
STATES OF JERSEY



STATES INVESTMENT STRATEGIES

**Presented to the States on 17th July 2009
by the Minister for Treasury and Resources**

STATES GREFFE

STATES INVESTMENT STRATEGIES

1. INTRODUCTION

- 1.1 This strategy document is presented in accordance with the terms of the Public Finances (Jersey) Law 2005 (Article 6) (the Finance Law) and Public Finances (Transitional Provisions) (No. 2) Jersey Regulations 2005 (Regulation 4), which requires that the Minister for Treasury and Resources presents his investment strategies for States funds.
- 1.2 The strategies set by the Minister pay particular regard to the need for diversification in both the management of the money available; and the level of funds to be invested.
- 1.3 The Treasurer of the States is responsible for ensuring that States investments are properly managed, controlled and accounted for in accordance with the relevant investment strategies.
- 1.4 This document provides details on –
 - Investment strategies for the following Funds –
 - Strategic Reserve;
 - Stabilisation Fund;
 - Social Security (Reserve) Fund;
 - Consolidated Fund;
 - Currency Notes and Coins Funds; and
 - Other Funds.
 - Governance arrangements;
 - Common Investment Fund;
 - Pension Fund Investment Strategies;
 - Public Employees' Contributory Retirement Scheme; and
 - Jersey Teachers' Superannuation Fund.
 - Ethical Investment Strategy.
- 1.5 The strategies reflect the Minister's long-term investment aims for each Fund. The current position of each Fund reflects current market conditions. The Minister's intention is that each Fund moves towards its strategic aim as investment opportunities and market conditions allow.
- 1.6 The report includes information on matters relating to the States of Jersey investment strategies. This information is for this specific purpose only and should not be used for any other purpose.

2. INVESTMENT STRATEGIES

2.1 Strategic Reserve

2.1.1 Purpose of the Fund

2.1.1.1 On 5th December 2006, the States approved P.133/2006 and thereby confirmed the policy for the Strategic Reserve as –

2.1.1.2 *“the Strategic Reserve is a permanent reserve, where the capital value is to be used in exceptional circumstances to insulate the Island’s economy from severe structural decline such as the sudden collapse of a major Island industry or from major natural disaster.”*

2.1.1.3 The States will shortly be asked to consider P.84/2009 which proposes that this policy is varied to enable the Strategic Reserve to be used, if necessary, for the purposes of providing funding up to £100 million for a Bank Depositors Compensation Scheme.

2.1.1.4 The clarification of the purpose of the Fund by the States enables greater emphasis to be given to increasing the longer term value of the Fund rather than the need to generate annual income. This has enabled an increase in the proportion of the Fund being allocated to return seeking assets from previous levels, but considerable emphasis still needs to be given to capital preservation and liquidity.

2.1.2 Strategy

2.1.2.1 In order to meet the purpose of this Fund the Minister has set a strategic aim of investing 60% in return seeking assets (equities and property) and 40% in risk reducing assets as detailed below –

	Strategic Aim	Range
	%	%
Equities	50	30 – 70
Property	10	0 – 15
Bonds/cash	40	20 – 70

2.1.2.2 The ranges indicate tolerable variations according to investment conditions at any time.

2.1.2.3 As the financial environment changes the composition of the Fund’s investments will change to reflect a move towards the strategic aim of the Fund.

2.1.3 Investment Structure

2.1.3.1 In order to deliver this strategy, the Fund is divided into an equity portfolio and two fixed interest portfolios, each of which are managed by appointed Fund Managers.

2.1.4 Investment in Jersey

2.1.4.1 Investment is not generally made in Jersey, or in Jersey quoted companies. This is to ensure that as far as possible, the assets are diversified away from the effects of the Jersey economy.

2.1.4.2 Further details of the Fund, including current asset allocation, managers and custodian details can be found in the Appendix.

