

# Gloucestershire County Council Pension Fund

Performance Report to June 30, 2019





**Table of Contents**

---

**Market Overview**  
Market Commentary ..... 1

**Client Information**  
Market Value by Manager ..... 2

**Total Client**  
Performance Overview ..... 3  
Performance Summary ..... 4-6  
Manager Attribution ..... 7-8  
Ex Post Risk ..... 9-10

**Disclaimer Page** ..... 11



### Gloucestershire Q2 2019

The second quarter proved a positive one for equities, helped by clear signs from central bankers that they are prepared to ease monetary policy to support economic growth. Bolstered by this prospect, equities rallied through June to push the MSCI AC World Index to a total return of 6.1% for the three months. However, the period was not stress-free amid a fracture in US-China trade talks, mixed economic data, and heightened geopolitical fears.

The equity rally was fuelled by Federal Reserve hints it may cut rates even though the economy is healthy, unemployment is at a 50-year low and inflation is below target. The market has priced in up to 75 basis points of rate cuts, beginning as early as July. The European Central Bank surprised in June by also signalling a possible rate cut. While the Bank of England flagged that rates could rise if exit from the European Union goes smoothly, prospects for a messy Brexit seemed to rise as Theresa May resigned and Boris Johnson looked to be her likely successor.

Among commodities, gold benefited from growth concerns and negative bond yields, rising 9% in USD terms. Oil prices slipped amid downgrades to global demand estimates, higher inventories and increased US supply; Middle East tensions didn't really disrupt this trend. Industrial metals dipped amid worries about Chinese demand in the absence of a US-China trade agreement.

UK equities initially kept pace with other European markets, before steadily underperforming through much of the rest of the quarter. Investors welcomed the UK's extension of its Brexit deadline to October 31, but ongoing political risk and a Conservative Party leadership contest weighed on relative stock market performance, and particularly on sterling. The UK Equity market returned 3.3%, led by cyclical sectors such as technology and industrials, while 'defensives' such as utilities and consumer staples were among the weaker performers.

Most European stock markets enjoyed gains, notwithstanding worries around trade, growth and Brexit. With ECB President Mario Draghi pledging that the central bank was prepared to cut rates or restart bond purchases, equities ended the quarter on a high. In aggregate the Europe ex UK Index was the best performing region area to a sterling investor, returning 8.8%.

The US stock market recovered strongly from a sharp drop in May; en route to a record high, the US equity market posted its best June performance since 1955. It achieved a total return of 6.6% for the quarter to be up 13.8% for the last 12 months. Economically-sensitive sectors such as financials and materials outperformed, while energy and healthcare lagged.

The Japan Index generated a total return of 2.7% in GBP terms helped by the stronger yen (-2.2% in local terms). In the wider Asia-Pacific region, measured by the Pacific ex Japan Index the aggregate return was 3.2% for the quarter. China (which makes up 30% of the Index) was a notable underperformer, recording a negative return of -1.6%. The best regional performers were Thailand up 12% and Australia where the market gained 9.9%.

Fixed income returns were strong, with yields declining across curves as markets priced in the potential for interest cuts by increasingly dovish central banks worried about falling inflation and slowing economic activity. Sharp equity market declines in May amid freight trade talks helped flows into fixed income assets, but bonds continued to gain through June even as equities rallied. Over the quarter the FTSE Gilts over 5 year index returned 1.8% and the FTSE UK Index Linked Gilts over 5 years returned 2.0%. The ICE BoAML Non Gilt Index returned 2.0%.

Among developed market currencies, the British pound was the big story as it lost ground on all major counterparts. The Japanese yen was a particularly strong performer in gained 5.2% on sterling, while the euro climbed more than 3.8%. The US dollar's gains were more muted as rate cuts were perceived as increasingly more likely, though it still gained 2.4% on GBP.

The GBP three-month LIBOR rate was 0.2% for the quarter.

Property returned 0.6% for the period.

