

CARDIFF AND VALE OF GLAMORGAN PENSION FUND

STATEMENT OF INVESTMENT PRINCIPLES

The Local Government Pension Scheme (Management & Investment of Funds) Regulations 2009 require administering authorities, after consultation with such persons as they consider appropriate, to prepare, maintain and publish a written statement of the principles governing their decisions about investments (Statement of Investment Principles or 'SIP').

The SIP must cover their policy on-

- (a) the types of investments to be held,
- (b) the balance between different types of investments,
- (c) risk,
- (d) the expected return on investments,
- (e) the realisation of investments,
- (f) the extent (if at all) to which social, environmental or ethical considerations are taken into account in the selection, retention and realisation of investments, and
- (g) the exercise of the rights (including voting rights) attaching to investments, if they have any such policy; and
- (h) stock lending.

Under the LGPS Regulations the SIP must also comply with guidance issued by the Secretary of State – currently the guidance issued by CIPFA entitled 'A Guide to the Application of the Myners Principles'.

The six Myners principles (as revised in 2008) are:

1. Effective decision making
2. Clear objectives
3. Risk and liabilities
4. Performance assessment
5. Responsible ownership
6. Transparency and reporting

This statement has been prepared in consultation with the Pension Fund Investment Advisory Panel and takes into account the six principles mentioned above. An overall objective of the 2015/16 Business Plan is to maintain full compliance with the Myners principles. The SIP, along with information in the annual report, describes the Fund's system for managing investments, including how it complies with the Myners principles.

No LGPS regulations have been issued this year which relate to investment matters.

Christine Salter

Corporate Director Resources

September 2016

1. Effective decision making

1.1 Overall Responsibility

City of Cardiff Council is the designated statutory body responsible for administering the Cardiff and Vale of Glamorgan Pension Fund, on behalf of the constituent scheme employers.

The Council is responsible for setting out overall investment objectives for the Fund, appointing suitable persons to implement policy and carrying out regular reviews and monitoring of investments.

1.2 Investment Responsibilities

The Council has established a Pensions Committee to discharge its pension functions. The Pensions Committee Terms of Reference include strategic oversight of investment matters in particular approval of the Statement of Investment Principles. Christine Salter, Corporate Director Resources, has been given delegated powers for the operational management of the Pension Fund and the administration of pension benefits.

The Council has also created an Investment Advisory Panel to advise the Committee and the Corporate Director Resources on investment matters. The Panel consists of elected members, expert independent advisers and officers of the Council.

The Investment Advisory Panel is currently made up of:

- Corporate Director Resources, City of Cardiff Council
- Two independent advisers
- City of Cardiff Council, three councillors
- Vale of Glamorgan Council, one councillor (as an observer)

This arrangement reflects the fact that Cardiff Council and the Vale of Glamorgan Council account for approximately 90% of the scheme membership.

The Panel meets quarterly and where necessary reports to the Council through the Committee.

The specific roles and powers of the Panel are detailed in Annexe 1.

No allowances are paid to City of Cardiff Council members specifically for Committee or Panel duties.

1.3 Business Plan

After taking advice through the Investment Advisory Panel, the Corporate Director Resources sets and reviews the Fund Objective and targets for individual mandates. A business plan and financial estimates for the administration and investment of the Fund are prepared annually.

1.4 Administrative Support

On behalf of the Council and the Committee, the Corporate Director Resources monitors the managers' investment-related actions and provides administrative support. This includes the following specific duties:

- monitoring day-to-day investment actions of fund managers and ensuring compliance with agreed mandates;
- maintaining Fund accounting and performance records;
- recording minutes of Investment Advisory Panel and presentation of reports;
- preparing the annual report and accounts to enable them to be audited in line with the Council's accounts timetable
- preparing a summarised annual report to members
- maintaining a record of in-house managed cash balances to ensure surplus cash is invested promptly or that resources are available to cover the immediate payment of benefits and other expenses
- ensuring that the managers' cash and investment holdings are verified by comparison with the independent custodian's records
- maintaining a record of pooled fund investments controlled in-house rather than through the custodian (e.g. private equity investments)

2. Investment Objectives

2.1 Overall Fund Objective

The investment policy of the Fund is intended to ensure that all statutory payments made from the Fund are at minimal cost to employing bodies.

