% annual), in the second quarter the growth rate was confirmed 0.3%, over 12 months the rate is estimated at 1.5%. Third quarter growth has been estimated at 0.3% (1.5% pa) Positive contributions came from Industrial Production and weaker contributions from services and construction.

In Japan the first quarter the GDP annual growth rate was 1.5%, the second quarter was revised to 1.4% and the third quarter is estimated at 1.7%; this is the eighth straight quarter of expansion, 3q17 growth was boosted by Exports while private consumption fell for the 1<sup>st</sup> time in 2 years. Eurozone annual GDP grew by a confirmed 2.0% in the first quarter, and a revised 2.3% in the second quarter, the third quarter growth rate has been estimated at 2.5%.

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 July and November 2017.

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

% Change yoy	2017				2018			
	July		November		July		November	
	Consensus	AF	Consensus	AF	Consensus	AF	Consensus	AF
US	2.1	<b>2.4</b>	2.1	<b>2.3</b>	2.1	<b>2.4</b>	2.1	<b>2.3</b>
UK	2.7	<b>3.0</b>	2.7	<b>3.0</b>	2.7	<b>3.0</b>	2.6	<b>3.0</b>
Japan	0.5	<b>0.8</b>	0.4	<b>0.7</b>	0.8	<b>1.1</b>	0.7	<b>1.0</b>
EU 28	1.7	<b>2.0</b>	1.7	<b>2.0</b>	1.7	<b>2.0</b>	1.7	<b>2.0</b>

Source: - Consensus Economics November 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 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 March and December 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-November 2017.

Yields have moved sideways over the year to date as inflation 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 in 2018. The US Fed has left rates unchanged since their meeting in June but I continue to expect that they will have increased rates twice more by the end of 2018, as a result US bond yields could rise to around 2.70% by the end of the year. Now that the Bank of England have taken back their 0.25% “insurance cut” following the referendum result in the summer of 2016, I do not anticipate any further changes in official rates in the UK, Europe or Japan over the same period. The bond markets are expecting remarkably benign conditions going forward with almost no change expected in government bond yields for the next 12 months. While the Central banks outside of the US are not yet raising interest rates they are reducing the level of QE and the beginning of Quantitative Tightening (QT) in the US could cause some volatility in government bond markets. 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.

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

%	Current	March 2018	December 2018
<b>United States</b>			
3month LIBOR	1.41	1.50	1.75
10 year bond yield	2.40	2.60	2.70
<b>United Kingdom</b>			
3month LIBOR	0.53	0.50	0.75
10 year bond yield	1.34	1.50	1.60
<b>Japan</b>			
3month LIBOR	-0.05	0.00	0.05
10 year bond yield	0.03	0.10	0.10
<b>Germany</b>			
3month EURIBOR	-0.38	-0.07	0.00
10 year bond yield	0.41	0.50	0.50

Source: - Trading Economics; 10<sup>th</sup> November 2017

##### Bond Market Recommendations

Growth is still expected to remain above trend, the Fed is likely to raise rates in December 2017 and again next year and they will no longer be recycling coupons and principle repaid on their holdings of government bonds

purchased during the QE programme. This is being referred to Quantitative Tightening (QT), therefore it remains appropriate to focus on US government yields as the main driver for higher global government bond yields. Balanced against this the Bank of Japan is keeping 10 year yields pegged at 0.1% as part of their QE programme. The resulting capital flow from the Japanese Government bond market to the US Government bond market is artificially keeping global government bond yields low. At the time of writing this report US yields are slightly higher than the end of the third quarter and I continue to believe the overall direction of travel remains higher. Outside of the US and the UK, the central banks are still easing through QE, however these policies are coming to an end. Despite no change in official rates, government yields are like to move sideways with an upward tilt, but probably by less than in the US, until the Japanese end their QE programme

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. Equally with the benign outlook for government bonds and the increasing profitability of corporates, non-government bond yields are attractive on relative value basis despite the low level of spread. Spreads are lower than they have been since the Global Financial Crisis (GFC) but appear to be reasonable value compared to their history prior to the GFC and the investment grade market is arguably better quality that it was before the GFC, however once QE has truly ended 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, while I accept that tactically the current level of spread may not be attractive the overall level of yield relative gilts in benign environment argues for a neutral exposure. 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 in-house team have maintained their position in US TIPS and this has added value both on an absolute and relative value basis. Overall I believe it is appropriate to be underweight this asset class and to continue to hold the position in US TIPS instead of UK Index Linked gilts.

## 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	19.4	5.9	15.1	14.3
United States	1.9	9.7	11.5	19.8	17.7
Europe ex UK	3.1	17.9	8.8	16.2	14.9
Japan	2.1	18.5	6.1	14.8	14.0

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

Earnings growth has been revised lower in all regions for 2017 and 2018, reflecting analysts less optimistic outlook after such a good run in markets. This may prove to be correct in the UK but less so in the US and the rest of the world.

Equity markets have had a good year to date, supported by stronger, broader global growth that has driven an acceleration in corporate profits around the world. As can be seen in table 8 above analysts' forecasts of strong earnings growth for 2017 and 2018 look to be very much on course, having been supported by a wide range of positive second-quarter corporate results. As mentioned in the bond section above, the Macro environment is likely to remain supportive for some time and investor sentiment therefore positive. However markets have been pushed higher and look fairly expensive relative to their long term average price/earnings ratio. As a result it may be worth becoming more cautious on level of return we can expect going forward as so much good news is in the price and there has not been a meaningful correction for a while.

On a fundamental valuation basis the US is even more expensive than earlier in the year as is in aggregate Developed Market equity, whereas on a relative basis Japan fair value and Europe cheap. Emerging equities also appear cheap relative to developed equities. The future prospects for UK equities remain mixed, the continued uncertainty over trade with Europe post Brexit means that many companies especially if the financial sector are close to implementing their contingency plans because they cannot wait any longer for an outcome from the negotiations. However it should be remembered that the vast majority of earnings from the UK companies listed on the FTSE come from international rather than domestic activity.

## Equity Market Recommendations

While more cautious after such a good run, 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.

As I have said before, it is difficult to underweight the UK equity market because it is the home market and at the end of the day the beneficiaries live in the UK. But I am becoming increasingly concerned about the low level of

real earnings growth, the level of consumer debt and the squeeze this could put on the UK economy. This combined with poor pace of progress on Brexit could increase negative sentiment for UK assets and lead to a generalised weaker performance for UK equity relative to overseas equities. On the other hand with over 60% of the earnings of FTSE 100 companies coming from overseas, provided this is reflected in the UK equity portfolio my concerns may not be an issue for relative performance. With the uncertainty around Brexit and the likely continued poorer macro-economic news for the UK I believe a lower allocation is prudent.

The US equity market is even more overvalued, but earnings growth remains positive and growth is higher than expected at 3% and inflation lower than expected at 2%. Markets have become accustomed to Mr Trump's style and his recent trip to Asia and heavy handed approach to North Korea has been hailed as a great success. On domestic policy an agreement on fiscal spending and tax cuts creeps ever closer and he has appointed a "continuity" replacement as head of the US Federal reserve. Despite the overvaluation 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 equity market has enjoyed a very strong run since the victory of Mr Abe with his snap election on the constitution in October. The economy continues to do well and on a fundamental value basis the market is now only fair value, but relative to the rest of the world but remains cheap, relative to its own longer term history. It might be worth taking some profits after such a strong move (+16% in local currency terms since the end of September). But the domestic and regional economic fundamentals underpinning Japan equity market have not changed. I therefore 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 for the long term.

### **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. 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. It is also more appropriate to judge the performance of these asset classes on a longer term time horizon.

The Property market has improved almost imperceptibly over the last year, while all the focus has been on the weakness of currency and the strength of traded equity markets, property values have steadily improved. Which

again emphasises the need to be more long term in the approach to investment in property to avoid bouts of short term 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 and I note that some progress has been made to increase the allocation. 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 be neutral and I would also maintain a neutral allocation to Private Equity. The demand / supply imbalance remains in place and the yield on high quality Infrastructure assets has fallen recently as some investors have made more aggressive bids in order to secure the available deal flow. I note that the allocation to both Infrastructure and Private equity has increased over the last year and that given current market conditions increasing the allocation further is likely to be difficult.

Finally cash, because the Fund is cash flow positive there is no requirement to carry a large cash balance. The current balance appears to still be quite high but it has declined over the year as committed funds have been taken up. Much of the cash held is committed to fund managers that have yet to "draw down" their allocations for investments, further drawdowns will see the excess cash balance fall.

