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HILLINGDON
LONDON

Pensions Committee

Councillors on the Committee

Philip Corthorne (Chairman)
Michael Markham (Vice-Chairman)
Paul Harmsworth (Labour Lead)
Janet Duncan
Richard Lewis
David Simmonds

Date:	**TUESDAY, 20 SEPTEMBER 2011**
Time:	**5.30 PM**
Venue:	**COMMITTEE ROOM 3 CIVIC CENTRE, HIGH STREET, UXBRIDGE, MIDDLESEX UB8 1UW**
Meeting Details:	Members of the Public and Press are welcome to attend this meeting

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Published: Monday, 12 September 2011

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This Agenda is available online at:
http://modgov.hillingdon.gov.uk/ieListMeetings.aspx?CId=125&Year=2010

Lloyd White
Head of Democratic Services
London Borough of Hillingdon,
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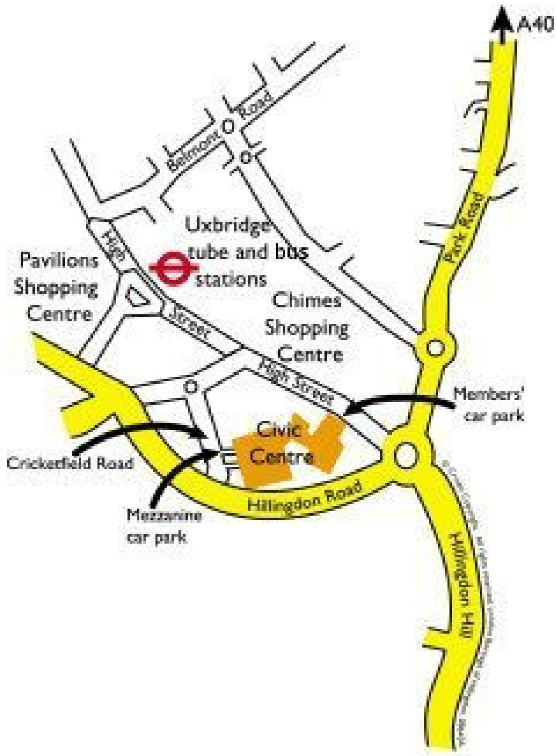
www.hillingdon.gov.uk

INVESTOR IN PEOPLE

Useful information



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Agenda

Part I - Members, Public & Press

Part II - Members Only

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Minutes

PENSIONS COMMITTEE

11 August 2011

Meeting held at Committee Room 3a - Civic Centre, High Street, Uxbridge UB8 1UW

	Committee Members Present: Councillors Michael Markham (Chairman) Paul Harmsworth Janet Duncan David Simmonds **LBH Officers Present**: Natasha Dogra – Democratic Services Officer Nancy Le Roux – Senior Finance Manager James Lake – Investment Manager Scott Jamieson – Independent Advisor	
20.	**APOLOGIES FOR ABSENCE** *(Agenda Item 1)* Apologies had been received from Councillor Philip Corthorne and Councillor Richard Lewis.	**Action by**
21.	**DECLARATIONS OF INTEREST** *(Agenda Item 2)* Councillors Markham, Duncan, Harmsworth, and Simmonds declared a personal interest in all Agenda Items, in that they were all members of the Local Government Pension Scheme, and remained in the room.	**Action by**
22.	**TO CONFIRM THAT THE ITEMS ON THIS AGENDA WERE PART II AND WOULD BE CONSIDERED IN PRIVATE** *(Agenda Item 3)* It was confirmed that the items on the agenda were marked confidential and would therefore be considered in private.	**Action by**
23.	**INVESTMENT STRATEGY** *(Agenda Item 4)* *Restricted by virtue of paragraph(s) 3 of Part 1 of Schedule 12A of the Local Government (Access to Information) Act 1995 as amended.*	**Action by**
	The meeting, which commenced at 5.30 pm, closed at 6.15 pm.	

These are the minutes of the above meeting. For more information on any of the resolutions please contact Natasha Dogra on 01895 277488. Circulation of these minutes is to Councillors, Officers, the Press and Members of the Public.

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EXTERNAL AUDITOR REPORT on the PENSION FUND ANNUAL REPORT and ACCOUNTS

Contact Officers	Nancy le Roux, 01895 250353
Papers with this report	None

SUMMARY

The attached report summarises the findings of the External Auditor on the audit of the 2010/11 Pension Fund Annual Report and Accounts. The report is in draft pending the conclusion of the audit. It is expected the audit will be largely complete by the time the committee meets and a verbal update on the final outcome will be given at the meeting.

The auditor has indicated that it is expected that an unmodified opinion will be given on the Pension fund statements by 30 September 2011.

RECOMMENDATIONS

To note the auditor's findings and to approve the Annual Report of the Pension Fund.

BACKGROUND

1. The Council as an administering authority under the Local Government Pension Scheme Regulations is required to produce a separate set of accounts for the scheme's financial activities and assets and liabilities.

2. The contents and format of the accounts are determined by statutory requirements and mandatory professional standards as established by the Chartered Institute of Public Finance (CIPFA) in their Statement of Recommended Practice (SORP).

3. The Pension Fund Accounts were subject to a separate audit by the Council's external auditors, Deloitte LLP, which must be completed by 30 September 2011.

4. Whilst Audit Committee formally approves the Council's Statements of Accounts, which incorporates the Pension Fund Accounts, the Annual Report requires the approval of Pensions Committee. This report will also be taken to Audit Committee on 21 September 2011.

SCOPE OF THE EXTERNAL AUDIT

5. Auditors are required to communicate to elected Members matters of governance that arise from the audit of the financial statements. These cover:

- Key audit risks
- Accounting and internal control systems
- Current Accounting and Regulatory Issues

6. In addition, the Auditor requires a “Representation Letter” to be signed by management and the Committee. The contents of this letter are set out at Appendix 1 to the attached Deloitte report. The letter has to include representations from management on matters material to the statement where sufficient appropriate evidence cannot reasonably be expected to exist.

COMMENT ON THE CONTENTS OF THE REPORT

7. The report gives a comprehensive account of the work undertaken during the audit and includes several auditor mandatory reporting requirements. The report is very positive and there were no audit adjustments to report.

8. In relation to accounting and internal control systems, Deloitte have made one recommendation to implement an additional review as part of the closing process for the financial statements of the Private Equity Funds. Management has agreed with the recommendation which is discussed in Section 2 of the report.

FINANCIAL IMPLICATIONS

The financial implications are contained within the body of the report

LEGAL IMPLICATIONS

The legal implications are mentioned within the report.

BACKGROUND DOCUMENTS

None

Deloitte.

London Borough of Hillingdon

Report to the Pension Committee and Audit Committee on the 2010/11 Local Government Pension Fund Audit

September 2011

Contents

Executive summary

We have pleasure in setting out in this document our report to the Pension and Audit Committee's of the London Borough of Hillingdon for the year ended 31 March 2011 for discussion at the committee meetings scheduled for 20 September 2011 and 21 September 2011 respectively. This report summarises the principal matters that have arisen from our audit for the year ended 31 March 2011.

This summary is not intended to be exhaustive but highlights the most significant matters to which we would like to bring your attention. It should, therefore, be read in conjunction with the report and the appendices thereto.

Key findings on audit risks and other matters	Description
We have concluded satisfactorily on each of the key audit risks identified in our audit plan. We did not identify any additional risks in the course of our work.	We discuss within Section 1 the results of our work in relation to key audit risks which have been identified as being significant to the 2010/11 accounts, and which were presented to the Audit Committee in February 2011 as follows: **Key risks** 1. **Contributions**: The risk surrounding identification, calculation and payment of contributions, due to the complexities surrounding admitted bodies, has been addressed through our testing. No issues were noted with the exception of an incorrect classification of the contributions between employer deficit and employer normal contributions. As such an adjustment was posted decreasing deficit contributions and increasing normal contributions by £2 million; 2. **Benefits:** Complexities in the calculation of both benefits in retirement and ill health and death benefits have been reviewed during our testing with no issues identified; 3. **Investments**: The unquoted investments have been agreed to independent returns from the investment managers. We identified that in one case the value of the private equity fund for LGT from the February was used. An adjustment was posted amounting to £467,000 for the movement in valuation to 31 March 2011. We also identified that some of the private equity funds audited financial statements included an emphasis of matter paragraph indicating the uncertainties over valuation of equities in illiquid markets. We have held discussions with the managers of these funds to ensure that the valuation techniques represent the most accurate fair value of the equities; 4. **Accounting for International Financial Reporting Standards ('IFRS'):** management have elected to disclose the actuarial liability following the requirements in Option B, which allows for the actuarial liability to be disclosed separately but does not require it to be recognised. The note to the financial statement on the actuarial liability of the Fund as at 31 March 2011 complies with the requirements of the Code; **Other areas** **Management Override of Controls**: all testing was completed with satisfactory results; and **Revenue recognition:** work performed in the current year has indicated that the rebuttal of revenue recognition risk is still considered appropriate.

Executive summary (continued)

Audit status	
Subject to the clearance of final points, we expect to issue an unmodified audit opinion on the financial statements.	We are satisfied that the status of the audit is as expected at this stage of the timetable agreed in our audit plan. We have substantially completed our audit in accordance with our Audit Plan which was presented to you prior to the commencement of the audit subject to the satisfactory completion of the matters set out below: • receipt of signed management representation letter (see appendix 1); and • update of post balance sheet event review. We will report to you verbally in respect of any modifications to the findings or opinions contained in this report that arise on completion of these matters. At the date of this report and subject to the satisfactory completion of the outstanding matters referred to above, there are no matters in relation to the Local Government Pension Fund information that would result in the issuance of a modified audit opinion.

Identified misstatements	
No uncorrected misstatements	Audit materiality was set at £7.8m (2009/10 £6.0m), which is consistent with that of the local government audit. This is slightly higher than set out in the planning meeting report, however we continue to report all unadjusted misstatements greater than £0.4m (2% of materiality) to the Audit and Pension Committees. There are no identified uncorrected misstatements above this level, and no qualitatively material misstatements that we wish to bring to your attention.

Accounting and internal control systems	
Review of underlying private equity funds	During the audit we identified one area for improvement in relation to the internal control system. This improvement related to the review of the underlying private equity funds. Further detail on the area for improvement in the internal control system is included in Section 2 of the report.

Current accounting and regulatory issues	
Summary of issues	On 2 June the Audit Commission announced proposals that the audits currently undertaken by their in-house practice should be outsourced to the private sector for the year ended 31 March 2013 onwards. Audits already outsourced, like this Council, are unaffected by this announcement. Consultation on the proposals for the new audit framework (where “audit quality is regulated within a statutory framework, overseen by the National Audit Office and the accountancy profession and where local public bodies will be free to appoint their own external auditors with stringent safeguards for independence”) closed on 30 June 2011 when proposals will be published in a draft bill to allow full Parliamentary scrutiny. We have included within this report accounting and regulatory issues that affect the pension fund industry, particularly focus areas of the Pensions Regulator (TPR). Although the London Borough of Hillingdon in not regulated by TPR these are guidelines for improving process and represent best practice in the industry.

1. Key audit risks

The results of our audit work on key audit risks are set out below:

Contributions	
Audit risk	Unlike the positions in the private sector, we are not required to issue a separate statement on contributions for the Fund. Nevertheless, in view of the complexity arising from the participation of different employers within the Fund, we have included the identification, calculation and payment of contributions as an area of significant risk.
Deloitte response	We have performed the following testing to address the significant risks around contributions: • reviewed the design and implementation of controls present at the Fund for ensuring contributions from all Scheduled and Admitted bodies are identified and calculated correctly; • we have received from officers an analysis of contribution rates by employer and signed monthly statements from each Scheduled and Admitted body; • we performed tests of details to test whether each material income stream was calculated in accordance with the actuarial valuation and schedule of rates; and • we developed an expectation based on changes in membership numbers and changes in contribution rates to analytically review the contributions received in the year, the results of which fell within our tolerance level. It was noted that an incorrect allocation of the contributions was being disclosed in the fund account. As such £2.0 million was re-allocated from deficit funding to employer normal contributions. All other testing was completed with satisfactory results.

1. Key audit risks (continued)

Benefits	
Audit risk	Changes were made to the Fund from April 2008 which introduced complexities into the calculation of both benefits in retirement and ill health and death benefits which are in addition to the annual increases required by the 1997 Regulation and Pension (Increases) Act 1971. On 8 July 2010 the Government announced its intention to move to the Consumer Price Index (CPI) as the measure of inflation for pension increase purpose. This change will come into effect for the 2011 increases.
Deloitte response	The following tests were performed to address the significant risk around benefits: • we reviewed the design and implementation of controls present at the Fund for ensuring the accuracy, completeness and validity of benefits through discussion with the pensions team and testing to controls were in force during the year under review; • we obtained a schedule of benefits paid and supporting calculations and tested whether benefits paid were in accordance with the appropriate rules; • we performed tests of detail, on a sample of benefits paid, by agreement to supporting documentation, to test whether benefits were in all material respects correctly calculated, by reference to their qualifying service, Fund rules and benefit choices made; and • we developed an expectation based on changes in membership numbers and pension increases to analytically review the benefits paid in the year. All testing was completed with satisfactory results.

1. Key audit risks (continued)

Investments

Audit risk

The Fund makes some use of investments in unquoted investments vehicles, such as private equity houses.

Although these funds are normally subject to external audit, up to date audited accounts were not avialable at the time that the pension fund accounts were compiled and audited. In such cases, year end fair values of investments in such funds will need to be estimated on the basis of unaudited information. In addition, market volailty raises questions about how to value these invstments. It would normally be expected that the reasonableness of the fund managers' valuation could be assessed by comparison with the funds' latest available audited accounts as adjusted for subsequent cash movements (investments and distributions) between the pooled investment vehicle and the investors. However, market volatility means such comparison may be inappropriate especially when thre is a significant time period between the latest audited accounts and the fund year end.

As these investments are more complex to value we have identified the Fund's investments in property and pooled investment vehicles as a significant risk.

Deloitte response

The following tests were performed to address the significant risk around investments:

- we have reviewed the design and implementation of controls present at the Fund for ensuring investments are valued correctly;
- we have obtained a further understanding of the valuation of investments. The value of unquoted investments vehicles represents less than 6% of the assets of the Fund as a whole. The majority of the investments held by the Fund being in investments which have a quoted value;
- we have reconciled the total value of the investments held by the Fund as reported in the investment report from Northern Trust to the value of investments reported in the Net Assets Statement;
- We have compared the valuations provided by Northern Trust to the reports provided by the investment manager;
- we have performed a test of detail on a sample basis of quoted investment and compared the value reported by the Northern Trust to the quoted price obtained from Bloomberg, DataStream or other third party sources; and
- we have performed a test of detail on a sample basis of the unquoted pooled investments to the valuations received from the external investment managers.

We identified that in one case the Northern Trust reports had taken the value of the private equity fund for LGT from the February month end. This was due to the lack of availability of the valuation at March when the report was produced. An adjustment was posted amounting to £467,000 for the movement in valuation to 31 March 2011.

1. Key audit risks (continued)

Investments (continued)

Deloitte response (continued)

In addition it was noted that the audited accounts for the LGT funds contained modified opinions. The financial statements of the funds included an emphasis of matter paragraph over the valuation of the illiquid investments. We held discussions with the fund manager to satisfy ourselves that the values of the investments are unlikely to contain a material error. Our discussions included gaining a further understanding of the valuation process used and comparing this to the industry standard.

This has caused an additional disclosure included in the accounts which have now included the following wording to bring the users attention to this uncertainty:

> “The carrying value of private equity holdings has been sourced directly from the valuations provided by the private equity fund managers. Due to the inherent nature of this type of investment and the lack of a liquid market, it can be difficult to obtain precise realisable values and hence, the carrying value of these investments may differ from the realisable value.”

We have recommended that the committee annually review the funds audited accounts to satisfy themselves that the valuations provided are sufficiently accurate, see section 2.

Other than the above no issues were identified during our audit procedures.

1. Key audit risks (continued)

Accounting for International Financial Reporting Standards (IFRS)

Audit risk

The Code of Practice on Local Authority Accounting sets out how Local Government Pension Funds should apply IFRS. The main implications for the London Borough of Hillingdon are as follows:

- The requirement for the actuarial present value of promised retirement benefits to be disclosed, with three options for disclosure:
    - Option A – in the Net Asset Statement disclosing the resulting surplus or deficit;
    - Option B – in the notes to the Financial Statements; or
    - Option C – by referring to the actuarial information in an accompanying actuarial report.
- Additional note disclosures required around the actuarial positions of the fund and the significant assumptions made.

From discussion with the administrators we note that the London Borough of Hillingdon have adopted Option B.

Deloitte response

The disclosure made complies with the requirements for Option B as detailed in the Code of Practice on Local Authority Accounting 2010/11.

Other areas – Management override of controls

Audit risk

We are required by ISA 240 ‘ The auditors responsibility to consider fraud in an audit of the financial statements’ to presume there is a significant risk of management override of the system of internal control

Deloitte response

Our audit work included:

- we have reviewed analysis and supporting documentation for journal entries, key estimates and judgements;
- we have performed substantive testing on journal entries to confirm that they have a genuine, supportable rationale;
- we have reviewed ledgers for unusual items and on a test basis investigated the rationale of any such postings;
- we have reviewed significant management estimates and judgements such as year end accruals and provisions and consider whether they are reasonable; and
- we have made enquiries of those charged with governance as part of our planning and detailed audit processes.

All testing was completed with satisfactory results.

1. Key audit risks (continued)

Other areas – Revenue recognition	
Audit risk	We are required by ISA 240 ‘The auditors responsibility to consider fraud in an audit of the financial statements’ to presume there is a significant risk of fraud in revenue recognition and conduct our audit testing accordingly, unless the presumption is rebutted.
Deloitte response	We have considered the risk of fraud in revenue recognition in respect of the Fund and no significant risks have been identified. Revenue in respect of a pension Fund related to contributions income and we have concluded that there is no incentive to misstated contributions on this Fund. We are satisfied that the work performed in the current year has indicated that the rebuttal of the revenue recognition risk is still considered appropriate.

2. Accounting and internal control systems

Control observation

During the course of our audit we identified one area for improvement in the internal control system which is detailed below:

Review of private equity funds financial statements	
Observation	There was no procedure in place to complete a detailed review of the private equity funds annual audited financial statements. It was noted that the audit opinion on some of the funds was modified to include an emphasis of matter paragraph raising attention to the possibility the valuation may differ from that shown due to the illiquid market for these securities. This could lead to incorrect valuation of these funds in the pension scheme financial statements.
Recommendation	We recommend that a process is implemented to review annually the audited financial statements for all private equity funds. The committee should consider any issues identified by the auditors and the impact on the scheme should be assessed and disclosure included in the accounts to explain any uncertainties identified.
Management response	Agreed, as a result of this issue being raised, we will implement an annual process to undertake a review of the private equity funds financial statements. Any issues found during the review will be reported to Pensions Committee.
Owner	Nancy LeRoux

3. Current Accounting and Regulatory Issues

Upcoming financial reporting developments

For reference, the following developments in the pension industry may impact the governance arrangements and financial statements of the London Borough of Hillingdon. Whilst we appreciate that Local Government Pension Fund are not regulated by the Pensions Regulator we consider their guidance to be indicative of what is currently considered to be best practice in the pensions sector.

The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009	The key change to The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009 that apply from 1 April 2011 is a new requirement for each pension Fund to have a bank account which is separate from any which the Administering Authority has in its capacity as a local authority. This change is being adopted because it will enable pension Fund monies to be clearly ring-fenced from other monies of the local authority, and thus reflects a longstanding Audit Commission view on best practice. Some pension Funds already have a separate bank account, but this change will ensure consistency across all 89 administering authorities in England and Wales. It is noted that London Borough of Hillingdon implemented these requirements during January 2009 and are fully compliant.

The Local Government Pension Scheme (Benefit, Membership and Contributions) (Amendment) Regulations 2011	There are no key changes to regulation contained in this statutory instrument. The purpose of the statutory instruments is to clarify the regulation contained in the Local Government Pension Fund (Benefit, membership and Contributions) Regulations 2007 where the member retires on the grounds of ill health. This change applies from 1 April 2011.

3. Current Accounting and Regulatory Issues (continued)

Preparing for the UK Bribery Act	It is important for all organisations to take the time to make a considered response and consolidate the processes that they already have in place to ensure that they are in a strong position to demonstrate that "adequate procedures" can be evidenced from July 2011 onwards. Guidance has just been released with the key principals being: • **Proportionate procedures** – an organisation should have anti-bribery and corruption procedures that are proportionate to the specific risks faced by the business and to the nature, scale and complexity of its operations. • **Top level commitment** - senior management should demonstrate their commitment to preventing bribery, establish a culture that supports this commitment and communicate the company's anti-bribery policy throughout the organisation. • **Risk assessment** - the company should perform a regular and comprehensive assessment of the nature and extent of its corruption risks. • **Due diligence** - the company should understand the background and reputation of the parties with whom it does business. • **Communication (including training)** - the company's anti-bribery policies should be effectively embedded in day to day business processes. • **Monitoring and review** - the company should implement appropriate monitoring and review mechanisms to ensure compliance with relevant policies and procedures.

The Pension Regulator – final employer support guidance	In November 2010, the Pensions Regulator published guidance focusing on encouraging those charged with governance to take proactive steps to ensure there is adequate security for their pension Fund. Given the partnership working that is being undertaken by Local Authorities with private sector, Local Government Pension Fund are in general seeing an increased number of applications for employers to be admitted to the Fund. Given the last man standing nature of the Local Government Pension Fund we consider that this guidance may be relevant to you when determining whether to admit new employers to the Fund and if they are to be admitted what security should be requested of employers. The guidance provides information on what those charged with governance should do to measure and monitor employer covenant, which could be used as part of assessments of potential admitted bodies. Detailed guidance is available at: http://www.thepensionsregulator.gov.uk/guidance/monitoring-employer-support.aspx

4. Other matters for communication

As part of our obligations under International Standards on Auditing (UK & Ireland), we are required to report to you on the matters listed below.

Independence	We consider that we comply with APB Revised Ethical Standards for Auditors and that, in our professional judgement, we are independent and the objectivity of the audit engagement partner and audit staff is not compromised. If the Audit or Pension Committee's wishes to discuss matters relating to our independence, we would be happy to arrange this.
Non-audit services	We are not aware of any inconsistencies between APB Revised Ethical Standards for Auditors and the Administering Authority's policy for the supply of non audit services or of any apparent breach of that policy. Fees payable to the auditors for the audit of the annual accounts of the London Borough of Hillingdon (excluding VAT) have been provided to the audit committee in the report covering the local authority. Our fee is consistent with the scale fee determined by the Audit Commission.
International Standards on Auditing (UK and Ireland)	We consider that there are no additional matters in respect of those items highlighted in our publication "Briefing on audit matters" to bring to your attention that have not been raised elsewhere in this report or our audit plan.
Liaison with internal audit	The Audit team, following an assessment of the independence and competence of the internal auditor, reviewed the findings of internal audits to inform the risk assessment and considered the impact on our audit approach. No adjustments were made to the audit approach as a result of our review of the work of internal audit.
Written representations	A copy of the representation letter to be signed on behalf of the Authority is attached at Appendix 1.
Relationships	There are no relationships (including the provision of non-audit services) we have with the London Borough of Hillingdon, its trustees and senior management and its affiliates, and other services provided to other known connected parties that we consider may reasonably be thought to bear on our objectivity and independence, together with the related safeguards that are in place.

5. Responsibility statement

The Audit Commission published a ‘Statement of responsibilities of auditors and of audited bodies’ alongside the Code of Audit Practice. The purpose of this statement is to assist auditors and audited bodies by summarising where, in the context of the usual conduct of the audit, the different responsibilities of auditors and of the audited body begin and end, and what is expected of the audited body in certain areas. The statement also highlights the limits on what the auditor can reasonably be expected to do.

Our audit plan has been prepared on the basis of, and our audit work carried out in accordance with the Code and the Statement of Responsibilities, copies of which have been provided to the Council by the Audit Commission.

The audit may include the performance of national studies developed by the Audit Commission, where the auditors are required to follow the methodologies and use the comparative data provided by the Audit Commission. Responsibilities for the adequacy and appropriateness of these methodologies and the data rests with the Audit Commission. The audit may also include reviews such as this report which address locally determined risks and issues the scope of which is agreed with management in advance of the work. In this case it is for management to determine whether the scope is adequate and appropriate to their needs.

While our reports may include suggestions for improving accounting procedures, internal controls and other aspects of your business arising out of our audit, we emphasise that our consideration of the Pension Fund’s system of internal control was conducted solely for the purpose of our audit having regard to our responsibilities under Auditing Standards and the Code of Audit Practice. We make these suggestions in the context of our audit but they do not in any way modify our audit opinion which relates to the financial statements as a whole. Equally, we would need to perform a more extensive study if you wanted us to make a comprehensive review for weaknesses in existing systems and present detailed recommendations to improve them.

Any conclusion, opinion or comments expressed herein are provided within the context of our opinion on the financial statements and our conclusion on value for money as a whole, which was expressed in our auditors’ report.

We view this report as part of our service to you for corporate governance purposes and it is to you alone that we owe a responsibility for its contents. We accept no duty, responsibility or liability to any other person as the report has not been prepared, and is not intended, for any other purpose. It should not be made available to any other parties without our prior written consent.

Deloitte LLP

Chartered Accountants
St Albans
XX XXXXX 2011

Appendix 1: Draft representation letter

Deloitte LLP

Our Ref: ***MGB/HB/2011*** ***Date:***

Dear Sirs

London Borough of Hillingdon Pension Fund (the "Fund")

This representation letter is provided in connection with your audit of the financial statements of the Fund for the year ended 31 March 2011 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view of the financial position of the Fund, in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2010, the financial transactions of the Pension Fund during the year ended 31 March 2011, and the amount and disposition of the Fund's asset and liabilities as at 31 March 2011, other than liabilities to pay pensions and other benefits after the end of the Fund year.

We acknowledge as members of London Borough of Hillingdon Council our responsibilities for ensuring that the financial statements are prepared which give a true and fair view, for keeping records in respect of active members of the Fund and for making accurate representations to you.

We confirm, to the best of our knowledge and belief, the following representations.

1. All the accounting records have been made available to you for the purpose of your audit and all the transactions undertaken by the Fund have been properly reflected and recorded in the accounting records. All other records and related information, including minutes of Officer and Committee member meetings, have been made available to you.

2. We acknowledge our responsibilities for the design, implementation and operation of internal control to prevent and detect fraud and error.

3. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

4. We are not aware of any significant facts relating to any frauds or suspected frauds affecting the Fund involving:
   (i). management;
   (ii). employees who have significant roles in internal control; or
   (iii). others where the fraud could have a material effect on the financial statements.

5. We have disclosed to you our knowledge of any allegations of fraud, or suspected fraud, affecting the Fund's financial statements communicated by members, former members, employers, regulators or others.

6. We are not aware of any actual or possible instances of non-compliance with laws and regulations, the effects of which should be considered when preparing financial statements.

7. Where required, the value at which assets and liabilities are recorded in the net asset statement is, in the opinion of the Authority, the fair value. We are responsible for the reasonableness of any significant assumptions underlying the valuation, including consideration of whether they appropriately reflect our intent and ability to carry out specific courses of action on behalf of the Fund. Any significant changes in those values since the balance sheet date have been disclosed to you.

8. We confirm the completeness of the information provided regarding the identification of related parties, and the adequacy of related party disclosures in the financial statements. We have made enquiries of any key managers or other individuals who are in a position to influence, or who are accountable for the stewardship of the Fund and confirm that we have disclosed in the financial statements all transactions relevant to the Fund and we are not aware of any other such matters required to be disclosed in the financial statements, whether under Statement of Recommended Practice – Financial Reports of Pension Funds (revised May 2007) ("Pensions SORP 2007") or other requirements.

9. We confirm that the financial statements have been prepared on the going concern basis. We do not intend to wind up the Fund. We are not aware of any material uncertainties related to events or conditions that may cast significant doubt upon the Fund's ability to continue as a going concern. We confirm the completeness of the information provided regarding events and conditions relating to going concern at the date of approval of the financial statements, including our plans for future actions.

10. You have been informed of all changes to the Fund rules during the year and up to the current date.

11. We have not commissioned advisory reports which may affect the conduct of your work in relation to the Fund's financial statements.

12. No claims in connection with litigation have been or are expected to be received.

13. We have no plans or intentions that may materially affect the carrying value or classification of assets and liabilities reflected in the financial statements.

14. There have been no events subsequent to 31 March 2011 which require adjustment of or disclosure in the financial statements or notes thereto.

15. There have been no irregularities involving management or employees who have a significant role in the accounting and internal control systems or that could have a material effect on the financial statements.

16. The pension Fund accounts and related notes are free from material misstatements, including omissions.

17. The Fund has complied with all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance. There has been no non-compliance with requirements of regulatory authorities that could have a material effect on the financial statements in the event of non-compliance.

18. The Fund has satisfactory title to all assets.

19. We have recorded or disclosed, as appropriate, all liabilities, both actual and contingent.

20. No transactions have been made which are not in the interests of the members of the Fund during the Fund year or subsequently.

21. We confirm that:

- all retirement benefits and Funds, including UK, foreign, funded or unfunded, approved or unapproved, contractual or implicit have been identified and properly accounted for;
- all settlements and curtailments have been identified and properly accounted for;
- all events which relate to the determination of pension liabilities have been brought to the actuary's attention;

- the actuarial assumptions underlying the valuation of the Fund liabilities (including the discount rate used) accord with the directors' best estimates of the future events that will affect the cost of retirement benefits and are consistent with our knowledge of the business;
- the actuary's calculations have been based on complete and up to date member data as far as appropriate regarding the adopted methodology; and
- the amounts included in the financial statements derived from the work of the actuary are appropriate.