The overall investment objective is to maximise investment returns and to minimise or at least stabilise future employer contributions over the long term within an acceptable level of risk. Investment returns are defined as the overall rates of return (capital growth and income combined). It is also recognised that investments are intended to preserve and enhance the Fund's value and that high levels of overall returns are not sustainable.

The statutory requirement is to move towards 100% funding of the Fund's accrued liabilities over a period of time. This period together with the funding level is calculated every three years and agreed with the Actuary following a review that assesses the adequacy of the Fund's assets to meet its liabilities. The Panel takes the actuarial position and funding level into account in formulating its advice.

The Fund sets its own customised benchmark to ensure that the Fund's asset allocation policy reflects its own characteristics and not the average of a peer group. A customised benchmark and Fund Objective of a 75/25 Equities/Bonds allocation was set to minimise, or at least stabilise, future employer contributions

and to aim to avoid large variations. This approach was confirmed at the last review of the Fund Objective.

The Panel also recognises that asset-liability reviews may help to develop an investment strategy which is linked to each Fund's unique risks and membership structure. The Fund used the results of an asset-liability review in 2003 to confirm the overall strategic asset allocation. The Panel will continue to regularly consider appropriate opportunities for a further asset-liability review. As there have not been any significant changes in the Fund's membership or liability structure no reviews are currently expected in the short-term.

2.2 Expected Return on Investments

The investment method is to appoint expert specialist fund managers with clear targets and maximum accountability for performance. The principles governing the use of benchmarks and performance measurement are detailed in section 7. The current targets for each mandate are as follows:

| Portfolio | Portfolio Benchmark Index | Portfolio Target |
|------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------|
| Cash | L Authority 7 day | Index |
| Global Bonds | 20% FTSE UK Gilts 30% iBoxx £ Corporate Bonds 20% Citigroup World Govt Bond (£ hedged) 20% LIBOR 3 months 10% JPM Emerging Markets Bonds (£ hedged) | Composite Index +1% p.a. over rolling 3 yr. periods |
| UK Equities (Active) | FTSE All Share | Various (from 2% p.a. above index, to unconstrained) |
| UK Equities (Passive) | FTSE All Share | Index +/- 0.25-0.3% p.a. |
| USA Equities (Passive) | FTSE North America | Index +/- 0.25% p.a. |
| Europe Equities (Active) | FTSE Europe ex UK | Index + 2%, over rolling 3 yr. periods |
| Japan Equities (Active) | TOPIX | Index + 3%, over rolling 3 yr. periods |
| Asia Pacific Equities (Active) | FT AW Asia ex-Japan | Index + 3% over rolling 3 yr. periods |
| Emerging Market Equities (Active) | MSCI Emerging Markets | Index + 3% p.a. over rolling 4 yr. periods |
| Property | Various (balanced PUT indices) | Various |
| Private Equity | N/A | None set * |

* Though no formal target has been set, the rationale for private equity is that it should outperform quoted equities over an equivalent period.

2.3 Policy on Risk

The individual specialist fund managers manage the risk of variation from benchmarks consistent with the targets they have been given. Current risk measures/targets for the segregated active mandates, based on the industry standard risk methodology, are as follows:

| Portfolio | Tracking Error |
|--------------------------|-----------------------|
| UK active equities | 3 - 6% |
| Japan equities | Target 4% |
| Asia Pacific equities | 3 – 6% |
| Emerging Market equities | Target 8% |
| Global Bonds | 0 - 3% |

Relative risk levels for active managers are reported quarterly through WM Company reports and discussed annually by the Panel. No customised risk measures or targets can be set for the pooled (including passive) investments, however the manager reports the risk of the pooled vehicle as a whole.

The Panel advises on benchmark/target risk at the time a new manager is appointed. The Panel also reviews the wider aspects of overall Fund risk (e.g. diversification, suitability, and liquidity) at the major review after the triennial actuarial valuation, and when required.

3. Asset Allocation and Risk

Priority is given to strategic asset allocation decisions within the Fund’s overall investment process. Current asset positions relative to the target and tolerance limits are discussed and monitored by the Panel at quarterly meetings. Allocations within agreed tolerances are set following the results of each triennial actuarial valuation. Asset allocation is then discussed annually by the panel, and reports of assets versus tolerance limits are presented at quarterly meetings. The allocation process is set out in more detail in Annexe 1, section III.

3.1 Types of Investments to be held

Strategic asset allocation decisions are based on the consideration of the full range of investment opportunities. In making asset allocation recommendations the panel have regard to the diversification and suitability of investments as well as any restriction imposed by the LGPS regulations.

