

**National Assembly for Wales**  
Members' Pension Scheme

## Annual Report and Accounts

1 April 2014 to 31 March 2015

Cynulliad  
Cenedlaethol  
Cymru

National  
Assembly for  
Wales



The National Assembly for Wales is the democratically elected body that represents the interests of Wales and its people, makes laws for Wales and holds the Welsh Government to account.

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# **The Trustees' Report for the period ending 31 March 2015 to the Members of the National Assembly for Wales Members' Pension Scheme**

## **Legislative Background to the National Assembly for Wales Members' Pension Scheme (the "Scheme")**

The Scheme was set up under section 18 of the Government of Wales Act 1998. Section 20 (4) of and Schedule 11 to the Government of Wales Act 2006 provides continuity for the Scheme. The Government of Wales Act 2006 has not affected the legal status of the Scheme.

## **Developments during the Year**

The National Assembly for Wales Remuneration Board ("the Board") has responsibility for setting Assembly Members' pay, allowances and pensions. The Board's review of Members' pensions continues and it issued its "Consultation on future pension arrangements for Assembly Members" in April 2014 and in July 2014. In March 2015 the Board published a Report on the Draft Determination of the Fifth assembly. As the Board do not anticipate receiving formal approval from HM Treasury until later in the year, they have published the main benefits of the proposed New Assembly Members' Pension Scheme and subject to caveat, they are proposing a significant reduction in the cost of funding Members' pensions. The contribution made by the Assembly will fall by an amount equal to around 7.2% of Members aggregate salaries. In addition Members will be required to make higher contributions than under the current pension scheme. The Trustees and their professional advisers have engaged with the Board throughout the year and will continue to do so throughout the period of the review.

There have been no rule changes during the year.

Mr Roger Beale, Assistant Secretary retired on 31 December 2014 and Trustees thanked him for the quality of his advice over the time he has served the Board and wished him every happiness for his retirement. Donna Davies was appointed Head of Pensions and attended her first Trustee meeting on 23 March.

## **Aim of this Report**

The Scheme is exempt from the requirement as laid down in the Occupational Pensions Schemes (Disclosure of Information) Regulations 1996 to prepare a report and audited accounts within seven months of the end of the accounting year. It is the intention of the Trustees to comply with the spirit of this legislation by disclosing relevant information, including actuarial and accounting details, to all members of the Scheme within three months of the date of certification of the audited accounts in accordance with Schedule 1 paragraph 13 of the Scheme Rules.

## Trustees

The Trustees for the year and at the date of approval of the annual report were:

- William Graham AM (**Chair of Trustees**)
- David Melding AM
- Jocelyn Davies AM
- Mike Hedges AM
- Peter Black AM
- Gareth Jones (**Pensioner Trustee**)

## Scheme Administration

The day to day running of the Scheme is carried out by the Scheme Secretariat within the Assembly Commission's Financial Services.

Any queries about pensions or any further information required should be sent to the Secretariat at the following address:

National Assembly for Wales Members' Pension Scheme  
Financial Services  
National Assembly for Wales  
Cardiff Bay  
Cardiff  
CF99 1NA

– **Nicola Callow – Scheme Secretary**

Tel: 0300 200 6522 and email [Nicola.callow@assembly.wales](mailto:Nicola.callow@assembly.wales)

– **Donna Davies – Head of Pensions (newly appointed from 16 March 2015)**

Tel: 0300 200 6523 and email: [donna.davies@assembly.wales](mailto:donna.davies@assembly.wales)

– **Lisa Bowkett – Management Accountant**

Tel: 0300 200 6524 and email [lisa.bowkett@assembly.wales](mailto:lisa.bowkett@assembly.wales)

– **Liz Calder – Pensions Manager**

Tel: 0300 200 6528 and email: [liz.calder@assembly.wales](mailto:liz.calder@assembly.wales)

Fax: 0300 200 6523



## **Income of the Fund**

The income of the Fund is derived from the following sources; contributions from active members and from the Assembly Commission as employer.

Members and Office-holders contribute 10% of their salaries if they accrue benefits on a fortieths basis and 6% of their salaries if they accrue benefits on a fiftieths basis. The Assembly Commission, as the employer, contributes 23.8% of pensionable salaries for both the basic Scheme and the Office Holders' Scheme. These rates have been in effect since 1 April 2009 and following the fifth triennial valuation as at 1 April 2014 will continue.

## **Actuarial Valuation**

The Scheme Actuary is required to make a report on the general financial position of the Fund every three years and to make recommendations on the future rate of the Assembly Commission's contribution. The fifth triennial valuation was completed as at 1 April 2014, and the report was laid on Friday 1 May 2015, in accordance with the Scheme rules.

The statement from the Actuary dated 26 March 2015 recommended the contribution rate should continue to be 23.8% of Members' pensionable salary.. This rate represents the amount required to meet the balance of cost of the Scheme, having regard to the benefits and to the contributions payable by Members and takes into account both future and past service.

The subsequent certificate dated 11 May 2015 (at pages 15-16) confirms the adequacy of the Assembly Commission's contribution of 23.8% for the coming year. The current funding level is adequate to meet current benefits. These statements are based on the Scheme's assets and liabilities at the valuation date. These statements fully comply with the requirements of the Institute of Actuaries and Faculty of Actuaries Guidance Note GN9.

The next triennial valuation is due as at 1 April 2017.

# Membership

## Active Members

Active Members at 1 April 2014	61
<i>(60 Assembly Members, and the Counsel General. Of the 61 members there are 39 Office Holders.)</i>	
<i>add:</i> New entrants in the year	0
<i>less:</i> Leavers in the year	0
Retirements in the year	0
Death in Service	0
<b>Active Members at 31 March 2015</b>	<b>61</b>

## Deferred Members

Deferred Members at 1 April 2014	22
<i>add:</i> Members leaving with deferred rights	0
<i>less:</i> Members taking up deferred rights	1
<b>Deferred Members at 31 March 2015</b>	<b>21</b>

## Pensioners in Payment

Pensioners in payment at 1 April 2014	33
<i>add:</i> Members retiring in year	0
<i>add:</i> Members taking up Deferred Rights	1
<i>add:</i> New Dependants	0
<i>less:</i> Deaths in year	0
<b>Pensioners in Payment at 31 March 2015</b>	<b>34</b>

Payments from the Scheme during the year are disclosed in Note 6 to the accounts. Pensions in payment as at 7 April 2014 were increased by 2.7% in accordance with The Pensions Increase (Review) Order 2014.

## Preparation and Audit of Annual Accounts

The accounts are prepared in accordance with the Statement of Recommended Practice (SORP), Financial Reports of Pension Schemes (revised May 2007), as far as is appropriate.

These accounts are prepared by officials of the Assembly, on behalf of the Trustees, and audited by the Auditor General for Wales. They are prepared and audited under Sections 41 (1) and (6) of the Pensions Act 1995 and in accordance with SI 1996/1975 Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations.

The audited accounts will be laid before the Assembly within three months of the Auditor's Statement being signed and subsequently published.

Copies of these accounts are available from the Secretariat on request.

## Summary Financial Information

Income during the period was £1,409,569 (2013-14 £1,407,073), and Scheme expenditure £487,611 (2013-2014 £643,639). The net assets of the Scheme at 31 March 2015 were £29,028,245 (31 March 2014 £25,487,690).