Market Value by Manager



Fund Structure By Mandate

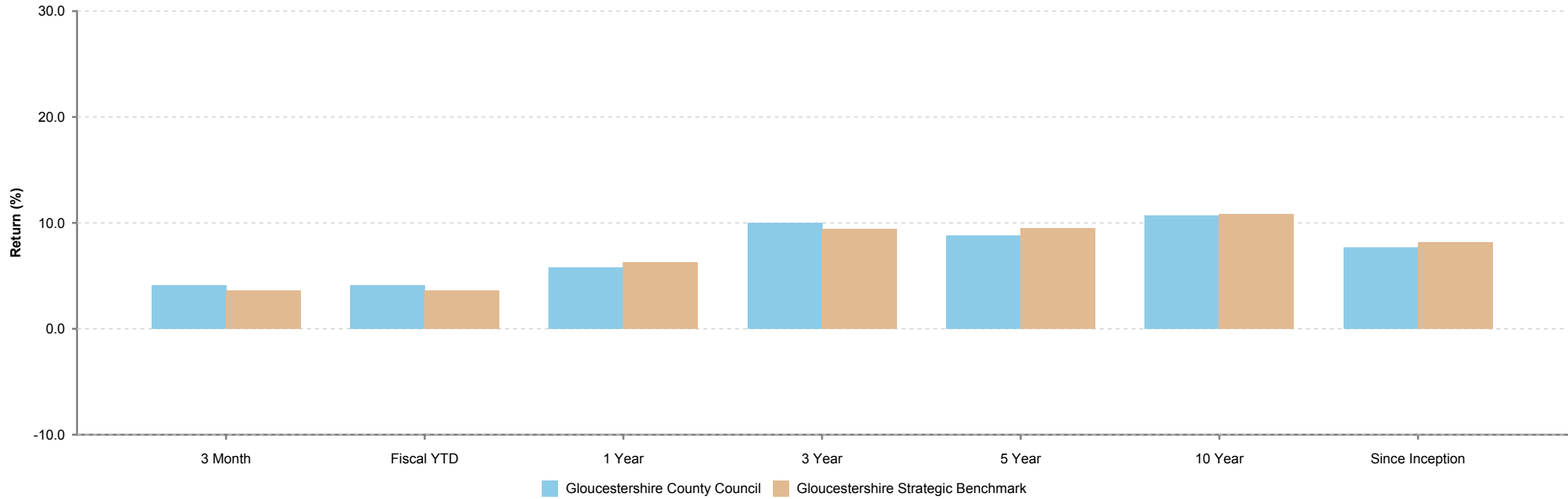
Manager	Mandate	Performance Target	Benchmark Indices	BMV '000s	EMV '000s	Difference	Actual Weight
Aberdeen Standard	UK Equity	B/M +2% net	FTSE All Share 2% Capped	1,194	1,194	0	0
Brunel – Fundrock	UK Active Equity	Benchmark	FTSE All Share	365,801	377,263	11,462	15
Brunel – Colmore	Infrastructure	Benchmark	Consumer Price Index	1,797	2,189	392	0
Brunel – Colmore	Private Equity	Benchmark	MSCI ACWI	480	1,689	1,209	0
Aberdeen Standard - GARS	Global Absolute Return	Benchmark	6M GBP LIBOR +5%	78,167	79,332	1,165	3
Blackrock EM	Emerging Markets	Benchmark	MSCI Emerging Markets	142,740	147,175	4,435	6
Blackrock Global	Passive	Benchmark	MSCI ACWI	476,518	487,900	11,382	20
Brunel - LGIM	Global Equities	B/M +1-2% gross	MSCI World Low Carbon	50,750	54,252	3,502	2
Brunel - LGIM	Passive Low Carbon Eq	Benchmark	FTSE World Developed	127,496	135,801	8,305	5
Brunel - LGIM	Passive Developed Eq	Benchmark	FTSE World Dev Hedged	124,997	129,021	4,024	5
Brunel - LGIM	Passive Dev. Eq Hedged	Benchmark	SciBeta Multifactor B/M	217,971	231,669	13,698	9
WAMCO	Global Fixed Interest	B/M +1% net	ICE BoAML Sterling Non Gilts	344,259	353,050	8,791	14
WAMCO GMS	Global Multi Strategy FI	Benchmark	3M GBP LIBOR +2%	183,405	190,082	6,677	8
Hermes	Property	B/M +0.5% net	MSCI UK PPF Bal PUT	140,675	141,791	1,116	6
CBREI - GMM	Property	B/M +0.5% net	MSCI All Bal Property Fund	61,678	62,093	415	3
Golub	Private Debt	Benchmark	3M GBP LIBOR +5%	20,145	23,572	3,427	1
Blue Bay	Private Debt	Benchmark	3M GBP LIBOR +5%	22,252	21,613	-639	1
Yorkshire Fund Manager/TVP	Venture Capital	n/a	n/a	4,944	4,951	7	0
Cash	Cash	n/a	n/a	8,055	30,761	22,706	0
Blackrock Cash	Cash	n/a	n/a	39	40	1	0
Brunel PM Cash	Cash	n/a	n/a	52	18	-34	0
Gloucestershire CC				2,373,413	2,475,456	102,043	100

