



*3rd Quarter, 2012*

*London Borough of Hillingdon*

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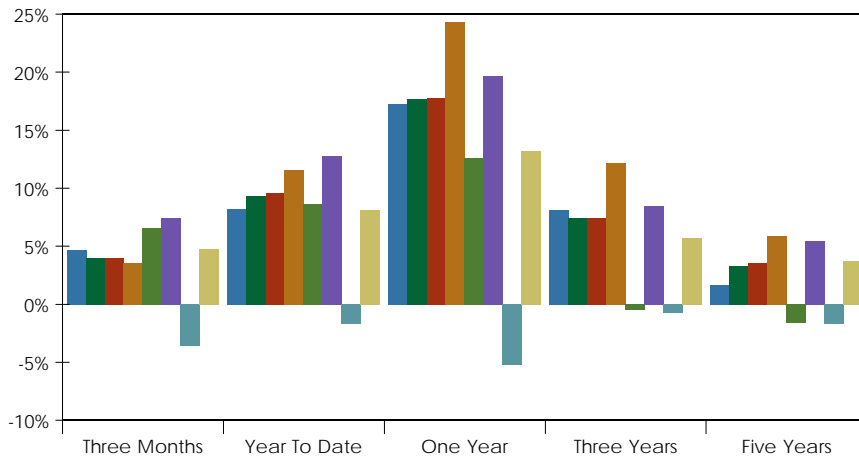
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## Equity Index Performance (in GBP)

### Performance History



### Performance Returns%

	Three Months	Year To Date	One Year	Three Years	Five Years
■ FTSE All Share	4.7	8.2	17.2	8.0	1.7
■ FT: World	3.9	9.3	17.7	7.4	3.3
■ FT: World ex UK	3.9	9.5	17.8	7.4	3.5
■ FT AW North America	3.5	11.6	24.2	12.1	5.9
■ FT: Developed Europe ex UK	6.6	8.6	12.5	-0.4	-1.5
■ FT: Developed Asia Pac x Jp	7.4	12.7	19.7	8.4	5.4
■ FT AW: Japan	-3.6	-1.7	-5.2	-0.7	-1.7
■ MSCI Emerging Markets GD	4.8	8.1	13.2	5.6	3.7

Developed and developing markets have been neck and neck, back in the black over the last three months the only laggard being Japan, languishing in the red across the short and long term. The world's most valuable company of all time launched the iPhone 5 to mixed reviews but record sales with more than 2m pre-orders in the first 24 hours. Corn prices at \$8.50 per bushel were up 70% from January following the devastating drought across the American Midwest; nearly a third of crops have been lost from the world's biggest source of exports. The UN fears a repeat of the food riots that swept the developing world in 2008 and claims that financial speculators are as responsible as Mother Nature for the current crisis. The IMF reduced its global growth forecast for 2013 down to 3.6% from 3.9%. Globally, Utilities was the weakest sector and Oil & Gas was the strongest followed by Financials. The price of crude oil futures ended the quarter up at \$112 per barrel. The FTSE World was up by 3.9% (GBP) over quarter three 2012 and is now ahead by 17.7% over one year (GBP).

UK GDP fell by 0.4% in the second quarter of 2012, up from the previous estimate of a 0.5% decline but down from Q1. Manufacturing output fell by 0.8% and the output of the construction industry fell by 3%. Grim reading backed up by the revised IMF 2012 forecast from growth of 0.2% to a contraction of 0.4%. High profile figures clashed after New York regulator Benjamin Lawsky accused Standard Chartered of being a rogue institution and having been blindsided amid allegations it had laundered \$250bn for Iran. The share price subsequently fell 20% in one day in August and UK investors responded to accuse the US of using quasi-protectionism to advantage its own players. Those same investors made it clear that this incident should be dealt with swiftly and the bank settled with the New York regulator on a fine of \$340m. The London Olympics were a huge success despite some patchy weather but retail sales did not fare as well dropping 0.2% in August as people watched the games instead of shopping online. Technology was the strongest sector over the quarter and Telecoms, although still positive, was the weakest. The FTSE All Share was up 4.7% (GBP) over the third quarter and has moved ahead over one year by 17.2% (GBP).

The EU has completed 20 "make or break" summits in a little over two years. Greece remains in financial peril and is yet to get on target. Portugal announced tax increases in an attempt to keep its bailout programme on track. The deficit in Cyprus is more than twice as large as originally feared; more than EUR 20bn. Europe's banks have been disposing of large swathes of their real estate portfolios ahead of tough regulatory changes increasing the amount of capital that has to be held against commercial property loans. The ECB has said that it expects the Eurozone to be in recession by autumn as services and manufacturing output continue to fall. Daimler warned that profits at Mercedes Benz would be down. Ford reported a 29% year on year fall in its European motor sales. Nearly 90% of Nokia shares that can be borrowed for short selling are already out on loan as the Finnish handset maker falls further behind Apple and Samsung. Equities in more than 30% of European companies are yielding more than their bonds as current dividend yields beat their 15 year averages. Eurozone GDP contracted by 0.2% in quarter two and unemployment increased to a record 11.4% at 18.2 million out of work. The FTSE Developed Europe ex UK index returned 6.6% (GBP) over quarter three and 12.5% (GBP) over the year.

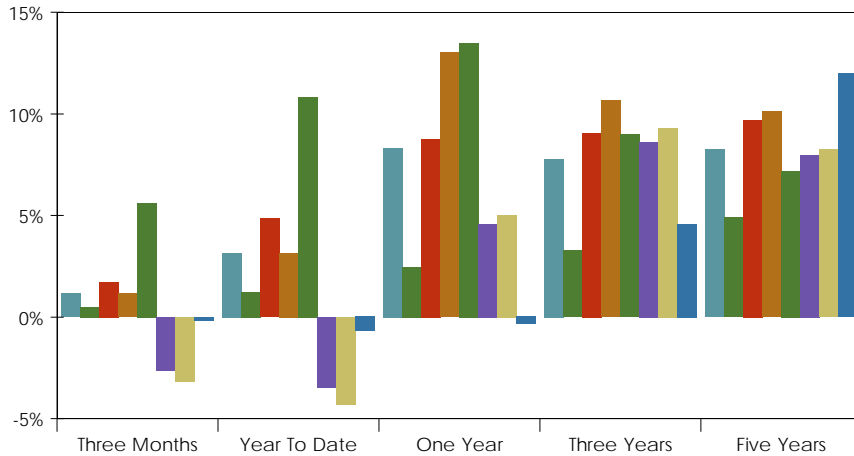
QE3 commenced with the first \$40bn monthly injection and will proceed on that basis until such time as the labour market improves. The US economy grew at an annualised rate of 1.3% in quarter two. Payroll growth was stronger in quarter three but the unemployment rate remains elevated at 8.1% due to the increase in part-time workers. The bumper sales of the new iPhone 5 were touted as evidence of increased optimism along with rising share and house prices and despite increasing petrol costs. Yahoo is set to return \$4.3bn to shareholders, its proceeds from the sale of half its stake in China's Alibaba Group. In contrast investors "defriended" Facebook's shares as they slipped below \$20 in August. Manufacturing activity continued to contract except during September and factory orders fell off over the quarter. Oil & Gas were by far the strongest sector, Telecoms being the next best performer. Utilities were the only sector to lose value over three months. The FTSE North America index returned 3.5% (GBP) over the third quarter and 24.2% (GBP) for the year.

Japan's industrial output fell as factories cut exports to Chinese markets. Those companies reported extended customs delays entering the country amid fears of damage to both economies. Exports to Europe also dropped, plunging 25% in July. The high Yen is making life for companies difficult but the economy still grew by 0.3% in the second quarter. The FTSE Japan returned -3.6% (GBP) for quarter three and the FTSE Developed Asia Pacific ex Japan returned 7.4% (GBP). Anti Japan protests flared across China following the diplomatic crisis over the disputed Diaoyu / Senkaku Islands of the East China Sea. Several Japanese consumer outlets were forced to close in the face of angry mobs rampaging through the streets of Chinese cities. The Kremlin moved to shield Gazprom from European anti-monopoly investigations over gas prices by decreeing that all requests for information must go through the Russian government. The Indian economy grew more than estimated last quarter up to 5.5% from 5.3% over Q1. Brazil launched a \$65.6bn stimulus package to support investment in infrastructure and investor confidence in the second largest emerging economy. Gold resumed its inexorable climb ending the quarter up at \$1,770 per ounce. The MSCI Emerging Markets index returned 4.8% (GBP) for the third quarter and 13.2% (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	1.1	3.1	8.3	7.8	8.3
■ FTSE All Stock 0-5 Yr. Gilts	0.5	1.2	2.5	3.3	4.9
■ FTSE All Stock 5-15 Yr. Gilts	1.7	4.9	8.8	9.1	9.7
■ FTSE All Stock > 15 Yr. Gilts	1.1	3.2	13.0	10.7	10.1
■ ML STG N-Gilts All Stocks	5.6	10.8	13.5	9.0	7.2
■ FTSE Index Linked	-2.6	-3.5	4.6	8.6	8.0
■ FTSE Index Linked 5+ yrs	-3.2	-4.3	5.0	9.3	8.3
■ JPM GBI Global	-0.2	-0.7	-0.3	4.6	12.0

Global growth continued to slow over the third quarter of 2012, as the IMF revised down its outlook for economic growth to just 3.3% down from 3.5% earlier this year. Austerity measures and the still weak financial system are cited as the main factors. However uncertainty linked to the Eurozone debt crisis and the US "fiscal cliff" is noted by the IMF to be playing a major role, preventing companies from investing and households from spending. Trade flows have been impacted, as global exports rose at an annual rate of 0.7% in July, down from 13% a year ago and the weakest since late 2009. Central banks continued to step up stimulus measures to boost confidence. The Bank of Japan extended its asset purchase programme by JPY10trn (USD126bn, GBP78bn) in September, while downgrading Japan's export-led economic view. China's industrial production grew at its slowest rate for three years to 8.9% year on year, largely due to the deteriorating export environment. The Bank of China acted to alleviate credit conditions by injecting RMB365bn (USD58bn, GBP36bn) into its banking system via reverse repurchase agreements. This was the largest injection in six years and interbank lending rates fell. European Central Bank (ECB) President Mario Draghi announced a new bond buying plan called Outright Monetary Transactions (OMT). The Federal Open Market Committee (FOMC) also acted, announcing further QE and its expectation that the Federal Funds rate would stay at the exceptionally levels through to mid-2015. Euro-peripheral bond yields fell sharply while core yields climbed from the lows in July to close almost unchanged from June. Over the quarter the JPM Global Govt Bond index has returned -0.2% (GBP), while the Barclays Capital Global Aggregate Corporate Bond index delivered +1.8% (GBP).

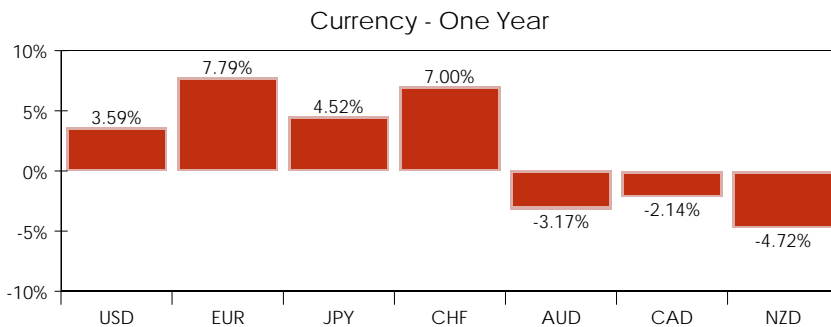
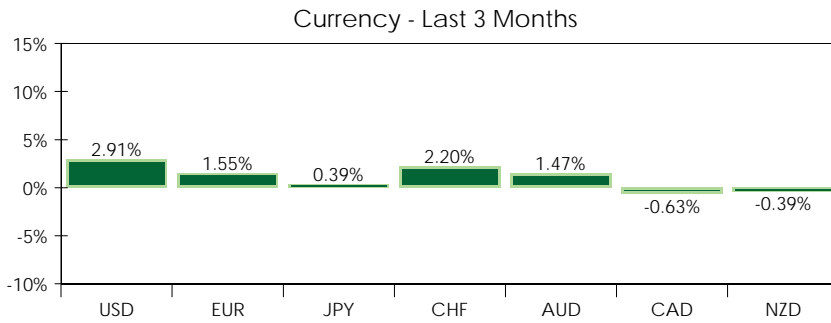
In the UK the Monetary Policy Committee (MPC) left policy unchanged, maintaining the Bank rate at 0.5%. Credit availability to corporations appears to be improving as revealed by the Bank of England's Credit Conditions Survey while its Funding for Lending Scheme (FLS) initial impact on lending rates is encouraging. The UK GDP fell less than previously thought as the fall in Q2 was revised to -0.4%. Inflation eased down to 2.5% in August, following a downward trend since peaking at 5.2% a year ago. The economy does remain extremely weak however, with the deterioration in the budget deficit. Borrowing is GBP11.6bn higher over the fiscal year to date, than in the same period for 2011-2012. UK Bond yields have reacted to improved risk sentiment following the ECB's new bond purchase plan announcement and the Federal Reserve's commitment to open ended QE. The benchmark 10-year gilt yield over the quarter dipped as low as 1.47% but closed virtually unchanged from June at 1.72%. The FTSE All Stock Gilt index returned +1.1% (GBP) for the quarter while the ML Sterling Non Gilts gained +5.6% (GBP).

The Eurozone economy contracted further at the end of the third quarter, according to the Markit Eurozone Composite PMI which came in at a four month low of 46.1 in September. France and Spain suffered accelerated downturns, the main factor a sharp decline in total new output. Job losses are increasing as unemployment rose to a record 11.4%. Markets responded well to ECB President Mario Draghi's launch of the sovereign bond buying scheme - Outright Monetary Transactions. Although subject to conditions requiring that governments commit to strict fiscal consolidation and structural reform plans, the OMT announcement has helped to reduce sovereign borrowing costs for Spain and Italy. Ten year yields on Spanish and Italian bonds have fallen respectively from 6.8% and 5.9% at the end of August to below 6.0% and 5.2% in September. Markets also reacted positively to the latest austerity measures announced by the Spanish Government, while France also revealed their plan to eliminate the deficit by 2017. The benchmark German Bund 10-year yield fell to 1.30% in July before closing September at 1.46%. The iTraxx Europe 5yr CDS index, representative of 125 investment grade entities across 6 sectors, tightened considerably from 165.8 at the end of June reaching 118.1 mid September before closing the quarter at 136.2. The JPM European Govt Bond index returned +3.4% (EUR) and the Barclay Capital Global Aggregate Credit index was up at +3.1% (EUR) for the 3rd Quarter.

US growth in Q2 was revised down to 1.3% (annualised) from the previous estimate of 1.7%, slowing from the 2% expansion in Q1. More recent data indicates some improvement as the Institute for Supply Management (ISM) PMI survey registered 51.5% returning to expansion after contracting for 3 consecutive months. Unemployment fell to 7.8%, its lowest level in almost four years however the decline is undermined by evidence of a large body of discouraged workers who are not officially unemployed. As anticipated, at the September meeting the FOMC delivered a third round of QE, under which the Fed indicated that it would buy USD40bn of mortgage backed securities per month until the outlook for the labour market improves substantially. It also changed its guidance on interest rates remaining exceptionally low 'at least through to mid-2015'. The 10-year benchmark Treasury yield fluctuated widely in September, reaching a high of 1.87% after the FOMC announcement on the 13th September before falling back to close the quarter at 1.64%. For the quarter the JPM US Govt Bond index was up 0.6% (USD) while the Barclay Capital US Aggregate Corporate Bond index returned +3.8% (USD).



## Currency Performance (in GBP)



	Three Months	Year To Date	One Year	Three Years	Five Years
United States dollar	2.91	3.83	3.58	0.32	-4.64
European Union euro	1.55	4.73	7.77	4.57	-2.64
Japanese yen	0.39	4.94	4.51	-4.36	-12.45
Swiss franc	2.20	4.33	6.98	-2.98	-8.99
Australian dollar	1.47	2.41	-3.16	-5.14	-7.87
Canadian dollar	-0.63	0.40	-2.14	-2.57	-4.84
New Zealand dollar	-0.39	-2.45	-4.71	-4.29	-6.54

The third quarter of 2012 saw a strengthening of Sterling against the Dollar, Euro and Yen. The Dollar saw losses against the Sterling, Dollar and Yen. In the same period, the Yen strengthened against the Euro and Dollar. In China, the CPI rose 2.0% year on year in August, while business costs have fallen for the seventh straight month. China's trade surplus widened in August to \$26.7bn. Exports rose 2.7% year-on year in August to \$178.0bn, slightly weaker than expected. Meanwhile, imports fell 2.6% year-on-year to \$151.8bn. Trade with the United States, China's second-largest trade partner, climbed to \$313.0bn, a rise of 9.6% year-on-year in the January to August time period. In the same period, trade with the European Union, its largest trading partner, dropped by 1.9% year-on-year to \$365.1bn. In Japan, major manufacturers are increasingly gloomy over an outlook darkened by weakening growth both at home and overseas. Sinking exports due to feeble demand in crisis-stricken Europe and anti-Japanese protests in China have reinforced the gloom. As expected, the Reserve Bank of Australia eased its interest rates again by 0.25%, to 3.25%, on 2/October/2012. Key commodity prices for Australia remain significantly lower than earlier in the year, weakening this commodity dependent currency.

In the UK, Q3 2012 saw Sterling strengthen against the Euro, Dollar and Yen. Minutes from the latest Monetary Policy Committee meeting, held in early September, showed some members thought that more quantitative easing was "more likely than not to be needed in due course". However, all nine MPC members voted to keep rates at the historic low of 0.5% and not to increase the QE programme above £375bn. The annual rate of inflation in the UK, as measured by the consumer price index, fell back to 2.5% in August, down 0.3% from the May figure of 2.8%. The fall was partly due to smaller than expected rises in furniture and gas prices. Apart from two monthly rises, the rate of inflation has been falling steadily since peaking at 5.2% in September 2011. Unemployment in the UK fell by 7,000 to 2.59 million in the 3 months to July 2012. The jobless rate fell to 8.1%. Overall, there are 29.56 million people in work, up 236,000 on the previous quarter. The number of people in part time work rose by 134,000 to 8.12 million, the highest level since 1992, when the numbers began to be collected. Nationwide reported a 0.4% fall in UK house prices in September, increasing the annual rate of decline to 1.4%. The lender's monthly snapshot of the market, which is based on mortgages it has approved during the month, puts the average price of a home at £163,964. Sterling closed the quarter up against the Dollar, Euro and Yen by 2.9%, 1.5% and 0.4% respectively.

In the US, momentum looks to be returning to the world's largest economy with stronger employment figures and a surge in applications to refinance mortgages. Refinancing applications have soared as Americans rush to take advantage of record low rates triggered by the Federal Reserve's programme of quantitative easing. Consumer sentiment going into the November 6 elections remains one of the critical factors in the race for the White House. House prices rose in 20 of America's largest cities rose in July for the third month in a row, according to the Case Shiller home-price indices, giving further evidence that the fractured housing market is finally on the mend. House prices in 16 of the 20 cities measured are now positive compared to 12 months ago. In August, consumer spending rose by the most in six months as higher prices at petrol pumps took their toll. At the same time, people were more upbeat about economic prospects. Spending rose 0.5% in August, following a 0.4% rise in July. Most of the increase was due to higher prices. Inflation rose 0.4% over the month, the largest gain since March 2011. Year-on-year it climbed 1.5%. The US un-employment rate has fallen from 8.2% in June to 7.8% in September. This is the first time it has fallen below 8% since February 2009, raising hopes that the pace of US job creation is picking up. The number of unemployed in the US now stands at 12.1 million. This fall in the headline jobless rate did not suggest a sudden turnaround in the US economy and remains at a level at which presidents have failed to be re-elected in recent decades. The US trade deficit stood at \$44.2bn in August, with exports falling to the lowest level in six months. In August, exports dropped 1% to \$181.3bn as demand for American-made cars and farm goods declined. Imports edged down 0.1% to \$225.5 bn. Purchase of foreign-made autos, aircraft and heavy machinery fell. The Dollar ended the quarter down against the Sterling, Yen and Euro by 2.9%, 2.5% and 1.4% respectively.

In the Euro area, the Euro weakened against the Sterling and Yen and saw a small gain against the Dollar. The governing council of the European Central Bank reduced the single currency's interest rate by 0.25%, to 0.75%, on 5th of July. In the 17-nation eurozone, inflation rate rose again, reaching 2.6% in August compared to 2.4% in June. However, at 2.6%, this inflation rate remains above the ECB's 2% target which could restrict policy maker's choices. Spain has set out its austerity budget for 2013, with new spending cuts but protection for pensions, amid a shrinking economy and 25% unemployment. The new programme of savings, tax rises and structural reforms will be overseen by a new budget authority. Expectations are growing that Spain will seek a financial bailout from its eurozone partners. Unemployment in the Eurozone hit a fresh high of 18.2 million in August. The jobless in the 17-country region was 11.4% in August, the highest since the launch of Europe's monetary union in 1999. The highest unemployment rate was recorded in Spain, where 25.1% of the workforce is out of a job, and the lowest of 4.5% was recorded in Austria. Youth unemployment remains a particular concern, with the rate among under-25s hitting 22.8% across the Eurozone, and an astonishing 52.9% in Spain. The Euro ended the quarter up against the Dollar by 1.4% and down against Sterling and Yen by 1.5% and 1.2% respectively.