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 14<sup>th</sup> August 2017 and 21<sup>st</sup> November. 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 14 <sup>th</sup> August 2017	Anthony Fletcher 21 <sup>st</sup> November 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	-2.5	-2.5
US TIPS	0	+1	+1
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**

**21<sup>st</sup> November 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

31/10/17



## Number

<b>US GOVERNMENT BONDS</b>					
T 2.25% 15/11/2024	9,950,000	100.06	101.10	76.11	7,572,896
T 2.75% 15/11/2042	7,500,000	98.39	99.66	75.02	5,626,860
<b>004 USGB Total</b>					<b>13,199,757</b>

<b>NON-GOVERNMENT BONDS</b>					
Kames UK Corp Bond Fund	41,425,336	286.19	286.19	286.19	118,555,168
Royal London UK Corporate Bond F	49,688,392	251.86	251.86	251.86	125,146,675
<b>Non Govt Bonds Total</b>					<b>243,701,843</b>

<b>MULTI-ASSET CREDIT</b>				
AMP Capital Infrastructure Debt Fund	17,000,000	0.26	0.26	3,893,138
Barings Global Private Loan Fund	40,000,000	0.77	0.77	30,895,567
Barings Global Private Loan Fund	40,000,000	0.17	0.17	6,855,757
Henderson Multi Asset Credit Fund	73,670,994	1.03	1.03	76,190,542
<b>Multi Asset Credit Total</b>				<b>117,835,004</b>

TREAS 4.125% IL STK 22/7/2030	6,510,000	364.48	366.77	366.77	23,877,008
TREAS 2% IL STK 26/1/2035	8,000,000	266.07	266.90	266.90	21,362,287
002 UKGIL Total					45,229,295

INDEX LINKED (3 months)	Number heli	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	114.2450	1.133160	11,948,960.87	1,274.86	11,950,236
TREAS 1.25% IL STK 22/11/2027	7,400,000	132.7750	1.415490	13,907,684.67	40,971.47	13,948,656
TREAS 0.125% IL STK 22/3/2029	5,325,000	122.3650	1.157020	7,539,068.56	735.50	7,539,804
TREAS 1.25% IL STK 22/11/2032	2,777,000	149.1300	1.265130	5,239,333.60	15,375.37	5,254,709
TREAS 0.75% IL STK 22/3/2034	11,465,000	143.4400	1.182880	19,452,930.02	9,501.38	19,462,431
TREAS 1.125% IL STK 22/11/2037	5,580,000	163.3200	1.358270	12,378,262.23	27,805.23	12,406,067
TREAS 0.625% IL STK 22/3/2040	5,600,000	158.2250	1.268690	11,241,354.61	3,867.40	11,245,222
TREAS 0.625% IL STK 22/11/2042	5,950,000	166.1350	1.292920	12,780,556.22	16,471.64	12,797,028
TREAS 0.125% IL STK 22/3/2044	11,470,000	152.3500	1.133150	19,801,280.67	1,584.25	19,802,865
TREAS 0.125% IL STK 22/3/2046	8,730,000	156.6300	1.065600	14,570,800.21	1,205.80	14,572,006
TREAS 0.75% IL STK 22/11/2047	6,500,000	184.8000	1.322160	15,881,785.92	21,593.07	15,903,379
TREAS 0.5% IL STK 22/3/2050	5,000,000	182.7950	1.287250	11,765,143.19	2,762.43	11,767,906
<b>UK INDEX LINKED (3months) TOTAL</b>						<b>156,650,309</b>

CO INDEX ENDORS	CO INDEX ENDORS	CO INDEX ENDORS	CO INDEX ENDORS	CO INDEX ENDORS	CO INDEX ENDORS	CO INDEX ENDORS	CO INDEX ENDORS
TI10.125% 15/1/2023	7,000,000	99.539083	1.063670	7,411,370.02	2,591.71	7,413,962	5,581,230.39
TI13.625% 15/4/2028	4,045,000	130.640625	1.517990	8,021,686.52	6,848.16	8,028,535	6,043,880.91
TI1.750% 15/1/2028	5,550,000	111.757813	1.171950	7,269,088.54	28,768.00	7,297,857	5,493,826.41
TI12.5% 15/1/2029	7,000,000	120.429888	1.143550	9,640,215.84	51,834.24	9,692,050	7,298,175.30
TI12.125% 15/2/2040	4,095,000	125.914083	1.135930	8,587,060.52	18,444.19	8,605,505	4,423,079.95
TI10.75% 15/2/2042	20,300,000	96.796875	1.086560	21,350,849.34	32,270.38	21,382,920	16,097,061.96
TI10.625% 15/2/2043	21,500,000	93.578125	1.067890	21,485,195.94	28,481.66	21,513,678	16,195,496.50
0045 USGR II Total							61,130,751

263,010,356  
255,475,416  
361,536,847

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

<b>Sector</b>	<b>Company Name</b>	<b>Number held</b>	<b>Mkt Price Pence</b>	<b>Total £</b>
<b>OIL &amp; GAS PRODUCERS</b>				
UK Oil & Gas	BP PLC USD\$0.25	11,000,000	510.20	56,122,000
UK Oil & Gas	CAIRN ENERGY	500,000	211.40	1,057,000
UK Oil & Gas	ROYAL DUTCH SHELL A' SHARES	1,000,000	2247.50	22,475,000
UK Oil & Gas	ROYAL DUTCH SHELL 'B' SHARES	2,900,000	2294.00	66,526,000
UK Oil & Gas	TULLOW OIL PLC	1,427,142	182.00	2,597,398
<b>UK Oil &amp; Gas Producers Total</b>				<b>148,777,398</b>
<b>OIL &amp; GAS SERVICES</b>				
UK Const Build Ma	WOOD GROUP (JOHN) PLC	270,000	711.50	1,921,050
<b>UK Oil &amp; Gas Services Total</b>				<b>1,921,050</b>
<b>CHEMICALS</b>				
UK Chemicals	JOHNSON MAT ORDE1	135,000	3381.00	4,564,350
UK Chemicals	VICTREX PLC	50,000	2397.00	1,198,500
<b>UK Chemicals Total</b>				<b>5,762,850</b>
<b>FORESTRY &amp; PAPER</b>				
UK Forestry & Paper	MONDI PLC	300,000	1819.00	5,457,000
<b>UK Forestry &amp; Paper Total</b>				<b>5,457,000</b>
<b>MINING</b>				
UK Mining	ANGLO AMER US\$0.50	773,182	1420.00	10,979,184
UK Mining	BHP BILLITON PLC	1,200,000	1362.50	16,350,000
UK Mining	GLENCORE PLC	6,600,000	362.95	23,954,700
UK Mining	RIO TINTO 10P	500,000	3473.00	17,365,000
<b>UK Mining Total</b>				<b>68,648,884</b>
<b>CONSTRUCTION</b>				
UK Engin Mach	BALFOUR BEATTY PLC	2,000,000	113.50	2,270,000
UK Engin Mach	KIER GROUP PLC	230,614	1040.00	2,398,386
<b>UK Construction Total</b>				<b>4,668,386</b>
<b>AEROSPACE</b>				
UK Aero defence	BAE ORD 2.5P	1,900,000	593.50	11,276,500
UK Aero defence	COBHAM PLC	2,000,000	138.70	2,774,000
UK Aero defence	ROLLS ROYCE 20P	500,000	886.50	4,432,500
<b>UK Aerospace Total</b>				<b>18,483,000</b>
<b>GENERAL INDUSTRIAL</b>				
UK General Industr	DS SMITH PLC	1,000,000	520.50	5,205,000
UK General Industr	RPC GROUP PLC	450,000	942.50	4,241,250
UK General Industr	SMURFIT KAPPA GROUP PLC	150,000	2240.00	3,360,000
<b>UK General Industrial Total</b>				<b>12,806,250</b>