22. All trades in complex financial instruments are in accordance with our risk management policies, have been conducted on an arm's length basis and have been appropriately recorded in the accounting records, including consideration of whether the complex financial instruments are held for hedging, asset/liability management or investment purposes. None of the terms of the trades have been amended by any side agreement and no documentation relating to complex financial instruments (including any embedded derivatives and written options) and other financial instruments has been withheld.

23. We confirm that the Pension Fund Annual Report is compliant with the requirements of Regulations 34(1)(e) of the Local Government Pension Fund (Administration) Regulations 2008 and related guidance.

24. We confirm that the information that is contained within the Pension Fund Annual Report and Accounts for the year to 31 March 2011 is complete, accurate and consistent with the information that is contained within the Accounts.

We confirm that the above representations are made on the basis of adequate enquiries of other officials of the Fund (and where appropriate, inspection of evidence) sufficient to satisfy ourselves that we can properly make each of the above representations to you.

Yours faithfully

Signed on behalf of London Borough of Hillingdon

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REVIEW ON PERFORMANCE MEASUREMENT OF THE PENSION FUND

Contact Officers	James Lake, 01895 277562

Papers with this report	Northern Trust Executive Report WM Local Authority Quarter Reports Private Equity Listing Private Equity reports from Adams Street and LGT

SUMMARY

This report reviews the fund manager performance for the London Borough of Hillingdon Pension Fund for the period ending 30 June 2011. The total value of the fund's investments as at the 30 June was £601.4m. (The value of the fund has since dropped around £30m following the recent market turbulence.)

RECOMMENDATION

1. **That the content of this report be noted and the performance of the Fund Managers be discussed.**

INFORMATION

1. The performance of the Fund for the quarter to 30 June 2011 showed an outperformance of 0.03%, with a positive return of 1.64% compared to the benchmark of 1.61%. One year figures show returns of 16.26%, an underperformance of 3.04%.

Performance Attribution Relative to Benchmark

	Q2 2011 %	1 Year %	3 Years %	5 Years %	Since Inception %
Goldman Sachs	0.10	0.40	(0.48)	(0.48)	(0.56)
UBS	0.55	0.69	(0.12)	(1.92)	1.00
UBS Property	0.32	0.18	(1.14)	(0.50)	(0.66)
SSgA	(0.06)	(0.15)	-	-	0.03
SSgA Drawdown	0.17	0.33	-	-	0.37
Ruffer	1.19	9.50	-	-	5.92
Marathon	1.46	4.48	-	-	4.47
Fauchier	(1.49)	(2.97)	-	-	(2.97)
Total Fund	**0.03**	**(3.04)**	**(2.45)**	**(2.51)**	**(0.57)**

Market Commentary

2. Equity markets were unsettled over the quarter with the ongoing issues in the Middle East and concerns over inflation and Eurozone debt. The quarter began positively, supported by encouraging economic data including the second consecutive large gain in US non farm payrolls and a wave of merger and

acquisition activity. Sentiment then turned negative during May and the early part of June following renewed concerns over the periphery of Europe and the potential for contagion to Spain and Italy. Standard & Poors announcement that it had downgraded the long term outlook for the US to negative, added to the downward trend in sentiment. Concerns over German and French banks as a result of their exposure to Greece continued to drag on equity performance until the end of June. Then votes in the Greek Parliament helped restore confidence and helped equity markets surge at the end of the quarter. Overall developed markets outperformed emerging with the UK providing the strongest performance over the quarter and managing to post a positive return.

3. Gilts benefited from a flight to quality over fears in the European bond market and the political stalemate over the increase in the US debt ceiling. Index linked bonds provided positive returns with inflation remaining a concern and little chance of an increase in the Bank of England base rate. Corporate bond spreads widened reflecting a rise in risk aversion. Markets focused on disappointing UK economic data, indicating a weak outlook for the consumer and ongoing uncertainty in peripheral Europe.

4. The UK commercial property market posted a positive return for the quarter comprising of capital growth and rental income, however there was no rental growth during the three month period. The office sector continues to be the best performing area as it has done for the past twelve months.

MANAGER PERFORMANCE

5. **Manager: FAUCHIER**

Performance Objective: The investment objective of the company is to achieve an absolute return.
Approach: The aim of the portfolio is to be diversified across 10-12 strategies and allocate to those strategies according to perception of the potential which exists to generate returns over a period of time.

Performance: To incorporate an element of risk adjusted return, the benchmark has been set to include outperformance of an absolute benchmark, in this case cash, by a further 5%. In relation to this benchmark Fauchier have underperformed since inception (June 2010) by 2.97%. However since their appointment Fauchier have delivered a positive return of 2.84%, and as such have met their investment objective. For the quarter, returns were negative at 0.06% against a benchmark of 1.43%. A number of the underlying strategies did not perform well; Macro managers struggled to generate gains in a market increasingly driven by politics rather than economics, Equity Hedged managers lost money in a sentiment driven environment, Specialist Credit managers were slightly down in a relatively subdued credit market and Multiple Strategy managers were down with losses stemming from commodity related exposures. Positive impacts came from Event Driven managers who generally profited from an increase in corporate activity and Fixed Income managers also generated gains from tactical trading. (Due to a one month lag in obtaining information, Northern Trust's performance figures will differ from the Fauchier presentation)

Manager: GSAM
Performance Objective: To outperform their benchmark indices by 0.75% per annum.
Approach: The corporate credit research process is grounded upon an analysis of the macro environment, commonly referred to as top-down analysis, along with a detailed understanding of the characteristics pertaining to each corporate entity, commonly referred to as bottom-up analysis. Multiple ideas resulting from this analysis are brought together and a balanced portfolio is constructed.

Performance

	Q2 2011 %	1 Year %	3 Years %	5 Years %	Since Inception %
Performance	2.78	6.98	7.80	5.88	5.91
Benchmark	2.68	6.58	8.28	6.36	6.47
Excess Return	0.10	0.40	(0.48)	(0.48)	(0.56)

The top down analysis for Q2 failed to deliver results with the duration strategy detracting from results, as worse than expected macro economic data implied a slower than expected pace of interest rate rises. The cross sector strategy also detracted with an overweight position in corporate credit underperforming in line with riskier assets. Corporate selection was more successful with an overweight position in the media and cable sector adding to returns. The bottom up approach was positive with the strongest performance coming from positions in Lloyds Banking, Barclays, Anadarko Petroleum and Northern Ireland Electricity. Government/Agency was also positive with index linked securities outpacing the market.

In general there is a tendency for bond managers to perform in harmony and to either outperform or underperform their benchmarks at the same time. This is shown in Q2 2011 where the median return for a group of bond managers was broadly in line with the benchmark and with around two thirds of funds performing within 1/4% of this. If GSAM's broad performance is compared with a selection of its peers, it shows the one year results are slightly behind the average, however the spread is not wide.

6. **Manager: MARATHON**
Performance Objective: To achieve a return in excess of their benchmark index over a rolling five year period.
Approach: Marathon's investment philosophy is based on the capital cycle and the idea that high returns will attract excessive capital and hence competition, and vice versa. Given the contrarian and long-term nature of the capital cycle, Marathon's approach results in strong views against the market and long holding periods by industry standards (5 years plus). Marathon believe "out of favour" industries and companies, highlighted by the capital cycle, are characterised by lack of interest and research coverage. Moreover, long-term price anomalies arise because business valuations and investment returns are not normally distributed due to the short-term focus of the investment industry. With a long-term view and fundamental valuation work, Marathon believes it can identify the intrinsic worth of a business.

The process is by its very nature bottom-up with individual stock selection expected to drive investment performance

Performance: In the second quarter of 2011 the portfolio outperformed the benchmark by returning 1.77% against a benchmark of 0.31%. As in the previous quarter, the geographical allocation had the largest negative effect on performance but in contrast Marathon's stock selection continues to be successful adding the most value. Since inception in June 2010, the portfolio has outperformed delivering returns of 21.13% against the benchmark of 16.66%. Again stock selection was by far the strongest contributor to relative returns over the period.

Whilst the mandate benchmark is based on developed markets, Marathon has the ability to invest in emerging markets. As such any positive or negative returns from emerging market investments can unduly influence relative performance. A proxy to the mandate benchmark is the MSCI All Countries index which includes both developed and emerging markets. For the twelve month period this index has returned 21.28%, which is more comparable, if albeit marginally better than Marathon's returns.

7. **Manager: RUFFER**

Performance Objective: The overall objective is firstly to preserve the Client's capital over rolling twelve month periods, and secondly to grow the Portfolio at a higher rate (after fees) than could reasonably be expected from the alternative of depositing the cash value of the Portfolio in a reputable United Kingdom bank.

Approach: Ruffer applies active asset allocation that is unconstrained, enabling them to manage market risk and volatility. The asset allocation balances "investments in fear", which should appreciate in the event of a market correction and protect the portfolio value, with "investments in greed", assets that capture growth when conditions are favourable. There are two tenets that Ruffer believe are central to absolute return investing which are to be agnostic about market direction and also to remove market timing from the portfolio.

Performance: Over the last year Ruffer has returned 10.25% and met their brief by preserving capital and growing the portfolio. For the quarter performance was also positive at 1.39% and with inflation generally on a rising trend across both developed and emerging markets, Index Linked Bonds performed well during this period. Ruffer's equity themes also contributed in a generally subdued quarter; with defensive stocks and beneficiaries of rising capital expenditure adding value. Factors which detracted included the funds holding in Sony, which suffered due to hacking attacks on customers accounts and also the failure of the Japanese authorities to weaken the Yen as Ruffer expected. Despite further rises in the underlying gold price, gold mining stocks continued to perform poorly, hindered by rising input costs and general equity risk aversion. The Put Option held to protect against a sharp sell off in equities also detracted from performance as markets ended up broadly flat over the quarter. (Due to a variation in the performance model and how accrued income is treated there is a difference in the Northern Trust reporting and Ruffer presentation)

An alternative approach to measuring against the absolute benchmark of cash is to construct a benchmark which better reflects the make up of the portfolio. In the case of Ruffer, if the benchmark is split to show returns weighted at 45% equities, 40% index linked bonds and 15% cash, the benchmark performance since inception is 13.84%. As in previous quarters equities have been the largest contributor but the mandate returns indicate that not all the gains were captured in this class.

8. **Manager: SSgA**
Performance Objective: To replicate their benchmark indices
Approach: The calculation of the index for passive funds assumes no cost of trading. In order to simply match the index, it is necessary to trade intelligently in order to minimise costs, and where possible, make small contributions to return in order to mitigate the natural costs associated with holding the securities in the index. Activities which SSgA employ to enhance income include; tactical trading around index changing events and stock lending. They also aim to alleviate costs by efficient trading through internal and external crossing networks.

Performance:

	Q2 2011 %	1 Year %	Since Inception %
SSgA Main Account			
Performance	1.69	20.46	18.33
Benchmark	1.75	20.61	18.30
Excess Return	(0.06)	(0.15)	0.03
SSgA Draw Down Account			
Performance a/c 2	1.20	3.20	5.81
Benchmark a/c 2	1.03	2.87	5.44
Excess Return	0.17	0.33	0.37

Since its inception in November 2008 the SSgA main portfolio has delivered a return in excess of its benchmark index of 0.03%. The Draw Down fund which commenced June 2009 has also outperformed its benchmark and has delivered an excess return of 0.37%. In both cases SSgA has delivered against its objective.

Performance is not always flat and quarterly variances should be expected as a result of a number of factors including; cash drag, stock lending cycles and rights Issue opportunities, however over the longer period these are expected to smooth out.

9. **Manager: UBS**
Performance Objective: To seek to outperform their benchmark index by 2% per annum, over rolling three year periods.
Approach: UBS follow a value-based process to identify businesses with good prospects where, for a variety of reasons, the share price is under-estimating the company’s true long term value. Ideas come from a number of sources, foremost of which is looking at the difference between current share prices and UBS’s price target for individual stocks. The value-based process will work well in market environments where investors are focussing on long term fundamentals.

Performance:

	Q2 2011 %	1 Year %	3 Years %	5 Years %	Since Inception %
Performance	2.46	26.32	8.42	4.25	10.11
Benchmark	1.91	25.63	8.54	6.17	9.11

Excess Return	0.55	0.69	(0.12)	(1.92)	1.00

Performance for the quarter was positive and ahead of the benchmark with the largest contributions coming from GlaxoSmithKline, William Hill and a reversal in performance of Dixons, which was a major detractor in the last quarter. The positive quarter and the fall out of Q2 2010's negative returns have improved the rolling one year figure which now stands ahead of the benchmark.

To better determine performance and manager skill based on their investment approach, it is possible to measure against an alternative index. The above performance is benchmarked against the FTSE All Share, which includes all UK stocks regardless of the style of investing. UBS are a value based manager and will only hold stocks which represent their value style. If performance is measured against a MSCI UK Value index, which only includes value stocks, UBS have outperformed over the one year time period by 18.0%, three years by 3.4% and five years 0.3%.

10. **Manager: UBS Property**

Performance Objective: To seek to outperform their benchmark index by 0.75% per annum over rolling three year periods.

Approach: UBS take a top down and bottom up approach to investing in property funds. Initially the top down approach allocates sector and fund type based on the benchmark. The bottom up approach then seeks to identify a range of funds which are expected to outperform the benchmark.

Performance:

	Q2 2011 %	1 Year %	3 Years %	5 Years %	Since Inception %
Performance	2.12	7.89	(3.41)	(2.81)	(1.93)
Benchmark	1.80	7.71	(2.27)	(2.31)	(1.27)
Excess Return	0.32	0.18	(1.14)	(0.50)	(0.66)

As the fund is based on the benchmark, normally performance should also reflect the benchmark, albeit with a margin of outperformance. However the initial fund set up and the subsequent part dissolution and reinvestment have resulted in transaction costs, which detract from performance. Since inception many of the underlying funds have outperformed, but not by a margin large enough to outweigh the funds ongoing set up costs. As the portfolio diversifies further out of Triton, transaction costs will continue to challenge the outperformance of the underlying funds. In Q2, there were no transactions within the fund and performance was positive against the benchmark with the best performance coming from the UBS Central London Office Value Added Fund (formally named the South East Recovery Fund). Despite a number of transactions taking place over the last twelve months performance against the benchmark for one year was also positive with strong performance from five of the underlying funds.

Absolute Returns for the quarter

	Opening Balance £000's	Appreciation £000's	Income Received £000's	Net Investment	Closing Balance £000's	Active Management Contribution £000's
Fauchier	25,519	(16)	-	-	25,503	(383)
GSAM	65,974	1,759	78	-	67,811	73
Marathon	58,767	1,042	-	-	59,809	850
Ruffer	53,233	1,226	416	59,360	114,235	1,104
SSgA	131,081	2,151		(6,597)	126,635	(35)
UBS	110,729	1,375	1,349		113,453	609
UBS Property	46,541	551	435	(3)	47,524	149

11. The above table provides details on the impact of manager performance on absolute asset values over the quarter based on their mandate benchmarks. The outperformance of GSAM, Marathon, Ruffer, UBS and UBS Property had a positive impact on the appreciation of holdings contributing £2,785K in total. Underperformance from Fauchier and SSgA reduced appreciation by £418kk.

M&G Update

12. There are now six holdings within the fund and there is a further holding due to close in July. Discussions and due diligence continue with an additional four potential deals. Since inception the fund has delivered returns of 2.27%.

Macquarie Update

13. Macquarie Everbright Greater China Infrastructure Fund (MEGCIF) has completed its first close with commitments of US$488 million and a further US$250 million of co-investment capital. MEGCIF is on track for US$1 billion in total commitments with a second close in the third quarter of 2011 and third close planned for early 2012. These closes will include a number of potential investors that have indicated a strong appetite for MEGCIF. No capital calls have been made at 30 June 2011 as the first capital call for MEGCIF to cover establishment costs will be deferred over the near term. At the time of preparing this update, six transactions are being actively pursued with an approximate total investment value of up to US$850 million.

The Macquarie State bank of India Fund (MSIF) has completed its investment into Soham Renewable Energy for an amount of USD 28 million. Binding agreements related to this investment were executed in June 2011 and financial close will occur in July 2011. The current pipeline includes potential deals in the following sectors: Roads (US$ 200m), logistics (oil tanks – US$100m), port services ($US75 million), wind power (US$100 million).

Other Items

14. At the end of March 2011, £30.8m (book cost) had been invested in private equity, which equates to 5.12% of the fund against the target investment of 5.00%. This level still remains within the limits of the over-commitment strategy of 8.75%. In terms of cash movements over the quarter, Adams Street called £394k and distributed £287k, whilst LGT called £1,067k and distributed £804k.

15. The securities lending programme for the quarter resulted in income of £25.8k. Offset against this was £9.0k of expenses leaving a net figure earned of £16.8k. The fund is permitted to lend up to 25% of the eligible assets total and as at 30 June 2011 the average value of assets on loan during the quarter totalled £22.3m representing approximately 10.6% of this total.

16. The passive currency overlay agreed by Committee was put in place at the end of January 2011 with 100% Euro and 50% Japanese Yen hedges. The first quarterly roll occurred on the 3 May 2011 and resulted in a realised loss of £1.64m. Following the removal of Alliance Bernstein the hedges were revised and as at 30 June 2011 they were in a £259k negative position. In Q2 performance was ahead of the half hedge benchmark by 0.21%. Since inception results show an underperformance of 0.12%.

17. For the quarter ending 30 June 2011, Hillingdon returned 1.64%, outperforming against the WM average by 0.04%. The one year figure shows an underperformance of 1.54%, returning 16.26% against the average return of 17.80%.

18. Officers have also undertaken a longer term analysis of the movement in the total fund value against the MSCI world index over the last 10 years and the results are shown in the graph on the next page. It is worthy of note that the value of the fund has largely tracked the performance of the index and whilst the improvement in the last couple of years has been lower than the improvement in the index, the fall in 2009 was correspondingly less severe.

FINANCIAL IMPLICATIONS

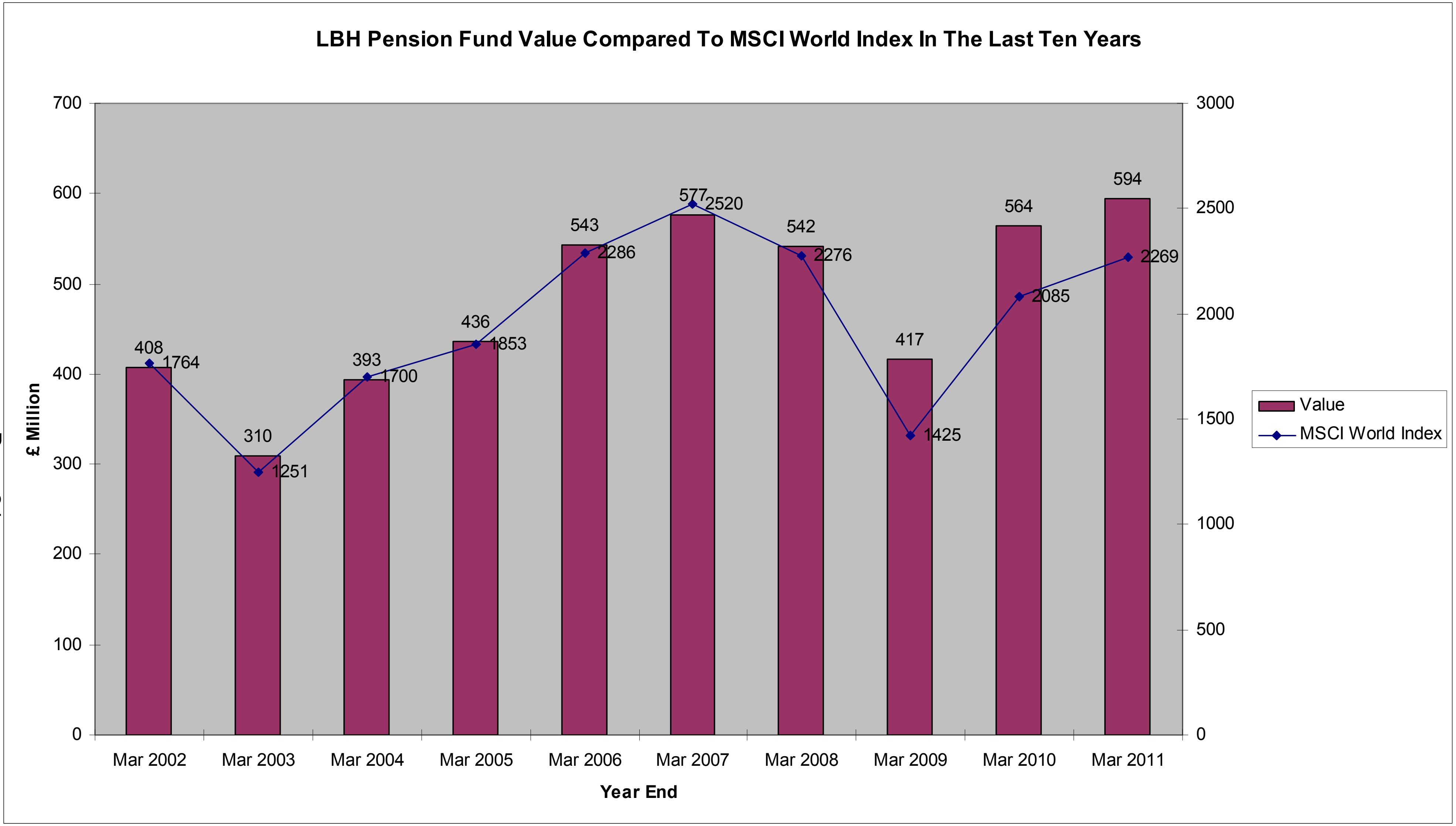
These are set out in the report

LEGAL IMPLICATIONS

There are no legal implications arising directly from the report

BACKGROUND DOCUMENTS

None


LBH Pension Fund Value Compared To MSCI World Index In The Last Ten Years
£ Million
Year End
Value
MSCI World Index
Mar 2002
Mar 2003
Mar 2004
Mar 2005
Mar 2006
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Mar 2009
Mar 2010
Mar 2011
408
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London Borough of Hillingdon

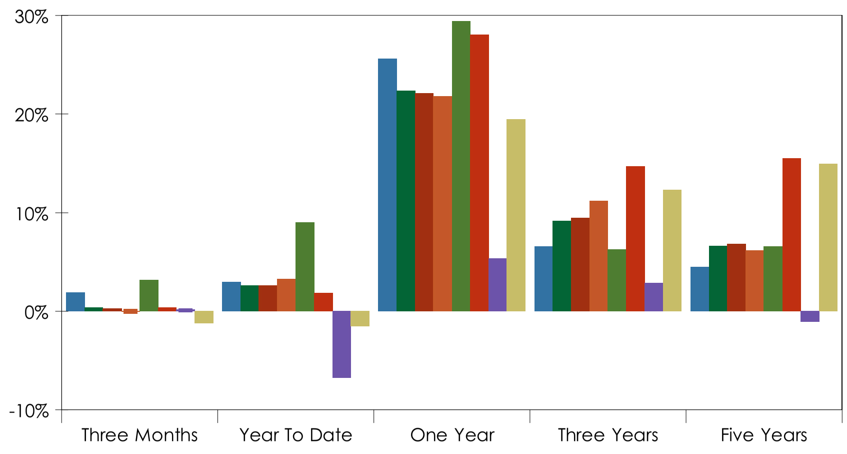
2nd Quarter, 2011

Executive Report

Appendix

Equity Index Performance (in GBP)

Performance History



Performance Returns%

	Three Months	Year To Date	One Year	Three Years	Five Years
FTSE All Share	1.9	3.0	25.6	6.6	4.5
FT: World	0.4	2.6	22.4	9.2	6.6
FT: World ex UK	0.3	2.6	22.1	9.5	6.8
FT AW: United States	-0.0	3.3	21.8	11.2	6.1
FT: Developed Europe ex UK	3.2	9.0	29.4	6.3	6.6
FT AW: Japan	0.2	-6.7	5.4	2.9	-1.1
FT: Developed Asia Pac x Jp	0.4	1.9	28.0	14.7	15.5
MSCI Emerging Markets GD	-1.2	-1.5	19.4	12.3	15.0

Crisis within the Eurozone has dominated headlines once again throughout the second quarter of 2011. The Bank for International Settlement (BIS) warned that none of the problems that contributed to the financial crisis have yet been solved and that global growth must slow to curb inflation. Rising food and energy prices, concerns about fiscal tightening and a challenging environment for banks to lend in have all slowed the momentum of the world economy which continues to expand, just not at a very rapid rate. The growth economies China, Brazil and India are slowing due to deliberate pressure from policy makers that fear inflation and global recovery is based on their energy. The International Energy Agency offset the loss of oil production from Libya with the release of 60 million barrels prompting a drop of 7% on Brent Crude prices. A new generation of tech stocks came to market including Renren (China's Facebook) with a valuation of 72 times sales. While most equity indices still proved positive over the second quarter the Emerging Markets remained in the red and were joined there by North America. Oil & Gas and Financials stocks were the weaker sectors over the quarter, Health Care and Consumer Goods posted the biggest gains. Gold continued its ascent, up again quarter on quarter at $1, 500 per ounce but the price of crude oil futures dropped to $111 per barrel. The FTSE World was up by 0.4% (GBP) over quarter two 2011 and remains ahead over one year, now by 22.4% (GBP).

The BIS also noted that even though the UK inflation target had been missed for more than 40 months interest rates had not yet been raised. Household income is falling in real terms and has been for some time now. Hundreds of shops are set to close over the summer as Highstreets struggle with weaker retail sales. The Office for Budget Responsibility still predicts a 2011 growth of GDP of 1.7% but many economists fear that is overstated. George Osborne's public spending plan relies on the OBR being right. UK manufacturing growth fell to its lowest rate for 21 months. Inflation was up quarter on quarter to 4.5%. Unemployment fell again to 2.43 million people (7.7%) at the end of April. UK GDP grew by 0.5% in the first quarter of 2011 negating the 0.5% contraction of quarter four and early predictions for the second quarter are of a 0.2% shrinkage. Health Care and Consumer Goods were the leading sectors over quarter two with Utilities just behind. Oil & Gas and Financials suffered weaker quarters. The FTSE All Share was up 1.9% (GBP) over the second quarter and by 25.6% (GBP) over the year.

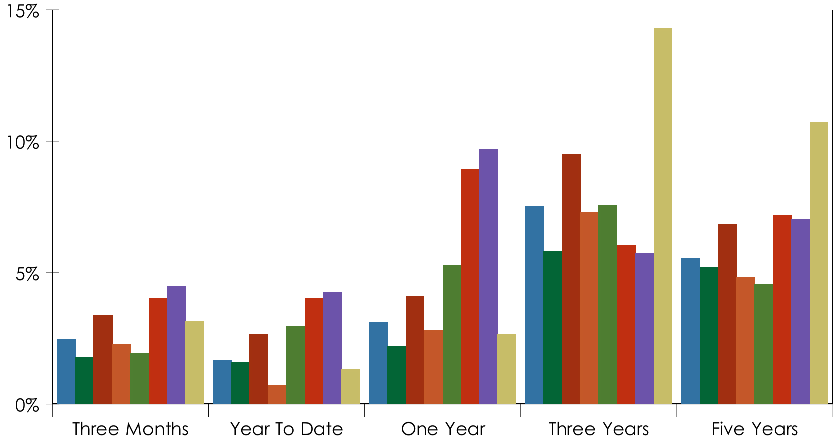
New austerity measures scraped through in Greece despite violent demonstration, opening the way for a further 12 billion Euros aid to delay a sovereign default. Widespread tax evasion and feeble bureaucracy inspires little confidence to encourage investment from abroad. Greek strife makes the headlines but it represents just 2.5% of Eurozone GDP. Contagion to Spain or Italy at 11.6% and 16.8% respectively would mean catastrophe, Spain has twice the amount of government debt outstanding and Italy even more again. Food prices pulled Eurozone inflation to its highest levels since December 2008, despite the rising ECB policy rate. Manufacturing growth fell to an 18 month low as both export and domestic demand slowed. Eurozone unemployment increased quarter on quarter to 9.9%. The declining value of the Euro hit all Euro denominated equity indices. Only Utilities, Health Care and Consumer Goods posted gains in Euro. The FTSE Developed Europe ex UK index returned 3.2% (GBP) over quarter two and 29.4% (GBP) over the year.

US financial stocks dropped off after disappointing jobs and manufacturing data showed that the economic slowdown rolls on. The Fed cut its US growth forecasts for 2011 but remains hopeful about 2012. It also signalled that interest rates would remain low in contrast to the warnings from the BIS. US GDP grew by 1.9% in quarter one following the third revised estimate made available. US retails sales fell in May for the first time in a year due mainly to a sharp drop in car sales. Corn futures fell which could boost the economy by reducing inflation and food prices generally. US house prices fell again in April, declining 4% year on year but the pace of that decline is slowing. Wall Street tumbled following news that the unemployment rate had risen again to 9.2%. Healthcare and Utilities made gains, the biggest losses were in Oil & Gas and Financials. The FTSE AW North America index returned 0% (GBP) over the second quarter and 21.8% (GBP) for the year.

