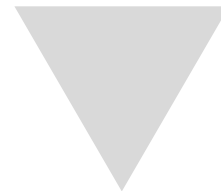
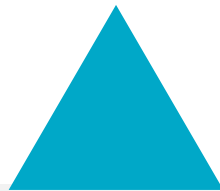


**ISLE OF WIGHT
COUNCIL PENSION FUND**

REPORT TO 30 SEPTEMBER 2017



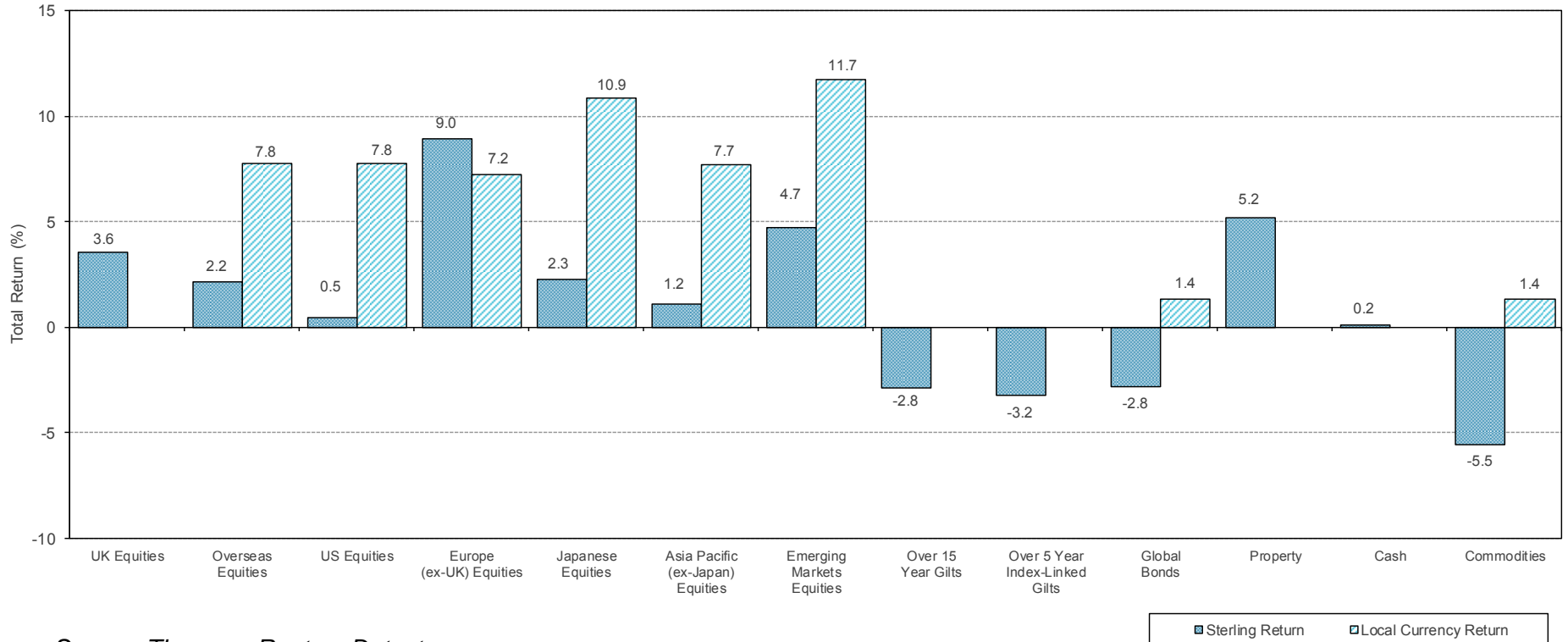
ASSET ALLOCATION AND STRATEGIC CHANGES OVER THE YEAR TO 30 SEPTEMBER 2017

Manager/Asset Class	Actual Asset Allocation				Benchmark Allocation (%)
	31 March 2017 (£'000)	30 September 2017 (£'000)	31 March 2017 (%)	30 September 2017 (%)	
Majedie – UK Equity	129,587	130,436	22.8	22.7	22.5
Newton – Global Equity	219,561	222,964	38.7	38.8	32.5
Baillie Gifford – Diversified Growth	78,020	80,294	13.8	14.0	15.0
Schroder – UK Bonds	108,739	108,424	19.2	18.9	22.0
Schroder – UK Property	31,332	32,773	5.5	5.7	8.0
Total	567,239	574,892	100.0	100.0	100.0

Source: Investment managers. Figures may not sum due to rounding.

