PUBLIC

Agenda Item No 4(a)

DERBYSHIRE COUNTY COUNCIL

PENSIONS AND INVESTMENTS COMMITTEE

7 March 2018

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 January 2018 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 £260m at 31 January 2018. 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.

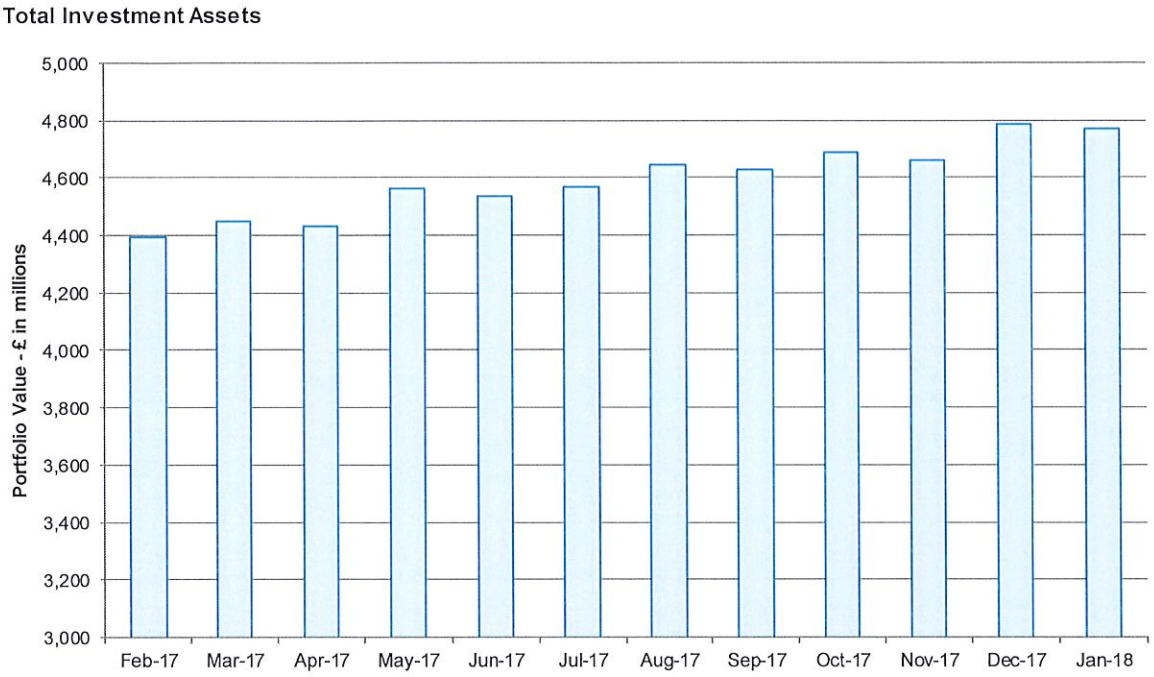
Asset Category	Benchmark	Fund Allocation	Fund Allocation	Permitted Range	Benchmark Relative Recommendation		Recommendation		Recommendation Adjusted for Commitments (1)	Benchmark Return
		31/10/17	31/1/18		AF 7/3/18	DPF 7/3/18	AF 7/3/18	DPF 7/3/18	DPF 7/3/18	3 Months to 31/1/18
Equities	**58.0%**	**65.5%**	**64.3%**	**+/- 8%**	**+2.0%**	**+4.9%**	**60.0%**	**62.9%**	**62.9%**	**n/a**
UK Equities	25.0%	26.9%	25.4%	+/- 6%	-2.0%	-0.8%	23.0%	24.2%	24.2%	1.0%
Overseas Equities	33.0%	38.6%	38.9%	+/- 6%	+3.0%	+5.7%	37.0%	38.7%	38.7%	n/a
N. America	12.0%	11.1%	11.3%	+/- 4%	-	-0.7%	12.0%	11.3%	11.3%	2.9%
Europe	9.0%	10.8%	10.6%	+/- 4%	-	+1.6%	9.0%	10.6%	10.6%	0.1%
Japan	5.0%	7.2%	7.2%	+/- 2%	+1.0%	+2.0%	6.0%	7.0%	7.0%	1.4%
Pacific ex-Japan	4.0%	5.5%	5.6%	+/- 2%	+1.0%	+1.6%	5.0%	5.6%	5.6%	3.5%
Emerging Markets	3.0%	4.1%	4.2%	+/- 2%	+2.0%	+1.2%	5.0%	4.2%	4.2%	6.1%
Bonds	**22.0%**	**18.8%**	**18.6%**	**+/- 5%**	**-2.0%**	**-2.8%**	**20.0%**	**19.2%**	**20.0%**	**n/a**
Conventional	5.5%	5.4%	5.3%	+/- 3%	-1.5%	-0.2%	4.0%	5.3%	5.3%	(0.4%)
Index-Linked	6.5%	5.6%	5.4%	+/- 3%	-1.5%	-1.1%	5.0%	5.4%	5.4%	(0.1%)
Corporate	6.0%	5.2%	5.2%	+/- 3%	-	-0.3%	6.0%	5.7%	5.7%	0.7%
Multi-Asset Credit	4.0%	2.5%	2.7%	+/- 2%	+1.0%	-1.2%	5.0%	2.8%	3.6%	0.8%
Property	**9.0%**	**6.6%**	**7.0%**	**+/- 3%**	**-**	**-2.0%**	**9.0%**	**7.0%**	**7.9%**	**2.9%** (2)
Direct	5.0%	3.8%	4.1%	+/- 2%	+1.0%	-0.9%	6.0%	4.1%	4.1%	2.9% (2)
Indirect	4.0%	2.8%	2.9%	+/- 2%	-1.0%	-1.2%	3.0%	2.9%	3.8%	2.9% (2)
Alternatives	**9.0%**	**4.6%**	**5.2%**	**+/- 3%**	**-**	**-3.7%**	**9.0%**	**5.3%**	**9.2%**	**n/a**
Infrastructure	5.0%	2.6%	3.2%	+/- 2%	-	-1.8%	5.0%	3.2%	4.6%	0.6%
Private Equity	4.0%	2.0%	2.0%	+/- 2%	-	-1.9%	4.0%	2.1%	4.6%	1.9%
Cash	**2.0%**	**4.6%**	**4.9%**	**0 – 8%**	**-**	**+3.6%**	**2.0%**	**5.6%**	**-**	**0.1%**

(1) Recommendation adjusted for investment commitments at 31 January 2018
(2) Benchmark Return for the three months to 31 December 2017

Relative to the benchmark, the Fund as at 31 January 2018 was overweight in Equities and Cash, but underweight in Bonds, Property and Alternative investments.

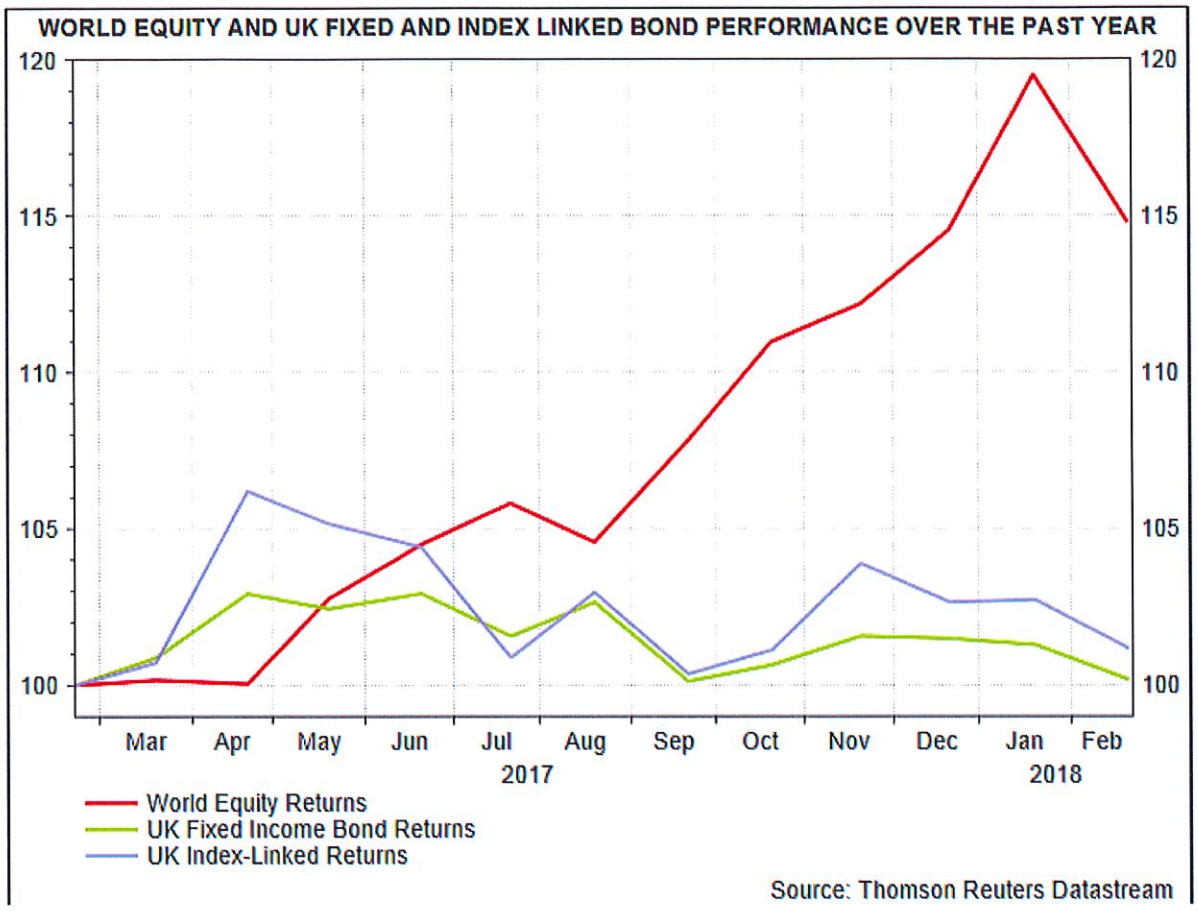
(iii) Total Investment Assets

The Fund's investment assets increased by £81.9m (+1.7%) between 31 October 2017 and 31 January 2018 to £4.8bn. Over the twelve months to 31 January 2018, the Fund's investment assets have risen by £493.9m (+11.5%) reflecting strong equity market returns. A copy of the Fund's valuation is attached at Appendix 2.



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

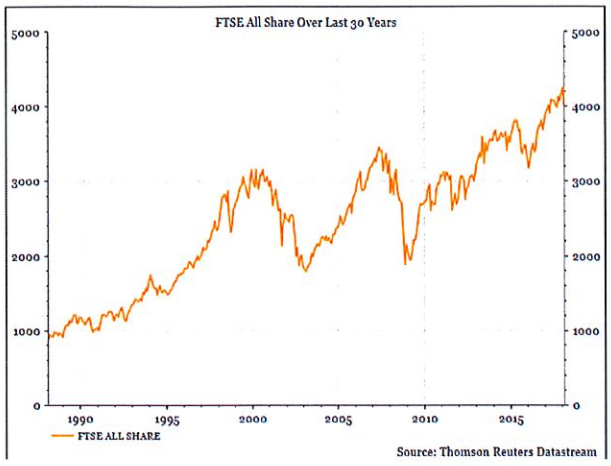


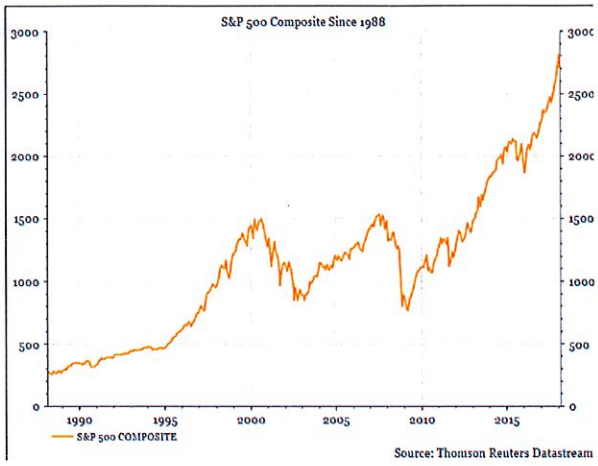
The chart above shows market returns for World Equities, UK Fixed Income and UK Index Linked bonds between 23 February 2017 and 22 February 2018.

Equity markets continued the climb higher in November and December 2017. Investor risk appetite remained strong, buoyed by optimism over the prospects for the global economy and US Congress approval for Donald Trump's tax reforms. Equities fell in late January 2018, a trend which continued into February 2018, following weaker than expected Q4 2017 US GDP growth and a rise in US bond yields in response to continued tightening in the US labour market and wage growth hitting its highest level in nine years. 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 2017 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 January 2018. Many global stock markets are still trading at, or close to, all-time highs despite the recent bout of volatility 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 31 December 2017.

Per annum	The Fund	Benchmark Index
1 year	12.6%	10.8%
3 year	11.3%	10.3%
5 year	11.1%	10.4%
10 year	7.5%	7.0%

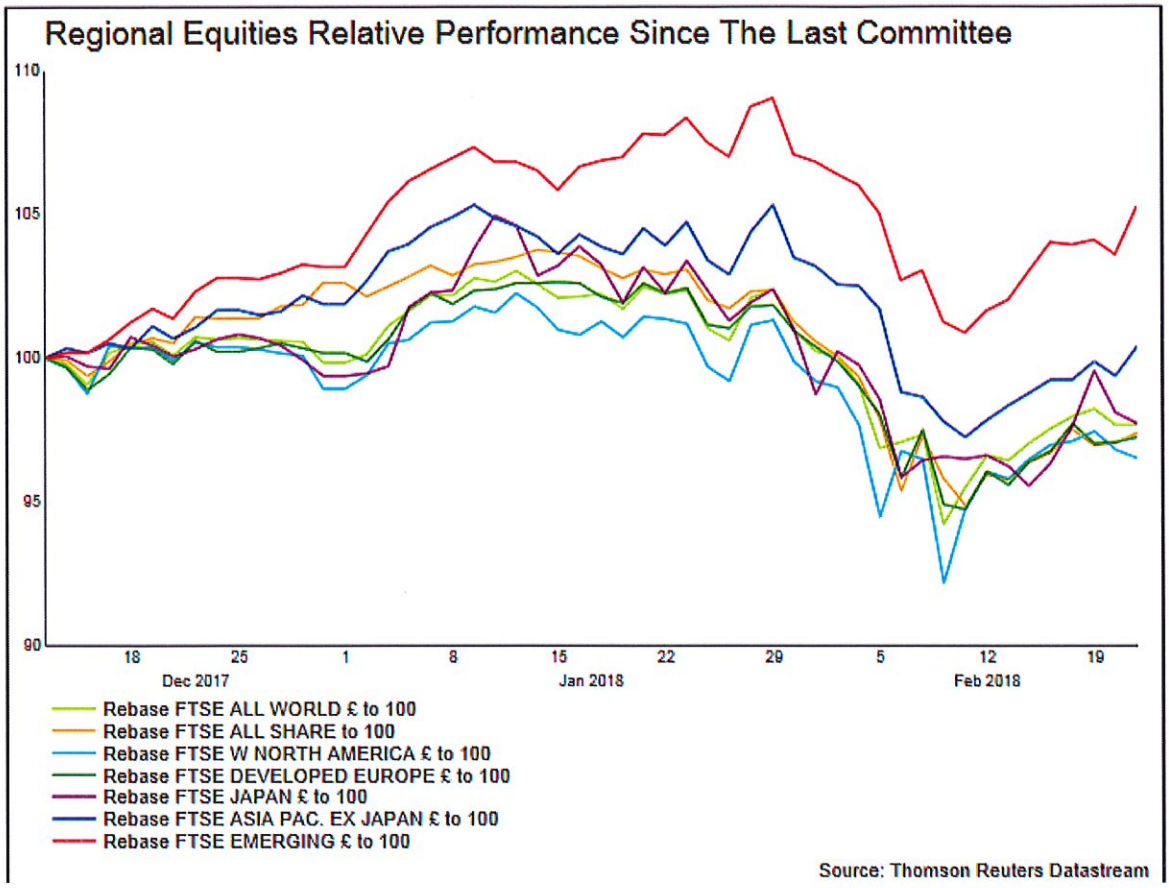
The Fund outperformed the benchmark over each of the periods.

(vi) Asset Class Recommendations

Equities

At the last meeting it was agreed to reduce the overall weighting in Equities to 62.7%, a 4.7% overweight position against the benchmark at 31 January 2018. At 31 January 2018, the overall equity weighting was 64.3%, with divestment of £83m, partly offset by relative market strength. The IFMT recommendations below would take the overall equity weighting to 62.9%.

The Chart below shows the relative regional equity returns since the last meeting on 12 December 2017.



UK Equities

It was agreed that the Fund would reduce its weighting from 26.9% to 24.2%. Benchmark UK Equities returned 1.0% in the period. Whilst divestment in the period totalled £82m, this was lower than anticipated reflecting heightened market volatility, and the weighting fell to 25.4% at 31 January 2018.

Mr Fletcher notes that whilst 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 has increased his underweight recommendation from 1.0% to 2.0%. 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 continues to increase the likelihood of politically induced market volatility in the short to medium term. The IFMT, therefore, recommends that the current allocation is reduced by 1.2% 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%. Whilst there were no transactions in the period, relative market strength increased the weighting to 11.3% at 31 January 2018. Benchmark US Equities returned 2.9% in the period.

Mr Fletcher notes that the US equity market remains overvalued, but earnings growth is higher than expected at close to 3%. Mr Fletcher believes, that despite the overvaluation, it is difficult to be underweight in this asset class because Donald Trump has achieved his tax cuts and this is expected to boost the economy. Trump is now focussing on his bank deregulation bill, which could, if successful, lead to further economic stimulus later this year. Therefore, Mr Fletcher recommends 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) and higher inflation and bond yields are likely to weigh on equity valuations. The IFMT recommends maintaining the current 0.7% underweight position of 11.3%.

European Equities

It was agreed at the last meeting that the Fund would maintain a 1.8% overweight position of 10.8%. Whilst there were no transactions in the period, relative market weakness (benchmark European Equities returned 0.1% in the period) reduced the weighting to 10.6% at 31 January 2018. 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 1.6%% overweight position of 10.6% is maintained, despite rising political concerns (e.g. Italian elections), with equities supported by an improving economic outlook, corporate earnings growth and continued monetary support from the ECB.

Japanese Equities

At the last meeting it was agreed to reduce the weighting by 0.2% to 7.0%. However, divestment of £8m was offset by strong performance and the

weighting remained at 7.2% at 31 January 2018, slightly higher than the permitted range. Benchmark Japanese equities returned 1.4%.
Mr Fletcher notes that the Japanese market has enjoyed another very strong quarter and, despite the recent slowdown, the economy continues to do well. On a fundamental value basis the market is now only fair value relative to the rest of the world, but cheap relative to its own longer term history. Mr Fletcher notes that whilst it might be worth taking some profits after such a strong market run, 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, together with the diversification benefits of holding Japanese equities, continue to justify an overweight position relative to the Fund's Strategic Benchmark.