Current asset classes permitted are:

- UK & Overseas Conventional & Index Linked Fixed Interest
- UK & Overseas Equities (USA, Europe, Far East, Emerging Markets)
- Private Equity (via pooled funds of funds)
- Property funds
- Active currency management (via pooled funds)
- Derivatives and other financial instruments within pre-agreed limits for specific purposes such as currency hedging

- Underwriting, provided the underlying stock is suitable on investment grounds and complies with existing investment criteria
- Stock lending

There are currently no Active Currency or Hedge Fund portfolios. Hedge funds have been reviewed regularly by the Panel but are generally still considered reliant on leverage, too undeveloped, too expensive, or lacking in transparency. Private equity investment is only undertaken via fund of funds to ensure adequate diversification in view of the higher risk inherent in this asset class.

3.2 Investment Limits

The Local Government Pension Scheme Regulations 2009 set statutory limits for different types of investments. After taking proper advice, it has been decided that, until further notice, the Fund should accept the increased maximum limits on investment in the relevant types of investment vehicle listed in Schedule 1 to the regulations.

This was recommended by the advisers in view of market realities on the use and availability of segregated funds, especially in specialist portfolios, and to provide maximum flexibility and best value in asset allocation decisions. The decision to adopt these increased limits complies with regulation 15 of the 2009 regulations.

3.3 Balance between different Types of Investments

The Council has adopted a specialist structure with a mixture of approaches: active and passive, segregated and pooled. Current portfolios are as follows:

| | |
|-----------------------------------|------------------------------------------|
| Pooled: | Segregated: |
| UK Equities (Indexed and Active) | Global Bonds (including pooled holdings) |
| North American Equities (Indexed) | UK Equities (Active) |
| European Equities (Active) | Far East Equities |
| Private Equity | Japanese Equities |
| UK & Global Property | |

3.3 Realisation of Investments

Apart from private equity and property, managers are required to hold only assets readily realisable at the time of purchase. Any material investment with an in-house or pooled fund, which is not readily tradable, would require specific approval.

Private equity is not normally easily realisable. Higher investment returns relative to conventional equities are expected, reflecting the greater risk inherent in this fact.

3.4 Custody

For greater security and administrative efficiency the Council has appointed The Northern Trust Co. as a global custodian. The custodian holds all investments to the account of the Council, except for the pooled property and private equity

holdings held directly by the Council. Where possible cash and asset transfers between managers are arranged through the custody accounts.

4. Performance Assessment

4.1 Explicit Mandates

Cash is managed in-house through money market funds and through a segregated sub-account of the administering authority's banking arrangements. The purchase and administration of property and private equity pooled fund holdings is also undertaken in-house, although advice is first sought from the Panel.

For all external segregated portfolios written agreements are signed to ensure that managers work within agreed frameworks as to how the investment portfolio is to be managed. Similar frameworks exist for pooled funds. These agreements cover:

- The performance target, benchmark and timeframe against which performance is to be measured and evaluated;
- The relevant regulations (or statutory investment regulations) within which the manager is required to implement the mandate;
- The manager's general approach in attempting to achieve the objective;
- How the performance will be measured;
- When reports will be provided;
- The period of notice required for termination of appointments.

Where not already done, mandates will also:

- specify the extent to which managers are allowed to deviate from the benchmark to achieve performance objectives;
- give a clear explanation where the use of financial instruments is permitted in the regulations but are excluded from or restricted in the contract.

The mandate is set out explicitly at the time proposals are invited, and any variations agreed with the manager appointed prior to incorporation of the mandate into the Investment Management Agreement (IMA).

4.2 Benchmarking and Performance Assessment

The term "benchmark" is used to describe the marker against which investment performance is measured, as set for each segregated portfolio. The structure of the benchmark, the control ranges for each element, the risk margins, and the performance target all combine to drive the management of the investment portfolio. Pooled funds have a benchmark selected by the manager.

In view of the importance of selecting appropriate benchmarks for the segregated mandates, the Corporate Director Resources will, in consultation with the advisers:

- Consider periodically, in consultation with the investment managers, whether the selected indices which compose benchmarks are appropriate;
- When setting any limits on divergence from an index, ensure that they are consistent with the index's construction and selection;
- Consider for each asset class invested, whether active or passive management would be more appropriate given the efficiency, liquidity and level of transaction costs in the market concerned;

- Where active management is considered appropriate, targets and risk controls will reflect this, giving managers the freedom to pursue genuinely active strategies.

