Investment Performance

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Agenda

- Conclusions (2012)
- Investment returns – last 3 years
- Main manager returns
- Long term returns
- Asset allocation
- Conclusions (2013)

Conclusions (2012)

- Investment returns are important to help keep contributions stable
- Performance since last valuation has been mixed
- Long term returns have been reasonable
  - Bond returns have been remarkable
  - Equity and property returns volatile
  - All main managers have performed well
- Asset allocation continues to favour growth assets

Good performance in 12/13 will help at the next valuation

Investment returns
Last 3 years

	2010/11	2011/12	2012/13	**3 years**
	%	%	%	% pa
UK Fixed Interest	5.2	11.9	10.7	9.2
Overseas Fixed Interest	-1.6	5.1	11.9	4.9
Equities	10.9	0.0	17.7	9.3
Property	9.6	0.8	1.3	5.3
Total Fund	**9.4**	**1.6**	**13.9**	**8.2**

Expected return on assets at last valuation was 6.8% pa

Main manager returns

	2010/11	2011/12	2012/13	**3 years**
	%	%	%	% pa
Kames (bonds)	4.2	11.0	10.6	8.6
Schroders (equities)	10.9	-0.9	18.0	9.1
In-house (equities)	9.5	0.1	16.6	8.5
Aberdeen (property)	9.6	4.6	2.4	5.5

All managers contributing positively to Fund performance

Long term returns

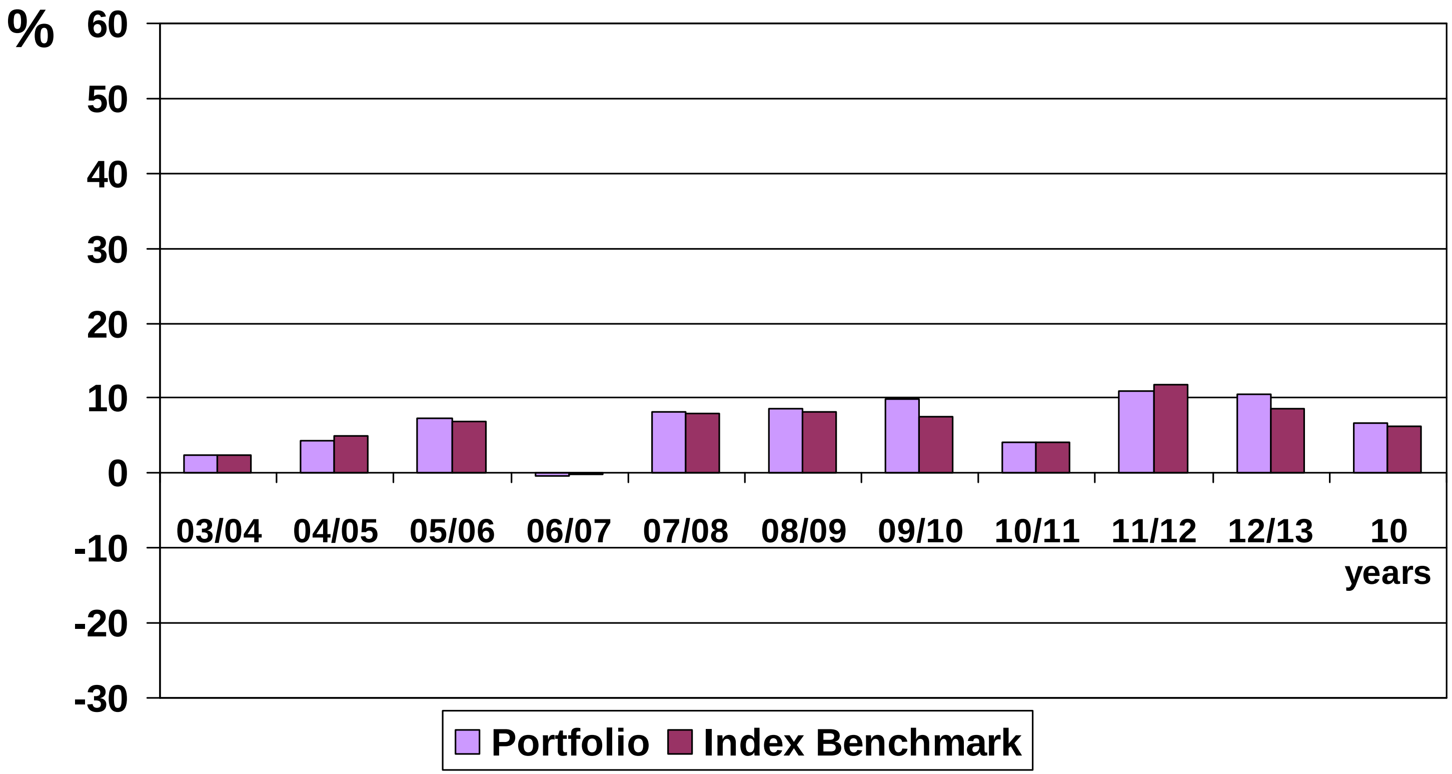
Fund's Statement of Investment Principles

