

## Your Local Government Pension

The 2013/14 Financial Year has been a busy year for the Fund, with an actuarial review taking place, along with preparations for the new Career Average Revalued Earnings (CARE) scheme, which was implemented on 1 April 2014. Peninsula Pensions, a shared pensions administration service between Devon and Somerset County Councils, was launched in September 2013.

### Investment Performance

The asset value of the Fund at the end of the financial year was £3.140 billion. This represents a positive return of +4.7% for 2013/14, 1.7% below the Fund's benchmark of +6.4%. This was a disappointing return for the Fund, with the Fund's active managers all underperforming. However, the Fund's principal focus is on the longer term. The three year return is above benchmark, although the ten year return is marginally below.

### Fund Solvency

The results of the 2013 actuarial valuation have been prepared in accordance with the current legislative arrangements for the Fund, taking into account revised assumptions, longevity projections and the move to a career average scheme. The Actuary has determined that the Devon Fund has a funding level of 83%, compared with 81% at the previous 2010 valuations. The increased funding level represents good news for the Fund, at a time when public sector pension provision is under the microscope.

### Asset Allocation

The Committee made a small change to its strategic asset allocation during the year, increasing its allocation to Infrastructure from 2% to 4%, by reducing the total allocation to Fixed Interest and Cash from 18% to 16%. Commitments were subsequently made to infrastructure funds managed by First State and Aviva.

### Conclusion

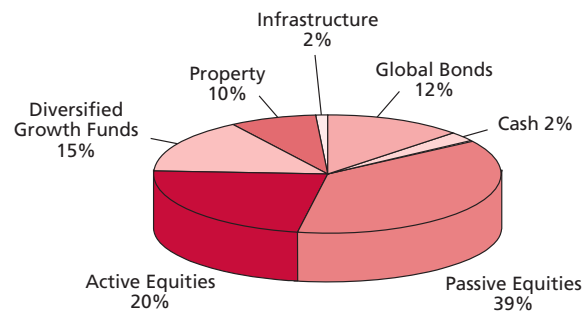
The below benchmark investment return for 2013/14 was a disappointing result for the year, but needs to be seen in the context of longer term performance. The improvement in funding level, at a time when some other funds saw funding levels fall, demonstrates that the Fund is still in a strong position. The Fund's current investment strategy and strategic asset allocation policy have been reviewed and some enhancements are being considered to reflect the changing economic environment going forward. This should ensure that the strategy continues to be designed to provide the flexibility and diversification to meet the challenges of an uncertain environment.

Mary Davis, County Treasurer

## Current Investment Managers

Managers & Mandate	Market Value 31 March 2014 £000	% of Total Investments
State Street Global Advisors Passive Equities	639,329	20.3
UBS Global Asset Management Passive Equities	596,307	19
Aberdeen Asset Management Global Equity	165,797	5.3
Sarasin and Partners Global Equity	159,985	5.1
Aberdeen Asset Management Emerging Market Equities	127,937	4.1
Lazard Asset Management Global Fixed Interest	186,586	5.9
Wellington Management Global Fixed Interest	181,989	5.8
Baillie Gifford & Co Diversified Growth Fund	229,950	7.3
Barings Asset Management Diversified Growth Fund	224,679	7.2
Aviva Investors Property	319,951	10.2
DCC Investment Team Specialist Equities, Infrastructure, Cash	307,383	9.8

## Asset Allocation at 31 March 2014



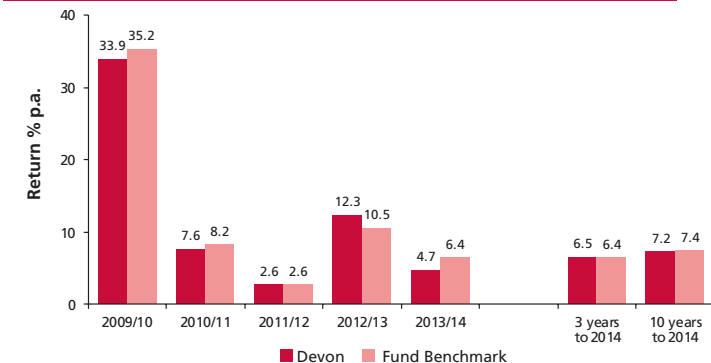
## Top 5 UK Equity Investments

Company & Sector	Market Value 31 March 2014 £000	% of Total Investments
Standard Chartered Banks	7,132	0.23
Vodafone Telecommunications	6,013	0.19
British American Tobacco Personal & Household	5,810	0.19
Royal Dutch Shell Oil & Gas	5,133	0.16
BHP Billiton Basic Resources	4,830	0.15