During the period a total of £931,651 of new investment was remitted to the Fund Managers for investment in the Diversified Growth Pension Fund and the Baillie Gifford Index Linked Pension Fund. The total market value of the Funds invested at 31 March 2015 £28,580,104 was (31 March 2014 £25,030,609).

As at 31 March 2015 a total of £352,572 (31 March 2014 £350,509) was held on a Treasury deposit account with the Scheme's bank earning interest based on the prevailing money market rates. This cash is held for self-insurance purposes.

## Investments

All investments are in holdings that are permitted by the regulations of the Scheme and not prohibited by the Trustees.

The size of the Scheme's assets is not sufficient to allow a widely diversified portfolio of investments were the assets to be invested directly in bonds, stocks and shares. Therefore, until the assets have become sufficiently large, the Trustees believe that the most effective way of investing with suitable diversification and at a reasonable cost is to use unit trusts or open ended investment companies ('OEICs').

The Trustees expect the investments to deliver a return that is median or better for their sector when measured against similar pooled pension fund investments. It is also anticipated that the investment returns should exceed price inflation by a sufficient margin that the Scheme's benefits can be provided in accordance with the actuarial calculations for the Scheme.

## Investment Policy

The Investment Policy for the Scheme is determined by the Trustees, and is reviewed from time to time. The policy in force at 31 March 2015 is set out in the Statement of Investment Principles, which has been adopted by the Trustees and is available to Members on request from the Scheme Secretariat. The policy does not allow for any employer-related investment.

The performance objectives for the investment funds are as follows:

Baillie Gifford Managed Pension Fund – to outperform the CAPS median Balanced Pooled Fund by 1.0-1.5% p.a. gross over rolling 3 year periods.

Over the last 3 years the Managed Pension Fund has achieved an annual rate of return of 11.6% against a benchmark performance of 10.4%

Baillie Gifford Index Linked Pension Fund – to outperform by 1.5% p.a. gross the return on the FT-Actuaries over 5 years Index Linked Gilt Index over rolling 3 year periods. Although the gilt fund underperformed its benchmark it still provided strong relative performance, in excess of the valuation discount rate. Absolute returns of UK index linked bonds have been exceptionally strong over the last three years. The return of the BG Active Index Linked Gilt Plus Fund was behind the benchmark over the period owing largely to the fund's positions in oil dependent economies in 2014, such as Colombia, Norway and Russia. These positions were unhelpful for performance when the oil price suddenly collapsed in late 2014.

Over the last 3 years the Index Linked Pension Fund has underperformed the benchmark with an annual rate of return of 8.5% against a benchmark performance of 8.9%.

Baillie Gifford Diversified Growth Pension Fund – to outperform the UK base rate by 3.5% per annum (net of fees) over rolling five year periods.

Over the last 5 years the Diversified Growth Pension Fund has achieved a rate of return of 6.5% against a benchmark performance of 4.0%.

## Investment Manager

The Trustees have appointed Baillie Gifford Life Ltd as Fund Managers for the Scheme and the Trustees have delegated the responsibility for investment management to them.

Investments are made through a Baillie Gifford Life Limited pension policy. The main feature of the policy is that the benefits obtained are entirely dependent on the investment performance of the assets of the Fund.

Baillie Gifford Life Limited is paid a management fee based on a percentage: 0.45% for the Managed Pension Fund, 0.25% for the Index Linked Pension Fund and 0.65% for the Diversified Growth Pension Fund which is deducted from the value of the Funds each month.

The estimated cost of fund management in 2014-15 was £138,644 (2013-14 £119,859)

All the assets within the unit linked funds that Baillie Gifford Life Limited operates are owned by an insurance company Baillie Gifford Life and are registered in the name of Baillie Gifford Life.

The Scheme does not have a custodian as it invests in units in a life policy which does not require a custodian. The custodian for Baillie Gifford Life Limited is Bank of New York, One Canada Square, LONDON E14 5AL.

Baillie Gifford recognises that owning a company's shares on behalf of clients confers certain rights and responsibilities. At the same time, environmental, social and governance (ESG) issues, and the management thereof, are integral to the sustainability of a business. For this reason, Baillie Gifford considers ESG issues when analysing and reviewing a company, and there is a dedicated Corporate Governance Team who also takes on the share-ownership responsibilities for their clients.

Their approach to the social and environmental aspects of share ownership is based on engagement and dialogue rather than exclusion. Using in-house and external research, they identify key issues relating to their clients' shareholdings and discuss them with the companies concerned. In this way, they encourage companies to monitor and address the material social and environmental risks and opportunities facing their businesses. They believe that this process can contribute to the long term value of their clients' investments.

As signatories to both the UK Stewardship Code and the UN principles for Responsible Investment (UNPRI), Baillie Gifford support effective dialogue between investors and companies on governance and strategic issues and by adhering to them, encourage the incorporation of ESG issues into mainstream investment decision making and ownership practices.

In addition the list of companies Baillie Gifford has had engagement with for the year to 31 March 2015 is as follows:

- **Corporate Governance** - Burberry Group, CVC Credit Fund CyberAgent, Inc., DIA, Kubota Corp Nestle, Rakuten, Ryanair Holdings PLC, SAB Miller, Sony Corp, Standard Chartered, Treasury Wine Estates, Yaskawa Electric Corp
- **Corporate Social Responsibility** – BHP Billton, Haier Electronics Group Co, Petrofac Ltd, Ryanair holdings

– **Executive Remuneration** – Ashtead Credit Group, Brambles Limited, British American Tobacco, Burberry Group, Diploma, Hiscox Ltd, Jardine Lloyd Thompson Group, Markel Corp Prudential, Rakuten, Shopping Centre Australasia, Spirax Sarco Engineering, Standard Chartered, TD Ameritrade Holding Corp

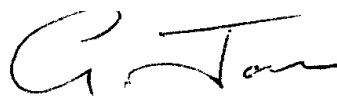
– **AGM or EGM Proposals** – eBay, Alfa Laval, Amazon, American Express Company, Amlin, Ashtead Group, BG Group, BHP Billiton, Burford Capital, Carl Zeiss Meditec, CATCo-Re Ltd., Corporacion Financiera Alba SA, CrediCredit Suisse Nova Lux Global Loans Fund, CyberAgent Inc, Deutsche Wohnen Ag, Diploma, EDP Renovaveis, Fondul Proprietatea, Genomic Health, Google Inc, Harley Davidson, Hiscox, Imagination Technologies Group, Inc., James Hardie, John Iain Environmental Asset, John Wood Group PLC, Jyske Bank AS, JZ Capital Partners Limited, Konecranes, Legal & General Group, MarketAxess, Meggitt, Mesoblast Ltd, Mettler Toledo International, Monsanto Company, Moody's Corp, Pepsico, Prudential, Qualcomm inc, Qunar, Royal Dutch Shell, Ryanair Holdings PLC, Sofina SA, Treasury Wine Estates, UBM PLC, Waters Corporation, Xilinx

– **AGM/EGM** – Eurazeo

An investment report concerning the investment policies during the year and a review of the investment performance of the Fund during the year and the nature, disposition, marketability and security of assets is reported on pages 8 to 12. The market value of the Managed Fund as at 31 March 2015 was £12,832,902 a gain of £1,229,850 over the year; the market value of the Index Linked Pension Fund as at 31 March 2015 was £2,942,770, a gain of £474,797; the market value of the Diversified Growth Pension Fund was £12,804,432, a gain of £913,198. These values are disclosed in Note 7 of the accounts.



