



250 years of innovation.
Uncommon perspectives. Trusted heritage.

Dorset County Council Pension Fund

Baring Dynamic Asset Allocation Fund

21st November 2013

Brian Corris – Relationship Director
Andrew Cole – Investment Director

Baring Asset Management Limited
155 Bishopsgate,
London, EC2M 3XY

Tel +44 (0)20 7628 6000
Fax +44 (0)20 7638 7928

www.baring.com

Authorised and regulated by the
Financial Conduct Authority





Who is responsible? **The Baring Global Multi Asset Group**



- Team formed in 2002
 - Average 20 years' industry experience
 - Average 11 years' tenure at Barings
- Drawing on an additional 109 investment professionals*
- DAA Fund assets under management £7.2bn

Source: Barings as at 31.08.13
*Investment professionals as at 01.09.13

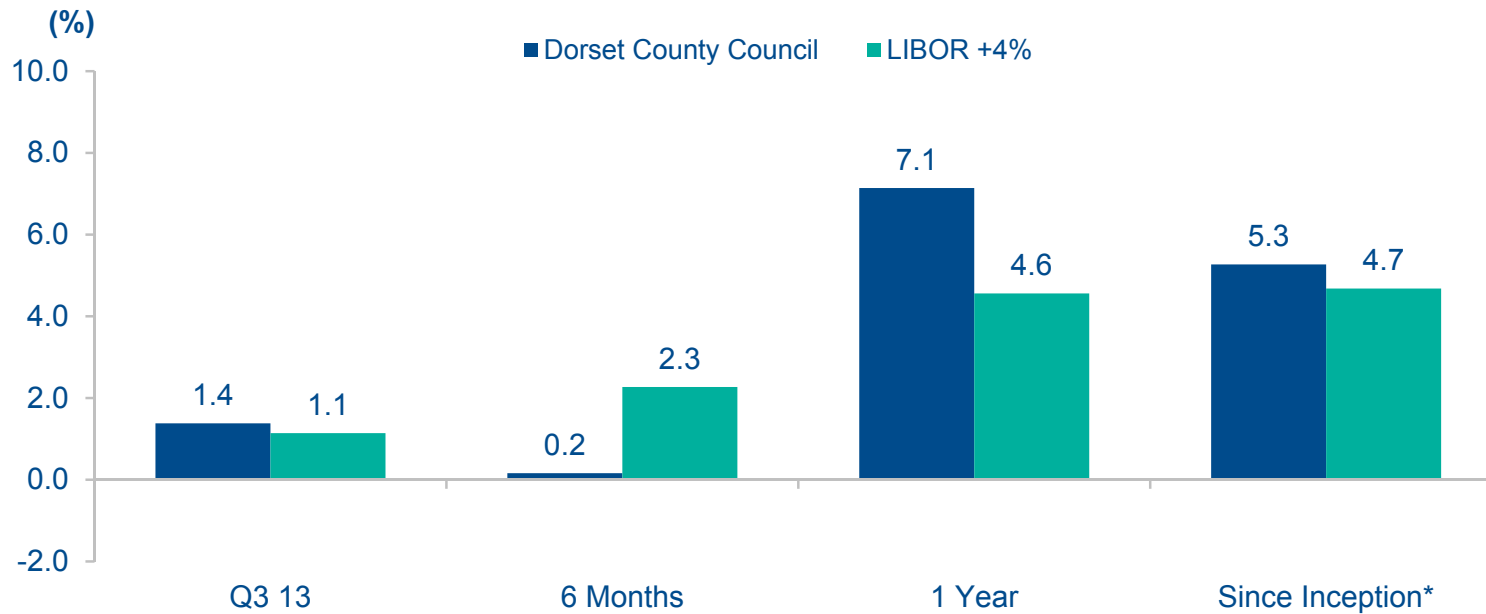


Our approach

- We target Cash +4% absolute returns within 70% of equity risk
- Focus on dynamic asset allocation
- Recognise that one disastrous year destroys several years' growth
- Diversify in different ways at different times, using external managers where appropriate



Dorset County Council Pension Fund Performance to 30th September 2013



Dorset County Council valuation as at 30th September 2013: £91,372,734

*Inception date: 31st March 2012
Source: Barings,
Sterling returns, net of fees, returns over one year are annualised

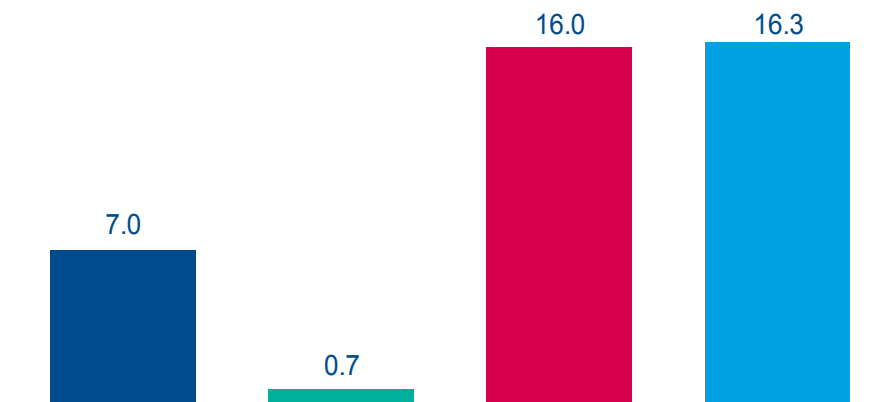


DAA Fund return & risk: Since Inception Annualised 16 January 2007 – 30 September 2013

Return (%)



