



3rd Quarter, 2014

London Borough of Hillingdon

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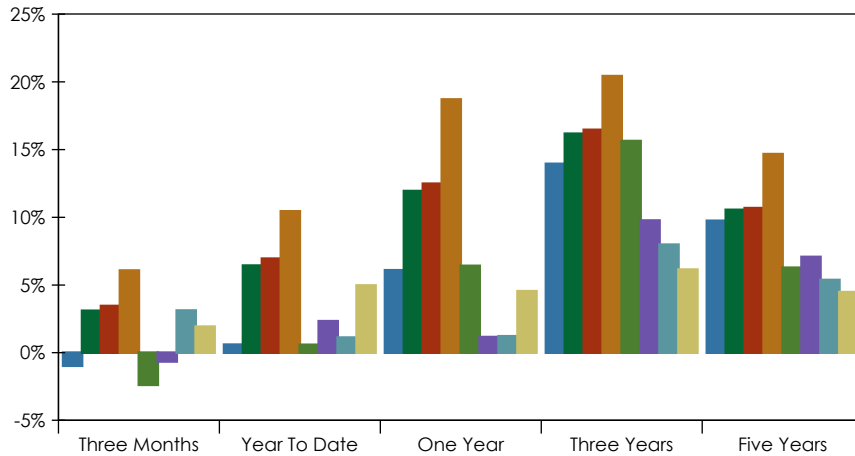
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Equity Index Performance (in GBP)

Performance History



Performance Returns%

	Three Months	Year To Date	One Year	Three Years	Five Years
■ FTSE All Share	-1.0	0.6	6.1	13.9	9.7
■ FT: World	3.1	6.4	11.9	16.2	10.5
■ FT: World ex UK	3.5	6.9	12.5	16.5	10.7
■ FT: AWI North America	6.1	10.4	18.7	20.4	14.7
■ FT: Developed Europe ex UK	-2.4	0.6	6.4	15.6	6.3
■ FT: Developed Asia Pac x Jp	-0.7	2.3	1.2	9.8	7.1
■ FT AW: Japan	3.1	1.1	1.2	8.0	5.4
■ MSCI Emerging Markets GD	1.9	5.0	4.5	6.1	4.5

Despite the relative calm of the Western world, war is upon the people of many countries; be it from neighbours, countrymen or Ebola. President Obama has dispatched 3000 soldiers to West Africa warning that the outbreak is "spiralling out of control". The global threat will increase if the economies of the affected countries break down and the people panic. Ebola has a fatality rate of 90% and there is no cure, yet. The WHO has warned the number of dead is likely to double every three weeks. Political commentators are arguing as to whether Islamic jihadists Isis or nuclear-armed former superpower Russia poses the greatest danger. The reach of both has been felt far from the battlefield as Australian police thwarted a plan by Isis to behead a random member of the public in Sydney and Malaysian Airlines flight MH17 was tragically downed by a ground to air missile when flying over Ukraine. Despite this increased peril, the world's population continues to grow older with the number of "super-aged" societies (where more than one in five of the population is over 65) set to rise from 3 to 13. Only Germany, Italy and Japan meet that definition today. Globally, Oil & Gas continued its volatile performance as it reclaimed the worst performing sector status over quarter three. The price of crude oil futures ended the quarter down at \$95 per barrel. Health Care and Technology were the best performers. The FTSE World was up by 3.1% (GBP) over quarter three 2014 and is ahead by 11.9% over the year (GBP).

The UK economy produced even more good news as history was rewritten by its statistical agency. Apparently, the recession wasn't as severe as first thought and the recovery swifter, with the 2008 pre-crisis peak in GDP having been surpassed in Q3 2013. The economy is now 2.7% bigger than it was before recession hit. Profit warnings have been issued by many FTSE 100 companies across the quarter due to the strong pound and weaker global growth, especially from the emerging markets. Earnings estimates for Britain's most international stocks are down by 10% this year. Unemployment is reporting genuinely good news as the total has fallen below 2m for the first time in six years; the rate is now 6%. The fears expressed over a house price bubble have gone quiet as the property market returns to a more stable outlook. Britain's biggest high street banks face the threat of being broken up due to the lack of competition between them. This increases the unwanted attention on Lloyds who could pay up to £300m in fines for its part in the Libor manipulation scandal. Scottish voters narrowly opted to remain a part of the United Kingdom, much to the relief of most in Westminster. Oil & Gas lost most value over the quarter and Financials made the biggest gains. The FTSE All Share was down -1% (GBP) over the third quarter and remains ahead over one year, now by 6.1% (GBP).

GDP was flat in the Eurozone over quarter 2 following the 0.2% growth over Q1 2014. Inflation slowed again so the central bank rate was cut to a new low of 0.05%. Investor sentiment in Germany fell again, recovery in the manufacturing sector petered out and Eurozone investment overall was down 1.1% over the quarter. Mario Draghi suggested that member countries should be encouraged to spend more within the EU limitations in order to lift growth by boosting investment and cutting taxes. There was some positive news; Ireland's economy is growing at an annual rate of nearly 8% and Spanish GDP rose 0.6% from Q1 on domestic demand. Hong Kong entrepreneur Stephen Hung placed the biggest ever single order at BMW owned Rolls-Royce, paying \$20m for 30 bespoke Phantoms to ferry guests at his Macau gaming complex. Eurozone unemployment dropped slightly to 11.5% at the end of August. The FTSE Developed Europe ex UK index returned -2.4% (GBP) over quarter three and 6.4% (GBP) over the year.

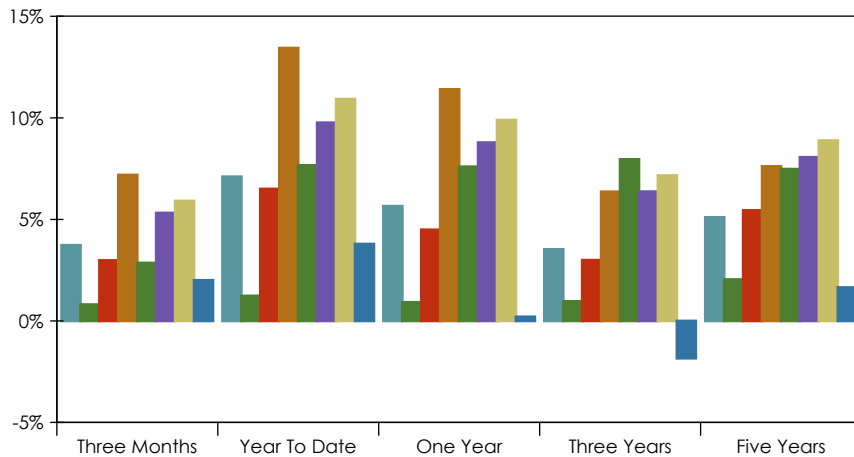
The Fed reiterated that interest rates will not be rising any time soon and certainly not directly after the stimulus programme ends in October. US consumer prices fell in August for the first time in over a year. Unemployment dropped to a six year low of 5.9% at the end of quarter 3. Apple made the headlines even more often than usual beginning with an exciting alliance with IBM to modernise the corporate market; IBM will provide cloud services and security and iPads will deliver user friendly specialised Apps. Later in the quarter the iPhone 6 sold a record 10m units in its first weekend before the "bendgate" furore emerged. Apple's share price and that of many large-cap tech companies slid the same day. Finally the company looks set to be fined billions of Euros by the European Commission over illegal tax deals in Ireland. Amazon shares dropped on the news of a larger than expected loss in Q2 and an even larger predicted loss in the third quarter largely down to splurges in investment. Oil & Gas lost most value over the quarter and Health Care made the biggest gains. The FTSE North America index returned 6.1% (GBP) over the third quarter and 18.7% (GBP) for the year.

In Japan stronger retail sales and an improving job market showed resilience making another sales-tax increase a possibility. Tens of thousands of Hong Kong democracy activists battled police and the central bank was forced to stabilise markets as the impact on the central business district was felt. Industrials led the Japanese sectors; Oil & Gas were the worst performer. The FTSE Japan returned 3.1% (GBP) for quarter three and the FTSE Developed Asia Pacific ex Japan returned -0.7% (GBP). Russia approved a tough budget aiming to tame inflation and a falling rouble as sanctions hasten an economic slowdown. In rare criticism of Mr Putin, former finance minister Alexei Kudrin warned that Russia had become the "west's adversary again" and that was contrary to national business interests. New sanctions target state controlled energy companies with assets of more than 1tn roubles. India's inflation has slowed and they celebrated becoming the fourth spacefaring nation to reach Mars, on a fraction of the budget spent by NASA. Alibaba became the world's largest ever stock market flotation selling at \$68 per share to generate \$25bn and confirm a market cap greater than that of Facebook at \$230bn. Gold was down this quarter ending September at \$1,210 per ounce. The MSCI Emerging Markets index returned 1.9% (GBP) for the third quarter and 4.6% (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	3.7	7.1	5.7	3.5	5.1
■ FTSE All Stock 0-5 Yr. Gilts	0.8	1.2	0.9	1.0	2.0
■ FTSE All Stock 5-15 Yr. Gilts	3.0	6.5	4.5	3.0	5.4
■ FTSE All Stock > 15 Yr. Gilts	7.2	13.4	11.4	6.4	7.6
■ ML STG N-Gilts All Stocks	2.9	7.7	7.6	8.0	7.5
■ FTSE Index Linked	5.3	9.8	8.8	6.4	8.1
■ FTSE Index Linked 5+ yrs	5.9	10.9	9.9	7.2	8.9
■ JPM GBI Global	2.0	3.8	0.2	-1.8	1.6

The global recovery continues but remains weak. Third quarter capital markets took stock of an uneven global economic landscape with softer economic data, uncertainty over the timing of US rate rises and geopolitical unrest all weighing on the minds of investors. The J.P. Morgan Global Manufacturing & Services PMI, despite exhibiting its highest growth rate in three-and-a-half years, finished the quarter at 54.9 - down from 55.4 in June - having ticked lower for the second consecutive month in September. Economic gauges for China indicated a moderate slowdown in growth during Q3. The HSBC China Composite PMI signalled slightly weaker expansion of both the manufacturing sector and service business activity. September's reading of 52.3 was up fractionally from on the quarter, but down from the August reading. The data overall represented the weakest increase in manufacturing output since the indicator returned to expansionary territory in Q2. Confirmation early in the quarter that Japan's economy had shrunk by 1.8% in the second quarter, and that consumer inflation was starting to cool off, was a pre-cursor to a quarter of increasingly worrying macro-economic data. Lacklustre sentiment, combined with weakness in consumer spending and exports, has led to speculation that the Bank of Japan will be forced to introduce additional stimulus measures in the near future. Geopolitical events continued to concern; Argentina's second default on its debt in 13 years, the continuing Islamic State onslaught in the Middle East, the crisis in Ukraine and sanctions against Russia, and the conflict between Israel and Hamas in Gaza. Heading into Q4, the spread of Ebola and the pro-democracy protests in Hong Kong, sparking concerns of a negative impact on Asia's economies, all added to the headline risks. The JPM Global Government Bond index returned -2.0% (GBP) in the third quarter of 2014, while the Barclays Capital Global Aggregate Corporate Bond index delivered 3.2% (GBP).

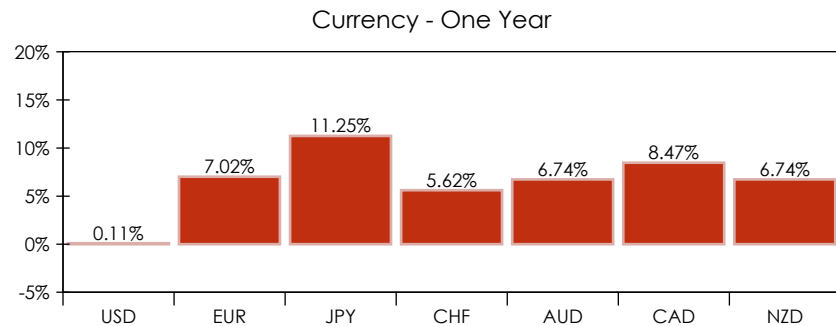
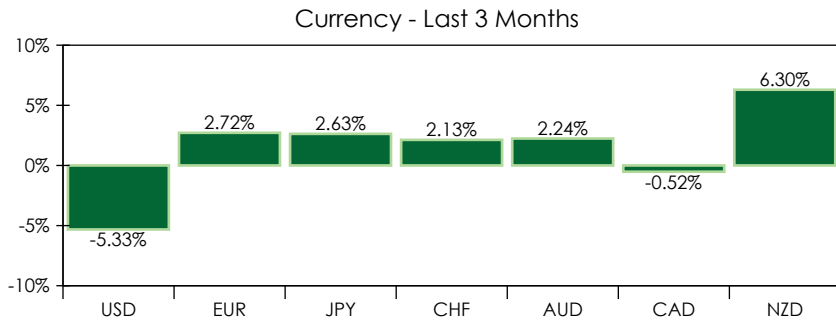
The rejection of Scottish independence in the referendum is viewed as a better outcome for financial markets; it took big economic uncertainties off the table. The UK economy grew faster than estimated in the second quarter, extending a recovery that's been more robust than previously thought. GDP rose 0.9% in the three months through June, the fastest pace in nine months. The annual rate of house price growth slowed in September to 9.4% from 11% the month before, suggesting the market is now moderating from its peak. Mortgage availability contracted sharply in the third quarter to its lowest level since the recession of 2008 as lenders became more risk averse and pessimistic about house prices. In August, the Bank of England halved its forecast for average wage growth, saying it now expects average salaries to rise by 1.25% this year. The UK manufacturing sector grew at its slowest pace for seventeen months in September as a result of the strong pound and eurozone weakness. The Markit/CIPS UK Manufacturing Purchasing Managers' Index (PMI) survey fell to 51.6 in September from 57.5 in June, as companies reported weaker increases in production, new business and new export orders. However, the service growth sector expanded further with the UK Services Purchasing Managers' Index (PMI) survey recording 58.7 in September up from 57.7 in June. The benchmark 10-year gilt yield moved from 2.67% last quarter to end September at 2.43%. The FTSE All Stock Gilt index returned +3.7% (GBP), while the ML Sterling Non Gilts index gained +2.9%.

The immediate future for the Eurozone's economy appears bleak. Economic growth ground to a halt in Q2 (flat at 0%), the annual rate of inflation fell to its lowest level since October 2009, and the region's powerhouse economy in Germany contracted for the first time since 2013. With output and new order growth waning, and new business growth at its weakest since October 2013, the Markit Eurozone Composite PMI fell to a ten-month low, sliding from 52.8 at the end of Q2 to finish Q3 at 52.0. In addition to the deteriorating macroeconomic data, the ongoing tension in Ukraine and subsequent introduction of economic sanctions on Russia, and instability in the Portuguese banking system, all contributed to a perfect storm facing policymakers at the European Central Bank (ECB). In September, in a resounding statement of intent, the ECB cut the key refinancing rate to 0.05%, a record low in the euro's 15-year existence. The deposit rate was dropped to -0.20%, a move which will oblige banks to pay an even bigger penalty for hoarding cash at the central bank, as opposed to putting it to work in the economy. Sovereign yields plummeted across the region, with the benchmark German Bund 10-year yield falling from 1.25% at the end of June to a record low of 0.88% early in September, before settling at 0.95% at the end of the month. The iTraxx Europe 5yr Credit Default Swap index, representative of 125 investment grade entities across 6 sectors, rose from 46.84 at the end of the previous quarter to close September at 49.15. The JPM European Government Bond index returned +3.7% (EUR) and the Barclay Capital Euro Aggregate Credit +1.8% (EUR) for the 3rd Quarter.

Macroeconomic data cheered US markets in Q3, and the economy continues to rebound from the Great Recession. The second quarter GDP figure came in at 4.6%, the fastest recorded growth rate since the fourth quarter of 2011, as the pace of business spending and export growth accelerated. An already buoyant job market picked-up momentum towards the end of the quarter and the unemployment rate dipped to a six-year low of 5.9% in September, down from 6.1% the previous month. According to economic research group The Conference Board, Americans are now more confident about the future of their domestic economy than at any time in the last seven years, and resurgent consumers drove new-home sales up 18% in August, their fastest pace in more than six years, while car sales exhibited a 9.4% annual increase in September. Strong output and new order growth was steady through the quarter, and the Markit Manufacturing PMI advanced, albeit only marginally, with a final September reading of 57.5, up from 57.3 in June. With the bond purchase (quantitative easing) programme scheduled to end in October, Federal Reserve Chair Janet Yellen justified market speculation when she hinted at the Jackson Hole international conference of central bankers that earlier than expected rate rises were possible should the US economic recovery sustain its current trajectory. As markets priced in her comments, the 10-year benchmark Treasury yield fell to quarter low of 2.34%, from an opening 2.53%, before closing September at 2.49%. The JPM US Government Bond index was up 0.4% (USD), while the Barclay Capital US Aggregate Corporate Bond index slipped -0.1% (USD).



Currency Performance (in GBP)



	Three Months	Year To Date	One Year	Three Years	Five Years
United States dollar	-5.33	-2.14	0.11	1.33	0.27
European Union euro	2.72	6.55	7.02	3.33	3.19
Japanese yen	2.63	2.13	11.25	13.08	4.33
Swiss franc	2.13	5.03	5.62	3.01	-1.38
Australian dollar	2.24	0.07	6.74	4.82	0.44
Canadian dollar	-0.52	2.91	8.47	3.66	1.08
New Zealand dollar	6.30	3.30	6.74	0.68	-1.22

The third quarter of 2014 saw the Dollar strengthen against the Yen, Euro and Sterling. The Euro, on the other hand, lost ground compared to the Dollar, Sterling and Yen. The Japanese economy is still struggling with the effects of an historic tax hike. In April, the government raised the consumption tax from 5% to 8% to rein in the country's budget-to-GDP ratio. It was the first tax hike in 17 years. The Japanese Economics Minister, Akira Amari, warned that excessive Yen moves were undesirable for the economy, after the currency hit a six-year low against the US dollar. Japanese business confidence among manufacturers improved in the three months to September. The Bank of Japan's closely watched Tankan Survey showed that the headline index for big manufacturers' sentiment was plus 13 in September, compared to plus 15 in June. A positive reading means optimists outnumber the pessimists. China's central administration is set to impose caps on local government borrowing, its boldest move yet to control financial risks from an explosive rise in regional debt. Beijing announced that new borrowing will need to be approved by the National People's Congress. The statement also pledged not to provide bailouts for local governments. Localities will be allowed to borrow only for capital investment, not to fund general expenditure. The commodity currencies such as the Australian and New Zealand dollars suffered as oil and copper prices remained under pressure, with the Australian dollar hit particularly hard after weaker than expected retail sales data.

In the UK, Q3 2014 saw Sterling strengthen against the Euro and Yen, but weakened against the Dollar. At its September 4th, 2014 meeting, the Monetary Policy Committee of the Bank of England voted 7-2 to maintain the lowest rates in British history at 0.5%. Martin Weale and Ian McCafferty, both external members of the committee, pushed for a hike to 0.75% in response to lower unemployment and a tightening labour market. A fall in food prices and petrol costs helped drive down the rate of inflation. The Consumer Price index fell to 1.5% in August compared to 1.6% in July. It is the ninth consecutive month that inflation has been below the Bank of England's 2% target. The UK manufacturing sector grew at its slowest rate for 17 months in September as a result of the strong pound and Eurozone weakness. Firms reported that growth in new orders was "near stagnation". The UK jobs market continued to improve in the three months to July, although the Office of National Statistics showed that the increase in earnings lagged behind the 1.5% annual inflation rate, although the gap is narrowing. The number of people out of work fell to 2.02 million bringing the unemployment rate down to 6.2%. According to the Nationwide building society, average house prices in the UK rose by 0.8% in August, making it the sixteenth successive monthly price rise. As a result, the annual pace of house price growth is up to 11.0%, bringing the average house in at £189,306. Sterling closed the quarter up against the Euro and Yen by 2.72% and 2.63% respectively. It weakened against the Dollar by 5.33%.

In the US, the Dollar gained significant ground on the Euro, Sterling and Yen. As the Fed looks to formally end quantitative easing in October, inflation dropped back to 2.17 per cent, near levels that in the past provoked aggressive bond purchases from the central bank. The US central bank follows a dual mandate of maximum employment and stable prices, which it defines as 2 per cent inflation. While employment has steadily improved over the past 18 months, the inflation outlook has lagged behind the Fed's target. US consumer confidence deteriorated in September after hitting the highest level in nearly seven years in August. Some suggested that the result may have been influenced by heightened global tensions as the conflict against Middle East militants widens. The US un-employment rate fell to 5.9% in September from 6.1% in August and is the lowest recorded since July 2008. Employers added 248,000 jobs in September, and the job growth figures for August and July were revised upwards. The number of unemployed was 9.3 million. The big drop in unemployment highlights the strength of the US economy relative to feeble growth in Europe and slowing growth in China. It means the Fed cannot rule out an interest rate hike as early as March 2015. The US trade deficit shrank for the fourth straight month in August, falling to the lowest level since January as exports rose to an all-time high. The deficit dropped 0.5% in August, to \$40.1bn, compared to \$40.3bn in July. Exports increased by 0.2% to \$198.5bn, aided by an increase in sales of petroleum, telecommunications equipment and industrial engines. The Dollar strengthened against the Euro, Sterling and Yen by 8.05%, 5.33% and 7.96% respectively.

In the Euro area, the Euro weakened against the Yen, Sterling and Dollar. Since June, the European Central Bank has adopted a series of radical measures in its battle to rescue the Eurozone from economic stagnation. Yet, while banks are now effectively charged to park money at the central bank, negative deposit rates have done little to revive lending. The central bank has set its benchmark interest rate at 0.05%. The Bank's head Mario Draghi said it would buy covered bonds and other assets in the final three months of the year and continue to buy assets for two years. Inflation has become the central problem for the Eurozone economy, with sluggish demand from households and businesses keeping prices low and raising fears that the economy could slip back into recession. Inflation in the currency fell to 0.3% in September, the lowest in nearly five years, signalling that the European Central Bank may have to go even further to avert the threat of deflation. The jobless rate for the currency bloc dropped to 11.5% in August, compared to 11.6% in May 2014. Eurostat estimates that 18.3 million were unemployed in August 2014. The German unemployment rate remains low at 4.9%, while Italy was at 12.3% and Spain at 24.4%. Youth unemployment remains high at 23.3%. The Euro ended the quarter down compared to the Dollar, Sterling and Yen, by 8.05%, 2.72% and 0.09% respectively.



Scheme Performance

The third quarter of 2014 was a period of consolidation for many markets as investors weighed up the increasingly uneven global economic recovery. Increased uncertainty around the global growth outlook has led to an uptick in market volatility resulting in the first 5% decline in the S&P 500 in 32 weeks, as compared to a typical length of 10 weeks. In a relatively short period, market sentiment has turned cautious. The Eurozone economy stalled over the summer months, forcing the ECB to announce additional stimulus measures. Business surveys indicate weaker outlook for the rest of the year. Globally Health Care and Technology were the best performing sectors over quarter three. Oil & Gas lost most value over the quarter followed by Utilities. While Corporate Bonds continue to outperform Government Bonds. Against this backdrop the London Borough of Hillingdon returned 1.23% which leads to an underperformance of 28 basis points against the Total Plan benchmark of 1.51%. In monetary terms this is a growth in assets of £14.1 million, which includes a contribution of £5 million into the scheme this quarter and the value of the combined scheme now stands at £748.4 million as at 30th September 2014. This period the £5 million was invested with the new AEW mandate, while funds were taken from JP Morgan and Private Equity and transferred to M&G and Macquarie. Looking further into the analysis the results seen were driven by the underperformance of Kempen (-51 bps), JP Morgan (-15 bps) and UBS UK Equity (-14 bps) although this was offset by the positive impact of Ruffer (+31 bps) and Adam Street (+17 bps). While in allocation terms most mandates are in line with the neutral position, so effects are minimal.

This now means that the Scheme is behind target for the year so far by posting a return of 4.21%, which is relatively -21 basis points below the total benchmark of 4.43%; while for the 1 year the underperformance increases to -37 basis points coming from figures of 7.38% versus 7.78%. Similar to the quarter the largest impact comes from Kempen (-82 bps) this time coupled with Newton (-15 bps), while the biggest positive effects were once again Ruffer (+31 bps) and Adam Street (+17 bps); similar to the quarter, allocation is fairly balanced with a small positive impact from the currency overlay. While over the longer periods, the Scheme continues to outperform, producing a return of 10.48% over three year versus 9.98%, while for 5 years we see figures of 8.23% versus 7.76% per annum. Then since inception in September 1995, the Fund remains ahead of target by 4 basis points with an annualised return of 6.78% against 6.74%.

Manager Performance

AEW UK

In the first quarter of investment for the new AEW UK property mandate posted a return of 4.24% which compares favourably to the IPD UK PPFI All Balanced Funds index figure of 4.0%.

