

Gloucestershire County Council Pension Fund

Performance Report to March 31, 2019





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Gloucestershire Q1 2019

Although economic growth downgrades were omnipresent during the first quarter, the related dovish shift from central banks and easing trade tensions allowed for gains across global stock markets. The MSCI AC World Index achieved a total return of 9.6% in GBP terms as investors drove markets back up from the lows of Q4. Commodities were strong performers helped by signs of stabilisation in China's economy and easing trade tensions, industrial metals pushed higher. Meanwhile, oil exporters tightened production in response to excess supply, underpinning a 27% rise in Brent crude prices.

Despite the ongoing uncertainty posed by Brexit, the FTSE All Share Index participated in the global equity upswing to achieve a positive return of 9.4% in Q1; the withdrawal agreement was defeated in the House of Commons three times and Brexit delayed until at least April 12. However, sterling gains dragged somewhat on companies with overseas revenues. The market was led higher by technology and materials sectors, with the latter benefiting from improving commodity prices. Healthcare and communications services were among the poorer performers.

Europe's stock markets rallied despite worries about Brexit, slowing economic growth and a sharp drop in German manufacturing activity. The Europe ex UK Index returned 8.0% to a GBP investor.

The US stock market recovered from its worst quarter since 2011, posting a total return of 10.5%. Technology stocks returned to favour to be the top performer in the three months. Real estate benefited from the shifting interest rate backdrop, something that in turn weighed on financials as the flatter (indeed inverting) yield curve dampened enthusiasm for banks. Healthcare was the one sector to underperform financials.

Japan's Equity Index advanced 4.4%, aided in part by signs of progress on US-China trade talks.

In the wider Asia-Pacific region, the Equity market in aggregate returned 9%. China was a star performer, returning 15% on trade optimism and as authorities increased infrastructure investment and supported bank credit growth. Hong Kong's Index gained 12.9%. Australia and New Zealand markets rose by 8.9% and 14.2% respectively. An abrupt end to the US-North Korea summit dampened enthusiasm for South Korean stocks somewhat; the Index returned a comparatively modest 2.6%.

Emerging Markets also had a strong quarter, returning 7.5% for a GBP investor.

Fixed income returns were also positive as declining interest rates, flatter and inverted yield curves and increased fund flows into fixed income asset classes suggest a worrisome outlook for the global economy. Over the quarter, the FTSE Gilts over 5 year Index returned 4.6% and the FTSE UK Index Linked over 5 year Index returned 6.3%. The ICE BoAML Non Gilt Index returned 4.2%.

Among developed market currencies, the British pound was a top performer over the quarter, gaining 4% against the Euro, 3% against Japan's Yen and 2% against the US Dollar in a period when optimism around Brexit ebbed and flowed.

The three-month LIBID rate was 0.1% and Property had another positive quarter, returning 0.5%.