Risk (%)*



■ DAA Fund ■ LIBOR +4% ■ FTSE All Share ■ FTSE All World

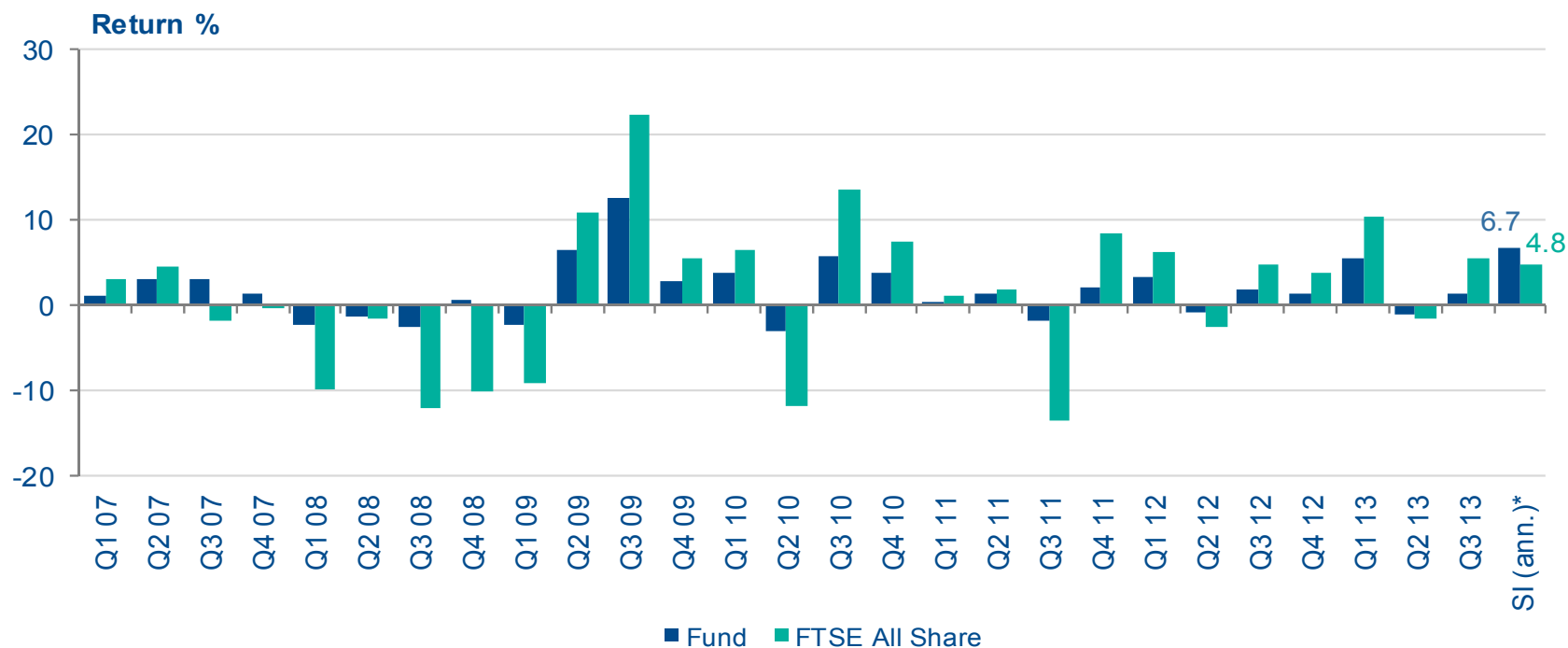
Past performance is no indication of current or future performance. The performance data does not take account of the commissions and costs incurred on the issue and redemption of units.

Source: Barings & Morningstar, as at 30.09.13. DAAF performance figures are shown for the Class I GBP share in Sterling on a NAV per share basis, with net income reinvested. Inception date 16.01.07. Reference to the index is for comparative purposes only. *Risk = Standard deviation of monthly returns over the stated period (annualised).



Dynamic Asset Allocation Fund Performance

Quarterly Returns Since Inception



Past performance is no indication of current or future performance. The performance data does not take account of the commissions and costs incurred on the issue and redemption of units.

Source: Barings & Morningstar, as at 30.09.13. SI (ann) as at 30.09.13. DAAF performance figures are shown for I Class shares in Sterling on a NAV per share basis, with net income reinvested. * Inception date 16.01.07. Reference to the index is for comparative purposes only.



