

FOR PUBLICATION

DERBYSHIRE COUNTY COUNCIL

PENSIONS AND INVESTMENTS COMMITTEE

8 September 2021

Report of the Director of Finance & ICT

Investment Report

1. Purpose

1.1 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 external adviser.

2. Information and Analysis

2.1 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 2.

2.2 Asset Allocation and Recommendations Table

The Fund's latest asset allocation as at 31 July 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

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commitments (existing plus any new commitments recommended in this report) relate to Private Equity, Multi-Asset Credit, Property and Infrastructure and total around £380m. 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.

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		Benchma	rk	Fund Allocation	Fund Allocation	Permitted Range	Rel Recomn	hmark ative nendation	Recomme)	Adjusted for Commitments (2)	Benchmark Sterling Return	Benchmark Sterling Return
	Old	Inter (1)	Final (1)	30/4/21	31/7/21	Inter (1)	AF 8/9/21	DPF 8/9/21	AF 8/9/21	DPF 8/9/21	DPF 8/9/21	3 Months to 30/6/21	3 Months to 31/7/21
Growth Assets	57.0%	56.0%	55.0%	56.8%	57.4%	+/- 8%	-	-	56.0%	56.0%	57.2%	n/a	n/a
UK Equities	16.0%	14.0%	12.0%	15.2%	15.0%	+/- 6%	-	+0.5%	14.0%	14.5%	14.5%	5.6%	1.8%
Overseas Equities:	37.0%	38.0%	39.0%	37.9%	38.4%	+/- 8%	-	(0.2%)	38.0%	37.8%	37.8%	n/a	n/a
North America	12.0%	6.0%	-	6.3%	6.2%	+/- 6%	-	(0.5%)	6.0%	5.5%	5.5%	8.7%	5.1%
Europe	8.0%	4.0%	-	4.2%	4.3%	+/- 4%	-	(0.2%)	4.0%	3.8%	3.8%	8.2%	5.5%
Japan	5.0%	5.0%	5.0%	4.7%	4.7%	+/- 2%	-	-	5.0%	5.0%	5.0%	(0.5%)	(0.4%)
Pacific ex-Japan	4.0%	2.0%	-	2.0%	1.9%	+/- 2%	-	(0.1%)	2.0%	1.9%	1.9%	4.1%	(5.4%)
Emerging Markets	5.0%	5.0%	5.0%	4.6%	4.7%	+/- 2%	-	-	5.0%	5.0%	5.0%	5.1%	(4.5%)
Global Sustainable	3.0%	16.0%	29.0%	16.1%	16.6%	+/- 16%	-	+0.6%	16.0%	16.6%	16.6%	7.4%	3.7%
Private Equity	4.0%	4.0%	4.0%	3.7%	4.0%	+/- 2%	-	(0.3%)	4.0%	3.7%	4.9%	5.8%	2.0%
Income Assets	23.0%	24.0%	25.0%	20.1%	20.4%	+/- 6%	-	(2.8%)	24.0%	21.2%	25.5%	n/a	n/a
Multi-Asset Credit	6.0%	6.0%	6.0%	6.7%	6.8%	+/- 2%	-	+0.8%	6.0%	6.8%	7.7%	1.3%	1.1%
Infrastructure	8.0%	9.0%	10.0%	6.0%	6.2%	+/- 3%	-	(2.0%)	9.0%	7.0%	10.3%	0.5%	0.5%
Direct Property (4)	5.0%	5.0%	6.0%	4.3%	4.3%	+/- 2%	-	(0.7%)	6.0%	4.3%	4.3%	3.9%	3.9% (3)
Indirect Property (4)	4.0%	4.0%	3.0%	3.1%	3.1%	+/- 2%	-	(0.9%)	3.0%	3.1%	3.2%	3.9%	3.9% (3)
Protection Assets	18.0%	18.0%	18.0%	15.9%	16.6%	+/- 5%	(2.0%)	(1.0%)	16.0%	17.0%	17.0%	n/a	n/a
Conventional Bonds	6.0%	6.0%	6.0%	4.6%	4.6%	+/- 2%	(1.0%)	(1.0%)	5.0%	5.0%	5.0%	3.6%	4.0%
Index-Linked Bonds	6.0%	6.0%	6.0%	5.3%	5.6%	+/- 2%	(1.0%)	(0.4%)	5.0%	5.6%	5.6%	1.7%	9.1%
Corporate Bonds	6.0%	6.0%	6.0%	6.0%	6.4%	+/- 2%	-	+0.4%	6.0%	6.4%	6.4%	2.3%	3.8%
Cash	2.0%	2.0%	2.0%	7.2%	5.6%	0 – 8%	+2.0%	+3.8%	4.0%	5.8%	0.3%	0.0%	0.0%

Investment Assets totaled £6,035m at 31 July 2021.

(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 July 2021, together with commitments placed post period-end. Presumes all commitments funded from cash.

(3) Benchmark Return for the three months to 30 June 2021.

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

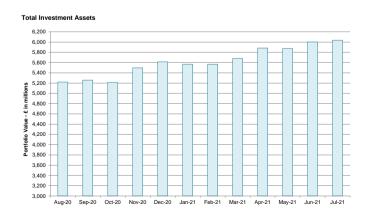
The table above shows the old benchmark, together with the intermediate and final benchmarks approved by Committee in November 2020. The intermediate benchmark came into effect from 1 January 2021, and the final Benchmark will become effective by 1 January 2022 at the latest. The table above reflects 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 July 2021, was overweight Cash and Growth Assets and underweight in Protection Assets and Income Assets. However, if all of the Fund's commitments were drawndown, the cash balance would reduce by 5.3% to 0.3%. 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.

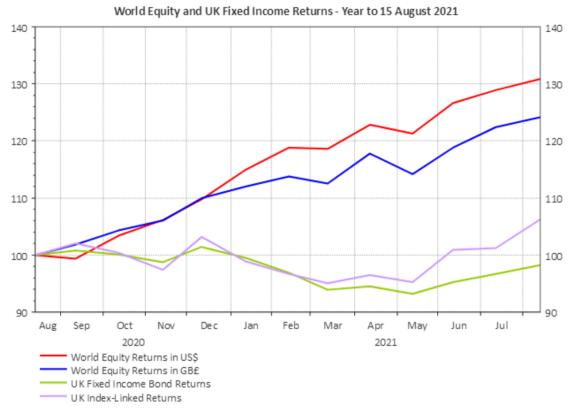
2.3 Total Investment Assets

The value of the Fund's investment assets increased by £151m (+2.6%) between 30 April 2021 31 July 2021 to £6.035bn, the first time the Fund has exceeded £6.0bn, comprising a non-cash market gain of around £136m and cash inflows from dealing with members & investment income of around £15m. Over the twelve months to 31 July 2021, the value of the Fund's investment assets has increased by £893m (+17.4%), comprising a non-cash market gain of around £777m, an advance contribution of £56m from Derbyshire County Council in April 2021 and cash inflows from dealing with members & investment income of around £60m. A copy of the Fund's valuation at 31 July 2021 is attached at Appendix 3.



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.

2.4 Market returns over the last 12 months



Source: Refinitiv Datastream

The chart above shows market returns for Global Equities in Sterling and the US dollar, UK Fixed Income and UK Index Linked bonds for the twelve months to 15 August 2021.

Over the twelve-month period, Global Equities (as measured by the FTSE All World Index in Sterling) returned +25.3%, with the index now more than 18% higher than its pre-pandemic level. In US\$ terms, the return was even higher at +39.8% but sterling returns were lower as sterling strengthened relative to the US\$ (£1:US\$1.31 to £1:US\$1.38).

Global Equities have returned 13.7% year to date (YTD)¹ (15.3% in US dollar terms). The Covid-19 Equity 'bull-run' is now into its seventeenth month. Coronavirus caseloads and vaccination rates continue to act as the main driver of market sentiment. Many of the world's major economies have made significant progress in administering vaccines, particularly in the United Kingdom, United States and European Union. Whilst cases generally remain elevated due to the emergence of new and more contagious variants, the vaccine roll-out programmes appear to have significantly reduced hospital admissions and death rates.

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¹ YTD to 15 August 2021 PHR-1243

As the pressure on health services has fallen, economic restrictions and social distancing measures have been gradually lifted. Regional YTD equity returns have been closely correlated to vaccination rates. Those countries that have managed to deploy vaccines faster have been able to lift restrictions earlier, which has acted as a catalyst for an economic recovery. In the United Kingdom, over 77% of adults have now been fully vaccinated, while over 60% of adults have also been fully vaccinated in the United States and Europe. These regions have unsurprisingly delivered the strongest equity returns so far in 2021 (15.3%, 18.0% and 16.4%, respectively, in sterling terms), outperforming the FTSE All World's return of 13.7%.

In contrast, where countries have struggled to source or deploy vaccines, which has consequently resulted in restrictions being tightened or reintroduced, equity returns have been weaker. For example, this has been the case in both Japan and Emerging Markets, where the sterling YTD equivalent return sits at only 1.9% and 0.7%, respectively. Furthermore, Emerging Market returns have been negatively impacted by the introduction of a new and stricter regulatory regime in China for much of its economy. Chinese Equities represent almost 40% of the Emerging Market index and have fallen by 15% in sterling terms YTD.

In the government bond markets, there has been much debate about whether rising inflation will be transitory or a long-lasting feature. The Bank of England (BoE) has significantly under-estimated the rise of inflation this year, with the official rate consistently running ahead of BoE forecasts. For example, the BoE forecast in both February 2021 and May 2021, that the annual inflation rate would level out at around 2% to $2\frac{1}{2}$ % in 2021, before increasing its forecast to 4% in its August 2021 Monetary Policy Report.

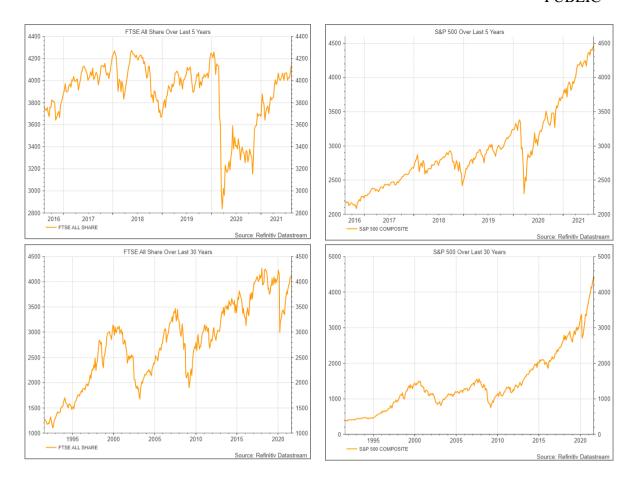
Consistent with the messaging from both the US Federal Reserve (the FED) and European Central Bank (ECB), Andrew Bailey, BoE Governor, believes that the rise in inflation will be temporary. The annual inflation rate is expected to gradually fall back towards the BoE's long-term 2% target between 2022 and 2024. However, given the rapid rise in inflation this year, the BoE has noted that "some modest tightening of monetary policy is likely to be necessary" over the next two years to keep inflation under control.

UK Conventional and Index-Linked bonds have returned -2.8% and +4.3% YTD. There have been two key driving forces in the UK government bond market this year. Firstly, government bond yields fell to all-time lows in 2020

as Central Banks reduced interest rates and expanded quantitative easing programmes (creating excess demand) to stimulate the economy. Many investors also rotated into low risk investments because the outlook for the pandemic was so uncertain. As a result, UK Conventional and Index-Linked bonds achieved strong returns in 2020; +8.3% and +11.0%, respectively. However, the development of efficient coronavirus vaccines has significantly improved the global economic outlook, increasing investor appetite for risk. Demand for government bonds, which act as protection assets, has reduced, and some of the strong gains achieved in 2020 have unwound. Secondly, as inflation rises, the real return (the nominal rate less the inflation rate) of a bond is reduced. As Central Banks have specific inflation targets, the market has anticipated that action will be taken to raise short-term interest rates, with the intention of reducing the demand for credit and preventing the economy from overheating. Higher short-term interest rates typically result in higher intermediate and long-term bond yields.

At the beginning of the year, 10-year UK conventional bonds yielded 0.20%. By the end of February, this had risen to 0.82%, before peaking at 0.90% in May. Although the 10-year yield has subsequently fallen back to 0.57% by 15 August 2021, bond yields remain elevated across the yield curve relative to the beginning of the year. As a bond's yield and price move in opposite directions, this has resulted in a negative YTD return from UK Conventional Bonds of -2.8%. In contrast, UK Index-Linked bonds have returned +4.3% YTD, reflecting strong investor demand driven by rising inflation expectations. Index-Linked Bonds offer protection against rising inflation by linking coupon payments and principal repayment to an inflation index.

Asset class weightings and recommendations are based on values at the end of July 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 years, whereas the recovery in the UK market has been much more muted but has picked-up over the last six months, and is now back close to the level reported immediately before the Covid-19 pandemic.



2.5 Longer Term Performance

Figures provided by Portfolio Evaluation Limited show the Fund's performance over 1, 3, 5 and 10 years to 30 June 2021.

Per annum	DPF	Benchmark Index
1 year	15.5%	13.8%
3 years	6.9%	6.3%
5 years	8.9%	8.1%
10 years	8.3%	7.9%

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

The IIMT note that the one-year return of 15.5% to 30 June 2021 reflected a catch-up following a sharp market sell-off in response to the outbreak of the Covid-19 pandemic. This has been supported by unprecedented levels of fiscal and monetary support provided by national governments and central banks. The IIMT does not believe that these levels of returns are sustainable in the long-term and going forward market returns are likely to be much lower. The Fund's Investment Strategy Statement is based on an assumed average market return of 3.6% per annum over the next 20 years.

2.6 Category Recommendations

	Old Benchmark	Intermediate Benchmark	Final Benchmark	Fund Allocation	Permitted Range	Recommendation (1)		Benchmark Relative Recommendation (1)	
				31 Jul-21		AF	DPF	AF	DPF
Growth Assets	57.0%	56.0%	55.0%	57.4%	± 8%	56.0%	56.0%	-	-
Income Assets	23.0%	24.0%	25.0%	20.4%	± 6%	24.0%	21.2%	-	(2.8%)
Protection Assets	18.0%	18.0%	18.0%	16.6%	± 5%	16.0%	17.0%	(2.0%)	(1.0%)
Cash	2.0%	2.0%	2.0%	5.6%	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 and Growth Assets at 31 July 2021, underweight 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 4 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.

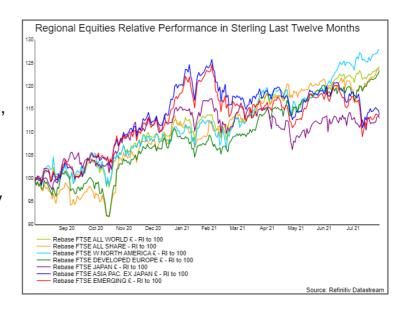
The IIMT recommendations reflected in this report: reduce Growth Assets by 1.4% to 56.0% (neutral), with some small changes to the regional composition: UK Equities -0.5%; North American Equities -0.7%; European Equities -0.5%; Japanese Equities +0.3%; Emerging Market Equities +0.3% and Private Equity -0.3%; increase Income Assets by 0.8% (Infrastructure +0.8%); increase Protection Assets by 0.4% (conventional bonds +0.4%), and increase Cash by 0.2%. 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.

2.7 Growth Assets

At 31 July 2021, the overall Growth Asset weighting was 57.4%, up from 56.8% at 30 April 2021, reflecting relative market strength. The IIMT recommends reducing the weighting to 56.0%; neutral.

The near-term economic outlook continues to appear supportive of equity markets, with growing evidence that vaccines significantly reducing hospitalisation and death rates. This is supporting the lifting of economic restrictions and social distancing measures, which in turn is driving a strong economic recovery. However, Global Equities are trading at all-time highs and valuations are generally expensive relative to long term averages. There are also some signs emerging that the pace of recovery is starting to slow. For example, US retail sales data has weakened relative to its April 2021 peak, and the latest US Consumer Confidence survey fell more than 13% (month-on-month) to a pandemic era low and its lowest level since 2011.

Furthermore, the Covid-19 threat has not completely diminished. The Delta variant continues to spread globally, and while vaccines appear to offer protection from serious side effects, they seem less effective at preventing people from catching the virus and transmitting it to others. The longer that the virus is spreading, the more likely that additional variants will emerge, the impact of which on hospitalisation and death rates is unknow. With equity prices and valuations stretched, the IIMT believes it is prudent to take a cautious approach to the Fund's Growth Assets allocation.



Benchmark Return	Currency	Q3-21(*)	Q2-21	YTD (*)	1 Year (**)	3 Year (**)	5 Year (**)
Sterling Returns							
FTSE All World	GB£	2.1%	7.4%	13.7%	25.3%	13.3%	14.4%
FTSE UK	GB£	3.8%	5.6%	15.3%	21.9%	2.0%	6.5%
FTSE North America	GB£	3.5%	8.7%	18.0%	27.3%	17.2%	17.0%
FTSE Europe	GB£	4.5%	8.2%	16.4%	22.7%	10.0%	11.9%
FTSE Japan	GB£	1.2%	(0.5%)	1.9%	12.0%	5.7%	9.9%
FTSE Asia Pacific Ex-Japan	GB£	(5.7%)	4.1%	0.2%	25.9%	10.8%	13.2%
FTSE Emerging Markets	GB£	(6.0%)	5.1%	0.7%	24.4%	10.3%	12.0%
Local Currency Returns							
FTSE All World	US\$	2.4%	7.4%	15.3%	39.8%	15.0%	15.0%
FTSE UK	GB£	3.8%	5.6%	15.3%	21.9%	2.0%	6.5%
FTSE North America	US\$	3.8%	8.8%	19.6%	42.3%	19.0%	17.8%
FTSE Europe	€	5.4%	7.6%	22.2%	30.2%	11.3%	11.4%
FTSE Japan	¥	0.5%	0.1%	10.0%	28.8%	7.4%	12.4%
FTSE Asia Pacific Ex-Japan	US\$	(5.5%)	4.3%	1.6%	40.7%	12.5%	14.0%
FTSE Emerging Markets	US\$	(5.7%)	5.3%	2.0%	39.2%	12.0%	12.8%

Source: Performance Evaluation Limited & DPF analysis

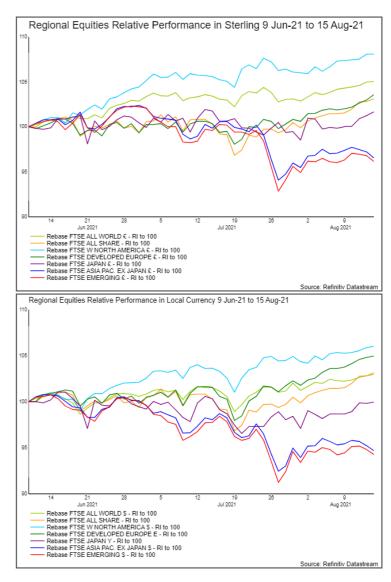
(*) To 15 Aug-21

(**) To 30 Jun-21

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 were generally stable in Q2-21, rising steadily throughout the quarter, apart from a week-long sell off in early May as fears mounted that Central Banks would be forced into taking early action to contain rising inflation. The sell-off was short lived, as key monetary policy figures reassured markets that existing policy was appropriate for the current conditions (i.e. no early action required) and that higher inflation would be transitory. A near record breaking Q1-21 earnings season also drove a rotation into growth stocks, after value and pro-cyclical stocks had dominated during Q4-20 and Q1-21. The FTSE All-World returned +7.4% in Sterling in Q2-21 (7.4% US\$), supported by strong returns from North America (+8.7%, sterling return) and Europe (+8.2%, sterling return).

