



Northern Ireland  
Assembly

# **The Northern Ireland Assembly Members' Pension Fund Annual Report and Accounts**

**NIA 1 / 17-22**

Period 1 April 2015 to 31 March 2016



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# The Trustees' Report

## Introduction

### **The Assembly Members' Pension Scheme (NI) 2012**

The Assembly Members' Pension Scheme (AMPS) provides benefits for Members and qualifying office-holders of the Northern Ireland Assembly and the Attorney General for Northern Ireland.

Contributions are paid by Members, qualifying office-holders, the Attorney General and the Consolidated Fund into the Fund established under the Scheme, and the assets in the Fund are managed by an external Investment Manager. The contract for Investment Management services is held by M&G Investments Ltd.

The Scheme is administered on a day-to-day basis, on behalf of the Trustees, by the Pensions Team of the Human Resources Office of the Northern Ireland Assembly's Corporate Services Directorate. The Trustees have a contract with Deloitte Total Reward and Benefits Ltd for the provision of external administration services.

The Scheme is operated on an "opt-out" basis, meaning that all Members, Ministers and Office Holders are members of the scheme from the date they become MLAs unless they take a specific option not to be.

Since 1 April 2009 the default accrual rate has been 1/40 of final salary for each year of service. Members may opt for the lower rate of 1/50 of final salary by completing paperwork.

The Independent Financial Review Panel (IFRP) was appointed on 1 July 2011 and has responsibility for Members pay, allowances and pensions. More information on IFRP including recent consultations on the Assembly Members Pension Scheme may be found at <http://ifrp.org.uk/>. The IFRP has introduced a new pension scheme for MLAs effective from 6 May 2016. The new scheme will be referred to as The Assembly Members Pension Scheme (NI) 2016.

From 1 April 2015 the Consolidated Fund contribution reduced from 21.6% to 20.6% of salaries.

The legislative background to the AMPS can be found at Annex A.

### **Aim of this Report**

In order to comply with best practice in relation to reporting requirements the Trustees consider it appropriate to disclose actuarial and other accounting details to all members of the Fund.

The Trustees are pleased to present this report, which has been prepared in accordance with best practice and covers the period from 1 April 2015 to 31 March 2016. The purpose of the report is to describe how the Fund and its investments have been managed during the year.

### **How the Trustees of the Fund are Appointed**

The Trustees are Members of the Northern Ireland Assembly, appointed by Resolution of the Assembly in accordance with rules of the Assembly Members' Pension Scheme (NI) 2012.

Part B, Section B2 of the Scheme rules states that the Assembly shall by resolution appoint not more than five members of the Assembly to be the Trustees of this Scheme.

A person appointed as a Trustee:

- a) May resign from office by notice in writing to the Presiding Officer;
- b) May be removed from office by resolution of the Assembly;

- c) Shall, without prejudice to sub-paragraph (b), cease to hold office on the expiry of six months from the date on which he ceases to be a member of the Assembly.

The following Members were appointed as Trustees by resolution of the Assembly on 28 June 2011:

#### Trustees

Mr Trevor Lunn MLA (Chairman)

Mr Mickey Brady MLA (retired 2 June 2015)

Mr John Dallat MLA (retired 12 May 2016)

Mr Ross Hussey MLA (resigned 23 January 2017)

Mr Jim Wells MLA

Ms Caitríona Ruane MLA was appointed on 29 June 2015 to replace Mr Brady.

Mr Richie McPhillips MLA was appointed on 24 October 2016 to replace Mr Dallat.

Mr Roy Beggs MLA was appointed on 25 January 2017 to replace Mr Hussey.

#### **Trustees' Responsibilities**

A statement of Trustees' responsibilities is set out on page 17.

#### **Information about the Trustees**

- The Northern Ireland Assembly Members' Pension Fund shall be vested in and administered by the Trustees. The Trustees shall hold the assets comprised in the Fund upon trust in accordance with the provisions of the AMPS.
- The procedure of the Trustees shall be such as the Trustees may determine.
- The quorum for any meeting of the Trustees shall be three.
- The Trustees may act by a majority of those present at any meeting.
- The Trustees may employ such staff and obtain such professional advice and services as they think necessary in connection with the performance of their functions under this Scheme.
- The expenses of the Trustees in the exercise of their functions shall be defrayed out of the Fund.

#### **Trustee Meetings**

Five regular meetings and five closed meetings were held during the period ending 31 March 2016.

Other Parties Appointed in Connection with the Fund as at 31 March 2016.

<b>Responsibility</b>	<b>Name</b>	<b>Appointed By</b>
Actuarial Advice	The Government Actuary	Part S1 (2) of the Assembly Members' Pension Scheme (NI) 2012
External Auditor of Trustees' report and Annual Accounts	Comptroller and Auditor General	Schedule 1 of the Assembly Members' Pension Scheme (NI) 2012
Investment Management	M & G Investments Ltd	Trustees
AVC Provider	Clerical Medical	Trustees

Responsibility	Name	Appointed By
Legal Advice	Assembly Legal Services (Constitutional & Institutional Advice Only) Eversheds LLP	Trustees
Pension Administration	Deloitte Total Reward and Benefits Ltd	Trustees

Since 1 October 2013 an Administration Agreement between the Northern Ireland Assembly Commission and the Pension Trustees has been in place to cover the services provided by the Assembly Secretariat. Any queries about pensions or requests for further information regarding the day-to-day administration of the Scheme should be sent to the Secretariat at the following address:

#### **HR Pensions Team**

**Assembly Human Resources Office  
Room 402, Parliament Buildings  
Ballymiscaw  
Stormont  
Belfast  
BT4 3XX**

**Tel: 028 9052 1685**

**E-mail: [pensions@niassembly.gov.uk](mailto:pensions@niassembly.gov.uk)**

#### **Remuneration Report**

No remuneration report is required for this pension scheme since there are no employees and the Trustees do not receive any payment for their work in respect of the Scheme.

#### **Declaration of Interests**

In order to achieve the maximum degree of openness and impartiality, the Trustees have an opportunity at each meeting to declare any conflicts of interest. A register of Members interests in held and is available on the Assembly website at [www.niassembly.gov.uk/your-mias/register-of-interests/](http://www.niassembly.gov.uk/your-mias/register-of-interests/)

#### **Income of the Fund**

The income of the Fund is derived from four main sources:

1. Contributions: from Members and Holders of Qualifying Office;
2. Investments: See the Investment Report;
3. Transfers In: Members who have pension benefits in the scheme of a former employer or in a personal pension plan may be able to transfer such benefits into the Scheme; and
4. Consolidated Fund: A Consolidated Fund contribution, calculated in accordance with the recommendations contained in the Actuary's report under article S2 (4b), shall be paid into the Fund out of money appropriated by Act of the Assembly for that purpose.