Market Value by Manager



Fund Structure By Mandate

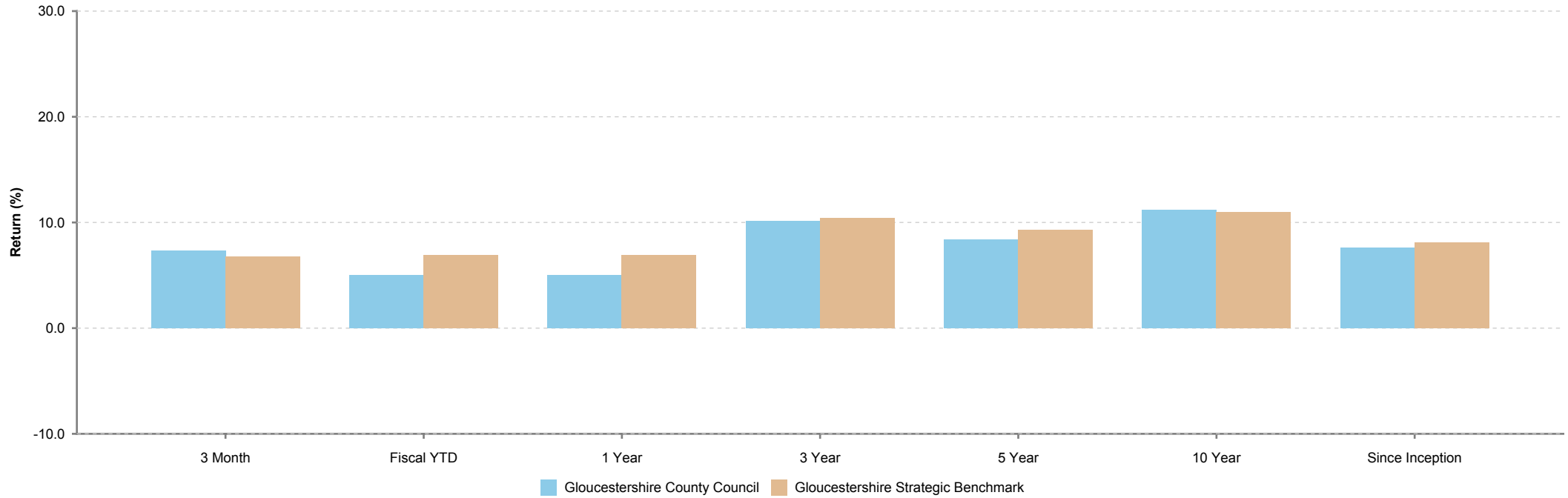
Manager	Mandate	Performance Target	Benchmark Indices	BMV '000s	EMV '000s	Difference	Actual Weight
Aberdeen Standard	UK Equity	B/M +2% net	FTSE All Share 2% Capped	1,193	1,194	1	0.05
Brunel – Fundrock	UK Active Equity	Benchmark	FTSE All Share	333,557	365,801	32,244	15.41
Brunel – Colmore	Infrastructure	Benchmark	Consumer Price Index	0	1,797	1,797	0.08
Brunel – Colmore	Private Equity	Benchmark	MSCI ACWI	0	480	480	0.02
Aberdeen Standard - GARS	Global Absolute Return	Benchmark	6M GBP LIBOR +5%	75,219	78,167	2,948	3.29
Blackrock EM	Emerging Markets	Benchmark	MSCI Emerging Markets	132,891	142,740	9,849	6.01
Blackrock Global	Global Equities	B/M +1-2% gross	MSCI ACWI	431,158	476,518	45,360	20.08
Brunel - LGIM	Passive Low Carbon Eq	Benchmark	MSCI World Low Carbon	46,080	50,750	4,670	2.14
Brunel - LGIM	Passive Developed Eq	Benchmark	FTSE World Developed	116,104	127,496	11,392	5.37
Brunel - LGIM	Passive Dev. Eq Hedged	Benchmark	FTSE World Dev Hedged	111,531	124,997	13,466	5.27
Brunel - LGIM	Passive Smart Beta	Benchmark	SciBeta Multifactor B/M	199,606	217,971	18,365	9.18
WAMCO	Global Fixed Interest	B/M +1% net	ICE BoAML Sterling Non	329,793	344,259	14,466	14.50
WAMCO GMS	Global Multi Strategy FI	Benchmark	3M GBP LIBOR +2%	174,932	183,405	8,473	7.73
Hermes	Property	B/M +0.5% net	MSCI UK PPF Bal PUT	139,735	140,675	940	5.93
CBREI - GMM	Property	B/M +0.5% net	MSCI All Bal Property Fund	60,995	61,678	683	2.60
Goldub	Private Debt	Benchmark	3M GBP LIBOR +5%	11,778	20,145	8,367	0.85
Blue Bay	Private Debt	Benchmark	3M GBP LIBOR +5%	18,286	22,252	3,966	0.94
Yorkshire Fund Manager/TVP	Venture Capital	n/a	n/a	4,863	4,944	81	0.21
Cash	Cash	n/a	n/a	8,941	8,055	-886	0.34
Blackrock Cash	Cash	n/a	n/a	38	39	1	0.00
Brunel PM Cash	Cash	n/a	n/a	1,975	52	-1,923	0.00
Gloucestershire CC				2,198,676	2,373,413	174,737	100.00