Asia Pacific Ex Japan and Emerging Markets

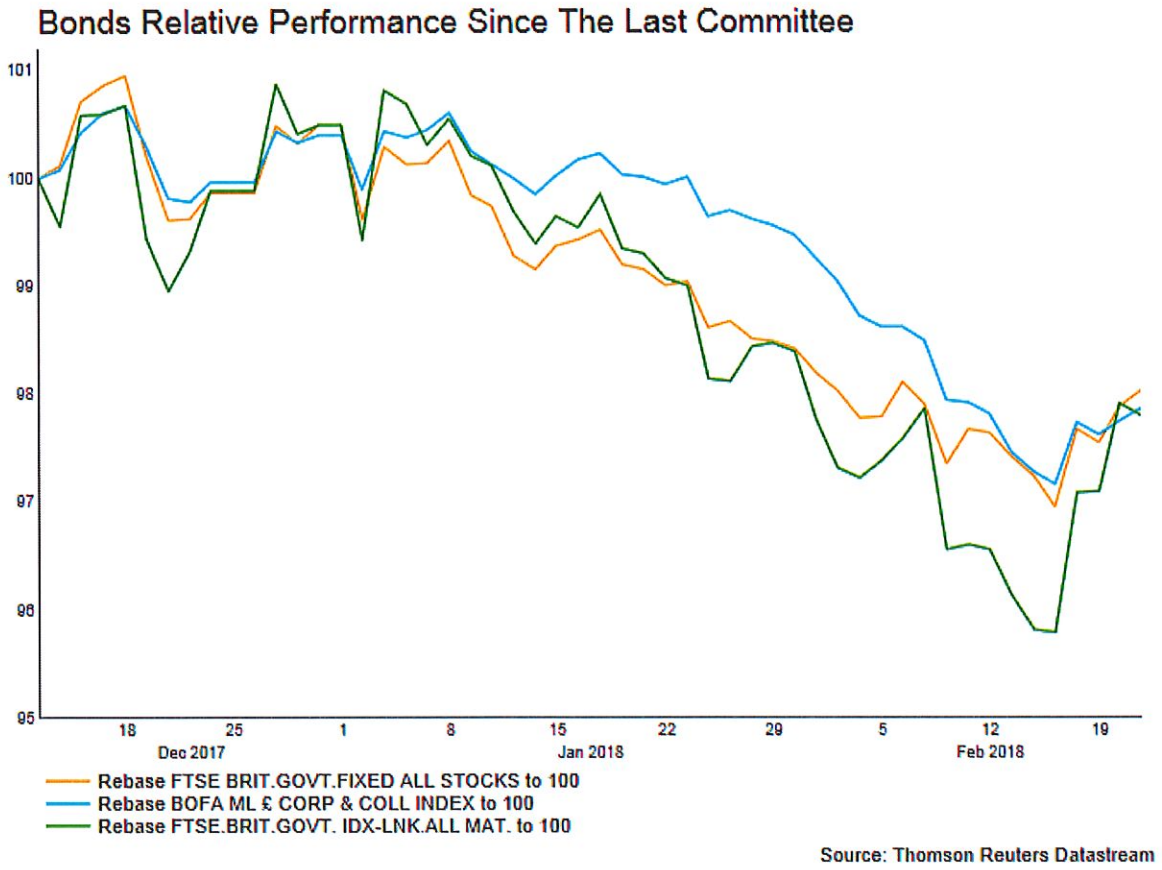
It was agreed that the Fund would retain the Asia Pacific Ex Japan weight at 5.6% (1.6% overweight) and the Emerging Market weight at 4.1% (1.1% overweight). There were no transactions in the period, but relative market strength in both Asia Pacific Ex Japan and Emerging Markets increased the weightings to 5.6% and 4.2%, respectively.

Mr Fletcher notes that these economies represent a significant proportion of global growth and because they have higher growth rates, this is likely to continue to be so in the future. Mr Fletcher recommends a 1% overweight position in Asia Pacific Ex Japan, and he has increased his overweight recommendation in Emerging Markets from 1% to 2% (i.e. 3% on a combined basis). The IFMT continue to believe in the long term growth potential of these regions and recommend maintaining the combined overweight position of 2.8%.

Bonds

At the last meeting it was agreed to increase the overall weighting in bonds to 19.6%, a 2.4% underweight position. At 31 January 2018, the overall weighting to bonds was 18.6%, reflecting lower than expected investment and negative market returns over the period. The IFMT recommendations below would take the overall bond weighting to 19.2%.

The Chart below shows the relative regional bond returns since the last meeting on 12 December 2017.



Conventional Bonds

It was agreed to maintain the allocation at 5.4%, 0.1% underweight against the benchmark. Relative market weakness reduced the weighting to 5.3% at 31 January 2018, with benchmark Conventional Bonds returning -0.4% 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 notes that the market now expects US rates to increase by 0.25% at least two, and possibly three more times, by 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 until much later this year, but notes that the market has priced a 0.25% move in May 2018 to reflect the more hawkish rhetoric of the Governor at the February Inflation Reporting press conference. It remains unlikely that rates will be increased in Europe or Japan in 2018. The IFMT believe that despite sovereign bonds appearing to offer few attractions in a rising rate environment, they continue to afford greater protection than other asset classes in periods of market uncertainty and they fulfil the role of diversifying assets in the portfolio. Therefore, the IFMT recommends maintaining the current 0.2% underweight allocation of 5.3%.

Index-Linked Bonds

At the last meeting it was agreed to hold a 0.9% underweight position of 5.6%. Relative performance weakness reduced the weighting to 5.4% at 31 January 2018. Benchmark Index-Linked bonds returned -0.1% over the period.

Mr Fletcher notes that UK Index-Linked gilts remain some of the most expensive 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. Mr Fletcher continues to recommend a 1.5% underweight position of 5.0% and 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 1.1% underweight position of 5.4% 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 increase the weighting by 0.5% to 5.7%. The proposed investment was deferred due to market volatility and the weighting remained flat at 5.2%. Benchmark Corporate Bonds returned 0.7% over the quarter.

Mr Fletcher believes that the overall level of yield relative to gilts supports a neutral weighting of 6.0% and notes that the quality of the investment grade market since the Global Financial Crisis (GFC) is now, arguably, of better quality. The IFMT believe that following a period of underperformance Corporate Bond yields now represent better value relative to other asset classes, and recommend increasing the weighting by 0.5% to 5.7%. The IFMT continue to believe that an overall underweight position is warranted because there remains a risk that the current yield pick-up of less than 1.0% is insufficient to compensate for the increased default risk. It is intended that a relatively defensive position will be maintained in the asset class.

Multi-Asset Credit

At the last meeting it was agreed to increase the invested weighting by 0.4% to 2.9% and maintain the committed weighting at 3.9%. Investment in the period of £11m was partly offset by relative market weakness, and the

weighting increased to 2.7% at 31 January 2018; 3.6% on a committed basis. 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 and, whilst preferring a bias towards defensive forms of credit (e.g. senior secured debt with low default rates), with strong covenants (there are some signs that covenants are now starting to weaken as investors chase yield) and floating rate protection, are also assessing options for picking-up additional yield. Due diligence on a number of possible investments is on-going. The IFMT recommend increasing the invested weighting at 2.8% and the committed weighting at 3.6%.

Property

At the last meeting it was agreed to increase the overall allocation to Property at 6.8%; a 2.2% underweight position. Investment in the period totalled £19m and the weighting increased to 7.0% at 31 January 2018, with Direct Property accounting for 4.1% (0.9% underweight) and Indirect Property accounting for 2.9% (1.1% underweight). Benchmark property returns in the three months to 31 December were 2.9%. The recommendations below would maintain the overall Property weighting at 7.0%.

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 maintaining the Direct Property weighting at 4.1% as the external discretionary manager continues to seek out attractive propositions. The IFMT recommends that the current Indirect Property weighting is maintained whilst the IFMT assesses opportunities, 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 5.3% on an invested basis and 8.6% on a committed basis against the neutral benchmark of 9%. At 31 January 2018, the invested weighting was 5.2%. The recommendations from the IFMT, set out below, increase the invested weighting to 5.3% and increase the committed

weighting to 9.2% (i.e. a neutral committed weighting relative to the benchmark).

Infrastructure

It was agreed at the last meeting to increase the invested weightings to 3.3% (4.4% on a committed basis), against a neutral position of 5%. Investment in the period totalled £34m, increasing the invested weighting to 3.2% at 31 January 2018; 4.6% on a committed basis.

Mr Fletcher has maintained his neutral weighting of 5%, whilst reflecting that the demand/supply imbalance of opportunities remains in place and notes that 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. The IFMT continues to assess opportunities, recommending that the invested weighting is maintained at 3.2%; 4.6% on a committed basis.

Private Equity

At the last meeting it was agreed to maintain the invested Private Equity weighting at 2.0%; 4.2% on a committed basis. Investment in the period totalled £2m and the invested weighting remained at 2.0%.

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 continues to assess opportunities and recommends increasing the invested weighting to 2.1%. The IFMT expects commitments to increase by around £25m in the next three months, taking the committed weighting to 4.6%.

Cash

At the last meeting it was agreed to increase the cash weighting to 5.6%, however the actual cash weighting at 31 January 2018 was 4.9%, 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. Market volatility has increased recently and 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 0.5%.

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

Appendix 1

Fourth Quarter 2017 Investment Report Prepared for

Derbyshire County Council Pension Fund Pensions and Investment Committee Meeting

March 2018

Anthony Fletcher
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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.

Since the contents of this report have been dictated by the Pension and Investment Committee it does not contain performance data for longer periods in accordance with the requirements of the FCA Rules.

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 7th March 2018
Date of paper 21st February 2018

1. Market Background

The global economic picture at the end of 2017 was positive; strong GDP data, falling unemployment, low volatility and a synchronised global expansion supporting asset market valuations. However, investors remain concerned about high equity market valuations, tight credit spreads and continue to worry that the cycle is about to turn. In the background geopolitical tensions threaten to potentially impede further growth. The exception to this positive story was the UK, which saw its long-term growth forecasts revised downwards and inflation remain one percentage point above the target, as Sterling's weakness after Brexit continued to be felt.

Global equity markets maintained their upward trajectory to end the year at or near record highs, underpinned by broadly positive economic data across the world. UK equities performed better in the final quarter of the year than in previous quarters, but for the year they were underperformers relative to other major markets as uncertainty over Brexit continued and the recovery of Sterling especially against the US dollar dampened overall equity market performance.

The fixed income market trends seen since early 2017 continued into Q4, with government bond yields moving sideways. The favourable backdrop helped narrow the spread on investment grade and high yield corporate bonds; in the UK gilt yields fell following a sell-off in September and Corporate bond spreads fell to their lowest levels since before the financial crisis.

The US dollar continued to decline, but at a slower rate, as investors favoured the Euro, with political concerns continuing to ease and better economic data surfacing in the Eurozone. Select emerging market currencies were also stronger. Sterling strengthened over the period against a weaker US dollar following the Bank of England's November interest rate rise, but not against the Euro or the Japanese yen.

Activity in the UK property market remained buoyant in the quarter, with low interest rates contributing to returns on investment, although residential house price growth slowed considerably compared to 2016.

The oil price, which had declined in the first half of the year, recovered further in Q4 to US$67 a barrel after OPEC agreed to output cuts.

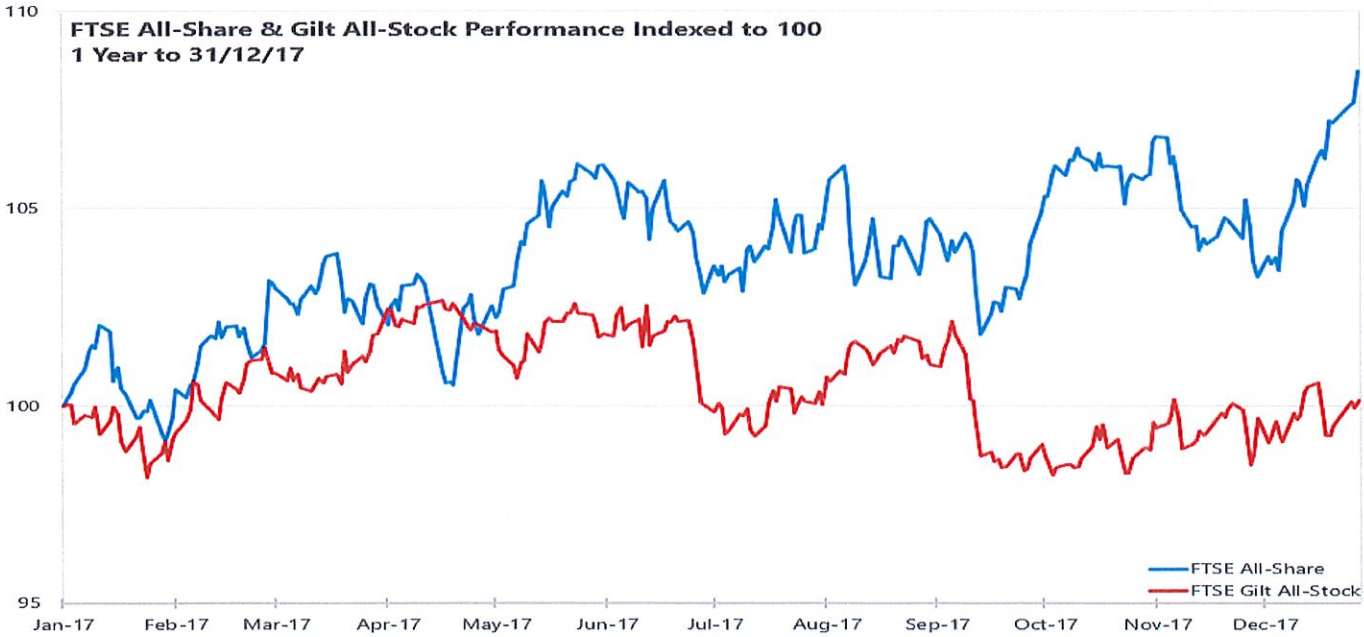
2018 potentially represents a turning point for investors, the easy money of the last 10 years and the distortions created by Quantitative Easing may be about to begin to be unwound. While the markets remain in good spirits it may be worth investors looking at their portfolios and considering taking some of profits available from equity markets and diversifying their portfolios in preparation for the next 10 years.

Table 1, below shows the total investment return in pound Sterling for the major asset classes, using FTSE indices except where noted; for the month of January 2018, 3 and 12 months to the end of December 2017.

% Total return dividends reinvested			
	Market returns		
		Period end 31st December 2017	
	January 2018	3 months	12 Months
FTSE All-Share	-1.9	5.0	13.1
FTSE World ex UK	0.6	5.1	13.8
North America	0.3	5.6	11.3
Europe ex UK	1.4	0.5	16.9
Japan	-0.6	7.9	14.4
Pacific Basin	1.3	7.5	23.4
Emerging Equity Markets	3.6	6.1	21.1
UK Gilts - Conventional All Stocks	-2.0	2.0	1.8
UK Gilts - Index Linked All Stocks	-2.7	3.5	2.3
UK Corporate bonds*	-0.9	1.8	2.8
Overseas Bonds**	-0.7	0.3	1.1
Property IPD quarterly		2.9	10.0
Cash 7 day LIBID	0.03	0.07	0.15

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

Chart 1: - UK bond and Equity markets since 31st December 2016



Source: - Bloomberg

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

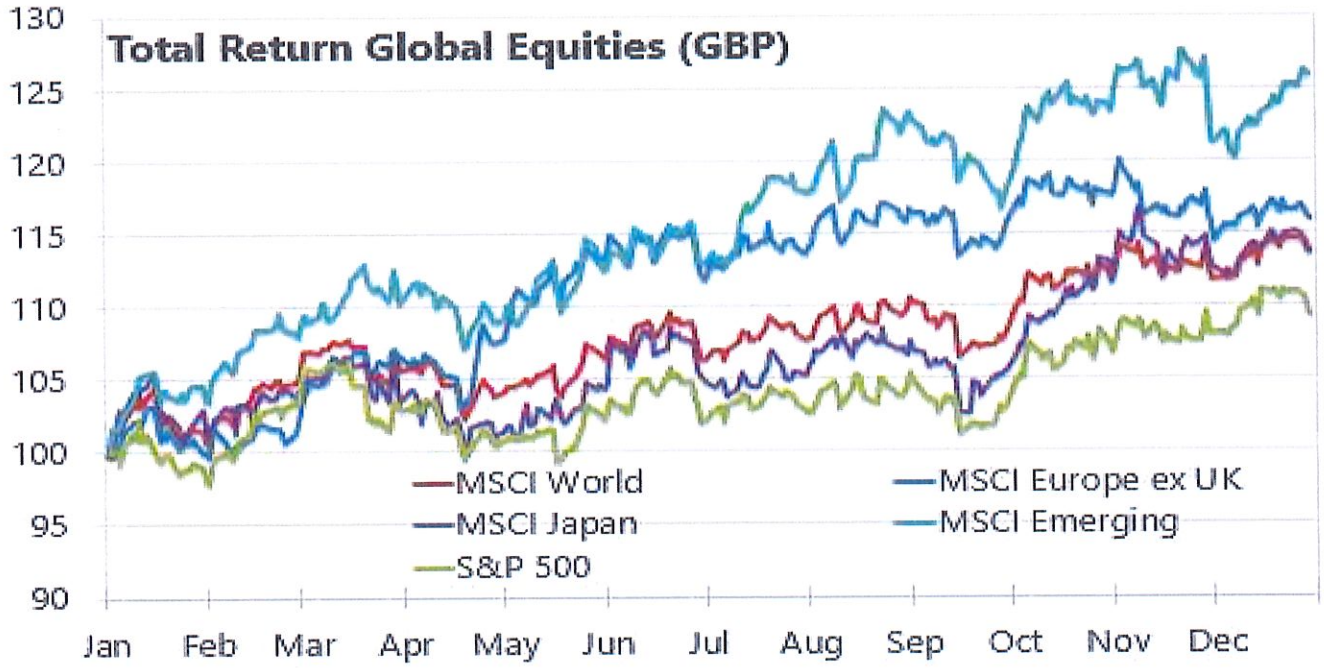
Bond Market % yield to maturity	**30th September 2017**	**31st December 2017**	**Change**	31st December 2016	Current 9th February 2018
UK government bond (gilts)					
10 year	1.37	1.19	**-0.18**	1.24	1.57
30 year	1.92	1.76	**-0.16**	1.88	1.95
10 Index linked	-1.71	-1.85	**-0.14**	-1.81	-1.54
30 Index linked	-1.47	-1.61	**-0.14**	-1.56	-1.43
Overseas government bond					
10 US Treasury	2.33	2.41	**+0.09**	2.45	2.85
10 Germany	0.46	0.43	**-0.03**	0.21	0.75
10 Japan	0.07	0.05	**-0.02**	0.05	0.07
Non-government bond					
UK corporates	2.47	2.35	**-0.12**	2.56	2.64
Global High yield	5.11	5.25	**+0.14**	5.86	5.66
Emerging markets	4.27	4.07	**-0.20**	4.81	4.50

Source: - BofE DMO; Bloomberg and Merrill Lynch, indices 9th February 2018.