Barings

In contrast to the previous period, this quarter saw the Barings mandate fall short of the target, with a return of 0.46% against the 1.13% target of the 3 Month LIBOR +4% per annum, which translates as a -0.66% relative return. This feeds into the longer periods with underperformance seen in all time frames, for the rolling one year a return of 3.62% is 90 basis points behind the target of 4.55%. Then in the short period since inception in April 2013, the relative return drops further driven by returns of 2.66% versus 4.55% for the benchmark.

JP Morgan

During the third quarter JP Morgan broke the run of outperformance, as their -0.97% return was -1.84% below the 0.88% target for the 3 Month LIBOR + 3% p.a. This offset all the gains made so far in 2014, however the 1 year period remains ahead of target by 30 basis points generated by figures of 3.86% against 3.55%. While since inception (November 2011) they post a return of 3.90% versus 3.67%, which is 0.22% on a relative annualised basis.

Kempen

Over the last three months the Kempen mandate posted the largest underperformance at -4.60% caused by a return of -0.97% compared to the 3.81% posted by the MSCI All World Index +2%. This means all time periods show underperformance, with 3.86% vs 14.91% for the rolling 1 year and culminating in a return since inception in January 2013 of 5.76% versus the benchmark of 15.82%; which is a relative return of -8.69%.

Macquarie

In contrast to the previous quarter Macquarie posted one of the highest absolute returns in Q3 with 7.26%, leading to relative return of 6.32%, when compared to the 0.88% for the 3 Month LIBOR +3% p.a. This overturns the losses seen so far in 2014 and lead to a one year growth in assets of 6.27% which is 2.63% ahead of the benchmark of 3.54%; although since inception they've delivered ten negative quarterly relative returns, leading to an annualised loss of exactly -5% against the target of 3.72%.

M&G Investments

In the third quarter M&G produced a 3.92% return, which against the 3 Month LIBOR +4% pa return of 1.13% translates as an outperformance of 2.77%. Over the last year the account registers 7.42% against 4.55%, the 3 year return falls to 6.41% and then falls slightly more since inception (May 2010) to 5.70% pa whilst the benchmark is 4.73% pa. Although since inception Internal Rate of Return for this portfolio moves further ahead of the target with a figure of 6.76% opposed to the comparator of 4.49%.



Manager Performance

Newton

During the third quarter of 2014 investments with Newton grew 1.88%, however compared to the FTSE World Index +2% return of 3.70% this leads to an underperformance of -1.75%. With six consecutive quarters of underperformance all longer periods are in the red, for 1 year the relative return is -4.54%, since inception (January 2013) this improves to -3.60% coming from a fund return of 9.73% against the benchmark of 13.83%.

Ruffer

The Ruffer portfolio grew 2.90% over the last three months against 0.14% for LIBOR 3 Month GBP, an outperformance of 2.76%. With 10 out of the last 12 quarters ahead of target they demonstrate positive absolute returns and outperformance across all periods, culminating in since inception (May 2010) figures of 5.93% versus 0.72% per annum, which translates as a relative return of 5.17%.

Private Equity

The private equity assets, consisting of funds with Adam Street and LGT, continued to grow through the first three months of 2014 with quarterly figures of 10.29% and 2.40% respectively. So over the last year absolute returns rise to 24.88% for Adam Street and LGT with 7.41%. Over the longer periods, the outlook over which private equity investments should be measured, returns remain positive. Over three years, Adam Street posts 11.09% and LGT 5.83% on an annualised basis, with both seeing increases over 5 years to 13.94% and 8.96% respectively. Then since their respective inceptions in January 2005 and May 2004, Adam Street drops to 3.68% pa, while LGT sees a slight dip to 8.20%

At present no benchmark has been applied to these mandates.

SSGA

The SSGA passively managed portfolio produced a return of 1.08% in the quarter which was a mere basis point above the benchmark; further analysis confirms the passive nature with all categories aligned with their respective indices. So over the year they produce a 7.40% return, which is 7 basis points behind target, while over 3 years the per annum return increases to 12.71% which is just 9 basis points behind the benchmark. Since inception (November 2008) a return of 12.35% pa is in line with 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 0.11.

UBS

UBS UK Equity investments fell -1.84% over the last quarter, compared to the FTSE All Share figure of -0.97%, translating as an underperformance of -0.88%. Looking into the attribution analysis, the most significant effect was underperformance in Health Care (-48 bps) coupled with Consumer Goods (-21 bps), which was partly offset set by positive impacts in Financials and Consumer Services. Whilst within allocation most effects were negative the most notable was the overweight of Oil & Gas (-0.26%). This now feeds into the short-term periods with both YTD and 1 year falling short of the FTSE index, with a figure of 5.01% over the last twelve months leading to a relative return of -1.01%. This underperformance is also attributable to selection effects in Health Care (-1.30%) this time coupled with Utilities (-0.42%), while the positive selection impacts came from Consumer Services and Oil & Gas. While in allocation overweighting Consumer Services (-0.31%) and underweighting Consumer Goods (-0.25%) were the stand-out decisions. Due to the previous good results UBS maintain outperformance over the longer time periods, translating as a since inception return of 10.23% versus 8.95% on an annualised basis.

UBS Property

The UBS Property portfolio grew 4.06% over the 3rd quarter, which was just ahead of the IPD UK PPF All Balanced Funds index figure of 4.0%. This feeds into the YTD, one and three year figures, with 18.04% vs 16.80% over the rolling year and 7.79% vs 7.43% for 3 years. While over longer time periods the fund still demonstrates positive absolute returns with 5 year showing figures of 8.86%, but negative relative returns with -0.64% below the benchmark. Since inception, in March 2006, the fund now shows growth of 1.63% per annum while the benchmark shows a positive 1.88% return, translating as an underperformance of -24 basis points.

UBS Tactical

In contrast to the previous quarter during the latest period UBS Tactical mandate posts a return of 3.24% which is 7 basis points below the Barclays US Inflation Linked Index of 3.31%. However, driven by the first two quarter of 2014 the year so far and 1 year show both high absolute and relative returns, but since the inception of the fund the return slips into the red with -0.30%, although this compares favourably to the index figure of -3.24%, leading to an outperformance of 3.04%.



Active Contribution

By Manager

	Portfolio	Benchmark	Excess Return	Relative Return	Active Contribution 07/14	Portfolio	Benchmark	Excess Return	Relative Return	Active Contribution 08/14	Portfolio	Benchmark	Excess Return	Relative Return	Active Contribution 09/14	Active Contribution 3Q 2014
Adam Street	1.28	-	1.28	-	269,101.56	1.65	-	1.65	-	339,859.73	7.13	-	7.13	-	1,492,891.68	2,101,852.98
AEW UK	-0.34	1.58	-1.92	-1.89	-292,434.94	-6.20	1.41	-7.61	-7.51	-1,155,749.09	11.51	0.96	10.55	10.45	1,492,768.05	44,584.02
Barings	0.18	0.37	-0.20	-0.20	-128,002.82	0.85	0.37	0.47	0.47	303,187.61	-0.55	0.37	-0.93	-0.92	-602,090.90	-426,906.10
Cash	-0.44	0.03	-0.47	-0.47	-5.19	0.03	0.03	0.00	0.00	0.00	0.03	0.03	-0.00	-0.00	-0.02	-5.21
JP Morgan	-0.00	0.29	-0.29	-0.29	-185,891.31	-0.09	0.29	-0.38	-0.38	-242,015.95	-0.88	0.29	-1.17	-1.17	-723,903.50	-1,151,810.76
Kempen	-0.62	-0.15	-0.47	-0.47	-375,283.53	2.30	4.11	-1.80	-1.73	-1,499,034.05	-2.59	-0.13	-2.46	-2.47	-2,008,222.35	-3,882,539.93
LGT	0.98	-	0.98	-	140,372.05	0.41	-	0.41	-	59,579.43	0.99	-	0.99	-	140,381.89	340,333.38
Macquarie	2.16	0.29	1.87	1.86	110,356.86	2.61	0.29	2.31	2.31	139,809.26	2.32	0.29	2.02	2.02	144,861.47	395,027.59
M&G Investments	3.59	0.37	3.22	3.20	900,087.88	0.00	0.37	-0.37	-0.37	-108,687.01	0.32	0.37	-0.05	-0.05	-15,673.24	775,727.63
Newton	-0.98	0.26	-1.24	-1.23	-299,588.20	2.62	4.11	-1.48	-1.42	-369,386.32	0.26	-0.65	0.90	0.91	220,668.61	-448,305.91
Pasco Currency Ov	30.57	-	30.57	-	278,536.80	0.02	-	0.02	-	268.60	0.07	-	0.07	-	840.02	279,645.42
Ruffer	0.93	0.05	0.88	0.88	746,338.97	1.92	0.05	1.87	1.87	1,599,591.95	0.05	0.05	-0.00	-0.00	-19.99	2,345,910.92
SSGA	0.05	0.05	0.00	0.00	557.14	2.82	2.82	-0.00	-0.00	-716.50	-1.74	-1.76	0.01	0.01	19,877.19	19,717.84
UBS	-0.68	-0.30	-0.38	-0.38	-440,083.58	2.27	2.15	0.11	0.11	133,615.16	-3.36	-2.77	-0.59	-0.61	-675,900.79	-982,369.21
UBS Property	1.53	1.58	-0.06	-0.06	-33,722.77	0.89	1.41	-0.52	-0.51	-310,351.42	1.59	0.96	0.63	0.63	378,996.63	34,922.44
UBS Tactical	0.81	1.38	-0.57	-0.57	-79,055.22	1.52	2.22	-0.69	-0.68	-96,984.87	0.87	-0.31	1.18	1.19	164,006.25	-12,033.84

Total Fund Market Value at Qtr End: £748.4 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	748.4	100.00	1.23	1.51	-0.29	-0.28	4.21	4.43	-0.22	-0.21	7.38	7.78	-0.40	-0.37

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	22.4	3.00	10.29	-	-	-	21.12	-	-	-	24.88	-	-	-
AEW UK	15.6	2.09	4.24	4.00	0.24	0.23	-	-	-	-	-	-	-	-
Barings	64.4	8.61	0.46	1.13	-0.66	-0.66	1.59	3.40	-1.81	-1.75	3.62	4.55	-0.94	-0.90
JP Morgan	61.0	8.15	-0.97	0.88	-1.85	-1.84	1.14	2.65	-1.52	-1.48	3.86	3.55	0.31	0.30
Kempen	79.6	10.63	-0.97	3.81	-4.78	-4.60	3.73	8.18	-4.44	-4.11	3.86	14.91	-11.05	-9.62
LGT	14.3	1.91	2.40	-	-	-	5.13	-	-	-	7.41	-	-	-
Macquarie	7.3	0.98	7.26	0.88	6.37	6.32	2.53	2.65	-0.12	-0.12	6.27	3.55	2.72	2.63
M&G Investments	30.5	4.07	3.92	1.13	2.80	2.77	6.78	3.40	3.39	3.27	7.42	4.55	2.87	2.74
Newton	24.6	3.29	1.88	3.70	-1.82	-1.75	5.38	8.10	-2.72	-2.52	8.86	14.04	-5.18	-4.54
Ruffer	87.3	11.67	2.90	0.14	2.77	2.76	2.99	0.40	2.60	2.59	3.64	0.53	3.11	3.09
SSGA	148.6	19.85	1.08	1.06	0.01	0.01	3.58	3.62	-0.04	-0.04	7.40	7.47	-0.08	-0.07
UBS	113.9	15.22	-1.84	-0.97	-0.87	-0.88	-1.40	0.60	-2.00	-1.99	5.01	6.09	-1.07	-1.01
UBS Property	60.4	8.07	4.06	4.00	0.06	0.05	13.07	12.03	1.03	0.92	18.04	16.80	1.24	1.06
UBS Tactical	14.0	1.87	3.24	3.31	-0.07	-0.07	17.55	6.43	11.12	10.45	8.22	1.81	6.41	6.30

Total Fund Market Value at Qtr End: £748.4 M



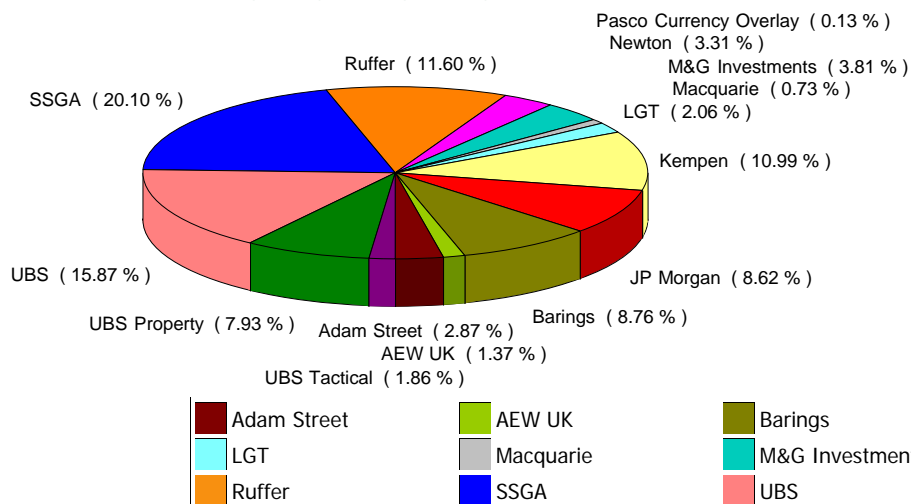
Scheme Performance

	<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	10.48	9.98	0.50	0.45	8.23	7.76	0.47	0.44	30/09/95	6.78	6.74	0.04	0.04
<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	11.09	-	-	-	13.94	-	-	-	31/01/05	3.68	-	-	-
AEW UK	-	-	-	-	-	-	-	-	30/06/14	4.24	4.00	0.24	0.23
Barings	-	-	-	-	-	-	-	-	24/04/13	2.66	4.55	-1.89	-1.81
JP Morgan	-	-	-	-	-	-	-	-	08/11/11	3.90	3.67	0.23	0.22
Kempen	-	-	-	-	-	-	-	-	31/01/13	5.76	15.82	-10.06	-8.69
LGT	5.83	-	-	-	8.96	-	-	-	31/05/04	8.20	-	-	-
Macquarie	-6.92	3.69	-10.61	-10.23	-	-	-	-	30/09/10	-5.00	3.72	-8.73	-8.41
M&G Investments	6.41	4.69	1.72	1.64	-	-	-	-	31/05/10	5.70	4.73	0.96	0.92
Newton	-	-	-	-	-	-	-	-	24/01/13	9.73	13.83	-4.09	-3.60
Ruffer	6.83	0.70	6.13	6.08	-	-	-	-	28/05/10	5.93	0.72	5.21	5.17
SSGA	12.71	12.82	-0.10	-0.09	9.17	9.19	-0.02	-0.02	30/11/08	12.35	12.34	0.01	0.01
UBS	17.96	13.94	4.02	3.52	10.85	9.74	1.11	1.01	31/12/88	10.23	8.95	1.27	1.17
UBS Property	7.79	7.43	0.36	0.34	8.86	9.55	-0.70	-0.64	31/03/06	1.63	1.88	-0.25	-0.24
UBS Tactical	-	-	-	-	-	-	-	-	30/06/13	-0.30	-3.24	2.94	3.04

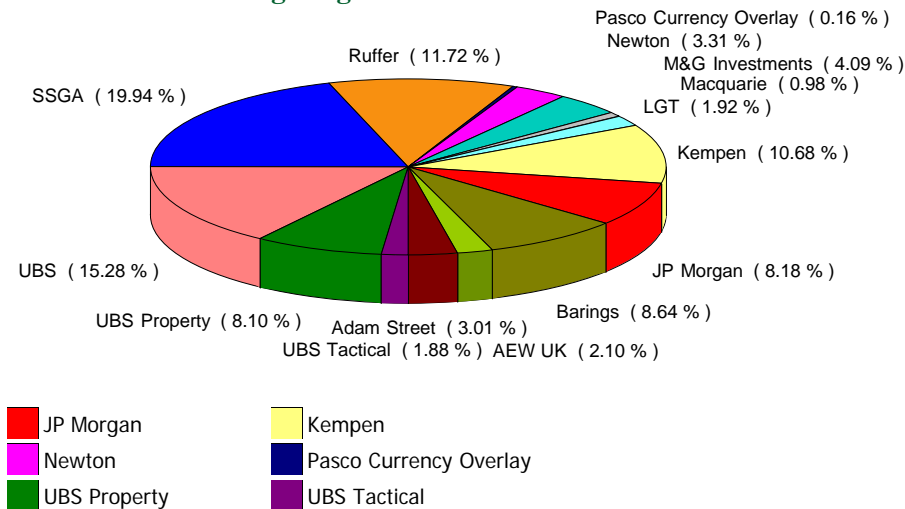
Total Fund Market Value at Qtr End: £748.4 M



Weighting at Beginning of Period



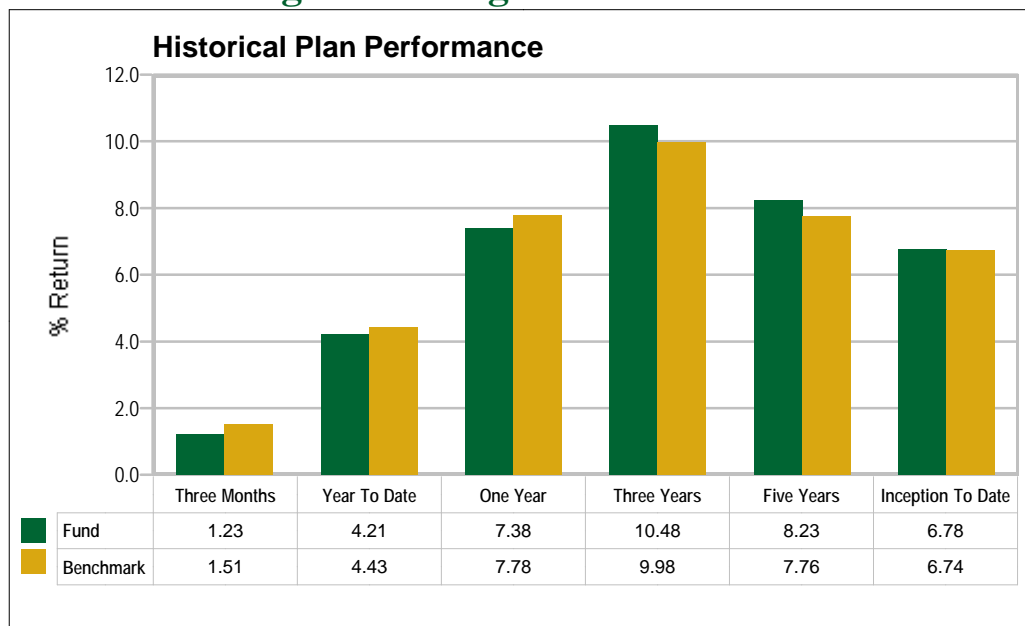
Weighting at End of Period



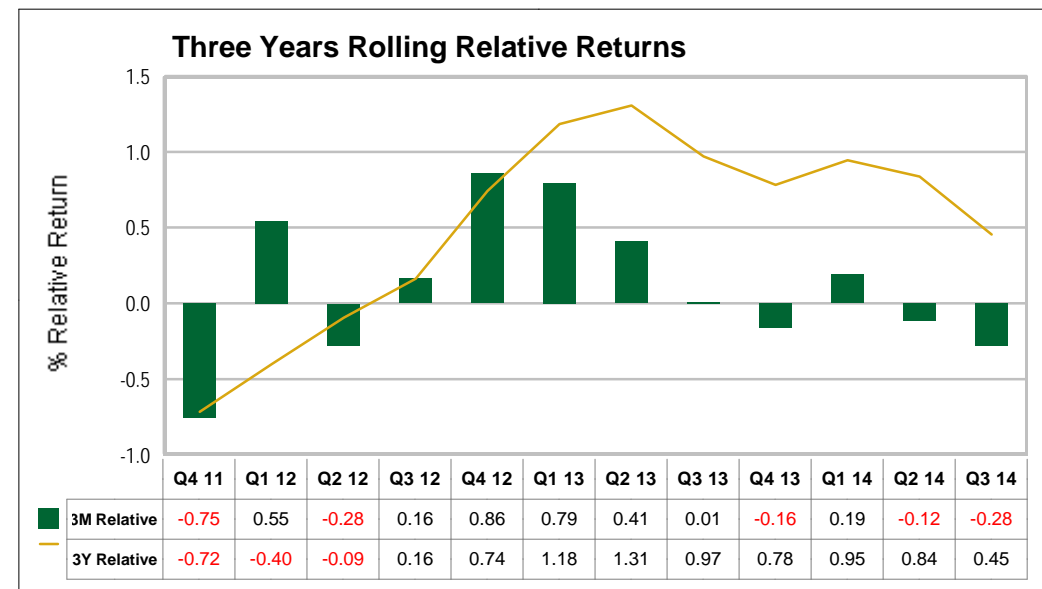
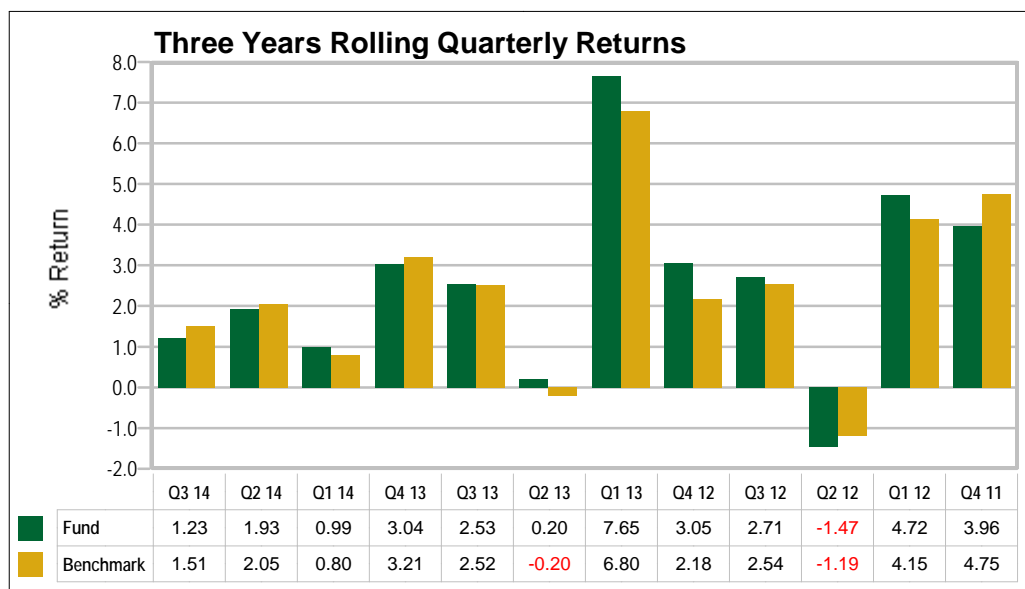
	Opening Market Value £(000)	% of Fund	Net Investment £(000)	Appreciation £(000)	Income Received £(000)	Closing Market Value £(000)	% of Fund
London Borough of Hillingdon	734,312	100.00	5,011	6,349	2,733	748,405	100.00
Adam Street	20,966	2.86	-644	2,106	1	22,428	3.00
AEW UK	9,999	1.36	5,001	640	0	15,640	2.09
Barings	64,094	8.73	11	298	0	64,403	8.61
JP Morgan	63,062	8.59	-1,499	-600	-0	60,963	8.15
Kempen	80,331	10.94	0	-776	0	79,555	10.63
LGT	15,058	2.05	-1,091	348	0	14,314	1.91
Macquarie	5,329	0.73	1,550	423	0	7,302	0.98
M&G Investments	27,864	3.79	1,520	1,097	1	30,481	4.07
Newton	24,188	3.29	0	456	0	24,643	3.29
Pasco Currency Overlay	923	0.13	-15	-618	901	1,191	0.16
Ruffer	84,841	11.55	0	2,151	313	87,306	11.67
SSGA	147,004	20.02	0	1,583	0	148,587	19.85
UBS	116,020	15.80	0	-3,033	896	113,883	15.22
UBS Property	58,020	7.90	0	1,737	617	60,373	8.07
UBS Tactical	13,571	1.85	0	435	4	14,010	1.87