Members and Office Holders contribute either 7% or 12.5% per cent of their salaries depending on their choice of accrual rates. The default position is an accrual rate of 1/40 with a corresponding contribution level of 12.5%. Members may pay the lower contribution rate of 7% by completing paperwork to opt for the lower accrual rate of 1/50.

Following a valuation of the scheme by the Government Actuaries Department in March 2014, the Exchequer Contribution was decreased from 21.6% to 20.6% of Members' and Office Holders' salaries, effective from 1 April 2015.

### **Benefits Payable**

The benefits payable were £1,415,302.

Pensions in payment were increased by 1.2% with effect from 6 April 2015. This reflects a move to increase benefits using the Consumer Prices Index rather than the Retail Prices Index as was the case previously. This is in line with public sector schemes and many private schemes.

The main provisions of the scheme are:

- a. On retirement at age 65, an immediate pension of one fiftieth of final salary for each year of service up to 31 March 2009. From 1 April 2009 one fortieth of final salary for each year of service unless the member opted for the lower contribution rate;
- b. An immediate pension before retirement age subject to certain service restrictions;
- c. An immediate pension on retirement at any time on the grounds of ill health;
- d. An abated pension paid on retirement at any time on attainment of age 55 and completion of not less than 15 years' service;
- e. An actuarially reduced pension paid to all former Members at any time after age 55;
- f. A five-eighths spouse's pension;
- g. Children's pensions (at the rate of one quarter of the basic or prospective pension of the Member if there is one child or three-eighths if there are two or more children OR if there is no surviving spouse at the rate of five-sixteenths of the basic or prospective pension of the Member for each eligible child not exceeding two);
- h. A lump sum death gratuity on death in service equal to three times annual salary with provision for more than one nominee;
- i. Transfer of pension rights (into and out of the scheme); and
- j. The opportunity to contribute to an AVC scheme with an outside provider.

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

During the 2015 - 2016 financial year Clerical Medical continued to act as AVC provider for the scheme.

During the period of this report four members have taken advantage of the facility to pay additional voluntary contributions.

### **Investment Details and Performance**

The Trustees have decided to produce a "Statement of Investment Principles" in order to comply with best practice for Funded Schemes. The Statement covers items such as how investments are chosen, the balance between asset classes, the Trustees' attitude to risk and the expected return and review procedures. It has been designed to cover the fundamental aspects of investment policy that are not expected to differ greatly from one year to the next and has been drawn up in consultation with the Government Actuary.

The Trustees have delegated responsibility for the investment management of the Fund entirely to M&G Investments Ltd. M&G have provided investment management services since 2007 and were re-appointed in December 2013 following an open tender exercise.

There was no investment income during the year.



The overall effect of the movements in pensions payable, income and investments was a decrease of £1,073,597 in the Net Assets of the Fund during the period.

### Post Balance Sheet Events

There have been no post balance sheet events.

### Membership Statistics

The membership of the Fund at 31 March 2016 was as follows:

Active Members	Number in Category
Members (at 1 April 2015)	105
Add New Entrants	10
Add Rejoiners	1
Members Opting In	0
Less Retirements in the Period	12
Less Deferred Awards	6
Less Deaths in the Period	0
Less Refund of contributions	1
Total Active Members as at 31 March 2016	97

Deferred Members	Number in Category
Deferred Members (as at 1 April 2015)	38
Add New Deferred Members	6
Less Rejoiners	1
Less Transfers Out	1
Less Deferred Awards Coming into Payment	3
Less Deaths in the Period	0
Total Deferred Members as at 31 March 2016	39

Pensions in Payment (Beneficiaries of the Fund)	Number in Category
Pensions in Payment 1 April 2015 – Members	62
Pensions in Payment 1 April 2015 - Dependants	16
Add Members Retiring in the Period	12
Add Deferred Members Retiring	3
Less Deaths in the Period	1
Less Dependents Pension Ceased	1
Add New Dependants	0
Pensions in Payment as at 31 March 2016	91

The benefits payable during the year amounted to £1,415,302. Pensions in payment were increased by 1.2%.

## Preparation and Audit of Annual Accounts

### Summary of Financial Information

<b>Total Fund at 1 April 2015</b>	<b>£29,485,305</b>	
<b>What Went Into the Fund</b>	<b>£ 2015 - 2016</b>	<b>£ 2014 - 2015</b>
Consolidated Fund Contributions	1,225,998	1,291,117
Contributions from Members/Office Holders	599,875	612,923
Transfers in from other schemes	15,716	NIL
Additional Voluntary Contributions	14,715	13,642
Investment Income	NIL	NIL
Change in Market Value of Investments	(1,241,769)	2,854,515
<b>Total</b>	<b>£614,535</b>	<b>£4,772,197</b>

<b>What Went Out of the Fund</b>		
Benefits Payable	1,415,302	856,424
Transfers out of the Scheme	46,334	NIL
Administrative Expenses	16,835	8,249
Advisory Fees	32,681	8,809
Actuarial Expenses	61,036	78,972
Investment Management Expenses	111,989	106,388
Interest Payable	NIL	NIL
Miscellaneous	3,955	3,394
<b>Total</b>	<b>£1,688,132</b>	<b>£1,062,236</b>
<b>Total Fund at 31 March 2016</b>	<b>£28,411,708</b>	

The summary above is not the financial statements but a summary of information relating to both the Fund Account and the Net Assets Statement.

The Report for the period ended 31 March 2016 including the attached Investment Report and Compliance Statement is approved on behalf of all the Trustees by:



Trevor Lunn MLA  
Chairman of the Trustees

# Government Actuary's Report

*This is an extract from a full report prepared for the Trustees by the Government Actuary's Department, dated 27 April 2016.*

- A.** This statement has been prepared by the Government Actuary's Department at the request of the Trustees of the Assembly Members' Pension Scheme (Northern Ireland) 2012 (AMPS (NI) 2012). The Trustees have commissioned GAD to assess the liabilities of the Scheme in accordance with International Accounting Standard 19 (IAS19), and to prepare a statement for inclusion in the Scheme's accounts. GAD has not been asked to prepare full accounting disclosures in accordance with IAS19.
- B.** The AMPS (NI) 2012 is a final salary defined benefit scheme, the rules of which are set out in the Assembly Members' Pension Scheme (Northern Ireland) 2012 and subsequent amendments. I am not aware of any informal practices operated within the scheme which lead to a constructive obligation (under IAS 19 constructive obligations should be included in the measurement of the actuarial liability).
- C.** The statement is based on an assessment of the liabilities as at 31 March 2014, with an approximate uprating to 31 March 2016 to reflect known changes.

