

Agenda Item No. 4 (a)

DERBYSHIRE COUNTY COUNCIL

PENSIONS AND INVESTMENTS COMMITTEE

9 December 2020

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 seek approval for the investment strategy in the light of recommendations from the Director of Finance & ICT and the Fund's independent adviser.

2 Information and Analysis

(i) Report of the External Adviser

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

(ii) Asset Allocation and Recommendations Table

The Fund's latest asset allocation as at 31 October 2020 and the recommendations of the Director of Finance & ICT and Mr Fletcher, in relation to the Fund's new intermediate strategic asset allocation benchmark, is set out overleaf.

The table also shows the recommendations of the Director of Finance & ICT, adjusted to reflect the impact of future investment commitments. These commitments (existing plus any new commitments recommended in this report) relate to Private Equity, Multi-Asset Credit, Property and Infrastructure and total around £280m. Whilst the timing of drawdowns will be lumpy and difficult to predict, the In-house Investment Management Team (IIMT) believes that these are likely to occur over the next 18 to 36 months.

	Benchmark			Fund Allocation	Fund Allocation	Permitted Range	Benchmark Relative Recommendation		Recommendation (1)		Adjusted for Commitments (2)	Benchmark Sterling Return	Benchmark Sterling Return
	Current	Inter (1)	Final (1)	31/07/20	31/10/20	Inter (1)	AF 9/12/20	DPF 9/12/20	AF 9/12/20	DPF 9/12/20	DPF 9/12/20	3 Months to 30/9/20	3 Months to 31/10/20
Growth Assets	57.0%	56.0%	55.0%	54.6%	55.8%	+/- 8%	-	(0.5%)	56.0%	55.5%	57.0%	n/a	n/a
UK Equities	16.0%	14.0%	12.0%	15.3%	15.4%	+/- 6%	-	0.5%	14.0%	14.5%	14.5%	(2.9%)	(3.2%)
Overseas Equities:	37.0%	38.0%	39.0%	36.2%	37.0%	+/- 8%	-	(0.5%)	38.0%	37.5%	37.5%	n/a	n/a
North America	12.0%	6.0%	-	11.2%	11.3%	+/- 6%	-	(0.5%)	6.0%	5.5%	5.5%	4.5%	2.0%
Europe	8.0%	4.0%	-	8.4%	7.4%	+/- 4%	-	-	4.0%	4.0%	4.0%	1.5%	(3.6%)
Japan	5.0%	5.0%	5.0%	5.6%	5.9%	+/- 2%	-	-	5.0%	5.0%	5.0%	2.4%	9.0%
Pacific ex-Japan	4.0%	2.0%	-	4.2%	3.9%	+/- 2%	-	-	2.0%	2.0%	2.0%	4.6%	5.5%
Emerging Markets	5.0%	5.0%	5.0%	4.6%	5.0%	+/- 2%	-	-	5.0%	5.0%	5.0%	4.5%	4.2%
Global Sustainable	3.0%	16.0%	29.0%	2.2%	3.5%	+/- 16%	-	-	16.0%	16.0%	16.0%	3.4%	1.8%
Private Equity	4.0%	4.0%	4.0%	3.1%	3.4%	+/- 2%	-	(0.5%)	4.0%	3.5%	5.0%	(2.6%)	(2.9%)
Income Assets	23.0%	24.0%	25.0%	20.7%	20.7%	+/- 6%	-	(2.5%)	24.0%	21.5%	27.4%	n/a	n/a
Multi-Asset Credit	6.0%	6.0%	6.0%	6.1%	6.2%	+/- 2%	-	0.5%	6.0%	6.5%	7.7%	2.7%	1.6%
Infrastructure	8.0%	9.0%	10.0%	6.8%	6.7%	+/- 3%	-	(2.0%)	9.0%	7.0%	11.5%	0.5%	0.5%
Direct Property (4)	5.0%	5.0%	6.0%	4.5%	4.5%	+/- 2%	-	(1.3%)	6.0%	4.7%	4.7%	0.5%	0.5% (3)
Indirect Property (4)	4.0%	4.0%	3.0%	3.3%	3.3%	+/- 2%	-	0.3%	3.0%	3.3%	3.5%	0.5%	0.5% (3)
Protection Assets	18.0%	18.0%	18.0%	18.1%	17.4%	+/- 5%	(2.0%)	(0.6%)	16.0%	17.4%	17.4%	n/a	n/a
Conventional Bonds	6.0%	6.0%	6.0%	5.5%	5.1%	+/- 2%	(2.0%)	(0.9%)	4.0%	5.1%	5.1%	(1.2%)	(2.2%)
Index-Linked Bonds	6.0%	6.0%	6.0%	6.2%	6.0%	+/- 2%	-	-	6.0%	6.0%	6.0%	(2.2%)	(2.3%)
Corporate Bonds	6.0%	6.0%	6.0%	6.4%	6.3%	+/- 2%	-	+0.3%	6.0%	6.3%	6.3%	1.6%	(0.5%)
Cash	2.0%	2.0%	2.0%	6.6%	6.1%	0 – 8%	+2.0%	+3.6%	4.0%	5.6%	(1.8%)	0.0%	0.0%

Investment Assets totaled £5,212m at 31 October 2020.

(1) Intermediate benchmark effective 1 January 2021; Final benchmark effective by 1 January 2022 at the latest. Recommendations are relative to the Intermediate benchmark

(2) Recommendations adjusted for investment commitments at 31 October 2020, together with commitments expected to be placed in the quarter to 31 January 2021, and presumes all commitments are funded from cash.

(3) Benchmark Return for the three months to 30 September 2020.

(4) The maximum permitted range in respect of Property is +/- 3%.

The table above shows the current benchmark, together with the Intermediate and Final benchmarks approved by Committee November 2020. The Intermediate benchmark becomes effective from 1 January 2021, and the Final Benchmark will become effective by 1 January 2022 at the latest.

The table above reflects the following three categorisations:

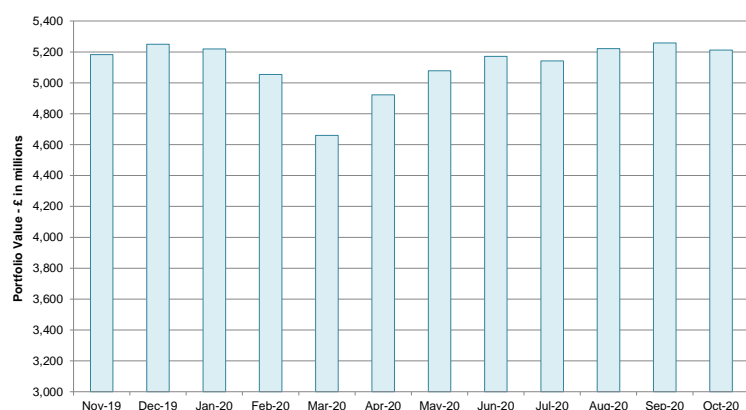
- **Growth Assets:** largely equities plus other volatile higher return assets such as private equity;
- **Income Assets:** assets which are designed to deliver an excess return, but with more stable return patterns than Growth Assets because income represents a large proportion of the total return of these assets; and
- **Protection Assets:** lower risk government or investment grade bonds.

Relative to the current benchmark, the Fund as at 31 October 2020, was overweight Cash, and underweight in Growth Assets, Protection Assets and Income Assets. If all of the Fund’s commitments (existing plus any new commitments recommended in this report) were drawn-down, the cash balance would reduce by 7.4% to -1.8%. However, in practice as these commitments are drawn-down, they will be partly offset by new net cash inflows from investment income, distributions from existing investments and changes in the wider asset allocation.

(iii) Total Investment Assets

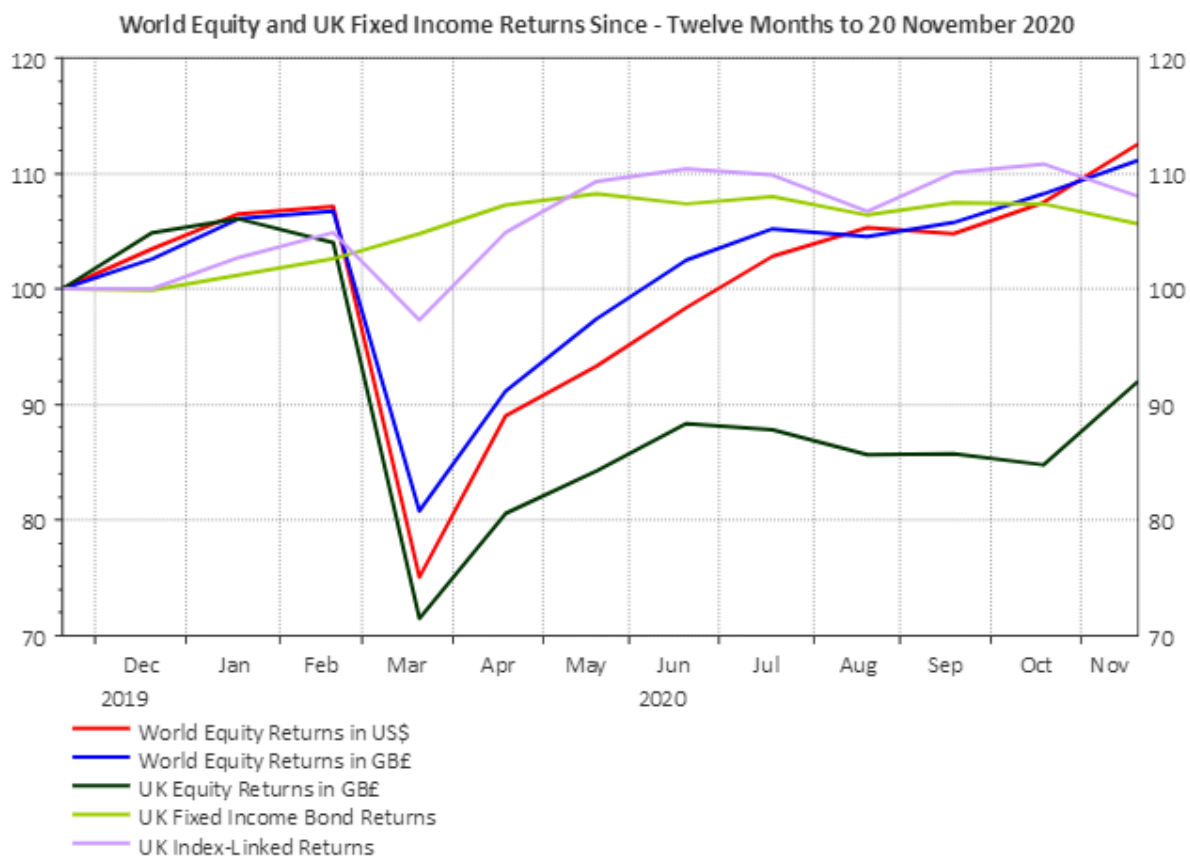
The value of the Fund’s investment assets increased by £70m (+1.4%) between 31 July 2020 and 31 October 2020 to £5.212bn, comprising a non-cash market gain of around £50m, and cash inflows from dealing with members & investment income of around £20m. Over the twelve months to 31 October 2020, the value of the Fund’s investment assets has increased by £79m (+1.5%), comprising cash inflows from dealing with members & investment income of around £150m (includes an advance contribution of £58m), partly offset by a non-cash market loss of around £70m. A copy of the Fund’s valuation at 31 October 2020 is attached at Appendix 2.

Total Investment Assets



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

(iv) Market returns over the last 12 months



The chart above shows market returns for Global Equities in Sterling and the US dollar, UK Equities, UK Fixed Income and UK Index Linked bonds for the twelve months to 20 November 2020.

Global equities initially started 2020 on a positive note, posting sterling gains of 5.2% in the period to 19 February 2020, supported by an easing of political tensions and trade disputes between the US and China. However, over the next five weeks equities entered into a period of sharp decline as it became apparent that the Covid-19 virus, that had initially emerged as a localised health crisis in China, had developed into a global pandemic. Fixed income markets experienced significant fluctuations and by 23 March 2020 the FTSE All World had fallen almost 34% from its 19 February 2020 year-to-date peak

Central banks acted decisively to unveil unprecedented levels of stimulus and liquidity to support financial markets and to maintain the flow of credit to businesses. National governments also announced sizeable fiscal stimulus packages to support their economies with the primary aim of protecting jobs and household incomes, that would otherwise have been severely impacted by national lockdowns and closure of non-essential businesses.

The unprecedented size of the stimulus measures, and the speed in which they were rolled out, gave a significant boost to financial markets and reversed investor risk-aversion in the second half of Q1 2020. In the final six trading days of March 2020, the FTSE All World gained +7.5% in sterling terms. Government bond yields fell (i.e. prices rose), and corporate credit spreads tightened significantly. Equities continued to perform strongly during Q2 2020, with the FTSE All World posting a gain of +19.5%. By 30 June 2020, global equities had recovered just over 70% of their initial fall.

Despite equities' impressive rise during Q2 2020, the performance was largely detached from the underlying economic fundamentals. Many countries in the developed world were under some form of national or regional lockdown for most of the quarter and large parts of the workforce in the United Kingdom, Europe and North America were out of work, furloughed or enrolled on some form of job support scheme. The economic outlook was highly uncertain, and it was too early to tell whether a successful vaccine could be developed to prevent Covid-19 infection. Investors focussed on the forecast post-Covid-19 recovery and the continued support of central banks.

In Q3 2020, global equity markets continued to recover, albeit at a more moderate pace, returning 3.4% for sterling investors. Returns were higher in US dollar terms (+8.2%), reflecting sterling strength between June and September. Since late May, equity markets had benefitted from the gradual easing of lockdown restrictions and social distancing requirements, which had acted as a significant tailwind. Whilst this tailwind continued in Q3 2020, investors needed to factor in the difficulties being experienced by authorities across Europe and North America as they started to reopen economies whilst still attempting to limit the spread of the virus. In Europe in particular, a direct relationship between the continued easing of restrictions and rising Covid-19 new cases emerged.

Asia Pacific Ex-Japan, including Emerging Asia, was the strongest performing region in Q3 2020, reporting sterling gains of 4.6%. The region was boosted by fresh hopes for US stimulus, and was also pushed higher by China (+7.9%, Q3), where the economic recovery was making steady progress. China posted year-on-year GDP growth of 3.2% in Q2 2020, followed up by year-on-year growth of 4.9% in Q3.

After being on an almost continuous path of tightening between March and June 2020, UK and US government bond yields began to rise from historic lows in early July. Rising yields were supported by the continuing reopening of economies and the gradual removal of social distancing restrictions, leading government bonds to give up some of their year to date gains. Investment grade and high yield bonds continued to perform well, with

spreads tightening again, albeit at a slower pace. By the end of September 2020, US investment grade spreads were only 40 basis points wider than at the start of the year, and 25 basis points wider in the UK, having been pushed out by as much as 250 basis points and 170 basis points respectively in March 2020.

In October 2020, global equities returns fell by -2.5% as coronavirus cases continued to rise, especially in the United Kingdom and Continental Europe. As October progressed it became apparent that further national lockdowns were becoming necessary. By the end of the month national lockdowns had been announced in France, Germany and the United Kingdom. Alongside this, political tensions were also rising in the United States ahead of the Presidential Election. The working relationship between Democrats and Republicans had broken down in the weeks prior to the election and hopes of a fresh stimulus deal faded with both parties unprepared to negotiate further.

Global equities have performed strongly in November month-to-date¹, returning +7.8% for sterling investors. The election result had a positive effect on the US equity market as investors digested the news that whilst Mr Biden had won the presidency, the Democratic party had not taken a controlling position (subject to two run-off elections in January 2021) in the Senate. The market assumed that this would mean that Mr Trump's corporate taxation policies would largely remain intact, and that the potential for dramatic growth in public spending would be restricted.

Markets were further supported on 9 November 2020 by the news that the vaccine being developed by Pfizer and BioNTech had proven to be 90% effective, and that pending further safety assessments the vaccine was being submitted for regulatory approval and could be rolled out before the end of the year. A week later, it was announced that the vaccine being developed by Moderna was 95% effective.

On a year-to-date basis², global equities have returned 9.4% in sterling, and 9.8% in US dollar terms, reflecting a GB£/US\$ exchange rate that was only slightly above where it had started the year, albeit this masked a significant strengthening of sterling between March and November. The FTSE All World Index also surpassed its previous February year-to-date peak (+5.5%) in October, demonstrating how global equities had fully recovered from the Q1 2020 market sell-off.

Asia Pacific Ex-Japan has been the best performing region on a year-to-date basis, followed by North America, returning 15.5% and 12.8% in sterling

¹ Month-to-date: 1 November 2020 to 20 November 2020

² Year-to-date: 1 January 2020 to 20 November 2020

terms respectively. The UK equity market was the worst performing region in each of the three quarters to September, and was the only region to post a negative year-to-date return (-12.2%). However, in Q4 2020 to date, UK equities have returned 9.7%, outperforming other regional equity markets as confidence about the availability of reliable and effective Covid-19 vaccines grew. This boosted demand for value and cyclical stocks, favouring the UK equity market which has a relatively high proportion of these types of stocks.

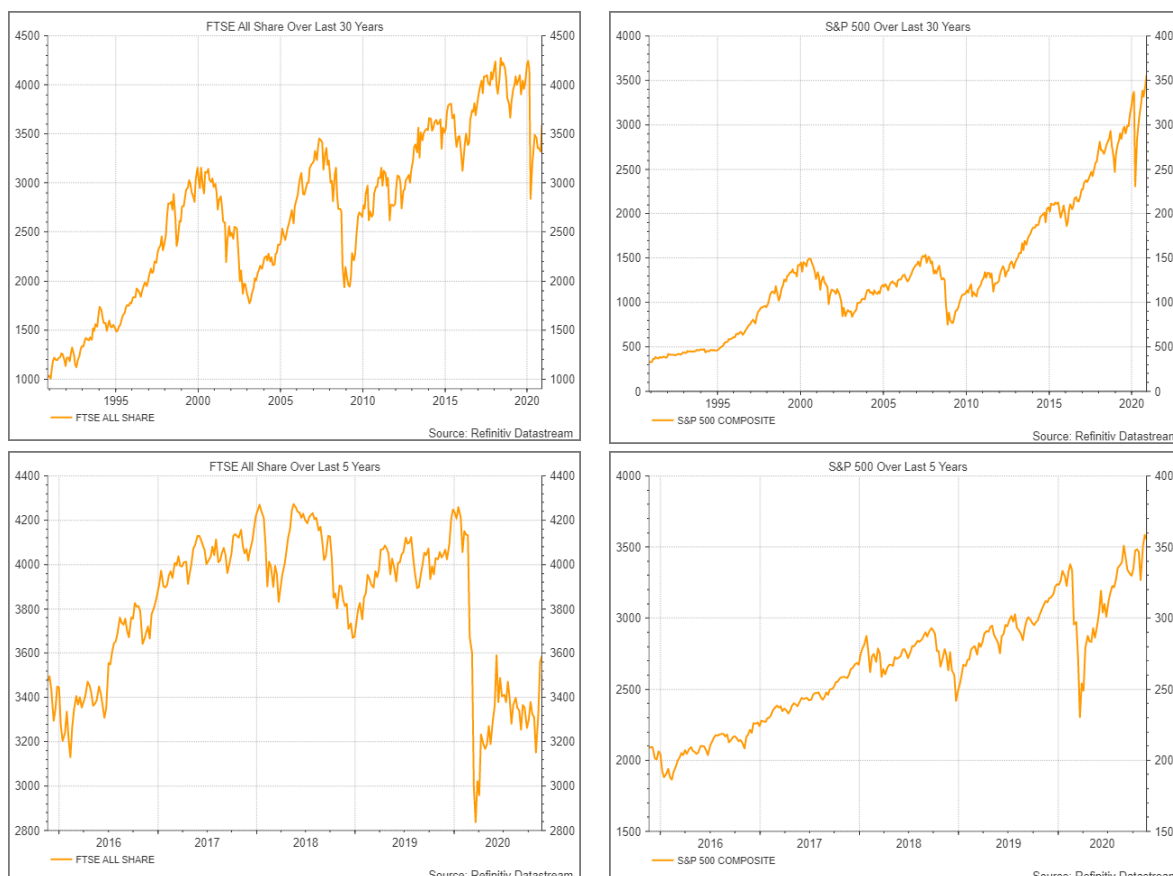
UK government bonds gave up some of their gains in Q3 and have lost further ground in Q4, but have performed strongly on a year-to-date basis despite the significant recovery in equity markets. UK Gilts have returned 6.2% on a year-to-date basis, with Index-Linked bonds returning 8.2%, as a rise in Quantitative Easing (central bank purchases of bonds) and stagflation fears (stagnant economic activity coupled with higher inflation) pushed up inflation expectations.

Looking ahead to 2021, the IIMT notes that although 2020 has been characterised by a strong recovery in risk assets, the outlook for 2021 is uncertain. Whilst the recent news on the effectiveness of several Covid-19 vaccines is a very positive development, it will take time to roll-out the vaccines to material parts of the population. Varying degrees of social distancing are still likely to be required until vaccine treatments have been widely rolled out, meaning that many sectors and households will continue to face challenging circumstances whilst governments will continue to grapple with the challenge of dealing with the pandemic's hit to economic activity and the historic levels of public sector debt.

Capital Economics has recently forecast a global economic contraction of 4.3% in 2020, a slight improvement on the 4.5% contraction forecast in October. Advanced economies are forecast to contract by 5.6%, with Emerging economies contracting by 3.4%. The global economy is forecast to rebound in 2021 with growth of 6.1%.

The International Monetary Fund (IMF) also improved its global growth forecasts in its October report, although this report was released before several European countries entered a second wave of national lockdowns. The IMF projects a contraction of 4.4% in 2020, an improvement against the 4.9% contraction projected in June. The improved forecast was mainly driven by upward revisions in the United States, Euro Area, and China, partially offset by downward revisions across emerging markets. The IMF forecasts a 5.2% rebound in the global economy in 2021 which would result in the level of global GDP in 2021 being 0.6% above 2019. However, advanced economy GDP is forecast to be around 2% below its level in 2019.

Asset class weightings and recommendations are based on values at the end of October 2020. As shown in the charts below, equity markets have now largely recovered most of the March 2020 sell off, albeit this differs by market. For example, the US market is now higher than at any time in the last five years, whereas the recovery in the UK market has been much more muted but has picked-up in pace in November.



(v) Longer Term Performance

Figures provided by Portfolio Evaluation Limited show the Fund's performance over 1, 3, 5 and 10 years to 30 September 2020.

