



*2nd Quarter, 2013*

*London Borough of Hillingdon*

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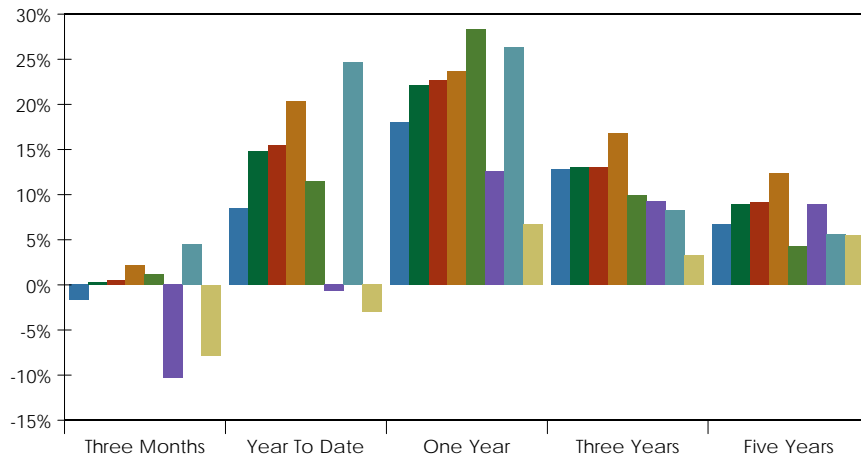
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## Equity Index Performance (in GBP)

## Performance History



## Performance Returns%

	Three Months	Year To Date	One Year	Three Years	Five Years
■ FTSE All Share	-1.7	8.5	17.9	12.8	6.7
■ FT: World	0.3	14.8	22.1	13.0	8.9
■ FT: World ex UK	0.5	15.5	22.7	13.1	9.2
■ FT: AWI North America	2.2	20.3	23.6	16.8	12.3
■ FT: Developed Europe ex UK	1.2	11.4	28.3	9.9	4.3
■ FT: Developed Asia Pac x Jp	-10.3	-0.6	12.5	9.2	8.9
■ FT AW: Japan	4.5	24.7	26.3	8.2	5.5
■ MSCI Emerging Markets GD	-7.8	-2.9	6.8	3.2	5.5

Equity markets slowed significantly over quarter two. Of the major indices, only North America, Japan and Europe ex UK posted positive three month returns. Ben Bernanke announced a likely end to quantitative easing, as long as the labour market continues to strengthen in the US, and that prompted an abrupt sell off across the globe with the emerging markets the worst hit. The OECD downgraded its forecast for global growth to 2.2% from 2.4% based on the lethargy and record unemployment in the Eurozone economy and despite positive signs from the US. Egypt's brief love affair with democracy came to an end as the army ousted Mohamed Morsi from power and installed the Chief Justice in his place on an interim basis. Globally, Health Care had another good quarter but Telecoms were strongest. Basic Materials lost most value over the three months once again and are now the only global sector benchmark in the red over the one year period. The price of crude oil futures ended the quarter down at \$103 per barrel. The FTSE World was up by 0.3% (GBP) over quarter two 2013 and is now ahead by 22.1% over one year (GBP).

UK GDP increased by 0.3% in the first quarter of 2013, despite a drop in exports, offsetting the contraction of 0.3% in Q4. Companies built up stock and consumer spending increased as business confidence rose to its highest level since 2010. It has emerged that profits at the largest listed UK companies fell by as much as 25% in 2012 as rising costs were absorbed rather than passed on to consumers. Improving mortgage availability and increased demand in the south east has driven the fastest rise in house prices for six years. The UK government intends to sell off £15bn of state owned assets by 2020 to bring down debt. Royal Mail unveiled bumper annual profits driven by online shopping and paving the way for a £3bn privatisation later this year. Unemployment fell slightly to 7.8% following a period of steady increase. Telecoms was the strongest sector once again, Basic Materials being the weakest. The FTSE All Share was down -1.7% (GBP) over the second quarter but remains ahead over one year, now by 17.9% (GBP).

The Eurozone has now suffered its longest recession since the introduction of the single currency although there have been positive signs including increased industrial output in France and inflation picking up from its three year low. GDP was confirmed at -0.2% for quarter one following the -0.6% contraction for quarter four 2012. Unemployment reached a new Euro era high of 12.1%; in Greece the rate hit 27%, in Portugal 17.7% and in France 10.8%. The EU is easing back its hard line; France, Spain and the Netherlands were given a waiver on the 3% annual deficit limit as Brussels attempts to move away from an austerity based crisis response. Samsung has made big inroads into the European Smartphone market as half of all sales in recent months went to them. Hedge funds have been pouring money into the Greek banking sector expecting large returns from the special warrants attached to private sector investment as the EU prepares to invest EUR 4bn from a dedicated fund. The FTSE Developed Europe ex UK index returned 1.2% (GBP) over quarter two and 28.3% (GBP) over the year.

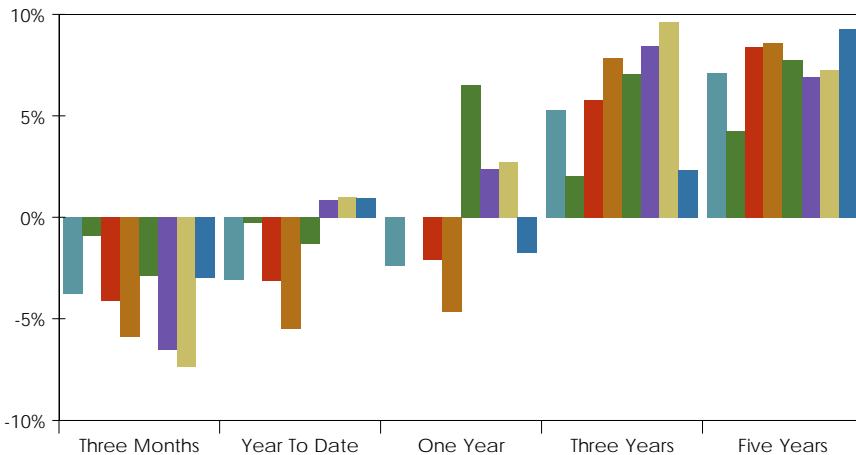
Despite comments from the Fed ending quarter two, the guidelines for amending quantitative easing remain highly conditional. If circumstances dictate then the rate of purchases could yet be increased. Manufacturing growth in the US slowed in April and May, consumer spending was down and so were exports. However the budget deficit is falling faster than expected as these reported numbers remain positive. US GDP grew at an annualised pace of 1.8% over Q2 down from the estimate of 2.4%. Car sales posted their best monthly results since the end of 2007 as demand for pick-up trucks and SUVs benefitted from increased consumer confidence and stable prices at the pumps. Ford, GM and Toyota led the way. The government is expected to sell off its \$8bn stake in GM later this year. The split off bringing the Pfizer subsidiary Zoetis to market boosted values in both companies as Pfizer seeks to shed its animal health arm in favour of pharmaceuticals. The US unemployment rate had fallen again in May, standing at 7.6%. Samsung's success in Europe was mirrored by Apple in the US where their Smartphone market share climbed to 42%. Utilities lost more than Basic Materials in the US and Financials posted the biggest gains. The FTSE North America index returned 2.2% (GBP) over the second quarter and 23.6% (GBP) for the year.

Japan registered a tenth straight month in trade deficit. The weaker yen made imports more expensive as the country attempts to escape deflation. It also means that exports are worth much more in Yen, that value was its highest for 3 years in May. Household spending increased, consumer confidence is up and talk is of an economic revival. Sony posted its first full year net profit in 5 years after shrinking its TV business and selling its \$1bn New York HQ. Japanese Q1 GDP was confirmed at +0.9%. The FTSE Japan returned 4.5% (GBP) for quarter two and the FTSE Developed Asia Pacific ex Japan returned -10.3% (GBP). Emerging markets growth forecasts were revised down as key countries from Brazil to China slowed. Chinese inflation pushed higher on rising fish and vegetable prices. Overseas investors have been buying securities in India as speculation increases that slowing inflation will lead to economic growth. Turkish entry to the EU took a step backwards after government use of police force on peaceful protestors objecting to the bulldozing of a historic Istanbul park. The Turkish stock exchange fell more than 10% as Prime Minister Erdogan suggested foreign countries and extremists were behind the protests. Brazil, famed for its love of football, has also experienced unrest as the population was dismayed by government spending on infrastructure ahead of the World Cup and the Olympics when health and education badly need investment. These two nations were amongst the worst affected by the Fed's warning about the possible end to quantitative easing. Gold continued its drop, following the Fed's talk of ending its stimulus programme, ending June at \$1,250 per ounce. The MSCI Emerging Markets index returned -7.8% (GBP) for the second quarter and 6.8% (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	-3.1	-2.4	5.3	7.1
FTSE All Stock 0-5 Yr. Gilts	-0.9	-0.3	-0.0	2.0	4.2
FTSE All Stock 5-15 Yr. Gilts	-4.1	-3.1	-2.1	5.8	8.3
FTSE All Stock > 15 Yr. Gilts	-5.9	-5.5	-4.6	7.8	8.5
ML STG N-Gilts All Stocks	-2.9	-1.3	6.5	7.0	7.7
FTSE Index Linked	-6.5	0.8	2.4	8.4	6.9
FTSE Index Linked 5+ yrs	-7.4	1.0	2.7	9.6	7.2
JPM GBI Global	-3.0	1.0	-1.7	2.3	9.3

Comments during the quarter from Ben Bernanke that the US Federal Reserve's four-and-a-half year asset purchase programme may be coming to an end caught investors by surprise, spooking markets sufficiently to spark a significant sell-off in both global equity and fixed income markets. With markets perceiving that the end of central bank support was on the horizon, bond yields soared as investors sought to offload debt. Such was the concern amongst central banks of the response to Bernanke's comments, Fed officials moved to reassure investors that markets had overreacted, with even the Bank of England and European Central Bank commenting that the loose monetary environment would be continuing for the foreseeable future. Global economic growth ebbed through Q2 2013 with the JP Morgan Manufacturing & Services Purchasing Manager's Index (PMI) reading 51.4 at the end of June, down from 53.1 at the end of the previous quarter. The seismic shifts within fixed income markets saw emerging market debt hit particularly hard as liquidity dried up and bond prices plummeted. Money market rates in China improved despite underwhelming economic data, which included a softening in the nation's PMI to 50.1 and a deceleration in economic growth. Central banks in South Korea, India and Australia all cut interest rates, the latter to a record low, in an endeavour to revive growth in their respective domestic economies. In Japan, an additional tranche of quantitative easing from the country's central bank was welcomed, but investor sentiment wavered upon whether prime minister Shinzo Abe's Plans for national economic recovery would bear the desired results. Over the quarter JPM Global Govt Bond Index declined -3.0% (GBP), while the Barclays Capital Global Aggregate Corporate Bond Index was down -2.4% (GBP).

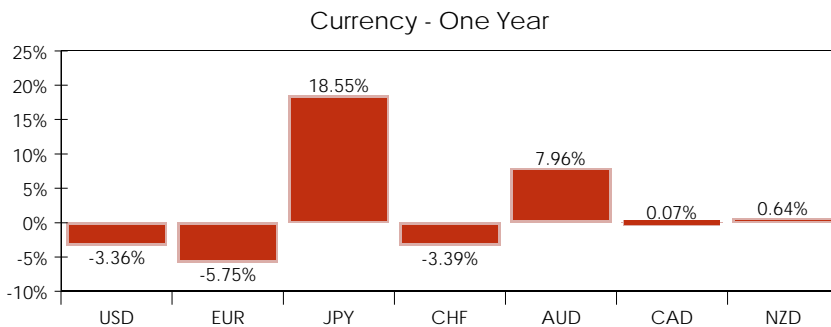
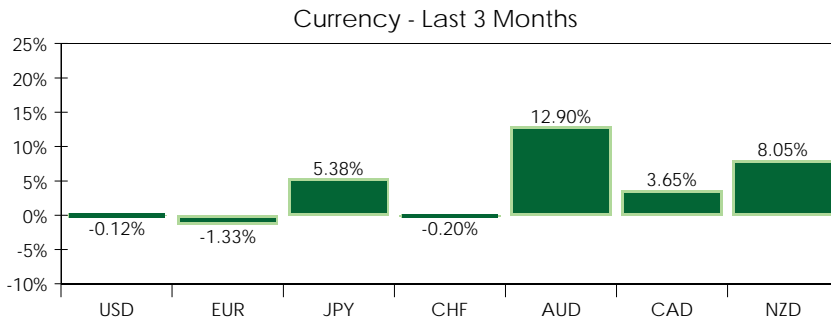
The Bank of England's Monetary Policy Committee (MPC) held interest rates at 0.5% throughout the quarter, and maintained the asset purchases financed by central bank reserves at £375 billion. The June 'hold' decision on rates represented the 52nd consecutive month that rates have been held at the emergency level of 0.5%. Recent MPC minutes show the committee split 6-3 against extending the asset-purchase program. With the Bank's new governor now installed, the dovish Mark Carney, market analysts are anticipating an expansion in the QE programme in the coming months. Despite that, the talk of US QE tapering spread across the Atlantic and the UK benchmark 10-year gilt yield spiked 77 basis points during the quarter before falling back to finish at 2.44% at the end of June. UK economic outlook turned positive during the quarter with the recent upbeat economic data leading the British Chambers of Commerce to upgrade its GDP growth forecast for the UK over the next three years. In addition, the manufacturing PMI was at 52.5 in June, above the neutral mark of 50.0 for the third month running, with data indicating levels of production and new business rising at rates not seen since Q1 2011. The UK's housing market strengthened with further evidence that the Funding for Lending Scheme launched by the Bank and HM Treasury the previous summer was starting to bear fruit; mortgage rates are falling and the Council for Mortgage Lenders reported that estimated gross mortgage lending in May was at its highest level since October 2008. Gilts and corporates slid over the quarter, and the FTSE All Stock Gilt index returned -3.8% (GBP) and the ML Sterling Non Gilts index -2.9% (GBP).

The economic landscape in Europe remains bleak, with both the International Monetary Fund and European Central Bank revising down respective growth estimates during the quarter. It came as no great surprise to markets when the latter cut the benchmark interest rate from 0.75% to 0.50% in May. The region recorded its sixth successive quarter of economic contraction in Q1, and the rate of inflation in the Eurozone community fell to 1.2% in April, the lowest level seen in three years. The countries at the heart of the eurozone crisis - Spain, Italy and Ireland - saw their jobless levels increase, and total unemployment at the end of May was 12.1% - the highest figure ever recorded in the Eurozone block and some 19.2m people out of work. Continuing weak data has sparked debate as to whether austerity is the right path to economic recovery. In a clear shift to policy focused towards economic growth, the European Commission took the decision in May to relax deficit-reduction targets for three of the eurozone's largest economies - France, Spain and the Netherlands. The €17bn bailout already agreed upon for Cyprus swelled to €23bn as the depth of the island's economic woes became apparent. Amidst the gloom, Markit's composite purchasing managers' index (PMI) for the Eurozone region finished the quarter at 48.7, up from 46.5 at the end of March and, whilst the index reading is below the breakeven level of 50, which separates contraction from expansion, the reading is the highest level in 15 months. The 10-year German bund yield was up 44bps at 1.73%, driven by the QE talk from the US. The JPM European Govt Bond index finished the quarter down -1.3% (EUR), while the Barclay Capital Euro Aggregate Credit index returned -0.5% (EUR). The iTraxx Europe 5yr CDS index, representative of 125 investment grade entities, tightened from 125.9 at the end of March to close the quarter at 119.6.

The resilience of the US consumer continues to support the country's fragile economic recovery, with confidence during the second quarter of 2013 higher than at any time since the throes of the financial crisis, as measured by the University of Michigan consumer confidence index. The housing market continued to gather pace, with property prices and new home sales rising, and foreclosure and repossession numbers falling. The US auto industry posted its best April in six years with double-digit sales growth reported by the nation's industry bell-weather Ford, General Motors and Chrysler. The unemployment rate maintained a downward trajectory, albeit falling only slightly from 7.7% at the end of Q1 to 7.6% at the end of Q2. Despite this, the early first quarter annualised GDP estimate of 2.5% was revised down to a weaker-than-expected final reading of 1.8%. Waning import and export trade was cited as the reason for the dramatic downgrade. The manufacturing PMI fell to 51.9, down from 54.6 the previous quarter, indicating the slowest rate of growth since October 2012. The prospect of a potential dialling back in the pace of bond purchases under the Federal Reserve's quantitative easing programme led to a sell-off in US treasuries. The JPM US Govt Bond index slid -2.3% (USD) and the Barclay Capital US Aggregate Corporate Bond index was down -3.3% (USD). The 10-year US Treasury yield climbed as high as 2.61%, nearly 1% higher than the quarter low of 1.63%, before settling at 2.49% at the end of June, an increase of 64bps over the quarter.



### Currency Performance (in GBP)



	Three Months	Year To Date	One Year	Three Years	Five Years
United States dollar	-0.12	-6.93	-3.36	0.46	-5.43
European Union euro	-1.33	-5.51	-5.75	-1.52	-1.59
Japanese yen	5.38	6.95	18.55	4.31	-6.73
Swiss franc	-0.20	-3.62	-3.39	-3.90	-6.91
Australian dollar	12.90	5.67	7.96	-2.22	-4.49
Canadian dollar	3.65	-1.15	0.07	0.21	-4.65
New Zealand dollar	8.05	-0.33	0.64	-3.41	-5.72

The second quarter of 2013 saw a strengthening of the Euro against the Dollar, Sterling and Yen. The Yen, in turn, lost ground against the Dollar, Euro and Sterling. Japan's Prime Minister Shinzo Abe's policies of huge quantitative easing, spending on new public works and raising inflation has weakened the Yen considerably. A weak currency is desirable for stimulating Japan's economic growth. This is a huge benefit for Japanese exporters and, if inflation sets in, consumers will spend. China slowed to 7.5% growth in Q2 2013, putting the economy on track for its weakest year since the late 1990s as the country's new leaders focus on deep reforms rather than short-term stimulus. With the downturn showing little sign of abating, there is a real risk that China will fall below the government's target of 7.5% growth in 2013. It would be the first time since the Asian financial crisis 15 years ago that the Chinese government has missed its annual growth target. The Australian dollar lost significant ground against the Dollar, Sterling and Euro after the Reserve Bank of Australia held interest rates at 2.75%, in line with expectation, but warned that the currency was still at a high level. Late June 2013 saw Kevin Rudd overthrow Julia Gillard as Australian prime minister. Rudd inherits a fading economy as a decade-long resources boom tails off. The resource investment boom was driven by voracious Chinese demand for raw materials. Thriving energy and mining industries insulated Australia from the worst effects of the global financial crisis, putting cash in people's pockets and supporting high property prices.

In the UK, Q2 2013 saw Sterling weaken against the Dollar and Euro strengthen against the Yen. The Bank of England governor Sir Mervyn King was outvoted again at his final meeting of the Bank's rate-setting committee. For the fifth month in a row, the committee voted 6-3 in June against increasing the programme of quantitative easing. All nine members voted to keep interest rates on hold at 0.5%. The annual rate of inflation in the UK, as measured by the consumer price index, dropped to 2.7% in May, down 0.1% from the February figure of 2.8%. Rises in air fares and clothing prices were the largest contributors in the CPI's increase from 2.4% in April to 2.7% in May. Unemployment in the UK fell by 5,000 to 2.51 million in the 3 months to April 2013. The jobless rate remained 7.8%. Throughout the UK, a record 29.7 million people are now in work. The number of employed over 65 has reached more than a million, the highest since records began in 1971. House prices have recorded their fastest growth in almost three years in a further sign that the market is gathering pace. Nationwide has reported. The annual increase of 1.9% registered in June pushed the average UK house price to £168,941, making this the strongest year-on-year uplift seen since September 2010. Sterling closed the quarter down against the Dollar and Euro by 0.1% and 1.3% respectively and up against the Yen by 5.4%.

In the US, late June saw the Federal Reserve chairman Ben Bernanke, suggest that the central bank would begin scaling back on its \$85bn-a-month bond buying programme. US consumer confidence hit a six-year high in June. The Conference Board's index of consumer attitudes rose to 84.1, the highest since January 2008. Fewer consumers were concerned over their income outlook and more see jobs opening up six months from now. House prices have seen their biggest annual rise since 2006. The Standard & Poor's Case Shiller index, which monitors single-family home prices across 20 cities, rose 12.1% in April compared to the same month last year. The jump, due to increasing demand and a shortage of supply, was bigger than analysts had been expecting. In June the US unemployment rate remained at 7.6%, the same rate as in March, though it did drop to 7.5% in May. The number of long-term unemployed (those jobless for 27 weeks or more) was unchanged at 4.3 million. These individuals accounted for 3.67% of the total unemployed. The teenage unemployment rate stands at 24.0%. The number of unemployed in the US now stands at 11.8 million. The US trade deficit stood at \$43.3bn in April 2013. Exports stood at \$187.4 billion, the second highest level on record. US-made autos and auto parts rose to an all-time high of \$12.8bn. Imports grew at an even faster rate to \$227.7bn. Sales of foreign cars increased to \$25.5bn. Americans bought more consumer goods, led by a big gain in foreign-made mobile phones. Europe's recession continues to be a problem for US companies. The deficit with the 27-nation European Union grew 25.6% to \$12.4bn. US exports to the region declined by 7.9%, while imports from the region rose only slightly. The Dollar ended the quarter down against the Euro by 1.2% and up against the Sterling and Yen by 0.1% and 5.5% respectively.

In the Euro area, the Euro strengthened against the Sterling, Dollar and Yen this quarter. The governing council of the European Central Bank cut interest rates from 0.75% to 0.50% in early May, its first cut in 10 months. Speaking at a press conference, ECB president Mario Draghi explained the reasons behind the decision, citing concerns about subdued monetary and loan dynamics, as well as weak economic sentiment. He added that "The cut in interest rates should contribute to support prospects for a recovery later in the year". Businesses and consumers in the Eurozone turned sharply more optimistic in June about their economic prospects, an EU survey showed. The commission noted that confidence had risen in five of the main economies among the 17 which form the Eurozone. This reflected a brighter view of prospects by business leaders in all sectors of the Eurozone economy except the service sector, and also a sharp improvement in the way households see their financial future. The Eurozone jobless rate rose to a new high of 12.1% in May. The youth unemployment rate has now reached 23.8%, as 3.5 million under-25s were unemployed in May. In Spain and Greece the youth unemployment rate was as high as one in two. The rise in unemployment was driven by increased joblessness in countries in the heart of the crisis, including Spain, Italy and Ireland. The number of people out of work across the currency block rose to 19.2 million in May. The Euro ended the quarter up against the Sterling, Dollar and Yen by 1.3%, 1.2% and 6.7% respectively.



## Scheme Performance

Some Global Equity markets saw small increases during the second quarter of 2013 with the exception of UK, Pacific ex Japan and Emerging Markets; Bond markets across the globe saw drop in value, with Index-Linked Gilts the largest falls. Against this backdrop the London Borough of Hillingdon returned just 0.21% but this was ahead of the Total Plan benchmark of -0.23% by 44 basis points. In monetary terms this is a growth in assets of £2.1 million and the value of the combined scheme now stands at £682.4 million as at 30th June 2013. During this period funds from Ruffer and UBS were withdrawn to invest in the new Barings mandate, while M&G also received some additional funds. Looking further into the analysis the main factor was the outperformance of UBS although this was slightly offset by selection effects in JP Morgan & Kempen. While in allocation terms most mandates are in line with the neutral position, so effects are minimal.

The good result this period feeds into the longer numbers, producing an outperformance of 2.39% over the year with returns of 14.38 % versus 11.71%. Over the year selection effects in UBS continue to add value coupled with the good results in Ruffer, similar to the quarter, allocation is fairly balanced with only small impacts in some areas. The 3 year numbers show a 1.26% relative return, while the 5 year period is almost exactly in line with a return of 5.80% per annum. However, since inception in September 1995, the Fund is just ahead of target by 5 basis points with an annualised return of 6.69% against 6.63%.

## Manager Performance

### JP Morgan

In contrast to the previous quarters JP Morgan investments fell this period by -1.57%, when compared to the 0.87% target of the 3 Month LIBOR + 3% translates as a -2.41% relative underperformance, the second lowest of all mandates. This now means for the year to date and 1 year periods they fall behind target with relative returns of -2.90% and -0.67% respectively, while since inception (November 2011) remains just ahead with figures of 3.95% versus 3.77%, which is 0.17% on a relative annualised basis.

### Kempen

In the first full quarter for the new Kempen mandate the fund fell -2.63% against 1.46% for the MSCI All World Index +2%, leading to the worst underperformance seen this period of -4.04%. Since inception in January 2013, the absolute return improves to 3.14%, but the relative return falls further to -5.42% when compared to the benchmark of 9.06%.

### Macquarie

Macquarie continues its good start to 2013 posting its second highest absolute return at 5.31%, which means for the year so far they deliver growth of 9.19% and for the last twelve months 4.72%. Since inception in September 2010 they've delivered six negative quarterly returns out of eleven, leading to an annualised loss of -6.66%.

At present no benchmark has been applied to this mandate.

### M&G Investments

Over the second quarter of 2013, M&G produced a 1.16%, which is just 5 basis points ahead of the 3 Month LIBOR +4% p.a. Over the last year the account registers 8.73% against 4.59% whilst since inception at the end of May 2010, the portfolio return falls to 4.89% pa return whilst the benchmark is 4.80% pa. While the since inception Internal Rate of Return for this portfolio moves further ahead of the target with a figure of 5.63% opposed to the comparator of 4.71%.

### Newton

During the first full quarter of investment Newton posted a -0.42% return compared to 0.46% for the FTSE World Index +2%, leading to an underperformance of -0.88%. However since its inception on 24th January 2013, the fund delivers growth of 7.80% against the benchmark of 7.23%, producing a relative return of 0.52%.



## Manager Performance

### Ruffer

The Ruffer portfolio produced 0.20% over the last three months, which is just 8 basis points above the return of 0.13% for LIBOR 3 Month GBP. Driven by last quarter's return all longer periods show high absolute and relative returns, so over the last twelve month post a return of 14.50% against 0.67% for the target, resulting in the highest outperformance of all mandates at 13.74%. While since the inception of the fund in May 2010 nine out of twelve quarters show positive returns and lead to figures of 7.13% versus 0.79% per annum, which translates as a relative return of 6.29%.

