



TfL Pension Fund (Annual Members' Meeting)

24 October 2014

Maria Antoniou
Chair of Trustees

Housekeeping

- Fire alarm and exit
- Toilets
- Mobile phones/Smartphones
- Breaks
- Refreshments



Agenda

Time	Topic	Owner
11.00	Welcome and Introduction	Maria Antoniou (Chair of Trustees)
11.10	Review of the Year	Stephen Field (Fund Secretary)
11.20	Legal Development	Ian Pittaway (Sackers & Partners)
11.40	Actuarial Update	Gareth Oxtoby (Towers Watson)
12.00	Investment Activities of last 12 months & outlook	Ed Francis (Towers Watson)
12.15	Open Forum – Questions & Answers	Maria Antoniou (Chair of Trustees)
12.45	Refreshments and Informal Discussions	All
13.15	Close	All

Stephen Field Fund Secretary

Agenda

Item	Topic
1	Financial Report
2	Investment Report
3	Individual Trustee Director Changes
4	Changes to Fund Rules During Fund Year
5	Fund Office Activities: <ul style="list-style-type: none">• Membership• Pension Increase 2015• Equitable Life Payment Scheme• Workload Statistics• Website
6	Role of Trustee

Financial Report



Net movement in the Fund

Topic	2013/14 £m	2012/13 £m
Value of Fund at 31 March	6,869.7	6,027.0
Income	420.9	390.3
Expenditure	(310.2)	(299.4)
Change in market value of investments	331.5	751.8
Value of Fund at 31 March	7,311.9	6,869.7

Money into the Fund

Topic	2013/14 £m	2012/13 £m
Employers' contributions	284.4	266.1
Investment income	80.7	76.8
Members' contributions	50.2	47.0
Transfers in from other schemes	5.6	0.4
Total Income	420.9	390.3

Money out of the Fund

Topic	2013/14 £m	2012/13 £m
Pensions and other benefits paid	282.7	274.7
Investment management expenses	10.9	11.8
Administration expenses	3.8	3.9
Payments in respect of leavers	3.0	2.8
Pension levies	5.9	1.6 *
Insurance Premiums	3.9	4.6
Total Outgoings	310.2	299.4

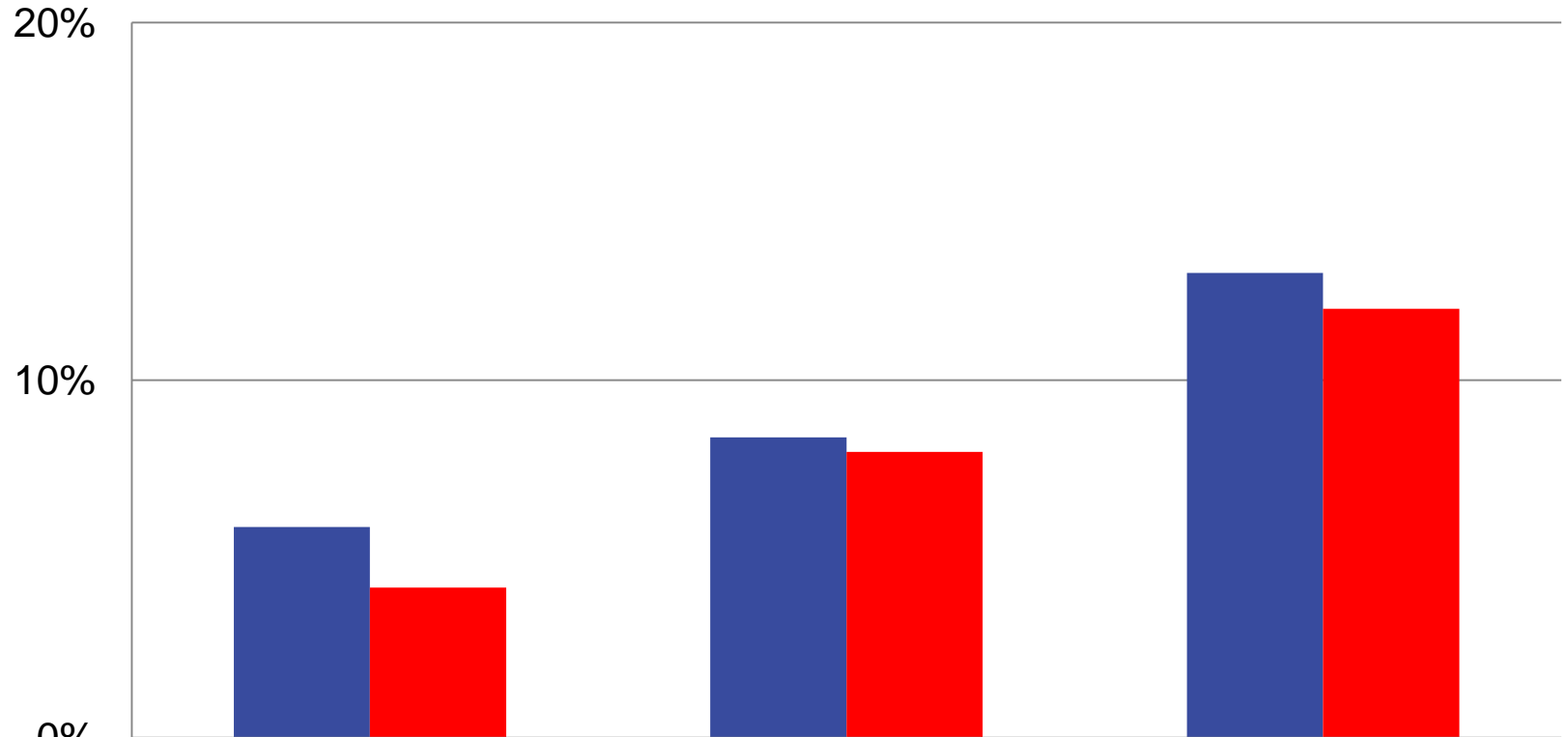
* release of provision following resolution of Metronet dispute with PPF

Investment Report



Investment Review to March 2014

Annual Return



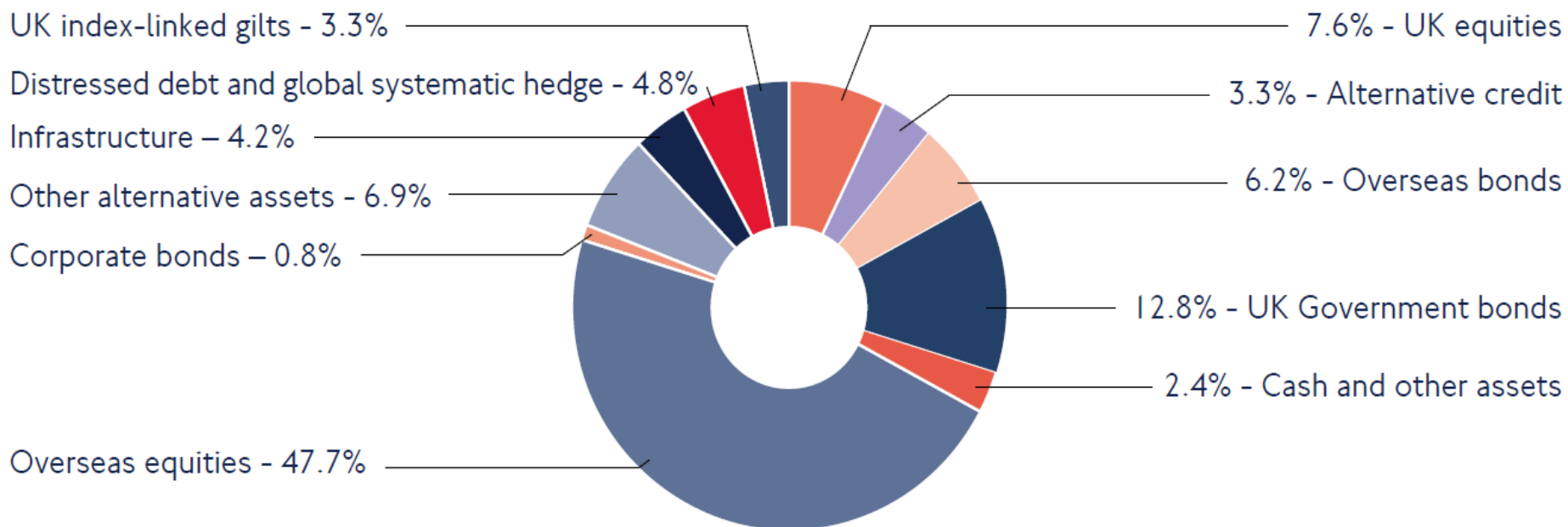
■ Fund	5.9%	8.4%	13.0%
■ Benchmark	4.2%	8.0%	12.0%

How the value of the Fund has changed

Year ended 31 March	Value	Change
2014	£7,311.9m	↑
2013	£6,869.7m	↑
2012	£6,027.0m	↑
2011	£5,699.0m	↑
2010	£5,097.8m	↑
2009	£3,829.0m	↓
2008	£4,681.6m	↑

The Fund's assets as at 31 March 2014

The Fund is held in a range of different investments (assets) in the UK and overseas.



Individual Trustee Director Changes

During Fund Year ended 31 March 2014

Left Trustee Board

Howard Collins

Joined Trustee Board

Angela Back

Joined on 16 June 2013

Stuart Munro

Emanuela Cernoia

Joined on 24 September
2013

Clare Kavanagh

Mike Weston

Joined on 3 December 2013

Linda Arwood

Paul Kilius-Smith

Joined on 29 March 2014

Subsequent to year ended 31 March 2014

Left Trustee Board

Gerry Duffy

Joined Trustee Board

Steve White

Joined on 6 June 2014

Changes to Fund Rules During Fund Year

- Those whose State Pension Age has changed since they retired can now take advantage of the option to extend the variable pension to their new State Pension Age.
- Recognition of same sex married partners who are treated the same way as opposite sex partners and civil partners.

Fund Office Activities



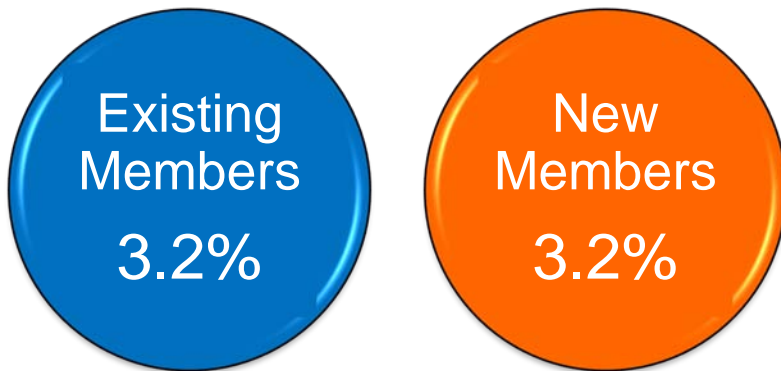
Membership of the Fund

Topic	As at 31 March 2014	As at 31 March 2013
Contributing members	23,662	23,012
Deferred pensioners	17,406	17,812
Pensioners	31,310	31,228
Dependants and children	10,719	10,720
Total	83,097	82,772

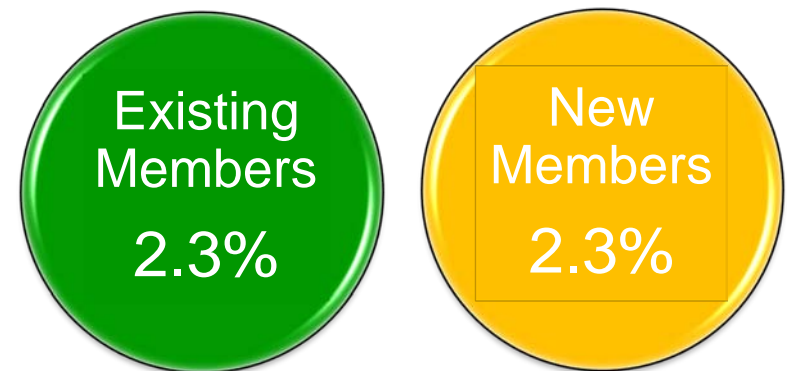
Pension Increase 2015

Under the Rules of the Fund the April pension increase is calculated by reference to the change in the Retail Prices Index (RPI) over the period September to September.

