



HILLINGDON
LONDON



Pensions Committee

Date: WEDNESDAY, 17 JUNE
2015

Time: 7.00 PM

Venue: COMMITTEE ROOM 4 -
CIVIC CENTRE, HIGH
STREET, UXBRIDGE UB8
1UW

**Meeting
Details:** Members of the Public and
Press are welcome to attend
this meeting

Councillors on the Committee

Philip Corthorne, (Chairman)
Michael Markham, (Vice-Chairman)
Tony Eginton (Labour Lead)
Peter Davis
Beulah East

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Published: Friday 5 June 2015

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This Agenda is available online at:

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Putting our residents first

Lloyd White
Head of Democratic Services
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This Committee

To discharge the functions of the Pensions Committee aimed at improving market governance across the Pension Fund and the operational effectiveness of Investment Strategy.

Terms of Reference

The Constitution defines the terms of reference of the Pensions Committee as:

1. To maintain a business plan for its activity and evaluates progress against this plan.
2. To monitor financial risks, including all investment risks relative to liabilities, within the Pension Committee's risk framework, and reports any issues or breaches to the Pension Committee.
3. To keep asset allocation under review within range guidelines set by the Pension Committee. Within these range guidelines, the Sub-Committee has delegated authority to:
 - Increase or decrease the allocation to equities, bonds or property
 - Increase or decrease the amounts / proportions of assets in manager mandates
 - Increase or decrease the level of currency hedging in place
 - Select investments for, or dispose of existing investments in, the "opportunity fund" (5% of assets), using the feeder fund.
4. To consider the framework for the allocation of new money among managers. Similarly, in the event that assets need to be realised, the Sub-Committee also considers this matter.
5. To formally review annually the mandates of the managers, and their adherence to their expected investment process and style. This ensures that the explicit written mandate of each of the Fund's managers is consistent with the Fund's overall objective and is appropriately defined in terms of performance target, risk parameters and timescale.
6. To consider the need for any changes to the investment managers' mandates (e.g. in relation to continuing appropriateness of benchmarks and operating guidelines).
7. To consider the need for any changes to the Fund's investment manager arrangements (e.g. replacement, addition, termination) and makes recommendations to the Pension Committee.
8. In the event of a proposed change of managers, to evaluate the credentials of potential managers. To make recommendations to the Pension Committee in respect of any change of managers.

Agenda

CHAIRMAN'S ANNOUNCEMENTS

PART I - Members, Public and Press

- 1 Apologies for Absence
- 2 Declarations of Interest in matters coming before this meeting
- 3 Minutes of the meetings - 25 March and 14 May 2015 1 - 6
- 4 To confirm that items marked Part I will be considered in public and those marked Part II will be considered in private
- 5 Review on Performance Measurement of the Pension Fund 7 - 38
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PART II - Members Only

- 8 Review on Performance - Part II - Fund Manager Review and Activism 63 - 80
- 9 Investment Report 81 - 96
- 10 Pensions Administration Contract 97 - 98

Minutes

Pensions Committee

25 March 2015

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



HILLINGDON
LONDON

	<p>Committee Members Present: Councillors Michael Markham (Vice-Chairman - In the Chair), Tony Eginton, Beulah East, Raymond Graham, John Morse, Richard Mills, Susan O'Brien and David Simmonds.</p> <p>Advisory Member: Andrew Scott.</p> <p>Apologies: Councillor Philip Corthorne (Councillor Susan O'Brien substituting), John Holroyd (Advisory Member) and Scott Jamieson (Advisor).</p> <p>Also Present: David O'Hara (Advisor).</p> <p>LBH Officers Present: Tunde Adekoya, Ken Chisholm, Sian Kunert, Nancy LeRoux, Paul Whaymand and Khalid Ahmed.</p>
29.	<p>MINUTES OF THE MEETING OF 10 DECEMBER 2014</p> <p>Agreed as an accurate record.</p>
30.	<p>TO CONFIRM THAT ITEMS MARKED PART I WILL BE CONSIDERED IN PUBLIC AND THOSE MARKED PART II WILL BE CONSIDERED IN PRIVATE</p> <p>That Agenda Items 10 and 11 be considered in private for the reasons stated on the agenda and the rest of the items be considered in public.</p>
31.	<p>REVIEW ON PERFORMANCE MEASUREMENT OF THE PENSION FUND</p> <p>The report provided Members with a summary of the fund manager performance for the quarter ended 31 December 2014. The Committee was informed that the total value of the fund's investments was £764.8m.</p> <p>Reference was made to the table in the report (page 65) which provided a summary of percentage returns and Members noted that for the last 12 months as an average for total assets this was 8.1%. It was noted that these statistics were based on 44 funds with a total market value of £99,097m.</p> <p>The Committee was informed that the agreed investment strategy for</p>

	<p>the Hillingdon Pension Fund was a deliberate defensive strategy.</p> <p>RESOLVED:</p> <p>1. That the contents of the report be noted.</p>	
32.	<p>PENSIONS ADMINISTRATION PERFORMANCE</p> <p>Consideration was given to the report which provided an update on the Pensions Administration performance and early retirements in the third quarter of 2014/15.</p> <p>The Committee was provided with an update on the ongoing dialogue between the Council and Capita Employee Benefits and Members were informed that performance had significantly improved.</p> <p>Reference was made to the two areas which remained a significant concern through continuing poor levels of performance and Members were provided with measures which were being taken to improve performance.</p> <p>The report which was considered in Part II of the agenda provided Members with greater detail on the measures which were being taken by officers and the options which were available for the service.</p> <p>Members were informed that a further update report would be submitted to the June meeting of the Committee.</p> <p>RESOLVED:</p> <p>1. That the latest administration performance statistics and early retirement statistics be noted.</p>	Nancy Leroux
33.	<p>DELOITTE - 2014/15 ANNUAL AUDIT PLAN</p> <p>The report provided details of the initial plans for the audit of the Pension Fund Accounts 2014/15 by Deloitte. Details of the key audit risks were reported and Members were informed that the whole process would be completed by early September.</p> <p>The Committee was informed that the document had been approved by the Audit Committee at its meeting on 17 March 2015.</p> <p>RESOLVED:</p> <p>1. That the details contained in the 2014/15 Annual Audit Plan be noted.</p>	
34.	<p>GOVERNANCE UPDATE - LOCAL PENSION BOARD</p> <p>The Committee was provided with an update on progress on the introduction of a local Pension Board and the consequent recent constitution changes which would affect the Pensions Committee and Investment Strategy Sub-Committee.</p> <p>Members were informed that interviews for the Employee / Scheme</p>	

	<p>Member Representatives would be taking place on 30 March 2015 and the membership of both the Pensions Committee and Pensions Board would be in place by 1 April 2015.</p> <p>Details of the terms of Reference of both the Pensions Committee and Pensions Board were reported.</p> <p>RESOLVED:</p> <p>1. That the progress made in the establishment of the Hillingdon Pension Board be noted.</p>	<p>Action By</p>
<p>35.</p>	<p>FREEDOM AND CHOICE IN PENSIONS</p> <p>Members were reminded that at the last meeting of the Committee, officers were asked to provide a report which outlined the implications of the forthcoming changes, announced by the Chancellor of the Exchequer in the March Budget on "Freedom and Choice in Pensions".</p> <p>Discussion took place on the legal requirement for a member of the Local Government Pension Fund to take independent financial advice from an appropriate approved Financial Advisor before proceeding with any transfer of benefits out of the Scheme. Concern was expressed at the potential administration problem for the Fund as there would be no obligation on the individual to act on or accept advice given. However, the Scheme Administrator would have to be able to evidence that the member had sought appropriate advice to defend any potential future challenge or appeal.</p> <p>The Committee was informed that a report would be submitted to the next meeting of the Committee on what the Scheme Administrator would have in place in terms of this potential problem.</p> <p>RESOLVED:</p> <p>1. That the information contained in the report be noted.</p>	<p>Ken Chisholm</p>
<p>36.</p>	<p>REVIEW ON PERFORMANCE - PART II - FUND MANAGER REVIEW AND ACTIVISM</p> <p>This item was discussed as a Part II item without the press or public present as the information under discussion contained confidential or exempt information as defined by law in the Local Government (Access to Information) Act 1985. This was because it discussed 'information relating to the financial or business affairs of any particular person (including the authority holding that information)' (paragraph 3 of the schedule to the Act).</p> <p>The confidential report provided Members with performance updates on recent meetings with Fund Managers and an overview of engagement activities over the last quarter.</p> <p>RESOLVED:</p> <p>1. That the information contained in the report be noted.</p>	

<p>37.</p>	<p>INVESTMENT STRATEGY REPORT</p> <p>This item was discussed as a Part II item without the press or public present as the information under discussion contained confidential or exempt information as defined by law in the Local Government (Access to Information) Act 1985. This was because it discussed ‘information relating to the financial or business affairs of any particular person (including the authority holding that information)’ (paragraph 3 of the schedule to the Act).</p> <p>The confidential report provided Members with an overview of the current investment strategy of the London Borough of Hillingdon Pension Fund.</p> <p>The Committee's Fund Investment Consultant provided details on the views of KPMG on the short and medium term investment strategy and provided the reasoning for the specific recommendations to this Committee.</p> <p>RESOLVED:</p> <ol style="list-style-type: none"> 1. That Ruffer be authorised to proceed with an allocation of their current Hillingdon holdings in a 'lite' version of their liquid fund; limited up to 5% of their mandate. 2. That approval be given to the moving of SSgA gilts holdings to long-dated and UBS TIPs to long-dated TIPs, with timings delegated to officers. 3. That the contents of the report be noted. 	
<p>38.</p>	<p>PENSIONS ADMINISTRATION CONTRACT</p> <p>This item was discussed as a Part II item without the press or public present as the information under discussion contained confidential or exempt information as defined by law in the Local Government (Access to Information) Act 1985. This was because it discussed ‘information relating to the financial or business affairs of any particular person (including the authority holding that information)’ (paragraph 3 of the schedule to the Act).</p> <p>A confidential update was provided to Members on recent actions by officers in relation to the Pensions Administration Contract.</p> <p>RESOLVED:</p> <ol style="list-style-type: none"> 1. That the ongoing officer action in relation to the Pensions Administration contract be noted. 	
<p>The meeting, which commenced at 7.00pm closed at 7.35pm</p>		

These are the minutes of the above meeting. For more information on any of the resolutions please contact Khalid Ahmed on 01895 250833. Circulation of these minutes is to Councillors, Officers, the Press and Members of the Public.

Minutes**PENSIONS COMMITTEE****14 May 2015****Meeting held at Council Chamber - Civic Centre,
High Street, Uxbridge UB8 1UW**

	Committee Members Present: Councillors Philip Corthorne (Chairman), Michael Markham (Vice-Chairman), Peter Davis, Beulah East and Tony Eginton (Labour Lead)
1.	ELECTION OF CHAIRMAN (<i>Agenda Item 1</i>) RESOLVED: That Councillor Philip Corthorne be elected Chairman of the Pensions Committee for the 2015/2016 municipal year.
2.	ELECTION OF VICE-CHAIRMAN (<i>Agenda Item 2</i>) RESOLVED: That Councillor Michael Markham be elected Vice-Chairman of the Pensions Committee for the 2015/2016 municipal year.
	The meeting, which commenced at 8.42 pm, closed at 8.47 pm.

These are the minutes of the above meeting. For more information on any of the resolutions please contact Khalid Ahmed on 01895 250833. Circulation of these minutes is to Councillors, Officers, the Press and Members of the Public.

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REVIEW ON PERFORMANCE MEASUREMENT OF THE PENSION FUND	
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<i>Contact Officers</i>	Nancy Leroux Tel: 01895 2503530
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<i>Papers with this report</i>	Northern Trust Executive Report
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SUMMARY

This report provides a review of financial markets and fund performance for the quarter ending 31 March 2015. The total value of the fund's investments as at 31 March 2015 was £801.3m. The attached Northern Trust report has been reduced in size to make more meaningful and to enable closer scrutiny by Members. The full report is available and will be sent to any Member who wishes to continue to receive it.

RECOMMENDATION

That the contents of this report be noted.

1. GENERAL BACKDROP

Recent years have seen all financial markets respond positively to the cheap liquidity that has flooded the globe. Consequently any reversal is most likely to be negatively for capital values. The LBH Pension Fund (and all other investors) would be adversely impacted by such a decline unless it was accompanied by a rising yield structure (which would reduce the current value of the projected liabilities). The market movements in the early part of Q1, 2015 were led by surging bond prices – at one point German 10-year bond yields were almost zero - and this is therefore extremely challenging for Funds. The arrival of Spring has brought higher yields while equity markets have progressed towards or through all-time highs.

In 2014 world economic growth was driven by strength in the US economy and held back by weakness everywhere else; this was reflected in a strong US\$. Currency movements of the magnitude seen tend to act to rebalance growth across nations and so it was in Q1, 2015; the US lagged while Europe in particular, found fresh strength. Beyond the currency impact, Europe benefitted from lower energy prices and the onset of quantitative easing (QE) out of the European Central Bank (ECB). Together with the Bank of Japan the ECB is injecting around £80bn per month into world money markets. The US Federal may have ended their QE programmes but official liquidity continues to flood into the world financial system. Whether QE will actually boost jobs growth and growth is a moot point however the Europeans and Japanese have few alternatives.

The next major development in unconventional monetary policy will probably involve China. Chinese economic growth continues to undershoot expectations and this is intensifying the challenge of managing the excesses within the Chinese credit system.

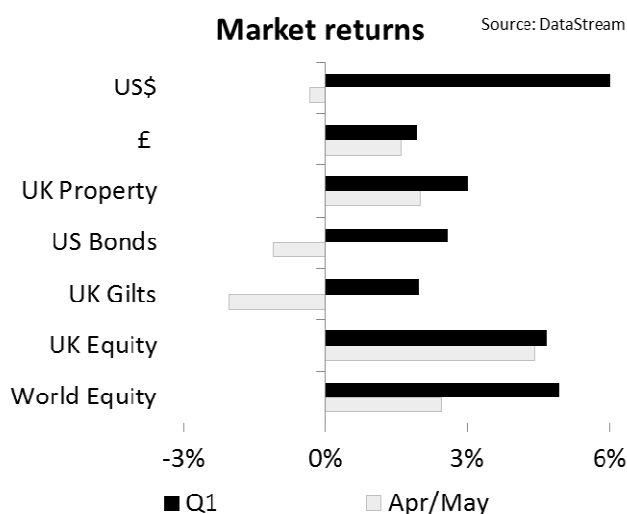
Anecdotes abound surrounding the immense scale of property related debt and unwanted buildings – last year saw the stock on unoccupied property rise by 130 million square metres. China today invites memory of the experience of Japan three decades ago.

Chinese consumer prices are now falling and China cannot easily absorb a significant economic slowdown; a Chinese ‘Lehman’ is a genuine and growing threat. As a result the Chinese authorities have started to ease interest rates but they are struggling to cope with the strength of the US\$ to which their own currency is pegged; Yuan devaluation is a genuine prospect.

Across global markets, the UK election struggled to command much investor attention. The clear result was greeted favourably by markets but the benefit is beginning to look short-lived as investors begin to worry about tighter fiscal policy.

2. MAJOR MARKET RETURNS

The year began with the unexpected capitulation by the Swiss National Bank (SNB) in its efforts to prevent a rising Swiss franc. Through being prepared to absorb all market demand for francs the SNB accumulate vast amounts of foreign currency – predominately €. With selling of €s threatening to become unbounded the SNB stepped aside; the resulting surge in the CHF led to losses on the SNB’s balance sheet equivalent to 5% of Swiss GDP. The ensuing turbulence proved short lived once the ECB launched QE; financial markets ended the quarter well bid.



The buoyancy of risk assets continued into Q2 despite – or because of – the increasingly erratic behaviour of bond prices. The US\$ has traded in a narrow range in April and May as investors wonder whether the slowdown in US economic activity in Q1 – GDP barely grew – will continue and whether, as a result, the US Federal Reserve will have to delay its plans to raise interest rates. £ has enjoyed the clarity of the recent election result

UK property prices rose on rental growth – especially in London - and strong foreign demand. The ripple effects from a firm London market continue to be seen in regional markets.

3. FUND PERFORMANCE

The investment objective for the LBH Pension Fund, agreed with the Actuary, is to generate a trend real rate of return of 4% per annum; the current asset allocation is judged appropriate to that objective. Other LGPS will have set their objectives appropriate to their Fund characteristics. Funds seeking greater returns will typically operate a higher allocation to riskier investments and vice versa.

The performance of the Fund for the quarter to 31 March 2015 showed a relative

outperformance of 0.5%, with a return of 4.8% compared to the benchmark of 4.2%. (Excess return 0.6%) One year figures show returns of 10.4% (substantially ahead of the RPI+4% target return and in line with the benchmark). Over the three period, the Fund returned 0.8% pa over the benchmark; the absolute rate was 9.9% p.a., well ahead of the required investment return.

The average LGPS (as captured by WM data) maintains a higher proportion in equity markets and overseas markets in particular. Further while the Hillingdon Pension Fund holds a comparable exposure to bond investments, the actual investments are of a shorter duration than the typical bond fund; on any measure, long duration bonds are expensive. As a result, while the trend rates of return from the Fund's bond investments are expected to meaningfully contribute to the overall investment earnings, there will be periods of underperformance relative to long duration bonds; 2014 was characterised by strong bond markets.

Recent quarters have seen many investors maintain a more optimistic outlook for the world economy and financial markets. In the face of ongoing debt accumulation and the continued threat of outright deflation, such optimism is judged dangerous and a defensive stance remains the preferred asset allocation strategy. In illustration, over the long term the real returns from equity investments are driven by dividend distributions; the equity mandates of the Fund have a focus on sustainable dividend yields. A dividend focused equity programme will tend to lag broader market indices when prices are rising strongly on expectations of faster economic growth.