The Japanese government estimates that the March 11th disaster caused $211 billion in damage to infrastructure. Sentiment turned negative towards the end of the second quarter as the supply chain slowly recovers and power shortages continue. A 0.9% fall in GDP was reported for Q1 but there is a feeling that Japanese securities are undervalued. The impact on the global supply chain of Japanese production may have been underestimated; it may prove that its return to normality coincides with improved global growth through the third quarter. The FTSE Japan returned 0.2% (GBP) for quarter two; the FTSE Developed Asia Pacific ex Japan returned 0.4% (GBP). Manufacturing output in China hit a 28 month low in June as inflation hit a 3 month high, a recurrent theme across most of Asia. High raw material costs from commodity price inflation have limited purchasing power across the BRICs. Australia is having to raise interest rates to prevent the economy overheating as they export their commodities to Asia. MSCI Emerging Markets index returned -1.2% (GBP) for the second quarter.

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	2.5	1.7	3.1	7.5	5.6
FTSE All Stock 0-5 Yr. Gilts	1.8	1.6	2.2	5.8	5.2
FTSE All Stock 5-15 Yr. Gilts	3.4	2.7	4.1	9.5	6.9
FTSE All Stock > 15 Yr. Gilts	2.3	0.7	2.8	7.3	4.8
ML STG N-Gilts All Stocks	1.9	2.9	5.3	7.6	4.6
FTSE Index Linked	4.0	4.0	8.9	6.1	7.2
FTSE Index Linked 5+ yrs	4.5	4.3	9.7	5.7	7.0
JPM GBI Global	3.2	1.3	2.6	14.3	10.7

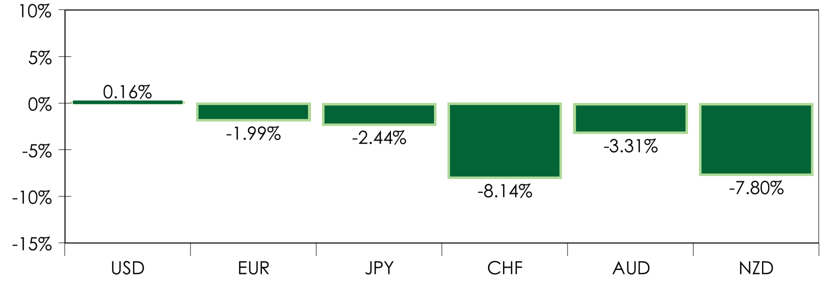
Global economic growth has slowed as evidenced by the majority of the world's June purchasing manager indices (PMI) with the exception of the US, confirming that global manufacturing growth slowed sharply in Q2. Confidence has weakened from the first quarter particularly in the developed economies as the impact of national austerity measures start to take hold while inflation concerns dominate central bank decisions on interest rate setting. Uncertainty in the global markets fostered by the widening euro zone deficit crisis, generally weak economic data and escalating inflation has seen diverging policy decisions. In the G10, policy makers have generally considered higher inflation as transitory as commodity prices have eased and the supply chain disruptions following the Japanese earthquake slowly return to normality. The exception has been the European Central Bank (ECB) which has raised interest rates twice this year in spite of the intensifying sovereign debt crisis. In the emerging economies GDP growth is still strong however elevated inflation arising from the soaring commodity prices earlier this year as well as the weather related sharp increases in food prices, remains their key challenge. China's inflation rate came in at 6.4% in June - a three year high while in India the wholesale price index increased to 9.4%, the eight month in the last nine that it has been above 9%. In response both China and India have raised their interest rates - China for the 3rd time this year to 6.56% and India to 7.5%.

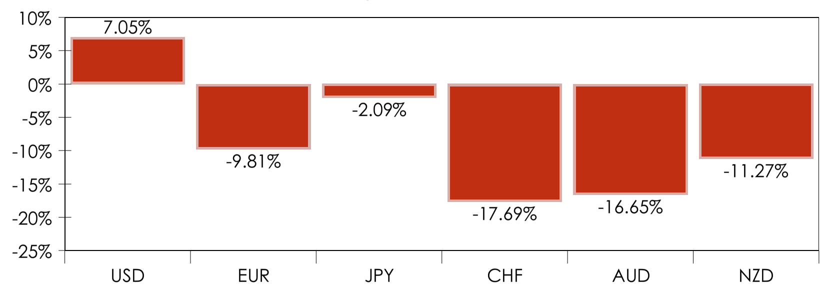
Compared to the end of Q1 where a 25bp increase in the UK Bank rate was fully priced in for May, there has been a sharp shift in the market interest rate expectations as disappointing economic data has pushed any policy tightening back towards the end of 2011. Real household disposable income continues to shrink, falling by 0.8% q/q in Q1 2011 due to cost push inflation from rising global commodity prices and a weaker STG exchange rate. Some of the decline in production is attributed to the extra Royal wedding bank holiday and the cumulative effect of that coming close to the Easter weekend and May Day holiday. UK CPI held at 4.5% for the year to May, its highest level since October 2008. Confidence is falling as the June manufacturing PMI edged down to 51.3 from 52 in May - a 21 month low, as weak export orders and job growth undermined activity. With the spur from overseas demand slowing plus the impact of the pending fiscal squeeze, the Bank of England (BoE) continues to hold the base rate at 0.5% as concerns over the UK recovery remain higher than that for inflation. The benchmark 10 year gilt yield closed the quarter at 3.38%, down from 3.69% for the end of March. The FTSE All Stock Gilts returned +2.5% (GBP) while the ML Sterling Non Gilts gained +1.9% (GBP) for the second quarter of 2011.

In Europe, concerns of the real possibility of sovereign default by Greece dominated the headlines through the quarter. The credit insurance markets priced in a nearly 80% chance of default at the end of June despite the Greek parliament vote in favour of the 5 year EUR28bn austerity package. This enabled the release of EUR12bn from the EU/IMF bailout package allowing Greece to meet debt commitments for July and August. Procrastination among EU policy makers on the issue of how to 'roll over' Greek government debt saw the 'contagion' spread from the euro periphery area to core countries Italy and Spain. 10-year government bond yields in Spain have risen above 6% for the first time since 1997. The negative market reaction was further compounded by ratings agency Moody's down grading Portugal's debt to sub-investment grade. Portugal's 10-year government bond yield soared 205bp to a record 13.07% following the agency announcement. Euro zone inflation data was unchanged at 2.7% for June however the ECB still raised its key refinancing rate a further 25bps to 1.5% in July, focussing on maintaining price stability. The iTraxx Europe 5 yr index, representative of 125 investment grade entities across 6 sectors was volatile over the quarter. Following the ECB's earlier 25bp rate increase in April the index contracted to a low of 94.27 but reached a high of 115.49 ahead of the passing of the Greek austerity package vote before closing June at 105.75. The JPM European Govt Bond index returned +1.4% (EUR) while the Barclay Capital Global Aggregate Credit index delivered +1.6% (EUR) for the 2nd quarter.

In the US, the pace of economic growth has slowed. Annualised GDP growth was 1.9% in the first quarter, while the rise in commodity prices and impact of the Japanese earthquake on supply chains particularly in the auto sector has hit activity hard in Q2 2011. The unemployment rate rose to a 6 month high of 9.2% reversing the earlier improvement in the labour market. Hanging over the US economic outlook is the stalemate ahead of the August 2nd deadline to increase the $14,300bn debt limit, with Republican opposition to tax increases proposed by the Democrats. The US Federal Reserve made its final purchase of Treasury bonds under the $600bn bond purchase program, known as QE2. Members of the rate-setting Federal Open Market Committee (FOMC) are divided on whether further stimulus would be appropriate if economic growth remains weak. The 10-year benchmark Treasury yield has fallen from 3.45% at the end of March to a year to date low of 2.86% in late June benefiting from flight to safety flows due to concerns over the euro zone sovereign credit risks. For the quarter the JPM US Govt Bond index returned +2.5% (USD) while the Barclay Capital Global Aggregate Corporate Bond index returned +2.6% (USD).

Currency Performance (in GBP)





	Three Months	Year To Date	One Year	Three Years	Five Years
United States dollar	0.16	2.51	7.05	-7.16	-2.83
European Union euro	-1.99	-5.25	-9.81	-4.39	-5.34
Japanese yen	-2.44	2.08	-2.09	-16.23	-9.77
Swiss franc	-8.14	-7.66	-17.69	-13.51	-10.32
Australian dollar	-3.31	-1.84	-16.65	-10.81	-10.13
New Zealand dollar	-7.80	-3.05	-11.27	-9.88	-8.88

There used to be an array of currencies vying for haven status, the dollar and the yen to name just two. Now there seems to be just one, the Swiss franc. Amid heightened fears over the Eurozone sovereign debt and increasing concerns about the health of the US economy, investors have flocked to the safety of the Swiss currency. With the Federal Reserve's loose monetary policy stance, investors are being scared away from the dollar, while the prospect that Tokyo might intervene to limit the strength of the yen has also deterred speculators from betting on further gains in the Japanese currency. The Swiss franc has also benefited from the increasing signs that the Swiss economy is thriving because of its close ties to the resurgent Germany. The strength of the yen this quarter was partially underpinned by the absence of the expected surge in the yen inflows and repatriation of funds by Japanese companies after the tsunami in March. The strong yen has hit the Japanese exports hard this quarter. The Australian dollar remains strong on the back of commodities and the stronger than expected employment results. Chinese trade figures for June provided fresh evidence of its economy slowing even as inflation hit a three-year high. Weaker Chinese imports points toward a slowing domestic economy. With the surge in exports and the slump in imports of commodities and raw materials, China's trade surplus for Q2 2011 came in at $46.7bn.

In the UK, fears over the slow pace of Britain's economic recovery has been the biggest factor behind sterling's recent poor performance. This has been influenced by the Bank of England's decision to keep interest rates at 0.5%. Sterling has stumbled down to a 16 month low against the Euro and a 5 month low verses the dollar. This has made sterling much more attractive for currency traders, raising their bets against the pound to the highest level in a year. One bit of good new was the improving CPI inflation coming in at 4.2% in June, an improvement on the 4.5% last quarter. The labour market recovery is weakening in spite of a fourth successive monthly fall in the jobless total. UK unemployment rate improved slightly, sitting at 7.7% compared to 7.8% at the end of March 2011. The dip in unemployment was caused entirely by more young people going into full time education instead of seeking work. The Nationwide house price index was up by 0.3% for the second quarter of 2011, but year-on-year, house prices are 1.1% below where they were in June 2010. First-time buyers in the UK are still struggling to get on the property ladder with the average deposit required being far higher than it ever was, totalling 20% of the purchase price. This drop in demand can also be seen in the drop in the value of construction work on new housing dropping by one third during the first six months of the year. Sterling closed the quarter down against the Euro by 2.0% and the Yen by 2.4%, however it gained against the Dollar by 0.2%.

Core consumer prices in the US rose at an annual rate of 1.6% in June, this pickup in inflation gives the Federal Reserve little scope to stimulate the economy. Core inflation continued to climb faster than expected as Americans paid more for cars, clothing and rent. Even though the Fed expects the rise in CPI to fade away, it is highly unlikely to launch another round of quantitative easing while inflation is heading upwards. Unemployment has seen a small rise to 9.1% (as of May 2011) and 9.2% (as of June 2011), up from the 8.8% of March 2011. Though this is high by US standards, it is still well down from the 9.6% of August 2010. The jobs figures have raised the stakes in the already tense negotiations over an increase in the country's borrowing limit ahead of the early August deadline. A survey from the National Association of Home Builders, released during June, showed confidence in the housing market fell to its lowest level in nine months. In May, The US trade deficit jumped to its highest level since October 2008 as soaring oil prices lifted imports as exports fell back from a record high. The trade gap widened by 15% to $50.2bn from $43.6bn in April. The Dollar closed the quarter down against Sterling, Euro and Yen by 0.2%, 2.1% and 2.6% respectively.

In the Euro area, despite the "peripheral" sovereign debt worries, the single currency has outperformed sterling this quarter. This is largely driven by the European Central Bank raising its interest rates to 1.5% in a tightening cycle compared to the Bank of England standing still at 0.5%. The Eurozone inflation remained steady at 2.7% at the end of June 2011, higher than the 2% target for the seventh consecutive month. The downgrading of Portuguese government debt sparked fresh concerns over the financial contagion from the Eurozone debt crisis. The unemployment rate in the Eurozone was stable for the third month running in May. The jobless rate remained at 9.9%, a one year low. Unemployment is expected to stay elevated in the coming months as major fiscal consolidation is introduced. In particular public sector job cuts will put upward pressure on the European jobless rate. With the new Greek austerity measures introduced, it is expected that the pressure to reduce public sector jobs will put upward pressure on its already high unemployment rate. Greek unemployment at 15% is the fourth highest in the European Union after Spain (20.9%), Lithuania (16.3%) and Latvia (16.2%). The Euro ended the quarter gaining against the US Dollar by 2.1% and Sterling by 2.0%, however it was down compared to the Yen by 0.4%.

Scheme Performance

The 2nd Quarter was characterised by uncertainty in the global markets fostered by the widening Euro zone deficit crisis, generally weak economic data as the impact of national austerity measures start to take hold and escalating inflation dominating central bank decisions on interest rate setting. Against this backdrop, the London Borough of Hillingdon returned 1.64% for the quarter which translates as an outperformance of 3 basis points when compared to the Total Plan composite benchmark. The main driver this period is allocation decisions, with the 7% exposure to Private Equity adding 19 basis points, while selection in Continental Europe was the largest negative effect, slightly offset by positive currency effects. The contributions from Fixed Income, Real Estate and Cash were fairly neutral overall, with one exception being the overweight in Index Linked Gilts adding 11 basis points to the allocation effect.

Over the one year period, the Plan still underperforms with a return of 16.26% compared to 19.30% for its benchmark. The relative return of -2.55% can be largely attributed to negative stock selection within equities (-3.17%) similar to previously reported Continental Europe (-1.69%) and the UK (-0.94%) are still the main detractors. Negative effects are also demonstrated in allocation decisions, with the overweighting of Corporates, Index Linked Gilts and Cash notable impacts, these effects are slightly offset by the positive currency effects seen in Europe and the US.

With the Plan bettering its composite benchmark in just one other quarter in the last four years, the London Borough of Hillingdon shows underperformance over all the longer time frames. Since inception in October 1995, the Plan has returned 6.43% relative to 7.00% for Total Plan benchmark.

Manager Performance

Alliance Bernstein

During the current period, the Alliance Bernstein global equity portfolio was terminated with the majority of the assets moving to the Ruffer mandate.

Fauchier

Fauchier's investments fell -0.06% in the current quarter relative to their target benchmark, LIBOR 3 month + 5% which returned 1.43%. The fund has now been invested for one year and over that period produce a figure of 2.84% compared to 5.81% for the benchmark, a relative return of -2.81%.

Goldman Sachs

In contrast to last quarter the Goldman Sachs bond portfolio beats its composite benchmark for Q2 returning 2.78% versus 2.68%, a relative outperformance of 10 basis points. Allocation effects amounted to -9 bps with the decision to underweight index linked gilts, however the main driver of outperformance was fixed income selection, adding 21 bps. Since the middle of 2009 the fund demonstrates outperformance in most periods, however underperformance prior to this continues to drag down the longer time periods. Resulting in a one year figure that is 37 basis points ahead (6.98% vs. 6.58%), again selection effects in Fixed Income is the main factor, while since inception (December 2001) post figures of 5.91% compared to 6.47% for the benchmark on an annualised basis.

Macquarie

Over the last three months the Macquarie fund returned -0.16% in absolute terms; the large negative return seen in the previous quarter dominates the since inception (September 2010) return of -5.39%.
At present no benchmark has been applied to this mandate.

Marathon

For the 2nd quarter of 2011, the Marathon portfolio beat its benchmark the MSCI World index by 1.46% returning 1.77% versus 0.31%. The fund outperforms in all time periods measured with a since inception (June 2010) return of 21.13% compared to 16.66% for the index on an annualised basis.

Manager Performance

M&G Investments

The value of the M&G investments now stands at just below £8 million, the majority of this increase was due to the transfer into the fund of £2.6 million while the return for the last three months was 0.68%. Since inception at the end of May 2010, the portfolio achieves a 2.27% annualised absolute return.
At present no benchmark has been applied to this mandate.

Private Equity

As at 30th June the value of the Private Equity investments was £36.8 million, appreciating by £1.8million, which translates as an absolute return of 5.08%. Since inception in September 2008, the portfolio achieves a 5.46% return on an annualised basis.
At present no benchmark has been applied to this mandate.

Ruffer

The Ruffer portfolio reversed the losses seen in the previous quarter by returning 1.39% compared to the proxy benchmark return for LIBOR 3 Month GBP of 0.20% in the current period. With the transfer in on the Alliance Bernstein investments, the Ruffer account is now valued at £114.2 million and makes up 19% of the total scheme. Since inception May 2010, the portfolio has outperformed its benchmark by 5.88% on a relative basis, posting 6.66% versus 0.74% per annum.

SSGA

The passively managed SSGA portfolio produced a figure of 1.69%, which was 6 basis points below the benchmark; this result filters into the year to date and 1 year relative returns. Over these periods most of the underlying funds matched their benchmarks, with the exception of Continental Europe and Emerging Markets, which slightly underperformed their targets. Since inception of the fund in November 2008, SSGA is marginally ahead of the benchmark returning 18.33% versus 18.30%.

Manager Performance

SSGA Drawdown

For the 2nd quarter, the SSGA Drawdown fund was ahead of the custom benchmark returning 1.20% compared to 1.03%, the fund has bettered its benchmark in 6 of the 8 quarters since inception. Since inception (June 2009) SSGA Drawdown has returned 5.81% p.a. against 5.44% p.a. for the benchmark; further analysis shows that the Corporate bond fund tracks it's benchmark while the cash fund has slightly bettered it's respective benchmark in all time periods.

UBS

The UBS UK Equity portfolio returned 2.46% in the latest quarter, beating the FTSE All Share return of 1.91% by 54 basis points on a relative basis. Attribution analysis shows that both allocation and selection effects contributed to this outcome; with underweighting Consumer Goods (-27 bps) more than offset by overweighting Health Care (+20 bps) and underweighting Financials (+19 bps), while stock picking in Oil & Gas and Consumer Services contributed 67 and 58 basis points respectively. A similar result is seen over the one year period, posting 26.32% against 25.63%, again underweighting Financials was a key decision (+73%), however this period selection in Consumer Services is the largest negative effect (-1.11%), while Oil & Gas (81 bps), Industrials (58 bps) and Health Care (57 bps) were the most notable positive impacts. Over the three and five year periods underperformance is still evident with relative returns of -0.11% and -1.81% respectively, however since inception (December 1988) the portfolio has outperformed returning 10.11% against the benchmark return of 9.11%.

UBS Property

The UBS Property portfolio has beaten the IPD UK PPFI All Balanced Funds index in the 2nd quarter of 2011, returning 2.12% versus 1.80% for the benchmark. This is the 8th consecutive quarter of positive absolute returns, following the downturn in 2008 through to Q2, 2009. The fund now demonstrates outperformance over the one year period with figures of 7.89% against 7.71% for the benchmark, 16 basis points on a relative basis. For the longer time periods underperformance is largely attributable to the Q4 2009 results, with the 3 and 5 year relative returns at -1.17% and -0.51% respectively, while since inception in March 2006 returns of -1.93% versus -1.27 p.a. are seen.

Active Contribution

By Manager

	Portfolio	Benchmark	Excess Return	Relative Return	Active Contribution 04/11	Portfolio	Benchmark	Excess Return	Relative Return	Active Contribution 05/11	Portfolio	Benchmark	Excess Return	Relative Return	Active Contribution 06/11	Active Contribution 2Q 2011
Fauchier	0.00	0.47	-0.47	-0.47	-121,020.55	0.55	0.48	0.07	0.07	17,503.52	-0.61	0.48	-1.08	-1.08	-279,201.50	-382,718.53
Goldman Sachs	2.27	2.13	0.14	0.14	93,231.70	1.13	1.01	0.11	0.11	78,361.81	-0.62	-0.47	-0.15	-0.15	-99,040.73	72,552.78
M&G Investments	0.92	-	0.92	-	61,167.39	0.01	-	0.01	-	981.12	-0.26	-	-0.26	-	-20,744.79	41,403.71
Marathon	0.08	0.19	-0.11	-0.11	-63,541.09	0.30	-0.77	1.07	1.08	622,879.03	1.39	0.90	0.49	0.48	290,615.47	849,953.42
Macquarie	-3.89	-	-3.89	-	-49,687.12	1.33	-	1.33	-	16,378.24	2.52	-	2.52	-	31,324.18	-1,984.70
Nomura	-	-	-	-	0.00	-	-	-	-	0.00	-3.75	-	-3.75	-	-11,663.76	-11,663.76
Private Equity	-0.73	-	-0.73	-	-256,710.34	0.31	-	0.31	-	108,600.74	5.53	-	5.53	-	1,926,324.09	1,778,214.49
Ruffer	0.66	0.07	0.59	0.59	314,480.13	-0.13	0.07	-0.20	-0.20	-106,557.68	0.86	0.07	0.79	0.79	896,599.87	1,104,522.32
SSGA	1.93	1.97	-0.04	-0.04	-42,527.34	-0.51	-0.48	-0.02	-0.03	-28,946.43	0.27	0.26	0.01	0.01	6,696.83	-64,776.93
SSGA Drawdown	1.25	1.09	0.17	0.17	26,136.30	0.37	0.06	0.31	0.31	36,010.36	-0.42	-0.11	-0.31	-0.31	-32,196.11	29,950.55
UBS	3.17	3.11	0.06	0.06	70,829.41	0.03	-0.72	0.74	0.75	842,569.97	-0.72	-0.45	-0.27	-0.27	-303,908.88	609,490.50
UBS Property	0.68	0.67	0.01	0.01	4,906.67	0.97	0.69	0.28	0.27	130,194.51	0.45	0.42	0.03	0.03	13,649.50	148,750.69

Total Fund Market Value at Qtr End: £601.4 M

Scheme Performance

	Market Value £m	% of Fund	Three Months Portfolio	Three Months Benchmark	Three Months Excess Return	Three Months Relative Return	Year To Date Portfolio	Year To Date Benchmark	Year To Date Excess Return	Year To Date Relative Return	One Year Portfolio	One Year Benchmark	One Year Excess Return	One Year Relative Return
London Borough of Hillingdon	601.4	100.00	1.64	1.61	0.03	0.03	2.81	2.98	-0.17	-0.16	16.26	19.30	-3.05	-2.55

By Manager

	Market Value £m	% of Fund	Three Months Portfolio	Three Months Benchmark	Three Months Excess Return	Three Months Relative Return	Year To Date Portfolio	Year To Date Benchmark	Year To Date Excess Return	Year To Date Relative Return	One Year Portfolio	One Year Benchmark	One Year Excess Return	One Year Relative Return
Fauchier	25.5	4.24	-0.06	1.43	-1.50	-1.48	1.96	2.88	-0.92	-0.89	2.84	5.81	-2.97	-2.81
Goldman Sachs	67.8	11.27	2.78	2.68	0.11	0.10	3.22	3.27	-0.05	-0.05	6.98	6.58	0.40	0.37
M&G Investments	8.0	1.33	0.68	-	-	-	0.68	-	-	-	2.24	-	-	-
Marathon	59.8	9.94	1.77	0.31	1.46	1.46	3.91	2.68	1.24	1.20	26.10	21.62	4.47	3.68
Macquarie	1.3	0.21	-0.16	-	-	-	-6.96	-	-	-	-	-	-	-
Nomura	0.3	0.05	-	-	-	-	-	-	-	-	-	-	-	-
Private Equity	36.8	6.12	5.08	-	-	-	12.55	-	-	-	18.54	-	-	-
Ruffer	114.2	18.99	1.39	0.20	1.19	1.18	0.74	0.38	0.36	0.36	10.25	0.75	9.50	9.43
SSGA	116.4	19.35	1.69	1.75	-0.06	-0.06	2.90	2.96	-0.06	-0.06	20.46	20.61	-0.15	-0.12
SSGA Drawdown	10.3	1.70	1.20	1.03	0.17	0.16	1.74	1.59	0.15	0.15	3.20	2.87	0.33	0.32
UBS	113.5	18.86	2.46	1.91	0.55	0.54	2.41	2.96	-0.55	-0.54	26.32	25.63	0.69	0.55
UBS Property	47.5	7.90	2.12	1.80	0.32	0.31	4.29	3.73	0.56	0.54	7.89	7.71	0.18	0.16

Total Fund Market Value at Qtr End: £601.4 M

Scheme Performance

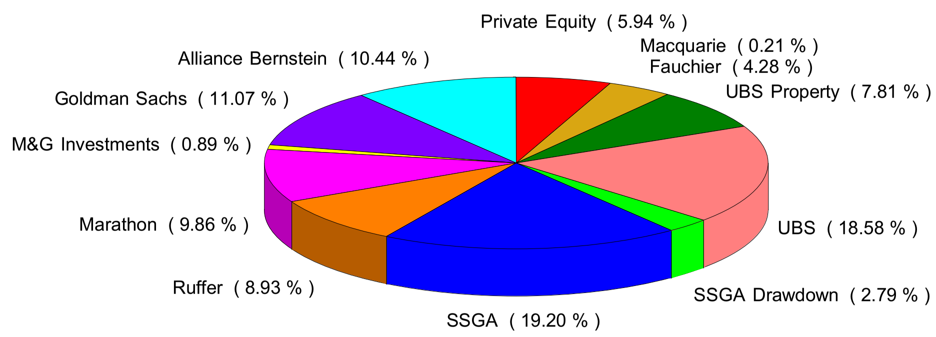
	Three Years				Five Years				Inception To Date			
	Portfolio	Benchmark	Excess Return	Relative Return	Portfolio	Benchmark	Excess Return	Relative Return	Portfolio	Benchmark	Excess Return	Relative Return
London Borough of Hillingdon	4.70	7.15	-2.45	-2.29	2.86	5.37	-2.51	-2.38	6.43	7.00	-0.57	-0.53

By Manager

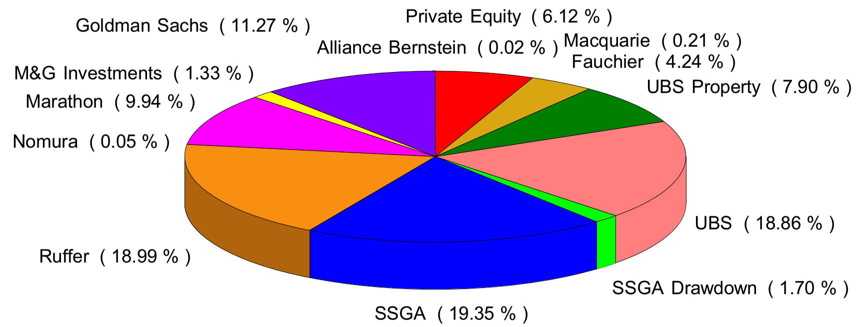
	Three Years Portfolio	Three Years Benchmark	Three Years Excess Return	Three Years Relative Return	Five Years Portfolio	Five Years Benchmark	Five Years Excess Return	Five Years Relative Return	Inception Date	Portfolio	Benchmark	Excess Return	Relative Return
Fauchier	-	-	-	-	-	-	-	-	30/06/10	2.84	5.81	-2.97	-2.81
Goldman Sachs	7.80	8.28	-0.48	-0.44	5.88	6.36	-0.48	-0.45	31/12/01	5.91	6.47	-0.56	-0.52
M&G Investments	-	-	-	-	-	-	-	-	27/05/10	2.27	-	-	-
Marathon	-	-	-	-	-	-	-	-	09/06/10	21.13	16.66	4.46	3.83
Macquarie	-	-	-	-	-	-	-	-	30/09/10	-5.39	-	-	-
Nomura	-	-	-	-	-	-	-	-	31/05/11	-3.75	-	-	-
Private Equity	-	-	-	-	-	-	-	-	30/09/08	5.46	-	-	-
Ruffer	-	-	-	-	-	-	-	-	28/05/10	6.66	0.74	5.92	5.88
SSGA	-	-	-	-	-	-	-	-	30/11/08	18.33	18.30	0.02	0.02
SSGA Drawdown	-	-	-	-	-	-	-	-	30/06/09	5.81	5.44	0.37	0.36
UBS	8.42	8.54	-0.12	-0.11	4.25	6.17	-1.92	-1.81	31/12/88	10.11	9.11	1.00	0.91
UBS Property	-3.41	-2.27	-1.14	-1.17	-2.81	-2.31	-0.50	-0.51	31/03/06	-1.93	-1.27	-0.66	-0.67

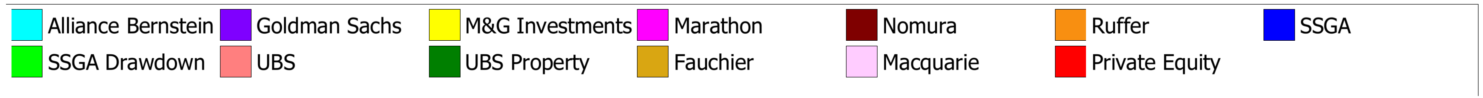
Total Fund Market Value at Qtr End: £601.4 M