London Borough of Hillingdon

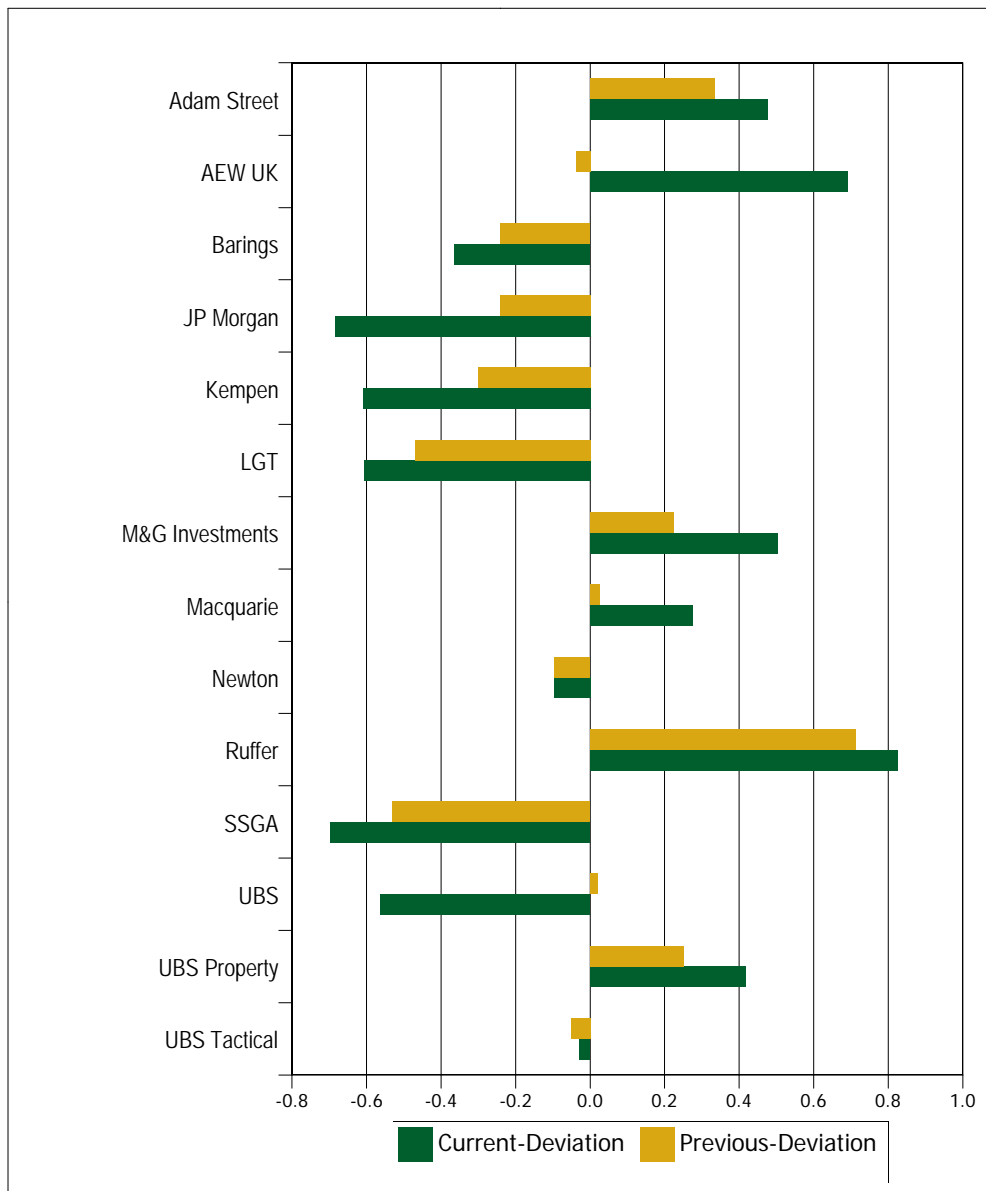


Risk Statistics - 3 years	Fund	B'mark
Performance Return	10.48	9.98
Standard Deviation	5.28	5.08
Relative Return	0.45	
Tracking Error	0.99	
Information Ratio	0.50	
Beta	1.02	
Alpha	0.28	
R Squared	0.97	
Sharpe Ratio	1.81	1.78
Percentage of Total Fund	100.0	
Inception Date	Sep-1995	
Opening Market Value (£000)	734,312	
Net Investment (£000)	5,011	
Income Received (£000)	2,733	
Appreciation (£000)	6,349	
Closing Market Value (£000)	748,405	





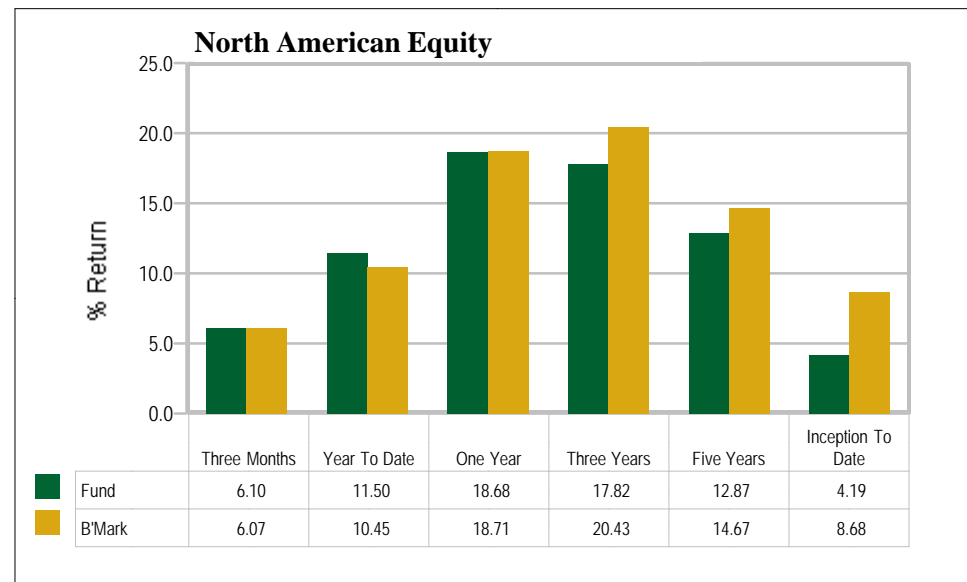
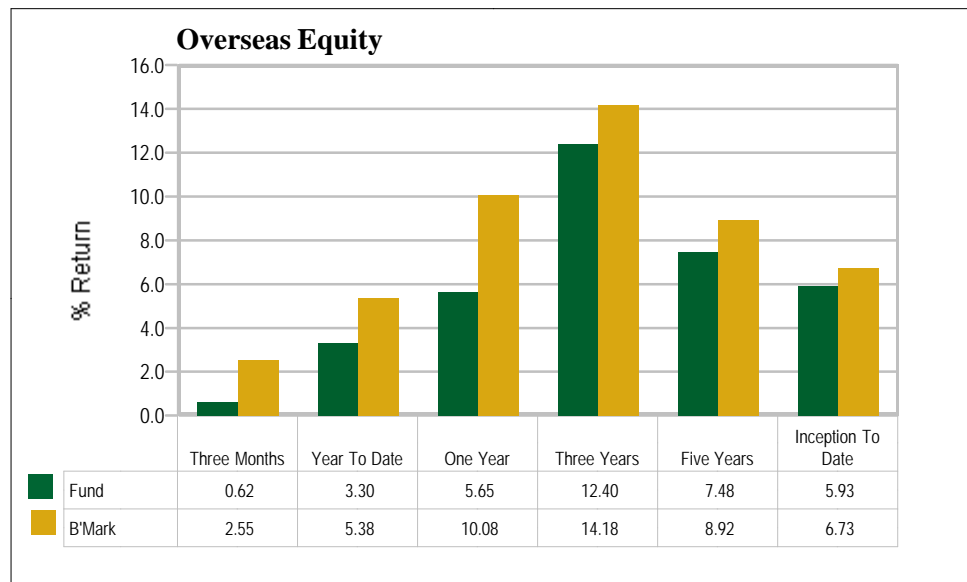
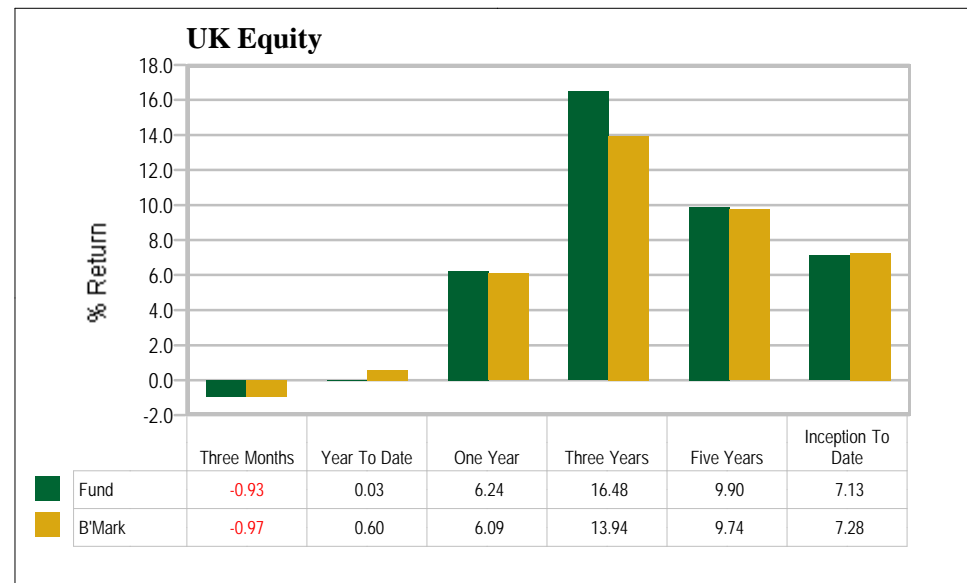
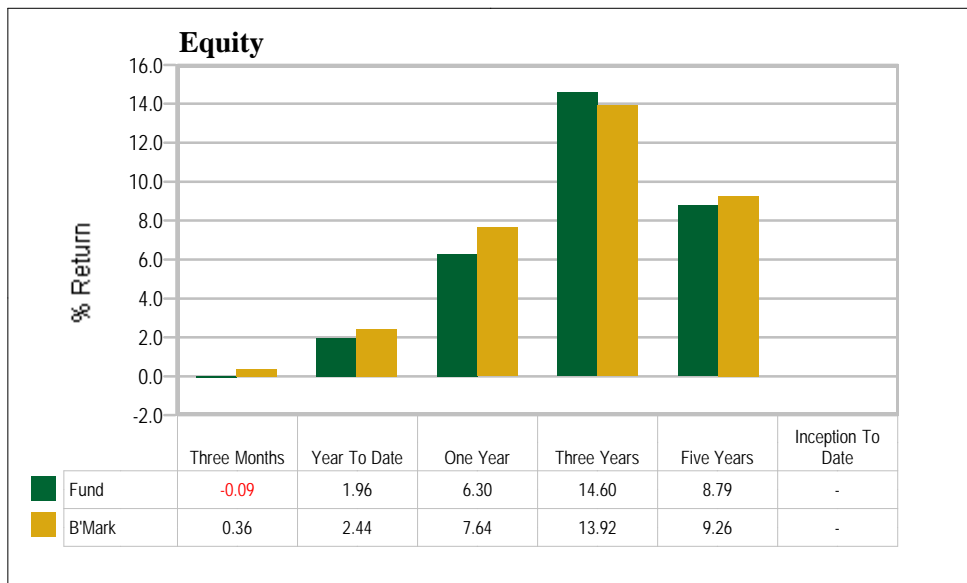
Manager Allocation



	Current Quarter	Previous Quarter	Current Benchmark	Current Deviation	Previous Benchmark	Previous Deviation
Adam Street	3.00	2.86	2.52	0.48	2.52	0.34
AEW UK	2.09	1.36	1.40	0.69	1.40	-0.04
Barings	8.61	8.73	8.97	-0.36	8.97	-0.24
JP Morgan	8.15	8.59	8.83	-0.68	8.83	-0.24
Kempen	10.63	10.94	11.24	-0.61	11.24	-0.30
LGT	1.91	2.05	2.52	-0.61	2.52	-0.47
M&G Investments	4.07	3.79	3.57	0.50	3.57	0.22
Macquarie	0.98	0.73	0.70	0.28	0.70	0.03
Newton	3.29	3.29	3.39	-0.10	3.39	-0.10
Ruffer	11.67	11.55	10.84	0.83	10.84	0.71
SSGA	19.85	20.02	20.55	-0.70	20.55	-0.53
UBS	15.22	15.80	15.78	-0.56	15.78	0.02
UBS Property	8.07	7.90	7.65	0.42	7.65	0.25
UBS Tactical	1.87	1.85	1.90	-0.03	1.90	-0.05

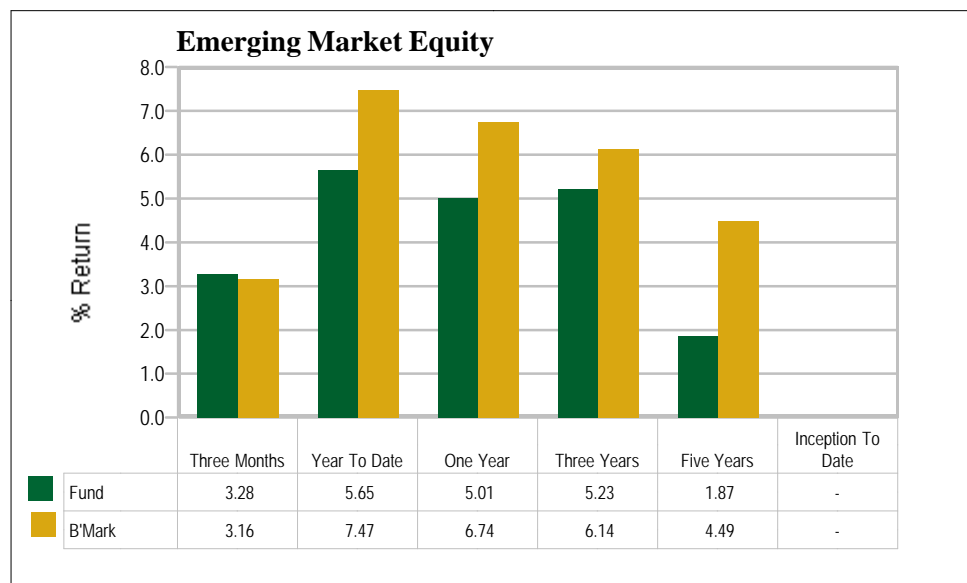
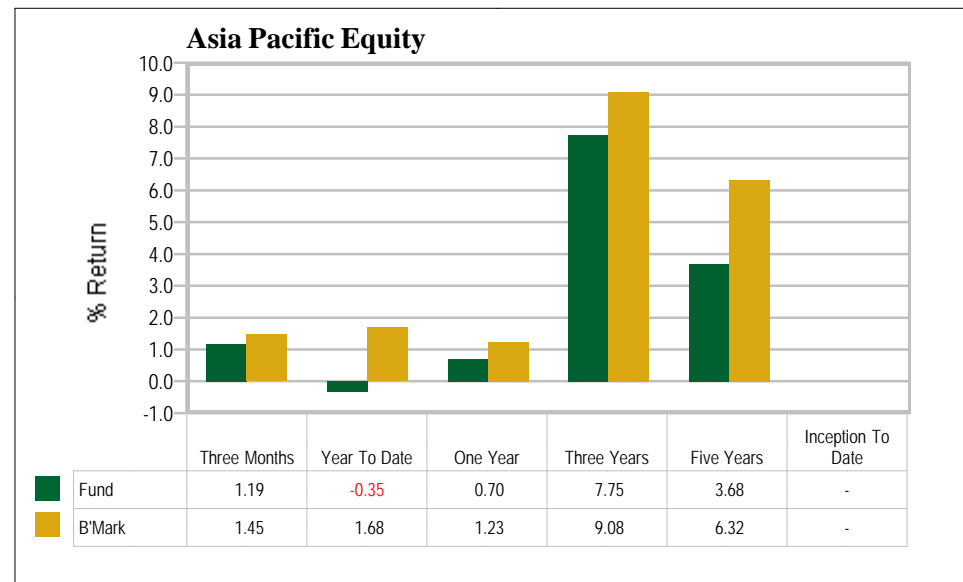
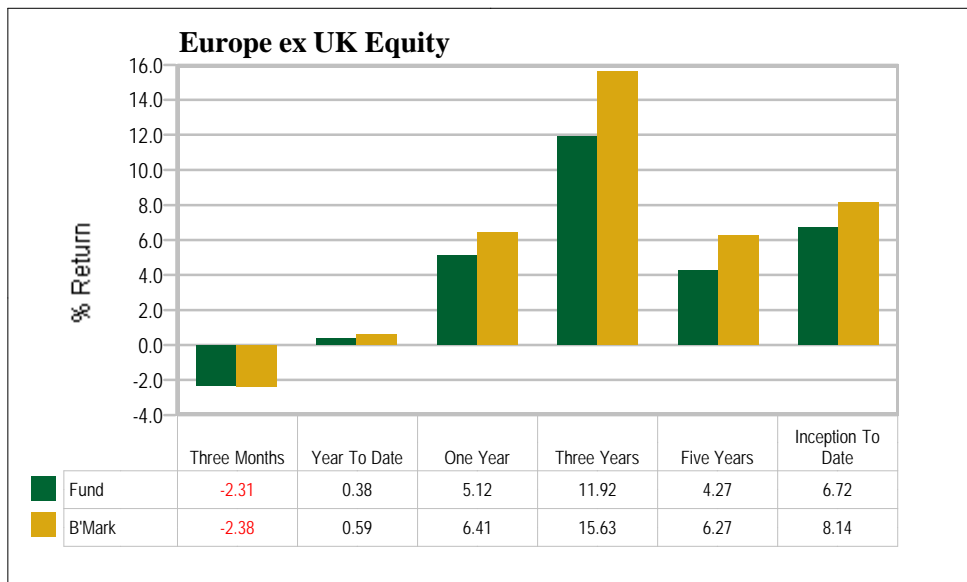


London Borough of Hillingdon



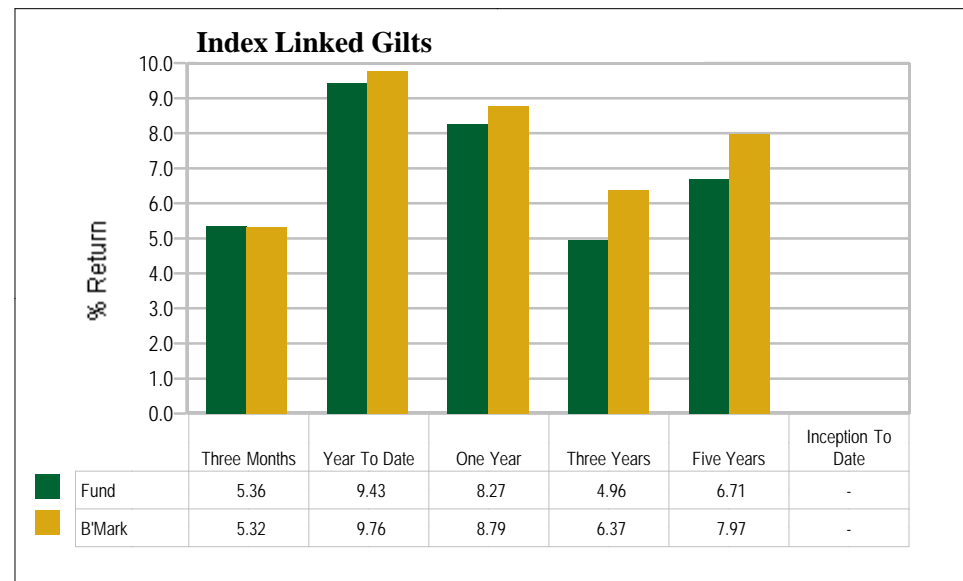
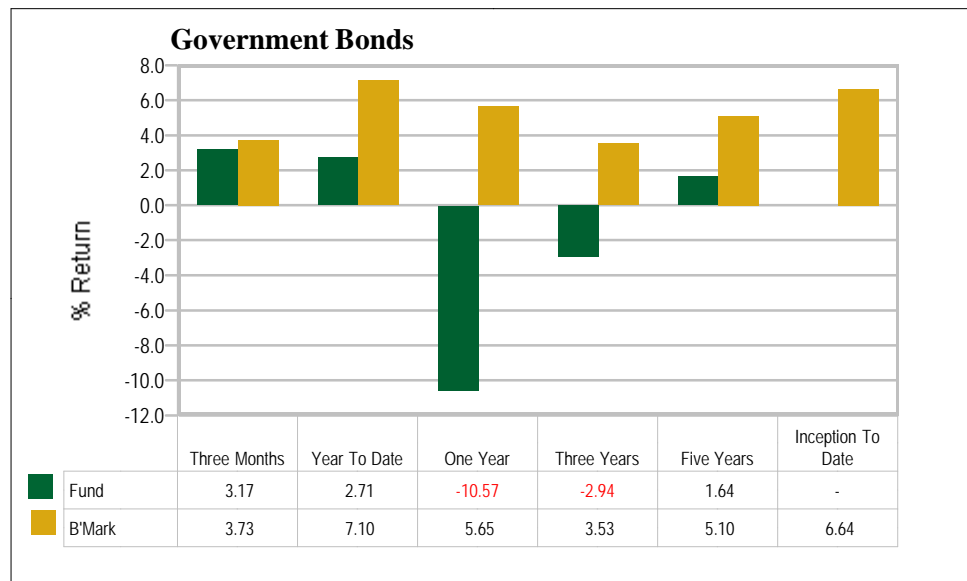
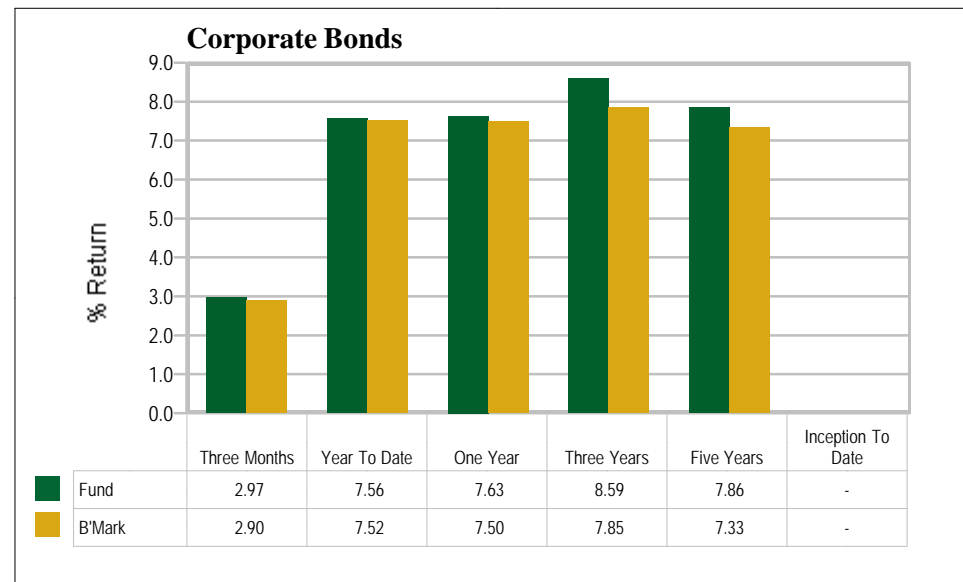
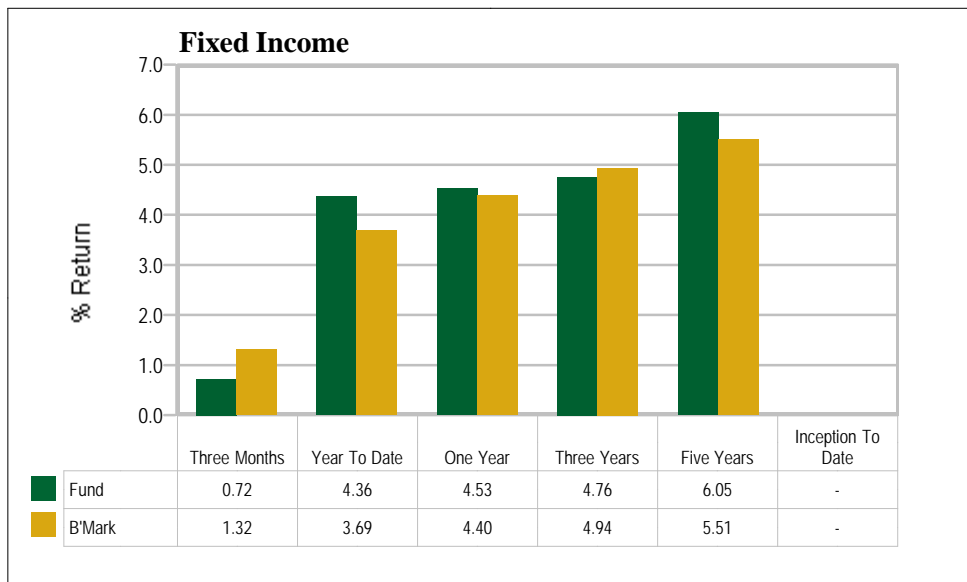