	Beginning Market Value as of Dec 31 2018	Quarterly Ending Market Value as of Mar 31 2019	Difference	Actual Weight
SciBeta Multi Factor Asia Pac	8,612,903	9,568,684	955,781	0.40
SciBeta Multi Factor Japan	17,187,595	17,660,806	473,211	0.74
SciBeta Multi Factor Nth America	129,446,874	142,913,329	13,466,454	6.02
SciBeta Multi Factor EMEA Ex UK	32,154,578	34,582,526	2,427,948	1.46
SciBeta Multi Factor UK	12,203,670	13,245,214	1,041,544	0.56

Client Overview compared with Strategic Benchmark



Fund Performance - Net



	3 Month (%)	Fiscal YTD (%)	1 Year (%)	3 Year (% p.a.)	5 Year (% p.a.)	10 Year (% p.a.)	Since Inception (% p.a.)
Gloucestershire County Council	7.3	5.0	5.0	10.1	8.4	11.2	7.6
Gloucestershire Strategic Benchmark	6.8	6.9	6.9	10.4	9.3	11.0	8.1
Excess	0.6	-1.8	-1.8	-0.4	-0.9	0.1	-0.5

Summary of Performance - Net



Actual Performance v Strategic Benchmark

	Ending Market Value (Million)	Weight (%)	3 Month (%)	Fiscal YTD (%)	1 Year (%)	3 Year (% p.a.)	5 Year (% p.a.)	10 Year (% p.a.)	Since Inception (% p.a.)	Inception Date
Brunel UK Active Equity	365.8	15.4%	9.7	-	-	-	-	-	6.0	Nov-18
FTSE All Share	-	-	9.4	-	-	-	-	-	6.0	Nov-18
Excess	-	-	0.3	-	-	-	-	-	0.0	-
Brunel - PM Infrastructure	1.8	0.1%	-9.5	-	-	-	-	-	-9.5	Jan-19
Consumer Price Index	-	-	-0.1	-	-	-	-	-	-0.1	Jan-19
Excess	-	-	-9.4	-	-	-	-	-	-9.4	-
Brunel - PM Private Equity	0.5	0.0%	-	-	-	-	-	-	9.4	Mar-19
MSCI AC World Index	-	-	-	-	-	-	-	-	2.4	Mar-19
Excess	-	-	-	-	-	-	-	-	7.0	-
Aberdeen Standard GARS	78.2	3.3%	3.8	-0.0	-0.0	0.8	1.8	-	2.8	Nov-12
Aberdeen Standard GARS Benchmark	-	-	1.5	6.0	6.0	5.7	5.7	-	5.7	Nov-12
Excess	-	-	2.3	-6.1	-6.1	-4.9	-3.9	-	-2.9	-
Blackrock Emerging Markets	142.7	6.0%	7.4	-0.1	-0.1	14.5	9.3	-	7.3	Jan-12
Blackrock EM Benchmark	-	-	7.4	-0.3	-0.3	14.4	8.9	-	7.0	Jan-12
Excess	-	-	-0.0	0.2	0.2	0.2	0.4	-	0.3	-
Blackrock Global Equity	476.5	20.1%	10.5	8.1	8.1	15.4	12.8	13.8	10.0	Apr-05
Blackrock Global Equity Benchmark	-	-	9.6	10.5	10.5	14.4	11.8	12.7	9.5	Apr-05
Excess	-	-	0.8	-2.3	-2.3	1.0	1.0	1.1	0.6	-
Passive Developed Equities	127.5	5.4%	9.8	-	-	-	-	-	0.9	Jul-18
FTSE World Developed	-	-	9.8	-	-	-	-	-	1.0	Jul-18
Excess	-	-	0.0	-	-	-	-	-	-0.0	-