Philosophy & Approach

Seeking equity like returns with less risk than equities

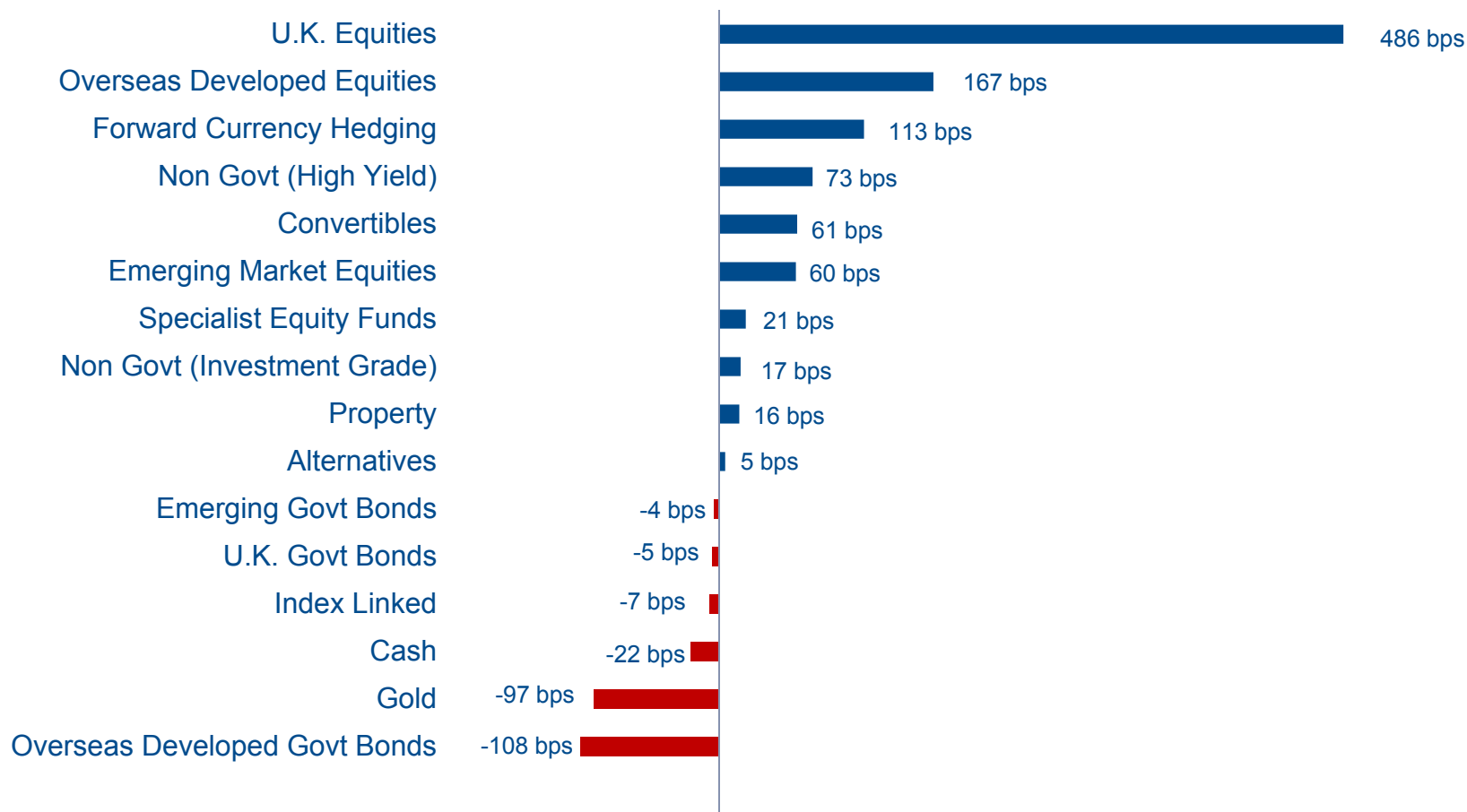
- Active Management of asset allocation
 - the most important generator of returns
- Understanding Risk & Diversification
 - recognising changing correlations & risk characteristics
- Simple building blocks
 - clear and transparent implementation



Attribution Analysis

One year to 30th September 2013

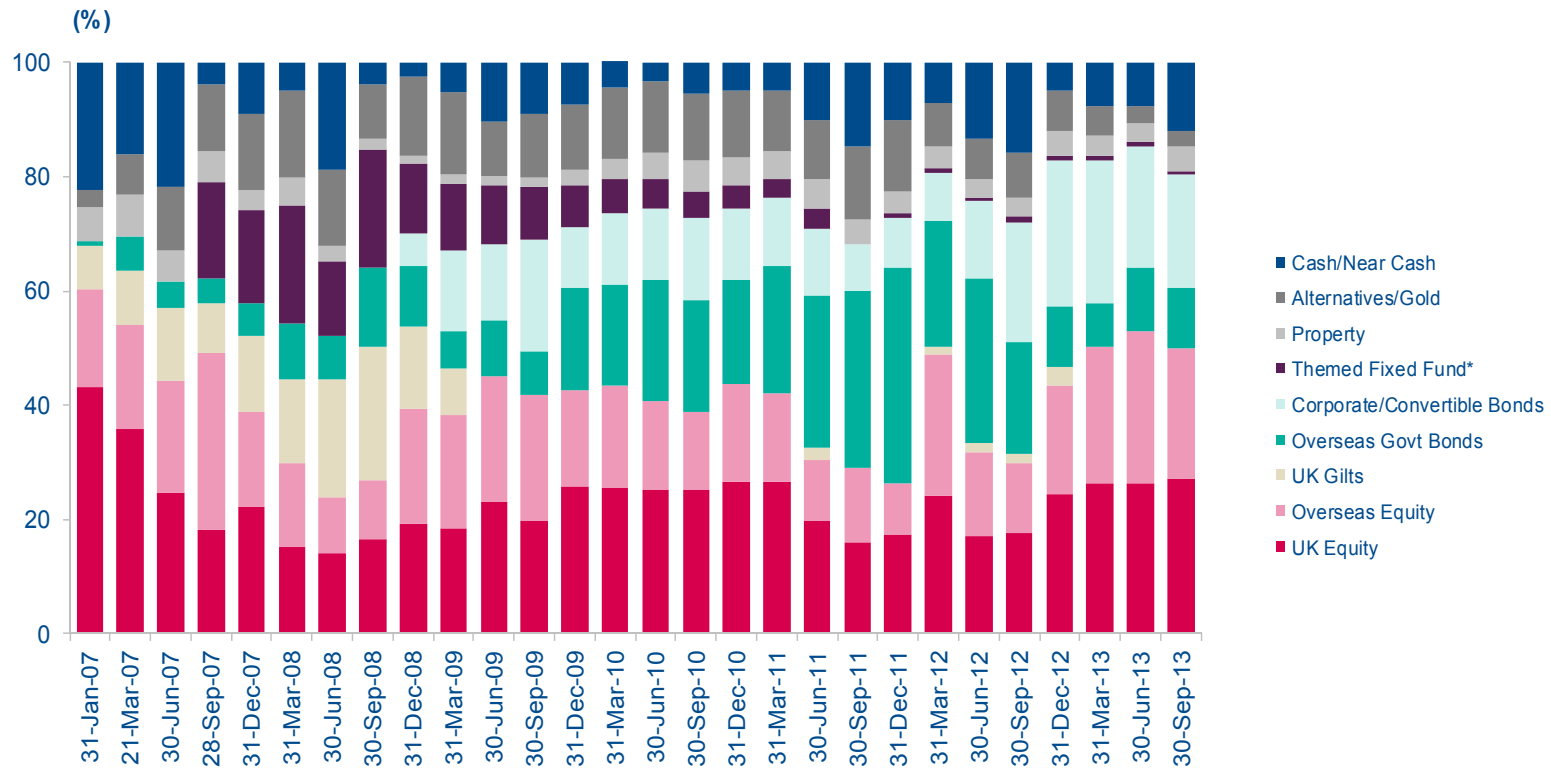
What added and subtracted from performance





