Agenda Item No. 4 (a)

DERBYSHIRE COUNTY COUNCIL

PENSIONS AND INVESTMENTS COMMITTEE

3 March 2021

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 January 2021 and the recommendations of the Director of Finance & ICT and Mr Fletcher, in relation to the Fund's new intermediate strategic asset allocation benchmark, are 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 £330m. 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
	Old	Inter (1)	Final (1)	31/10/20	31/1/21	Inter (1)	AF 3/3/21	DPF 3/3/21	AF 3/3/21	DPF 3/3/21	DPF 3/3/21	3 Months to 31/12/20	3 Months to 31/1/21
Growth Assets	**57.0%**	**56.0%**	**55.0%**	**55.8%**	**55.4%**	**+/- 8%**	**-**	**(0.5%)**	**56.0%**	**55.5%**	**57.0%**	**n/a**	**n/a**
UK Equities	16.0%	14.0%	12.0%	15.4%	14.4%	+/- 6%	-	0.5%	14.0%	14.5%	14.5%	12.6%	16.1%
Overseas Equities:	37.0%	38.0%	39.0%	37.0%	37.5%	+/- 8%	-	(0.5%)	38.0%	37.5%	37.5%	n/a	n/a
North America	12.0%	6.0%	-	11.3%	5.9%	+/- 6%	-	(0.5%)	6.0%	5.5%	5.5%	6.8%	8.3%
Europe	8.0%	4.0%	-	7.4%	4.0%	+/- 4%	-	-	4.0%	4.0%	4.0%	9.0%	14.0%
Japan	5.0%	5.0%	5.0%	5.9%	4.9%	+/- 2%	-	-	5.0%	5.0%	5.0%	8.5%	8.9%
Pacific ex-Japan	4.0%	2.0%	-	3.9%	2.1%	+/- 2%	-	-	2.0%	2.0%	2.0%	13.2%	13.7%
Emerging Markets	5.0%	5.0%	5.0%	5.0%	4.7%	+/- 2%	-	-	5.0%	5.0%	5.0%	11.2%	11.7%
Global Sustainable	3.0%	16.0%	29.0%	3.5%	15.9%	+/- 16%	-	-	16.0%	16.0%	16.0%	8.5%	10.3%
Private Equity	4.0%	4.0%	4.0%	3.4%	3.5%	+/- 2%	-	(0.5%)	4.0%	3.5%	5.0%	12.8%	16.3%
Income Assets	**23.0%**	**24.0%**	**25.0%**	**20.7%**	**20.7%**	**+/- 6%**	**-**	**(2.7%)**	**24.0%**	**21.4%**	**26.5%**	**n/a**	**n/a**
Multi-Asset Credit	6.0%	6.0%	6.0%	6.2%	6.7%	+/- 2%	-	0.6%	6.0%	6.7%	7.7%	3.3%	3.5%
Infrastructure	8.0%	9.0%	10.0%	6.7%	6.3%	+/- 3%	-	(2.0%)	9.0%	7.0%	11.0%	0.5%	0.5%
Direct Property (4)	5.0%	5.0%	6.0%	4.5%	4.5%	+/- 2%	-	(1.5%)	6.0%	4.5%	4.5%	2.1%	2.1% (3)
Indirect Property (4)	4.0%	4.0%	3.0%	3.3%	3.2%	+/- 2%	-	0.2%	3.0%	3.2%	3.3%	2.1%	2.1% (3)
Protection Assets	**18.0%**	**18.0%**	**18.0%**	**17.4%**	**17.3%**	**+/- 5%**	**(2.0%)**	**(0.6%)**	**16.0%**	**17.3%**	**17.3%**	**n/a**	**n/a**
Conventional Bonds	6.0%	6.0%	6.0%	5.1%	5.1%	+/- 2%	(1.0%)	(0.5%)	5.0%	5.5%	5.5%	0.6%	(0.6%)
Index-Linked Bonds	6.0%	6.0%	6.0%	6.0%	5.8%	+/- 2%	(1.0%)	(0.6%)	5.0%	5.4%	5.4%	1.2%	(2.5%)
Corporate Bonds	6.0%	6.0%	6.0%	6.3%	6.4%	+/- 2%	-	+0.5%	6.0%	6.4%	6.4%	3.2%	2.1%
Cash	**2.0%**	**2.0%**	**2.0%**	**6.1%**	**6.6%**	**0 – 8%**	**+2.0%**	**+3.8%**	**4.0%**	**5.8%**	**(0.8%)**	**0.0%**	**0.0%**

Investment Assets totaled £5,569m at 31 January 2021; adjusted to reflect a £30m MAC subscription instructed pre 31 Jan-21 but traded post 31 Jan-21.
(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) Adjusted for investment commitments at 31 January 2021, together with commitments expected to be placed in the quarter to 30 April 2021. Presumes all commitments funded from cash.
(3) Benchmark Return for the three months to 31 December 2020.
(4) The maximum permitted range in respect of Property is +/- 3%.

The table above shows the old benchmark, together with the intermediate and final benchmarks approved by Committee November 2020. The intermediate benchmark came into 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:

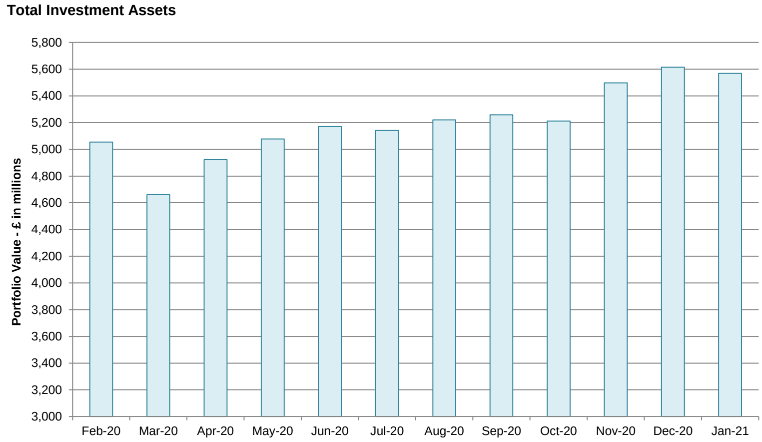
- **Growth Assets**: largely equities plus other volatile higher return assets such as private equity;
- **Income Assets**: assets which are designed to deliver an excess return, but with more stable return patterns than Growth Assets because income represents a large proportion of the total return of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

Relative to the current benchmark, the Fund as at 31 January 2021, 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 -0.8%. 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.

The Fund's new intermediate benchmark came into effect on 1 January 2021. The transition to the new benchmark resulted in gross trades in excess of £1.6bn across January 2021, largely reflecting switches out of UK (£129m), North American (£308m), European (£221m), Japan (£24m) and Asia Pacific Ex-Japan Equities (£95m) into Global Sustainable Equities (£649m).

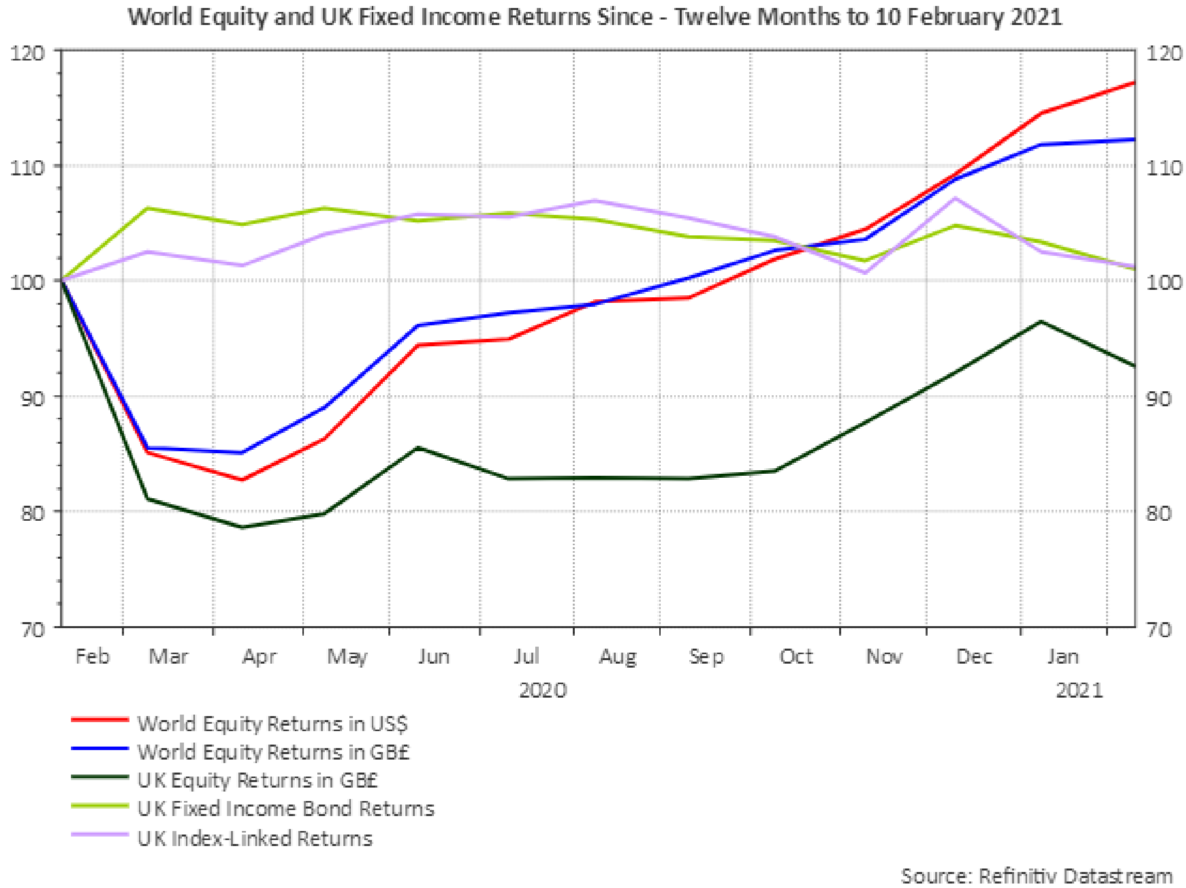
(iii) Total Investment Assets

The value of the Fund's investment assets increased by £357m (+6.9%) between 31 October 2020 and 31 January 2021 to £5.569bn, comprising a non-cash market gain of around £340m, and cash inflows from dealing with members & investment income of around £20m. Over the twelve months to 31 January 2021, the value of the Fund's investment assets has increased by £350m (+6.7%), comprising a non-cash market gain of around £250m, and cash inflows from dealing with members & investment income of around £100m. A copy of the Fund's valuation at 31 January 2021 is attached at Appendix 2.



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

(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 10 February 2021.

Global Equities returned 13.3% in sterling terms in 2020 (16.6% in local currency). Global Equity markets have rebounded strongly following the Q1 2020 sell off, following the emergence of the coronavirus pandemic. Much of the rebound is attributable to the unprecedented size and scale of monetary and fiscal stimulus provided by central banks and national governments. Global Equities performed strongly in Q2 2020, returning 19.5% and recovering close to 85% of their Q1 2020 peak to trough decline.

Global Equities reached a new all-time high in September, completely recovering from the Q1 2020 sell off. To put this into context, it took five years for equity markets to recover from the 2008 Global Financial Crisis. Despite reaching new highs, Q3 gains were relatively modest at 3.8% (local currency 8.2%), with some of the muted performance driven by a weaker US dollar. Market sentiment deteriorated over the quarter as many developed market countries experienced a pick-up in new coronavirus cases.

Q4 2020 was defined by two key events: the Pfizer/BioNTech vaccine announcement; and the outcome of the US Presidential election. Market sentiment remained weak in October as the spread of coronavirus continued, and national lockdowns were reintroduced. The outcome of the US Presidential Election was also uncertain and political tensions were running high. As a result, Global Equities lost ground in October, returning -2.7%.

In November, Joe Biden won the US Presidential Election by 306 electoral college votes to 232. Many analysts had predicted a lukewarm market response to a Biden Presidency because of the risk of increased regulation and higher taxes, but the market response was positive on the back of expectations of a pick-up in fiscal stimulus. In the week following the US election, markets were caught off-guard as Pfizer/BioNTech announced that their vaccine trials had shown >90% effectiveness in preventing symptomatic cases of Covid-19. The development of a successful vaccine offered hope that a return to normal could be achieved. Global Equities returned 8.8% in November (12.3% in local currency), with many regional markets reporting some of their best ever one month returns on the back of the positive news on vaccines and the prospect of greater fiscal stimulus in the US. Over H2 2020, Global Equities returned 12.6% in sterling terms, returning 13.3% over the course of the year.

UK Equities underperformed in 2020, with the FTSE All-Share returning a loss of 9.7%, 23 percentage points lower than the FTSE All-World. The UK economy has been hard hit by the coronavirus pandemic because of its reliance on the service sector and the UK was relatively late in entering into a national lockdown in Q1 2020. Brexit uncertainty has also weighed on investor sentiment.

UK Conventional and Index-Linked bonds returned 8.3% and 11.0% in 2020, with bond yields hitting all-time lows (i.e. prices rose resulting in positive returns). Global bond valuations moved to unprecedented levels in 2020 as central banks attempted to offset the economic consequences of social distancing measures by easing monetary policy. The US Federal Reserve reduced its target interest rate from 1.50-1.75% to 0.00%-0.25% in March 2020, with the Bank of England reducing the Bank Rate from 0.75% to 0.10%. Both central banks also increased their asset purchase facilities. The Bank of England increased the stock of assets held by a cumulative £450 billion during the year, bringing its total stock of assets to £895 billion. The Federal Reserve has also increased the size of its balance sheet by more than $3 trillion since the start of the pandemic.

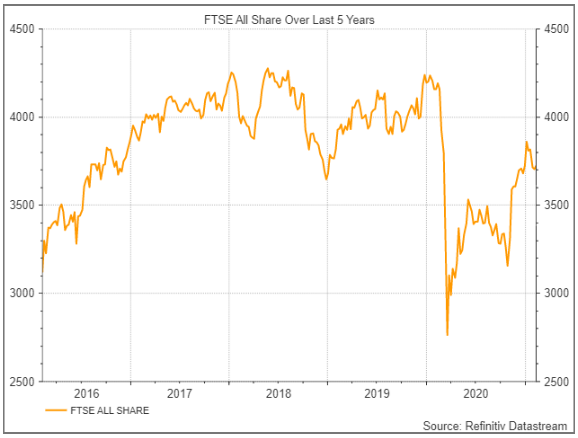
Increased investor demand for protection assets also flattened yield curves as the prices of long-dated government bonds rose, causing yields to fall. After finishing 2019 at 0.82%, the yield on the 10 Year Gilt fell below 0.10% in August 2020, an all-time low. However, bond yields have gradually risen from their August lows as investor focus shifted to the anticipated economic recovery. Bond yields jumped in November after the Pfizer/BioNTech announcement caused investors' risk appetite to increase, with 10 Year Gilt yields hitting a high of 0.41%. Nevertheless, bond yields fell once again over the last seven weeks of the year, with the 10 Year Gilt yield ending December at 0.20%, as an increase in coronavirus cases and Brexit uncertainty weighed on investor sentiment (i.e. increasing demand for protection assets). Over the second half of the year, Conventional Gilts returned -0.6% and Index-Linked Gilts returned -1.0%.

To date in 2021[1], risk markets have made a positive start to the year, with the FTSE All-World returning 3.7% in sterling terms, as investors anticipate that the global economy to normalise in the second half of 2021. UK government yields have risen sharply, with the 10 Year Gilt Yield doubling to 0.489%. The rise has been caused by a combination of higher yields in the US (on hopes of more stimulus) and the success of the UK vaccine rollout. Notwithstanding the recent rise, UK Government bond yields remain near historic lows, consistent with expectations for a prolonged period of near zero policy rates in response to the economic backdrop.

Asset class weightings and recommendations are based on values at the end of January 2021. 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

[1] To 10 February 2021

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 31 December 2020.

Per annum	DPF	Benchmark Index
1 year	6.5%	5.2%
3 year	5.2%	4.8%
5 year	9.1%	8.4%
10 year	8.0%	7.6%

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

(vi) Category Recommendations

	Old Benchmark	Intermediate Benchmark	Final Benchmark	Fund Allocation	Permitted Range	Recommendation (1)		Benchmark Relative Recommendation (1)	
				31 Jan-21		AF	DPF	AF	DPF
Growth Assets	57.0%	56.0%	55.0%	55.4%	± 8%	56.0%	55.5%	-	(0.5%)
Income Assets	23.0%	24.0%	25.0%	20.7%	± 6%	24.0%	21.4%	-	(2.6%)
Protection Assets	18.0%	18.0%	18.0%	17.3%	± 5%	16.0%	17.3%	(2.0%)	(0.7%)
Cash	2.0%	2.0%	2.0%	6.6%	0 – 8%	4.0%	5.8%	+2.0%	+3.8%

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

At an overall level, the Fund was overweight Cash at 31 January 2021, underweight Growth Assets, Income Assets and Protection 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 to three 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: increase Growth Assets by 0.1% to 55.5% (0.5% underweight), with some small changes to the regional composition: UK Equities +0.1%; North American Equities -0.4%; Japanese Equities +0.1%; Asia Pacific Ex-Japan Equities -0.1%; Emerging Market Equities +0.3%; and Global Sustainable Equities +0.1%; increase Income Assets by 0.7% (Infrastructure +0.7%); maintain Protection Assets at current levels, and reduce Cash by 0.8%. 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.

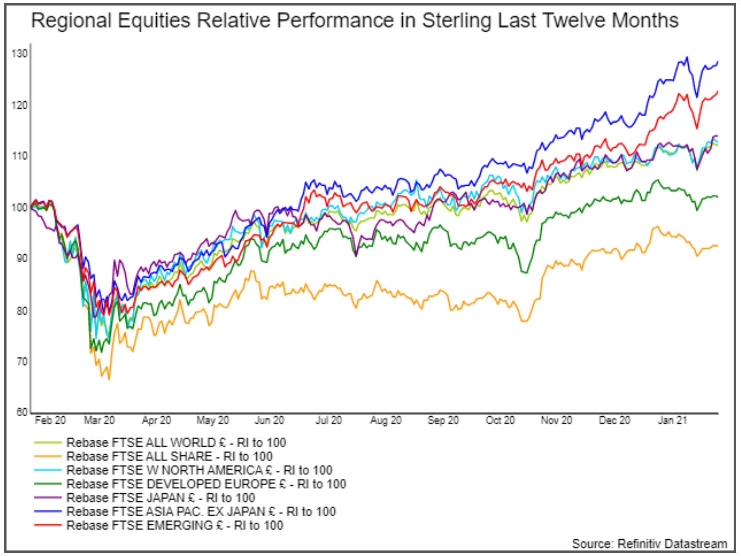
Growth Assets

At 31 January 2021, the overall Growth Asset weighting was 55.4%, down slightly from 55.8% at 31 October 2020. The IIMT recommends slightly increasing the weighting 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 because investors are anticipating a strong economic recovery to occur in the second half of 2021, driven by the deployment of Covid-19 vaccinations.

Whilst the development of effective coronavirus vaccines is very positive and has improved the global economic outlook over the next 12 months, the IIMT notes that global equity markets are currently exposed to several uncertain variables. The speed of vaccine deployment differs by country, with some making quick progress than others. There is an currently a supply:demand imbalance as vaccine manufacturers scale up production to meet demand. Virus mutations have also emerged that are more transmissible. There is a risk that the vaccine deployment could take longer than expected, and the reopening of the global economy will be bumpy and differ by country.

The IIMT further notes that the global economy was already facing headwinds before the Covid-19 pandemic, with global growth slowing and disruptive trade disputes. Whilst the global economy is expected to deliver strong growth in 2021 and 2022, as countries 'catch up' the growth lost in 2020, these headwinds are still present and the pandemic has increased uncertainty.