Summary of Performance - Net



Actual Performance v Strategic Benchmark

	Ending Market Value (Million)	Weight (%)	3 Month (%)	Fiscal YTD (%)	1 Year (%)	3 Year (% p.a.)	5 Year (% p.a.)	10 Year (% p.a.)	Since Inception (% p.a.)	Inception Date
Passive Developed Equities (Hedged)	125.0	5.3%	12.1	-	-	-	-	-	-0.5	Jul-18
FTSE World Developed Hedged	-	-	12.0	-	-	-	-	-	-0.4	Jul-18
Excess	-	-	0.0	-	-	-	-	-	-0.1	-
Passive Low Carbon Equities	50.8	2.1%	10.1	-	-	-	-	-	1.1	Jul-18
MSCI Low Carbon Target	-	-	10.2	-	-	-	-	-	1.2	Jul-18
Excess	-	-	-0.0	-	-	-	-	-	-0.1	-
Passive Smart Beta	218.0	9.2%	9.2	-	-	-	-	-	1.4	Jul-18
SciBeta Multifactor Composite	-	-	9.3	-	-	-	-	-	1.6	Jul-18
Excess	-	-	-0.1	-	-	-	-	-	-0.2	-
WAMCO	344.3	14.5%	4.3	1.8	1.8	5.4	6.8	9.1	6.2	Apr-05
WAMCO Benchmark	-	-	4.6	3.3	3.3	5.6	7.2	7.7	6.6	Apr-05
Excess	-	-	-0.2	-1.4	-1.4	-0.1	-0.4	1.4	-0.5	-
WAMCO GMS	183.4	7.7%	4.8	-0.6	-0.6	4.5	2.9	-	3.5	Sep-11
WAMCO GMS Benchmark	-	-	0.7	2.8	2.8	2.6	2.6	-	2.6	Sep-11
Excess	-	-	4.0	-3.4	-3.4	1.9	0.4	-	0.8	-
Hermes	140.7	5.9%	0.5	6.7	6.7	8.1	11.1	10.5	6.8	Apr-05
Hermes Benchmark	-	-	0.3	5.7	5.7	6.9	9.6	8.6	5.1	Apr-05
Excess	-	-	0.2	1.0	1.0	1.2	1.5	1.9	1.7	-
CBREI	61.7	2.6%	1.1	7.3	7.3	6.7	9.1	-	9.0	Jun-11
CBREI Benchmark	-	-	0.5	5.4	5.4	7.1	9.7	-	8.4	Jun-11
Excess	-	-	0.6	1.9	1.9	-0.4	-0.5	-	0.7	-

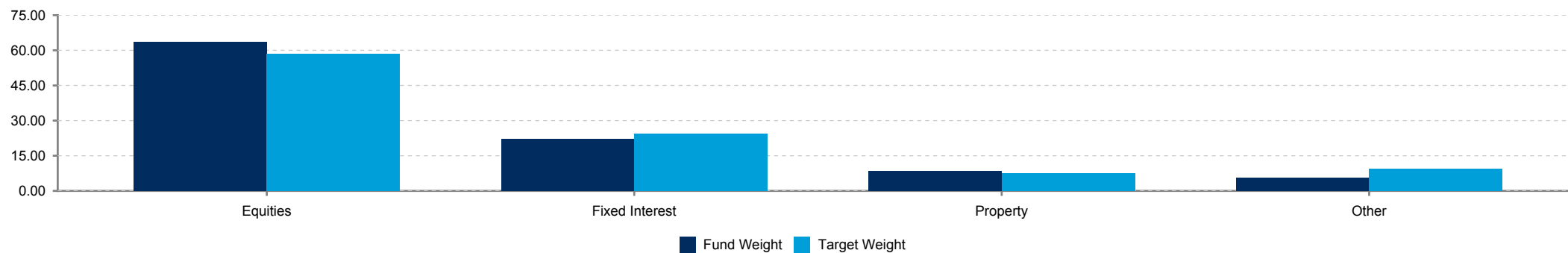
Summary of Performance - Net



Actual Performance v Strategic Benchmark

	Ending Market Value (Million)	Weight (%)	3 Month (%)	Fiscal YTD (%)	1 Year (%)	3 Year (% p.a.)	5 Year (% p.a.)	10 Year (% p.a.)	Since Inception (% p.a.)	Inception Date
Golub	20.1	0.8%	-1.2	17.4	17.4	-	-	-	8.7	Jul-17
Golub Benchmark	-	-	1.5	5.9	5.9	-	-	-	5.7	Jul-17
Excess	-	-	-2.7	11.5	11.5	-	-	-	3.0	-
Bluebay	22.3	0.9%	1.4	8.1	8.1	-	-	-	7.2	Aug-17
Bluebay Benchmark	-	-	1.5	5.9	5.9	-	-	-	5.7	Aug-17
Excess	-	-	-0.0	2.2	2.2	-	-	-	1.5	-
Yorkshire Fund Managers	4.9	0.2%	1.9	-7.4	-7.4	-	-	-	-	Oct-17
Cash	8.1	0.3%	0.0	0.7	0.7	-	-	-	-	Oct-17

