

Your Local Government Pension

The 2012/13 Financial Year has been another difficult period for the world economy, with little or no growth in many countries, and the Eurozone continuing to be beset by a number of mini-crises. Against that backdrop the financial markets have performed surprisingly well, with an upward trend in equities from the beginning of June through to the end of March. The Fund has performed well over that period and has now grown to just over £3billion.

On a local angle we have been working to establish a shared service with Somerset County Council for pensions administration. In taking forward the shared service, a prime consideration has been the Government's promotion of collaborative approaches. The shared service arrangement commenced operation from September 2013 under the name of "Peninsula Pensions".

Investment Performance

The asset value of the Fund at the end of the financial year was £3.007billion. This represents a positive return of +12.3% for 2012/13, which is 1.9% above the Fund's benchmark of +10.4%. This has been achieved by the majority of the Fund's managers delivering a good performance on their investments.

Asset Allocation

Following a review of the Fund, as reported in last year's Annual Report, the Committee changed its strategic asset allocation during the year. The revised strategy comprises a target 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. As a result, the Fund's previous multi-asset was terminated, and the proceeds have been re-invested into two pooled diversified growth funds.

Conclusion

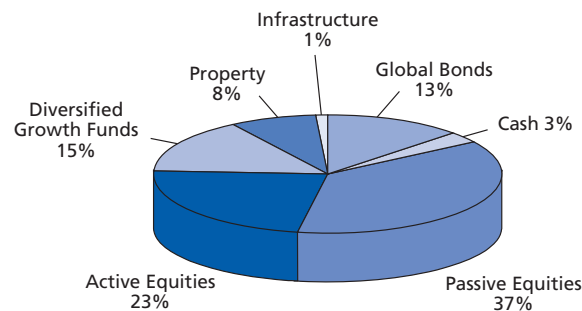
The Fund has benefited from the rally in equities over the last few months of the financial year. There are signs of economic recovery in some parts of the world, but progress is likely to be slow, with continuing volatility within markets. The Fund's current investment strategy and strategic asset allocation policy are designed to ensure that the Devon Fund has the flexibility and diversification to meet the challenges of an uncertain environment, but will need to be reviewed in the light of the outcome of the triennial actuarial valuation currently underway.

Mary Davis
County Treasurer

Current Investment Managers

Managers & Mandate	Market Value 31 March 2013 £000	% of Total Investments
State Street Global Advisors Passive Equities	575,128	19.2
UBS Global Asset Management Passive Equities	544,828	18.1
Aberdeen Asset Management Global Equity	162,984	5.4
Sarasin and Partners Global Equity	151,641	5.0
Aberdeen Asset Management Emerging Market Equities	188,206	6.3
Lazard Asset Management Global Fixed Interest	202,637	6.7
Wellington Management Global Fixed Interest	196,732	6.5
Baillie Gifford & Co Diversified Growth Fund	226,016	7.5
Barings Asset Management Diversified Growth Fund	221,510	7.4
Aviva Investors Property	239,893	8.0
DCC Investment Team Specialist Equities, Infrastructure, Cash	297,109	9.9

Asset Allocation at 31 March 2012



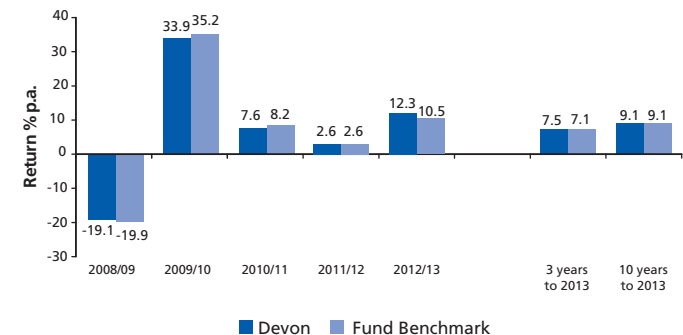
Top 5 UK Equity Investments

Company & Sector	Market Value 31 March 2013 £000	% of Total Investments
Standard Chartered Banks	9,052	0.5
Vodafone Telecommunications	6,222	0.5
British American Tobacco Personal & Household	5,474	0.5
Royal Dutch Shell Oil & Gas	4,792	0.4
HSBC Banks	4,739	0.3

Top 5 Overseas Equity Investments

Company, Country & Sector	Market Value 31 March 2013 £000	% of Total Investments
Samsung Electronics, Korea Technology	15,130	0.5
Taiwan Semiconductor, Taiwan Technology	13,015	0.4
Banco Bradesco, Brazil Banks	10,784	0.4
Fomento Economico, Mexico Food & Beverages	9,461	0.3
Grupo Financiero Banorte, Mexico Banks	8,965	0.3

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 2013)

Representing Devon County Council
Councillor Barry Parsons (Chairman)
Councillor Andrew Moulding (V.Chairman)
Councillor Philip Brock
Councillor Jerry Brook
Councillor Rodney Cann
Councillor Richard Edgell
Councillor Des Hannon
Councillor Chris Haywood
Councillor Trevor Pennington
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
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, Assistant County Treasurer
Richard Bettley, 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:
<http://www.peninsulapensions.org.uk/lgps/pension-fund-investments/devon-county-council-investments/>

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

	2012 £000	2013 £000
Contributions and benefits		
Contributions receivable:		
Employers	116,380	111,900
Employees	36,277	34,703
Transfers in from other schemes	9,868	8,647
	162,525	
	155,250	
Benefits payable:		
Pensions	(104,282)	(114,737)
Lump Sums	(35,991)	(27,389)
Death Benefits	(3,103)	(3,356)
Refunds	(6)	(15)
Transfers out to other schemes	(5,933)	(5,636)
Administration expenses	(1,282)	(1,689)
	(150,597)	(152,822)
Net additions from dealings with fund members	11,928	2,428
Returns on investments		
Investment Income	47,585	41,840
Investment Management expenses	(3,600)	(6,890)
Change in Market Value of Investments:		
Realised & Unrealised profit / (loss)	20,919	285,575
Net Returns on Investments	64,904	320,525
Net Increase (Decrease) in the Fund during the year	76,832	322,953
ADD		
Opening Net Assets of the Fund at 1 April	2,606,899	2,683,731
Net assets of the fund at 31 March	2,683,731	3,006,684

Net asset statement

	2012 £000	2013 £000
Investments at market value		
Fixed Interest		
U.K. Public Sector Bonds	52,207	9,031
U.K. Public Sector Index Linked Bonds	20,298	0
Overseas Government Bonds	257,337	217,110
Corporate Bonds - Global	157,177	169,747
Equities (Listed)		
U.K.	168,353	64,410
Overseas	499,571	420,704
Managed Funds	1,079,085	1,284,612
Pooled Funds	288,880	739,673
Derivatives	(2,412)	(749)
Foreign Currency	9,318	17,249
Short Term Deposits	124,715	56,250
Cash & Bank Deposits	22,313	21,682
	2,676,842	2,999,719
Long term and current assets	55,075	38,859
Long term and current liabilities	(48,186)	(31,894)
Net asset of the fund at 31 March	2,683,731	3,006,684

Pension Fund Annual Report & Accounts



2012/13