The increase for 2014 was:



The increase for 2015 will be:



The increase for 2015 as measured by the increase in RPI over the reference period was announced on 14 October 2014.

Details will as usual be published on Pension Fund website and in OTM (Pensioner edition).

Equitable Life Payment Scheme

National Savings & investments is administering the Scheme on behalf of HM Treasury. Atos has been engaged to trace eligible scheme members.

In April 2013, for those current and former members identified by Atos as being eligible for compensation payments, address details were provided by the Fund Office.

An update was received from Atos in September 2014 which provided the following information:

Of 2,168 members due compensation:

- 2074 members paid
- 94 members where Atos awaiting outcome of further checks

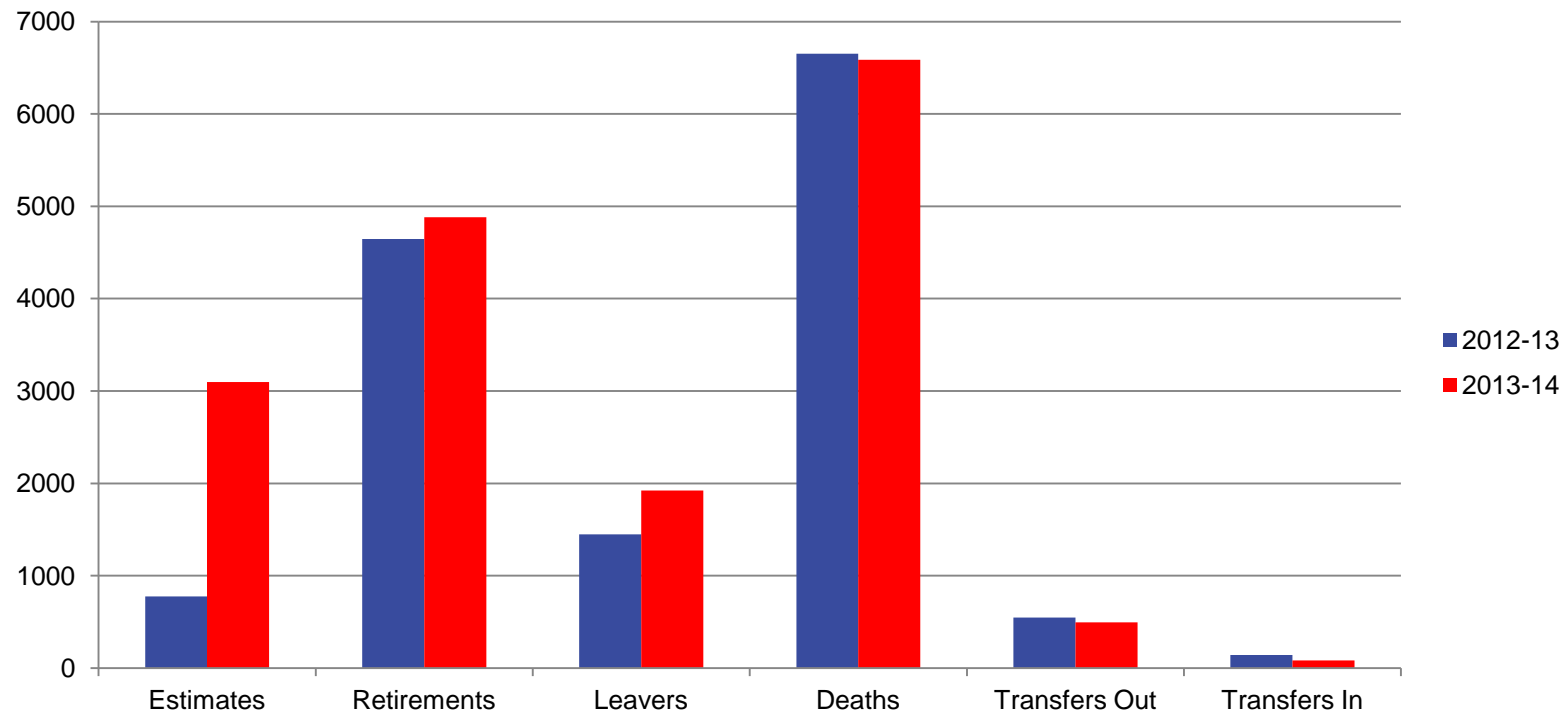
Pension Protection Fund (PPF) Levy

- TfL not exempt from PPF levy, even though likelihood of insolvency very remote
- Public Sector Section Levy 2013/14 was £5.4m of which £5m 'risk-based' and £0.4m 'scheme based'.
- Risk based levy based on insolvency risk and funding level (assets/liabilities).
- Scheme based levy based on size of liabilities.
- Public Sector Section levy 2014/15 is £6.9m of which £6.4m 'risk-based' and £0.5m 'scheme based'.
- Increase because both assets and liabilities have increased, so deficit as calculated by PPF is significantly higher. But Funding level (assets/liabilities) broadly the same.
- From 2015/16 Experian replacing Dun & Bradstreet as providers of insolvency risk assessment, but not expecting any material change as a result of the new regime.

Workload Statistics

This has been yet again a busy year for the Fund Office with workload over the period to 30 June 2014 being:-

- Over 45,300 pieces of correspondence completed
- SLA achieved in 100% of cases




Website

If you have access to the internet, you can find out more or download Fund documents at our website www.tflpensionfund.co.uk

TfL Pension Fund

providing for my tomorrow


[Home](#) | [Your pension](#) | [Fund management](#) | [News and Publications](#) | [Contact](#)



Your pension

Everything you need to know about your pension.


- [Contributions](#)
- [Joining the Fund](#)
- [Retirement](#)
- [Pension payments and deductions](#)



Chairman's message

The Fund Chairman welcomes you to the TfL pensions site.


- [Read the full message](#)



Contact us

Need more information?
Have a comment or suggestion?


- [Get in touch](#)



Staff travel

Need more information?
Want to get in touch?


- [More information](#)



Member self-service

View your pension details and statements, and use the pension calculator to forecast your pension.


- [Sign in](#)
- [Register](#)



Save money and go green

View our regular communications online instead of on paper, including:

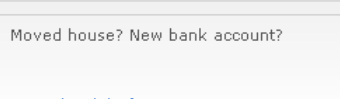
- [On the Move July 2014 \(PDF 2MB\)](#)
- [Annual Review 2014 \(PDF 989KB\)](#)
- [Newsletter Mar 2014 \(PDF 3MB\)](#)
- [Read all publications online](#)



Additional Voluntary Contributions

Improve your future comfort by topping up

- [All about AVCs](#)



Moved house? New bank account?

- [Get the right form](#)

Member self-service

Allows members to view information held by the Fund Office.

Active and Deferred Members can:

- Run pension forecasts
- View at benefit statements

Pensioners can:

- View payslips
- View P60s

Deferred and Pension Members can update their address details; so far over 10,900 members have registered.

In the year to 30 June 2014:

- Over 31,400 retirement quotations produced
- over 4,500 pensioner payslips viewed
- over 1,400 pensioner P60s viewed
- over 7,000 benefit statements viewed



Member self-service

View your pension details and statements, and use the pension calculator to forecast your pension.

[Sign in](#)

[Register](#)

Published in the last 12 months

- Annual Review – issued to all members
- Pensionews – issued to all members
- Annual Report & Accounts – available online
- Statement of Investment Principles – available online
- Active Member Benefit Statement – issued to all Active Members
- Deferred Benefit Statement – issued to deferred members



The Role of a Trustee

- **How a Trustee is appointed?**
- **Who are our Trustees?**
- **What are the duties of a Trustee?**

How a Trustee is appointed?

- Since April 1997 most pension schemes have been legally required to allow the members of the scheme to have a say in selecting and appointing Trustee Directors
- Having member-nominated Directors has a number of advantages. It increases safeguards to the security of the scheme and ensures greater transparency
- It improves communication between members and the Board of Directors and promotes greater understanding of the scheme
- All the Trustee Directors have the same responsibilities and functions on the Board
- Nine Trustees are nominated by the Principal Employer. At least five of the nine must be members of the Fund
- Five Trustees are nominated by the trades unions which includes ASLEF, TSSA, RMT Unite (Amacus) and Unite
- Four Trustees are nominated by members through the TfL Pension Consultative Council, including two who are pensioners or deferred pensioners

Who are our Trustees? (1 of 2)

Name	Job Title
Ms Maria Antoniou (Chairman)	External Appointment, Transport for London (TfL)
Ms Angela Back	Head of Health, Safety & Environment for COO (TfL)
Mr Mike Binnington	Senior Principal, Commercial Finance (TfL)
Mr Lewis Brown	IM Problem Manager (Unite the Union (T&GWU))
Ms Emanuela Cernoia	Senior Treasury Manager (TfL)
Mr Graham Dean	Train Operator (ASLEF)
Mr Stephen Ellaby	HSE Manager, HSE Rail and Corporate (PCC)
Ms Jane Hart	Principal Solicitor, Health, Safety and Environment (TfL)
Mr Stephen Hedley	Assistant General Secretary (RMT)

Who are our Trustees (2 of 2)

Name	Job Title
Mr Paul Kilius-Smith	Pensioner (PCC)
Mr John Knowles	Station & Revenue Functional Council Representative (TSSA)
Mr Chris Miller	Pensioner (PCC)
Mr Paul Murphy	Train Instructor, Northfields (PCC)
Mr Dave O'Brien	Head of Risk Management, Rail & Underground (TfL)
Mr Andrew Pollins	Interim Chief Financial Officer (TfL)
Mr John Timbrell	Project Engineer (Unite the Union (Amicus))
Mr Mike Weston	Director of Buses (TfL)
Mr Stephen White	Operations Director SSL, London Underground (TfL)

What are the duties of a Trustee? (1 of 2)

- To see that all members receive the benefits to which they are entitled on a timely basis as per Trust Deed and Rules
- To ensure that the assets of the scheme are prudently invested and held securely, separately from those of the employers
- To ensure that the scheme complies with all statutory requirements
- To monitor the security of members' benefits and to ensure that the level of funding for the scheme does not fall below the minimum required by law
- To check that the correct amount of money is received by the scheme and that proper records are kept, showing what happens to it from year to year
- To make discretionary decisions in certain situations
- To ensure that members know about the benefits they are entitled to and understand how the scheme is run, through regular and timely communications

What are the duties of a Trustee? (2 of 2)

- To have sufficient knowledge and understanding of trust law, funding principles and investment principles in order to carry out their duties
- To be familiar with key scheme documents, such as the Trust Deed and Rules and scheme booklets
- Act only within a legal framework, the Trust Deed and Fund Rules
- Act prudently, conscientiously and honestly and with the utmost good faith
- Act in the best interests of members and balance the interests of different categories of beneficiary:
 - Contributing members
 - Pensioners
 - Dependants
 - Deferred pensioners
 - Divorced spouses arising from pension sharing orders
 - Employers
- Take professional and expert advice
- Invest the fund's assets to best financial advantage
- Decision are taken by a majority and bind all i.e. collective responsibility speak with a single voice
- They receive training and guidance during their term of office

TfL Pension Fund Annual Member's Meeting – 24 October 2014

So what do your trustees actually do?

