



2nd Quarter, 2012

London Borough of Hillingdon

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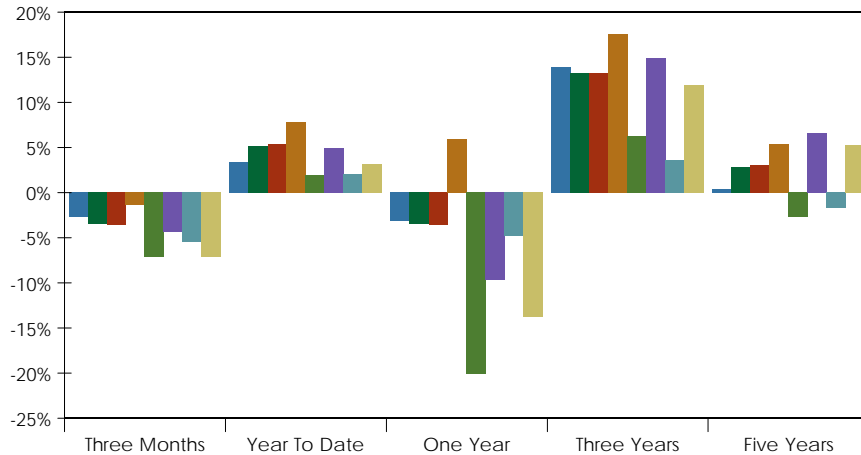
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Equity Index Performance (in GBP)

Performance History



Performance Returns%

	Three Months	Year To Date	One Year	Three Years	Five Years
■ FTSE All Share	-2.6	3.3	-3.1	13.8	0.4
■ FT: World	-3.5	5.1	-3.5	13.2	2.8
■ FT: World ex UK	-3.6	5.4	-3.5	13.2	3.1
■ FT AW North America	-1.4	7.8	5.9	17.6	5.4
■ FT: Developed Europe ex UK	-7.1	1.9	-20.0	6.2	-2.6
■ FT: Developed Asia Pac x Jp	-4.4	4.9	-9.6	14.8	6.6
■ FT AW: Japan	-5.5	2.0	-4.8	3.5	-1.6
■ MSCI Emerging Markets GD	-7.1	3.2	-13.7	11.9	5.3

The expectation that Greece would leave the Euro ceasing repayments on sovereign debt and that the ensuing mayhem would engulf Spain and Italy requiring further German intervention did not come to pass. Greece remains in the Euro, for now, and the Spanish banking system will receive aid directly rather than through its own government. Equity markets reacted to the continuing uncertainty in predictable fashion; red numbers across the board for the quarter with the exception of the UK and US regions when measured in Euro due to the currency return. US and Chinese economic data is mixed but still good when compared with Europe. The US consumer market, so critical to the global economy has slowed its spending rate to near 2% and needs job growth to reaccelerate. The first half of 2012 returns remain positive after the gains in quarter one. Globally, Basic Materials was the weakest sector and Telecoms was the strongest. Shares in global banking fell as Moody's downgraded 15 top banks including Morgan Stanley, Bank of America, Citigroup and RBS while the bankers heading those institutions enjoyed double digit pay rises averaging almost 12%. The price of crude oil futures ended the quarter down more than 20% at \$98 per barrel following slowing growth in China and an increase in supply from Saudi Arabia. The FTSE World was down by -3.5% (GBP) over quarter two 2012 and is behind by the same percentage over one year (GBP).

UK GDP fell by 0.3% in the first quarter of 2012, the same decline posted in quarter four 2011. However the most recent data has been positive; CPI dropped and came in below expectation, manufacturing order books and output expectations have improved along with export orders and employment is rising at its fastest rate since 2010. Government ownership levels of RBS are likely to increase before they decrease with a planned capital restructure in the autumn and recent failures in its most basic functions as a retail bank. Barclays opted to pay a £290m fine to both UK and US regulators for LIBOR manipulation as 14 of their traders remain under investigation with the FBI. Rolls Royce is seeking a new chairman to steer the company to even greater success. Basic Materials was the weakest sector over quarter two followed by Technology, Utilities was the strongest sector. The FTSE All Share was down -2.6% (GBP) over the second quarter and is now behind over one year by -3.1% (GBP).

Rising anger at austerity measures has increased economic and political risk across Europe. During quarter two Greece scrambled to a coalition government that supported remaining in the single currency, the Dutch cabinet resigned and France elected its first Socialist president in 20 years. Fear of a banking collapse in Spain has driven the public to send their money abroad, mostly to Germany; EUR 66.2bn was sent out in May 2012 compared to EUR 5.4bn in May 2011. This is exactly what the EUR 100bn of EU bailout funds is seeking to avoid while enabling Madrid to relieve their sovereign books of the burden but requiring fewer austerity measures. Worryingly, the German industrial engine has been slowing as demand drops in key export markets like China. Better news has seen European companies approving higher dividend payments, even in cases where earnings have dropped. Only 1 in 5 companies cut their dividend while half increased them. Eurozone inflation held steady to end June and GDP increased by 0.1% in Q1. Eurozone unemployment increased to a record 11.1% in May with Spain being hardest hit at 24.6%. The FTSE Developed Europe ex UK index returned -7.1% (GBP) over quarter two and -20% (GBP) over the year.

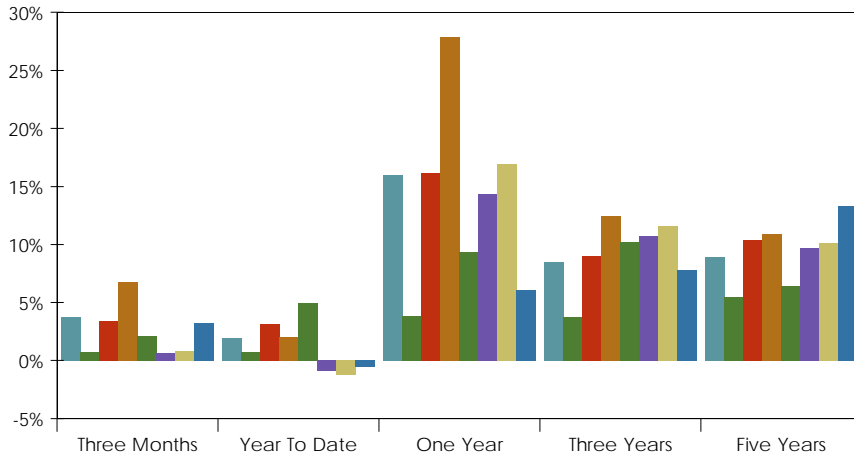
The US economy grew at an annualised rate of 1.9% in quarter one 2012 and demand for durable goods rebounded in May as US companies boosted capital spending. However, the US jobs market disappointed by adding only 80k jobs in June leaving the unemployment rate unchanged at 8.2%. The housing sector also slowed in April and manufacturing activity contracted for the first time in three years. The US is set to raise \$1.7bn selling leases to drill for oil in the Gulf of Mexico; Statoil, Shell and BP spent almost a \$1bn between them. Second quarter losses in Ford's overseas operation could reach \$570m following lower consumer demand but overall domestic US auto sales beat expectations in June as 1.3m vehicles were sold; up 22% from a year ago. All sectors other than Telecoms, Utilities, Health Care and Consumer Services lost over the second quarter. The Fed has cut its forecast for economic growth in 2012 from 2.9% to 2.4%. The FTSE North America index returned -1.4% (GBP) over the second quarter and 5.9% (GBP) for the year.

Japan's exports continue to rise largely thanks to steady demand from the US. The impact of potential power shortages from the mothballing of the country's final nuclear power plant remains to be seen. The FTSE Japan returned -5.5% (GBP) for quarter two and the FTSE Developed Asia Pacific ex Japan returned -4.4% (GBP). Demand from China's export markets is decreasing across the board although some encouraging figures came from the services sector in June. The Indian economy grew at its slowest rate since 2003 over Q1 with 5.3% year on year vs 9.2% a year earlier. Sharp falls in manufacturing and agriculture are largely responsible. The proposed merger of Glencore and Xstrata continues to labour as more groups express displeasure at the terms, mainly the plan to pay £173m to retain senior management. Gold's diversification benefits remain an option for the wary; it ended the quarter down at \$1,590 per ounce. The MSCI Emerging Markets index returned -7.1% (GBP) for the second quarter and -13.7% (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	3.8	2.0	15.9	8.4	8.9
■ FTSE All Stock 0-5 Yr. Gilts	0.7	0.7	3.8	3.7	5.4
■ FTSE All Stock 5-15 Yr. Gilts	3.4	3.1	16.1	8.9	10.3
■ FTSE All Stock > 15 Yr. Gilts	6.7	2.0	27.9	12.4	10.8
■ ML STG N-Gilts All Stocks	2.1	4.9	9.3	10.2	6.4
■ FTSE Index Linked	0.6	-0.9	14.3	10.7	9.6
■ FTSE Index Linked 5+ yrs	0.8	-1.2	16.9	11.6	10.1
■ JPM GBI Global	3.2	-0.5	6.1	7.7	13.3

The second quarter of 2012, was dominated by fears of a euro area break-up but also a synchronised slowing of global growth saw major central banks take action. The JP Morgan Global Manufacturing & Services June PMI slipped to 50.3, down from February's 12 month peak of 55.4. Growth slowed in the service sector and manufacturing production contracted. The Bank of Japan increased its asset purchase program by JPY5trn, while leaving policy rates unchanged. The Reserve Bank of Australia cut rates twice by 75bps to 3.5%. China's central bank has cut interest rates twice in a month down to 6%, in a bid to stabilise the economic slowdown there. The Federal Reserve extended 'Operation Twist', selling short dated government debt to purchase longer dated paper to stimulate the economy. The Bank of England followed by increasing QE by £50bn, while the European Central Bank cut both its refi rate and the deposit rate by 25bps to record lows of 0.75% and zero respectively. Concerns on the world economic outlook have pushed down to record lows the 10-year government bond yields for the US, Germany and the UK. The JPM Global Govt Bond index has gained +3.2% (GBP) in the second quarter of 2012, while the Barclays Capital Global Aggregate Corporate Bond index delivered +2.2% (GBP).

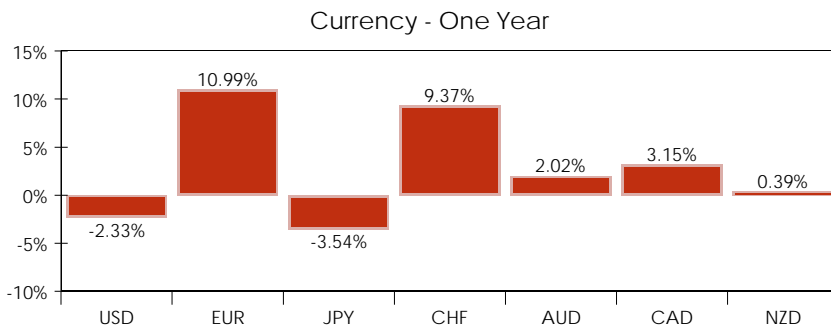
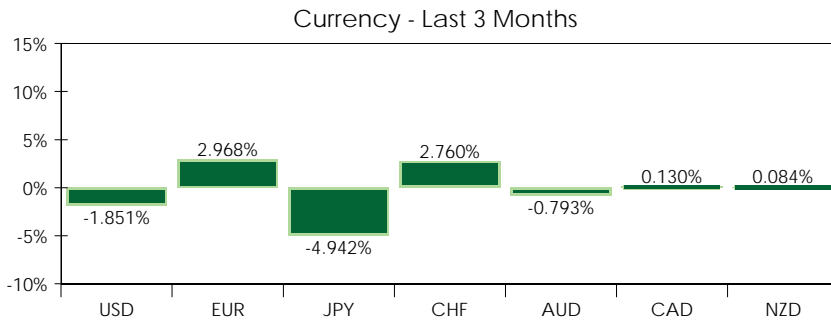
The UK economy fell back into recession as UK GDP posted its second consecutive quarter contraction of 0.3% in Q1. The Purchasing Managers Indices (PMI) for services, manufacturing and construction all deteriorated in June. The construction index fell sharply to 48.2 while the manufacturing PMI at 48.6 remains below the 50 growth/contraction mark. On the upside, inflation has declined sharply to 2.8% for June from a peak of 5.2% last September; below 3% for the first time since Q4 2009. Growing concern for the deteriorating economic outlook, has led the BoE to launch a series of policy initiatives aimed to boost growth. In his June Mansion House speech, BoE Governor King announced plans to inject 6-month liquidity into the banking system and a 'funds for lending programme'. The MPC kept the Bank rate unchanged at 0.5% but announced a £50bn extension to its Asset Purchase Facility at the July meeting. The on-going Euro-zone crisis and the uncertain economic outlook have pushed perceived safe-haven gilt yields down to historic lows. The benchmark 10-year gilt yield moved from 2.21% last quarter, to end June at 1.75%. The FTSE All Stock Gilts returned +3.8% (GBP) for the quarter while the ML Sterling Non Gilts gained +2.1% (GBP).

Greece's future in the euro hung on the outcome of the second Greek election on the 17th June, and policy makers considered options for an orderly exit. Spain became the fourth euro area member to seek an international bailout, formally requesting financial support, of up to EUR100bn for its banking sector. However the package failed to stem the jump in Spanish yields, which on benchmark 10-year debt rose to more than 6.8%. The EU summit at the end of June made some progress, agreeing on a radical restructuring of the EUR100bn plan to recapitalise Spanish banks, a EUR120bn growth package and creation of a single banking supervisory unit at the ECB - a first step towards banking union. At 46.4 in June, the Euro-zone Composite PMI was higher than May's reading of 46.0 but still firmly in contraction. The ECB cut its main lending rate by 25bps to an historical low of 0.75% at its July meeting, and cut its deposit rate from 0.25% to zero in an effort to stimulate the flow of money between banks and in turn, from banks to businesses. German 2-year Bund yields fell below zero in response, but the Spanish and Italian bond spreads widened over the Bund. The benchmark German Bund 10-year yield dropped from 1.82% at the end of Q1 to a low of 1.21% in May before closing June back up at 1.60%. The iTraxx Europe 5yr CDS index, representative of 125 investment grade entities across 6 sectors, increased from 124.7 at the end of March to close June at 165.8. The JPM European Govt Bond index returned +1.5% (EUR) and the Barclay Capital Global Aggregate Credit index was up at +5.3% (EUR) for Quarter 2.

Recent US data shows signs that the US economy recovery is faltering. Business confidence has weakened as the Institute for Supply Management (ISM) PMI survey fell from 53.5 to 49.7, the first sub-50 reading in almost 2 years. The rate of job creation has slowed markedly in Q2, rising by a monthly average of only 75,000 compared to over 200,000 in Q1. Unemployment has risen slightly to 8.2%. This has impacted on consumer sentiment, which has fallen to a 6-month low. This slowing growth and the impact of the Spanish banking crisis situation in the Euro-zone heightened risk aversion. The increased demand for US Treasuries has driven the benchmark 10-yr Treasury yield to all time lows. The Federal Open Market Committee (FOMC) extended 'Operation Twist' in June, until the end of the year in an attempt to stimulate the economy. Fed Chairman Bernanke has not ruled out further stimulus, highlighting the event driven risks from the Euro-zone and domestically, the pending 'fiscal cliff' of tax rises and spending cuts which need to be addressed. The 10-year benchmark Treasury yield ended the quarter at 1.66% down from 2.21% at the end of March. For the quarter the JPM US Govt Bond index was up 3.0% (USD) while the Barclay Capital US Aggregate Corporate Bond index returned +2.5% (USD).



Currency Performance (in GBP)



	Three Months	Year To Date	One Year	Three Years	Five Years
United States dollar	-1.85	0.92	-2.33	-1.62	-4.92
European Union euro	2.97	3.19	10.96	1.71	-3.68
Japanese yen	-4.94	4.56	-3.53	-7.95	-13.65
Swiss franc	2.76	2.13	9.34	-6.25	-10.08
Australian dollar	-0.79	0.93	2.01	-9.53	-8.70
Canadian dollar	0.13	1.04	3.14	-5.96	-5.77
New Zealand dollar	0.08	-2.07	0.39	-8.81	-5.71

The second quarter of 2012 saw a weakening of the Euro and Sterling and a strengthening of the Dollar and Yen. The Euro saw losses against the Sterling, Dollar and Yen. In the same period, the Yen strengthened against the Euro, Sterling and Dollar. Chinese consumer inflation in June 2012 slowed sharply to the lowest level in nearly two and a half years. This is likely one key reason why the central bank was comfortable with cutting benchmark interest rates for the second time in less than a month. Economists said the lower inflation is opening doors for a further loosening of monetary policy and more investment by the government in the second half of the year to ensure the country's economy rebounds. China's CPI rose 2.2% year on year, the lowest since January 2010 when CPI rose 1.5% year on year. The mood among large companies in Japan has brightened since last quarter but the outlook remains tempered by a strong yen and weak external demand. The Reserve Bank of Australia cut interest rates by 0.50% in May and another 0.25% in June - the lowest level in almost 3 years - to boost demand and cushion any adverse impact of the sovereign debt crisis in Europe. As a sign that these cuts were working, Australian retail sales rose at more than twice the rate expected in May.

In the UK, Q2 2012 saw Sterling gain against the Euro but weaken against the Yen and Dollar. As expected, the Bank of England's Monetary Policy Committee increased the scale of its quantitative easing asset programme in early July by £50bn to £375bn. The MPC also elected to leave the UK's interest rate at the historic low of 0.5%. The 0.5% rate is the lowest in the Bank of England's 300 year history, and has been in effect since March 2009 when the central bank made its last in a long run of interest rate cuts. Faltering global growth has pushed inflation to its lowest since 2009. Falling commodity prices helped lower the annual CPI inflation rate from 3% in April to 2.8% in May as food price inflation slowed and fuel prices dropped. In June, George Osborne delayed the 3p rise in fuel duty in a move that will cost the treasury £550 million but will bring some relief to motorists. Unemployment in the UK fell by 51,000 to 2.61 million in the 3 months to April 2012. The jobless rate fell to 8.2%. Overall, there are 29.28 million people in work, up 166,000 on the previous quarter. The Office of National Statistics said the unemployment level in the UK overall was "showing some improvement". Nationwide reported a 0.9% fall in UK housing prices during the 3 month period to June 2012, 1.5% lower than one year ago. Sterling closed the quarter up against the Euro by 3.0% and down against the Yen and Dollar by 4.9% and 1.9% respectively.

In the US, A decision on whether to launch another round of asset purchases remains in the balance as the Federal Reserve wrestles with a complicated economic outlook and uncertainty about the costs and benefits of its easing tools. Any downgrade in the forecasted decline in unemployment rate over the next few years would likely trigger further action. US house prices rose more than expected in April, adding to evidence of a recovery in residential property and boosting Barack Obama's re-election chances. The Case-Shiller index, released in late June, showed house prices in 20 of the largest US cities increased 0.7% in April for a third consecutive monthly gain. On an annual basis, house prices across the country are still down 1.9%, a slower decline than in previous months. In May, consumer inflation dropped to its lowest level in 3 years, relieving some of the pressure on America's budgets as they continue to suffer from a depressed job market and a slowing economic recovery. The data supports the Federal Reserve's view that inflationary pressures due to high commodity prices earlier in the year were temporary, and may give the central bank a little more room to stimulate US growth without worrying about a spike in the cost of living. The US unemployment rate remained unchanged from March at 8.2%. The US trade deficit narrowed in May to \$48.7bn as exports climbed and oil prices fell, easing import costs. The gap between imports and exports declined 3.8% from \$50.6bn in April. In May, exports rose to \$183.1bn as US companies sold more food, animal feed and beverages, capital goods and professional services abroad. Imports fell to \$231.8bn as US demand for foreign industrial supplies and materials, consumer goods and food and drink declined. The Dollar ended the quarter up against the Euro and Sterling by 4.8% and 1.9% respectively, however it was down compared to the Yen by 3.1%.

In the Euro area, the Euro weakened against the Dollar, Yen and Sterling this quarter. The governing council of the European Central Bank left the single currency's interest rate unchanged at 1% during Q1 2012, but it reduced the rate by 0.25%, to 0.75%, on 5th of July. This was the first cut in the single currency's rate this year. Eurozone inflation rate dropped only slightly to 2.4% in June, down from the 2.6% recorded in March, as demand fell and fuel prices dropped. Although the European Central Bank aims to keep inflation below 2% over the medium term, the annual rate has been above 2% since November 2010. Eurozone unemployment has reached a new Euro-era record. The jobless rate in the 17-country region was 11.1% in May, the highest since the launch of Europe's monetary union in 1999. The current number of unemployed in the region amounts to some 17.4 million. Spanish unemployment rose again to reach a new high of 24.6% in May 2012 with the under 25's seeing an unemployment rate of 52.1% in May 2012. Among the other member states, the lowest unemployment rates were recorded in Austria (4.1%), the Netherlands (5.1%), Luxembourg (5.4%) and Germany (5.6%), with the highest in Spain (24.6%) and Greece (22.5%). The Euro ended the quarter down against the Yen, Dollar and Sterling by 7.9%, 4.8% and 3.0% respectively.