## Scheme Performance

During the third quarter of 2012 equity markets across the globe rallied, with the exception of Japan; while UK bond instruments (not including Index-linked) continued to grow. Against this backdrop the London Borough of Hillingdon returned 2.64%, just 3 basis points ahead of the Total Plan composite benchmark of 2.61%. In monetary terms this is a growth in assets of £15.9 million and the value of the combined scheme now stands at £618.85 million as at 30th September 2012. During this period just over £1 million was brought in the scheme and invested with M&G Investments, while over £4 million was moved from SSGA Drawdown to Macquarie. Looking further into the analysis the main drivers were the outperformance of JP Morgan and UBS, who between them make up nearly a third of the fund, although this was offset by the Private Equity assets. In allocation terms most mandates are in line with the neutral position with the only notable impact coming from Fauchier due to the termination of this account.

For the year the Fund remains slightly ahead of target, but due to the results seen in Q4 2011 the one year still shows an underperformance. Over the year the -0.84% relative return is mainly caused by the Private Equity assets, while Ruffer and Marathon added value, in terms of allocation a negative impact is seen with the notable impacts being underweighting UBS and overweighting Macquarie. Better figures prior to this helps the 3 year number back to parity with the benchmark, but then underperformance is seen again for the 5 year and since inception, although since September 1995 this is just 8 basis points with an annualised return of 6.32% against 6.41%.

## Manager Performance

### JP Morgan

Over the latest quarter JP Morgan investments grew 2.41% which compared to the 0.93% target of the 3 Month LIBOR + 3% translates as a 1.47% relative underperformance. This offset last quarter's losses, and means they increase the outperformance seen for the year so far with a return of 5.45% versus 2.95%. Similar results are seen for the inception to date (November 2011) with figures of 6.08% for the fund versus the benchmark of 3.55%.

### Macquarie

Macquarie portfolio provided the lowest return of all mandates with a figure of -4.01% over the recent quarter. This now means all longer periods show negative performance with a one year figure of -24.90% while since inception (September 2010) is better, but still showing an annualised loss of -12.92%.

At present no benchmark has been applied to this mandate.

### Marathon

In the 3rd quarter Marathon investments grew 4.34%, which was relatively 0.55% above the MSCI World index return of 3.77%. This continues the run of all three quarters of 2012 beating the index, meaning for the year to date and 1 year outperformance of 5.75% and 3.22% respectively is the highest seen from all mandates. This coupled with the results in Q3 2010 means since inception (June 2010) they beat the index by 1.90%, returning 9.31% pa against 7.27% pa.

### M&G Investments

Over the third quarter of 2012, M&G investments more than made up for the previous period's results with figures of 4.19% versus 1.17% for the 3 Month LIBOR +4% p.a. target. For one year the account now stands at 5.21% against 4.99% whilst since inception at the end of May 2010, the portfolio registers a 4.58% pa return against the benchmark of 4.89% pa. While since inception Internal Rate of Return for this portfolio is now ahead of the target with a figure of 5.27% opposed to the comparator of 5.12%.



## Manager Performance

### Ruffer

The Ruffer portfolio returned 1.06% during the quarter and against the return of 0.26% for LIBOR 3 Month GBP delivers an outperformance of 80 basis points. This partly offsets the previous quarter and means that the year to date and 1 year numbers are now ahead of target. This culminates in a since inception return from May 2010 of 3.83% pa, which translates as a relative return of 2.93% against the benchmark of 0.87% pa.

### Private Equity

The private equity assets, consisting of funds with Adam Street and LGT, posted losses over the last three months returning -3.70% and -0.30% respectively; along with Macquarie the only accounts in the red this period. Over the year mixed results are seen with Adam Street managing to produce positive figures of 1.12% while LGT remained in the red with -0.99%. Over the longer periods, the outlook over which private equity investments should be measured, improvements in the absolute returns are seen with Adam Street increasing to 12.31% for the three years and LGT with 8.66% for the same period. However, since their respective inceptions in May 2004 and January 2005, while LGT posts 7.91% pa, Adam Street drops to just 0.58% pa.

At present no benchmark has been applied to these mandates.

### SSGA

The SSGA passively managed portfolio produced a return of 3.77% in the quarter which was exactly the same as the benchmark; further analysis confirms the passive nature with both allocation and performance aligned with the neutral position. This improves the year to date to 7.32%, which is still just behind target, while over one year the return increases further to 14.53%, also just below the benchmark. Positive absolute performance in line with the benchmark is seen in longer periods; with the since inception return of 12.62% pa only 6 basis points above the benchmark, but the passive nature is best demonstrated by the 3 year R squared and beta figures of 1, while the tracking error a mere 0.16.

### SSGA Drawdown

The SSGA Drawdown fund posted 1.73% in the latest period with the blended benchmark showing 2.80%, the only account showing underperformance this quarter. The -1.04% relative return is entirely due to the shift in weights with the mandate now being 67% in cash fund as opposed to the 50/50 split of the benchmark. The results seen in 2012 feed into all longer periods, with the year-to-date and 1 year showing particular large underperformance. However, from the inception of the fund in June 2009 the weights average out over time and the gap over longer periods closes slightly with the funds annualised return of 5.21% against 5.70% for the benchmark.

### UBS

The UK market bounced back over the latest quarter and the FTSE All Share returned 4.70%, in this environment UBS UK Equity posted the highest absolute return of all mandates with 5.75%, leading to a relative return of 1.01%. Looking into the attribution analysis, stock selection was the main driver and in contrast to last quarter investments in Financials (1.58%) were by far the biggest contributor, this was partly offset by Basic Materials which detracted -0.78%. Whilst asset allocation was balanced with the positive decisions of overweighting Consumer Services (0.16%) and underweighting Consumer Goods (0.15%) was slightly offset by the underweight in Financials (-0.13%) and 2.5% allocation to cash (-0.11%). This leads to improved year-to-date and one year figures, with the latter showing 18.95% against 17.25%. This 1.45% relative return is also attributable to selection, and again the most notable is Financials (1.21%) which is offset by negative asset allocation with the main impact being underweighting Consumer Goods (-0.47%). UBS exhibits relative underperformance across longer periods, with -1.29%, -1.11% and -0.97% for three, five and ten years respectively; however they still demonstrate outperformance since inception with figures of 9.64% versus 8.68% on an annualised basis.

### UBS Property

The UBS Property portfolio posted a return of 0.43% during the period, to continue the run of consecutive positive returns; which was slightly above the IPD UK PFI All Balanced Funds index, which returned 0.40%. Over one year the portfolio achieved a growth of 2.96%, now 13 basis points above the benchmark. However, driven by the underperformance of Q4 2009 the three year period still falls below target with figures of 7.91% versus 9.51%, a relative underperformance of -1.46%. Since inception, in March 2006, there are losses of -0.90% and while the benchmark also falls, at -0.34% this still translates as a 55 basis points underperformance on an annualised basis.



## Active Contribution

By Manager

	Portfolio	Benchmark	Excess Return	Relative Return	Active Contribution 07/12	Portfolio	Benchmark	Excess Return	Relative Return	Active Contribution 08/12	Portfolio	Benchmark	Excess Return	Relative Return	Active Contribution 09/12	Active Contribution 3Q 2012
Adam Street	0.09	-	0.09	-	19,970.81	-1.35	-	-1.35	-	-293,449.93	-2.47	-	-2.47	-	-528,535.17	-802,014.30
JP Morgan	1.44	0.32	1.13	1.12	811,486.56	0.19	0.31	-0.12	-0.12	-85,218.65	0.76	0.30	0.46	0.46	334,684.23	1,060,952.14
LGT	-2.44	-	-2.44	-	-418,245.50	0.86	-	0.86	-	142,999.11	1.32	-	1.32	-	216,044.93	-59,201.46
Macquarie	-1.97	-	-1.97	-	-118,121.56	-0.43	-	-0.43	-	-25,479.64	-1.66	-	-1.66	-	-98,569.32	-242,170.52
Marathon	0.59	1.48	-0.88	-0.87	-516,240.46	1.40	0.79	0.61	0.61	356,591.03	2.29	1.46	0.83	0.82	494,961.00	335,311.58
M&G Investments	2.70	0.40	2.30	2.29	262,392.79	0.00	0.39	-0.39	-0.39	-45,242.23	1.45	0.38	1.07	1.07	135,383.46	352,534.03
Nomura	-1.31	-	-1.31	-	-936.17	0.25	-	0.25	-	40.28	-0.33	-	-0.33	-	-52.82	-948.71
Ruffer	-0.09	0.11	-0.20	-0.20	-225,996.28	0.41	0.07	0.33	0.33	381,137.00	0.74	0.07	0.66	0.66	766,953.34	922,094.07
SSGA	1.49	1.49	-0.00	-0.00	-1,445.05	1.38	1.39	-0.01	-0.01	-6,688.11	0.85	0.84	0.01	0.01	12,153.58	4,020.42
SSGA Drawdown	1.13	1.95	-0.82	-0.80	-86,870.46	0.31	0.43	-0.12	-0.12	-12,323.73	0.28	0.40	-0.13	-0.12	-13,333.02	-112,527.20
UBS	0.38	1.33	-0.95	-0.94	-1,058,028.23	2.76	2.21	0.54	0.53	610,210.24	2.53	1.09	1.45	1.43	1,650,361.01	1,202,543.02
UBS Property	0.69	0.17	0.52	0.52	259,017.16	0.81	0.23	0.58	0.58	290,880.52	-1.07	0.00	-1.07	-1.07	-536,479.87	13,417.82

Total Fund Market Value at Qtr End: £618.8 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	618.8	100.00	2.64	2.61	0.03	0.03	5.76	5.70	0.07	0.06	9.80	10.73	-0.93	-0.84

## 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	20.9	3.37	-3.70	-	-	-	5.14	-	-	-	1.12	-	-	-
JP Morgan	73.5	11.87	2.41	0.93	1.48	1.47	5.45	2.95	2.50	2.43	-	-	-	-
LGT	16.6	2.68	-0.30	-	-	-	2.15	-	-	-	-0.99	-	-	-
Macquarie	5.8	0.94	-4.01	-	-	-	-15.29	-	-	-	-24.90	-	-	-
Marathon	60.0	9.69	4.34	3.77	0.57	0.55	14.01	7.82	6.19	5.75	20.02	16.27	3.74	3.22
M&G Investments	12.8	2.07	4.19	1.17	3.02	2.99	3.91	3.70	0.21	0.20	5.21	4.99	0.22	0.21
Ruffer	116.3	18.79	1.06	0.26	0.80	0.80	0.85	0.82	0.03	0.03	3.68	1.04	2.64	2.61
SSGA	118.8	19.20	3.77	3.77	0.00	0.00	7.32	7.40	-0.08	-0.08	14.53	14.63	-0.10	-0.09
SSGA Drawdown	10.6	1.72	1.73	2.80	-1.07	-1.04	3.11	5.46	-2.35	-2.23	4.45	6.76	-2.31	-2.16
UBS	115.7	18.70	5.75	4.70	1.06	1.01	10.34	8.17	2.17	2.01	18.95	17.25	1.70	1.45
UBS Property	49.6	8.02	0.43	0.40	0.03	0.03	1.29	1.51	-0.21	-0.21	2.96	2.83	0.13	0.13

Total Fund Market Value at Qtr End: £618.8 M



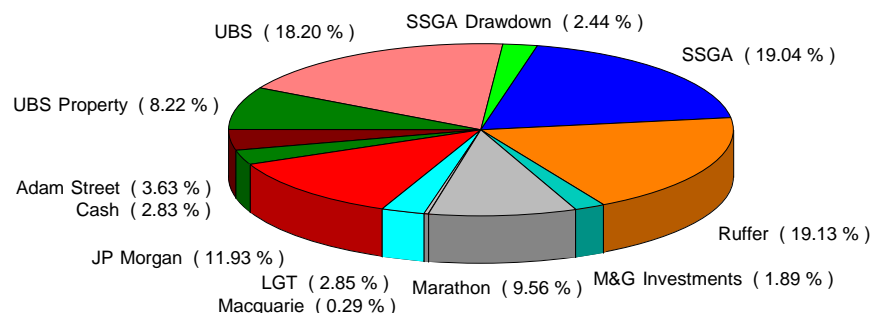
## Scheme Performance

	<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	6.55	6.54	0.00	0.00	0.91	2.16	-1.25	-1.23	30/09/95	6.32	6.41	-0.09	-0.08
<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	12.31	-	-	-	7.41	-	-	-	31/01/05	0.58	-	-	-
JP Morgan	-	-	-	-	-	-	-	-	08/11/11	6.08	3.55	2.53	2.45
LGT	8.66	-	-	-	6.66	-	-	-	31/05/04	7.91	-	-	-
Macquarie	-	-	-	-	-	-	-	-	30/09/10	-12.92	-	-	-
Marathon	-	-	-	-	-	-	-	-	09/06/10	9.31	7.27	2.04	1.90
M&G Investments	-	-	-	-	-	-	-	-	31/05/10	4.58	4.89	-0.31	-0.30
Ruffer	-	-	-	-	-	-	-	-	28/05/10	3.83	0.87	2.96	2.93
SSGA	7.44	7.41	0.03	0.03	-	-	-	-	30/11/08	12.62	12.56	0.07	0.06
SSGA Drawdown	4.03	4.61	-0.57	-0.55	-	-	-	-	30/06/09	5.21	5.70	-0.49	-0.46
UBS	6.65	8.05	-1.40	-1.29	2.37	3.52	-1.15	-1.11	31/12/88	9.64	8.68	0.97	0.89
UBS Property	7.91	9.51	-1.59	-1.46	-4.01	-3.57	-0.44	-0.45	31/03/06	-0.90	-0.34	-0.55	-0.55

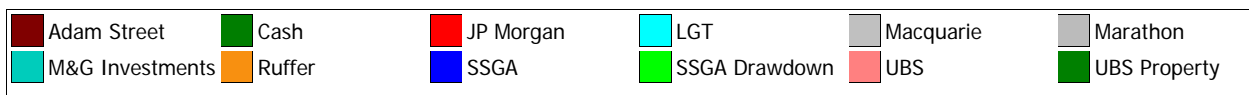
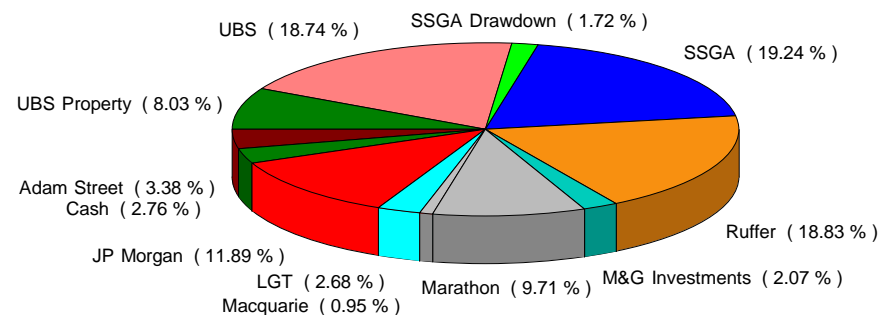
Total Fund Market Value at Qtr End: £618.8 M



Weighting at Beginning of Period



Weighting at End of Period

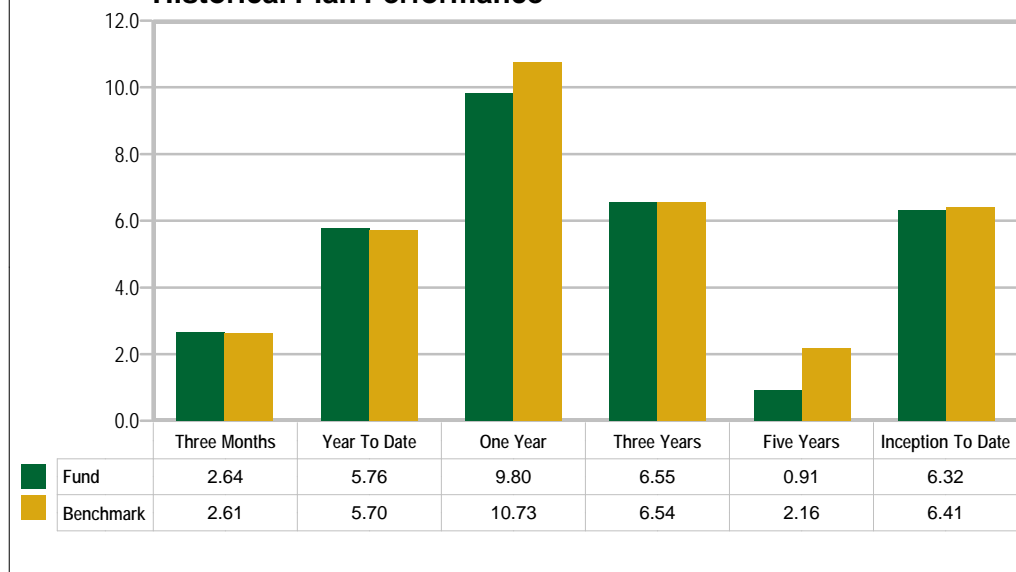


	Opening Market Value £(000)	% of Fund	Net Investment £(000)	Appreciation £(000)	Income Received £(000)	Closing Market Value £(000)	% of Fund
<b>London Borough of Hillingdon</b>	601,953	100.00	1,013	13,513	2,367	618,846	100.00
Adam Street	21,824	3.63	-137	-804	0	20,882	3.37
Cash	17,014	2.83	0	1	12	17,027	2.75
JP Morgan	71,736	11.92	0	1,726	0	73,462	11.87
LGT	17,159	2.85	-522	-56	0	16,580	2.68
M&G Investments	11,350	1.89	950	482	0	12,782	2.07
Macquarie	1,724	0.29	4,314	-198	0	5,840	0.94
Marathon	57,498	9.55	0	2,494	0	59,991	9.69
Nomura	71	0.01	-54	-1	-0	16	0.00
Ruffer	115,070	19.12	-0	569	646	116,286	18.79
SSGA	114,518	19.02	0	4,316	0	118,833	19.20
SSGA Drawdown	14,663	2.44	-4,240	198	-0	10,621	1.72
UBS	109,429	18.18	0	5,278	1,019	115,726	18.70
UBS Property	49,421	8.21	-3	-479	690	49,629	8.02



## London Borough of Hillingdon

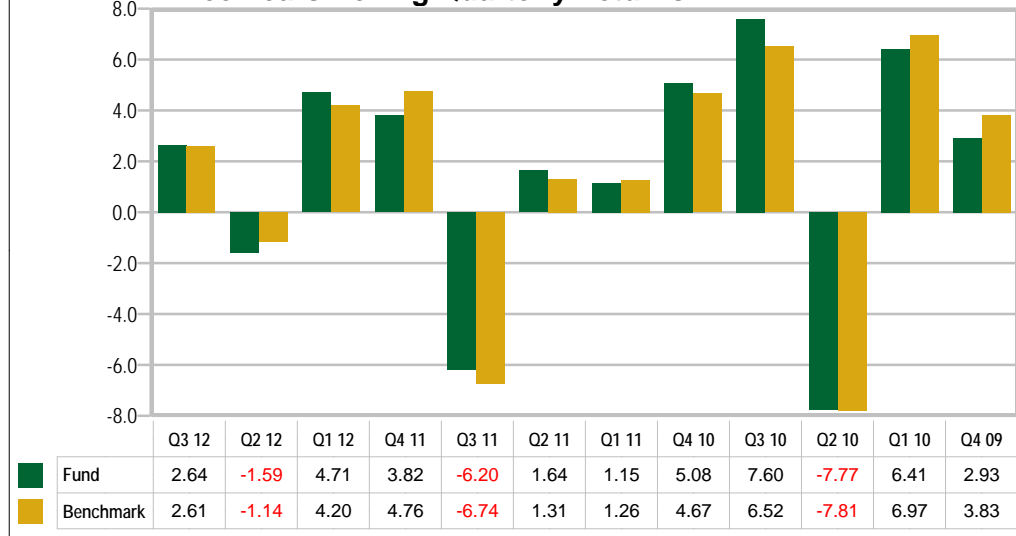
Historical Plan Performance



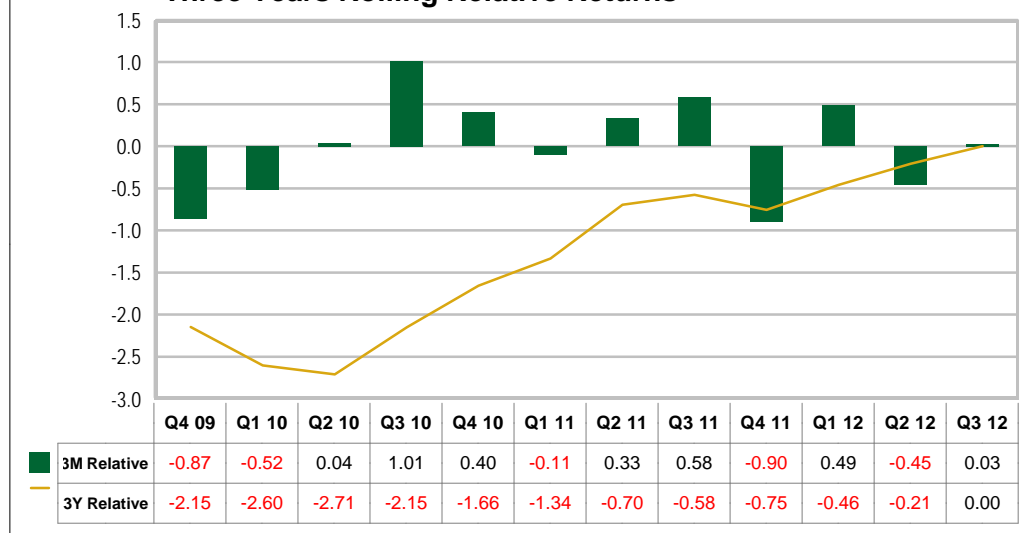
### Risk Statistics - 3 years

	Fund	B'mark
Performance Return	6.55	6.54
Standard Deviation	7.95	7.83
Relative Return	0.00	
Tracking Error	1.27	
Information Ratio	0.00	
Beta	1.00	
Alpha	0.00	
R Squared	0.97	
Sharpe Ratio	0.67	0.68
Percentage of Total Fund	100.0	
Inception Date	Sep-1995	
Opening Market Value (£000)	601,953	
Net Investment £(000)	1,013	
Income Received £(000)	2,367	
Appreciation £(000)	13,513	
Closing Market Value (£000)	618,846	