Per annum	DPF	Benchmark Index
1 year	0.3%	(0.6%)
3 year	4.2%	3.9%
5 year	8.6%	7.9%
10 year	7.8%	7.4%

The Fund out-performed the benchmark over all time periods.

(vi) Category Recommendations

	Current Benchmark	Intermediate Benchmark	Final Benchmark	Fund Allocation 31 Oct-20	Permitted Range	Recommendation (1)		Benchmark Relative Recommendation (1)	
						AF	DPF	AF	DPF
Growth Assets	57.0%	56.0%	55.0%	55.8%	± 8%	56.0%	55.5%	-	(0.5%)
Income Assets	23.0%	24.0%	25.0%	20.7%	± 6%	24.0%	21.5%	-	(2.5%)
Protection Assets	18.0%	18.0%	18.0%	17.4%	± 5%	16.0%	17.4%	(2.0%)	(0.6%)
Cash	2.0%	2.0%	2.0%	6.1%	0 – 8%	4.0%	5.6%	+2.0%	+3.6%

(1) Recommendation relative to the Intermediate benchmark effective 1 January 2021

At an overall level, the Fund was overweight Protection Assets and Cash at 31 October 2020, marginally underweight Growth Assets and underweight Income Assets, although if commitments waiting to be drawn down were taken into account, the Fund would move to an overweight position in Growth and Income Assets. The table on page 2 assumes that all new commitments will be funded out of the current cash weighting; in practice as private market commitments are drawn down they are likely to be funded partially out of cash and partially by distributions (income and capital) from existing investments and sales of public market assets. The Fund has progressively reduced its exposure to Growth Assets over the last two years, as equity valuations have become increasingly stretched, and increased the allocation to Income Assets and Protection Assets.

The IIMT recommendations reflected in this report: reduce Growth Assets by 0.3% to 55.1% (0.5% underweight), with a significant change in the regional composition reflecting the implementation of the new Intermediate benchmark: United Kingdom Equities - 0.9%; North American Equities -5.8%; European Equities -3.4%; Japanese Equities -0.9%; Asia Pacific Ex-Japan Equities -1.9%; and Global Sustainable Equities +12.5%; increase Income Assets by 0.8% (Infrastructure +0.3%; Multi-Asset Credit +0.3%; and Direct Property +0.2%); and maintain Protection Assets and Cash at current levels. The IIMT notes that the recommendations are subject to market conditions, which continue to be volatile. The IIMT continues to recommend a defensive cash allocation, reflecting both the general market uncertainty and cash held to fund existing commitment drawdowns.

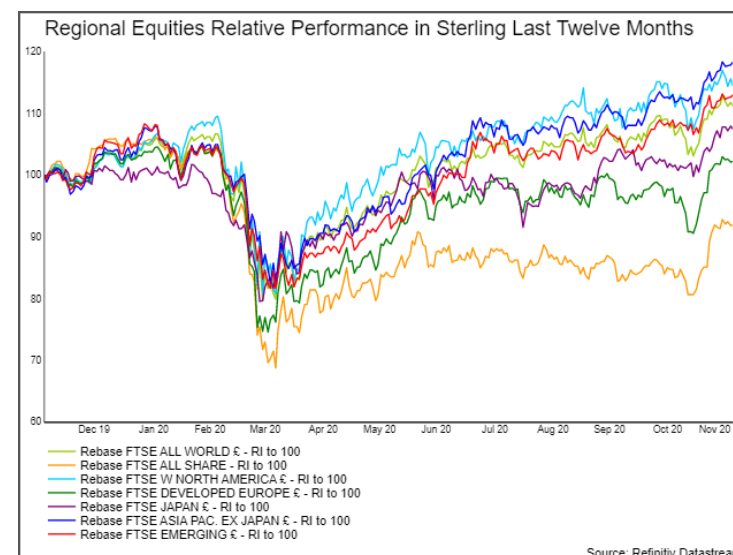
Growth Assets

At 31 October 2020, the overall Growth Asset weighting was 55.8%, up from 54.6% at 31 July 2020, reflecting relative market strength. The IIMT recommendations below reduce the weighting slightly to 55.5%; 0.5% underweight.

The IIMT believes that a small underweight position of 0.5% in Growth Assets is justified because global equity markets are trading at close to all-time highs, largely due to substantial and unprecedented central bank monetary support. Any change in tone from the central banks is likely to have a marked effect on equity markets which have come to rely on extraordinarily supportive monetary policies.

Whilst recent developments in respect of the effectiveness of coronavirus vaccines are very positive, the roll-out of the vaccines is likely to take time. Furthermore, the economic recovery from the Covid-19 pandemic is likely to be uneven, and markets appear to be ignoring significant headwinds including considerable uncertainty about the shape of the economic recovery; how long it will take for economic activity to return to pre-outbreak levels; rising new cases and localised lockdowns; and the potential uncertainty caused by the new Biden administration in the US.

The Chart opposite shows the relative regional equity returns in Sterling terms over the last twelve months, and the charts overleaf show the sterling and local currency returns since the last Investment Report was presented to Committee in Q3 2020.



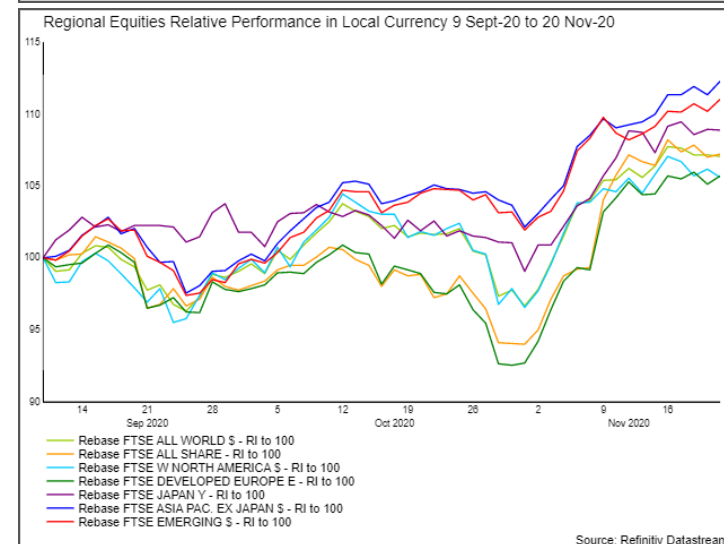
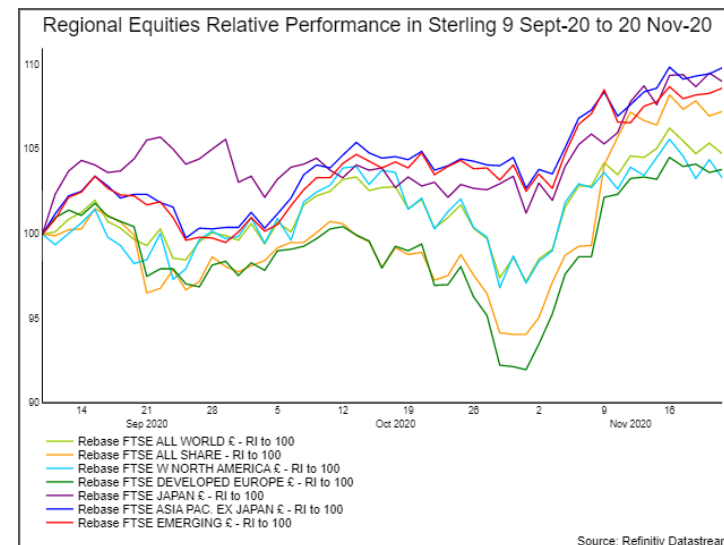
Benchmark Return	Currency	Q4-20(*)	Q3-20	1 Year	3 Year	5 Year
Sterling Returns						
FTSE All World	GB£	5.1%	3.4%	5.7%	8.9%	14.4%
FTSE UK	GB£	9.7%	(2.9%)	(16.6%)	(3.2%)	3.5%
FTSE North America	GB£	3.5%	4.5%	10.5%	13.6%	17.7%
FTSE Europe	GB£	5.8%	1.5%	0.5%	2.9%	10.0%
FTSE Japan	GB£	5.8%	2.4%	2.6%	5.4%	11.4%
FTSE Asia Pacific Ex-Japan	GB£	9.5%	4.6%	8.4%	5.9%	13.7%
FTSE Emerging Markets	GB£	8.5%	4.5%	4.6%	4.6%	12.7%
Local Currency Returns						
FTSE All World	US\$	8.1%	8.2%	10.9%	7.6%	10.8%
FTSE UK	GB£	9.7%	(2.9%)	(16.6%)	(3.2%)	3.5%
FTSE North America	US\$	6.4%	9.4%	15.9%	12.2%	14.0%
FTSE Europe	€	7.6%	1.3%	(2.7%)	2.0%	5.8%
FTSE Japan	¥	7.0%	4.8%	5.1%	1.9%	5.2%
FTSE Asia Pacific Ex-Japan	US\$	12.5%	9.5%	13.8%	4.6%	10.2%
FTSE Emerging Markets	US\$	11.5%	9.3%	9.8%	3.3%	9.2%

Source: Performance Evaluation Limited
 (*) 1 October 2020 to 20 November 2020

Equity markets trended upwards throughout 2019 but fell sharply in February and early March 2020 (Q1 2020 FTSE All World return -16.1%) as the coronavirus outbreak escalated and lockdown measures were introduced across the globe. Markets recovered strongly in April and May 2020 (Q2 2020 FTSE All World return +19.8%), driven by unprecedented levels of fiscal stimulus and a gradual easing of lockdown restrictions as the number of new cases fell in developed markets.

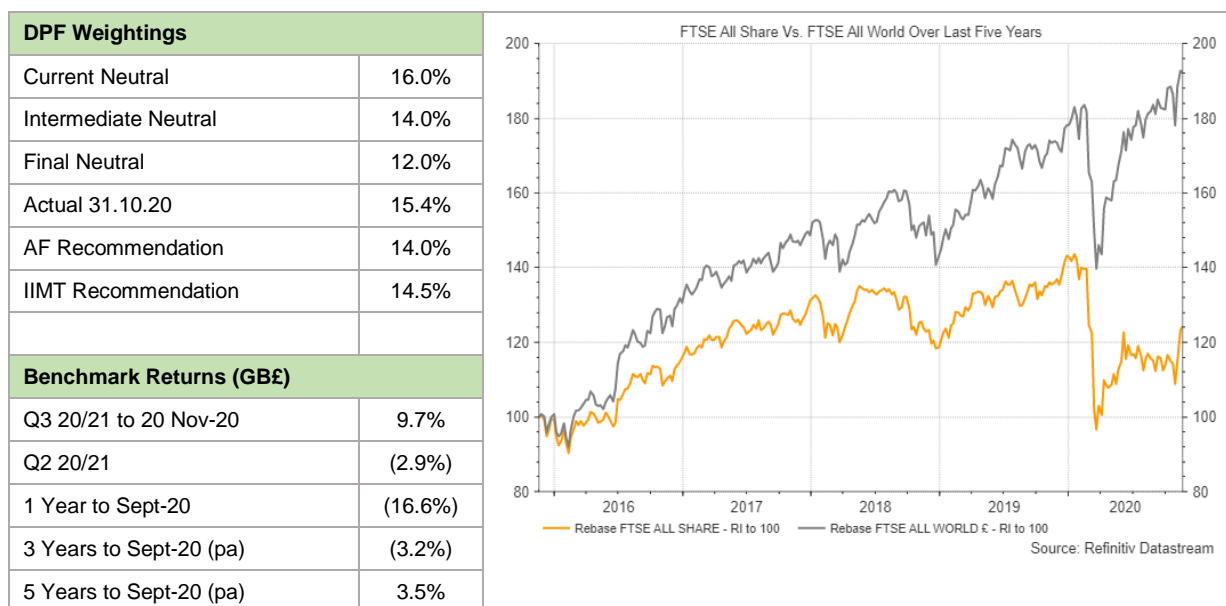
Equity markets were more subdued in Q3 2020 returning +3.4%, while investors assessed the impact of a second wave of coronavirus cases and awaited the US presidential election in November 2020. Returns differed by region and there were bouts of sizeable market volatility.

Equity markets have risen in Q4 2020 to date³ (FTSE All World +5.1%) as confidence about the availability of reliable and effective Covid-19 vaccines has grown. This particularly boosted demand for value and cyclical stocks, favouring the UK equity market which has a relatively high proportion of these types of stocks. US equity returns in Q4 to date have also been boosted by the result of the US Presidential election. However, some of the local currency regional gains over the period were offset by a stronger pound, which pushed down regional equity returns. This reduced the FTSE All World return from +8.1% in US dollars to +5.1% in sterling.



³ Quarter-to-date: 1 October 2020 to 20 November 2020

United Kingdom Equities



The Fund’s UK Equity allocation increased from 15.3% at 31 July 2020 to 15.4% at 31 October 2020 (0.6% underweight) reflecting net investment of £31m, partly offset by relative market weakness.

Mr Fletcher notes that the new Investment Strategy Statement, which together with the Fund’s Responsible Investment Framework and Climate Strategy, will lead to some significant changes in the way in which the Fund’s Growth Assets are managed. As the changes are so significant, it has been agreed that the implementation of the new benchmark will be phased in over time, with an intermediate benchmark coming into effect on 1 January 2021. The final change to the benchmark is expected to take place by 1 January 2022 at the latest.

Mr Fletcher notes that for the purposes of this quarter’s asset allocation recommendations he has used the intermediate benchmark, and at an overall level, there is a 1% switch from Growth assets to Income Assets. Within Growth Assets, the main changes are to transition from a regional country based allocation to a global sustainable based allocation.

Mr Fletcher notes that the IIMT have been keen to enhance the growth, performance and diversification characteristics of the new benchmark and to incorporate the Responsible Investment Framework and Climate Strategy without sacrificing potential risk adjusted returns. Mr Fletcher further notes that as the scale of the changes are significant, he does not recommend attempting to overweight or underweight any particular country versus another at this stage. The capacity and speed of the transition into Global

Sustainable Equities will probably govern on the pace of the reallocation. However, Mr Fletcher recommends that the Fund should start by selling the most expensive country allocations first, which for Mr Fletcher would be phased and executed in the following order: North America; Europe; Asia Pacific Ex-Japan, and finally, the United Kingdom.

UK GDP increased by 15.5% in Q3 2020 (following the record breaking fall of 19.8% in Q2 2020) as the UK emerged from lock-down and consumer spending increased. However, UK growth is expected to weaken again in Q4 2020, following the reintroduction of a national lock-down in November 2020, stemming from a second wave of coronavirus cases. Latest consensus forecasts indicate that the UK economy will contract by 11.0% in 2020 before growing by 4.7% in 2021, indicating that it will take several years for the UK economy to fully recover from the Covid-19 pandemic.

The IIMT believes that whilst UK Equity returns are likely to be volatile in the short-term as the uncertainty caused by the Covid-19 pandemic and on-going Brexit negotiations weigh on investor confidence, UK equity valuations are attractive on a relative basis. UK Equities have outperformed other regional equity markets in the month to 20 November 2020 (FTSE All Share +14.0% versus +7.8% FTSE All World), as confidence about the availability of effective Covid-19 vaccines boosted demand for value and cyclical stocks. The IIMT also notes that UK Equities also pay a higher dividend than most other regional equity markets, albeit these are likely to be lower in the short to medium terms as companies preserve cash. As a result, the IIMT recommend a modest 0.5% overweight allocation of 14.5% to UK Equities.

North American Equities

DPF Weightings	
Current Neutral	12.0%
Intermediate Neutral	6.0%
Final Neutral	-
Actual 31.10.20	11.3%
AF Recommendation	6.0%
IIMT Recommendation	5.5%
Benchmark Returns (GB£)	
Q3 20/21 to 20 Nov-20	3.5%
Q2 20/21	4.5%
1 Year to Sept-20	10.5%
3 Years to Sept-20 (pa)	13.6%
5 Years to Sept-20 (pa)	17.7%



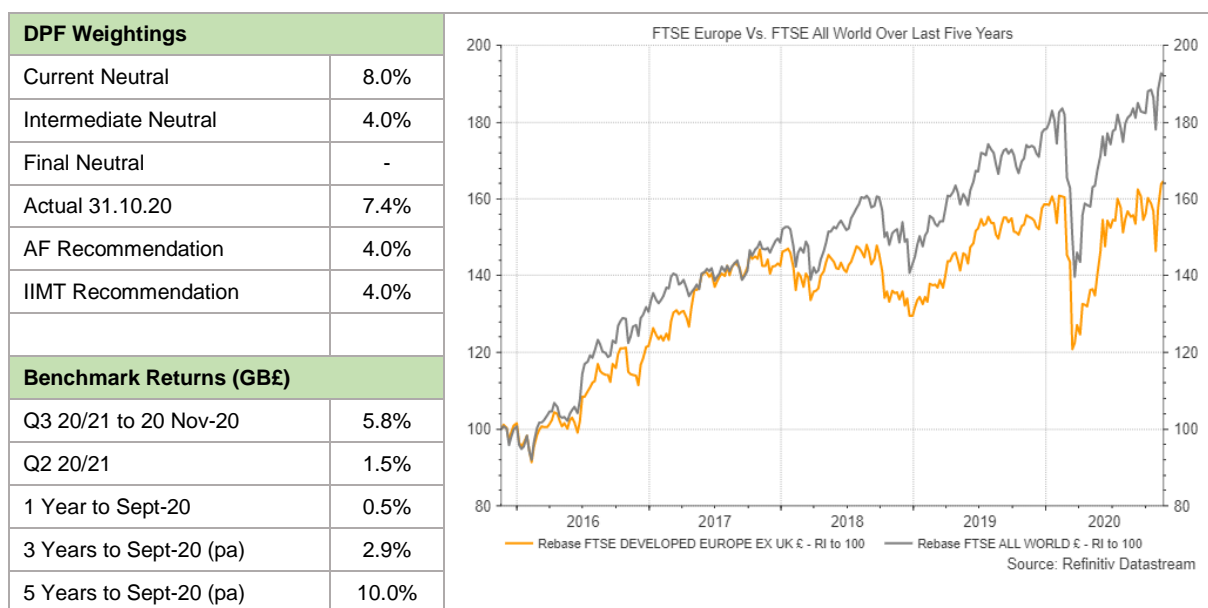
There were no transactions in the period and relative market strength increased the weighting from 11.2% at 31 July 2020 to 11.3% at 31 October 2020; 0.7% underweight.

Mr Fletcher recommends a neutral weighting relative to the new intermediate benchmark across all of the Fund's regional equity allocations; 6% in respect of North American Equities.

The US equity market has recovered sharply since the March 2020 sell off, and is now higher than at the start of the calendar year, hitting an all-time high in November 2020 following the announcement of the effectiveness of the Pfizer BioNTech vaccine. US Equities in local currency terms have returned +13.1% YTD, well ahead of global markets (FTSE All World +9.8%), although there has been significant sector performance dispersion (e.g. technology and online retailers have driven the increases).

The IIMT continues to believe that the shape of the economic recovery from the Covid-19 pandemic is uncertain, albeit the development of reliable and effective vaccines has reduced this risk. However, daily new cases in the US have been rising sharply since October 2020, and it will take time to establish the key priorities for the new Biden administration, including which party will control the US Senate following some run-off elections in January 2021. Given the strong relative performance of the US Equity market over the last twelve months, the IIMT continues to believe that an underweight position remains justified, and recommend a 0.5% underweight allocation relative to the new intermediate benchmark of 5.5%.

European Equities



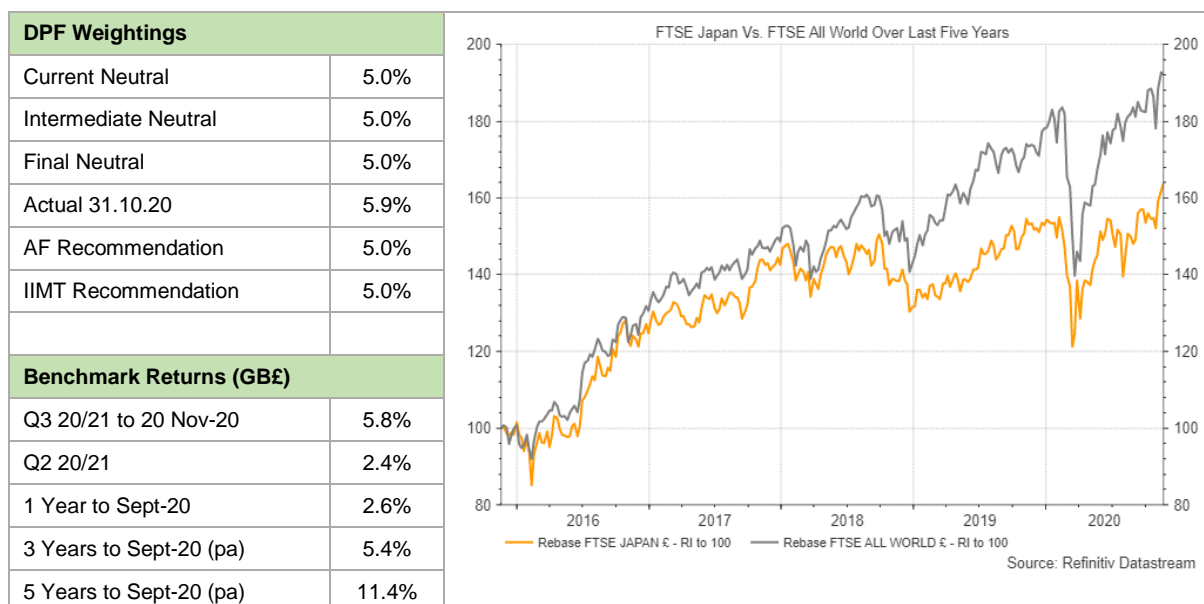
Divestment of £36m in September 2020, together with relative market weakness, reduced the Fund’s allocation to European Equities to 7.4% at 31 October 2020; 0.6% underweight.

Mr Fletcher recommends a neutral weighting relative to the new intermediate benchmark across all of the Fund’s regional equity allocations; 4% in respect of European Equities.

Eurozone GDP increased by 12.7% in Q3 2020 (the largest quarterly rise in the Eurozone’s history), rebounding from the 11.8% contraction in Q2 2020. Similar to the United Kingdom, Q4 2020 economic activity is expected to be weaker reflecting a second wave of coronavirus cases, with significant country-by-country dispersion. Latest consensus forecasts indicate that Eurozone economic activity will contract by 7.3% in 2020 before growing by +4.5% in 2021.