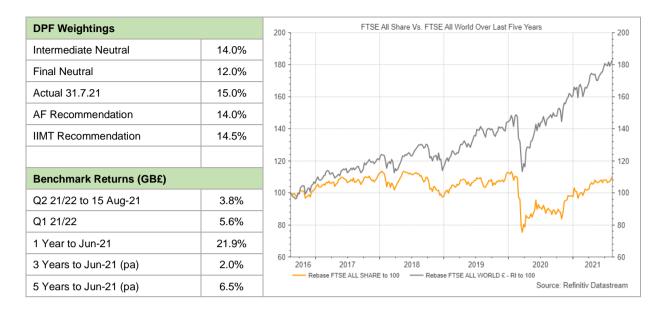
In Q3-21² to date, Global Equities have been relatively stable. The FTSE All-World posted a modest gains of +2.1% in sterling terms (2.4% in US\$). However, there has been volatility in the Asia-Pacific region. Whilst Japanese Equities have stabilised on improving vaccination rates they have underperformed significantly YTD, and a regulatory tightening in China has weighed on the region's equity returns.



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² 1 July 2021 to 15 August 2021

2.8 United Kingdom Equities



The Fund's UK Equity allocation reduced from 15.2% at 30 April 2021 to 15.0% at 31 July 2021 (1.0% overweight) reflecting relative market weakness.

Whilst Mr Fletcher has maintained his overall neutral weighting to Growth Assets, Mr Fletcher would be supportive of being underweight US Equities and overweight UK Equities on a relative valuation basis.

Mr Fletcher notes that as markets evolve over 2021 and the Fund gets closer to the final benchmark, 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 reopen.

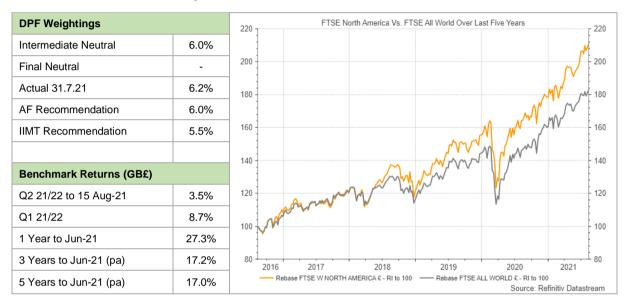
UK Equities have strongly performed YTD; the FTSE All Share has returned +15.3% so far this year. The UK's vaccination programme has been one of the most successful in the world, with 89.6% of adults having now received at least one vaccine dose and 77.2% being fully vaccinated. The UK Government began lifting Covid-19 restrictions in March 2021, with restrictions fully lifted in July 2021. The rapid deployment of vaccines and easing of restrictions has resulted in economic growth expectations being revised upwards. In August 2021, the BoE increased its 2021 GDP expectations from 5.0% in May 2021 to 7.3%.

Despite its strong performance this year, the FTSE All Share is the only regional equity market that the Fund invests in which has yet to recover to its

pre-pandemic level. UK Equities significantly underperformed in 2020, reflecting a combination of the Covid-19 pandemic and Brexit uncertainty. However, uncertainty surrounding Brexit has now faded, and the economic outlook is improving. In terms of valuation, the FTSE All Share appears to offer value relative to its global peers.

The IIMT continues to believe that UK Equity valuations are attractive on a relative basis and recommends a modest 0.5% overweight allocation of 14.5%, with a modest tilt towards small and mid-cap stocks.

2.9 North American Equities



The Fund's North American Equity allocation reduced from 6.3% at 30 April 2021 to 6.2% at 31 July 2021 (0.2% overweight) reflecting an increase in the cash balance (classified as Cash) held by the investment manager.

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, albeit Mr Fletcher would be supportive of being underweight US Equities and overweight UK Equities on a relative valuation basis.

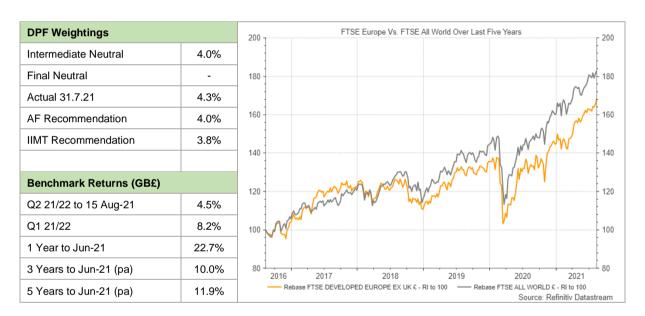
US Equities were amongst the best performing regions in 2020, and they have continued to perform strongly in 2021. The FTSE North America Index has returned +18.0% in sterling terms YTD (19.6% in US\$). The US vaccination programme appears to have been successful, with over 61% of adults fully vaccinated, allowing the US to lift restrictions, driving a strong economic recovery. A near record breaking Q1-21 earnings reporting season provided strong evidence of a corporate recovery. Furthermore, US Equities

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appear to have benefitted from actions taken by President Biden. In his first 100 days in office, President Biden managed to push a new \$1.9 trillion stimulus package through the Senate, and more recently a \$1 trillion infrastructure spending package. These packages are expected to add a material uplift to US GDP growth expectations. Notwithstanding these positive tailwinds, US equity valuations appear to be stretched relative to both long-term averages and to other regional peers.

Given the strong performance of US Equities over the last twelve months (+27.3% in GB£ and +42.3% in US\$), which has resulted in high valuation levels, particularly in respect of the dominant IT sector, the IIMT believes that an underweight position in US Equities is justified, and recommends a 0.5% underweight allocation relative to the new intermediate benchmark of 5.5%.

2.10 European Equities



The Fund's European Equity weight increased by 0.1% to 4.3% at 31 July 2021, reflecting relative market strength.

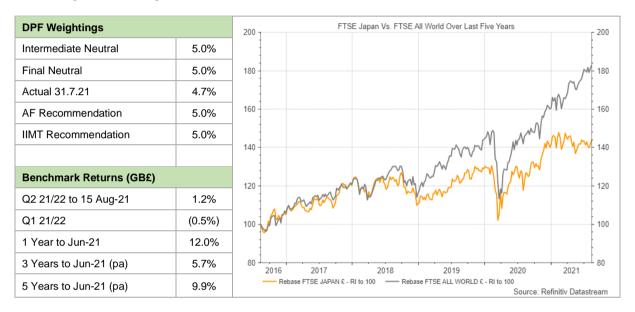
Mr Fletcher recommends a neutral weighting relative to the intermediate benchmark across all of the Fund's regional equity allocations; 4% in respect of European Equities.

European Equities struggled to keep pace with the FTSE All World throughout Q1-21, as the region's vaccination programme was adversely impacted by manufacturing and supply issues. However, the vaccination programme has since picked up pace and the regions vaccination rate is now broadly in line with that reported by the United States. As a result, European Equities have

recovered, performing strongly across Q2-21 and Q3-21 (QTD), to be the second-best performing region YTD (16.4% in sterling terms, 22.2% in €). European companies have also been reporting strong earnings growth, and the ECB has recently revised 2021 GDP growth forecasts up to 4.6%, from 4.0% in March 2021.

The IIMT recommends that given the strong YTD performance of European Equities that the Fund's allocation to the asset class is reduced by 0.5% to 3.8% (0.2% underweight) to 'lock-in' some of the YTD profit.

2.11 Japanese Equities



Net investment of £10m was offset by relative market weakness and the Fund's allocation to Japanese Equities remained flat at 4.7%.

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.

Japanese Equities have under-performed the FTSE All World YTD (1.9% vs. 13.7% in sterling terms), reflecting general market weakness and a weaker Japanese Yen (JP¥). Since the start of 2021, the JP¥ has fall by 10.5% relative to the sterling.

Whilst Japan initially successfully contained the spread of Covid-19 (despite its high population density), it has struggled to roll-out its vaccination programme. By the end of May 2021, Japan had only managed to vaccinate 10% its population. As a result, the Japanese government has been forced

into announcing an ongoing state of emergency to control rising caseloads. However, since May 2021, the roll-out of the vaccination programme has picked-up pace, and over one million doses are now being administered every day. Fifty percent of adults have now received at least one dose and thirty nine percent are now fully vaccinated.

The IIMT believes that Japanese Equities have been oversold YTD and the pick-up in the speed of the vaccination programme should support a recovery in the equity market (i.e. similar to that recently experienced in Europe). As a result, the IIMT recommends that the Fund's allocation to Japanese Equities should be increased from 4.7% to a neutral allocation of 5.0%.

2.12 Asia Pacific Ex-Japan and Emerging Market Equities

DPF Weightings	Asia-Pac	EM
Intermediate Neutral	2.0%	5.0%
Final Neutral	-	5.0%
Actual 31.7.21	1.9%	4.7%
AF Recommendation	2.0%	5.0%
IIMT Recommendation	1.9%	5.0%
Benchmark Returns (GB£)	Asia-Pac	EM
Q2 21/22 to 15 Aug-21	(5.7%)	(6.0%)
Q1 21/22	4.1%	5.1%
1 Year to Jun-21	25.9%	24.4%
3 Years to Jun-21 (pa)	10.8%	10.3%
5 Years to Jun-21 (pa)	13.2%	12.0%

Relative market weakness across the three months to 31 July 2021, reduced the Fund's allocation to Asia Pacific Ex-Japan Equities from 2.0% at 30 April 2021 to 1.9% at 31 July 2021 (0.1% underweight), whereas the Fund's allocation to Emerging Market Equities increased from 4.6% to 4.7% over the comparable period (0.3% underweight), reflecting net investment of £23m, partly offset by market weakness.

Over the three months to 31 July 2021, the Fund transitioned around £200m of the legacy Emerging Market Equity portfolio into LGPS Central Limited's Emerging Market Equity sub-fund.

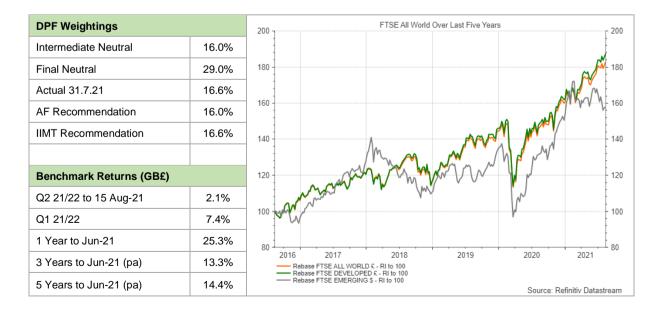
Mr Fletcher recommends a neutral weighting relative to the intermediate benchmark across all of the Fund's regional equity allocations; 2% in the case of Asia Pacific Ex-Japan and 5% in Emerging Market Equities.

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. Several factors have, however, driven the region's YTD underperformance:

- 1. The recovery from the pandemic has been uneven in Emerging Markets, largely due to a lack of access to vaccines;
- 2. Chinese and Asia-Pacific Ex-Japanese Equities were the strongest performers in 2020, returning 25.9% and 19.9% respectively, versus a return of 13.3% for the FTSE All World and 15.8% for FTSE North America. There has been general profit taking from these regions, with the proceeds recycled into western developed market equities, whose economies have been expected to perform strongly in this year's recovery, supported by successful vaccination campaigns; and
- Regulatory intervention by the Chinese government across a number of sectors has weighed on Chinese Equities.

The recovery from the pandemic is likely to take longer in Emerging Markets, and the situation developing in China needs to be assessed for its potential long-term impact on equity performance in the region. As a result, the IIMT recommends neutral allocations relative to the new intermediate benchmark in respect of both Asia Pacific Ex-Japan Equities (2.0%) and Emerging Market Equities (5.0%).

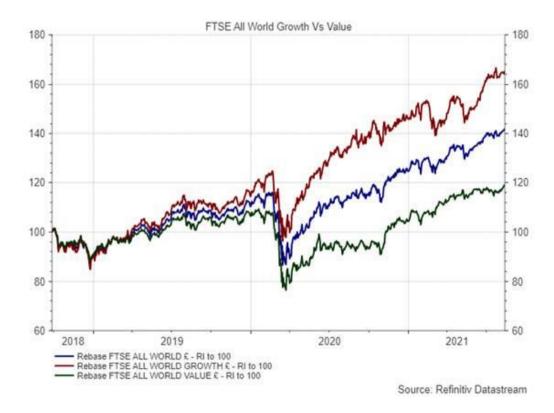
2.13 Global Sustainable Equities



Relative market strength increased the Fund's allocation to Global Sustainable Equites from 16.1% at 30 April 2021 to 16.6% at 31 July 2021.

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 remains confident about the long-term investment case for the Fund's allocation to Global Sustainable Equities, which typically favour growth stocks relative to value stocks. A growth stock relates to a company that is forecast to growth at a rate significantly above the average growth rate for the market (e.g. high growth information technology stocks), whereas a value stock relates to a company that appears to trade at a lower price relative to its fundamentals (e.g. pro-cyclical stocks such as industrials). The chart below shows that growth stocks have significantly out-performed value stocks over the last three years, particularly since the start of the Covid-19 pandemic, as investors favoured quality growth stocks over pro-cyclical stocks, in part supported by low forward interest rate expectations.



Value stocks enjoyed a rally in Q1-21 (outperforming growth stocks by 7.2% in sterling terms), as economic activity increased and forward interest rate expectations picked-up. However, this largely reversed in Q2-21, as fears over the Delta variant and falling bond yields supported growth stocks relative to value stocks.

Value stocks typically out-perform at the start of an economic cycle (as investors position portfolios for the uptick in economic activity) but the period of out-performance tends to be relatively short-lived (generally less than twelve months), and investors start to rotate back into growth stocks. Whilst the IIMT believes that equity markets may experience a further value rally in the next six to twelve months (which potentially will have an adverse short-term performance impact), the IIMT remains confident that the Fund's allocation to Global Sustainable Equities will out-perform over the long-term.

The IIMT recommends maintaining the current overweight position of 16.6% in Global Sustainable Equities in anticipation of the move towards the 29.0% allocation included the Fund's Final Benchmark by the end of 2021.

2.14 Private Equity

DPF Weighting										
Intermediate Netural	Final Neutral	Actual 31.7.21	Committed 31.7.21	AF Recommendation	IIMT Recommendation					
4.0%	4.0% 4.0% 4.9%		4.0%	3.7%						
		Bench	nmark Returns (GB	£)						
Q2 21/22 to 15 Aug-21	Q1 21/22	1 Year to Jun-21	3 Years to Jun-21 (pa)	5 Years to Jun-21 (pa)						
4.0%	5.8%	22.9%	3.0%	7.5%						

The Private Equity weighting increased from 3.7% at 30 April 2021 to a neutral weighting of 4.0% at 31 July 2021 reflecting relative market strength; 4.9% 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 £75m 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 Fund's listed private equity investments (around 40% of the total private equity portfolio) have performed strongly over the last 12 months, and the IIMT recommends that the Fund 'locks-in' some of these profits, and reduces the overall Private Equity allocation by 0.3% to 3.7% (0.3% underweight).

2.15 Income Assets

At 31 July 2021, the overall weighting in Income Assets was 20.4%, 0.3% higher than that reported at 30 April 2021, reflecting net investment of £34m, partly offset by relative market weakness. The IIMT recommendations below would take the overall Income Asset weighting to 21.2%, and the committed weighting to 25.5%.

2.16 Multi Asset Credit

DPF Weighting										
Intermediate Neutral	Final Neutral	Actual 31.7.21	AF Recommendation	IIMT Recommendation						
6.0%	6.0%	6.8%	6.0%	6.8%						
		Benchmark Returns (G	GB£)							
Q2 21/22 to 15 Aug-21	Q1 21/22	1 Year to Jun-21	3 Years to Jun-21 (pa)	5 Years to Jun-21 (pa)						
0.1%	1.3%	9.0%	4.1%	3.8%						

The Fund's allocation to Multi-Asset Credit increased from 6.7% at 30 April 2021 to 6.8% (0.8% overweight), reflecting net investment of £12m, partly offset by relative market weakness.

Mr Fletcher notes that the spread available from high yield bonds and loans, and emerging market debt, widened slightly in July 2021 as government bonds outperformed. However, Mr Fletcher further notes that overall spreads have narrowed significantly over the last twelve months. 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 and recommends maintaining a neutral weighting for the time being.

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 6.8% (0.8% overweight); 7.7% on a committed basis. Whilst this implies that the Fund is 1.7% over-committed to the asset class, the draw-down of these commitments will take several years, and as these commitments are drawn-down, they will be partly offset by distributions/realisations from existing investments.

2.17 Property

	DPF Weighting										
Intermediate Neutral	Final Neutral	Actual 31.7.21	AF Recommendation	IIMT Recommendation							
9.0%	9.0%	7.4%	9.0%	7.4%							
		Benchmark Return	s (GB£)								
Q2 21/22 to 15 Aug-21	Q1 21/22	1 Year to Jun-21	3 Years to Jun-21 (pa)	5 Years to Jun-21 (pa)							
Not Available	3.9%	9.1%	3.1%	4.7%							

The Fund's allocation to Property remained flat at 7.4% at 31 July 2021. Direct Property accounted for 4.3% (1.7% underweight against the Final benchmark) and Indirect Property accounted for 3.1% (0.1% overweight against the Final benchmark). The committed weight was 7.5% at 31 July 2021.

Mr Fletcher recommends that the property allocation remains neutral overall, but notes that the uncertainty around property right now and Covid-19 has accelerated the changes that were already being seen in the retail sector and now the office sector has also come under pressure. Mr Fletcher believes that uncertainty over the future use of buildings created by the energy transition and Covid-19 will increase the potential volatility of returns from this asset class. In terms of sectors, Mr Fletcher expects the residential and industrial sectors to be most resilient. As a long-term investor, Mr Fletcher believes that 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 the UK economy continues to recover as the vaccine roll-out reduces Covid-19 case numbers and hospitalisations. The manager notes that returns from commercial property are on an improving trend and benchmark returns in the quarter 30 June 2021 totalled 3.9%. The current void rate is 8.8% (+0.8% relative to the benchmark), up from 3.3% in the previous quarter. The increase reflects the vacation of the main tenant from a London office property. The property is currently being refurbished and the manager is confident that once the refurbishment is complete, the property should be readily relet. Forward investment focus is on industrial; retail warehouse; and alternatives.

The IIMT recommends that in the short term the Fund's current allocations to Direct Property (4.3%; 1.7% underweight) and Indirect Property (3.1%; 0.1%)

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overweight) are maintained but liquidity of up to £75m is made available to the Direct Property manager to make further investments at the right time should suitable investment opportunities be identified.