<b>ELECTRONIC EQUIPMENT</b>				
UK Electronic equip	HALMA PLC	550,000	1182.00	6,501,000
<b>UK Eelectronic Equipment Total</b>				<b>6,501,000</b>
 <b>INDUSTRIAL ENGINEERING</b>				
UK Engin Mach	HILL & SMITH HOLDINGS PLC	250,000	1321.00	3,302,500
UK General Industr	ROTORK PLC	1,350,000	260.30	3,514,050
UK Engin Mach	SPIRAX-SARCO 25P	120,000	5645.00	6,774,000
<b>UK Industrial Engineering Total</b>				<b>13,590,550</b>
 <b>SUPPORT SERVICES</b>				
UK Support Service	BABCOCK INT'L	1,300,000	811.50	10,549,500
UK Support Service	BUNZL PLC	300,000	2344.00	7,032,000
UK Support Service	CAPITA PLC	250,000	524.00	1,310,000
UK Support Service	ESSENTRA PLC	360,000	531.50	1,913,400
UK Const Build Ma	FERGUSON PLC	152,000	5265.00	8,002,800
UK Support Service	G4S PLC	1,250,000	281.00	3,512,500
UK Const Build Ma	TRAVIS PERKINS 10P	325,000	1520.00	4,940,000
UK Const Build Ma	WORLDPAY GROUP PLC	1,200,000	406.00	4,872,000
<b>UK Support Services Total</b>				<b>42,132,200</b>
 <b>AUTOMOBILES</b>				
UK Autos	GKN PLC ORD 50P	1,900,000	317.00	6,023,000
<b>UK Automobiles Total</b>				<b>6,023,000</b>
 <b>BEVERAGES</b>				
UKBeverages	BRITVIC	1,500,000	756.50	11,347,500
UKBeverages	DIAGEO 28 101/108P	1,500,000	2571.50	38,572,500
<b>UK Beverages Total</b>				<b>49,920,000</b>
 <b>FOOD PRODUCERS</b>				
UKFoods	ASSOCIATED BRITISH FOODS PLC	412,516	3332.00	13,745,033
<b>UK Food Producers Total</b>				<b>13,745,033</b>
 <b>HOUSEHOLD GOODS</b>				
UK Housebuilders	BOVIS HOMES GROUP PLC	500,000	1176.00	5,880,000
UK Housebuilders	BELLWAY PLC	170,000	3649.00	6,203,300
UK Hous Gds Txilt	PETER GEESON 2nd PREFERRED OF	16,487	0.00	-
UK Personal Care	RECKITT BENCKISER	415,000	6813.00	28,273,950
UK Housebuilders	REDROW PLC	300,000	592.50	1,777,500
<b>UK Household Goods Total</b>				<b>42,134,750</b>
 <b>PERSONAL GOODS</b>				
UK Food Prod & Pr	BURBERRY	255,000	1899.00	4,842,450
UK Housebuilders	PZ CUSSONS PLC	1,250,000	329.90	4,123,750
UK Retailers Gen	TED BAKER PLC	200,000	2770.00	5,540,000
UK Food Prod & Pr	UNILEVER ORD 1.4P	585,000	4269.00	24,973,650
<b>UK Personal Goods Total</b>				<b>39,479,850</b>
 <b>TOBACCO</b>				
UK Tobacco	BRIT AMER TOBC 25P	1,050,000	4870.50	51,140,250
UK Tobacco	IMPERIAL BRANDS PLC	600,000	3070.00	18,420,000
<b>UK Tobacco Total</b>				<b>69,560,250</b>

**PHARMACEUTICAL & BIOTECH**

UK Pharm, Biotech ASTRAZENECA ORD	775,000	5032.00	38,998,000
UK Pharm, Biotech GLAXOSMITHKLINE25P	3,155,000	1357.00	42,813,350
UK Pharm, Biotech SHIRE PHARMA ORD5P	250,000	3721.00	9,302,500
<b>UK Pharmaceutical &amp; Biotech Total</b>			<b>91,113,850</b>

**FOOD RETAIL**

UK Retail Food & L BOOKER GROUP PLC	2,300,000	200.80	4,618,400
UK Retail Food & L TESCO ORD 5P	3,800,000	181.40	6,893,200
<b>UK Food Retail Total</b>			<b>11,511,600</b>

**GENERAL RETAIL**

UK Retailers Gen DIXONS CARPHONE PLC	125,000	173.30	216,625
UK Retailers Gen INCHCAPE PLC	100,000	781.50	781,500
UK Retailers Gen KINGFISHER	1,660,000	312.60	5,189,160
UK Retailers Gen M&S ORD 25P	850,000	344.10	2,924,850
UK Retailers Gen NEXT PLC	14,000	4921.00	688,940
<b>UK General Retail Total</b>			<b>9,801,075</b>

**MEDIA**

UK Media & Photo INFORMA PLC	1,000,000	697.00	6,970,000
UK Media & Photo ITV ORD	7,000,000	164.40	11,508,000
UK Media & Photo RELX PLC	200,000	1637.00	3,274,000
UK Media & Photo UNITED BUSINESS MEDIA	900,000	703.00	6,327,000
UK Media & Photo WPP GRP ORD 10P	1,300,000	1333.00	17,329,000
<b>UK Media Total</b>			<b>45,408,000</b>

**TRAVEL & LEISURE**

UK Travel & Leisur COMPASS GRP ORD10P	904,976	1652.00	14,950,204
UK Travel & Leisur GREENE KING PLC	725,000	540.00	3,915,000
UK Travel & Leisur INTERCONTINENTAL HOTELS GRP	111,701	4172.00	4,660,166
UK Travel & Leisur LADBROKES CORAL GROUP PLC	2,100,000	127.30	2,673,300
UK Travel & Leisur MARSTON'S	2,750,000	106.60	2,931,500
UK Travel & Leisur NATIONAL EXPRESS GROUP	800,000	367.30	2,938,400
UK Travel & Leisur STAGECOACH ORD0.5P	1,400,000	166.80	2,335,200
<b>UK Travel &amp; Leisure Total</b>			<b>34,403,769</b>

**TELECOMS**

UK Fixed-Line Tele BT ORD GBP 5P	5,750,000	260.30	14,967,250
UK Mobile Telecom VODAFONE GRP COM	16,000,000	215.55	34,488,000
<b>UK Telecoms Total</b>			<b>49,455,250</b>

**ELECTRICITY**

UK Electricity SCOT & SOUTH 50P	450,000	1382.00	6,219,000
<b>UK Electricity Total</b>			<b>6,219,000</b>

**GAS & WATER**

UK Gas Distribution CENTRICA	2,700,000	169.80	4,584,600
UK Electricity NAT GRID PLC ORD 10P	2,887,500	905.30	26,140,538
UK Water PENNON GP ORD £1	500,000	794.00	3,970,000
UK Water SEVERN TR 65 5/19P	236,000	2110.00	4,979,600
UK Water UNITED UTILITIES GROUP PLC	550,000	833.00	4,581,500

<b>UK Gas &amp; Water Total</b>			<b>44,256,238</b>
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#### **BANKS, RETAIL**

UK Banks Retail	BARCLAYS ORD 25P	12,500,000	185.95	23,243,750
UK Banks Retail	HSBC HLDG \$0.50	9,000,000	734.30	66,087,000
UK Banks Retail	LLOYDS BANKING GROUP PLC	55,000,000	68.25	37,537,500
UK Banks Retail	STANDARD CHARTERED ORD	1,500,000	750.40	11,256,000
<b>UK Banks - Retail Total</b>				<b>138,124,250</b>

#### **NON-LIFE INSURANCE**

UK Insurance	BEAZLEY PLC	1,600,000	505.50	8,088,000
UK Insurance	HISCOX	400,000	1428.00	5,712,000
UK Insurance	JARDINE LLOYD THOMPSON GROUP	350,000	1302.00	4,557,000
UK Insurance	RSA INSURANCE GROUP	875,000	628.00	5,495,000
<b>UK Non-Life Insurance Total</b>				<b>23,852,000</b>

#### **LIFE INSURANCE**

UK Insurance Life	AVIVA ORD 25P	1,950,000	505.00	9,847,500
UK Insurance Life	LEGAL&GEN GRP 2.5P	5,900,000	267.00	15,753,000
UK Insurance Life	OLD MUTUAL ORD	3,400,000	191.00	6,494,000
UK Insurance Life	PRUDENTIAL ORD 5P	1,900,000	1851.50	35,178,500
<b>UK Life Insurance Total</b>				<b>67,273,000</b>

#### **REAL ESTATE INVESTMENT TRUSTS**

UK Real Estate	BRITISH LAND 25P	750,000	600.50	4,503,750
UK Real Estate	LAND SECS ORD £1	656,250	966.00	6,339,375
UK Real Estate	LONDONMETRIC PROPERTY PLC	2,300,000	176.40	4,057,200
UK Real Estate	SEGRO PLC	1,140,000	542.50	6,184,500
UK Real Estate	SHAFTESBURY PLC	400,000	990.00	3,960,000
<b>UK Real Estate Total</b>				<b>25,044,825</b>

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

UK Real Estate	CAPITAL & COUNTIES PROPERTIES	1,000,000	265.90	2,659,000
<b>UK Real estate investment &amp; services</b>				<b>2,659,000</b>

#### **FINANCIAL SERVICES**

UK Special Finance	STANDARD LIFE ABERDEEN PLC	1,135,500	429.80	4,880,379
UK Special Finance	MAN GROUP	2,400,000	193.30	4,639,200
UK Special Finance	RATHBONE BROTHERS PLC	125,000	2587.00	3,233,750
UK Special Finance	SCHRODERS ORD GBP1	325,000	3493.00	11,352,250
UK Special Finance	TP ICAP PLC	625,000	544.00	3,400,000
<b>UK General Financial Total</b>				<b>27,505,579</b>

#### **EQUITY INVESTMENT COMPANIES**

UK Investment Co's	ABERFORTH SML 1P	1,050,000	1312.00	13,776,000
UK Investment Co's	BLACKROCK SMALLER COMPANIES	2,100,000	1285.00	26,985,000
UK Investment Co's	DUNEDIN SMR CO 25P	2,819,000	253.00	7,132,070
UK Investment Co's	LOW CARBON ACCELERATOR LTD	3,868,000	0.00	-
UK Investment Co's	MONTANARO UK SMALLER CO'S 10P	2,684,857	577.00	15,491,625
UK Investment Co's	RIVER & MERCANTILE UK MICRO	4,189,570	186.00	7,792,600
UK Investment Co's	STRATHDON INVESTMENTS PLC	20	100000.00	20,000
<b>UK Equity Investment Companies Total</b>				<b>71,197,295</b>

