



*1st Quarter, 2012*

*London Borough of Hillingdon*

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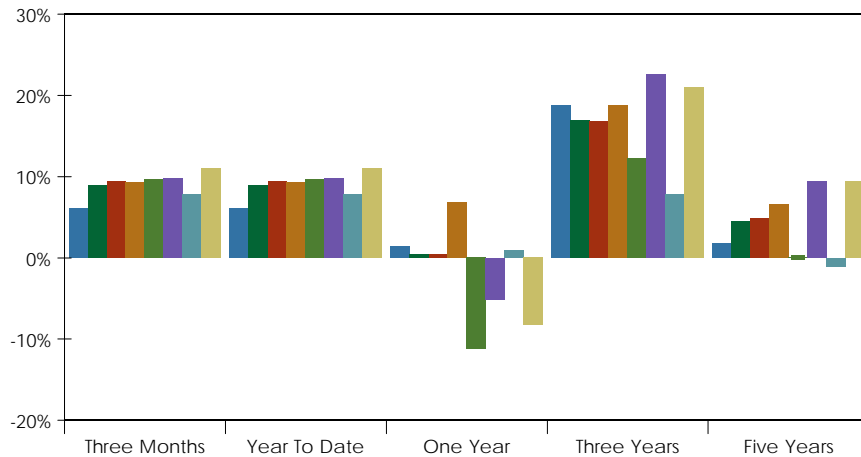
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## Equity Index Performance (in GBP)

### Performance History



### Performance Returns%

	Three Months	Year To Date	One Year	Three Years	Five Years
■ FTSE All Share	6.1	6.1	1.4	18.8	1.8
■ FT: World	9.0	9.0	0.4	16.9	4.6
■ FT: World ex UK	9.3	9.3	0.4	16.8	4.8
■ FT AW North America	9.3	9.3	6.9	18.8	6.5
■ FT: Developed Europe ex UK	9.7	9.7	-11.2	12.3	0.1
■ FT: Developed Asia Pac x Jp	9.7	9.7	-5.1	22.5	9.3
■ FT AW: Japan	7.9	7.9	0.9	7.9	-1.0
■ MSCI Emerging Markets GD	11.0	11.0	-8.2	21.0	9.4

Payroll gains and declining unemployment in the United States have raised hopes that the recovery is taking root and can deliver the confidence needed to banish the demons of 2008. Meanwhile, in Europe thousands of Greek workers went on strike marching on parliament throughout February to demonstrate against the austerity measures. The sovereign debt restructure went ahead regardless to give the Euro some breathing space. Most major indexes posted returns in excess of 8% for quarter one, the emerging markets leading the way with double digits. The slowing economy in China is a major concern for the global recovery however it is inevitable given the problems in Europe as their main trading partner. The estimable Barclays Equity Gilt Study found that annualised real equity returns since the year 2000 are -0.9% in the US and -1% in the UK, it's been a tough century so far. Financials and Industrials proved to be the strongest sectors over the quarter. Facebook chose the Nasdaq to list its planned issuance of \$5 billion of stock. The price of crude oil futures ended the quarter up from Q4 at \$124 per barrel despite a volatile end to March. The FTSE World was up by 9% (GBP) over quarter one 2012 and has moved ahead over one year returning 0.4% (GBP).

UK GDP fell by 0.3% in the fourth quarter of 2011 after the 0.6% rise in quarter three. The OECD prediction for Q1 is a 0.1% drop which would put Britain back into recession. The PMI Markit survey begged to differ; predicting growth of 0.5% backed by manufacturing data and promising momentum to build into quarter two. Lloyds posted losses of £3.5bn after taking big hits for mis-selling payment protection insurance and write-downs on loans made by HBOS. Inflation fell again to 3.4%, thanks to lower utility bills but remains above the 2% BoE target rate. The unemployment rate rose slightly to 8.4% totaling 2.7m at the end of January 2012. Financials was the leading sector over quarter one and Industrials again posted strong performance, Health Care was the weakest sector. The FTSE All Share was up 6.1% (GBP) over the first quarter and is now ahead over one year by 1.4% (GBP).

Eurozone Finance Ministers agreed to increase the fiscal bailout system from EUR500bn to EUR700bn. The crisis hitting Southern Europe has slowed France and Germany who were driving the recovery. The IMF approved a EUR28bn bailout for Greece which was part of the larger EUR130bn package aiming to keep the country afloat into 2014. More than 95% of investors eventually agreed to the biggest ever sovereign debt restructuring. Spain is striving to avoid a similar debacle with announcements of EUR27.3bn spending cuts; there are fears that unemployment could rise as high as 1 in 3. It has emerged that Mercedes-Benz and Volkswagen both tapped the ECB's second phase of three year low rate loans being eligible through their banking arms. European banks sold off EUR20bn of property loans in 2011 under regulatory pressure. Eurozone inflation fell to 2.7% and GDP contracted by 0.3% in Q4, the fall limited by stronger performance from France. Eurozone unemployment stood at 10.4% at the end of 2011, ranging from 5.5% in Germany to 22.8% in Spain. The FTSE Developed Europe ex UK index returned 9.7% (GBP) over quarter one and -11.2% (GBP) over the year.

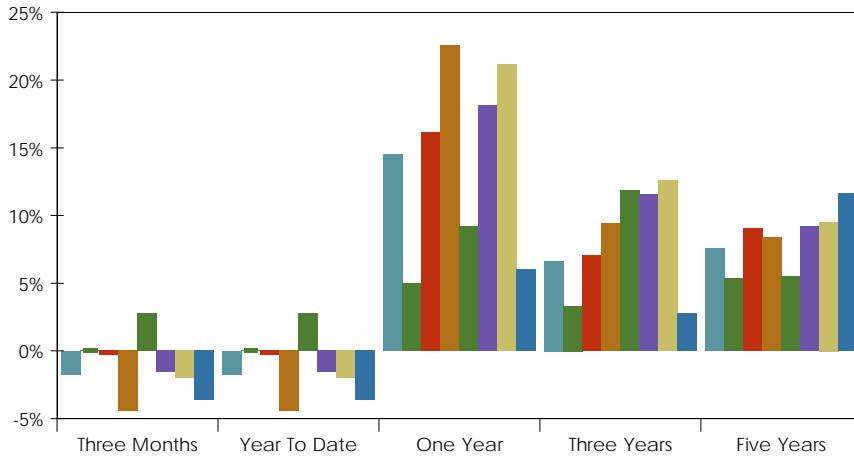
The improvements in the US jobs market have been accredited with generating an annualised \$360bn in additional income and the housing sector has also shown signs of recovery. Exports rose by 0.1% to the end of February to an all time high of \$181.2bn. All sectors other than Utilities gained over the first quarter and Financials and Industrials lead the way. Some analysts expect profit warnings to put a halt to the gains of the last six months as only these two leading sectors and technology are expected to post earnings growth. Stress tests carried out on big US banks were passed by 15 from 19; the institutions were assessed against factors including the likely repercussions from the collapse of a European bank. President Obama proposed doubling taxation on the dividend income of high earners. The US grew at an annualised rate of 4.4% in Q4 according to one measure. That is a large improvement on the 1.7% recorded for 2011 and better even than the optimists' predictions of 3% for 2012. The FTSE North America index returned 9.3% (GBP) over the first quarter and 6.9% (GBP) for the year.

Mid quarter Japan's current account surplus shrunk to its smallest level in 15 years as the emergency shutdown of nuclear plants caused energy imports to soar. Demand for cars and electronics goods also fell during quarter one dragging back the balance of trade figures although Toyota raised its full year net profit forecast by 11% to Y200bn. The Nikkei 225 had its strongest quarter for 24 years recouping most of the value lost in 2011. The FTSE Japan returned 7.9% (GBP) for quarter one and the FTSE Developed Asia Pacific ex Japan returned 9.7% (GBP). The Chinese government cut its growth target for the first time in 8 years as GDP increased by 8.1% over Q1, down from 8.9% in Q4. Inflation is also up year on year. European woes have hit Chinese exporters as shipments dropped 3.1% in March from a year earlier. The BRICs nations have asked for greater voting power within the IMF, threatening to withhold additional finance destined to be used to fight the European debt crisis. India's government has come under pressure as it emerged that they have lost more than \$200bn by under pricing coal assets. Brazilian growth slowed sharply last year expanding by 2.7% in 2011 vs 7.5% in 2010. Gold was up again ending the quarter at \$1,630 per ounce. The MSCI Emerging Markets index returned 11% (GBP) for the first quarter and -8.2% (GBP) for the year.



## Fixed Income Index Performance (in GBP)

### Performance History



### Performance Returns %

	Three Months	Year To Date	One Year	Three Years	Five Years
■ FTSE All Stock Index	-1.7	-1.7	14.5	6.6	7.6
■ FTSE All Stock 0-5 Yr. Gilts	0.1	0.1	5.0	3.3	5.4
■ FTSE All Stock 5-15 Yr. Gilts	-0.3	-0.3	16.1	7.1	9.1
■ FTSE All Stock > 15 Yr. Gilts	-4.4	-4.4	22.6	9.4	8.3
■ ML STG N-Gilts All Stocks	2.8	2.8	9.2	11.8	5.5
■ FTSE Index Linked	-1.5	-1.5	18.1	11.5	9.1
■ FTSE Index Linked 5+ yrs	-2.0	-2.0	21.1	12.6	9.5
■ JPM GBI Global	-3.6	-3.6	6.0	2.8	11.6

Relative to the gloom that pervaded the financial markets at the end of last year, the 1st quarter of 2012 saw a cautious improvement in market confidence. JP Morgan's Global Manufacturing & Services March PMI came in at 54.6, its second highest reading in 13 months. The second bailout for Greece worth EUR130bn was finally agreed, following their successful debt restructuring while the ECB's second 3-yr long term refinancing operations (LTRO) saw a further EUR530bn allocated to banks. Fears of a Euro zone break up have receded. Positive US data, in particular the labour market with non-farm payrolls increasing by an average of 250,000 per month since December, continues to support an improving economic outlook. In the emerging markets, a rebound in the March Chinese manufacturing PMI to 53.1, from 51.0 in February, eased concerns of a sharper than expected slowdown. Yields on safe haven government bonds have risen slightly over the quarter as risk appetite has increased but they remain extremely low by historical standards. Global debt capital markets activity however, per Thomson Reuters totalled US\$1.7trn, an increase of 69% on Q4, 2011. Corporate bond sales surged fuelled by the ECB's LTRO and historically low borrowing costs in US capital markets. The JPM Global Govt Bond index has fallen -3.6% (GBP) over the first quarter of 2012, while the Barclays Capital Global Aggregate Corporate Bond index delivered +1.0% (GBP).

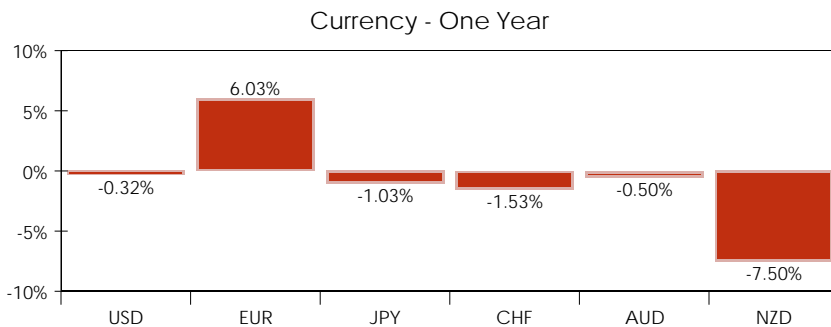
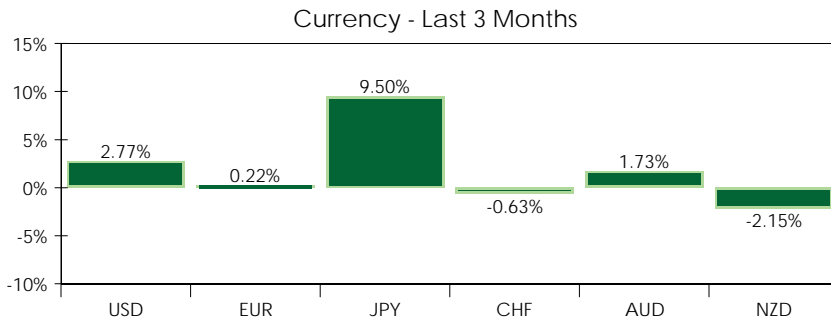
In the UK, the weakness of the UK's main export markets and tightness of credit conditions saw the BoE respond with a £50bn extension to its QE programme at February's MPC meeting. While GDP contracted by -0.3% in Q4, economic indicators suggest limited growth in Q1 to narrowly avoid a technical recession. (Two consecutive quarters of declining GDP) Both the UK manufacturing and services PMI surveys, coming in at 52.1 and 55.3 respectively for March indicate tentative signs of improvement in business confidence although the uncertain economic climate has deterred capital spending. CPI inflation fell to 3.4% in February - the lowest in 15 months, however rising oil and gas prices and the upcoming Olympic Games look likely to prevent inflation from falling much further in the near future. UK Gilt yields rose over the quarter, partly in correlation with the US Treasury sell off in March and in some part due to the Fitch rating agency's downgrade of the outlook for the UK sovereign credit rating. The benchmark 10-year gilt yield rose from 1.98% at the end of last year to close the quarter at 2.21%. The FTSE All Stock Gilts returned -1.7% (GBP) for the quarter while the ML Sterling Non Gilts gained +2.8% (GBP).

The second Greek bailout worth EUR130bn was agreed after the activation by Greek authorities of collective action clauses (CACs), involving losses of more than 70% for private sector debt holders. ISDA ruled their activation as a credit event, triggering CDS payouts. The second ECB 3-year LTRO in March provided an additional EUR530bn to the banks, bringing the total to over EUR1trn. The benchmark 10-year German bund yields rose temporarily above 2%, tracking the US Treasuries and helped by the LTRO easing in the euro banking sector. However the yields started falling back towards 1.80% following weaker than expected PMI survey data and concerns about the impact of fiscal austerity measures on economic growth in Spain and Italy. The Euro zone composite PMI for March came in at 49.1, down from 49.3 for February. The benchmark German Bund 10-year yield closed the quarter practically unchanged at 1.82% compared to 1.83% at the end of December. The first quarter of 2012 saw the iTraxx Europe 5yr CDS index, representative of 125 investment grade entities across 6 sectors, contract from December's close of 173.5 to end March at 124.7. The JPM European Govt Bond index returned +2.3% (EUR) while the Barclay Capital Global Aggregate Credit index was up at +5.1% (EUR) for Quarter 1.

The run of positive US data continues to support a stronger recovery, with the private sector adding 209,000 new jobs in March. Unemployment has fallen now to 8.2%, compared to 8.9% at this time last year. Economic activity in the manufacturing sector expanded in March for the 32nd consecutive month, as the Institute for Supply Management (ISM) PMI survey registered 53.4%, an increase of 1% from February. The past relationship between the survey and the overall economy indicates that the average PMI for January through March corresponds to a 3.6% increase in real GDP. The Federal Open Market Committee (FOMC) acknowledged the improving outlook at its March meeting resulting in the bond markets seeing a sharp sell-off. This saw 2-year Treasury yields soar to 0.4% and the 10-year Treasury yield rose to 2.4% from 0.3% and 2.0% respectively at the beginning of the month. Similar yield increases were echoed with global 10-year equivalents in the UK and Germany. However subsequent comments from Fed Chairman Ben Bernanke suggested monetary tightening was still some way off and US bond yields pulled back. The 10-year benchmark Treasury yield ended the quarter at 2.21% up from 1.88% the end of 2011. For the quarter the JPM US Govt Bond index was down -1.3% (USD) while the Barclay Capital US Aggregate Corporate Bond index returned +2.1% (USD).



## Currency Performance (in GBP)



	Three Months	Year To Date	One Year	Three Years	Five Years
United States dollar	2.77	2.77	-0.32	3.62	-4.10
European Union euro	0.22	0.22	6.02	3.52	-4.10
Japanese yen	9.50	9.50	-1.03	-2.46	-11.31
Swiss franc	-0.63	-0.63	-1.53	-4.03	-10.10
Australian dollar	1.73	1.73	-0.50	-9.69	-9.06
New Zealand dollar	-2.15	-2.15	-7.47	-8.43	-6.82

The first quarter of 2012 has seen a strengthening of the Euro and Sterling and a significant weakening of the Yen. Sterling saw gains against the Euro, dollar and Yen. In the same period, the dollar weakened against the Euro and Sterling but saw strong gains against the Yen. China's trade deficit hit \$31.5bn in February as exports slumped, underscoring concerns about slowing global demand and cooling growth in the world's second largest economy. The fall in exports, combined with very strong imports as China bought commodities such as crude oil and iron ore, brought the trade deficit to its highest level in years. With China and the US both in the throes of leadership transitions, the situation is ripe for an escalating trade conflict that could damage the global trade system and wreck the fragile world economic recovery. Chinese consumer inflation rebounded in March, leaving policy makers less room to ease monetary conditions to support a slowing economy. The consumer price index increased 3.6% in March from a year earlier. With the world looking to China to prop up global demand, a sharp slowdown will be felt by its trading partners and most commodity markets. In contrast, the Bank of Japan's unexpected decision to swap the market with liquidity triggered the Yen's fall. More recently, it's hawkish-sounding concerns about Japan's dire debt levels implied that it was not keen to loosen policy further. The Australian dollar weakened this quarter as fears of a Chinese slowdown dragged growth-reliant currencies downwards.

In the UK, Q1 2012 saw Sterling gain strength against most large currencies. Britain's annual inflation rate eased in February to 3.4%, its lowest level since November 2010. The consumer price index for February rose 3.4% year on year, down from 3.6% in January. The decline in the annual rate reflected falling charges for electricity and gas. Annual inflation has dropped sharply from its peak of 5.2% in September 2011 and many economists, along with the Bank of England, have predicted it will continue to fall this year, easing pressure on household budgets. Unemployment fell by 35,000 to 2.65 million over the December - to - February period, according to the Office for National Statistics. Despite the latest decrease, the level of unemployment is some 170,000 higher than it was at the same point last year. The ONS data showed that the number of people having to settle for part-time work because they can't find full-time jobs has risen to 1.4 million, its highest level since records began in 1992. UK house prices saw a modest fall during the first three months of the year. Halifax registered a decline of 0.1% and Nationwide reported a 0.5% fall during the 3 month period. Halifax noted that the average house price in the UK, at £164,000 is roughly where prices were in June 2011 with the bank expecting house prices to remain stable. Sterling closed the quarter up against the Euro, the Dollar and the Yen by 0.2%, 2.8% and 9.5% respectively.

In the US, The US Federal Reserve has stepped back from another round of quantitative easing. This news triggered a sharp rise in the dollar, a sell-off in gold and a rise in Treasury yields. Unemployment saw a drop to 8.2% in March from the 8.5% seen in December 2011. The rapid recent falls in US unemployment may prove to be a one-off unless economic growth picks up, Ben Bernanke, chairman of the US Federal Reserve, warned in late March. The number of long term unemployed (those jobless for 27 weeks and over) has remained steady at 5.3 million. These individuals account for 42.5% of the unemployed. US house prices dropped in February in most major US cities for a sixth straight month indicating that the housing market remains far from healthy despite the best winter for sales in five years. The steady price declines have brought the nationwide index to its late 2002 level. House prices have fallen 35% since the housing bust. Rising foreclosures are weighing on the US housing market, reducing prices and keeping new-home sales weak. Foreclosed homes are usually sold at steep discounts, thereby lowering average prices. The US trade deficit narrowed in February after imports fell and exports hit a new record. The US Commerce Department said the deficit shrank to \$46.0bn in February, down from \$47.8bn in November. Exports rose by 0.1% to an all time high of \$181.2bn, led by services and capital goods exports. Imports from China were down by 18.2%; oil imports also fell, dropping to the lowest level since February 1997. Despite Europe's economic slowdown, exports to EU nations were up 6.7%. Exports to the UK rose 14% to a record \$5.3bn. The Dollar ended the quarter down against the Euro and Sterling by 2.6% and 2.8% respectively, however it was up compared to the Yen by 6.7%.

In the Euro area, the Euro strengthened against both the Dollar and Yen this quarter with a slight weakening against Sterling. The strong performance of the Euro was boosted by the successful Italian debt auction and falling Eurozone bond yields. Eurozone inflation remained stubbornly high, during March, dropping only slightly to 2.6%, complicating the European Central Bank's task as the Eurozone economy struggles to return to growth. Although the ECB aims to keep inflation below 2% over the medium term, the annual rate has been above 2% since November 2010. Earlier this month the ECB president, Mario Draghi, warned inflation was likely to remain above 2% in 2012. Eurozone unemployment has risen for a tenth consecutive month to reach a new euro-era high, with the pace of increase showing little sign of slowing. The rate jumped from 10.3% in November 2011 to 10.8% in February. It was only 10.0% in February 2011. Among the member states, the lowest unemployment rates were recorded in Austria (4.2%), the Netherlands (4.9%), Luxembourg (5.2%) and Germany (5.7%), with the highest in Spain (23.6%) and Greece (21.0%). In February, 3.3 million young persons (under 25) were unemployed, an unemployment rate of 21.6% in the Eurozone. Spain suffered a youth unemployment rate of 50.5% in February. The Euro ended the quarter up against the Dollar and the Yen by 2.6% and 9.3% respectively, however it was down against the Sterling by 0.2%.



## Scheme Performance

During the first quarter of 2012 markets continued to grow and all manager benchmark posted positive returns, against this backdrop the London Borough of Hillingdon returned 4.71% versus the Total Plan composite benchmark which returned 4.20%; this resulted in a relative return of 0.49%. In monetary terms this is a growth in assets of £27.5 million increasing the value of the combined scheme to £611.2 million from £583.7 million at the start of the quarter. During this period the Fauchier mandate was terminated with the money moving into cash and SSGA Drawdown, while there were no flows of note in or out of the scheme as a whole. On a 'look through' basis once again the main driver was Ruffer's Absolute Return Fund beating its liquidity benchmark and contributing most to the outperformance. This was offset by the Private Equity assets which, during this short period in terms of the investments longer term aspiration, considerably lagged their global equity comparator. In allocation terms most mandates are in line with the neutral position with the only notable impact coming from Fauchier due to the transition this quarter.

