

## Your Local Government Pension

### Investment Performance

Last year because of volatility in the financial markets the Fund experienced a negative return for the first time in five years. It continues however to meet its target of producing consistent outperformance over the longer term and we are now ranked 17th (out of 100 Local Authority Funds) against our local authority peers for the 10 years to 31 March 2008.

As part of its overview of the Fund the Committee has recently decided to replace one of the Fund's external Investment Managers. The chart opposite shows both 2007/08 annual and longer performance periods.

### Asset Allocation

The asset allocation target of the Fund is to be invested 70% in equities and 30% fixed interest and the chart opposite illustrates the main diversification. It is worth noting, in particular, the high allocation to cash whilst equity markets are volatile and producing negative returns.

### Fund Solvency

A full valuation of the Fund was completed last year showing that it was 80% solvent (assets covered 80% of all future liabilities), an improvement of 19% from the 2004 valuation. When looking at the overall solvency of the Fund, the Actuary can take a longer term view, in the knowledge that Local Authority pension funds are more secure than private sector funds because Councils cannot go into liquidation. If they cease to exist, a successor authority would take over their liabilities. In 2007/08 your fund had income from contributions and investment income of £197m and paid out £108m by way of pensions and related payments. This position, whereby annual receipts exceed annual payments of benefits, is forecast to continue for the next 25 years.

### Ongoing Scheme Matters

The decision of Government (as sponsors of the Local Government Pension Scheme) to re-affirm the final salary status of the scheme is very good news for all members, although its retention will mean slight increases in contribution rates, necessary to ensure the long term viability of the scheme. More information and details of the new regulations can be found at [www.devon.gov.uk/pensions](http://www.devon.gov.uk/pensions)

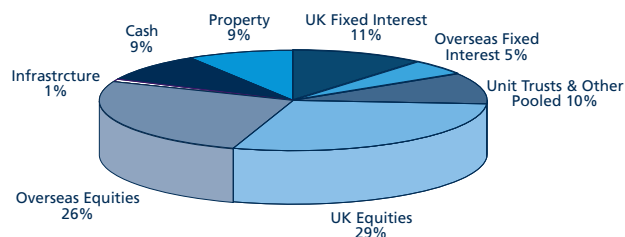
### John Mills

Executive Director of Finance, IT & Trading

## Top 10 UK Equity Investments

Company & Sector	Market Value 31 March 2008 £000	% of Total Investments
BP Oil & Gas	11,247	0.52
Vodafone Telecommunications	9,163	0.42
HSBC Banks	5,526	0.26
SAB Millar Beverages	5,415	0.25
Royal Dutch Shell 'B' Oil & Gas	5,258	0.24
AstraZeneca Pharmaceuticals	5,156	0.24
HBOS Banks	5,124	0.24
Rio Tinto Mining	4,944	0.23
GlaxoSmithkline Pharmaceuticals	4,613	0.21
Royal Bank of Scotland Banks	4,286	0.20

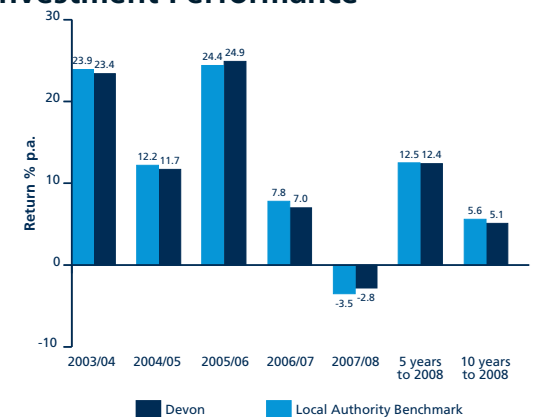
## Asset Allocation at 31 March 2008



## Top 10 Overseas Equity Investments

Company, Country & Sector	Market Value 31 March 2008 £000	% of Total Investments
Nestle, Switzerland Food Producers	3,259	0.15
Roche, Switzerland Pharmaceuticals	3,248	0.15
Total, France Oil & Gas	2,874	0.13
Novartis, Switzerland Pharmaceuticals	2,843	0.13
Sanofi Aventis, France Pharmaceuticals	2,360	0.11
Applied Materials, USA Pharmaceuticals	2,035	0.09
BNP Paribas, France Banks	1,778	0.08
Forest Laboratories, USA Pharmaceuticals	1,672	0.08
AXA, France Insurance	1,610	0.07
Unilever, Holland Food Producers	1,485	0.07

