

Annual Report and Accounts of the Tayside Superannuation Funds

Administered by Dundee City Council

2008 - 2009



Annual Report and Accounts of the Superannuation Funds

Financial Year To 31 March 2009

Foreword by Director of Finance

Welcome to the Annual Report and Accounts produced by Dundee City Council for the Tayside Superannuation Funds for the year to 31st March 2009.

This was a particularly traumatic year for investments especially in the financial sector. Whilst the Funds diversified investment strategy protected it from individual defaults, it was affected by general decline in valuations. The Main Fund value at 31 March 2009 of £1,240.9m reflected a decrease of £309.6m or 20.0% on the equivalent value at 31 March 2008. The Transport Fund value at 31 March 2009 of £32.7m reflected a decrease of £7.8m or 19.3% on the equivalent figure at 31 March 2008. These declines should be compared with the UK equity markets falling by over 29% in the period. The Funds have however maintained their asset allocation which is weighted towards equities. This means there has been a large boost from participating in the rally to 30th September 2009. The Main Fund has risen to £1,561.4m and the Transport Fund has risen to £39.2m.

The Funds are managed on a fully discretionary basis by five external Fund Managers and the combined performance for the 12 month period to 31 March 2009 was negative in absolute terms. The longer term strategy return was as follows: Two managers achieved above their five year benchmark, the others were behind. The performance of each Fund Manager is monitored on a continuous basis and reported to the City Council's Superannuation Sub-Committee on a quarterly basis. Senior officers of the City Council also have quarterly meetings with each of the Fund Managers where their performance, both in investment terms and more generally on matters such as administration and company engagement, is rigorously scrutinised.

In respect of Pension Fund Administration, the number of contributing members increased during the year to 31 March 2009 and there were over 19,300 public sector employees contributing to the Funds. The number of pensioners or relatives of ex-contributors who were in receipt of a pension from the Funds in 2008/09 grew and by 31 March 2009 stood at just over 11,200.

I would wish to acknowledge the efforts of Dundee City Council's Pension Section for their patience and diligence in ensuring the smooth implementation of the revised scheme and for the courteous manner in which they look after the pension needs of 38,795 contributors, pensioners and deferred pensioners. Further, I would like to thank all the Trustees of the Superannuation Sub-Committee and officers of the City Council Finance Department for their effort and assistance in managing the Tayside Superannuation Funds and, in particular, the Chair, George Regan for his leadership of the Investment Sub-Committee.



**Marjory Stewart, FCCA, CPFA
Director of Finance
Dundee City Council**

Contents

	Page
Introduction	3
Members and Advisors	4
Fund Administration	5
Governance Policy Statement	7
Main Fund Accounts	10
Transport Fund Accounts	12
Statement of Accounting Policies	14
Valuation and Distribution of Assets	15
Investment Performance Report	18
Principal Equity Holdings (as at 31 March 2009)	20
Appendices	21

Dundee City Council Superannuation Funds

Introduction

Dundee City Council is the administering authority for both the Tayside Superannuation Fund (Main Fund) and the Tayside Transport Superannuation Fund (Transport Fund). The scheme covering these Funds is statutory, approved by the Inland Revenue and contracted out of S2P (the State Second Pension).

The Scheme is a “defined benefit scheme”. This means that the benefits to which members and their spouses are entitled are determined by final pensionable pay and pensionable service.

The Tayside Superannuation Fund is maintained for the benefit of its membership (including existing and deferred pensioners). This comprises the majority of Local Government employees within Dundee City Council, Perth and Kinross Council and Angus Council as well as 43 other “scheduled bodies” and “admitted bodies” (see appendix A). Teachers are not included in the Scheme as they have a separate, nationally established, statutory arrangement.

The Tayside Transport Superannuation Fund

As a result of the 1985 Transport Act, the employees of the former Dundee City Bus Unit which formed part of Tayside Regional Council’s Roads and Transport Department were transferred to a new company, Tayside Public Transport Company Ltd. A separate Superannuation Fund for those transferred employees was set up on 26 October 1986.

During 1991/92 Tayside Public Transport Company Ltd was subject to an employee buy-out. Any employees in post at the time of the buy-out may remain in the Fund, however, any new employees are not eligible for entry into the Fund.

Tayside Public Transport Company Limited was bought out by West Midlands Travel on 22 February 1997 and renamed as Travel Dundee, but this had no effect whatsoever on the Fund.

Members and Advisors

Superannuation Investment Sub-Committee

Dundee City Council is the administering authority for the Funds. This responsibility is delegated through the Council's Policy and Resources Committee to the Superannuation Investment Sub-Committee. Membership of the Sub-Committee as at 31 March 2009 is as noted below:

Councillors:

Bailie George Regan (Chair)
Cllr Kevin Keenan
Cllr Jimmy Black
Bailie Helen Wright
Bailie Willie Sawers
Bailie Rod Wallace

Representatives (non voting)

Tayside Full-time trade Unions Officers Group
Mr R MacKay (UNISON)
Mr R McKelvie (TGWU representing Travel Dundee Ltd)

Fund Managers

Baillie Gifford & Co	(Appointed November 1992)
Fidelity Pension Management	(Appointed November 1997)
Schroder Property Investment Management	(Appointed July 1997)
Goldman Sachs	(Appointed July 2003)
Alliance Bernstein	(Appointed July 2003)

Investment Advisers

Hymans Robertson

Actuaries

Barnett Waddingham (Appointed July 2004)

Custodian

Northern Trust (Appointed 1 April 2002)

Auditors

Audit Scotland

Corporate Governance Advisors

Pension & Investment Research Consultants Limited (PIRC)

Performance Measurement

Northern Trust

Fund Administration

Membership

The Local Government Pension Scheme is voluntary and is open to all employees of the Scheduled and Admitted Bodies (see Appendix A).