	Beginning Market Value as of Mar 31 2019	Quarterly Ending Market Value as of Jun 30 2019	Difference	Actual Weight
SciBeta Multi Factor Asia Pac	9,568,684	10,210,977	512,293	0.41
SciBeta Multi Factor Japan	17,660,806	17,707,069	46,264	0.72
SciBeta Multi Factor Nth America	142,913,329	153,262,487	9,782,159	6.19
SciBeta Multi Factor EMEA Ex UK	34,582,526	37,559,525	2,894,000	1.52
SciBeta Multi Factor UK	13,245,214	12,928,990	463,775	0.52

**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	4.1	4.1	5.8	10.0	8.8	10.7	7.7
Gloucestershire Strategic Benchmark	3.6	3.6	6.3	9.4	9.5	10.8	8.2
Excess	0.5	0.5	-0.5	0.6	-0.7	-0.0	-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	377.3	15.2%	3.1	3.1	-	-	-	-	9.3	Nov-18
FTSE All Share	-	-	3.3	3.3	-	-	-	-	9.4	Nov-18
Excess	-	-	-0.1	-0.1	-	-	-	-	-0.1	-
Brunel - PM Infrastructure	2.2	0.1%	6.3	6.3	-	-	-	-	-3.8	Jan-19
Consumer Price Index	-	-	0.8	0.8	-	-	-	-	0.7	Jan-19
Excess	-	-	5.5	5.5	-	-	-	-	-4.5	-
Brunel - PM Private Equity	1.7	0.1%	9.0	9.0	-	-	-	-	19.3	Mar-19
MSCI AC World Index	-	-	6.3	6.3	-	-	-	-	8.9	Mar-19
Excess	-	-	2.7	2.7	-	-	-	-	10.4	-
Aberdeen Standard GARS	79.3	3.2%	1.4	1.4	3.6	1.6	1.7	-	2.9	Nov-12
Aberdeen Standard GARS Benchmark	-	-	1.4	1.4	6.1	5.7	5.7	-	5.7	Nov-12
Excess	-	-	-0.1	-0.1	-2.5	-4.1	-4.0	-	-2.8	-
Blackrock Emerging Markets	147.2	5.9%	3.1	3.1	5.2	12.6	9.1	-	7.5	Jan-12
Blackrock EM Benchmark	-	-	3.0	3.0	5.0	12.5	8.7	-	7.2	Jan-12
Excess	-	-	0.1	0.1	0.2	0.2	0.4	-	0.3	-
Blackrock Global Equity	487.9	19.7%	6.7	6.7	9.1	15.1	13.6	13.8	10.4	Apr-05
Blackrock Global Equity Benchmark	-	-	6.1	6.1	9.7	13.5	12.6	12.6	9.7	Apr-05
Excess	-	-	0.6	0.6	-0.6	1.6	1.0	1.2	0.6	-
Passive Developed Equities	135.8	5.5%	6.5	6.5	7.5	-	-	-	7.5	Jul-18
FTSE World Developed	-	-	6.5	6.5	7.5	-	-	-	7.5	Jul-18
Excess	-	-	0.0	0.0	-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)	129.0	5.2%	3.2	3.2	2.7	-	-	-	2.7	Jul-18
FTSE World Developed Hedged	-	-	3.2	3.2	2.7	-	-	-	2.7	Jul-18
Excess	-	-	0.0	0.0	-0.1	-	-	-	-0.1	-
Passive Low Carbon Equities	54.3	2.2%	6.9	6.9	8.0	-	-	-	8.0	Jul-18
MSCI Low Carbon Target	-	-	6.9	6.9	8.2	-	-	-	8.2	Jul-18
Excess	-	-	-0.0	-0.0	-0.2	-	-	-	-0.2	-
Passive Smart Beta	231.7	9.4%	6.3	6.3	7.8	-	-	-	7.8	Jul-18
SciBeta Multifactor Composite	-	-	6.3	6.3	8.0	-	-	-	8.0	Jul-18
Excess	-	-	-0.1	-0.1	-0.3	-	-	-	-0.3	-
WAMCO	353.0	14.3%	2.5	2.5	5.3	3.9	6.9	8.2	6.2	Apr-05
WAMCO Benchmark	-	-	2.0	2.0	5.7	3.6	7.3	7.6	6.7	Apr-05
Excess	-	-	0.5	0.5	-0.4	0.2	-0.4	0.6	-0.4	-
WAMCO GMS	190.1	7.7%	3.6	3.6	7.0	4.1	3.0	-	3.8	Sep-11
WAMCO GMS Benchmark	-	-	0.7	0.7	2.9	2.6	2.6	-	2.6	Sep-11
Excess	-	-	2.9	2.9	4.1	1.5	0.4	-	1.2	-
Hermes	141.8	5.7%	0.7	0.7	4.9	7.9	10.4	10.9	6.7	Apr-05
Hermes Benchmark	-	-	0.6	0.6	4.1	6.6	8.9	9.1	5.1	Apr-05
Excess	-	-	0.0	0.0	0.9	1.2	1.6	1.8	1.7	-
CBREI	62.1	2.5%	0.6	0.6	5.0	6.0	8.6	-	8.8	Jun-11
CBREI Benchmark	-	-	0.7	0.7	4.0	6.8	8.9	-	8.2	Jun-11
Excess	-	-	-0.1	-0.1	1.0	-0.8	-0.3	-	0.6	-

