
LPFA Performance Report

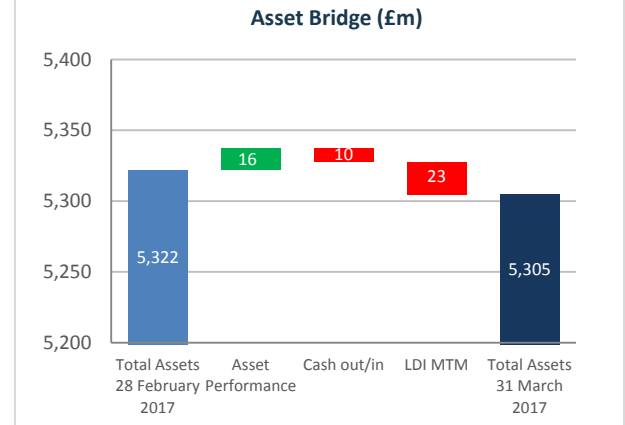
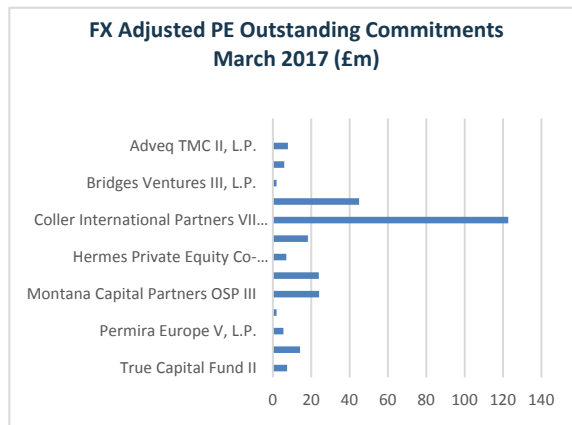
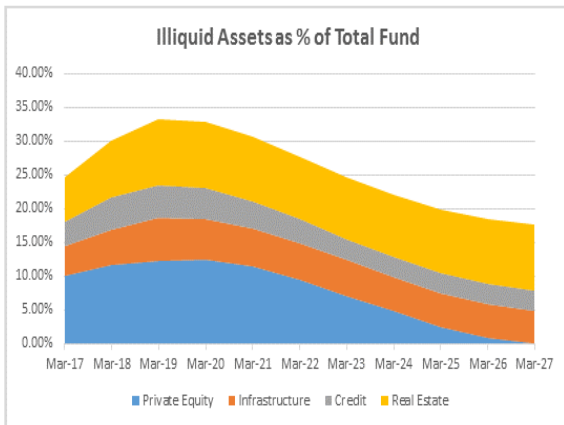
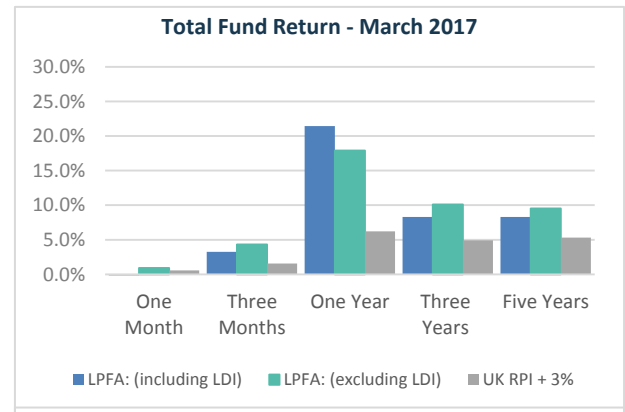
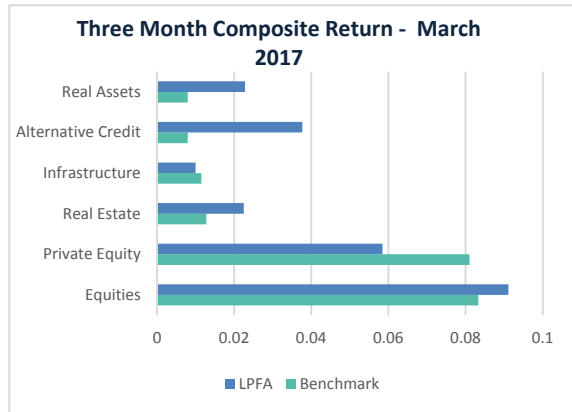
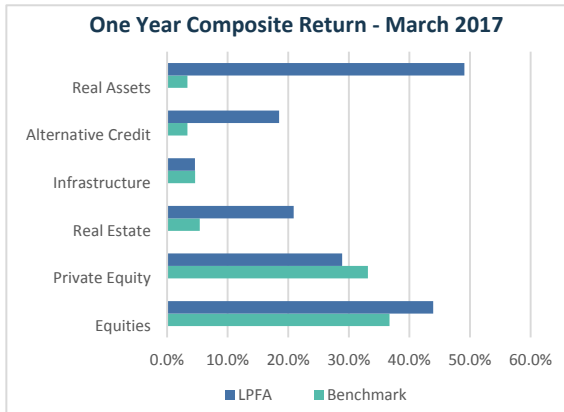
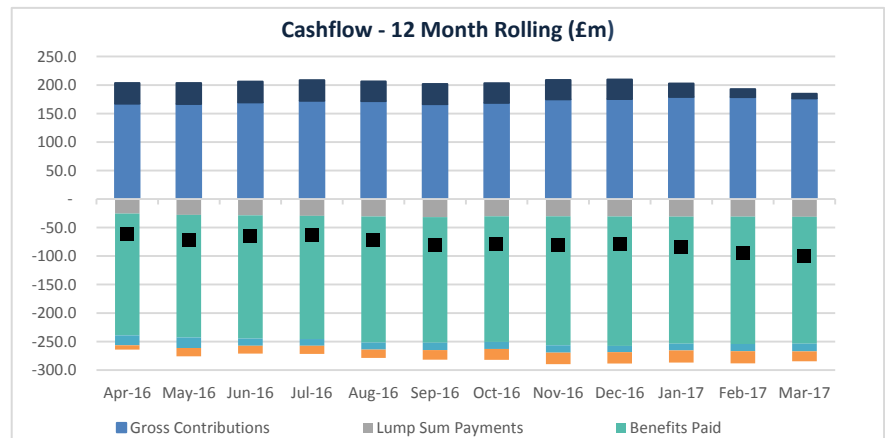
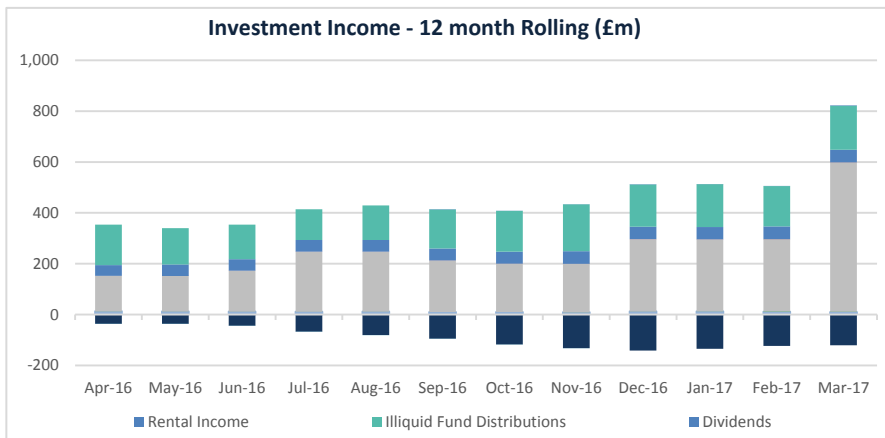
March 2017