Membership of the Tayside Funds at 31 March 2009 was:

	Main Fund	Transport Fund	Total Fund
Contributing Members	19,207	97	19,304
Pensioners	10,843	416	11,259
Deferred Pensioners	6,670	94	6,764
Undecided and Frozen	<u>1,463</u>	<u>5</u>	<u>1,468</u>
	<u>38,183</u>	<u>612</u>	<u>38,795</u>

Membership Funding

The Funds are financed by the contributions made by members and their employers as well as income earned from the investment of the Funds' monies.

The contribution rates for 2008/2009 were as follows:

	% of Basic Pay		
	Employees	Main Fund Employers	Transport Fund Employer
Manual Workers Pre 01.04.98	5.0%	15.75%	£900,000
All Other Employees	6.0%	18.9%	

The employees' contribution levels (as a percentage of pensionable pay) are fixed, whereas the employers' contribution levels are reviewed every three years by the Funds' actuaries as part of their actuarial valuation of the Funds. If the actuaries believe that a surplus is likely to materialise they will recommend a reduction in the employers' contribution rate and if they believe a deficit is likely to materialise they will recommend an increase in the employers' contribution rate.

Barnett Waddingham carried out an actuarial valuation as at March 2008. The result of the valuation for the two Funds were as follows:

	Main Fund	Transport Fund
Actuarial Value of Assets	£1,558.3m	£41.0m
Actuarial Value as a percentage of Accrued Liabilities	97.6%	92.3%

Recommended Employers' Contributions as a Percentage of Pensionable Payroll Main Fund and as a lump sum Transport Fund

Financial Year

2009/2010	18.5%	£1,000,000
2010/2011	18.5%	£1,030,000
2011/2012	18.5%	£1,060,000

The common rate of contribution is the rate, which, in addition to the accumulated assets and contributions paid by members is sufficient to meet 100% of the liabilities of the Fund. This rate takes into account the deficit at 31 March 2009. The deficit is spread over the average remaining working lifetime of the existing members (approximately 12 years).

The Main Fund contribution rates following the 31 March 2008 valuation were calculated using the projected unit actuarial method.

The Transport Fund contribution rates following the 31 March 2008 valuation were calculated using the attained age actuarial method.

The main actuarial assumptions were as follows:

Rate of return on investments	- Equities	7.8% per annum
	- Gilts	4.6% per annum
	- Bonds & Property	5.9% per annum
	- Discount Rate	7.1% per annum
Rate of general pay increases		5.2% per annum
Rate of increases to pension in payment		3.7% per annum
Valuation of assets		6 monthly smoothed market related

Market Value of Funds

The market value of investments can go down, as well as up. The total market value of the investments that are under external management was £1,550.8m Main Fund and £38.2m Transport Fund as at 30 September 2009.

Additional Contributions

Under Inland Revenue rules, scheme members are permitted to make contributions towards retirement and death in service benefits in addition to those, which they are required to make as members of the Local Government Pension Scheme. These contributions are known as AVCs and are treated separately from the scheme's assets under arrangement with the Standard Life Assurance Company. They are not recorded in the accounts of the Tayside Funds since the AVC scheme works on defined contribution basis (ie benefit eventually derived will depend upon the amount of the contributions made, the performance of the investments made with these monies and the annuity rates at the point of retirement).

Pension Increases

Pension and deferred pensions are increased every year under the Pension (Increase) Act 1971 in line with movements in the Retail Prices Index, which reflects general inflation. Recent increases under this provision are:

2005	3.1%
2006	2.7%
2007	3.6%
2008	3.9%
2009	5.0%

Tayside Superannuation Funds

Governance Policy Statement

May 2009

This Statement documents the governance arrangements for the pension schemes administered by Dundee City Council.

The Administering Authority and the Regulatory Framework

Dundee City Council is the administering authority of the Local Government Pension Scheme set up for the Tayside geographic areas. The Council administers two separate funds: The Tayside Superannuation Fund and Tayside Transport Superannuation Fund.

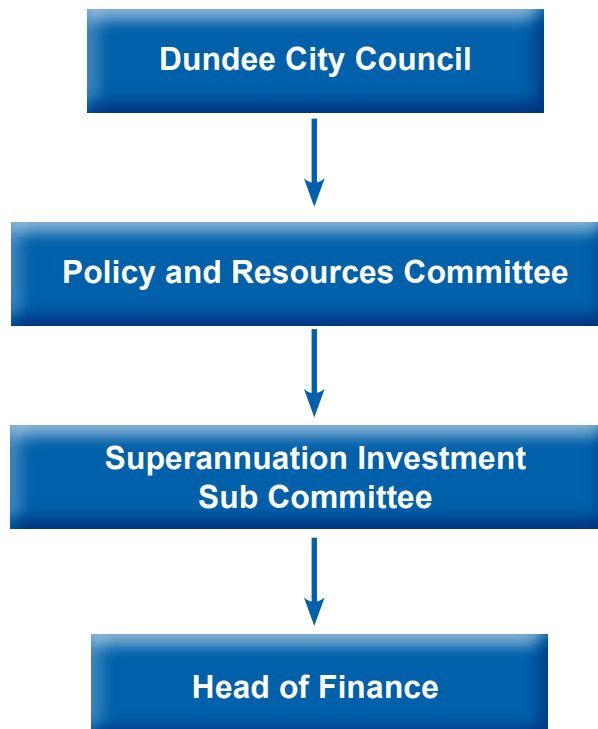
The Council administers in accordance with regulations.

The Scottish Public Pensions Agency is responsible for regulating the Local Government Pension Scheme in Scotland.

The Government Actuary's Department is responsible for providing guidance on the application of the Regulations.

Where relevant, the Fund will comply with EU Pension Directive 41/2003 on the activities and supervision of institutions for occupational retirement provision.