Active portfolio managers are required to attend Panel meetings in rotation where a thorough examination of their actions is undertaken. This ensures that each manager gives an account of their stewardship at least annually. Individual manager performance is reviewed quarterly in-house and at least annually by the Panel. The Panel considers annually the overall Fund performance over the past one, three, five, and ten years as well as the performance of each asset class and each manager.

4.3 Transaction Related Costs

Whenever possible, mandates incorporate a management fee inclusive of any external research, information or transaction services acquired or used by the investment manager rather than these costs being passed to the Fund. Segregated Portfolio Managers are asked where practicable to provide periodical details of transaction related costs to facilitate monitoring of the true costs of investment activity.

The Pension Fund has also appointed a transition manager, primarily to minimise the transaction costs during any transitions of portfolios between managers.

4.4 Management Fees

Management fees comprise a combination of fixed rate, ad valorem (varying with the value of funds under management) and performance fees. The latter usually applies to higher performance portfolios, and is based on the premise that better results more than offset increased fees. Manager fees are considered carefully at the selection stage and are monitored annually relative to long-term performance.

The two advisers receive annual fees, which rise in line with Chief Officers' pay awards.

4.5 Provision of advice

To assist the Committee and the Corporate Director Resources, the Fund currently employs two independent investment advisers and a firm of actuaries. Details of the advisers' roles are shown in Annexe 1, Section IV.

4.6 Contractual arrangements

The following procedures will apply to the appointment of independent advisers and actuaries:

- Where applicable the appropriate EU tendering procedures will be followed. Where these do not apply (e.g. cost below threshold) the process of competitive comparison in selecting advisers will be subject to City of Cardiff Council Financial and Contracts Procedure Rules.
- Separate terms of reference for each appointment will specify the level of service expected, the division of responsibilities between the Corporate Director Resources, the Investment Advisory Panel and the advisers, and the basis of the fee payable.

The Fund does not currently employ external investment consultants. Should it do so the contracts for strategic asset allocation and fund manager selection advice will be open to separate competition from that for actuarial services.

5. Responsible Ownership

5.1 Activism

Where relevant, IMAs will incorporate the Institutional Shareholders Committee (ISC) principles on the responsibilities of institutional shareholders and agents to ensure managers have an explicit strategy elucidating the circumstances in which they will intervene in a company, the approach to be used, and how to measure the effectiveness of this strategy.

Currently, the passive funds and the UK active managers all use the ISC principles, including actively engaging with investee companies. The overseas managers engage via normal contacts between companies and analysts or discussions on specific concerns.

Regarding voting, all passive and active funds vote where practicable according to principles provided to the Corporate Director Resources, reporting periodically on action taken. In the case of segregated mandates, however, care will be taken to ensure that, where applicable, the Fund's policies are not overridden, negated or diluted by the general policy of a manager. In any case the Fund retains the ultimate right to override the managers' decisions at any time, and to vote according to its own wishes.

5.2 Social, Environmental and Ethical Investment

The Fund seeks to identify investment opportunities which do not conflict with its trustee duties to seek an optimum return, whilst wishing at the same time to take account of social, environmental and ethical concerns and issues. The Fund also directly supports the development of clean technology through its private equity portfolio.

Annual reports will be provided on managers' corporate governance policies and practices, and annual presentations from equity managers will include a reference to their corporate governance actions where appropriate (e.g. segregated mandates). All of the Fund's assets are held through fund managers that have adopted the UN Principles for Responsible Investing, or the equivalent UK Stewardship Code, and future equity tenders will refer to these criteria.

The Fund is a member of the Local Authorities Pension Fund Forum (LAPFF) to enable it to act collectively with other LGPS funds on corporate governance issues.

6. Transparency and Reporting

This statement of principles (SIP) summarises how decisions about investments are made. It is prepared in consultation with the Investment Advisory Panel and, where deemed appropriate, the Fund's managers. The intention is that it be revised at least annually unless earlier amendment is required. It is available to all employing bodies and members through the Council's website, along with the Annual Report, Funding Strategy Statement, Communication Policy Statement and Governance Compliance Statement.