This now means over one year the scheme has earned a 3.64% growth which is 48 basis points ahead of the benchmark figure of 3.15%. However, over all longer periods the scheme underperforms with a relative return of -0.46% pa for 3 years increasing to -1.21% pa over 5 years. Although since inception in September 1995 the plan comes back into line with an annualised return of 6.45% just 6 basis points below the benchmark.

## Manager Performance

### Fauchier

During the latest quarter Fauchier assets were liquidised with the £17 million being moved into the cash account, £5.5 million to the SSGA Drawdown and £1.8 million to M&G Investments.

### JP Morgan

In the first full quarter of investment the JP Morgan investments grew 3.37% which compared to the 1.01% target of the 3 Month LIBOR + 3% translates as a 2.34% outperformance. A similar relative return is seen for the inception to date (November 2011) with figures of 3.99% for the fund versus the benchmark of 1.59%.

### Macquarie

The Macquarie portfolio recorded consecutive large losses, with a -12.25% return during the first quarter following on from last quarter's -11.35%. This now has a major impact on the longer periods with a one year figure of -17.09% while since inception (September 2010) is only slightly better with an annualised loss of -14.86%.

At present no benchmark has been applied to this mandate.

### Marathon

The Marathon portfolio has began the year well by posting 11.50% in quarter one, this was relatively 3.24% above the MSCI World index return of 8.00%. Unfortunately this was not enough to reverse the underperformance over the one year with the benchmark showing 0.41% the Marathon investments have gone down -0.16%. Although since inception despite four periods of underperformance, the latest period coupled with the good results seen in Q3 2008 means they are now beating the benchmark by 1.08%, returning 10.66% pa against 9.48% pa.



## Manager Performance

### M&G Investments

Over the first quarter of 2012, M&G investments posted a return of 1.34%, slightly ahead of the 3 Month LIBOR +4% p.a. target of 1.25%. For one year the account earns 5.76% versus 4.98% whilst since inception at the end of May 2010, the portfolio registers a 4.43% pa return against the benchmark of 4.89% pa. However, please note that the since inception Internal Rate of Return for this portfolio is 5.22%, which exactly matches the target.

### Ruffer

The Ruffer portfolio earned 2.70% during the quarter and against the return of 0.28% for LIBOR 3 Month GBP, delivered a relative outperformance of 2.42%. These good results improve over the longer periods, for one year the account earns 5.11% versus 0.90% whilst since inception at the end of May 2010, the portfolio registers a 5.94% pa return against the benchmark of 0.82% pa.

### Private Equity

The private equity assets, consisting of funds with Adam Street and LGT, recouped some of the previous quarter's losses posting 1.76% and 1.45% respectively. Over the longer periods, the outlook over which private equity investments should be measured, improvements in the absolute returns are seen. For the 1 year Adam Street is the highest performing manager in the scheme and delivered 9.28% while LGT was a more modest 3.69%. While over three and five years see LGT increase their return while Adam Street drops off slightly; then since their respective inceptions in May 2004 and January 2005 LGT returns of 8.34% pa and Adam Street is just in the black with 0.17% pa.

At present no benchmark has been applied to these mandates.

### SSGA

The SSGA passively managed portfolio rose 6.11% in the quarter just 1 basis point ahead of the benchmark, further analysis confirms the passive nature with both allocation and performance inline with the neutral position. This leads to the one year return being 2.66%, beating the benchmark by 20 bps, attributable to the mandate being slightly overweight in Index-Linked Gilts at strategic times during the period. Higher returns are seen in longer periods with the fund in-line with the benchmark with the since inception return of 14.26% pa only 12 basis points above the benchmark, but the passive nature is best demonstrated by inception to date R squared and beat figures of 1, while the tracking error a mere 0.18.

## Manager Performance

### SSGA Drawdown

The SSGA Drawdown fund posted 0.72% in the latest period with the blended benchmark showing 1.39%, this -0.66% relative return is entirely due to the shift in weights with the mandate now being 75% in cash as opposed to the 50/50 split of the benchmark. This feeds into the one year numbers with 4.13% versus 4.61%; however, from the inception of the fund in June 2009 the weights average out over time and the funds match their index leading to an annualised return of 5.28% which is a mere 3 basis points above the benchmark.

### UBS

Similar to the previous quarter UBS UK Equity increased 7.84% over the current period, but this time though this demonstrates outperformance, by being 1.63% above the FTSE All Share which returned 6.10%. Looking into the attribution analysis, stock selection was the main driver with the sectors of Consumer Services (1.24%) and Financials (1.04%) the most notable. Whilst asset allocation detracted from performance with the positive decision of overweighting Industrials (+13 bps) more than offset by many other sectors the largest being underweighting Financials (-28 bps). Over one year a 2.14% returns results in a 0.75% outperformance, in contrast it's asset allocation which is the main factor in this period, with underweighting Basic Materials (1.16%) and Financials (0.57%) which were laggards was highly beneficial. This was however partly offset by underweighting Consumer Goods (-1.35%); while stock selection also hindered results, with stock picking in Financials (-0.93%) and Industrials (-0.70%) being the most significant. UBS exhibits relative underperformance across all longer periods, with -0.26%, -1.59% and -0.84% for three, five and ten years respectively; however they still demonstrate outperformance since inception with figures of 9.75% versus 8.78% on an annualised basis.

### UBS Property

The UBS Property portfolio posted a return of 0.61% during the period, the eleventh consecutive positive return; however, this was slightly below the IPD UK PPFI All Balanced Funds index, which returned 0.80%. Over one year the portfolio achieved a respectable 5.96%, 23 basis points ahead of benchmark. Driven by the underperformance of Q4 2009 the three year period still falls below target with figures of 7.11% versus 8.79%, a relative underperformance of 1.55% is suffered. Since inception, in March 2006, there are losses of -1.08% and while the benchmark also falls, at -0.49% this still translates as a 60 basis points underperformance on an annualised basis.



## Active Contribution

By Manager

	Portfolio	Benchmark	Excess Return	Relative Return	Active Contribution 01/12	Portfolio	Benchmark	Excess Return	Relative Return	Active Contribution 02/12	Portfolio	Benchmark	Excess Return	Relative Return	Active Contribution 03/12	Active Contribution 1Q 2012
Adam Street	-0.49	-	-0.49	-	-98,195.28	-1.21	-	-1.21	-	-241,943.21	3.51	-	3.51	-	694,464.32	354,325.83
Fauchier	0.00	0.50	-0.50	-0.50	0.00	0.00	-	0.00	-	0.00	0.00	-	0.00	-	0.00	0.00
Goldman Sachs	-0.60	-	-0.60	-	0.00	0.00	-	0.00	-	0.00	0.00	-	0.00	-	0.00	0.00
JP Morgan	1.68	0.34	1.35	1.34	940,772.09	1.75	0.33	1.42	1.42	1,011,028.01	-0.10	0.33	-0.43	-0.43	-311,340.22	1,640,459.88
LGT	-0.10	-	-0.10	-	-16,828.31	1.87	-	1.87	-	309,557.55	-0.30	-	-0.30	-	-50,633.86	242,095.38
Macquarie	-2.25	-	-2.25	-	-30,267.50	-10.28	-	-10.28	-	-135,136.05	0.06	-	0.06	-	702.71	-164,700.83
Marathon	5.80	3.42	2.37	2.30	1,290,921.61	3.85	3.76	0.10	0.10	57,137.90	1.48	0.65	0.83	0.83	483,548.65	1,831,608.17
M&G Investments	0.00	0.42	-0.42	-0.42	-46,307.71	-0.00	0.41	-0.41	-0.41	-45,659.18	1.34	0.42	0.92	0.92	101,924.20	9,957.31
Nomura	-0.01	-	-0.01	-	-9.41	0.34	-	0.34	-	326.71	0.33	-	0.33	-	232.45	549.75
Ruffer	0.95	0.09	0.85	0.85	986,193.71	1.76	0.09	1.67	1.67	1,949,790.37	-0.02	0.10	-0.12	-0.12	-140,929.87	2,795,054.21
SSGA	3.13	3.13	0.00	0.00	1,611.79	3.27	3.25	0.02	0.02	24,213.21	-0.37	-0.36	-0.01	-0.01	-10,703.49	15,121.50
SSGA Drawdown	0.47	1.02	-0.55	-0.55	-82,798.75	0.20	0.36	-0.16	-0.15	-23,211.77	0.05	0.01	0.04	0.04	6,130.27	-99,880.25
UBS	3.98	2.71	1.26	1.23	1,357,768.59	3.98	4.29	-0.31	-0.29	-348,776.14	-0.26	-0.95	0.69	0.70	776,547.60	1,785,540.06
UBS Property	0.79	0.39	0.40	0.40	195,878.88	0.28	0.26	0.02	0.02	8,923.99	-0.45	0.15	-0.60	-0.60	-297,831.91	-93,029.04

Total Fund Market Value at Qtr End: £611.2 M





## Scheme Performance

	Market Value £m	% of Fund	<u>Three Months</u>				<u>Year To Date</u>				<u>One Year</u>			
			Portfolio	Benchmark	Excess Return	Relative Return	Portfolio	Benchmark	Excess Return	Relative Return	Portfolio	Benchmark	Excess Return	Relative Return
London Borough of Hillingdon	611.2	100.00	4.71	4.20	0.51	0.49	4.71	4.20	0.51	0.49	3.64	3.15	0.49	0.48

## By Manager

	Market Value £m	% of Fund	Portfolio	Benchmark	Excess Return	Relative Return	Portfolio	Benchmark	Excess Return	Relative Return	Portfolio	Benchmark	Excess Return	Relative Return
Adam Street	20.5	3.35	1.76	-	-	-	1.76	-	-	-	9.28	-	-	-
Fauchier	0.0		-	-	-	-	-	-	-	-	-4.83	-	-	-
JP Morgan	72.0	11.78	3.37	1.01	2.36	2.34	3.37	1.01	2.36	2.34	-	-	-	-
LGT	16.6	2.71	1.45	-	-	-	1.45	-	-	-	3.69	-	-	-
Macquarie	1.2	0.20	-12.25	-	-	-	-12.25	-	-	-	-17.09	-	-	-
Marathon	58.7	9.60	11.50	8.00	3.50	3.24	11.50	8.00	3.50	3.24	-0.16	0.41	-0.57	-0.57
M&G Investments	11.1	1.82	1.34	1.25	0.08	0.08	1.34	1.25	0.08	0.08	5.76	4.98	0.78	0.74
Ruffer	118.4	19.38	2.70	0.28	2.43	2.42	2.70	0.28	2.43	2.42	5.11	0.90	4.21	4.17
SSGA	117.5	19.22	6.11	6.09	0.01	0.01	6.11	6.09	0.01	0.01	2.66	2.45	0.21	0.20
SSGA Drawdown	14.9	2.45	0.72	1.39	-0.67	-0.66	0.72	1.39	-0.67	-0.66	4.13	4.61	-0.48	-0.46
UBS	113.1	18.51	7.84	6.10	1.73	1.63	7.84	6.10	1.73	1.63	2.14	1.39	0.76	0.75
UBS Property	49.3	8.07	0.61	0.80	-0.19	-0.19	0.61	0.80	-0.19	-0.19	5.96	5.72	0.25	0.23

Total Fund Market Value at Qtr End: £611.2 M



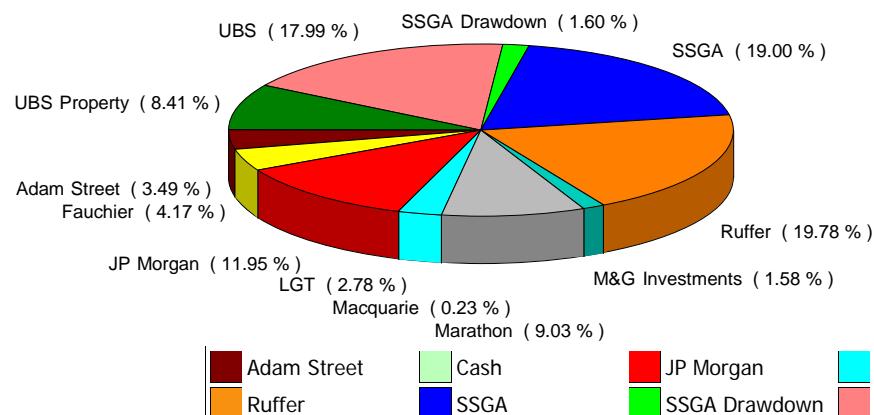
## Scheme Performance

	<u>Three</u> <u>Years</u>				<u>Five</u> <u>Years</u>				Inception Date	<u>Inception</u> <u>To Date</u>			
	Portfolio	Benchmark	Excess Return	Relative Return	Portfolio	Benchmark	Excess Return	Relative Return		Portfolio	Benchmark	Excess Return	Relative Return
London Borough of Hillingdon	13.93	14.46	-0.53	-0.46	1.48	2.73	-1.25	-1.21	30/09/95	6.45	6.51	-0.07	-0.06
<u>By Manager</u>													
	Portfolio	Benchmark	Excess Return	Relative Return	Portfolio	Benchmark	Excess Return	Relative Return	Inception Date	Portfolio	Benchmark	Excess Return	Relative Return
Adam Street	6.18	-	-	-	6.59	-	-	-	31/01/05	0.17	-	-	-
Fauchier	-	-	-	-	-	-	-	-	30/06/10	-1.19	-	-	-
JP Morgan	-	-	-	-	-	-	-	-	08/11/11	3.99	1.59	2.39	2.36
LGT	4.58	-	-	-	9.28	-	-	-	31/05/04	8.34	-	-	-
Macquarie	-	-	-	-	-	-	-	-	30/09/10	-14.86	-	-	-
Marathon	-	-	-	-	-	-	-	-	09/06/10	10.66	9.48	1.19	1.08
M&G Investments	-	-	-	-	-	-	-	-	31/05/10	4.43	4.89	-0.46	-0.44
Ruffer	-	-	-	-	-	-	-	-	28/05/10	5.94	0.82	5.12	5.08
SSGA	16.60	16.43	0.17	0.15	-	-	-	-	30/11/08	14.26	14.11	0.14	0.12
SSGA Drawdown	-	-	-	-	-	-	-	-	30/06/09	5.28	5.25	0.03	0.03
UBS	18.54	18.85	-0.31	-0.26	2.21	3.87	-1.65	-1.59	31/12/88	9.75	8.78	0.97	0.89
UBS Property	7.11	8.79	-1.68	-1.55	-3.86	-3.58	-0.28	-0.29	31/03/06	-1.08	-0.49	-0.59	-0.60

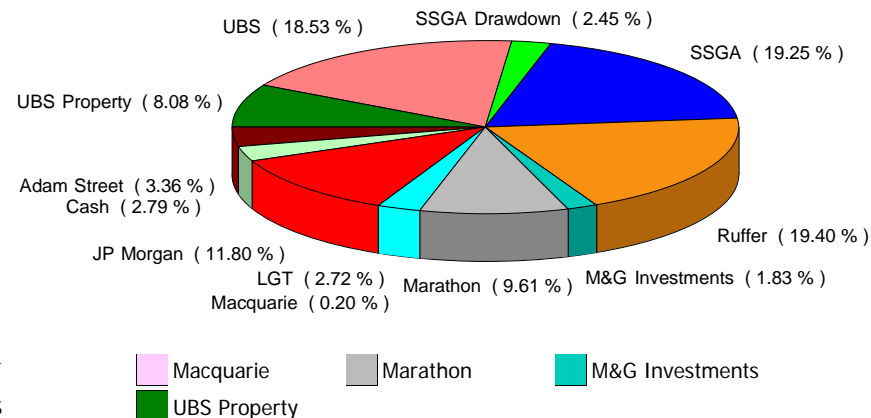
Total Fund Market Value at Qtr End: £611.2 M



Weighting at Beginning of Period



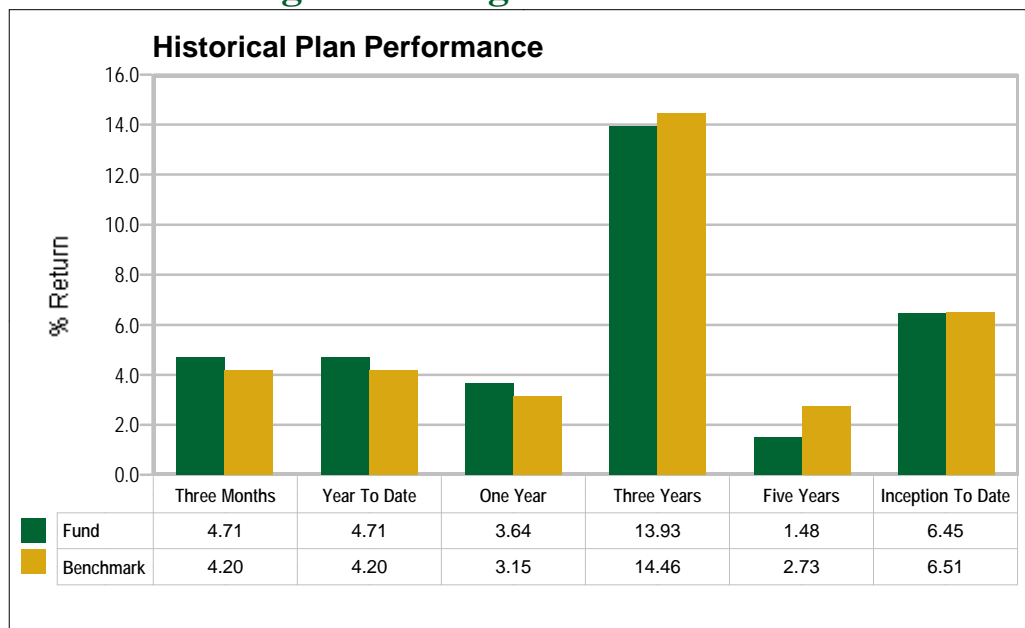
Weighting at End of Period



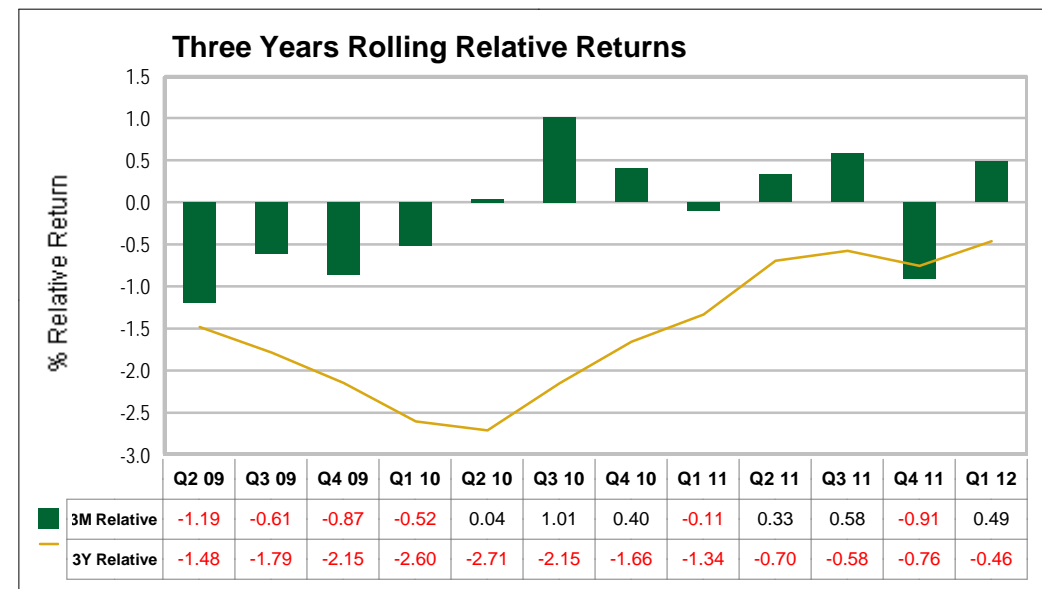
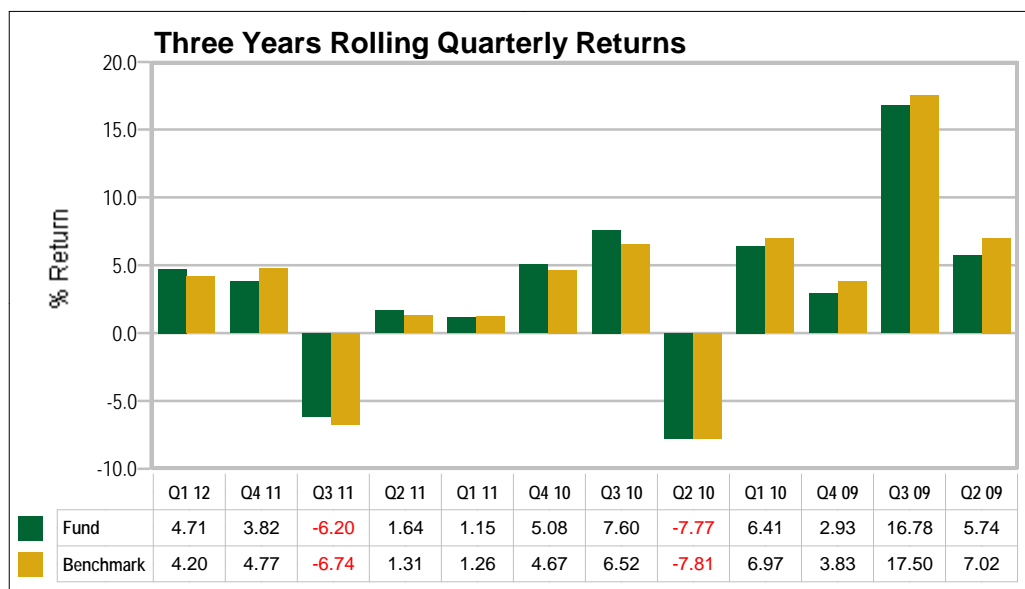
	Opening Market Value £(000)	% of Fund	Net Investment £(000)	Appreciation £(000)	Income Received £(000)	Closing Market Value £(000)	% of Fund
<b>London Borough of Hillingdon</b>	583,667	100.00	10	25,299	2,194	611,171	100.00
<b>Adam Street</b>	20,352	3.49	-219	351	0	20,484	3.35
<b>Cash</b>		0.00	16,986	0	14	17,000	2.78
<b>Fauchier</b>	24,286	4.16	-24,286	0	0	0	0.00
<b>Goldman Sachs</b>	10	0.00	-10	-0	0	0	0.00
<b>JP Morgan</b>	69,664	11.94	0	2,347	0	72,012	11.78
<b>LG T</b>	16,208	2.78	138	242	0	16,589	2.71
<b>M&amp;G Investments</b>	9,208	1.58	1,794	147	-0	11,149	1.82
<b>Macquarie</b>	1,334	0.23	35	-165	0	1,205	0.20
<b>Marathon</b>	52,619	9.02	0	6,051	0	58,670	9.60
<b>Nomura</b>	95	0.02	-25	0	1	71	0.01
<b>Ruffer</b>	115,307	19.76	0	2,403	715	118,424	19.38
<b>SSGA</b>	110,728	18.97	0	6,762	0	117,490	19.22
<b>SSGA Drawdown</b>	9,328	1.60	5,506	114	1	14,948	2.45
<b>UBS</b>	104,881	17.97	0	7,300	920	113,101	18.51
<b>UBS Property</b>	48,998	8.39	0	-245	545	49,297	8.07