## Membership Data

- D.** Tables A to C summarise the principal membership data as at 31 March 2014, 31 March 2015 and 31 March 2016 used to prepare this statement.

**Table A - Active Members (MLAs & Office Holders combined)**

31 March 2014			2014 - 2015	2015 - 2016
Number	Total Salaries in Membership Data (pa)	Total accrued pension	Total salaries	Total salaries
(£ million)	(£ million)	(£ million)	(£ million)	(£ million)
108	6.01	0.991	5.84	5.95

**Table B - Deferred Members**

31 March 2014	
Number	Total deferred pension (pa) (£ million)
36	0.257

**Table C - Pensions in payment**

31 March 2014	
Number	Total pension (pa)
(£ million)	
75	0.438

## Methodology

- E. The present value of the liabilities has been determined using the Projected Unit Credit Method, with allowance for expected future pay increases in respect of active members, and the principal financial assumptions applying to the 2015-16 Resource Accounts. The contribution rate for accruing costs in the year ended 31 March 2016 was determined using the Projected Unit Credit Method and the principal financial assumptions applying to the 2014-15 Resource Accounts.
- F. This statement takes into account the benefits normally provided under the scheme, including age retirement benefits and benefits applicable following the death of the member.

## Principal Financial Assumptions

- G. The principal financial assumptions adopted to prepare this statement are shown in Table D

**Table D - Principal Financial Assumptions**

	31 March 2016	31 March 2015
	(% pa)	(% pa)
Gross discount rate	3.55	3.3
Price inflation (CPI)	2.2	2.2
Earning increases (excluding promotional increases)	4.2	4.2
Read discount rate (net of CPI)	1.3	1.1

## Demographic Assumptions

- H. The demographic assumptions adopted for the assessment of the liabilities as at 31 March 2016 are based on those adopted for the 2014 funding valuation of the AMPS (NI) 2012.
- I. The standard mortality tables known as S1NxA are used. Mortality improvements are in accordance with those incorporated in the 2014-based principal population projections for the United Kingdom.
- J. The contribution rate used to determine the accruing cost in 2015-16 was based on the demographic and financial assumptions applicable at the start of the year: that is, those adopted for the 2014-15 Resource Accounts.

## Liabilities

- K. Table E summarises the assessed value as at 31 March 2016 of benefits accrued under the scheme prior to 31 March 2016 based on the data, methodology and assumptions described in paragraphs D to J. The corresponding figures for the previous year end are also included in the table.

**Table E – Statement of Financial Position**

	31 March 2016	31 March 2015
	(£ million)	
Total market value of assets	28.3	29.2
Value of liabilities	41.1	40.8
Surplus/(Deficit)	(12.8)	(11.6)
<b>Funding Level</b>	<b>69%</b>	<b>72%</b>

**Pension cost**

- L. The cost of benefits accruing in the year ended 31 March 2016 (the Current Service Cost) is based on a standard contribution rate of 56.1% (including member contributions but excluding expenses) [2015: 46.4%], as determined at the start of the year. Members accruing benefits at an accrual rate of 1/40th contribute 12.5% of pay, and members accruing benefits at an accrual rate of 1/50th contribute 7% of pay, Table F shows the standard contribution rate used to determine the Current Service Cost for 2014-15 and 2015-16.

**Table F - Contribution Rate**

	Percentage of pensionable pay	
	2015 - 2016	2014 - 2015
Standard contribution rate (excluding expenses)	56.1%	46.4%
Members' contribution rate (average)	10.1%	10.1%
Employer's share of standard contribution rate (excluding expenses)	46.0%	36.3%

- M. For the avoidance of doubt the employer's share of the standard contribution rate determined for the purposes of the Resource Accounts is not the same as the actual rate of contributions payable by the Assembly, currently 20.6%, which was determined based on the methodology and the financial and demographic assumptions adopted for the funding of the scheme. The most significant difference between the actuarial assessments for Resource Accounts and for scheme funding purposes is the discount rate net of pension increases, which was 1.1% pa for the 2015-16 Current Service Cost (1.9% pa for 2014-15) compared with 3.5% pa for scheme funding. The higher discount rate for scheme funding purposes results in a lower assessed cost of benefit accrual. The discount rate for scheme funding is determined considering the assets held by the scheme and the expected returns on those assets.
- N. The pensionable payroll for the financial year 2015-16 was £5.95 million [2015: £5.84 million]. Based on this information, the accruing cost of pensions in 2015-16 (at 56.1% [2015: 46.4%] of pay) is assessed to be £3.3 million [2015: £2.7 million]. There is no past service cost and so this is the total pension cost for 2015-16.

# The Compliance Statement

## Benefits

All pensions paid in the year were authorised under the appropriate Act and thus made in accordance with the regulations of the Fund.

## Tax Status of the Fund

The Northern Ireland Assembly Members' Pension Fund is a statutory pension scheme within the meaning of Chapter 1, Part XIV of the Income and Corporation Taxes Act 1988 and is an 'approved scheme' for the purposes of accepting transfer values.

## Funding Standard

The Northern Ireland Assembly Members' Pension Scheme is not subject to the Minimum Funding Requirement of the Pensions Act 1995. Accordingly, it is not appropriate for the "MFR" actuarial statement, which is set out in regulations and used by schemes that are subject to MFR provisions, to be adopted for the Northern Ireland Scheme.

Nevertheless, the Trustees have asked the Government Actuary to provide periodical reassurances that this level of funding would be met.

## Investments

All investments are in holdings that are permitted by the regulations of the Fund. Although the Trustees cannot direct the investment strategy of the Fund in which the Assembly Members' Pension Scheme (NI) 2012 invests, nevertheless, it will consider socially responsible investment policy issues when comparing two providers who are otherwise of equal preference.

# Investment Managers Report

## Northern Ireland Assembly Members Pension Scheme Report for the Year Ending 31 March 2016

### Introduction

The Scheme invests in pooled pensions fund units provided by Prudential Pensions Limited (PPL), a wholly owned subsidiary within Prudential plc. The units held by the pension fund are part of an agreement between the Trustees and Prudential Pensions Limited, which is in the form of an Insurance Policy. The policy itself is the 'asset' that the Trustees own, and the units within the funds provide an easy method of valuation of the policy. These units can be bought and sold on a daily basis and the underlying assets are invested in marketable securities. Total discretion for the day-to-day management of the assets has been delegated to M&G Investment Management Limited, the fund management company owned by Prudential.