London Borough of Hillingdon



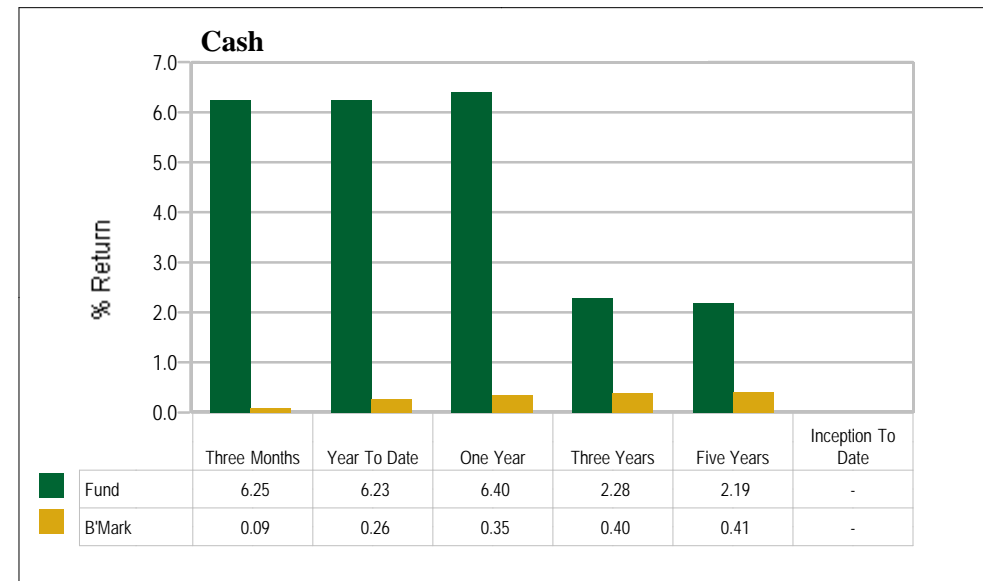
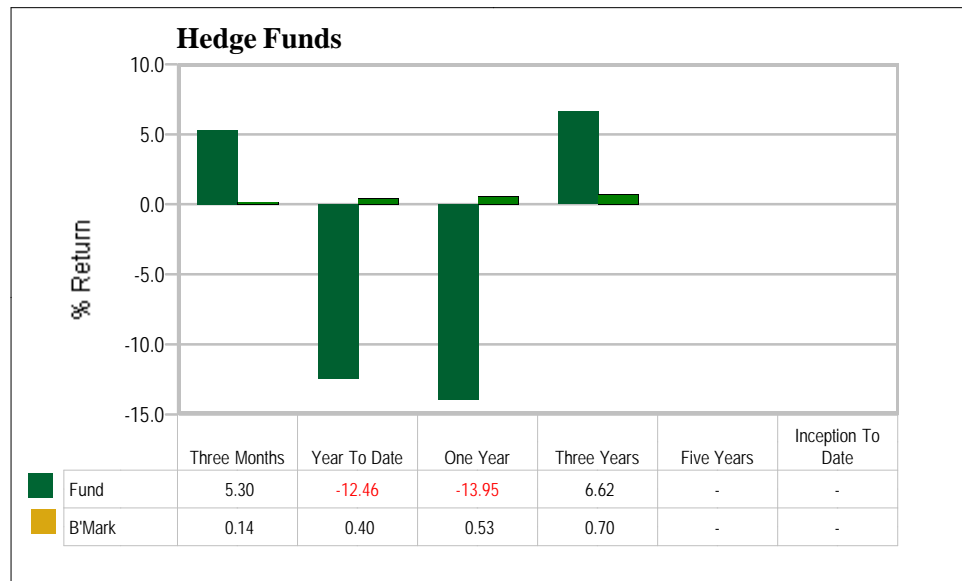
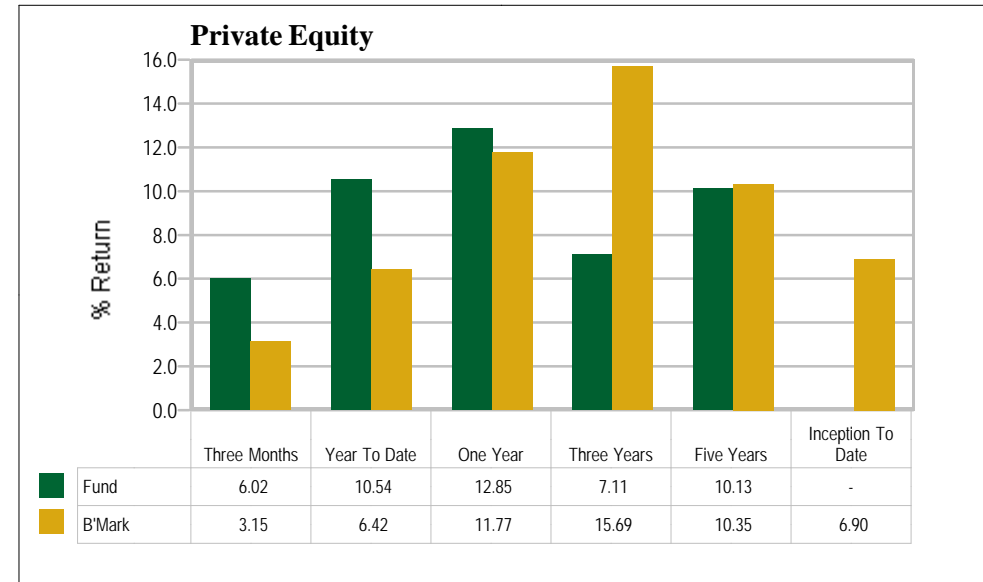


London Borough of Hillingdon



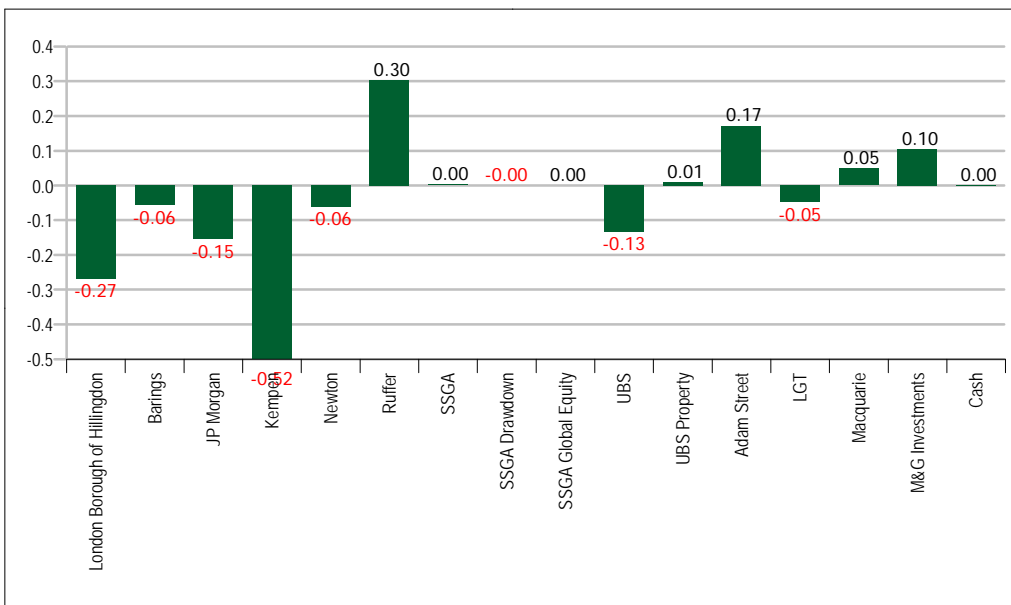


London Borough of Hillingdon

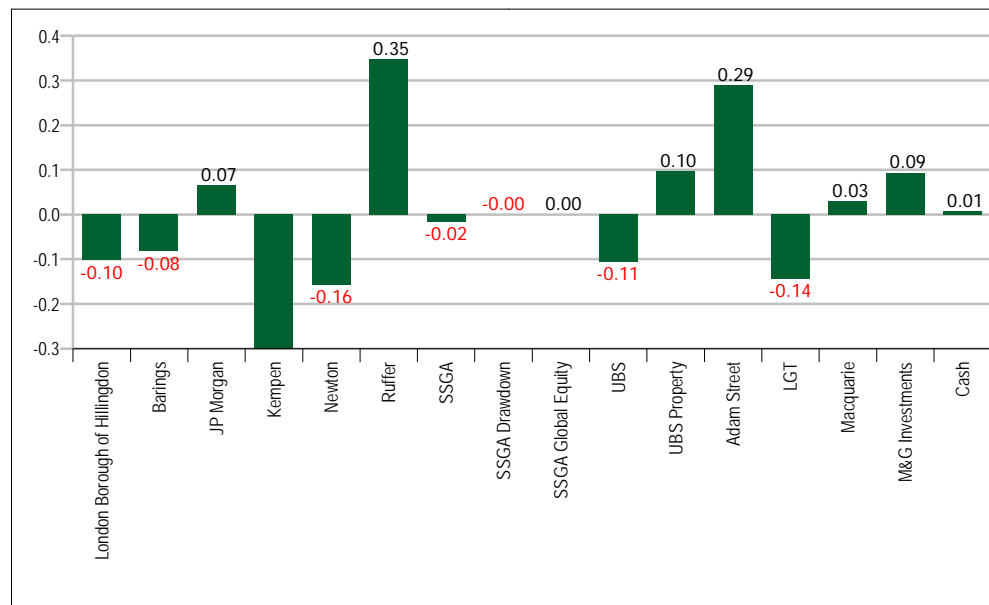




Three Months



One Year



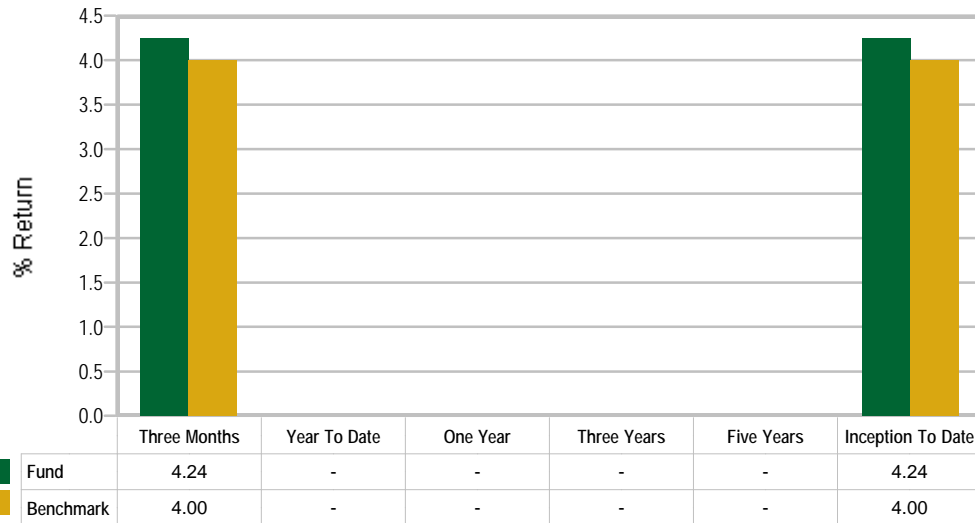
	Fund Return	Index Return	Relative Return	Asset Allocation	Stock Selection	Relative Contribution
London Borough of Hillingdon	1.23	1.50	-0.27	0.03	-0.30	-0.27
Barings	0.46	1.13	-0.66	0.00	-0.06	-0.06
JP Morgan	-0.97	0.88	-1.84	-0.00	-0.15	-0.15
Kempen	-0.97	3.81	-4.60	-0.01	-0.51	-0.52
Newton	1.88	3.70	-1.75	-0.00	-0.06	-0.06
Ruffer	2.90	0.14	2.76	-0.01	0.31	0.30
SSGA	1.08	1.06	0.01	0.00	0.00	0.00
SSGA Drawdown	0.58	1.53	-0.94	0.00	-0.00	-0.00
SSGA Global Equity	-	-	0.00	0.00	0.00	0.00
UBS	-1.84	-0.97	-0.88	0.00	-0.14	-0.13
UBS Property	4.06	4.00	0.05	0.01	0.01	0.01
Adam Street	10.29	4.20	5.85	0.01	0.17	0.17
LGT	2.40	4.20	-1.73	-0.02	-0.03	-0.05
Macquarie	7.26	0.88	6.32	-0.00	0.05	0.05
M&G Investments	3.92	1.13	2.77	-0.00	0.10	0.10
Cash	-0.39	0.09	-0.48	0.00	-0.00	0.00

	Fund Return	Index Return	Relative Return	Asset Allocation	Stock Selection	Relative Contribution
London Borough of Hillingdon	7.38	7.49	-0.10	0.19	-0.20	-0.10
Barings	3.62	4.55	-0.90	0.00	-0.08	-0.08
JP Morgan	3.86	3.55	0.30	-0.00	0.07	0.07
Kempen	3.86	14.91	-9.62	0.08	-0.82	-0.73
Newton	8.86	14.04	-4.54	-0.00	-0.15	-0.16
Ruffer	3.64	0.53	3.09	0.00	0.35	0.35
SSGA	7.40	7.47	-0.07	-0.00	-0.01	-0.02
SSGA Drawdown	-2.83	3.95	-6.52	-0.00	-0.00	-0.00
SSGA Global Equity	-	-	0.00	0.00	0.00	0.00
UBS	5.01	6.09	-1.01	-0.07	-0.04	-0.11
UBS Property	18.04	16.80	1.06	0.01	0.08	0.10
Adam Street	24.88	13.12	10.40	0.01	0.28	0.29
LGT	7.41	13.12	-5.04	-0.03	-0.11	-0.14
Macquarie	6.27	3.55	2.63	0.00	0.03	0.03
M&G Investments	7.42	4.55	2.74	-0.01	0.10	0.09
Cash	-4.53	0.35	-4.87	0.01	-0.00	0.01



AEW UK

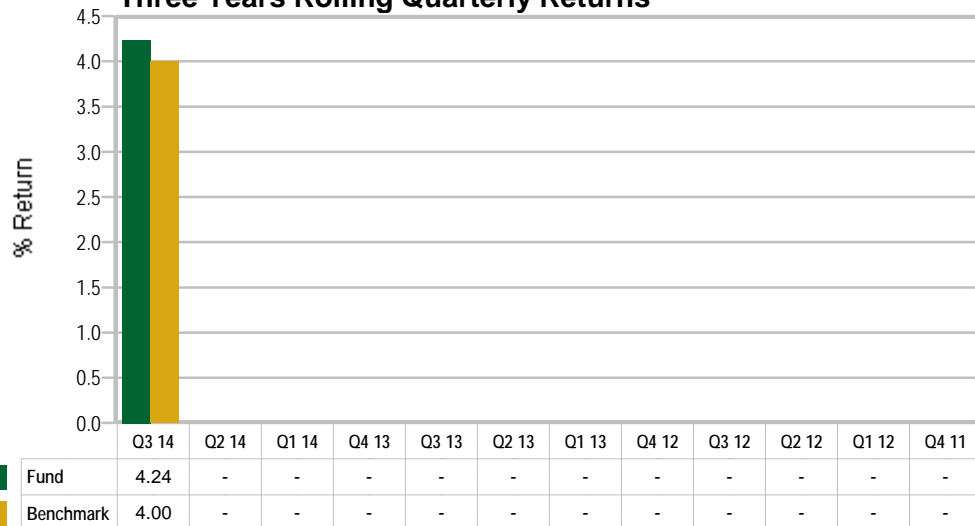
Historical Plan Performance



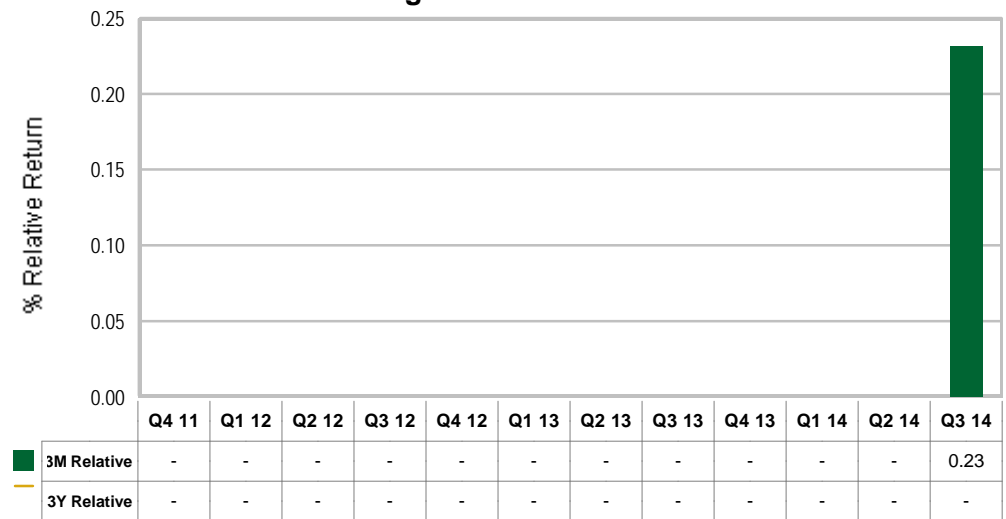
Risk Statistics - 3 years

	Fund	B'mark
Performance Return		
Standard Deviation		
Relative Return		
Tracking Error		
Information Ratio		
Beta		
Alpha		
R Squared		
Sharpe Ratio		
Percentage of Total Fund	2.1	
Inception Date	Jun-2014	
Opening Market Value (£000)	9,999	
Net Investment (£000)	5,001	
Income Received (£000)	0	
Appreciation (£000)	640	
Closing Market Value (£000)	15,640	

Three Years Rolling Quarterly Returns

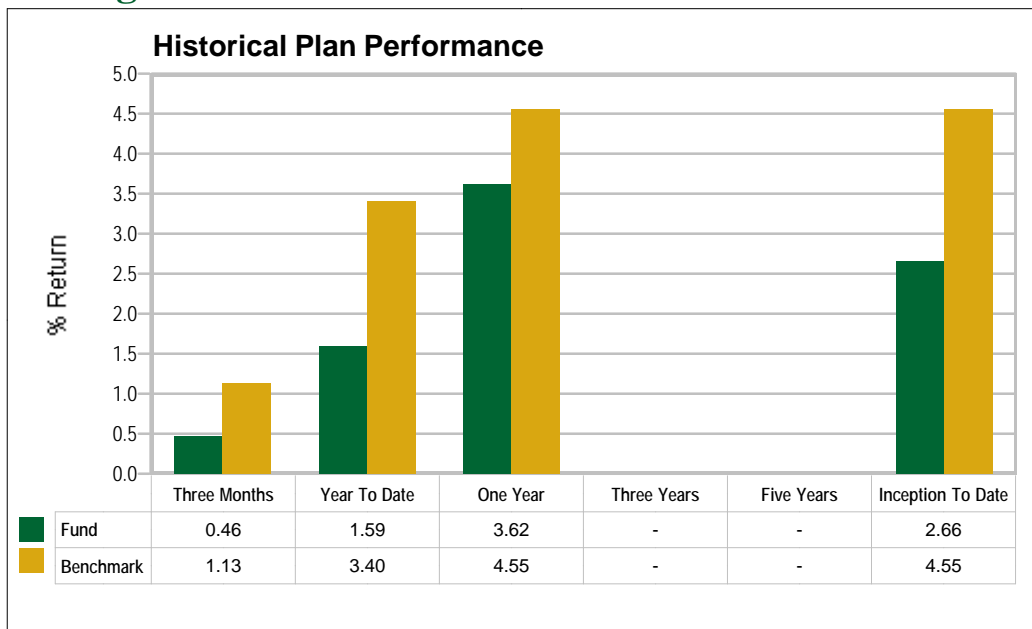


Three Years Rolling Relative Returns

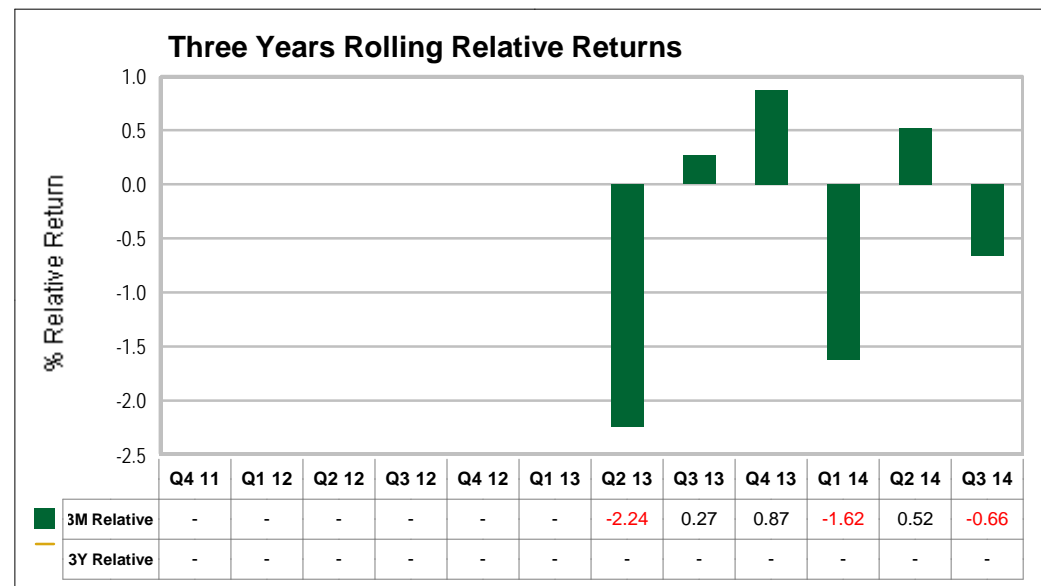
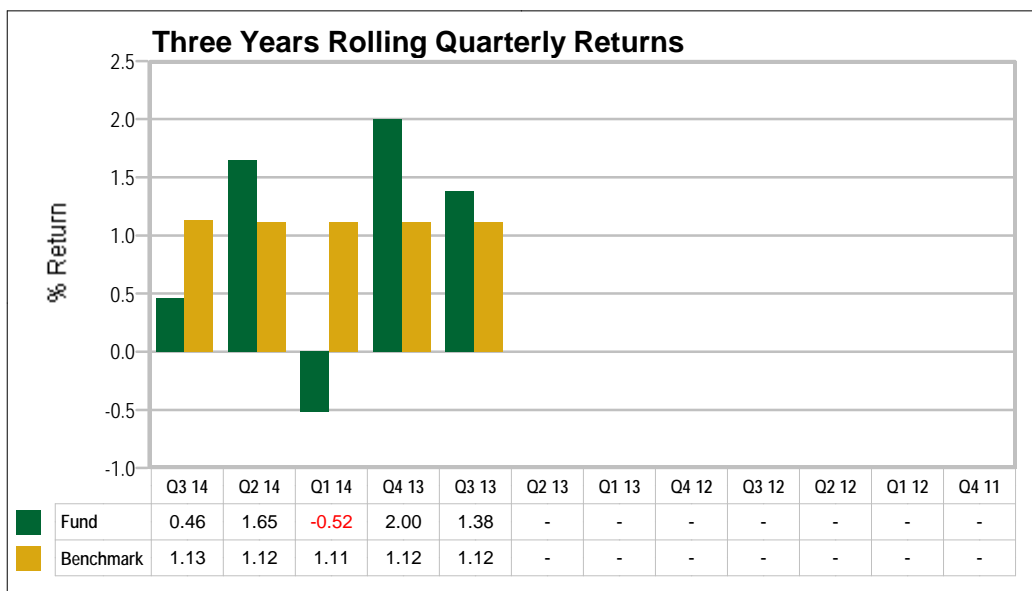




Barings



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	8.6	
Inception Date	Apr-2013	
Opening Market Value (£000)	64,094	
Net Investment £(000)	11	
Income Received £(000)	0	
Appreciation £(000)	298	
Closing Market Value (£000)	64,403	