Market Review

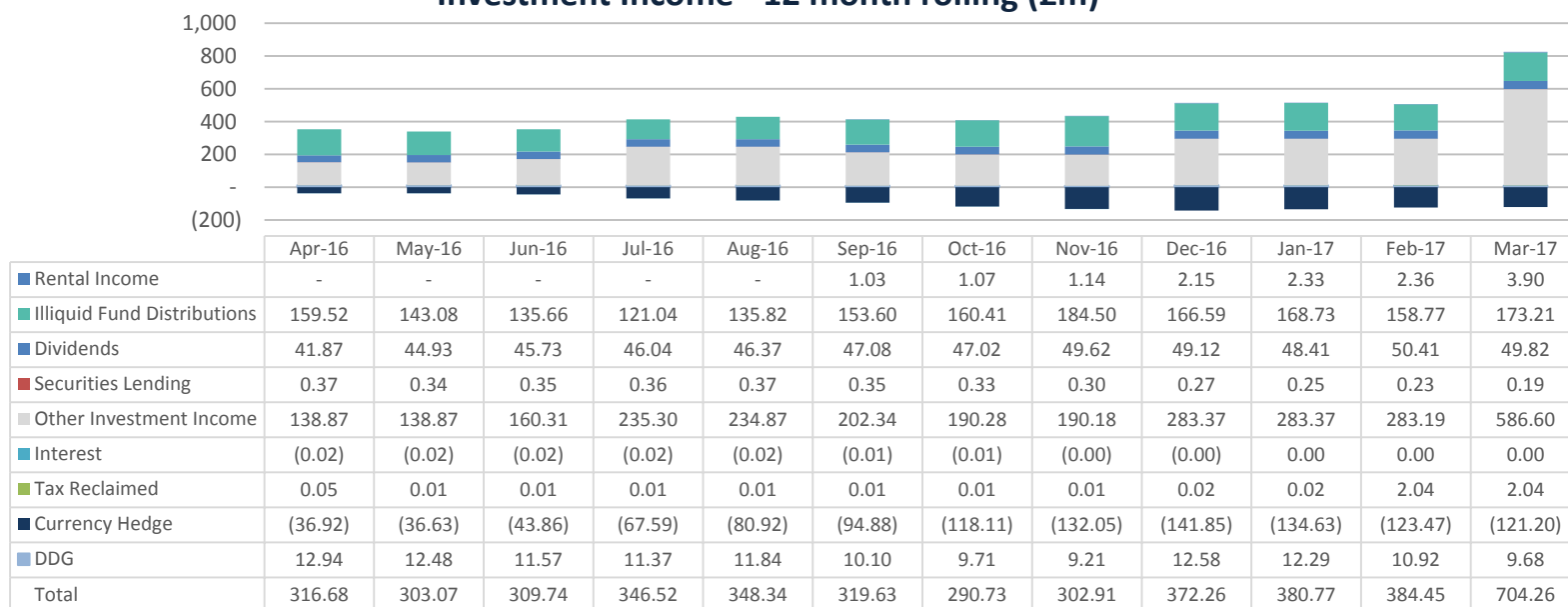
- The S&P500 decreased 0.04% in March and the Russell 3000 decreased 0.1% (both reflect a price change in USD). Over the quarter, the increase was 5.5% and 5.2% respectively.
- The Euro Stoxx 50 increased 6.4% over the quarter, in Euro terms (5.5% in March). The Euro Stoxx 600 increased 5.5% over the quarter (2.9% in March).
- The FTSE 100 increased 0.8% for March and 2.5% over the quarter.
- The MSCI World and the MSCI EM indices increased 5.9% and 11.1% respectively (in USD) for the quarter ending in March.
- The JPMorgan Global Aggregate Bond Index returned 1.5% for Q1 2017, while the JPMorgan Government Bond Index (Emerging Markets Global) increased 6.4%.
- US Trade weighted dollar index decreased c. 3% over the quarter, while the GBP Trade weighted index increased 0.6% over the same period.

Fund Summary

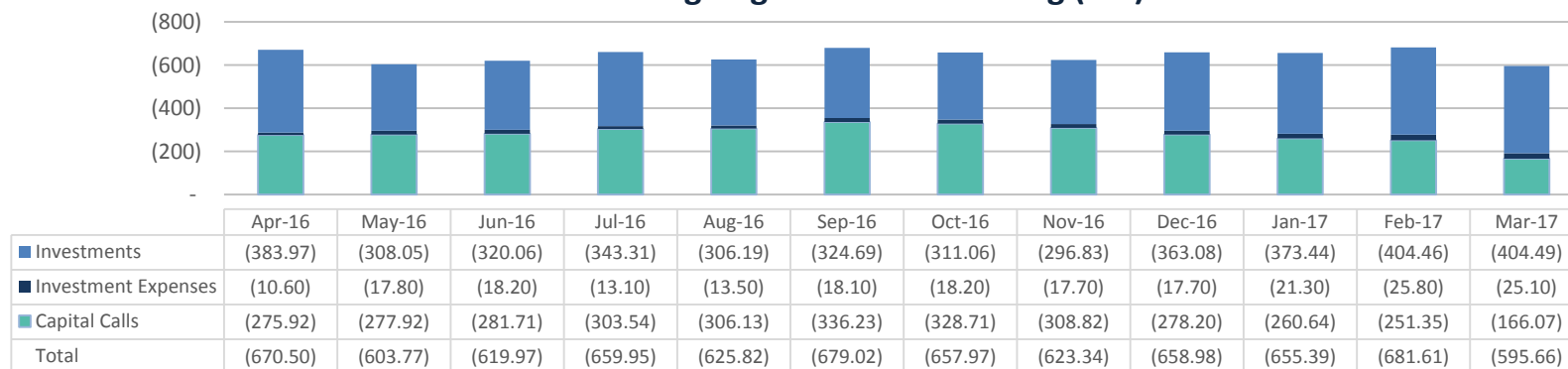
- Total Assets return (including LDI) over the last three months exceeded benchmark returns (UK RPI+3%) by 170bps (3.26% versus 1.57%), while Total Investment return (excluding LDI) outperformed by 2.76% (4.33% versus 1.57%). Total Assets and Investment returns for March were -0.16% and 0.91% respectively.
- 12-month and 3-year Total Assets returns to the end of March were 21.43% and 8.30% respectively (representing a 15.20% and 3.38% outperformance versus the UK RPI+3% benchmark).
- 12-month and 3-year Total Investment returns for the same period were 17.89% and 10.11% respectively (representing a 11.66% and 5.20% outperformance versus the benchmark).
- The main contributors over this period were Public and Private Equity, Infrastructure and Credit assets; in each case positive underlying performance being enhanced by currency gains on non GBP assets following the decline in GBP.
- LDI hedging mark to market having been negative for the period preceding Brexit continued its significant mark to market gains as a result of higher inflation expectations that have boosted Fund NAV. It is worth noting these moves will have also added to liabilities.
- Page 9 shows the 1-year performance of LPFA's key Fund Managers (selected according to their current % of total assets), while pages 11 and 12 present a detailed performance and attribution of LPFA's assets.
- Based on preliminary data the Total Fund's Assets have remained roughly steady at c. £5.29bn in February.



