

Pensions Panel

Tuesday, 2 December 2014

9.30 am

Ivanovo Room - County Buildings

John Tradewell
Interim Chief Executive
24 November 2014

A G E N D A

1. **Apologies**
2. **Declarations of Interest in accordance with Standing Order 16.5**
3. **Minutes of meeting held on 9 September 2014** (Pages 1 - 4)
4. **Pension Fund Investments as at 30 September 2014** (Pages 5 - 32)

Report of the Director of Finance and Resources

5. **Dates of Future Meetings**

3 March 2015

16 March 2015 (Special Meeting)

(To be confirmed)

9 June 2015

21 July 2015

8 September 2015

1 December 2015

1 March 2016

All meetings are scheduled to start at 9.30 am at County Buildings, Stafford

6. **Exclusion of the Public**

The Chairman to move:-

'That the public be excluded from the meeting for the following items of business which involve the likely disclosure of exempt information as defined in the paragraphs of Part 1 of Schedule 12A of the Local Government Act 1972 (as amended) indicated below'.

PART TWO

(All reports in this section are on pink paper)

7. **Exempt Minutes of Meeting held on 9 September 2014 (exemption paragraph 3)** (Pages 33 - 42)
8. **Property - Confirmation of the action of the Director of Finance and Resources (exemption Paragraph 3)** (Pages 43 - 44)
Report of the Director of Finance and Resources
9. **Private Equity - Review of position at 30 September 2014 (exemption paragraph 3)** (Pages 45 - 46)
Report of the Director of Finance and Resources
10. **Strategic Benchmark Review and Monitoring (exemption Paragraph 3)**
 - a) Economic and Market Update (Pages 47 - 52)
Report and presentation by Hymans Robertson
 - b) Review of Position as at 31 October 2014 (Pages 53 - 62)
Report of the Director of Finance and Resources
(Report of Record Currency Management for the month ended 31 October 2014 enclosed for information)
11. **Pension Fund Performance and Manager Monitoring for the quarter ended 30 September 2014 (exemption paragraph 3)** (Pages 63 - 112)
(Report of Portfolio Evaluation for the quarter ended 30 September 2014 enclosed for information)
12. **Corporate Governance and Socially Responsible Investment Report Quarter 2 2014 (exemption paragraph 3)** (Pages 113 - 132)
Report of the Director of Finance and Resources
13. **UK Equity Benchmarks (exemption paragraph 3)**
Presentation by Hymans Robertson
14. **Manager Presentation (exemption paragraph 3)**
To receive a presentation from Standard Life Investments on the performance of the Fund's UK Equity portfolio.
(Report of Standard Life Investments for the quarter ended 30 September 2014 enclosed for information)

Membership

Philip Atkins (Chairman)
Carolan Dobson
Graeme Johnston
David Thomas

Stephen Sweeney
Derek Davis, OBE
Shelagh McKiernan
Robert Marshall

Note for Members of the Press and Public

Filming of Meetings

The Open (public) section of this meeting may be filmed for live or later broadcasting or other use, and, if you are at the meeting, you may be filmed, and are deemed to have agreed to being filmed and to the use of the recording for broadcast and/or other purposes.

Recording by Press and Public

Recording (including by the use of social media) by the Press and Public is permitted from the public seating area provided it does not, in the opinion of the chairman, disrupt the meeting.



Minutes of the Pensions Panel Meeting held on 9 September 2014

Present: Philip Atkins (Chairman)

Attendance

Stephen Sweeney
Derek Davis, OBE

Shelagh McKiernan
Robert Marshall

Also in attendance: Carolan Dobson (Independent Advisor), Graeme Johnston (Hymans Robertson) and David Thomas (Independent Advisor)

PART ONE

8. Declarations of Interest

There were no declarations of interest on this occasion.

9. Minutes of meetings held on 20 May and 15 and 29 July 2014

RESOLVED – That the minutes of Meetings of the Pensions Panel held on 20 May 15 July and 29 July 2014 be confirmed and signed by the Chairman.

10. Pension Fund Performance and Portfolio of Investments as at 30 June 2014

The Director of Finance and Resources submitted a summary of the performance of the Pension Fund together with a portfolio of the Fund's investments as at 30 June 2014.

The Staffordshire Pension Fund had positive performance in Quarter 2 2014 with a return of 2.0%. This was marginally below the Fund's benchmark return for the quarter of 2.2%.

The Director of Finance and Resources detailed various factors affecting the performance of the Fund including the conflict in the Ukraine as a result of the Russian annexation of Crimea which had led to sanctions being imposed on Russia; and the eruption of violence in the Middle East which had caused the price of oil to spike.

Over the longer term the Fund had outperformed its benchmark in both the one, three and five year periods with returns in excess of 9.0% per annum. At, £3.36 billion, the market value of the Fund at 30 June 2014 was the highest market value of the Fund reported to date.

RESOLVED – That the Pension Fund performance and portfolio of investments for the quarter ended 30 June 2014 be noted.

11. Dates of Future Meetings

2 December 2014
3 March 2015
9 June 2015
21 July 2015 (Managers' Day)
8 September 2015
1 December 2015
1 March 2016

All meetings are scheduled to start at 9.30am at County Buildings, Stafford.

12. Exclusion of the Public

RESOLVED -, That the public be excluded from the meeting for the following items of business which involve the likely disclosure of exempt information as defined in the paragraph of Part One of Schedule 12A of the Local Government Act 1972 (as amended) indicated below.

The Panel then proceeded to consider reports on the following issues:

13. Exempt Minutes of meetings held on 20 May and 15 and 29 July 2014 (exemption paragraph 3)

- (i) 20 May 2014
- (ii) 15 July 2014
- (iii) 29 July 2014

14. Property-Confirmation of the action of the Director of Finance and Resources in relation to Property (Exemption Paragraph 3)

15. Stock Lending (exemption paragraph 3)

16. Equity Transition Summary (exemption paragraph 3)

17. Strategic Benchmark Review and Monitoring (Exemption Paragraph 3)

- (a) Economic and Market Update
- (b) Review of Position as at 31 July 2014

18. Pension Fund Performance and Manager Monitoring for the quarter ended 30 June 2014 (exemption paragraph 3)

19. Corporate Governance and Socially Responsible Investment Report Quarter 1 2014 (exemption paragraph 3)

20. Private Equity (exemption paragraph 3)

- a) Private Equity Valuations as at 31 March 2014
- b) Review of Position as at 30 June 2014
- c) Private Equity Investment

The following presentation was also given to provide information on Private Equity Investment followed and on the performance of the Fund's Private Equity portfolio:

21. Private Equity Training and Manager Presentation (exemption paragraph 3)

Chairman

Local Members Interest	

PENSIONS PANEL – 2 DECEMBER 2014

Report of the Director of Finance and Resources

PENSION FUND INVESTMENTS 2014/15

1. Purpose of Report

- 1.1 To provide, for information, a portfolio of the Pension Fund's investments as at 30 September 2014.

2. Financial Market Background

- 2.1 Global equities were broadly positive over the quarter, the MSCI World and MSCI All Countries World Indices rose +0.82% and +0.79% in local currency terms. Sentiment was driven by ongoing central bank policy support and improving US economic data.
- 2.2 During the quarter, the Federal Reserve cut its bond-buying programme down to \$15 billion a month and indicated Quantitative Easing (QE) would end in October. Fed officials reiterated their commitment to keep interest rates near zero for a "considerable time" after QE ends. The European Central Bank was also active. In an effort to counter poor growth and deflation worries they cut the benchmark interest rate to 0.05% and introduced new stimulus measures.
- 2.3 The US saw an expected rebound in GDP growth when a Q2 figure of 4.6% (annualised) was released during Q3. Post quarter end the first estimate of Q3 growth was released at 3.5%, meaning the US is in line for healthy annual growth in 2014. Other US economic data has also remained robust, with unemployment falling to 5.9% in September, the first reading below 6% since the summer of 2008.
- 2.4 The UK continued to produce the best economic performance in Europe, despite slowing from the very strong levels of the first half of the year. Q3 GDP growth was recently released at 0.7%, which is down slightly on the 0.9% Q2 GDP figure. The biggest issue affecting the UK economy during Q3 was the Scottish independence referendum which caused market volatility, as the chance of the UK breaking up seemed to increase in the run up to the vote.
- 2.5 In other markets, China seems to be on a continuing path to lower levels of growth. In particular, there was a considerable drop in lending and money supply growth in Q3. Japan also struggled during the third quarter as a series of weak economic data releases showed the country has yet to fully rebound

from the sales tax hike in April. This meant the Japanese economy contracted by 1.6% in Q3 and entered a technical recession.

3. Fund Value

3.1 At £3.45 billion, the market value of the Fund at 30 September 2014 is the highest market value of the Fund reported to date. Markets reacted dramatically in mid-October, to the reignited fears about the slowdown in the global economy, particularly the almost certain deflation in the Eurozone and the thought of a potential recession in Germany. On 15 October 2014, this, together with heightened fears about the spread of the Ebola virus caused global stock markets to plummet. Fortunately, markets have recovered again since then and the latest estimated valuation of the Fund, as at 21 November 2014, sees the Fund back to its 30 September value.

4. Funding Level

4.1 It is pleasing to report that the Actuary has recently indicated that the funding level of the Fund has improved, since the actuarial valuation in March 2013, substantially as a result of the performance of investments, which is reflected in the highest ever level of Fund assets referred to above.

4.2 The Actuary has also shown that on a 'like for like' comparison with 87 other Local Authority Pension Funds, Staffordshire's funding level is above average.

4.3 Finally the Actuary has concluded that taking into account the;

- funding level,
- level of contribution rates, and
- relative maturity of the Fund,

Staffordshire's position is very strong relative to 87 other Local Authority Funds.

5. Portfolio of Investments at 30 September 2014

5.1 A copy of the Staffordshire Pension Fund's portfolio of investments as at 30 September 2014 is attached.

Andrew Burns
Director of Finance and Resources

Contact : Melanie Stokes
Telephone No. (01785) 276330

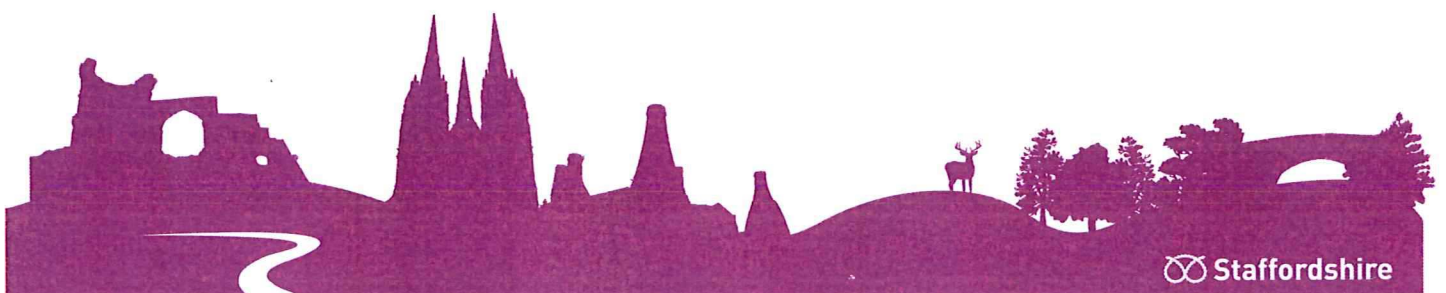
Background Documents:
Portfolio Evaluation Performance Measurement Data



Staffordshire
Pension Fund
Local Government Pension Scheme

Investment Portfolio

30 September 2014



STAFFORDSHIRE PENSION FUND

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STAFFORDSHIRE PENSION FUND
PORTFOLIO ANALYSIS AS AT 30 SEPTEMBER 2014

		<u>PREVIOUS QUARTER</u> <u>MARKET VALUE</u> £	<u>CURRENT QUARTER</u> <u>BOOK COST</u> £	<u>CURRENT QUARTER</u> <u>MARKET VALUE</u> £
UK	Equities	345,338,143.76	197,707,034.81	241,112,632.03
	Cash	2,026,216.12	2,825,357.92	2,825,357.92
GLOBAL	Equities	916,249,222.09	744,226,370.68	915,263,051.64
	Cash	22,673,957.64	21,509,847.99	21,509,847.99
BONDS	Global Corporate Bonds	236,125,308.16	236,866,134.28	229,351,187.13
	Passive UK Index Linked Gilts	164,451,037.36	137,768,964.69	174,206,857.43
	Cash	25,064,961.42	35,523,272.91	35,523,272.91
PASSIVE GLOBAL	Equities	916,009,894.94	781,946,336.51	1,057,604,902.77
EMERGING MARKETS		82,298,593.55	40,600,000.00	83,222,323.29
HEDGE FUNDS	Equities	62,285,857.82	70,240,579.00	84,335,624.71
ALTERNATIVES	Equities	104,216,169.41	96,500,000.00	105,442,083.29
PROPERTY		264,087,885.00	282,949,400.00	277,999,338.00
PRIVATE EQUITY		104,656,185.09	65,830,848.82	106,919,681.93
CASH	Central Cash Fund	83,689,298.88	109,599,656.35	109,599,656.35
	Currency	9,332,215.87	3,950,107.70	3,950,107.70
TRANSITION	Equities	5.62	0.00	4.86
	Cash	0.00	0.00	0.00
TOTAL INVESTMENTS		<u>3,195,718,302.80</u>	<u>2,654,635,668.79</u>	<u>3,275,457,687.08</u>
TOTAL CASH		<u>142,786,649.93</u>	<u>173,408,242.87</u>	<u>173,408,242.87</u>
TOTAL		<u><u>3,338,504,952.73</u></u>	<u><u>2,828,043,911.66</u></u>	<u><u>3,448,865,929.95</u></u>

STAFFORDSHIRE PENSION FUND

PORTFOLIO VALUATION

Fund - Standard Life (UK Equity)	Currency - Sterling			Report Date -		30-09-14
	Cost	Average	Market	Market	Unrealised	
Cost	Cost	Price	Value	Gain/Loss		
£	£	£	£	£	£	£
 Holding						
UK EQUITIES & CONVERTIBLES						
Aerospace & Defense						
BAE SYSTEMS ORD GBP0.025	212,903	796,327.55	3.74	4.72	1,003,837.65	207,510.10
ROLLS ROYCE HLDGS ORD GBP0.20	224,302	1,594,149.75	7.11	9.65	2,163,392.79	569,243.04
SENIOR GBP0.10	401,013	1,095,100.09	2.73	2.68	1,075,516.87	(19,583.22)
		3,485,577.39			4,242,747.31	757,169.92
Automobiles						
GKN ORD GBP0.10	1,327,166	2,366,880.58	1.78	3.19	4,236,313.87	1,869,433.29
Banks						
BARCLAYS PLC ORD GBP0.25	2,272,140	5,422,464.85	2.39	2.27	5,167,982.43	(254,482.42)
HSBC HLDGS ORD USD0.50(UK REG)	2,487,570	15,786,571.20	6.35	6.26	15,574,675.77	(211,895.43)
LLOYDS BANKING GP ORD GBP0.1	6,957,275	4,044,135.19	0.58	0.77	5,348,057.29	1,303,922.10
STANDARD CHARTERED PLC	305,030	4,292,483.96	14.07	11.41	3,478,867.15	(813,616.81)
		29,545,655.20			29,569,582.64	23,927.44
Beverages						
BRITVIC ORD GBP0.2	267,076	1,094,842.80	4.10	6.68	1,784,067.68	689,224.88
DIAGEO ORD PLC	238,765	3,921,800.42	16.43	17.85	4,261,955.25	340,154.83
SABMILLER PLC ORD USD0.10	83,723	1,890,184.83	22.58	34.28	2,870,024.44	979,839.61
		6,906,828.05			8,916,047.37	2,009,219.32
Construction & Materials						
GALLIFORD TRY ORD GBP0.50	114,661	906,244.65	7.90	12.66	1,451,608.26	545,363.61
KIER GROUP ORD GBP0.01	73,030	1,229,460.37	16.84	16.45	1,201,343.50	(28,116.87)
POLYPIPE GROUP PLC ORD GBP0.001	552,496	1,381,013.74	2.50	2.46	1,360,521.40	(20,492.34)
		3,516,718.76			4,013,473.16	496,754.40
Electronic & Electrical Equipment						
SPECTRIS ORD GBP0.05	11,548	172,860.08	14.97	18.08	208,787.84	35,927.76
Financial Services						
CLOSE BROS GROUP ORD GBP0.25	153,527	1,043,231.11	6.80	14.31	2,196,971.37	1,153,740.26
INTERNATIONAL PERSONAL FINANCE PLC ORD GBP0.10	281,356	1,145,296.74	4.07	4.88	1,373,579.99	228,283.25
INVESTEC ORD GBP0.0002	327,098	1,526,102.70	4.67	5.20	1,700,909.60	174,806.90
MAN GROUP PLC ORD USD0.03428571428	1,388,420	1,440,495.99	1.04	1.19	1,649,442.96	208,946.97
SVG CAPITAL ORD GBP1	233,333	916,012.97	3.93	4.10	957,598.63	41,585.66
		6,071,139.51			7,878,502.55	1,807,363.04
Fixed Line Telecommunications						
BT GROUP ORD GBP0.05	1,517,504	2,825,269.57	1.86	3.80	5,760,445.18	2,935,175.61
TELECOM PLUS ORD GBP0.05	68,578	1,268,139.98	18.49	13.35	915,516.30	(352,623.68)
		4,093,409.55			6,675,961.48	2,582,551.93
Gas, Water & Multifutilities						
CENTRICA ORD GBP0.061728395	237,914	651,235.36	2.74	3.08	732,299.29	81,063.93
UNITED UTILITIES GROUP ORD GBP0.05	51,852	310,459.43	5.99	8.08	418,964.16	108,504.73
		961,694.79			1,151,263.45	189,568.66
General Industrials						
RPC GROUP ORD GBP0.05	382,419	1,677,067.34	4.39	5.59	2,137,722.21	460,634.87
SMITH(DS) ORD GBP0.10	1,385,690	2,237,711.08	1.61	2.66	3,690,092.47	1,452,381.39
		3,914,798.42			5,827,814.68	1,913,016.26

STAFFORDSHIRE PENSION FUND

PORTFOLIO VALUATION

<u>Fund - Standard Life (UK Equity)</u>	<u>Currency - Sterling</u>			<u>Report Date -</u>		<u>30-09-14</u>
	<u>Holding</u>	<u>Cost</u> £	<u>Average</u> <u>Cost</u> £	<u>Market</u> <u>Price</u> £	<u>Market</u> <u>Value</u> £	<u>Unrealised</u> <u>Gain/Loss</u> £
General Retailers						
DIXONS CARPHONE PLC ORD GBP0.001	572,094	1,858,469.46	3.25	3.66	2,095,580.32	237,110.86
INCHCAPE ORD GBP0.10	305,960	1,540,513.51	5.04	6.44	1,970,382.40	429,868.89
NEXT ORD GBP0.10	39,515	1,637,954.83	41.45	66.05	2,609,965.75	972,010.92
SPORTS DIRECT INTL ORD GBP0.10	215,648	1,487,569.66	6.90	6.19	1,333,782.88	(153,786.78)
		6,524,507.46			8,009,711.35	1,485,203.89
Household Goods & Home Construction						
BELLWAY GBP0.125	50,753	780,242.79	15.37	15.67	795,299.51	15,056.72
BERKLEY GP HOLDINGS	76,404	844,430.27	11.05	22.50	1,719,090.00	874,659.73
BOVIS HOMES GROUP GBP0.50	119,274	1,019,028.61	8.54	7.79	929,144.46	(89,884.15)
RECKITT BENCK GRP ORD GBP0.10	27,060	931,459.79	34.42	53.50	1,447,710.00	516,250.21
		3,575,161.46			4,891,243.97	1,316,082.51
Industrial Engineering						
BODYCOTE PLC ORD GBP0.1727272	282,552	1,156,232.73	4.09	6.69	1,888,860.12	732,627.39
IMI ORD GBP0.28571428	117,063	932,730.18	7.97	12.30	1,439,874.90	507,144.72
WEIR GROUP ORD GBP0.125	33,008	621,148.39	18.82	25.02	825,860.16	204,711.77
		2,710,111.30			4,154,595.18	1,444,483.88
Life Insurance						
AVIVA ORD GBP0.25	766,658	2,967,936.63	3.87	5.24	4,013,454.63	1,045,518.00
LEGAL & GENERAL GP ORD GBP0.025	1,629,893	1,702,459.88	1.04	2.29	3,730,825.08	2,028,365.20
PRUDENTIAL GBP0.05	441,371	2,812,086.70	6.37	13.76	6,073,264.96	3,261,178.26
		7,482,483.21			13,817,544.67	6,335,061.46
Media						
ITV ORD GBP0.10	1,081,070	1,510,538.88	1.40	2.08	2,246,463.46	735,924.58
RIGHTMOVE ORD GBP0.01	44,710	1,015,111.47	22.70	21.52	962,159.20	(52,952.27)
WPP PLC ORD GBP0.10	200,859	1,688,319.26	8.41	12.40	2,490,651.60	802,332.34
ZOOPLA PROPERTY GR ORD GBP0.001	411,209	919,778.20	2.24	2.37	972,920.49	53,142.29
		5,133,747.81			6,672,194.75	1,538,446.94
Mining						
ANGLO AMERICAN USD0.54945	199,780	3,847,200.43	19.26	13.84	2,764,955.20	(1,082,245.23)
BHP BILLITON PLC USD0.50	212,032	3,773,523.58	17.80	17.15	3,636,348.80	(137,174.78)
GLENCORE PLC ORD USD0.01	1,416,323	4,192,541.87	2.96	3.43	4,860,820.54	668,278.67
RIO TINTO ORD GBP0.10	186,113	5,570,698.89	29.93	30.32	5,642,015.60	71,316.71
VEDANTA RESOURCES ORD USD0.10	111,288	1,281,863.01	11.52	9.99	1,111,210.68	(170,652.33)
		18,665,827.78			18,015,350.82	(650,476.96)
Mobile Telecommunications						
VODAFONE GROUP ORD USD0.2095238	3,404,805	6,413,272.19	1.88	2.04	6,959,421.42	546,149.23
Nonlife Insurance						
DIRECT LINE INSURANCE GROUP PLC ORD GBP0.10	886,366	2,312,650.71	2.61	2.94	2,607,688.77	295,038.06
Oil & Gas Producers						
AFREN ORD GBP0.01	1,380,265	1,581,444.51	1.15	1.04	1,428,574.28	(152,870.23)
BG GROUP ORD GBP0.10	383,554	3,685,895.48	9.61	11.40	4,372,515.60	686,620.12
BP ORD USD0.25	2,205,478	11,217,749.11	5.09	4.53	10,000,739.99	(1,217,009.12)
ROYAL DUTCH SHELL 'A'SHS EURO.07'(GBP)	327,384	5,820,704.23	17.78	23.59	7,721,351.64	1,900,647.41
ROYAL DUTCH SHELL 'B'ORD EURO.07	262,127	5,407,052.09	20.63	24.37	6,388,034.99	980,982.90
SOCO INTL COMSTK	344,591	1,445,445.67	4.19	3.81	1,312,891.71	(132,553.96)
SOCO INTL ORD GBP0.05(INTERIM ENTS)	335,430	0.00	0.00	0.22	73,794.60	73,794.60
TULLOW OIL ORD GBP0.10	107,973	721,345.38	6.68	6.45	695,885.99	(25,459.39)
		29,879,636.47			31,993,788.80	2,114,152.33
Oil Equipment & Services						
PETROFAC ORD USD0.02	128,120	1,889,678.51	14.75	10.37	1,328,604.40	(561,074.11)
Personal Goods						
BURBERRY GROUP ORD GBP0.0005	158,303	2,493,776.93	15.75	15.11	2,391,958.33	(101,818.60)
SUPERGROUP PLC ORD GBP0.05	86,596	1,191,042.51	13.75	11.33	981,132.68	(209,909.83)
UNILEVER PLC ORD GBP0.031111	85,916	1,735,948.04	20.21	25.85	2,220,928.60	484,980.56
		5,420,767.48			5,594,019.61	173,252.13

STAFFORDSHIRE PENSION FUND

PORTFOLIO VALUATION

Fund - Standard Life (UK Equity)	Currency - Sterling			Report Date -		30-09-14
	Holding	Cost	Average	Market	Market	Unrealised
		£	Cost	Price	Value	Gain/Loss
			£	£	£	£
Pharmaceuticals & Biotechnology						
ASTRAZENECA ORD USD0.25	109,590	3,349,513.84	30.56	44.42	4,867,439.85	1,517,926.01
BTG ORD GBP0.10	272,151	905,562.33	3.33	7.00	1,905,057.00	999,494.67
GLAXOSMITHKLINE ORD GBP0.25	501,065	6,743,085.87	13.46	14.13	7,080,048.45	336,962.58
SHIRE PLC ORD GBP0.05	70,341	2,263,801.27	32.18	53.40	3,756,209.40	1,492,408.13
		13,261,963.31			17,608,754.70	4,346,791.39
Real Estate						
DERWENT LONDON ORD GBP0.05	42,463	1,068,342.82	25.16	27.31	1,159,664.53	91,321.71
Software & Computer Services						
MICRO FOCUS INTERNATIONAL PLC ORD GBP	146,090	946,010.29	6.48	10.60	1,548,554.00	602,543.71
Support Services						
ATKINS WS GBP0.005	137,777	1,698,193.50	12.33	13.17	1,814,523.09	116,329.59
BABCOCK INTL GROUP ORD GBP0.60	302,946	2,190,500.50	7.23	10.92	3,308,170.32	1,117,669.82
CAPITA PLC ORD GBP0.02066666	29,387	344,061.80	11.71	11.64	342,064.68	(1,997.12)
HAYS PLC ORD GBP0.01	1,124,009	1,635,533.65	1.46	1.16	1,307,222.47	(328,311.18)
HOWDEN JOINERY GR ORD GBP0.10	538,616	1,064,026.13	1.98	3.39	1,826,446.86	762,420.73
INTERSERVE ORD GBP0.10	317,008	2,012,734.69	6.35	6.00	1,900,462.96	(112,271.73)
TRAVIS PERKINS ORD GBP0.10	108,492	1,812,430.40	16.71	16.64	1,805,306.88	(7,123.52)
WOLSELEY ORD GBP0.108030303	28,707	609,007.10	21.21	32.42	930,680.94	321,673.84
		11,366,487.77			13,234,878.20	1,868,390.43
Tobacco						
BRITISH AMERICAN TOBACCO ORD GBP0.25	132,800	2,638,792.98	19.87	34.82	4,624,096.00	1,985,303.02
IMPERIAL TOBACCO GBP0.10	170,063	3,744,732.36	22.02	26.64	4,530,478.32	785,745.96
		6,383,525.34			9,154,574.32	2,771,048.98
Travel & Leisure						
COMPASS GROUP PLC ORD GBP0.10625	301,064	1,574,238.36	5.23	9.97	3,000,102.76	1,425,864.40
EASYJET ORD GBP0.27285714	156,054	656,282.86	4.21	14.23	2,220,648.42	1,564,365.56
GREENE KING ORD GBP0.125	221,534	1,184,448.58	5.35	7.85	1,739,041.90	554,593.32
INTL CONS AIRL DI	836,072	2,316,138.75	2.77	3.67	3,069,220.31	753,081.56
PLAYTECH PLC ORD NPV	214,754	1,391,028.35	6.48	7.18	1,541,933.72	150,905.37
STAGECOACH GROUP PLC ORD	333,691	935,122.56	2.80	3.69	1,230,652.41	295,529.85
TUI TRAVEL PLC ORD GBP0.10	418,462	1,558,051.25	3.72	3.89	1,628,235.64	70,184.39
WHITBREAD ORD GBP0.76797385	47,075	1,002,797.62	21.30	41.54	1,955,495.50	952,697.88
WILLIAM HILL ORD GBP0.10	250,539	970,970.27	3.88	3.70	926,493.22	(44,477.05)
		11,589,078.60			17,311,823.88	5,722,745.28
Unit Trusts						
STANDARD LIFE INVT POOLED UK EQTY SMALLER	1,395,450	2,048,219.97	1.47	3.10	4,329,724.31	2,281,504.34
Total Investments		197,707,034.81			241,112,632.03	43,405,597.22
Cash Balance		2,825,357.92			2,825,357.92	
Total Value of Portfolio		200,532,392.73			243,937,989.95	