JP Morgan

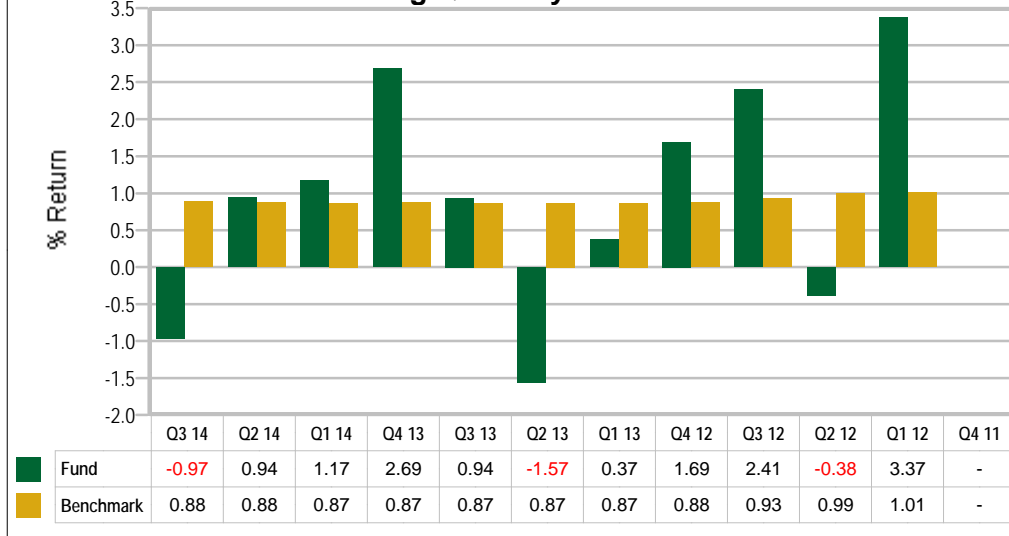
Historical Plan Performance



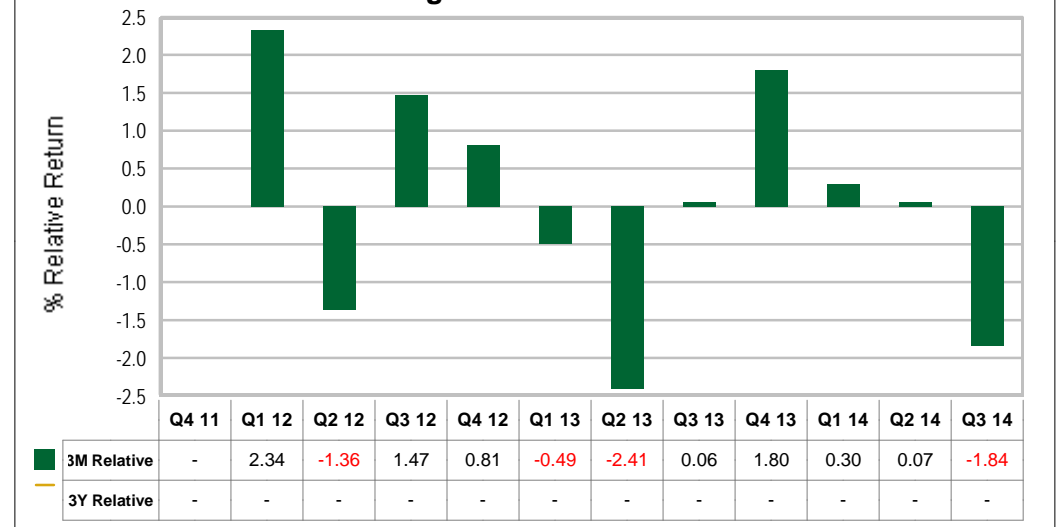
Risk Statistics - 3 years

	Fund	B'mark
Performance Return	-	-
Standard Deviation	-	-
Relative Return	-	-
Tracking Error	-	-
Information Ratio	-	-
Beta	-	-
Alpha	-	-
R Squared	-	-
Sharpe Ratio	-	-
Percentage of Total Fund	8.1	
Inception Date	Nov-2011	
Opening Market Value (£000)	63,062	
Net Investment £(000)	-1,499	
Income Received £(000)	-0	
Appreciation £(000)	-600	
Closing Market Value (£000)	60,963	

Three Years Rolling Quarterly Returns

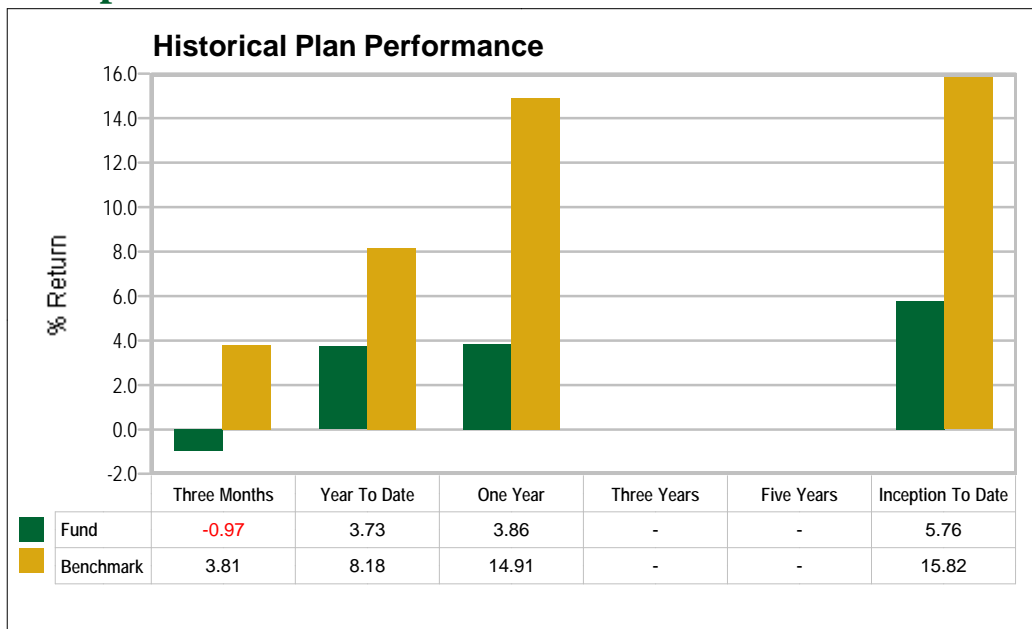


Three Years Rolling Relative Returns

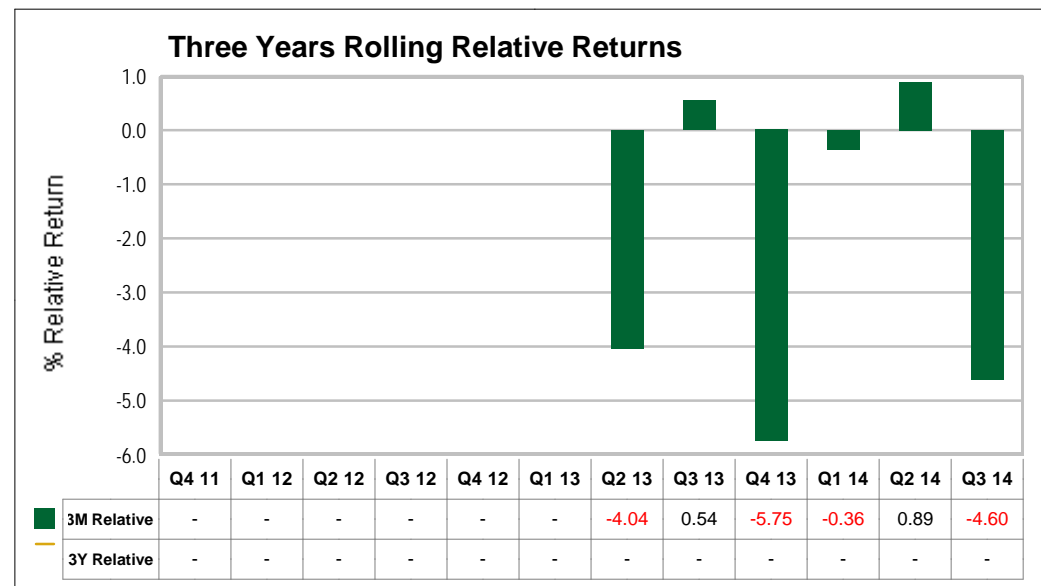
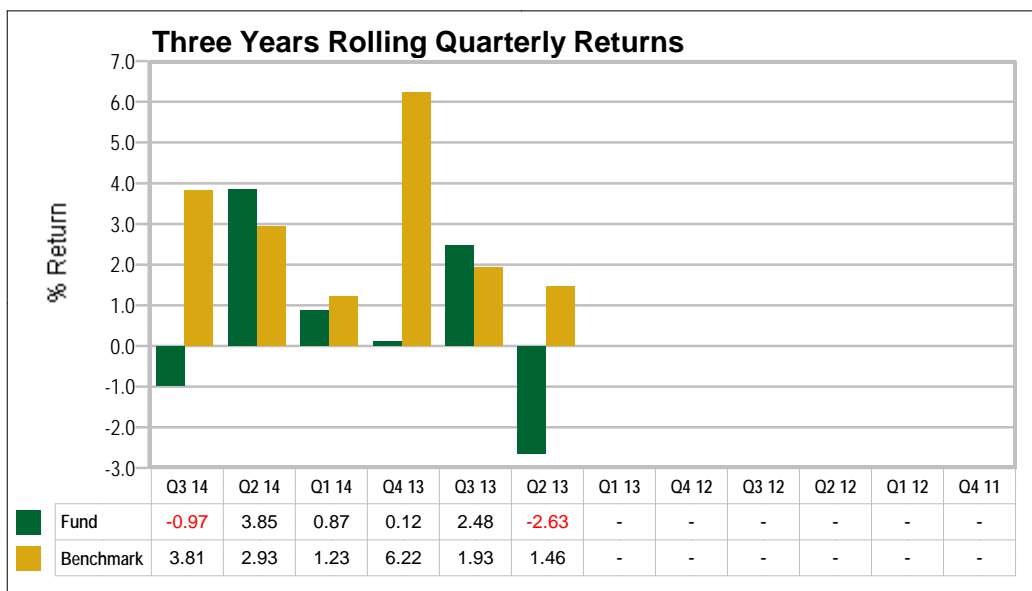




Kempen

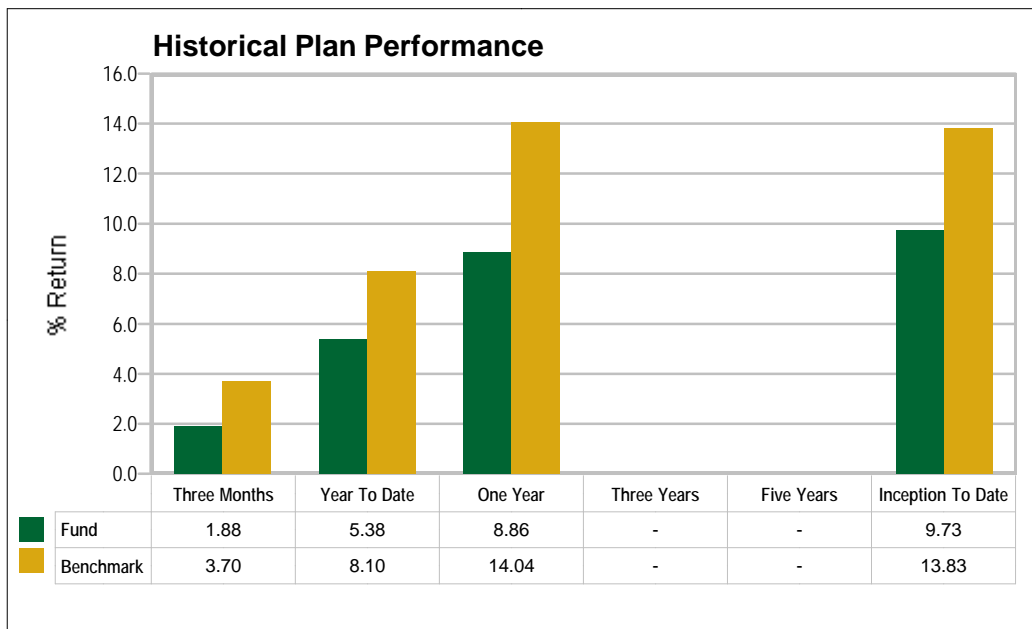


Risk Statistics - 3 years	Fund	B'mark
Performance Return	-	-
Standard Deviation	-	-
Relative Return	-	-
Tracking Error	-	-
Information Ratio	-	-
Beta	-	-
Alpha	-	-
R Squared	-	-
Sharpe Ratio	-	-
Percentage of Total Fund	10.6	
Inception Date	Jan-2013	
Opening Market Value (£000)	80,331	
Net Investment £(000)	0	
Income Received £(000)	0	
Appreciation £(000)	-776	
Closing Market Value (£000)	79,555	

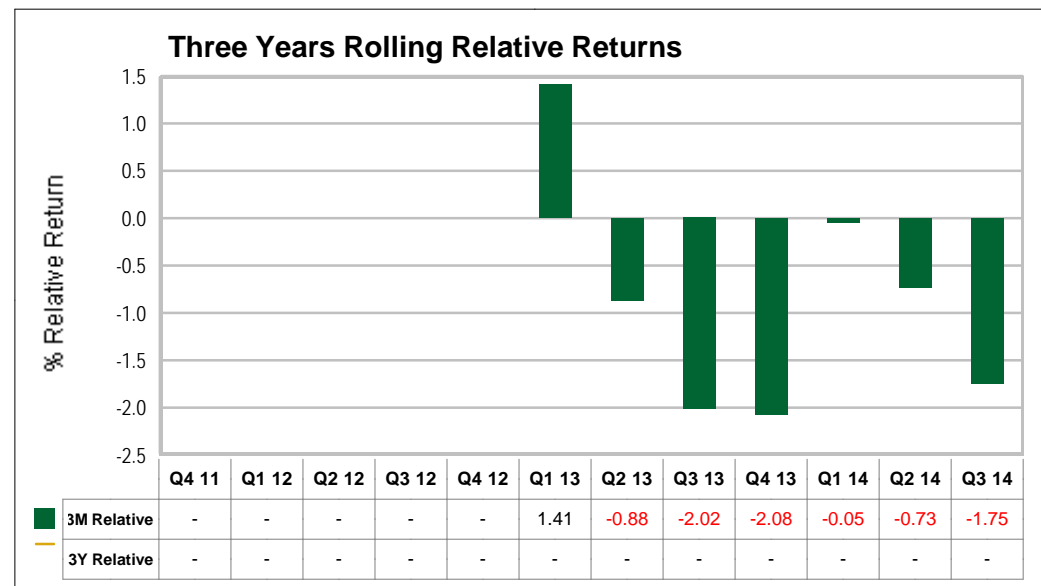
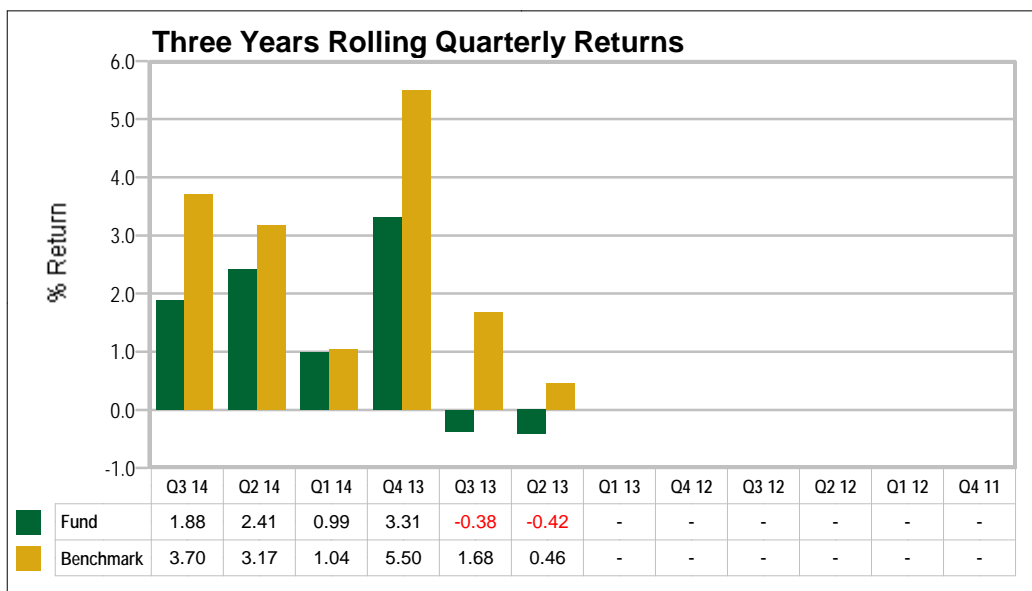




Newton



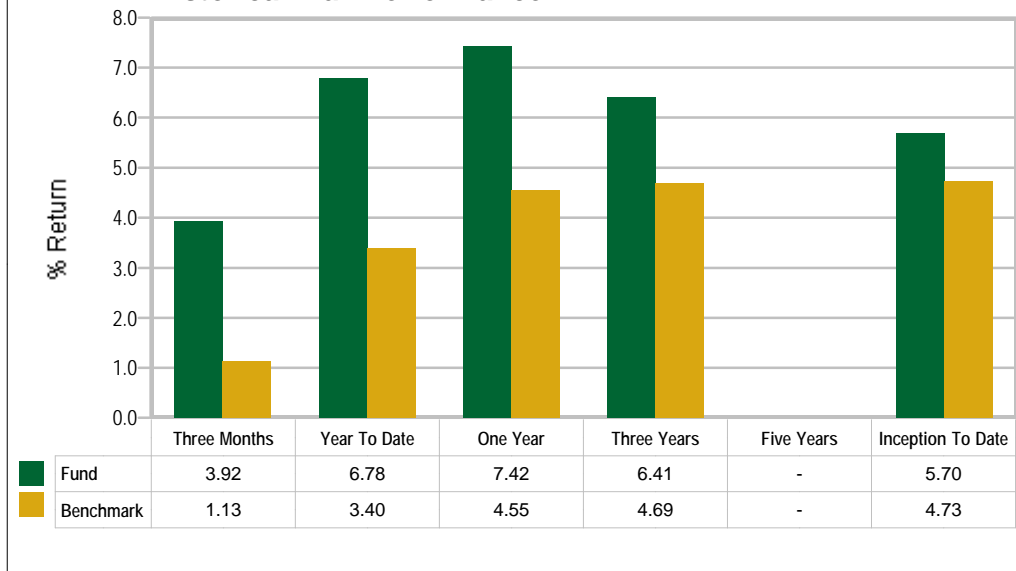
Risk Statistics - 3 years	Fund	B'mark
Performance Return	-	-
Standard Deviation	-	-
Relative Return	-	-
Tracking Error	-	-
Information Ratio	-	-
Beta	-	-
Alpha	-	-
R Squared	-	-
Sharpe Ratio	-	-
Percentage of Total Fund	3.3	-
Inception Date	Jan-2013	-
Opening Market Value (£000)	24,188	-
Net Investment £(000)	0	-
Income Received £(000)	0	-
Appreciation £(000)	456	-
Closing Market Value (£000)	24,643	-





M&G Investments

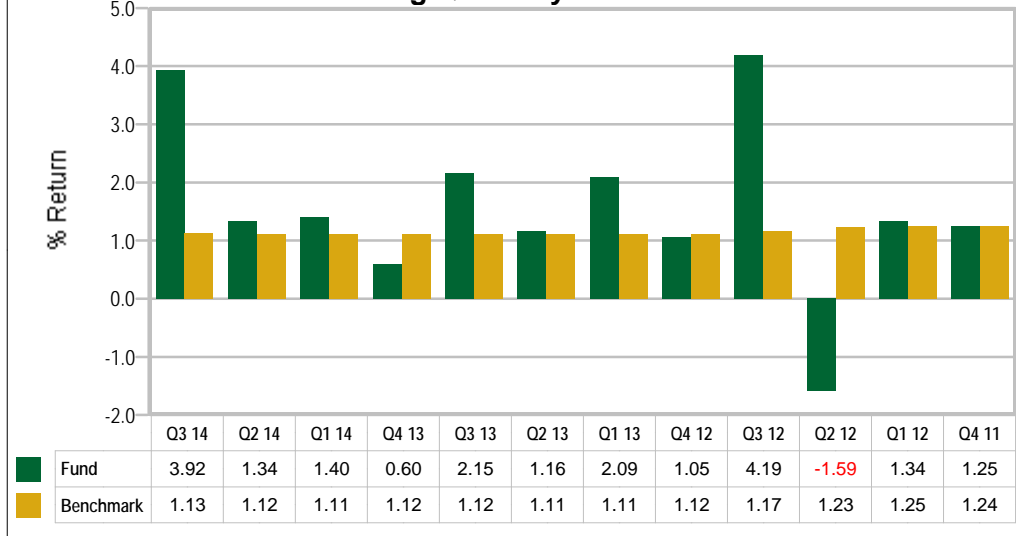
Historical Plan Performance



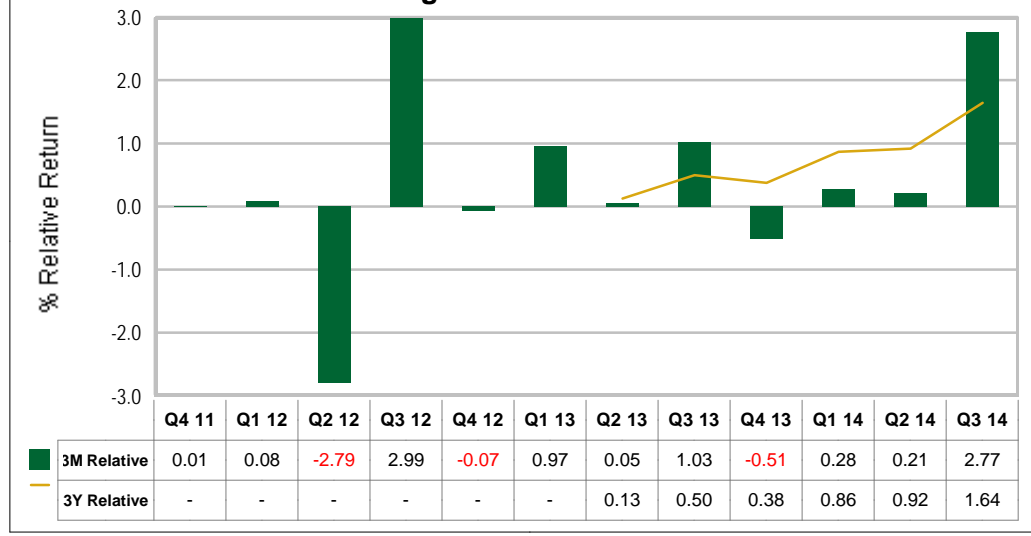
Risk Statistics - 3 years

	Fund	B'mark
Performance Return	6.41	4.69
Standard Deviation	3.25	0.06
Relative Return	1.64	
Tracking Error	3.26	
Information Ratio	0.53	
Beta	3.43	
Alpha	-7.02	
R Squared	0.01	
Sharpe Ratio	1.69	60.31
Percentage of Total Fund	4.1	
Inception Date	May-2010	
Opening Market Value (£000)	27,864	
Net Investment (£000)	1,520	
Income Received (£000)	1	
Appreciation (£000)	1,097	
Closing Market Value (£000)	30,481	

Three Years Rolling Quarterly Returns

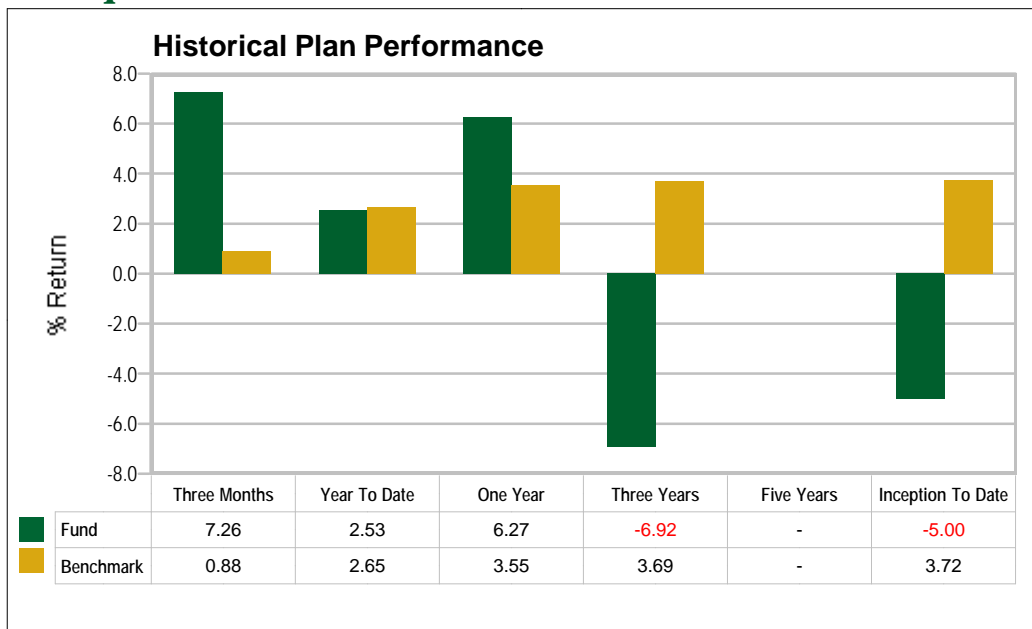


Three Years Rolling Relative Returns

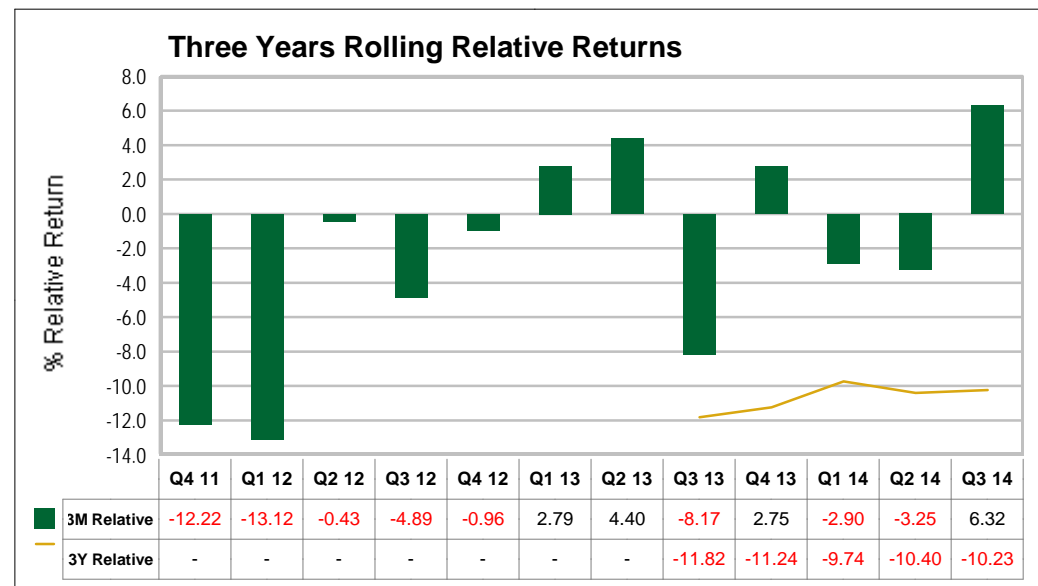
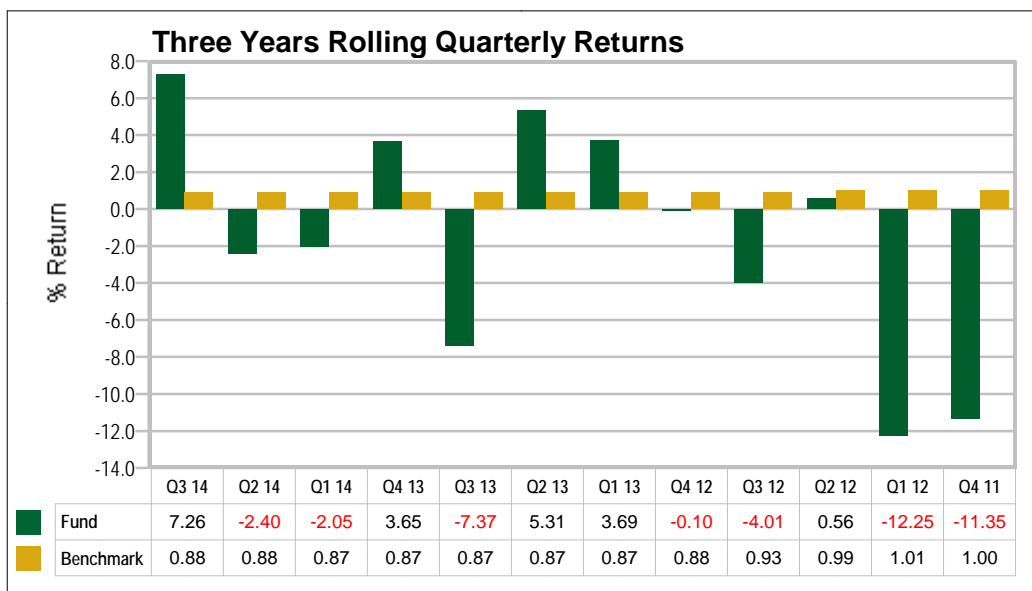