### London Borough of Hillingdon

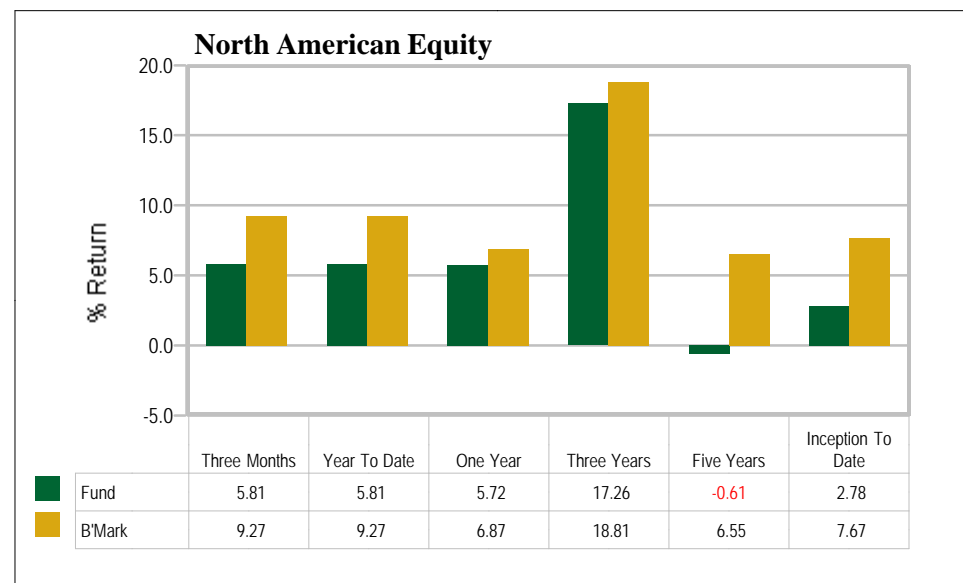
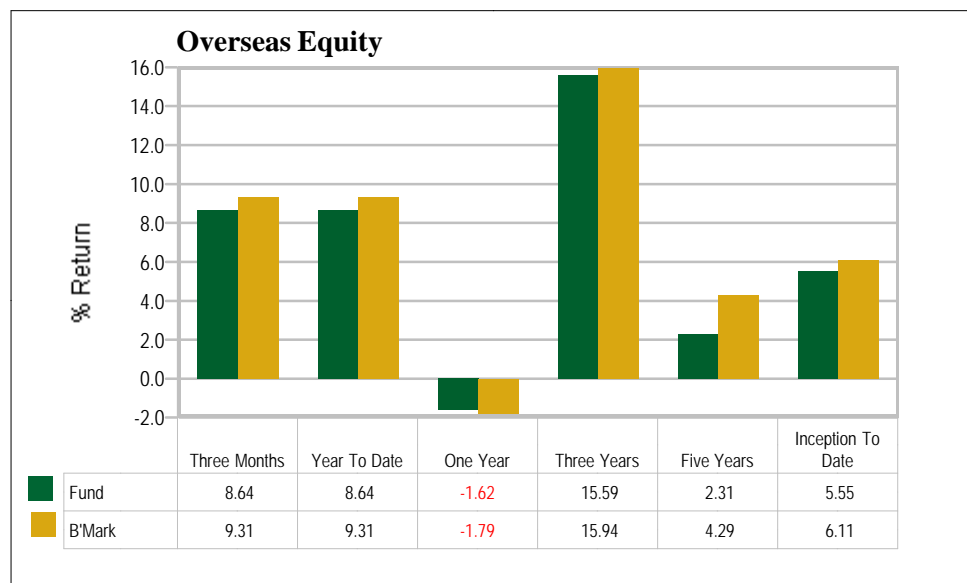
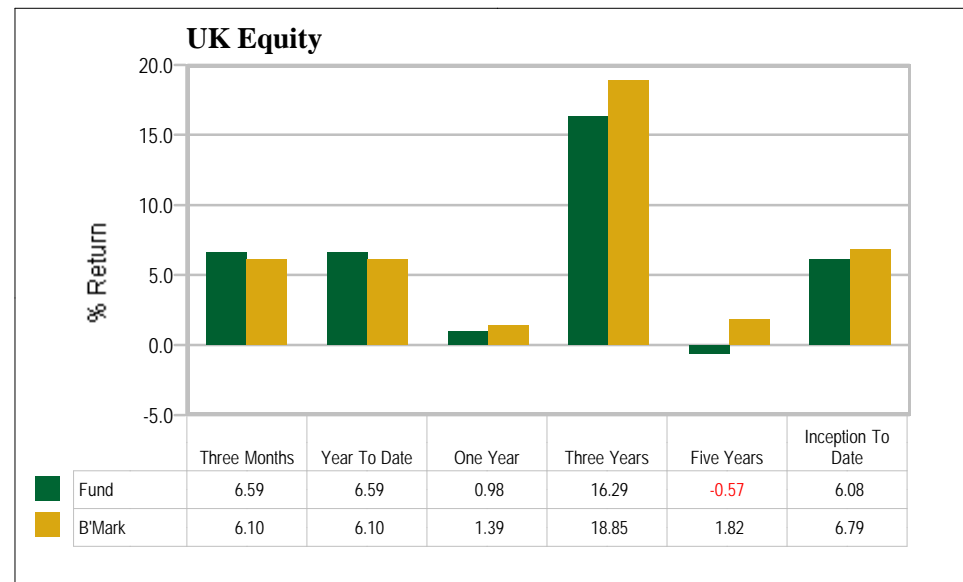
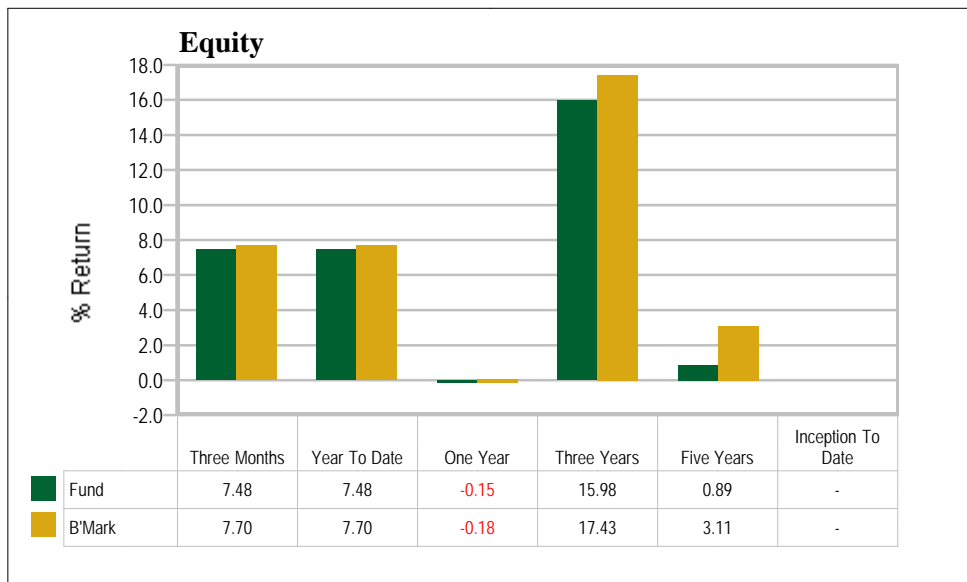


Risk Statistics - 3 years	Fund	B'mark
Performance Return	13.93	14.46
Standard Deviation	9.49	9.63
Relative Return	-0.46	
Tracking Error	1.31	
Information Ratio	-0.40	
Beta	0.98	
Alpha	-0.18	
R Squared	0.98	
Sharpe Ratio	1.33	1.37
Percentage of Total Fund	100.0	
Inception Date	Sep-1995	
Opening Market Value (£000)	583,667	
Net Investment £(000)	10	
Income Received £(000)	2,194	
Appreciation £(000)	25,299	
Closing Market Value (£000)	611,171	



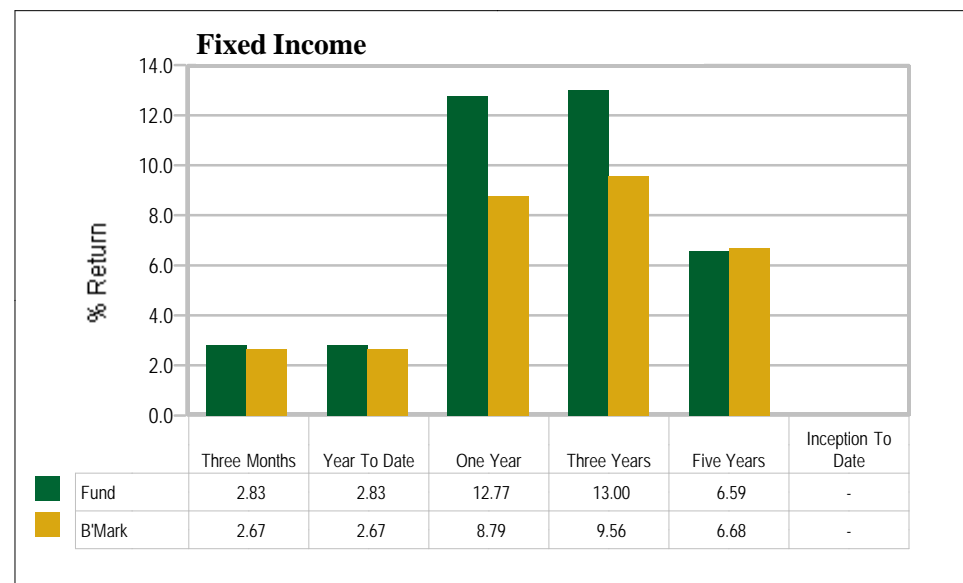
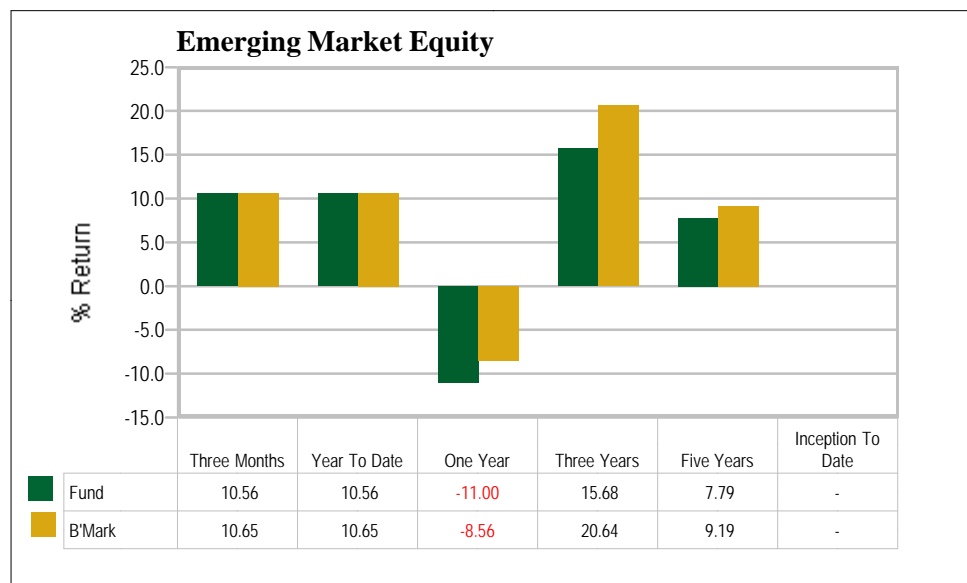
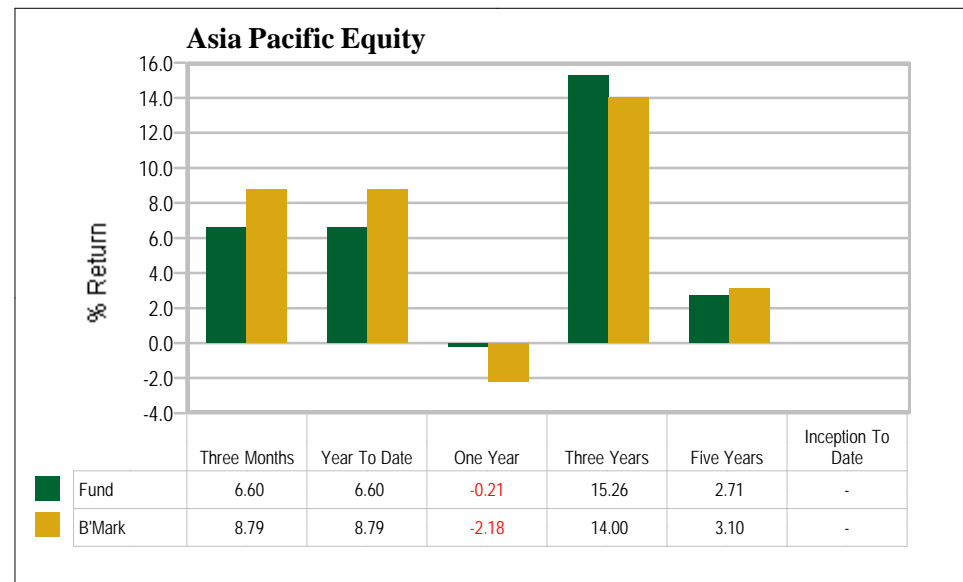
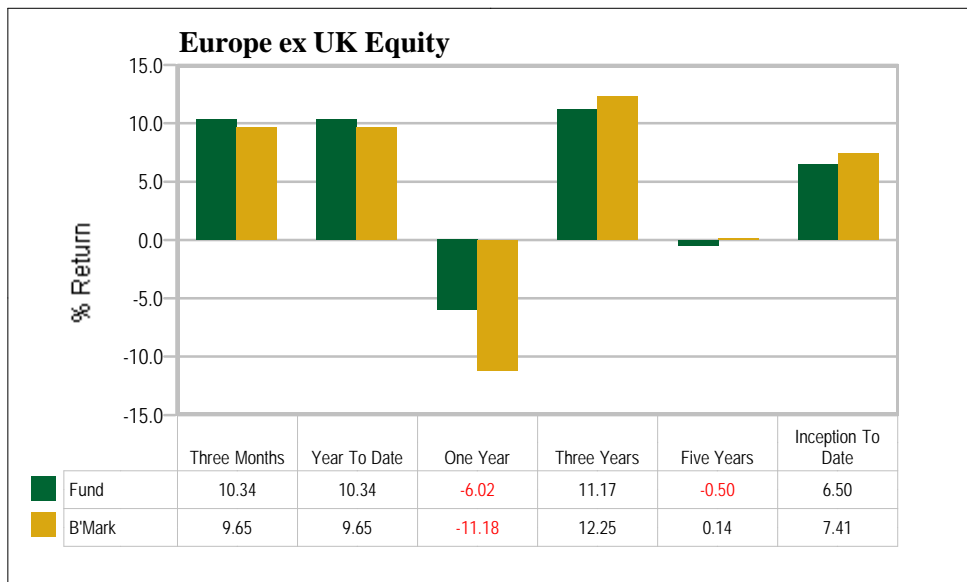


## London Borough of Hillingdon



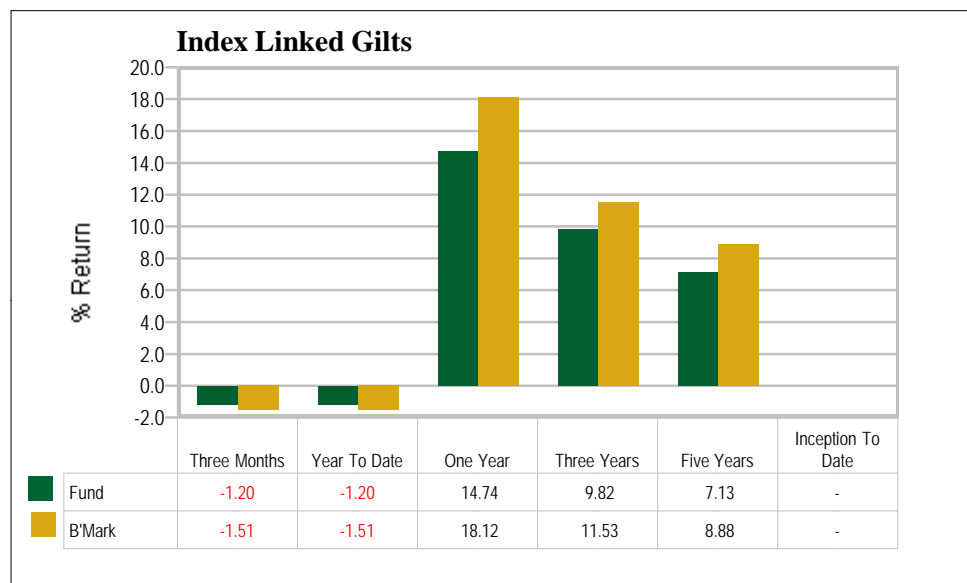
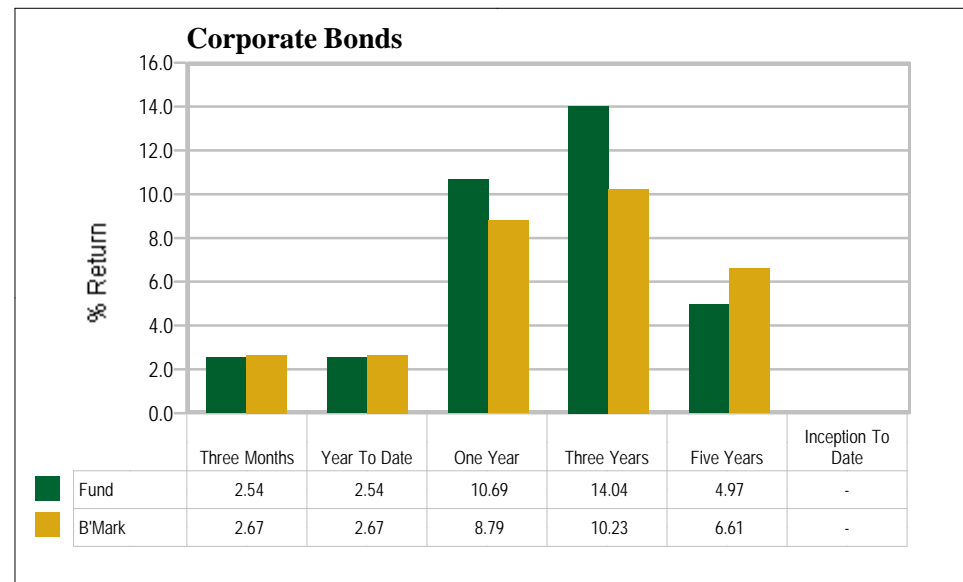
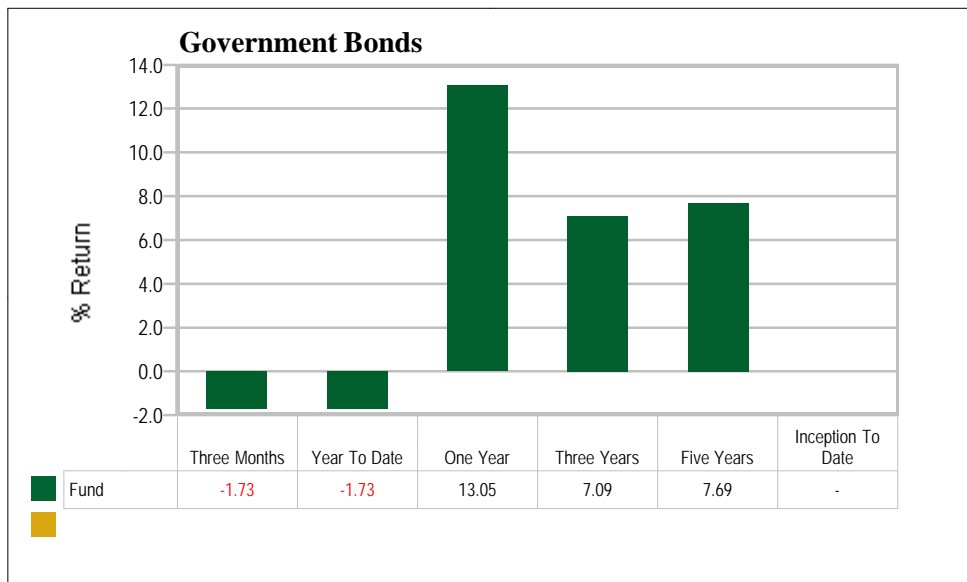