Summary of Performance - Net

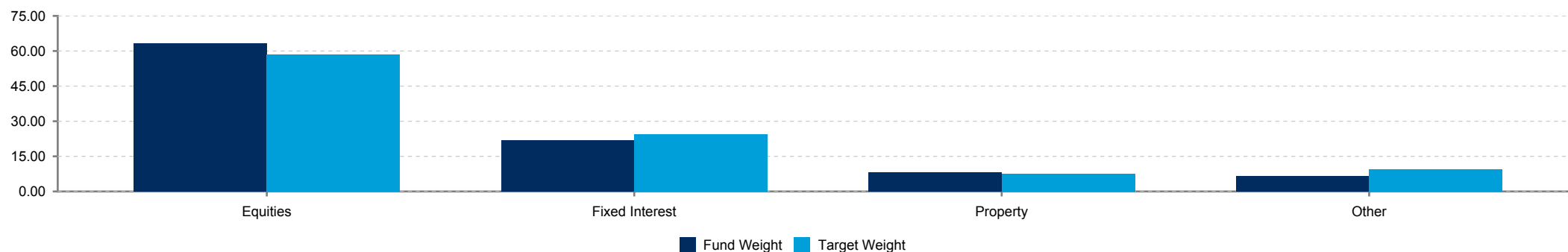


Actual Performance v Strategic Benchmark

	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	23.6	1.0%	5.2	5.2	13.3	-	-	-	10.4	Jul-17
Golub Benchmark	-	-	1.4	1.4	5.9	-	-	-	5.7	Jul-17
Excess	-	-	3.8	3.8	7.3	-	-	-	4.6	-
Bluebay	21.6	0.9%	1.7	1.7	8.6	-	-	-	7.2	Aug-17
Bluebay Benchmark	-	-	1.4	1.4	5.9	-	-	-	5.7	Aug-17
Excess	-	-	0.3	0.3	2.6	-	-	-	1.4	-
Yorkshire Fund Managers	5.0	0.2%	0.4	0.4	-11.0	-	-	-	-	Oct-17
Cash	30.8	1.2%	0.0	0.0	0.6	-	-	-	-	Oct-17