STAFFORDSHIRE PENSION FUND

PORTFOLIO VALUATION

<u>Funds - Aberdeen Asset Management, JP Morgan Asset Management, Longview Partners, Sarasin & Partners (Global Equity)</u>	<u>Currency - Sterling</u>			<u>Report Date -</u>		<u>30-09-14</u>
<u>Holding</u>	<u>Cost</u>	<u>Average Cost</u>	<u>Market Price</u>	<u>Market Value</u>	<u>Unrealised Gain/Loss</u>	
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
EUROPE						
Belgium						
ANHEUSER-BUSCH INBEV NV	23,564	1,591,102.53	67.52	68.67	1,618,041.25	26,938.72
BPOST SA/NV NPV	55,372	703,479.61	12.70	14.73	815,488.99	112,009.38
UMICORE NPV	97,259	3,152,292.25	32.41	26.99	2,624,889.82	(527,402.43)
		5,446,874.39			5,058,420.06	(388,454.33)
Denmark						
DANSKE BANK A/S DKK10	39,313	660,511.73	16.80	16.77	659,266.77	(1,244.96)
ISS A/S DKK1	73,500	1,458,290.03	19.84	16.73	1,229,494.54	(228,795.49)
NOVOZYMES A/S SER'B'DKK2 (POST CONSOLIDAT	211,232	3,049,389.55	14.44	26.77	5,653,962.58	2,604,573.03
PANDORA A/S DKK1	15,264	512,623.89	33.58	48.37	738,357.71	225,733.82
		5,680,815.20			8,281,081.60	2,600,266.40
Finland						
NOKIA OYJ EUR0.06	895,554	4,187,861.32	4.68	5.26	4,713,930.96	526,069.64
SAMPO PLC SER'A'NPV	20,783	591,669.89	28.47	29.92	621,878.51	30,208.62
UPM-KYMMENE CORP NPV	79,680	694,120.95	8.71	8.81	702,227.80	8,106.85
		5,473,652.16			6,038,037.27	564,385.11
France						
ALTRAN TECHNOLOGIE EUR0.50	99,575	668,562.35	6.71	6.37	633,925.84	(34,636.51)
APERAM S.A.	36,275	536,176.78	14.78	19.26	698,608.92	162,432.14
AXA EUR2.29	86,251	992,149.20	11.50	15.20	1,311,256.02	319,106.82
BNP PARIBAS EUR2	112,421	4,812,616.46	42.81	40.93	4,600,851.84	(211,764.62)
CAP GEMINI EUR8	16,446	717,801.16	43.65	44.28	728,289.47	10,488.31
CREDIT AGRICOLE SA EUR3	115,700	989,140.31	8.55	9.31	1,076,925.35	87,785.04
ESSILOR INTL EUR0.18	58,668	2,565,854.70	43.74	67.75	3,974,541.22	1,408,686.52
GDF SUEZ EUR1	57,792	908,426.00	15.72	15.48	894,361.42	(14,064.58)
GTT EUR0.01	67,088	2,538,653.31	37.84	36.50	2,448,656.23	(89,997.08)
KERING	6,607	866,544.02	131.16	124.40	821,938.49	(44,605.53)
SANOFI EUR2	107,333	5,845,493	54.46	69.79	7,490,545	1,645,052.07
SCHNEIDER ELECTRIC EUR4.00	58,074	2,008,775.71	34.59	47.38	2,751,385.26	742,609.55
SES FDR EACH REP 1 'A' NPV	166,683	2,683,778.24	16.10	21.33	3,555,588.75	871,810.51
SOCIETE GENERALE EUR1.25	35,422	1,160,200.69	32.75	31.50	1,115,669.28	(44,531.41)
TECHNICOLOR EUR1	144,670	681,894.91	4.71	4.03	582,482.70	(99,412.21)
TELEPERFORMANCE EUR2.50	19,982	685,269.69	34.29	38.17	762,647.45	77,377.76
TOTAL EUR2.5	49,395	1,787,097.16	36.18	40.09	1,980,315.81	193,218.65
VALEO EUR3	7,958	386,978.05	48.63	68.66	546,380.54	159,402.49
		30,835,412.05			35,974,369.97	5,138,957.92
Germany						
ALLIANZ SE (SE SOCIETAS EUROPEAE)	10,870	1,128,263.61	103.80	100.01	1,087,155.09	(41,108.52)
BAYER AG NPV (REGD)	23,618	1,311,791.78	55.54	86.42	2,040,989.41	729,197.63
BAYERISCHE MOTOREN WERKE A G COM	9,041	469,790.84	51.96	66.25	598,968.05	129,177.21
CONTINENTAL AG ORD NPV	5,654	360,654.51	63.79	117.39	663,729.36	303,074.85
CONTINENTAL AG ORD NPV	38,720	3,075,906.40	79.44	117.39	4,545,383.92	1,469,477.52
DAIMLER AG COM	23,149	1,051,859.60	45.44	47.32	1,095,472.81	43,613.21
FRESENIUS MEDICAL CARE NPV	132,180	5,018,990.63	37.97	43.09	5,695,829.30	676,838.67
HEIDELBERGCEMENT NPV	18,923	861,022.02	45.50	40.77	771,478.47	(89,543.55)
HENKEL AG & CO KGAA NON-VTG PRF NPV	11,282	759,020.30	67.28	61.61	695,038.71	(63,981.59)
SAP SE	102,300	4,303,201.21	42.06	44.49	4,551,744.00	248,542.79
VOLKSWAGEN AG NON VTG PRF NPV	6,376	824,819.21	129.36	128.11	816,800.90	(8,018.31)
		19,165,320.11			22,562,590.02	3,397,269.91
Greece						
FF GROUP	32,026	615,600.47	19.22	22.95	734,943.72	119,343.25
Ireland						
ACCENTURE PLC SHS CL A NEW	97,400	3,238,687.38	33.25	50.16	4,885,771.51	1,647,084.13
Italy						
ENEL SPA EUR1	228,794	620,680.49	2.71	3.27	749,146.52	128,466.03
ENI SPA EUR1	335,491	4,913,577.51	14.65	14.70	4,933,087.98	19,510.47
INTESA SANPAOLO EUR0.52	681,966	1,336,912.83	1.96	1.87	1,278,569.77	(58,343.06)
TELECOM ITALIA SPA NPV	1,080,387	805,240.33	0.75	0.71	763,997.73	(41,242.60)
UNIONE DI BANCHE I EUR2.50	133,594	689,529.79	5.16	5.19	693,309.69	3,779.90
		8,365,940.95			8,418,111.69	52,170.74
Netherlands						
ASML HOLDING NV EUR0.09	69,630	1,662,541.51	23.88	61.42	4,276,602.76	2,614,061.25
HEINEKEN NV EUR1.60	19,074	871,149.58	45.67	46.16	880,486.93	9,337.35
ING GROEP NV CVA EUR0.24	131,828	930,070.61	7.06	8.81	1,161,813.33	231,742.72
KONINKLIJKE BOSKAL EUR0.80	110,132	2,839,834.37	25.79	34.74	3,825,777.22	985,942.85
NXP SEMICONDUCTORS N V COM STK	18,315	488,611.57	26.68	42.21	773,090.42	284,478.85
		6,792,207.64			10,917,770.66	4,125,563.02
Norway						
NORSK HYDRO ASA NOK1.098	210,740	686,107.97	3.26	3.45	727,412.66	41,304.69
STATOIL ASA	59,255	954,595.68	16.11	16.83	997,045.34	42,449.66
YARA INTERNATIONAL NOK1.7	24,715	686,773.21	27.79	30.98	765,739.03	78,965.82
		2,327,476.86			2,490,197.03	162,720.17

STAFFORDSHIRE PENSION FUND

PORTFOLIO VALUATION

<u>Funds - Aberdeen Asset Management, JP Morgan Asset Management, Lonqviv Partners, Sarasin & Partners (Global Equity)</u>	<u>Currency - Sterling</u>				<u>Report Date -</u>	<u>30-09-14</u>
<u>Holding</u>	<u>Cost</u>	<u>Average Cost</u>	<u>Market Price</u>	<u>Market Value</u>	<u>Unrealised Gain/Loss</u>	
<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>	
Poland						
POWSZECHNA KASA OS PLN1	381,546	<u>3,162,725.21</u>	8.29	7.40	<u>2,823,493.06</u>	<u>(339,232.15)</u>
Portugal						
ENERGIAS DE PORTUGAL SA EUR1(REGD)	209,382	<u>486,424.49</u>	2.32	2.69	<u>563,707.07</u>	<u>77,282.58</u>
Spain						
BANKINTER SA EURO.3(REGD)	126,942	697,483.80	5.49	5.23	664,327.31	(33,156.49)
FERROVIAL SA EURO.2	60,664	527,422.78	8.69	11.97	725,850.12	198,427.34
IBERDROLA SA EURO.75	208,728	684,535.44	3.28	4.42	922,210.06	237,674.62
REPSOL SA EUR1	58,624	837,567.69	14.29	14.65	858,814.53	21,246.84
		<u>2,747,009.71</u>			<u>3,171,202.02</u>	<u>424,192.31</u>
Sweden						
ATLAS COPCO AB SER'A/NPV	308,000	4,709,308.69	15.29	17.71	5,455,807.12	746,498.43
ELECTROLUX AB SER'B/NPV (POST SPLIT)	47,641	747,098.35	15.68	16.34	778,260.06	31,161.71
ERICSSON SER'B' NPV	538,400	3,467,253.68	6.44	7.84	4,220,252.84	752,999.16
NORDEA BANK AB ORD EURO.39632(SEK QUOTE)	445,000	2,623,317.84	5.90	8.04	3,575,720.37	952,402.53
SWEDBANK AG SEK20 SER'A'	56,828	934,174.03	16.44	15.55	883,599.06	(50,574.97)
		<u>12,481,152.59</u>			<u>14,913,639.45</u>	<u>2,432,486.86</u>
Switzerland						
ACTELION LTD CHF0.50 (REGD)	10,559	337,417.06	31.96	72.50	765,506.16	428,089.10
CREDIT SUISSE AG CHF0.04(REGD)	60,303	1,037,596.01	17.21	17.09	1,030,478.66	(7,117.35)
LONZA GROUP AG CHF1 (REGD)	13,157	557,924.18	42.41	74.50	980,186.75	422,262.57
NESTLE SA CHF0.10(REGD)	116,300	3,929,170.02	33.78	45.35	5,274,389.36	1,345,219.34
NOVARTIS AG CHF0.50 (REGD)	188,703	6,934,724.14	36.75	58.20	10,982,233.64	4,047,509.50
ROCHE HLDGS AG GENUSSSCHEINE NPV	92,471	11,173,627.13	120.83	182.76	16,900,189.19	5,726,562.06
UBS AG CHF0.11	580,743	6,243,924.64	10.75	10.76	6,246,045.22	2,120.58
ZURICH INSURANCE GROUP AG CHF0.10	36,700	4,595,794.23	125.23	183.86	6,747,644.48	2,151,850.25
		<u>34,810,177.41</u>			<u>48,926,673.46</u>	<u>14,116,496.05</u>
TOTAL EUROPE		<u>141,629,476.62</u>			<u>175,760,008.59</u>	<u>34,130,531.97</u>
Japan						
ASAHI KASEI CORP NPV	130,000	622,670.11	4.79	5.01	650,906.33	28,236.22
BROTHER INDUSTRIES NPV	60,100	569,283.38	9.47	11.41	685,719.52	116,436.14
DAITO TRUST CONST NPV	39,100	1,288,458.07	32.95	72.85	2,848,420.91	1,559,962.84
FANUC CORP NPV	39,500	2,993,061.20	75.77	111.40	4,400,191.34	1,407,130.14
FUJII ELECTRIC HOLINDGS CO Y50	268,000	664,216.40	2.48	2.99	800,238.25	136,021.85
FUJII MEDIA HOLDINGS INC NPV	332,700	3,263,652.00	9.81	9.17	3,051,383.21	(212,268.79)
FUJIFILM HOLDINGS CORP NPV	37,000	627,918.71	16.97	18.95	701,167.24	73,248.53
ITOCHU CORP NPV	110,988	708,959.14	6.39	7.54	836,316.79	127,357.65
JAPAN AVIATN ELECT NPV	51,000	699,710.73	13.72	14.06	716,968.67	17,257.94
JAPAN TOBACCO INC NPV	201,700	4,324,681.44	21.44	20.06	4,045,749.58	(278,931.86)
KDDI CORP NPV	29,300	838,542.00	28.62	37.07	1,086,277.26	247,735.26
KOSE CORPORATION NPV	29,800	589,318.13	19.78	26.20	780,894.15	191,576.02
KUBOTA CORP NPV	523,000	3,653,954.71	6.99	9.74	5,095,243.26	1,441,288.55
MAKITA CORP NPV	90,400	2,343,865.92	25.93	34.86	3,151,738.02	807,872.10
MITSUBISHI CORP NPV	56,200	709,143.74	12.62	12.63	709,800.10	656.36
MITSUBISHI ESTATE CO LTD	237,000	3,235,256.28	13.65	13.88	3,289,814.94	54,558.66
MITSUMI FUDOSAN CO LTD NPV	43,000	747,592.46	17.39	18.89	812,331.12	64,738.66
NGK SPARK PLUG CO NPV	43,000	739,272.32	17.19	18.14	779,808.86	40,536.54
NH FOODS LTD NPV	59,000	603,238.57	10.22	13.08	771,705.71	168,467.14
NIPPON TELEGRAPH & TELEPHONE CORP NPV	19,100	740,965.78	38.79	38.36	732,607.58	(8,358.20)
NISSAN MOTOR CO LTD	724,100	4,321,459.30	5.97	6.01	4,352,775.25	31,315.95
NITORI HOLDINGS NPV	22,000	625,864.43	28.45	38.18	840,006.11	214,141.68
ORIX CORP NPV	109,700	751,261.11	6.85	8.51	933,330.69	182,069.58
ROHM CO LTD NPV	19,400	655,935.13	33.81	38.80	752,732.75	96,797.62
SHIN-ETSU CHEMICAL NPV	185,300	6,691,542.58	36.11	40.31	7,469,016.29	777,473.71
SUMITOMO ELECTRIC NPV	85,800	771,261.05	8.99	9.11	781,855.17	10,594.12
SUMITOMO HEAVY IND NPV	279,000	883,182.71	3.17	3.47	988,008.92	84,826.21
SUMITOMO MITSUI FINANCIAL GROUP NPV	59,800	1,410,534.56	23.59	25.14	1,503,473.73	92,939.17
TOYO TIRE & RUBBER NPV	65,300	731,608.47	11.20	10.54	688,500.79	(43,107.68)
YAMAHA MOTOR CO NPV	69,200	655,746.68	9.48	12.06	834,686.49	178,939.81
		<u>47,462,155.11</u>			<u>55,071,669.03</u>	<u>7,609,513.92</u>
TOTAL JAPAN		<u>47,462,155.11</u>			<u>55,071,669.03</u>	<u>7,609,513.92</u>
ASIA PACIFIC (Ex Japan)						
Australia						
AUST & NZ BANK GRP NPV	52,747	937,042.80	17.76	16.69	880,332.96	(56,709.84)
CHALLENGER LTD NPV	204,349	658,100.21	3.22	3.84	785,348.15	127,247.94
CSL LTD NPV	108,208	2,789,280.36	25.78	40.03	4,332,088.92	1,542,808.56
LEND LEASE GROUP NPV (STAPLED UNITS)	97,929	744,202.23	7.60	7.74	758,001.71	13,799.48
WESTFIELD CORP NPV STAPLED UNITS	162,037	676,703.44	4.18	4.02	651,598.66	(25,104.78)
		<u>5,805,329.04</u>			<u>7,407,370.40</u>	<u>1,602,041.36</u>
Hong Kong						
AIA GROUP LTD NPV	1,467,600	3,457,271.44	2.36	3.19	4,680,831.65	1,223,560.21
CHEUNG KONG(HLDGS) NPV	94,000	756,892.09	8.05	10.16	955,054.53	198,162.44
SWIRE PACIFIC 'A' NPV	309,000	2,021,133.48	6.54	7.94	2,454,642.50	433,509.02
WYNN MACAU LTD HKD0.001	478,800	1,138,353.07	2.38	1.96	939,465.56	(198,887.51)
		<u>7,373,650.08</u>			<u>9,029,994.24</u>	<u>1,656,344.16</u>
Singapore						
CITY DEVELOPMENTS LTD	416,000	<u>1,970,696.34</u>	4.74	4.65	<u>1,935,676.88</u>	<u>(35,019.46)</u>

STAFFORDSHIRE PENSION FUND

PORTFOLIO VALUATION

<u>Funds - Aberdeen Asset Management, JP Morgan Asset Management, Lonview Partners, Sarasin & Partners (Global Equity)</u>		<u>Currency - Sterling</u>			<u>Report Date - 30-09-14</u>	
<u>Holding</u>	<u>Cost</u>	<u>Average Cost</u>	<u>Market Price</u>	<u>Market Value</u>	<u>Unrealised Gain/Loss</u>	
	£	£	£	£	£	
TOTAL ASIA PACIFIC (Ex Japan)	15,149,675.46			18,373,041.52	3,223,366.06	
North America						
Canada						
1ST QUANTUM MINLS COM NPV	58,030	825,623.27	14.23	11.93	692,497.35	(133,125.92)
CANADIAN IMP BANK COM NPV	12,030	620,506.71	51.58	55.52	667,928.99	47,422.28
CANADIAN NATL RY CO COM	132,300	2,372,360.72	17.93	43.77	5,790,956.16	3,418,595.44
CANADIAN PAC RY LTD COM CANADIAN PACIFICRAILWAY LTD	21,093	1,772,881.59	84.05	127.98	2,699,420.15	926,538.56
LOBLAWS COS LTD COM NPV	24,227	754,984.59	31.16	30.94	749,523.26	(5,461.33)
MAGNA INTL INC COM NPV	11,166	575,543.64	51.54	58.67	655,150.00	79,606.36
POTASH CORP SASK COM NPV	263,500	6,747,676.71	25.61	21.41	5,640,249.04	(1,107,427.67)
SUNCOR ENERGY INC COM NPV 'NEW'	35,534	698,041.33	19.64	22.37	794,933.06	96,891.73
TORONTO-DOMINION COM NPV	32,142	881,819.22	27.44	30.51	980,555.58	98,736.36
		15,249,437.78			18,671,213.59	3,421,775.81
United States						
ABBOTT LAB COM	35,800	901,014.91	25.17	25.65	918,435.74	17,420.83
ACE LTD COM STK	12,180	383,878.03	31.52	64.69	787,907.77	404,029.74
ACTAVIS PLC COM	5,828	539,014.08	92.49	148.83	867,396.56	328,382.48
ADT CORP COM	32,076	662,444.06	20.65	21.87	701,609.99	39,165.93
ADVANCE AUTO PTS INC COM	11,794	814,353.67	69.05	80.38	947,943.31	133,589.64
AETNA INC	14,130	676,259.96	47.86	49.96	705,998.87	29,738.91
ALCOA INC COM STK	87,638	620,048.91	7.08	9.93	869,811.87	249,762.96
ALLERGAN INC COM	8,301	619,111.11	74.58	109.92	912,411.12	293,300.01
ALTRIA GROUP INC COM	43,791	1,168,525.13	26.68	28.34	1,240,945.42	72,420.29
AMAZON COM INC COM	20,583	4,183,358.50	203.24	198.90	4,093,873.44	(89,485.06)
AMERICAN INTERNATIONAL GROUP INC COM	26,651	782,811.10	29.37	33.32	888,065.33	105,254.23
AMERIPRISE FINL INC COM	13,097	411,702.37	31.43	76.11	996,766.47	585,064.10
AMGEN INC COM	158,693	11,278,476.41	71.07	86.64	13,749,511.24	2,471,034.83
ANADARKO PETRO CORP COM	68,419	4,042,027.76	59.08	62.57	4,281,173.11	239,145.35
AON PLC COM	89,300	2,733,289.09	30.61	54.08	4,829,245.59	2,095,956.50
APACHE CORP COM	18,292	959,645.02	52.46	57.90	1,059,167.96	99,522.94
APPLE INC COM STK	88,335	4,374,179.48	49.52	62.15	5,489,776.89	1,115,597.41
ARCHER-DANIELS-MIDLAND CO COM	28,365	647,625.97	22.83	31.52	894,088.51	246,462.54
ARROW ELECTR INC COM	35,970	923,823.83	25.68	34.14	1,228,103.27	304,279.44
AUTOMATIC DATA PROCESSING INC COM	96,433	3,597,261.59	37.30	51.25	4,941,957.34	1,344,695.75
AVAGO TECHNOLOGIES LTD	19,956	421,180.09	21.11	53.67	1,070,950.93	649,770.84
AVALONBAY CMNTYS REIT	9,400	790,467.41	84.09	86.96	817,393.88	26,926.47
AVNET INC COM	44,230	1,010,856.43	22.85	25.60	1,132,248.78	121,392.35
BAKER HUGHES INC COM	17,020	743,642.22	43.69	40.13	683,046.77	(60,595.45)
BALL CORP COM	17,094	549,273.55	32.13	39.03	667,142.12	117,868.57
BANK NEW YORK MELLON CORP COM STK	228,100	3,672,130.00	16.10	23.89	5,449,411.56	1,777,281.56
BANK OF AMERICA CORP	188,361	1,959,582.31	10.40	10.52	1,981,035.22	21,452.91
BAXTER INTL INC COM	126,400	5,293,633.30	41.88	44.27	5,595,860.07	302,226.77
BB&T CORP COM	164,220	3,194,992.04	19.46	22.95	3,769,315.97	574,323.93
BORG WARNER INC COM	194,797	3,864,369.72	19.84	32.45	6,321,605.53	2,457,235.81
BROADCAST CORP CL A	30,409	582,799.81	19.17	24.93	758,185.15	175,385.34
CAMERON INTL CORP COM STK	18,377	682,681.13	37.15	40.95	752,469.13	69,788.00
CAP 1 FNCL COM	16,053	621,859.66	38.74	50.35	808,220.05	186,360.39
CARMAX INC COM	153,632	4,470,600.91	29.10	28.65	4,401,941.12	(68,659.79)
CELGENE CORP COM	13,820	724,111.59	52.40	58.46	807,981.79	83,870.20
CENTURYLINK INC COM	31,585	684,394.01	21.67	25.22	796,663.31	112,269.30
CHEVRON CORP COM	48,600	3,548,097.07	73.01	73.60	3,577,060.95	28,963.88
CISCO SYSTEMS INC	89,390	1,304,212.30	14.59	15.53	1,387,870.61	83,658.31
CITIGROUP INC COM NEW COM NEW	291,206	7,317,896.45	25.13	31.96	9,308,389.63	1,990,493.18
COMCAST CORP NEW-CL A	172,567	3,293,855.70	19.09	33.17	5,724,734.81	2,430,879.11
CONOCOPHILLIPS COM	38,316	1,645,855.33	42.95	47.20	1,808,555.96	162,700.63
CONSTELLATION BRANDS INC CL A CL A	16,376	711,731.11	43.46	53.76	880,444.28	168,713.17
CONTINENTAL RES INC COM	57,250	2,026,047.35	35.39	41.01	2,347,703.94	321,656.59
CORNING INC COM	51,317	493,086.50	9.61	11.93	612,201.73	119,115.23
COSTCO WHOLESALE CORP NEW COM	71,431	4,406,748.85	61.69	77.30	5,521,841.58	1,115,092.73
COVIDIEN PLC USD0.20(POST CONSOLDTN)	13,341	375,139.26	28.12	53.36	711,920.54	336,781.28
CVS HEALTH CORP COM	202,050	4,726,385.90	23.39	49.09	9,919,600.59	5,193,214.69
DECKERS OUTDOOR CORP COM	13,933	653,010.88	46.87	59.95	835,215.14	182,204.26
DELPHI AUTOMOTIVE PLC	123,400	2,314,909.01	18.76	37.84	4,669,127.76	2,354,218.75
DELTA AIR LINES INC DEL COM NEW COM NEW	36,051	571,045.95	15.84	22.30	803,900.77	232,854.82
DEVON ENERGY CORP NEW COM	21,216	814,932.13	38.41	42.06	892,272.13	77,340.00
DISCOVER FINL SVCS COM STK	17,377	251,119.13	14.45	39.72	690,192.21	439,073.08
DISCOVERY COMMUNICATIONS INC NEW COM SERA STK	31,872	793,175.49	24.89	23.32	743,152.50	(50,022.99)
DOW CHEMICAL CO COM	26,361	573,461.93	21.75	32.35	852,710.07	279,248.14
DR PEPPER SNAPPLE GROUP INC COM STK	23,990	709,096.83	29.56	39.67	951,868.26	242,771.43
EAST WEST BANCORP INC COM	31,360	647,442.42	20.65	20.97	657,705.99	10,263.57
ECOLAB INC COM	70,644	4,124,871.62	58.39	70.83	5,003,886.76	879,015.14
ELI LILLY & CO COM	22,969	821,817.85	35.78	40.00	918,816.73	96,998.88
EMC CORP COM	48,216	806,076.55	16.72	18.05	870,246.58	64,170.03
ENERGIZER HLDGS INC COM	11,090	750,559.56	67.68	76.00	842,857.84	92,298.28
ENTERGY CORP NEW COM	14,200	660,635.41	46.52	47.70	677,350.07	16,714.66
EOG RESOURCES INC COM	120,137	3,650,437.72	30.39	61.08	7,337,980.12	3,687,542.40
EXELON CORP COM	38,490	762,147.39	19.80	21.03	809,378.64	47,231.25
EXPEDIA INC DEL COM NEW	16,070	739,119.42	45.99	54.05	868,552.25	129,432.83
FACEBOOK INC CL A CL A	37,012	1,205,490.02	32.57	48.76	1,804,539.16	599,049.14
FAIRCHILD SEMICONDUCTOR INTL INC COM	64,314	654,646.45	10.18	9.58	616,103.68	(38,542.77)
FIDELITY NATL INFORMATION SVCS INC COM STK	188,837	3,290,783.10	17.43	34.73	6,558,013.60	3,267,230.50
FISERV INC COM	129,800	2,022,401.12	15.58	39.87	5,175,106.26	3,152,705.14
FOOT LOCKER INC COM	24,251	676,250.81	27.89	34.33	832,475.86	156,225.05
FREEMORAN INC	29,913	647,763.79	21.65	20.14	602,448.58	(45,315.21)
GARMIN LTD COMMON STOCK	20,053	656,654.56	32.75	32.07	643,096.28	(13,558.28)
GILEAD SCIENCES INC	21,678	778,234.33	35.90	65.66	1,423,448.32	645,213.99
GOOGLE INC CL A CL A	16,087	3,639,397.02	226.23	362.96	5,838,912.04	2,199,515.02