Macquarie



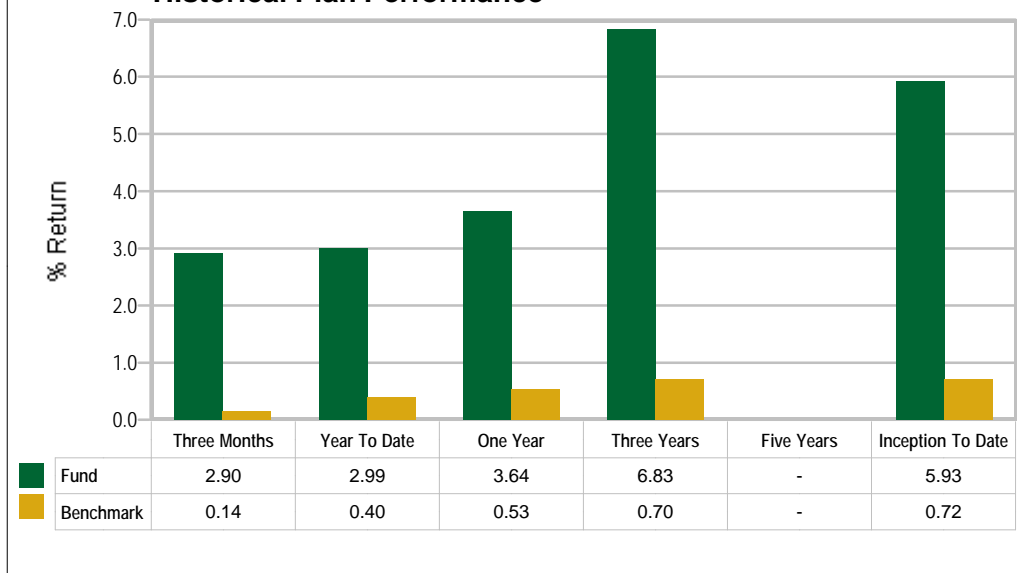
Risk Statistics - 3 years	Fund	B'mark
Performance Return	-6.92	3.69
Standard Deviation	11.30	0.06
Relative Return	-10.23	
Tracking Error	11.32	
Information Ratio	-0.94	
Beta	43.69	
Alpha	-73.60	
R Squared	0.10	
Sharpe Ratio	-0.69	44.22
Percentage of Total Fund	1.0	
Inception Date	Sep-2010	
Opening Market Value (£000)	5,329	
Net Investment (£000)	1,550	
Income Received (£000)	0	
Appreciation (£000)	423	
Closing Market Value (£000)	7,302	





Ruffer

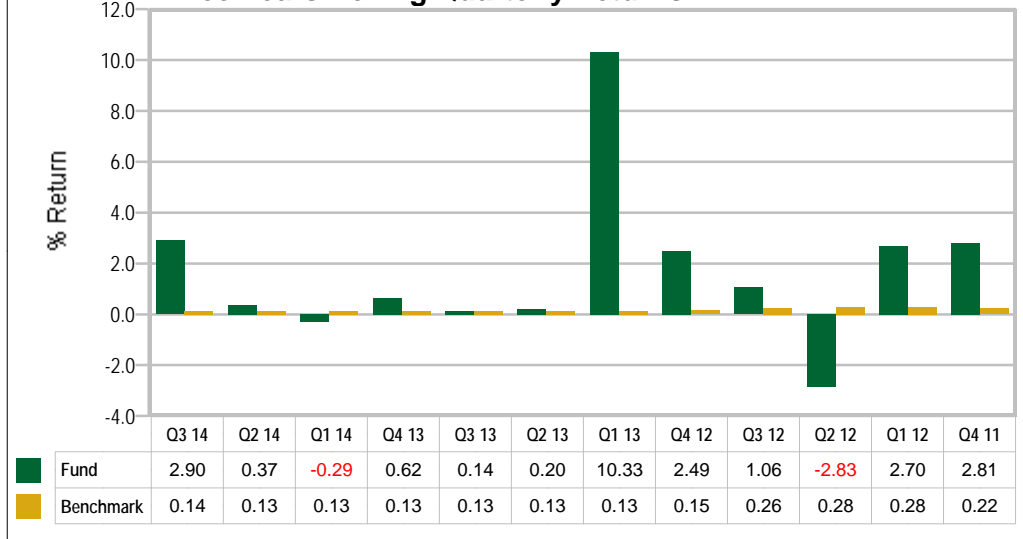
Historical Plan Performance



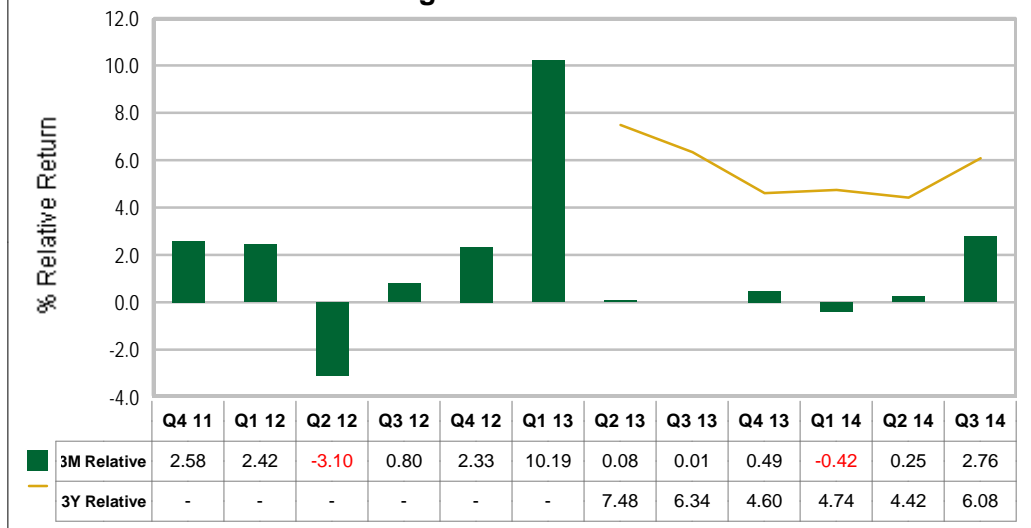
Risk Statistics - 3 years

	Fund	B'mark
Performance Return	6.83	0.70
Standard Deviation	4.85	0.07
Relative Return	6.08	
Tracking Error	4.86	
Information Ratio	1.26	
Beta	15.54	
Alpha	9.47	
R Squared	0.05	
Sharpe Ratio	1.22	-2.88
Percentage of Total Fund	11.7	
Inception Date	May-2010	
Opening Market Value (£000)	84,841	
Net Investment £(000)	0	
Income Received £(000)	313	
Appreciation £(000)	2,151	
Closing Market Value (£000)	87,306	

Three Years Rolling Quarterly Returns

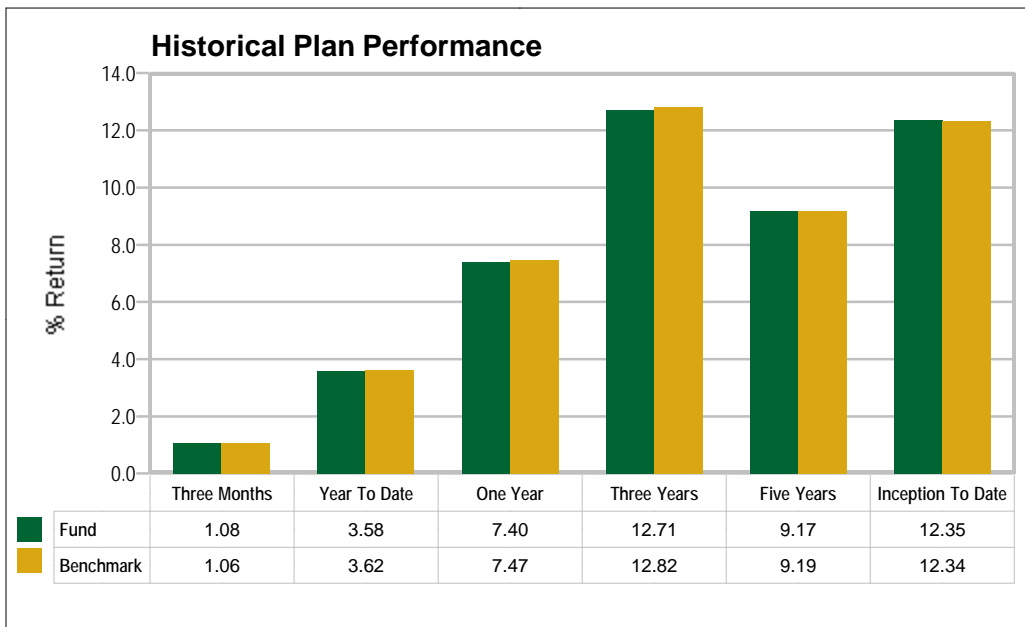


Three Years Rolling Relative Returns



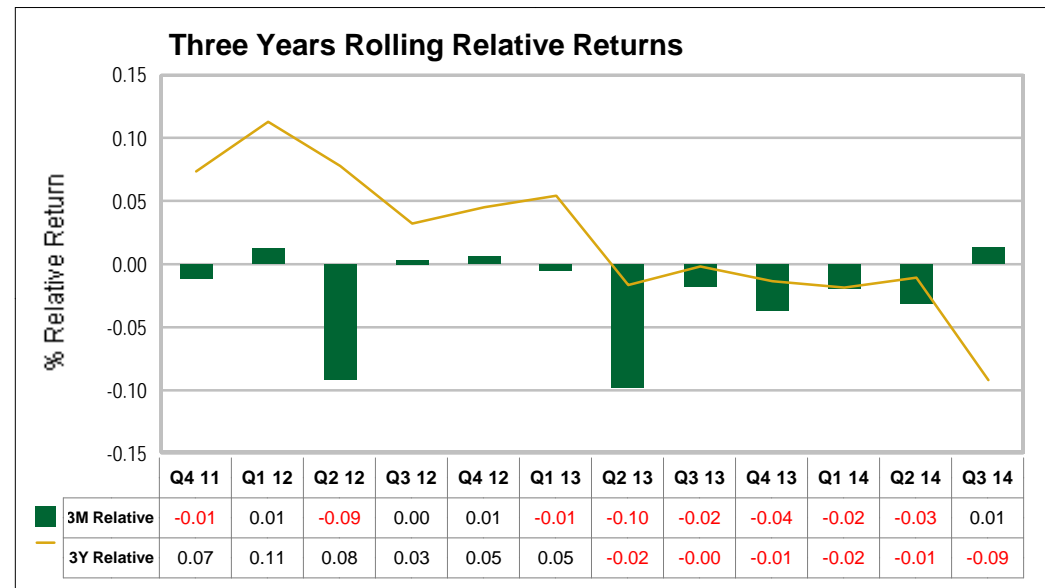
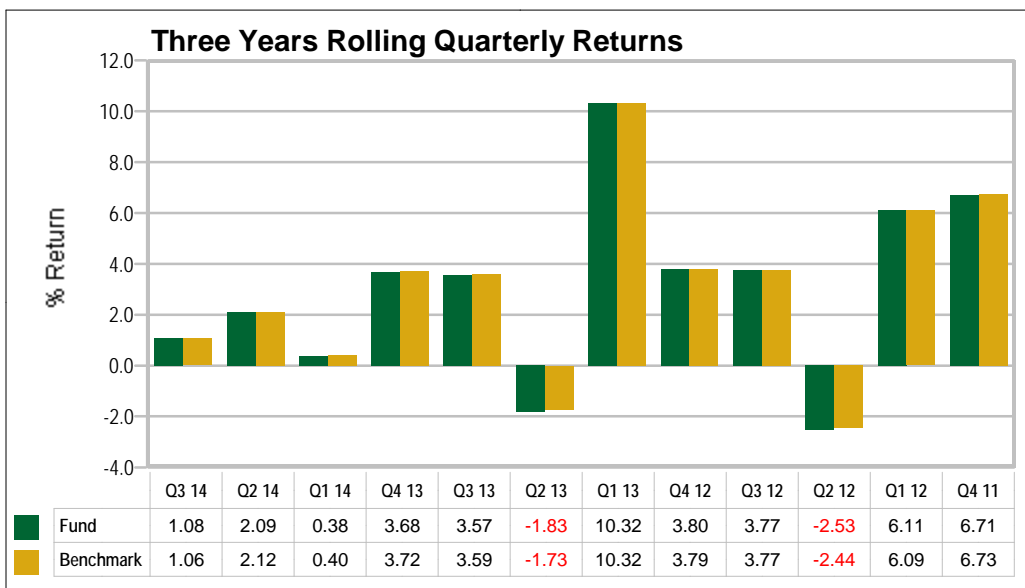


SSGA



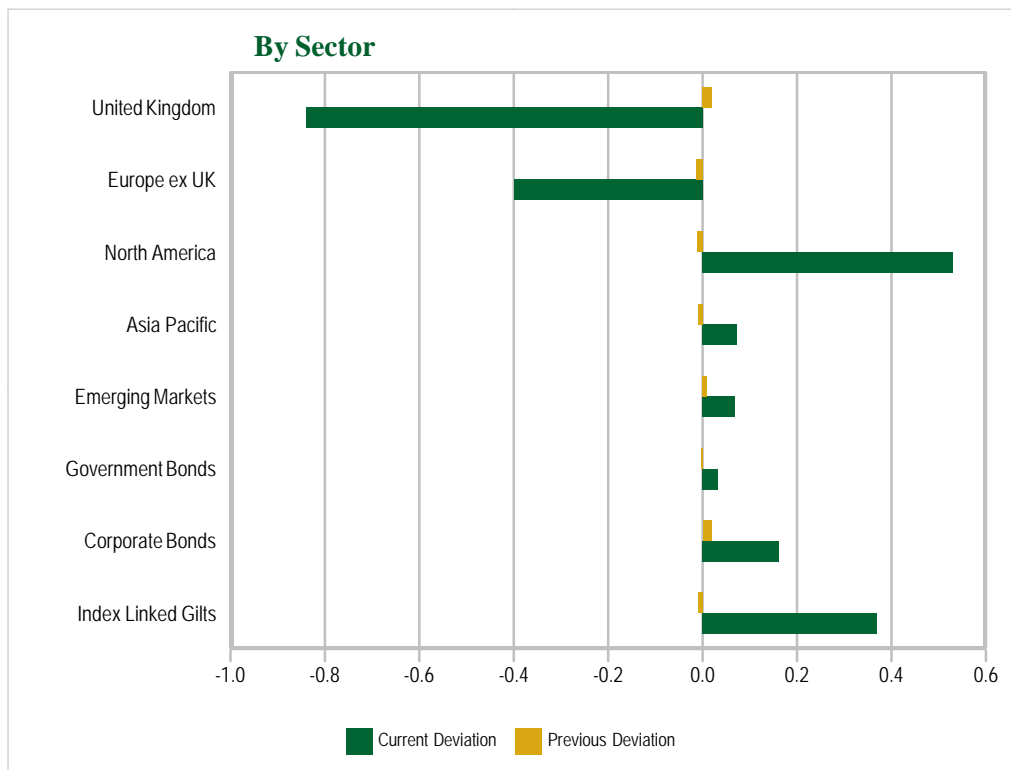
Risk Statistics - 3 years

	Fund	B'mark
Performance Return	12.71	12.82
Standard Deviation	8.15	8.20
Relative Return	-0.09	
Tracking Error	0.11	
Information Ratio	-0.96	
Beta	0.99	
Alpha	-0.03	
R Squared	1.00	
Sharpe Ratio	1.45	1.45
Percentage of Total Fund	19.9	
Inception Date	Nov-2008	
Opening Market Value (£000)	147,004	
Net Investment (£(000))	0	
Income Received (£(000))	0	
Appreciation (£(000))	1,583	
Closing Market Value (£000)	148,587	





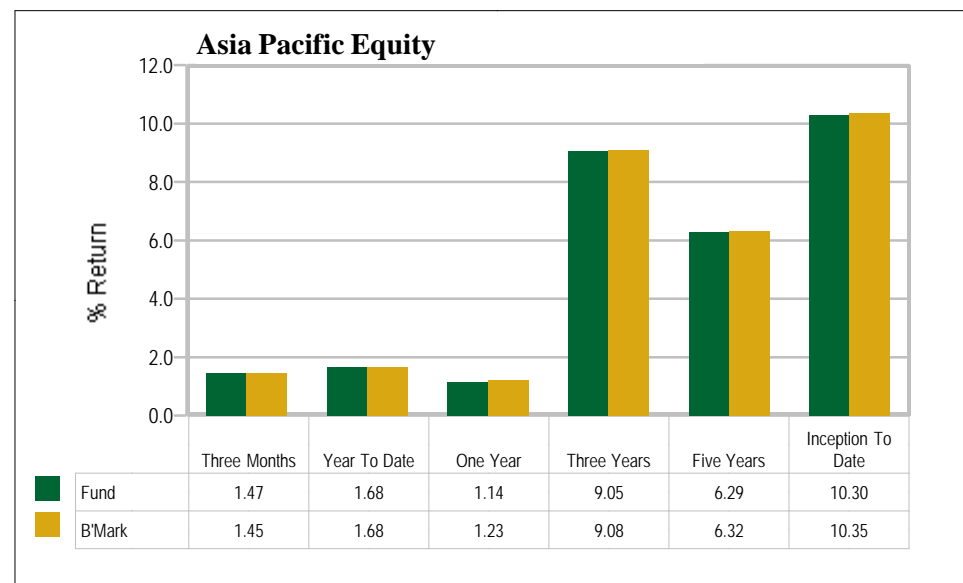
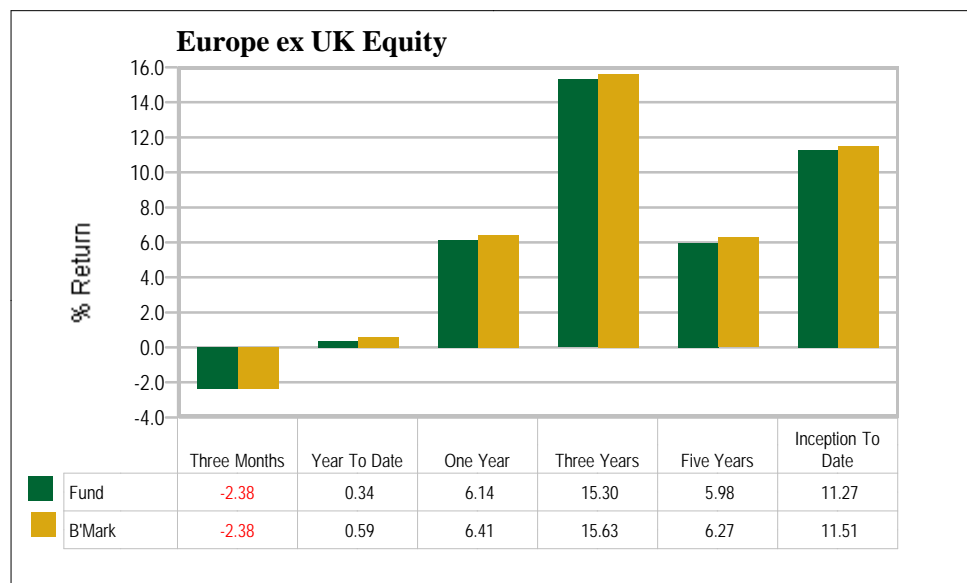
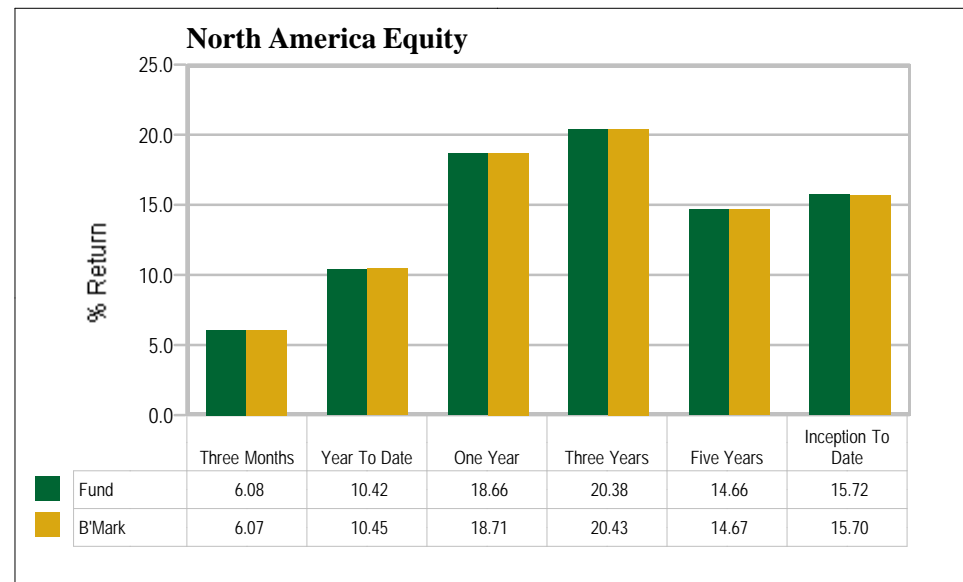
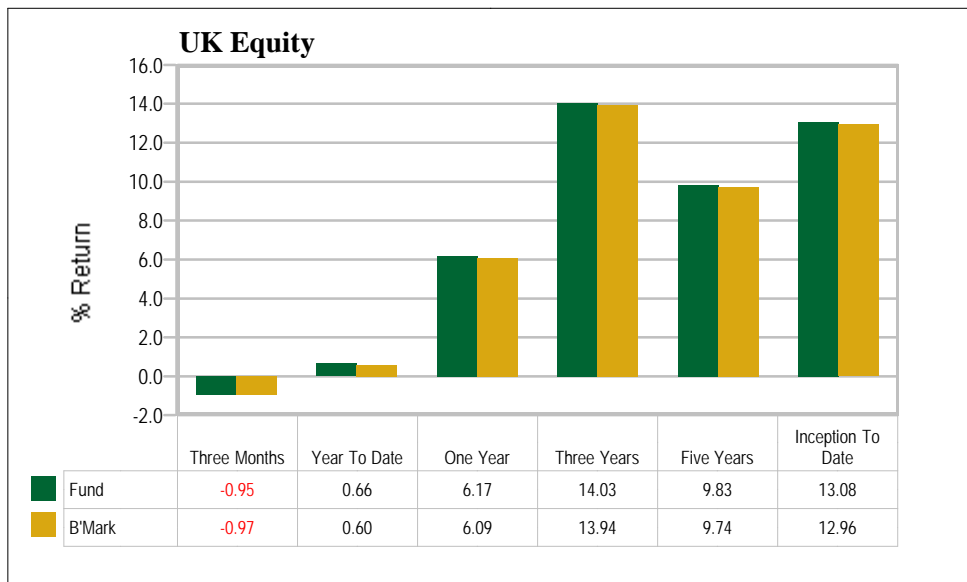
SSGA