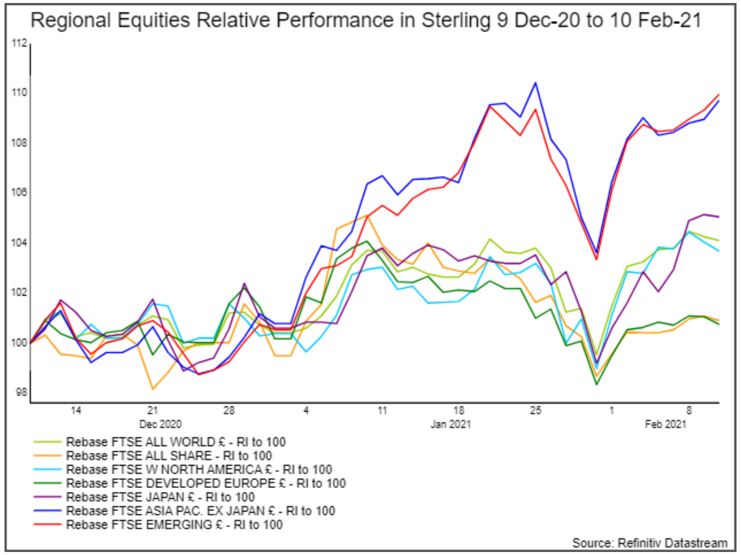
Benchmark Return	Currency	Q1-21(*)	Q4-20	1 Year	3 Year	5 Year
Sterling Returns						
FTSE All World	GB£	3.7%	8.5%	12.9%	10.1%	14.5%
FTSE UK	GB£	1.4%	12.6%	(9.8%)	(0.9%)	5.1%
FTSE North America	GB£	3.3%	6.8%	16.4%	14.1%	17.2%
FTSE Europe	GB£	0.5%	9.0%	8.7%	5.8%	10.6%
FTSE Japan	GB£	4.4%	8.5%	11.1%	5.6%	10.6%
FTSE Asia Pacific Ex-Japan	GB£	8.9%	13.2%	19.4%	7.7%	14.7%
FTSE Emerging Markets	GB£	9.4%	11.2%	11.9%	6.2%	14.5%
Local Currency Returns						
FTSE All World	US$	5.0%	14.8%	16.5%	10.5%	12.8%
FTSE UK	GB£	1.4%	12.6%	(9.8%)	(0.9%)	5.1%
FTSE North America	US$	4.6%	13.0%	20.1%	14.4%	15.5%
FTSE Europe	€	2.7%	10.9%	2.1%	5.6%	6.8%
FTSE Japan	¥	7.2%	12.3%	8.9%	3.0%	5.7%
FTSE Asia Pacific Ex-Japan	US$	10.3%	19.7%	23.1%	8.1%	13.0%
FTSE Emerging Markets	US$	10.8%	17.6%	15.4%	6.6%	12.8%

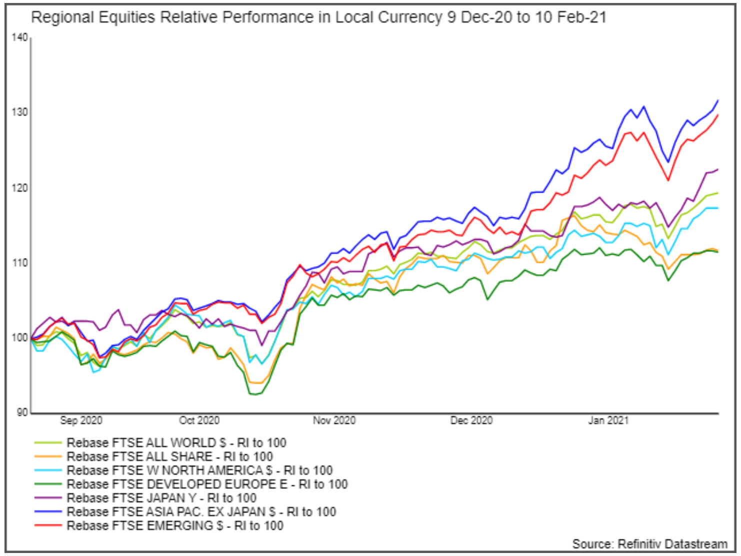
Source: Performance Evaluation Limited
(*) 1 January 2021 to 10 February 2021

The chart on the previous page shows the relative regional equity returns in sterling terms over the last twelve months, and the charts opposite show the sterling and local currency returns since the last Committee meeting.

Equity markets rose in Q4 2020 (FTSE All World 8.5%) as confidence about the availability of reliable and effective Covid-19 vaccines boosted investor sentiment. After losing ground in October (FTSE All World -2.8%) due to rising coronavirus caseloads, global equities bounced in November following the Pfizer/BioNTech announcement. This particularly boosted demand for value and cyclical stocks, favouring the stock composition of the UK equity market which outperformed in Q4 (FTSE All Share 12.6%).

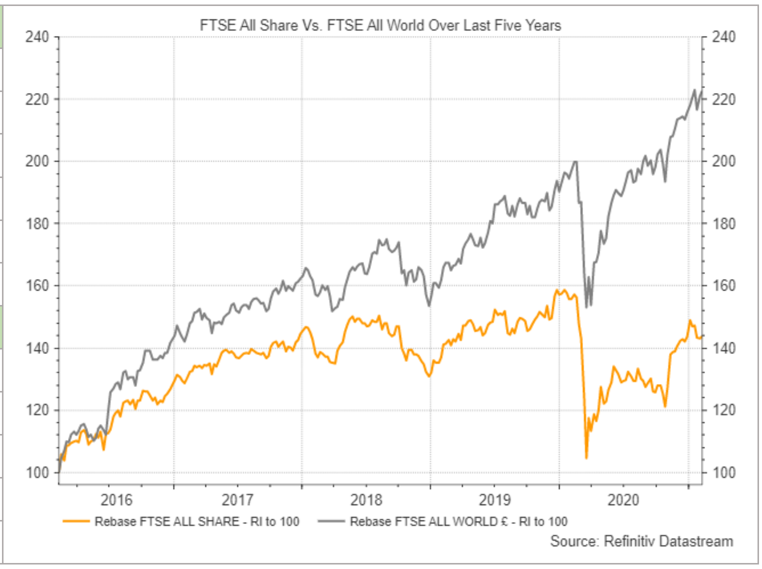
To date in 2021, global equities have made a positive start to the year (FTSE All World +3.7%), with investors focussing on vaccine deployment and an expected economic recovery in H2 2021. However, concerns over vaccine supply increased market volatility in the final week of January 2021 (FTSE All World -3.7%), highlighting the risk that equity markets are vulnerable to losses should there be setbacks or delays in rollout of the global vaccination programme.





United Kingdom Equities

DPF Weightings	
Intermediate Neutral	14.0%
Final Neutral	12.0%
Actual 31.1.21	14.4%
AF Recommendation	14.0%
IIMT Recommendation	14.5%
Benchmark Returns (GB£)	
Q4 20/21 to 10 Feb-21	1.4%
Q3 20/21	12.6%
1 Year to Dec-20	(9.8%)
3 Years to Dec-20 (pa)	(0.9%)
5 Years to Dec-20 (pa)	5.1%



The Fund's UK Equity allocation fell from 15.4% at 31 October 2020 to 14.4% at 31 January 2021 (0.4% overweight) reflecting net divestment of £129m, partly offset by relative market strength, as the Fund moved towards the new intermediate benchmark.

Mr Fletcher notes that the implementation of the Fund's new Investment Strategy Statement, and the Fund's Responsible Investment Framework and Climate Strategy, remains at an early stage. Mr Fletcher does not recommend overweighting or underweighting any particular country or strategy versus another at this stage. As markets evolve over 2021 towards the implementation of the final benchmark, Mr Fletcher believes that it may be worth paying attention to 'events' that may provide opportunities to change the asset allocation in line with the direction of travel to the new benchmark. These events could be economic, valuation based or the result of sector rotation as the global economy continues to re-open.

UK GDP contracted 9.9% in 2020, more than twice the contraction experienced in Germany and almost three times the contraction in the US. The UK is expected to be worst performing G7 country in 2020. The UK economy has been hard hit by the coronavirus pandemic because of its reliance on the service sector and the fact that the UK was relatively late in entering into a national lockdown in Q1 2020. As a result, the spring lockdown remained in place for longer, leading to a sharp Q2 2020 GDP contraction. Brexit uncertainty also weighed on investor sentiment.

UK growth is expected to contract further in Q1 2021, with the national lockdown, which was introduced in early January 2021, set to stay in place until the end of the quarter. Whilst consensus forecasts indicate the UK economy will expand by 4.2% in 2021, the UK economy is still expected to be more than 6% below its pre-Covid-19 level at the year-end. It is likely that it will take several years for UK economy to fully recover from the pandemic.

The IIMT continues to believe that UK Equity valuations are attractive on a relative basis. UK Equities have underperformed the global benchmark in each of the last six years but it is worth noting that that they have outperformed since November 2020 (FTSE All Share +18.8% versus FTSE All World +15.4%) as confidence about the availability of effective Covid-19 vaccines boosted demand for value and cyclical stocks.

Uncertainty over the UK's future trading relationship with the European Union has adversely impacted market confidence in UK Equities since 2016. However, following the agreement of a Brexit trade deal in December 2020, there is a scope for the removal of some of this uncertainty going forward to create a tailwind for UK equities. Furthermore, UK Equities pay a higher dividend than most other regional markets. Whilst dividend pay-outs fell in 2020 as revenues and earnings were impacted by the Covid-19 pandemic, dividends are expected to recover in 2021 and 2022. As a result, the IIMT recommends a modest 0.5% overweight allocation of 14.5% to UK Equities.

North American Equities

DPF Weightings	
Intermediate Neutral	6.0%
Final Neutral	-
Actual 31.1.21	5.9%
AF Recommendation	6.0%
IIMT Recommendation	5.5%
Benchmark Returns (GB£)	
Q4 20/21 to 10 Feb-21	3.3%
Q3 20/21	6.8%
1 Year to Dec-20	16.4%
3 Years to Dec-20 (pa)	14.1%
5 Years to Dec-20 (pa)	17.2%

The Fund's North American Equity allocation fell from 11.3% at 31 October 2020 to 5.9% at 31 January 2021 (0.1% underweight) reflecting net divestment of £315m, partly offset by relative market strength, as the Fund moved towards the new intermediate benchmark.

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

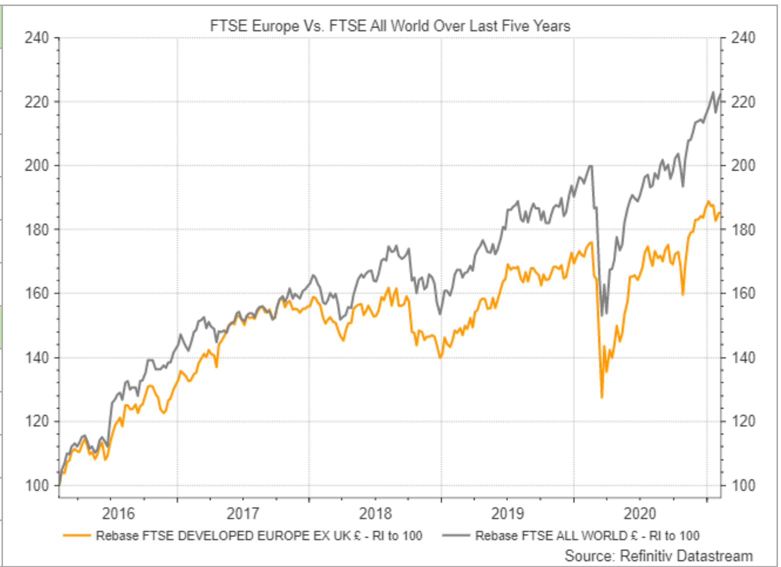
US Equities were the best performing region in 2020, with returns concentrated in technology stocks and online retailers. After falling sharply in Q1 2020, US Equities staged a strong recovery across the remainder of 2020, setting new all-time highs in September and December.

US Equities have underperformed since the Pfizer/BioNTech announcement in November 2020 as investors rotated from growth stocks into value and cyclical stocks. However, with the Biden administration pushing to pass a new $1.9 trillion stimulus package, the outlook for the US economy appears positive. The latest consensus forecast is for 4.7% growth in 2021, following a relatively minor contraction of -3.5% in 2020.

Given the strong relative performance of US Equities over the last twelve months, and the recent shift away from growth stocks, the IIMT believes that an underweight position is justified, and recommends a 0.5% underweight allocation relative to the new intermediate benchmark of 5.5%.

European Equities

DPF Weightings	
Intermediate Neutral	4.0%
Final Neutral	-
Actual 31.1.21	4.0%
AF Recommendation	4.0%
IIMT Recommendation	4.0%
Benchmark Returns (GB£)	
Q4 20/21 to 10 Feb-21	0.5%
Q3 20/21	9.0%
1 Year to Dec-20	8.7%
3 Years to Dec-20 (pa)	5.8%
5 Years to Dec-20 (pa)	10.6%



Divestment of £221m in January 2021 reduced the Fund's allocation to European Equities to 4.0% at 31 January 2021 (neutral) reflecting the move towards the new intermediate benchmark.

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

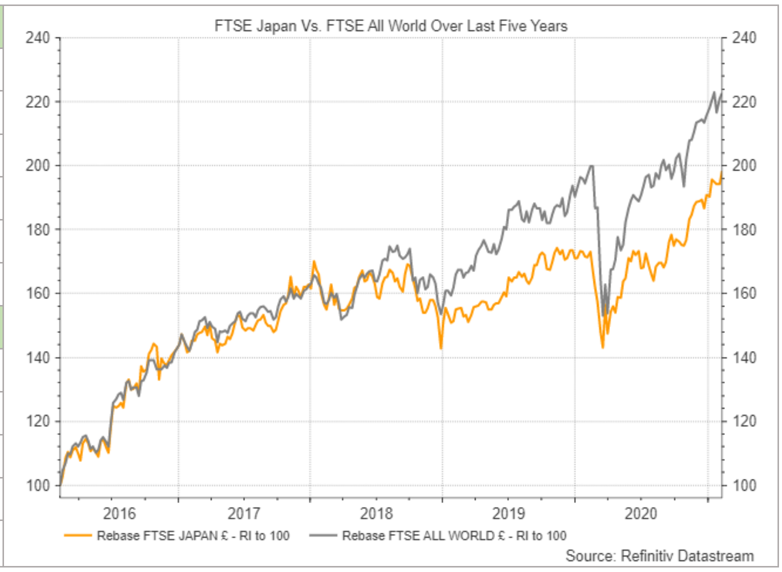
For much of Q4 2020, Germany and France, the Eurozone's two largest economies, were under a state of national lockdown which restricted economic activity. As a result, Eurozone Q4 GDP contracted by 0.7% quarter on quarter, and by 6.8% over the full year. Similar to the United Kingdom, GDP in the Eurozone is expected to weaken in Q1 2021 as strict social distancing restrictions remain in place whilst vaccines are deployed. GDP is forecast to pick-up thereafter, growing by 4.4% over the full year.

The IIMT notes that the economic backdrop in the Eurozone was weak 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, meaning that the shape of the economic recovery across Europe is unclear. Vaccine deployment currently lags behind the United Kingdom and United States.

European Equities have outperformed the global benchmark since November because of their greater exposure to value and cyclical stocks. The IIMT recommends a 4% neutral allocation relative to the new intermediate benchmark.

Japanese Equities

DPF Weightings	
Intermediate Neutral	5.0%
Final Neutral	5.0%
Actual 31.1.21	4.9%
AF Recommendation	5.0%
IIMT Recommendation	5.0%
Benchmark Returns (GB£)	
Q4 20/21 to 10 Feb-21	4.4%
Q3 20/21	8.5%
1 Year to Dec-20	11.1%
3 Years to Dec-20 (pa)	5.6%
5 Years to Dec-20 (pa)	10.6%



Divestment of £60m, partly offset by relative market strength, reduced the Fund's weighting in Japanese Equities to 4.9% at 31 January 2020, 0.1% underweight.

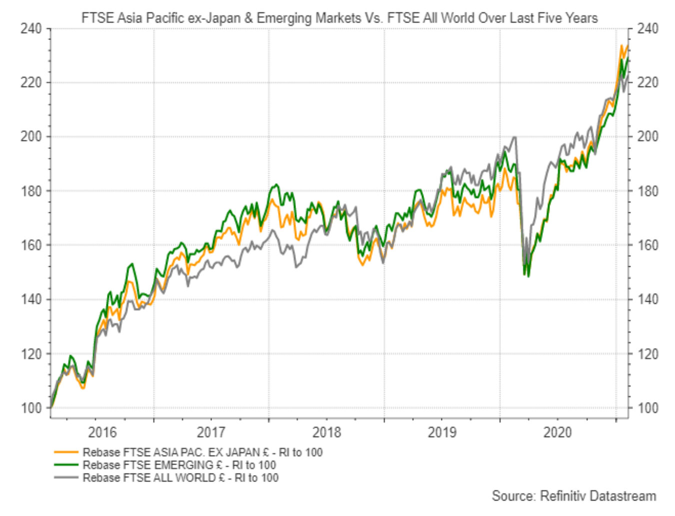
Mr Fletcher recommends a neutral weighting relative to the intermediate benchmark across all of the Fund's regional equity allocations; 5% in respect of Japanese Equities.

The Japanese economy entered a technical recession in Q1 2020 when GDP fell by -2.2%. 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 5.0% in Q3 2020 (annualised growth of 21.4%). Consensus forecasts indicate that GDP expanded by 2.3% (annualised growth of 9.5%) in Q4 2020, as Japan's relatively successful management of the Covid-19 pandemic allowed looser restrictions. Across the full year GDP is expected to have fallen by -5.1%.

GDP is forecast to increase by 2.3% in 2021. Households and businesses are well supported; stimulus pledges by the Bank of Japan and the Japanese government equate to over 40% of GDP, much higher than the percentage amounts committed by the governments and central banks of the UK, US and Europe. 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
Intermediate Neutral	2.0%	5.0%
Final Neutral	-	5.0%
Actual 31.1.21	2.1%	4.7%
AF Recommendation	2.0%	5.0%
IIMT Recommendation	2.0%	5.0%
Benchmark Returns (GB£)	**Asia-Pac**	**EM**
Q4 20/21 to 10 Feb-21	8.9%	9.4%
Q3 20/21	13.2%	11.2%
1 Year to Dec-20	19.4%	11.9%
3 Years to Dec-20 (pa)	7.7%	6.2%
5 Years to Dec-20 (pa)	14.7%	14.5%



Divestment of £115m reduced the Fund's allocation to Asia Pacific Ex-Japan Equities to 2.1% at 31 January 2021 (0.1% overweight), and divestment of

£29m reduced the Fund's allocation to Emerging Market Equities to 4.7% at 31 January 2021 (0.3% underweight).

Mr Fletcher recommends a neutral weighting relative to the 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.

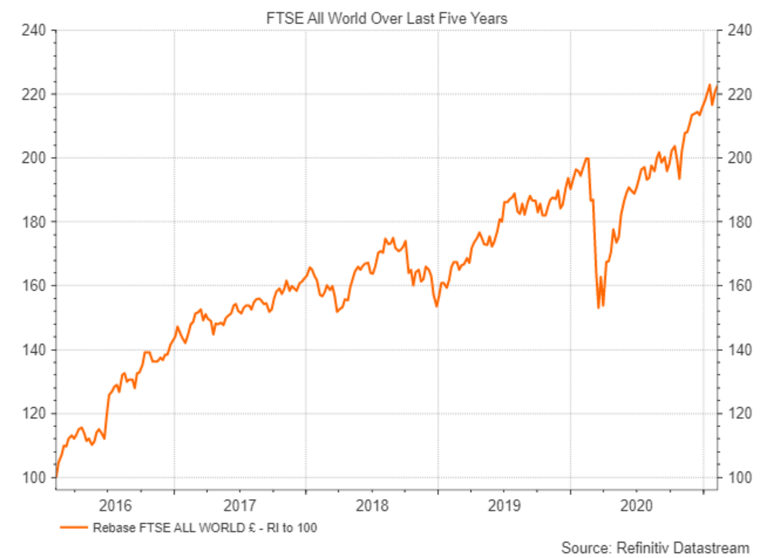
The IIMT continues to believe in the long-term growth potential of these regions, noting that these regions have accounted for well over half of global growth over the last ten years. The Chinese economy expand by around 2% in 2020, benefitting from being first into, and first out of, the Covid-19 pandemic. Whilst China experienced its first ever decline in GDP in Q1 2020, it went on to post positive growth in the remaining three quarters of the year.

The economic impact of the Covid-19 pandemic remains unclear, and whilst it appears likely that the new President 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%).

The IIMT is currently reviewing the Fund's benchmark in respect of Emerging Market Equities. The Fund currently uses a gross of tax benchmark (i.e. assumes that all withholding and transfer taxes are recoverable) but it is not uncommon for pension funds and investment managers to use a net of tax benchmark because of irrecoverable tax leakage. The IIMT believes that it is highly likely that a net of tax benchmark is a more appropriate benchmark for the Fund to use, and recommends that the authority to approve a change in the Fund's Emerging Market Equity benchmark from gross of tax to net of tax is delegated to the Director of Finance & ICT.

Global Sustainable Equities

DPF Weightings	
Intermediate Neutral	16.0%
Final Neutral	29.0%
Actual 31.1.21	15.9%
AF Recommendation	16.0%
IIMT Recommendation	16.0%
Benchmark Returns (GB£)	
Q4 20/21 to 10 Feb-21	3.7%
Q3 20/21	8.5%
1 Year to Dec-20	12.9%
3 Years to Dec-20 (pa)	10.1%
5 Years to Dec-20 (pa)	14.5%



Net investment in the three months to 31 January 2021 totalled £699m, taking the asset class weighting to 15.9%; 0.1% underweight.

The net investment of £699m comprised £298m invested through two active managers with a strong ESG focus (sourced through a collaborative LGPS Central Pool framework), and £401m invested through a low carbon index product. The use of a low carbon index product significant increases the portfolios diversification (i.e. dampening down volatility) relative to the active managers who generally run high conviction portfolios. The IIMT estimate that the carbon footprint of these investments is at least 60% lower than the benchmark.

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

The IIMT recommends a neutral allocation of 16.0% relative to the new intermediate benchmark.

The Fund's current benchmark for Global Sustainable Equities is the FTSE All World Index Index. The IIMT believes that a 50:50 blend of the FTSE All World Index (developed markets plus emerging markets) and FTSE Developed Index (developed markets) is a more reflective of the actual composition of the Fund's portfolio, and recommends that the Fund's benchmark is changed accordingly.

Private Equity

DPF Weighting					
Intermediate Netural	Final Neutral	Actual 31.1.21	Committed 31.1.21	AF Recommendation	IIMT Recommendation
4.0%	4.0%	3.5%	5.0%	4.0%	3.5%
Benchmark Returns (GB£)					
Q4 20/21 to 10 Feb-21	Q3 20/21	1 Year to Dec-20	3 Years to Dec-20 (pa)	5 Years to Dec-20 (pa)	
1.6%	12.8%	(8.8%)	0.1%	6.1%	

The Private Equity weighting increased from 3.4% at 31 October 2020 to 3.5% at 31 January 2021; 5.0% on a committed basis.

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

The IIMT notes that the Fund is overweight to Private Equity on a committed basis and is not reviewing further opportunities at this stage. The IIMT believes 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 maintained at 3.5% (0.5% underweight) in the forthcoming quarter.

Income Assets

At 31 January 2021, the overall weighting in Income Assets was 20.7%, in line with that reported at 31 October 2020. The IIMT recommendations below would take the overall Income Asset weighting to 21.4%, and the committed weighting to 26.5%.

