



Newsletter

The Official Newsletter of the Cayman Islands Public Service Pensions Board



Spring 2013

news

Message from the Managing Director

Dear Plan Members,

I am very pleased to bring you the first edition of our 2013 Newsletter, following our 20th anniversary year..

Having been blessed to see another year, I am particularly excited to begin 2013 by implementing further improvements to our organization with the purpose of stimulating future success for the Fund that will lay a solid foundation for the next 20 years. Beginning in the humblest and most modest of circumstances as an organization has never been forgotten, and when put into perspective, the memory of

“ We hold posts within the public sector not for our own benefit, but for the benefit of these Islands and the people who live here. ”

our beginnings has helped to keep me focused on the task of building the fund and operations on behalf of our participants and pensioners.

Humility is a character trait that I have always admired in others and have striven to embrace for myself. It is also the defining characteristic of any public servant, because as the title implies, our job is to serve the people. We hold posts within the public sector not for our own benefit, but for the benefit of these Islands and the people who live here. It is a most challenging and at times overwhelming task that we face on a daily basis, but meeting any challenge and rising above it is something we must continue to do, sometimes through great sacrifice.

The Public Service Pensions Board as an organization understands the great responsibility that we are charged with as administrators of the Fund. We also understand that a lot is expected of us in order to meet the demands of our participants and pensioners, particularly relating to our client service standards. As a result of the attention that we have recently garnered, my Senior Management team (featured in this edition) and I have initiated steps to reaffirm our commitment to providing quality service at all times. Plans are already in place to begin rebranding the Plan Administration Department to achieve a more client-service-oriented structure. Throughout this process, we will be keen to know how these changes are received by our clients and to offer a clear channel of communication; Mr. Trevor Gibbs will be coordinating client service standards and policy and may be contacted at trevor.gibbs@pspb.ky

or 244-7167. We will also be distributing surveys before the end of the fiscal year and will be anxious to receive your feedback and responses.

Although I may not be the person addressing you through our Newsletter on our 40th anniversary, I am hopeful that the tribulations of our current times will be written about only in history texts and prosperity will find us once again. I am also hopeful that when it finally does, we remember what we have been through and embrace the good times with humility, never forgetting the great sacrifices made in the past.

In this edition, you will see that we have highlighted the career of Mr. Carlon Powery. Mr. Powery is a long-tenured civil servant who has distinguished himself throughout his career, much like Mr. Donovan Ebanks (featured in our previous Newsletter), and we are very happy to feature him in this edition.

As always, we look forward to your constructive feedback on how we can better serve you through our Newsletter and various other services.

Faithfully,
Jewel Evans Lindsey
Managing Director



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Senior Management Team

The Senior Management team of the Public Service Pensions Board has evolved over the last 20 years to be the group of employees that it is today. The Managing Director has worked with the HR Department to carefully select staff with the skills and qualifications necessary to best serve the needs of the organization and, more importantly, the Plan's stakeholders. Over the last few years, this team has worked very closely with the Managing Director on a variety of projects, ranging from the transition to a new custodian to implementing a new pension administration system.

Following a slight shift in composition when Mrs. Melanie Ebanks-Jackson assumes the role of Director, Plan Administration, and current Director Mr. Richard Moody finishes his tenure with the organization, the Managing Director is confident that her team will continue to function as efficiently as ever.

Ms. Faith Ebanks, Director, Financial Reporting

Ms. Ebanks joined the PSPB in 2005 and has headed up the Financial Reporting Department (formerly Finance and Investments Department) since her arrival. She is a CPA with extensive experience in the private sector, having held senior positions with firms such as Maples & Calder and Deutsche Bank before moving to the public sector as Director of Finance and Administration at the Civil Aviation Authority prior to joining the PSPB.

Mr. Richard Moody, Director, Plan Administration

Mr. Moody came to the PSPB in 2009 from England, where he worked for the Royal Mail Pension Plan as Secretary to the Trustees and was also the Membership Manager for their main plan. He is also an Associate of the Pensions Management Association (APMI) with over 25 years of experience in the pensions industry. Mr. Moody is now in the process of helping the PSPB to transition to a new Director, Plan Administration, by mentoring Mrs. Melanie Ebanks-Jackson, who will be taking over the position this year. The PSPB is very grateful to Mr. Moody for his service thus far and is looking forward to his contributions in preparing Mrs. Ebanks-Jackson.

Mrs. Melanie Ebanks-Jackson, Director, Plan Administration (Designate)

Mrs. Ebanks-Jackson is the second-longest-tenured member of staff and has been with the organization since 1998. Immediately prior to working with the PSPB, Mrs. Ebanks-Jackson was with Coutts before attending Barry University, where she earned a bachelor's degree in finance and economics. She has worked her way up through the ranks of Plan Administration and has also most recently held the post of Senior Manager, HR & Operations. Mrs. Ebanks-Jackson has earned an MBA from Stetson University and has project management experience and qualifications as well. The PSPB is very proud

that one of its own has been able to progress through the organization to eventually head up the Plan Administration Department.