'Contribution income currently exceeds benefit payments… This makes it unlikely that assets will have to be realised in order to meet pension benefits and allows the Fund to implement a long term investment strategy'.

- This is still the case
- So what have long term returns been like?

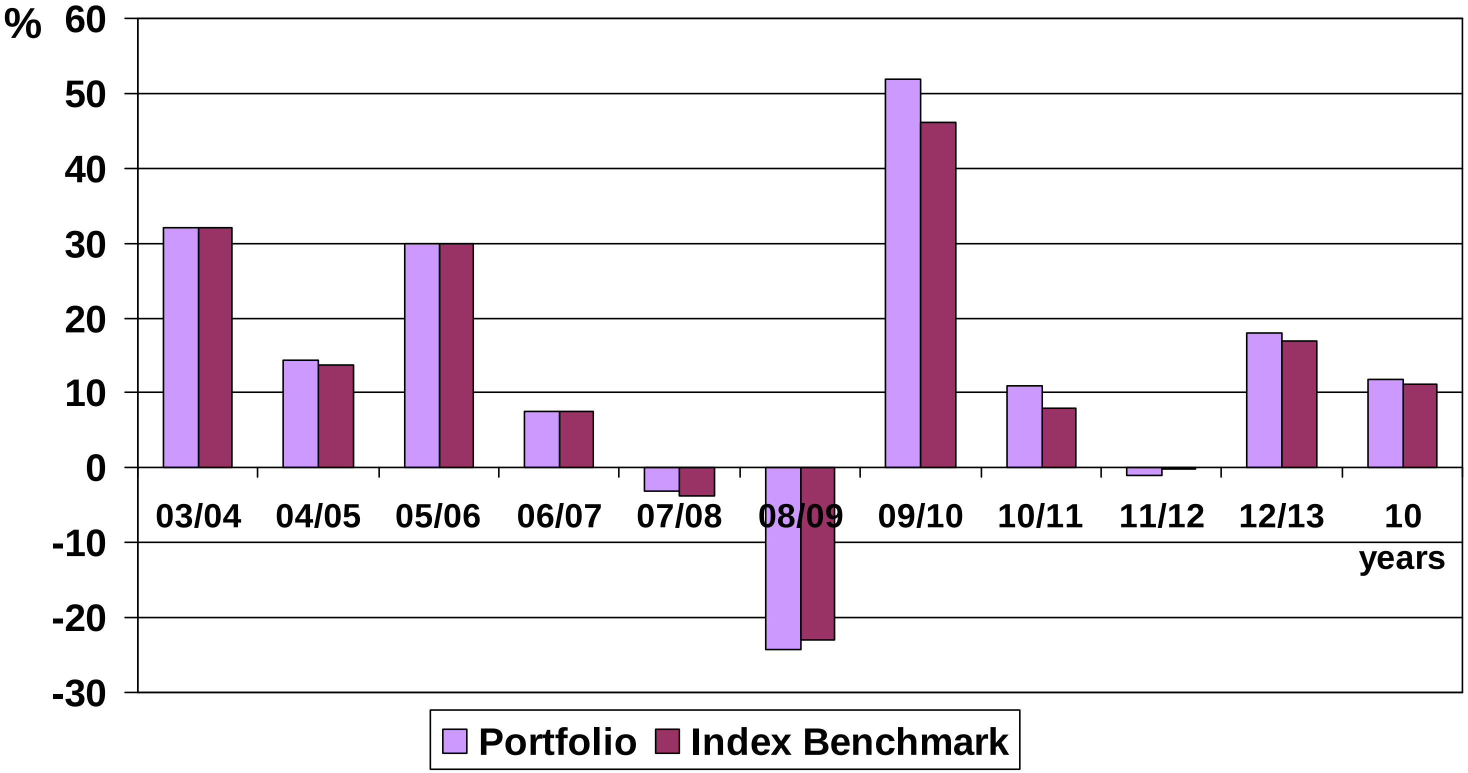
Bonds

(Aegon/Kames since July 2005)