STAFFORDSHIRE PENSION FUND

PORTFOLIO VALUATION

Funds - Aberdeen Asset Management, JP Morgan Asset Management, Longview Partners, Sarasin & Partners (Global Equity)	Currency - Sterling		Report Date -		30-09-14	
Holding	Cost	Average Cost	Market Price	Market Value	Unrealised Gain/Loss	
	£	£	£	£	£	
GOOGLE INC CL C COM USD0.001 CL'C'	18,316	4,267,026.30	232.97	356.14	6,523,101.75	2,256,075.45
HALLIBURTON CO COM	133,599	3,278,254.40	24.54	39.79	5,316,270.56	2,038,016.16
HANESBRANDS INC COM STK	12,740	502,376.41	39.43	66.27	844,330.06	341,953.65
HARTFORD FINL SVCS GROUP INC COM	382,382	6,343,518.19	16.59	22.98	8,786,189.05	2,442,670.86
HCA HLDGS INC COM	161,908	4,497,996.40	27.78	43.50	7,042,995.94	2,544,999.54
HELMERICH & PAYNE INC COM	11,649	615,081.48	52.80	60.37	703,258.61	88,177.13
HESS CORP COM STK	16,798	593,998.24	35.36	58.18	977,323.17	383,324.93
HEWLETT PACKARD CO COM	44,693	497,163.98	11.12	21.88	977,861.89	480,697.91
HOSPIRA INC COM	21,940	673,632.40	30.70	32.09	704,153.39	30,520.99
HUMANA INC COM	10,420	498,547.95	47.85	80.37	837,443.72	338,895.77
HUNTINGTON INGALLS INDS INC COM	13,729	798,991.81	58.20	64.28	882,521.16	83,529.35
INFORMATICA CORP COM	130,610	3,072,644.12	23.53	21.12	2,758,589.07	(314,055.05)
INFOSYS LIMITED ADR	24,382	783,745.60	32.14	37.31	909,766.07	126,020.47
INGERSOLL-RAND PLC COM STK	24,656	687,556.21	27.89	34.77	857,176.85	169,620.64
INTL FLAVORS & FRAGRANCES INC COM	51,138	1,936,811.69	37.87	59.14	3,024,465.19	1,087,653.50
INTL PAPER CO COM	103,000	3,139,816.82	30.48	29.45	3,033,168.00	(106,648.82)
INTUITIVE SURGICAL INC COM NEW STK	11,333	3,386,040.11	298.78	284.87	3,228,452.88	(157,587.23)
ITT CORPORATION W/	30,432	661,676.02	21.74	27.72	843,607.42	181,931.40
JARDEN CORPORATION COM STK USD0.01	17,966	626,092.90	34.85	37.08	666,154.47	40,061.57
JOHNSON & JOHNSON COM USD1	195,721	8,221,898.58	42.01	65.75	12,868,582.60	4,646,684.02
JONES LANG LASALLE INC COM STK	10,091	733,973.57	72.68	77.93	786,415.21	53,041.64
JPMORGAN CHASE & CO COM	187,996	6,308,196.40	33.55	37.16	6,985,707.52	677,511.12
KIRBY CORP COM	11,437	668,832.05	58.48	72.70	831,416.30	162,584.25
KROGER CO COM	31,179	820,257.05	26.31	32.08	1,000,097.52	179,840.47
KS CY SOUTHN	59,011	3,552,592.49	60.20	74.76	4,411,765.50	859,173.01
LAM RESH CORP COM	19,914	500,387.54	25.13	46.08	917,605.34	417,217.80
LEAR CORP COM NEW COM NEW	13,601	605,750.47	44.54	53.30	724,956.04	119,205.57
LYONDELLBASELL IND N V COM USD0.01 CL 'A'	14,387	547,176.19	38.03	67.03	984,310.22	417,134.03
MACYS INC COM STK	22,025	705,559.87	32.03	35.89	790,435.54	84,875.67
MARATHON OIL CORP COM	34,956	657,856.24	18.82	23.19	810,533.34	152,677.10
MARVELL TECH GROUP COM USD0.002	94,590	634,716.27	6.71	8.32	786,523.94	151,807.67
MCKESSON CORP	7,981	641,865.40	80.42	120.08	958,369.90	316,504.50
MERCK & CO INC NEW COM	63,664	2,173,787.54	34.14	36.57	2,327,978.38	154,190.84
METLIFE INC COM STK USD0.01	24,952	542,503.19	21.74	33.14	826,833.74	284,330.55
MICROSOFT CORP COM	141,688	3,251,147.55	22.95	28.60	4,051,277.73	800,130.18
MOLSON COORS BREWING CO CL B CL B	19,930	695,879.52	34.92	45.92	915,146.22	219,266.70
MORGAN STANLEY COM STK USD0.01	64,667	1,239,275.50	19.16	21.32	1,378,983.02	139,707.52
MURPHY USA INC COM	20,698	563,965.89	27.25	32.73	677,442.52	113,476.63
NORFOLK SOUTHN CORP COM	11,610	711,818.76	61.31	68.84	799,232.69	87,413.93
NORTHROP GRUMMAN CORP COM	12,052	650,933.58	54.01	81.28	979,534.05	328,600.47
OCCIDENTAL PETROLEUM CORP	15,358	940,533.03	61.24	59.31	910,879.19	(29,653.84)
OLD DOMINION FGHT LINE INC COM	17,720	650,361.35	36.70	43.57	772,131.44	121,770.09
OMNICOM GROUP INC COM	53,500	2,236,247.86	41.80	42.48	2,272,467.22	36,219.36
ORACLE CORP COM	471,900	8,816,598.44	18.68	23.61	11,142,912.82	2,326,314.38
PENNEY J.C CO INC COM	129,890	740,704.41	5.70	6.19	804,426.29	63,721.88
PEPSICO INC COM	120,900	4,860,173.46	40.20	57.42	6,942,344.44	2,082,170.98
PFIZER INC COM	362,340	5,395,333.47	14.89	18.24	6,609,132.08	1,213,798.61
PHILIP MORRIS INTL COM STK NPV	151,300	5,333,350.42	35.25	51.44	7,783,623.22	2,450,272.80
PHILLIPS 66 COM	18,355	871,391.56	47.47	50.16	920,608.91	49,217.35
PNC FINANCIAL SERVICES GROUP COM STK	17,797	819,914.93	46.07	52.79	939,498.11	119,583.18
PRAXAIR INC COM	52,200	3,796,895.30	72.74	79.57	4,153,718.30	356,823.00
PRINCIPAL FINL GROUP INC COM STK	29,364	879,120.02	29.94	32.37	950,392.73	71,272.71
PROCTER & GAMBLE COM NPV	29,727	1,525,264.53	51.31	51.65	1,535,539.05	10,274.52
PRUDENTIAL FINL INC COM	17,563	784,082.62	44.64	54.25	952,712.78	168,630.16
QUANTA SVCS INC COM	28,968	597,033.41	20.61	22.39	648,458.68	51,425.27
RALPH LAUREN CORP CL A CL A	7,276	764,381.39	105.06	101.61	739,336.62	(25,044.77)
RAYTHEON CO USD0.01	13,455	663,339.28	49.30	62.68	843,411.89	180,072.61
REINSURANCE GROUP AMER INC COM NEW STK	11,411	525,695.88	46.07	49.43	564,021.52	38,325.64
REPUBLIC SVCS INC COM	29,220	661,002.60	22.62	24.07	703,305.97	42,303.37
ROBERT HALF INTL INC COM	22,550	687,346.68	30.48	30.23	681,584.10	(5,762.58)
ROSS STORES INC COM	18,279	821,710.03	44.95	46.62	852,189.44	30,479.41
ROYAL CARIBBEAN CRUISES COM STK	20,293	601,803.74	29.66	41.51	842,313.21	240,509.47
RYDER SYS INC COM	12,530	644,625.73	51.45	55.50	695,385.48	50,759.75
SANDISK CORP COM	12,082	528,226.18	43.72	60.42	729,995.36	201,769.18
SCHLUMBERGER LTD COM COM	106,300	4,727,935.73	44.48	62.73	6,667,888.64	1,939,952.91
SM ENERGY CO COM	15,360	663,855.42	43.22	48.11	739,030.98	75,175.56
SNAP-ON INC COM	8,900	406,482.59	45.67	74.69	664,720.76	258,238.17
SPIRIT AIRLS INC COM	18,816	480,973.57	25.56	42.65	802,478.69	321,505.12
STANLEY BLACK & DECKER INC COM	12,577	641,836.77	51.03	54.77	688,839.34	47,002.57
STARWOOD HOTELS & RESORTS WORLDWIDE INC COM STK	73,039	2,769,410.47	37.92	51.33	3,748,928.58	979,518.11
STATE STR CORP COM	23,983	1,004,041.63	41.86	45.41	1,088,973.10	84,931.47
TE CONNECTIVITY LTD	142,574	2,604,652.71	18.27	34.11	4,862,546.30	2,257,893.59
TEXAS INSTRUMENTS INC COM	30,621	779,250.61	25.45	29.42	900,789.92	121,539.31
THERMO FISHER CORP	10,645	452,353.20	42.49	75.07	799,121.97	346,768.77
TIFFANY & CO COM	55,332	2,859,125.15	51.67	59.41	3,287,188.26	428,063.11
TIME INC NEW COM	48,443	700,928.52	14.47	14.45	700,132.35	(796.17)
TIME WARNER INC USD0.01	145,290	3,880,969.78	26.71	46.39	6,740,438.31	2,859,468.53
TRINITY IND INC COM	23,616	339,151.04	14.36	28.82	680,590.68	341,439.64
TRIUMPH GROUP INC NEW COM	16,424	689,088.08	41.96	40.13	659,026.78	(30,061.30)
UGI CORP NEW COM	36,505	755,235.05	20.69	21.03	767,637.50	12,402.45
UNITED STS STL CORP NEW COM	26,071	736,682.30	28.26	24.16	629,923.90	(106,758.40)
UNITED TECHNOLOGIES CORP COM	165,946	8,531,226.32	51.41	65.14	10,809,547.97	2,278,321.65
UNITEDHEALTH GROUP INC COM	97,116	4,743,704.02	48.85	53.20	5,166,860.26	423,156.24
UNVL HEALTH SERVICES INC CL B COM	10,040	645,809.32	64.32	64.46	647,182.60	1,373.28
VARIAN MEDICAL SYSTEMS INC	94,029	4,382,007.27	46.60	49.42	4,647,073.96	265,066.69
VERIFONE SYSTEMS INC COM	29,843	480,249.44	16.09	21.21	632,885.55	152,636.11
VERIZON COMMUNICATIONS COM	71,762	1,887,310.04	26.30	30.84	2,212,862.85	325,552.81
VIACOM INC NEW CL B	98,310	3,382,025.35	34.40	47.46	4,665,806.29	1,283,780.94
VISA INC COM CL A STK	21,400	2,659,847.75	124.29	131.62	2,816,592.10	156,744.35
WALGREEN CO COM	71,079	2,551,945.14	35.90	36.56	2,598,681.55	46,736.41
WALT DISNEY CO	14,975	813,833.47	54.35	54.92	822,394.18	8,560.71
WELLS FARGO & CO NEW COM STK	238,492	5,405,307.17	22.66	32.00	7,630,744.10	2,225,436.93

STAFFORDSHIRE PENSION FUND

PORTFOLIO VALUATION

<u>Funds - Aberdeen Asset Management, JP Morgan Asset Management, Longview Partners, Sarasin & Partners (Global Equity)</u>	<u>Currency - Sterling</u>				<u>Report Date -</u>	<u>30-09-14</u>
	<u>Cost</u>	<u>Average</u>	<u>Market</u>	<u>Market</u>	<u>Unrealised</u>	
<u>Holding</u>	<u>£</u>	<u>Cost</u>	<u>Price</u>	<u>Value</u>	<u>Gain/Loss</u>	<u>£</u>
		<u>£</u>	<u>£</u>	<u>£</u>		<u>£</u>
WESTN DIGITAL CORP COM	12,535	622,866.64	49.69	60.03	752,494.39	129,627.75
WHITING PETE CORP COM STK	15,088	714,488.81	47.35	47.84	721,755.84	7,267.03
XEROX CORP COM	88,037	527,410.15	5.99	8.16	718,458.86	191,048.71
XL GROUP PLC ORD USD0.01	35,460	704,952.96	19.88	20.46	725,539.45	20,586.49
YAHOO INC COM	40,929	1,048,915.97	25.63	25.14	1,028,810.94	(20,105.03)
YUM BRANDS INC COM	103,000	2,902,492.59	28.18	44.40	4,573,260.01	1,670,767.42
ZIMMER HLDGS INC COM	14,093	795,075.49	56.42	62.02	874,102.48	79,026.99
		315,375,282.99			414,110,818.26	98,735,535.27
TOTAL NORTH AMERICA		330,624,720.77			432,782,031.85	102,157,311.08
EMERGING MARKETS						
Argentina						
ADR TENARIS S A SPONSORED ADR	312,800	<u>7,618,421.31</u>	24.36	28.10	<u>8,788,847.97</u>	<u>1,170,426.66</u>
Brazil						
ADR BANCO BRADESCO S A SPONSORED ADR	822,534	7,447,840.37	9.05	8.79	7,230,120.73	(217,719.64)
ADR CIELO S A SPONSORED ADR	65,032	466,026.69	7.17	9.99	649,858.72	183,832.03
ADR COMPANHIA DE SANEAMENTO BASICO DO ESTADO	441,360	2,397,261.89	5.43	5.00	2,207,957.20	(189,304.69)
ADR EMBRAER S A SPONSORED ADR REPSTG 4 COM SHS	205,400	4,226,681.83	20.58	24.19	4,969,181.44	742,499.61
ADR ITAU UNIBANCO HLDG SA SPONSORED	100,467	811,485.04	8.08	8.56	860,180.76	48,695.72
ADR PETROLEO BRASILEIRO SA PETROBRAS	314,500	4,217,134.80	13.41	9.18	2,888,631.71	(1,328,503.09)
ADR VALE S A ADR REPSTG PFD PEF ADR	891,600	8,761,438.83	9.83	5.99	5,340,305.67	(3,421,133.16)
		28,327,869.45			24,146,236.23	(4,181,633.22)
Chile						
ADR SOCIEDAD QUIMICA Y MINERA DE CHILE SA	131,677	<u>2,703,457.60</u>	20.53	16.12	<u>2,123,206.98</u>	<u>(580,250.62)</u>
China						
ADR ALIBABA GROUP HLDG LTD-SP A	21,600	899,751.91	41.66	54.81	1,183,826.37	284,074.46
ADR BAIDU INC SPONSORED ADR	7,456	611,018.60	81.95	134.61	1,003,684.41	392,665.81
ANHUI CONCH CEMENT 'H'CN1	395,500	857,370.47	2.17	1.97	779,162.31	(78,208.16)
BANK OF CHINA LTD 'H'CN1	4,516,000	1,215,137.27	0.27	0.28	1,248,426.41	33,289.14
CHINA CONSTRUCTION BANK'H'CN1	2,794,410	1,296,044.90	0.46	0.43	1,207,588.02	(88,456.88)
CHINA MENGNIU DAIR HKD0.1	1,340,000	2,539,338.68	1.90	2.54	3,406,312.95	866,974.27
CHINA MOBILE LTD HKD0.10	115,000	856,306.21	7.45	7.13	819,902.23	(36,403.98)
CHINA OVERSEAS LAND & INVESTMNT HKD0.10	704,000	1,201,524.23	1.71	1.59	1,117,372.33	(84,151.90)
CHINA PETROLEUM & CHEMICAL CORP CNY1'H'SHS	1,572,000	847,649.53	0.54	0.54	849,163.31	1,513.78
CNOOC LTD HKD0.02	843,000	912,793.28	1.08	1.06	891,993.25	(20,800.03)
DONGFENG MOTOR GRO 'H'CN1	744,000	658,840.82	0.89	1.01	754,142.44	95,301.62
KWG PROPERTY HLDGS HKD0.10	1,698,500	640,880.61	0.38	0.43	735,346.15	94,465.54
PETROCHINA CO 'H'CN1	5,136,000	3,760,942.53	0.73	0.79	4,059,549.72	298,607.19
SINOPHARM GROUP CO. LTD. 'H'SHS CNY1	338,400	611,643.82	1.81	2.26	763,446.25	151,802.43
		16,909,242.86			18,819,916.15	1,910,673.29
India						
ADR HDFC BK LTD ADR REPSTG 3 SHS	33,027	684,204.38	20.72	28.73	948,954.60	264,750.22
ADR ICICI BK LTD	30,466	649,695.83	21.33	30.29	922,728.12	273,032.29
ADR TATA MTRS LTD SPONSORED ADR	139,345	2,954,723.46	21.20	26.96	3,757,067.71	802,344.25
AXIS BANK GDR EACH REPR 5 INR10 'REGS	30,668	419,956.40	13.69	18.81	576,792.63	156,836.23
LARSEN & TOUBRO SPON GDR EA REPR 1 ORD REG	49,073	552,106.01	11.25	14.56	714,383.54	162,277.53
		5,260,686.08			6,919,926.60	1,659,240.52
Indonesia						
ADR PERUSAHAAN PERSEROAN PERSERO P T	32,878	797,694.33	24.26	29.67	975,500.04	177,805.71
ASTRA INTL IDR50	2,281,400	930,824.62	0.41	0.36	814,220.15	(116,604.47)
BANK RAKYAT INDONESIA PERSER	1,603,600	700,004.61	0.44	0.53	846,298.17	146,293.56
		2,428,523.56			2,636,018.36	207,494.80
Israel						
ADR TEVA PHARMACEUTICAL INDS	26,257	<u>717,500.21</u>	27.33	33.16	<u>870,563.39</u>	<u>153,063.18</u>
Korea, Republic Of						
ADR SK TELECOM LTD SPONSORED ADR	233,024	2,663,110.86	11.43	18.72	4,361,069.98	1,697,959.12
HYUNDAI MOTOR CO KRW5000	6,473	649,145.79	100.29	111.36	720,812.07	71,666.28
SAMSUNG ELECTRONIC KRW5000	2,631	1,732,075.42	658.33	692.11	1,820,933.19	88,857.77
SAMSUNG ELECTRONIC PFD KRW5000	10,739	3,197,870.71	297.78	524.93	5,637,176.61	2,439,305.90
SK HYNIX INC	36,490	635,386.39	17.41	27.33	997,187.76	361,801.37
		8,877,589.17			13,537,179.61	4,659,590.44
Mexico						
ADR CEMEX SAB DE CV	753,008	5,029,122.21	6.68	8.04	6,056,950.27	1,027,828.06
ADR FOMENTO ECONOMICO MEXICANA SAB DE CV	92,800	4,197,253.18	45.23	56.78	5,269,247.46	1,071,994.28
ADR GRUPO TELEFONIA SA DE CV	225,911	3,455,467.13	15.30	20.90	4,721,256.61	1,265,789.48
GRUPO AEROPORTUARIO DEL SURESTE S.A.B DEC.V.	9,261	729,946.32	78.82	79.26	734,013.49	4,067.17
GRUPO FINANCIERIO BANORTE S.A.B DE C.A	737,442	2,094,749.01	2.84	3.94	2,905,404.71	810,655.70
		15,506,537.85			19,686,872.54	4,180,334.69
Peru						
CREDICORP LTD COM STK	53,091	<u>5,153,442.01</u>	97.07	94.62	<u>5,023,365.51</u>	<u>(130,076.50)</u>
Russian Federation						
ADR JSC MMC NORILSK NICKEL SPONSORED ADR	57,080	<u>713,417.23</u>	12.50	11.46	<u>654,193.92</u>	<u>(59,223.31)</u>

STAFFORDSHIRE PENSION FUND

PORTFOLIO VALUATION

<u>Funds - Aberdeen Asset Management, JP Morgan Asset Management, Longview Partners, Sarasin & Partners (Global Equity)</u>	<u>Currency - Sterling</u>			<u>Report Date -</u>		<u>30-09-14</u>
<u>Holding</u>	<u>Cost</u>	<u>Average Cost</u>	<u>Market Price</u>	<u>Market Value</u>	<u>Unrealised Gain/Loss</u>	
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
South Africa						
MR PRICE GROUP ZAR0.025	221,891	1,945,645.52	8.77	11.59	2,572,270.81	626,625.29
MTN GROUP LTD ZAR0.0001	328,400	3,784,239.50	11.52	13.01	4,272,964.47	488,724.97
SASOL NPV	23,384	720,385.52	30.81	33.49	783,055.99	62,670.47
		6,450,270.54			7,628,291.27	1,178,020.73
Taiwan						
HON HAI PRECISION GDR(REP 2 SHS	220,472	612,526.90	2.78	3.84	847,263.14	234,736.24
TAIWAN SEMICON MAN TWD10	3,273,000	4,439,841.12	1.36	2.43	7,964,380.56	3,524,539.44
TAIWAN SEMICONDUCTOR MFG CO LTD	71,379	666,652.36	9.62	12.45	888,522.54	201,870.18
		5,739,020.38			9,700,166.24	3,961,145.86
TOTAL EMERGING MARKETS		106,405,978.25			120,534,784.77	14,128,806.52
UNITED KINGDOM						
3I GROUP ORD GBP0.738636	196,902	749,760.52	3.81	3.83	754,725.37	4,964.85
ASSOCD BRIT FOODS ORD GBP0.0568	134,753	1,736,173.15	12.88	26.79	3,610,032.87	1,873,859.72
ASTRAZENECA ORD USD0.25	28,250	1,094,215.39	38.73	44.42	1,254,723.75	160,508.36
AVIVA ORD GBP0.25	125,142	658,065.17	5.26	5.24	655,118.37	(2,946.80)
BARCLAYS PLC ORD GBP0.25	550,211	1,356,064.30	2.46	2.27	1,251,454.92	(104,609.38)
BARRATT DEVELOPMENTS ORD GBP0.10	223,292	906,150.31	4.06	3.96	884,459.61	(21,690.70)
BG GROUP ORD GBP0.10	432,448	5,176,132.13	11.97	11.40	4,929,907.20	(246,224.93)
BHP BILLITON PLC USD0.50	293,300	5,502,836.24	18.76	17.15	5,030,095.00	(472,741.24)
BRITISH AMERICAN TOBACCO ORD GBP0.25	270,898	6,478,674	23.92	34.82	9,432,668.36	2,953,994.60
BRITISH LAND CO ORD GBP0.25	102,110	711,280.41	6.97	7.03	717,322.75	6,042.34
BT GROUP ORD GBP0.05	212,289	513,465.65	2.42	3.80	805,849.04	292,383.39
CARILLION ORD GBP0.50	209,987	668,403.73	3.18	3.05	639,620.40	(28,783.33)
CENTRICA ORD GBP0.061728395	1,150,500	3,360,848.32	2.92	3.08	3,541,239.00	180,390.68
COMPASS GROUP PLC ORD GBP0.10625	450,541	2,519,009.90	5.59	9.97	4,489,641.07	1,970,631.17
DIRECT LINE INSURANCE GROUP PLC ORD GBP0.10	271,476	804,937.73	2.97	2.94	798,682.39	(6,255.34)
GLENCORE PLC ORD USD0.01	1,218,940	4,504,708	3.70	3.43	4,183,402.08	(321,306.41)
HIKMA PHARMACEUTIC ORD GBP0.10	48,298	478,794.53	9.91	17.33	837,004.34	358,209.81
HOME RETAIL GROUP ORD GBP0.10	440,318	702,527.87	1.60	1.67	734,890.74	32,362.87
HSBC HLDGS ORD USD0.50(UK REG)	867,500	5,307,489.96	6.12	6.26	5,431,417.50	123,927.54
IMPERIAL TOBACCO GBP0.10	229,786	5,391,366	23.46	26.64	6,121,499.04	730,133.25
INVESTEC ORD GBP0.0002	140,038	705,970.26	5.04	5.20	728,197.60	22,227.34
ITV ORD GBP0.10	405,273	517,689.19	1.28	2.08	842,157.29	324,468.10
KINGFISHER ORD GBP0.157142857	611,030	2,525,828.64	4.13	3.24	1,979,126.17	(546,702.47)
LLOYDS BANKING GP ORD GBP0.1	7,732,075	4,498,632	0.58	0.77	5,943,646.05	1,445,013.73
OCADO GROUP PLC ORD GBP0.02	616,411	2,921,638.95	4.74	2.65	1,633,489.15	(1,288,149.80)
PEARSON ORD GBP0.25	354,386	4,228,834.60	11.93	12.40	4,394,386.40	165,551.80
PERSIMMON ORD GBP0.10	59,913	528,650.22	8.82	13.34	799,239.42	270,589.20
PREMIER OIL ORD GBP0.125	229,735	802,954.23	3.50	3.33	765,017.55	(37,936.68)
PRUDENTIAL GBP0.05	81,062	771,489.16	9.52	13.76	1,115,413.12	343,923.96
RIO TINTO ORD GBP0.10	49,747	1,581,744.79	31.80	30.32	1,508,080.31	(73,664.48)
ROLLS ROYCE HLDGS ORD GBP0.20	257,300	2,700,071.06	10.49	9.65	2,481,658.50	(218,412.56)
ROYAL DUTCH SHELL 'A'SHS EUR0.07(GBP)	132,839	3,089,339.95	23.26	23.59	3,133,007.82	43,667.87
ROYAL DUTCH SHELL 'B'ORD EURO.07	314,537	6,282,674.55	19.97	24.37	7,665,266.69	1,382,592.14
SMITH & NEPHEW ORD USD0.20	89,324	937,587.55	10.50	10.40	928,969.60	(8,617.95)
STANDARD CHARTERED PLC	595,017	8,461,233	14.22	11.41	6,786,168.89	(1,675,063.89)
VODAFONE GROUP ORD USD0.2095238	4,112,023	8,045,019	1.96	2.04	8,404,975.02	359,955.88
WOLSELEY ORD GBP0.108030303	85,725	2,916,852.49	34.03	32.42	2,779,204.50	(137,647.99)
WPP PLC ORD GBP0.10	383,045	2,817,251.24	7.35	12.40	4,749,758.00	1,932,506.76
		102,954,364.47			112,741,515.88	9,787,151.41
TOTAL UNITED KINGDOM		102,954,364.47			112,741,515.88	9,787,151.41
Total Investments		744,226,370.68			915,263,051.64	171,036,680.96
Cash Balance		21,509,847.99			21,509,847.99	
Total Value of Portfolio		765,736,218.67			936,772,899.63	

