

# ISLE OF WIGHT COUNCIL PENSION FUND

*Baillie Gifford Diversified Growth Fund Update - September 2018*

## Our Relationship

- You appointed us on 30 October 2013
- Your portfolio valuation at 30 June 2018: £80,816,777

## Performance to 30 June 2018

	Fund (Net) %	Base Rate +3.5%
Since Initial Investment* (p.a.)	5.0	3.9
3 Years (p.a.)	4.2	3.9
12 Months	1.8	3.9

## Delivered Volatility to 30 June 2018

	%
5 Years (p.a.)	3.6

Source: Baillie Gifford & Co, StatPro, net of client's own fees.

\*30 October 2013.

Annualised volatility of monthly returns. Based on the BG Diversified Growth Fund.

- Performance remains strong over the long term, with return delivered with low volatility. Recent performance has been lower, largely driven by falls in emerging market assets
- Top contributors to performance in the past 12 months included listed equities, property, structured finance and infrastructure
- Within listed equities, the Baillie Gifford global equity funds which the Fund invests in, continued to deliver outstanding outperformance against their relevant indices. Within Property, exposure to German residential, European commercial properties all benefitted from the combination of good economic growth and low interest rates.
- These positive contributions were partially offset by falls in exposure to active currency, emerging market bonds, and insurance linked securities
- Emerging market bonds and currencies had suffered falls, driven by pressures from a stronger US dollar, the withdrawal of global liquidity, and the spectre of trade wars