Three Years Rolling Quarterly Returns

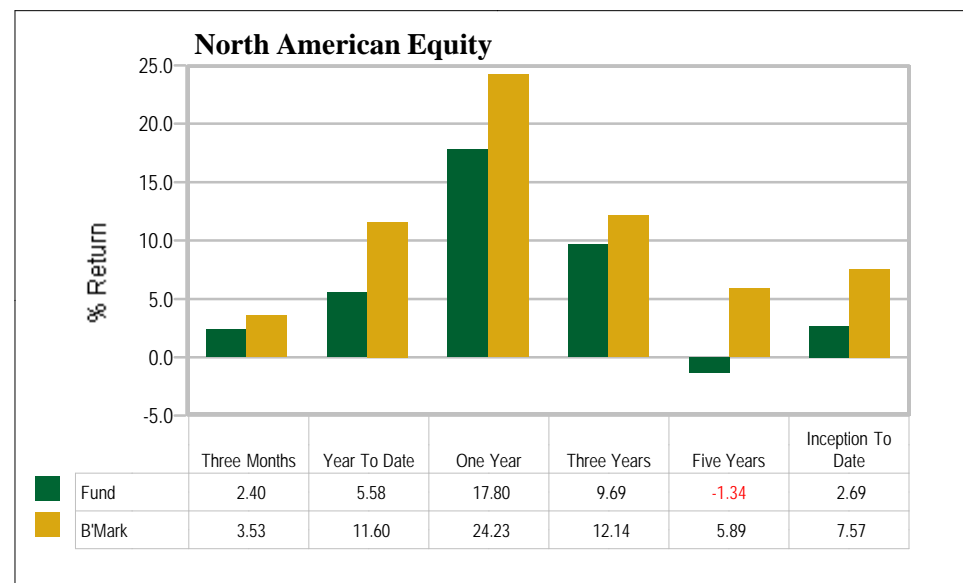
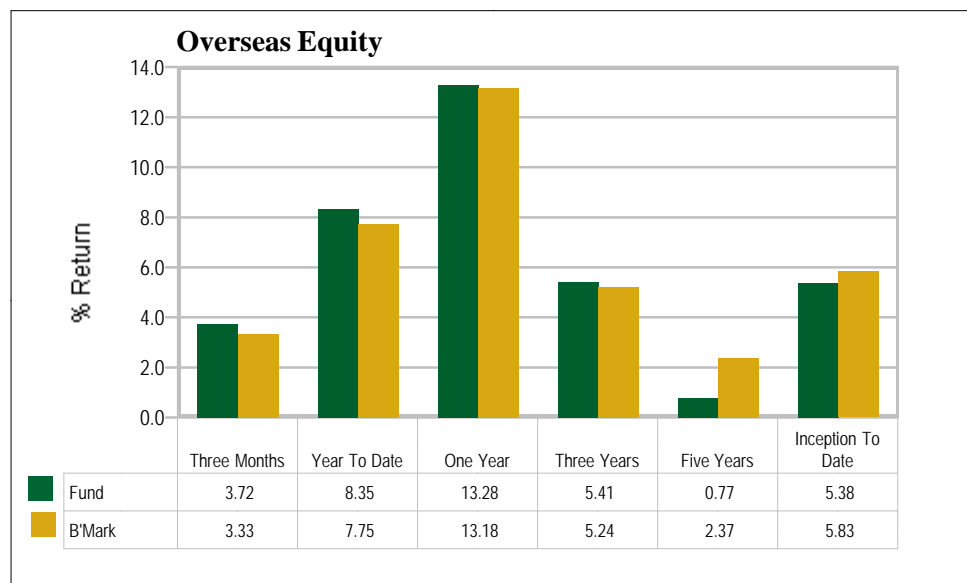
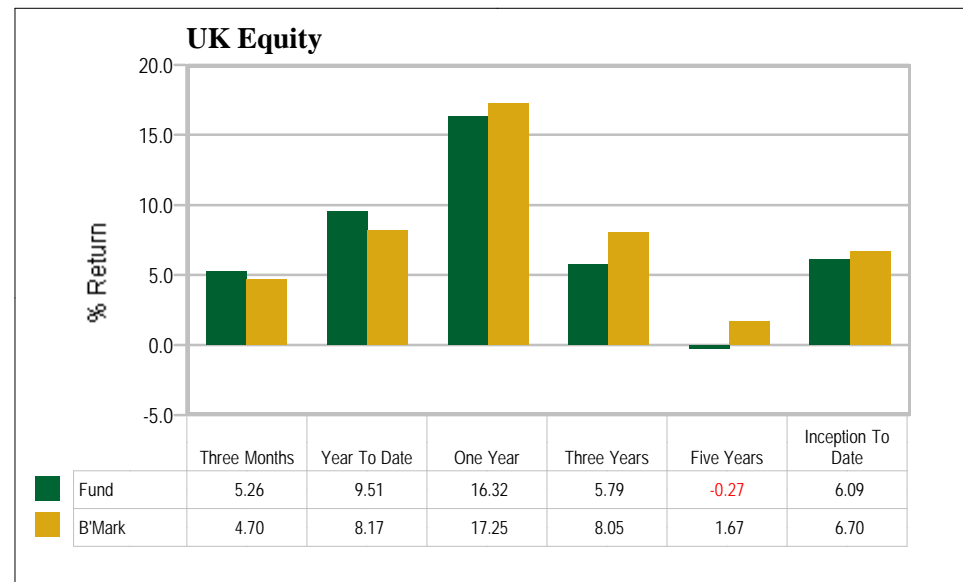
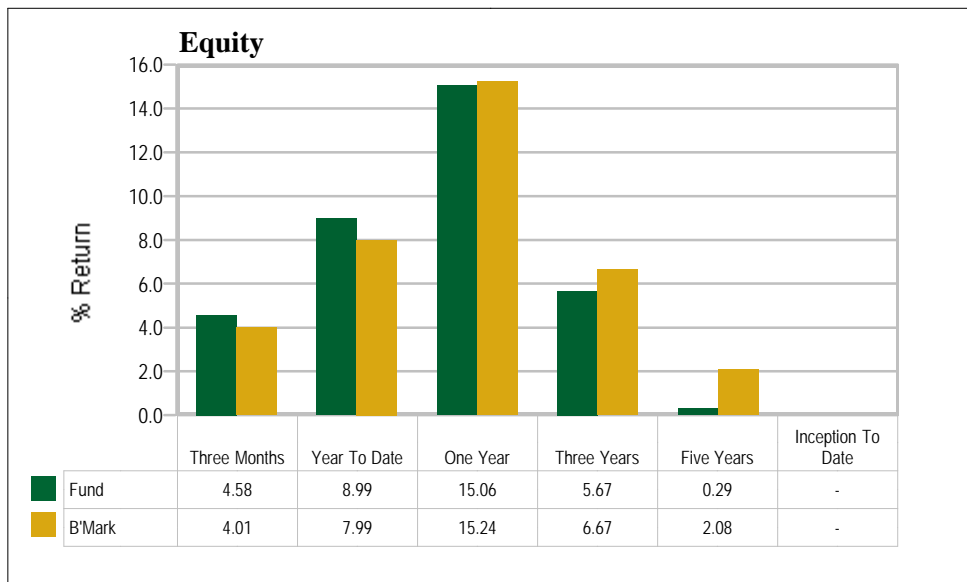


Three Years Rolling Relative Returns



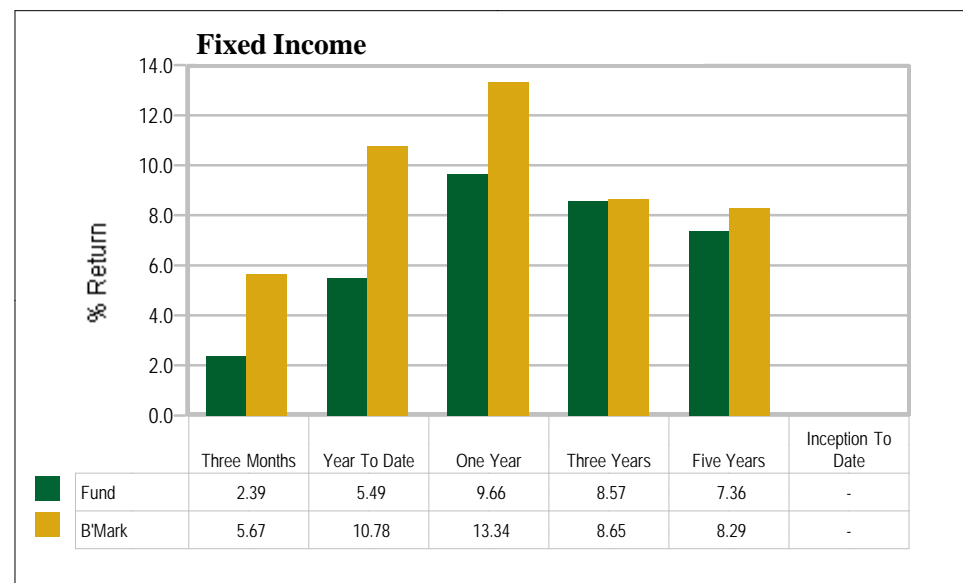
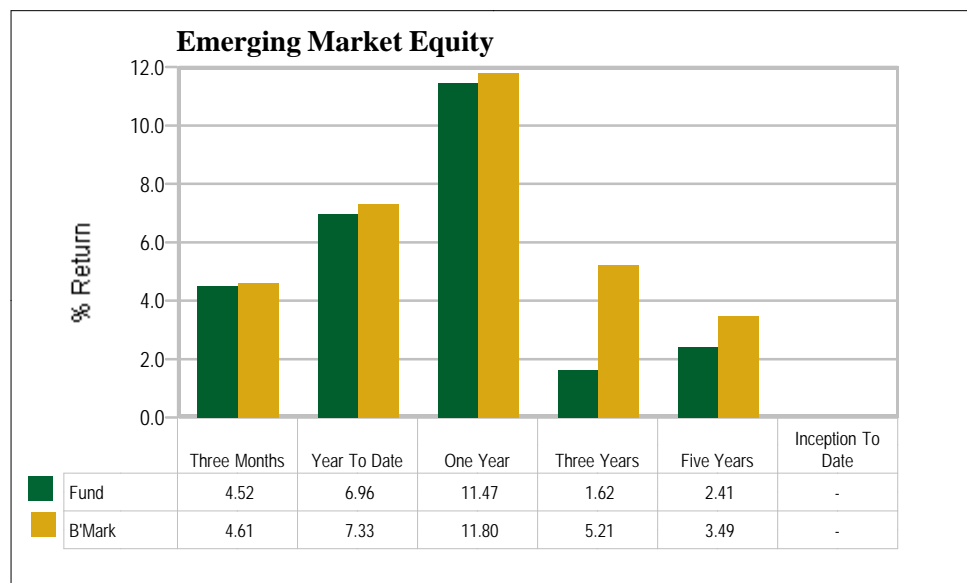
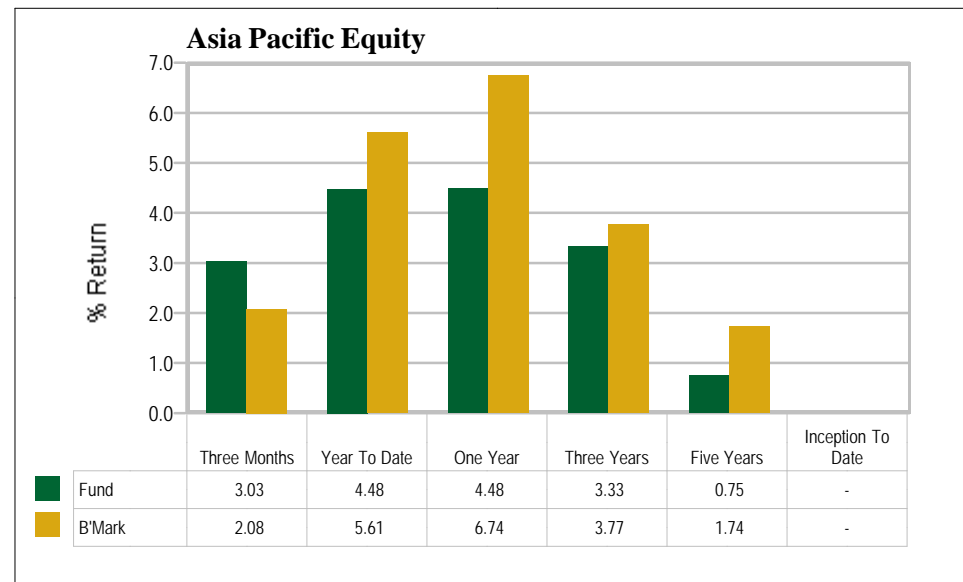
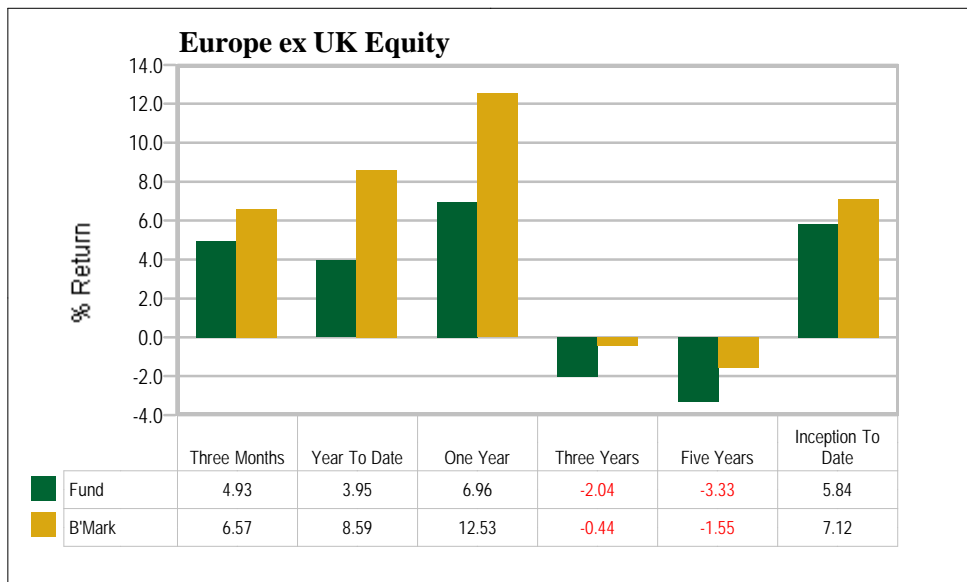


### London Borough of Hillingdon



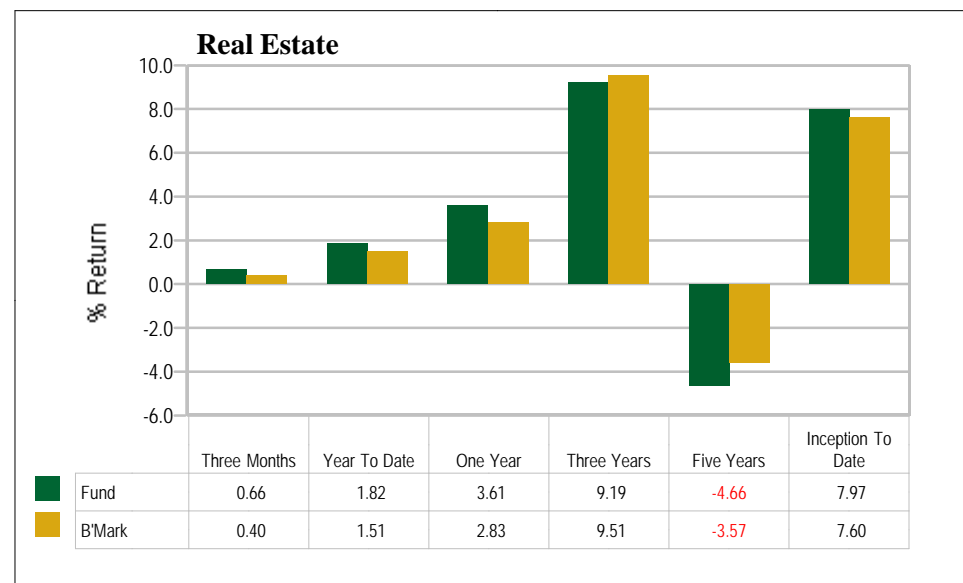
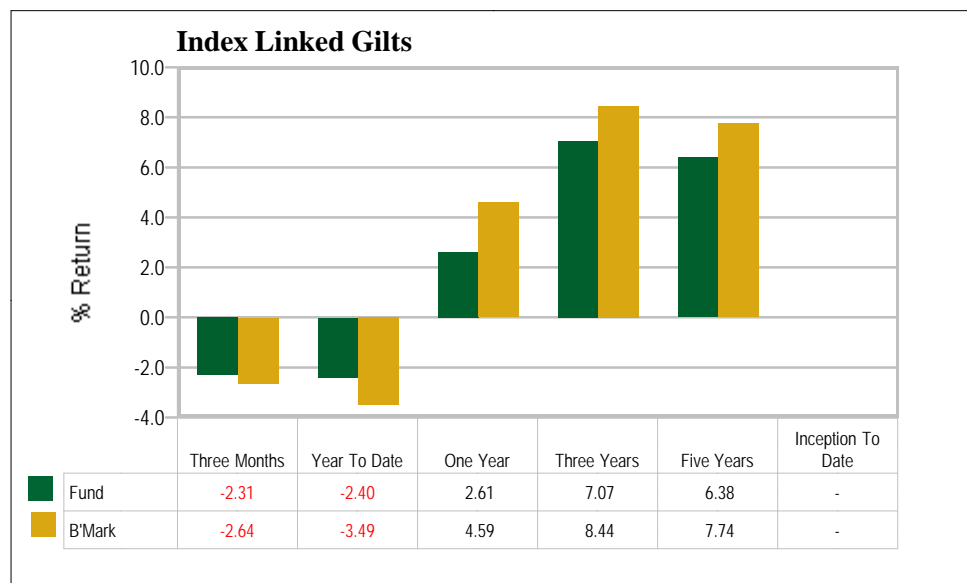
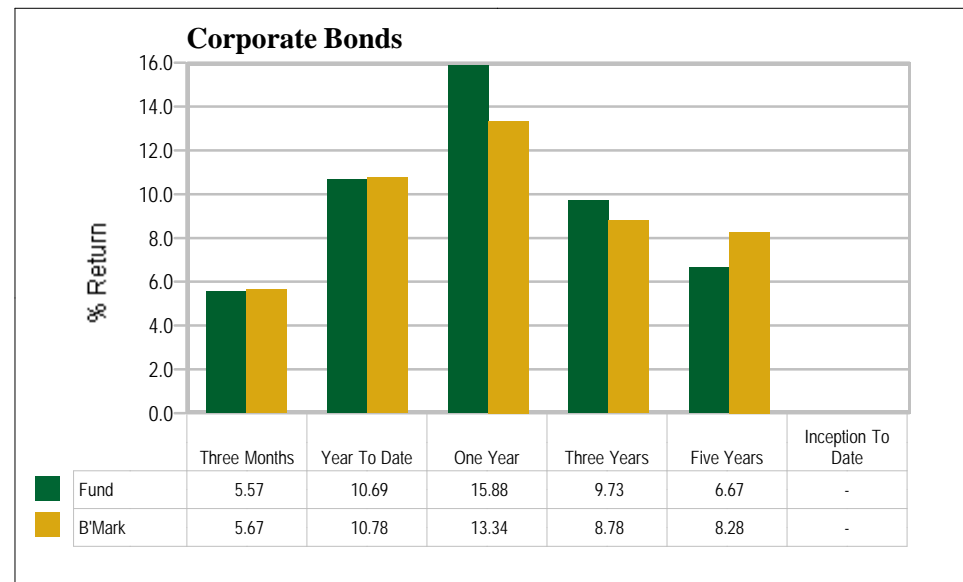
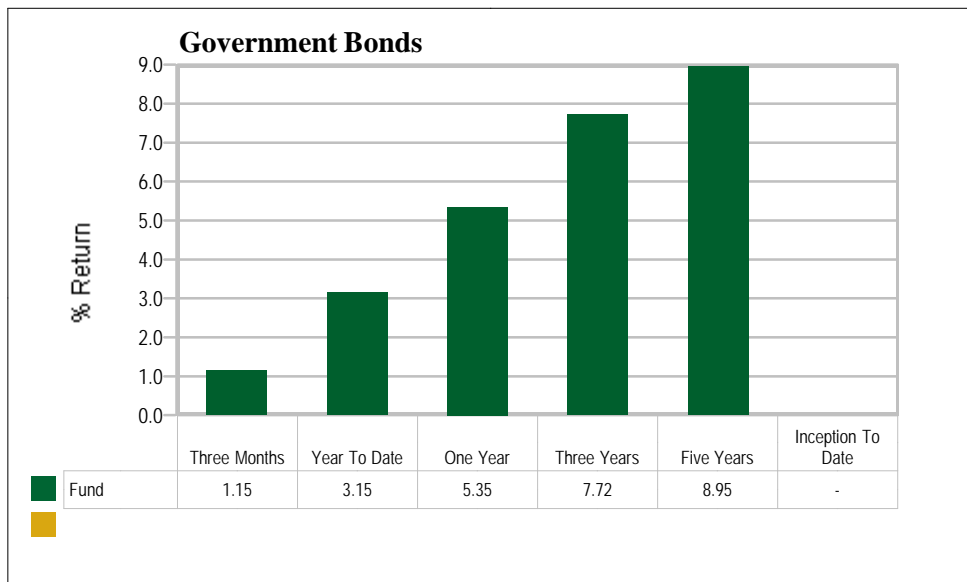