STAFFORDSHIRE PENSION FUND

PORTFOLIO VALUATION

Fund - Insight Investment (Global Corporate Bonds)

Currency - Sterling

Report Date -

30-09-14

	Cost	Average Cost	Market Price	Market Value	Unrealised Gain/Loss
£	£	£	£	£	£
Corporate Bonds (Foreign Currency)					
ARENA BV SER 2012-1 CL A1 DUE 17/11/2044	2,602,305	2,106,005.62	0.809	2,037,471.73	(68,533.89)
BRUNEL RES MTG SEC FRN M/BKD 1/39 EUR/A4A'REGS	4,175,098	3,274,315.33	0.784	3,231,085.37	(43,229.96)
CMNWLT BK OF AUST 5.5% SUB EMTN 06/08/19 EUR	2,400,000	2,240,728.27	0.934	2,231,723.75	(9,004.52)
CMO BELUGA MASTER ISSUER 2006-1 CL A3 VAR RT 28/04/2099	2,000,000	1,707,549.90	0.854	1,557,154.74	(150,395.16)
DUTCH MBS BV DUTCH 2012-17 A2 02/10/2044	2,200,000	1,961,891.85	0.892	1,763,427.72	(198,464.13)
FUT DEC 14 EURX EUR-BUND	-44	0.00	0.000	-28,969.60	(28,969.60)
GRANITE MASTER 2006-1X CL 20/12/2054	1,973,051	1,576,373.32	0.799	1,532,388.24	(43,985.08)
HOLLAND EURO-DENOMINATED MBS HERME 18 A1 18/09/2044	2,461,691	1,999,736.13	0.812	1,924,887.30	(74,848.83)
NATIONWIDE BLDG 6.75% 22/07/2020	2,500,000	2,250,906.04	0.900	2,423,360.90	172,454.86
RABOBANK NEDERLAND 4.125% SUB MTN 14/09/22 EUR	2,700,000	2,281,315.95	0.845	2,398,198.76	116,882.81
SAECURE BV FRNS SR 12 CLS A1 30/07/2092	3,075,700	2,474,341.89	0.804	2,408,073.86	(66,268.03)
STORM 2012 IV BV FRN M/BKD 08/2054 EUR CL'A1	3,485,820	2,803,001.51	0.804	2,732,661.64	(70,339.87)
AUST & NZ BANK GRP 4.875% BDS 144A 12/01/21	3,000,000	2,221,151.99	0.740	2,073,749.32	(147,402.67)
BNP PARIBAS / BNP 5 DUE 01-15-2021	3,300,000	2,316,314.60	0.702	2,261,182.57	(55,132.03)
CRUSADE GBL T 06-2 FR M/BKD 11/37 USD100000/A1	3,236,917	2,035,552.88	0.629	1,985,642.68	(49,910.20)
DEUTSCHE BK AG 3.25% DUE 01-11-2016	3,400,000	2,270,213.49	0.668	2,161,621.20	(108,592.29)
E-MAC PROGRAM B V REMACP 2007 - NL3A A1 144A 25/07/2047	2,770,126	1,701,059.48	0.614	1,687,763.37	(13,296.11)
FUT DEC 14 10 YR T-NOTES	-94	0.00	0.000	40,769.38	40,769.38
FUT DEC 14 5 YR T NOTE	-60	0.00	0.000	8,096.11	8,096.11
GRACECHURCH MORTGAGE FINANCING PLC FRN M/BKD 20/11/56	5,567,452	3,550,677.56	0.638	3,452,346.10	(98,331.46)
LLOYDS TSB BANK PLC 4.875% BDS 21/01/16	3,300,000	2,288,070.65	0.693	2,142,148.27	(145,922.38)
NORDEA BK AG 4.875% DUE 05-13-2021	3,000,000	2,023,621.58	0.675	1,987,089.53	(36,532.05)
VERIZON 3.65% DUE 09-14-2018	5,000,000	3,224,559.34	0.645	3,249,656.31	25,096.97
WAL-MART STORES 3.625% DUE 07-08-2020	3,200,000	2,258,771.62	0.706	2,100,962.04	(157,809.58)
		48,566,159.00		47,362,491.29	(1,203,667.71)
Total Investments		236,866,134.28		229,351,187.13	(7,514,947.15)
Cash Balance		35,523,272.91		35,523,272.91	
Total Value of Portfolio		272,389,407.19		264,874,460.04	

STAFFORDSHIRE PENSION FUND

PORTFOLIO VALUATION

Fund - PRIVATE EQUITY INVESTMENTS

Currency - Sterling

Report Date - 30-09-14

	Date of Inception	Estimated Total Approved Investment	Cumulative Investments @ 30 June 2014	Quarters Transactions	Cumulative Distributions @ 30 June 2014	Quarters Transactions	Market Value @ 30 June 2014*
		£	£	£	£	£	£
LAZARD US TECHNOLOGY PARTNERS 2nd Fund	Jan-01	6,214,639.57	6,216,640.24	0.00	3,972,753.68	0.00	1,940,310.44
CAPITAL DYNAMICS UK HIGH TECHNOLOGY FUND	May-01	4,000,000.00	4,007,302.74	0.00	1,703,961.37	0.00	704,284.00
HARBOUR VEST European Buyout Fund (HIPEP IV)	Jan-02	6,811,851.14	6,894,856.61	0.00	10,202,166.71	237,941.71	2,254,969.93
HARBOUR VEST VII US Buyout Fund	Apr-03	5,260,383.82	5,235,980.89	58,646.13	5,196,863.60	350,712.97	3,510,711.85
KNIGHTSBRIDGE Venture Capital VI Series VXM	Feb-05	6,291,695.54	6,377,366.59	0.00	5,650,094.42	339,374.38	4,687,547.17
HARBOUR VEST Asia Pacific Fund (HIPEP V)	Mar-06	5,056,257.30	5,333,837.17	58,775.88	3,306,614.83	414,030.59	4,616,908.40
HARBOUR VEST 2007 Direct Fund	Sep-07	4,900,000.00	5,656,146.20	0.00	1,849,049.57	199,759.40	6,400,065.13
HARBOUR VEST 2007 European Buyout Companion (HIPEP V)	Oct-07	5,000,000.00	5,609,228.71	0.00	1,696,110.39	0.00	5,210,916.43
HARBOUR VEST VIII Cayman Venture Fund	Sep-07	2,450,000.00	2,763,298.53	88,485.38	1,224,539.65	226,591.80	2,938,316.39
HARBOUR VEST VIII Cayman Buyout Fund	Sep-07	24,500,000.00	24,917,933.99	885,390.60	11,435,764.55	1,509,627.18	23,758,146.40
HARBOUR VEST VIII US Mezzanine & Distressed Debt Fund	Sep-07	2,450,000.00	2,644,541.09	28,855.78	1,545,655.72	102,607.42	1,918,590.99
KNIGHTSBRIDGE Venture Capital VII LP Series VC	Apr-08	5,000,000.00	4,786,276.08	178,267.12	0.00	0.00	6,521,208.50
DOVER STREET VII Cayman Fund	May-08	10,000,000.00	11,559,449.21	58,563.70	7,166,611.74	618,689.15	9,671,665.95
Partners Group Secondary 2008 LP	Nov-08	12,165,000.00	11,602,530.76	0.00	6,966,671.57	358,880.29	9,402,263.19
HARBOUR VEST Cayman Partnership Fund (HIPEP VI)	Jun-08	29,687,775.33	14,630,643.21	1,678,330.21	1,105,333.48	525,201.40	14,878,315.13
KNIGHTSBRIDGE Venture Capital VIII	Feb-12	4,500,000.00	388,766.03	124,791.18	0.00	0.00	345,374.14
HarbourVest IX Cayman Venture Fund	Apr-13	6,150,000.00	2,217,152.10	578,627.97	62,560.41	0.00	2,425,788.09
HarbourVest IX Cayman Buyout Fund	Apr-13	12,300,000.00	2,818,398.84	799,778.61	252,062.84	197,503.30	2,733,043.67
HarbourVest IX Cayman Opportunities Fund	Apr-13	2,050,000.00	432,809.84	82,096.97	25,301.44	0.00	479,594.67
Dover Street VIII Cayman Fund	Apr-13	7,800,000.00	2,171,383.70	595,741.47	378,888.54	48,018.01	2,521,658.48
TOTAL PRIVATE EQUITY		162,587,602.70	126,264,543.23	5,216,251.00	63,741,004.51	5,128,937.60	106,919,681.93

* latest available valuation

STAFFORDSHIRE PENSION FUND

PORTFOLIO VALUATION

	<u>Currency - Sterling</u>			<u>Report Date -</u>		30-09-14
<u> Holding</u>	<u> Cost</u>	<u> Average</u>	<u> Market</u>	<u> Market</u>	<u> Market</u>	<u> Unrealised</u>
	£	Cost	Price	Value	Value	Gain/Loss
		£	£	£	£	£
<u>Fund - State Street Global Advisors (Passive Global Equity)</u>						
<u>UK - PASSIVE</u>						
SSGA MPF UK EQUITY INDEX FUND	84,030,031	<u>148,956,294.38</u>	1.77	2.91	<u>244,727,785.35</u>	<u>95,771,490.97</u>
<u>GLOBAL - PASSIVE</u>						
SSGA MPF ALL WORLD DEVELOPED EQUITY	450,084,347	<u>632,990,042.13</u>	1.41	1.81	<u>812,877,117.42</u>	<u>179,887,075.29</u>
<u>TOTAL PASSIVE GLOBAL EQUITY</u>		<u>781,946,336.51</u>			<u>1,057,604,902.77</u>	<u>275,658,566.26</u>
<u>Fund - Legal & General Investment Management (Passive UK Index Linked Bonds)</u>						
LEGAL & GENERAL AP OVER 5 YR INDEX-LINKED	30,736,673	137,768,964.69	4.48	5.67	174,206,857.43	36,437,892.74
<u>TOTAL PASSIVE UK INDEX LINKED BONDS</u>		<u>137,768,964.69</u>			<u>174,206,857.43</u>	<u>36,437,892.74</u>
<u>Fund - Staffordshire Pension Fund (Emerging Markets Funds)</u>						
FRANK RUSSELL EMERGING MARKETS EQUITY	2,196,999	40,600,000.00	18.48	37.88	83,222,323.29	42,622,323.29
<u>TOTAL EMERGING MARKETS</u>		<u>40,600,000.00</u>			<u>83,222,323.29</u>	<u>42,622,323.29</u>
<u>Fund - Staffordshire Pension Fund (Funds of Hedge Funds)</u>						
GOLDMAN SACHS HFP II FUND (H1)	602,236	70,240,579.00	116.63	140.04	84,335,624.71	14,095,045.71
<u>TOTAL HEDGE FUNDS</u>		<u>70,240,579.00</u>			<u>84,335,624.71</u>	<u>14,095,045.71</u>
<u>Fund - Staffordshire Pension Fund (Diversified Alternatives Funds)</u>						
MORGAN STANLEY AIP DIVERSIFIED ALTERNATIVES FUND	443,454	48,250,000.00	108.80	119.67	53,068,570.88	4,818,570.88
SCHRODERS SIF DIVERSIFIED COMPLETION FUND	383,886	48,250,000.00	125.69	136.43	52,373,512.41	4,123,512.41
<u>TOTAL ALTERNATIVES</u>		<u>96,500,000.00</u>			<u>105,442,083.29</u>	<u>8,942,083.29</u>

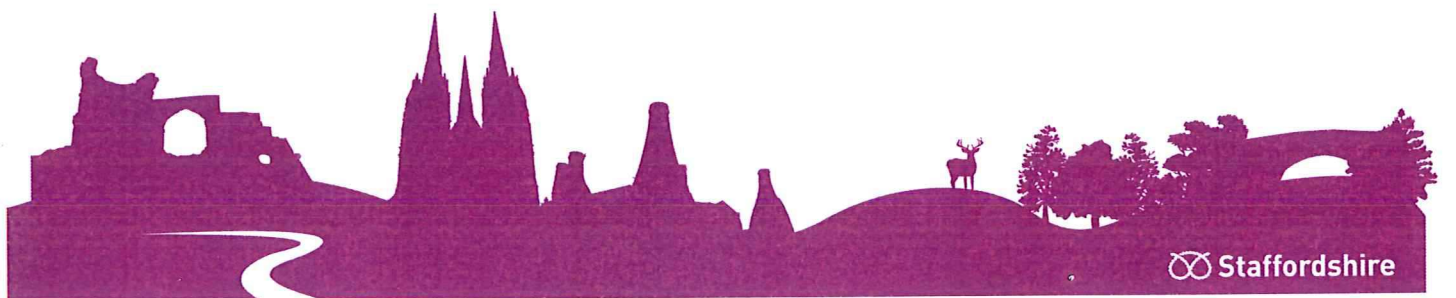
STAFFORDSHIRE COUNTY PENSION FUND
PROPERTY PORTFOLIO SUMMARY

Dir/Ind	Property Address or Fund	Unit	Tenant or Fund	Tenure	Use	Total Cost £	Date of Purchase	Value £ @ 31/03/2014	Value £ @ 30/09/2014	Lease or Fund Term	Lease Fund Expiry or Break	Rent pa £	Current Rent pa £	Ground Rent pa £	Next Rent Review	% Yield on Cost	% Yield on Value
Dir	BEVERLEY 41 Toll Gavel		WH Smith Plc	FH	Retail	1,328,461	29/01/1999	1,675,000	1,675,000	25 yrs	06/02/2013	81,300	132,500	-	On Expiry	10.0	7.9
	BIRMINGHAM 92/93 New Street & 3/17 Ethel Street		Sun Valley Leisure	FH	Retail	5,168,899	21/06/2010	4,800,000	4,800,000	15 yrs	02/10/2021	400,000	400,000	-	03/10/2016	7.7	8.3
	BLETCHLEY Rushmere Retail Park, Walling Street	1 2	Wickes Building Supplies Ltd Halfords Ltd	FH	Retail WH Retail WH	- 5,089,933	- 11/04/1996	- 8,450,000	- 8,900,000	25 yrs 25 yrs	25/03/2021 25/03/2021	259,500 104,500	429,000 174,240	- -	25/03/2016 29/03/2016	- 11.9	- 6.8
	BURY ST EDMUNDS 42/42a Buttermarket		McDonald's Real Estate LLP	FH	Retail	3,059,752	22/07/1994	2,925,000	2,950,000	35 yrs	15/07/2023	152,500	180,000	-	25/12/2018	5.9	6.1
	BURY ST EDMUNDS 45/47 Risbygate Street		B&Q PLC	FH	Retail WH	5,666,760	12/06/2013	5,150,000	5,150,000	25 yrs	10/03/2015	491,763	491,763	-	On Expiry	8.7	9.5
	CAMBRIDGE Chieftain Way, Orchard Park		Travelodge Hotels Ltd	FH	Hotel	11,384,746	15/10/2010	10,750,000	10,950,000	25 yrs	11/09/2036	0	724,500	-	12/09/2016	6.4	6.6
	CARDIFF 1/7 Queen Street	1&2 3 3a 4	Santander UK PLC Ladbroke Betting & Gaming Ltd Pizza Hut (UK) Ltd Libyds TSB Bank PLC		Retail Retail Retail Retail	- - - 8,371,527	- - - 02/05/2014	- - - -	- - - 8,000,000	23 yrs 10 yrs 35 yrs 35 yrs	24/04/2021 30/10/2015 23/06/2021 23/06/2021	188,000 85,000 60,000 318,000	188,000 85,000 60,000 318,000	- - - -	12/02/2018 30/10/2017 24/06/2016 24/06/2016	- - - 7.8	- - - 8.1
	CARLISLE 65 English Street		Vacant	FH	Retail	1,029,700	24/06/1994	370,000	340,000	-	-	54,000	0	-	-	0.0	0.0
	CARLISLE 67 English Street		Game Retail Ltd	FH	Retail	788,026	20/01/1999	485,000	460,000	5 yrs	01/08/2017	50,000	41,500	-	On Expiry	5.3	9.0
	CHICHESTER 30 East Street		Mothercare UK Ltd	FH	Retail	2,422,179	29/01/1999	3,250,000	3,350,000	10 yrs	24/03/2020	120,000	186,250	-	12/03/2015	7.7	5.6
	DOVER Bridge Street		Wm Morrison Supermarkets Plc	FH	Foodstore	18,059,355	31/03/2010	17,500,000	17,500,000	35 yrs	09/04/2024	912,604	912,604	-	29/04/2014	5.1	5.2
	EYNSHAM Oasis Park,	Chilbrook Chilbrook Chilbrook	Atkins Ltd Vacant Vacant		Office Office Office	- - -	- - -	- - -	- - -	10 yrs - -	09/12/2015 - -	156,295 - 165,555	132,800 0 0	- - -	10/12/2015 - -	- - -	- - -
		1-5 6 7 8 9/10 11 12 (1st) 12 (Gd) 13	Southern Electricity Plc Vacant Amplivox Ltd Vacant Usborne Publishing Ltd Ice Energy Heat Pumps Ltd Bit by Bit Directors Scheme Vacant Adler & Allan Ltd Vacant		Office Office Office Office Office Office Office Office Office	- - - - - - - - -	- - - - - - - - -	- - - - - - - - -	- - - - - - - - -	125 yrs 3 yrs 10 yrs 5 yrs 999 yrs 5 yrs -	24/01/2116 - 12/02/2017 - 28/09/2018 31/03/2019 23/06/2986 - 31/08/2019 -	1 0 33,770 33,770 33,770 57,500 75 22,000 22,000 43,800	0 0 45,500 39,287 76,716 75 0 17,928 0	- - - - - - - - -	On Expiry - - On Expiry On Expiry On Expiry On Expiry On Expiry On Expiry	- - - - - - - - -	- - - - - - - - -
	HAYES		Toys R Us Ltd	FH	Retail WH	16,224,160	07/01/2008	12,500,000	12,925,000	25 yrs	28/09/2019	779,000	813,300	-	29/09/2014	5.0	6.3

Dir/Ind	Property Address or Fund	Unit	Tenant or Fund	Tenure	Use	Total Cost £	Date of Purchase	Value £ @ 31/03/2014	Value £ @ 30/09/2014	Lease or Fund Term	Lease Fund Expiry or Break	Rent pa £ @ Purchase	Current Rent pa £	Ground Rent pa £	Next Rent Review	% Yield on Cost	% Return on Value	
	Hayes Road, KINGSTON UPON THAMES 24/24a Market Place		Links (London) Ltd	FH	Retail	1,339,621	14/04/2000	2,600,000	2,800,000	15 yrs	15/03/2022	83,250	143,000	-	16/03/2017	10.7	5.1	
	LANCASTER Parliament Street Retail Park,		DSG Retail Ltd (v/a Currys) Halfords Ltd B&M Retail Ltd	FH	Retail WH Retail WH Retail WH	-	-	-	-	25 yrs 25 yrs 25 yrs	28/09/2020 28/09/2020 28/09/2020	149,540 74,930 100,170	180,000 96,556 142,742	-	29/09/2015 29/09/2015 29/09/2015	-	-	7.0
	LEEDS Killingbeck Retail Park, Killingbeck Drive	A B C D	Carpetright Plc B&M Retail Ltd B&Q Plc B&Q Plc Redbus Retail Advertising Ltd	FH	Retail WH Retail WH Retail WH Retail WH Advertising	-	-	-	-	20 yrs 10 yrs 25 yrs 25 yrs 5 yrs	23/06/2016 14/07/2023 23/06/2016 23/06/2016 29/04/2014	195,000 195,700 197,340 604,750 1,088	195,000 150,000 202,400 604,750 1,000	-	24/03/2012 15/07/2018 On Expiry On Expiry On Expiry	-	-	7.5
	LEEDS 20/26 King Edward Street & 49/51 Vicar Lane	20 22 24	Rohan Designs Ltd Airwar International Ltd (v/a Dr Martens) VF Northern Europe Services Ltd (v/a Vans)	FH	Retail Retail Retail	-	-	-	-	15 yrs 10 yrs 15 yrs	25/06/2014 22/07/2019 03/10/2018	91,250 95,000 105,000	91,250 98,000 105,000	-	On Expiry 22/07/2019 On Expiry	-	-	-
	LEICESTER 45 Gallowtree Gate & 47/49 Market Place	26	JD Sports Fashion PLC (v/a Size) London Lotus Ltd Ltd (v/a Chopstix) N Joshi & R Yeoman	FH	Retail Restaurant Restaurant	6,538,408	25/10/2012	6,375,000	7,100,000	20 yrs	24/03/2021	158,500	158,500	-	25/03/2011	6.9	6.4	
	LEICESTER Unit 19, Meridian Business Park		JP Boden & Co Ltd	FH	Industrial	3,771,984	04/11/2011	4,400,000	4,750,000	-	20/06/2017	380,000	380,000	-	On Expiry	10.1	8.0	
	LONDON EC1 Cloisters Court, 22/26 Farringdon Lane	1st - 4th Gd	Vacant Vacant		Office Restaurant	-	-	-	-	-	-	72,640 7,500	0 0	-	-	-	-	
	LONDON SW1 Burwood House, 14/24 Caxton Street	Gd	Fuller Smith & Turner Gallaher Ltd Sport & Recreation Alliance William Sturges & Co William Sturges & Co BAE Systems Plc BAE Systems Plc William Sturges & Co Pret a Manger (Europe) Ltd William Sturges & Co Starbucks Coffee Co (UK) Ltd Car spaces	FH	Public House Office Office Office Office Office Office Retail Office Retail	2,331,939	28/02/2001	2,150,000	2,350,000	25 yrs	22/12/2030	10,250	12,500	-	23/12/2015	0.5	0.5	
	LONDON WC1 16 Upper Woburn Place	5th 4th/3rd	Orient Petroleum UK Ltd London Upper Woburn Place Centre Ltd v/a Regus		Office Office	-	-	-	-	5 yrs 10 yrs	07/10/2017 18/11/2023	88,125 224,238	83,662 462,462	-	On Expiry 19/1/2018	-	-	
		2nd 1st Gd Gd & LG	El Al Israel Airlines Sue Ryder PMSI UK Ltd Prezzo Plc		Office Office Office Restaurant	-	-	-	-	5 yrs 10 yrs 10 yrs 20 yrs	30/01/2016 12/04/2018 05/12/2016 04/01/2024	205,840 213,745 93,000 87,500	205,840 213,745 93,000 90,000	-	On Expiry 12/04/2016 On Expiry 05/01/2019	-	-	