The Fund's governance structure is shown graphically below:



Dundee City Council Financial Regulations

The following is an extract from the approved financial regulations relating to Superannuation Funds:

- The Policy and Resources Committee (or delegated Sub-Committee) shall be responsible for the supervision and control of the Tayside Superannuation Fund and the Tayside Transport Superannuation Fund, including the review of investments and the investment of new funds. This will include ensuring full compliance with the Local Government Pension Scheme (Management and Investment of Funds) (Scotland) Regulations 1998.
- The Policy and Resources Committee shall provide a full remit to the Superannuation Sub-Committee detailing the powers delegated to it regarding the supervision and control of the operations and investments of the Superannuation Funds.
- The Head of Finance shall ensure the proper and safe custody of the Superannuation Funds investments.
- The Head of Finance shall provide regular reports to the Superannuation Investment Sub-Committee (including quarterly review of performance) on all areas covered by its remit.
- The Head of Finance shall ensure that in respect of the Superannuation Funds all expenditure is in accordance with the conditions of the Policy and Resources Committee (or delegated Sub-Committee) and all income is correctly received.

Superannuation Investment Sub-Committee

On 8 March 2004 the Policy and Resources Committee approved the under-noted revised remit:

- Monitor investment performance of Fund managers;
- The review of investments and managers;
- The review of asset allocation in light of the Funds' maturity profiles;
- The investment of new funds at the disposal of the Council;
- Ensuring appropriate custody arrangements are made for all Funds' assets;
- Approving the Funds' Statement of Investment Principles at least annually and ensuring ongoing compliance with this;
- Monitoring the managers' implementation of the Funds Socially Responsible Investment policy;
- Approving and reviewing the Funds' annual Business Plan;
- Arranging the appointment of external advisers as required and
- Considering any other matters which may affect the management or value of the Funds' investments.

All other operating arrangements remain unchanged.

The Superannuation Investment Sub-Committee consists of six elected members of Dundee City Council and three observer employee representatives.

External Service Providers

Barnett Waddingham has been appointed to act as Actuary to the Funds. The services provided include advice on funding and actuarial valuations.

Hymans Robertson are the Funds investment consultant.

A number of investment managers have been appointed. They have responsibility for the selection, retention and realisation of individual investments. Where appropriate, they also implement the Committee's policy on socially responsible investment.

The Fund has appointed a global custodian Northern Trust to hold the Funds' assets. The custodian is responsible for the safekeeping of the assets including processing dividends and corporate actions and making tax claims.

The fund has appointed Northern Trust to measure and report on the performance and risk of individual portfolios and the overall Funds.

Pension Investment Research Consultants Ltd (PIRC) have been appointed to provide voting recommendations to managers in line with the policy on socially responsible investment. PIRC is an independent research and advisory consultancy on corporate governance and corporate social responsibility. More information on their services is available from their website www.pirc.co.uk.

Dundee City Council, including the Tayside Superannuation Funds, is subject to external audit. The auditors are Audit Scotland. This helps to ensure that public funds are properly safeguarded and accounted for.

Dundee City Council provides an internal audit service which covers Pension Investment and Administration at regular intervals.

Access To Information

Committee papers and minutes are publicly available on the Council's website.

Annual Report and Accounts are produced including investment performance and accounting information. The Report and Accounts comply with the Local Authority and Pensions Statements of Recommended Practice (SORPs) as far as practical.

Copies of the Report and Accounts are issued to all employers participating in the Tayside Pension Fund. A summary of the Report and Accounts is provided to all pension fund members and full copies are available on request.

The Report and Accounts and all policy documents will be available on the Funds' website www.dundee.gov.uk/pensions.

An employer seminar, to which all employers are invited, is held every year. Additional meetings with employers are held throughout the year, including user groups, training events and one to one meetings to cover administration issues.

Tayside Superannuation Fund Accounts

2007/2008 £000	<u>FUND ACCOUNT</u>	2008/2009 £000	£000
CONTRIBUTIONS AND BENEFITS			
	Contributions receivable		
59,250	From employers	65,915	
<u>19,898</u>	From members	<u>21,090</u>	
79,148			87,005
7,739	Transfers in		5,901
	Benefits payable		
(40,365)	Pensions	(43,325)	
<u>(12,332)</u>	Lump Sums	<u>(15,789)</u>	
(52,697)			(59,114)
	Payments to and on account of Leavers		
(228)	Refund of Contributions to Members	(242)	
(103)	Refund of Contributions to State Scheme	(100)	
<u>(4,526)</u>	Transfers Out	<u>(2,928)</u>	
(4,857)			(3,270)
<u>(1,178)</u>	Administration Expenses		<u>(1,216)</u>
28,155	Net Deposits from dealings with Members		29,306
RETURNS ON INVESTMENTS			
	Investment Income		
6,186	Interest from Fixed Interest Securities	7,629	
28,117	Dividends from Equities	27,549	
5,142	Income from Index Linked Securities	4,606	
6,206	Income Pooled Investment Vehicles	5,843	
1,613	Interest on Cash Deposits	1,138	
2,423	Other Income	2,052	
(108,654)	Change in Market Value of Investments	(382,664)	
(5,612)	Investment Management Expenses	(4,361)	
<u>(638)</u>	Taxation	<u>(691)</u>	
<u>(65,217)</u>	Net Returns on Investments		<u>(338,899)</u>
(37,062)	NET INCREASE / (DECREASE) IN FUND DURING THE YEAR		(309,593)
<u>1,587,567</u>	OPENING NET ASSETS OF THE SCHEME		<u>1,550,505</u>
<u>1,550,505</u>	CLOSING NET ASSETS OF THE SCHEME		<u>1,240,912</u>