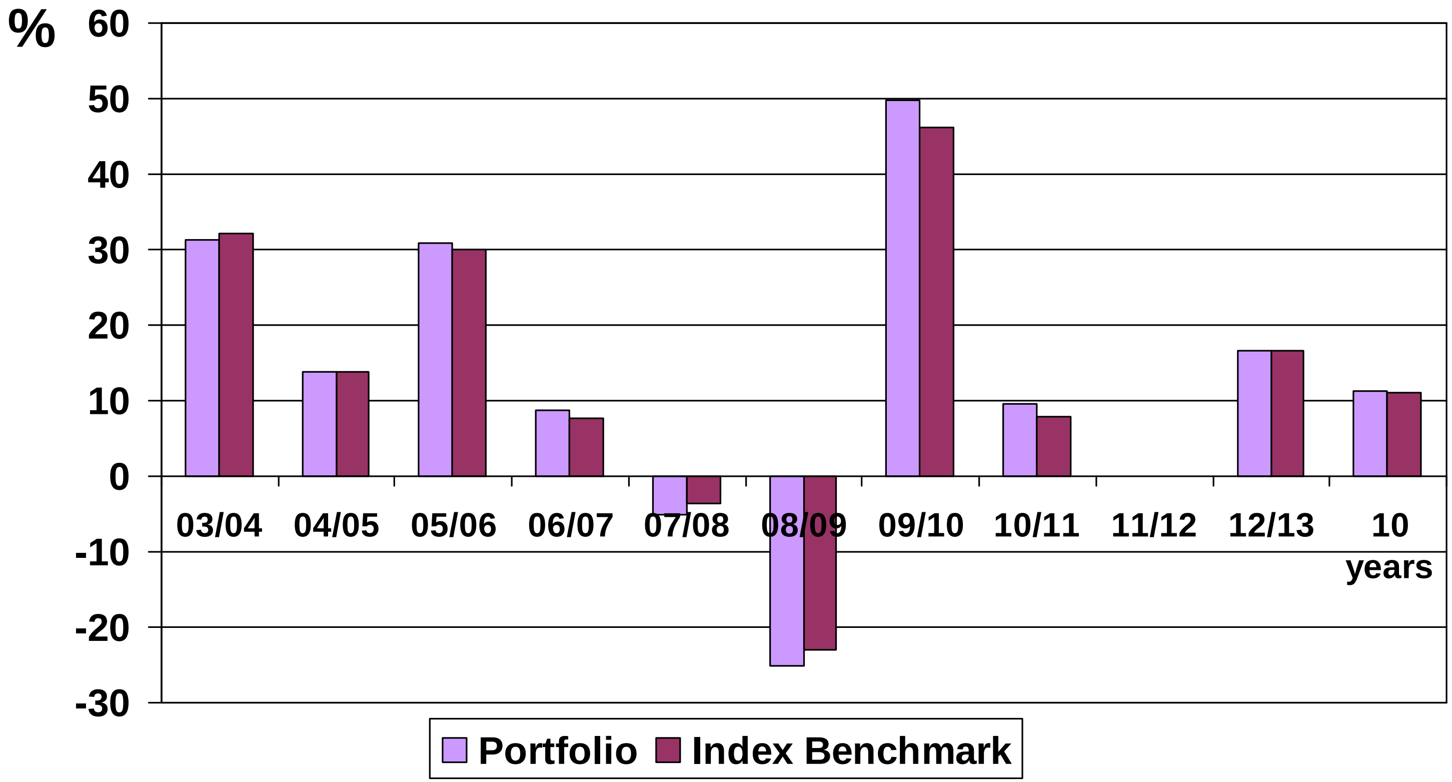
Performance target – to beat benchmark by 0.75% over rolling 3 year periods

