



Essex County Council

Essex Pension Fund Investment Steering Committee

13:00	Wednesday, 26 June 2019	Committee Room 2, County Hall, Chelmsford, CM1 1QH
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For information about the meeting please ask for:

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		Pages
1	Membership, Apologies and Declaration of Interest ISC To note the content of the report	7 - 8
2	Appointment of Chairman To note the appointment of Cllr Susan Barker as agreed at the annual meeting of Essex County Council of 14 May 2019	
3	Appointment of Vice Chairman To appoint the Vice Chairman of the Committee	
4	Investment Steering Committee Terms of Reference To note Terms of Reference	9 - 10
5	Investment Steering Committee Revised Terms of Reference To agree the revised Terms of Reference for forward approval by the Essex Pension Fund Strategy Board	11 - 16
6	Draft Minutes of ISC Meeting 27 March 2019 unsigned To approve as a correct record the minutes of the Committee meeting held on 27 March 2019	17 - 22

- 7 Schedule of Future Meetings**
 To note the future meeting and event dates:
Investment Steering Committee
 17 July 2019
 8, 9 & 10 October 2019 Baillie Gifford Investment Conference
 27 November 2019
 19 February 2020
 25 March 2020
Pension Strategy Board
 3 July 2019
 11 September 2019
 18 December 2019
 4 March 2020
- 8 Baillie Gifford 3 Day Event October 2019 23 - 26**
 To confirm attendance and travel arrangements
- 9 Capital Markets Outlook Q1 2019 27 - 46**
 To receive an update from Hymans Robertson
- 10 Urgent Business**
 To consider any matter which in the opinion of the Chairman should be considered in public by reason of special circumstances (to be specified) as a matter of urgency

Exempt Items

(During consideration of these items the meeting is not likely to be open to the press and public)

The following items of business have not been published on the grounds that they involve the likely disclosure of exempt information falling within Part I of Schedule 12A of the Local Government Act 1972. Members are asked to consider whether or not the press and public should be excluded during the consideration of these items. If so it will be necessary for the meeting to pass a formal resolution:

That the press and public are excluded from the meeting during the consideration of the remaining items of business on the grounds that they involve the likely disclosure of exempt information falling within Schedule 12A to the Local Government Act 1972, the specific paragraph(s) of Schedule 12A engaged being set out in the report or appendix relating to that item of business.

- 11 Draft Minutes of ISC Meeting - PART TWO - 27 March 2019 unsigned**
- Information relating to the financial or business affairs of any particular person (including the authority holding that information);
- 12 Investment tables Quarter ended 31 March 2019**
- Information relating to the financial or business affairs of any particular person (including the authority holding that information);
- 13 Strategy Implementation Tracker**
- Information relating to the financial or business affairs of any particular person (including the authority holding that information);
- 14 Structural Reform of LGPS - Pooling Quarterly Update of ACCESS Joint Committee**
- Information relating to the financial or business affairs of any particular person (including the authority holding that information);
- 15 Investment Manager Update**
Investment Manager Update:
15a: Traffic Light Report
To receive a report from Hymans Robertson
15b: ISC Briefing Notes on Manager Presenting
To receive a report from Hymans Robertson in consultation with the Independent Investment Adviser and Director for Essex Pension Fund
- 15a Investment Manager Update Traffic Light Report**
- Information relating to the financial or business affairs of any particular person (including the authority holding that information);

15b ISC Briefing Notes on Managers Presenting

- Information relating to the financial or business affairs of any particular person (including the authority holding that information);

16 Investment Manager Presentation - Stewart Investors

To receive a presentation from Stewart Investors

17 Investment Manager Presentation - M & G Investments

To receive a presentation from M&G Investments

18 Urgent Exempt Business

To consider in private any other matter which in the opinion of the Chairman should be considered by reason of special circumstances (to be specified) as a matter of urgency

Essex County Council and Committees Information

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Essex Pension Fund Investment Steering Committee	ISC 01
Date: 26 June 2019	

Essex Pension Fund Investment Steering Committee Membership, Apologies and Declarations of Interest

Report by the Compliance Manager

Enquiries to Amanda Crawford on 03330 321763

1. Purpose of the Report

- 1.1 To present Membership, apologies and Declarations of Interest for the 26 June 2019 ISC.

2. Recommendation

- 2.1 That the Committee should note:

- Membership as shown below;
- Apologies and substitutions;
- Declarations of interest to be made by Members in accordance with the Members' Code of Conduct.

3. Membership

(Quorum: 4)

6 Conservative Group: 1 Labour Group

Membership

Councillor S Barker

Councillor M Platt

Councillor A Goggin

Councillor A Hedley

Councillor L Scordis

Councillor C Souter

Councillor M Maddocks

Representing

Essex County Council (Chairman)

Essex County Council

Essex County Council

Essex County Council

Essex County Council

Essex County Council

Essex County Council

Observers

Councillor C Riley

Sandra Child

Castle Point Borough Council

Scheme Members

Essex Pension Fund Investment Steering Committee	ISC 04
Date: 26 June 2019	

Essex Pension Fund Investment Steering Committee Terms of Reference

Joint Report by Compliance Manager and Director for Essex Pension Fund

Enquiries to Kevin McDonald on 0333 0138 488

1. Purpose of the Report

1.1 To note the Committee's Terms of Reference.

2. Recommendation

2.1 It is recommended that the Terms of Reference, set out overleaf in section 3 of this report, are noted.

3. Terms of Reference (ToR)

- 3.1 The ToR the Essex Pension Fund Investment Steering Committee, as reflected within the Constitution of Essex County Council are set out below.

Membership: seven members of the Council:

- i. to approve and to review annually the content of the Statement of Investment Principles;
- ii. to appoint and to review Investment Managers, Custodians and Advisors;
- iii. to assess the quality and performance of each Investment Manager annually in conjunction with investment advisers and the Section 151 Officer;
- iv. to set the investment parameters within which the Investment Managers can operate and review these annually;
- v. to monitor compliance of the investment arrangements with the Statement of Investment Principles;
- vi. to assess the risks assumed by the Fund at a global level as well as on a manager by manager basis;
- vii. to approve and review the asset allocation benchmark for the Fund;
- viii. to approve and to review annually the content of the Pension Fund Treasury Management Strategy; and
- ix. to submit quarterly reports on its activities to the Essex Pension Fund Strategy Board.

- 3.2 ***It is recommended*** that these are noted.

Essex Pension Fund Investment Steering Committee	ISC 05
Date: 26 June 2019	

Essex Pension Fund Investment Steering Committee (ISC) Revised Terms of Reference (TOR)

Joint Report by the Independent Governance & Administration Advisor (IGAA) and the Director for Essex Pension Fund

Enquiries to Kevin McDonald on 0333 0138 488

1. Purpose of the Report

- 1.1 To provide the Committee with the proposed revised Terms of Reference (TOR) for the ISC.

2. Recommendation

- 2.1 That the Committee consider the proposed revised terms of reference for the ISC for recommendation by the Pension Strategy Board (PSB) and approval by Full Council.

3. Background

- 3.1 During the March PSB meeting, the PSB agreed that the TOR for each of the Pension Strategy Board, Investment Steering Committee and Pension Advisory Board should be reviewed and that the review will be done in accordance with the following timetable:

Board/Committee	Meeting Date	To agree
PAB	June 2019	PAB TOR
ISC	June 2019	ISC TOR
PSB	July 2019	PAB, ISC & PSB TORs
Constitution Working Group	September 2019	PAB, ISC & PSB TORs
Full Council	October 2019	PAB, ISC & PSB TORs

- 3.2 The proposed ISC TOR at Annex A may be subject to further changes as it goes through PSB, Constitution Working Group and Full Council. It is also subject to a further detailed review by the Council's Director of Legal and Assurance (Monitoring Officer). Any substantial changes will be communicated to ISC members.
- 3.3 Once approved, the revised TOR will be incorporated into the Fund's Governance Policy and Compliance Statement, which in turn will be published in the Fund's Annual Report and Accounts.

4. ISC Terms of Reference

- 4.1 The ISC TOR has been reviewed by the Fund in consultation with the Independent Governance & Administration Advisor (IGAA) and the Director of Legal and Assurance. In carrying out this review, the IGAA has provided advice on best practice in other LGPS administering authorities.
- 4.2 The proposed revised ISC TOR is attached at Annex A for the Committee to consider. The key changes and the reasons for them are summarised below.
- 4.3 Membership – additions have been made to clarify who the members of the ISC are and how they are nominated or appointed, including the Chairman and Vice-Chairman.

- 4.4 Essex Pension Fund Advisory Board – a paragraph has been added to clarify attendance and participation at the ISC by Advisory Board members. A similar addition is also being proposed for the Pension Strategy Board.
- 4.5 Role and Functions – several additions have been made, mainly focussing on the new responsibilities relating to asset pooling, responsible investments and cost transparency.
- 4.6 Training – a paragraph has been added to clarify expectations in relation to training for ISC members. A similar addition is also being proposed for the Pension Fund Strategy Board.

5. Background Papers

- 5.1 Governance Policy and Compliance Statement & PAB review paper, PSB 06, 06 March 2019.

8.1.6 Essex Pension Fund Investment Steering Committee

Membership

There are seven~~9~~ Members of~~on~~ the Council Investment Steering Committee.

All Investment Steering Committee Members shall be drawn from Pension Strategy Board membership as follows:

<u>Members</u>	<u>How Nominated or Appointed</u>
<u>7 Members of the Council (voting members)</u>	<u>All Council members of the Pension Strategy Board</u>
<u>1 member representing Employers in Essex (non-voting member)</u>	<u>Nominated by Essex Borough and District Leaders/Chief Executives</u>
<u>1 member representing Scheme Members (non-voting member)</u>	<u>The Scheme Member Representative of the Pension Strategy Board</u>

The Chairman and Vice-Chairman of the Committee shall be the Chairman and Vice-Chairman of the Pension Strategy Board respectively.

Essex Pension Fund Advisory Board

Members of the Pension Advisory Board are permitted to attend the Investment Steering Committee, including during any items of private business. Comments may also be made by these persons subject to permission to speak being granted by the Chairman. In accordance with the Fund's Conflicts of Interest Policy, a member of the Pension Advisory Board may be asked to leave the room during an item where they have a potential conflict of interest.

Role and Function

(i) to approve and review the asset allocation benchmark for the Fund;

(ii) to approve and to review annually the content of the Statement of Investment Principles; to determine, review and monitor the Fund's aims, objectives, policies, strategies and procedures relating to investment of the Fund's assets including the Investment Strategy Statement of and any environmental, social and governance matters;

(iii) to appoint and to review~~terminate~~ Investment Managers, (in relation to non-pooled assets), Custodians and Advisors to the Fund solely relating to investment matters;

(iii)(iv) In relation to the LGPS ACCESS Pension Fund Pool:

- a) to consider pooling matters including recommendations by the ACCESS Joint Committee;
- b) to determine the transition of the assets held by Essex Pension Fund into the Pool and the funds or sub-funds operated by the Operator;
- c) to appoint the elected councillor for Essex County Council to the Joint Committee as and when required;
- d) to advise the representative on the Joint Committee on such matters as may be required;
- e) to monitor the performance of the LGPS ACCESS Pool and its Operator and recommending actions to the ACCESS Joint Committee or ACCESS Support Unit, as appropriate;
- f) to receive and consider reports from the LGPS ACCESS Joint Committee and the Operator;
- g) to undertake any other decisions or matters relating to the operation or management of the LGPS ACCESS Pool as may be required.