## London Borough of Hillingdon



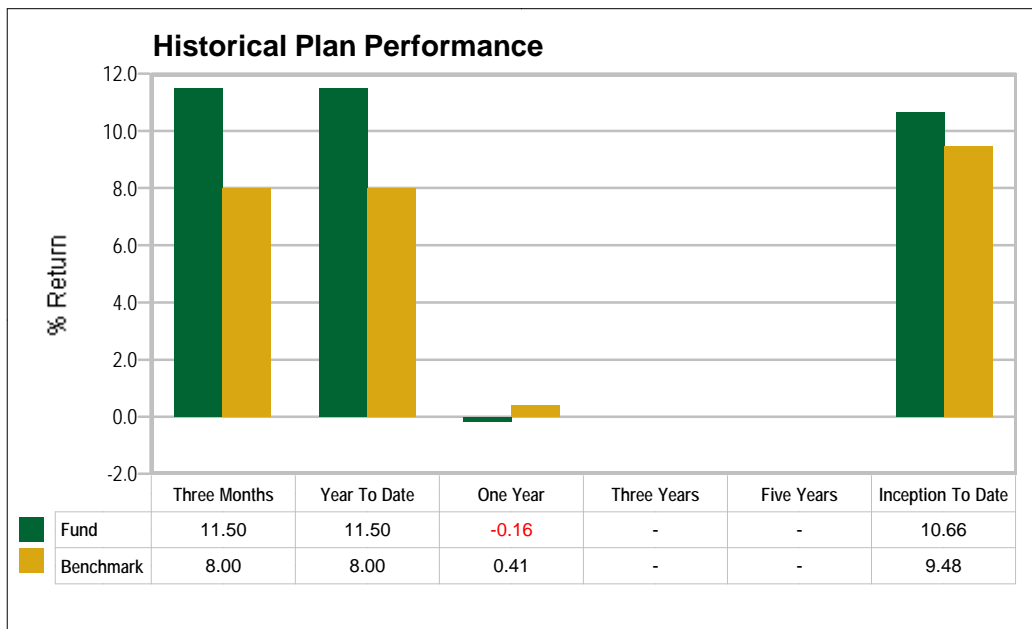


## London Borough of Hillingdon

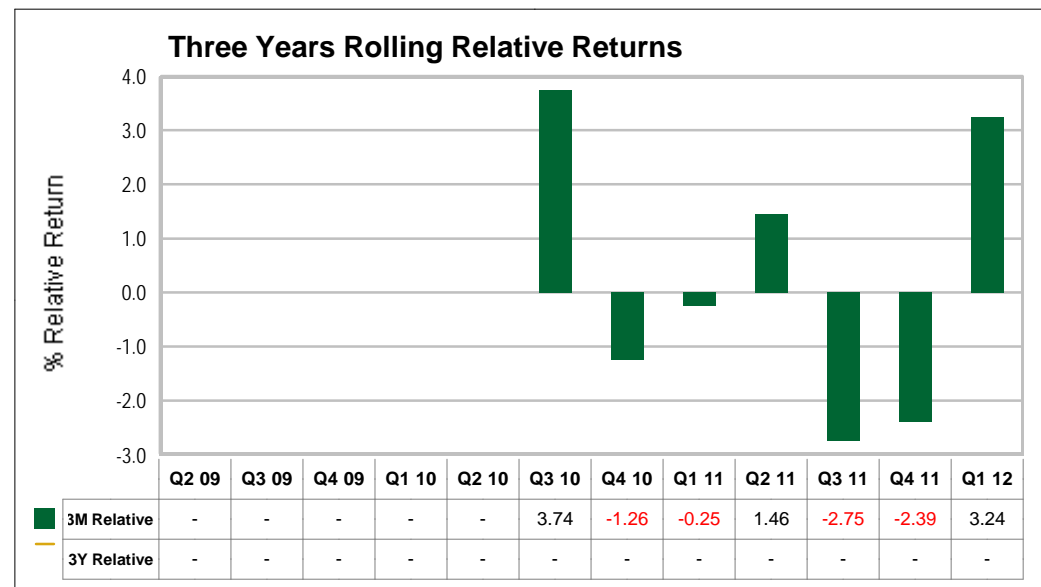
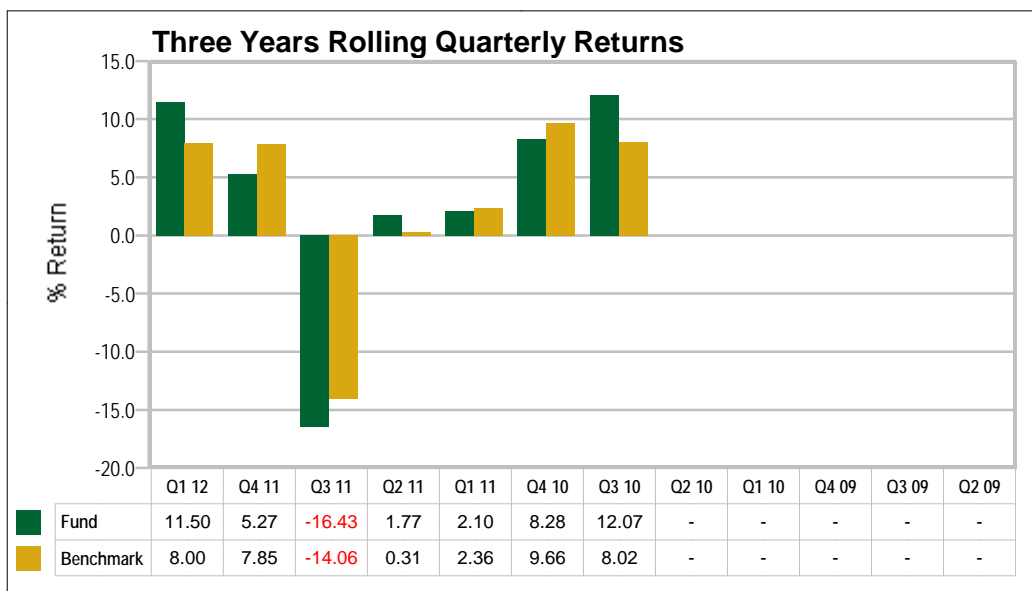




**Marathon**



Risk Statistics - 3 years	Fund	B'mark
Performance Return	-	-
Standard Deviation	-	-
Relative Return	-	-
Tracking Error	-	-
Information Ratio	-	-
Beta	-	-
Alpha	-	-
R Squared	-	-
Sharpe Ratio	-	-
Percentage of Total Fund	9.6	-
Inception Date	Jun-2010	-
Opening Market Value (£000)	52,619	-
Net Investment (£000)	0	-
Income Received (£000)	0	-
Appreciation (£000)	6,051	-
Closing Market Value (£000)	58,670	-

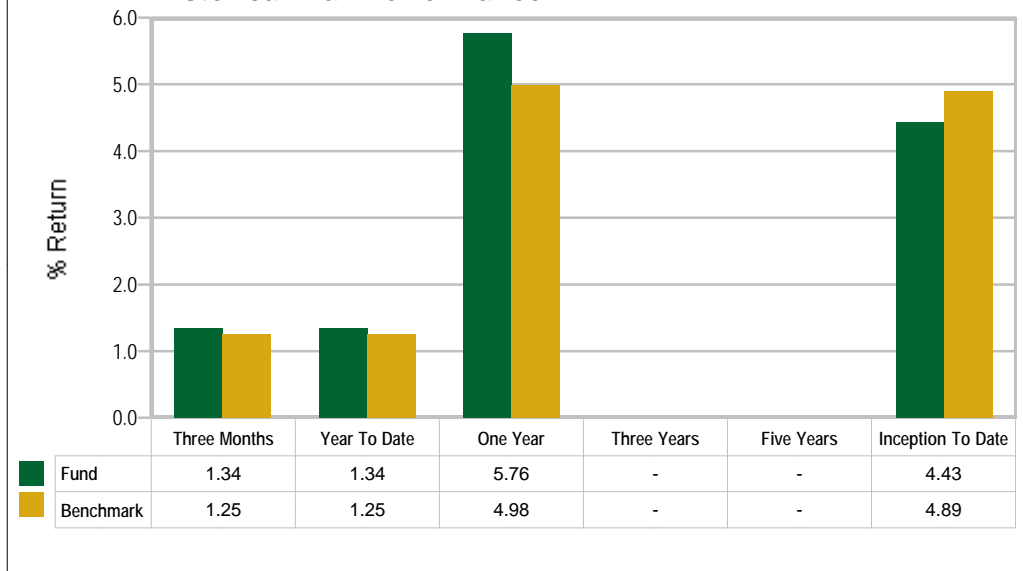






M&G Investments

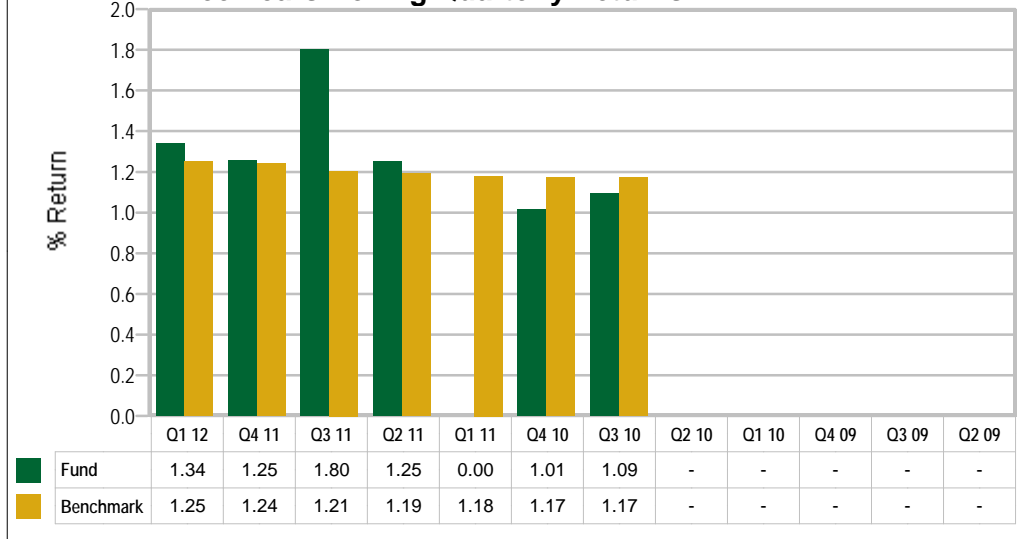
Historical Plan Performance



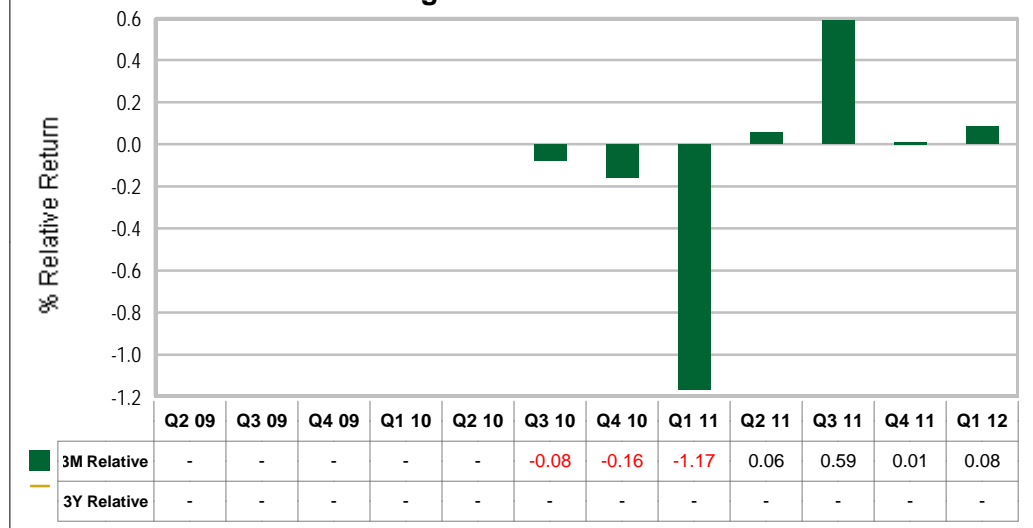
Risk Statistics - 3 years

	Fund	B'mark
Performance Return		
Standard Deviation		
Relative Return		
Tracking Error		
Information Ratio		
Beta		
Alpha		
R Squared		
Sharpe Ratio		
Percentage of Total Fund	1.8	
Inception Date	May-2010	
Opening Market Value (£000)	9,208	
Net Investment (£000)	1,794	
Income Received (£000)	-0	
Appreciation (£000)	147	
Closing Market Value (£000)	11,149	

Three Years Rolling Quarterly Returns



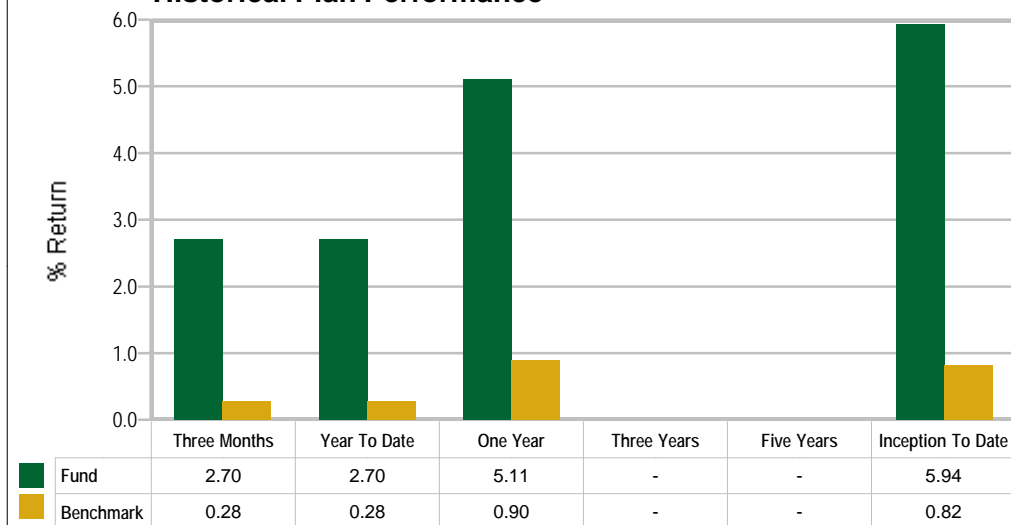
Three Years Rolling Relative Returns





Ruffer

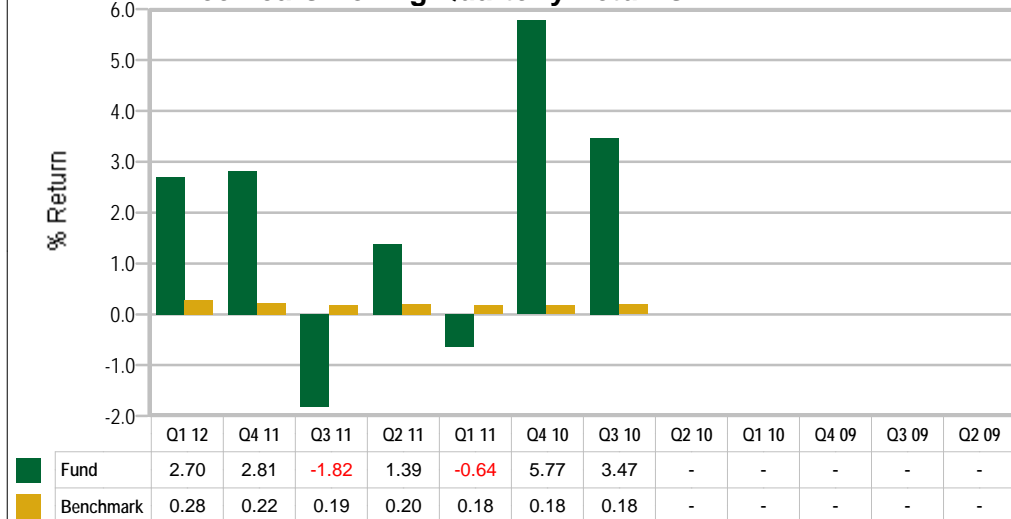
Historical Plan Performance



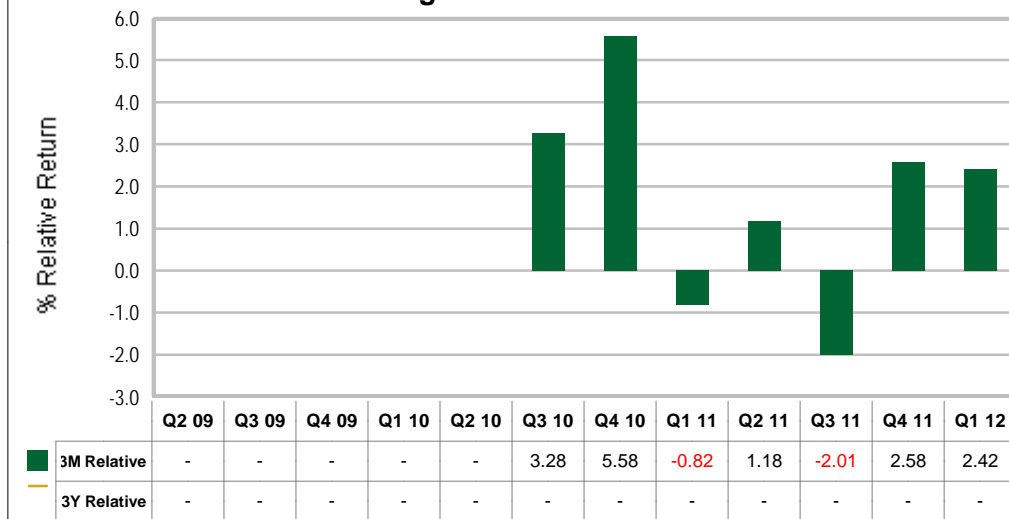
Risk Statistics - 3 years

	Fund	B'mark
Performance Return	-	-
Standard Deviation	-	-
Relative Return	-	-
Tracking Error	-	-
Information Ratio	-	-
Beta	-	-
Alpha	-	-
R Squared	-	-
Sharpe Ratio	-	-
Percentage of Total Fund	19.4	
Inception Date	May-2010	
Opening Market Value (£000)	115,307	
Net Investment (£000)	0	
Income Received (£000)	715	
Appreciation (£000)	2,403	
Closing Market Value (£000)	118,424	

Three Years Rolling Quarterly Returns



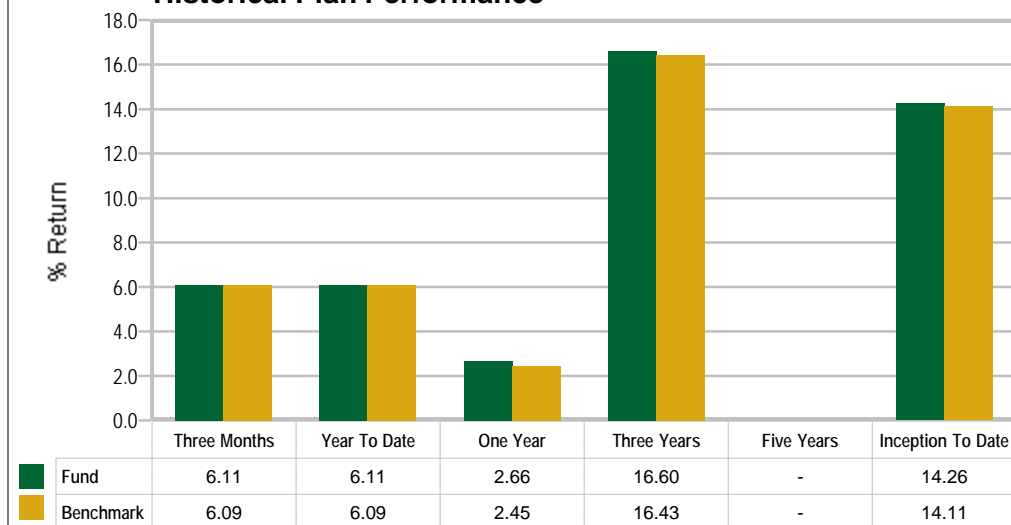
Three Years Rolling Relative Returns





SSGA

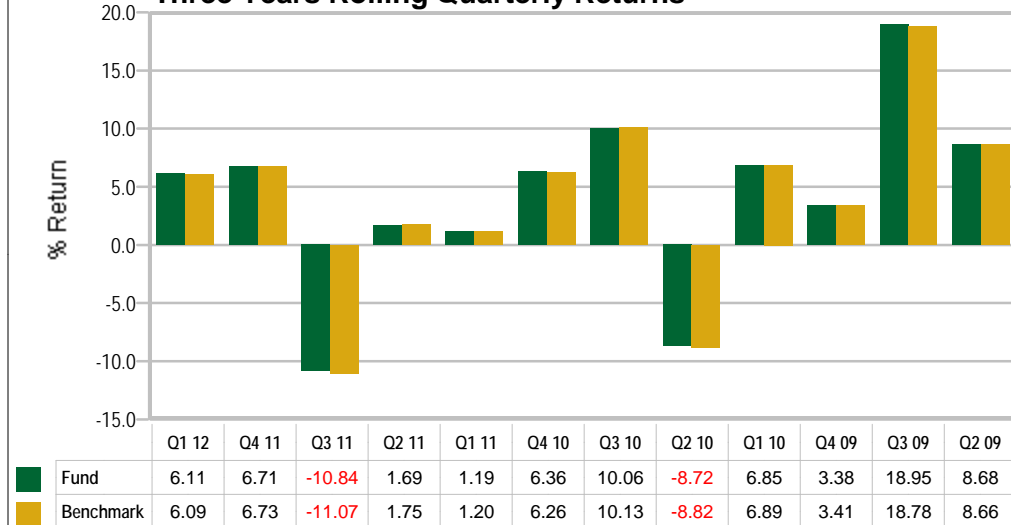
**Historical Plan Performance**



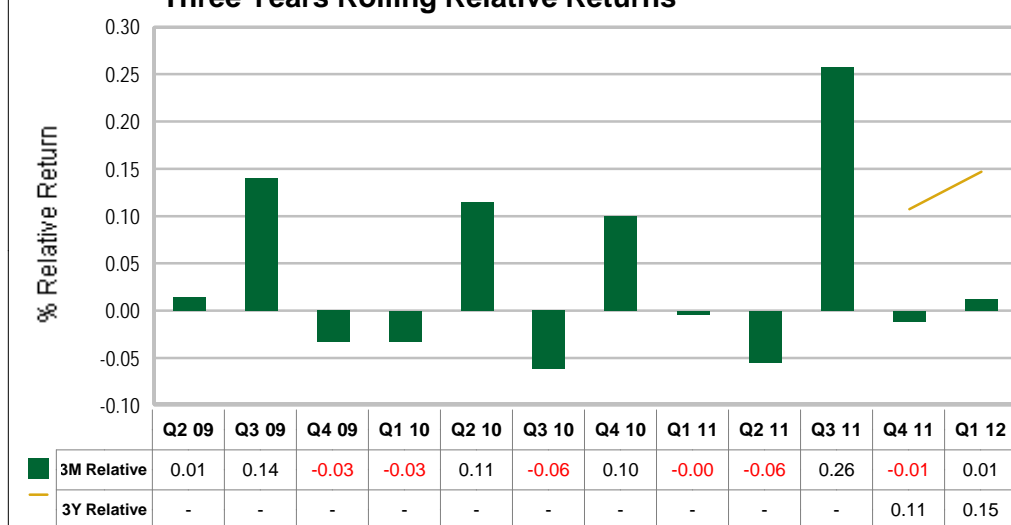
**Risk Statistics - 3 years**

	Fund	B'mark
Performance Return	16.60	16.43
Standard Deviation	11.90	11.94
Relative Return	0.15	
Tracking Error	0.17	
Information Ratio	1.03	
Beta	1.00	
Alpha	0.20	
R Squared	1.00	
Sharpe Ratio	1.29	1.27
Percentage of Total Fund	19.2	
Inception Date	Nov-2008	
Opening Market Value (£000)	110,728	
Net Investment (£(000))	0	
Income Received (£(000))	0	
Appreciation (£(000))	6,762	
Closing Market Value (£000)	117,490	