MARKET COMMENTARY

Six Month Performance to 30 September 2017



Source: Thomson Reuters Datastream.

MANAGER PERFORMANCE

Manager/Asset Class	Last Six Months		Last Year		Last 3 Years	
	Fund (%)	Benchmark (%)	Fund (%)	Benchmark (%)	Fund (% p.a.)	Benchmark (% p.a.)
Majedie – UK Equity	2.7	3.6	13.7	11.9	9.6	8.5
Newton – Global Equity	2.0	2.2	9.0	14.9	14.2	14.4
Baillie Gifford – Diversified Growth	2.8	1.8	7.6	3.8	5.0	3.9
Schroder – UK Bonds	-0.3	-0.6	-0.8	-2.0	6.6	5.8
Schroder – UK Property	5.0	5.0	10.5	9.6	10.5	9.6
Total	2.0	2.1	7.5	8.4	9.8	9.5

Source: WM Report and investment managers. Performance figures are gross of fees.

Over the last three years the Fund has produced a total return of 9.8% p.a. compared to the benchmark return of 9.5% p.a.

INVESTMENT MANAGER FEES

Manager	Asset Class	Fees
Majedie	UK Equities	0.35% p.a. plus 20% of any outperformance above the benchmark return plus 1% on an annualised 3 year rolling basis
Newton	Global Equities	0.20% p.a. on the first £100m 0.17% p.a. for the next £200m 0.12% p.a. for the next £700m 0.10% p.a. on the remainder plus 20% of any outperformance above benchmark
Baillie Gifford	Diversified Growth	0.65% p.a. on the first £30m 0.50% p.a. on the next £90m 0.45% p.a. on the remainder
Schroder	UK Bonds	0.20% p.a.
Schroder	UK Property	c0.5% p.a.*

**estimated by Schroder*

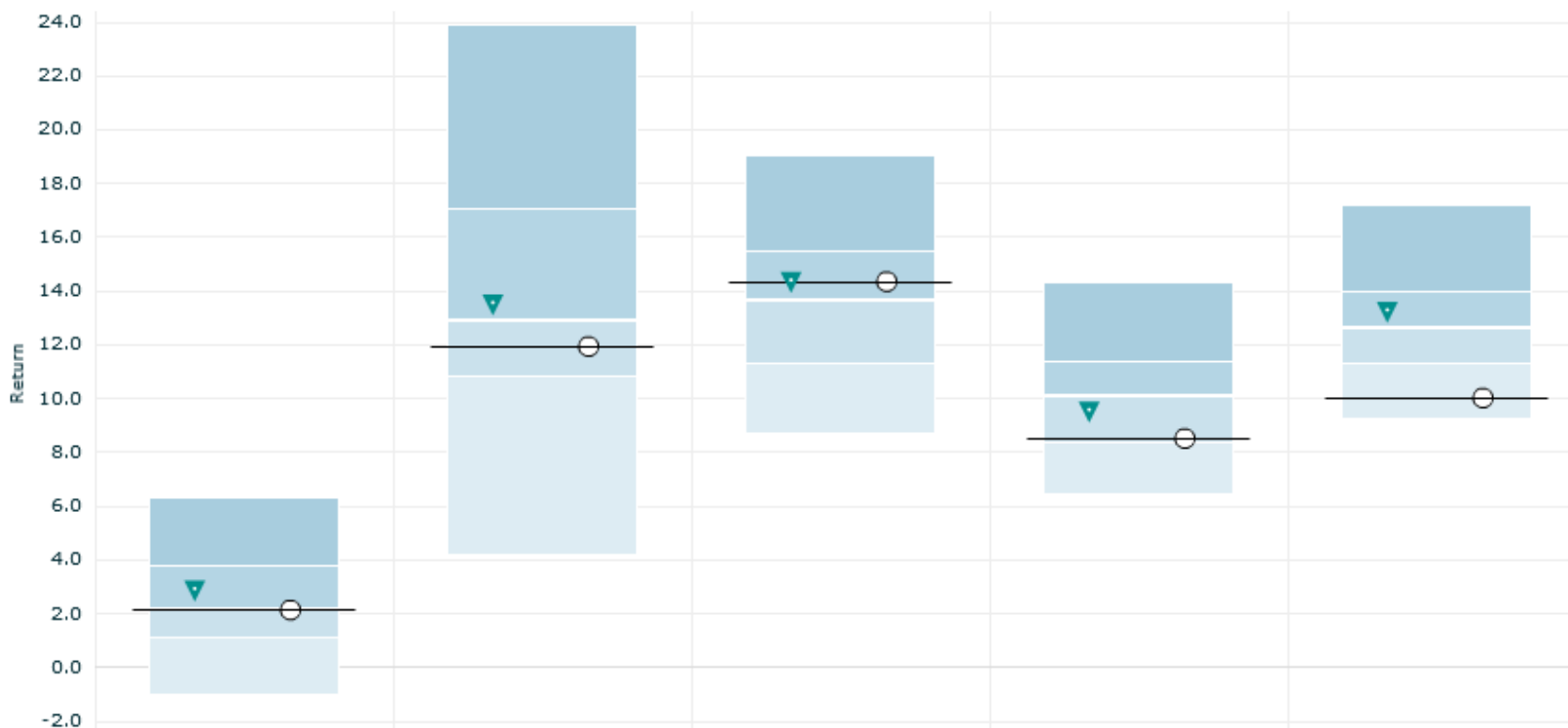
The Majedie fee is equivalent to 0.55% p.a. if the return is benchmark plus 2%