(v) to assess the quality and performance of each Investment Manager and the relevant ACCESS Operator annually in conjunction with Essex Pension Fund investment advisers and the Section 151 Officer;

(iv) to set the investment parameters within which the Investment Managers can operate and review these annually;

~~(vi)~~ to monitor compliance of the investment arrangements with the ~~Statement of Investment Principles~~ Strategy Statement;

~~(vii)~~ to monitor and review the Fund's compliance with the LGPS Scheme Advisory Board adopted Code of Transparency and UK Stewardship Code;

~~(viii)~~ to assess the risks assumed by the Fund at a global level as well as on a manager by manager basis;

~~(vii)~~ to approve and review the asset allocation benchmark for the Fund;

~~(ix)~~ to approve and to review annually the content of the Pension Fund Treasury Management Strategy; and

~~(ix)~~

~~(x)~~ to submit quarterly reports on its activities to the ~~Essex Pension Fund~~ Strategy Board.

Training

The Essex Pension Fund has a dedicated Knowledge and Skills Policy which applies to all members of the Committee and which includes the expectation to attend regular training sessions in order they may maintain an appropriate level of knowledge and skills to perform their role effectively.

Minutes of the meeting of the Essex Pension Fund Investment Steering Committee (ISC) held in Committee Room 2, on 27 March 2019

1. Membership, Apologies and Declarations of Interest.

The report of the Membership, Apologies and Declarations of Interest were received.

Membership

Present:

Essex County Council

Cllr S Barker	(Chairman)	left 12:50pm
Cllr M Platt	(Vice Chairman)	
Cllr C Souter		
Cllr L Scordis		arrived 1:00pm
Cllr A Hedley		left 3:50pm
Cllr M Maddocks		
Cllr A Erskine	(Conservative Group Substitute attending on behalf of Cllr Goggin)	

Scheme Employer Representatives

Cllr C Riley	(Observer)	left 12:50pm
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Scheme Member Representatives

Sandra Child (UNISON)	(Observer)
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The following officers and advisors were also present in support:

Kevin McDonald	Director for Essex Pension Fund
Samantha Andrews	Investment Manager
Helen Pennock	Compliance Analyst
Marcia Wong	Compliance Officer
Mark Stevens	Independent Advisor
John Dickson	Hymans Robertson
Alessandra Santiago	Hymans Robertson

The following Essex Pension Fund Advisory Board (PAB) members were present as observers of the meeting:

Andrew Coburn	Scheme Member Representative
Paul Hewitt	Scheme Member Representative
Ian Gleeson	CBRE Global Investment Partners (Presentation only)
Ivo de Wit	CBRE Global Investment Partners (Presentation only)
Achal Ghandi	CBRE Global Investment Partners (Presentation only)
Alice Wilcox	CBRE Global Investment Partners (Presentation only)
Ed Casal	La Salle Investment Management (Presentation only)
Alistair Dryer	La Salle Investment Management (Presentation only)
Darren Robinson	La Salle Investment Management (Presentation only)
Anne Lucking	La Salle Investment Management (Presentation only)
Sarah Brewer	Partners Group (Presentation only)
Mike Bryant	Partners Group (Presentation only)

Jessica Wichser

Partners Group (Presentation only)

Members noted that the meeting would be recorded to assist with the minutes for the meeting.

Opening Remarks

The Chairman welcomed PAB observers Paul Hewitt and Andrew Coburn to the meeting.

The Chairman also advised the Committee that due to a prior commitment Cllr Platt would takeover chairing the meeting for the afternoon session.

Apologies for Absence

It was noted that Cllr Goggin, PAB members Nicola Mark, Cllr Walsh and Debs Hurst were unable to attend.

Cllr Barker and Cllr Riley gave their apologies for the afternoon session.

Declarations of Interest

Declarations were received from Cllr S Barker who stated she was in receipt of an Essex LGPS pension and that her son was also a member of the Essex LGPS pension scheme. Cllr A Hedley stated that he was in receipt of an Aviva Group pension. Cllr C Riley and Cllr M Maddocks both declared they were in receipt of an Essex LGPS Pension.

2. Minutes

Minutes of the meeting of the ISC held on 20 February 2019 were approved as a correct record and signed by the Chairman.

3. Market Commentary

John Dickson introduced his colleague Alessandra Santiago, as this was her first meeting.

The Committee received a report and presentation from Hymans Robertson. A verbal overview of the markets in relation to GDP growth, equities, bonds and property was provided. It was noted that whilst the markets fell in the quarter ending December 2018 it had since recovered.

Resolved:

The Committee noted the update.

4. Treasury Management Strategy 2019/20

The Director for Essex Pension Fund apologised for the incorrect year Treasury Strategy being included in the agenda pack originally emailed 19th March. The correct version had been emailed 20th March and was tabled at the meeting.

Kevin McDonald highlighted that the Treasury Management Strategy for the Essex Pension Fund replicates to a large extent the Treasury Management Strategy already approved for Essex County Council, but has been adapted to reflect the scale of

borrowing requirements, use of global custodian and the separate governance arrangements of the Pension Fund.

It was proposed that there be no change to Northern Trust and BNP Paribas GLF limits agreed in 2018/19 and that a minor update be made to the institutional lending list to also include fixed term deposit arrangements.

It was confirmed that whilst a £26m shortfall in cash flow is forecast for 2019/20 operational plans are already in place by redirecting some UK dividend and rental income.

It was highlighted that the Funding Strategy agreed for the last two triennial valuations had enabled tax raising bodies flexibility in profiling deficit payments. A number of Councils had chosen to pay three years' deficit up front, which had implications for the Fund's cash flow. Members noted that 2019 triennial valuation would soon commence.

Resolved:

The Committee noted the report and presentation. In addition, the Committee agreed that:

- the Fund's cash flow situation be kept under review; and
- the 2019/20 Essex Pension Fund Treasury Management Strategy be approved.

5. Schedule of Meetings

The Committee received a presentation from the Director for Essex Pension Fund detailing the planned Committee and Board meetings for the next municipal year.

The Director for Essex Pension Fund also notified the Committee of the events/conferences that were on the horizon during 2019/20.

In relation to the Ballie Gifford conference, it was confirmed that details would be sent shortly and for any Members wishing to attend to contact Fund Officers.

Investment Steering Committee

26 June 2019 – 1.00pm
17 July 2019 – 1.00pm
9 & 10 October 2019 – Baillie Gifford Conference (Edinburgh)
27 November 2019 – 1.00pm
19 February 2020 – 1.00pm
25 March 2020 – 1.00pm

Pension Strategy Board

3 July 2019 – 1.00pm
11 September 2019 – 1.00pm
18 December 2019 – 1.00pm
4 March 2020 – 1.00pm

Resolved:

The Committee noted the schedule of meetings for the municipal years 2019/20.

6. Urgent Part I Business

No matters arising.

Exclusion of the Public and Press

That the press and public are excluded from the meeting during the consideration of the remaining items of business on the grounds that they involve the likely disclosure of exempt information falling within Schedule 12A to the Local Government Act 1972, the specific paragraph(s) of Schedule 12A engaged being set out in the report or appendix relating to that item of business.

Resolved:

The Chairman brought to the attention the above statement and the Committee agreed to proceed.

7. PART TWO Minutes of ISC meeting 20 February 2019

Part Two Minutes of the meeting of the ISC held on 20 February 2019 were approved as a correct record and signed by the Chairman.

8. Investment Tables Quarter end 31 December 2018

The Committee received a report from Kevin McDonald, Director for Essex Pension Fund in consultation with Mark Stevens Independent Investment Adviser, which gave details of the Fund's investment performance for the quarter ended 31 December 2018.

The value of the Fund decreased from £7.060bn as at 30 September 2018 to a value of £6.651bn as at 31 December 2018. It was noted that the Fund has since made a recovery back to September values.

Resolved:

The Committee noted the report and update.

9. Investment Manager Update - Traffic Light Report

The Committee received a report and presentation from Hymans Robertson which summarised the current views of Hymans Robertson on some of the Fund's managers.

It was confirmed that Hymans engage with Fund Managers as part of their ongoing monitoring.

Resolved:

The Committee noted the report and update.

10. MHCLG Guidance on LGPS Asset Pooling – Informal Consultation

Kevin McDonald highlighted that at 18 March 2019 AJC meeting Members agreed a revised ACCESS Consultation response which had been subsequently circulated to ISC Members prior to the meeting.

Resolved:

Following discussions the Committee noted:

- that the 18 March 2019 AJC agenda will be circulated to Members;
- the final ACCESS response to the consultation; and

- the content of the report

11. Strategy Implementation Tracker

The Committee received a report and presentation on the progress made to date.

Resolved:

The Committee noted:

- the content of the report; and
- the progress made to date.

12. Global Property RfP Review

The Committee received a report from Hymans Robertson in consultation with the Independent Investment Advisor and Director for Essex Pension Fund outlining the Global Property mandate selection process to date.

It was explained that of the 24 managers that had applied for the Request for a Proposals (RfP), 13 were completed and returned. Each submission was evaluated against the qualifying criteria. Of which 3 managers; CBRE Global Investment Partners; La Salle Investment Management and Partners Group met the required qualifying score and were then invited to interview.

Resolved:

Following discussions the Committee noted the report.

13. Global Property Training

The Committee received a global property training presentation from Hymans Robertson in consultation with the Independent Investment Advisor.

Resolved:

After discussions the presentation was noted

14. Global Property Selection Short List

The Committee received a report from Hymans Robertson in consultation with the Independent Investment Advisor and Director of Essex Pension Fund on the three Managers shortlisted.

The meeting was adjourned for lunch at 12:50pm and reconvened at 1:25pm

The Vice Chairman welcomed Cllr Scordis to the meeting.

15. Investment Manager Presentation – CBRE Global Investment Partners

The Vice Chairman welcomed Ian Gleeson, Ivo de Wit, Achal Ghandi, and Alice Wilcox from CBRE who provided the Committee with a presentation in relation to their proposed global property strategy offering.

Ian Gleeson, Ivo de Wit, Achal Ghandi, and Alice Wilcox left the meeting.

Resolved:

The Committee noted the presentation.

16. Investment Manager Presentation – La Salle Global Investment Management

The Vice Chairman welcomed Ed Casal, Alistair Dryer, Darren Robinson and Anne Lucking from La Salle who provided the Committee with a presentation in relation to their proposed global property strategy offering.

Ed Casal, Alistair Dryer, Darren Robinson and Anne Lucking left the meeting.

Resolved:

The Committee noted the presentation.

17. Investment Manager Presentation – Partners Group

The Vice Chairman welcomed Sarah Brewer, Mike Bryant and Jessica Wichser from Partners Group who provided the Committee with a presentation in relation to their proposed global property strategy offering.

Sarah Brewer, Mike Bryant and Jessica Wichser left the meeting.

Resolved:

The Committee noted the presentation.

18. Evaluation and selection of Investment Managers

Following consideration of the presentation and discussion it was agreed that:

- the preferred Fund Manager, subject to the 'standstill' period be appointed to manage the 4% of the Fund global property allocation;
- that officers, in conjunction with fund advisers, be authorised to finalise the arrangements; and
- that the outcome be reflected within the review of the Investment Strategy Statement.

