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HILLINGDON
LONDON

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Pensions Committee

Date:	**TUESDAY, 15 DECEMBER 2009**
Time:	**4.30 PM**
Venue:	**COMMITTEE ROOM 3 - 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

George Cooper
Philip Corthorne, Chairman
Michael Cox
Paul Harmsworth
Michael Markham

Advisory Members

John Holroyd
Nicholas Manthorpe
John Thomas

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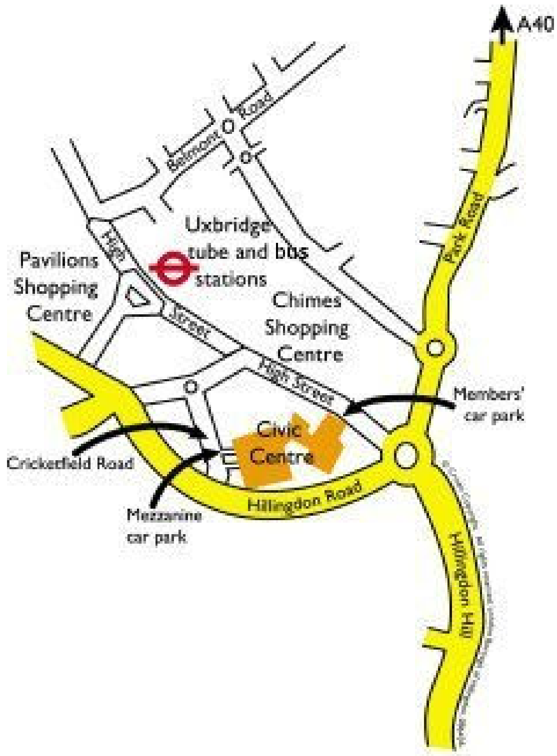

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Agenda

1 Apologies for Absence

2 Declarations of Interest in matters coming before this meeting

3 To receive the minutes of the meeting held on 23 September 2009 & 14 October 2009

4 To confirm that the items of business marked Part 1 will be considered in Public and that the items marked Part 2 will be considered in private

PART 1

5 Review of Performance Measurement of the Fund

6 Retirement Performance Statistics

7 Cost of Early Retirements

PART 2

8 Corporate Governance & Socially Responsible Investment

9 Review of Investment Strategy and Investment Sub Committee - Oral report

10 Longevity & Club Vita - Presentation by Bryan Chalmers, Fund Actuary

11 Outlook for 2010 valuations - Presentation by Bryan Chalmers & John Hastings

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REVIEW ON PERFORMANCE MEASUREMENT OF THE PENSION FUND

Contact Officers	James Lake, 01895 277562
Papers with this report	Northern Trust Executive Report WM Local Authority Annual and Quarter Reports Private Equity Listing Private Equity reports from Adams Street and LGT

SUMMARY

This report reviews the fund management performance for the London Borough of Hillingdon Pension Fund for the quarter to 30 September 2009. The value of the fund as at the 30 September was £517m.

RECOMMENDATIONS

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

INFORMATION

1. The performance of the whole fund for the quarter to 30 September 2009 showed an outperformance figure of 0.08% with positive returns of 17.40%, compared to the benchmark 17.31%. Over the longer term, one year, five year and since inception figures show a slight improvement on the previous quarter but remain below the benchmark by 1.51%, 1.86% and 0.26% respectively.

Performance Attribution

	Q3 2009 %	1 Year %	3 Years %	5 Years %	Since Inception %
Goldman Sachs	1.17	(0.48)	(1.12)	(0.68)	(0.80)
UBS	1.93	1.17	(1.72)	(1.61)	1.31
Alliance Bernstein	(0.41)	(4.88)	(3.97)	-	(3.70)
UBS Property	(0.33)	0.32	0.50	-	0.21
SSgA	0.17	-	-	-	0.16
SSgA Temporary	0.09	-	-	-	-
SSgA Drawdown	0.31	-	-	-	-
Total Fund	**0.08**	**(1.51)**	**(2.40)**	**(1.86)**	**(0.26)**

2. The positive performance for this quarter was primarily derived from the weakening of sterling which added 1.90% from the resultant passive currency effect. At a total fund level stock selection and asset allocation detracted from performance, with a negative impact of 0.92% and 0.82% respectively.

3. Alliance Bernstein returned a positive 21.87% over the quarter but underperformed against their benchmark by 0.41%. The largest negative impact on performance resulted from UK stock selection and currency hedging. In contrast the overall effect of overseas stock selection added to returns as did the passive currency effect and asset allocation.

4. GSAM returned 8.26% against their benchmark of 7.09%, outperforming by 1.17%. The portfolio's cross-sector allocation strategy was the key contributor to performance with mortgage credit and corporate credit adding to results for a second consecutive quarter. Corporate security selection was also a major contributor with overweight positions in high quality banks and insurance companies having a positive impact.

5. UBS delivered a positive performance of 24.30% outperforming the benchmark by 1.93%. In overall terms stock selection added to performance with major contributions being derived from overweight positions in Prudential, British Airways, Logica, and Daily Mail. Not holding BG group also contributed. Negative impacts included overweight positions in BP, Glaxo and HMV. Other detractors included the underweight position in HSBC and not holding Standard Chartered.

6. This quarter saw a reversal in the trend of negative returns within the property asset class for the first time since Q2 2007. The portfolio delivered positive performance of 1.77% but underperformed against the benchmark by 0.33%. The high cash holding which had served the portfolio well during the property downturn detracted from results this quarter. Of the funds within the portfolio, Henderson UK Property, UBS South East Recovery, Lothbury Property, and Henderson Retail Warehouse outperformed the benchmark.

7. The requirement for SSgA as a passive manager is to replicate their performance benchmark. However efficient management across their three portfolios has resulted in modest outperformance figures for this quarter of 0.17%, 0.31% and 0.09%.

Absolute Returns

	Alliance Bernstein £000	GSAM £000	SSgA (3 funds) £000	UBS £000	UBS Property £000
Opening Balance	85,193	55,693	160,771	78,408	39,186
Appreciation	18,019	4,556	30,042	18,369	259
Income Received	616	43	-	677	437
Investment Movement	0	0	391	(109)	-
Closing Balance	103,828	60,292	191,204	97,345	39,882
Active Management Contribution	(354)	650	343	1,498	(127)

8. The above table provides details on the impact of manager performance on absolute asset values. The outperformance of GSAM and UBS and SSgA had a positive impact on the appreciation of holdings contributing £650k, £343k and

£1,498k respectively. In contrast the underperformance of Alliance Bernstein and UBS property reduced asset appreciation by £354k and 127K.

9. At the end of September 2009, £26.97m had been invested in private equity, which equates to 5.22% of the fund against the target investment of 5%. However this level still remains within the limits of the over-commitment strategy. In terms of cash movements, over the quarter £371k was called by Adams Street and £619k by LGT. In addition there was a distribution from LGT of £268K.

10. The securities lending activity for the quarter resulted in income of £18.1k. Offset against this was £6.3k of expenses leaving a net figure earned of £11.8k. The fund is permitted to lend up to 25% of the eligible assets total and as at 30 September 2009 the assets on loan totalled £28m representing approximately 14% of this total.

11. Following another positive quarter there was an improvement in the Hillingdon returns compared to the WM Local Authority summary figures. For the quarter ending 30 September 2009 Hillingdon outperformed the average by 1.40%. The one year performance figure has also improved reducing the deficit to 0.86% (Q2 2.28%).

M&G UK Companies Financing Fund - update

12. M&G expect further closings to bring the total fund value to approximately £1.6 billion and that this figure will be sufficient to gain the appropriate level of diversification needed. They will continue to bring new investors into the fund until the end of the year at which time it is expected to close.

13. Since the last update funding conditions for many companies has improved. The three main factors contributing to this are firstly, the Bank of England quantitative easing policy which is keeping government bond yields low which in turn has encouraged investment into higher yielding corporate debt. Secondly, the instruction to Lloyds and RBS to increase lending to UK companies and finally public bond markets which have welcomed new issuers who have launched bonds at much better levels than were previously experienced.

14. M&G do not feel the current funding situation is sustainable as the reduced number of available banks do not have and will not have the lending capacity as before the crisis. M&G are adamant though, they will not chase the market and make loans at rates which do not give and attractive risk rated return. M&G are approaching more companies directly and have become more aware that many target clients are not being served well by the investment banking community. It is believed the need for the fund still exists and this will become apparent over the next year when artificial liquidity dries up.

Market Commentary

15. Equity markets showed very strong returns across the globe with all regions performing positively. The general economic news was reassuring as many leading indicators pointed towards recovery. The German and French economies led the way in Europe whilst other measures showed the US also improving. The main driver for recovery is expected to come from manufacturers which are now beginning to replenish depleted inventory levels.

16. In terms of fixed income there was a slow down in the tightening of credit spreads however, yields on corporate debt, high yield issues and emerging market debt all reduced providing positive returns.

17. UK commercial property values showed signs of stabilisation during the third quarter and as confidence returned to the market there was a substantial rally in forward looking real estate products.

FINANCIAL IMPLICATIONS

These are set out in the report

LEGAL IMPLICATIONS

There are no legal implications arising directly from the report

BACKGROUND DOCUMENTS

None

London Borough of Hillingdon

3rd Quarter, 2009

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Executive Report

Appendix

Scheme Performance

The London Borough of Hillingdon Fund outperformed the benchmark by 0.07%, relative. Additionally, the Fund saw an extremely high return of 17.40% (compared to the benchmark return of 17.31%). Combined with the previous quarter's positive figures, the Fund was able to reverse some of the negative returns from Q4 07 to Q1 09. The passive currency effect (1.90%) was the primary reason that the Fund was able to outperform the benchmark. Stock selection (-0.92%) and asset allocation (-0.82) detracted from overall returns. As of the end of Q3 09, the Fund was valued at 492,921 million, compared to 429,792 million at the start of the year.

Manager Performance

SSGA

SSGA continued to follow the benchmark closely, but with a slight edge (18.95% vs. 18.78%). Overall, the Manager has made a positive contribution to Total Fund returns. Since inception in November 2008, SSGA returns 27.16% compared to the benchmark's 27.00%. The Manager holds 19.7% of total assets and has a significant impact on the Total Fund.

SSGA Drawdown

The SSGA Drawdown opened on a positive note, returning 4.75% compared to the benchmark's 4.43%. The small, yet positive relative outperformance had a positive impact on Total Fund returns.

SSGA Temporary

Not only was the SSGA Temporary fund able to achieve high positive returns (22.97%), but it was also able to outperform the index (22.88%). The Fund makes up 14.8% of total assets and plays a moderate role on Total Fund returns.

Manager Performance

Alliance Bernstein

Despite achieving positive returns, Alliance Bernstein again underperformed the index (21.87% vs. 22.29%). Stock selection (-0.47%), particularly in UK Equities (-0.86%) was the primary source of underperformance. Alliance Bernstein falls short of the benchmark in all short and long term periods. Out of the last twelve quarters, the Manager outperforms the index in only two. Alliance Bernstein holds 21.1% of

Goldman Sachs

Following the outperformance seen in the second quarter of 2009, Goldman Sachs delivered yet another successful quarter (8.26% vs. 7.09%). The Manager outperforms the index in the short run, but weak historical returns cause it to fall behind the benchmark over long term periods.

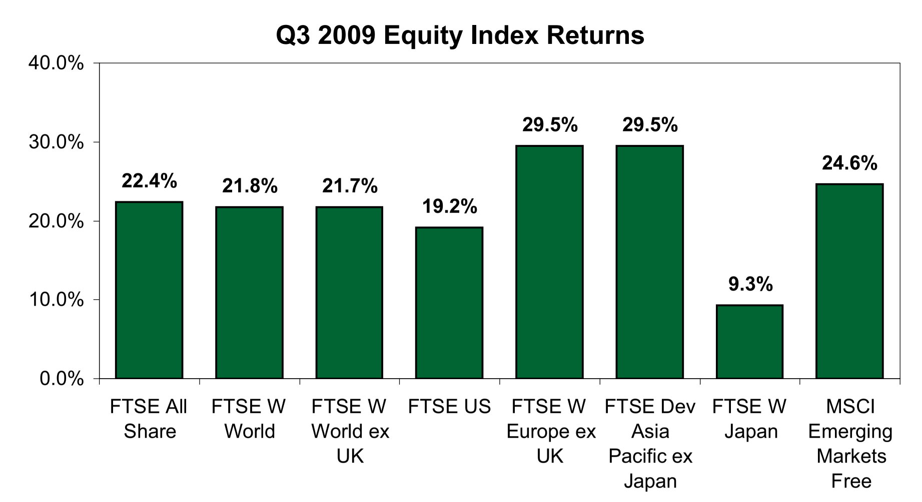
UBS

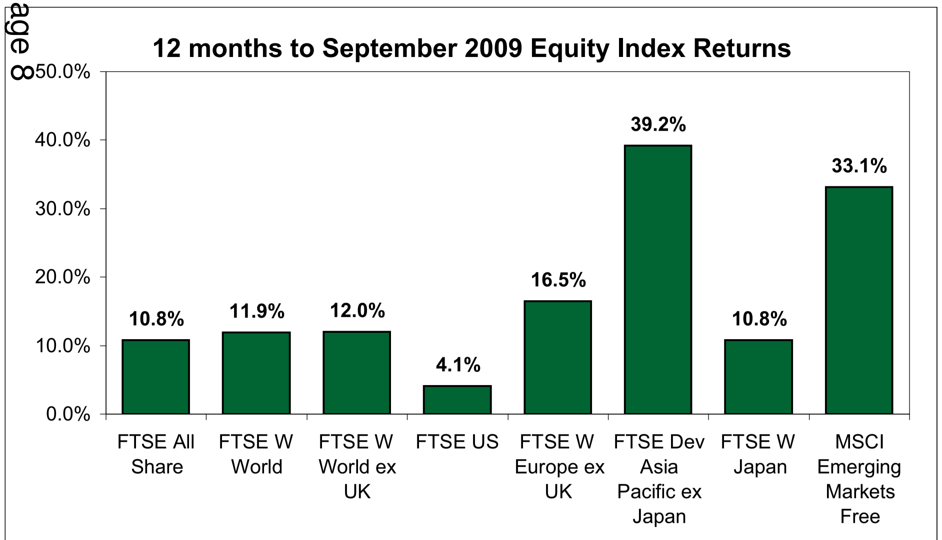
With a second quarter of positive returns, UBS seems to reversing its pattern of underperformance. The Manager returned 24.30% compared to the benchmark's 22.38%. Since UBS holds 19.7% of total assets, this is a significant contribution to Total Fund performance. Historically, however, UBS remains weak with nine out of the last twelve quarters falling behind benchmark levels.

UBS Property

The property mandate came in behind the benchmark, returning 1.77% vs. 2.10%. However, a strong historical record allows UBS Property to maintain a lead over the benchmark in the long term.

Equity Overview



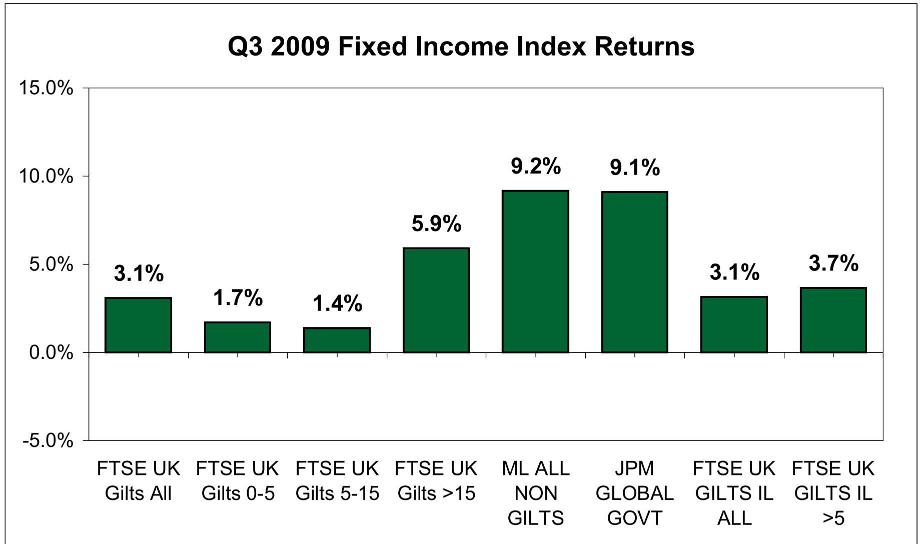


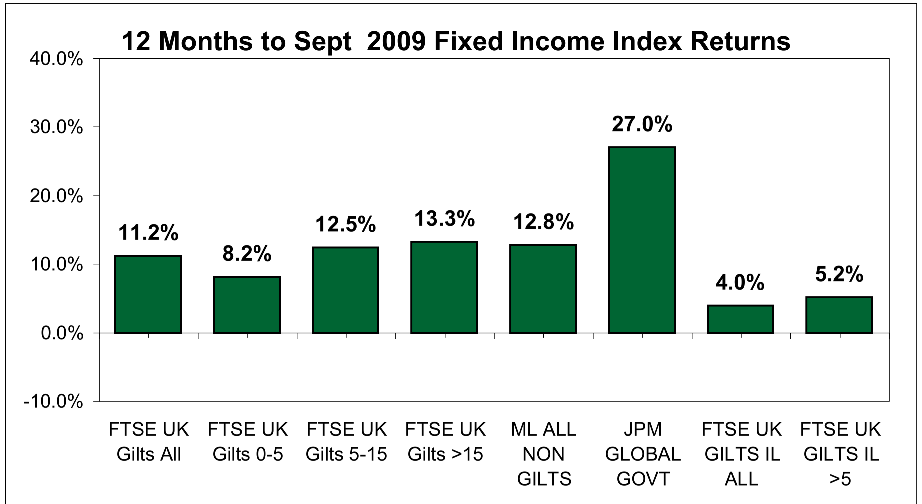
All index returns are in GBP terms unless stated otherwise.