Schroders – Equities



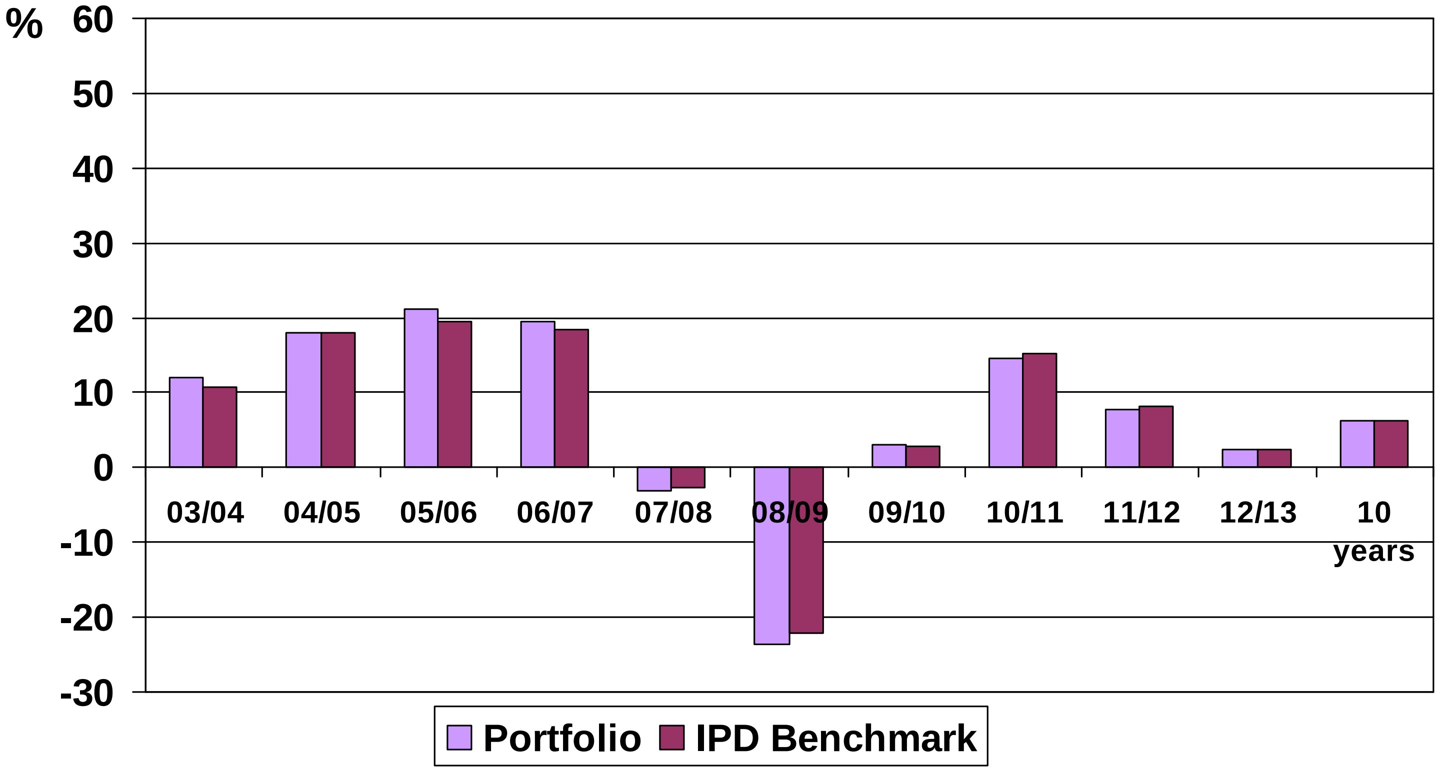
Performance target – to beat benchmark by 0.8% over rolling 3 year periods