Scheme Performance

During the second quarter of 2012 equity markets across the globe saw falls while bond markets continued to grow, against this backdrop the London Borough of Hillingdon returned -1.59% versus the Total Plan composite benchmark of -1.14%; this resulted in a relative return of -0.45%. In monetary terms this is a fall in assets of £9.7 million and the value of the combined scheme now stands at £601.95 million as at 30th June 2012. During this period £0.5 million was brought in the scheme and invested with Macquarie, while £0.38 million was moved from SSGA Drawdown to M&G. Looking further into the analysis once again the main driver was Ruffer's Absolute Return Fund, this period the underperformance of the fund leads to the biggest negative impact. This was offset by Marathon and Private Equity assets which were the only accounts to post positive relative returns this quarter. In allocation terms most mandates are in line with the neutral position with the only notable impact coming from Fauchier due to the termination of this account.

The results this quarter wiped out most of the previous periods gains, leaving the year so far just 3 basis points ahead with a return of 3.05%. This now means over one year the scheme underperforms by 30 basis points, a theme which is repeated over all longer periods with a relative return of -0.21% pa for 3 years increasing to -1.37% pa over 5 years. Although since inception in September 1995 the plan comes back into line with an annualised return of 6.25% just 9 basis points below the benchmark.

Manager Performance

JP Morgan

Over the latest quarter JP Morgan investments fell -0.38% which compared to the 0.99% target of the 3 Month LIBOR + 3% translates as a -1.36% relative underperformance. This partly offset last quarter's gains, but they're still ahead for the year so far with a return of 2.97% versus 2.01%. Similar results are seen for the inception to date (November 2011) with figures of 3.59% for the fund versus the benchmark of 2.60%.

Macquarie

After two quarters of large negative returns the Macquarie portfolio posts a modest 0.56% over the recent quarter. But it's these previous quarter's that have the main impact on the longer periods with a one year figure of -16.5% while since inception (September 2010) is only slightly better with an annualised loss of -12.6%.

At present no benchmark has been applied to this mandate.

Marathon

In the 2nd quarter Marathon portfolio fell exactly -2%, however this was relatively 1.87% above the MSCI World index return of 8.00%. This leads to a great start to 2012, with a return of 9.27% being 5.17% ahead, but unfortunately this is still not enough to reverse the underperformance over the one year with returns of -3.86% versus -3.71%. Although since inception the good results seen last quarter and Q3 2010 means they are now beating the benchmark by 1.87%, returning 8.25% pa against 6.27% pa.

M&G Investments

Over the second quarter of 2012, M&G investments posted their first negative return with -1.59% being relatively -2.79% behind 3 Month LIBOR +4% p.a. target of 1.23%. For one year the account now stands at 2.80% versus 5.03% whilst since inception at the end of May 2010, the portfolio registers a 3.09% pa return against the benchmark of 4.91% pa. While the since inception Internal Rate of Return for this portfolio is also short of the target with a figure of 2.69%.



Manager Performance

Ruffer

The Ruffer portfolio returned -2.83% during the quarter and against the return of 0.28% for LIBOR 3 Month GBP delivered the worst relative return of the period with -3.10%. This feeds into the year to date and 1 year numbers, with relative returns of -0.76% and -0.24 respectively. However, since inception from May 2010, a higher absolute return is seen as the portfolio registers a 3.78% pa return, the upshot of which is a much improved relative return of 2.9% against the benchmark of 0.85% pa.

Private Equity

The private equity assets, consisting of funds with Adam Street and LGT, continued to grow over the last three months returning 7.29% and 0.99% respectively. Over the year mixed results are seen with Adam Street is the highest performing manager delivering 12.86% while LGT fell -1.77%. Over the longer periods, the outlook over which private equity investments should be measured, improvements in the absolute returns are seen with Adam Street increasing to 16.02% for the three years and LGT with 10.37% for the same period. However, since their respective inceptions in May 2004 and January 2005 while LGT posts 8.20% pa and Adam Street drops to 1.12% pa.

At present no benchmark has been applied to these mandates.

SSGA

The SSGA passively managed portfolio fell -2.53% in the quarter which was 9 basis point below the benchmark, further analysis confirms the passive nature with both allocation and performance inline with the neutral position. This nullifies some of last quarter's gain with the year to date at 3.42%, still just behind target, while over one year the return drops further to 0.73%, but this is 17 basis points ahead of the benchmark. Higher returns are seen in longer periods with the fund in-line with the benchmark with the since inception return of 12.39% pa only 9 basis points above the benchmark, but the passive nature is best demonstrated by the 3 year R squared and beta figures of 1, while the tracking error a mere 0.18.

SSGA Drawdown

The SSGA Drawdown fund posted 0.64% in the latest period with the blended benchmark showing 1.19%, this -0.54% relative return is entirely due to the shift in weights with the mandate now being 78% in cash fund as opposed to the 50/50 split of the benchmark. This feeds into the one year numbers with 3.55% versus 4.78%; however, from the inception of the fund in June 2009 the weights average out over time and the funds match their index leading to an annualised return of 5.05% which is a just 15 basis points behind the benchmark.

UBS

The last three months have been a volatile period for markets and the FTSE All Share fell -2.53%, in this environment UBS UK Equity posted a -3.25%, leading to a relative return of -0.64%. Looking into the attribution analysis, stock selection was the main driver and in contrast to last quarter the sectors of Consumer Services (-0.59%) and Financials (-0.81%) are the biggest detractors to performance. Whilst asset allocation added some value with the positive decisions of overweighting Telecoms (0.41%) and underweighting Basic Materials (0.25%) was slightly offset by the large underweight in Consumer Goods (-0.42%). This is not enough to affect 2012 so far, with both absolute and relative returns remaining positive; however similar results are seen over one year with -3.55% against -3.13%. This -0.43% relative return is also attributable to selection, and again the most notable are Consumer Services (-1.23%) and Financials (-1.19%) which is offset by positive asset allocation and again Basic Materials (1.24%) and Telecoms (0.79%) lead the way. UBS exhibits relative underperformance across longer periods, with -1.11%, -1.68% and -1.12% for three, five and ten years respectively; however they still demonstrate outperformance since inception with figures of 9.49% versus 8.56% on an annualised basis.

UBS Property

The UBS Property portfolio posted a return of 0.25% during the period, now the twelfth consecutive positive return; however, this was slightly below the IPD UK PPFI All Balanced Funds index, which returned 0.30%. Over one year the portfolio achieved a respectable 4.03%, but this is 13 basis points behind the benchmark. Driven by the underperformance of Q4 2009 the three year period still falls below target with figures of 8.39% versus 10.12%, a relative underperformance of -1.57% is observed. Since inception, in March 2006, there are losses of exactly -1% and while the benchmark also falls, at -0.42% this still translates as a 58 basis points underperformance on an annualised basis.



Active Contribution

By Manager

	Active Contribution 04/12					Active Contribution 05/12					Active Contribution 06/12					Active Contribution 2Q 2012
	Portfolio	Benchmark	Excess Return	Relative Return	Active Contribution	Portfolio	Benchmark	Excess Return	Relative Return	Active Contribution	Portfolio	Benchmark	Excess Return	Relative Return	Active Contribution	
Adam Street	-1.62	-	-1.62	-	-331,890.94	5.50	-	5.50	-	1,104,380.02	3.38	-	3.38	-	712,863.20	1,485,352.29
JP Morgan	-0.48	0.33	-0.81	-0.81	-584,937.81	-0.77	0.33	-1.10	-1.10	-792,856.01	0.87	0.32	0.55	0.55	392,022.95	-985,770.88
LGT	-2.33	-	-2.33	-	-391,420.61	0.45	-	0.45	-	74,640.71	2.94	-	2.94	-	490,723.74	173,943.84
Macquarie	-2.11	-	-2.11	-	-36,134.94	4.65	-	4.65	-	78,017.87	-1.84	-	-1.84	-	-32,337.93	9,545.00
Marathon	-1.25	-2.73	1.48	1.52	845,026.66	-3.72	-3.96	0.24	0.25	131,587.96	3.08	2.98	0.10	0.10	57,537.38	1,034,152.00
M&G Investments	0.00	0.41	-0.41	-0.41	-45,983.34	0.00	0.41	-0.41	-0.41	-46,174.79	-1.59	0.40	-2.00	-1.99	-231,053.28	-323,211.41
Nomura	0.76	-	0.76	-	539.51	-0.60	-	-0.60	-	-426.80	0.35	-	0.35	-	245.37	358.08
Ruffer	-1.99	0.09	-2.08	-2.07	-2,459,775.85	-1.65	0.09	-1.74	-1.74	-2,019,918.16	0.80	0.10	0.70	0.70	797,975.49	-3,681,718.52
SSGA	-1.40	-1.39	-0.01	-0.01	-7,540.46	-4.13	-4.17	0.04	0.04	39,601.05	3.12	3.24	-0.13	-0.12	-144,287.85	-112,227.26
SSGA Drawdown	0.02	-0.05	0.07	0.07	10,367.07	0.53	1.11	-0.58	-0.57	-87,688.28	0.08	0.12	-0.04	-0.04	-5,704.48	-83,025.69
UBS	-2.37	-0.33	-2.04	-2.05	-2,300,504.97	-6.97	-6.80	-0.17	-0.18	-173,559.81	6.52	4.82	1.70	1.62	1,830,749.12	-643,315.67
UBS Property	0.53	0.23	0.30	0.30	148,499.19	0.65	0.04	0.61	0.61	302,252.72	-0.91	0.04	-0.95	-0.95	-474,176.25	-23,424.35

Total Fund Market Value at Qtr End: £602.0 M



Scheme Performance

	Market Value £m	% of Fund	<u>Three Months</u>				<u>Year To Date</u>				<u>One Year</u>			
			Portfolio	Benchmark	Excess Return	Relative Return	Portfolio	Benchmark	Excess Return	Relative Return	Portfolio	Benchmark	Excess Return	Relative Return
London Borough of Hillingdon	602.0	100.00	-1.59	-1.14	-0.45	-0.45	3.05	3.01	0.04	0.03	0.35	0.65	-0.31	-0.30

By Manager

	Market Value £m	% of Fund	Portfolio	Benchmark	Excess Return	Relative Return	Portfolio	Benchmark	Excess Return	Relative Return	Portfolio	Benchmark	Excess Return	Relative Return
Adam Street	21.8	3.63	7.29	-	-	-	9.18	-	-	-	12.86	-	-	-
Fauchier	0.0		-	-	-	-	-	-	-	-	-4.77	-	-	-
JP Morgan	71.7	11.92	-0.38	0.99	-1.37	-1.36	2.97	2.01	0.96	0.95	-	-	-	-
LGT	17.2	2.85	0.99	-	-	-	2.46	-	-	-	-1.77	-	-	-
Macquarie	1.7	0.29	0.56	-	-	-	-11.76	-	-	-	-16.50	-	-	-
Marathon	57.5	9.55	-2.00	-3.80	1.80	1.87	9.27	3.90	5.37	5.17	-3.86	-3.71	-0.16	-0.16
M&G Investments	11.4	1.89	-1.59	1.23	-2.82	-2.79	-0.27	2.50	-2.78	-2.71	2.80	5.03	-2.23	-2.12
Ruffer	115.1	19.12	-2.83	0.28	-3.11	-3.10	-0.21	0.56	-0.76	-0.76	0.73	0.97	-0.24	-0.24
SSGA	114.5	19.02	-2.53	-2.44	-0.09	-0.09	3.42	3.50	-0.08	-0.08	-1.60	-1.76	0.16	0.17
SSGA Drawdown	14.7	2.44	0.64	1.19	-0.55	-0.54	1.36	2.59	-1.23	-1.20	3.55	4.78	-1.23	-1.17
UBS	109.4	18.18	-3.25	-2.63	-0.62	-0.64	4.34	3.32	1.02	0.99	-3.55	-3.13	-0.42	-0.43
UBS Property	49.4	8.21	0.25	0.30	-0.05	-0.05	0.86	1.10	-0.24	-0.23	4.03	4.16	-0.13	-0.13

Total Fund Market Value at Qtr End: £602.0 M



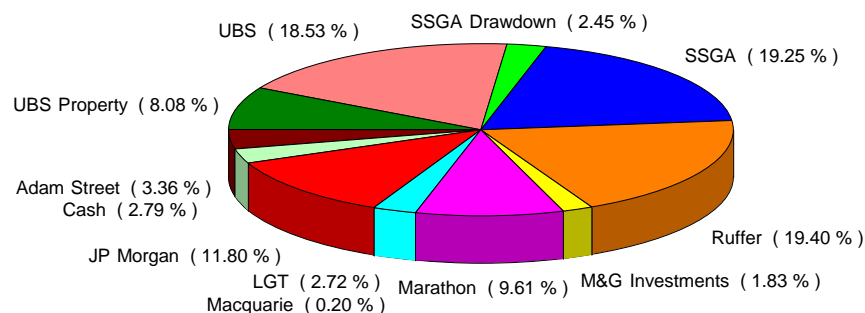
Scheme Performance

	<u>Three</u> <u>Years</u>				<u>Five</u> <u>Years</u>				Inception Date	<u>Inception</u> <u>To Date</u>			
	Portfolio	Benchmark	Excess Return	Relative Return	Portfolio	Benchmark	Excess Return	Relative Return		Portfolio	Benchmark	Excess Return	Relative Return
London Borough of Hillingdon	11.23	11.47	-0.24	-0.21	0.40	1.80	-1.40	-1.37	30/09/95	6.25	6.34	-0.09	-0.09
<u>By Manager</u>													
	Portfolio	Benchmark	Excess Return	Relative Return	Portfolio	Benchmark	Excess Return	Relative Return	Inception Date	Portfolio	Benchmark	Excess Return	Relative Return
Adam Street	16.02	-	-	-	7.95	-	-	-	31/01/05	1.12	-	-	-
Fauchier	-	-	-	-	-	-	-	-	30/06/10	-1.04	-	-	-
JP Morgan	-	-	-	-	-	-	-	-	08/11/11	3.59	2.60	0.99	0.97
LGT	10.37	-	-	-	9.47	-	-	-	31/05/04	8.20	-	-	-
Macquarie	-	-	-	-	-	-	-	-	30/09/10	-12.60	-	-	-
Marathon	-	-	-	-	-	-	-	-	09/06/10	8.25	6.27	1.98	1.87
M&G Investments	-	-	-	-	-	-	-	-	31/05/10	3.09	4.91	-1.82	-1.73
Ruffer	-	-	-	-	-	-	-	-	28/05/10	3.78	0.85	2.93	2.90
SSGA	12.44	12.32	0.13	0.11	-	-	-	-	30/11/08	12.39	12.29	0.10	0.09
SSGA Drawdown	5.05	5.21	-0.16	-0.15	-	-	-	-	30/06/09	5.05	5.21	-0.16	-0.15
UBS	12.55	13.81	-1.27	-1.11	0.90	2.62	-1.72	-1.68	31/12/88	9.49	8.56	0.93	0.85
UBS Property	8.39	10.12	-1.73	-1.57	-4.45	-3.90	-0.55	-0.57	31/03/06	-1.00	-0.42	-0.58	-0.58

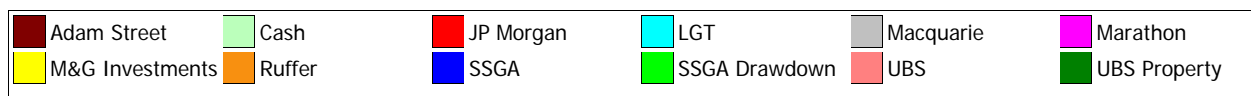
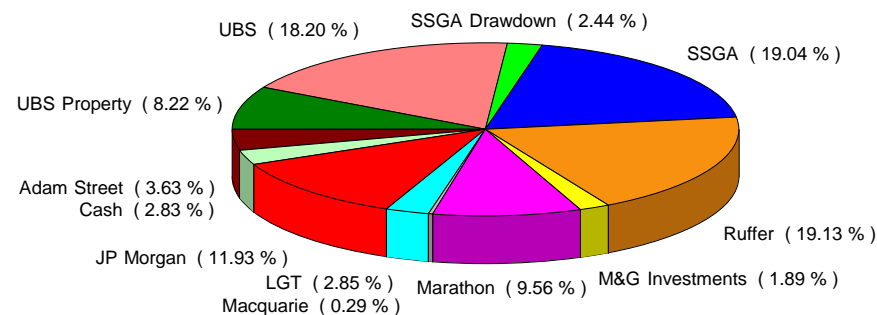
Total Fund Market Value at Qtr End: £602.0 M



Weighting at Beginning of Period



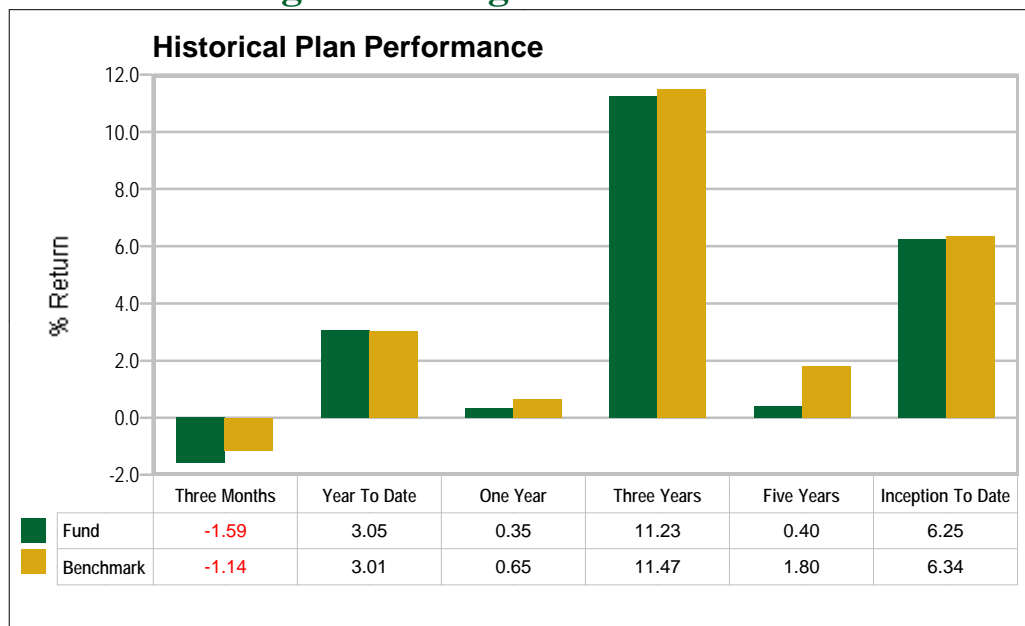
Weighting at End of Period



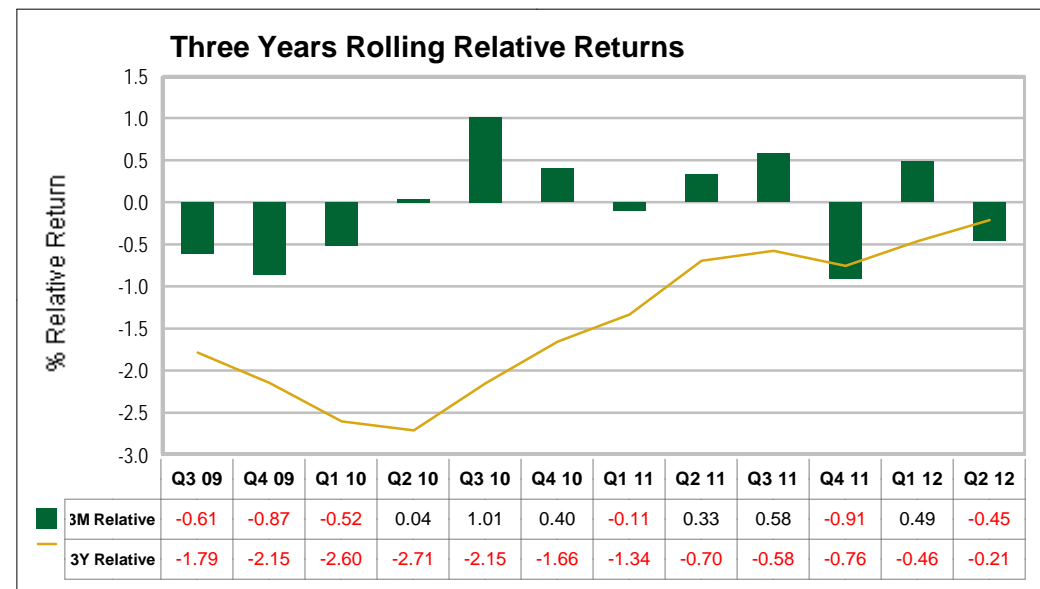
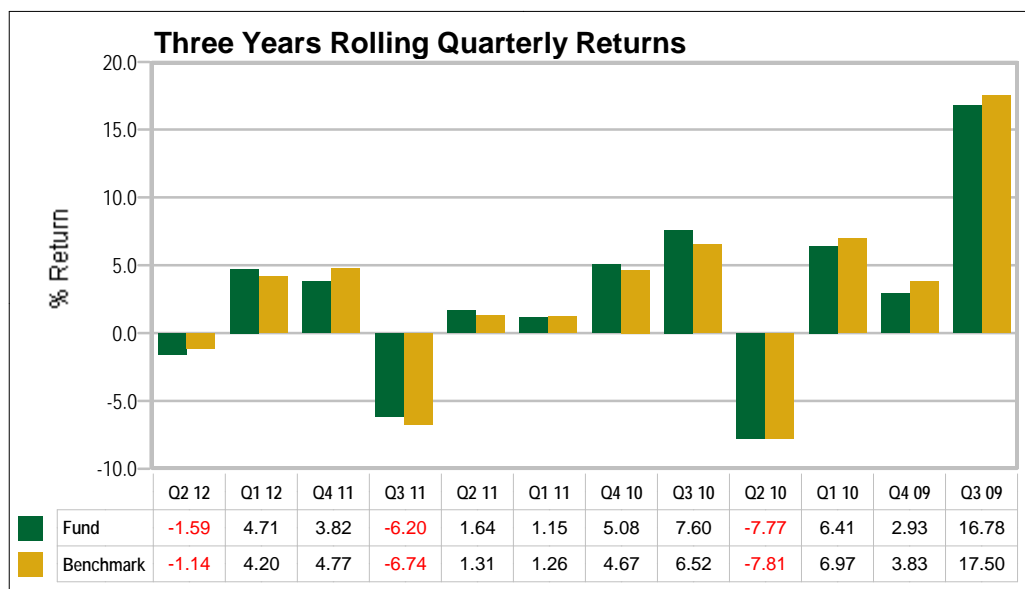
	Opening Market Value £(000)	% of Fund	Net Investment £(000)	Appreciation £(000)	Income Received £(000)	Closing Market Value £(000)	% of Fund
London Borough of Hillingdon	611,171	100.00	499	-12,500	2,783	601,953	100.00
Adam Street	20,484	3.35	-151	1,491	0	21,824	3.63
Cash	17,000	2.78	0	0	14	17,014	2.83
JP Morgan	72,012	11.78	0	-276	0	71,736	11.92
LGT	16,589	2.71	394	176	0	17,159	2.85
M&G Investments	11,149	1.82	380	-179	-0	11,350	1.89
Macquarie	1,205	0.20	500	19	0	1,724	0.29
Marathon	58,670	9.60	0	-1,173	0	57,498	9.55
Nomura	71	0.01	0	-0	1	71	0.01
Ruffer	118,424	19.38	0	-4,016	661	115,070	19.12
SSGA	117,490	19.22	0	-2,973	0	114,518	19.02
SSGA Drawdown	14,948	2.45	-380	95	0	14,663	2.44
UBS	113,101	18.51	0	-5,234	1,562	109,429	18.18
UBS Property	49,297	8.07	-1	-421	546	49,421	8.21