Manager Attribution - Net



Quarter Ending 31 March 2019

	Market Value at End of Quarter (£000)	Actual % Allocation at End of Quarter	Strategic Asset Allocation %	% Difference
Gloucestershire County Council	2,373,413	100.00	100.00	-0.00
Equities	1,507,506	63.52	58.50	5.02
Aberdeen Standard Investments	1,194	0.05	0.00	0.05
Brunel UK Active Equity	365,801	15.41	13.00	2.41
Blackrock Emerging Markets	142,740	6.01	4.00	2.01
Blackrock Global Equity	476,518	20.08	19.00	1.08
Passive Low Carbon Equities	50,750	2.14	2.00	0.14
Passive Developed Equities	127,496	5.37	5.50	-0.13
Passive Developed Equities (Hedged)	124,997	5.27	5.50	-0.23
Passive Smart Beta	217,971	9.18	9.50	-0.32
Blackrock Cash	39	0.00	0.00	0.00
Fixed Interest	527,663	22.23	24.50	-2.27
WAMCO	344,259	14.50	17.00	-2.50
WAMCO GMS	183,405	7.73	7.50	0.23
Property	202,352	8.53	7.50	1.03
Hermes	140,675	5.93	5.00	0.93
CBREI	61,678	2.60	2.50	0.10
Other	135,892	5.73	9.50	-3.77
Aberdeen Standard GARS	78,167	3.29	4.00	-0.71
Golub	20,145	0.85	1.50	-0.65