**SOFTWARE & COMPUTER SERVICES**

UK Elect electron	MICRO FOCUS INTERNATIONAL	150,000	2644.00	3,966,000
UK Elect electron	NCC GROUP PLC	1,000,000	229.75	2,297,500
UK Software & Cor	SAGE GROUP ORD 1P	1,200,000	744.50	8,934,000
<b>UK Software &amp; Computer Services Total</b>				<b>15,197,500</b>

**IT HARDWARE**

UK IT Hardware	LAIRD PLC	2,000,000	162.75	3,255,000
<b>UK IT Hardware Total</b>				<b>3,255,000</b>

**UNIT TRUSTS & OEICs**

UK Unit Trusts	LIONTRUST UK SMALLER COMPANIE	1,348,544	1323.72	17,850,953
UK OEIC	TB SARACEN UK BETA-ACC	2,250,000	733.13	16,495,425
<b>UK Unit Trusts &amp; OEICs Total</b>				<b>34,346,378</b>

**INVESTMENT ENTITIES**

UK Unit Trusts	MONTANARO UK SMALLER COS-£D	5,267,580	1.74	9,155,054
<b>UK Investment Entities Total</b>				<b>9,155,054</b>

**TOTAL UNITED KINGDOM****1,259,390,115**



**DERBYSHIRE PENSION FUND**  
**OCTOBER 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	ANDEAVOR	17,504	106.24	79.98	1,399,926
US Oil & Gas	ANTERO RESOURCES CORP	50,315	19.39	14.60	734,438
US Oil & Gas	BP PLC-SPONS ADR	40,451	40.69	30.63	1,239,072
US Oil & Gas	CHEVRON CORP	43,286	115.88	87.23	3,776,031
US Oil & Gas	DIAMONDBACK ENERGY INC	24,416	107.20	80.70	1,970,375
US Oil & Gas	EXTRACTION OIL & GAS INC	128,941	15.94	12.00	1,547,245
US Oil & Gas	EXXON MOBILE CORP	8,014	83.35	62.75	502,845
US Oil & Gas	HESS CORP	29,548	44.15	33.24	982,061
US Oil & Gas	MARATHON PETROLEUM CORP	29,842	59.73	44.96	1,341,838
US Oil & Gas	NEWFIELD EXPLORATION CO	179,829	30.79	23.18	4,168,205
US Oil & Gas	PARSLEY ENERGY INC-CLASS A	43,014	26.60	20.02	861,333
US Oil & Gas	PDC ENERGY INC	21,813	50.92	38.33	836,148
US Oil & Gas	QEP RESOURCES INC	161,615	8.95	6.74	1,088,891
US Oil & Gas	RSP PERMIAN INC	11,759	34.40	25.90	304,515
US Oil & Gas	SUNCOR ENERGY INC	46,647	33.96	25.57	1,192,535
US Oil & Gas	TRANSCANADA CORP	42,246	47.48	35.74	1,509,996
<b>US Oil &amp; Gas Producers Total</b>					<b>23,455,453</b>
<b>OIL &amp; GAS SERVICES</b>					
US Oil & Gas Services	HELIX ENERGY SOLUTIONS GROUP	49,890	6.81	5.13	255,764
US Oil & Gas Services	MONSANTO CO	10,276	121.10	91.16	936,802
US Oil & Gas Services	ONEOK INC	22,974	54.26	40.85	938,417
US Oil & Gas Services	PIONEER NATURAL RESOURCES CO	2,726	149.67	112.67	307,143
US Oil & Gas Services	TESCO CORP	59,430	3.80	2.86	170,008
<b>US Oil &amp; Gas Services Total</b>					<b>2,608,134</b>
<b>CHEMICALS</b>					
US Chemicals	CABOT CORP	19,585	60.94	45.88	898,474
US Chemicals	CELANESE CORP	23,353	104.30	78.52	1,833,608
US Chemicals	DOWDUPONT INC	66,651	72.31	54.43	3,628,145
US Chemicals	PPG INDUSTRIES INC	33,452	116.37	87.60	2,930,507
US Chemicals	PRAXAIR INC	7,829	146.12	110.00	861,183
US Chemicals	WESTLAKE CHEMICAL CORP	10,952	84.91	63.92	700,055
<b>US Chemicals Total</b>					<b>10,851,972</b>
<b>FORESTRY &amp; PAPER</b>					
US Industrial Metals	INTERNATIONAL PAPER CO	53,061	57.27	43.11	2,287,611
<b>US Forestry &amp; Paper Total</b>					<b>2,287,611</b>
<b>INDUSTRIAL METALS</b>					
US Industrial Metals	ALCOA CORP	14,998	47.76	35.95	539,234
US Industrial Metals	MARTIN MARIETTA MATERIALS	5,533	216.80	163.21	903,025
US Industrial Metals	SOUTHERN COPPER CORP	4,845	42.94	32.33	156,616
US Industrial Metals	STEEL DYNAMICS INC	18,905	37.20	28.00	529,419
<b>US Industrial Metals Total</b>					<b>2,128,293</b>
<b>CONSTRUCTION</b>					
US Industrial Metals	ARDAGH GROUP SA	44,059	21.44	16.14	711,114
US Industrial Metals	VULCAN MATERIALS CO	8,675	121.75	91.65	795,093
<b>US Construction Total</b>					<b>1,506,207</b>
<b>AEROSPACE</b>					
US Aero defence	BOEING CO/THE	35,337	257.98	194.21	6,862,705
US Aero defence	GENERAL DYNAMICS	26,795	202.98	152.80	4,094,366

US Aero defence	LOCKHEED MARTIN CORP COM	23,576	308.17	231.99	5,469,405
US Aero defence	NORTHROP GRUMMAN CORP	20,729	295.75	222.64	4,615,117
<b>US Aerospace Total</b>					<b>21,041,593</b>

#### GENERAL INDUSTRIAL

US Div Ind	AGCO CORP	10,565	68.56	51.61	545,280
US Div Ind	BALL CORP	86,759	42.93	32.32	2,803,852
US Div Ind	CATERPILLAR INC	7,021	135.73	102.18	717,389
US Div Ind	DEERE & CO	13,665	132.90	100.05	1,367,144
US Div Ind	ILLINOIS TOOL WORKS INC	31,182	156.52	117.83	3,674,121
US Div Ind	OWENS-ILLINOIS INC	21,975	23.88	17.98	395,042
US Div Ind	PENTAIR LTD	65,643	70.45	53.03	3,481,361
<b>US General Industrial Total</b>					<b>12,984,188</b>

#### ELECTRONIC EQUIPMENT

US Electricity	AMETEK INC	62,572	67.49	50.81	3,179,063
US Electricity	EATON CORP	54,059	80.02	60.24	3,256,463
US Electricity	FORTIVE CORP	64,280	72.26	54.40	3,496,660
US Electricity	GENERAL ELECTRIC CO	282,529	20.15	15.17	4,285,660
<b>US Electronic Equipment Total</b>					<b>14,217,846</b>

#### INDUSTRIAL TRANSPORT

US Transportation	FEDEX CORP	10,522	225.81	169.99	1,788,632
US Transportation	HUNT (JB) TRANSPORT SERVICES INC	7,788	106.38	80.08	623,685
US Transportation	KIRBY CORP	7,107	70.80	53.30	378,791
US Transportation	KNIGHT TRANSPORTATION INC	25,459	41.44	31.20	794,220
US Transportation	NORFOLK SOUTHERN CORP	13,225	131.42	98.93	1,308,389
US Transportation	PACCAR INC	9,605	71.73	54.00	518,654
US Transportation	SCHNEIDER NATIONAL INC-CL B	13,722	26.19	19.72	270,541
<b>US Industrial Transport Total</b>					<b>5,682,911</b>

#### SUPPORT SERVICES

US Support Services	ACCENTURE LTD	9,475	142.37	107.18	1,015,494
US Support Services	GENPACT LTD	56,442	30.45	22.92	1,293,806
US Support Services	TRANSUNION	35,032	52.49	39.51	1,384,271
<b>US Support Services Total</b>					<b>3,693,571</b>

#### AUTOMOBILES & PARTS

US Autos & parts	ADVANCE AUTO PARTS INC	6,665	81.74	61.53	410,123
US Autos & parts	O'REILLY AUTOMOTIVE INC	2,728	210.96	158.81	433,236
US Autos & parts	TESLA INC	7,098	331.51	249.56	1,771,382
<b>US Automobiles &amp; Parts Total</b>					<b>2,614,741</b>