Chart 2: - Bond index returns unhedeged 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.

After a fairly quiet January, where the trends that were driving markets in 2017 continued, February month to date has seen a lot more volatility in all asset markets. It started in January with bond markets responding to stronger than expected US economic data and continued into the 1st couple of weeks of February with a fairly broad based sell off in equity markets as they digested the stronger inflation and employment data. None of this news should have come as a surprise to the market as this information was there for all to see and very little has changed in the economic fundamentals. As of close of business on the 16th February markets appear to have recovered their composure and what looks like a long overdue correction has blown the froth off equity prices in general. Year to date the FTSE UK equity indices are about 5% lower with a more muted response from global equity indices which are down about 2%. Government bond yields are 0.3 to 0.4% higher than they were at the beginning of the year (see Table 2 above). As a result total returns from UK bond markets are -2.5% for gilts and -3.6% for linkers, overseas bonds have seen similar moves with US and German yields nearly 0.5% and 0.3% higher respectively. Non-government bonds have seen their yields rise but to a slightly lesser extent as the spread narrowed, as a result total returns should be slightly less negative.

With the publication of the February Inflation Report, the Bank of England (BofE) has found a reason to become more hawkish on interest rates, by discovering that the non-inflationary (potential) growth rate of the UK economy is closer to 1.5% than 2.0% as previously thought. Given where we are in the cycle the BofE now sees growth above 1.5% as potentially inflationary, it also revised higher, based on global not domestic growth, it's UK growth rate forecast from 1.6% to 1.8% for 2018 and from 1.7% to 1.8%, for 2019 and 2020, these observations have led the market to expect the next base rate rise to be in May rather than November 2018.

What the recent volatility shows is that short term market participants had become somewhat complacent about the issues that medium term and long term investors have been concerned about for some time, namely the high valuations in equity markets and the removal of easy monetary conditions against a backdrop of higher growth.

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 December 2018. 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. Returns in the fourth quarter were stronger than the average of the last 4 quarters, except in Europe. The PEL attribution data suggests that both Asset Allocation and Stock Selection made positive contributions to overall returns.

Table 3: - Derbyshire Pension Fund and Benchmark returns

% Total return 31st December 2017	3 months		12 months	
	Derbyshire Pension Fund	Benchmark	Derbyshire Pension Fund	Benchmark
UK Equity	4.8	5.0	14.6	13.1
Overseas Equity	5.2	4.8	17.9	15.8
North America	4.7	5.6	11.8	11.3
Europe	0.2	0.3	16.9	17.0
Japan	11.2	7.9	22.5	14.4
Pacific Basin	8.6	7.5	24.0	23.4
Emerging markets	5.5	6.1	21.3	21.1
UK Gilts	1.9	2.0	2.1	1.8
UK and Overseas Inflation Linked	3.3	3.5	4.0	2.3
UK Corporate bonds	2.5	2.1	6.4	5.1
Multi-asset Credit	1.7	0.8	5.7	3.4
Alternatives (all sectors)	2.6	2.7	11.4	8.0
Property (all sectors)	3.1	2.9	11.0	10.0
Cash	0.1	0.1	0.3	0.2
Total Fund	**4.0**	**3.8**	**12.6**	**10.8**

Total fund value at 31st December 2017 £4,784 million

Equity performance

The Fund had another good quarter delivering 4% versus 3.8% for the strategic benchmark, with the best performance coming from overseas equity, followed by UK equity, alternatives and finally bonds. Over the calendar year of 2017, this pattern is repeated, the Fund outperformed by 1.8% delivering 12.6% versus the strategic benchmark return of 10.8%.

Over the quarter, UK equity market exposure was reduced from 27% of total assets under management to 26%, while the performance over the quarter was slightly behind benchmark relative to the FTSE All Share index, this

element of fund outperformed the benchmark over 12 months. 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 over all periods, in absolute and relative terms.

The next largest allocation is to North American equity, this portion is actively managed in a segregated portfolio, by Wellington. This component of the Fund had a negative contribution to performance in the fourth quarter, but over the 12 months they are ahead of benchmark and 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 0.6% 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 fourth quarter allocations to Japan and Pacific ex Japan outperformed their benchmark and the UK. Over longer periods both these allocations were well ahead of benchmark, with a very strong performance from Japan, over 8% ahead in 2017. The results for Emerging equity are very strong in absolute terms but are a bit more patchy relative to the benchmark over all periods. This is probably a reflection of the composition of the benchmark which is regionally very broad, but it does have some high allocations in difficult to invest countries like China and India.

Fixed Income Performance

The UK government bond market (Gilts) had a better quarter despite the rate rise by the Bank of England, as the economy weakened and global inflation was not as high as expected. Because the Fund is underweight duration and allocation to Gilts and Index Linked Gilts, over the quarter the Fund slightly underperformed.

Non-government bonds like corporates and the high yield bonds held alongside private credit in the Multi-Asset Credit allocation; all have higher yields and lower durations. The extra yield, plus some spread compression between government and non-government bonds over the quarter led to a higher total return.

Over the year, all the active decisions taken relative to the benchmark added value, exposure to outperforming US TIPS helped the DPF inflation linked bond portfolio outperform the benchmark. As did the allocations to Gilts, Investment Grade and Multi-asset credit. Over the medium and longer term, returns from bonds have been lower than from equity and alternatives and the overall contribution negative relative to benchmark.

Alternatives

The performance of the in-house team's portfolio of Alternative investments slightly 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 been further increased from 4.3 to 5.3% with further cash committed but as yet un-invested by the selected managers.

Property

Over the quarter the allocation, to direct outperformed and indirect property funds slightly 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

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

With the exception of the UK, in the fourth quarter of 2017, the global economy continued to show improved synchronised growth. Manufacturing PMI's (a lead indicator of growth) were all modestly positive suggesting that the current recovery can continue for some time. The consensus opinion remains that the main developed economies look set to continue to grow at a low but sustainable rate, see chart 4a below. Growth and corporate earnings in the US, Japan and continental Europe were higher and above expectations and this trend is expected to continue. Sadly this cannot be said for the UK where GDP was lower, while exporters have benefited from global economic strength, the impact of inflation on real incomes leading to lower consumption has been the main driver of continued lower domestic and overall growth.

Chart 4a: - Real GDP expectations 2017 and 2018;

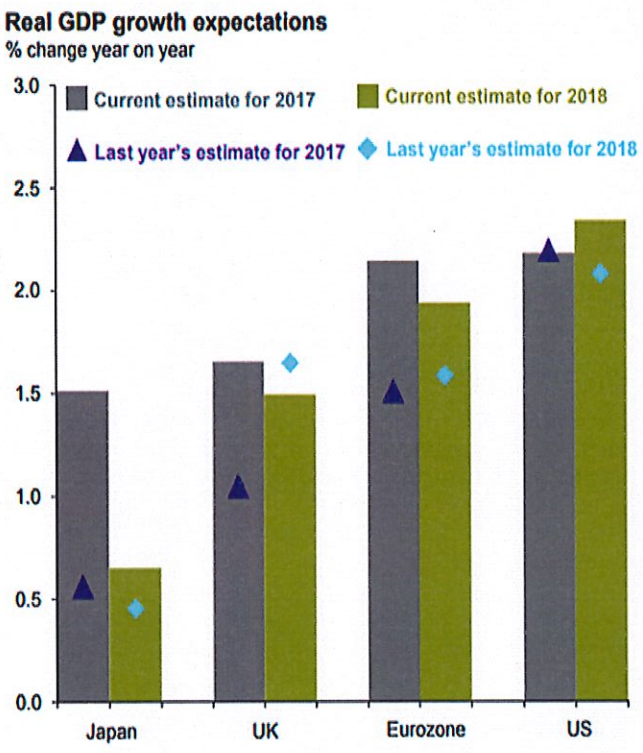
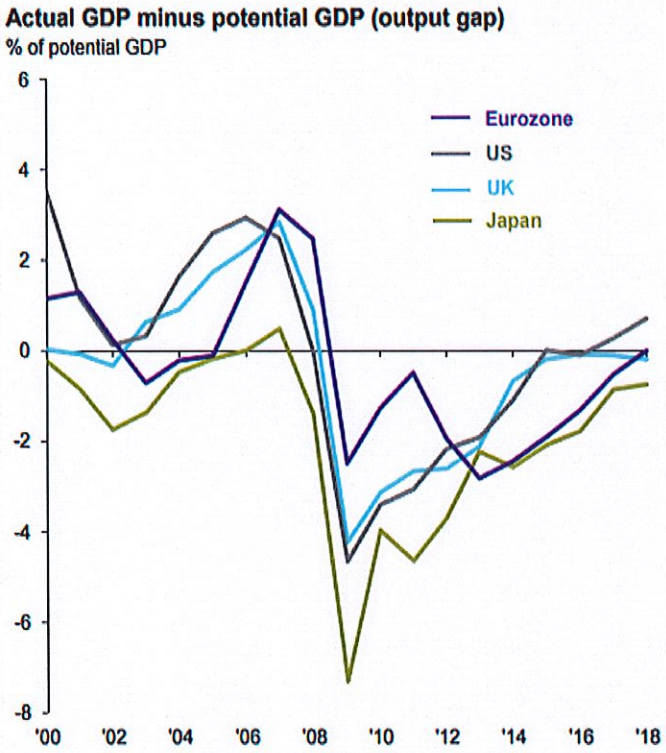


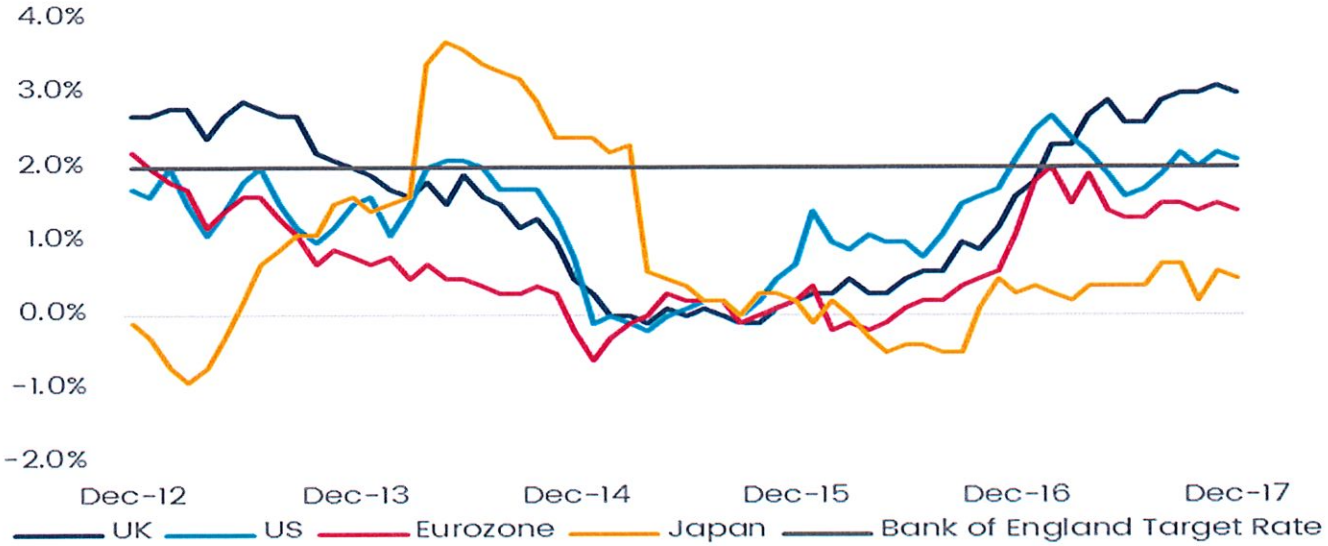
Chart 4b: - Output Gaps



Source: - JPM Asset Management

In terms of Inflation see chart 5, outside of the US and the UK strong activity has not yet translated into higher inflation, because the other economies have yet to exceed their respective "output gaps" (chart 4b above). The inflation report of the Bank of England published on the 8th February, continues to cite the fall in sterling since late November 2015, as the dominant factor driving CPI inflation above the target, however the Governor, also cited higher oil prices and a tighter labour market as reasons why inflation may stay around 3% for longer. There is some concern that the US tax cuts may lead to higher US inflation because the economy has run out of spare capacity and because of the uncertainty over how the tax cuts will be spent, will they lead to higher wages or higher investment?

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



Source: - Bloomberg

Central Banks

The continuing strong global economic performance was the backdrop to central banks slowing or reversing their monetary stimulus programmes. In November the Bank of England raised interest rates for the first time in over a decade, to mixed responses. The ECB announced that it would reduce its monthly bond purchases by half from the beginning of 2018. The Federal Reserve began reducing its balance sheet in October, and has raised rates for the third time in 2017, to a range of 1.25-1.5%. This tightening of monetary policy was, in general, anticipated and calmly received by the markets and had little impact on asset prices.

In the US, February will see the formal handover of the Federal Reserve Chair to Jerome Powell from Janet Yellen. While Mr Powell has been seen as "continuity and consensus" candidate, for the role there is some concern that he may be under pressure from Mr Trump to allow inflation to run a little higher. There are also rumours that the Fed may adopt 2% as the central rate for inflation rather than a ceiling on inflation, as perceived by bond investors in the past. If this were to be the case it would have to be clearly communicated as this is not the consensus opinion of most bond market participants.

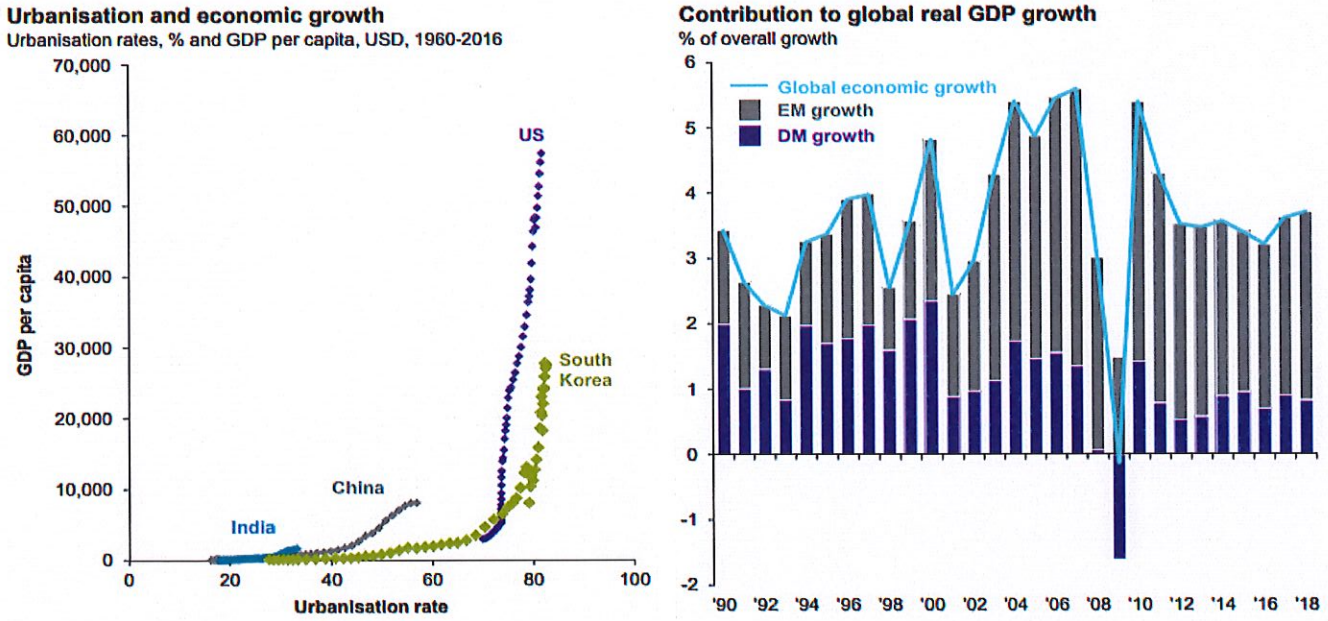
In the UK the BofE in its February Inflation Report, has subtly adjusted it's rhetoric around the expected path of interest rates. By adjusting down the potential growth rate of the UK economy from 2.0% to 1.5%, it now sees growth above this rate as potentially inflationary especially at this stage in the UK's economic cycle. The implication is that the bank may be less willing to look through the current high level of inflation and given the strength of the global economy and higher oil prices it may increase rates sooner than expected.

Emerging economies

Chart 6 right hand side, below, shows the contribution to the rate of global growth that comes from emerging (grey bar) and developed economies (purple bar). Despite only representing around 40% of global GDP the growth rates are a substantially higher. The left hand chart shows how the rate of domestic development can increase incomes. As emerging economies switch to domestic demand 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 can probably continue to sustain higher growth rates.

Chart 6: - Emerging market structural economic dynamics and share of global GDP.



Source: (Left) IMF, J.P. Morgan Asset Management. Urbanisation ratio refers to the proportion of the total population living within an urban area defined by national statistical offices. (Right) IMF World Economic Outlook October 2017, J.P. Morgan Asset Management. 2017 and 2018 are forecasts from the IMF World Economic Outlook October 2017. Past performance is not a reliable indicator of current and future results. *Guide to the Markets - UK.* Data as of 31 December 2017.

Politics

On the political front, much of the fourth quarter news was covered in my last report, as a reminder, news was mixed but broadly positive; Abe's victory in Japan over a divided opposition boosted the chances of sustained fiscal and monetary stimulus. At the time of writing Mrs Merkel is still negotiating to form a new government and there have been no further repercussions for Spain from the referendum result in Catalonia. Italy announced that it will hold another General Election on the 4th of March, which is expected to lead to a usual hung parliament. What will be interesting to see will be the distribution of the vote between pro and Anti EU/Euro factions. The start of 2017 marked the peak in concerns about the rise of "populism" in Europe, it will be interesting to see how a year of generally strong economic performance in the Eurozone has reduced that pressure.

In the UK, the Brexit negotiations rumble on while the UK business community and Europe wait to hear what the government is able to agree with itself. In the meantime companies that have close links with Europe, are implementing their contingency plans. This is especially true of service companies like banks and insurance companies who currently have no certainty over access to the European market post Brexit.