### Private Equity

The private equity assets, consisting of funds with Adam Street and LGT, produced growth for the third consecutive quarter returning 2.32% and 3.30% respectively. This results in the one year figures demonstrating positive absolute returns with Adam Street on 9.65% and LGT with 13.53%. Over the longer periods, the outlook over which private equity investments should be measured, returns remain positive. Over three years both post double digit annualised growth with Adam Street increasing to 11.49% and LGT with 12.53% for the same period. However, since their respective inceptions in May 2004 and January 2005, while LGT posts 8.77% pa, Adam Street drops to 2.09% pa.

At present no benchmark has been applied to these mandates.

### SSGA

The SSGA passively managed portfolio produced a return of -1.83% in the quarter which was 10 basis points below the benchmark; further analysis confirms the passive nature with all categories aligned with their respective indices. So over the year they produce an 16.65% return, which is just 9 basis points behind target, while over 3 years the per annum return falls to 11.41% which sits just 2 basis points behind the benchmark. Since inception (November 2008) a return of 13.31% pa is a mere 3 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 is just 0.16.

### SSGA Drawdown

The SSGA Drawdown fund posted -2.01% in the latest period with the blended benchmark showing -1.42%. Then for the one year period they demonstrate the lowest relative return with -1.61%, however, these results are entirely due to the mandate weights diverting significantly from the 50/50 split of the benchmark. Similar results are seen in all longer periods, although since inception the weights average out over time and the gap over longer periods closes slightly with the funds annualised return of 4.19% against 4.74% for the benchmark.

### UBS

UBS UK Equity produced a return of 3.10%, which compared to the FTSE All Share figure of -1.66%, demonstrates the highest outperformance seen this period at 4.84%. Looking into the attribution analysis, stock selection was the main driver with most sectors adding value the stand-out effect was the outperformance in Financials stocks. Whilst within allocation the most significant decisions was the large underweight of Consumer Goods (0.30%) and overweighting Consumer Services (0.37%). These results filter through the longer periods and over the year demonstrate the highest absolute return with 27.94% and the second highest relative figure of 8.48%. This outperformance is attributable to selection effects and again Financials lead the way (4.87%) coupled with Consumer Services (1.68%) and Oil & Gas (1.30%); this is offset by small negative asset allocation effect. UBS maintain this outperformance although relative returns are reducing over time, translating as a since inception return of 10.18% versus 8.93% on an annualised basis.

### UBS Property

The UBS Property portfolio produced a return of 1.63%, beating the IPD UK PPFI All Balanced Funds index figure of 1.40% by 22 basis points. Although this is not enough to overturn the underperformance seen in all long periods, with 1 and 3 year showing positive absolute returns of 1.28% and 4.36% respectively by these were -1.18% and -0.38% below the benchmark. Since inception, in March 2006, the funds loses value with a figure of -0.69% and while the benchmark also falls with -0.03%, the underperformance is now -66 basis points.



## Active Contribution

## By Manager

	Portfolio	Benchmark	Excess Return	Relative Return	Active Contribution 04/13	Portfolio	Benchmark	Excess Return	Relative Return	Active Contribution 05/13	Portfolio	Benchmark	Excess Return	Relative Return	Active Contribution 06/13	Active Contribution 2Q 2013
Adam Street	-2.28	-	-2.28	-	-517,135.41	2.94	-	2.94	-	632,099.12	1.72	-	1.72	-	380,170.71	495,134.42
Barings	-	-	-	-	0.00	1.02	0.37	0.65	0.65	409,517.40	-2.72	0.37	-3.09	-3.08	-1,955,456.20	-1,545,938.80
JP Morgan	1.66	0.29	1.37	1.37	1,029,596.63	-0.36	0.29	-0.65	-0.65	-498,362.76	-2.82	0.29	-3.11	-3.10	-2,366,383.17	-1,835,149.30
Kempen	1.59	0.87	0.72	0.71	339,001.14	0.61	2.95	-2.35	-2.28	-1,151,865.54	-4.73	-2.30	-2.43	-2.49	-1,138,917.13	-1,951,781.54
LGT	0.93	-	0.93	-	156,200.87	1.02	-	1.02	-	171,262.83	1.32	-	1.32	-	224,282.42	551,746.12
Macquarie	1.92	0.29	1.63	1.63	140,929.50	3.29	0.29	3.00	3.00	265,975.52	0.03	0.29	-0.26	-0.26	-22,406.96	384,498.06
M&G Investments	-0.00	0.37	-0.37	-0.37	-63,065.73	0.00	0.37	-0.37	-0.37	-68,204.95	1.16	0.37	0.80	0.79	155,540.53	24,269.85
Newton	1.49	0.62	0.86	0.86	198,269.88	1.46	2.65	-1.19	-1.16	-283,641.71	-3.29	-2.74	-0.55	-0.56	-125,104.38	-210,476.21
Nomura	1.30	-	1.30	-	2,497.89	-26.28	-	-26.28	-	-51,015.93	40.60	-	40.60	-	39,332.58	-9,185.46
Ruffer	0.89	0.04	0.85	0.85	714,665.77	0.72	0.04	0.68	0.68	576,626.47	-1.40	0.04	-1.44	-1.44	-1,227,111.50	64,180.74
SSGA	1.10	1.11	-0.01	-0.01	-17,303.14	1.25	1.33	-0.08	-0.08	-112,947.51	-4.09	-4.09	-0.01	-0.01	-7,506.58	-137,757.22
SSGA Drawdown	1.61	1.32	0.29	0.29	18,188.29	-0.99	-0.82	-0.18	-0.18	-11,026.13	-2.59	-1.90	-0.69	-0.70	-42,044.14	-34,881.99
UBS	2.20	0.58	1.62	1.61	1,985,659.42	4.66	2.91	1.75	1.70	2,237,525.25	-3.61	-4.99	1.38	1.45	1,712,326.08	5,935,510.76
UBS Property	1.03	0.51	0.52	0.51	255,428.21	0.15	0.57	-0.42	-0.41	-208,461.93	0.44	0.31	0.13	0.12	62,578.48	109,544.77

Total Fund Market Value at Qtr End: £682.4 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	682.4	100.00	0.21	-0.23	0.44	0.44	8.06	6.58	1.48	1.39	14.38	11.71	2.67	2.39

## 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	22.5	3.30	2.32	-	-	-	12.16	-	-	-	9.65	-	-	-
Barings	61.3	8.98	-	-	-	-	-	-	-	-	-	-	-	-
JP Morgan	73.8	10.82	-1.57	0.87	-2.43	-2.41	-1.20	1.74	-2.95	-2.90	2.89	3.58	-0.70	-0.67
Kempen	45.6	6.69	-2.63	1.46	-4.10	-4.04	-	-	-	-	-	-	-	-
LGT	17.2	2.53	3.30	-	-	-	9.27	-	-	-	13.53	-	-	-
Macquarie	8.6	1.27	5.31	0.87	4.44	4.40	9.19	1.74	7.45	7.32	4.72	-	-	-
M&G Investments	19.7	2.89	1.16	1.11	0.05	0.05	3.28	2.24	1.04	1.02	8.73	4.59	4.14	3.96
Newton	22.7	3.33	-0.42	0.46	-0.88	-0.88	-	-	-	-	-	-	-	-
Ruffer	84.1	12.33	0.20	0.13	0.08	0.08	10.56	0.26	10.30	10.27	14.50	0.67	13.83	13.74
SSGA	133.6	19.58	-1.83	-1.73	-0.10	-0.10	8.30	8.41	-0.11	-0.10	16.65	16.76	-0.11	-0.09
SSGA Drawdown	6.0	0.89	-2.01	-1.42	-0.59	-0.60	-1.03	-0.57	-0.47	-0.47	1.65	3.32	-1.66	-1.61
UBS	125.6	18.41	3.10	-1.66	4.76	4.84	13.35	8.50	4.86	4.48	27.94	17.93	10.01	8.48
UBS Property	50.1	7.33	1.63	1.40	0.23	0.22	2.25	2.49	-0.24	-0.24	1.28	2.49	-1.20	-1.18

Total Fund Market Value at Qtr End: £682.4 M



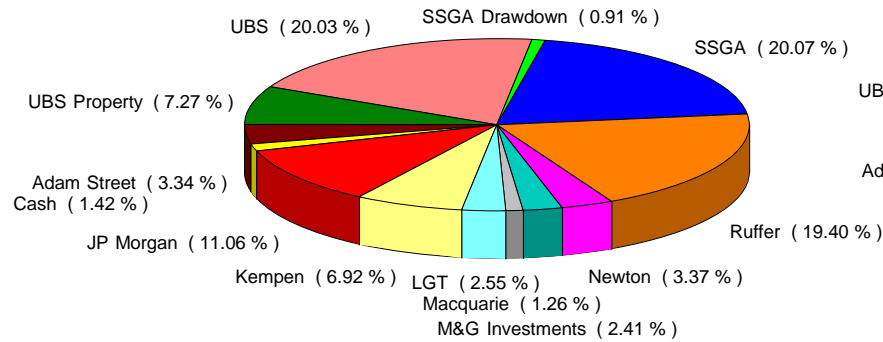
## Scheme Performance

	<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	10.09	8.72	1.37	1.26	5.80	5.79	0.01	0.01	30/09/95	6.69	6.63	0.06	0.05
<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	11.49	-	-	-	9.29	-	-	-	31/01/05	2.09	-	-	-
Barings	-	-	-	-	-	-	-	-	24/04/13	-1.15	-	-	-
JP Morgan	-	-	-	-	-	-	-	-	08/11/11	3.95	3.77	0.18	0.17
Kempen	-	-	-	-	-	-	-	-	31/01/13	3.14	9.06	-5.92	-5.42
LGT	12.53	-	-	-	5.76	-	-	-	31/05/04	8.77	-	-	-
Macquarie	-	-	-	-	-	-	-	-	30/09/10	-6.66	-	-	-
M&G Investments	4.94	4.81	0.13	0.13	-	-	-	-	31/05/10	4.89	4.80	0.08	0.08
Newton	-	-	-	-	-	-	-	-	24/01/13	7.80	7.23	0.56	0.52
Ruffer	8.34	0.80	7.54	7.48	-	-	-	-	28/05/10	7.13	0.79	6.34	6.29
SSGA	11.41	11.43	-0.02	-0.02	-	-	-	-	30/11/08	13.31	13.28	0.03	0.03
SSGA Drawdown	2.80	3.65	-0.85	-0.82	-	-	-	-	30/06/09	4.19	4.74	-0.54	-0.52
UBS	15.95	12.80	3.15	2.79	9.48	7.88	1.61	1.49	31/12/88	10.18	8.93	1.26	1.15
UBS Property	4.36	4.76	-0.40	-0.38	-1.03	-0.07	-0.96	-0.96	31/03/06	-0.69	-0.03	-0.66	-0.66

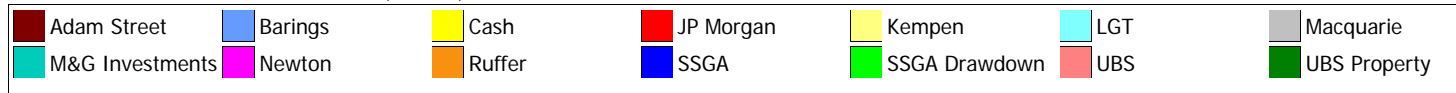
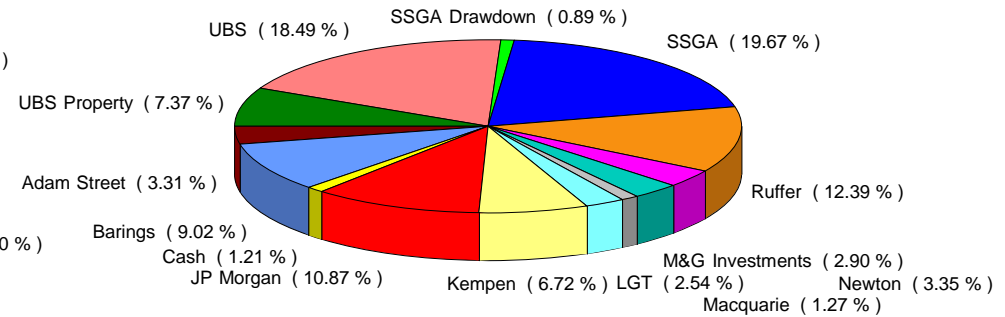
Total Fund Market Value at Qtr End: £682.4 M



Weighting at Beginning of Period



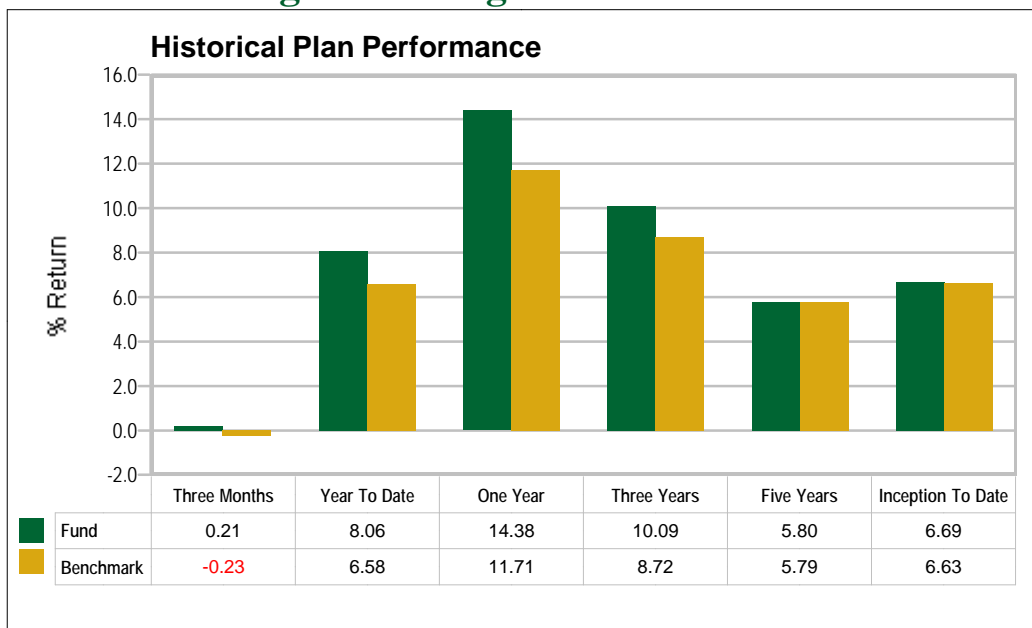
Weighting at End of Period



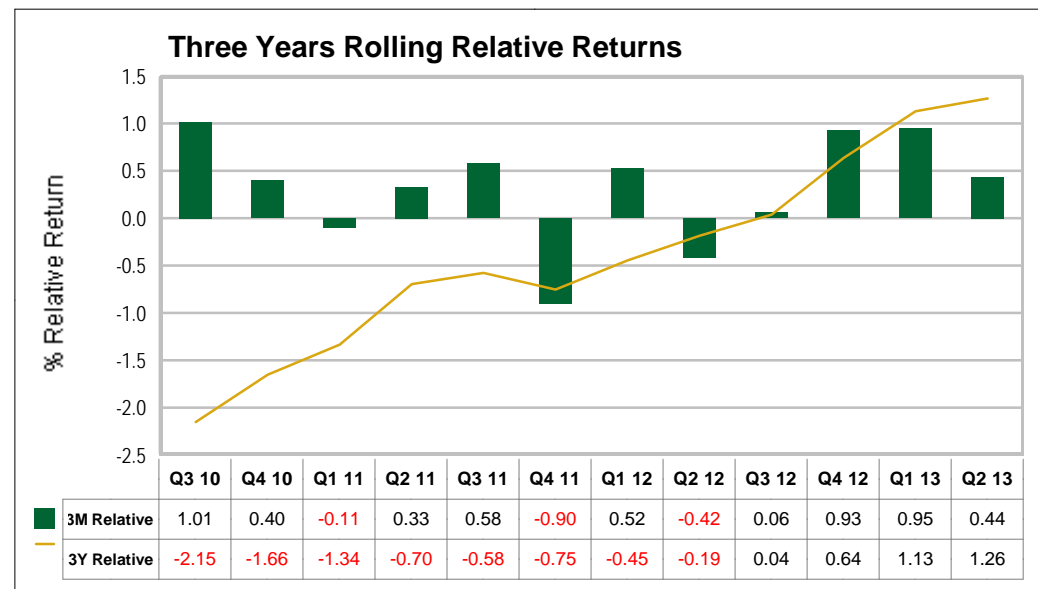
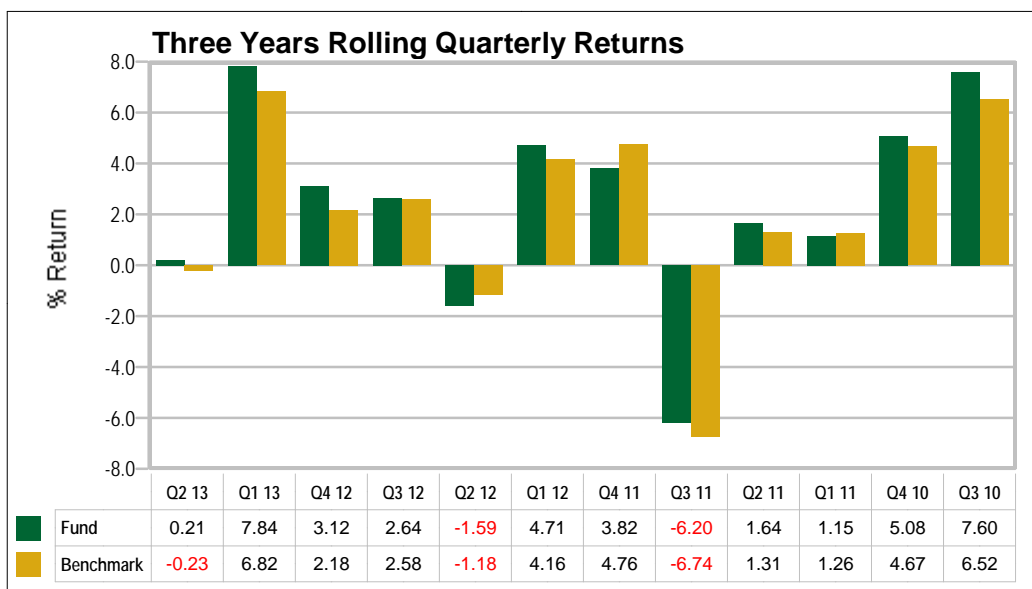
	Opening Market Value £(000)	% of Fund	Net Investment £(000)	Appreciation £(000)	Income Received £(000)	Closing Market Value £(000)	% of Fund
<b>London Borough of Hillingdon</b>	680,295	100.00	661	-1,935	3,349	682,370	100.00
Adam Street	22,629	3.33	-625	388	116	22,508	3.30
Barings	-	-	61,977	-722	0	61,256	8.98
Cash	9,634	1.42	-1,401	-0	5	8,238	1.21
JP Morgan	74,981	11.02	0	-1,174	0	73,807	10.82
Kempen	46,884	6.89	1	-1,235	0	45,649	6.69
LGT	17,286	2.54	-591	553	0	17,248	2.53
Macquarie	8,536	1.25	-347	457	0	8,645	1.27
M&G Investments	16,351	2.40	3,135	218	-0	19,704	2.89
Newton	22,819	3.35	0	-96	0	22,722	3.33
Nomura	447	0.07	-553	88	153	136	0.02
Ruffer	131,488	19.33	-47,948	-32	615	84,124	12.33
SSGA	136,072	20.00	0	-2,485	0	133,588	19.58
SSGA Drawdown	6,163	0.91	0	-124	0	6,039	0.89
UBS	135,790	19.96	-13,947	1,810	1,963	125,616	18.41
UBS Property	49,251	7.24	0	304	496	50,051	7.33



### London Borough of Hillingdon

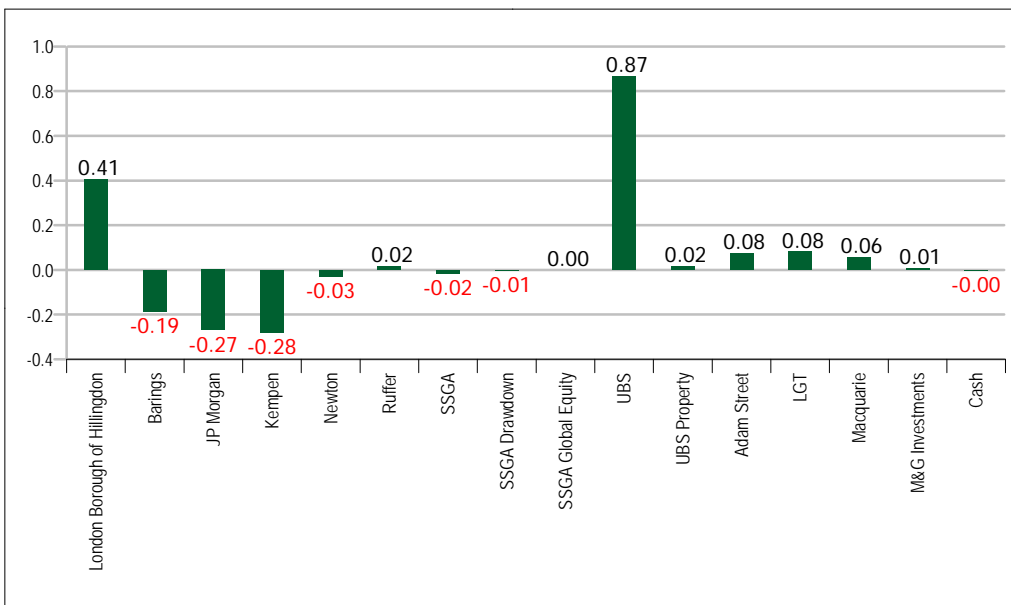


Risk Statistics - 3 years	Fund	B'mark
Performance Return	10.09	8.72
Standard Deviation	6.48	5.95
Relative Return	1.26	
Tracking Error	1.38	
Information Ratio	1.00	
Beta	1.07	
Alpha	0.79	
R Squared	0.96	
Sharpe Ratio	1.38	1.28
Percentage of Total Fund	100.0	
Inception Date	Sep-1995	
Opening Market Value (£000)	680,295	
Net Investment £(000)	661	
Income Received £(000)	3,349	
Appreciation £(000)	-1,935	
Closing Market Value (£000)	682,370	

