

Management Structure

Administering Authority
Devon County Council
County Hall
Exeter EX2 4QD

Your Pension Fund Representatives

Investment and Pension Fund Committee (at 31 March 2012)

Representing Devon County Council
Councillor Barry Parsons (Chairman)
Councillor Andrew Moulding (V.Chairman)
Councillor Jerry Brook
Councillor Rodney Cann
Councillor Richard Edgell
Councillor Anne Fry
Councillor Des Hannon
Councillor Chris Haywood
Councillor Trevor Pennington
Councillor Ray Radford
Councillor Philip Sanders
Councillor Richard Westlake MBE
Councillor Peter Edwards (Devon District Councils)

Representing Devon Unitary & District Councils
Councillor Ian Bowyer (Plymouth)
Councillor David Stark (Plymouth)
Councillor John Thomas (Torbay)

Observers
Representing the Contributors
Mrs Lorraine Parker
Representing the Beneficiaries
Colin Lomax

Adviser
Investment Managers
John Harrison
Devon County Council Investment Team
Aberdeen Asset Managers Ltd
Aviva Investors Global Services Ltd
Lazard Asset Management LLC
Sarasin and Partners LLP
State Street Global Advisors Ltd
UBS Global Asset Management (UK) Ltd
Wellington Management International Ltd

County Council Officers
Phil Norrey, Chief Executive
Mary Davis, County Treasurer
Barry White, Principal Finance Manager - Investments
Chris Phillips, Assistant County Treasurer
Charlotte Thompson, Pensions Manager

Fund Actuary
Barnet Waddingham LLP

For More Information

Copies of the full Annual Report, Statutory Published Statements and abridged Members leaflet can be found on-line at the Devon County Council web site at:
devonpensions.org/fund-and-investment-news

Enquiries about benefits should be made direct to your employer or to Charlotte Thompson, Pensions Manager, Devon County Council, Estuary House, Peninsula Park, Exeter EX2 7XB.

Pension Fund Accounts

Fund Account

	2011 £000	2012 £000
Contributions and benefits		
Contributions receivable:		
Employers	112,099	116,380
Employees	38,230	36,277
Transfers in from other schemes	11,375	9,868
	161,704	162,525
Benefits payable:		
Pensions	(95,623)	(104,282)
Lump Sums	(25,906)	(35,991)
Death Benefits	(3,407)	(3,103)
Refunds	(11)	(6)
Transfers out to other schemes	(21,676)	(5,933)
Administration expenses	(1,266)	(1,282)
	(147,889)	(150,597)
Net additions from dealings with fund members	13,815	11,928
Returns on investments		
Investment Income	41,161	47,585
Investment Management expenses	(3,644)	(3,600)
Change in Market Value of Investments:		
Realised & Unrealised profit / (loss)	152,254	20,919
Net Returns on Investments	189,771	64,904
Net Increase (Decrease) in the Fund during the year	203,586	76,832
ADD		
Opening Net Assets of the Fund at 1 April	2,403,313	2,606,899
Net assets of the fund at 31 March	2,606,899	2,683,731
Net asset statement		
	2011 £000	2012 £000
Investments at market value		
Fixed Interest		
U.K. Public Sector Bonds	46,317	52,207
U.K. Public Sector Index Linked Bonds	20,980	20,298
Overseas Government Bonds	209,507	257,337
Corporate Bonds - Global	144,575	157,177
Equities (Listed)		
U.K.	158,205	168,353
Overseas	483,057	499,571
Managed Funds	1,067,666	1,079,085
Pooled Funds	277,757	288,880
Derivatives	(2,059)	(2,412)
Foreign Currency	10,746	9,318
Short Term Deposits	160,230	124,715
Cash & Bank Deposits	32,150	22,313
	2,609,131	2,676,842
Long term and current assets	32,899	55,075
Long term and current liabilities	(35,131)	(48,186)
Net asset of the fund at 31 March	2,606,899	2,683,731

Pension Fund Annual Report & Accounts



2011/12

Your Local Government Pension

The 2011/12 Financial Year has been another difficult period for world markets. Many countries are still struggling with high levels of debt and the crisis in the Eurozone has continued to dominate news headlines. Against this difficult background it is pleasing to report that during 2011/12 the value of the Fund grew by £77million.

The Government has over the last year been formulating its plans to reform public sector pensions, including the Local Government Pension Scheme (LGPS). At the end of May 2012, proposals were published for a revised scheme based on Career Average Revalued Earnings (CARE) to be implemented from April 2014. The proposed new scheme includes revisions to accrual rates and pensionable age, a more progressive scale of employee contributions, and the option to pay half contributions for half the pension. This is now subject to a statutory consultation, so that the required legislation can be enacted by the end of March 2013.

Investment Performance

The asset value of the Fund at the end of the financial year was £2.683billion. This represents a positive return of 2.6% for 2011/12, which is exactly in line with the local authority peer group average. This has been achieved by the majority of the Fund's managers delivering a good performance on their investments.

Asset Allocation

No change was made during the year to the Committee's notional asset allocation target of 70% equities and 30% fixed interest. However, over the last year the Committee has undertaken a review of the Fund, with the aim of improving risk management, increasing flexibility in varying the allocation between different assets in response to current market conditions, and improving the Fund's diversification across a range of assets. This will result in a revised strategic asset allocation of 55% to specialist equity managers, 18% to specialist fixed interest managers, 12% to alternatives (property and infrastructure) and 15% to diversified growth funds.

Conclusion

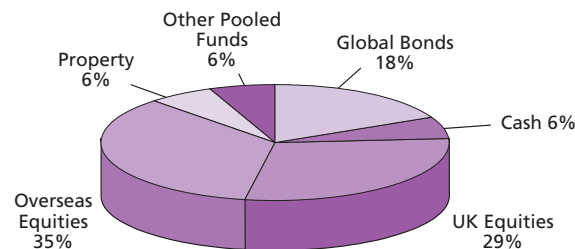
Longer term performance of the Fund remains good with Devon producing returns +0.3% pa ahead of our local authority peers over a ten year period. With much of the world economy in a fragile state, and the current uncertainty set to continue for some time, we will need to work hard to maintain this position.

Mary Davis
County Treasurer

Top 10 UK Equity Investments

Company & Sector	Market Value 31 March 2012 £000	% of Total Investments
Royal Dutch Shell Oil & Gas	14,006	0.52
Vodafone Telecommunications	13,619	0.51
HSBC Banks	12,287	0.46
Standard Chartered Banks	10,340	0.39
BP Oil & Gas	8,866	0.33
Centrica Utilities	7,807	0.29
British American Tobacco Personal & Household	7,583	0.28
Imperial Tobacco Personal & Household	7,297	0.27
Glaxosmithkline Healthcare	7,090	0.26
Xstrata Basic Resources	6,063	0.23

Asset Allocation at 31 March 2012



Top 10 Overseas Equity Investments

Company, Country & Sector	Market Value 31 March 2012 £000	% of Total Investments
Samsung Electronics, Korea Technology	13,548	0.50
Taiwan Semiconductor, Taiwan Technology	11,153	0.42
Banco Bradesco, Brazil Banks	8,644	0.32
China Mobile, China Telecommunications	7,805	0.29
Fomento Economico, Mexico Food & Beverages	7,438	0.28
Vale, Brazil Basic Resources	7,426	0.28
Petroleo Brasileiro, Brazil Oil & Gas	7,164	0.27
Microsoft, United States Technology	7,077	0.26
Oracle, United States Technology	7,062	0.26
Tenaris, Italy Basic Resources	6,572	0.24

Investment Performance