Northern Trust

The recovery that took root in Q2 continued during Q3 as all major equity indices made positive returns over the three months despite fears regarding historically volatile September. Confidence is now thought to be at its highest level since the start of 2008. The rate of growth has slowed across Emerging Markets although they are still developing; their voracious appetite for raw materials continues to support demand for commodities. Germany and France appear to be leading the way in Europe and data from the US suggests an end to the gloom there as well. Caution prevails throughout the global economy; consumer spending, lower unemployment and positive house price inflation need to be in evidence before real recovery can be confirmed. Sustained government and central bank support reduce the risk of repeated systemic failure but the prospect of their withdrawal looms over the economy like the spectre of doom. Talk has moved on from L, U, V & W to a "VW" recovery curve shape. The IMF through its guidelines on public aid to banks said that governments should be considering exit strategies as its global growth forecast for 2010 was revised up to 3% from 2.5%. The OECD published a report including predictions that 25 million people in developed economies could lose their jobs unless governments keep a handle on the recovery. Gold, currently seen as a safe haven, extended its record run achieving USD 1,045 per ounce. The price of crude oil finished Q3 as it started at around $70 per barrel.
The FTSE World was up 21.8% (GBP) in quarter 3 2009 finishing the quarter with a September return of 6.4% (GBP).
The FTSE 100 delivered its best quarterly performance (21.9% for Q3) in 25 years. The main drivers were strong cyclical sectors; banks & insurers leading and tobacco & pharmaceuticals weaker. The finalised UK GDP figures for Q2 from the Office of National Statistics concluded a contraction of 0.6% (improved from 0.7%) following the final Q1 contraction of 2.4%. The consensus enjoyed by the Monetary Policy Committee of the BoE appears to be at an end, Adam Posen spoke of an increase in the £175bn quantitative easing programme through further Gilt purchases while his colleague Paul Fisher hinted that the easing could be paused, a view that prompted a rise in sterling just after quarter end. The BoE persevered with the all time low base rate of 0.5%. Fear exists that 2010 will start badly, as the end of 2009 benefits from the car scrappage scheme, stamp duty holiday and VAT reduction. Fears about the VAT rise on January 1st and the impact of swine flu are also making CEOs nervous about next year's prospects. The FTSE All Share was up 22.4% (GBP) over the third quarter. The CEBR in its latest UK prospects report predicts that the 0.5% base rate will remain until 2011 and will not reach 2% until 2014, driven by the inevitable squeeze on government borrowing. Unemployment now stands at 2.46 million people although the rate of increase has slowed substantially to average fewer than 30k per month in Q3 from around 90k per month in Q2.
The FTSE Europe ex UK index returned 29.5% (GBP). Financials, Utilities and Industrials helped to drive markets during Q3. Developed economies including France, Germany, Portugal and Greece posted positive Q2 GDP figures leading the way out of recession. The ECB led by Trichet confirmed that interest rates were "appropriate", interpreted by many as indicative that the 1% level would continue into the 2nd half of 2010 and that fiscal exit would be stepped up in 2011. The German IFO confidence survey rose to its highest level in a year. Fears abide that government sponsored schemes with a finite life span are driving the recovery and that when the car scrapping scheme and incentives to retain workers for shorter hours come to an end then recession will reoccur. Eurozone unemployment stands at 9.5%, its highest level for over 10 years.
In the US, Investors were encouraged by improved pre tax corporate profits amid signs that the recession is coming to an end. Rising US Auto sales contributed to the first increase in manufacturing for more than 18 months. Ford announced it was upping production. Consumer spending now accounts for about 70% of economic activity in the US. The domestic real estate market showed signs of growing strength as home prices rose for the first time in over three years. Unemployment figures continue to expand (up 214k in September to 9.8%) though the White House hopes protectionism and the cheap dollar will combine to reduce imports, increase exports and create jobs at home. Since the start of the recession 7.6m Americans have lost their jobs. Tim Geitner, US Treasury Secretary posted an expectation that the trend would continue into the second half of 2010 and this fear is impacting retail sales despite the "cash for clunkers" scheme. The decline in American second quarter GDP was revised down from 1% to 0.7% while the federal funds target rate was maintained at its all time low of 0%-0.25%. The FTSE US index was up 19.2% (GBP) over the third quarter of 2009.
Final figures showed Japan's economy growing by 3.7% in Q2 following 4 quarters of negative growth. The Bank of Japan maintains a cautious outlook given the continuing rise in unemployment (5.5% in August compared to 4.1% a year earlier). The FTSE Japan returned 9.3% (GBP) for Q3 while the FTSE Dev Asia Pacific ex Japan returned 29.5% (GBP). The Reserve Bank of Australia became the 1st from a G20 country to raise interest rates since July 2008 (up ¼% to 3.25%) with a claim that the risk of serious domestic economic contraction had passed. China experienced the largest declines in Asia. Reports that the authorities may protect state-run companies from trading mistakes by allowing them to default on derivative contracts hit confidence. GDP figures were revised upwards across Hong Kong, Taiwan and Singapore. With gains across Latin America and EMEA, positive returns were maintained in Emerging Markets, albeit at lower rates. The MSCI Emerging Markets Free index returned 24.6% (GBP) for the third quarter.

Fixed Income Overview





All index returns are in GBP terms unless stated otherwise.

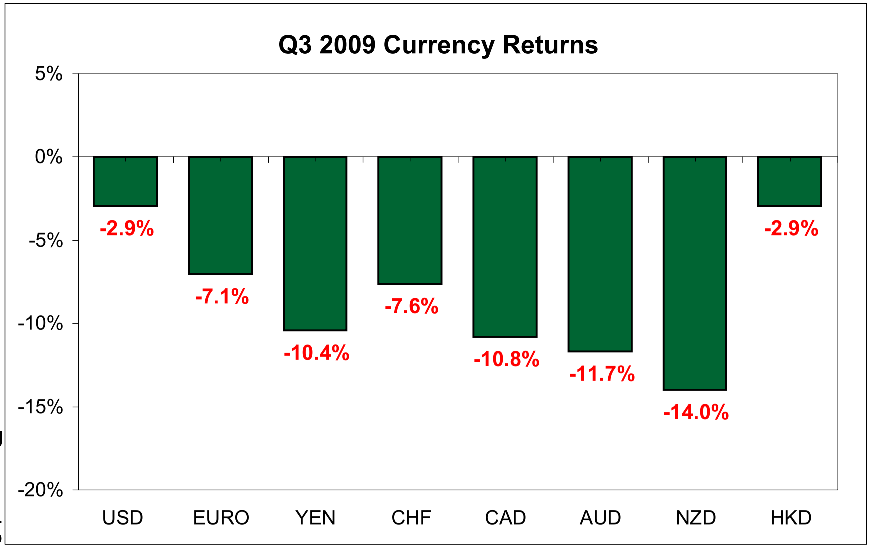
Following concerted efforts by governments and central banks to revive the flow of credit through the financial system by globally increasing liquidity, the global economic recovery appears to be underway. A number of countries have recorded a rise in economic growth in Q2, including Germany, France and Japan and it is noticeable that emerging market economies are recovering more quickly than developed economies. In the US and UK, recent economic data suggests that both are likely to emerge from recession in Q3. Equity markets have seen consistent gains over the last six months while corporate and government bond yields have fallen sharply. However there are some signs that the recovery continues to be fragile as in the US and UK, the manufacturing purchasing managers' indices (PMI) posted surprise falls in September. Combined with the larger than expected decrease in US payroll workers of 263,000 in September and the 0.4% rise in unemployment to 9.8%, economic recovery does not appear sustainable as yet.

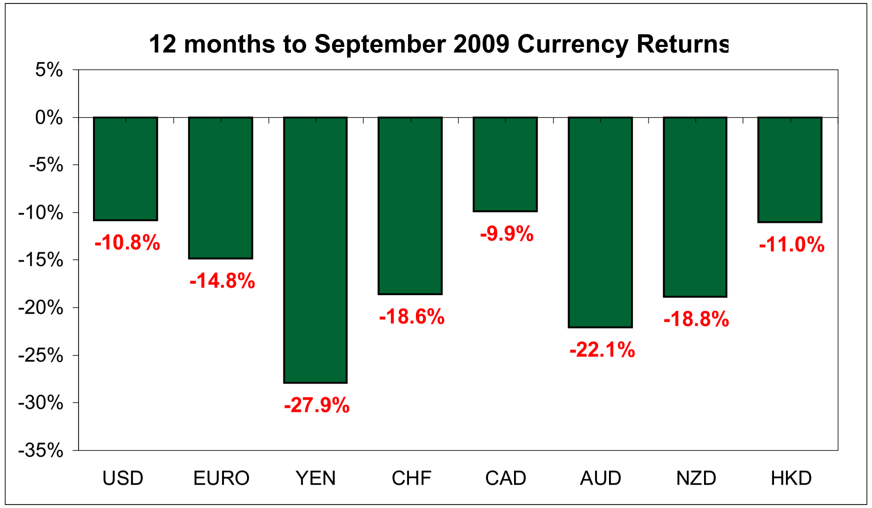
In the UK the Bank of England maintained the base rate of 0.5% and in September left the QE target of £175bn unchanged. Gilt yields came under pressure following the release of the minutes of the August monetary policy committee (MPC) meeting. The minutes showed that 3 members, one being Governor King had voted for QE to be extended to £200bn believing despite the ongoing improvement in economic data, the extremely large drop in the absolute level of activity (over the last year) had produced an output gap so big that the risk of deflation remained high and warranted a larger QE programme. Debt repayment or de-leveraging by households and companies still appears to be occurring in spite of QE, causing expectations of a further rise in the QE in November. 10 year benchmark government yields initially rose to a quarter high of 3.97% in July as UK June mortgage lending and retail sales data surprised to the upside, before falling to close the quarter at 3.59%. The FTSE UK Gilts All Stocks ended the quarter up 3.1%, while on the corporate bond side, the ML All Non-Gilts index was up 9.2%.

In Europe the European Central Bank also maintained its policy interest rate of 1.0%. Positive indicators came from the euro zone PMI surveys and ECB hints that it may revise upward the outlook for the euro zone economy in the September meeting. Bunds were boosted when ECB President Trichet announced that the Bank will not apply a spread / premium over the refinancing rate at the next 12 month tender given that the economic recovery still remains fragile. The second one year tender came in weaker than projected, as registered demand was only €75.2bn of funds at 1%. The euro zone annual CPI also came in weaker than expected at -0.3%, helping to squeeze 10yr yields below 3.20%. The iTraxx Europe Index, representative of 125 investment grade entities across 6 sectors including Consumers, Financials and Industrials saw spreads tightening slightly from 107.39 at the end of June to 98.56 at quarter end. The JPM European Govt Bond index returned 1.8% and the Barclay Capital Euro Aggregate Corporate Bond index returned 6.2% for the quarter (EUR).

The third quarter witnessed a broad rally in the US as investors moved away from near-zero returns of money market funds in search of yield. As a result, municipals and high yield bonds saw record cash infusions. Investment grade corporate bonds also saw a large influx as investors rebalanced their gains in the equity markets. In addition to increased investor risk appetite, fixed income markets are now functioning more normally as a result of government programmes such as the Term Asset-Backed Securities Loan Facility (TALF), Public-Private Investment Program (PPIP) and Build America Bond (BAB). However the long-term outlook still remains murky as the labour market continues to remain weak curbing any expectation of significant near-term growth. In addition, the commercial mortgage sector remains shaky due to deteriorating fundamentals and rising defaults. However, with inflation in check, the Fed Funds rate remained at target 0.0%– 0.25%, and risk appetite rising, investors continued the shift away from the safety of Treasuries. For the quarter, the JPM US Govt Bond index returned 2.19% and the Barclays Capital Global Aggregate Corporate Bond index returned 9.31%.

Currency Market Overview





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Financial market conditions at the end of the third quarter indicate a return to stability but remain supported by interest rates and by the money market operations of central banks providing ample liquidity. In this environment, the higher yielding currencies have generally outperformed, with the Norwegian krone and AUS$ posting the highest gains. The AUS$ was further boosted by the RBA's decision to raise interest rates by 25bp to 3.25% - the first developed country central bank to raise rates since the credit crisis began. In contrast, the US$ and sterling have underperformed. Although global economic growth is recovering with a number of countries recording a rise in economic growth in Q2, the US and the UK both recorded falls in economic activity (-0.7% and -0.6% change in GDP q/q respectively), lowering confidence over a sustainable recovery. The VIX volatility index has dropped slightly from 26.35 to 25.61 over the quarter.

Sterling depreciated against all major currencies as the combination of low interest rates, quantitative easing (QE) and renewed concerns over the pace of recovery have put it under pressure. The bank rate remains unchanged at 0.50%, while the Bank of England (BoE) increased its asset purchase programme by £50bn to £175bn in August. Sterling's trade weighted exchange rate index moved significantly lower over September to 78.9, the lowest level si April. Part of this move was prompted by a BoE report which suggested foreign investors may be unwilling to purchase sterling assets, reflecting concerns that Britain's economy would be more seriously affected by the global financial crisis than those of other countries. Shortly afterwards BoE Governor Mervyn King noted that sterling weakness may be helpful in rebalancing the UK economy away from domestic demand. The quarter ended with mixed economic data with the manufacturing Purchasing Managers' Index (PMI) weakening further to 49.5 from 49.7 in August, while the services PMI increased to 55.3 clearly above the 50.0 level signifying expansion. Sterling closed the quarter down 2.9% against the dollar, 7.1% against the Euro and 10.4% against the yen.

The dollar continued from Q2 to lose ground against all major currencies except sterling, against which the dollar has been relatively range bound over the last four months. Increased confidence that the global economy is emerging from recession has seen the 'safe haven' demand for dollar wane while a rise in risk appetite has driven buying of the higher yielding currencies. The general dollar weakness helped push gold above $1000/oz, closing the quarter at $995.75/oz. September's US FOMC policy statement noted that "economic activity has picked up following its severe downturn", however interest rates look set to remain low for some time. Recent US data has underlined the need for caution, as non-farm payrolls fell by a bigger than expected 263,000 in September with the unemployment rate reaching a 25 year high of 9.8%. At the same time the Institute for Supply Management (ISM) manufacturing index came in at 52.6, while the ISM non-manufacturing survey indicated expansion at 50.9 for the first time in 13 months. The dollar depreciated 4.1% against the euro, 7.5% against the yen and gained 2.9% against sterling.

The euro gained over the quarter as stronger economic data raised hopes that the euro zone would emerge from recession in the current quarter. Both Germany and France confirmed positive GDP results of +0.3% growth for Q2. Looking at more current gauges of sentiment, the euro zone PMI surveys for manufacturing and services came in at 49.3 and 50.9 respectively for September with France and Germany leading the recovery. The European Central Bank (ECB) maintained the euro repo rate at 1.0%, while ECB President Trichet noted that the various monetary policy stimulus measures would be unwound when the macroeconomic environment showed durable signs of improvement. The ECB's second one-year Long Term Refinancing Operation (LTRO) in September registered demand for only €75.2bn of funds at 1%, compared to €442bn back in June's LTRO. The euro gained 4.1% against the dollar and 7.1% against sterling; however it was down 3.4% against the yen for the quarter.

The landslide victory of the Democratic Party of Japan (DPJ) brought with it a stronger yen. GDP in Q2 grew 0.9% q/q from a revised -3.1% rate in Q1. The Bank of Japan unanimously left the policy rate unchanged at 0.1%, upgrading their economic conditions assessment from 'stop declining' to 'showing signs of recovery'. Over the quarter, yen gained against the dollar, euro and sterling by 7.5%, 3.4% and 10.4% respectively.