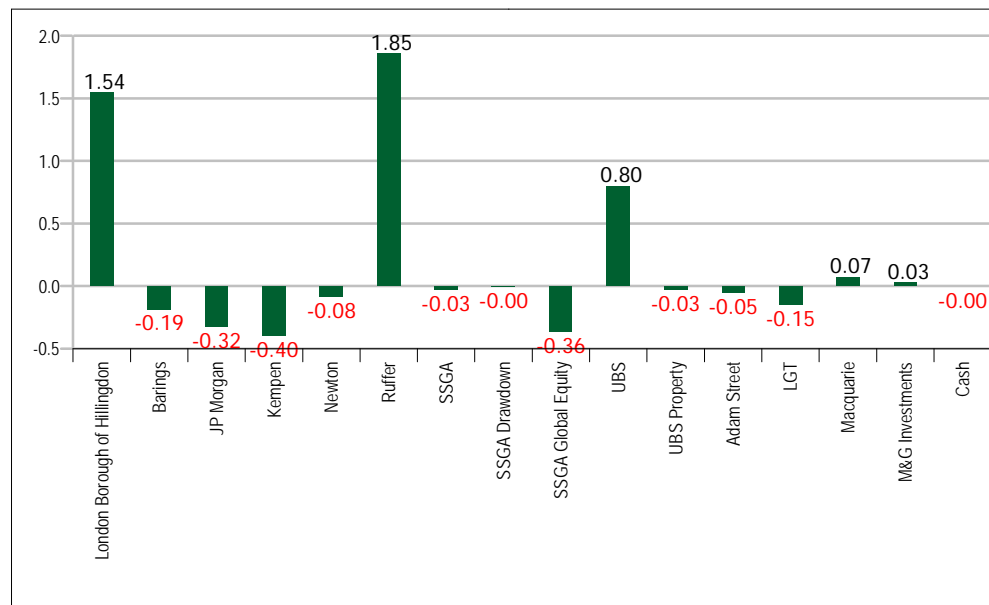




Three Months



Year to Date

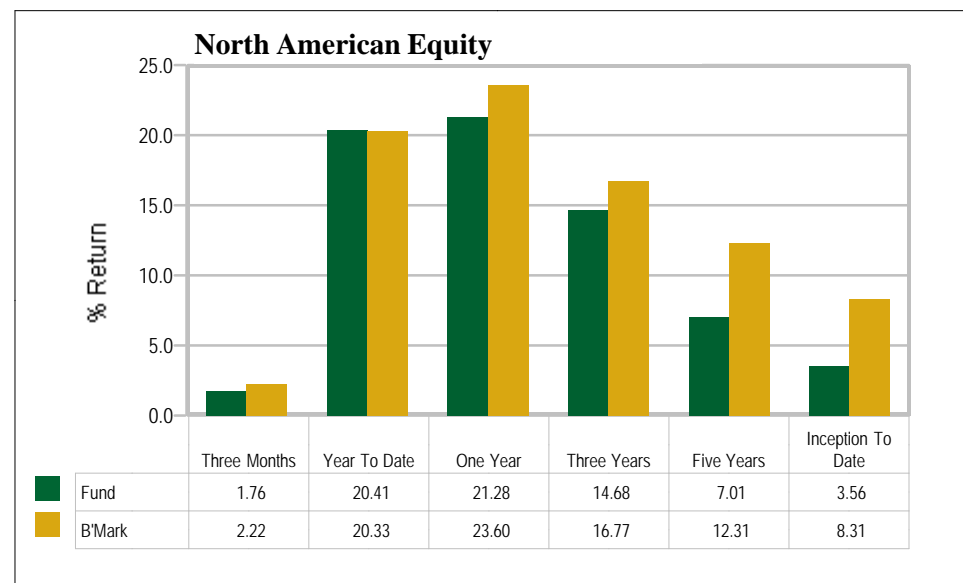
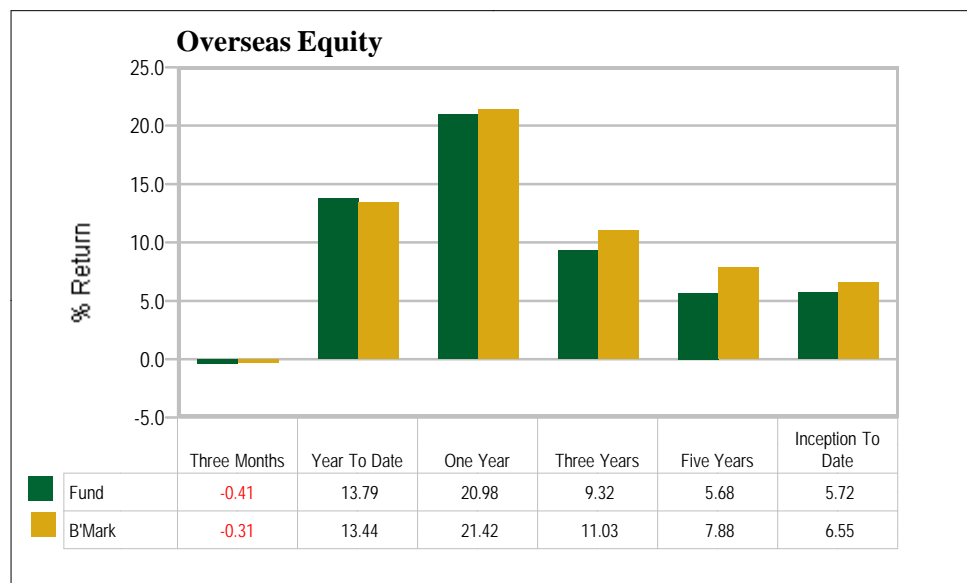
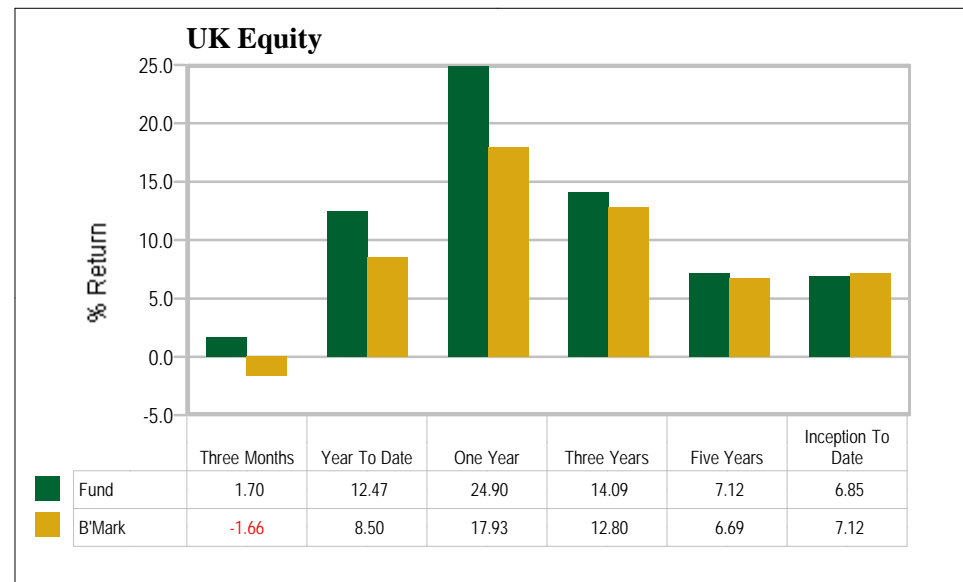
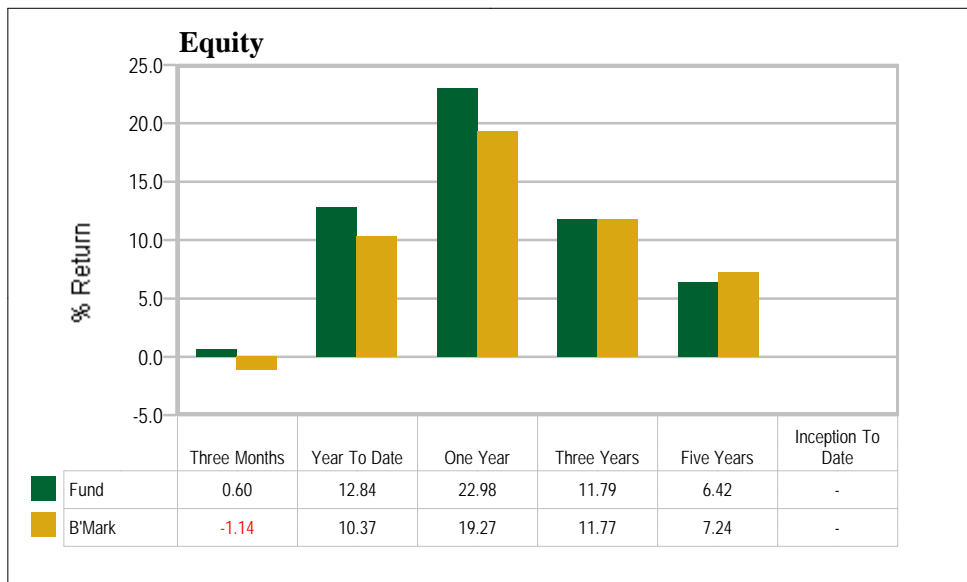


	Fund Return	Index Return	Relative Return	Asset Allocation	Stock Selection	Relative Contribution
London Borough of Hillingdon	0.21	-0.20	0.41	0.02	0.33	0.41
Barings	-1.15	0.82	-1.96	0.03	-0.22	-0.19
JP Morgan	-1.57	0.87	-2.41	-0.00	-0.27	-0.27
Kempen	-2.63	1.46	-4.04	0.00	-0.28	-0.28
Newton	-0.42	0.46	-0.88	0.00	-0.03	-0.03
Ruffer	0.20	0.13	0.08	-0.02	0.04	0.02
SSGA	-1.83	-1.73	-0.10	0.00	-0.02	-0.02
SSGA Drawdown	-2.01	-1.42	-0.60	-0.00	-0.01	-0.01
SSGA Global Equity	0.00	-0.04	0.04	0.00	0.00	0.00
UBS	3.10	-1.66	4.84	-0.02	0.88	0.87
UBS Property	1.63	1.40	0.22	-0.00	0.02	0.02
Adam Street	2.32	-0.12	2.44	-0.00	0.08	0.08
LGT	3.30	-0.12	3.42	-0.00	0.08	0.08
Macquarie	5.31	0.87	4.40	0.00	0.05	0.06
M&G Investments	1.16	1.11	0.05	0.00	0.00	0.01
Cash	0.06	0.09	-0.04	-0.00	-0.00	-0.00

	Fund Return	Index Return	Relative Return	Asset Allocation	Stock Selection	Relative Contribution
London Borough of Hillingdon	8.06	6.42	1.54	-0.31	1.37	1.54
Barings	-	-	0.00	0.03	-0.22	-0.19
JP Morgan	-1.20	1.74	-2.90	-0.00	-0.32	-0.32
Kempen	3.07	-	3.07	-0.01	-0.38	-0.40
Newton	7.80	7.23	0.52	-0.02	-0.07	-0.08
Ruffer	10.56	0.26	10.27	-0.02	1.88	1.85
SSGA	8.30	8.41	-0.10	-0.01	-0.02	-0.03
SSGA Drawdown	-1.03	-0.57	-0.47	0.00	-0.00	-0.00
SSGA Global Equity	3.44	13.94	-9.22	-0.17	-0.19	-0.36
UBS	13.35	8.50	4.48	-0.01	0.81	0.80
UBS Property	2.25	2.49	-0.24	-0.01	-0.02	-0.03
Adam Street	12.16	14.01	-1.62	0.01	-0.06	-0.05
LGT	9.27	14.01	-4.16	-0.02	-0.12	-0.15
Macquarie	9.19	1.74	7.32	-0.00	0.07	0.07
M&G Investments	3.28	2.24	1.02	-0.00	0.03	0.03
Cash	0.18	0.18	-0.00	-0.00	0.00	-0.00

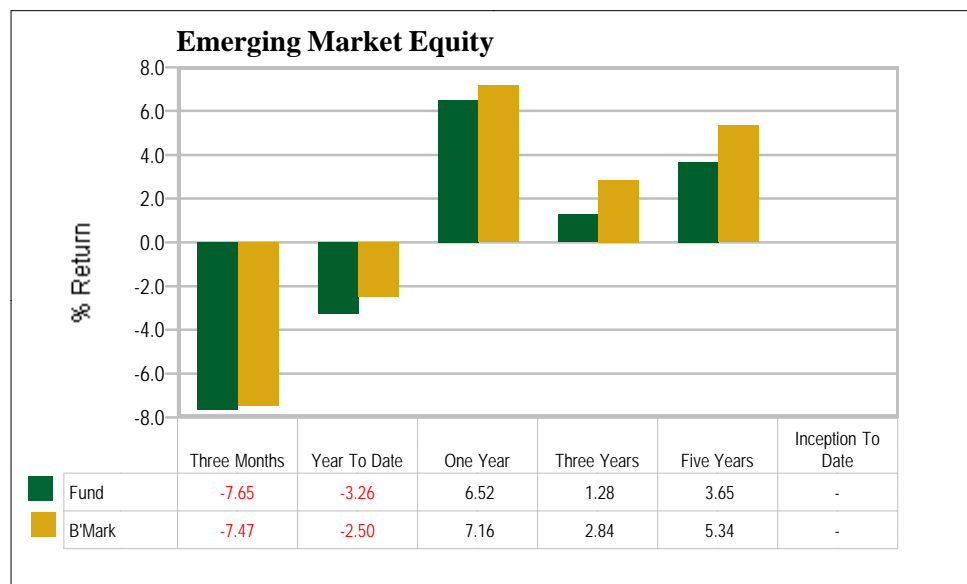
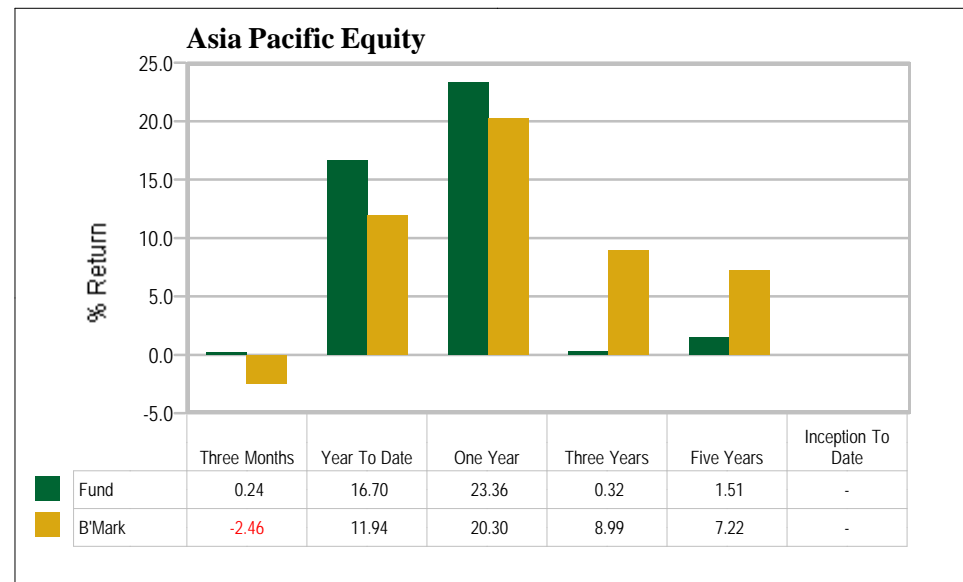
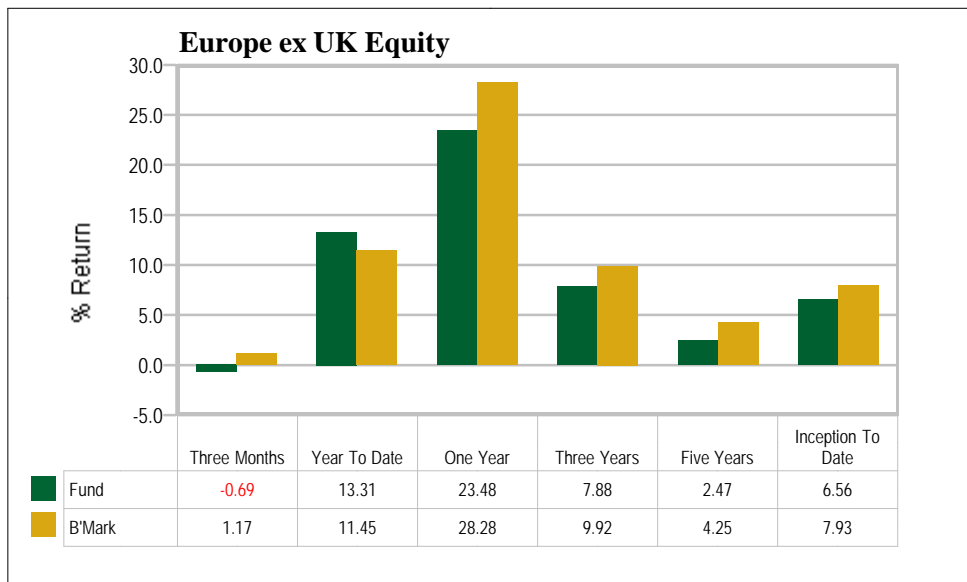


### London Borough of Hillingdon



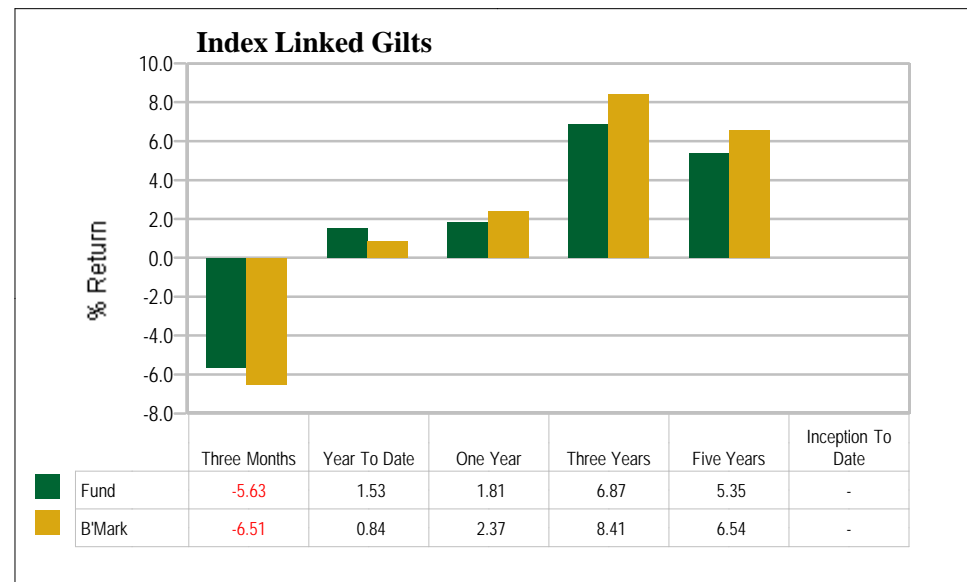
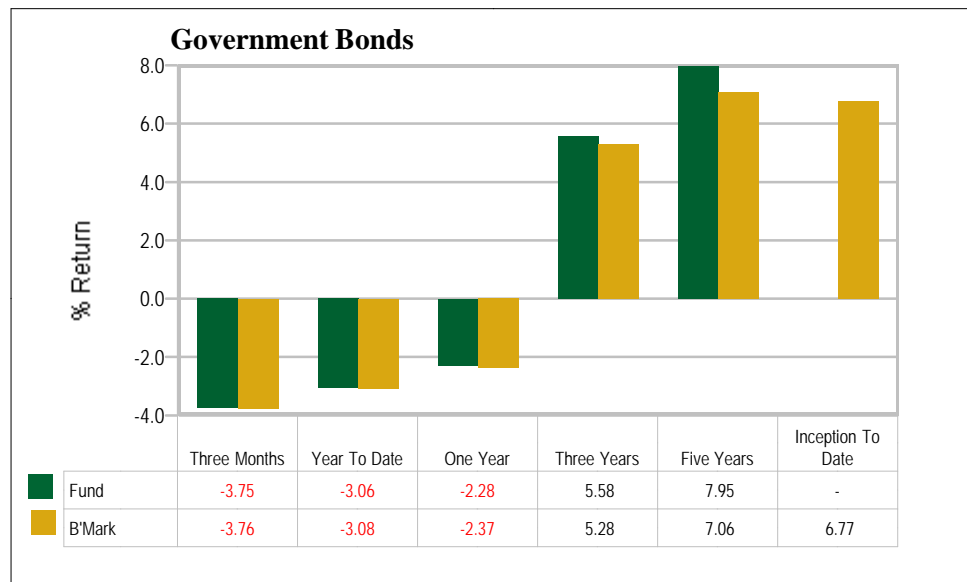
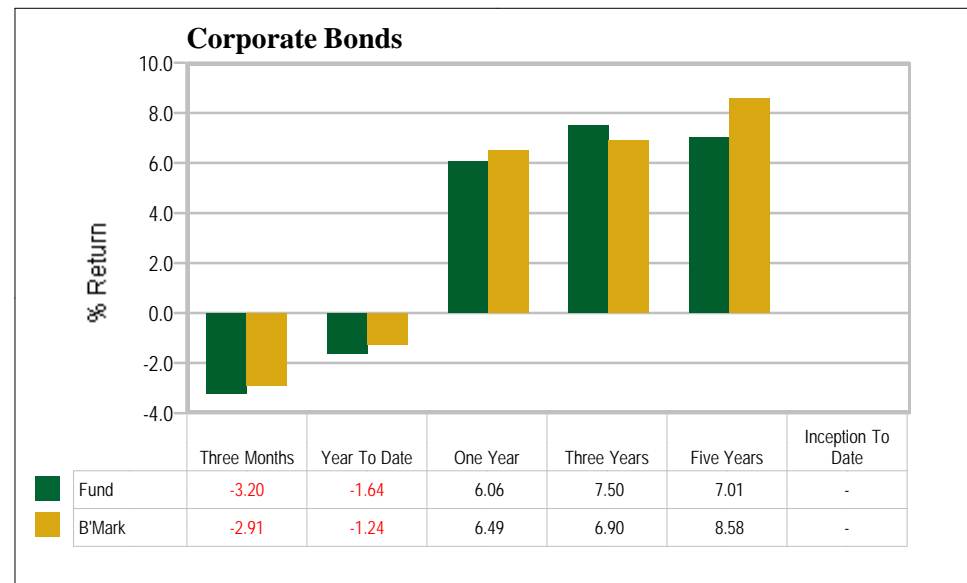
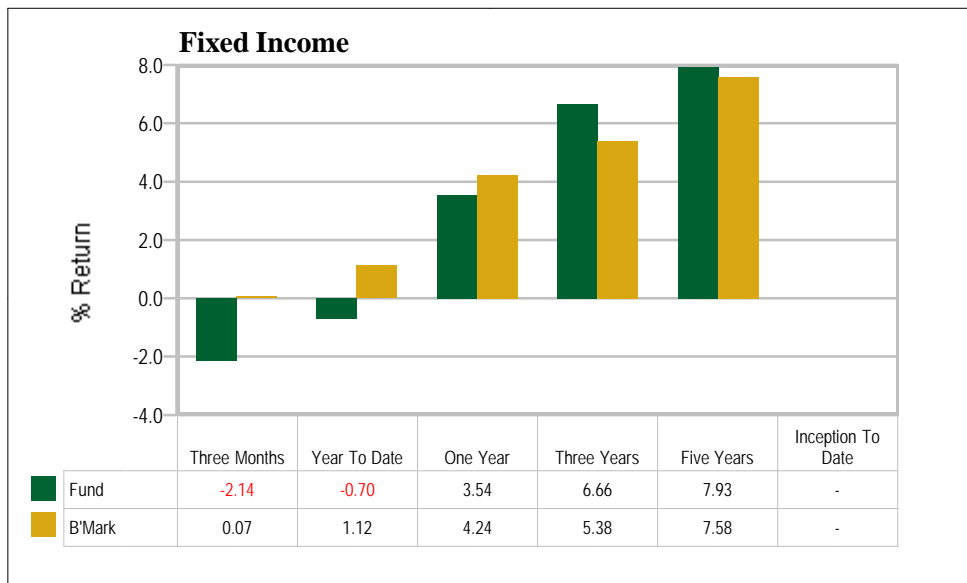


## London Borough of Hillingdon





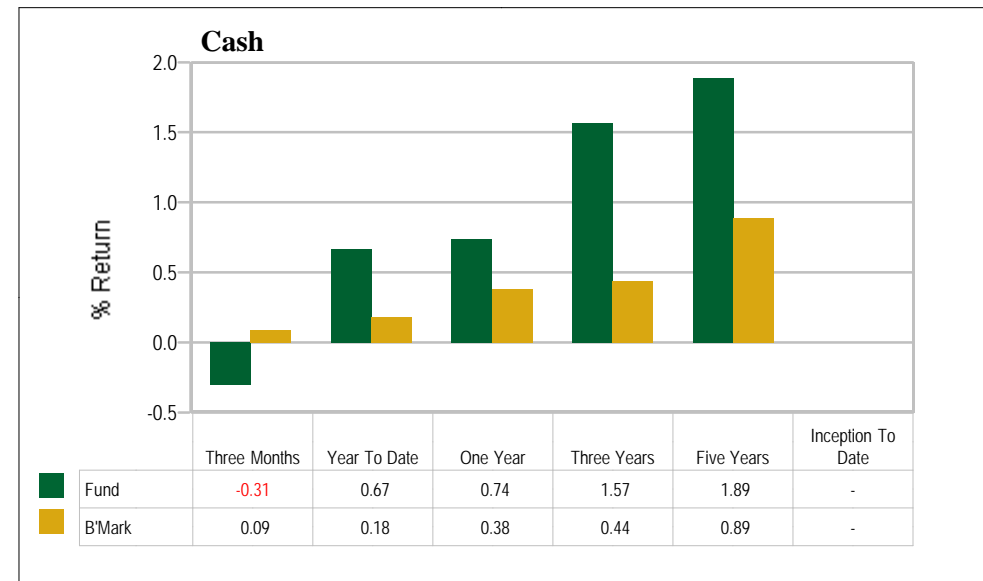
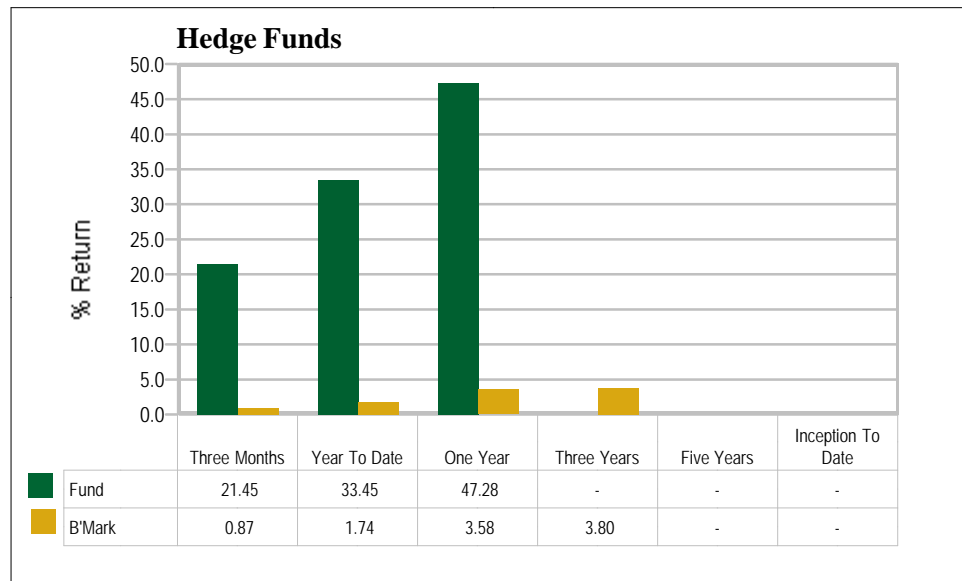
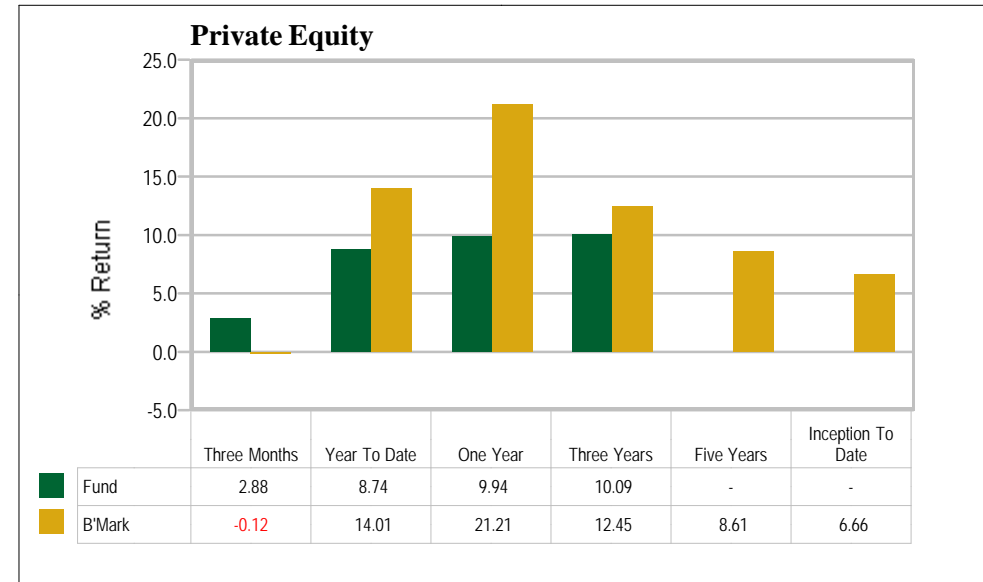
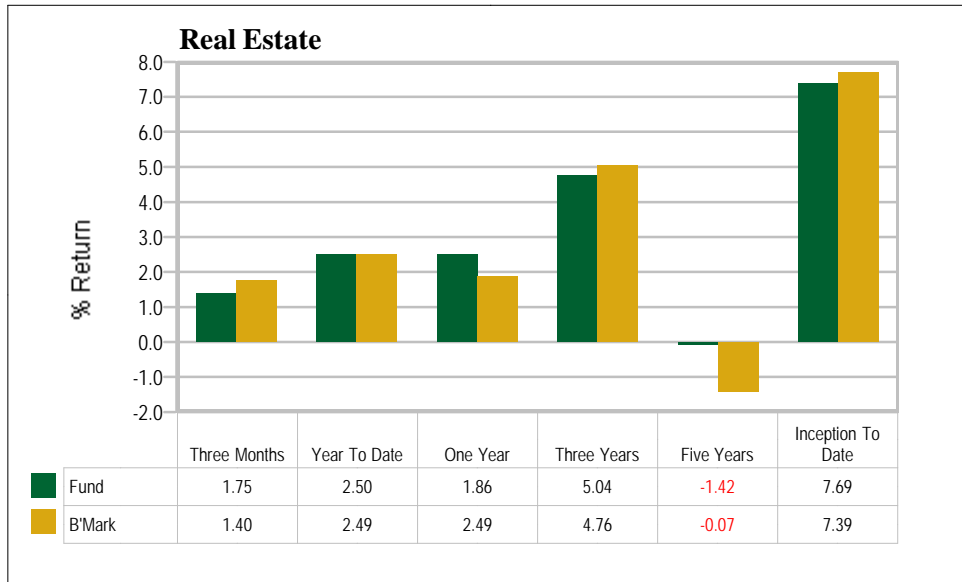
### London Borough of Hillingdon