## London Borough of Hillingdon



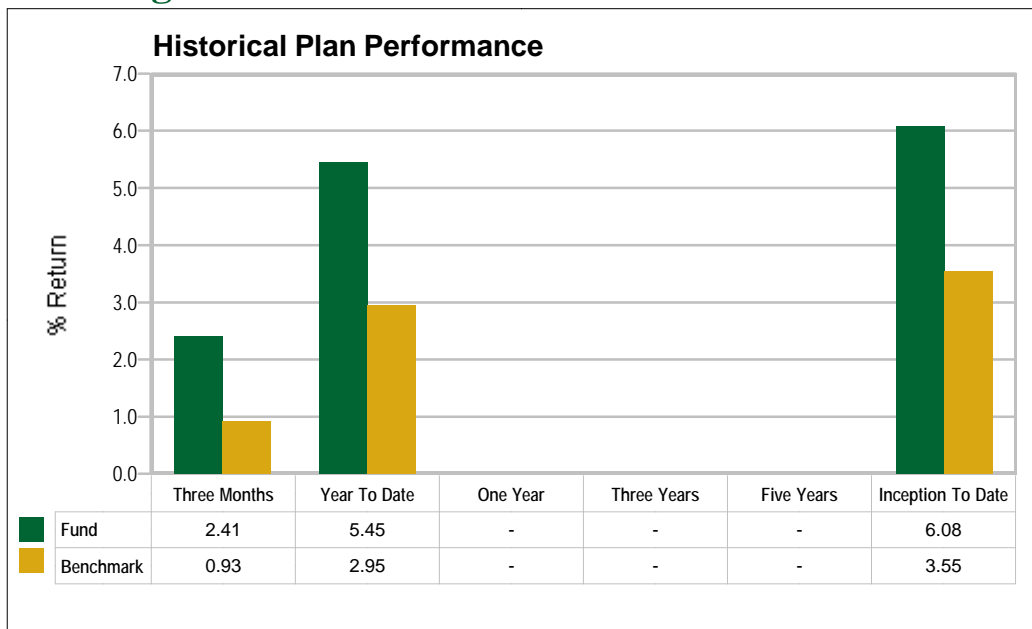


### London Borough of Hillingdon

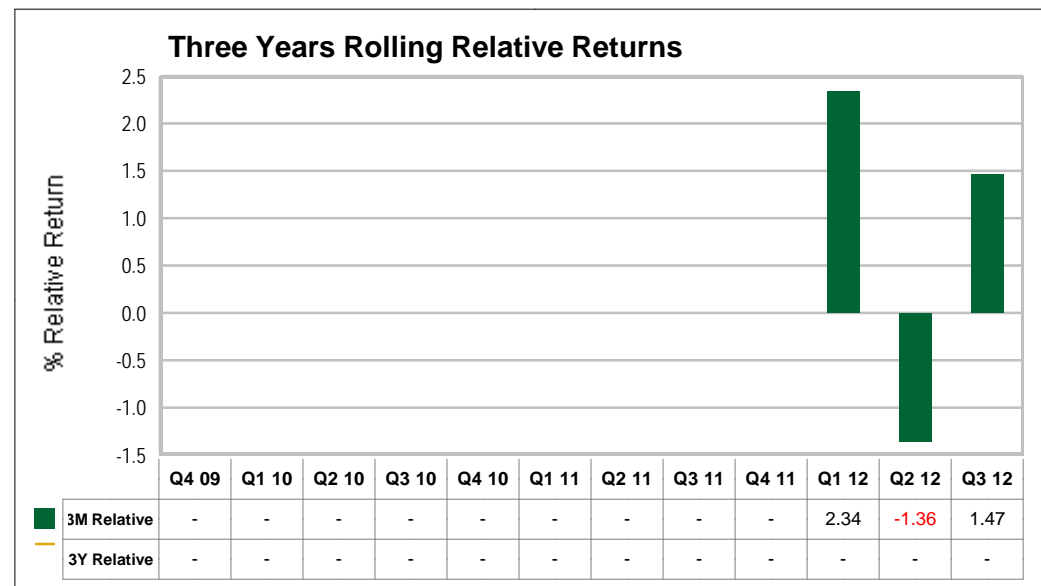
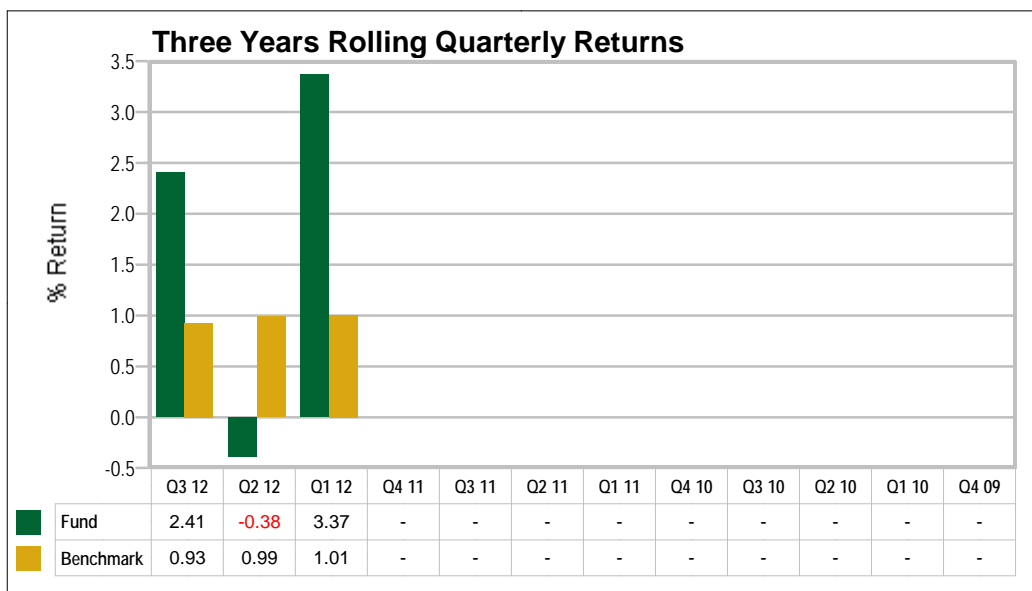




JP Morgan



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	11.9	-
Inception Date	Nov-2011	-
Opening Market Value (£000)	71,736	-
Net Investment (£000)	0	-
Income Received (£000)	0	-
Appreciation (£000)	1,726	-
Closing Market Value (£000)	73,462	-

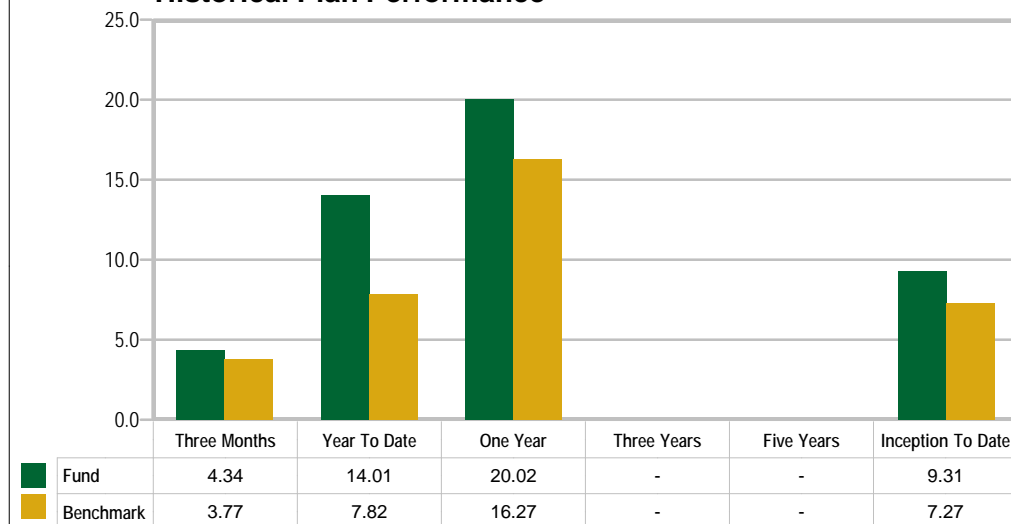






# Marathon

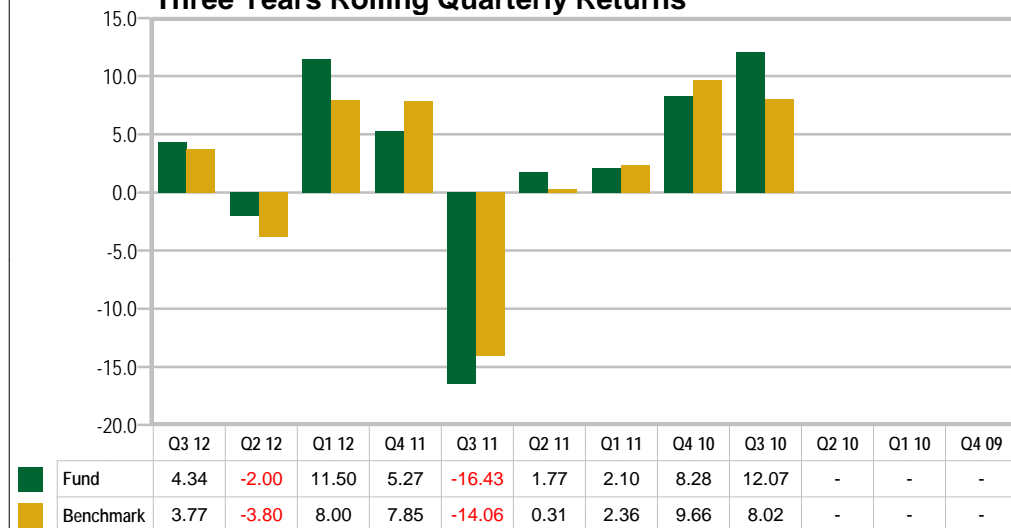
### Historical Plan Performance



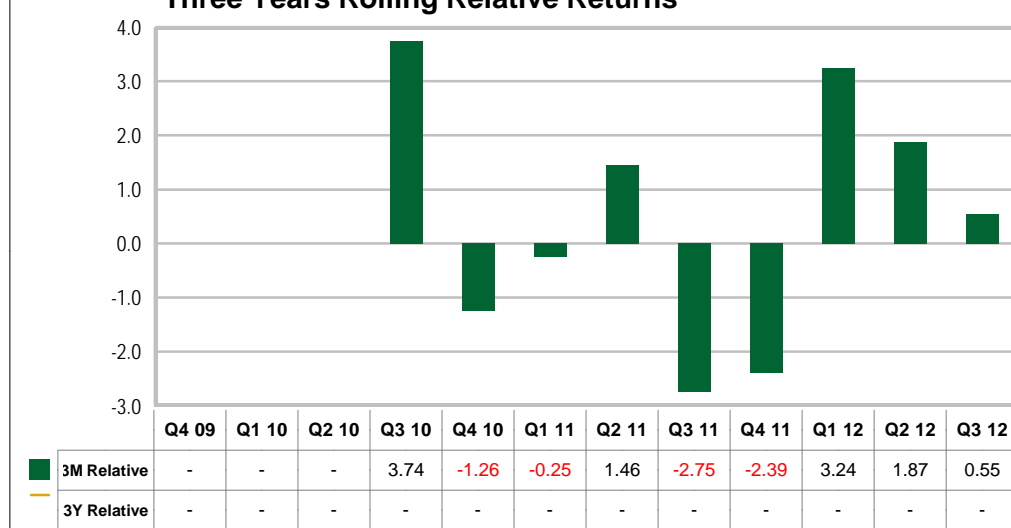
### Risk Statistics - 3 years

	Fund	B'mark
Performance Return	-	-
Standard Deviation	-	-
Relative Return	-	-
Tracking Error	-	-
Information Ratio	-	-
Beta	-	-
Alpha	-	-
R Squared	-	-
Sharpe Ratio	-	-
Percentage of Total Fund	9.7	
Inception Date	Jun-2010	
Opening Market Value (£000)	57,498	
Net Investment £(000)	0	
Income Received £(000)	0	
Appreciation £(000)	2,494	
Closing Market Value (£000)	59,991	

### Three Years Rolling Quarterly Returns



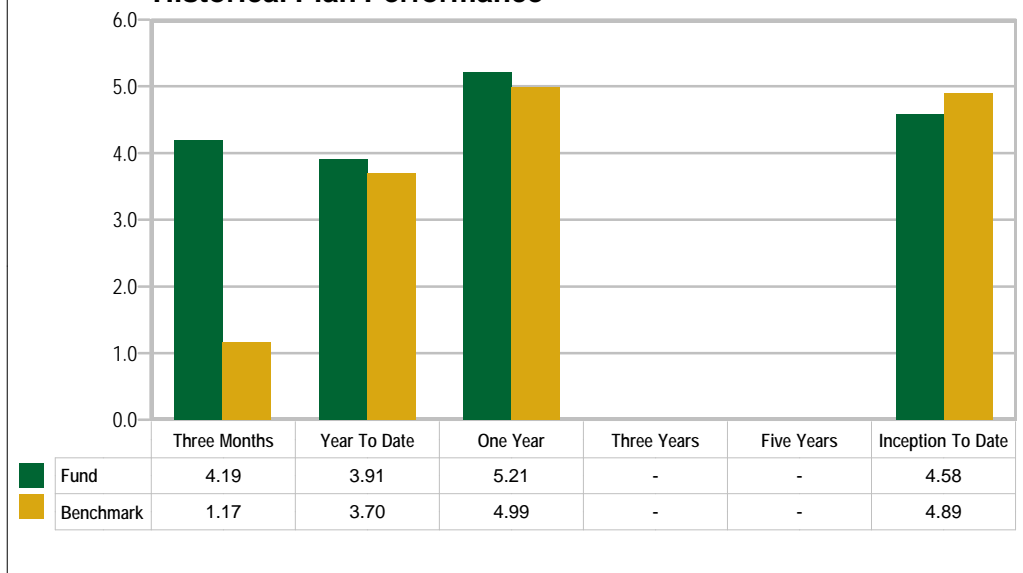
### Three Years Rolling Relative Returns





M&G Investments

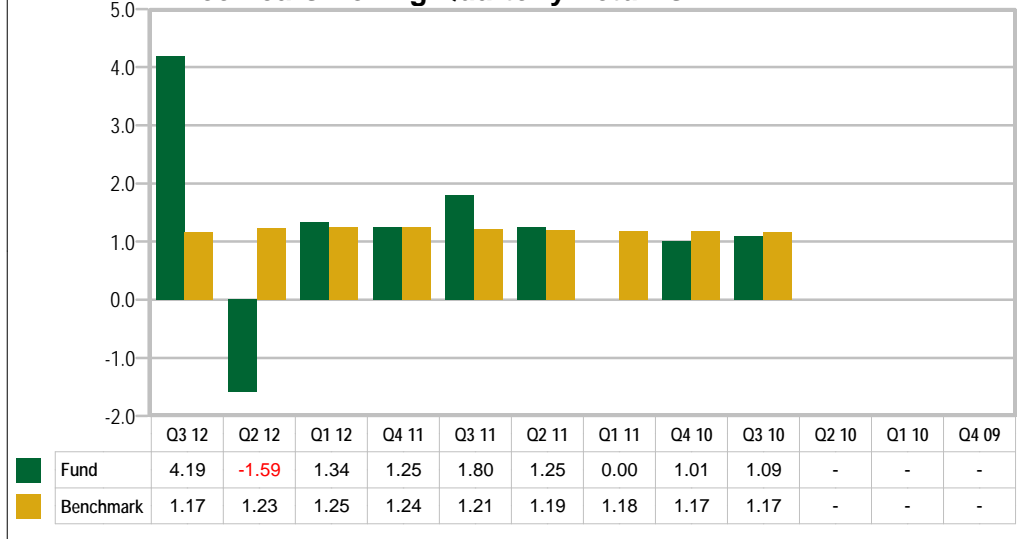
Historical Plan Performance



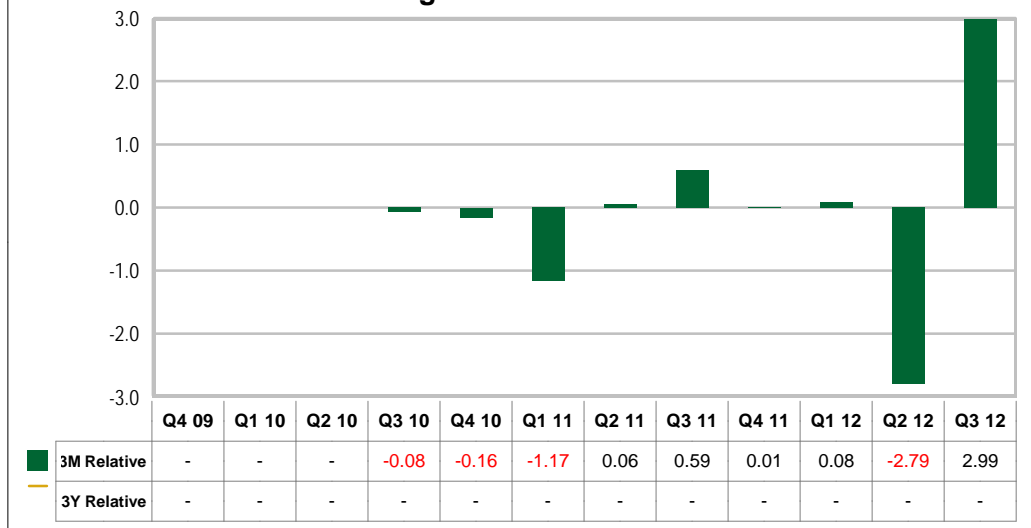
Risk Statistics - 3 years

	Fund	B'mark
Performance Return		
Standard Deviation		
Relative Return		
Tracking Error		
Information Ratio		
Beta		
Alpha		
R Squared		
Sharpe Ratio		
Percentage of Total Fund	2.1	
Inception Date	May-2010	
Opening Market Value (£000)	11,350	
Net Investment (£000)	950	
Income Received (£000)	0	
Appreciation (£000)	482	
Closing Market Value (£000)	12,782	