#### BEVERAGES

US Beverages	ANHEUSER-BUSCH INBEV SPN ADR	27,049	122.78	92.43	2,500,106
US Beverages	CONSTELLATION BRANDS INC-A	24,353	219.05	164.90	4,015,830
US Beverages	MONSTER BEVERAGE CORP	105,733	57.92	43.60	4,610,189
US Beverages	PEPSICO INC	82,820	110.23	82.98	6,872,498
<b>US Beverages Total</b>					<b>17,998,624</b>

#### FOOD PRODUCTION/PROCESS

US Food Prod & Proce	BLUE BUFFALO PET PRODUCTS INC	54,601	28.93	21.78	1,189,128
US Food Prod & Proce	CAMPBELL SOUP CO	51,797	47.36	35.65	1,846,698
US Food Prod & Proce	FRESH DEL MONTE PRODUCE INC	27,094	44.50	33.50	907,638
US Food Prod & Proce	HOSTESS BRANDS INC	334,331	11.53	8.68	2,901,921
US Food Prod & Proce	POST HOLDINGS INC	65,188	82.91	62.41	4,068,686
US Food Prod & Proce	SIMPLY GOOD FOODS CO/THE	133,281	11.50	8.66	1,153,840
US Food Prod & Proce	SIMPLY GOOD FOODS CO-CW22-WARRA	44,427	2.08	1.57	69,565
<b>US Food Production &amp; Processing Total</b>					<b>12,137,476</b>

#### HOUSEHOLD GOODS

US Hous Gds Txiles	TAPESTRY INC	21,178	40.95	30.83	652,858
US Hous Gds Txiles	INSTALLED BUILDING PRODUCTS	12,001	69.70	52.47	629,694
US Hous Gds Txiles	MOHAWK INDUSTRIES	10,125	261.72	197.02	1,994,856

US Hous Gds Txltes	NIKE INC -CL B	103,756	54.99	41.40	4,295,132
<b>US Household Goods Total</b>					<b>7,572,540</b>

# **PERSONAL GOODS**

US Personal Care / Hc	COTY INC-CL A	308,951	15.39	11.59	3,579,380
US Personal Care / Hc	HERBALIFE LTD	3,082	72.63	54.68	168,511
<b>US Personal Goods Total</b>					<b>3,747,891</b>

# **TOBACCO**

US Tobacco	ALTRIA GROUP INC	131,309	64.23	48.35	6,349,098
US Tobacco	BRITISH AMERICAN TOB-SP ADR	98,798	64.41	48.49	4,790,502
<b>US Tobacco Total</b>					<b>11,139,600</b>

# **HEALTHCARE EQUIPMENT & SERVICES**

US Healthcare Equiprr	BECTON DICKINSON AND CO	1,400	208.67	157.09	219,921
US Healthcare Equiprr	BOSTON SCIENTIFIC CORP	211,249	28.14	21.18	4,475,055
US Healthcare Equiprr	BROOKDALE SENIOR LIVING INC	44,971	10.03	7.55	339,557
US Healthcare Equiprr	CIGNA CORP	26,321	197.22	148.47	3,907,806
US Healthcare Equiprr	CONFORMIS INC	36,000	3.53	2.66	95,666
US Healthcare Equiprr	HCA HOLDINGS INC	25,724	75.68	56.97	1,465,545
US Healthcare Equiprr	STRYKER CORP	24,597	154.88	116.59	2,867,854
US Healthcare Equiprr	THERMO FISHER SCIENTIFIC	21,358	193.83	145.92	3,116,457
<b>US Healthcare Equipment &amp; ServicesTotal</b>					<b>16,487,862</b>

# **PHARMACEUTICAL, BIOTECH**

US Healthcare	ABBOTT LABORATORIES	72,404	54.22	40.82	2,955,301
US Healthcare	ADURO BIOTECH INC	31,612	7.95	5.98	189,190
US Healthcare	AERIE PHARMACEUTICALS INC	11,123	61.70	46.45	516,638
US Healthcare	ALDER BIOPHARMACEUTICALS INC	29,266	11.25	8.47	247,854
US Healthcare	ALLERGAN PLC	35,331	177.21	133.40	4,713,286
US Healthcare	ALNYLAM PHARMACEUTICALS INC	5,931	121.83	91.71	543,954
US Pharm, Biotech	ASTRAZENECA PLC-SPONS ADR	78,625	34.50	25.97	2,042,017
US Healthcare	BAXTER INTERNATIONAL INC	41,093	64.47	48.53	1,994,367
US Healthcare	BIOGEN INC	649	311.65	234.61	152,262
US Healthcare	BIOHAVEN PHARMACEUTICAL HOLD	24,482	30.06	22.63	554,007
US Healthcare	BLUEBIRD BIO INC	3,483	139.05	104.68	364,589
US Healthcare	BRISTOL-MYERS SQUIBB CO	132,633	61.64	46.40	6,154,515
US Healthcare	CALITHERA BIOSCIENCES INC	13,274	16.10	12.12	160,882
US Healthcare	CARDINAL HEALTH INC	49,521	61.88	46.58	2,306,850
US Healthcare	CELGENE CORP	20,291	100.97	76.01	1,542,323
US Healthcare	COHERUS BIOSCIENCES INC	33,455	11.25	8.47	283,330
US Pharm, Biotech	DERMIRA INC	16,023	26.77	20.15	322,903
US Pharm, Biotech	ELI LILLY & CO COM	42,596	81.88	61.64	2,625,586
US Pharm, Biotech	GLYCOMIMETICS INC	32,330	11.51	8.66	280,131
US Pharm, Biotech	IMPAX LABORATORIES INC	19,206	18.10	13.63	261,695
US Pharm, Biotech	INCYTE CORP	6,262	113.25	85.25	533,864
US Pharm, Biotech	IRONWOOD PHARMACEUTICALS INC	32,097	15.38	11.58	371,621
US Pharm, Biotech	JOUNCE THERAPEUTICS INC	7,242	14.01	10.55	76,379
US Pharm, Biotech	KALA PHARMACEUTICALS INC	15,900	16.02	12.06	191,752
US Pharm, Biotech	KARYOPHARM THERAPEUTICS INC	26,246	10.21	7.69	201,729
US Pharm, Biotech	LOXO ONCOLOGY INC	7,527	86.09	64.81	487,814
US Healthcare	MCKESSON CORP COM	38,318	137.87	103.79	3,976,969
US Healthcare	MEDTRONIC INC	112,121	80.55	60.64	6,798,798
US Healthcare	MOMENTA PHARMACEUTICALS INC	20,062	14.10	10.61	212,948
US Healthcare	MYLAN NV	106,587	35.69	26.87	2,863,719
US Healthcare	MYOKARDIA INC	17,255	38.45	28.95	499,449
US Pharm, Biotech	OTONOMY INC	27,176	2.95	2.22	60,351
US Pharm, Biotech	RA PHARMACEUTICALS INC	20,165	13.14	9.89	199,468
US Pharm, Biotech	REGENERON PHARMACEUTICALS	1,012	402.54	303.03	306,668
US Pharm, Biotech	REVANCE THERAPEUTICS INC	18,315	26.00	19.57	358,476
US Pharm, Biotech	RIGEL PHARMACEUTICALS INC	37,337	3.74	2.82	105,121
US Pharm, Biotech	SYNDAX PHARMACEUTICALS	24,029	11.17	8.41	202,054
US Pharm, Biotech	TESARO INC	6,520	115.77	87.15	568,229

US Pharm, Biotech	TEVA PHARMACEUTICAL-SP ADR	89,262	13.80	10.39	927,311
US Pharm, Biotech	TREVENA INC	49,635	1.50	1.13	56,048
US Healthcare	UNITEDHEALTH GROUP INC	53,917	210.20	158.24	8,531,748
<b>US Pharmaceutical, Biotech Total</b>					<b>55,742,197</b>

#### FOOD RETAIL

US Retail Food & Drug	HILTON WORLDWIDE HOLDINGS INC	25,458	72.28	54.41	1,385,230
US Retail Food & Drug	MCDONALD'S CORP	39,218	166.90	125.64	4,927,441
US Retail Food & Drug	WINGSTOP INC	5,487	33.87	25.50	139,904
<b>US Food Retail Total</b>					<b>6,452,575</b>

#### RETAILERS - GENERAL

US Retailers Gen	AMAZON.COM INC	10,927	1,105.28	832.05	9,091,863
US Retailers Gen	COSTCOWHOLESALE CORP	22,805	161.07	121.25	2,765,186
US Retailers Gen	EXPEDIA INC	23,054	124.66	93.84	2,163,481
US Retailers Gen	L BRANDS	13,141	43.03	32.39	425,676
US Retailers Gen	SYSCO CORP	33,101	55.61	41.86	1,385,714
US Retailers Gen	TJX COMPANIES INC	18,912	69.78	52.53	993,455
US Retailers Gen	WAYFAIR INC-CLASS A	63,737	69.86	52.59	3,351,968
<b>US Retailers - General Total</b>					<b>20,177,342</b>