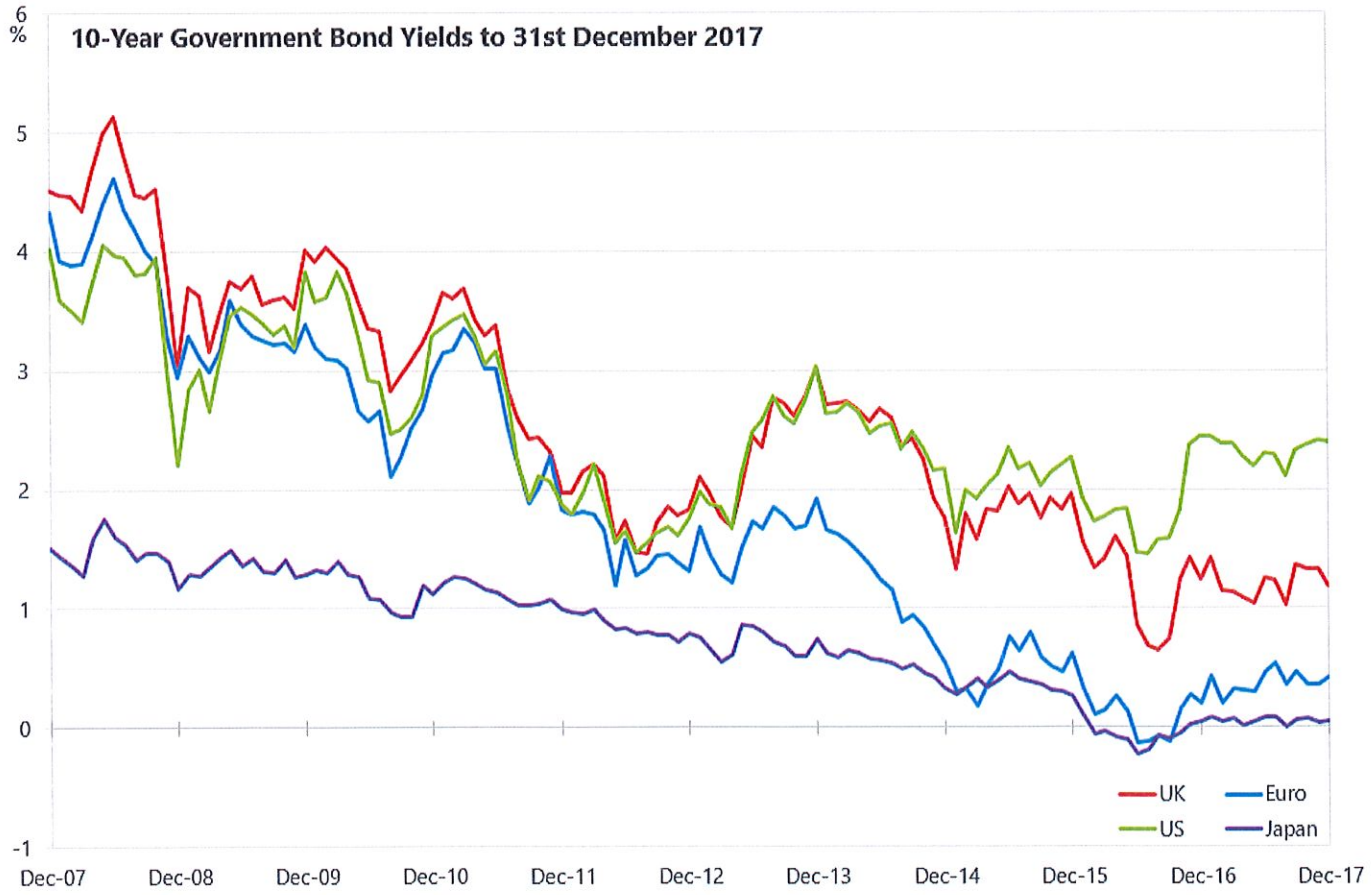
Government bonds

The fourth quarter followed the key trends that have been driving bond market returns since early 2017. As can be seen in Chart 7 below yields generally moved sideways, which means that total returns for government bond markets have been low over the last 12 months. The US Fed has increased rates 4 times already and is widely expected to increase rates three times 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.

US Treasury yields rose over the period, as tax reform raised the prospect of faster growth, higher inflation, and larger budget deficits in the future. Following the sharp sell-off of UK bonds in September, yields declined slowly over the fourth quarter as the Bank of England indicated that there were no more interest rate rises on the immediate horizon. Eurozone and Japanese government bonds were broadly flat over the period, but Eurozone bonds saw a sell-off as the year drew to a close, in part due to the confirmation of an Italian general election in March.

Gilts returns in the 4th quarter were positive but 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.

Chart 7: - Government bond yields, last 10 years

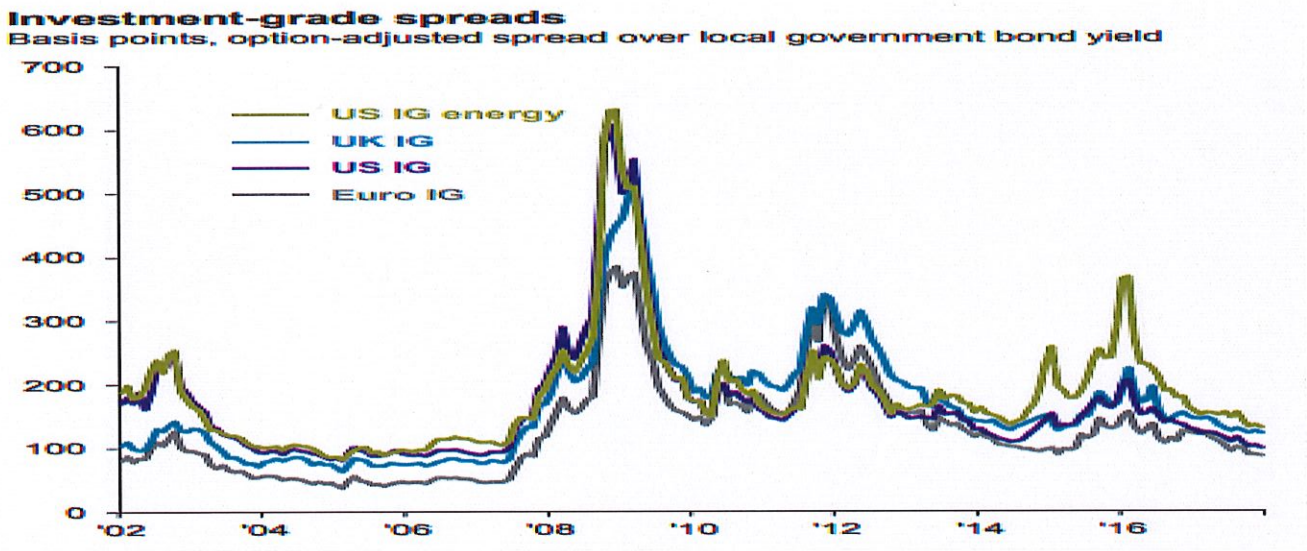


Source: - Bloomberg

Non-government bonds

The U.S. economy continued to expand at a robust pace, boosting corporate earnings and increasing global risk appetite. This favourable backdrop, along with the US tax reform provided a tailwind for investment-grade corporate and high-yield bonds in particular. As a result corporate bonds spreads have steadily narrowed and end the year at their lowest levels since 2007, and well below the 25-year average (1.4%) and 5-year average (1.3%). Global high yield bonds had a more difficult final quarter, as high valuations resulted in profit taking and large scale switches back into investment grade bonds. Over the entire year, high yield has performed strongly, benefiting from high corporate earnings, the US tax reform and the low-inflation global recovery. High yield bond performance in particular was boosted by investors seeking higher yields in a low interest rate environment.

Chart 8: - Investment grade credit spreads, extra yield over government bonds, (last 15 years).



Source: - JPMorgan Asset Management

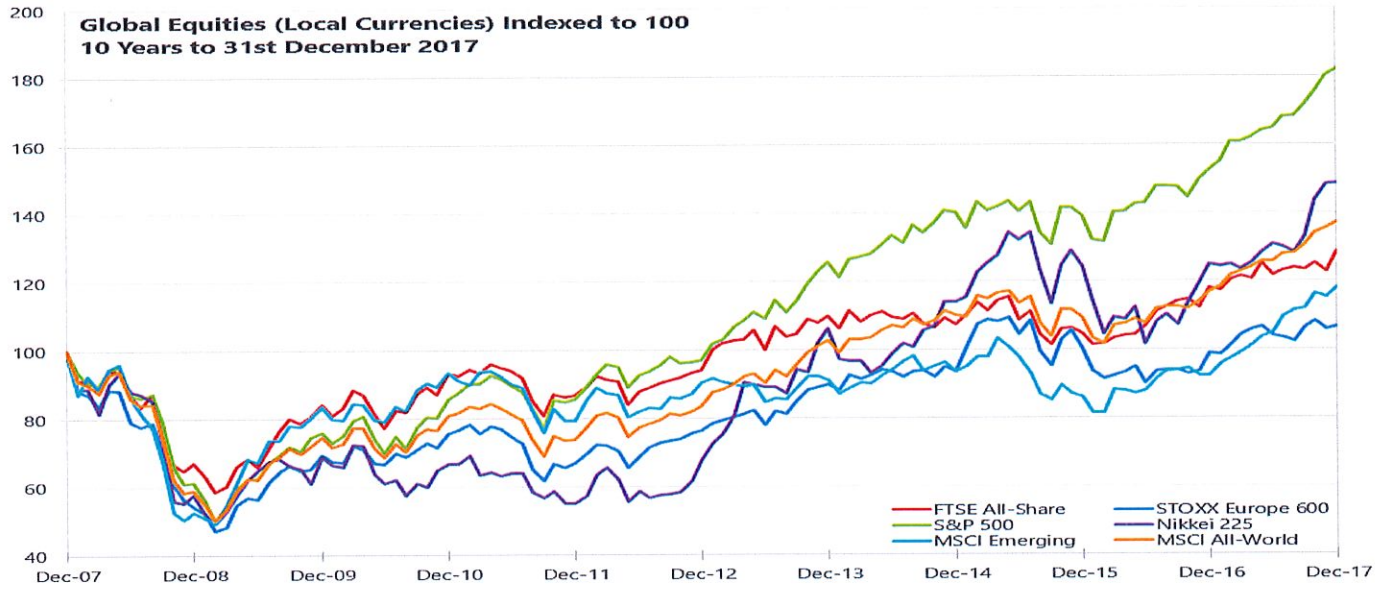
As you can see in Chart 8, above the extra yield spread over government bonds for investment grade credit (non-government) bonds is as narrow as it has been since before the Global Financial Crisis (GFC), which may be cause for concern. However the composition of the market today in markedly different to its composition prior to the GFC, Wellington Investment Management have made a comparison and believe that based on their analysis spreads could continue to narrow by as much as 0.3% (30bps). This analysis would suggest that non-government bonds could continue to outperform government bonds whichever the direction of the market.

I continue to expect that government bonds in general will 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. As I am not expecting a generalised credit event or a sharp increase in default rates. With the exception of US corporate bonds where issuance has been very high, I expect non-government bonds in general to continue to outperform government bonds over this year.

Equities

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

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

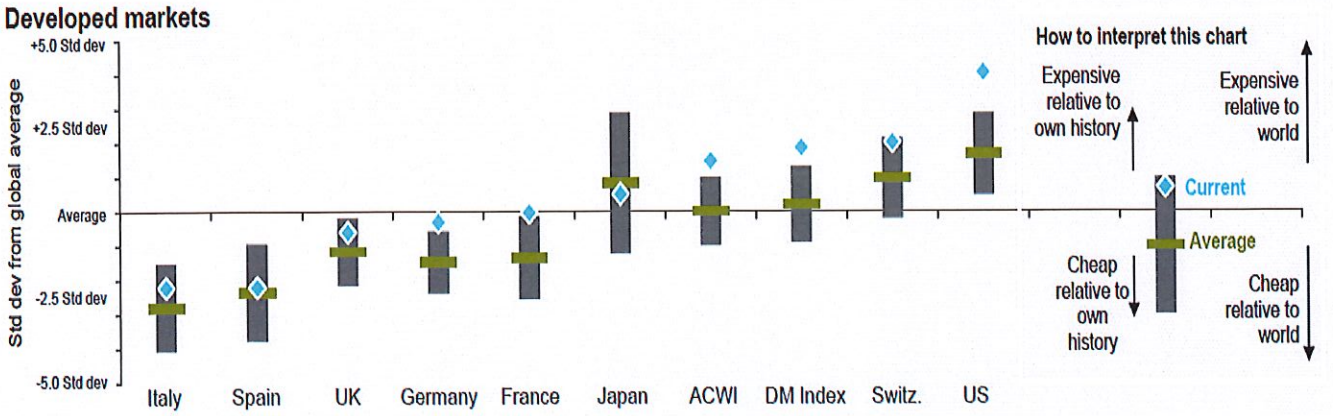


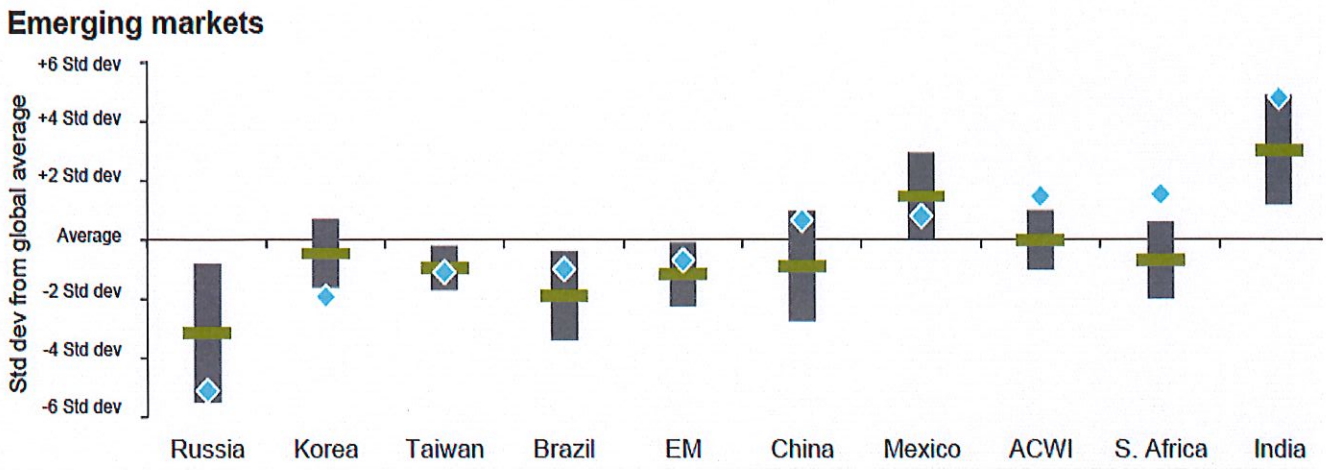
Source: - Bloomberg

Chart 10 below, shows that the All Countries World Index (ACWI) and the Developed Market (DM) Indices are both looking even more expensive than in my last report and again this is due to the US market. As mentioned last quarter, this situation is due in large part to the extreme overvaluation of the FANG stocks, but clearly US investors have taken prices higher in anticipation of higher earnings flowing from US corporate tax cuts. As last quarter the cheaper valued developed markets are all located in Europe.

As the lower graph shows the continuing strong performance of all emerging market equities over the last 12 months leaves valuations around their average for the last 12 years, but they are still cheap compared to Developed Market indices.

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

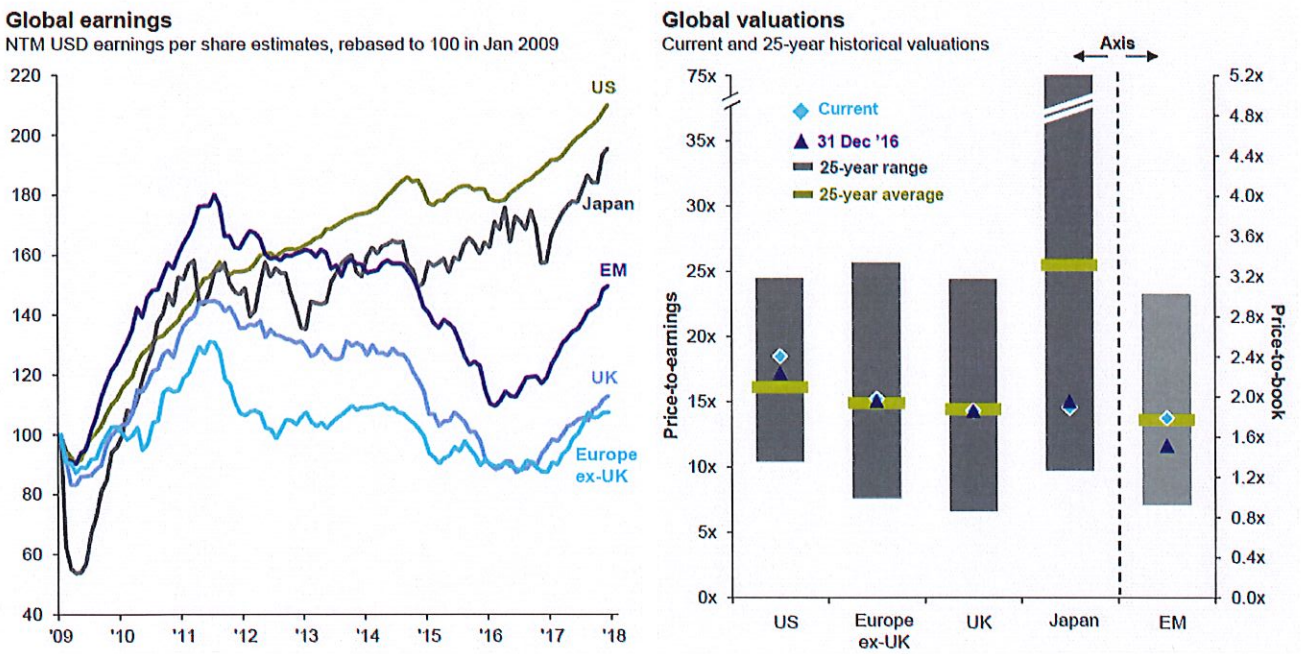




Source: - MSCI, DataStream, JP Morgan Asset Management, December 2017

Chart 11 below shows on the left hand side (LHS) global earnings as measured by Earnings per Share (EPS) this would support the idea of further positive price developments but I am increasingly concerned that there is a lot of good news already priced in at these levels, having said that both graphs support the idea that outside the US the recovery may have some way to go.

Chart 11: - LHS - Global Earnings per Share in US dollars since January 2009; RHS – 25 year global valuations.



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

The poor performance of Europe in the fourth quarter probably reflects a combination of the German election result, the Catalan referendum and the expectation that Italy would call another General Election. Europe remains a beneficiary of a stronger global economy and as can be seen in the charts above valuations are not especially stretched, this combined with the policy of the ECB should enable European equities to continue to perform well on an absolute and relative basis.