Three Years Rolling Quarterly Returns



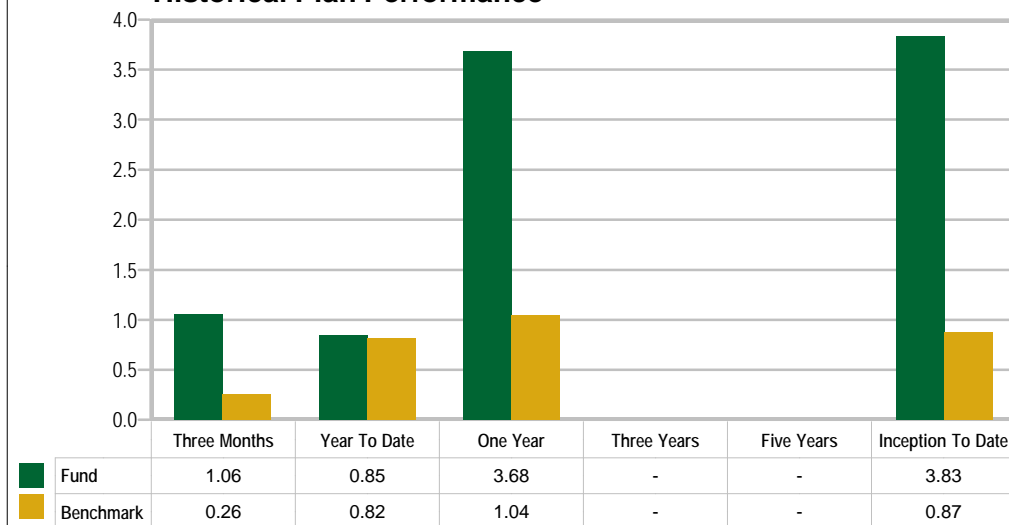
Three Years Rolling Relative Returns





Ruffer

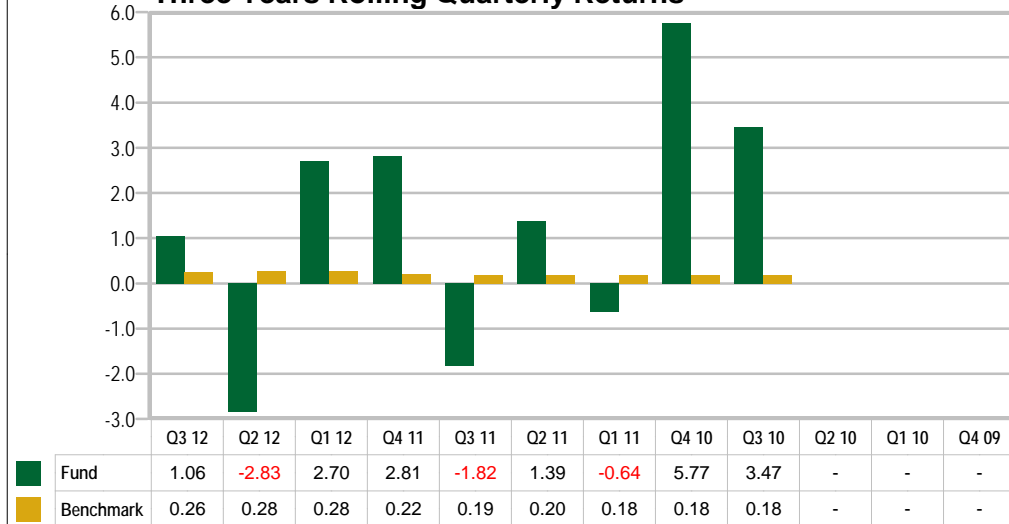
Historical Plan Performance



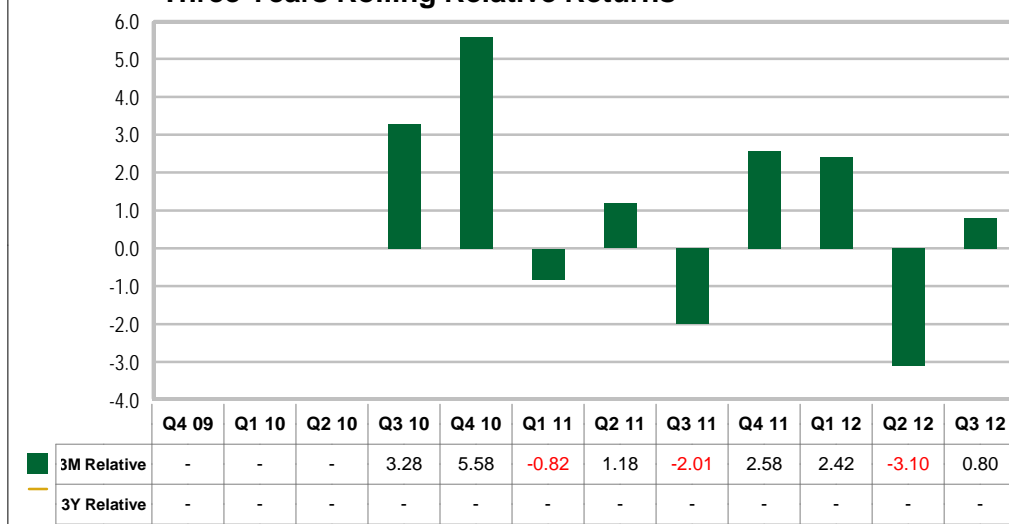
Risk Statistics - 3 years

	Fund	B'mark
Performance Return	-	-
Standard Deviation	-	-
Relative Return	-	-
Tracking Error	-	-
Information Ratio	-	-
Beta	-	-
Alpha	-	-
R Squared	-	-
Sharpe Ratio	-	-
Percentage of Total Fund	18.8	
Inception Date	May-2010	
Opening Market Value (£000)	115,070	
Net Investment (£000)	-0	
Income Received (£000)	646	
Appreciation (£000)	569	
Closing Market Value (£000)	116,286	

Three Years Rolling Quarterly Returns



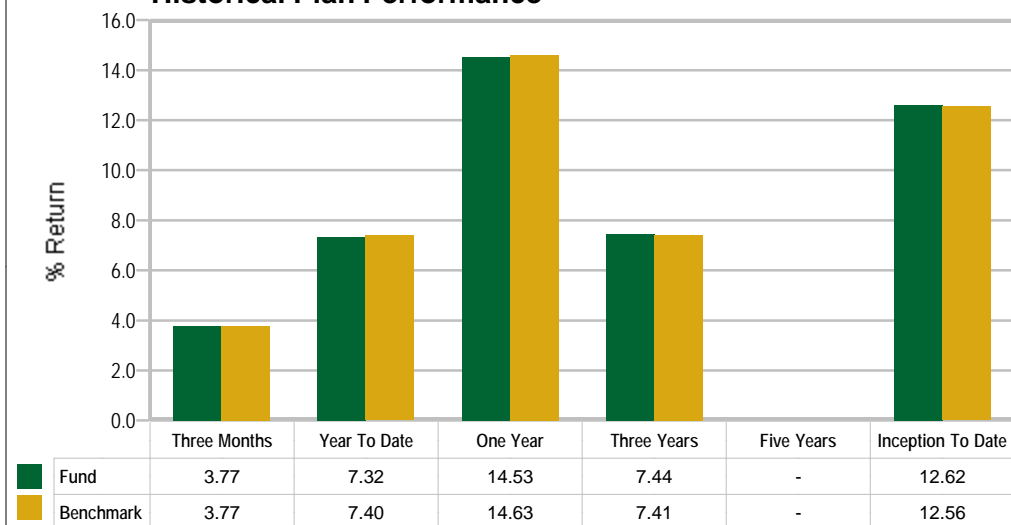
Three Years Rolling Relative Returns





SSGA

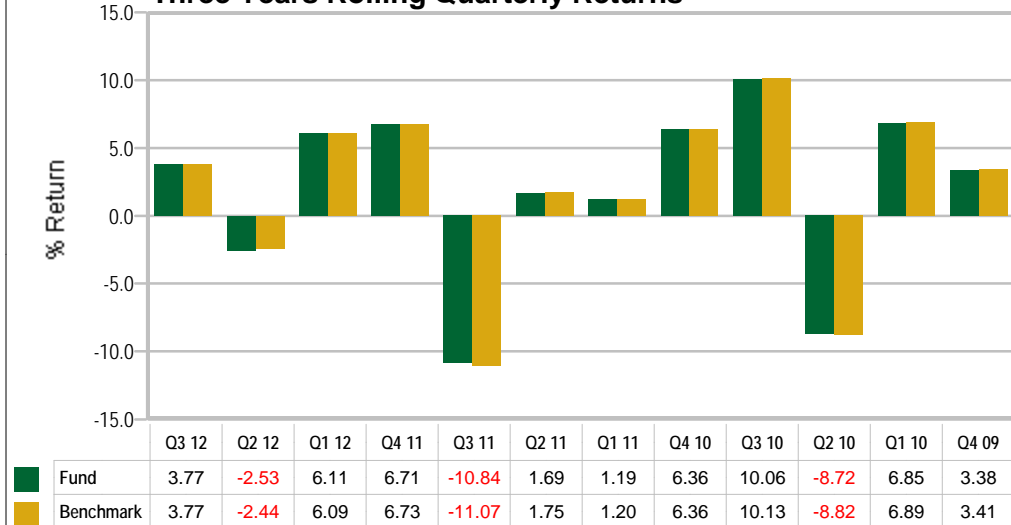
Historical Plan Performance



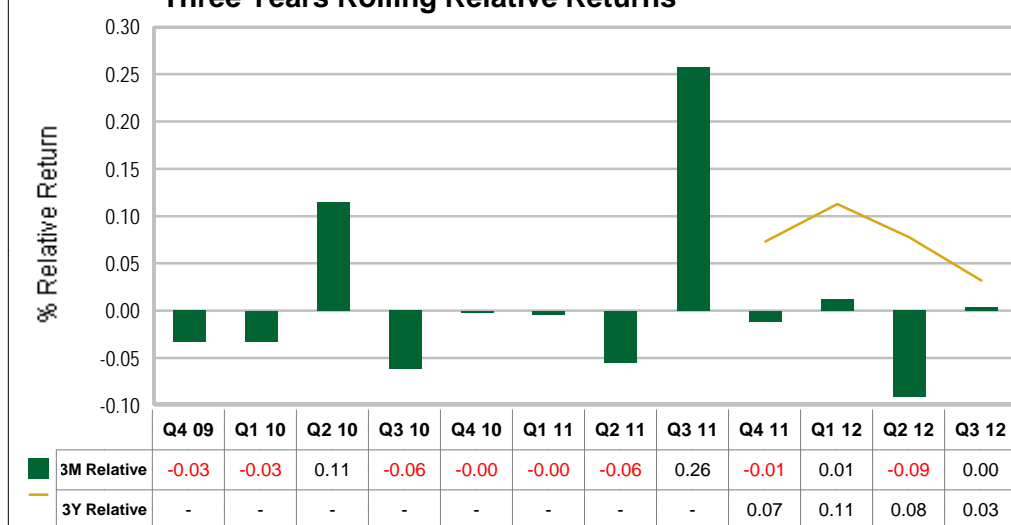
Risk Statistics - 3 years

	Fund	B'mark
Performance Return	7.44	7.41
Standard Deviation	10.49	10.57
Relative Return	0.03	
Tracking Error	0.16	
Information Ratio	0.21	
Beta	0.99	
Alpha	0.08	
R Squared	1.00	
Sharpe Ratio	0.60	0.59
Percentage of Total Fund	19.2	
Inception Date	Nov-2008	
Opening Market Value (£000)	114,518	
Net Investment (£000)	0	
Income Received (£000)	0	
Appreciation (£000)	4,316	
Closing Market Value (£000)	118,833	

Three Years Rolling Quarterly Returns

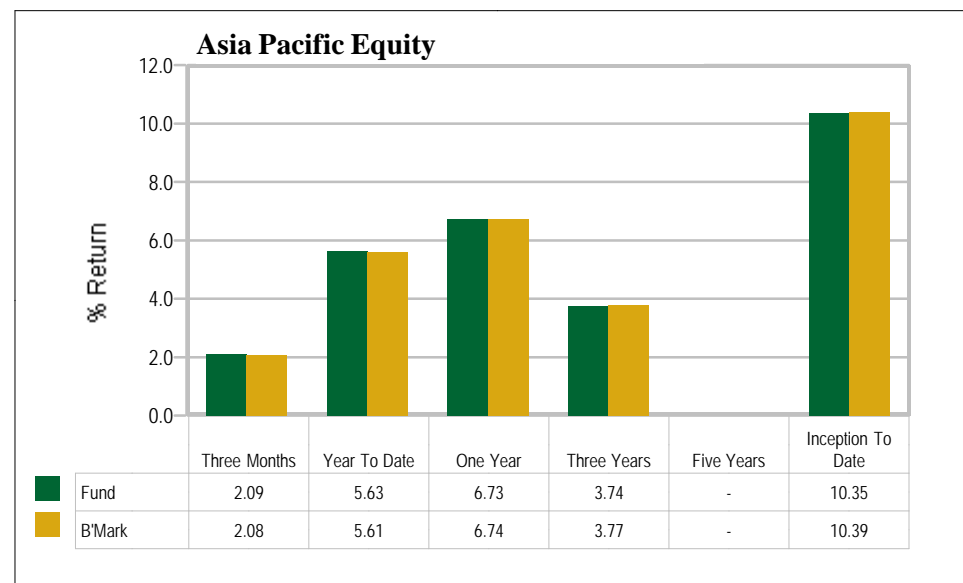
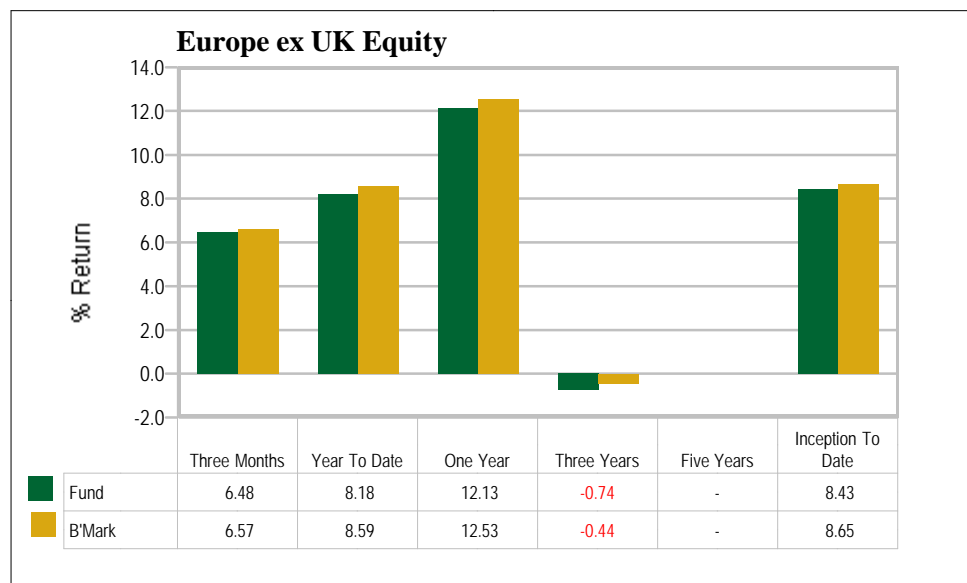
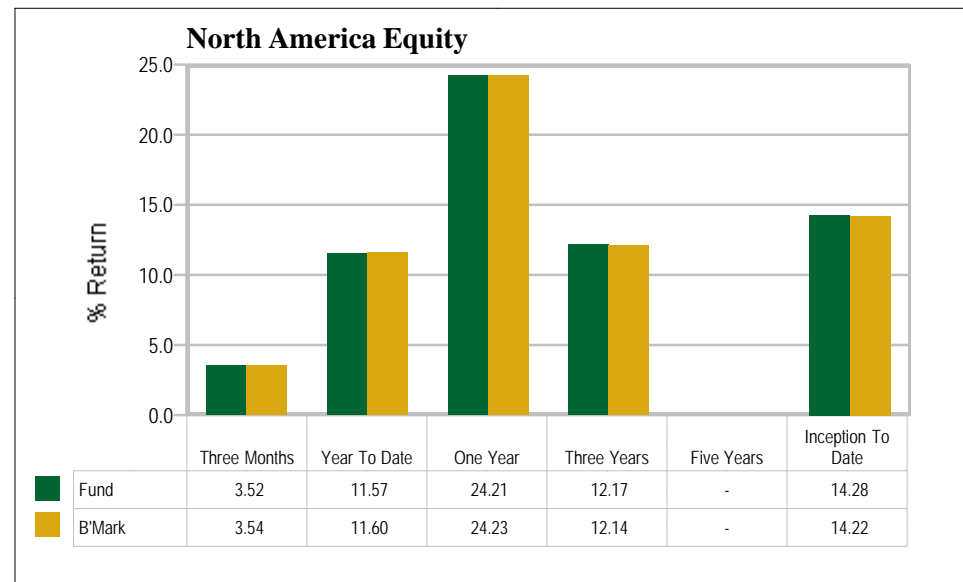
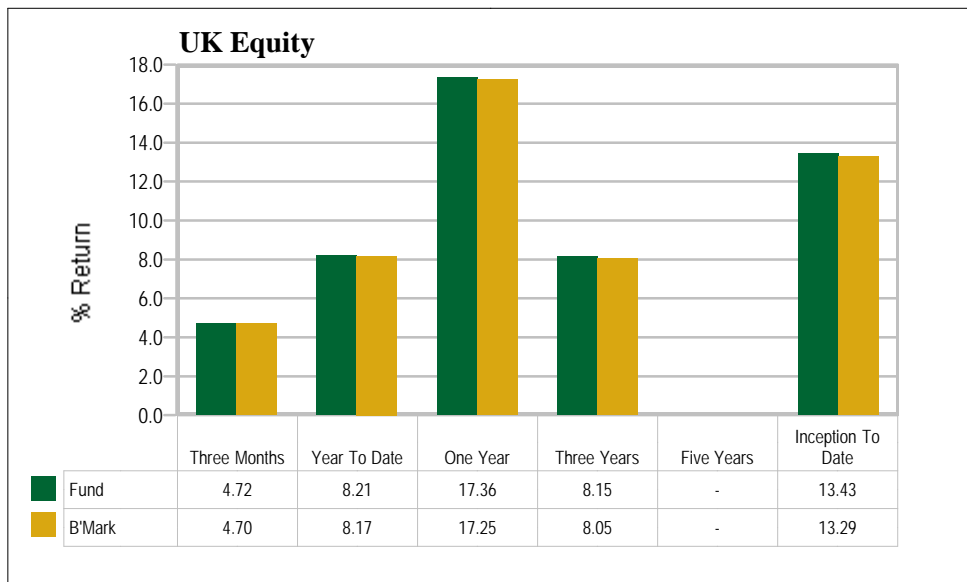


Three Years Rolling Relative Returns



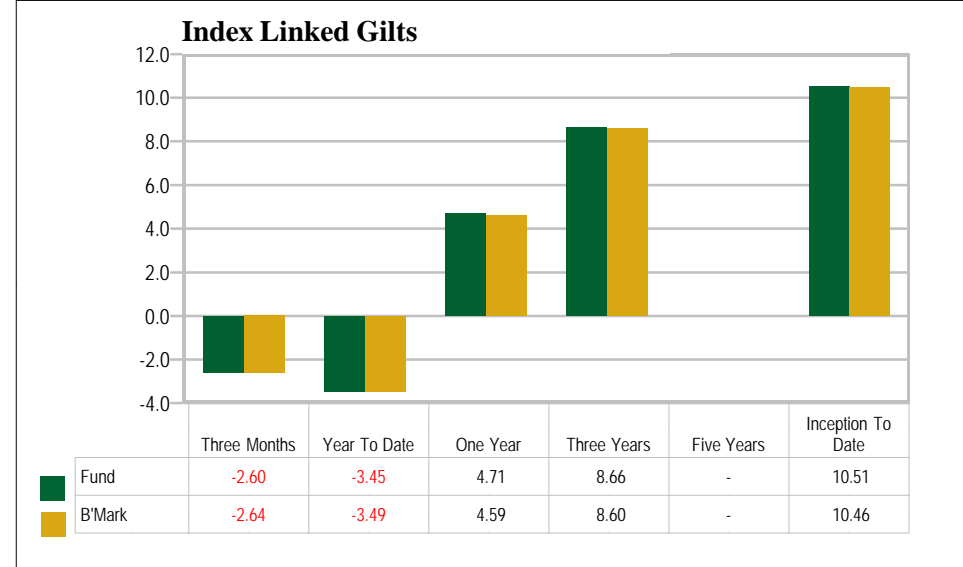
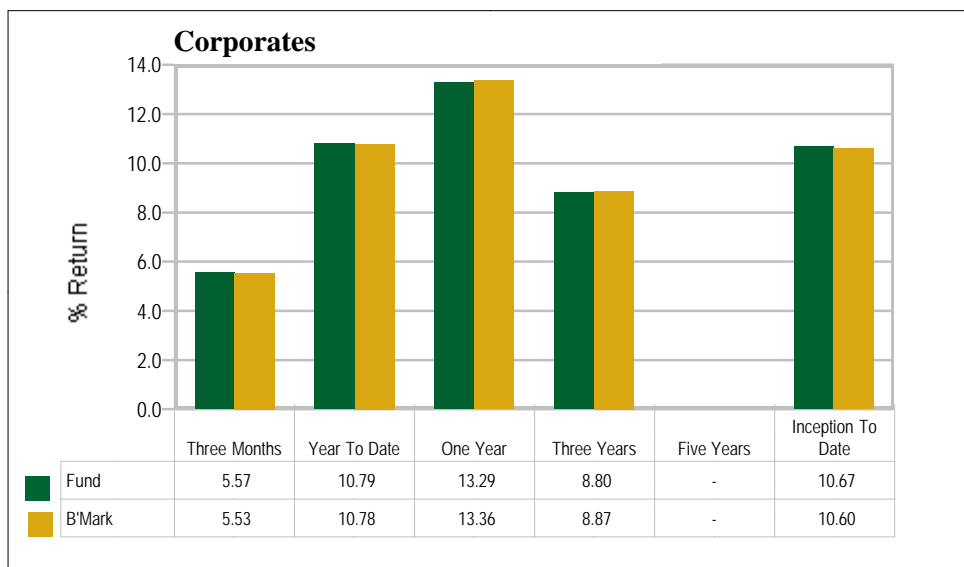
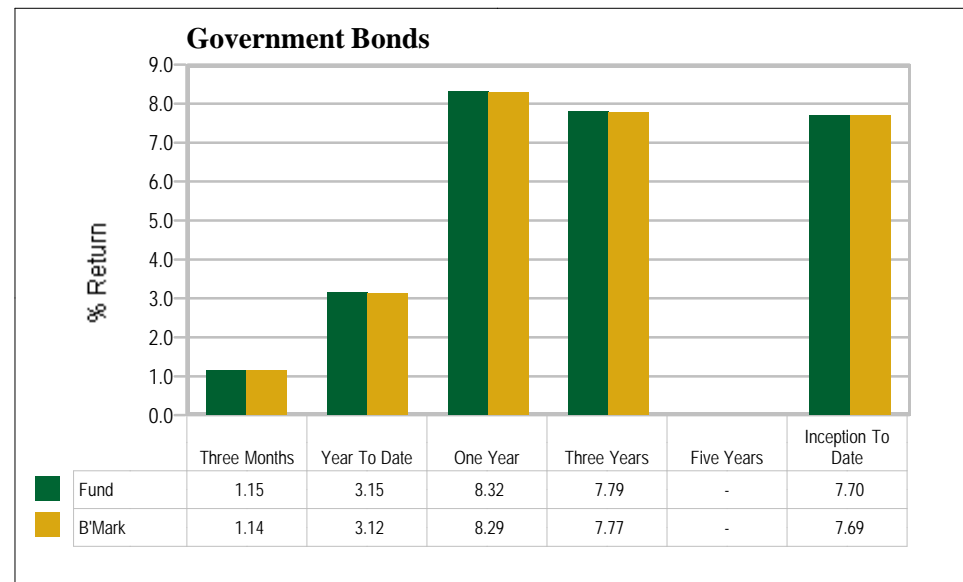
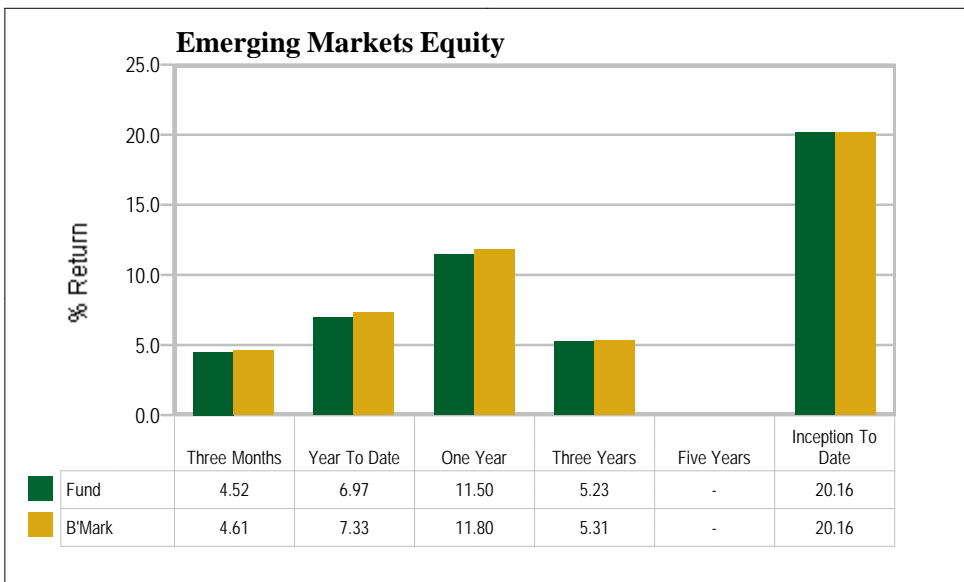