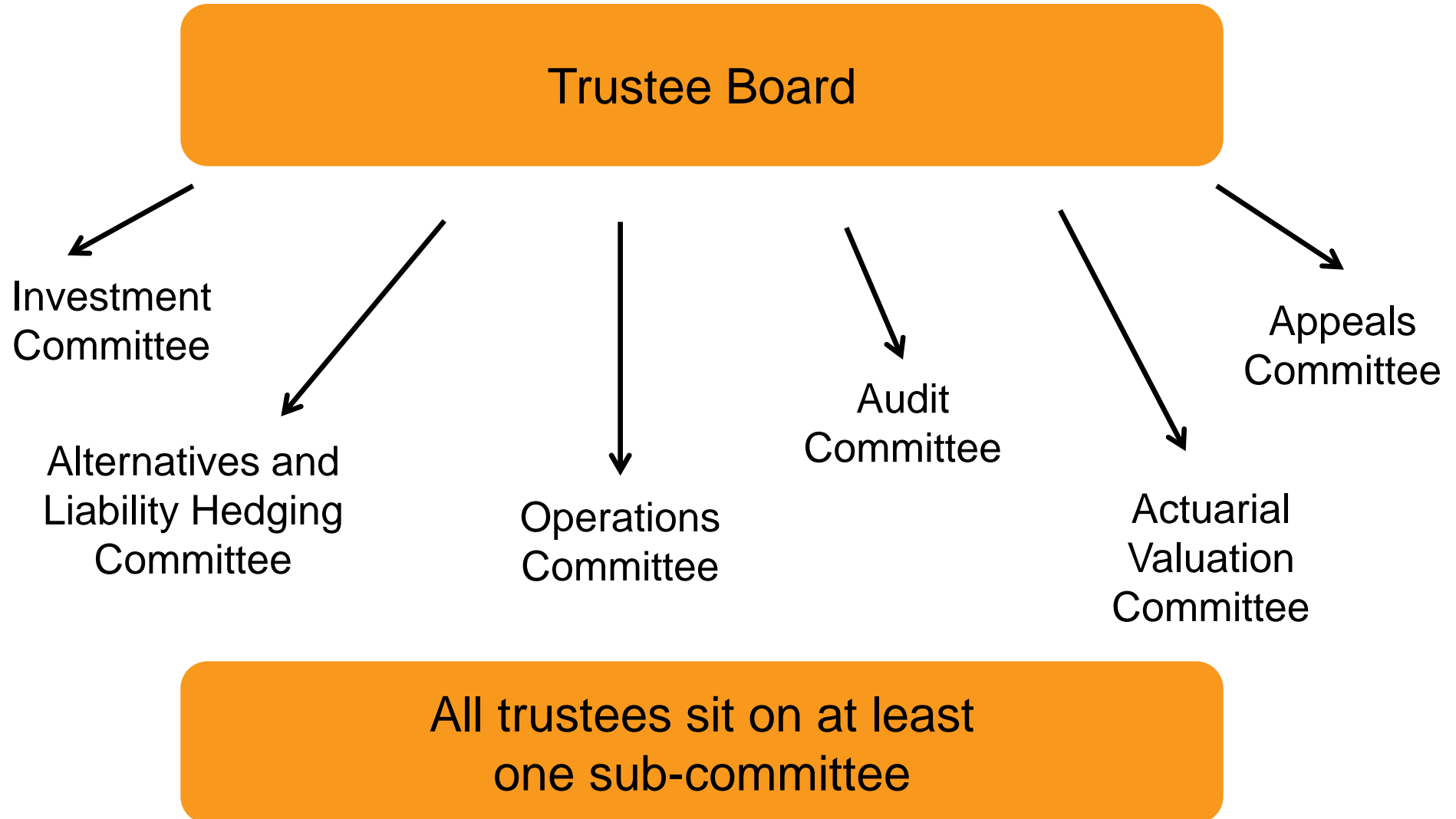
Ian Pittaway

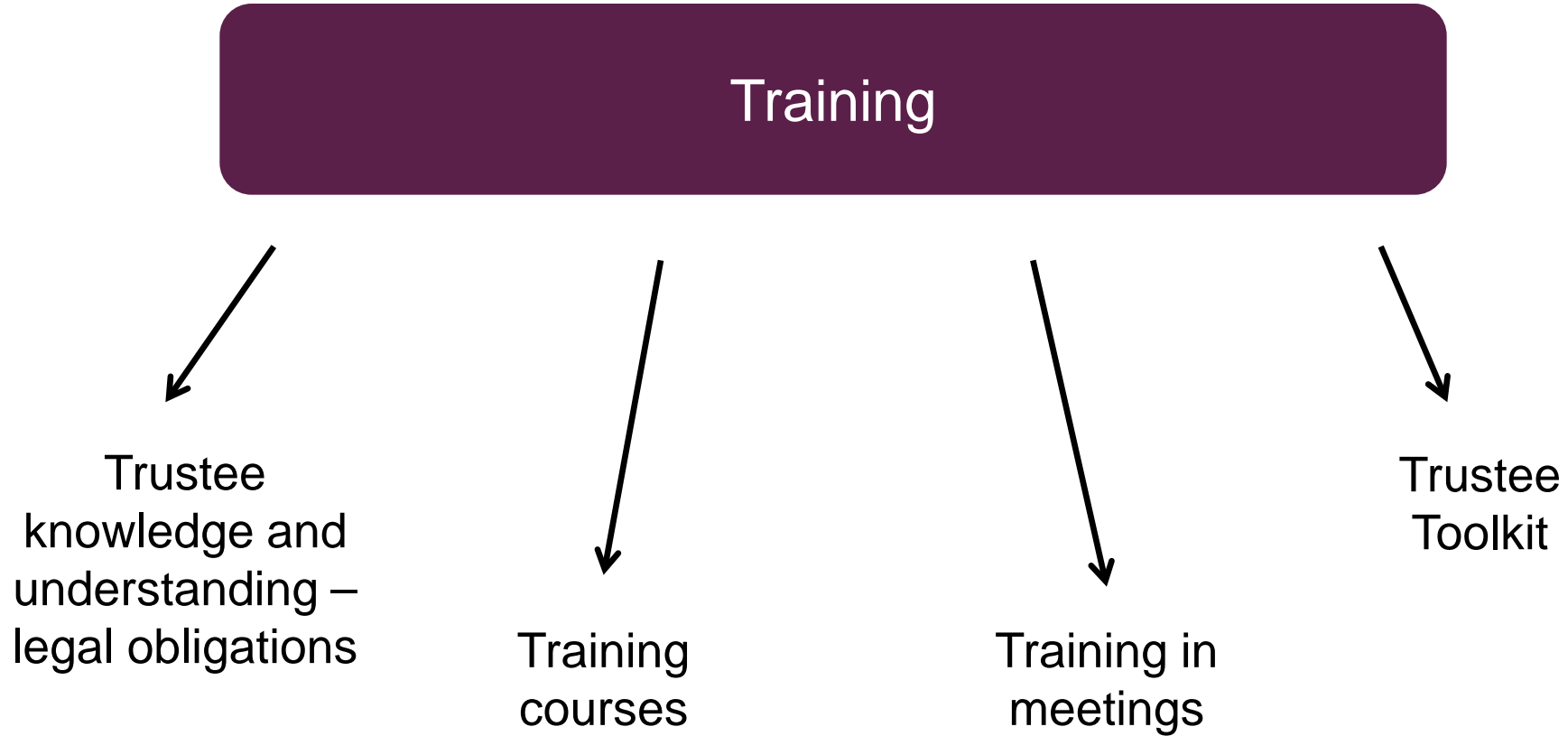
18 trustees

£7.3bn assets



83,000
members





So what do they do?

Valuation of all
sections every
three years

Future Service
Contributions
Deficit
Contributions

They make
sure the Fund
has sufficient
employer
contributions
(Funding)