Tayside Superannuation Fund Accounts

2008 £000	<u>NET ASSETS STATEMENT (AS AT 31 MARCH)</u>	2009 £000	£000
INVESTMENT ASSETS AT MARKET VALUE			
Listed Investments			
383,835	- UK Equities	277,144	
61,810	- UK Fixed Interest - Public Sector	50,985	
21,663	- UK Fixed Interest - Other	24,286	
50,351	- UK Index Linked - Public Sector	46,211	
1,102	- UK Index Linked - Other	1,042	
441,193	- Overseas Equities	342,914	
41,960	- Overseas Open Ended Investment Companies	29,259	
5,309	- Overseas Fixed Interest - Other	2,445	
34,052	- Overseas Fixed Interest - Public Sector	32,445	
-	- Derivatives (Futures)	1,582	
Unlisted Investments			
105,981	- UK Open Ended Investment Companies	96,941	
211,432	- Overseas Open Ended Investment Companies	163,976	
146,490	- Property Unit Trusts	107,740	
26,244	Cash Balances held by Fund Managers	47,437	
13,106	Financial Debtors	<u>8,159</u>	
<u>1,544,528</u>			1,232,566
FINANCIAL LIABILITIES			
-	Derivatives (Futures)	(262)	
<u>(3,026)</u>	Other Financial Liabilities	<u>(2,084)</u>	
<u>(3,026)</u>	Total Financial Liabilities		<u>(2,346)</u>
1,541,502	Net Financial Assets		1,230,220
CURRENT ASSETS			
2,674	Contributions Due from Employers	3,133	
3,335	Sundry Debtors	2,768	
<u>5,597</u>	Revenue Deposits with Dundee City Council Loans Fund	<u>7,414</u>	
<u>11,606</u>		<u>13,315</u>	
LESS CURRENT LIABILITIES			
<u>(2,603)</u>	Sundry Creditors	<u>(2,623)</u>	
9,003	NET CURRENT ASSETS		10,692
<u>1,550,505</u>	NET ASSETS		<u>1,240,912</u>

Marjory Stewart, FCCA, CPFA
Head of Finance
Dundee City Council

This is an extract from the Council's full Annual Accounts which have been audited by the Council's Auditor, Audit Scotland and given an Unqualified Audit Certificate.

Tayside Transport Superannuation Fund Accounts

2007/2008 £000	<u>FUND ACCOUNT</u>	2008/2009 £000	£000
	CONTRIBUTIONS AND BENEFITS		
	Contributions receivable		
700	From employers	900	
<u>115</u>	From members	<u>105</u>	
815			1,005
-	Transfers In		-
	Benefits payable		
(1,676)	Pensions	(1,738)	
<u>(236)</u>	Lump Sums	<u>(524)</u>	
(1,912)			(2,262)
	Payments to and on account of Leavers		
-	Refund of Contributions	-	
<u>-</u>	Transfers Out	<u>-</u>	
-			-
<u>(33)</u>	Administration Expenses		<u>(42)</u>
(1,130)	Net Withdrawals from dealings with Members		(1,299)
	RETURNS ON INVESTMENTS		
	Investment Income		
337	Interest from Fixed Interest Securities	440	
664	Dividends from Equities	472	
315	Income from Index Linked Securities	283	
136	Income Pooled Investment Vehicles	125	
68	Interest on Cash Deposits	38	
49	Other Income	2	
(1,895)	Change in Market Value of Investments	(7,708)	
(117)	Investment Management Expenses	(128)	
<u>(7)</u>	Taxation	<u>(7)</u>	
<u>(450)</u>	Net Returns on Investments		<u>(6,483)</u>
(1,580)	NET INCREASE/(DECREASE) IN FUND DURING THE YEAR		(7,782)
<u>42,031</u>	OPENING NET ASSETS OF THE SCHEME		<u>40,451</u>
<u>40,451</u>	CLOSING NET ASSETS OF THE SCHEME		<u>32,669</u>

Tayside Transport Superannuation Fund Accounts

2008 £000	<u>NET ASSETS STATEMENT (AS AT 31 MARCH)</u>	2009 £000	£000
INVESTMENT ASSETS AT MARKET VALUE			
Listed Investments			
9,568	- UK Equities	6,335	
5,639	- UK Fixed Interest - Public Sector	4,609	
1,976	- UK Fixed Interest - Other	2,195	
4,593	- UK Index Linked - Public Sector	4,177	
101	- UK Index Linked - Other	94	
9,579	- Overseas Equities	7,812	
484	- Overseas Fixed Interest - Other	221	
3,106	- Overseas Fixed Interest - Public Sector	2,933	
-	- Derivates (Futures)	133	
Unlisted Investments			
405	- UK Open Ended Investment Companies	283	
629	- Overseas Open Ended Investment Companies	289	
3,219	- Property Unit Trusts	2,311	
<u>779</u>	Cash Balances held by Fund Managers	<u>1,346</u>	
40,078			32,738
FINANCIAL LIABILITIES			
-	Derivatives (Futures)	(24)	
<u>(83)</u>	Other Financial Liabilities	<u>(100)</u>	
<u>(83)</u>	Total Financial Liabilities		<u>124</u>
39,995	Net Financial Assets		32,614
CURRENT ASSETS			
9	Sundry Debtors	8	
<u>476</u>	Revenue Deposits with Dundee City Council Loans Fund	<u>71</u>	
485		79	
LESS CURRENT LIABILITIES			
<u>(29)</u>	Sundry Creditors	<u>(24)</u>	
<u>456</u>	NET CURRENT ASSETS		<u>55</u>
<u>40,451</u>	NET ASSETS		<u>32,669</u>

Marjory Stewart, FCCA, CPFA
Head of Finance
Dundee City Council

This is an extract from the Council's full Annual Accounts which have been audited by the Council's Auditor, Audit Scotland and given an Unqualified Audit Certificate.

Superannuation Funds Accounts

Statement of Principal Accounting Policies

1 Basis of Preparation

The accounts for the Funds have been prepared in accordance with Statement of Recommended Practice (SORP): "The Financial Reports of Pension Schemes" and the Code of Practice on Local Authority Accounting published by the Chartered Institute of Public Finance and Accountancy.

The accounts summarise the transactions and net assets of the Funds for the financial year to 31 March 2009. They do not take account of liabilities to pay pensions and other benefits in the future.

2 Investments

Investments are included at market values, which are assessed as follows:-

- a UK quoted securities are valued at middle market prices at close of business on the last working day of the financial year.
- b Overseas securities are valued at middle market prices from the relevant overseas stock exchanges converted at closing rates of exchange on the last day of the financial year.
- c Unlisted investments, which comprise the Fund Manager's Unit Trusts and Open Ended Investment Companies, are valued at middle market prices on the last working day of the financial year as supplied by the Fund Manager.