The IIMT notes that the economic backdrop in the Eurozone was weak even before the Covid-19 pandemic despite continued European Central Bank monetary support. Several Eurozone countries have been badly impacted by the Covid-19 pandemic, and the ongoing second wave of new cases, means that the shape of the economic recovery across Europe is unclear. The IIMT recommends a 4% neutral allocation relative to the new intermediate benchmark.

Japanese Equities



Relative market strength (partly offset by net divestment of £9m – monies that were switched into Global Sustainable Equities), increased the Fund’s weighting in Japanese Equities to 5.9% at 31 October 2020; 0.9% overweight.

Mr Fletcher recommends a neutral weighting relative to the new intermediate benchmark across all of the Fund’s regional equity allocations; 5% in respect of Japanese Equities.

The Japanese economy was suffering from weakness prior to the Covid-19 pandemic, and fell into recession in Q1 2020 with a 2.2% contraction. The economy fell by a further 8.2% (an annualised fall of 28.8%) in Q2 2020, wiping-out the benefits brought by former Prime Minister Abe’s ‘Abenomics’ stimulus policies employed since late 2012, before partly rebounding by 5% in Q3 2020 (annualised growth of 21.4%). Latest consensus forecasts, expect the Japanese economy to contract by 5.5% in 2020, before growing by 2.5% in 2021. Similar to other developed markets, the Japanese government has provided significant levels of financial stimulus in response to the pandemic. Notwithstanding the 2020 economic slowdown, the IIMT believes that the long term story in Japan remains intact supported by attractive relative valuations, improving corporate governance, and the diversifying and defensive qualities of the Japanese market (e.g. the safe-haven status of the ¥).

The IIMT recommends a neutral allocation of 5.0%.

Asia Pacific Ex-Japan and Emerging Market Equities

DPF Weightings	Asia-Pac	EM
Current Neutral	4.0%	5.0%
Intermediate Neutral	2.0%	5.0%
Final Neutral	-	5.0%
Actual 31.10.20	3.9%	5.0%
AF Recommendation	2.0%	5.0%
IIMT Recommendation	2.0%	5.0%
Benchmark Returns (GB£)	Asia-Pac	EM
Q3 20/21 to 20 Nov-20	9.5%	8.5%
Q2 20/21	4.6%	4.5%
1 Year to Sept-20	8.4%	4.6%
3 Years to Sept-20 (pa)	5.9%	4.6%
5 Years to Sept-20 (pa)	13.7%	12.7%

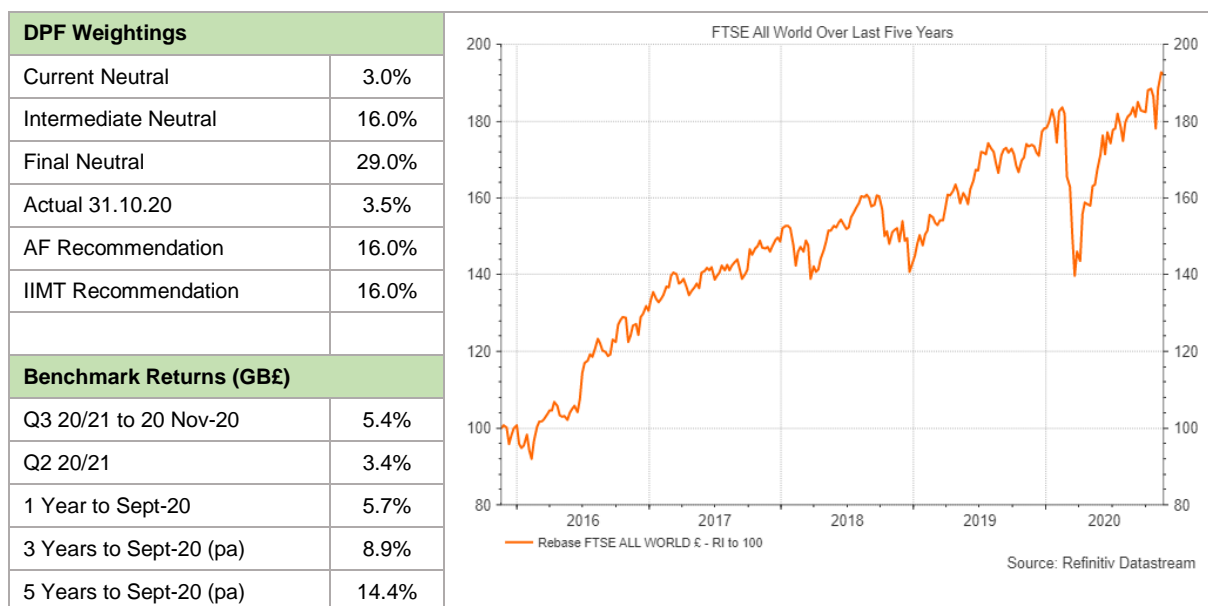


Divestment of £26m into market strength reduced the Fund’s allocation to Asia Pacific Ex-Japan Equities to 3.9% at 31 October 2020 (0.1% underweight). Net investment of £11m, together with relative market strength, increased the Fund’s allocation to Emerging Market Equities to a neutral weighting of 5.0% at 31 October 2020.

Mr Fletcher recommends a neutral weighting relative to the new intermediate benchmark across all of the Fund’s regional equity allocations; 2% in the case of Asia Pacific Ex-Japan and 5% in Emerging Market Equities.

The IIMT continues to believe in the long-term growth potential of these regions, noting that these regions have accounted for well over half of global growth over the last ten years. However, the economic impact of the Covid-19 pandemic remain unclear, and whilst it appears likely that the new Biden administration will seek to de-escalate US – Chinese trade tensions, there is a risk that following the pandemic, political agendas and supply chains will become much more domestically focused (e.g. at the expense of further globalisation). As a result, the IIMT recommends neutral allocations relative to the new intermediate benchmark in respect of both Asia Pacific Ex-Japan Equities (2%) and Emerging Market Equities (5%).

Global Sustainable Equities



Net investment in the three months to 31 October 2020 totalled £63m, taking the asset class weighting to 3.5% at end of October 2020; 0.5% overweight.

Mr Fletcher recommends a neutral weighting relative to the new intermediate benchmark across all of the Fund’s regional equity allocations; 16% in respect of Global Sustainable Equities.

The new intermediate benchmark results in a significant increase in the Fund’s allocation to Global Sustainable Equities (3% to 16%). The IIMT recommends a neutral allocation of 16.0%.

Private Equity

DPF Weighting					
Current Neutral	Final Neutral	Actual 31.10.20	Committed 31.10.20	AF Recommendation	IIMT Recommendation
4.0%	4.0%	3.4%	5.0%	4.0%	3.5%
Benchmark Returns (GB£)					
Q3 20/21 to 20 Nov-20	Q2 20/21	1 Year to Sept-20	3 Years to Sept-20 (pa)	5 Years to Sept-20 (pa)	
10.0%	(2.6%)	(15.6%)	(2.2%)	4.5%	

The Private Equity weighting increased from 3.1% at 31 July 2020 to 3.4% at 31 October 2020 reflecting the flow through of June 2020 valuation reports which started to see the reversal of the previous quarter’s losses caused by the Covid-19 pandemic.

Mr Fletcher recommends a neutral weighting of 4% in Private Equity.

The IIMT continues to assess private equity opportunities, and notes that the Fund's outstanding private equity commitments of around £90m are well positioned to benefit from any market opportunities resulting from the recovery from the coronavirus outbreak with a strong focus on small and mid-cap deals. The IIMT recommends that the Private Equity weighting is increased by 0.1% to 3.5% (0.5% underweight) in the forthcoming quarter, in anticipation of existing commitment drawdowns.

Income Assets

At 31 October 2020, the overall weighting in Income Assets was 20.7%, in line with the weighing at 31 July 2020. The IIMT recommendations below would take the overall Income Asset weighting to 21.0%, and the committed weighting to 24.7%.

Multi Asset Credit

DPF Weighting				
Current Neutral	Final Neutral	Actual 31.10.20	AF Recommendation	IIMT Recommendation
6.0%	6.0%	6.2%	6.0%	6.5%
Benchmark Returns (GB£)				
Q3 20/21 to 20 Nov-20	Q2 20/21	1 Year to Sept-20	3 Years to Sept-20 (pa)	5 Years to Sept-20 (pa)
2.5%	2.7%	1.4%	3.0%	n/a

There were minimal net transactions in the three months to 31 October 2020, with commitment drawdowns being matched by distributions, and the asset class weighting increased slightly to 6.2% at 31 October 2020. Adjusting for commitments, the weighting increases to 7.7%. Whilst this implies the pension fund will be 1.7% overweight should all the commitments be drawn-down, in practice it is unlikely that the commitments will be fully drawn, and some of the existing closed-ended investments have now entered their distribution phase (i.e. returning cash to investors).

Mr Fletcher has reduced his previous 2% overweight allocation to Multi-Asset Credit to 6% neutral noting that the spread available from high yield bonds and loans is not as attractive as it was before.

The IIMT continues to be positive about the long-term attractions of the asset class, and favours a strong bias towards defensive forms of credit (e.g. senior

secured debt and asset backed securities). The IIMT recommends increasing the invested weighting by 0.3% to 6.5% in the upcoming quarter (0.5% overweight) to cover anticipated commitment drawdowns.

Property

DPF Weighting				
Current Neutral	Final Neutral	Actual 31.10.20	AF Recommendation	IIMT Recommendation
9.0%	9.0%	7.8%	9.0%	8.0%
Benchmark Returns (GB£)				
Q3 20/21 to 20 Nov-20	Q2 20/21	1 Year to Sept-20	3 Years to Sept-20 (pa)	5 Years to Sept-20 (pa)
Not Available	0.5%	(2.6%)	2.4%	4.0%

The allocation to Property remained flat at 7.8%. Direct Property accounted for 4.5% (0.5% underweight) and Indirect Property accounted for 3.3% (0.7% underweight). The committed weight was 8.0% at 31 October 2020.

Mr Fletcher recommends that the property allocation remains neutral overall, but notes that the uncertainty over the future use of buildings created by Covid-19 has increased the potential volatility of the returns from this asset class. Certain types of building may need to be re-purposed, at a minimum property could see a medium term downward re-rating and the income lower generated by rents that could have an impact beyond the short term. Mr Fletcher notes that as a long term investor, the Fund can afford to “look through” the volatility and in a low yield environment, property probably remains an attractive income asset class.

Colliers Capital, the Fund’s Property Manager, notes that although the UK economy began to recover during the summer months following the initial lockdown, the second wave of cases and a second national lockdown is expected to have a further damaging effect on the economy. Although the Government furlough scheme is being extended, the unemployment rate is nevertheless rising steadily. Rent collection continues to be challenging for landlords. The total return from all property as measured by the MSCI Quarterly Index was 0.1% in Q3 2020, with an income return of 1.1% and a capital value decline of -0.9%. The total return for the year to 30 September 2020 was -2.9%, comprising an income return of 4.4% combined with a capital value decline of -7.1%. The Fund’s portfolio continues to perform well relative to its benchmark. The current void rate within the portfolio is 6.4%, lower than the benchmark rate of 7.4%.

Colliers Capital note that further investment into the UK commercial property market is likely to focus on additional investment in the industrial sector. In light of the effect of the coronavirus on the retail and leisure sectors, further investment in those areas is less likely for the time being, with the possible exception of properties let on long leases to strong tenants with rents reviewed in line with RPI or CPI. The manager continues to monitor the effect that working from home has had on demand for offices and how this will translate into investment demand, yield movement and performance in the medium and longer term.

The IIMT recommends that the Fund's current allocation to Direct Property is increased by 0.2% to 4.7% (1.3% underweight relative to the new intermediate benchmark) to reflect the purchase of a single let industrial unit in Leamington Spa for £12.5m in November 2020. The IIMT recommends that the Indirect Property allocation is maintained at 3.3%; 0.3% overweight relative to the new intermediate benchmark.

Infrastructure

DPF Weighting					
Current Neutral	Intermediate & Final Neutral	Actual 31.10.20	Committed 31.10.20	AF Recommendation	IIMT Recommendation
8.0%	Intermediate: 9.0% Final: 10.0%	6.7%	11.5%	9.0%	7.0%
Benchmark Returns (GB£)					
Q3 20/21 to 20 Nov-20	Q2 20/21	1 Year to Sept-20	3 Years to Sept-20 (pa)	5 Years to Sept-20 (pa)	
0.3%	0.5%	2.5%	2.6%	2.6%	

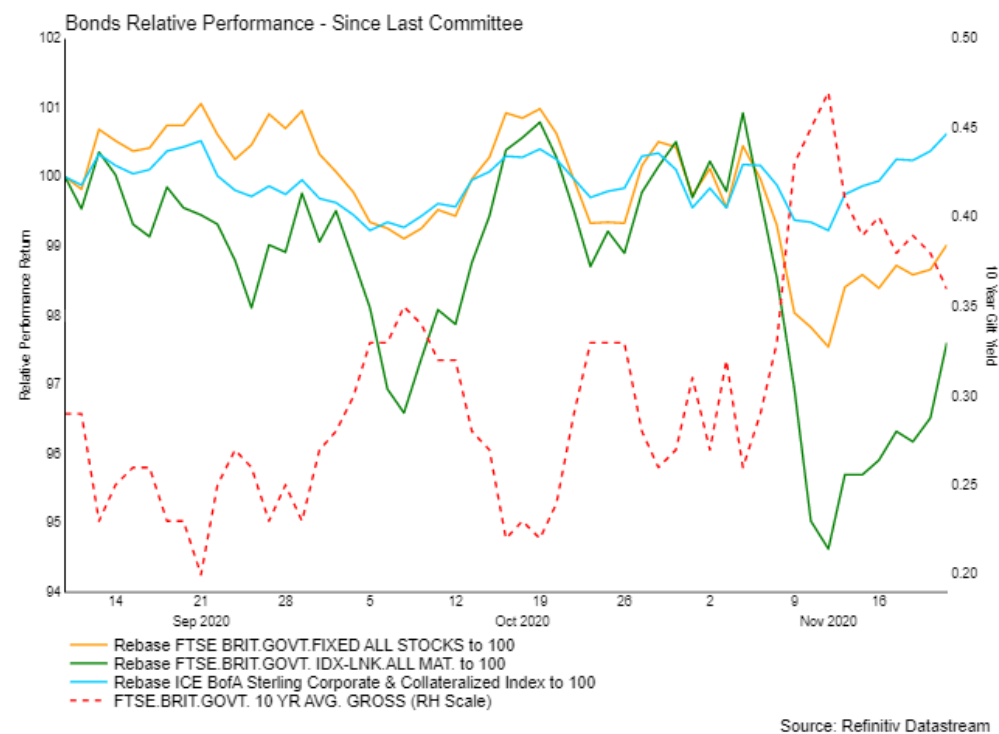
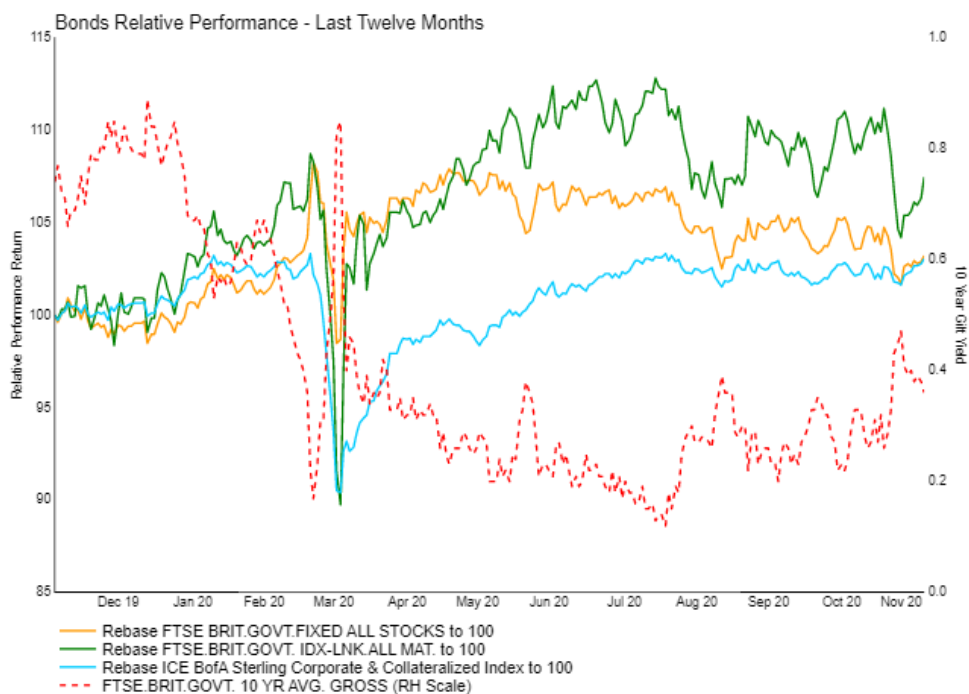
Relative market weakness reduced the Fund's allocation to Infrastructure from 6.8% at 31 July 2020 to 6.7% at 31 October 2020; 11.5% on a committed basis.

Mr Fletcher recommends a neutral weighting relative to the new intermediate benchmark of 9% allocation.

The IIMT continues to view Infrastructure as an attractive asset class, and favours a bias towards core infrastructure assets. Core infrastructure assets can offer low volatility; low correlation to equity and fixed income; and reliable long-term cash flows. Notwithstanding the noted favourable characteristics of the asset class, the IIMT continues to believe that infrastructure assets are exposed to increased political and regulatory risk, and this risk is managed through asset type and geographical diversification.

The IIMT continues to assess investment opportunities, which are in line with these objectives, and expects to make around £140m to £150m of commitments to infrastructure funds over the next three to six months, to support the transition towards the new final benchmark weighting of 10% (9% on an intermediate basis). It is expected that over 75% of these commitments will relate to renewable energy assets. As a result, the IIMT recommends that the invested weighting is increased by 0.3% to 7.0% in the next quarter, and the committed weighting is increased to 11.5%. Whilst this implies that the Fund is over-committed to the asset class, the draw-down of these commitments will take up to five years, and as these commitments are drawn-down, they will be partly offset by distributions from existing infrastructure investments.

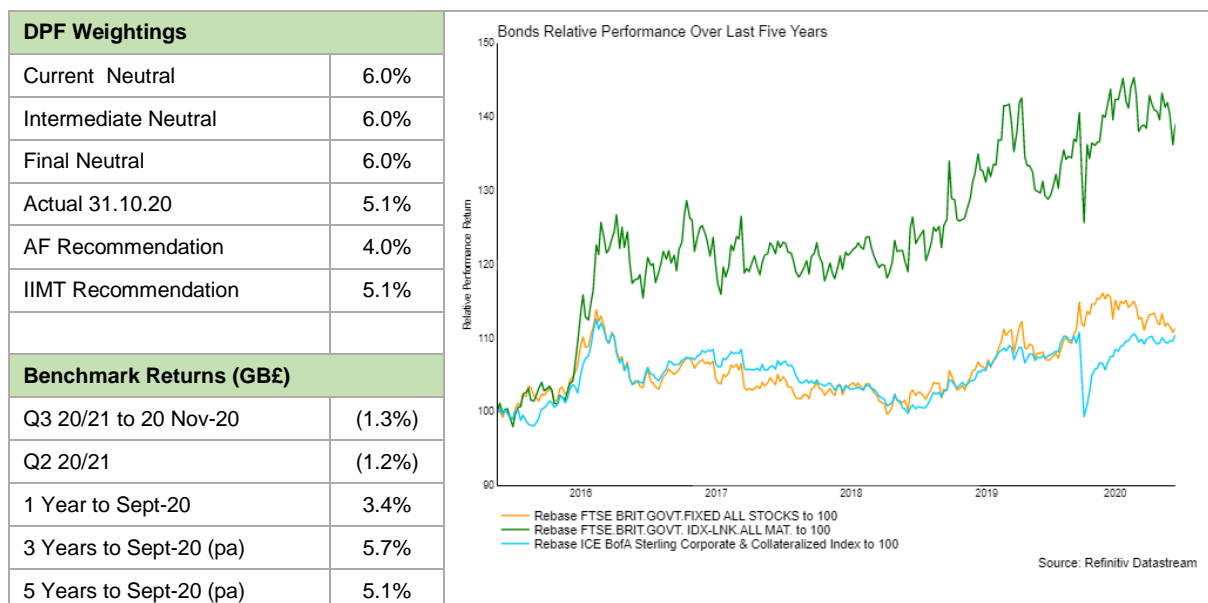
(ix) Protection Assets



The weighting in Protection Assets at 31 October 2020 was 17.4%, down from 18.1% at 31 October 2020, reflecting relative market weakness. The IIMT recommendations below maintain the weighting at 17.4%.

Government bond yields generally traded sideways in September and October 2020 before rising sharply in early November 2020 following the positive announcement about the effectiveness of the Pfizer BioNTech vaccine. Notwithstanding the recent rise, UK Government bond yields remain near historic lows, consistent with expectations for a prolonged period of zero-or-below policy rates in response to the economic backdrop.

Conventional Bonds



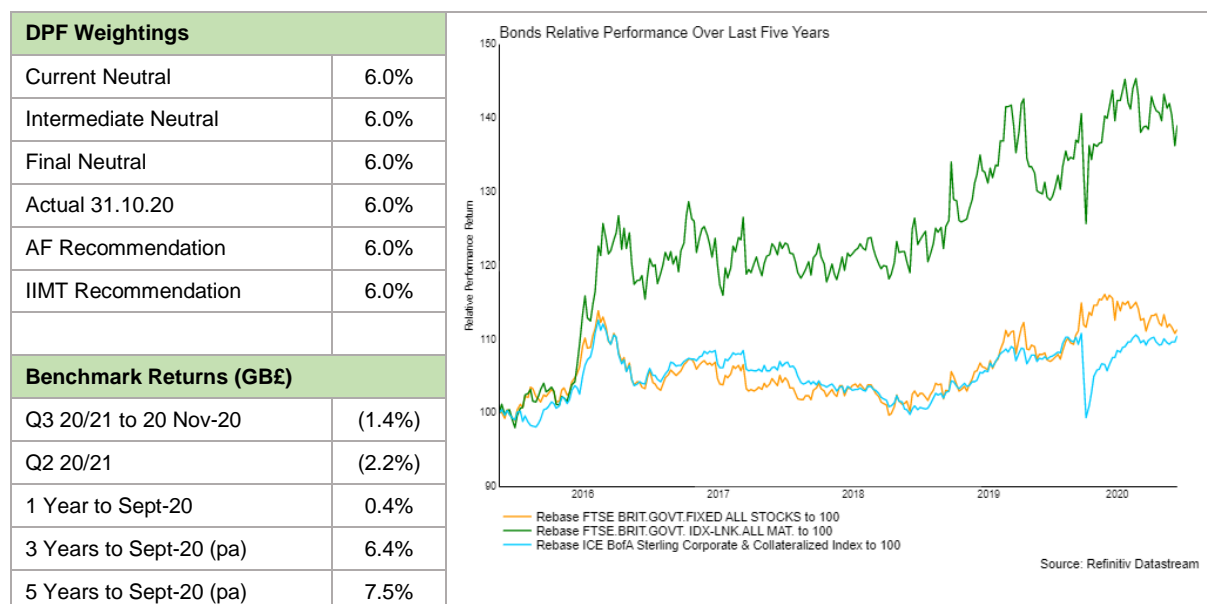
There were no transactions in the period, and relative market weakness reduced the Fund’s allocation to Conventional Bonds by 0.4% to 5.1% at 31 October 2020; 0.9% underweight.