Multi Asset Credit

DPF Weighting				
Intermediate Neutral	Final Neutral	Actual 31.1.21	AF Recommendation	IIMT Recommendation
6.0%	6.0%	6.7%	6.0%	6.7%
Benchmark Returns (GB£)				
Q4 20/21 to 10 Feb-21	Q3 20/21	1 Year to Dec-20	3 Years to Dec-20 (pa)	5 Years to Dec-20 (pa)
0.9%	3.3%	3.8%	3.8%	3.6%

Net investment of £45m (diversified multi-credit funds of £30m and private debt fund drawdowns of £15m) increased the Fund's allocation to Multi-Asset Credit from 6.2% at 31 October 2020 to 6.7% at 31 January 2021. 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 recommends a neutral weighting of 6.0%, noting the spread available from high yield bonds and loans, and emerging market debt, has continued to narrow. Whilst there are still opportunities in certain sectors of credit markets, Mr Fletcher believes that the asset class 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 maintaining the current allocation of 6.7% (0.7% overweight).

Property

DPF Weighting				
Intermediate Neutral	Final Neutral	Actual 31.1.21	AF Recommendation	IIMT Recommendation
9.0%	9.0%	7.7%	9.0%	7.7%
Benchmark Returns (GB£)				
Q4 20/21 to 10 Feb-21	Q3 20/21	1 Year to Dec-20	3 Years to Dec-20 (pa)	5 Years to Dec-20 (pa)
Not Available	2.1%	(0.9%)	2.2%	3.9%

The Fund's allocation to Property fell by 0.1% to 7.7% at 31 January 2021 reflecting relative market weakness, partly offset by net investment of £13m. Direct Property accounted for 4.5% (1.5% underweight) and Indirect Property accounted for 3.2% (0.2% overweight). The committed weight was 7.8% at 31 January 2021. Net investment related to a freehold single let manufacturing unit located in Leamington Spa.

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, Mr Fletcher notes that property could see a medium term downward re-rating and the lower income generated by rents could have an impact beyond the short term. However, he 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.

The Fund's Direct Property Manager notes that whilst the Covid-19 vaccine roll-out has offered the potential for much improvement in the coming months, the current lockdown is significantly impacting on the economy, as well as on people's everyday lives. For the third quarter in a row, rent collection remained a challenge, with many tenants requesting rental assistance or simply being unable to adhere to their rental commitments, particularly in the retail and leisure sectors. Returns from commercial property are currently low, although there are tentative signs that these are bottoming out. The Fund's property portfolio continues to perform well relative to its benchmark. The current void rate within the portfolio is 5.1%, 2.4% lower than the benchmark rate of 7.5%.

The Direct Property Manager notes that there has been no change to the current investment strategy, with the focus remaining on additional investment into the industrial sector which continues to offer the best performance prospects in the medium term. In light of the effect of the coronavirus crisis on the retail, office and leisure sectors, further investment in those areas remains 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 retail warehouse sector is now trading at historically attractive yields, but with rents still under pressure, the manager considers it too early to consider further investment in this sector at present.

The IIMT recommends that in the short term the Fund's current allocations to Direct Property (4.5%; 1.5% underweight) and Indirect Property (3.2%; 0.2% overweight) are maintained but liquidity of up to £50m is made available to the Direct Property manager to make further investments at the right time should suitable investment opportunities be identified.

Infrastructure

DPF Weighting					
Intermedidate Neutral	Final Neutral	Actual 31.1.21	Committed 31.1.21	AF Recommendation	IIMT Recommendation
9.0%	10.0%	6.3%	11.0%	9.0%	7.0%
Benchmark Returns (GB£)					
Q4 20/21 to 10 Feb-20	Q3 20/21	1 Year to Dec-20	3 Years to Dec-20 (pa)	5 Years to Dec-20 (pa)	
0.3%	0.5%	2.3%	2.6%	2.5%	

Relative market weakness reduced the Fund's allocation to Infrastructure from 6.7% at 31 October 2020 to 6.3% at 31 January 2021. The Fund finalised a commitment of $65m to a global renewable energy infrastructure fund in the period, taking the committed weighting to 9.6%.

Mr Fletcher recommends a neutral weighting relative to the 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 proposes subject to Committee approval, to make a commitment of around £75m to a renewable energy infrastructure fund in the next few months, to support the transition towards the new final benchmark weighting of 10% (9% on an intermediate basis).

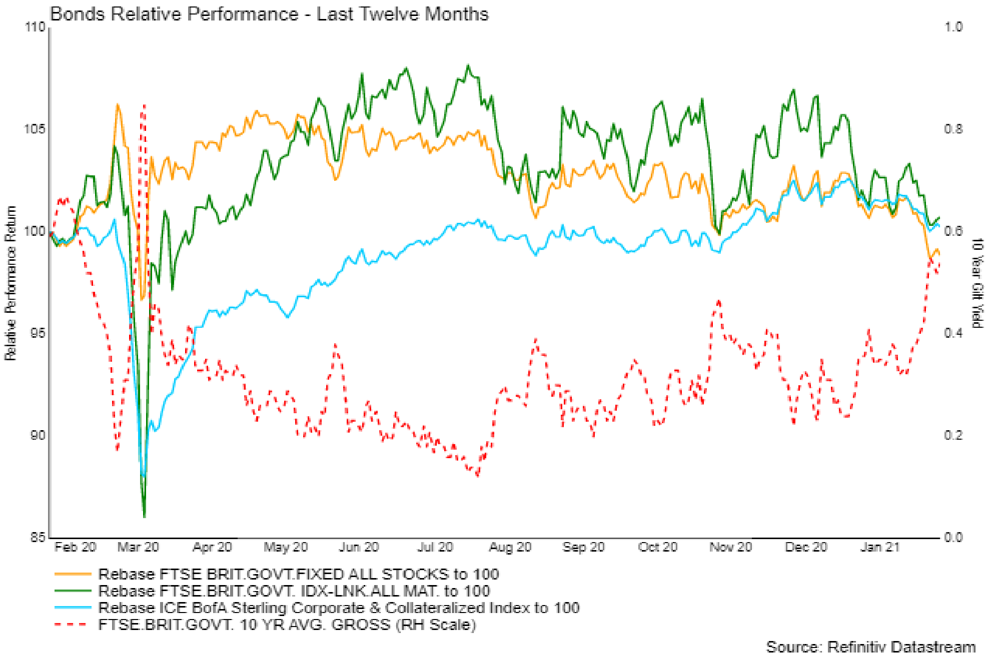
As a result, the IIMT recommends that the invested weighting is increased by 0.7% to 7.0% in the next quarter, and the committed weighting is increased to 11.0%. Whilst this implies that the Fund is over-committed to the asset class, the draw-down of these commitments will take up to five years, and as these commitments are drawn-down, they will be partly offset by distributions from existing infrastructure investments.

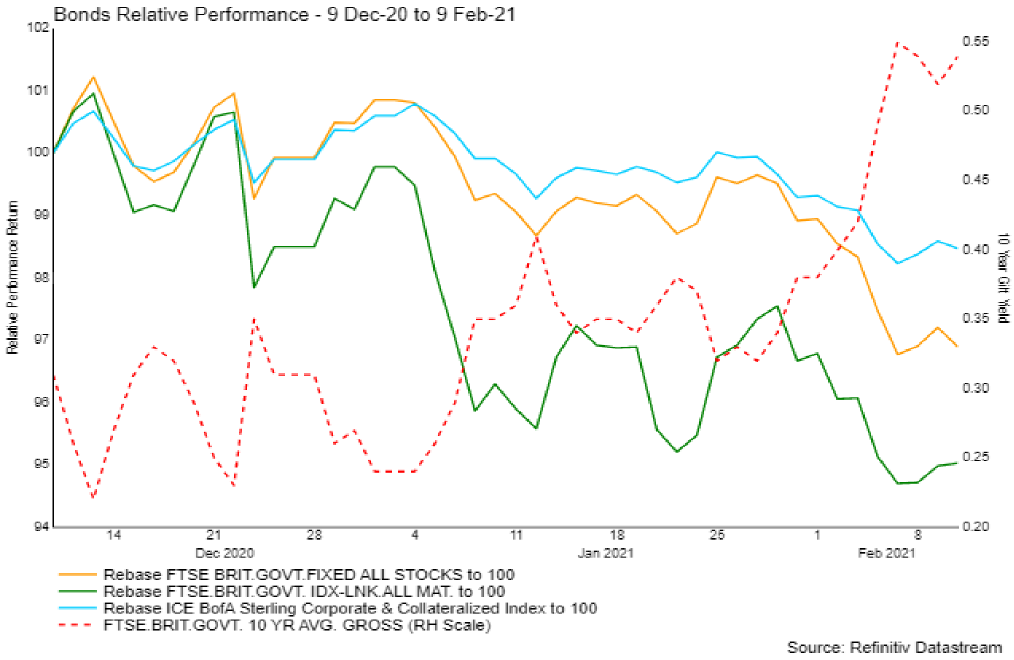
Income Asset Currency Hedging
The Fund's Investment Strategy Statement which was approved by Committee in November 2020, notes that the Fund's currency exposure in respect of Income Assets and Protection Assets should be hedged back to sterling. Previously the currency hedge related to solely to the Fund's Protection Assets.

The current quarterly operational transaction limit for currency hedging purposes is £100m. For transactions above that level, approval is sought from the Director of Finance & ICT. The limit was set several years ago, when the Fund's investments assets were significantly lower, and the currency hedge only covered Protection Assets. As noted above, the currency hedge now covers both Income Assets and Protection Assets, and the IIMT estimate that the transaction value of the Fund's quarterly currency hedge is likely to be in the region of £350m.

The IIMT recommend that the quarterly operational transaction limit for currency hedging is increased from £100m to £350m.

(ix) Protection Assets



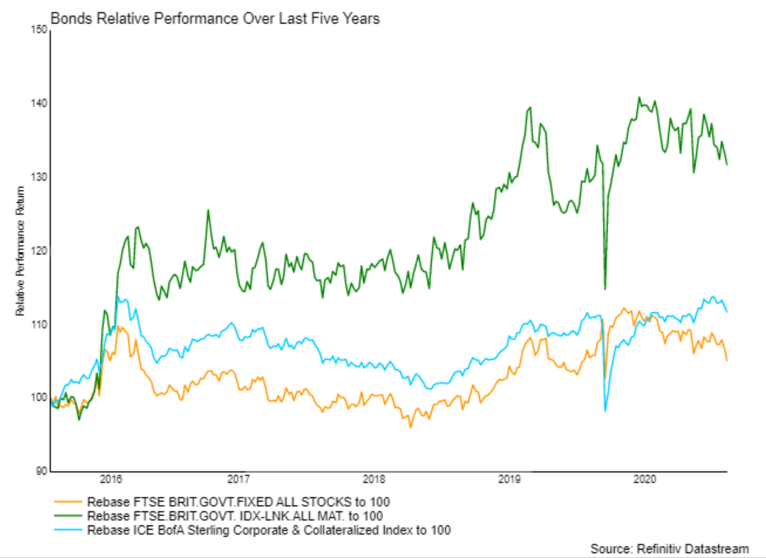


The weighting in Protection Assets at 31 January 2021 was 17.3%, 0.1% lower than that reported at 31 October 2020. The IIMT recommendations below maintain the weighting at 17.3%.

After rising sharply in November following the Pfizer/BioNTech announcement, UK Government bond yields fell in December as a No-Deal Brexit appeared increasingly likely, pushing investors back into protection assets. To date in 2021, yields have risen sharply, with the yield on a 10 year gilt more than doubling to 0.489%. The rise has been caused by a combination of higher yields in the US (on hopes for more stimulus) and the success of the UK vaccine rollout. Notwithstanding the recent rise, UK Government bond yields remain near historic lows, consistent with expectations for a prolonged period of near zero policy rates in response to the economic backdrop.

Conventional Bonds

DPF Weightings	
Intermediate Neutral	6.0%
Final Neutral	6.0%
Actual 31.1.21	5.1%
AF Recommendation	5.0%
IIMT Recommendation	5.5%
Benchmark Returns (GB£)	
Q4 20/21 to 10 Feb-21	(3.7%)
Q4 20/21	0.6%
1 Year to Dec-20	8.3%
3 Years to Dec-20 (pa)	5.2%
5 Years to Dec-20 (pa)	5.5%



The Fund's allocation to Conventional Bonds remained flat with net investment of £25m in the period being offset by relative market weakness; 0.9% underweight.

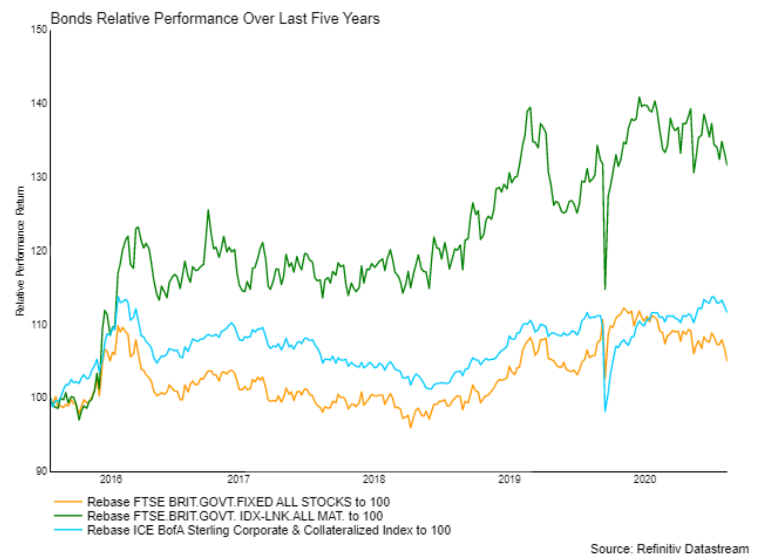
Mr Fletcher has increased his recommended allocation to Conventional Bonds from 4% to 5% (1% underweight). Mr Fletcher believes that government bonds will not provide as much protection as they have done in the past, and at the current extremely low levels of yield, increasing the level of cash provides 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. Recent market movements have increased the attractiveness of conventional bonds relative to index-linked bonds.

The IIMT recommends that the weighting in conventional bonds is increased to 5.5%, with the increase in the weighting funded by a switch from index linked bonds.

Index-Linked Bonds

DPF Weightings	
Intermediate Neutral	6.0%
Final Neutral	6.0%
Actual 31.1.21	5.8%
AF Recommendation	5.0%
IIMT Recommendation	5.4%
Benchmark Returns (GB£)	
Q4 20/21 to 10 Feb-21	(4.7%)
Q3 20/21	1.2%
1 Year to Dec-20	11.0%
3 Years to Dec-20 (pa)	5.6%
5 Years to Dec-20 (pa)	8.4%



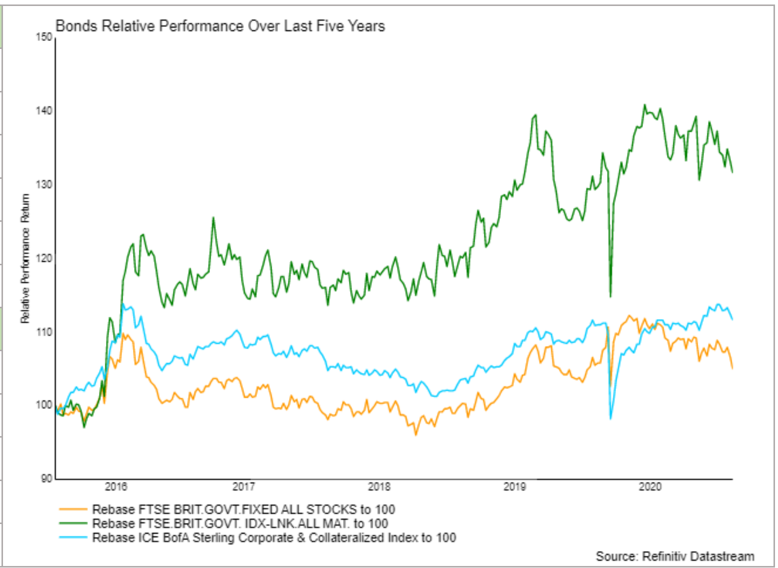
The Fund's allocation to Index-Linked Bonds fell by 0.2% to 5.8% at 31 January 2021 (0.2% underweight), with relative market weakness being partly offset by net investment of £17m.

Mr Fletcher has reduced his allocation to Index-Linked Bonds (UK Linkers) by 1% to 5% (1% underweight), with the 1% being allocated to an increase in the Cash weighting. Mr Fletcher continues to believe that UK Linkers are overvalued and long term investors should look elsewhere for inflation protection. Mr Fletcher has also reduced his tactical recommendation to hold US Treasury Inflation Protected Bonds (US TIPS) from 2% to 0%. Mr Fletcher notes that US TIPS have delivered strong returns as the risk of higher inflation in the US has been priced in, and as such, US TIPS are no longer cheap relative to expected inflation.

Supply chain constraints and base effects suggest there will be a spike in inflation in 2021, however, there is little evidence of longer term inflation pressures. Following the particularly strong performance of US TIPs compared to US conventional bonds, the IIMT recommends locking in some of the outperformance in US index linked bonds and switching the proceeds into US Treasuries (conventional bonds). The IIMT, therefore, recommends that the weighting in index-linked bonds is reduced to 5.4%.

Corporate Bonds

DPF Weightings	
Intermediate Neutral	6.0%
Final Neutral	6.0%
Actual 31.1.21	6.4%
AF Recommendation	6.0%
IIMT Recommendation	6.4%
Benchmark Returns (GB£)	
Q4 20/21 to 10 Feb-21	(1.3%)
Q3 20/21	3.2%
1 Year to Dec-20 (1)	n/a
3 Years to Dec-20 (pa) (1)	n/a
5 Years to Dec-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

Net investment of £25m increased the Fund's allocation to the asset class from 6.3% at 31 October 2020 to 6.4% at 31 January 2021; 0.4% overweight.

Mr Fletcher has maintained his 6% neutral allocation to Corporate Bonds, noting that over the last year credit markets have become more duration sensitive as issuers have extended the average maturity of their debt. With the current level of non-government bond yield spreads so low, Mr Fletcher expects that these yields may also start to rise as government yields rise which could lead to lower returns from this asset class as well.

The IIMT concurs that investment grade bond spreads are low and have narrowed significantly since spiking in March 2020. 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 6.4% should be maintained.

(x) Cash

The Cash weighting at 31 January 2021 was 6.6% (4.6% overweight relative to the intermediate benchmark).

Mr Fletcher has maintained his 4% (2% overweight) overweight to Cash, funded from underweight positions in Conventional Bonds (1%) and Index-

Linked Bonds (1%), reflecting the extremely low yield and high duration risk currently attached to these asset classes. Mr Fletcher notes that given the current valuation of all investment markets, he is not in a hurry to reduce the cash allocation.

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; continuing high levels of coronavirus 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 5.8% (3.8% overweight relative to the benchmark) due to the uncertain economic outlook, and the current rich valuations across most asset classes. 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, will 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 IIMT strategy outlined in the report be approved.

5.4 That the quarterly operational transaction limit for currency hedging is increased from £100m to £350m.

PETER HANDFORD

Director of Finance & ICT

Appendix 1

Fourth Quarter 2020 Investment Report

PREPARED FOR:

Derbyshire County Council Pension Fund: Pensions and Investment Committee Meeting

MARCH 2021

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 3rd March 2021
Date of paper 18th February 2021

1. Market Background (Fourth quarter 2020)

The Covid news flow continued to dominate the economic and market performance in the fourth quarter of 2020. At the beginning of the quarter it became clear that a second wave of infections was accelerating in the US, UK and Europe. To start with the increased infection rate did not seem to be resulting in higher hospitalisations or deaths, but sadly by the end of the quarter both these rates were surpassing the highs experienced in the first wave and the emergence of new more infectious variants of the virus were causing concern. In mid-November Pfizer, Moderna and Oxford AstraZeneca announced that their vaccines had passed 3rd stage trials, with very high levels of efficacy. This news was quickly followed by the authorisation for use by the UK and US drug agencies and the rolling out of the vaccination programme in the UK on the 8th December.

The next most significant event of the quarter was the US Congressional and Presidential elections. In the House of Representatives, the Democrats held on to a slightly reduced majority, but the Senate election race in Georgia was so close that it led to a “re-run” in January the result of which has led to a 50:50 split in Senators for each party, this means that in the unlikely event of a vote ending in a tie, the Vice President will have the casting vote.

The Presidential Election result quickly descended into farce as Mr Trump claimed he had won the election and refused to accept defeat. As the count continued it became clear that Mr Biden had clearly won both the popular vote by more than 6 million votes and the all-important Electoral College by 306 to 232 votes. To this day Mr Trump and many of his supporters believe that Mr Biden and the Democratic party stole the election by committing widespread voter fraud. Despite numerous appeals and investigations in many of the key swing states, no evidence has been found to support these claims.

On the back of the Covid news and the re-imposition of travel and activity restrictions, the global economy outside of China and South East Asia has been weaker, but not as weak as during the first lockdown in the spring. This is because more of the economy and schools remained open until mid-December, when many governments had to announce that Christmas had been cancelled! Because of a surge in new infections, hospitalisations and deaths mainly as a result of the new, more transmissible, Kent variant.

Given the above it would have been reasonable to expect that equity market performance would have been negative. But despite some initial weakness in October and in the run up to the US elections, equity markets have chosen to look at the positive news on the vaccines, a “normalisation” of US politics and the continued support provided by central banks and government; to rally strongly and in the case of many markets achieve new all-time highs. Even in those markets that did not see new highs a rotation from “new” economy stock price performance to “old” economy stock price performance has begun.

At the last possible moment, the UK and EU agreed a tariff free / quota free, trade deal on goods, that came into force on the 1st of January 2021. The agreement is not “frictionless” as it requires customs paperwork to be completed on both sides of the border. Something that neither side has had to do since the reduction in most customs paperwork in 1988 and its complete elimination by the establishment of the Single Market on 1st January 1993. While this is an important development because over 50% of UK trade in goods is with the EU, the deal does not as yet extend to services.

