



*4th Quarter, 2014*

*London Borough of Hillingdon*

# *London Borough of Hillingdon*

*4th Quarter, 2014*



## **Executive Report**

<b>3</b>	International Overview
<b>6</b>	Plan Commentary
<b>8</b>	Scheme & Manager Performance
<b>11</b>	Balance Sheet
<b>13</b>	Combined Fund Performance
<b>14</b>	Component Returns - Equity
<b>16</b>	Component Returns - Fixed Income
<b>17</b>	Component Returns - Other Assets
<b>19</b>	Policy Attribution By Manager
<b>20</b>	Manager Fund Performance

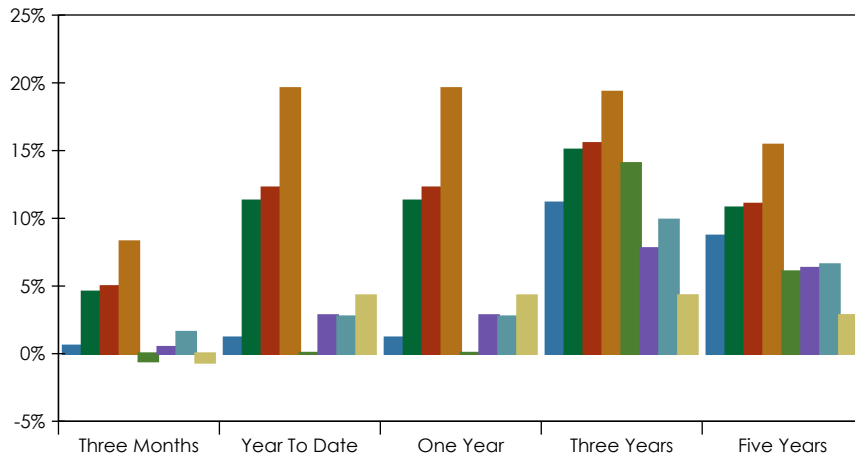
## **Appendix**

<b>40</b>	Benchmarks
<b>41</b>	Glossary of Risk Formulae
<b>42</b>	Glossary of Risk Formulae contd
<b>43</b>	Glossary of Equity Characteristics
<b>44</b>	Glossary of Fixed Income Characteristics
<b>45</b>	Disclaimer



## Equity Index Performance (in GBP)

### Performance History



### Performance Returns%

	Three Months	Year To Date	One Year	Three Years	Five Years
■ FTSE All Share	0.6	1.2	1.2	11.1	8.7
■ FT: World	4.6	11.3	11.3	15.0	10.8
■ FT: World ex UK	5.0	12.3	12.3	15.5	11.1
■ FT: AWI North America	8.3	19.6	19.6	19.3	15.4
■ FT: Developed Europe ex UK	-0.5	0.0	0.0	14.1	6.1
■ FT: Developed Asia Pac x Jp	0.5	2.8	2.8	7.8	6.3
■ FT AW: Japan	1.6	2.7	2.7	9.9	6.6
■ MSCI Emerging Markets GD	-0.6	4.3	4.3	4.3	2.8

As 2014 ended financial news was dominated by one thing - the tumbling price of oil. Russia was bracing itself at the start of November as president Putin heralded "a new chapter in the history of oil markets". Crude had dropped to \$80 at that point which equalled an annual revenue fall of \$150bn for OPEC producers. The price of crude oil futures ended the quarter approaching 50% down at \$57 per barrel, five year lows. The price drop represents a significant shift of funds from producers to consumers, who, being more likely to spend should generate global demand in the region of an additional 0.5%. However the sword is double edged; the risk of bankruptcy in the Energy sector is significant and as net importers (Japan, China, India) benefit from the increased income, net exporters (Russia and Iran) that rely on that revenue could increase global geopolitical risk. The IMF lowered its global growth forecast from 3.8% to 3.5% for 2015. The US Senate has expressed concerns over the physical commodity activities of Investment Banks in oil, metals and power plants. Catastrophic events could leave them underinsured by up to \$15bn and lead to further taxpayer bail outs. Globally, Oil & Gas continued as the worst performing sector over quarter four, Consumer Services was the best performer. The FTSE World was up by 4.6% (GBP) over quarter four 2014 and is ahead by 11.3% over the year (GBP).