2.1.5 Controlling Interest

2.1.5.1 The States of Jersey will not acquire share holdings greater than 3% in companies.

2.2 Stabilisation Fund

2.2.1 Purpose of the Fund

2.2.1.1 The purpose of this Fund is to provide a reserve which can be used to make Jersey's fiscal policy more countercyclical in order to create a more stable economic environment. The Fund receives cash allocations in more buoyant economic conditions and makes payments at times of anticipated economic downturn.

2.2.1.2 At least until the Stabilisation Fund has been built up to a much higher level it needs to be –

- highly liquid;
- held in assets which will not lose value if a quick sale is required and
- available at times of an economic downturn.

2.2.2 Strategy

2.2.2.1 In order to meet the purpose of this Fund, the long-term aim of the Fund is to invest within the parameters indicated below –

	Strategic	
	Aim	Range
	%	%
Cash and cash equivalents	20	20 – 100
Government bonds (indexed or conventional)	50	0 – 80
Corporate bonds (indexed or conventional)	30	0 – 40

2.2.2.2 The current economic climate and the predicted and current demands placed on the Fund mean that at this time it will continue to be held in highly liquid assets such as short-term cash deposits and certificates of deposit and not in bonds.

2.2.2.3 The cash holdings in this Fund are subject to the same restrictions placed on the cash in the Consolidated Fund (please see section 2.4.2).

2.2.2.4 Given that the purpose of this Fund is to provide support in an economic downturn; it should not invest in equities as these may suffer at times of economic downturn, when payments may be needed to be made from the Fund.

2.2.3 Investment Structure

2.2.3.1 In order to deliver the required strategy, the Fund is managed by one Fund Manager experienced in the investment of cash and near cash items.

2.2.3.2 Further details of the Fund, including current asset allocation, the current manager and custodian arrangements can be found in the Appendix.

2.3 Social Security (Reserve) Fund

2.3.1 Purpose of the Fund

2.3.1.1 The Social Security (Reserve) Fund (the “Reserve Fund”) is effectively a buffer to deal with the longer term funding of the state pension for Islanders. The Minister for Treasury and Resources is responsible for the investment of the Fund’s assets. The Minister for Social Security has responsibility for the development of a strategy, in consultation with the Minister for Social Security, to deal with meeting future pension provisions for eligible Islanders.

2.3.1.2 The number of persons in receipt of a State pension as a percentage of the working population is expected to increase over time. The purpose of this Fund is to build up a reserve for the future provision of pension benefits for those currently in employment, so as to reduce the impact of pensions on future generations, as well as to smooth contributions for social security benefits over time.

2.3.1.3 Long-term growth is one of the main aims for the Reserve Fund, and therefore any income generated is reinvested back into the Fund. It is expected that there will be no requirement to draw on the assets of the Fund in the near term and during this period there will continue to be net cash inflows to the Fund.

2.3.2 Strategy

2.3.2.1 In order to ensure that the Fund can work towards its objective of longer term growth its strategy is to place a high proportion of its assets in return seeking investments.

2.3.2.2 The longer term strategic aim for the Fund is to invest within the parameters indicated below –

Asset Class	Strategic Aim %	Range %
Equities	80	70 – 90
Property	10	0 – 15
Bonds/Cash	10	5 – 22

2.3.2.3 Investment conditions are not suitable to move to this strategy at the current time, however, as the financial climate changes the composition of the Fund's investments will change to reflect a move towards the strategic aim.

2.3.2.4 As the Reserve Fund is subject to three-yearly actuarial reviews the outcomes may result in a need to redefine the Fund's investment strategy. All strategy revisions will be brought to the attention of the States.

2.3.3 Investment Structure

2.3.3.1 As a pension fund, the Social Security (Reserve) Fund can enter the insurance products restricted to the pension funds market which are designed to follow general market movements. This enables the Fund to participate in large pools of indexed assets available in the UK, at very low management costs and provides the flexibility to easily change asset allocation by increases or decreases to the indexed holdings in each market.

2.3.3.2 These indexed funds are provided by an insurance company using a policy of assurance, but operate in a broadly similar way to a series of unit trusts.