Mr Fletcher has increased his recommended allocation to Conventional Bonds from 3% to 4% (2% underweight) with the 2% being allocated to an increase in the Cash weighting. Mr Fletcher believes that government bonds will not provide as much protection as they have done in the past, and at the current extremely low levels of yield, increasing the level of cash provides the Fund with more flexibility.

The IIMT continues to believe that whilst conventional sovereign bonds do not appear to offer good value at current levels with yields around historic lows, they are diversifying assets and continue to afford greater protection than other asset classes in periods of market uncertainty as evidenced during the Covid-19 pandemic.

The IIMT recommends that the current 0.9% underweight allocation of 5.1% is maintained.

Index-Linked Bonds



There were no transactions in the period, and relative market weakness reduced the Fund's allocation to Index-Linked Bonds by 0.2% to 6.0% at 31 October 2020; neutral weight.

Mr Fletcher recommends a neutral 6% allocation to Index-Linked Bonds (UK Linkers). In terms of the allocation to Index Linked Bonds Mr Fletcher prefers to remain 2% underweight UK Index Linked with a 2% allocation to US Treasury Inflation Protected Bonds (TIPS). TIPS have continued to outperform UK Index Linked. Mr Fletcher believes that UK Index Linked bonds remain overvalued relative to UK conventional bonds and UK inflationary expectations.

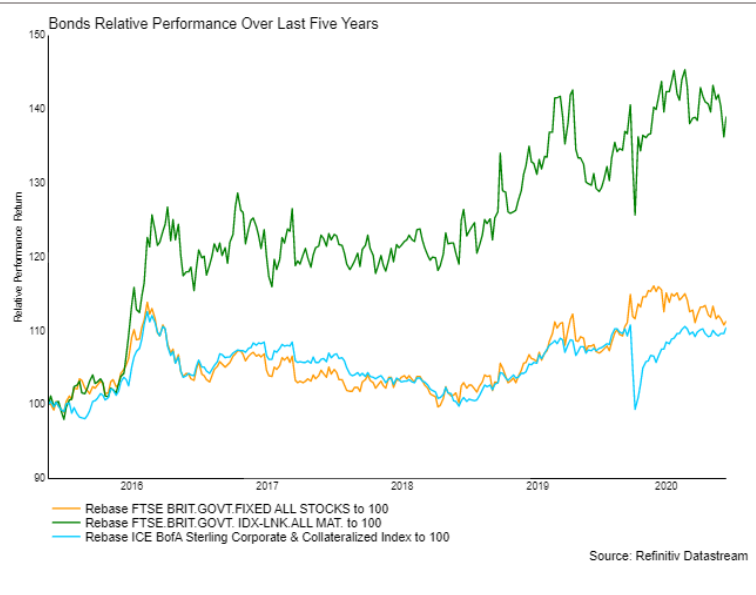
The outcome of the consultation on the change to CPIH from RPI indexation was announced at the same time as the Autumn Statement. The change will be implemented from 2030 and not from an earlier date between 2025 and 2030 as considered. This is positive for inflation accruals between 2025 and 2030. However, it was also announced that the government will not offer compensation to the holders of index-linked gilts which was not good news for the longer end of the index linked market.

In line with the IIMT's recommendation in respect of Conventional Bonds, the IIMT notes that whilst Index-Linked Bonds appear expensive at current levels, it is too early to call the bottom of the Covid-19 pandemic. The IIMT believes that inflation expectations in the short-term are muted reflecting the deflationary effects of weaker demand and lower oil prices but in the medium term inflation is likely to pick-up driven by the enormous policy stimulus (both

fiscal and monetary) and tighter global supply chains. The IIMT recommends a 6% neutral allocation to Index-Linked Bonds, and that the current exposure to US TIPS (around 20% of the Index-Linked portfolio) is maintained.

Corporate Bonds

DPF Weightings	
Current Neutral	6.0%
Intermediate Neutral	6.0%
Final Neutral	6.0%
Actual 31.10.20	6.3%
AF Recommendation	6.0%
IIMT Recommendation	6.3%
Benchmark Returns (GB£)	
Q3 20/21 to 20 Nov-20	1.6%
Q2 20/21	1.6%
1 Year to Jun-20 (1)	n/a
3 Years to Jun-20 (pa) (1)	n/a
5 Years to Jun-20 (pa) (1)	n/a



(1) Benchmark returns for the LGPS Central Limited Investment Grade Bonds Sub-Fund only available since the launch of the product in February 2020

Relative market weakness reduced the Fund’s allocation to the asset class from 6.4% at 31 July 2020 to 6.3% at 31 October 2020; 0.3% overweight.

Mr Fletcher has reduced his previous 1% overweight allocation to Corporate Bonds to a neutral allocation of 6% noting that non-government yield spreads have narrowed recently, and as such an overweight position is no longer warranted.

The IIMT concurs that investment grade bond spreads have narrowed significantly since spiking in March 2020, and it is unclear whether the current level of spread is sufficient to compensate for the increased default, particularly when the shape of the recovery is unknown, and the recovery cannot easily be benchmarked to previous trends. Whilst the impact of the current situation on corporate profitability, balance sheets and cash flows remains unclear, the IIMT believes that the current modest overweight allocation of 6.3% should be maintained.

(x) Cash

The Cash weighting at 31 October 2020 was 6.1% (4.1% overweight relative to the benchmark).

Mr Fletcher has increased his previous 2% neutral allocation to Cash to 4% noting that ,given the amount of change the Fund is about to transact, a higher cash balance is prudent.

The IIMT notes that global markets have recovered strongly following the sharp sell-off in Q1 2020, with the recovery heavily dependent on substantial and unprecedented central bank monetary support. Any change of tone from the central banks is likely to have a material effect on markets. Whilst recent announcements in respect of the effectiveness of coronavirus vaccines are a very positive development, the roll-out of the vaccines is likely to take time. Furthermore, the recovery from the Covid-19 pandemic is likely to be uneven, and markets appear to be ignoring significant headwinds including considerable uncertainty about the shape of the economic recovery; uncertainty about how long it will take for economic activity to return to pre-outbreak levels; rising new cases and localised lockdowns; and the potential uncertainty caused by the new Biden administration in the US.

The IIMT recommends a defensive cash allocation of 5.6% (3.6% overweight relative to the benchmark) due to the uncertain economic outlook. This will also ensure that the Fund has sufficient operational headroom after adjusting for term-loan maturities (i.e. short-term loans provided by the Fund to other public sector bodies) to cover upcoming investment commitment drawdowns (expected to be in excess of £120m over the course of 2020-21), and to cover the likelihood that cash inflows into the Fund, particularly, from investment income, reduce as a result of the Covid-19 pandemic.

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 and prevention of crime and disorder.

4 Background Papers

Files held by the Investment Section.

5 Officer's Recommendations

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

PETER HANDFORD

Director of Finance & ICT

Third Quarter 2020 Investment Report

PREPARED FOR:

Derbyshire County Council Pension Fund: Pensions and
Investment Committee Meeting

DECEMBER 2020

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Investment Report for Derbyshire County Council Pension Fund

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

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

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

Meeting date 9th December 2020

Date of paper 23rd November 2020

1. Market Background (Third quarter 2020)

The development of the Covid 19 pandemic remains the main driver of economic activity. In the 3rd quarter the governments of the UK and Europe released their populations from the tightest of domestic restrictions, but foreign travel restrictions remained in place with travellers having to quarantine for 14 days upon return to their home countries.

There were no changes in the level of monetary support provided by central banks over the quarter. While there were no changes in policy rates, they were the main buyers of newly issued government bonds and continued to buy corporate bonds in the secondary markets. Following the Fed's virtual Jackson Hole meeting in August it announced that in future they would move to rate setting based on average inflation. This opens the way for inflation to move above the 2% target and could herald an extended period of low policy rates. The Bank of England suggested that along with negative policy rates an average inflation rate target was being considered.

With the upswing in economic activity over the summer The UK and US governments were willing to reduce the amount of fiscal help being provided to support incomes and the retention of workers. In the US, Congress failed to agree a reduced package of measures as political tensions increased with the run up to the congressional and presidential elections. Across Europe many countries chose to extend their domestic support packages and the EU agreed a Euro 750 billion package of grants and loans aimed at supporting the poorer member states as they seek to recover from the pandemic. The recovery fund will be backed by increased member contributions and by the issue of bonds in the name of the European Commission, this could be the 1st step on the path to fiscal union.

Reported economic data showed a sharp recovery in manufacturing activity in the 3rd quarter but consumer activity especially in the leisure and hospitality sectors remains well below pre-covid levels despite the good summer weather and "eat out to help out". Leading indicators however were showing a marked slowing in the pace of recovery and aggregate inflation has remained very low.

In local currency terms, US and Emerging equities had a strong quarter as their tech and growth heavy indices produced out-sized returns as the sector dispersion witnessed in the 2nd quarter continued. In Sterling terms returns were more subdued due to the strength of the currency. Other risk assets, like investment grade and high yield bonds also had a strong quarter with prices rising as spreads narrowed to extremely low yielding government bonds. Oil prices along with most other commodity prices were pretty much unchanged as the recovery has yet to broaden out across the whole of the economy. Gold on the other hand had a very strong quarter making a new high as these investors worried about central bank monetisation of debt and the risk of inflation.

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 October 2020 and the 3 and 12 months to the end of September 2020.

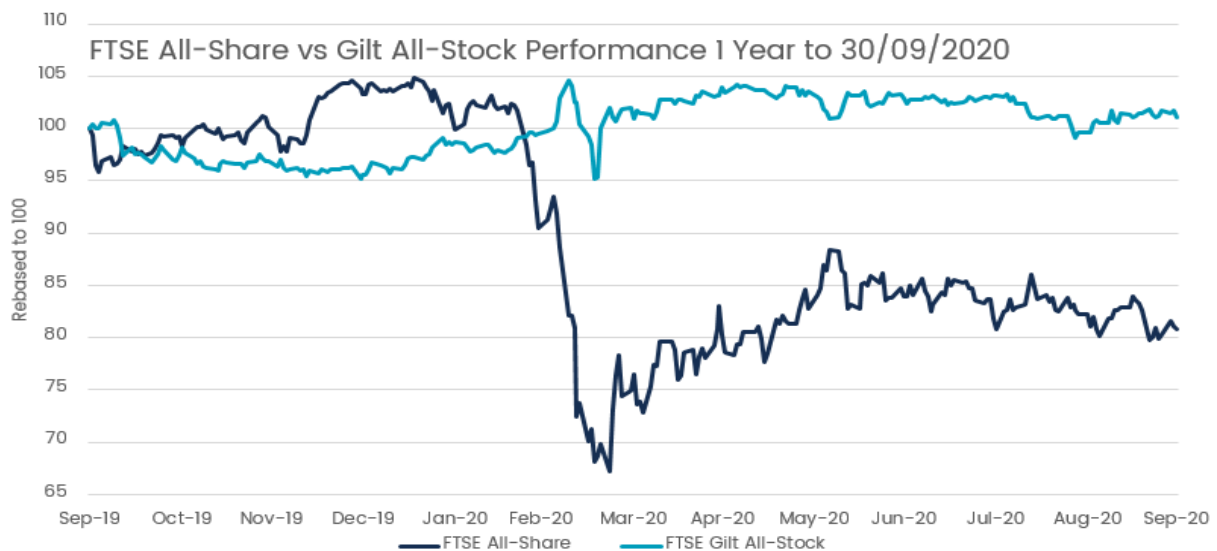
% TOTAL RETURN DIVIDENDS REINVESTED

MARKET RETURNS

	Period end 30 th September 2020		
	October 2020	3 months	12 months
Global equity ACWI [^]	-3.1	3.3	5.8
Regional indices			
UK All Share	-3.8	-2.9	-16.6
North America	-2.7	4.5	10.5
Europe ex UK	-2.4	3.7	6.9
Japan	-1.8	2.4	2.6
Pacific Basin	-0.2	2.3	1.1
Emerging Equity Markets	2.4	4.5	4.7
UK Gilts - Conventional All Stocks	-0.5	-1.2	3.4
UK Gilts - Index Linked All Stocks	0.7	-2.2	0.4
UK Corporate bonds*	0.2	1.6	4.3
Overseas Bonds**	-0.1	0.8	3.6
UK Property quarterly [^]	-	-1.1	0.7
Sterling 7 day LIBOR	0.01	0.02	0.4

[^] MSCI indices * iBoxx £ Corporate Bond; **Citigroup WGBI ex UK hedged

Chart 1: - UK bond and equity market returns - 12 months to 30th September 2020



Source: - Bloomberg

Table 2: - Change in Bond Market yields over the quarter and 12 months.

BOND MARKET % YIELD TO MATURITY	30th June 2020	30th September 2020	Quarterly Change %	30th September 2019	Current 14 th November 2020
UK GOVERNMENT BONDS (GILTS)					
10 year	0.17	0.23	0.06	0.50	0.33
30 year	0.64	0.78	0.14	0.96	0.92
Over 15y Index linked	-2.36	-2.25	0.11	-2.22	-2.11
OVERSEAS 10 YEAR GOVERNMENT BONDS					
US Treasury	0.66	0.69	0.03	1.69	0.89
Germany	-0.46	-0.53	-0.07	-0.57	-0.56
Japan	0.02	0.02	0.00	-0.22	0.02
NON-GOVERNMENT BOND INDICES					
UK corporates	1.95	1.78	-0.17	2.05	1.70
Global High yield	6.61	5.74	-0.87	5.48	5.08
Emerging markets	4.38	3.76	-0.62	4.45	3.45

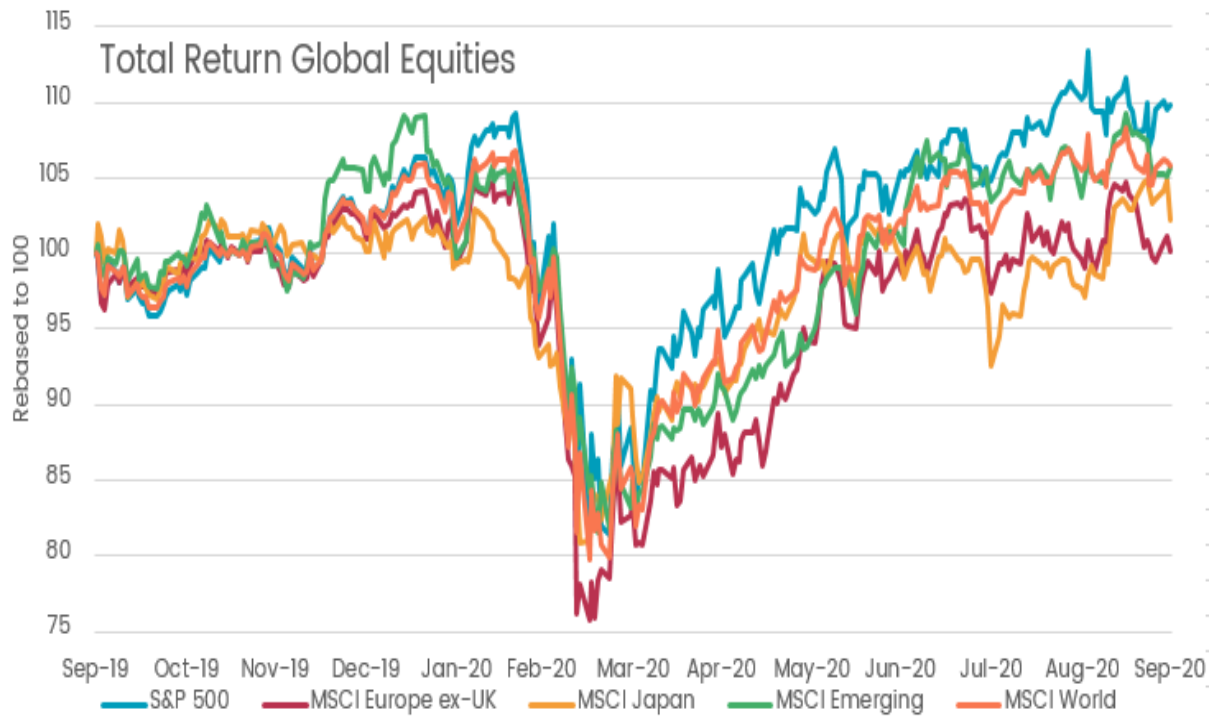
Source: - Bloomberg, G8LI, UC00, HW00, EMGB, ICE indices 14th November 2020.

Chart 2: - UK Bond index returns, 12 months to 30th September 2020.



Source: - Bloomberg

Chart 3: - Overseas equity markets returns in Sterling terms, 12 months to 30th September 2020.



Source: - Bloomberg

Recent developments (October and November 2020)

As we headed into October markets were dominated by two topics: the resurgence of Covid 19 in the UK and Europe, and the upcoming US elections. Equity markets spent much of the month in wait-and-see mode, before the announcement of widespread restrictions across Europe in the final days of the month that caused prices to fall.

While the region has seen a marked up turn in the infection rate, this has not been accompanied to same extent by increased hospitalisations and deaths. This could be because more young people are being infected and because we know more about the virus now than we did in March and treatments have been found that can reduce the number of critical cases. The containment response was originally much more targeted, with governments imposing local restrictions in a bid to avoid national lockdowns. Unfortunately, in the UK this approach appears to have failed to limit the spread of the virus and we are now in national lockdown2.0. After some delay and much argument, the government decided to reinstate employment and income support measures.

Globally forward looking economic indicators were already softening in September and this trend continued in October, with the new lockdown measures it is possible that growth will again decline in the 4th quarter, further extending the period to recovery. As we get closer to the end of the year the UK-EU trade negotiations are intensifying, but the same issues remain, as a result the potential for no deal increases.

In the US the last month has been dominated by the US elections and for a while the increasing covid infection rate across the country was eclipsed by a breakout of infections in the White House and the hospitalisation of President Trump, followed by his miraculous recovery. Even so this was not enough for Mr Trump to beat Mr Biden for the role of President. At the time of writing Mr Biden has won 6 million more votes than Mr Trump and appears to have secured 306 electoral college votes 36 above the 270 votes needed to secure the presidency. As yet Mr Trump has not conceded that he lost and continues to make baseless accusations of widespread electoral fraud. Sadly, the behaviour of Mr Trump, while president and especially in the aftermath of the election result has possibly done even more permanent damage to the global reputation of US.

As the results were coming out the US equity market stabilised and then rallied as it became clearer that while Mr Biden had won the presidency, the Democratic party had not taken a controlling position in the Senate and was if anything slightly weaker in the house of representatives. This should have two benefits from the markets point of view, lower corporate tax hikes and less deficit funded infrastructure spending.

But the news that has supported the equity markets in November is the news from Pfizer / BioNtech on the 9th, then Moderna on the 16th and now today 23rd, Astra Zeneca / Oxford University; on the efficacy of their respect Covid 19 vaccines. While the overall indices have not made new highs on the news there has begun a rotation from “new” economy stock price performance to “old” economy stock price performance.

2. Investment Performance

Table 3 shows the performance of the Derbyshire Pension Fund versus the fund specific benchmark for the 3 months and year to the end of September 2020. The Fund's value continued to increase but at a more subdued rate after the sharp rebound in the second quarter of 2020. At the end of September 2020, relative performance was well ahead of the benchmark over 3 and 12 months, with all the broad asset class categories and most of Derbyshire's selected asset managers outperforming their respective benchmarks.

Over 10 years the Fund has achieved a total return of 7.8% per annum.

Table 3: - Derbyshire Pension Fund and Benchmark returns

% TOTAL RETURN (NET)				
30 TH SEPTEMBER 2020	3 MONTHS		12 MONTHS	
	Derbyshire Pension Fund	Benchmark	Derbyshire Pension Fund	Benchmark
Total Growth Assets	2.7	1.3	-1.1	-2.3
UK Equity	-2.5	-2.9	-15.5	-16.6
Total Overseas Equity	4.4	3.6	6.0	6.1
North America	4.6	4.5	11.5	10.5
Europe	1.6	1.5	0.6	0.5
Japan	5.3	2.4	6.0	2.6
Pacific Basin	6.1	4.6	5.7	8.4
Emerging markets	3.5	4.5	-1.0	4.6
Global Sustainable Equity	12.8	3.4	32.8	5.7
Global Private Equity	8.2	-2.6	-0.6	-15.6
Total Protection Assets	0.4	-0.6	3.3	2.2
UK Gilts	-0.6	-1.2	2.7	3.4
UK & Overseas Inflation Linked	0.0	-2.2	2.5	0.4
Global Corporate bonds	1.7	1.6	-	-
Total Income Assets	1.4	1.1	2.0	0.2
Multi-asset Credit	3.5	2.7	1.2	1.4
Infrastructure	0.5	0.5	4.3	2.5
Property (all sectors)	0.6	0.5	0.7	-2.6
Internal Cash	0.1	0.0	0.3	0.3
Total Fund	1.8	0.9	0.3	-0.6

Total fund value at 30th September 2020 £5,252 million

As can be seen from the table asset class returns were lower and more mixed in the 3rd calendar quarter of 2020. Also as noted last quarter those country indices which were technology sector heavy like the US and South-east Asia had the strongest returns and those with high weights to cyclical, energy and financial sector stocks like the UK and Europe have lagged.

Growth assets – Equity performance

Once again in the 3rd quarter most of the regional portfolios outperformed their indices, over 12 months the performance is more mixed but in aggregate growth assets outperformed the benchmark. The negative absolute performance of the UK over 12 month continues to dominate the overall performance contribution. Relative to benchmark all regions outperformed, with the exception of Pacific basin and Emerging equity.