Scheme Performance

	Market Value £m	% of Fund	Three Months Portfolio	Three Months Benchmark	Three Months Excess Return	Three Months Relative Return	Year To Date Portfolio	Year To Date Benchmark	Year To Date Excess Return	Year To Date Relative Return	One Year Portfolio	One Year Benchmark	One Year Excess Return	One Year Relative Return
London Borough of Hillingdon	492.9	100.00	17.40	17.31	0.08	0.07	15.10	14.95	0.15	0.13	7.54	9.06	-1.51	-1.39

By Manager

	Market Value £m	% of Fund	Three Months Portfolio	Three Months Benchmark	Three Months Excess Return	Three Months Relative Return	Year To Date Portfolio	Year To Date Benchmark	Year To Date Excess Return	Year To Date Relative Return	One Year Portfolio	One Year Benchmark	One Year Excess Return	One Year Relative Return
Goldman Sachs	60.3	12.23	8.26	7.09	1.17	1.09	10.32	6.88	3.44	3.22	11.06	11.55	-0.48	-0.43
UBS	97.3	19.75	24.30	22.38	1.93	1.57	25.21	23.37	1.84	1.49	14.30	13.13	1.17	1.04
Alliance Bernstein	103.8	21.06	21.87	22.29	-0.41	-0.34	17.93	20.64	-2.70	-2.24	8.49	13.36	-4.88	-4.30
UBS Property	39.9	8.09	1.77	2.10	-0.33	-0.32	-9.01	-8.97	-0.04	-0.04	-20.85	-21.17	0.32	0.41
SSGA	97.1	19.71	18.95	18.78	0.17	0.14	18.05	17.99	0.06	0.05	-	-	-	-
SSGA Drawdown	21.1	4.27	4.75	4.43	0.31	0.30	-	-	-	-	-	-	-	-
SSGA Temporary	73.0	14.81	22.97	22.88	0.09	0.07	-	-	-	-	-	-	-	-

Total Fund Market Value at Qtr End: £492.9 M

Scheme Performance

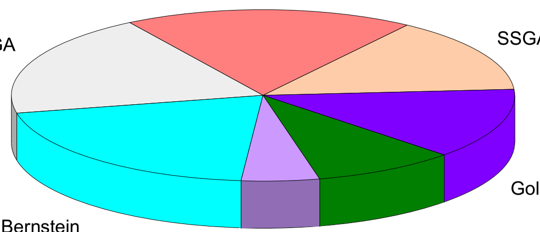
	Three Years				Five Years				Inception To Date			
	Portfolio	Benchmark	Excess Return	Relative Return	Portfolio	Benchmark	Excess Return	Relative Return	Portfolio	Benchmark	Excess Return	Relative Return
London Borough of Hillingdon	-1.60	0.81	-2.40	-2.39	5.34	7.20	-1.86	-1.73	6.12	6.38	-0.26	-0.24

By Manager

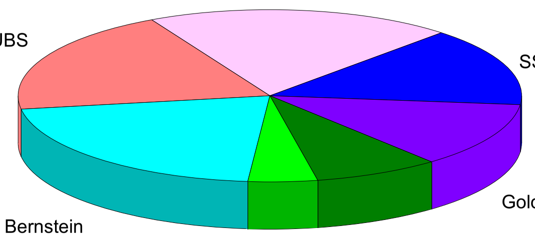
	Three Years Portfolio	Three Years Benchmark	Three Years Excess Return	Three Years Relative Return	Five Years Portfolio	Five Years Benchmark	Five Years Excess Return	Five Years Relative Return	Inception Date	Portfolio	Benchmark	Excess Return	Relative Return
Goldman Sachs	4.16	5.28	-1.12	-1.06	9.00	9.68	-0.68	-0.62	31/12/01	5.49	6.29	-0.80	-0.75
UBS	-0.17	1.55	-1.72	-1.69	5.59	7.19	-1.61	-1.50	31/12/88	10.08	8.77	1.31	1.21
Alliance Bernstein	-2.41	1.56	-3.97	-3.91	-	-	-	-	31/03/06	-2.61	1.09	-3.70	-3.66
UBS Property	-11.54	-12.04	0.50	0.56	-	-	-	-	31/03/06	-7.87	-8.08	0.21	0.23
SSGA	-	-	-	-	-	-	-	-	30/11/08	27.16	27.00	0.16	0.13
SSGA Drawdown	-	-	-	-	-	-	-	-	30/06/09	4.75	4.43	0.31	0.30
SSGA Temporary	-	-	-	-	-	-	-	-	30/06/09	22.97	22.88	0.09	0.07

Total Fund Market Value at Qtr End: £492.9 M

Weighting at Beginning of Period



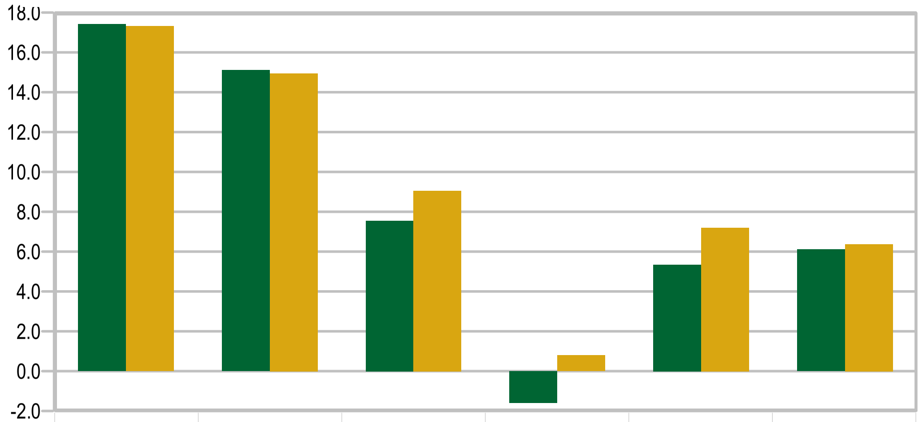
Weighting at End of Period



	Opening Market Value £(000)	% of Fund	Net Investment £(000)	Appreciation £(000)	Income Received £(000)	Closing Market Value £(000)	% of Fund
London Borough of Hillingdon	419,878	100.00	-0	71,248	1,795	492,921	100.00
Capital International	124	0.03	-91	0	-3	30	0.01
Goldman Sachs	55,693	13.26	0	4,556	43	60,292	12.23
UBS	78,408	18.67	-109	18,369	677	97,344	19.75
Alliance Bernstein	85,193	20.29	-0	18,019	616	103,828	21.06
UBS Property	39,186	9.33		259	437	39,882	8.09
SSGA	81,564	19.43	109	15,465		97,139	19.71
SSGA Drawdown	20,115	4.79		955		21,070	4.27
SSGA Temporary	59,092	14.07	282	13,622		72,996	14.81
Nomura	502	0.12	-191	4	26	340	0.07

London Borough of Hillingdon

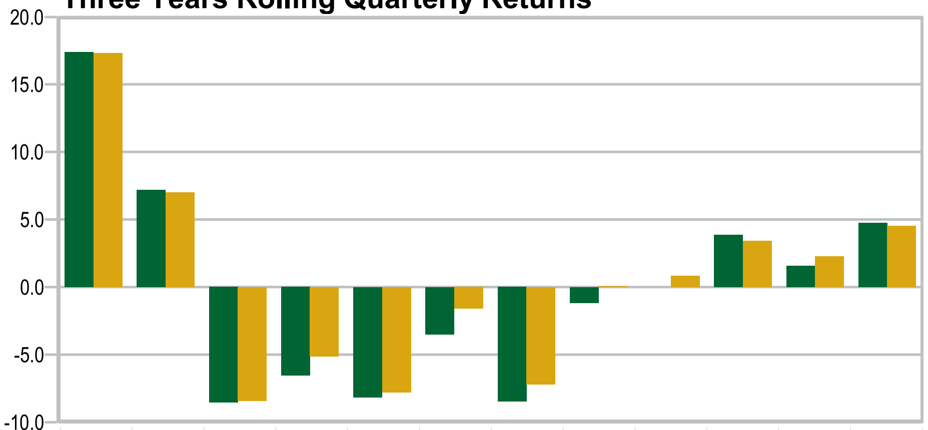
Historical Plan Performance



	Three Months	Year To Date	One Year	Three Years	Five Years	Inception To Date
Fund	17.40	15.10	7.54	-1.60	5.34	6.12
Benchmark	17.31	14.95	9.06	0.81	7.20	6.38

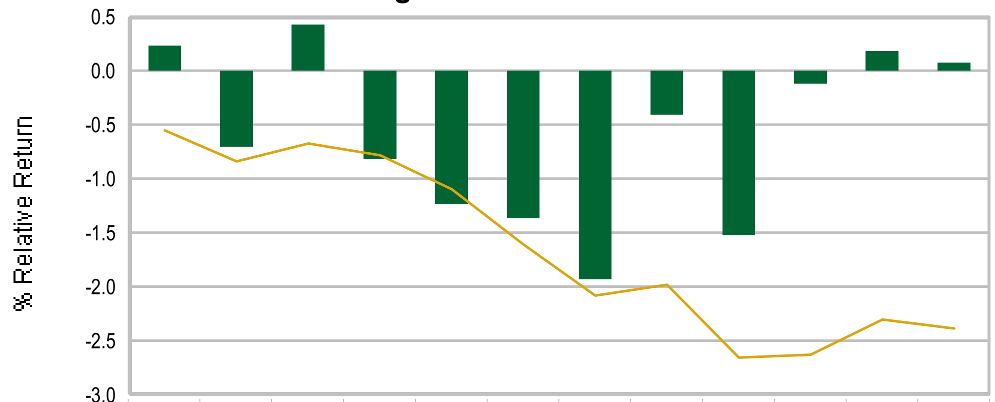
Risk Statistics - 3 years	Fund	B'mark
Performance Return	-1.60	0.81
Standard Deviation	15.18	14.63
Relative Return	-2.39	
Tracking Error	1.34	
Information Ratio	-1.80	
Beta	1.03	
Alpha	-2.19	
R Squared	0.99	
Sharpe Ratio	-0.46	-0.32
Percentage of Total Fund	100.0	
Inception Date	Sep-1995	
Opening Market Value (£000)	419,878	
Net Investment £(000)	-0	
Income Received £(000)	1,795	
Appreciation £(000)	71,248	
Closing Market Value (£000)	492,921	

Three Years Rolling Quarterly Returns



	Q3 09	Q2 09	Q1 09	Q4 08	Q3 08	Q2 08	Q1 08	Q4 07	Q3 07	Q2 07	Q1 07	Q4 06
Fund	17.40	7.21	-8.55	-6.57	-8.18	-3.51	-8.47	-1.17	0.00	3.87	1.58	4.77
Benchmark	17.31	7.02	-8.44	-5.13	-7.80	-1.61	-7.20	0.06	0.83	3.43	2.30	4.53

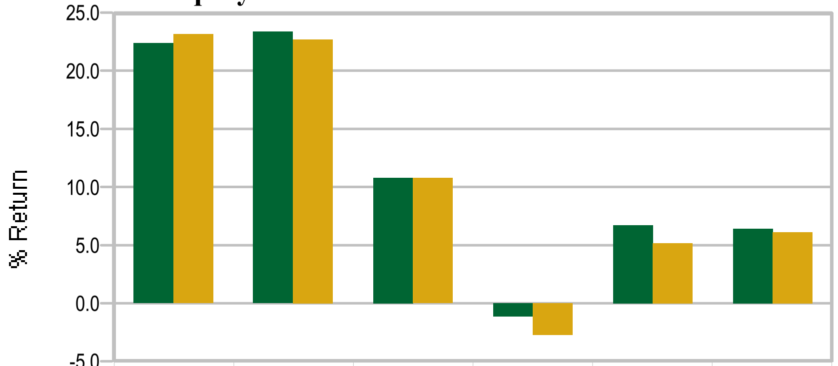
Three Years Rolling Relative Returns



	Q4 06	Q1 07	Q2 07	Q3 07	Q4 07	Q1 08	Q2 08	Q3 08	Q4 08	Q1 09	Q2 09	Q3 09
3M Relative	0.23	-0.70	0.43	-0.82	-1.24	-1.37	-1.93	-0.41	-1.52	-0.12	0.18	0.07
3Y Relative	-0.55	-0.84	-0.67	-0.78	-1.10	-1.61	-2.08	-1.98	-2.66	-2.63	-2.30	-2.39

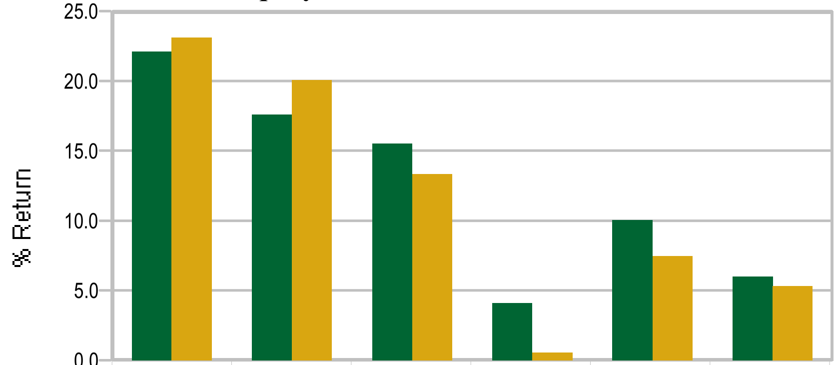
London Borough of Hillingdon

UK Equity



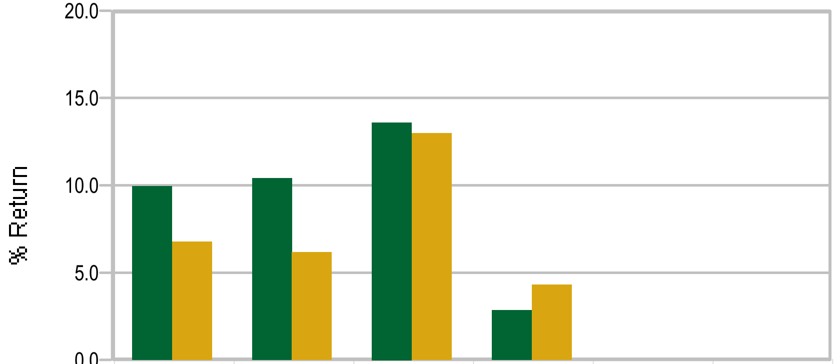
	Three Months	Year To Date	One Year	Three Years	Five Years	Inception To Date
Fund	23.14	22.70	10.78	-2.71	5.19	6.12
B'Mark	22.38	23.37	10.80	-1.13	6.71	6.41

Overseas Equity



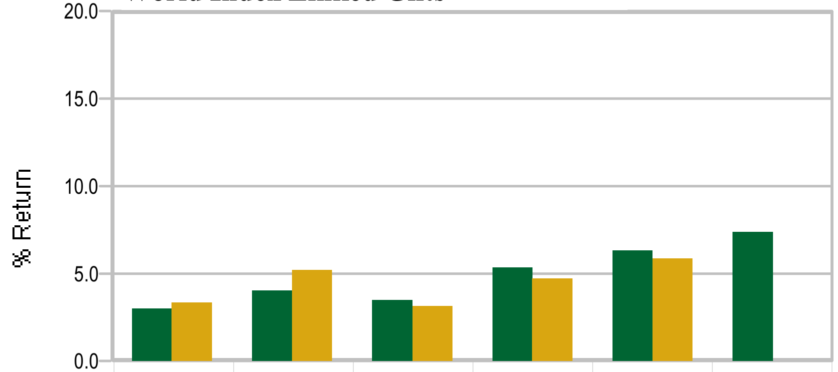
	Three Months	Year To Date	One Year	Three Years	Five Years	Inception To Date
Fund	23.09	20.07	13.33	0.56	7.45	5.32
B'Mark	22.12	17.60	15.51	4.08	10.06	5.99

World Fixed Income



	Three Months	Year To Date	One Year	Three Years	Five Years	Inception To Date
Fund	9.95	10.39	13.61	2.85	-	-
B'Mark	6.76	6.19	12.98	4.31	-	-

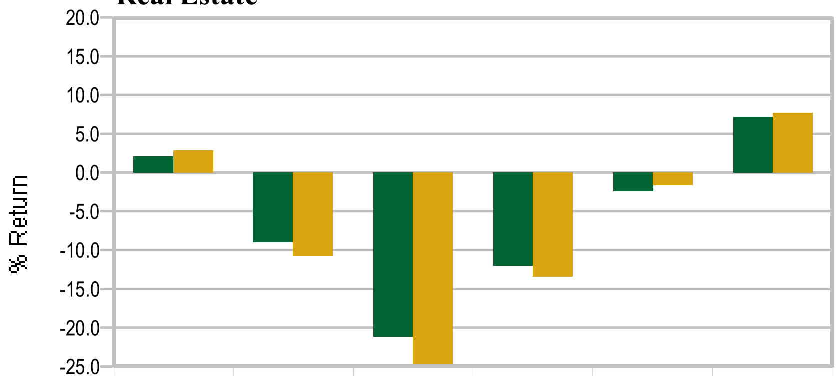
World Index Linked Gilts



	Three Months	Year To Date	One Year	Three Years	Five Years	Inception To Date
Fund	3.36	5.20	3.12	4.71	5.87	
B'Mark	2.99	4.01	3.50	5.33	6.30	7.37

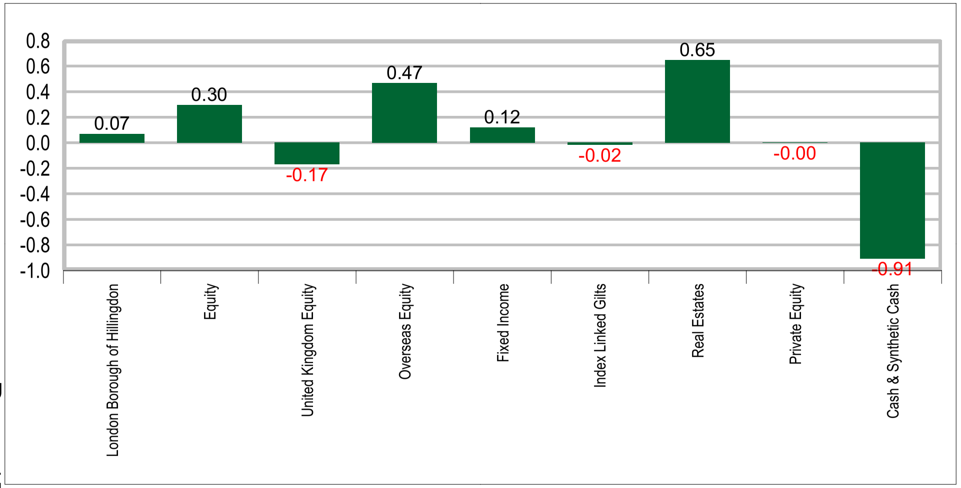
London Borough of Hillingdon

Real Estate



	Three Months	Year To Date	One Year	Three Years	Five Years	Inception To Date
Fund	2.89	-10.75	-24.69	-13.44	-1.67	7.71
B'Mark	2.10	-8.97	-21.17	-12.03	-2.41	7.19