Dir/Ind	Property Address or Fund	Unit	Tenant or Fund	Tenure	Use	Total Cost £	Date of Purchase	Value £ @ 31/03/2014	Value £ @ 30/09/2014	Lease or Fund Term	Lease Fund or Break	Rent pa £ Purchase	Current Rent pa £	Ground Rent pa £	Next Rent Review	% Yield on Cost	% Return on Value
		LG	Bany's Bootcamp Ltd		Gym	-	-	-	-	25 yrs	24/05/2024	75,460	87,032	-	23/07/2018	-	-
			EDF Energy Networks (LPN) Plc		Substation	19,073,652	12/08/2011	22,000,000	23,500,000	99 yrs	03/03/2106	0	0	-	-	6.5	5.3
	LONDON WC2	4th	DI Design & Devt. Consultants (UK) Ltd		Office	-	-	-	-	10 yrs	29/11/2015	76,335	92,260	-	On Expiry	-	-
	20/22 Stukeley Street	3rd	DI Design & Devt. Consultants (UK) Ltd		Office	-	-	-	-	5.5 yrs	29/11/2015	42,073	46,748	-	On Expiry	-	-
		3rd	Vacant		Office	-	-	-	-	-	-	50,827	0	-	-	-	-
		2nd	ACT Entertainment Group Ltd		Office	-	-	-	-	5 yrs	08/04/2015	83,250	98,406	-	On Expiry	-	-
		1st	Prospectus Ltd		Office	-	-	-	-	10 yrs	24/11/2019	85,360	121,800	-	25/11/2014	-	-
		Gd & LG	Freedom Recruitment Ltd		Office	-	-	-	-	5 yrs	01/04/2019	80,765	182,529	-	On Expiry	-	-
		Gd & LG	Zero Degrees West Ltd	FH	Office	8,481,844	16/12/1998	11,650,000	14,750,000	10 yrs	24/04/2020	49,200	116,305	-	24/04/2019	7.8	4.5
	MANCHESTER	10th	Vacant		Office	-	-	-	-	-	-	0	0	-	-	-	-
	Lincoln House, 125/127 Deansgate	Various	Pannone LLP		Office	-	-	-	-	7 yrs	12/02/2015	361,313	493,000	-	On Expiry	-	-
		5th	Vacant		Office	-	-	-	-	-	-	73,485	0	-	-	-	-
		4th	Vacant		Office	-	-	-	-	-	-	70,800	0	-	-	-	-
		Gd	William Hill Organisation Ltd	FH	Retail	7,781,197	21/09/2001	7,675,000	7,675,000	25 yrs	04/07/2030	23,000	47,000	-	05/07/2015	6.9	7.0
	MANCHESTER	29	Hancocks Jewellers Ltd		Retail	-	-	-	-	25 yrs	31/05/2030	120,000	120,000	-	01/06/2015	-	-
	Old Exchange Buildings, 29/31 King Street	31	Hermes (GB) Ltd		Retail	-	-	-	-	25 yrs	31/05/2023	106,000	106,000	-	01/06/2018	-	-
			Crabtree & Evelyn		Retail	-	-	-	-	20 yrs	13/07/2018	62,500	62,500	-	On Expiry	-	-
			J Barbour & Sons Ltd		Retail	-	-	-	-	15 yrs	30/06/2016	60,000	60,000	-	On Expiry	-	-
		1st	Lucinda Ellery Ltd		Retail	-	-	-	-	5 yrs	30/11/2014	17,648	17,648	-	On Expiry	-	-
		2nd	Vacant		Office	-	-	-	-	-	-	0	0	-	-	-	-
		3rd	Spencer Ogden		Office	6,591,188	11/08/2014	-	6,300,000	5 yrs	13/05/2016	29,377	29,377	-	On Expiry	6.0	6.3
		4th	Vacant		Office	-	-	-	-	-	-	0	0	-	-	-	-
	ROMFORD		Halifax Plc	FH	Retail	2,146,455	11/09/1998	2,200,000	2,200,000	25 yrs	23/06/2020	135,000	183,500	-	29/09/2016	8.5	8.3
	26/30 South Street																
	SCUNTHORPE	1 & 2	Howden Joinery Properties Ltd		Industrial	-	-	-	-	10 yrs	10/10/2020	24,150	53,500	-	11/10/2015	-	-
	Easigate Park, Arkwright Way	3 & 4	TSC Foods Ltd		Industrial	-	-	-	-	25 yrs	14/08/2015	56,500	57,000	-	On Expiry	-	-
		5	Westinghouse Corp Resources		Industrial	-	-	-	-	-	04/10/2015	44,500	47,500	-	On Expiry	-	-
		6	Eurocell Building Plastics Ltd		Industrial	-	-	-	-	5 yrs	03/09/2015	10,500	17,950	-	On Expiry	-	-
		7	Vacant		Industrial	-	-	-	-	-	-	0	0	-	-	-	-
		8	Euro Car Parts Ltd		Industrial	-	-	-	-	10 yrs	19/02/2018	22,000	21,000	-	20/02/2017	-	-
		9	NTL Midlands Ltd		Industrial	-	-	-	-	15 yrs	14/11/2013	9,720	13,000	-	On Expiry	-	-
		10	Vacant		Industrial	-	-	-	-	-	-	10,500	0	-	-	-	-
		11	Brammer UK Ltd		Industrial	-	-	-	-	6 yrs	15/08/2015	6,000	10,250	-	On Expiry	-	-
		12	Brammer UK Ltd	FH	Industrial	2,327,399	26/09/1997	1,975,000	2,125,000	25 yrs	14/08/2015	10,500	10,500	-	On Expiry	9.9	10.9
	SOUTHAMPTON		Vodafone Ltd		Phone Mast	-	-	-	-	12 yrs	11/01/2013	0	5,034	-	On Expiry	-	-
	Centurion Park, Bitterne Road	A	Dowding & Mills (UK) Ltd		Industrial	-	-	-	-	3 yrs	24/11/2014	104,000	114,000	-	On Expiry	-	-
		B	Vacant		Industrial	-	-	-	-	-	-	67,750	0	-	-	-	-
		C	Oyster Marine Ltd		Industrial	-	-	-	-	2.75 yrs	30/09/2014	68,780	65,000	-	On Expiry	-	-
		D	Millbrook Furnishing Industries Ltd		Industrial	-	-	-	-	3.25 yrs	30/09/2018	61,450	59,470	-	On Expiry	-	-
		E	The BSS Group Ltd		Industrial	-	-	-	-	5.5 yrs	11/12/2018	30,000	32,950	-	On Expiry	-	-
		F	Thunderbolts Ltd		Industrial	-	-	-	-	5 yrs	31/12/2016	33,000	30,500	-	On Expiry	-	-
		G	TLC (Southern) Ltd		Industrial	-	-	-	-	10 yrs	19/12/2022	29,750	33,200	-	20/12/2017	-	-
		H	SCA Support Services Ltd		Industrial	-	-	-	-	25 yrs	27/04/2015	30,000	32,227	-	On Expiry	-	-
		J	St Gobain Building Distribution Ltd		Industrial	-	-	-	-	5 yrs	16/01/2017	65,640	73,500	-	On Expiry	-	-
		K	CJR Propulsion Ltd		Industrial	-	-	-	-	10 yrs	19/05/2015	49,000	59,963	-	On Expiry	-	-

Dir/Ind	Property Address or Fund	Unit	Tenant or Fund	Tenure	Use	Total Cost £	Date of Purchase	Value £ @ 31/03/2014	Value £ @ 30/09/2014	Lease or Fund Term	Lease Fund Expiry or Break	Rent pa £ @ Purchase	Current Rent pa £	Ground Rent pa £	Next Rent Review	% Yield on Cost	% Return on Value
	L Vacant (Under Offer)				Leisure	-	-	-	-	-	-	60,000	0	-	-	-	-
	P The Post Office				Industrial	-	-	-	-	20 yrs	05/02/2019	146,772	113,000	-	On Expiry	-	-
	R Secretary of State for Transport				Industrial	-	-	-	-	10 yrs	30/11/2014	24,148	37,500	-	On Expiry	-	-
	S Meyer 9 Ltd	FH			Industrial	11,698,575	19/09/2000	9,400,000	10,100,000	25 yrs	01/11/2015	34,750	35,500	-	On Expiry	5.9	6.8
	Stone Computers Ltd	FH			Industrial	4,687,173	22/02/2011	3,900,000	4,575,000	15.5 yrs	25/05/2020	355,400	355,400	-	26/05/2015	7.6	7.8
STAFFORD	Granite 100, Acton Gate																
	Regis UK Ltd				Retail	-	-	-	-	10 yrs	14/11/2020	0	32,500	-	15/11/2015	-	-
SWANSEA	263/265 Oxford Street & 8 Portland Street				Retail	3,005,251	21/07/2000	1,450,000	1,400,000	19.5 yrs	31/01/2017	120,000	0	-	-	-	-
	Vacant	LH			Retail	-	-	-	-	-	-	95,000	114,600	2,250	On Expiry	4.9	10.5
SWINDON	22 & 23				Industrial	-	-	-	-	-	-	121,000	0	-	-	-	-
	Allied Telesis International BV	24			Industrial	-	-	-	-	5 yrs	28/09/2018	63,500	65,000	-	On Expiry	-	-
	Unipart Automotive Ltd	25			Industrial	-	-	-	-	25 yrs	24/03/2014	40,640	43,750	-	On Expiry	-	-
	PI Crouch, MA Clarke, PA Hopkins, & Hornbuckle Medical Trustees Ltd	R			Industrial	3,984,016	15/12/1999	2,275,000	2,325,000	125 yrs	31/01/2114	26,600	27,265	-	01/02/2014	3.4	5.9
TRURO	11/12 Boscawen Street				Retail	4,134,289	08/05/2014	-	3,950,000	15 yrs	05/11/2017	269,950	269,950	-	On Expiry	6.5	6.8
TRURO	14/15 Boscawen Street				Retail	1,756,999	11/11/1992	2,150,000	2,200,000	10 yrs	26/08/2018	97,500	140,000	-	27/08/2018	8.0	6.4
WARRINGTON	Calver Road, Winwick Quay				Industrial	2,654,601	24/03/1994	2,250,000	2,250,000	20 yrs	15/10/2016	160,000	180,000	-	25/12/2016	6.8	8.0
WEYBRIDGE	29 Avro Way, Brooklands Business Park				Industrial	3,376,249	20/12/1990	4,100,000	4,500,000	15 yrs	18/02/2029	275,000	335,000	-	19/03/2019	9.9	7.4
WOLVERHAMPTON	Vernon Park,	A			Industrial	-	-	-	-	999 yrs	28/09/3010	0	0	-	On Expiry	-	-
		B			Industrial	-	-	-	-	5 yrs	17/11/2015	154,680	154,680	-	On Expiry	-	-
		C			Industrial	-	-	-	-	12 yrs	12/06/2024	294,490	294,490	-	13/06/2017	-	-
	Land				Industrial	8,197,392	21/07/2000	7,950,000	8,350,000	-	-	0	0	-	-	5.5	5.4
Total:						241,227,880		207,605,000	237,175,000			14,167,282	14,972,492			6.2	6.3
Ind	Ashford Investor Limited Partnership				Shopping Centre	12,974,050	23/05/2002	16,187,500	18,625,000	-	March 2016	514,312	866,250	-	n/a	6.7	4.7
	Pyramid Capital Limited Partnership				Mixed	3,720,285	18/09/2008	3,277,696	4,075,657	-	Sept 2015	0	77,873	-	n/a	2.1	1.9
	The Mall Unit Trust				Shopping Centre	10,040,001	10/03/2006	1,779,180	1,931,681	-	Dec 2016	417,500	45,855	-	n/a	0.5	2.4
	West End of London Property Unit Trust				Office	14,987,184	29/06/2007	14,697,000	16,192,000	-	July 2014	220,000	396,225	-	n/a	2.6	2.4
Total:						41,721,520		35,941,376	40,824,338			1,151,812	1,386,203			3.3	3.4
Total:						282,949,400		243,546,376	277,999,338			15,319,094	16,358,695	17,059		5.8	5.9



Exempt Minutes of the Pensions Panel Meeting held on 9 September 2014

PART TWO

13. Exempt Minutes of meetings held on 20 May and 15 and 29 July 2014 (exemption paragraph 3)

The exempt minutes of the meetings of the Pensions Panel held on 20 May, 15 July and 29 July 2014 were circulated.

RESOLVED – That the exempt minutes of the meetings of the Pensions Panel held on 20 May, 15 July and 29 July 2014 be confirmed and signed by the Chairman.

14. Property - Confirmation of the action of the Director of Finance and Resources in relation to Property (Exemption Paragraph 3)

The Director of Finance and Resources reported on the following property matters approved by him in consultation with the Chairman:

(a) Purchase of Old Exchange Buildings, King Street, Manchester

The purchase of a freehold retail investment known as Old Exchange Buildings, King Street, Manchester, for a sum of £6.3m.

(b) A lease of Unit 12 (Ground Floor), Oasis Business Park, Eynsham, for a period of 5 years, at a rent of £17,926 per annum. Three months rent free, followed by a 50% rent reduction for three months was agreed as a letting incentive. (Tenant: Adler and Allan Ltd).

(c) The rent review of 24/24A Market Place, Kingston upon Thames, due on 16 March 2012 be recorded at £143,000 per annum. An increase of 12% over the passing rent of £127,500 per annum. (Tenant: Links of London).

(d) The rent review of the Fourth Floor, Burwood House, Caxton Street, London, due on 28 November 2013 be recorded at £146,000 per annum. An increase of 7.8% over the passing rent of £135,375 per annum. (Tenant: Sport & Recreation Alliance).

(e) A short term letting of Unit 2, 264-265 Oxford Street, Swansea, for a period of 12 months at a rent of ££3,500 per calendar month inclusive of service charge and insurance (but excluding business rates). (Tenant: Nexphase Limited).

(f) The rent review of Unit P Centurion Park, Southampton, due on 11 February 2014 be recorded at NIL increase. The rent remains at £113,000 per annum. (Tenant: The Post Office).

(g) The re-gear of the lease of Units 1 and 2, 5-7 Queen Street, Cardiff. The current lease, due to expire on 24 April 2021 was extended by a term of 10 years to expire 24 April 2031 subject to additional upward only open market rent reviews in 2023 and 2028. The rent remained at £188,000 per annum although an 18 month rent free period had

been granted as an incentive to the letting together with approval for limited structural alterations. (Tenant: Santander UK PLC).

(h) A lease of the 3rd Floor (North) at 22 Stukeley Street, London WC2 for a period of 5 years at a rent of £112,251 per annum. 5 months rent free with a further 3 months rent free in the event the break option is not exercised at the end of the third year was agreed as a letting incentive. (Tenant: BTG Global Risk Partners).

The Director of Finance and Resources also reported that there was likely to be a need to call an additional meeting of the Panel in early Spring 2015 to consider the appointment of the Fund's Property Manager.

RESOLVED – That the action taken by the Director of Finance and Resources in relation to the purchase of Old Exchange Buildings, King Street, Manchester be confirmed and his actions in relation to (b) – (h) above be noted.

15. Stock Lending (exemption paragraph 3)

The Director of Finance and Resources summarised the Fund's involvement in Stock Lending activity since 1998, reminding members of the suspension of activity in 2008 due to concerns about the implications of short selling on markets, and the resumption in 2010 following improved market conditions and, more significantly, the introduction of global regulatory measures. He briefly explained the regulatory mechanisms particularly referring to the EU's Regulation on Short selling and certain aspects of credit default swaps introduced in late 2012.

The Panel noted that the Pension Fund earned £3.283 million from stock lending between May 1998 and March 2014. The income generated varied over financial years as a result of investor demand for certain stocks and would naturally decrease in times of uncertainty. Whilst borrower demand had improved more recently in various asset classes, it was still impacted to some extent by the uncertain regulatory environment.

At £235,978, the income received in 2013/14 was consistent with the income received in 2012/13, which was an increase over that received in the previous 3 years. This reflected the continued strength in borrower demand. 81% (£191,404) of the Fund's lending income in the year was received from non-US equities with 45% of that amount (£106,266) being received from two key markets; Canada and the UK.

On 1 November 2012, the EU's Regulation on 'Short Selling and certain aspects of credit default swaps' came into force. After six months of the regulation being in force, on 3 June 2013, ESMA published a review on its impact. The review found that the introduction of the Short Selling Regulation (SSR) had some positive effects in terms of enhancing market transparency and reducing risks of settlement fails in EU financial markets. Whilst ESMA advised the European Commission to consider adjusting a number of minor aspects in the SSR they did not alter the main elements.

On 22 January 2014, the European Court of Justice (ECJ) dismissed the UK's challenge to the SSR. The UK was challenging the power of ESMA to adopt emergency measures under the SSR, which in their view went against general EU principles relating to the delegation of powers. The ECJ rejected the plea, finding that the SSR and the powers

given to ESMA were compatible with EU law. Both ESMA and the European Commission welcomed the ECJ's ruling.

In response to questions from Members in relation to the risks associated with Stock Lending, the Director of Finance and Resources reported that collateral equivalent to 105% of the value of the Stocks being borrowed was secured from the borrower and there was therefore little risk to the Fund. The Panel were also informed that the Fund received 70% of the income from Stock Lending with the remaining 30% going to the custodian, Northern Trust.

RESOLVED – (a) That the report be received and that the continued practice of Stock Lending (sometimes referred to as Securities Lending) through the programme operated by Northern Trust be agreed.

(b) That reliance continue to be placed on the co-ordinated actions of the EU securities regulators, several of whom have adopted measures in their respective markets either to limit, or to introduce stringent requirements, or further reporting obligations, by firms to supervisory authorities on short selling.

(c) That it be noted that with effect from 1 November 2012, the EU Regulation on 'Short Selling and certain aspects of credit default swaps' came into force. This prohibits 'naked' short selling and introduces certain disclosure limits around significant short positions in a companies issued share capital. It also gives the European Securities and Markets Authority (ESMA) an increased role in the possible implementation of future short selling bans, allowing them to intervene directly in exceptional circumstances.

16. Equity Transition Summary (exemption paragraph 3)

The Director of Finance and Resources reported that that, in response to the strategic asset allocation review and following a successful transition process, (a) the minor structural changes to the UK, Global and Emerging Market Equity portfolios, outlined in the minutes of the Pensions Panel meeting on 20 May 2014 and subsequently approved by the Pensions Committee on 20 June 2014, were complete; and (b) the total cost of these changes to the Fund was £600,296.

RESOLVED – That the report outlining the equity transition undertaken in July 2014 and its resultant cost to the Pension Fund be noted.

17. Strategic Benchmark Review and Monitoring (Exemption Paragraph 3)

(a) Economic and Market Update

The Panel received a presentation by Graeme Johnston, Hymans Robertson, on the current economic and market conditions and their effect on the Fund's investments.

They were informed that, with regard to the global economy, in the US, estimates of Quarter 1 economic growth were revised sharply downward, but survey evidence during Q2 suggested that the economy retained underlying momentum. Analogous global and regional indicators were also robust, with the major exception of the Eurozone. Headline inflation shot up in Japan following a rise in consumption tax and drifted above

2% p.a. in the US. But globally there was little sign of building inflation pressure. In the Eurozone inflation remained well under 1% p.a. In spite of the first-quarter fall in output in the US, markets continue to discount a steady tapering of QE and a first rise in US interest rates around the middle of next year. The Bank of England had hinted that strength of the UK economy may trigger a rate rise here later this year, with bank base rates expected to rise to around 2.50% over the next four years. The stronger UK economy and the prospect of higher interest rates helped sterling to strengthen further against the dollar and euro. In trade-weighted terms, sterling continued to climb to its highest levels since the final quarter of 2008.

(b) Review of Position as at 31 July 2014

The Director of Finance and Resources detailed the Fund's position and investments as at 31 July 2014 and reported as follows:

(i) Equities – With the exception of the work in progress on considering an alternative benchmark for the UK Active Equity Mandate with Standard Life Investments, which was to be brought to a future meeting of the Panel, all recommendations on UK and Global Equity portfolios had been actioned as agreed.

(ii) Bonds – The Panel agreed to:

- amend the Strategic Benchmark Allocation to reflect the Fund's neutral position i.e. 6.5% in Conventional Gilts and 6.5% in Index-linked gilts with a 0% allocation to Corporate Bonds recognising that the current holding in Corporate Bonds is a tactical position;
- re-invest the cash arising from corporate bond maturities in index-linked gilts; and
- that Hymans, in consultation with Insight Investments, be asked to determine the triggers for the Fund to move back to its fully neutral position.

Discussions with Insight Investments, Hymans and the independent Advisors around appropriate triggers and a process for a move back in to the Fund's neutral position were ongoing.

(iii) Alternatives – In order to reduce the large amount of cash being held by the Fund, pending further investment in suitable Property, the Panel agreed to temporarily increase the Fund's investment in Alternatives. The intention was that 1.4% of the property underweight would be invested in alternatives bringing the overweight cash position down to under 3%. On 1 July 2014, an additional £20m was invested in the Goldman Sachs Hedge Fund portfolio. However, investments have not been made in the Morgan Stanley DAF or the Schroders DCF for the following reasons:

- Shortly after the Panel meeting, Officers met with Schroders to discuss recent DCF performance issues. Schroders were unclear in their explanation of such and unconvincing in their proposals to regain lost performance going forward.
- Tim Kidd of Colliers Capital, came forward with a number of properties he had viewed during May and which he was interested in pursuing. These totalled c£50m and based on the assumption that the Fund may be successful in 50% of

any bids, this would have accounted for just under 1% of the 1.4% property underweight.

- Members had recently taken part in interviews as a result of which they re-appointed Hymans Robertston as their Investment Consultant. As part of that process all bidders were asked to comment on any areas of concern in the Fund. 3 out of the 5 bidders expressed a concern about the DAF / DCF, either for performance, structural or management reasons. These had been discussed with the Advisors and whilst it was considered that there was no immediate need to sell, a piece of work would need to be undertaken to agree the action to be taken. Of course, should there be any heightened concern, funds would be redeemed as soon as possible and held in cash pending a decision on further investment

It was therefore suggested that the Panel should review the recommendation agreed at the meeting on 20 May 2014, and agree only to temporarily increase the investment in the Goldman Sachs Hedge Funds and not make any further investment in the Morgan Stanley Stanley DAF or the Schroders DCF.

(iv) Property – At 7.8%, property was currently underweight of its strategic benchmark allocation (SBA) of 10% by 2.2%. It was recommended that the SBA to property should remain at 10% but that cash available for investment in property, totalling 1.4% of the actual Property allocation, be temporarily invested in Alternatives. It was suggested that this be reviewed in the light of (iii) above.

(v) Cash - The Fund had a 1% allocation to cash for day to day liquidity purposes but was currently running an overweight position of 3.4% in cash. Officers and Advisers would need to review the position following the latest rebalancing activity and should significant cash balances still be anticipated going forwards then consideration would need to be given to entering into term deposits with approved counterparties. Should cash balances continue to accrue, then the use of Short Bond Funds, as permitted by the Annual Investment Strategy and approved by the Panel at their meeting on 4 March 2014, would be utilised. Advisors and Officers were still of the opinion that 'sweating' remaining cash for relatively low additional basis points of return was unnecessary.

RESOLVED – (a) That no change be made to the Fund's strategic benchmark allocation to the major asset classes of equities, bonds, property, alternatives and cash.

(b) That the decision of the Panel at the meeting on 20 May 2014 to temporarily increase the Fund's investment in Alternatives be reviewed and that it be agreed that no further investment be made in the Morgan Stanley Stanley DAF or the Schroders DCF and to temporarily increase the investment in the Goldman Sachs Hedge Funds.

(c) That the underweight position in property be held in cash pending further suitable property investments being sourced in due course.

(d) That the present level of currency hedging (50% of the Fund's overseas equity exposure) be noted. (This follows the Panel's decision on 20 May 2014 to terminate the Dynamic Currency Hedging Program with Record Currency and delegate the transition for doing so to the Director of Finance and Resources in consultation with the Advisors).

18. Pension Fund Performance and Manager Monitoring for the quarter ended 30 June 2014 (exemption paragraph 3)

The Director of Finance and Resources submitted a report by Portfolio Evaluation Limited on their analysis of the Pension Fund's risk and return, the overview of the total Fund and the performance of each individual manager as at 30 June 2014. A market commentary was included which reflected the overall positive performance of all asset classes over the year and gave a more detailed summary of various components of each class.

It was noted that although the Fund has generated a positive return over the quarter it had underperformed the benchmark by -0.3% due to the below benchmark performance of property and equities. In the case of equities this was due to Sarasin and Standard Life. A further small negative was the continued underweight exposure to Property as this was the highest performing asset class. On a more positive note the Frank Russell Emerging Market Equity portfolio, the Alternatives Pool and the Bond pool (due to Insight) outperformed. Of particular note has been the strong performance of the active currency hedging portfolio that has protected equity market values in a strong sterling environment.

RESOLVED – That the report by Portfolio Evaluation Limited on the overall performance of the Fund for the quarter ended 30 June 2014 be noted.

19. Corporate Governance and Socially Responsible Investment Report Quarter 1 2014 (exemption paragraph 3)

The Director of Finance and Resources presented a report in respect of Corporate Governance and Socially Responsible Investment including details of the Fund's Investment Managers' voting activity on corporate resolutions for companies held in their portfolios, together with a copy of the Quarterly Engagement Report issued by the Local Authority Pension Fund Forum (LAPFF) and guidance from the Law Commission. The Panel also received a presentation on Fiduciary Duty and Ethical Investment Policy including the changes arising from the recent guidance from the Law Commission

The Panel noted that the Law Commission's Report had concluded that the primary purpose of a Pension Fund was to provide a pension and therefore financial considerations were key when making investment decisions. The primary aim of an investment strategy was to secure the best realistic return over the long term, given the need to control for risks. The Commission made a key distinction between the factors the Panel should consider and may consider– financial factors vs. non-financial factors. Overall the Commission explained that the Pensions Panel:

- Must always take account of financial factors but
- The Panel can take into account non-financial factors if two tests are met. Test 1- Trustees should have good reason to think that scheme members would share the concern; and
Test 2 - The decision should not involve a risk of significant financial detriment to the fund.

With regard to Test 1, it was noted that the Law Commission were of the view that it was not a requirement for a consultation to find 100% of the scheme members agreed to a non-financial factor, however if there is a disagreement the Panel would need to determine whether it was justifiable to proceed anyway. Where there was uncertainty- the financial factors should prevail.

In response to questions from Members, it was explained that the Pensions Panel's policy on socially responsible investment was to endorse the United Nations Principles of Responsible Investing (UNPRI) and seek to encourage its active equity managers to sign up to them to incorporate environmental, social and governance issues into their investment process. Currently all of the Funds active equity managers were signed up to the UNPRI.

Following a vote it was:

RESOLVED – (a) That the current environmental, social and governance issues faced by investment managers in making their investment decisions and the actions being taken by them in engaging with companies, be noted.

(b) That the Quarterly Engagement Report issued by the Local Authority Pension Fund Forum (LAPFF) be noted.

(c) That the report from the Law Commission, the summary of which, entitled 'Is it always about the money?' Pension trustees' duties when setting an investment strategy: Guidance from the Law Commission, attached at Appendix 1 and the associated presentation by the Director of Law, Governance and Transformation, on Fiduciary Duty and Ethical Investment Policy, be noted.

(d) That the present policy on Environment, Social and Governance issues as set out in the Statement of Investment Principles (SIP) under the heading Socially Responsible Investment be maintained, subject to an annual review of the SIP.

20. Private Equity (exemption paragraph 3)

(a) Private Equity Valuations as at 31 March 2014

The Director of Finance and Resources reported on the market value of the various Private Equity Investments held by the Fund as at 31 March 2014 detailing the actual commitment to each Fund, its investment rate of return (IRR) and its estimated multiple, comparing that performance with the 2013 position.

He explained that both the current investment rate of return and multiple were in line with expectations.

(b) Review of Position as at 30 June 2014

The Director of Finance and Resources submitted information on the Fund's Private Equity Investments as at 30 June 2014 showing distribution based on geography, strategy and stage.

(c) Private Equity Investment

The Panel received a report by Graeme Johnston, Hymans Robertson, reviewing how the Fund might best manage its private equity investments and proposing a solution for the near term that provided an efficient governance solution and reduced the administrative burden in a way that was consistent with achieving the target allocation. Mr Johnston recommended that:

- The Panel should adopt a second core manager for its private equity portfolio.
- New commitments should be made only to funds raised by HarbourVest and the new core manager.
- Both core managers should be asked provide broad exposure to private equity, but be given some degree of flexibility. The details of target structures would be worked out in consultation with the managers, but would include things like permitted ranges for geographical exposures and restrictions on specialist investments.
- The Panel should give priority to maintaining a relatively stable level of annual commitments to private equity. Subject to further refinement of HarbourVest's modelling work, a level around £40m seemed appropriate.
- As a result, the Fund's target allocation to private equity should be trimmed to 3%, although the Panel should be prepared to tolerate short-term variation in actual exposure.
- The split of new commitments between the two core managers would also require consultation with the core managers. There was no specific recommendation to build the new core manager's allocation to an equal size with HarbourVest's nor even to reduce HarbourVest's allocation below the originally intended level of 70%. However, it was key that the new core manager should be able to build a well-diversified exposure and, in the early years at least, this might mean a bias in their favour in the allocation of commitments.

