

1 Asset allocation – Q4 2018

The following table sets out the Fund's asset allocation as at 31 December 2018 against the target allocation. The valuations have been provided by the Fund's investment managers.

Manager	Mandate	Asset Allocation £	Asset Allocation %	Target Allocation %	Relative %
LCIV	Global Equities	183,162,084	13.1	13.0	0.1
BlackRock	Low Carbon	142,167,830	10.2	10.0	0.2
BlackRock	UK Equities	135,095,411	9.7	10.0	-0.3
BlackRock	Global Equities	314,863,451	22.6	23.0	-0.4
RBC	Global Emerging Market Equities	74,159,084	5.3	4.5	0.8
Total Equities		849,447,860	60.9	60.5	0.4
BMO	Fixed Income	232,202,000	16.6	17.0	-0.4
Columbia Threadneedle	Property	128,137,402	9.2	10.0	1.1
Columbia Threadneedle	Low Carbon Property	26,746,883	1.9		
Invesco	Multi Asset	64,697,167	4.6	5.0	-0.4
GMO	Multi Asset	94,352,076	6.8	7.5	-0.7
Total Fund		1,395,583,388	100.0	100.0	0.0

Note: Numbers may not sum due to rounding

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2 Performance summary – Q4 2018

The following table sets out the performance of the Scheme's investment mandates as at 31 December 2018 against their respective benchmarks. Details of the performance benchmarks for each mandate are set out in Appendix 1.

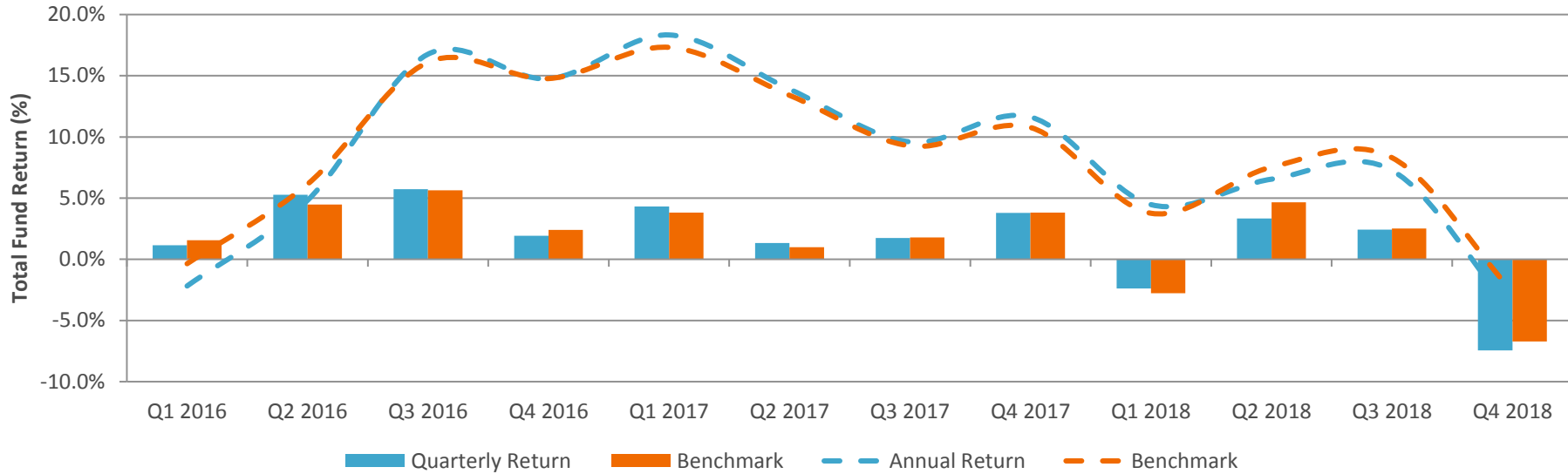
The table also shows the total Scheme performance against benchmark as calculated by Hymans Robertson. The performance and benchmark numbers have been provided by the Scheme's investment managers.