North American equity performance was just ahead of the market performance in the quarter, and 1% ahead over 12 months, 3 and 5 year performance numbers are still behind benchmark but continue to improve. North American equity has delivered the highest annualised returns over 10 years at 17% p.a. and the highest outperformance of the benchmark index at +1.6% p.a.

The UK and continental European equity portfolios are passively managed by LGIM and UBS. The 3 and 12 month returns are in line with the benchmark. In the UK the investment trust portfolio managed by the in house team outperformed, improving the overall performance.

The other equity assets are invested in Japan, the Pacific Basin and Emerging Markets equities, via a number of pooled funds selected by the in-house team. All 3 regional portfolios continue to deliver mixed performance over shorter periods but over the long term they have in aggregate delivered reasonable returns and they have been an overall diversifier of risk, especially Japan.

Private equity continues to deliver strong positive absolute and relative returns that are significantly ahead of the benchmark over the more meaningful 3, 5 and 10 year periods, after US equity this is the second strongest performing equity allocation, but with the largest outperformance of the benchmark.

Over the quarter the allocation to global sustainable equity, increased from 1.7% to 3.1% compared to an index neutral allocation of 3%.

Protection assets - Fixed Income Performance

Over the quarter the bond portfolio delivered a return of 0.4% compared to the benchmark of -0.6%, all components of the portfolio outperformed the benchmark, except gilts over 12 months which on their own only returned 2.7% whereas the benchmark returned 3.4%. The total return of the whole bond portfolio over 12 months was 3.3% compared to the benchmark return of 2.2%.

Income assets – Property, Infrastructure and MAC

Over the year, the combined portfolio of income assets has outperformed the benchmark. Infrastructure and total property delivered another positive and above benchmark return. MAC

continued to recover in the 3rd quarter and is now only slightly behind benchmark over 1 year, over 3 years returns are positive and better than benchmark.

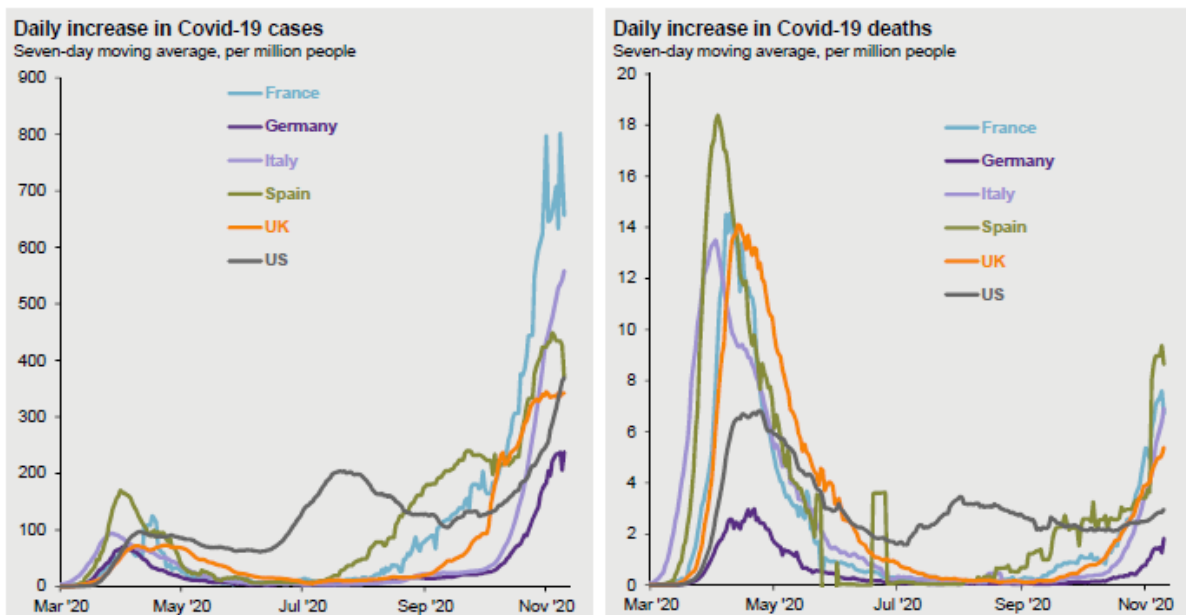
Over 3 years the performance of Property and Infrastructure is well ahead of benchmark delivering 4.8% pa and 7.8% pa respectively.

3. Economic and Market outlook

Economic outlook

Covid 19, the support given by governments and the actions of central banks remain the primary driver of the economic outlook at least in the developed world. In the emerging economies the situation is much more diverse, China and South-east Asia, seem to have been able to move Covid to a secondary issue and get their economies back to pre-covid levels of activity without anything like the amount of fiscal and monetary stimulus. Whereas countries like India and some countries in Latin America it remains a primary concern. Another factor that may be driving outcomes is demographics, in general and in particular in Africa, the Middle East and South- east Asia, the average age of the population is very low compared to developed Europe for instance.

Chart 4: - LHS. Covid Infections per million 7dma. RHS. Reported deaths per million 7dma.



Source: Johns Hopkins CSSE, The World Bank, J.P. Morgan Asset Management. Cases include both laboratory confirmed and 'presumptive positive' cases. Data used is latest available as of 10 November 2020.

Chart 4 above shows the 7 day moving average (7dma) growth rates for infections and deaths in Europe and the US per million of population. The left hand chart of infections looks terrible but is slightly mis-leading because many more people are being tested now than in the 1st wave. Also, it would appear that the vast majority of people becoming infected are younger people better able to cope with the virus. This is probably because they are more socially active and older people have changed their social behaviour as well. The right hand chart shows the 7 day moving average death rate is more accurate as the data is at least consistent. This is clearly the good news fewer people are dying as the medical profession have improved practices and the treatment of patients.

Chart 5 below shows leading economic indicators such as, Manufacturing purchasing managers indices (PMI's) and mobility as a proxy for personal activity. After a sharp rebound, the pace of recovery had slowed even before the return of increased travel restrictions and Lockdown2.0 were imposed by European governments and US States.

Chart 5: - LHS. Global PMI's.



RHS. Mobility data as a proxy economic activity



Source: - ICG

These charts only go to mid-October so it is likely that in the Europe and the US, where new restrictions are in place that these leading indicators have turned down. From our own personal observations, it would also be reasonable to suggest a weaker economic outlook in the 4q20 and a sluggish pace of recovery in the first half of 2021. The news on the efficacy and availability of vaccines is a positive but even with a rapid roll-out it is likely to be the middle 2021 before actual activity returns to near normal levels and it could still be 2022 before developed economies are above their pre-covid levels of activity.

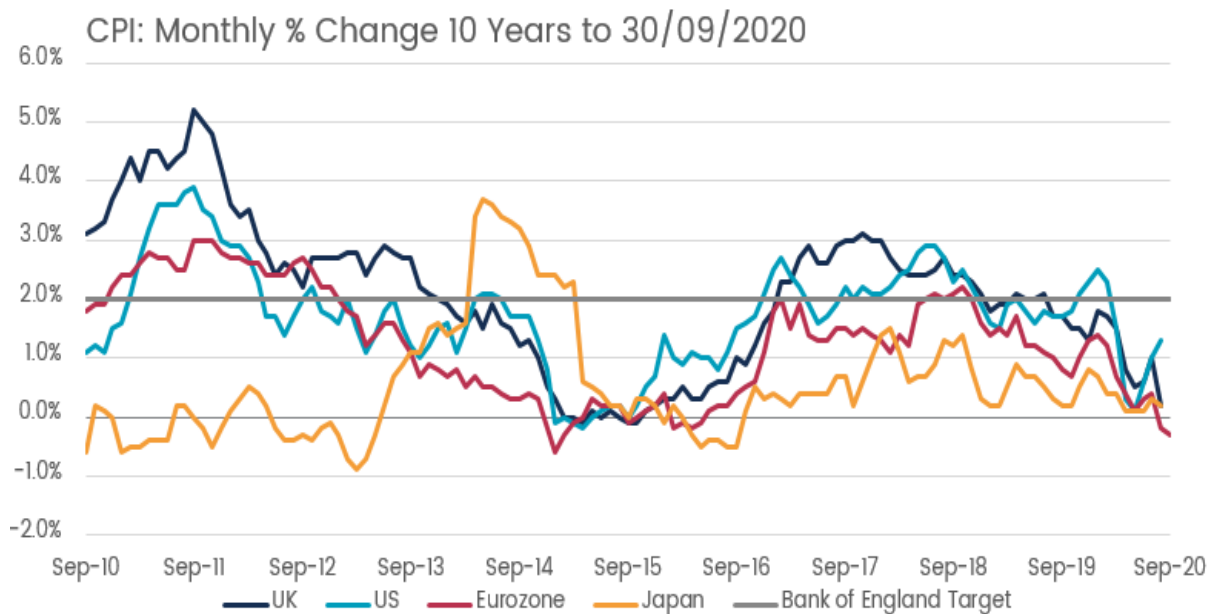
As mentioned above and in my last report, China and the South-east Asian economies appear largely unaffected by Covid compared to those of Europe and the USA where domestic consumption and leisure activities dominate the mix of economic activity. Technology and communications services which have been major beneficiaries of the pandemic and are at the core of future economic development. Aggregate demographics still favour emerging markets and I expect the “fulcrum” of global economic power will continue to shift east towards Asia. The time until China overtakes the US as the worlds largest economy is getting shorter.

While for the Developed world Covid is a short to medium term issue that needs to be dealt with the long term secular issues of debt and demographics, lower productivity and aggregate growth have been made worse by the virus. In general, Emerging markets should do better because of the development of their own domestic markets, creating consumption for themselves rather than for the developed countries, as a result trade in goods could become more regional. The new Asia-Pacific regional trade deal signed on the 11th November will only enhance this.

Inflation

In the 3rd quarter the rate of inflation fell outside the US but as chart 6 below shows the trend for all developed countries remains down and below the central bank's target rate of 2% p.a. In aggregate I expect it to remain low for a very long time, but there could be localised, short term hotspots resulting from supply issues and extra costs caused by the implementation of Covid protection measures.

Chart 6: - Inflation – Annual rate versus Central Bank Target



Source: - Bloomberg

Central Banks

As observed in my last report central banks have been pretty quiet since they announced their unprecedented levels of support for markets in March, mainly because they have worked. Since April the US Fed and the Bank of England (BoE) have bought most if not all of the new debt issued by their respective governments.

In the US, the Fed announced in August that it would adopt a more flexible approach to rate setting. In future they will target an average rate for inflation of 2%, rather than seeking to stop it going above 2%. This means they will allow inflation run above 2% before they begin to act and it suggests that if this policy had been in place in the last 30 years there would have only been 1 tightening cycle instead of 4! They also emphasised that the Fed funds rate could remain unchanged until 2025, the vaccine may change that, but a rate hike would indicate good news on growth at least.

Andrew Bailey, governor of the BoE, expressed support for the Fed's policy on inflation, even suggesting the BoE could do something similar, but in the case of the BoE it is HM Treasury that set the target for inflation. In November the BoE surprised the market by announcing an extra £150 billion of bond buying but it has gone very quiet on negative base rates.

Politics

As of writing this report Mr Trump has still not conceded that he has lost the US Presidential Election. According to the Electoral College preliminary count, each state has its own ratification process for confirming those votes, Mr Biden has won 306 votes. Only 270 electoral college votes are needed to win the presidency, in terms of the popular vote Mr Biden got 6 million more votes than Mr Trump. In the past in any US presidential election the loser would have conceded by now. Mr Trump and his administration through the way they have behaved in this election and the way he behaved as president has seriously undermined, western democracy, the rule of law and the political capital of USA in the world, especially with authoritarian regimes and quasi-democracies.

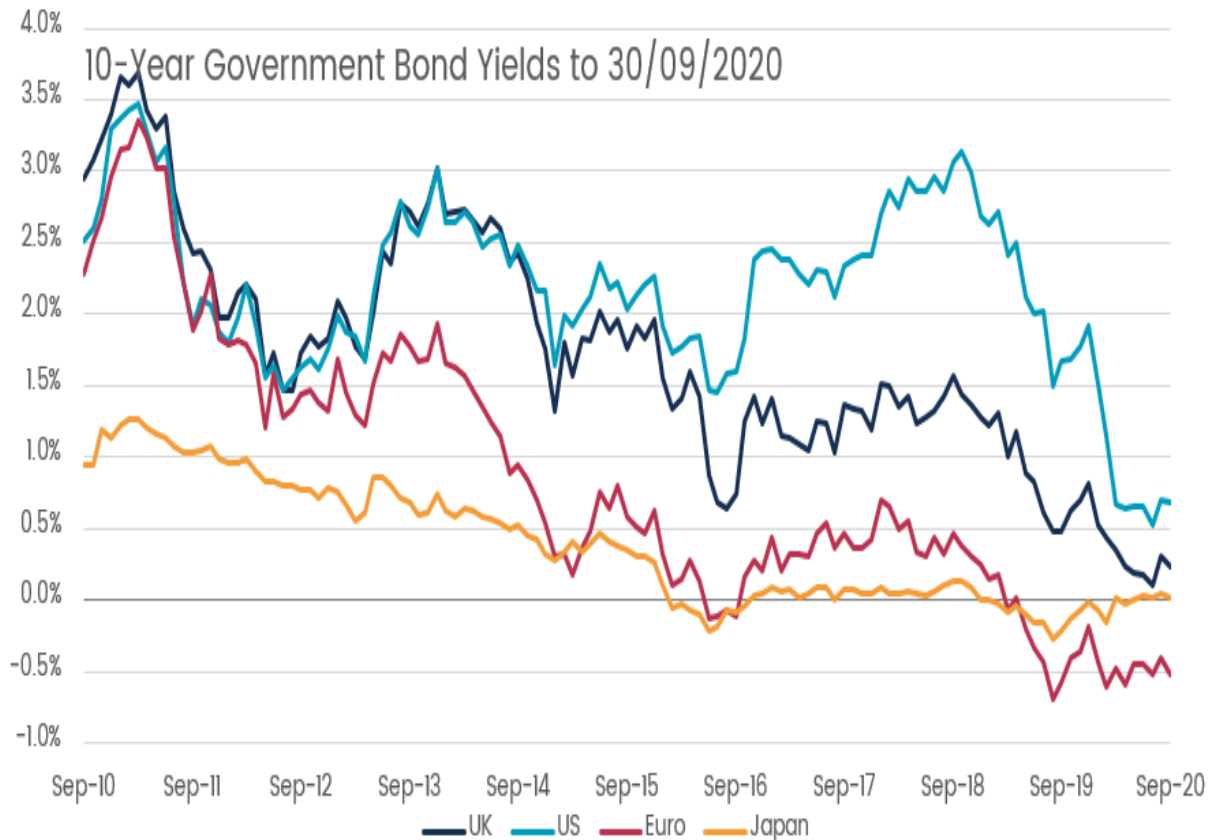
The election result did not deliver the landslide that the Democrats were hoping for. They lost ground in the House of Representatives and did not secure a majority in the Senate, which means that corporate taxes may not rise much and infrastructure spending may be lower. However, Biden can influence federal regulation and foreign policy, which means the US is highly likely to repair much of the damage the Trump administration has caused over the last 4 years. It is expected that the US will re-join the Paris accord on climate change and the nature of trade negotiations will be less belligerent.

In the UK the end game on a trade deal with the European Union is getting closer and the same issues remain unresolved; fishing rights in UK waters, a level playing field for state aid and the border with the Republic of Eire. At the same time with 6 only weeks to go for a trade deal with our largest and most integrated trading partner, PM Johnson has reorganised his team of special advisers in the Cabinet office.

Government bonds

As can be seen in table 2 above and chart 7 below, Government bond yields have broadly tracked sideways close to their all-time lows since their dramatic falls in March and April. The good news on vaccines has pushed yields higher in the last few days (see left hand side of chart 10 below). I expect government bonds yields to remain low for some time, but ultimately, they will rise either because of higher inflation, the size of deficits or because the global economy is in recovery. At the moment the main objective of central banks is to keep government bond yields low.

Chart 7: - Government bond yields, last 10 years.



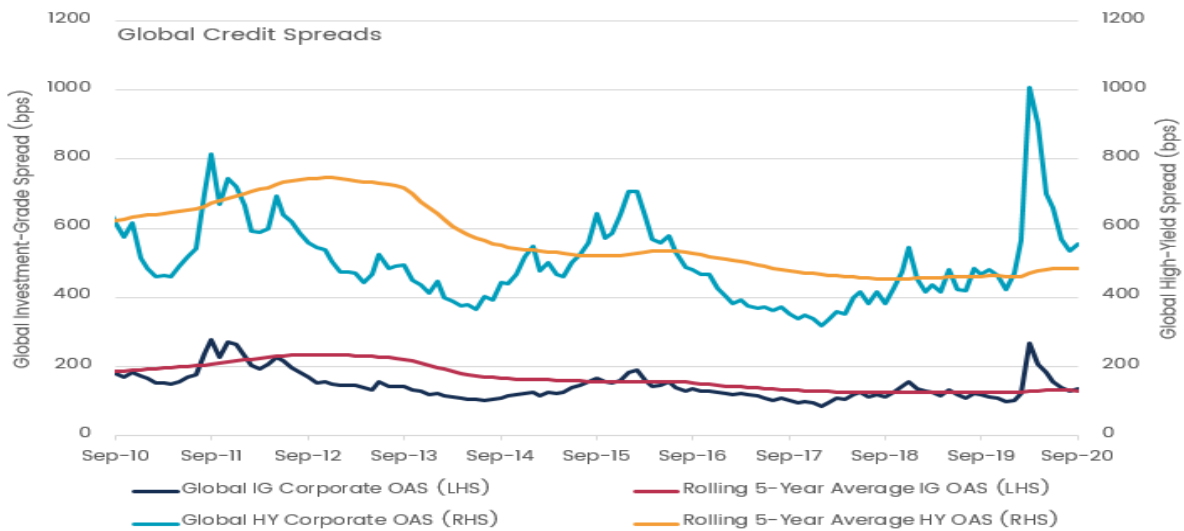
Source: - Bloomberg

Non-government bonds

As can be seen in Chart 8 below, the excess yield spread for both investment grade non-government and high yield bonds continued to narrow in the 3rd quarter. Mainly because of the policy measures put in place by central banks, buying significant amounts of mostly investment grade corporate debt.

Yield spreads are now less attractive, there is still some scope for spread narrowing but the opportunity is now limited. If my comments above, about an extended period of low interest rates and government bond yields are correct then both investment grade and sub-investment grade bonds will deliver better returns because of their higher yield, than government bonds provided they have a lower default experience.

Chart 8: - Credit spreads, extra yield over government bonds, last 10 years.

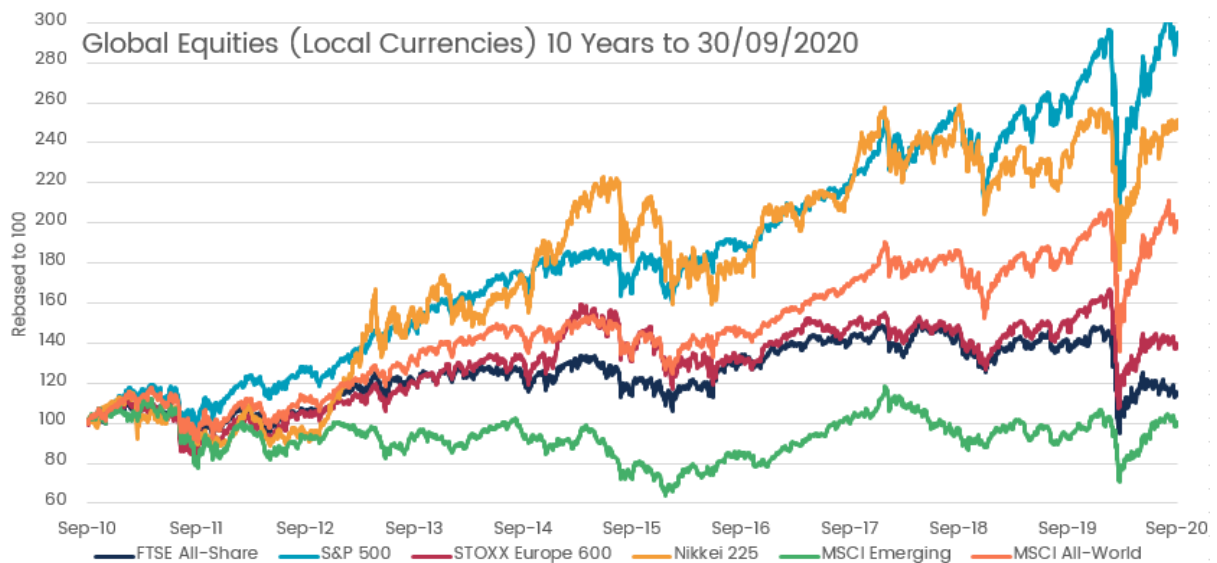


Source: - Bloomberg

Equities

As can be seen in Chart 9 below and in table 1 above, after a very strong second quarter, returns have been more muted in the 3rd quarter and in October equity market returns were negative as it became clear that the developed economies were heading into new Covid restrictions due to the increased infection rate. This was reversed in November partly because of the US election result but mainly because of the announcements on 2 of the vaccine candidates. This good news has also had the effect of widening out the equity market rally into sectors outside of technology. If the optimism on the vaccines can be confirmed then this could be the beginning of a broader based recovery in equity markets as economic activity becomes closer to what we were used to in the past. It could possibly go some way to reversing the underperformance of the value versus growth style of investment. This could especially benefit markets indices like the FTSE 100 and All-Share, which have a very low sector exposure to technology and a high exposure to financials, energy and resource sectors.

