

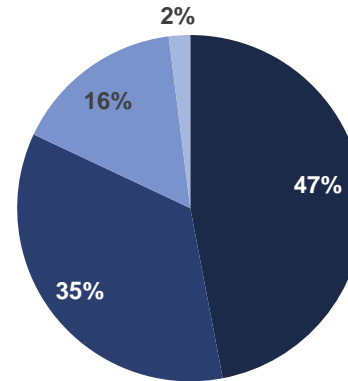
FEBRUARY 2019

UK PENSION FUNDS

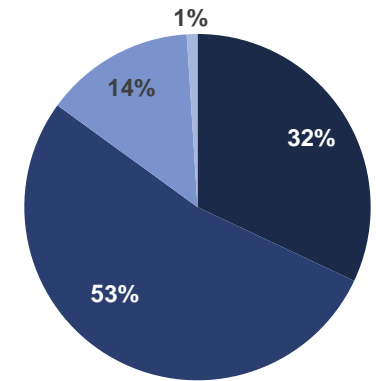
Public Pension Funds in UK

- Total assets size of the UK Pension funds reduced from \$3,111 bn in 2017 to \$2,856 bn in 2018
- The allocation of assets to equities has reduced from 47% in 2017 to 32% in 2018 in UK
- In the UK, the top ten pension funds represent 16.9% of the total UK pension assets. Among them, 11.3% are private pension funds and the 3.9% are state-sponsored pension funds
- Since 1998 the equity allocations reduced from 60% to 40% while allocations to other assets (real estate and other alternatives) have increased from 7% to 26%. Allocation to cash and bonds remains the same as in 1998 for P7 markets
- The asset allocation of DC schemes to UK Equities has been following a downward trend during 2013-2017

Asset Allocation-2017



Asset Allocation-2018



■ Equity ■ Bonds ■ Others ■ Cash ■ Equity ■ Bonds ■ Others ■ Cash

Aggregate P7 asset allocation from 1998 to 2018

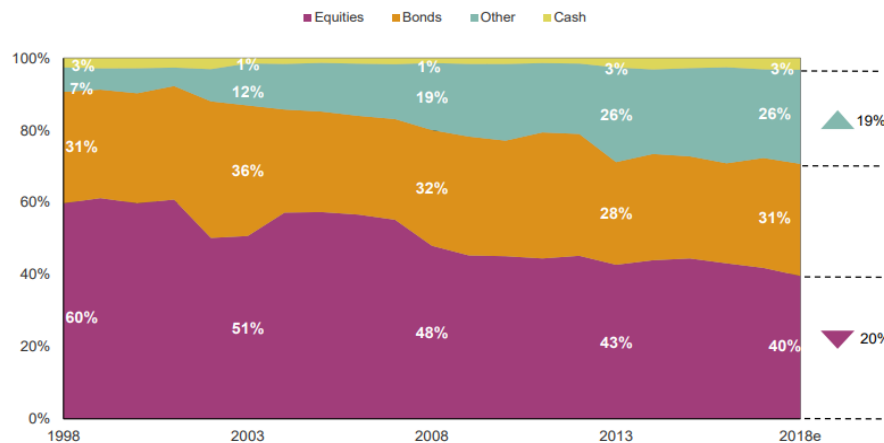
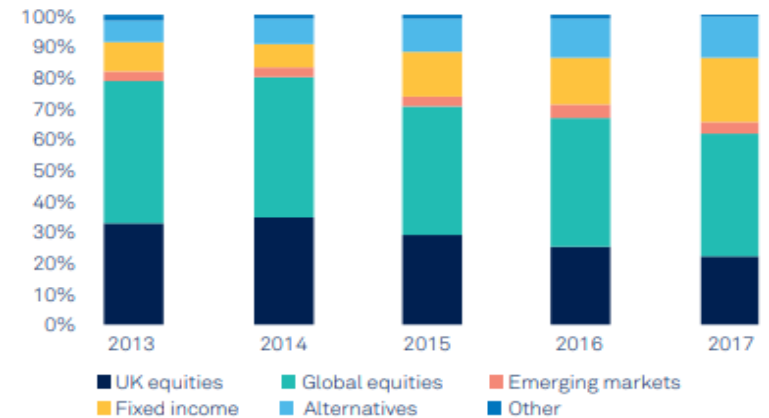