Relative Contribution - Three Months



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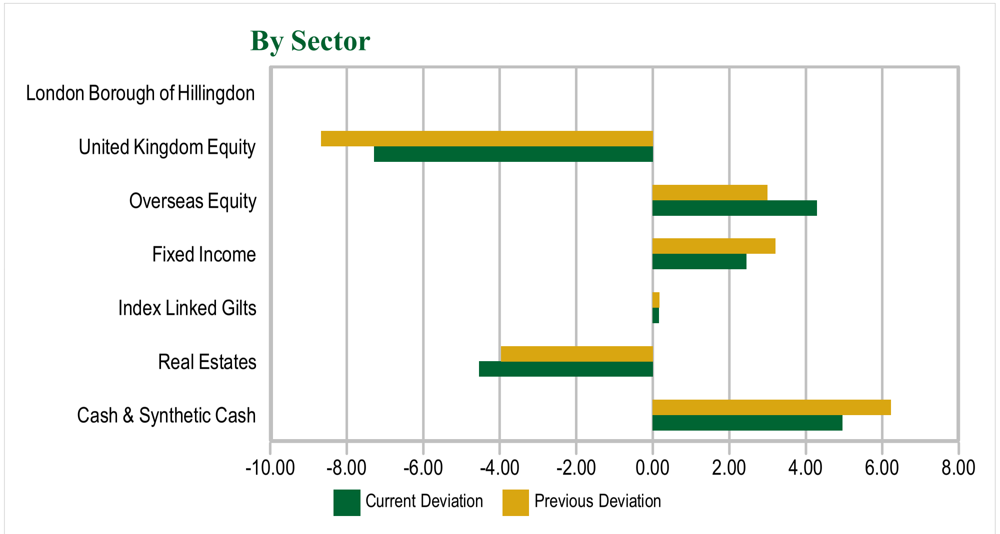
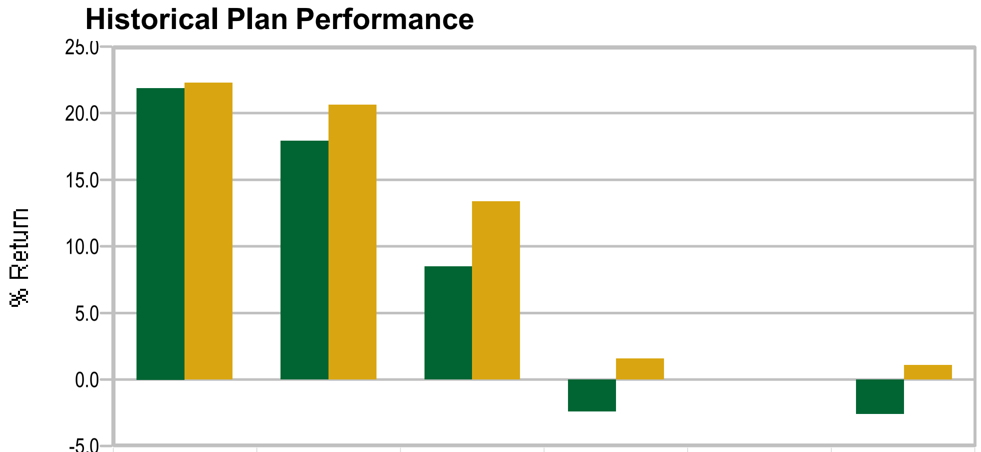
	Return	Benchmark	Relative Return	Hedging Effect	Passive Currency	Asset Allocation	Stock Selection Effect	Relative contribution
London Borough of Hillingdon	17.40	17.31	0.07	0.00	1.90	-0.82	-0.92	0.07
Equity	23.11	-	23.11	0.00	1.28	-0.21	-0.76	0.30
United Kingdom Equity	23.14	22.38	0.62	0.00	-0.00	-0.35	0.18	-0.17
Overseas Equity	23.09	22.12	0.79	0.00	1.28	0.14	-0.94	0.47
Fixed Income	9.95	6.76	2.98	0.00	0.60	-0.27	-0.21	0.12
Index Linked Gilts	3.36	2.99	0.35	0.00	0.00	-0.04	0.02	-0.02
Real Estates	2.89	2.10	0.77	0.00	-0.00	0.62	0.03	0.65
Private Equity	0.00	-	0.00	0.00	0.00	-0.00	0.00	-0.00
Cash & Synthetic Cash	0.22	-	0.22	0.00	0.01	-0.92	0.00	-0.91

London Borough of Hillingdon



	Current Qtr	Previous Qtr	Current Benchmark	Current Deviation	Previous Benchmark	Previous Deviation
London Borough of Hillingdon	100.00	100.00	100.00		100.00	
United Kingdom Equity	29.55	28.16	36.84	-7.29	36.84	-8.68
Overseas Equity	41.14	39.86	36.85	4.29	36.85	3.01
Fixed Income	12.97	13.73	10.52	2.45	10.52	3.21
Index Linked Gilts	5.43	5.44	5.26	0.17	5.26	0.18
Real Estates	5.98	6.56	10.53	-4.55	10.53	-3.97
Cash & Synthetic Cash	4.96	6.23		4.96		6.23

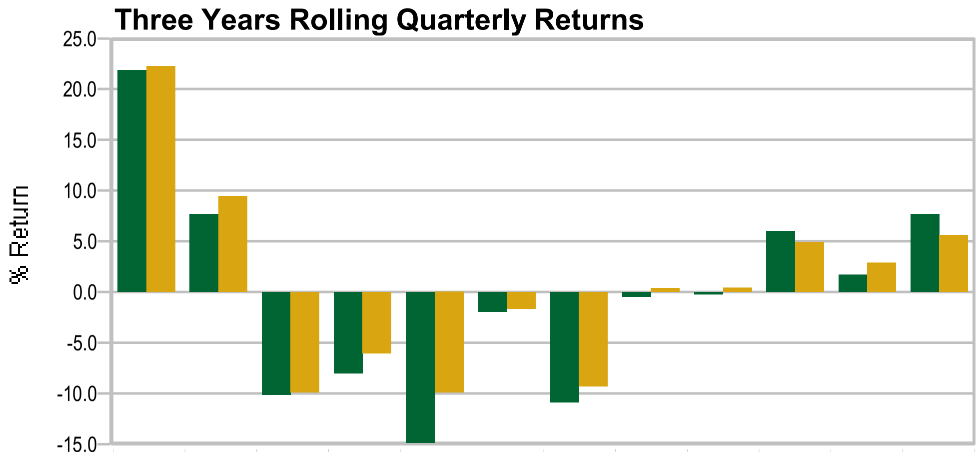
Alliance Bernstein



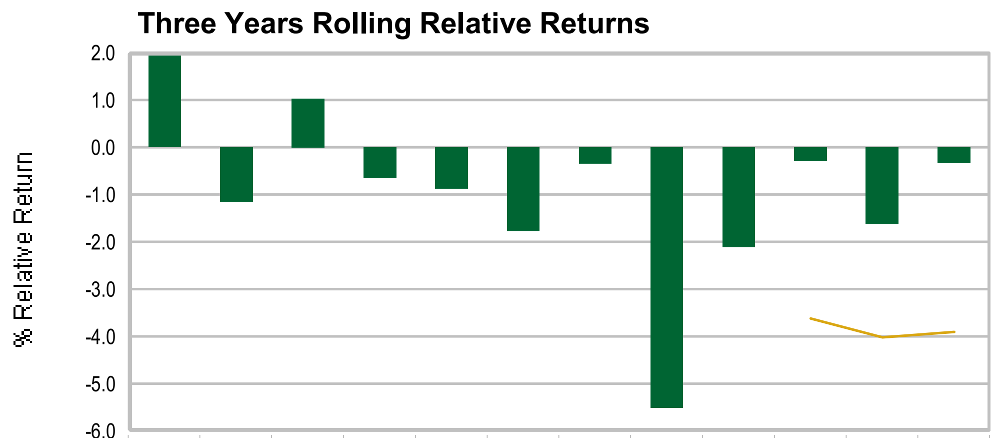
	Three Months	Year To Date	One Year	Three Years	Five Years	Inception To Date
Fund	21.87	17.93	8.49	-2.41	-	-2.61
Benchmark	22.29	20.64	13.36	1.56	-	1.09

Risk Statistics - 3 years

	Fund	B'mark
Performance Return	-2.41	1.56
Standard Deviation	19.76	18.84
Relative Return	-3.91	
Tracking Error	2.35	
Information Ratio	-1.69	
Beta	1.04	
Alpha	-3.64	
R Squared	0.99	
Sharpe Ratio	-0.40	-0.21
Percentage of Total Fund	21.1	
Inception Date	Mar-2006	
Opening Market Value (£000)	85,193	
Net Investment £(000)	-0	
Income Received £(000)	616	
Appreciation £(000)	18,019	
Closing Market Value (£000)	103,828	



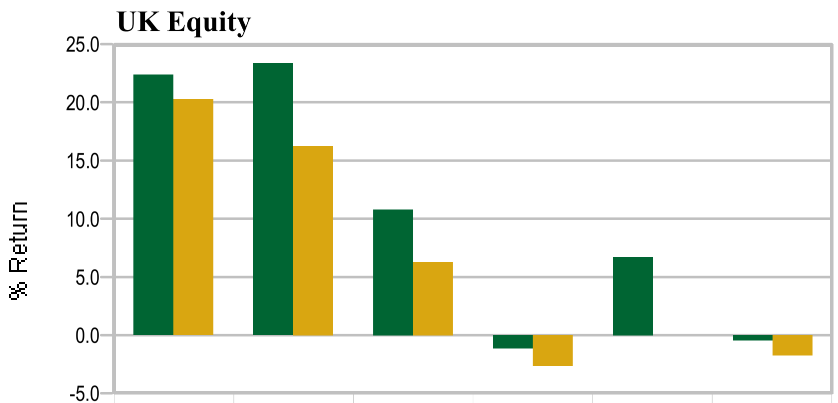
	Q3 09	Q2 09	Q1 09	Q4 08	Q3 08	Q2 08	Q1 08	Q4 07	Q3 07	Q2 07	Q1 07	Q4 06
Fund	21.87	7.69	-10.14	-8.01	-14.89	-1.97	-10.90	-0.49	-0.22	6.01	1.72	7.65
Benchmark	22.29	9.46	-9.87	-6.03	-9.92	-1.63	-9.30	0.38	0.43	4.93	2.92	5.61



	Q4 06	Q1 07	Q2 07	Q3 07	Q4 07	Q1 08	Q2 08	Q3 08	Q4 08	Q1 09	Q2 09	Q3 09
3M Relative	1.93	-1.17	1.03	-0.65	-0.87	-1.77	-0.35	-5.51	-2.11	-0.29	-1.62	-0.34
3Y Relative	-	-	-	-	-	-	-	-	-	-3.62	-4.02	-3.91

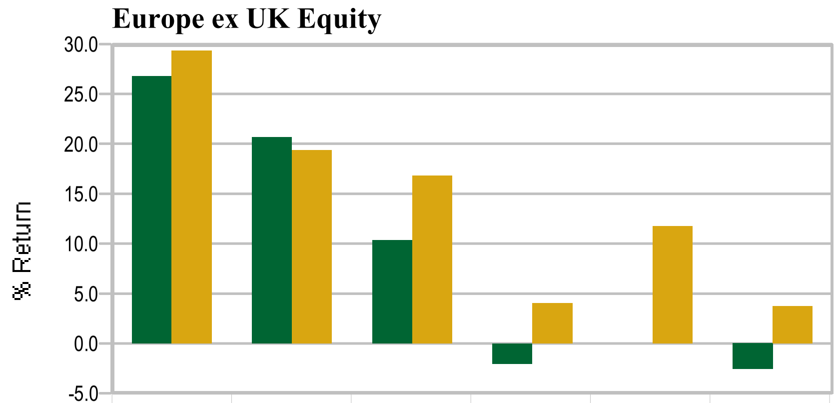
Alliance Bernstein

UK Equity



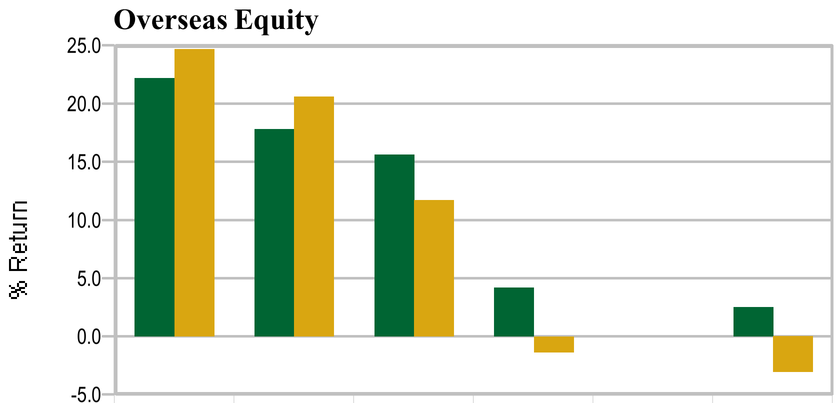
	Three Months	Year To Date	One Year	Three Years	Five Years	Inception To Date
Fund	20.25	16.27	6.29	-2.66	-	-1.74
B'Mark	22.38	23.37	10.80	-1.13	6.71	-0.48

Europe ex UK Equity



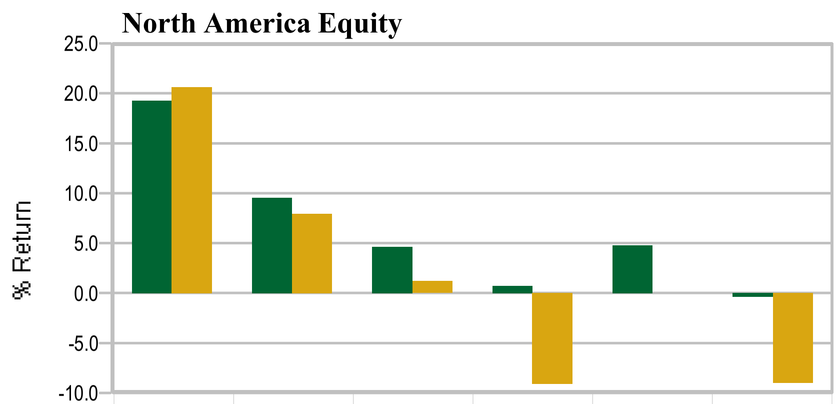
	Three Months	Year To Date	One Year	Three Years	Five Years	Inception To Date
Fund	26.79	20.68	10.36	-2.03	-	-2.56
B'Mark	29.37	19.37	16.80	4.03	11.77	3.71

Overseas Equity



	Three Months	Year To Date	One Year	Three Years	Five Years	Inception To Date
Fund	24.67	20.61	11.72	-1.38	-	-3.08
B'Mark	22.18	17.80	15.60	4.16	-	2.53

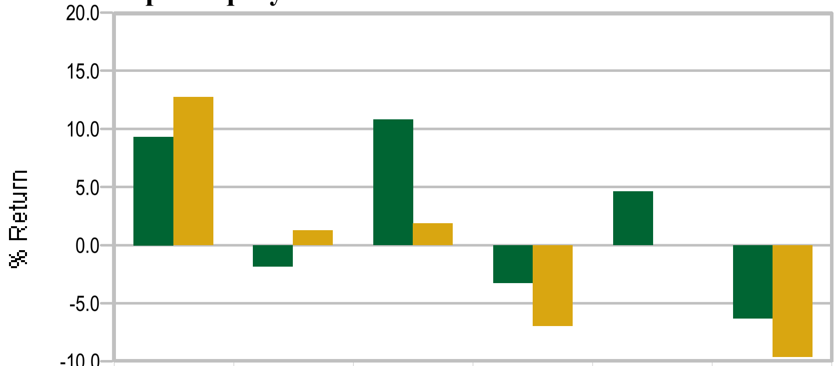
North America Equity



	Three Months	Year To Date	One Year	Three Years	Five Years	Inception To Date
Fund	20.61	7.96	1.20	-9.12		-8.99
B'Mark	19.28	9.53	4.63	0.72	4.78	-0.41

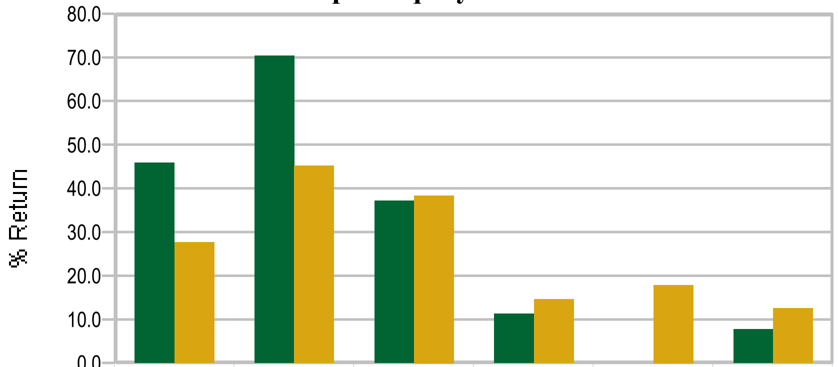
Alliance Bernstein

Japan Equity



	Three Months	Year To Date	One Year	Three Years	Five Years	Inception To Date
Fund	12.75	1.28	1.88	-6.94	-	-9.60
B'Mark	9.33	-1.83	10.81	-3.25	4.62	-6.28