Changes in asset allocation since inception

Baring Dynamic Asset Allocation Fund

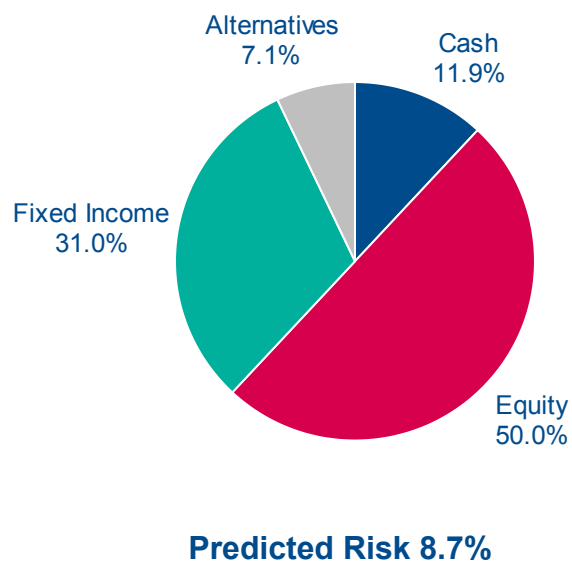


Source: Barings, as at 30.09.13, Gross Exposure
 Inception date: 16.01.07

*Themed Fixed Fund composition: Aug '07-Feb '08: 0-3yr Ster bonds. Mar '09-June '10: Overseas ILGovt; Aug 10-to date: EMD



Baring Dynamic Asset Allocation Fund Portfolio As at 30th September 2013



Fixed income	31.0	Alternatives	7.1
Emerging Market Debt		Fund of Hedge Funds / Private Equity	
In house	1.5	In house	1.1
Investment Grade Corporate Bonds		Gold	
In house	1.5	Passive	1.4
Third party	1.3	Property	
High Yield Bonds		Third party	4.3
Third party	11.3		
Convertible Bonds		Cash	11.9
Third party	5.7		
US Govt		Direct	37%
Direct	5.4	In-House Vehicles	13%
Aus Govt		Third Party Vehicles	33%
Direct	4.3	Passive Vehicles	5%
		Cash	12%
Equity	50.0	Total	100%
UK Equity			
Direct	17.3		
Third party	9.9		
US Equity			
Passive	3.6		
European Equity			
In house	3.0		
Global Equity			
In house	5.4		
Japan Equity			
Direct	10.1		
Emerging Equity			
In house	0.5		
Passive	0.4		

Source: Barings as at 30.09.13. Risk = standard deviation of 10 years of monthly annualised returns from asset allocation. Only significant holdings are displayed. The 'Cash' weight, where applicable, may include cash on deposit, holdings in cash funds, short dated T-Bills (or equivalent), forward FX, income receivable and futures, initial margin and cash backing deposits. Futures are allocated on an economic exposure basis.



Current Themes (as at 30th September 2013)

Concern	Implication
Improving growth in developed world. Stabilising banking system	Less interest rate risk. More equity exposure. U.S. consumer focused.
Major policy change and co-ordination in Japan.	Nominal GDP growth. Massive implications for corporate profitability.
Liquidity conditions in Emerging Markets tightening.	Threatens growth, and Foreign Direct Investment and portfolio flows.



Client Service Summary

- Dedicated contacts and deputies
- Quarterly Reporting
- Conference call
- Ad-hoc white papers and key economic updates

Other ways to follow Barings:



Internet: www.barings.com



Twitter: <http://twitter.com/Barings>



YouTube: <http://www.youtube.com/user/baringAM>



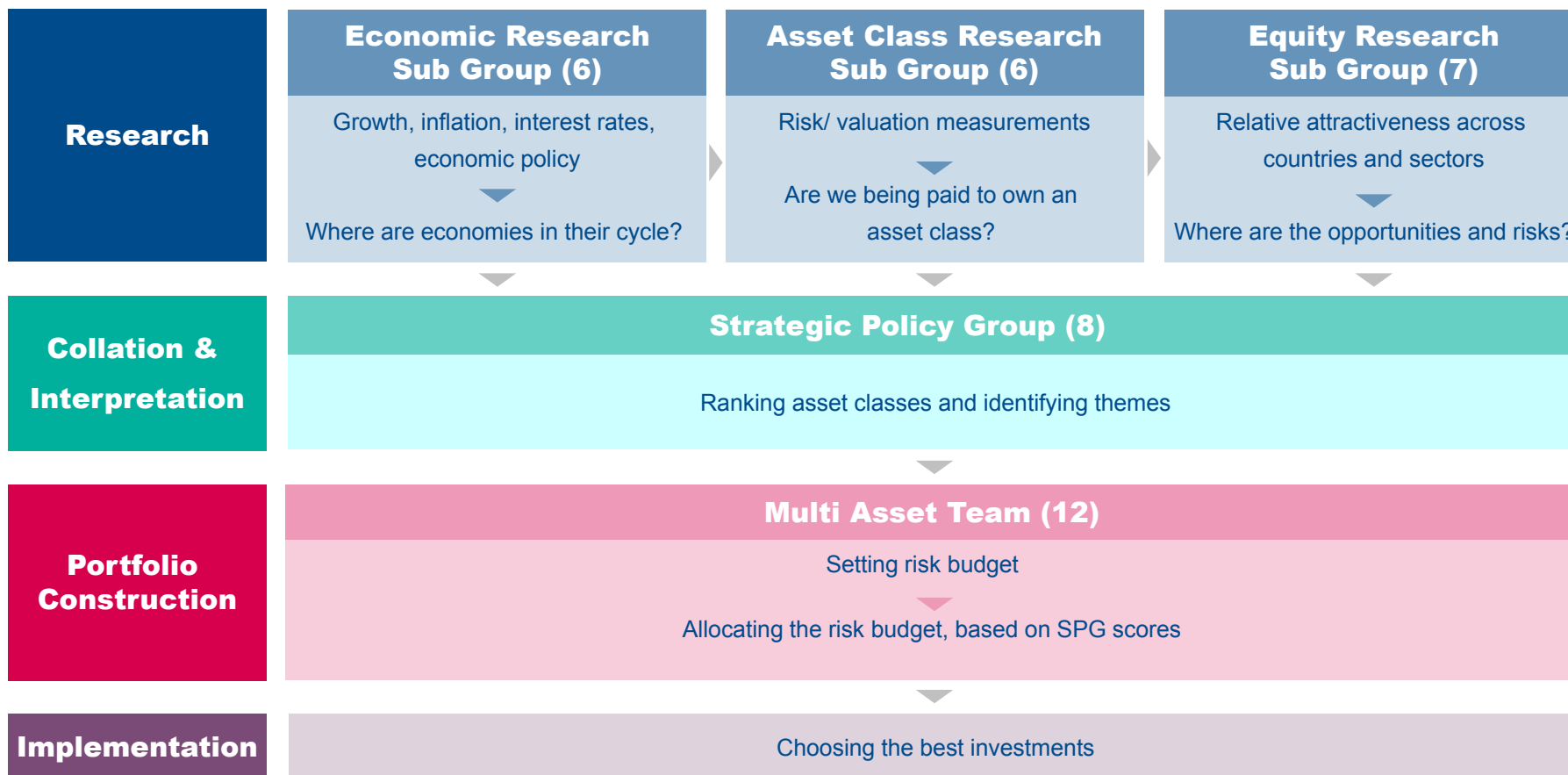
LinkedIn: <http://bit.ly/Barings>



Appendix & Biographies



Monthly Tactical Asset Allocation Process overview



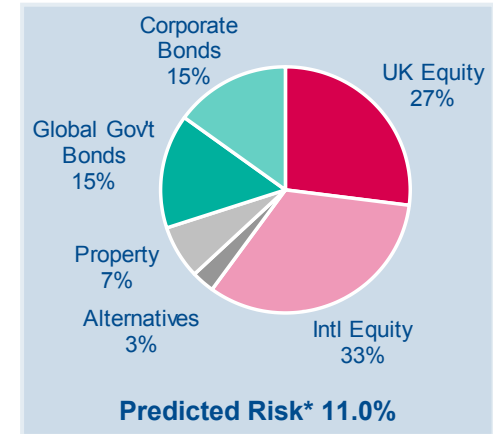
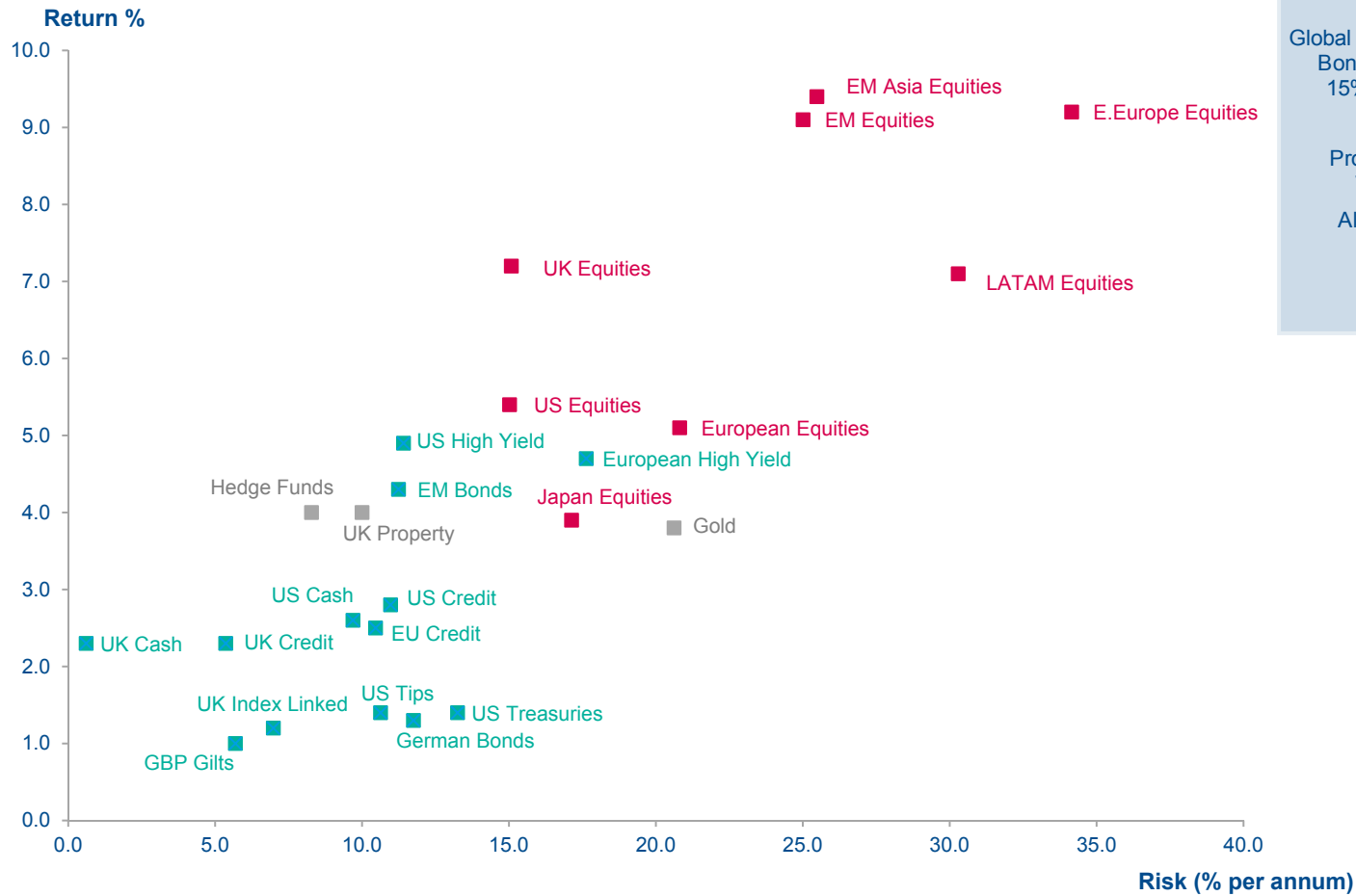
Source Barings as at 01.09.13. Brackets = number of people in that team.