**William Graham**  
Assembly Member  
Chair of Trustees (On behalf of the Trustees)



**Gareth Jones**  
Trustee

**Date:** 22 June 2015

# Investment Report — for the Year Ended 31 March 2015



The Trustees have prepared a Statement of Investment Principles which sets out their policies on investment and their strategy for achieving them, a copy of which is available on request.

Day to day responsibility for the management of investments has been delegated to Baillie Gifford Life Limited, which operates in accordance with guidelines and restrictions set out in the Life Policy Agreement and with instructions given by the Trustees from time to time.

Investments comprise units in pooled funds managed by Baillie Gifford, the holdings of which are regarded as being readily marketable.

## Portfolio Valuation

	31 March 2015 GBP	31 March 2014 GBP
Baillie Gifford Managed Pension Fund	12,832,902	11,603,052
Baillie Gifford Diversified Growth Pension Fund	12,804,432	11,099,331
Baillie Gifford Active IL Gilt Plus Pension Fund	2,942,770	2,328,226
<b>TOTAL</b>	<b>28,580,104</b>	<b>25,030,609</b>

## Distribution of Assets

The distribution of assets as at 31 March was as follows:

	31 March 2015 %	31 March 2014 %
Baillie Gifford Managed Pension Fund	44.9	46.4
Baillie Gifford Diversified Growth Pension Fund	44.8	44.3
Baillie Gifford Active IL Gilt Plus Pension Fund	10.3	9.3
<b>TOTAL</b>	<b>100.0</b>	<b>100.0</b>

## Performance Objective

The Trustees have set a performance objective for the investment managers which takes account of the liability profile of the fund and the level of risk that the Trustees believe appropriate.

Performance to March 2015 (%)

Baillie Gifford Managed Pension Fund	Fund (Net)	Benchmark
To outperform the CAPS median Balanced Pooled Fund by 1.0 – 1.5% p.a. gross over rolling 3 year periods.		
Five Years (p.a.)	9.7	7.8
Three Years (p.a.)	11.6	10.4
One Year	10.6	10.7

<b>Baillie Gifford Active Index Linked Gilt Plus Pension Fund</b>	<b>Fund (Net)</b>	<b>Benchmark</b>
To outperform the FT-Actuaries over 5 year Index Linked Gilt Index by 1.5% per annum (gross) over rolling 3 year periods. Prior to 10 December 2010 it was to outperform the FT-Actuaries over 5 year Index Linked Gilt Index by 0.75% per annum (gross) over rolling 3 year periods.		
Five Years (p.a.)	10.4	10.8
Three Years (p.a.)	8.5	8.9
One Year	19.7	21.1

<b>Baillie Gifford Diversified Growth Pension Fund</b>	<b>Fund (Net)</b>	<b>Benchmark +3.5%</b>
To outperform the UK base rate by 3.5% per annum (net of fees) over rolling five year periods with an annual volatility of less than 10%		
Five Years (p.a.)	6.5	4.0
Three Years (p.a.)	6.5	4.0
One Year	7.9	4.0

**Source: Statpro**

### Summary Risk Statistics

Baillie Gifford Diversified Growth Pension Fund	
Delivered volatility	4.4
Annualised volatility, calculated over 5 years to end of March 2015	

**Source: Baillie Gifford**

# Economic and Market Background – 12 months to 31 March 2015

## Multi Asset

Major investment markets delivered positive returns over the period, helped by an increase in investor confidence, signs of general improvement in the economic backdrop, and continued loose monetary policy in many developed countries. Although there were several flashpoints around the world, and these situations created uncertainty in terms of global security, most had a limited impact on investment markets. By contrast, a sharp fall in the oil price and the resulting weakness in the Russian currency were of concern to investors and caused an increase in market volatility. However, the falling oil price was beneficial for some countries, particularly net oil importers, and consumers more generally.

In the US, despite occasional setbacks, confidence in the economic recovery continued to grow. The generally favourable mood prompted the Federal Reserve to reduce and then halt its bond buying programme. This positive tone, combined with other factors such as low interest rates and the return of considerable amounts of cash to shareholders through share buyback programmes and dividend payments, helped the US stock market to reach all-time highs.

Economic data in the UK also suggested an improving environment, with the revised GDP figure for 2014 above forecast. Again, this helped the stock market reach record levels towards the end of the period.

Although, economic recovery remained weak in the Eurozone, support grew for European markets as the European Central Bank announced plans to increase its programme of quantitative easing. A win for the leftist Syriza Party in the Greek election caused some concern about the financial stability of Europe, but the new government subsequently secured agreement with Eurozone partners over extending Greece's bailout deadline, and this brought some relief in the single currency area.

In Japan, the government moved to implement the third of prime minister Abe's 'three arrows', aimed at structural reform and creating a basis for the fragile economic recovery to gather pace. However, change was slower than many had hoped and Abe called a snap election in a bid to secure a stronger mandate to enact his policies. He was returned to power with a substantial majority, giving him the authority to resume his economic plan at his chosen pace.

Against this backdrop, the US equity market recorded a 12% rise, which converted to a 25% return for sterling investors, and the UK gained 7%. Europe rose 19% in local currency terms - 7% in sterling - Emerging Markets gained 13% in local currency and 16% after conversion, and Developed Asia (including Japan) was up 13%, or 16% for UK-based investors.

The volatility in markets prompted periodic moves into areas perceived as less risky and this led to positive performance by bonds. UK government bonds gained 14%, while overseas government bonds rose 8% in local currency terms. UK corporate bonds were also in demand among investors seeking to improve their returns in a low interest rate environment, and recorded a rise of 13%.

Although the mood among investors has been improving, further political and economic challenges remain. However, overall, we are optimistic on the outlook for the global economy. We continue to find a range of attractive businesses with excellent long-term growth prospects.



## Diversified Growth

The main contributors to the positive performance of the Diversified Growth Fund included economic risk assets such as listed equities, emerging market bonds and property. Allocations to asset classes such as absolute return, structured finance and infrastructure were also helpful. No single asset class detracted from returns over the 12-month period under review.

The Fund maintained a broadly diversified portfolio with a substantial allocation to more defensive assets such as investment grade bonds, structured finance and cash. We believe this will deliver a worthwhile return in a range of different economic environments and help to mitigate market falls.

Moves in allocation over the latter part of the period bolstered what was already a cautious slant to the portfolio, which remains diversified across many asset classes. The largest exposure is to equities but that accounts for approximately one-fifth of the portfolio and is half what our asset allocation limits would permit us to own, if we were truly bullish on equities. The next largest allocations are to high yield credit markets and structured finance, but we believe our exposure to rising interest rates in these allocations is limited. Indeed, we have recently added a short position in US 10-year Treasury futures to offset interest risk in the portfolio. Other credit instruments held are either short-dated (and hence have a much lower risk of being negatively influenced by rising interest rates) or floating-rate instruments, where the coupon payment will rise with market interest rates.