		LCIV	BlackRock	BlackRock	BlackRock	RBC	BMO	Columbia	Columbia	Invesco	GMO	Total
		LC Eq	LC Eq	UK Eq	Global Eq	EM Eq	Fixed Income	Threadneedle	Threadneedle	Multi Asset	Multi Asset	Scheme
								Property	LCW			
Q4 2018 (%)	Fund	-12.0	-11.8	-10.2	-13.3	-2.9	0.9	0.9	1.0	-2.7	-4.3	-7.4
	Benchmark	-11.4	-12.1	-10.3	-13.4	-5.3	1.3	0.9	0.9	0.2	-0.1	-6.7
	Relative	-0.7	0.3	0.0	0.1	2.5	-0.3	0.0	0.1	-2.9	-4.3	-0.8
12 Month (%)	Fund					-8.2	-0.6	6.1	8.8	-3.6	-7.3	-4.4
	Benchmark	n/a	n/a	n/a	n/a	-9.3	-0.4	6.6	6.6	0.7	1.9	-2.7
	Relative					1.2	-0.2	-0.4	2.1	-4.3	-9.0	-1.7
3 Year (% p.a.)	Fund					13.6	6.0	6.2		1.0	1.5	7.0
	Benchmark	n/a	n/a	n/a	n/a	14.7	5.5	6.5	n/a	0.5	1.8	7.4
	Relative					-1.0	0.5	-0.3		0.4	-0.2	-0.3
Since Inception (% p.a.)	Fund	-9.0	-7.8	-9.6	-8.4	15.3	6.3	6.7	7.2	0.6	1.9	
	Benchmark	-7.2	-8.3	-9.7	-8.6	16.7	6.0	5.8	8.3	0.5	1.3	
	Relative	-2.0	0.5	0.1	0.3	-1.2	0.3	0.9	-1.0	0.1	0.6	
Since Inception Dates		June 2018	June 2018	June 2018	June 2018	December 2015	September 2003	March 2004	May 2016	December 2015	September 2012	

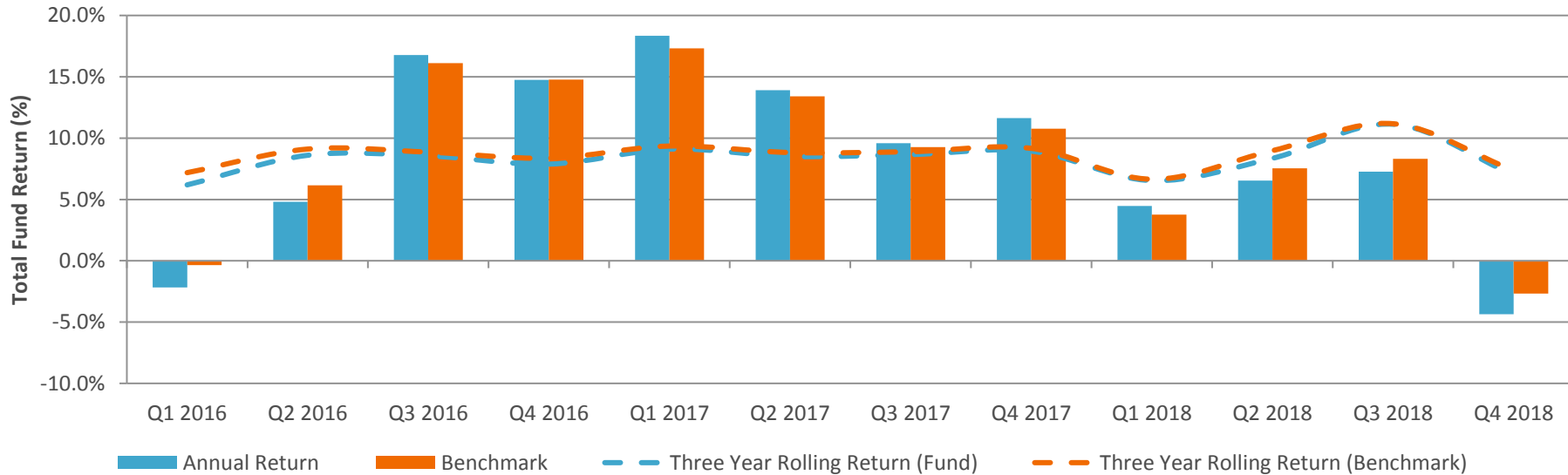
Note: Long term returns are calculated by rolling up historic quarterly returns and includes contribution of all current and historical mandates over the period. LCIV and BlackRock Since Inception returns are not annualised.