SSGA





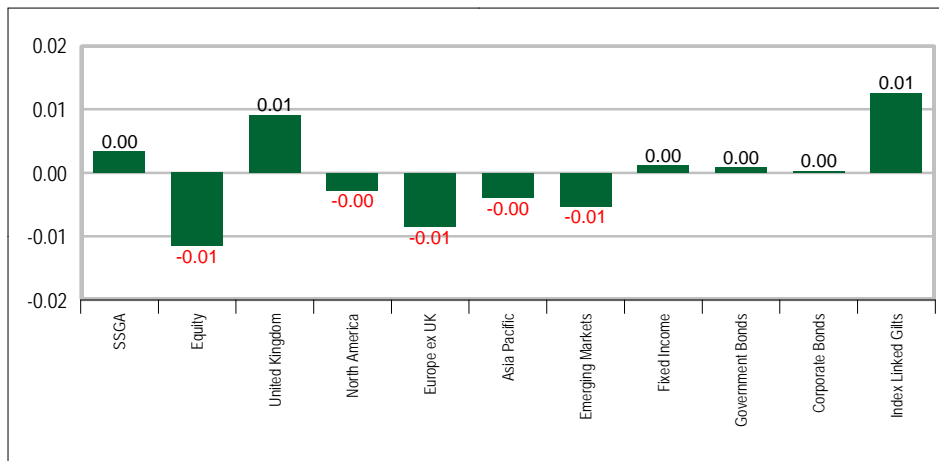
SSGA



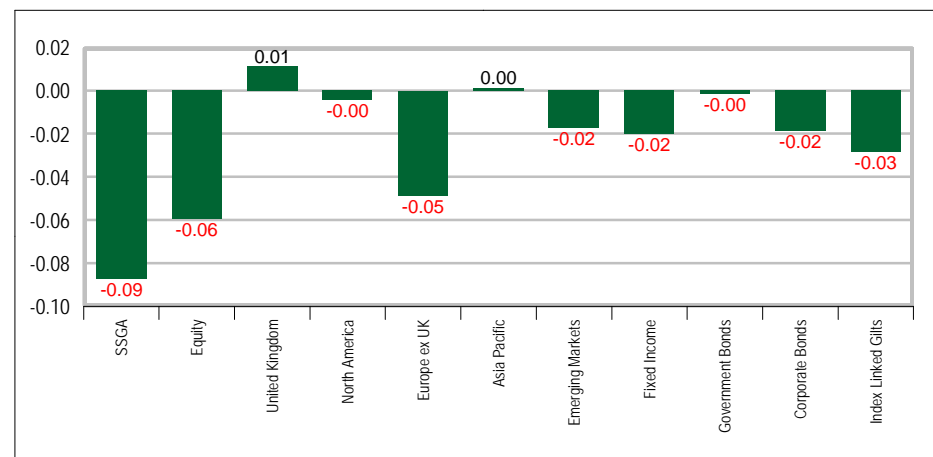


# SSGA

## Relative Contribution - Three Months



## Relative Contribution - One Year

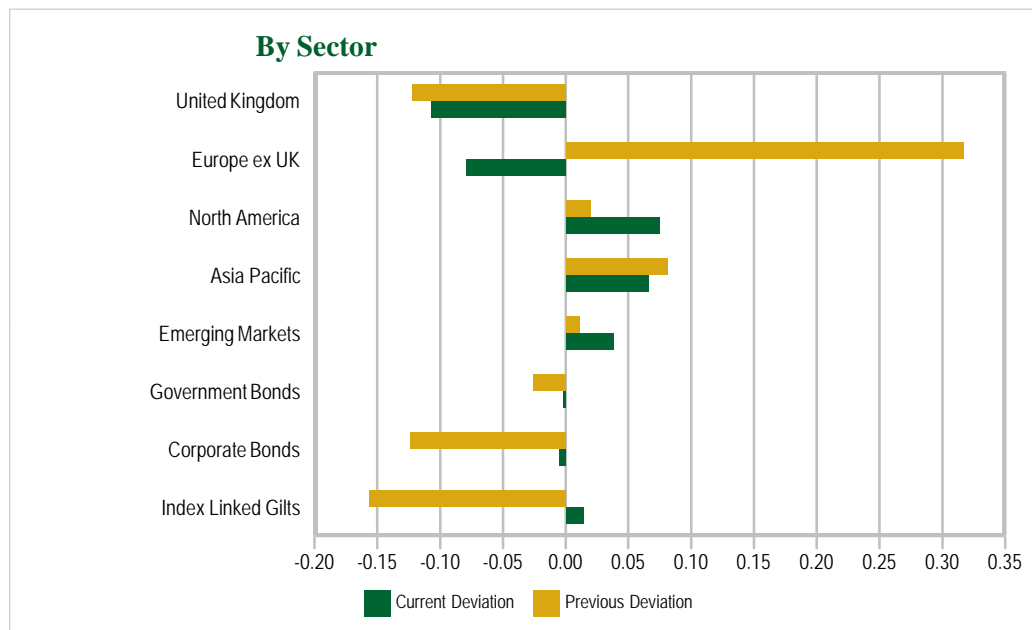


	Return	Benchmark	Relative Return	Asset Allocation	Stock Selection	Currency Effect	Relative Contribution
SSGA	3.77	3.77	0.00	0.00	-0.28	0.28	0.00
Equity	4.42	-	4.42	-0.01	-0.04	0.03	-0.01
United Kingdom	4.72	4.70	0.02	-0.00	0.01	0.00	0.01
North America	3.52	3.54	-0.02	-0.00	0.03	-0.03	-0.00
Europe ex UK	6.48	6.57	-0.09	0.00	0.02	-0.03	-0.01
Asia Pacific	2.09	2.08	0.02	-0.01	-0.04	0.04	-0.00
Emerging Markets	4.52	4.61	-0.09	-0.00	-0.05	0.05	-0.01
Fixed Income	4.91	-	4.91	0.00	-0.25	0.25	0.00
Government Bonds	1.15	1.14	0.01	0.00	0.00	-0.00	0.00
Corporate Bonds	5.57	5.53	0.04	-0.00	-0.25	0.25	0.00
Index Linked Gills	-2.60	-2.64	0.04	0.01	0.00	-0.00	0.01

	Return	Benchmark	Relative Return	Asset Allocation	Stock Selection	Currency Effect	Relative Contribution
SSGA	14.53	14.63	-0.09	-0.06	0.07	-0.12	-0.09
Equity	15.90	-	15.90	-0.01	0.42	-0.47	-0.06
United Kingdom	17.36	17.25	0.10	-0.02	0.04	-0.01	0.01
North America	24.21	24.23	-0.02	-0.00	0.04	-0.04	-0.00
Europe ex UK	12.13	12.53	-0.36	-0.01	0.08	-0.12	-0.05
Asia Pacific	6.73	6.74	-0.01	0.03	0.41	-0.43	0.00
Emerging Markets	11.50	11.80	-0.27	-0.01	-0.15	0.14	-0.02
Fixed Income	12.57	-	12.57	-0.01	-0.37	0.36	-0.02
Government Bonds	8.32	8.29	0.03	-0.00	0.00	-0.00	-0.00
Corporate Bonds	13.29	13.36	-0.06	-0.01	-0.37	0.36	-0.02
Index Linked Gills	4.71	4.59	0.11	-0.04	0.01	-0.00	-0.03



SSGA

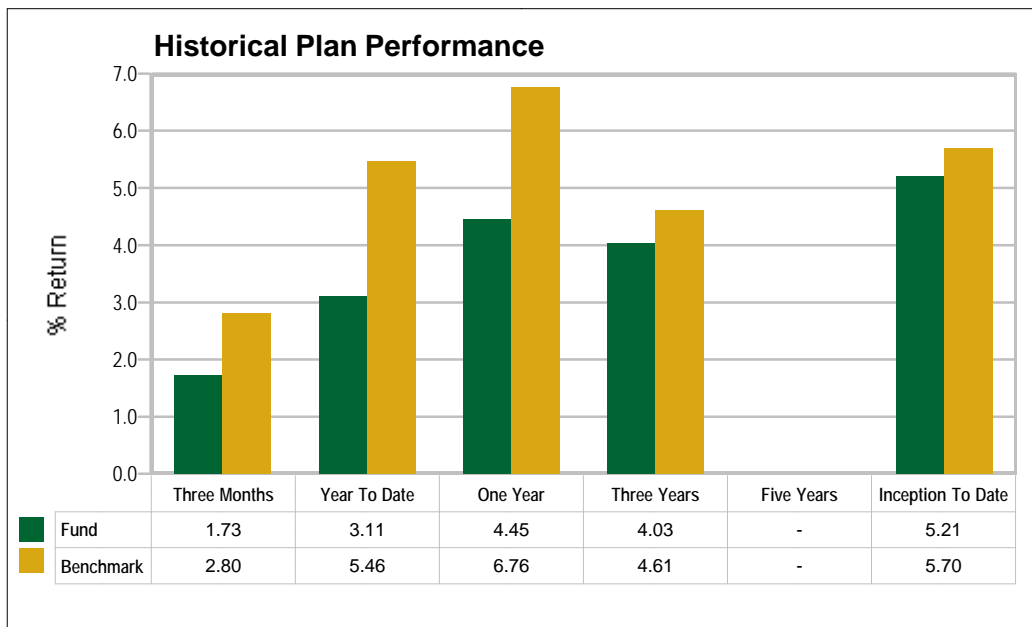


	Current Qtr	Previous Qtr	Current Benchmark	Current Deviation	Previous Benchmark	Previous Deviation
Equity	79.99	80.31		79.99		80.31
United Kingdom	43.89	43.88	44.00	-0.11	44.00	-0.12
Europe ex UK	10.92	11.32	11.00	-0.08	11.00	0.32
North America	11.07	11.02	11.00	0.07	11.00	0.02
Asia Pacific	11.07	11.08	11.00	0.07	11.00	0.08
Emerging Markets	3.04	3.01	3.00	0.04	3.00	0.01
Fixed Income	9.99	9.85		9.99		9.85
Government Bonds	1.50	1.47	1.50	-0.00	1.50	-0.03
Corporate Bonds	8.50	8.38	8.50	-0.00	8.50	-0.12
Index Linked Gilts	10.01	9.84	10.00	0.01	10.00	-0.16



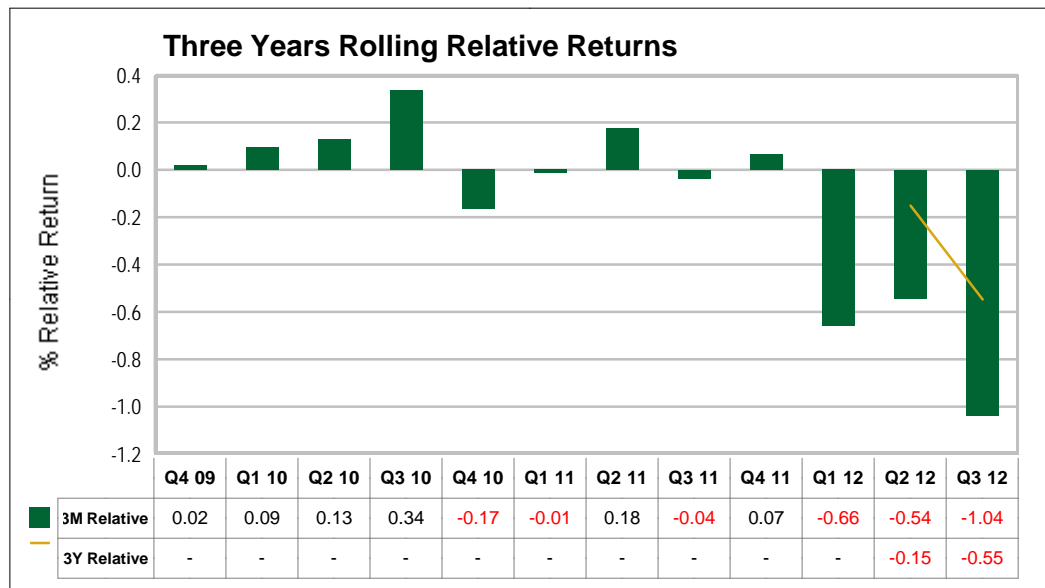
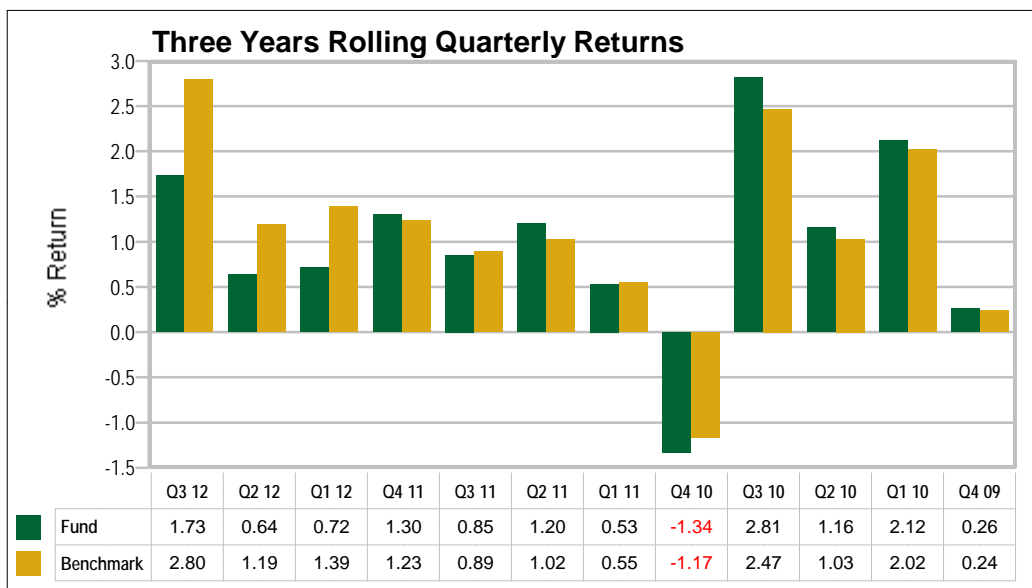


### SSGA Drawdown



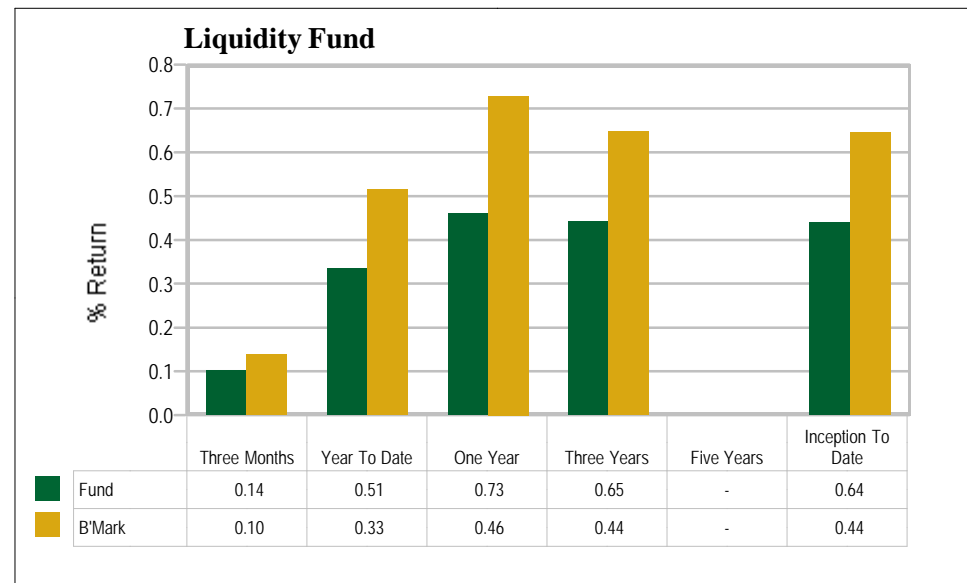
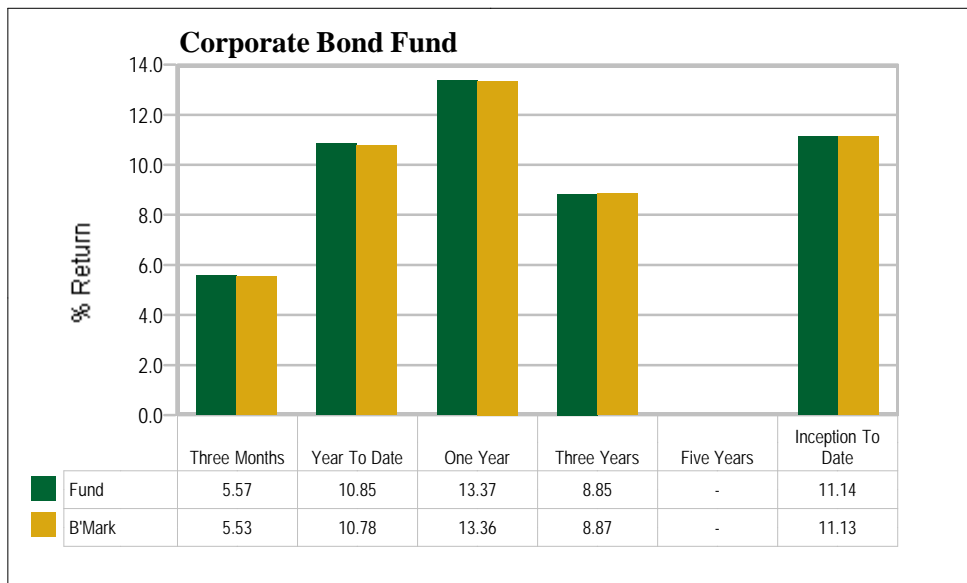
#### Risk Statistics - 3 years

	Fund	B'mark
Performance Return	4.03	4.61
Standard Deviation	2.37	2.42
Relative Return	-0.55	
Tracking Error	0.77	
Information Ratio	-0.75	
Beta	0.93	
Alpha	-0.33	
R Squared	0.90	
Sharpe Ratio	1.20	1.41
Percentage of Total Fund	1.7	
Inception Date	Jun-2009	
Opening Market Value (£000)	14,663	
Net Investment (£000)	-4,240	
Income Received (£000)	-0	
Appreciation (£000)	198	
Closing Market Value (£000)	10,621	