4. MANAGER / PROGRAMME SUMMARY

The table below provides an update on the range of programmes into which the assets of the Pension Fund are deployed. With the exception of the State Street allocation, all programmes are actively managed.

Performance Attribution Relative to Benchmark (rounded)

	Value £m	Q4 2014 %	1 Year %	3 Years (% p.a.)	5 Years (% p.a.)	Since Inception (% p.a.)	Target (% p.a.)	Fees (% p.a.)
Adams St*	22.5	9.4	29.3	-	-	4.8	4.0**	1.20
AEW	32.1	0.1	-	-	-	-0.1	8.0*	0.70
GMO	65.7	1.0		-	-	1.8	4.0	0.50
JP Morgan	38.4	0.4	-1.5	-0.5		0.3	3.0	0.30
Kempen	87.3	-0.5	-7.6	-	-	-8.5	2.0	0.42
LGT*	12.7	1.4	6.8	7.7		8.2	4.0**	1.00
Macquarie	13.2		7.0	-0.4	-	-6.7	3.0	1.38
M&G	35.2	2.6	3.8	-	-	2.0	4.0	1.5
Newton	27.2	-1.5	-5.3	-	-	-4.1	2.0	0.75
Permira	5.4	0.3	-	-	-	0.1	4.0	0.85
Ruffer	94.9	5.1	11.6	7.2		6.4	4.0**	0.80
SSgA	161.8	-0.1	-	-0.1	-	0.0	0.0	0.10

UBS TAA	32.0	-0.1	1.4	-	-	0.8	0.0	n/a
UBS Eq	104.9	-0.9	-3.2	3.1	1.5	1.1	2.0	0.35
UBS Property	65.3	0.8	1.7	0.4	0.2	-0.2	1.0	0.20
Total Fund	801.3	0.5	0.0	0.8	0.8	0.1	2.2	0.45

*Absolute performance

**Set against LIBOR

Highlights:

- The private equity programmes of Adams St and LGT continue to exploit the favourable credit market conditions of recent years to off-load companies and crystallise returns. The Hillingdon Fund is experiencing strong cash returns. The private debt programme, managed by Permira, targets a yield around 8%. Recently funded, it is still in its investment phase; six investments have been made
- M&G Debt Opportunities Funds remain on target to deliver the target 15% net annual performance. The first programme is returning cash to the Fund and having secured a major contract one of its assets is still being pursued aggressively by private equity funds; this asset alone has the potential to deliver the Fund's full target return.
- The TAA programme comprises shorter dated US index-linked bonds, currency unhedged as a preferred alternative to the near zero or negative yields available on cash. Absent other uses, not currently foreseen, these balances will be used to de-risk the Scheme through the purchase of longer dated index-linked bonds – arguably the Fund's natural asset – when entry levels are appropriate.
- Kempen and Newton operate equity programmes around the dividend yield theme; a style generally not favoured by investors when markets are rising strongly. The defensive nature of these programmes will come to the fore when financial conditions turn less favourable. The yield generated by these funds (Kempen - 4.9%, Newton - 4.0%) remains considerable in the context of the market and Hillingdon's funding requirements.
- UBS 'value' equity mandate is outperforming comparable market yardsticks but, due to the defensive style, is lagging the broader market.
- JP Morgan's programme is being run down due to its low expected return and the lack of defensive contribution to the overall strategy.
- The AEW programme was procured because of its high target yield of 8+%. Although a UK secondary property investment, the programme will meet the Fund's objectives if it delivers this annual return. A nominal return target has therefore been set for the programme. UBS's property programme is ahead of target.
- Ruffer enjoyed a favourable Q1 supported in particular by the strength of equity markets (Japan in particular). Ruffer retains a deep concern about the future outlook for financial markets and the broader economies and continues to look at inventive ways of delivering the capital preservation they prize above all else.

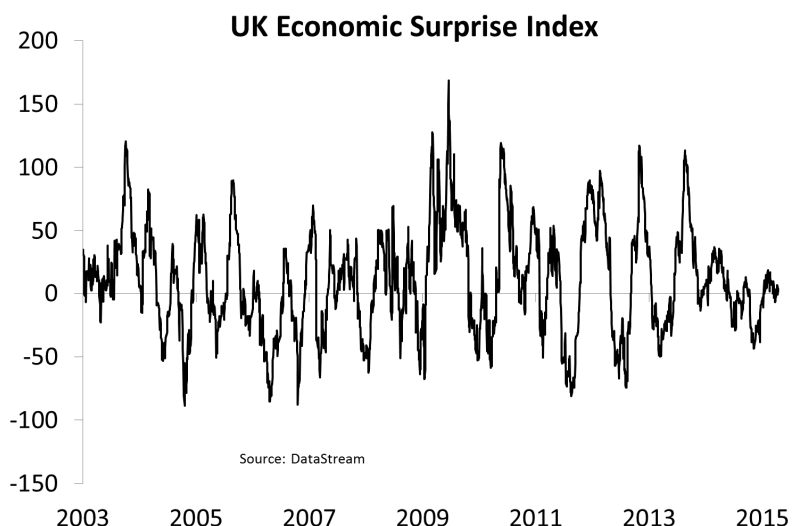
- The GMO programme was funded during Q4, 2015. After a slow start in Q1 performance has lifted in April/May. The Manager retains a very cautious outlook and maintains a very narrow spread of investments as a result. GMO (as Ruffer) are expected to manage their asset allocation across a market cycle, flexing risk according to their assessment of opportunity. There will times, as now, when risk-taking will be modest.

Also shown in the table are the individual programme costs. Across the Scheme, the aggregate annual excess return pursued in the spread of mandates is 2.2% against which the Scheme incurs approximate investment management costs of 0.45% p.a. This is a ratio of 5:1, ahead of an approximate norm of 4:1.

5. OUTLOOK

The issues confronting investors have changed little over recent quarters. Debt levels continue to build nearly a decade after debt burdens were first regarded as unbearable. Deflation continues to be the most significant monetary challenge and unemployment levels, while lower, remain high especially in Europe and the jobs that have been created are of low quality. The political backlash has however remained limited with the social unrest widely expected a few years ago absent even in the nations most impacted by austerity. Notwithstanding the cessation of QE in the UK and now the US, monetary policy remains highly accommodative with the Bank of Japan and the European Central Bank stimulating their economies – and the global monetary base – strongly. Geo-politics remain challenging, although it is probable that an accommodation with Greece will be found that will avoid having to deal with the adverse consequences that might follow should the country be cut loose from the Eurozone.

There have been many ‘innovations’ in market analysis of the post-crisis era. One of the most enduring has been economic ‘surprise’ indices. Accepting that the absolute level of economic activity is low, investors use these measures to determine whether the data is at least better than expected. The latest UK ‘surprise’ index suggests balance of UK data released in recent months has been in line with expectations.



The focus on surprise indices can easily distract from the fact that the level of activity has undoubtedly improved. This can be seen – in Scotland as an example – in the substantial house construction underway, the increased activity in shopping centres and the traffic on

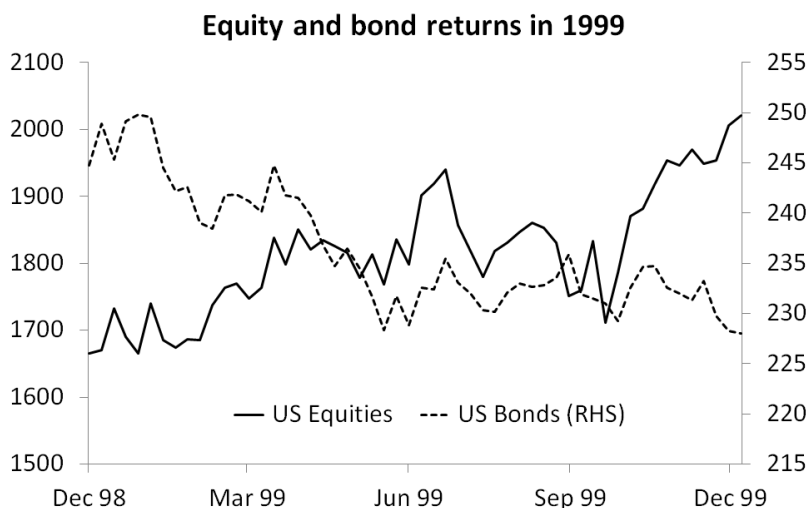
the major arterial routes. Across the UK, wages are rising, consumer confidence is up and car sales are booming – what was the chance of all this occurring in an election year?! Although it might be churlish to note that the bulk of half a million cars bought in March were purchased using ever more innovative finance terms; the credit conduit does look to be working better.

Economies always cycle and the UK is on an upswing consistent with the electoral cycle. Based on elections since 1970, consumer confidence in the UK has lifted strongly in the two years prior to an election. This year is no different and the improvement over the past two years has been sharper than average. This is in part has been fuelled by increased government spending; accordingly to the Bank of England, government spending swung from being a drag on activity in 2013 to a driver in 2014. The UK is starting to look a lot better.

Despite the improved tone the threat of deflation – inflation across the G7 is a mere 0.3% - is keeping bond yields low and unattractive to many investors. Negative interest rates and bond yields in Europe are fuelling a powerful surge in equity and property markets. Investors invariably push these trends too far but as yet there are few of classic signs of complacency.

This invites memory of 1999 when equity market sentiment was sufficiently strong to ignore rising bond yields; such a phase could happen again. In 1999 it was the hopes from new technologies that justified a new era for equity markets.

Today, it is uber-easy monetary conditions that have been pursued – and continue to be delivered, by a raft of central banks together with the sense of better economic activity ahead. The recent volatility of bond prices has proved higher than that of normally riskier assets. This has encouraged a discernible switch in risk preference in favour of equities. If this trend



continues then it is possible therefore that, in the period ahead, the Fund will enjoy a period of improving health – better real asset returns and falling liability values (following from higher bond yields).

Overall, 1999 marked the end of a golden period for equity markets, so too could 2015 should either market sentiment rise dangerously or the structural economic ‘headwinds’ return to the fore. It is important that those charged with the management of the Fund’s assets identify actions to be employed as and when the period of diverging market performance described above could be ending.

Of the economic and market features of recent years, the one most likely to change is subdued price behaviour. Notwithstanding the debate surrounding the next move is US monetary policy, support for the view that low interest rates are nearing an end is hard to find. Japan has been dealing with these issues for more than 20 years and is no closer to

a durable recovery than it was at the start. In aggregate central bankers are still expanding the world's monetary base – hardly the beginning of the end. With the supply of positive real risk-free returns all but exhausted investors therefore need to speculate simply to preserve the value of their capital in real terms.

The indulgence of inflation and the ongoing regulatory crackdown should continue to direct investors to focus their 'speculation' on physical, yield bearing assets. It is consistent to favour simple, tangible programmes rather than those that rely on capturing trends consistent with past experience and volatility. This thinking underpins the investments in Kempen, Newton and UBS.

The history of the past twenty years highlights the importance of making timely and meaningful asset allocation adjustments. In Ruffer and GMO the Fund has two managers acknowledged as successful asset allocators able both to adjust their own programmes and to support the management of all the Fund's assets..

Opportunities remain in areas that once were the province of banks although investors do need to commit for the extended periods natural to pension funds. These will often be investments that generate a high level of income. The investments in the AEW, Permira and M&G Debt Opportunities Funds respond to this theme.

6. OTHER ITEMS

At the end of March 2015, £13.8m (book cost) had been invested in **Private Equity**, which equates to 1.73% of the fund against the target investment of 5%. In terms of cash movements over the quarter, Adams Street called £453k and distributed £1,632k whilst LGT called £244k and distributed £1,163k. This trend is set to continue in the next few years as the fund's investments in private equity climbs up the "J-Curve" and more distributions will be received as the various funds mature.

The **securities lending** programme for the quarter resulted in income of £10.2k. Offset against this was £3.6k of expenses leaving a net figure earned of £6.6k. The fund is permitted to lend up to 25% of the eligible assets total and as at 31 March 2015 the average value of assets on loan during the quarter totalled £17.4m representing approximately 8.3% of this total.

FINANCIAL IMPLICATIONS

These are set out in the report

LEGAL IMPLICATIONS

There are no legal implications arising directly from the report

BACKGROUND DOCUMENTS

None

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1st Quarter, 2015

London Borough of Hillingdon

London Borough of Hillingdon

1st Quarter, 2015



Executive Report

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6	Plan Commentary
8	Combined Fund Performance
11	Balance Sheet
12	Component Returns - Equity
14	Component Returns - Fixed Income
15	Component Returns - Other Assets

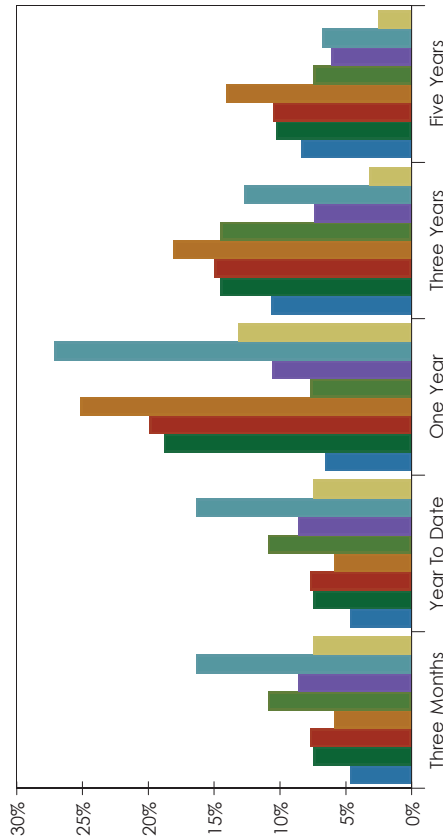
Appendix

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Equity Index Performance (in GBP)

Performance History



Performance Returns%

	Three Months	Year To Date	One Year	Three Years	Five Years
FTSE All Share	4.7	4.7	6.6	10.6	8.3
FT: World	7.5	7.5	18.8	14.5	10.3
FT: World ex UK	7.7	7.7	19.9	14.9	10.5
FT: AWI North America	5.9	5.9	25.1	18.1	14.0
FT: Developed Europe ex UK	10.9	10.9	7.7	14.5	7.5
FT: Developed Asia Pac x Jp	8.6	8.6	10.6	7.4	6.1
FT AW: Japan	16.4	16.4	27.1	12.7	6.7
MSCI Emerging Markets GD	7.4	7.4	13.2	3.2	2.5

Stability largely returned in the first quarter of 2015; the oil price ranged between \$46 and \$63 and Greece kept her nose above water, although tensions between Athens and the Eurozone continue to pose the greatest risk to the global economy. The IMF cut its global economic growth forecasts; to 3.5% for 2015 (which is around the 30 year average) and to 3.7% for 2016. The ability of emerging economies to continue buying US and European debt could be reduced as foreign currency reserves across the emerging markets fell for the first time in two decades. Those cash flows would be sorely missed in the west. That trend is linked to US monetary policy and the first upward Fed rate move for a decade could happen as early as June. The OPEC oil cartel held firm its decision to maintain production at 30m barrels a day and would do so "even if prices hit \$20 a barrel". Saudi Arabia has the savings to absorb those losses but the effect on Nigeria which relies on oil for 80% of government revenues has been to throw the economy into turmoil and witness regime change. Globally, Health Care was the best performing sector over quarter one, Utilities was the worst. Oil was down slightly after the Q4 crash at \$55 per barrel. The FTSE World was up by 7.5% (GBP) over quarter one 2015 and is ahead by 18.8% over the year (GBP).

The FTSE 100 broke through the 7000 barrier and grew 4.2% (GBP) over quarter one. UK GDP grew by 0.6% over Q4 making an annual rate of 2.8% for 2014 after estimates were revised up. The misery index (unemployment plus inflation) is at its lowest since the 60s and real household income is back to pre-crisis levels. BP reported profits for 2014 10% down year on year, the share price having fallen 16% since summer. Rolls Royce was implicated in the Petrobras scandal but recovered value over Q1. George Osborne is looking to put RBS back into the hands of the private sector as soon as possible, if he is still making the decisions after the general election May 7th. The bank will be cutting 14k jobs as it continues to shrink its investment banking business along with Barclays. Utilities lost most value over the quarter and Consumer Services made the biggest gains. Health Care was the best performing sector over the last 12 months. The FTSE All Share was up 4.7% (GBP) over the first quarter and remains ahead over one year, now by 6.6% (GBP).

European GDP grew by 0.3% over quarter 4 resulting in 0.9% growth for 2014 after final estimates were released. The major European indexes enjoyed a buoyant Q1; France's CAC was up 18%, the Italian MIB 15% and the Spanish Ibx 12% (all EUR). Greece raided its public health service reserve fund to service bills for wages, pensions and loan repayments to the IMF as well as delivering lists of reforms to Eurozone authorities in an attempt to unlock a further EUR 7.2bn of frozen bailout. The new Syriza government was said to have impressed with its commitment to combat tax evasion and corruption after initially promising to kill the current bailout and its strict austerity programme. The EU blocked a EUR 12bn deal between Hungary and Russia to build two nuclear power stations. Daimler welcomed Apple's plans to enter the car market citing it as confirmation the industry has major growth potential. Shell lost value over Q1 coming in below analysts' expectations. Health Care gained most value over the quarter and Utilities was the worst performer. The FTSE Developed Europe ex UK index returned 10.9% (GBP) over quarter one and 7.7% (GBP) over the year.