M&G pooled pensions has invested the assets of the Scheme in accordance with a strategic benchmark allocation set by the trustees shown below.

Asset Class	Active/ Passive	Benchmark %	Control Range %
UK Equity	Active	40.0	30.0 - 50.0
North America Equity	Passive	10.0	5.0 - 15.0
Europe (ex-UK) Equity	Passive	14.0	7.0 - 21.0
Japan Equity	Passive	6.0	3.0 - 9.0
Pacific Basin (ex-Japan) Equity	Passive	8.0	4.0 - 12.0
Emerging Markets	Active	2.0	0.0 - 100.0
Long Dated Corporate Bond	Active	10.0	5.0 - 15.0
Long Term Gilt	Passive	10.0	5.0 - 15.0
<b>Total</b>		<b>100.0</b>	

### Investment Distribution/Strategy

The following table provides a breakdown of the Scheme assets at the beginning and end of the period.

Fund	31.03.16 %	31.03.15 %
Recovery	39.6	40.7
North America Equity Passive	10.4	10.0
Europe (ex-UK) Equity Passive	15.1	15.8
Japan Equity Passive	5.7	6.5
Pacific Basin (ex-Japan) Equity Passive	8.5	8.0
Global Emerging Markets	2.2	2.0
Long Dated Corporate Bond	10.5	9.7
Long Term Gilt	8.0	7.3
<b>Total</b>	<b>100.0</b>	<b>100.0</b>

Source: M&G, Bid price basis

The scheme also has a separate holding under PPL 6658. The assets at the beginning and end of the period are shown below.

<b>Asset Distribution (By Fund)</b>	<b>31.03.16 %</b>	<b>31.03.15 %</b>
Long Dated Corporate Bond	89.3	100.0
Episode Allocation	10.7	0.0
Total	100.0	100.0

**Source:** M&G, Bid price basis

### Review of Investment Markets

Global stockmarkets generally ended the period with negative returns, as weaker-than-expected Chinese growth and falling commodity prices heightened fears of a global slowdown. Stockmarkets became increasingly volatile, experiencing steep falls followed by sharp rallies, reflecting changing investor sentiment. For UK investors, currency movements helped returns as sterling weakened against most major currencies amid concerns over the forthcoming referendum on EU membership.

On balance, monetary policy remained accommodative, with the European Central Bank extending its quantitative easing programme and cutting interest rates in a bid to stimulate economic activity, while the Bank of Japan implemented negative interest rates to try to rid the country of deflation. In contrast, at the end of 2015, the US Federal Reserve (Fed) raised interest rates for the first time in almost a decade, but indicated that international developments would mean that it was likely to proceed “cautiously” with future increases.

US equities rallied slightly over the period, as stronger economic growth helped the jobs market to strengthen. UK equities lost ground – with commodity prices falling, the market’s significant exposure to oil companies and miners hindered its return – although UK smaller companies, which tend to be more domestically focused, posted modest gains. Japanese equities fell as a strong yen weighed on company profits, while elsewhere in Asia worries over the slowdown in China weighed on returns. Emerging market equities also declined, particularly those of commodity-exporting nations.

It was also a volatile time for global bonds, with yields rising sharply in the summer months as investors started to price in a rise in US interest rates. However, the turmoil in global stock markets later boosted demand for safe-haven assets, as did subdued inflation and more dovish comments from the Fed. As a result, bond yields declined once more, ending the period with modest gains. In general, government bonds outperformed corporate bonds as investors preferred higher quality assets given the uncertain backdrop.

In contrast, UK commercial property recorded stable and solid returns over the review period, as low interest rates continued to underpin demand for relatively high yielding assets. However, the rate of return slowed as the period progressed.



## Performance

Investment returns as at the year end for this Scheme are shown in the table below.

<b>Fund</b>	<b>Performance to 31/3/15(Annualised) %</b>		
<b>Benchmark</b>	<b>1 year</b>	<b>3 years</b>	<b>5 years</b>
Northern Ireland Assembly Members Pension Scheme	-5.1	2.8	4.8
Composite Scheme Benchmark	-2.2	5.7	7.2

Source: M&G and BNY Mellon. Percentage change in offer price. Returns shown are net of fees. Past performance is not a guide to the future. The value of units can go down as well as up and you may not get your money back. The value of overseas investments may be affected by currency exchange rates.

Investment returns as at the year end for these funds are shown in the table below.

<b>Fund</b>	<b>Performance to 31/3/16 (Annualised) %</b>		
<b>Benchmark</b>	<b>1 year</b>	<b>3 years</b>	<b>5 years</b>
M&G PP Episode Allocation Fund	-4.7	n/a	n/a
1 Month Libor +5% p.a.	5.5	n/a	n/a

Source: M&G. Percentage change in offer price. Returns shown are net of fees. Past performance is not a guide to the future. The value of units can go down as well as up and you may not get your money back. The value of overseas investments may be affected by currency exchange rates.

<b>Fund</b>	<b>Performance to 31/3/16 (Annualised) %</b>		
<b>Benchmark</b>	<b>1 year</b>	<b>3 years</b>	<b>5 years</b>
M&G PP Long Dated Corporate Bond	-0.8	7.0	9.5
iBoxx £ >15 Years Non-Gilt Index	-1.3	6.7	9.2

Source: M&G. Percentage change in offer price. Returns shown are net of fees. Past performance is not a guide to the future. The value of units can go down as well as up and you may not get your money back. The value of overseas investments may be affected by currency exchange rates.

<b>Fund</b>	<b>Performance to 31/3/16 (Annualised) %</b>		
<b>Benchmark</b>	<b>1 year</b>	<b>3 years</b>	<b>5 years</b>
M&G PP Recovery Fund	-10.6	-2.9	0.3
FTSE All-Share Index	-3.9	3.7	5.7
M&G PP GLocal Emerging Markets Fund	-8.3	-4.4	-1.2
MSCI Emerging Markets Free Index	-8.8	-2.4	-1.7

Source: M&G. Percentage change in offer price. Returns shown are net of fees. Past performance is not a guide to the future. The value of units can go down as well as up and you may not get your money back. The value of overseas investments may be affected by currency exchange rates.

<b>Fund</b>	<b>Performance to 31/3/16 (Annualised) %</b>		
<b>Benchmark</b>	<b>1 year</b>	<b>3 years</b>	<b>5 years</b>
M&G PP North America Equity Passive Fund	3.8	12.8	12.7
FTSE World North America Index	3.6	12.7	12.8
M&G PP Europe ex-UK Equity Passive Fund	-4.8	6.2	4.3
FTSE World Europe (ex-UK) Index	-4.2	6.5	4.8
M&G PP Japan Equity Passive Fund	-4.0	6.3	6.8
FTSE Japan Index	-3.3	6.6	6.9
M&G PP Pacific Basin ex-Japan Equity Passive Fund	-5.5	0.2	2.4
FTSE World Asia Pacific ex-Japan Index	-5.4	0.2	2.5

Source: M&G. Percentage change in offer price. Returns shown are net of fees. Past performance is not a guide to the future. The value of units can go down as well as up and you may not get your money back. The value of overseas investments may be affected by currency exchange rates.