Weighting at Beginning of Period



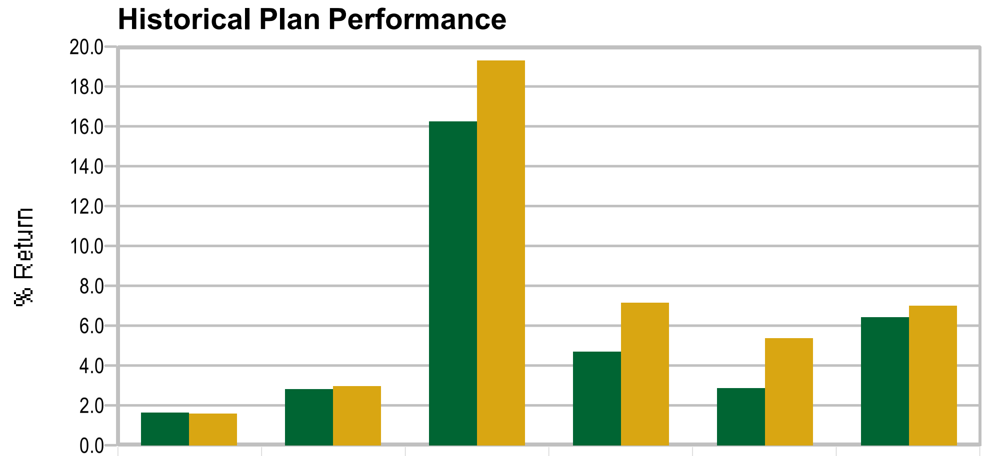
Weighting at End of Period





	Opening Market Value £(000)	% of Fund	Net Investment £(000)	Appreciation £(000)	Income Received £(000)	Closing Market Value £(000)	% of Fund
London Borough of Hillingdon	596,047	100.00	-4,383	7,062	2,723	601,449	100.00
Alliance Bernstein	62,220	10.44	-60,670	-1,896	477	131	0.02
Fauchier	25,519	4.28	0	-16	0	25,503	4.24
Goldman Sachs	65,974	11.07	0	1,759	78	67,811	11.27
M&G Investments	5,314	0.89	2,597	71	0	7,983	1.33
Macquarie	1,277	0.21	0	-2	0	1,275	0.21
Marathon	58,767	9.86	0	1,042	0	59,809	9.94
Nomura	-		1,310	-978	-32	300	0.05
Private Equity	35,393	5.94	-380	1,777	0	36,790	6.12
Ruffer	53,233	8.93	59,360	1,226	416	114,235	18.99
SSGA	114,447	19.20	0	1,934	0	116,381	19.35
SSGA Drawdown	16,634	2.79	-6,597	217	-0	10,254	1.70
UBS	110,729	18.58	0	1,375	1,349	113,453	18.86
UBS Property	46,541	7.81	-3	551	435	47,524	7.90

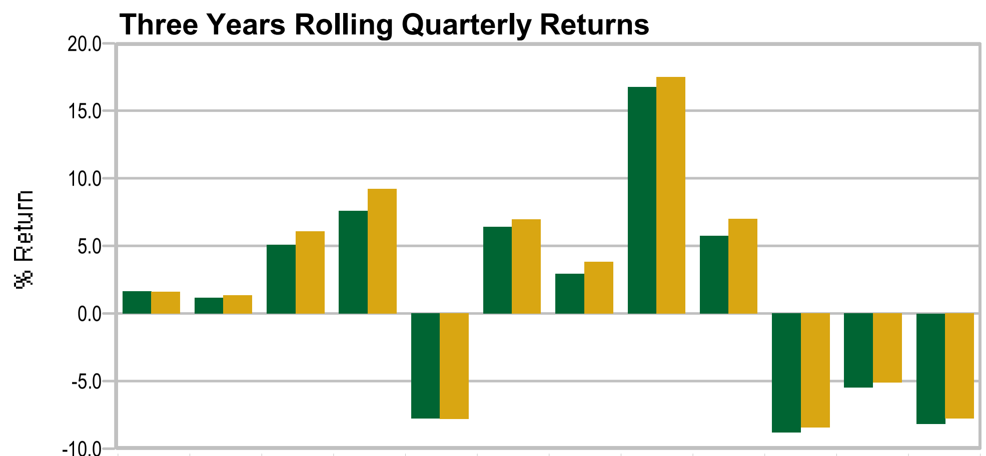
London Borough of Hillingdon



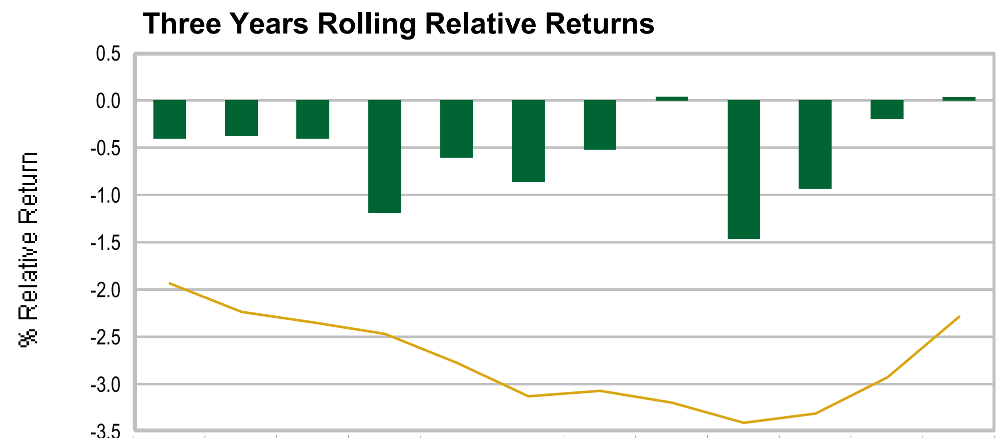
	Three Months	Year To Date	One Year	Three Years	Five Years	Inception To Date
Fund	1.64	2.81	16.26	4.70	2.86	6.43
Benchmark	1.61	2.98	19.30	7.15	5.37	7.00

Risk Statistics - 3 years

	Fund	B'mark
Performance Return	4.70	7.15
Standard Deviation	14.25	14.87
Relative Return	-2.29	
Tracking Error	1.58	
Information Ratio	-1.55	
Beta	0.95	
Alpha	-2.14	
R Squared	0.99	
Sharpe Ratio	0.16	0.31
Percentage of Total Fund	100.0	
Inception Date	Sep-1995	
Opening Market Value (£000)	596,047	
Net Investment £(000)	-4,383	
Income Received £(000)	2,723	
Appreciation £(000)	7,062	
Closing Market Value (£000)	601,449	



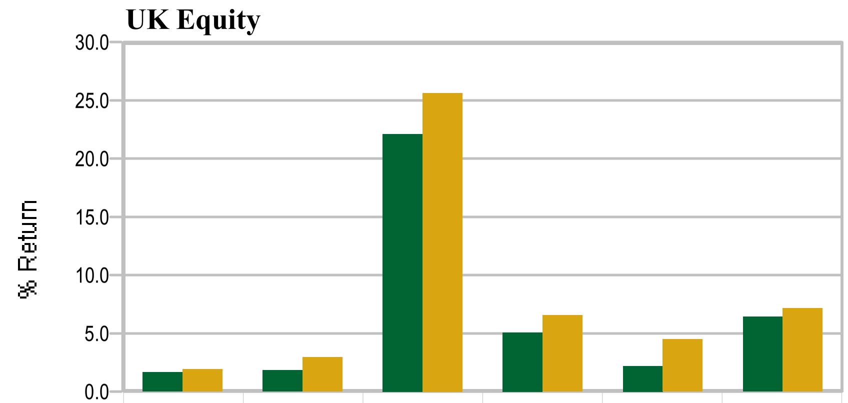
	Q2 11	Q1 11	Q4 10	Q3 10	Q2 10	Q1 10	Q4 09	Q3 09	Q2 09	Q1 09	Q4 08	Q3 08
Fund	1.64	1.15	5.08	7.60	-7.77	6.41	2.93	16.78	5.74	-8.82	-5.48	-8.18
Benchmark	1.61	1.35	6.08	9.21	-7.81	6.97	3.83	17.50	7.02	-8.44	-5.12	-7.80



	Q3 08	Q4 08	Q1 09	Q2 09	Q3 09	Q4 09	Q1 10	Q2 10	Q3 10	Q4 10	Q1 11	Q2 11
3M Relative	-0.41	-0.38	-0.41	-1.19	-0.61	-0.87	-0.52	0.04	-1.47	-0.94	-0.20	0.03
3Y Relative	-1.94	-2.24	-2.35	-2.47	-2.77	-3.13	-3.07	-3.20	-3.41	-3.31	-2.93	-2.29

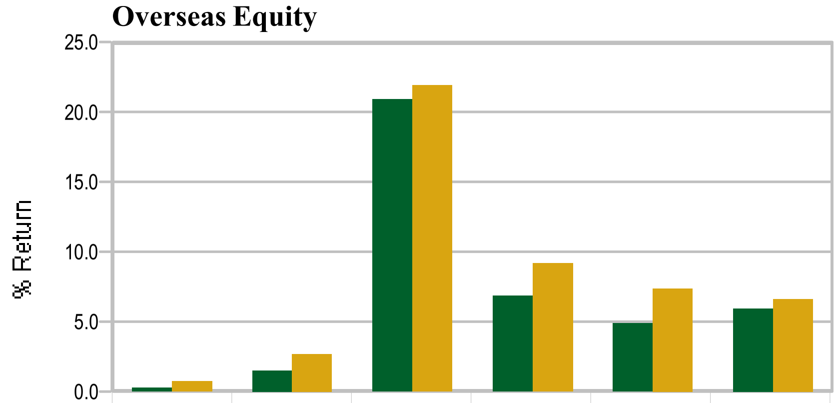
London Borough of Hillingdon

UK Equity



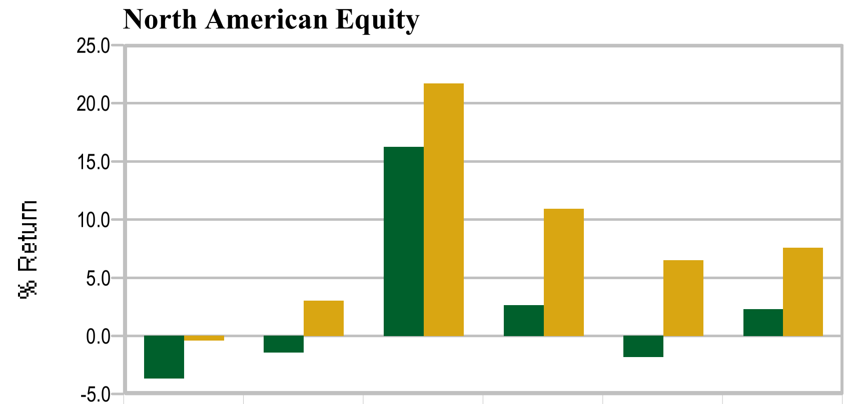
	Three Months	Year To Date	One Year	Three Years	Five Years	Inception To Date
Fund	1.68	1.85	22.13	5.06	2.20	6.42
B'Mark	1.91	2.96	25.63	6.56	4.49	7.15

Overseas Equity



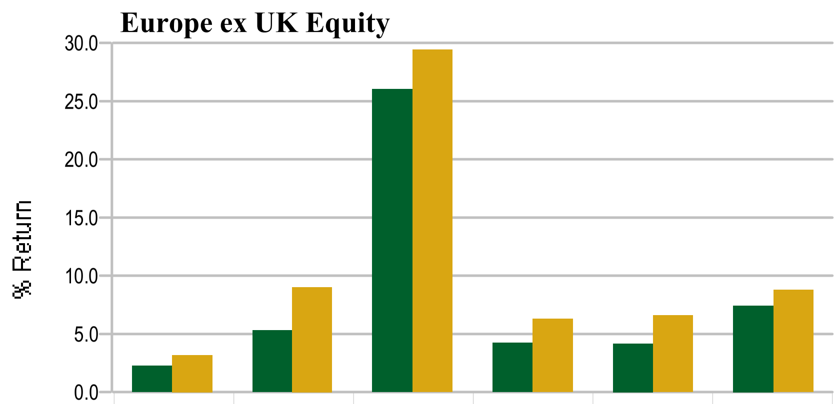
	Three Months	Year To Date	One Year	Three Years	Five Years	Inception To Date
Fund	0.28	1.51	20.92	6.86	4.89	5.95
B'Mark	0.73	2.70	21.94	9.18	7.38	6.62

North American Equity



	Three Months	Year To Date	One Year	Three Years	Five Years	Inception To Date
Fund	-3.67	-1.42	16.27	2.65	-1.81	2.31
B'Mark	-0.42	3.05	21.68	10.94	6.51	7.56

Europe ex UK Equity



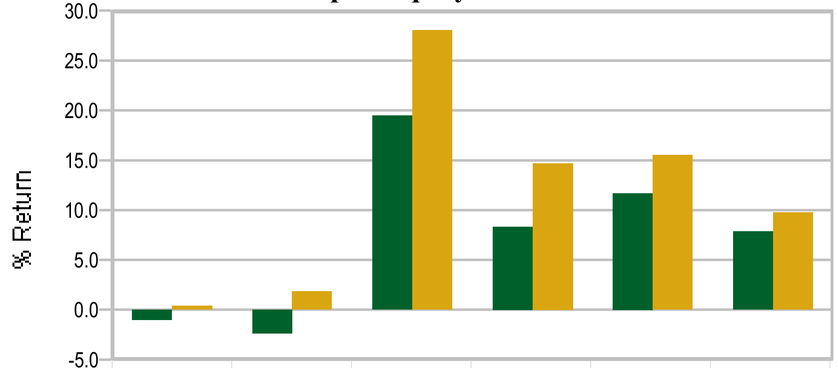
	Three Months	Year To Date	One Year	Three Years	Five Years	Inception To Date
Fund	2.27	5.32	26.03	4.22	4.16	7.44
B'Mark	3.18	9.03	29.42	6.27	6.60	8.80

London Borough of Hillingdon

Japan Equity

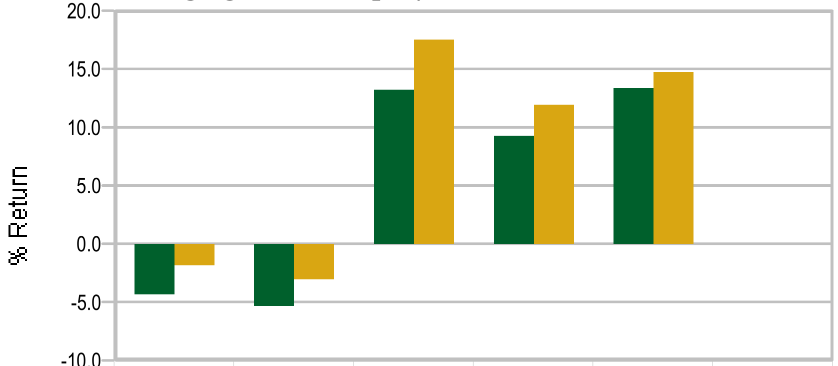
	Three Months	Year To Date	One Year	Three Years	Five Years	Inception To Date
Fund	1.10	-3.34	8.65	0.67	-1.13	0.65
B'Mark	0.20	-6.74	5.37	2.88	-1.08	-0.68

Asia Pacific ex Japan Equity



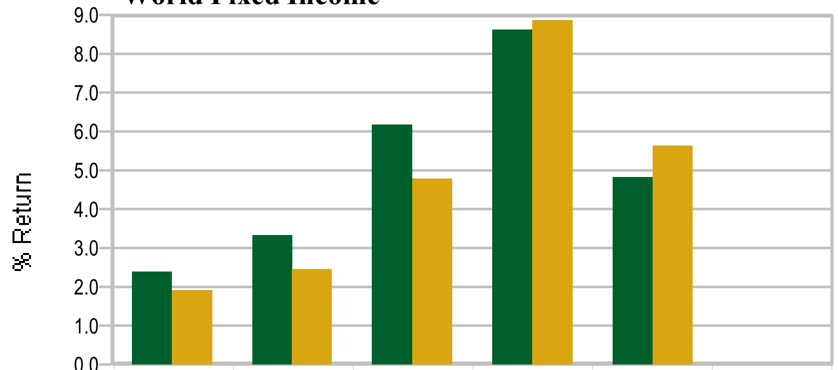
	Three Months	Year To Date	One Year	Three Years	Five Years	Inception To Date
Fund	-1.04	-2.41	19.48	8.34	11.67	7.82
B'Mark	0.39	1.85	28.05	14.68	15.51	9.78

Emerging Market Equity



	Three Months	Year To Date	One Year	Three Years	Five Years	Inception To Date
Fund	-4.35	-5.32	13.22	9.25	13.37	-
B'Mark	-1.84	-3.03	17.50	11.89	14.71	-

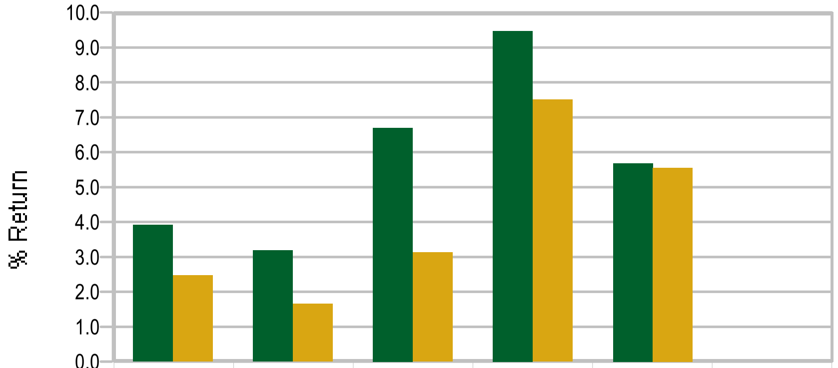
World Fixed Income



	Three Months	Year To Date	One Year	Three Years	Five Years	Inception To Date
Fund	2.39	3.33	6.18	8.63	4.82	
B'Mark	1.91	2.46	4.79	8.87	5.63	

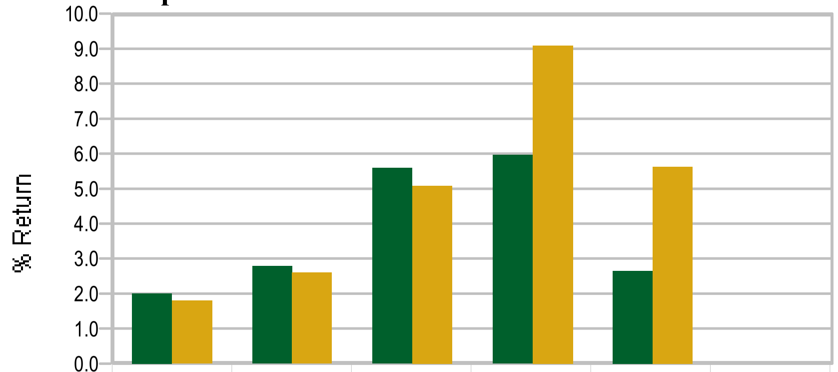
London Borough of Hillingdon

Government Bonds



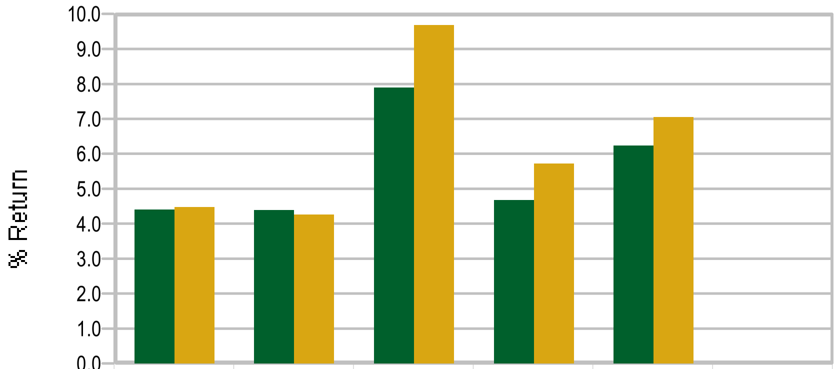
	Three Months	Year To Date	One Year	Three Years	Five Years	Inception To Date
Fund	3.92	3.19	6.70	9.48	5.69	-
B'Mark	2.47	1.65	3.13	7.51	5.56	-

Corporate Bonds



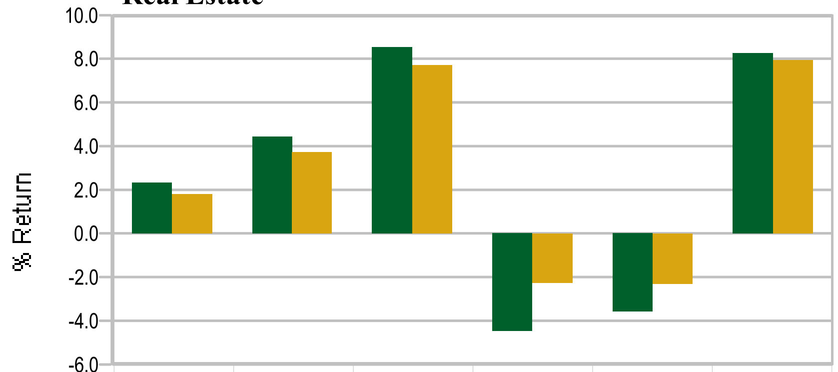
	Three Months	Year To Date	One Year	Three Years	Five Years	Inception To Date
Fund	2.02	2.79	5.59	5.97	2.66	-
B'Mark	1.81	2.60	5.08	9.09	5.63	-

Index Linked Gilts



	Three Months	Year To Date	One Year	Three Years	Five Years	Inception To Date
Fund	4.41	4.39	7.89	4.68	6.23	-
B'Mark	4.48	4.26	9.67	5.72	7.05	-

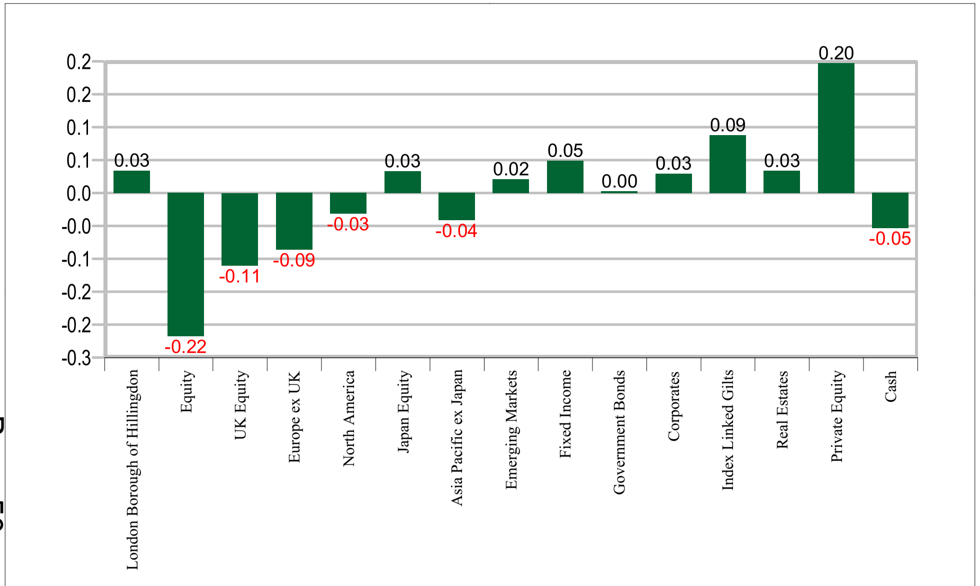
Real Estate



	Three Months	Year To Date	One Year	Three Years	Five Years	Inception To Date
Fund	2.33	4.43	8.53	-4.47	-3.59	8.26
B'Mark	1.80	3.73	7.71	-2.27	-2.31	7.92

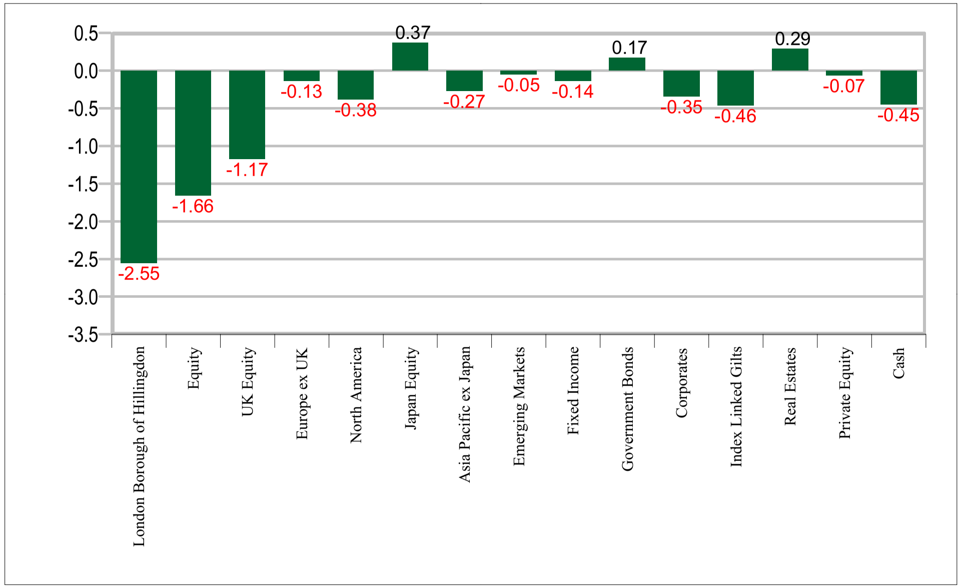
London Borough of Hillingdon

Relative Contribution - Three Months



	Return	B'mark	Relative Return	Hedging Effect	Currency Effect	Asset Allocation	Stock Selection	Relative Contribution
London Borough of Hillingdon	1.64	1.61	0.03	-0.05	0.19	0.52	-0.61	0.03
Equity	0.91	-	0.91	0.00	0.21	0.23	-0.66	-0.22
UK Equity	1.68	1.91	-0.23	0.00	-0.00	-0.03	-0.08	-0.11
Europe ex UK	2.27	3.18	-0.88	0.00	0.25	0.06	-0.40	-0.09
North America	-3.67	-0.42	-3.26	0.00	-0.00	0.11	-0.14	-0.03
Japan Equity	1.10	0.20	0.91	0.00	-0.06	0.07	0.03	0.03
Asia Pacific ex Japan	-1.04	0.39	-1.42	0.00	0.02	-0.01	-0.05	-0.04
Emerging Markets	-4.35	-1.84	-2.56	0.00	0.02	0.03	-0.02	0.02

Relative Contribution - One Year



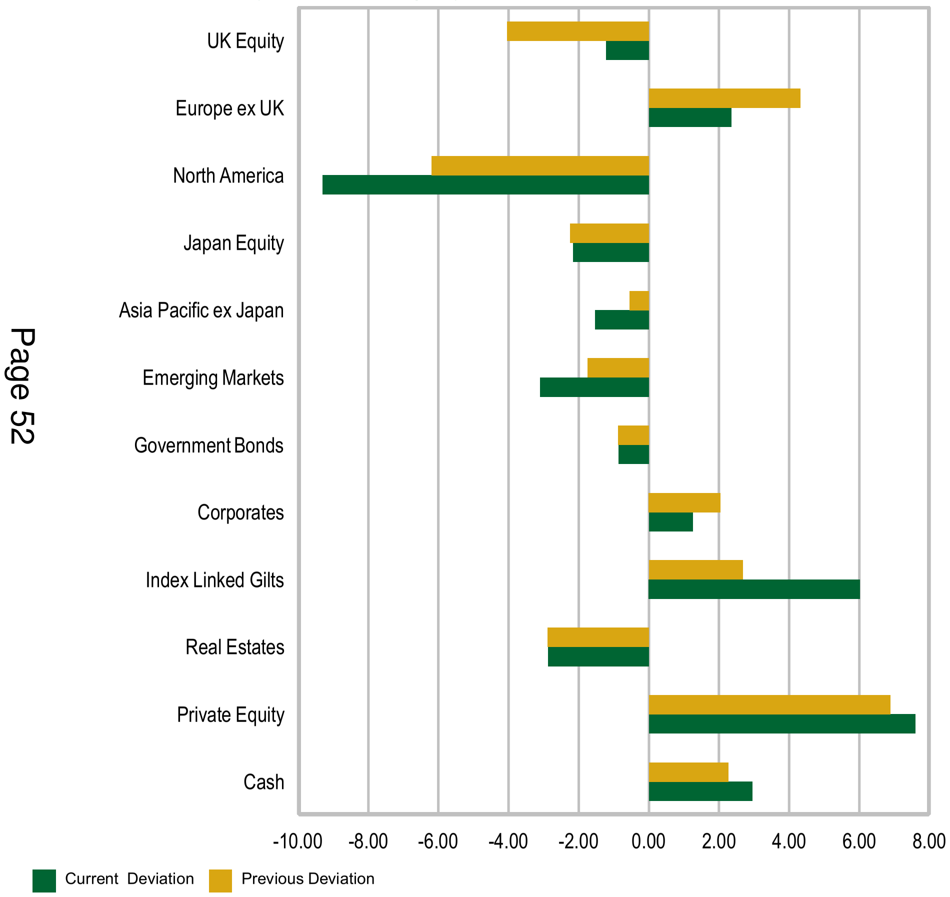
	Return	B'mark	Relative Return	Hedging Effect	Currency Effect	Asset Allocation	Stock Selection	Relative Contribution
London Borough of Hillingdon	16.26	19.30	-2.55	-0.03	1.81	-1.16	-3.09	-2.55
Equity	21.48	-	21.48	0.00	1.89	-0.32	-3.17	-1.66
UK Equity	22.13	25.63	-2.78	0.00	0.02	-0.26	-0.94	-1.17
Europe ex UK	26.03	29.42	-2.62	0.00	1.26	0.32	-1.69	-0.13
North America	16.27	21.68	-4.45	0.00	0.54	-0.58	-0.34	-0.38
Japan Equity	8.65	5.37	3.12	0.00	-0.05	0.31	0.11	0.37
Asia Pacific ex Japan	19.48	28.05	-6.69	0.00	0.08	-0.08	-0.28	-0.27
Emerging Markets	13.22	17.50	-3.64	0.00	0.04	-0.03	-0.05	-0.05