2.3.4 Investment in Jersey

2.3.4.1 Investments are not made in Jersey except where a Jersey company is part of an established index. This is to ensure that as far as possible, the assets are diversified away from the effects of Jersey's economy.

2.3.4.2 Further details of the Fund, including current asset allocation, Fund Managers and custodian can be found in the Appendix.

2.4 Consolidated Fund

2.4.1 Purpose of the Fund

2.4.1.1 The Consolidated Fund is established under the Public Finances (Jersey) Law 2005 and effectively represents the States' current account were it a household. Income from taxation, duties, chargeable services, fees and fines are paid in, and expenditure approved by the States Assembly, on employees' salaries, equipment, supplies, services and capital projects etc are paid out from the Consolidated Fund.

2.4.1.2 Any balance on the Fund is invested on a short-term basis, until it is required to meet on-going approved expenditure.

2.4.2 Strategy

2.4.2.1 In order to meet the Fund's purpose, the strategy set is risk adverse with capital preservation, liquidity and flexibility being the over-riding factors governing its requirements.

2.4.2.2 Investment is made in cash deposits, certificates of deposits and limited amounts of commercial paper and floating rate notes. The investment manager operates within the following allocation limits –

Asset Class	Maximum Maturity	Maximum Allocation %
Call & Overnight Deposits	One Day	100
Certificates of Deposit	2 Years	100
Fixed Deposits	3 Months	25
Commercial Paper	3 Months	25
Floating Rate Notes	5 Years	25

2.4.2.3 No more than 25% of the portfolio can exceed one year to maturity.

2.4.2.4 In order to mitigate risks further, the investment manager responsible for the Consolidated Fund portfolio is limited to holding no more than 10% of the States portfolio with any one financial institution. Deposits can only be made with institutions which fall into the following categories –

Deposit term	Rating
Short-term deposit (up to 3 months)	Standard & Poors A1 and Moody's P1
Longer-term deposit (over 3 months)	Standard & Poors AA and Moody's Aa3

2.4.2.5 No derivatives, overseas currency and off balance sheet vehicles are permitted.

2.4.3 Investment Structure

2.4.3.1 The Fund is invested with a single investment manager who specialises in investing in cash and near cash equivalent investments.

2.4.3.2 Further details of the Fund, including current asset allocation, Fund manager and custodian arrangements can be found in the Appendix.

2.5 Currency Notes and Coins Funds

2.5.1 Purpose of the Fund

2.5.1.1 The States Currency and Coinage Funds are provided for under the Public Finances (Jersey) Law 2005 and the Currency Notes (Jersey) Law 1959. The principal purpose of these Funds is to hold assets that match the value of Jersey currency in circulation, such that the holder of Jersey currency could on request be repaid.

2.5.2 Strategy

2.5.2.1 In order to meet the purpose of the Funds the strategy is based mainly on the requirement to invest in low-risk cash-based assets to protect and maintain the capital value of the investments and to ensure that currency and coinage in

circulation is matched and that investments could be liquidated fairly quickly should a need arise.

2.5.2.2 In order to maximise the potential return to the Funds a relatively small element of the Fund is held in the Strategic Reserve's portfolio thereby providing a limited exposure to equity markets.

2.5.2.3 This is able to happen as although the level of currency in circulation fluctuates, there is a core level always in circulation, which enables a limited equity investment and bond holding to be held through a £20 million unitised holding in the Strategic Reserve portfolio.

2.5.2.4 The long-term strategic aims of the Funds are to invest in the parameters indicated below –

Asset Class	Allocation
Unitised holding in Strategic Reserve	£20 million
Cash or near cash equivalents	Balance

2.5.2.5 Further details of the Fund, including current asset values can be found in the Appendix.

2.6 Other Funds

2.6.1 Background

2.6.1.1 The Treasury and Resources Department manages the investments of over 250 States "other" Funds. These can be split into 4 main categories –

- Trust and bequest Funds;
- Confiscation Funds;
- Special Funds; and
- Jersey Post Office Pension Fund.