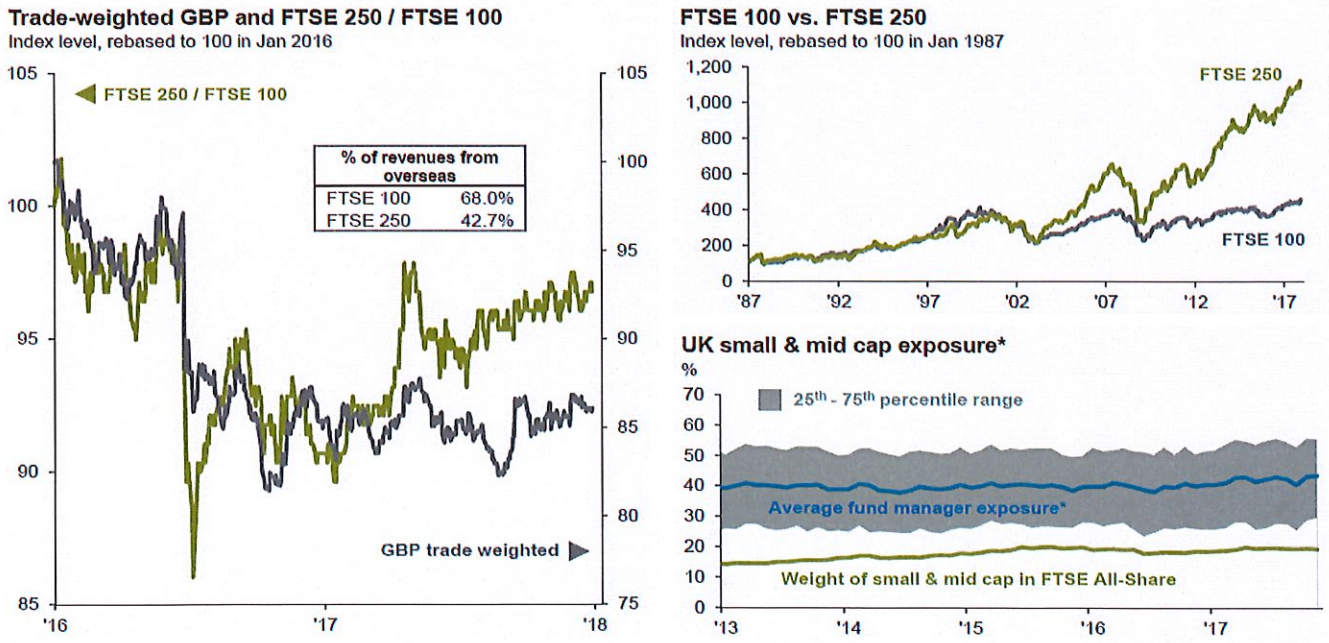
As mentioned above and in my last report the fundamentals (chart 6) for most emerging economies remain positive, growth is stronger and their valuations (charts 10 and 11) remain attractive. As they develop, the positive demographics and the rise of the "middle classes" means they are becoming more domestically 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

In my last report I suggested that the allocation to UK equity should be underweight, and I know progress has been made by the in-house team in moving to a lower weight. Some recent research would suggest that from a sources global growth point of view, the UK equity weight could be moved even lower to reflect its contribution to global growth. Having said that the UK is the Home Market, it has very high standards in terms of governance, accounting and the rule of law. It also has a high weight of earnings reflected in the make-up of the UK equity indices is international and many international companies choose to be listed in London, for these reasons the UK equity market can be seen as a combination of domestic and global earnings, thus justifying a higher weight in a portfolio. In terms of how to be positioned domestic versus overseas earnings, I mentioned in my last report that the reasons for the continued outperformance of the UK domestic economy looked less compelling. Indeed over the latter part of 2017, UK growth slowed relative to the rest of the world and forecasts for 2018 and beyond support a further underperformance of the UK economy.

I therefore reiterate my suggestion that a switch from domestic sources of growth to international sources may be prudent, either by further underweighting the UK as a whole or by a shift in emphasis towards overseas earners in the FTSE100, relative to the FTSE 250 (LHS Chart 12). There is also a technical argument for considering such a switch, see the RHS graphs on Chart 12, 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 12: - FTSE 100 relative to FTSE 250 index, LHS trade-weighted earnings; RHS, performance (upper) and relative weight of investor exposure (lower).



Source: FTSE Indices, DataStream, JPMorgan Asset Management December 2017.

GDP Forecasts

Table 4, shows the consensus forecasts for GDP growth in calendar 2017 and 2018 and my expectations in November 2017 and January 2018.

Table 4: - GDP forecasts - Consensus versus Advisor expectations

% Change yoy	2017				2018			
	November 2017		January 2018		November 2017		January 2018	
	Consensus	**AF**	Consensus	**AF**	Consensus	**AF**	Consensus	**AF**
US	2.2	**2.5**	2.3	**2.5**	2.5	**2.5**	2.7	**3.0**
UK	1.5	**1.5**	1.7	**1.7**	1.4	**1.3**	1.4	**1.5**
Japan	1.6	**1.7**	1.8	**1.9**	1.3	**1.6**	1.4	**1.5**
EU 28	2.2	**2.3**	2.3	**2.4**	1.9	**2.0**	2.1	**2.2**

Source: - Consensus Economics January 2018

Consensus estimates for 2017amd 2018, have been generally marked up, as evidenced by synchronised global growth and the positive effects of the US tax cuts. 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 higher inflation, 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%, third quarter was also revised higher to 3.2%, but advance fourth quarter growth has been estimated at 2.6%, lower than the 3.0% expected. The deceleration in real GDP growth in the fourth quarter reflected a downturn in inventories that was partly offset by accelerations in personal consumption, trade and government spending.

UK growth was confirmed at only 0.2% in the first quarter of 2017, 1.8% annualised, in the second quarter the growth rate was confirmed 0.3%, 1.5% annualised. Third quarter growth has been revised higher to 0.4%, 1.6% annualised and the preliminary estimate for the fourth quarter beat expectations at 0.5% or 1.8% annualised. The fourth quarter expansion was mainly driven by services and manufacturing while construction contracted for the third quarter in a row.

In Japan, the first quarter's annual growth rate was 1.5%, the second quarter was revised to 1.4% and the third quarter revised lower to 2.2%. The fourth quarter is estimated to be only 0.9% annualised, but this is the eighth straight quarter of expansion, in the fourth quarter, a slowdown in business spending was offset by a pick-up in private consumption.

In the European Union third quarter annualised growth rate was confirmed at 2.8% and while the annual growth rate in the fourth quarter has been estimated at a slightly lower rate of 2.5%, this is much higher than the 1.8% achieved in calendar 2016. Among Eurozone's largest economies, GDP growth slowed in Germany, Italy and Spain, but picked up in France.

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 5, shows the consensus forecasts for Consumer Price Inflation in calendar 2017 and 2018 and my expectations in November 2017 and January 2018.

Table 5: - Consumer Price Inflation forecasts - Consensus versus Advisor expectations

% Change yoy	2017				2018			
	November 2017		January 2018		November 2017		January 2018	
	Consensus	**AF**	Consensus	**AF**	Consensus	**AF**	Consensus	**AF**
US	2.1	**2.3**	2.1	**2.3**	2.1	**2.3**	2.1	**2.3**
UK	2.7	**3.0**	2.7	**3.0**	2.6	**3.0**	2.6	**2.8**
Japan	0.4	**0.7**	0.5	**0.7**	0.7	**1.0**	0.9	**1.0**
EU 28	1.7	**2.0**	1.7	**2.0**	1.7	**2.0**	1.7	**2.0**

Source: - Consensus Economics January 2018

In line with the lower outcome for US inflation since the summer 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 2019. The BofE has revised down its estimate of potential growth in the UK which means that they may be more willing to raise rates if inflation remains above their 2% target. Equally in the US, the new Fed Governor has been rumoured to favour 2% as the central target rate for inflation rather than the ceiling as it is currently perceived. This suggests to me that outside of the UK central banks remain comfortable with the level of inflation and are unlikely to respond unexpectedly. It is also a recognition that the developed economies, other than the US and the UK, 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 6, below I have set out my expectations for 3 month LIBOR interest rates and benchmark 10 year government bond yields, in June 2018 and March 2019. They are not meant to be accurate point forecasts, more an indication of the likely direction of yields from where they are in mid-February 2018.

Yields moved sideways over 2017 but in 2018 they have surged higher following recent stronger than expected US economic data and are currently 30 to 40bps higher than they were at the end of December 2017. Last time I reported that while year to date inflation and growth had moderated particularly in the US and the UK the overall direction of government bond yields was likely to be higher in 2018 because growth and inflation was likely to be higher.

The US Fed raised rates again in December 2017 and the market now expects at least 2 and maybe 3 more 0.25% increases in 2018, as a result US bond yields could rise to around 2.75% 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 until much later this year, but the market has priced a move in May 2018 to reflect the more hawkish rhetoric of the Governor at the February Inflation Report press conference. It remains unlikely that rates will be increased in Europe or Japan in 2018. Having been shaken out of their complacency the bond markets are now expecting government bond yields to be on an upward trend over the next 12 months.

While the Central banks outside of the US (and potentially the UK), are not yet raising interest rates they are reducing the level of QE, and the US is beginning Quantitative Tightening (QT), this change in policy could cause some volatility in government bond markets. Japanese and German (the benchmark for Europe) government bond yields are still negative out to 5 years in Germany and 7 years in Japan, as mentioned before these rates have and will continue to become less negative as these economies build on their economic recoveries.

Table 6: - Interest rate and Bond yield forecasts

%	Current	June 2018	March 2019
United States			
3month LIBOR	1.81	2.31	2.75
10 year bond yield	2.83	3.25	3.50
United Kingdom			
3month LIBOR	0.53	0.75	1.00
10 year bond yield	1.57	1.80	2.00
Japan			
3month LIBOR	-0.05	0.00	0.00
10 year bond yield	0.07	0.10	0.10
Germany			
3month EURIBOR	-0.33	0.00	0.25
10 year bond yield	0.74	1.00	1.25

Source: - Trading Economics; 9th February 2018

Bond Market Recommendations

The consensus, with which I agree is for global synchronised growth to continue for 2018 and maybe into 2019 as a result the Fed is likely to raise rates 2 or 3 times this year and through QT, they will no longer be recycling coupons and principle repaid on their holdings of government bonds purchased during the QE programme. Therefore it remains appropriate to focus on US government yields as the main driver of 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 keeping global government bond yields artificially low.

At the time of writing global government bond yields are already 30 to 40bps above the start of the year in response to stronger US economic indicators in 2018. Over the rest of the quarter I do not expect yields to be much higher, but over the year I believe the trend will be for higher yields. Outside of the US and the UK, the central banks are still easing through QE, however these policies are coming to an end and despite no change in official rates, government yields are likely to move higher in all markets, but probably by less than in the US, until the Japanese end their QE programme.

In table 7 below I have updated the data and recalculated my estimates of the total return impact of rising yields for 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 7: - Total returns from representative bond indices

Index	Yield to Maturity %	Duration	Yield increase %	% Total return, holding period	
				3 month	12 Month
All Stock Gilts	1.77	10.4	0.5	-4.8	-3.4
UK Corporate Bonds	2.64	8.5	0.5	-3.6	-1.6
Global High Yield	5.66	4.2	0.5	-0.7	+3.6

Source: - BofA Merrill Lynch Indices 9th February 2018

In table 7 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. As mentioned before spreads are lower than they have been since the GFC, but 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 and Private Debt funds, but the accumulation of a position in private debt 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 I maintain the view that the overall level of yield relative gilts 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 return 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 2018 and 2019 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	2018	2019	2018	2019
United Kingdom	4.0	6.2	6.9	14.8	13.8
United States	1.8	15.3	10.7	19.0	17.1
Europe ex UK	3.0	10.2	9.2	15.4	14.1
Japan	1.9	7.0	6.5	15.1	14.1

Source: - Citi Research, Global Equity Strategist, 18th January 2018

Earnings growth has been revised higher in all regions for 2018, reflecting analysts' more optimistic outlook and in the US the impact of the corporate tax cuts. In my opinion, this may prove to be correct in Europe and Japan but less so in the US and the UK.

Notwithstanding the recent volatility in all equity markets, the fall in prices has barely had an impact on the strong levels of return over the last 12 months. Outside of the US which has become very expensive, equity markets remain supported by stronger, broader global growth that has driven above expectations corporate profit growth around the world. The analysts' forecasts of strong earnings growth for 2018 and 2019, look to me rather optimistic especially in the US, having said that we don't need to see these estimates fulfilled to see equity markets higher in 2018. Because, as mentioned above the Macro-economic environment is likely to remain supportive for some time and the actions of central banks will be clearly signposted; therefore if earnings growth can flow at a reasonable rate, investor sentiment can remain cautiously positive. Just to reiterate my last report while I believe equity markets can still go higher the total return over the next 12 months is likely to be lower than the last 12 months and monthly returns could be more volatile.

Equity Market Recommendations

The recent bout of market volatility, should remind us of the importance of diversification, but when markets sell off it can provide opportunities for longer term investors. 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 mainly because while I do not expect a continuation of the strong equity returns we have seen in the last couple of years, I believe equities will outperform bonds. 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 recommend a neutral exposure to Europe ex UK, because investment policy is passive rather than active, but I recommend a +1% overweight to Japan and Asia-Pacific and a +2% overweight to 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 remain concerned about the low level of real earnings growth, the level of consumer debt and the squeeze this is continuing to put on the UK domestic 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 can be reflected in the stocks owned, 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 close to 3% and inflation lower than expected at 2%. Mr Trump finally achieved tax cuts and this is expected to boost the economy, he has now moved on to getting his bank deregulation bill passed, which if successful could lead to some further economic stimulus later this year. The concern remains that the economy is "late cycle" and hitting some capacity constraints so does it really need the extra stimulus. 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 will again surprise with stronger growth in 2018. However as the assets are managed passively I believe it is appropriate to remain neutral.

The Japanese equity market has enjoyed another very strong quarter but despite the recent slowdown 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. Tactically it might be worth taking some profits after such a strong move, but the domestic and regional economic fundamentals underpinning the Japanese equity market have not changed. I therefore continue to recommend an overweight position of 1%.

Based on research on the contribution to global growth, the Fund is more underweight Emerging Market Equity than it is to any other source of growth. It is true that there is some double counting with the Pacific ex Japan allocation, but it does mean that the Fund has a very low exposure to the potential growth of China and India. These markets can be difficult for overseas investors to gain exposure, but they do represent a significant proportion of global growth and because they have higher growth rates this is likely to continue to be so in the future. The economies represented in the Pacific ex Japan and Emerging market equity indices are growing on average, 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 and maybe some more consideration should be given to a significantly higher weight to the countries in the Emerging Equity index.

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 21st November and the 14th February 2018. 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 1st April 2017

% Asset Category	Derbyshire Strategic Weight 1st April 2017	Anthony Fletcher 21st November 2017	Anthony Fletcher 14th February 2018
Total Equity	**58**	**+2**	**+2**
UK Equity	**25**	**-1**	**-2**
Overseas Equity	**33**	**+3**	**+4**
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**	**+2**
Total Bonds	**22**	**-2**	**-2**
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**
Total Alternatives	**18**	**0**	**0**
Infrastructure	5	**0**	**0**
Private Equity	4	**0**	**0**
Direct Property	5	**+1**	**+1**
Indirect Property	4	**-1**	**-1**
Cash	**2**	**0**	**0**

Anthony Fletcher

21st February 2018

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

31/1/18

DERBYSHIRE PENSION FUND
JANUARY 2018 PORTFOLIO VALUATION - BID

	Number held	Mkt Price in local currency (Clean) use Calc & IL Valuation	Mkt Price in local currency (Dirty) use for Non IL Valuation	Mkt Price pence GBP	Total £ GBP
UK GILTS					
TSY 1.25% 22/7/2018	5,000,000	100.39	100.43	100.43	5,021,377
TSY 3.75% 7/9/2020	10,322,000	107.62	109.14	109.14	11,265,512
TSY 4.75% 7/3/2020	10,000,000	108.39	110.32	110.32	11,031,587
TSY 1.75% 7/9/2022	13,490,000	103.26	103.97	103.97	14,025,369
TSY 4% 7/3/2022	10,995,000	112.33	113.95	113.95	12,528,946
TSY 2.25% 7/9/2023	15,400,000	106.07	106.98	106.98	16,474,716
TSY 5% 7/3/2025	5,500,000	125.27	127.30	127.30	7,001,576
TSY 2% 7/9/2025	7,000,000	104.98	105.79	105.79	7,405,241
TSY 1.5% 7/22/2026	5,650,000	100.70	100.74	100.74	5,692,004
TSY 4.25% 7/12/2027	18,000,000	124.98	125.63	125.63	22,613,192
TSY 4.75% 7/12/2030	13,162,000	135.17	135.90	135.90	17,887,654
TSY 4.25% 7/6/2032	12,370,000	131.45	132.10	132.10	16,340,998
TSY 4.5% 7/9/2034	16,373,000	138.00	139.83	139.83	22,893,768
TSY 4.25% 7/3/2036	11,400,000	136.42	138.14	138.14	15,748,168
TSY 1.75% 7/9/2037	11,800,000	97.00	97.71	97.71	11,529,973
TSY 4.75% 7/12/2038	7,934,000	148.56	149.29	149.29	11,844,888
TSY 4.25% 7/9/2039	4,050,000	140.67	142.40	142.40	5,767,153
TSY 3.25% 1/22/2044	8,000,000	125.73	125.82	125.82	10,065,902
TSY 4.25% 7/12/2046	3,900,000	150.23	150.89	150.89	5,884,548
001 UKGB Total					231,022,573
US GOVERNMENT BONDS					
T 2.25% 15/11/2024	21,000,000	97.53	98.02	69.06	14,503,044
T 2.75% 15/11/2042	7,500,000	97.22	97.81	68.92	5,168,838
004 USGB Total					19,671,882
NON GOVERNMENT BONDS					
Kames UK Corp Bond Fund	41,412,404	289.43	289.43	289.43	119,859,921
Royal London UK Corporate Bond F	49,692,634	254.38	254.38	254.38	126,406,632
Non Govt Bonds Total					246,266,553
MULTI ASSET CREDIT					
AMP Capital Infrastructure Debt Fu	17,000,000	0.26	0.26	0.26	3,792,604
Barings Global Private Loan Fund	40,000,000	0.92	0.92	0.92	36,810,829
Barings Global Private Loan Fund 2	40,000,000	0.30	0.30	0.30	11,931,814
Janus Henderson Multi Asset Credit	73,725,216	1.04	1.04	1.04	76,644,734
Multi Asset Credit Total					129,179,981
UK INDEX LINKED					
TREAS 4.125% IL STK 22/7/2030	6,510,000	359.06	359.29	359.29	23,389,754
TREAS 2% IL STK 26/1/2035	8,000,000	264.78	264.83	264.83	21,186,213
002 UKGIL Total					44,575,967

INDEX LINKED (3 monthers)

	Number hel	Clean Price	Index Ratio	Gross	Accrued Interest	Total
UK INDEX LINKED (3monthers)						
TREAS 0.125% IL STK 22/3/2024	9,230,000	112.2830	1.137700	11,790,805.27	4,207.04	11,795,012
TREAS 1.25% IL STK 22/11/2027	7,400,000	130.5190	1.421160	13,726,140.27	18,142.27	13,744,283
TREAS 0.125% IL STK 22/3/2029	5,325,000	120.6430	1.161650	7,462,718.11	2,427.14	7,465,145
TREAS 1.25% IL STK 22/11/2032	2,777,000	147.7540	1.270190	5,211,752.89	6,808.25	5,218,561
TREAS 0.75% IL STK 22/3/2034	11,465,000	142.4050	1.187620	19,389,954.94	31,354.56	19,421,310
TREAS 1.125% IL STK 22/11/2037	5,580,000	162.5500	1.363710	12,369,245.18	12,312.22	12,381,557
TREAS 0.625% IL STK 22/3/2040	5,600,000	157.6680	1.273770	11,246,635.03	12,762.43	11,259,397
TREAS 0.625% IL STK 22/11/2042	5,950,000	165.6350	1.298100	12,793,142.21	7,293.68	12,800,436
TREAS 0.125% IL STK 22/3/2044	11,470,000	152.0520	1.137680	19,841,553.77	5,228.04	19,846,782
TREAS 0.125% IL STK 22/3/2046	8,730,000	155.8650	1.069860	14,557,600.53	3,979.14	14,561,580
TREAS 0.75% IL STK 22/11/2047	6,500,000	183.6960	1.327450	15,850,071.59	9,561.46	15,859,633
TREAS 0.125% IL STK 10/08/2048	5,300,000	161.5980	1.003660	8,596,040.78	1,530.23	8,597,571
TREAS 0.5% IL STK 22/3/2050	5,000,000	181.9970	1.292410	11,760,737.14	9,116.02	11,769,853
UK INDEX LINKED (3monthers) TOTAL						164,721,120