19. Urgent Exempt Business

No matters arising.

20. Closing Remarks

There being no further business the meeting closed at 3:54pm.

Chairman
26 June 2019

Essex Pension Fund Investment Steering Committee	ISC 08
Date: 26 June 2019	

Baillie Gifford 3 Day Event October 2019

Joint Report by Compliance Manager and Director for Essex Pension Fund
 Enquiries to Kevin McDonald on 0333 0138 488

1. Purpose of the Report

- 1.1 To provide the Committee with a draft itinerary for the Baillie Gifford 3 Day Event for the 8, 9 and 10 October 2019.

2. Recommendation

- 2.1 It is recommended that the Committee note the draft itinerary.

3. Delegates

3.1 The Fund currently acknowledge the following delegates to attend the 3 Day event in October 2019:

- Cllr S Barker;
- Cllr A Goggin;
- Cllr A Hedley;
- Cllr L Scordis;
- Cllr M Platt;
- Cllr M Maddocks;
- Cllr C Riley; and
- Mrs S Child.

3.2 The Baillie Gifford Conference is open to all of its investor client base, as such they have limited the number of places offered to each of their investors. Essex Pension Fund has been allocated 10 places. At present all places have been allocated. However, if any Member is unable to attend, their place will be offered to the substitute Member.

3.3 Officers attending include:

- Kevin McDonald; and
- Samantha Andrews.

4. 8 October 2019

<u>Time</u>	<u>Event</u>
12:55	Committee Members to meet in ECC Atrium
13:00	Take Minibus to London City Airport
14:30	Arrive at London City Airport and check into flight
17:10	British Airways flight to Edinburgh

18:30	Arrive at Edinburgh Airport
19:00	Taxi(s) to Conference Hotel
19:45	Arrive at hotel
20:30	Dinner

5. 9 October 2019

<u>Time</u>	<u>Event</u>
08:30	Breakfast
09:45	Walk/Taxi to The Royal College of Surgeons of Edinburgh
10:30	Registration and Coffee
11:00	Training Session 1
11:50	Training Session 2
12:45	Buffet Lunch
13:40	Life is Good
13:55	Working Life
14:40	Life of an Investment
15:20	Coffee
15:50	The Spice of Life
16:20	For Life to Remain the Same, Everything Must Change ... the Evolving LGPS
17:00	Close – Walk/Taxi back to the hotel
18:30	Walk/Taxi to the National Museum of Scotland
19:00	Dinner
22:00	Walk/Taxi back to the hotel

6. 10 October 2019

<u>Time</u>	<u>Event</u>
07:00	Breakfast
08:00	Check out of hotel followed by walk/taxi to The Royal College of Surgeons of Edinburgh
08:45	Arrival Coffee
09:00	Life Today
09:15	Responsible Investing
10:00	Strategy Sessions
11:00	Coffee
11:15	Paying Your Pensions
12:00	2040 Vision – Life for the Members of Tomorrow
12:45	Lunch and Depart
13:30	Taxi/Complimentary Bus to Edinburgh Airport
14:15	Arrive at Edinburgh Airport and check into flight
16:30	British Airways flight to London City Airport
18:00	Arrive at London City Airport
18:30	Minibus to ECC

7. Recommendation

- 7.1 Committee Members to note the Draft itinerary for the event and confirm their attendance.
- 7.2 Committee members to agree for ECC Officers to book their flights on their behalf.

Essex Pension Fund Investment Steering Committee	ISC 09
Date: 26 June 2019	

Capital Markets Outlook Q1 2019

Report by Hymans Robertson

Enquiries to Kevin McDonald on 0333 0138 488

1. Purpose of Report

1.1 To update the ISC on recent market conditions.

2. Recommendation

2.1 That the Committee should note the content of the report.

Capital Markets Outlook Q1 2019

Essex Pension Fund

June 2019

Matt Woodman, Senior Investment Consultant

For and on behalf of Hymans Robertson LLP

1.1 Core asset class views: summary

Some form of technical recovery from the sell-off at the end of 2018 would not have been unusual, but the scale of the rally is perhaps a little more surprising. A much more benign monetary outlook has now been fully discounted in market, though the slowing global growth that prompted the dovish tilt perhaps has not been. Potential progress on US-China trade tariffs and economic stimulus in China may help avoid the more protracted slowdown feared at the end of 2018, but a coordinated upswing looks unlikely at this stage in the economic cycle and risks to the outlook remain. And while some market valuations had edged backed into relatively neutral territory towards the end of 2018, most are again looking at least a little stretched after the rally.

As a consequence, we would continue to advocate holding a little more cash than usual. We continue to prefer equities to property in growth-orientated portfolios and would advocate diversifying credit portfolios, potentially at the expense of trimming speculative-grade credit exposures.

Reflecting this, there are a couple of tweaks to our overall views:

- We have downgraded our overall assessment of liquid speculative credit to 'Cautious' reflecting our shift in assessment of valuations from Neutral to Unattractive.
- Our overall assessment of IG ABS is Neutral reflecting the slight improvement in technicals in Q1 with low issuance and continued demand providing support in the short term. Our overall assessment reflects our more positive outlook for shorter duration assets.

	Equities	Sterling investment grade debt	Liquid Sub investment grade debt	Private lending	UK Property	Long Lease Property	Gilts	Index-linked gilts
Fundamentals	N	N	N	N → A	N → U	N	N	N
Valuation	N	N	U	N	VU	VU	VU	VU
Technicals	N → U	N → U	N → U	N	N	A	N	N
Overall view	Neutral	Cautious	Cautious	Neutral	Cautious	Neutral to cautious	Cautious to negative	Cautious to Negative
Previous quarter	Neutral	Cautious	Neutral to Cautious	Neutral	Cautious	Neutral to cautious	Cautious to Negative	Cautious to Negative

F/V/T ratings: VU – very unattractive; U – unattractive; N – neutral; A – attractive; VA – very attractive

Overall ratings: Negative, Cautious, Neutral, Attractive, Positive

Green signifies positive change since last quarter. Red signifies negative change since last quarter.

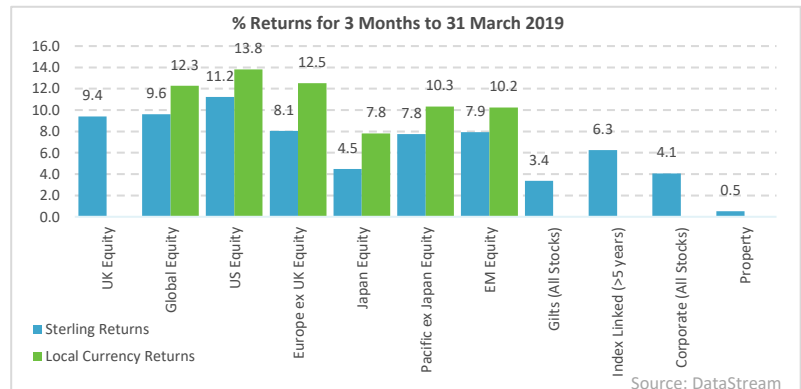
The ratings are intended to give a guide to our views on the prospects for markets over a period of around three years; although they are updated quarterly, they are not intended as tactical calls. The ratings reflect our expectations of absolute returns and assume no constraints on investment discretion. In practice, they need to be interpreted in the context of the strategic framework within which individual schemes are managed. The property rating ignores purchase transaction costs, i.e. relevant for current holders of property.

The table below provides a high level overview of our key observations for each asset class.

Equities	<ul style="list-style-type: none"> Slowing global growth and rising cost pressures on corporate margins mean the backdrop for equities look less benign than it has been in recent years. The Q1 rally leaves most global equity valuation metrics above historical averages, but not quite into our 'neutral-unattractive' range. There has been a minor downgrade to technical factors, owing to downward revisions and poorer visibility for earnings growth forecasts.
Sterling non-government bonds	<ul style="list-style-type: none"> The rally in Q1 has taken sterling corporate spreads, on a like-for-like basis, down in line with long term median levels. The technical picture has improved slightly, but our overall view remains cautious as result of a continued negative outlook for underlying risk-free returns.
Liquid Sub-investment grade debt	<ul style="list-style-type: none"> Following the fourth quarter sell-off, speculative-grade credit spreads rallied strongly in Q1, returning spreads well below long-term medians. Having lagged the rally in high yield, loans have reignited some attraction over similar rated bonds. The current benign default environment is likely to continue through 2019, supported by central banks move to more dovish policy. However, the more dovish turn has been prompted largely by concerns over slowing growth and earnings momentum, to which this market is typically quite sensitive.
Private Lending	<ul style="list-style-type: none"> The direct lending market continues to offer an attractive illiquidity premium relative to traded markets. There has been some deterioration in covenants, including some "cov-lite" issuance, in the private corporate debt market. But in general, the key maintenance financial test covenants remain in place. The market has seen an increase in deal flow year on year as direct lenders continue to increase their market share.
Core UK property	<ul style="list-style-type: none"> Property yields remain close to historic lows and appear stretched relative to UK and Global equities. Sector divergence remains stark and prospects for the retail sector continue to deteriorate.
Long Lease Property	<ul style="list-style-type: none"> The average absolute income yield on a selection of leading long-lease property funds remains as low as it has ever been over the last 10 years. Demand for long, secure income streams remains high with long lease funds still having queues in place.
Infrastructure	<ul style="list-style-type: none"> Evidence from proprietary indicators suggests that, despite some retrenchment towards the end of the year, average valuations have pushed higher over the year as a whole. Investor demand for infrastructure remains high. Data from Preqin and Infrastructure Investor showed 2018 to be another record year of fundraising.
Conventional gilts	<ul style="list-style-type: none"> Sharp falls in gilt yields over the quarter keeps valuations at very unattractive levels. While hedging demand and economic uncertainty are likely to keep downwards pressure on yields, they have moved to levels which are very low versus even a very recent history, shading down our technical assessment for index-linked gilts. Relatively high implied inflation – rising above c.3.6 % p.a. between 15 and 20 years – suggests conventional gilts are more attractive for terms up to around 25 years
Index-linked gilts	<ul style="list-style-type: none"> Index-linked gilt yields remain well below equivalent US yields and the BoE's long-term assessment. Longer-dated index-linked gilts continue to offer better relative value than shorter dated issues, given the higher implied inflation and lower yields out to 25 years.
Cash strategies	<ul style="list-style-type: none"> This feels like a sensible time to hold some cash as 'dry powder' to exploit better buying opportunities in the future.

2.1 Market Background

Global GDP growth continued to slow in the fourth quarter with consensus forecasts being revised downwards for 2019. Despite a slowdown in US GDP growth, the US has proved more resilient compared to Europe where the German economy has stalled, and Italy has fallen into a recession for the first time since early 2013. In the UK, Brexit risk continued to hamper business investment with GDP growth decelerating to 0.2% in Q4 from 0.7% in Q3 2018.