Manager Attribution - Net



Quarter Ending 30 June 2019

	Market Value at End of Quarter (£000)	Actual % Allocation at End of Quarter	Strategic Asset Allocation %	% Difference
Gloucestershire County Council	2,475,456	100.00	100.00	-0.00
Equities	1,564,315	63.19	58.50	4.69
Aberdeen Standard Investments	1,194	0.05	0.00	0.05
Brunel UK Active Equity	377,263	15.24	13.00	2.24
Blackrock Emerging Markets	147,175	5.95	4.00	1.95
Blackrock Global Equity	487,900	19.71	19.00	0.71
Passive Low Carbon Equities	54,252	2.19	2.00	0.19
Passive Developed Equities	135,801	5.49	5.50	-0.01
Passive Developed Equities (Hedged)	129,021	5.21	5.50	-0.29
Passive Smart Beta	231,669	9.36	9.50	-0.14
Blackrock Cash	40	0.00	0.00	0.00
Fixed Interest	543,132	21.94	24.50	-2.56
WAMCO	353,050	14.26	17.00	-2.74
WAMCO GMS	190,082	7.68	7.50	0.18
Property	203,884	8.24	7.50	0.74
Hermes	141,791	5.73	5.00	0.73
CBREI	62,093	2.51	2.50	0.01
Other	164,125	6.63	9.50	-2.87
Aberdeen Standard GARS	79,332	3.20	4.00	-0.80
Golub	23,572	0.95	1.50	-0.55