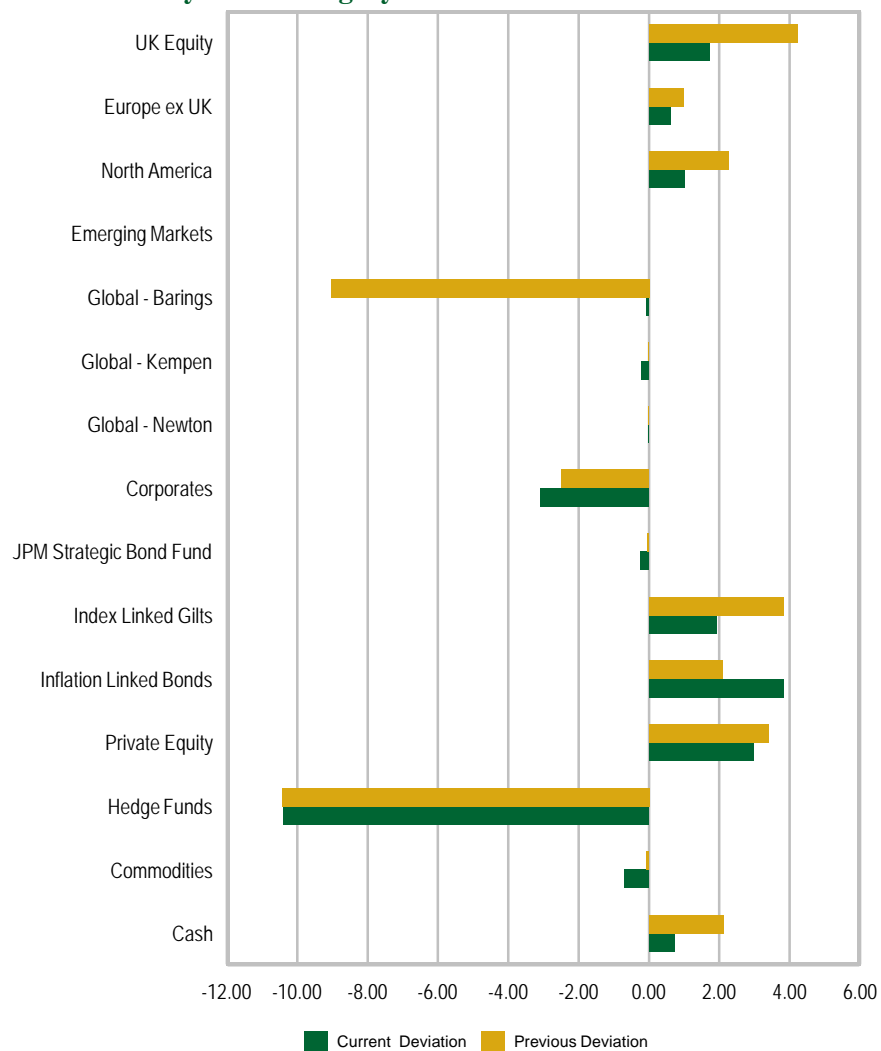
## London Borough of Hillingdon





# London Borough of Hillingdon

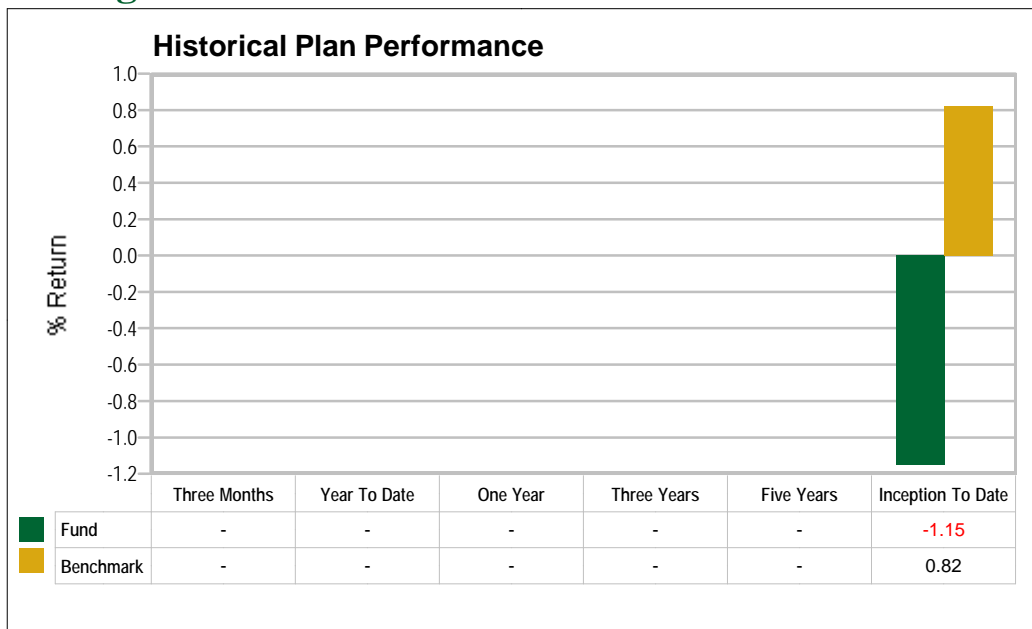
By Asset Category



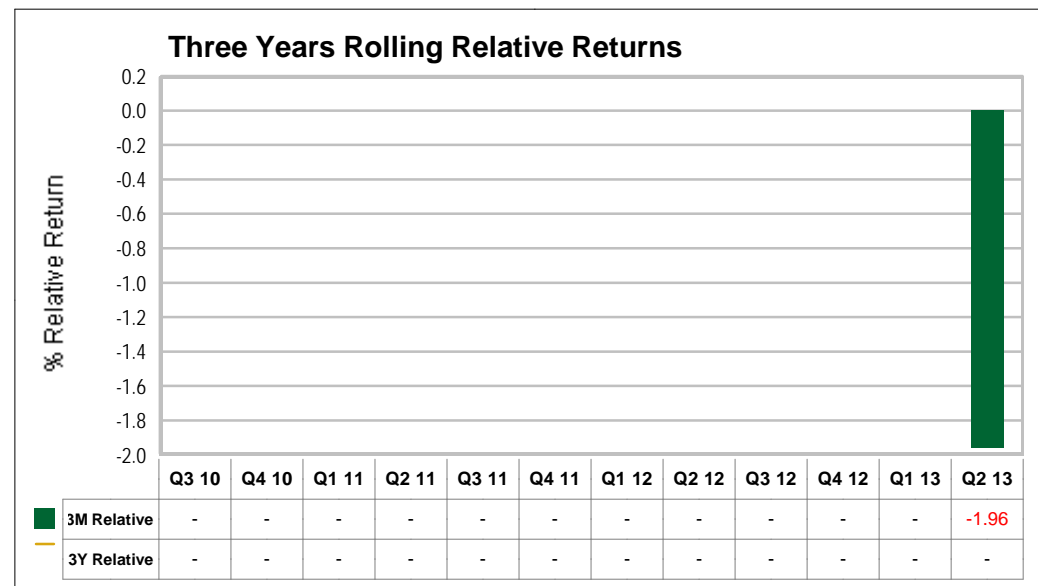
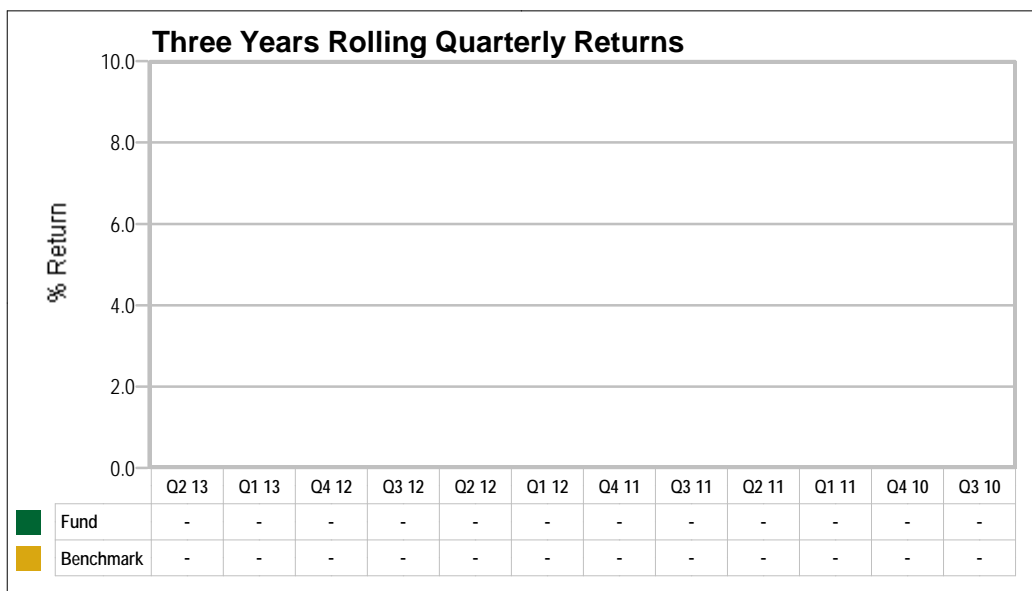
	Current Quarter	Previous Quarter	Current Benchmark	Current Deviation	Previous Benchmark	Previous Deviation
UK Equity	28.52	31.05	26.81	1.71	26.81	4.24
Europe ex UK	2.81	3.18	2.20	0.61	2.20	0.98
North America	3.19	4.43	2.18	1.01	2.18	2.25
Emerging Markets	0.61	0.60	0.60	0.01	0.60	0.00
Global - Barings	8.98		9.04	-0.06	9.04	-9.04
Global - Kempen	6.69	6.89	6.91	-0.22	6.91	-0.02
Global - Newton	3.33	3.35	3.36	-0.03	3.36	-0.01
Corporates	1.65	2.24	4.73	-3.08	4.73	-2.49
JPM Strategic Bond Fund	10.82	11.02	11.06	-0.24	11.06	-0.04
Index Linked Gilts	4.23	6.14	2.31	1.92	2.31	3.83
Inflation Linked Bonds	3.82	2.09		3.82		2.09
Private Equity	9.00	9.42	6.01	2.99	6.01	3.41
Hedge Funds	1.89	1.85	12.28	-10.39	12.28	-10.43
Commodities	0.57	1.19	1.27	-0.70	1.27	-0.08
Cash	2.57	3.99	1.85	0.72	1.85	2.14



Barings

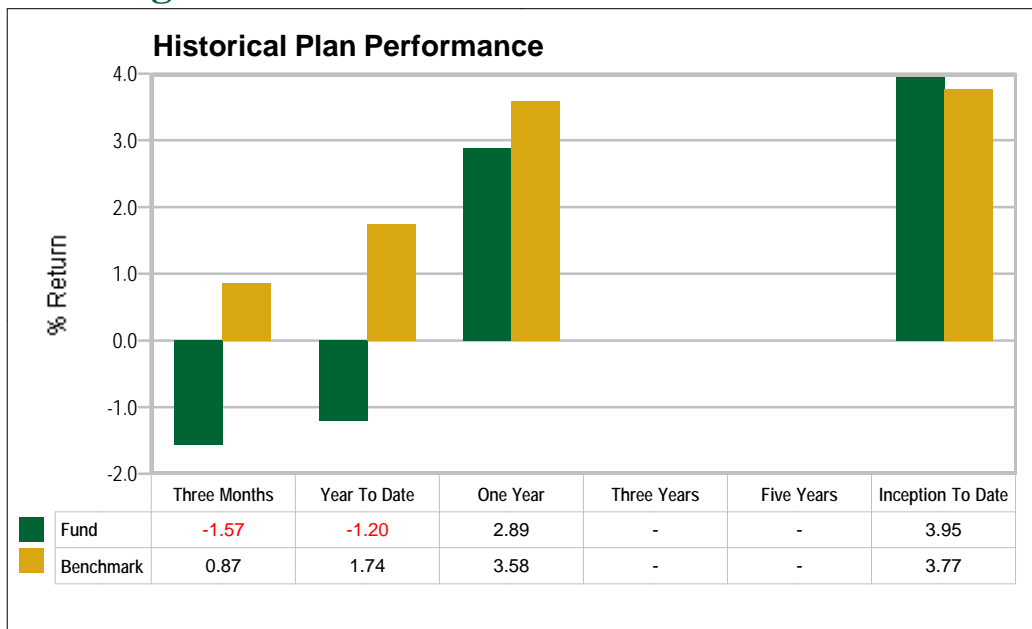


Risk Statistics - 3 years	Fund	B'mark
Performance Return	-	-
Standard Deviation	-	-
Relative Return	-	-
Tracking Error	-	-
Information Ratio	-	-
Beta	-	-
Alpha	-	-
R Squared	-	-
Sharpe Ratio	-	-
Percentage of Total Fund	9.0	
Inception Date	Apr-2013	
Opening Market Value (£000)		
Net Investment £(000)	61,977	
Income Received £(000)	0	
Appreciation £(000)	-722	
Closing Market Value (£000)	61,256	

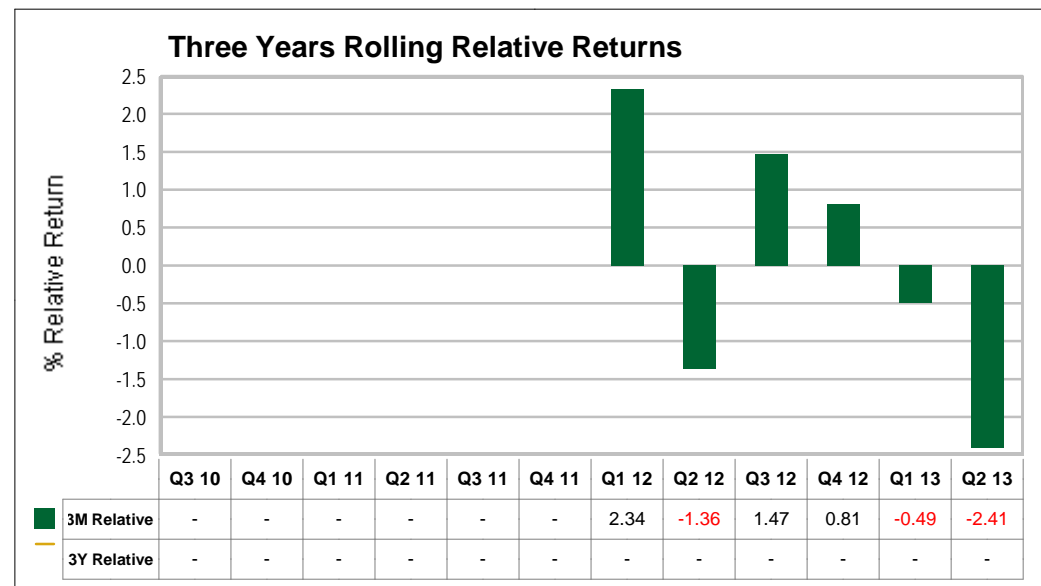
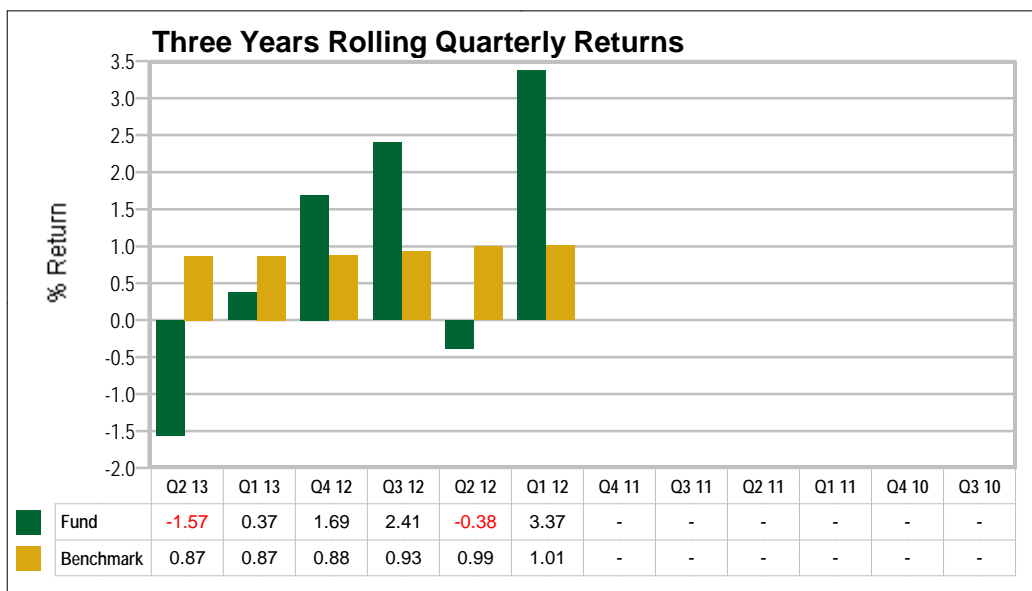




JP Morgan

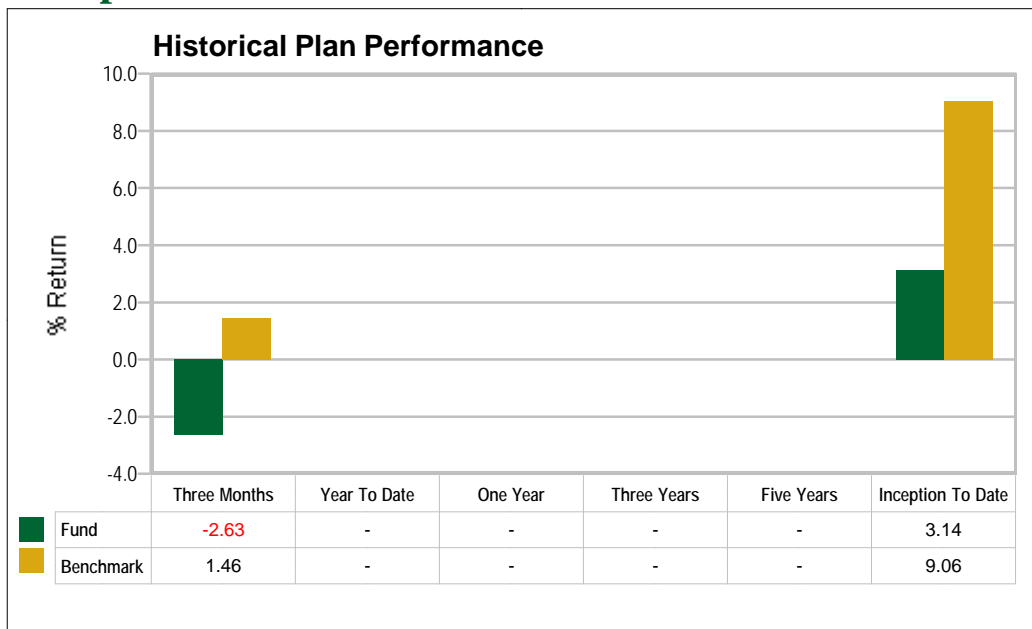


Risk Statistics - 3 years	Fund	B'mark
Performance Return	-	-
Standard Deviation	-	-
Relative Return	-	-
Tracking Error	-	-
Information Ratio	-	-
Beta	-	-
Alpha	-	-
R Squared	-	-
Sharpe Ratio	-	-
Percentage of Total Fund	10.8	
Inception Date	Nov-2011	
Opening Market Value (£000)	74,981	
Net Investment £(000)	0	
Income Received £(000)	0	
Appreciation £(000)	-1,174	
Closing Market Value (£000)	73,807	

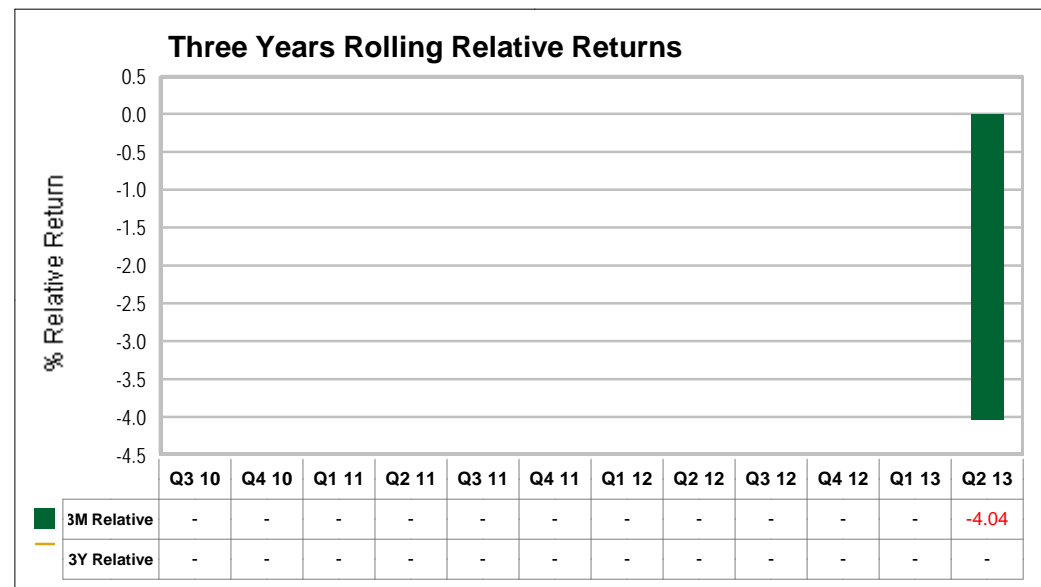
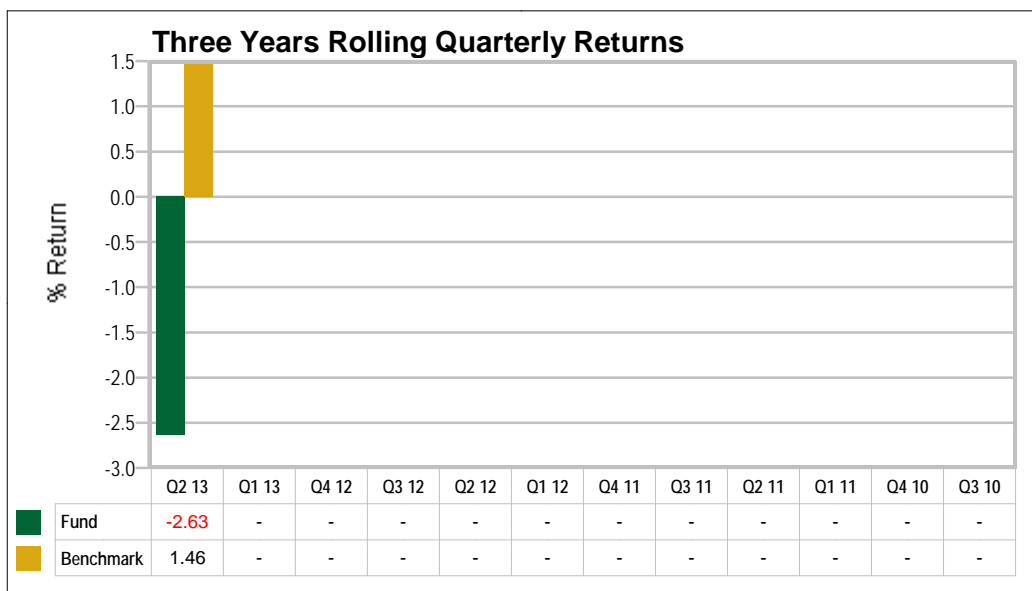




# Kempen

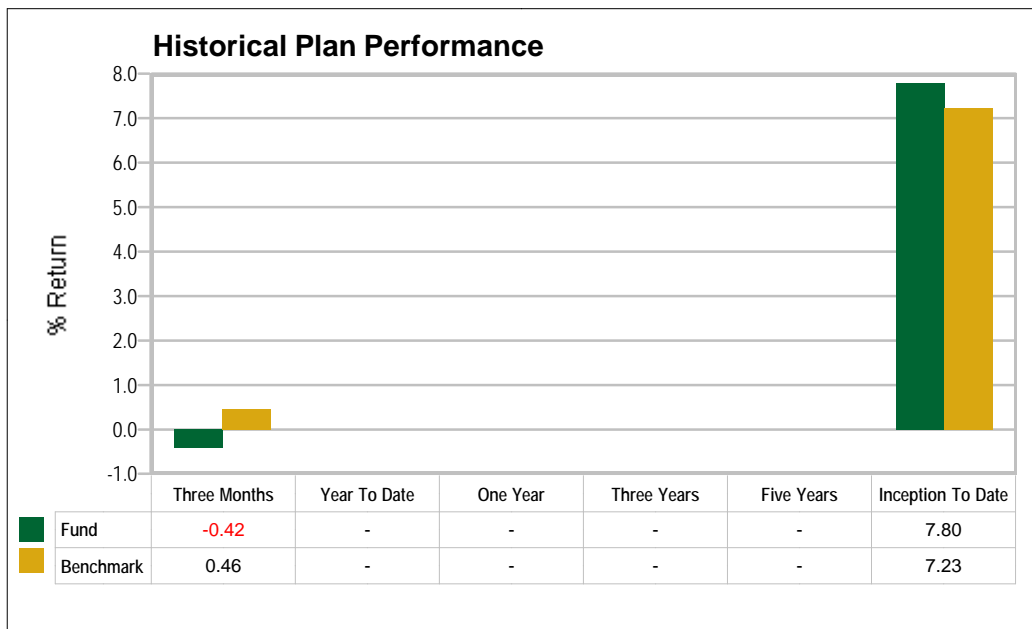


Risk Statistics - 3 years	Fund	B'mark
Performance Return	-	-
Standard Deviation	-	-
Relative Return	-	-
Tracking Error	-	-
Information Ratio	-	-
Beta	-	-
Alpha	-	-
R Squared	-	-
Sharpe Ratio	-	-
Percentage of Total Fund	6.7	
Inception Date	Jan-2013	
Opening Market Value (£000)	46,884	
Net Investment £(000)	1	
Income Received £(000)	0	
Appreciation £(000)	-1,235	
Closing Market Value (£000)	45,649	