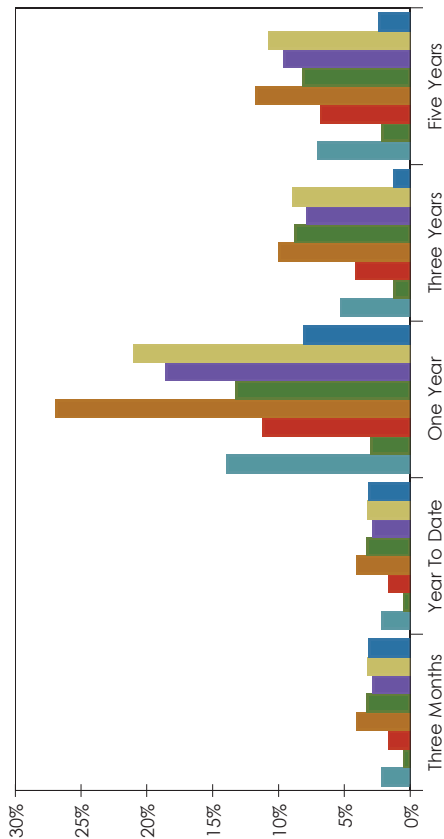
US GDP grew at 2.2% in the fourth quarter, below the 3% expectation. The groundwork has been laid for Fed rate rises as the labour market has improved sufficiently and the inflation target is becoming more important. The dollar remains very strong, supported by high domestic demand but making exports less attractive and causing deflationary pressure. Apple posted a record breaking quarterly net profit of \$18bn after sales of iPhones exceeded expectations. Wall Street predicted shares could rise to \$180; a valuation of over \$1tn. Apple unveiled its new Apple Watch (not "iWatch"). Pundits are divided over its prospects, although fashionable it is expensive and why we might need one remains unclear. It can be used for messaging, health monitoring and telling the time. McDonald's replaced its CEO after its 1st annual drop in same-store sales in over a decade. It is thought that its core lower income customers have struggled to recover from the impact of the financial crisis. Amazon posted a welcome return to profit in Q4 following several quarterly losses driven by investment in its video content service which is now paying dividends. Twitter recovered over the quarter beating expectations and despite continued slow growth in its user base. Over quarter one Health Care gained most value while Utilities lost the most. The FTSE North America index returned 5.9% (GBP) over the first quarter and 25.1% (GBP) for the year.

The Japanese government has called on big companies to spend some of their \$800bn cash reserves. Big Brands like Canon and Asahi are looking at acquisitions in Europe and the US. Basic pay rose at its fastest pace in 15 years but inflation stalled for the first time in 2 years. Health Care led the Japanese sectors, Oil & Gas was again the worst performer. The FTSE Japan returned 16.4% (GBP) for quarter one and the FTSE Developed Asia Pacific ex Japan returned 8.6% (GBP). Chinese GDP grew 7.4% in 2014, the slowest pace since 1990 when sanctions followed the Tiananmen Square massacre. Chinese sales of the iPhone outstripped those sold in the US over 2014. Brazilian growth was just 0.1% last year and recession is forecast for 2015 as unpopular austerity measures are enforced and one corruption scandal follows another. Vladimir Putin commented that he was ready to put Russian nuclear weapons on alert during the annexation of Crimea. Foreigners are leaving Russia in swathes as the economic outlook continues to degrade. Gold was flat over the quarter ending March at \$1,187 per ounce. The MSCI Emerging Markets index returned 7.4% (GBP) for the first quarter and 13.2% (GBP) for the year.



Fixed Income Index Performance (in GBP)

Performance History



Performance Returns %

	Three Months	Year To Date	One Year	Three Years	Five Years
FTSE All Stock Index	2.2	2.2	13.9	5.3	7.1
FTSE All Stock 0-5 Yr. Gilts	0.6	0.6	3.0	1.3	2.2
FTSE All Stock 5-15 Yr. Gilts	1.7	1.7	11.2	4.2	6.9
FTSE All Stock > 15 Yr. Gilts	4.1	4.1	27.0	10.0	11.8
ML STG N-Gilts All Stocks	3.3	3.3	13.2	8.8	8.2
FTSE Index Linked	2.9	2.9	18.6	7.9	9.6
FTSE Index Linked 5+ yrs	3.3	3.3	21.1	8.9	10.8
JPM GBI Global	3.2	3.2	8.1	1.3	2.4

Chinese macro-economic data fell to multi-year lows in the first quarter of 2015, and the world's second-largest economy is struggling at a time when global growth has accelerated to a six-month high. The JP Morgan Global Manufacturing & Services PMI rose at the fastest pace for six months in March, with the 54.8 reading signalling the 30th consecutive month of expansion. China's indicators turned increasingly anaemic through the quarter. 2014's official growth figure of 7.4% was the slowest pace seen since 1990 at a time when China was hit with economic sanctions in the wake of the Tiananmen Square crackdown. The HSBC China Composite PMI - covering both manufacturing and services - saw a modest uptick to 51.8 in March, but the Manufacturing PMI slipped to 49.6 from February's 50.7. Lingering inflation concerns - the gain of 0.8% in January was a five-year low - saw the People's Bank of China surprise markets for the second time in four months, trimming a quarter of a percent from the benchmark interest rate, one of more than 25 central banks that stepped up their monetary easing in the first quarter of the year. Further easing certainly looks probable in Japan. CPI inflation stalled in February, easing for the seventh month in a row, meaning a zero percent annual rate compared with February 2014. While Japan's unemployment rate sits near a 17-year low of 3.6%, the outlook remains gloomy: the Tankan Survey, a quarterly poll of business confidence reported by the Bank of Japan, showed that most business leaders remain wary and plan to reduce capital investment. The JPM Global Government Bond index advanced 3.2% (GBP) over the first quarter of 2015, while the Barclays Capital Global Aggregate Corporate Bond index was up 3.8% (GBP).

The fourth quarter's GDP numbers were revised up to 0.6% from 0.5%, meaning the economy climbed 2.8% in 2014. The annual inflation rate dropped to 0% in February, meaning that prices in the UK failed to rise in annual terms for the first time in almost 55 years. This bout of seriously low inflation - which the Bank of England considers temporary, brought on by the slump in oil prices - is being guardedly welcomed, with the belief that interest rates can remain justifiably anchored at 0.5% for a little while longer, that real incomes will benefit and will spur stronger economic growth. The emergency bank rate of 0.5% celebrated its six-year anniversary in March. Elsewhere, the Office for National Statistics (ONS) confirmed that unemployment fell to 1.86 million in the three months to January, and while the unemployment rate remained static at 5.7%, the number of people now in work is at the highest level since the ONS began keeping records in 1971. The number of successful mortgages applications hit a six-month high in February, the third month in a row that approvals have risen, and the highest rate since August 2014. The housing market recovery is boosting sales in UK high streets, with retail sales in February up 5.7% compared with February 2014. The Markit/CIPS UK Manufacturing Purchasing Managers' Index (PMI) surged to an 8-month high in March through a combination of an acceleration in new orders and selling prices and input costs continuing to fall. At a reading of 54.4, the indicator has now remained above the neutral 50.0 level for 24 consecutive months. The benchmark 10-year gilt yield settled at 1.58% at the end of the quarter, down from 1.76% at the end of Q4. The FTSE All Stock Gilt index returned 2.2% (GBP) for the quarter while the ML Sterling Non-Gilts Index gained 3.3% (GBP).

Prices in the Eurozone fell for a fourth consecutive month in March, and while the rate of decline slowed to -0.1%, from -0.6% in January and -0.3% in February, meaning a return to inflation is close, the European Central Bank (ECB) had acted already. With the price of oil below \$50 for the first time since 2008 and the macroeconomic outlook poor, the ECB announced an expanded stimulus package, pledging to a ,60 billion monthly bond-buying program. The scale of the aggressive commitment to flood the Eurozone in newly created money caught markets by surprise and suppressed bond yields, with the ten-year German bund falling from 0.54% at the end of 2014 to 0.30% at the end of Q1. The snap elections in Greece that had caused so much concern early in the quarter, with anti-austerity party Syriza achieving a majority to become the largest party in the Hellenic Parliament, in the end had little impact on markets. A few days after the election, the victorious leftist party formed a coalition government, renegotiating and extending Greece's bailout terms, but also undertaking a commitment to pay back the country's creditors. The Eurozone's Composite Purchasing Managers Index, surveyed by Markit, moved higher in March as growth improved in Germany, Italy and Spain. The reading of 54.0 was an 11-month high and its joint-highest level for almost four years. The first quarter of 2015 saw the iTraxx Europe 5yr CDS index, representative of 125 investment grade entities across 6 sectors, widen from December's close of 40.95 to end March at 50.78. The JPM European Government Bond index returned 5.7% (EUR) for Q1 while the Barclay Capital Euro Aggregate Credit index posted 1.4% (EUR).

"Patience" was the buzzword in the United States in Q1. The Federal Reserve had stated in Q4 that it would adopt a patient approach when the time came for interest rates to be increased from their current emergency lows. The March statement, which summarises the Fed's outlook on the economy after the FOMC (Federal Open Market Committee) meeting, was eagerly awaited to see any clear sign of a change in stance from the central bank. The word "patience" was indeed omitted, with the Fed instead focusing on a required improvement in US job figures, and markets interpreted the overall tone as an indication that interest rate increases are still some months away. Despite a March slowdown in US job creation, consumer confidence remains high. The Conference Board's consumer sentiment index rebounded from 98.8 in February to 101.3 in March, close to the seven-and-a-half-year high seen in January, and in February, sales of newly built homes surged to their highest level in seven years, with the Commerce Department revealing that new-home sales jumped 7.8% from January's level and were 24.8% higher than February 2014. On the business front, growth in the manufacturing sector rose to a five-month high in March, as the Markit US Manufacturing PMI settled at 55.7 in March as output and new orders rallied in March. The 10 year Treasury yield fell over the quarter from 2.17% to 1.92%. For the quarter the JPM US Govt Bond index was up 1.8% (USD) while the Barclays Capital US Aggregate Corporate Bond index returned 2.3% (USD).





Currency Performance (in GBP)



The first quarter of 2015 saw the Dollar strengthen against the Euro and Sterling. The Swiss franc soared in mid-January after the central bank abandoned the cap on the currency's value against the euro. The Swiss National Bank said the cap, introduced in September 2011, was no longer justified. It also cut a key interest rate from -0.25% to -0.75%, raising the amount investors pay to hold Swiss deposits. Compared to the euro, it increased in value by 14.20% this quarter. In Japan, as part of the efforts to keep the economy on its recovery path, Prime Minister Shinzo, Abe has urged small and midsize enterprises to raise wages. It also plans to raise the nationwide sales tax to ten percent from eight percent in April 2017 to help pay for rising welfare and healthcare costs. In China, growth is slowing as property prices fall, propelling more than 1,000 iron ore mines towards financial collapse. Chinese property developers are finding themselves forced to sacrifice profits to boost sales. The downturn in the housing market is leaving them with large inventories and limited access to new funding. The Peoples Bank of China has cut interest rates twice since November, in an effort to stimulate the economy. China's annual consumer inflation was 1.4% in February, compared with a five year low of 0.8% the previous month.

In the UK, Q1 2015 saw Sterling strengthen against the Euro, but weakened against the Dollar and Yen. At its March 5th, 2015 meeting, the Monetary Policy Committee of the Bank of England voted unanimously to maintain the lowest rates in British history at 0.5%. It was also voted that the stock of purchased assets financed by the issuance of the central bank reserves remain at £375bn. The Consumer Price Index (CPI) fell from 0.3% in January to 0.0% in February, the lowest rate since comparable records began in 1989. The main contributors to the slowdown came from food, fuel, furniture and furnishings and a range of recreational goods. The core inflation rate which strips out the effects of energy, food, alcohol and tobacco, fell to 1.2% in February compared with 1.4% in January. Order books for UK factories have stagnated as the strong pound and the protracted weakness of the Eurozone affect demand for British goods overseas. The CBI said that export order books stood at their lowest in more than two years following a sharp fall in March. The UK jobs market continued to improve in the three months to January with the number of people out of work falling by 102,000 to 1.86 million. This brings the unemployment rate down to 5.7%, the lowest since mid-2008. The employment rate was 73.3%, the highest since comparable records began in 1971. According to the Nationwide building society, the annual pace of house price growth slowed to 5.1% in March, down from 5.7% in February. The average house price in the UK now sits at £189,454. Sterling closed the quarter up against the Euro by 7.01%. It weakened against the Dollar and Yen by 4.91% and 4.89% respectively.

In the US, the Dollar gained significant ground on the Euro and Sterling. The cost of living climbed in February for the first time in four months. Increases in areas such as housing, energy and food lifted overall inflation more than expected, however, inflation over the last 12 months was unchanged after falling in January for the first time in over five years. Gasoline prices rose for the first time since June, up 2.4%. The Federal Reserve policymakers kept the interest rate at 0.25% during the meeting held on 18th March but dropped the pledge to be patient on rate rise bringing the possibility of higher borrowing costs as early as June. The number of unemployed for March was 5.5%, unchanged from February and is the lowest recorded in nearly seven years. Employers added 126,000 jobs in March, well below the 12-month rolling average of 269,000 new jobs per month. The number of unemployed was 8.6 million. The number of long-term unemployed (those jobless for 27 weeks or more) was little changed at 2.6 million in March 2015. These individuals accounted for 29.8% of the unemployed. The trade deficit dropped to \$35.4bn in February from a revised \$42.68bn in January. It is the lowest deficit since October 2009. In February, imports dropped by 4.4% to \$222bn, the lowest since April 2011 and exports declined 1.6% to \$186bn. Shipments to China dropped 8.9%, while those to the European Union were unchanged. The Dollar strengthened against the Euro, Sterling and Yen by 11.93%, 4.91% and 0.03% respectively.

In the Euro area, the Euro weakened against Sterling and the Dollar, but saw gains against the Yen. January 22nd saw the European Central Bank launch a government bond-buying programme which will pump hundreds of billions of new money into the Eurozone economy. The ECB said it will purchase sovereign debt from March until the end of September 2016, despite opposition from Germany's Bundesbank. Alongside its existing schemes to buy private debt and cheap loans to banks, the new quantitative easing programme will release 60 billion euros per month into the economy, the ECB president Mario Draghi said. By September 2016, more than one trillion euros will have been created by this quantitative easing programme, the last remaining policy option for reviving economic growth and warding off deflation. The euro dropped more than two US cents on the announcement. Business activity in the Eurozone hit a 46-month high in March, bolstering hopes that growth in the region is becoming more entrenched. The Eurozone composite Purchasing Manager's Index (PMI) data from Markit came in at 54.1 in March, up from 53.3 in February, marking the fastest growth in almost four years. The jobless rate for the currency bloc fell to 11.3% in February, compared to 11.4% in January 2015. This is the lowest rate since May 2012. Eurostat estimates that 18.2 million were unemployed in February 2015. The German unemployment rate remains low at 4.8%, while Spain dropped to 23.2%. The Euro ended the quarter down compared to the Dollar, Sterling and Yen by 11.93%, 7.01% and 0.41% respectively.



Scheme Performance

Global growth dynamics shifted in the first quarter 2015 with surprising economic momentum in the Eurozone starting to build. The FTSE 100 broke through the 7000 barrier over Q1 2015 posting a return of 4.7%; UK GDP grew by +0.6% over Q4 marking an annual rate of +2.8% for 2014. The UK unemployment plus inflation index is at its lowest level since the 1960s and real household income is back to pre-crisis levels. The price of crude oil ended the quarter slightly down at \$55 per barrel compared to \$57 at the end of December following the crash of late 2014. Globally Health Care and Consumer Services were the best performing sectors over quarter one 2015. Utilities lost most value followed by Oil & Gas. Globally Corporate Bonds continue to outperform Government Bonds.

Against this backdrop the London Borough of Hillingdon returned 4.78% which leads to an outperformance of 53 basis points against the Total Plan benchmark of 4.23%. In monetary terms this is a growth in assets of £36.5 million and the value of the combined scheme now stands at £801.3 million as at 31st March 2015. This period £15 million was transferred to AEW from UBS, while funds were taken from Private Equity and UBS Tactical and distributed to M&G and Macquarie. Looking further into the analysis the results seen were driven by the outperformance of Ruffer (+58 bps) and M&G (+12 bps) although this was offset by the negative impact of UBS and LGT Private Equity (both -12 bps). While in allocation terms most mandates are in line with the neutral position, so effects are minimal.

This means that the Scheme is just ahead of target over the rolling one year by posting a return of 10.44% against the total benchmark of 10.41%. Similar to the quarter the largest impact comes from Ruffer (+1.28%) this time coupled with the new GMO mandate (+21 bps), over this period though these gains are almost entirely wiped out due to Kempen (-85 bps) combined with UBS (-50 bps) and LGT (-28 bps); similar to the quarter, allocation is fairly balanced and leads to no impact. While over the longer periods, the Scheme continues to outperform, producing a return of 9.85% over three year versus 9.03%, while for 5 years we see figures of 7.73% versus 6.81% per annum. Then since inception in September 1995, the Fund remains ahead of target by 8 basis points with an annualised return of 6.97% against 6.89%.

Manager Performance

AEW UK

In the first quarter of 2015 the AEW UK property mandate posted a return of 2.91% which is 11 basis points ahead of the IPD UK PFI All Balanced Funds index figure of 2.8%. Then in the nine months since inception in June 2014, the fund return increases to 11.70%, although this is still below the IPD figure of 11.83%, which translates as a relative underperformance of -11 basis points.

GMO Global

In the first full quarter of investment the GMO Global mandate produced a return of 1.34% which is 0.95% above the OECD CPI G7 (GBP) Index figure of 0.38%. In the short period since the start of November 2014 when the fund inceptioned, the return rises slightly to 1.52%, while the benchmark falls to -0.32%, leading to the outperformance increasing to 1.85%.

JP Morgan

During the latest quarter JP Morgan produced a 1.33% return which was 44 basis points ahead of the 0.88% target for the 3 Month LIBOR + 3% p.a. Although this is not enough to make up the losses seen over the previous periods and they fall -1.52% and -0.48% short of the target over the one and three years respectively. However, outperformance is seen since November 2011, where they post a return of 3.93% versus 3.66%, which is 0.26% on a relative annualised basis.