2.18 Infrastructure

	DPF Weighting										
Intermedidate Neutral	Final Neutral	Actual 31.7.21	Committed 31.7.21	AF Recommendation	IIMT Recommendation						
9.0%	10.0%	6.2%	10.3%	9.0%	7.0%						
		Bench	nmark Returns (GB	£)							
Q2 21/22 to 15 Aug-21	Q1 21/22	1 Year to Jun-21	3 Years to Jun-21 (pa)	5 Years to Jun-21 (pa)							
0.3%	0.5%	2.1%	2.5%	2.5%							

The Fund's allocation to Infrastructure increased from 6.0% at 30 April 2021 to 6.2% at 31 July 2021 reflecting net investment of £21m, partly offset by relative market weakness.

Mr Fletcher recommends a neutral weighting relative to the intermediate benchmark of 9% allocation, although Mr Fletcher acknowledges that because of the nature of the infrastructure investment process, it takes time to deploy capital to the asset class.

The IIMT continues to view Infrastructure as an attractive long-term asset class and favours a bias towards core infrastructure assets or renewable energy assets. These assets can offer low volatility; low correlation to equity and fixed income; and reliable long-term cash flows. Notwithstanding the noted favourable long-term 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. It should also be noted that the current market valuation of some infrastructure assets, particularly renewable infrastructure assets, are becoming increasingly stretched driven by strong investor demand.

The IIMT recommends that the invested weighting is increased by 0.8% to 7.0% in the next quarter; 10.3% on a committed basis. Whilst this implies that the Fund is slightly 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.

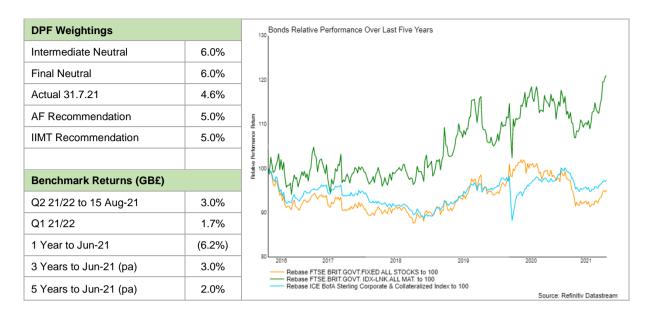
2.19 Protection Assets



The weighting in Protection Assets at 31 July 2021 was 16.6%, 0.7% higher than that reported at 30 April 2021 reflecting net investment of £23m, together with relative market strength. The IIMT recommendations below increase the weighting to 17.0%.

UK Government bond yields have fallen since the last Committee meeting (i.e. higher prices) reflecting strong issuance demand and fears over the spread of the Delta variant. UK Government bond yields remain low compared to historic levels, consistent with expectations for a prolonged period of near zero policy rates, albeit increasing inflationary concerns increases the risk that Central Banks, in particular the US FED, may be forced to tighten monetary conditions sooner than expected.

2.20 Conventional Bonds

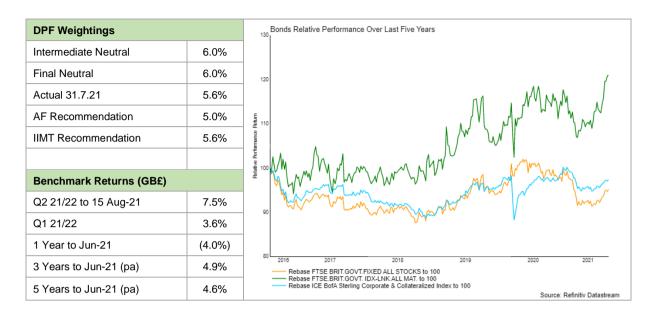


The Fund's allocation to Conventional Bonds remained flat at 4.6% between 30 April 2021 and 31 July 2021; 1.4% underweight.

Mr Fletcher has maintained his recommended allocation to Conventional Bonds at 5% (1% underweight), with the 1% being allocated to an increase in the Cash weighting. Mr Fletcher believes that government bond yields have further to rise (i.e. lowering prices), particularly following the reduction in yields from their March 2021 high, leading to the possibility of negative returns from the asset class. Whilst Mr Fletcher recognises the benefit of holding government bonds as protection against an equity market sell-off, he believes that at their current low level of yield, these bonds provide neither income or the level of protection as they have in the past.

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. Furthermore, with Global Equities trading at all-time highs, Growth Assets look potentially vulnerable to a correction, especially with the uncertainty surrounding the Delta variant. The recent increase in YTD bond yields has also increased the attractiveness of conventional bonds, and the IIMT recommends that the weighting in conventional bonds is increased to 5.0%, 1.0% underweight.

2.21 Index-Linked Bonds



The Fund's allocation to Index-Linked Bonds increased from 5.3% at 30 April 2021 to 5.6% at 31 July 2021 (0.4% underweight), reflecting relative market strength. The Fund's allocation at 31 July 2021 comprised 80% UK Index-Linked Bonds (UK Linkers) and 20% US Treasury Inflation Protected Bonds (US TIPS).

Mr Fletcher has maintained his recommended allocation to UK Linkers at 5% (1% underweight), with the 1% being allocated to an increase in the Cash weighting. Mr Fletcher continues to believe that UK Linkers are over-valued and long-term investors should look elsewhere for inflation protection. Mr Fletcher also notes that US TIPS are no longer cheap relative to US inflation expectations, and the Fund should take 'profits' on these bonds.

Markets have become increasingly concerned about higher inflation over the last few months' driven by the 'post Covid-19' economic recovery; high-savings rates (which could reverse and lead to a spending surge), and US policy stimulus. However, it is unclear whether this will be a short-term increase or lead to longer term inflation pressures. The IIMT believes that the potential for higher inflation, either in the short or longer term, supports the Fund's current Index-Linked bonds allocation, and therefore recommends that the weighting is maintained at 5.6%. The IIMT also recommends maintaining the Fund's current exposure to US TIPS, noting that these offer diversification and protection against rising US inflation expectations.

2.22 Corporate Bonds

DPF Weightings		Bonds Relative Performance Over Last Five Years
Intermediate Neutral	6.0%	
Final Neutral	6.0%	120
Actual 31.7.21	6.4%	1 . MMM . /
AF Recommendation	6.0%	[] [] [] [] [] [] [] [] [] []
IIMT Recommendation	6.4%	The first of the f
		1 2 10 M M M M M M M M M M M M M M M M M M
Benchmark Returns (GB£)	·	
Q2 21/22 to 15 Aug-21	1.4%	
Q1 21/22	2.3%) \\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\
1 Year to Jun-21	2.9%	80
3 Years to Jun-21 (pa) (1)	n/a	2018 2017 2018 2019 2020 2021 — Rebase FTSE BRIT GOVT.FIXED ALL STOCKS to 100 — Rebase FTSE BRIT GOVT. IDX-INK ALL MAT to 100
5 Years to Jun-21 (pa) (1)	n/a	Rebase ICE BofA Sterling Corporate & Collateralized Index to 100 Source: Refinitiv Datastream

⁽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 £23m in May 2021 increased the Fund's allocation to Global Investment Grade bonds from 6.0% at 30 April 2021 to 6.4% at 31 July 2021; 0.4% overweight.

Mr Fletcher notes that in light of low level of yield spread relative to government bonds, he recommends that the Fund maintains a neutral allocation of 6% to Corporate Bonds (i.e. investment grade bonds). Mr Fletcher believes that should government yields rise, corporate bond yields are likely to rise at roughly the same pace, which could lead to negative returns.

The IIMT notes that investment grade bond spreads are low and have narrowed significantly since spiking in March 2020. Furthermore, it is unclear whether the current level of yield spread compared to government bonds 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. However, investment grade bonds are likely to be more defensively positioned relative to Growth Assets, should markets experience any further weakness. As a result, the IIMT recommends maintaining the current 0.4% overweight allocation of 6.4% to the asset class.

2.23 Cash

The Cash weighting at 31 July 2021 was 5.6% (3.6% overweight relative to the intermediate benchmark), down from 7.2% at 31 July 2021, reflecting cumulative net investment of around £77m over the three months to 31 July 2021.

Mr Fletcher has maintained his 4% weighting in Cash (2% overweight) 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 those asset classes. Mr Fletcher notes that given the current valuation of all investment markets, together with the Fund's upcoming contractual commitments, he is not in a hurry to reduce the cash allocation.

The IIMT notes that whilst global markets have recovered strongly following the sharp sell-off in Q1-20, the recovery has been heavily dependent on substantial and unprecedented central bank monetary support and national government fiscal support. Any change of tone from the central banks is likely to have a material effect on markets. Furthermore, whilst the roll-out of vaccines appears to be progressing well, particularly in developed markets, the speed of rollout is uneven, and a number of countries continue to face rising new cases, and the impact of new variants remains a sizeable risk. 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 in some countries (including the risk of new variants); rising inflationary pressures; rising geopolitical uncertainty; 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 £180m over the course of 2021-22), 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.

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3 Implications

3.1 Appendix 1 sets out the relevant implications considered in the preparation of the report.

4 Background Papers

4.1 Papers held in the Investment Section.

5 Appendices

- 5.1 Appendix 1 Implications.
- 5.2 Appendix 2 Report of independent external adviser.
- 5.2 Appendix 3 Portfolio Valuation Report at 31 July 2021.

6 Recommendation(s)

That Committee:

- a) note the report of the independent external advisor, Mr Fletcher.
- b) note the asset allocations, total assets and long-term performance analysis set out in the report.
- c) approve the IIMT outlined in the report.

7 Reasons for Recommendation(s)

- 7.1 Both Mr Fletcher's report and the analysis set out in this report in respect of asset allocation, total assets and long-term performance provide an overview of the Fund's investment strategy and performance track-record on which to assess the asset allocation positioning for the Fund for the upcoming quarter.
- 7.2 The rationale for each of the IIMT asset allocation recommendations included in this report is set out in Section 2.

Report Author: Peter Handford

Director of Finance & ICT

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Appendix 1

Implications

Financial

1.1 None

Legal

2.1 None

Human Resources

3.1 None

Information Technology

4.1 None

Equalities Impact

5.1 None

Corporate objectives and priorities for change

6.1 None

Other (for example, Health and Safety, Environmental Sustainability, Property and Asset Management, Risk Management and Safeguarding)

7.1 None



Second Quarter 2021 Investment Report

PREPARED FOR:

Derbyshire County Council Pension Fund: Pensions and Investment Committee Meeting

SEPTEMBER 2021

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Investment Report for Derbyshire County Council Pension Fund

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

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

The report is expected to lead to discussions with the in-house team on findings and recommendations as required. The advisor is expected to attend quarterly meetings of the Pensions and Investment Committee to present his views and actively advise committee members. To the extent this report contains advice it is intended as strategic advice to inform the investment strategy statement rather than investment advice.

Meeting date 8th September 2021 Date of paper 16th August 2021



1. Market Background (Second quarter 2021)

The strong global economic recovery continued in the second quarter as economies continued to reopen from the extended restrictions imposed to combat the spread of the more infectious covid Delta variant. Equity markets delivered strong returns with the exception of Japan where the roll-out of the vaccination programme has been slow. In general investors chose to look through the covid news and focus on the rapid return of consumers in person rather than at home on-line.

After a significant increase in bond yields in the first quarter driven by expectations of strong growth and higher inflation, both of which were recorded in the second quarter, bond yields unexpectedly fell. As well as producing positive returns from government bonds, the fall had a very positive impact on the performance of "growth" stocks, which recovered strongly from their underperformance relative to "value" stocks since November 2020. Investment grade and high yield non-government bonds also delivered positive returns.



Chart 1: - Annualised rates of quarter on quarter GDP growth.

Although rather exaggerated because these are the quarterly rates of GDP growth annualised, chart 1 above shows how strong GDP has been in the second quarter after the collapse seen in the same quarter last year. While this looks very good it is unlikely to be repeated in the coming quarters as can be seen by the fall in Chinese GDP to June. It also hides the fact that the UK, European and Japanese economies are still smaller than they were in February 2020.

As economies have reopened, and service industries look to hire, strains have emerged in many labour markets. Though unemployment rates remain elevated, estimated to be 6.6% for the OECD as a whole. Employers have reported difficulty in filling vacancies. Potential reasons range from a lack of workers, ongoing covid relief, childcare difficulties created by at-home schooling and workers either changing industry or re-assessing their "work / life" balance. These hiring difficulties are partly responsible for the higher inflation experienced in the second quarter. But again, like the GDP data these higher inflation reports are likely to be transitory.



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 July 2021 and the 3 and 12 months to the end of June 2021.

% TOTAL RETURN DIVIDENDS REINVESTED

MARKET RETURNS

		Period end 30 th June 2021		
	July 2021	3 months	12 months	
Global equity ACWI^	0.0	7.3	24.6	
Regional indices				
UK All Share	0.5	5.6	21.5	
North America	1.5	9.0	27.3	
Europe ex UK	1.6	8.0	23.0	
Japan	-1.9	0.0	12.0	
Pacific Basin	-3.2	4.0	25.9	
Emerging Equity Markets	-7.2	5.1	24.5	
UK Gilts - Conventional All Stocks	2.8	1.8	-6.5	
UK Gilts - Index Linked All Stocks	6.3	3.6	-4.0	
UK Corporate bonds*	1.6	2.0	2.7	
Overseas Bonds**	1.5	1.0	0.0	
UK Property quarterly^	_	3.9	9.1	
Sterling 7 day LIBOR	0.0	0.0	0.0	

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

Chart 1: - UK bond and equity market returns - 12 months to 30th June 2021



Source: - Bloomberg

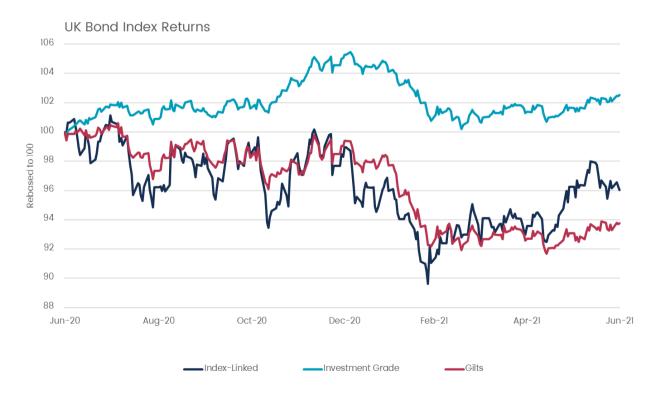


Table 2: - Change in Bond Market yields over the quarter and 12 months.

BOND MARKET % YIELD TO MATURITY	31st March 2021	30 th June 2021	Quarterly Change %	30 th June 2020	Current 13 th August 2021						
UK GOVERNMEN	UK GOVERNMENT BONDS (GILTS)										
10 year	0.85	0.72	-0.13	0.17	0.58						
30 year	1.40	1.24	-0.16	0.64	0.96						
All Stocks ILG	-2.04	-2.37	-0.33	-2.49	-2.67						
OVERSEAS 10 YE	AR GOVERNA	MENT BOND	S								
US Treasury	1.75	1.49	-0.26	0.65	1.28						
Germany	-0.29	-0.20	-0.09	-0.45	-0.46						
Japan	0.10	0.05	-0.05	0.03	0.02						
NON-GOVERNM	NON-GOVERNMENT BOND INDICES										
Global corporates	1.75	1.59	-0.16	1.87	1.51						
Global High yield	4.41	4.09	-0.32	6.61	4.26						
Emerging markets	3.80	3.56	-0.24	4.38	3.55						

Source: - Bloomberg, Trading economics and ICE Indices G0LI, G0BC, HW00, EMGB, 13th August 2021.

Chart 2: - UK Bond index returns, 12 months to 30th June 2021.



Source: - Bloomberg



Total Return Global Equities 130 125 Rebased to 100 115 105 100 95 90 Aug-20 Oct-20 Dec-20 Feb-21 Jun-21 Apr-21 S&P 500 MSCI Europe ex-UK MSCI Japan MSCI Emerging MSCI World

Chart 3: - Overseas equity markets returns in Sterling terms, 12 months to 30th June 2021.

Source: - Bloomberg

Recent developments (July and early August 2021)

While it "felt" as though economies continued to be strong in July, there was "sense" in the markets that a lot of the good news, the easier part of the recovery was now fully priced. As a result, developed equity markets drifted sideways. Now that the preliminary data on the economy for July is coming through it looks a bit weaker. Chinese industrial production and retail sales, US and UK retail sales, and UK inflation were all lower than expected, and it looks as though the momentum of growth may be beginning to slow.

In Japan the success of the Olympics against the incredibly difficult covid landscape for the athletes and the country should be a reason for celebration and a boost for the confidence of Japan, which has struggled to get to grips with covid and the widespread vaccination of its population.

The other recent developments of note in my opinion are the growing interference of the Chinese Communist Party in the functioning of equity markets in China and the geopolitical implications of the rapid take-over of Afghanistan by the Taliban and the resultant humiliation of the US and NATO.



2. Investment Performance

Table 3 shows the performance of the Derbyshire Pension Fund versus the fund specific benchmark for the 1st quarter and year to 30th June 2021. Over 12 months all the broad asset class categories and all of Derbyshire's selected asset managers outperformed their respective benchmarks.

Over 10 years the Fund has achieved a total return of 8.3% per annum, net of fees.

Table 3: - Derbyshire Pension Fund and Benchmark returns

% TOTAL RETURN (NET)				
30 [™] JUNE 2021	3 MONTHS		12 MONTHS	
	Derbyshire Pension Fund	Benchmark	Derbyshire Pension Fund	Benchmark
Total Growth Assets	7.1	6.0	25.7	23.1
UK Equity Total Overseas Equity North America Europe Japan Pacific Basin Emerging markets Global Sustainable Equity Global Private Equity	5.9 6.9 8.3 8.1 -0.1 2.7 6.2 9.1 13.6	5.6 6.2 8.7 8.2 -0.5 4.1 5.1 7.4 5.8	24.9 24.4 28.1 22.7 13.8 27.4 24.7 36.4 43.9	21.5 23.8 27.3 22.7 12.0 25.9 24.4 25.3 22.5
Total Protection Assets	2.5	2.5	-0.4	-2.4
UK & Overseas Government UK & Overseas Inflation Linked Global Corporate bonds	1.5 3.6 2.3	1.7 3.6 2.3	-4.2 -1.3 3.6	-6.2 -4.9 2.9
Total Income Assets	2.7	2.0	7.4	6.5
Multi-asset Credit Infrastructure Property (all sectors) Internal Cash	2.0 1.2 4.8	1.3 0.5 3.9	10.4 2.4 9.5	9.0 2.1 9.1
Total Fund	5.0	4.3	15.5	13.8

Total fund value on 30th June 2021 £6,001 million

Equity markets delivered stronger returns in the second quarter as economies continue to re-open, bond markets also delivered positive returns as central banks confirmed they had no intentions to raise interest rates and at the margin growth and inflation data was not as strong as expected. The "value" rally that had been a feature of equity markets since November slowed allowing "growth" stocks to



catch up as fears of higher interest rates subsided, overseas equities were also helped by a stronger US dollar over the quarter. The notable exception to this stronger performance was Japan where growth remains weak and the pace of vaccination and re-opening of the economy slow.