US INDEX LINKED	Number hel	Clean Price $	Index Ratio	Gross $	Accrued Interest $	Total $	Total £
TII0.125% 15/1/2023	7,000,000	98.437500	1.068650	7,363,666.41	410.91	7,364,077	5,188,729
TII3.625% 15/4/2028	4,045,000	129.554688	1.525100	7,992,266.89	43,908.81	8,036,176	5,662,289
TII1.750% 15/1/2028	5,550,000	110.960938	1.177440	7,251,066.47	4,561.12	7,255,628	5,112,315
TII2.5% 15/1/2029	7,000,000	119.695313	1.148900	9,626,256.12	8,218.23	9,634,474	6,788,451
TII2.125% 15/2/2040	4,095,000	128.671875	1.141250	6,013,375.53	40,198.88	6,053,574	4,265,349
TII0.75% 15/2/2042	20,300,000	99.742188	1.091650	22,103,362.47	70,332.88	22,173,695	15,623,586
TII0.625% 15/2/2043	10,000,000	96.656250	1.072890	10,370,152.41	28,872.28	10,399,025	7,327,153
0045 USGB IL Total							49,967,871

TOTAL BONDS	885,405,947
Index linked-total	259,264,959

DERBYSHIRE PENSION FUND
JANUARY 2018 PORTFOLIO VALUATION - BID

	Number held	Mkt Price in local currency (Clean) use	Mkt Price in local currency (Dirty)	Mkt Price pence GBP	Total £ GBP
Conventional-total					250,694,455
Non gov-total					375,446,534

DERBYSHIRE PENSION FUND
JANUARY 2018 PORTFOLIO VALUATION - BID
NEW SECTORS
UK EQUITIES

Sector	Company Name	Number held	Mkt Price Pence	Total £
OIL & GAS PRODUCERS				
UK Oil & Gas	BP PLC USD$0.25	11,000,000	501.10	55,121,000
UK Oil & Gas	CAIRN ENERGY	500,000	206.80	1,034,000
UK Oil & Gas	ROYAL DUTCH SHELL A' SHARES	1,000,000	2462.50	24,625,000
UK Oil & Gas	ROYAL DUTCH SHELL 'B' SHARES	2,900,000	2496.00	72,384,000
UK Oil & Gas	TULLOW OIL PLC	1,427,142	199.75	2,850,716
UK Oil & Gas Producers Total				**156,014,716**
OIL & GAS SERVICES				
UK Const Build Ma	WOOD GROUP (JOHN) PLC	270,000	647.80	1,749,060
UK Oil & Gas Services Total				**1,749,060**
CHEMICALS				
UK Chemicals	JOHNSON MAT ORD£1	135,000	3453.00	4,661,550
UK Chemicals	VICTREX PLC	50,000	2552.00	1,276,000
UK Chemicals Total				**5,937,550**
FORESTRY & PAPER				
UK Forestry & Pap	MONDI PLC	300,000	1876.50	5,629,500
UK Forestry & Paper Total				**5,629,500**
MINING				
UK Mining	ANGLO AMER US$0.50	550,000	1708.60	9,397,300
UK Mining	BHP BILLITON PLC	1,250,000	1564.00	19,550,000
UK Mining	GLENCORE PLC	6,600,000	403.70	26,644,200
UK Mining	RIO TINTO 10P	470,000	3922.00	18,433,400
UK Mining Total				**74,024,900**
CONSTRUCTION				
UK Engin Mach	KIER GROUP PLC	230,614	1053.00	2,428,365
UK Construction Total				**2,428,365**
AEROSPACE				
UK Aero defence	BAE ORD 2.5P	1,900,000	593.80	11,282,200
UK Aero defence	COBHAM PLC	2,000,000	130.75	2,615,000
UK Aero defence	ROLLS ROYCE 20P	500,000	871.80	4,359,000
UK Aerospace Total				**18,256,200**
GENERAL INDUSTRIAL				
UK General Industi	DS SMITH PLC	1,000,000	503.20	5,032,000
UK General Industi	RPC GROUP PLC	450,000	850.40	3,826,800
UK General Industi	SMURFIT KAPPA GROUP PLC	150,000	2472.00	3,708,000
UK General Industrial Total				**12,566,800**
ELECTRONIC EQUIPMENT				
UK Electronic equi	HALMA PLC	350,000	1277.00	4,469,500
UK Eelectronic Equipment Total				**4,469,500**

INDUSTRIAL ENGINEERING				
UK Engin Mach	HILL & SMITH HOLDINGS PLC	250,000	1198.00	2,995,000
UK General Industi	ROTORK PLC	1,350,000	295.40	3,987,900
UK Engin Mach	SPIRAX-SARCO 25P	120,000	5675.00	6,810,000
UK Industrial Engineering Total				**13,792,900**
SUPPORT SERVICES				
UK Support Servic	BABCOCK INT'L	1,300,000	686.00	8,918,000
UK Support Servic	BUNZL PLC	300,000	2060.00	6,180,000
UK Support Servic	ESSENTRA PLC	360,000	510.50	1,837,800
UK Const Build Ma	FERGUSON PLC	152,000	5420.00	8,238,400
UK Support Servic	G4S PLC	1,250,000	284.10	3,551,250
UK Const Build Ma	TRAVIS PERKINS 10P	325,000	1459.00	4,741,750
UK Support Services Total				**33,467,200**
AUTOMOBILES				
UK Autos	GKN PLC ORD 50P	1,500,000	422.80	6,342,000
UK Automobiles Total				**6,342,000**
BEVERAGES				
UKBeverages	DIAGEO 28 101/108P	1,500,000	2532.50	37,987,500
UK Beverages Total				**37,987,500**
FOOD PRODUCERS				
UKFoods	ASSOCIATED BRITISH FOODS PLC	400,000	2733.00	10,932,000
UK Food Producers Total				**10,932,000**
HOUSEHOLD GOODS				
UK Housebuilders	BOVIS HOMES GROUP PLC	500,000	1095.50	5,477,500
UK Housebuilders	BELLWAY PLC	150,000	3317.00	4,975,500
UK Hous Gds Txtil	PETER GEESON 2nd PREFERRED ORD	16,487	0.00	-
UK Personal Care	RECKITT BENCKISER	440,000	6803.00	29,933,200
UK Household Goods Total				**40,386,200**
PERSONAL GOODS				
UK Food Prod & Pı	BURBERRY	330,000	1578.50	5,209,050
UK Housebuilders	PZ CUSSONS PLC	1,250,000	312.60	3,907,500
UK Retailers Gen	TED BAKER PLC	180,000	2994.00	5,389,200
UK Food Prod & Pı	UNILEVER ORD 1.4P	500,000	4000.00	20,000,000
UK Personal Goods Total				**34,505,750**
TOBACCO				
UK Tobacco	BRIT AMER TOBC 25P	1,050,000	4803.50	50,436,750
UK Tobacco	IMPERIAL BRANDS PLC	600,000	2898.50	17,391,000
UK Tobacco Total				**67,827,750**
PHARMACEUTICAL & BIOTECH				
UK Pharm, Biotech	ASTRAZENECA ORD	775,000	4886.50	37,870,375
UK Pharm, Biotech	GLAXOSMITHKLINE25P	3,155,000	1319.40	41,627,070
UK Pharm, Biotech	SHIRE PHARMA ORD5P	250,000	3328.00	8,320,000
UK Pharmaceutical & Biotech Total				**87,817,445**
FOOD RETAIL				
UK Retail Food & D	BOOKER GROUP PLC	2,300,000	226.20	5,202,600
UK Retail Food & D	TESCO ORD 5P	3,800,000	208.90	7,938,200
UK Food Retail Total				**13,140,800**

GENERAL RETAIL				
UK Retailers Gen	DIXONS CARPHONE PLC	125,000	195.65	244,563
UK Retailers Gen	INCHCAPE PLC	100,000	724.50	724,500
UK Retailers Gen	KINGFISHER	1,660,000	346.80	5,756,880
UK Retailers Gen	M&S ORD 25P	850,000	301.30	2,561,050
UK Retailers Gen	NEXT PLC	14,000	5082.00	711,480
UK General Retail Total				**9,998,473**
MEDIA				
UK Media & Photo	INFORMA PLC	1,000,000	696.00	6,960,000
UK Media & Photo	ITV ORD	7,300,000	166.95	12,187,350
UK Media & Photo	UNITED BUSINESS MEDIA	750,000	907.50	6,806,250
UK Media & Photo	WPP GRP ORD 10P	1,000,000	1277.50	12,775,000
UK Media Total				**38,728,600**
TRAVEL & LEISURE				
UK Travel & Leisur	COMPASS GRP ORD10P	904,976	1482.50	13,416,269
UK Travel & Leisur	GREENE KING PLC	725,000	522.00	3,784,500
UK Travel & Leisur	INTERCONTINENTAL HOTELS GRP	111,701	4700.00	5,249,947
UK Travel & Leisur	LADBROKES CORAL GROUP PLC	2,100,000	170.00	3,570,000
UK Travel & Leisur	MARSTON'S	2,750,000	112.50	3,093,750
UK Travel & Leisur	NATIONAL EXPRESS GROUP	800,000	366.60	2,932,800
UK Travel & Leisur	STAGECOACH ORD0.5P	1,400,000	151.20	2,116,800
UK Travel & Leisure Total				**34,164,066**
TELECOMS				
UK Fixed-Line Tele	BT ORD GBP 5P	5,750,000	255.45	14,688,375
UK Mobile Telecon	VODAFONE GRP COM	16,000,000	224.55	35,928,000
UK Telecoms Total				**50,616,375**
ELECTRICITY				
UK Electricity	SCOT & SOUTH 50P	450,000	1305.00	5,872,500
UK Electricity Total				**5,872,500**
GAS & WATER				
UK Gas Distributio	CENTRICA	2,700,000	133.40	3,601,800
UK Electricity	NAT GRID PLC ORD 10P	2,887,500	804.30	23,224,163
UK Water	PENNON GP ORD £1	500,000	718.00	3,590,000
UK Water	SEVERN TR 65 5/19P	236,000	1950.50	4,603,180
UK Water	UNITED UTILITIES GROUP PLC	550,000	737.80	4,057,900
UK Gas & Water Total				**39,077,043**
BANKS, RETAIL				
UK Banks Retail	BARCLAYS ORD 25P	12,000,000	199.92	23,990,400
UK Banks Retail	HSBC HLDG $0.50	7,800,000	751.10	58,585,800
UK Banks Retail	LLOYDS BANKING GROUP PLC	52,000,000	69.40	36,088,000
UK Banks Retail	STANDARD CHARTERED ORD	2,200,000	818.40	18,004,800
UK Banks - Retail Total				**136,669,000**
NON-LIFE INSURANCE				
UK Insurance	BEAZLEY PLC	1,600,000	530.50	8,488,000
UK Insurance	HISCOX	400,000	1414.00	5,656,000
UK Insurance	JARDINE LLOYD THOMPSON GROUP	350,000	1346.00	4,711,000
UK Insurance	RSA INSURANCE GROUP	875,000	619.60	5,421,500
UK Non-Life Insurance Total				**24,276,500**

LIFE INSURANCE				
UK Insurance Life	AVIVA ORD 25P	1,950,000	513.20	10,007,400
UK Insurance Life	LEGAL&GEN GRP 2.5P	5,900,000	270.50	15,959,500
UK Insurance Life	OLD MUTUAL ORD	3,400,000	233.30	7,932,200
UK Insurance Life	PRUDENTIAL ORD 5P	1,900,000	1905.50	36,204,500
UK Life Insurance Total				**70,103,600**
REAL ESTATE INVESTMENT TRUSTS				
UK Real Estate	BRITISH LAND 25P	450,000	668.40	3,007,800
UK Real Estate	LAND SECS ORD £1	656,250	997.20	6,544,125
UK Real Estate	LONDONMETRIC PROPERTY PLC	2,300,000	179.20	4,121,600
UK Real Estate	SEGRO PLC	1,140,000	581.00	6,623,400
UK Real Estate	SHAFTESBURY PLC	400,000	998.50	3,994,000
UK Real Estate Total				**24,290,925**
REAL ESTATE INVESTMENT & SERVICES				
UK Real Estate	CAPITAL & COUNTIES PROPERTIES	600,000	294.90	1,769,400
UK Real estate investment & services				**1,769,400**
FINANCIAL SERVICES				
UK Special Financ	STANDARD LIFE ABERDEEN PLC	1,135,500	425.50	4,831,553
UK Special Financ	MAN GROUP	2,400,000	216.90	5,205,600
UK Special Financ	RATHBONE BROTHERS PLC	125,000	2726.00	3,407,500
UK Special Financ	SCHRODERS ORD GBP1	325,000	3717.00	12,080,250
UK Special Financ	TP ICAP PLC	625,000	530.20	3,313,750
UK General Financial Total				**28,838,653**
EQUITY INVESTMENT COMPANIES				
UK Investment Co	ABERFORTH SML 1P	1,050,000	1346.00	14,133,000
UK Investment Co	BLACKROCK SMALLER COMPANIES TR	1,300,000	1350.00	17,550,000
UK Investment Co	LOW CARBON ACCELERATOR LTD	3,868,000	0.00	-
UK Investment Co	MONTANARO UK SMALLER CO'S 10P	2,684,857	584.00	15,679,565
UK Investment Co	RIVER & MERCANTILE UK MICRO	3,640,011	228.00	8,299,225
UK Investment Co	STRATHDON INVESTMENTS PLC	20	100000.00	20,000
UK Equity Investment Companies Total				**55,681,790**
SOFTWARE & COMPUTER SERVICES				
UK Elect electron	MICRO FOCUS INTERNATIONAL	240,000	2146.00	5,150,400
UK Elect electron	NCC GROUP PLC	1,000,000	201.00	2,010,000
UK Software & Cor	SAGE GROUP ORD 1P	1,250,000	749.20	9,365,000
UK Software & Computer Services Total				**16,525,400**
IT HARDWARE				
UK IT Hardware	LAIRD PLC	2,000,000	125.10	2,502,000
UK IT Hardware Total				**2,502,000**
UNIT TRUSTS & OEICs				
UK Unit Trusts	LIONTRUST UK SMALLER COMPANIES	1,348,544	1380.29	18,613,824
UK OEIC	TB SARACEN UK BETA-ACC	2,250,000	748.12	16,832,700
UK Unit Trusts & OEICs Total				**35,446,524**
INVESTMENT ENTITIES				
UK Unit Trusts	MONTANARO UK SMALLER COS-£D	5,267,580	1.69	8,912,746
UK Investment Entities Total				**8,912,746**

TOTAL UNITED KINGDOM	1,210,749,730

DERBYSHIRE PENSION FUND					
JANUARY 2018 PORTFOLIO VALUATION - BID					
US EQUITIES					
Sector	Company Name	Number held	Mkt price USD/ CAN$	Mkt Price GBP	Value in Sterling £
OIL & GAS PRODUCERS					
US Oil & Gas	ANDEAVOR	17,504	108.09	76.16	1,333,108
US Oil & Gas	BP PLC-SPONS ADR	78,699	42.80	30.16	2,373,316
US Oil & Gas	CABOT OIL & GAS CORP	41,232	26.34	18.56	765,231
US Oil & Gas	CENTENNIAL RESOURCE DEVELO-A	30,102	20.41	14.38	432,893
US Oil & Gas	CHEVRON CORP	74,538	125.36	88.33	6,583,841
US Oil & Gas	DIAMONDBACK ENERGY INC	7,314	125.52	88.44	646,860
US Oil & Gas	EXXON MOBILE CORP	8,014	87.32	61.53	493,067
US Oil & Gas	HESS CORP	26,147	50.51	35.59	930,555
US Oil & Gas	MARATHON PETROLEUM CORP	29,842	69.35	48.86	1,458,200
US Oil & Gas	NEWFIELD EXPLORATION CO	118,735	31.65	22.30	2,647,861
US Oil & Gas	RSP PERMIAN INC	23,762	39.68	27.96	664,351
US Oil & Gas	SUNCOR ENERGY INC	46,647	36.24	25.53	1,191,117
US Oil & Gas	TRANSCANADA CORP	42,246	46.05	32.45	1,370,749
US Oil & Gas	WPX ENERGY INC	41,771	14.73	10.38	433,531
US Oil & Gas Producers Total					**21,324,681**
OIL & GAS SERVICES					
US Oil & Gas Services	BAKER HUGHES A GE CO	140,164	32.15	22.65	3,175,120
US Oil & Gas Services	MONSANTO CO	5,477	121.82	85.83	470,115
US Oil & Gas Services	ONEOK INC	22,974	58.86	41.47	952,795
US Oil & Gas Services Total					**4,598,030**
CHEMICALS					
US Chemicals	CABOT CORP	19,585	67.63	47.65	933,266
US Chemicals	CELANESE CORP	23,353	108.18	76.22	1,780,050
US Chemicals	DOWDUPONT INC	66,651	75.52	53.21	3,546,592
US Chemicals	PPG INDUSTRIES INC	33,452	118.74	83.66	2,798,735
US Chemicals	PRAXAIR INC	13,556	161.34	113.68	1,541,048
US Chemicals	WESTLAKE CHEMICAL CORP	10,952	112.61	79.35	868,987
US Chemicals Total					**11,468,679**
FORESTRY & PAPER					
US Industrial Metals	INTERNATIONAL PAPER CO	53,061	62.86	44.29	2,350,133
US Forestry & Paper Total					**2,350,133**
INDUSTRIAL METALS					
US Industrial Metals	ALCOA CORP	14,998	52.00	36.64	549,515
US Industrial Metals	ARCELORMITTAL-NY REGISTERED	2,434	36.39	25.64	62,409
US Industrial Metals	MARTIN MARIETTA MATERIALS	2,841	228.22	160.80	456,844
US Industrial Metals	SOUTHERN COPPER CORP	4,845	48.56	34.22	165,773
US Industrial Metals	STEEL DYNAMICS INC	18,905	45.40	31.99	604,749
US Industrial Metals Total					**1,839,290**
CONSTRUCTION					
US Industrial Metals	ARDAGH GROUP SA	44,059	20.00	14.09	620,879
US Industrial Metals	VULCAN MATERIALS CO	4,998	135.43	95.42	476,929
US Construction Total					**1,097,808**
AEROSPACE					
US Aero defence	BOEING CO/THE	42,635	354.17	249.55	10,639,487
US Aero defence	LOCKHEED MARTIN CORP COM	28,649	354.83	250.01	7,162,629
US Aero defence	NORTHROP GRUMMAN CORP	26,015	340.53	239.94	6,241,972
US Aerospace Total					**24,044,088**