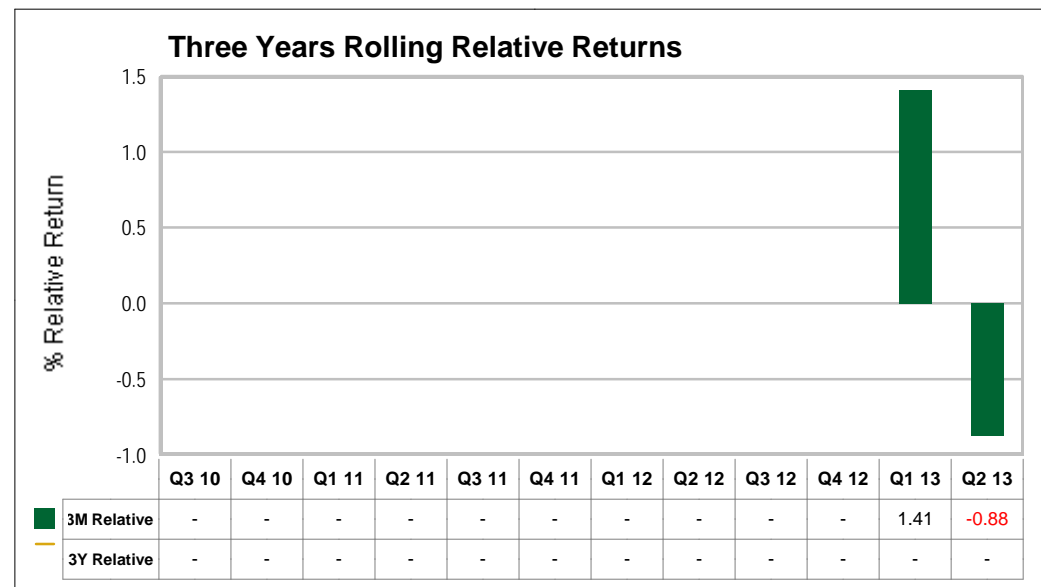
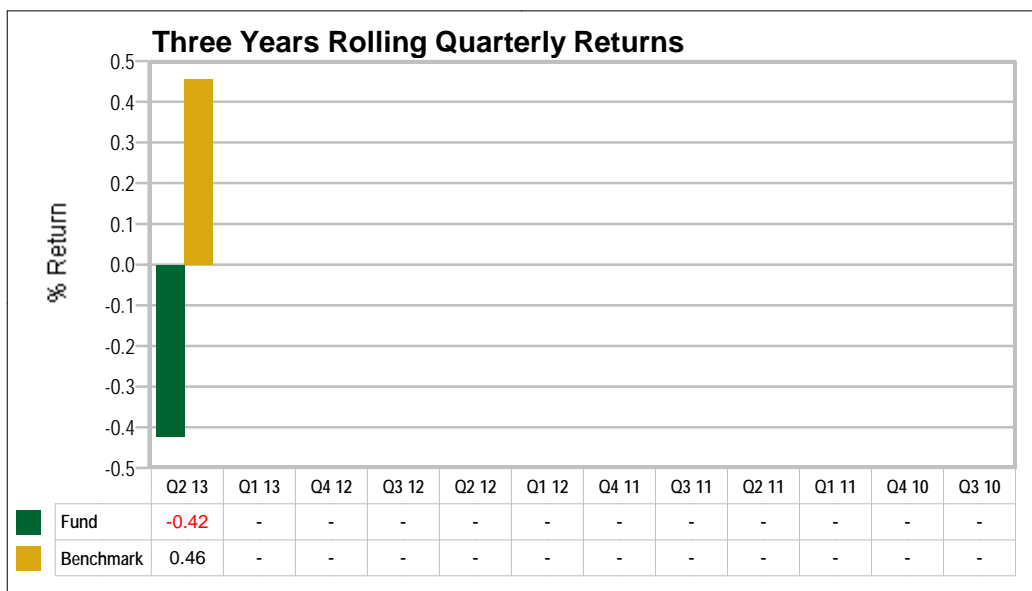




Newton

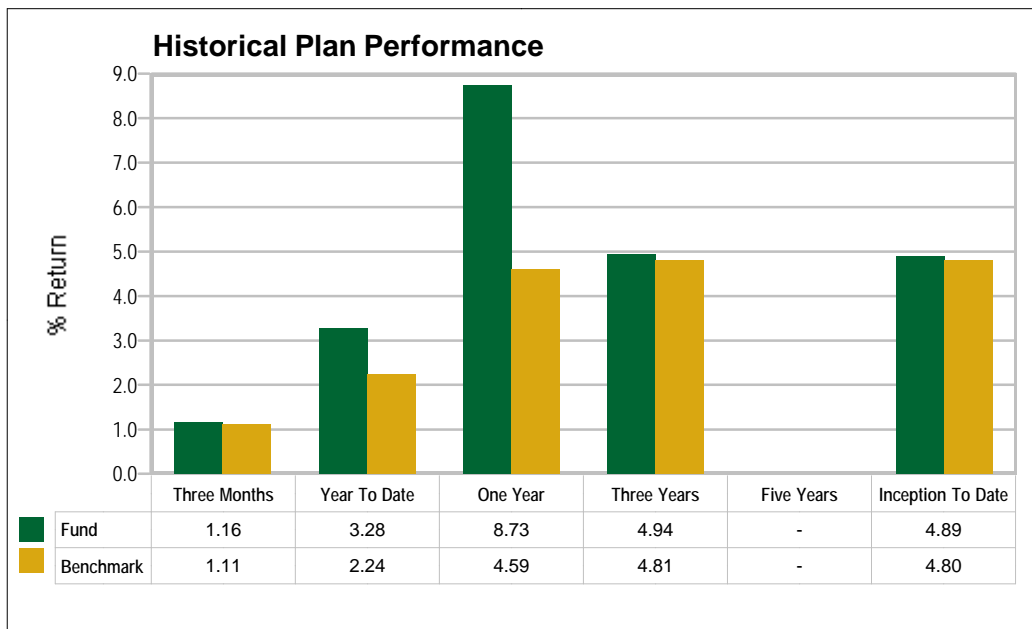


Risk Statistics - 3 years	Fund	B'mark
Performance Return	-	-
Standard Deviation	-	-
Relative Return	-	-
Tracking Error	-	-
Information Ratio	-	-
Beta	-	-
Alpha	-	-
R Squared	-	-
Sharpe Ratio	-	-
Percentage of Total Fund	3.3	-
Inception Date	Jan-2013	-
Opening Market Value (£000)	22,819	-
Net Investment £(000)	0	-
Income Received £(000)	0	-
Appreciation £(000)	-96	-
Closing Market Value (£000)	22,722	-

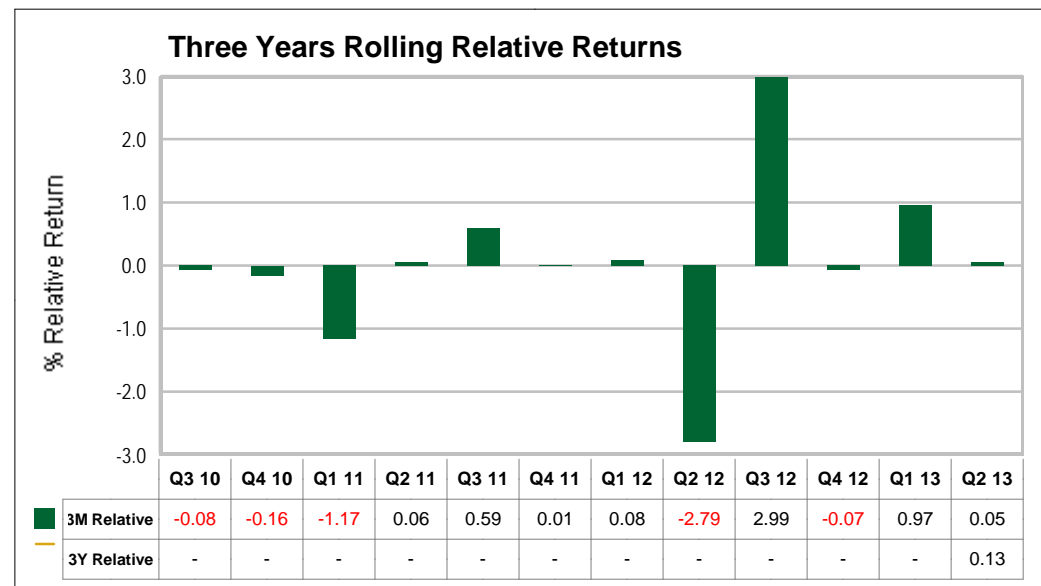
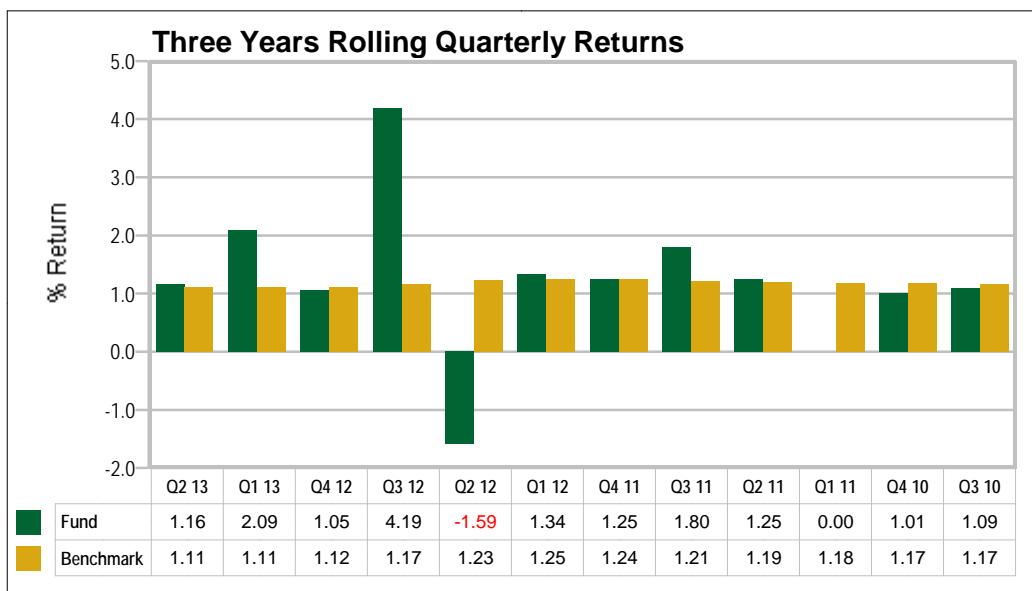




M&G Investments



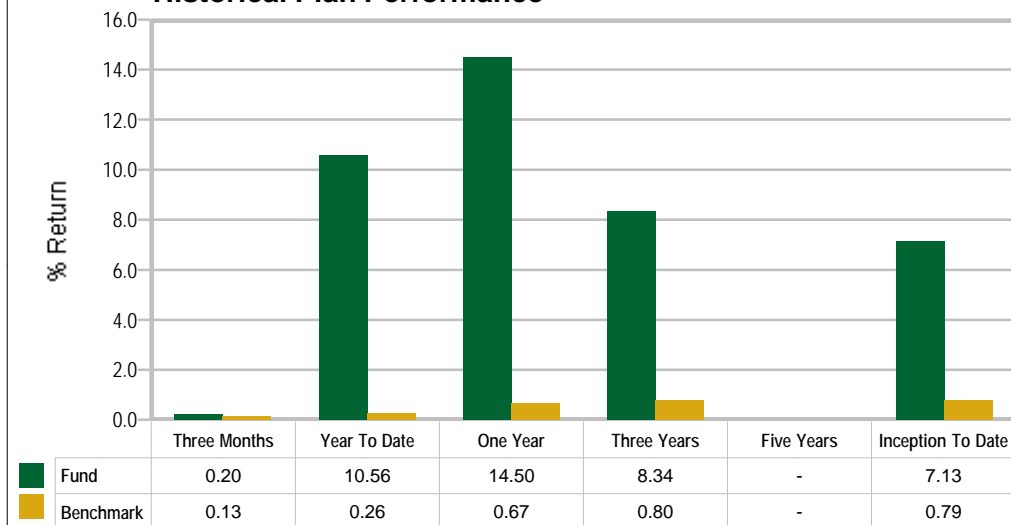
Risk Statistics - 3 years	Fund	B'mark
Performance Return		
Standard Deviation		
Relative Return		
Tracking Error		
Information Ratio		
Beta		
Alpha		
R Squared		
Sharpe Ratio		
Percentage of Total Fund	2.9	
Inception Date	May-2010	
Opening Market Value (£000)	16,351	
Net Investment (£000)	3,135	
Income Received (£000)	-0	
Appreciation (£000)	218	
Closing Market Value (£000)	19,704	





Ruffer

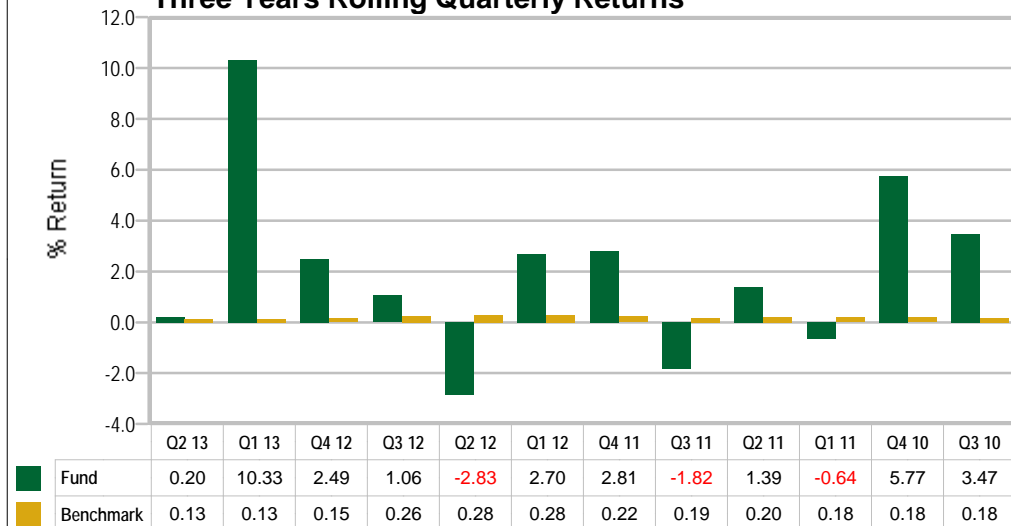
Historical Plan Performance



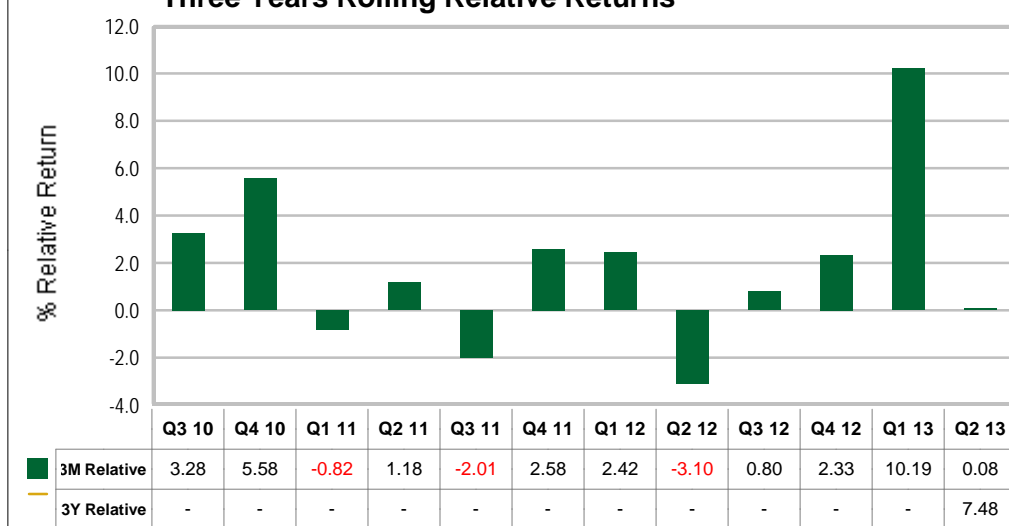
Risk Statistics - 3 years

	Fund	B'mark
Performance Return	8.34	0.80
Standard Deviation	5.72	0.06
Relative Return	7.48	
Tracking Error	5.74	
Information Ratio	1.31	
Beta	34.11	
Alpha	20.10	
R Squared	0.12	
Sharpe Ratio	1.26	-5.52
Percentage of Total Fund	12.4	
Inception Date	May-2010	
Opening Market Value (£000)	131,488	
Net Investment £(000)	-47,948	
Income Received £(000)	615	
Appreciation £(000)	-32	
Closing Market Value (£000)	84,124	

Three Years Rolling Quarterly Returns



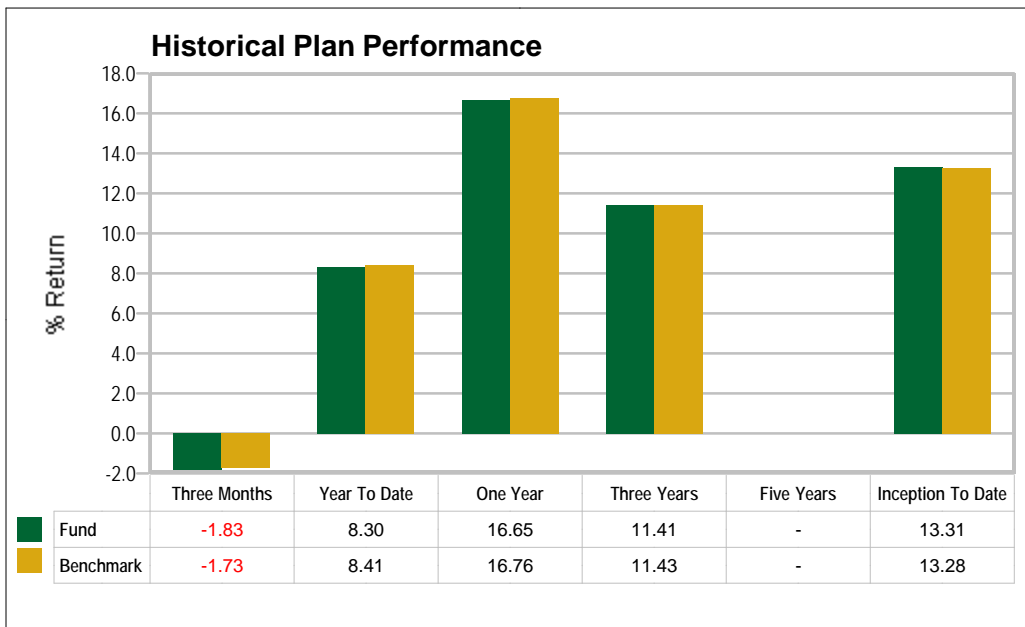
Three Years Rolling Relative Returns





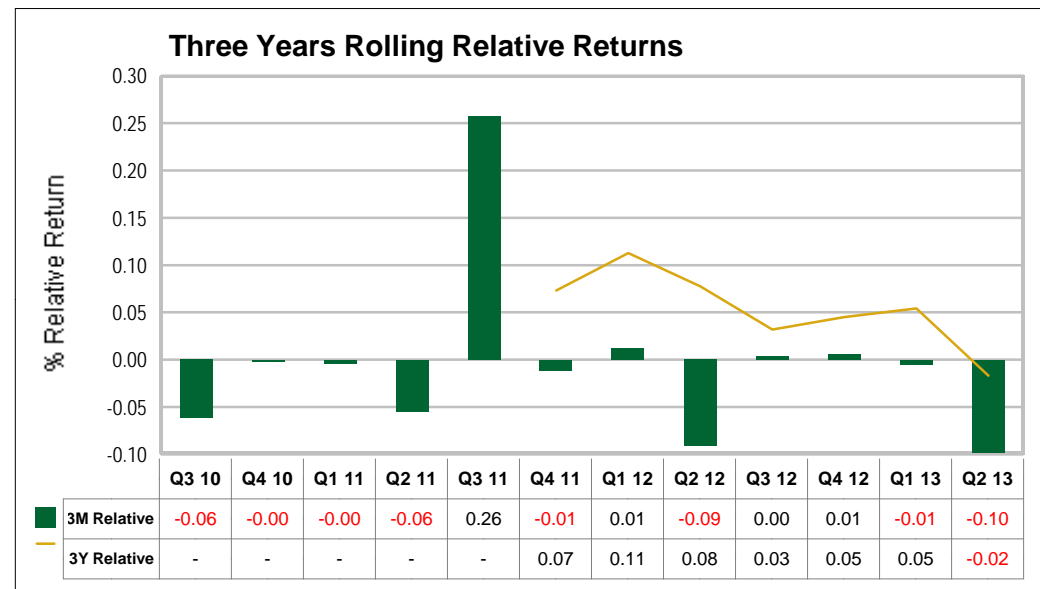
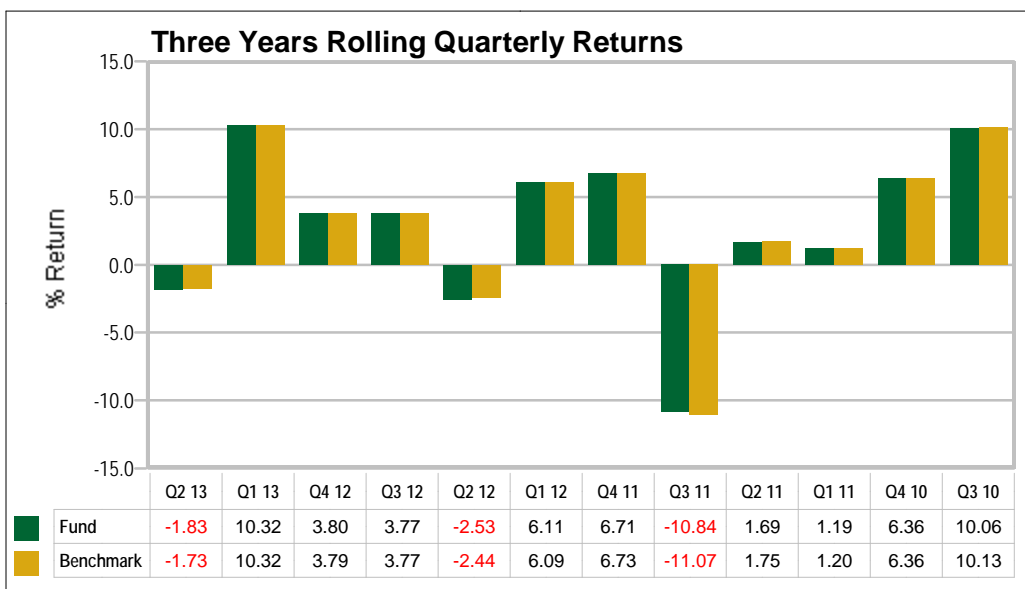