Kempen

Once again the Kempen mandate posted underperformance over the quarter at -0.49% caused by a return of 7.58% compared to the 8.11% posted by the MSCI All World Index +2%. With 6 quarters in the red in just over 2 years of investing all time periods show underperformance, with 12.83% vs 22.05% for the year and culminating in a return since inception in January 2013 of 8.96% versus the benchmark of 19.04%; which is a relative return of -8.47%.

Macquarie

In the latest quarter Macquarie posted 1.60%, leading to a relative return of 0.71%, when compared to the 0.88% for the 3 Month LIBOR +3% p.a. This leads to a growth over one year of 10.86% which is 7.04% ahead of the benchmark of 3.57%; although over 3 years the return falls to 3.15% which is -43 basis points short of the yardstick of 3.60%. Then since inception they've delivered ten negative quarterly relative returns, leading to an annualised loss of -3.24% against the target of 3.71%. Although the since inception Internal Rate of Return for this portfolio closes the gap with a figure of 2.31% against 3.58%.

M&G Investments

In contrast to the previous quarter M&G produced a 3.79% return, which against the 3 Month LIBOR +4% pa return of 1.12% translates as an outperformance of 2.64%. This more than makes up for last quarter and outperformance is seen in all longer periods, over the year the account registers 8.54% against 4.57%, the 3 year return falls to 6.57% and then falls slightly more since inception (May 2010) to 5.75% pa whilst the benchmark is 4.72% pa. Although the since inception Internal Rate of Return moves further ahead of target with a figure of 6.73% opposed to the comparator of 4.52%.



Manager Performance

Newton

During the first quarter of 2015 investments with Newton grew 6.49%, however compared to the FTSE World Index +2% return of 8.15% this leads to the largest underperformance of -1.53%. With eight consecutive quarters of underperformance all longer periods are in the red, for 1 year the relative return is -5.30%, while the inception to date (January 2013) figure of -4.09% comes from a fund return of 12.35% against the benchmark of 17.14%.

Premira Credit

In the first full quarter of investment the Premira Credit mandate produced a return of 1.45% which is 32 basis points above the 3 Month LIBOR 43% p.a. target of 1.12%. In the short period since the start of December 2014 when the fund inceptioned, the return remains at 1.45%, while the benchmark rises to 1.36%, leading to the outperformance decreasing to just 9 basis points.

Ruffer

The Ruffer portfolio grew 5.23% over the last three months against 0.14% for LIBOR 3 Month GBP, demonstrating the highest outperformance of 5.09%. With only 4 quarters in the red in almost five years they've been funded they demonstrate positive absolute and relative returns across all periods, culminating in since inception (May 2010) figures of 7.13% versus 0.70% per annum, which translates as a relative return of 6.38%.

Private Equity

The private equity assets, consisting of funds with Adam Street and LGT, continued to grow over the start of 2015 with Q1 figures of 9.43% and 1.35% respectively, leading to rolling one year figures of 29.29% and 6.84%. Over the longer periods, the outlook over which private equity investments should be measured, returns remain positive. Over three years, Adam Street posts 16.93% and LGT 7.71% on an annualised basis, while over 5 years Adam Street sees a fall to 14.15%, while LGT increases further to 8.89%. Then since their respective inceptions in January 2005 and May 2004, Adam Street drops to 4.85% pa, while LGT sees a slight dip to 8.16%. At present no benchmark has been applied to these mandates.

SSGA

The SSGA passively managed portfolio produced a return of 6.10% in the quarter which was just 7 basis points below the benchmark; further analysis confirms the passive nature with all categories aligned with their respective indices. So over the year they produce a 12.35% return, which is a mere basis point above the target, while over 3 years the per annum return falls slightly to 11.25% which is just 8 basis points behind the benchmark. Since inception (November 2008) a return of 12.82% pa is just above the benchmark, but the passive nature is best demonstrated by the 3 year R squared and beta figures of 1, while the tracking error is just 0.12.

UBS

UBS UK Equity investments increased 3.77% over the last quarter, although compared to the FTSE All Share figure of 4.67% this translates as an underperformance of 0.85%. Looking into the attribution analysis, the most significant negative effect was selection in Consumer Services (-51 bps) coupled with Financials (-46 bps), partly offset by the positive impact of Oil & Gas (+60 bps). Whilst within allocation the most notable effect was the overweight of Oil & Gas (-33 bps) combined with the cash drag of -25 bps. These results feed into the 1 year deficit, with a figure of 3.20% over the last twelve months leading to a relative return of -3.17%. This underperformance is attributable to allocation, with the overweight of Oil & Gas (-0.84%) and underweight of Consumer Goods (-0.63%) being the stand-out effects. While in selection the positive impact in Oil & Gas (0.96%) was more than offset by the negative effects the largest coming from Health Care (-0.86%). Due to the previous good results UBS maintain outperformance over the longer time periods, translating as a since inception return of 10.23% versus 8.99% on an annualised basis.

UBS Property

The UBS Property portfolio posted an absolute return at 3.60% over the latest quarter, which was 78 basis points above the IPD UK PPF1 All Balanced Funds index figure of 2.80%. Driven by Q2 2014, outperformance is seen over one, three and five years, with relative returns of 1.70%, 0.38% and 0.21% respectively. However, since inception, in March 2006, the fund still falls short with 2.43% per annum while the benchmark shows 2.60%, translating as an underperformance of -17 basis points.

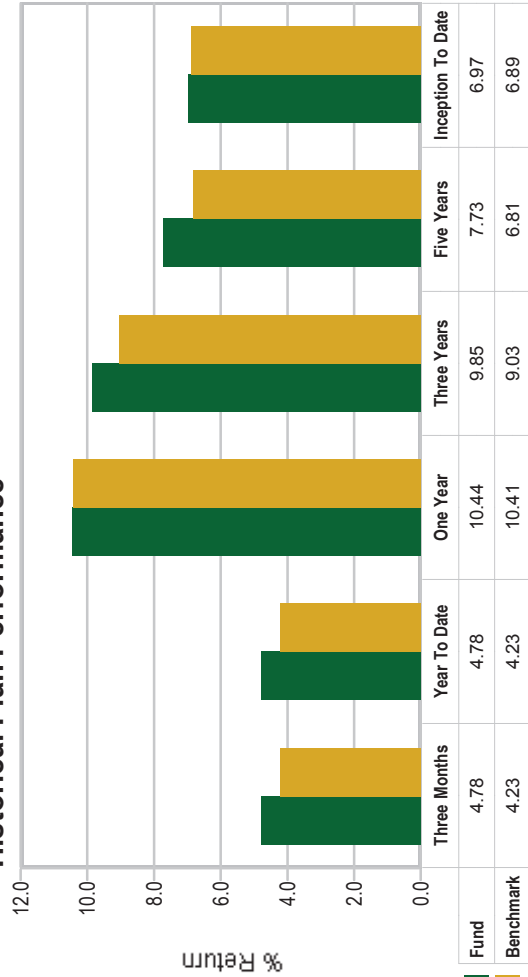
UBS Tactical

During the current quarter the UBS Tactical mandate posts a return of 6.42% which relatively is -15 basis points short of the Barclays US Inflation Linked Index figure of 6.58%. However, driven by the first two quarters of 2014 they produce outperformance over longer periods, with both high absolute and relative returns over the year with figures of 18.12 versus 16.43%. Since the inception of the fund the return falls to 4.57%, although this still compares favourably to the index figure of 3.72%, leading to an outperformance of 0.82%.



London Borough of Hillingdon

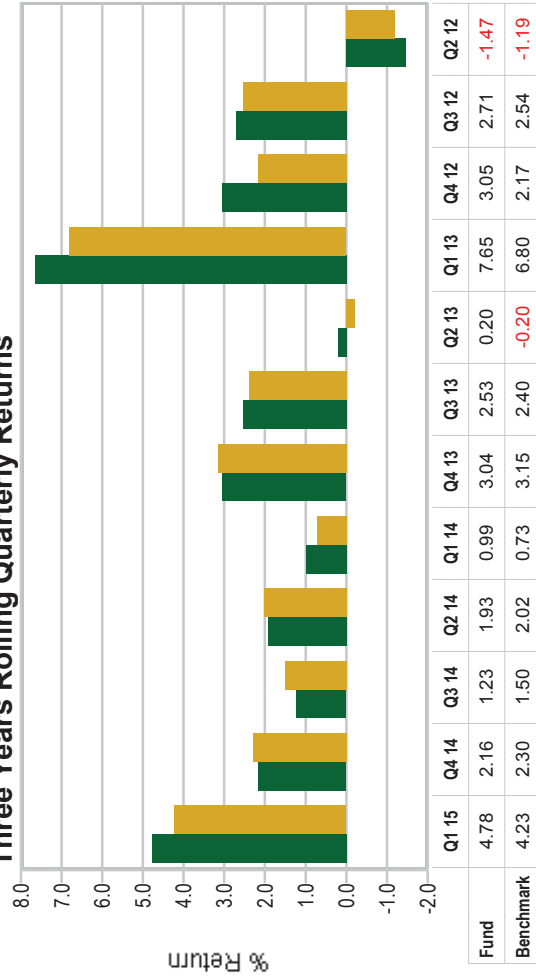
Historical Plan Performance



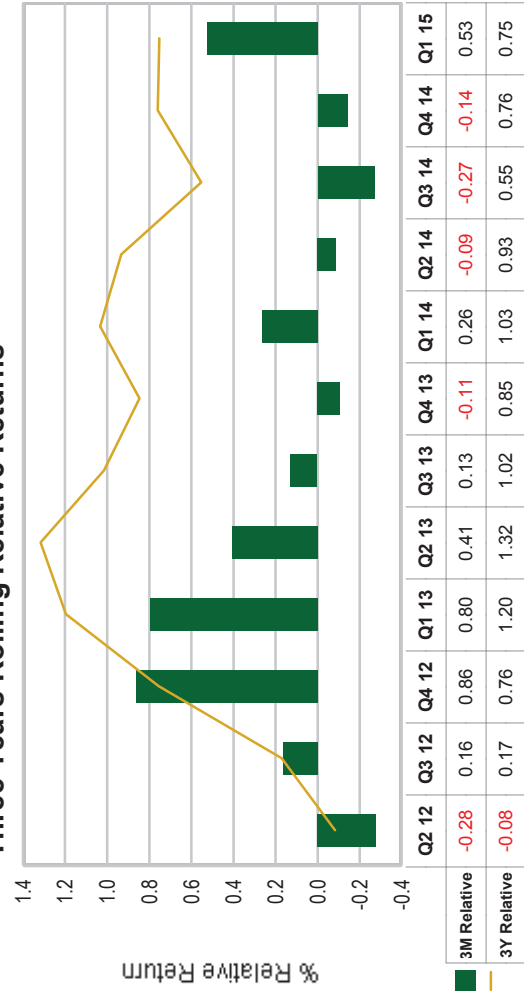
Risk Statistics - 3 years

	Fund	Bmark
Performance Return	9.85	9.03
Standard Deviation	5.05	4.73
Relative Return	0.75	
Tracking Error	0.95	
Information Ratio	0.86	
Beta	1.05	
Alpha	0.36	
R Squared	0.97	
Sharpe Ratio	1.80	1.75
Percentage of Total Fund	100.0	
Inception Date	Sep-1995	
Opening Market Value (£000)	764,791	
Net Investment (£000)	-1	
Income Received (£000)	2,305	
Appreciation (£000)	34,228	
Closing Market Value (£000)	801,323	

Three Years Rolling Quarterly Returns



Three Years Rolling Relative Returns





Scheme Performance

Three
MonthsYear
To DateOne
Year

Market Value £m	% of Fund	Three Months			Year To Date			One Year					
		Portfolio	Benchmark	Excess Return	Relative Return	Portfolio	Benchmark	Excess Return	Relative Return	Portfolio	Benchmark	Excess Return	Relative Return
801.3	100.00	4.78	4.23	0.55	0.53	4.78	4.23	0.55	0.53	10.44	10.41	0.03	0.03
London Borough of Hillingdon													
<i>By Manager</i>													
22.5	2.81	9.43	-	-	-	9.43	-	-	-	29.29	-	-	-
32.1	4.01	2.91	2.80	0.11	0.11	2.91	2.80	0.11	0.11	-	-	-	-
65.7	8.20	1.34	0.38	0.96	0.95	1.34	0.38	0.96	0.95	-	-	-	-
38.4	4.80	1.33	0.88	0.45	0.44	1.33	0.88	0.45	0.44	1.99	3.57	-1.58	-1.52
87.3	10.89	7.58	8.11	-0.53	-0.49	7.58	8.11	-0.53	-0.49	12.83	22.05	-9.22	-7.56
12.7	1.59	1.35	-	-	-	1.35	-	-	-	6.84	-	-	-
35.2	4.39	3.79	1.12	2.67	2.64	3.79	1.12	2.67	2.64	8.54	4.57	3.96	3.79
13.2	1.65	1.60	0.88	0.72	0.71	1.60	0.88	0.72	0.71	10.86	3.57	7.29	7.04
27.2	3.39	6.49	8.15	-1.66	-1.53	6.49	8.15	-1.66	-1.53	15.05	21.49	-6.44	-5.30
5.4	0.67	1.45	1.12	0.33	0.32	1.45	1.12	0.33	0.32	-	-	-	-
94.9	11.84	5.23	0.14	5.09	5.09	5.23	0.14	5.09	5.09	12.26	0.55	11.71	11.64
161.8	20.19	6.10	6.18	-0.07	-0.07	6.10	6.18	-0.07	-0.07	12.35	12.34	0.01	0.01
104.9	13.09	3.77	4.67	-0.89	-0.85	3.77	4.67	-0.89	-0.85	3.20	6.57	-3.38	-3.17
65.3	8.15	3.60	2.80	0.80	0.78	3.60	2.80	0.80	0.78	18.62	16.64	1.98	1.70
32.0	4.00	6.42	6.58	-0.16	-0.15	6.42	6.58	-0.16	-0.15	18.12	16.43	1.69	1.45

Total Fund Market Value at Qtr End: £801.3 M



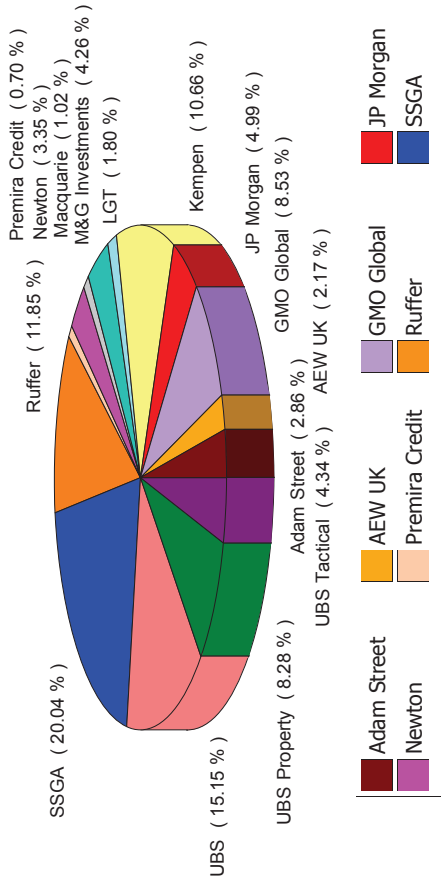
Scheme Performance

	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	9.85	9.03	0.82	0.75	7.73	6.81	0.92	0.86	30/09/95	6.97	6.89	0.08	0.08
By Manager													
Adam Street	16.93	-	-	-	14.15	-	-	-	31/01/05	4.85	-	-	-
AEW UK	-	-	-	-	-	-	-	-	30/06/14	11.70	11.83	-0.13	-0.11
GMO Global	-	-	-	-	-	-	-	-	31/10/14	1.52	-0.32	1.84	1.85
JP Morgan	3.11	3.60	-0.49	-0.48	-	-	-	-	08/11/11	3.93	3.66	0.27	0.26
Kempen	-	-	-	-	-	-	-	-	31/01/13	8.96	19.04	-10.08	-8.47
PLGT	7.71	-	-	-	8.89	-	-	-	31/05/04	8.16	-	-	-
M&G Investments	6.57	4.61	1.96	1.87	-	-	-	-	31/05/10	5.75	4.72	1.03	0.99
Macquarie	3.15	3.60	-0.45	-0.43	-	-	-	-	30/09/10	-3.24	3.71	-6.94	-6.69
Newton	-	-	-	-	-	-	-	-	24/01/13	12.35	17.14	-4.79	-4.09
Premira Credit	-	-	-	-	-	-	-	-	30/11/14	1.45	1.36	0.09	0.09
Ruffer	7.86	0.63	7.23	7.19	-	-	-	-	28/05/10	7.13	0.70	6.42	6.38
SSGA	11.25	11.35	-0.09	-0.08	8.86	8.86	0.00	0.00	30/11/08	12.82	12.81	0.01	0.01
UBS	14.02	10.63	3.39	3.06	9.92	8.34	1.58	1.46	31/12/88	10.23	8.99	1.24	1.14
UBS Property	9.82	9.40	0.42	0.38	8.67	8.44	0.23	0.21	31/03/06	2.43	2.60	-0.17	-0.17
UBS Tactical	-	-	-	-	-	-	-	-	30/06/13	4.57	3.72	0.85	0.82