#### MEDIA

US Media & Photo	ALLIANCE DATA SYSTEMS CORP	6,022	223.70	168.40	1,014,113
US Media & Photo	CHARTER COMMUNICATIONS INC-A	18,798	334.06	251.48	4,727,328
US Media & Photo	CINEMARK HOLDINGS INC	11,230	36.32	27.34	307,047
US Media & Photo	COMCAST CORP CL A	262,151	36.03	27.12	7,110,422
US Media & Photo	FACEBOOK INC	91,731	180.06	135.55	12,434,061
US Media & Photo	LIBERTY MEDIA CORP-MEDIA C	22,720	38.13	28.70	652,161
US Media & Photo	NETFLIX INC	11,859	196.42	147.86	1,753,531
US Media & Photo	NEW YORK TIMES CO-A	25,412	19.05	14.34	364,429
US Media & Photo	OUTFRONT MEDIA INC	27,056	23.45	17.65	477,624
US Media & Photo	SCRIPPS NETWORKS INTER-CL A	1,951	83.28	62.69	122,314
US Media & Photo	TWENTY-FIRST CENTURY FOX	54,718	26.14	19.68	1,076,751
US Media & Photo	VIACOM INC-CLASS B	78,700	24.02	18.08	1,423,074
<b>US Media Total</b>					<b>31,462,855</b>

#### TRAVEL & LEISURE

US Hotels Leisure	JETBLUE AIRWAYS CORP	14,387	19.14	14.41	207,296
US Transport	SPIRIT AIRLINES INC	58,263	37.09	27.92	1,626,782
US Transport	WYNN RESORTS LTD	7,765	147.48	111.02	862,093
<b>US Travel &amp; Leisure Total</b>					<b>2,696,171</b>

#### TELECOMS

Telecoms	VERIZON COMMUNICATIONS INC	283,511	47.87	36.04	10,216,754
<b>US Telecoms Total</b>					<b>10,216,754</b>

#### ELECTRICITY

US Electricity	AVANGRID INC	86,134	51.74	38.95	3,354,908
US Electricity	EDISON INTERNATIONAL	65,759	79.95	60.19	3,957,795
US Electricity	EXELON CORP	78,000	40.21	30.27	2,361,067
US Electricity	NEXTERA ENERGY INC	60,657	155.05	116.72	7,079,985
US Electricity	NRG ENERGY INC	101,466	24.99	18.81	1,908,826
US Electricity	PG&E CORP	73,478	57.76	43.48	3,194,950
US Electricity	UGI CORP	33,980	47.86	36.03	1,224,266
<b>US Electricity Total</b>					<b>23,081,797</b>

#### GAS & WATER

Gas	KINDER MORGAN INC	232,204	18.10	13.63	3,163,937
Gas	SEMPRA ENERGY	36,292	117.48	88.44	3,209,626
<b>US Gas &amp; Water Total</b>					<b>6,373,564</b>

#### BANKS, RETAIL

US Banks Retail	BANK OF AMERICA CORP	689,158	27.38	20.61	14,204,693
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US Banks Retail	CITIGROUP INC	110,431	73.49	55.32	6,109,404
US Banks Retail	PNC FINANCIAL SERVICES GROUP	62,062	136.79	102.98	6,390,866

**US Banks - Retail Total** **26,704,964**

#### NON-LIFE INSURANCE

US Insurance	AMERICAN INTERNATIONAL GROUP	111,062	64.61	48.64	5,401,879
US Insurance	ALLSTATE CORP	27,380	93.87	70.67	1,934,817
US Insurance	ASSURED GUARANTY LTD	103,124	37.10	27.93	2,880,138
US Insurance	ATHENE HOLDING LTD-CLASS A	25,366	52.12	39.24	995,259
US Insurance	HARTFORD FINANCIAL SVCS GRP	50,440	55.04	41.43	2,089,937
US Insurance	MARSH & MCLENNAN COS INC COM	77,305	80.93	60.92	4,709,738
US Insurance	METLIFE INC	75,175	53.57	40.33	3,031,620
US Insurance	PRUDENTIAL FINANCIAL INC	16,409	110.46	83.15	1,364,479
<b>US Non-Life Insurance Total</b>					<b>22,407,865</b>

#### LIFE INSURANCE

US Banks Retail	XL GROUP	100,660	40.46	30.46	3,065,931
<b>US Life Insurance Total</b>					<b>3,065,931</b>

#### REAL ESTATE

US Real Estate	AMERICAN TOWER CORP	53,788	143.60	108.10	5,814,595
US Real Estate	APARTMENT INVT & MGMT CO-A	46,652	43.98	33.11	1,544,561
US Real Estate	ALEXANDRIA REAL ESTATE EQUIT	25,380	123.96	93.32	2,368,388
US Real Estate	EQUINIX INC	5,774	463.50	348.92	2,014,680
US Real Estate	INVITATION HOMES INC	108,443	22.54	16.97	1,840,073
US Real Estate	PROLOGIS INC	37,302	64.58	48.62	1,813,467
US Real Estate	SIMON PROPERTY GROUP INC	14,800	155.31	116.92	1,730,377
<b>US Real Estate Total</b>					<b>17,126,141</b>

#### GENERAL FINANCIAL

US Special Finance	AMERICAN EXPRESS CO	59,545	95.50	71.89	4,280,833
US Special Finance	CAPITAL ONE FINANCIAL CORP	59,984	92.14	69.36	4,160,670
US Special Finance	DUN & BRADSTREET CORP	6,900	116.83	87.95	606,852
US Special Finance	EQUIFAX INC	5,663	108.54	81.71	462,718
US Special Finance	FACTSET RESEARCH SYSTEMS INC	5,113	189.85	142.92	730,745
US Special Finance	FINANCIAL ENGINES INC	19,938	36.10	27.18	541,837
US Special Finance	FLEETCOR TECHNOLOGIES INC	13,891	165.16	124.33	1,727,102
US Special Finance	GLOBAL PAYMENTS INC	52,406	103.94	78.25	4,100,562
US Special Finance	GOLDMAN SACHS GROUP INC	5,143	242.52	182.57	938,953
US Special Finance	HUNTINGTON BANCSHARES INC	245,817	13.80	10.39	2,553,704
US Special Finance	INTERCONTINENTAL EXCHANGE INC	35,350	66.09	49.75	1,758,753
US Special Finance	IHS MARKIT LTD	27,783	42.60	32.07	890,981
US Special Finance	NORTHERN TRUST CORP	10,282	93.52	70.40	723,872
US Special Finance	PAYPAL HOLDINGS INC	45,758	72.56	54.62	2,499,447
US Special Finance	TD AMERITRADE HOLDING CORP	47,439	49.98	37.62	1,784,890
US Special Finance	TOTAL SYSTEM SERVICES INC	9,906	72.04	54.23	537,219
US Special Finance	VISA INC CL A SHS	79,228	109.96	82.78	6,558,327
US Special Finance	VOYA FINANCIAL INC	33,600	40.16	30.23	1,015,810
US Special Finance	WEX INC	15,947	123.58	93.03	1,483,566
US Special Finance	WISDOMTREE INVESTMENTS INC	41,000	11.10	8.36	342,599
<b>US General Financial Total</b>					<b>37,699,438</b>

#### SOFTWARE

US Software & Comp	ADOBE SYSTEMS INC	17,176	175.16	131.86	2,264,835
US Software & Comp	ALPHABET INC - CL A SHARES	13,643	1,033.05	777.68	10,609,889
US Software & Comp	ATLASSIAN CORP PLC-CLASS A	31,213	48.36	36.41	1,136,322
US Software & Comp	AUTODESK INC	13,623	124.96	94.07	1,281,514
US Software & Comp	BLUECORP INC	21,218	21.65	16.30	345,814
US Software & Comp	COGNIZANT TECH SOLUTIONS-A	10,854	75.67	56.96	618,291
US Software & Comp	EBAY INC	196,427	37.64	28.34	5,565,836
US Software & Comp	GUIDEWIRE SOFTWARE INC	14,252	79.99	60.22	858,205
US Software & Comp	HUBSPOT INC	17,566	86.65	65.23	1,145,832
US Software & Comp	MICROSOFT CORP	119,047	83.18	62.62	7,454,474

US Software & Comp (SALESFORCE.COM INC	30,290	102.32	77.03	2,333,133
US Software & Comp (SERVICENOW INC	27,921	126.42	95.17	2,657,213
US Software & Comp (SPLUNK INC	8,344	67.29	50.66	422,673
US Software & Comp (WORKDAY INC-CLASS A	23,916	110.99	83.55	1,998,260
<b>US Software Total</b>				<b>38,692,290</b>