Negotiation
with employer –
has to be
agreed

The
Pensions
Regulator

They
invest
the
7.3bn
assets



- Asset allocation – shares, Government bonds, property, infrastructure etc etc



- Select investment managers – nearly 40 of them

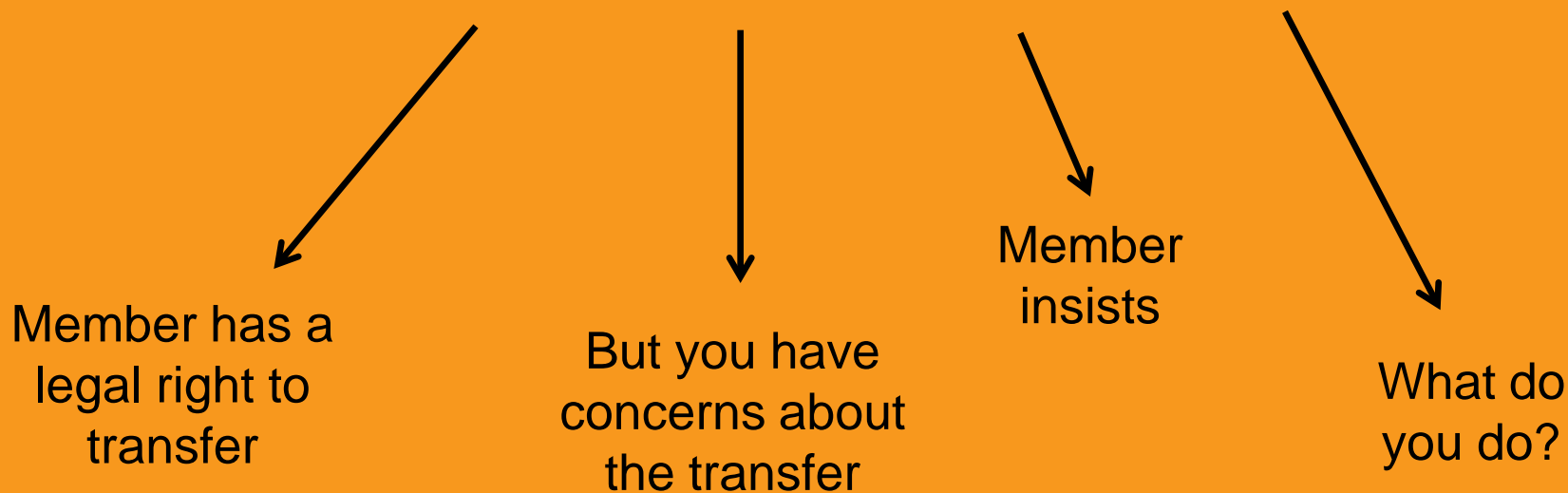


- Monitor and where necessary fire them

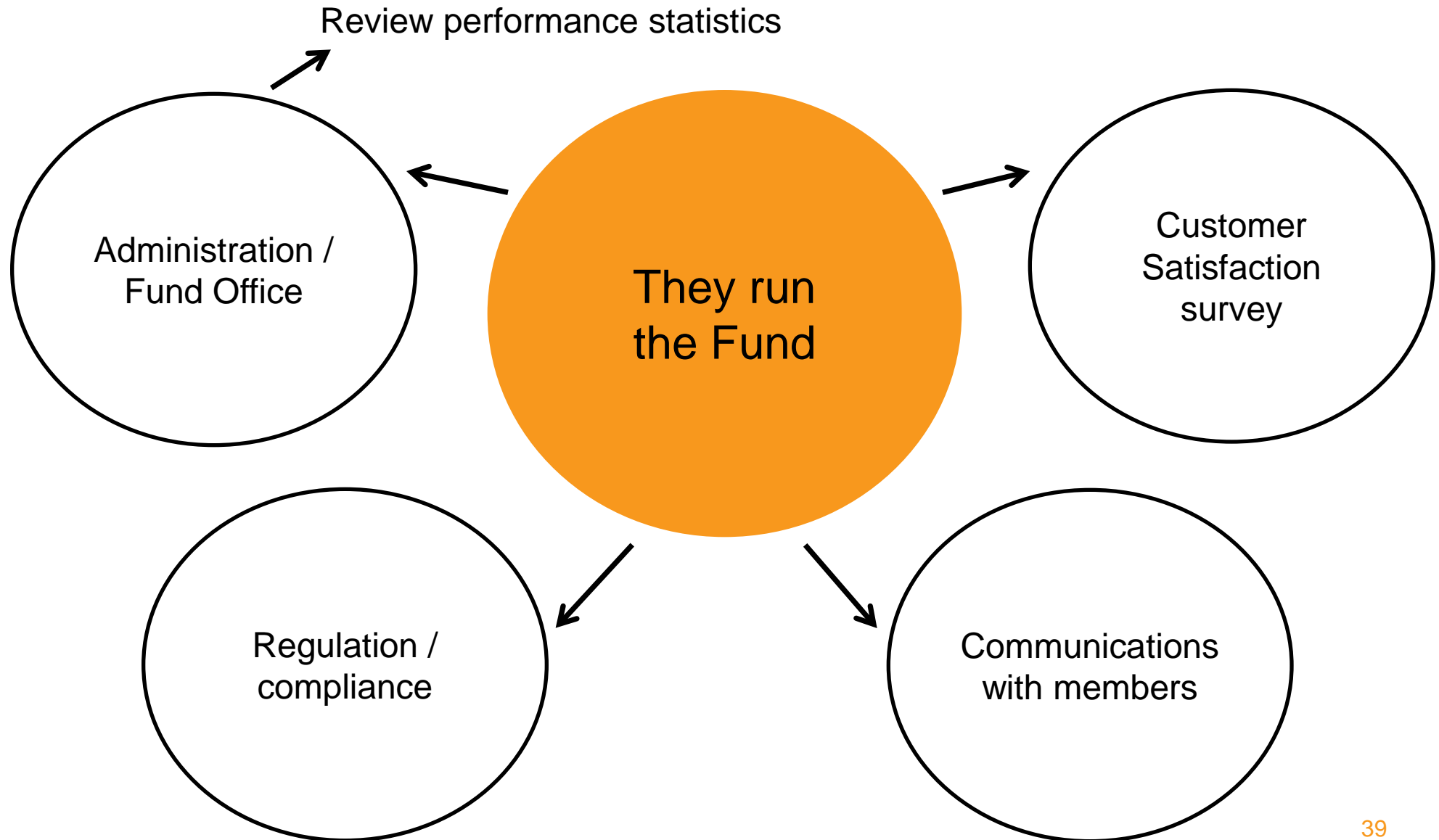
They take difficult decisions

- Employee dies aged 50
- Left his wife and two children (aged 11 and 13) but not divorced
- In new live-in relationship for five years with new partner. One child of four. Two adopted step-children
- Death benefit of £170,000
- No expression of wish form. No will.
- What do you do?

Pensions liberation



Pensions Ombudsman cases



They hear appeals



Rule 19(1) : “is prevented by mental or physical capacity from the performance of his duties ...”



Review decisions. Members and representatives can attend

Very
responsible
position

Like running
a very big
business

Conclusion

Like a swan
paddling

But
extremely
worthwhile
and
satisfying

Ian Pittaway

ian.pittaway@sackers.com



TfL Pension Fund

Annual Members' Meeting 2014

The Actuary's review of the Year

Gareth Oxtoby

24 October 2014

An actuarial view of the year

- From an actuarial perspective 2013/14 was largely a year of consolidation for the Fund. 2015 is likely to be much more exciting!
- Topics I'm going to cover today:
 - The Fund perspective: An update on the progress of the financial position of the Fund over the year to March 2014
 - The member's perspective: big changes in options at retirement coming from next year?
 - The Actuary's role under the Fund Rules in determining terms for member options

2014 was a good year for some
London-born pensioners

David Bowie (b. Brixton, 1947)
Best British Male,
BRIT awards 2014



The development of the financial position of the Fund

The assets of the Fund have continued to grow – but so have the liabilities

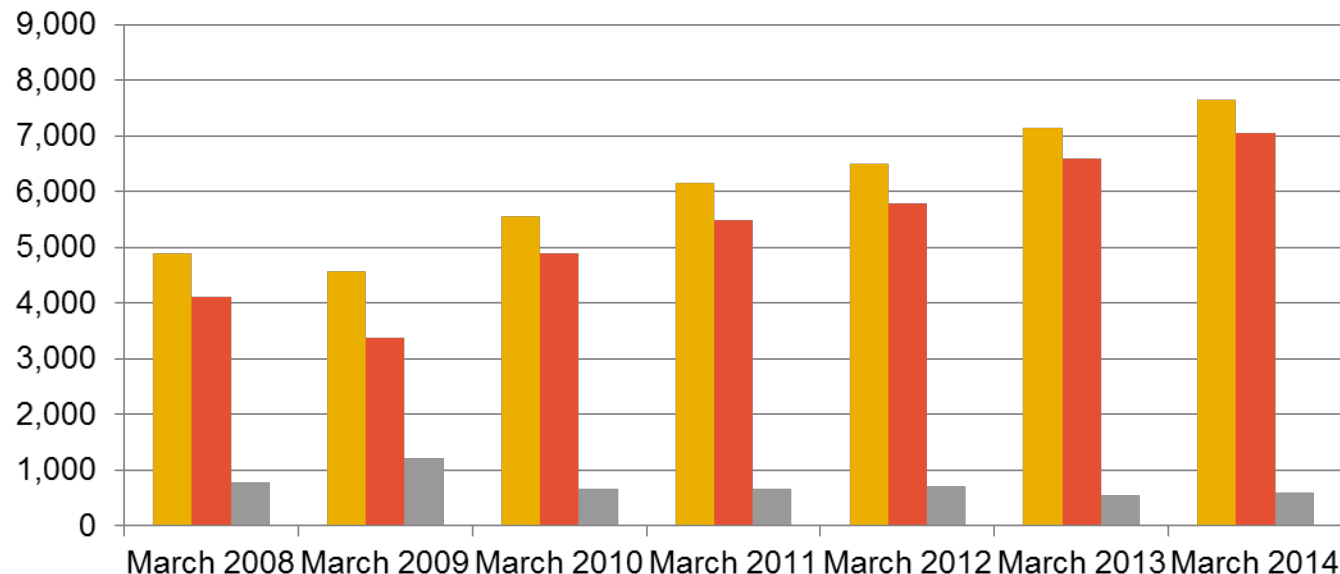
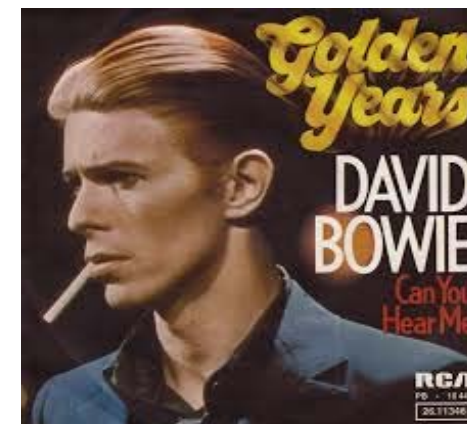


Chart shows
Public Sector
Section only

- Liabilities (£m)
- Assets (£m)
- Deficit (£m)

Overall, a positive period for the Fund. But what's driving the increases in both assets and liabilities?

- Current employees accruing benefits increases both assets and liabilities - should not impact on deficit
- Similarly, paying pensions reduces both Fund assets and liabilities
- TfL are making substantial deficit payments, increasing asset values
- Returns on Fund assets have been generally very positive (eg +13% pa annualised average over 5 years to March 2014)
- Transfers of assets and liabilities from other sections
- Liability values have also increased as a result of lower expectations of **future** investment returns (and, to a lesser extent, higher life expectancy)



The development of the financial position of the Fund

A closer look - developments for the Public Sector Section of the Fund over the year to 31 March 2014 in more detail

	Fund assets £m	Fund liabilities £m
At 31 March 2013	6,592	7,138
Benefit accrual (& contributions to finance it) over the year:		
- Members	+ 42	+ 42
- Employers	+ 152	+ 152
Employer Contributions to address deficit from 2012 valuation	+ 109	-
Transfers into the Fund and member AVC payments	+ 77	+ 77
Benefit payments to members	- 285	- 285
Expenses met by the Fund	- 13	-
Returns on Fund investments:		
- Actual return achieved by Fund assets	+ 385	-
- Expected return in liability calculation	-	+ 455
Impact on liabilities of changes in expectations of future market conditions + other variations against assumptions	-	+ 69
At 31 March 2014	7,059	7,648

Budget 2014 – major changes in occupational pensions?



You'll have seen a lot in the press about increased flexibility from April 2015 which will enable individuals to take their pension savings when they want. What does this mean for the Fund and its members?

“... the most fundamental change to how people can access their pension in nearly a century.”

George Osborne
March 2014

How am I affected?

No direct impact...

The changes announced in the Budget do **not** affect members' main Fund pension (ie excluding any AVC pot)...

... unless either of the two comments below are relevant.

You want to take your Fund pension in a different way

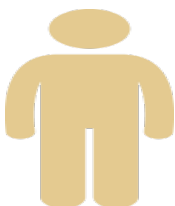
Non-pensioner members can transfer their Fund pension to a private pension arrangement – but not many do.

From April 2015, far more flexibility at retirement will be available in defined contribution ('DC') pension arrangements – so transferring to a DC scheme may be more attractive to some members?

Or you only have a small Fund pension...

The limits for exchanging retirement pension for a (taxable) cash lump sum have been increased

- Fund pensions with a cash value of up to £10,000 can be taken as a lump sum
- If your total pensions have a cash value of no more than £30,000, they can be taken as a lump sum

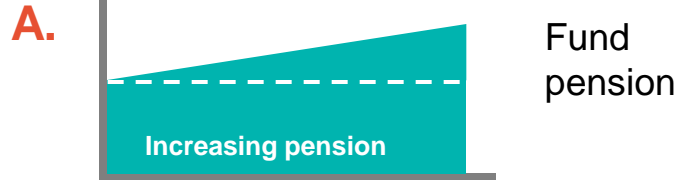


More choice for Fund members at retirement?