CHART 36: DC ASSET ALLOCATION, SELECTED FTSE 100 / FTSE 250 PENSION SCHEMES



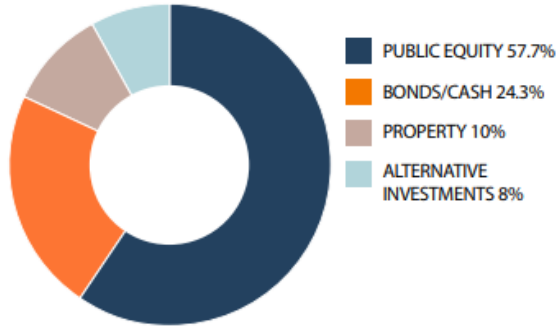
1. [Global Pensions Assets Study 2019](#)
 2. [Asset Management in the UK 2017-2018](#)

Asset Allocation in Major UK Based Pension Funds

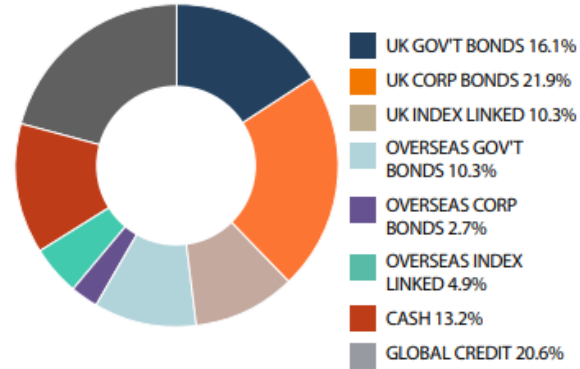
Great Manchester Pension Fund ³

Benchmark asset allocation

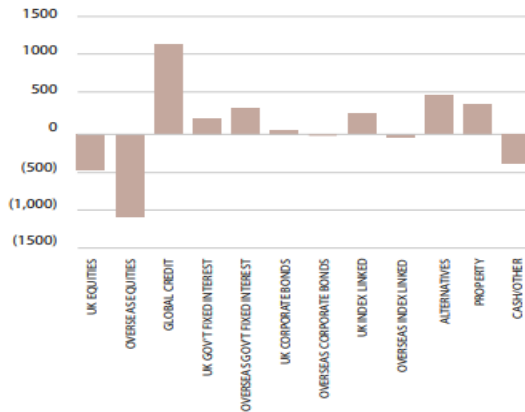
Major asset class split



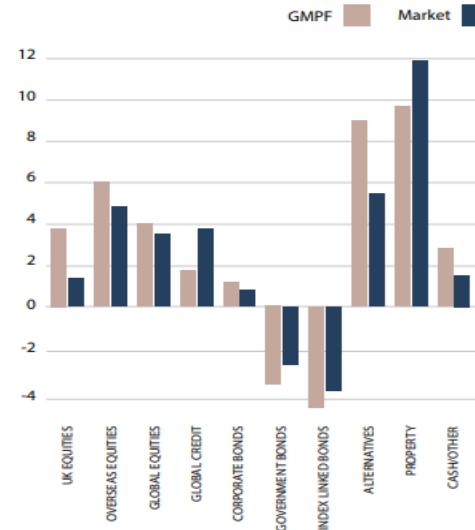
Bonds/cash split



NET INVESTMENT (£m)