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2.1 Performance summary – Quarterly returns and rolling one year performance



2.2 Performance summary – Annual returns and rolling three year performance



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3 Manager update – Q4 2018

The following section sets out the current Hymans Robertson indicators for the managers/products employed by the London Borough of Hackney Pension Fund. We have recently updated our manager rating system and it is summarised in the table below. Further information is available in the Appendices. We have also included a brief comment on each manager with updated commentary where relevant and available. The manager 'indicator' approach forms part of our manager RADAR research process.

Rating	Comment
Preferred	One of our highest rated strategies in the asset class.
Positive	We have a positive opinion on the strategy and believe it has a high possibility of reaching its objectives. But we believe there are superior strategies available.
Suitable	We believe the strategy is suitable for pension scheme investors from a regulatory perspective, but we have no strong view on its forward-looking prospects.
Negative	We have a negative outlook for the strategy relative to peers.
Not rated	We currently do not have a formal rating for the strategy.

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4 Performance Analysis

4.1 Estimated Performance Analysis Q4 2018

The table below represents the manager performance over the quarter and illustrates Stock Selection contributions from each of the Fund's managers and the impact from over/underweight positions relative to benchmark/target weighting (Asset Allocation).

Manager	Asset Class	Benchmark	Market Value £'000	Weight %	Target %	Fund Return %	Benchmark Return %	Asset Allocation	Stock Selection
LCIV	Global Equities	MSCI World Index Total Return	183,162	13.1%	13.0%	-12.0	-11.4	-0.04	-0.10
BlackRock	Low Carbon	MSCI World Low Carbon Index	142,168	10.2%	10.0%	-11.8	-12.1	-0.04	0.03
BlackRock	UK Equities (indexed)	FTSE All-Share	135,095	9.7%	10.0%	-10.2	-10.3	0.00	0.00
BlackRock	Global Equities	MSCI World Net Total Return 95% hedged	314,863	22.6%	23.0%	-13.3	-13.4	-0.08	0.03
RBC	Global Emerging Market Equities	MSCI Emerging Markets	74,159	5.3%	4.5%	-2.9	-5.3	0.01	0.12
Total Equities			849,448	60.9%	60.5%	-7.3	-7.0	-0.15	0.09
BMO	Bonds	Bonds Composite ^[1]	232,202	16.6%	17.0%	0.9	1.3	-0.15	-0.05
Threadneedle	Property	MSCI UK Quarterly All Balanced Property Index	128,137	9.2%	7.5%	0.9	0.9	0.07	0.00
Threadneedle	Low Carbon Property	MSCI UK Quarterly All Balanced Property Index	26,747	1.9%	2.5%	1.0	0.9	-0.06	0.00
Invesco	Targeted Return	£LIBOR 3M	64,697	4.6%	5.0%	-2.7	0.2	-0.04	-0.13
GMO	Absolute Return	OECD CPI G7 (GBP)	94,352	6.8%	7.5%	-4.3	-0.1	-0.07	-0.29
Total Scheme			1,395,583	100.0%	100.0%	-7.4	-6.7	-0.40	-0.38

[1] BMO benchmark is 37.5% FTA Govt All stocks; 37.5% ML £ Non-Gilt All Stocks Index; 25% FTA Govt IL >5yrs

Note: We do not have the details of the cash held in the trustee bank account. As a result, the effective asset allocation may differ from that shown in the table above.

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4.2 Estimated Performance Analysis – 12 months to 31 December 2018

The table below represents the manager performance over the 12 months to 31 December 2018 and illustrates Stock Selection contributions from each of the Fund's managers and the impact from over/underweight positions relative to benchmark/target weighting (Asset Allocation).