Investment Income - 12 month rolling (£m)

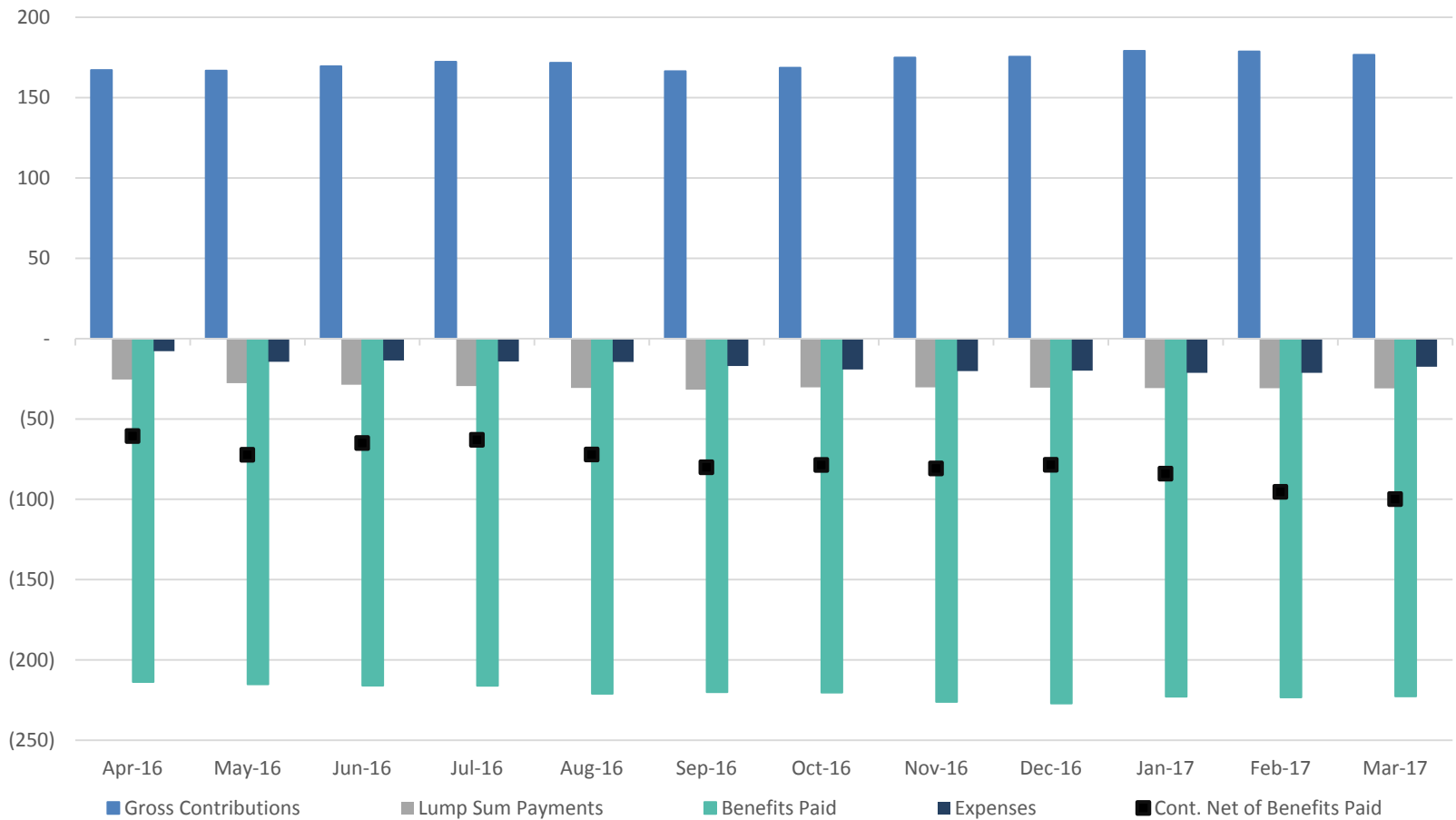


Investment Outgoings - 12 month rolling (£m)



- Other Investment income consists mainly of disinvestments (including £300m from Insight in March 17).
- Dividends are currently always re-invested.
- BlackRock DDG is separately reported as it has already been approved for liquidation; income is currently re-invested by the manager.
- The direct property portfolio has started to generate rental income, which is expected to increase further as investments by the Manager continue.

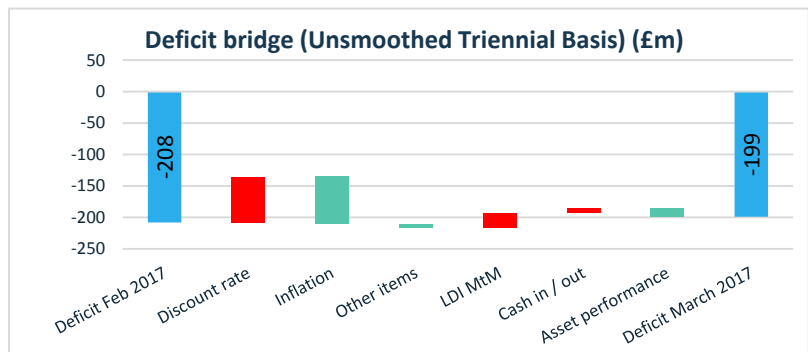
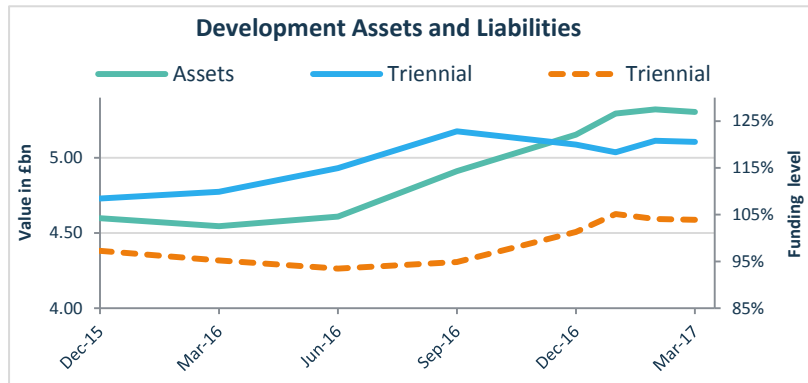
Pensions Payments and Expenses (£m)



- Over the year to date the fund continues to report a negative net pension cashflow.
- Over this period net benefits paid (including expenses and contributions) have averaged c. £ 80m per month.
- Short and medium term liquidity is sufficient to manage these payments. The Investment team is currently assessing different cashflow scenarios in order to ensure that the Fund has adequate cash on hand to pay pension benefits as they fall due.