Members are regularly kept informed of significant changes to the scheme rules through newsletters or the website. Member communication on investment matters currently takes the form of a summarised Annual Report to all contributors and pensioners. An Employer Forum is held annually to which all employers are invited. In addition there is a Trade Union Forum meeting for union representatives from the two largest employers, the Cardiff and Vale of Glamorgan Councils. Reporting at these two events includes Fund performance, the results of monitoring individual managers, a review of the SIP, any recent changes to the Fund, and where the Fund has chosen to depart from any Myners principle. Questions on any pension matters are also answered, and specialist speakers (e.g. the fund actuary) are often asked to present.

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ROLES AND POWERS OF ADVISERS AND OFFICERS OF THE INVESTMENT ADVISORY PANEL

I) OVERVIEW

- The power of removing and/or appointing administrators of local authority pension funds rests with Parliament.
- Following local government reorganisation in Wales, from 1 April 1996 City of Cardiff Council became the administering authority of the Cardiff & Vale of Glamorgan Pension Fund and effectively is the 'trustee' (although legally this is the Secretary of State).
- Under Minute 864 of the Cardiff Council Shadow Authority in 1995, the then Director of Financial Services was appointed to act as adviser to the Council in respect of its Pension Fund responsibilities (that power was subsequently delegated by the Council's Constitution to the Corporate Director Resources).
- An Investment Advisory Panel was formed at the same time to advise the then Director on investment matters.
- Under Delegation FS28 dated 3 July 2006, Christine Salter, Corporate Director Resources, has delegated powers relating to the management of the Pension Fund and the administration of pension benefits.
- In June 2016 the Council established a Pensions Committee with responsibility for strategic oversight of the Pension Fund.

II) THE INVESTMENT ADVISORY PANEL

- Meetings normally take place quarterly following the production of quarterly valuation reports.
- The composition of the Advisory Panel at present is as follows:
 - City of Cardiff Council, 3 councillors
 - Vale of Glamorgan Council, one councillor (observer)
 - Two independent investment advisers
 - Corporate Director Resources, Cardiff Council

The Pensions Manager attends to support the discussions at the meeting.

- In view of its advisory nature the Panel has no formal powers. Its roles are:

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1. To recommend to the Pension Committee the overall Fund Objective and to consider its attitude to risk and its relationship with the performance objective, and specifically its willingness to accept underperformance due to market conditions.
2. To review Fund performance relative to the overall Fund Objective at least once a year.
3. To monitor the Fund's individual internal and external investment management arrangements, actions and performance. To fulfil this role, the active managers are required to attend Panel meetings in rotation to explain their stewardship of the portfolios and to be questioned by the Panel. This ensures that each manager gives account of his stewardship at least annually.
4. To advise on overall investment strategy including asset allocation, as detailed below.

III) ASSET ALLOCATION

Strategic Review

- Asset Allocation is discussed and monitored by the Panel although formal responsibility lies with the Pension Committee.
- Allocations are made across the following asset sectors, taking account of the statutory requirement to have regard to the advisability of investing in a wide range of investments and to the suitability of particular types of investments. This includes the split between active and passive management if applicable and, if not, whether active or passive management would be more appropriate:
 - i) UK Equities
 - ii) Overseas Equities (including the split between different geographical regions)
 - iii) Bonds/Cash (including Index-linked)
 - iv) Property
 - v) Private Equity
 - vi) Active currency
 - vii) Other

Allocations are set within percentage tolerances and the reasons minuted.

The Process

Triennial valuations and Annual monitoring

To recommend percentage allocations for the Fund every 3 years within agreed tolerances following consideration of a report from the Corporate Director Resources outlining the views of the Advisers and of any other appropriate person or body. The results of each triennial actuarial valuation will be used when setting allocations. The

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investment strategy and ongoing allocations will then be discussed annually, when minor changes may be made.

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Quarterly

To review the actual allocations against the Panel's allocation in the light of the report of the Corporate Director Resources on the quarterly valuation, and taking into account the views of the Advisers and of any other appropriate person or body.

Urgent Matters

When significant events necessitate urgent action the Corporate Director Resources will carry out her functions delegated by the Council following discussions with the Advisers. The Chairs of the Committee and the Panel would be informed of any action taken as soon as practicable and a report submitted to the next meeting.