Strategic Asset Allocation

Forecast returns & risk

10 year asset class forecasts (GBP)



Source: Barings as at 20.03.13

* Risk = standard deviation of 10 years of monthly annualised returns from asset allocation



Barings SPG

Tactical Recommendations – September 2013

	Aggressively Underweight [5]	Underweight [4]	Neutral [3]	Overweight [2]	Aggressively Overweight [1]
OVERALL			Property / Credit Gov't / IL / Cash	Equity	
EQUITIES		Australia / Canada Singapore MSCI Hong Kong EM Equity	Europe US	UK Japan	
SECTORS		Consumer Staples Utilities	Telco Healthcare / Energy Materials Info Tech	Financials Consumer Disc Industrials	
BONDS		Canada	Germany NZ / Japan EM Local UK	Australia US	
CURRENCY vs. USD		EUR / £ / EM Asia NOK / AUS / CHF JP¥ / LATAM EM Eur / Gold	NZ\$ CAD SEK	Singapore \$	



Guidelines and risk focus

Guidelines	Allocation Range (%)
Equities*	0 – 65
Commodities*	0 – 30
Bonds	0 – 80
Property	0 – 30
Alternatives	0 – 50
Foreign Exchange	0 – 40
Cash/Near Cash	0 – 25
Min £ Exposure	60%

Risk Management
<ul style="list-style-type: none"> • Predicted Risk <ul style="list-style-type: none"> • Value at Risk (VaR) • 70% of predicted equity volatility • Experienced risk <ul style="list-style-type: none"> • Actual standard deviation of return • Stress Testing <ul style="list-style-type: none"> • Drawdown in market crisis • NO LEVERAGE