Manager Attribution - Net



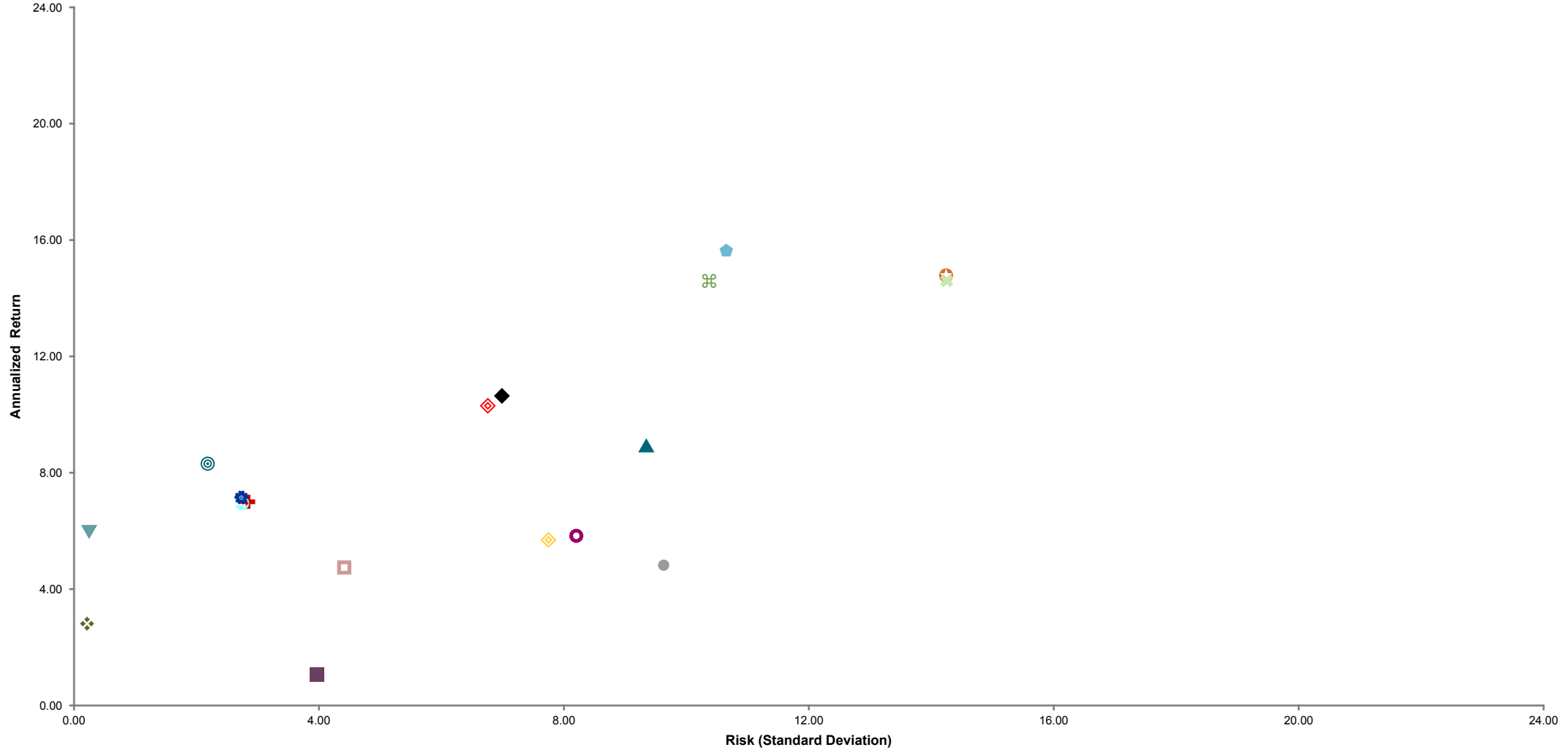
Quarter Ending 31 March 2019

	Market Value at End of Quarter (£000)	Actual % Allocation at End of Quarter	Strategic Asset Allocation %	% Difference
Bluebay	22,252	0.94	2.00	-1.06
Yorkshire Fund Managers	4,944	0.21	0.00	0.21
Cash	8,055	0.34	0.00	0.34
Brunel - PM Cash	52	0.00	0.00	0.00
Brunel - PM Infrastructure	1,797	0.08	1.00	-0.92
Brunel - PM Private Equity	480	0.02	1.00	-0.98

Ex Post Risk - Net



Risk v Return - over 3 years



- ◆ Gloucestershire County Council ◆ Gloucestershire Strategic Benchmark ● Aberdeen Standard Investments ▲ Aberdeen Standard Benchmark ■ Aberdeen Standard GARS ▼ Aberdeen Standard GARS Benchmark
- ★ Blackrock Emerging Markets ✚ Blackrock EM Benchmark ◆ Blackrock Global Equity ✚ Blackrock Global Equity Benchmark ◆ WAMCO ● WAMCO Benchmark ■ WAMCO GMS ◆ WAMCO GMS Benchmark ● Hermes
- ✚ Hermes Benchmark ● CBREI ● CBREI Benchmark

Ex Post Risk - Net



Risk Statistics by Manager - over 3 years

	Annualized Return	Standard Deviation	Benchmark Return	Benchmark Standard Deviation	Tracking Error	Information Ratio
Gloucestershire County Council	10.1	6.6	10.4	6.8	1.8	-0.2
Aberdeen Standard Investments	4.6	9.5	8.7	9.2	5.7	-0.7
Aberdeen Standard GARS	0.8	3.8	5.7	0.1	3.8	-1.3
Blackrock Emerging Markets	14.5	14.1	14.4	14.1	1.1	0.2
Blackrock Global Equity	15.4	10.5	14.4	10.2	1.8	0.6
WAMCO	5.4	7.6	5.6	8.1	1.3	-0.1
WAMCO GMS	4.5	4.3	2.6	0.1	4.3	0.5
Hermes	8.1	2.0	6.8	2.7	2.9	0.5
CBREI	6.7	2.6	6.9	2.6	3.2	-0.1
Golub						
Bluebay						
Yorkshire Fund Managers						
Cash						
Blackrock Cash						

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