The only other allocation that exceeds 10% of the portfolio is to bonds issued by governments of developing economies. Yields on these are much higher than on developed economy government bonds - around 6% on average - so we feel there is a stronger valuation argument for owning them.

Central banks are still working out how best to handle monetary policy without derailing the fragile recovery or lurching into deflation. Asset class valuations appear to reflect this continued intervention, increasing our cautiousness. Although some investors may have become too relaxed, there appears to be substance to the recovery that is underway and our overall expectation is that this will continue across the world, albeit at a gentle rate. However, given the significant price increases we have seen across many asset classes over recent years, prospective returns are likely to be lower in future.

## Government Bond

During the 12 months, most asset classes delivered strong returns. There were signs of improvement in the US and UK economies, although uncertainty persisted in the Eurozone where events in Greece continued to dominate the landscape, and in emerging markets. Interest rates remained low and a sharp fall in the oil price caused inflation to fall further and drove government bond yields, which move inversely to bond prices, to reach record lows during the period.

In European markets, shrinking yield spreads between peripheral European bonds and German Bunds could be attributed to the determination of EU authorities to allay fears of an uncontrolled breakdown in the banking system rather than any improvement in the economic outlook. Towards the end of the period, the European Central Bank began a programme of quantitative easing. Meanwhile, the UK economy was on an improving trend although it remained some way behind the US in this process.

The oil price fall and the decision of central banks to maintain interest rates at very low levels proved supportive for gilts, which performed extremely well throughout the period, recording a rise of 14% over the 12 months as a whole.

Interest rates are unlikely to rise markedly in the near term and this should remain supportive for developed market government bonds, although valuations are already at multi-decade highs. With uncertainty over growth and politics in some emerging economies, there is likely to be greater dispersion in the coming months, and this creates opportunities for active investment management.

## Largest Holdings

### Top Ten Largest Holdings

Baillie Gifford Managed Pension Fund	% of Portfolio
Baillie Gifford Emerging Mkts Gwth Fund C Accum	6.0
Baillie Gifford Emerging Mkts Bond Fd C Gross Acc	2.8
BG Worldwide Global Credit Fund C GBP Acc	2.5
BG Worldwide Active Cash Plus Fund C GBP Acc	2.4
Baillie Gifford Global Bond Gross C Acc	1.8
St. James's Place	1.7
Baillie Gifford British Smaller Cos Fund C Accum	1.6
Prudential	1.5
Baillie Gifford Japanese Smaller Cos Fund C Accum	1.3
Ashtead	1.2
Baillie Gifford Active IL Gilt Plus Pension Fund	% of Portfolio
UK Treasury 0.375% IL 22/03/2062	10.1
UK Treasury 0.5% IL 22/03/2050	9.3
UK Treasury 0.625% IL 22/11/2042	9.1
UK Treasury 4.125% IL 22/07/2030	8.8
UK Treasury 1.125% IL 22/11/2037	8.0
UK Treasury 0.75% IL 22/11/2047	7.7
UK Treasury 1.25% IL 22/11/2032	7.7
UK Treasury 2% IL 26/01/2035	7.1
UK Treasury 1.25% IL 2055	6.3
UK Treasury 1.25% IL 22/11/2027	6.0
Baillie Gifford Diversified Growth Pension Fund	% of Portfolio
Baillie Gifford Emerging Mkts Bond Fd C Gross Acc	7.6
BG Worldwide Global Credit C USD Acc	6.4
Baillie Gifford Global Alpha Growth Fund C Acc	5.9
Baillie Gifford Global Income Fund C Accum	5.0
Baillie Gifford High Yield Bond Fund C Gross Acc	4.6
Galene Fund	3.8
Metreta Fund	3.0
BG Worldwide Japanese Fund C GBP Acc	2.9
Allianz Merger Arbitrage Strategy	2.9
Julius Baer Multibond ABS Fund	2.7

## Baillie Gifford Environmental, Social and Governance Policy

Baillie Gifford recognises that owning a company's shares on behalf of clients confers certain rights and responsibilities. At the same time, environmental, social and governance (ESG) issues, and the management thereof, are integral to the sustainability of a business. For this reason, Baillie Gifford considers ESG issues when analysing and reviewing a company, and there is a dedicated Corporate Governance Team who also takes on the share-ownership responsibilities for our clients.

As active managers, a key part of our investment strategy is to assess the quality of company management, in particular, management attitudes to shareholders. When combined with financial information, non-financial business information can provide valuable insight into the overall quality of management. Given that significant ESG issues play-out over the medium to longer term and that our clients are invested for the longer term, it is important that companies' approaches to ESG issues are considered on a case by case basis.

Our approach to the social and environmental aspects of share ownership is based on engagement and dialogue rather than exclusion. Using in-house and external research, we identify key issues relating to our clients' shareholdings and discuss them with the companies concerned. In this way, we encourage companies to monitor and address the material social and environmental risks and opportunities facing their businesses. We believe that this process can contribute to the long term value of our clients' investments.

# Actuary's statement - covering financial year to 31 March 2015

The National Assembly for Wales Members' Pension Scheme is exempt from the requirement as laid down in the Occupational Pension Schemes (Disclosure of Information) Regulations 1996 to prepare a report and audited accounts within seven months of the end of the accounting year. However it is the intention of the Trustees to comply with the spirit of the legislation, and as such this statement has been prepared as if the legislation applied.

## Actuarial Assessment

A formal actuarial assessment of the National Assembly for Wales Members' Pension Scheme (the Scheme) was carried out with an effective date of 1 April 2014, with the principal objective of making a recommendation to the Trustees of the Scheme about the appropriate level of the employer contribution rate after that date. Whilst the level of members' contributions is specified in the Rules, the employer contribution rate is calculated as a percentage of salary required to meet the balance of cost with the aim of ensuring that Scheme benefits are paid for during members' expected active service with the National Assembly.

## Method

For the 2014 actuarial valuation, the liabilities expected to accrue under the Scheme during the year following the valuation date were valued using the actuarial valuation approach known as the Projected Unit Method. The Standard Contribution Rate under the Projected Unit Method was expressed as the value of the benefits accrued during this one year period divided by the value of the members' earnings during the same period. The valuation method is expected to produce a broadly stable Standard Contribution Rate at successive actuarial valuations as long as the age/sex/salary distribution of Scheme members remains broadly unchanged.

The value of the liabilities accrued up to the valuation date was then compared to the value of the Scheme's assets at the same date. The surplus of £3.58m could have been reflected as an adjustment to the Standard Contribution Rate. However following discussions with the Trustees, the recommended employer's contribution rate is the same as that payable following the 2011 valuation. This is lower than the full Standard Contribution Rate less member contributions, but higher than it would have been had the Standard Contribution Rate been adjusted to eliminate the surplus in the scheme over 15 years.

## Assumptions

In order to calculate the cost of the Scheme's benefits, certain actuarial assumptions have to be made about future expected income to, and benefit payments from, the Scheme. The Standard Contribution Rate is such that it would be just sufficient to finance the benefits accruing following the valuation date provided that the Scheme's actual experience is in line with the assumptions made. Adjustments to the contribution rate may be required in future to take account of departures between Scheme experience and the assumptions adopted.

The principal assumptions used in the 2014 actuarial valuation for calculating the cost of the Scheme's benefits are shown in the table below.