2.6.2 Trust and bequest Funds

Purpose of the Funds

2.6.2.1 The majority of the "other" Funds fall into this category. These are Funds which have been left to the States as a legacy or bequest to be used for the purpose specified by the benefactor.

Strategy

2.6.2.2 Many of these Funds have been left with the intent that they will be spent and therefore unallocated funds need to be held in liquid assets. This means that the strategy is to hold these assets in cash balances.

2.6.2.3 There are a small number of Funds which are more significant in value and may benefit from a more tailored investment strategy. These Funds are largely held in cash with a small element in gilts and property. It is the intention of the

Minister for Treasury and Resources to develop and implement individual strategies for the larger Funds.

2.6.2.4 The intention is that these Funds will be able to participate in the Common Investment Fund, as explained in section 2.8 of this report.

2.6.3 Confiscation Funds

Purpose of the Funds

2.6.3.1 The Criminal Offences Confiscation Fund and the Drugs Trafficking Confiscation Fund fall into this category.

Strategy

2.6.3.2 These Funds invest in cash balances, as the legislation governing them states that Funds whilst not applied for any of the purposes required by the governing legislation will be placed “in a current or deposit account”.

2.6.3.3 Legal advice is being sought to ascertain whether it is possible to use other investment vehicles in order to maximise returns to these Funds. Once received, the strategy relating to these Funds may be amended.

2.6.4 Special Funds

Purpose of the Funds

2.6.4.1 The States has a number of Special Funds set up for specific purposes. Funds falling into this Strategy include the Dwelling Houses Loan Fund and the Channel Island Lottery Fund.

Strategy

2.6.4.2 The Strategy is to follow the same investment strategy as the Consolidated Fund.

2.6.5 Jersey Post Office Pension Fund

Purpose of the Fund

2.6.5.1 When Jersey Post International Limited was incorporated under the provisions of the Postal Services (Transfer) (Jersey) Regulations 2006 the liability for the provision of pensions from the Jersey Post Office Pension Scheme, a closed scheme, transferred to the States.

2.6.5.2 In order to meet this liability the States also transferred the Jersey Post Office Pension Fund consisting of assets that exactly matched the future pension liabilities of the scheme (fully funded).

Strategy

- 2.6.5.3 As the scheme is closed to new entrants and its liabilities (future pension payments) are linked to the cost of living, the investment strategy seeks to invest in assets that closely match these liabilities. As such the Fund is predominantly invested in index-linked gilts as these are likely to provide the best match against the scheme's future liabilities.

	Asset Allocation %
Index linked Gilts	93
Cash or near cash equivalents	7

2.7 Governance Arrangements

- 2.7.1 The Minister and the Treasurer may invest money and do so through the Investments Sub-Committee. The Minister determines the Investments Sub-Committee membership, which includes the Assistant Minister for Treasury and Resources. The Sub-Committee makes recommendations to the Minister.
- 2.7.2 Terms of reference for the Investments Sub-Committee are as follows –
- Investment Strategy development and review of movements within the acceptable bands;
 - Appointment and removal of managers advisers;
 - Establish benchmarks;
 - Monitor performance against benchmarks;
 - Regularly meets with investment managers for performance updates; and
 - Foreign exchange management.
- 2.7.3 The Minister and the Investments Sub-Committee are able to appoint appropriately experienced and qualified advisers and managers to assist in developing and administering the approved strategies. Further details on these can be found in the Appendix.
- 2.7.4 All major decisions are made on advice from the States independent Investment Adviser and are documented in minutes. The Treasurer is responsible for the implementation of these decisions.

Investment Advice

- 2.7.5 In setting and reviewing his investment strategies the Minister continues to take independent professional investment advice and guidance from appropriately qualified and experienced persons.

Appointment of Fund Managers

- 2.7.6 Where appropriate independent Investment Managers are appointed to manage the various assets of the Funds. These Managers are appointed by the Minister on the recommendation of the Investments Sub-Committee following a rigorous selection process and after receiving and fully considering

independent advice. Their terms and conditions of appointment are set by the Treasurer and endorsed by the Minister for Treasury and Resources.

