

Management Structure

Administering Authority	Devon County Council County Hall Exeter EX2 4QJ
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Your Pension Fund Representatives

Investment and Pension Fund Committee (at 31 March 2010)

Representing Devon County Council	Councillor Sara Randall Johnson (Chairman) Councillor Barry Parsons (Vice Chairman) Councillor Paula Black Councillor Jerry Brook Councillor Richard Edgell Councillor Anne Fry Councillor Brian Greenslade Councillor Des Hannon Councillor Andrew Moulding Councillor Ray Radford Councillor Philip Sanders Councillor Richard Westlake MBE
Representing Devon Unitary & District Councils	Councillor Peter Edwards (Devon District Councils) Councillor Peter Smith (Plymouth) Councillor David Stark (Plymouth) Councillor John Thomas (Torbay)

Observers Representing the Contributors	Roberto Franceschini Mrs Lorraine Parker
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Representing the Beneficiaries	Colin Lomax
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Advisers	Norman Ferguson John Harrison
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Investment Managers	Devon County Council Investment Team Aberdeen Asset Management PLC Lazard Asset Management LLC Sarasin & Partners LLC State Street Global Advisors (UK) Ltd UBS Global Asset Management (UK) Ltd Wellington Management International Ltd
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County Council Officers	Phil Norrey Chief Executive Mary Davis Director of Finance Barry White Principal Finance Manager - Investments Charlotte Thompson Pensions Manager
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Fund Actuary	Barnet Waddingham LLP
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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: www.devon.gov.uk/pensions/investments.htm

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

	2009 £000	2010 £000
CONTRIBUTIONS AND BENEFITS		
Contributions receivable:		
Employers	107,084	115,904
Employees	37,171	38,470
Transfers in from other schemes	12,523	20,110
	156,778	174,484
Benefits payable:		
Pensions	(84,098)	(91,011)
Lump Sums	(20,802)	(26,716)
Death Benefits	(2,213)	(2,101)
Refunds	(4)	(16)
Transfers out to other schemes	(6,847)	(23,534)
Administration expenses	(1,342)	(1,325)
	(115,306)	(144,703)
Net Additions from dealings with Fund members	41,472	29,781
RETURNS ON INVESTMENTS		
Investment Income	39,176	31,813
Investment Management expenses	(783)	(4,288)
Change in Market Value of Investments:		
Realised & Unrealised profit/(loss)	(453,072)	563,425
Net Returns on Investments	(414,679)	590,950
Net Increase (Decrease) in the Fund during the year	(373,205)	620,731
Add		
Opening Net Assets of the Fund at 1 April	2,155,787	1,782,582
Net Assets of the Fund at 31 March	1,782,582	2,403,313
NET ASSET STATEMENT		
	2009 £000	2010 £000
Investments at Market Value		
Fixed Interest		
U.K. Public Sector Bonds	157,609	36,009
U.K. Public Sector Index Linked Bonds	87,251	32,129
Overseas Government Bonds	129,431	195,547
Corporate Bonds - Global	19,285	128,422
Equities (Listed)		
U.K.	117,342	157,526
Overseas	180,985	436,894
Managed Funds	544,403	1,018,947
Pooled Funds	264,741	217,867
Derivatives	0	(717)
Foreign Currency	1,064	9,970
Short Term Deposits	237,950	127,375
Cash & Bank Deposits	26,767	34,946
	1,766,828	2,394,915
Current Assets	19,489	25,437
Current Liabilities	(3,735)	(17,039)
Net Assets of the Fund at 31 March	1,782,582	2,403,313

(These tables are subject to the impact of rounding)

Pension Fund Annual Report & Accounts

2009/2010

Your Local Government Pension

Globally the economic situation started to pick up last year after the significant downturn experienced through 2007/08 & 2008/09. Financial markets recovered lost ground and returned a strong positive performance in 2009/10. However the debt and banking crisis encompassing world economies has receded but is not yet over. Many countries have come through the worst of the crises but are now dealing with the impact of funding the measures that were needed to support the world banking system. This has and will put great strain on weaker economies and may lead to further volatility in financial markets.

Investment Performance

I am pleased to report that the Devon Pension Fund is now ranked in the top 10% of the 87 UK local authority pension funds measured over 10 years from 2000 to 2010. This good performance ensures that the Fund's principal aim, to maintain consistent outperformance over the longer term, in order to ensure the delivery of safe and secure pensions to all current and future pensioners, is being achieved.

At 31 March 2010 the asset value of your Fund was £2.403 billion, having recovered strongly last year in line with world investment markets. The strong market returns reversed the decline experienced in 2008/09 (due to the impact of the credit crunch in late 2008). The one year performance achieved in 2009/10 was +33.9%.

Fund Solvency

The statutory actuarial valuation of the Fund (as at 31 March 2010) is now underway and I will update you on the final results in next year's members report. Early indications from the Fund's new actuary (Barnett Waddingham) are that the solvency is likely to be very similar to 2007 (80%).

You may be aware that a major review of all public sector pension schemes has been commissioned by the Government. Lord Hutton's report will not be published in full until March 2011 and I will update you next year on the outcome and implications for the scheme members.

Conclusion

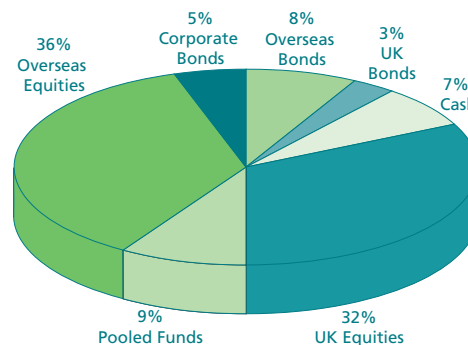
Delivering strong performance in a year when the Fund was completing a major manager transition is a very satisfactory achievement, and one which the Investment & Pension Committee believe will strengthen the Devon Fund going forward. It also endorses the policy decisions taken by the previous Committee to appoint a range of new external managers. The new managers have started well and the revised management structure is now largely in place to serve the Fund and all of its stakeholders. I look forward to reporting to you on future developments next year.

Mary Davis
Director of Finance

Top 10 UK Equity Investments

Company & Sector	Market Value 31 March 2010 £000	% of Total Investments
Vodafone Telecommunications	12,222	0.51
BP Oil & Gas	10,770	0.45
Royal Dutch Shell Oil & Gas	10,621	0.44
HSBC Banks	10,553	0.44
Rio Tinto Basic Resources	7,818	0.33
Standard Chartered Banks	7,597	0.32
GlaxoSmithkline Healthcare	6,704	0.28
Tesco Retail	6,376	0.27
Barclays Banks	6,032	0.25
British American Tobacco Personal & Household	4,096	0.17

Asset Allocation at 31 March 2010



Top 10 Overseas Equity Investments

Company, Country & Sector	Market Value 31 March 2010 £000	% of Total Investments
Samsung Electronics, Korea Technology	11,696	0.49
Taiwan Semiconductor, Taiwan Technology	7,315	0.31
Petroleo Brasileiro, Brazil Oil & Gas	7,104	0.30
Roche, Switzerland Healthcare	6,944	0.29
Intel Corp, USA Technology	6,338	0.26
Tenaris, Italy Basic Resources	6,278	0.26
China Mobile, China Telecommunications	6,183	0.26
Swire Pacific, Hong Kong Industrial Goods & Services	6,031	0.25
Vale, Brazil Basic Resources	5,452	0.23
Banco Bradesco, Brazil Banks	5,283	0.22

Investment Performance

