

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 2011)

Representing Devon County Council	Councillor Sara Randall Johnson (Chairman) Councillor Barry Parsons (V.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 Ian Bowyer (Plymouth) Councillor David Stark (Plymouth) Councillor John Thomas (Torbay)

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

Adviser	John Harrison
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
County Council Officers	Phil Norrey Chief Executive Mary Davis County Treasurer Barry White Principal Finance Manager - Investments

Fund Actuary	Charlotte Thompson Pensions Manager 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

	2010 £000	2011 £000
Contributions and Benefits		
Contributions receivable :		
Employers	115,904	112,099
Employees	38,470	38,230
Transfers in from other schemes	20,110	11,375
	174,484	161,704
Benefits payable :		
Pensions	(91,011)	(95,623)
Lump Sums	(26,716)	(25,906)
Death Benefits	(2,101)	(3,407)
Refunds	(16)	(11)
Transfers out to other schemes	(23,534)	(21,676)
Administration expenses	(1,325)	(1,266)
	(144,703)	(147,889)

Net Additions from Dealing with Fund Members	29,781	13,815
Returns on Investments		
Investment Income	31,813	41,161
Investment Management expenses	(5,262)	(3,644)
Change in Market Value of Investments :-		
Realised & Unrealised profit / (loss)	564,399	152,254
Net Returns on Investments	590,950	189,771
Net Increase (Decrease) in the Fund during the year	620,731	203,586
Add		
Opening Net Assets of the Fund at 1 April	1,782,582	2,403,313
Net Assets of the Fund at 31 March	2,403,313	2,606,899

NET ASSET STATEMENT

	2010 £000	2011 £000
Investments at Market Value		
Fixed Interest		
U.K. Public Sector Bonds	36,009	46,317
U.K. Public Sector Index Linked Bonds	32,129	20,980
Overseas Government Bonds	195,547	209,507
Corporate Bonds - Global	128,422	144,575
Equities (Listed)		
U.K.	157,526	158,205
Overseas	436,894	483,057
Managed Funds	1,018,947	1,102,085
Pooled Funds	217,867	243,338
Derivatives	(717)	(2,059)
Foreign Currency	9,970	10,746
Short Term Deposits	127,375	160,230
Cash & Bank Deposits	34,946	32,150
	2,394,915	2,609,131
Current Assets	25,437	32,899
Current Liabilities	(17,039)	(35,131)
Net Assets of the Fund at 31 March	2,403,313	2,606,899

(These tables are subject to the impact of rounding)

Pension Fund Annual Report & Accounts

2010/2011

Your Local Government Pension

After the significant downturn experienced through 2007/08 and 2008/09, and the strong recovery of financial markets in 2009/10, 2010/11 saw a gradual growth in markets from the second quarter onwards, with a small blip during March resulting from the political instability in the Middle East and North Africa, and the tsunami and its after effects in Japan. However, the world economy is still in a fragile state. There continues to be major financial turbulence in the Eurozone, and further volatility in financial markets should therefore be expected.

The Hutton report, published in March, has set a new agenda for the future of public sector pensions. While we await details of how the recommendations of the report will be implemented through Local Government Pension Scheme regulations, it is very clear that there will be significant implications for the fund and all of the stakeholders involved with the Fund.

Fund Solvency

The Fund's latest triennial valuation, conducted at 31 March 2010, has been carried out by the Fund Actuary. The Actuary has determined that the Devon Pension Fund has a funding level of 81%, compared with 80% at the previous 2007 valuation, after taking into account revised actuarial assumptions, longevity projections and a change in the pensions indexation factor, moving from RPI to CPI (as dictated by Government).

Investment Performance

I am pleased to report that your Fund continues to be ranked in the top quartile of 86 UK local authority pension funds over 10 years from 2001 to 2011. The asset value of the Fund at the financial year end was £2.607billion, with a return of +7.6% delivered over the year. Disappointingly, this was below the peer group benchmark of +8.2%. However, the Committee's principal aim for the Fund is to maintain consistent outperformance over the longer term, and the ten year performance shows an average annual investment return of 5.8% for the Devon Fund against an average return of 5.3% achieved by our peer group (other local authorities).

Conclusion

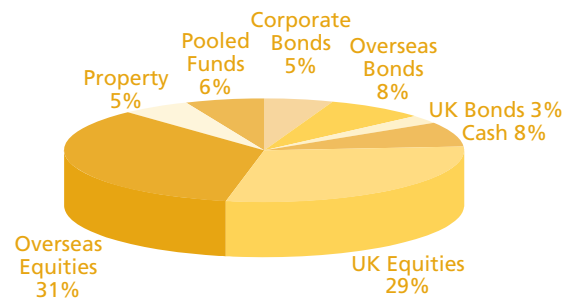
2010/11 was a good year for the Fund providing stability after the volatility experienced during the previous 2 years and the move to new management arrangements. Longer term performance of the Fund remains good with Devon producing returns +0.5% pa ahead of our local authority peers. The improvement in funding level, at a time when some other funds saw funding levels fall, demonstrates that the Fund is in a strong position to meet the challenges of the years ahead.

Mary Davis
County Treasurer

Top 10 UK Equity Investments

Company & Sector	Market Value 31 March 2011 £000	% of Total Investments
Royal Dutch Shell Oil & Gas	14,961	0.57
Vodafone Telecommunications	13,074	0.50
Standard Chartered Banks	10,010	0.38
HSBC Banks	8,418	0.32
BP Oil & Gas	6,549	0.25
Rio Tinto Basic Resources	6,449	0.25
Tesco Retail	5,954	0.23
British American Tobacco Personal & Household	5,553	0.21
Glaxosmithkline Healthcare	5,429	0.21
Centrica Utilities	4,806	0.18

Asset Allocation at 31 March 2011



Top 10 Overseas Equity Investments

Company, Country & Sector	Market Value 31 March 2011 £000	% of Total Investments
Samsung Electronics, Korea Technology	11,845	0.45
Taiwan Semiconductor, Taiwan Technology	9,072	0.35
Banco Bradesco, Brazil Banks	9,038	0.35
Petroleo Brasileiro, Brazil Oil & Gas	8,276	0.32
Roche, Switzerland Healthcare	7,028	0.27
Tenaris, Italy Basic Resources	6,725	0.26
Petrochina, China Oil & Gas	6,204	0.24
Swire Pacific, Hong Kong Industrial Goods & Services	6,164	0.24
China Mobile, China Telecommunications	6,130	0.23
Vale, Brazil Basic Resources	6,087	0.23

Investment Performance