Despite an expanding British economy and lower unemployment, tax revenues are down and borrowing estimates are up as exports continue to disappoint. The current account deficit is as wide as it has been in peacetime due to falls in income from abroad and increases in payments to foreign investors. Several large stocks had a 2014 to forget. Barclays were caught up in the LIBOR and FX manipulation scandals. Tesco and J Sainsbury issued a string of profit warnings as they failed to deal with discount competition. Marks and Spencer ended the year with poor forecasts after website failure in the important run up to Christmas and losing clothing market share. BP was inevitably dragged lower by the falling oil price. Unemployment remains below 2m at a rate of 6% and GDP up by 0.7% over Q3. Oil & Gas lost most value over the quarter and Technology made the biggest gains. Health Care was the best performing sector over 2014. The FTSE All Share was up 0.6% (GBP) over the fourth quarter and remains ahead over one year, now by 1.2% (GBP).

The Eurozone failed to deliver economic growth in 2014. GDP grew by 0.2% over quarter 3 but inflation turned negative as energy prices fell. Manufacturing data was disappointing to end the year as output, new orders and employment slowed. German concerns about the expansionist ambitions of Russia in the Balkans were expressed by its president. France and Germany clashed over economic policy with accusations that the Germans are failing to expand demand and the French are failing to slim down the state. Another Greek government crisis hammered domestic stocks but did not spread elsewhere. Royal Dutch Shell and Total both lost value over the quarter. Shares in Denmark's Vestas, the world's largest wind turbine supplier fell along with many clean energy companies as oil becomes more affordable. Germany's EON and Rwe utilities giants lost value as the country transitions to renewables and supply from wind and solar sources increased rapidly. Consumer Services gained most value over the quarter and Oil & Gas was the worst performer. The FTSE Developed Europe ex UK index returned -0.5% (GBP) over quarter four and 0% (GBP) over the year.

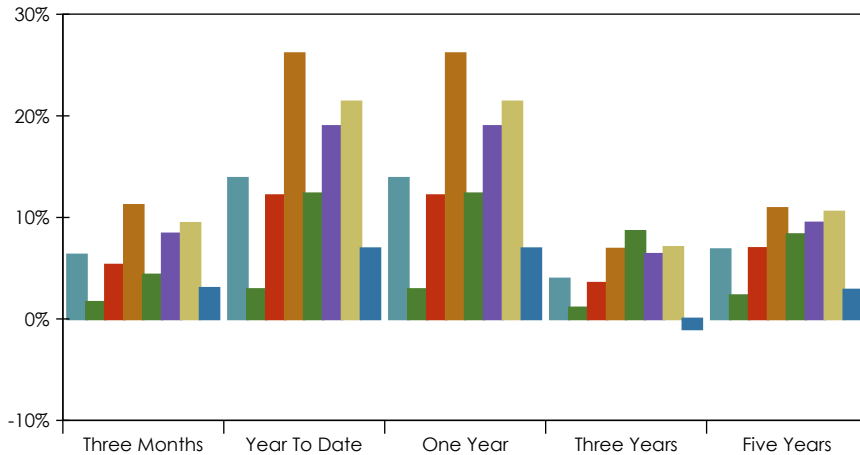
US GDP was revised up to 5% for Q3 marking the strongest consecutive quarterly growth for a decade. Consumption grew more than expected due to the drop in oil prices and increased job creation, the benefit was felt in US car sales as Fiat Chrysler and GM enjoyed strong year ends. The dollar index returned 13% for 2014, boosted at the end of the year by signals from the Fed that interest rates could rise sooner than expected. The S&P500 rose 11% over 2014 following the 30% gain in 2013 and equity analysts are optimistic the Bull run will continue. Shares linked to Oil & Gas struggled over the last quarter, Caterpillar dropped 20% over the last 6 months, Tesla Motors, the electric car maker also suffered. Shares in non-oil related Twitter dropped almost 50% over the year based on fears the user base was not growing fast enough. Over both quarter four and 2014 Oil & Gas lost most value and Utilities made the biggest gains. The FTSE North America index returned 8.3% (GBP) over the fourth quarter and 19.6% (GBP) for the year.