## Top 5 Overseas Equity Investments

Company, Country & Sector	Market Value 31 March 2014 £000	% of Total Investments
Samsung Electronics, Korea Technology	10,993	0.35
Taiwan Semiconductor, Taiwan Technology	10,385	0.33
Banco Bradesco, Brazil Banks	8,877	0.28
Roche, Switzerland Healthcare	8,857	0.28
Tenaris, Italy Basic Resources	7,651	0.24

## Investment Performance



## Management Structure

Administering Authority  
Devon County Council  
County Hall  
Exeter EX2 4QD

## Your Pension Fund Representatives

### Investment and Pension Fund Committee (at 31 March 2014)

Representing Devon County Council  
Councillor Andy Boyd  
Councillor Ray Radford  
Councillor Jerry Brook  
Councillor Gaston Dezart  
Councillor Richard Edgell  
Councillor Rufus Gilbert  
Councillor Brian Greenslade  
Councillor Des Hannon  
Councillor Roy Hill  
Councillor Sara Randall Johnson  
Councillor Margaret Squires  
Councillor Claire Wright

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

Representing the Beneficiaries  
Colin Lomax

**Adviser**  
John Harrison

**Investment Managers**  
Devon County Council Investment Team  
Aberdeen Asset Managers Ltd  
Aviva Investors Global Services Ltd  
Baillie Gifford and Co.  
Baring Asset Management 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  
Chris Phillips, Deputy County Treasurer  
Mark Gayler, Assistant County Treasurer  
Charlotte Thompson, Head of Pension Services

**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:  
[www.peninsulapensions.org.uk/lgps/devon-fund-key-documents](http://www.peninsulapensions.org.uk/lgps/devon-fund-key-documents)

Enquiries about benefits should be made direct to your employer or to Charlotte Thompson, Pensions Manager, Peninsula Pensions, Great Moor House, Bittern Road, Sowton Industrial Estate, Exeter EX2 7NL

## Pension Fund Accounts

### Fund Account

	2013 £000	2014 £000
<b>Contributions and benefits</b>		
Contributions receivable:		
Employers	111,900	113,917
Employees	34,703	35,099
Transfers in from other schemes	8,647	7,446
	<b>155,250</b>	<b>156,462</b>
Benefits payable:		
Pensions	(114,737)	(120,983)
Lump Sums	(27,389)	(26,204)
Death Benefits	(3,356)	(3,248)
Refunds	(15)	(18)
Transfers out to other schemes	(5,636)	(6,233)
Administration expenses	(1,689)	(2,030)
	<b>(152,822)</b>	<b>(158,716)</b>
<b>Net additions from dealings with fund members</b>	<b>2,428</b>	<b>(2,254)</b>
<b>Returns on investments</b>		
Investment Income	41,840	39,625
Investment Management expenses	(6,890)	(8,044)
Change in Market Value of Investments:		
Realised & Unrealised profit / (loss)	285,575	103,882
<b>Net Returns on Investments</b>	<b>320,525</b>	<b>135,463</b>
<b>Net Increase (Decrease) in the Fund during the year</b>	<b>322,953</b>	<b>133,209</b>
<b>ADD</b>		
Opening Net Assets of the Fund at 1 April	2,683,731	3,006,684
<b>Net assets of the fund at 31 March</b>	<b>3,006,684</b>	<b>3,139,893</b>
<b>Net asset statement</b>		
	2013 £000	2014 £000
<b>Investments at market value</b>		
Fixed Interest		
U.K. Public Sector Bonds	9,031	10,959
Overseas Government Bonds	217,110	205,791
Corporate Bonds - Global	169,747	162,662
Equities (Listed)		
U.K.	64,410	68,412
Overseas	420,704	379,345
Managed Funds	1,284,612	1,475,280
Pooled Funds	739,673	763,611
Derivatives	(749)	(700)
Foreign Currency	17,249	6,363
Short Term Deposits	56,250	34,971
Cash & Bank Deposits	21,682	30,907
	<b>2,999,719</b>	<b>3,137,601</b>
<b>Long term and current assets</b>	<b>38,859</b>	<b>40,195</b>
<b>Long term and current liabilities</b>	<b>(31,894)</b>	<b>(37,903)</b>
<b>Net asset of the fund at 31 March</b>	<b>3,006,684</b>	<b>3,139,893</b>

## Pension Fund Annual Report & Accounts



2013/14