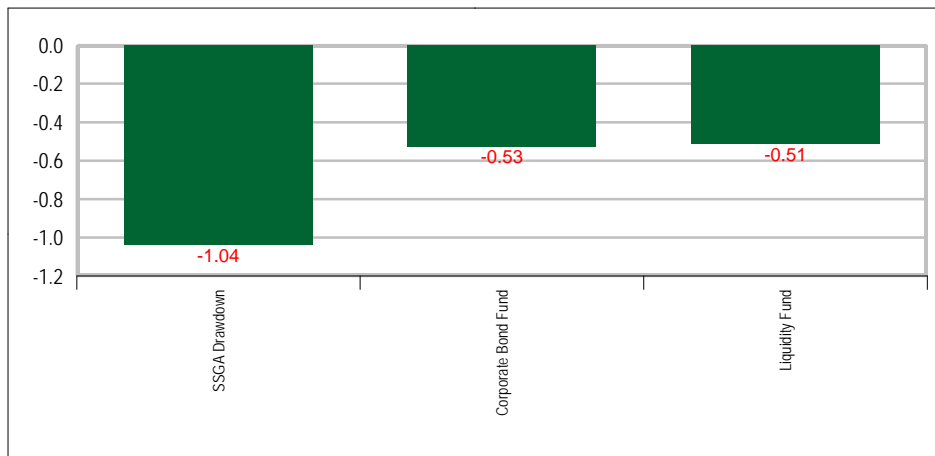
### SSGA Drawdown





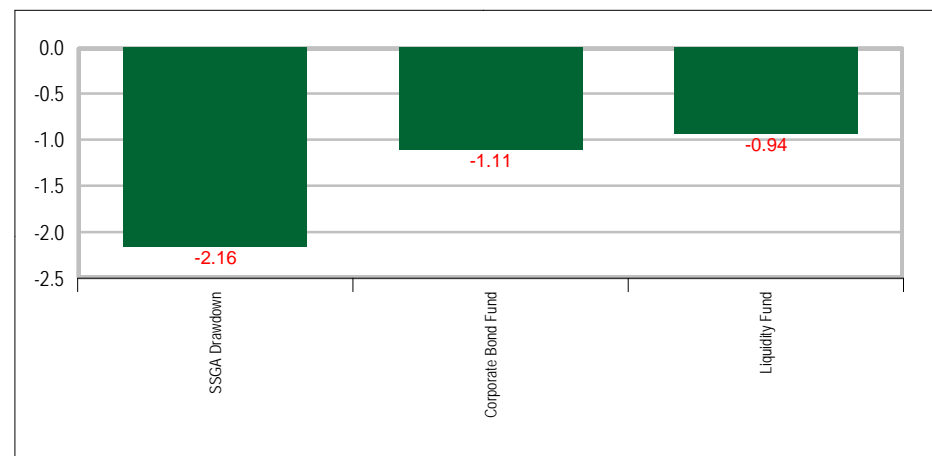
## SSGA Drawdown

Relative Contribution - Three Months



	Return	Benchmark	Relative Return	Asset Allocation	Stock Selection	Relative Contribution
SSGA Drawdown	1.73	2.80	-1.04	-1.08	0.04	-1.04
Corporate Bond Fund	5.57	5.53	0.04	-0.54	0.01	-0.53
Liquidity Fund	0.14	0.10	0.04	-0.54	0.03	-0.51

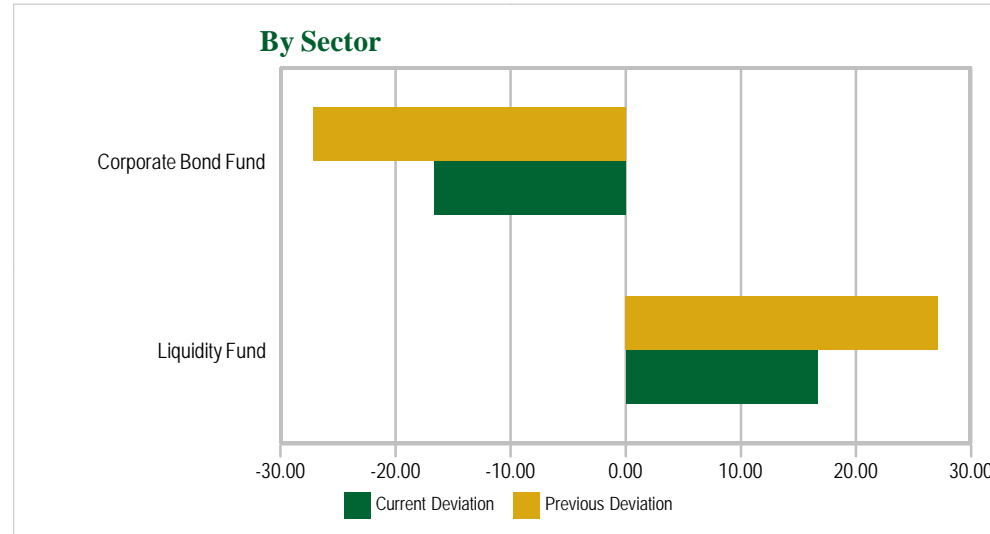
Relative Contribution - One Year



	Return	Benchmark	Relative Return	Asset Allocation	Stock Selection	Relative Contribution
SSGA Drawdown	4.45	6.76	-2.16	-2.21	0.17	-2.16
Corporate Bond Fund	13.37	13.36	0.01	-1.10	-0.01	-1.11
Liquidity Fund	0.73	0.46	0.27	-1.12	0.18	-0.94



# SSGA Drawdown



	Current Qtr	Previous Qtr	Current Benchmark	Current Deviation	Previous Benchmark	Previous Deviation
Corporate Bond Fund	33.35	22.88	50.00	-16.65	50.00	-27.12
Liquidity Fund	66.65	77.12	50.00	16.65	50.00	27.12



UBS

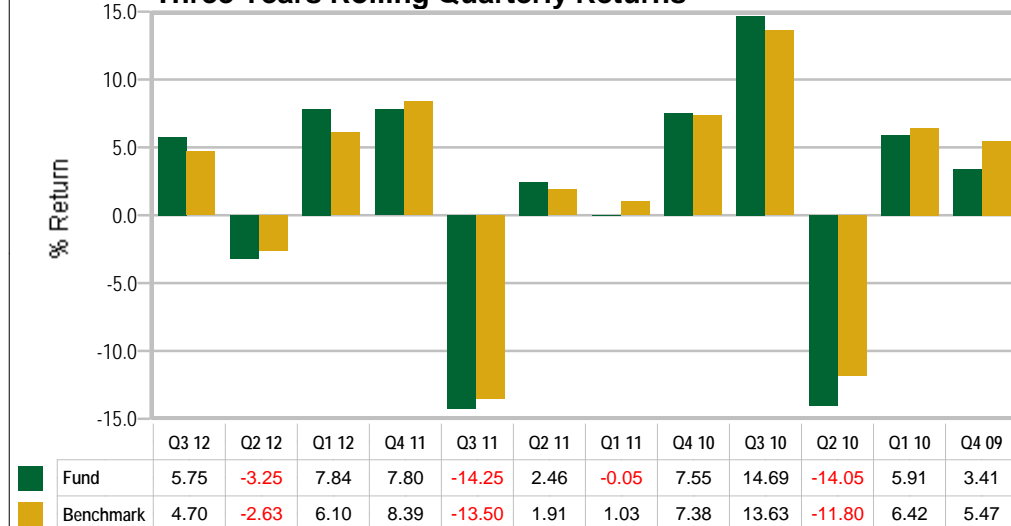
**Historical Plan Performance**



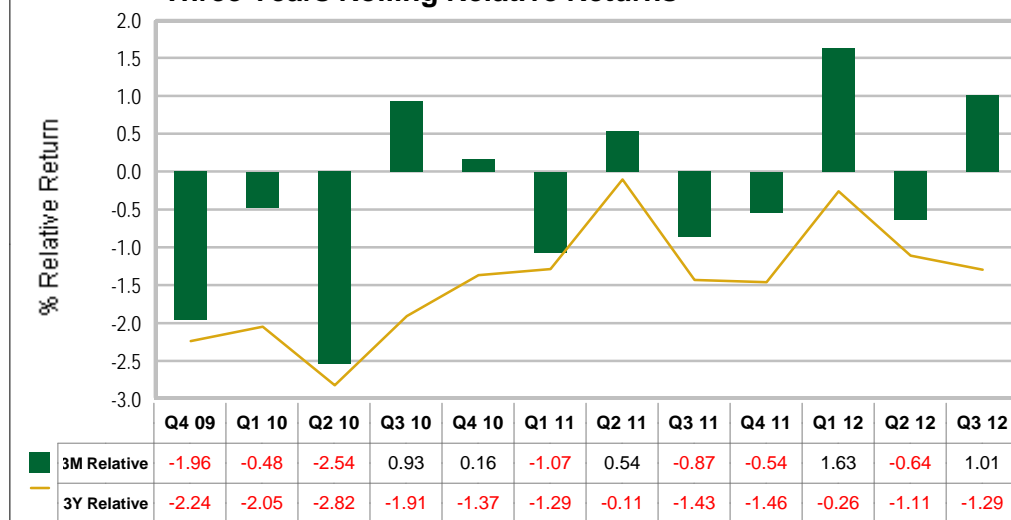
**Risk Statistics - 3 years**

	Fund	B'mark
Performance Return	6.65	8.05
Standard Deviation	15.32	13.64
Relative Return	-1.29	
Tracking Error	3.46	
Information Ratio	-0.40	
Beta	1.10	
Alpha	-1.79	
R Squared	0.96	
Sharpe Ratio	0.36	0.50
Percentage of Total Fund	18.7	
Inception Date	Dec-1988	
Opening Market Value (£000)	109,429	
Net Investment (£000)	0	
Income Received (£000)	1,019	
Appreciation (£000)	5,278	
Closing Market Value (£000)	115,726	

**Three Years Rolling Quarterly Returns**

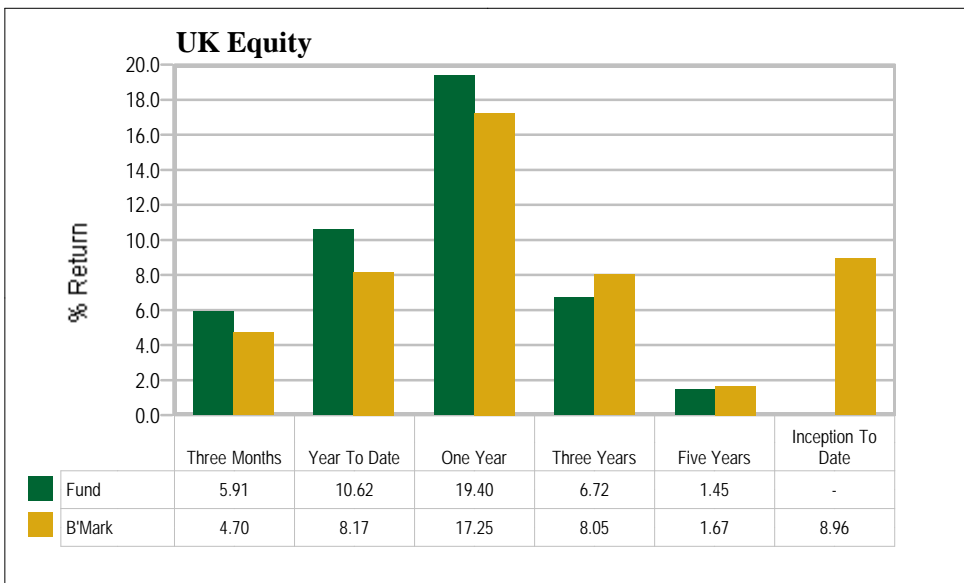


**Three Years Rolling Relative Returns**





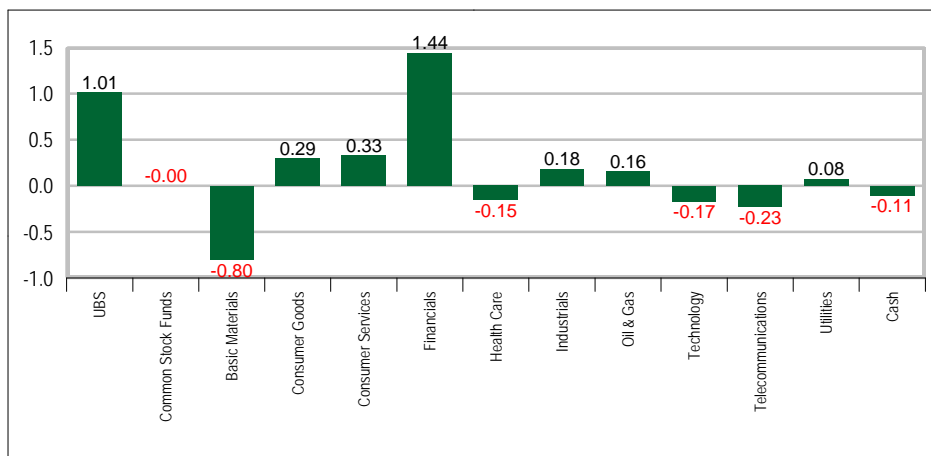
### UBS



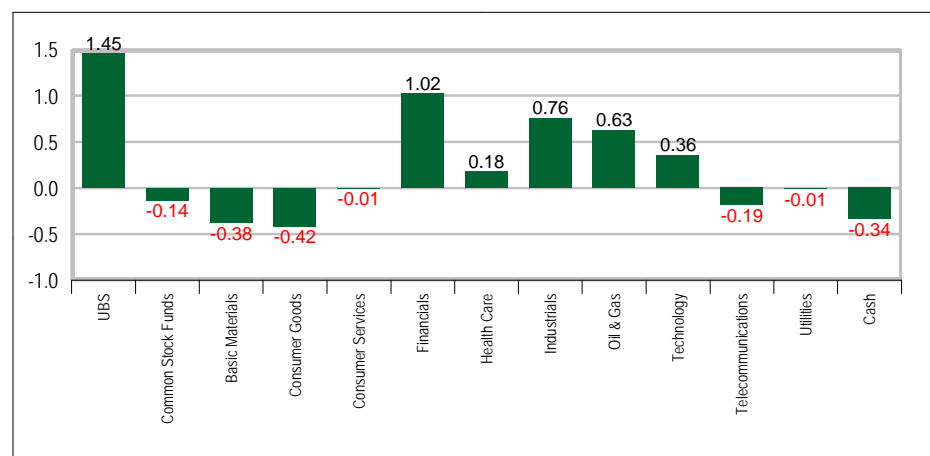


# UBS

## Relative Contribution - Three Months



## Relative Contribution - One Year

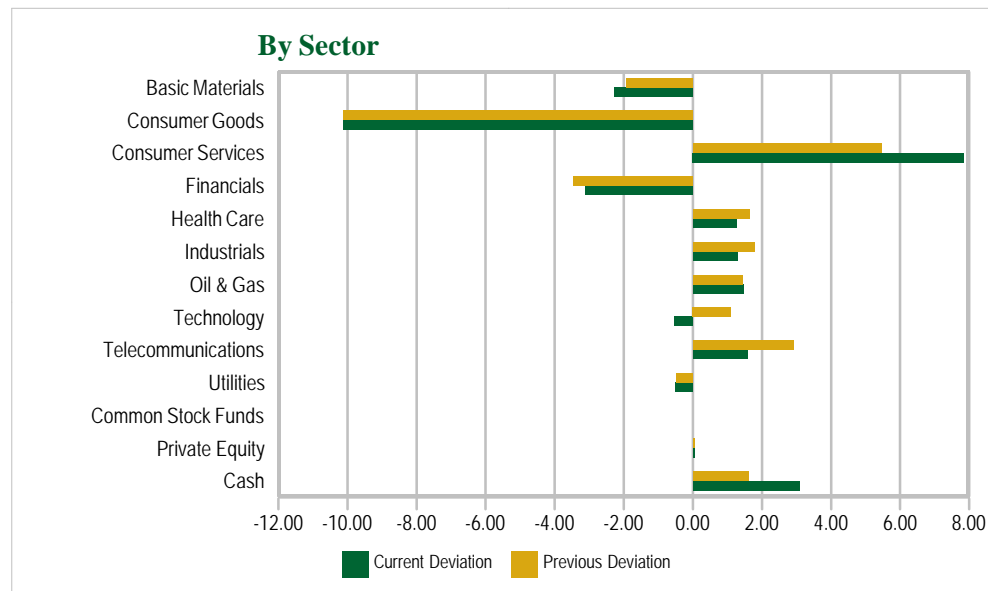


	Return	Benchmark	Relative Return	Asset Allocation	Stock Selection	Relative Contribution
UBS	5.75	4.70	1.01	0.03	0.98	1.01
Common Stock Funds	0.00	-	0.00	-0.00	0.00	-0.00
Basic Materials	-5.13	5.05	-9.68	-0.02	-0.78	-0.80
Consumer Goods	7.20	3.16	3.92	0.15	0.14	0.29
Consumer Services	7.96	7.32	0.59	0.16	0.17	0.33
Financials	18.58	8.39	9.41	-0.13	1.58	1.44
Health Care	0.45	1.76	-1.29	-0.03	-0.12	-0.15
Industrials	8.62	7.20	1.33	0.04	0.14	0.18
Oil & Gas	2.64	1.54	1.07	-0.05	0.21	0.16
Technology	-0.75	11.37	-10.88	0.08	-0.25	-0.17
Telecommunications	-1.02	0.74	-1.75	-0.07	-0.16	-0.23
Utilities	4.44	2.54	1.86	0.01	0.06	0.08
Cash	0.05	-	0.05	-0.11	0.00	-0.11

	Return	Benchmark	Relative Return	Asset Allocation	Stock Selection	Relative Contribution
UBS	18.95	17.25	1.45	-0.34	1.77	1.45
Common Stock Funds	-22.72	-	-22.72	-0.14	0.00	-0.14
Basic Materials	-3.62	4.90	-8.12	0.25	-0.63	-0.38
Consumer Goods	24.74	22.67	1.69	-0.47	0.05	-0.42
Consumer Services	16.02	18.62	-2.19	0.19	-0.19	-0.01
Financials	29.43	21.24	6.75	-0.19	1.21	1.02
Health Care	13.69	10.53	2.86	-0.07	0.25	0.18
Industrials	37.31	30.29	5.38	0.21	0.55	0.76
Oil & Gas	16.36	12.36	3.56	-0.07	0.70	0.63
Technology	32.81	23.41	7.62	0.06	0.29	0.36
Telecommunications	14.37	18.22	-3.25	0.16	-0.35	-0.19
Utilities	14.05	16.67	-2.25	0.06	-0.07	-0.01
Cash	0.62	-	0.62	-0.34	0.00	-0.34



UBS

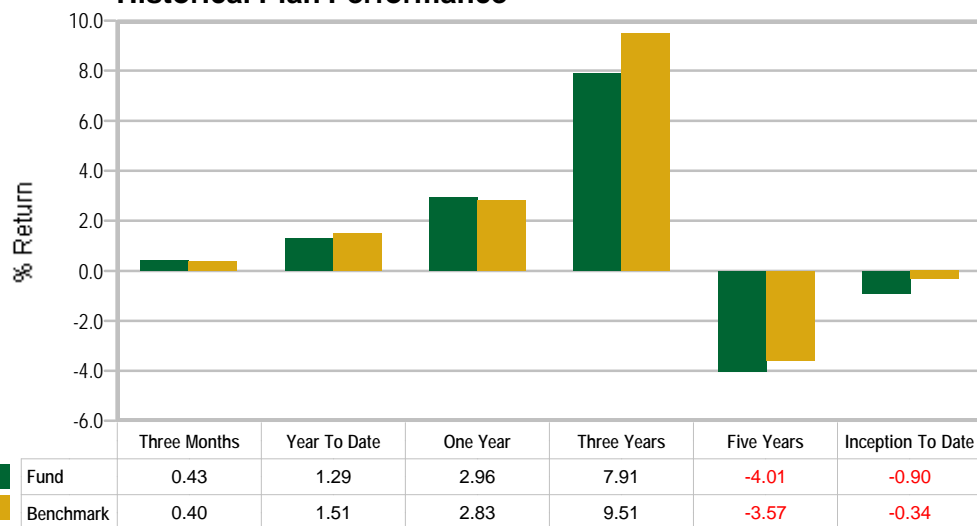


	Current Qtr	Previous Qtr	Current Benchmark	Current Deviation	Previous Benchmark	Previous Deviation
Basic Materials	7.65	8.19	9.92	-2.27	10.12	-1.92
Consumer Goods	3.54	3.79	13.66	-10.12	13.91	-10.11
Consumer Services	17.33	14.62	9.48	7.85	9.16	5.46
Financials	18.00	16.87	21.11	-3.11	20.33	-3.46
Health Care	8.79	9.41	7.54	1.25	7.78	1.63
Industrials	10.38	10.57	9.10	1.28	8.78	1.78
Oil & Gas	18.80	19.22	17.33	1.47	17.77	1.45
Technology	0.89	2.55	1.44	-0.55	1.44	1.11
Telecommunications	8.01	9.58	6.44	1.58	6.68	2.90
Utilities	3.47	3.54	3.97	-0.51	4.03	-0.49
Common Stock Funds	0.00	0.00		0.00		0.00
Private Equity	0.04	0.04		0.04		0.04
Cash	3.10	1.62		3.10		1.62