Where are we now?

Development of the funding ratio and deficit



Overview	Feb 2017	Mar 2017	Difference
Funding level (Triennial)	104.1%	103.9%	0.0%
Funding level (Swaps Flat)	49.3%	49.8%	0.5%
Surplus / Deficit (Triennial)	208	199	-9
Market Value Assets	5,322	5,305	-17
Liabilities Triennial	5,114	5,106	-8
Liabilities Swaps Flat	10,788	10,642	-146

- The Triennial funding level decreased due to the effects of falling inflation expectations offsetting positive asset performance. A decrease in the long term assumption for future inflation decreased the Triennial discount rate. Although the effect of this was partly offset by a corresponding reduction in future liability payments due to falling inflation expectations this also resulted in negative MTM on the LDI inflation hedge portfolio.
- Liabilities on the swaps flat basis decreased due to an increase in swaps flat discount rates and a decrease in swap inflation expectations over the month.

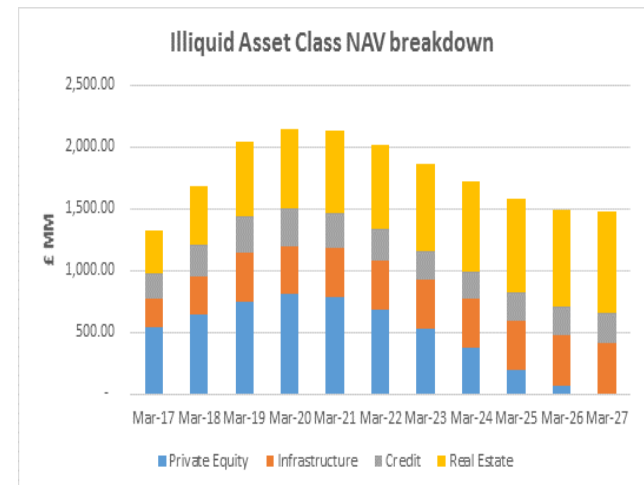
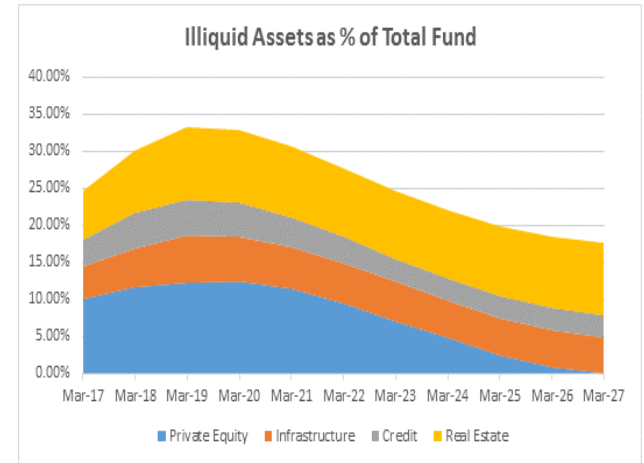
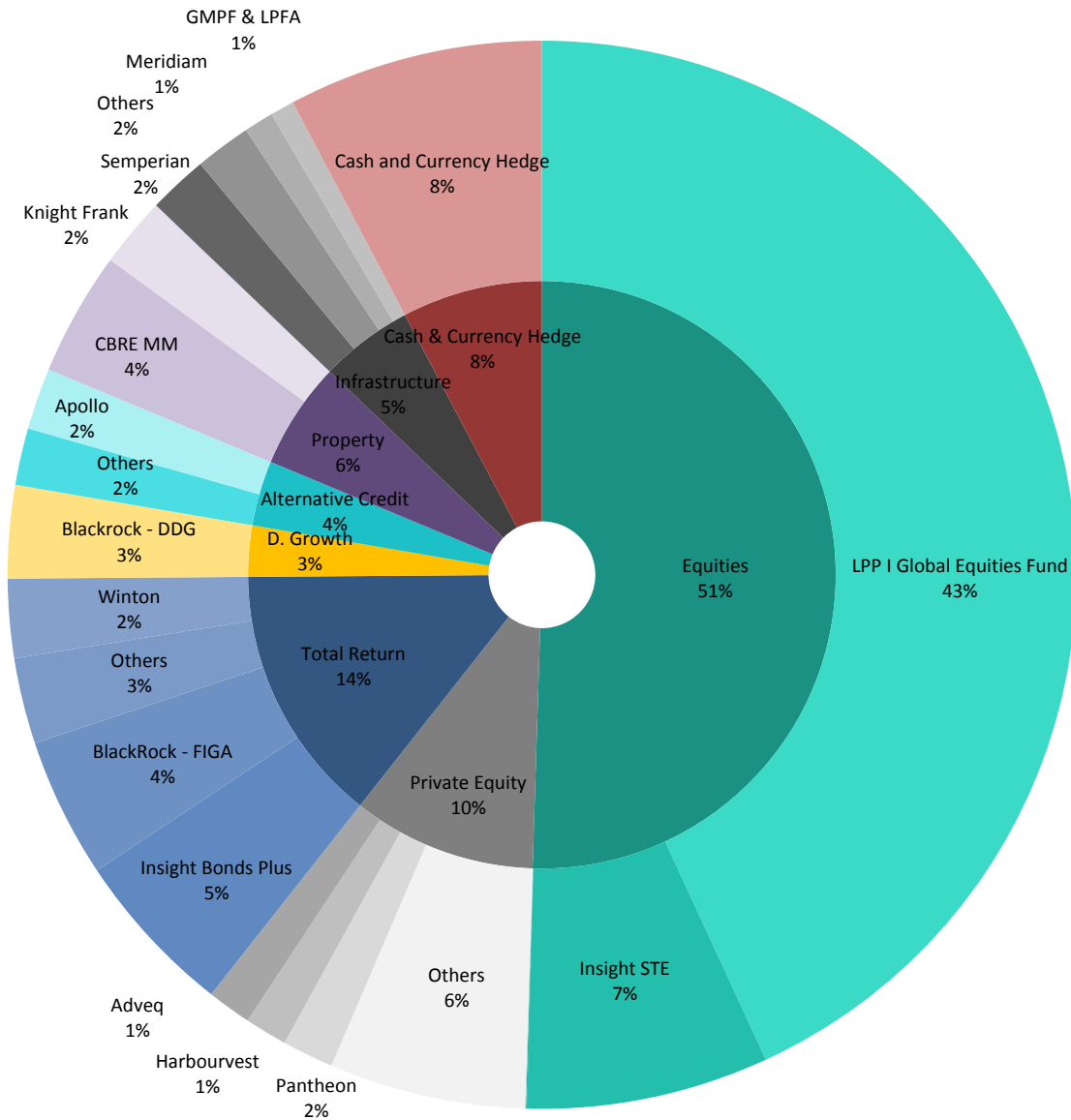
Asset Class	Strategic AA %	Range	Funds			Exposure**			Adjusted Risk Exposure***		
			£m	(%)	OW/UW	£m	(%)	OW/UW	£m	(%)	OW/UW
Global Equities:	47.50%	40% - 60%	2,289.95	43.2%	-4.30%	2,679.16	50.5%	3.01%	2,733.83	51.5%	4.04%
Private Equity:	7.50%	5% - 15%	536.59	10.1%	2.60%	536.59	10.1%	2.62%	536.59	10.1%	2.62%
Fixed Income:	2.50%	0% - 15%	0.00	0.0%	-2.50%	0.00	0.0%	-2.50%	50.84	1.0%	-1.54%
Infrastructure:	7.50%	5% - 15%	239.06	4.5%	-3.00%	239.06	4.5%	-2.99%	239.06	4.5%	-2.99%
Credit:	7.50%	0% - 10%	189.88	3.6%	-3.90%	189.88	3.6%	-3.92%	189.88	3.6%	-3.92%
Real Estate:	10.00%	5% - 15%	344.63	6.5%	-3.50%	344.63	6.5%	-3.50%	347.08	6.5%	-3.46%
Total Return:	15.00%	0% - 20%	756.65	14.3%	-0.70%	756.65	14.3%	-0.74%	762.21	14.4%	-0.63%
Cash:*	2.50%	0% - 10%	798.75	15.1%	12.60%	409.55	7.7%	5.22%	445.14	8.4%	5.89%
Diversified Growth Fund:	-	-	149.12	2.8%	-	149.12	2.8%	-	0.00	0.0%	-
Total	100%		5,304.63	100%		5,304.63	100%		5,304.63	100%	