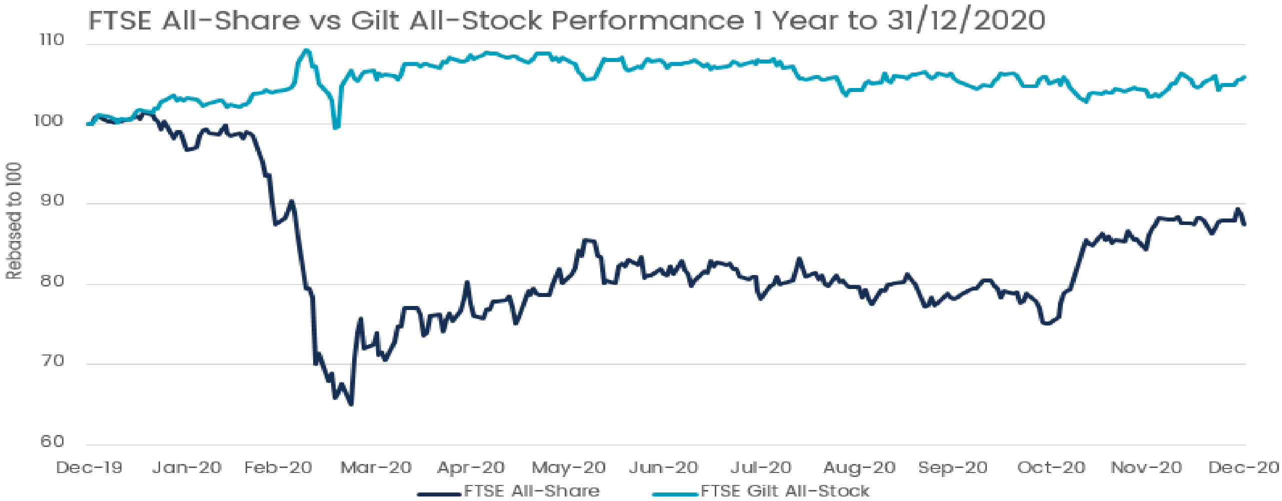
Table 1, below shows the total investment return in pound Sterling for the major asset classes, using FTSE indices except where noted; for the month of October 2020 and the 3 and 12 months to the end of December 2020.

% TOTAL RETURN DIVIDENDS REINVESTED

	MARKET RETURNS		
		Period end 31st December 2020	
	January 2021	**3 months**	**12 months**
Global equity ACWI^	-1.4	7.9	12.9
Regional indices			
UK All Share	-0.8	12.6	-9.8
North America	-1.4	6.8	16.5
Europe ex UK	-2.2	9.4	7.8
Japan	-1.4	8.5	11.1
Pacific Basin	+0.4	19.4	15.2
Emerging Equity Markets	+2.8	11.3	11.9
UK Gilts - Conventional All Stocks	-1.7	0.6	8.3
UK Gilts - Index Linked All Stocks	-3.1	1.2	11.0
UK Corporate bonds*	-1.1	4.0	8.6
Overseas Bonds**	-0.7	0.1	5.4
UK Property quarterly^	-	2.1	-0.9
Sterling 7 day LIBOR	0.01	0.01	0.19

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

Chart 1: - UK bond and equity market returns - 12 months to 31st December 2020



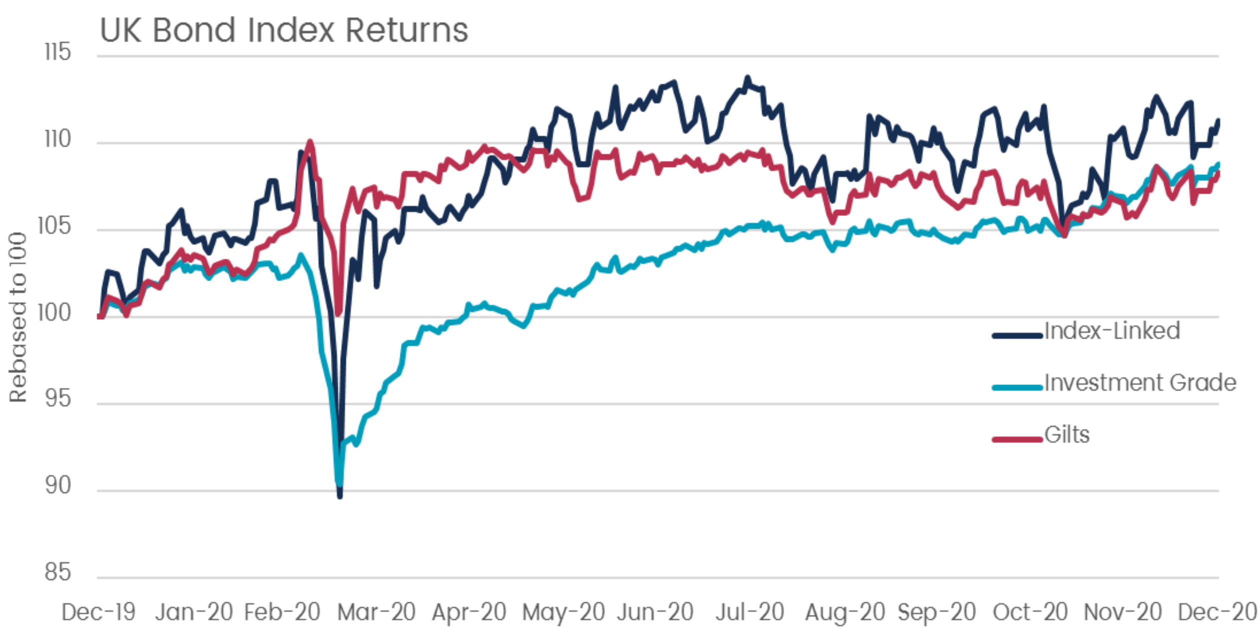
Source: - Bloomberg

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

BOND MARKET % YIELD TO MATURITY	30th September 2020	31st December 2020	Quarterly Change %	31st December 2019	Current 5th February 2021
UK GOVERNMENT BONDS (GILTS)					
10 year	0.23	0.19	**-0.04**	0.75	0.49
30 year	0.78	0.75	**-0.03**	1.26	1.07
Over 15y Index linked	-2.25	-2.35	**-0.10**	-1.84	-2.11
OVERSEAS 10 YEAR GOVERNMENT BONDS					
US Treasury	0.69	0.91	**0.22**	1.88	1.16
Germany	-0.53	-0.57	**-0.04**	-0.19	-0.45
Japan	0.02	0.02	**0.00**	-0.02	0.05
NON-GOVERNMENT BOND INDICES					
Global corporates	1.63	1.35	**-0.28**	2.24	1.44
Global High yield	5.74	4.32	**-1.42**	5.10	4.19
Emerging markets	3.76	3.20	**-0.56**	4.39	3.26

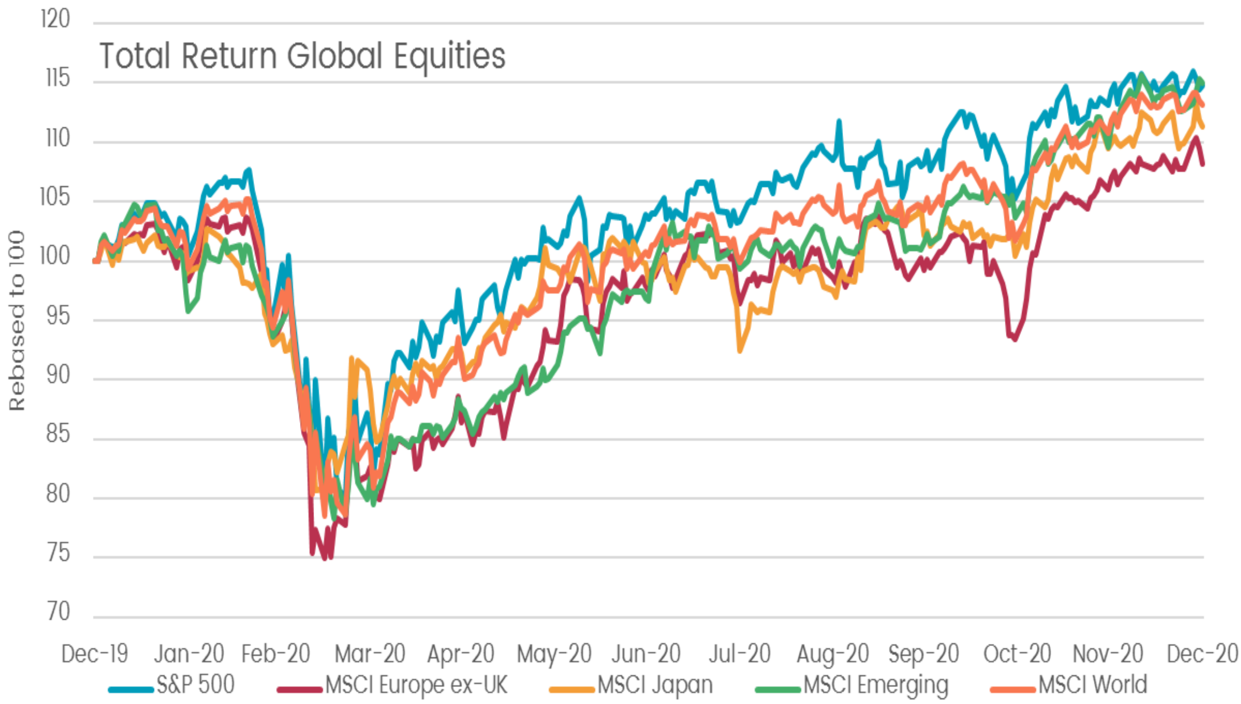
Source: - Bloomberg, Trading economics and ICE Indices G8LI, G0BC, HW00, EMGB, 5th February 2021.

Chart 2: - UK Bond index returns, 12 months to 31st December 2020.



Source: - Bloomberg

Chart 3: **-** Overseas equity markets returns in Sterling terms, 12 months to 31st December 2020.



Source: - Bloomberg

Recent developments (Year to 12th February 2021)

January 2021 has seen some remarkable events: The excellent news of a rapid roll out of vaccinations in Israel, followed by the UK and the US, sadly against a backdrop of increased hospitalisations and deaths, as Winter and the more infectious regional variants of the virus spread globally. The ignominious end of the Trump era marked astonishingly with a riot and invasion of the centre of government, on the 6th January and his low-key departure from Washington on inauguration day without the normal civilities of the hand over of Presidential power. Economic growth has been negatively impacted by new Lockdown's and reduced activity, which is likely to result in negative 1st quarter 2021 GDP growth in many developed economies.

Yet despite this year to date equity markets in local currency terms have continued to advance. Choosing to look through the current events and problems to a "re-opening" post vaccination recovery in growth later in 2021, fuelled by low interest rates, high savings and "pent-up" demand. Coupled with a fiscal expansion which in large part is expected to be aimed at delivering a green and sustainable economic future.

The optimism created by the prospect of vaccination is understandable but the markets response does seem somewhat detached from the experience of the real economy during the pandemic. Many equity indices and bond market prices are higher than they were before the pandemic. On further inspection the rally in equity markets has been driven by certain sectors and a narrow sub-set of companies within them. These companies have been winners during the pandemic and therefore may be able to justify their very high valuations, but more recently the prices of some companies seem to be driven by rumour and price momentum, rather than earnings and valuations and we know how that ends!

MJ HUDSON Allenbridge

2. Investment Performance

Table 3 shows the performance of the Derbyshire Pension Fund versus the fund specific benchmark for the 4th quarter and year to the end of December 2020. At the end of the calendar year, 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 8.0% per annum.

Table 3: - Derbyshire Pension Fund and Benchmark returns

% TOTAL RETURN (NET) 30TH SEPTEMBER 2020	3 MONTHS		12 MONTHS	
	Derbyshire Pension Fund	**Benchmark**	**Derbyshire Pension Fund**	**Benchmark**
Total Growth Assets	**11.1**	**10.3**	**7.2**	**5.1**
UK Equity	14.0	12.6	-8.4	-9.8
Total Overseas Equity	**10.2**	**9.0**	**15.3**	**13.8**
North America	8.5	6.8	18.8	16.4
Europe	9.0	9.0	8.7	8.7
Japan	8.3	8.5	14.3	11.1
Pacific Basin	12.7	13.2	18.8	19.4
Emerging markets	14.2	11.2	9.4	11.9
Global Sustainable Equity	13.2	8.5	60.6	13.0
Global Private Equity	8.7	12.8	6.1	-8.8
Total Protection Assets	**1.8**	**1.7**	**8.5**	**8.6**
UK Gilts	0.3	0.6	6.6	8.3
UK & Overseas Inflation Linked	1.0	1.2	10.7	10.0
Global Corporate bonds	3.8	3.2	-	-
Total Income Assets	**2.0**	**1.9**	**3.8**	**1.5**
Multi-asset Credit	3.1	3.3	3.3	3.8
Infrastructure	0.6	0.5	6.0	2.3
Property (all sectors)	2.3	2.1	2.6	-0.9
Internal Cash	0.0	0.0	0.3	0.1
Total Fund	**7.0**	**6.6**	**6.5**	**5.2**

Total fund value at 31st December 2020 £5,610 million

Equity markets produced the strongest returns in the fourth quarter of 2020. The positive news about the Covid vaccines and the roll-out of the vaccination programme in the UK, led to a sector rotation, with those sectors and countries where performance had lagged catching up some but not all of the relative underperformance over the year.

Growth assets – Equity performance

In the 4th quarter and calendar year most of the regional portfolios outperformed their indices.

North American equity performance was 1.7% ahead of the market in the fourth quarter, and 2.4% ahead over 12 months. The recovery in relative performance means the 3 and 10 year annualised returns are now ahead of benchmark with only the 5 year annualised returns slightly behind. Over 10 years North American equity has delivered 16.6% p.a. which is an outperformance the benchmark index by 1.7% p.a.

Most of the UK and all of the continental European equity allocations are passively managed by LGIM and UBS. The 3 and 12 month returns of these funds are in line with the benchmark. However, part of the UK allocation is invested in Investment Trust's selected by the in-house team, this part of the Fund performed so strongly that it improved the aggregate return of the overall UK allocation. As a result, overall performance was positive over 1 year and 3 years unlike the FTSE All share index where returns were negative.

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, Private equity has delivered the next highest absolute returns and the largest relative outperformance over the benchmark.

Over the quarter the allocation to global sustainable equity was not increased from 3.1% but due to the strong performance of the fund the allocation finished the quarter with a weight of 4.6%.

Protection assets - Fixed Income Performance

Over the quarter the bond portfolio delivered a return of 1.8% compared to the benchmark of 1.7%, Gilts and Index Linked Gilts underperformed the benchmark but the allocation to global corporate bonds outperformed. Over 12 months protection assets delivered 8.5% compared to 8.6% for the benchmark.

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 4th quarter and is now only slightly behind benchmark over 1 year. Over 3 and 5 years returns are positive and better than benchmark.

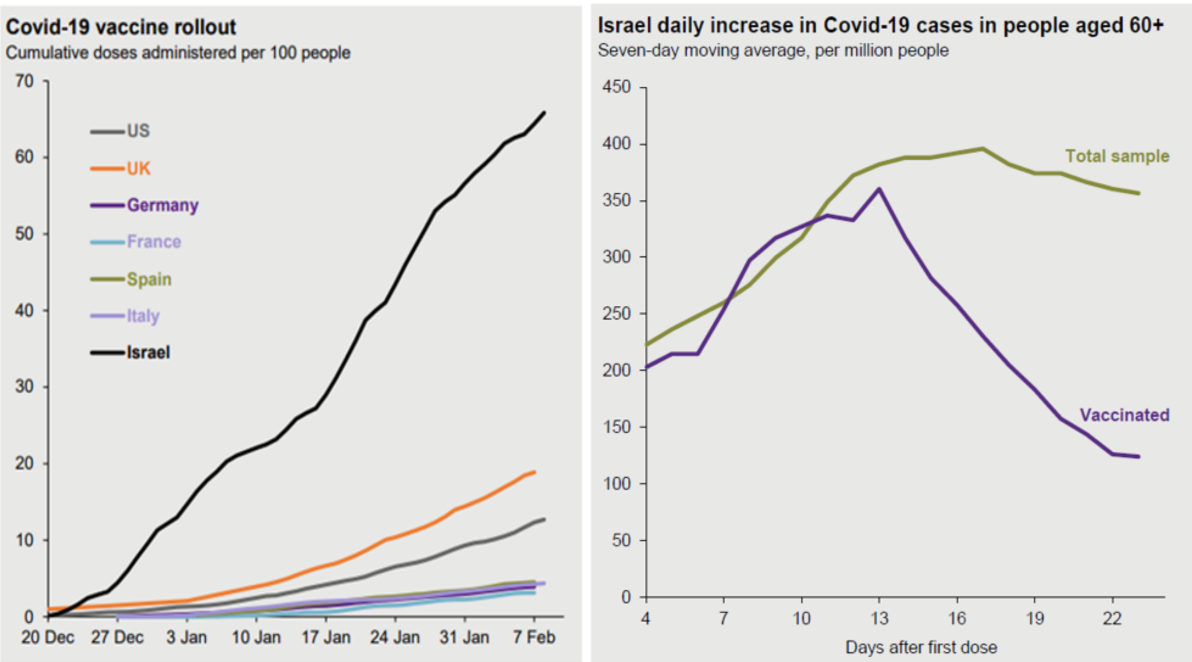
3. Economic and Market outlook

Economic outlook

As I suggested in my last report Covid is still the dominant factor driving the global economy. The increased infection rate has led to increasingly severe restrictions on activity and a number of countries closing their borders. Even in China and the far east there have been localised lockdowns but these outbreaks have been so small by comparison that they have not impacted the aggregate level of growth. The same cannot be said for developed economies, while the US may avoid negative growth in 1q21, it now appears very likely in Europe and the UK.

Beyond the first quarter, the roll out of vaccinations gives reason for optimism that into the second quarter and the second half of 2021, developed economies can start to re-open and experience a sustained return to normality. This is because the vaccines, not only impart a high degree of protection to the vaccinated they also seem to reduce the rate of transmission. Early data from Israel, (see chart 4, right hand side) the country with the highest vaccination rate shows a marked fall in infection rates across the 60+ year old population. Despite the "nay-sayers" and worriers, vaccination is the path to economic recovery and unless one had a valid medical reason for not getting vaccinated the entire population should be strongly encouraged to have their doses as soon as they are invited.

Chart 4: - LHS. Vaccinations per 100 people. RHS. Reported infection rate, 7day ma per million



Source: - JPM Asset Management February 2021

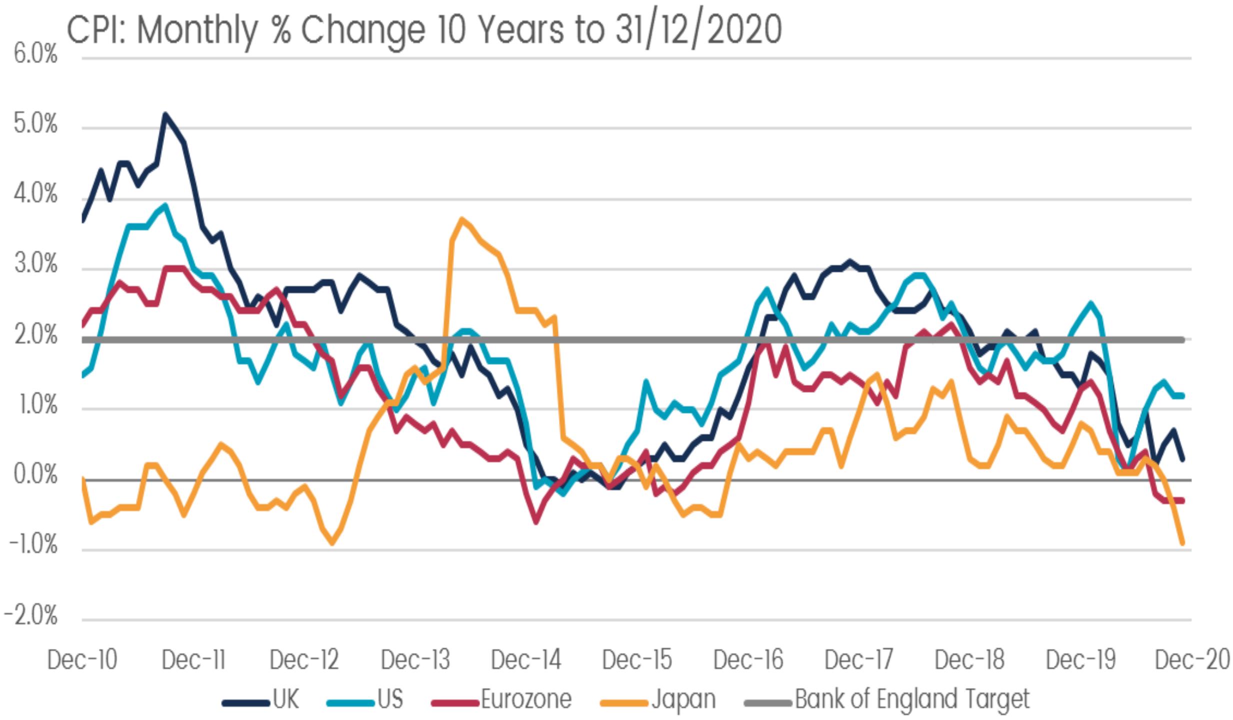
Vaccination is the game changer that is expected to release pent-up demand, funded by increased household savings accumulated over the last year. This spending combined with the agreed fiscal spending already agreed by the UK and by the EU recovery plan and the anticipated US$ 1.9 Trillion Infrastructure package from the Biden administration, should lead to a strong and sustained economic recovery.