London Borough of Hillingdon

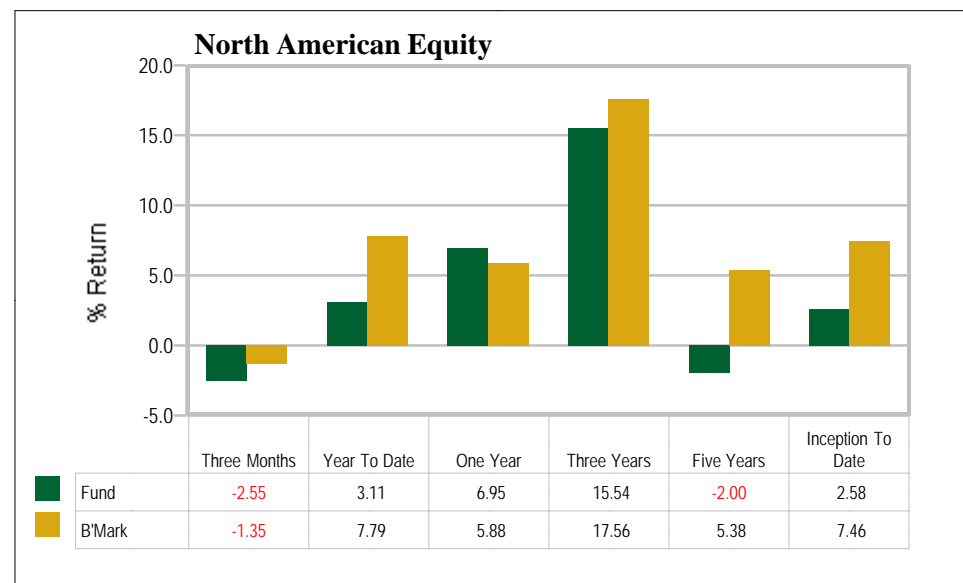
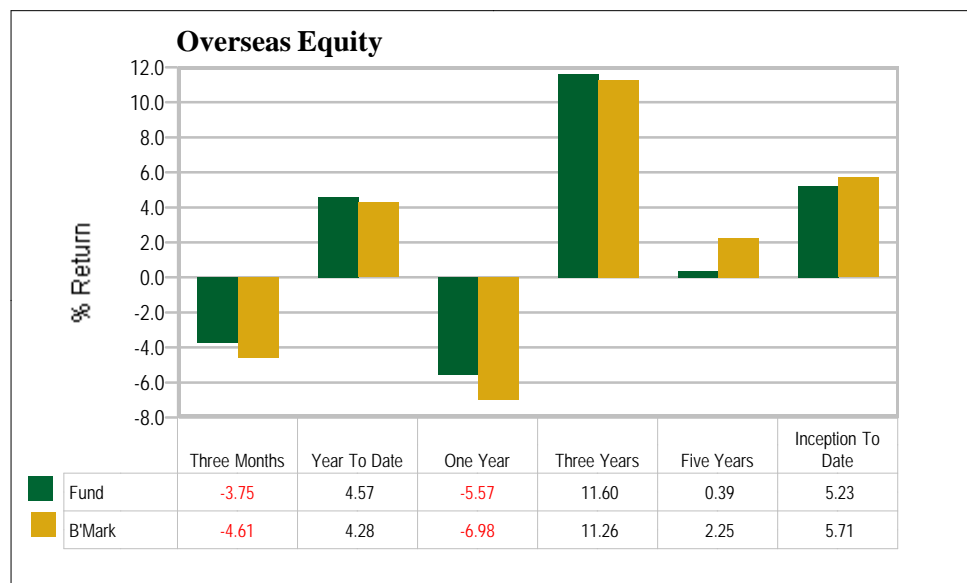
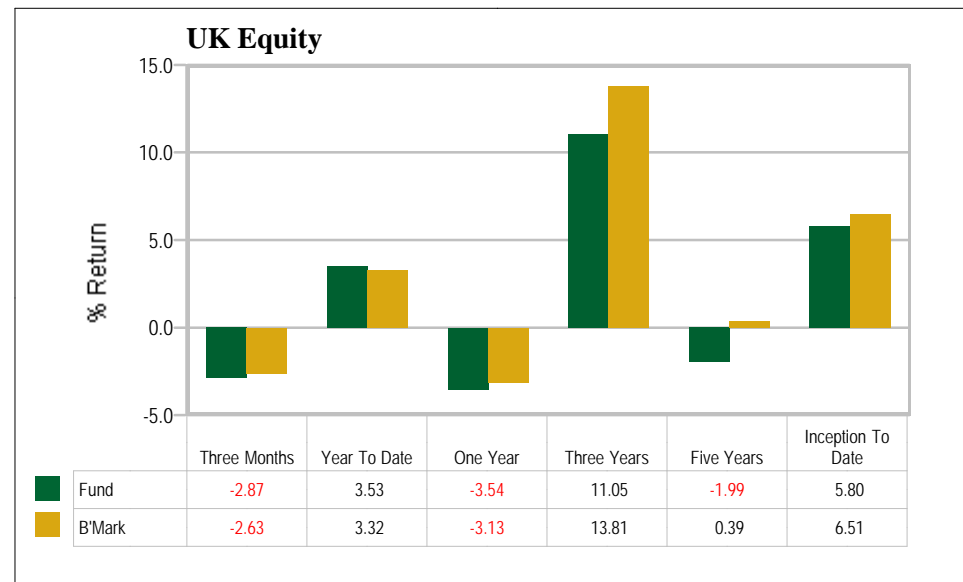
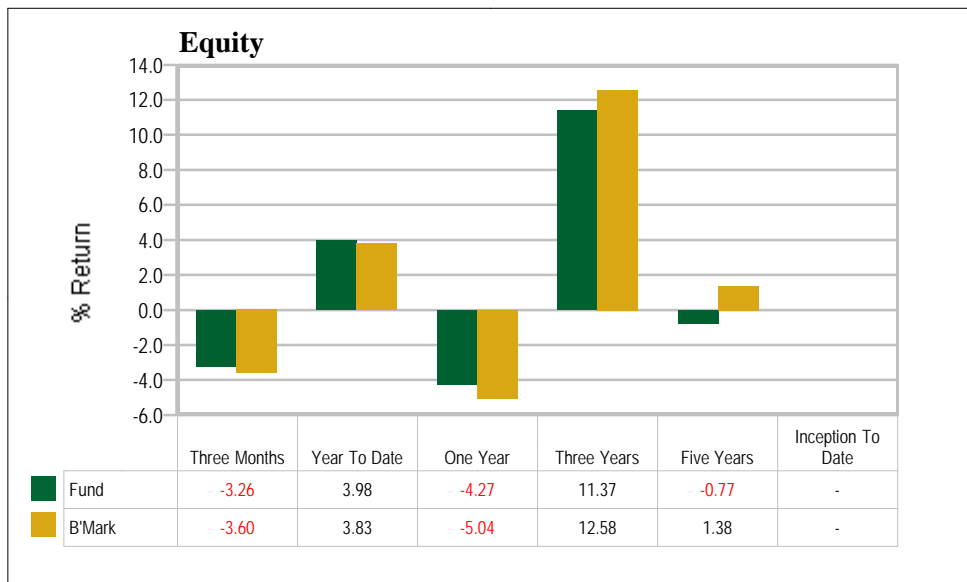


Risk Statistics - 3 years	Fund	B'mark
Performance Return	11.23	11.47
Standard Deviation	9.20	9.21
Relative Return	-0.21	
Tracking Error	1.31	
Information Ratio	-0.18	
Beta	0.99	
Alpha	-0.10	
R Squared	0.98	
Sharpe Ratio	1.09	1.11
Percentage of Total Fund	100.0	
Inception Date	Sep-1995	
Opening Market Value (£000)	611,171	
Net Investment £(000)	499	
Income Received £(000)	2,783	
Appreciation £(000)	-12,500	
Closing Market Value (£000)	601,953	



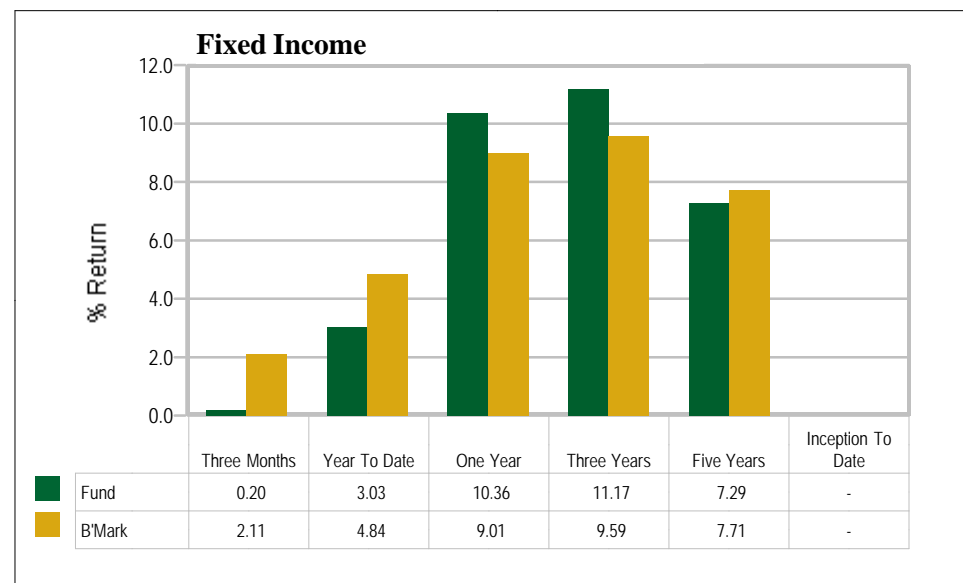
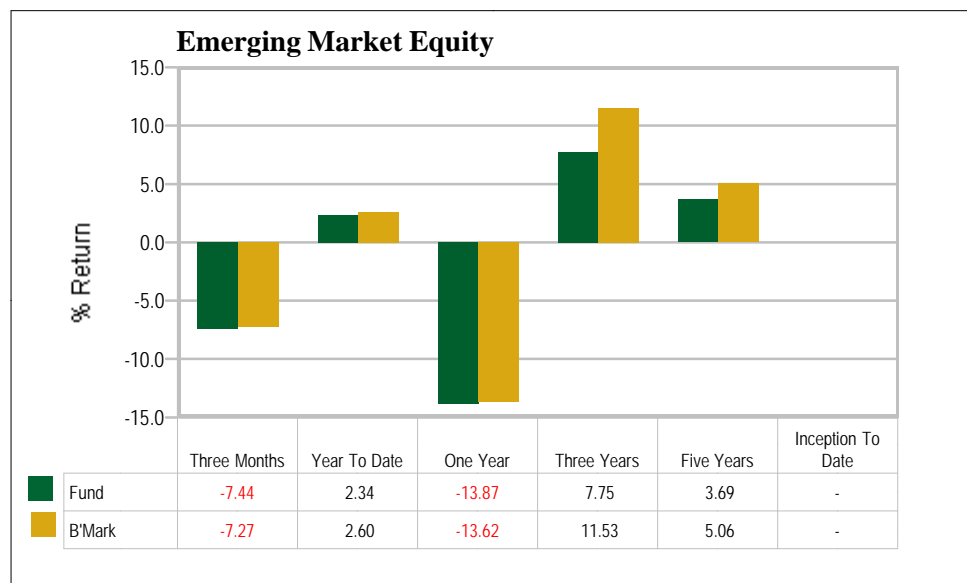
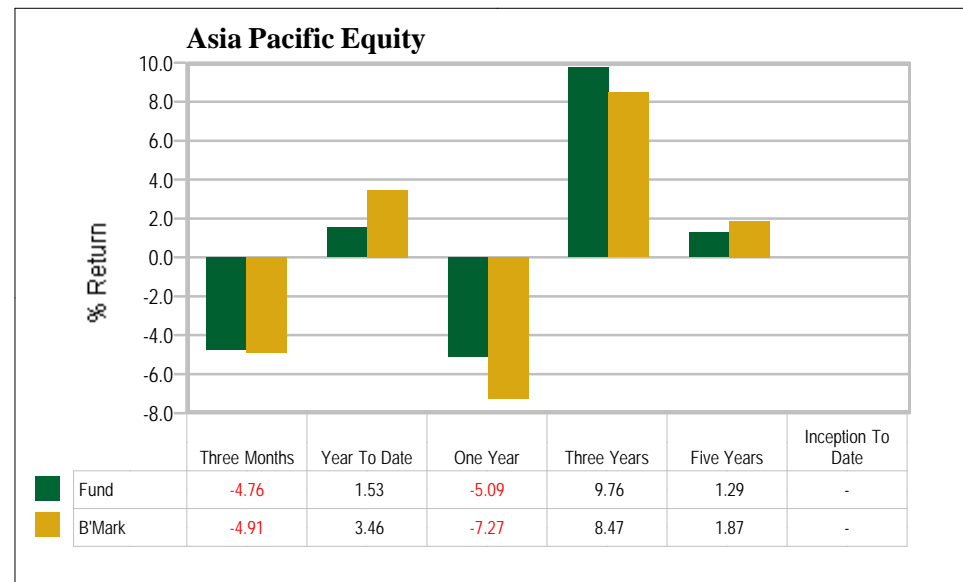
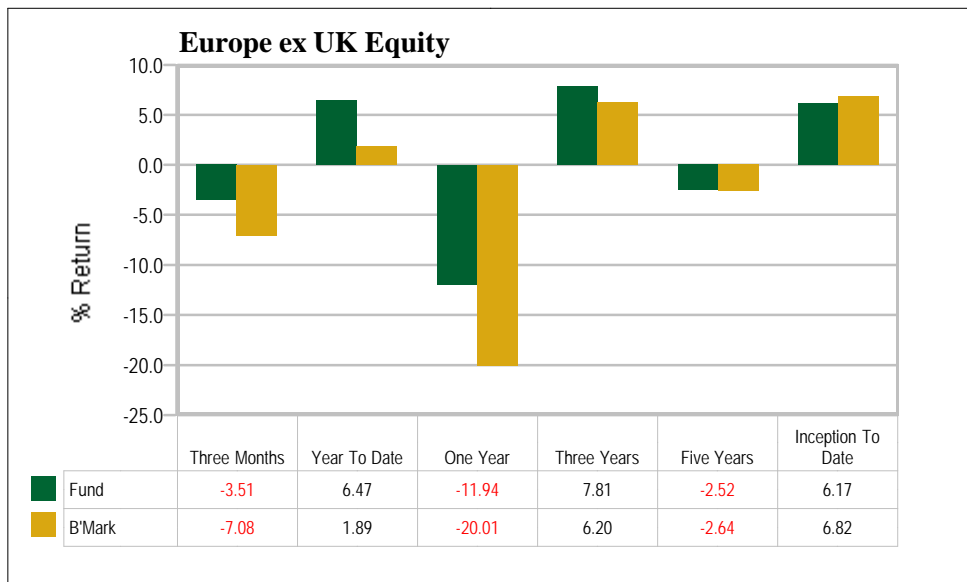


London Borough of Hillingdon



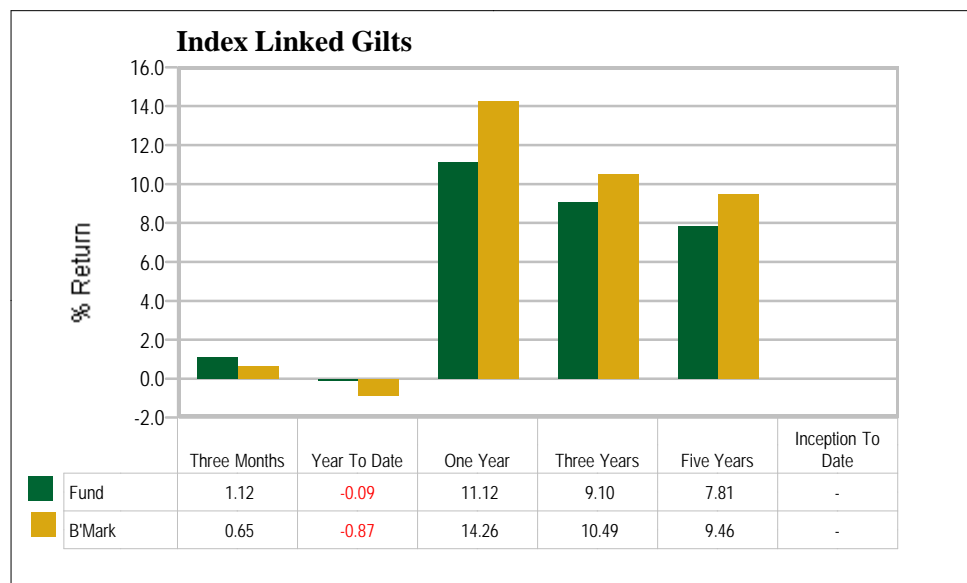
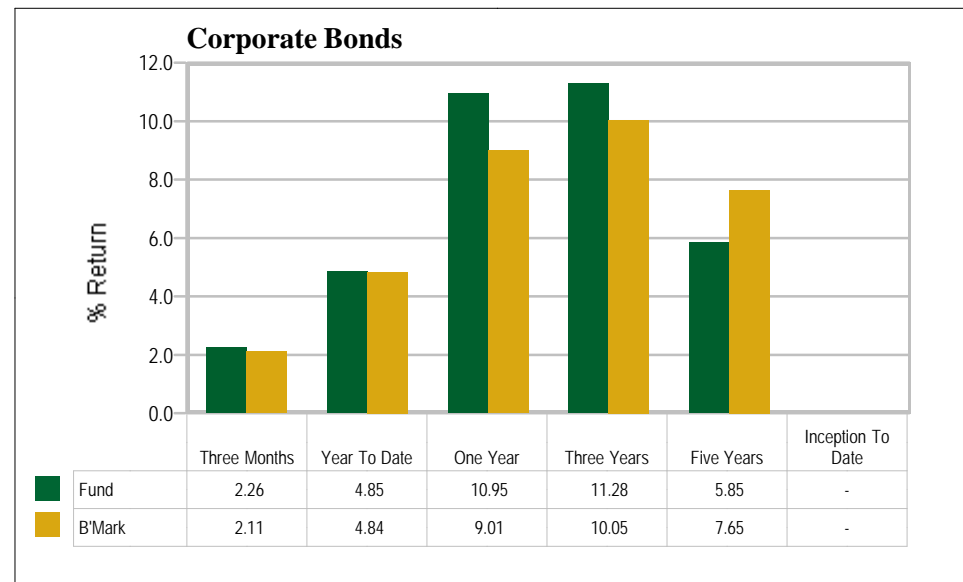
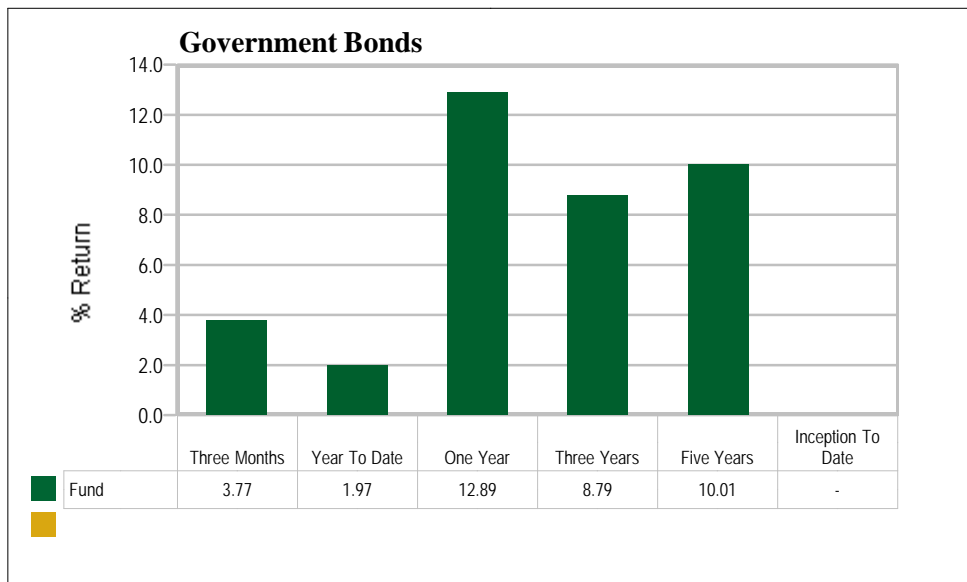