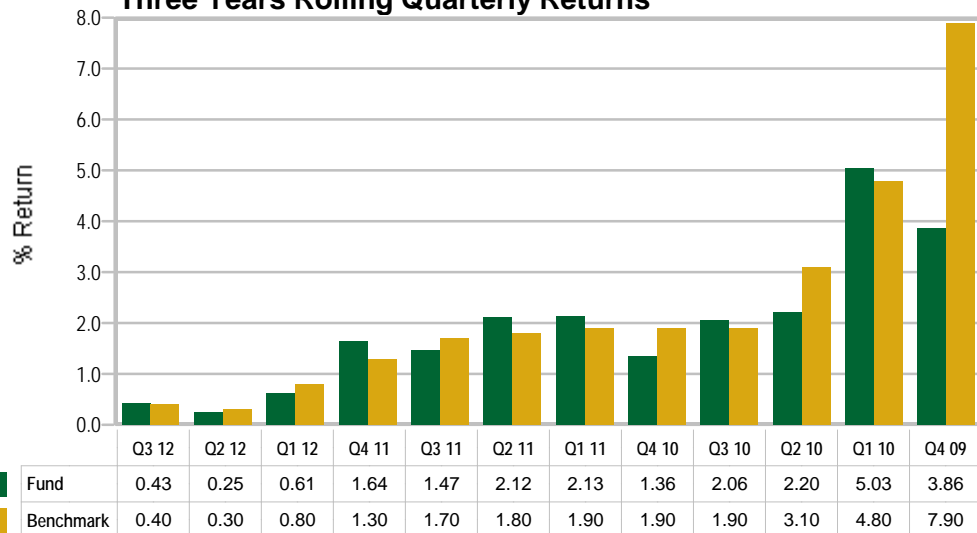
**Historical Plan Performance**



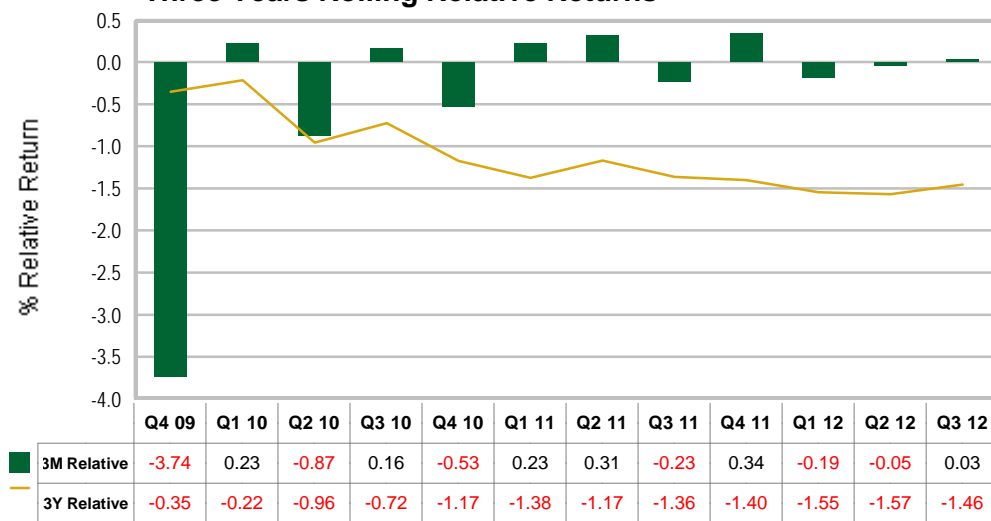
**Risk Statistics - 3 years**

	Fund	B'mark
Performance Return	7.91	9.51
Standard Deviation	2.34	2.39
Relative Return	-1.46	
Tracking Error	2.16	
Information Ratio	-0.74	
Beta	0.59	
Alpha	1.83	
R Squared	0.37	
Sharpe Ratio	2.87	3.48
Percentage of Total Fund	8.0	
Inception Date	Mar-2006	
Opening Market Value (£000)	49,421	
Net Investment (£000)	-3	
Income Received (£000)	690	
Appreciation (£000)	-479	
Closing Market Value (£000)	49,629	

**Three Years Rolling Quarterly Returns**

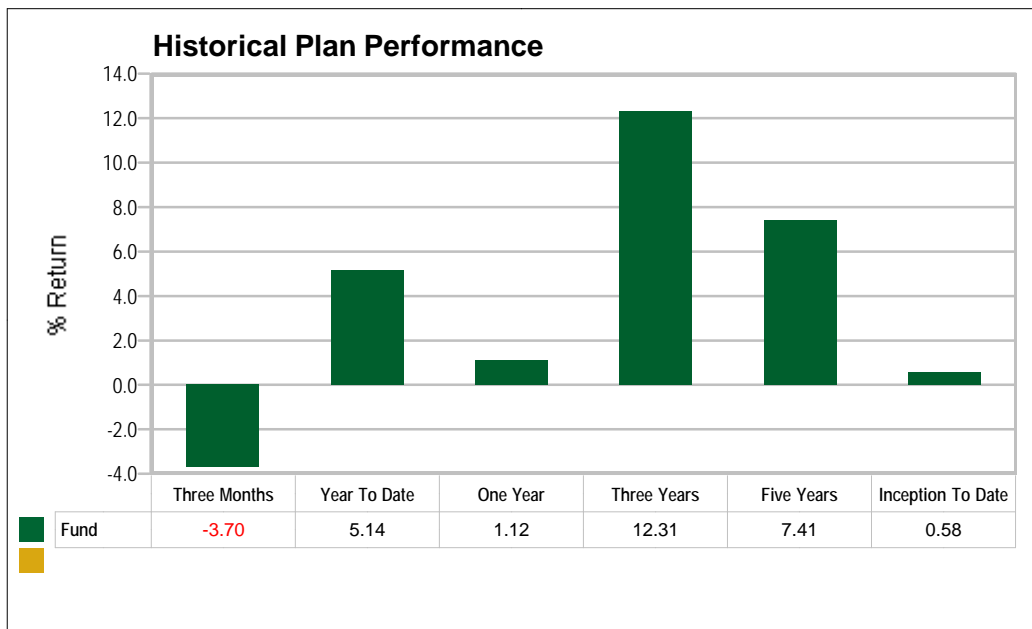


**Three Years Rolling Relative Returns**





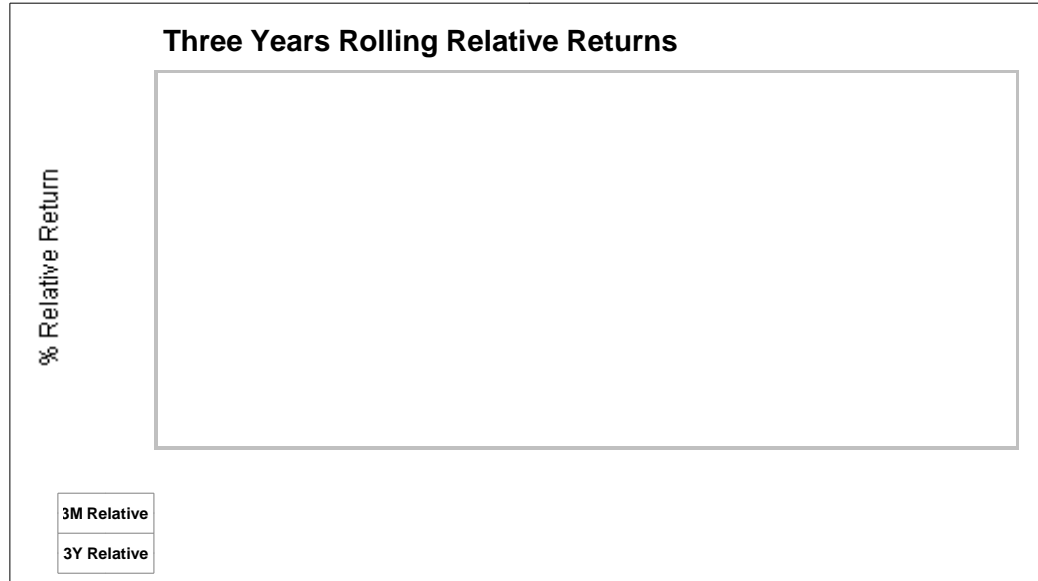
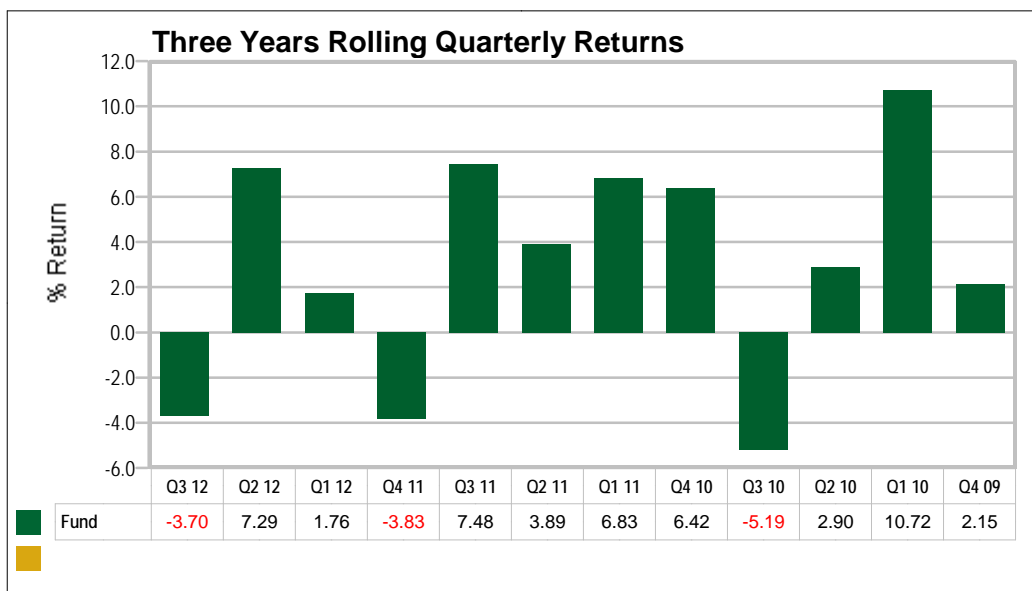
Adam Street



Risk Statistics - 3 years

Fund B'mark

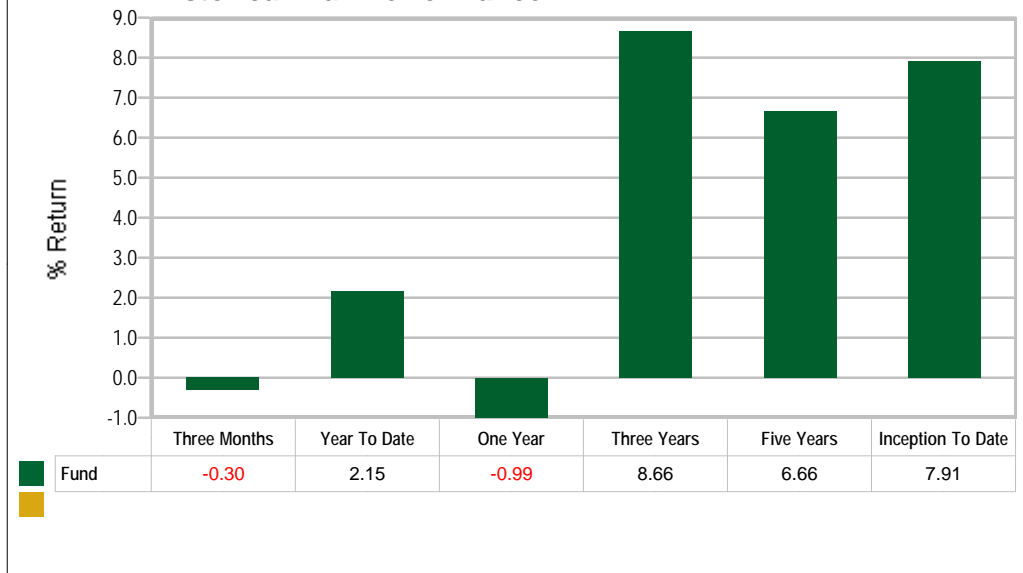
Performance Return	
Standard Deviation	
Relative Return	
Tracking Error	
Information Ratio	
Beta	
Alpha	
R Squared	
Sharpe Ratio	
Percentage of Total Fund	3.4
Inception Date	Jan-2005
Opening Market Value (£000)	21,824
Net Investment £(000)	-137
Income Received £(000)	0
Appreciation £(000)	-804
Closing Market Value (£000)	20,882





LGT

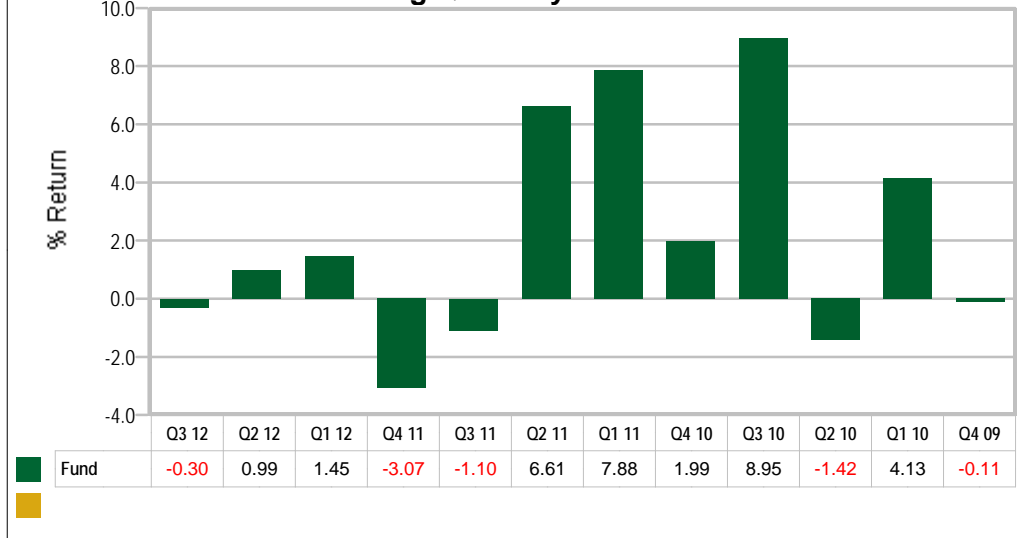
Historical Plan Performance



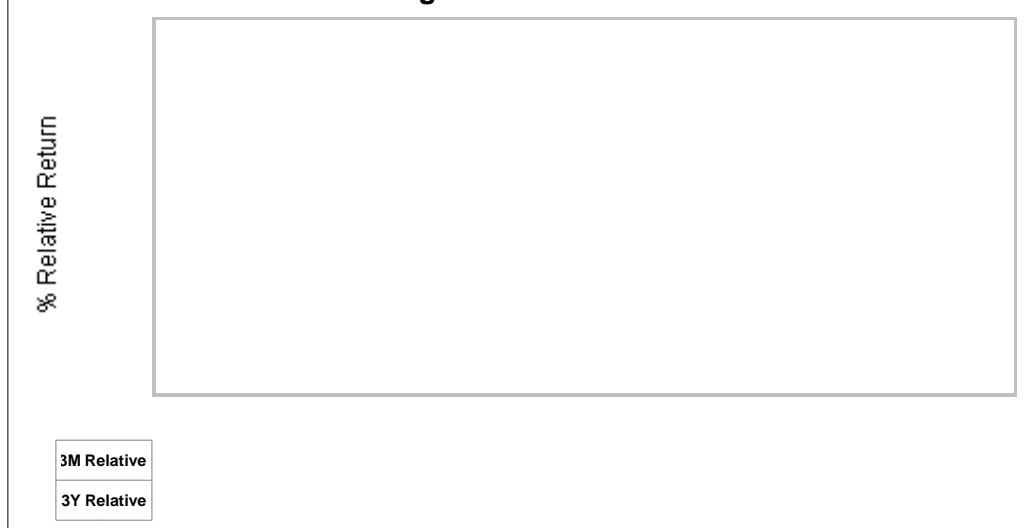
Risk Statistics - 3 years

	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)	17,159	
Net Investment (£000)	-522	
Income Received (£000)	0	
Appreciation (£000)	-56	
Closing Market Value (£000)	16,580	

Three Years Rolling Quarterly Returns

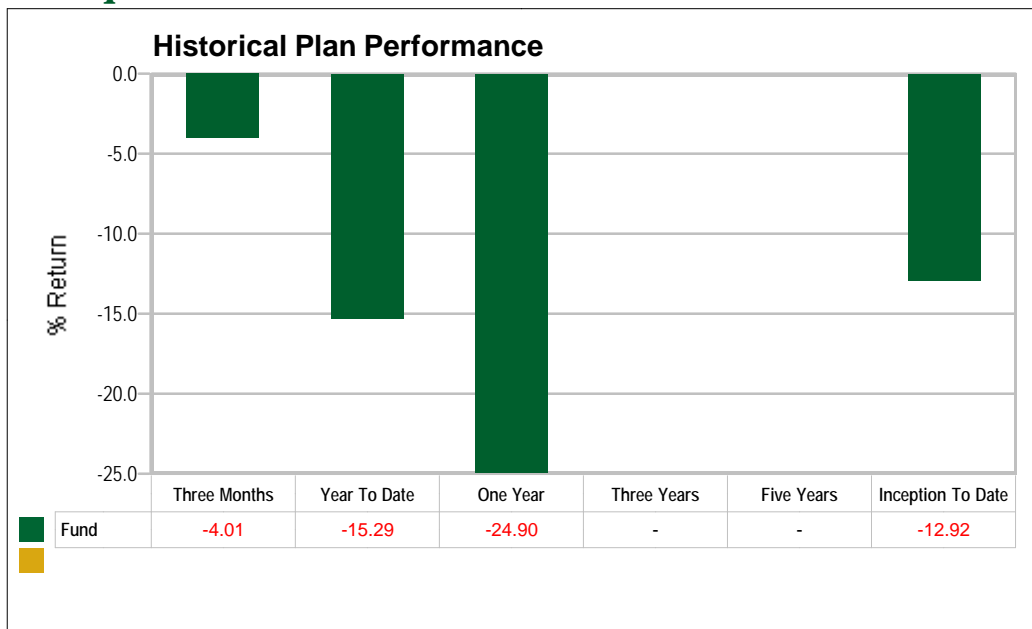


Three Years Rolling Relative Returns





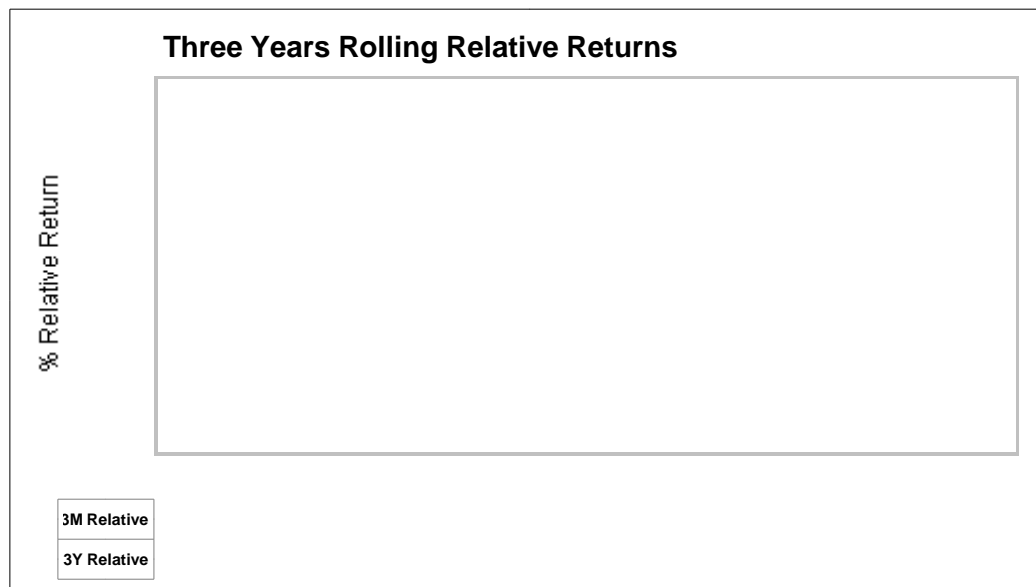
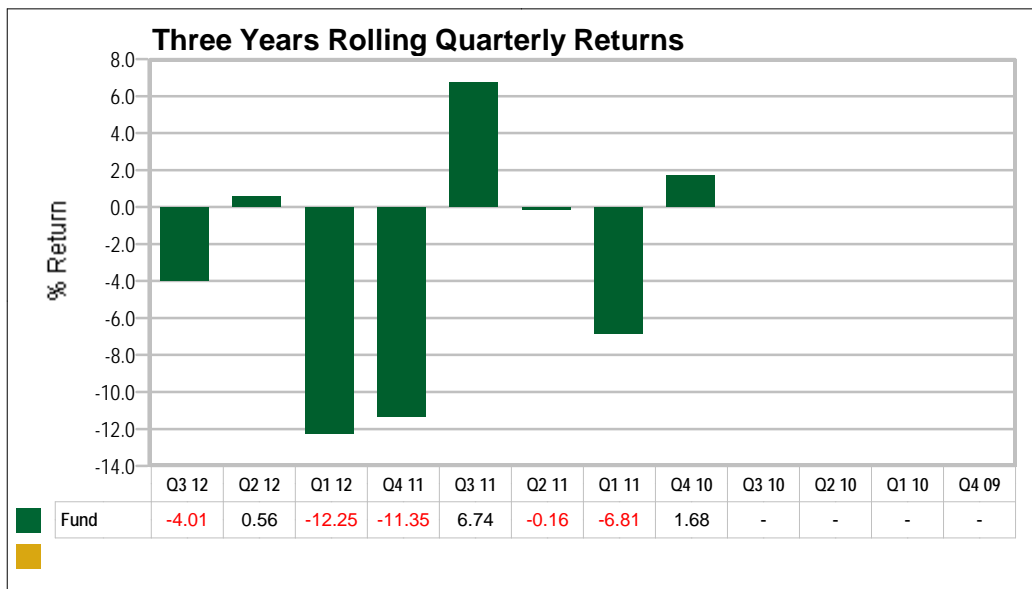
Macquarie



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	0.9
Inception Date	Sep-2010
Opening Market Value (£000)	1,724
Net Investment £(000)	4,314
Income Received £(000)	0
Appreciation £(000)	-198
Closing Market Value (£000)	5,840





### 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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