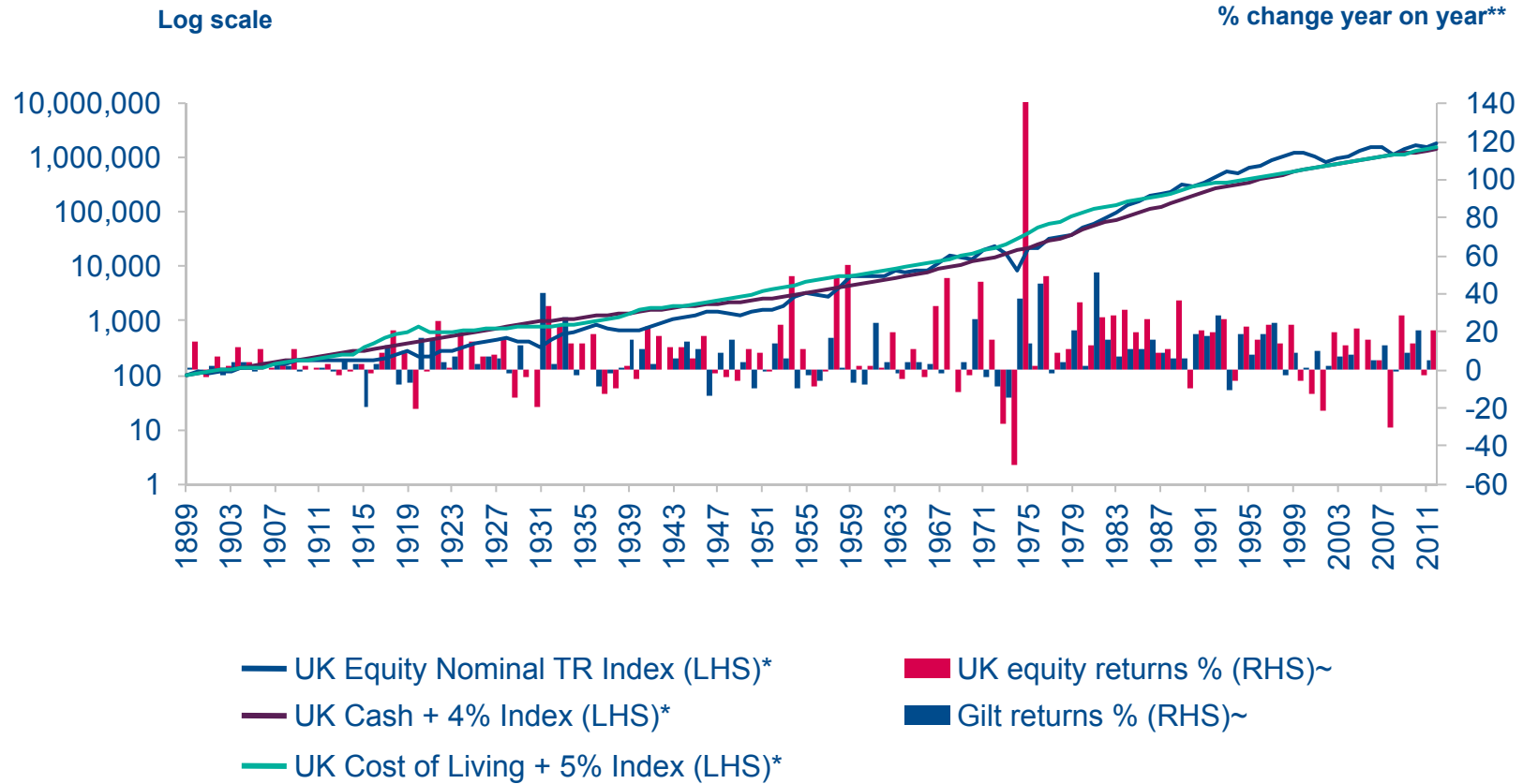
Efficiently reducing volatility

Source: Barings as at 31.08.13

* Equities and Commodities, aggregate maximum 80%



Why Libor +4%

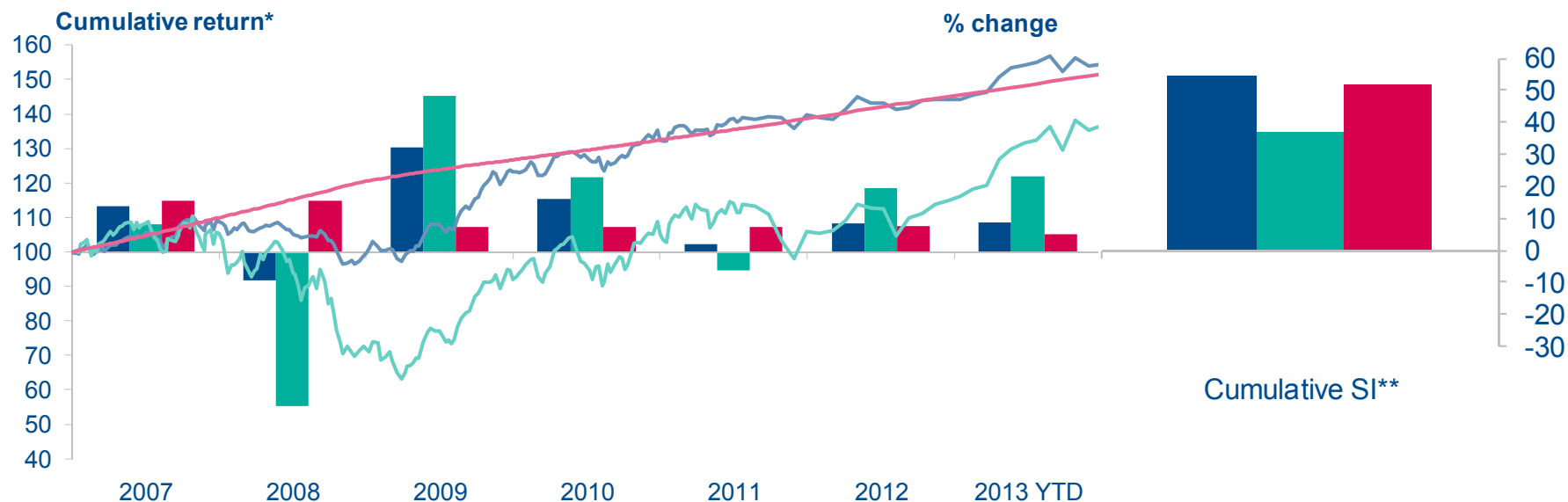


Libor +4% = equity return with less risk

Source: Barclays Equity Gilt Study 2012, 1899 – 2012
 * Cumulative ~ Annual



DAA Fund vs FTSE All Share and Libor +4%



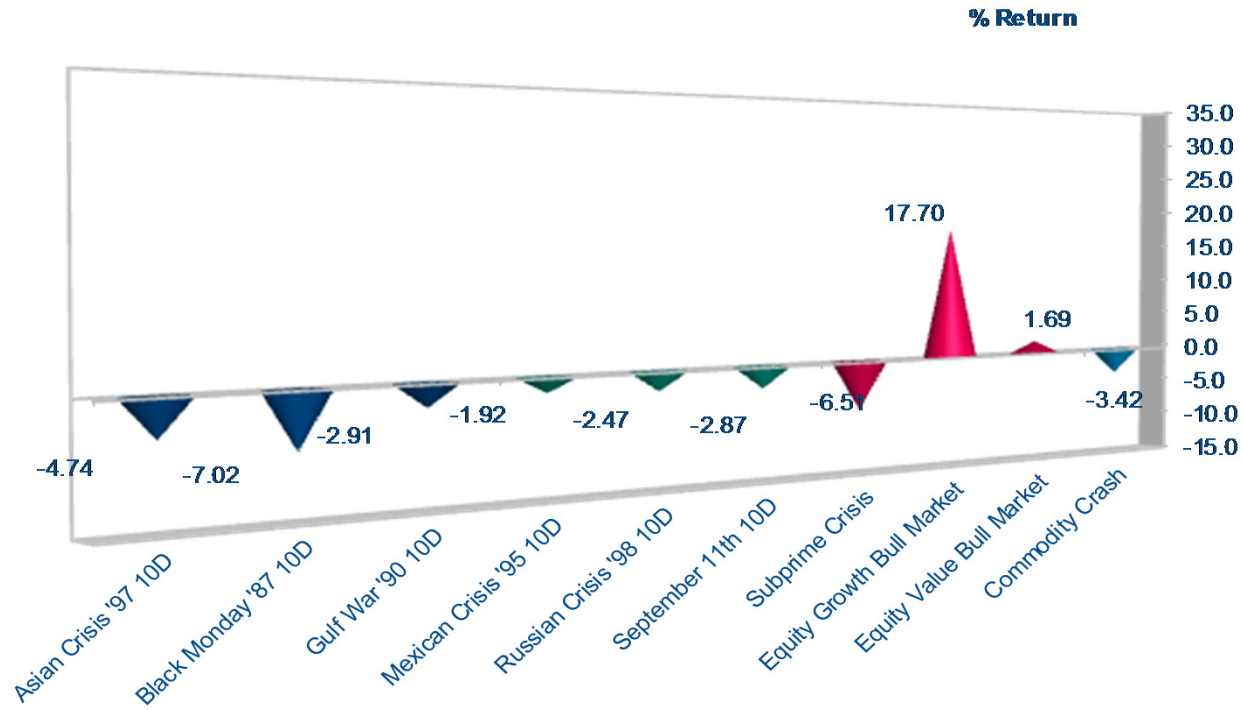
- Fund Cumulative Return (LHS)
- FTSE All Share Cumulative return (LHS)
- Libor +4% (LHS)
- Fund Return (RHS)
- FTSE All Share (RHS)
- Libor +4% (RHS)

Past performance is no indication of current or future performance. The performance data does not take account of the commissions and costs incurred on the issue and redemption of units.

Source: Barings, Morningstar as at 30.09.13. DAAF performance figures are shown for the Class I GBP share in Sterling on a NAV per share basis, with net income reinvested. *All figures rebased to 100 as at 16.01.07. **Inception date 16.01.07. Reference to the index is for comparative purposes only.



Stress Testing Example



Shocking the portfolio

Source: Barings, as at 04.09.13



Investment Professionals

Percival Stanion



Head, Global Multi Asset Group

Location: London

Investment Experience: 33 Years

Percival is the Head of the Global Multi Asset Group. He is also Chairman of the Strategic Policy Group (SPG), our global macro research and Asset Allocation Team. Percival joined Baring Asset Management in 2001 from BNP Paribas Asset Management, where he was Head of Asset Allocation and Strategy. From 1993 to 1998, Percival managed the Global Diversified Accounts team at Pictet Asset Management. His prior fund management experience includes management of North American and international equities at National Provident and Invesco, respectively. Percival is a graduate of Pembroke College, Oxford University.

Andrew Cole



Investment Director Global Multi Asset Group

Location: London

Investment Experience: 34 Years