In-house – Equities



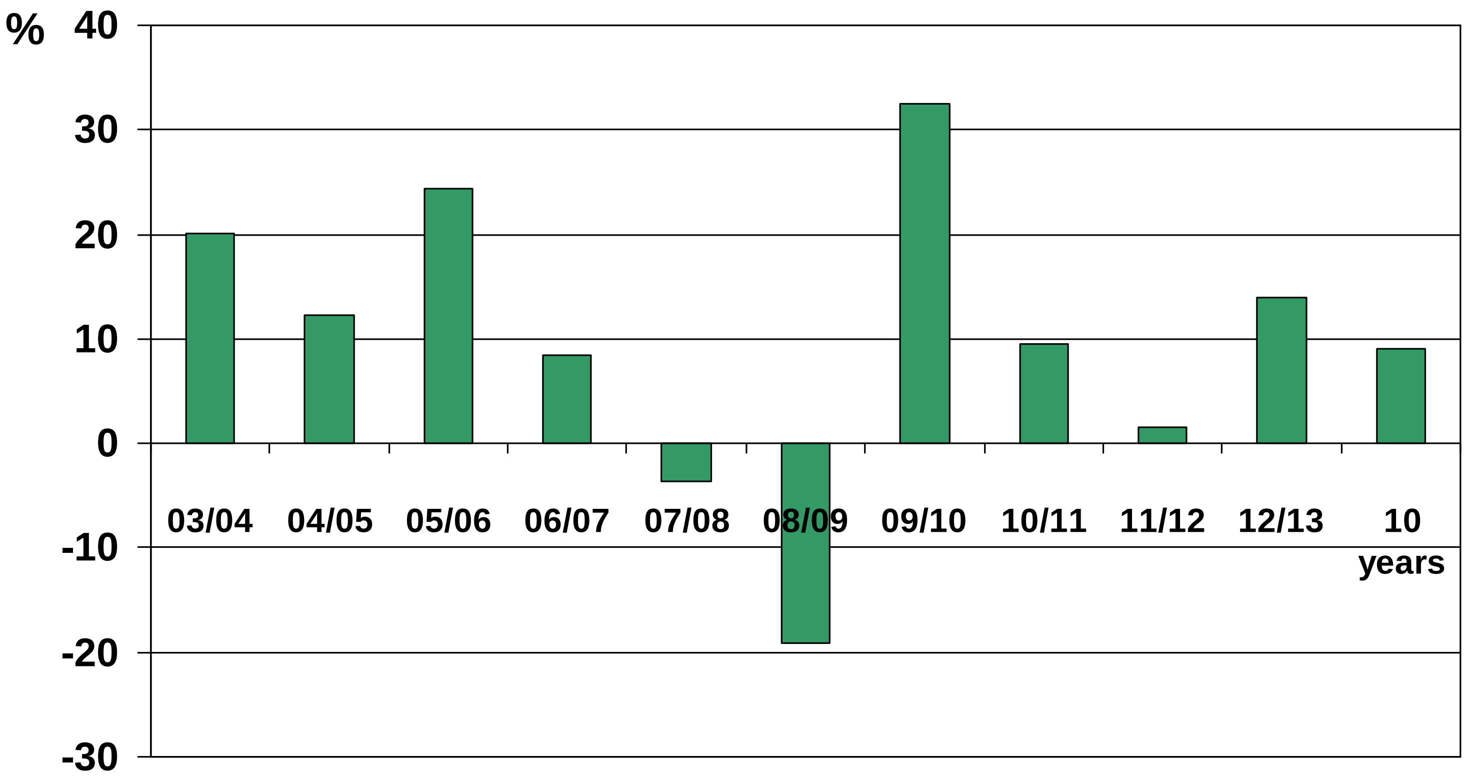
Performance target – to be within ± 0.3% of benchmark

Aberdeen – Property



Performance target – to beat benchmark by 0.25%

Fund 10 year returns



Long term returns

10 year annualised returns are:

– Kames	6.6%
– Schroders	11.8%
– In-house	11.2%
– Aberdeen	6.3%
– **Fund overall**	**9.0%**

Long term returns from equities & property are still expected to be higher than bonds

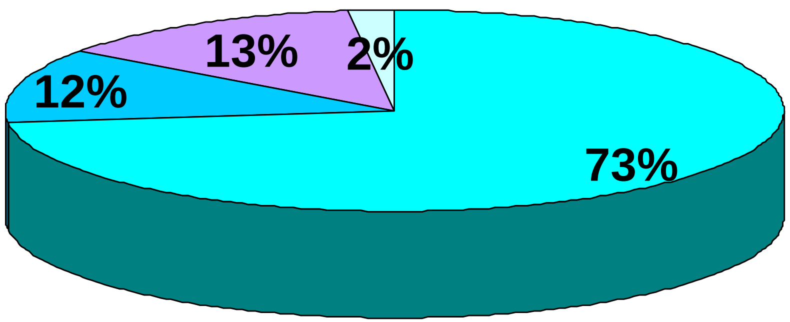
=> Strategy continues to favour these assets

Fund Asset Allocation

Asset allocation ranges:

Equities	55% to 75%
Property	5% to 25%
Bonds	10% to 25%
Cash	0% to 10%

Actual Allocation
31 March 2013



Conclusions

- Investment returns continue to be important
- Assets have performed well since last valuation
- Long term returns have been strong
- Asset allocation still favours growth assets

A long term strategy is vital and cash flow is key to enable this to continue.