London Borough of Hillingdon



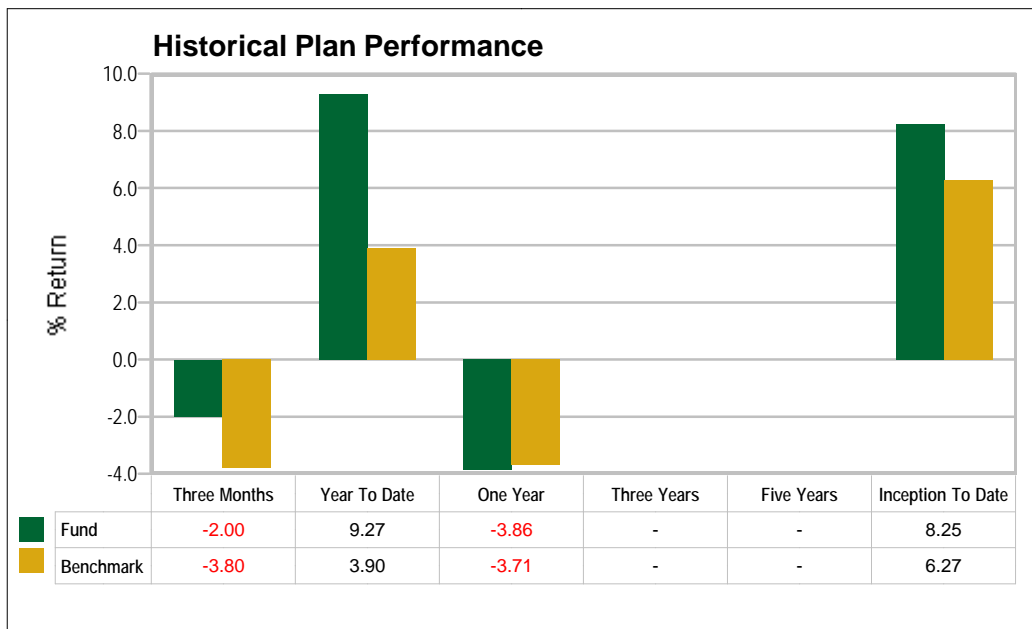


London Borough of Hillingdon

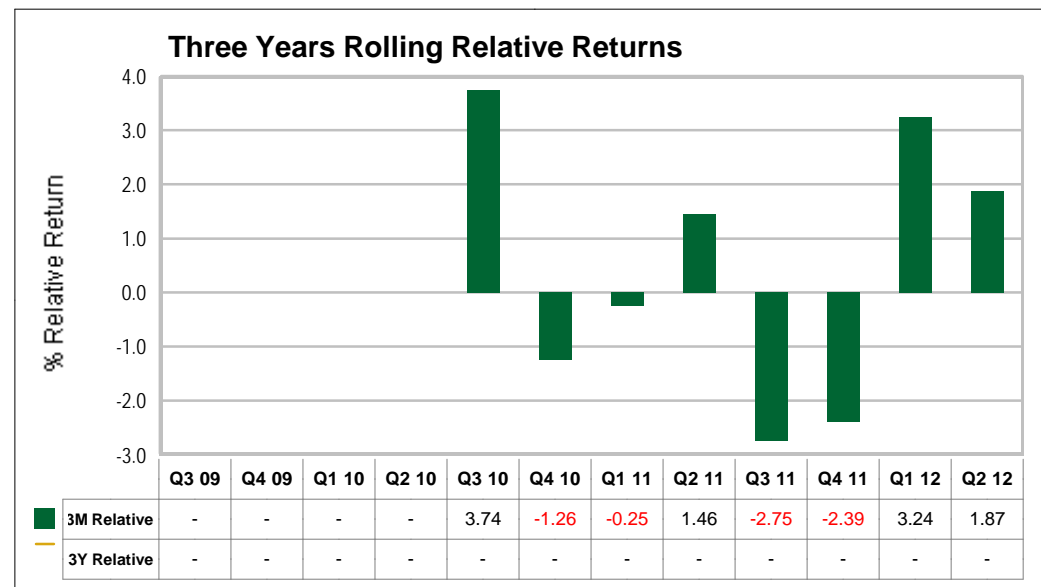
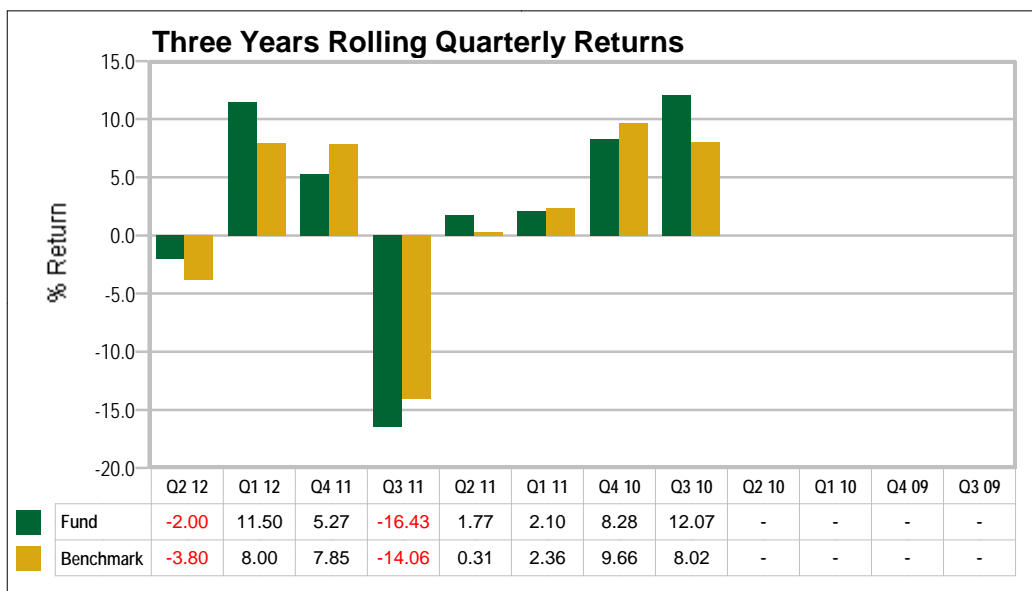




Marathon

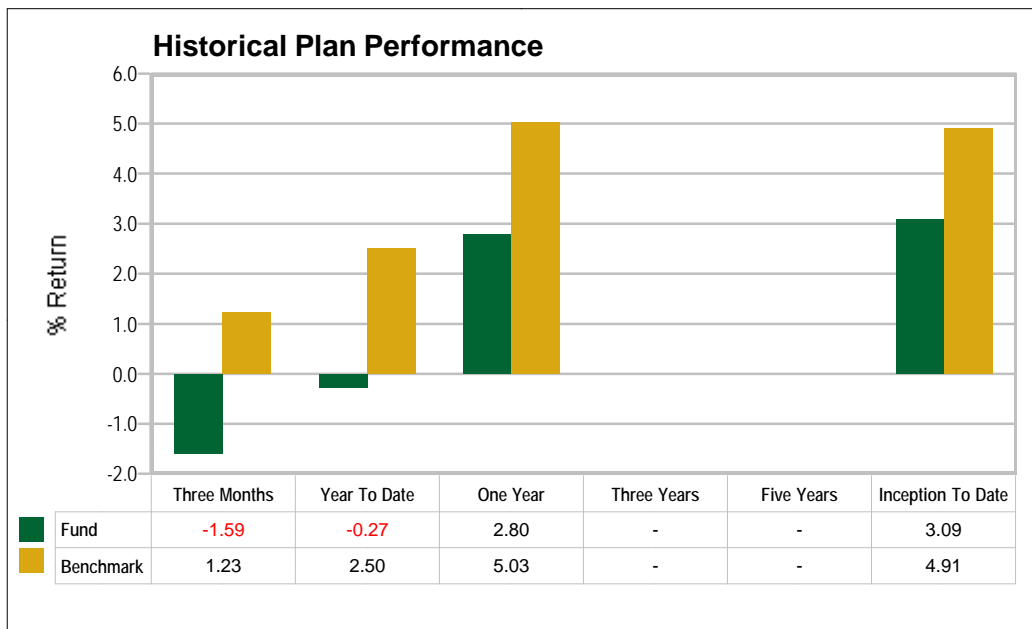


Risk Statistics - 3 years	Fund	B'mark
Performance Return	-	-
Standard Deviation	-	-
Relative Return	-	-
Tracking Error	-	-
Information Ratio	-	-
Beta	-	-
Alpha	-	-
R Squared	-	-
Sharpe Ratio	-	-
Percentage of Total Fund	9.6	
Inception Date	Jun-2010	
Opening Market Value (£000)	58,670	
Net Investment £(000)	0	
Income Received £(000)	0	
Appreciation £(000)	-1,173	
Closing Market Value (£000)	57,498	



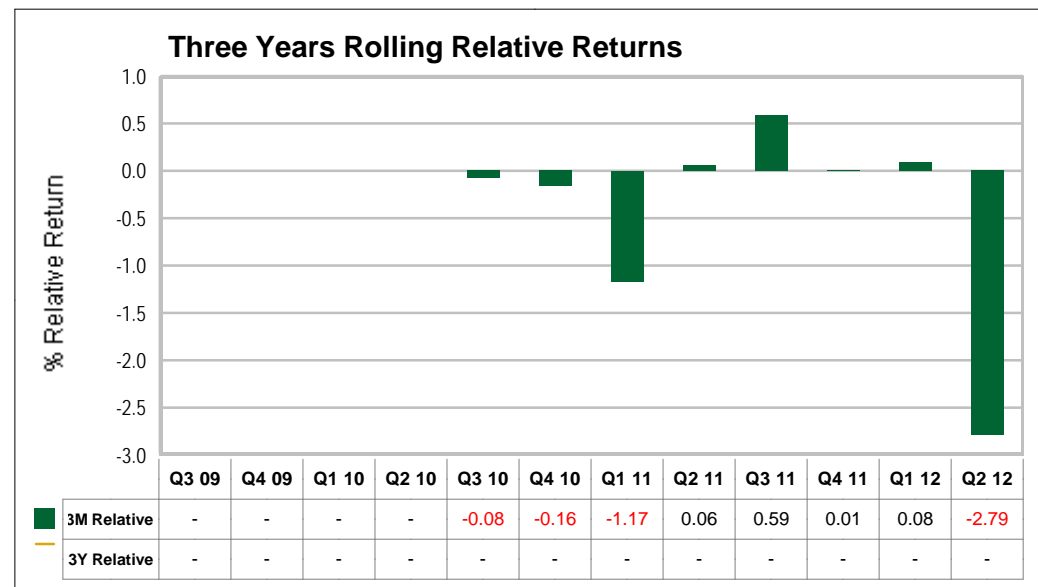
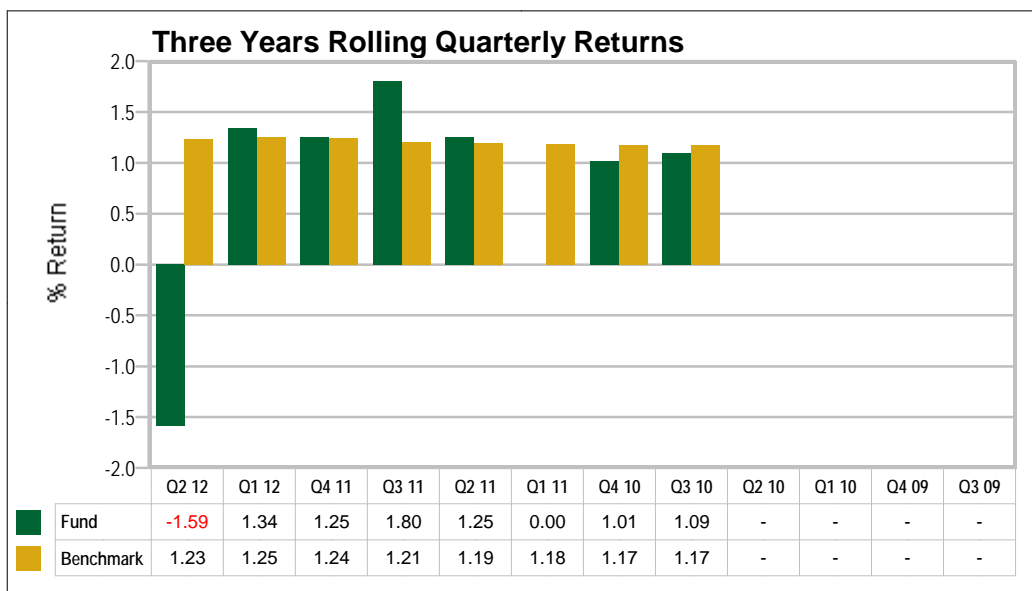


M&G Investments



Risk Statistics - 3 years

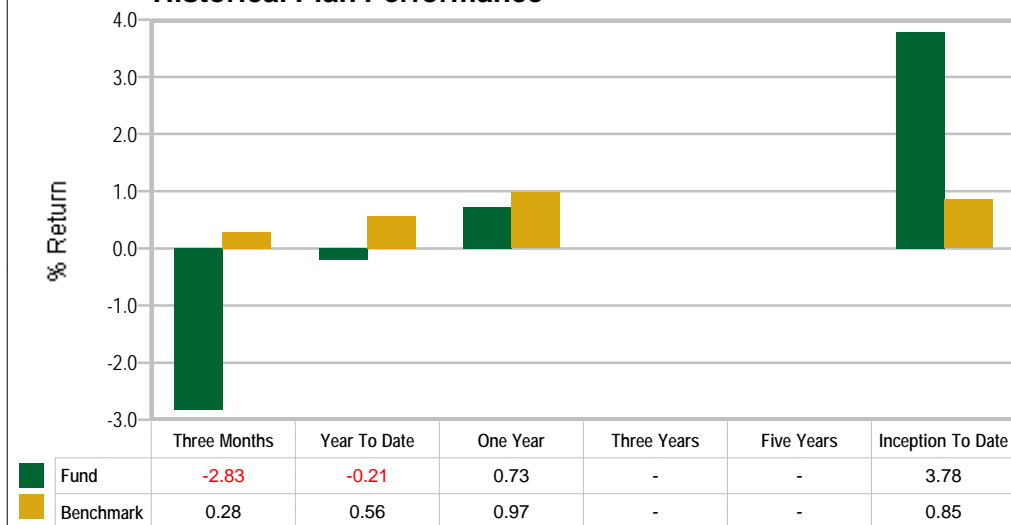
	Fund	B'mark
Performance Return		
Standard Deviation		
Relative Return		
Tracking Error		
Information Ratio		
Beta		
Alpha		
R Squared		
Sharpe Ratio		
Percentage of Total Fund	1.9	
Inception Date	May-2010	
Opening Market Value (£000)	11,149	
Net Investment £(000)	380	
Income Received £(000)	-0	
Appreciation £(000)	-179	
Closing Market Value (£000)	11,350	





Ruffer

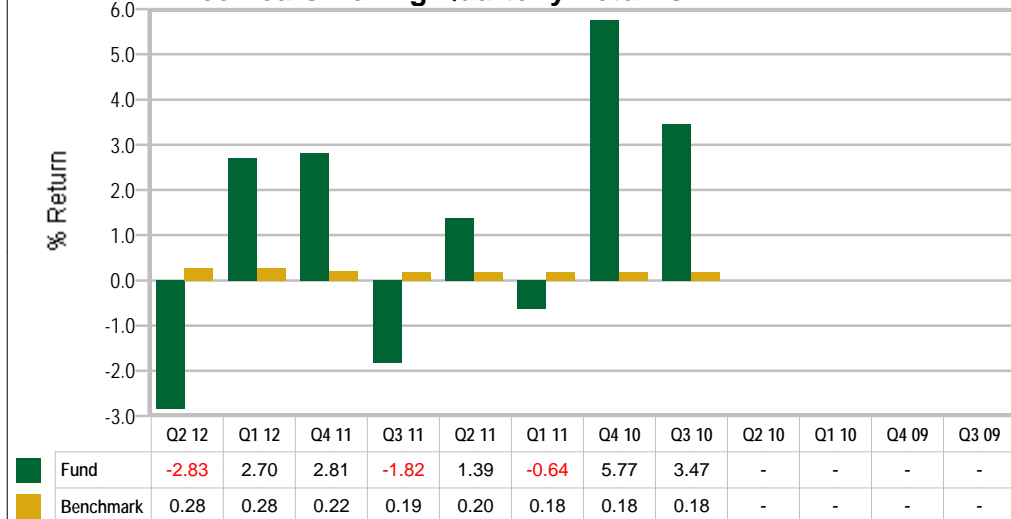
Historical Plan Performance



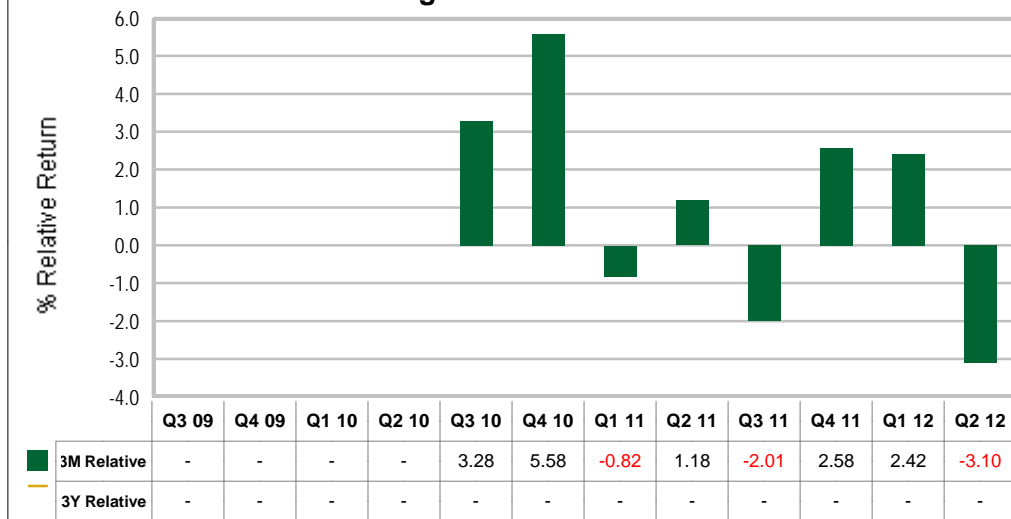
Risk Statistics - 3 years

	Fund	B'mark
Performance Return	-	-
Standard Deviation	-	-
Relative Return	-	-
Tracking Error	-	-
Information Ratio	-	-
Beta	-	-
Alpha	-	-
R Squared	-	-
Sharpe Ratio	-	-
Percentage of Total Fund	19.1	
Inception Date	May-2010	
Opening Market Value (£000)	118,424	
Net Investment £(000)	0	
Income Received £(000)	661	
Appreciation £(000)	-4,016	
Closing Market Value (£000)	115,070	