Year ended 31 March 2018



INVESTMENT RETURNS (%)
Year ended 31 March 2018

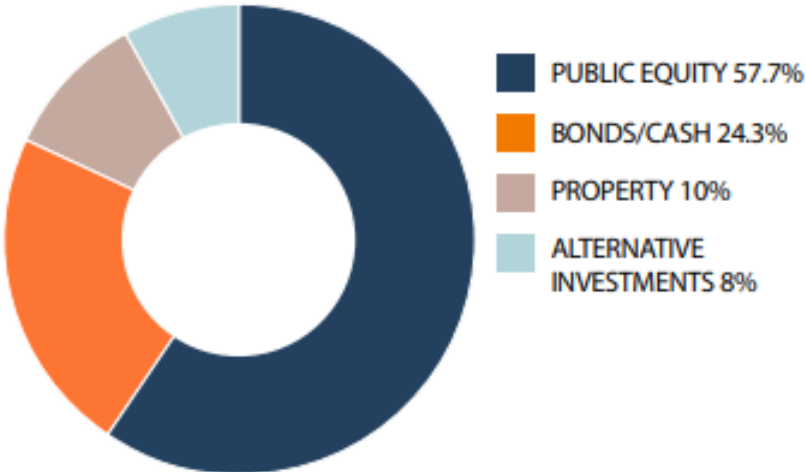


Asset Allocation in Major UK Based Pension Funds

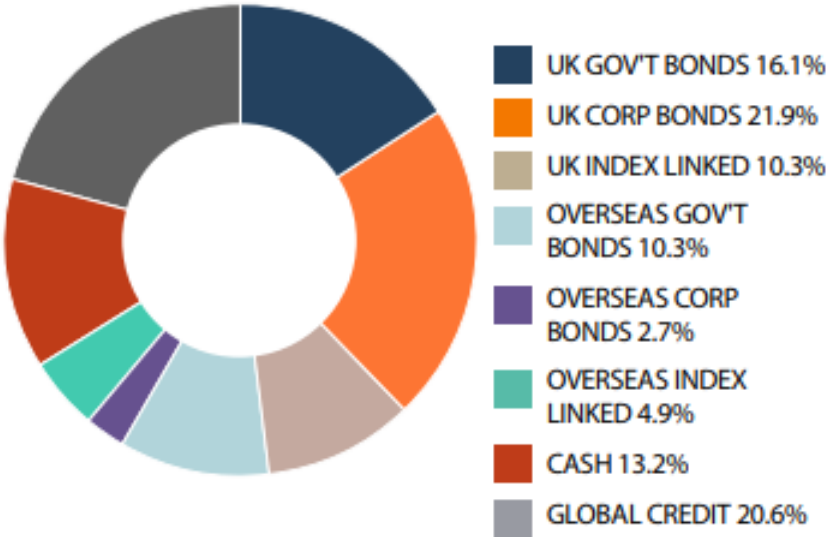
Great Manchester Pension Fund ³

Benchmark asset allocation

Major asset class split



Bonds/cash split

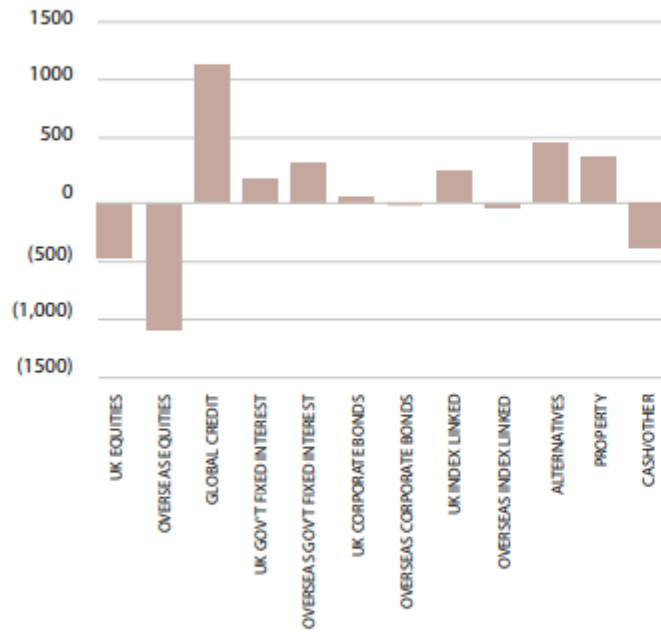


Asset Allocation in Major UK Based Pension Funds

Great Manchester Pension Fund ³

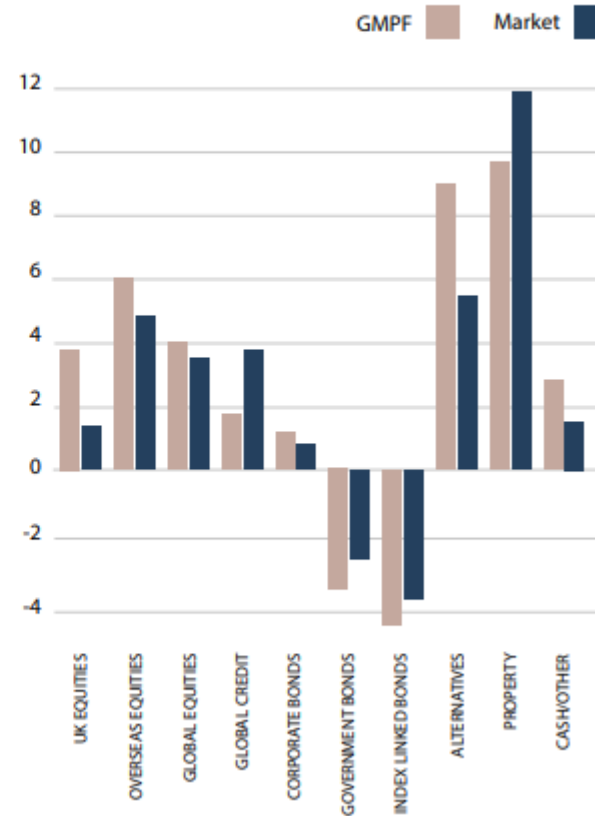
NET INVESTMENT (£m)