IV) INDEPENDENT ADVISERS

- The Investment Advisers' main role is to offer independent strategic advice to assist with the investment of Fund portfolios with the sole interest of the Fund in mind.
- Some of the detailed implications of this are as follows:
 1. To advise on the preparation of reports to the Investment Advisory Panel
 2. To attend each meeting of the Panel, advising on all matters
 3. To be available for ad hoc meetings and/or discussions with officers regarding issues arising between Panel meetings
 4. To advise the Corporate Director Resources and Panel on overall investment policy, including the distribution of assets between the main investment markets, to include email or telephone calls in matters requiring a quick response.
 5. To monitor the Fund's portfolios and consider and advise upon the desirability of retaining or changing particular classes.
 6. To provide advice on the appointment (incl. advertisement, short list, questionnaires etc) and dismissal of Fund Managers and other Advisers, and attend interviews.
- The appointment is subject to review at five yearly intervals. The Council may terminate the appointment at any time by giving written notice to the Adviser, to be effective upon actual receipt of the notice. The Adviser may terminate the appointment at any time by giving three month's notice in writing.

V) OFFICER RESPONSIBILITY IN RELATIONSHIP TO THE PANEL

Corporate Director Resources: Formal responsibility for all functions relating to the administration of the Pension Fund including the operational management of investments.

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Pensions Manager: Overall day-to-day Managerial Responsibility for Pension Fund matters, including monitoring fund managers, reviewing reports, administering asset allocation issues, and advising on all relationships with the fund managers and custodian.

GLOSSARY

Active / Passive Management

Active management is the traditional form of investment management involving a series of individual investment decisions that seek to maximise returns by exploiting price inefficiencies, i.e. 'beat the market'.

Passive management is a low cost alternative where managers normally hold stocks in line with a published index, such as the FTSE All-Share, not seeking to outperform but to keep pace with the index being tracked.

Actuary

An independent consultant who advises on the long-term viability of the Fund. Every three years they review the assets and liabilities of the Fund and reports to the Council on the financial position and recommended employer contribution rates. This is known as the actuarial valuation.

Asset Allocation

Apportionment of investment funds among categories of assets, such as Bonds, Equities, Cash, Property, Derivatives, and Private Equity. Asset allocation affects both risk and return.

Custodian

Bank or other financial institution that keeps custody of stock certificates and other assets of a client, collects dividends and tax refunds due, and settles any purchases and sales.

Derivative

A derivative instrument is a contract whose value is based on the performance of an underlying financial asset, index, or other investment.

Emerging Markets

Relatively new and immature stock markets for equities or bonds. Settlement and liquidity can be less reliable than in the more established 'developed' markets, and they tend to be more volatile.

Equities

Ordinary shares in UK and overseas companies traded on a recognised stock exchange. Shareholders have an interest in the profits of the company and may normally vote at shareholders' meetings.

Fixed Interest Securities/Bonds

Investments, especially in government stocks, with a guaranteed rate of interest. *Conventional* bonds have fixed rates, whilst *Index Linked* vary with inflation.

They represent loans repayable at a stated future date, and which can be traded on a stock exchange in the meantime.

Fund of Funds

A pooled fund that invests in other pooled funds. They are able to move money between the best funds in the industry, and thereby aim to lower stakeholder risk with greater diversification than is offered by a single fund. A segregated fund which invests in other segregated funds is called a manager of managers.

Hedge Funds

A hedge fund is an unregulated investment tool that may invest in a range of assets through a range of trading strategies. Because they are free from regulatory and disclosure requirements they can be extremely flexible in their investment options.

Pooled Funds

Pooled investment vehicles issue units to a range of investors. Units prices moves in response to changes in the value of the underlying portfolio, and investors do not own directly the assets in the fund. The main types are: unit trusts, open-ended investment companies (OEICs), insurance linked vehicles and investment trusts.

Portfolio

A collective term for all the investments held in a fund, market or sector. A *segregated portfolio* is a portfolio of investments of a specific type held directly in the name of the investor e.g. Global Bonds, or a specific market e.g. UK Equities, Far East Equities.

Private Equity

Investments made by specialist managers in all types of unlisted companies rather than through publicly tradable shares.

Return

The total gain from holding an investment, including both income and any increase / decrease in market value. Usually expressed as an annual return.

Scheme Employers

Local authorities and similar bodies whose employees are entitled automatically to be members of the Fund; and Admission Bodies (formerly Non Scheme Employers) including voluntary, charitable and similar bodies, carrying out work of a public nature, whose staff can become members of the Fund by virtue of an admission agreement with the Council.