Three Years Rolling Quarterly Returns

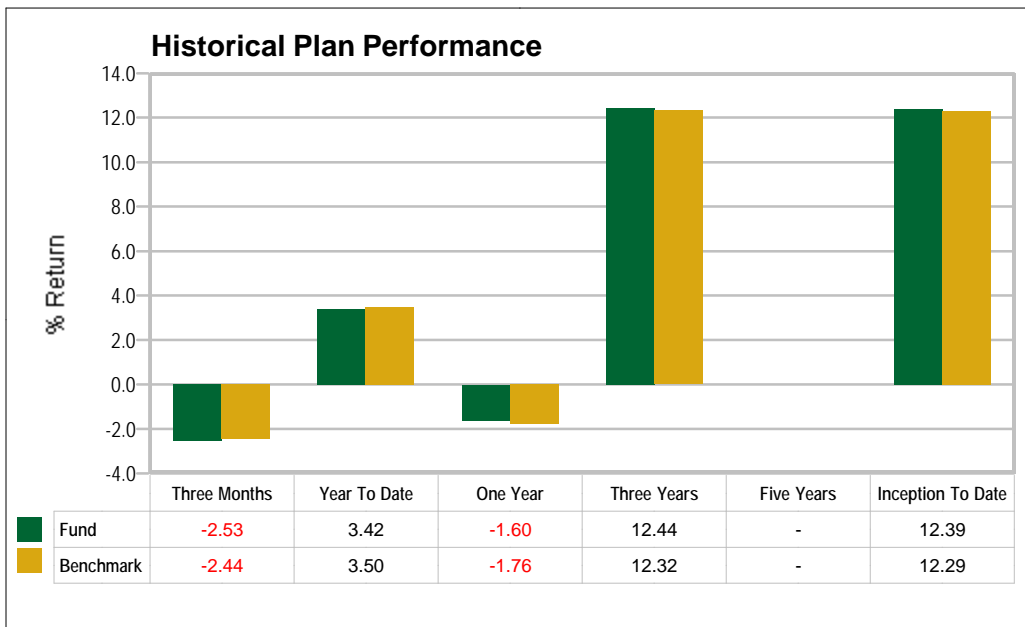


Three Years Rolling Relative Returns



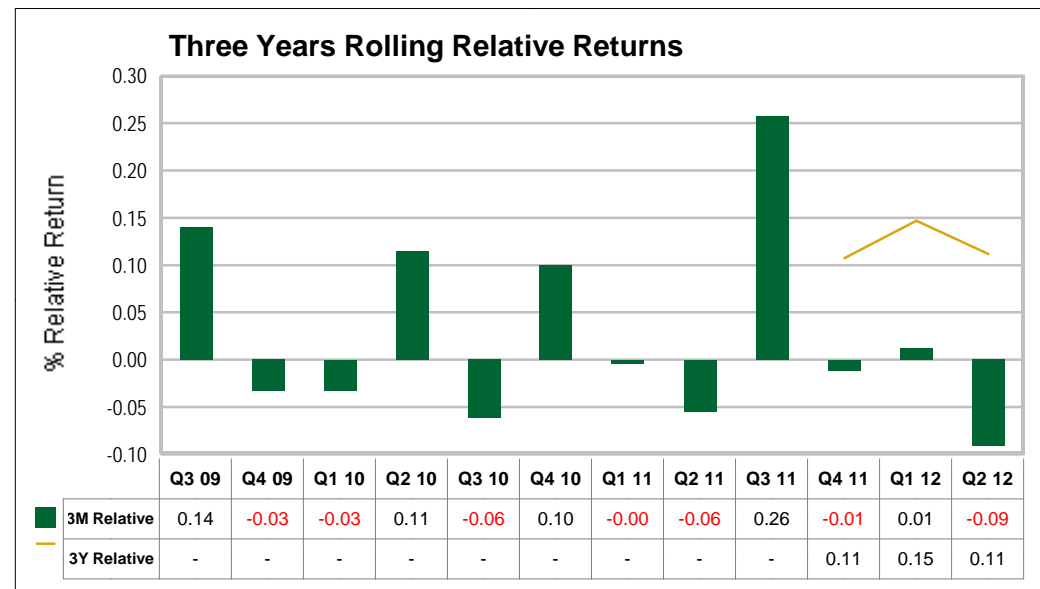
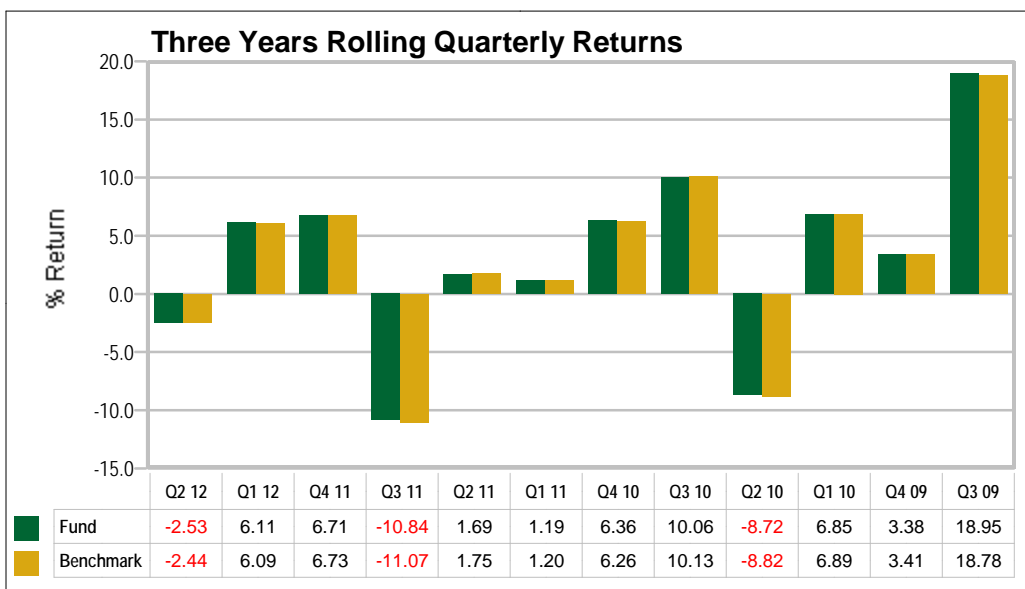


SSGA



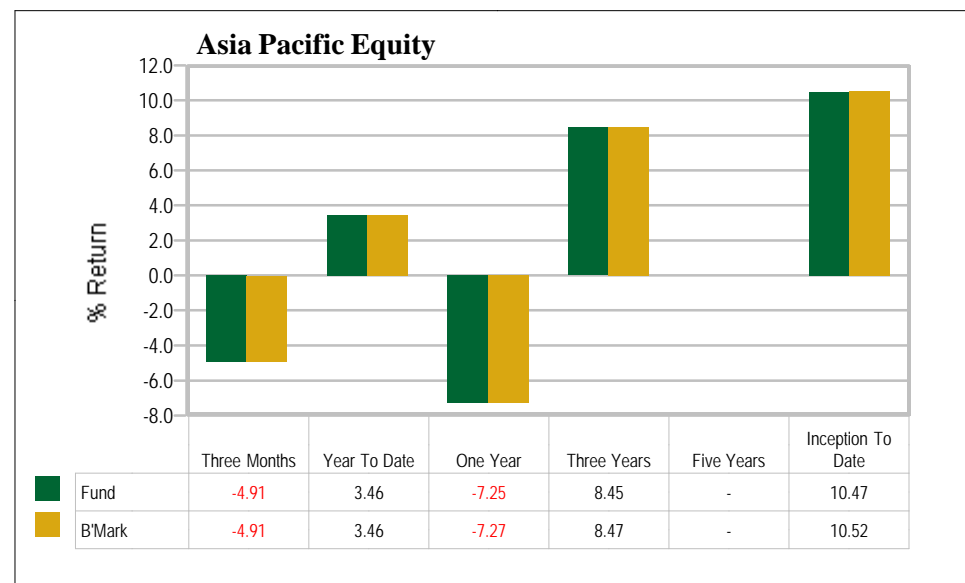
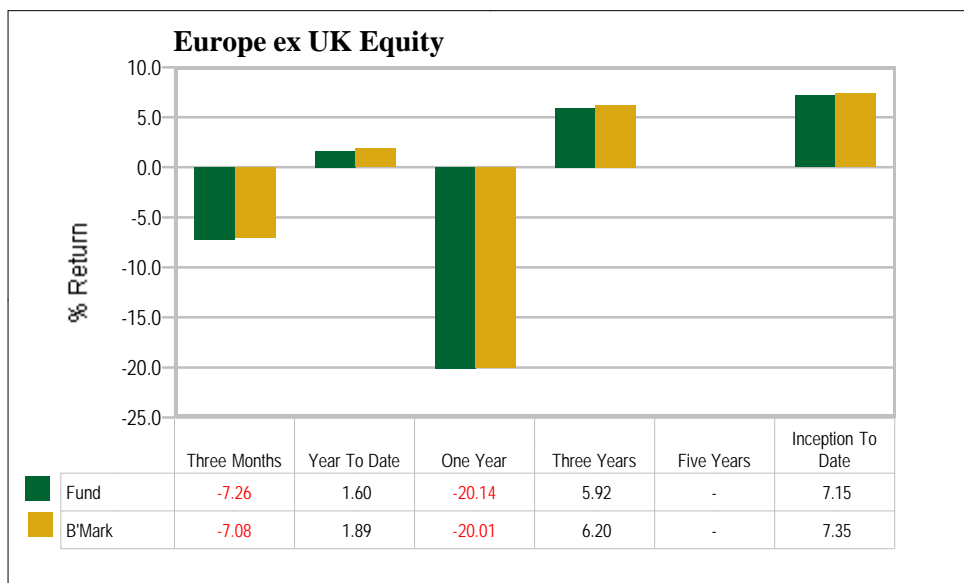
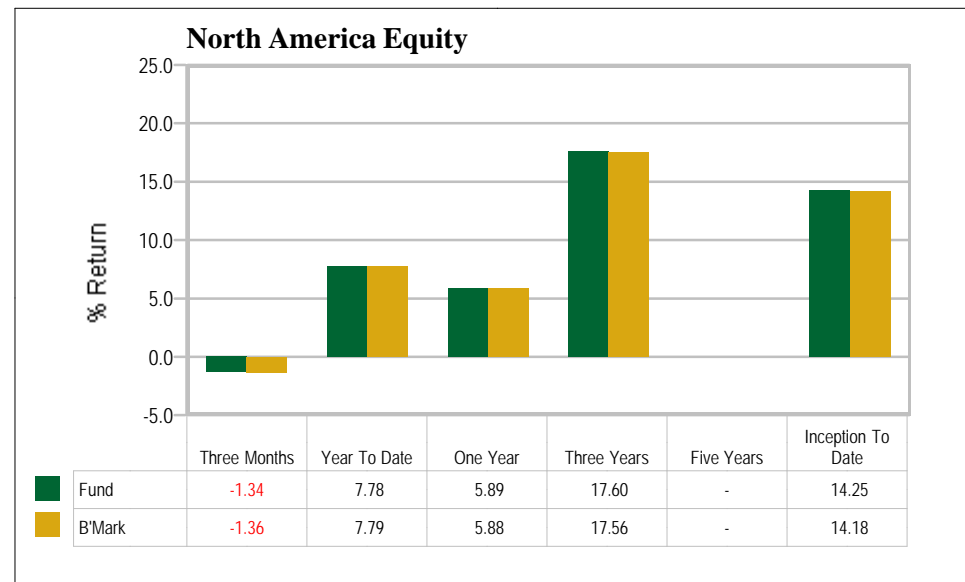
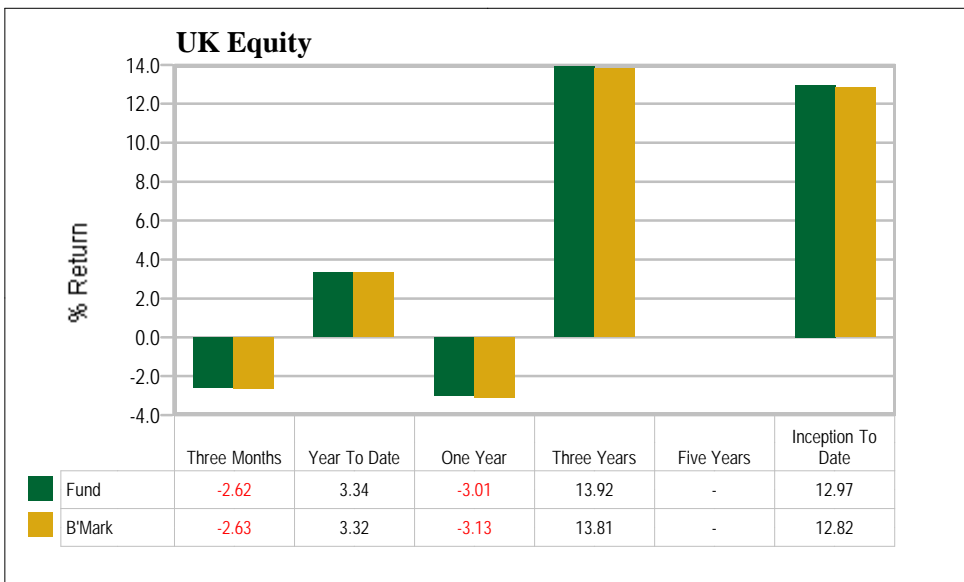
Risk Statistics - 3 years

	Fund	B'mark
Performance Return	12.44	12.32
Standard Deviation	11.70	11.76
Relative Return	0.11	
Tracking Error	0.18	
Information Ratio	0.72	
Beta	0.99	
Alpha	0.17	
R Squared	1.00	
Sharpe Ratio	0.96	0.94
Percentage of Total Fund	19.0	
Inception Date	Nov-2008	
Opening Market Value (£000)	117,490	
Net Investment (£000)	0	
Income Received (£000)	0	
Appreciation (£000)	-2,973	
Closing Market Value (£000)	114,518	



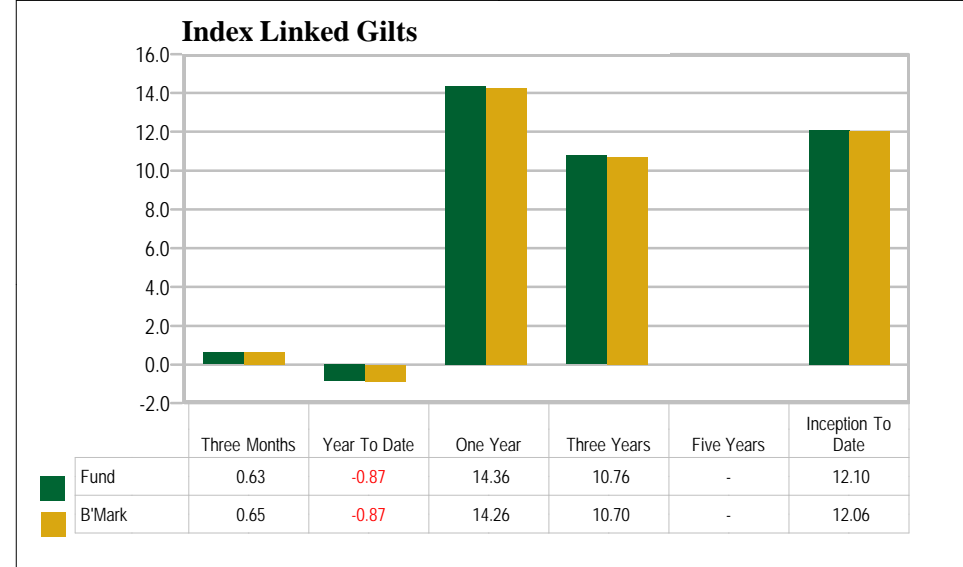
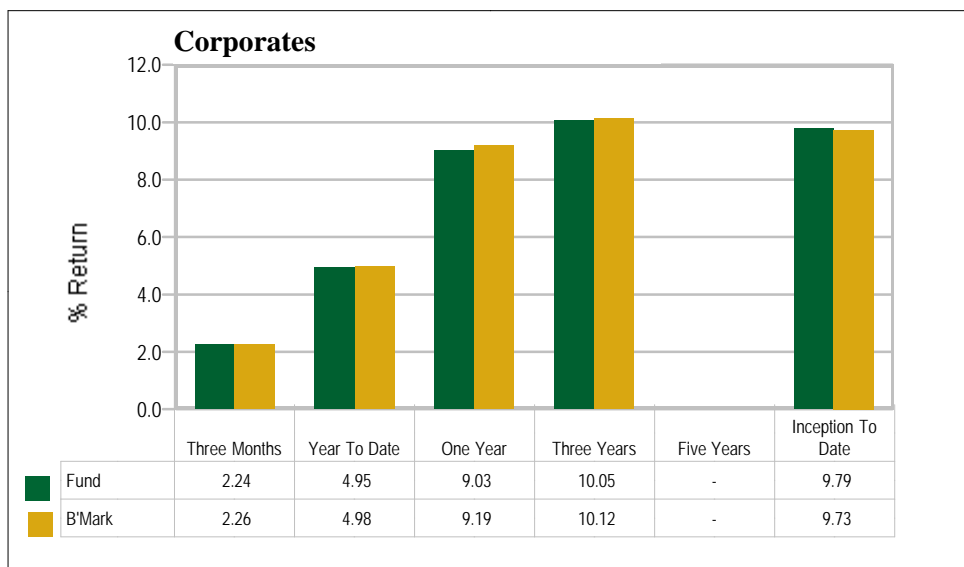
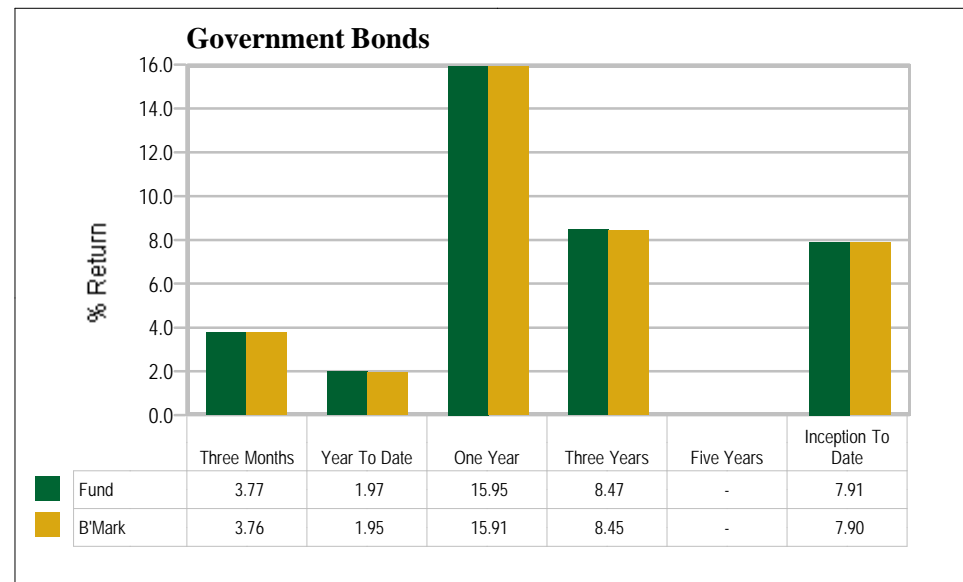
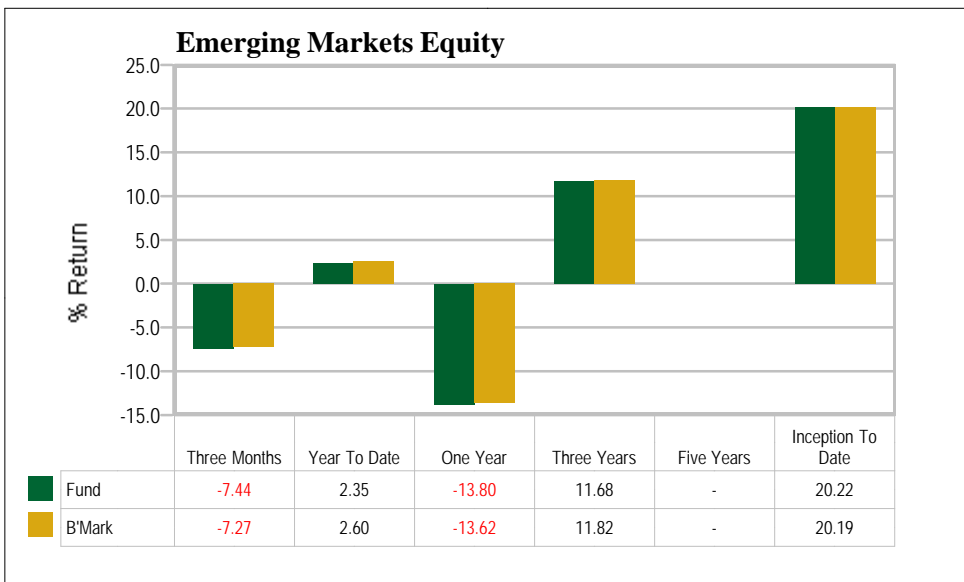