Year ended 31 March 2018



INVESTMENT RETURNS (%)

Year ended 31 March 2018



Asset Allocation in Major UK Based Pension Funds

London Borough of Hounslow Pension Scheme ⁴

Asset type	Value as at 31 March 2018	Percentage Change	Value on increase	Value on decrease
	£m	%	£m	£m
UK Equities	270.1	10.3	297.9	242.3
Overseas Equities	288.1	10.4	318.1	258.1
Total Bonds	133.9	6.9	143.1	124.7
Income Fund	149.0	4.1	155.1	142.9
Cash	10.2	0.5	10.3	10.1
Property Units	50.1	8.7	54.5	45.7
Alternatives	52.9	4.1	55.1	50.7
Total Investment Assets	954.3		1,034.1	874.5

Asset Allocation in Major UK Based Pension Funds

West Midlands Pension Fund ⁵

Market risk – other price risk

Asset type	Value as at 31 March 2018 £m	% Change	Value on increase £m	Value on decrease £m
UK equities	1,654.3	16.8%	1,932.2	1,376.4
Global equities (ex UK)	6,646.2	17.9%	7,835.9	5,456.5
Property	1,091.9	14.3%	1,248.0	935.8
Fixed interest*	2,444.0	8.3%	2,646.9	2,241.1
Private equity	1,191.0	28.3%	1,528.1	853.9
Alternatives**	1,211.5	16.2%	1,407.8	1,015.2
Total Fund (see note below)	14,238.9		16,598.9	11,878.9

*includes exposure to fixed interest gilts, index-linked gilts, corporate bonds, cash, high yield debt, emerging market debt, mezzanine debt, convertibles and senior loans.

**includes exposure to absolute return (£601.5m) and infrastructure (£610.0m).

Asset Allocation in Major UK Based Pension Funds

Mineworkers Pension Scheme ⁶

	Actual %	Target Asset Allocation %
Cash	4.0	0.0
Global Government Bonds	2.8	3.0
Global Investment Grade Credit	3.0	3.0
Global Multi-Asset Credit	5.0	5.0
Private Debt	6.5	10.0
Special Situations Debt	4.4	7.0
Public Equity	47.8	39.0
Private Equity	9.2	10.0
Property	14.4	15.0
UK Infrastructure	0.0	5.0
Global Macro	1.6	1.5
Shipping	1.3	1.5
	100.0	100.0

Asset Allocation in Major UK Based Pension Funds

Tyne And Wear Pension Fund ⁷

ANALYSIS OF ASSETS

The table below provides an analysis of the Fund's assets as at 31st March 2017 and 2018 into categories set out by the Board.

31st March 2018	Regional Mandates		Global Mandates	Total
	UK £'m	Non-UK £'m	£'m	£'m
Equities	1,742.593	1,878.373	1,354.710	4,975.676
Bonds	1,562.011	82.857	0.000	1,644.868
Direct property	381.179	0.000	0.000	381.179
Alternatives	0.000	0.000	1,018.622	1,018.622
Cash and net current assets	141.791	112.352	0.000	254.143
Total	3,827.575	2,073.583	2,373.332	8,274.488

31st March 2017	Regional Mandates		Global Mandates	Total
	UK £'m	Non-UK £'m	£'m	£'m
Equities	1,695.339	1,727.336	1,337.517	4,760.192
Bonds	1,470.691	45.241	0.000	1,515.932
Direct property	355.942	0.000	0.000	355.942
Alternatives	0.000	0.000	1,171.531	1,171.531
Cash and net current assets	72.119	74.928	0.000	147.047
Total	3,594.091	1,847.505	2,509.048	7,950.644