	Return	B'mark	Relative Return	Hedging Effect	Currency Effect	Asset Allocation	Stock Selection	Relative Contribution
Fixed Income	2.39	1.91	0.47	0.00	-0.01	0.03	0.03	0.05
Government Bonds	3.92	2.47	1.42	0.00	0.00	-0.01	0.01	0.00
Corporates	2.02	1.81	0.21	0.00	-0.00	0.01	0.02	0.03
Index Linked Gilts	4.41	4.48	-0.06	0.00	0.00	0.11	-0.03	0.09
Real Estates	2.33	1.80	0.52	0.00	0.02	-0.02	0.04	0.03
Private Equity	4.33	-	4.33	0.00	0.01	0.19	0.00	0.20
Cash	-0.52	-	-0.52	0.00	-0.04	-0.02	0.00	-0.05

	Return	B'mark	Relative Return	Hedging Effect	Currency Effect	Asset Allocation	Stock Selection	Relative Contribution
Fixed Income	6.18	4.79	1.33	0.00	-0.02	-0.20	0.08	-0.14
Government Bonds	6.70	3.13	3.46	0.00	0.01	0.14	0.02	0.17
Corporates	5.59	5.08	0.49	0.00	-0.02	-0.38	0.05	-0.35
Index Linked Gilts	7.89	9.67	-1.63	0.00	-0.13	-0.29	-0.05	-0.46
Real Estates	8.53	7.71	0.75	0.00	0.03	0.20	0.06	0.29
Private Equity	16.09	-	16.09	0.00	0.09	-0.15	0.00	-0.07
Cash	1.11	-	1.11	0.00	-0.05	-0.40	0.00	-0.45

London Borough of Hillingdon

By Asset Category



	Current Qtr	Previous Qtr	Current Benchmark	Current Deviation	Previous Benchmark	Previous Deviation
UK Equity	35.63	32.80	36.84	-1.21	36.84	-4.04
Europe ex UK	13.41	15.38	11.06	2.35	11.06	4.32
North America	3.60	6.71	12.90	-9.30	12.90	-6.19
Japan Equity	3.38	3.29	5.53	-2.15	5.53	-2.24
Asia Pacific ex Japan	2.15	3.13	3.68	-1.53	3.68	-0.55
Emerging Markets	0.59	1.93	3.68	-3.09	3.68	-1.75
Government Bonds	0.71	0.70	1.58	-0.87	1.58	-0.88
Corporates	10.19	10.98	8.94	1.25	8.94	2.04
Index Linked Gilts	11.28	7.93	5.26	6.02	5.26	2.67
Real Estates	7.67	7.65	10.53	-2.86	10.53	-2.88
Private Equity	7.60	6.89		7.60		6.89
Cash	2.94	2.26		2.94		2.26

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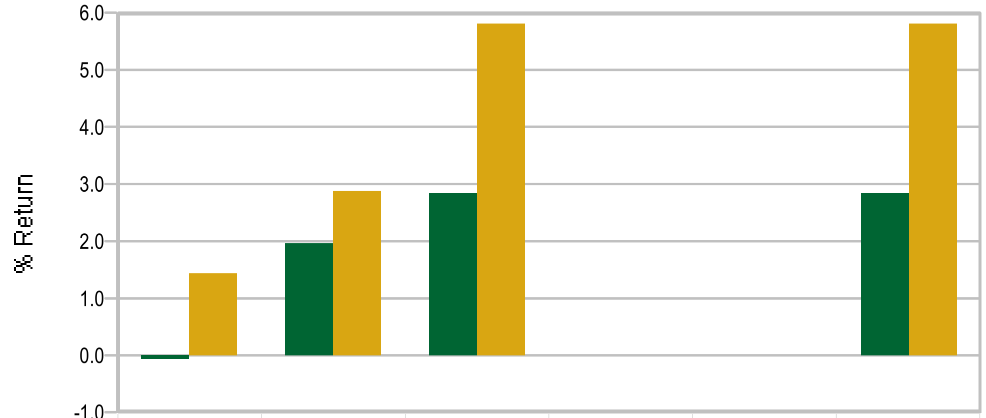
Fauchier

Historical Plan Performance

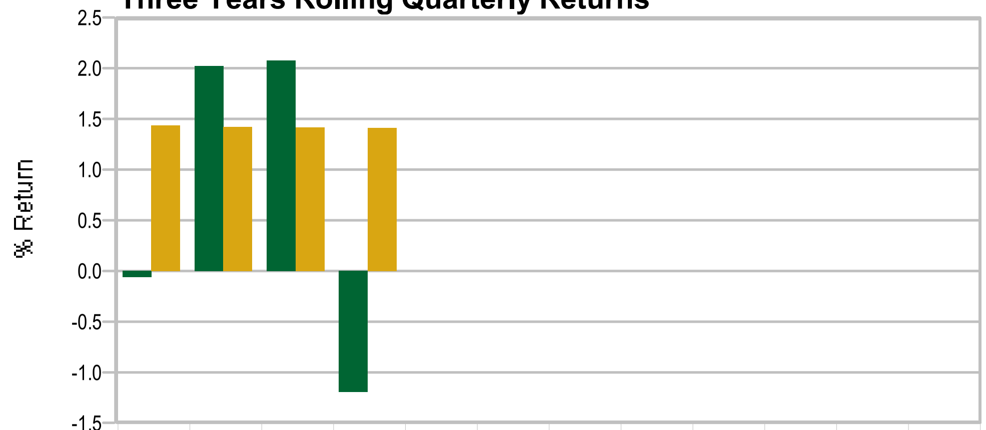


	Three Months	Year To Date	One Year	Three Years	Five Years	Inception To Date
Fund	-0.06	1.96	2.84	-	-	2.84
Benchmark	1.43	2.88	5.81	-	-	5.81

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	4.2	
Inception Date	Jun-2010	
Opening Market Value (£000)	25,519	
Net Investment £(000)	0	
Income Received £(000)	0	
Appreciation £(000)	-16	
Closing Market Value (£000)	25,503	

Three Years Rolling Quarterly Returns



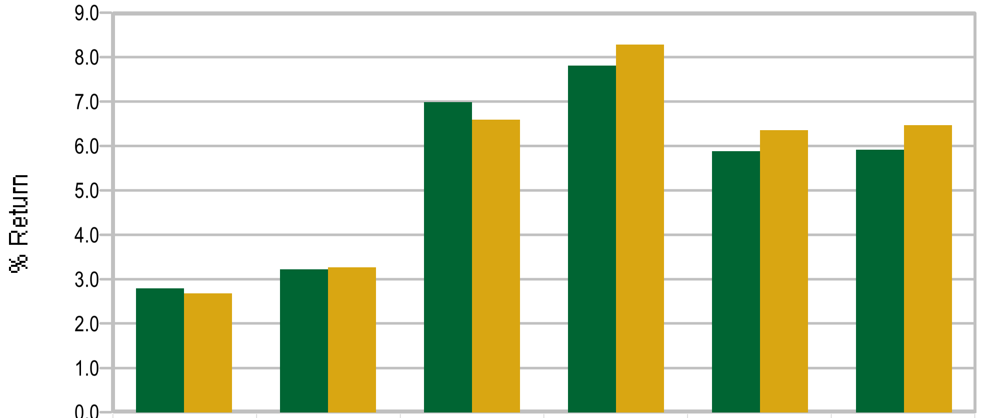
	Q2 11	Q1 11	Q4 10	Q3 10	Q2 10	Q1 10	Q4 09	Q3 09	Q2 09	Q1 09	Q4 08	Q3 08
Fund	-0.06	2.02	2.08	-1.19	-	-	-	-	-	-	-	-
Benchmark	1.43	1.42	1.42	1.41	-	-	-	-	-	-	-	-

Three Years Rolling Relative Returns

	Q3 08	Q4 08	Q1 09	Q2 09	Q3 09	Q4 09	Q1 10	Q2 10	Q3 10	Q4 10	Q1 11	Q2 11
3M Relative	-	-	-	-	-	-	-	-	-2.57	0.65	0.59	-1.48
3Y Relative	-	-	-	-	-	-	-	-	-	-	-	-

Goldman Sachs

Historical Plan Performance

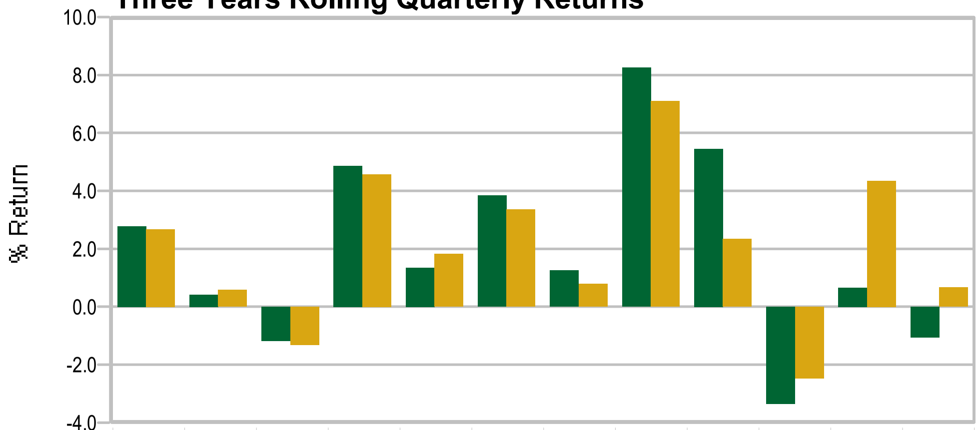


	Three Months	Year To Date	One Year	Three Years	Five Years	Inception To Date
Fund	2.78	3.22	6.98	7.80	5.88	5.91
Benchmark	2.68	3.27	6.58	8.28	6.36	6.47

Risk Statistics - 3 years

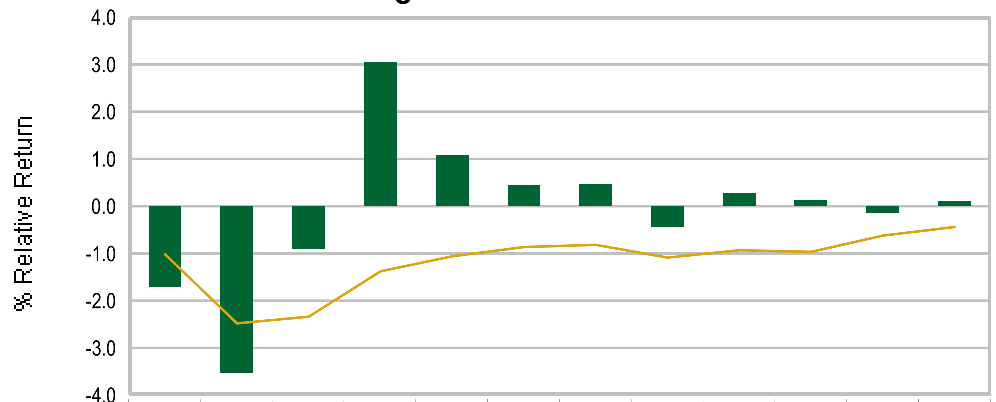
	Fund	B'mark
Performance Return	7.80	8.28
Standard Deviation	7.52	6.99
Relative Return	-0.44	
Tracking Error	2.05	
Information Ratio	-0.23	
Beta	1.05	
Alpha	-0.70	
R Squared	0.93	
Sharpe Ratio	0.71	0.83
Percentage of Total Fund	11.3	
Inception Date	Dec-2001	
Opening Market Value (£000)	65,974	
Net Investment £(000)	0	
Income Received £(000)	78	
Appreciation £(000)	1,759	
Closing Market Value (£000)	67,811	

Three Years Rolling Quarterly Returns



	Q2 11	Q1 11	Q4 10	Q3 10	Q2 10	Q1 10	Q4 09	Q3 09	Q2 09	Q1 09	Q4 08	Q3 08
Fund	2.78	0.42	-1.18	4.88	1.35	3.84	1.25	8.26	5.46	-3.37	0.67	-1.06
Benchmark	2.68	0.57	-1.32	4.59	1.81	3.36	0.79	7.09	2.34	-2.48	4.36	0.67

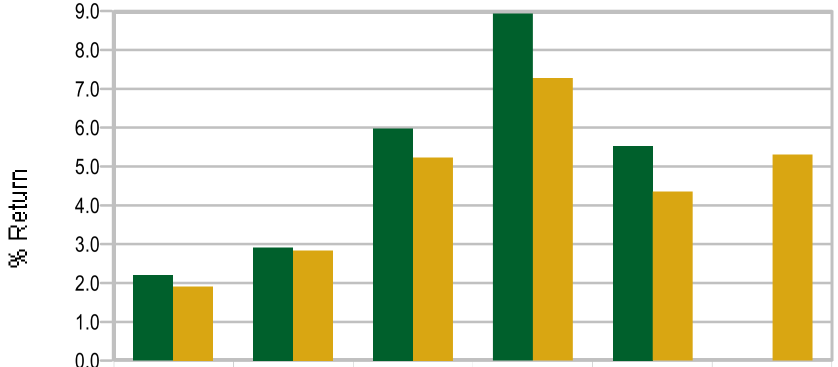
Three Years Rolling Relative Returns



	Q3 08	Q4 08	Q1 09	Q2 09	Q3 09	Q4 09	Q1 10	Q2 10	Q3 10	Q4 10	Q1 11	Q2 11
3M Relative	-1.71	-3.54	-0.91	3.05	1.09	0.46	0.46	-0.45	0.28	0.14	-0.15	0.10
3Y Relative	-1.03	-2.48	-2.34	-1.38	-1.06	-0.87	-0.82	-1.09	-0.93	-0.97	-0.63	-0.44

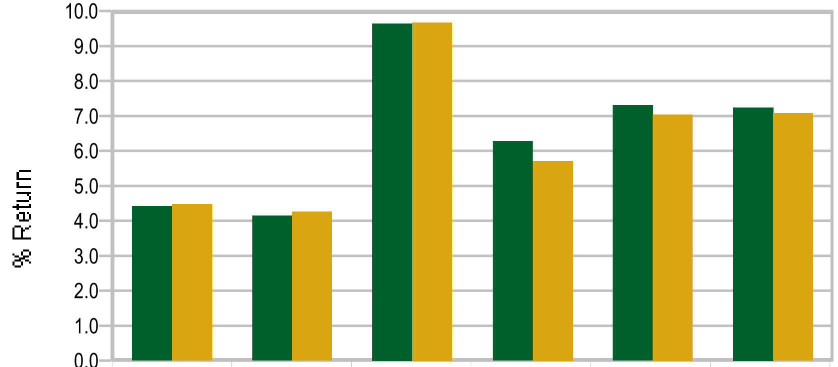
Goldman Sachs

World Fixed Income



	Three Months	Year To Date	One Year	Three Years	Five Years	Inception To Date
Fund	2.20	2.91	5.98	8.93	5.53	-
B'Mark	1.91	2.83	5.23	7.27	4.35	5.31

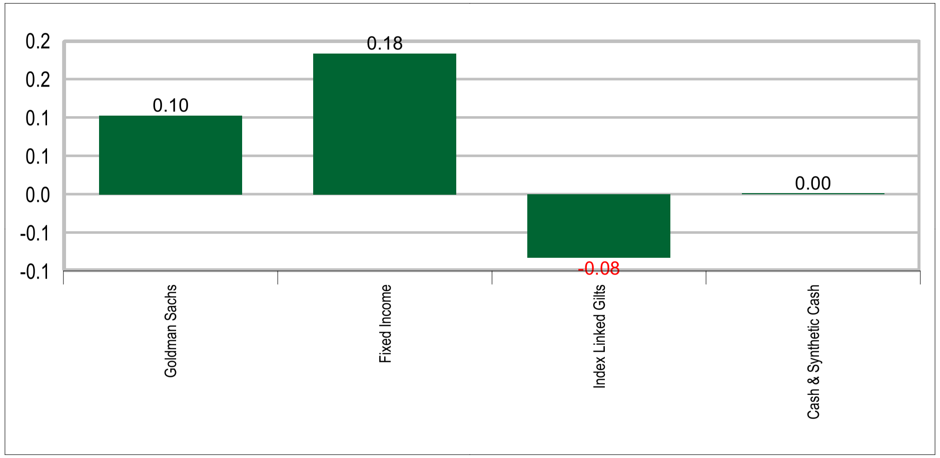
Index Linked Gilts



	Three Months	Year To Date	One Year	Three Years	Five Years	Inception To Date
Fund	4.42	4.15	9.65	6.27	7.31	7.25
B'Mark	4.48	4.26	9.67	5.72	7.05	7.08

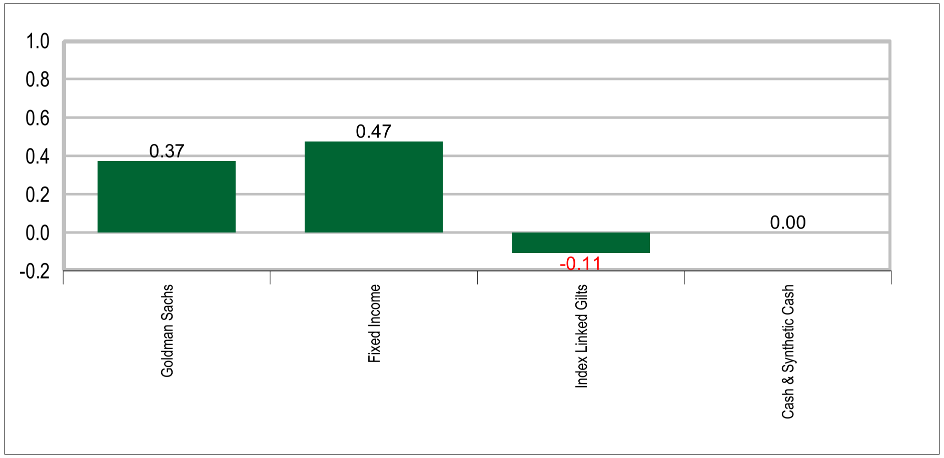
Goldman Sachs

Relative Contribution - Three Months



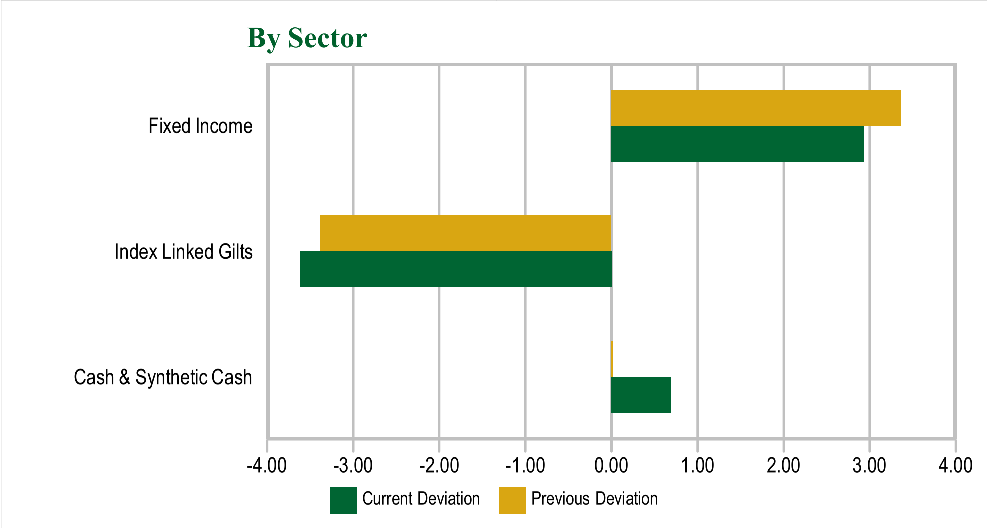
	Return	Benchmark	Relative Return	Asset Allocation	Stock Selection	Currency Effect	Relative Contribution
Goldman Sachs	2.78	2.68	0.10	-0.09	0.19	-0.00	0.10
Fixed Income	2.20	1.91	0.28	-0.02	0.21	0.00	0.18
Index Linked Gilts	4.42	4.48	-0.06	-0.07	-0.02	0.00	-0.08
Cash & Synthetic Cash	-0.11	-	-0.11	0.00	0.00	-0.00	0.00

Relative Contribution - One Year



	Return	Benchmark	Relative Return	Asset Allocation	Stock Selection	Currency Effect	Relative Contribution
Goldman Sachs	6.98	6.58	0.37	-0.14	0.51	-0.00	0.37
Fixed Income	5.98	5.23	0.71	-0.05	0.51	0.01	0.47
Index Linked Gilts	9.65	9.67	-0.02	-0.09	-0.01	-0.02	-0.11
Cash & Synthetic Cash	0.01	-	0.01	-0.00	0.00	0.00	0.00

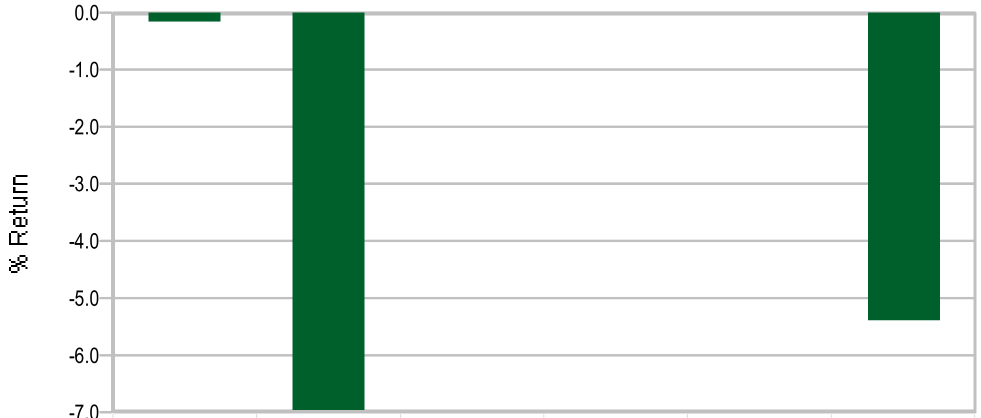
Goldman Sachs



	Current Qtr	Previous Qtr	Current Benchmark	Current Deviation	Previous Benchmark	Previous Deviation
Fixed Income	72.93	73.36	70.00	2.93	70.00	3.36
Index Linked Gilts	26.38	26.62	30.00	-3.62	30.00	-3.38
Cash & Synthetic Cash	0.69	0.02		0.69		0.02

Macquarie

Historical Plan Performance



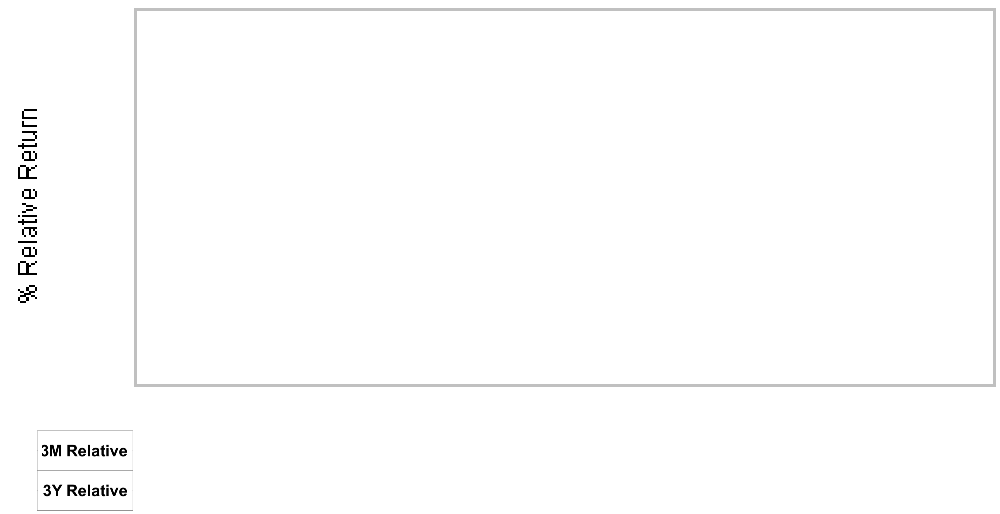
	Three Months	Year To Date	One Year	Three Years	Five Years	Inception To Date
Fund	-0.16	-6.96	-	-	-	-5.39

Three Years Rolling Quarterly Returns

	Q2 11	Q1 11	Q4 10	Q3 10	Q2 10	Q1 10	Q4 09	Q3 09	Q2 09	Q1 09	Q4 08	Q3 08
Fund	-0.16	-6.81	1.68	-	-	-	-	-	-	-	-	-

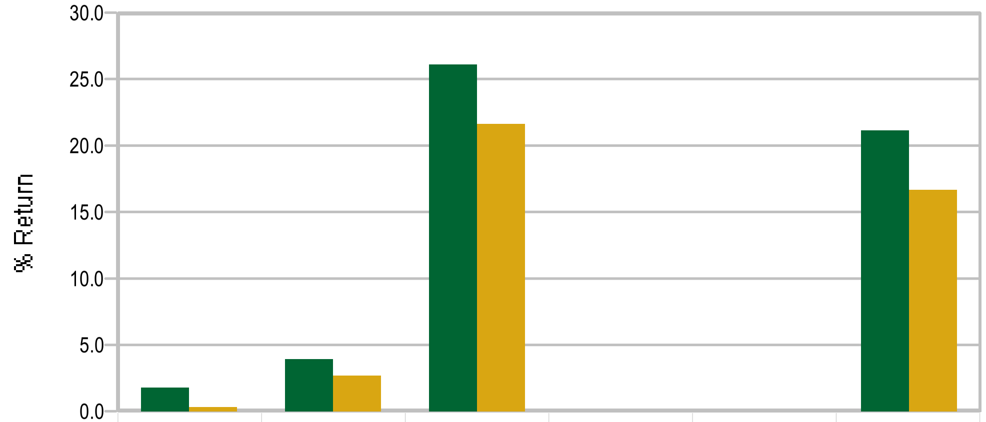
Risk Statistics - 3 years	Fund	B'mark
Performance Return		
Standard Deviation		
Relative Return		
Tracking Error		
Information Ratio		
Beta		
Alpha		
R Squared		
Sharpe Ratio		
Percentage of Total Fund	0.2	
Inception Date	Sep-2010	
Opening Market Value (£000)	1,277	
Net Investment £(000)	0	
Income Received £(000)	0	
Appreciation £(000)	-2	
Closing Market Value (£000)	1,275	

Three Years Rolling Relative Returns



Marathon

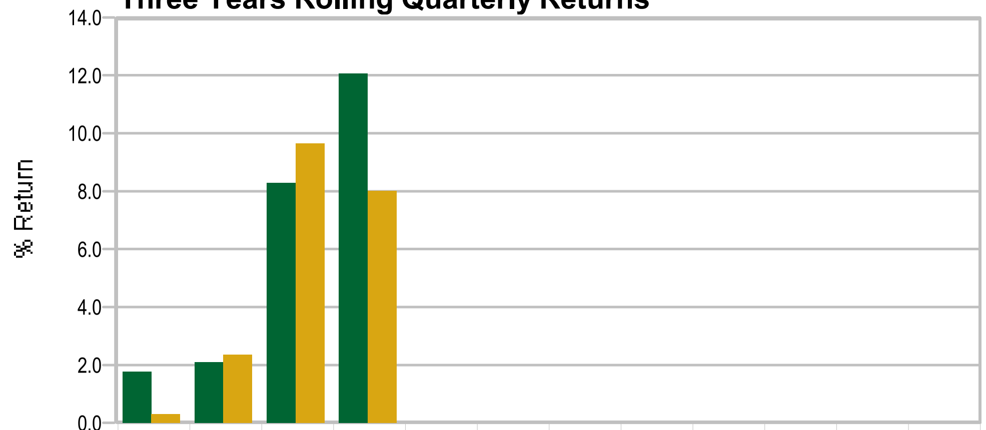
Historical Plan Performance



	Three Months	Year To Date	One Year	Three Years	Five Years	Inception To Date
Fund	1.77	3.91	26.10	-	-	21.13
Benchmark	0.31	2.68	21.62	-	-	16.66

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	9.9	
Inception Date	Jun-2010	
Opening Market Value (£000)	58,767	
Net Investment £(000)	0	
Income Received £(000)	0	
Appreciation £(000)	1,042	
Closing Market Value (£000)	59,809	

Three Years Rolling Quarterly Returns



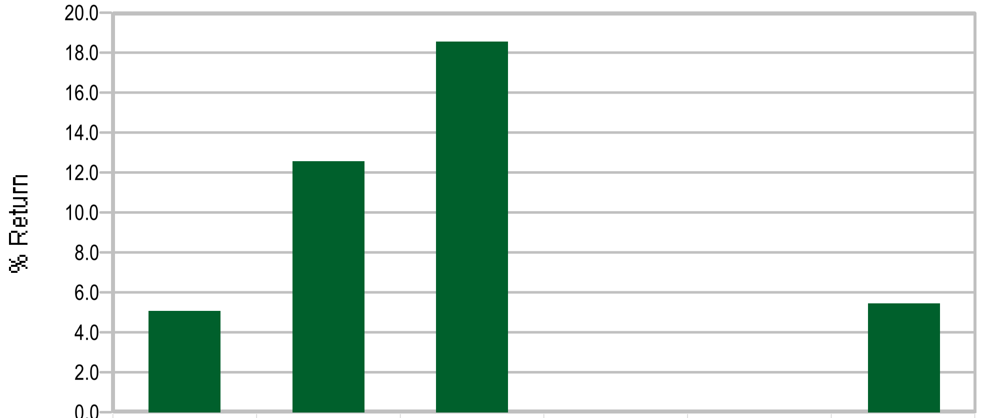
	Q2 11	Q1 11	Q4 10	Q3 10	Q2 10	Q1 10	Q4 09	Q3 09	Q2 09	Q1 09	Q4 08	Q3 08
Fund	1.77	2.10	8.28	12.07	-	-	-	-	-	-	-	-
Benchmark	0.31	2.36	9.66	8.02	-	-	-	-	-	-	-	-