SSGA





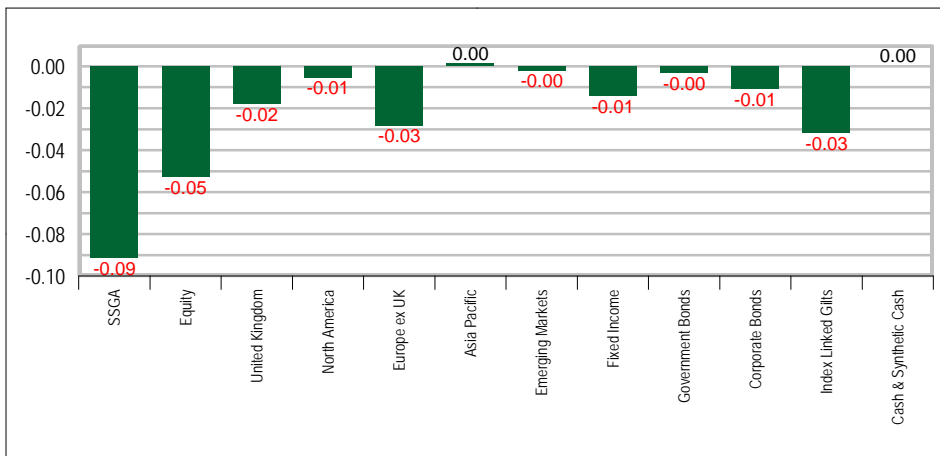
SSGA



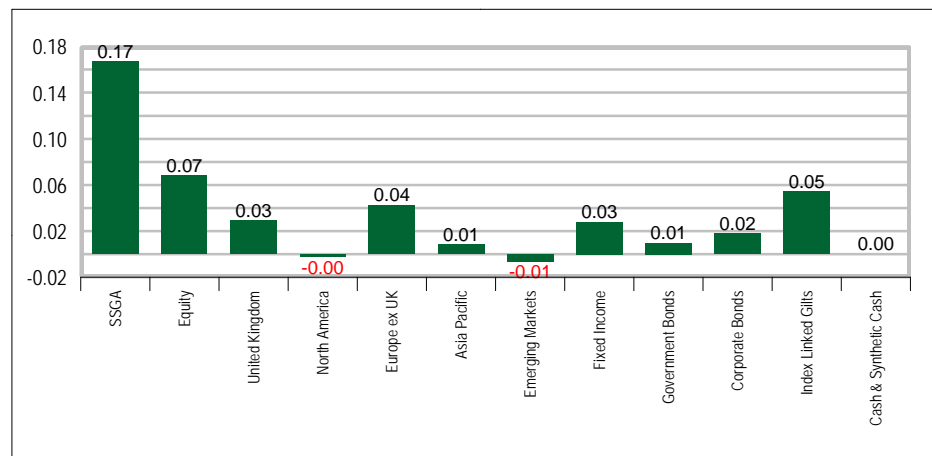


SSGA

Relative Contribution - Three Months



Relative Contribution - One Year

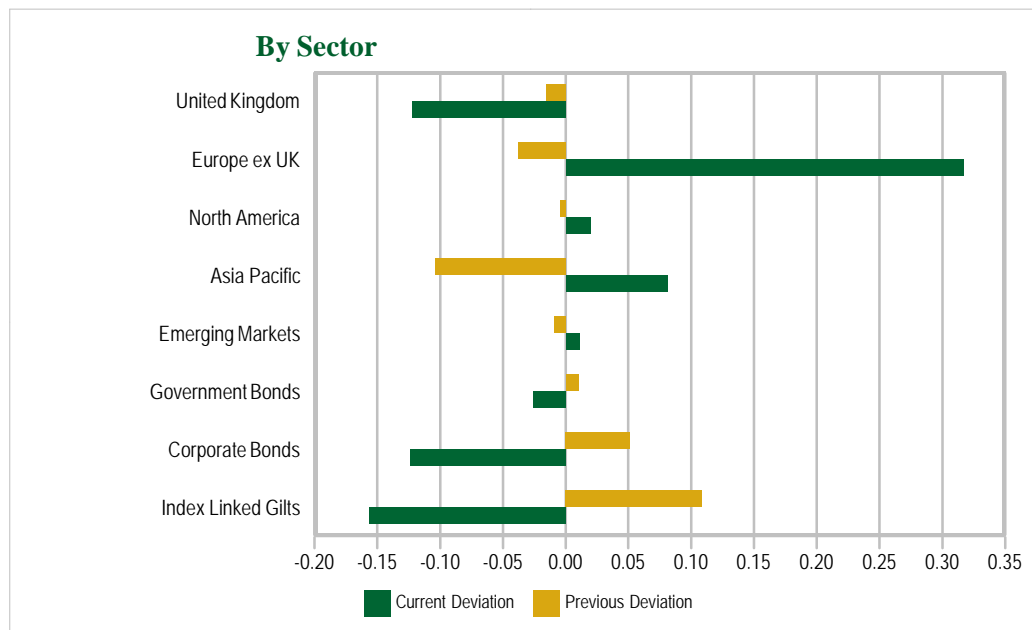


	Return	Benchmark	Relative Return	Asset Allocation	Stock Selection	Currency Effect	Relative Contribution
SSGA	-2.53	-2.44	-0.09	-0.05	-0.12	0.07	-0.09
Equity	-3.57	-	-3.57	-0.01	-0.29	0.25	-0.05
United Kingdom	-2.62	-2.63	0.01	-0.01	0.00	-0.01	-0.02
North America	-1.34	-1.36	0.01	0.00	-0.02	0.01	-0.01
Europe ex UK	-7.26	-7.08	-0.20	-0.01	-0.01	-0.00	-0.03
Asia Pacific	-4.91	-4.91	-0.01	0.01	-0.19	0.18	0.00
Emerging Markets	-7.44	-7.27	-0.18	0.00	-0.08	0.07	-0.00
Fixed Income	2.47	-	2.47	-0.01	0.18	-0.18	-0.01
Government Bonds	3.77	3.76	0.01	-0.00	0.00	0.00	-0.00
Corporate Bonds	2.24	2.26	-0.01	-0.00	0.18	-0.18	-0.01
Index Linked Gilts	0.63	0.65	-0.02	-0.03	-0.00	0.00	-0.03
Cash & Synthetic Cash	-	-	0.00	0.00	0.00	0.00	0.00

	Return	Benchmark	Relative Return	Asset Allocation	Stock Selection	Currency Effect	Relative Contribution
SSGA	-1.60	-1.76	0.17	0.13	-0.49	0.52	0.17
Equity	-5.24	-	-5.24	0.04	-0.38	0.41	0.07
United Kingdom	-3.01	-3.13	0.12	-0.02	0.05	-0.01	0.03
North America	5.89	5.88	0.02	0.00	-0.05	0.05	-0.00
Europe ex UK	-20.14	-20.01	-0.16	0.03	0.08	-0.06	0.04
Asia Pacific	-7.25	-7.27	0.02	0.03	-0.19	0.17	0.01
Emerging Markets	-13.80	-13.62	-0.21	0.00	-0.27	0.26	-0.01
Fixed Income	10.07	-	10.07	0.04	-0.12	0.11	0.03
Government Bonds	15.95	15.91	0.04	0.01	0.00	-0.00	0.01
Corporate Bonds	9.03	9.19	-0.15	0.03	-0.12	0.11	0.02
Index Linked Gilts	14.36	14.26	0.08	0.05	0.01	-0.00	0.05
Cash & Synthetic Cash	-	-	0.00	0.00	0.00	0.00	0.00



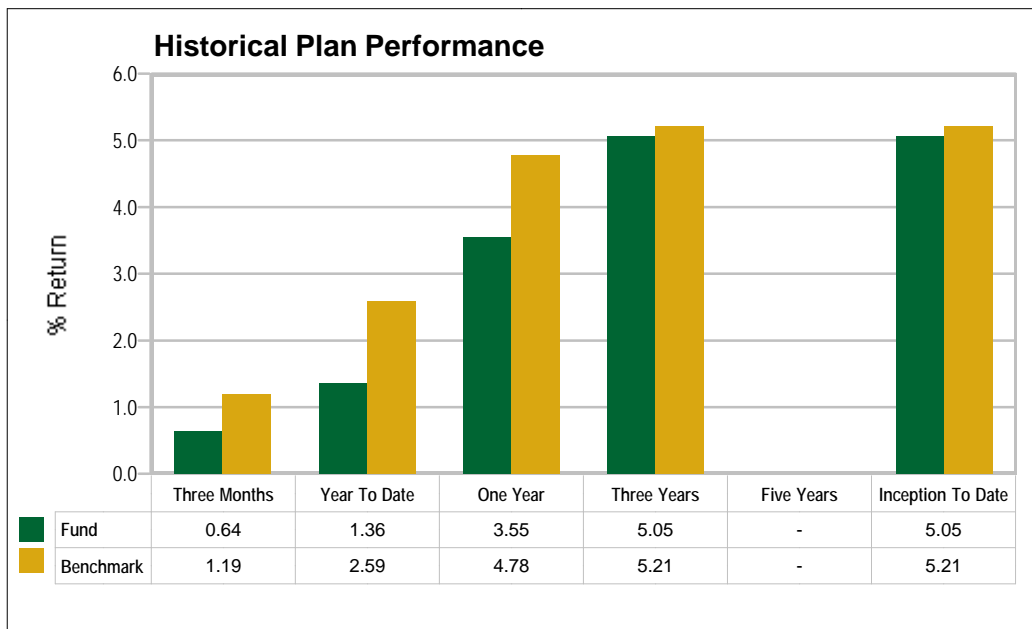
SSGA



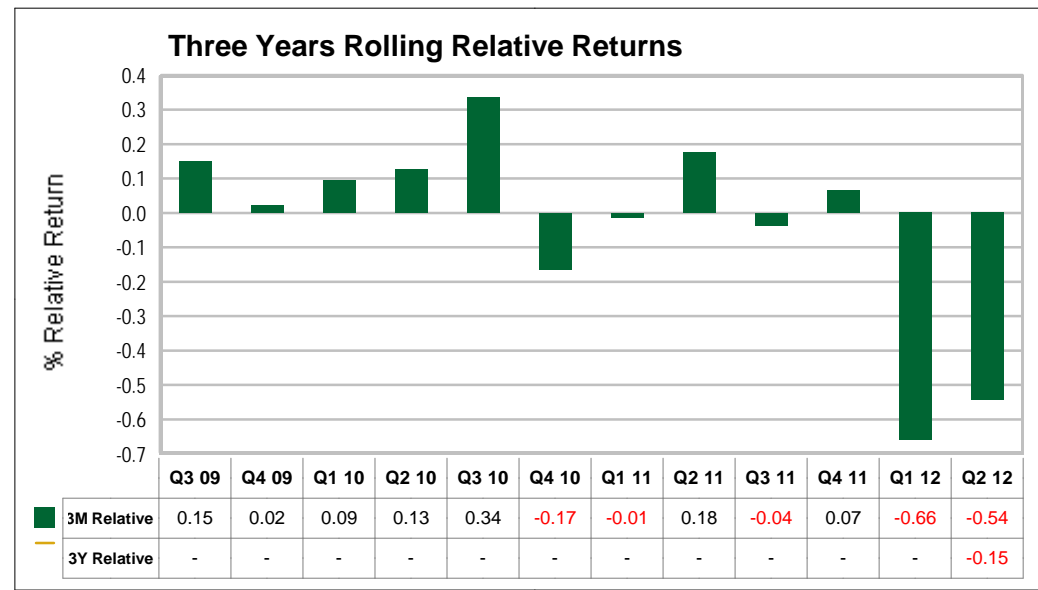
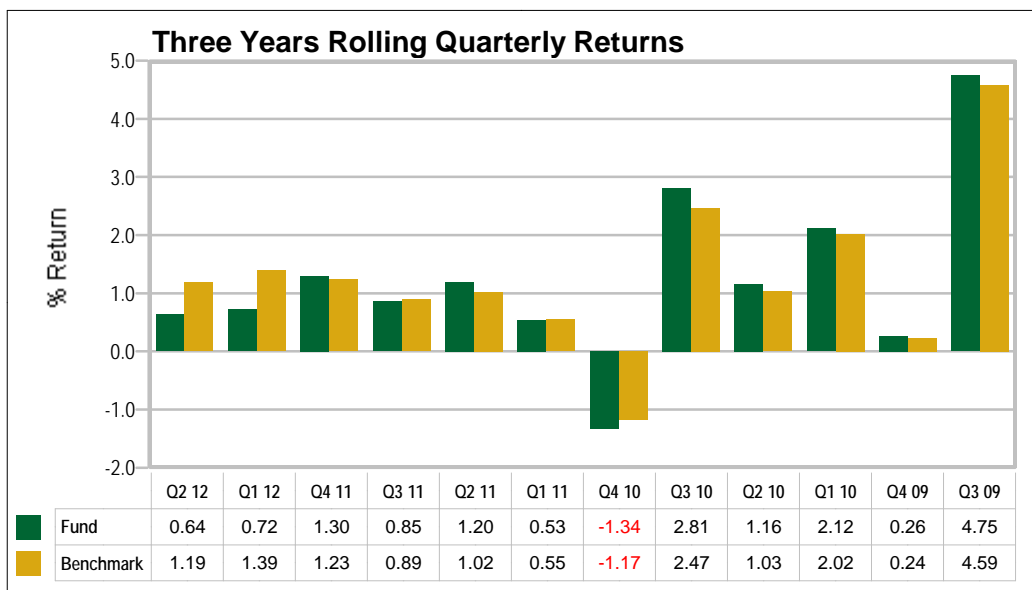
	Current Qtr	Previous Qtr	Current Benchmark	Current Deviation	Previous Benchmark	Previous Deviation
Equity	80.31	79.83		80.31		79.83
United Kingdom	43.88	43.98	44.00	-0.12	44.00	-0.02
Europe ex UK	11.32	10.96	11.00	0.32	11.00	-0.04
North America	11.02	11.00	11.00	0.02	11.00	-0.00
Asia Pacific	11.08	10.90	11.00	0.08	11.00	-0.10
Emerging Markets	3.01	2.99	3.00	0.01	3.00	-0.01
Fixed Income	9.85	10.06		9.85		10.06
Government Bonds	1.47	1.51	1.50	-0.03	1.50	0.01
Corporate Bonds	8.38	8.55	8.50	-0.12	8.50	0.05
Index Linked Gilts	9.84	10.11	10.00	-0.16	10.00	0.11



SSGA Drawdown

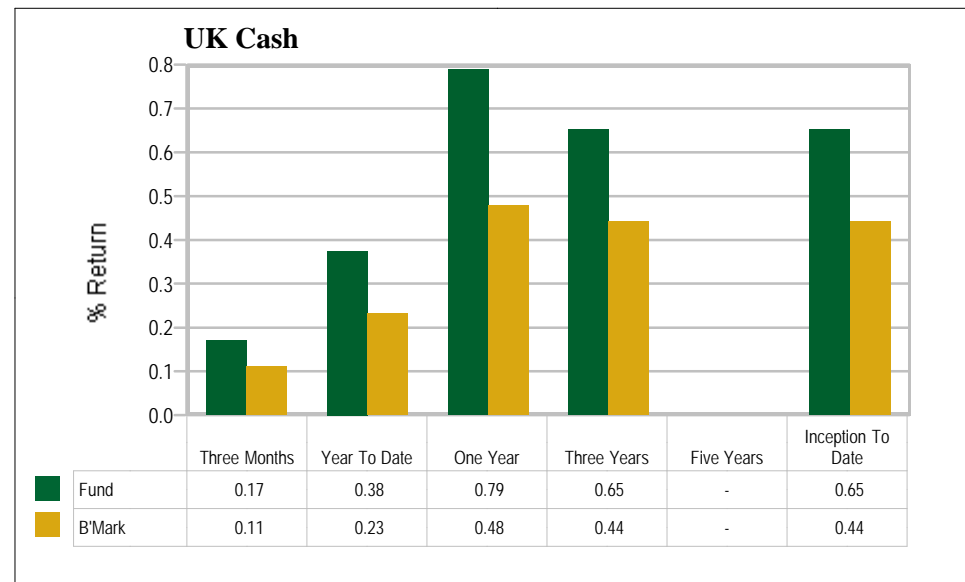
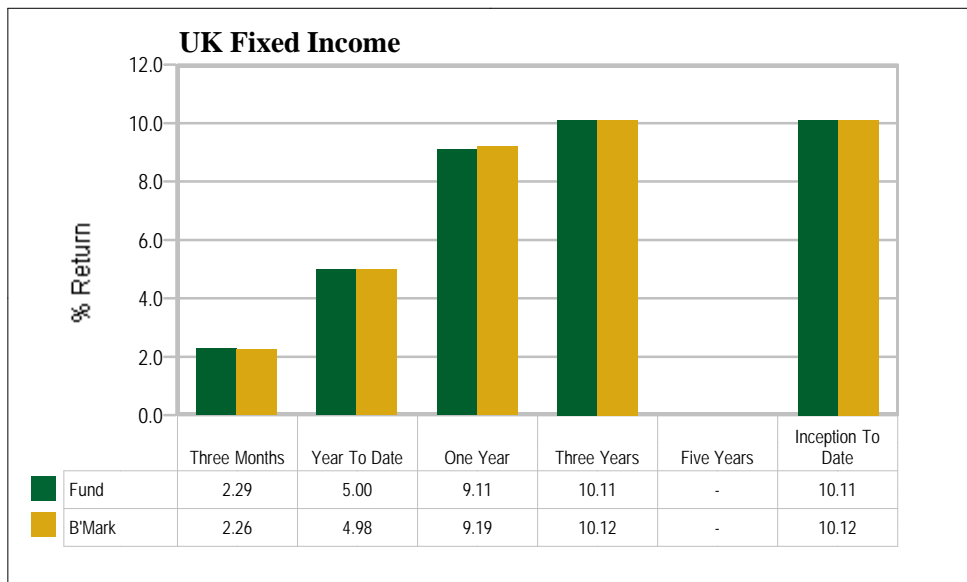


Risk Statistics - 3 years	Fund	B'mark
Performance Return	5.05	5.21
Standard Deviation	2.69	2.59
Relative Return	-0.15	
Tracking Error	0.62	
Information Ratio	-0.26	
Beta	1.02	
Alpha	-0.21	
R Squared	0.95	
Sharpe Ratio	1.42	1.54
Percentage of Total Fund	2.4	
Inception Date	Jun-2009	
Opening Market Value (£000)	14,948	
Net Investment (£000)	-380	
Income Received (£000)	0	
Appreciation (£000)	95	
Closing Market Value (£000)	14,663	





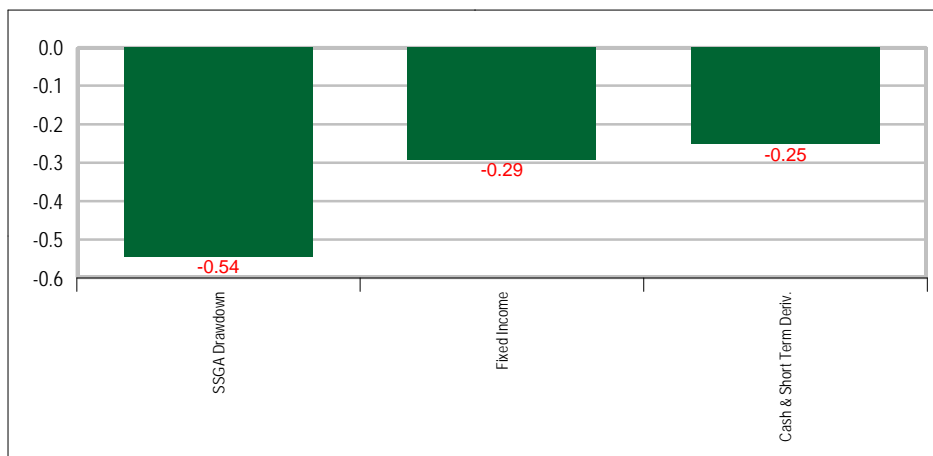
SSGA Drawdown





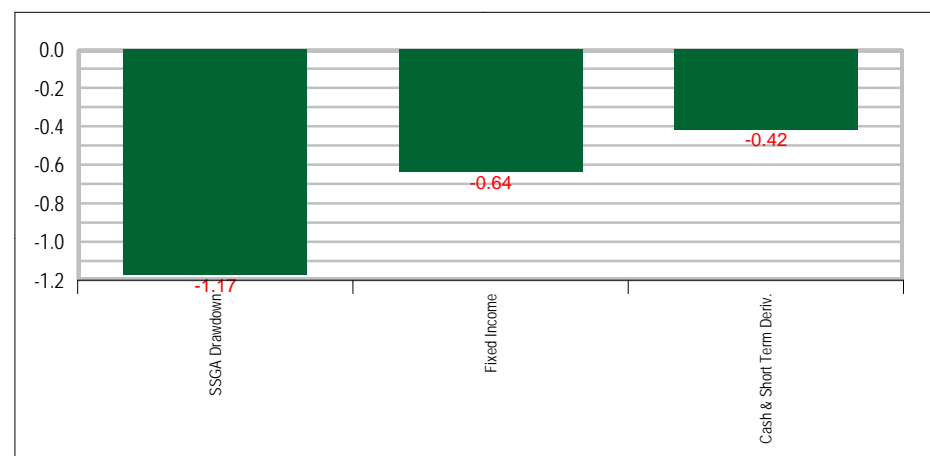
SSGA Drawdown

Relative Contribution - Three Months



	Return	Benchmark	Relative Return	Asset Allocation	Stock Selection	Relative Contribution
SSGA Drawdown	0.64	1.19	-0.54	-0.60	0.05	-0.54
Fixed Income	2.29	2.26	0.03	-0.30	0.01	-0.29
Cash & Short Term Deriv.	0.17	0.11	0.06	-0.30	0.05	-0.25

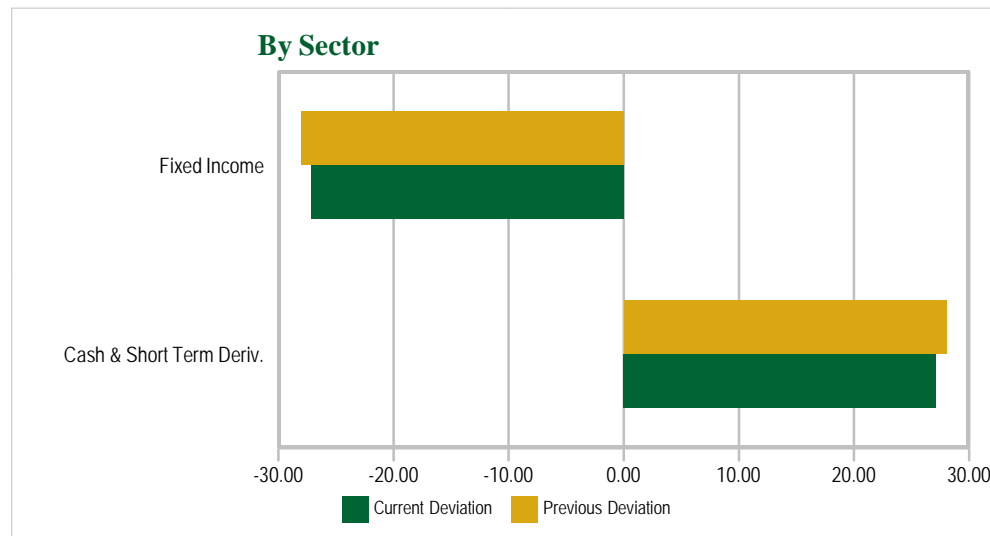
Relative Contribution - One Year



	Return	Benchmark	Relative Return	Asset Allocation	Stock Selection	Relative Contribution
SSGA Drawdown	3.55	4.78	-1.17	-1.20	0.15	-1.17
Fixed Income	9.11	9.19	-0.08	-0.59	-0.04	-0.64
Cash & Short Term Deriv.	0.79	0.48	0.31	-0.61	0.19	-0.42