3 Debtors and Creditors

The accounts have been prepared on an accruals basis; that is income and expenditure is included as it is earned or incurred, not as it is received or paid, except for Transfer Values which are included when they are paid or received.

4 Investment Income

Income from fixed interest, index linked securities and other interest receivable is taken into account on an accruals basis. Income from all other Marketable Securities is taken into account on the date when stocks are quoted ex-dividend.

5 Foreign Currency

Income and expenditure arising from transaction denominated in a foreign currency should be translated into £ sterling at the exchange rate in operation on the date on which the transaction occurred. Where the transaction is to be settled at a contracted rate that rate should be used.

6 Investment Management Expenses

Investment Management expenses consist of direct charges in line with Management Agreements, Management Charges levied on pooled funds, overseas charges and non-recoverable withholding tax, less Brokers' commission rebate.

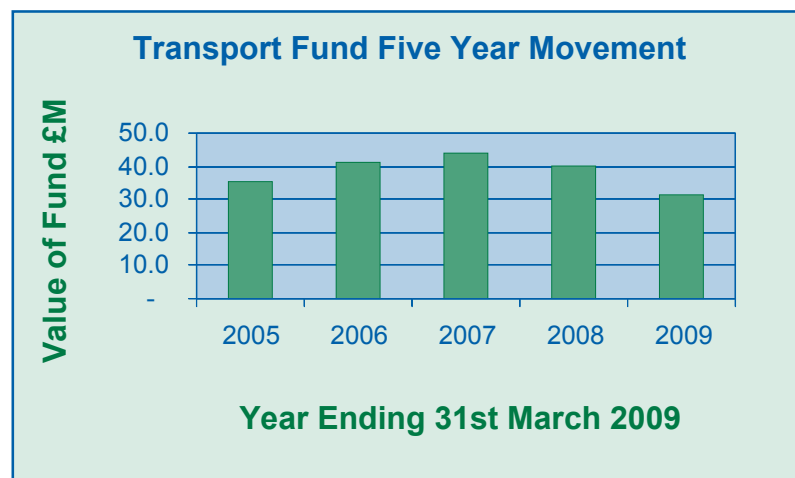
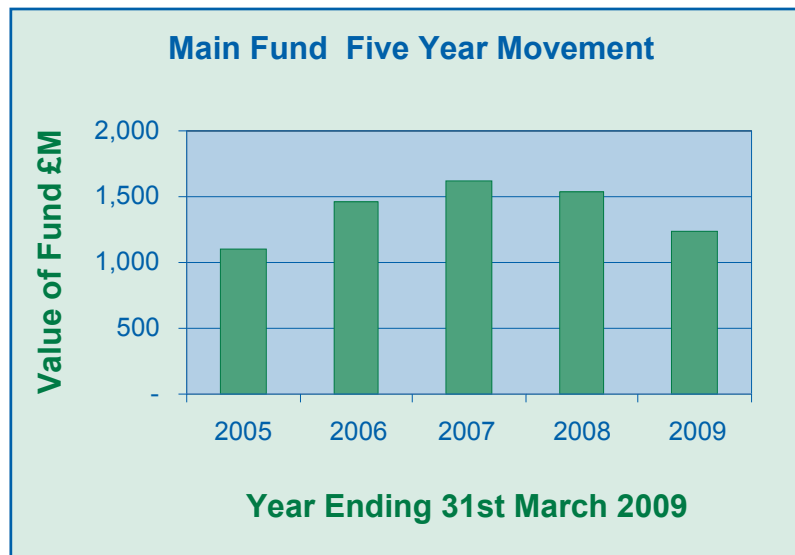
7 Acquisition Cost

Any acquisition cost of investments, are included in the Book Cost of the investment.

Valuation and Distribution of Assets of the Superannuation Funds

Valuation

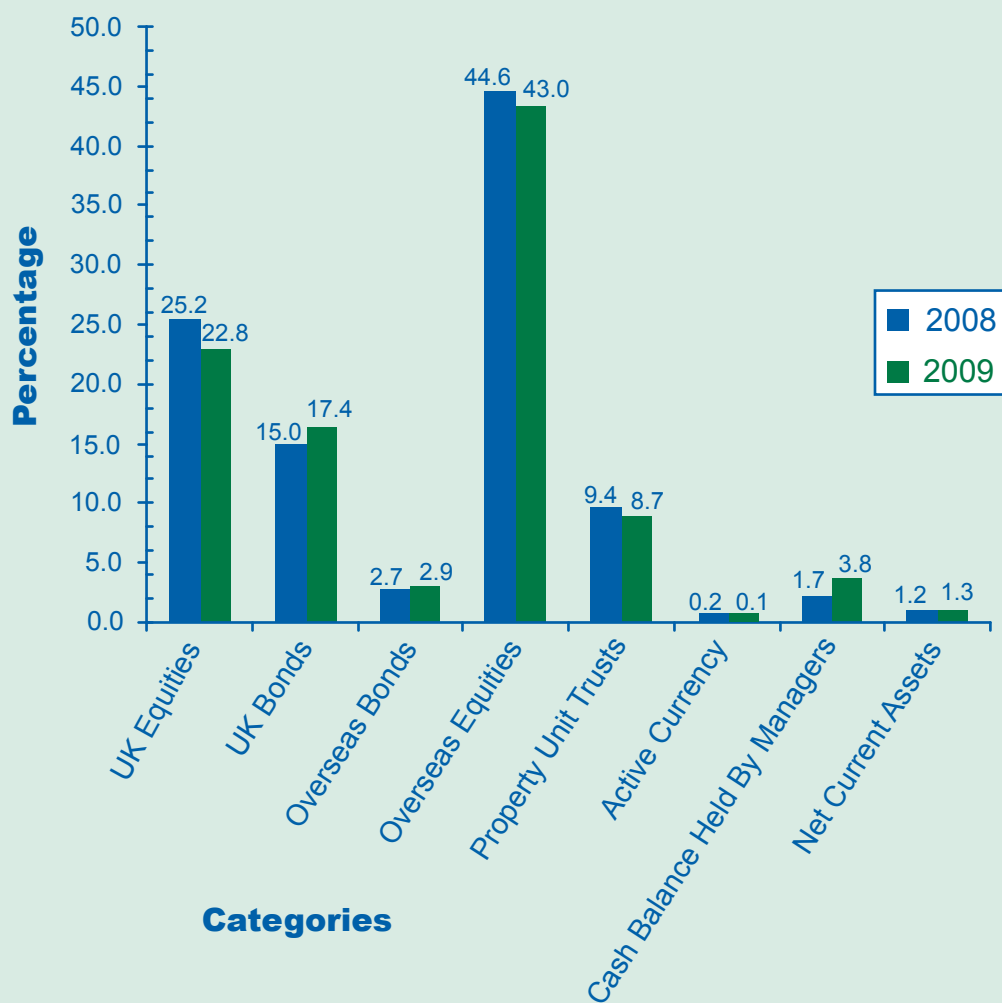
	Main Fund		Transport Fund	
	2007/08 £m	2008/09 £m	2007/08 £m	2008/09 £m
Value at Start of Year	1,587.5	1,550.5	42.0	40.5
New Cash Inflow/(Outflow)	28.2	29.3	(1.1)	(1.3)
Appreciation/(Depreciation) during the year	<u>(65.2)</u>	<u>(338.9)</u>	<u>(0.4)</u>	<u>(6.5)</u>
Value at End of Year	<u>1,550.5</u>	<u>1,240.9</u>	<u>40.5</u>	<u>32.7</u>