Growth assets – Equity performance

In the 2nd quarter of 2021, all regional equity portfolios outperformed their respective benchmarks with the exception of the USA and Asia Pacific ex-Japan. The Asian region has been impacted by the poor performance of Chinese equities as the government has increased its scrutiny of certain sectors and companies.

North American equity performance was 0.4% behind the market in the first quarter, and 0.8% ahead over 12 months. Over 10 years North American equity has delivered 17.4% p.a. which is an outperformance the benchmark index by 1.3% 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, the in-house team choose to maintain an overweight allocation in the UK and some of the allocation is invested in Investment Trust's which have also been selected by the in-house team. The strong performance of these investment trusts and the decision to remain overweight significantly improved the aggregate return of the overall UK allocation.

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 strong returns that are also ahead of benchmark and they have been an overall diversifier of risk, especially Japan.

In May LGPS Central became responsible for the management of about 70% of the Fund's allocation to Emerging market equity.

The Fund's allocation to Global sustainable equity has delivered strong absolute returns, and the high performance contribution of Baillie Gifford one the managers is responsible for most of the outperformance relative to benchmark over the last year.

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 its benchmark.

Protection assets - Fixed Income Performance

There were no changes in asset allocation over the quarter and government bond yields fell delivering a positive overall return. The Fund remains underweight its allocation to UK government bonds and has less interest rate sensitivity than the benchmark. But its exposure to overseas government and global corporate bonds, meant that the allocation performed in-line with the benchmark over the quarter and outperformed during the sell-off in government bonds over the year.



Income assets – Property, Infrastructure and MAC

There were no changes in asset allocation over the quarter. Over the year, the combined portfolio of income assets has outperformed the benchmark, mainly due to the strong performance of Direct Property and MAC. Infrastructure slightly outperformed its benchmark but delivered much lower level of absolute return. Over longer time periods, more appropriate for these assets, property, infrastructure and MAC have all outperformed, delivering an aggregate total return of 6.8% p.a. over 5 years, which is 2.1% ahead of benchmark.



3. Economic and Market outlook

Economic outlook

As noted above the sharp economic bounce-back is due to the re-opening of the global economy with pent-up demand from deferred purchases combined with continued government fiscal stimulus and expansionary monetary policy. Despite the unequal access to vaccines, the World Bank now predicts global growth to reach +5.6% in 2021, its fastest pace in 80 years.

However, some are now fearing that increasing inflation, and the risk of subsequent increases in interest rates to tackle it, pose the greatest threat to a sustainable recovery. I believe these fears are mis-placed, I see inflation as a temporary problem linked to base effects and the re-opening of economies. Interest rates will rise and probably sooner than expected, not because of inflation but due to a return of sustained stronger economic growth.

While the northern developed economies seem to be getting stronger as they re-open and their vaccination rates increase. The same is not true in other parts of the world where generally vaccination rates are lower and the impact of the more infectious Delta variant is only now being felt. In recent weeks Japan, Australia and New Zealand have extended or imposed new restrictions to tackle increased infection rates. Admittedly from very low levels but these are all countries that believed that they could tackle covid by "keeping it out" rather than by vaccinating their populations. Even China has seen a number of regional outbreaks which are leading to the same instant and draconian lockdown measures they successfully employed in their first wave. What this shows is that vaccination appears to be the most effective tool for tackling covid, not because it stops infection but because it reduces the impact of the virus. This just underlines the point I made in my last report that until we are all globally vaccinated, economic activity can't return to what we used to call "normal" and even then, the changes to the global economy that have been accelerated by covid suggests "normal" will look quite different.



Inflation

As expected, inflation has picked up in all economies due to the temporary impacts of supply bottle-necks, the challenge of getting people back to work, and the willingness of consumers to spend on social and leisure activities without too much concern for cost. As chart 4, shows inflation has increased significantly from the lows of the last 10 years, but it is forecast to fall back towards 2% p.a. throughout this year and next.

Chart 4: - Inflation – Annual rate and forecasts versus Central Bank Target

Source: - JP Morgan Asset Management July 2021

In July both US and UK inflation reports were lower than expected and lower than reported in June. Going forward from here as the temporary supply issues and base effects subside, I believe higher energy costs and the expenses of returning to work for employees that are currently working from home will squeeze discretionary spending meaning that while economic activity can continue to increase, the inflation rate is likely to moderate.

Central Banks

Over the quarter and into July and August the world's leading central banks have made no significant changes to policy. At recent press conferences they have stuck with the mantra of supporting the economy through low interest rates and QE to facilitate a return to normal levels of activity and full employment. And they have repeated their view that the current high level of inflation is transitory. However, if one looks at the minutes of the US FED's FOMC, it is clear that they are getting closer to reducing (tapering) the purchase of bonds for their QE programme and some of the regional governors are forecasting higher rates in 2023, which is a year sooner than previously expected. The Bank of England and the Bank of Japan have made not notable comments. The ECB have not changed their guidance or the tools at their disposal, but as part of their annual strategic review they have officially made their inflation target more flexible. The inflation aim in future will be "symmetric around 2%" rather than as before "below, but close to 2%" and they have decided to phase in housing costs over time.



Politics

In my last report I mentioned that Mr Trump's legacy of poor quality diplomacy and decision making was going to have a lasting influence. But apparently nobody knew that his decision to agree a one sided peace deal with the Taliban and to withdraw US troops, thereby making NATO's position in Afghanistan untenable, would effectively hand Afghanistan back to the Taliban within a few weeks of President Biden confirming the decision. Unfortunately the trustworthiness of the US as a reliable ally has been raised again. This development only benefits Russia and China and raises the risks over Taiwan, the south China sea and Russian interference in eastern European states.

In the UK after the tumultuous changes in the political landscape brought about by the May local election results. Politics returned to focussing on the poor quality decision making around tackling the new covid Delta variant and the licentiousness of Mr Johnson's cabinet colleagues. In the end the government prevaricated over "Freedom Day" delaying by a month and the new Health Secretary told us what we already knew "that we would have the learn to live with covid". Without a doubt the early approval and the rapid roll-out of the vaccination programme has been a huge success against a backdrop of many poor quality decisions. If the link between high levels of vaccination but low levels of hospitalisations and deaths can be maintained into the winter months then the government will be able claim success. It may also provide a route map for other countries to follow and could lead to a boost in economic confidence not just in the UK but globally.

In the US the new Biden administration is pressing ahead with its fiscal spending plans but because it doesn't have widespread bi-partisan support, it is trying to pass legislation using the democratic parties wafer thin majority. This is unlikely to succeed without significant changes which could reduce the positive economic impact.



Government bonds

As can be seen in Table 2 above in the second and third quarter to date, Government bond yields, have fallen after the uniform increase we saw in the 1st quarter of 2021 as shown in Chart 5 below. I continue to believe that government bond yields will trend higher, notwithstanding short-term bouts of falling yields in the medium term they will be higher.

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 be higher than 2% by this time next year. I believe the main driver of higher yields will be stronger growth rather than higher inflation. Also, at some point in the next 12 months the US Fed and the BoE will stop their bond purchase programmes. At that time the responsibility for funding deficits and any planned increased government spending will fall back completely to the investment community. There is appetite for bonds as shown in March this year, but that was at somewhat higher yields than today and with background of central bank buying.

In my view it is highly likely that government bonds could deliver a near zero or even negative returns in the next 12 months although this would also likely mean a reduction in Scheme liabilities.

4.0% 10-Year Government Bond Yields to 30/06/2021 3.5% 3.0% 2.5% 2.0% 1.5% 1.0% 0.5% 0.0% -0.5%-1.0% Jun-11 Jun-12 Jun-13 Jun-15 Jun-16 Jun-17 Jun-18 Jun-19 Jun-20 Jun-14 Jun-21 US Euro Japan

Chart 5: - Government bond yields, last 10 years.

Source: - Bloomberg



Non-government bonds

Chart 6 below, shows the excess yield spread for both investment grade non-government and high yield bonds. Unlike government bonds, the total yield for non-government bonds has never been lower. Prior to the global financial crisis average spreads were slightly lower, but the total yield was 7% for high yield and 5% for investment grade compared to 4.3% and 1.5% today. The yield pick-up for going from investment grade to high yield has increased from 2% to around 3%, which just about compensates for the higher default risk, but the margins are now wafer thin. In its favour the interest rate sensitivity of high yield is much lower, but the economic sensitivity is higher.

On balance I believe high yield can continue to deliver reasonable risk adjusted returns provided economies continue to show reasonable growth and interest rates remain relatively low. On the other hand, investment grade yields look more vulnerable to higher government yields and the end of central bank QE programmes.

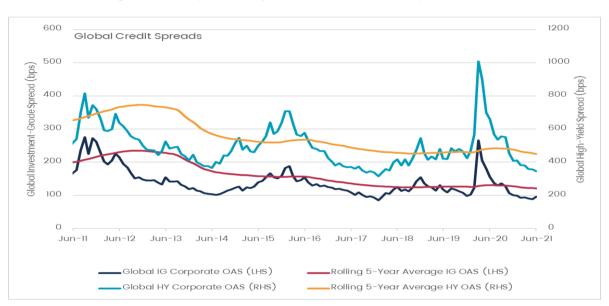


Chart 6: - Credit spreads, extra yield over government bonds, last 10 years.

Source: - Bloomberg

If interest rates and government bond yields remain low then both investment grade and high yield bonds will deliver better returns because of their higher income and lower interest rate sensitivity, provided volatility and defaults remain low.

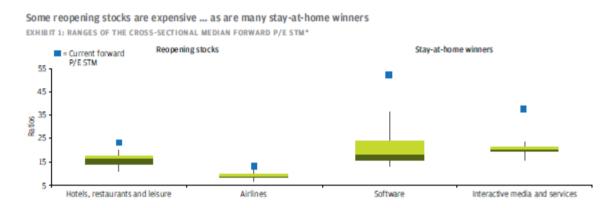


Equities

After the strong returns seen in the second quarter global and in particular emerging equities have delivered negative returns quarter to date. While some of this is the result of the situation in Afghanistan, markets were weak in July as well. Emerging equity has suffered because of the covid Delta variant, but more so because of the interventionist behaviour of the Chinese Communist Party in the Chinese equity market. It is also worth noting as I alluded to in my last report that, economic and company data is showing signs of peak momentum. Third quarter profits are expected to mark a peak in their rate of change and some of the most recent economic indicators have been weaker than expected and last reported.

The themes I highlighted in my last report, high prices and high valuations in certain sectors have been magnified by the recent falls in bond yields and rebound in the performance of growth stocks. Also many of those sectors that had been hard hit by the lockdowns have recovered strongly see chart 7 below which shows the P/E valuations of US sectors that have benefitted from lockdown "stay at home winners" and those hardest hit "reopening stocks".

Chart 7: - Sector P/E ratios lockdown "losers" and "winners".



Source: - JP Morgan Asset Management

Looking forward over the next 12 months, I still believe bond yields will be higher, there will be a bit more inflation and higher energy prices combined with the expense of returning to work could begin to pinch at consumer spending and company earnings. This change in outlook increases the chance of negative surprises and could increase overall market volatility.

As is mentioned above because I believe the recovery is growth led, and bond yields could be rising, those regional indices with higher weights to more cyclical and industrial sectors like Europe the UK and emerging markets could outperform.



GDP

% CHANGE YOY

Table 4 shows the consensus forecasts for GDP growth in calendar 2021 and 2022 and my expectations in May and August 2021.

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

2021 2022 MAY MAY **AUGUST AUGUST** AF Consensus **AF** Consensus **AF** Consensus Consensus **AF** US 4.1 4.4 6.2 7.0 6.2 7.0 4.1 4.4 UK 5.4 6.0 6.8 6.0 5.6 5.6 5.4 5.4 Japan 2.8 3.0 2.4 2.6 2.4 2.4 3.0 3.0 EU 28 4.0 4.5 4.6 5.0 4.1 4.1 4.3 4.5 China 8.7 9.0 8.6 9.0 5.5 5.5 5.6 5.6 SE Asia 5.2 5.5 4.0 4.3 5.7 5.7 5.5 5.5

Source: - Consensus Economics August 2021

Consensus forecasts for 2021 GDP growth have been revised materially outside of the US, which is unchanged. I can understand why the Euro area with its pro-cyclical economy has been revised higher and given the spread of the Delta variant though Asia, why prospects for growth could be lower in that region, but I find it difficult to see why the UK has been marked significantly higher. As a result, I'm going to stick with my slightly better than the August consensus forecasts for the rest of the world in 2021 but not the UK. Next year I believe the impact of higher fiscal spending and smoothing out of personal consumption activity could mean that growth remains above the long term average for a bit longer, so I am happy to match the consensus and even predict higher growth from Europe. Before seeing growth return to the lower long term average, we have got used to in 2023.

The Chinese economy grew by 7.9% in the year to 30^{th} June 2021, much slower than the covid induced bounce of 18.3% seen in the year to the end of March. Higher raw materials costs and regional outbreaks of Covid weighed on the economies momentum. Exports are expected to grow more slowly in the 2^{nd} half of the year but domestic retail sales are expected to remain high.

In the US, first quarter 2021 growth was reported at 6.3% and 2nd quarter growth estimated at 6.5%, quite a bit weaker than the 8.5% expected. Personal consumption expenditures increased by 11.8% as the economy continued to re-open, but inventory and residential investment as well as government spending was markedly lower. The rapid spread of the covid Delta variant, supply-chain disruptions, shortage of workers and a cooling housing market are expected to slow the rate of growth over the rest of the year. Over 12 months the annual rate of growth was an impressive 12.2%.

In the UK, growth rebounded from its -1.6% slump in the 1st quarter to +4.8% in the April to June quarter. The rebound was driven by household consumption and public spending as covid restrictions



were being phased out. The year over year growth rate was 22.2%, the highest on record, but this still leaves the economy 4.4% smaller than it was before the pandemic.

The Japanese economy also rebounded from its first quarter contraction of -0.9%, achieving a better than expected +0.3% rate of growth. Overall, the economy remains weak with only a small swing from slightly negative to slightly positive data. The Japanese economy is 1% smaller than it was 12 months ago and 3% smaller than it was 18 months ago.

The Euro-area recovered from its confirmed "double-dip" recession with growth rising by 2% in the second quarter. The bloc's economic recovery gained momentum on the back of the continued reopening efforts, helped by the increased pace of covid vaccinations and ongoing government support. Among the bloc's biggest economies, Germany, France and Spain returned to growth, and Italy's expansion gathered pace. At the end of June 2021, the Euro-area economy is still 3% smaller than it was before the pandemic.

Consumer Price Inflation

Table 5 shows the consensus forecasts for Consumer Price Inflation in calendar 2021 and 2022 and my expectations in May and August 2021.

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

% CHANGE YOY 2021 2022

	MAY	Y	AUGU	IST	MAY	Y	AUG	JST
	Consensus	AF	Consensus	AF	Consensus	AF	Consensus	AF
US	2.6	3.0	4.1	4.3	2.3	2.5	2.9	2.5
UK	1.6	2.0	2.2	2.5	2.1	2.5	2.2	2.5
Japan	0.0	0.5	0.1	0.5	0.5	0.8	0.5	0.8
EU 28	1.6	2.0	2.1	2.5	1.4	1.7	1.7	1.7
China	1.5	2.0	1.4	2.0	2.2	2.5	2.3	2.5
SE Asia	2.2	2.4	2.2	2.4	2.4	2.5	2.4	2.5

Source: - Consensus Economics August 2021

As I suggested in my last report, I am not surprised to see that the consensus forecasts for inflation in calendar 2021 and 2022 have been revised higher. I have no doubt that inflation reports over the next few months will be worryingly high. But as I said before this is mainly driven by base effects from 12 months ago, initial shortages in the supply of goods, services and workers, combined with "pent up demand". As can be seen within the data higher prices are not being sustained as demand and supply returns to better balance. If energy prices remain sticky, this will lead to lower discretionary consumption especially as we move into the Northern hemisphere winter.

As we go into 2022, I expect to see inflation settle back down to a higher rate than we have been used to over the last 5 to 10 years but not so high that it is a concern for expected central bank policy.



The annual rate of US headline inflation has spiked higher to 5.4% in June and July reflecting the sharp base effects from last year and the rapid re-opening of the economy. Most of the increase came from food and shelter with the huge increases in energy, transportation and second-hand cars moderating somewhat. Ex food and energy, core inflation fell from a peak of 4.5% in June to 4.3% in July as price increases for second-hand cars and trucks fell from +45.2% to +41.7%!

The UK headline inflation rate (CPIH) which includes housing costs was 2.5% in June from 1.5% in April. The increase is almost solely due to higher energy and petrol costs. Core inflation rate which excludes food, energy, alcohol and tobacco, was 2.3% p.a. the highest since March 2018.

Euro Area headline inflation was also higher from +1.6% in April to +2.2% in July, like the UK mainly due to higher energy costs. Core inflation which excludes food and energy was steady at +0.7% in July the same as in April.

Japan's headline inflation rate ticked up to +0.2% in June after 9 consecutive monthly prints in negative territory. The main driver was housing costs and food, but again just as with the GDP data mentioned above the changes were from small negative to small positive numbers. Core inflation which only excludes fresh food was +0.2% p.a. after a +0.1% increase in May, after 8 months of deflation.



4. The outlook for the securities markets

Securities markets change direction as a result of many factors, but the chief among them in my opinion is surprise, not always systemic like Covid or the unexpected collapse of bank or an economy. Surprise is so important a factor that a number of agencies publish "economic surprise" indices to try and judge when a market or an asset class is at a turning point, many of these are suggesting caution right now, but like many forecasts they are not always reliable. It is also difficult for long term investors like pension funds to benefit from these indicators because they may only give a short term signal.

Nonetheless the performance of markets has been driven by a number of surprises. The huge negative impact of Covid 15 months ago. The rapid response of governments and central banks that enabled the securities markets to become detached from the reality of stopped economies, rising infection rates, hospitalisations and deaths. Then the positive surprise of the vaccine and the rapid rollout of vaccinations, at least in major developed countries. The replacement of President Trump by President Biden. Brexit and the trade deal. The discovery that many people had accumulated excess savings in lockdown and we all harboured "pent-up demand" as restrictions began to be lifted. The realisation by governments that fiscal austerity does not work and their new commitments to "build back better", "build back greener", the European recovery fund and the American Jobs and Family plans. The stronger than expected earnings of companies that had not been put out of business by covid because of the support they received from government.

All these surprises interpreted by markets as good news suggests to me the easy part of the recovery is already in the price of assets and that from here markets are more likely to experience or at least anticipate negative surprises. There is still some good news, the increase in consumer activity has been slower than expected because of the uncertainty created by each countries Delta variant restrictions. This implies that there is scope for further but more gradual increase in activity. The ability of increased vaccination rates to reduce the impact of the Delta variant, could also improve confidence in countries with lower vaccination rates.