SSGA Drawdown

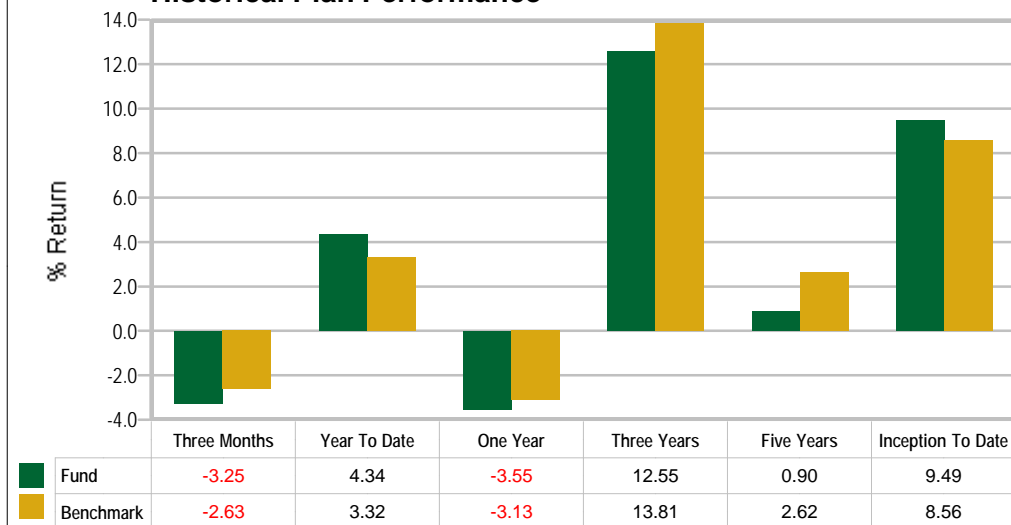


	Current Qtr	Previous Qtr	Current Benchmark	Current Deviation	Previous Benchmark	Previous Deviation
Fixed Income	22.88	21.94	50.00	-27.12	50.00	-28.06
Cash & Short Term Deriv.	77.12	78.06	50.00	27.12	50.00	28.06



UBS

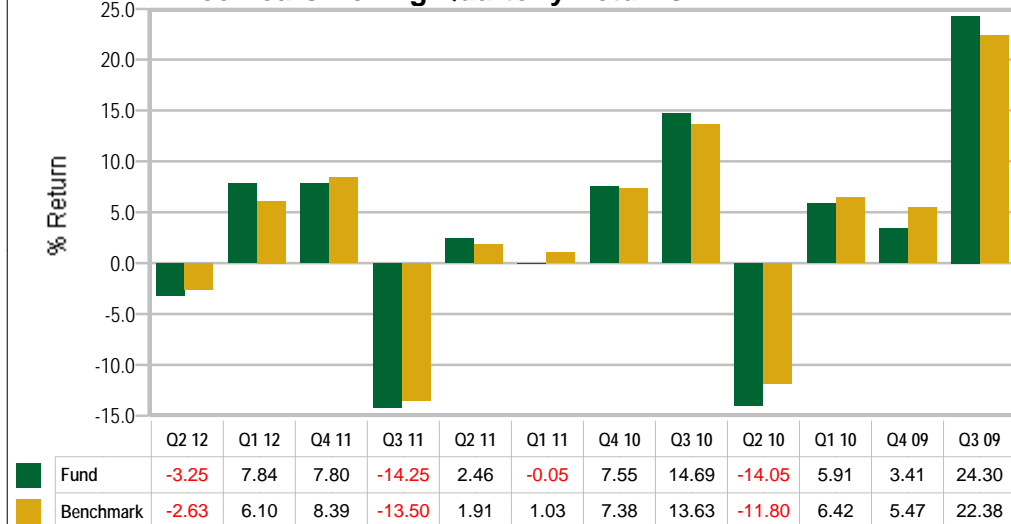
Historical Plan Performance



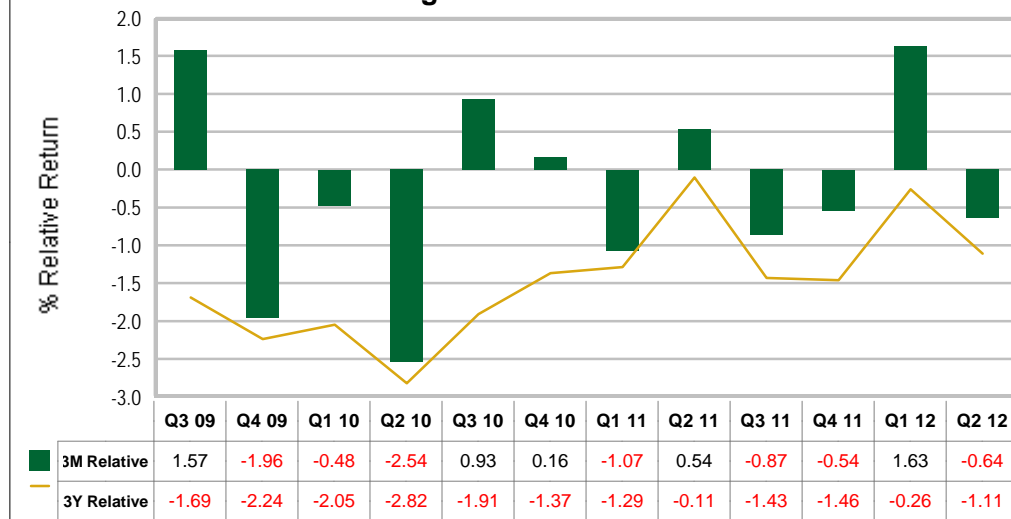
Risk Statistics - 3 years

	Fund	B'mark
Performance Return	12.55	13.81
Standard Deviation	16.90	14.98
Relative Return	-1.11	
Tracking Error	3.73	
Information Ratio	-0.34	
Beta	1.11	
Alpha	-2.16	
R Squared	0.96	
Sharpe Ratio	0.67	0.84
Percentage of Total Fund	18.2	
Inception Date	Dec-1988	
Opening Market Value (£000)	113,101	
Net Investment (£000)	0	
Income Received (£000)	1,562	
Appreciation (£000)	-5,234	
Closing Market Value (£000)	109,429	

Three Years Rolling Quarterly Returns

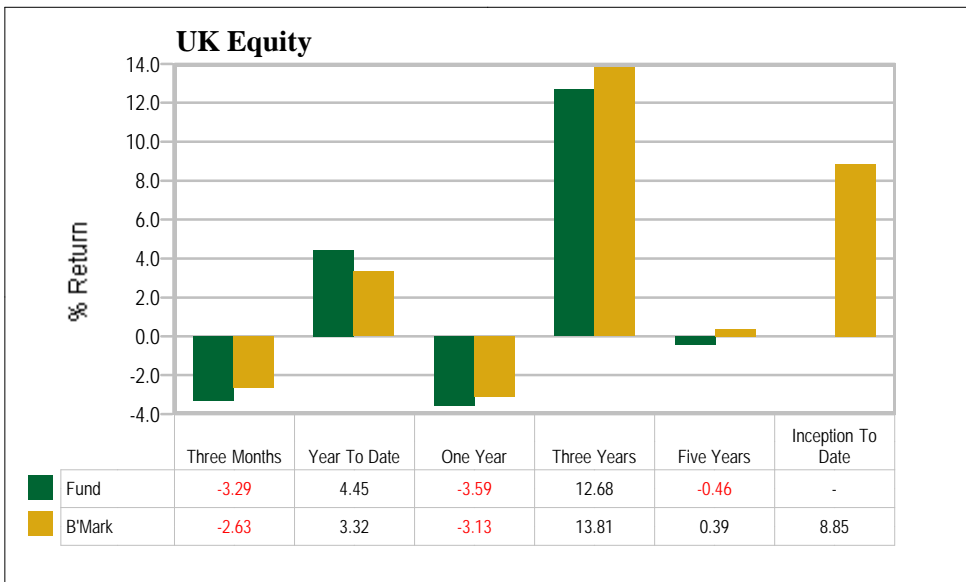


Three Years Rolling Relative Returns





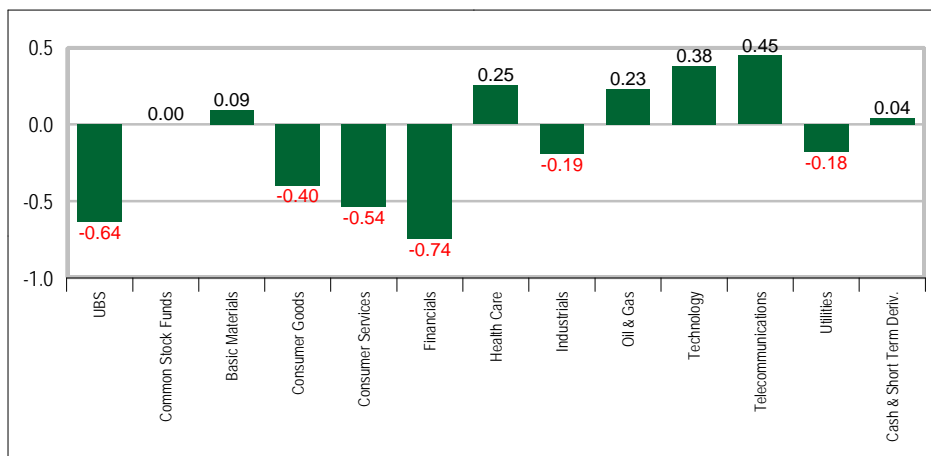
UBS



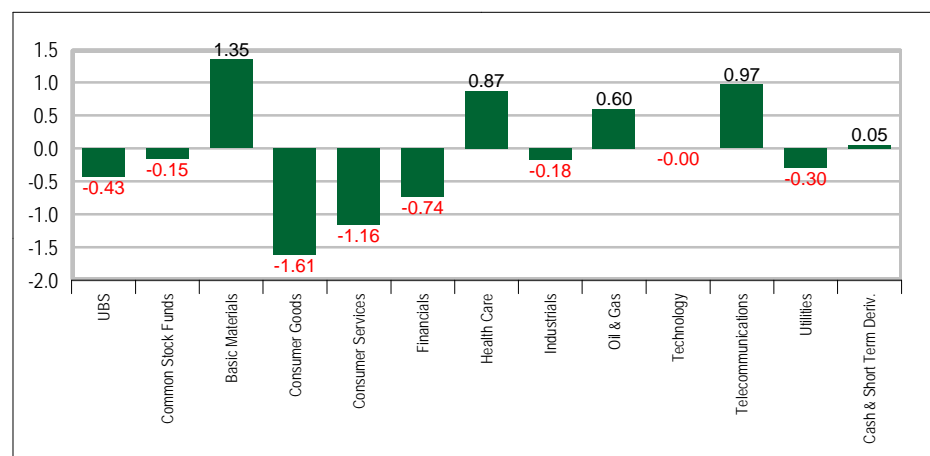


UBS

Relative Contribution - Three Months



Relative Contribution - One Year

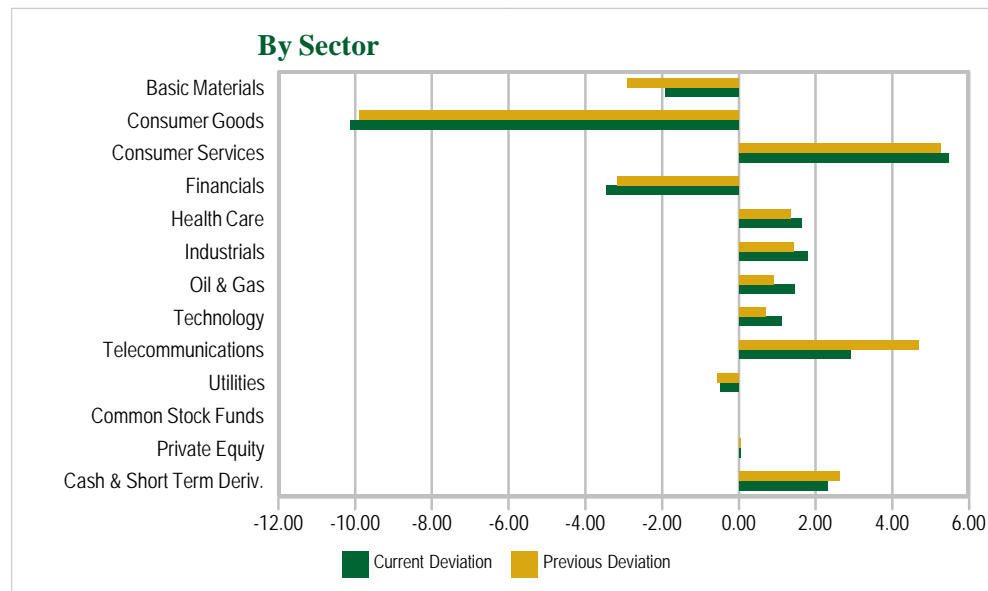


	Return	Benchmark	Relative Return	Asset Allocation	Stock Selection	Relative Contribution
UBS	-3.25	-2.63	-0.64	0.34	-0.97	-0.64
Common Stock Funds	0.00	-	0.00	0.00	0.00	0.00
Basic Materials	-13.90	-12.29	-1.84	0.25	-0.16	0.09
Consumer Goods	2.10	1.53	0.56	-0.42	0.02	-0.40
Consumer Services	-5.59	-1.56	-4.10	0.05	-0.59	-0.54
Financials	-9.60	-5.08	-4.76	0.07	-0.81	-0.74
Health Care	4.96	2.95	1.96	0.08	0.18	0.25
Industrials	-4.71	-2.80	-1.96	-0.01	-0.19	-0.19
Oil & Gas	-3.38	-4.64	1.31	-0.02	0.25	0.23
Technology	11.46	-6.06	18.64	-0.04	0.42	0.38
Telecommunications	6.57	6.10	0.44	0.41	0.04	0.45
Utilities	4.21	7.95	-3.47	-0.06	-0.12	-0.18
Cash & Short Term Deriv.	0.10	-	0.10	0.04	0.00	0.04

	Return	Benchmark	Relative Return	Asset Allocation	Stock Selection	Relative Contribution
UBS	-3.55	-3.13	-0.43	1.25	-1.63	-0.43
Common Stock Funds	-34.14	-	-34.14	-0.15	0.00	-0.15
Basic Materials	-28.97	-29.91	1.34	1.24	0.11	1.35
Consumer Goods	14.00	16.91	-2.49	-1.50	-0.12	-1.61
Consumer Services	-12.18	-3.48	-9.01	0.06	-1.23	-1.16
Financials	-18.36	-11.22	-8.05	0.45	-1.19	-0.74
Health Care	14.38	6.56	7.33	0.21	0.66	0.87
Industrials	-0.86	3.09	-3.83	0.13	-0.31	-0.18
Oil & Gas	0.34	-2.41	2.82	0.03	0.56	0.60
Technology	-13.69	2.75	-16.00	-0.04	0.03	-0.00
Telecommunications	17.08	14.86	1.93	0.79	0.18	0.97
Utilities	4.34	13.37	-7.96	-0.02	-0.28	-0.30
Cash & Short Term Deriv.	0.67	-	0.67	0.05	0.00	0.05



UBS

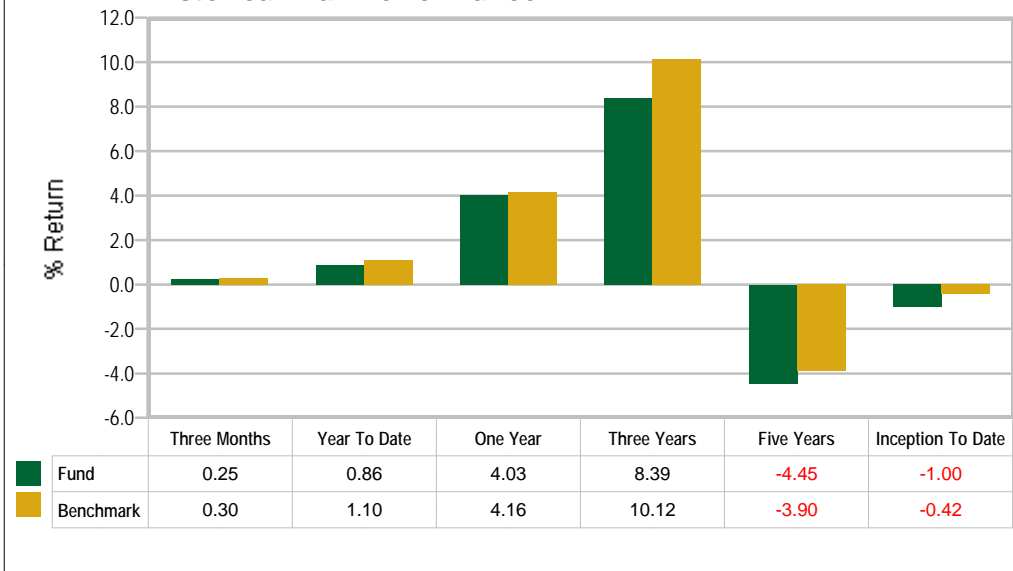


	Current Qtr	Previous Qtr	Current Benchmark	Current Deviation	Previous Benchmark	Previous Deviation
Basic Materials	8.19	8.23	10.12	-1.92	11.13	-2.91
Consumer Goods	3.79	3.63	13.91	-10.11	13.51	-9.88
Consumer Services	14.62	14.67	9.16	5.46	9.42	5.25
Financials	16.87	17.67	20.33	-3.46	20.84	-3.17
Health Care	9.41	8.56	7.78	1.63	7.20	1.36
Industrials	10.57	10.02	8.78	1.78	8.60	1.42
Oil & Gas	19.22	18.57	17.77	1.45	17.66	0.91
Technology	2.55	2.25	1.44	1.11	1.54	0.71
Telecommunications	9.58	10.85	6.68	2.90	6.16	4.69
Utilities	3.54	3.38	4.03	-0.49	3.93	-0.55
Common Stock Funds	0.00	0.00		0.00		0.00
Private Equity	0.04	0.04		0.04		0.04
Cash & Short Term Deriv.	2.32	2.62		2.32		2.62



UBS Property

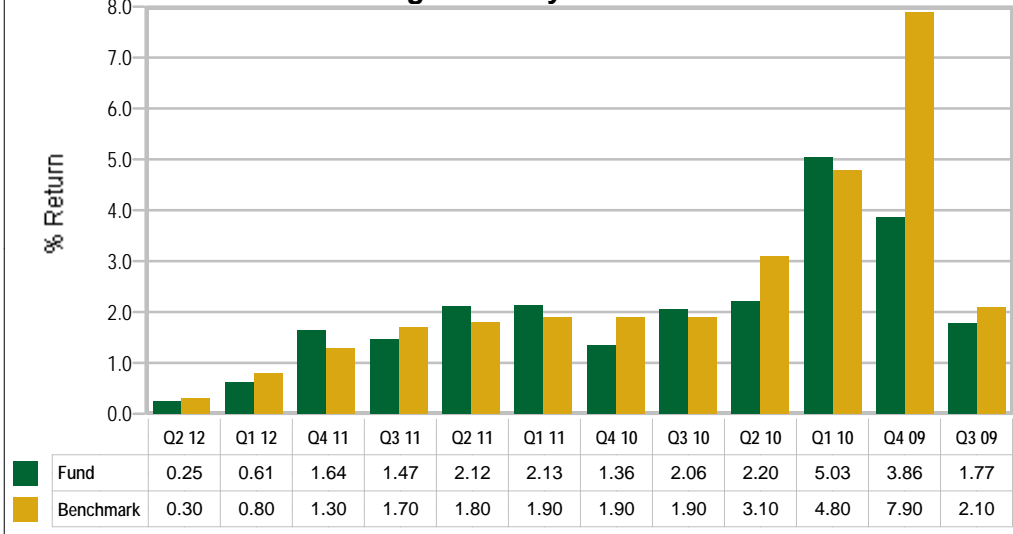
Historical Plan Performance



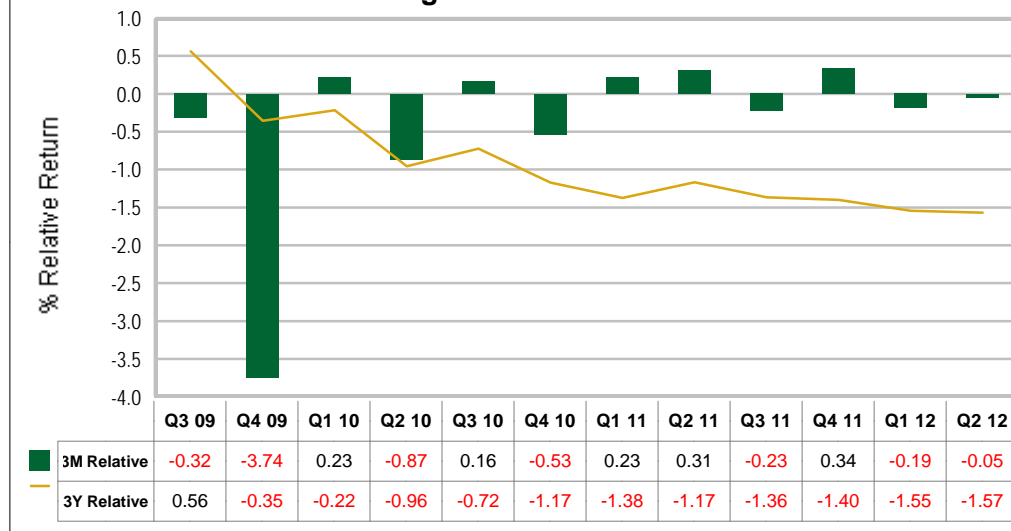
Risk Statistics - 3 years

	Fund	B'mark
Performance Return	8.39	10.12
Standard Deviation	2.40	2.31
Relative Return	-1.57	
Tracking Error	2.25	
Information Ratio	-0.77	
Beta	0.59	
Alpha	1.92	
R Squared	0.32	
Sharpe Ratio	2.99	3.85
Percentage of Total Fund	8.2	
Inception Date	Mar-2006	
Opening Market Value (£000)	49,297	
Net Investment £(000)	-1	
Income Received £(000)	546	
Appreciation £(000)	-421	
Closing Market Value (£000)	49,421	