Investment return, net of expenses, in excess of salary inflation	1 ½ % a year
Investment return, net of expenses, in excess of price inflation (based on the Consumer Prices Index)	3½ % a year
Pensioner longevity – Based on standard pensioner longevity tables published by the Continuous Mortality Investigation (the SAPS tables) with adjustments as adopted in the valuation of the NHS Pension Scheme in England & Wales as at 31 March 2012, and with future improvements in line with principal 2012-based population projections produced by the Office for National Statistics	

Further details of the methods and assumptions used are set out in the report on the actuarial valuation as at 1 April 2014, dated 26 March 2015.

## Contribution Rate

Members currently pay contributions to the Scheme at the rate of 10% of pensionable salary if they accrue pension benefits at the rate of one-fortieth of final pensionable pay per year of service, or at the rate of 6% of pensionable pay if they accrue pension benefits at the rate of one-fiftieth. The recommended employer contribution rate determined using the method and assumptions described above was assessed as 23.8% of pensionable salary with effect from 1 April 2015, being the same rate as payable from 1 April 2009 to 1 April 2015. The rate includes full provision for death benefits, including improvements in these benefits since the scheme's inception, and also an allowance for administration expenses.

The National Assembly for Wales Remuneration Board have issued proposals for a new benefit structure to come into force in May 2016. The recommended employer contribution rate will be reassessed once revised scheme rules are in place, and so the employer contribution rate of 23.8% may be revised from May 2016.

## Security of Prospective Rights

In my opinion, the resources of the scheme are likely in the normal course of events to meet in full the liabilities of the Scheme as they fall due. In giving this opinion, I have assumed that both member and employer contributions will be paid to the Scheme as described in the paragraph titled 'Contribution Rate' above, subject to review at successive actuarial valuations.

## Next Actuarial Assessment

The next formal actuarial valuation of the Scheme is being undertaken with an effective date of 1 April 2017. The main purpose of that valuation will be to assess the adequacy of the recommended rate of employer contributions, taking account of all relevant factors since the preceding valuation.

**Date:** 11 May 2015



I A Boonin  
Fellow of the Institute and Faculty of Actuaries

Government Actuary's Department  
Finlaison House, 15-17 Furnival Street  
London EC4A 1AB

## Statement of Trustees' responsibilities

The Financial Statements are the responsibility of the Trustees. The Trustees are not required by statute to comply with pension scheme regulations, but have agreed to do so wherever possible on grounds of good practice. The regulations require the Trustees to make available to Scheme members, beneficiaries and certain other parties, audited Financial Statements for each Scheme year which:

- show a true and fair view of the financial transactions of the Scheme during the Scheme year and of the amount and disposition at the end of that year of the assets and liabilities, other than liabilities to pay pensions and benefits after the end of the scheme year, and
- contain the information specified in the Schedule to the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, including a statement whether the Financial Statements have been prepared in accordance with the Statement of Recommended Practice 'Financial Reports of Pension Schemes'.

The Trustees have supervised the preparation of the financial statements and have agreed suitable accounting policies, to be applied consistently, making any estimates and judgements on a prudent and reasonable basis.

The Trustees are responsible for ensuring compliance with the Scheme rules and recommendations of the Actuary in respect of contributions payable towards the Scheme by, or on behalf of, the employer and the active members of the Scheme and the dates on or before which such contributions are to be paid. The Trustees are also responsible for keeping records of contributions received in respect of any active member of the Scheme and for ensuring that contributions are made to the Scheme in accordance with the recommendations of the Scheme's Actuary.

The Trustees also have a general responsibility for ensuring that adequate accounting records are kept and for taking such steps as are reasonably open to them to safeguard the assets of the Scheme and to prevent and detect fraud and other irregularities, including the maintenance of appropriate internal controls.


## Summary of Contributions paid in the year

During the year, the contributions paid to the Scheme by the Employer in accordance with the Actuary's recommendations were as follows:

	2014-15	2013-14
	£	£
Employer normal contributions	979,849	981,125
Employee normal contributions	403,418	404,331
Employee additional voluntary contributions to purchase Added Years	16,107	10,754
Total Contributions	1,399,374	1,396,210



**William Graham**  
Assembly Member  
Chair of Trustees (On behalf of the Trustees)



**Gareth Jones**  
Trustee

**Date:** 22 June 2015

Reconciliation between contributions paid shown above and contributions reported in the Financial Statements:

	2014-15	2013-14
	£	£
Contributions paid	1,399,374	1,396,210
Less opening debtor	(117,190)	(115,025)
Add closing debtor	<u>115,430</u>	<u>117,190</u>
Contributions reported in the Financial Statements	<u>1,397,614</u>	<u>1,398,375</u>



# Independent Auditor's Statement

## Independent Auditor's Statement about contributions to the trustees of The National Assembly for Wales Members Pension Scheme

**I have examined the summary of contributions to the National Assembly for Wales Members Pension Scheme for the scheme year ended 31 March 2015 which is set out on page 18**

### Respective responsibility of trustees and auditor

As explained more fully in the Statement of Trustees' Responsibilities on page 17, the scheme's trustees are responsible for ensuring that there is prepared, maintained and from time to time revised a schedule of contributions showing the rates and due dates of certain contributions payable to the scheme by or on behalf of the employer and the active members of the scheme. The trustees are also responsible for keeping records in respect of contributions received in respect of active members of the scheme and for monitoring whether contributions are made to the scheme by the employer in accordance with the schedule of contributions.

My responsibility is to provide a statement about contributions paid under the schedule of contributions and to report my opinion to you.

### Scope of work on statement about contributions

My examination involves obtaining evidence sufficient to give reasonable assurance that contributions reported in the summary of contributions on page 18 have in all material respects been paid at least in accordance with the schedule of contributions. This includes an examination, on a test basis, of evidence relevant to the amounts of contributions payable to the scheme and the timing of those payments under the schedule of contributions.

### Statement about contributions payable under the schedule of contributions

In my opinion contributions for the scheme year ended 31 March 2015 as reported in the summary of contributions and payable under the schedule of contributions have in all material respects been paid at least in accordance with the schedule of contributions certified by the scheme actuary on 11 May 2015.

Huw Vaughan Thomas  
Auditor General for Wales  
Date: 15 July 2015

Wales Audit Office  
24 Cathedral Road  
Cardiff CF11 9LJ

The maintenance and integrity of the National Assembly for Wales website is the responsibility of the Accounting Officer; the work carried out by Auditors does not involve consideration of these matters and accordingly auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

# Governance Statement

## Scope of Responsibility

We acknowledge our responsibility as Trustees for maintaining a sound system of governance to safeguard the public funds and assets connected with the National Assembly for Wales Members' Pension Scheme (NAfW MPS).

The NAfW MPS is a statutory scheme and is a registered pension scheme under the Finance Act 2004. The Pension Scheme Tax Reference (PSTR) is 00462258RW

The Pensions Team within the Financial Services of the National Assembly for Wales provide secretarial and administrative services to the Trustees and this arrangement is covered by a Memorandum of Understanding between the National Assembly for Wales Remuneration Board (the Board), the National Assembly for Wales Commission (the Commission) and the Trustees. The Memorandum of Understanding sets out the respective roles and responsibilities of the Board, the Commission and the Trustees with regard to the management and administration of the NAfW MPS.