<b>Fund</b>	<b>Performance to 31/3/169 (Annualised) %</b>		
<b>Benchmark</b>	<b>1 year</b>	<b>3 years</b>	<b>5 years</b>
M&G PP Long Term Gilt Fund	3.9	8.5	11.0
FTSE A UK Govt. >15 Years Gilt Index	4.0	8.6	11.1

Source: M&G. Percentage change in offer price. Returns shown are net of fees. Past performance is not a guide to the future. The value of units can go down as well as up and you may not get your money back. The value of overseas investments may be affected by currency exchange rates.

- The M&G PP Episode Allocation Fund gains its exposure through the M&G Episode Allocation Fund, an M&G OEIC. This fund seeks to deliver its performance through active asset allocation within and between a diversified, global range of asset classes. This is achieved by taking advantage of 'episodes' where assets are mispriced as a result of investor emotion and are expected to revert to their true value over the short or medium term. Investments are made at an index or sector level and currency exposures are also actively managed.
- The fund recorded a return of -4.7% over the 12 months under review, lagging its benchmark which rose by 5.5%. It was a volatile 12 months for global stock markets: while central banks' policies remain accommodative on balance, concerns over slowing growth and falling commodity prices weighed on equities. Global government bonds rallied, but corporate bonds lagged as investors favoured high quality assets amid the uncertain backdrop. Meanwhile, property continued to deliver solid positive returns.
- The fund's equity holdings tended to detract from returns, particularly a significant position within the financial sector. At a country level, positions in the Asia Pacific Basin ex Japan region and in Europe cost some performance, although the allocation to US equities was beneficial, helped by a rise in the US dollar. These losses were partially offset by gains from bonds, especially an exposure to Brazilian government bonds and select corporate bond positions. The holding in the M&G Property Portfolio also made a positive contribution to returns.
- The M&G PP Recovery Fund invests via the M&G Recovery Fund, an M&G OEIC. This fund invests in companies which are out of favour, in difficulty or whose prospects are not fully recognised by the market and where management is working to turn the business around. It

is actively managed against its benchmark, the FTSE All-Share Index. As well as UK company shares, it may also hold a limited amount in overseas companies and UK government bonds.

- The fund fell by 10.6% over the 12 months under review, lagging its benchmark which returned -3.9%. The UK market's significant exposure to miners and oil companies had a negative impact on returns given the decline in commodity prices. Uncertainty over the forthcoming referendum on EU membership also started to weigh on UK equities. However, smaller companies produced modestly positive returns, reflecting the relatively solid performance of the domestic economy.
- In the consumer goods sector, not holding tobacco companies British American Tobacco and Imperial Brands cost some performance. The fund's positioning in the oil & gas sector hurt, notably holding Nostrum Oil & Gas and not owning BG Group. Stock selection in the telecommunications sector was detrimental, with Avanti Communication being the portfolio's largest overall detractor. However, stock picking in the basic materials sector lifted returns, especially owning Australian gold miner St Barbara and not holding either Glencore or BHP Billiton. Flexible workspace provider Regus also helped, as did having no exposure to Barclays.
- The M&G PP Global Emerging Markets Fund gains its exposure through the M&G Global Emerging Markets Fund, an M&G OEIC. This fund invests in shares of companies across the emerging markets, or companies that conduct the majority of their business activities in such countries, with the aim of maximising long-term total return (the combination of income and growth of capital). Portfolio construction is based on in-depth analysis of companies, and is not influenced by views on countries or industries. The fund manager focuses on firms that are run for the benefit of their shareholders and whose long-term potential to generate returns, he thinks, is not fully appreciated by other investors.
- The fund fell by 8.3% over the 12 months under review, ahead of its benchmark which returned -8.8%. Emerging market equities were affected by worries about China's economic slowdown and plunging commodity prices, which caused investors to question the resilience of the global economy. Returns from individual countries varied considerably as, while Russia rallied, many markets recorded double-digit losses, including China and South Africa. Concerns over rising US interest rates also undermined many emerging market currencies.
- Russia's largest bank Sberbank was the largest contributor, as it recouped some of the losses it experienced in 2014. Brazilian house builder MRV Engenharia was boosted by optimism over the possibility of political change, while select holdings in China also helped, including Mindray Medical, Baidu, Hollysys Automation Technologies and Shanghai Electric. In contrast, emerging market bank Standard Chartered led the detractors, while falling commodity prices weighed on Canadian copper miner First Quantum Minerals and concerns over South Africa's economy hindered Imperial Holdings and Barloworld.
- The M&G PP Long Dated Corporate Bond Fund invests mainly in high quality Sterling corporate bonds with over 15 years to maturity. The fund is actively managed against its benchmark, the iBoxx Sterling Over 15 Years Non-Gilts Index. The fund may also hold UK government gilts and limited amounts of high yield and hedged non-sterling corporate bonds. Derivative instruments may be used for efficient portfolio fund management.
- The fund fell by 0.8% over the 12 months under review, ahead of its benchmark which returned -1.3%. It was a volatile period for bonds. Initially, yields rose as investors started to price in the possibility of higher US interest rates, but fears of a slowdown in global growth caused government bond yields to fall substantially in early 2016. In the credit markets, spreads widened sharply in January, reaching levels last seen at the height of the euro crisis. Sentiment reversed in February, helping corporate bonds to end the period with flat returns.
- Throughout the review period, the fund continued to find attractively priced opportunities in the US dollar-denominated credit market on a fully currency hedged basis. These holdings boosted returns. Positive stock selection also helped to boost the fund's performance. However, an overweight holding in financial sector companies, in particular banking and

insurance companies, where the fund has been building positions in attractively valued names, cost some performance.