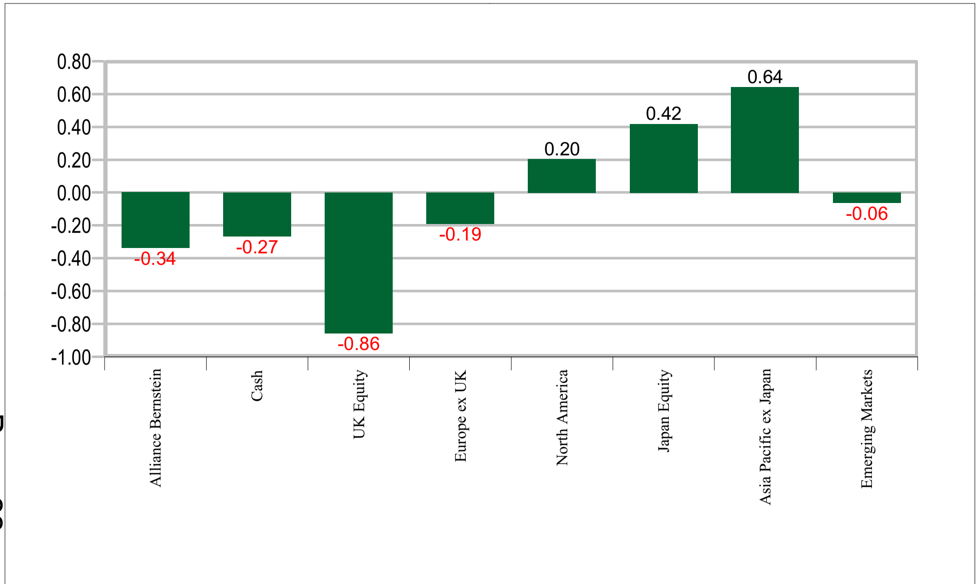
Asia Pacific ex Japan Equity



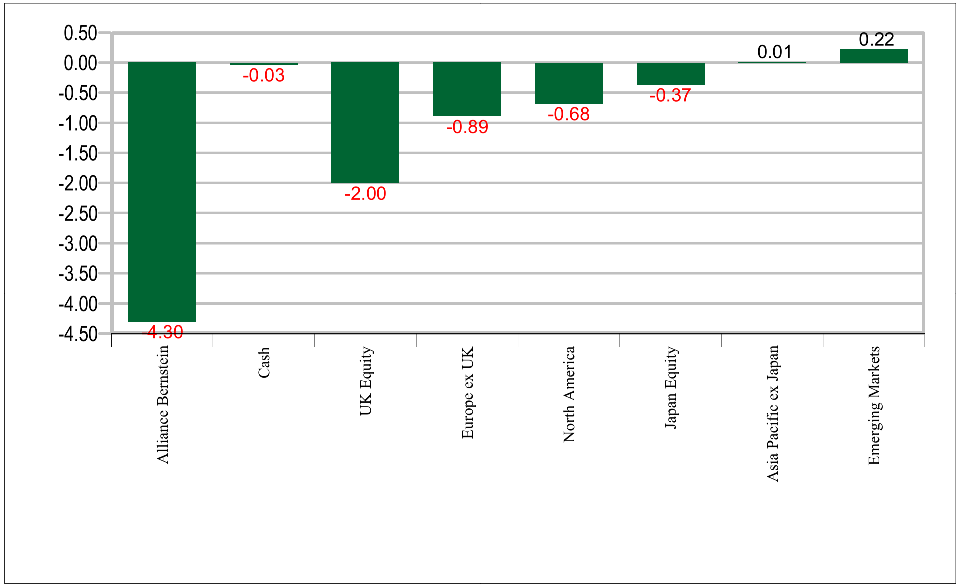
	Three Months	Year To Date	One Year	Three Years	Five Years	Inception To Date
Fund	45.93	70.33	37.15	11.31	-	7.76
B'Mark	27.69	45.20	38.34	14.64	17.88	12.59

Alliance Bernstein

Relative Contribution - Three Months



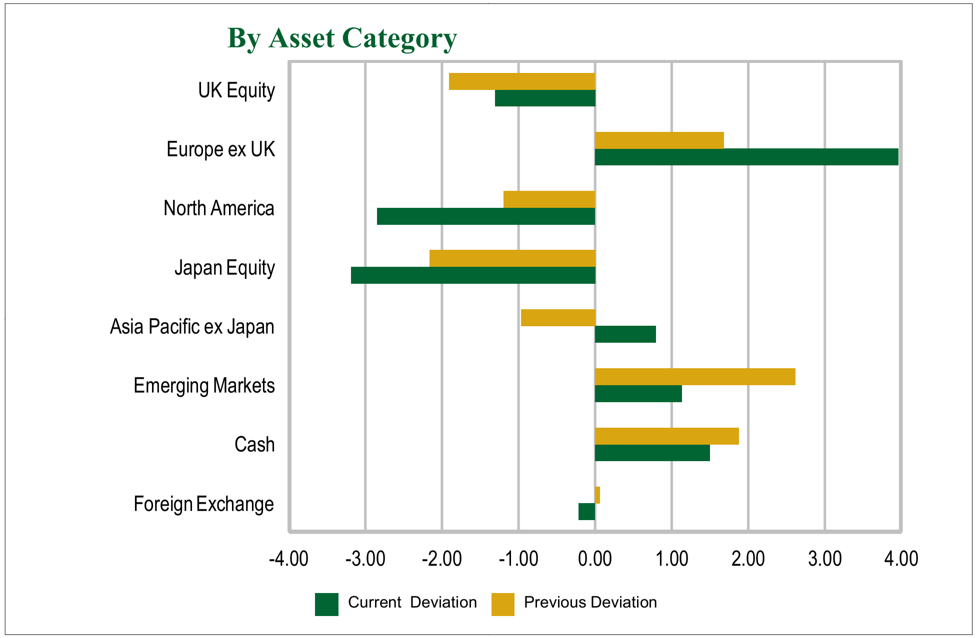
Relative Contribution - One Year



	Return	B'mark	Relative Return	Hedging Effect	Currency Effect	Asset Allocation	Stock Selection	Relative Contribution
Alliance Bernstein	21.87	22.29	-0.34	-0.22	0.17	0.19	-0.47	-0.34
UK Equity	20.25	22.38	-1.74	0.00	0.05	-0.05	-0.86	-0.86
Europe ex UK	26.79	29.37	-2.00	0.00	0.17	0.03	-0.38	-0.19
North America	20.61	19.28	1.12	0.00	-0.03	0.05	0.19	0.20
Japan Equity	12.75	9.33	3.13	0.00	-0.18	0.44	0.16	0.42
Asia Pacific ex Japan	45.93	27.69	14.28	0.00	0.13	0.03	0.49	0.64
Emerging Markets	24.04	25.24	-0.96	0.00	0.03	-0.03	-0.07	-0.06
Cash	3.51	-	3.51	0.00	0.00	-0.27	0.00	-0.27

	Return	B'mark	Relative Return	Hedging Effect	Currency Effect	Asset Allocation	Stock Selection	Relative Contribution
Alliance Bernstein	8.49	13.36	-4.30	-0.66	-0.20	0.38	-3.87	-4.30
UK Equity	6.29	10.80	-4.07	0.00	0.03	-0.10	-1.94	-2.00
Europe ex UK	10.36	16.80	-5.51	0.00	0.02	0.01	-0.92	-0.89
North America	1.20	4.63	-3.28	0.00	0.14	-0.22	-0.60	-0.68
Japan Equity	1.88	10.81	-8.06	0.00	-0.27	0.45	-0.55	-0.37
Asia Pacific ex Japan	37.15	38.34	-0.87	0.00	0.15	-0.18	0.05	0.01
Emerging Markets	33.65	34.02	-0.27	0.00	-0.09	0.27	0.04	0.22
Cash	0.28	-	0.28	0.00	-0.19	0.16	0.00	-0.03

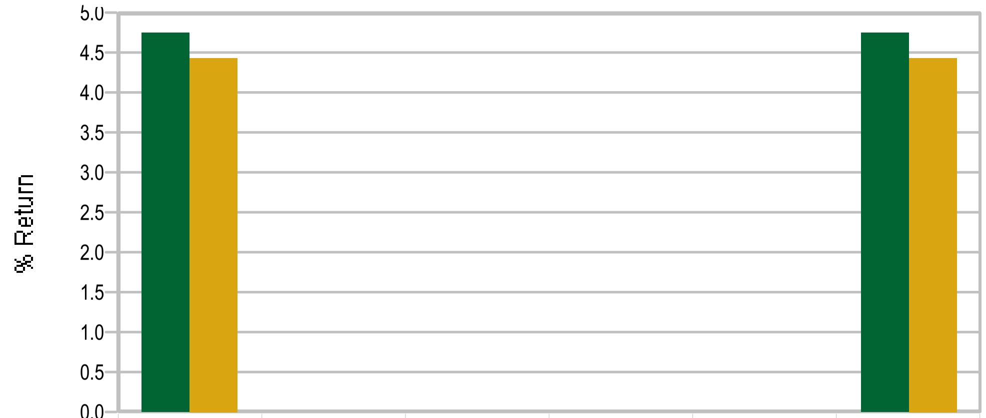
Alliance Bernstein



	Current Qtr	Previous Qtr	Current Benchmark	Current Deviation	Previous Benchmark	Previous Deviation
UK Equity	48.69	48.09	50.00	-1.31	50.00	-1.91
Europe ex UK	18.96	16.68	15.00	3.96	15.00	1.68
North America	14.65	16.31	17.50	-2.85	17.50	-1.19
Japan Equity	4.31	5.34	7.50	-3.19	7.50	-2.16
Asia Pacific ex Japan	5.79	4.03	5.00	0.79	5.00	-0.97
Emerging Markets	6.13	7.62	5.00	1.13	5.00	2.62
Cash	1.50	1.88		1.50		1.88
Foreign Exchange	-0.21	0.06		-0.21		0.06

SSGA Drawdown

Historical Plan Performance



	Three Months	Year To Date	One Year	Three Years	Five Years	Inception To Date
Fund	4.75	-	-	-	-	4.75
Benchmark	4.43	-	-	-	-	4.43

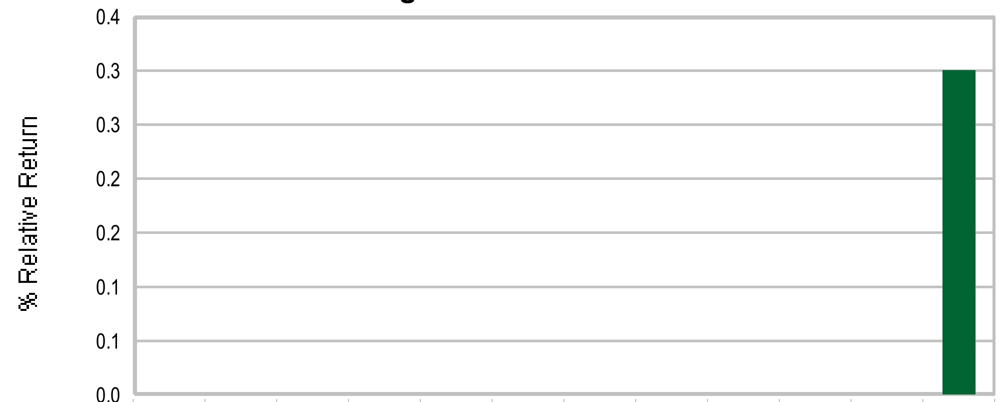
Risk Statistics - 3 years

	Fund	B'mark
Performance Return	-	
Standard Deviation	-	
Relative Return	-	
Tracking Error	-	
Information Ratio	-	
Beta	-	
Alpha	-	
R Squared	-	
Sharpe Ratio	-	
Percentage of Total Fund	4.3	
Inception Date	Jun-2009	
Opening Market Value (£000)	20,115	
Net Investment £(000)	0	
Income Received £(000)	0	
Appreciation £(000)	955	
Closing Market Value (£000)	21,070	

Three Years Rolling Quarterly Returns

	Q3 09	Q2 09	Q1 09	Q4 08	Q3 08	Q2 08	Q1 08	Q4 07	Q3 07	Q2 07	Q1 07	Q4 06
Fund	4.75	-	-	-	-	-	-	-	-	-	-	-
Benchmark	4.43	-	-	-	-	-	-	-	-	-	-	-

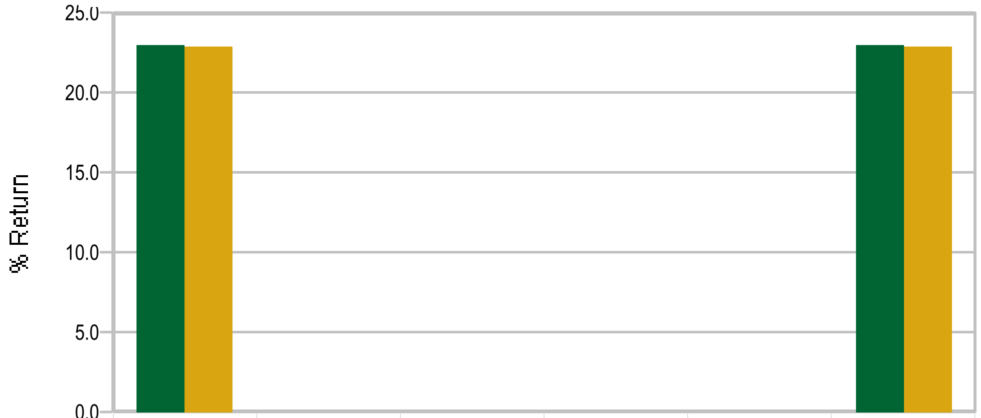
Three Years Rolling Relative Returns



	Q4 06	Q1 07	Q2 07	Q3 07	Q4 07	Q1 08	Q2 08	Q3 08	Q4 08	Q1 09	Q2 09	Q3 09
3M Relative	-	-	-	-	-	-	-	-	-	-	-	0.30
3Y Relative	-	-	-	-	-	-	-	-	-	-	-	-

SSGA Temporary

Historical Plan Performance



	Three Months	Year To Date	One Year	Three Years	Five Years	Inception To Date
Fund	22.97	-	-	-	-	22.97
Benchmark	22.88	-	-	-	-	22.88

Risk Statistics - 3 years

	Fund	B'mark
Performance Return	-	
Standard Deviation	-	
Relative Return	-	
Tracking Error	-	
Information Ratio	-	
Beta	-	
Alpha	-	
R Squared	-	
Sharpe Ratio	-	
Percentage of Total Fund	14.8	
Inception Date	Jun-2009	
Opening Market Value (£000)	59,092	
Net Investment £(000)	282	
Income Received £(000)	0	
Appreciation £(000)	13,622	
Closing Market Value (£000)	72,996	

Three Years Rolling Quarterly Returns

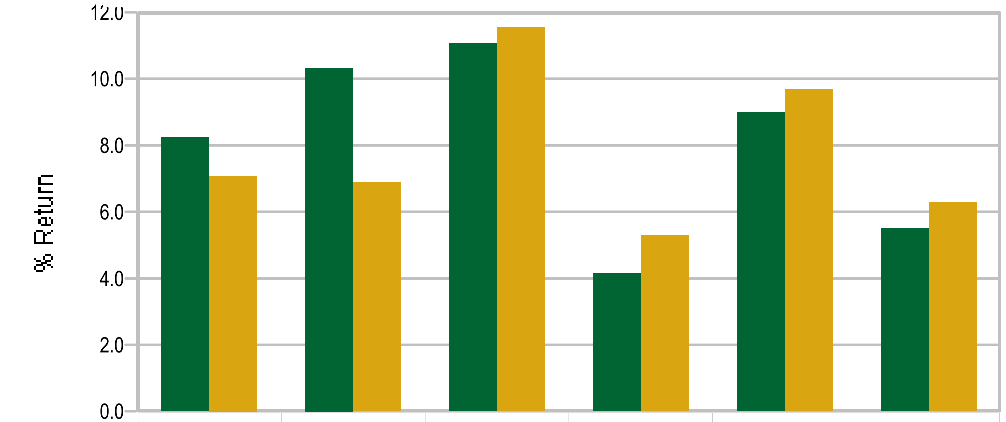
	Q3 09	Q2 09	Q1 09	Q4 08	Q3 08	Q2 08	Q1 08	Q4 07	Q3 07	Q2 07	Q1 07	Q4 06
Fund	22.97	-	-	-	-	-	-	-	-	-	-	-
Benchmark	22.88	-	-	-	-	-	-	-	-	-	-	-

Three Years Rolling Relative Returns

	Q4 06	Q1 07	Q2 07	Q3 07	Q4 07	Q1 08	Q2 08	Q3 08	Q4 08	Q1 09	Q2 09	Q3 09
3M Relative	-	-	-	-	-	-	-	-	-	-	-	0.07
3Y Relative	-	-	-	-	-	-	-	-	-	-	-	-

Goldman Sachs

Historical Plan Performance

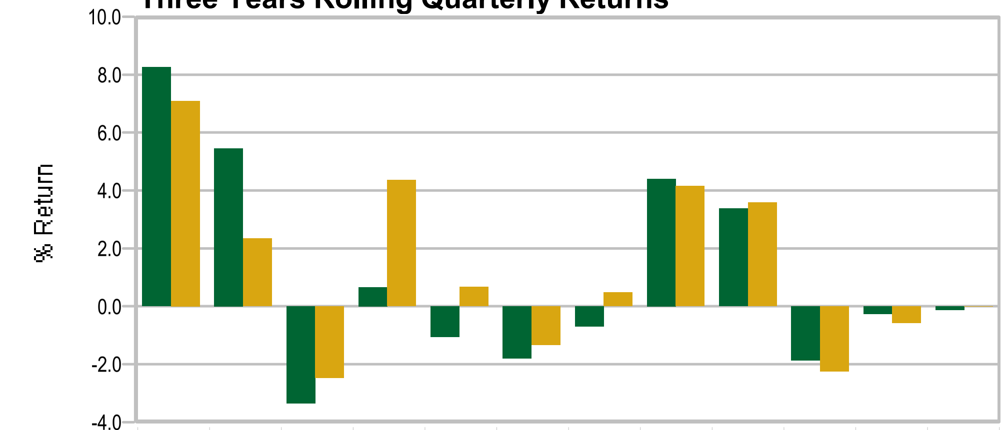


	Three Months	Year To Date	One Year	Three Years	Five Years	Inception To Date
Fund	8.26	10.32	11.06	4.16	9.00	5.49
Benchmark	7.09	6.88	11.55	5.28	9.68	6.29