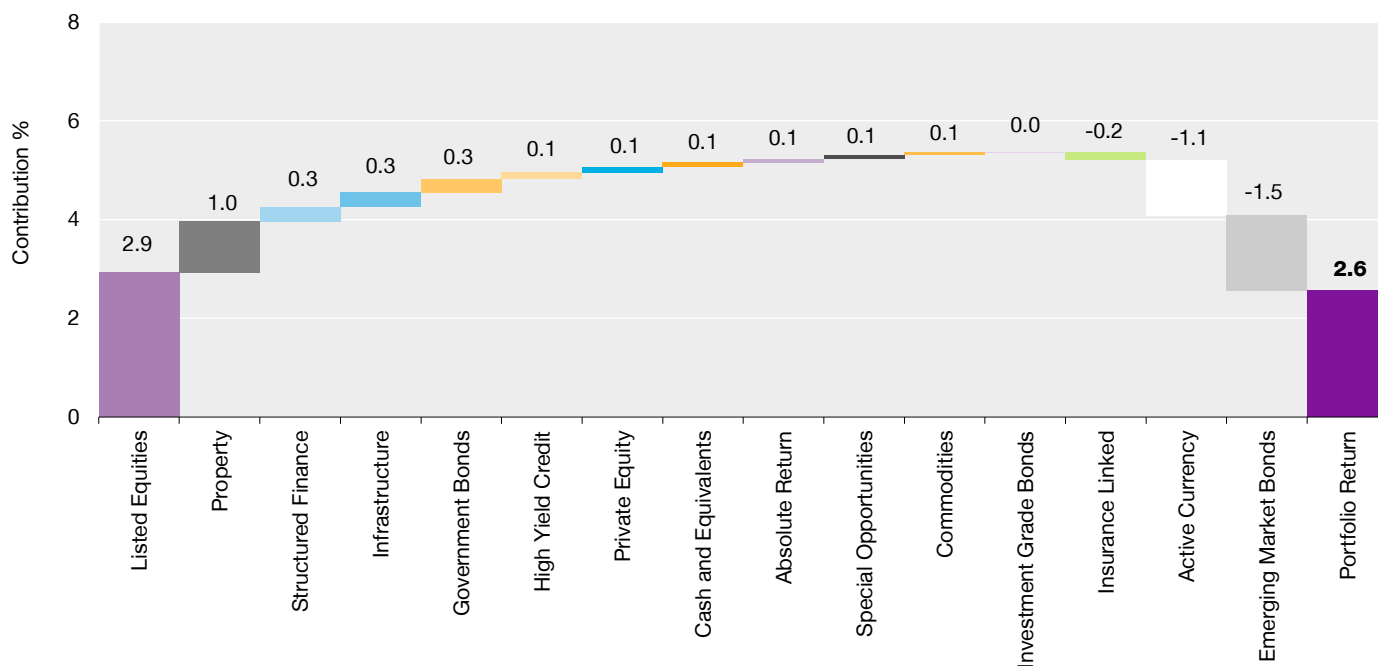
## Outlook

- Our central expectation is that the global economy will continue on its current track of above trend growth, a positive scenario for asset valuations
- However, we are increasingly mindful of risks which could derail progress – including trade wars, the tightening of monetary policy, slowdown in growth rates in US, and a move away from an era of central bank support
- Your portfolio today reflects this mixed view, with allocations to both return-seeking asset classes and increased exposure to investments which offer protection to the portfolio

## Fees Benefiting From Scale

- We apply our sliding fee scale to all clients, and currently apply it to the aggregate value of the Isle of Wight and Northamptonshire Diversified Growth assets.
- When applied to the £5.8bn aggregated assets managed by Baillie Gifford in the ACCESS Pool, the blended fee will be close to our marginal rate of 0.40% per annum

## Performance Attribution 12 Months to 30 June 2018

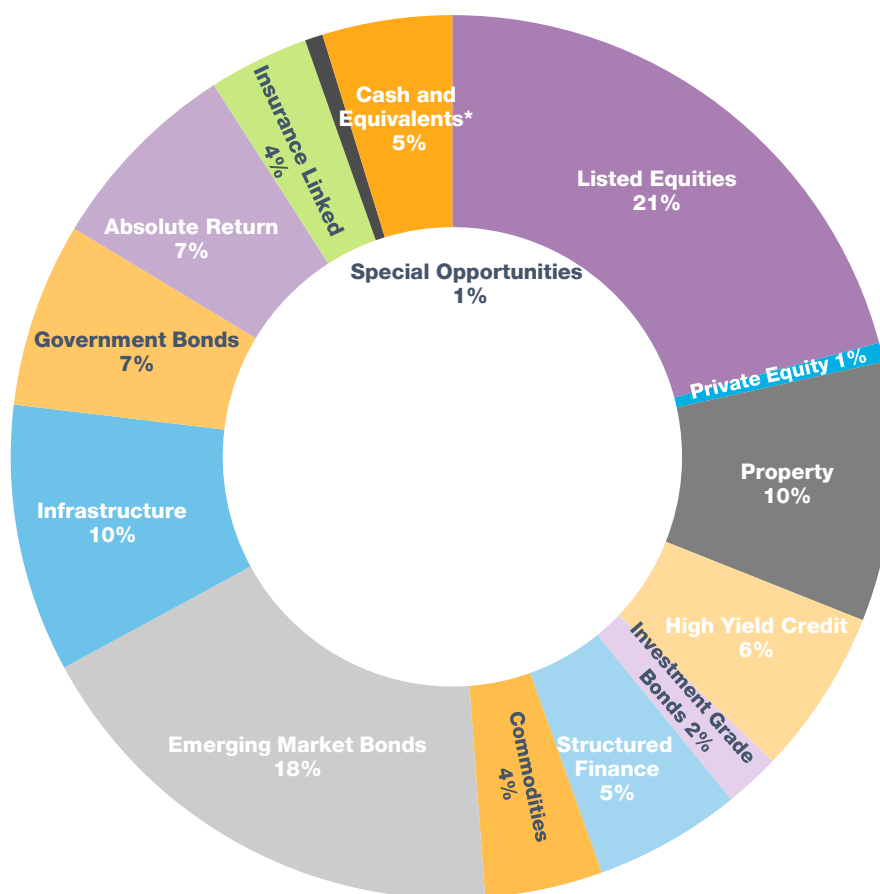


Source: StatPro, in sterling. Total may not sum due to rounding.

This performance attribution analysis gives an illustration of the contribution to Portfolio Return from each asset class. This differs to the calculation of the Fund return.

Based on the BG Diversified Growth Fund.

## Portfolio Positioning as at 30 June 2018



Source: Baillie Gifford & Co.

Totals may not sum due to rounding.

When calculating the portfolio's asset class weightings, all futures positions are included at 0% weight. In addition to the asset class weightings shown, the Fund held short positions in equity futures, long positions in equity dividend futures and short positions in government bond futures.

\*Includes net active currency position.