## Governance Framework

The Trustees, with the exception of the Pensioner Trustee are Members of the National Assembly for Wales, are appointed by Resolution of the Assembly in accordance with rules of the NAfW MPS.

Schedule 1, General Provisions as to Trustees, of the Scheme rules states that the Assembly shall by resolution appoint not more than six members to be the Trustees of this Scheme, one of whom shall be a Pensioner Trustee. The quorum for Trustee meetings is three. The responsibilities of the Trustees are clearly defined in the Statement of Trustee's responsibilities on Page 17 within the Annual Report.

The following Members were appointed as Trustees by resolution of the Assembly:

<b>Role</b>	<b>Name</b>	<b>Date Appointed</b>
Chair	William Graham AM	03/06/2009
Trustee	David Melding AM	12/10/2011
Trustee	Peter Black AM	12/10/2011
Trustee	Jocelyn Davies AM	12/10/2011
Trustee	Mike Hedges AM	12/10/2011
Pensioner Trustee	Gareth Jones	09/06/2010

Mr Graham was elected as Chairman of the Trustees during a Trustees' meeting in October 2009.

Mr Jones stood down as an Assembly Member in March 2011 but was appointed as the Pensioner Trustee by a ballot of pensioner members in October 2011. He is the only Trustee who serves for a fixed period which is 5 years until 4 October 2016.

<b>Name</b>	<b>Percentage of Meetings Attended</b>
William Graham AM	100%
David Melding AM	80%
Peter Black AM	40%
Jocelyn Davies AM	60%
Mike Hedges AM	100%
Gareth Jones	80%

During the year there were three main Trustee meetings in June, October and March and two Special meetings in July and November. The attendance above shows the proportion of all meeting attended by Trustees, however it should be noted that Special Meetings were arranged at short notice.

Mr Melding and Mr Black both submitted apologies for the main Trustee meetings they were unable to attend as they were engaged on Assembly Business. Mr Jones submitted apologies for the Special meeting in November and both Ms Davies and Mr Black submitted their apologies for both Special meetings as they were engaged on Assembly Business.

During the year the Trustees considered the following detailed reports:

- The Auditor’s report on the Financial Statements
- A review of the Scheme’s investment performance and outlook
- The Actuarial Valuation as at 1 April 2014
- Review of the draft Fifth Assembly pension scheme rules
- Review and application of the Public Services Pensions Act in relation to the new Fifth Assembly pension scheme
- The Deed of Indemnity was agreed in June 2014 and sets out the undertaking for the Commission to fully and effectively indemnify and keep indemnified the Trustees against all losses arising out of the negligent performance or non-performance by the Commission of its provision of administrative services to or in respect of the Scheme.

The reports were prepared and presented by the Scheme’s professional advisers. This information together with additional briefing papers prepared by the Secretariat provided good quality data which allowed the Trustees to exercise their functions effectively over the period of this report.

### **The Purpose of the System of Internal Control**

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness.

The system of internal control is based on an ongoing process designed to identify the principal risks to the achievement of the NAFW MPS aims and objectives, to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically. It is based on a framework of regular management information, financial regulations, administrative procedures including the segregation of duties, and a system of delegation and accountability. This system of internal control has been in place in NAFW MPS for the year ended 31 March 2015 and up to the date of approval of the annual report and accounts.

## Significant Internal Control Problems

There were no significant Internal Control problems noted during the year.

## Capacity to Handle Risk

The Scheme's day-to-day administration and accounting responsibility is administered on behalf of the Trustees by Secretariat staff within Financial Services of the National Assembly for Wales Commission, with responsibility for the development and maintenance of the control framework.

## Personal Data Incidents

There have been no personal data related incidents or data losses during the year.

## Risk Management

During the period of this report the risk register for the Scheme was reviewed, updated and agreed with the Trustees as part of the medium term business plan. Each risk is identified and assessed into three categories, high/medium/low, based on factors such likelihood of the risk materialising, the impact that the risk might have if it did occur and the controls currently in place to manage each identified risk. The risk register is reviewed at least annually by the Trustees.

The resulting register was used to identify any additional measures considered necessary to effectively manage the risks. The following are examples of the risks that have been identified and the measures put in place to minimise their impact:

- **Investment:** Risk of investments not producing sufficient return with a resulting impact of the funding position of the scheme. Investment performance is reviewed by Trustees on a quarterly basis with the Scheme's investment consultant producing an annual report on investment performance;
- **Pension Scheme Records:** Risk of incomplete or inaccurate records leading to incorrect/unauthorised payments or decisions being taken with incomplete information. Accurate records have been maintained of past and present members, transactions into and out of the Scheme and of Trustees meetings;
- **Scheme Administration:** Trustees monitor the steps taken by the administrative staff to manage risks in their areas of responsibility at each Trustee meeting;
- **Members:** There is a procedure in place to resolve disputes about the Scheme with members. Information is provided to scheme members on a regular basis through newsletters and in group meetings;

## Review of effectiveness

We are assisted in the development and maintenance of the internal controls by the senior managers within the National Assembly for Wales who have responsibility for the development and maintenance of the internal control framework and which is reviewed each year by the Assembly Commission's Internal Auditors.

Our review of the effectiveness of these controls is informed by the work of the Auditor General for Wales. Comments made by the Auditor General for Wales in his management letter and other reports are taken into account.

We are satisfied that the internal controls in place have proved effective during the period covered by this report.

Approved on behalf of the Trustees on 22 June 2015 by:

Signature



**William Graham**

Assembly Member

Chair of Trustees (On behalf of the Trustees)

Signature



**Gareth Jones**

Trustee

# Independent Auditor's Report to the trustees of the National Assembly for Wales Members' Pension scheme

I have audited the financial statements of the National Assembly for Wales Members Pension Scheme for the year ended 31 March 2015 which comprise the fund account, the net assets statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

## Respective responsibilities of trustees and auditor

As explained more fully in the Trustees' Responsibilities Statement set out on page 17, the scheme's trustees are responsible for the preparation of financial statements which give a true and fair view.

My responsibility is to audit the financial statements in accordance with applicable law and with International Standards on Auditing (UK and Ireland). These standards require me to comply with the Financial Reporting Council's Ethical Standards for Auditors.

## Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the National Assembly for Wales Members Pension Scheme's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements.

In addition I read all the financial and non-financial information in the annual report & accounts to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

## Opinion on financial statements

In my opinion the financial statements:

- give a true and fair view of the financial transactions of the scheme during the year ended 31 March 2015, and of the amount and disposition at that date of its assets and liabilities, other than the liabilities to pay pensions and benefits after the end of the year;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- contain the information specified in Regulation 3 of, and the Schedule to, the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, made under the Pensions Act 1995.