However, market sentiment has moved from looking for good news to looking for bad news. Some of the bad news stories are: - All of the fiscal expansion has to be paid for by higher taxes or increased borrowing in the bond market. The costs and implications for consumers of climate transition are being more openly talked about. At the margin the US Fed is talking about the Tapering of its QE programme and rate rises are now anticipated in 2023 rather than 2024. The excellent performance of equity markets over the last year and the selloff in bond market in the first quarter encouraged huge quarter end rebalancing flows from equities to bonds, encouraged cash into the bond markets and combined with QE buying by the US Fed enabled the US Treasury to reduce its debt issuance. These technical factors resulted in the sharp falls in bond yields since March that are unlikely to be repeated. An unintended consequence of lower bond yields has been the resurgence in the performance of growth stocks. If as I expect bond yields rise from their current levels, while value stocks should be resilient growth stocks will not.

The last concern I will mention is the more strident intervention of the Chinese Communist Party in the operation of sectors of the Chinese stock market, earlier in the year with Social media and information technology companies and more recently with the private education sector. How long will it be before they look at sectors like healthcare or insurance? While this is mainly a problem for



Chinese stock markets, falling sentiment and stock prices in one market or sector tends to have knock on effects elsewhere.

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 6 and 12 months. They are not meant to be accurate point forecasts, more an indication of the possible direction of yields from August 2021.

Table 6: - Interest rate and Bond yield forecasts

%	CURRENT	MARCH 2022	SEPTEMBER 2022
UNITED STATES			
3month LIBOR 10 year bond yield	0.12 1.25	0.25 2.0	0.25 2.25
UNITED KINGDOM			
3month LIBOR 10 year bond yield	0.07 0.58	0.10 1.0	0.10 1.25
JAPAN			
3month LIBOR 10 year bond yield	-0.10 0.01	-0.10 0.10	-0.10 0.10
GERMANY			
3month EURIBOR 10 year bond yield	-0.56 -0.47	-0.50 0.0	-0.50 0.0

Source: - Trading Economics; 18th August 2021

Government bond yields have fallen recently but they still remain above their all-time lows (0.07% for 10 year Gilts) in August 2020. Last quarter's increase in yields was driven by the rising fear of inflation and the expected return of economic growth as economies re-opened. Ironically now we are actually seeing stronger growth and higher inflation data bond yields have fallen! But only to the lows seen prior to the start of the pandemic. As can be seen in chart 5 above government bond yields remain very low by historical standards.

I expect government bond yields to remain low in the near term because, central banks are still buying bonds, they have said they will not increase rates until they are certain of a return to full employment and because central banks have given themselves more flexibility around the 2% target rate of Inflation. Having said that data from the US Fed suggests that some FOMC Board members have revised their expectations for when rates may rise, bringing rate hikes into 2023 from 2024 and as time moves on the point at which central banks start to reduce (Taper) their purchases gets closer.

I have not changed my forecasts I still expect government bond yields to rise and there is the risk that yield curves could continue steepen as the recovery continues.

Low central bank policy rates, low refinancing costs and low government bond yields mean the extra yield spread for non-government bond and high yield bonds and loans could be attractive, but spreads



in aggregate are now back to the lows seen prior to the global financial crisis. There are sectors where yields are more attractive but investors need to be careful because 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%. I have not changed my recommendations for government or corporate bonds. Last quarter I suggested a 2% underweight, in favour of holding a higher weight in cash. Given the 0.5% fall in yields from their highs in March I believe a rise in yields is even more likely, leading to the possibility of negative returns from the asset class. In light of low level of yield spread over government bonds I suggest maintaining a neutral allocation to investment grade global corporates.

In June and July, the fall in yields of government bonds have outperformed investment grade and high yield corporates, so there is a slightly wider margin of extra yield which suggests non-government bonds could outperform in a rising yield environment. However, yields are so low that I believe this would be short lived. If government yields rise, I would expect corporate bond yields to also rise at roughly the same pace, which could lead to negative returns from global corporates as well.

I recognise the benefit of holding government bonds as protection against a selloff in equity markets and to match the Scheme's liabilities but at their current low level of yield these bonds neither provide the income they did in the past whilst protection against falling interest rates is less of a concern when rates are already close to all-time lows.

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 HOLDING	RETURN, Period
				3 MONTHS	12 MONTHS
All Stock Gilts	0.64	13.2	0.5	-6.4	-6.0
All Stocks Linkers	-2.67	17.0	0.5	-8.5	-8.4
Global IG Corporate	1.51	7.4	0.5	-3.3	-2.2
Global High Yield	4.26	3.9	0.5	-0.9	+2.3



Source: - ICE Indices 18th August 2021

In my last report I suggested closing the tactical allocation to US TIPS. In local currency terms TIPS have outperformed Index Linked Gilts, but I find it difficult for this outperformance to continue because TIPS are no longer cheap relative to expected US inflation. 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 still take profits on this position.

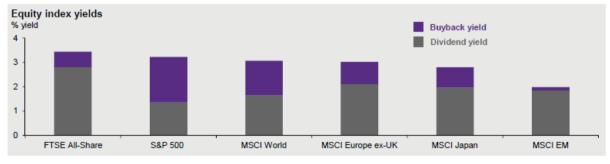


Equity Markets

Chart 8 below, shows the earnings per share estimates, the forward estimates of price / earnings ratio and the expected yield from equity indices for the next 12 months, provided by JP Morgan Asset Management.

Chart 8: - Earnings per Share, Price/Earnings Ratios and yield from equity indices,





Source: - JPM Asset Management., July 2021

As can be seen EPS is recovering strongly from the collapse 12 months ago and while forecast to be higher than 2019, this may not be achieved before 2022. The top right chart shows that p/e ratios are well above the 30 year average in the US, above average in Europe, fair value in emerging markets, with only the UK and Japan looking cheap. In the case of Japan this could be due to the extreme valuation of the Japanese market in the early 1990's.

As I mentioned last quarter what these charts suggest to me is that a lot of the good news on the earnings recovery is already in the price especially in the US. That said the yield on equity remains attractive when normal buyback activity is included, compared to the current level of government bond yields. Taken together the 3 charts suggest to me that the UK and possibly Japan and Emerging market equities remain the most reasonable value in an environment of expensive equity markets.



Strong earnings growth has continued into the second quarter and once again analysts have underestimated the rebound. At the end of July 50% of S&P 500 companies had reported their second quarter earnings and more than 90% of those had beaten analyst expectations. Many of these companies are guiding markets that earnings could be even higher in the second half of 2021 and in 2022. As mentioned last quarter, I believe analysts are still playing catch-up. While this is good news US equity market indices are higher than the pre-pandemic peak and the actual earnings of most companies are not, which suggests that valuations are again being stretched.

In terms of company earnings, it is a similar story in the UK and Europe, with earnings coming in generally better than forecast. Judging by the willingness of both overseas Private Equity and Listed companies to invest in the UK, the UK is cheap, but more importantly the uncertainty that spooked overseas investors with regard to Brexit and the trade deal has been removed and many overseas companies and asset managers alike are topping up their underweight UK equity exposure. Another feature of the UK, the high vaccination rate and the high penetration of the Delta covid variant is causing the UK to be observed as a test case. If hospitalisations and deaths remain low, this could boost global market sentiment especially in regions with a lower vaccination rate than the UK.

While Europe ex UK equity markets look expensive, with its leadership in high quality industrial manufacturing companies Europe is ideally positioned among the developed economies to benefit from the global cyclical recovery.

Equity Market (Growth Assets), Recommendations

At the start of the 2021 substantial changes were made in the mix of growth assets to fit with the Fund's new Investment Strategy. The Fund is part way through this process with a further change to be made at the beginning of 2022 to bring it into line with its new strategic allocation, at the moment I can see no reason to stop or increase the speed of the change.

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 / regional rotation as the global economy re-opens. I would encourage the in-house team to use the ranges around the strategic benchmark to take advantage of these tactical opportunities, should they present themselves.

As mentioned in my last report I believe developed equity markets are expensive relative to the state of the economy. While I suggest keeping the overall growth asset allocation at neutral, I would be supportive of being underweight the US and overweight to the UK market on a relative valuation basis.



Income Assets

Ideally, I would like the exposure to Income assets to be neutral to the new strategic allocation but it takes time to build and maintain the weight to Infrastructure and once committed it can take some time to get money "in the ground".

The spread available from high yield bonds and loans, and emerging market debt has widened slightly in July as government bonds have outperformed but as I mentioned last quarter overall spreads have narrowed significantly providing strong returns over the last 12 months. There are still opportunities in certain sectors of credit markets but overall, spreads are not as attractive as they were before, so I would suggest keeping the allocation to Multi asset Credit (MAC) at neutral.

There is lot of uncertainty around property investment right now covid has accelerated the changes that were already being seen in the retail sector and now office has also come under pressure. A further pressure for retail and office comes from changes in energy regulations that will impact the ability of Landlords to let certain types of building or could require expensive refurbishment. 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 energy transition and covid has increased the potential volatility of returns from this asset class. In terms of sectors, I expect residential and industrial to be most resilient. 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 the high duration risk currently attached to the asset class. At the end of June, the Fund was holding around 5.6% in cash, but 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 8 below, shows the new Interim Benchmark and my suggested asset allocation weights relative to this benchmark as of the 18th May and 18th August 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 8: - 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 1 ST January 2021	ANTHONY FLETCHER 18 TH MAY 2021	ANTHONY FLETCHER 18 TH AUGUST 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
T	24	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	- <u>-</u> 2 -1	-2 -1
UK index Linked	6	-1 -1	-1 -1
US TIPS	0	0	0
UK corporate bond	6	0	Ŏ
	· ·	-	
Cash	2	+2	+2

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Appendix

References

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

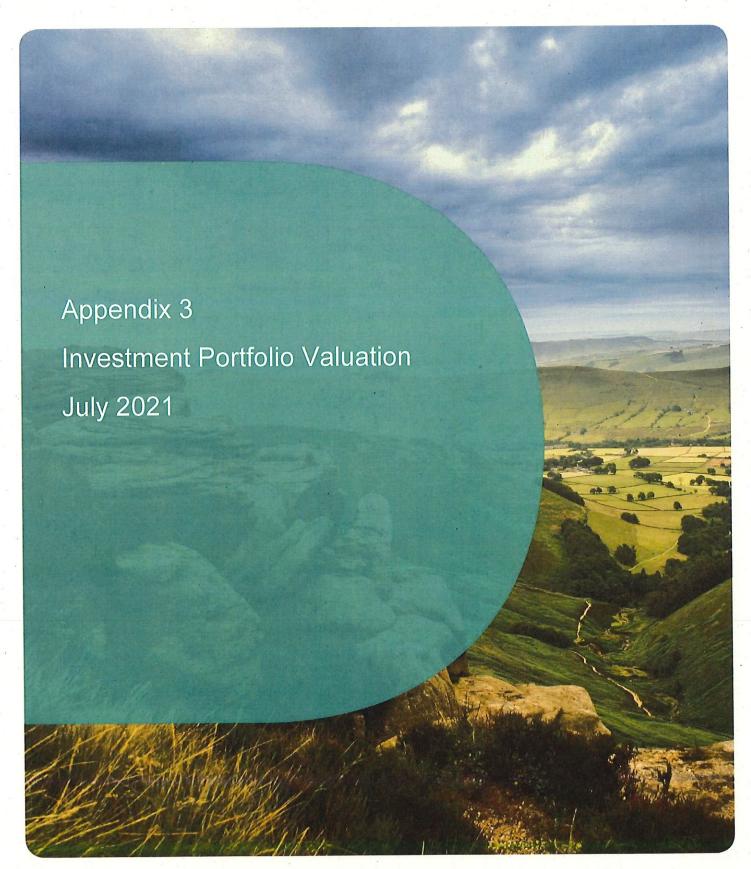
- Derbyshire Pension Fund, PEL performance services
- FTSE, Citigroup, IPD, Barclay's Global and ICE Indices
- JP Morgan, Asset Management
- Bank of England, UK Debt Management Office, UK OBR, UK Treasury, ONS
- US Bureau of Labour Statistics, US Commerce Dept. The US Federal Reserve.
- Bank of Japan, Japan MITI
- ECB, Eurostat
- Bloomberg, FactSet, Markit and Trading Economics
- Financial Times, Daily Telegraph, Wall Street Journal, New York Times, Washington Post





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DERBYSHIRE PENSION FUND

	DCC 31/07/2021 £m	DCC 31/07/2021 %
Growth Assets	3458.3	57.3%
UK	908.1	15.0%
US	375.2	6.2%
Europe	257.0	4.3%
Japan	284.2	4.7%
Pacific (ex Japan)	113.5	1.9%
Emerging Markets	281.2	4.7%
Global Sustainable	999.0	16.6%
Private Equity	240.0	4.0%
Income Assets	1231.0	20.4%
Infrastructure	372.7	6.2%
Property	450.5	7.5%
Direct	260.2	4.3%
Indirect	190.3	3.2%
Multi-Asset Credit	407.8	6.8%
Protection Assets	999.9	16.6%
Government	278.3	4.6%
UK	235.9	3.9%
Overseas	42.4	0.7%
Index Linked UK	335.5	5.6%
Overseas Non Government	386.0	6.4%
Cash	344.3	5.7%
LGPSC Regulatory Capital	2.0	0.0%
Total	6035.5	100.0%

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	57,603,863.61	14,55	14.55	838,136,216
UK EQUITIES FUND TOTAL					838,136,216

DERBYSHIRE PENSION FUND JULY 2021 PORTFOLIO VALUATION - BID NEW SECTORS UK EQUITIES

Sector	Company Name	Number held	Mkt Price Pence	Total £
EQUITY INVESTMENT COMPANIES UK Investment Co's UK Equity Investment Companies To	ABERFORTH SML 1P BLACKROCK SMALLER COMPANIES TRUST PLC MONTANARO UK SMALLER CO'S 10P STRATHDON INVESTMENTS PLC	939,000 67,881 11,996,285 20	1550.00 2010.00 171.50 1000.00	14,554,500 1,364,408 20,573,629 20,000 36,512,537
UNIT TRUSTS & OEICs UK Unit Trusts UK Unit Trusts & OEICs Total	LIONTRUST UK SMALLER COMPANIES FUND1	1,456,480.02	2298.29	33,474,135 33,474,135
TOTAL UNITED KINGDOM				69,986,672

DERBYSHIRE PENSI JULY 2021 PORTFOI	IO VALUATION - BID				
	1 1 1 1	100			TO 10
US EQUITIES					
		Niconia	NAL-4 mail a a	Mid Delan	Value in Ctarling
Sector	Company Name	Number	Mkt price	Mkt Price	Value in Sterling
		held	USD/ CAN\$	GBP	£
OIL & GAS PRODUC	EDS		CAND	- 1	
US Oil & Gas	CONOCOPHILLIPS	48032	56.06	40.32	1,936,840
US Oil & Gas	MARATHON PETROLEUM CORP	29790	55.23	39.73	1,183,466
US Oil & Gas	PIONEER NATURAL RESOURCES CO	7117	145.36	104.56	
US Oil & Gas	ROYAL DUTCH SHELL ADR-A	84782	40.61	29.21	2,476,548
US Oil & Gas	ROYAL DUTCH SHELL ADR-B	144270	39.55	28.45	4,104,238
OS Oli & Gas	NOTAL BOTOTT OFFICE ABIVE	144270	00.00	20.10	1,101,200
US Oil & Gas Produc	ers Total	•			10,445,227
R					
OIL & GAS SERVICE		00055	00.00	00.70	200 057
	SCHLUMBERGER LTD	39655	28.82	20.73	
US Forestry & Paper	Total		X,		822,057
CHEMICALS		***			
) = 0.0000000000000000000000000000000000	CABOT CORP	26563	55.02	39.58	1,051,254
US Chemicals	CELANESE CORP	13582	155.77	112.05	
US Chemicals		16958	106.89	76.89	
US Chemicals	FMC CORP	9964	84.94	61.10	
US Chemicals	INGEVITY CORP			220.90	
US Chemicals	LINDE PLC	12409	307.10		
US Chemicals	PPG INDUSTRIES INC	16993	163.47	117.58	
US Chemicals Total			1		9,224,876
INDUSTRIAL METAL	S				
US Industrial Metals	LIVENT CORP	24527	19.47	14.00	343,495
US Industrial Metals		21021	,	47.1	343,495
					-
AEROSPACE					
US Aero defence	BOEING CO/THE	12520	226.44	162.88	
US Aero defence	LOCKHEED MARTIN CORP COM	9310	371.67	267.34	
US Aero defence	RAYTHEON TECHNOLOGIES CORP	57057	86.95	62.54	
US Aerospace Total			the Land Control	And Street	8,096,716
GENERAL INDUSTR		0400	90.93	E0 12	E46 022
US Div Ind	BALL CORP	9408	80.82	58.13	
US Div Ind	DANAHER CORP	17567	297.49	213.98	
US Div Ind	DYCOM INDUSTRIES INC	4676	69.33		
US Div Ind	INGERSOLL-RAND PLC	68924	48.87	35.15	
US Div Ind	JOHNSON CONTROLS INTERNATIONAL	44055	71.41	51.37	
US Div Ind	KENNAMETAL INC	26439	36.16	26.01	
US Div Ind	OTIS WORLDWIDE CORP	21913	89.55	64.41	
US Div Ind	PARKER HANNIFIN CORP	2161	311.85	224.31	
US Div Ind	REXNORD CORP	12962	56.32	40.51	
US Div Ind	TRANE TECHNOLOGIES PLC	8294	203.56		
US Div Ind	WABTEC CORP	33390	84.86	61.04	2,038,119 15,586,443
US General Industria	al Total				15,566,443
ELECTRONIC EQUI	PMENT				
US Electricity	FORTIVE CORP	48076	72.59	52.21	2,510,240
US Electricity	GENERAL ELECTRIC CO	62532	12.95		
US Electronic Equip		02002	12.00		3,092,721
1	1	10.			
INDUSTRIAL TRANS	SPORT	100			
US Transportation US Transportation	CSX Corp FEDEX CORP	6824 9645			