GENERAL INDUSTRIAL					
US Div Ind	AGCO CORP	4,883	72.61	51.16	249,819
US Div Ind	BALL CORP	102,307	38.27	26.97	2,758,713
US Div Ind	CATERPILLAR INC	16,529	162.75	114.67	1,895,441
US Div Ind	DEERE & CO	13,665	166.42	117.26	1,602,352
US Div Ind	ILLINOIS TOOL WORKS INC	14,260	173.70	122.39	1,745,267
US Div Ind	JACOBS ENGINEERING GROUP INC	3,150	69.44	48.93	154,121
US Div Ind	MASCO CORP	51,429	44.65	31.46	1,617,976
US Div Ind	PENTAIR LTD	40,844	71.51	50.39	2,057,964
US General Industrial Total					**12,081,653**
ELECTRONIC EQUIPMENT					
US Electricity	AMETEK INC	39,451	76.34	53.79	2,122,036
US Electricity	EATON CORP	33,637	83.97	59.17	1,990,142
US Electricity	FORTIVE CORP	39,699	76.02	53.56	2,126,425
US Electricity	GENERAL ELECTRIC CO	282,529	16.16	11.39	3,216,970
US Electronic Equipment Total					**9,455,573**
INDUSTRIAL TRANSPORT					
US Transportation	FEDEX CORP	7,919	262.48	184.94	1,464,567
US Transportation	KIRBY CORP	7,107	74.80	52.70	374,568
US Transportation	KNIGHT-SWIFT TRANSPORTATION INC	20,537	49.79	35.08	720,480
US Transportation	NORFOLK SOUTHERN CORP	15,962	150.90	106.32	1,697,146
US Transportation	PACCAR INC	6,861	74.57	52.54	360,491
US Transportation	UNION PACIFIC CORP	17,951	133.49	94.06	1,688,418
US Industrial Transport Total					**6,305,669**
SUPPORT SERVICES					
US Support Services	ACCENTURE LTD	8,412	160.70	113.23	952,484
US Support Services	GENPACT LTD	56,442	33.93	23.91	1,349,363
US Support Services	TRANSUNION	24,143	59.32	41.80	1,009,102
US Support Services Total					**3,310,949**
AUTOMOBILES & PARTS					
US Support Services	HARLEY-DAVIDSON INC	42,337	48.48	34.16	1,446,190
US Automobiles & Parts Total					**1,446,190**
BEVERAGES					
US Beverages	ANHEUSER-BUSCH INBEV SPN ADR	27,049	113.46	79.94	2,162,403
US Beverages	CONSTELLATION BRANDS INC-A	24,353	219.49	154.65	3,766,256
US Beverages	MONSTER BEVERAGE CORP	70,563	68.22	48.07	3,391,809
US Beverages	PEPSICO INC	69,917	120.33	84.78	5,927,879
US Beverages Total					**15,248,347**
FOOD PRODUCTION/PROCESS					
US Food Prod & Proce	BLUE BUFFALO PET PRODUCTS INC	61,625	33.98	23.94	1,475,445
US Food Prod & Proce	CAMPBELL SOUP CO	54,647	46.55	32.80	1,792,374
US Food Prod & Proce	FRESH DEL MONTE PRODUCE INC	48,031	47.30	33.33	1,600,757
US Food Prod & Proce	HOSTESS BRANDS INC	280,781	13.80	9.72	2,730,168
US Food Prod & Proce	POST HOLDINGS INC	50,043	75.63	53.29	2,666,736
US Food Prod & Proce	SIMPLY GOOD FOODS CO/THE	133,281	13.60	9.58	1,277,173
US Food Prod & Proce	SIMPLY GOOD FOODS CO-CW22-WARRA	44,427	3.50	2.47	109,561
US Food Production & Processing Total					**11,652,215**
HOUSEHOLD GOODS					
US Hous Gds Txtiles	TAPESTRY INC	22,554	47.03	33.14	747,380
US Hous Gds Txtiles	INSTALLED BUILDING PRODUCTS	17,869	72.00	50.73	906,516
US Hous Gds Txtiles	LENNAR CORP-A	53,609	62.65	44.14	2,366,472
US Hous Gds Txtiles	MOHAWK INDUSTRIES	12,804	281.05	198.03	2,535,548
US Hous Gds Txtiles	NIKE INC -CL B	82,513	68.22	48.07	3,966,219
US Hous Gds Txtiles	UNDER ARMOUR INC-CLASS A	40,245	13.86	9.77	393,023
US Hous Gds Txtiles	UNDER ARMOUR INC-CLASS C	31,418	12.83	9.04	284,019
US Household Goods Total					**11,199,177**

PERSONAL GOODS					
US Personal Care / Hc	COTY INC-CL A	355,487	19.60	13.81	4,909,332
US Personal Care / Hc	UNILEVER N V -NY SHARES	25,737	57.51	40.52	1,042,903
US Personal Goods Total					**5,952,235**
TOBACCO					
US Tobacco	ALTRIA GROUP INC	131,309	70.37	49.58	6,510,655
US Tobacco	BRITISH AMERICAN TOB-SP ADR	120,883	68.11	47.99	5,801,212
US Tobacco Total					**12,311,867**
HEALTHCARE EQUIPMENT & SERVICES					
US Healthcare Equipm	BOSTON SCIENTIFIC CORP	276,559	27.97	19.71	5,450,331
US Healthcare Equipm	BROOKDALE SENIOR LIVING INC	44,971	9.49	6.69	300,706
US Healthcare Equipm	CIGNA CORP	26,321	208.67	147.03	3,869,947
US Healthcare Equipm	HCA HOLDINGS INC	25,724	101.16	71.28	1,833,538
US Healthcare Equipm	STRYKER CORP	24,597	164.37	115.82	2,848,704
US Healthcare Equipm	THERMO FISHER SCIENTIFIC	21,358	223.98	157.82	3,370,641
US Healthcare Equipment & ServicesTotal					**17,673,867**
PHARMACEUTICAL, BIOTECH					
US Healthcare	ABBOTT LABORATORIES	72,404	62.18	43.81	3,172,166
US Healthcare	ADURO BIOTECH INC	31,612	6.30	4.44	140,325
US Healthcare	AERIE PHARMACEUTICALS INC	11,723	54.85	38.65	453,062
US Healthcare	ALDER BIOPHARMACEUTICALS INC	29,266	14.05	9.90	289,723
US Healthcare	ALLERGAN PLC	49,607	180.27	127.02	6,300,994
US Healthcare	ALNYLAM PHARMACEUTICALS INC	5,623	129.96	91.57	514,897
US Pharm, Biotech	ASTRAZENECA PLC-SPONS ADR	86,638	35.06	24.70	2,140,242
US Pharm, Biotech	AUDENTES THERAPEUTICS INC	8,234	35.09	24.72	203,581
US Healthcare	BAXTER INTERNATIONAL INC	41,093	72.03	50.75	2,085,566
US Healthcare	BIOGEN INC	649	347.82	245.07	159,053
US Healthcare	BIOHAVEN PHARMACEUTICAL HOLD	24,482	34.55	24.34	595,988
US Healthcare	BLUEBIRD BIO INC	3,135	204.75	144.27	452,277
US Healthcare	BRISTOL-MYERS SQUIBB CO	137,637	62.59	44.10	6,069,918
US Healthcare	CALITHERA BIOSCIENCES INC	13,274	7.95	5.60	74,355
US Healthcare	CARDINAL HEALTH INC	49,521	71.79	50.58	2,504,932
US Healthcare	CELGENE CORP	13,138	101.19	71.30	936,719
US Healthcare	COHERUS BIOSCIENCES INC	33,455	10.10	7.12	238,081
US Pharm, Biotech	DERMIRA INC	16,023	28.51	20.09	321,872
US Pharm, Biotech	ELI LILLY & CO COM	21,690	81.36	57.33	1,243,406
US Pharm, Biotech	FIVE PRIME THERAPEUTICS INC	5,143	20.00	14.09	72,475
US Pharm, Biotech	GLYCOMIMETICS INC	32,330	22.49	15.85	512,316
US Pharm, Biotech	IMPAX LABORATORIES INC	61,624	19.45	13.70	844,524
US Pharm, Biotech	INCYTE CORP	6,262	90.29	63.62	398,378
US Pharm, Biotech	IRONWOOD PHARMACEUTICALS INC	32,097	14.81	10.44	334,936
US Pharm, Biotech	JOUNCE THERAPEUTICS INC	7,242	24.18	17.04	123,384
US Pharm, Biotech	KALA PHARMACEUTICALS INC	15,900	15.20	10.71	170,288
US Pharm, Biotech	KARYOPHARM THERAPEUTICS INC	26,246	11.81	8.32	218,402
US Pharm, Biotech	LOXO ONCOLOGY INC	6,398	101.47	71.50	457,430
US Healthcare	MCKESSON CORP COM	24,429	168.90	119.01	2,907,221
US Healthcare	MEDTRONIC INC	112,121	85.90	60.53	6,786,139
US Healthcare	MOMENTA PHARMACEUTICALS INC	20,062	17.00	11.98	240,307
US Healthcare	MYLAN NV	109,664	42.85	30.19	3,310,988
US Healthcare	MYOKARDIA INC	17,255	51.55	36.32	626,738
US Pharm, Biotech	OTONOMY INC	27,176	5.75	4.05	110,102
US Pharm, Biotech	PTC THERAPEUTICS INC	7,100	26.29	18.52	131,520
US Pharm, Biotech	RA PHARMACEUTICALS INC	27,222	7.36	5.19	141,169
US Pharm, Biotech	REGENERON PHARMACEUTICALS	1,012	366.50	258.24	261,335
US Pharm, Biotech	REVANCE THERAPEUTICS INC	25,671	32.25	22.72	583,331
US Pharm, Biotech	RIGEL PHARMACEUTICALS INC	37,337	4.00	2.82	105,231
US Pharm, Biotech	SEATTLE GENETICS INC	4,800	52.30	36.85	176,883
US Pharm, Biotech	SYNDAX PHARMACEUTICALS	24,029	10.88	7.67	184,207
US Pharm, Biotech	TESARO INC	6,520	67.44	47.52	309,819
US Pharm, Biotech	TEVA PHARMACEUTICAL-SP ADR	114,499	20.40	14.37	1,645,790

US Pharm, Biotech	TREVENA INC	49,635	1.63	1.15	57,006
US Healthcare	UNITEDHEALTH GROUP INC	53,917	236.79	166.84	8,995,633
US Pharmaceutical, Biotech Total					**57,602,709**
FOOD RETAIL					
US Retail Food & Drug	CHIPOTLE MEXICAN GRILL INC	2,681	324.76	228.83	613,482
US Retail Food & Drug	HILTON WORLDWIDE HOLDINGS INC	25,458	85.64	60.34	1,536,185
US Retail Food & Drug	MCDONALD'S CORP	27,329	171.14	120.59	3,295,474
US Retail Food & Drug	MGM RESORTS INTERNATIONAL	19,243	36.45	25.68	494,212
US Food Retail Total					**5,939,353**
RETAILERS - GENERAL					
US Retailers Gen	AMAZON.COM INC	12,184	1,451.54	1,022.76	12,461,248
US Retailers Gen	COSTCOWHOLESALE CORP	16,897	194.88	137.31	2,320,168
US Retailers Gen	DOLLAR TREE INC	32,170	115.00	81.03	2,606,703
US Retailers Gen	EXPEDIA INC	31,084	128.01	90.20	2,803,648
US Retailers Gen	L BRANDS	9,849	50.07	35.28	347,466
US Retailers Gen	SYSCO CORP	45,525	62.89	44.31	2,017,317
US Retailers Gen	TJX COMPANIES INC	72,122	80.34	56.61	4,082,651
US Retailers Gen	WAYFAIR INC-CLASS A	45,690	92.01	64.83	2,962,094
US Retailers - General Total					**29,601,295**
MEDIA					
US Media & Photo	ALLIANCE DATA SYSTEMS CORP	6,346	256.66	180.84	1,147,627
US Media & Photo	CHARTER COMMUNICATIONS INC-A	18,798	377.20	265.78	4,996,041
US Media & Photo	CINEMARK HOLDINGS INC	23,550	36.79	25.92	610,469
US Media & Photo	COMCAST CORP CL A	262,151	42.56	29.99	7,861,325
US Media & Photo	FACEBOOK INC	86,247	186.94	131.72	11,360,276
US Media & Photo	LIBERTY MEDIA CORP-MEDIA C	28,269	37.69	26.56	750,722
US Media & Photo	NETFLIX INC	12,043	270.44	190.55	2,294,818
US Media & Photo	NEW YORK TIMES CO-A	20,624	23.20	16.35	337,135
US Media & Photo	OUTFRONT MEDIA INC	31,322	22.39	15.78	494,136
US Media & Photo	TWENTY-FIRST CENTURY FOX	55,420	36.90	26.00	1,440,906
US Media & Photo	VIACOM INC-CLASS B	78,576	33.42	23.55	1,850,287
US Media Total					**33,143,741**
TRAVEL & LEISURE					
US Hotels Leisure	JETBLUE AIRWAYS CORP	28,998	20.86	14.70	426,211
US Transport	SPIRIT AIRLINES INC	36,435	42.12	29.68	1,081,309
US Travel & Leisure Total					**1,507,520**
TELECOMS					
Telecoms	VERIZON COMMUNICATIONS INC	283,511	54.07	38.10	10,801,123
US Telecoms Total					**10,801,123**
ELECTRICITY					
US Electricity	AVANGRID INC	80,932	48.71	34.32	2,777,673
US Electricity	EDISON INTERNATIONAL	121,697	62.53	44.06	5,361,804
US Electricity	EXELON CORP	78,000	38.52	27.14	2,117,013
US Electricity	NEXTERA ENERGY INC	42,317	158.42	111.62	4,723,539
US Electricity	NRG ENERGY INC	158,363	26.01	18.33	2,902,263
US Electricity	PG&E CORP	13,005	42.43	29.90	388,800
US Electricity	UGI CORP	33,980	45.77	32.25	1,095,839
US Electricity Total					**19,366,931**
GAS & WATER					
Gas	KINDER MORGAN INC	173,104	17.98	12.67	2,193,004
Gas	SEMPRA ENERGY	46,360	107.03	75.41	3,496,162
US Gas & Water Total					**5,689,166**
BANKS, RETAIL					
US Banks Retail	BANK OF AMERICA CORP	899,637	32.00	22.55	20,284,295
US Banks Retail	CITIZENS FINANCIAL GROUP	116,648	45.89	32.33	3,771,707

US Banks Retail	SUNTRUST BANKS INC	64,156	70.70	49.82	3,195,945
US Banks - Retail Total					**27,251,948**
NON-LIFE INSURANCE					
US Insurance	AMERICAN INTERNATIONAL GROUP	111,062	63.91	45.03	5,001,231
US Insurance	ALLSTATE CORP	23,496	98.77	69.59	1,635,165
US Insurance	ASSURED GUARANTY LTD	103,124	35.59	25.08	2,586,011
US Insurance	ATHENE HOLDING LTD-CLASS A	39,666	50.16	35.34	1,401,905
US Insurance	HARTFORD FINANCIAL SVCS GRP	50,440	58.75	41.40	2,087,976
US Insurance	MARSH & MCLENNAN COS INC COM	58,275	83.66	58.95	3,435,127
US Insurance	METLIFE INC	75,175	48.07	33.87	2,546,186
US Insurance	PRUDENTIAL FINANCIAL INC	16,409	118.83	83.73	1,373,886
US Non-Life Insurance Total					**20,067,489**
LIFE INSURANCE					
US Banks Retail	XL GROUP	76,801	36.83	25.95	1,993,018
US Life Insurance Total					**1,993,018**
REAL ESTATE					
US Real Estate	AMERICAN TOWER CORP	53,788	147.72	104.08	5,598,444
US Real Estate	ALEXANDRIA REAL ESTATE EQUIT	32,216	129.58	91.30	2,941,387
US Real Estate	EQUINIX INC	5,774	455.19	320.73	1,851,877
US Real Estate	INVITATION HOMES INC	161,326	22.50	15.85	2,557,582
US Real Estate	PROLOGIS INC	37,302	65.08	45.86	1,710,497
US Real Estate	SIMON PROPERTY GROUP INC	14,800	163.29	115.05	1,702,801
US Real Estate Total					**16,362,588**
GENERAL FINANCIAL					
US Special Finance	AMERICAN EXPRESS CO	48,321	99.40	70.04	3,384,269
US Special Finance	CAPITAL ONE FINANCIAL CORP	59,984	103.95	73.24	4,393,418
US Special Finance	COHEN & STEERS INC	59,233	40.76	28.72	1,701,142
US Special Finance	EQUIFAX INC	12,937	124.92	88.02	1,138,697
US Special Finance	FLEETCOR TECHNOLOGIES INC	15,867	212.50	149.73	2,375,726
US Special Finance	GLOBAL PAYMENTS INC	48,329	111.77	78.75	3,806,061
US Special Finance	NORTHERN TRUST CORP	40,671	105.39	74.26	3,020,139
US Special Finance	ONEMAIN HOLDINGS INC	67,600	32.72	23.05	1,558,485
US Special Finance	PAYPAL HOLDINGS INC	45,758	85.43	60.19	2,754,356
US Special Finance	RAYMOND JAMES FINANCIAL INC	43,300	96.37	67.90	2,940,170
US Special Finance	TD AMERITRADE HOLDING CORP	109,253	55.78	39.30	4,293,926
US Special Finance	TOTAL SYSTEM SERVICES INC	6,970	88.85	62.60	436,348
US Special Finance	VISA INC CL A SHS	76,020	124.25	87.55	6,655,289
US Special Finance	VOYA FINANCIAL INC	33,600	51.92	36.58	1,229,183
US Special Finance	WEX INC	16,147	154.78	109.06	1,760,959
US Special Finance	WISDOMTREE INVESTMENTS INC	24,200	11.59	8.17	197,625
US General Financial Total					**41,645,793**
SOFTWARE					
US Software & Comp S	ADOBE SYSTEMS INC	18,140	199.82	140.79	2,553,988
US Software & Comp S	ALPHABET INC - CL A SHARES	19,732	1,183.24	833.71	16,450,784
US Software & Comp S	ATLASSIAN CORP PLC-CLASS A	22,066	53.99	38.04	839,421
US Software & Comp S	AUTODESK INC	9,201	115.63	81.47	749,632
US Software & Comp S	BLUECORA INC	49,318	24.40	17.19	847,887
US Software & Comp S	COGNIZANT TECH SOLUTIONS-A	7,263	77.98	54.94	399,063
US Software & Comp S	EBAY INC	87,335	40.58	28.59	2,497,141
US Software & Comp S	GUIDEWIRE SOFTWARE INC	16,646	79.45	55.98	931,851
US Software & Comp S	HUBSPOT INC	17,166	96.95	68.31	1,172,626
US Software & Comp S	MICROSOFT CORP	188,245	95.19	67.07	12,625,757
US Software & Comp S	SALESFORCE.COM INC	46,391	114.03	80.35	3,727,310
US Software & Comp S	SERVICENOW INC	15,515	148.92	104.93	1,627,974
US Software & Comp S	SPLUNK INC	6,256	92.36	65.08	407,121
US Software & Comp S	SS&C TECHNOLOGIES HOLDINGS	75,400	50.28	35.43	2,671,218
US Software & Comp S	WORKDAY INC-CLASS A	23,916	119.93	84.50	2,020,966
US Software Total					**49,522,737**