	Current Quarter	Previous Quarter	Current Benchmark	Current Deviation	Previous Benchmark	Previous Deviation
United Kingdom	43.31	44.17	44.15	-0.84	44.15	0.02
Europe ex UK	10.55	10.94	10.95	-0.40	10.95	-0.01
North America	11.49	10.95	10.96	0.53	10.96	-0.01
Asia Pacific	11.09	11.01	11.02	0.07	11.02	-0.01
Emerging Markets	3.06	3.00	2.99	0.07	2.99	0.01
Government Bonds	1.53	1.50	1.50	0.03	1.50	-0.00
Corporate Bonds	8.63	8.49	8.47	0.16	8.47	0.02
Index Linked Gilts	10.33	9.95	9.96	0.37	9.96	-0.01

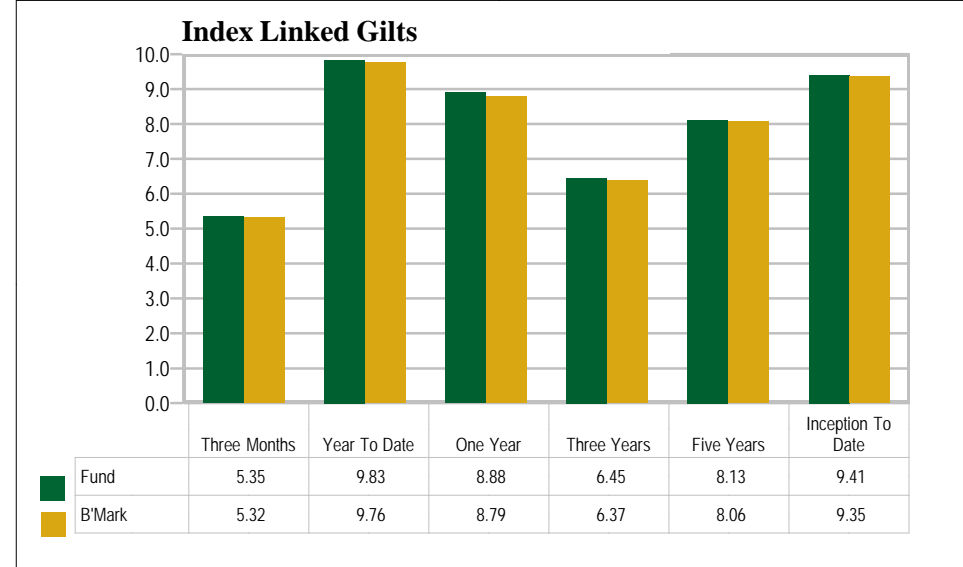
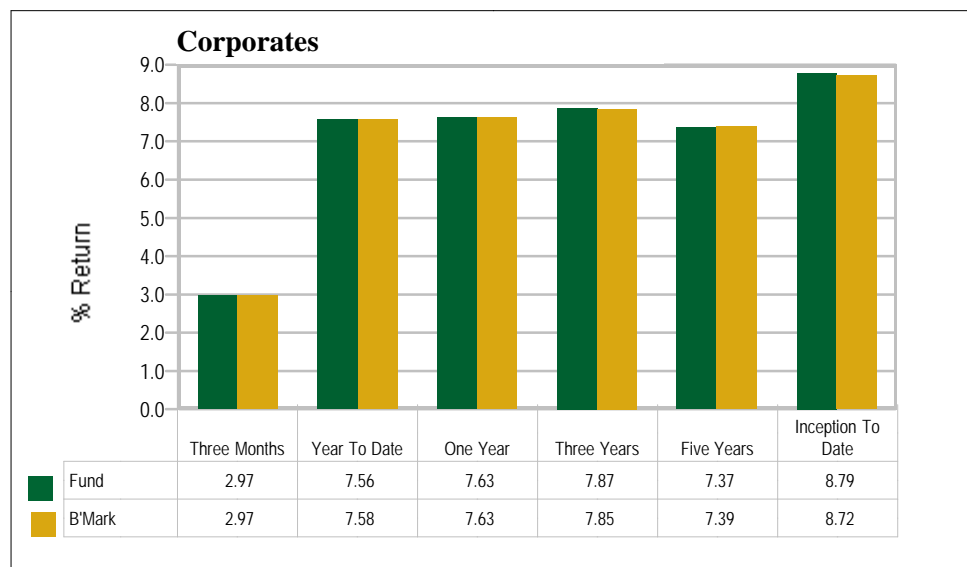
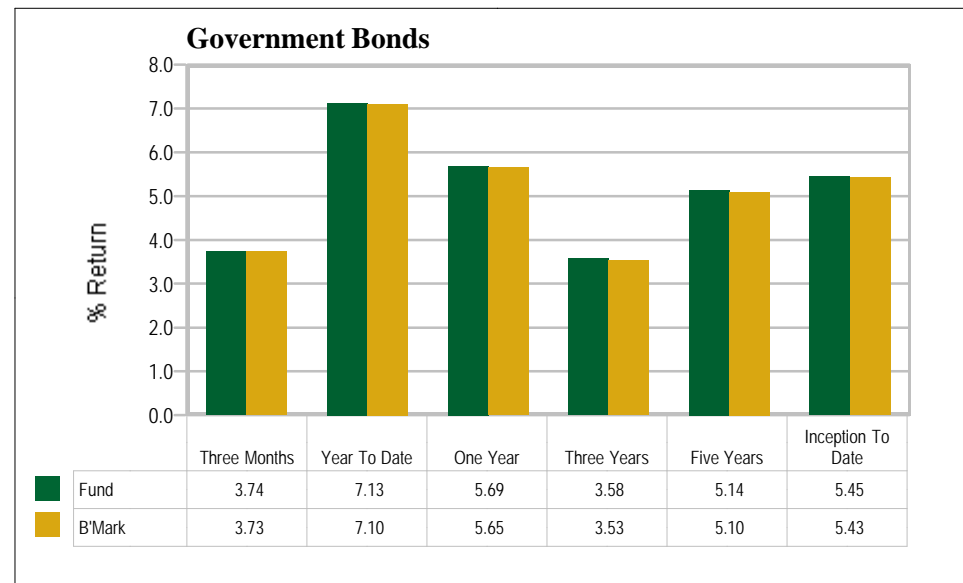
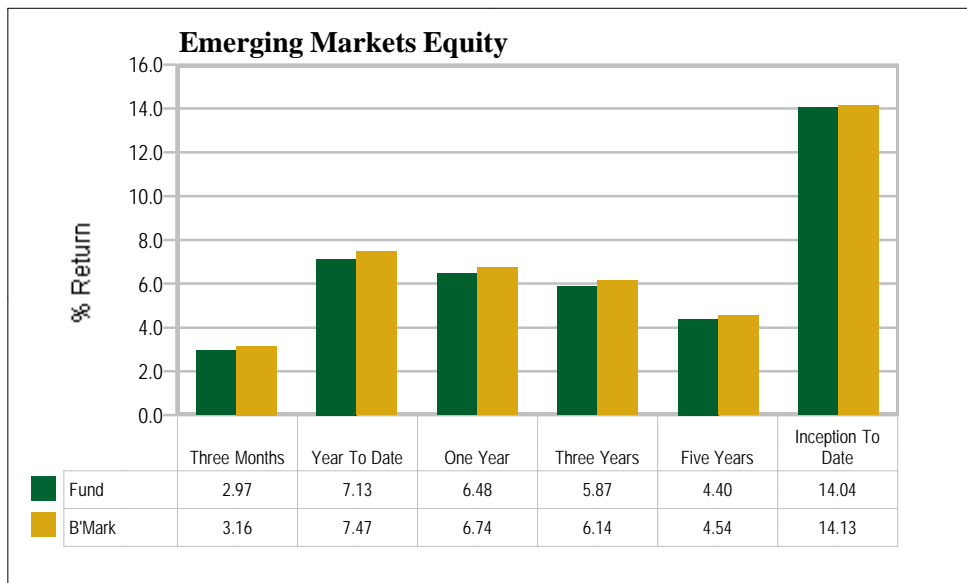


SSGA





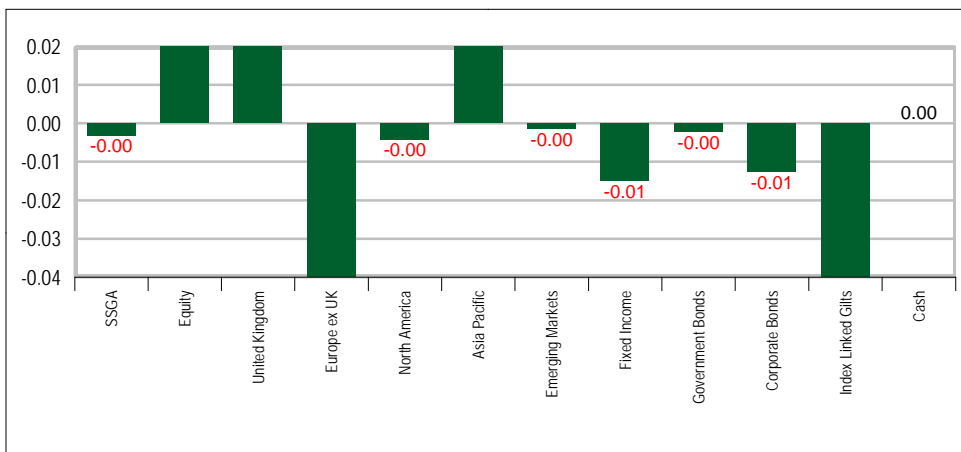
SSGA



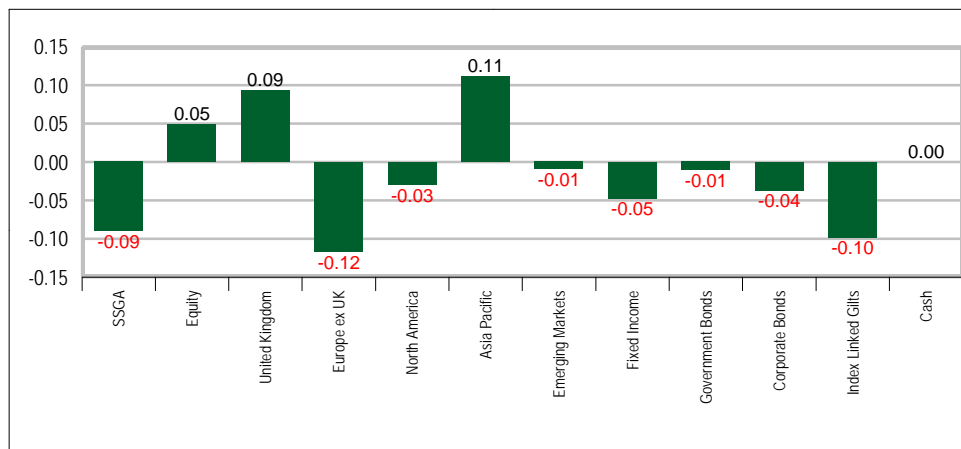


SSGA

Relative Contribution - Three Months



Relative Contribution - One Year



	Return	Benchmark	Relative Return	Asset Allocation	Stock Selection	Relative contribution
SSGA	1.06	1.06	-0.00	0.00	-0.01	-0.00
Equity	0.41	-	0.41	-0.00	0.10	0.09
United Kingdom	-0.78	-0.97	0.20	0.01	0.08	0.09
Europe ex UK	-3.08	-2.38	-0.71	-0.00	-0.08	-0.08
North America	5.98	6.07	-0.09	0.01	-0.01	-0.00
Asia Pacific	2.34	1.45	0.87	-0.01	0.10	0.09
Emerging Markets	3.21	3.16	0.04	-0.00	0.00	-0.00
Fixed Income	2.92	-	2.92	0.00	-0.02	-0.01
Government Bonds	3.56	3.73	-0.16	0.00	-0.00	-0.00
Corporate Bonds	2.81	2.97	-0.16	0.00	-0.01	-0.01
Index Linked Gilts	4.43	5.32	-0.85	0.00	-0.09	-0.08
Cash	-	-	0.00	0.00	0.00	0.00

	Return	Benchmark	Relative Return	Asset Allocation	Stock Selection	Relative contribution
SSGA	7.38	7.47	-0.09	-0.07	-0.02	-0.09
Equity	7.30	-	7.30	-0.02	0.07	0.05
United Kingdom	6.35	6.09	0.25	-0.01	0.11	0.09
Europe ex UK	5.38	6.41	-0.97	-0.01	-0.10	-0.12
North America	18.55	18.71	-0.13	-0.02	-0.01	-0.03
Asia Pacific	2.01	1.23	0.77	0.03	0.09	0.11
Emerging Markets	6.72	6.74	-0.01	-0.01	-0.00	-0.01
Fixed Income	7.17	-	7.17	-0.03	-0.01	-0.05
Government Bonds	5.50	5.65	-0.14	-0.01	-0.00	-0.01
Corporate Bonds	7.47	7.63	-0.15	-0.02	-0.01	-0.04
Index Linked Gilts	7.93	8.79	-0.78	-0.02	-0.08	-0.10
Cash	-	-	0.00	0.00	0.00	0.00



UBS

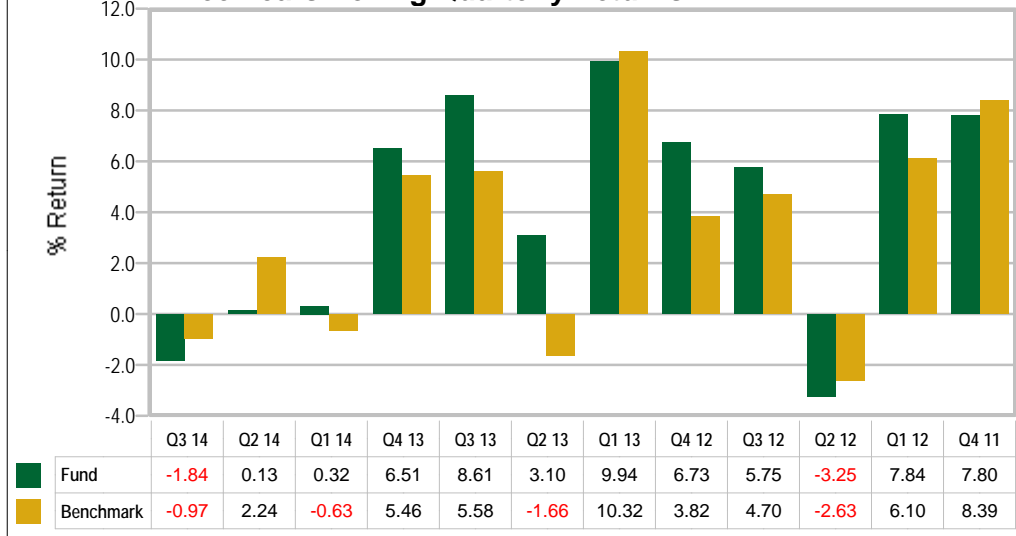
Historical Plan Performance



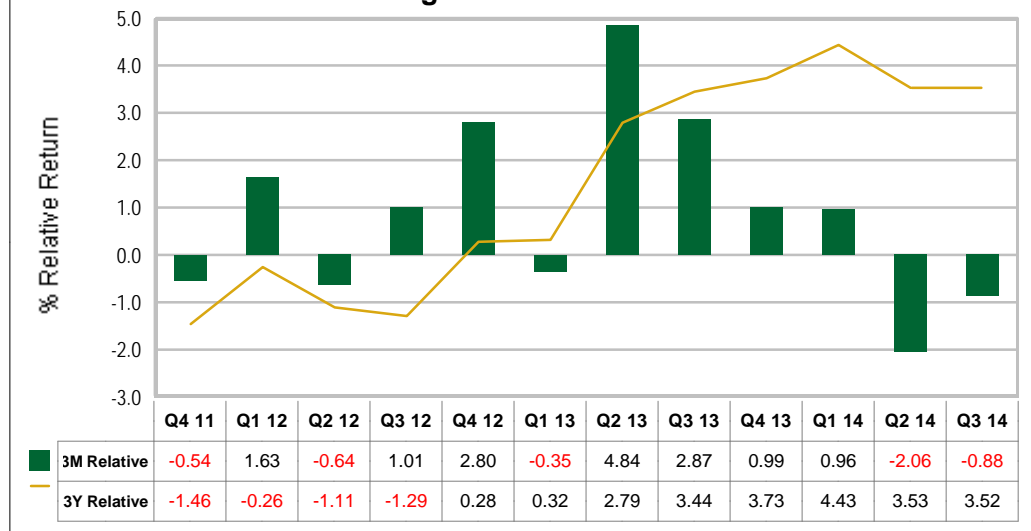
Risk Statistics - 3 years

	Fund	B'mark
Performance Return	17.96	13.94
Standard Deviation	11.45	10.73
Relative Return	3.52	
Tracking Error	3.40	
Information Ratio	1.18	
Beta	1.02	
Alpha	3.38	
R Squared	0.91	
Sharpe Ratio	1.49	1.21
Percentage of Total Fund	15.2	
Inception Date	Dec-1988	
Opening Market Value (£000)	116,020	
Net Investment £(000)	0	
Income Received £(000)	896	
Appreciation £(000)	-3,033	
Closing Market Value (£000)	113,883	

Three Years Rolling Quarterly Returns



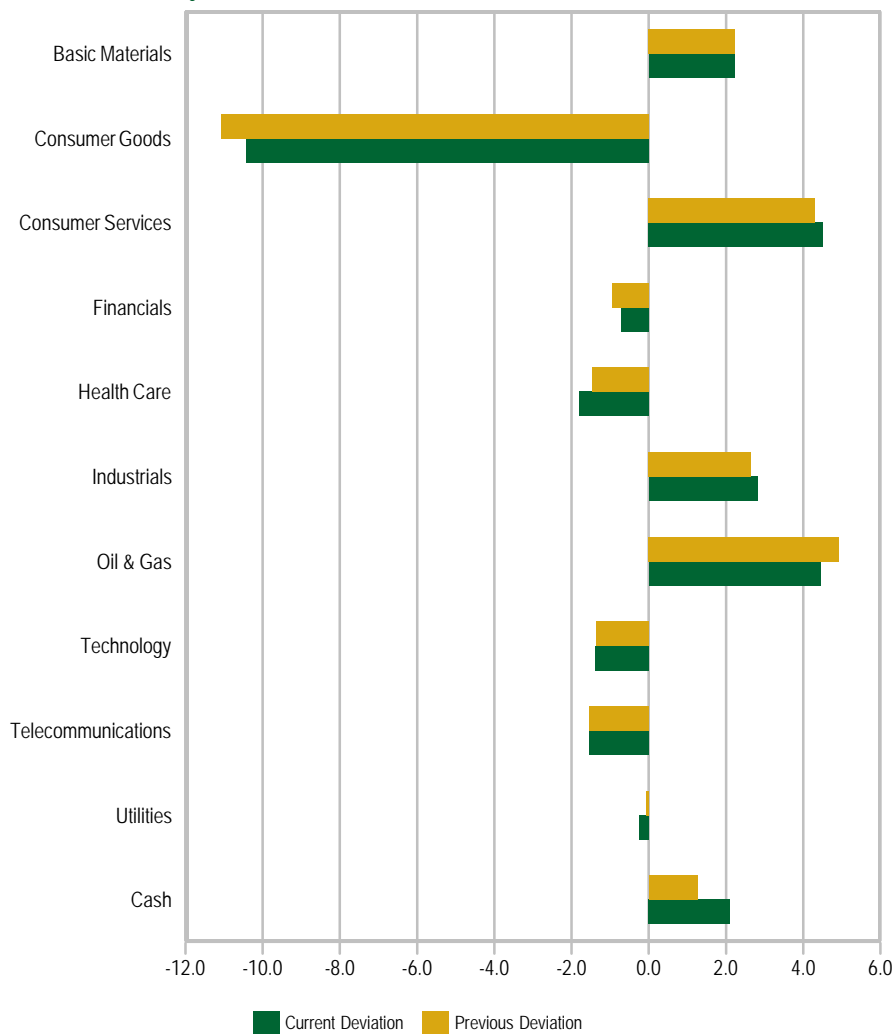
Three Years Rolling Relative Returns





UBS

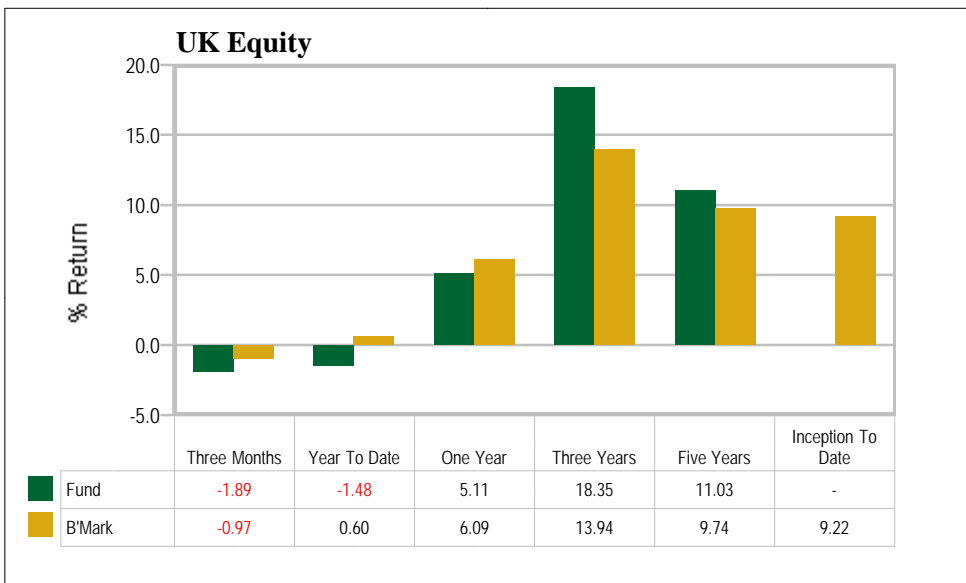
By Sector



	Current Quarter	Previous Quarter	Current Benchmark	Current Deviation	Previous Benchmark	Previous Deviation
Basic Materials	10.06	10.07	7.84	2.22	7.84	2.23
Consumer Goods	3.63	3.00	14.06	-10.43	14.06	-11.06
Consumer Services	14.77	14.77	10.26	4.51	10.47	4.30
Financials	24.29	23.08	25.01	-0.72	24.04	-0.96
Health Care	6.80	7.06	8.61	-1.81	8.52	-1.47
Industrials	12.58	12.62	9.77	2.82	9.97	2.65
Oil & Gas	19.08	20.53	14.64	4.45	15.61	4.92
Technology			1.39	-1.39	1.35	-1.35
Telecommunications	2.98	2.80	4.52	-1.54	4.34	-1.54
Utilities	3.64	3.74	3.91	-0.26	3.80	-0.06
Cash	2.12	1.26		2.12		1.26



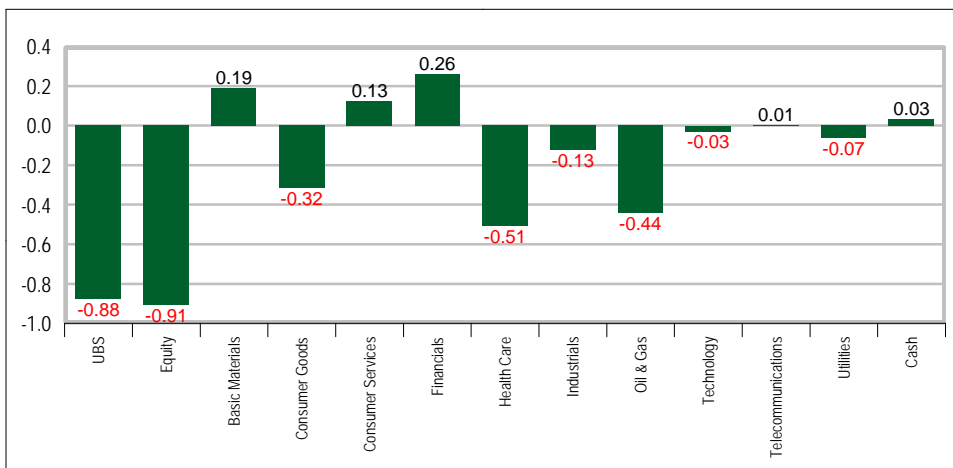
UBS





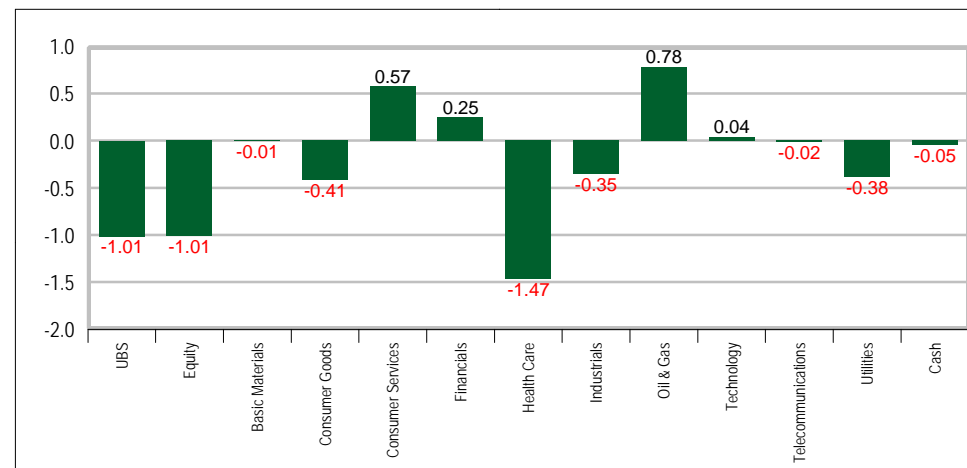
UBS

Relative Contribution - Three Months



	Return	Benchmark	Relative Return	Asset Allocation	Stock Selection	Relative contribution
UBS	-1.84	-0.97	-0.88	-0.73	-0.15	-0.88
Equity	-1.89	-0.97	-0.93	-0.76	-0.15	-0.91
Basic Materials	-0.33	-2.53	2.26	-0.04	0.24	0.19
Consumer Goods	-5.67	0.17	-5.83	-0.11	-0.21	-0.32
Consumer Services	-2.26	-3.99	1.79	-0.13	0.26	0.13
Financials	4.01	2.73	1.25	-0.04	0.30	0.26
Health Care	-6.53	0.35	-6.86	-0.03	-0.48	-0.51
Industrials	-3.64	-3.04	-0.62	-0.06	-0.07	-0.13
Oil & Gas	-7.11	-6.24	-0.92	-0.26	-0.18	-0.44
Technology	-	1.11	-1.10	-0.03	0.00	-0.03
Telecommunications	4.73	2.58	2.10	-0.05	0.06	0.01
Utilities	0.55	2.19	-1.60	-0.01	-0.06	-0.07
Cash	0.09	-	0.09	0.03	0.00	0.03