RESOLVED – (a) That the Fund's position on Private Equity Investments both at the end of 2013/14 and as at 30 June 2014 be noted.

(b) That the report from Graeme Johnston, Hymans Robertson, reviewing how the Fund might best manage its private equity investments be received and the recommendations therein be noted and that detailed consideration of the second core manager be delegated to the Director of Finance in consultation with advisors.

The following presentation was also given to provide information on Private Equity Investment and on the performance of the Fund's Private Equity portfolio:

21. Private Equity Training and Manager Presentation (exemption paragraph 3)

The Panel received a presentation by George Anson and Hannah Tobin of HarbourVest on the performance of the Fund's private equity portfolio.

RESOLVED – That the presentation from HarbourVest be noted.

Chair

Not for publication by virtue of
Paragraph 3 of Part I of Schedule 12A
of the Local Government Act 1972 (as amended)

Local Members Interest	
	Nil

PENSIONS PANEL – 2 DECEMBER 2014

**Confirmation of the action of the Director of Finance and Resources
in relation to Property**

A. In consultation with the Chairman, in agreeing:

1. The sale of the Staffordshire Pension Fund's units in The Mall Unit Trust (a Shopping Centre Fund) for the sum of £2,100,000, to Capital and Regional (C&R).

Note: Units in 'The Mall' to the value of £10m were purchased in 2006 in an effort to gain exposure to the larger retail properties in the sector. Very soon afterwards, the value of the units soared to just under £14m but following the financial crisis in 2008 the value of the units fell to less than £1.5m; valuations both ways being magnified by the effects of gearing in the unit trust. The current book cost being carried in the accounts is £10,040,001 versus the market value at 30 September 2014 of £1,931,681.

C& R are the asset managers of The Mall, and they have always had a substantial stake in the Fund, somewhere between 25% and 30%. Aviva Investors were the Fund Managers and their clients held circa 50%. Earlier in the year, C&R acquired the Aviva stake, and also a further 10% holding from another party, taking their ownership to 92%.

Back in July, it was considered that to be one of a number of Investors accounting for 8% was far from ideal; there is very unlikely to be a secondary market for units and so the only buyer is effectively C&R. The view counter to this was that everything that has come out of The Mall Fund in recent months suggested that performance, albeit off a low base, is likely to be good in the coming two years. The portfolio debt has been refinanced, the Retail Market is expected to improve, and there are planned asset management initiatives which should add to value. On balance, it was felt that the fact C&R owned 92% meant that they would be even more clearly focussed on creating value and that the Fund shouldn't sell. It was also assumed, that over time C&R would continue to be ready purchasers, with the potential for them to pay a decent premium as they got closer to 100% and achieve complete ownership.

It transpired in early October that C&R had moved closer to its end goal of 100% control, when they announced to the stock market that they had agreed to redeem units with several minority unit holders at a price of 39p per unit, a slight discount to the 30 September valuation. This increased their holding to 99.49% and left Staffordshire Pension Fund as the only other investor with a 0.51% holding.

Since then C&R have actively pursued the Fund, via Colliers Capital to negotiate a sale. Their latest offer of £2,100,000 for the Pension Fund's units, equivalent to approximately 44p per unit was at a premium to the 30 September 2014 valuation of £168,319 (8.71%). All other small external unit holders accepted a 39p per unit redemption price, which would have been £1,859,096, so the Fund's stance in rejecting their previous proposals has resulted in C&R increasing their offer by a total of £240,904.

Whilst any sale is counter to endeavours to reach the Fund's 10% target weighting to property (currently 8.1%) the transaction will have relatively little impact on the target weighting (c0.7%). There will be a knock on effect on performance (yet to be determined) due to the realised loss on the book cost

B. In agreeing:

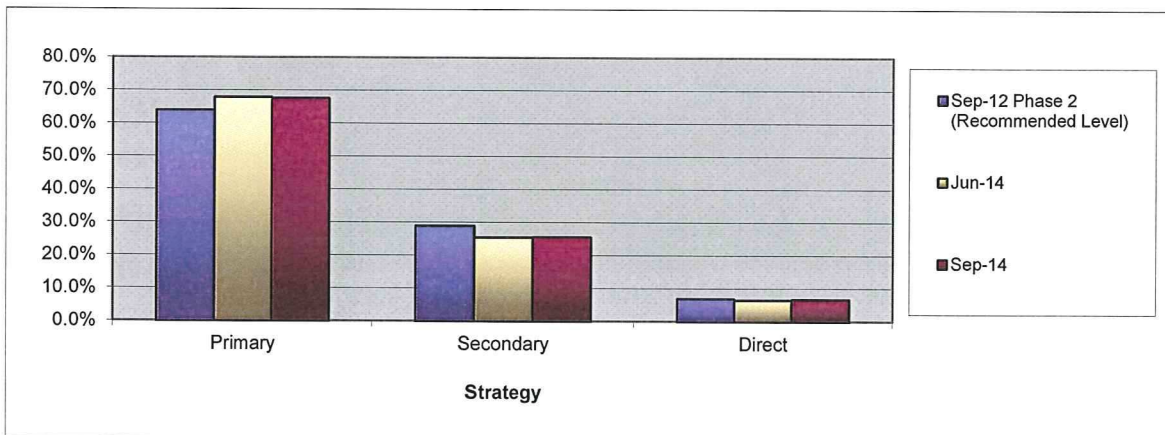
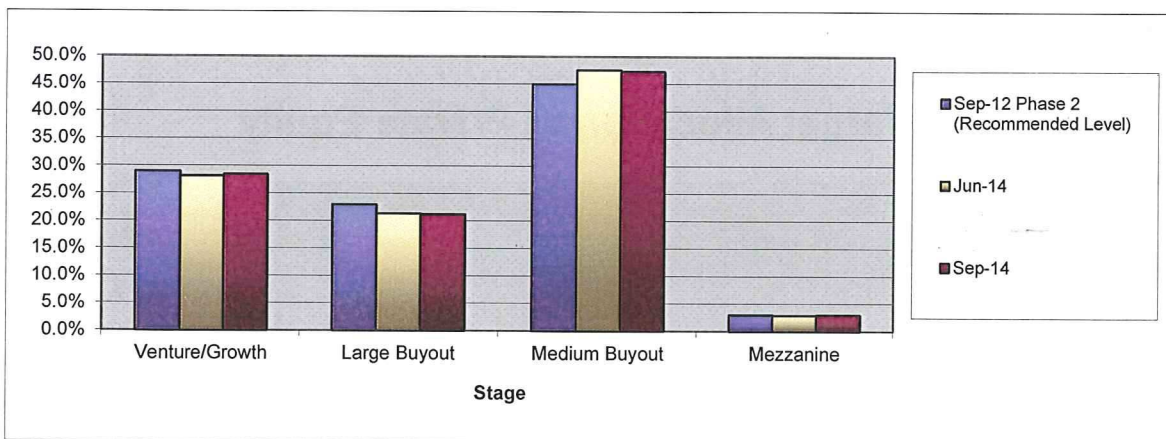
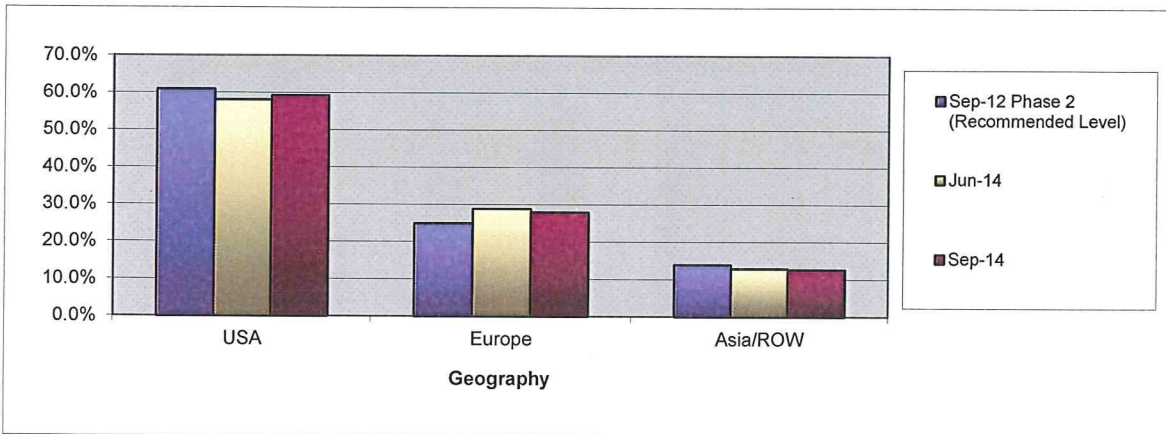
2. A lease of Unit 5 Eastgate Park, Scunthorpe, for a period of 5 years, at a rent of £40,000 per annum. Tenant: Birkdale Roller Shutter Company Ltd.
3. A lease of Unit 7, Oasis Business Park, Eynsham, for a period of 5 years, at a rent of £38,724 per annum. Two years at half rent (equating to 12 months rent free) has been granted as an incentive to the letting. Tenant: Waterslade Ltd.
4. A lease of the whole of Unit 12, Oasis Park, Eynsham for a period of 5 years, at a rent of £33,761 per annum. The letting is to the company who recently took a lease of the ground floor of the property and in line with that letting, three months rent free, followed by 3 months at half rent on the 1st floor was agreed as an incentive to the letting. Tenant: Adler & Allan Ltd.
5. The rent review of 24 King Edward Street, Leeds, due on 3 October 2013 be recorded at NIL increase. The rent remains at £105,000 per annum. Tenant: VF Northern Europe Services Ltd.

Andrew Burns
Director of Finance and Resources

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STAFFORDSHIRE COUNTY COUNCIL
PENSIONS PANEL - 2 DECEMBER 2014

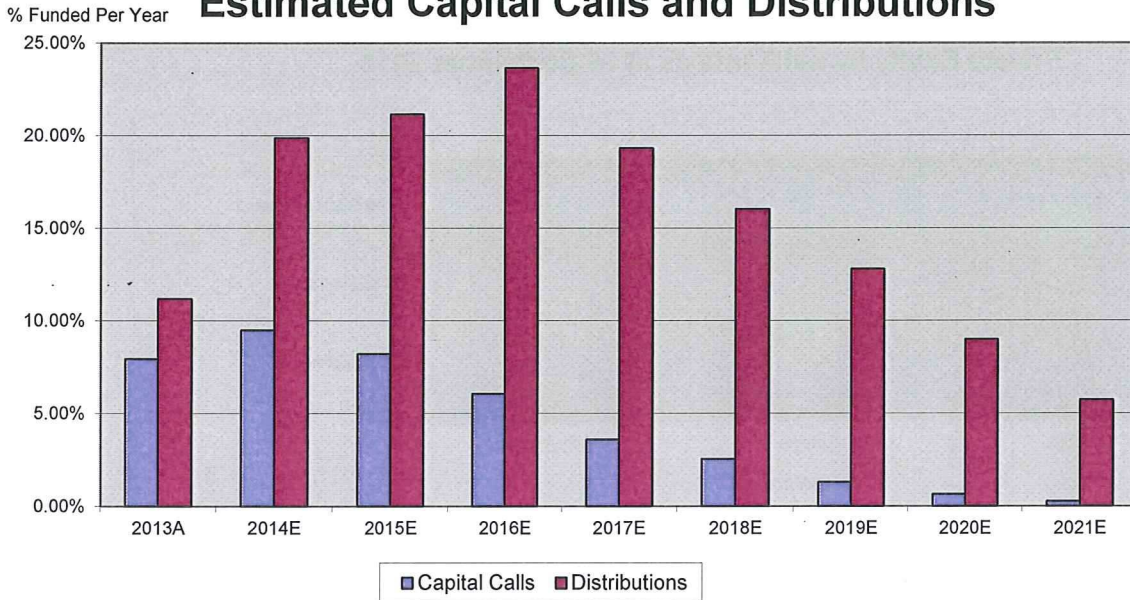
Private Equity Investments as at 30 September 2014



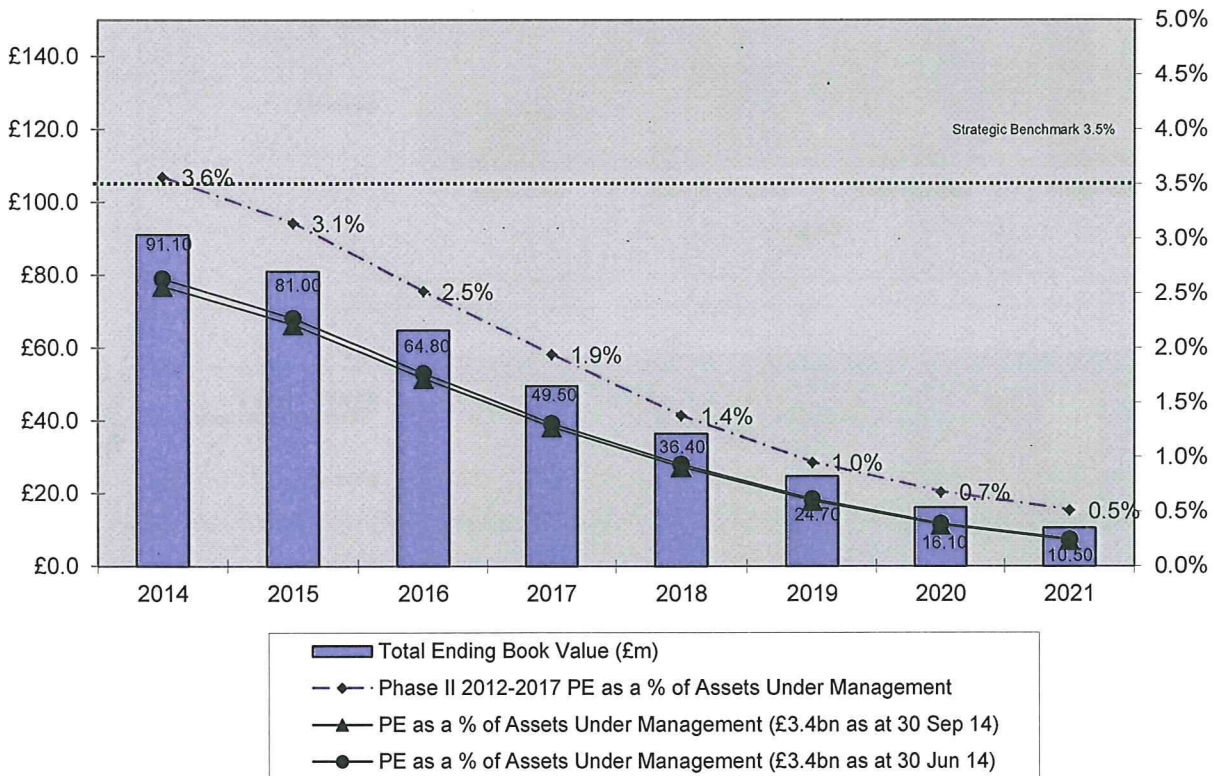
STAFFORDSHIRE COUNTY COUNCIL
PENSIONS PANEL - 2 DECEMBER 2014

Private Equity Investments as at 30 September 2014

Estimated Capital Calls and Distributions



Estimated Target Allocation to Private Equity



HYMANS ROBERTSON LLP

Market update

Introduction

This paper is addressed to the Pensions Panel of the Staffordshire Pension Fund (“the Fund”). The first section provides a short review of economic and market conditions in recent months. The second section comments on the outlook for different asset classes.

Market returns

UK	30 Sep - 13 Nov*	To 30 September 3 months	1 year	Global	30 Sep- 13 Nov*	To 30 September 3 months	1 year
EQUITIES	0.8	-1.0	6.1	EQUITIES	2.1	0.9	15.1
BONDS				North America	3.2	0.9	19.5
Conventional gilts	2.0	3.7	5.7	Europe ex UK	-2.3	0.1	14.2
Index-linked gilts	3.2	5.3	8.8	Japan	5.5	5.9	13.3
Credit	1.4	2.9	7.5	Dev. Asia ex Jap	2.3	-1.2	4.0
PROPERTY	1.5	4.7	19.7	Emerging markets	0.8	1.3	11.0
STERLING				GOV'T BONDS	0.9	1.5	5.5
v US dollar	-2.9	-5.2	0.1	HEDGE FUNDS	-0.8	0.6	7.7
v euro	-1.7	2.8	7.3	COMMODITIES	-3.5	-11.5	-8.3
v Japanese yen	2.5	2.7	11.9				

Total return in local currency (\$ for Hedge Funds and Commodities)
*Property and Hedge Funds (estimate) to end October 2014

Q3 14 background

Global economy

- The US economy continued to grow strongly in Q3. However, the US Federal Reserve maintained its stance that it would not raise interest rates until a “considerable time” had passed after the imminent end of its Quantitative Easing (QE) programme.
- Manufacturing survey evidence hinted at some loss of momentum in UK growth. With CPI inflation safely below the 2% p.a. target, any thoughts that interest rates may rise this year have been banished.
- With inflation stuck well below 1% p.a., the European Central Bank eased policy again, cutting interest rates and edging towards the introduction of QE.
- The Japanese economy bounced back following a second quarter contraction in the wake of April’s consumption tax hike.
- Sterling weakened in the run-up to the Scottish referendum, but recovered after the vote for no change.
- A surging US dollar was the main feature of foreign exchange markets. A solid economic recovery and the end of monetary easing were factors behind the strength.

Bond markets

- 30-year government bond yields fell in the UK, US and Germany, drifting briefly below 3% p.a. in the UK for the first time since May 2013 and falling well below 2% p.a. in Germany.
- Long-dated index-linked gilt yields also fell over the quarter, but by less than conventional gilt yields, implying a lowering of long-term inflation expectations.
- In credit markets, yield spreads over risk-free rates drifted higher as escalating conflict in Ukraine and Middle East and, latterly, broader economic concerns depressed investors’ risk appetite.

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Equities

- Global equity markets quickly shook off initial concerns about geopolitical tensions, but succumbed to some nervousness about the global economic outlook towards the end of the quarter. Global equity indices rose by 3% in sterling terms, but below 1% in local currency.
- Currency fluctuations were the main influence on the return to sterling investors from regional equity markets. In local currency terms, a bounce in the Japanese market was noteworthy.
- Oil & Gas was the worst-performing global equity sector over the quarter; Basic Materials also suffered. Otherwise, sector performance was mixed. Healthcare stocks were strong, but other defensive sectors such as Utilities and Consumer Goods underperformed.
- Corporate merger and acquisition activity picked up pace. In particular, the strength of technology stocks encouraged a flurry of new issues in the sector. The Chinese internet giant, Alibaba, had the biggest initial public offering in history.

Other markets

- Commodity prices were on a general decline over the quarter. Oil prices tumbled to the lowest levels since late 2012, caught between slack demand and plentiful supply from the Gulf States. Gold and agricultural commodity indices hit their lowest levels for four years.
- The rally in UK commercial property maintained its recent pace. In September, capital values in the IPD Monthly Index were more than 12% higher than they were a year previously.

Q4 14 update

- The nervousness about the economic outlook continued into October. Forecasts for global economic growth are being trimmed, although most still suggest there will be no slowdown this year and an acceleration in 2015.
- Some weak US economic data caused a mild panic in financial markets on one day in the middle of October. Government bond yields fell sharply as investors fled to safety, but the recovery was underway before the end of the day.
- At their worst, global equity indices had fallen around 10% from their highs of early September, but they have subsequently recovered almost all of that loss. US equities are still leading the rally and have reached new all-time highs in November.
- The US Federal Reserve ended its QE programme as expected, just as the ECB was initiating its own programme in response to persistently low inflation. Underlying inflation pressures are fading in Japan, too, although a significant increase in the Bank of Japan's QE programme surprised markets.
- The price of Brent crude fell to just over \$80 per barrel, its lowest level for four years. It seemed unlikely that OPEC, and Saudi Arabia in particular, would take any serious action to curb oil supply.
- The Bank of England expects annual UK CPI inflation to fall below 1% in the next few months and return to the 2% target only slowly. It also forecasts that average earnings will soon be growing faster than prices.

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Asset class outlook

The tables below summarise our broad views on the outlook for various asset classes, in which the Fund invests either directly or through holdings in Diversified Alternative Funds. The ratings used are:

Positive	Attractive	Neutral	Cautious	Negative
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These are intended to give a guide to our views on the prospects for markets over a period of around three years; although they are updated quarterly, they are not intended as tactical calls. The ratings reflect our expectations of absolute returns and assume no constraints on investment discretion. They need to be interpreted in the context of the broader strategic framework within which the Fund is managed.

The volatility of October has had little impact overall. Equities did correct by 10%, but have recovered almost all of the fall; bonds have become even more expensive. The net effect is to leave us no less concerned about the outlook for returns from most asset classes than we were last quarter.

EQUITIES	Cautious
<p>October's volatility was by no means extreme in a historic context and vanished almost as soon as it appeared, but it may be an early sign that the favourable conditions of the last three years will not last for ever. The problem for the long-term investor, as we see it, is that it is difficult to construct an economic background in which equities can sustain high real returns over the long term. If risk-free yields normalise, valuations look stretched in terms of delivering a sufficient risk premium. (There are pockets of potential value – Emerging Markets and UK, for example.) If risk-free yields stay low, what are the implications for trend earnings growth and/or will investors demand higher risk premiums to compensate for low and potentially volatile growth? Overlaid on this, is any adjustment required if profits return to previous trends – bad for the US, good for Europe.</p>	

PRIVATE EQUITY	Cautious
<p>The third quarter of 2014 saw something of a slowdown in private equity fundraising but there is still a record amount (approaching \$1.2 trillion according to one estimate) of committed cash available for investment. Deal completion slowed in Europe in the quarter, but there was an increase in activity in North America and Asia. The secondary market is still lively and prices remain at elevated levels. Secondary investors appear to have an increasing appetite for less straightforward transactions, including the purchase of partnership interests in funds of funds.</p>	

UK PROPERTY	Neutral
<p>Capital values have been racing ahead at a rate of almost 1% a month for a year now; rents are just shuffling forward. Yields are as low as they have been since the middle of 2008 and the premium over UK equities has fallen by 2 percentage points in the last four years. It is difficult to argue that these yield levels are particularly distorted by cyclical factors. It is true that even a modest upturn in the tenant market could have a magnified effect on passing income as the still-high level of voids gets pared back. By the same token, there would be some dilution of any underlying rental rise from the high level of over-rented properties. We would prioritise tactical selling over buying.</p>	

CONVENTIONAL GILTS**Cautious**

Q3 continued the trends that have been in place throughout 2014 – a moderation of the speed at which risk-free rates are expected to rise and a reduction in the implied peak level of rates. This is obviously consistent with (though not necessarily driven by) recent comment from the BoE. It is hard to see that recent moves have been driven by underlying economic developments. If you were concerned about the long-term economic outlook for the UK, there have been much better opportunities to buy gilts in the recent past. We would not be chasing the market now and we certainly see no relative value in long-dated gilts any more.

INDEX-LINKED GILTS**Cautious**

Real yields have returned to the lows of the first half of 2013 – well below zero across all maturities. The prospective returns for long-term investors are poor. This remains a market of interest only to those who require to match liabilities, and even they may balk at current prices. At a more granular level, because the latest fall in real yields has been less than the fall in conventional yields, the cost of inflation protection is close to the lowest levels since the start of last year.

INVESTMENT-GRADE CREDIT**Cautious**

Margins on sterling corporate debt have been fairly steady for 18 months or so. There is little new to say in tactical terms and our bias would still be to reduce risk in bond portfolios. The background of very easy monetary policy, high risk tolerance and low default experience is more likely to deteriorate than improve further. There is a danger that any downturn is magnified by a lack of liquidity in credit markets, but long-term investors using investment-grade credit in a strategic matching role have no reason to panic.

OTHER CREDIT**Cautious**

Spreads have risen significantly – by around 1% p.a. since the middle of last year. But that just takes them back to where they were a year ago and valuations look stretched relative to longer-term history. As with Investment Grade credit, the immediate economic outlook does not look too threatening, but it seems more likely to get a little worse than even better. In particular, the market is dependent on a continuation of the below-average level of defaults experienced in recent years. The volume of supply and weakening of covenant protection suggest that it would be optimistic to expect that to persist over the medium term.

EMERGING MARKET DEBT**Neutral**

Local currency Emerging Market Debt (EMD) has not been immune to the recent weakness in credit markets but has been relatively resilient – another reminder that it is not actually credit. Naturally, any yield advantage that EMD had over credit markets has been eroded. However, it's currency that's key. At index level, EMD currency is as cheap relative to the dollar as it has been for a decade. The short-term economic outlook for EM might argue for further downward pressure, but strategic doubts about the currency component of long-term returns would undermine the strategic rationale for holding EMD.

HYMANS ROBERTSON LLP

HEDGE FUNDS**Neutral**

There will always be tactical opportunities in the hedge fund sector – distressed debt is one example – the strategic argument for investment is the opportunity to invest in funds that offer genuine diversification from equities. This is most commonly found in the global macro and managed futures sectors. These have been out of favour (and performance has been disappointing) in a period when returns to traditional risk premiums have been high. But traditional risk premiums are compressed and the (very early and patchy) evidence of the recent downturn in equities is that the macro sectors have done their job. Of course, whatever the underlying rationale, the decision to invest requires a belief in the ability to identify manager skill.

CASH**Attractive**

We would continue to hold on to some cash on a tactical basis where discretion permits. The latest fall in bond yields argues for low duration in bond portfolios and the correction in risk assets has not done enough to take valuations to compelling levels.

Graeme Johnston
Partner

14 November 2014

For and on behalf of Hymans Robertson LLP

Notes**Market returns**

Percentage total returns in local currency (\$ for Commodities and Hedge funds). Source: Datastream; indices as shown below.

Equities		Bonds	
UK	FTSE All-Share	Conventional gilts	FTSE-A UK Gilts All Stocks
Overseas (developed)	FTSE World	Index-linked gilts	FTSE-A UK Index Linked Gilts All Stocks
Emerging Markets	FTSE All-World	UK credit	iBoxx Non Gilts All Maturities
Property	IPD Monthly	Overseas Government	JP Morgan Global
Hedge Funds	DJ CS Hedge Fund/Core Hedge Fund	Commodities	S&P GSCI Light Energy

General Risk Warning

Please note the value of investments, and income from them, may fall as well as rise. This includes equities, government or corporate bonds, and property, whether held directly or in a pooled or collective investment vehicle. Further, investments in developing or emerging markets may be more volatile and less marketable than in mature markets.

Exchange rates may also affect the value of an overseas investment. As a result, an investor may not get back the amount originally invested. Past performance is not necessarily a guide to future performance.