Huw Vaughan Thomas  
Auditor General for Wales  
Date: 15 July 2015

Wales Audit Office  
24 Cathedral Road  
Cardiff CF11 9LJ

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## Accounts for the year to 31 March 2015

<b><u>Fund Account</u></b>		<b>2014-15</b>	<b>2013-14</b>
		<b>£</b>	<b>£</b>
<b>Scheme Income</b>			
Contributions receivable	4	1,397,614	1,398,375
Transfers In		11,921	8,341
Interest Receivable		34	35
Sundry Income		0	322
		<hr/>	<hr/>
		1,409,569	1,407,073
<b>Scheme Expenditure</b>			
Benefits Payable	5	380,461	606,740
Professional Fees	6	104,399	33,319
Other Administration Costs	10	2,751	3,580
		<hr/>	<hr/>
		487,611	643,639
<b>Net Additions from dealings with Members</b>			
		<hr/>	<hr/>
		921,958	763,434
<b>Investments</b>			
Change in market value of Managed Fund	7	1,229,850	777,397
Change in market value of Index Linked Fund		474,797	(138,056)
Change in market value of Diversified Growth Fund		913,198	122,133
Cash Deposit Interest	8	752	822
		<hr/>	<hr/>
<b>Net Increase in the Fund during the year</b>		3,540,555	1,525,730
<b>Net Assets of the Scheme at 1 April 2014</b>		25,487,690	23,961,960
		<hr/>	<hr/>
<b>Net Assets of the Scheme at 31 March 2015</b>		<b>29,028,245</b>	<b>25,487,690</b>
		<hr/> <hr/>	<hr/> <hr/>

<b><u>Net Assets Statement</u></b>		<b>As at 31 March 2015 £</b>	<b>As at 31 March 2014 £</b>
<b>Investments</b>			
Managed Fund	7	12,832,902	11,603,052
Index Linked Fund		2,942,770	2,328,226
Diversified Growth Fund		12,804,432	11,099,331
<b>Current Assets</b>	8	492,515	483,844
<b>Current Liabilities</b>	9	(44,374)	(26,763)
<b>Net Assets of the Scheme at 31 March 2015</b>		<b>29,028,245</b>	<b>25,487,690</b>

The accounts only summarise the transactions and net assets of the Scheme and do not take account of liabilities to pay pensions and other benefits after the Scheme year end.

Approved by the Trustees on 22 June 2015:

Signature

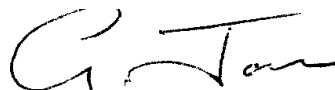


**William Graham**

Assembly Member

Chair of Trustees (On behalf of the Trustees)

Signature



**Gareth Jones**

Trustee

The notes on pages 27-31 form part of these accounts.



# Notes to the Accounts

## 01.1. Basis for Preparation

These accounts have been prepared in accordance with the Statement of Recommended Practice (SORP) on Financial Reports of Pension Scheme Accounts, revised in May 2007.

The accounts summarise the transactions and net assets of the Scheme. They do not take account of liabilities to pay pensions and other benefits in the future.

The actuarial report does take these liabilities into account (an actuarial statement can be found at pages 15 to 16).

## 01.2. Accounting Policies

The Scheme's principal accounting policies are:

- normal contributions and voluntary contributions for the purchase of added years are accounted for in the year they are due.
- benefits are accounted for on the date that they fall due and refunds of contributions are accounted for when they are made.
- transfer values from and to other pension schemes represent the amounts received and paid during the year for members who either joined or left the Fund.
- all other expenditure is accounted for in the period to which it relates.
- investments are stated at the closing single price which is calculated at the closing price of the underlying securities on 31 March each year. This may differ from the price used for buying and selling units.

## 01.3. Secretariat

The cost of providing staff for the Scheme's secretariat continues to be met directly by the Assembly Commission under the terms of the Memorandum of Understanding agreed between the Assembly Commission and the Trustees. The costs were estimated to be £87,200 (2013-14 £77,500) for the period covered by these accounts.

## 01.4. Contributions Receivable

	2014-15	2013-14
Contributions comprise:	£	£
Employer: normal contributions	978,573	982,719
Members: normal contributions	402,934	404,902
: purchase of Added Years	16,107	10,754
	<b>1,397,614</b>	<b>1,398,375</b>

Members contributed 10% to accrue benefits on a fortieths basis and 6% to accrue benefits on a fiftieths basis with the Assembly Commission contributing 23.8% of pensionable salaries to the Scheme.

Two added years contracts over a four year period continued during the financial year and there was one added years purchase by lump sum.

## 01.5. Benefits Payable

	2014-15	2013-14
Contributions comprise:	£	£
Pensions	380,461	347,130
Lump Sum Retirement Benefits	0	259,610
Death Benefit Lump Sum	-	-
	<b>380,461</b>	<b>606,740</b>

## 01.6. Professional Fees

	2014-15	2013-14
	£	£
Actuarial Fees	44,768	6,920
Investment Consultancy	16,348	6,494
Audit Fees	13,079	13,079
Legal Fees	30,204	6,826
	<b>104,399</b>	<b>33,319</b>

Actuarial, Investment Consultancy and Legal fees increased during the year reflecting the work carried out for the actuarial valuation 2014, a review of investment strategy, a full review of the draft rules and of the impact of the Public Service Pensions Act on the new Fifth Assembly pension scheme.

Work carried out by the Government Actuary's Department (GAD) was provided by the Scheme Actuary and by the Investment and Risk Team. Each year GAD review the fees and this year they issued the Scheme with a credit note which reduced the actuarial fees by £6,950 and investment consultancy by £155.

## 01.7. Investments

All investments are held in Baillie Gifford Managed Funds.

<b>a) Baillie Gifford Managed Pension Fund</b>		<b><u>31 March 2015</u></b>	<b><u>31 March 2014</u></b>
	Units	£	£
Market value at 1 April 2014	1,582,004	11,603,052	10,825,655
Purchases at cost	-	-	-
Disposals	-	-	-
Change in market value		1,286,085	835,614
Investment Manager Expenses		(53,842)	(50,380)
Broker and other expenses		<u>(2,393)</u>	<u>(7,837)</u>
Net change in market value		1,229,850	777,397
Market value at 31 March 2015	1,582,004	12,832,902	11,603,052
Book Cost at 31 March 2015		4,808,154	4,808,154

<b>b) Baillie Gifford Index Linked Pension Fund</b>		<b><u>31 March 2015</u></b>	<b><u>31 March 2014</u></b>
	Units	£	£
Market value at 1 April 2014	973,542	2,328,226	2,345,540
Purchases at cost	54,248	139,748	120,742
Disposals	-	-	-
Change in market value		481,935	(132,173)
Investment Manager Expenses		(6,610)	(5,657)
Broker and other expenses		<u>(529)</u>	<u>(226)</u>
Net change in market value		474,797	(138,056)
Market value at 31 March 2015	1,027,790	2,942,770	2,328,226
Book Cost at 31 March 2015		1,820,344	1,680,596

<b>c) Baillie Gifford Diversified Growth Pension Fund</b>		<b><u>31 March 2015</u></b>	<b><u>31 March 2014</u></b>
	Units	£	£
Market value at 1 April 2014	6,181,405	11,099,331	10,292,996
Purchases at cost	386,452	791,903	684,202
Disposals	-	-	-
Change in market value		1,019,058	206,130
Investment Manager Expenses		(78,192)	(63,822)
Broker and other expenses		<u>(27,668)</u>	<u>(20,175)</u>
Net change in market value		913,198	122,133
Market value at 31 March 2015	6,606,693	12,804,432	11,099,331
Book Cost at 31 March 2015		9,970,314	9,178,411

The distribution of assets is shown in the Fund Managers Investment Report on page 8. Investment income for the underlying funds that National Assembly for Wales Members' Pension Scheme invests in can't be determined as there are no distributions from the fund, all income and any tax recoveries being rolled up so increasing the value of the units.