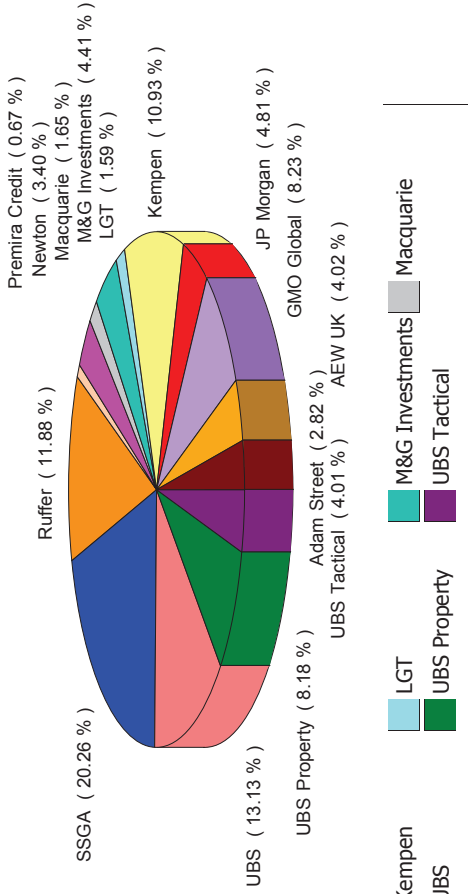
Total Fund Market Value at Qtr End: £801.3 M



Weighting at Beginning of Period



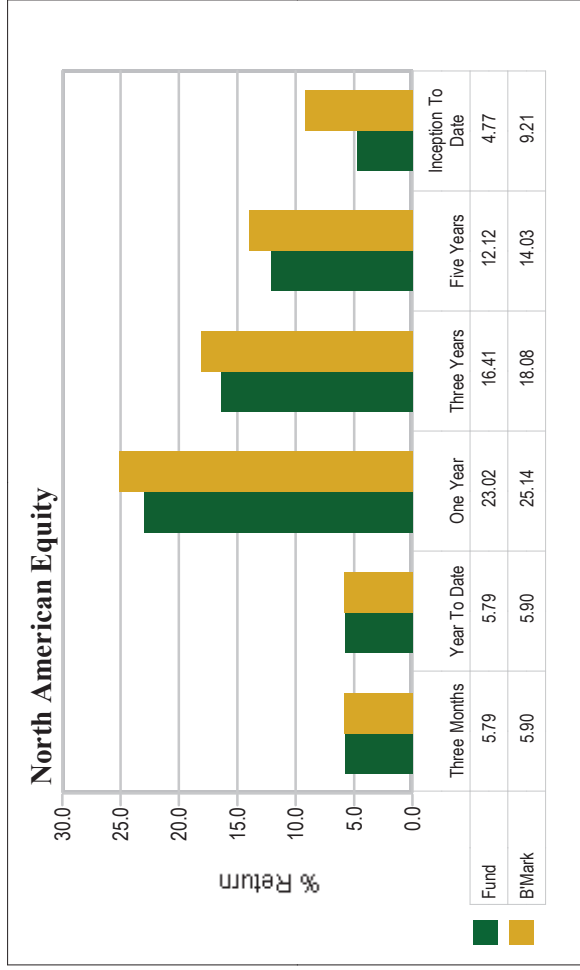
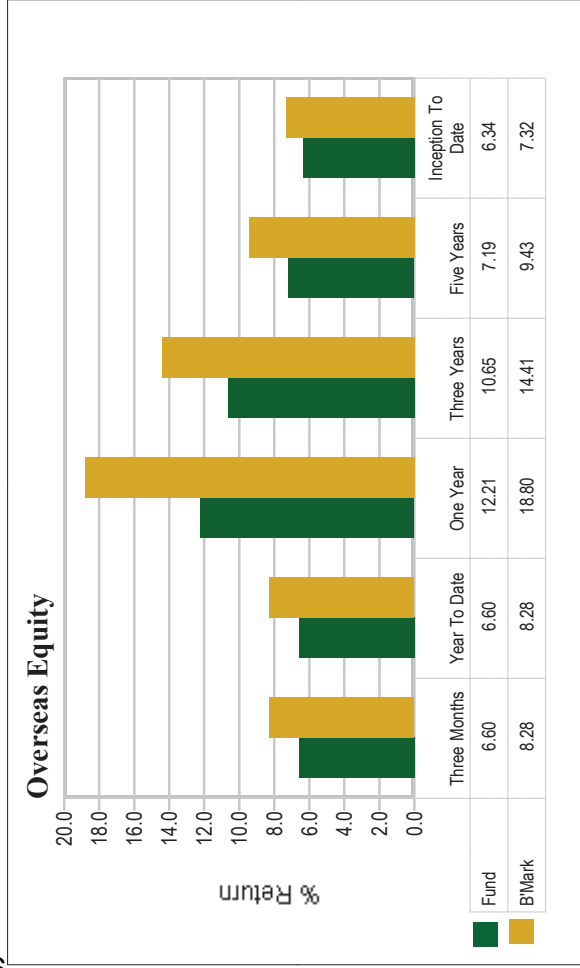
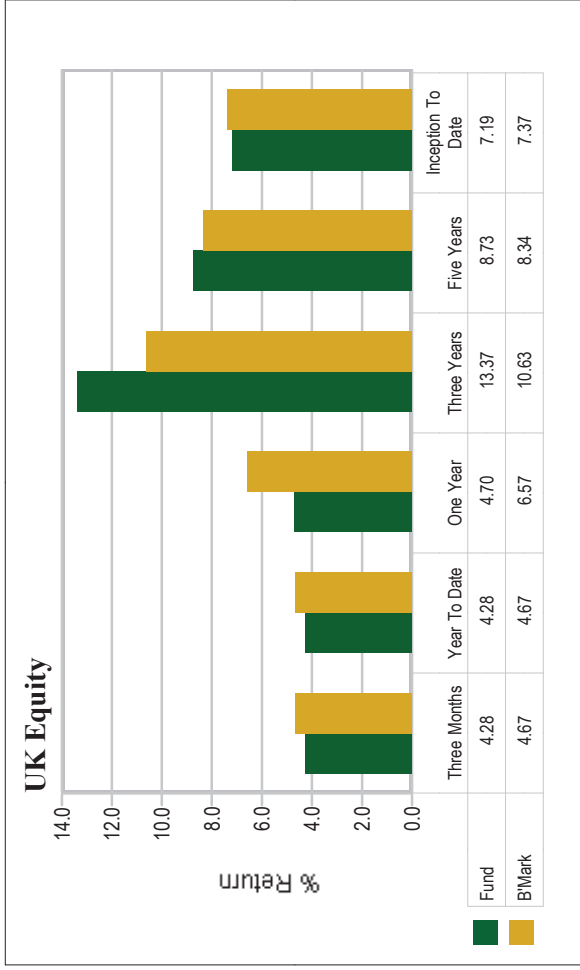
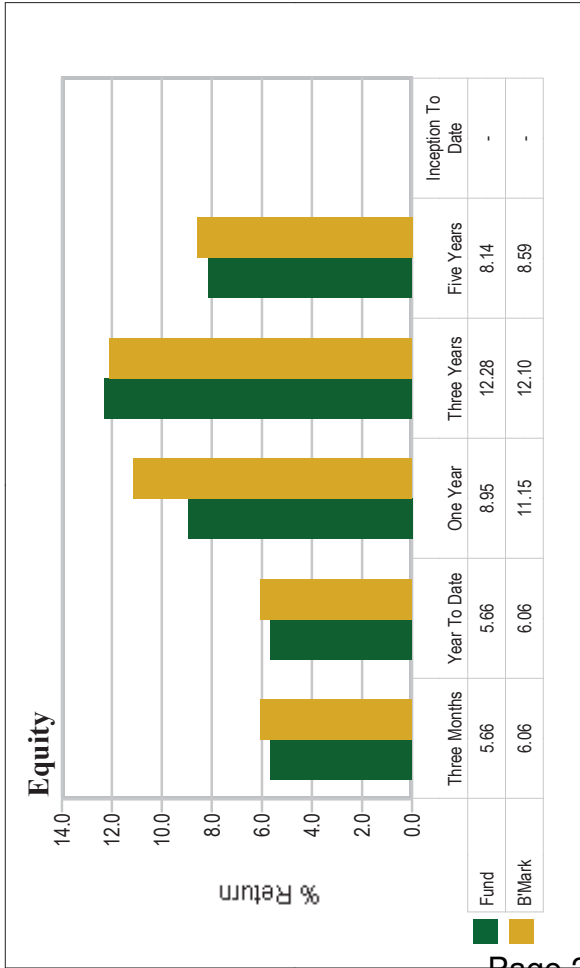
Weighting at End of Period



	Opening Market Value £(000)	% of Fund	Net Investment £(000)	Appreciation £(000)	Income Received £(000)	Closing Market Value £(000)	% of Fund
London Borough of Hillingdon	764,791	100.00	-1	34,228	2,305	801,323	100.00
Adam Street	21,728	2.84	-1,159	1,976	0	22,546	2.81
AEW UK	16,500	2.16	15,000	295	329	32,124	4.01
GMO Global	64,856	8.48	2	868	3	65,729	8.20
JP Morgan	37,941	4.96	2	504	0	38,447	4.80
Kempfen	81,129	10.61	0	6,086	60	87,276	10.89
LGT	13,723	1.79	-1,160	169	-0	12,732	1.59
M&G Investments	32,416	4.24	1,500	1,285	0	35,201	4.39
Macquarie	7,741	1.01	5,298	153	-0	13,192	1.65
Newton	25,517	3.34	0	1,656	0	27,173	3.39
Premira Credit	5,300	0.69	0	77	0	5,377	0.67
Ruffer	90,164	11.79	-0	4,370	349	94,883	11.84
SSSA	152,480	19.94	0	9,308	0	161,787	20.19
UBS	115,229	15.07	-15,000	3,692	949	104,870	13.09
UBS Property	63,027	8.24	-3	1,669	603	65,296	8.15
UBS Tactical	32,995	4.31	-3,050	2,062	11	32,018	4.00

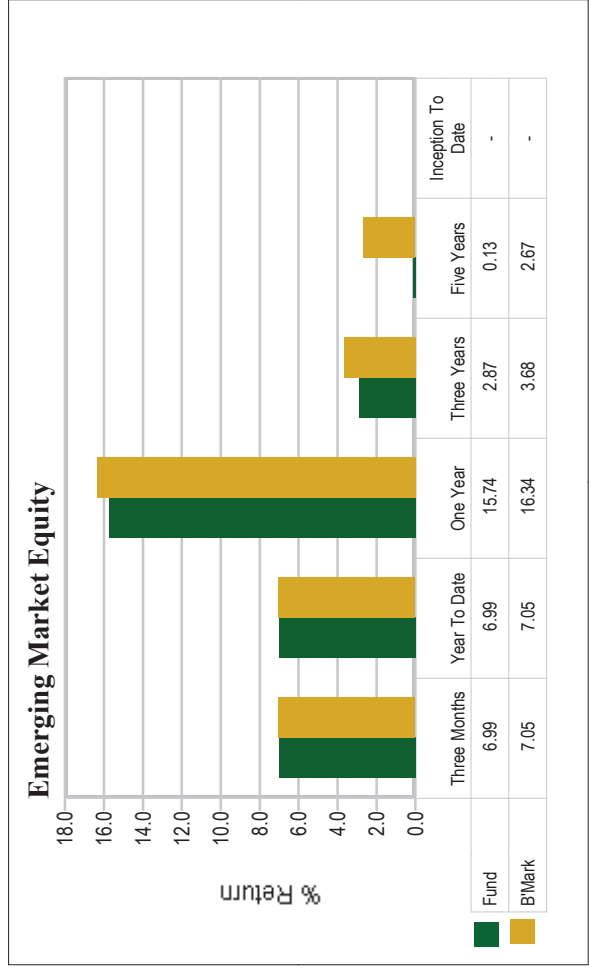
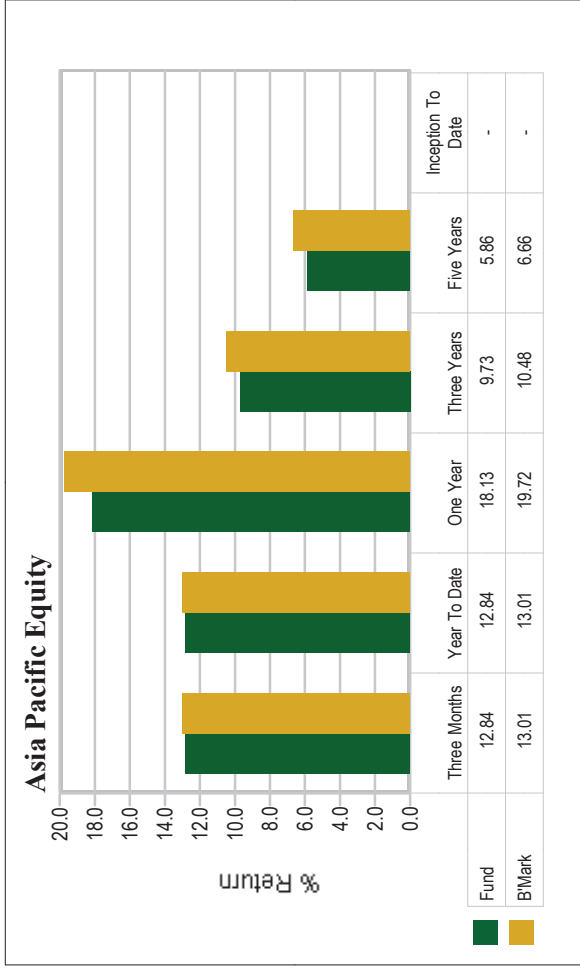
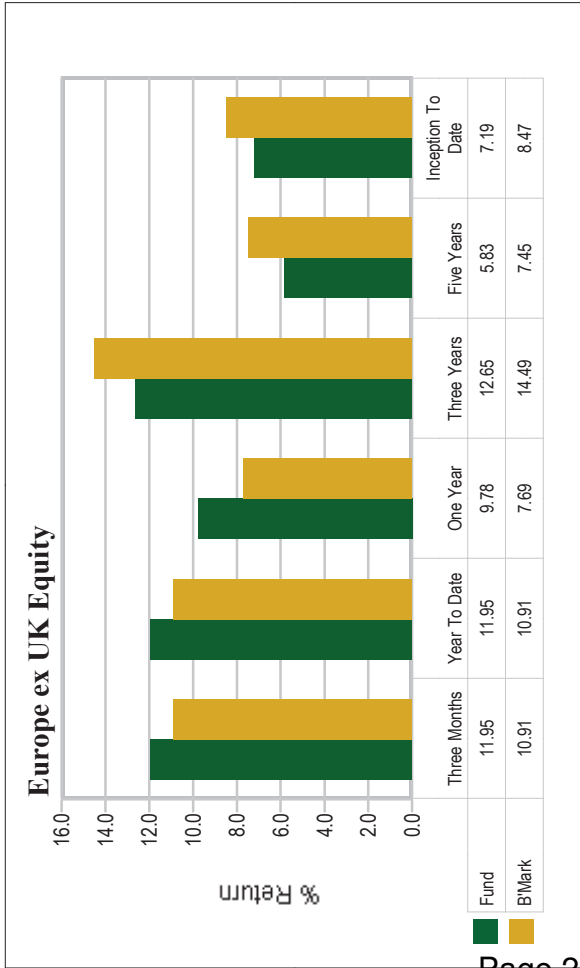