**Three Years Rolling Quarterly Returns**

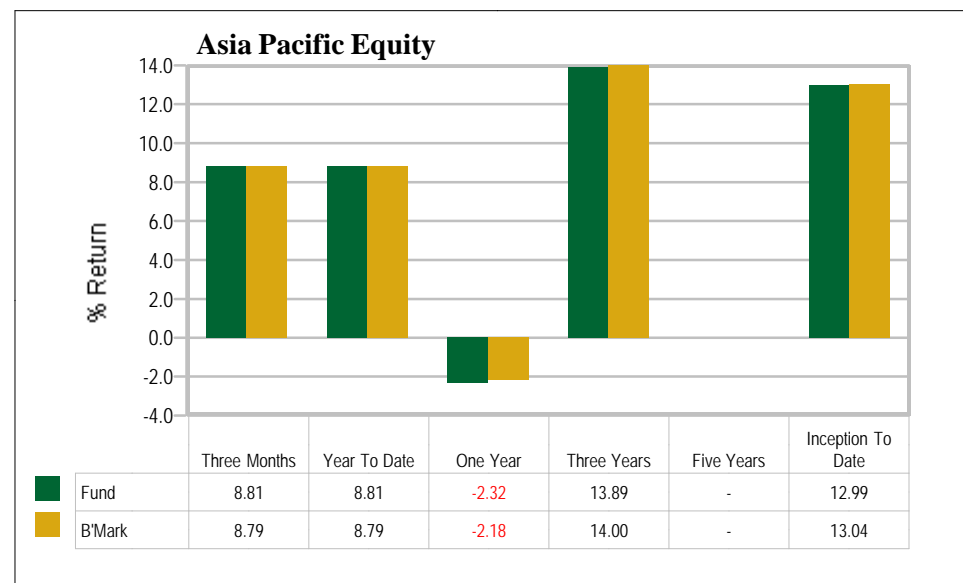
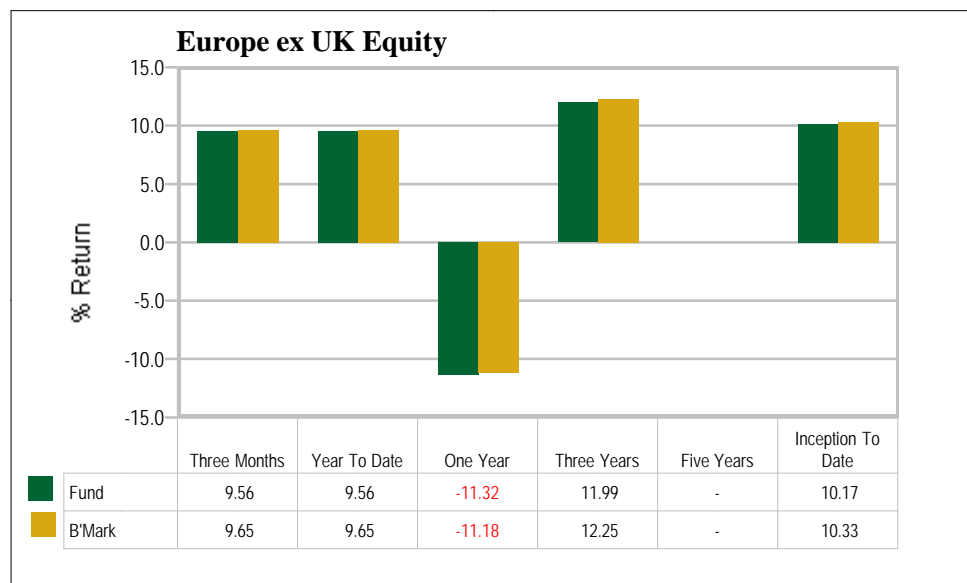
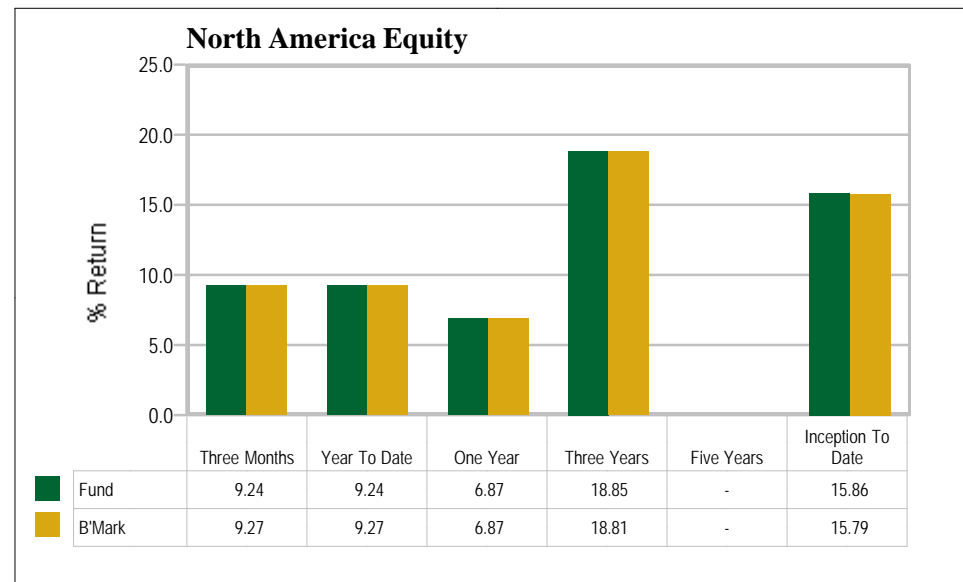
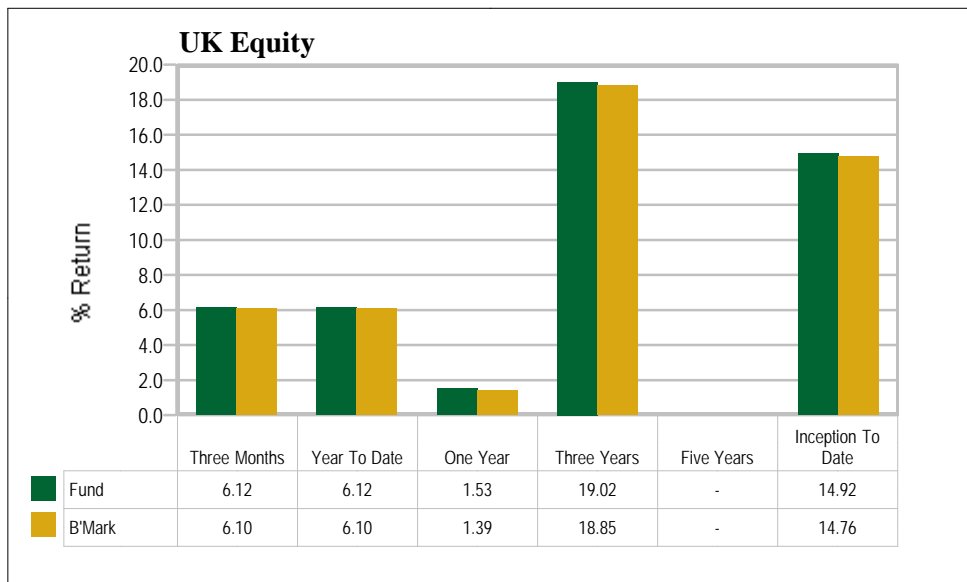


**Three Years Rolling Relative Returns**



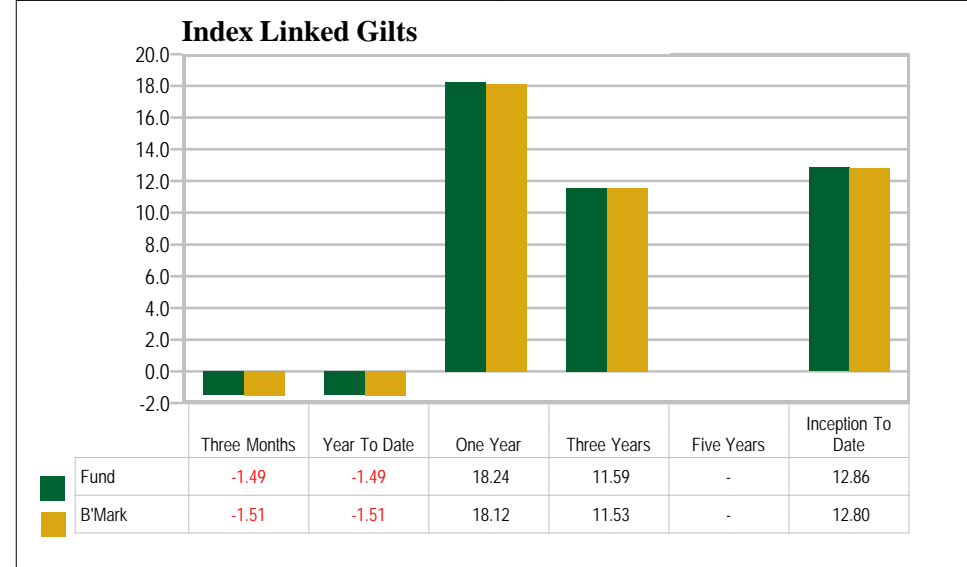
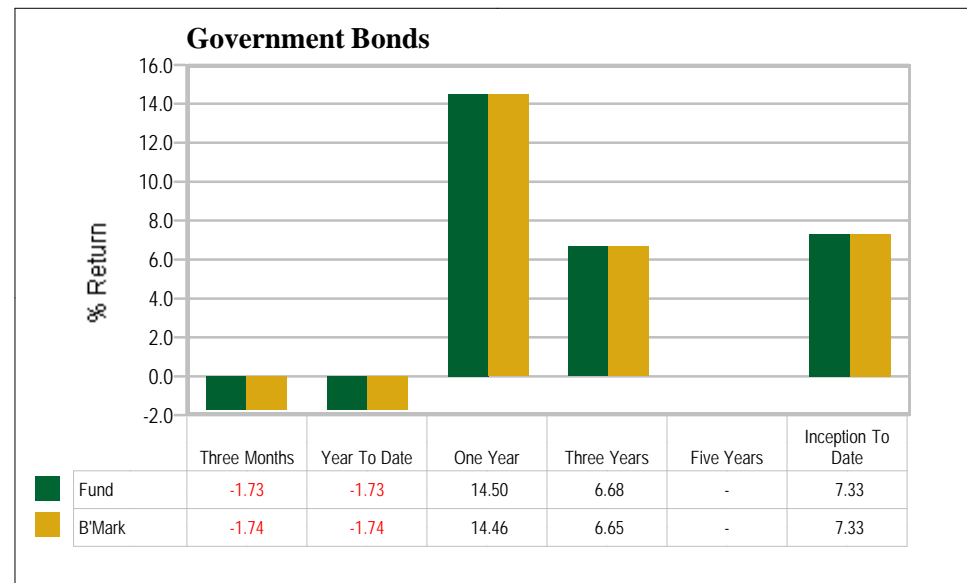
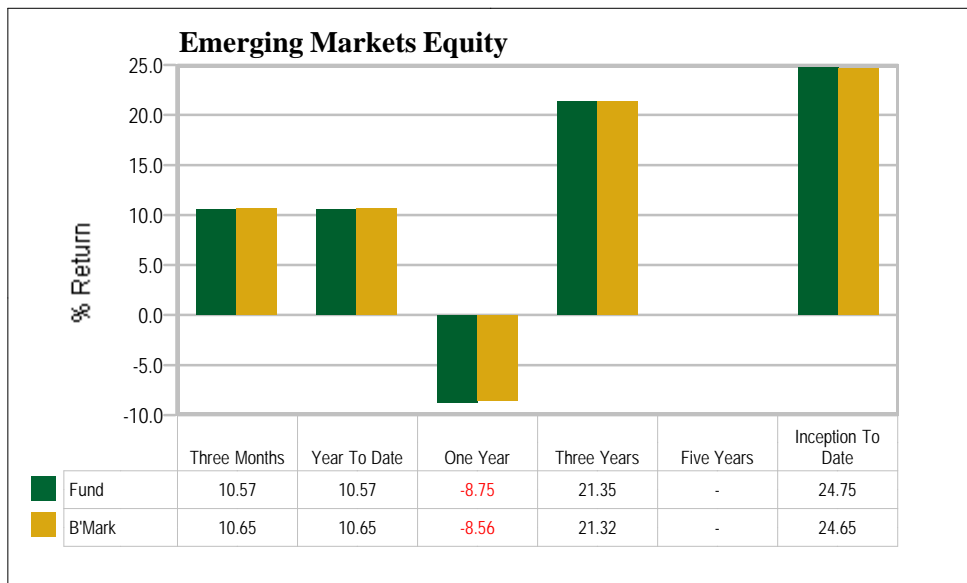


### SSGA





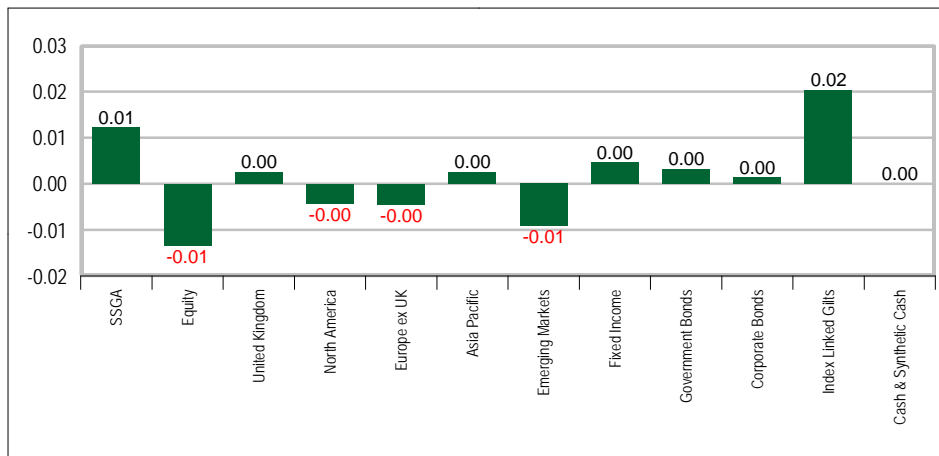
SSGA



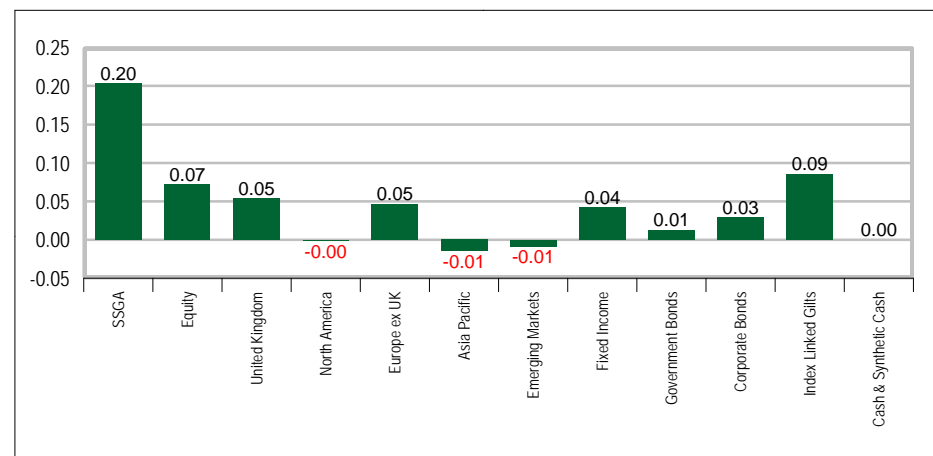


# SSGA

## Relative Contribution - Three Months



## Relative Contribution - One Year

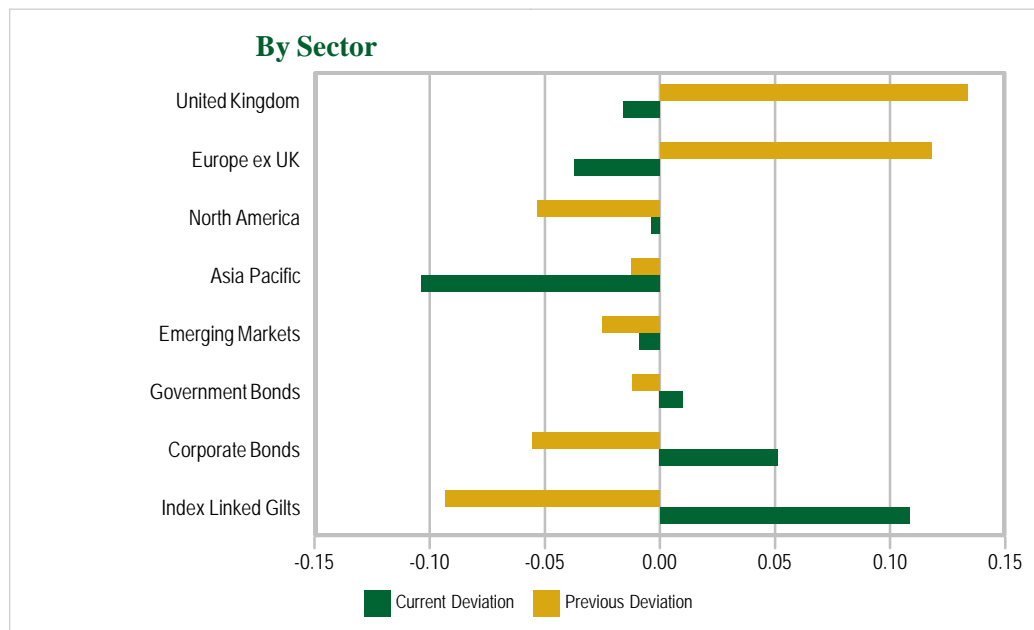


	Return	Benchmark	Relative Return	Asset Allocation	Stock Selection	Currency Effect	Relative Contribution
SSGA	6.11	6.09	0.01	0.03	0.29	-0.31	0.01
Equity	7.56	-	7.56	0.01	0.51	-0.53	-0.01
United Kingdom	6.12	6.10	0.02	-0.00	0.01	0.00	0.00
North America	9.24	9.27	-0.02	-0.00	0.01	-0.01	-0.00
Europe ex UK	9.56	9.65	-0.09	0.00	0.02	-0.03	-0.00
Asia Pacific	8.81	8.79	0.01	0.01	0.48	-0.48	0.00
Emerging Markets	10.57	10.65	-0.07	-0.00	-0.00	-0.01	-0.01
Fixed Income	1.99	-	1.99	0.01	-0.23	0.23	0.00
Government Bonds	-1.73	-1.74	0.01	0.00	0.00	-0.00	0.00
Corporate Bonds	2.64	2.66	-0.02	0.00	-0.23	0.23	0.00
Index Linked Gilts	-1.49	-1.51	0.03	0.02	0.00	-0.00	0.02
Cash & Synthetic Cash	-	-	0.00	0.00	0.00	0.00	0.00

	Return	Benchmark	Relative Return	Asset Allocation	Stock Selection	Currency Effect	Relative Contribution
SSGA	2.66	2.45	0.20	0.20	-0.26	0.26	0.20
Equity	-0.40	-	-0.40	0.06	0.03	-0.02	0.07
United Kingdom	1.53	1.39	0.14	-0.00	0.06	-0.01	0.05
North America	6.88	6.87	0.01	0.00	-0.03	0.03	-0.00
Europe ex UK	-11.32	-11.18	-0.16	0.03	0.17	-0.16	0.05
Asia Pacific	-2.32	-2.18	-0.14	0.03	-0.01	-0.03	-0.01
Emerging Markets	-8.75	-8.56	-0.21	0.00	-0.17	0.16	-0.01
Fixed Income	9.59	-	9.59	0.05	-0.30	0.29	0.04
Government Bonds	14.50	14.46	0.03	0.01	0.00	-0.00	0.01
Corporate Bonds	8.70	8.83	-0.12	0.04	-0.30	0.29	0.03
Index Linked Gilts	18.24	18.12	0.10	0.08	0.01	-0.01	0.09
Cash & Synthetic Cash	-	-	0.00	0.00	0.00	0.00	0.00