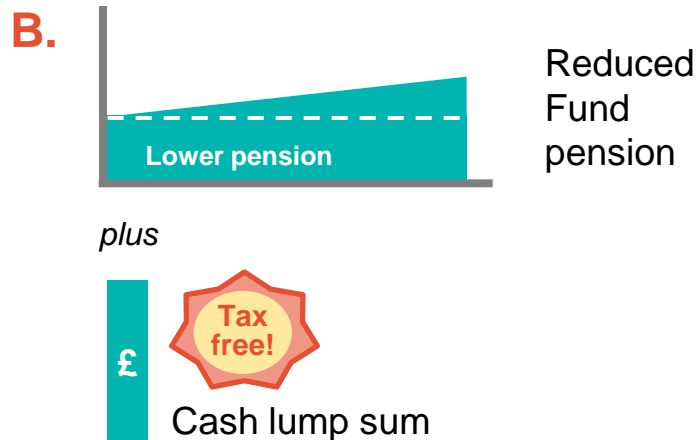
The transfer option

**BUDGET
2014**

NOW



OR



NEW OPTIONS

USE TRANSFER VALUE AT RETIREMENT TO PROVIDE:



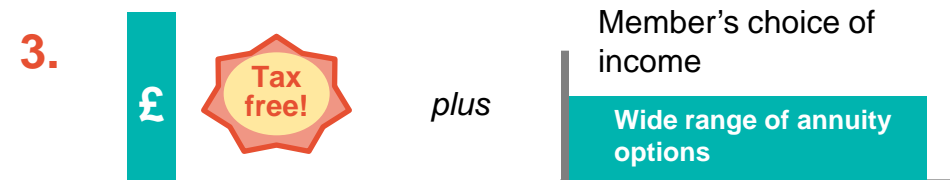
OR

Lump sum (25% of transfer value)



OR

Lump sum (25% of transfer value)



By transferring, a member can exchange Fund pension increases and spouse's pension for uplifts to initial pension and, potentially, tax-free lump sum

Extra flexibility, or potential increase at retirement in both pension and lump sum, may be attractive to some members

So what happens now?

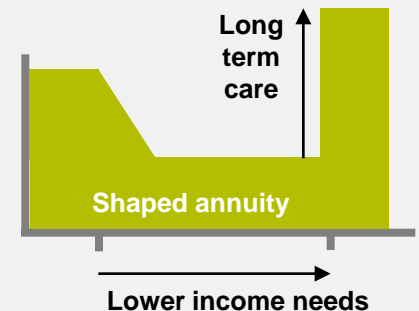
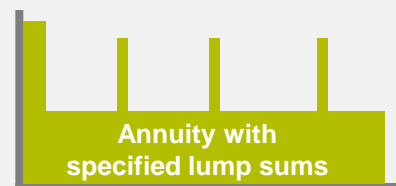
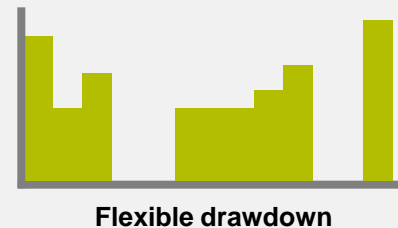


- In summary, the initial impact of the 2014 Budget on the Fund and its members may well be 'not a lot'
- The increased flexibility will potentially apply to members' AVC funds
- However, it is possible that the increased flexibility in retirement available to DC funds post-April 2015 will be viewed as attractive by members. This could have implications not only for those members but also for how the Fund is financed, and expected cashflows from the Fund
- The Government announced that it intends to consult further on increasing flexibility in defined benefit ('DB') schemes such as the Fund, but no details were provided - changes unlikely in the short-term?

More broadly, in this new post-Budget world, for members of DC schemes the aim will be to provide funding for retirement, not delivering a pension

DC as retirement savings, not pensions

NEW RETIREMENT INCOME PRODUCTS?



Fund Rules – what is the role of the Actuary in determining the terms for member options?

- We've seen that one of the principles of the 2014 Budget announcements was to provide more flexibility to members of defined contribution pension arrangements
- The Fund Rules also include provisions which, in some circumstances, give members some options regarding their benefits – for instance
 - Option to give up pension for a tax-free lump sum at retirement
 - Option to retire before or after normal retirement date
 - Option to transfer the value of their Fund benefit to another pension arrangement.



What all these options have in common is swapping one form of pension benefit for another. Who decides the terms for such options is set out in the Fund Rules, but it varies between different options. For example:

- The reduction factors applied on early retirement (reflecting the fact that the pension will be paid for longer) are set out in the Fund Rules – no 'decision' required
- If a member wishes to transfer the value of their Fund benefit to another scheme, 'the amount of the transfer payment shall be determined by the Actuary'.

How does the Actuary determine what a suitable transfer payment should be?

The role of the Actuary in determining terms for member options

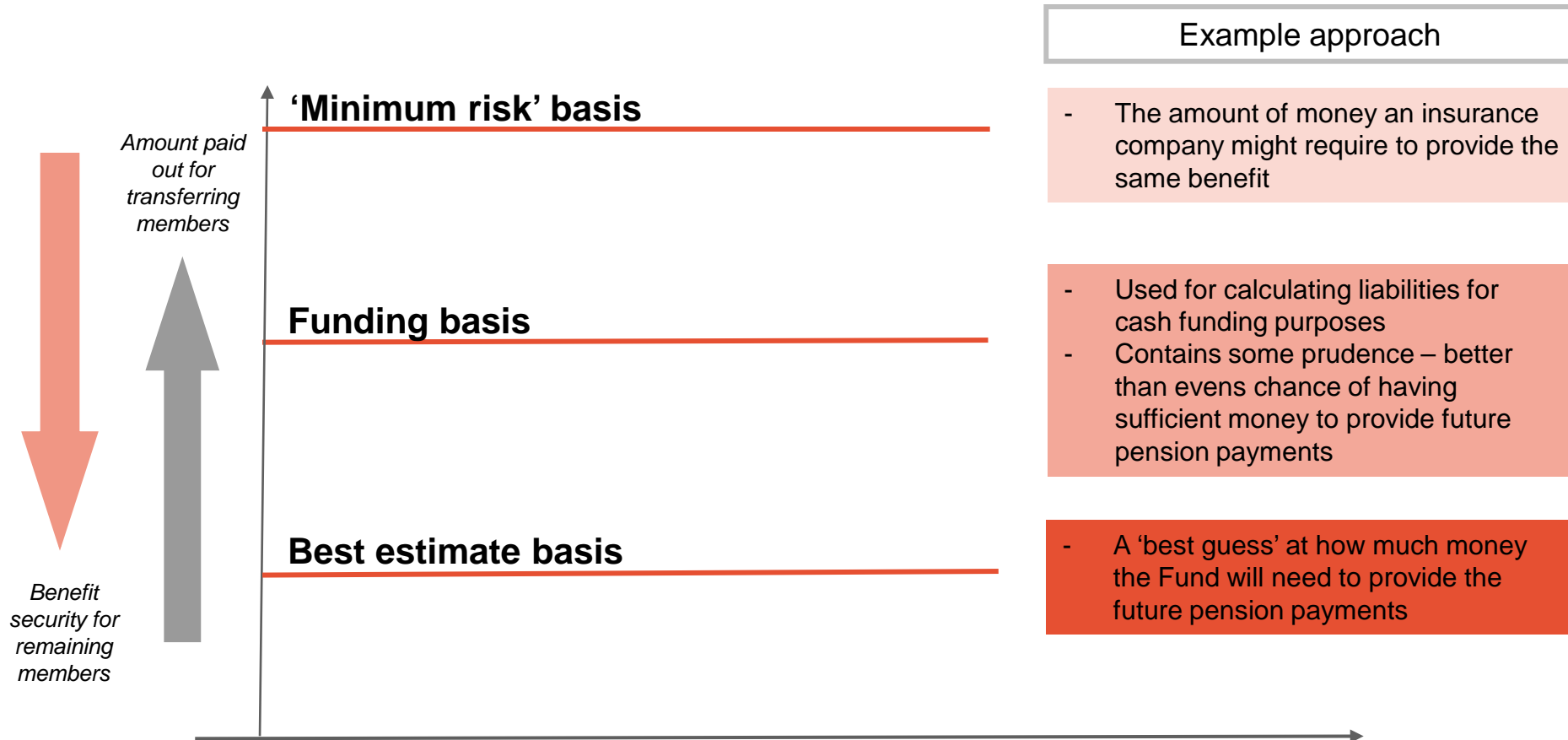
General principles (1) - equality

- The Trustees should be seen to be treating all members fairly
 - This means considering not only those electing for an option, but also the potential impact on those **not** electing for an option
 - It's just an option – if members do not think the terms are attractive, they are not forced to take up the option
- Sex-specific terms are permitted
- Age-dependent terms are permitted
- Members' choices should not in general significantly affect the financial position of the Fund



The role of the Actuary in determining terms for member options

General principles (2): approach to determining 'value'



In practice, for transfer payments the initial terms are heavily influenced by regulations:

- Amount is that required to make provision within the Fund
- Must have regard to the Fund's own investment strategy
- Assumptions should lead to a 'best estimate'

The role of the Actuary in determining terms for member options

So what is a transfer value?

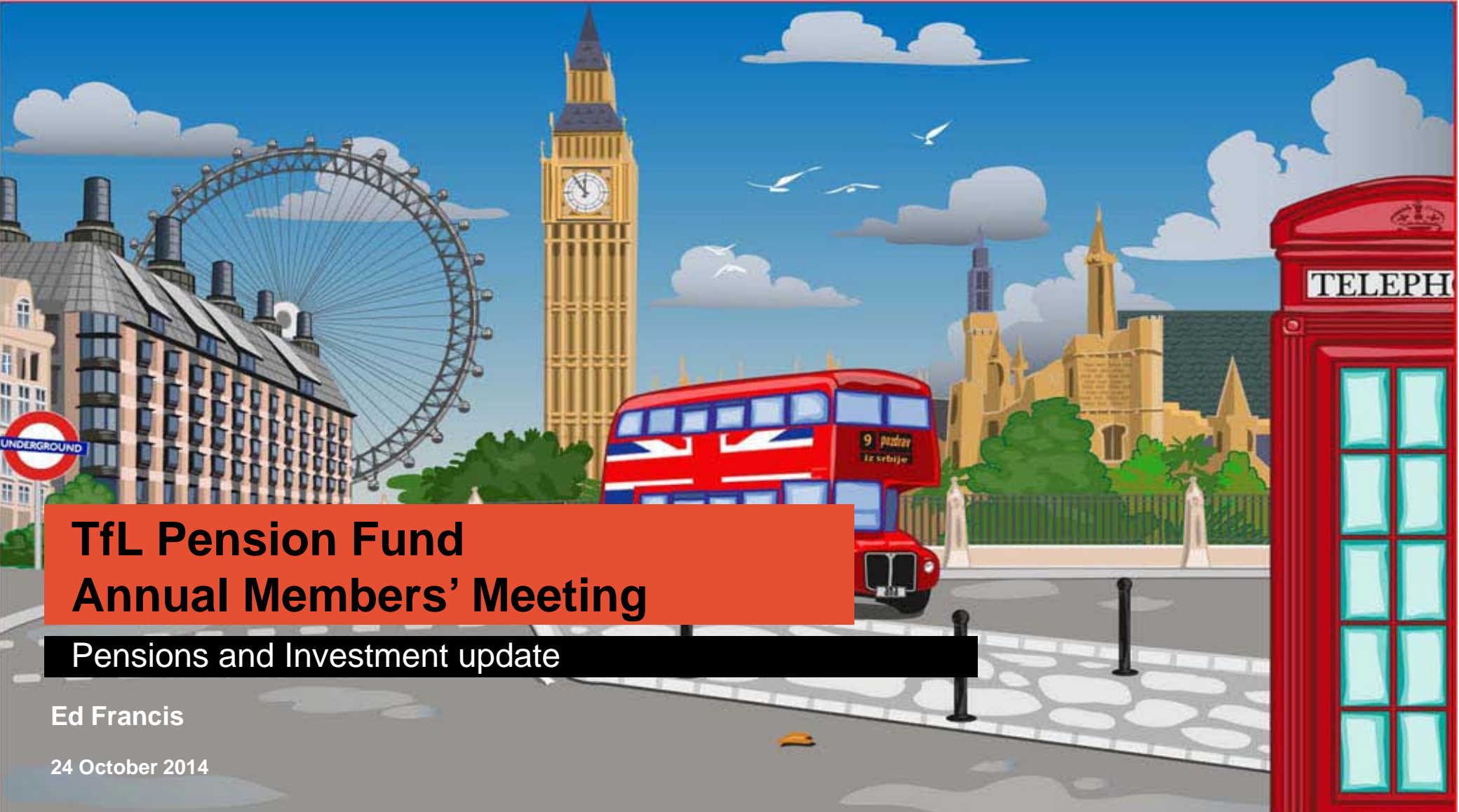
- A transfer value is intended to equal the amount of money the Fund thinks it needs to hold now to provide the member's Fund benefits in future, taking into account current market conditions
- It is basically calculated as the member's current accumulated Fund pension multiplied by 'a factor'
- That factor represents the current value of £1 pa pension payable from retirement until the member's death, and then payable in part to any surviving spouse until their death. The factor, and hence the amount of transfer payment offered to the member, depends on assumptions regarding:
 - the increases which the pension will receive between now and retirement age
 - the increases which the pension will receive once it is in payment
 - how long we expect the member to live once they retire
 - whether we expect the member to have a surviving dependant when they die, how old they will be compared to the member, and how long that dependant may live
 - the investment returns which we expect to receive in future on Fund assets, which will vary with market conditions.
- In practice, it's even more complicated than that, because different elements of a member's pension may increase at different rates