Manager	Asset Class	Benchmark	Market Value £'000	Weight %	Target %	Fund Return %	Benchmark Return %	Asset Allocation	Stock Selection
LCIV	Global Equities	MSCI World Index Total Return	183,162	13.1%	13.0%	n/a	n/a	n/a	n/a
BlackRock	Low Carbon	MSCI World Low Carbon Index	142,168	10.2%	10.0%	n/a	n/a	n/a	n/a
BlackRock	UK Equities (indexed)	FTSE All-Share	135,095	9.7%	10.0%	n/a	n/a	n/a	n/a
BlackRock	Global Equities	MSCI World Net Total Return 95% hedged	314,863	22.6%	23.0%	n/a	n/a	n/a	n/a
RBC	Global Emerging Market Equities	MSCI Emerging Markets	74,159	5.3%	4.5%	-8.2	-9.3	-0.06	0.05
Total Equities			849,448	60.9%	60.5%	-2.3	-0.7	-0.06	0.05
BMO	Bonds	Bonds Composite ^[1]	232,202	16.6%	17.0%	-0.6	-0.4	-0.09	-0.03
Threadneedle	Property	MSCI UK Quarterly All Balanced Property Index	128,137	9.2%	7.5%	6.1	6.6	0.07	-0.03
Threadneedle	Low Carbon Property	MSCI UK Quarterly All Balanced Property Index	26,747	1.9%	2.5%	8.8	6.6	-0.07	0.04
Invesco	Targeted Return	£LIBOR 3M	64,697	4.6%	5.0%	-3.6	0.7	-0.05	-0.20
GMO	Absolute Return	OECD CPI G7 (GBP)	94,352	6.8%	7.5%	-7.3	1.9	-0.08	-0.60
Total Scheme			1,395,583	100.0%	100.0%	-4.4	-2.7	-0.29	-0.77

[1] BMO benchmark is 37.5% FTA Govt All stocks; 37.5% ML £ Non-Gilt All Stocks Index; 25% FTA Govt IL >5yrs

Note:

We do not have the details of the cash held in the trustee bank account. As a result, the effective asset allocation may differ from that shown in the table above. Attribution analysis excludes the stock selection and asset allocation impact of mandates which have been fully redeemed and those which have not been invested over the full period.

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4.3 Estimated Performance Analysis – 3 years to 31 December 2018

The table below represents the manager performance over the 3 years to 31 December 2018 and illustrates Stock Selection contributions from each of the Fund's managers and the impact from over/underweight positions relative to benchmark/target weighting (Asset Allocation).

Manager	Asset Class	Benchmark	Market Value £'000	Weight %	Target %	Fund Return %	Benchmark Return %	Asset Allocation	Stock Selection
LCIV	Global Equities	MSCI World Index Total Return	183,162	13.1%	13.0%	n/a	n/a	n/a	n/a
BlackRock	Low Carbon	MSCI World Low Carbon Index	142,168	10.2%	10.0%	n/a	n/a	n/a	n/a
BlackRock	UK Equities (indexed)	FTSE All-Share	135,095	9.7%	10.0%	n/a	n/a	n/a	n/a
BlackRock	Global Equities	MSCI World Net Total Return 95% hedged	314,863	22.6%	23.0%	n/a	n/a	n/a	n/a
RBC	Global Emerging Market Equities	MSCI Emerging Markets	74,159	5.3%	4.5%	n/a	n/a	n/a	n/a
Total Equities			849,448	60.9%	60.5%	5.9	6.7	n/a	n/a
BMO	Bonds	Bonds Composite ^[1]	232,202	16.6%	17.0%	6.0	5.5	-0.15	0.26
Threadneedle	Property	MSCI UK Quarterly All Balanced Property Index	128,137	9.2%	7.5%	6.2	6.5	0.16	-0.05
Threadneedle	Low Carbon Property	MSCI UK Quarterly All Balanced Property Index	26,747	1.9%	2.5%	n/a	n/a	n/a	n/a
Invesco	Targeted Return	£LIBOR 3M	64,697	4.6%	5.0%	1.0	0.5	0.07	0.06
GMO	Absolute Return	OECD CPI G7 (GBP)	94,352	6.8%	7.5%	1.5	1.8	0.07	0.10
Total Scheme			1,395,583	100.0%	100.0%	7.0	7.4	0.15	0.37

[1] BMO benchmark is 37.5% FTA Govt All stocks; 37.5% ML £ Non-Gilt All Stocks Index; 25% FTA Govt IL >5yrs

Note:

We do not have the details of the cash held in the trustee bank account. As a result, the effective asset allocation may differ from that shown in the table above. Attribution analysis excludes the stock selection and asset allocation impact of mandates which have been fully redeemed and those which have not been invested over the full period.

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5 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.

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For and on behalf of Hymans Robertson LLP