London Borough of Hillingdon



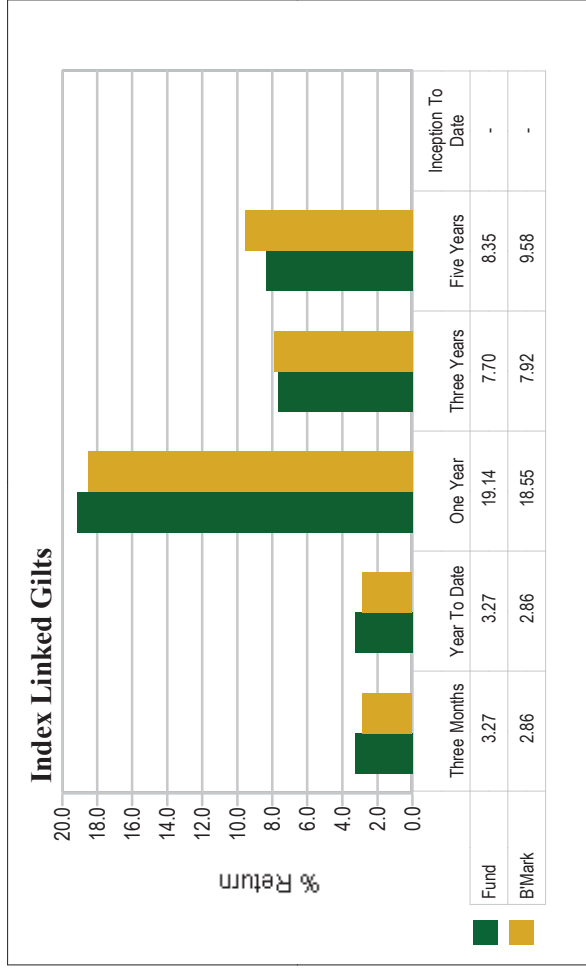
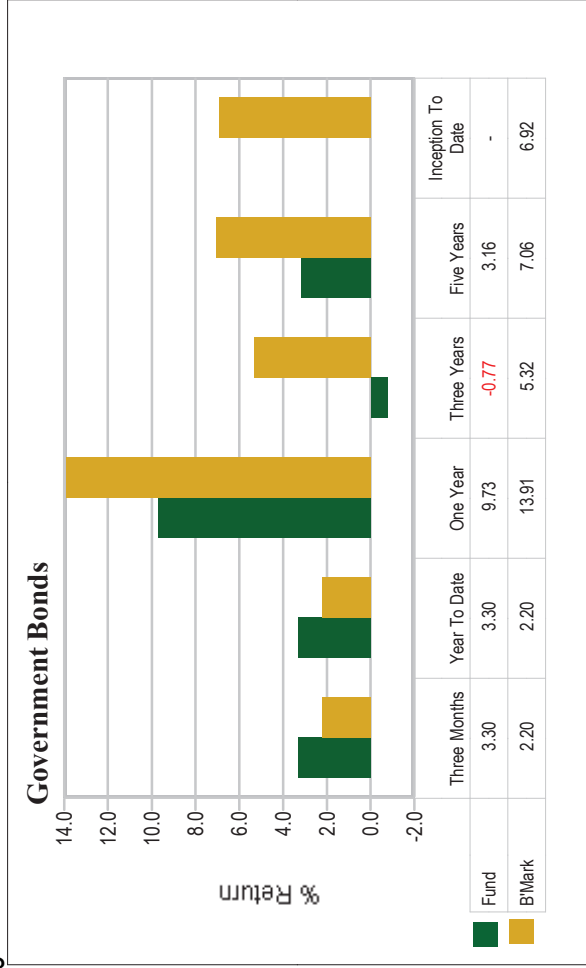
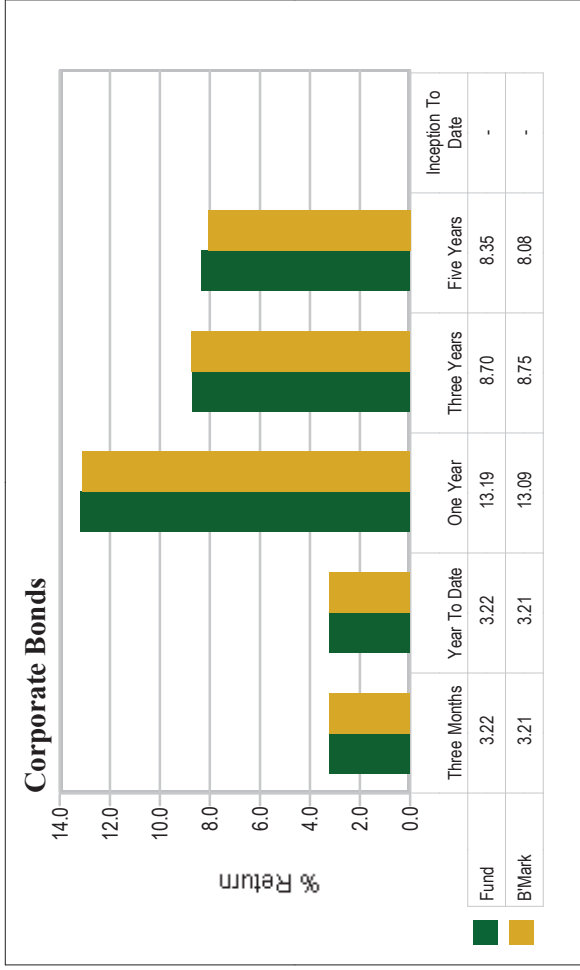
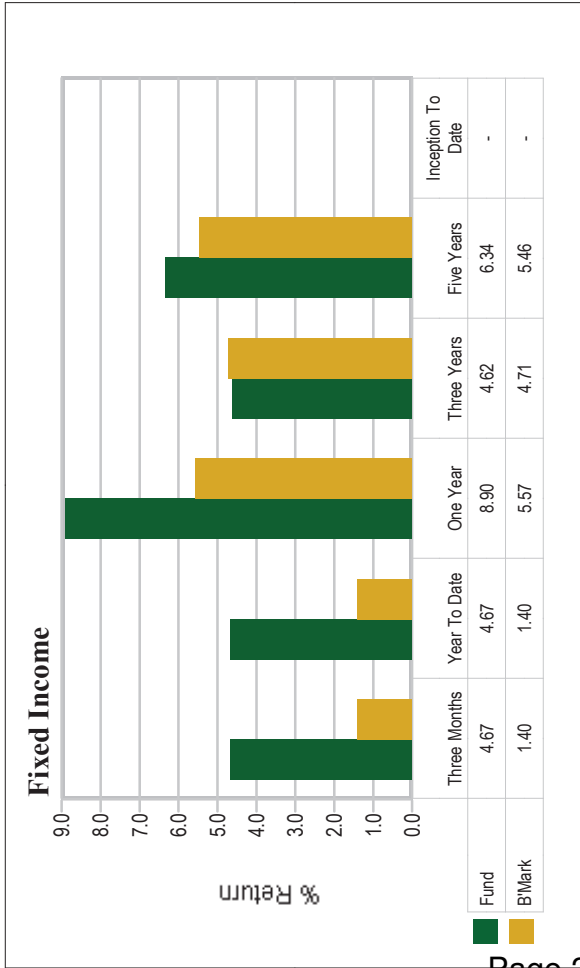


London Borough of Hillingdon



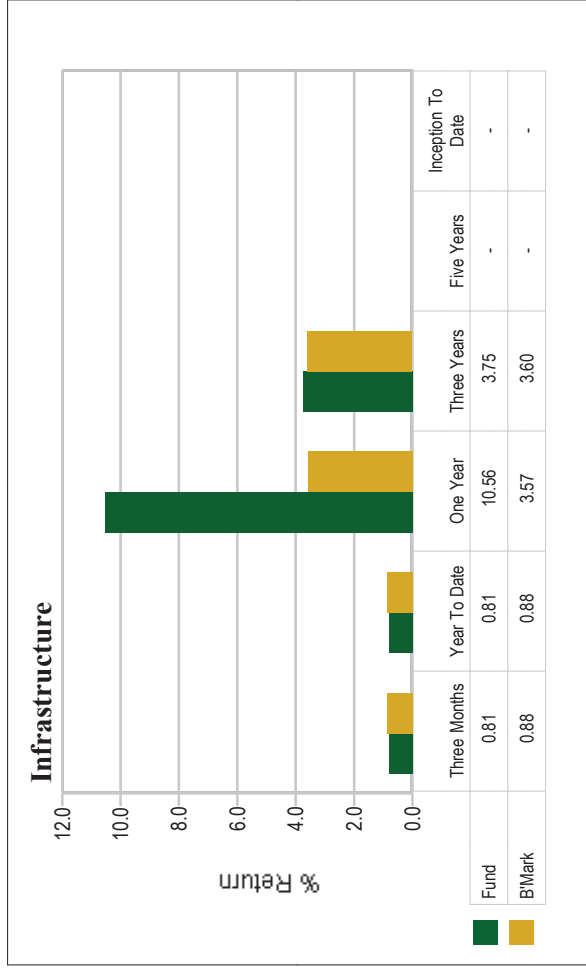
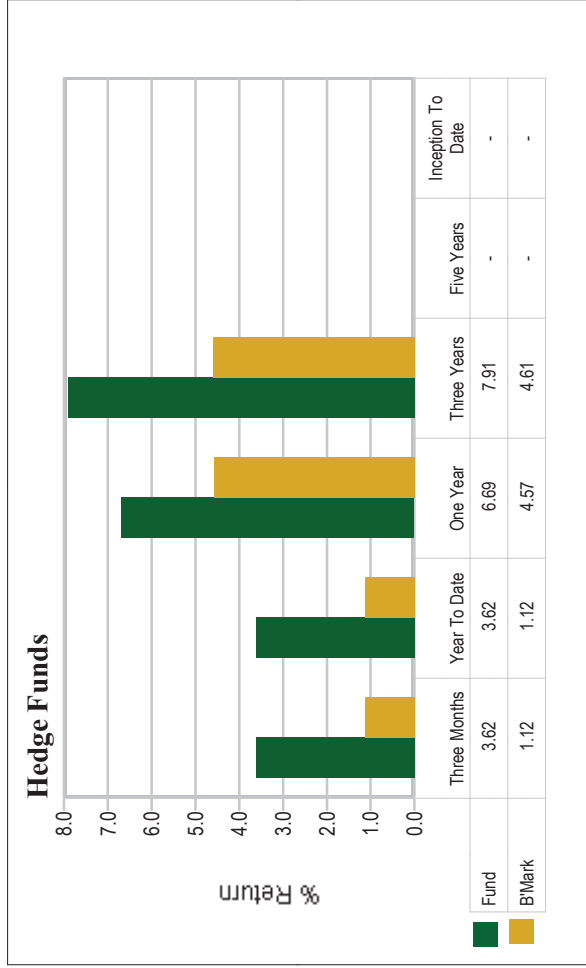
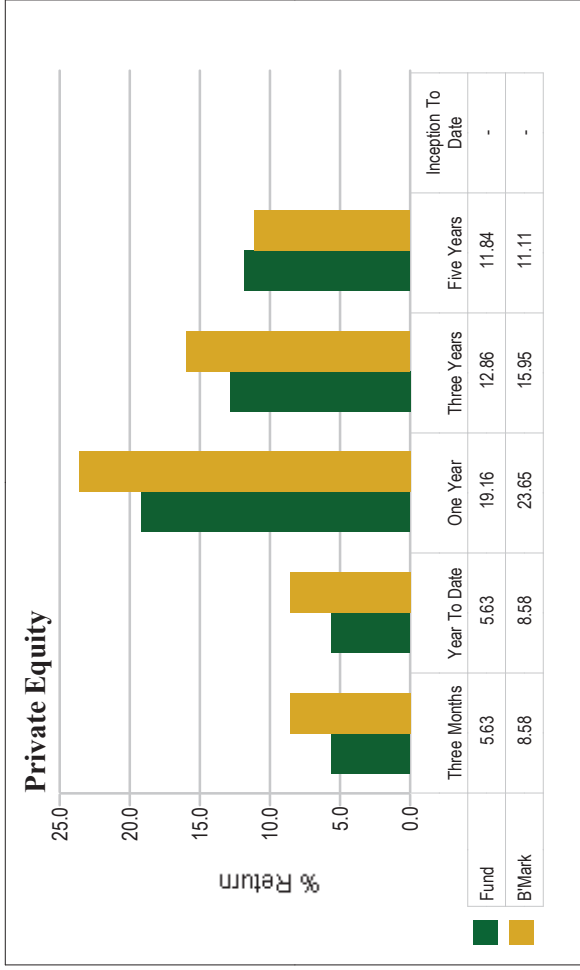
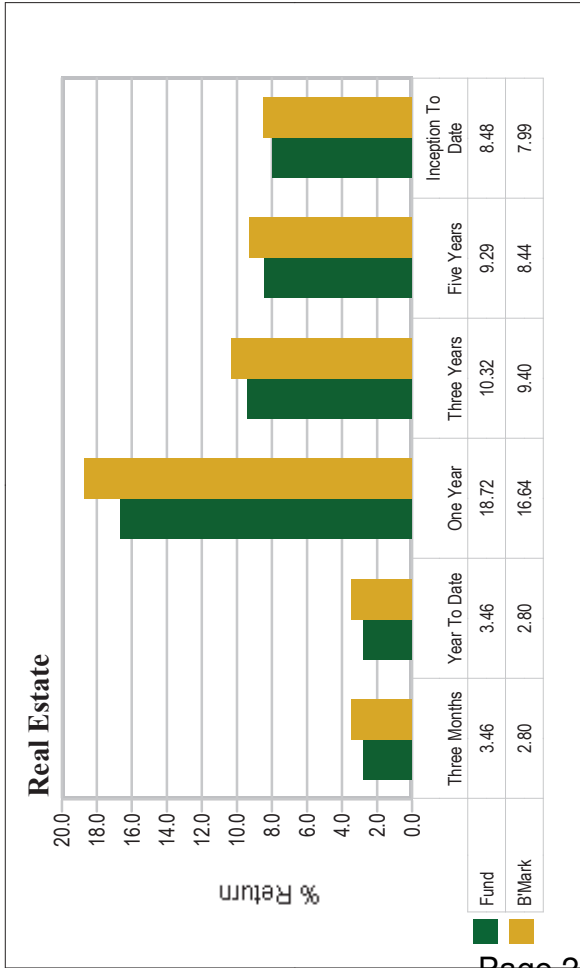


London Borough of Hillingdon





London Borough of Hillingdon





Total Plan Benchmark

- 24.2 FTSE All Share
- 2.3 FTSE AW North America
- 2.2 FTSE AW Developed Europe ex UK
- 2.3 FTSE AW Developed Asia Pacific
- 0.6 FTSE All World All Emerging
- 2.1 FTSE Index Linked Gilts
- 1.8 BC Sterling Aggregate 100mm Non Gilts
- 10.0 IPD UK PPFI All Balanced Funds Index
- 3.4 FTSE World Index +2%
- 4.9 MSCI All Countries World Index
- 9.1 LIBOR 3 Month + 3%
- 0.3 FTSE All Stock Index
- 11.0 LIBOR 3 Month
- 11.0 MSCI World Index +2%
- 2.0 BC US Govt Inflation Linked Bond Index
- 8.9 OECD CPI G7 (GBP) Index
- 4.1 LIBOR 3 Month + 4%

AEW UK

- 100.0 IPD UK PPFI All Balanced Funds Index

GMO Global

- 100.0 OECD CPI G7 (GBP) Index

JP Morgan

- 100.0 LIBOR 3 Month + 3%

Kempen

- 100.0 MSCI All World Index +2%

M&G Investments

- 100.0 LIBOR 3 Month + 4%

Macquarie

- 100.0 LIBOR 3 Month + 3%

Newton

- 100.0 FTSE World Index +2%

Permira Credit

- 100.0 LIBOR 3 Month + 4%

Ruffer

- 100.0 3 Month Sterling LIBOR

SSGA

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

UBS

- 100.0 FTSE All Share

UBS Property

- 100.0 IPD UK PPFI All Balanced Funds Index

UBS Tactical

- 100.0 BC US Govt Inflation Linked Bond Index





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**London Borough of Hillingdon Pension Fund
Adams Street Partners Update: Fourth Quarter 2014**

Market Update

2014 was a very successful year for the private equity markets with strong liquidity generated from both buyout and venture-backed companies. Adams Street's clients were direct beneficiaries of this robust exit activity.

In our primary fund investments, 25% of beginning NAV was turned into cash during the year. Within our direct venture/growth equity portfolios, 20% of beginning NAV was turned into cash. Further, Adams Street's market share of exit activity remains quite high, particularly in the venture capital sector, where Adams Street had exposure to roughly two thirds of all venture-backed IPOs on US exchanges in 2014, despite having investments in less than 20% of all venture-backed companies. This high level of liquidity continues a trend that has been in place for several quarters. Developed markets interest rates dropped, causing investors to stretch for higher yields while accepting looser terms. Cooperative debt markets pushed up asset prices.

These high prices translated to a scarcity of buy-side bargains. While the robust exit environment has been beneficial for our existing products, we remain quite wary of the high valuations when it comes to new investments. Having said that, we continue to find pockets of attractive valuations across all of our strategies.

Portfolio Statistics as of December 31, 2014

All in USD	Inception Date	Committed / Subscription	Draw n / Subscription	Total Value / Draw n	IRR Since Inception Gross	IRR Since Inception Net	Public Market	4Q14 Gross IRR	4Q14 Net IRR
Total Hillingdon Portfolio	02/2005	100%	91%	1.41x	9.54%	7.25%	6.40%	4.54%	3.84%
2005 Subscription	02/2005	100%	94%	1.37x	8.21%	6.22%	5.97%	1.98%	1.70%
2006 Subscription	01/2006	100%	93%	1.37x	8.87%	6.53%	6.52%	5.85%	4.75%
2007 Subscription	01/2007	100%	88%	1.48x	13.30%	10.16%	8.38%	8.93%	7.84%
2009 Subscription	01/2009	100%	61%	1.38x	19.60%	13.32%	12.88%	6.21%	5.76%
Co-Investment Fund	09/2006	100%	96%	1.42x	6.99%	5.43%	4.03%	6.07%	5.11%
Co-Investment Fund II	01/2009	100%	83%	1.91x	38.32%	31.98%	12.42%	2.80%	2.39%

Notes:

- Since Inception figures in GBP are: **12.16% (Gross) and 9.72% (Net)**. **Q4 2014 figures in GBP are: 8.56% (Gross) and 7.84% (Net)**.

- The Public Market is the equivalent return achieved by applying Hillingdon's cash flows to the MSCI World Index.

Record Year for Venture/Growth

Adams Street experienced a record year, with six individual portfolio company IPOs and three M&A transactions generating historic levels of liquidity for our Venture Capital/Growth Equity Team. In total, we generated \$219.4 million in liquidity primarily from public stock sales at Paylocity and Criteo and M&A events at BrightRoll, JasperSoft and PneumRx. Adams Street continued to see strong company performance through 2014, with 45% of the 40 revenue-producing companies expected to grow at a rate of more than 25%, while generating over \$25 million in new revenue in 2015.

Significant Rise in Secondary Deal Volume

For Adams Street's Secondary Investment Team, 2014 was the largest year in terms of volume of transactions, and the largest year in terms of bids issued. Despite a very competitive environment, we were able to find a number of deals that sat comfortably in our "strike zone"—deals that meet our risk and return objectives. Our close rate of 20% was up from a rate in the mid-teens in 2013.

Co-Investment Fund II

During the first quarter of 2015, there were two new investments made in the Adams Street Co-Investment II Fund ("Fund II"). Fund II invested \$3.9 million in a supplier and manufacturer of silicone breast prosthetics, and \$4.0 million in a global provider of technologically advanced cash management solutions that deliver enhanced efficiency and security throughout the cash management ecosystem, consisting of retailers, banks, and CITs. As of March 31, 2015, there are 27 investments in Fund II. As a result of the healthy growth rate in M&A activity and private equity investments, Adams Street had plentiful opportunities to review attractive co-investment deals in 2014, and closed out 2014 with a dealflow increase of 10% year-on-year. Our co-investment performance was strong during the year as we realized strong distributions out of our portfolio benefiting from a number of IPOs and dividend recaps.

Opportunities in Energy

Despite the dramatic collapse of oil prices internationally, Adams Street remains bullish on energy for the long-term. We are proactively reviewing distressed energy and credit assets on the buy-side, where experienced managers raising fresh pools of capital from primary investors will be well positioned to take advantage of the distressed environment for certain energy-related assets. Energy remains an important sector for private equity, especially given the shale oil boom in the United States. While Adams Street's investments in energy have performed well across our strategies, we proactively capped our sector exposure during 2013 and 2014 to maintain portfolio construction discipline. This should serve clients well.