In the longer term I believe global trade could become more regional in nature for 2 reasons: First the desire for domestic economies to be more resilient, because as we have seen global, supply chains, in the face of a crisis, can be subject to disruption and hoarding. This could lead to more domestic production, reversing the trend in offshoring to "benefit" from lowest cost production. And secondly because China and its hinterland is now reaching "critical mass", where increasingly it will not need to trade with the US and Europe to achieve sustainable growth. In the meantime, we could see a return to higher total global trade as the trend to increased tariffs and trade tensions may have reached an inflection point with the departure of Mr Trump.

Inflation

As can be seen in chart 6 below the reported rate of inflation has been trending sideways to lower for the last 10 years. However, it is feared that this period of low inflation may be about to come to an end.

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



Source: - Bloomberg

During the period between the Global Financial Crisis and the Covid pandemic, while monetary policy was exceptionally loose, fiscal policy was probably too tight. The commonly held view is this combination of policies has kept inflation under control. I believe that while this has contributed to keeping inflation low, there were other secular disruptive trends at work keeping inflation low such as globalisation, automation and digitisation, all of which led to a stagnation in household incomes. The huge level of debt, an aging population and increased regulation has also played its part in keeping inflation low.

One of the main reasons for the change in sentiment is governments have changed their attitude towards fiscal policy, openly talking about debt funded; Infrastructure projects, Levelling Up, a Green Economic Revolution and the EU Covid recovery plan. The fear is that with government borrowing already very high, further fiscal spending funded by debt, combined with increased personal spending funded by household savings, is going to create "supply-side" issues that will ignite inflation and then central banks will be too slow to respond, leading to permanently higher rates of inflation.

Other investors have become concerned about how inflation targets are interpreted by central banks and how they will respond to rising inflation in future. As mentioned here before the US Fed has explicitly stated that in future it will seek to have an average inflation rate of 2% rather than target a rate of 2%. It could be argued that this is the same thing, but in the past the Fed has raised rates in anticipation that it could stay above the 2% target. Whereas in future they will tolerate a rate above 2%, to offset against periods when it was below 2% in order to achieve a medium term average of 2%. In other words, they will be re-active to actual inflation rather than pro-active to the risk of inflation.

The reason the Fed can do this, is because it has a "Dual mandate, Maximum employment and Stable prices". Their research and observations at least over the last 10 years has led them to the conclusion that the link between low unemployment and higher inflation, through higher wage costs is either at a much lower level of unemployment than historically believed or it has been broken by a more flexible and adaptive labour market. Hence with at least an extra 10 million people unemployed in the USA at the moment and the time it may take them to get new jobs in a post Covid economic landscape, they can't see any sustained above average inflation that will require a monetary response in the short or medium term.

I can see the potential risks especially as it is generally accepted by many economists that high levels of government spending can lead to mis-allocation of capital and lower efficiency, which they believe is inherently inflationary. But I believe the disruptive and secular trends mentioned above will have a bigger impact.

The government spending, we have seen over the last year has been used to replace the money that would have been created by the economy, it is therefore not inflationary. As economies re-open this support will be withdrawn and be replaced partly by money created by economic activity and the spending of savings built up during the pandemic. This could lead to higher inflation caused by shortages in goods or labour, or the changes required to adapt business activities to a post covid working environment, and these upticks in inflation could be accentuated by "base effects" from the collapse in the economy last year, but I believe these will prove to be short term in nature. Also, for the most part the fiscal expansion that is being discussed is for long term investment to replace worn out or old infrastructure and to kick start the changes required to re-engineer the global economy to a more sustainable future. These projects will take a long time to be deployed and while certain aspects could turn out to be short term inflationary in nature, this "inflation" is some way off and ultimately, these projects could be disinflationary on completion. In my opinion, either way by the time these projects are underway and completed I believe the economy should be in a better place to cope with the higher interest rates, if required, to combat inflation.

I do believe that inflation will be higher over the next 12 months and may generate some surprise prints, especially compared to what we have become used to over the last 10 years, but I would be surprised to see annualised rates of inflation above 3 to 4% for any sustained period of time.

Central Banks

Central Banks have been very quiet over the last few months. Their announcements have all been consistent with a no change to the current easy money policy. In February at the Fed press conference Jerome Powell confirmed that the Fed would keep its low interest rate policies in place even well after the economy has sustained a recovery from the viral pandemic. The Bank of England, ECB and Bank of Japan pretty much said the same thing at the most recent meetings. The BoE seems to have decided to move away from the idea of using negative interest rates as a tool for monetary policy.

Politics

At the time of writing this report Mr Trump has still not conceded that he lost the US Presidential Election. Both he and his hard core of supporters still maintain that election was stolen by the Democrats. After a historic 2nd attempt by the Democrats to impeach the former president, the US Senate voted broadly along party lines, in deciding that there was insufficient evidence to link Mr Trump to the riot and invasion of the Capitol building by his supporters, as Senators gathered to formalise the Electoral College vote on the 6th January 2021. The failure to impeach, means that Mr Trump is free to stand for public office in the USA and even run again for President in 2024. The Biden administration already had an uphill task to try and repair the division within the USA and this decision can only make that task more difficult. Internationally while America's allies will take some comfort from Mr Trump's departure, western democracy's underminers and enemies will be happy with the reduced influence America will have going forward.

President Biden has as expected hit the ground running, he has pledged to unify the response to the Covid pandemic and targeted 100 million vaccinations in the first 100 days of his office. Among other things, he has re-joined the Paris Accord on Climate Change and withdrawn Federal funding for construction of the wall along the US / Mexican border. In addition, the administration is working on a new Covid relief package that could see new payments of up to US$1,400 being paid directly to US taxpayers and he is seeking to pass a US$1.9 trillion (9% of GDP) infrastructure spending programme.

At almost the last minute the UK and EU agreed a tariff free / quota free, trade deal on goods, that came into force on the 1st of January 2021. The late confirmation of the deal and the tetchy relationship with the EU has already had an impact. The EU chose to immediately, fully impose customs rules and this has caught out many exporters of fresh produce from the UK who have been caught up in technical / paperwork disputes which has led to food shortages in Northern Ireland, the spoiling of shellfish and even the confiscation of sandwiches, bought in the UK, from drivers on entry to the EU. The UK on the other hand decided to give 6 months grace to those bringing goods into the UK, to get their paperwork in order, yet despite this some goods are getting stuck on their way into the UK. But perhaps the most incendiary decision of the EU was to invoke article 16 of the agreement, which effectively imposes a Hard Border between the Republic of Eire and Northern Ireland in an attempt to prevent the export of pre-ordered Covid vaccines to the UK. As part of a vain effort to cover up for the Commission's failure to place early vaccine orders, approve their use and to begin distribution. Such behaviour does not bode well for future negotiations over Services, which are a far more important to the UK economy and the arguments the UK may get into as the economy diverges from the EU's perception of the regulatory framework and a "level playing field".

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Government bonds

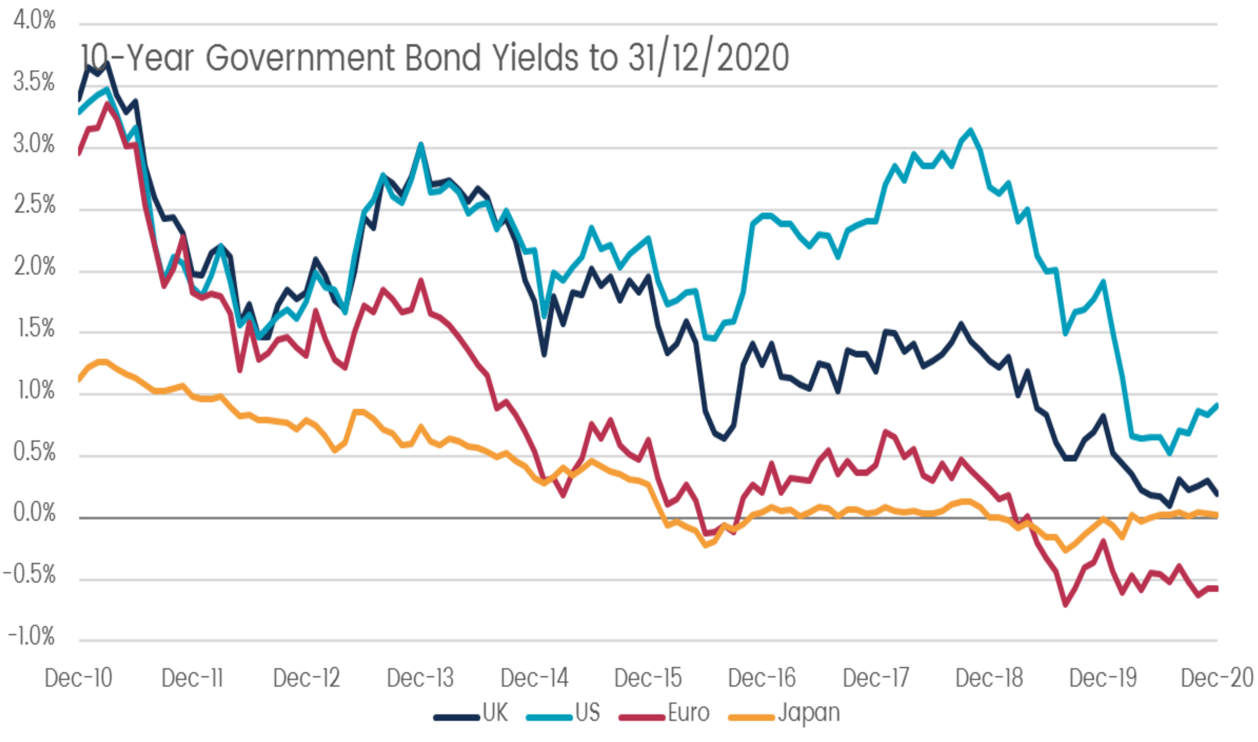
As can be seen in table 2 above Government bond yields, even in Germany and Japan have started to rise in the first quarter of 2021. In chart 7 below it can be seen that the rising trend began in US, in November following the good news on the vaccines and the Democrat election victory.

I expect government bonds yields to continue to rise over the next couple of years and in the case of the US they could easily reach 1.5% to 2% by this time next year. Yields will rise either because of the expectation of higher inflation, the size of deficits or because the global economy is in recovery.

At the moment the main objective of all central banks is to keep government bond yields low. It should be remembered that even if US 10 year yields reached 2%, that is still below the average of the last 10 years and close to the lowest yield in US recorded history. Prior to the recent period, the only time that yields were around 2% before was in 1940.

It is highly likely that government bonds could deliver a near zero or even negative return in 2021.

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

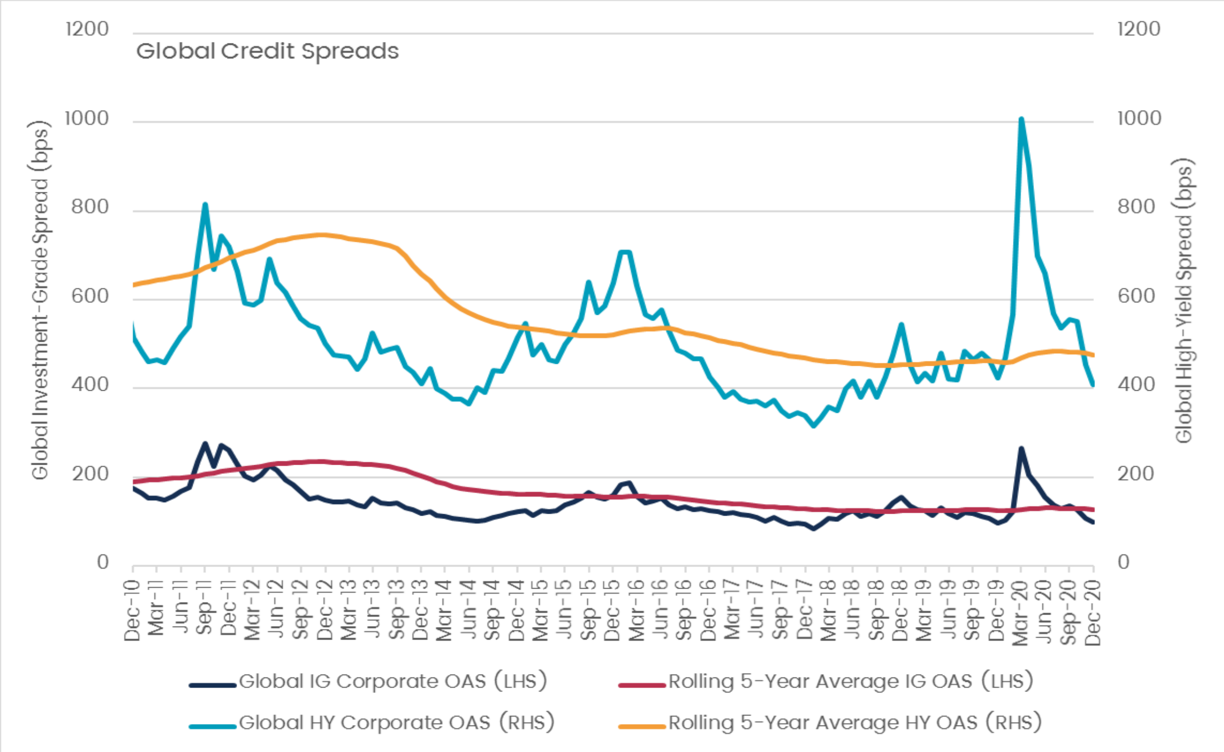


Source: - Bloomberg

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 4th quarter. Mainly because central banks continued to buy investment grade corporate debt.

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



Source: - Bloomberg

Yield spreads have continued to narrow in 2021 but this is mainly because government yields have started to rise rather than because Investment grade non-government yields have fallen. However, the all-in yield, for the average of global high yield bonds is now close to a new all-time low.

On average it is fair to say that yield spreads are becoming unattractive, there is still some scope for spread narrowing but the opportunity is now limited. Investment grade all in yields are close to their all-time lows and their interest rate sensitivity has increased as companies have issued longer dated debt. But as always, and especially for a MAC manager in the high yield market, there are relative value opportunities in the sectors that don't qualify to be bought by central banks, such as corporate hybrid debt and sub-ordinated bank capital bonds.

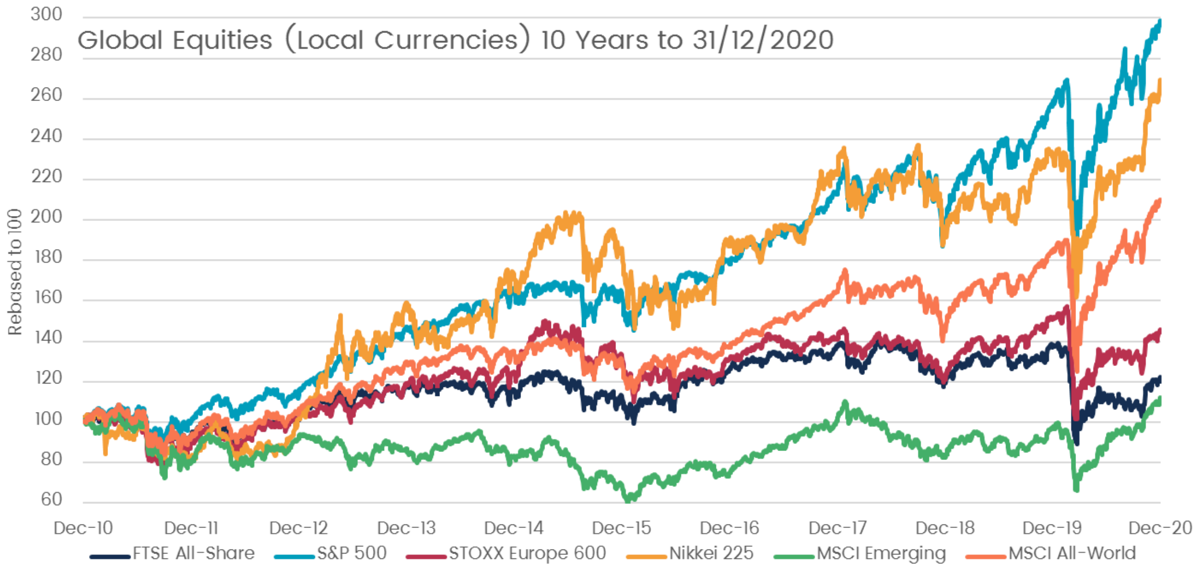
If my comments above, about an extended period of low interest rates and government bond yields are correct then both investment grade and sub-investment grade bonds will deliver better returns because of their higher yield and lower interest rate sensitivity, than government bonds provided they have a lower default experience.

At this level of yields returns are highly dependent on active management and manager skill, but I still believe returns from non-government bonds will be higher than from government bonds.

Equities

As can be seen in Chart 9 below and in table 1 above, after a fairly weak start the fourth quarter equity markets finished the year with strong broad-based rally. So far in 2021 after a sideways January most equity markets have continued to rise, with only the UK and broader European stock indices not making new all-time highs. However, the rotation that was seen into “value” from “growth” sectors in the fourth quarter has run out of steam and those mega-cap stocks that were big contributors to the rally of stock indices in 2020 have again powered ahead on better than expected earnings.

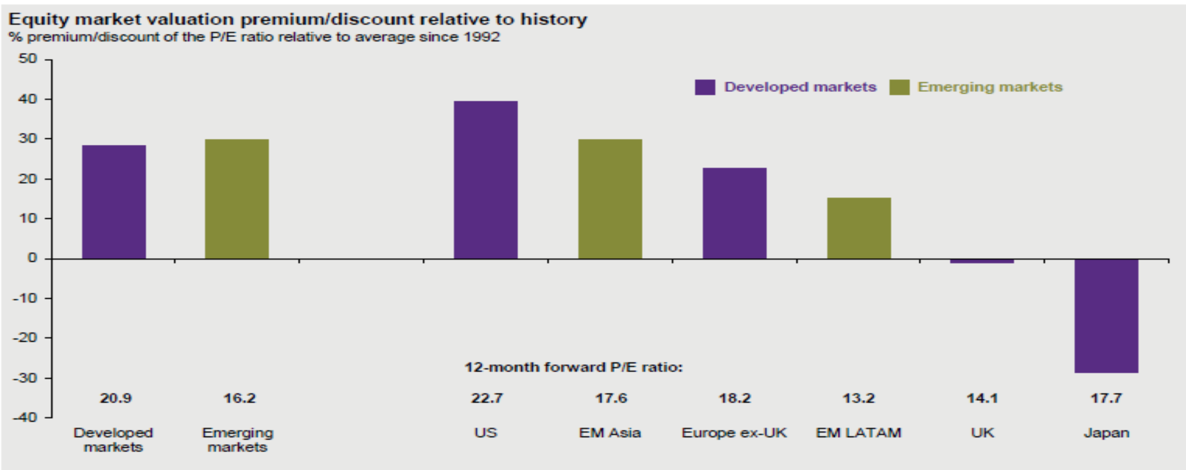
Chart 9: **-** Global equity indices, last 10 years.



Source: - Bloomberg

Looking at markets in general many are expensive to their respective valuations since 1992, but much of the valuation premium can be explained by the index composition, see charts 10 and 11 below. Nonetheless the performance of equity markets, even after discounting the support provided by government and central banks and the optimism of a vaccination driven reopening of the developed economies, seems slightly detached from reality and prices are potentially vulnerable to bad news.

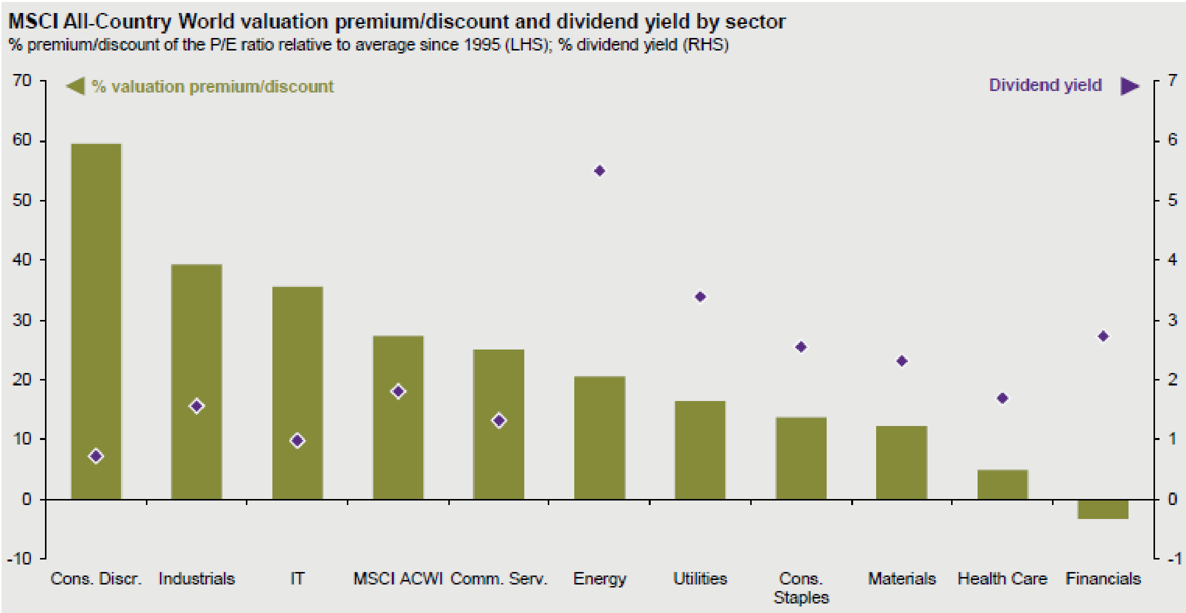
Chart 10: **-** Equity market valuations Premium and discount relative to P/E ratios since 1992.



Source: MSCI, Refinitiv Datastream, Standard & Poor's, Tokyo Stock Exchange, J.P. Morgan Asset Management. Indices used are MSCI, except for: US = S&P 500; Japan = TOPIX. Past performance is not a reliable indicator of current and future results. Data as of 26 January 2021.