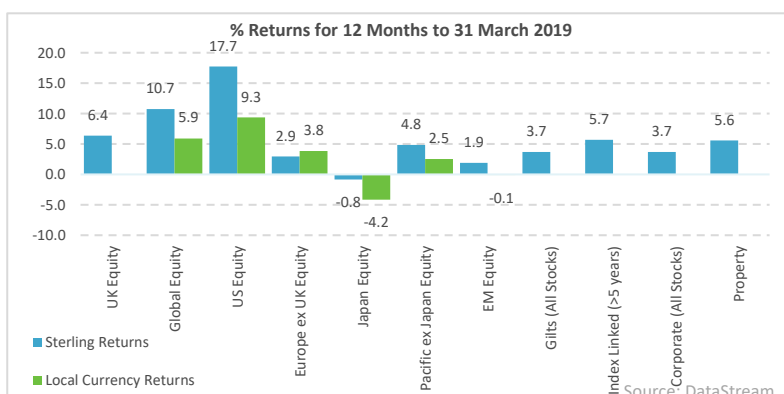


Brent crude stabilised at around \$67 towards the end of the quarter, compared to \$53 at the end-2018, but its sharp decline in the fourth quarter of 2018 has weighed on inflation expectations – consumer price inflation expectations for 2019 have been revised lower in most major developed economies except Japan.

The slowdown in global growth and continued absence of inflationary pressures has seen central banks adopt a more dovish stance with the Federal Reserve suggesting that no further rate hikes will take place this year and the ECB indicating no interest rate hikes until 2020. The rhetoric from central banks and slowing global growth saw conventional and index-linked gilt yields fall over the quarter with UK real yields hitting record lows.

Credit markets rebounded strongly from the sharp declines at the end of last year, perhaps an indication that investors are more relieved by the perceived end to monetary tightening than they are concerned by the slowdown in global economic growth. Sub investment grade credit markets outperformed investment grade markets as they benefited from signs of positive developments in the US-China trade talks, some stabilisation in oil-prices, and negative net issuance. Leveraged loan spreads tightened less than high yields spreads as the high yield market benefitted from fading expectations of the future Fed rate rises which have reduced the relative demand for floating rate instruments.

Despite signs of global growth slowing, the new year has brought a more optimistic tone across equity markets. Following their worst quarterly decline since 2011 in Q4 18, stock markets have rebounded strongly with global equities up 12.3% in local currency terms. North America was the best performing region, whilst Japanese equities lagged as the market's high exposure to global trade continued to weigh on sentiment. The FTSE All Share returned 9.4% over the quarter despite the strength of sterling being a headwind for the globally exposed larger cap names in the index. At a sector level, the bounce back in risk assets reversed the trend seen in Q4 as cyclical stocks outperformed more defensive sectors.



The beginning of 2019 has seen rental growth remain flat, across all sectors, in the UK property market. Property rents increased marginally in February following two months of small declines. The growth in industrial capital values, which is now slowing, remains insufficient to offset the falling capital values in the retail and office markets.

2.2 Key market data

The tables below provide a summary of key financial indicators over recent periods:

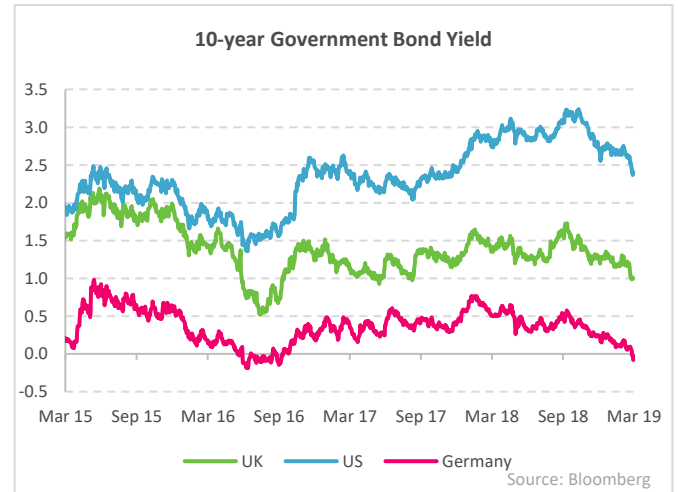
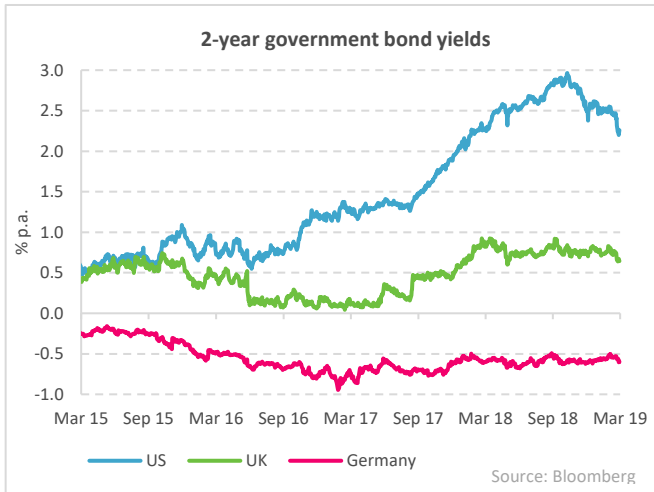
	31.03.18	30.06.18	30.09.18	31.12.18	31.03.19
UK Equity yield	3.9%	3.6%	3.8%	4.5%	4.2%
UK Equity P/E ratio (FTSE)	12.8x	13.6x	12.9x	11.7x	16.3x
Over 15 year gilt yield (p.a.)	1.6%	1.7%	1.9%	1.8%	1.5%
Over 5 year index-linked gilt yield (p.a.)	-1.7%	-1.6%	-1.5%	-1.6%	-1.9%
iBoxx Over 10 year Non-gilt yield (p.a.)	2.9%	3.0%	3.2%	3.2%	2.8%

Source: DataStream

	Year to 31.03.18	Year to 31.03.19	Quarter to 30.06.18	Quarter to 30.09.18	Quarter to 31.12.18	Quarter to 31.03.19
FTSE All Share	1.3%	6.4%	9.2%	-0.8%	-10.3%	9.4%
Global Equity	2.9%	10.7%	6.9%	5.7%	-10.5%	9.6%
Over 15 year gilts	2.2%	4.7%	-0.4%	-3.3%	2.6%	6.0%
Over 5 year index linked gilts	0.7%	5.7%	-1.2%	-1.4%	2.0%	6.3%
All Stocks Non-Gilts	1.2%	3.7%	-0.1%	-0.4%	0.1%	4.1%
IPD Monthly Index	11.3%	5.6%	2.2%	1.7%	1.1%	0.5%

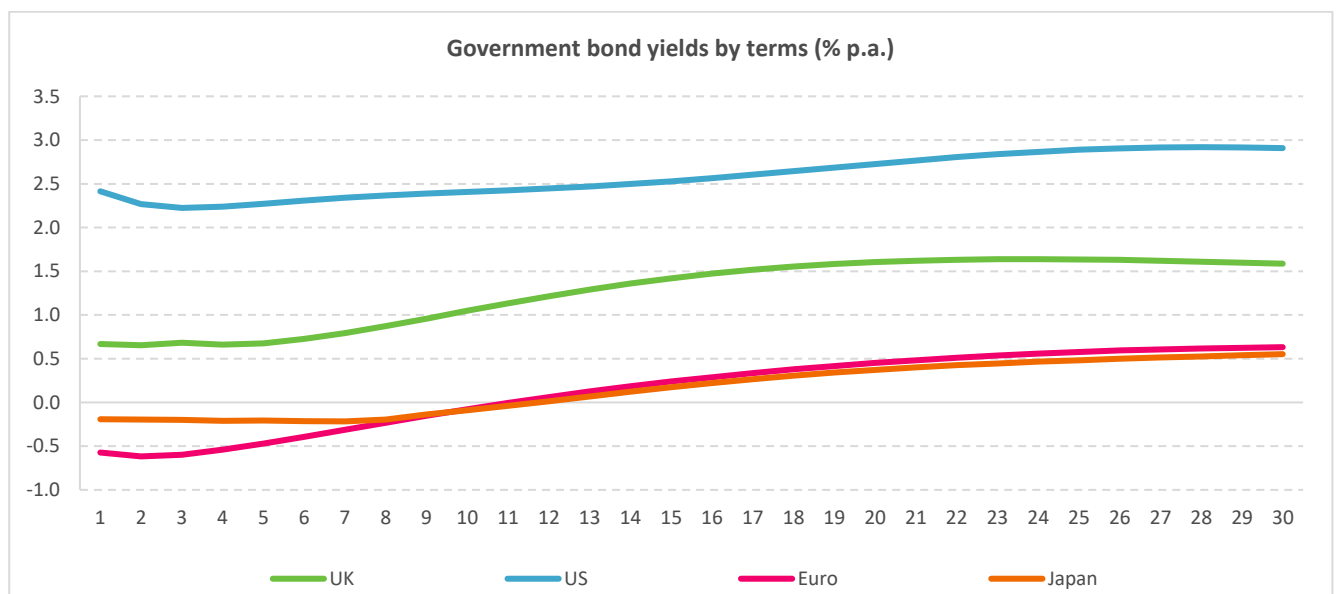
Source: DataStream.

3.1 Global Bond Markets

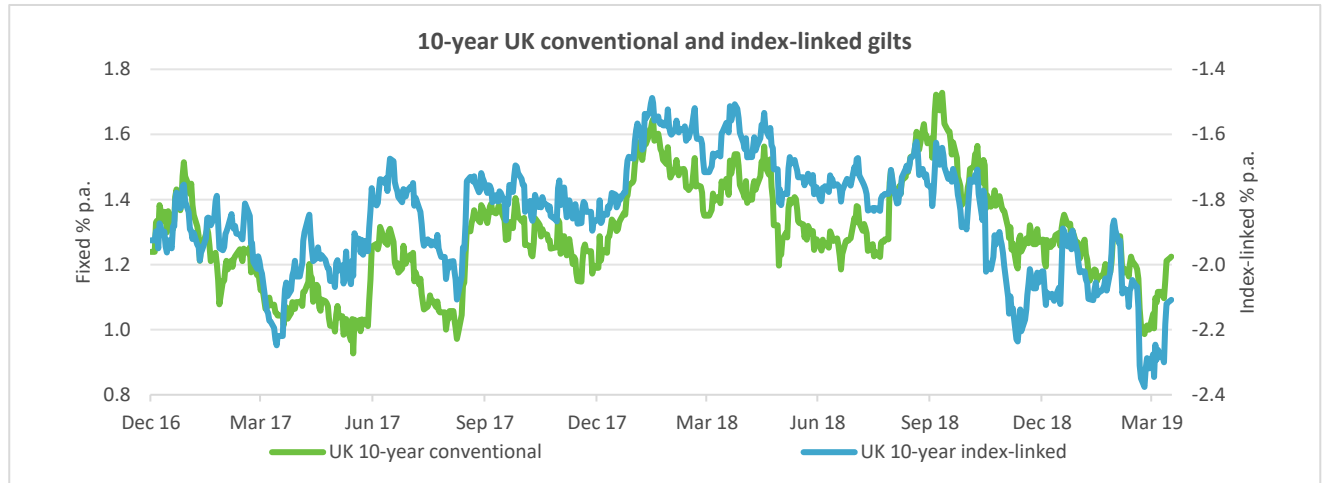


Global sovereign bond yields have fallen sharply this year, amid concerns over economic growth and inflation forecasts, and the more dovish stances by central banks. The median of the Fed forecasts provided by each member of the Federal Open Markets Committee now indicate no further rate hikes in 2019 – derivatives markets actually imply a rate cut. The European Central Bank ended its QE purchases at the end of 2018 but has since announced a new injection of cheap liquidity for banks and has pushed out rate hikes until 2020. The Bank of England hinted that a disorderly Brexit would prompt a rate cut – a contrast to last year's emphasis on the risk that sterling depreciation and consequent inflationary pressure might require an increase.