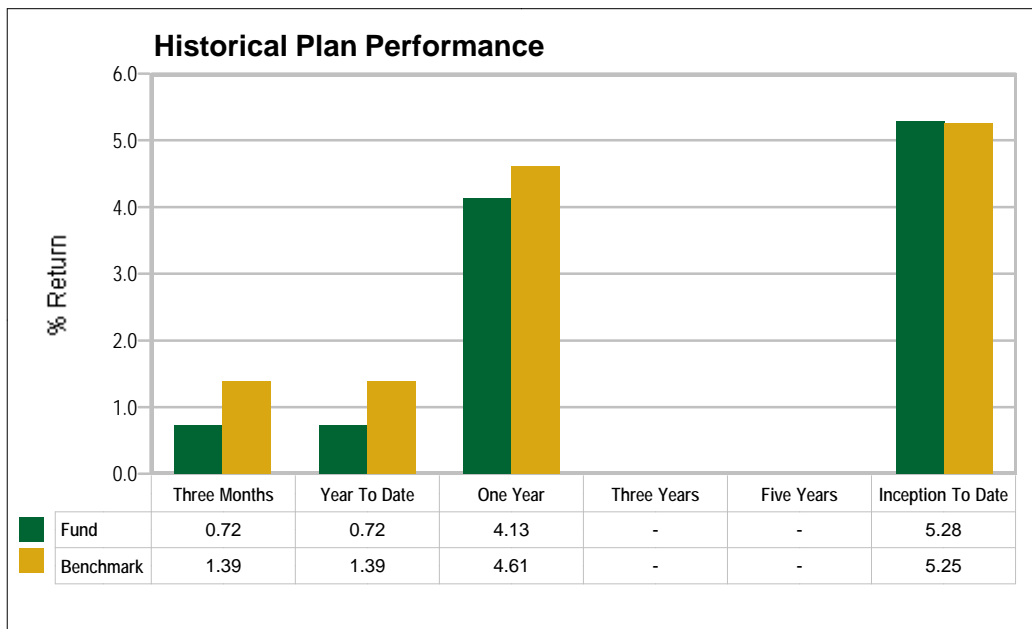
SSGA



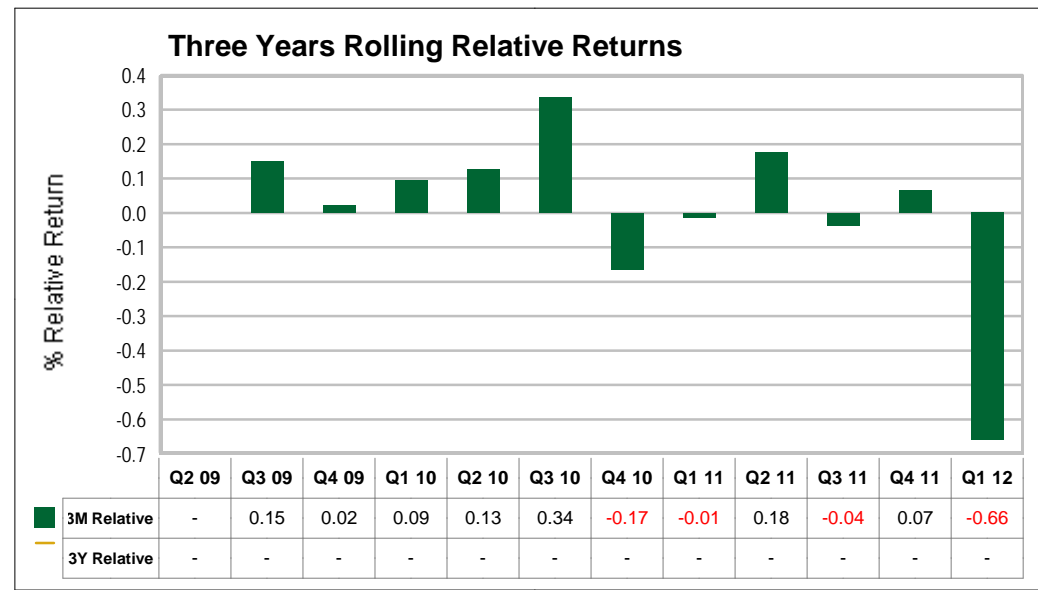
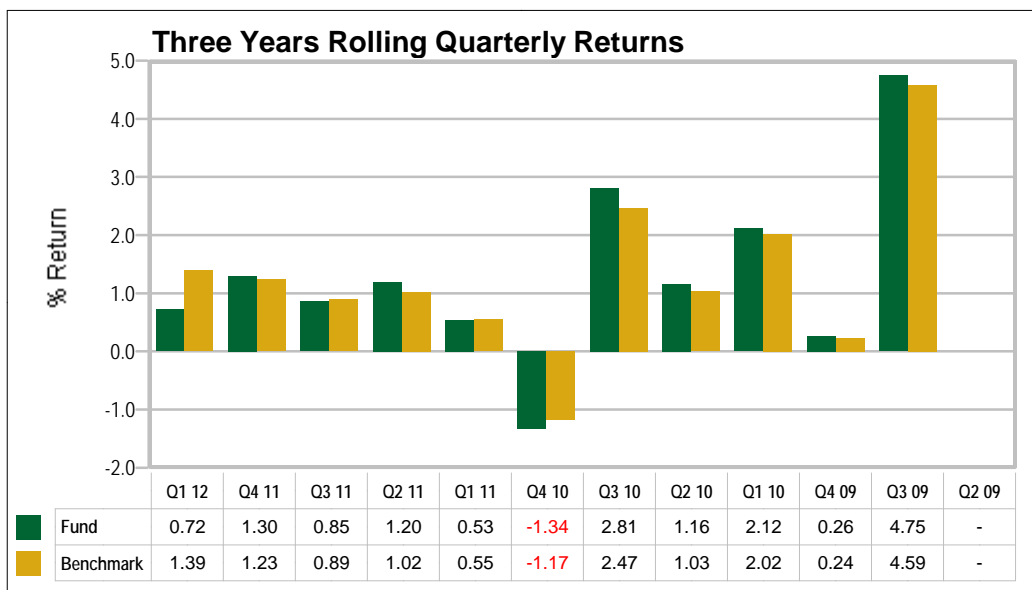
	Current Qtr	Previous Qtr	Current Benchmark	Current Deviation	Previous Benchmark	Previous Deviation
Equity	79.83	80.16		79.83		80.16
United Kingdom	43.98	44.13	44.00	-0.02	44.00	0.13
Europe ex UK	10.96	11.12	11.00	-0.04	11.00	0.12
North America	11.00	10.95	11.00	-0.00	11.00	-0.05
Asia Pacific	10.90	10.99	11.00	-0.10	11.00	-0.01
Emerging Markets	2.99	2.97	3.00	-0.01	3.00	-0.03
Fixed Income	10.06	9.93		10.06		9.93
Government Bonds	1.51	1.49	1.50	0.01	1.50	-0.01
Corporate Bonds	8.55	8.44	8.50	0.05	8.50	-0.06
Index Linked Gilts	10.11	9.91	10.00	0.11	10.00	-0.09



### SSGA Drawdown



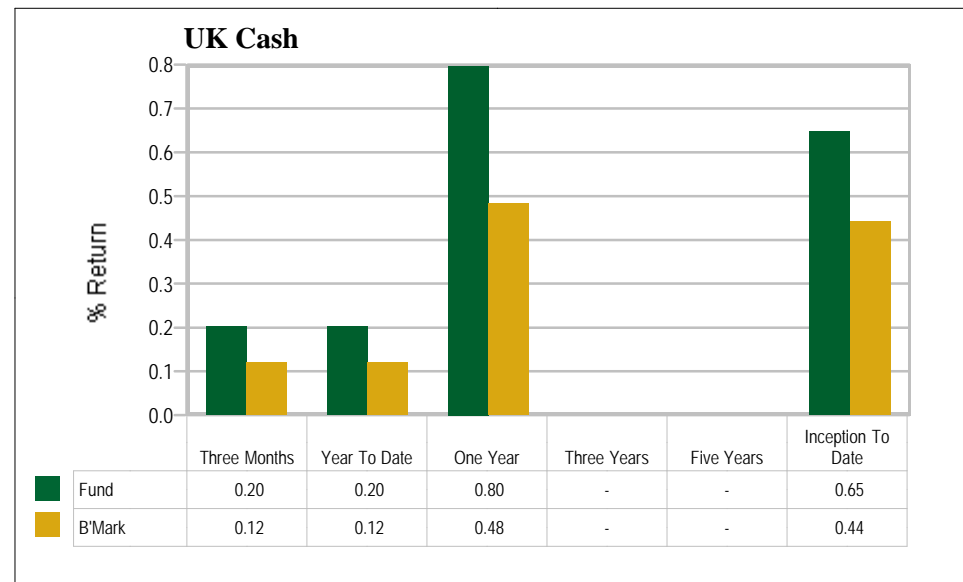
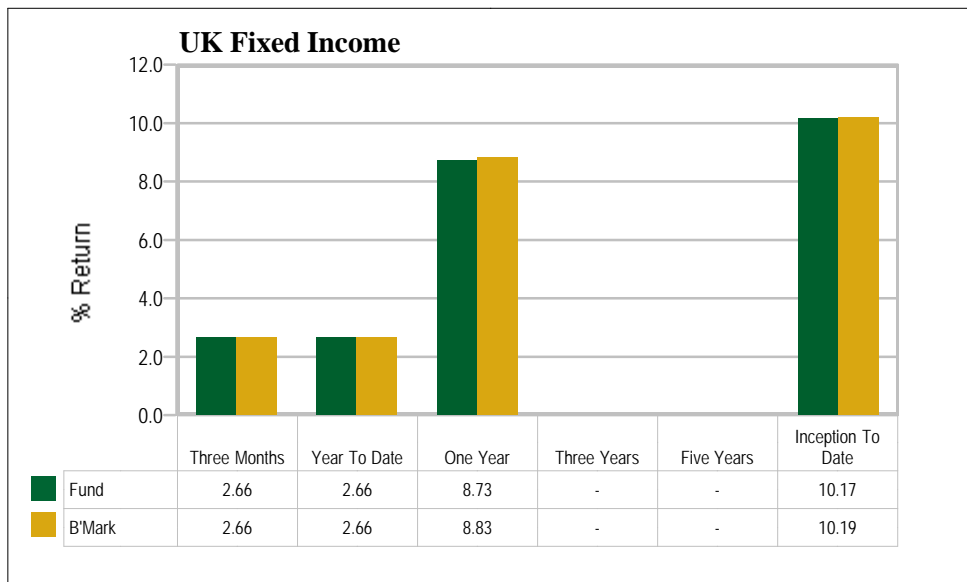
Risk Statistics - 3 years	Fund	B'mark
Performance Return	-	-
Standard Deviation	-	-
Relative Return	-	-
Tracking Error	-	-
Information Ratio	-	-
Beta	-	-
Alpha	-	-
R Squared	-	-
Sharpe Ratio	-	-
Percentage of Total Fund	2.4	
Inception Date	Jun-2009	
Opening Market Value (£000)	9,328	
Net Investment (£000)	5,506	
Income Received (£000)	1	
Appreciation (£000)	114	
Closing Market Value (£000)	14,948	





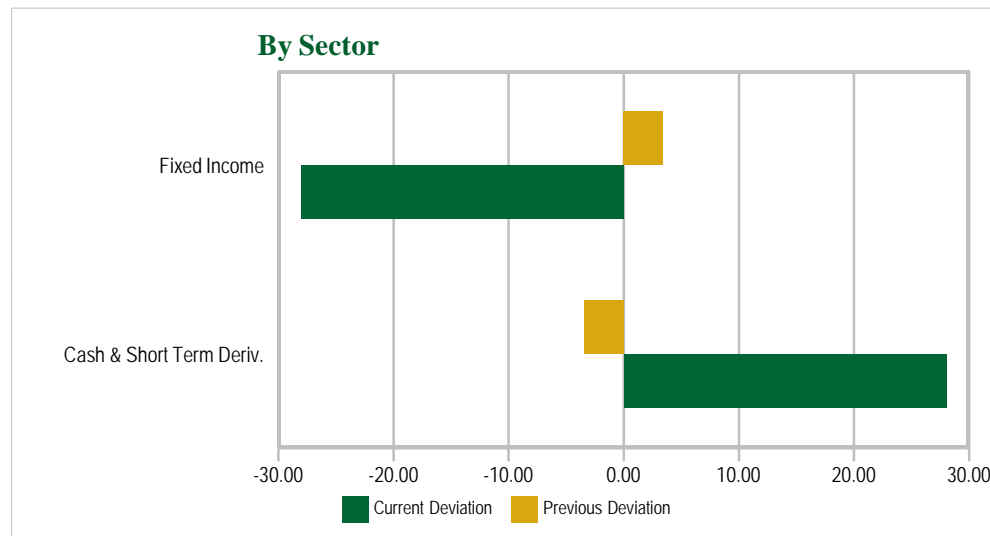


### SSGA Drawdown





# SSGA Drawdown

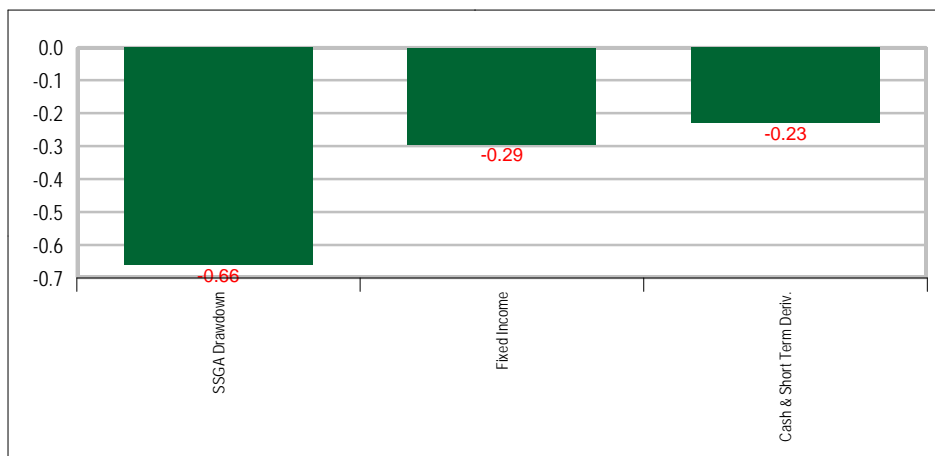


	Current Qtr	Previous Qtr	Current Benchmark	Current Deviation	Previous Benchmark	Previous Deviation
Fixed Income	21.94	53.44	50.00	-28.06	50.00	3.44
Cash & Short Term Deriv.	78.06	46.56	50.00	28.06	50.00	-3.44



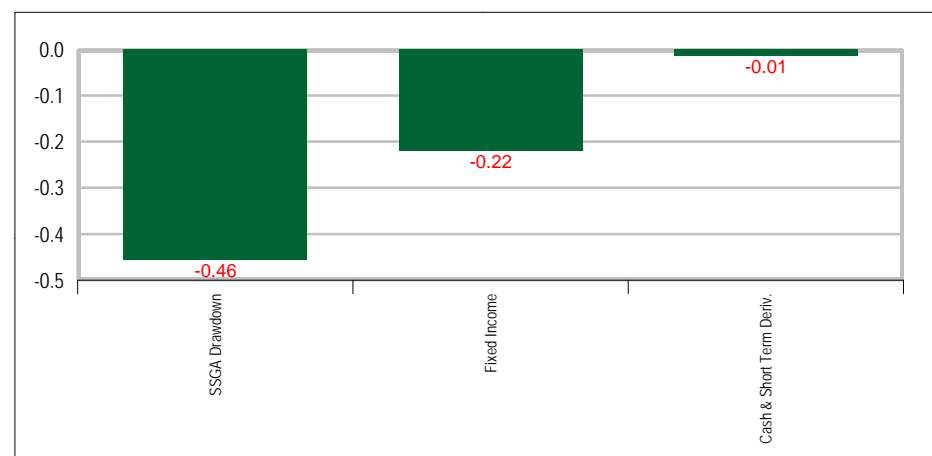
## SSGA Drawdown

Relative Contribution - Three Months



	Return	Benchmark	Relative Return	Asset Allocation	Stock Selection	Relative Contribution
SSGA Drawdown	0.72	1.39	-0.66	-0.59	0.06	-0.66
Fixed Income	2.66	2.66	-0.00	-0.29	-0.00	-0.29
Cash & Short Term Deriv.	0.20	0.12	0.08	-0.29	0.06	-0.23

Relative Contribution - One Year

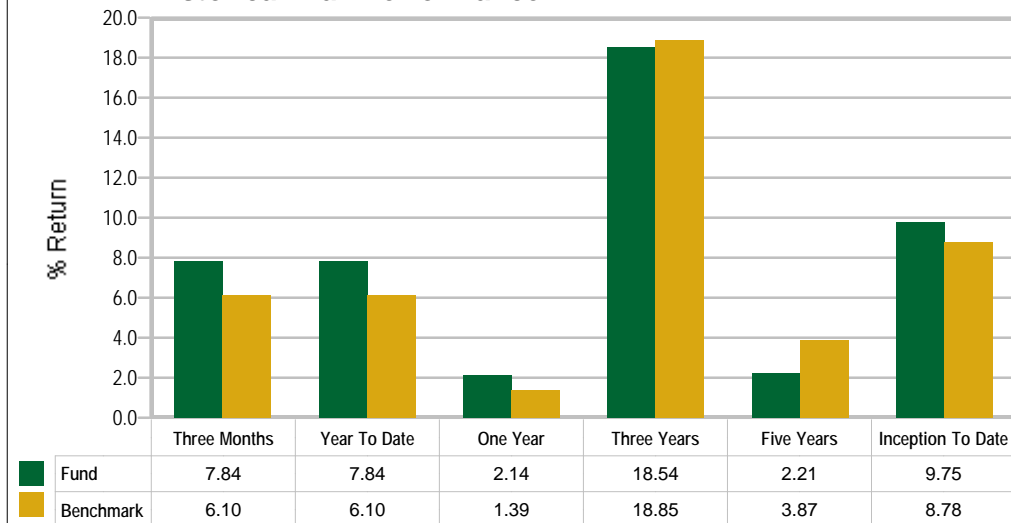


	Return	Benchmark	Relative Return	Asset Allocation	Stock Selection	Relative Contribution
SSGA Drawdown	4.13	4.61	-0.46	-0.37	0.14	-0.46
Fixed Income	8.73	8.83	-0.09	-0.18	-0.04	-0.22
Cash & Short Term Deriv.	0.80	0.48	0.31	-0.19	0.18	-0.01



UBS

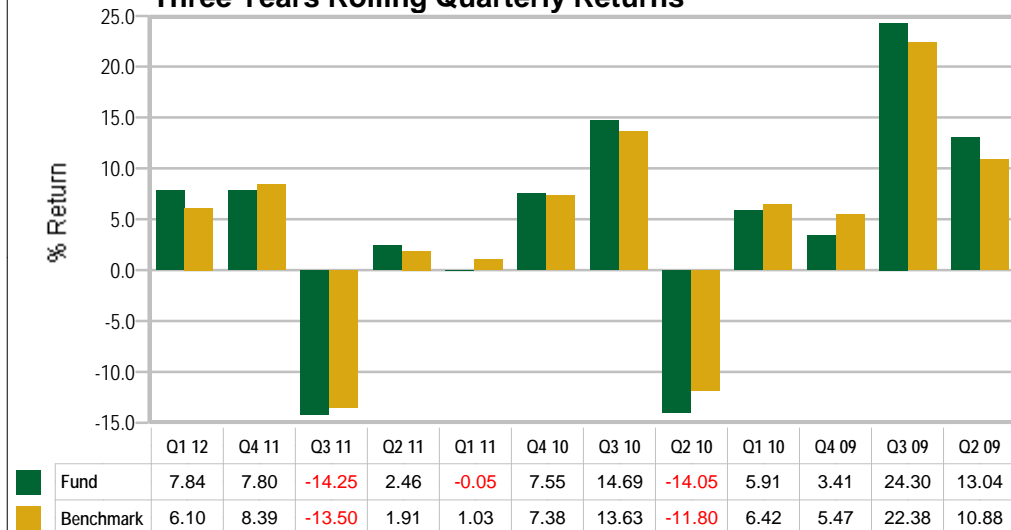
Historical Plan Performance



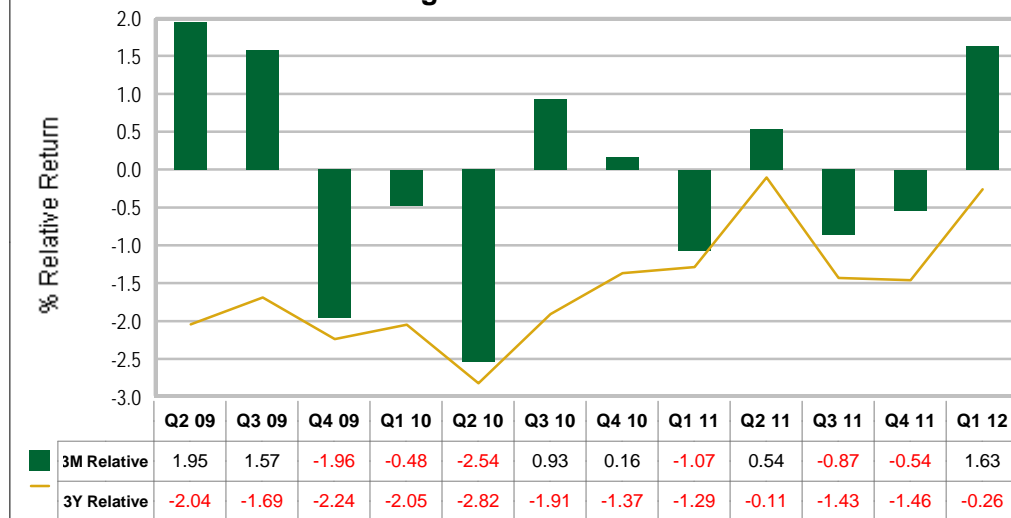
Risk Statistics - 3 years

	Fund	B'mark
Performance Return	18.54	18.85
Standard Deviation	17.34	15.22
Relative Return	-0.26	
Tracking Error	4.24	
Information Ratio	-0.07	
Beta	1.11	
Alpha	-1.81	
R Squared	0.95	
Sharpe Ratio	1.00	1.15
Percentage of Total Fund	18.5	
Inception Date	Dec-1988	
Opening Market Value (£000)	104,881	
Net Investment (£000)	0	
Income Received (£000)	920	
Appreciation (£000)	7,300	
Closing Market Value (£000)	113,101	