As can be seen in chart 10 above, The Price / Earnings ratio compared to history since 1992, are at least 20% more expensive for country indices outside the UK and Japan. Chart 11 below, shows which sectors have the highest valuation premium, and explains why these country indices are relatively expensive. For example, the US has a much higher sector weight in IT and consumer discretionary than the UK, which also has a much higher weight in Energy and Financials.

Chart 11: - LH Axis, Sector Premium relative to P/E ratio since 1995; and Dividend yield, RH Axis.



Source: MSCI, Refinitiv Datastream, J.P. Morgan Asset Management. Past performance is not a reliable indicator of current and future results.
Data as of 26 January 2021

While I am delighted that the UK and the US are making such huge strides on vaccinating the population, before we can get back to a semblance of normality the rest of the world needs to catch up. And that assumes the virus does not mutate in such a way that the current vaccines become less effective.

Finally, as the monetary aggregates show there is a lot of money "sloshing" about in the system and some of this money is driving price movements in certain assets like crypto currencies and equities linked to technology that cannot be justified by any normal valuation methodology. This kind of behaviour is often linked to manias and bubbles. I could be wrong and we are about to embark on a new multi-year expansion that will ultimately justify some of these extreme valuations, but this activity is making me increasingly cautious about equity markets in the short term.

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GDP

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

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

% CHANGE YOY								
	2020				2021			
	NOVEMBER		JANUARY		NOVEMBER		JANUARY	
	Consensus	AF	Consensus	AF	Consensus	AF	Consensus	AF
US	-3.7	**-4.0**	-3.5	**-3.5**	3.8	**4.0**	4.4	**4.6**
UK	-11.0	**-11.0**	-10.7	**-11.0**	4.7	**5.0**	4.3	**4.5**
Japan	-5.5	**-6.0**	-5.3	**-5.8**	2.5	**2.5**	2.4	**2.4**
EU 28	-7.3	**-8.0**	-6.9	**-5.1**	4.5	**5.0**	4.3	**4.5**
China	2.0	**2.5**	2.1	**2.5**	7.9	**8.0**	8.3	**8.5**
SE Asia	-4.4	**-3.2**	-1.4	**-1.2**	5.6	**6.0**	6.3	**6.5**

Source: - Consensus Economics January 2021

Based on the advance reports of 2020 GDP currently available growth turned out better than expected in China, South East Asia, the USA and the EU and worse than expected in the UK and Japan. As more actual data becomes available these estimates will be revised, but the overall story will remain the same, 2020 will record the lowest aggregate global growth rate in our lifetimes. January's consensus forecasts are more optimistic for 2021 and I believe these may be revised even higher outside of the EU where the slow rollout of the vaccination programme is likely to slow the pace of the recovery and growth.

Last year the infection rate was the clearest indicator of the pace of economic growth. In 2021 the rate of vaccination, may turn out to be the best indicator of the pace of economic recovery. Vaccination not only imparts a high level of protection to those that receive it, it also seems to reduce the transmission rate. Both of these factors should reduce hospitalisations and mortality. Which in turn will speed up the pace of economic re-opening and the release of pent-up demand. I remain more optimistic on growth than the consensus.

This optimism of course may be dampened by the ability of the virus to mutate, thus far the scientific evidence appears to suggest that while the new variants are more transmittable, they may not be more deadly. At the moment we do not know what the long term effects of the virus will be on those it does not kill, nor do we know if the population will require a regular vaccination.

Chinese growth has returned to pre-covid levels and the economy finished the year 2.3% bigger than it was at the end of 2019. It is likely to be the only major economy to avoid contraction in 2020. Third quarter growth was revised higher from 2.7%, to 3%. In the fourth quarter growth was slightly weaker at 2.6%. Growth in the economy continues to broaden out from manufacturing into personal consumption including leisure and hospitality.

In the US, third quarter growth was confirmed at +33.4%, the fourth quarter was a much more muted +4% as covid related restrictions reduced personal consumption. In 2020 as a whole the US economy contracted by -3.6%, the worst performance since 1946. The outlook for 2021 looks better due to the vaccine roll-out and the expected Biden Covid support package.

In the UK, further revisions to the quarterly growth rates showed a revised -3.0% contraction in first quarter from -2.5%, second quarter growth was revised to -18.8% from -19.8% and third quarter growth was revised slightly higher to +16%. Based on the most recent ONS data the UK economy was estimated to be 9.9% smaller at the end of 2020.

Revisions to data show the Japanese economy was slightly stronger growing at a revised +5.3% compared to a previously reported +5% in the third quarter, but second quarter growth was revised down again to -8.3% leaving the economy 5.8% smaller than it was 12 months ago.

In the Euro-area growth was revised down in the second quarter to -11.7%, and third quarter growth was +12.4%. The latest data shows the economy at the end of 2020 was -5.1% 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 November 2020 and February 2021.

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

% CHANGE YOY								
	2020				2021			
	NOVEMBER		JANUARY		NOVEMBER		JANUARY	
	Consensus	**AF**	Consensus	**AF**	Consensus	**AF**	Consensus	**AF**
US	1.2	**0.7**	1.3	**1.0**	2.0	**1.8**	2.1	**2.0**
UK	0.9	**0.6**	0.9	**0.6**	1.5	**1.3**	1.5	**1.3**
Japan	0.0	**-0.2**	0.0	**-0.2**	0.0	**0.0**	-0.1	**-0.2**
EU 28	0.5	**0.5**	0.6	**0.5**	1.1	**1.0**	1.1	**1.0**
China	2.7	**2.5**	2.6	**2.4**	1.9	**2.0**	1.4	**1.5**
SE Asia	1.0	**0.9**	2.0	**0.9**	2.0	**2.0**	1.5	**1.6**

Source: - Consensus Economics January 2021

The consensus forecasts for inflation in calendar 2020 and 2021 are broadly unchanged. There is a lot of concern about higher inflation at the moment, but it does not seem to be reflected in the consensus estimates in the table above. I continue to expect aggregate inflation to be lower than forecast in 2021, except possibly in China and South East Asia where economies seem to have completely recovered from the pandemic.

The annual rate of US headline inflation picked up to 1.4% in December, from 1.2% in October and November. The increase was caused by higher petrol and food prices. Ex food and energy, core inflation was also higher than in November but it fell to an annual rate of 1.4% from 1.6% the third quarter of 2020.

The UK headline inflation rate (CPIH) which includes housing costs was 0.6% p.a. in December compared to 0.3% in November due to higher transportation costs. Most other components were lower, continuing the trend seen over 2020 as a whole. At 0.6% the annual inflation rate was 1.2% lower than it was in January. In December the core inflation rate which excludes food, energy, alcohol and tobacco, was 1.4% p.a.

Euro Area inflation fell by -0.3% p.a. again in December this marks the fifth month of deflation. The core rate also remained at its record low rate of +0.2%.

The inflation rate in Japan fell again in December, headline deflation is now running at -1.2% p.a. and the core rate that excludes fresh food was -1.0% p.a.

4. The outlook for the securities markets

When I was writing my last report in November the US had just voted for Mr Biden as their new President but it appeared that the Democrats had made no gains in the Senate. Covid infection rates were rising but it appeared that hospitalisations and mortality were not. Equally there had been no reduction in the support being provided by monetary and fiscal policy.

Since then hospitalisation and death rates have surpassed their second quarter highs. Outside of China, economic activity has slumped again as Covid restrictions have been re-introduced. The former President of the US has maintained his false claims of winning the election and incited his supporters to invade the Capitol building, the heart of US government. The Democrats have won the 2 Georgia Senate seats that were re-run due the “to close to call” result in the November election, which means with the casting vote of the Vice-President, the Democrats have a technical majority throughout government that may enable them to pass new legislation.

Yet despite this essentially bad news, after a bit of volatility in January many equity markets have continued to trend higher in local currency terms and in some cases are making new all-time highs! Buoyed by the consistent support of monetary and fiscal policy and optimism about vaccines and the roll-out of vaccination programmes. I suggested in my last report that equity markets could be vulnerable to bad news, but it would appear my caution was mis-placed.

However, I feel compelled to remain cautious, for the following reasons; it is difficult to see what else central banks can provide by way of monetary stimulus; fiscal stimulus plans have already been outlined and may not be delivered; further virus mutation can be expected; and even if we all get vaccinated, global re-opening remains someway off. Therefore, I believe the scope for disappointment and a correction in equity markets in the short term at least has increased. Government bond yields have already started to rise, partly because they had become over-extended but more so, because while they do not know when, bond investors now expect monetary policy to become tighter, as the recovery progresses, the risk of higher inflation increases and then there is the supply of government debt and concern over how it will be repaid.

Over the medium term the financial support provided during the pandemic, the measures announced to stimulate the recovery and the release of pent-up demand should be positive for equity markets in general. In the long term, the more constructive and engaging approach of the new Biden Presidency and the changes in the global economy that have been accelerated by Covid remain constructive for global sustainable equity, emerging markets and to a lesser extent credit markets, but remain negative developed market government bonds.

MJ HUDSON
Allenbridge

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 February 2021.

Table 6: - Interest rate and Bond yield forecasts

%	CURRENT	SEPTEMBER 2021	MARCH 2022
UNITED STATES			
3month LIBOR	0.20	0.25	0.25
10 year bond yield	1.17	1.50	2.00
UNITED KINGDOM			
3month LIBOR	0.04	0.10	0.10
10 year bond yield	0.50	0.75	1.00
JAPAN			
3month LIBOR	-0.09	-0.10	-0.10
10 year bond yield	0.06	0.10	0.10
GERMANY			
3month EURIBOR	-0.56	-0.50	-0.50
10 year bond yield	-0.47	-0.25	-0.25

Source: - Trading Economics; 5th February 2021

I have very little to add to the comments I made in my last report. Since government bond yields achieved new all-time lows (0.07% for 10 year Gilts) in August 2020, they have steadily risen most recently on the good news related to the vaccines. As can be seen in table 6 above they are still very low, but I believe we have seen the nadir in government bond yields for this cycle.

I expect government bond yields to remain low for several reasons, central banks are unlikely to increase rates until they are certain about the recovery, because inflation is likely to remain low by historical standards and because they have given themselves more flexibility around the 2% target rate of Inflation. 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 is 18%. As last quarter I suggest that this is reduced to 16%, and the 2% balance held as cash, because I believe government bond yields have further to rise, leading to further negative returns from the asset class. Last quarter I suggested a neutral allocation to global corporates down from 1% overweight. Over the last year credit markets have become more duration sensitive as issuers have extended the average maturity of their debt. With the current level of non-government bond yield spreads so low, I expect that these yields may also start to rise as government yields rise which could lead to lower returns from this asset class as well.

I recognise the benefit of holding government bonds as protection against a selloff in equity markets and Scheme's liabilities but at their current low level of yield these bonds neither provide the income or the level of protection they did in the past.

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 is 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	0.59	12.9	0.5	-6.3	-5.9
Over 15 year Linkers	-2.11	24.2	0.5	-12.1	-11.9
Global IG Corporate	1.44	7.3	0.5	-3.3	-2.2
Global High Yield	4.19	3.7	0.5	-0.8	+2.3

Source: - ICE Indices 5th February 2021

The tactical decision to hold US TIPS instead of UK Index Linked Gilts (ILG) may have played out and it could be worth considering closing this position. US TIPS have delivered strong returns as the risk of higher inflation in the US has been priced in, as a result TIPS are no longer cheap relative to expected inflation. Equally the decision by the Chancellor in the UK to change the indexation of ILG from RPI to CPIH has slightly reduced their overvaluation. I have not changed my mind on UK ILG, I still believe they are overvalued and long-term investors should look elsewhere for inflation protection, but I believe the relative value of US TIPS over UK ILG has fallen significantly, hence I would take profits on this position.

There still remains the possibility of a legal challenge for compensation over the change in ILG indexation from Pension Fund investors, but I do not believe it will be successful.

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	
FORECAST PERIOD	2020	2020	2021	2020	2021
United Kingdom	3.4	-35.1	38.1	20.3	14.7
United States	1.5	-8.9	20.7	28.1	23.3
Europe ex UK	2.4	-28.7	31.8	23.3	18.3
Japan	2.0	-11.6	28.3	23.9	18.6

Source: - Citi Research, Global Equity Strategist, January 2021

Citi research have lowered their expectations for dividends in 2020 and earnings growth in both 2020 and 2021. But they are still expecting Earnings to recover very strongly in 2021, especially in the UK, hence the lower forecast P/E ratios for 2021. Dividends remain an important source of return and while not guaranteed like coupons on bonds, at these levels they are very attractive in the UK, Europe and Japan especially compared to the respective government bond yields. The exception is the US where a dividend yield of 1.5% compares poorly to the 1.2% available from risk free average maturity government bonds and over 2% for average investment grade credits.

Despite the pandemic periodically shutting down huge parts of the economy, earnings growth in the US has surprised to the upside in the fourth quarter, with 81% of the 59% of S&P 500 companies that have reported by 5th February, achieving higher than expected earnings. While this data needs to be considered carefully because estimates could have been set low! On the basis of the same sample it appears that actual revenues are also 2.7% higher year over year. Admittedly the increased revenues are probably confined to the IT, Communications services and Healthcare sectors but it does suggest, that combined with the increased savings and pent-up demand of US households, that once the economy re-opens and activity broadens out, the double digit earnings growth forecast by analysts may be justified. As yet we do not have much data for the UK and Europe but similar arguments on savings and demand are being made. It is also suggested that the pickup in global activity, in a "post Trump" trade environment will favour the more cyclical European stock markets and the commodity and energy sector heavy UK stock markets.

Add to this the already passed European recovery plan, the UK green and levelling up agenda and now the likelihood of a larger than expected US infrastructure spend there is plenty for equity markets to feel comfortable with, even if a lot of this good news has already been priced in.

Equity Market (Growth Assets), Recommendations

It was agreed in November that the allocation to growth assets should be reduced by 1% in favour of an increased allocation to Infrastructure. Furthermore, it was agreed that substantial changes in the investment strategy and geographic distribution within growth assets should be made to fit with the Funds new Investment Strategy Statement, Climate Strategy and the Responsible Investment Framework.

In order to smooth the path of change 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. The in-house team working with their external managers has moved quickly to change the asset allocation to fit with the new interim benchmark and the asset allocation report at the end of January 2021 shows these changes in asset allocation have been achieved.

At this early stage the quanta of the changes are so large that I would not suggest trying to overweight or underweight any particular country or strategy versus another. As markets evolve over the year and the Fund gets closer to the next change in the strategic benchmark, I believe it may be worth paying attention to “events” that may provide opportunities to change the asset allocation in line with the direction of travel to the new benchmark. These events could be economic, valuation based or the result of sector rotation as the global economy continues to re-open. I would encourage the in-house team to use the ranges around the strategic benchmark to take advantage of these tactical opportunities.

At the moment I believe developed equity markets are expensive relative to the state of the economy, but I also do not expect the support provided by central banks and governments to be significantly reduced in the next couple of years, so for now I would keep the overall growth asset allocation at neutral.

Income Assets

The allocation to income assets has been increased from 23% to 24%, funded by a reduction in 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 a new fund or increasing the current commitments to an existing fund if possible, should be considered as soon as reasonably possible.

The spread available from high yield bonds and loans, and emerging market debt has continued to narrow as can be seen in table 2 above. There are still opportunities in certain sectors of credit markets but overall, it 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.

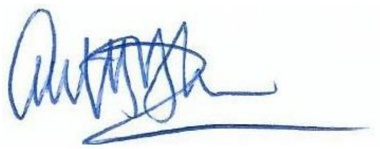
As noted above in "protection assets" I would suggest a 2% overweight to cash from Gilts because of the extremely low yield and high duration risk currently attached to the asset class. At the end of January, the Fund was still holding around 6% in cash, more than 3% of this figure is already promised for future private market investments. Given the current valuation of all investment markets I am not in hurry to reduce the cash allocation.

The asset allocation set out in table 9 below, shows the new Interim Benchmark and my suggested asset allocation weights relative to this benchmark as of the 13th November 2020 and the 12th February 2021. 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 show my suggested allocations relative to the interim benchmark that came into effect on the 1st January 2021.

% ASSET CATEGORY	DERBYSHIRE STRATEGIC WEIGHT 1ST JANUARY 2021	ANTHONY FLETCHER 13TH NOVEMBER 2020	ANTHONY FLETCHER 12TH FEBRUARY 2021
Growth Assets	**56**	**0**	**0**
UK Equity	**14**	**0**	**0**
Overseas Equity	**42**	**0**	**0**
North America	6	**0**	**0**
Europe ex UK	4	**0**	**0**
Japan	5	**0**	**0**
Pacific ex Japan	2	**0**	**0**
Emerging markets	5	**0**	**0**
Global Sustainable	16	**0**	**0**
Private Equity	4	**0**	**0**
Income Assets	**24**	**0**	**0**
Property	9	**0**	**0**
Infrastructure	9	**0**	**0**
Multi-asset Credit	6	**0**	**0**
Protection Assets	**18**	**-2**	**-2**
Conventional Gilts	6	**-2**	**-1**
UK index Linked	6	**-2**	**-1**
US TIPS	0	**+2**	**0**
UK corporate bond	6	**0**	**0**
Cash	2	**+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
- 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. The US Federal Reserve.
- Bank of Japan, Japan MITI
- ECB, Eurostat
- Bloomberg, Markit, Trading Economics
- Financial Times, Daily Telegraph, Wall Street Journal, New York Times, Washington Post

Derbyshire Pension Fund

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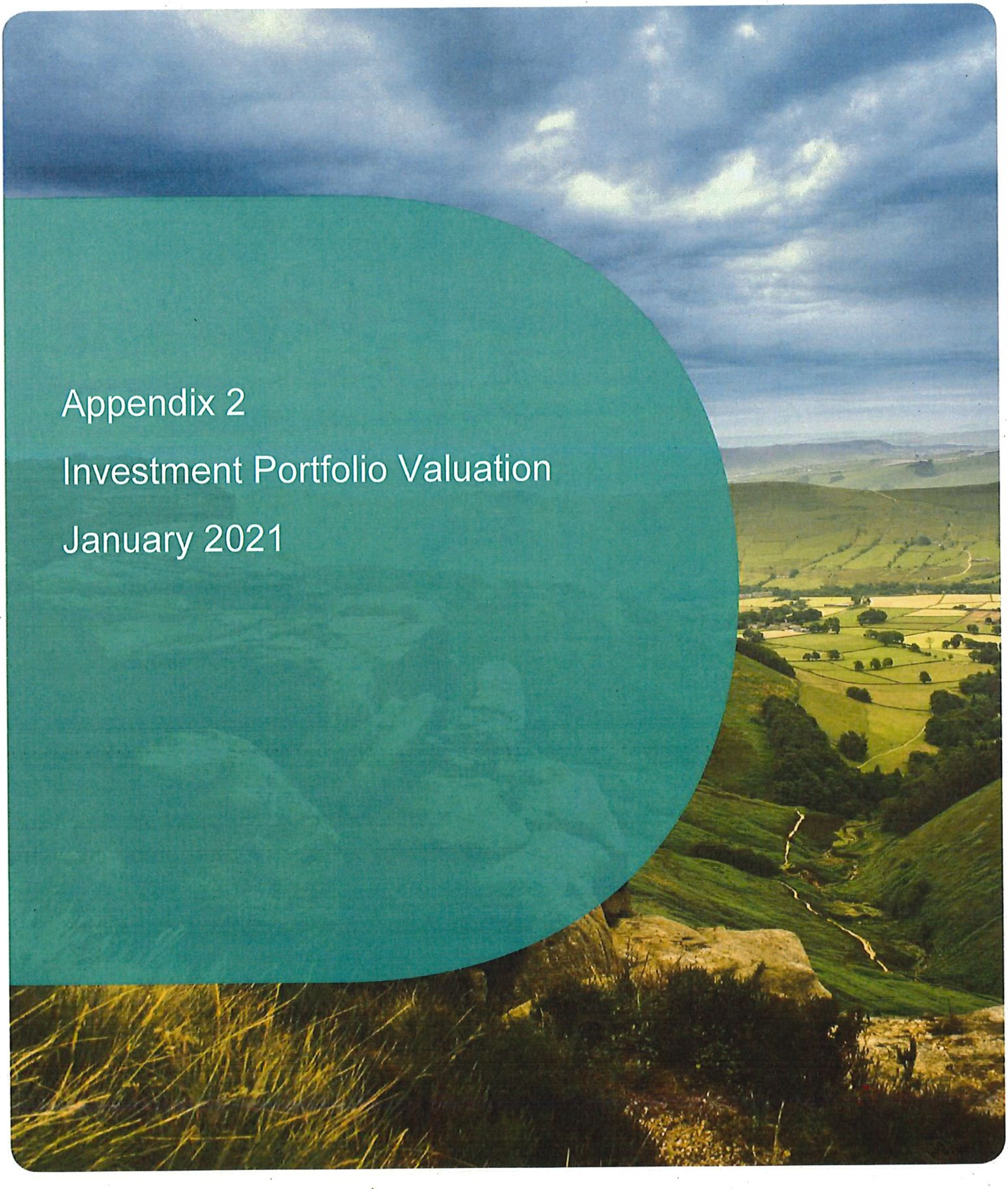