## Investment Performance



## 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 2008)

Representing Devon County Council	Councillor Eileen Wragg (Chairman) Councillor Francis Brook Councillor Derek Button Councillor John Clatworthy Councillor David Cox Councillor Roy Connelly Councillor Geoff Date Councillor Christopher Haywood Councillor Ray Radford Councillor Des Shadrack
Representing Devon Unitary & District Councils	Councillor Peter Edwards (Devon Districts Forum) Councillor David Stark (Plymouth) Councillor Chris Pattison (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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### Adviser

Norman Ferguson

### Investment Managers

Devon County Council Investment Team  
Capital International  
State Street Global Advisors  
UBS Global Asset Management

### County Council Officers

Phil Norrey Chief Executive  
John Mills Executive Director of Finance, IT & Trading  
Barry White Investment Manager  
Rod Turner Pensions Manager

### Actuary

Hewitt Associates Ltd

## 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](http://www.devon.gov.uk/pensions/investments.htm)

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

## Pension Fund Accounts

### FUND ACCOUNT

	2007 £000	2008 £000
<b>CONTRIBUTIONS AND BENEFITS</b>		
Contributions receivable:		
Employers	99,201	102,582
Employers - Additional Capital Contributions	540	928
Employees	32,109	33,427
Transfers in from other schemes	18,339	20,037
	<b>150,189</b>	<b>156,974</b>
Benefits payable:		
Pensions	(72,978)	(78,888)
Lump Sums	(20,564)	(18,788)
Death Benefits	(1,885)	(2,099)
Refunds	(75)	(27)
Transfers out to other schemes	(7,059)	(7,061)
Administration expenses	(1,201)	(1,346)
	<b>(103,762)</b>	<b>(108,209)</b>
<b>Net Additions from dealings with Fund Members</b>	<b>46,427</b>	<b>48,765</b>
<b>RETURN ON INVESTMENTS</b>		
Investment Income	34,821	39,921
Investment Management expenses	(1,509)	(1,530)
Change in Market Value of Investments:		
Realised & Unrealised profit / (loss)	121,714	(116,349)
<b>Net Returns on Investments</b>	<b>155,026</b>	<b>(77,958)</b>
<b>Net Increase (Decrease) in the Fund during the year</b>	<b>201,453</b>	<b>(29,193)</b>
<b>ADD</b>		
Opening Net Assets of the Fund at 1 April	1,985,968	2,187,421
<b>Net Assets of the Fund at 31 March</b>	<b>2,187,421</b>	<b>2,158,228</b>
<b>NET ASSET STATEMENT</b>		
	2007 £000	2008 £000
Investments at Market Value		
Fixed Interest		
U.K. Government Stocks	107,242	115,310
U.K. Index Linked Stocks	94,071	121,359
Overseas	77,630	89,829
Other	38,910	28,046
Equities (Listed)		
U.K.	210,265	169,509
Overseas	244,201	245,720
Managed Funds	830,578	763,064
U.K. Property Unit Trusts	217,865	189,246
Other Unit Trusts	90,219	120,442
Unlisted Securities	123,888	119,158
Foreign Currency	269	1,075
	<b>2,035,138</b>	<b>1,962,758</b>
Cash & Short Term Loans	137,313	177,188
Current Assets	21,596	22,597
Current Liabilities	(6,626)	(4,315)
<b>Net Assets of the Fund at 31 March</b>	<b>2,187,421</b>	<b>2,158,228</b>

# Pension Fund Annual Report & Accounts

2007/2008