*Cash includes the mark to market (MTM) of the currency hedge and Liability Driven Investment (LDI) portfolio. Derivative MTM, the Insight LDI fund and the currency hedge are included within the cash line

**Net synthetic equity exposure of £719m has been removed from the cash line and added to the equities line.

***Diversified growth fund assets split 40% public equities, 39% fixed income, 15% cash, 4% hedge funds and 2% real estate.

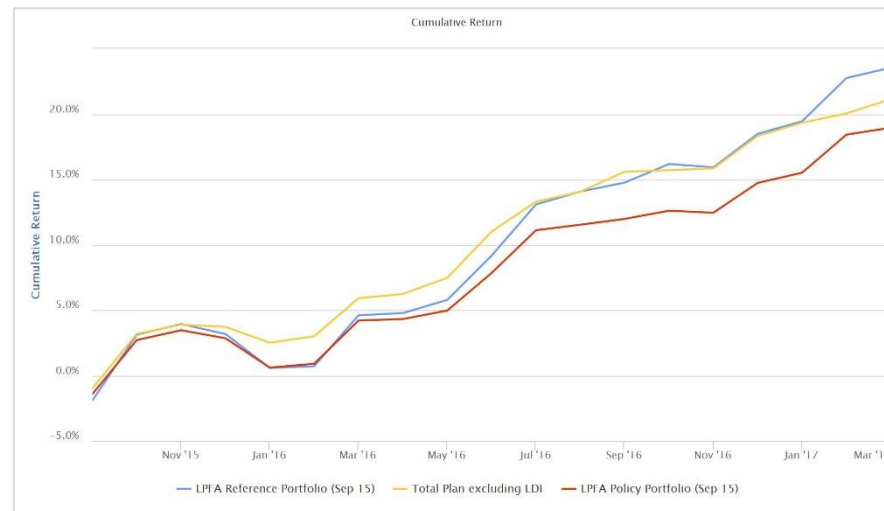
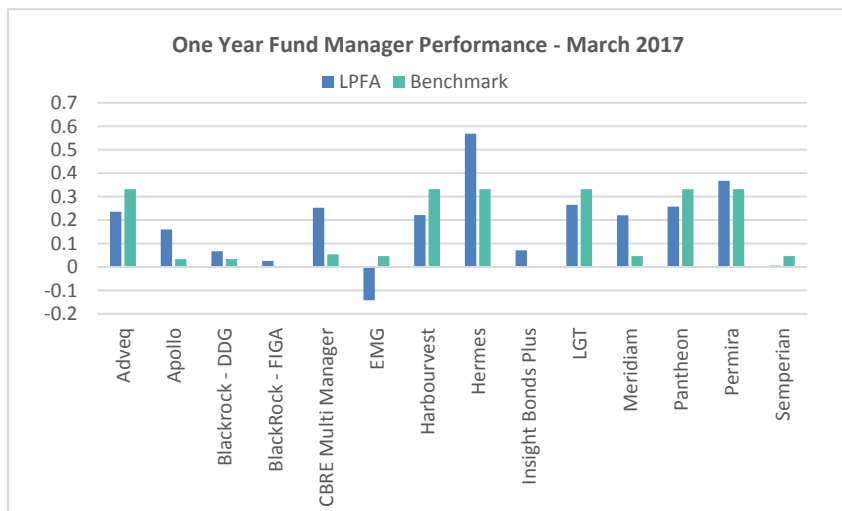
Asset Allocation Detail



Performance

Month	Opening Value	Net cash inflow/ (outflow)	Return from investments*	Closing Value	Investment Return excl LDI	LDI Contribution to Return	Total Investment Return (inc LDI)	
	£m	£m	£m	£m	%	%	%	
Apr-16	4,545	(8)	13	4,550	0.2%	0.1%	0.3%	
May-16	4,550	(6)	13	4,557	1.2%	-0.9%	0.3%	
Jun-16	4,557	(17)	69	4,609	2.3%	-0.8%	1.5%	
Jul-16	4,609	(8)	31	4,632	1.6%	-0.9%	0.7%	
Aug-16	4,632	(5)	112	4,739	0.5%	1.9%	2.4%	
Sep-16	4,739	(6)	180	4,912	1.3%	2.5%	3.8%	
Oct-16	4,912	(17)	200	5,095	0.1%	6.2%	6.3%	
Nov-16	5,095	3	(26)	5,072	0.1%	-0.6%	-0.5%	
Dec-16	5,072	(10)	93	5,155	2.2%	-0.3%	1.8%	
Jan-17	5,155	(5)	145	5,295	0.9%	1.9%	2.8%	
Feb-17	5,295	(4)	32	5,322	2.4%	-1.8%	0.6%	
Mar-17	5,322	(10)	(8)	5,305	0.9%	-1.1%	-0.2%	
Time Period					Annualised return excl LDI (%)		Annualised return (%)	Benchmark RPI+3%
Financial YTD	4,545	(84)	861	5,322	17.9%		21.4%	6.2%
Last 12 months	4,391	(82)	1,014	5,322	17.9%		21.4%	6.2%
Last 3 years	4,814	(614)	1,122	5,322	10.1%		8.3%	4.9%