Main Fund

Sector	Valuation (£m) and Distribution (%)			
	31.03.08		31.03.09	
	£m	%	£m	%
UK Equities	391.4	25.2	282.6	22.8
UK Bonds	233.3	15.0	215.5	17.4
Overseas Bonds	42.0	2.7	36.5	2.9
Overseas - Equities	689.6	44.6	533.0	43.0
Property Unit Trusts	146.5	9.4	107.8	8.7
Active Currency	2.4	0.2	1.6	0.1
Cash Balance Held By Managers	26.2	1.7	47.4	3.8
Net Current Assets	19.1	1.2	16.5	1.3
	1,550.5	100.0	1,240.9	100.0

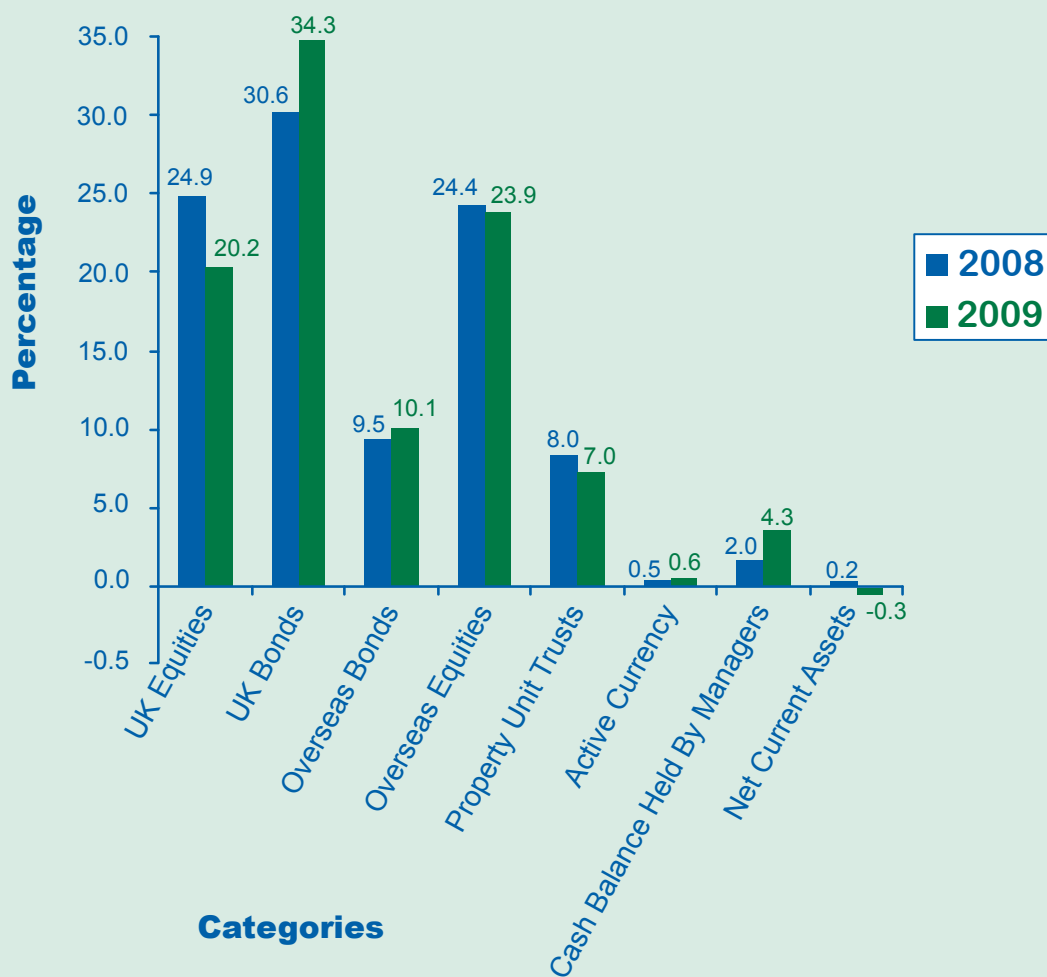
Main Fund % Holding by Investment Category