The Newton fee is equivalent to 0.63% p.a. if the return is benchmark plus 2%

MAJEDIE – UK EQUITY

Return in GBP (before fees) over 3 mths, 1 yr, 2 yrs, 3 yrs, 5 yrs ending September-17

Comparison with the UK Active Equity (UK Active Equity) universe (Actual Ranking)



	3 mths (%)	1 yr (%)	2 yrs (%pa)	3 yrs (%pa)	5 yrs (%pa)
▼ Majedie	2.9 (36)	13.6 (43)	14.4 (34)	9.6 (50)	13.3 (32)
○ FTSE All Share	2.1 (50)	11.9 (55)	14.4 (35)	8.5 (62)	10.0 (76)
95th Percentile	6.3	23.9	19.0	14.3	17.2
Upper Quartile	3.8	17.1	15.5	11.4	14.0
Median	2.2	12.9	13.7	10.1	12.7
Lower Quartile	1.1	10.8	11.3	8.4	11.3
5th Percentile	-1.0	4.2	8.7	6.5	9.2
Number	91	89	88	84	81

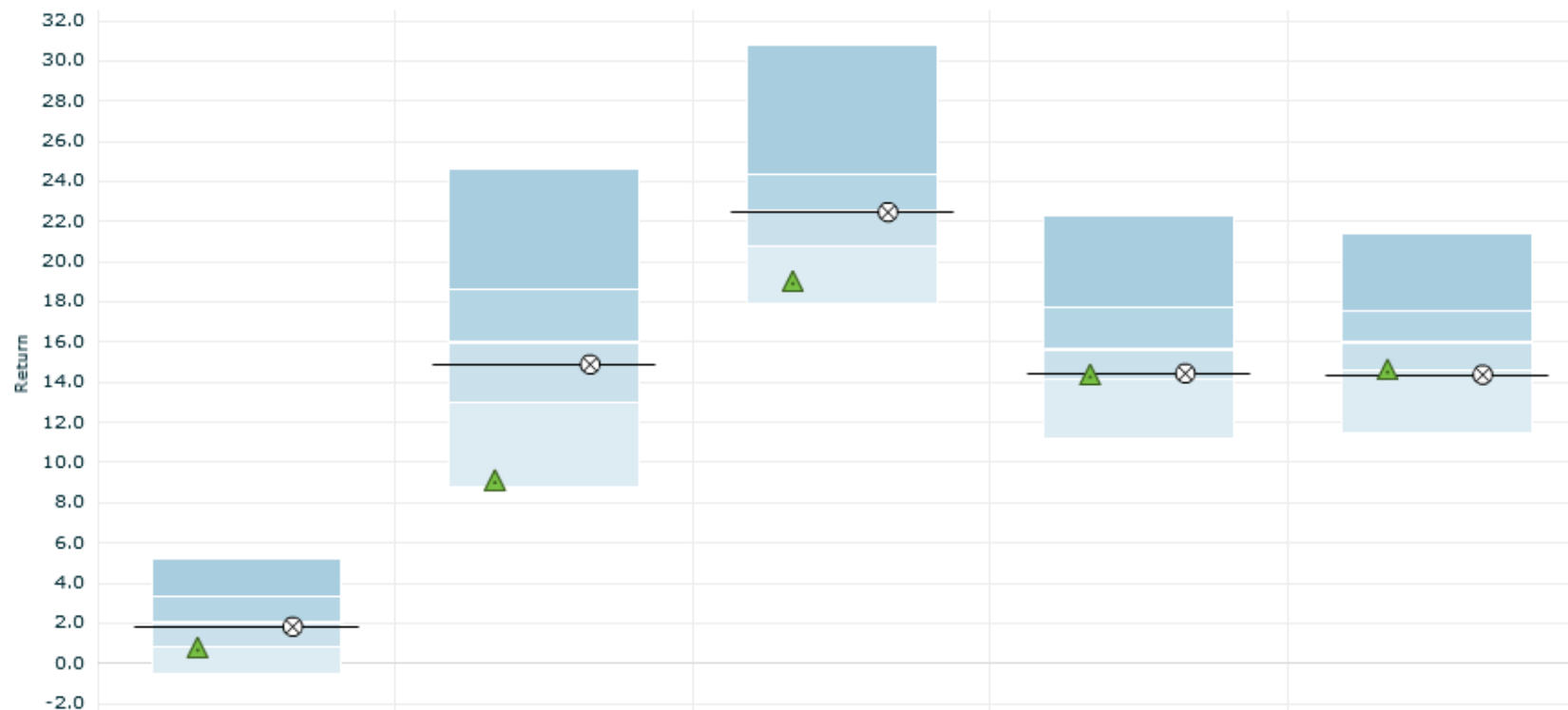
Source Mercer Insight. Not client specific.



NEWTON – GLOBAL EQUITY

Return in GBP (before fees) over 3 mths, 1 yr, 2 yrs, 3 yrs, 5 yrs ending September-17

Comparison with the Global Equity (Core All Countries) universe (Actual Ranking)



	3 mths (%)	1 yr (%)	2 yrs (%pa)	3 yrs (%pa)	5 yrs (%pa)
▲ Newton	0.7 (188)	9.0 (213)	18.9 (186)	14.2 (138)	14.5 (99)
⊗ MSACWN	1.8 (133)	14.9 (143)	22.5 (107)	14.4 (132)	14.4 (101)
95th Percentile	5.2	24.6	30.8	22.3	21.4
Upper Quartile	3.3	18.6	24.4	17.7	17.6
Median	2.1	16.0	22.5	15.6	16.0
Lower Quartile	0.8	13.0	20.8	14.1	14.6
5th Percentile	-0.5	8.8	17.9	11.2	11.4
Number	239	228	209	187	126