Performance monitoring

- 2.7.7 The appointment of advisers and managers and their performance is regularly assessed by the Investment Sub-Committee.
- 2.7.8 The States Investment Adviser provides appropriate advice to the Minister, Investments Sub-Committee and Treasurer through written reports and attendance at meetings as well as through the provision of ad hoc reports when circumstances dictate.
- 2.7.9 The 2008 States Financial Report and Accounts have been presented by the Minister to the States which includes details of the various States Funds.

Performance management

- 2.7.10 As a part of the operational management of these Funds; individual performance targets are set for investment managers in line with the Funds specific strategies. The performance targets are set using key indices like FTSE.
- 2.7.11 Actual performance is regularly monitored against target by the Investments Sub-Committee. Investment managers are subject to challenge by the Investments Sub-Committee; who require explanations of any shortfalls against target together with Investment managers' plans to return to target.
- 2.7.12 Where the Investment Sub-Committee believes a manager is performing consistently below expectation, it recommends to the Minister that a replacement manager is sought.

Reporting

- 2.7.13 The Minister will report on the performance of the States main Funds in the Annual Accounts and once during the year as at the 6 months to June.

Independent Custodians

- 2.7.14 In order to safeguard States interests and assets and to mitigate risks independent custodians are appointed to provide safe keeping for all assets directly invested by the investment managers.

2.8 Common Investment Fund

Background

- 2.8.1 Work is currently underway to establish a Common Investment Fund (CIF).
- 2.8.2 This is an arrangement whereby two or more States Funds can pool their resources and benefit from greater investment opportunities and economies of scale. Conceptually the Fund could operate in a similar way to a unit trust.

The range of units and investment vehicles used will depend upon the flexibility and investment parameters set by the participating funds.

- 2.8.3 A Common Investment Fund will assist those funds where it is both difficult to engage professional investment services at a cost effective rate and where it is not feasible to diversify asset holdings easily and economically.
- 2.8.4 The introduction of a Common Investment Fund will result in investment management arrangements which are easier to monitor; provide greater economies of scale; and ensure greater diversification of investments and management of risk.
- 2.8.5 Participation in the Common Investment Fund will be open to all States Funds. The Common Investment Fund will allow individual funds to participate in the benefits outlined above whilst still pursuing their individual strategies.
- 2.8.6 The Minister recognises that legislative changes may be required to implement this Fund and will bring back any appropriate changes to the States if necessary.

3. PENSION FUNDS

3.1 Background

- 3.1.1 The Minister for Treasury and Resources approves strategy based on recommendations from the relevant Board or Committee of Management responsible for the individual pension fund. In approving the relevant investment strategy the Minister takes appropriate investment advice from the States Investment Adviser.

3.2 Governance arrangements

Investment Advice

- 3.2.1 The Management Committee/Board responsible for these Funds takes independent professional investment advice and guidance from appropriately qualified and experienced persons on the strategy to be followed.

Appointment of Fund managers

- 3.2.2 Independent Investment Managers are appointed to manage the various assets of the pension funds. These Managers are appointed by the Committee/Board following a selection process and after receiving independent advice and guidance. The appointment of managers needs ratification from the Minister for Treasury and Resources.

Performance monitoring

- 3.2.3 As with those funds which fall under the Minister's direct responsibility, the appointment of advisers and managers and their performance for pension funds is regularly assessed by individual Investment Sub-Committees, set up by the Pension Funds Management Committee/Board.

Independent Custodians

- 3.2.4 In order to safeguard the pension funds' interests and assets and to mitigate risks, independent custodians are appointed to provide safe-keeping for all those assets which are directly invested by the investment managers.