				·
US Transportation KNIGHT-SWIFT TRANSPORTATION	21173	49.68	35.73	756,613
US Transportation UBER TECHNOLOGIES INC	9426	43.46	31.26	294,664
US Industrial Transport Total			12	3,628,017
SUPPORT SERVICES				
US Support Services CERIDIAN HCM HOLDING INC	3220	98.40	70.78	227,909
US Support Services GENPACT LTD	34746	49.76	35.79	1,243,642
US Support Services TRANSUNION	3761	120.06	86.36	324,797
US Support Services TRINET GROUP INC	21421	82.97	59.68	1,278,412
US Support Services WASTE MANAGEMENT	15339	148.26	106.64	1,635,803
US Support Services Total				4,710,563
AUTOMOBILES & PARTS		· · · · · · · · · · · · · · · · · · ·		
US Automobiles & Par TESLA INC	4915	687.56	494.56	2,430,772
US Automobiles & Parts Total	10,10	301.00	101100	2,430,772
oo natomosiao a rano rota			***	. 2,100,112
BEVERAGES				
	20404	204.04	404.07	2 244 427
US Beverages CONSTELLATION BRANDS INC-A	20104	224.34	161.37	3,244,137
US Beverages MONSTER BEVERAGE	28072	94.33	67.85	1,904,729
US Beverages Total				5,148,867
FOOD PRODUCTION/PROCESS	1			
US Food Prod & ProceARCHER-DANIELS-MIDLAND CO	31742	59.71	42.95	1,363,300
US Food Prod & Proce LAMB WESTON HOLDINGS INC	41800	66.76	48.02	2,007,256
US Food Prod & Proce MONDELEZ INTERNATIONAL INC-A	101571	63.24	45.49	4,620,316
US Food Prod & Proce UTZ BRANDS INC	50961	22.63	16.28	829,531
US Food Production & Processing Total				8,820,402
PERSONAL GOODS				
US Personal Care / HdESTEE LAUDER COMPANIES-CL A	5375	333.83	240.12	1,290,666
US Personal Care / Hc PVH CORP	19255	104.60	75.24	1,448,723
US Personal Care / Hd TAPESTRY INC	66080	42.30	30.43	2,010,576
US Personal Goods Total	00000	42.50	. 30.43	4,749,965
OS Fersonal Goods Total				4,743,303
LIEAL THOADE FOUNDMENT & OFDVIOED				
HEALTHCARE EQUIPMENT & SERVICES	00000	00.00	00.47	000.000
US Healthcare Equipm AGILON HEALTH INC	32600	36.80	26.47	862,930
US Healthcare Equipm ALIGN TECHNOLOGY INC	2627	695.79	500.48	1,314,766
US Healthcare Equipm ANTHEM INC	7434	384.01	276.22	2,053,408
US Healthcare Equipm BOSTON SCIENTIFIC CORP	90137	45.59	32.79	2,955,852
US Healthcare Equipm CENTENE CORP	36709	68.57	· 49.32	1,810,576
US Healthcare Equipm EDWARDS LIFESCIENCES CORP	28313	112.23	80.73	2,285,625
US Healthcare Equipm ELANCO ANIMAL HEALTH INC	58394	36.46	26.23	1,531,422
US Healthcare Equipm HCA HOLDINGS INC	6305	248.14	178.49 ,	1,125,361
US Healthcare Equipm HUMANA INC	6477	425.47	306.04	1,982,225
US Healthcare Equipm INSULET CORP	5350	279.68	201.17	1,076,280
US Healthcare Equipm INTUITIVE SURGICAL INC	3842	991.46	713.16	2,739,950
US Healthcare Equipm LABORATORY CRP OF AMER HLDGS	3578	295:99	212.91	761,776
US Healthcare Equipm LIFESTANCE HEALTH GROUP INC	16000	23.69	17:04	272,643
US Healthcare Equipm MCKESSON CORP	4134	203.83	146.61	606,106
US Healthcare Equipment & ServicesTotal	4104	200.00	140.01	21,378,920
OS Healthcare Equipment & Services Islan				21,070,020
DHADMACEUTICAL DIOTECH				
PHARMACEUTICAL, BIOTECH	04450	450.00	140.00	0.000.000
US Healthcare AGILIENT TECHNOLOGIES INC	21158	153.23	110.22	2,332,000
US Healthcare ALNYLAM PHARMACEUTICALS INC	1600	178.94	128.71	205,938
US Healthcare ALX ONCOLOGY HOLDINGS INC	1592	58.56	42.12	67,059
HIC Healthears IAMICHE THEDADELITICS INC		9.29	6.68	70,518
US Healthcare AMICUS THERAPEUTICS INC	10553	22		186,091
US Healthcare APELLIS PHARMACEUTICALS INC	4043	63.99	46.03	
US Healthcare APELLIS PHARMACEUTICALS INC US Healthcare ARENA PHARMACEUTICALS INC	4043 2882	61.80	44.45	128,113
US Healthcare APELLIS PHARMACEUTICALS INC US Healthcare ARENA PHARMACEUTICALS INC US Healthcare ASCENDIS PHARMA A/S - ADR	4043 2882 1350	61.80 118.19	44.45 85.01	128,113 114,769
US Healthcare APELLIS PHARMACEUTICALS INC US Healthcare ARENA PHARMACEUTICALS INC	4043 2882	61.80 118.19 57.24	44.45	128,113 114,769 2,429,809
US Healthcare APELLIS PHARMACEUTICALS INC US Healthcare ARENA PHARMACEUTICALS INC US Healthcare ASCENDIS PHARMA A/S - ADR	4043 2882 1350	61.80 118.19	44.45 85.01	128,113 114,769
US Healthcare APELLIS PHARMACEUTICALS INC US Healthcare ARENA PHARMACEUTICALS INC US Healthcare ASCENDIS PHARMA A/S - ADR US Pharm, Biotech ASTRAZENECA PLC-SPONS ADR	4043 2882 1350 59015	61.80 118.19 57.24	44.45 85.01 41.17	128,113 114,769 2,429,809
US Healthcare APELLIS PHARMACEUTICALS INC US Healthcare ARENA PHARMACEUTICALS INC US Healthcare ASCENDIS PHARMA A/S - ADR US Pharm, Biotech ASTRAZENECA PLC-SPONS ADR US Healthcare BAXTER INTERNATIONAL INC	4043 2882 1350 59015 37867	61.80 118.19 57.24 77.33	44.45 85.01 41.17 55.62	128,113 114,769 2,429,809 2,106,294

100					
US Healthcare	CELLDEX THERAPEUTICS INC	3686	43.74	31.46	115,970
US Pharm, Biotech	ELI LILLY & CO	25313	243.50	175.15	4,433,561
US Pharm, Biotech	EXACT SCIENCES CORP	9509	107.82	77.55	737,470
US Pharm, Biotech	ICON PLC	2389	243.00	174.79	417,573
JS Pharm, Biotech	ILLUMINA INC	5477	495.76	356.60	1,953,099
JS Pharm, Biotech	IMMUNOCORE HOLDINGS PLC-ADR	2370	32.40	23.31	55,234
JS Pharm, Biotech	INCYTE CORP	4811	77.35	55.64	267,674
JS Pharm, Biotech	KODIAK SCIENCES INC	1863	83.84	60.31	112,350
JS Healthcare	MERSANA THERAPEUTICS INC	7689	10.98	7.90	60,727
JS Healthcare	MIRATI THERAPEUTICS INC	1365	160.00	115.09	157,095
US Healthcare	MYOVANT SCIENCES LTD	96750	20.51	14.75	1,427,338
JS Healthcare	NOVARTIS AG-SPONSORED ADR	16937	92.39	66.46	1,125,567
JS Pharm, Biotech	PFIZER INC	156319	42.80	30.79	4,812,443
JS Pharm, Biotech	REATA PHARMACEUTICALS INC-A	984	125.31	90.14	88,693
	REGENERON PHARMACEUTICALS	2031	. 574.62	413.32	839,461
JS Pharm, Biotech					
JS Pharm, Biotech	REVOLUTION MEDICINES INC	4082	28.64	20.60	84,092
JS Pharm, Biotech	ROCKET PHARMACEUTICALS INC	3219	35.82	.25.77	82,939
JS Pharm, Biotech	ROYALTY PHARMA PLC-CL A	4660	38.15	27.44	127,876
JS Pharm, Biotech	SEATTLE GENETICS INC	3203	153.39	110.33	353,398
JS Pharm, Biotech	SYNEOS HEALTH INC	13683	89.54	64.41	881,269
JS Pharm, Biotech	TCR2 THERAPEUTICS INC	5647	12.43	8.94	50,489
JS Pharm, Biotech	THERAVANCE BIOPHARMA INC	70563	12.97	9.33	658,305
JS Pharm, Biotech	TURNING POINT THERAPEUTICS I	2041	63.71	45.83	93,532
JS Healthcare	VERTEX PHARMACEUTICALS INC	5497	201.58	145.00	797,046
JS Healthcare	VERVE THERAPEUTICS INC	3394	59.16	42.55	144,428
JS Healthcare	UNITEDHEALTH GROUP INC	8539	412.20	296.50	2,531,775
JS Pharmaceutical, I					33,501,625
				,	
FOOD RETAIL					
	AIRBNB INC-CLASS A	22244	143.93	103.53	2,302,896
	CAESARS ENTERTAINMENT	22697	87.36	62.84	1,426,235
		1738	1,864.03	1,340.80	2,330,305
	CHIPOTLE MEXICAN GRILL INC DARDEN RESTAURANTS INC	12054	145.82	104.89	1,264,324
		63951	11.32	8.14	520,719
	HOUGHTON MIFFLIN HARCOURT CO			57.37	1,101,530
	HYATT HOTELS CORP-CL A	19200	79.76		4,755,145
	PERFORMANCE FOOD GROUP CORP	144309	45.81 74.20	32.95 53.37	2,106,755
US Retail Food & Drug		39473			862,180
	US FOOD HOLDING CORP	34905	34.34	24.70	
JS Food Retail Total					16,670,090
DETAILEDS OFNER				. 1	
RETAILERS - GENER		0755	0.007.50	0.000.54	10 100 000
JS Retailers Gen	AMAZON.COM INC	6755	3,327.59	2,393.54	.16,168,332
US Retailers Gen	BOOKING HOLDINGS INC	473	2,178.26	1,566.82	741,107
JS Retailers Gen	ROSS STORES INC	17819	122.68	88.24	1,572,415
US Retailers Gen	TJX COMPANIES INC	48884	68.80	49.49	2,419,164
JS Retailers Gen	ULTA BEAUTY INC	5871	335.80	241.54	1,418,087
US Retailers - Gener	al Total			X	22,319,105
		1			
MEDIA					
JS Media & Photo				535.16	5,978,799
	CHARTER COMMUNICATIONS INC-A	11172	744.00		
	CHARTER COMMUNICATIONS INC-A DISH NETWORK CORP-A	47315	41.86	30.11	
US Media & Photo	DISH NETWORK CORP-A ELECTRONIC ARTS INC	47315 17041	41.86 143.96	30.11 103.55	1,764,603
JS Media & Photo JS Media & Photo	DISH NETWORK CORP-A	47315 17041 45837	41.86 143.96 356.30	30.11 103.55 256.29	1,764,603 11,747,408
US Media & Photo US Media & Photo US Media & Photo	DISH NETWORK CORP-A ELECTRONIC ARTS INC	47315 17041 45837 16081	41.86 143.96 356.30 159.27	30.11 103.55 256.29 114.56	1,764,603 11,747,408 1,842,286
US Media & Photo	DISH NETWORK CORP-A ELECTRONIC ARTS INC FACEBOOK INC	47315 17041 45837	41.86 143.96 356.30 159.27 517.62	30.11 103.55 256.29	1,764,603 11,747,408 1,842,286 1,762,954
US Media & Photo	DISH NETWORK CORP-A ELECTRONIC ARTS INC FACEBOOK INC MATCH GROUP INC	47315 17041 45837 16081	41.86 143.96 356.30 159.27	30.11 103.55 256.29 114.56	1,764,603 11,747,408 1,842,286 1,762,954
US Media & Photo	DISH NETWORK CORP-A ELECTRONIC ARTS INC FACEBOOK INC MATCH GROUP INC NETFLIX INC	47315 17041 45837 16081 4735	41.86 143.96 356.30 159.27 517.62	30.11 103.55 256.29 114.56 372.32	1,764,603 11,747,408 1,842,286 1,762,954 788,030
US Media & Photo	DISH NETWORK CORP-A ELECTRONIC ARTS INC FACEBOOK INC MATCH GROUP INC NETFLIX INC NEW YORK TIMES CO-A	47315 17041 45837 16081 4735 25024	41.86 143.96 356.30 159.27 517.62 43.78	30.11 103.55 256.29 114.56 372.32 31.49	1,764,603 11,747,408 1,842,286 1,762,954 788,030 4,351,609
US Media & Photo	DISH NETWORK CORP-A ELECTRONIC ARTS INC FACEBOOK INC MATCH GROUP INC NETFLIX INC NEW YORK TIMES CO-A OMNICOM GROUP	47315 17041 45837 16081 4735 25024 83090	41.86 143.96 356.30 159.27 517.62 43.78 72.81	30.11 103.55 256.29 114.56 372.32 31.49 52.37	1,424,650 1,764,603 11,747,408 1,842,286 1,762,954 788,030 4,351,609 2,066,109 31,726,448
US Media & Photo	DISH NETWORK CORP-A ELECTRONIC ARTS INC FACEBOOK INC MATCH GROUP INC NETFLIX INC NEW YORK TIMES CO-A OMNICOM GROUP	47315 17041 45837 16081 4735 25024 83090	41.86 143.96 356.30 159.27 517.62 43.78 72.81	30.11 103.55 256.29 114.56 372.32 31.49 52.37	1,764,603 11,747,408 1,842,286 1,762,954 788,030 4,351,609 2,066,109
US Media & Photo	DISH NETWORK CORP-A ELECTRONIC ARTS INC FACEBOOK INC MATCH GROUP INC NETFLIX INC NEW YORK TIMES CO-A OMNICOM GROUP	47315 17041 45837 16081 4735 25024 83090	41.86 143.96 356.30 159.27 517.62 43.78 72.81	30.11 103.55 256.29 114.56 372.32 31.49 52.37	1,764,603 11,747,408 1,842,286 1,762,954 788,030 4,351,609 2,066,109
US Media & Photo	DISH NETWORK CORP-A ELECTRONIC ARTS INC FACEBOOK INC MATCH GROUP INC NETFLIX INC NEW YORK TIMES CO-A OMNICOM GROUP	47315 17041 45837 16081 4735 25024 83090	41.86 143.96 356.30 159.27 517.62 43.78 72.81	30.11 103.55 256.29 114.56 372.32 31.49 52.37	1,764,603 11,747,408 1,842,286 1,762,954 788,030 4,351,609 2,066,109

