



## WEST MIDLANDS PENSION FUND

# INVESTMENT IN BP

BP is one of the largest companies in the UK and UK pension funds will hold substantial investments in BP.

A typical fund holding in UK equities could be over 20% and many are around 30% of fund assets. In addition, funds may have further exposure to BP through holding its company bonds.

A few years ago, the West Midlands Pension Fund determined to reduce the amount it held in UK equities and, therefore, the very large companies that dominate the UK quoted equity market. This was to reduce the risks of such holdings and diversify into other investments.



The West Midlands Pension Fund now holds just over 13% of its assets in UK equities, approximately halving the exposure of a few years ago. This has accordingly halved the holding in BP, which now accounts for about 0.5% of the Fund's total assets.

At this level, the problems BP has and its impact on its share price and dividend, will not impact adversely on the Fund's long-term investment strategy and ability to pay pensions.

The West Midlands Pension Fund has a very strong net cash inflow which will remain so for many years, and the Fund will not be a forced seller of assets or BP because of the present circumstances.

**11 June 2010**