3.3 Public Employees Contributory Retirement Scheme (PECRS)

3.3.1 Purpose of the Fund

- 3.3.1.1 The Public Employees Contributory Retirement Scheme (PECRS) is the States pension scheme set up to meet retirement benefits of all contributing public sector employees (excluding teachers) over 20 years of age.
- 3.3.1.2 Investment issues are considered by the Scheme's Investment Sub-Committee under advice from an Independent Investment Adviser and recommendations made to the Committee of Management for endorsement and/or referral to the Minister for Treasury and Resources as appropriate.

3.3.2 Strategy

3.3.2.1 The aim of the investment strategy is to invest the assets of the Scheme prudently to ensure that the benefits promised to members are provided.

3.3.2.2 The current strategy followed is –

Asset Class	Strategic Aim %
Equities	62
Property	5
Bonds	21
Cash and Cash Equivalents	–
Debt	12

3.3.2.3 Any requirement for rebalancing between the asset classes is reviewed on a quarterly basis with advice from the Scheme’s Investment Adviser.

3.3.2.4 The States has recognised responsibility for the pre 1987 Debt for PECRS which it has agreed to repay over an 82 year period. This represents approximately 10–15% of PECRS total assets (referred to as “Debt” in the table above) and these payments can be regarded like a salary-related index-linked gilt issued by the States. This means that the overall investment policy excluding this asset has a larger return seeking component than would otherwise be the case.

3.3.2.5 Further details of the Fund, including asset allocation, current managers and custodian information can be found in the Appendix.

3.4 Jersey Teachers’ Superannuation Fund (JTSF)

3.4.1 Purpose of the Fund

3.4.1.1 Membership of the Jersey Teachers’ Superannuation Fund (JTSF) is compulsory for all teachers in full time employment and optional for those who work part-time.

3.4.1.2 The Fund receives pension contributions from working teaching staff and also from the Education, Sport and Culture Department.

3.4.2 Strategy

3.4.2.1 The strategy for the Fund is based on the Board’s aim to invest the assets of the Scheme prudently to ensure that the benefits promised to members are provided.

3.4.2.2 The long-term strategy is to hold one-fifth of the assets in risk-reducing categories (e.g. bonds and property) and four-fifths in return-seeking assets (e.g. equities). Tactical moves diverging away from this strategic distribution may occur according to prevailing market conditions and prospective returns from each asset class.

3.4.2.3 The table below illustrates the long term asset allocation strategy:-

	Strategic Aim
	%
Equities	80
Property	10
Bonds/Cash	10

3.4.2.4 Any rebalancing between the asset classes is carried out on a quarterly basis on advice from the Scheme's Investment Adviser.

3.4.2.5 The table above excludes the value of any contributions which are to be received from the States following the transfer of the obligations to increase pension in payment from the States to the Fund.

3.4.3 Investment Structure

3.4.3.1 The Management Board appoints individual investment managers, and has currently appointed one specialist equity manager and one passive manager.

3.4.3.2 Further details of the Fund, including current asset allocation, managers and custodian information can be found in the Appendix.

4. ETHICAL INVESTMENT STRATEGY

4.0.1 The Minister for Treasury and Resources is mindful of ethical issues and recognises the importance of acting in an ethically responsible manner when managing investments on behalf of the States of Jersey.

4.1 Fund Managers' Investment Decisions

4.1.1 When making investment decisions, Fund Managers, for which the Minister is responsible, are required to give consideration to ethical risks in their assessment of a company's value, having regard to the information that is readily available at the time of the decision. The Minister intends for this to encourage investment in companies with good governance and responsible management.

4.2 Corporate Governance

4.2.1 All Fund managers are required to follow the Institutional Shareholders' Committee's Statement of Principles (ISCSP) in respect of the corporate governance of companies in which shares are owned. In particular, Fund Managers are required to –

- (i) discharge the States' voting rights; and
- (ii) when appropriate, engage with company management whilst having reasonable regard, where relevant, to the ethically positive and negative contributions as set out below.

4.2.2 In seeking to identify companies that make a positive ethical contribution, the Minister pays particular attention to their record in the following areas –

- Conservation of energy or natural resources;
- Environmental improvements and pollution control;
- Providing high quality products and services that are of long-term use;
- Strong community involvement;
- Good employee practices and equal opportunities record;
- Training and education;
- Good relations with customers and suppliers; and
- Openness about company activities.