		T			
TELECOMS					:
Telecoms	T-MOBILE US INC	19001	144.03	103.60	1,968,518
US Telecoms Total		10001	771.00	1.00.00	1,968,518
		1			
EL FOTDIOITY					· · · · · · · · · · · · · · · · · · ·
ELECTRICITY	DINCE ENERGY CORP		105.11	75.04	0.000.504
JS Electricity	DUKE ENERGY CORP	42768	105.11	75.61	3,233,501
US Electricity	EDISON INTERNATIONAL	44756	54.50	. 39.20	1,754,518
0.9 Flectucità	EXELON CORP	68954	46.80	33.66	2,321,215
US Electricity	FIRSTENERGY CORP	94150	38.31	27.56	2,594,433
US Electricity Total					9,903,668
BANKS, RETAIL				10	
US Banks Retail	BANK OF AMERICA CORP	268216	38.34	27.58	7,396,851
US Banks - Retail T	_ otal				7,396,851
			Tr. 11		
NON-LIFE INSURAN					
US Insurance	AMERICAN FINANCIAL GROUP INC	10187	126.49	90.98	926,857
JS Insurance	AMERICAN INTERNATIONAL GROUP	50256	47.35	34.06	1,711,662
US Insurance	ASSURANT INC	7194	157.81	113.51	816,611
JS Insurance	ASSURED GUARANTY LTD	24462	47.81	34.39	841,242
JS Insurance	CHUBB LTD	18080	168.74	121.37	2,194,454
JS Insurance	HARTFORD FINANCIAL SVCS GRP	22785	63.57	45.73	1,041,865
JS Insurance	MARSH & MCLENNAN COS INC COM	15293	147:24	105.91	1,619,678
JS Insurance	OSCAR HEALTH-CLASS-A	35752	16.92	12.17	435,122
JS Insurance	RYAN SPECIALTY GROUP HLDGS-A	48106	29.48	21.20	1,020,086
JS Insurance	TRUPANION INC	15979	115.02	82.73	1,322,005
JS Non-Life Insurar					11,929,580
			1 ;		
REAL ESTATE					
JS Real Estate	AMERICAN TOWER CORP	11425	282.80	203.42	2,324,051
JS Real Estate	REXFORD INDUSTRIAL REALTY IN	41868	61.52	44.25	1,852,715
JS Real Estate	RYMAN HOSPITALITY PROPERTIES	32703	76.69	55.16	1,803,999
JS Real Estate	WELLTOWER INC	35183	86.84	62.46	2,197,671
JS Real Estate Tota					8,178,437
GENERAL FINANCI	AI.	- 2			
JS Special Finance					
JS Special Finance		24967	170 44	122.60	4 274 607
	AMERICAN EXPRESS CO	34867	170.44	122.60	4,274,607
	ARES MANAGEMENT CORP - A	55650	71.47	51.41	2,860,876
JS Special Finance	ARES MANAGEMENT CORP - A CHARLES SCHWAB CORP	55650 138236	71.47 67.95	51.41 48.88	2,860,876 6,756,483
JS Special Finance JS Special Finance	ARES MANAGEMENT CORP - A CHARLES SCHWAB CORP CME GROUP INC	55650 138236 13243	71.47 67.95 212.13	51.41 48.88 152.59	2,860,876 6,756,483 2,020,685
JS Special Finance JS Special Finance JS Special Finance	ARES MANAGEMENT CORP - A CHARLES SCHWAB CORP CME GROUP INC EQUITABLE HOLDINGS INC	55650 138236 13243 97223	71.47 67.95 212.13 30.86	51.41 48.88 152.59 22.20	2,860,876 6,756,483 2,020,685 2,158,117
JS Special Finance JS Special Finance JS Special Finance JS Special Finance	ARES MANAGEMENT CORP - A CHARLES SCHWAB CORP CME GROUP INC EQUITABLE HOLDINGS INC EQUIFAX INC	55650 138236 13243 97223 1717	71.47 67.95 212.13 30.86 260.60	51.41 48.88 152.59 22.20 187.45	2,860,876 6,756,483 2,020,685 2,158,117 321,851
JS Special Finance	ARES MANAGEMENT CORP - A CHARLES SCHWAB CORP CME GROUP INC EQUITABLE HOLDINGS INC EQUIFAX INC FLEETCOR TECHNOLOGIES INC	55650 138236 13243 97223 1717 4519	71.47 67.95 212.13 30.86 260.60 258.06	51.41 48.88 152.59 22.20 187.45 185.62	2,860,876 6,756,483 2,020,685 2,158,117 321,851 838,828
JS Special Finance	ARES MANAGEMENT CORP - A CHARLES SCHWAB CORP CME GROUP INC EQUITABLE HOLDINGS INC EQUIFAX INC FLEETCOR TECHNOLOGIES INC GLOBAL PAYMENTS INC	55650 138236 13243 97223 1717 4519 34329	71.47 67.95 212.13 30.86 260.60 258.06 193.39	51.41 48.88 152.59 22.20 187.45 185.62 139.11	2,860,876 6,756,483 2,020,685 2,158,117 321,851 838,828 4,775,350
JS Special Finance	ARES MANAGEMENT CORP - A CHARLES SCHWAB CORP CME GROUP INC EQUITABLE HOLDINGS INC EQUIFAX INC FLEETCOR TECHNOLOGIES INC GLOBAL PAYMENTS INC HAMILTON LANE INC-CLASS A	55650 138236 13243 97223 1717 4519 34329 14361	71.47 67.95 212.13 30.86 260.60 258.06 193.39 92.71	51.41 48.88 152.59 22.20 187.45 185.62 139.11 66.69	2,860,876 6,756,483 2,020,685 2,158,117 321,851 838,828 4,775,350 957,682
JS Special Finance	ARES MANAGEMENT CORP - A CHARLES SCHWAB CORP CME GROUP INC EQUITABLE HOLDINGS INC EQUIFAX INC FLEETCOR TECHNOLOGIES INC GLOBAL PAYMENTS INC HAMILTON LANE INC-CLASS A IHS MARKIT LTD	55650 138236 13243 97223 1717 4519 34329 14361 20903	71.47 67.95 212.13 30.86 260.60 258.06 193.39 92.71 116.80	51.41 48.88 152.59 22.20 187.45 185.62 139.11 66.69 84.01	2,860,876 6,756,483 2,020,685 2,158,117 321,851 838,828 4,775,350 957,682 1,756,150
JS Special Finance	ARES MANAGEMENT CORP - A CHARLES SCHWAB CORP CME GROUP INC EQUITABLE HOLDINGS INC EQUIFAX INC FLEETCOR TECHNOLOGIES INC GLOBAL PAYMENTS INC HAMILTON LANE INC-CLASS A IHS MARKIT LTD MORGAN STANLEY	55650 138236 13243 97223 1717 4519 34329 14361 20903 59422	71.47 67.95 212.13 30.86 260.60 258.06 193.39 92.71 116.80 95.97	51.41 48.88 152.59 22.20 187.45 185.62 139.11 66.69 84.01 69.03	2,860,876 6,756,483 2,020,685 2,158,117 321,851 838,828 4,775,350 957,682 1,756,150 4,101,973
JS Special Finance	ARES MANAGEMENT CORP - A CHARLES SCHWAB CORP CME GROUP INC EQUITABLE HOLDINGS INC EQUIFAX INC FLEETCOR TECHNOLOGIES INC GLOBAL PAYMENTS INC HAMILTON LANE INC-CLASS A IHS MARKIT LTD MORGAN STANLEY ONEMAIN HOLDINGS INC	55650 138236 13243 97223 1717 4519 34329 14361 20903 59422 28264	71.47 67.95 212.13 30.86 260.60 258.06 193.39 92.71 116.80 95.97 60.94	51.41 48.88 152.59 22.20 187.45 185.62 139.11 66.69 84.01 69.03 43.83	2,860,876 6,756,483 2,020,685 2,158,117 321,851 838,826 4,775,350 957,682 1,756,150 4,101,973 1,238,926
JS Special Finance	ARES MANAGEMENT CORP - A CHARLES SCHWAB CORP CME GROUP INC EQUITABLE HOLDINGS INC EQUIFAX INC FLEETCOR TECHNOLOGIES INC GLOBAL PAYMENTS INC HAMILTON LANE INC-CLASS A IHS MARKIT LTD MORGAN STANLEY ONEMAIN HOLDINGS INC PAYPAL HOLDINGS INC	55650 138236 13243 97223 1717 4519 34329 14361 20903 59422 28264 17221	71.47 67.95 212.13 30.86 260.60 258.06 193.39 92.71 116.80 95.97 60.94 275.53	51.41 48.88 152.59 22.20 187.45 185.62 139.11 66.69 84.01 69.03 43.83 198.19	2,860,876 6,756,483 2,020,685 2,158,117 321,851 838,826 4,775,350 957,682 1,756,150 4,101,973 1,238,926 3,413,008
JS Special Finance	ARES MANAGEMENT CORP - A CHARLES SCHWAB CORP CME GROUP INC EQUITABLE HOLDINGS INC EQUIFAX INC FLEETCOR TECHNOLOGIES INC GLOBAL PAYMENTS INC HAMILTON LANE INC-CLASS A IHS MARKIT LTD MORGAN STANLEY ONEMAIN HOLDINGS INC PAYPAL HOLDINGS INC S&P GLOBAL INC	55650 138236 13243 97223 1717 4519 34329 14361 20903 59422 28264 17221 6686	71.47 67.95 212.13 30.86 260.60 258.06 193.39 92.71 116.80 95.97 60.94 275.53 428.38	51.41 48.88 152.59 22.20 187.45 185.62 139.11 66.69 84.01 69.03 43.83 198.19 308.13	2,860,876 6,756,483 2,020,685 2,158,117 321,851 838,828 4,775,350 957,682 1,756,150 4,101,973 1,238,928 3,413,008 2,060,182
JS Special Finance	ARES MANAGEMENT CORP - A CHARLES SCHWAB CORP CME GROUP INC EQUITABLE HOLDINGS INC EQUIFAX INC FLEETCOR TECHNOLOGIES INC GLOBAL PAYMENTS INC HAMILTON LANE INC-CLASS A IHS MARKIT LTD MORGAN STANLEY ONEMAIN HOLDINGS INC PAYPAL HOLDINGS INC S&P GLOBAL INC STEPSTONE GROUP INC-CLASS A	55650 138236 13243 97223 1717 4519 34329 14361 20903 59422 28264 17221 6686 39380	71.47 67.95 212.13 30.86 260.60 258.06 193.39 92.71 116.80 95.97 60.94 275.53 428.38 45.42	51.41 48.88 152.59 22.20 187.45 185.62 139.11 66.69 84.01 69.03 43.83 198.19 308.13 32.67	2,860,876 6,756,483 2,020,685 2,158,117 321,851 838,828 4,775,350 957,682 1,756,150 4,101,973 1,238,928 3,413,008 2,060,182 1,286,568
JS Special Finance	ARES MANAGEMENT CORP - A CHARLES SCHWAB CORP CME GROUP INC EQUITABLE HOLDINGS INC EQUIFAX INC FLEETCOR TECHNOLOGIES INC GLOBAL PAYMENTS INC HAMILTON LANE INC-CLASS A IHS MARKIT LTD MORGAN STANLEY ONEMAIN HOLDINGS INC PAYPAL HOLDINGS INC S&P GLOBAL INC STEPSTONE GROUP INC-CLASS A VISA INC CL A SHS	55650 138236 13243 97223 1717 4519 34329 14361 20903 59422 28264 17221 6686 39380 15939	71.47 67.95 212.13 30.86 260.60 258.06 193.39 92.71 116.80 95.97 60.94 275.53 428.38 45.42 246.45	51.41 48.88 152.59 22.20 187.45 185.62 139.11 66.69 84.01 69.03 43.83 198.19 308.13 32.67 177.27	2,860,876 6,756,483 2,020,685 2,158,117 321,851 838,828 4,775,350 957,682 1,756,150 4,101,973 1,238,928 3,413,008 2,060,182 1,286,568 2,825,530
JS Special Finance	ARES MANAGEMENT CORP - A CHARLES SCHWAB CORP CME GROUP INC EQUITABLE HOLDINGS INC EQUIFAX INC FLEETCOR TECHNOLOGIES INC GLOBAL PAYMENTS INC HAMILTON LANE INC-CLASS A IHS MARKIT LTD MORGAN STANLEY ONEMAIN HOLDINGS INC PAYPAL HOLDINGS INC S&P GLOBAL INC STEPSTONE GROUP INC-CLASS A VISA INC CL A SHS VOYA FINANCIAL INC	55650 138236 13243 97223 1717 4519 34329 14361 20903 59422 28264 17221 6686 39380 15939 8708	71.47 67.95 212.13 30.86 260.60 258.06 193.39 92.71 116.80 95.97 60.94 275.53 428.38 45.42 246.45 64.36	51.41 48.88 152.59 22.20 187.45 185.62 139.11 66.69 84.01 69.03 43.83 198.19 308.13 32.67 177.27 46.29	2,860,876 6,756,483 2,020,685 2,158,117 321,851 838,828 4,775,350 957,682 1,756,150 4,101,973 1,238,928 3,413,008 2,060,182 1,286,568 2,825,530 403,128
JS Special Finance	ARES MANAGEMENT CORP - A CHARLES SCHWAB CORP CME GROUP INC EQUITABLE HOLDINGS INC EQUIFAX INC FLEETCOR TECHNOLOGIES INC GLOBAL PAYMENTS INC HAMILTON LANE INC-CLASS A IHS MARKIT LTD MORGAN STANLEY ONEMAIN HOLDINGS INC PAYPAL HOLDINGS INC S&P GLOBAL INC STEPSTONE GROUP INC-CLASS A VISA INC CL A SHS VOYA FINANCIAL INC WEX INC	55650 138236 13243 97223 1717 4519 34329 14361 20903 59422 28264 17221 6686 39380 15939	71.47 67.95 212.13 30.86 260.60 258.06 193.39 92.71 116.80 95.97 60.94 275.53 428.38 45.42 246.45 64.36 189.62	51.41 48.88 152.59 22.20 187.45 185.62 139.11 66.69 84.01 69.03 43.83 198.19 308.13 32.67 177.27	2,860,876 6,756,483 2,020,685 2,158,117 321,851 838,828 4,775,350 957,682 1,756,150 4,101,973 1,238,928 3,413,008 2,060,182 1,286,568 2,825,530 403,128 622,092
JS Special Finance	ARES MANAGEMENT CORP - A CHARLES SCHWAB CORP CME GROUP INC EQUITABLE HOLDINGS INC EQUIFAX INC FLEETCOR TECHNOLOGIES INC GLOBAL PAYMENTS INC HAMILTON LANE INC-CLASS A IHS MARKIT LTD MORGAN STANLEY ONEMAIN HOLDINGS INC PAYPAL HOLDINGS INC S&P GLOBAL INC STEPSTONE GROUP INC-CLASS A VISA INC CL A SHS VOYA FINANCIAL INC WEX INC	55650 138236 13243 97223 1717 4519 34329 14361 20903 59422 28264 17221 6686 39380 15939 8708	71.47 67.95 212.13 30.86 260.60 258.06 193.39 92.71 116.80 95.97 60.94 275.53 428.38 45.42 246.45 64.36	51.41 48.88 152.59 22.20 187.45 185.62 139.11 66.69 84.01 69.03 43.83 198.19 308.13 32.67 177.27 46.29	2,860,876 6,756,483 2,020,685 2,158,117 321,851 838,828 4,775,350 957,682 1,756,150 4,101,973 1,238,928 3,413,008 2,060,182 1,286,568 2,825,530 403,128 622,092
US Special Finance	ARES MANAGEMENT CORP - A CHARLES SCHWAB CORP CME GROUP INC EQUITABLE HOLDINGS INC EQUIFAX INC FLEETCOR TECHNOLOGIES INC GLOBAL PAYMENTS INC HAMILTON LANE INC-CLASS A IHS MARKIT LTD MORGAN STANLEY ONEMAIN HOLDINGS INC PAYPAL HOLDINGS INC S&P GLOBAL INC STEPSTONE GROUP INC-CLASS A VISA INC CL A SHS VOYA FINANCIAL INC WEX INC	55650 138236 13243 97223 1717 4519 34329 14361 20903 59422 28264 17221 6686 39380 15939 8708	71.47 67.95 212.13 30.86 260.60 258.06 193.39 92.71 116.80 95.97 60.94 275.53 428.38 45.42 246.45 64.36 189.62	51.41 48.88 152.59 22.20 187.45 185.62 139.11 66.69 84.01 69.03 43.83 198.19 308.13 32.67 177.27 46.29	4,274,607 2,860,876 6,756,483 2,020,685 2,158,117 321,851 838,828 4,775,350 957,682 1,756,150 4,101,973 1,238,928 3,413,008 2,060,182 1,286,568 2,825,530 403,129 622,092 42,672,040
JS Special Finance	ARES MANAGEMENT CORP - A CHARLES SCHWAB CORP CME GROUP INC EQUITABLE HOLDINGS INC EQUIFAX INC FLEETCOR TECHNOLOGIES INC GLOBAL PAYMENTS INC HAMILTON LANE INC-CLASS A IHS MARKIT LTD MORGAN STANLEY ONEMAIN HOLDINGS INC PAYPAL HOLDINGS INC S&P GLOBAL INC STEPSTONE GROUP INC-CLASS A VISA INC CL A SHS VOYA FINANCIAL INC WEX INC al Total	55650 138236 13243 97223 1717 4519 34329 14361 20903 59422 28264 17221 6686 39380 15939 8708 4561	71.47 67.95 212.13 30.86 260.60 258.06 193.39 92.71 116.80 95.97 60.94 275.53 428.38 45.42 246.45 64.36 189.62	51.41 48.88 152.59 22.20 187.45 185.62 139.11 66.69 84.01 69.03 43.83 198.19 308.13 32.67 177.27 46.29 136.39	2,860,876 6,756,483 2,020,685 2,158,117 321,851 838,828 4,775,350 957,682 1,756,150 4,101,973 1,238,928 3,413,008 2,060,182 1,286,568 2,825,530 403,129 622,092 42,672,040
JS Special Finance JS Special Fi	ARES MANAGEMENT CORP - A CHARLES SCHWAB CORP CME GROUP INC EQUITABLE HOLDINGS INC EQUIFAX INC FLEETCOR TECHNOLOGIES INC GLOBAL PAYMENTS INC HAMILTON LANE INC-CLASS A IHS MARKIT LTD MORGAN STANLEY ONEMAIN HOLDINGS INC PAYPAL HOLDINGS INC S&P GLOBAL INC STEPSTONE GROUP INC-CLASS A VISA INC CL A SHS VOYA FINANCIAL INC WEX INC al Total	55650 138236 13243 97223 1717 4519 34329 14361 20903 59422 28264 17221 6686 39380 15939 8708 4561	71.47 67.95 212.13 30.86 260.60 258.06 193.39 92.71 116.80 95.97 60.94 275.53 428.38 45.42 246.45 64.36 189.62	51.41 48.88 152.59 22.20 187.45 185.62 139.11 66.69 84.01 69.03 43.83 198.19 308.13 32.67 177.27 46.29 136.39	2,860,876 6,756,483 2,020,685 2,158,117 321,851 838,828 4,775,350 957,682 1,756,150 4,101,973 1,238,928 3,413,008 2,060,182 1,286,568 2,825,530 403,129 622,092 42,672,040
JS Special Finance JS Special Fi	ARES MANAGEMENT CORP - A CHARLES SCHWAB CORP CME GROUP INC EQUITABLE HOLDINGS INC EQUIFAX INC FLEETCOR TECHNOLOGIES INC GLOBAL PAYMENTS INC HAMILTON LANE INC-CLASS A IHS MARKIT LTD MORGAN STANLEY ONEMAIN HOLDINGS INC PAYPAL HOLDINGS INC S&P GLOBAL INC STEPSTONE GROUP INC-CLASS A VISA INC CL A SHS VOYA FINANCIAL INC WEX INC at Total ADOBE SYSTEMS INC CHARLES A SHARES	55650 138236 13243 97223 1717 4519 34329 14361 20903 59422 28264 17221 6686 39380 15939 8708 4561	71.47 67.95 212.13 30.86 260.60 258.06 193.39 92.71 116.80 95.97 60.94 275.53 428.38 45.42 246.45 64.36 189.62	51.41 48.88 152.59 22.20 187.45 185.62 139.11 66.69 84.01 69.03 43.83 198.19 308.13 32.67 177.27 46.29 136.39	2,860,876 6,756,483 2,020,685 2,158,117 321,851 838,828 4,775,350 957,682 1,756,150 4,101,973 1,238,928 3,413,008 2,060,182 1,286,568 2,825,530 403,129 622,092 42,672,040

LIC Cofficers & Comp (CHIDEWIDE COETWAD	E INC 7108	115.11	82.80	588,533
US Software & Comp GUIDEWIRE SOFTWAR				.21,459,577
US Software & Comp MICROSOFT CORP	104710	284.92	204.94	
US Software & Comp Q2 HOLDINGS INC	7511	103.31	74.31	558,149
US Software & Comp RAPID7 INC	5608	113.64	81.74	458,405
US Software & Comp {SALESFORCE.COM INC		241.93	174.02	3,419,846
US Software & Comp SENTINELONE INC-CLA		49.24	35.42	173,550
US Software & Comp SERVICENOW INC	3049	587.88	422.86	1,289,306
US Software & Comp SHOPIFY INC-CLASS A	1669	1,499.00	1,078.23	1,799,567
US Software & Comp ⟨SNOWFLAKE INC-CLAS		265.55	191.01	161,786
US Software & Comp UIPATH INC-CLASS A	1285	62.47	44.93	57,741
US Software & Comp VARONIS SYSTEMS INC	10500	61.19	44.01	462,147
US Software & Comp WORKDAY INC-CLASS		234.40	168.60	1,136,390
US Software Total				55,197,166
TECHNOLOGY HARDWARE				
US IT Hardware ADVANCED MICRO DE\	/ICES 54018	106.22	76.40	4,127,194
US IT Hardware APPLE INC	149864	145.86	104.92	15,723,296
US IT Hardware KLA-TENCOR CORP	6830	348.16	250.43	1,710,447
US IT Hardware LATTICE SEMICONDUC	TOR CORP 22649	56.74	40.81	924,375
US IT Hardware MARVELL TECHNOLOG	Y GROUP LTD 64695	60.51	43.52	2,815,840
US IT Hardware MICRON TECHNOLOGY	INC 47621	77.56	55.79	2,656,724
US IT Hardware NVIDIA CORP	6588	194.89	140.18	923,535
US IT Hardware SKYWORKS SOLUTION	S INC 6160	184.51	132.72	817,543
US IT Hardware TERADYNE INC	14162	127.00	91.35	. 1,293,714
US IT Hardware TEXAS INSTRUMENTS	INC 25836	190.62	137.11	3,542,451
US Technology Hardware Total				34,535,118
				V The Contract of
TOTAL UNITED STATES				375,224,573
		•		ties of the second
		100		
			1 11	

EUROPEAN EQUITIES		Number	Mkt price	Mkt Price	Value in Sterling
	Company name	held	in local	GBP	£
		*	currency		
EUROPEAN PASSIVE TRACKER FUND					
EUROPEAN	UBS LIFE EUROPE EX-UK EQUITY TRACKER	60,073,538	4.28	4.28	257,036,648
EUROPEAN EQUITIES TOTAL					257,036,648

OTHER EQUITIES	Company name	Number held	Mkt price in local	Mkt Price GBP	Value in Sterling £
JAPAN Investment Companies		**	currency		
Japan Japan	CC Japan Income & Growth Trust-RIGHTS JPMF japs smoc	1,000,000 1,979,500	2.00 486.00	2.00 486.00	20,000 9,620,370
J Investment Companies Total					9,640,370
Unit Trusts & OEICs					
Japan	Baillie Gifford OGF - Japanese B Acc Shares	4,529,547.23	2,018.00	2,018.00	91,406,263
Japan	Barings Jap Growth Trst-IGBA	5,282,832.62	276.40	276.40	14,601,749
Japan	Invesco Responsible Japanese Equity Value Discovery Fund (UK)	4,597,155.98	197.03	197.03	9,057,776
Japan	JPMorgan Jap Fd A Acc	3,000,000.00	642.40	642.40	19,272,000
J Unit Trusts Total					134,337,789
Life Policies					
International	LGIM Japan Equity Index Fund	53,015,506.950	2.24	2.24	118,971,039
International Life Policies					118,971,039
Investment Entities					
Japan	Aberdeen Global - JAP Smaller Cos Fund D£	1,662,639.78	12.76	12.76	21,211,127
J Investment Entities Total					21,211,127
JAPAN TOTAL					284,160,325
OTHER ASIA					
Unit Trusts & OEICs					
Asian	JPMorgan Asia Fund A Ac	20,000,000	298,90	298,90	59,780,000
Asian	Schroder Insti PAC Fd Ac	2,000,000	1,982.00	1,982.00	39,640,000
OA Unit Trusts Total		_,,			99,420,000
Ort Olik Tradio Total					
Investment Entities					
Asian	Barings Australia Fund-IUSDA \$	109,543,282	178.82	128.63	14,090,029
OA Investment Entities Total					14,090,029
OTHER ASIA TOTAL					113,510,029
EMERGING MARKETS					
Listed Pooled Vehicles					
International	LGPS Central Emerging Mkt Equity Active Multi Manager Fund A A	1,745,534.150	112.80	112.80	196,896,252
Listed Pooled Vehicles				N. C.	196,896,252
					. 7
Life Policies					
International	LGIM World Emerging Markets Index Fund	20,723,230.360	4.07	4.07	84,311,427
International Life Policies					84,311,427
EMERGING MARKETS TOTAL					281,207,679
OTHER EQUITIES TOTAL					678,878,033