Three Years Rolling Quarterly Returns

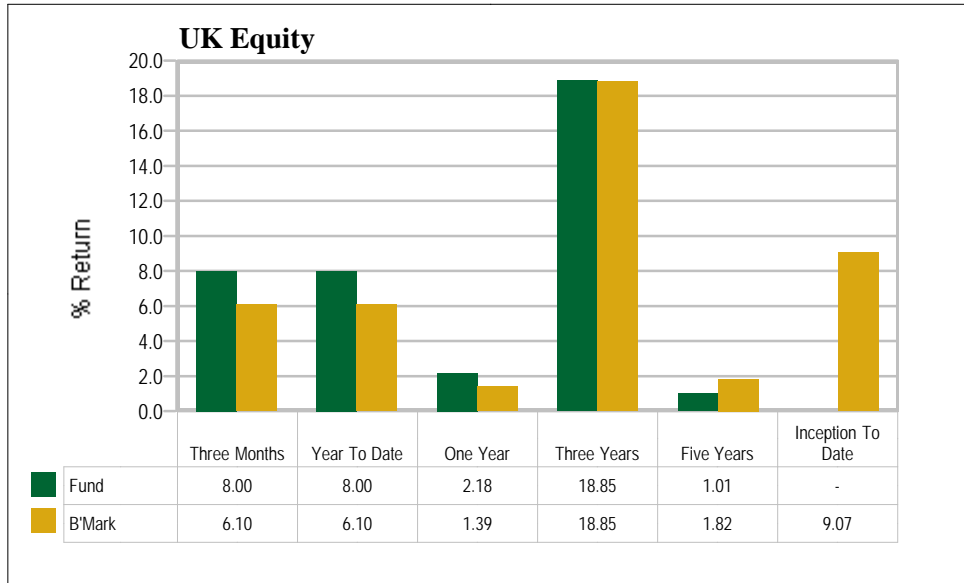


Three Years Rolling Relative Returns





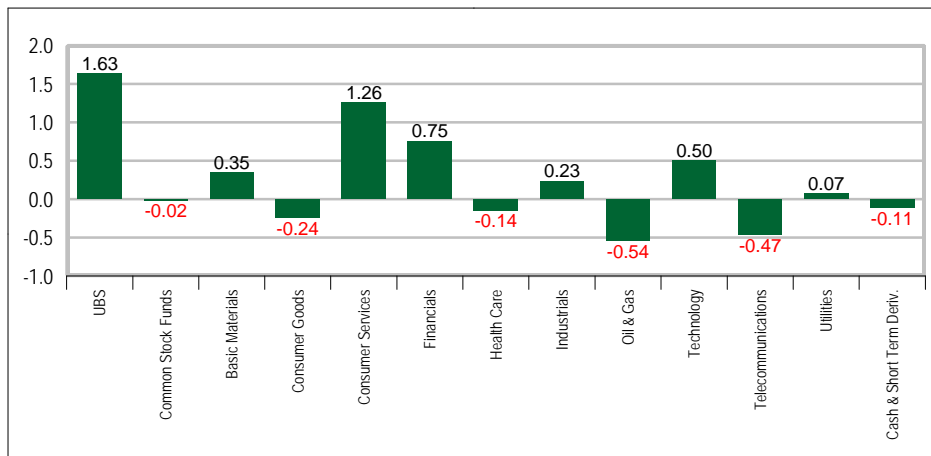
### UBS



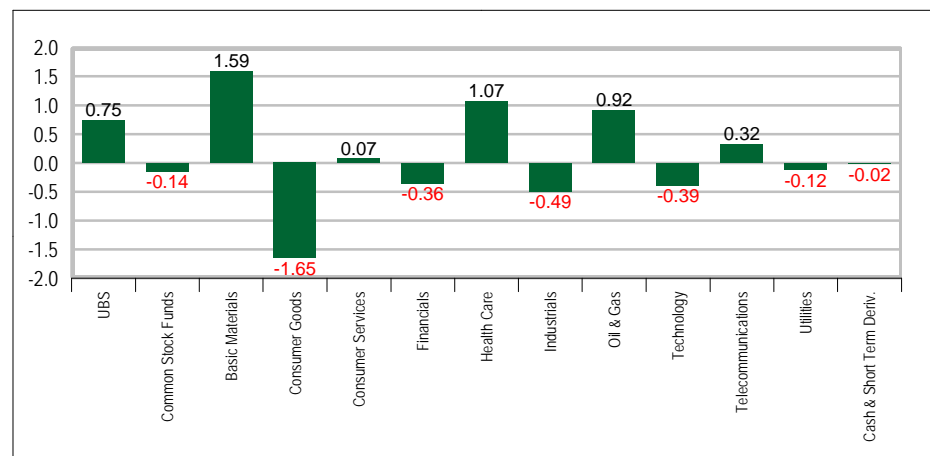


# UBS

## Relative Contribution - Three Months



## Relative Contribution - One Year

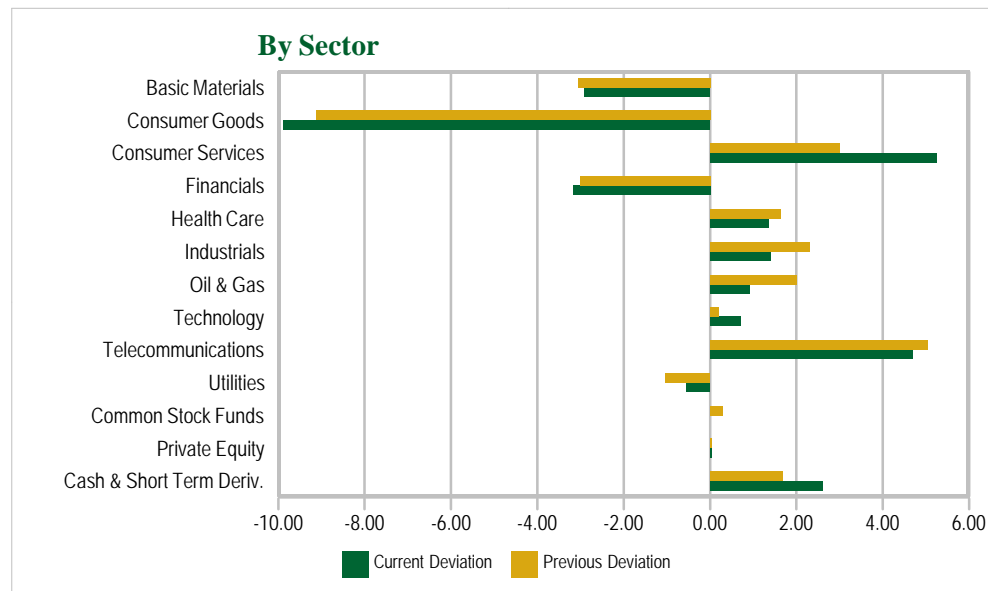


	Return	Benchmark	Relative Return	Asset Allocation	Stock Selection	Relative Contribution
UBS	7.84	6.10	1.63	-0.88	2.53	1.63
Common Stock Funds	-9.50	-	-9.50	-0.02	0.00	-0.02
Basic Materials	9.11	5.08	3.83	0.03	0.32	0.35
Consumer Goods	5.74	7.79	-1.89	-0.16	-0.08	-0.24
Consumer Services	15.28	4.83	9.96	0.02	1.24	1.26
Financials	23.12	16.04	6.10	-0.28	1.04	0.75
Health Care	-3.32	-3.20	-0.12	-0.12	-0.02	-0.14
Industrials	14.47	13.33	1.00	0.13	0.10	0.23
Oil & Gas	-3.22	-1.12	-2.13	-0.13	-0.42	-0.54
Technology	44.96	12.57	28.77	0.02	0.48	0.50
Telecommunications	-1.74	-0.03	-1.71	-0.28	-0.19	-0.47
Utilities	6.41	4.99	1.36	0.02	0.05	0.07
Cash & Short Term Deriv.	0.40	-	0.40	-0.11	0.00	-0.11

	Return	Benchmark	Relative Return	Asset Allocation	Stock Selection	Relative Contribution
UBS	2.14	1.39	0.75	1.10	-0.34	0.75
Common Stock Funds	-32.72	-	-32.72	-0.14	0.00	-0.14
Basic Materials	-16.91	-21.21	5.46	1.16	0.43	1.59
Consumer Goods	17.01	23.70	-5.41	-1.35	-0.30	-1.65
Consumer Services	2.92	3.89	-0.93	0.14	-0.07	0.07
Financials	-13.62	-7.15	-6.97	0.57	-0.93	-0.36
Health Care	23.48	14.14	8.18	0.34	0.73	1.07
Industrials	2.70	11.13	-7.59	0.21	-0.70	-0.49
Oil & Gas	4.89	-0.01	4.90	-0.06	0.98	0.92
Technology	-19.67	13.56	-29.26	0.00	-0.39	-0.39
Telecommunications	7.79	6.83	0.90	0.24	0.08	0.32
Utilities	8.03	12.66	-4.11	0.02	-0.14	-0.12
Cash & Short Term Deriv.	0.74	-	0.74	-0.02	0.00	-0.02



UBS

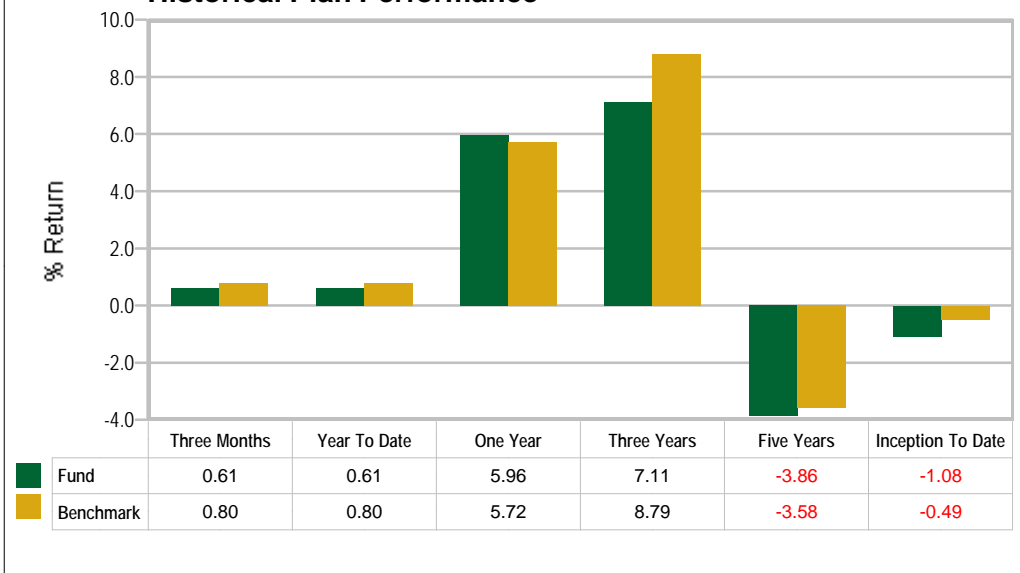


	Current Qtr	Previous Qtr	Current Benchmark	Current Deviation	Previous Benchmark	Previous Deviation
Basic Materials	8.23	8.13	11.13	-2.91	11.19	-3.06
Consumer Goods	3.63	4.24	13.51	-9.88	13.37	-9.13
Consumer Services	14.67	12.49	9.42	5.25	9.49	3.00
Financials	17.67	16.06	20.84	-3.17	19.08	-3.01
Health Care	8.56	9.66	7.20	1.36	8.01	1.64
Industrials	10.02	10.34	8.60	1.42	8.03	2.32
Oil & Gas	18.57	20.92	17.66	0.91	18.92	2.00
Technology	2.25	1.65	1.54	0.71	1.45	0.19
Telecommunications	10.85	11.56	6.16	4.69	6.52	5.04
Utilities	3.38	2.90	3.93	-0.55	3.93	-1.03
Common Stock Funds	0.00	0.30		0.00		0.30
Private Equity	0.04	0.04		0.04		0.04
Cash & Short Term Deriv.	2.62	1.69		2.62		1.69



UBS Property

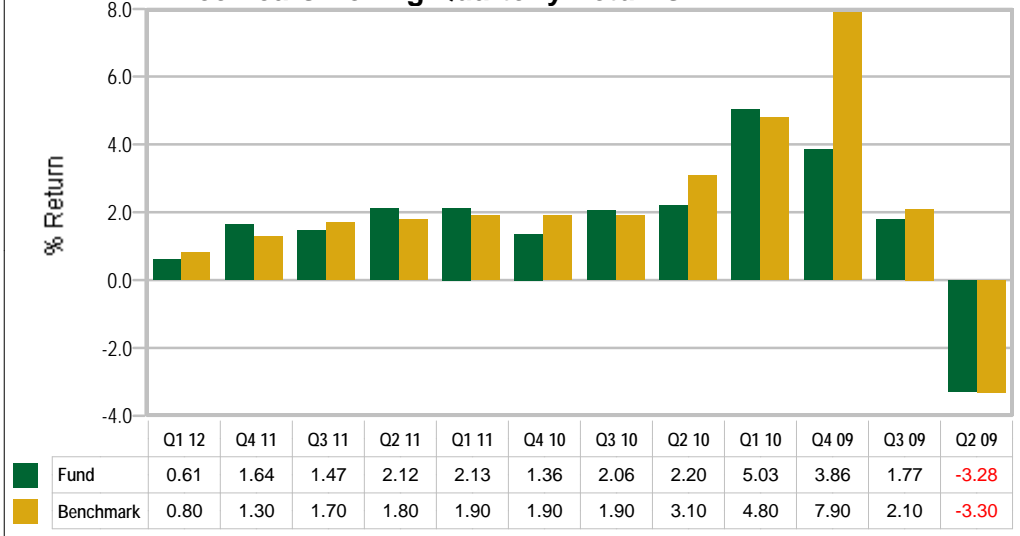
Historical Plan Performance



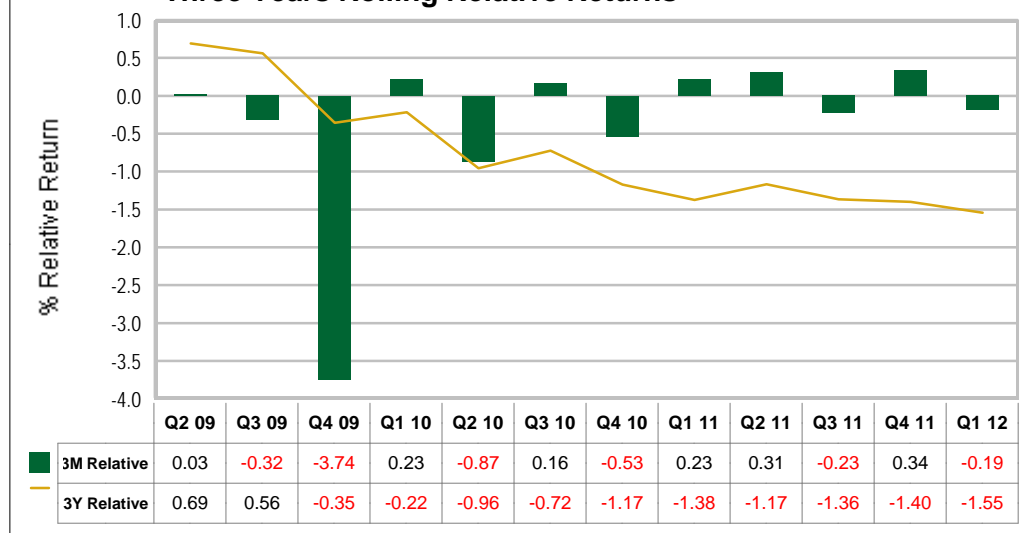
Risk Statistics - 3 years

	Fund	B'mark
Performance Return	7.11	8.79
Standard Deviation	2.90	2.92
Relative Return	-1.55	
Tracking Error	2.23	
Information Ratio	-0.75	
Beta	0.72	
Alpha	0.44	
R Squared	0.53	
Sharpe Ratio	2.00	2.57
Percentage of Total Fund	8.1	
Inception Date	Mar-2006	
Opening Market Value (£000)	48,998	
Net Investment (£000)	0	
Income Received (£000)	545	
Appreciation (£000)	-245	
Closing Market Value (£000)	49,297	

Three Years Rolling Quarterly Returns



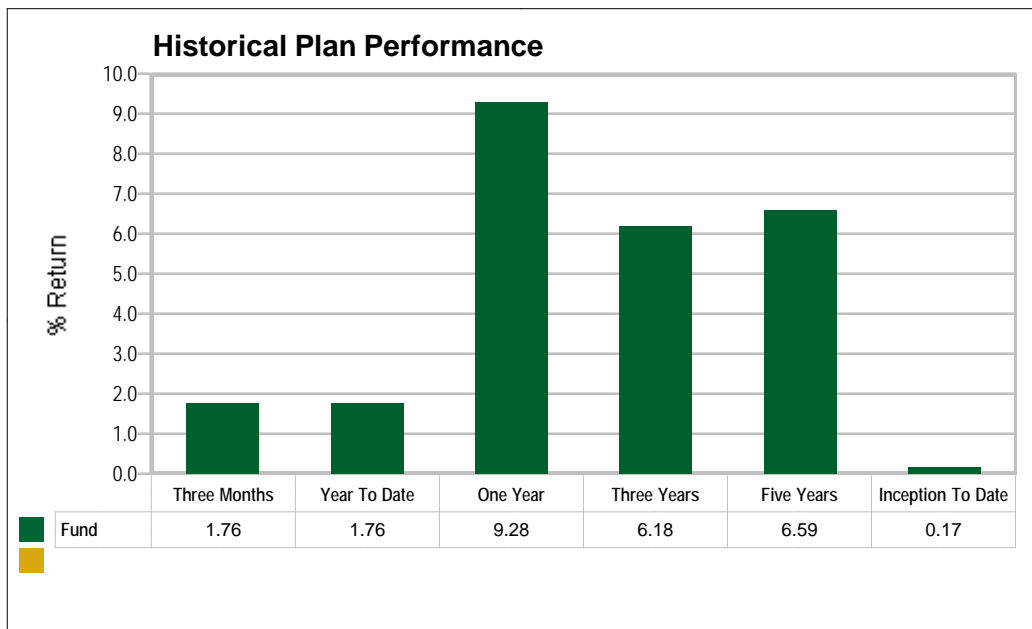
Three Years Rolling Relative Returns







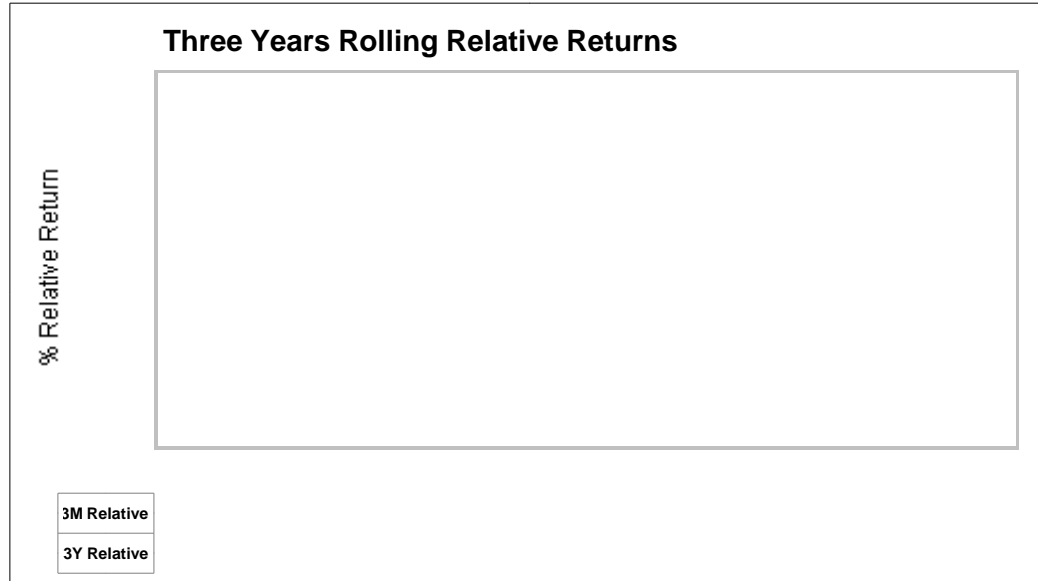
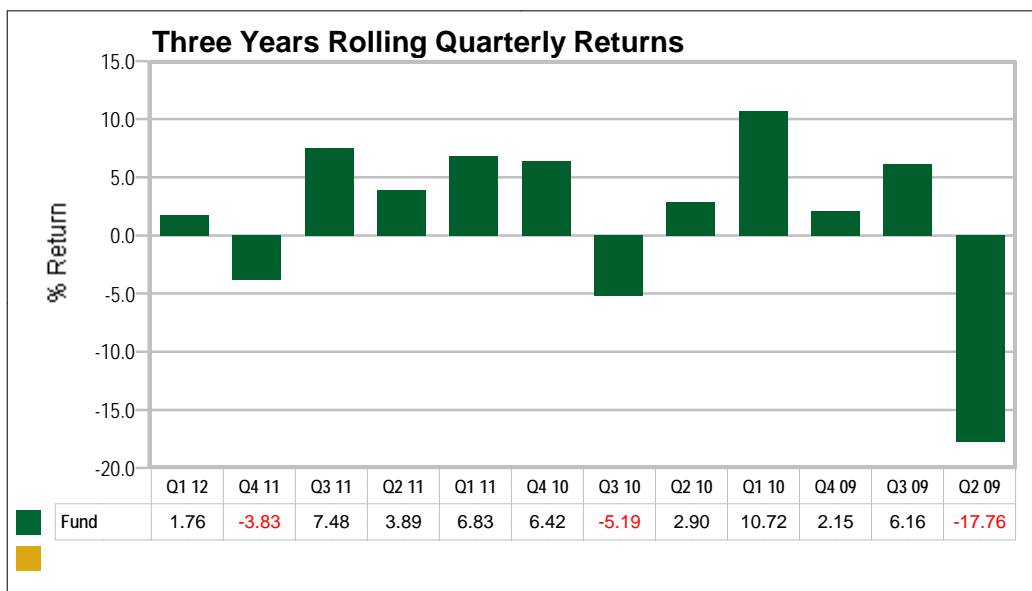
Adam Street