Relative Contribution - One Year



	Return	Benchmark	Relative Return	Asset Allocation	Stock Selection	Relative contribution
UBS	5.01	6.09	-1.01	-0.66	-0.40	-1.01
Equity	5.05	6.09	-0.98	-0.61	-0.40	-1.01
Basic Materials	0.65	-0.62	1.27	-0.14	0.14	-0.01
Consumer Goods	11.94	9.22	2.49	-0.25	-0.16	-0.41
Consumer Services	2.92	-1.78	4.78	-0.31	0.88	0.57
Financials	5.81	4.83	0.93	0.00	0.25	0.25
Health Care	3.81	25.53	-17.30	-0.17	-1.30	-1.47
Industrials	-2.66	-0.83	-1.84	-0.14	-0.22	-0.35
Oil & Gas	14.58	10.22	3.95	0.15	0.63	0.78
Technology	-	-0.55	0.55	0.10	-0.06	0.04
Telecommunications	-1.75	1.12	-2.84	0.09	-0.10	-0.02
Utilities	-0.72	11.72	-11.14	0.04	-0.42	-0.38
Cash	0.73	-	0.73	-0.05	0.00	-0.05



UBS Property

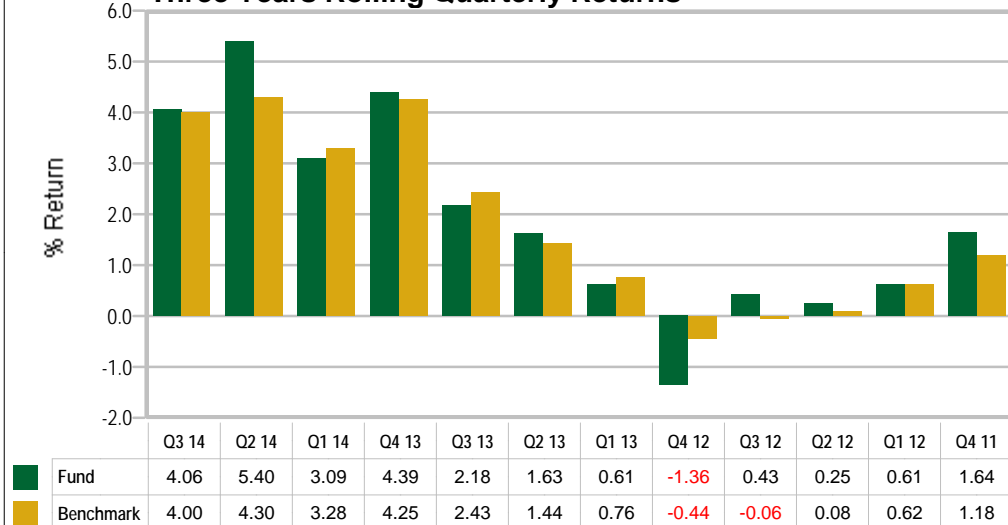
Historical Plan Performance



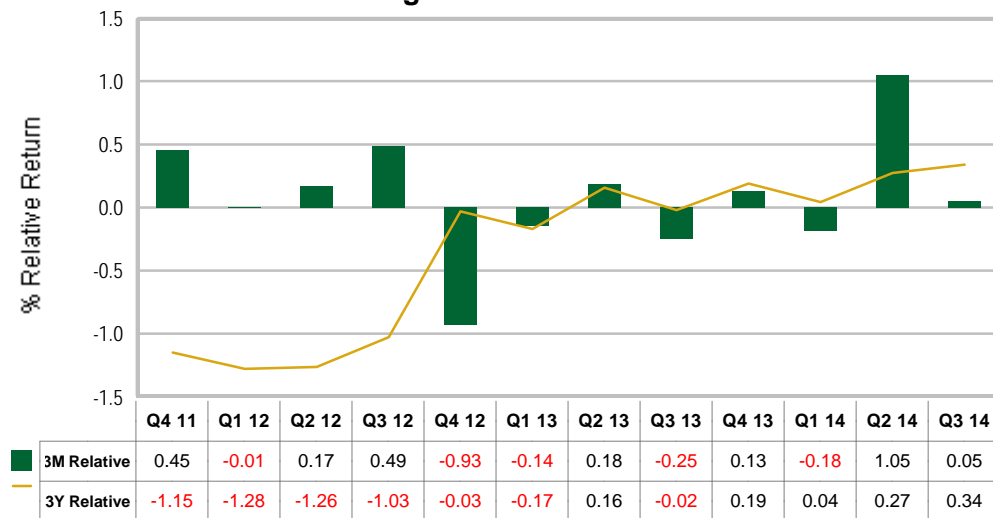
Risk Statistics - 3 years

	Fund	B'mark
Performance Return	7.79	7.43
Standard Deviation	2.66	2.06
Relative Return	0.34	
Tracking Error	1.35	
Information Ratio	0.27	
Beta	1.11	
Alpha	-0.32	
R Squared	0.76	
Sharpe Ratio	2.59	3.17
Percentage of Total Fund	8.1	
Inception Date	Mar-2006	
Opening Market Value (£000)	58,020	
Net Investment £(000)	0	
Income Received £(000)	617	
Appreciation £(000)	1,737	
Closing Market Value (£000)	60,373	

Three Years Rolling Quarterly Returns



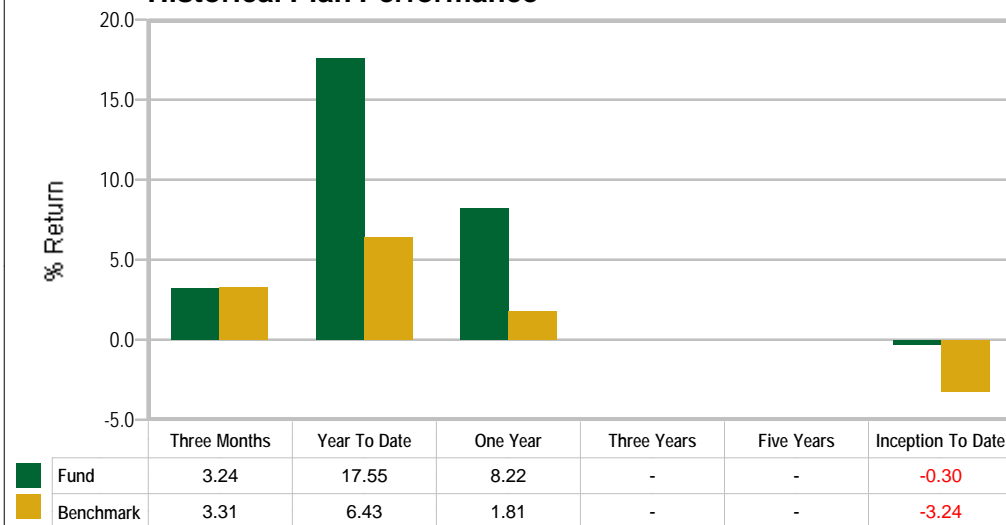
Three Years Rolling Relative Returns





UBS Tactical

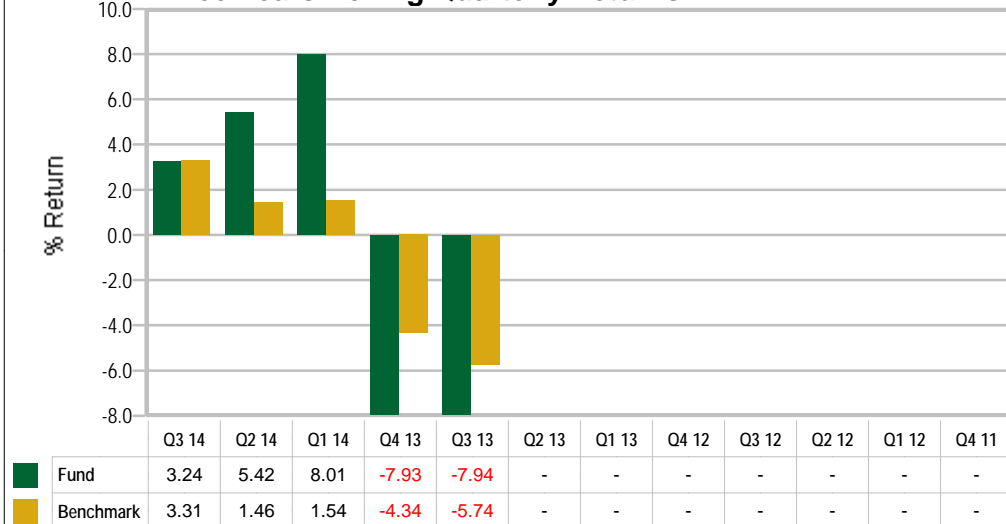
Historical Plan Performance



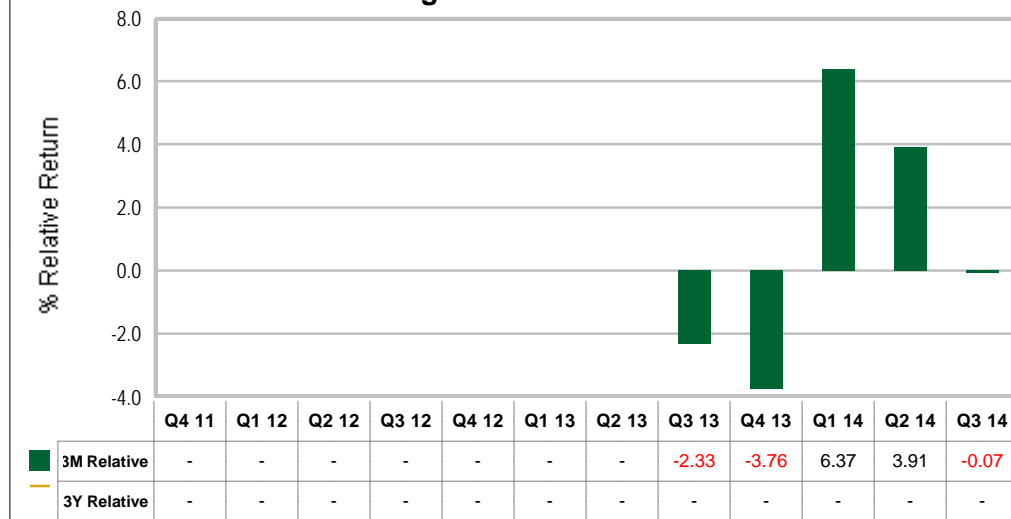
Risk Statistics - 3 years

	Fund	B'mark
Performance Return	-	-
Standard Deviation	-	-
Relative Return	-	-
Tracking Error	-	-
Information Ratio	-	-
Beta	-	-
Alpha	-	-
R Squared	-	-
Sharpe Ratio	-	-
Percentage of Total Fund	1.9	
Inception Date	Jun-2013	
Opening Market Value (£000)	13,571	
Net Investment £(000)	0	
Income Received £(000)	4	
Appreciation £(000)	435	
Closing Market Value (£000)	14,010	

Three Years Rolling Quarterly Returns

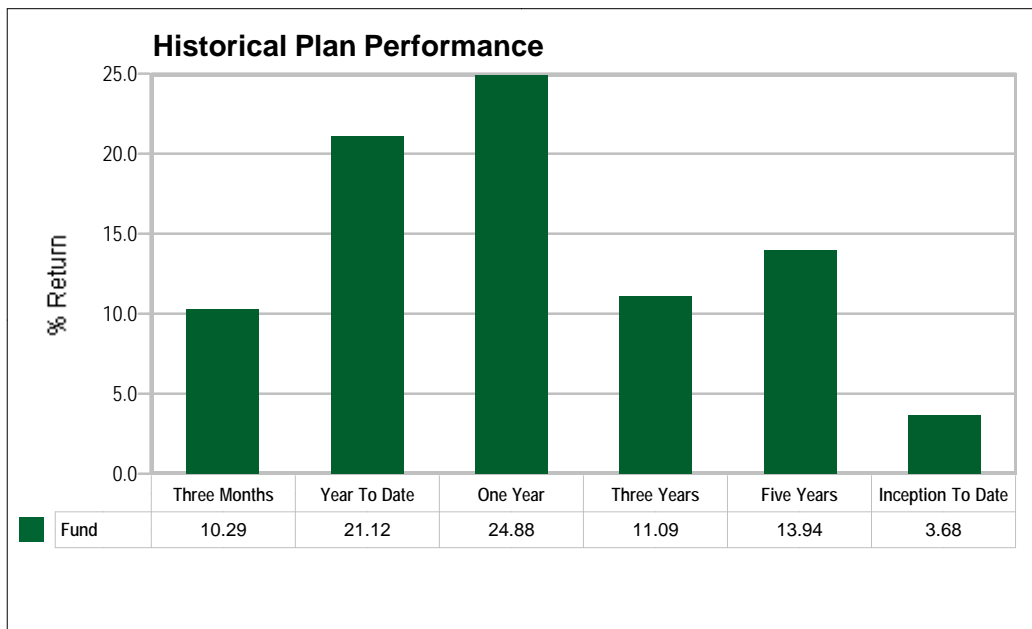


Three Years Rolling Relative Returns

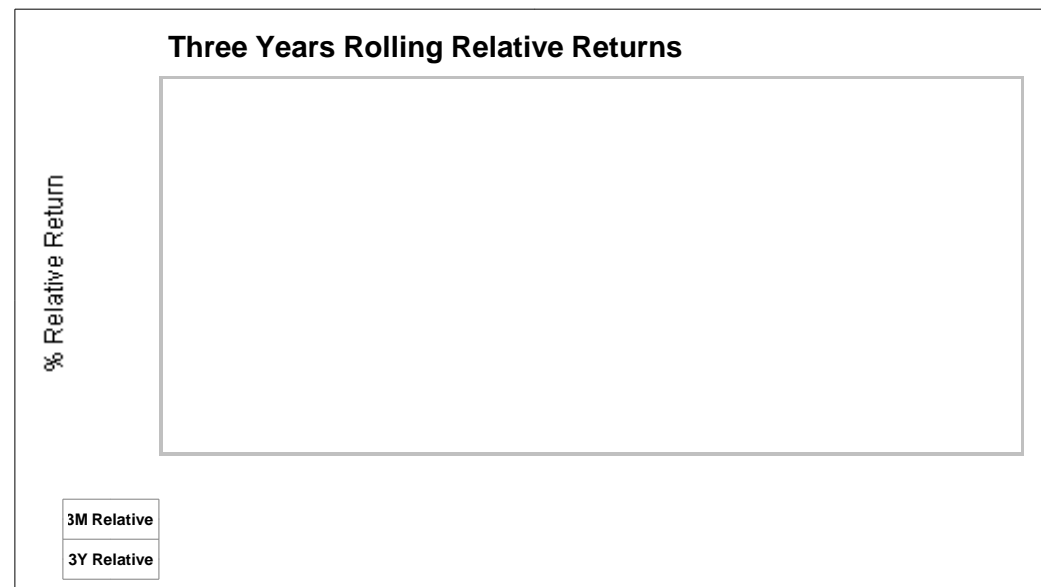
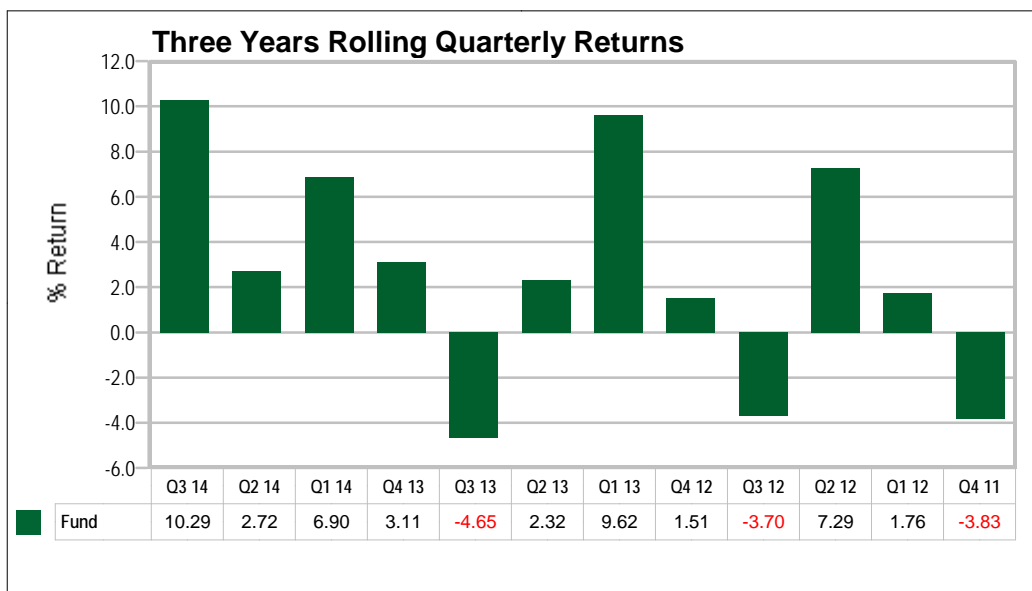




Adam Street



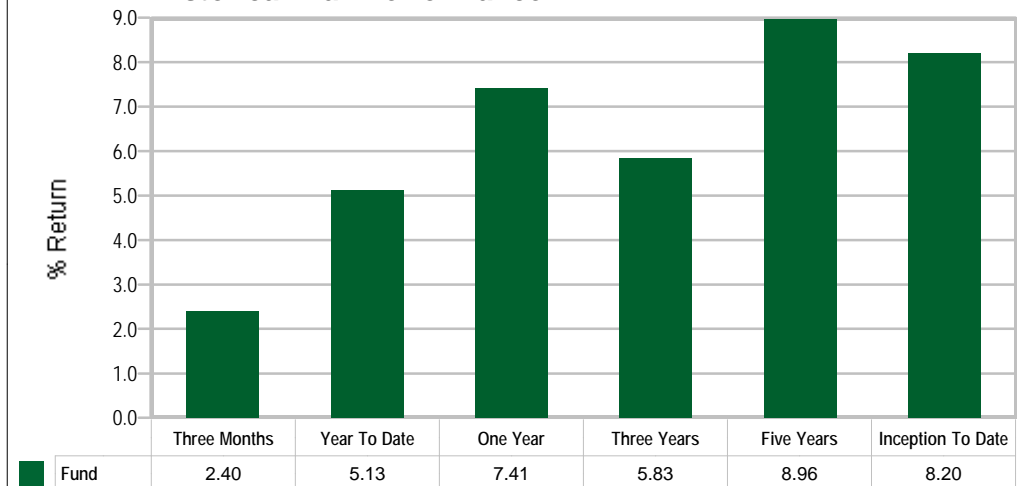
Risk Statistics - 3 years	Fund	B'mark
Performance Return	11.09	
Standard Deviation	9.18	
Relative Return	0.99	
Tracking Error	9.18	
Information Ratio	0.12	
Beta	8.69	
Alpha	-48.83	
R Squared	0.02	
Sharpe Ratio	1.11	
Percentage of Total Fund	3.0	
Inception Date	Jan-2005	
Opening Market Value (£000)	20,966	
Net Investment (£000)	-644	
Income Received (£000)	1	
Appreciation (£000)	2,106	
Closing Market Value (£000)	22,428	





LGT

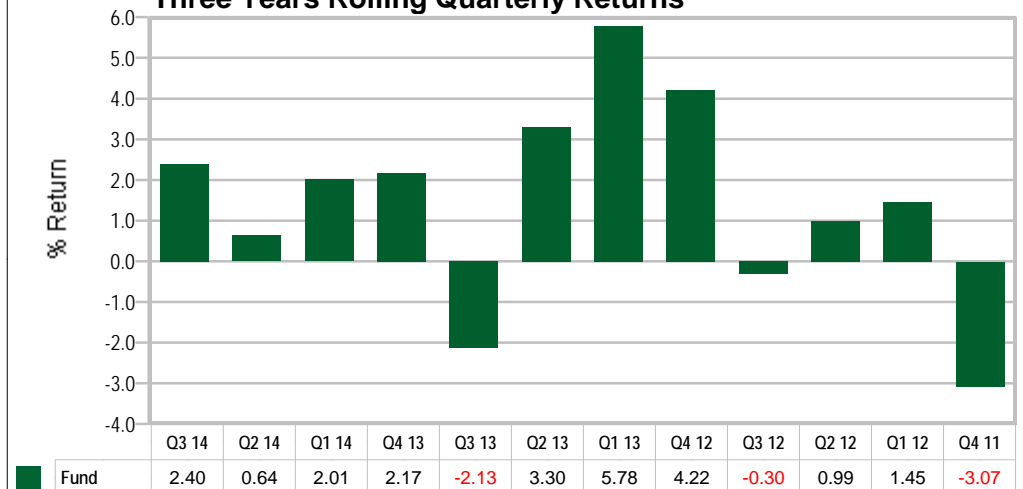
Historical Plan Performance



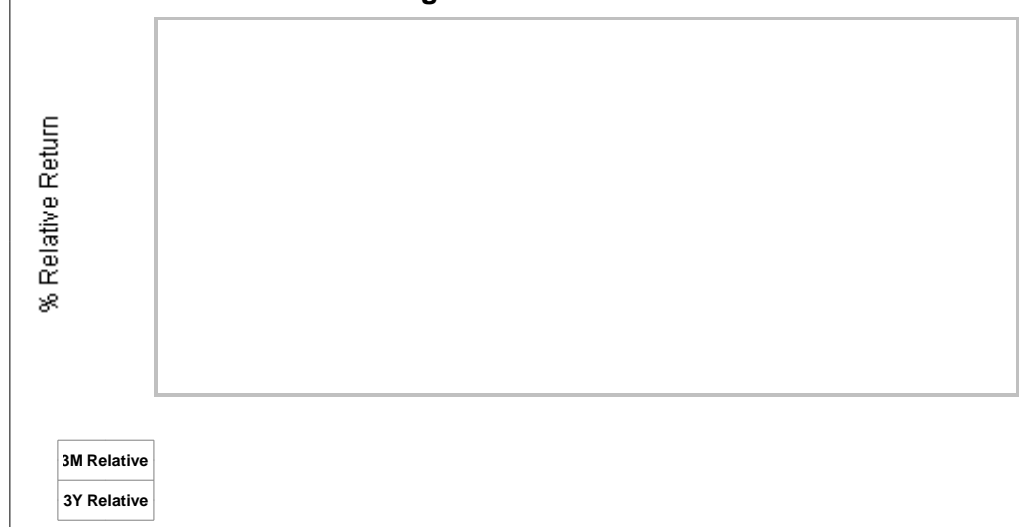
Risk Statistics - 3 years

	Fund	B'mark
Performance Return	5.83	
Standard Deviation	5.60	
Relative Return	-8.89	
Tracking Error	8.04	
Information Ratio	-1.28	
Beta	0.31	
Alpha	0.37	
R Squared	0.27	
Sharpe Ratio	0.88	
Percentage of Total Fund	1.9	
Inception Date	May-2004	
Opening Market Value (£000)	15,058	
Net Investment (£000)	-1,091	
Income Received (£000)	0	
Appreciation (£000)	348	
Closing Market Value (£000)	14,314	

Three Years Rolling Quarterly Returns



Three Years Rolling Relative Returns





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

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

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

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 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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