SSGA



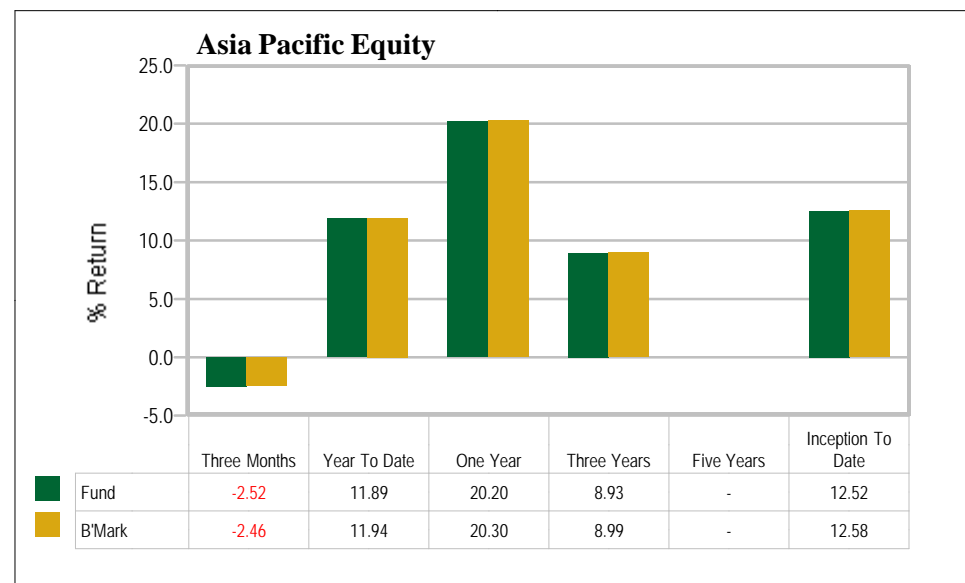
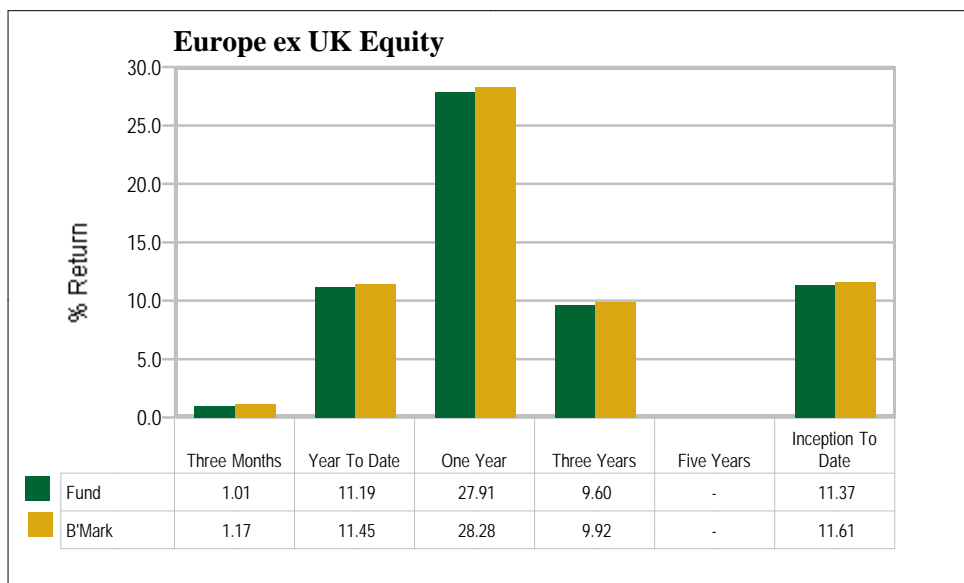
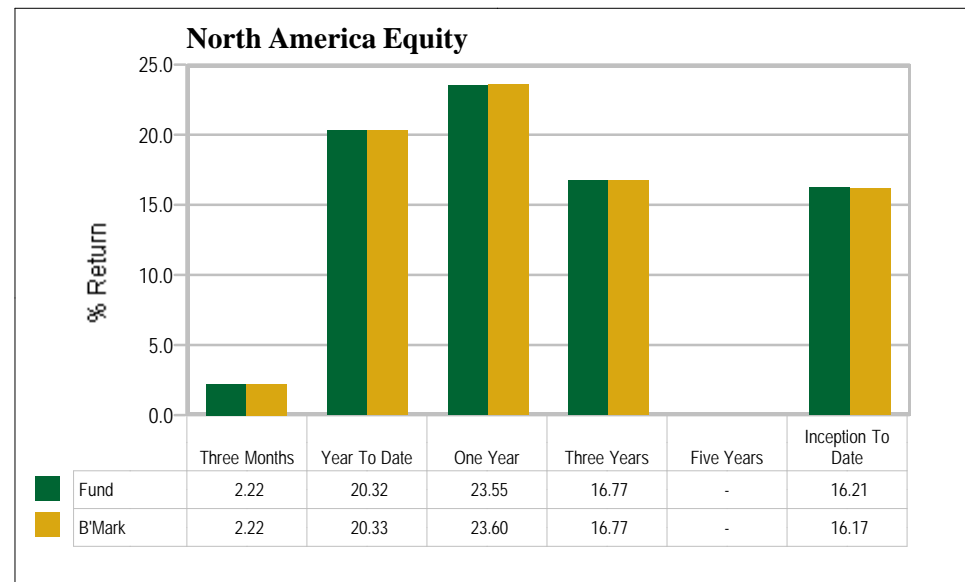
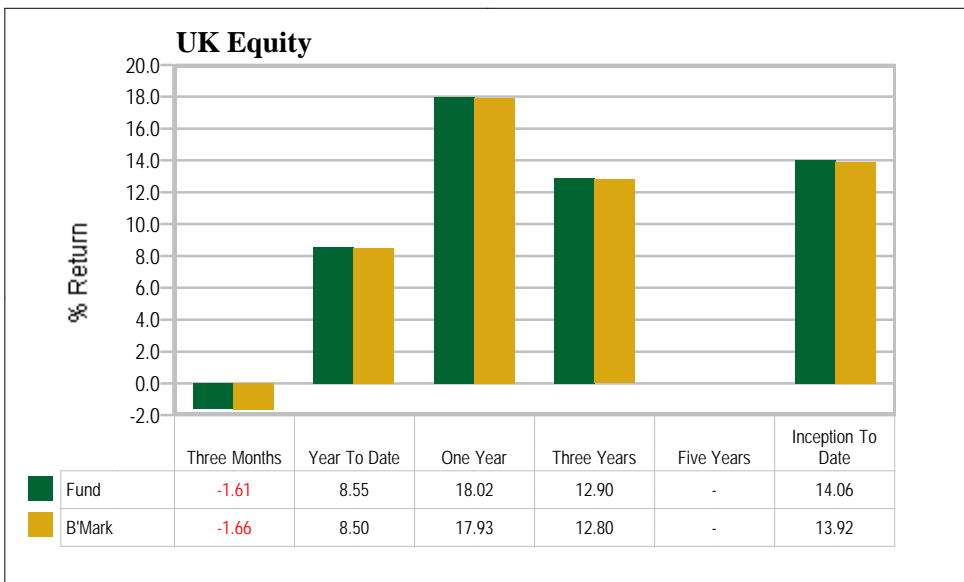
### Risk Statistics - 3 years

	Fund	B'mark
Performance Return	11.41	11.43
Standard Deviation	9.53	9.59
Relative Return	-0.02	
Tracking Error	0.16	
Information Ratio	-0.12	
Beta	0.99	
Alpha	0.04	
R Squared	1.00	
Sharpe Ratio	1.08	1.07
Percentage of Total Fund	19.6	
Inception Date	Nov-2008	
Opening Market Value (£000)	136,072	
Net Investment (£(000))	0	
Income Received (£(000))	0	
Appreciation (£(000))	-2,485	
Closing Market Value (£000)	133,588	



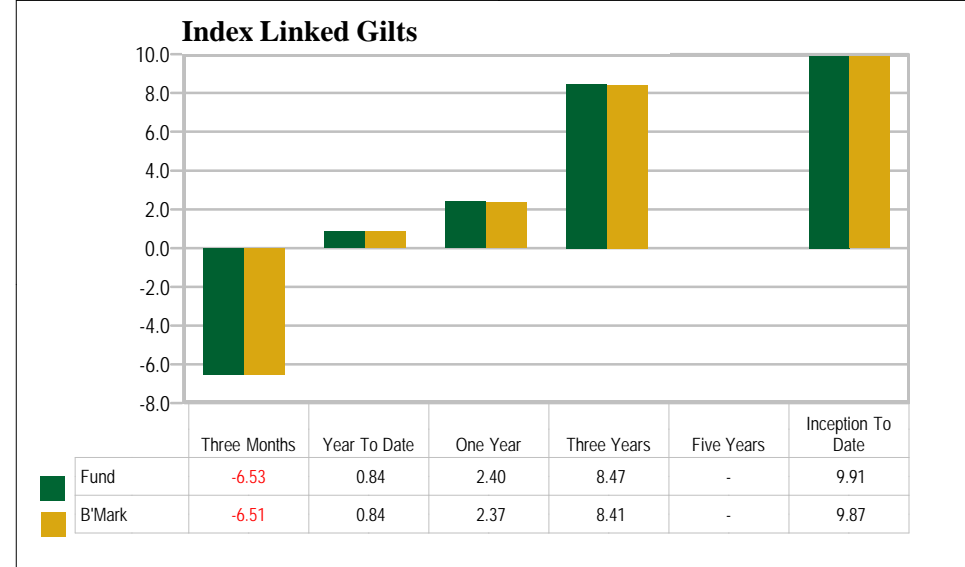
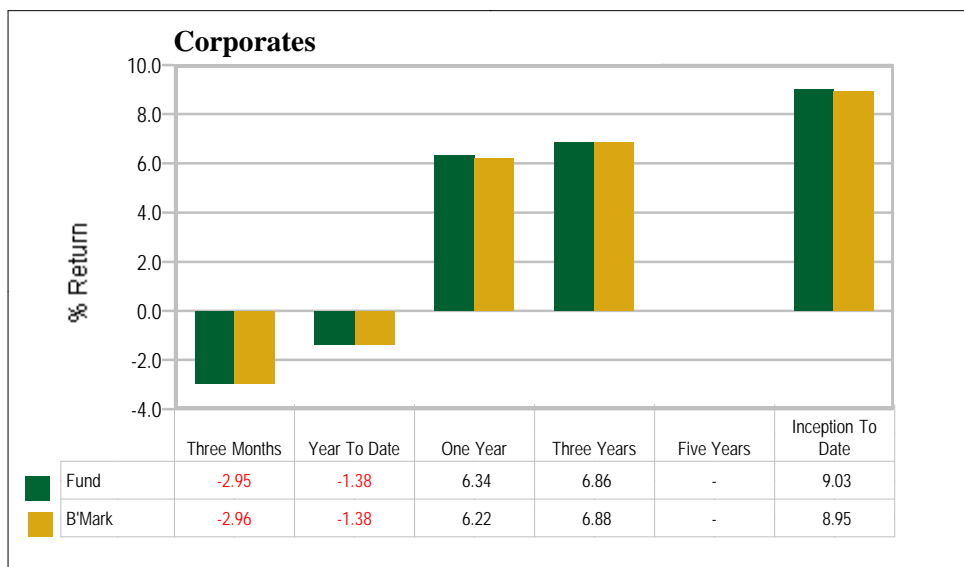
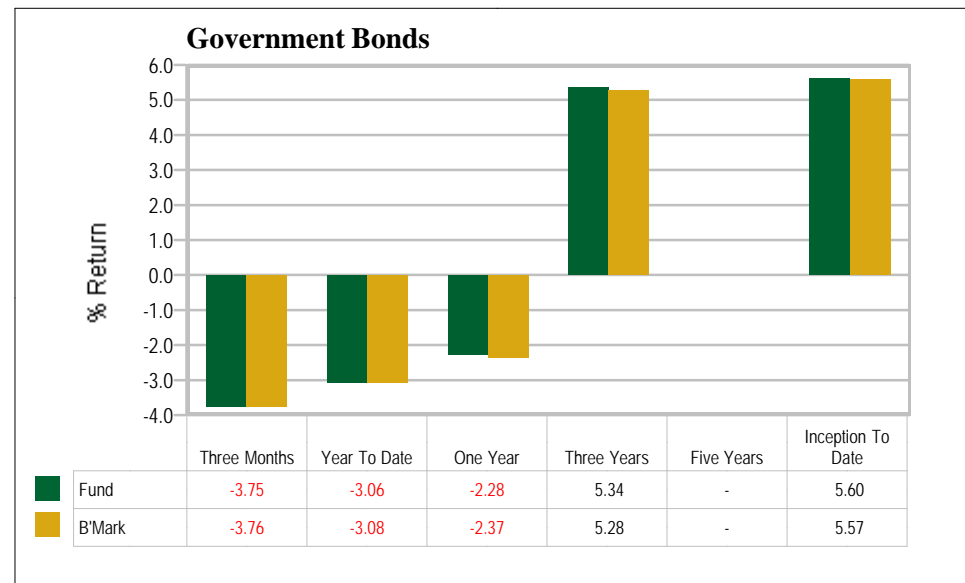
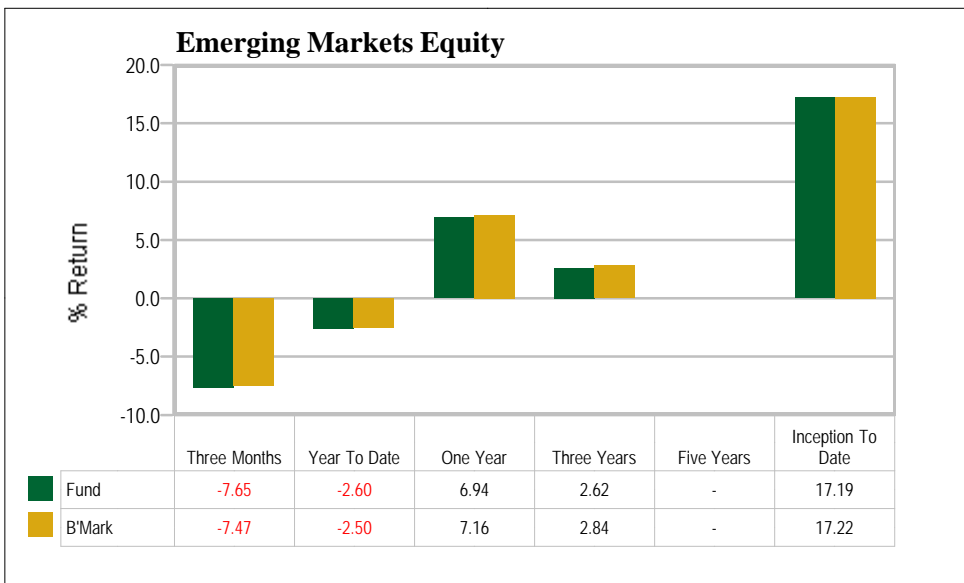


SSGA





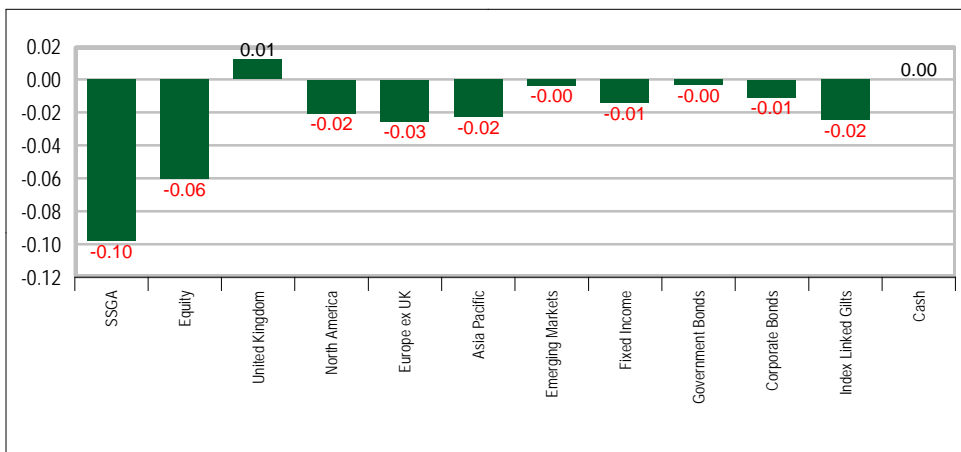
SSGA





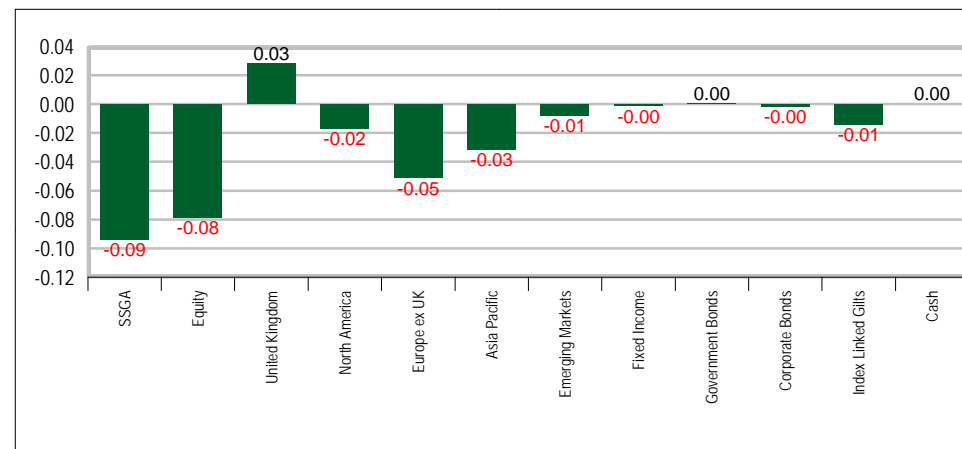
# SSGA

## Relative Contribution - Three Months



	Return	Benchmark	Relative Return	Hedging Effect	Passive Currency	Asset Allocation	Stock Selection	Relative contribution
SSGA	-1.83	-1.73	-0.10	0.00	0.29	-0.12	-0.28	-0.10
Equity	-1.08	-	-1.08	0.00	0.28	-0.06	-0.28	-0.06
United Kingdom	-1.61	-1.66	0.04	0.00	0.00	-0.01	0.02	0.01
North America	2.22	2.22	-0.00	0.00	0.02	-0.01	-0.03	-0.02
Europe ex UK	1.01	1.17	-0.15	0.00	0.08	-0.01	-0.10	-0.03
Asia Pacific	-2.52	-2.46	-0.07	0.00	0.07	-0.04	-0.05	-0.02
Emerging Markets	-7.65	-7.47	-0.19	0.00	0.11	0.00	-0.12	-0.00
Fixed Income	-3.07	-	-3.07	0.00	0.01	-0.02	0.00	-0.01
Government Bonds	-3.75	-3.76	0.01	0.00	0.00	-0.00	0.00	-0.00
Corporate Bonds	-2.95	-2.96	0.02	0.00	0.01	-0.02	0.00	-0.01
Index Linked Gilts	-6.53	-6.51	-0.02	0.00	0.00	-0.03	-0.00	-0.02
Cash	-	-	0.00	0.00	0.00	0.00	0.00	0.00

## Relative Contribution - One Year



	Return	Benchmark	Relative Return	Hedging Effect	Passive Currency	Asset Allocation	Stock Selection	Relative contribution
SSGA	16.65	16.76	-0.09	0.00	-1.21	-0.09	1.22	-0.09
Equity	20.02	-	20.02	0.00	-0.98	-0.07	0.97	-0.08
United Kingdom	18.02	17.93	0.07	0.00	0.00	-0.01	0.03	0.03
North America	23.55	23.60	-0.05	0.00	0.02	-0.00	-0.04	-0.02
Europe ex UK	27.91	28.28	-0.29	0.00	0.05	-0.01	-0.09	-0.05
Asia Pacific	20.20	20.30	-0.09	0.00	-1.07	-0.04	1.09	-0.03
Emerging Markets	6.94	7.16	-0.20	0.00	0.02	-0.00	-0.02	-0.01
Fixed Income	5.02	-	5.02	0.00	-0.24	-0.00	0.24	-0.00
Government Bonds	-2.28	-2.37	0.09	0.00	0.00	-0.00	0.00	0.00
Corporate Bonds	6.34	6.22	0.11	0.00	-0.24	0.00	0.24	-0.00
Index Linked Gilts	2.40	2.37	0.03	0.00	0.00	-0.02	0.00	-0.01
Cash	-	-	0.00	0.00	0.00	0.00	0.00	0.00



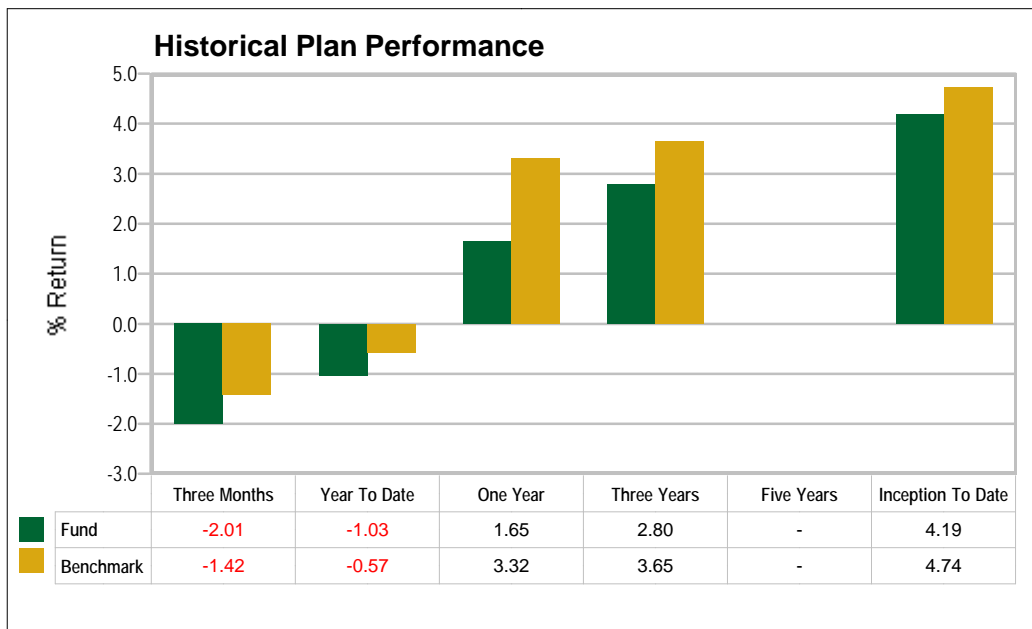
# SSGA



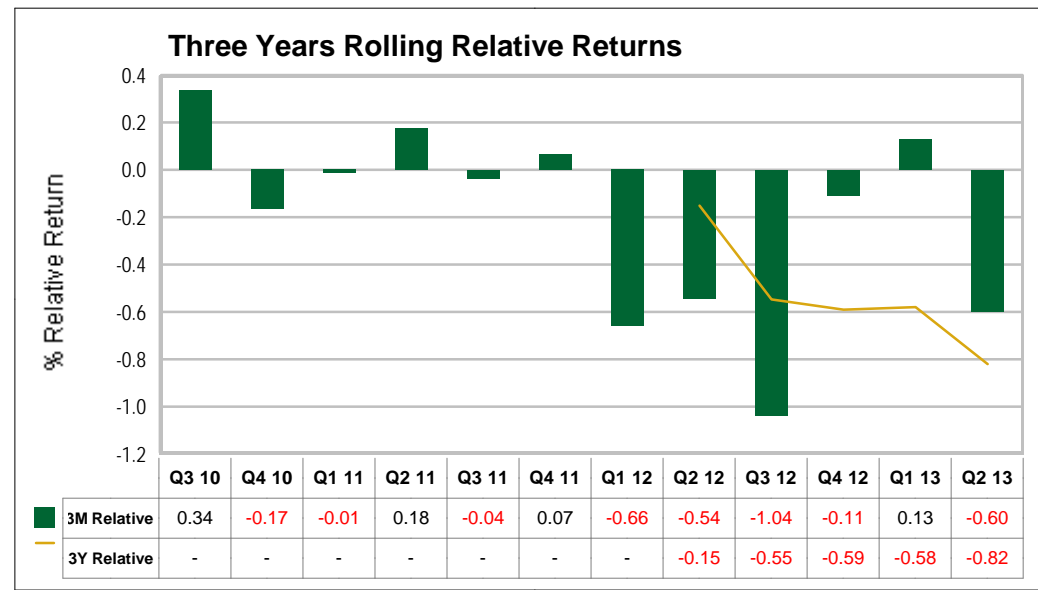
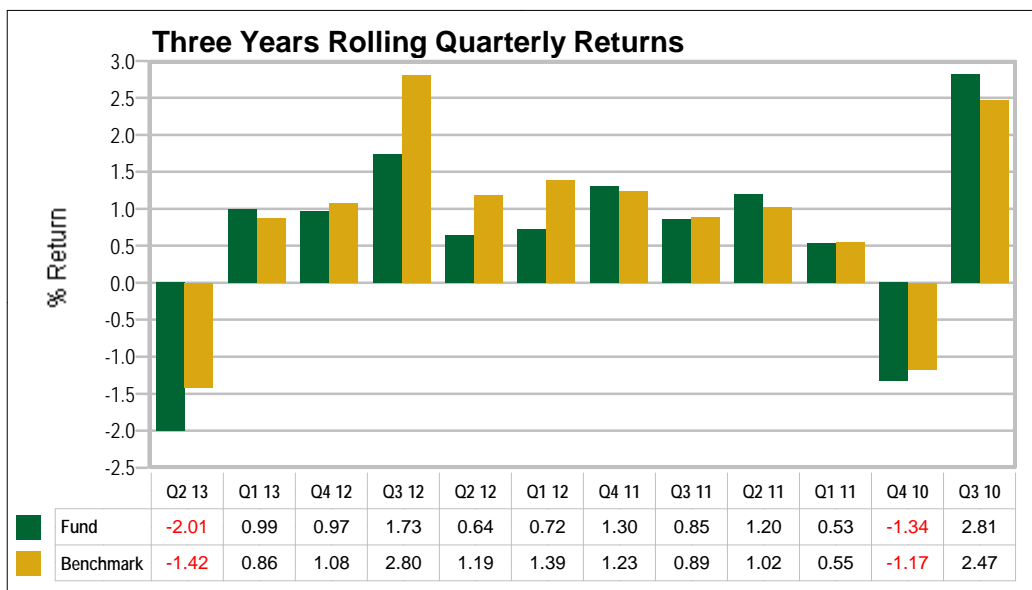
	Current Quarter	Previous Quarter	Current Benchmark	Current Deviation	Previous Benchmark	Previous Deviation
United Kingdom	43.87	44.02	44.08	-0.21	44.08	-0.06
Europe ex UK	11.03	10.92	11.25	-0.22	11.25	-0.33
North America	11.03	11.01	11.44	-0.41	11.44	-0.43
Asia Pacific	11.31	10.98	11.49	-0.18	11.49	-0.51
Emerging Markets	3.10	3.01	2.98	0.12	2.98	0.03
Government Bonds	1.48	1.50	1.37	0.11	1.37	0.13
Corporate Bonds	8.41	8.49	7.84	0.57	7.84	0.65
Index Linked Gilts	9.77	10.07	9.55	0.22	9.55	0.52