**Manager Attribution - Net**



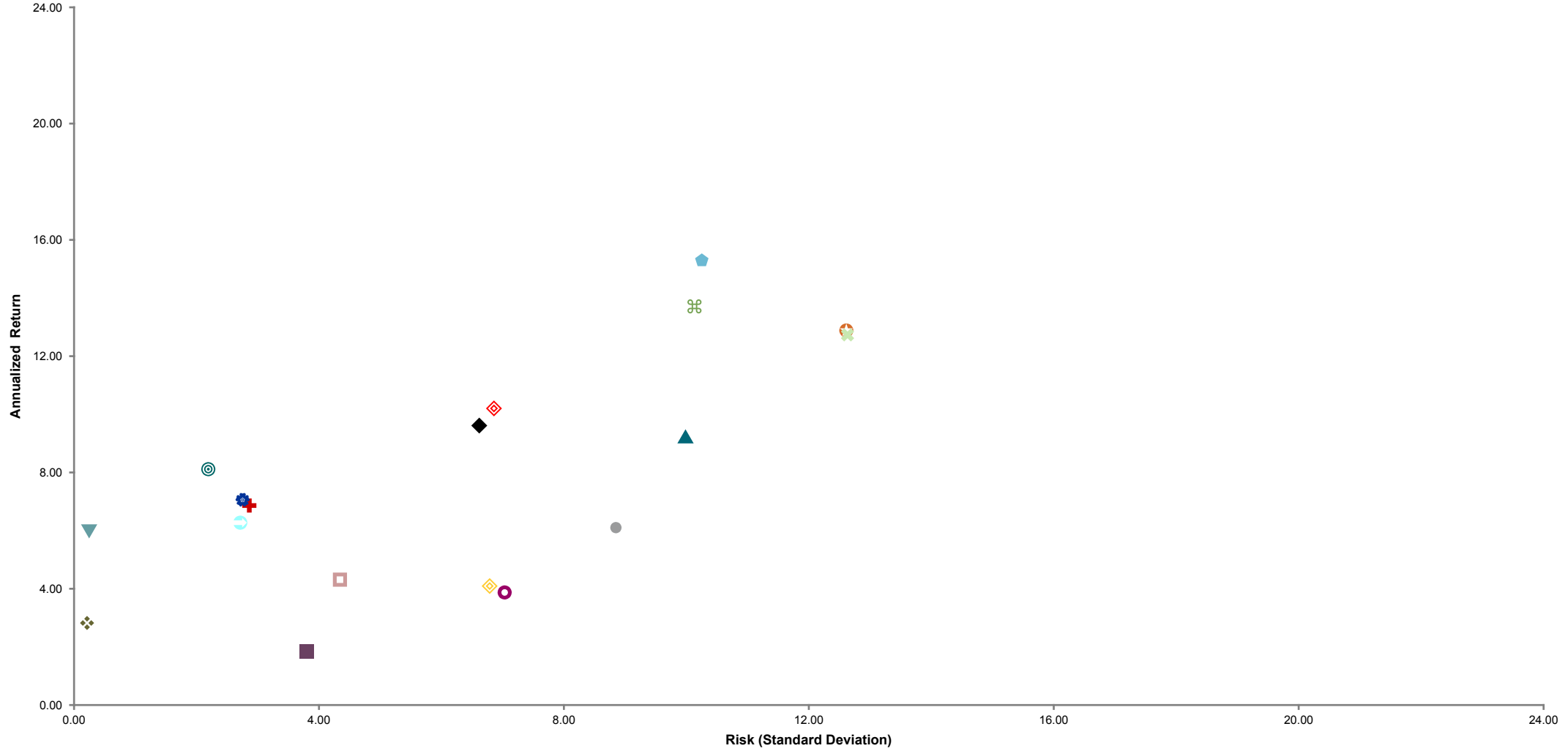
**Quarter Ending 30 June 2019**

	Market Value at End of Quarter (£000)	Actual % Allocation at End of Quarter	Strategic Asset Allocation %	% Difference
Bluebay	21,613	0.87	2.00	-1.13
Yorkshire Fund Managers	4,951	0.20	0.00	0.20
Cash	30,761	1.24	0.00	1.24
Brunel - PM Cash	18	0.00	0.00	0.00
Brunel - PM Infrastructure	2,189	0.09	1.00	-0.91
Brunel - PM Private Equity	1,689	0.07	1.00	-0.93

**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**

	<b>Annualized Return</b>	<b>Standard Deviation</b>	<b>Benchmark Return</b>	<b>Benchmark Standard Deviation</b>	<b>Tracking Error</b>	<b>Information Ratio</b>
Gloucestershire County Council	10.0	6.7	9.4	6.5	1.2	0.5
Aberdeen Standard Investments	5.9	8.7	9.0	9.8	5.7	-0.5
Aberdeen Standard GARS	1.6	3.7	5.7	0.1	3.7	-1.1
Blackrock Emerging Markets	12.6	12.5	12.5	12.5	1.1	0.1
Blackrock Global Equity	15.1	10.1	13.5	10.0	1.8	0.9
WAMCO	3.9	6.6	3.6	6.9	1.2	0.2
WAMCO GMS	4.1	4.2	2.6	0.1	4.2	0.4
Hermes	7.9	2.1	6.6	2.7	2.9	0.4
CBREI	6.0	2.6	6.8	2.6	3.2	-0.2
Golub						
Bluebay						
Yorkshire Fund Managers						
Cash						
Blackrock Cash						

This report was prepared for you by State Street Bank and Trust Company (or its affiliates, "State Street") utilizing scenarios, assumptions and reporting formats as mutually agreed between you and State Street. While reasonable efforts have been made to ensure the accuracy of the information contained in this report, there is no guarantee, representation or warranty, express or implied, as to its accuracy or completeness. This information is provided "as-is" and State Street disclaims any and all liability and makes no guarantee, representation, or warranty with respect to your use of or reliance upon this information in making any decisions or taking (or not taking) any actions. State Street does not verify the accuracy or completeness of any data, including data provided by State Street for other purposes, or data provided by you or third parties. You should independently review the report (including, without limitation, the assumptions, market data, securities prices, securities valuations, tests and calculations used in the report), and determine that the report is suitable for your purposes.

State Street provides products and services to professional and institutional clients, which are not directed at retail clients. This report is for informational purposes only and it does not constitute investment research or investment, legal or tax advice, and it is not an offer or solicitation to buy or sell any product, service, or securities or any financial instrument, and it does not transfer rights of any kind (except the limited use and redistribution rights described below) or constitute any binding contractual arrangement or commitment of any kind. You may use this report for your internal business purposes and, if such report contains any data provided by third party data sources, including, but not limited to, market or index data, you may not redistribute this report, or an excerpted portion thereof, to any third party, including, without limitation, your investment managers, investment advisers, agents, clients, investors or participants, whether or not they have a relationship with you or have a reasonable interest in the report, without the prior written consent of each such third party data source. You are solely responsible and liable for any and all use of this report.