LPFA Fund	Benchmark
Adveq	MSCI World
Apollo	1M GBP LIBOR +3%
Blackrock - DDG	1M GBP LIBOR +3%
BlackRock FIGA	1M GBP GBP LIBOR
CBRE	1M GBP LIBOR +5%
EMG	20yr Gilt + 3%
Harbourvest	MSCI World
Hermes	MSCI World
Insight Bonds Plus 400	1M GBP GBP LIBOR
LGT	MSCI World
Meridiam	20yr Gilt + 3%
Pantheon	MSCI World
Permira	MSCI World
Semperian	20yr Gilt + 3%



* Includes LDI movement

Key Large Holdings			
Investment	% of Fund	3-month Performance	Comment
Insight Bonds Plus 400	5.04%	0.70%	The Insight Bonds Plus 400 outperformed its benchmark (1M LIBOR) by 63 bps.
BlackRock - FIGA	4.23%	0.99%	FIGA outperformed its benchmark (1M LIBOR + 3%) by 20 bps. Equity and capital structure strategies were the top performing strategy group, with security selection in Europe being the top contributor. Rates relative value strategies added to the quarterly outperformance, while Macro rates strategies detracted.
CBRE Multi Manager	3.76%	3.99%	CBRE outperformed its benchmark (1M LIBOR + 5%) by 272 bps. The positive performance was well spread across regions, logistics globally continues to generate healthy returns with US, Japan, Australian and Hong Kong industrial all represented in the top quarterly performance contributors.
Winton Evolution fund	2.39%	1.65%	Winton outperformed its benchmark (1M LIBOR) by 159 bps. Outperformance was driven mainly by stock indices, while the fixed income and commodities sectors detracted from returns.

Pipeline			
Investment	Pool	Size	Comment
Adveq TMC III	Private Equity	£25mm LPFA / £25mm LCPF	Stage 2 paper being prepared for IC
Bridgepoint	Private Equity	£10mLCPF / £10m LPFA	Stage 1 paper being prepared for IC
Secondary Sales	Private Equity	TBC	Potentially considering secondary sale of some LPFA and LCPF legacy assets in Q2/Q3 to re-balance asset allocation.
GLIL	Infrastructure	TBC	Stage 2 paper for HS1 being prepared for IC
GLIL	Infrastructure	TBC	Other opportunities are progressing at relatively early stages.
First Eagle	Global Equities	c. £800mm (Equity Pool)	Value Manager - Stage 2 approved
Baron	Global Equities	c. £260mm (Equity Pool)	EM Manager - Stage 2 approved; Finalising IMA
Wellington	Global Equities	c. £500mm (Equity Pool)	Smaller Cap Manager - Stage 2 approved
Magellan	Global Equities	N/A	Moving to a segregated account; currently negotiating an IMA with the Fund Manager
Avitah	Total Return	£25m-£50m	Stage 2 paper being prepared for IC
IPM / ADG	Total Return	£50-£100m	Stage 1 paper being prepared for IC
Blue Sky Water Fund	Total Return	£25m	Stage 1 paper being prepared for IC

Key Winners / Losers		
Name	3 month performance	Comment
Total Return	0.00%	The Total Return composite trailed its benchmark by 6 bps. Gains on the FI-RV component and Winton, were negated by losses across the rest of the Trend Following funds and Aeolus.
Credit	3.71%	The Credit composite exceeded its benchmark by 244 bps buoyed by strong performance from Apollo, the BlackRock Co-Investment fund and the M&G DOF III.

Plan Level Attribution - Arithmetic

Net of Fee
As at March 17

Asset Class/Manager	1-month		3-month		1-Year	
	Fund Contribution %	Fund Contribution %	Fund Contribution %	Fund Contribution %	Fund Contribution %	Fund Contribution %
Equities						
LPI I Global Equities Fund	0.57	2.99	2.67	12.81	3.06	12.81
MFS	0.00	(0.09)	3.94	3.94	3.94	3.94
In-House Buy and Hold	0.00	0.00	0.00	3.60	3.60	3.60
Insight Synthetic Equity	0.08	0.41	2.22	2.22	2.22	2.22
Private Equity						
Harbourvest	0.06	0.11	2.63	2.63	2.63	2.63
LGT	0.00	0.02	0.02	0.32	0.32	0.32
Pantheon	0.00	0.00	0.00	0.29	0.29	0.29
BI New Energy Solutions	0.00	(0.00)	0.00	0.45	0.45	0.45
Robeco	(0.00)	(0.00)	(0.00)	(0.02)	(0.02)	(0.02)
YFM Capital	0.00	(0.00)	0.00	(0.03)	(0.03)	(0.03)
Zouk Cleantech Europe	0.00	0.00	0.00	0.00	0.00	0.00
Bridges	0.00	0.00	0.00	0.05	0.05	0.05
Adveq	0.00	0.00	0.00	0.01	0.01	0.01
Montana	0.00	(0.00)	0.00	0.29	0.29	0.29
Montana Capital Partners	0.00	0.00	0.00	0.02	0.02	0.02
Permira	0.04	0.00	0.04	0.05	0.05	0.05
Permira VI	0.00	(0.00)	0.00	0.23	0.23	0.23
Hermes	(0.00)	0.00	0.00	(0.00)	(0.00)	(0.00)
Hermes	0.00	0.00	0.00	0.53	0.53	0.53
Ithaca	0.00	0.00	0.00	0.03	0.03	0.03
Adveq TMCO 1, L.P	0.00	(0.00)	0.00	0.22	0.22	0.22
Collier International Part	0.00	0.00	0.00	0.09	0.09	0.09
Naxicap Opportunities V	0.00	0.01	0.01	0.10	0.10	0.10
Hermes Ped III	0.00	0.00	0.00	(0.00)	(0.00)	(0.00)
Blackrock - DDG	0.03	0.09	0.09	0.30	0.30	0.30
Credit						
M&G UK Companies Financing Fund	0.01	0.01	0.01	0.65	0.65	0.65
M&G Debt Opportunities Fund	(0.01)	(0.01)	(0.01)	0.15	0.15	0.15
Red kite	0.00	0.01	0.01	0.05	0.05	0.05
Apollo	(0.00)	0.07	0.07	0.25	0.25	0.25
M&G Debt Opportunities	0.00	0.04	0.04	0.13	0.13	0.13
Blackrock Co-Investment LV	0.00	0.02	0.02	0.04	0.04	0.04
Total Return	(0.05)	(0.00)	(0.00)	0.16	0.16	0.16
BlackRock - FIGA	(0.05)	0.04	0.04	0.09	0.09	0.09
Winton Evolution	(0.00)	0.04	0.04	(0.11)	(0.11)	(0.11)
GSA Trend Risk Premia	(0.03)	(0.02)	(0.02)	(0.11)	(0.11)	(0.11)
Graham T-Trend Capped Beta	(0.05)	(0.10)	(0.10)	(0.20)	(0.20)	(0.20)
Aeolus	(0.00)	0.00	0.00	0.00	0.00	0.00
Insight Bonds Plus	0.06	0.04	0.04	0.39	0.39	0.39
Real Estate						
CBRE Multi Manager	0.04	0.18	0.18	1.04	1.04	1.04
Pontoon Dock	0.00	0.15	0.15	1.03	1.03	1.03
Knight Frank	0.04	0.00	0.00	(0.00)	(0.00)	(0.00)
Infrastructure						
3I Infrastructure PLC	0.14	0.17	0.17	0.01	0.01	0.01
Glenmont Clean Energy Fund	(0.01)	0.01	0.01	0.05	0.05	0.05
Fore sight	0.03	0.05	0.05	0.09	0.09	0.09
Impax New Energy Investor	0.00	0.00	0.00	(0.04)	(0.04)	(0.04)
Henderson PFI	0.00	0.00	0.00	0.05	0.05	0.05
HSBC Environmental Infrastructure	0.00	0.00	0.00	0.00	0.00	0.00
Meridiam	0.00	0.02	0.02	0.04	0.04	0.04
Semperian	0.00	(0.03)	(0.03)	0.21	0.21	0.21
Standard Chartered Asian Infrastructure	0.00	0.00	0.00	0.07	0.07	0.07
Zouk Solar Opportunities	0.00	0.00	0.00	(0.04)	(0.04)	(0.04)
EMG	0.00	0.00	0.00	0.00	0.00	0.00
EMG	0.08	0.08	0.08	(0.03)	(0.03)	(0.03)
PIP	0.00	0.00	0.00	0.00	0.00	0.00
GUL	0.00	0.00	0.00	0.11	0.11	0.11
Phaunos Timber Fund LTD	(0.00)	0.01	0.01	0.08	0.08	0.08
Brookfield	0.03	0.13	0.13	0.18	0.18	0.18
Cash & Currency Hedge						
Cash Fund	0.09	0.13	0.13	(2.95)	(2.95)	(2.95)
Cash Sweep	0.00	0.00	0.00	0.04	0.04	0.04
Cash Sweep LIQ	0.00	0.00	0.00	0.00	0.00	0.00
RCM Hedging	0.08	0.13	0.13	(2.99)	(2.99)	(2.99)
LPFA Total Plan excl LDI excl Cash						
Insight LDI MV	(0.98)	(0.45)	(0.45)	5.20	5.20	5.20
LPFA Total Plan excl Cash						
Impact of Cash	(0.13)	3.31	3.31	20.69	20.69	20.69
LPFA Total Plan Composite	(0.02)	(0.16)	(0.16)	20.26	20.26	20.26