In summary, my role is to help the Trustee select suitable assumptions which, for members wanting to transfer their Fund pension elsewhere, will determine the benefits which members actually receive

Limitations

- Towers Watson has prepared this presentation for the Trustee of the TfL Pension Fund as an update from the Actuary to be presented at the Annual Members' Meeting on 24 October 2014.
- It was not prepared for any other use or for use by any other party and may well not address their needs, concerns, or objectives. It is not intended to form a basis for any decisions to do or omit to do anything.
- This presentation is provided to the Trustee solely for its use, for the specific purpose indicated. This presentation is based on information available to Towers Watson at the date of the presentation and takes no account of subsequent developments after that date. It may not be modified or provided to any other party without Towers Watson's prior written permission. It may also not be disclosed to any other party without Towers Watson's prior written permission except as may be required by law. In the absence of our express written permission to the contrary, Towers Watson accepts no responsibility for any consequences arising from any third party relying on this presentation or the opinions we have expressed. This presentation is not intended by Towers Watson to form a basis for any decision by a third party to do or omit to do anything.
- In particular, they should not be used by any member as a basis for taking action or not taking action in connection with any benefit entitlement from the Fund.



TfL Pension Fund Annual Members' Meeting

Pensions and Investment update

Ed Francis

24 October 2014

Why are the Fund's assets important?

- Benefit payments are met through existing assets and a combination of future investment returns and contributions

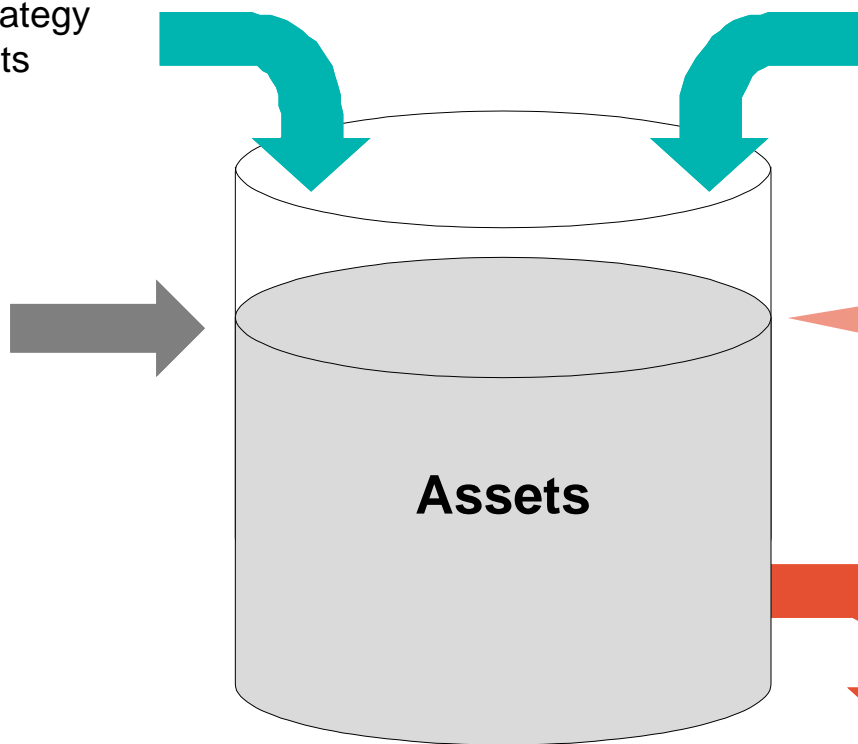
Investment returns

Depends on strategy and how markets perform

Contributions

Members (fixed) and employers (typically reviewed every three years)

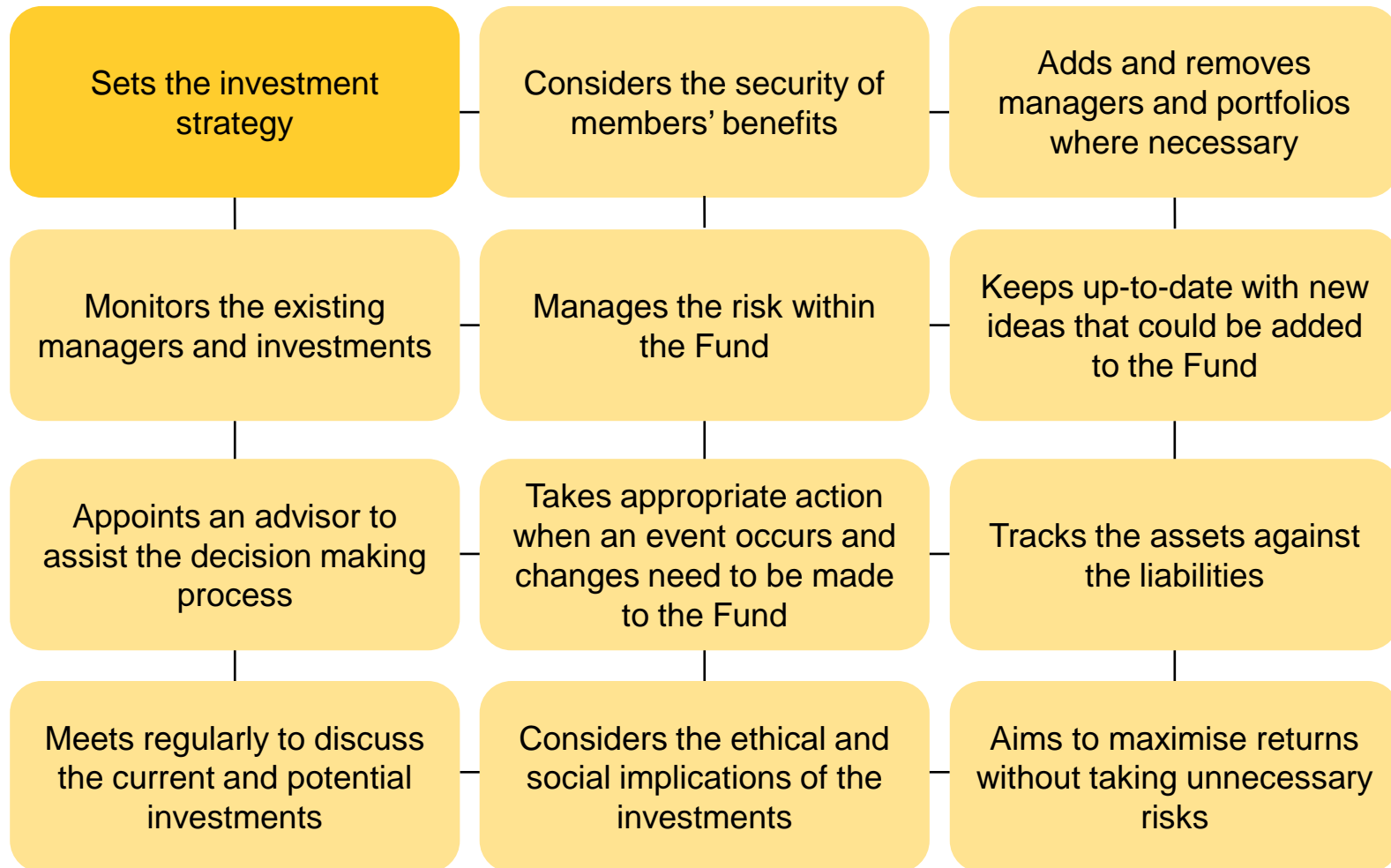
Currently
<100%
funded



The Fund invests with 28 investment managers across a variety of asset classes

Benefits paid to members

What does the Trustee do in relation to the Fund's assets?



Market Update

Towers Watson's economic view of the world

We look at the market outlook over 3 to 5 years

Currently, we believe that...

Developed world government bonds are reasonably priced

Corporate bonds are not clearly attractive

Equities should provide reasonable returns, and we still see value in Emerging Markets

Three-year horizon	
Asset Class	View
Global government bonds (ten year)	Neutral
Global inflation-linked bonds (ten year)	Neutral
Global credit (investment grade spreads)	Moderately unattractive
Global equities	Neutral
Commodities	Neutral
Source: Towers Watson	

Market update

Key events during the year to September 2014

1. Scottish Referendum – Risks:

- Diverging legislation and regulation
- Diverging income and 'pension related' tax
- Complications where members move between the two countries
- Data protection issues if Scotland do not join the European Union

Outcome: Scotland voted 'no' but will be given the power to set some of their own policies which will affect pension funds.

2. Geopolitical issues between Ukraine and Russia – Risks:

- Negative impact on Emerging Market funds
- Increased risk where funds have exposure to these markets (minimal exposure in the TfL portfolio) or dependence on oil from Russia
- Volatile and unpredictable response from investors

Outcome: A truce between the two countries has been signed although the situation is ongoing.