Three Years Rolling Relative Returns

	Q3 08	Q4 08	Q1 09	Q2 09	Q3 09	Q4 09	Q1 10	Q2 10	Q3 10	Q4 10	Q1 11	Q2 11
3M Relative	-	-	-	-	-	-	-	-	3.74	-1.26	-0.25	1.46
3Y Relative	-	-	-	-	-	-	-	-	-	-	-	-

Private Equity

Historical Plan Performance

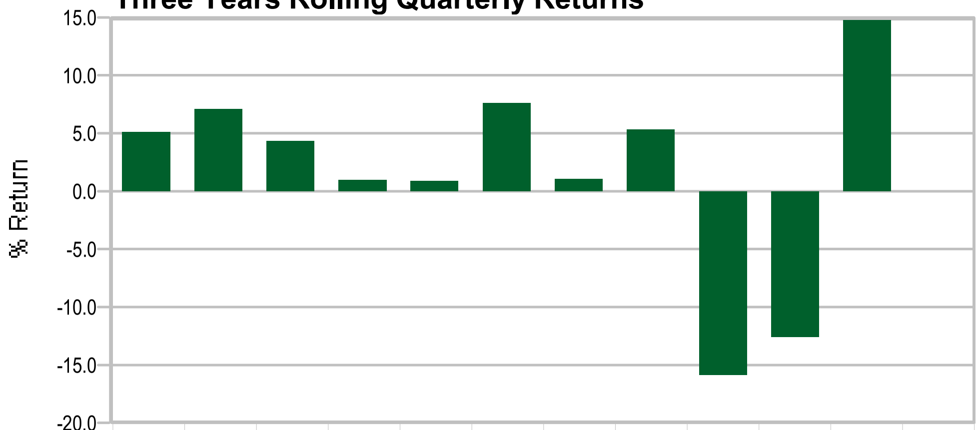


	Three Months	Year To Date	One Year	Three Years	Five Years	Inception To Date
Fund	5.08	12.55	18.54	-	-	5.46

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	6.1	
Inception Date	Sep-2008	
Opening Market Value (£000)	35,393	
Net Investment £(000)	-380	
Income Received £(000)	0	
Appreciation £(000)	1,777	
Closing Market Value (£000)	36,790	

Three Years Rolling Quarterly Returns

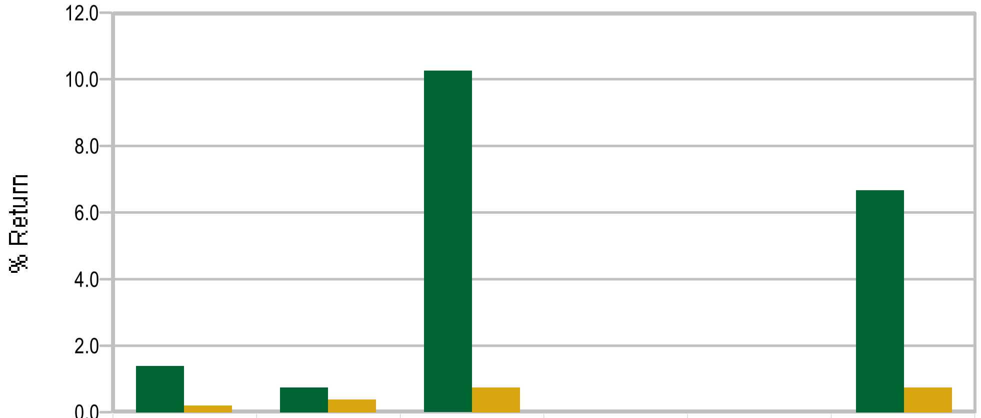


	Q2 11	Q1 11	Q4 10	Q3 10	Q2 10	Q1 10	Q4 09	Q3 09	Q2 09	Q1 09	Q4 08	Q3 08
Fund	5.08	7.11	4.33	0.96	0.90	7.64	1.07	5.35	-15.85	-12.59	14.76	-

Three Years Rolling Relative Returns

Ruffer

Historical Plan Performance

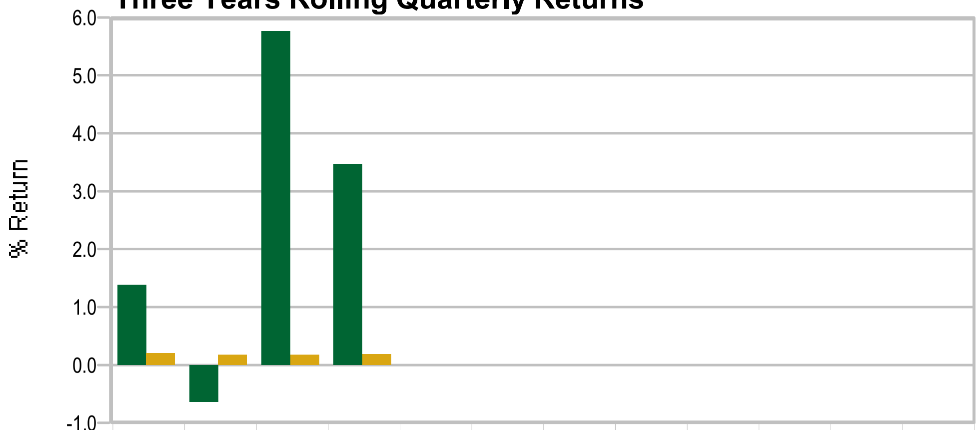


	Three Months	Year To Date	One Year	Three Years	Five Years	Inception To Date
Fund	1.39	0.74	10.25	-	-	6.66
Benchmark	0.20	0.38	0.75	-	-	0.74

Risk Statistics - 3 years

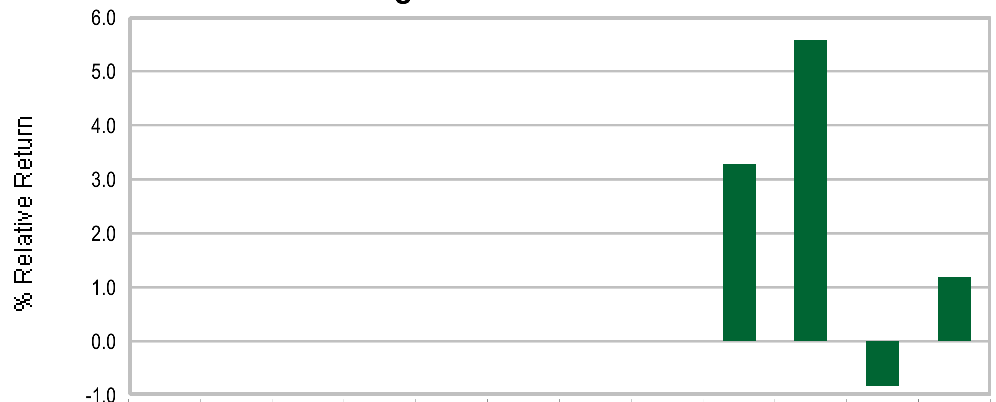
	Fund	B'mark
Performance Return	-	
Standard Deviation	-	
Relative Return	-	
Tracking Error	-	
Information Ratio	-	
Beta	-	
Alpha	-	
R Squared	-	
Sharpe Ratio	-	
Percentage of Total Fund	19.0	
Inception Date	May-2010	
Opening Market Value (£000)	53,233	
Net Investment £(000)	59,360	
Income Received £(000)	416	
Appreciation £(000)	1,226	
Closing Market Value (£000)	114,235	

Three Years Rolling Quarterly Returns



	Q2 11	Q1 11	Q4 10	Q3 10	Q2 10	Q1 10	Q4 09	Q3 09	Q2 09	Q1 09	Q4 08	Q3 08
Fund	1.39	-0.64	5.77	3.47	-	-	-	-	-	-	-	-
Benchmark	0.20	0.18	0.18	0.18	-	-	-	-	-	-	-	-

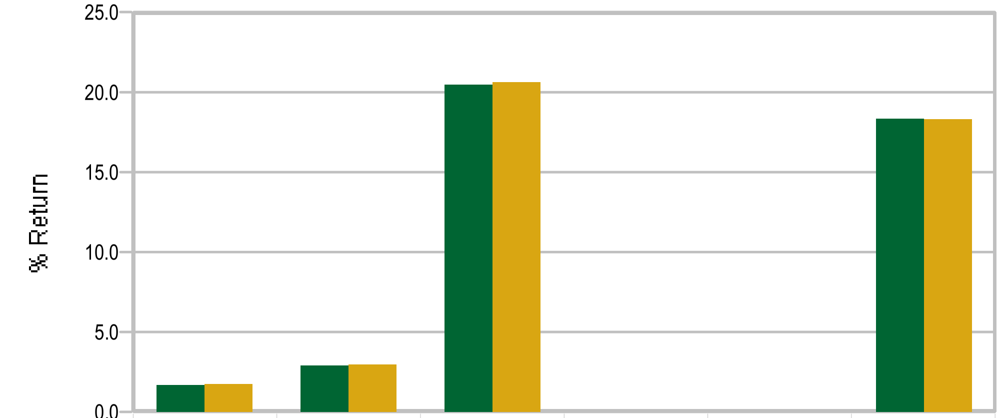
Three Years Rolling Relative Returns



	Q3 08	Q4 08	Q1 09	Q2 09	Q3 09	Q4 09	Q1 10	Q2 10	Q3 10	Q4 10	Q1 11	Q2 11
3M Relative	-	-	-	-	-	-	-	-	3.28	5.58	-0.82	1.18
3Y Relative	-	-	-	-	-	-	-	-	-	-	-	-

SSGA

Historical Plan Performance

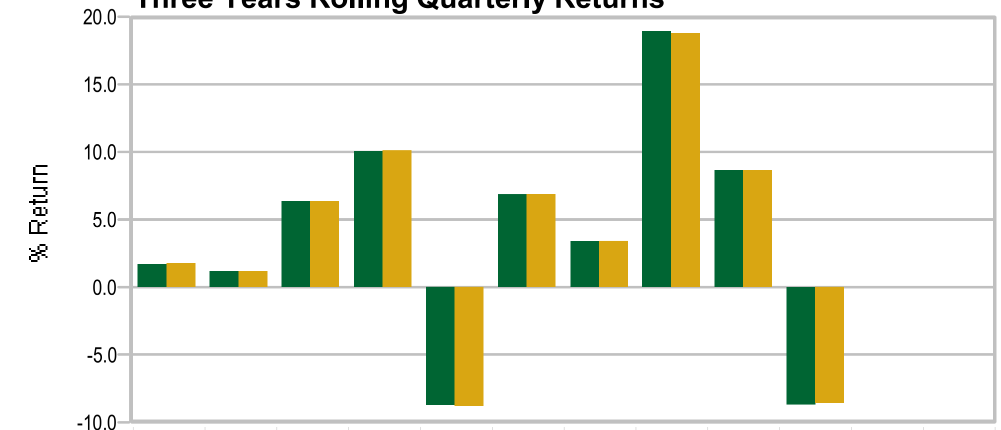


	Three Months	Year To Date	One Year	Three Years	Five Years	Inception To Date
Fund	1.69	2.90	20.46	-	-	18.33
Benchmark	1.75	2.96	20.61	-	-	18.30

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	Nov-2008	
Opening Market Value (£000)	114,447	
Net Investment £(000)	0	
Income Received £(000)	0	
Appreciation £(000)	1,934	
Closing Market Value (£000)	116,381	

Three Years Rolling Quarterly Returns



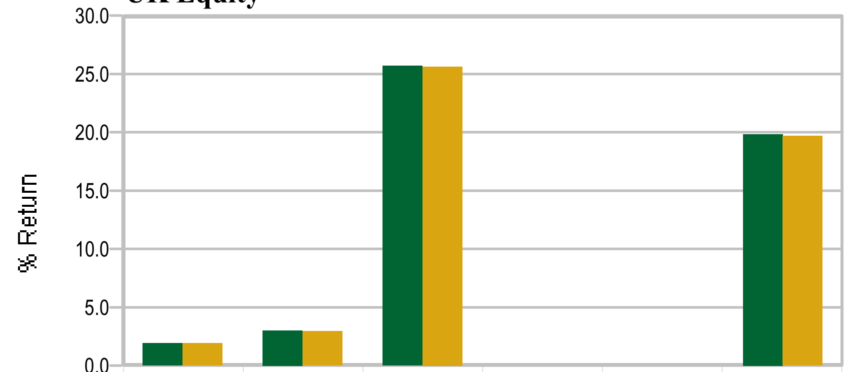
	Q2 11	Q1 11	Q4 10	Q3 10	Q2 10	Q1 10	Q4 09	Q3 09	Q2 09	Q1 09	Q4 08	Q3 08
Fund	1.69	1.19	6.36	10.06	-8.72	6.85	3.38	18.95	8.68	-8.68	-	-
Benchmark	1.75	1.20	6.36	10.13	-8.82	6.89	3.41	18.78	8.66	-8.59	-	-

Three Years Rolling Relative Returns

	Q3 08	Q4 08	Q1 09	Q2 09	Q3 09	Q4 09	Q1 10	Q2 10	Q3 10	Q4 10	Q1 11	Q2 11
3M Relative	-	-	-0.11	0.01	0.14	-0.03	-0.03	0.11	-0.06	-0.00	-0.00	-0.06
3Y Relative	-	-	-	-	-	-	-	-	-	-	-	-

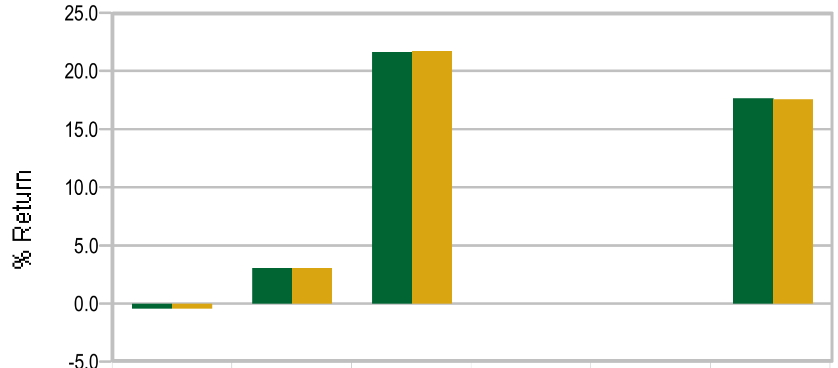
SSGA

UK Equity



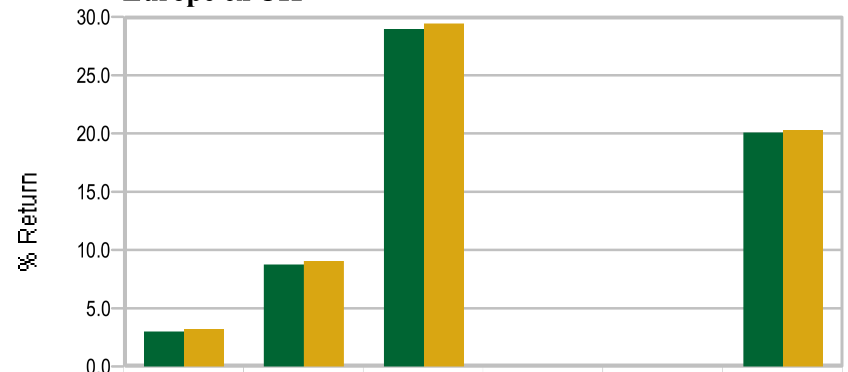
	Three Months	Year To Date	One Year	Three Years	Five Years	Inception To Date
Fund	1.93	3.02	25.72	-	-	19.84
B'Mark	1.91	2.96	25.63	-	-	19.68

North America



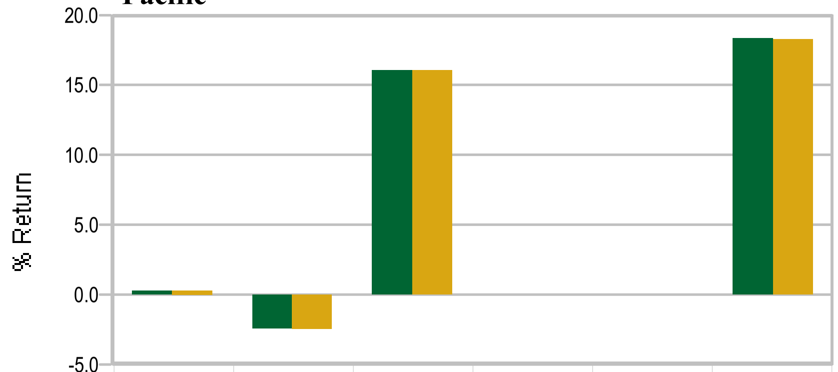
	Three Months	Year To Date	One Year	Three Years	Five Years	Inception To Date
Fund	-0.42	3.05	21.63	-	-	17.62
B'Mark	-0.43	3.05	21.68	-	-	17.56

Europe ex UK



	Three Months	Year To Date	One Year	Three Years	Five Years	Inception To Date
Fund	2.99	8.75	28.95	-	-	20.07
B'Mark	3.18	9.03	29.42	-	-	20.30

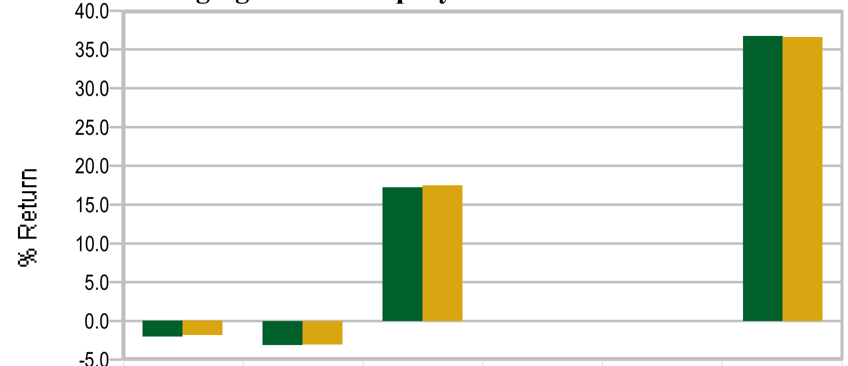
Pacific



	Three Months	Year To Date	One Year	Three Years	Five Years	Inception To Date
Fund	0.29	-2.43	16.06	-	-	18.35
B'Mark	0.31	-2.47	16.06	-	-	18.29

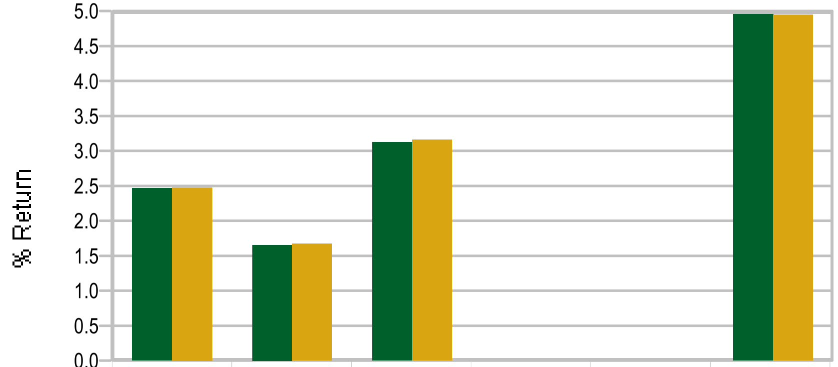
SSGA

Emerging Markets Equity



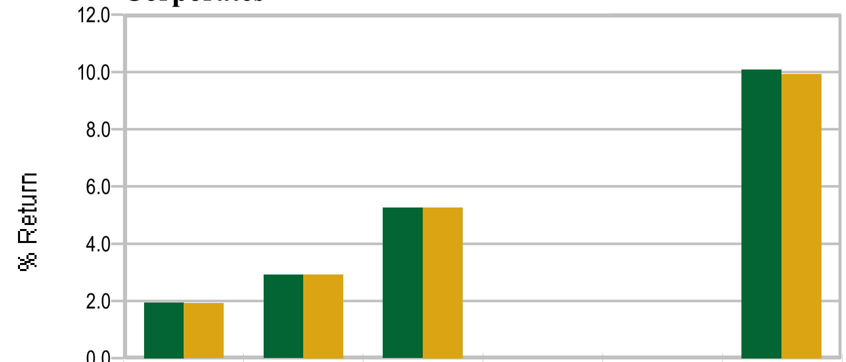
	Three Months	Year To Date	One Year	Three Years	Five Years	Inception To Date
Fund	-2.01	-3.11	17.23	-	-	36.74
B'Mark	-1.84	-3.03	17.50	-	-	36.58

Government Bonds



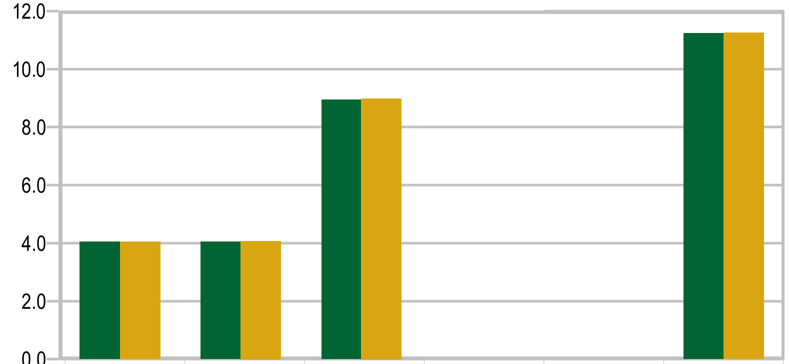
	Three Months	Year To Date	One Year	Three Years	Five Years	Inception To Date
Fund	2.48	1.67	3.16	-	-	4.95
B'Mark	2.47	1.65	3.13	-	-	4.95

Corporates



	Three Months	Year To Date	One Year	Three Years	Five Years	Inception To Date
Fund	1.94	2.92	5.26	-	-	10.08
B'Mark	1.92	2.92	5.26	-	-	9.93

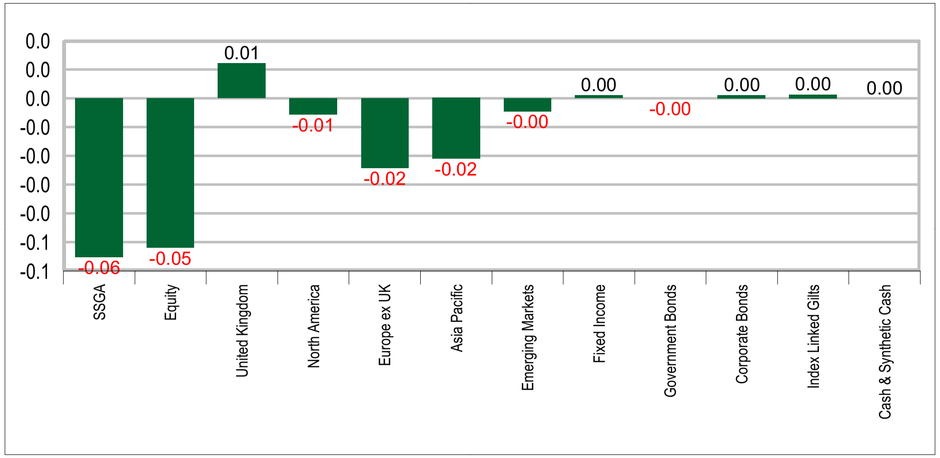
Index Linked Gilts



	Three Months	Year To Date	One Year	Three Years	Five Years	Inception To Date
Fund	4.05	4.08	8.98	-	-	11.24
B'Mark	4.05	4.05	8.94	-	-	11.22

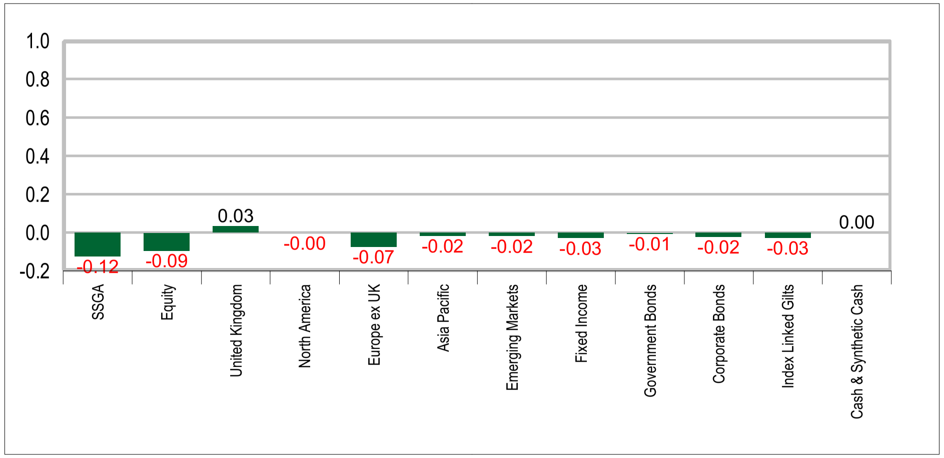
SSGA

Relative Contribution - Three Months



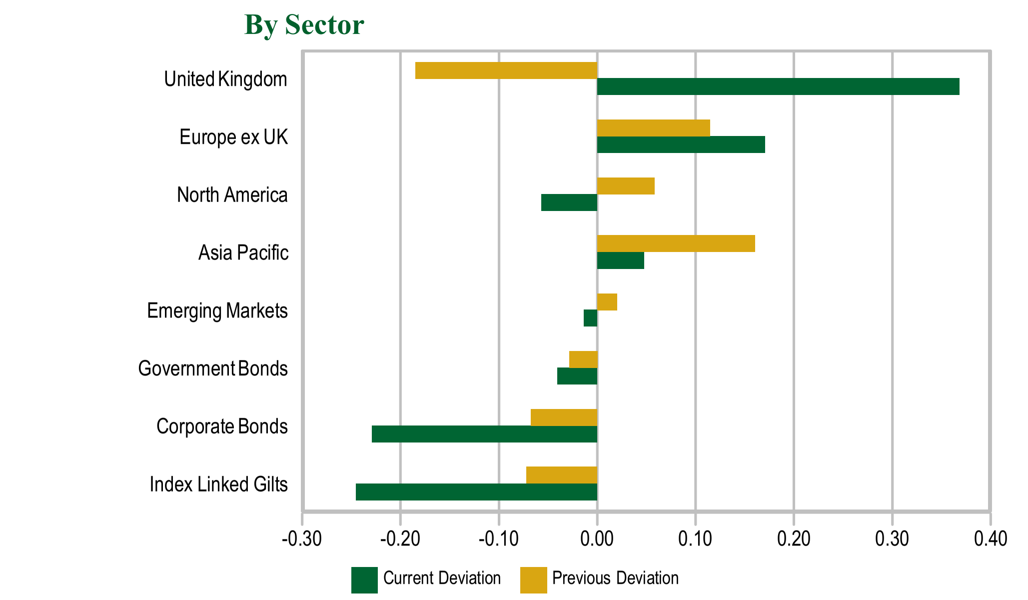
	Return	Benchmark	Relative Return	Asset Allocation	Stock Selection	Currency Effect	Relative Contribution
SSGA	1.69	1.75	-0.06	0.01	0.56	-0.62	-0.06
Equity	1.36	-	1.36	0.01	0.56	-0.62	-0.05
United Kingdom	1.93	1.91	0.02	0.00	0.01	0.00	0.01
North America	-0.42	-0.43	0.00	0.00	-0.01	0.00	-0.01
Europe ex UK	2.97	3.18	-0.20	-0.00	0.30	-0.32	-0.02
Asia Pacific	0.14	0.31	-0.17	0.01	0.24	-0.26	-0.02
Emerging Markets	-2.01	-1.84	-0.18	0.00	0.03	-0.03	-0.00
Fixed Income	2.02	-	2.02	-0.00	0.00	0.00	0.00
Government Bonds	2.48	2.47	0.01	-0.00	0.00	0.00	-0.00
Corporate Bonds	1.94	1.92	0.02	-0.00	0.00	-0.00	0.00
Index Linked Gilts	4.05	4.05	-0.00	0.00	0.00	-0.00	0.00
Cash & Synthetic Cash	-	-	0.00	0.00	0.00	0.00	0.00