IRR since inception

		Investment	Adjusted Valuation	Inception
Grow th	Global Property	GBRE Global Opfs Luxembourg Fund	199,322,336	1.26
Grow th	Hedge Fund	Blackrock Co-Investment IV, L.P.	19,363,419	11.21
CFM	Infrastructure	Semperan	95,600,639	6.30
Grow th	Infrastructure	Mandarin Infrastructure SICAR	47,879,130	11.81
Grow th	Infrastructure	GMF & LPFA Infrastructure LLP	38,349,162	-73.54
Grow th	Infrastructure	The Energy & Minerals Group Fund III, L.P.	34,662,173	3.02
Grow th	Infrastructure	Glennmont Clean Energy Fund Europe 1 'A' L.P. (aka BNP Paribas Clean Energy Fund 'A' L.P.)	22,575,715	8.74
Grow th	Infrastructure	3i Infrastructure, L.P.	17,514,000	25.08
Grow th	Infrastructure	Foresight Environmental Fund L.P.	4,299,796	-15.40
Grow th	Infrastructure	Standard Chartered ILSFS Asia Infrastructure Growth Fund, L.P.	4,160,942	-3.65
Grow th	Infrastructure	Infrared Environmental Infrastructure Fund LP II (Ika HSBC Environmental Infrastructure Fund LP II)	3,800,089	9.53
Grow th	Infrastructure	Impax New Energy Investor, L.P.	2,179,082	-14.56
Grow th	Infrastructure	Impax New Energy Investors II, LP	2,136,966	9.29
Grow th	Infrastructure	Pontoon Dock	424,105	-0.14
Grow th	Private Equity	Apollo Union Street Partners	98,683,145	12.57
Grow th	Private Equity	Hermes Private Equity Co-Investment Fund II, L.P.	61,548,837	35.56
Grow th	Private Equity	Permira Europe V, L.P.	44,152,047	15.75
Grow th	Private Equity	Adveq TMC I, L.P.	35,924,889	20.61
Grow th	Private Equity	Adveq TMC II, L.P.	34,979,077	8.33
Grow th	Private Equity	Adveq TMOCO 1, L.P.	29,985,306	36.90
Grow th	Private Equity	M&G Debt Opportunities Fund III	29,062,448	25.22
Grow th	Private Equity	Partheon USA Fund VIII Feeder	24,919,217	11.72
Grow th	Private Equity	LGT Down Asia-Pacific Private Equity plc	22,746,305	14.03
Grow th	Private Equity	Brookfield Brazil Agiland LLC	22,514,467	4.95
Grow th	Private Equity	Naxcap Opportunities V	16,872,633	24.98
Grow th	Private Equity	Partheon Europe Fund VI, L.P.	14,620,649	10.12
Grow th	Private Equity	HarbourVest Partners VIII - Cayman Buyout Fund L.P.	13,998,233	13.16
Grow th	Private Equity	Partheon USA Fund VI	13,245,986	10.45
Grow th	Private Equity	Red Kite Mine Finance Fund I, L.P.	11,782,920	21.41
Grow th	Private Equity	HarbourVest Partners Cayman Cleantech Fund I, L.P.	11,720,639	4.39
Grow th	Private Equity	Hermes PFC III	11,051,095	-5.14
Grow th	Private Equity	Montana Capital Partners OSP III	10,770,182	21.86
Grow th	Private Equity	Pharous Timber Fund Ltd.	10,012,486	-11.50
Grow th	Private Equity	Robeco Feeder Clean Tech Private Equity II	9,545,059	-11.85
Grow th	Private Equity	HarbourVest Partners VIII - Cayman Venture Fund L.P.	9,144,072	13.80
Grow th	Private Equity	Partheon USA Fund IV (No.1)	8,750,292	12.67
Grow th	Private Equity	Cleantech Europe II (No.1)	8,690,433	4.88
Grow th	Private Equity	LGT Down European Private Equity PFC	8,649,378	9.97
Grow th	Private Equity	Dover Street VII Cayman Fund, L.P.	8,635,740	12.57
Grow th	Private Equity	Ithaca, L.P.	8,090,140	13.59
Grow th	Private Equity	LGT Down European Buyout Opportunities II PLC	7,949,483	8.16
Grow th	Private Equity	Bridges Ventures III, L.P.	7,888,551	-1.62
Grow th	Private Equity	HarbourVest Partners VII - Cayman Buyout Fund L.P.	7,642,998	11.65
Grow th	Private Equity	PGSF IV Feeder LP	7,011,927	16.18
Grow th	Private Equity	Partheon Asia Fund IV	6,671,790	13.80
Grow th	Private Equity	Montana Capital Partners, L.P.	6,543,387	35.77
Grow th	Private Equity	Collier International Partners VII Feeder Fund, L.P. - Series B	6,303,970	46.44
Grow th	Private Equity	HarbourVest HIPEP V - Partnership Fund	5,904,773	8.60
Grow th	Private Equity	New Energy Solutions II K/S	4,905,636	-10.66
Grow th	Private Equity	CleanTech Europe (No.1) LP	4,754,313	-5.34
Grow th	Private Equity	LGT Down Global Secondaries II PLC	4,493,421	20.19
Grow th	Private Equity	Partheon Europe Fund IV	4,168,644	8.39
Grow th	Private Equity	HarbourVest Partners VII - Cayman Venture Fund L.P.	4,081,921	9.86
Grow th	Private Equity	Partheon Global Secondaries III	3,037,180	5.53
Grow th	Private Equity	LGT Down European Buyout Opportunities A PLC	2,834,389	10.61
Grow th	Private Equity	HarbourVest Partners VIII - Cayman Mezzanine Fund L.P.	2,781,319	11.27
Grow th	Private Equity	HarbourVest HIPEP IV - Supplemental European Companion Fund	2,267,563	9.09
Grow th	Private Equity	zouk Solar Opportunities Limited	1,033,810	9.41
Grow th	Private Equity	LGT Down European Buyout Opportunities D PLC	736,745	12.22
Grow th	Private Equity	Permira VI	685,489	0.00
Grow th	Private Equity	LGT Down Global Secondaries PLC	660,151	7.48
Grow th	Private Equity	Capital Fund No. 1 LP	609,489	-6.70
Grow th	Private Equity	True Capital Fund II	75	-99.90