Andrew is a member of the Global Multi Asset Group responsible for the management of Multi Asset portfolios. He is lead manager of the Baring Multi Asset Fund and a number of segregated portfolios. Andrew was appointed to the Strategic Policy Group (SPG), the company's global macro research and Asset Allocation Team in 2005. He is chair of the SPG Risk Sub Group and a member of the Economic Group. Both groups provide key inputs to the debate of the monthly SPG meetings. Andrew joined the Fixed Income department at Baring Asset Management in 1986. He was appointed a Director in 1994 and joined the Multi Asset Portfolio Group in 1995.



Client Service Team

Brian Corris



Head of UK Institutional Client Servicing

Location: London

Industry Experience: 32 Years

Brian Corris joined Baring Asset Management in October 2005. Brian brings a wide-ranging investment and client servicing experience from over 30 years in the industry. His career includes extensive experience of investment research in several markets - including the UK, Australia and Latin America – while latterly, offering product specialist and client servicing support to a range of domestic and international institutional clients. In his career Brian has worked at F&C Asset Management, Citigroup Asset Management, Credit Lyonnais Securities (USA), Indosuez Capital Securities, James Capel & Co and Barclays de Zoete Wedd Ltd. In these assignments, he has worked in London, New York, Mexico City and Sydney. Brian is a graduate of the LSE with a B.Sc. in Economics.

Westley Price



Client Service Manager Client Service Team – London

Location: London

Industry Experience: 10 Years

Westley is a Client Service Manager looking after a range of our UK based Institutional Clients. Westley joined Baring Asset Management in July 2011. Prior to joining Barings, Westley was a Client Executive at Schroder Investment Management. Prior to this, Westley worked for Threadneedle Asset Management and Barclays Bank within Client Reporting. Westley was awarded the Investment Management Certificate in 2008.



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