Appendix 2

Investment Portfolio Valuation

January 2021

County Hall, Matlock, Derbyshire, DE4 3AH
Administered by Derbyshire County Council

lgps

DERBYSHIRE PENSION FUND

	DCC 31/01/2021 £m	DCC 31/01/2021 %
Growth Assets	**3096.4**	**55.5%**
UK	805.5	14.4%
US	329.6	5.9%
Europe	223.2	4.0%
Japan	275.5	4.9%
Pacific (ex Japan)	116.9	2.1%
Emerging Markets	263.6	4.7%
Global Sustainable	885.6	15.9%
Private Equity	196.4	3.5%
Income Assets	**1125.0**	**20.2%**
Infrastructure	349.5	6.3%
Property	429.1	7.7%
Direct	249.2	4.5%
Indirect	180.0	3.2%
Multi-Asset Credit	346.5	6.2%
Protection Assets	**968.3**	**17.3%**
Government	286.3	*5.1%*
UK	242.6	
Overseas	43.7	
Index Linked	322.5	*5.8%*
UK		
Overseas		
Non Government	359.5	*6.4%*
Cash	**389.5**	**7.0%**
LGPSC Regulatory Capital	**2.0**	**0.0%**
Total	**5581.2**	**100.0%**

DERBYSHIRE PENSION FUND
JANUARY 2021 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	57,614,096.34	**12.90**	**12.90**	743,394,685
UK EQUITIES FUND TOTAL					**743,394,685**
UK EQUITIES TOTAL					**743,394,685**

DERBYSHIRE PENSION FUND
JANUARY 2021 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	1186.00	11,136,540
UK Investment Co's	BLACKROCK SMALLER COMPANIES TRUST PLC	739,000	1640.00	12,119,600
UK Investment Co's	MONTANARO UK SMALLER CO'S 10P	11,996,285	132.00	15,835,096
UK Investment Co's	STRATHDON INVESTMENTS PLC	20	1000.00	20,000
UK Equity Investment Companies Total				**39,111,236**
UNIT TRUSTS & OEICs				
UK Unit Trusts	LIONTRUST UK SMALLER COMPANIES FUND1	1,201,544.47	1916.37	23,026,038
UK Unit Trusts & OEICs Total				**23,026,038**
TOTAL UNITED KINGDOM				**62,137,274**

DERBYSHIRE PENSION FUND					
JANUARY 2021 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	29552	22.22	16.21	479,154
US Oil & Gas	CHEVRON CORP	14962	85.15	62.13	929,648
US Oil & Gas	CONOCOPHILLIPS	44049	40.03	29.21	1,286,666
US Oil & Gas	EOG RESOURCES INC	21480	50.94	37.17	798,431
US Oil & Gas	EXXON MOBILE CORP	30306	44.82	32.71	991,162
US Oil & Gas	MARATHON PETROLEUM CORP	32562	43.16	31.49	1,025,503
US Oil & Gas	PIONEER NATURAL RESOURCES CO	4337	120.73	88.10	382,075
US Oil & Gas	ROYAL DUTCH SHELL ADR-A	24529	36.88	26.91	660,108
US Oil & Gas	ROYAL DUTCH SHELL ADR-B	45453	34.87	25.44	1,156,535
US Oil & Gas Producers Total					**7,709,284**
OIL & GAS SERVICES					
US Oil & Gas Services	SCHLUMBERGER LTD	39800	22.22	16.21	645,315
US Forestry & Paper Total					**645,315**
CHEMICALS					
US Chemicals	CABOT CORP	26660	43.87	32.01	853,438
US Chemicals	CELANESE CORP	13632	122.18	89.15	1,215,357
US Chemicals	FMC CORP	15592	108.29	79.02	1,232,068
US Chemicals	INGEVITY CORP	10000	65.67	47.92	479,194
US Chemicals	LINDE PLC	12454	245.22	178.94	2,228,482
US Chemicals	PPG INDUSTRIES INC	17055	134.67	98.27	1,675,973
US Chemicals Total					**7,684,512**
INDUSTRIAL METALS					
US Industrial Metals	LIVENT CORP	16598	18.22	13.30	220,673
US Industrial Metals Total					**220,673**
AEROSPACE					
US Aero defence	BOEING CO/THE	10998	194.10	141.63	1,557,699
US Aero defence	LOCKHEED MARTIN CORP COM	9651	321.77	234.80	2,266,012
US Aero defence	RAYTHEON TECHNOLOGIES CORP	49153	66.64	48.63	2,390,173
US Aerospace Total					**6,213,884**
GENERAL INDUSTRIAL					
US Div Ind	BALL CORP	9442	88.02	64.23	606,443
US Div Ind	CURTISS-WRIGHT CORP	9179	103.66	75.64	694,306
US Div Ind	DANAHER CORP	17631	238.00	173.67	3,061,951
US Div Ind	DYCOM INDUSTRIES INC	10745	81.13	59.20	636,110
US Div Ind	HONEYWELL INTERNATIONAL INC	16120	195.13	142.39	2,295,268
US Div Ind	INGERSOLL-RAND PLC	55986	41.81	30.51	1,708,063
US Div Ind	INGERSOLL-RAND PLC	55986	41.81	30.51	1,708,063
US Div Ind	JOHNSON CONTROLS INTERNATIONAL	39084	49.73	36.29	1,418,279
US Div Ind	KENNAMETAL INC	24567	37.82	27.60	677,982
US Div Ind	MERITOR INC	15374	25.81	18.83	289,547
US Div Ind	REXNORD CORP	27632	37.80	27.58	762,164
US Div Ind	TRANE TECHNOLOGIES PLC	11392	143.35	104.60	1,191,632
US Div Ind	TRITON INTERNATIONAL LTD/BER	16167	46.34	33.81	546,676
US Div Ind	WABTEC CORP	24305	74.13	54.09	1,314,722
US General Industrial Total					**16,911,206**
ELECTRONIC EQUIPMENT					
US Electricity	3M CO	1246	175.61	128.14	159,666
US Electricity	FORTIVE CORP	35398	66.07	48.21	1,706,583

US Electricity	GENERAL ELECTRIC CO	103870	10.68	7.79	809,479
US Electricity	NVENT ELECTRIC PLC	35263	22.39	16.34	576,126
US Electronic Equipment Total					**3,251,854**
INDUSTRIAL TRANSPORT					
US Transportation	FEDEX CORP	9359	235.33	171.72	1,607,130
US Transportation	HUNT (JB) TRANSPORT SERVICES	5521	134.61	98.22	542,300
US Transportation	KNIGHT-SWIFT TRANSPORTATION	12341	40.00	29.19	360,209
US Transportation	UBER TECHNOLOGIES INC	22938	50.94	37.17	852,627
US Industrial Transport Total					**3,362,266**
SUPPORT SERVICES					
US Support Services	GENPACT LTD	34873	38.29	27.94	974,359
US Support Services	TRANSUNION	3775	86.97	63.46	239,569
US Support Services	TRINET GROUP INC	21499	74.11	54.08	1,162,624
US Support Services Total					**2,376,552**
AUTOMOBILES & PARTS					
US Automobiles & Par	TESLA INC	7450	793.22	578.81	4,312,154
US Automobiles & Parts Total					**4,312,154**
BEVERAGES					
US Beverages	CONSTELLATION BRANDS INC-A	18022	210.69	153.74	2,770,711
US Beverages	MOLSON COORS BEVERAGE CO - B	25673	50.12	36.57	938,927
US Beverages	MONSTER BEVERAGE	20213	86.78	63.32	1,279,955
US Beverages Total					**4,989,594**
FOOD PRODUCTION/PROCESS					
US Food Prod & Proce	LAMB WESTON HOLDINGS INC	21084	74.69	54.50	1,149,105
US Food Prod & Proce	MONDELEZ INTERNATIONAL INC-A	38678	55.41	40.43	1,563,855
US Food Production & Processing Total					**2,712,960**
PERSONAL GOODS					
US Personal Care / Hc	ESTEE LAUDER COMPANIES-CL A	14728	236.65	172.68	2,543,283
US Personal Care / Hc	LENNAR CORP-A	21385	83.14	60.67	1,297,369
US Personal Care / Hc	PROCTOR & GAMBLE CO/THE	59363	128.16	93.52	5,551,530
US Personal Care / Hc	PVH CORP	16654	85.15	62.13	1,034,779
US Personal Care / Hc	TAPESTRY INC	36868	31.63	23.08	850,929
US Personal Goods Total					**11,277,889**
HEALTHCARE EQUIPMENT & SERVICES					
US Healthcare Equipm	ANTHEM INC	8088	296.73	216.52	1,751,245
US Healthcare Equipm	BOSTON SCIENTIFIC CORP	99240	35.44	25.86	2,566,403
US Healthcare Equipm	CENTENE CORP	15410	60.29	43.99	677,942
US Healthcare Equipm	EDWARDS LIFESCIENCES CORP	22532	82.57	60.25	1,357,583
US Healthcare Equipm	HCA HOLDINGS INC	7513	162.52	118.59	890,973
US Healthcare Equipm	HUMANA INC	2276	382.85	279.37	635,836
US Healthcare Equipm	INTUITIVE SURGICAL INC	3182	746.66	544.84	1,733,674
US Healthcare Equipm	LABORATORY CRP OF AMER HLDGS	4487	228.90	167.03	749,456
US Healthcare Equipm	MCKESSON CORP	4149	174.44	127.29	528,122
US Healthcare Equipm	QUEST DIAGNOSTICS INC	6618	129.14	94.23	623,637
US Healthcare Equipment & ServicesTotal					**11,514,870**
PHARMACEUTICAL, BIOTECH					
US Pharm, Biotech	4D MOLECULAR THERAPEUTICS INC	4075	42.35	30.90	125,929
US Healthcare	AGILIENT TECHNOLOGIES INC	21235	120.17	87.69	1,862,056
US Healthcare	ALNYLAM PHARMACEUTICALS INC	1364	150.48	109.81	149,774
US Healthcare	APELLIS PHARMACEUTICALS INC	4760	44.27	32.30	153,766
US Healthcare	ARENA PHARMACEUTICALS INC	3485	74.10	54.07	188,437
US Healthcare	ASCENDIS PHARMA A/S - ADR	1413	150.15	109.56	154,815
US Pharm, Biotech	ASTRAZENECA PLC-SPONS ADR	76600	50.56	36.89	2,826,052
US Pharm, Biotech	AVIDITY BIOSCIENCES INC	4067	22.83	16.66	67,752
US Healthcare	BAXTER INTERNATIONAL INC	40931	76.83	56.06	2,294,709
US Healthcare	BIOATLA INC	4642	44.03	32.13	149,141

US Healthcare	BIOGEN INC	1752	282.43	206.09	361,068
US Healthcare	BLACK DIAMOND THERAPEUTICS I	6559	24.53	17.90	117,403
US Healthcare	BRISTOL-MYERS SQUIBB CO	45835	61.43	44.83	2,054,575
US Healthcare	CONSTELLATION PHARMACEUTICAL	5721	32.97	24.06	137,637
US Healthcare	CULLINAN MANAGEMENT INC	2281	37.94	27.68	63,149
US Pharm, Biotech	ELI LILLY & CO	25099	207.84	151.66	3,806,536
US Pharm, Biotech	EXACT SCIENCES CORP	7878	137.15	100.08	788,417
US Pharm, Biotech	FIVE PRIME THERAPEUTICS INC	5187	16.74	12.22	63,360
US Pharm, Biotech	GAMIDA CELL LTD	18280	8.03	5.86	107,111
US Pharm, Biotech	GLOBAL BLOOD THERAPEUTICS IN	4030	50.05	36.52	147,182
US Pharm, Biotech	ILLUMINA INC	5177	425.75	310.67	1,608,337
US Pharm, Biotech	INCYTE CORP	3846	89.69	65.45	251,708
US Pharm, Biotech	KODIAK SCIENCES INC	2416	125.61	91.66	221,445
US Healthcare	MERSANA THERAPEUTICS INC	10923	19.05	13.90	151,838
US Healthcare	MIRATI THERAPEUTICS INC	933	204.86	149.49	139,471
US Healthcare	MYOVANT SCIENCES LTD	96504	23.19	16.92	1,633,016
US Healthcare	NOVARTIS AG-SPONSORED ADR	27863	90.45	66.00	1,838,996
US Healthcare	OLEMA PHARMACEUTICALS INC	4017	41.86	30.55	122,700
US Pharm, Biotech	PFIZER INC	143794	35.89	26.19	3,765,811
US Pharm, Biotech	PPD INC	27629	32.14	23.45	647,971
US Pharm, Biotech	PTC THERAPEUTICS INC	3669	57.73	42.13	154,559
US Pharm, Biotech	REATA PHARMACEUTICALS INC-A	1179	103.59	75.59	89,120
US Pharm, Biotech	REGENERON PHARMACEUTICALS	538	502.79	366.89	197,385
US Pharm, Biotech	REVOLUTION MEDICINES INC	7500	42.00	30.65	229,856
US Pharm, Biotech	ROCKET PHARMACEUTICALS INC	4322	55.02	40.15	173,520
US Pharm, Biotech	ROYALTY PHARMA PLC-CL A	4660	46.93	34.24	159,581
US Pharm, Biotech	SAGE THERAPEUTICS INC	2573	80.68	58.87	151,478
US Pharm, Biotech	SAREPTA THERAPEUTICS INC	981	89.39	65.23	63,989
US Pharm, Biotech	SEATTLE GENETICS INC	1920	164.15	119.78	229,978
US Pharm, Biotech	SIGILON THERAPEUTICS INC	3925	30.04	21.92	86,037
US Pharm, Biotech	SYNEOS HEALTH INC	16945	74.35	54.25	919,320
US Pharm, Biotech	TCR2 THERAPEUTICS INC	7375	25.73	18.78	138,467
US Pharm, Biotech	TG THERAPEUTICS INC	2800	48.26	35.22	98,603
US Pharm, Biotech	TURNING POINT THERAPEUTICS I	1686	125.09	91.28	153,895
US Healthcare	VERTEX PHARMACEUTICALS INC	5667	228.90	167.03	946,550
US Healthcare	UNITEDHEALTH GROUP INC	13806	333.70	243.50	3,361,773
US Pharmaceutical, Biotech Total					**33,154,273**
FOOD RETAIL					
US Retail Food & Drug	CARNIVAL CORP	33505	18.67	13.62	456,455
US Retail Food & Drug	CHIPOTLE MEXICAN GRILL INC	878	1,479.23	1,079.39	947,708
US Retail Food & Drug	DARDEN RESTAURANTS INC	12098	116.90	85.30	1,031,983
US Retail Food & Drug	HOUGHTON MIFFLIN HARCOURT CO	64185	4.94	3.60	231,369
US Retail Food & Drug	HYATT HOTELS CORP-CL A	33251	65.66	47.91	1,593,125
US Retail Food & Drug	LAS VEGAS SANDS CORP	33229	48.07	35.08	1,165,563
US Retail Food & Drug	PERFORMANCE FOOD GROUP CORP	96129	46.88	34.21	3,288,413
US Retail Food & Drug	SYSCO CORP	42964	71.47	52.15	2,240,644
US Retail Food & Drug	US FOOD HOLDING CORP	42218	30.99	22.61	954,693
US Food Retail Total					**11,909,953**
RETAILERS - GENERAL					
US Retailers Gen	AMAZON.COM INC	7291	3,205.71	2,339.21	17,055,155
US Retailers Gen	LOWE'S COS INC	23220	166.81	121.72	2,826,368
US Retailers Gen	ROSS STORES INC	15912	111.29	81.21	1,292,187
US Retailers Gen	TJX COMPANIES INC	67437	63.97	46.68	3,147,886
US Retailers - General Total					**24,321,595**
MEDIA					
US Media & Photo	CHARTER COMMUNICATIONS INC-A	11770	607.56	443.34	5,218,071
US Media & Photo	ELECTRONIC ARTS INC	20231	143.13	104.44	2,112,965
US Media & Photo	FACEBOOK INC	42032	258.23	188.43	7,920,108
US Media & Photo	MATCH GROUP INC	12067	139.71	101.95	1,230,187
US Media & Photo	NETFLIX INC	11211	531.90	388.13	4,351,297

US Media & Photo	NEW YORK TIMES CO-A	13078	49.59	36.19	473,238
US Media & Photo	OMNICOM GROUP	66120	62.36	45.50	3,008,731
US Media & Photo	SNAP INC-A	36667	52.85	38.56	1,414,050
US Media & Photo	TWITTER INC	32352	50.51	36.86	1,192,402
US Media & Photo	WALT DISNEY COMPANY	2756	168.07	122.64	337,998
US Media Total					**27,259,047**
TRAVEL & LEISURE					
US Hotels Leisure	JETBLUE AIRWAYS CORP	46572	14.34	10.46	487,325
US Travel & Leisure Total					**487,325**
TELECOMS					
Telecoms	T-MOBILE US INC	13068	125.99	91.93	1,201,405
US Telecoms Total					**1,201,405**
ELECTRICITY					
US Electricity	DUKE ENERGY CORP	44339	94.00	68.59	3,041,292
US Electricity	EDISON INTERNATIONAL	44920	58.10	42.40	1,904,409
US Electricity	EXELON CORP	72230	41.55	30.32	2,189,944
US Electricity	FIRSTENERGY CORP	105610	30.75	22.44	2,369,706
US Electricity	SOUTHERN CO/THE	10417	58.86	42.95	447,412
US Electricity Total					**9,952,763**
BANKS, RETAIL					
US Banks Retail	JPMORGAN CHASE & CO	84520	128.57	93.82	7,929,458
US Banks - Retail Total					**7,929,458**
NON-LIFE INSURANCE					
US Insurance	AMERICAN FINANCIAL GROUP INC	10224	94.06	68.64	701,730
US Insurance	AMERICAN INTERNATIONAL GROUP	55558	37.42	27.31	1,517,032
US Insurance	ASSURANT INC	14322	135.46	98.85	1,415,660
US Insurance	ASSURED GUARANTY LTD	43103	35.73	26.07	1,123,789
US Insurance	ATHENE HOLDING LTD-CLASS A	33865	40.88	29.83	1,010,198
US Insurance	CHUBB LTD	18146	145.49	106.16	1,926,453
US Insurance	HARTFORD FINANCIAL SVCS GRP	22868	48.01	35.03	801,132
US Insurance	MARSH & MCLENNAN COS INC COM	11580	109.87	80.17	928,393
US Insurance	TRUPANION INC	16037	111.90	81.65	1,309,476
US Non-Life Insurance Total					**10,733,864**
REAL ESTATE					
US Real Estate	AMERICAN TOWER CORP	8765	227.35	165.90	1,454,090
US Real Estate	ALEXANDRIA REAL ESTATE EQUIT	13269	166.90	121.79	1,615,991
US Real Estate	DOUGLAS EMMETT INC	40393	27.69	20.21	816,156
US Real Estate	EQUINIX INC	4078	738.90	539.18	2,198,757
US Real Estate	HEALTHPEAK PROPERTIES INC	43842	29.63	21.62	947,908
US Real Estate	SUN COMMUNITIES INC	5935	143.02	104.36	619,387
US Real Estate Total					**7,652,289**
GENERAL FINANCIAL					
US Special Finance	AMERICAN EXPRESS CO	12255	116.25	84.83	1,039,563
US Special Finance	ARES MANAGEMENT CORP - A	59323	45.16	32.95	1,954,886
US Special Finance	CHARLES SCHWAB CORP	42037	51.49	37.57	1,579,425
US Special Finance	EQUITABLE HOLDINGS INC	64733	24.76	18.07	1,169,555
US Special Finance	THE BLACKSTONE GROUP INC-A	32142	67.12	48.98	1,574,234
US Special Finance	EQUIFAX INC	1723	177.09	129.22	222,650
US Special Finance	FLEETCOR TECHNOLOGIES INC	8682	242.22	176.75	1,534,526
US Special Finance	GLOBAL PAYMENTS INC	33802	176.52	128.81	4,353,922
US Special Finance	HAMILTON LANE INC-CLASS A	19941	75.10	54.80	1,092,776
US Special Finance	IHS MARKIT LTD	44802	87.11	63.56	2,847,802
US Special Finance	LPL FINANCIAL HOLDINGS	29605	108.26	79.00	2,338,716
US Special Finance	ONEMAIN HOLDINGS INC	19793	46.56	33.97	672,464
US Special Finance	PAYPAL HOLDINGS INC	17284	234.20	170.90	2,953,762

US Special Finance	REINVENT TECHNOLOGY PARTNERS	38801	12.76	9.31	361,275
US Special Finance	S&P GLOBAL INC	8901	316.66	231.07	2,056,726
US Special Finance	STEPSTONE GROUP INC-CLASS A	124071	35.12	25.63	3,179,575
US Special Finance	VISA INC CL A SHS	15997	193.32	141.07	2,256,626
US Special Finance	VOYA FINANCIAL INC	21067	55.47	40.48	852,718
US Special Finance	WEX INC	5677	188.60	137.62	781,277
US General Financial Total					**32,822,477**
SOFTWARE					
US Software & Comp S	ADOBE SYSTEMS INC	4015	458.37	334.47	1,342,907
US Software & Comp S	ALPHABET INC - CL A SHARES	11399	1,824.36	1,331.24	15,174,753
US Software & Comp S	COGNIZANT TECH SOLUTIONS-A	11157	77.91	56.85	634,286
US Software & Comp S	GODADDY INC - CLASS A	24874	78.58	57.34	1,426,271
US Software & Comp S	GUIDEWIRE SOFTWARE INC	6166	114.73	83.72	516,208
US Software & Comp S	MICROSOFT CORP	101213	231.75	169.11	17,115,925
US Software & Comp S	Q2 HOLDINGS INC	10976	127.71	93.19	1,022,853
US Software & Comp S	SALESFORCE.COM INC	16904	225.33	164.42	2,779,411
US Software & Comp S	SCIENCE APPLICATIONS INTERNATIONA	9598	95.94	70.01	671,931
US Software & Comp S	SERVICENOW INC	3306	542.02	395.51	1,307,563
US Software & Comp S	SHOPIFY INC-CLASS A	1758	1,096.63	800.21	1,406,771
US Software & Comp S	SNOWFLAKE INC-CLASS A	540	271.42	198.06	106,950
US Software & Comp S	SPLUNK INC	4093	165.03	120.42	492,889
US Software & Comp S	WORKDAY INC-CLASS A	6847	227.33	165.88	1,135,799
US Software Total					**45,134,518**
TECHNOLOGY HARDWARE					
US IT Hardware	ADVANCED MICRO DEVICES	45132	85.47	62.37	2,814,768
US IT Hardware	APPLE INC	171444	131.80	96.17	16,488,534
US IT Hardware	KLA-TENCOR CORP	6855	279.81	204.18	1,399,636
US IT Hardware	LATTICE SEMICONDUCTOR CORP	59867	40.11	29.27	1,752,203
US IT Hardware	MARVELL TECHNOLOGY GROUP LTD	69763	51.42	37.52	2,617,590
US IT Hardware	MICRON TECHNOLOGY INC	54783	78.24	57.09	3,127,656
US IT Hardware	TAIWAN SEMICONDUCTOR-SP ADR	19782	121.46	88.63	1,753,266
US IT Hardware	TERADYNE INC	17257	113.34	82.70	1,427,226
US IT Hardware	TEXAS INSTRUMENTS INC	20797	165.62	120.85	2,513,378
US Technology Hardware Total					**33,894,258**
TOTAL UNITED STATES					**329,636,237**