Risk Statistics - 3 years

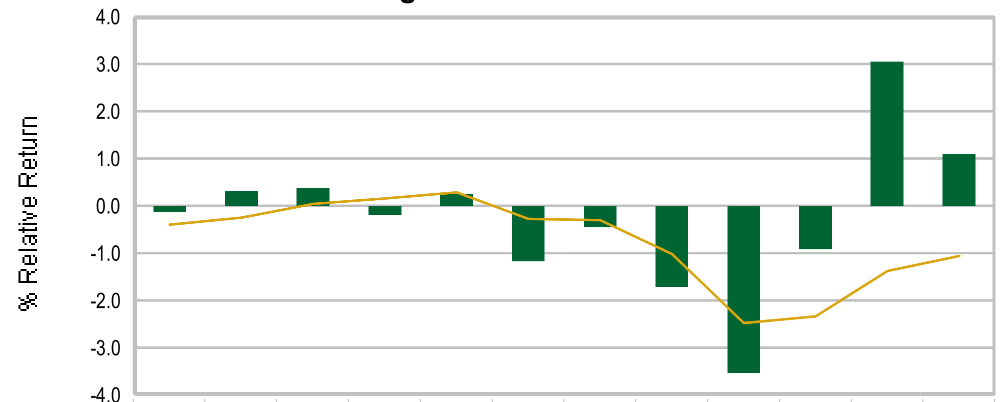
Risk Statistics - 3 years	Fund	B'mark
Performance Return	4.16	5.28
Standard Deviation	7.20	6.70
Relative Return	-1.06	
Tracking Error	2.11	
Information Ratio	-0.53	
Beta	1.04	
Alpha	-1.03	
R Squared	0.92	
Sharpe Ratio	-0.18	-0.02
Percentage of Total Fund	12.2	
Inception Date	Dec-2001	
Opening Market Value (£000)	55,693	
Net Investment £(000)	0	
Income Received £(000)	43	
Appreciation £(000)	4,556	
Closing Market Value (£000)	60,292	

Three Years Rolling Quarterly Returns



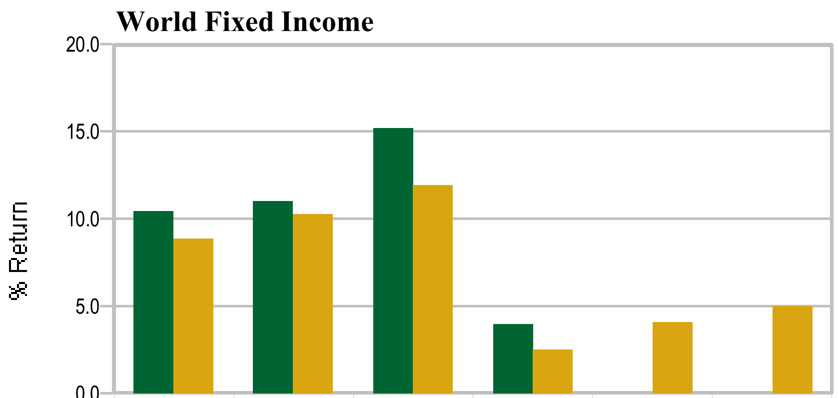
	Q3 09	Q2 09	Q1 09	Q4 08	Q3 08	Q2 08	Q1 08	Q4 07	Q3 07	Q2 07	Q1 07	Q4 06
Fund	8.26	5.46	-3.37	0.67	-1.06	-1.80	-0.70	4.40	3.38	-1.88	-0.28	-0.14
Benchmark	7.09	2.34	-2.48	4.36	0.67	-1.35	0.48	4.15	3.58	-2.25	-0.59	-0.01

Three Years Rolling Relative Returns

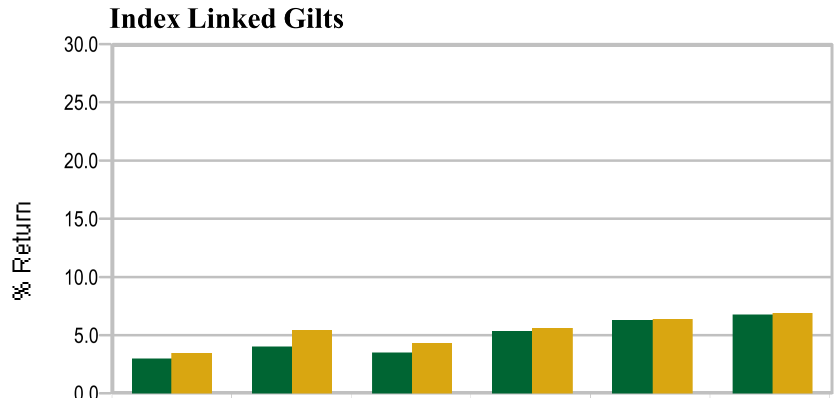


	Q4 06	Q1 07	Q2 07	Q3 07	Q4 07	Q1 08	Q2 08	Q3 08	Q4 08	Q1 09	Q2 09	Q3 09
3M Relative	-0.13	0.31	0.38	-0.20	0.24	-1.17	-0.46	-1.71	-3.54	-0.91	3.05	1.09
3Y Relative	-0.40	-0.25	0.04	0.16	0.29	-0.28	-0.31	-1.03	-2.48	-2.34	-1.38	-1.06

Goldman Sachs

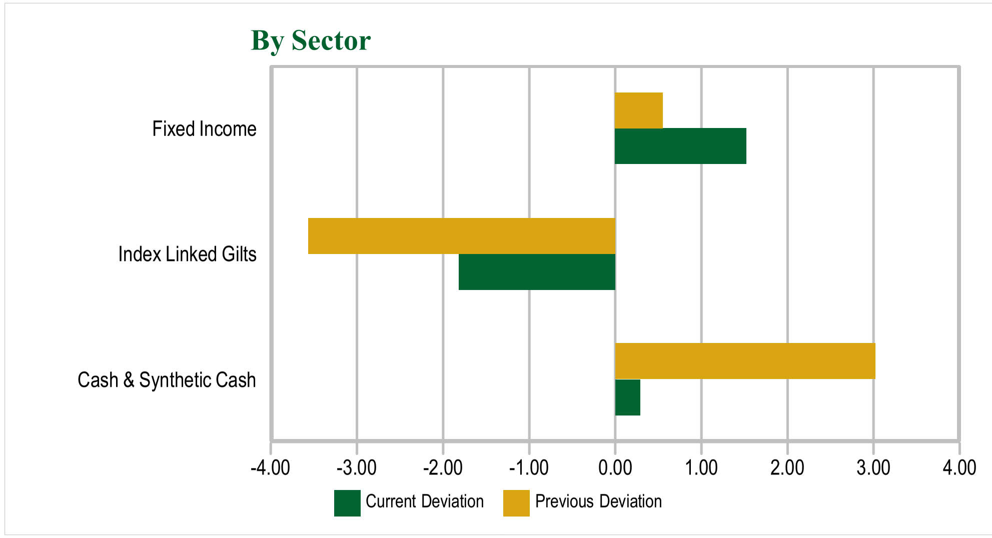


	Three Months	Year To Date	One Year	Three Years	Five Years	Inception To Date
Fund	10.44	11.01	15.19	3.98	-	-
B'Mark	8.87	10.25	11.94	2.51	4.09	5.00



	Three Months	Year To Date	One Year	Three Years	Five Years	Inception To Date
Fund	3.46	5.43	4.33	5.61	6.37	6.90
B'Mark	2.99	4.01	3.50	5.33	6.30	6.76

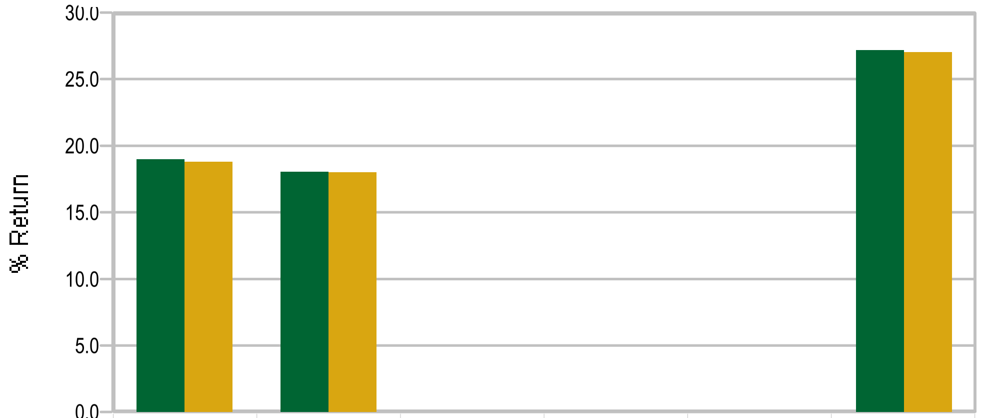
Goldman Sachs



	Current Qtr	Previous Qtr	Current Benchmark	Current Deviation	Previous Benchmark	Previous Deviation
Fixed Income	71.52	70.55	70.00	1.52	70.00	0.55
Index Linked Gilts	28.19	26.43	30.00	-1.81	30.00	-3.57
Cash & Synthetic Cash	0.29	3.02		0.29		3.02

SSGA

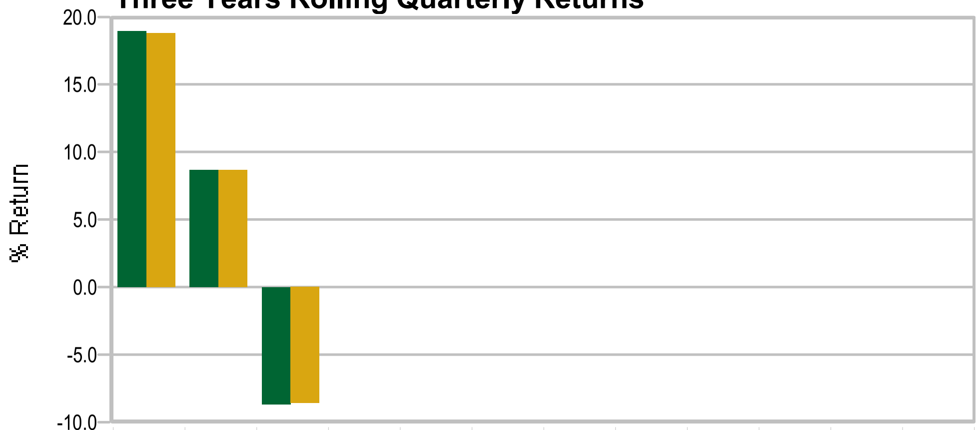
Historical Plan Performance



	Three Months	Year To Date	One Year	Three Years	Five Years	Inception To Date
Fund	18.95	18.05	-	-	-	27.16
Benchmark	18.78	17.99	-	-	-	27.00

Risk Statistics - 3 years	Fund	B'mark
Performance Return	-	
Standard Deviation	-	
Relative Return	-	
Tracking Error	-	
Information Ratio	-	
Beta	-	
Alpha	-	
R Squared	-	
Sharpe Ratio	-	
Percentage of Total Fund	19.7	
Inception Date	Nov-2008	
Opening Market Value (£000)	81,564	
Net Investment £(000)	109	
Income Received £(000)	0	
Appreciation £(000)	15,465	
Closing Market Value (£000)	97,139	

Three Years Rolling Quarterly Returns



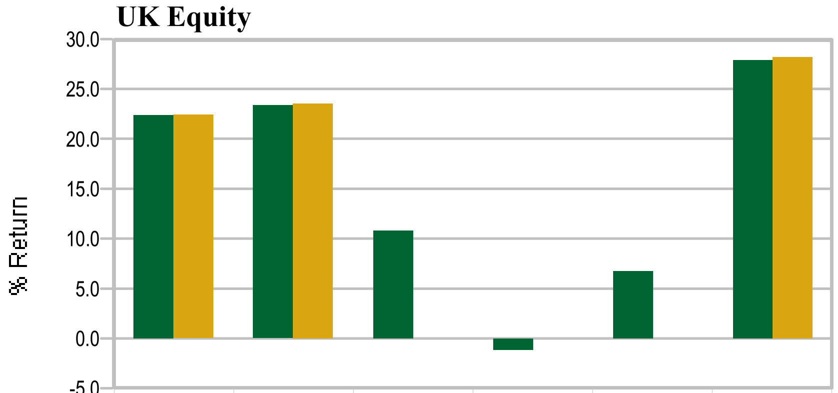
	Q3 09	Q2 09	Q1 09	Q4 08	Q3 08	Q2 08	Q1 08	Q4 07	Q3 07	Q2 07	Q1 07	Q4 06
Fund	18.95	8.68	-8.68	-	-	-	-	-	-	-	-	-
Benchmark	18.78	8.66	-8.59	-	-	-	-	-	-	-	-	-

Three Years Rolling Relative Returns

	Q4 06	Q1 07	Q2 07	Q3 07	Q4 07	Q1 08	Q2 08	Q3 08	Q4 08	Q1 09	Q2 09	Q3 09
3M Relative	-	-	-	-	-	-	-	-	-	-0.11	0.01	0.14
3Y Relative	-	-	-	-	-	-	-	-	-	-	-	-

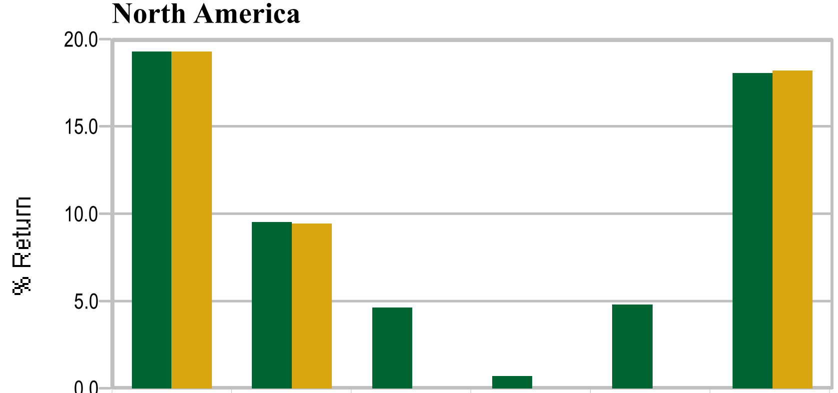
SSGA

UK Equity



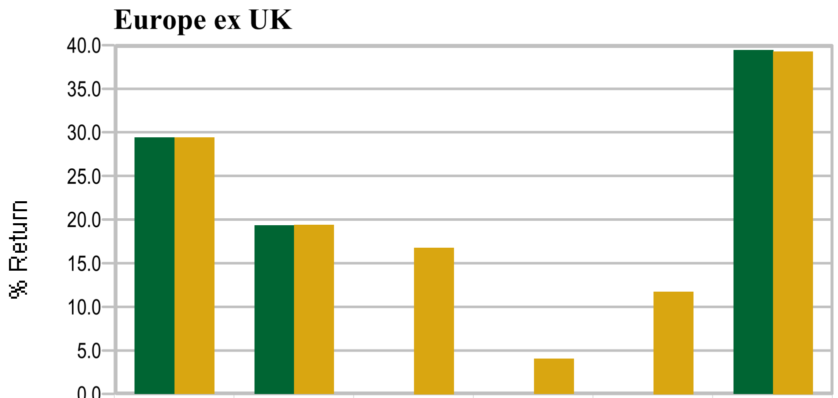
	Three Months	Year To Date	One Year	Three Years	Five Years	Inception To Date
Fund	22.40	23.51	-	-	-	28.19
B'Mark	22.38	23.37	10.80	-1.13	6.71	27.90

North America



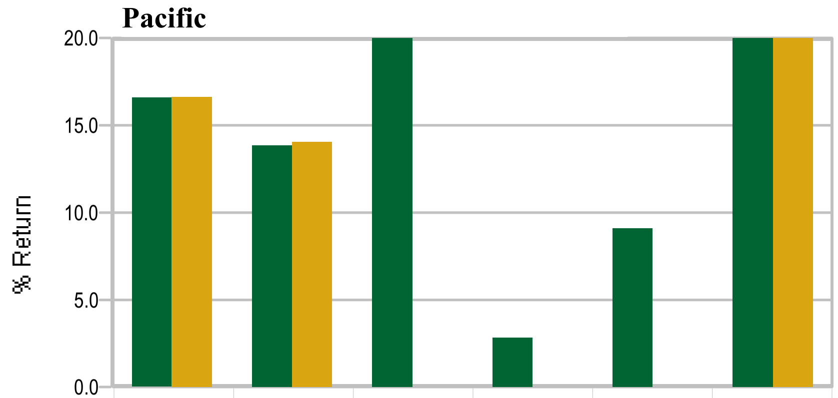
	Three Months	Year To Date	One Year	Three Years	Five Years	Inception To Date
Fund	19.29	9.44	-	-	-	18.21
B'Mark	19.28	9.53	4.63	0.72	4.78	18.07

Europe ex UK



	Three Months	Year To Date	One Year	Three Years	Five Years	Inception To Date
Fund	29.39	19.33	-	-	-	39.45
B'Mark	29.37	19.37	16.80	4.03	11.77	39.27

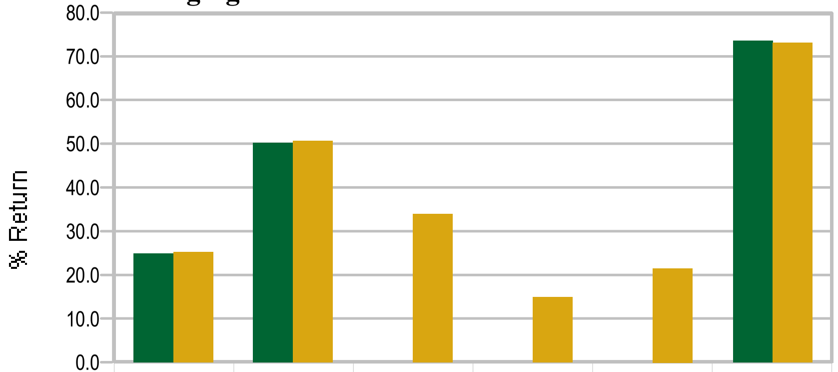
Pacific



	Three Months	Year To Date	One Year	Three Years	Five Years	Inception To Date
Fund	16.63	14.06				30.90
B'Mark	16.59	13.84	21.25	2.82	9.09	30.71