Ms. Jewel Bodden, Senior Manager, Plan Administration

Ms. Bodden, a seasoned civil servant, arrived at the PSPB in 2005 and has worked in Plan Administration for the duration of her tenure. While with the Audit Office, she conducted a number of audits on the PSPB with great care and diligence, and when she was being considered for a position with the PSPB several years later, it was that same diligent and professional attitude that eventually set her apart from the other candidates. Ms. Bodden holds an associate's degree in accounting as well as an AAT certification.

Mr. Barton Solomon, Senior Manager, Financial Reporting

Mr. Solomon was hired in 2008 and has held the post of Senior Manager since arriving, bringing a wealth of auditing and financial knowledge. He began his career in finance in 1974 with CIBC, has since held senior management positions with CIBC, Cayman National Bank and Caledonian Bank prior to his tenure with the PSPB and has conducted audits in several jurisdictions throughout the region. Mr. Solomon also holds a bachelor's degree in finance from the University of Washington. ✨

Rates of Return Update

Positive momentum continued during the final months of 2012, resulting in strong gains for the PSPB Fund. Worldwide, most of the broader equity aggregates advanced, with stocks in the U.S. experiencing a very strong year. The S&P 500 stock index had a total return of 16.0 percent. Bonds also did well, especially those in greater risk

categories. The Barclay's Capital Aggregate Index rose 4.2 percent, while the Merrill Lynch index of lower-quality bonds rose 15.6 percent, despite the sluggish U.S. economy. Behind this strong performance was a continuation of action by the Federal Reserve to maintain low interest rates, revive the economy and encourage investors to move into

stocks and riskier investments. Consequently, in U.S. markets, financial stocks led the way, which was unexpected given the continued concerns over the health of many financial companies. Financial shares in the S&P 500 rose by approximately 25 percent, with Bank of America jumping more than 100 percent. Housing-related stocks scored among the

bigger gains as the real-estate market showed new vigor, surprising many who thought the housing decline would continue (shares of home builder Pulte Group soared 179 percent in 2012, making it the top gainer within the S&P 500). More importantly, the U.S. housing rebound has helped improve consumer confidence worldwide, giving another reason for strengthening worldwide equity markets. Consumers appear more confident now that home prices have stabilized and started to rise, a significant reason for consumer-related stocks advancing by about 20 percent. However, it is interesting that, as pension plans rotated assets into worldwide equities over calendar year 2012, the price of gold dropped more than 10 percent, despite a rash of headlines about European defaults and the U.S. heading over the fiscal cliff, neither of which came to fruition.

Outside of North America, the largest market gains were in the German equity market, which advanced by more than 31 percent. However, among the best-performing markets globally were the Greek, Portuguese and Irish stock markets. Emerging markets also gained more than 15 percent during 2012, another sign that pension plans are starting to believe that the worst is over in the global economy, giving rise to a trend to start increasing economically sensitive or riskier strategies. Overall, the MSCI World Equity index gained 15.8 percent over 2012, while the PSPB Fund, which had an overall aggregate exposure of about 70 percent to global equities (with the balance of 30 percent being held in bonds), earned a positive absolute return of 15 percent. All segments within the portfolio composition of the PSPB Fund gained ground to achieve this impressive performance, of which 2.7 percent was attributable to active management by specialized investment managers retained by the Board of Directors.

Performance Against Benchmarks

Altogether, the PSPB Fund grew to a market value of \$464 million by December 31,

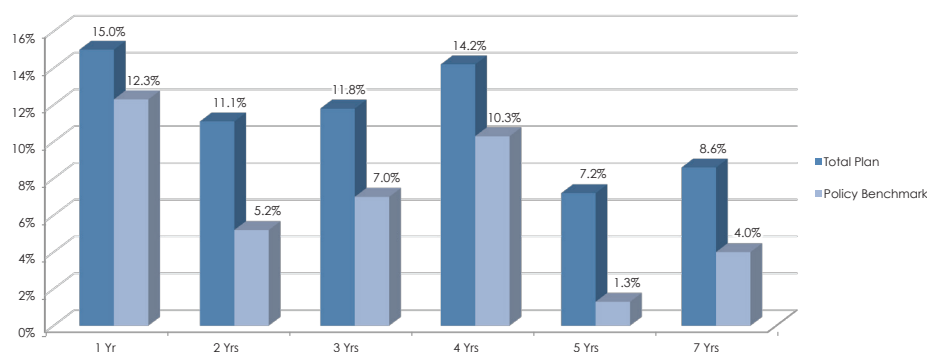
2012, an increase of almost \$60 million in market value over the 12-month period.