Final Thoughts

Adams Street remains a net seller given the robust valuation and exit climates. Interest rate increases in developed markets are a near-certainty, but we predict they will be slow and steady. We will continue to be overweight in venture and growth assets, and underweight capital market strategies, in anticipation of eventual interest rate increases. We sincerely appreciate your support and continued confidence in Adams Street Partners. As you are aware, we are currently fundraising for our 2015 Global Program and our direct Venture/Growth Fund VI. We are always here to help, so if you have questions, or would like additional information about any of our investment programs, please contact us.

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Portfolio overview – Q1 2015



- Since the last report, net invested capital has decreased as the underlying managers have distributed more capital than they have invested
- Distributions as a proportion of paid-in capital have increased from 0.78x to 0.83x
- Total portfolio gains now amount to Euro 12.0 million, being Euro 17.6 million of NAV less Euro 5.5 million of net invested capital
- The USD strengthened by 11.23% against the Euro in the period which had a substantial positive effect on portfolio performance

	Q1 2015		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	26.3	-21.8	4.5	14.1	9.6	0.83	1.36	81%	14%	
Euro equivalent Dollar Exposure @ 1.0742 USD / Euro	7.6	6.6	-5.6	1.0	3.5	2.4	0.84	1.37	87%	14%	
Total Exposure (in Euro millions)	40.3	33.0	-27.4	5.5	17.6	12.0	0.83	1.36	82%	14%	
Q4 2014	39.4	31.9	-24.9	7.0	17.7	10.8	0.78	1.34	81%	18%	
Q3 2014	39.2	31.4	-23.5	7.9	18.3	10.4	0.75	1.33	80%	20%	
Q2 2014	38.6	30.5	-21.2	9.3	19.1	9.8	0.69	1.32	79%	24%	
Q1 2014	38.6	30.0	-19.7	10.4	19.5	9.1	0.66	1.30	78%	27%	
Q4 2013	38.6	29.7	-18.6	11.0	19.3	8.2	0.63	1.28	77%	29%	
Q3 2013	38.7	29.3	-17.4	11.8	19.7	7.9	0.60	1.27	76%	31%	
Q2 2013	39.0	28.8	-16.2	12.6	20.1	7.5	0.56	1.26	74%	32%	
Q1 2013	39.1	28.5	-15.2	13.3	20.7	7.4	0.53	1.26	73%	34%	
Q4 2012	38.9	28.2	-14.1	14.1	21.1	7.0	0.50	1.25	73%	36%	
Q3 2012	39.0	27.6	-13.1	14.5	21.0	6.5	0.47	1.24	71%	37%	
Q2 2012	39.1	27.4	-12.2	15.2	21.2	6.0	0.45	1.22	70%	39%	
Q1 2012	38.8	26.4	-11.9	14.5	19.9	5.3	0.45	1.20	68%	37%	
Q4 2011	39.0	25.7	-11.2	14.5	19.6	5.1	0.44	1.20	66%	37%	
Q3 2011	38.8	24.7	-10.0	14.7	19.9	5.2	0.40	1.21	0%	38%	
Q2 2011	38.3	23.5	-9.1	14.4	18.8	4.4	0.39	1.19	61%	38%	
Q1 2011	38.5	22.4	-8.3	14.2	18.4	4.2	0.37	1.19	58%	37%	
Q4 2010	38.8	22.0	-7.3	14.6	17.5	2.9	0.33	1.13	57%	38%	
Q3 2010	38.7	20.9	-7.0	13.9	16.2	2.3	0.33	1.11	54%	36%	
Q2 2010	39.4	19.7	-5.9	13.8	15.5	1.7	0.30	1.08	50%	35%	
Q1 2010	38.7	18.7	-5.7	13.0	14.2	1.2	0.31	1.06	48%	34%	

Q1 figures as of 31 March 2015

D/PI - distributions per unit of paid-in capital; TV/PI - total value per unit of paid-in capital

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LONDON BOROUGH OF HILLINGDON ALTERNATIVE INVESTMENTS SCHEDULE AS AT 31 March 2015

LBH PRIVATE EQUITY FUNDS	COMMITMENTS		CALLED TO DATE		DISTRIBUTIONS		NET CURRENT		IRR
	BASE CURRENCY	% of Fund	% of Fund	% of Fund	RECEIVED	% of Fund	INVESTMENT	% of Fund	
LGT CAPITAL PARTNERS	£	%	£	%	£	%	£	%	%
	000		000		000		000		Mar 15
Crown Private Equity European Buyout Opport.	9,990	1.25	8,397	1.05	9,154	1.14	-757	-0.09	8.35
Crown Global Secondaries Plc (US\$)	2,022	0.25	1,770	0.22	1,764	0.22	6	0.00	4.29
Crown Private Equity European Fund	3,657	0.46	3,362	0.42	2,572	0.32	790	0.10	7.98
Crown Private Equity European Buyout Opport. II	7,313	0.91	5,540	0.69	3,203	0.40	2,337	0.29	6.56
Crown Asia-Pacific Private Equity Plc (US\$)	2,022	0.25	1,818	0.23	1,098	0.14	720	0.09	8.01
Crown European Middle Market II plc	2,925	0.37	1,944	0.24	1,011	0.13	933	0.12	11.38
Crown Global Secondaries II Plc (US\$)	1,483	0.19	1,219	0.15	1,197	0.15	22	0.00	19.08
TOTAL(S) LGT CAPITAL PARTNERS	29,412	3.67	24,050	3.00	19,999	2.50	4,051	0.51	
ADAMS STREET PARTNERS	£	%	£	%	£	%	£	%	Dec 14
									%
Adam Street Partnership Fund - 2005 US Fund	9,436	1.18	8,960	1.12	6,448	0.80	2,512	0.31	6.73
Adam Street Partnership Fund - 2005 Non-U.S Fund	4,044	0.50	3,844	0.48	2,690	0.34	1,154	0.14	5.03
Adam Street Partnership Fund - 2006 Non-U.S Fund	3,033	0.38	2,221	0.28	1,664	0.21	557	0.07	5.38
Adam Street Partnership 2006 Direct Fund	1,011	0.13	983	0.12	561	0.07	422	0.05	6.89
Adam Street Partnership Fund - 2006 US Fund, L.P	6,066	0.76	5,608	0.70	3,772	0.47	1,836	0.23	7.01
Adams Street Direct Co-Investment Fund, L.P.	2,022	0.25	1,931	0.24	1,368	0.17	563	0.07	5.43
Adams Street Partnership 2007 Direct Fund LP	337	0.04	318	0.04	238	0.03	80	0.01	11.05
Adams Street Partnership - 2007 Non -US Fund	1,180	0.15	1,020	0.13	357	0.04	663	0.08	6.79
Adams Street Partnership - 2007 US Fund	1,854	0.23	1,659	0.21	1,130	0.14	529	0.07	11.82
Adams Street Partnership - 2009 US Fund	1,011	0.13	706	0.09	242	0.03	464	0.06	15.46
Adams Street Partnership - 2009 Direct Fund	202	0.03	186	0.02	66	0.01	120	0.01	18.05
Adams Street Direct Co-Investment Fund II.	1,685	0.21	1,425	0.18	960	0.12	465	0.06	31.98
Adams Street 2009 Non-US Emerging Mkt Fund	202	0.03	131	0.02	0	0.00	131	0.02	6.25
Adams Street Partnership 2009 Non-US Developed Market	607	0.08	401	0.05	90	0.01	311	0.04	6.17
TOTAL(S) ADAMS STREET PARTNERS FUNDS	32,690	4.08	29,393	3.67	19,586	2.44	9,807	1.22	

FUND VALUE	801,300	
COMMITMENT STRATEGY	70,114	8.75%
TO ACHIVE INVESTMENT	40,065	5.00%
CURRENT INVESTMENT BOOK COST	13,858	1.73%
CURRENT INVESTMENT MARKET VALUE	35,448	4.42%

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Administration Report

Contact Officers

Nancy Leroux, 01895 250353

Papers with this report

Copy of Capita Transfer Out Declaration forms

SUMMARY

This report provides an update on the latest pension administration performance data and early retirements for the year 2014/15. Performance targets were agreed as part of the service level agreement with Capita and conform to national targets set for England and Wales.

RECOMMENDATIONS

It is recommended that Pensions Committee:

1. Review the latest administration performance statistics.
2. Note the latest information in respect of early retirements.
3. Note the details on transfer requests received since 1 April 2015.

1. ADMINISTRATION PERFORMANCE INFORMATION

Performance is reported monthly and monitored against the service level agreement contained within the Framework Agreement. Targets are measured in working days for each function performed as part of the administration contract, against a target of 100%. An overall performance measure for the last eleven months is shown below, which after the significant low in October 2014 has been maintained above 90%. There was a slight drop in performance during April, which was caused by a high level of sickness and annual leave during the Easter period. This was discussed with Capita and assurances have been made that contingencies will be put in place to ensure that this does not happen again in the future. Composite monthly performance figures are shown in the table below with the detailed reports in the tables attached.

July 2014	70.00%
August 2014	54.55%
September 2014	60.13%
October 2014	41.73%
November 2014	93.25%
December 2014	94.93%
January 2015	90.81%
February 2015	94.64%
March 2015	92.88%
April 2015	90.91%
May 2015	98.96%

PART I - MEMBERS, PRESS & PUBLIC

Whilst the overall performance is being maintained at a higher level there remain a few areas of concern:

- Condolence Letters - This area has been brought to Capita's attention on a number of occasions. The average time to complete this task is 5 days, whereas the target is 3 days. This is not an acceptable level of performance. The processing of these cases was moved to Capita's offices in Darlington in an attempt to improve performance, but as this has not made any significant difference they have now been transferred back to Surbiton office where close scrutiny by Hillingdon Officers will continue and will be part of the weekly performance review.
- Estimate of Retirement Benefits - There has been no sustained improvement in this area, with only 75% of cases completed within target in May. This is a further area of work which is being provided by the Darlington office. These cases will continue to be monitored and discussed with Capita.
- Performance on deferred benefit calculations dropped sharply in May. The reason is being investigated, although in times of high pressure we would expect this area to have the lowest priority.

Officers are continuing to attend Capita's office in Surbiton and are working together to improve the service. Recently we have also been facilitating meetings between Capita, Schools HR Co-operative and the payroll provider to the majority of schools, to overcome problems identified recently. Staffing levels are now at a level where performance should be maintained.

There remains a backlog of cases which have not been completed within the SLA, and as at 29 May this figure stood at 17 cases. Capita are working to reduce this figure to zero by 31 July 2015. During the period 1 January 2015 to 31 May 2015 we have had to escalate 5 individual cases to the Chief Executive at Capita, as the members were not receiving information in a timely manner from Capita.

Within the framework agreement, CEB allowed for 100% performance against agreed tasks. As this level of performance has not been achieved, monthly fees have been reduced by the maximum allowable under the contract, resulting in a rebate of 10% of the monthly management contract charge. The total underperformance rebate for the year 2014/15 was £14,021.00.

2. EARLY RETIREMENT STATISTICS

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
2010/2011	20	0	11	34
2011/2012	65	0	12	24
2012/2013	23	0	6	14
2013/2014	50	0	3	45
2014/2015	23	0	8	52

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 capital cost of early retirement is charged back to the employer at the time of retirement and is closely monitored by Officers to ensure the Fund is not disadvantaged.

3. TRANSFER REQUESTS

At the last meeting there was discussion regarding the potential impact on the pension fund if there was a significant increase in the number of transfers paid out to pension providers as a result of the new "Pension Freedoms" from 1 April 2015.

Officers were asked to provide Committee with details of the Capita process to ensure that scheme members were being made fully aware of the consequences of transferring their benefits. A copy of the paperwork sent out by Capita is attached to this report for information. In addition Officers were asked to monitor such requests and to ensure that the Administering Authority was involved in the decision process. For the period 1 April to 31 May 2015, there were 10 requests for a transfer out quotation, of which 6 were in relation to the new freedoms. As yet there have been no actual transfer requests.

In relation to new members joining the scheme, additional steps are being introduced into the process to ensure that the authority makes the decision in relation to accepting transfers into the Fund. The Fund needs to ensure that all benefits coming into the Fund are fully funded and there are circumstances where it may be better for the fund not to accept a transfer. A formal sign off process is being developed.

FINANCIAL IMPLICATIONS

There are no financial implications arising directly from this report.

LEGAL IMPLICATIONS

There are no legal implications arising directly from this report.

PENSIONS ADMINISTRATION PERFORMANCE

WORK TASK	Target	January 2015		February 2015		March 2015	
		Number of cases	% completed in target	Number of cases	% completed in target	Number of cases	% completed in target
Condolence Letter	3 Days	12	16.67	4	25.00	8	25.00
Actual Retirement Benefits	3 Days	17	100	13	100	17	100
Letter notifying Dependants Benefits	5 Days	N/A	N/A	2	100	1	0.00
Process Refund	10 Days	41	97.56	60	98.33	90	100
Transfers in Actual	10 Days	21	100	7	100	3	100
Transfers in quote	10 Days	21	100	11	100	5	100
Answer General Letter	5 Days	145	95.86	101	95.05	256	98.44
Calc/Notify Deferred	15 Days	42	85.71	38	92.11	65	95.38
Estimate of Retirement Benefits	5 Days	12	41.67	10	60.00	30	83.33
Transfers Out Quote	5 Days	9	100	11	100	7	85.71
Transfers Out Actual	9 Days	12	91.67	8	100	6	83.33
New Entrants	20 Days	27	92.59	51	98.04	102	99.02
Added Years	10 Days	N/A	N/A	1	100	0	0.00

PENSIONS ADMINISTRATION PERFORMANCE

WORK TASK	Target	April 2015		May 2015	
		Number of cases	% completed in target	Number of cases	% completed in target
Condolence Letter	3 Days	18	22.22	17	100
Actual Retirement Benefits	3 Days	32	100	22	100
Letter notifying Dependants Benefits	5 Days	5	60.00	2	100
Process Refund	10 Days	87	97.70	55	100
Transfers in Actual	10 Days	11	100	6	100
Transfers in quote	10 Days	20	95.00	3	100
Answer General Letter	5 Days	257	96.50	119	100
Calc/Notify Deferred	15 Days	42	83.33	27	27
Estimate of Retirement Benefits	5 Days	56	62.50	16	75.00
Transfers Out Quote	5 Days	14	85.71	8	100
Transfers Out Actual	9 Days	12	100	1	100
New Entrants	20 Days	95	98.95	104	100
Added Years	10 Days	0	0.00	0	0.00

PART I - MEMBERS, PRESS & PUBLIC

Pensions Committee - 17 June 2015

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The London Borough of Hillingdon

Please note that the Trustees of the London Borough of Hillingdon or Capita cannot advise you whether it is in your interest to transfer your benefits to another registered pension scheme, and would suggest that you consider taking independent financial advice before taking this option. If you do not have an Independent Financial Adviser, you may find details of financial advisers in your area on the following website: www.unbiased.co.uk or call: 0330 1000 755.

In addition, further information to help you with making your decision to transfer can be obtained from:

- The Financial Conduct Authority (FCA)
- The Pensions Advisory Service (TPAS)
- The Pensions Regulator (TPR)
- The Money Advice Service

Contact details for these organisations are below.

Financial Conduct Authority

Consumer Helpline: 0800 111 6768
Open 8am to 6pm, Monday to Friday

Web page

<http://www.fca.org.uk/>

The Pensions Advisory Service

Pensions Helpline: 0845 601 12923
Open 9am to 5pm, Monday to Friday

Web page

www.pensionsadvisoryservice.org.uk/

The Pensions Regulator

Customer Support: 0870 606 3636
Open 9am to 5.30pm, Monday to Friday

Web page

www.thepensionsregulator.gov.uk

The Money Advice Service

Customer Support: 0300 500 5000
Open 8am to 8pm, Monday to Friday

Web page

<https://www.moneyadviceservice.org.uk/en/categories/transferring-between-pension-schemes>

The Pension Protection Fund

The PPF's function is to provide compensation to members of eligible pension schemes when there is a qualifying insolvency event in relation to an employer. This would happen if there were not enough assets in the pension scheme to cover the PPF level of compensation.

You need to know that as a member of the London Borough of Hillingdon, you could be eligible to receive compensation from the Pension Protection Fund (PPF) in the future. If you choose to transfer to another scheme that is not covered by the PPF, for example, a defined contribution scheme or an overseas pension scheme, you will lose this protection of your pension benefits.

TO BE COMPLETED BY THE MEMBER

Please return forms to: LBOH, Capita, PO Box 195, Mowden Hall, Darlington, DL1 9FS.

Part A Personal Details

Title:	<input type="text" value="Mr / Miss / Mrs / Ms / Dr (delete as applicable) / other _____"/>		
Surname:	<input type="text"/>	Forename(s):	<input type="text"/>
Date of Birth:	<input type="text"/>	National Insurance Number:	<input type="text"/>
Address:	<input type="text"/>		

Part B Transfer Options

In exercise of my statutory right to a Cash Equivalent Transfer Value in accordance with Chapter IV of the Pension Schemes Act 1993/right to a Cash Equivalent Transfer Value under the Scheme rules, I require the Trustees to (one box only):

Cancel my Application

I no longer wish to proceed with the transfer of my benefits

Transfer my pension rights to my nominated scheme

I wish to transfer my pension rights in the London Borough of Hillingdon to the following nominated pension arrangement:

Name of Receiving Scheme:	<input type="text"/>
Address for correspondence:	<input type="text"/>

TO BE COMPLETED BY THE MEMBER

Please return forms to: LBOH, Capita, PO Box 195, Mowden Hall, Darlington, DL1 9FS.