During the quarter there was little dispersion in the direction of yield movements: US 10-year Treasury yields and equivalent UK gilt yields fell around 30bps, while 10-year bund yields turned negative for the first time since October 2016. The yield curve inversion in the US – three-month yield on treasury bonds rose higher than 10-year yields in March - underlines the growing caution among investors around economic growth prospects.

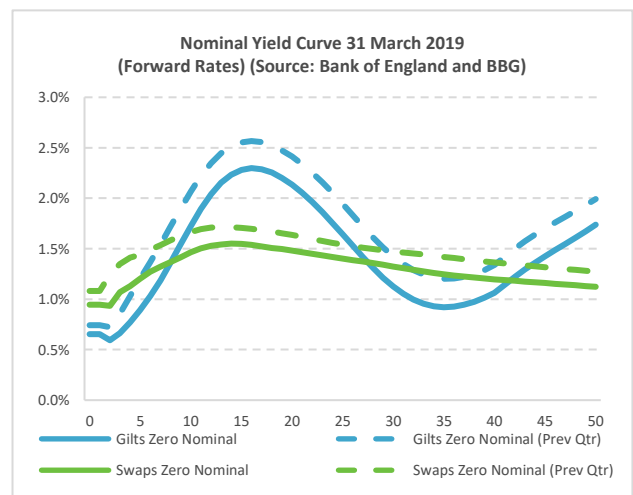
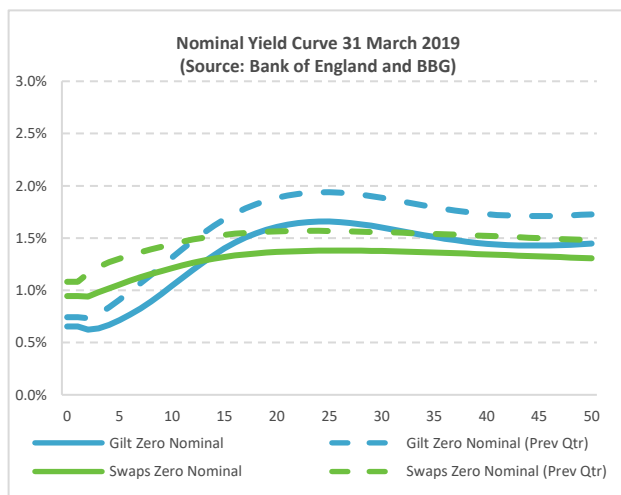
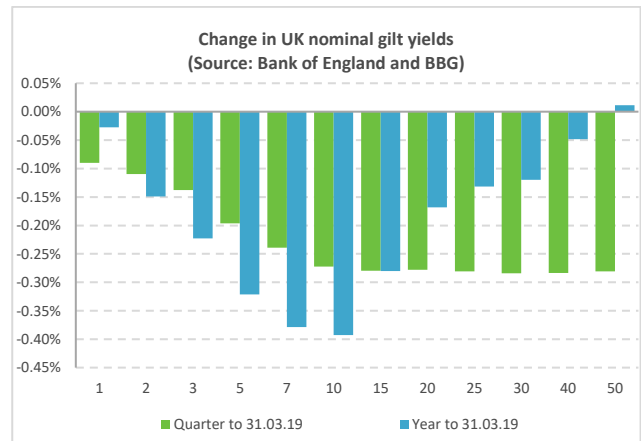


3.2 UK Interest Rates



UK gilt yields fell significantly over the quarter with 10-year gilt yields returning to levels last seen in the second half of 2017.

While hedging demand continues to keep downward pressure on yields, there is little long-term value offered by current yields, even allowing for a “new Normal” characterised by lower future growth and interest rates. Gilt yields and forward rates are well below our assessment of neutral levels at all maturities and as such we maintain our very unattractive assessment on valuations.

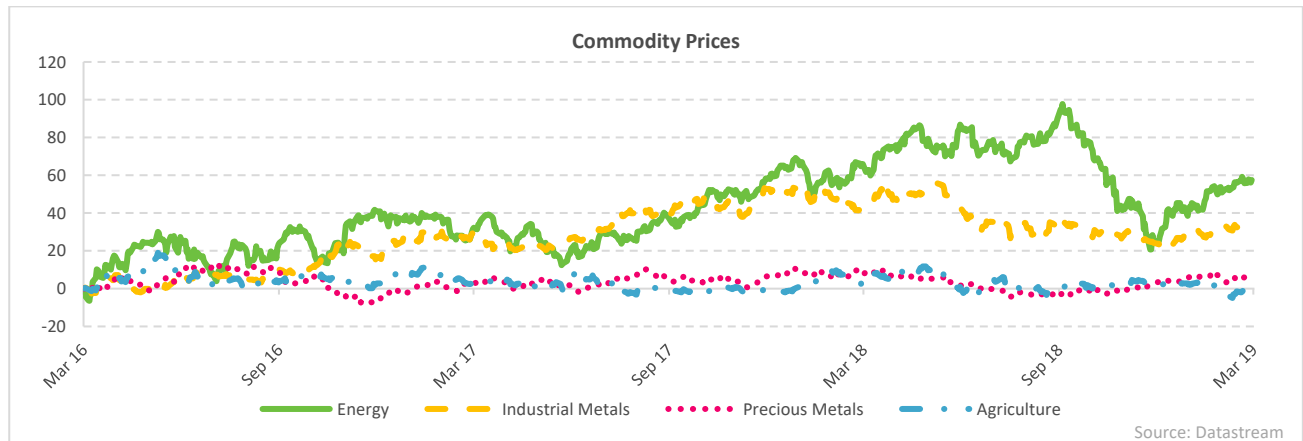


There is still significant variation by maturity in forward-dated gilt yields and we would continue to bias exposure away from the most expensive long maturities when hedging interest rates.

Overall	Fundamentals	Valuations	Technicals
Cautious to negative	Neutral	Very unattractive	Neutral

3.3 Inflation and real rates

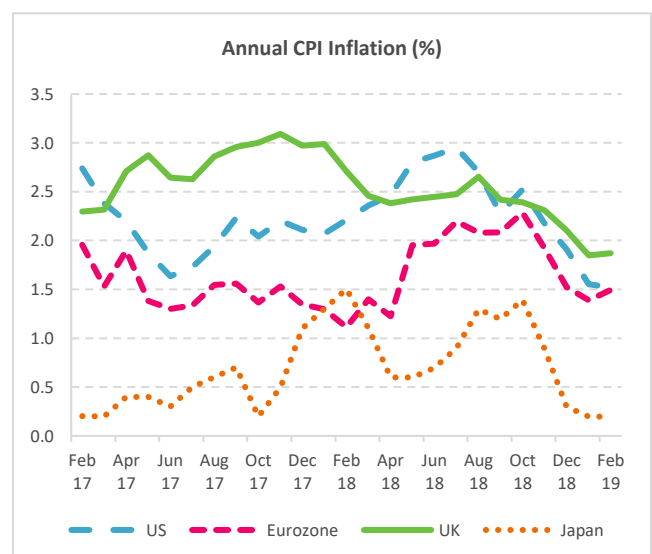
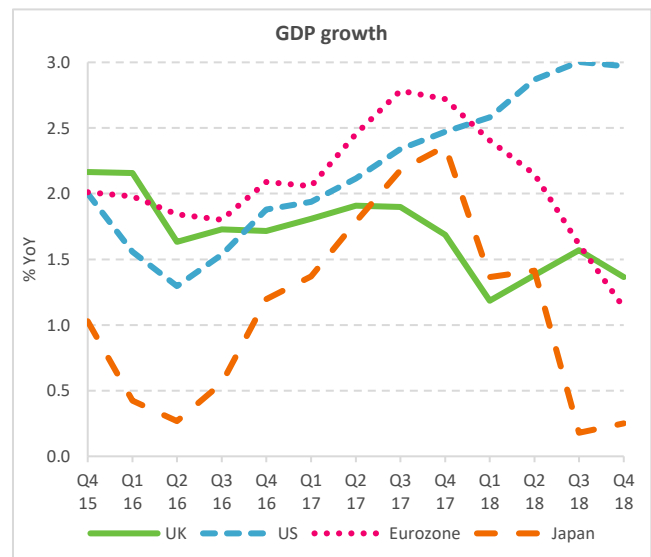
Commodities posted positive returns over Q1 with Energy leading the way following a rebound in the oil price. Industrial metals also moved higher amid positive signs emanating from US-China trade talks.

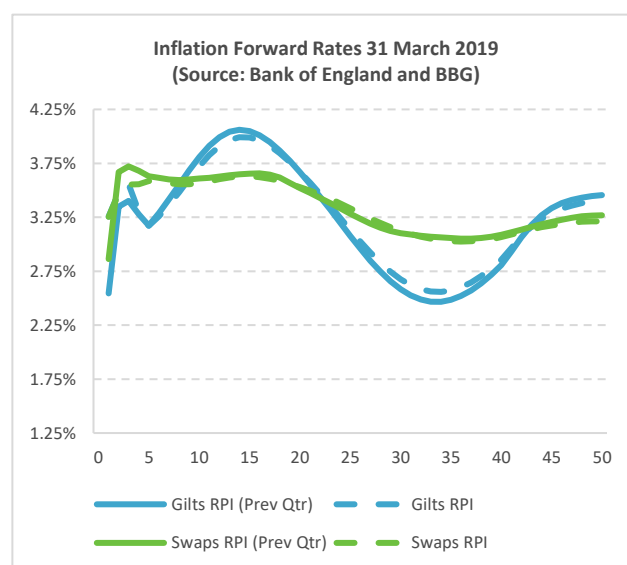
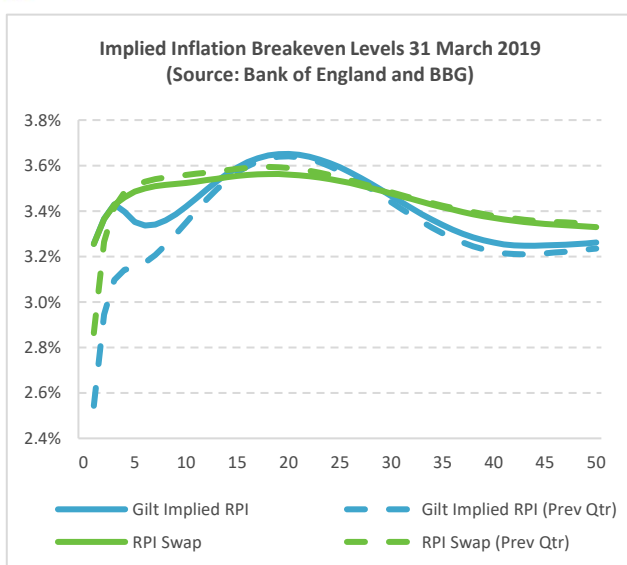


Consensus forecasts for 2019 have fallen further in the first quarter, with material downwards revisions to both inflation and growth forecasts pointing to a more rapid moderation in global growth. Whilst US quarterly GDP growth slowed over the fourth quarter, the economy has been relatively resilient compared to Europe where the German economy has stalled, and Italy has fallen into recession for the first time since early 2013. Hints from recent upbeat manufacturing PMI data in the US and China also support this contrast with Europe, where manufacturing data now points towards contraction.