Three Years Rolling Quarterly Returns



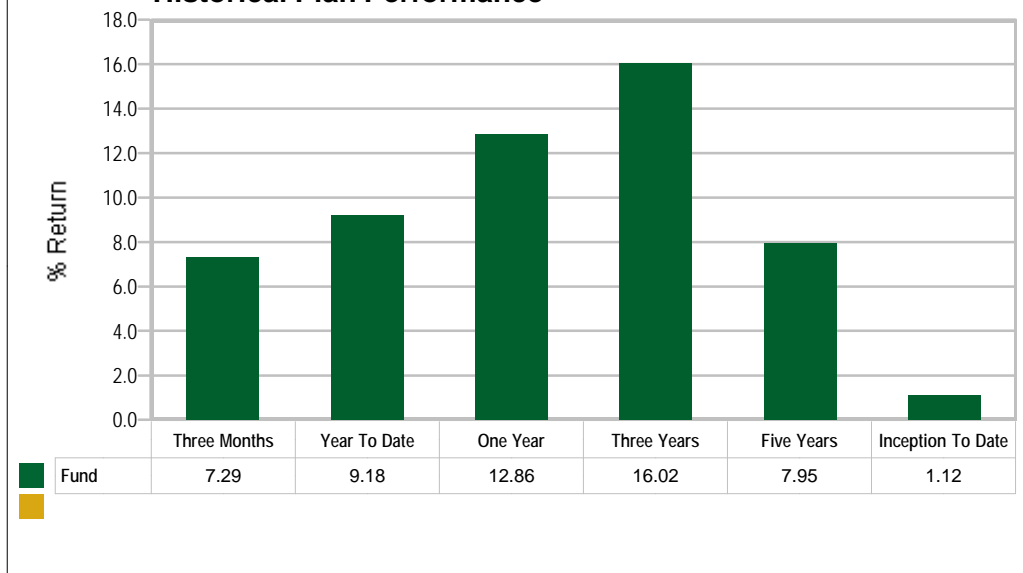
Three Years Rolling Relative Returns





Adam Street

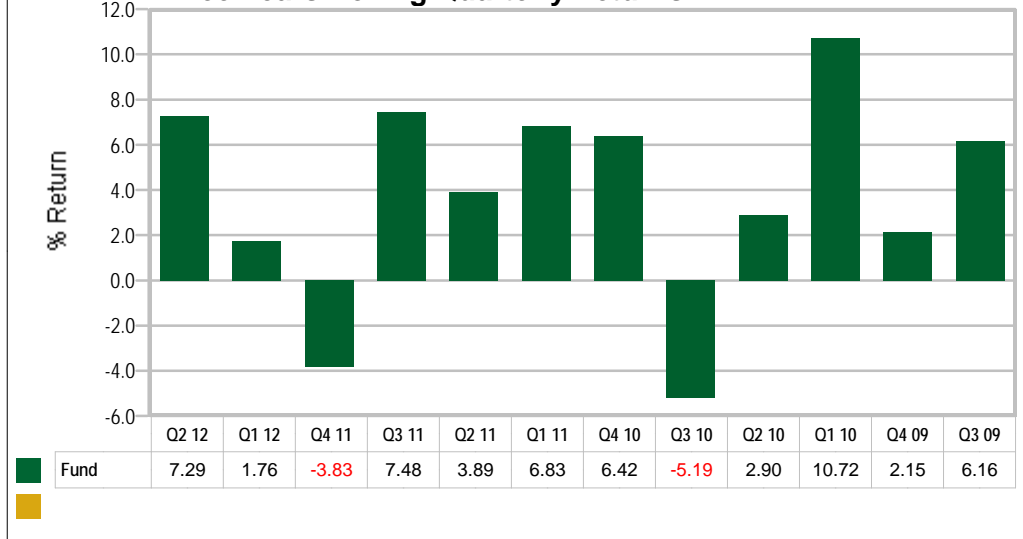
Historical Plan Performance



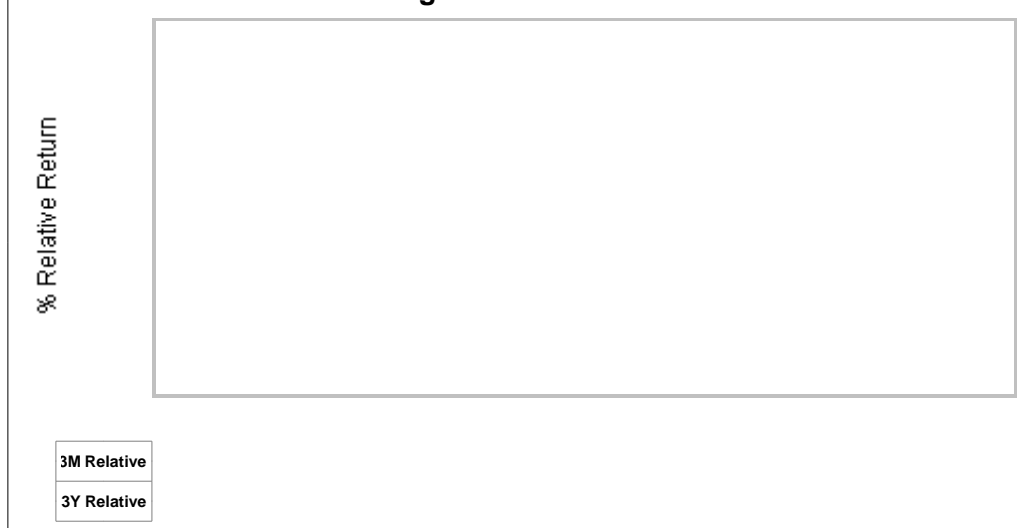
Risk Statistics - 3 years

	Fund	B'mark
Performance Return		
Standard Deviation		
Relative Return		
Tracking Error		
Information Ratio		
Beta		
Alpha		
R Squared		
Sharpe Ratio		
Percentage of Total Fund	3.6	
Inception Date	Jan-2005	
Opening Market Value (£000)	20,484	
Net Investment (£000)	-151	
Income Received (£000)	0	
Appreciation (£000)	1,491	
Closing Market Value (£000)	21,824	

Three Years Rolling Quarterly Returns



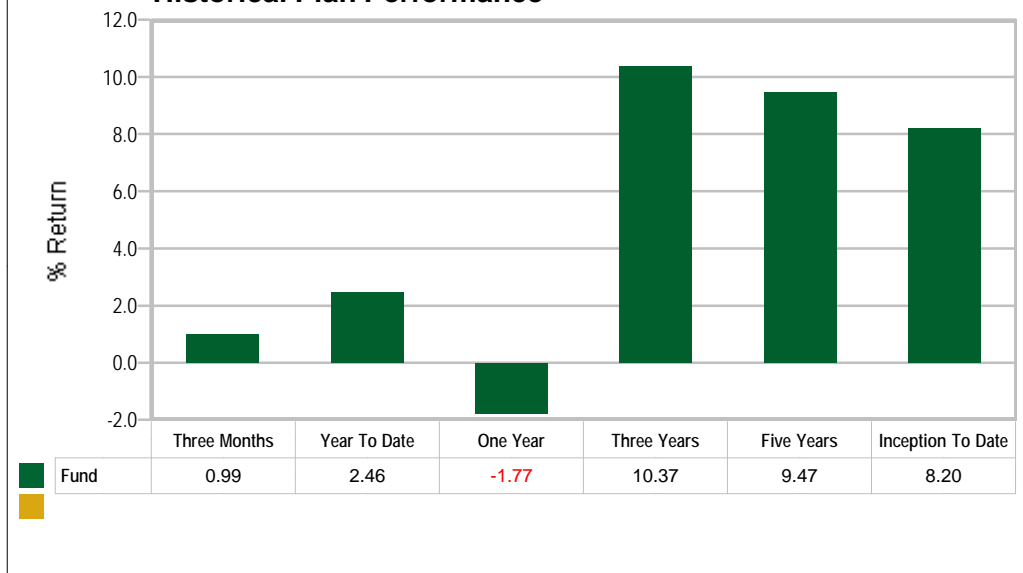
Three Years Rolling Relative Returns





LGT

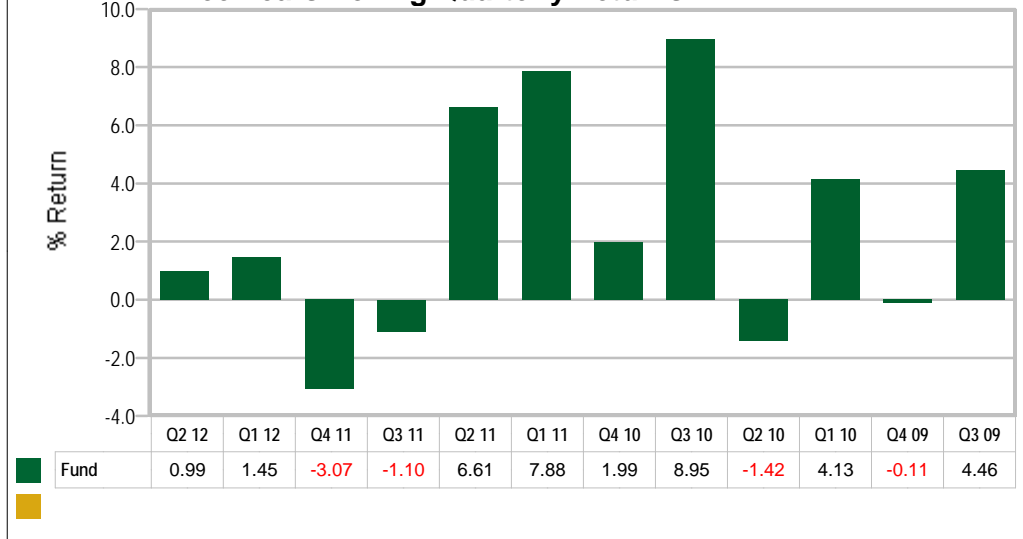
Historical Plan Performance



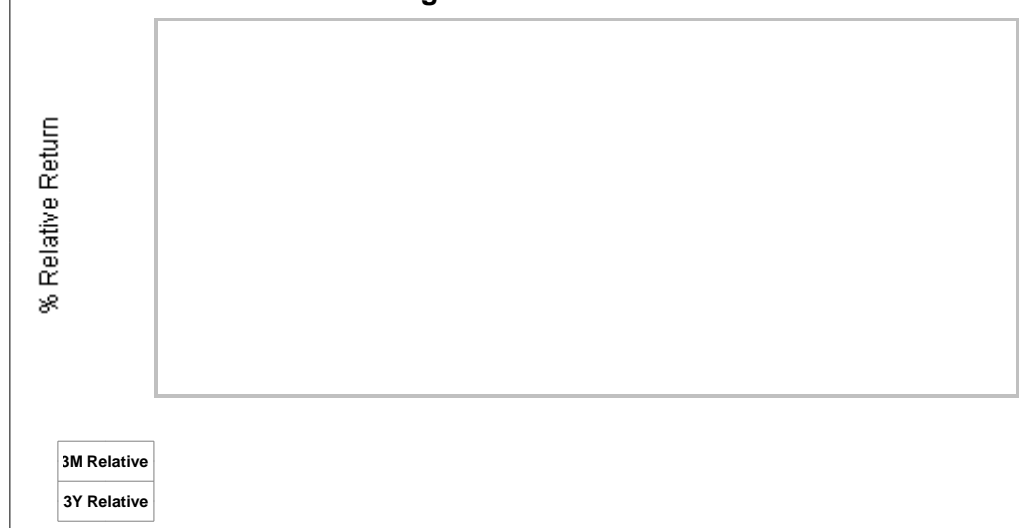
Risk Statistics - 3 years

	Fund	B'mark
Performance Return		
Standard Deviation		
Relative Return		
Tracking Error		
Information Ratio		
Beta		
Alpha		
R Squared		
Sharpe Ratio		
Percentage of Total Fund	2.9	
Inception Date	May-2004	
Opening Market Value (£000)	16,589	
Net Investment (£000)	394	
Income Received (£000)	0	
Appreciation (£000)	176	
Closing Market Value (£000)	17,159	

Three Years Rolling Quarterly Returns

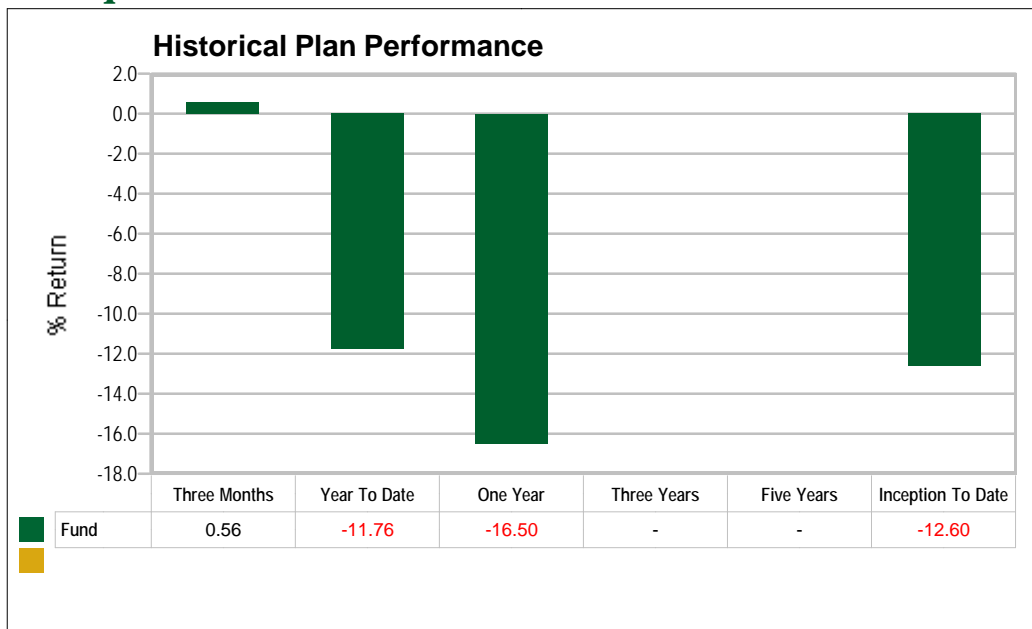


Three Years Rolling Relative Returns



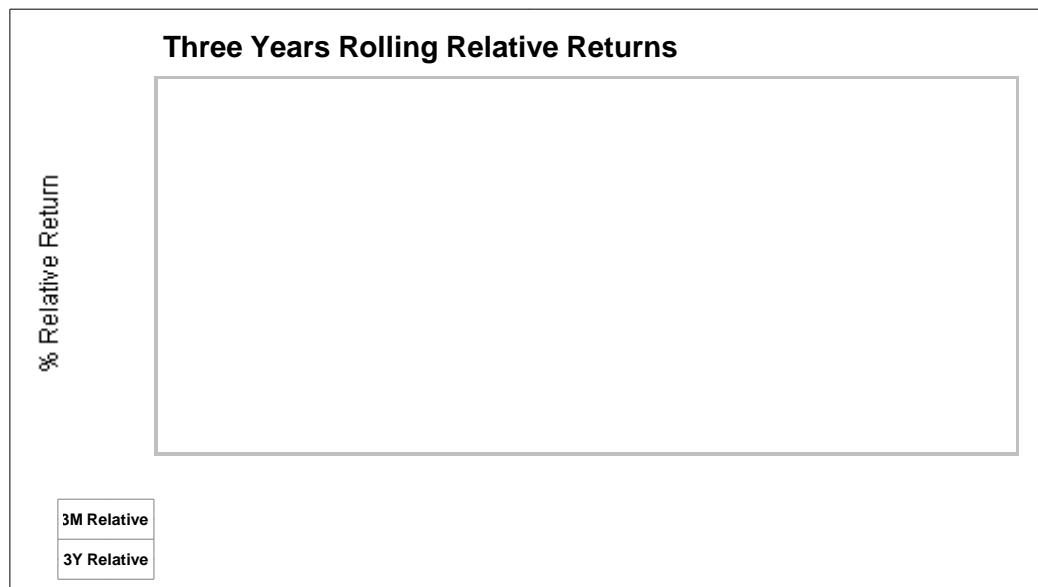
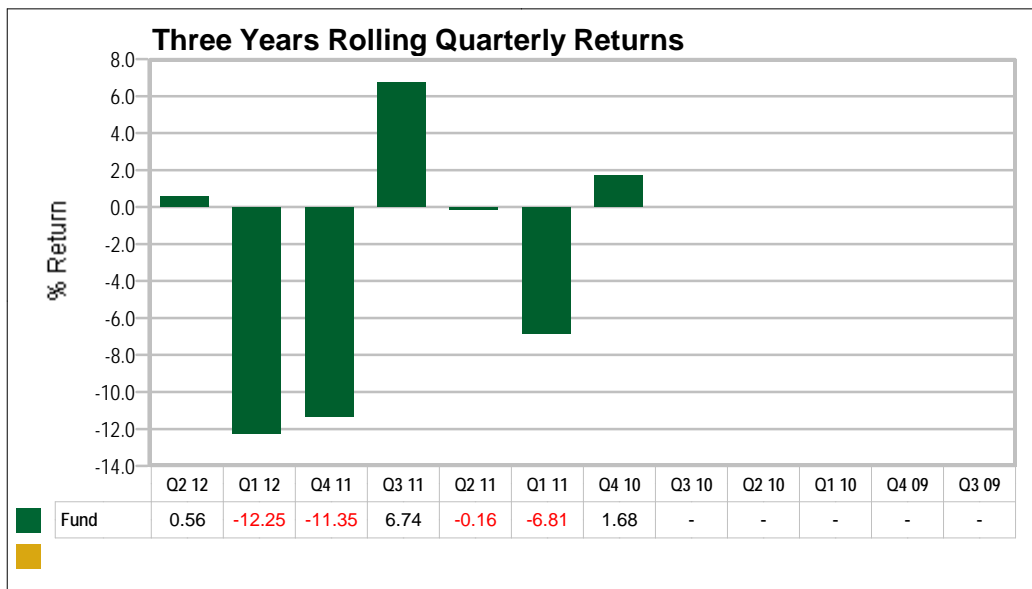


Macquarie



Risk Statistics - 3 years

	Fund	B'mark
Performance Return		
Standard Deviation		
Relative Return		
Tracking Error		
Information Ratio		
Beta		
Alpha		
R Squared		
Sharpe Ratio		
Percentage of Total Fund	0.3	
Inception Date	Sep-2010	
Opening Market Value (£000)	1,205	
Net Investment (£000)	500	
Income Received (£000)	0	
Appreciation (£000)	19	
Closing Market Value (£000)	1,724	





Total Plan Benchmark

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

Fauchier

100.0 LIBOR 3 Month + 5%

Goldman Sachs

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

JP Morgan

100.0 LIBOR 3 Month + 3%

Marathon

100.0 MSCI World

M&G Investments

100.0 LIBOR 3 Month + 4%

SSGA

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

SSGA Drawdown

50.0 ML Sterling Non-Gilts
50.0 FT 7 Day LIBID

UBS

100.0 FTSE All Share

UBS Property

100.0 IPD UK PPFi All Balanced Funds Index



Tracking Error

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

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

Where **Equals**

ER Excess return (Portfolio Return minus Benchmark Return)

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

T Number of observations

p Periodicity (number of observations per year)

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

Information Ratio

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

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

Where **Equals**

\overline{ER}
Return) 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 a growth factor. A stock must have been public for at least five years to have this characteristic.

Price to Book Ratio

Security Level Calculation:

Current price/Most recent book value per share

Description:

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

Dividend Yield

Security Level Calculation:

Dividend for current fiscal year/Period end closing price

Description:

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

Debt to Capital

Security Level Calculation:

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

Description:

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

Price to Sales Ratio

Security Level Calculation:

Current price/Annual sales per share

Description:

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

Return on Equity

Security Level Calculation:

Net profits after taxes/Book value

Description:

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



Coupon Rate

Description:

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

Years to Maturity

Description:

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

Macaulay Duration

Description:

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

Yield to Maturity

Description:

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

Moody Quality Rating

Description:

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



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