- The M&G PP North America Equity Passive Fund invests in the shares of North American companies. The fund is passively managed against its benchmark, the FTSE World North America Index. The fund tracks the index by holding all the larger companies in the index, together with a representative sample of the remainder of the companies in the index.
- The M&G PP Europe Equity Passive Fund invests in the shares of European companies outside the UK. The fund is passively managed against its benchmark, the FTSE World Europe (ex UK) Index. The fund tracks the index by holding all the larger companies in the index, together with a representative sample of the remainder of the companies in the index.
- The M&G PP Japan Equity Passive Fund invests in the shares of Japanese companies. The fund is passively managed against its benchmark, the FTSE Japan Index. The fund tracks the index by holding all the larger companies in the index together with a representative sample of the remainder of the companies in the index.
- The M&G PP Pacific Basin ex-Japan Equity Passive Fund invests in the shares of companies around the Pacific Basin excluding Japan. The fund is passively managed against its benchmark, the FTSE World Asia Pacific ex-Japan Index. The fund tracks the index by holding all the larger companies in the index, together with a representative sample of the remainder of the companies in the index.
- The M&G PP Long Term Gilt Passive Fund invests in UK Government gilts with over 15 years to maturity. The fund is passively managed against its benchmark, the FTSE Actuaries UK Conventional Gilts Over 15 Years Index. Tracking this index is achieved by fully replicating the stocks in the index.

Issued by M&G Financial Services Limited, which is authorised and regulated by the Financial Conduct Authority in the UK. M&G Pooled Pensions funds are provided under an insurance contract issued by Prudential Pensions Limited and Prudential Pensions Limited has appointed M&G Financial Services Limited as a distributor of its products. The registered office of both companies is Laurence Pountney Hill, London, EC4R 0HH. Both companies are registered in England under numbers 923891 and 992726 respectively.

## Statement of Trustees' Responsibilities

The financial statements, which are prepared in accordance with UK Generally Accepted Accounting Practice, are the responsibility of the Trustees. Pension scheme 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 the Scheme year of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the Scheme year.

The financial statements are prepared in accordance with the Statement of Recommended Practice (SORP) (revised November 14) Financial Reports of Pension Schemes, as far as appropriate.

The Trustees are responsible for supervising the preparation of the financial statements and for agreeing suitable accounting policies, to be applied consistently, making any estimates and judgements on a prudent and reasonable basis.

The Trustees are also responsible for making available certain other information about the Scheme in the form of an annual report.

The Trustees are responsible under pensions legislation for ensuring that there is prepared, maintained, and from time to time revised, a schedule of contributions payable towards the scheme by the Consolidated Fund and the active members of the Scheme. The Trustees are also responsible for keeping records in respect of contributions received in respect of any active member of the scheme, and for monitoring whether contributions are made to the Scheme from the Consolidated Fund in accordance with the schedule of contributions, the Scheme rules and recommendations of the 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 an appropriate system of internal control.

# 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 Assembly Members' Pension Scheme (NI) 2012 (AMPS (NI) 2012).

The AMPS (NI) 2012 is a statutory scheme and operates within a legislative framework.

Secretariat staff of the Pensions Team of the Human Resources Office of the Northern Ireland Assembly's Corporate Services Directorate provide day to day secretarial and administrative services to the Trustees. An Administration Agreement between the Northern Ireland Assembly Commission and the Trustees of the Assembly Members' Pension Scheme details the services to be provided to the Trustees by Commission staff.

From 1 September 2012 Deloitte Total Reward and Benefits Ltd have provided administrative support to the Scheme.

## Governance Framework

The Trustees are Members of the Northern Ireland Assembly, appointed by Resolution of the Assembly in accordance with rules of the Assembly Members' Pension Scheme (NI) 2012.

Part B, Section B2 of the Scheme rules states that the Assembly shall by resolution appoint not more than five members of the Assembly to be the Trustees of this Scheme. 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 on 28 June 2011:

Role	Name	Percentage of Regular Meetings Attended
Chair	Mr Trevor Lunn MLA	100%
Member	Mr Mickey Brady MLA (left 2 June 2015)	0%
Member	Mr John Dallat MLA (retired 12 May 2016)	100%
Member	Mr Ross Hussey MLA (resigned 23 Jan 2017)	80%
Member	Ms Caitriona Ruane MLA	75%
Member	Mr Jim Wells MLA	100%

*Mr Lunn was elected as Chairman of the Trustees during a Trustee's meeting in September 2011.*

*Ms Ruane was appointed on 29 June 2015 to replace Mr Brady.*

*Mr McPhillips was appointed on 24 October 2016 to replace Mr Dallat.*

*Mr Beggs was appointed on 25 January 2017 to replace Mr Hussey.*

During the year the Trustees considered a number of briefing papers prepared and presented by the Schemes professional advisors. This information together with additional briefing papers prepared by the Secretariat provided good quality data which allowed the Trustees to exercise their functions effectively.

## 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 AMPS (NI) 2012 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 AMPS (NI) 2012 for the year ended 31 March 2016 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 the Human Resources Office of the Northern Ireland Assembly's Corporate Services Directorate, 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 at each Trustee meeting. Each risk is identified and assessed into three categories, high/medium/low, based on factors such as the 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. Each risk has an identified risk owner. 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:** The pension fund is invested in line with the Statement of Investment Principles and responsibility has been delegated to the investment managers, M&G Investments Ltd;
- **Pension Scheme Records:** Accurate records have been maintained of past and present members, transactions into and out of the Scheme and of Trustees' meetings;
- **Pension Trustee Meetings** are held regularly to monitor the steps taken by the administrative staff to manage risks in their areas of responsibility;
- **Members:** It is ensured that the Trustees appointed meet the member-nominated Trustee requirements. There is a procedure in place to resolve disputes about the Scheme with members. Information is provided to scheme members; and
- **Registration and Collecting the Levy:** The registrar of Pensions is provided with information required by law and informed of any changes to Scheme information.

### **Review of effectiveness**

The Northern Ireland Assembly is subject to review by an Internal Audit unit, which operates to standards defined in the Government Internal Audit Manual. The work of the Internal Audit unit is informed by an analysis of the risk to which the Northern Ireland Assembly is exposed and annual Internal Audit plans are based on this analysis.

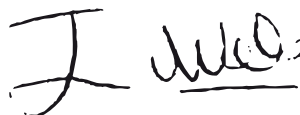
Our review of the effectiveness of the system of internal control is informed by the work of the Internal Auditors and the senior managers within the Northern Ireland Assembly who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their Report to those charged with Governance.

The most recent Internal Audit review of the Pension Scheme was carried out in November 2012. At that time Audit concluded that the controls established by management were adequate to ensure that business objectives were met. A satisfactory level of assurance was awarded.

Approved on behalf of the Trustees on 13 March 2017 by:

A stylized, handwritten signature in black ink, consisting of several loops and a horizontal line at the bottom.

**Trevor Lunn MLA**  
Chairman of the Trustees

A handwritten signature in black ink, featuring a large 'J' followed by 'Wells' in a cursive script.