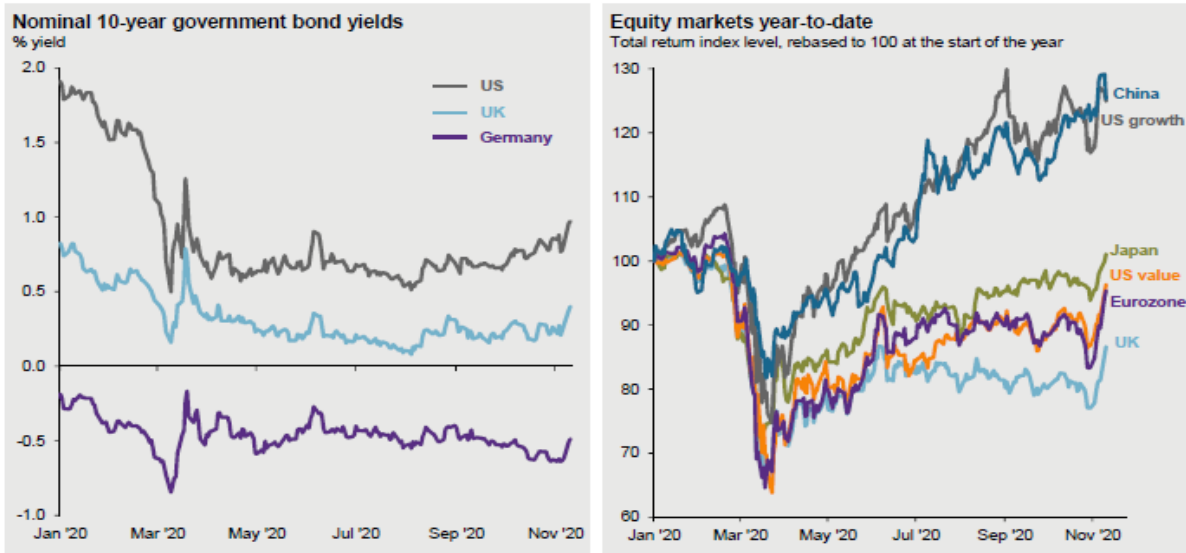
Chart 9: - Global equity indices, last 10 years.



Source: - Bloomberg

As chart 10 shows below the vaccine news has caused a reasonably significant swing the relative performance of government bonds and country equity indices with a lower weight to the technology sector.

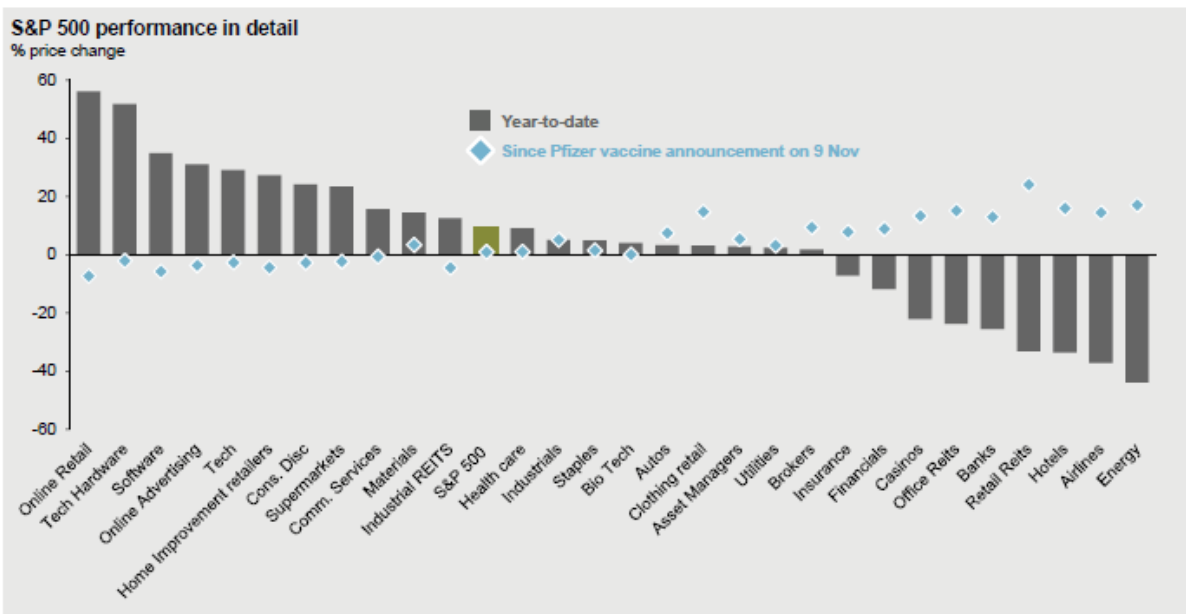
Chart 10: - Bond and equity market performance since the Pfizer announcement.



Source: (Left) Refinitiv Datastream, J.P. Morgan Asset Management. (Right) FTSE, IBES, MSCI, Refinitiv Datastream, Standard & Poor's, TOPIX, J.P. Morgan Asset Management. Indices used are: China: MSCI China eurozone: MSCI EMU; Japan: TOPIX; UK: FTSE 100; US growth: S&P 500 Growth; US value: S&P 500 Value. Past performance is not a reliable indicator of current and future results. Guide to the Markets – UK. Data as of 10 November 2020.

As mentioned last time the recovery in markets remains highly differentiated by sector. Chart 11 is for the US S&P 500, but it is a similar story for all other equity indices. While one swallow doesn't make a summer the rotation in performance since the Pfizer announcement has been significant, as shown by the blue diamond plots on chart 11.

Chart 11: - S&P 500 sector returns calendar year to date, and since the Pfizer announcement.



Source: Refinitiv Datastream, Standard & Poor's, J.P. Morgan Asset Management. Past performance is not a reliable indicator of current and future results. Data as of 10 November 2020.

GDP

Table 4 shows the consensus forecasts for GDP growth in calendar 2020 and 2021 and my expectations in August and November 2020.

Table 4: - GDP forecasts - Consensus versus Advisor expectations.

% CHANGE YOY									
	2020				2021				
	AUGUST		NOVEMBER		AUGUST		NOVEMBER		
	Consensus	AF	Consensus	AF	Consensus	AF	Consensus	AF	
US	-5.2	-6.0	-3.7	-4.0	4.0	4.0	3.8	4.0	
UK	-9.9	-10.0	-11.0	-11.0	6.4	6.4	4.7	5.0	
Japan	-5.3	-6.0	-5.5	-6.0	2.5	2.5	2.5	2.5	
EU 28	-7.8	-8.0	-7.3	-8.0	5.3	5.3	4.5	5.0	
China	2.1	2.5	2.0	2.5	7.8	8.0	7.9	8.0	
SE Asia	-3.6	-3.2	-4.4	-3.2	5.7	6.0	5.6	6.0	

Source: - Consensus Economics November 2020

As we get closer to the year end with more actual data available the estimates for 2020 growth should be reasonably close to the actual outcome we will see. The weakening of the November expectations relative to August in the UK reflects increased uncertainty on the UK/EU trade negotiations and the re-imposition of lockdowns in the north of England and probably the national lockdown imposed in November, but not the optimism generated by the vaccine news from Pfizer. The main message remains the same, weakness in 2020 followed by a rebound in 2021, with most economies still weaker at the end of 2021 than they were at the beginning of 2020.

The news on the leading vaccine candidates is good, but there are a number of milestones still to be reached. In the meantime, the pace of economic activity and recovery from the pandemic will be dependent upon the measures required to slow the infection rate.

China continues to recover strongly from the pandemic induced -10% first quarter of 2020. In the second quarter growth was revised higher to 11.7%, while third quarter growth was below expectations at 2.7%, the growth recovery has broadened out from manufacturing into personal consumption.

In the US, first quarter growth was confirmed at -5%, second quarter was revised slightly to -31.4% but remains the worst ever recorded. The third quarter advance estimate was 33.1%, this huge rebound was driven by personal consumption. Unlike in the UK and Europe where most of the government cash to support the economies was channelled through companies in the USA it was given directly to the unemployed and furloughed workforce. Over 12 months the US economy is about 11% smaller.

In the UK, the growth rate in the first quarter was revised down to -2.5% and second quarter 2020 growth was -19.8%. Like the US third quarter growth was bolstered by personal consumption as we

were encouraged to “eat out to help out” but the advance data only suggests a 15.5% growth rate. Over the year the UK economy is about 10% smaller.

The Japanese economy recovered by 5% in the third quarter, but second quarter growth was revised down to -8.2% leaving the economy nearly 6% smaller than it was 12 months ago.

In the Euro-area second quarter growth was revised slightly to -11.8%, but third quarter growth was a healthy 12.6%. This still leaves the economy about 4% smaller than it was 12 months ago.

Consumer Price Inflation

Table 5 shows the consensus forecasts for Consumer Price Inflation in calendar 2020 and 2021 and my expectations in August and November 2020.

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

% CHANGE YOY									
	2020				2021				
	AUGUST		NOVEMEBR		AUGUST		NOVEMBER		
	Consensus	AF	Consensus	AF	Consensus	AF	Consensus	AF	AF
US	0.8	0.7	1.2	0.7	1.7	1.6	2.0	1.8	1.8
UK	0.7	0.6	0.9	0.6	1.4	1.2	1.5	1.3	1.3
Japan	-0.1	-0.2	0.0	-0.2	0.2	0.0	0.0	0.0	0.0
EU 28	0.6	0.5	0.5	0.5	1.2	1.0	1.1	1.0	1.0
China	2.7	2.5	2.7	2.5	2.0	2.0	1.9	2.0	2.0
SE Asia	1.0	0.9	1.0	0.9	2.1	2.0	2.0	2.0	2.0

Source: - Consensus Economics November 2020

The consensus forecasts for inflation in calendar 2020 and 2021 have ticked up slightly, whereas most inflation prints have been lower than in the second quarter. Despite the recovery in activity energy prices have remained broadly unchanged. As I mention in my last report anecdotal evidence would suggest some service prices have been marked higher due to Covid induced capacity constraints but these are being more than offset elsewhere. I continue to expect inflation to be lower than the consensus forecasts for some time to come.

The annual rate of US headline inflation picked up to 1.4% in September, before falling back to 1.2% in October. Food, new vehicle and shelter prices were higher but energy prices along with most other goods were lower. Ex food and energy, core inflation also fell to an annual rate of 1.6%.

In September the UK headline inflation rate (CPIH) which includes housing costs was 0.7%, slightly higher than the 0.5% recorded in August, mainly due to the end of the “eat out to help out scheme”. Since January the annual rate of inflation has fallen by 1%. Core inflation which excludes food, energy, alcohol and tobacco in the UK, was also higher at 1.3% p.a.

The October “flash” report of inflation in the Euro Area remained at -0.3% p.a. and the core rate, which had been rising is now at a record low 0.2% down from 1.2% in March.

The Japanese inflation rate was unchanged in September and the core rate that excludes fresh food was -0.3% p.a.

4. The outlook for the securities markets

The underlying influences of monetary and fiscal policy support to plug the gap caused by the restrictions put in place to combat the covid pandemic remain in place. Recently markets have been concerned about the increased rate of infections but had taken some solace from the fact that mortality rates had not picked up at the same pace. These factors had kept all markets broadly stable at the current level but increasingly vulnerable to bad news.

This appears to have changed in November: First, with the election of Mr Biden as President, but just as importantly the failure of the Democrats to take control of the Senate and no real change in the House of Representatives. Domestically this reduces the chance of big corporate tax hikes and reduces the size of deficit funded infrastructure spending. It probably means more regulatory impact on “big Tech”, which could lead to anti-trust legislation, more competition and an end to the avoidance of taxation. On healthcare it should see the end of pressure to roll-back the Affordable care act, which should reduce the excessive profits of the healthcare sector in general and pharmaceutical companies in particular. On energy and climate change there could be a tightening of regulations and an end to the squeeze on the Environmental Protection Agency. Internationally there will still be tension between China and the USA, especially as China becomes both more important economically and in terms of its influence regionally, but there is likely to be change in the tone of the negotiations. The US is likely to re-join the Paris accord on climate change. This will bring the US back into line with most of the rest of the world on the action that needs to be taken.

While the taxation and spending issues should be a consideration mainly for the US economy and markets. The changes on the international stage are major reasons for optimism on global growth, trade and in particular the possibility of a more sustainable future, they should also go some way to reducing the headwind on the development of emerging markets.

Secondly, in the last couple of weeks the news on the efficacy of 3 of the 6 leading Covid vaccines, holds out the possibility of a return to a more normal life. In terms of markets it has widened out the price recovery to those sectors that were more impaired by lower global demand, travel restrictions and lockdowns. However, “we are only at the end of the beginning”. The new vaccines need to be produced in sufficient quantities, at a price that is affordable and they need to be distributed. As a result, there is still scope for disappointment in terms of availability, efficacy in the actual population and how long the protection lasts.

Notwithstanding, my last comments about the scope for disappointment in the medium term the news in November should be good for global sustainable equity and emerging markets and bad ultimately for developed market government bonds. Mainly because as the economy recovers the time until inflation rises and / or interest rates have to rise has become shorter.

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, over the next 3 and 12 months. They are not meant to be accurate point forecasts, more an indication of the possible direction of yields from November 2020.

Table 6: - Interest rate and Bond yield forecasts

%	CURRENT	JUNE 2021	DECEMBER 2021
UNITED STATES			
3month LIBOR	0.22	0.25	0.25
10 year bond yield	0.89	1.0	1.0
UNITED KINGDOM			
3month LIBOR	0.04	0.10	0.10
10 year bond yield	0.34	0.50	0.50
JAPAN			
3month LIBOR	-0.10	-0.10	-0.10
10 year bond yield	0.03	0.10	0.10
GERMANY			
3month EURIBOR	-0.54	-0.50	-0.50
10 year bond yield	-0.55	-0.25	-0.25

Source: - Bloomberg, Trading Economics; 13th November 2020

In August government bond yields achieved new “All Time Lows” as markets responded to the economic slowdown and the amount of bond buying that central banks continued to carry out. Almost all the new supply of bonds from the developed world’s governments have been bought by their respective central banks! However, since the end of the quarter yields have drifted higher and with the optimistic news on the efficacy of 2 of the potential vaccine candidates, UK and US 10 year government yields have increased by 50%. As can be seen in table 6 above they are still very low, but unless the optimism turns out to be misplaced, I believe we may have seen the nadir in government bond yields for this cycle. As I mentioned last time, I still expect interest rates and yields to remain low for 3 main reasons. Central banks are unlikely to increase rates until they are certain about the recovery, because inflation is likely to remain low and because they have given themselves more flexibility around the 2% target rate of Inflation. The vaccine may have shortened the period of near zero / zero rates, but I still do not expect central bank policy rates to change for the next 12 to 18 months. Over the long term I expect government bond yields to rise and there is the risk that yield curves could continue to steepen if inflation becomes more of a concern, but for now central banks will continue to do all they can to keep government yields around their current levels.

With a background of very low central bank policy rates and low refinancing costs, the extra yield spread for non-government bond and high yield bonds and loans remains attractive, but spreads have already narrowed significantly. As the global economy recovers, it is highly likely that the level of defaults in credit markets could increase, especially in those sectors of the economy that are more at

risk from the pace of recovery. Active management, dynamic asset allocation and security selection skills will now, more than ever will be the key to success for investment in this asset class.

Bond Market (Protection Assets) Recommendations

The total allocation to Protection assets in the strategic benchmark remains 18%. I continue to suggest that this is reduced to 16%, but whereas last quarter I would have used this money to increase the exposure to MAC in the Income asset portion of the Fund, I now believe it should be allocated to cash. MAC has had a good run and from here the spread may not compensate for the extra risk of default from high yield bonds and loans, equally UK gilt yields are negative out to around 5 years whereas cash yields are positive. Because non-government yield spreads have narrowed so much, I would also reduce the global corporate bond allocation from 1% overweight to neutral.

I believe this underweight recognises the value of owning protection assets against the risk of another sell off in growth assets, but it also reflects my view that government bonds will not provide as much protection as they have done in the past at these extremely low levels of yield and increasing the level of cash gives the Fund more flexibility.

As usual 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 show that there very little income protection even for small increases in yield at current durations and spreads.

Table 7: - Total returns from representative bond indices

INDEX	YIELD TO MATURITY %	DURATION	YIELD INCREASE %	% TOTAL RETURN, HOLDING PERIOD	
				3 MONTH	12 MONTHS
All Stock Gilts	0.49	13.2	0.5	-6.5	-6.1
All Stock Linkers	-2.36	17.7	0.5	-8.8	-8.6
Global IG Corporate	1.51	7.3	0.5	-3.3	-2.1
Global High Yield	5.08	3.7	0.5	-0.6	+3.2

Source: - ICE Indices 14th November 2020

In terms of the allocation to index linked gilts I would prefer to remain 2% underweight UK linkers with a 2% allocation to US TIPS. TIPS have continued to outperform index linked gilts partly because of their higher yield but also because this market is not subject to the potential change of inflation indexation. UK Linkers remain overvalued relative to UK gilts and UK inflationary expectations. The consultation on the change to CPIH from RPI indexation closed in August and the chancellor is expected to announce what changes he wishes to make on 25th November 2020. At the

moment the Linker market has only priced in about 50% of the change in the market valuation, but Linkers continue to underperform conventional gilts and the yield curve continues to steepen. As I mentioned last time, asset managers lobbied for compensation for the change, but Corporate Pension Fund trustees with RPI liabilities appear much more relaxed about the change. Broadly speaking there is an increasing consensus that the Chancellor will endorse the change without compensation to bond holders.

Equity Markets

Table 8 below, shows the dividend yield for 2020 and the earnings growth and price / earnings ratio estimates, for 2020 and 2021 provided by Citi Research.

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

COUNTRY	DIVIDEND YIELD %	EARNINGS GROWTH		PRICE/EARNINGS RATIO	
	2020	2020	2021	2020	2021
FORECAST PERIOD					
United Kingdom	3.9	-38.3	39.3	17.6	13.1
United States	1.7	-14.5	23.5	26.3	21.3
Europe ex UK	2.7	-32.1	37.6	21.8	16.4
Japan	2.3	-16.1	30.1	21.4	16.6

Source: - Citi Research, Global Equity Strategist, October 2020

Citi research have again tweaked their expectations for dividends and earnings. Despite high profile announcements of passed and lower dividends, the dividend yield in the UK has not changed. Whereas yields have fallen in other regions, probably because of the better performance of the respective indices. Dividends are an important source of return and while not guaranteed like coupons on bonds, at these levels they are multiples higher than the yield on government bonds.

Earnings growth has been revised higher in the USA and lower elsewhere. If these growth rates are realised then earnings will be 5% higher in the US and 9% higher in Japan at the end of 2021 than they were at the start of 2020 but in UK and Europe earnings will be 14% and 6% lower. This seems a bit pessimistic for the UK and Europe and would suggest a continuation of the tech/growth rally and dispersion with value/old economy stocks. It also takes no account in my opinion of the fundamental valuation characteristics of companies.

In the last couple of weeks, the US election result with its potential for lower increases (if any) in US corporate taxes and the optimism around efficient vaccines has reignited a market that was looking a bit detached from reality. The news on the vaccines has also triggered interest in those sectors that

have lagged the rally since April, causing a rotation in the performance of growth and value sectors of the market. This could prove to be short lived but if the vaccines do work as efficiently as the latest trial results suggest the main beneficiaries could be the country indices and sectors of the market that have been left behind.

Equity Market (Growth Assets), Recommendations

The new Investment Strategy Statement which along with the Climate Strategy and the Responsible Investment Framework were adopted by the PFC in November, will lead to some significant changes in the way in which the Fund's Growth Assets are managed. Because the changes are so significant it has been agreed that the new strategic benchmark should be phased in over time, with an interim benchmark coming into effect 1st January 2021. The final change to the new strategic benchmark is expected to take place on 1st January 2022. I have used the interim benchmark as set out in table 9 below when making my recommendations on the allocation of growth assets.

Overall Growth assets are being reduced by 1% and this asset class change is being used to increase exposure to income assets and will be allocated to infrastructure. Within the growth asset class, the main changes are to move from a regional country based allocation to a global sustainable based allocation. The in-house team have been keen to enhance the growth, performance and diversification characteristics of the new benchmark and to incorporate the climate strategy and the responsible investment framework without sacrificing potential risk adjusted returns.

The quanta of the changes are so large that I would not suggest trying to overweight or underweight any particular country versus another. The capacity and speed of entry into global sustainable will probably be the governor on the pace of the reallocation. Having said that I would start by selling the most expensive country allocations 1st, which for me would be a phased and executed in this order; North America, Europe, Asia Pac and finally the UK. This fits with my opinions expressed above about fundamental valuations and the possibility of a rotation from tech heavy indices to the rest of the economy as the activity broadens with the rollout of vaccination.

Income Assets

The allocation to income assets has been increased from 23% to 24%, funded by a reduction in the growth assets. The extra money will be used to increase the exposure to Infrastructure. Because of the nature of the investment process and the time taken to get invested I would recommend that commitment to new fund or increasing the current commitments if possible, should be considered as soon as reasonably possible.

In my last report I suggested being overweight MAC funded from Gilts. However, the spread available from high yield bonds and loans is not as attractive as it was before so I would recommend a neutral allocation at this current time.

I continue to believe Property should remain neutral overall, but over the next couple of years, I believe the uncertainty over the future use of buildings created by Covid has increased the potential volatility of the returns from this asset class. Certain types of building may need to be re-purposed, at a minimum property could see a medium term downward re-rating and the lower income generated by rents that could have an impact beyond the short term. As a long term investor, the Fund can afford to

“look through” the volatility and in a low yield environment, property probably remains an attractive income asset class.

As noted above in “protection assets” I would suggest a 2% overweight to cash from Gilts because of the extremely low yield and high duration risk currently attached to the asset class. At the end of October, the Fund was holding 6.1% in cash, however more than 3% of this figure is already promised for future private market investments. Given the amount of change the Fund is about to transact a higher cash balance is probably a good idea.

The asset allocation set out in table 9 below, shows the old strategic benchmark allocations for the Derbyshire Pension Fund and my suggested relative weights as of 17th August 2020. The Interim Benchmark and my suggested asset allocation weights relative to this benchmark as of the 13th November 2020. These allocations 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 by the In-house Team and their investment managers to find correctly priced assets for inclusion in the Fund.

Table 9: - Recommended asset allocation against the Strategic Benchmark.

The 2 righthand columns set out the interim benchmark allocations that comes into effect on the 1st January 2021 and my recommended allocations.