The management charges are 0.45% per annum for the Managed Pension Fund 0.65% for the Diversified Growth Pension Fund and 0.25% for the Index Linked Pension Fund. The total expenses including direct trading costs are 0.49% for the Managed Pension Fund, 0.91% for the Diversified Growth Pension Fund and 0.27% for the Index Linked Pension Fund and are deducted from the value of the funds and are reflected in the unit price of the funds.

## 01.8. Current Assets

	<u>31 March 2015</u>	<u>31 March 2014</u>
	£	£
Treasury Deposit Account as at 1 April 2014	350,509	385,080
Add Interest earned during the year	752	822
	<hr/> 351,261	<hr/> 385,902
(Withdrawals)/deposits	1,302	(35,410)
Movement in accrued interest	9	17
Total Treasury Deposit Account	<hr/> 352,572	<hr/> 350,509
Cash at Bank	24,124	15,756
Contributions due from the employer	115,430	117,190
Other debtors and prepayments	389	389
	<hr/> <b>492,515</b>	<hr/> <b>483,844</b>

Contributions due from the employer relate to the month of March 2015 and were paid in full to the Scheme before the statutory deadline of 19 April 2015.

## 01.9. Current Liabilities

	<u>31 March 2015</u>	<u>31 March 2014</u>
	£	£
Creditors: amounts payable within one year	(44,374)	(26,763)
	<b>(44,374)</b>	<b>(26,763)</b>

'Creditors: amounts payable within one year' represent liabilities for work done, where invoices were received or not by the year-end and liabilities due but not paid.

## 01.10. Administration Costs

	<u>31 March 2015</u>	<u>31 March 2014</u>
	£	£
Training	-	-
Other Administration	2,751	3,580
	<b>2,751</b>	<b>3,580</b>

Training was provided by the Scheme Actuary in December and the cost was £3,251.50, however as GAD review their fees each year they issued the Scheme with a credit note which reduced the training cost shown above to nil.

## 01.11. Related Party Transactions

During the period of account the Scheme has had material transactions with the Assembly Commission, which is regarded as a related party. These transactions are disclosed in Note 4 to these accounts. None of the Trustees, Managers of the Scheme, key managerial staff or other related parties has undertaken any material transactions with the Scheme during the year.

## 01.12. Events after the reporting period date

There has been a non-adjusting event after the date the Trustees signed the Annual Report & Accounts. Markets have been unstable due to uncertainty about the financial security of Greece and its position in the Eurozone since the date Trustees signed the Annual Report. As a result of this uncertainty, the market value of investments has fallen significantly (approximately 2%) since the balance sheet date. The Trustees are of the opinion that this is a temporary fall, and that because the

Scheme is invested in the long term, they reasonably expect that the value of the funds invested will recover over time.

## Compliance Statement

The purpose of this compliance statement is to disclose some additional information required by law.

What is The National Assembly for Wales Members' Pension Scheme?

The Scheme provides benefits for Assembly Members and Office Holders. All Assembly Members are members of the Scheme from the date they enter the Assembly unless they opt specifically not to be.

The main benefits of the Scheme are:

- a pension of one fortieth or one fiftieth of final salary for each year of service on retirement at age 65;
- for members joining before 6 April 2006 an early pension payable on retirement before age 65, if the member has attained age 50 (the pension may be abated depending upon age/length of service);
- for members joining after 6 April 2006 an early pension payable on retirement before age 65, if the member has attained age 55 (the pension will be abated);
- a pension on retirement at any time on the grounds of ill health;
- a widow/ers'/partners' pension equal to 5/8ths of the member's pension (based on prospective service if death occurs while an Assembly Member);
- childrens' pensions (at the rate of one quarter of the basic or prospective pension of the Member if there is one child or three eighths for two or more children);
- pensions-in-payment are indexed to the changes in the Pensions Increase (Review) Order;
- a lump sum death in service gratuity equal to four years salary with provision for more than one nominee;

Optional benefits are:

- the purchase of added years;
- transfer of pension rights (into and out of the Scheme);

### Relationship with State Retirement Scheme

- The Scheme is contracted out of the State Second Pension Scheme and Members will therefore pay a lower rate of National Insurance Contribution.
- The pension retired members receive from this Scheme is in addition to any entitlement to State Retirement benefits.

### How the Trustees of the Scheme Are Appointed

- Schedule 1 of the Scheme Rules state that there shall be 'no more' than six Trustees.

- At any point in time, one of the six Trustees shall be a pensioner, if anyone is prepared to stand. Where more than one nomination is received, a ballot to select the individual with the highest number of votes will be held amongst the pensioner category membership of the Scheme.
- No other person shall be appointed to be a Trustee unless he or she is a member of the National Assembly for Wales but a person shall not cease to be a Trustee merely because he or she ceases to be a member of the National Assembly for Wales. The National Assembly for Wales may appoint or dismiss any Trustee to or from that office. A Trustee may resign from office by notice in writing to the Presiding Officer of the National Assembly for Wales.

### Trustee Meetings

Trustee meetings are usually held once every Assembly session, and there are sometimes additional meetings for specific purposes. During the year three normal Trustee meetings were held.

The Trustees may act by a majority of those present at any meeting of the Trustees at which a quorum is present and the quorum for any meeting of the Trustees shall be three.

### Internal Dispute Resolution

The Trustees have implemented an Internal Dispute Resolution procedure in accordance with the requirements of the Pensions Act 1995. Details of the procedure can be obtained from Financial Services.

### Scheme Advisers Appointed by the Trustees in Connection with the Fund as at 31 March 2015

Actuary	Trevor Llanwarne of the Government Actuary Department
Auditor	The Auditor General for Wales
Bankers	Barclays Bank plc
Investment Manager	Baillie Gifford Life Limited
Legal Adviser	Eversheds
Scheme Accountants	Scheme Secretariat, Assembly Commission

There have been no changes in the appointments since the previous period

### Funding Standard

The Scheme is exempt from the requirements of The Occupational Pension Schemes (Scheme Funding) Regulations 2005. However, the Trustees have decided, with advice from the Scheme's professional advisers, to adopt relevant regulations as a matter of good practice where practicable.

### Tax Status of the Scheme

The Scheme is a statutory pension scheme under Section 611A of the Income and Corporation Taxes Act 1988, as amended by Schedule 12 of the Finance Act 1999, and is a deemed registered scheme under the Pensions Act 2004 and is an 'approved scheme' for the purposes of accepting transfer values.

## **Investment Managers**

Baillie Gifford's responsibilities include:

- i. carrying out all the day-to-day functions relating to the management of the Fund;
- ii. the allocations of the balanced portfolio between categories of investments and for the selection of individual stocks within each category of investment
- iii. deciding whether it is appropriate to retain or realise individual investments within the portfolio; and
- iv. exercising the investment powers in such a way that will give effect to the principles contained in the Statement of Investment Principles (SIP), so far as is reasonably practicable, and in particular will have regard to the suitability and diversification of the investments within the guidelines set by the Trustees.

## **Additional Voluntary Contributions (AVCs)**

Added years contributions are invested with normal contributions in the Scheme funds.