SSGA

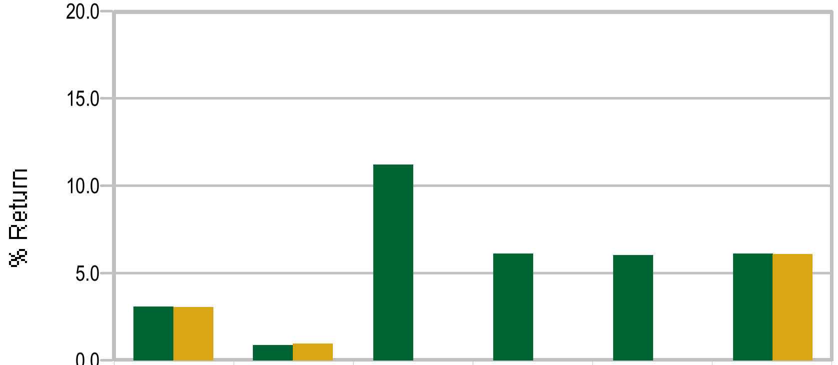
Emerging Markets



	Three Months	Year To Date	One Year	Three Years	Five Years	Inception To Date
Fund	24.95	50.23	-	-	-	73.52
B'Mark	25.24	50.73	34.02	14.91	21.54	73.15

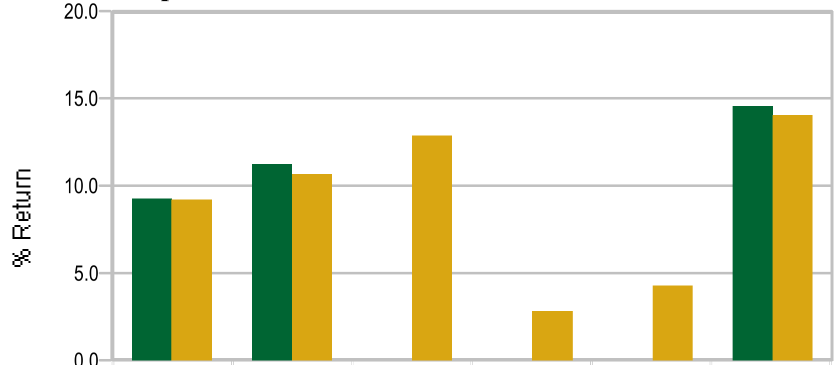
SSGA

Government Bonds



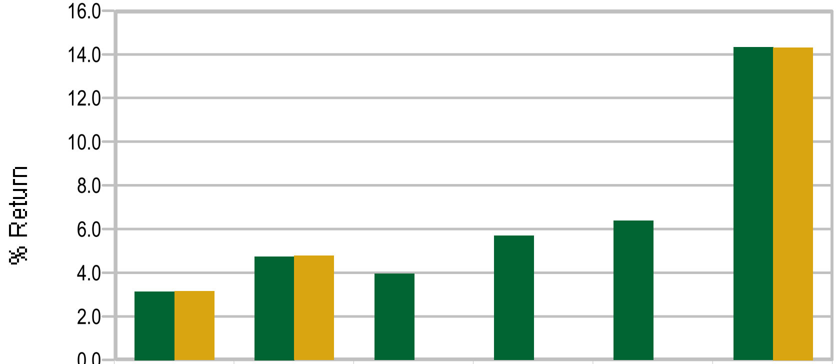
	Three Months	Year To Date	One Year	Three Years	Five Years	Inception To Date
Fund	3.06	0.98	-	-	-	6.08
B'Mark	3.07	0.89	11.22	6.12	6.04	6.13

Corporates



	Three Months	Year To Date	One Year	Three Years	Five Years	Inception To Date
Fund	9.26	11.25				14.55
B'Mark	9.19	10.67	12.89	2.81	4.29	14.04

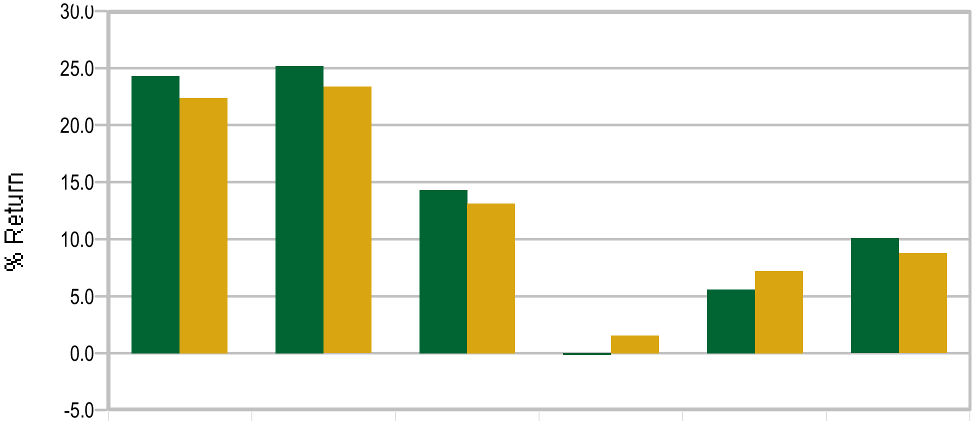
Index Linked Gits



	Three Months	Year To Date	One Year	Three Years	Five Years	Inception To Date
Fund	3.14	4.76	-	-	-	14.32
B'Mark	3.14	4.75	3.96	5.69	6.38	14.33

UBS

Historical Plan Performance

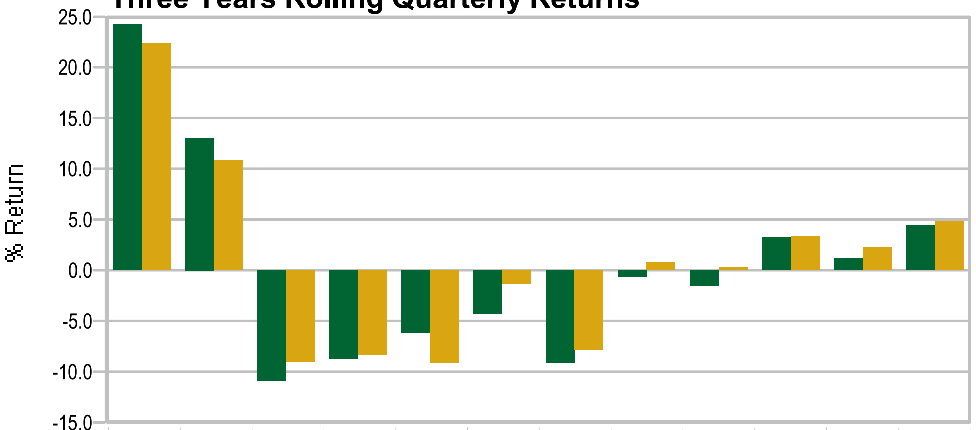


	Three Months	Year To Date	One Year	Three Years	Five Years	Inception To Date
Fund	24.30	25.21	14.30	-0.17	5.59	10.08
Benchmark	22.38	23.37	13.13	1.55	7.19	8.77

Risk Statistics - 3 years

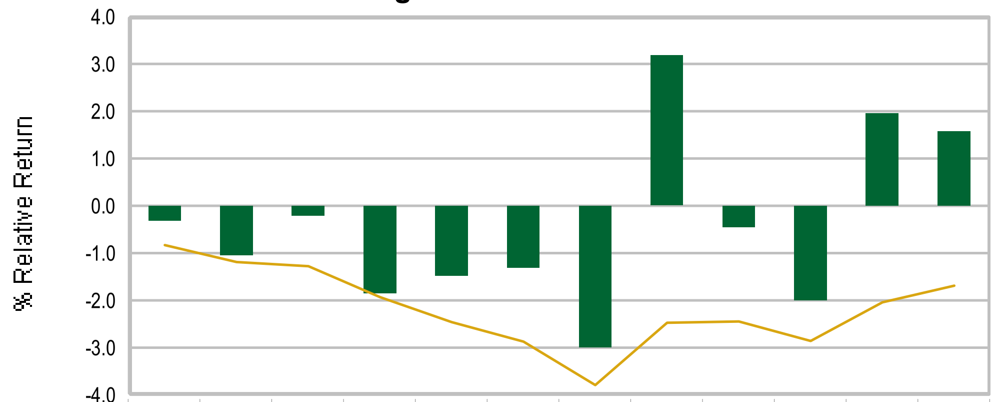
	Fund	B'mark
Performance Return	-0.17	1.55
Standard Deviation	18.38	16.55
Relative Return	-1.69	
Tracking Error	4.18	
Information Ratio	-0.41	
Beta	1.08	
Alpha	-1.19	
R Squared	0.96	
Sharpe Ratio	-0.30	-0.23
Percentage of Total Fund	19.7	
Inception Date	Dec-1988	
Opening Market Value (£000)	78,408	
Net Investment £(000)	-109	
Income Received £(000)	677	
Appreciation £(000)	18,369	
Closing Market Value (£000)	97,344	

Three Years Rolling Quarterly Returns



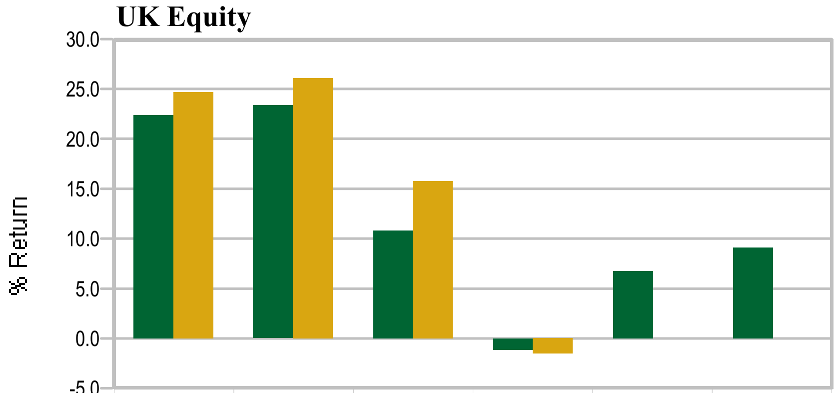
	Q3 09	Q2 09	Q1 09	Q4 08	Q3 08	Q2 08	Q1 08	Q4 07	Q3 07	Q2 07	Q1 07	Q4 06
Fund	24.30	13.04	-10.90	-8.71	-6.22	-4.28	-9.08	-0.66	-1.59	3.20	1.23	4.45
Benchmark	22.38	10.88	-9.08	-8.30	-9.11	-1.33	-7.88	0.83	0.26	3.41	2.30	4.77

Three Years Rolling Relative Returns



	Q4 06	Q1 07	Q2 07	Q3 07	Q4 07	Q1 08	Q2 08	Q3 08	Q4 08	Q1 09	Q2 09	Q3 09
3M Relative	-0.31	-1.04	-0.20	-1.85	-1.48	-1.31	-2.99	3.18	-0.45	-1.99	1.95	1.57
3Y Relative	-0.83	-1.19	-1.28	-1.94	-2.46	-2.88	-3.79	-2.48	-2.45	-2.86	-2.04	-1.69

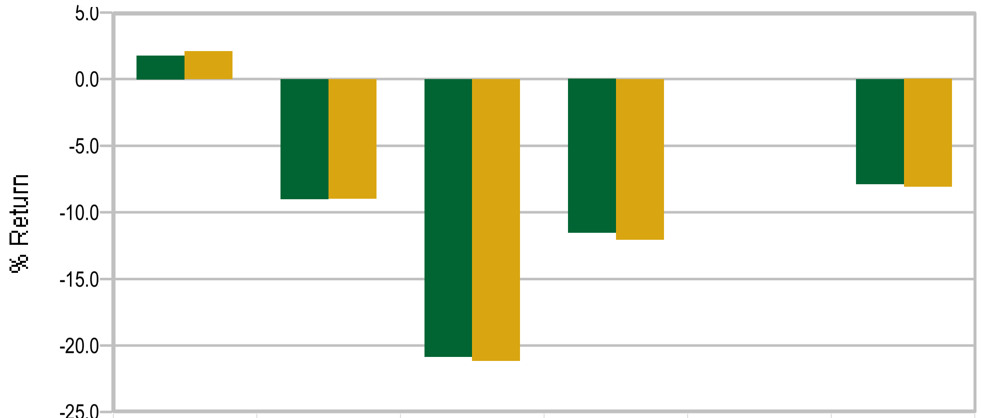
UBS



	Three Months	Year To Date	One Year	Three Years	Five Years	Inception To Date
Fund	24.69	26.06	15.76	-1.50	-	-
B'Mark	22.38	23.37	10.80	-1.13	6.71	9.09

UBS Property

Historical Plan Performance

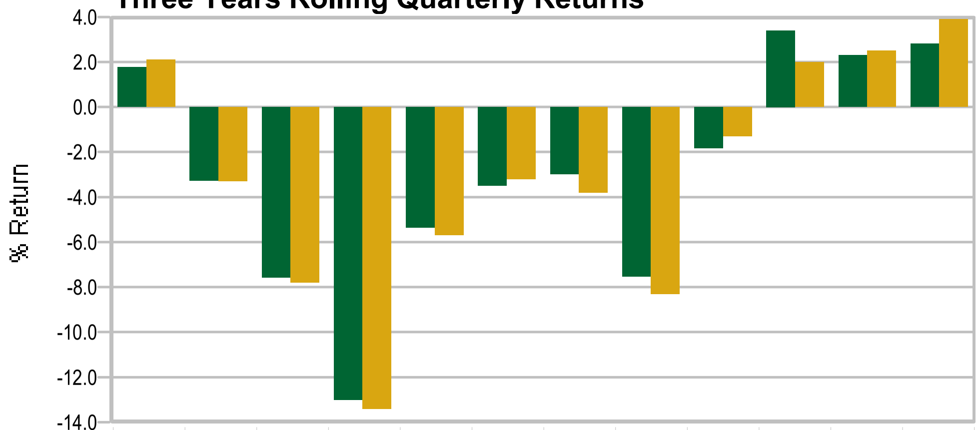


	Three Months	Year To Date	One Year	Three Years	Five Years	Inception To Date
Fund	1.77	-9.01	-20.85	-11.54	-	-7.87
Benchmark	2.10	-8.97	-21.17	-12.04	-	-8.08

Risk Statistics - 3 years

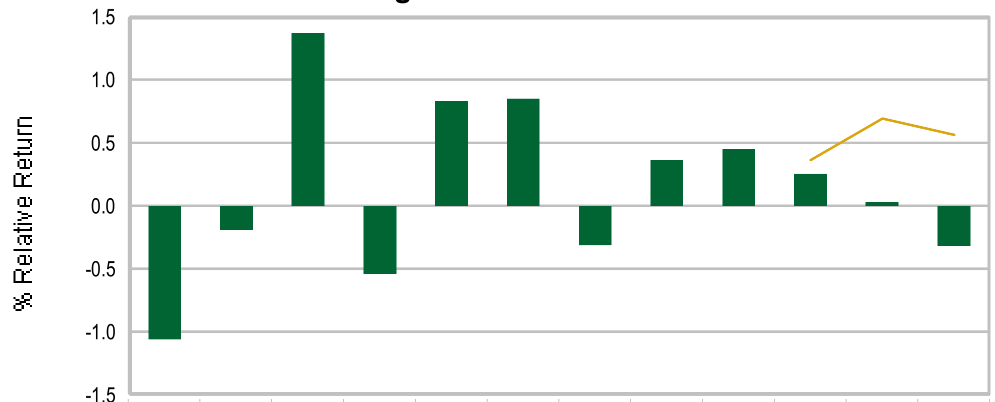
	Fund	B'mark
Performance Return	-11.54	-12.04
Standard Deviation	6.20	5.95
Relative Return	0.56	
Tracking Error	2.53	
Information Ratio	0.20	
Beta	0.96	
Alpha	-0.17	
R Squared	0.85	
Sharpe Ratio	-2.74	-2.94
Percentage of Total Fund	8.1	
Inception Date	Mar-2006	
Opening Market Value (£000)	39,186	
Net Investment £(000)	0	
Income Received £(000)	437	
Appreciation £(000)	259	
Closing Market Value (£000)	39,882	

Three Years Rolling Quarterly Returns



	Q3 09	Q2 09	Q1 09	Q4 08	Q3 08	Q2 08	Q1 08	Q4 07	Q3 07	Q2 07	Q1 07	Q4 06
Fund	1.77	-3.28	-7.57	-13.01	-5.36	-3.50	-2.99	-7.54	-1.83	3.40	2.30	2.80
Benchmark	2.10	-3.30	-7.80	-13.40	-5.70	-3.20	-3.80	-8.30	-1.30	2.00	2.50	3.90

Three Years Rolling Relative Returns



	Q4 06	Q1 07	Q2 07	Q3 07	Q4 07	Q1 08	Q2 08	Q3 08	Q4 08	Q1 09	Q2 09	Q3 09
3M Relative	-1.06	-0.19	1.37	-0.54	0.83	0.85	-0.31	0.36	0.45	0.25	0.03	-0.32
3Y Relative	-	-	-	-	-	-	-	-	-	0.36	0.69	0.56

Tracking Error

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

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

Where	Equals
ER	Excess return (Portfolio Return minus Benchmark Return)
$\overline{ER}$	Arithmetic average of excess returns (Portfolio Return minus Benchmark Return)
T	Number of observations
p	Periodicity (number of observations per year)

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

Information Ratio

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

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

Where	Equals
$\overline{ER}$	Arithmetic average of excess returns (Portfolio Return minus Benchmark Return)
T	Number of observations
p	Periodicity (number of observations per year)

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

Alpha

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

Where	Equals
R_{xi}	Market / Benchmark excess return (Benchmark return minus Risk Free Proxy return)
R_{yi}	Portfolio excess return (Portfolio return minus Risk Free Proxy return)
β	Beta – measure of the sensitivity of a portfolio's rate of return against those of the market
n	Number of observations

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

Beta

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

Where	Equals
R_{xi}	Market / Benchmark excess return (Benchmark return minus Risk Free Proxy return)
R_{yi}	Portfolio excess return (Portfolio return minus Risk Free Proxy return)
β	Beta – measure of the sensitivity of a portfolio's rate of return against those of the market
n	Number of observations

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

R-Squared

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

Where	Equals
R_{xi}	Market / Benchmark excess return (Benchmark return minus Risk Free Proxy return)
R_{yi}	Portfolio excess return (Portfolio return minus Risk Free Proxy return)
n	Number of observations

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

Sharpe Ratio

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

Where	Equals
R_{ap}	Annualised (portfolio) rate of return
R_{af}	Annualised risk-free rate of return
σ_{ap}	Annualised portfolio standard deviation

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

Price/Earnings Ratio (P/E)
Security Level Calculation:
Current price/Trailing 12 months earning per share
Description:
The price/earnings ratio is a traditional indicator of how much an investor is paying for a company's earning power. Stocks have a p/e greater than the market are usually considered to be growth stocks.