Political indecision exposes the UK to the risk of a more pronounced slowdown. Heightened economic uncertainty surrounding arrangements post-Brexit and the possibility of a disorderly exit seems to be causing a deferral of investment. While the manufacturing PMI in the UK has remained positive, possibly due to pre-Brexit stockbuilding, the PMI for services (which accounts for 80% of Britain's GDP) has fallen below a reading of 50, indicating contraction, for the first time since the brief post-referendum dip in July 2016.

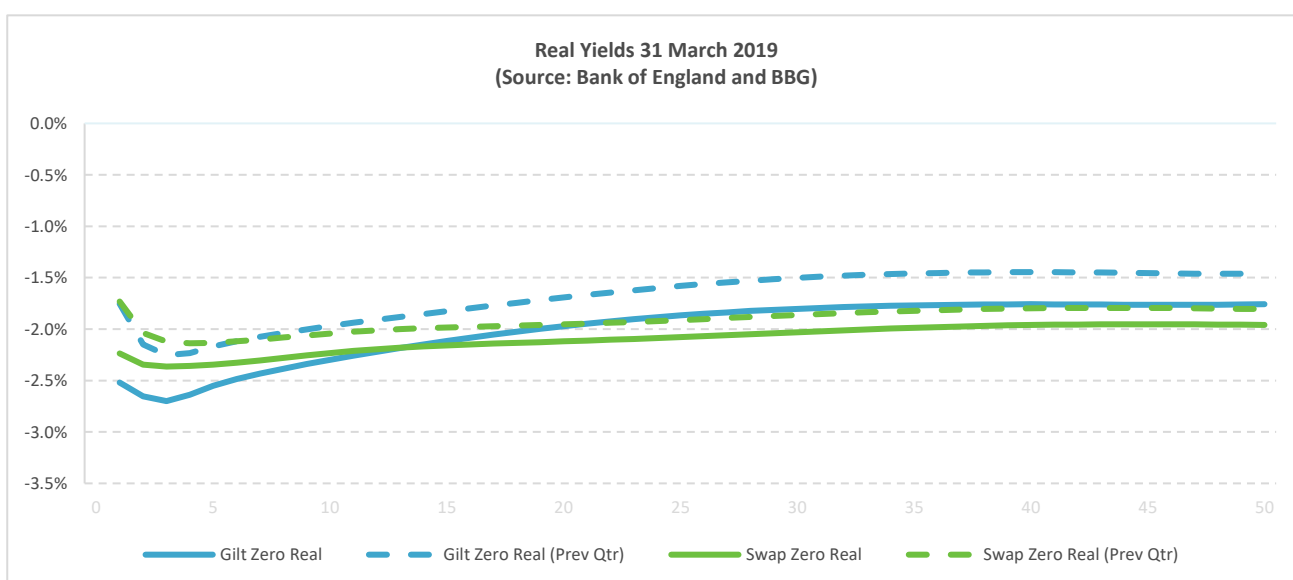
Despite a sharp recovery in oil prices in the first quarter, consumer price inflation expectations for 2019 have also been revised lower in most major developed economies, with the exception of Japan. Realised core inflation has remained stable in the US, Eurozone and the UK but there is the risk that positive real wage growth across these regions could feed in to broader inflation measures.





Index-linked gilts continue to look expensive with yields remaining well below equivalent US yields and behind the BoE's long-term assessment. Relatively high implied inflation – rising above 3.6 % p.a. between 15 and 20 years - suggests conventional gilts are more attractive for terms up to around 25 years, with index-linked gilts offering better relative value thereafter.

Heightened Brexit-related uncertainty and downward revisions to short-term growth forecasts are likely to keep downward pressure on yields, however the scale of the rally in Q1 leaves scope for a short-term correction. This leads us to shade down our technical assessment of index-linked gilts to neutral, in-line with conventional gilts.



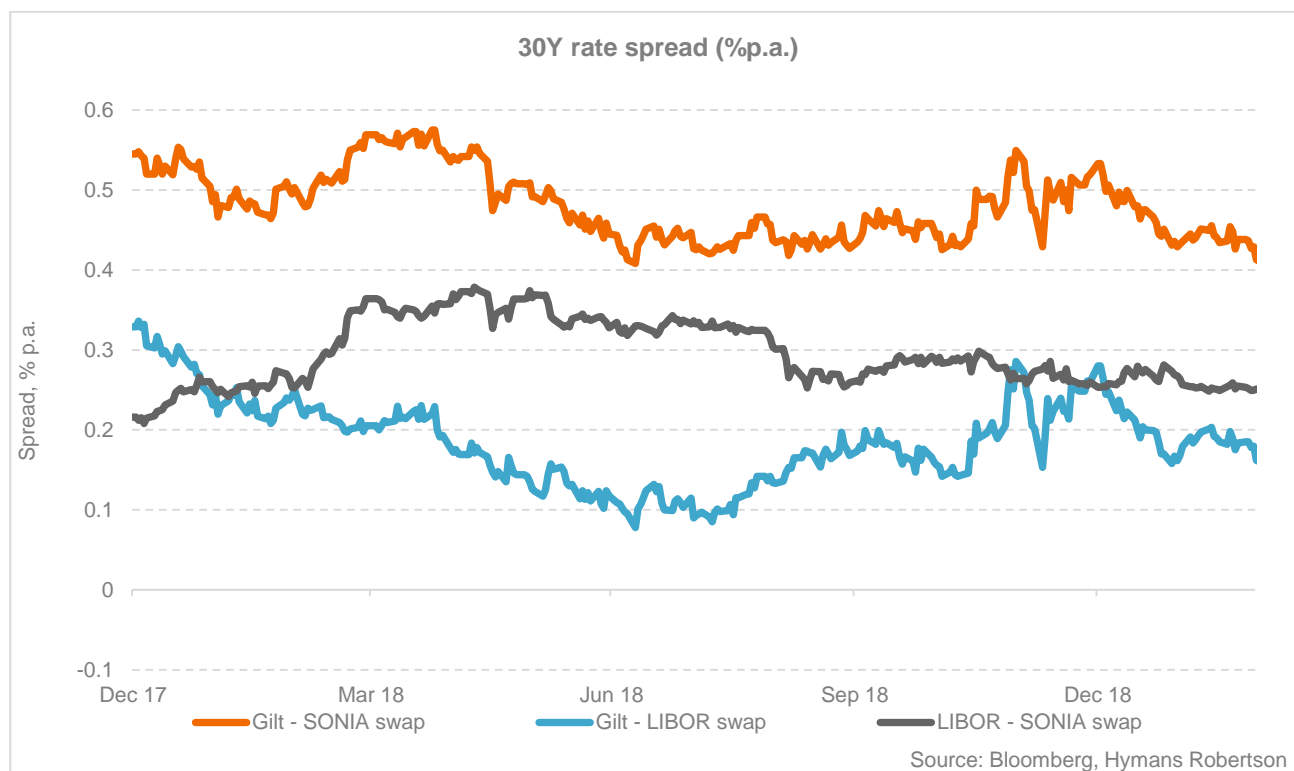
Overall	Fundamentals	Valuations	Technicals
Cautious to negative	Neutral	Very unattractive	Neutral

Note: ILG (rather than inflation) rating

3.4 Gilt-swap z-spread

LIBOR Swap Spreads* (Source: BoE and Bloomberg)	10 Years		20 Years		30 Years	
	31 Dec	31 Mar	31 Dec	31 Mar	31 Dec	31 Mar
Nominal (bps)	13	17	-32	-24	-33	-23
Real (bps)	-7	7	-26	-15	-36	-23

*Estimates using zero curves.



Although the LIBOR-SONIA spread has been fairly stable over the past two quarters, long dated gilts have become more expensive (z-spreads have tightened) relative to SONIA and LIBOR swaps over the last quarter. However, we do not see a strong case to suggest this is the beginning of a longer-term trend.

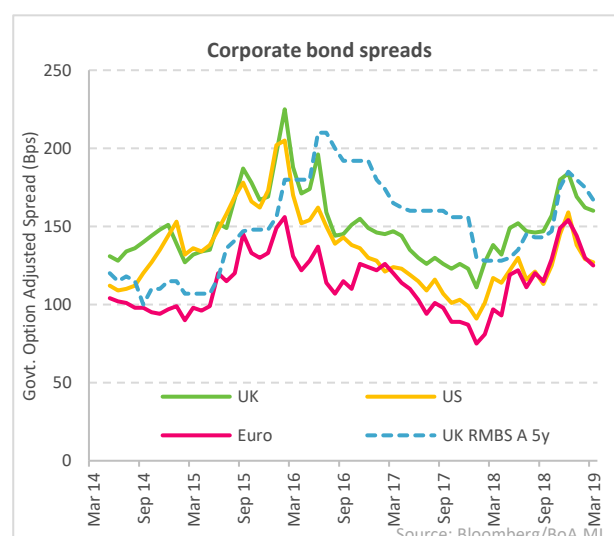
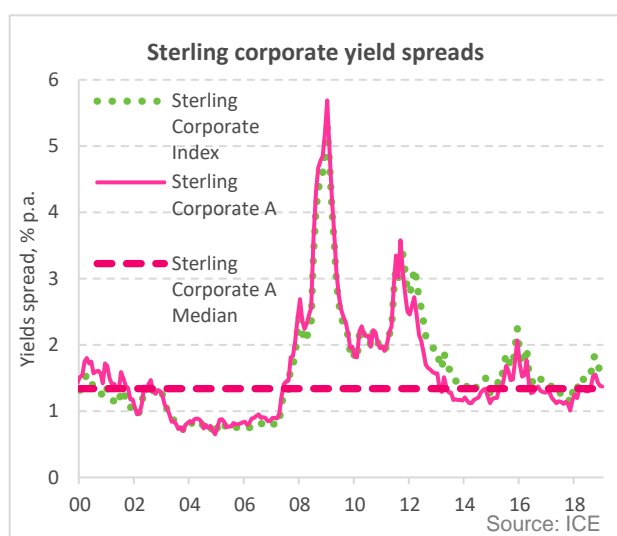
LIBOR swap rates have a credit premium over SONIA swap rates, so modest positive gilt z-spreads (vs LIBOR) mean holding gilts relative to swaps as hedging instruments appears attractive, but potential repo roll risk detracts from the relative attractiveness of unfunded gilts. Gilts currently yield c.15-25 bps over LIBOR swaps.

Overall	Fundamentals	Valuations	Technicals
Neutral to attractive	Neutral	Neutral to attractive	Neutral

3.5 Investment Grade Credit

ML Non-Gilts Spreads over Gilts (Source: Datastream)	Sterling Non-Gilts (bps)	Sterling Non-Gilts Over 10 Years (bps)	^[1] Global Broad Market Corporate (bps)
31 December 2018	144	153	172
31 March 2019	123	135	149
Median spread over last 5 years	123	120	138
Average spread over last 5 years	125	122	142
Median spread over last 15 years	134	123	146
Average spread over last 15 years	145	134	174

[1] iBoxx corporate bonds. Note: Spreads on financials, non-financials and the broad corporate market are calculated using iBoxx indices. All other spreads are calculated using Merrill Lynch indices.