GLOBAL SUSTAINABLE FUNDS	Company name	Number held	Mkt price in local currency	Mkt Price GBP	Value in Sterling £
GLOBAL SUSTAINABLE FUNDS					A
Global Sustanable Unit Trusts-Quoted GLOBAL SUSTAINABLE FUND GLOBAL SUSTAINABLE FUND Global Sustanable Unit Trusts	Baillie Gifford positive Change Fund B RBC Global Equity Focus Fund	34,636,419.38 2,502,145.01	392.80 167.79	3.93 167.79	136,051,855 419,834,912 555,886,767
Life Policies GLOBAL SUSTAINABLE FUND International Life Policies	LGIM MSCI World Low Carbon Target	196,755,504.94	2.25	2.25	443,132,748 443,132,748
GLOBAL SUSTAINABLE FUNDS TOTAL					999,019,515

OTHER EQUITIES	Company name	Number held	Mkt price in local	Value in Sterling £
PRIVATE EQUITY			currency	
Quoted Private Equity				0.000.000
UK Investment Co's	APAX GLOBAL ALPHA LTD	3,000,000	203.00	6,090,000
UK Investment Co's	HARBOURVEST GLOBAL PRIVATE	925,000	2245.00	20,766,250
UK Investment Co's	HGCAPITAL TRUST PLC	7,053,150	397.00	28,001,006
UK Investment Co's	ICG ENTERPRISE TRUST PLC	181,795	1084.00	1,970,658
UK Investment Co's	NB PRIVATE EQUITY PARTNERS Ltd (A)	1,500,000	20.50	22,118,475
UK Investment Co's	PANTHEON INTERNATIONAL PLC	345,000	2600.00	8,970,000
UK Investment Co's	PRINCESS PRIVATE EQUITY HOLDING LTD	500,000	12.40	5,293,064
UK Investment Co's	STANDARD LIFE PRIVATE EQUUITY	900,000	415.00	3,735,000
UK Investment Co's	SCHRODER UK PUBLIC PRIVATE	5,000,000	30.20	1,510,000
UK Quoted Private Equity Total				98,454,452
Unquoted Private Equity		20,000,000	0.99	21,330,006
UK Unclassified	ADAM STREET PARTNERS (FEEDER) 2017 FUND	30,000,000	0.99	41,993
UK Unclassified	BAIRD CAPITAL PARTNERS EUROPE FUND LP	4,300,000	0.01	11,117,300
UK Unclassified	CAPITAL DYNAMICS GLOBAL SECONDARIES IV	20,000,000		29,368,679
UK Unclassified	CAPITAL DYNAMICS MID-MARKET DIRECT FEEDER LP	25,000,000	1.38	
UK Unclassified	CAPITAL DYNAMICS LGPS COLLECTIVE PE VEHICLE 2017/18	20,000,000	0.83	16,563,679
UK Unclassified	CAPITAL DYNAMICS CPEP LGPS	25,000,000	0.37	9,274,838
UK Unclassified	CATAPULT GROWTH FUND UNITS	3,000,000	0.21	632,986
UK Unclassified	EAST MIDLANDS VENTURE	3,000,000	0.05	135,080
UK Unclassified	EPIRIS FUND II	25,000,000	0.55	13,731,588
UK Unclassified	GRAPHITE CAPITAL PARTNERS FUND 1X A	11,250,000	0.28	3,204,174
UK Unclassified	GRAPHITE CAPITAL PARTNERS FUND 1X C	11,250,000	0.28	3,179,995
UK Unclassified	MOBEUS EQUITY PARTNERS IV LP	10,000,000	0.46	4,564,608
UK Investment Co's	PANORAMIC ENTERPRISE CAPITAL UNITS	1,428,486	0.42	605,521
UK Investment Co's	PANORAMIC GROWTH FUND 2 LP	10,000,000	0.81	8,082,302
UK Investment Co's	PARTNERS GROUP GLOBAL VALUE 2008	7,500,000	0.34	2,148,629
UK Investment Co's	STAR CAPITAL STRATEGIC ASSETS III LP	12,500,000	0.69	7,369,610
UK Unclassified	VESPA CAPITAL II LLP	10,000,000	1.02	10,243,254
UK Unquoted Private Equity Tot				141,594,242
				240 049 694
PRIVATE EQUITY TOTAL				240,048,694
INFRASTRUCTURE				
UK Infrastructure Quoted	FORESIGHT SOLAR FUND LTD	4,000,000	100.00	4,000,000
Closed-end Funds	GREENCOAT UK WIND PLC	13,835,000	136.20	
Closed-end Funds		10,472,044	170.00	70 (5) V65
Closed-end Funds	HICL INFRASTRUCUTRE CO LTD	28,157,068.00	164.20	46,233,905.66
Closed-end Funds	INTERNATIONAL PUBLIC PARTNERSHIP LTD	2,249,999.00	305.50	6,873,746.95
Closed-end Funds	3I INFRASTRUCTURE PLC	8,111,111.00	131.60	10,674,222.08
Closed-end Funds	RENEWABLES INFRASTRUCTURE GR	0,111,111.00	101.00	104,427,619
UK Infrastructure Quoted Total				104,421,010
UK Infrastructure Unquoted				
UK Unclassified	BlackRock Global Renewable Power Fund III LP	65,000,000	0:09	4,319,645
	DALMORE CAPITAL 3 LP	25,000,000	1.05	
UK Unclassified	EQUITIX FUND 1 LTD P'SHIP	7,500,000	1.63	
UK Unclassified		25,000,000	1.18	
UK Unclassified	Equitix Fund IV Ltd P'ship	20,000,000	1.09	
UK Unclassified	First Sentier Investors EDIF II	75,000,000	0.00	
UK Unclassified	Greencoat Renewable Income Fund	10,000,000	0.01	
UK Unclassified	IMPAX NEW ENERGY INVESTORS II UNITS	160,000,000	0.70	
UK Unclassified	JP Morgan Infrastructure Investment Fund UK LP	12,600,000	0.59	
UK Unclassified	MEIF 5 Co-Invest LP	28,000,000	0.00	
UK Unclassified	MEIF 6 Co-Invest LP		1.09	
UK Unclassified	Macquarie European Infrastructure Fund 5 LP	14,400,000		
UK Unclassified	Macquarie European Infrastructure Fund 6 SCSp	56,000,000	0.48	
UK Unclassified	Macquarie Green Infrastructure Fund (Euro)	59,000,000	0.12	
UK Unclassified	PIP Multi Strategy Infrastructure LP	25,000,000	0.74	
UK Unclassified	SL CAPITAL INFRASTRUCTURE 1LP	15,000,000	1.15	
UK Unclassified	SL Capital Infratructure II SCSP	25,000,000	0.57	
UK Infrastructure Total				268,227,113
ka laga wa			* 1	372,654,732
INFRASTRUCTURE TOTAL				01 2,007,102

DERBYSHIRE PENSIC JULY 2021 PORTFOLI Real Property				30/07/2021 Valuation £
Property	Southampton Property			7,400,000
777 . 151 155	Retail Unit Tamworth			7,700,000
Property	15-17 Jockeys Field London			11,950,000
Property		14		14,400,000
Property	D'Arblay House, London			6,400,000
Property	Bristol Odeon Development			
Property	Quintins Centre, Hailsham			6,400,000
Property	Caledonia House, London			24,000,000
Property	Chelsea Fields Ind Est, London			17,150,000
Property	Planet Centre, Feltham			17,830,000
Property	Hill St, Mayfair			15,700,000
Property	Birmingham - Travelodge developm't	1		13,600,000
Property	Saxmundham, Tesco developm't			10,000,000
Property	Roundhay Road, Leeds			6,300,000
Property	Premier Inn, Rubery, Birmingham			5,650,000
	South Normanton Warehouse, Alfreton			18,250,000
Property			The State of	16,750,000
Property	Loddon Centre, Basingstoke			8,550,000
Property	Parkway, Bury St Edmunds			
Property	Waitrose, York			13,550,000
Property	Link 95, Haywood Manchester			11,550,000
Property	Car Park, Welford Rd Leicester			12,000,000
Property	Learnington Spa, Heathcote Industrial Estate			15,100,000
Total Real Property				260,230,000
Property Managed Fu	nds	Number held	Mkt price	
Property Pence	Assura PLC	6,000,000	78.3000	4,698,000
	Aviva Pooled Property Fund - class A	595,748	17.8927	10,659,519
Property GBP			18.0396	9,796,694
Property GBP	Aviva Pooled Property Fund - class B	543,067		
Property GBP	Bridges Property Alternatives Fund III LP	10,000,000	0.7417	7,417,395
Property GBP	Bridges Property Alternatives Fund IV LP	10,000,000	0.6097	6,096,577
Property EUR	Fidelity Eurozone Select Real Estat Fund - price in Euro's	4,486	6243.8483	23,914,160
Property GBP	Hearthstone Residential Fund 1 LP	25,000,000	0.9420	23,549,470
Property GBP	Igloo Regeneration P'ship Property Unit Trust	4,644,493	0.0293	136,139
Property EUR	Invesco Real Estate-European Fund FCP - SIF	44,569	109.8260	4,178,804
	Target Healthcare REIT Ltd	4,085,000	124.4000	5,081,740
		27,124	716.9000	19,445,196
Property GBP	M&G PP UK Property Fund (Inc)			
Property EUR	M&G European Property Fund SICAV-FIS (Class X)	25,000,000	1.0439	22,280,816
Property GBP	Threadneedle Pensions Property Fund	1,647,730	6.4871	10,688,992
Property Pence	Tritax Big Box Indirect Pooled Fund	10,000,000	210.6000	21,060,000
Property GBP	Unite UK Student Accommodation Fund	15,584,567	1.3660	21,288,519
Total Property Funds				190,292,020
Regulatory Capital	LGPS Central			-2,000,000
regulator, capital				
Cook Undeted	to 30 July 2021			
Cash Updated	10 30 July 2021			
		LIIZ		18,766,519
Cash	Northern Trust	UK		10,700,519
Cash		Euro		0
Cash		Wellington		10,088,152
Cash	Colliers Property Managers Cash			1,958,634
Guon				
0	Cook Houde book Superfund			35,861,000
Cash	Cash - Lloyds bank Superfund			00,001,000
		Durch trade		
	Adjustments for timing differences	Purch trade		404 750
		Sales-30/7/21-JP	Morgan Japan	121,750
)
		,		
Cash	Cash Temporary Loans	187,500,000		
555	Aberdeen Standard Life	30,000,000		50 1 1 f
	Federated Hermes	30,000,000		
		30,000,000		
9 - 9 - 5 -	DWS	00,000,000		
	Certs of Deposit	0		277,500,000
	Treasury Bills	0		211,500,000
				044 000 0==
Total Cash		Т	otal Cash	344,296,055

DERBYSHIRE PENSION FUND			= - ,				
JULY 2021 PORTFOLIO VALUATIO							Total
	Number	Mkt Price in local currency	Mkt Price in local currency	Mkt Price pence			£
	neid	(Clean) use	(Dirty)	GBP			GBP
		for Hedge Calc	use for Non IL				
UK GILTS		& IL Valuation	Valuation		× .		
TSY 1.75% 7/9/2022	13,490,000	101.88	102.58	102.58			13,838,555 11,432,568
TSY 4% 7/3/2022	10,995,000 15,400,000	102.37 104.58	103.98 105.49	103.98 105.49			16,245,135
TSY 2.25% 7/9/2023 TSY 5% 7/3/2025	5,500,000	117.28	119.29	119.29			6,561,163
TSY 2% 7/9/2025	7,000,000	107.35	108.15	108.15			7,570,734
TSY 1.5% 7/22/2026	5,650,000	106.09	106.13	106.13			5,996,392 22,502,749
TSY 4.25% 7/12/2027	18,000,000	124.37	125.02 138.78	125.02 138.78			18,265,799
TSY 4.75% 7/12/2030 TSY 4.25% 7/6/2032	13,162,000 12,370,000	138.05 137.39	138.04	138.04			17,076,077
TSY 4.5% 7/9/2034	16,373,000	146.35	148.16	148.16			24,258,201
TSY 4.25% 7/3/2036	11,400,000	147.03	148.74	148.74			16,956,729
TSY 1.75% 7/9/2037	11,800,000	112.62	113.32 162.87	113.32 162.87			13,371,737 12,921,929
TSY 4.75% 7/12/2038 TSY 4.25% 7/9/2039	7,934,000 4,050,000	162.14 155.58	157.29	157.29			6,370,052
TSY 1,25% 22/10/2041	9,200,000	104.84	105.19	105.19			9,677,053
TSY 3.25% 1/22/2044	8,000,000	145.53	145.63	145.63			11,650,172
TSY 4.25% 7/12/2046	3,900,000	172.81	173.46	173.46 90.83			6,765,107 14,441,204
TSY 0.625% 22/10/2050	15,900,000	90.65	90.83	90.63			235,901,357
001 UKGB Total							
US GOVERNMENT BONDS							20.052.242
T 2.75% 31/8/2023	26,191,000	105.28	106.44	76.56 76.60			20,052,343 16,086,939
T 2.25% 15/11/2024	21,000,000 7,500,000	106.02 116.09	106.50 116.68	83.93			6,294,816
T 2.75% 15/11/2042 004 USGB Total	7,500,000	110.03	110.00	00.00			42,434,097.79
004 000B 10tal							
NON GOVERNMENT BONDS		101.00	404.00	104.60	/		386,026,856
LGPS Central Global Active Corp B	3,690,505	104.60	104.60	104.60			386,026,856
Non Govt Bonds Total							
MULTI ASSET CREDIT							
AMP Capital Infrastructure Debt Fur	17,000,000	0.59	0.59	0.59			8,554,157
Barings Global Private Loan Fund	40,000,000	0.40	0.40	0.40		h .:	15,884,460 26,871,533
Barings Global Private Loan Fund 2	40,000,000 50,000,000	0.67 0.87	0.67 0.87	0.87			43,699,889
Barings Global Private Loan Fund 3 CQS Credit Multi Asset Fund Class	132,737	1,140.78	1,140.78	1,140.78			151,423,581
CVC Credit PARTNERS European I	76,000,000	0.56	0.56	0.56			36,535,028
CVC (Co Inv) Credit Ptnrs Europear	30,000,000	0.46	0.46	0.46			11,795,931 113,033,799
Janus Henderson Multi Asset Credit	98,888,060	1.14	1.14	1.14			407,798,378
Multi Asset Credit Total							
UK INDEX LINKED							
TREAS 4.125% IL STK 22/7/2030	6,510,000	380.51	380.79	380.79			24,789,268
TREAS 2% IL STK 26/1/2035	8,000,000	304.02	304.08	304.08			24,326,573
002 UKGIL Total						, T y = -	49,115,841
		-1					
INDEX LINKED (3 monthers)	Number held	Clean Price	Index Ratio	Gross	Accrued Interest		Total
UK INDEX LINKED (3monthers)	Number neid	Olcani i noc	maox rano				
TREAS 0.125% IL STK 22/3/2024	9,230,000	109.4820	1.245640	12,587,427.13	4,169.80		12,591,597
TREAS 1.25% IL STK 22/11/2027	7,400,000	130.9210	1.556000	15,074,767.62	18,097.83		15,092,865 8,615,597
TREAS 0.125% IL STK 22/3/2029	5,325,000	127.1750	1.271870	8,613,191.08 6,004,601.58	2,405.66 6,791.58		6,011,393
TREAS 1.25% IL STK 22/11/2032	2,777,000 11,465,000	155.4790 153.4220	1.300300	22,872,058.94	31,077.00		22,903,136
TREAS 0.75% IL STK 22/3/2034 TREAS 1.125% IL STK 22/11/2037	5,580,000	178.1820	1.493090	14,845,130.34	12,282.07		14,857,412
TREAS 0.625% IL STK 22/3/2040	5,600,000	176.7740	1.394620	13,805,823.13	12,649.46		13,818,473
TREAS 0.625% IL STK 22/11/2042	5,950,000	188.9110	1.421260	15,975,253.05	7,275.82		15,982,529 25,483,860
TREAS 0.125% IL STK 22/3/2044	11,470,000	178.3300	1.245630	25,478,677.80 19,006,768.87	5,181.76 3,943.92		19,010,713
TREAS 0.125% IL STK 22/3/2046 TREAS 0.75% IL STK 22/11/2047	8,730,000 6,500,000	185.8660 217.1380	1.171370 1.453400	20,513,244.00	9,538.04		20,522,782
TREAS 0.75% IL STK 22/11/2047		196.9860	1.098890	11,472,695.11	-146.41		11,472,549
TREAS 0.5% IL STK 22/3/2050	5,000,000	218.8430	1.415030	15,483,470.51	9,035.33		15,492,506
TREAS 1.25% IL STK 22/11/2055	4,200,000	288.7400	1.571110	19,052,976.66	10,271.74		19,063,248 220,918,659
UK INDEX LINKED (3monthers) T	UIAL				· /		,,,
US INDEX LINKED	Number held	Clean Price \$	Index Ratio	Gross \$	Accrued Interest \$	Total \$	Total £
TII0.125% 15/1/2023	7,000,000		1.166590	8,523,398.19	427.99	8,523,826	6,131,188.17
TII3.625% 15/4/2028	4,045,000			9,261,903.33		9,305,572	6,693,498.08
TII1.750% 15/1/2028	5,550,000		1.285350	8,808,995.60 11,574,404.30		8,813,746 11,582,964	6,339,727.70 8,331,626.06
TII2.5% 15/1/2029	7,000,000 4,095,000			7,811,203.64		7,851,588	5,647,647.27
TII2.125% 15/2/2040 TII0.75% 15/2/2042	20,300,000			30,392,219.36	70,657.46	30,462,877	21,911,947.30
TII0.625% 15/2/2043	10,000,000			14,441,691.61	29,005.52	14,470,697	10,408,772.45
0045 USGB IL Total							65,464,407

Mkt Price in local currency (Clean) use

Mkt Price in local currency (Dirty)

Mkt Price pence GBP

£ GBP

TOTAL BONDS

Index linked-total Conventional-total Non gov-total

1,407,659,597

335,498,908 278,335,454 793,825,235