Relative Contribution - One Year



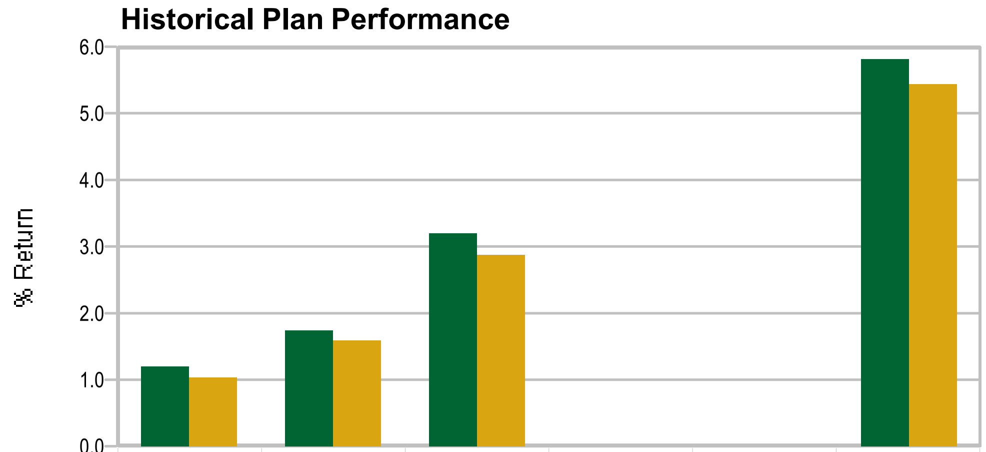
	Return	Benchmark	Relative Return	Asset Allocation	Stock Selection	Currency Effect	Relative Contribution
SSGA	20.46	20.61	-0.12	-0.08	1.16	-1.21	-0.12
Equity	24.00	-	24.00	-0.01	1.13	-1.20	-0.09
United Kingdom	25.72	25.63	0.07	-0.00	0.03	0.00	0.03
North America	21.66	21.68	-0.01	0.00	-0.68	0.68	-0.00
Europe ex UK	28.93	29.42	-0.38	-0.02	1.25	-1.29	-0.07
Asia Pacific	15.91	16.06	-0.13	0.01	0.53	-0.56	-0.02
Emerging Markets	17.27	17.50	-0.19	-0.01	0.02	-0.03	-0.02
Fixed Income	5.06	-	5.06	-0.03	0.01	-0.01	-0.03
Government Bonds	3.16	3.13	0.04	-0.01	0.00	-0.00	-0.01
Corporate Bonds	5.26	5.26	-0.00	-0.02	0.01	-0.00	-0.02
Index Linked Gilts	8.98	8.94	0.03	-0.04	0.01	-0.00	-0.03
Cash & Synthetic Cash	-	-	0.00	0.00	0.00	0.00	0.00

SSGA

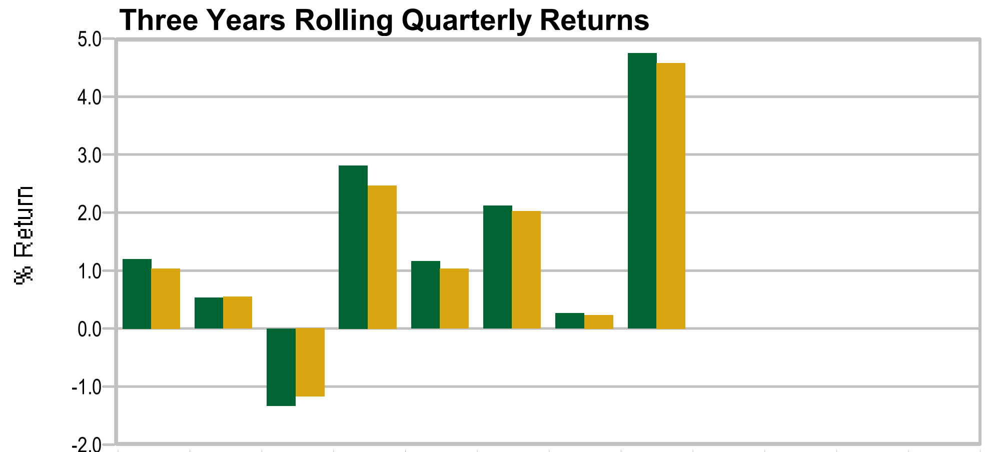


	Current Qtr	Previous Qtr	Current Benchmark	Current Deviation	Previous Benchmark	Previous Deviation
Equity	80.52	80.17		80.52		80.17
United Kingdom	44.37	43.82	44.00	0.37	44.00	-0.18
Europe ex UK	11.17	11.11	11.00	0.17	11.00	0.11
North America	10.94	11.06	11.00	-0.06	11.00	0.06
Asia Pacific	11.05	11.16	11.00	0.05	11.00	0.16
Emerging Markets	2.99	3.02	3.00	-0.01	3.00	0.02
Fixed Income	9.73	9.90		9.73		9.90
Government Bonds	1.46	1.47	1.50	-0.04	1.50	-0.03
Corporate Bonds	8.27	8.43	8.50	-0.23	8.50	-0.07
Index Linked Gilts	9.75	9.93	10.00	-0.25	10.00	-0.07

SSGA Drawdown



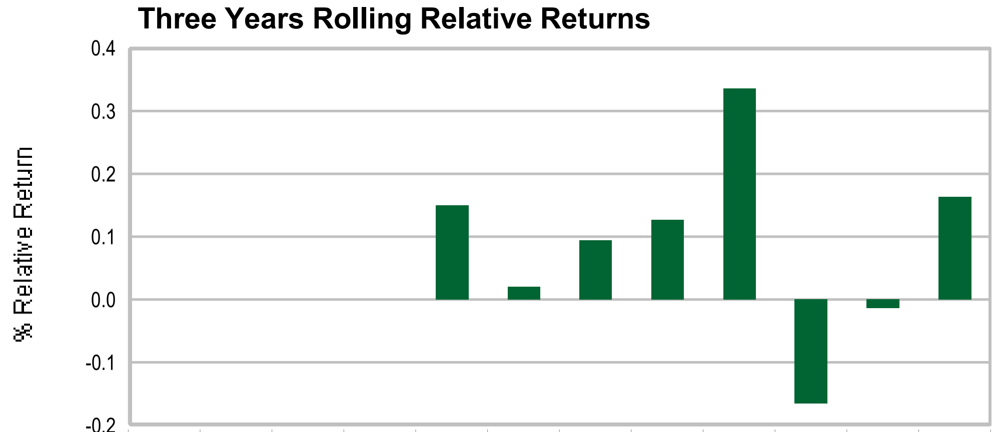
	Three Months	Year To Date	One Year	Three Years	Five Years	Inception To Date
Fund	1.20	1.74	3.20	-	-	5.81
Benchmark	1.03	1.59	2.87	-	-	5.44



	Q2 11	Q1 11	Q4 10	Q3 10	Q2 10	Q1 10	Q4 09	Q3 09	Q2 09	Q1 09	Q4 08	Q3 08
Fund	1.20	0.53	-1.34	2.81	1.16	2.12	0.26	4.75	-	-	-	-
Benchmark	1.03	0.55	-1.17	2.47	1.03	2.02	0.24	4.59	-	-	-	-

Risk Statistics - 3 years

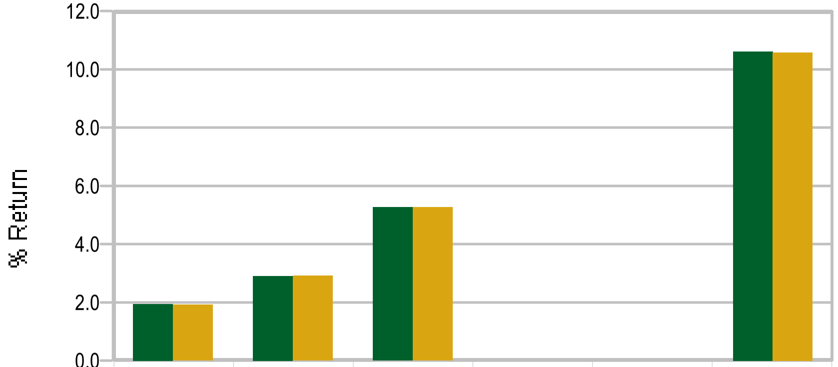
	Fund	B'mark
Performance Return	-	
Standard Deviation	-	
Relative Return	-	
Tracking Error	-	
Information Ratio	-	
Beta	-	
Alpha	-	
R Squared	-	
Sharpe Ratio	-	
Percentage of Total Fund	1.7	
Inception Date	Jun-2009	
Opening Market Value (£000)	16,634	
Net Investment £(000)	-6,597	
Income Received £(000)	-0	
Appreciation £(000)	217	
Closing Market Value (£000)	10,254	



	Q3 08	Q4 08	Q1 09	Q2 09	Q3 09	Q4 09	Q1 10	Q2 10	Q3 10	Q4 10	Q1 11	Q2 11
3M Relative	-	-	-	-	0.15	0.02	0.09	0.13	0.34	-0.17	-0.01	0.16
3Y Relative	-	-	-	-	-	-	-	-	-	-	-	-

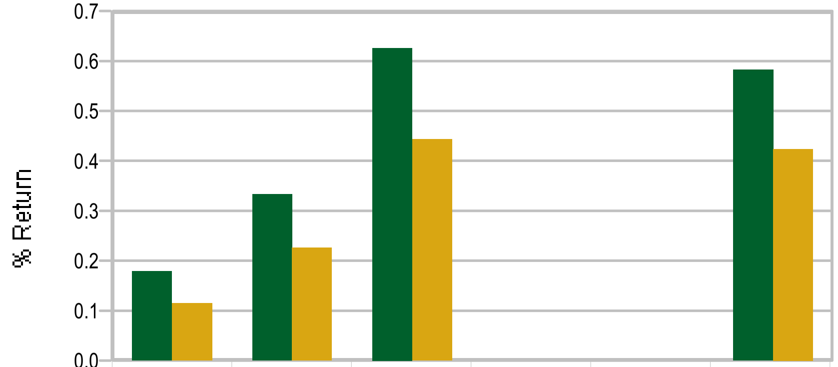
SSGA Drawdown

UK Fixed Income



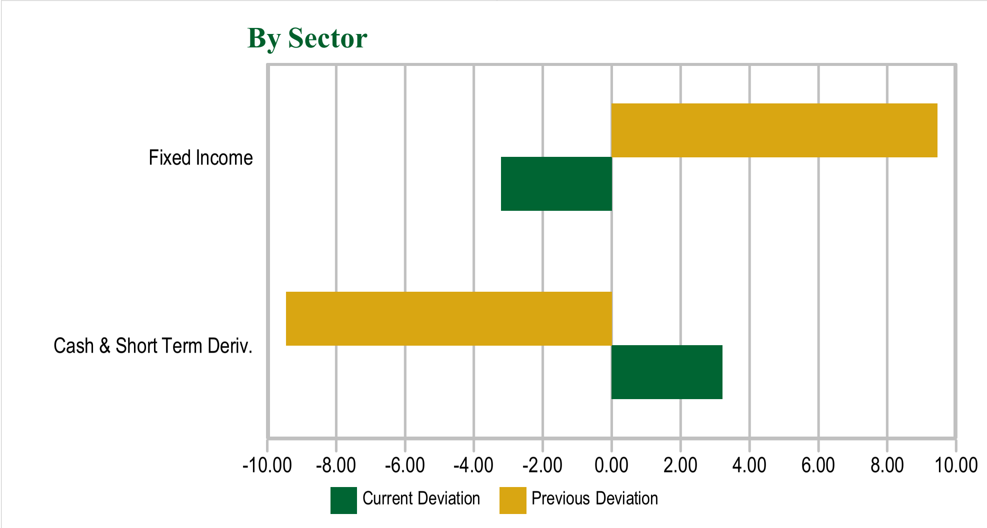
	Three Months	Year To Date	One Year	Three Years	Five Years	Inception To Date
Fund	1.94	2.91	5.26	-	-	10.61
B'Mark	1.92	2.92	5.26	-	-	10.58

UK Cash



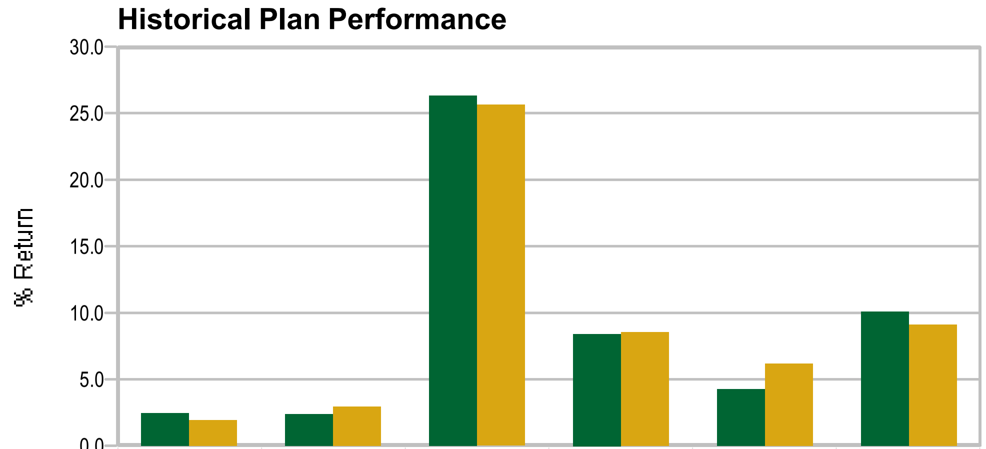
	Three Months	Year To Date	One Year	Three Years	Five Years	Inception To Date
Fund	0.18	0.33	0.63	-	-	0.58
B'Mark	0.12	0.23	0.44	-	-	0.42

SSGA Drawdown



	Current Qtr	Previous Qtr	Current Benchmark	Current Deviation	Previous Benchmark	Previous Deviation
Fixed Income	46.78	59.46	50.00	-3.22	50.00	9.46
Cash & Short Term Deriv.	53.22	40.54	50.00	3.22	50.00	-9.46

Historical Plan Performance

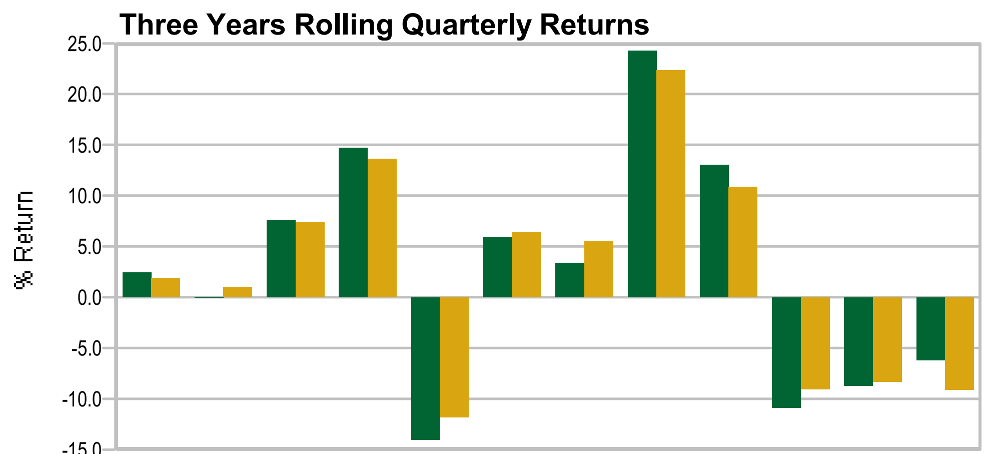


	Three Months	Year To Date	One Year	Three Years	Five Years	Inception To Date
Fund	2.46	2.41	26.32	8.42	4.25	10.11
Benchmark	1.91	2.96	25.63	8.54	6.17	9.11

Risk Statistics - 3 years

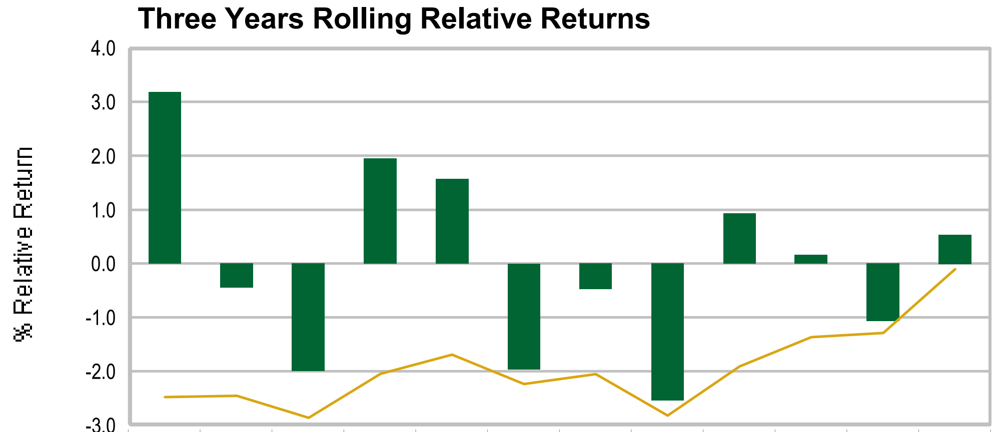
Risk Statistics - 3 years	Fund	B'mark
Performance Return	8.42	8.54
Standard Deviation	19.97	17.86
Relative Return	-0.11	
Tracking Error	4.41	
Information Ratio	-0.03	
Beta	1.09	
Alpha	-0.40	
R Squared	0.96	
Sharpe Ratio	0.30	0.34
Percentage of Total Fund	18.9	
Inception Date	Dec-1988	
Opening Market Value (£000)	110,729	
Net Investment £(000)	0	
Income Received £(000)	1,349	
Appreciation £(000)	1,375	
Closing Market Value (£000)	113,453	

Three Years Rolling Quarterly Returns



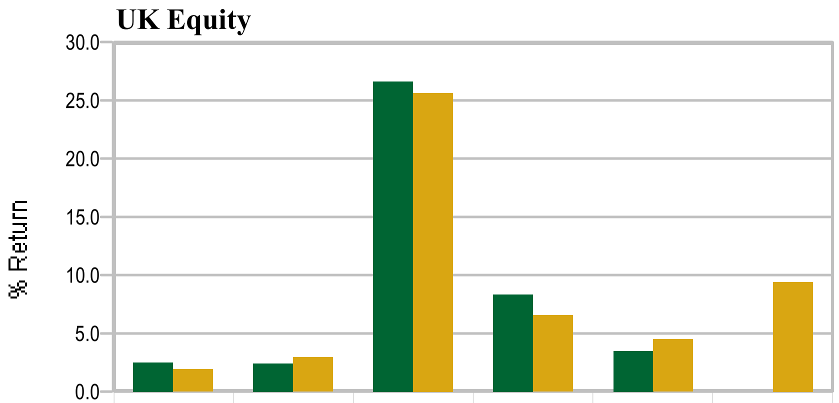
	Q2 11	Q1 11	Q4 10	Q3 10	Q2 10	Q1 10	Q4 09	Q3 09	Q2 09	Q1 09	Q4 08	Q3 08
Fund	2.46	-0.05	7.55	14.69	-14.05	5.91	3.41	24.30	13.04	-10.90	-8.71	-6.22
Benchmark	1.91	1.03	7.38	13.63	-11.80	6.42	5.47	22.38	10.88	-9.08	-8.30	-9.11

Three Years Rolling Relative Returns



	Q3 08	Q4 08	Q1 09	Q2 09	Q3 09	Q4 09	Q1 10	Q2 10	Q3 10	Q4 10	Q1 11	Q2 11
3M Relative	3.18	-0.45	-1.99	1.95	1.57	-1.96	-0.48	-2.54	0.93	0.16	-1.07	0.54
3Y Relative	-2.48	-2.45	-2.86	-2.04	-1.69	-2.24	-2.05	-2.82	-1.91	-1.37	-1.29	-0.11

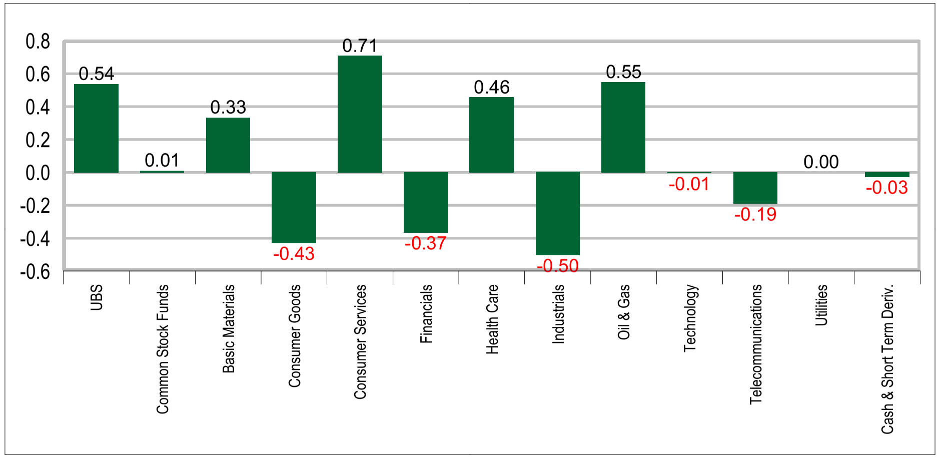
UBS



	Three Months	Year To Date	One Year	Three Years	Five Years	Inception To Date
Fund	2.49	2.43	26.63	8.34	3.47	-
B'Mark	1.91	2.96	25.63	6.56	4.49	9.41

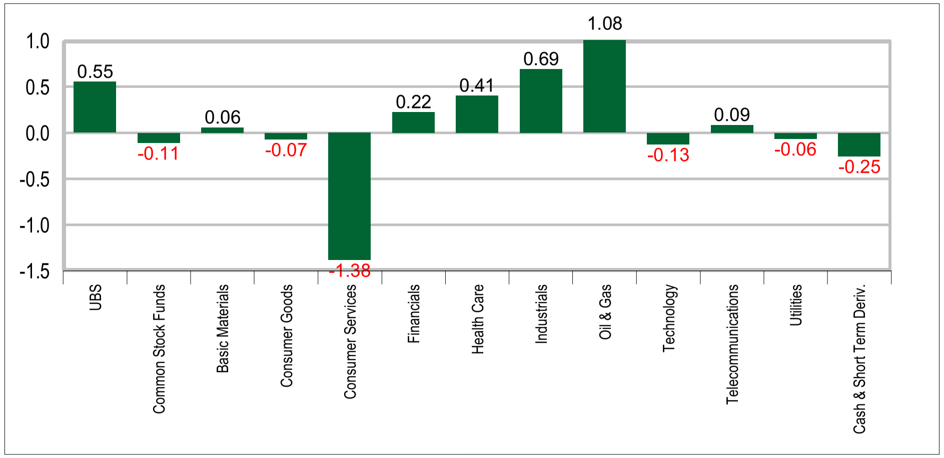
UBS

Relative Contribution - Three Months



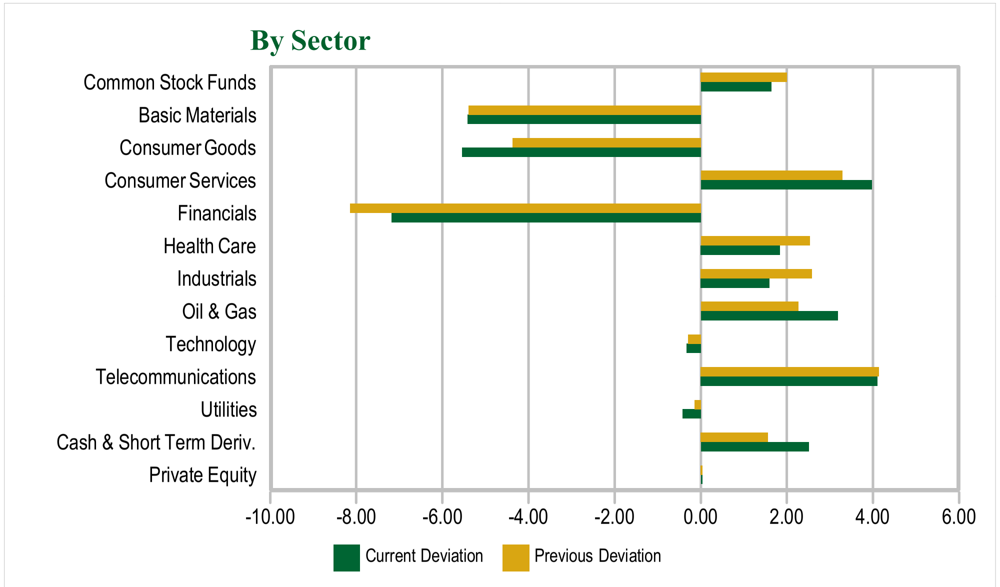
	Return	Benchmark	Relative Return	Asset Allocation	Stock Selection	Relative Contribution
UBS	2.46	1.91	0.54	0.20	0.32	0.54
Common Stock Funds	2.14	-	2.14	0.01	0.00	0.01
Basic Materials	0.72	-1.41	2.15	0.17	0.16	0.33
Consumer Goods	4.79	7.42	-2.44	-0.27	-0.16	-0.43
Consumer Services	10.64	5.95	4.42	0.13	0.58	0.71
Financials	-4.34	-0.73	-3.64	0.19	-0.55	-0.37
Health Care	13.32	10.27	2.76	0.20	0.25	0.46
Industrials	-1.29	4.78	-5.79	0.07	-0.57	-0.50
Oil & Gas	1.00	-2.29	3.36	-0.12	0.67	0.55
Technology	3.74	3.83	-0.08	-0.01	-0.00	-0.01
Telecommunications	-1.89	-1.32	-0.58	-0.13	-0.06	-0.19
Utilities	7.89	7.28	0.57	-0.02	0.02	0.00
Cash & Short Term Deriv.	0.16	-	0.16	-0.03	0.00	-0.03

Relative Contribution - One Year



	Return	Benchmark	Relative Return	Asset Allocation	Stock Selection	Relative Contribution
UBS	26.32	25.63	0.55	-0.17	0.68	0.55
Common Stock Funds	21.27	-	21.27	-0.11	0.00	-0.11
Basic Materials	49.41	40.46	6.37	-0.44	0.50	0.06
Consumer Goods	23.50	25.42	-1.53	0.01	-0.08	-0.07
Consumer Services	7.15	17.12	-8.51	-0.27	-1.11	-1.38
Financials	10.32	14.54	-3.68	0.73	-0.50	0.22
Health Care	22.78	16.37	5.50	-0.16	0.57	0.41
Industrials	38.09	29.51	6.63	0.11	0.58	0.69
Oil & Gas	45.70	39.55	4.41	0.27	0.81	1.08
Technology	26.66	37.04	-7.57	-0.02	-0.11	-0.13
Telecommunications	26.46	25.38	0.86	-0.01	0.10	0.09
Utilities	26.08	27.86	-1.40	-0.01	-0.05	-0.06
Cash & Short Term Deriv.	0.87	-	0.87	-0.25	0.00	-0.25

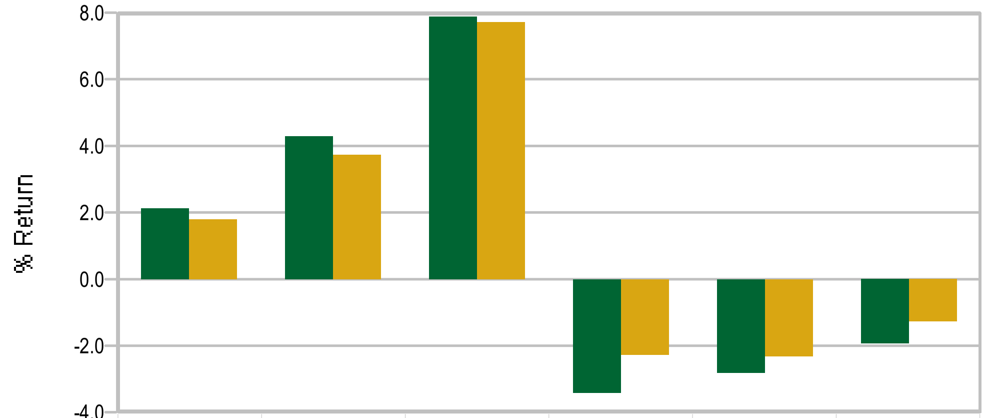
UBS



	Current Qtr	Previous Qtr	Current Benchmark	Current Deviation	Previous Benchmark	Previous Deviation
Common Stock Funds	1.63	2.01		1.63		2.01
Basic Materials	7.83	8.10	13.25	-5.42	13.48	-5.39
Consumer Goods	6.22	6.77	11.76	-5.55	11.13	-4.37
Consumer Services	13.56	12.59	9.59	3.97	9.30	3.29
Financials	14.96	14.41	22.14	-7.18	22.55	-8.14
Health Care	9.11	9.27	7.27	1.85	6.74	2.53
Industrials	9.16	10.00	7.57	1.60	7.41	2.59
Oil & Gas	20.23	20.00	17.05	3.18	17.73	2.27
Technology	1.41	1.42	1.75	-0.34	1.72	-0.30
Telecommunications	9.96	10.40	5.85	4.11	6.26	4.14
Utilities	3.36	3.53	3.78	-0.42	3.67	-0.14
Cash & Short Term Deriv.	2.51	1.56		2.51		1.56
Private Equity	0.04	0.04		0.04		0.04

UBS Property

Historical Plan Performance



	Three Months	Year To Date	One Year	Three Years	Five Years	Inception To Date
Fund	2.12	4.29	7.89	-3.41	-2.81	-1.93
Benchmark	1.80	3.73	7.71	-2.27	-2.31	-1.27

Risk Statistics - 3 years

Risk Statistics - 3 years	Fund	B'mark
Performance Return	-3.41	-2.27
Standard Deviation	6.55	6.81
Relative Return	-1.17	
Tracking Error	2.56	
Information Ratio	-0.45	
Beta	0.90	
Alpha	-1.61	
R Squared	0.88	
Sharpe Ratio	-0.90	-0.70
Percentage of Total Fund	7.9	
Inception Date	Mar-2006	
Opening Market Value (£000)	46,541	
Net Investment £(000)	-3	
Income Received £(000)	435	
Appreciation £(000)	551	
Closing Market Value (£000)	47,524	

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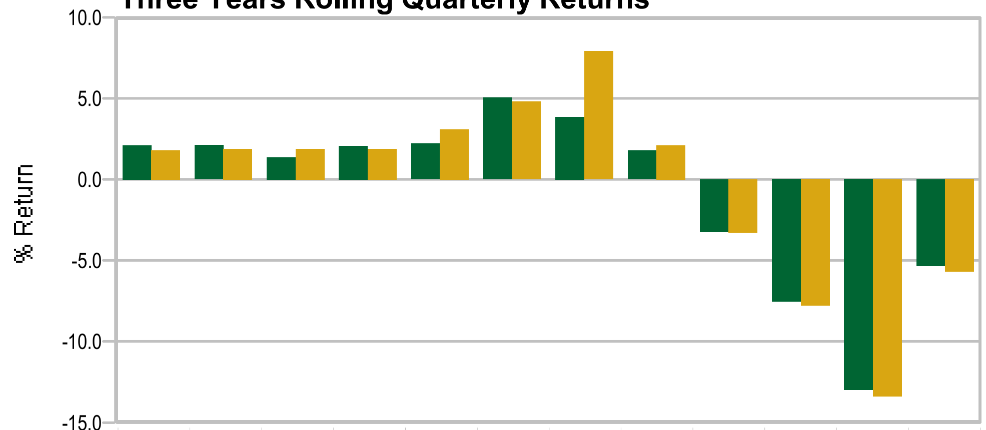
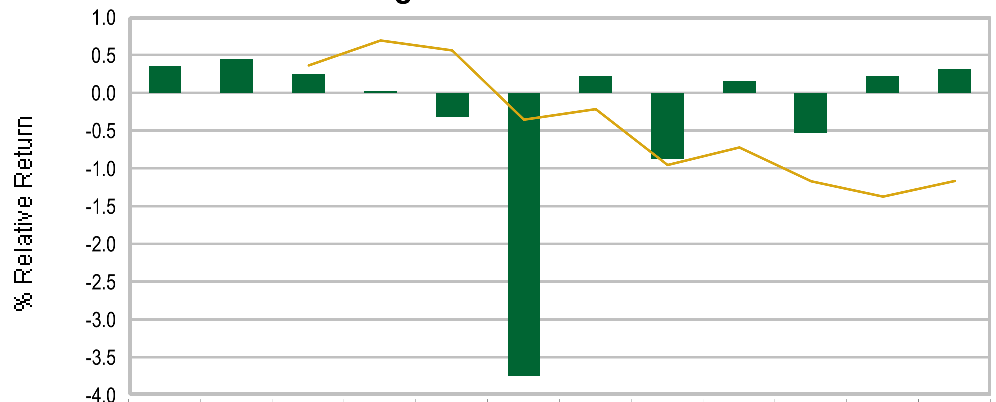
Three Years Rolling Quarterly Returns



	Q2 11	Q1 11	Q4 10	Q3 10	Q2 10	Q1 10	Q4 09	Q3 09	Q2 09	Q1 09	Q4 08	Q3 08
Fund	2.12	2.13	1.36	2.06	2.20	5.03	3.86	1.77	-3.28	-7.57	-13.01	-5.36
Benchmark	1.80	1.90	1.90	1.90	3.10	4.80	7.90	2.10	-3.30	-7.80	-13.40	-5.70

Three Years Rolling Relative Returns



	Q3 08	Q4 08	Q1 09	Q2 09	Q3 09	Q4 09	Q1 10	Q2 10	Q3 10	Q4 10	Q1 11	Q2 11
3M Relative	0.36	0.45	0.25	0.03	-0.32	-3.74	0.23	-0.87	0.16	-0.53	0.23	0.31
3Y Relative	-	-	0.36	0.69	0.56	-0.35	-0.22	-0.96	-0.72	-1.17	-1.38	-1.17

Total Plan Benchmark

36.8 FTSE All Share
12.9 FTSE AW North America
11.1 FTSE AW Developed Europe ex UK
5.5 FTSE AW Japan
3.7 FTSE AW Developed Asia Pacific ex Japan
3.7 FTSE AW Emerging Markets
1.6 FTSE All Stock
8.9 iBox £ Non-Gilts (82.35%) / iBox £ Non-Gilt 15+ (17.65%)
5.3 FTSE Index Linked Gilts 5+ Yrs
10.5 UBS Property Index

Fauchier

100.0 LIBOR 3 Month +5%

Goldman Sachs

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

Marathon

100.0 MSCI World

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

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

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

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

Annualised Information Ratio = 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)
β	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)
β	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
σ_{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 liabilties, 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 potentail performance of a bond issue. Also indicates the creditworthiness of a security's issuer. Moody's evalutes the bond issues and assigns a code with Aaa as the highest and C as the lowest.