Market update

Key events during the year to September 2014

3. European Central Bank (ECB) policy challenges

Monetary policy expected to ease further; challenges remain

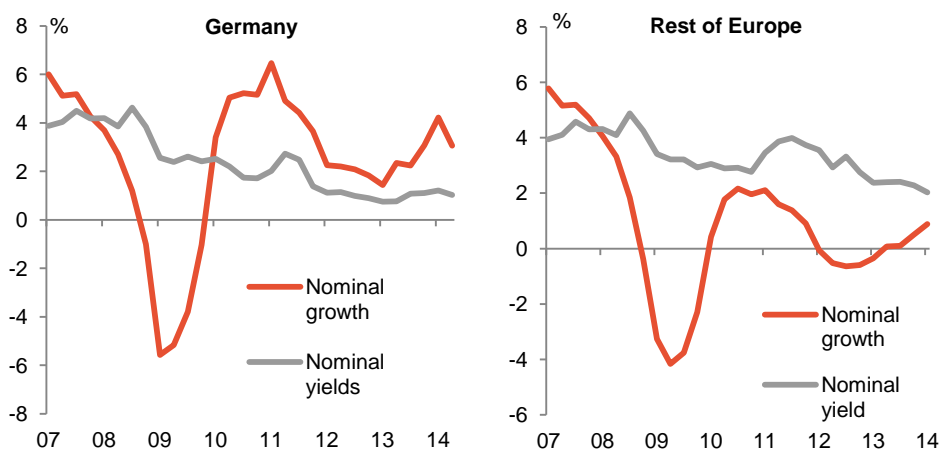
- Divergent conditions pose a challenge to ECB policy making
- We expect further quantitative easing from the ECB
- Debt sustainability is also a challenge
- Expect market recovery to take a while, with increased market and economic risk levels

Inflation remains well below Central bank's target rate of 2%



Source: Thomson, IMF, ECB, Towers Watson

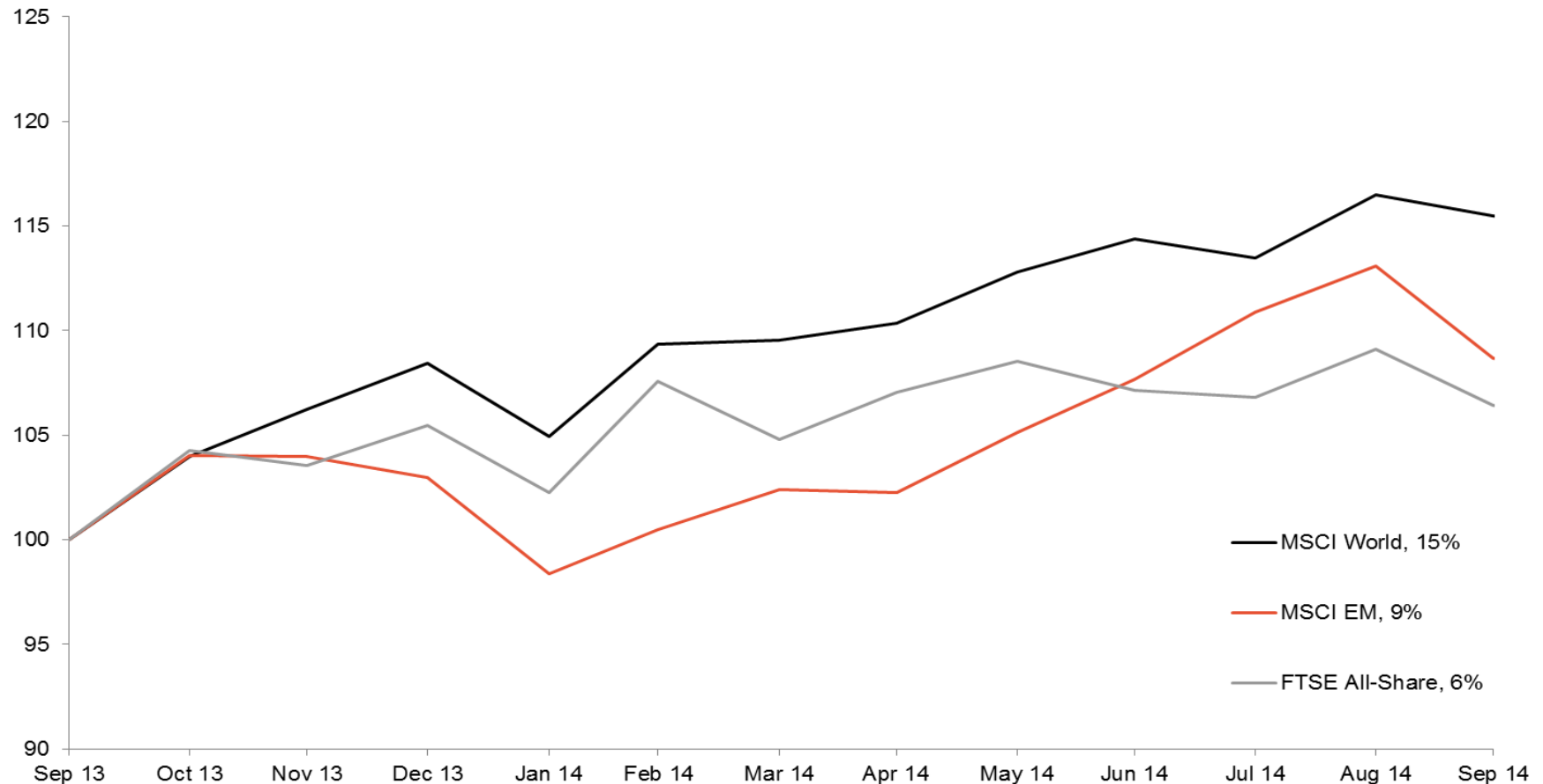
Aggregate growth conditions are divergent in Europe



Source: Thomson, IMF WEO, Barclays, Towers Watson

Market update

What happened to equity markets over the year?



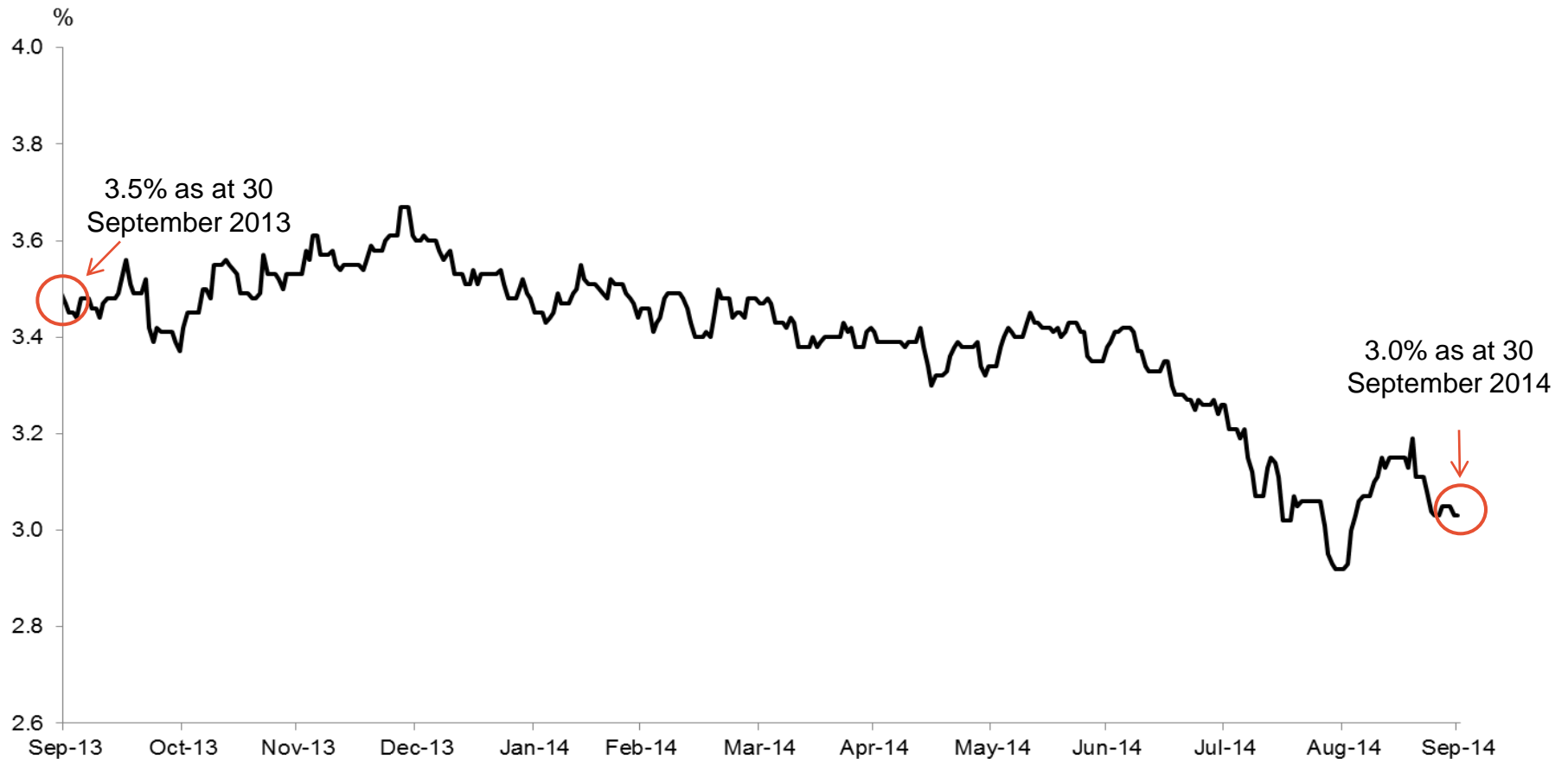
Returns are shown in local currency

Source: Bloomberg

Data as at 30 September 2013– 30 September 2014

Market update

What happened to gilt yields over the year?