**Jim Wells MLA**  
Trustee



# C&AG Certificate

## Northern Ireland Assembly Members' Pension Fund 2015-16

### THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE NORTHERN IRELAND ASSEMBLY

I certify that I have audited the financial statements of the Northern Ireland Assembly Members Pension Fund for the year ended 31 March 2016 under Schedule 1 to the Assembly Members' Pension Scheme (Northern Ireland) 2012. These comprise the Fund account, Net Assets Statement and the related notes. These financial statements have been prepared under the accounting policies set out within them.

#### Respective responsibilities of the Trustees and Auditor

As explained more fully in the Statement of Trustees' Responsibilities, the Trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit, certify and report on the financial statements in accordance with the Assembly Members' Pension Scheme (Northern Ireland) 2012. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Audit Practice Board'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 Northern Ireland Assembly Members' Pension Fund'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 Trustees' Report, the Statement of Trustees' Responsibilities and Governance Statement 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 certificate.

I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income reported in the financial statements have been applied to the purposes intended by the Assembly and the financial transactions conform to the authorities which govern them.

#### Opinion on Regularity

In my opinion, in all material respects, the expenditure and income recorded in the financial statements have been applied to the purposes intended by the Assembly and the financial transactions conform to the authorities which govern them;

#### Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state of the Assembly Members' Pension Fund's affairs as at 31 March 2016, the net decrease in the Fund during the year and of the amount and disposition at that date of its assets and liabilities other than liabilities to pay benefits after the Scheme year end; and

- the financial statements have been properly prepared in accordance with Schedule 1 of the Assembly Members' Pension Scheme (Northern Ireland) 2012 and directions issued thereunder.

#### **Opinion on other matters**

In my opinion:

- The information given in the Trustee's Report, Report of the Actuary and Investment Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

#### **Statement about Contributions Payable**

- In my opinion, the contributions payable to the Northern Ireland Assembly Members Pension Fund during the year ended 31 March 2016 have in all material respects been paid in accordance with the rules of the scheme and the recommendations of the Actuary.

#### **Matters on which I report by exception**

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with Department of Finance and Personnel's guidance.

#### **Report**

I have no observations to make on these financial statements.

  
KJ Donnelly  
Comptroller and Auditor General  
Northern Ireland Audit Office  
106 University Street  
Belfast  
BT7 1EU

Date: 21 March 2017

# Financial Statements

## Fund Account for the year to 31 March 2016

	Note	£ 2015-2016	£ 2014-2015
Contributions and Benefits			
Contributions receivable	3	1,840,588	1,917,682
Individual transfers in from other schemes		15,716	NIL
		<b>1,856,304</b>	<b>1,917,682</b>
Individual Transfers paid to other schemes		(46,334)	NIL
Benefits payable	4	(1,415,302)	(856,424)
Other Payments	5	(3,955)	(3,394)
Administrative expenses	6	(110,552)	(96,030)
		<b>(1,576,143)</b>	<b>(955,848)</b>
Net additions from dealings with members		280,161	961,834
Returns on Investments			
Change in market value of investments	7	(1,241,769)	2,854,515
Investment management expenses	9	(111,989)	(106,388)
Net returns on Investments		<b>(1,353,758)</b>	<b>2,748,127</b>
Net Increase/(decrease) in the Fund During the period		(1,073,597)	3,709,961
Net Assets of the Fund at 1 April		29,485,305	25,775,344
At 31 March		<b>28,411,708</b>	<b>29,485,305</b>

## Net Assets Statement as at 31 March 2016

	Note	£ 2015-2016	£ 2014-2015
<b>Investments</b>			
Managed Fund	7	28,363,275	29,183,884
AVC Investment	7	311,213	304,603
<b>Net current liabilities</b>	10	(262,780)	(3,182)
<b>Net Assets of the Fund as at 31 March 2016</b>		<b>28,411,708</b>	<b>29,485,305</b>

The notes on pages 24 to 27 form part of these accounts.

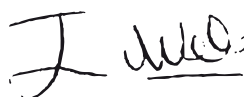
These financial statements summarise the transactions of the Scheme and deal with the net assets at the disposal of the Trustees. They do not take account of obligations to pay pensions and benefits which fall due after the end of the Scheme year. The actuarial position of the Scheme, which takes into account such obligations for the defined benefit section, is dealt with in the Report of the Actuary on page 7 of the annual report and these financial statements should be read in conjunction with this report.

These financial statements were approved on behalf of the Trustees

On 13 March 2017 by:



**Trevor Lunn MLA**  
Chairman of the Trustees



**Jim Wells MLA**  
Trustee

# Notes to the Financial Statements

## 1 Basis of preparation

The accounts meet the accounting and disclosure requirements of the Statement of Recommended Practice (SORP) (revised November 2014) Financial Reports of Pension Schemes, as far as appropriate.

The financial statements summarise the transactions of the Fund and deal with the net assets at the disposal of the Trustees. They do not take account of obligations to pay pensions and benefits which fall due after the end of the year. The actuarial position of the Fund, which does take account of such obligations, is dealt with in the Government Actuary's valuation report on the position of the Fund as at 31 March 2016 and these financial statements should be read in conjunction with that report.

## 2 Accounting policies

The principal accounting policies are:

- Normal pension contributions are accounted for on an accruals basis;
- Pension benefits are accounted for on an accruals basis;
- 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;
- The change in the market value of investments during the year comprises all increases and decreases in the market value of investments held at any time during the year;
- Pooled investments vehicles are included at fair value at the latest available bid price provided by the investment manager; and
- All other expenditure is accounted for in the period to which it relates.

## 3 Contributions Receivable

	2015 - 2016 £	2014 - 2015 £
<b>Exchequer contributions:</b>		
Normal	1,225,998	1,291,117
<b>Members' contributions:</b>		
Normal	599,875	612,923
Additional Voluntary contributions (AVCs)	14,715	13,642
	<b>1,840,588</b>	<b>1,917,682</b>

Exchequer contributions are paid out of money appropriated by Act of the Assembly.

**4 Benefits payable**

	2015 - 2016	2014 - 2015
Pensions	527,414	484,773
Lump sum payable on retirement	887,888	227,651
Lump sum payable at age 75	NIL	NIL
Lump sum payable on death	NIL	144,000
AVC lump sum payable on retirement	NIL	NIL
	1,415,302	856,424

**5 Other payments**

	2015 - 2016 £	2014 - 2015 £
Consultancy Fee	985	295
Contribution Refund	2,970	3,099
	3,995	3,394

**6 Administrative expenses**

	2015 - 2016 £	2014 - 2015 £
Actuarial fees	61,036	78,972
Administration Costs	16,835	8,249
Advisory Fees	32,681	8,809
	110,552	96,030

The Trustees of the Pension Scheme have signed an Administration Agreement with the Northern Ireland Assembly Commission for the provision of pension administration services. The HR Pensions Team of the Northern Ireland Assembly Secretariat provides administration support to the pension scheme and those costs are borne by the Northern Ireland Assembly. The trustees acknowledge the cost of this service to be £40,401 for the 2015-16 financial year (cost of service for 2014-15 was £38,226).