% ASSET CATEGORY	DERBYSHIRE STRATEGIC WEIGHT 1 ST JANUARY 2019	ANTHONY FLETCHER 17 TH AUGUST 2020	DERBYSHIRE STRATEGIC WEIGHT 1 ST JANUARY 2021	ANTHONY FLETCHER 13 TH NOVEMBER 2020
	Growth Assets	57	0	56
UK Equity	16	0	14	0
Overseas Equity	41	0	42	0
North America	12	0	6	0
Europe ex UK	8	0	4	0
Japan	5	0	5	0
Pacific ex Japan	4	0	2	0
Emerging markets	5	0	5	0
Global Sustainable	3	0	16	0
Private Equity	4	0	4	0
Income Assets	23	+2	24	0
Property	9	0	9	0
Infrastructure	8	0	9	0
Multi-asset Credit	6	+2	6	0
Protection Assets	18	-2	18	-2
Conventional Gilts	6	-3	6	-2
UK index Linked	6	-2	6	-2
US TIPS	0	+2	0	+2
UK corporate bond	6	+1	6	0
Cash	2	0	2	+2

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Appendix

References

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

- Derbyshire Pension Fund, PEL performance services
- Citi Research,
- FTSE, Citigroup, IPD, Barclay's Global and ICE Indices
- Kames, Blackrock, 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, Wall Street Journal, New York Times, Washington Post



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Appendix 2
Investment Portfolio Valuation
October 2020

DERBYSHIRE PENSION FUND

	Neutral	Permitted Range	DCC 31/10/2020 £m	DCC 31/10/2020 %
Growth Assets	57.0%	+/- 8%	2905.4	55.7%
UK	16.0%	+/- 4%	800.1	15.4%
US	12.0%	+/- 4%	590.7	11.3%
Europe	8.0%	+/- 3%	383.2	7.4%
Japan	5.0%	+/- 2%	309.3	5.9%
Pacific (ex Japan)	4.0%	+/- 2%	203.5	3.9%
Emerging Markets	5.0%	+/- 2%	258.1	5.0%
Global Sustainable	3.0%	+/- 2%	180.3	3.5%
Private Equity	4.0%	+/- 2%	180.2	3.5%
Income Assets	23.0%	+/- 6%	1080.1	20.7%
Infrastructure	8.0%	+/- 3%	351.3	6.7%
Property	9.0%	+/- 3%	407.7	7.8%
Direct	5.0%		233.0	4.5%
Indirect	4.0%		174.8	3.4%
Multi-Asset Credit	6.0%	+/- 2%	321.2	6.2%
Protection Assets	18.0%	+/- 5%	905.8	17.4%
Government	6.0%	+/- 2%	266.6	5.1%
UK			219.9	
Overseas			46.7	
Index Linked	6.0%	+/- 2%	312.5	6.0%
UK				
Overseas				
Non Government	6.0%	+/- 2%	326.7	6.3%
Cash	2.0%	+/- 8%	318.5	6.1%
LGPSC Regulatory Capital	0.0%		2.0	0.0%
Total	100.0%		5211.9	100.0%

DERBYSHIRE PENSION FUND
OCTOBER 2020 PORTFOLIO VALUATION - BID

UK EQUITIES	Company name	Number held	Mkt price in local currency	Mkt Price GBP	Value in Sterling £
UK EQUITIES FUND					
LGIM UK EQUITY INDEX FUND					
UK EQUITIES FUND	LGIM UK EQUITY INDEX FUND	66,892,287.10	11.10	11.10	742,531,144
UK EQUITIES TOTAL					742,531,144

DERBYSHIRE PENSION FUND
 OCTOBER 2020 PORTFOLIO VALUATION - BID
 NEW SECTORS
 UK EQUITIES

Sector	Company Name	Number held	Mkt Price Pence	Total £
EQUITY INVESTMENT COMPANIES				
UK Investment Co's	ABERFORTH SML 1P	939,000	866.00	8,131,740
UK Investment Co's	BLACKROCK SMALLER COMPANIES TRUST PLC	830,000	1292.00	10,723,600
UK Investment Co's	MONTANARO UK SMALLER CO'S 10P	11,996,285	120.50	14,455,523
UK Investment Co's	RIVER & MERCANTILE UK MICRO	2,902,170	157.00	4,556,407
UK Investment Co's	STRATHDON INVESTMENTS PLC	20	1000.00	20,000
UK Equity Investment Companies Total				37,887,270
UNIT TRUSTS & OEICs				
UK Unit Trusts	LIONTRUST UK SMALLER COMPANIES FUND1	1,201,544.47	1634.50	19,639,244
UK Unit Trusts & OEICs Total				19,639,244
TOTAL UNITED KINGDOM				57,526,515

DERBYSHIRE PENSION FUND					
OCTOBER 2020 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	BP PLC-SPONS ADR	57145	15.47	11.95	682,650
US Oil & Gas	CHEVRON CORP	32814	69.52	53.68	1,761,565
US Oil & Gas	CONCHO RESOURCES INC	14114	41.48	32.03	452,084
US Oil & Gas	DIAMONDBACK ENERGY INC	16685	25.96	20.05	334,473
US Oil & Gas	EOG RESOURCES INC	64191	34.23	26.43	1,696,723
US Oil & Gas	EXXON MOBILE CORP	68225	32.66	25.22	1,720,638
US Oil & Gas	MARATHON PETROLEUM CORP	59498	29.48	22.76	1,354,440
US Oil & Gas	PIONEER NATURAL RESOURCES CO	8691	79.55	61.43	533,875
US Oil & Gas	ROYAL DUTCH SHELL ADR-A	69475	25.55	19.73	1,370,722
US Oil & Gas	ROYAL DUTCH SHELL ADR-B	36512	24.15	18.65	680,899
US Oil & Gas Producers Total					10,588,068
OIL & GAS SERVICES					
US Oil & Gas Services	SCHLUMBERGER LTD	72724	14.93	11.53	838,431
US Forestry & Paper Total					838,431
CHEMICALS					
US Chemicals	CABOT CORP	52645	38.01	29.35	1,545,200
US Chemicals	CELANESE CORP	23009	113.51	87.65	2,016,795
US Chemicals	FMC CORP	29242	102.74	79.34	2,319,938
US Chemicals	INGEVITY CORP	22124	54.88	42.38	937,578
US Chemicals	LINDE PLC	22724	220.20	170.04	3,863,954
US Chemicals	PPG INDUSTRIES INC	32379	129.68	100.14	3,242,397
US Chemicals Total					13,925,862
INDUSTRIAL METALS					
US Industrial Metals	LIVENT CORP	42162	10.75	8.30	349,993
US Industrial Metals Total					349,993
AEROSPACE					
US Aero defence	BOEING CO/THE	13557	144.30	111.43	1,510,636
US Aero defence	LOCKHEED MARTIN CORP COM	22024	350.13	270.37	5,954,637
US Aero defence	RAYTHEON TECHNOLOGIES CORP	88007	54.32	41.95	3,691,533
US Aerospace Total					11,156,806
GENERAL INDUSTRIAL					
US Div Ind	BALL CORP	42521	89.00	68.73	2,922,290
US Div Ind	CURTISS-WRIGHT CORP	14045	84.36	65.14	914,931
US Div Ind	DANAHER CORP	34047	229.31	177.07	6,028,811
US Div Ind	DYCOM INDUSTRIES INC	26688	64.96	50.16	1,338,726
US Div Ind	HONEYWELL INTERNATIONAL INC	39784	165.03	127.44	5,069,920
US Div Ind	INGERSOLL-RAND PLC	126286	34.93	26.97	3,406,305
US Div Ind	INGERSOLL-RAND PLC	126286	34.93	26.97	3,406,305
US Div Ind	KENNAMETAL INC	49780	30.97	23.92	1,190,490
US Div Ind	MERITOR INC	14689	24.33	18.79	275,971
US Div Ind	REXNORD CORP	61186	32.08	24.77	1,515,710
US Div Ind	STANLEY BLACK & DECKER INC	8108	166.27	128.39	1,041,016
US Div Ind	TRANE TECHNOLOGIES PLC	26134	132.75	102.51	2,678,985
US Div Ind	TRITON INTERNATIONAL LTD/BER	28181	36.88	28.48	802,559
US Div Ind	WABTEC CORP	35503	59.29	45.78	1,625,460
US General Industrial Total					32,217,481
ELECTRONIC EQUIPMENT					
US Electricity	3M CO	7876	159.95	123.51	972,791

US Electricity	FORTIVE CORP	72977	61.57	47.54	3,469,644
US Electricity	GENERAL ELECTRIC CO	184636	7.42	5.73	1,057,913
US Electricity	NVENT ELECTRIC PLC	68639	18.07	13.95	957,765
US Electronic Equipment Total					6,458,114
INDUSTRIAL TRANSPORT					
US Transportation	FEDEX CORP	22228	259.39	200.30	4,452,290
US Transportation	HUNT (JB) TRANSPORT SERVICES	8006	121.57	93.88	751,574
US Transportation	KNIGHT-SWIFT TRANSPORTATION	23135	37.99	29.34	678,686
US Transportation	UBER TECHNOLOGIES INC	63230	33.41	25.80	1,631,284
US Industrial Transport Total					7,513,833
SUPPORT SERVICES					
US Support Services	GENPACT LTD	58709	34.37	26.54	1,558,167
US Support Services	TRANSUNION	5159	79.66	61.51	317,348
US Support Services	TRINET GROUP INC	38219	68.91	53.21	2,033,721
US Support Services Total					3,909,236
FOOD PRODUCTION/PROCESS					
US Food Prod & Process	LAMB WESTON HOLDINGS INC	22224	63.47	49.01	1,089,232
US Food Prod & Process	MONDELEZ INTERNATIONAL INC-A	177446	53.20	41.08	7,289,666
US Food Production & Processing Total					8,378,899
PERSONAL GOODS					
US Personal Care / Hc	DR HORTON INC	37029	66.81	51.59	1,910,351
US Personal Care / Hc	ESTEE LAUDER COMPANIES-CL A	24740	219.65	169.61	4,196,244
US Personal Care / Hc	LENNAR CORP-A	29568	70.23	54.23	1,603,520
US Personal Care / Hc	PROCTOR & GAMBLE CO/THE	124708	137.07	105.85	13,199,775
US Personal Goods Total					20,909,890
HEALTHCARE EQUIPMENT & SERVICES					
US Healthcare Equipm	ANTHEM INC	15459	272.80	210.66	3,256,534
US Healthcare Equipm	BOSTON SCIENTIFIC CORP	155899	34.25	26.45	4,123,193
US Healthcare Equipm	CENTENE CORP	36192	59.00	45.56	1,648,900
US Healthcare Equipm	EDWARDS LIFESCIENCES CORP	43977	71.69	55.36	2,434,524
US Healthcare Equipm	HCA HOLDINGS INC	19079	123.97	95.73	1,826,426
US Healthcare Equipm	INTUITIVE SURGICAL INC	6055	667.45	515.40	3,120,777
US Healthcare Equipm	LABORATORY CRP OF AMER HLDGS	8428	199.77	154.26	1,300,123
US Healthcare Equipm	MCKESSON CORP	12780	147.49	113.89	1,455,537
US Healthcare Equipm	QUEST DIAGNOSTICS INC	12432	122.10	94.29	1,172,159
US Healthcare Equipment & Services Total					20,338,172
PHARMACEUTICAL, BIOTECH					
US Pharm, Biotech	89BIO INC	14400	23.16	17.88	257,532
US Healthcare	AGILIENT TECHNOLOGIES INC	39709	102.08	78.83	3,130,109
US Healthcare	AKERO THERAPEUTICS INC	11544	26.46	20.43	235,872
US Healthcare	AKOIOS INC	14500	19.49	15.05	218,228
US Healthcare	ALNYLAM PHARMACEUTICALS INC	2766	122.97	94.96	262,652
US Healthcare	APELLIS PHARMACEUTICALS INC	11936	31.90	24.63	294,022
US Pharm, Biotech	ASSEMBLY BIOSCIENCES INC	7199	14.74	11.38	81,941
US Pharm, Biotech	ATRECA INC-A	14307	13.36	10.32	147,599
US Pharm, Biotech	ASTRAZENECA PLC-SPONS ADR	109168	50.16	38.73	4,228,464
US Pharm, Biotech	AVIDITY BIOSCIENCES INC	23400	24.54	18.95	443,425
US Healthcare	BAXTER INTERNATIONAL INC	65287	77.57	59.90	3,910,662
US Healthcare	BIOHAVEN PHARMACEUTICAL HOLD	29879	77.46	59.81	1,787,201
US Healthcare	BLACK DIAMOND THERAPEUTICS I	19600	31.51	24.33	476,908
US Healthcare	BLUEBIRD BIO INC	3300	51.71	39.93	131,771
US Healthcare	BRISTOL-MYERS SQUIBB CO	102671	58.46	45.14	4,634,858
US Healthcare	CONSTELLATION PHARMACEUTICAL	8700	19.61	15.14	131,743
US Pharm, Biotech	ELI LILLY & CO	53360	130.44	100.73	5,374,727
US Pharm, Biotech	EXACT SCIENCES CORP	14778	123.74	95.55	1,412,068
US Pharm, Biotech	FORMA THERAPEUTICS HOLDINGS	24400	43.09	33.27	811,888
US Pharm, Biotech	GENERATION BIO US	20500	25.72	19.86	407,150
US Pharm, Biotech	GLOBAL BLOOD THERAPEUTICS IN	7301	52.88	40.83	298,129

US Pharm, Biotech	GLYCOMIMETICS INC	27466	2.81	2.17	59,598
US Pharm, Biotech	G1 THERAPEUTICS INC	16294	10.99	8.49	138,279
US Pharm, Biotech	ILLUMINA INC	6772	292.69	226.02	1,530,575
US Pharm, Biotech	IMMUNOGEN INC	56400	5.65	4.36	246,069
US Pharm, Biotech	INCYTE CORP	5144	86.77	67.00	344,668
US Pharm, Biotech	KODIAK SCIENCES INC	5300	90.81	70.12	371,654
US Healthcare	LEGEND BIOTECH CORP-ADR	16100	25.86	19.97	321,502
US Healthcare	MADRIGAL PHARMACEUTICALS INC	3519	127.17	98.20	345,568
US Healthcare	MERCK & CO. INC.	85137	75.20	58.07	4,943,858
US Healthcare	MIRATI THERAPEUTICS INC	2611	216.47	167.16	436,450
US Healthcare	ODONATE THERAPEUTICS INC	19063	14.35	11.08	211,238
US Healthcare	OYSTER POINT PHARMA INC	10107	19.69	15.20	153,673
US Pharm, Biotech	PFIZER INC	270619	35.48	27.40	7,414,326
US Pharm, Biotech	PPD INC	87307	32.82	25.34	2,212,674
US Pharm, Biotech	REATA PHARMACEUTICALS INC-A	1782	116.85	90.23	160,793
US Pharm, Biotech	REGENERON PHARMACEUTICALS	1967	543.69	419.84	825,820
US Pharm, Biotech	REVOLUTION MEDICINES INC	10100	30.19	23.31	235,458
US Pharm, Biotech	RIGEL PHARMACEUTICALS INC	37337	2.48	1.92	71,502
US Pharm, Biotech	ROYALTY PHARMA PLC-CL A	22525	36.69	28.33	638,179
US Pharm, Biotech	SEATTLE GENETICS INC	5698	166.79	128.80	733,875
US Pharm, Biotech	SYNDAX PHARMACEUTICALS	28834	17.41	13.44	387,644
US Pharm, Biotech	TCR2 THERAPEUTICS INC	15600	19.67	15.19	236,951
US Pharm, Biotech	TRICIDA INC	15035	5.62	4.34	65,248
US Pharm, Biotech	TURNING POINT THERAPEUTICS I	5160	92.18	71.18	367,296
US Pharm, Biotech	UROGEN PHARMA LTD	10204	22.52	17.39	177,447
US Healthcare	VERTEX PHARMACEUTICALS INC	4591	208.36	160.90	738,672
US Healthcare	WAVE LIFE SCIENCES LTD	11951	7.08	5.47	65,338
US Healthcare	UNITEDHEALTH GROUP INC	27172	305.14	235.63	6,402,514
US Pharmaceutical, Biotech Total					58,513,818
FOOD RETAIL					
US Retail Food & Drug	HOUGHTON MIFFLIN HARCOURT CO	102894	2.60	2.01	206,582
US Retail Food & Drug	HYATT HOTELS CORP-CL A	36302	55.13	42.57	1,545,426
US Retail Food & Drug	LAS VEGAS SANDS CORP	50320	48.07	37.12	1,867,861
US Retail Food & Drug	MCDONALD'S CORP	87354	212.94	164.43	14,363,816
US Retail Food & Drug	PERFORMANCE FOOD GROUP CORP	79188	33.56	25.92	2,052,160
US Retail Food & Drug	SYSCO CORP	70478	55.31	42.71	3,010,142
US Food Retail Total					23,045,988
RETAILERS - GENERAL					
US Retailers Gen	AMAZON.COM INC	13487	3,036.14	2,344.51	31,620,370
US Retailers Gen	AUTOZONE INC	1666	1,128.98	871.80	1,452,416
US Retailers Gen	BOOKING HOLDINGS INC	1899	1,622.50	1,252.89	2,379,247
US Retailers Gen	DOLLAR GENERAL CORP	27103	208.74	161.19	4,368,706
US Retailers Gen	LOWE'S COS INC	50573	157.98	121.99	6,169,509
US Retailers Gen	TJX COMPANIES INC	146970	50.78	39.21	5,763,034
US Retailers - General Total					51,753,282
MEDIA					
US Media & Photo	CHARTER COMMUNICATIONS INC-A	23152	603.81	466.26	10,794,900
US Media & Photo	ELECTRONIC ARTS INC	35491	119.69	92.42	3,280,242
US Media & Photo	FACEBOOK INC	64843	263.50	203.47	13,193,910
US Media & Photo	MATCH GROUP INC	32712	116.86	90.24	2,951,908
US Media & Photo	NETFLIX INC	19941	475.79	367.41	7,326,424
US Media & Photo	NEW YORK TIMES CO-A	27067	39.66	30.63	828,939
US Media & Photo	OMNICOM GROUP	100428	47.20	36.45	3,660,384
US Media & Photo	SNAP INC-A	148580	39.37	30.40	4,517,057
US Media & Photo	TWITTER INC	65972	41.35	31.93	2,106,517
US Media & Photo	WALT DISNEY COMPANY	8392	121.21	93.60	785,477
US Media Total					49,445,758
TRAVEL & LEISURE					
US Hotels Leisure	JETBLUE AIRWAYS CORP	85165	11.97	9.24	787,200

US Travel & Leisure Total					787,200
TELECOMS					
Telecoms	T-MOBILE US INC	19417	109.58	84.62	1,643,021
US Telecoms Total					1,643,021
ELECTRICITY					
US Electricity	DUKE ENERGY CORP	86344	92.11	71.13	6,141,419
US Electricity	EDISON INTERNATIONAL	85199	56.05	43.28	3,687,567
US Electricity	EXELON CORP	139027	39.93	30.83	4,286,751
US Electricity	FIRSTENERGY CORP	206086	29.72	22.95	4,729,629
US Electricity	SOUTHERN CO/THE	17186	57.45	44.36	762,421
US Electricity Total					19,607,787
BANKS, RETAIL					
US Banks Retail	JPMORGAN CHASE & CO	153905	98.00	75.68	11,646,853
US Banks - Retail Total					11,646,853
NON-LIFE INSURANCE					
US Insurance	AMERICAN INTERNATIONAL GROUP	104351	31.48	24.31	2,536,653
US Insurance	ASSURANT INC	33645	124.35	96.02	3,230,696
US Insurance	ASSURED GUARANTY LTD	79000	25.52	19.71	1,556,817
US Insurance	ATHENE HOLDING LTD-CLASS A	63511	32.07	24.76	1,572,815
US Insurance	CHUBB LTD	26406	129.96	100.36	2,649,977
US Insurance	HARTFORD FINANCIAL SVCS GRP	77491	38.50	29.73	2,303,784
US Insurance	MARSH & MCLENNAN COS INC COM	13624	103.43	79.87	1,088,130
US Insurance	PROGRESSIVE CORP	27751	91.86	70.93	1,968,498
US Insurance	RENAISSANCERE HOLDINGS LTD	6354	161.69	124.86	793,341
US Insurance	TRUPANION INC	38534	71.54	55.24	2,128,741
US Non-Life Insurance Total					19,829,454
REAL ESTATE					
US Real Estate	AMERICAN TOWER CORP	31691	229.71	177.38	5,621,415
US Real Estate	ALEXANDRIA REAL ESTATE EQUIT	24890	151.52	117.00	2,912,223
US Real Estate	DOUGLAS EMMETT INC	73570	23.59	18.22	1,340,166
US Real Estate	EQUINIX INC	10303	729.71	563.48	5,805,556
US Real Estate	SUN COMMUNITIES INC	6563	137.75	106.37	698,110
US Real Estate Total					16,377,469
GENERAL FINANCIAL					
US Special Finance	AMERICAN EXPRESS CO	22392	91.25	70.46	1,577,813
US Special Finance	ARES MANAGEMENT CORP - A	98817	42.27	32.64	3,225,475
US Special Finance	CHARLES SCHWAB CORP	203634	41.12	31.75	6,465,963
US Special Finance	EQUITABLE HOLDINGS INC	153133	21.48	16.59	2,539,995
US Special Finance	THE BLACKSTONE GROUP INC-A	65944	50.41	38.93	2,566,976
US Special Finance	EQUIFAX INC	3391	136.59	105.47	357,665
US Special Finance	FLEETCOR TECHNOLOGIES INC	16591	220.92	170.59	2,830,332
US Special Finance	GLOBAL PAYMENTS INC	64736	157.74	121.81	7,885,287
US Special Finance	HAMILTON LANE INC-CLASS A	38398	69.71	53.83	2,066,967
US Special Finance	IHS MARKIT LTD	105477	80.87	62.45	6,586,808
US Special Finance	LPL FINANCIAL HOLDINGS	41520	79.99	61.77	2,564,619
US Special Finance	ONEMAIN HOLDINGS INC	49153	34.89	26.94	1,324,283
US Special Finance	PAYPAL HOLDINGS INC	34020	186.20	143.78	4,891,519
US Special Finance	REINVENT TECHNOLOGY PARTNERS	60430	10.74	8.29	501,172
US Special Finance	S&P GLOBAL INC	15951	322.73	249.21	3,975,182
US Special Finance	STEPSTONE GROUP INC-CLASS A	69446	25.70	19.85	1,378,193
US Special Finance	THERAPEUTICS ACQUISITION-A	37100	12.60	9.73	360,973
US Special Finance	VISA INC CL A SHS	36250	181.83	140.41	5,089,831
US Special Finance	VOYA FINANCIAL INC	39509	47.93	37.01	1,462,289
US Special Finance	WEX INC	10373	126.57	97.74	1,013,830