### SSGA Drawdown

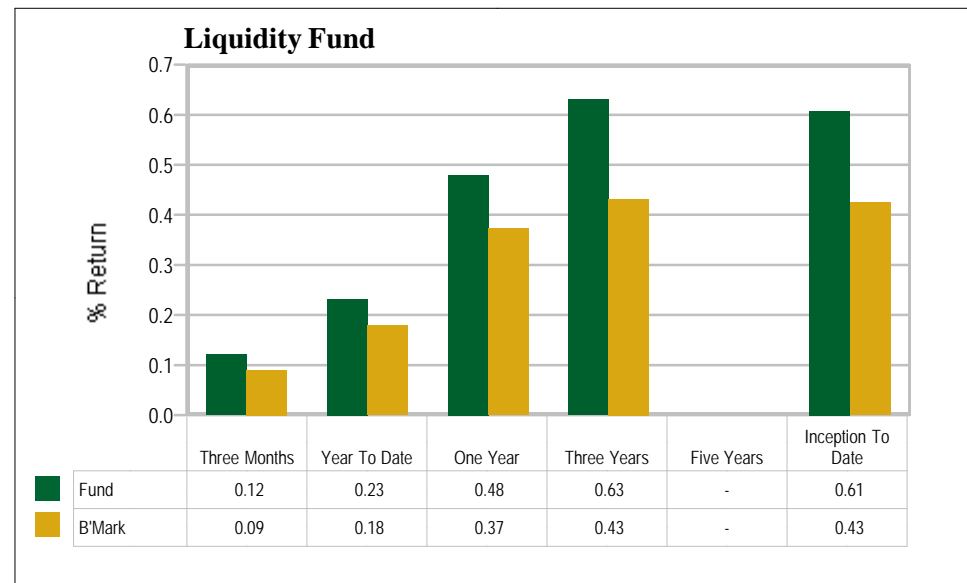
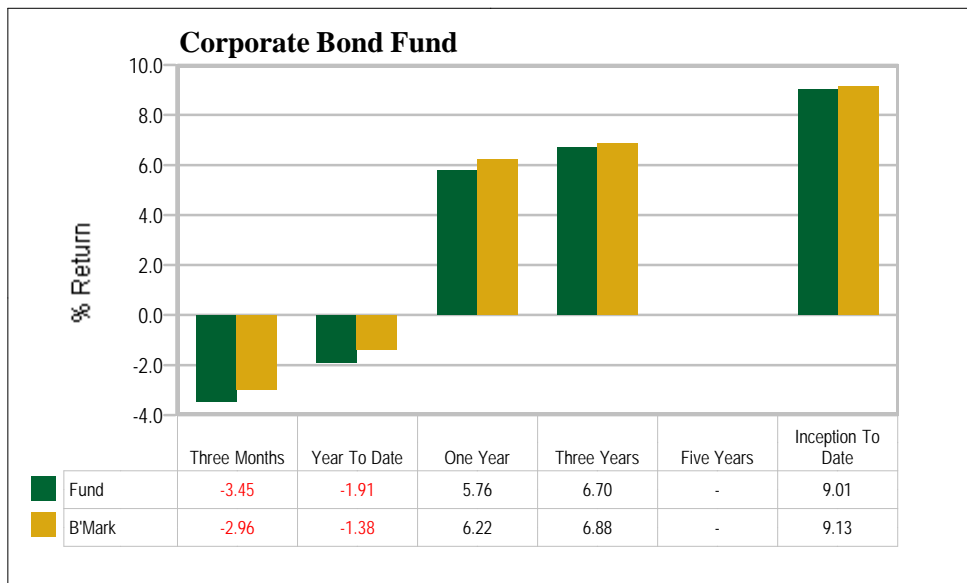


Risk Statistics - 3 years	Fund	B'mark
Performance Return	2.80	3.65
Standard Deviation	3.01	2.80
Relative Return	-0.82	
Tracking Error	0.87	
Information Ratio	-0.97	
Beta	1.03	
Alpha	-0.89	
R Squared	0.92	
Sharpe Ratio	0.55	0.90
Percentage of Total Fund	0.9	
Inception Date	Jun-2009	
Opening Market Value (£000)	6,163	
Net Investment £(000)	0	
Income Received £(000)	0	
Appreciation £(000)	-124	
Closing Market Value (£000)	6,039	





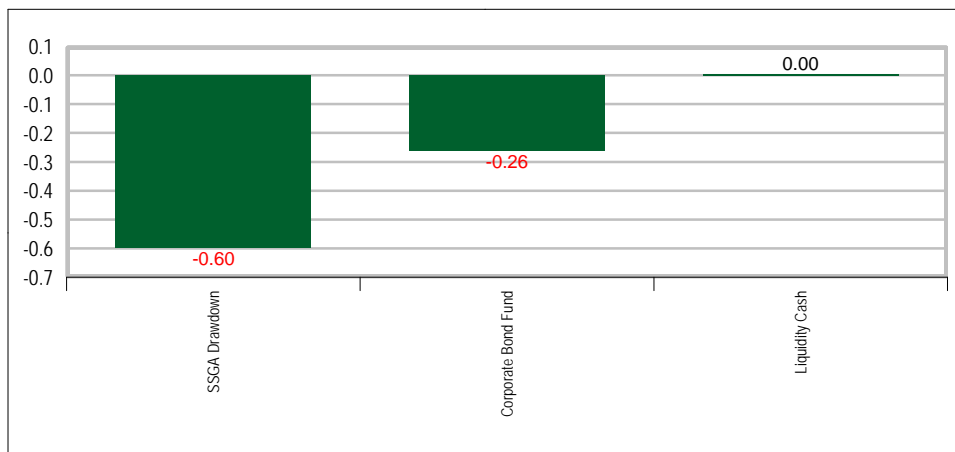
### SSGA Drawdown





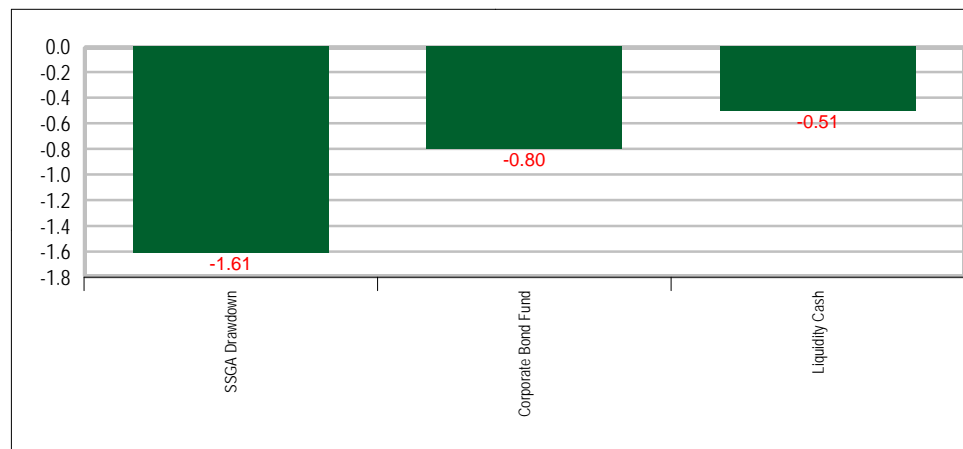
## SSGA Drawdown

Relative Contribution - Three Months



	Return	Benchmark	Relative Return	Asset Allocation	Stock Selection	Relative contribution
SSGA Drawdown	-2.01	-1.42	-0.60	-0.02	-0.24	-0.60
Corporate Bond Fund	-3.45	-2.96	-0.50	-0.01	-0.25	-0.26
Liquidity Cash	0.12	0.09	0.03	-0.01	0.01	0.00

Relative Contribution - One Year

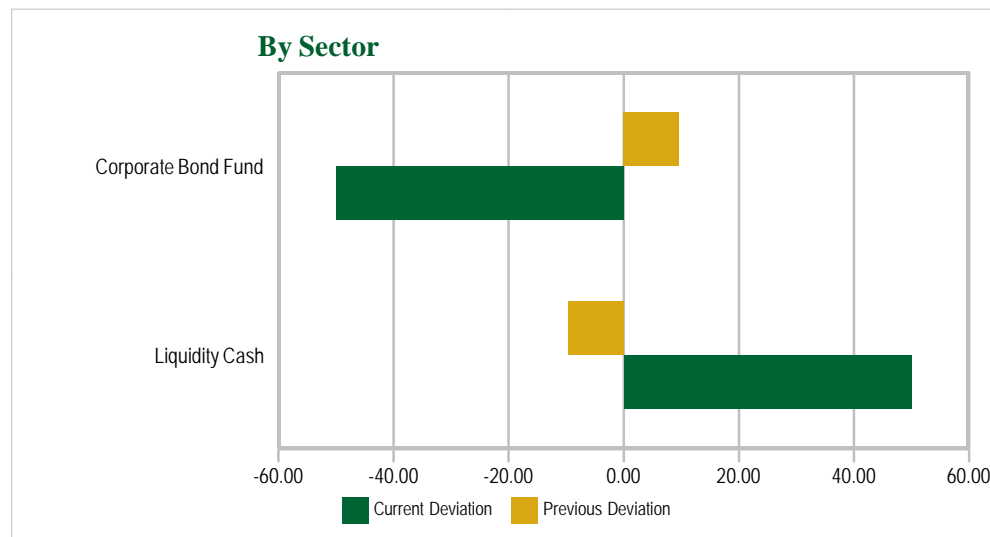


	Return	Benchmark	Relative Return	Asset Allocation	Stock Selection	Relative contribution
SSGA Drawdown	1.65	3.32	-1.61	-1.13	-0.17	-1.61
Corporate Bond Fund	5.76	6.22	-0.43	-0.57	-0.23	-0.80
Liquidity Cash	0.48	0.37	0.11	-0.57	0.06	-0.51





# SSGA Drawdown

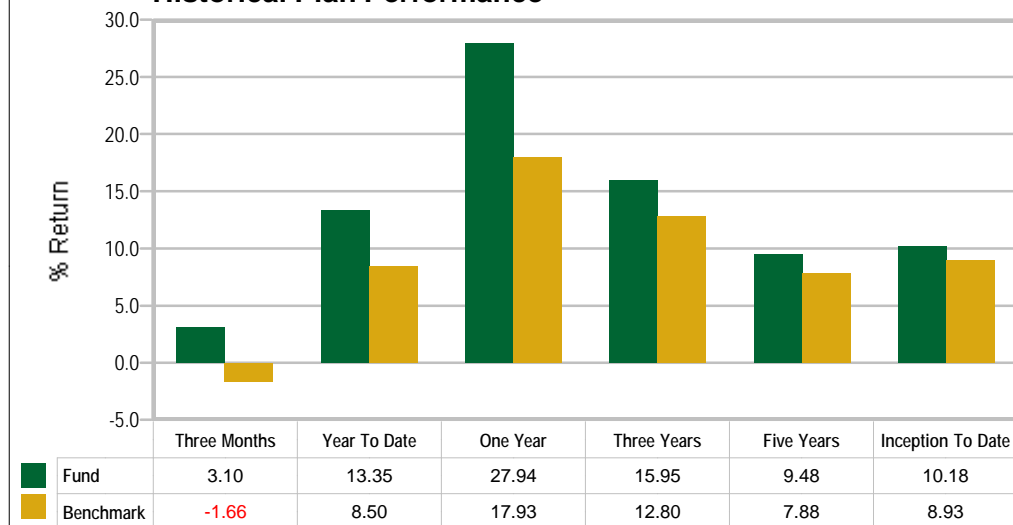


	Current Quarter	Previous Quarter	Current Benchmark	Current Deviation	Previous Benchmark	Previous Deviation
Corporate Bond Fund		59.63	50.00	-50.00	50.00	9.63
Liquidity Cash	100.00	40.37	50.00	50.00	50.00	-9.63



UBS

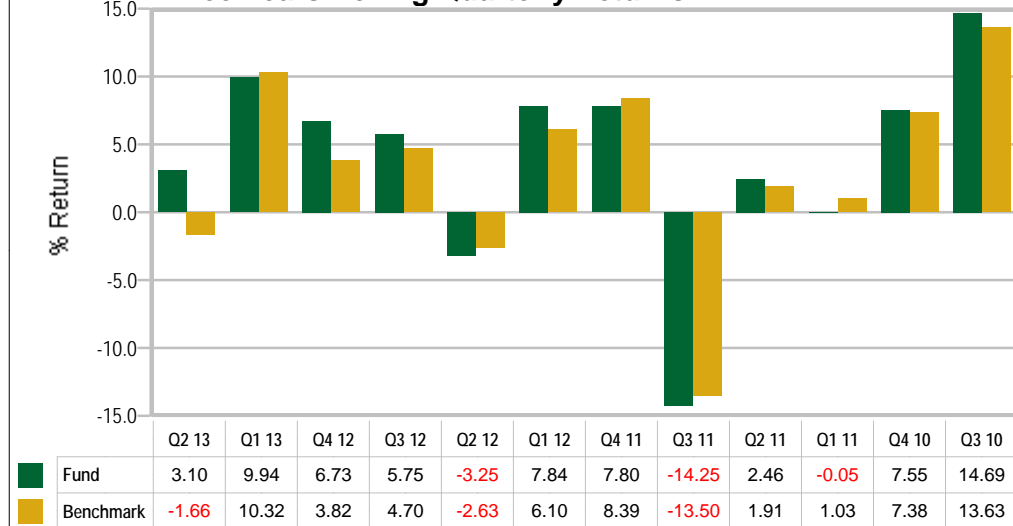
**Historical Plan Performance**



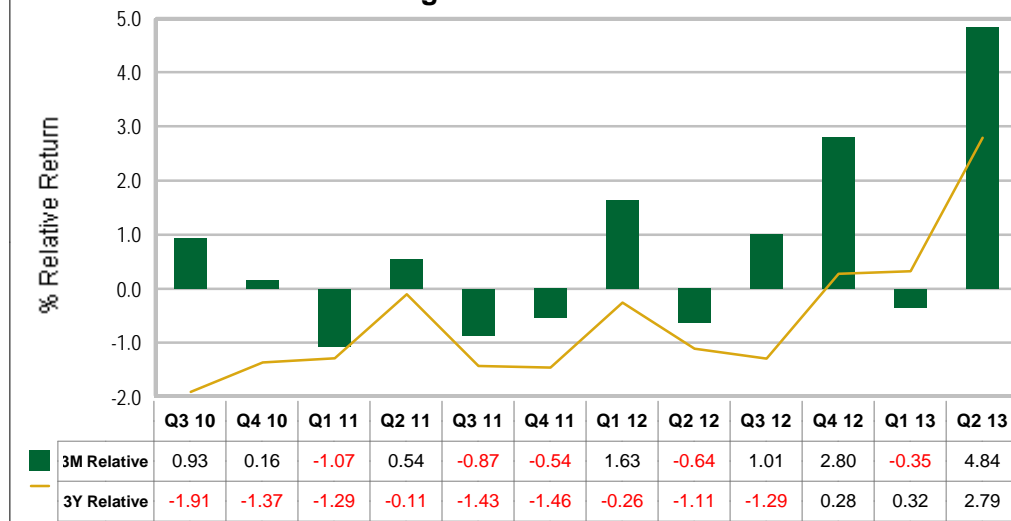
**Risk Statistics - 3 years**

	Fund	B'mark
Performance Return	15.95	12.80
Standard Deviation	13.71	12.38
Relative Return	2.79	
Tracking Error	3.45	
Information Ratio	0.91	
Beta	1.08	
Alpha	2.09	
R Squared	0.94	
Sharpe Ratio	1.08	0.94
Percentage of Total Fund	18.5	
Inception Date	Dec-1988	
Opening Market Value (£000)	135,790	
Net Investment £(000)	-13,947	
Income Received £(000)	1,963	
Appreciation £(000)	1,810	
Closing Market Value (£000)	125,616	

**Three Years Rolling Quarterly Returns**

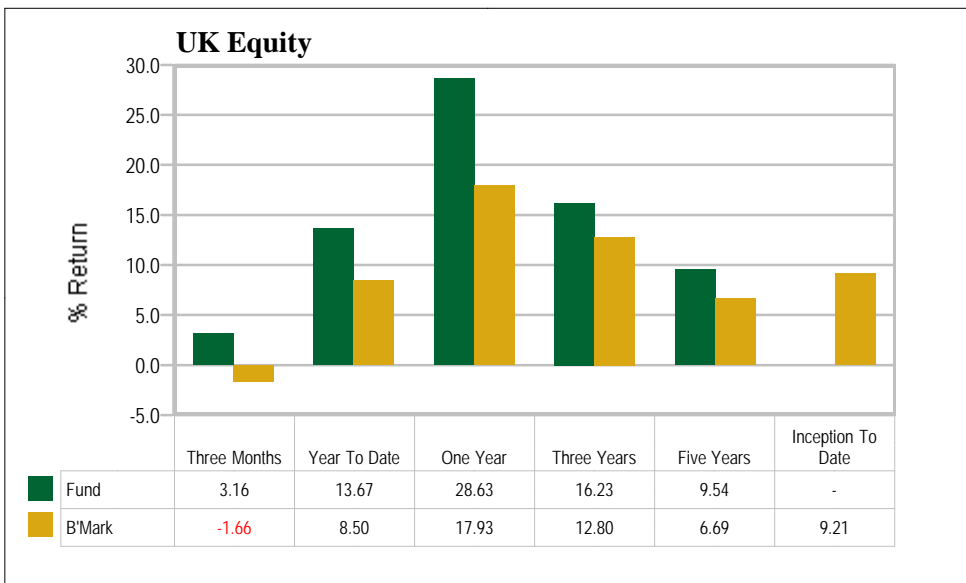


**Three Years Rolling Relative Returns**





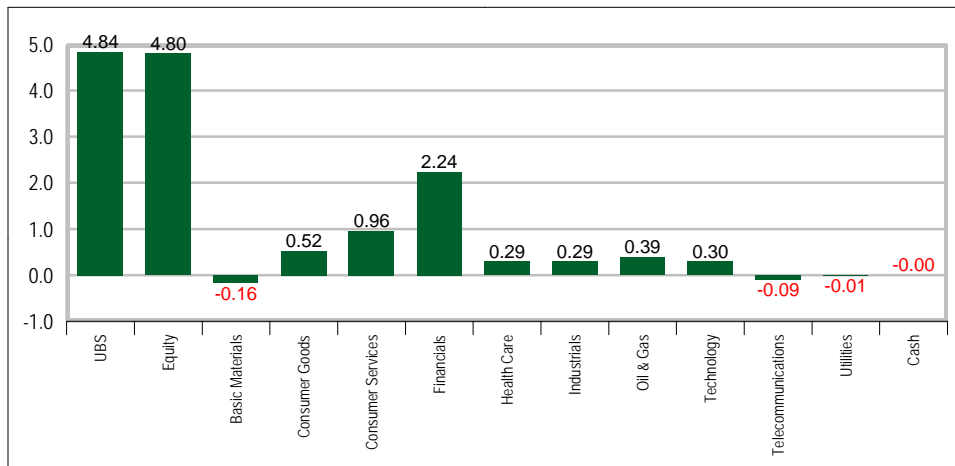
### UBS



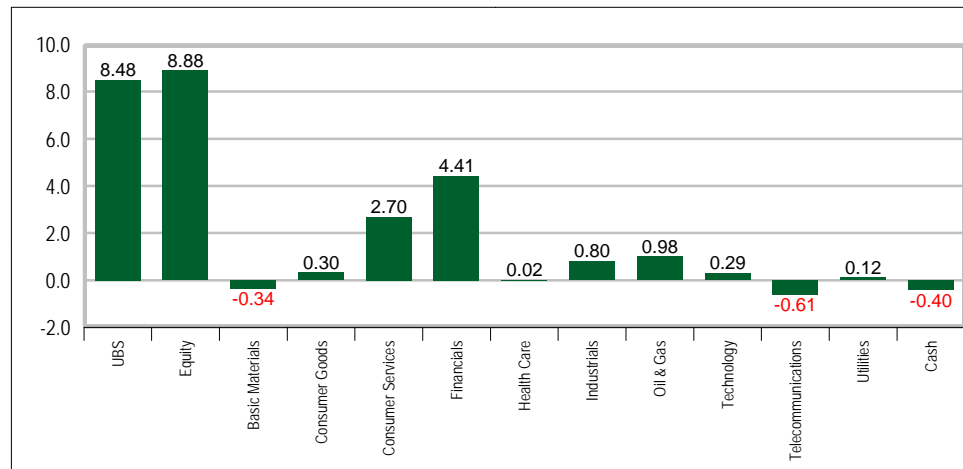


# UBS

## Relative Contribution - Three Months



## Relative Contribution - One Year



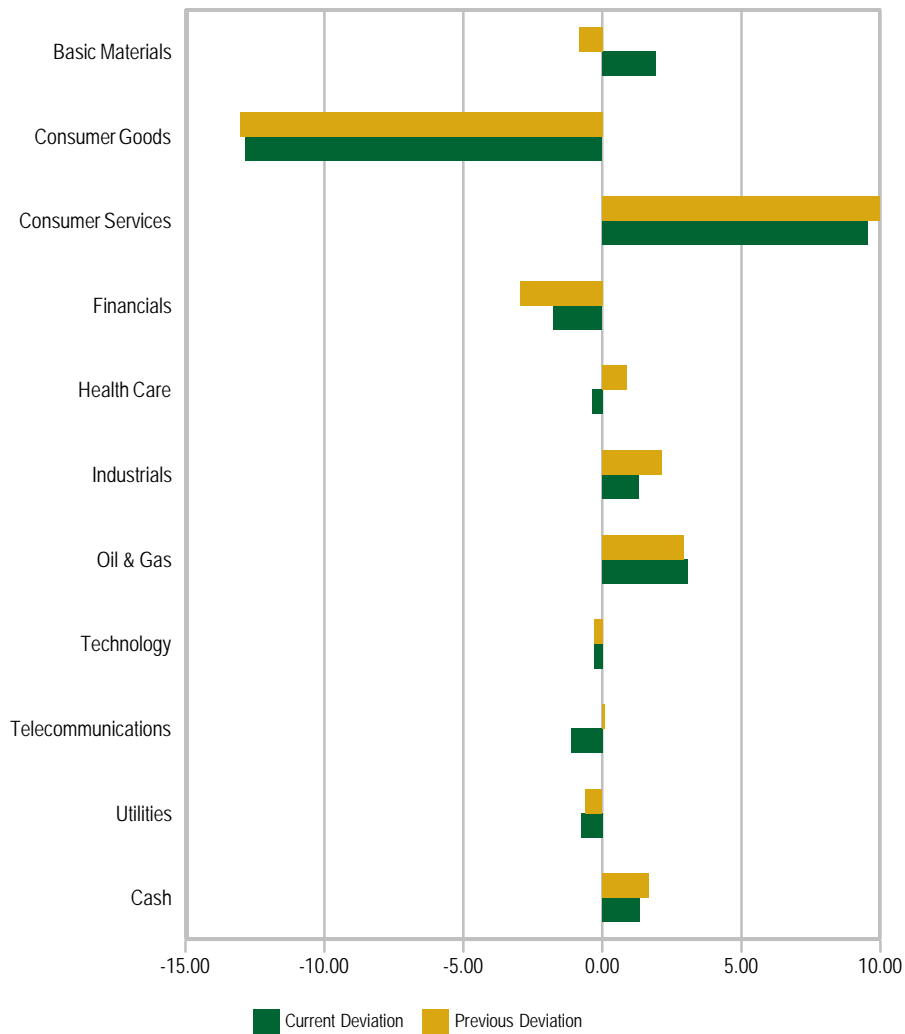
	Return	Benchmark	Relative Return	Asset Allocation	Stock Selection	Relative contribution
UBS	3.10	-1.66	4.84	0.57	4.21	4.84
Equity	3.16	-1.66	4.90	0.57	4.21	4.80
Basic Materials	-17.91	-16.58	-1.59	-0.05	-0.11	-0.16
Consumer Goods	12.33	-3.92	16.91	0.30	0.22	0.52
Consumer Services	5.38	2.26	3.05	0.37	0.59	0.96
Financials	11.08	-0.01	11.09	-0.05	2.29	2.24
Health Care	6.15	2.88	3.17	0.04	0.26	0.29
Industrials	1.36	-1.21	2.61	-0.00	0.29	0.29
Oil & Gas	0.60	-1.44	2.07	0.01	0.38	0.39
Technology	17.07	-4.91	23.11	0.01	0.29	0.30
Telecommunications	4.34	5.23	-0.85	-0.04	-0.05	-0.09
Utilities	1.37	1.05	0.31	-0.02	0.01	-0.01
Cash	0.09	-	0.09	-0.00	0.00	-0.00

	Return	Benchmark	Relative Return	Asset Allocation	Stock Selection	Relative contribution
UBS	27.94	17.93	8.48	-0.41	8.89	8.48
Equity	28.63	17.93	9.07	-0.01	8.89	8.88
Basic Materials	-17.77	-12.26	-6.28	0.09	-0.43	-0.34
Consumer Goods	67.01	21.08	37.93	-0.32	0.62	0.30
Consumer Services	44.20	32.59	8.76	1.00	1.68	2.70
Financials	70.41	33.58	27.57	-0.44	4.87	4.41
Health Care	18.88	18.03	0.72	-0.03	0.04	0.02
Industrials	35.79	28.28	5.85	0.16	0.64	0.80
Oil & Gas	8.58	1.32	7.16	-0.31	1.30	0.98
Technology	86.71	37.00	36.28	0.03	0.26	0.29
Telecommunications	11.99	18.06	-5.14	-0.21	-0.40	-0.61
Utilities	17.88	14.23	3.20	0.02	0.10	0.12
Cash	0.30	-	0.30	-0.40	0.00	-0.40



UBS

By Sector



	Current Quarter	Previous Quarter	Current Benchmark	Current Deviation	Previous Benchmark	Previous Deviation
Basic Materials	9.38	7.93	7.46	1.91	8.78	-0.85
Consumer Goods	1.39	1.46	14.22	-12.83	14.51	-13.04
Consumer Services	19.77	19.88	10.23	9.53	9.90	9.98
Financials	21.92	20.08	23.67	-1.75	23.05	-2.97
Health Care	7.20	8.13	7.58	-0.38	7.24	0.90
Industrials	11.02	11.74	9.72	1.30	9.58	2.15
Oil & Gas	18.33	18.20	15.28	3.06	15.27	2.93
Technology	1.20	1.31	1.51	-0.31	1.61	-0.30
Telecommunications	5.32	6.32	6.45	-1.13	6.22	0.10
Utilities	3.11	3.24	3.88	-0.77	3.84	-0.60
Cash	1.33	1.68		1.33		1.68