Pension Scheme accounts are prepared by the Finance Office of the Northern Ireland Assembly and those costs are borne by the Northern Ireland Assembly. The Trustees acknowledge the cost of this service to be £4,835 for the 15-16 financial year.

The notional cost of the work performed by the Northern Ireland Audit Office for 2015-16 was £5,000 (comparative figure for 2014-15 was £5,000). This cost is borne by the Northern Ireland Assembly.

From 1 September 2012 Deloitte Total Rewards and Benefits Ltd have provided administration support to the Scheme.

## 7 Investments

	Value at 31 March 2015 £	Purchases at cost £	Sales £	Retirements Benefits Paid £	Change in Market Value £	Management Charges £	Value at 31 March 2016 £
M&G Main Fund	24,324,027	Nil	(68,789)	Nil	(1,181,188)	(96,196)	22,977,854
M&G – Bond	4,859,857	784,014	(189,061)	Nil	(53,596)	(15,793)	5,385,421
AVC Investments	304,603	14,715	(1,120)	Nil	(6,985)	Nil	311,213
	29,488,487	798,729	(258,970)	Nil	(1,241,769)	(111,989)	28,674,488

The change in market value of investments during the year comprises all increases and decreases in the market value of investments held any time during the year, including profits and losses realised on sales of investments during the year.

Pooled investments vehicles are included at fair value at the latest available bid price provided by the investment manager.

Risks Arising from Financial Instruments	
Market Risk	<p>Market risk or price risk is the risk of capital loss as a result of a fall in the price of investments. Fluctuations in price can arise from a variety of sources including interest rate risk, credit risk, currency risk and liquidity risk.</p> <p>The Fund is exposed to market risk as a result of its investment activities. The overall market risk of the Fund will depend on the actual mix of assets and market conditions and will encompass the different elements of risk, some of which may offset each other.</p>
Interest Rate Risk	<p>Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates. The AMPS does not hedge against the effect of such fluctuations and this position is reviewed regularly as part of the review of the investment strategy.</p>
Credit Risk	<p>Credit risk is the risk that the counterparty to a transaction or financial instrument will fail to discharge its obligation resulting in a financial loss. This risk is generally reflected in the market price of securities, resulting in the risk being implicitly accounted for in the carrying value of the Fund's investments. The Fund is exposed to credit risk in respect of its investment portfolio and this risk is managed through the selection and use of high quality counterparties and financial institutions.</p>
Currency Risk	<p>Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in foreign exchange rates. As a global investor whose liabilities are sterling based, the AMPS is exposed to fluctuations in exchange rates which can affect the valuation of its investments.</p>
Liquidity Risk	<p>Liquidity risk or cash flow risk is the risk that adequate cash resources will not be available to meet commitments such as the payment of benefits or future investment commitments as they fall due.</p>

The investment strategy of the Fund is highlighted in the Investment Managers Report on page 11 of this report.

## 8 Additional Voluntary Contributions (AVCs)

The Trustees are responsible for administering an AVC scheme whereby participants in the Assembly Members' Pension Scheme may make contributions to secure additional benefits to those provided by the Pension Scheme. At 31 March 2016 these contributions were invested separately from the Pension Fund, in a variety of Investment Funds, with an outside provider Clerical Medical. These investments secure additional benefits on a money purchase basis for those members electing to pay AVCs. Members participating in this arrangement will receive an annual statement confirming the amounts held to their account and the movements in the year.

## 9 Investment Management Expenses

The management fee paid to M&G Investments Ltd was £111,989 (fee for 2014-15 was £106,388). The management fee is a percentage rate fee based on the value of the portfolio and is deducted on a monthly basis within the price of units held by the Members' Pension Scheme.

## 10 Net Current Assets / (Liabilities)

	2015 - 2016 £	2014 - 2015 £
<b>Current assets</b>		
<b>Contributions and benefits:</b>		
Contributions due	2,145	1,121
Balance at bank	22,322	14,726
Prepayments	Nil	Nil
Sundry Debtors	Nil	Nil
	<b>24,467</b>	<b>15,847</b>
<b>Current liabilities</b>		
Pension Arrears due	(220,594)	(2,875)
Other Creditors	Nil	(3,099)
<b>Administrative expenses:</b>		
Other Advisory Fees	(26,564)	(3,319)
Actuarial fees	(31,509)	(8,356)
Other Expenses	(180)	(180)
Administration Fees	(8,400)	(1,200)
	(287,247)	(19,029)
<b>Net current liabilities</b>	<b>(262,780)</b>	<b>(3,182)</b>

## 11 Related party transactions

None of the Trustees, key management staff or any other related party has undertaken any material transactions with the Fund during the year.

## 12. Post Balance Sheet Events

There have been no post balance sheet events.

## **ANNEX A**

### **LEGISLATIVE BACKGROUND TO THE AMPS**

#### **General**

The Assembly Members' Pension Scheme (Northern Ireland) 2000 (AMPS (NI) 2000) was established on 13 May 2000 under the Assembly Members' Pensions Determination 2000, made by the Secretary of State under section 48 of the Northern Ireland Act 1998, by virtue of paragraph 9 of the Schedule of the Northern Ireland Act 2000. The scheme provides benefits for Members and qualifying office-holders of the Northern Ireland Assembly.

On 30 June 2008, under section 48 of the Northern Ireland Act 1998, the Assembly resolved to confer upon the Assembly Commission the power to amend the pension scheme. On 1 July the Commission amended the rules of the scheme and directed that the revised scheme be called The Assembly Members' Pension Scheme (NI) 2008.

The Scheme was updated during the 2012 – 13 year and was renamed the Assembly Members' Pension Scheme (NI) 2012.

#### **Preparation of Annual Accounts**

Paragraph 5 of Schedule 1 of the Assembly Members' Pension Scheme (NI) 2012 requires that annual accounts are prepared in accordance with a direction given by the Comptroller and Auditor General. The accounts have been prepared, as far as appropriate, in accordance with the Statement of Recommended Practice (SORP) Financial Reports of Pension Schemes, issued in May 2007, in order to conform to best practice reporting requirements. A statement of the Trustees' responsibilities with regard to the preparation of the accounts is on page 17.











## Northern Ireland Assembly

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