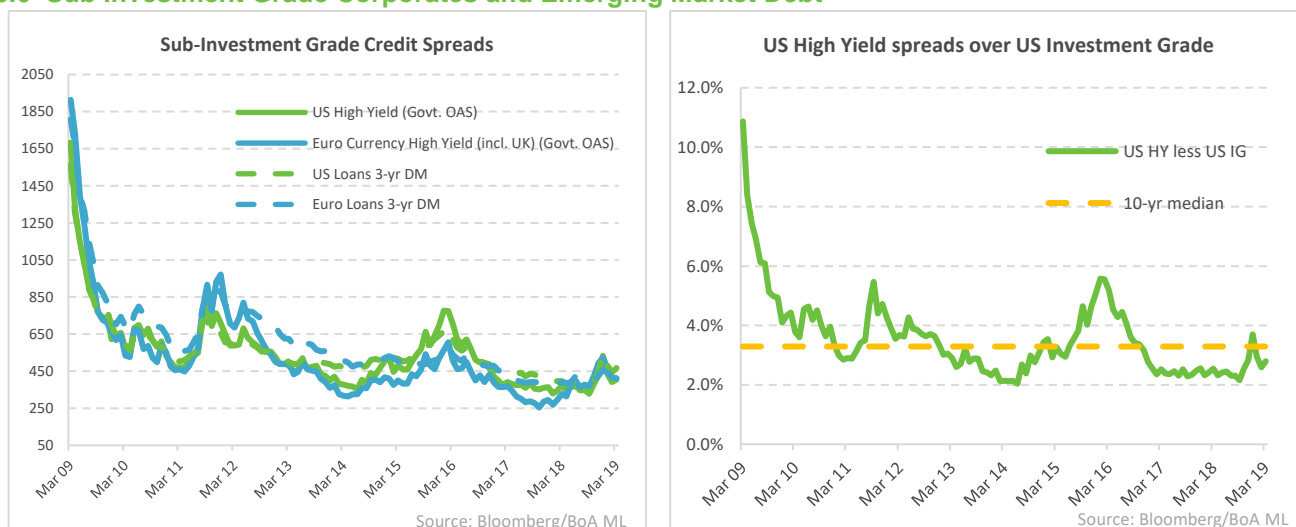
The rally in sterling investment grade credit markets over the quarter has brought spreads down in line with long term medians and as a result we have shaded our view down to neutral on a relative value basis. The technical picture has improved slightly following a more dovish positioning by the Fed and new cheap liquidity from the ECB which has supported positive flows in to the asset class in 2019, having been negative over 2018. Despite a modest improvement in technicals, our overall view remains cautious because of our negative outlook for underlying risk-free returns.

Our overall assessment of IG ABS is neutral reflecting the slight improvement in technicals in Q1 with low issuance and continued demand providing support in the short term. Our marginally more positive overall assessment (relative to IG credit) reflects our preference for shorter duration assets.

The fundamental background for real estate debt remains more positive than for corporate credit. Banks and insurers remain active investors in this portion of the real estate debt market providing ample demand for higher quality issuance. However, demand for high quality debt keeps illiquidity premiums at unattractive levels.

	Overall	Fundamentals	Valuations	Technicals
Credit	Cautious	Neutral	Neutral	Neutral to unattractive
ABS	Neutral	Neutral	Neutral to attractive	Neutral
RED	Cautious	Neutral to attractive	Unattractive	Neutral

3.6 Sub Investment Grade Corporates and Emerging Market Debt

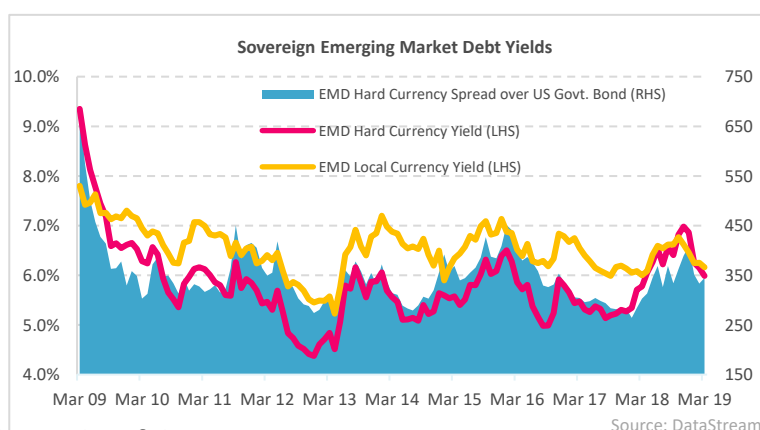


Following the fourth quarter sell-off, speculative-grade credit spreads rallied strongly in Q1, returning spreads on a like-for-like basis well below long-term medians. The sharp rebound has been sufficient to shift our valuation assessment from neutral to unattractive. Investor demand for high yield turned positive in Q1, after a prolonged period of outflows in 2018, reflecting a change in sentiment from central banks. However, the more dovish turn has been prompted largely by concerns over slowing growth and earnings momentum, to which this market is typically quite sensitive. Such concerns coupled with unattractive valuations have led us to downgrade our overall view to cautious.

There is increasing fundamental divergence between the high yield market – where leverage levels continue to fall and debt affordability (as measured by the number of times earnings covers interest payments) has reached decade-high levels – and the leveraged loan market – where valuations relative to the high yield market are in-line with long-term medians but leverage is higher, debt affordability is lower and protections for lenders continue to decline. This does not apply to the same extent in private credit markets, both in corporate and commercial real estate lending, where investors benefit from better risk-adjusted credit spreads and structural protections for lenders. This is reflected in a more positive overall view on private markets relative to traded sub investment grade credit markets.

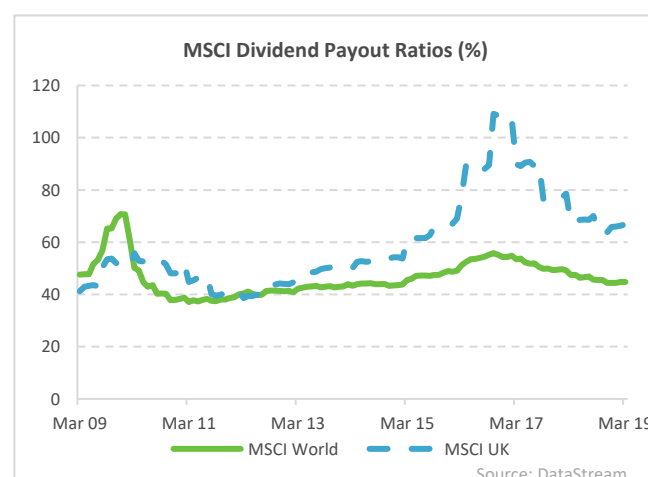
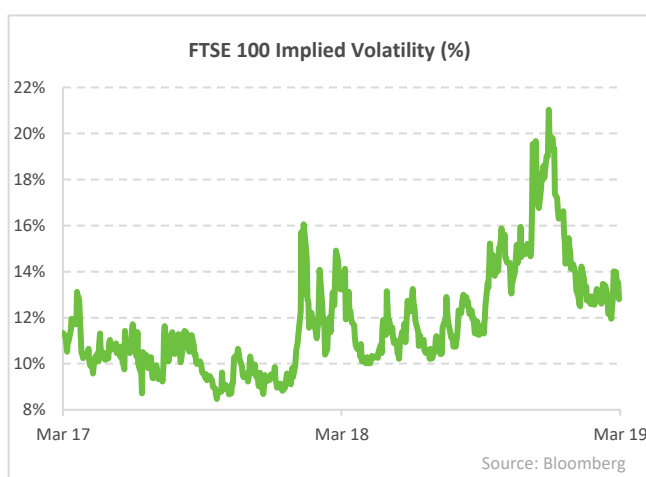
	Overall	Fundamentals	Valuations	Technicals
Public markets	Cautious	Neutral	Unattractive	Neutral to unattractive
Private markets	Neutral	Neutral to attractive	Neutral	Neutral
EMD	Neutral	Neutral to attractive	Neutral	Neutral to unattractive

Our overall view remains unchanged for EMD. Growth rates from the major economies have moderated in line with a global growth slowdown but inflation remains low. Yields remain attractive although slightly less so given rally in Q1 and we have moved our valuation assessment to neutral. Currencies, relative to the US dollar, are cheap. Short term risks have marginally improved with dovish comments from the Fed helpful for sentiment.



3.7 UK Equity Market

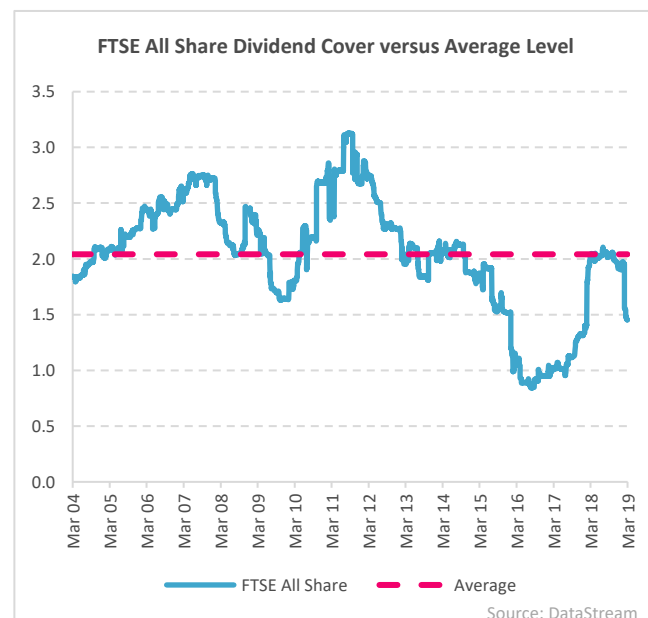
Equity Market Data (Source: Datastream)	31 December 2018	31 March 2019
FTSE All Share Dividend Yield	4.5%	4.2%
Dividend growth over the quarter	4.5%	2.4%
Dividend growth over the year	8.1%	12.0%
FTSE All Share P/E Ratio	11.7x	16.3x
Total Return during the quarter	-10.2%	9.4%
Total Return over the last 12 months	-9.5%	6.4%



UK equities underperformed global indices, as a stronger Sterling was a headwind for the internationally-exposed larger cap names in the index. There was little impact from the ongoing Brexit uncertainty between the larger cap FTSE 100 index and the more domestically focussed FTSE 250.

UK equity valuations remain cheap relative to other regions and are around historic long-term median levels. However, sentiment towards UK equities remains poor, as Brexit uncertainty lingers.