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Paragraph 3 of Part I of Schedule 12A
of the Local Government Act 1972

Local Members Interest	
Nil	

PENSIONS PANEL – 2 DECEMBER 2014

Report of the Director of Finance and Resources

Strategic Benchmark Review and Monitoring

1. The Director of Finance and Resources' report attached at Appendix 1 summarises the Pension Fund's position against its strategic benchmark at 31 October 2014. The position based on the latest estimated market valuations available will be tabled at the meeting.
2. At meetings on the 3 December 2013 and 13 December 2013, the Pensions Panel and Pensions Committee respectively, reviewed the Strategic Asset Allocation and advocated no change to the major asset class allocations i.e.

Equities	68%
Bonds	13%
Property	10%
Alternatives	8%
Cash	1%

3. The Panel has since considered and approved changes to a number of areas of detail within the Fund's Strategic Asset Allocation, in terms of the individual asset classes and allocations to individual investment managers, and these have all been actioned accordingly.
4. Assuming that investment income is retained by Investment Managers and making allowances for drawdowns (net of contributions) in Private Equity, Property transactions, pre-payment of contributions and currency settlements there will be an estimated surplus of £107.3 in the Central Cash Reserve at the end of February 2015.
5. Based on the data attached and advice to be received, the Panel is asked to:
 - i) review the allocation of the Fund's strategic benchmark to the major asset classes of equities, bonds, property, alternatives and cash; **No change advocated**
 - ii) decide to what, if any, extent the individual asset classes and investment managers should be rebalanced within their individual ranges;
 - iii) consider the use of the projected cash balance;
 - iv) note the present level of currency hedging is 35% of the Fund's overseas equity exposure. This follows the Panel's decision to terminate the Dynamic Currency Hedging Program with Record

Currency Management (Agenda Item 12, 20 May 2014) and delegate the transition for doing so to the Director of Finance and Resources in consultation with the Advisors. The 31 October 2014 report from RCM is attached at Appendix 2.

Equities

6. Later on today's agenda, the Panel will be asked to consider introducing a new benchmark for the Fund's UK Active Equity Mandate. The benchmark is currently the 'FTSE All-Share' and the proposal to be discussed is a move to the 'FTSE All-Share with a 2% cap' i.e. a 2% maximum allocation to the amount of each stock making up that benchmark. Hymans Robertson will take Panel members through the background and reasons for the proposal.
7. Furthermore, the Fund's UK Active Equity Manager, Standard Life Investments, have been invited to the meeting:
 - i) to review the performance of the current mandate they manage for the Fund, against the FTSE All Share benchmark;
 - ii) to present to the Panel on their capabilities to manage the mandate in line with the proposed new benchmark, FTSE All Share with a 2% cap; and
 - iii) to introduce a new portfolio manager Andrew Millington, who will replace John Wilson, when he retires at the end of December 2014.

Bonds

8. The Panel agreed to:
 - (i) amend the Strategic Benchmark Allocation to reflect the Fund's neutral position i.e. 6.5% in Conventional Gits and 6.5% in Index-linked gilts with a 0% allocation to Corporate Bonds recognising that the current holding in Corporate Bonds is a tactical position;
 - (ii) re-invest the cash arising from corporate bond maturities in index-linked gilts; and
 - (iii) that Hymans, in consultation with Insight Investments, be asked to determine the triggers for the Fund to move back to its fully neutral position.
9. Discussions with Insight Investments, Hymans and the independent Advisors around appropriate triggers and a process for a move back in to the Fund's neutral position remain ongoing. With interest rates forecast to be low for the foreseeable future, it is not envisaged that any move will take place soon. Therefore, plans and a monitoring process will be put in place to ensure the Fund is ready to act at the appropriate time.

Alternatives

10. Following the paper received from Hymans Robertson at the meeting of the Panel in September 2014, it was agreed that the target allocation for capital investment, in Private Equity (PE), in each vintage year, should be c£35 - £40m.
11. The present Hub and Spoke approach was also considered as part of Hymans' paper. Hub referring to a main 'hub' manager (HarbourVest) with whom we would expect to invest c75% of the Fund's PE investments and the Pensions Panel 02.12.14

'spoke' consisting of other managers (Knightsbridge, Partners Group, Capital Dynamics) with whom the Fund would invest the remaining 25% of its PE investments. Hymans proposed amending the current approach to appoint a second 'hub' manager alongside HarbourVest; continuing to ensure sufficient diversification, across managers, geography, strategy and stage, but at the same time, simplifying the present structure and reducing the Governance burden. Officers are continuing discussions with Hymans on the impact of this change and the process to be followed to choose the second 'hub' manager. Meanwhile, the Fund will continue to invest with HarbourVest and the remaining spoke as opportunities arise.

Property

12. At 8.0%, property remains underweight its Strategic Benchmark Allocation of 10% by 2.0%. Panel Members have already been updated about the progress of the commissioning of the Property Investment mandate and it proposed that until such time as any appointment is made, the underweight position in property will be held in cash pending further suitable property investments being sourced in due course.

Cash

13. The Fund has a 1% allocation to cash for day to day liquidity purposes. Whilst the Fund is currently running an overweight position of 3.2% in cash, the reasons for this are well known.
14. As an alternative to entering into term deposits with banks and in order to mitigate any risk of bail-in, a Sterling Short Bond Fund with Ignis Asset Management has been opened with an initial funding limit of £20m.
15. The Panel is also asked to note that with effect from 1 January 2015, the bankers to the Staffordshire Pension Fund will be the Lloyds Banking Group, following their successful tender bid.

General

16. Subject to all recommendations in this report being approved by the Panel, all asset classes, with the exception of cash, and all investment managers are expected to be within acceptable ranges. See Appendix 1 attached.
17. Officers will continue to monitor the Strategic Asset Allocation on a monthly basis to ensure asset allocations remain within suggested ranges.

Andrew Burns
Director of Finance and Resources

Contact : Melanie Stokes
Telephone No. (01785) 276330

PENSIONS PANEL - 2 DECEMBER 2014

Summary of Investments and position against Strategic Benchmark at 31 October 2014
(including all recommended changes to Strategic Benchmark Allocations)

	<u>Manager</u>	Total Market Value £	% of Fund	Strategic Benchmark %	Difference %	Ranges From 01.01.11	Outwith Ranges by %
UK EQUITIES							
Active	Standard Life	242,418,687	7.0	7.5	(0.5)		-
Passive	State Street	239,961,585	6.9	7.5	(0.6)		-
Sub-total UK		482,380,272	13.9	15.0	(1.1)		
GLOBAL EQUITIES							
Active	Longview	137,107,805	4.0	3.8	0.2		
Active	Aberdeen	272,181,866	7.8	7.7	0.1		
Active	JP Morgan	275,735,515	7.9	7.7	0.2		
Active	Sarasin	266,929,286	7.7	7.7	(0.0)		
Sub-total Global Active		951,954,473	27.5	26.9	0.6		
Passive	State Street	818,224,211	23.6	23.7	(0.1)		
Emerging Markets	Russell	85,133,712	2.5	2.4	0.1		
Sub-total Global		1,855,312,397	53.5	53.0	0.5		
TOTAL EQUITIES		2,337,692,669	67.4	68.0	(0.6)	65.0 - 71.0	+/- 3%
BONDS							
Corporate Bonds	Insight	266,569,184	7.7	0.0	7.7		
UK Conventional Gilts	Insight	0	0.0	6.5	(6.5)		
UK Index-linked Gilts	LGIM	179,340,497	5.2	6.5	(1.3)		
TOTAL BONDS		445,909,681	12.8	13.0	(0.2)	10.0 - 16.0	+/- 3%
Alternatives Fund	Morgan Stanley	52,389,984	1.5	1.3	0.3		
Alternatives Fund	Schroders	52,434,934	1.5	1.3	0.3		
Hedge Funds	Goldman Sachs	82,539,537	2.4	2.0	0.4		
Private Equity	Various	106,919,682	3.1	3.5	(0.4)		
TOTAL ALTERNATIVES		294,284,137	8.5	8.0	0.5	5.0 - 11.0	+/- 3%
PROPERTY		277,999,338	8.0	10.0	(2.0)	7.0 - 13.0	+/- 3%
CASH							
Central Fund Cash	In-house	107,682,987					
Currency	Record	4,442,596					
TOTAL CASH		112,125,584	3.2	1.0	2.2	0.0 - 3.0	0.3 3% maximum
OTHERS	Transition/STC 30	4,129,354	0.1	0.0	0.1		
TOTAL FUND		3,472,140,763	100.0	100.0	0	100.0	

Strategic Benchmark Active / Passive Equity Split %

	Active	Passive
UK	50%	50%
Global	55%	45%
Fund	54%	46%

UK 22% : Global 78%

Actual Active / Passive Equity Split %

	Active	Passive
UK	50%	50%
Global	56%	44%
Fund	55%	45%

Staffordshire County Council

Dynamic Currency Hedging

October 2014

Primary Contact:

Dmitri Tikhonov
 Head of Portfolio
 Management
 +44 (0) 1753 605 819
DTikhonov@recordcm.com

Inception Date

1st April 2009

Base Currency

GBP

Benchmark

Unhedged

Hedgeable Currencies

Currency	Proxy
CAD	
CHF	
EUR	DKK, SEK
JPY	
USD	HKD

Duration / Positions

CAD	12 mths / 6
CHF	12 mths / 6
EUR	12 mths / 12
JPY	12 mths / 12
USD	12 mths / 24

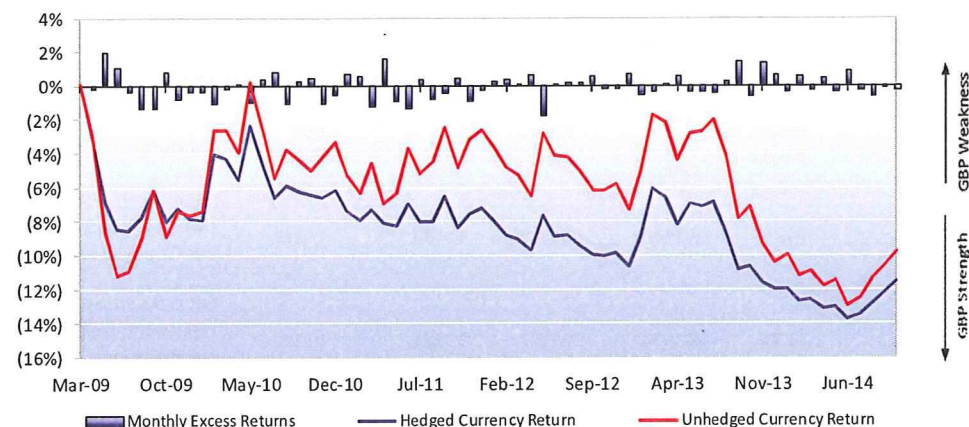
Objective

The primary objective of the currency overlay mandate is to reduce the impact of foreign currency weakness by dynamically adjusting the hedge ratio between 0% - 100%. The program is GBP based with an unhedged benchmark.

The mandate size at the beginning of the period was GBP 554,191,207

Performance Summary

Period	Hedged Currency Return ¹	Unhedged Currency Return ²	Excess Return ³
Month	0.66%	0.90%	(0.24%)
Quarter	2.27%	3.18%	(0.91%)
YTD	0.52%	0.68%	(0.16%)
Annual	(0.97%)	(2.81%)	1.84%
3 yrs (ann.)	(1.19%)	(1.76%)	0.58%
5 yrs (ann.)	(0.78%)	(0.19%)	(0.59%)
ITD (cum.)	(11.58%)	(9.75%)	(1.82%)
ITD (ann.)	(2.18%)	(1.82%)	(0.36%)

Cumulative Currency Returns

¹ **Hedged Currency Return:** A series generated from the addition of the monthly Record Hedging and Unhedged Currency returns.

² **Unhedged Currency Return:** Weighted average spot return on the program's underlying hedgeable assets.

³ **Excess Return:** The difference between Hedged Currency Return and the Unhedged Currency Return over the specified period.

Valuation Summary

M2M at prior month end	(1,327,164)
M2M at month end	(3,140,015)
Matured in month	491,728
Change in value during month	(1,321,122)

Please read in conjunction with the Disclosures and Legal Statements document which forms part of this report and can be accessed on request or online here

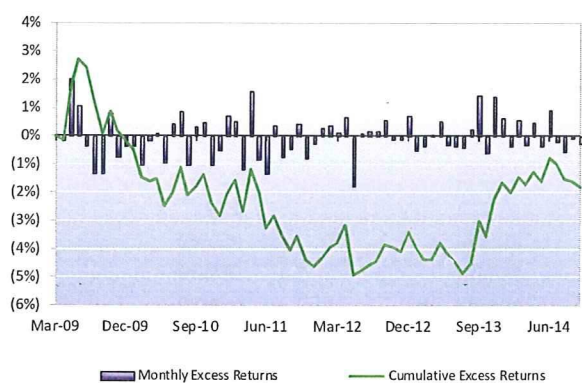
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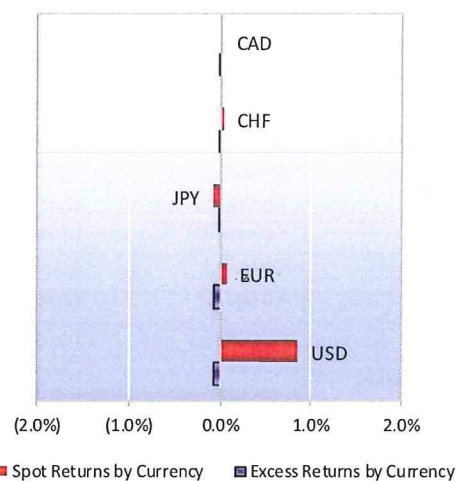
Market Commentary

The Pound's performance versus other currencies was mixed in October. UK CPI fell to a 5 year low of 1.2% YoY, reducing pressure on the Bank of England to raise rates. GDP growth slowed modestly, at 0.7% QoQ, while employment rose further. The US Dollar rose in value for a fourth consecutive month against Sterling in October. The Federal Reserve barely changed its forward guidance for monetary policy, though gave an upbeat labour market assessment and downplayed deflationary energy price pressures. Highly erratic price action occurred in the US Treasury market, though the downward pressure on the US Dollar alleviated swiftly. The Euro gained ground against Sterling in October, while no new policies were announced by the ECB. 25 'minor' Eurozone banks failed stress tests, mainly those based in Italy. Concerns are growing over the health of not only peripheral nations, but the larger, core countries too. German Industrial Production fell by 4% in July, while inflation data releases surprised to the downside, underlining the deflationary environment in Europe. The Japanese Yen fell against Sterling in October. Bank of Japan Governor Kuroda surprised the market, raising its money supply target to ¥80trn from ¥60-70trn. This inflationary pressure reduces the attractiveness of the Yen to global investors.

Excess Return



Monthly Excess Return Attribution and Spot Returns



Monthly Record Hedging and Spot Returns

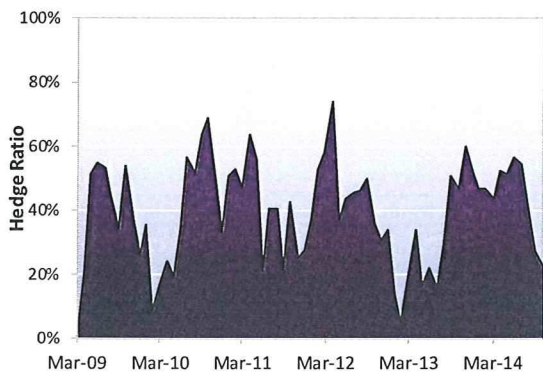
Currency Pair	Hedgeable Weight	Record Hedging Return	Start Spot	End Spot	Spot Return	Comment
GBPUSD	64.4%	(0.09%)	1.6212	1.5999	1.33%	This is the price of USD per GBP. At prior month end GBP 1 was worth approx USD 1.6212. The USD strengthened over the period such that GBP was worth USD 1.5999.
EURGBP	13.8%	(0.09%)	0.7792	0.7832	0.51%	This is the price of GBP per EUR. At prior month end EUR 1 was worth approx GBP 0.7792. The EUR strengthened over the period such that EUR 1 was worth GBP 0.7832.
GBPJPY	9.4%	(0.02%)	177.83	179.35	(0.85%)	This is the price of JPY per GBP. At prior month end GBP 1 was worth approx JPY 177.83. The JPY weakened over the period such that GBP was worth JPY 179.35.
GBPCHF	4.1%	(0.02%)	1.5490	1.5398	0.60%	This is the price of CHF per GBP. At prior month end GBP 1 was worth approx CHF 1.5490. The CHF strengthened over the period such that GBP was worth CHF 1.5398.
GBPCAD	4.8%	(0.02%)	1.8117	1.8038	0.44%	This is the price of CAD per GBP. At prior month end GBP 1 was worth approx CAD 1.8117. The CAD strengthened over the period such that GBP was worth CAD 1.8038.

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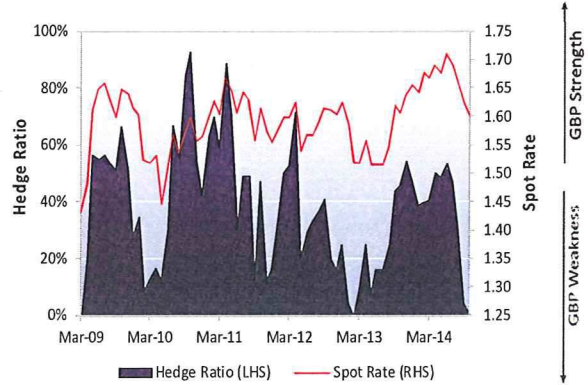
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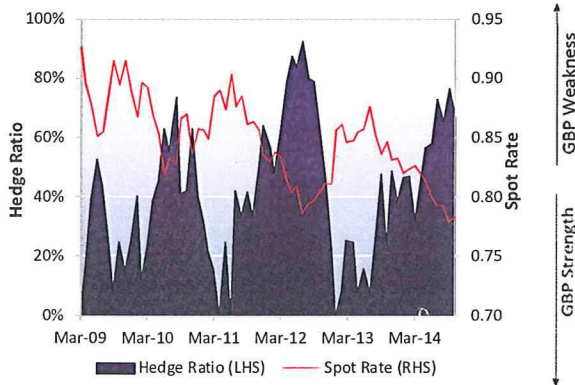
Portfolio Hedge Ratio Evolution



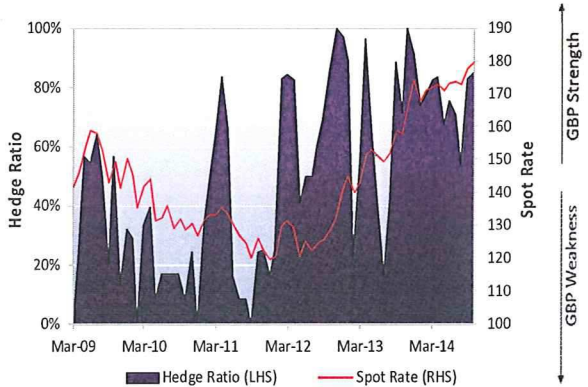
Hedge Ratio Evolution for GBPUSD



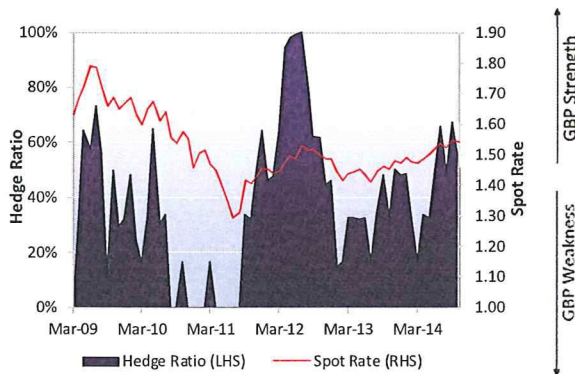
Hedge Ratio Evolution for EURGBP



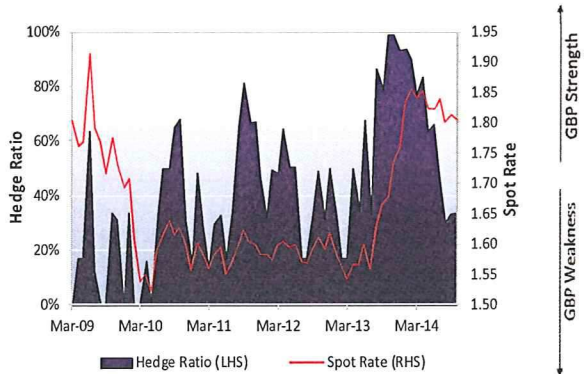
Hedge Ratio Evolution for GBPJPY



Hedge Ratio Evolution for GBPCHF



Hedge Ratio Evolution for GBPCAD



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Item no 12 on Agenda

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of the Local Government Act 1972

Local Members Interest	
Nil	

PENSIONS PANEL – 2 DECEMBER 2014

Report of the Director of Finance and Resources

**CORPORATE GOVERNANCE & SOCIALLY RESPONSIBLE INVESTMENT
QUARTER 3 2014**

Recommendation of the Chairman

1. That the Pensions Panel notes the current environmental, social and governance issues faced by investment managers in making their investment decisions and the actions being taken by them in engaging with companies.
2. That the Pensions Panel notes the Quarterly Engagement Report issued by the Local Authority Pension Fund Forum (LAPFF).

Introduction & Background

3. The Pensions Panel recognises its role as one of promoting best practice in corporate governance which is considered to be consistent with seeking long term returns. As a result, the Pension Fund requires its UK equity managers to comply with the Financial Reporting Council's UK Stewardship Code and asks that other investment managers should be required to follow it as far as possible.
4. The Pensions Panel's policy on socially responsible investment is to endorse the United Nations Principles of Responsible Investing (UNPRI) and seek to encourage its active equity managers to sign up to them to incorporate environmental, social and governance issues into their investment process. Currently all of the Funds active equity managers are signed up to the UNPRI.
5. Details of the Fund's individual investment managers corporate governance and socially responsible investment policies, as well as details on the UK Stewardship Code and the UNPRI are available on the Staffordshire Pension Fund website www.staffspf.org.uk

Some current issues

6. LAPFF issued their latest Quarterly Engagement Report recently and the document is attached for information at Appendix 3. Staffordshire joined LAPFF in March 2013 to reaffirm its commitment to matters of corporate governance and socially responsible investment. Panel members are encouraged to read the report as it highlights the good work LAPFF does in engaging with organisations on behalf of its members. Achievements this quarter include:
 - questioning the board on the links between executive pay and longer term climate risks and mitigation strategies at the British Land AGM.
 - asking the chair of Vodafone at the AGM about excessive executive pay, given the Company's performance has not been very strong over the past year. A response was received that bonuses rarely result in a 100% pay-out and that the long term incentive metric outperformed the market.
 - questioning Betfair at its AGM over illegal dividends and share buybacks after LAPFF issued a voting alert on this topic.
 - attending the BT Group AGM to ask how the Company ensures that its customer service performance is adequately reflected in pay incentives when the importance of this area has been downgraded in the performance metrics.
 - raising concerns over remuneration in light of the increase in salary for newly appointed CEO Christopher Bailey at the Burberry AGM.
 - attending the National Grid AGM to discuss progress towards achieving the top level within the Carbon Disclosure Project's Climate Performance Leadership Index. LAPFF were told they were the first investor group to raise this issue.
 - collaboratively engaging with Sime Darby, Kuala Lumpur Berhad, Asian Agri Resources and IOI Group on sustainable palm oil practices; all who have since announced an immediate moratorium on clearance of high carbon stock forests.
 - meeting with G4S's senior independent director to discuss changes at the head of the company and the effect on operational and reputational risk management.
 - meeting with Glencore for a second time on carbon management within the Aiming for A investor initiative, as well as raising other social and governance risk management concerns.
 - pursuing previous engagement with BAE by meeting with the chair, Sir Roger Carr. Topics covered anti-corruption processes.

Quarterly voting summary

7. The Pensions Panel receives quarterly updates from the Fund's investment managers on details of votes cast on corporate resolutions for holdings in their relevant portfolios. The following table summarises this voting activity in Quarter 3 2014 and a few selected explanatory notes for each manager are provided in Appendix 2. To see the managers quarterly voting summaries in full please contact the Treasury and Pension Fund team at treasury.pensionfund@staffordshire.gov.uk or 01785 276330.

Investment Manager Voting Activity Quarter 3 2014

	Total resolutions	Vote with management	Votes against management	Abstain	Not voted
JP Morgan	4,245	3,869	338	38	0
Standard Life	451	425	9	17	0
Aberdeen	25	25	0	0	0
Sarasin	78	69	5	0	4
Longview	0	0	0	0	0
State Street	2,477	2,303	171	3	0

Andrew Burns
Director of Finance and Resources

Contact: Melanie Stokes / Tim Byford
Telephone No.: (01785) 276330 / 278196

Background Documents:
LAPFF Quarterly Engagement Report
Investment Managers Quarterly Reports

Appendix 1

Equalities implications: There are no direct equalities implications arising from this report.

Legal implications: There are no direct legal implications arising from this report.

Resource and Value for money implications: The resource and value for money implications are included in the body of the report. Specific consideration should be given to any effect on investment returns.

Risk implications: There is a risk that any screening of investments may result in the Pension Fund not maximising investment returns.

Climate Change implications: There are no direct climate change implications arising from this report.

Health Impact Assessment Screening: Whilst there are no direct implications arising from this report, there are ethical issues to consider more generally. e.g. investing in tobacco stocks.

Appendix 2

Examples of Fund Manager Engagement and Voting Q3 2014

JP Morgan

Sports Direct made a fourth attempt to get shareholder approval for a controversial plan to award up to GBP 200 million in shares to founder and executive deputy chairman Mike Ashley at an extraordinary general meeting (EGM) in July. All previous efforts have either been voted down by shareholders or withdrawn. The key difference this time was that, whereas previous proposals were targeted at Ashley alone, the latest plan was presented as broader bonus scheme rolled out to company staff (Sports Direct has about 3,000 full-time employees, plus an estimated 20,000 more on zero-hours contracts). A key concern for shareholders was the lack of visibility surrounding the extent of Ashley's participation in the new bonus pool, and the lack of a formal individual limit. Throughout engagement, the board steadfastly refused to reveal to shareholders how many of the 25 million shares would be allocated to Ashley, leaving many shareholders believing this was nothing more than an attempt to circumvent plan rules in order to grant awards to Ashley by the back door. The vote was eventually passed by 60.4%, with 39.6% of shareholders (including J.P. Morgan Asset Management) voting against. Ashley waived his right to participate in the plan two weeks later.