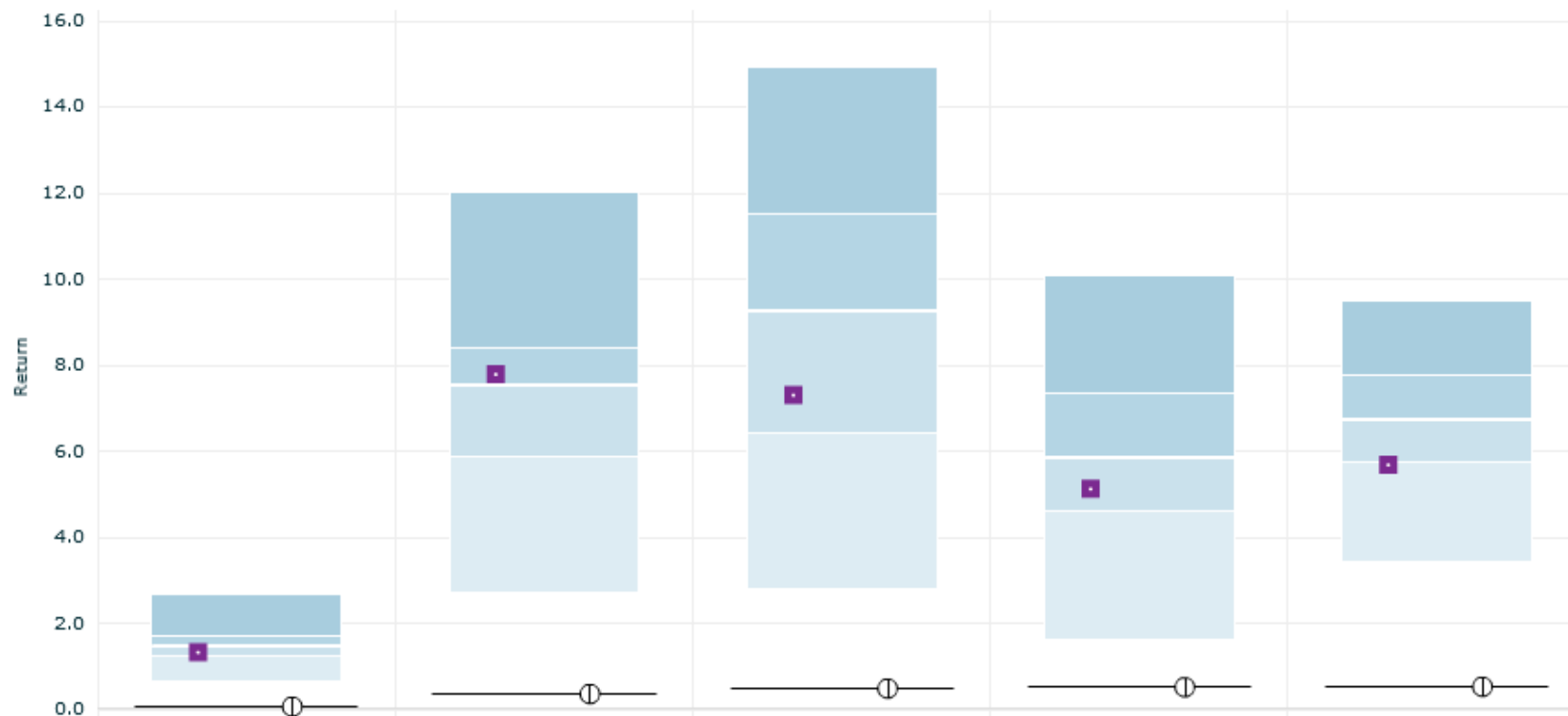
Source Mercer Insight. Not client specific.



BAILLIE GIFFORD – DIVERSIFIED GROWTH FUND

Return in GBP (after fees) over 3 mths, 1 yr, 2 yrs, 3 yrs, 5 yrs ending September-17

Comparison with the International Multi-asset GBP (Net) (Core Multi-Asset) universe (Actual Ranking)