Part C Declaration

IMPORTANT: Please carefully read the following declarations and confirm your acceptance by completing the form:

- In exercise of my statutory right to a Cash Equivalent Transfer Value in accordance with Chapter IV of the Pension Schemes Act 1993/right to a Cash Equivalent Transfer Value under the Scheme rules, I require the Trustees to transfer my benefits to the Receiving Scheme nominated in **Part B**.
- I understand that the choice of the Receiving Scheme and the type of benefits to be provided under the Receiving Scheme is my own decision and that in connection with this scheme I am not relying on any statements made by or on behalf of the Trustees of the London Borough of Hillingdon or by or on behalf of my Former Employer. I understand that the transfer payment will be paid directly to the Receiving Scheme and not via any third party.
- **Contracted-out schemes only** - I have been given full details of the Receiving Scheme and I understand the nature of the benefits payable from it, including the benefits that the transfer payment will provide. I have also been made aware of any conditions on which the benefits provided in exchange for the transfer could be forfeited or withheld.
- **Contracted-out schemes only** (transfer of GMPs/Section 9(2B) Rights to a non-contracted out scheme) - I consent to the transfer of my contracted-out benefits. I confirm receipt of a statement from the Receiving Scheme showing the benefits to be awarded in respect of the transfer payment, and I accept that:
 - the benefits to be provided by the Receiving Scheme may be in a different form and of a different amount to those which would have been payable by the London Borough of Hillingdon and
 - there is no statutory requirement on the Receiving Scheme to provide for survivor's benefits out of the transfer payment.
- I understand that the benefits to be awarded to me under the Receiving Scheme in respect of my Cash Equivalent Transfer Value will be different from those that would have been available from the London Borough of Hillingdon. I also realise that the benefits at retirement may be more or less than those I would have received from the London Borough of Hillingdon.
- I confirm that this transfer value is to be used for the purposes of providing pension benefits in retirement.
- I confirm that I have considered taking independent financial advice in relation to the transfer of my pension benefits from the London Borough of Hillingdon. Where advice has been sought, I confirm that the advisor has advised me in writing to proceed with the transfer to the Receiving Scheme.
- I have received and read the insert 'Predators stalk your pension' and have read the leaflet on the Pensions Advisory Service's website and understand the implications of pension liberation: www.pensionsadvisoryservice.org.uk/media/826600/members_leaflet.pdf

- I confirm that:
 - (i) the transfer payment will not be part of a pension liberation arrangement (www.thepensionsregulator.gov.uk/regulate-and-enforce/pension-liberation.aspx); and
 - (ii) I am aware that any such arrangement as referred to in (i) above would give rise to severe tax charges on me by HMRC.
- I understand that the Trustees of the London Borough of Hillingdon and my Former Employer will be relying on confirmations given by me in this form.
- I understand that if the London Borough of Hillingdon is not satisfied that my nominated arrangement satisfies all the requirements under the relevant pensions legislation, the transfer will not take place.
- I realise that the payment of a transfer value will fully discharge the London Borough of Hillingdon from any liability to pay benefits to me, my dependants or my estate.
- I agree to indemnify the Trustees of the London Borough of Hillingdon and my Former Employer against any claims arising as a result of this transfer.

Upon payment of the Cash Equivalent Transfer Value as requested above, neither I nor any other person will have any further rights to benefits in respect of my membership of the London Borough of Hillingdon.

Signed: _____

Date: _____

Name: _____

The information provided will be processed by Capita for purposes only associated with the London Borough of Hillingdon and will be used in accordance with its policies and the Trust Deed & Rules and the Data Protection Act 1998.

The London Borough of Hillingdon
Receiving Scheme Information – Form 3

TO BE COMPLETED BY THE RECEIVING SCHEME (ALL SCHEMES)

Please return forms to: LBOH, Capita, PO Box 195, Mowden Hall, Darlington, DL1 9FS.

Please confirm the type of arrangement your scheme may be classified as: (Please tick)

1	A Registered Occupational Pension Scheme (complete Form 5)	<input type="checkbox"/>
2	A Registered Personal Pension or Stakeholder Pension Scheme (complete Form 6)	<input type="checkbox"/>
3	A Relevant Statutory Scheme (complete Form 5)	<input type="checkbox"/>
4	A Former Approved Superannuation Fund (“Old Code Scheme”) (complete Form 5)	<input type="checkbox"/>
5	Registered Retirement Annuity Contract (complete Form 6)	<input type="checkbox"/>
6	A Deferred Annuity Contract or Section 32 Buyout Policy (complete Form 7)	<input type="checkbox"/>

Please contact me immediately if the proposed transfer is a non-UK based pension arrangement as different requirements will apply.

	Yes	No
Is the Scheme a Registered Pension Scheme?	<input type="checkbox"/>	<input type="checkbox"/>

If no, please provide details on a separate sheet. Please note that transfers to unregistered schemes are not permitted transfers under the Finance Act 2004.

Please provide the following documentation:

	Enclosed?
• Your Pension Scheme Tax Reference (PSTR) Number	<input type="checkbox"/>
• A copy of the contracting out certificate where contracted out rights form part of the transfer payment	<input type="checkbox"/>
• Assurance that the transfer value is not payable through an independent broker	<input type="checkbox"/>
• A completed copy of the Authority Form IT1 (enclosed) to allow us to approach HMRC (if required) to confirm that the Receiving Scheme is registered for tax purposes.	<input type="checkbox"/>

**The London Borough of Hillingdon
Authority Form (IT1) – Form 4**

TO BE COMPLETED BY THE RECEIVING SCHEME (ALL SCHEMES)

Please return forms to: LBOH, Capita, PO Box 195, Mowden Hall, Darlington, DL1 9FS.

NAME OF TRANSFERRING SCHEME: London Borough of Hillingdon

DECLARATION AND FORM OF AUTHORITY TO APPROACH HM REVENUE AND CUSTOMS

I confirm that the details given in this form concerning the pension scheme named below are correct to the best of my knowledge.

We hereby give our consent to the Trustees of the above named pension scheme, and to Capita acting on their behalf, to approach HM Revenue and Customs to confirm the tax registration status of the pension scheme named below.

Signature: _____

Date: _____

Name: _____
(BLOCK CAPITALS)

Position: _____

Name of Scheme: _____

PSTR Number: _____

The information provided will be processed by Capita for purposes only associated with the London Borough of Hillingdon and will be used in accordance with its policies and the Trust Deed & Rules and the Data Protection Act 1998.

Trust Based Occupational Pension Scheme Form - Form 5

TO BE COMPLETED ONLY BY TRUST BASED OCCUPATIONAL PENSION SCHEMES

Please return forms to: LBOH, Capita, PO Box 195, Mowden Hall, Darlington, DL1 9FS.

Part A Member Details

Title:	<input type="text" value="Mr / Miss / Mrs / Ms / Dr / (delete as applicable) / other _____"/>		
Surname:	<input type="text"/>	Forenames (in full):	<input type="text"/>
Date of Birth:	<input type="text"/>	NI Number:	<input type="text"/>

Part B Receiving Scheme Warranties

In respect of the above member's request to pay a Cash Equivalent Transfer Value to the Receiving Scheme, we warrant that:

- § The Receiving Scheme is a registered pension scheme and **a screen print from the Pension Schemes Online page showing the Scheme Name and the Pension Scheme Tax Reference (PSTR) number is attached.** Further, we authorise Her Majesty's Revenue & Customs (HMRC) to give you confirmation or otherwise that the Receiving Scheme is a registered scheme.
- § The benefit to which the transfer value relates for service after 16 May 1990 has been equalised in accordance with the Equality Act 2010, **except for any Guaranteed Minimum Pension (GMP).** The GMP has been calculated in accordance with Pension Schemes Act 1993.
- § We are aware of and have read the Pension Regulator's webpage on pension liberation fraud and categorically confirm that the processing of the member's application to acquire transfer credits in the Receiving Scheme is not a pension liberation exercise.
- § The Member is a bona fide employee of the current employer which is a current participating employer in the Receiving Scheme.
- § We have received a Transfer Out Member Schedule in respect of London Borough of Hillingdon.
- §

	Yes	No
Is the Scheme an insured Scheme?	<input type="checkbox"/>	<input type="checkbox"/>
If yes, please state the name of the Life Office insuring the Scheme's benefits:	<input type="text"/>	

Trust Based Occupational Pension Scheme Form - Form 5

TO BE COMPLETED ONLY BY TRUST BASED OCCUPATIONAL PENSION SCHEMES

Part C **Receiving Scheme Details**

Name of Receiving Scheme:	<input type="text"/>		
PSTR Number*:	<input type="text"/>		
ECON Number*:	<input type="text"/>	SCON Number*:	<input type="text"/>
Date Contracted-Out Employment began in Receiving Scheme:	<input type="text"/>		
Address of Scheme Administrator:	<input type="text"/>		

* Please provide documentary evidence.

Part D **Receiving Scheme Bank Details for BACS Transfer**

Name(s) of Account Holder(s):	<input type="text"/>		
Bank Name:	<input type="text"/>		
Bank Address:	<input type="text"/>		
Sort Code:	<input type="text"/>	Account Number:	<input type="text"/>

Trust Based Occupational Pension Scheme Form - Form 5

TO BE COMPLETED ONLY BY TRUST BASED OCCUPATIONAL PENSION SCHEMES

Part F Declaration

We confirm that:

- The information contained within this form is correct to the best of our knowledge.
- The Receiving Scheme is capable of accepting the transfer payment and that this will be applied to the above scheme for the benefit of the above member in accordance with the rules thereof.

Signed: _____

Date: _____

Full Name: _____

On Behalf Of: _____

The information provided will be processed by Capita for purposes only associated with the London Borough of Hillingdon and will be used in accordance with its policies and the Trust Deed & Rules and the Data Protection Act 1998.

**The London Borough of Hillingdon
Personal/Stakeholder Pension Scheme Form - Form 6**

TO BE COMPLETED ONLY BY PERSONAL/STAKEHOLDER PENSION SCHEME PROVIDER

Please return forms to: LBOH, Capita, PO Box 195, Mowden Hall, Darlington, DL1 9FS.

Part A Member Details

Title:	Mr / Miss / Mrs / Ms / Dr / (delete as applicable) / other _____		
Surname:		Forenames (in full):	
Date of Birth:		NI Number:	

Part B Receiving Scheme Warranties

In respect of the above member's request to pay a Cash Equivalent Transfer Value to the Receiving Scheme, we warrant that:

- § We are a provider satisfying the requirements of Section 154 of the Pensions Act 2004, and are regulated by the Financial Conduct Authority (FCA).
- § The member's Cash Equivalent Transfer Value will be applied to one or more policies under a Personal/Stakeholder Pension Scheme which is registered under Chapter 2 Part 4 of the Finance Act 2004. Please find enclosed **a screen print from the Pension Schemes Online page showing the Scheme Name and the Pension Scheme Tax Reference (PSTR) number**. Further, we authorise Her Majesty's Revenue & Customs (HMRC) to give you confirmation or otherwise that the Receiving Scheme is a Registered Pension Scheme.
- § We are aware of and have read the Pension Regulator's webpage on pension liberation fraud and categorically confirm that the processing of the member's application to acquire transfer credits in the Receiving Scheme is not a pension liberation exercise.
- § The benefit to which the transfer value relates for service after 16 May 1990 has been equalised in accordance with the Equality Act 2010, **except for any Guaranteed Minimum Pension (GMP)**. The GMP has been calculated in accordance with Pension Schemes Act 1993.
- § We have received a Transfer Out Member Schedule in respect of the London Borough of Hillingdon.

	Yes	No
Has the member taken up immediate membership of the personal/stakeholder pension scheme?	<input type="checkbox"/>	<input type="checkbox"/>
If no, is CA1888/CA1889 applicable?	<input type="checkbox"/>	<input type="checkbox"/>

**The London Borough of Hillingdon
Personal/Stakeholder Pension Scheme Form - Form 6
TO BE COMPLETED ONLY BY PERSONAL/STAKEHOLDER PENSION SCHEME PROVIDER**

Part C Receiving Scheme Details

Name of Receiving Scheme:	<input style="width: 100%;" type="text"/>
PSTR Number*:	<input style="width: 100%;" type="text"/>
Address of Provider:	<input style="width: 100%; height: 50px;" type="text"/>

*Please provide documentary evidence.

Part D Receiving Scheme Bank Details for BACS Transfer

Name(s) of Account Holder(s):	<input style="width: 100%;" type="text"/>	
Bank Name:	<input style="width: 100%;" type="text"/>	
Bank Address:	<input style="width: 100%; height: 40px;" type="text"/>	
Sort Code:	<input style="width: 200px;" type="text"/>	Account Number: <input style="width: 200px;" type="text"/>

TO BE COMPLETED ONLY BY PERSONAL/STAKEHOLDER PENSION SCHEME PROVIDER

Part E Declaration

We confirm that:

- The information contained within this form is correct to the best of our knowledge.
- The Receiving Scheme is capable of accepting the transfer payment and that this will be applied to the above scheme for the benefit of the above member in accordance with the rules thereof.

Signed: _____

Date: _____

Full Name: _____

On Behalf Of: _____

The information provided will be processed by Capita for purposes only associated with the London Borough of Hillingdon and will be used in accordance with its policies and the Trust Deed & Rules and the Data Protection Act 1998.

Personal/Stakeholder Pension Scheme Form - Form 6

TO BE COMPLETED ONLY BY THE INSURANCE COMPANY/PROVIDER (SECTION 32 BUY OUT)

Please return forms to: LBOH, Capita, PO Box 195, Mowden Hall, Darlington, DL1 9FS.

Part A Member Details

Title:	<input type="text" value="Mr / Miss / Mrs / Ms / Dr (delete as applicable) / other _____"/>		
Surname:	<input type="text"/>	Forenames (in full):	<input type="text"/>
Date of Birth:	<input type="text"/>	NI Number:	<input type="text"/>

Part B Receiving Scheme Warranties

In respect of the above member's request to pay a Cash Equivalent Transfer Value to the Receiving Scheme, we warrant that:

- § We are a provider satisfying the requirements of Section 154 of the Pensions Act 2004, and are regulated by the Financial Conduct Authority (FCA).
- § The member's Cash Equivalent Transfer Value Sum will be applied by us to one or more policies which satisfy the requirements of Section 95 (2)(c) of the Pension Schemes Act 1993. Please find enclosed a **screen print from the Pension Schemes Online page showing the Scheme Name and the Pension Scheme Tax Reference (PSTR) number**. Further, we authorise Her Majesty's Revenue & Customs (HMRC) to give you confirmation or otherwise that the Receiving Scheme is a Registered Pension Scheme.
- § We are aware of and have read the Pension Regulator's webpage on pension liberation fraud and categorically confirm that the processing of the member's application to acquire transfer credits in the Receiving Scheme is not a pension liberation exercise.
- § The benefit to which the transfer value relates for service after 16 May 1990 has been equalised in accordance with the Equality Act 2010, **except for any Guaranteed Minimum Pension (GMP)**. The GMP has been calculated in accordance with Pension Schemes Act 1993.
- § We have received a Transfer Out Member Schedule in respect of the London Borough of Hillingdon.

Hillingdon

The London Borough of

Personal/Stakeholder Pension Scheme Form - Form 6

TO BE COMPLETED ONLY BY THE INSURANCE COMPANY/PROVIDER (SECTION 32 BUY OUT)

Part C Receiving Scheme Details

Name of Receiving Scheme:	<input type="text"/>
PSTR Number*:	<input type="text"/>
Address of Insurance Company/Provider:	<input type="text"/>

* Please provide documentary evidence.

Part D Receiving Scheme Bank Details for BACS Transfer

Name(s) of Account Holder(s):	<input type="text"/>		
Bank Name:	<input type="text"/>		
Bank Address:	<input type="text"/>		
Sort Code:	<input type="text"/>	Account Number:	<input type="text"/>

Hillingdon

The London Borough of

Personal/Stakeholder Pension Scheme Form - Form 6

TO BE COMPLETED ONLY BY THE INSURANCE COMPANY/PROVIDER (SECTION 32 BUY OUT)

Part E Declaration

We confirm that:

- The information contained within this form is correct to the best of our knowledge.
- The Receiving Scheme is capable of accepting the transfer payment and that this will be applied to the above scheme for the benefit of the above member in accordance with the rules thereof.

Signed: _____

Date: _____

Full Name: _____

On Behalf Of: _____

The information provided will be processed by Capita for purposes only associated with the London Borough of Hillingdon and will be used in accordance with its policies and the Trust Deed & Rules and the Data Protection Act 1998.

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Governance Update

Contact Officers

Nancy Leroux
Tel: 01895 250353

Papers with this report

None

SUMMARY

This report provides an update on the introduction of a local Pension Board.

RECOMMENDATIONS

The report is for information only.

INFORMATION

Implementation of Local Pension Boards

As reported in March, the London Borough of Hillingdon Local Pensions Board was established as required by statute by 1 April 2015. The members of that Board are:

Cllr David Simmonds (Chairman)
Cllr Alan Chapman
Cllr John Morse
Venetia Rogers (active member)
Andrew Scott (active member, external employer)
Roger Hackett (retired member)

In addition and to ensure no conflict of interest, Alison Murray of AON Hewitt has been engaged for an initial period of one year to support the development of the Pension Board and to advise on their work plan.

All Pension Committee papers will be circulated to Pensions Board and similarly all Pension Board papers will be circulated to Pensions Committee.

Internal Audit Report

An internal Audit was conducted during quarter four of 2014/15 on Pensions Investments, specifically looking at the governance arrangements around Pension Fund investments. It is very reassuring to be able to report to Pensions Committee that the Internal Audit assurance opinion was SUBSTANTIAL. There were no high or medium recommendations in the report, with only two low risk observations identified. The full report is available should Members wish a copy.

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of the Local Government (Access to Information) Act 1985 as amended.

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Agenda Item 9

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