Transport Fund

Sector	Valuation (£m) and Distribution (%)			
	31.03.08		31.03.09	
	£m	%	£m	%
UK Equities	10.0	24.9	6.6	20.2
UK Bonds	12.3	30.6	11.2	34.3
Overseas Bonds	3.8	9.5	3.3	10.1
Overseas - Equities	9.8	24.4	7.8	23.9
Property Unit Trusts	3.2	8.0	2.3	7.0
Active Currency	0.2	0.5	0.2	0.6
Cash Balance Held By Managers	0.8	2.0	1.4	4.3
Net Current Assets	<u>0.1</u>	<u>0.2</u>	<u>(0.1)</u>	<u>(0.3)</u>
	<u>40.2</u>	<u>100.0</u>	<u>32.7</u>	<u>100.0</u>

Transport Fund % Holding by Investment Category



Investment Performance Report

Introduction

The proportion of the funds under management attributable to each Fund Manager at 31 March 2009 along with comparable 2008 figures was as follows:

Main Fund

	2008		2009	
	£m	%	£m	%
Baillie Gifford & Co	367.3	24.0	288.6	23.4
Fidelity Pension Management	433.3	28.3	355.4	28.8
Goldman Sachs	181.1	11.8	164.5	13.4
Alliance Bernstein	374.5	24.4	285.1	23.1
Schroder Properties Limited	175.3	11.5	129.3	10.5
Derivatives Futures	-	-	1.6	0.1
Financial Debtors	-	-	8.1	0.7
	<u>1,531.4</u>	<u>100.0</u>	<u>1,232.6</u>	<u>100.0</u>
Purchases during year	537.4		608.7	
Sales during year	436.4		534.5	

Transport Fund

	2008		2009	
	£m	%	£m	%
Schroder Properties Limited	3.9	9.6	2.8	8.5
Goldman Sachs	16.5	41.2	14.9	45.5
Baillie Gifford	19.7	49.2	15.0	45.7
Derivatives Futures	-	-	0.1	0.3
	<u>40.1</u>	<u>100.0</u>	<u>32.8</u>	<u>100.0</u>
Purchases during year	17.1		17.6	
Sales during year	13.5		17.3	

Fidelity has 2 mandates - bonds and equities. Baillie Gifford and Alliance Bernstein have global equity mandates and Goldman Sachs solely manages bonds. Each manager has discretion within overall benchmarks set by the funds to determine the stocks and markets they invest in to attempt to meet their performance targets.

Market Value of Funds

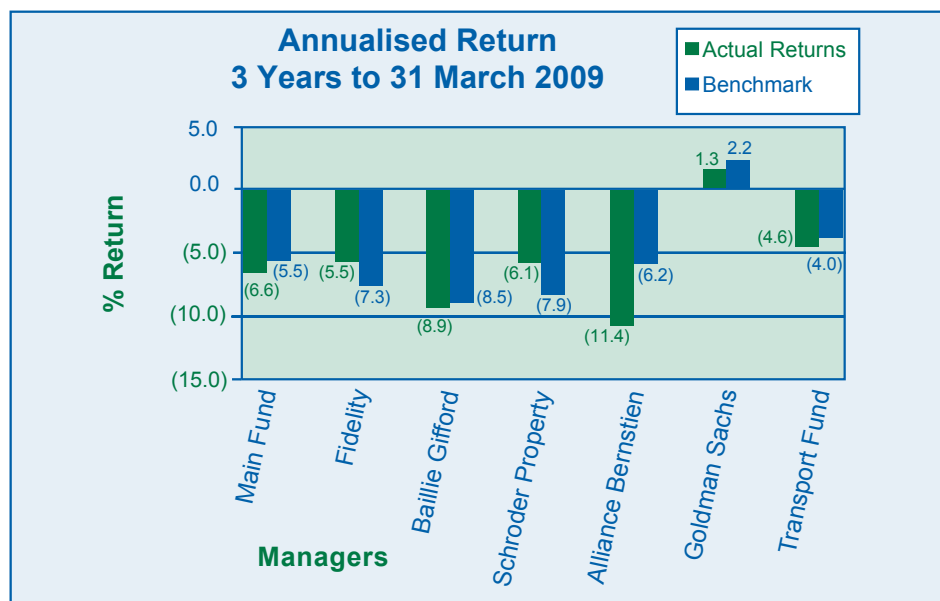
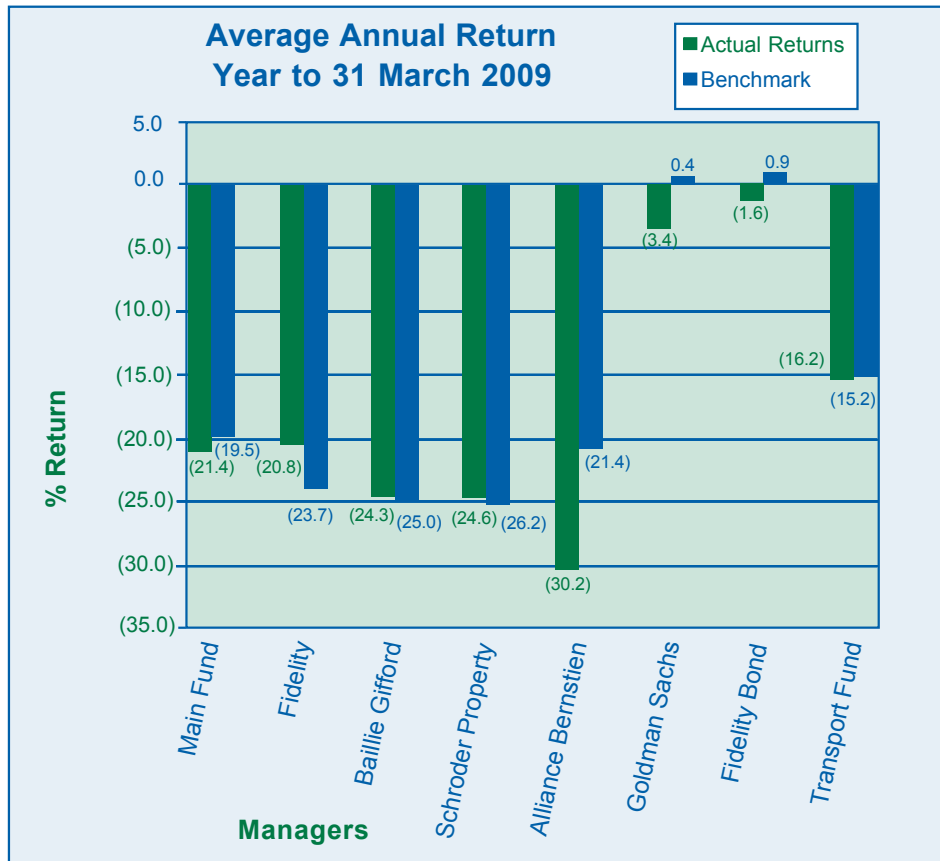
The market value of investments can go down, as well as up. The total market value of the investments that are under external management was £1,550.8m Main Fund and £38.2m Transport Fund as at 30 September 2009.