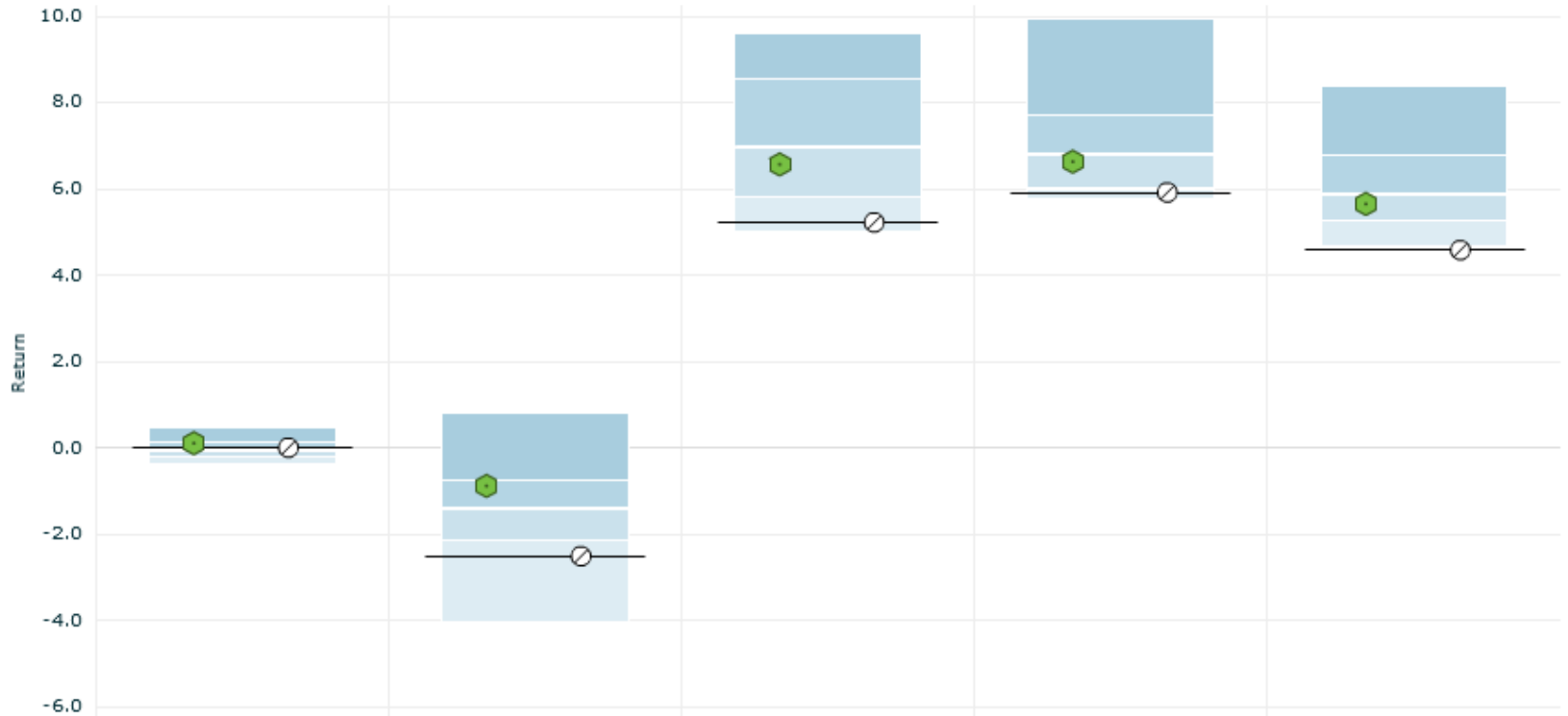
	3 mths (%)	1 yr (%)	2 yrs (%pa)	3 yrs (%pa)	5 yrs (%pa)
■ BG DGF	1.3 (15)	7.8 (10)	7.3 (13)	5.1 (13)	5.7 (15)
⊙ LIBOR3MUK	0.1 (23)	0.4 (22)	0.5 (21)	0.5 (22)	0.5 (19)
95th Percentile	2.7	12.0	14.9	10.1	9.5
Upper Quartile	1.7	8.4	11.5	7.4	7.8
Median	1.5	7.5	9.3	5.9	6.7
Lower Quartile	1.3	5.9	6.4	4.6	5.7
5th Percentile	0.7	2.7	2.8	1.6	3.4
Number	22	22	21	21	18



Source Mercer Insight. Not client specific.

SCHRODERS - BONDS

Return in GBP (before fees) over 3 mths, 1 yr, 2 yrs, 3 yrs, 5 yrs ending September-17
 Comparison with the UK Fixed Income (Govt & Non-Govt) universe (Actual Ranking)



	3 mths (%)	1 yr (%)	2 yrs (%pa)	3 yrs (%pa)	5 yrs (%pa)
■ Schrodgers	0.1 (7)	-0.9 (7)	6.6 (12)	6.6 (12)	5.7 (12)
○ MLE Brd Market	0.0 (8)	-2.5 (16)	5.2 (18)	5.9 (17)	4.6 (19)
95th Percentile	0.5	0.8	9.6	9.9	8.4
Upper Quartile	0.1	-0.8	8.5	7.7	6.8
Median	-0.1	-1.4	7.0	6.8	5.9
Lower Quartile	-0.2	-2.1	5.8	6.0	5.3
5th Percentile	-0.4	-4.0	5.0	5.8	4.7
Number	20	19	19	19	19