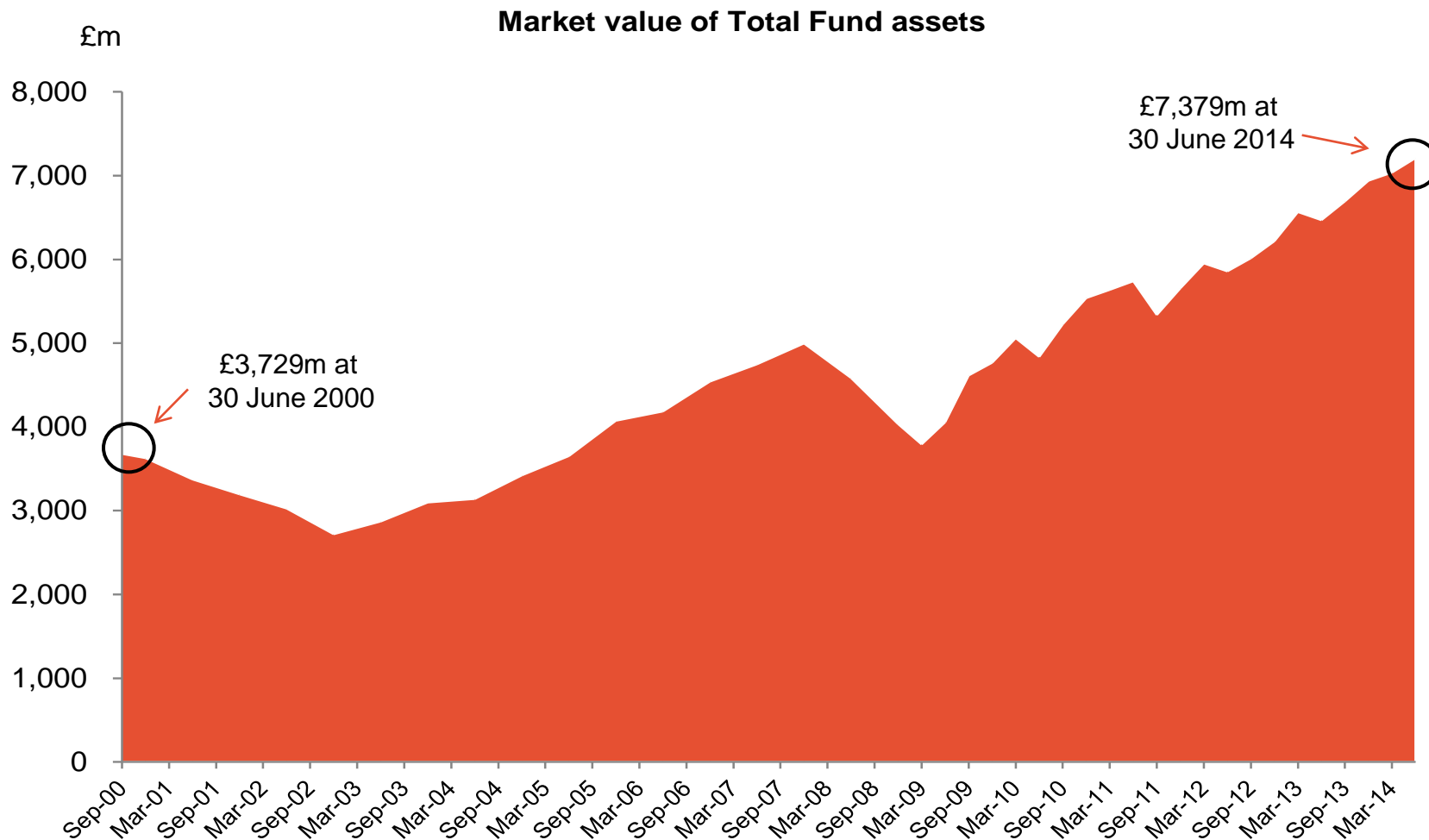


Returns are shown in local currency

Source: Bloomberg

Data as at 30 September 2013– 30 September 2014

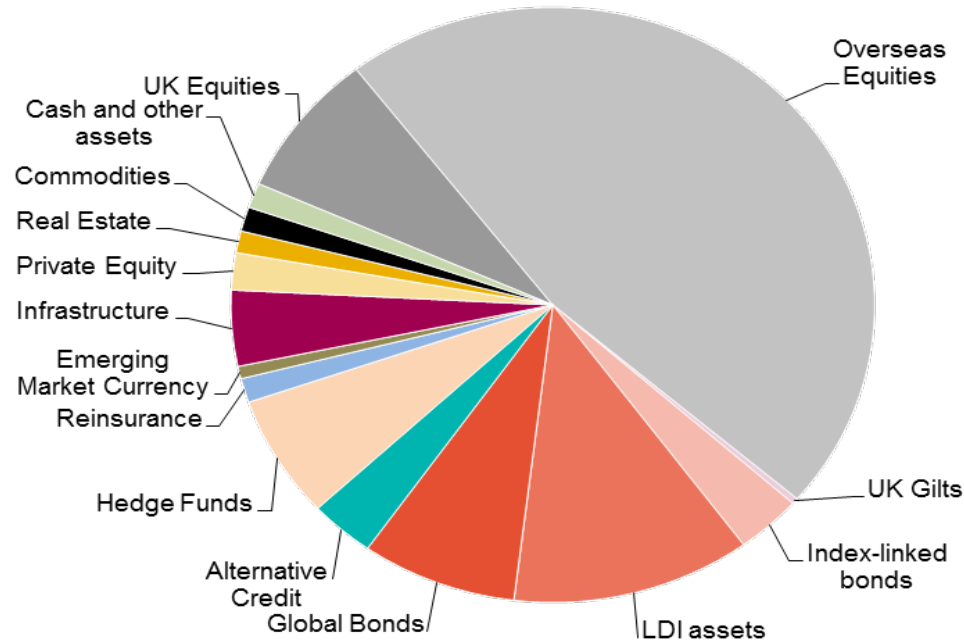
How has the value of assets changed over the years?



Source: BNY Mellon, JP Morgan

How is the Fund currently invested?

30 June 2014



- **The current allocation reflects:**

- The security of members' benefits
- A desire to control the cost of benefits by preserving the Fund's wealth
- A willingness to embrace risk in a controlled fashion in order to achieve incremental excess return
- Long term perspective on asset classes
- Limited appetite to purchase low yielding investments
- Desire to diversify away from simple equities and bonds

What changes have been made to the Fund?

Bond Portfolio

Invested in:

- IFM – Infrastructure Debt

Equity Portfolio

Invested in:

- Coronation – Emerging Market Equity
- Paradise – Global Small / Mid Cap Equity
- JO Hambro – Asia Pacific Equity
- L&G – Global Equity (GeoExposure)

Alternatives Portfolio

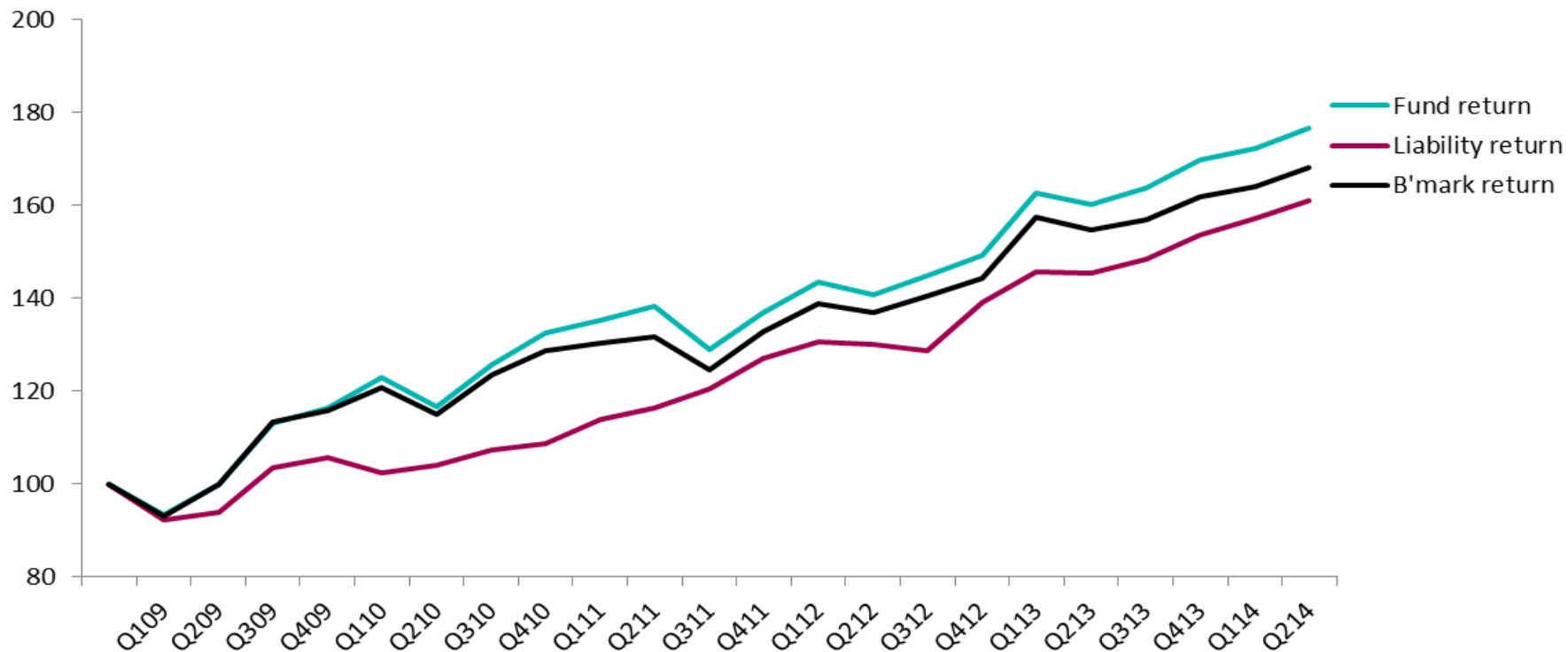
Invested in:

- IFC – Emerging Market Infrastructure
- CBREGI – Property
- AQR – Hedge Fund

Other

- Equity downside risk protection strategy

How has the Fund performed?



Source: BNY Mellon, Scheme Actuary

Over the 5 years to 30 June 2014, the Fund outperformed its liabilities by 0.6% pa and outperformed its benchmark by 0.9% pa.

How has the Fund performed over the year to 30 June 2014?

	Value (%)	12 months (%)		
		Fund	B'mark	+/-
Total Fund vs benchmark		10.1	8.8	1.3
Total Fund vs liabilities	100.0	10.1	10.6	-0.5
Active Equities	32.7	10.9	4.6	6.3
Bonds	11.2	1.4	0.9	0.5
L&G Passive Funds:	23.4			
UK equity	5.8	13.3	13.1	0.2
North American equity	10.3	11.0	11.0	0.0
Europe ex UK equity	2.5	16.8	16.6	0.2
Japan equity	0.1	-	-	-
Asia Pacific ex Japan equity	0.2	6.2	6.1	0.1
Middle East /Africa equity	0.1	14.3	14.7	-0.4
Emerging Markets equity	4.1	1.3	0.9	0.4
Over 15 year gilts	0.3	5.3	5.3	0.0
Hedge funds	6.7	8.0	2.6	5.4
Alternative betas	2.8	0.4	-0.5	0.9
Liability hedging	15.4			
L&G Network Rail Bonds	3.3	8.5	4.2	4.3
L&G Gilts and Swaps	12.1	2.3	-	-

The Fund has outperformed its benchmark by 1.3% but underperformed liabilities by 0.5% over the year to 30 June 2014

Source: JPMorgan, Towers Watson

All figures are gross of management fees.

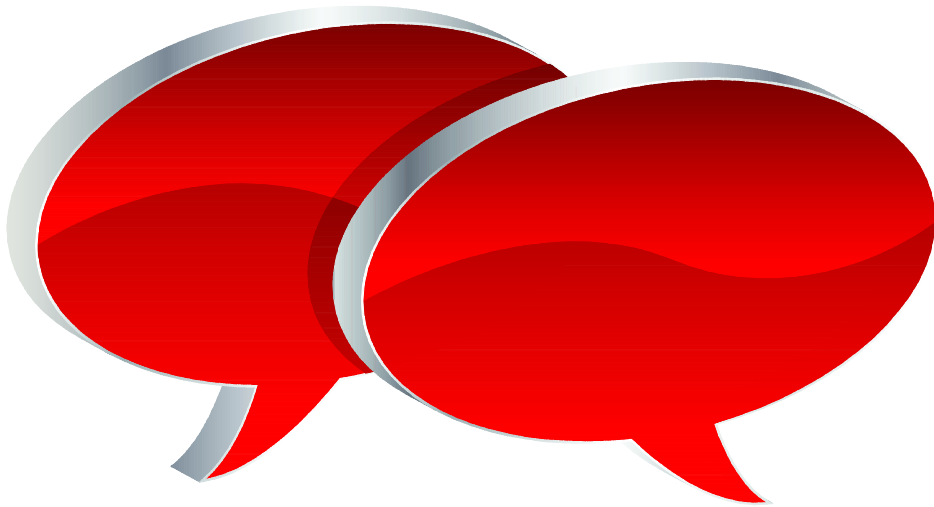
There are no benchmarks for the L&G passive equity and bond or liability driven investment portfolios.

No performance is shown for managers/funds that have been funded for less than a year.

Limitations

- The content of these slides has been prepared for the Trustee of the TfL Pension Fund in accordance with an engagement letter addressed to the Trustee dated 22 August 2002 (as amended) and our general terms and conditions of business.
- These slides are provided to the Trustee to form an update from the Investment Consultant to be presented at the Annual Members' Meeting on 24 October 2014.
- They may not be suitable for use in any other context or for any other purpose and we accept no responsibility for any such use whether by the Trustee or by any other party.
- In preparing this report we have relied upon data supplied to us by third parties. While reasonable care has been taken to gauge the reliability of this data, this report carries no guarantee of accuracy or completeness and Towers Watson cannot be held accountable for the misrepresentation of data by third parties involved.
- In particular, they should not be used by any member as a basis for taking action or not taking action in connection with any benefit entitlement from the Fund.

Open Forum – Q&A



Refreshments and Informal Discussions



 **Close**

**Thank you
&
See you next year**