UBS Property

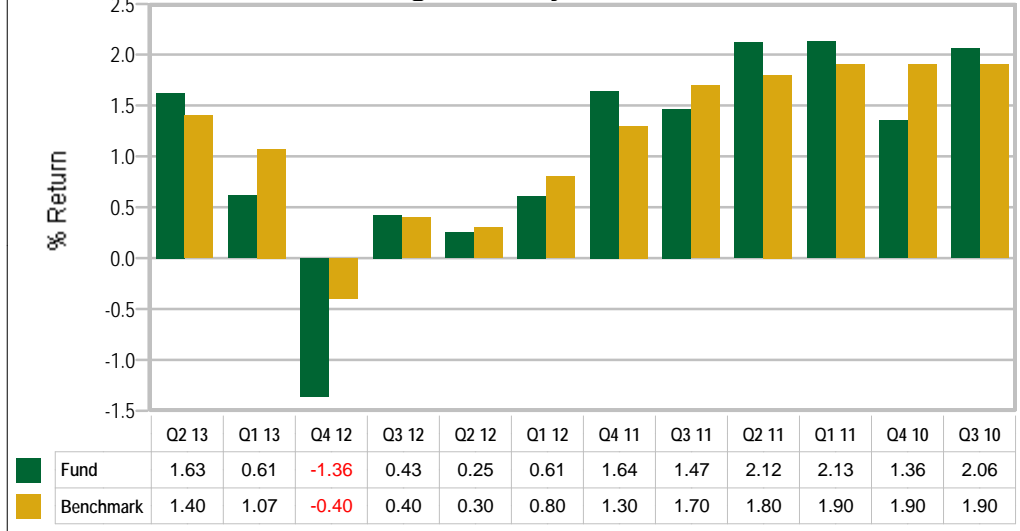
Historical Plan Performance



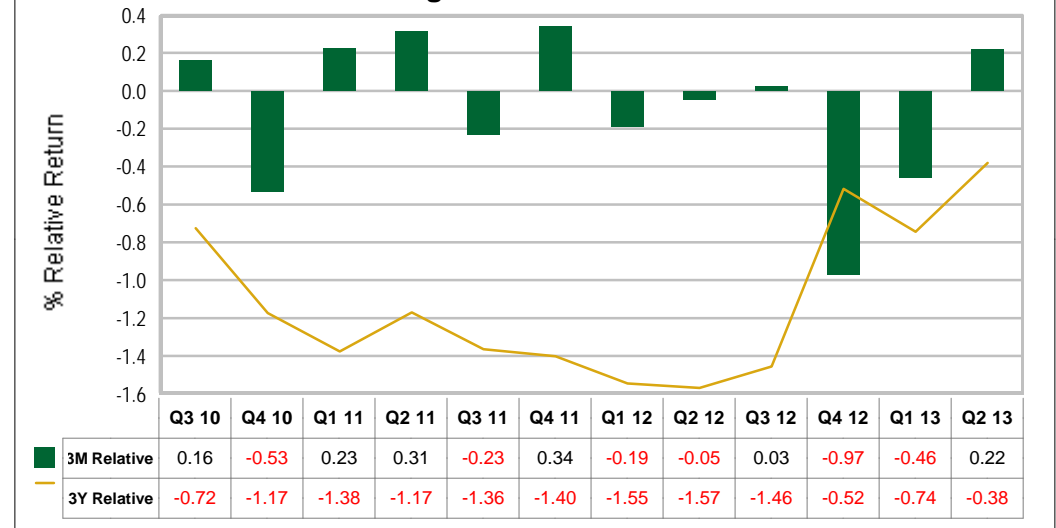
Risk Statistics - 3 years

	Fund	B'mark
Performance Return	4.36	4.76
Standard Deviation	2.03	0.98
Relative Return	-0.38	
Tracking Error	1.54	
Information Ratio	-0.26	
Beta	1.37	
Alpha	-1.65	
R Squared	0.45	
Sharpe Ratio	1.59	3.70
Percentage of Total Fund	7.4	
Inception Date	Mar-2006	
Opening Market Value (£000)	49,251	
Net Investment (£000)	0	
Income Received (£000)	496	
Appreciation (£000)	304	
Closing Market Value (£000)	50,051	

Three Years Rolling Quarterly Returns

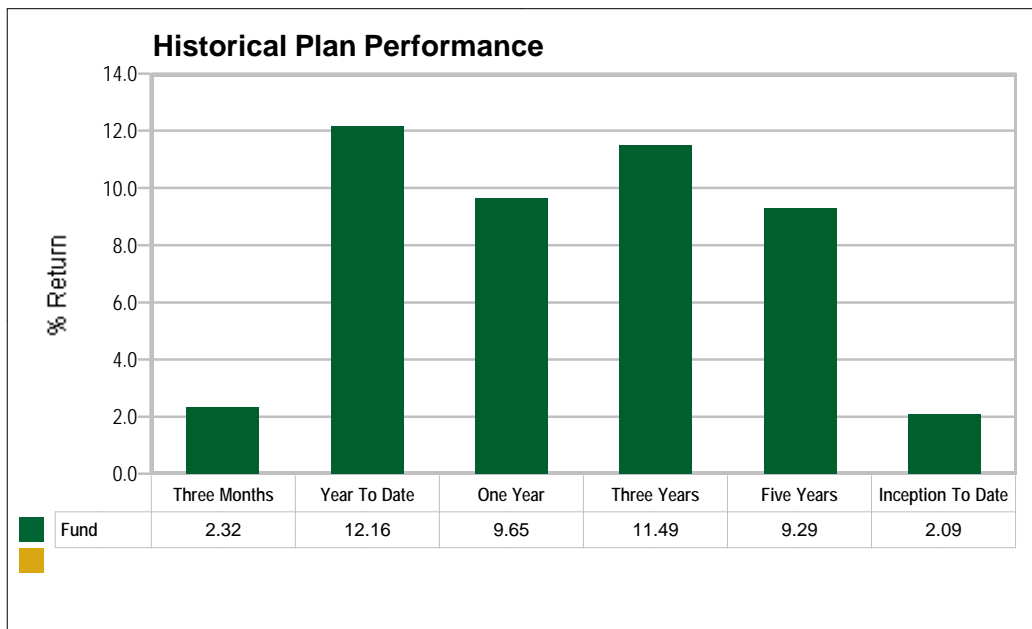


Three Years Rolling Relative Returns





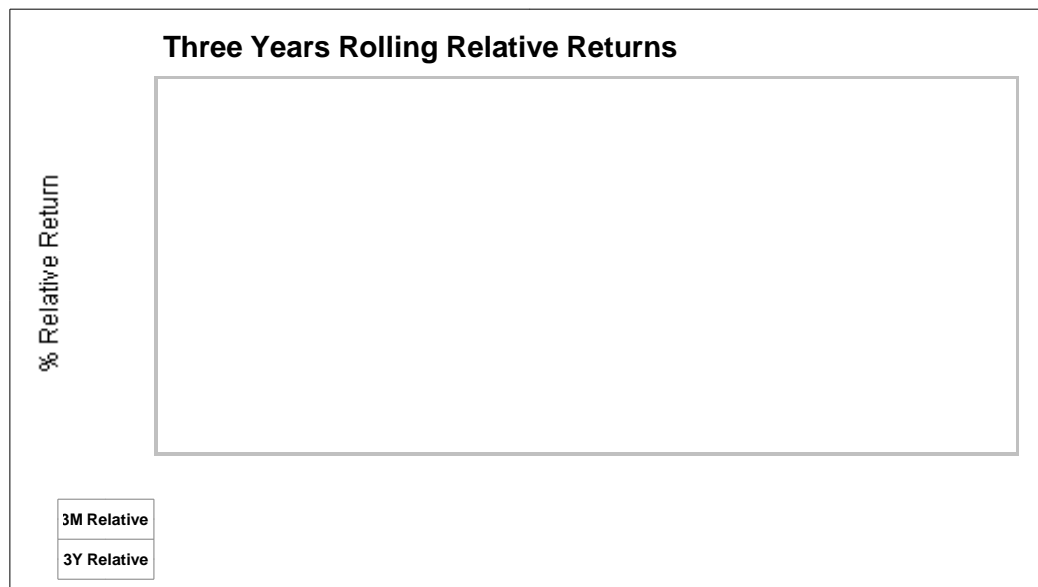
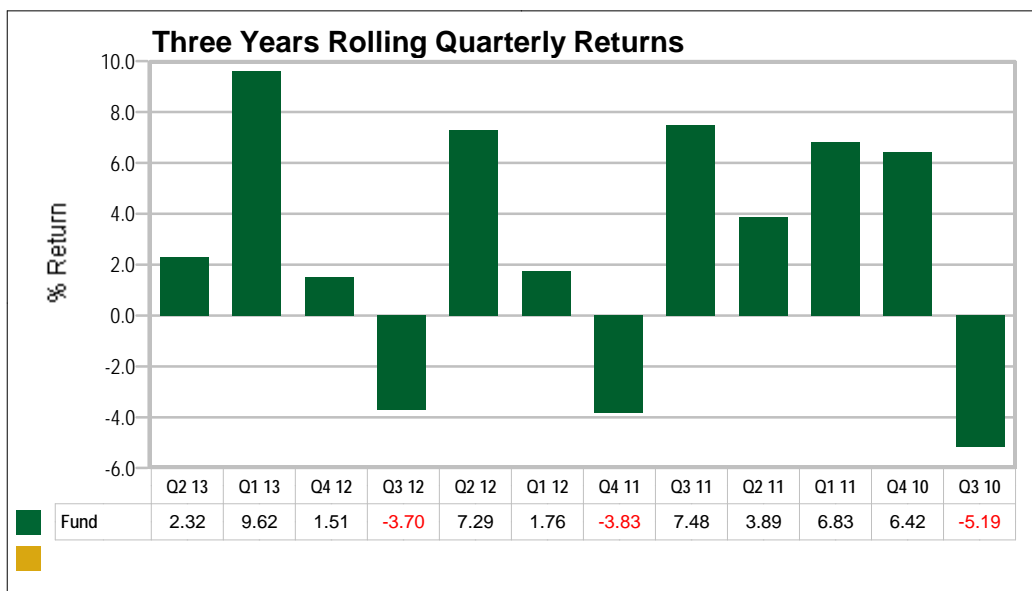
Adam Street



Risk Statistics - 3 years

Fund B'mark

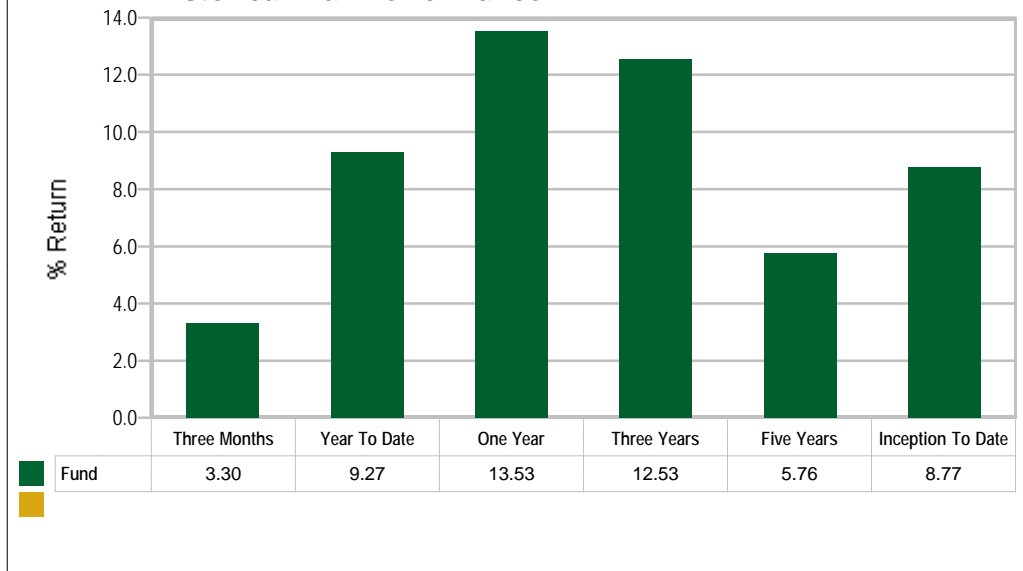
Performance Return	
Standard Deviation	
Relative Return	
Tracking Error	
Information Ratio	
Beta	
Alpha	
R Squared	
Sharpe Ratio	
Percentage of Total Fund	3.3
Inception Date	Jan-2005
Opening Market Value (£000)	22,629
Net Investment (£000)	-625
Income Received (£000)	116
Appreciation (£000)	388
Closing Market Value (£000)	22,508





LGT

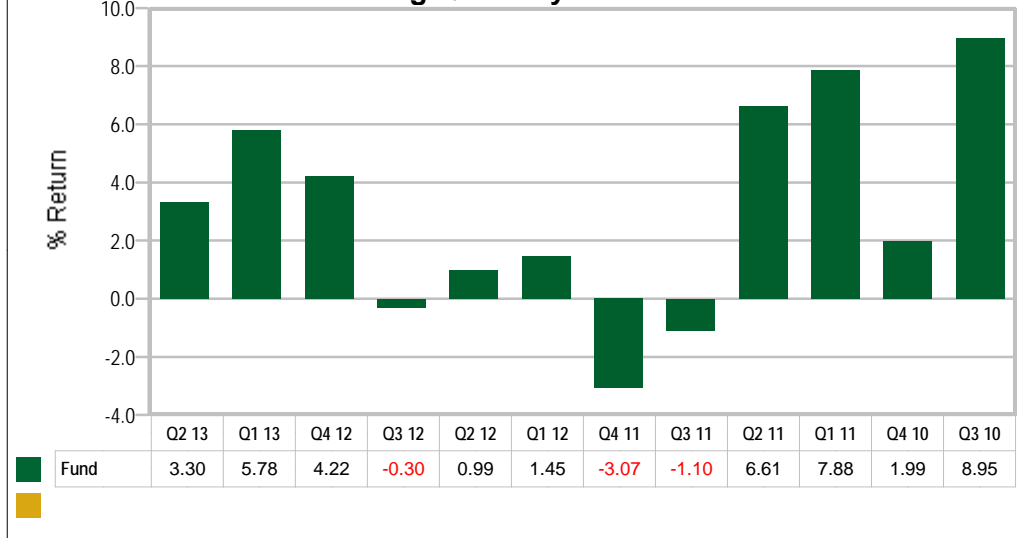
Historical Plan Performance



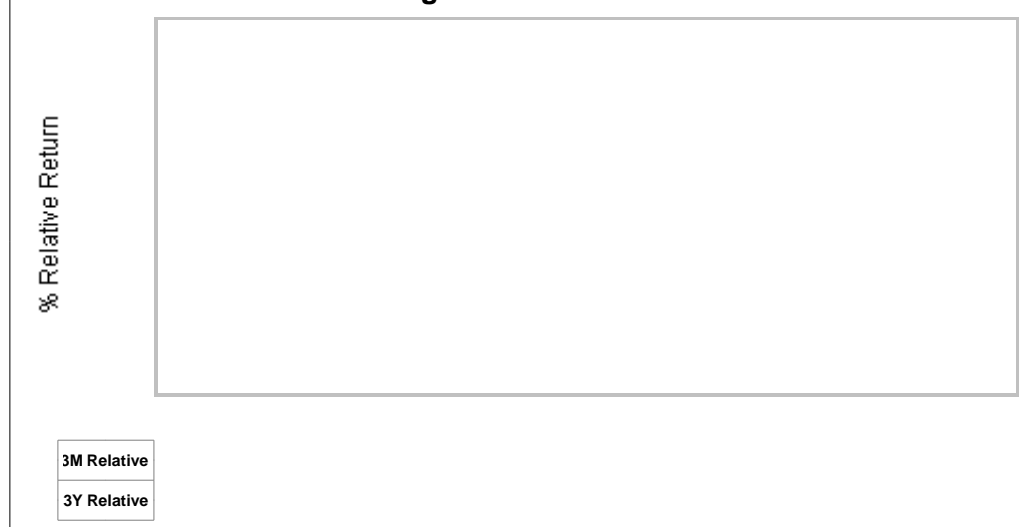
Risk Statistics - 3 years

	Fund	B'mark
Performance Return		
Standard Deviation		
Relative Return		
Tracking Error		
Information Ratio		
Beta		
Alpha		
R Squared		
Sharpe Ratio		
Percentage of Total Fund	2.5	
Inception Date	May-2004	
Opening Market Value (£000)	17,286	
Net Investment (£000)	-591	
Income Received (£000)	0	
Appreciation (£000)	553	
Closing Market Value (£000)	17,248	

Three Years Rolling Quarterly Returns



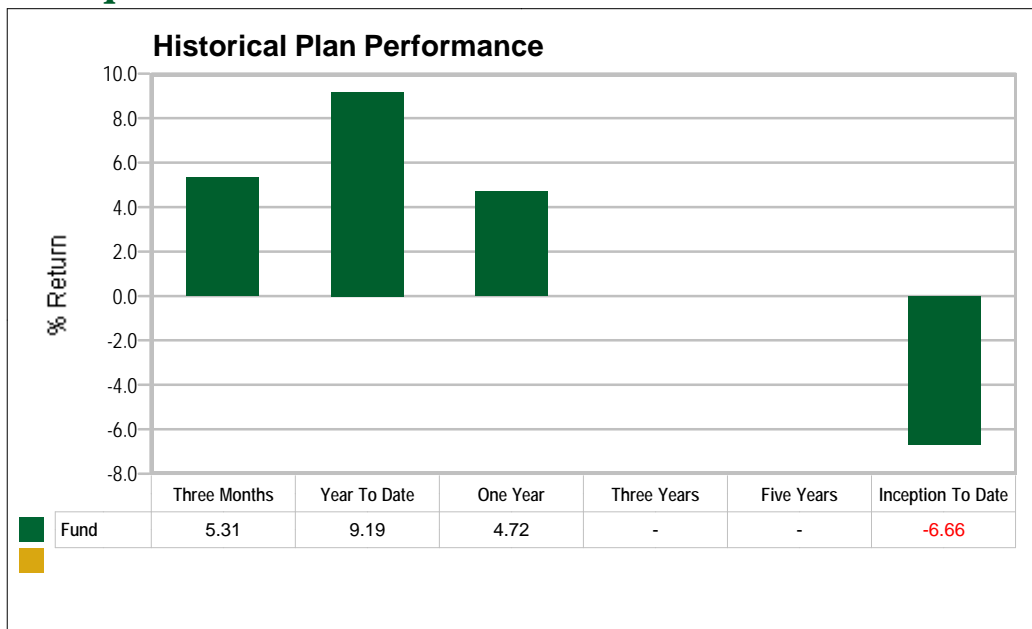
Three Years Rolling Relative Returns



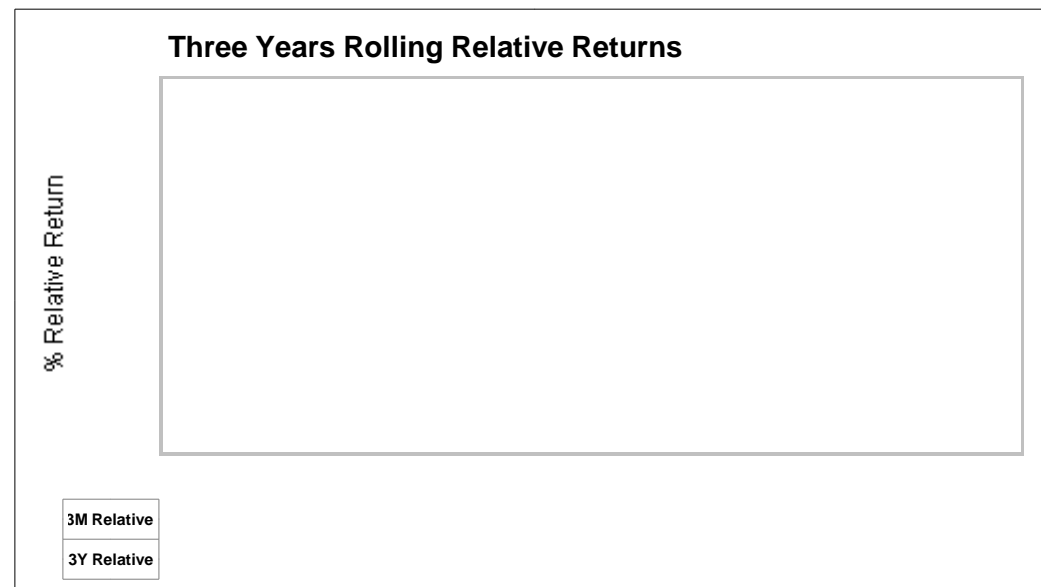
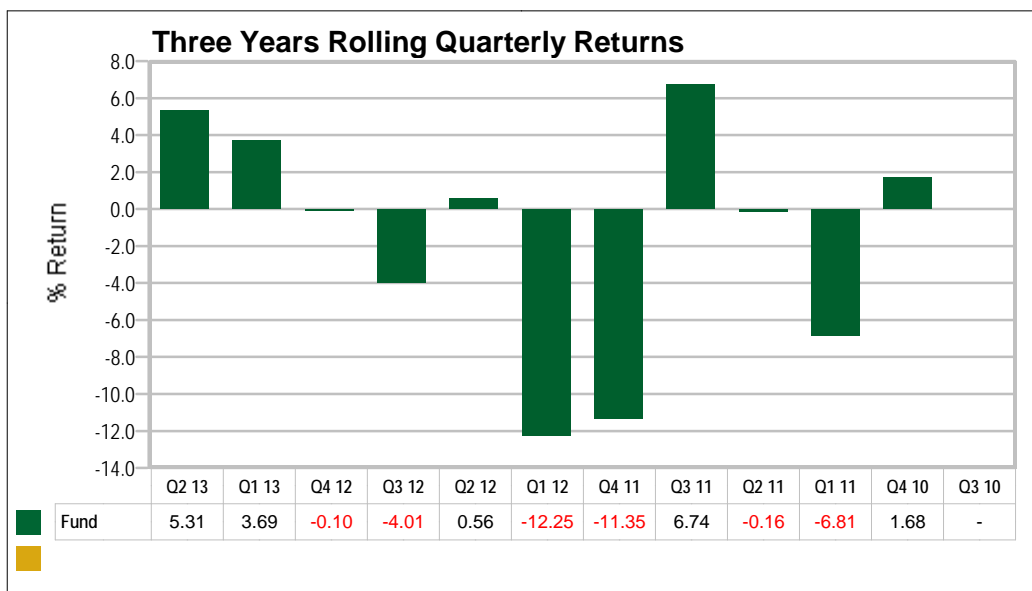




# Macquarie



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	1.3	
Inception Date	Sep-2010	
Opening Market Value (£000)	8,536	
Net Investment (£000)	-347	
Income Received (£000)	0	
Appreciation (£000)	457	
Closing Market Value (£000)	8,645	





### Total Plan Benchmark

- 26.8 FTSE All Share
- 2.2 FTSE AW North America
- 2.2 FTSE AW Developed Europe ex UK
- 2.2 FTSE AW Developed Asia Pacific
- 0.6 FTSE All World All Emerging
- 2.3 FTSE Index Linked Gilts
- 4.7 BC Sterling Aggregate 100mm Non Gilts
- 7.2 IPD UK PPFi All Balanced Funds Index
- 3.4 FTSE World Index +2%
- 6.0 MSCI All Countries World Index
- 24.6 LIBOR 3 Month + 3%
- 1.9 FT 7 Day LIBID
- 9.0 LIBOR 3 Month + 4%
- 6.9 MSCI World Index +2%

### Barings

- 100.0 LIBOR 3 Month + 4%

### JP Morgan

- 100.0 LIBOR 3 Month + 3%

### Kempen

- 100.0 MSCI All World Index +2%

### Macquarie

- 100.0 LIBOR 3 Month + 3%

### M&G Investments

- 100.0 LIBOR 3 Month + 4%

### Newton

- 100.0 FTSE World Index +2%

### Ruffer

- 100.0 3 Month Sterling LIBOR

### 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 FTSE Gilts All Stocks
- 10.0 FTSE Index Linked Gilts
- 8.5 ML Sterling Non-Gilts

### SSGA Drawdown

- 50.0 ML Sterling Non-Gilts
- 50.0 FT 7 Day LIBID

### UBS

- 100.0 FTSE All Share

### UBS Property

- 100.0 IPD UK PPFi All Balanced Funds Index

**Tracking Error**

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

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

**Where**                      **Equals**

$ER$                       Excess return (Portfolio Return minus Benchmark Return)

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

$T$                       Number of observations

$p$                       Periodicity (number of observations per year)

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

**Information Ratio**

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

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

**Where**                      **Equals**

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

$T$                       Number of observations

$p$                       Periodicity (number of observations per year)

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

**Alpha**

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

**Where**                      **Equals**

$R_{xi}$                       Market / Benchmark excess return (Benchmark return minus Risk Free Proxy return)

$R_{yi}$                       Portfolio excess return (Portfolio return minus Risk Free Proxy return)

$\beta$                       Beta – measure of the sensitivity of a portfolio's rate of return against those of the market

$n$                       Number of observations

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

**Beta**

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

**Where**                      **Equals**

$R_{xi}$                       Market / Benchmark excess return (Benchmark return minus Risk Free Proxy return)

$R_{yi}$                       Portfolio excess return (Portfolio return minus Risk Free Proxy return)

$\beta$                       Beta – measure of the sensitivity of a portfolio's rate of return against those of the market

$n$                       Number of observations

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

**R-Squared**

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

**Where**      **Equals**

$R_{xi}$       Market / Benchmark excess return (Benchmark return minus Risk Free Proxy return)

$R_{yi}$       Portfolio excess return (Portfolio return minus Risk Free Proxy return)

$n$       Number of observations

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

**Sharpe Ratio**

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

**Where**      **Equals**

$R_{ap}$       Annualised (portfolio) rate of return

$R_{af}$       Annualised risk-free rate of return

$\sigma_{ap}$       Annualised portfolio standard deviation

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



Price/Earnings Ratio (P/E)

Security Level Calculation:

Current price/Trailing 12 months earning per share

Description:

The price/earnings ratio is a traditional indicator of how much an investor is paying for a company's earning power. Stocks have a p/e greater than the market are usually considered to be growth stocks.

5 Year Earnings Per Share Growth Rate

Security Level Calculation:

None

Description:

This is the percentage change in the annual earning per share growth rate over the last five years of all stock in the portfolio. This measure is usually viewed as agrowth factor. A stock must have been public for at least five years to have this characteristic.

Price to Book Ratio

Security Level Calculation:

Current price/Most recent book value per share

Description:

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

Dividend Yield

Security Level Calculation:

Dividend for current fiscal year/Period end closing price

Description:

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

Debt to Capital

Security Level Calculation:

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

Description:

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

Price to Sales Ratio

Security Level Calculation:

Current price/Annual sales per share

Description:

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

Return on Equity

Security Level Calculation:

Net profits after taxes/Book value

Description:

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



#### Coupon Rate

##### Description:

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

#### Years to Maturity

##### Description:

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

#### Macaulay Duration

##### Description:

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

#### Yield to Maturity

##### Description:

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

#### Moody Quality Rating

##### Description:

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



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