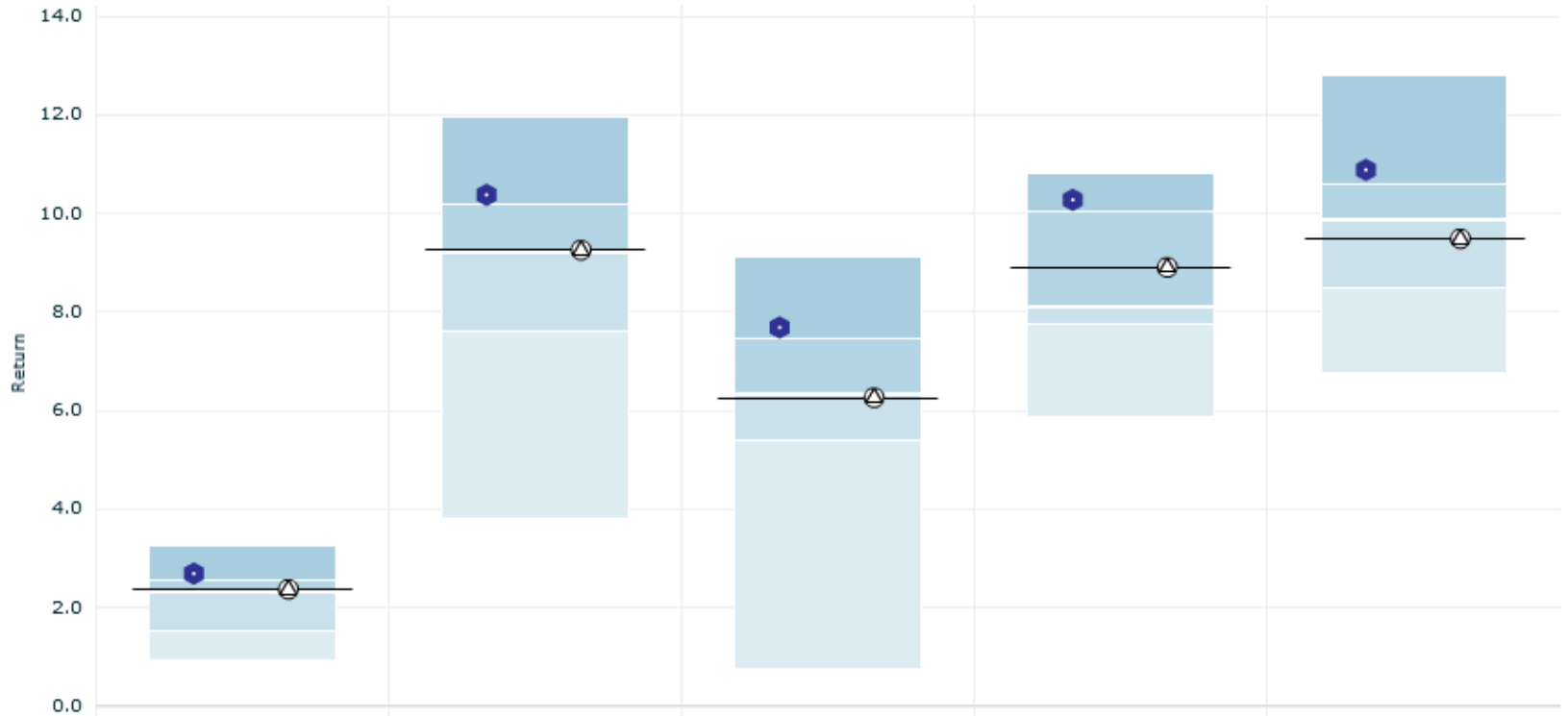
Source Mercer Insight. Not client specific.



SCHRODERS - PROPERTY

Return in GBP (after fees) over 3 mths, 1 yr, 2 yrs, 3 yrs, 5 yrs ending September-17

Comparison with the UK Real Estate (Net) universe (Actual Ranking)



	3 mths (%)	1 yr (%)	2 yrs (%pa)	3 yrs (%pa)	5 yrs (%pa)
● Schrodler Prop	2.7 (3)	10.4 (4)	7.7 (4)	10.3 (3)	10.9 (3)
△ IPDAIBalanced	2.4 (7)	9.3 (9)	6.3 (9)	8.9 (7)	9.5 (8)
95th Percentile	3.3	12.0	9.1	10.8	12.8
Upper Quartile	2.5	10.2	7.5	10.0	10.6
Median	2.3	9.2	6.3	8.1	9.9
Lower Quartile	1.5	7.6	5.4	7.7	8.5
5th Percentile	1.0	3.8	0.7	5.9	6.8
Number	18	17	15	15	13

Source Mercer Insight. Not client specific.



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