Significant valuation lags for some illiquid investments can lead to distortion of returns in the above table. Considering Internal Rate of Return (IRR) over the life of these long term assets can be a more informative performance indicator.

Commentary by sector

Global Equity

The Global Equities Fund returned 1.06% during the month of March, beating the MSCI ACWI ND Index by approximately 0.33%. The two strongest performing managers were MFS and the Internal Portfolio (delivering 1.84% and 1.27% respectively), while Robeco and Magellan both lagged the benchmark (returning 0.2% and 0.38% respectively).

In terms of attribution of the relative outperformance of the Fund during the month, the main contributors were the Fund's stock selection within the Consumer Staples, Healthcare, Industrials and Materials sectors. The main relative detractors to performance were the Fund's stock selection within the IT and Consumer Discretionary which although delivered positive absolute performance, lagged their respective benchmark indices.

From an investment style standpoint, Quality outperformed Value. In sterling terms, MSCI ACWI Quality was up 1.21% in March vs MSCI ACWI Value at -0.35%

Overall, during the first quarter of 2017, the Global Equities Fund has returned 6.4% versus the MSCI ACWI at 5.1%.

Credit

Credit had a positive quarter outperforming its benchmark by 244 bps (3.71% versus a 1.28% benchmark return). Strong performers included the M&G Debt Opportunities fund III, Apollo and the BlackRock Co-investment fund, which returned 5.13%, 4.0% and 7.99%. Within the Apollo mandate which accounts for roughly half of LPFA's Credit allocation, Structured Credit and Private Lending/Mezzanine strategies performed particularly well.

Private Equity

The private equity portfolio had more subdued performance for Q1 2017, with aggregate performance of 1.06%. Both Collier and Permira had a very strong quarter, whilst YFM benefited from several asset sales as it continues to liquidate the portfolio. As with the prior quarter, New Energy Solutions and Robeco have continued to disappoint, with the decline in value over the last three months attributable to both write downs and currency effects.

Infrastructure

Infrastructure generated a return of just under a 2.4% over the quarter, comfortably outperforming its benchmark. HSBC Environmental Infrastructure fund's quarterly performance was exceptional (at 38%), largely resulting from a successful sale of one of its wind farms. Glennmont and EMG were strong performers over the period, with upward valuations of their unrealised assets. Meridiam was the only negative performer, having suffered from currency effects over the quarter.

Property

Real Estate assets performed well over the quarter outperforming its benchmark by 219 bps (3.46% vs 1.28% for LIBOR+5%). CBRE returned 4.0%, while the direct property portfolio returned 2.33% after the quarterly revaluation and internal cost and expenses adjustments. The 12-month rolling rental income (received and accrued) had reached c. £ 3.9mm at the end of March. Knight Frank completed the acquisition of a freehold multi-unit retail property in Richmond in the beginning of May for c. £ 22.3mm. With the completion of this deal, the undrawn commitment of the direct property portfolio is c. 53%(£ 160mm). Regarding Pontoon Dock, we are at the final stages of completion of the SPA with Grainger holding a Board meeting in the beginning of June to finalise its approval. Construction is expected to begin in the end of June/beginning of July.

Total Return

The Total Return portfolio delivered 16bps over the quarter, marginally outperforming its cash benchmark by 9bps. Positive returns from the reinsurance and fixed income relative value (FIRV) strategies were offset by losses from the long term trend following portfolio. The reinsurance portfolio accrued 1% of value, contributing +7bps to the portfolio return as the insurance industry paid out less in claims than the modelled loss for the period. The FIRV portfolio returned 83bps, contributing +54bps to the total return, led by robust performance from BlackRock's Fixed Income GlobalAlpha fund. These gains were offset, however, by losses of 1.56% (contributing -45bps at portfolio level) from the trend following strategy. While Winton's Evolution fund returned a positive 1.65%, our equity beta constrained portfolio, managed by Graham, underperformed significantly. This portfolio is required to maintain a dynamic equity short position, and performed ahead of expectations given the strong returns seen over the period from being long equity beta.

[1] Executive Committee is asked to note this report.

Report date: 31st January 2017

Lead Officer: Tom Richardson

Compliance Checks

<p>Governance issues:</p> <p>The monthly Investment Performance report is provided to all Board Members and is published on LPFA's website monthly. It is a key document to track the financial development of the fund.</p>	<p>Equalities impact:</p> <p>Scheme Members will have the opportunity to request alternative formats as required.</p>
<p>Financial implications:</p> <p>Implicit in this report.</p>	<p>Social, environmental, health and ethical issues:</p> <p>The move to greater online publication is in line with LPFA's environmental initiatives.</p>
<p>Legal implications:</p> <p>None – The production of this report is voluntary in nature.</p>	<p>Communication issues:</p> <p>The report is published monthly on the LPFA website.</p>
<p>Risk implications:</p> <p>This report is part of the process to manage and monitor the key investment and financial risks facing the fund.</p>	<p>Other relevant / supporting documentation:</p> <p>None.</p>

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It does not provide advice and should not be relied upon for any other purpose without seeking further advice.

No final decisions should be based upon it without this.