US General Financial Total					58,665,172
SOFTWARE					
US Software & Comp	ADOBE SYSTEMS INC	7371	447.10	345.25	2,544,842
US Software & Comp	ALPHABET INC - CL A SHARES	22238	1,616.26	1,248.08	27,754,713
US Software & Comp	GODADDY INC - CLASS A	49700	70.71	54.60	2,713,732
US Software & Comp	GUIDEWIRE SOFTWARE INC	12436	96.11	74.22	922,952
US Software & Comp	MICROSOFT CORP	197957	202.52	156.39	30,957,692
US Software & Comp	Q2 HOLDINGS INC	20223	91.23	70.45	1,424,666
US Software & Comp	SALESFORCE.COM INC	33030	232.29	179.37	5,924,734
US Software & Comp	SCIENCE APPLICATIONS INTERNATIONA	16797	76.35	58.96	990,309
US Software & Comp	SERVICENOW INC	6041	498.06	384.60	2,323,380
US Software & Comp	SHOPIFY INC-CLASS A	3517	925.43	714.62	2,513,308
US Software & Comp	SLACK TECHNOLOGIES INC-CL A	19727	25.57	19.75	389,513
US Software & Comp	SNOWFLAKE INC-CLASS A	903	249.82	192.91	174,199
US Software & Comp	SPLUNK INC	7199	198.04	152.93	1,100,918
US Software & Comp	SPOTIFY TECHNOLOGY SA	10200	239.87	185.23	1,889,322
US Software & Comp	WORKDAY INC-CLASS A	12479	210.15	162.28	2,025,065
US Software Total					83,649,346
TECHNOLOGY HARDWARE					
US IT Hardware	ADVANCED MICRO DEVICES	93743	75.29	58.14	5,450,118
US IT Hardware	APPLE INC	352032	108.89	84.08	29,600,561
US IT Hardware	KLA-TENCOR CORP	12591	197.17	152.25	1,917,039
US IT Hardware	LATTICE SEMICONDUCTOR CORP	125127	34.89	26.94	3,371,179
US IT Hardware	MARVELL TECHNOLOGY GROUP LTD	145947	37.50	28.96	4,226,260
US IT Hardware	MICRON TECHNOLOGY INC	110878	50.37	38.90	4,312,679
US IT Hardware	TAIWAN SEMICONDUCTOR-SP ADR	44023	83.87	64.76	2,851,124
US IT Hardware	TERADYNE INC	32189	87.86	67.85	2,183,879
US IT Hardware	TEXAS INSTRUMENTS INC	40393	144.62	111.68	4,510,911
US IT Hardware	VONTIER CORP	33445	28.74	22.19	742,246
US Technology Hardware Total					59,165,995
TOTAL UNITED STATES					590,715,928

DERBYSHIRE PENSION FUND
OCTOBER 2020 PORTFOLIO VALUATION - BID

EUROPEAN EQUITIES	Company name	Number held	Mkt price in local currency	Mkt Price GBP	Value in Sterling £
EUROPEAN PASSIVE TRACKER FUND EUROPEAN	UBS LIFE EUROPE EX-UK EQUITY TRACKER	117,081,248	327.31	3.27	383,218,632
EUROPEAN EQUITIES TOTAL					383,218,632

DERBYSHIRE PENSION FUND
OCTOBER 2020 PORTFOLIO VALUATION - BID

OTHER EQUITIES	Number held	Mkt price in local currency	Mkt Price GBP	Value in Sterling £
Company name				
JAPAN				
Investment Companies				
Japan CC Japan Income & Growth Trust	5,000,000	117.00	117.00	5,850,000
Japan JPMF japs smoc	2,109,500	516.00	516.00	10,885,020
J Investment Companies Total				16,735,020
Unit Trusts & OEICs				
Japan Baillie Gifford OGF - Japanese B Acc Shares	4,525,748.64	1,867.00	1,867.00	84,495,727
Japan Barings Jap Growth Trst-IGBA	5,282,832.62	257.90	257.90	13,624,425
Japan Invesco Japan FD-UKNTACC	4,585,235.50	174.66	174.66	8,008,572
Japan JPMorgan Jap Fd A Acc	3,000,000.00	643.10	643.10	19,293,000
Japan Schroder UT Tokyo Ac	11,000,000.00	341.80	341.80	37,598,000
J Unit Trusts Total				163,019,725
Life Policies				
International LGIM Japan Equity Index Fund	37,099,421.500	2.06	2.06	76,299,041
International Life Policies				76,299,041
Investment Entities				
Japan Aberdeen Global - JAP Smaller Cos Fund D£	1,662,639.78	12.62	12.62	20,979,355
Japan JO Hambro - Japan Fd GBP-A	15,000,000.00	2.15	2.15	32,250,000
J Investment Entities Total				53,229,355
JAPAN TOTAL				309,283,141
OTHER ASIA				
Investment Companies				
Asian ABERDEEN ASIAN INCOME FUND ORDS	2,810,000	189.50	189.50	5,324,950
Asian ASIA DRAGON TRUST 20P	3,192,800	450.00	450.00	14,367,600
OA Investment Companies Total				19,692,550
Unit Trusts & OEICs				
Asian Stewart Investors Asia Pacific & Japan Sustainabil	5,250,000	1,593.94	1,593.94	83,681,850
Asian JPMorgan Asia Fund A Ac	20,000,000	286.50	286.50	57,300,000
Asian Schroder Instl PAC Fd Ac	2,000,000	1,563.00	1,563.00	31,260,000
OA Unit Trusts Total				172,241,850
Investment Entities				
Asian Barings Australia Fund-IUSDA \$	109,543.282	137.31	106.03	11,614,960
OA Investment Entities Total				11,614,960
OTHER ASIA TOTAL				203,549,360
EMERGING MARKETS				
Investment Companies				
International BLACKROCK FRONTIERS INV TRUST	2,950,000	96.40	96.40	2,843,800
International JP Morgan EMER IT25P	1,033,000	1,156.00	1,156.00	11,941,480
Int'l Investment Companies Total				14,785,280
Unit Trusts & OEICs				
International Stewart Investors Global Emerging Markets Funf	3,000,000	768.81	768.81	23,064,300
Latin Am€ Thd ndle Lnamer Gwth	3,500,000	212.27	212.27	7,429,450
Int'l Unit Trusts Total				30,493,750
Life Policies				
International LGIM World Emerging Markets Index Fund	45,612,908.500	3.77	3.77	171,881,299
International Life Policies				171,881,299
Investment Entities				
Latin Am€ JPMorgan LNAME A U\$	86,085.904	36.51	28.19	2,427,022
International POLUNIN FUNDS-DEVEL CNTY-B	47,502.659	1,050.99	811.57	38,551,946
LatAm Investment Entities Total				40,978,968
EMERGING MARKETS TOTAL				258,139,296
OTHER EQUITIES TOTAL				770,971,797

DERBYSHIRE PENSION FUND
OCTOBER 2020 PORTFOLIO VALUATION - BID

GLOBAL SUSTAINABLE FUNDS		Number held	Mkt price in local currency	Mkt Price GBP	Value in Sterling £
GLOBAL SUSTAINABLE FUNDS					
GLOBAL SUSTAINABLE FUND	Baillie Gifford positive Change Fund B Acc	29,358,197.01	294.70	2.95	86,518,607
GLOBAL SUSTAINABLE FUND	RBC Global Equity Focus Fund	690,845.08	135.74	135.74	93,775,311
UK EQUITIES FUND TOTAL					180,293,917
UK EQUITIES TOTAL					180,293,917

DERBYSHIRE PENSION FUND
OCTOBER 2020 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	158.60	4,758,000
UK Invest HARBOURVEST GLOBAL PRIVATE	925,000	1712.00	15,836,000
UK Invest HGCAPITAL TRUST PLC	7,053,150	295.50	20,842,058
UK Invest ICG ENTERPRISE TRUST PLC	181,795	816.00	1,483,447
UK Invest NB PRIVATE EQUITY PARTNERS Ltd (A)	1,500,000	12.90	14,942,070
UK Invest PANTHEON INTERNATIONAL PLC	345,000	2170.00	7,486,500
UK Invest PRINCESS PRIVATE EQUITY HOLDING LTD	500,000	9.80	4,408,040
UK Invest STANDARD LIFE PRIVATE EQUITY	900,000	311.00	2,799,000
UK Invest SCHRODER UK PUBLIC PRIVATE	5,000,000	27.50	1,375,000
UK Quoted Private Equity Total			73,930,115
Unquoted Private Equity			
UK Uncla ADAM STREET PARTNERS (FEEDER) 2017 FI	30,000,000	0.65	14,957,026
UK Uncla BAIRD CAPITAL PARTNERS EUROPE FUND I	4,300,000	0.03	118,709
UK Uncla CAPITAL DYNAMICS GLOBAL SECONDARIES	20,000,000	0.69	10,588,139
UK Uncla CAPITAL DYNAMICS MID-MARKET DIRECT FI	25,000,000	1.05	23,623,217
UK Uncla CAPITAL DYNAMICS LGPS COLLECTIVE PE V	20,000,000	0.61	12,154,867
UK Uncla CAPITAL DYNAMICS CPEP LGPS	25,000,000	0.15	3,849,550
UK Uncla CATAPULT GROWTH FUND UNITS	3,000,000	0.20	589,345
UK Uncla EAST MIDLANDS VENTURE	3,000,000	0.04	106,709
UK Uncla EPIRIS FUND II	25,000,000	0.31	7,765,300
UK Uncla GRAPHITE CAPITAL PARTNERS FUND 1X A	11,250,000	0.26	2,937,455
UK Uncla GRAPHITE CAPITAL PARTNERS FUND 1X C	11,250,000	0.26	2,937,461
UK Uncla MOBEUS EQUITY PARTNERS IV LP	10,000,000	0.51	5,063,748
UK Invest PANORAMIC ENTERPRISE CAPITAL UNITS	1,428,486	1.02	1,455,813
UK Invest PANORAMIC GROWTH FUND 2 LP	10,000,000	0.40	3,997,075
UK Invest PARTNERS GROUP GLOBAL VALUE 2008	7,500,000	0.34	2,319,214
UK Invest STAR CAPITAL STRATEGIC ASSETS III LP	12,500,000	0.48	5,347,483
UK Uncla VESPA CAPITAL II LLP	10,000,000	0.84	8,443,185
UK Unquoted Private Equity Total			106,254,297
PRIVATE EQUITY TOTAL			180,184,413
INFRASTRUCTURE			
UK Infrastructure Quoted			
Closed-er FORESIGHT SOLAR FUND LTD	4,000,000	101.50	4,060,000
Closed-er GREENCOAT UK WIND PLC	13,835,000	134.60	18,621,910
Closed-er HICL INFRASTRUCTURE CO LTD	6,060,872	175.60	10,642,891
Closed-e INTERNATIONAL PUBLIC PARTNERSHIP LTD	20,462,823.00	167.80	34,336,616.99
Closed-e 3I INFRASTRUCTURE PLC	2,249,999.00	295.00	6,637,497.05
Closed-e RENEWABLES INFRASTRUCTURE GR	8,111,111.00	135.20	10,966,222.07
UK Infrastructure Quoted Total			85,265,137
UK Infrastructure Unquoted			
UK Uncla DALMORE CAPITAL 3 LP	25,000,000	0.97	24,280,280
UK Uncla EQUITIX FUND 1 LTD P'SHIP	7,500,000	1.76	13,177,536
UK Uncla Equitix Fund IV Ltd P'ship	25,000,000	1.30	32,569,681
UK Uncla First Sentier Investors EDIF II	20,000,000	1.01	18,212,848
UK Uncla IMPAX NEW ENERGY INVESTORS II UNITS	10,000,000	0.01	128,559
UK Uncla JP Morgan Infrastructure Investment Fund UK L	110,000,000	0.96	81,767,672
UK Uncla MEIF 5 Co-Invest LP	12,600,000	0.59	6,632,326
UK Uncla MEIF 6 Co-Invest LP	28,000,000	0.00	252
UK Uncla Macquarie European Infrastructure Fund 5 LP	14,400,000	1.08	13,979,122
UK Uncla Macquarie European Infrastructure Fund 6 SCS	56,000,000	0.33	16,730,337
UK Uncla Macquarie Green Infrastructure Fund (Euro)	59,000,000	0.09	4,768,947
UK Uncla PIP Multi Strategy Infrastructure LP	25,000,000	0.79	19,782,728
UK Uncla SL CAPITAL INFRASTRUCTURE 1LP	15,000,000	1.15	17,309,837
UK Uncla SL Capital Infrastructure II SCSP	25,000,000	0.74	16,688,021
UK Infrastructure Total			266,028,145
INFRASTRUCTURE TOTAL			351,293,282
ALTERNATIVES TOTAL			531,477,695

DERBYSHIRE PENSION FUND
OCTOBER 2020 PORTFOLIO VALUATION - BID

	Number held	Mkt Price in local currenc (Clean) use	Mkt Price in local currenc (Dirty)	Mkt Price pence GBP	Total £ GBP		
UK GILTS							
TSY 1.75% 7/9/2022	13,490,000	103.29	103.56	103.56	13,970,341		
TSY 4% 7/3/2022	10,995,000	105.41	106.03	106.03	11,658,305		
TSY 2.25% 7/9/2023	15,400,000	106.61	106.96	106.96	16,472,158		
TSY 5% 7/3/2025	5,500,000	122.02	122.80	122.80	6,753,751		
TSY 2% 7/9/2025	7,000,000	109.92	110.23	110.23	7,715,777		
TSY 1.5% 7/22/2026	5,650,000	108.64	109.06	109.06	6,162,107		
TSY 4.25% 7/12/2027	18,000,000	129.67	131.39	131.39	23,650,304		
TSY 4.75% 7/12/2030	13,162,000	144.68	146.60	146.60	19,295,988		
TSY 4.25% 7/6/2032	12,370,000	143.89	145.61	145.61	18,012,276		
TSY 4.5% 7/9/2034	16,373,000	153.46	154.15	154.15	25,239,165		
TSY 4.25% 7/3/2036	11,400,000	153.75	154.41	154.41	17,602,222		
TSY 1.75% 7/9/2037	11,800,000	117.11	117.38	117.38	13,850,925		
TSY 4.75% 7/12/2038	7,934,000	169.80	171.72	171.72	13,624,087		
TSY 4.25% 7/9/2039	4,050,000	162.70	163.35	163.35	6,615,815		
TSY 3.25% 1/22/2044	8,000,000	151.73	152.64	152.64	12,210,932		
TSY 4.25% 7/12/2046	3,900,000	180.54	182.26	182.26	7,108,124		
001 UKGB Total					219,942,277		
US GOVERNMENT BONDS							
T 2.75% 31/8/2023	26,191,000	107.17	107.65	83.13	21,771,973		
T 2.25% 15/11/2024	21,000,000	107.80	108.84	84.05	17,650,100		
T 2.75% 15/11/2042	7,500,000	123.86	125.14	96.63	7,247,323		
004 USGB Total					46,669,395.71		
NON GOVERNMENT BONDS							
LGPS Central Global Active Corp B Non Govt Bonds Total	3,223,092	101.37	101.37	101.37	326,724,845		
000 Non Govt Bonds Total					326,724,845		
MULTI ASSET CREDIT							
AMP Capital Infrastructure Debt Fu	17,000,000	0.71	0.71	0.71	10,893,423		
Barings Global Private Loan Fund	40,000,000	0.51	0.51	0.51	20,506,524		
Barings Global Private Loan Fund 2	40,000,000	0.93	0.93	0.93	37,191,694		
Barings Global Private Loan Fund 3	50,000,000	0.42	0.42	0.42	20,971,207		
CQS Credit Multi Asset Fund Class	105,489	1,038.30	1,038.30	1,038.30	109,529,667		
CVC Credit PARTNERS European I	76,000,000	0.22	0.22	0.22	14,705,652		
Janus Henderson Multi Asset Credi	98,543,686	1.09	1.09	1.09	107,356,053		
Multi Asset Credit Total					321,154,220		
UK INDEX LINKED							
TREAS 4.125% IL STK 22/7/2030	6,510,000	385.77	388.27	388.27	25,276,122		
TREAS 2% IL STK 26/1/2035	8,000,000	304.33	305.24	305.24	24,419,170		
002 UKGIL Total					49,695,292		
INDEX LINKED (3 months)							
	Number held	Clean Price	Index Ratio	Gross	Accrued Interest	Total	
UK INDEX LINKED (3months)							
TREAS 0.125% IL STK 22/3/2024	9,230,000	110.8870	1.210020	12,384,397.52	1,306.73	12,385,704	
TREAS 1.25% IL STK 22/11/2027	7,400,000	133.8600	1.511510	14,972,473.92	41,222.83	15,013,697	
TREAS 0.125% IL STK 22/3/2029	5,325,000	129.5940	1.235500	8,526,037.86	753.88	8,526,792	
TREAS 1.25% IL STK 22/11/2032	2,777,000	160.3490	1.350940	6,015,589.55	15,469.70	6,031,059	
TREAS 0.75% IL STK 22/3/2034	11,465,000	157.6490	1.263120	22,830,209.20	9,738.92	22,839,948	
TREAS 1.125% IL STK 22/11/2037	5,580,000	182.3630	1.450400	14,759,060.67	27,975.82	14,787,036	
TREAS 0.625% IL STK 22/3/2040	5,600,000	177.8610	1.354750	13,493,602.63	3,964.09	13,497,567	
TREAS 0.625% IL STK 22/11/2042	5,950,000	188.4500	1.380620	15,480,581.42	16,572.69	15,497,154	
TREAS 0.125% IL STK 22/3/2044	11,470,000	176.4990	1.210010	24,495,969.16	-1,623.86	24,497,593	
TREAS 0.125% IL STK 22/3/2046	8,730,000	182.9750	1.137880	18,176,173.67	1,235.95	18,177,410	
TREAS 0.75% IL STK 22/11/2047	6,500,000	213.7260	1.411840	19,613,549.53	21,725.54	19,635,275	
TREAS 0.125% IL STK 10/08/2048	5,300,000	191.8020	1.067470	10,851,372.69	1,512.23	10,852,885	
TREAS 0.5% IL STK 22/3/2050	5,000,000	213.2210	1.374570	14,654,359.50	2,831.49	14,657,191	
UK INDEX LINKED (3months) TOTAL						196,399,311	
US INDEX LINKED							
	Number held	Clean Price	Index Ratio	Gross \$	Accrued Interest \$	Total \$	Total £
TI0.125% 15/1/2023	7,000,000	102.546875	1.126110	8,083,534.30	2,615.49	8,086,150	6,244,124.87
TI3.625% 15/4/2028	4,045,000	135.398438	1.607090	8,801,817.86	7,251.00	8,809,069	6,802,362.97
TI1.750% 15/1/2028	5,550,000	120.445313	1.240740	8,293,993.10	29,031.93	8,323,025	6,427,039.92
TI2.5% 15/1/2029	7,000,000	129.000000	1.210670	10,932,350.10	52,309.78	10,984,660	8,482,354.36
TI2.125% 15/2/2040	4,095,000	150.398438	1.202600	7,406,592.14	18,680.66	7,425,273	5,733,795.65
TI0.75% 15/2/2042	20,300,000	122.960938	1.150330	28,713,468.01	32,684.10	28,746,152	22,197,778.66
TI0.625% 15/2/2043	10,000,000	120.265625	1.130570	13,596,870.77	13,417.12	13,610,288	10,509,864.30
0045 USGB IL Total							66,397,321

DERBYSHIRE PENSION FUND
OCTOBER 2020 PORTFOLIO VALUATION - BID

	Number held	Mkt Price in local currenc (Clean) use	Mkt Price in local currenc: (Dirty)	Mkt Price pence GBP	Total £ GBP
TOTAL BONDS					1,226,982,662
Index linked-total					312,491,923
Conventional-total					266,611,673
Non gov-total					647,879,066

DERBYSHIRE PENSION FUND

OCTOBER 2020 PORTFOLIO VALUATION - BID

30/10/2020

Real Property

Valuation

£

Property	Southampton Property	7,300,000
Property	Retail Unit Tamworth	7,800,000
Property	15-17 Jockeys Field London	11,900,000
Property	D'Arblay House, London	15,500,000
Property	Bristol Odeon Development	5,000,000
Property	Quintins Centre, Hailsham	6,300,000
Property	Caledonia House, London	24,400,000
Property	Chelsea Fields Ind Est, London	13,900,000
Property	Planet Centre, Feltham	14,400,000
Property	Hill St, Mayfair	15,550,000
Property	Birmingham - Travelodge developm't	13,500,000
Property	Saxmundham, Tesco developm't	9,650,000
Property	Roundhay Road, Leeds	6,050,000
Property	Premier Inn, Rubery, Birmingham	5,800,000
Property	South Normanton Warehouse, Alfreton	16,000,000
Property	Loddon Centre, Basingstoke	14,450,000
Property	Parkway, Bury St Edmunds	8,650,000
Property	Waitrose, York	13,550,000
Property	Link 95, Haywood Manchester	10,350,000
Property	Car Park, Welford Rd Leicester	12,900,000
Total Real Property		232,950,000

Property Managed Funds

Number held

Mkt price

Property	Pence	Assura PLC	6,000,000	76.1000	4,566,000
Property	GBP	Aviva Pooled Property Fund - clz	630,049	15.8718	9,999,993
Property	GBP	Aviva Pooled Property Fund - clz	509,037	15.9951	8,142,095
Property	GBP	Bridges Property Alternatives Fu	10,000,000	0.6127	6,127,153
Property	GBP	Bridges Property Alternatives Fu	10,000,000	0.3097	3,097,400
Property	EUR	Fidelity Eurozone Select Real Es	4,486	5970.7094	24,096,986
Property	GBP	Hearthstone Residential Fund 1	25,000,000	0.8548	21,370,921
Property	GBP	Igloo Regeneration P'ship Propel	4,644,493	0.0316	146,817
Property	EUR	Invesco Real Estate-European F	44,569	110.8650	4,445,036
Property	Pence	Target Healthcare REIT Ltd	4,085,000	106.8000	4,362,780
Property	GBP	M&G PP UK Property Fund (Inc)	27,124	685.0100	18,580,211
Property	EUR	M&G European Property Fund S	25,000,000	1.0251	23,054,333
Property	GBP	Threadneedle Pensions Property	1,647,730	5.9653	9,829,207
Property	Pence	Tritax Big Box Indirect Pooled Fl	10,000,000	156.6000	15,660,000
Property	GBP	Unite UK Student Accommodatic	15,584,567	1.3650	21,272,934
Total Property Funds					174,751,865

Regulatory Capital LGPS Central 0.00 2,000,000

Cash	Updated to 30 October 2020	Mellon USD	Exch rate	
Cash	Northern Trust	UK		24,491,547
Cash		Euro		0
Cash		Wellington		2,140,382

Cash	Cash - Lloyds bank Superfund			12,933,000
	Adjustments for timing differences			0
				919,425

Cash	Cash Temporary Loans	168,000,000		
	Santander 95 Day Notice	20,000,000		
	Lloyds Monthly Bonus Account	30,000,000		
	Aberdeen Standard Life	30,000,000		
	Insight MMF	30,000,000		
	Certs of Deposit	0		
	Treasury Bills	0		
				278,000,000

Total Cash Total Cash 318,484,354