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LONDON BOROUGH OF HILLINGDON ALTERNATIVE INVESTMENTS SCHEDULE AS AT 30 June 2011

LBH PRIVATE EQUITY FUNDS	COMMITMENTS BASE CURRENCY	% of Fund	CALLED TO DATE	% of Fund	DISTRIBUTIONS RECEIVED	% of Fund	NET CURRENT INVESTMENT	% of Fund	IRR
LGT CAPITAL PARTNERS	£ 000	%	£ 000	%	£ 000	%	000	%	% Jun-11
Crown private Equity European Buyout Opport.	12,270	2.04	9,521	1.58	5,937	0.99	3,584	0.60	7.81
Crown Global Secondaries Plc (US$)	1,873	0.31	1,602	0.27	977	0.16	625	0.10	6.18
Crown Private Equity European Fund	4,491	0.75	3,303	0.55	451	0.07	2,852	0.47	3.68
Crown Private Equity European Buyout Opport. II	8,982	1.49	4,087	0.68	521	0.09	3,566	0.59	0.45
Crown Asia-Pacific Private Equity Plc (US$)	1,873	0.31	1,285	0.21	217	0.04	1,068	0.18	10.72
Crown European Middle Market II plc	3,593	0.60	826	0.14	0	0.00	826	0.14	18.00
Crown Global Secondaries II Plc (US$)	1,373	0.23	552	0.09	115	0.02	437	0.07	48.96
TOTAL(S) LGT CAPITAL PARTNERS	**34,455**	**5.73**	**21,176**	**3.52**	**8,218**	**1.37**	**12,958**	**2.15**	
ADAMS STREET PARTNERS	£		£						Mar 11
Adam Street Partnership Fund - 2005 US Fund	8,739	1.45	6,834	1.14	1,446	0.24	5,388	0.90	5.52
Adam Street Partnership Fund - 2005 Non-U.S Fund	3,745	0.62	2,961	0.49	366	0.06	2,595	0.43	7.39
Adam Street Partnership Fund - 2006 Non-U.S Fund	2,809	0.47	1,976	0.33	147	0.02	1,829	0.30	6.01
Adam Street Partnership 2006 Direct Fund	936	0.16	859	0.14	120	0.02	739	0.12	0.32
Adam Street Partnership Fund - 2006 US Fund, L.P	5,618	0.93	3,717	0.62	512	0.09	3,205	0.53	5.40
Adams Street Direct Co-Investment Fund, L.P.	1,873	0.31	1,788	0.30	0	0.00	1,788	0.30	N/A
Adams Street Partnership 2007 Direct Fund LP	312	0.05	271	0.05	64	0.01	207	0.03	7.59
Adams Street Partnership - 2007 Non -US Fund	1,092	0.18	536	0.09	0	0.00	536	0.09	7.34
Adams Street Partnership - 2007 US Fund	1,717	0.29	911	0.15	149	0.02	762	0.13	13.07
Adams Street Partnership - 2009 US Fund	936	0.16	205	0.03	0	0.00	205	0.03	40.98
Adams Street Partnership - 2009 Direct Fund	187	0.03	69	0.01	3	0.00	66	0.01	29.70
Adams Street Direct Co-Investment Fund II.	1,561	0.26	441	0.07	0	0.00	441	0.07	N/A
Adams Street 2009 Non-US Emerging Mkt Fund	187	0.03	24	0.00	0	0.00	24	0.00	13.60
Adams Street Partnership 2009 Non-US Developed Market	562	0.09	54	0.01	0	0.00	54	0.01	29.81
TOTAL(S) ADAMS STREET PARTNERS FUNDS	**30,274**	**5.03**	**20,646**	**3.43**	**2,807**	**0.47**	**17,839**	**2.97**	

FUND VALUE	**601,449**	
COMMITMENT STRATEGY	52,627	8.75%
TO ACHIVE INVESTMENT	30,072	5.00%
CURRENT INVESTMENT BOOK COST	30,797	5.12%
CURRENT INVESTMENT MARKET VALUE	36,790	6.12%

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End Q2 2011 portfolio overview

- The portfolio was somewhat active in the last quarter with both distributions (4% of NAV) and capital calls (3% of subscriptions) reaching high levels
- Since the last report, net invested capital has increased by Euro 0.2 million as underlying managers invested more capital than they returned
- Nonetheless, distributions as a proportion of paid-in capital rose to 0.39x from 0.37x last quarter
- Total portfolio gains now amount to Euro 4.4 million, being Euro 18.8 million of NAV less Euro 14.4 million of net invested capital
- The USD weakened by 2.5% against the Euro in the period which had a negligible negative effect on portfolio performance
- Despite turbulent financial markets and economic uncertainty, managers remain positive that their companies are well positioned to withstand a downturn

Q2 2011		Net Performance (in millions of Euros)						Cash Multiple		Drawn	
		LBH Commitment	Drawn	Returned	Net	NAV	Gain	D/PI	TV/PI	Gross	Net
Total Euro Exposure		32.7	19.7	-7.7	12.1	15.5	3.4	0.39	1.17	60%	37%
Euro equivalent Dollar Exposure @ 1.451	USD / Euro	5.7	3.8	-1.4	2.4	3.4	1.0	0.38	1.27	67%	42%
Total Exposure (in Euro millions)		38.3	23.5	-9.1	14.4	18.8	4.4	0.39	1.19	61%	38%

Q4 2010	1.4158	38.5	22.4	-8.3	14.2	18.4	4.2	0.37	1.19	58%	37%
Q4 2010	1.3384	38.8	22.0	-7.3	14.6	17.5	2.9	0.33	1.13	57%	38%
Q3 2010	1.3633	38.7	20.9	-7.0	13.9	16.2	2.3	0.33	1.11	54%	36%
Q2 2010	1.2257	39.4	19.7	-5.9	13.8	15.5	1.7	0.30	1.08	50%	35%
Q1 2010	1.3509	38.7	18.7	-5.7	13.0	14.2	1.2	0.31	1.06	48%	34%
Q4 2009	1.4341	38.4	18.4	-5.4	13.0	13.6	0.7	0.29	1.04	48%	34%
Q3 2009	1.4643	38.3	17.3	-5.1	12.2	12.1	0.0	0.30	1.00	45%	32%
Q2 2009	1.4033	38.5	16.9	-4.9	12.0	12.3	0.2	0.30	1.02	44%	31%

Q2 figures as of 30th June 2011
D/PI - distriutions per unit of paid-in capital; TV/PI - total value per unit of paid-in capital

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QUARTER 2 2011

The following summary is based on 42 funds with a total Market Value of £62,673m.

Update 1 - 02/08/2011

CATEGORY	ASSET MIX (%)		RETURNS (%)					
	Latest Quarter		Latest Quarter		Year to Date		Last 12 Months	
	IMV (%)	FMV (%)	Average	Index	Average	Index	Average	Index
TOTAL EQUITIES	65.6	65.1	1.2	0.3	2.6	2.3	24.0	21.7
GLOBAL POOLED INC UK	2.9	3.0	0.1	0.3	2.1	2.3	21.2	21.7
UK EQUITIES	29.9	29.6	2.1	1.9	3.1	3.0	26.5	25.6
OVERSEAS EQUITIES	32.8	32.4	0.5	0.2	2.2	2.3	22.0	21.5
North America	9.7	9.6	-0.2	-0.4	3.3	3.0	22.3	21.7
Europe	9.4	9.3	2.4	3.1	7.8	9.0	28.7	29.6
Japan	3.8	3.7	0.9	0.2	-3.3	-6.7	10.6	5.4
Pacific (ex Japan)	4.4	4.3	1.0	0.4	0.6	0.5	24.9	27.9
Emerging Markets	4.8	4.8	-2.8	-1.8	-3.8	-3.0	16.7	17.5
Global ex UK	0.7	0.7	0.6	0.2	3.3	2.3	24.1	21.5
TOTAL BONDS	18.4	18.6	2.6	-	3.1	-	6.4	-
U.K. BONDS	10.9	10.7	1.9	2.5	2.5	1.7	5.1	3.1
OVERSEAS BONDS	2.3	2.5	2.8	1.9	2.7	1.3	5.1	2.6
INDEX LINKED	4.6	4.8	4.3	4.0	4.3	4.0	9.5	8.9
POOLED BONDS	0.6	0.6	1.6	4.8	2.9	-	7.0	-
TOTAL CASH	3.6	3.7	0.7	0.1	0.8	0.2	2.2	0.4
ALTERNATIVES	6.3	6.5	2.7	-	5.7	-	11.8	-
Total Private Equity	3.0	3.2	6.3	-	11.1	-	17.6	-
Total Hedge Funds	1.9	1.9	0.1	-	1.0	-	5.9	-
Other Alternatives	1.4	1.4	-1.1	-	0.8	-	8.2	-
TOTAL EX-PROPERTY	93.8	93.7	1.5	1.3	2.9	2.5	18.5	18.2
TOTAL PROPERTY	6.2	6.3	2.2	2.1	4.7	4.4	9.0	9.1
TOTAL ASSETS	100.0	100.0	1.6	1.4	3.0	2.6	17.8	17.6

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WM PERFORMANCE SERVICES
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Retirement Performance Statistics and Cost of Early Retirements Monitor

Contact Officers	Ken Chisholm, 01895 250847
Papers with this report	nil

SUMMARY

This report summarises the number of Early Retirements in the year 2011/2012. Additionally it gives an update on the current situation on the cost to the fund of early retirements.

RECOMMENDATIONS

That the contents of the report be noted.

EARLY RETIREMENT PERFORMANCE STATISTICS

At Committee Meeting on 25th June 2008 it was agreed that as there was no statutory requirement to report figures against the previous BVPI 14 & BVI 15 targets, local performance indicators would be recorded and presented to Committee.

New performance indicators relevant to the revised Performance Indicators will be reported in all future reports to the Committee.

Number of Cases in the first quarter of 2011/12

The table below shows the number of employees, by category, whose LGPS benefits have been put into payment. In the case of redundancy and efficiency this relates to employees over 55 years of age.

	Redundancy	Efficiency	Ill Health	Voluntary over 60
2006/2007	14	2	6	36
2007/2008	19	3	24	29
2008/2009	26	0	12	37
2010/2011	20	0	11	34
Current Year				
Quarter 1 – 2011/12	17	0	5	5

From 1st April 2008, employees retired on the grounds of permanent ill health, will be subject to the "New Scheme" assessment by the Occupational Health Practitioner. There are 3 tiers of enhancement, and theses are:-

- There is no reasonable prospect of the employee obtaining gainful employment* before reaching normal retirement age (age 65). In these cases service is awarded up to age 65
- The employee cannot obtain gainful employment* within a reasonable period** of leaving local government employment***, it is likely that they will be able to obtain gainful employment* before their normal retirement age (age 65). In these cases 25% of their potential service to age 65 is awarded.
- The employee may be capable of obtaining gainful employment* within a reasonable period** of leaving local government employment***. In these cases no additional award of service is applied. The benefits payable are subject to the individual undergoing a medical review after 18 months to ascertain whether the medical condition is such that the employee is still unable to perform the duties of their previous employment. The maximum period that a third tier pension may be paid is 3 years. When the 3 year period has expired the pension will cease. Upon the employee attaining the age of 65, the pension is brought back into payment.

Note: * gainful employment is defined as paid employment for not less than 30 hours in each week for a period of not less than 12 months.
** reasonable period is defined as 3 years.
*** the term local government employment is used to indicate that the employee a member of the Local Government Pension Scheme, not that they work for a local authority.

The Local Government Pension Scheme Regulations 2008 introduced a protection for employees aged 45 and over who were members of the LGPS as at 31st March 2008. The protection ensures that any benefits paid as the result of ill health retirement are at least the same level as any potential benefits under the new regulations.

EARLY RETIREMENT COSTS MONITOR

As a result of a key recommendation by the Audit and Accounts Commission, local authorities were advised to calculate and monitor early retirement costs as they occurred within the LGPS between formal triennial valuations.

The Audit Commission recommended that each administering authority should ask their actuary to provide them with methods for determining early retirement costs. Our actuary, Hymans Robertson, consulted with other actuarial firms to agree a national approach. Our software provider subsequently programmed this into our ‘Axis’ pension system. As a result, the costs to the fund are automatically calculated each time an early retirement is processed.

This authority took the decision, in agreement with the fund actuary, to increase the employer’s contribution rates as prescribed in the last valuation by 1%, effective from 1 April 2011, to meet anticipated early retirement costs. This 1% employer’s contribution is locked in to the rate until March 2014.

This report is brought to committee quarterly to report on how the actual costs of early retirements compare to the 1% employer payment, over the 3 year valuation period.

MONITOR

Detail for Valuation Period 01.04.2011 to 31.03.2014

	Capital Cost of early retirement to the fund	Payroll Total	Cost as a % of payroll
2011/12 (1st Qtr)	£322,212	112,800,000	0.29
Average over previous valuation period			0.59

FINANCIAL IMPLICATIONS

The cost to the pension fund of early retirements on the grounds of ill health, is recorded by the pensions administration system and reported to the scheme Actuary. The cost includes the benefits being paid before the employees normal retirement date and any period of service awarded. Depending on which tier the retirement falls in to, determines the length of service to be awarded. Details of the service to be awarded against each Tier are shown above. All Employers within the fund have a notional budget built in to their Employers Contribution Rate to fund ill health retirements. If the notional figure is exceeded, this will result in an increase to that Employers Contribution Rate, at the next valuation of the fund.

LEGAL IMPLICATIONS

There are no legal implications arising directly from this report.

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Pensions Administration Performance

Contact Officers	Nancy Leroux, 01895 250353
Papers with this report	nil

SUMMARY

This report summarises the key work areas of the pension's administration section for each month during the period 1 April 2011 to 30 June 2011. Performance has previously been reported quarterly, however, to improve transparency and to review trends this has been done monthly for this report. The local targets shown are within the nationally agreed targets for England and Wales. Previous full year performance data is included in the Annual Report for the fund. All data shown is extracted from the Pensions Administration System.

RECOMMENDATIONS

That the contents of the report be noted

Background

From September 2010, Pensions Administration was combined with Payroll under a single manager. The performance report below shows the monthly performance for the first quarter of 2011. The monthly performance indicator reports are sent to officers in HR responsible for the day to day administration of the scheme. Improving performance in pensions administration is a key priority for officers from Corporate Finance and HR, who are working closely to develop an action plan for rapid improvement.

PENSIONS ADMINISTRATION PEFORMANCE

MONTH/YEAR **APRIL 2011 TO JUNE 2011**

WORK AREA	Hillingdon Target	Apr-11		May-11		Jun-11		J
		Total Cases	% Within Target	Total Cases	% Within Target	Total Cases	% Within Target	Total Cases
Condolence Letter	2 Days	16	93.75%	12	100.00%	10	100.00%	14
Actual Retirement Benefits	5 Days	12	100.00%	35	57.14%	37	67.57%	25
Letter notifying Dependants Bens	5 Days	3	100.00%	8	62.50%	4	100.00%	5
Process Refund	5 Days	5	80.00%	7	71.43%	n/a	n/a	2
Transfers Out Quote	5 Days	6	33.33%	3	33.33%	10	70.00%	7
Transfers in Actual	5 Days	11	63.64%	5	100.00%	8	37.50%	10
Transfers in quote	5 Days	10	90.00%	11	72.73%	16	81.25%	8
Answer General Letter	7 Days	51	100.00%	77	100.00%	105	100.00%	91
Transfers Out Actual	9 Days	10	90.00%	9	88.89%	10	100.00%	6
Calc/Notify Deferred	10 Days	8	50.00%	3	66.67%	60	90.00%	112
Estimate of Retirement Benefits	10 Days	62	90.32%	80	91.25%	69	95.65%	102
New Entrants	20 Days	39	94.87%	31	77.42%	45	100.00%	24
Answer ABS Query	10 Days	7	100.00%	1	100.00%	4	100.00%	1
Added Years	10 Days	n/a	n/a	1	100.00%	n/a	n/a	n/a
TOTALS		**240**	**89.58%**	**283**	**85.51%**	**378**	**91.53%**	**407**
Redundancy Under 55	5 Days	14	7.14%	8	25.00%	20	60.00%	12

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GOVERNANCE ISSUES

Contact Officers	Ken Chisholm
Papers with this report	None

SUMMARY

This report is to provide an update on Pension Fund Governance issues. Item 1 on member development was held over from the June Committee.

RECOMMENDATIONS

1. **That Members discuss and agree an approach to member development**
2. **Approve the revisions to the Statement of Investment Principles**

INFORMATION

1. Member Development

In June 2009, Pensions Committee agreed to a proposal on Member development proposed by Cllr Markham to commit to a target of 3 days (21 Hours) per year. A copy of that proposal is attached for reference.

To assist with improving governance and to identify training needs, we purchased a subscription to the Knowledge and Skills Framework, with the aim of members using this framework to assess their knowledge, identify gaps and to feed this back to officers to enable suitable further training and development events to be arranged. Access to the framework is through the website, to which all Members have been given access. The website contains a large store of information on all aspects of the scheme and has been developed by experts to contain all the basic knowledge required to undertake proper governance of the fund.

To date there has been very limited feedback from Members on their use of this site or the identification of any training needs. We are therefore asking that members discuss how they with to move this forward.

- Have members used the knowledge & skills website? Are there difficulties with the site?
- Would hard copies of the material be more suitable?
- If Members conclude that the Knowledge and Skills Framework is an acceptable vehicle for developing and maintaining member knowledge, a development programme could be produced, which will suggest how to best utilise the Knowledge and Skills Framework between committee meetings, so that feedback can be reported or discussed at the next Pensions Committee meeting.
- Alternatively, if the Knowledge and Skills Framework does not meet Members requirements, then an alternative arrangement would have to be identified and members will need to agree how to progress this.

2. Statement of Investment Principles (SoIP) Update

Following the removal of Alliance Bernstein as one of the Fund's managers, amendments were required to be made to the Statement of Investment principles. In addition there were a few other minor changes. The changes to the Statement of Investment Principles are as follows:

- Alliance Bernstein removed throughout the statement
- Adams Street Partners, LGT Capital Partners, M&G Investments and Macquarie Infrastructure added throughout the statement for completeness
- SSgA benchmark amended to accommodate revised index

Committee are asked to approve these revisions and an extract from the Statement of Investment Principles at appendix 2 with changes highlighted in bold.

3. Future Training and Development Events

DATE	EVENT	LOCATION
13 October	UBS First Steps	London
9 November	CIPFA Annual Pensions Conference	London
10 November	UBS Second Steps	London
23 November	UBS Third Steps	London
30 Nov – 2 Dec	LAPFF Annual Conference	Bournemouth

If members are interested in attending any of these events please contact Nancy Leroux.

FINANCIAL IMPLICATIONS

There are no direct financial implications arising directly from the report

LEGAL IMPLICATIONS

The SoIP report complies with regulation 12 of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009 which came into force on 1st January 2010.

APPENDIX 1

PROPOSAL

Following a discussion on Member Training and Development at Pensions Committee in March, Cllr Markham has tabled the following proposal for discussion and possible adoption by Committee as a training and development plan.

MEMBER DEVELOPMENT

1. The value of continual enhancement of knowledge about matters relating to their role on the Pensions Committee has been fully accepted by Members.

2. An annual target of three days training (21 hours) per year is considered to be acceptable for committee Members.

3. Substitutes are also expected to enhance their knowledge and a target of one days training (7 hours) per year is considered to be acceptable

4. It will be up to each Member to determine the gaps in their knowledge and the sources they wish to use in developing their skills.

5. The following sources are considered relevant:

   - Attendance at full committee meetings (comparable to 4 hours per meeting)

   - Attendance at briefing meetings with officers, fund managers and other invited speakers (comparable to 2 hours per meeting)

   - Internal seminars on pension related subjects (comparable to 3 hours per meeting)

   - Attendance at relevant external conferences (comparable to 7 hours per day, per event)

   - Relevant reading material i.e. reports from advisors, fund managers and other sources, pension and financial related magazines and conference delegate packs obtained by fellow Members or officers (up to a maximum 12 hours per year)

   - On-line and power point presentations (comparable to 1 hour per presentation)

6. Officers will be responsible for keeping a record of attendance at meetings and conferences. Members should keep them advised as to time spent on other activities.

7. Officers will continue to inform Members as to relevant meetings and events and of relevant reading material held at the Civic Centre and available to Members.

APPENDIX 2

EXTRACT FROM STATEMENT OF INVESTMENT PRINCIPLES

The expected return on investments

Investment managers are given target performance standards and their actual performance is measured against these. These targets (gross of fees) are:

Adams Street Partners	**- Outperform benchmark**
Fauchier Partners	- 5.00% p.a. in excess of benchmark
Goldman Sachs Asset Management	- 0.75% p.a. in excess of benchmark
LGT Capital Partners	**- Outperform benchmark**
M&G Investments	- 5.00% p.a. in excess of benchmark
Marathon Asset Management	- Outperform benchmark
Macquarie Infrastructure	**- Outperform internal rate of return hurdle**
Ruffer LLP	- Outperform benchmark
State Street Global Advisors	- Achieve Benchmark
UBS Asset Management	- 2.00% p.a. in excess of benchmark
UBS Asset Management - Property	- 1.00% p.a. in excess of benchmark

Overall, the targets are intended to achieve above average performance, relative to earnings and inflation, without excessive risk, so that the Fund can meet its obligations without excessive levels of employer's contribution.

Performance is monitored quarterly and a formal review to confirm (or otherwise) the continued appointment of existing managers is undertaken annually.

FEE STRUCTURES

Adams Street Partners	**- Fee based on subscribed capital + performance fee**
Fauchier Partners	- Fixed fee + performance fee
Goldman Sachs Asset Management	- Tiered fee based on portfolio value
LGT Capital Partners	**- Fee based on subscribed capital + performance fee**
M&G Investments	- Fixed fee based on drawn capital
Marathon Asset Management	- Fee based on performance
Macquarie Infrastructure	**- Fee based on committed capital + performance fee**
Ruffer LLP	- Fixed flat fee based on portfolio value
State Street Global Advisors	- Fixed flat fee based on portfolio value.
UBS Asset Management	- Tiered fee based portfolio value.
UBS Asset Management - Property	- Fixed fee based on portfolio value.
Hymans Robertson LLP	- Price per piece
Scott Jamieson	- Fixed fee

APPENDIX D

Investment Structure – Performance Benchmark, Permitted Ranges and Comparative Indices

ADAMS STREET PARTNERS			
Asset Class	Benchmark %	Ranges %	Index
Private Equity	100	n/a	MSCI World
Total	**100**		

FAUCHIER PARTNERS			
Asset Class	Benchmark %	Ranges %	Index
Fund of Hedge Funds	100	n/a	LIBOR 3 month
Total	**100**		

GOLDMAN SACHS ASSET MANAGEMENT			
Asset Class	Benchmark %	Ranges %	Index
UK Fixed Interest	70	60-80	iBoxx Sterling Non Gilts
UK Index-Linked (over 5 years)	30	20-40	UK Index Linked Gilts over 5 year
Total	**100**		

LGT CAPITAL PARTNERS			
Asset Class	Benchmark %	Ranges %	Index
Private Equity	100	n/a	MSCI World
Total	**100**		

M&G INVESTMENTS			
Asset Class	Benchmark %	Ranges %	Index
Private Placement	100	n/a	LIBOR 3 month
Total	**100**		

MACQUARIE INFRASTRUCTURE & REAL ASSETS EUROPE			
Asset Class	Benchmark %	Ranges %	Index
Infrastructure	100	n/a	Internal rate of return hurdle

Total	100		

MARATHON ASSET MANAGEMENT			
Asset Class	Benchmark %	Ranges %	Index
Global Equities	100	n/a	MSCI World
Total	**100**		

RUFFER LLP			
Asset Class	Benchmark %	Ranges %	Index
Absolute Return	100	n/a	LIBOR 3 month
Total	**100**		

STATE STREET GLOBAL ADVISORS			
Asset Class	Benchmark %	Ranges %	Index
UK Equity Index sub-Fund	44	**Rebalanced Quarterly +/- 10% of Benchmark**	FTSE All Share (or similar)
North America Equity Index sub-fund	11		FTSE World North America (or similar)
Europe ex UK Equity Index sub-fund	11		FTSE World Europe ex UK (or similar)
Asia Pacific Equity Index sub-fund	11		FTSE Developed Asia Pacific (or similar)
Emerging Markets Equity Index fund	3		FTSE All-World All Emerging (or similar)
UK Conventional Gilts All Stocks fund	1.5		FTA British Govt Conventional Gilts All Stocks (or similar)
Index-Linked Gilts All-Stocks Index fund	10		FTA British Govt Index Linked Gilts All Stocks (or similar)
Sterling Corporate Bond All Stocks fund	8.5		**Barclays Capital Sterling Aggregate (or similar)**
Total	**100**		

STATE STREET GLOBAL ADVISORS - Account 2			
Asset Class	Benchmark %	Ranges %	Index
Sterling Corporate Bond All Stocks Index Fund	50	+/- 10% of Benc	**Barclays Capital Sterling Aggregate (or similar)**

Sterling Liquidity sub-Fund	50		
Total	**100**		

UBS GLOBAL ASSET MANAGEMENT – EQUITIES			
Asset Class	Benchmark %	Ranges %	Index
UK Equities	100	40 - 100	FTSE All Share
Cash	0	0 – 10	
Total	**100**		

UBS GLOBAL ASSET MANAGEMENT - PROPERTY			
Asset Class	Benchmark %	Ranges %	Index
Property	100	+/- 25%	IPD Index
Cash	0	0 - 10	LIBOR 7 Day
Total	**100**		

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Agenda Item 10

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Agenda Item 12

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