The PSPB Fund's market value of \$463 million marks a new all-time high, with the recent one-year performance positively impacting the PSPB Fund's long-term returns, pushing the four- and five-year returns upward to 14.2 percent and 7.2 percent, respectively. The seven-year annualized return was 8.6 percent, above the PSPB Fund's long-term investment return objective of 8 percent. The Board of Directors, through the Managing Director and its Investment Committee, has selected leading investment managers from around the world to identify and pursue investment opportunities in order to achieve this long-term investment objective. Upon selection, each investment manager and strategy segment of the portfolio is subsequently evaluated on an ongoing basis following a strict due diligence process. Selection of investment managers is based on their ability to meet the high standards expected of the organization, their investment process, investment philosophy and performance. Regarding active performance

attributable to existing investment managers, over the long-term annualized periods of five and seven years, the value active management has produced a value added of 5.9 percent and 4.6 percent, respectively, delivering a clear value proposition to its policy benchmark, as illustrated in the chart.

While pleased with these investment results and the dynamic and competitive team of external investment professionals under the present management structure, as the PSPB Fund goes into 2013, bond and equity markets will continue to vary. Notwithstanding, the Board of Directors believes that enhanced performance for the PSPB Fund will be maintained through strategically allocating incremental new money and rebalancing invested assets to the asset class and the investment manager deemed most appropriate given the outlook and market conditions. Furthermore, the PSPB Fund's moderate to low risk exposures, along with diversification, should continue to provide protection against potentially severe stock market swings consistent with its past experiences. ✨

PSPB Total Fund Annualized Returns (January 1, 2006-December 31, 2012)





Pensioner Profile

Mr. Carlon Powery
Former Collector of Customs
Cayman Islands
Customs Department

Four months into retirement, Mr. Carlon Powery still says “we” when he speaks of civil servants.

“We need to recognize that we play a valuable role in government. We should give our best to the service, not just see what we can receive from it,” says the former Collector of Customs. After 40 years with the Customs Department, he’s earned these words. Mr. Powery and his career are evidence of the rewards of giving one’s all.

“If I had to start over, I would go right back to the Customs Department,” he says of the career that started just six months after he graduated from high school. It was Mr. Powery’s father’s belief in the relative stability of a government job that prompted him to become a Clerical Officer in 1972. Thus began a career that would take him to the top of the Customs Department in just 16 years.

Two years after joining the department, he became a Customs Officer, and then the Senior Customs Officer in 1979. In this position, Mr. Powery supervised junior staff and, among other duties, was in charge of the boarding and clearance of incoming vessels.

He relished the chance to meet people from different walks of life.

In 1984, Mr. Powery was promoted to Assistant Collector of Customs and began to recognize the value of a dual revenue collection/law enforcement focus for the department. Two years later, as the new Deputy Collector of Customs, Mr. Powery was instrumental in bringing that vision to fruition and forming specialized units, including a Task Force Unit and Marine Unit.

1988 saw Mr. Powery become Collector of Customs, the title he would hold until his retirement. He continued to expand the department’s enforcement role with a Narcotics Enforcement Team, Fraud Division, Container Inspection Unit and K-9 Unit. The Marine Unit joined forces with the Royal Cayman Islands Police Service and became the Joint Customs-Police Marine Unit.

Mr. Powery also helped the department acquire X-ray equipment that has enabled staff to examine 100 percent of containerized cargo, up from 5 to 8 percent. And under his leadership, the department made strides in improving its computer systems to speed up the declarations process.

Other hallmarks of Mr. Powery’s tenure include departmental resilience and revenue growth. In the aftermath of 2004’s Hurricane Ivan, the Customs Department was one of the first to regain operability and was critical in



facilitating movement through Owen Roberts International Airport, the only port of entry open immediately following the storm. And over the years, the annual revenue collected by the department has ballooned from a few million dollars when Mr. Powery started to more than \$150 million at the time of his retirement.

In addition to his work with the department, Mr. Powery served as chairman of the Caribbean Customs Law Enforcement Council and on a number of other boards and committees, including the Port Authority Board, to which he returned less than three months after retiring. In 2006, he was made a member of the British Empire. Outside of the civil service, Mr. Powery is a member of Gideons International and Ruling Elder of the Boatswains Bay Presbyterian Church.

Yet after so many years of hard work, Mr. Powery hasn’t scaled back in retirement. His herd of 30 cattle, gardening and plantain farming occupy much of his attention, when he’s not spending time with his two granddaughters and family.

Underpinning all this and a career with rare longevity is simply Mr. Powery’s sense of gratitude. “I’m drinking from a saucer because my cup has overflowed,” he declares. ✨



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