4.2.3 In seeking to identify companies that may have an ethically negative impact the Minister pays particular attention to activities that are counter to the States' laws and policies such as –

- Environmental damage and pollution;
- Unnecessary exploitation of animals;
- Trade with or operations in oppressive regimes;
- Exploitation of third world countries;
- Sale and distribution of weapons to terrorists or oppressive regimes; and
- Offensive or misleading advertising.

FUNDS SUMMARY**2.1 Strategic Reserve**

Fund value as at 31 December 08	£508 million
Current Managers:	
- Equity	AXA Rosenberg Investment Management Ltd
- Fixed Interest	Aberdeen Asset Management and Investec Asset Management Limited
Current Custodian:	Northern Trust
Asset Allocation as at May 09:	
Equities	30%
Property	0%
Bonds / cash	70%
	<u>100%</u>

2.2 Stabilisation Fund

Fund value as at 31 December 08	£75 million
Current Manager:	Royal London Asset Management CI Limited
Current Custodians:	HSBC Bank Plc, HSS Institutional Fund Services, London
Asset Allocation as at May 09:	
Cash and Cash equivalents	100%
Government bonds	0%
Corporate bonds	0%
	<u>100%</u>

2.3 Social Security (Reserve) Fund

Fund value as at 31 December 08 £567 million

Current Manager:
 - assurance policy Legal & General Assurance (Pensions Management) Limited

Current Custodian: Northern Trust

Asset Allocation as at May 09:

Equities	80%
Property	0%
Bonds / Cash	20%

2.4 Consolidated Fund

Fund value as at 31 December 08 £257 million

Current Manager: Royal London Asset Management CI Limited

Current Custodians: HSBC Bank Plc, HSS Institutional Fund Services, London

Asset Allocation as at May 09:

Cash deposits and Certificates of Deposit	<u>100%</u>
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2.5 Currency Notes and Coins Funds

Fund value as at 31 December 08 £97 million

Current Managers:

Unitised Investment in Strategic Reserve Fund

- Equity	AXA Rosenberg Investment Management Ltd
- Fixed Interest	Aberdeen Asset Management and Investec Asset Management Limited
- Cash Manager	Royal London Asset Management CI Limited
- Cash Deposit	Kleinwort Benson (Channel Islands) Limited

Current Custodian: Northern Trust

Asset Allocation as at May 09:

Unitised Holding in Strategic Reserve	25%
Gilts	3%
Cash or near cash equivalents	72%
	<u>100%</u>

3.3 Public Employees Contributory Retirement Scheme (PECRS)

Fund value as at 31 December 08 £990 million

Current Managers:

- Equity	AXA Framlington Unit Management Limited, Baillie Gifford & Co, Mirabaud Investment Management, Taube Hodson Stonex Partners LLP, Legal and General Asset Management,
- Bond/Cash	BlueBay Asset Management, Legal and General Asset Management, Mirabaud Investment Management, Banquo Credit Management
- Property	Rockspring Property Investment Managers
- Cash Deposit	HSBC, Library Place

Investment Adviser: Mercer Ltd

Current Custodian: Northern Trust

Asset Allocation as at May 09:

Equities	46%
Property	1%
Bonds	26%
Cash and Cash Equivalents	9%
Debt	18%
	<u>100%</u>

3.4 Jersey Teachers' Superannuation Fund (JTSF)

Fund value as at 31 December 08 £222 million
Please note this number is provisional and subject to audit

Current Managers:

- Equity	Baillie Gifford & Co
- Bond/Cash	Legal and General Assurance (Pensions Management) Limited
- Property	Aberdeen Asset Management
- Cash Deposit	HSBC, Library Place

Investment Adviser: Hewitt Associates Limited

Current Custodian: Northern Trust

Asset Allocation as at May 09:

Equities	81%
Property	2%
Bonds/Cash	17%
	<u>100%</u>