#### TECHNOLOGY HARDWARE

US IT Hardware	ADVANCED MICRO DEVICES	208,164	10.98	8.27	1,720,630
US IT Hardware	APPLE INC	114,094	169.04	127.25	14,518,839
US IT Hardware	APPLIED MATERIALS	51,657	56.43	42.48	2,194,415
US IT Hardware	ARISTA NETWORKS INC	15,047	199.77	150.39	2,262,871
US IT Hardware	BROADCOM LTD	2,145	263.80	198.59	425,973
US IT Hardware	FLEX LTD	74,533	17.80	13.40	998,730
US IT Hardware	KLA-TENCOR CORP	26,727	108.89	81.97	2,190,876
US IT Hardware	MICROCHIP TECHNOLOGY INC	43,915	94.80	71.37	3,134,013
US IT Hardware	MICRON TECHNOLOGY INC	154,995	44.33	33.37	5,172,435
US IT Hardware	NETAPP INC	53,544	44.42	33.44	1,790,478
US IT Hardware	NVIDIA CORP	25,656	206.75	155.64	3,993,136
US IT Hardware	QUALCOMM INC	84,042	51.00	38.39	3,226,608
US IT Hardware	TEXAS INSTRUMENTS INC	45,447	96.69	72.79	3,308,007
<b>US Technology Hardware Total</b>					<b>44,937,012</b>

<b>TOTAL UNITED STATES</b>					<b>518,993,411</b>
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DERBYSHIRE PENSION FUND  
OCTOBER 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	323.99	3.24	505,298,111
EUROPEAN EQUITIES TOTAL				505,298,111

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

<b>OTHER EQUITIES</b>		<b>Number</b>	<b>Mkt price</b>	<b>Mkt Price</b>	<b>Value in Sterling</b>
<b>Company name</b>		<b>held</b>	<b>in local</b>	<b>GBP</b>	<b>£</b>
<b>JAPAN</b>			<b>currency</b>		
<b>Investment Companies</b>					
Japan	CC Japan Income & Growth Trust	5,000,000	150.00	150.00	7,500,000
Japan	JPMorgan JAP IT 25P	7,730,000	401.00	401.00	30,997,300
Japan	JPMF Japs smoc	2,250,000	400.25	400.25	9,005,625
Japan	Schroder Japan Growth Fund 10p ords	11,300,000	209.50	209.50	23,673,500
<b>J Investment Companies Total</b>					<b>71,176,425</b>
<b>Unit Trusts &amp; OEICs</b>					
Japan	Baillie Gifford OGF - Japanese B Acc Shares	4,513,241.34	1,610.00	1,610.00	72,663,186
Japan	Baring Japan Growth Trust	5,500,000.00	209.40	209.40	11,517,000
Japan	Invesco Perpetual Japan-NTA	4,509,692.54	207.02	207.02	9,335,965
Japan	JPMorgan Jap Fd A Acc	3,000,000.00	431.40	431.40	12,942,000
Japan	Legg Mason iF Martin Currie Japan Alpha Fund X	31,075,861.03	174.50	174.50	54,227,377
Japan	Schroder UT Tokyo Ac	11,000,000.00	364.90	364.90	40,139,000
<b>J Unit Trusts Total</b>					<b>200,824,529</b>
<b>Investment Entities</b>					
Japan	Aberdeen Global - JAP Smaller Cos Fund D£	1,662,639.78	10.62	10.62	17,661,391
Japan	DSBI-JPN EQT FUNDNTL ACT-IG	60,000.00	138.05	13,805.00	8,283,000
Japan	JO Hambro - Japan Fd GBP-A	15,000,000.00	2.58	2.58	38,760,000
<b>J Investment Entities Total</b>					<b>64,704,391</b>
<b>JAPAN TOTAL</b>					<b>336,705,345</b>
<b>OTHER ASIA</b>					
<b>Investment Companies</b>					
Asian	ABERDEEN ASIAN INCOME FUND ORDS	3,000,000	217.00	217.00	6,510,000
Asian	ABERDEEN NDI 25P	7,760,000	234.00	234.00	18,205,200
Asian	EDINBURGH DT 20P	12,300,000	365.50	365.50	44,956,500
Asian	INVESCO ASIA TRUST 10P	6,358,000	287.00	287.00	18,247,460
<b>OA Investment Companies Total</b>					<b>87,919,160</b>
<b>Unit Trusts &amp; OEICs</b>					
Asian	Stewart Investors Asia Pacific Fund (First State A)	5,250,000	1,524.00	1,524.00	80,010,000
Asian	JPMorgan Asia Fund A Ac	20,000,000	208.70	208.70	41,740,000
Asian	Schroder Instl PAC Fd Ac	2,000,000	1,444.00	1,444.00	28,880,000
<b>OA Unit Trusts Total</b>					<b>150,630,000</b>
<b>Investment Entities</b>					
Asian	Baring Int'l Australia \$	130,000,000	114.12	85.91	11,168,240
Asian	Legg Mason-Martin Currie Greater China Fund-A/	417,028.286	31.95	24.05	10,030,348
<b>OA Investment Entities Total</b>					<b>21,198,587</b>
<b>OTHER ASIA TOTAL</b>					<b>259,747,747</b>
<b>EMERGING MARKETS</b>					
<b>Investment Companies</b>					
Internatio	ABERDEEN EMERGING MARKETS	3,098,250	630.00	630.00	19,518,975
Internatio	ABERDEEN FRONTIER MARKETS	5,000,000	63.25	63.25	3,162,500
Internatio	BLACKROCK FRONTIERS INV TRUST	3,200,000	156.25	156.25	5,000,000
Internatio	BLACKROCK EMERGING EUROPE PL	2,780,175	348.50	348.50	9,688,910
Latin Am	Blackrock Latin American Investment Trust plc	862,529	470.00	470.00	4,053,886
Internatio	GENESIS EMERGING MKTS FUND LTD	4,300,000	703.00	703.00	30,229,000
Internatio	JP Morgan EMER IT25P	3,700,000	830.00	830.00	30,710,000
<b>Int'l Investment Companies Total</b>					<b>102,363,271</b>
<b>Unit Trusts &amp; OEICs</b>					
Internatio	Stewart Investors Global Emerging Markets Funf	3,000,000	912.79	912.79	27,383,700
Latin Am	Thd ndle Lnamer Gwth	3,500,000	275.08	275.08	9,627,800
<b>Int'l Unit Trusts Total</b>					<b>37,011,500</b>
<b>Investment Entities</b>					
Internatio	FPP GLOBAL EMERGING MKTS	82,057.980	110.03	82.83	6,796,985
Latin Am	JPMorgan LNAME A U\$	86,085.904	46.36	34.90	3,004,382
Internatio	POLUNIN FUNDS-DEVEL CNTY-B	47,502.659	1,146.22	862.12	40,953,069
<b>LatAm Investment Entities Total</b>					<b>50,754,435</b>
<b>EMERGING MARKETS TOTAL</b>					<b>190,129,207</b>
<b>OTHER EQUITIES TOTAL</b>					<b>786,582,299</b>