5 Year Earnings Per Share Growth Rate
Security Level Calculation:
None
Description:
This is the percentage change in the annual earning per share growth rate over the last five years of all stock in the portfolio. This measure is usually viewed as agrowth factor. A stock must have been public for at least five years to have this characteristic.

Price to Book Ratio
Security Level Calculation:
Current price/Most recent book value per share
Description:
This is usually considered to be a measure of "value", with stocks having high price to book ratios considered to be undervalued.

Dividend Yield
Security Level Calculation:
Dividend for current fiscal year/Period end closing price
Description:
This measures the annual rate that dividends are being paid by a company, including any extra dividends. High dividend yields can also be an attribute of value stocks.

Debt to Capital
Security Level Calculation:
Long term liabilties, deferred taxes, tax credits, minority interest/Sum of debt, total common equity and total preferred stock
Description:
This measure indicates the amount of leverage (debt) being used. A large debt to capital ratio is usually indicative of a highly leveraged company. Stocks having a zero value are still included in the total portfolio calculation.

Price to Sales Ratio
Security Level Calculation:
Current price/Annual sales per share
Description:
This is used primarily by value managers to identify companies having low profit margins. Value managers use this as another indicator in finding undervalued stocks with the potential for improved profitability.This measure varies in informational value by industry, as different industries have different price to sales ratio expectations.

Return on Equity
Security Level Calculation:
Net profits after taxes/Book value
Description:
This relates a company's profitabaility to it's shareholders equity. A high ROE indicates that the portfolio is invested in companies that have been profitable. This measure is also impacted by financial leverage.

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

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

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

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

Moody Quality Rating
Description:
This is a measure of the quality, safety and potentail performance of a bond issue. Also indicates the creditworthiness of a security's issuer. Moody's evalutes the bond issues and assigns a code with Aaa as the highest and C as the lowest.

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WM LOCAL AUTHORITY

QUARTER 3 2009

The following summary is based on 48 funds with a total Market Value of £65,504m.

Update No. 1 - 04/11/2009

CATEGORY	ASSET MIX (%)		RETURNS (%)					
	Latest Quarter		Latest Quarter		Year to Date		Last 12 Months	
	IMV (%)	FMV (%)	Average	Index	Average	Index	Average	Index
TOTAL EQUITIES	64.0	67.2	22.4	21.7	21.5	17.0	13.6	12.8
GLOBAL POOLED INC UK	1.5	1.6	21.8	21.7	-	17.0	-	12.8
UK EQUITIES	31.3	32.8	22.5	22.4	23.9	23.4	11.6	10.8
OVERSEAS EQUITIES	31.3	32.9	22.3	21.7	19.4	16.7	15.7	13.1
North America	9.0	9.4	19.1	19.3	11.3	9.5	4.5	4.6
Europe	8.6	9.5	27.7	29.5	18.1	19.4	15.4	16.5
Japan	3.8	3.6	10.5	9.3	-1.1	-1.8	10.2	10.8
Pacific (ex Japan)	3.8	4.0	26.6	29.5	42.8	47.0	38.2	39.2
Emerging Markets	5.2	5.6	24.2	25.2	44.6	50.7	28.7	34.0
Global ex UK	0.8	0.8	21.7	21.7	17.2	16.7	12.6	13.1
TOTAL BONDS	20.1	18.4	7.3	-	7.1	-	11.1	-
U.K. BONDS	10.8	9.9	8.3	3.1	8.6	0.9	12.9	11.2
OVERSEAS BONDS	2.5	2.6	10.2	9.5	2.9	-7.0	15.9	28.1
INDEX LINKED	6.1	5.4	4.4	3.1	6.0	4.7	5.6	4.0
POOLED BONDS	0.3	0.3	10.3	3.9	12.8	-	11.6	-
TOTAL CASH	4.3	4.2	0.5	0.1	0.9	0.4	1.9	1.2
ALTERNATIVES	5.4	4.9	2.7	-	-6.8	-	-7.2	-
Total Private Equity	3.3	3.0	1.7	-	-16.8	-	-10.0	-
Total Hedge Funds	1.2	1.1	5.4	-	7.4	-	-3.5	-
Other Alternatives	0.9	0.8	3.2	-	4.3	-	-4.4	-
TOTAL EX-PROPERTY	94.1	94.7	16.8	17.3	16.0	16.7	10.8	15.0
TOTAL PROPERTY	5.9	5.3	2.2	3.3	-11.3	-6.6	-21.6	-19.2
TOTAL ASSETS	100.0	100.0	16.0	16.3	14.2	14.7	8.4	12.1

All statistics quoted are WM Performance Services sourced unless otherwise stated.

WM PERFORMANCE SERVICES
A State Street Business

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LONDON BOROUGH OF HILLINGDON ALTERNATIVE INVESTMENTS SCHEDULE AS AT 30 SEPTEMBER 2009

LBH PRIVATE EQUITY FUNDS	COMMITMENTS BASE CURRENCY	% of Fund	CALLED TO DATE	% of Fund	DISTRIBUTIONS RECEIVED	% of Fund	NET CURRENT INVESTMENT	% of Fund	IRR
LGT CAPITAL PARTNERS	£ 000	%	£ 000	%	£ 000	%	000	%	%
Crown private Equity European Buyout Opport.	12,520	2.42	8,526	1.65	3,836	0.74	4,690	0.91	5.51
Crown Global Secondaries Plc (US$)	1,884	0.36	1,527	0.30	691	0.13	836	0.16	0.85
Crown Private Equity European Fund	4,583	0.89	2,351	0.45	128	0.02	2,223	0.43	-15.91
Crown Private Equity European Buyout Opport. II	9,166	1.77	2,016	0.39	0	0.00	2,016	0.39	-25.87
Crown Asia-Pacific Private Equity Plc (US$)	1,884	0.36	741	0.14	34	0.01	707	0.14	1.44
Crown European Middle Market II plc	3,666	0.71	513	0.10	0	0.00	513	0.10	12.48
Crown Global Secondaries II Plc (US$)	1,382	0.27	166	0.03	0	0.00	166	0.03	N/A
TOTAL(S) LGT CAPITAL PARTNERS	**35,085**	**6.79**	**15,840**	**3.06**	**4,689**	**0.91**	**11,151**	**2.16**	
ADAMS STREET PARTNERS	£		£						
Adam Street Partnership Fund - 2005 US Fund	8,794	1.70	5,734	1.11	442	0.09	5,292	1.02	N/A
Adam Street Partnership Fund - 2005 Non-U.S Fund	3,769	0.73	2,731	0.53	294	0.06	2,437	0.47	N/A
Adam Street Partnership Fund - 2006 Non-U.S Fund	2,827	0.55	1,630	0.32	148	0.03	1,482	0.29	N/A
Adam Street Partnership 2006 Direct Fund	942	0.18	817	0.16	14	0.00	803	0.16	N/A
Adam Street Partnership Fund - 2006 US Fund, L.P	5,653	1.09	3,027	0.59	148	0.03	2,879	0.56	N/A
Adams Street Direct Co-Investment Fund, L.P.	1,885	0.36	1,640	0.32	0	0.00	1,640	0.32	N/A
Adams Street Partnership 2007 Direct Fund LP	314	0.06	222	0.04	5	0.00	217	0.04	N/A
Adams Street Partnership - 2007 Non -US Fund	1,099	0.21	313	0.06	0	0.00	313	0.06	N/A
Adams Street Partnership - 2007 US Fund	1,727	0.33	623	0.12	0	0.00	623	0.12	N/A
Adams Street Partnership - 2009 US Fund	942	0.18	29	0.01	0	0.00	29	0.01	N/A
Adams Street Partnership - 2009 Direct Fund	188	0.04	27	0.01	0	0.00	27	0.01	N/A
Adams Street Direct Co-Investment Fund II.	1,570	0.30	68	0.01	0	0.00	68	0.01	N/A
Adams Street 2009 Non-US Emerging Mkt Fund	188	0.04	4	0.00	0	0.00	4	0.00	N/A
Adams Street Partnership 2009 Non-US Developed Market	565	0.11	9	0.00	0	0.00	9	0.00	N/A
TOTAL(S) ADAMS STREET PARTNERS FUNDS	**30,463**	**5.89**	**16,874**	**3.26**	**1,051**	**0.20**	**15,823**	**3.06**	

FUND VALUE	**516,983**	
COMMITMENT STRATEGY	45,236	8.75%
TO ACHIVE INVESTMENT	25,849	5.00%
CURRENT INVESTMENT BOOK COST	26,974	5.22%
CURRENT INVESTMENT MARKET VALUE	24,062	4.65%

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End Q3 2009 portfolio overview

- The general comments made in the last report (end Q2) regarding the market environment and the overall position of each fund remain unchanged save that sentiment does appear to be improving and debt does appear to be more readily available leading to a nascent pick-up in activity
- The portfolio has continued to withstand the downturn well, being overall valued at cost (TV/PI), with 30% of the invested capital already returned (D/PI)
- Since the last report, net invested capital has increased by Euro 0.2 million (Euro 0.4million called less Euro 0.2 million distributed)
- NAV has fallen by Euro 0.2 million, the Euro 0.4 million net decline in performance reflecting ongoing receipt of June valuations for underlying portfolio companies, some of which are valued only half-yearly; two significant developments nevertheless impacted portfolio valuation:
  - the performance of one underlying French fund in CEB I had a negative impact of Euro 0.1 million alone
  - the USD declined by 4.3% against the Euro in the period, accounting for Euro 0.1 million of negative performance
- Investment pace is slowly picking up from its lows as are distributions, albeit at a slower pace
- LGT Capital Partners continues to focus its investment activity on new secondary opportunities and this has proven to be beneficial for both the dedicated secondaries fund and the primary funds that have secondaries capacity including the most recent funds, CEM II and CGS II

Fund				Net Performance (in fund currency millions)						Cash Multiple	
Inception	Strategy	Short Name	Drawn	LBH Commitment	Drawn	Returned	Net	NAV	Gain	D/PI	TV/PI
Total Exposure (in Euro millions)			45%	38.3	17.3	-5.1	12.2	12.1	0.0	0.30	1.00

all figures as of 30th September 2009

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

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London Borough of Hillingdon Pension Fund
Adams Street Partners Update: Second Quarter 2009

Industry Update

During the second quarter of 2009, we began to see some small improvements in performance from many private equity General Partners ("GPs") as they began to write up portfolios given the positive movements in the public markets. As we mentioned last quarter, we were anxious to see if the GPs would write up their portfolios as aggressively as they wrote them down in the fourth quarter of 2008. What we found is that the GPs priced the upside appreciation more conservatively, but we were still pleased to see a positive number for the quarter. Given the 3rd quarter performance in the public markets, we would expect next quarter to be a positive quarter for the private equity market as well.

Portfolio Statistics

	Committed / Subscription	Drawn / Subscription	Drawn / Committed	Total Value / Drawn	IRR Since Inception *	Inception Date
Total Hillingdon Portfolio	94%	54%	58%	0.83x	-6.63%	02/2005

*Gross of client's management fees paid to Adams Street Partners LLC. Internal rates of return are not calculated for funds less than one year old, instead the return is the change in value over the amount invested.

Main Drivers of Performance

One area that many clients have asked about is secondaries. The volume for sale from distressed sellers that we saw in the fourth quarter of 2008 and early 2009 has declined as the public markets have recovered and the pace of capital calls remains slow. In addition, the phenomenon during the first quarter of 2009 of deals with material unfunded exposure and walk away pricing has declined. While the market opportunity is attractive and there has been a reasonable amount of deal flow, the overall volume of transactions being done has slowed as expected trends are taking longer than anticipated to develop. The bid-ask spread remains wide as sellers are generally skeptical on the deep discounts being offered by buyers. In order for this spread to narrow, one of two things needs to happen. Either capital calls need to increase and therefore cause sellers to again be in a position of distress where they have to sell or markets need to improve where buyers are willing to pay more. We have also seen an increase in secondary capital supply as there are several open funds in the markets and many "non-traditional" LPs (such as primary only LPs and sovereign wealth funds) have desired to participate in the market directly. We have seen a flight to quality as many buyers are focused on unlevered, more grow-oriented assets. Adams Street is well positioned to take advantage of dislocations in the secondary market with a dedicated team of 10 professionals and continues to be excited about the secondary market opportunity.

Portfolio Outlook

We remain optimistic on the outlook for private equity. In particular, we are excited about some of the U.S. venture capital opportunities. We have historically been overweight to this sector and continue to be currently. Although venture capital returns have been mediocre over the past decade, we believe there are several trends that will enable our venture portfolio to generate attractive returns. First and foremost is the scarcity of capital flowing into the subclass. Fundraising is down significantly and many GPs are concerned about their ability to raise their next fund. This uncertainty had led GPs to be very careful about how they invest their current capital, resulting in a slowdown of capital disbursements into venture-backed companies. Ultimately, the scarcity of capital will lead to a shakeout of managers in the venture business. We believe this shakeout is a positive development as less overall capital concentrated with the best firms in the industry should have a positive impact on returns as competition for deals, and therefore valuations, decreases. We are already beginning to see a decline in valuations. However, all this being said, without an exit market, returns will not be attractive. We are seeing some glimmers of hope in a number of IPOs and M&A events over the last couple of months. Although we are still far from a robust exit market, there are many large, profitable companies in the portfolio that will benefit once the window does open. The ASP venture portfolio has numerous portfolio companies with revenue greater than $50 million and many with revenue greater than $100 million, which are at an ideal size for going public or attracting corporate M&A offers. It is important to note that we see no sign of slowdown in entrepreneurship and technological advancement.

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Retirement Performance Statistics

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

SUMMARY

This report summarises the number of early Retirements in the last quarter.

RECOMMENDATIONS

That the contents of the report be noted.

BACKGROUND

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

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

Number of Cases in the second quarter of 2009/10

3) The table below shows the number of employees, by category, whose LGPS benefits have been put into payment

	Redundancy	Efficiency	Ill Health	Voluntary over 60
2006/2007	14	2	6	36
2007/2008	19	3	24	29
2008/2009	26	0	12	37
Current year				
Apr 09 to Jun 09	3	0	5	7
July 09 to Sept 09	4	0	1	13

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

- There is no reasonable prospect of the employee obtaining gainful employment* before reaching normal retirement age (age 65). In these cases <u>service is awarded up to age 65</u>
- The employee cannot obtain gainful employment* within a reasonable period** of leaving local government employment***, it is likely that they will be able to

obtain gainful employment* before their normal retirement age (age 65). In these cases 25% of their potential service to age 65 is awarded.

- The employee may be capable of obtaining gainful employment* within a reasonable period** of leaving local government employment***. In these cases no additional award of service is applied. The benefits payable are subject to the individual undergoing a medical review after 18 months to ascertain whether the medical condition is such that the employee is still unable to perform the duties of their previous employment. The maximum period that a third tier pension may be paid is 3 years. When the 3 year period has expired the pension will cease. Upon the employee attaining the age of 65, the pension is brought back into payment.

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

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

FINANCIAL IMPLICATIONS

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

LEGAL IMPLICATIONS

There are no legal implications arising directly from this report.

Cost of Early Retirements Monitor

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

SUMMARY

This report gives an update on the current situation on the cost to the fund of early retirements.

RECOMMENDATIONS

That the contents of the report be noted.

BACKGROUND

1. 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.

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

3. This authority took the decision, in agreement with the fund actuary, to increase the employer's contribution rates as prescribed in the last valuation by 1%, effective from 1 April 2008, to meet anticipated early retirement costs. This 1% employer's contribution is locked in to the rate until March 2011.

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

5. **MONITORING**

   Detail for Valuation Period 01.04.2008 to 31.03.2011

	Capital Cost of early retirement to the fund	Payroll Total	Cost as a % of payroll
2008/09	879,902	111,300,000	0.80
2009/10 (Q2)	338,564	111,600,000	0.30
2010/11			

FINANCIAL IMPLICATIONS

These are detailed within the report.

LEGAL IMPLICATIONS

There are no legal implications arising directly from the report.

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
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Agenda Item 8

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