Risk Statistics - 3 years

Fund B'mark

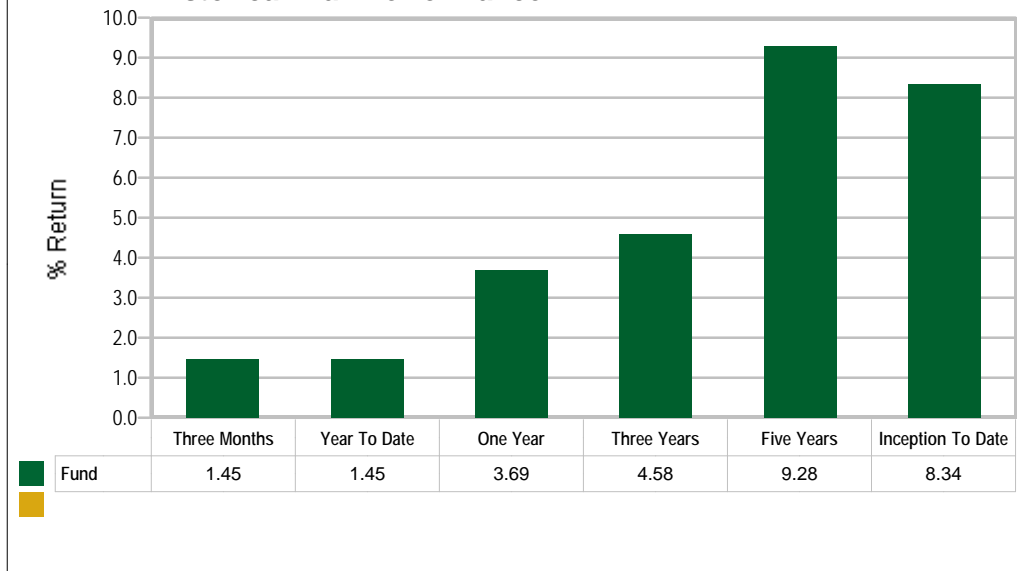
Performance Return	
Standard Deviation	
Relative Return	
Tracking Error	
Information Ratio	
Beta	
Alpha	
R Squared	
Sharpe Ratio	
Percentage of Total Fund	3.4
Inception Date	Jan-2005
Opening Market Value (£000)	20,352
Net Investment (£000)	-219
Income Received (£000)	0
Appreciation (£000)	351
Closing Market Value (£000)	20,484





LGT

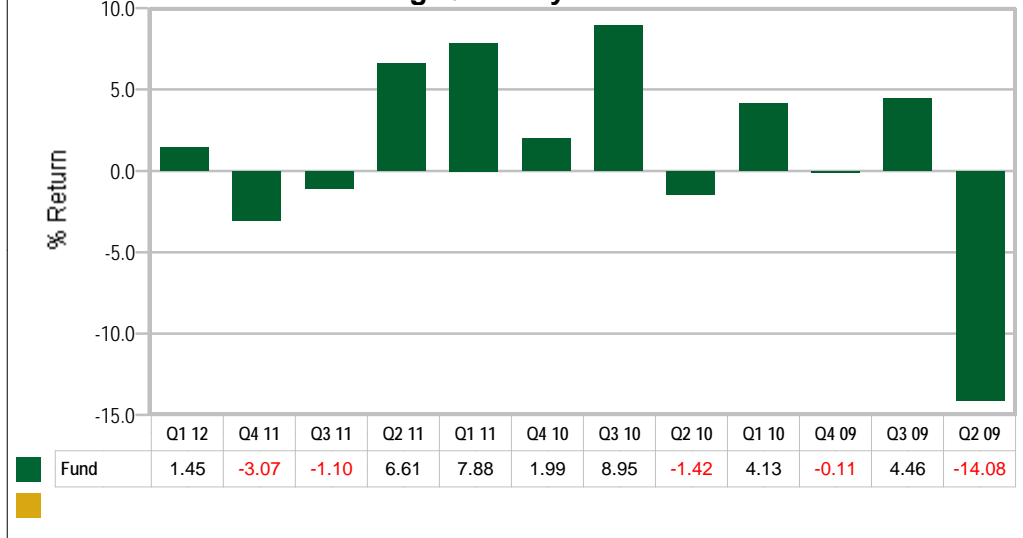
Historical Plan Performance



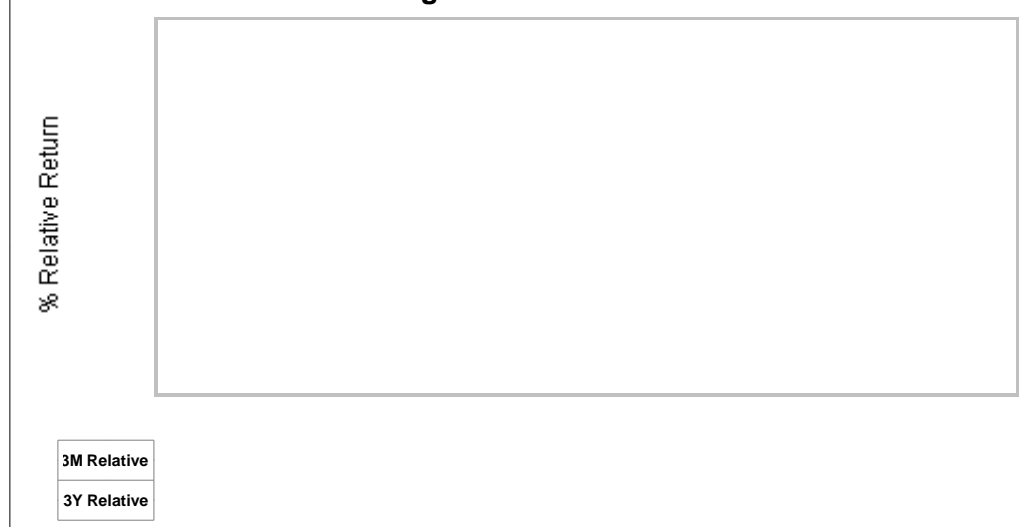
Risk Statistics - 3 years

	Fund	B'mark
Performance Return		
Standard Deviation		
Relative Return		
Tracking Error		
Information Ratio		
Beta		
Alpha		
R Squared		
Sharpe Ratio		
Percentage of Total Fund	2.7	
Inception Date	May-2004	
Opening Market Value (£000)	16,208	
Net Investment (£000)	138	
Income Received (£000)	0	
Appreciation (£000)	242	
Closing Market Value (£000)	16,589	

Three Years Rolling Quarterly Returns

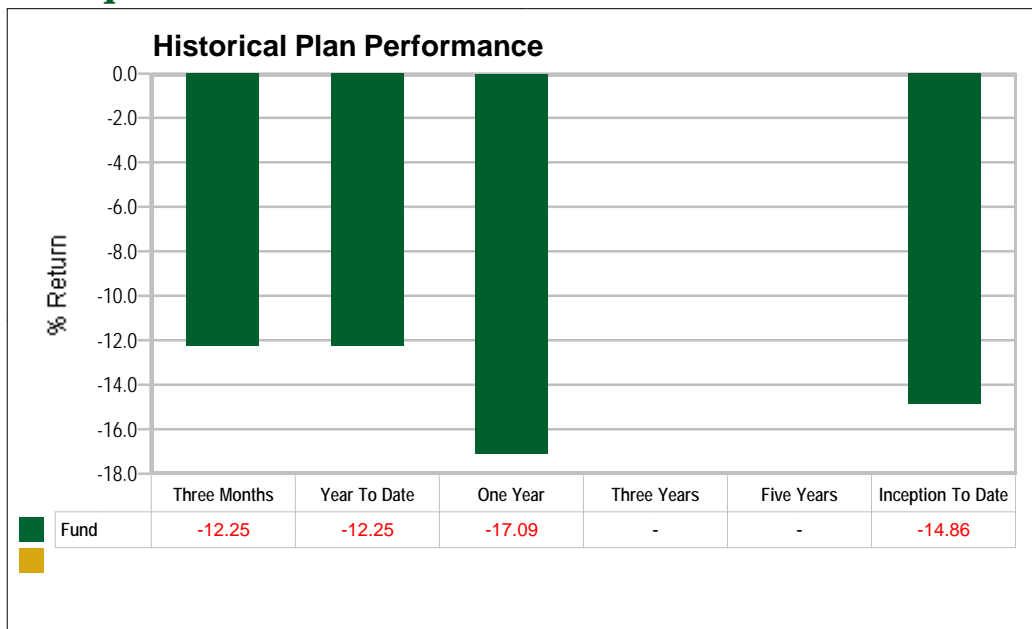


Three Years Rolling Relative Returns





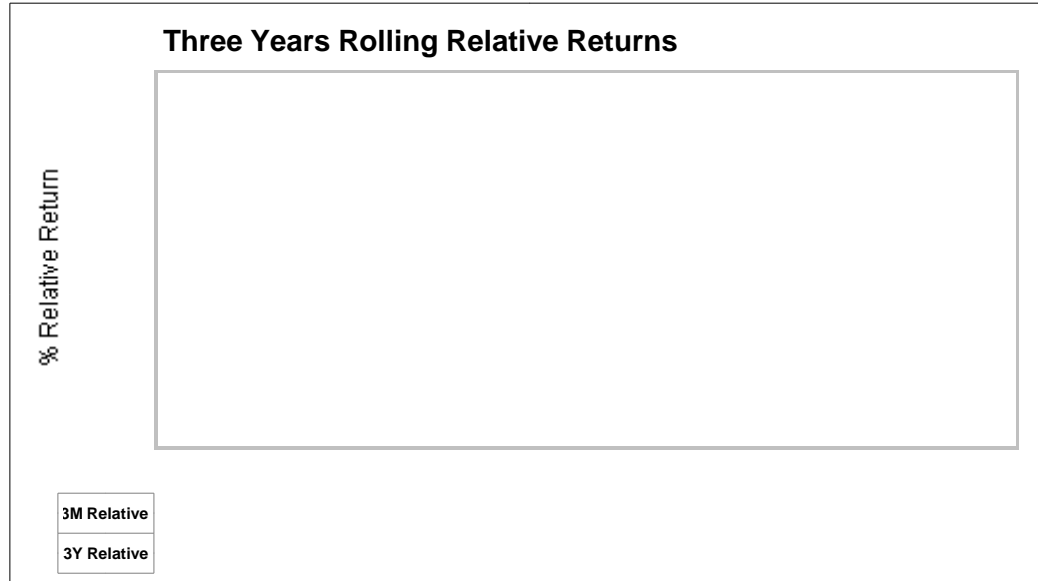
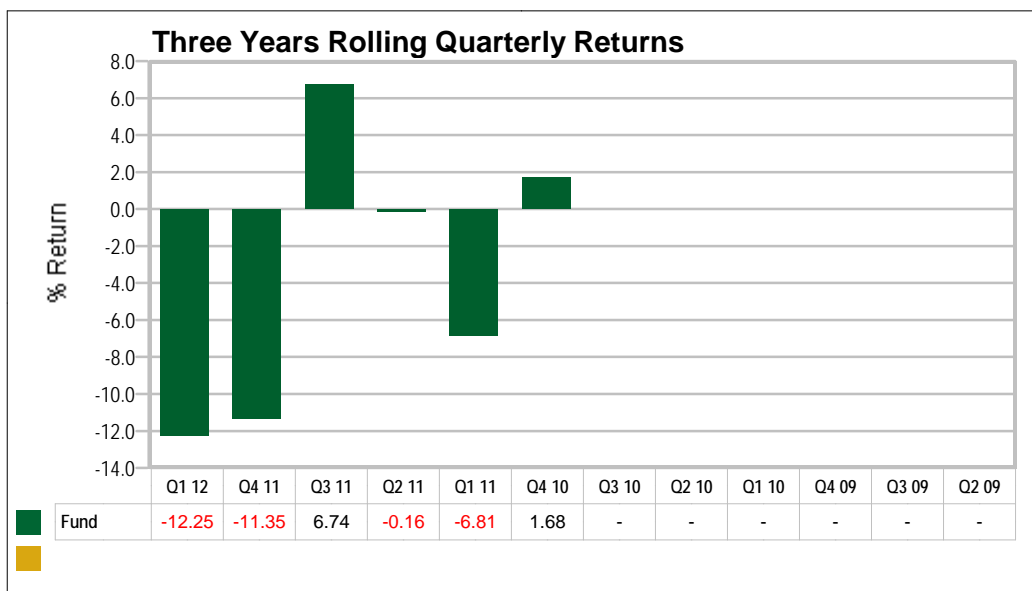
Macquarie



Risk Statistics - 3 years

Fund B'mark

Performance Return	
Standard Deviation	
Relative Return	
Tracking Error	
Information Ratio	
Beta	
Alpha	
R Squared	
Sharpe Ratio	
Percentage of Total Fund	0.2
Inception Date	Sep-2010
Opening Market Value (£000)	1,334
Net Investment (£000)	35
Income Received (£000)	0
Appreciation (£000)	-165
Closing Market Value (£000)	1,205





### **Total Plan Benchmark**

27.5 FTSE All Share  
2.2 FTSE AW North America  
2.2 FTSE AW Developed Europe ex UK  
2.2 FTSE AW Developed Asia Pacific  
0.4 FTSE All World All Emerging  
4.0 FTSE Index Linked Gilts  
3.0 IBOXX Sterling Non-Gilts  
8.0 IPD UK PPFI All Balanced Funds Index  
10.0 MSCI All Countries World ND Index  
6.5 MSCI All Countries World Index  
34.0 LIBOR 3 Month + 3%

### **Fauchier**

100.0 LIBOR 3 Month + 5%

### **Goldman Sachs**

70.0 ML Sterling Broad Market  
30.0 FTSE Index Linked Gilts 5+ Yrs

### **JP Morgan**

100.0 LIBOR 3 Month + 3%

### **Marathon**

100.0 MSCI World

### **M&G Investments**

100.0 LIBOR 3 Month + 4%

### **Ruffer**

100.0 LIBOR 3 Month GBP

### **SSGA**

44.0 FTSE All Share  
11.0 FTSE World North America  
11.0 FTSE World Europe ex UK  
11.0 FTSE Pacific Basin ex Japan  
3.0 FTSE All World All Emerging  
1.5 FTA British Government Conventional Gilts All Stocks  
10.0 FTA British Government Index Linked Gilts All Stocks  
8.5 ML Sterling Non-Gilts

### **SSGA Drawdown**

50.0 ML Sterling Non-Gilts  
50.0 FT 7 Day LIBID

### **UBS**

100.0 FTSE All Share

### **UBS Property**

100.0 IPD UK PPFI All Balanced Funds Index

**Tracking Error**

$$\sigma_{ER} = \sqrt{\frac{\sum (ER_t - \overline{ER})^2}{T}} \quad \text{for } t=1 \text{ to } T$$

$$\text{Annualised tracking error} = \sigma_{ER} \times \sqrt{p}$$

**Where**                      **Equals**

$ER$                       Excess return (Portfolio Return minus Benchmark Return)

$\overline{ER}$                       Arithmetic average of excess returns (Portfolio Return minus Benchmark Return)

$T$                       Number of observations

$p$                       Periodicity (number of observations per year)

The tracking error measures the extent to which a portfolio tracks its benchmark. The higher the tracking error, the higher the variability of the portfolio returns around the benchmark. The tracking error will always be greater than zero, unless the portfolio is exactly tracking the benchmark.

**Information Ratio**

$$\text{Information Ratio} = \frac{\overline{ER}}{\sigma_{ER}}$$

$$\text{Annualised Information Ratio} = \text{Information Ratio} \times \sqrt{p}$$

**Where**                      **Equals**

$\overline{ER}$                       Arithmetic average of excess returns (Portfolio Return minus Benchmark Return)

$T$                       Number of observations

$p$                       Periodicity (number of observations per year)

The information ratio is a measure of risk adjusted return. The higher the information ratio, the higher the risk adjusted return.

**Alpha**

$$\alpha = \frac{\sum R_{yi}}{n} - \beta \frac{\sum R_{xi}}{n}$$

**Where**                      **Equals**

$R_{xi}$                       Market / Benchmark excess return (Benchmark return minus Risk Free Proxy return)

$R_{yi}$                       Portfolio excess return (Portfolio return minus Risk Free Proxy return)

$\beta$                       Beta – measure of the sensitivity of a portfolio's rate of return against those of the market

$n$                       Number of observations

The alpha is the value added to the portfolio by the manager – the higher the alpha, the better the manager has done in achieving excess returns.

**Beta**

$$\beta = \frac{n \sum R_{xi} R_{yi} - \sum R_{xi} \sum R_{yi}}{n \sum (R_{xi})^2 - (\sum R_{xi})^2}$$

**Where**                      **Equals**

$R_{xi}$                       Market / Benchmark excess return (Benchmark return minus Risk Free Proxy return)

$R_{yi}$                       Portfolio excess return (Portfolio return minus Risk Free Proxy return)

$\beta$                       Beta – measure of the sensitivity of a portfolio's rate of return against those of the market

$n$                       Number of observations

The portfolio's beta is calculated by comparing the portfolio's volatility to the benchmark's volatility over time. The more sensitive a portfolio's returns are to movements in the benchmark, the higher the portfolio's beta will be. A beta greater than one implies the portfolio is more volatile than the benchmark, whilst a beta less than one implies the portfolio is less volatile than the benchmark.



**R-Squared**

$$r^2 = \frac{(n \sum R_{xi} R_{yi} - \sum R_{xi} \sum R_{yi})}{[n \sum (R_{xi})^2 - (\sum R_{xi})^2][n \sum (R_{yi})^2 - (\sum R_{yi})^2]}$$

**Where**            **Equals**

$R_{xi}$             Market / Benchmark excess return (Benchmark return minus Risk Free Proxy return)

$R_{yi}$             Portfolio excess return (Portfolio return minus Risk Free Proxy return)

$n$                 Number of observations

The  $R^2$  is the square of the correlation co-efficient between the portfolio return and the benchmark return in the above equation and is a measure of the fund's sensitivity to the benchmark, i.e. the percentage of the portfolio's movement that can be explained by movement in the benchmark. The  $R^2$  statistic ranges from 0 to 1 (or 0 to 100%) with a score of 1 indicating that all the portfolio's movement can be explained by the benchmark.

**Sharpe Ratio**

$$\frac{(R_{ap} - R_{af})}{\sigma_{ap}}$$

**Where**            **Equals**

$R_{ap}$             Annualised (portfolio) rate of return

$R_{af}$             Annualised risk-free rate of return

$\sigma_{ap}$            Annualised portfolio standard deviation

The Sharpe ratio measures the excess return over the risk-free rate per unit of volatility. For a given return, the lower the volatility of the portfolio, the higher the Sharpe ratio.



Price/Earnings Ratio (P/E)

Security Level Calculation:

Current price/Trailing 12 months earning per share

Description:

The price/earnings ratio is a traditional indicator of how much an investor is paying for a company's earning power. Stocks have a p/e greater than the market are usually considered to be growth stocks.

5 Year Earnings Per Share Growth Rate

Security Level Calculation:

None

Description:

This is the percentage change in the annual earning per share growth rate over the last five years of all stock in the portfolio. This measure is usually viewed as agrowth factor. A stock must have been public for at least five years to have this characteristic.

Price to Book Ratio

Security Level Calculation:

Current price/Most recent book value per share

Description:

This is usually considered to be a measure of "value", with stocks having high price to book ratios considered to be undervalued.

Dividend Yield

Security Level Calculation:

Dividend for current fiscal year/Period end closing price

Description:

This measures the annual rate that dividends are being paid by a company, including any extra dividends. High dividend yields can also be an attribute of value stocks.

Debt to Capital

Security Level Calculation:

Long term liabilities, deferred taxes, tax credits, minority interest/Sum of debt, total common equity and total preferred stock

Description:

This measure indicates the amount of leverage (debt) being used. A large debt to capital ratio is usually indicative of a highly leveraged company. Stocks having a zero value are still included in the total portfolio calculation.

Price to Sales Ratio

Security Level Calculation:

Current price/Annual sales per share

Description:

This is used primarily by value managers to identify companies having low profit margins. Value managers use this as another indicator in finding undervalued stocks with the potential for improved profitability. This measure varies in informational value by industry, as different industries have different price to sales ratio expectations.

Return on Equity

Security Level Calculation:

Net profits after taxes/Book value

Description:

This relates a company's profitabaility to it's shareholders equity. A high ROE indicates that the portfolio is invested in companies that have been profitable. This measure is also impacted by financial leverage.



#### Coupon Rate

##### Description:

The stated interest rate of a bond. It is a money weighted average for the portfolio.

#### Years to Maturity

##### Description:

The average number of years to the maturity date of all bonds held in a portfolio. Often, managers will use the weighted average life for mortgages and mortgage backed securities since most mortgages are prepaid and never reach maturity.

#### Macaulay Duration

##### Description:

The mathematical estimate of a fixed income portfolio's sensitivity to a change in interest rates, computed as the weighted average time to receipt of the portfolio's cash flows. The Macaulay duration does not take the impact of embedded options into consideration and this usually results in a higher value than the effective duration.

#### Yield to Maturity

##### Description:

This is the rate of return that is expected if a fixed income security is held to maturity. It is essentially an internal rate of return that uses the current market value and all expected interest and principal cash flows.

#### Moody Quality Rating

##### Description:

This is a measure of the quality, safety and potential performance of a bond issue. Also indicates the creditworthiness of a security's issuer. Moody's evaluates the bond issues and assigns a code with Aaa as the highest and C as the lowest.





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