Standard Life

BT consulted with Standard Life during the quarter on a proposal to rebalance its remuneration policy from short term variable pay to longer term variable pay. However, this resulted in an increase in the amount of vesting for the achievement of threshold performance under its long term incentive scheme. This increase was to a level that was not consistent with Standard Life's Governance and Stewardship guidelines. Standard Life engaged with BT and asked that its Remuneration Committee review this matter during the coming year such that they could vote more supportively in future. In the absence of any change consistent with their guidelines, Standard Life will be minded to vote against the remuneration report resolution or other relevant resolutions at the AGM next year and on this basis instructed their proxy to abstain on the remuneration policy resolution this year.

Aberdeen

No detailed activity to report.

Sarasin

Sarasin are exploring, with other investors, a practical and effective way to strengthen their system of accountability.

Over the summer, Bank of America agreed to pay an eye-watering \$16 billion to draw a line under the long-running case against it for mis-selling mortgage-backed securities. This is the largest individual company settlement ever with the US Department of Justice. According to the London School of Economics' Conduct Costs Project, between 2009 and the end of 2013, ten of the largest

listed banks had paid, or provisioned for, a total of over £155 billion in fines, settlements and compensation. Shareholders – alongside taxpayers - have borne these costs, yet not one senior executive has been tried or gone to jail.

Sarasin believe that rather than ensuring bad behaviour is sanctioned, it is shareholders – ordinary savers and pensioners, not executives – that pay. A key difficulty with the system of executive accountability is that it is built around a theory that shareholders – as the providers of risk capital – should bear the cost of the transgressions, and the shareholders should in turn hold executives to account. While shareholders must certainly undertake due diligence and monitor the executives charged with stewarding their capital, problems arise because shareholders in practice have limited scope to force an unwilling Board to act. Sarasin believe that we may have arrived at the point where shareholders would gain from a court case that would bring greater transparency over executives' behaviour.

Longview

Longview met with Carol Arrowsmith from Compass in order to discuss their updated remuneration policy, which will be put to a shareholder vote at the Annual General Meeting in February 2015.

Longview has previously engaged with Compass in relation to executive remuneration. In July 2013, Longview voted against the Director's Remuneration Report, on the grounds that discretionary adjustments were made to payments, without the necessary justification. Later that year, Longview met with the Remuneration Committee to discuss Compass' first binding remuneration policy, which would be put to vote in June 2014. Under UK rules, aimed at improving transparency on director compensation, the policy must be approved by a shareholder vote and is then binding for 3 years. The binding remuneration policy passed shareholder vote in June 2014, with Longview voting for the policy.

Under UK rules, if the remuneration policy is amended, the revised version must also be approved by a shareholder vote, hence Compass' engagement with shareholders on the matter. Longview therefore questioned the rationale for Compass revisiting its policy only a few months after having had it approved. Carol Arrowsmith explained that the Committee wanted the flexibility to increase the total potential compensation for the CEO and increase the maximum Long Term Incentive Plan ("LTIP") award for all Executive Directors. The Committee believes that the Executive Team were currently underpaid relative to their FTSE 50 peers.

Longview believed the updated remuneration policy as a whole appeared reasonable but Longview continued to question why bonus targets are published retrospectively. Longview also made it clear that performance targets must be carefully structured to incentivise appropriate capital allocation. This includes being correctively incentivised to make acquisitions that are value accretive and to avoid acquisitions that are not a good use of shareholders' capital.

State Street

State Street voted against the remuneration report at Vedanta Resources following the appointment of Tom Albanese as the new CEO. While State Street were supportive of the appointment of the ex-Rio Tinto executive, they were concerned that clear division of responsibility had not been outlined given the on-going presence of the Chairman and Deputy Chairman from the controlling family. This is reflected in the company effectively paying a CEO level salary to all three executives which appears unjustified and poses a governance risk.

QUARTERLY ENGAGEMENT REPORT

JULY TO SEPTEMBER 2014



Voting machines at National Grid AGM

Local Authority Pension Fund Forum (LAPFF)

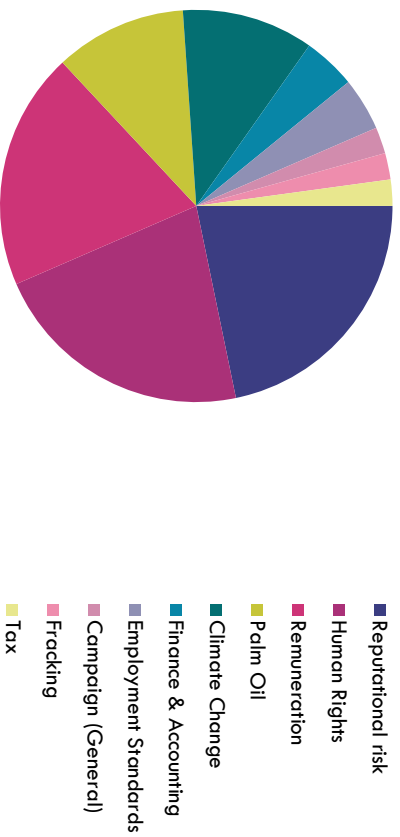
LAPFF exists to promote the investment interests of local authority pension funds, and to maximise their influence as shareholders whilst promoting social responsibility and corporate governance at the companies in which they invest. Formed in 1990, LAPFF brings together a diverse range of local authority pension funds in the UK with combined assets of over £150 billion, www.lapfforum.org.

ENGAGEMENT SUMMARY

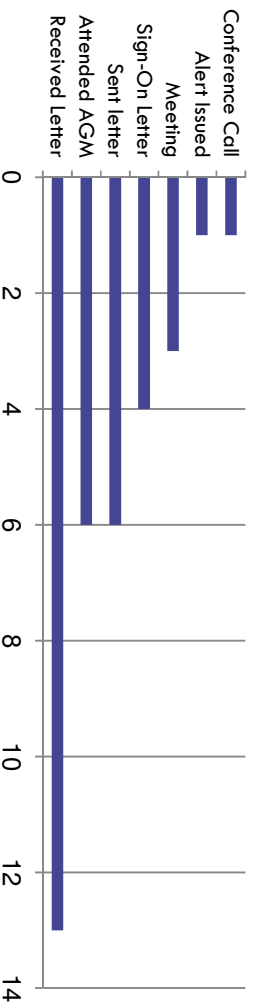
JULY TO SEPTEMBER 2014

The Forum engaged with 30 companies over the period

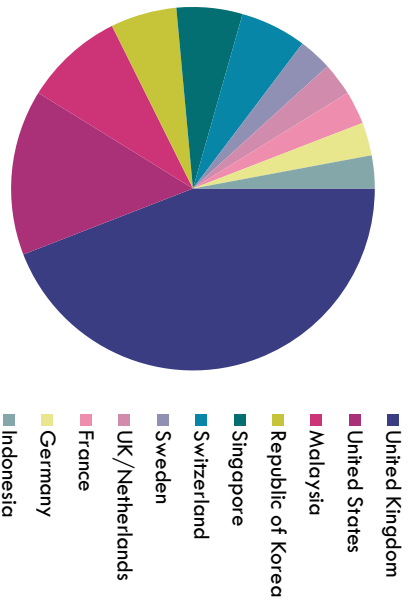
Topics



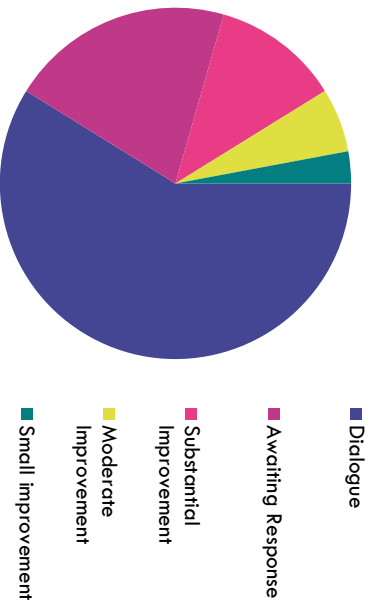
Activities



Company Domicile



Outcome



ACHIEVEMENTS

During the Quarter, LAPFF has maintained a consistent profile, engaging on governance and corporate responsibility concerns and publicly raising significant shareholder issues by direct questioning at company AGMs as part of the engagement process.

- Cllr Greening questioned the board on the links between executive pay and longer term climate risks and mitigation strategies at the **British Land AGM**.

British Land AGM
- Asked the chair of **Vodafone** at the AGM about excessive executive pay, given the Company's performance has not been very strong over the past year. Received response to Cllr Greening's question that bonuses rarely result in a 100% payout and that the long term incentive metric outperformed the market.
- Cllr Greening also questioned **Betfair** at its AGM over illegal dividends and share buybacks after LAPFF issued a voting alert on this topic.
- Cllr Cameron Rose attended the **BT Group AGM** to ask how the Company ensures that its customer service performance is adequately reflected in pay incentives when the importance of this area has been downgraded in the performance metrics.
- Raised concerns over remuneration at the **Burberry AGM** in light of the increase in salary and other arrangements for the newly appointed CEO Christopher Bailey.
- Attended the **National Grid AGM** to continue engagement around progress towards achieving a top level within the Carbon Disclosure Project's Climate Performance Leadership Index. Were told that LAPFF was the first investor group to raise the issue of progress on reporting Scope 3 emissions.

National Grid AGM
- After collaborative engagement on sustainable palm oil practices, **Sime Darby, Kuala Lumpur Berhad, Asian Agri Resources** and **IOI Group** have announced an immediate moratorium on clearance of high carbon stock forests.
- Met with **G4S's** senior independent director to discuss changes at the head of the company and the effect on operational and reputational risk management including challenges from complex, international contracts, diversity and succession planning.
- Met with **Glencore** for a second time on carbon management within the Aiming for A investor initiative, as well as raising other social and governance risk management concerns.
- Pursued previous engagement with **BAE** by meeting with the chair, Sir Roger Carr. Topics covered anti-corruption processes, executive pay and gender diversity at board level as well as throughout the company.

THE FORUM IN THE NEWS

Director Remuneration
[Lexology](#)

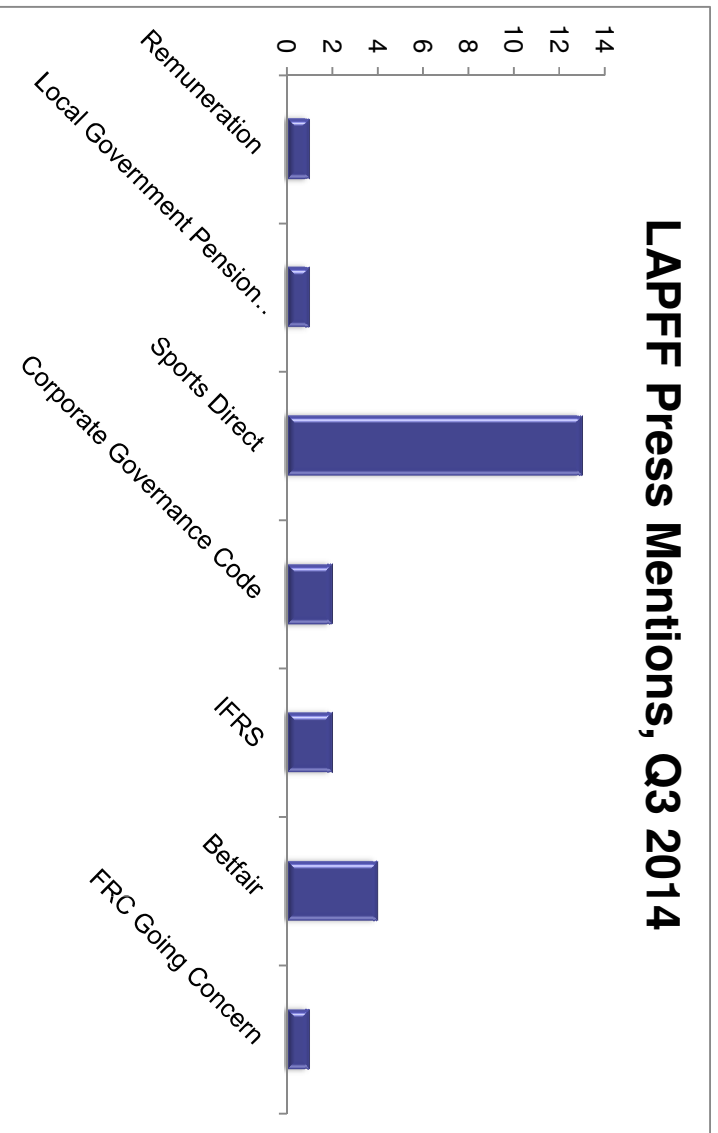
Local Government Pension Schemes
[Local Government Chronicle](#), [Investment and Pensions Europe](#)

LAPFF targets SportsDirect over Mike Ashley's pay package
[City A.M.](#), [Reuters](#), [Investment & Pensions Europe](#), [The Guardian](#), [BBC](#), [Evening Standard](#), [The Journal](#), [Express and Star](#)

Corporate Governance Code
[Financial Times](#), [Accountancy Age](#)

IFRS Fallings
[Professional Pensions](#), [Investment and Pensions Europe](#), [Financial Director](#)
Betfair
[Sunday Telegraph](#), [SBC News](#), [economy](#), [Financial News](#), [Shares Magazine](#)
[Chinese press](#).

LAPFF Press Mentions, Q3 2014



COMPANY ENGAGEMENT

LEADERSHIP ON KEY CAMPAIGNS

The issue of the production and sale of cluster munitions was raised at the June executive meetings and LAPFF agreed to engage with nine aerospace and defence companies over the production and sale of cluster munitions. The concern is that these weapons kill people indiscriminately and that they continue to be dangerous after conflicts have ended. Of the companies contacted – **Textron, ATK, L-3, General Dynamics, Lockheed Martin, Doosan, Hanwha** and **Singapore Technologies** – four have responded to letters requesting confirmation that these companies do not produce or sell cluster munitions.

By and large, the responses received so far state that the companies do not produce or sell cluster munitions within the definition of the Oslo Convention. However, neither the U.S. nor South Korea – both of which are major clients of these firms – have ratified or acceded to the Oslo Convention. This lack of state commitment to the law makes it more difficult to discern the extent of companies' involvement.

A meeting was held with the chair of **BAE**, Sir Roger Carr, to discuss cluster munitions and to follow up from previous meetings with the company. Sir Roger provided assurances that BAE is completely compliant with the terms of the Oslo Convention, which is the international law that bans cluster munitions. The meeting gave the opportunity to assess progress on anti-corruption processes, looked at simplification of pay arrangements and assessed the measures BAE was putting in place to ensure not only board diversity, but gender diversity throughout the company.

PROMOTING GOOD GOVERNANCE

Executive Pay

LAPFF continues to push companies on their executive pay arrangements, especially in relation to rewards for sub-par performance and on complexity. At the **Vodafone** AGM, Cllr Greening asked Chairman Gerard Kleisterlee how the Company could have rewarded its executives with variable pay when the financials for the year were not good. Mr Kleisterlee responded that bonus payments rarely reach a 100% payout and that metrics informing the long term incentive plan outperformed the market. However, he did not address the lack of a link between pay and performance.



A second meeting with the senior independent director of **G4S**, aimed to ascertain whether changes at the head of the Company have led to better operational management on the

ground and have lessened reputational risk. The new chief executive, Mr Almanza, appears to be making significant changes, and post-Olympics, the company believes there is improved contract assurance and greater scrutiny of contracts with newly established risk committees at the executive and board levels to deal with complex contracts. LAPFF again raised the issue of pay complexity. The company has engaged extensively with its major shareholders, but has come up against opposing investor opinion on metrics. A follow-up phone call established that some elements of the EPS adjustments were confusing and would be removed.

Complex pay arrangements are also of concern at **Hays**. Hays' scheme is problematic in that it has too many components, six in total, thus making it difficult for investors to track payments and whether the payments were deserved. LAPFF has written to the company seeking a meeting. At the **BT** AGM, Cllr Rose asked how pay incentives helped improve customer service given that the relative importance of customer service has dropped in the Company's performance metrics for executives.

Reliable Accounts

Betfair has stated in its Annual Report that it paid illegal dividends and share buyback distributions for the years 2011, 2012 and 2013. LAPFF issued a voting alert ahead of the September AGM aiming to hold relevant Board members responsible for the distribution payments. The alert includes a recommendation to abstain on the resolution approving the payment of dividends for the year under review as it is not clear that the accounting problems have been remedied. It appears that the illegal dividends were paid in part because the Company's accounts were not audited in line with the 'true and fair view' standard set at law.

MANAGING ENVIRONMENTAL RISK

Palm oil

LAPFF's engagement with companies to encourage sustainable palm oil production and supplies has met some success. A group of palm oil growers, including **Sime Darby**, **Kuala Lumpur Berhad**, **Asian Agri Resources** and **IOI Group**, released a 'Sustainable Palm Oil Manifesto' directed at ensuring future palm oil developments are subject to high standards of environmental protection and limit deforestation. While the Manifesto might be regarded as a step forward, LAPFF shared concerns that it does not set the same strong standards as those followed by major industry leaders whom the Forum has supported such as Wilmar and Golden-Agri.



The Manifesto does not adequately extend to the companies' third party suppliers or protect peatlands and allowed the companies to continue deforestation while definitional issues are resolved. LAPFF again co-signed letters with Green Century Capital Management to raise these concerns with these companies, seeking an immediate moratorium on deforestation and

requested the companies adopt a time-bound plan for fully traceable palm oil. By mid-September members of the Palm Oil Manifesto Group announced that they would be adopting an immediate moratorium on clearance of high carbon stock forests.

LAPFF is continuing to work with the **PRI Investor Group** and is participating in collective engagement with the largest buyer of palm oil from an Indonesian supplier on working to find a way to engage with that supplier over concerns with its practices for palm oil production.

Energy and Environmental Risk



improve sustainability and resilience factors in housing and commercial developments. The concern is that if climate impacts have not been considered adequately, both in location and design, British Land developments could face longer term risks from extreme weather or other environmental impacts. If these risks materialise, they could affect shareholder value.

This extended notion of climate risks was reflected in the question asked to Sir Peter Gershon, the **National Grid** chairman, at the company's AGM regarding measurement and reporting of Scope 3 emissions. To date, most companies have focused reporting on Scope 1 and 2 emissions. However, it is important to recognise that company emission profiles encompass their supply chains and major contractors, or Scope 3 emissions. This AGM attendance continues LAPFF's participation in the 'Aiming for A' engagement which encourages company progress within the Carbon Disclosure Project's Climate Performance Leadership Index. The Chair, Sir Peter Gershon, noted that LAPFF was the first investor group to raise the issue of progress on monitoring Scope 3 emissions. Identifying the emissions profiles generated throughout complex supply chains also helps to begin to address the deeper issues of climate risk management and the development of adaptation and resilience measures critical to energy supply companies operating vital infrastructure networks.



LAPFF continued its engagement with **Glencore** on carbon management within a discussion on the overall environmental, social and governance risk management processes. Questions were posed both at a sustainability presentation and a separate meeting with the head of the board environment and safety committee. On its carbon management, the company was encouraged to establish emissions reduction initiatives and set associated targets in order to

and to clearly identify links between the initiatives and reductions made. Closer questioning on performance against health and safety metrics indicated a more effective monitoring system being implemented. On board governance, succession planning and gender and other aspects of diversity were addressed.

TARGETING SOCIAL ISSUES

Employment Standards

The issue of modern day slavery is beginning to rise on companies' radars. Recent reports on Asian slave labour helping to produce prawns destined for US and UK supermarkets and the UK Government's Modern Slavery Bill, introduced in June has given a greater focus on transparency in supply chains. For extractive companies such as Glencore, concerns include child labour, artisanal mining and exposure to social risks particularly in countries such as Mauritania.

"It is difficult to accept that modern Britain is home to slavery, but this appalling crime is taking place here - often out of sight - in shops, fields, building sites and behind the curtains of houses on ordinary streets" (Home Secretary Theresa May, BBC, 31 July 2014)

Social and Reputational Risks

LAPFF continues to engage with a range of stakeholders in order to inform better campaign and engagement approaches. Western Sahara Resource Watch (WSRW) requested a meeting to explain its position on company engagement in Western Sahara. Citing a UN legal decision on Western Sahara's right to exploit its natural resources as a Non-Self-Governing Territory, the organisation takes the stance that Morocco is illegally occupying Western Sahara and that therefore foreign companies, particularly phosphate and oil companies, should not be signing contracts with Morocco in relation to projects in Western Sahara. WSRW would like to see the political situation between Morocco and Western Sahara resolved before foreign companies undertake projects in Western Sahara. It believes this resolution would allow companies to engage with Saharawis to ensure that projects are mutually beneficial.

CONSULTATIONS & PUBLIC POLICY

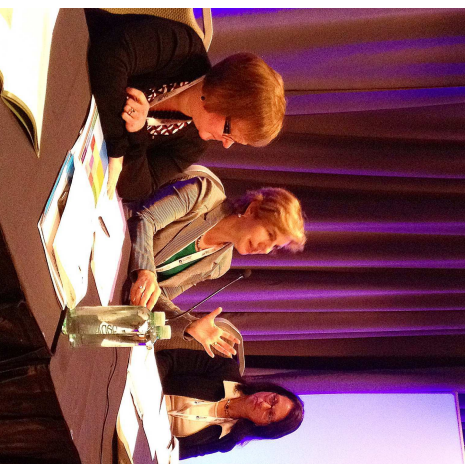
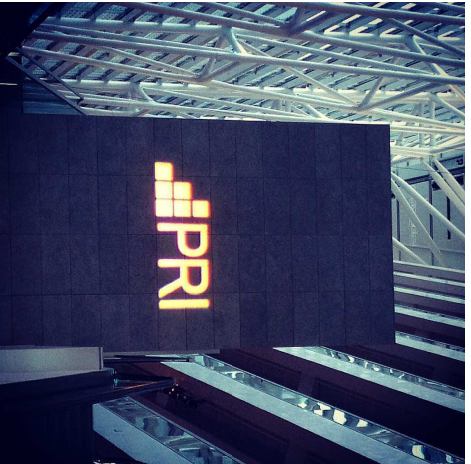
ENGAGING WITH POLICY-MAKERS

LAPFF has co-signed a letter to the International Organisation of Securities Commissions (**IOSCO**) to support working more closely with regulators, stock exchanges and other related parties to improve the disclosure of material and high-quality corporate Environmental, Social and Governance information in the global marketplace.

LAPFF hosted fringe meetings at the **Labour Party Conference** and the **Conservative Party Conference** on 'The Future of the Local Government Pension Scheme.' Speakers included the LAPFF chair, Cllr Kieran Quinn, Henry Boucher of Sarasin and Partners and Cllr Denise Le Gal, Chair, Surrey Pension Fund.

NETWORKS & EVENTS

- **30% Club Investor Group** – 'Next steps for accelerating change' with CEO of Women on Boards
- **Glencore Sustainability Presentation** by Tony Hayward (Chairman), Ivan Glasenberg (CEO) and Peter Coates (Chair of HSEC Committee)
- **CCLA** – event highlighting the importance of collective action on climate change, hosted by St Paul's/CCLA.
- **Threadneedle/UKSIF** event on UK preparations for fracking
- **Clifford Chance** – seminar on whether an arbitration tribunal similar to investment tribunals would be feasible for human rights
- **PRI in Person, Montreal** –included debates on fossil fuel divestment, investor tax responsibility, green bonds, fracking, human rights in extractives and executive remuneration



COMPANY PROGRESS REPORT

Company	Topics	Outcome
Glencore	Carbon management, board diversity	Small Improvement
Textron	Reputational risk, human rights	Dialogue
Alliant Techsystems	Reputational risk, human rights	Awaiting Response
L-3 Communications	Reputational risk, human rights	Dialogue
General Dynamics	Reputational risk, human rights	Awaiting Response
Lockheed Martin	Reputational risk, human rights	Dialogue
Doosan	Reputational risk, human rights	Awaiting Response
Hanwha Corporation	Reputational risk, human rights	Awaiting Response
Singapore Technologies	Reputational risk, human rights	Dialogue
Hays	Remuneration	Dialogue
Astrazeneca	Mergers and acquisitions	Dialogue
BAE Systems	Remuneration, board composition	Moderate Improvement
Burberry Group	Remuneration	Dialogue
BT Group	Remuneration	Dialogue
British Land	Remuneration, climate change	Dialogue
G4S	Remuneration, human rights	Moderate Improvement
National Grid	Carbon management	Dialogue
Svenska Handelsbanken	Remuneration	Dialogue
National Express	Employment standards	Dialogue
Vodafone	Remuneration, tax	Dialogue
Betfair	Finance & accounting	Dialogue
Sime Darby	Sustainable palm oil	Substantial Improvement
Kuala Lumpur Berhad	Sustainable palm oil	Substantial Improvement
Asian Agri Resources	Sustainable palm oil	Substantial Improvement
IOI Group	Sustainable palm oil	Substantial Improvement
Novartis	Holdings Based Engagement	Dialogue
Total	Carbon management, fracking	Dialogue
Deutsche Telekom	Employment Standards	Dialogue
Severn Trent	Remuneration	Dialogue
Olam	Sustainable palm oil	Dialogue

Companies LAPFF has not previously engaged with individually are indicated in bold.

Local Authority Pension Fund Forum Members

Avon Pension Fund
Barking and Dagenham LB
Bedfordshire Pension Fund
Camden LB
Cheshire Pension Fund
City of London Corporation
Ciwyd Pension Fund
Croydon LB
Cumbria Pension Scheme
Derbyshire CC
Devon CC
Dorset County Pension Fund
Dyfed Pension Fund
Ealing LB
East Riding of Yorkshire Council
East Sussex Pension Fund
Enfield LB
Falkirk Council
Greater Gwent Fund
Greater Manchester Pension Fund
Greenwich Pension Fund RB
Gwynedd Pension Fund
Hackney LB
Hampshire Pension Fund
Haringey LB
Harrow LB
Hounslow LB
Islington LB
Lancashire County Pension Fund
Lambeth LB
Lewisham LB

Lincolnshire CC
London Pension Fund Authority
Lothian Pension Fund
Merseyside Pension Fund
Newham LB
Norfolk Pension Fund
North East Scotland Pension Fund
North Yorkshire CC Pension Fund
Northamptonshire CC
NILGOSC
Nottinghamshire CC
Rhondda Cynon Taf
Sheffield City Region Combined Authority
Shropshire Council
Somerset CC
South Yorkshire Pensions Authority
Southwark LB
Staffordshire Pension Fund
Surrey CC
Teesside Pension Fund
Tower Hamlets LB
Tyne and Wear Pension Fund
Waltham Forest LB
Wandsworth LB
Warwickshire Pension Fund
West Midlands PTA Pension Fund
West Midlands Pension Fund
West Yorkshire Pension Fund
Wiltshire CC
Worcestershire CC

Report prepared by PIRC Ltd. for the Local Authority Pension Fund Forum