Performance Returns

On a quarterly basis, the Council's Superannuation Investment Sub-Committee convenes to review the performance of the investments made with the Funds. In that connection, the Council engages Northern Trust to produce performance measurement statistics for the Main Fund and the Transport Fund.

From 1 July 2003, the Funds introduced their own specific benchmark to assess performance.

In the financial year to 31 March 2009 the benchmark for the Main Fund was a loss of 19.5% and for the Transport Fund 15.2%. Individual managers had their own benchmark within this.



Principal Equity Holdings (Top Ten By Value) as at 31 March 2009

MAIN FUND AND TRANSPORT COMBINED

Investment	Value (£000)	% of Total Equity Holding	Activities
Royal Dutch Shell	20,799	2.5	Oil and Gas
Vodafone Group PLC	20,662	2.5	Telecommunication Services
Glaxo Smithkline PLC	15,321	1.8	Pharmaceuticals
BG Group	14,854	1.8	Oil and Gas
British Amer Tobacco Ord	14,396	1.7	Tobacco
HSBC Holdings PLC	13,941	1.7	Banks
BP PLC	13,344	1.6	Oil and Gas
BHP Billiton PLC	10,778	1.3	Mining
Imperial Tobacco	9,172	1.1	Tobacco
Astrazeneca	<u>9,044</u>	<u>1.1</u>	Pharmaceuticals
	<u>142,311</u>	<u>17.1</u>	
Total Value of Equities	<u>£832.7m</u>		
Total Value of Funds	<u>£1,273.6m</u>		

SCHEDULED AND ADMITTED BODIES AS AT 31 MARCH 2009

Scheduled Bodies:

Angus College
Angus Council
Dundee City Council
Dundee College
Perth & Kinross Council
Perth College
Scottish Police Services Authority
TACTRAN
Tay Road Bridge Joint Board
Tayside Contracts
Tayside Fire Joint Board (Civilians)
Tayside Joint Police Board (Civilians)
Tayside Valuation Joint Board
Visit Scotland

Admitted Bodies:

Abertay Housing Association
Balnacraig School
Carnoustie Golf Links
Carolina House Trust
Dorward House
Dovetail Enterprises
Dundee Citizens' Advice Bureau
Dundee Contemporary Arts Ltd
Dundee Leisure Trust
Dundee Science Centre
Dundee Society for Visually Impaired People
Dundee University (formerly Duncan of Jordanstone College of Art)
Dundee Voluntary Action
Forfar Day Care Committee
Forfarshire Society for the Blind
Highlands & Islands Airports Ltd
Montrose Link Trust
Montrose Port Authority
Perth & Kinross Countryside Trust
Perth & Kinross Leisure
Perth & Kinross Society for the Blind
Perth Citizens' Advice Bureau
Perth Theatre Co Ltd
Pitlochry Leisure Company
Robertsons Facilities Management
Rossie School
Scottish Commission for Regulation for Care
Scottish Social Services Council
Tayside Business Gateway
Tayside Community Justice Authority
Travel Dundee
University of Abertay, Dundee
University of Abertay, Students Association

APPENDIX B

CONTACTS

Contacts within Dundee City Council

Enquiries relating to investment matters should be addressed to:

Marjory Stewart, Director of Finance or
Sandy Flight, Chief Exchequer Officer
Dundee City Council
Tayside House, Floor 4
28 Crichton Street
Dundee
DD1 3RF
(01382) 433555 or 433359

Enquiries regarding individual benefits, contributions or pensions in payment or requests for further information should be addressed to:

Bob Hassall
Pensions Administration Manager
Dundee City Council
Floor 7, City House
Overgate Centre
Dundee
(01382) 435494

Other Contacts

In the event of a dispute, members have recourse initially to an internal disputes procedures and if still not satisfied to the Scottish Minister and in addition may contact the following bodies:-

The Occupational Pensions Advisory Service (OPAS)
11 Belgrave Road
London
SW1V 1RB

This organisation is available to assist members and beneficiaries of occupational pension schemes in connection with difficulties, which they have been unable to resolve with the trustees or administrators of their scheme.

For problems that cannot be settled through OPAS, a Pensions Ombudsman (based at the same address as OPAS) has been appointed. The Ombudsman has power to investigate and determine complaints or disputes of fact or law in relation to occupational pension schemes. The Ombudsman can only become involved after a dispute has been to the Scottish Ministers.

Registry of Occupational Pension Schemes
PO Box 1NN
Newcastle upon Tyne
NE99 1NN

The Registry acts as a central tracing agency to help individuals keep track of any benefits they may have in previous employers' pension schemes. The Council's Scheme and the names and addresses of all current and previous participating employers have been registered with the Registrar.

For more information please contact:

Director of Finance
Tayside House
Crichton Street
Dundee DD1 3RF

Tel: 01382 433555 Fax: 01382 433045

Email: marjory.stewart@dundeecity.gov.uk

www.dundeecity.gov.uk

This information can be provided in large print or other formats. Phone 01382 434503.

Chinese	欲知詳情，請致電： 01382 431563
Russian	Более подробную информацию можно получить позвонив по телефону: 01382 431563
Urdu	مزید معلومات کے لئے برائے مہربانی 01382 431563 پر فون کریں۔
Polish	po dalszą informację zadzwoń pod numer 01382 431563