TECHNOLOGY HARDWARE					
US IT Hardware	ADVANCED MICRO DEVICES	318,164	13.73	9.67	3,077,969
US IT Hardware	APPLE INC	72,592	167.45	117.99	8,564,787
US IT Hardware	APPLIED MATERIALS	51,657	53.64	37.79	1,952,363
US IT Hardware	ARISTA NETWORKS INC	7,865	275.72	194.27	1,527,952
US IT Hardware	FLEX LTD	299,403	18.01	12.69	3,799,378
US IT Hardware	KLA-TENCOR CORP	26,727	109.79	77.36	2,067,548
US IT Hardware	MARVELL TECHNOLOGY GROUP LTD	223,264	23.33	16.44	3,670,085
US IT Hardware	MICROCHIP TECHNOLOGY INC	30,239	95.21	67.08	2,028,582
US IT Hardware	MICRON TECHNOLOGY INC	167,010	43.72	30.81	5,144,762
US IT Hardware	NETAPP INC	70,229	61.50	43.33	3,043,226
US IT Hardware	NVIDIA CORP	25,656	245.85	173.23	4,444,284
US IT Hardware	QUALCOMM INC	69,200	68.20	48.05	3,325,317
US IT Hardware	TERADYNE INC	23,391	45.85	32.31	755,668
US Technology Hardware Total					**43,401,920**
TOTAL UNITED STATES					**537,257,783**

DERBYSHIRE PENSION FUND
JANUARY 2018 PORTFOLIO VALUATION - BID

EUROPEAN EQUITIES Company name	sedol	Number held	Mkt price in local currency	Mkt Price GBP	Value in Sterling £
EUROPEAN					
EUROPEAN UBS LIFE EUROPE EX-UK EQUITY T	0268132	155,961,021	324.08	3.24	505,438,476
PASSIVE TRACKER FUND TOTAL					505,438,476
EUROPEAN EQUITIES TOTAL					505,438,476.06

DERBYSHIRE PENSION FUND
JANUARY 2018 PORTFOLIO VALUATION - BID

OTHER EQUITIES	Company name	Number held	Mkt price in local currency	Mkt Price GBP	Value in Sterling £
JAPAN					
Investment Companies					
Japan	CC Japan Income & Growth Trust	5,000,000	163.00	163.00	8,150,000
Japan	JPMorgan JAP IT 25P	7,730,000	450.00	450.00	34,785,000
Japan	JPMF Japs smoc	2,250,000	436.00	436.00	9,810,000
Japan	Schroder Japan Growth Fund 10p ords	11,300,000	223.00	223.00	25,199,000
J Investment Companies Total					77,944,000
Unit Trusts & OEICs					
Japan	Baillie Gifford OGF - Japanese B Acc Shares	4,514,216.85	1,695.00	1,695.00	76,515,976
Japan	Baring Japan Growth Trust	5,500,000.00	215.40	215.40	11,847,000
Japan	Invesco Perpetual Japan-NTA	4,515,449.98	217.13	217.13	9,804,397
Japan	JPMorgan Jap Fd A Acc	3,000,000.00	458.00	458.00	13,740,000
Japan	Legg Mason IF Martin Currie Japan Alpha Fun	31,075,861.03	179.60	179.60	55,812,246
Japan	Schroder UT Tokyo Ac	11,000,000.00	370.10	370.10	40,711,000
J Unit Trusts Total					208,430,618
Investment Entities					
Japan	Aberdeen Global - JAP Smaller Cos Fund DE	1,662,639.78	11.25	11.25	18,699,377
Japan	JO Hambro - Japan Fd GBP-A	15,000,000.00	2.64	2.64	39,630,000
J Investment Entities Total					58,329,377
JAPAN TOTAL					344,703,996
OTHER ASIA					
Investment Companies					
Asian	ABERDEEN ASIAN INCOME FUND ORDS	3,000,000	216.00	216.00	6,480,000
Asian	ABERDEEN NDIT 25P	7,780,000	242.00	242.00	18,827,600
Asian	EDINBURGH DT 20P	12,300,000	388.00	388.00	47,724,000
Asian	INVESCO ASIA TRUST 10P	6,358,000	300.00	300.00	19,074,000
OA Investment Companies Total					92,105,600
Unit Trusts & OEICs					
Asian	Stewart Investors Asia Pacific Fund (First State	5,250,000	1,541.01	1,541.01	80,903,025
Asian	JPMorgan Asia Fund A Ac	20,000,000	219.50	219.50	43,900,000
Asian	Schroder Instl PAC Fd Ac	2,000,000	1,483.00	1,483.00	29,660,000
OA Unit Trusts Total					154,463,025
Investment Entities					
Asian	Baring Int'l Australia $	130,000.000	123.21	86.81	11,285,790
Asian	Legg Mason-Martin Currie Greater China Fund	417,754.020	36.24	25.53	10,667,225
OA Investment Entities Total					21,953,015
OTHER ASIA TOTAL					268,521,640
EMERGING MARKETS					
Investment Companies					
Internatio	ABERDEEN EMERGING MARKETS	3,098,250	650.00	650.00	20,138,625
Internatio	ABERDEEN FRONTIER MARKETS	5,000,000	61.50	61.50	3,075,000
Internatio	BLACKROCK FRONTIERS INV TRUST	3,200,000	165.00	165.00	5,280,000
Internatio	BLACKROCK EMERGING EUROPE PL	2,780,175	381.00	381.00	10,592,467
Latin Ame	Blackrock Latin American Investment Trust plc	862,529	490.00	490.00	4,226,392
Internatio	GENESIS EMERGING MKTS FUND LTD	4,300,000	746.00	746.00	32,078,000
Internatio	JP Morgan EMER IT25P	3,700,000	920.00	920.00	34,040,000
Int'l Investment Companies Total					109,430,484
Unit Trusts & OEICs					
Internatio	Stewart Investors Global Emerging Markets Fu	3,000,000	941.46	941.46	28,243,800
Latin Ame	Thd ndle Lnamer Gwth	3,500,000	286.27	286.27	10,019,450
Int'l Unit Trusts Total					38,263,250
Investment Entities					
Internatio	FPP GLOBAL EMERGING MKTS	82,057.980	125.84	88.67	7,275,939
Latin Ame	JPMorgan LNAMER A U$	86,085.904	53.14	37.44	3,223,267
Internatio	POLUNIN FUNDS-DEVEL CNTY-B	47,502.659	1,264.56	891.01	42,325,296
LatAm Investment Entities Total					52,824,502
EMERGING MARKETS TOTAL					200,518,236
OTHER EQUITIES TOTAL					813,743,871

DERBYSHIRE PENSION FUND
JANUARY 2018 PORTFOLIO VALUATION - BID

OTHER EQUITIES Company name	Number held	Mkt price in local currency	Value in Sterling £
PRIVATE EQUITY			
Quoted Private Equity			
UK Invest APAX GLOBAL ALPHA LTD	3,000,000	143.00	4,290,000
UK Invest ELECTRA PRIVATE EQUITY PLC	101,183	926.00	936,955
UK Invest HARBOURVEST GLOBAL PRIVATE	925,000	1252.00	11,581,000
UK Invest HGCAPITAL TRUST PLC	705,315	1740.00	12,272,481
UK Invest ICG ENTERPRISE TRUST PLC	181,795	810.00	1,472,540
UK Invest NB PRIVATE EQUITY PARTNERS Ltd (A)	1,500,000	13.90	14,690,910
UK Invest PANTHEON INTERNATIONAL PLC	345,000	1860.00	6,417,000
UK Invest PRINCESS PRIVATE EQUITY HOLDING LTD	500,000	10.00	4,373,750
UK Invest STANDARD LIFE PRIVATE EQUUITY	900,000	345.00	3,105,000
UK Invest WOODFORD PATIENT CAPITAL TRUST	5,000,000	82.10	4,105,000
UK Quoted Private Equity Total			**63,244,635**
Unquoted Private Equity			
UK Uncla ADAM STREET PARTNERS (FEEDER) 2017 FU	30,000,000	0.04	939,157
UK Uncla BAIRD CAPITAL PARTNERS EUROPE FUND L	4,300,000	0.10	362,681
UK Uncla CAPITAL DYNAMICS GLOBAL SECONDARIES	20,000,000	0.51	7,233,551
UK Uncla CAPITAL DYNAMICS MID-MARKET DIRECT FE	25,000,000	0.37	8,168,422
UK Uncla CATAPULT GROWTH FUND UNITS	3,000,000	0.25	737,425
UK Uncla EAST MIDLANDS VENTURE	3,000,000	0.10	307,235
UK Uncla MOBEUS EQUITY PARTNERS IV LP	10,000,000	0.27	2,677,641
UK Invest PANORAMIC ENTERPRISE CAPITAL UNITS	1,428,486	0.35	493,242
UK Invest PANORAMIC GROWTH FUND 2 LP	10,000,000	0.20	2,047,017
UK Invest PARTNERS GROUP GLOBAL VALUE 2008	7,500,000	0.57	3,766,315
UK Uncla PHILDREW VENTURES 4TH	820,000	0.40	3,280
UK Invest STAR CAPITAL STRATEGIC ASSETS III LP	12,500,000	0.13	1,367,009
UK Uncla VESPA CAPITAL II LLP	10,000,000	0.30	3,042,531
UK Unquoted Private Equity Total			**31,145,506**
PRIVATE EQUITY TOTAL			**94,390,141**
INFRASTRUCTURE			
UK Infrastructure Quoted			
Closed-er FORESIGHT SOLAR FUND LTD	4,000,000	106.50	4,260,000
Closed-er GREENCOAT UK WIND PLC	11,875,000	120.40	14,297,500
Closed-er HICL INFRASTRUCUTRE CO LTD	6,060,872	147.90	8,964,030
Closed-e INTERNATIONAL PUBLIC PARTNERSHIP LTD	20,462,823.00	150.40	30,776,085.79
Closed-e 3I INFRASTRUCTURE PLC	2,849,999.00	200.50	5,714,248.00
Closed-e RENEWABLES INFRASTRUCTURE GR	6,500,000.00	106.40	6,916,000.00
UK Infrastructure Quoted Total			**70,927,863**
UK Infrastructure Unquoted			
UK Uncla DALMORE CAPITAL 3 LP	25,000,000	0.09	2,167,897
UK Uncla EQUITIX FUND 1 LTD P'SHIP	7,500,000	1.79	13,436,692
UK Uncla Equitix Fund IV Ltd P'ship	25,000,000	0.65	16,233,926
UK Uncla IMPAX NEW ENERGY INVESTORS II UNITS	10,000,000	0.18	1,582,700
UK Uncla MEIF 5 Co-Invest LP	12,600,000	0.53	5,844,157
UK Uncla Macquarie European Infrastructure Fund 5 LP	14,400,000	0.54	6,798,531
UK Uncla PIP Multi Strategy Infrastructure LP	25,000,000	0.99	24,736,046
UK Uncla SL CAPITAL INFRASTRUCTURE 1LP	15,000,000	0.74	11,054,654
UK Infrastructure Total			**81,854,603**
INFRASTRUCTURE TOTAL			**152,782,466**
ALTERNATIVES TOTAL			**247,172,607**

DERBYSHIRE PENSION FUND
JANUARY 2018 PORTFOLIO VALUATION - BID

		Cost	31/12/2017 Value £
Real Property			
Property	Southampton Property	3,682,144	5,400,000
Property	Retail Unit Tamworth	3,150,915	10,650,000
Property	15-17 Jockeys Field London	5,107,406	10,900,000
Property	D'Arblay House, London	8,409,107	14,850,000
Property	Bristol Odeon Development	7,100,000	5,850,000
Property	Quintins Centre, Hailsham	8,623,414	5,450,000
Property	Caledonia House, London	11,981,789	22,350,000
Property	Chelsea Fields Ind Est, London	6,472,878	10,850,000
Property	Planet Centre, Feltham	10,765,000	11,600,000
Property	Hill St, Mayfair	11,952,254	16,800,000
Property	Birmingham - Travelodge develo	12,093,715	16,000,000
Property	Saxmundham, Tesco developm't	9,370,122	10,000,000
Property	Roundhay Road, Leeds	7,860,255	8,100,000
Property	Premier Inn, Rubery, Birminghan	6,186,932	6,200,000
Property	South Normanton Warehouse, A	14,557,715	14,450,000
Property	Loddon Centre, Basingstoke	12,549,894	12,100,000
Property	Parkway, Bury St Edmunds	14,768,735	14,768,735
Total Real Property		**154,632,273**	**196,318,735**

			Number held	Mkt price	
Property Managed Funds					
Property	Pence	Assura PLC	6,000,000	61.5000	3,690,000
Property	GBP	Aviva Pooled Property Fund - class A	651,493	15.5242	10,113,909
Property	GBP	Aviva Pooled Property Fund - class B	487,954	15.6227	7,623,176
Property	GBP	Bridges Property Alternatives Fund III LP	763	12592.4623	9,610,362
Property	GBP	Bridges Property Alternatives Fund IV LP	148	8066.3250	1,197,087
Property	EUR	Fidelity Eurozone Select Real Estat Fund - price ii	2,905	5597.1759	14,221,543
Property	GBP	Hearthstone Residential Fund 1 LP	15,000,000	0.2584	3,876,562
Property	GBP	Igloo Regeneration P'ship Property Unit Trust	4,644,493	0.3048	1,415,451
Property	EUR	Invesco Real Estate-European Fund FCP - SIF	44,569	117.9050	4,596,714
Property	Pence	Target Healthcare REIT Ltd	2,915,000	113.0000	3,293,950
Property	GBP	M&G PP UK Property Fund (Inc)	27,124	758.6200	20,576,809
Property	EUR	M&G European Property Fund	25,000,000	0.5063	11,072,888
Property	GBP	Threadneedle Pensions Property Fund	1,647,730	6.1500	10,133,542
Property	Pence	Tritax Big Box Indirect Pooled Fund	10,000,000	149.1000	14,910,000
Property	GBP	Unite UK Student Accommodation Fund	15,584,567	1.3073	20,373,085
Total Property Funds					**136,705,077**
Local Authority Depo		Chesterfield Borough Council	16,074		**2,178**

			Mellon USD	Exch rate	
Cash	*Updated to 31 January 2018*				
Cash	BNP Paribas	*UK*			10,309,715
Cash		*Euro*			0
Cash		*Wellington*			10,296,601
Cash					
Cash	Cash - Lloyds bank Superfund				10,172,000
Cash	Cash Temporary Loans		155,000,000		
	Santander 31 Day Notice		8,000,000		
	Leeds City Council 2D/N		10,000,000		
	Nottingham City Council 7 D/N		10,000,000		
	Standard Life		5,000,000		
	Federated Prime Rate		20,000,000		
	Certs of Deposit		0		
	Treasury Bills		0		208,000,000
Total Cash					**238,778,316**

EQUITIES		UK	US	Total Europe	Japan	Other Asia	Emerging Mrkts
Oil & Gas Producers	177,339,397	156,014,716	21,324,681	0			
Oil & Gas Services	6,347,090	1,749,060	4,598,030	0			
Chemicals	17,406,229	5,937,550	11,468,679	0			
Forestry & Paper	7,979,633	5,629,500	2,350,133	0			
Industrial Metals	1,839,290		1,839,290	0			
Mining	74,024,900	74,024,900	0	0			
Construction	3,526,174	2,428,365	1,097,808	0			
Aerospace	42,300,288	18,256,200	24,044,088	0			
General Industrial	24,648,453	12,566,800	12,081,653	0			
Electronic Equipment	13,925,073	4,469,500	9,455,573	0			
Industrial Engineering	13,792,900	13,792,900	0	0			
Industrial Transport	6,305,669	0	6,305,669	0			
Support Services	36,778,149	33,467,200	3,310,949	0			
Automobiles	7,788,190	6,342,000	1,446,190	0			
Beverages	53,235,847	37,987,500	15,248,347	0			
Food Producers	22,584,215	10,932,000	11,652,215	0			
Household Goods	51,585,377	40,386,200	11,199,177	0			
Leisure Goods	0			0			
Personal Goods	40,457,985	34,505,750	5,952,235	0			
Tobacco	80,139,617	67,827,750	12,311,867	0			
Healthcare Equipment & Servic	17,673,867		17,673,867	0			
Pharmaceutical / Biotech	145,420,154	87,817,445	57,602,709	0			
Food Retail	19,080,153	13,140,800	5,939,353	0			
General Retail	39,599,767	9,998,473	29,601,295	0			
Media	71,872,341	38,728,600	33,143,741	0			
Travel & Leisure	35,671,586	34,164,066	1,507,520	0			
Telecoms	61,417,498	50,616,375	10,801,123	0			
Electricity	25,239,431	5,872,500	19,366,931	0			
Gas & Water	44,766,209	39,077,043	5,689,166	0			
Banks	163,920,948	136,669,000	27,251,948	0			
Non-Life Insurance	44,343,989	24,276,500	20,067,489	0			
Life Insurance	72,096,618	70,103,600	1,993,018	0			
Real Estate Investment Trusts	40,653,513	24,290,925	16,362,588	0			
Real Estate Investment Service	1,769,400	1,769,400	0	0			
General Financial	70,484,445	28,838,653	41,645,793	0			
Investment Companies	335,161,874	55,681,790		0	77,944,000	92,105,600	109,430,484
Software	66,048,137	16,525,400	49,522,737	0			
Technology Hardware	45,903,920	2,502,000	43,401,920	0			
Unit Trusts & OEICs	436,603,418	35,446,524		0	208,430,618	154,463,025	38,263,250
Investment Entities	142,019,639	8,912,746		0	58,329,377	21,953,015	52,824,502
Passive tracker fund	505,438,476			505,438,476			
Total Equities	**3,067,189,861**	**1,210,749,730**	**537,257,783**	**505,438,476**	**344,703,996**	**268,521,640**	**200,518,236**

DERBYSHIRE PENSION FUND
JANUARY 2018 PORTFOLIO VALUATION - BID

Fixed Interest	
UK Government Bonds	231,022,573
UK Government Index Linked	209,297,088
Corporate Bonds	246,266,553
Corporate Index Linked	0
Multi Asset Credit	129,179,981
US Govt	19,671,882
US Govt Index Linked	49,967,871
France	0
French Govt Index Linked	0
Germany	0
German Govt Index Linked	0
Total Fixed Interest	**885,405,947**
Alternatives	
Private Equity - quoted	63,244,635
Private Equity - unquoted	31,145,506
Infrastructure - quoted	70,927,863
Infrastructure - unquoted	81,854,603
Total Alternatives	**247,172,607**
Miscellaneous	
Real Property	196,318,735
Property Funds	136,705,077
Local Authority Deposits	2,178
Cash (incl USA)	238,778,316
Total Miscellaneous	**571,804,306**
TOTAL PORTFOLIO	**4,771,572,721.87**