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

OTHER EQUITIES		Number held	Mkt price in local currency	Value in Sterling £
Company name				
<b>PRIVATE EQUITY</b>				
<b>Quoted Private Equity</b>				
UK Investment Co's	APAX GLOBAL ALPHA LTD	3,000,000	146.50	4,395,000
UK Investment Co's	ELECTRA PRIVATE EQUITY PLC	101,183	1865.00	1,887,063
UK Investment Co's	HARBOURVEST GLOBAL PRIVATE	925,000	1281.00	11,849,250
UK Investment Co's	HGCAPITAL TRUST PLC	705,315	1742.00	12,286,587
UK Investment Co's	ICG ENTERPRISE TRUST PLC	181,795	828.00	1,505,263
UK Investment Co's	NB PRIVATE EQUITY PARTNERS Ltd (A)	1,500,000	13.15	14,848,980
UK Investment Co's	PANTHEON INTERNATIONAL PLC	345,000	1900.00	6,555,000
UK Investment Co's	PRINCESS PRIVATE EQUITY HOLDING LTD	500,000	10.30	4,515,211
UK Investment Co's	STANDARD LIFE PRIVATE EQUITY	900,000	348.00	3,132,000
UK Investment Co's	WOODFORD PATIENT CAPITAL TRUST	5,000,000	88.95	4,447,500
<b>UK Quoted Private Equity Total</b>				<b>65,421,854</b>
<b>Unquoted Private Equity</b>				
UK Unclassified	BAIRD CAPITAL PARTNERS EUROPE FUND L	4,300,000	0.05	187,580
UK Unclassified	CAPITAL DYNAMICS GLOBAL SECONDARIES	20,000,000	0.39	5,839,519
UK Unclassified	CAPITAL DYNAMICS MID-MARKET DIRECT FE	25,000,000	0.37	8,136,903
UK Unclassified	CATAPULT GROWTH FUND UNITS	3,000,000	0.23	679,173
UK Unclassified	EAST MIDLANDS VENTURE	3,000,000	0.10	307,235
UK Unclassified	GRANVILLE PRIVATE EQUITY MANAGERS (U	2,000,000	0.00	9,487
UK Unclassified	MOBEUS EQUITY PARTNERS IV LP	10,000,000	0.25	2,491,447
UK Investment Co's	PANORAMIC ENTERPRISE CAPITAL UNITS	2,500,000	0.20	494,037
UK Investment Co's	PANORAMIC GROWTH FUND 2 LP	10,000,000	0.21	2,079,484
UK Investment Co's	PARTNERS GROUP GLOBAL VALUE 2008	7,500,000	0.62	4,051,897
UK Unclassified	PHILDREW VENTURES 4TH	820,000	0.40	3,280
UK Investment Co's	STAR CAPITAL STRATEGIC ASSETS III LP	12,500,000	0.09	964,137
UK Unclassified	VESPA CAPITAL II LLP	10,000,000	0.35	3,537,893
<b>UK Unquoted Private Equity Total</b>				<b>28,782,071</b>
<b>PRIVATE EQUITY TOTAL</b>				<b>94,203,925</b>
<b>INFRASTRUCTURE</b>				
<b>UK Infrastructure Quoted</b>				
Closed-end Funds	FORESIGHT SOLAR FUND LTD	4,000,000	109.25	4,370,000
Closed-end Funds	GREENCOAT UK WIND PLC	11,875,000	120.50	14,309,375
Closed-end Funds	HICL INFRASTRUCTURE CO LTD	6,060,872	155.70	9,436,778
Closed-end Funds	INTERNATIONAL PUBLIC PARTNERSHIP LTC	20,462,823.00	160.60	32,863,293.74
Closed-end Funds	3I INFRASTRUCTURE PLC	2,849,999.00	197.00	5,614,498.03
Closed-end Funds	RENEWABLES INFRASTRUCTURE GR	6,500,000.00	108.70	7,065,500.00
<b>UK Infrastructure Quoted Total</b>				<b>73,659,444</b>
<b>UK Infrastructure Unquoted</b>				
UK Unclassified	EQUITIX FUND 1 LTD P'SHIP	7,500,000	1.85	13,868,409
UK Unclassified	Equitix Fund IV Ltd P'ship	25,000,000	0.55	13,709,195
UK Unclassified	IMPAX NEW ENERGY INVESTORS II UNITS	10,000,000	0.17	1,508,389
UK Unclassified	MEIF 5 Co-Invest LP	12,600,000	0.27	3,034,371
UK Unclassified	Macquarie European Infrastructure Fund 5 LP	14,400,000	0.33	4,211,975
UK Unclassified	SL CAPITAL INFRASTRUCTURE 1LP	15,000,000	0.73	10,954,356
<b>UK Infrastructure Total</b>				<b>47,286,695</b>
<b>INFRASTRUCTURE TOTAL</b>				<b>120,946,140</b>
<b>ALTERNATIVES TOTAL</b>				<b>215,150,065</b>

DERBYSHIRE PENSION FUND		30/09/2017
OCTOBER 2017 PORTFOLIO VALUATION - BID		Value
Real Property		£
Property	Southampton Property	5,250,000
Property	Retail Unit Tamworth	10,600,000
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	22,000,000
Property	Chelsea Fields Ind Est, London	10,000,000
Property	Planet Centre, Feltham	11,200,000
Property	Hill St, Mayfair	16,800,000
Property	Birmingham - Travelodge developm't	15,750,000
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	14,300,000
Property	Loddon Centre, Basingstoke	11,750,000
<b>Total Real Property</b>		<b>178,050,000</b>

Property Managed Funds			Number held	Mkt price	
Property	Pence	Assura PLC	4,000,000	60.4000	2,416,000
Property	GBP	Aviva Pooled Property Fund - cl	670,394	15.0173	10,067,489
Property	GBP	Aviva Pooled Property Fund - cl	469,171	15.1106	7,089,456
Property	GBP	Bridges Property Alternatives Fu	833	10574.2344	8,808,812
Property	GBP	Bridges Property Alternatives Fu	148	5651.3387	838,690
Property	EUR	Fidelity Eurozone Select Real Es	2,905	5538.2652	14,103,873
Property	GBP	Igloo Regeneration P'ship Prope	4,644,493	0.4802	2,230,234
Property	EUR	Invesco Real Estate-European F	44,569	116.0860	4,536,094
Property	Pence	Target Healthcare REIT Ltd	2,915,000	116.0000	3,381,400
Property	GBP	M&G Pooled Pension Property F	27,124	740.7200	20,091,289
Property	EUR	M&G European Property Fund	13,000,000	0.9635	10,981,163
Property	GBP	Threadneedle Pensions Property	1,647,730	5.9780	9,850,133
Property	Pence	Tritax Big Box Indirect Pooled Fu	10,000,000	147.3000	14,730,000
Property	GBP	Unite UK Student Accommodatic	15,584,567	1.3070	20,369,029
<b>Total Property Funds</b>					<b>129,493,661</b>

Local Authority Depo		Chesterfield Borough Council	16,074		2,178
			Mellon		
Cash	Updated to 31 October 2017		USD	Exch rate	
Cash	BNP Paribas				13,917,329
Cash					16,262,087
Cash					
Cash	Cash - Lloyds bank Superfund				8,513,000.00
Cash	Cash Temporary Loans		113,000,000		
	Leeds City Council 2D/N		20,000,000		
	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		10,000,000		
	Federated Prime Rate		10,000,000		
	Blackrock MMF		0		
	Deutsche Global MMF		0		178,000,000
Total Cash					216,692,416

EQUITIES	UK	US	Total Europe	Japan	Other Asia	Emerging Mkts
Oil & Gas Producers	172,232,851	23,455,453	0			
Oil & Gas Services	4,529,184	2,608,134	0			
Chemicals	16,614,822	10,851,972	0			
Forestry & Paper	7,744,611	2,287,611	0			
Industrial Metals	2,128,293	2,128,293	0			
Mining	68,648,884	0	0			
Construction	6,174,593	1,506,207	0			
Aerospace	39,524,593	21,041,593	0			
General Industrial	25,790,438	12,984,188	0			
Electronic Equipment	20,718,846	14,217,846	0			
Industrial Engineering	13,590,550	0	0			
Industrial Transport	5,682,911	5,682,911	0			
Support Services	45,825,771	3,693,571	0			
Automobiles	8,637,741	2,614,741	0			
Beverages	67,918,624	17,998,624	0			
Food Producers	25,882,510	12,137,476	0			
Household Goods	49,707,290	7,572,540	0			
Leisure Goods	0		0			
Personal Goods	43,227,741	3,747,891	0			
Tobacco	80,699,850	11,139,600	0			
Healthcare Equipment & Services	16,487,862	16,487,862	0			
Pharmaceutical / Biotech	146,856,047	55,742,197	0			
Food Retail	17,964,175	6,452,575	0			
General Retail	29,978,417	20,177,342	0			
Media	76,870,855	31,462,855	0			
Travel & Leisure	37,099,941	2,696,171	0			
Telecoms	59,672,004	10,216,754	0			
Electricity	29,300,797	23,081,797	0			
Gas & Water	50,629,801	6,373,564	0			
Banks	164,829,214	26,704,964	0			
Non-Life Insurance	46,259,865	22,407,865	0			
Life Insurance	70,338,931	3,065,931	0			
Real Estate Investment Trusts	42,170,966	17,126,141	0			
Real Estate Investment Service	2,659,000	0	0			
General Financial	65,205,017	37,699,438	0	71,176,425	87,919,160	102,363,271
Investment Companies	332,656,151		0			
Software	53,889,790	38,692,290	0			
Technology Hardware	48,192,012	44,937,012	0			
Unit Trusts & OEICs	422,812,406		0	200,824,529	150,630,000	37,011,500
Investment Entities	145,812,468		0	64,704,391	21,198,587	50,754,435
Passive tracker fund	505,298,111		505,298,111			
<b>Total Equities</b>	<b>3,070,263,935</b>	<b>518,993,411</b>	<b>505,298,111</b>	<b>336,705,345</b>	<b>259,747,747</b>	<b>190,129,207</b>
	<b>1,259,390,115</b>					

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

**Fixed Interest**

UK Government Bonds	242,275,659
UK Government Index Linked	201,879,604
Corporate Bonds	243,701,843
Corporate Index Linked	0
Multi Asset Credit	117,835,004
US Govt	13,199,757
US Govt Index Linked	61,130,751
France	0
French Govt Index Linked	0
Germany	0
German Govt Index Linked	0
<b>Total Fixed Interest</b>	<b>880,022,618</b>

**Alternatives**

Private Equity - quoted	65,421,854
Private Equity - unquoted	28,782,071
Infrastructure - quoted	73,659,444
Infrastructure - unquoted	47,286,695
<b>Total Alternatives</b>	<b>215,150,065</b>

**Miscellaneous**

Real Property	178,050,000
Property Funds	129,493,661
Local Authority Deposits	2,178
Cash (incl USA)	216,692,416
<b>Total Miscellaneous</b>	<b>524,238,255</b>

**TOTAL PORTFOLIO** **4,689,674,873**