DERBYSHIRE PENSION FUND
JANUARY 2021 PORTFOLIO VALUATION - BID

EUROPEAN EQUITIES Company name	Number held	Mkt price in local currency	Mkt Price GBP	Value in Sterling £
EUROPEAN				
PASSIVE TRACKER FUND				
EUROPEAN UBS LIFE EUROPE EX-UK EQUITY T	60,073,538	**3.72**	**3.72**	223,197,224
EUROPEAN EQUITIES TOTAL				**223,197,224**

DERBYSHIRE PENSION FUND
JANUARY 2021 PORTFOLIO VALUATION - BID

OTHER EQUITIES Company name	Number held	Mkt price in local currency	Mkt Price GBP	Value in Sterling £
JAPAN				
Investment Companies				
Japan CC Japan Income & Growth Trust	5,000,000	**136.50**	**136.50**	6,825,000
Japan JPMF japs smoc	2,109,500	**534.00**	**534.00**	11,264,730
J Investment Companies Total				**18,089,730**
Unit Trusts & OEICs				
Japan Baillie Gifford OGF - Japanese B Acc Shares	4,526,933.23	**2,020.00**	**2,020.00**	91,444,051
Japan Barings Jap Growth Trst-IGBA	5,282,832.62	**279.00**	**279.00**	14,739,103
Japan Invesco Japan FD-UKNTACC	4,590,975.24	**195.98**	**195.98**	8,997,393
Japan JPMorgan Jap Fd A Acc	3,000,000.00	**667.50**	**667.50**	20,025,000
J Unit Trusts Total				**135,205,548**
Life Policies				
Internatioı LGIM Japan Equity Index Fund	44,815,274.570	**2.24**	**2.24**	100,403,693
International Life Policies				**100,403,693**
Investment Entities				
Japan Aberdeen Global - JAP Smaller Cos Fund D£	1,662,639.78	**13.12**	**13.12**	21,819,487
J Investment Entities Total				**21,819,487**
JAPAN TOTAL				**275,518,457**
OTHER ASIA				
Unit Trusts & OEICs				
Asian JPMorgan Asia Fund A Ac	20,000,000	**332.90**	**332.90**	66,580,000
Asian Schroder Instl PAC Fd Ac	2,000,000	**1,863.00**	**1,863.00**	37,260,000
OA Unit Trusts Total				**103,840,000**
Investment Entities				
Asian Barings Australia Fund-IUSDA $	109,543.282	**163.37**	**119.21**	13,058,774
OA Investment Entities Total				**13,058,774**
OTHER ASIA TOTAL				**116,898,774**
EMERGING MARKETS				
Unit Trusts & OEICs				
Internatioı Stewart Investors Global Emerging Markets Funf	3,000,000	**870.82**	**870.82**	26,124,600
Latin Ame Thd ndle Lnamer Gwth	3,500,000	**263.85**	**263.85**	9,234,750
Int'l Unit Trusts Total				**35,359,350**
Life Policies				
Internatioı LGIM World Emerging Markets Index Fund	42,671,687.080	**4.20**	**4.20**	179,356,258
International Life Policies				**179,356,258**
Investment Entities				
Latin Ame JPMorgan LNAMER A U$	86,085.904	**46.42**	**33.87**	2,915,960
Internatioı POLUNIN FUNDS-DEVEL CNTY-B	47,502.659	**1,325.76**	**967.41**	45,954,409
LatAm Investment Entities Total				**48,870,368**
EMERGING MARKETS TOTAL				**263,585,976**
OTHER EQUITIES TOTAL				**656,003,208**

DERBYSHIRE PENSION FUND
JANUARY 2021 PORTFOLIO VALUATION - BID

GLOBAL SUSTAINABLE FUNDS	Company name	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	34,624,608.28	**368.00**	**3.68**	127,418,558
GLOBAL SUSTAINABLE FUND	RBC Global Equity Focus Fund	2,499,910.77	**149.17**	**149.17**	372,911,689
GLOBAL SUSTAINABLE FUND	LGIM MSCI World Low Carbon Target Inde›	196,789,759.95	**1.96**	**1.96**	385,290,735
GLOBAL SUSTAINABLE EQUITIES FUND TOTAL					**885,620,983**
GLOBAL SUSTAINABLE EQUITIES FUND TOTAL					**885,620,982.63**

DERBYSHIRE PENSION FUND
JANUARY 2021 PORTFOLIO VALUATION - BID

OTHER EQUITIES	Company name	Number held	Mkt price in local currency	Value in Sterling £
PRIVATE EQUITY				
Quoted Private Equity				
UK Investment Co's	APAX GLOBAL ALPHA LTD	3,000,000	193.80	5,814,000
UK Investment Co's	HARBOURVEST GLOBAL PRIVATE	925,000	1870.00	17,297,500
UK Investment Co's	HGCAPITAL TRUST PLC	7,053,150	320.50	22,605,346
UK Investment Co's	ICG ENTERPRISE TRUST PLC	181,795	962.00	1,748,868
UK Investment Co's	NB PRIVATE EQUITY PARTNERS Ltd (A)	1,500,000	16.00	17,512,800
UK Investment Co's	PANTHEON INTERNATIONAL PLC	345,000	2360.00	8,142,000
UK Investment Co's	PRINCESS PRIVATE EQUITY HOLDING LTD	500,000	11.00	4,870,525
UK Investment Co's	STANDARD LIFE PRIVATE EQUUITY	900,000	380.00	3,420,000
UK Investment Co's	SCHRODER UK PUBLIC PRIVATE	5,000,000	34.45	1,722,500
UK Quoted Private Equity Total				**83,133,539**
Unquoted Private Equity				
UK Unclassified	ADAM STREET PARTNERS (FEEDER) 2017 FU	30,000,000	0.70	15,377,293
UK Unclassified	BAIRD CAPITAL PARTNERS EUROPE FUND L	4,300,000	0.01	30,729
UK Unclassified	CAPITAL DYNAMICS GLOBAL SECONDARIES	20,000,000	0.66	9,686,880
UK Unclassified	CAPITAL DYNAMICS MID-MARKET DIRECT FI	25,000,000	1.10	24,255,094
UK Unclassified	CAPITAL DYNAMICS LGPS COLLECTIVE PE \	20,000,000	0.68	13,543,857
UK Unclassified	CAPITAL DYNAMICS CPEP LGPS	25,000,000	0.28	7,092,131
UK Unclassified	CATAPULT GROWTH FUND UNITS	3,000,000	0.23	687,705
UK Unclassified	EAST MIDLANDS VENTURE	3,000,000	0.08	248,140
UK Unclassified	EPIRIS FUND II	25,000,000	0.41	10,221,459
UK Unclassified	GRAPHITE CAPITAL PARTNERS FUND 1X A	11,250,000	0.26	2,937,455
UK Unclassified	GRAPHITE CAPITAL PARTNERS FUND 1X C	11,250,000	0.26	2,937,461
UK Unclassified	MOBEUS EQUITY PARTNERS IV LP	10,000,000	0.37	3,735,331
UK Investment Co's	PANORAMIC ENTERPRISE CAPITAL UNITS	1,428,486	1.02	1,457,453
UK Investment Co's	PANORAMIC GROWTH FUND 2 LP	10,000,000	0.40	3,997,075
UK Investment Co's	PARTNERS GROUP GLOBAL VALUE 2008	7,500,000	0.33	2,204,136
UK Investment Co's	STAR CAPITAL STRATEGIC ASSETS III LP	12,500,000	0.49	5,477,957
UK Unclassified	VESPA CAPITAL II LLP	10,000,000	0.94	9,425,591
UK Unquoted Private Equity Total				**113,315,746**
PRIVATE EQUITY TOTAL				**196,449,285**
INFRASTRUCTURE				
UK Infrastructure Quoted				
Closed-end Funds	FORESIGHT SOLAR FUND LTD	4,000,000	101.50	4,060,000
Closed-end Funds	GREENCOAT UK WIND PLC	13,835,000	136.80	18,926,280
Closed-end Funds	HICL INFRASTRUCUTRE CO LTD	6,060,872	174.40	10,570,161
Closed-end Funds	INTERNATIONAL PUBLIC PARTNERSHIP LTD	20,462,823.00	171.20	35,032,352.98
Closed-end Funds	3I INFRASTRUCTURE PLC	2,249,999.00	298.00	6,704,997.02
Closed-end Funds	RENEWABLES INFRASTRUCTURE GR	8,111,111.00	127.00	10,301,110.97
UK Infrastructure Quoted Total				**85,594,902**
UK Infrastructure Unquoted				
UK Unclassified	BlackRock Global Renewable Power Fund III LP	65,000,000	0.00	-
UK Unclassified	DALMORE CAPITAL 3 LP	25,000,000	1.00	25,029,150
UK Unclassified	EQUITIX FUND 1 LTD P'SHIP	7,500,000	1.70	12,766,558
UK Unclassified	Equitix Fund IV Ltd P'ship	25,000,000	1.29	32,338,873
UK Unclassified	First Sentier Investors EDIF II	20,000,000	1.05	18,668,167
UK Unclassified	IMPAX NEW ENERGY INVESTORS II UNITS	10,000,000	0.01	131,710
UK Unclassified	JP Morgan Infrastructure Investment Fund UK L	160,000,000	0.70	81,407,953
UK Unclassified	MEIF 5 Co-Invest LP	12,600,000	0.60	6,704,534
UK Unclassified	MEIF 6 Co-Invest LP	28,000,000	0.00	248
UK Unclassified	Macquarie European Infrastructure Fund 5 LP	14,400,000	1.09	13,876,718
UK Unclassified	Macquarie European Infrastructure Fund 6 SCS|	56,000,000	0.38	19,068,545
UK Unclassified	Macquarie Green Infrastructure Fund (Euro)	59,000,000	0.09	4,703,673
UK Unclassified	PIP Multi Strategy Infrastructure LP	25,000,000	0.80	19,893,352
UK Unclassified	SL CAPITAL INFRASTRUCTURE 1LP	15,000,000	1.17	17,604,820
UK Unclassified	SL Capital Infratructure II SCSP	25,000,000	0.53	11,694,369
UK Infrastructure Total				**263,888,671**
INFRASTRUCTURE TOTAL				**349,483,572**
ALTERNATIVES TOTAL				**545,932,857**

DERBYSHIRE PENSION FUND
JANUARY 2021 PORTFOLIO VALUATION - BID

Real Property		**29/01/2021 Valuation £**
Property	Southampton Property	7,350,000
Property	Retail Unit Tamworth	7,500,000
Property	15-17 Jockeys Field London	11,950,000
Property	D'Arblay House, London	15,200,000
Property	Bristol Odeon Development	6,300,000
Property	Quintins Centre, Hailsham	6,300,000
Property	Caledonia House, London	24,400,000
Property	Chelsea Fields Ind Est, London	14,600,000
Property	Planet Centre, Feltham	14,800,000
Property	Hill St, Mayfair	15,250,000
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	5,650,000
Property	South Normanton Warehouse, Alfreton	16,450,000
Property	Loddon Centre, Basingstoke	15,400,000
Property	Parkway, Bury St Edmunds	8,450,000
Property	Waitrose, York	13,550,000
Property	Link 95, Haywood Manchester	10,350,000
Property	Car Park, Welford Rd Leicester	12,900,000
Property	Leamington Spa, Heathcote Industrial Estate	13,550,000
Total Real Property		**249,150,000**

Property Managed Funds			**Number held**	**Mkt price**	
Property	**Pence**	Assura PLC	6,000,000	72.3000	4,338,000
Property	**GBP**	Aviva Pooled Property Fund - cla	604,816	16.5332	9,999,562
Property	**GBP**	Aviva Pooled Property Fund - cla	534,071	16.6639	8,899,701
Property	**GBP**	Bridges Property Alternatives Fu	10,000,000	0.6065	6,065,202
Property	**GBP**	Bridges Property Alternatives Fu	10,000,000	0.4926	4,926,054
Property	**EUR**	Fidelity Eurozone Select Real Es	4,486	6026.6064	23,942,707
Property	**GBP**	Hearthstone Residential Fund 1 I	25,000,000	0.8771	21,927,687
Property	**GBP**	Igloo Regeneration P'ship Prope	4,644,493	0.0316	146,817
Property	**EUR**	Invesco Real Estate-European F	44,569	110.4250	4,358,247
Property	**Pence**	Target Healthcare REIT Ltd	4,085,000	115.2000	4,705,920
Property	**GBP**	M&G PP UK Property Fund (Inc)	27,124	689.2100	18,694,132
Property	**EUR**	M&G European Property Fund S	25,000,000	1.0243	22,677,579
Property	**GBP**	Threadneedle Pensions Property	1,647,730	6.0512	9,970,747
Property	**Pence**	Tritax Big Box Indirect Pooled Fu	10,000,000	184.2000	18,420,000
Property	**GBP**	Unite UK Student Accommodatic	15,584,567	1.3400	20,883,320
Total Property Funds					**179,955,674**

Regulatory Capital	LGPS Central			2,000,000
Cash	***Updated to 31 January 2021***			
Cash	Northern Trust	*UK*		25,986,652
Cash		*Wellington*		3,378,151
Cash	Cash - Lloyds bank Superfund			35,101,000
	Adjustments for timing differences			72,000,000
Cash	Cash Temporary Loans	163,000,000		
	Aberdeen Standard Life	30,000,000		
	Federated Prime Rate	30,000,000		
	Insight MMF	30,000,000		
	Certs of Deposit	0		
	Treasury Bills	0		253,000,000
Total Cash			Total Cash	**389,465,803**

DERBYSHIRE PENSION FUND
JANUARY 2021 PORTFOLIO VALUATION - BID

	Number held	Mkt Price in local currenc (Clean) use for Hedge Calc & IL Valuation	Mkt Price in local currency (Dirty) use for Non IL Valuation	Mkt Price pence GBP	Total £ GBP
UK GILTS					
TSY 1.75% 7/9/2022	13,490,000	102.96	103.67	103.67	13,985,439
TSY 4% 7/3/2022	10,995,000	104.48	106.10	106.10	11,666,059
TSY 2.25% 7/9/2023	15,400,000	106.04	106.95	106.95	16,470,558
TSY 5% 7/3/2025	5,500,000	120.69	122.72	122.72	6,749,566
TSY 2% 7/9/2025	7,000,000	109.31	110.12	110.12	7,708,551
TSY 1.5% 7/22/2026	5,650,000	108.07	108.11	108.11	6,108,466
TSY 4.25% 7/12/2027	18,000,000	128.22	128.87	128.87	23,197,472
TSY 4.75% 7/12/2030	13,162,000	142.83	143.56	143.56	18,894,942
TSY 4.25% 7/6/2032	12,370,000	142.24	142.89	142.89	17,675,598
TSY 4.5% 7/9/2034	16,373,000	151.74	153.56	153.56	25,142,927
TSY 4.25% 7/3/2036	11,400,000	152.05	153.77	153.77	17,529,874
TSY 1.75% 7/9/2037	11,800,000	116.07	116.78	116.78	13,779,761
TSY 4.75% 7/12/2038	7,934,000	167.82	168.55	168.55	13,372,818
TSY 4.25% 7/9/2039	4,050,000	160.77	162.50	162.50	6,581,243
TSY 1.25% 22/10/2041	9,200,000	107.87	108.22	108.22	9,956,449
TSY 3.25% 1/22/2044	8,000,000	149.71	149.79	149.79	11,983,582
TSY 4.25% 7/12/2046	3,900,000	177.87	178.53	178.53	6,962,508
TSY 0.625% 22/10/2050	15,900,000	92.91	93.08	93.08	14,800,219
001 UKGB Total					**242,566,032**
US GOVERNMENT BONDS					
T 2.75% 31/8/2023	26,191,000	106.69	107.86	78.70	20,613,243
T 2.25% 15/11/2024	21,000,000	107.49	107.98	78.79	16,546,071
T 2.75% 15/11/2042	7,500,000	119.64	120.23	87.73	6,580,061
004 USGB Total					**43,739,375**
NON GOVERNMENT BONDS					
LGPS Central Global Active Corp B	3,463,222	103.80	103.80	103.80	359,482,432
Non Govt Bonds Total					**359,482,432**
MULTI ASSET CREDIT					
AMP Capital Infrastructure Debt Fu	17,000,000	0.66	0.66	0.66	10,005,308
Barings Global Private Loan Fund	40,000,000	0.48	0.48	0.48	19,325,364
Barings Global Private Loan Fund 2	40,000,000	0.80	0.80	0.80	31,952,884
Barings Global Private Loan Fund 3	50,000,000	0.65	0.65	0.65	32,541,631
CQS Credit Multi Asset Fund Class	105,489	1,101.02	1,101.02	1,101.02	116,145,963
CVC Credit PARTNERS European I	76,000,000	0.39	0.39	0.39	26,155,411
Janus Henderson Multi Asset Credi	98,657,364	1.12	1.12	1.12	110,333,167
Multi Asset Credit Total					**346,459,728**
UK INDEX LINKED					
TREAS 4.125% IL STK 22/7/2030	6,510,000	378.09	378.33	378.33	24,629,449
TREAS 2% IL STK 26/1/2035	8,000,000	298.76	298.82	298.82	23,905,444
002 UKGIL Total					**48,534,893**

INDEX LINKED (3 monthers)

UK INDEX LINKED (3monthers)	Number held	Clean Price	Index Ratio	Gross	Accrued Interest	Total
TREAS 0.125% IL STK 22/3/2024	9,230,000	110.4120	1.210710	12,338,379.03	4,207.04	12,342,586
TREAS 1.25% IL STK 22/11/2027	7,400,000	132.3330	1.512370	14,810,097.98	18,142.27	14,828,240
TREAS 0.125% IL STK 22/3/2029	5,325,000	127.9230	1.236210	8,420,938.59	2,427.14	8,423,366
TREAS 1.25% IL STK 22/11/2032	2,777,000	156.9350	1.351710	5,890,867.01	6,808.25	5,897,675
TREAS 0.75% IL STK 22/3/2034	11,465,000	154.2920	1.263840	22,356,796.01	31,354.56	22,388,151
TREAS 1.125% IL STK 22/11/2037	5,580,000	178.6700	1.451230	14,468,452.54	12,312.22	14,480,765
TREAS 0.625% IL STK 22/3/2040	5,600,000	174.4930	1.355520	13,245,610.08	12,762.43	13,258,373
TREAS 0.625% IL STK 22/11/2042	5,950,000	184.0580	1.381410	15,128,443.93	7,293.68	15,135,738
TREAS 0.125% IL STK 22/3/2044	11,470,000	172.3870	1.210700	23,938,915.52	5,228.04	23,944,144
TREAS 0.125% IL STK 22/3/2046	8,730,000	178.0600	1.138520	17,697,881.26	3,979.14	17,701,860
TREAS 0.75% IL STK 22/11/2047	6,500,000	207.8380	1.412640	19,084,017.70	9,561.46	19,093,579
TREAS 0.125% IL STK 10/08/2048	5,300,000	186.1580	1.068080	10,538,076.74	3,150.48	10,541,227
TREAS 0.5% IL STK 22/3/2050	5,000,000	206.4430	1.375350	14,196,569.00	9,116.02	14,205,685
TREAS 1.25% IL STK 22/11/2055	4,200,000	270.4390	1.527060	17,345,016.33	10,296.96	17,355,313
UK INDEX LINKED (3monthers) TOTAL						**209,596,701**

US INDEX LINKED	Number held	Clean Price	Index Ratio	Gross $	Accrued Interest $	Total $	Total £
TII0.125% 15/1/2023	7,000,000	104.328125	1.127400	8,233,366.97	410.91	8,233,778	6,008,187.72
TII3.625% 15/4/2028	4,045,000	138.398438	1.608930	9,007,138.95	43,908.81	9,051,048	6,604,549.55
TII1.750% 15/1/2028	5,550,000	123.554688	1.242160	8,517,845.33	4,561.12	8,522,406	6,218,799.99
TII2.5% 15/1/2029	7,000,000	131.906250	1.212060	11,191,480.26	8,218.23	11,199,698	8,172,419.99

DERBYSHIRE PENSION FUND
JANUARY 2021 PORTFOLIO VALUATION - BID

	Number held	Mkt Price in local currenc (Clean) use	Mkt Price in local currency (Dirty)	Mkt Price pence GBP			Total £ GBP
TII2.125% 15/2/2040	4,095,000	153.750000	1.203990	7,580,396.29	40,198.88	7,620,595	5,560,748.29
TII0.75% 15/2/2042	20,300,000	126.164063	1.151660	29,495,515.16	70,332.88	29,565,848	21,574,199.31
TII0.625% 15/2/2043	10,000,000	123.523438	1.131870	13,981,247.32	28,872.28	14,010,120	10,223,184.27
0045 USGB IL Total							**64,362,089**
TOTAL BONDS							**1,314,741,250**
Index linked-total							**322,493,683**
Conventional-total							**286,305,407**
Non gov-total							**705,942,160**