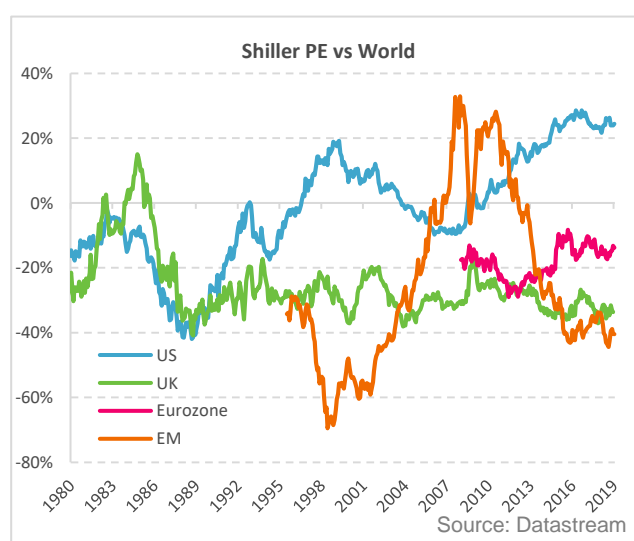
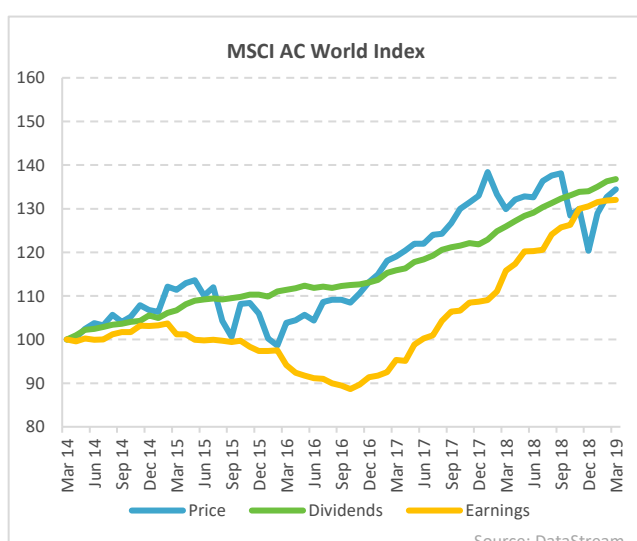
Relative to government bonds, UK equity dividend yields remain close to record highs despite falling over the quarter. However, there are potential questions over the sustainability of these dividends with dividend cover falling markedly over the quarter.



3.8 Overseas Equity Markets

MSCI index valuations as at 31 March 2019

	P/E (trailing)		P/E (Shiller)		Price/Book		Price/Sales		EV/EBITDA	
	Current	Historic Median	Current	Historic Median	Current	Historic Median	Current	Historic Median	Current	Historic Median
World	17.8	17.7	22.7	21.4	2.4	2.1	1.6	1.3	10.4	9.7
US	20.2	18.0	28.2	20.1	3.4	2.3	2.0	1.6	11.7	10.6
EM	13.1	14.4	13.5	15.7	1.6	1.7	1.2	1.2	8.7	7.6
UK	14.4	14.2	15.3	15.0	1.7	1.8	1.1	1.2	7.6	7.7



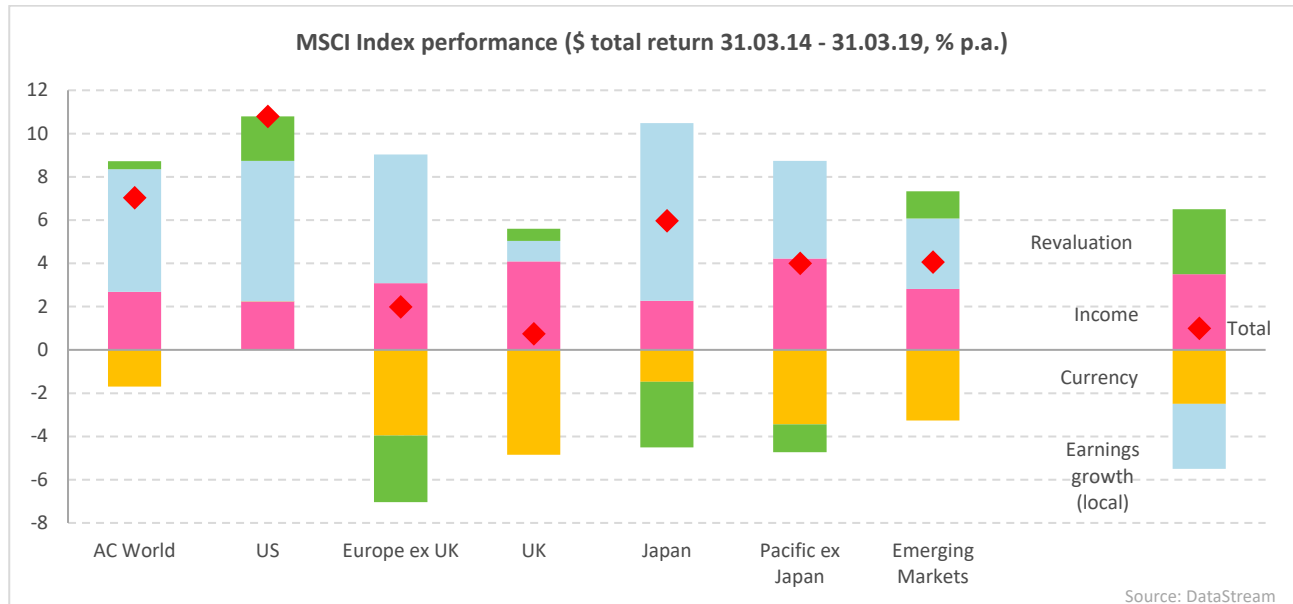
The new year saw a strong rebound across global equity markets, following the sharp sell off in Q4 18. Equity markets brushed aside the softening economic data and muted inflationary pressures that were the underlying cause for the Federal Reserve's change in tone. The Q1 rally leaves most global equity valuation metrics above historical averages, but not quite into the 'neutral-unattractive' range. The significant shift in expectations regarding further US interest rate hikes has alleviated some of the concerns over equity valuations.

Investor sentiment has recovered following the equity volatility in Q4. However, the ongoing uncertainty over the global trade disputes continues to impact investor sentiment for those regions and sectors most exposed to global trade. Earnings growth forecasts for 2019 have been revised sharply lower in recent months. Whilst the pace of downgrades has started to level off, earnings momentum remains negative. Furthermore, given the uncertain economic backdrop, earnings visibility has reduced considerably.

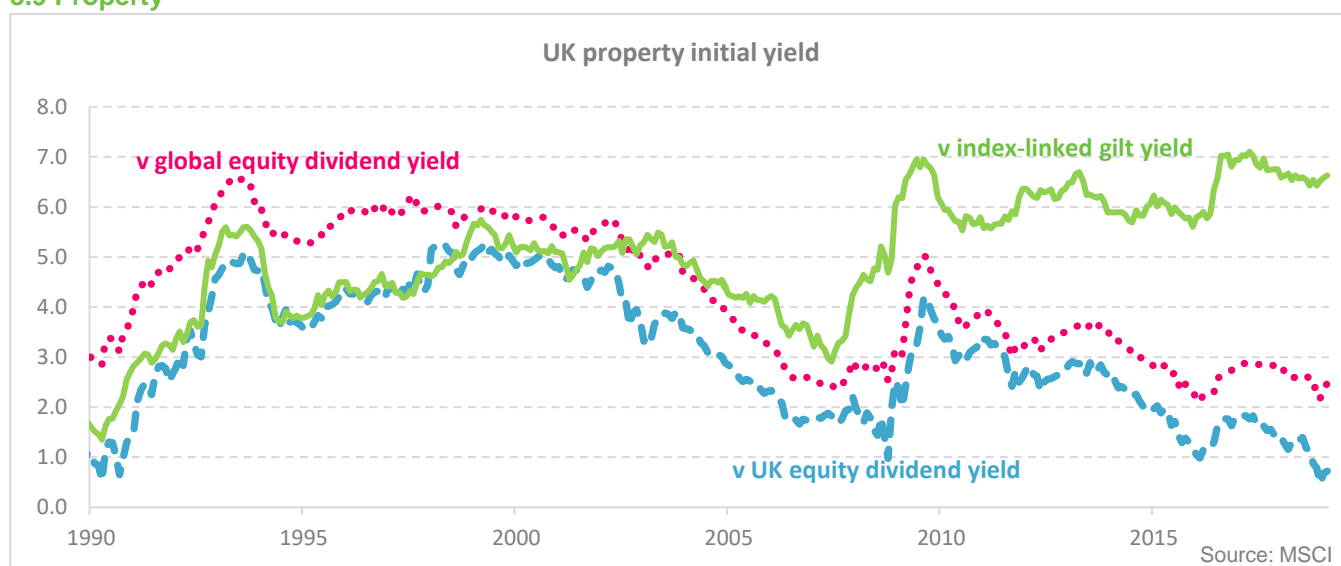
Our overall assessment remains at neutral. Whilst global equity valuations have risen following the Q1 rally, they remain just inside neutral territory. There has been a minor downgrade to technical factors, owing to downward revisions and poorer visibility for earnings growth forecasts.

Overall	Fundamentals	Valuations	Technicals
Neutral	Neutral	Neutral	Neutral to unattractive

Significant regional disparity remains a feature of global equity valuations – the UK and Emerging Markets usually trade at a discount to global averages, but look cheap even allowing for that; the US typically commands a premium valuation, but still looks expensive.



3.9 Property



UK Property

Yields remain close to historic lows, in both absolute terms and relative to equity, but some short-term indicators point to further headwinds: survey evidence suggests that occupational demand is on the wane and incentives to new tenants are rising, while investment transaction activity has fallen off in recent months. Sector divergence remains stark and prospects for the retail sector continue to deteriorate.

Overall	Fundamentals	Valuations	Technicals
Cautious	Neutral to unattractive	Very unattractive	Neutral

Long Lease Property

The average absolute income yield on a selection of leading long lease property funds is as low as it has ever been over the last 10 years. Demand for long, secure income streams remains high from pension funds and other investors and, to some extent, this demand is insensitive to relative value. We don't believe the long lease sector is likely to perform too differently from the broad market over the longer term.

Overall	Fundamentals	Valuations	Technicals
Neutral to cautious	Neutral	Very unattractive	Attractive

Infrastructure

Our view on valuations has been adjusted downward to reflect evidence from proprietary indicators, suggesting that average valuations pushed higher over the year. However, we believe technical drivers are strong and could underpin further revaluation. Investor demand for infrastructure remains high. Data from Preqin and Infrastructure Investor showed 2018 to be another record year of fundraising.

Overall	Fundamentals	Valuations	Technicals
Neutral to attractive	Neutral to attractive	Unattractive	Attractive

Notes and Risk Warnings

Please note the value of investments, and income from them, may fall as well as rise. This includes equities, government or corporate bonds, and property, whether held directly or in a pooled or collective investment vehicle. Further, investments in developing or emerging markets may be more volatile and less marketable than in mature markets.

Exchange rates may also affect the value of any investment. As a result, an investor may not get back the amount originally invested. Past performance is not necessarily a guide to future performance.

Private equity investments, whether held directly or in pooled fund arrangements carry a higher risk than publicly quoted securities; the nature of private equity pooling vehicles makes them particularly illiquid and investment in private equity should be considered to have a long time horizon.

Hymans Robertson LLP has relied upon third parties and may use internally generated estimates for the provision of data quoted, or used, in the preparation of this report. Whilst every effort has been made to ensure the accuracy of such estimates or data, we cannot accept responsibility for any loss arising from their use.