The Japanese government agreed corporate tax cuts in the hopes that companies will raise wages and increase demand. Japan's economy unexpectedly entered recession in Q3 and inflation fell to a 13 month low below 1%. Basic Materials led the Japanese sectors; Oil & Gas was the worst performer. The FTSE Japan returned 1.6% (GBP) for quarter four and the FTSE Developed Asia Pacific ex Japan returned 0.5% (GBP). Emerging Markets were hit hard as Russian equities and bonds tumbled along with the rouble. The falling oil price exacerbated the pressures already stemming from the sanctions imposed over Mr Putin's Ukrainian revanchism. Investors were only inspired to panic by the steep rate rise meant to prop up the rouble and Russian banks were warned against speculating on their own currency. Chinese GDP predictions for Q4 are around 7%, the lowest since the depths of the global crisis. Manufacturing data sputtered to end the year as factories dealt with rising costs and lower demand. The Chinese solar panel maker Yingli's share price fell, another clean energy company to feel the heat from the lower price of oil. Gold was down again ending December at \$1,187 per ounce. The MSCI Emerging Markets index returned -0.6% (GBP) for the fourth quarter and 4.3% (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	6.3	13.9	13.9	4.0	6.8
■ FTSE All Stock 0-5 Yr. Gilts	1.6	2.9	2.9	1.1	2.3
■ FTSE All Stock 5-15 Yr. Gilts	5.3	12.2	12.2	3.5	6.9
■ FTSE All Stock > 15 Yr. Gilts	11.2	26.1	26.1	6.9	10.9
■ ML STG N-Gilts All Stocks	4.3	12.3	12.3	8.6	8.3
■ FTSE Index Linked	8.4	19.0	19.0	6.4	9.5
■ FTSE Index Linked 5+ yrs	9.4	21.4	21.4	7.1	10.5
■ JPM GBI Global	3.0	6.9	6.9	-1.0	2.9

The plummeting price of oil rapidly became the biggest story in Q4. A smorgasbord of headwinds in the shape of newly uncovered oil fields, weakening global demand, and an easing of geopolitical tensions in the Middle East has clobbered the value of 'Black Gold' sending prices spiralling downwards, from comfortably north of \$100 per barrel as mid-year to less than \$60 in December. The situation has been exacerbated by the trade bloc OPEC (Organization of Petroleum Exporting Countries) and its refusal to limit oil production in an endeavour to support the commodity's value. Inflation expectations saw bond yields pushed lower on both sides of the Atlantic, and investors deserting the energy-heavy junk bond sector in droves. Global economic output fell to a 14-month low in December, the JP Morgan Global Manufacturing & Services PMI finishing 2014 at 52.3 from 54.2 twelve months earlier. Prime Minister Shinzo Abe enjoyed a two-thirds majority victory in a snap general election in Japan, despite his economic reforms not yet having the desired effect. The world's third largest economy has fallen into recession following quarter three's contraction in GDP of 0.5%. In anticipation, the Bank of Japan had already announced plans to markedly increase its asset purchase program. Muted economic data in China and a domestic economy expanding at its slowest pace in five years resulted in the People's Bank of China pulling the trigger on a 0.4% interest rate cut, the first relaxation in monetary policy since July 2012. The HSBC China Composite PMI slipped below the key 50-level for the first time in seven months when December's reading came in at 49.5. A sub-50 level signifies contraction. Over the quarter and year to date the JPM Global Government Bond index has advanced 3.0% and 6.9%, while the Barclays Capital Global Aggregate Corporate Bond index was up 4.0% and 9.6% (all UK).

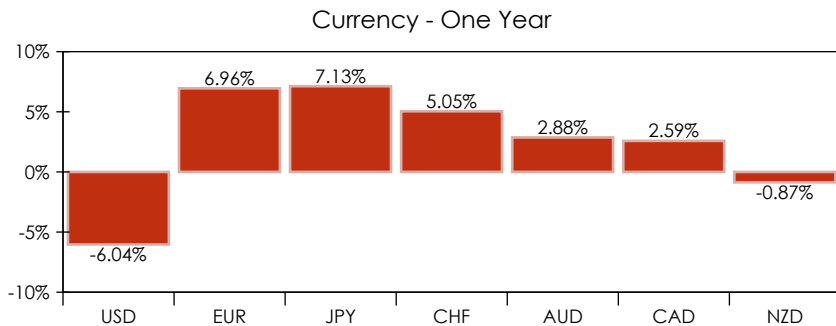
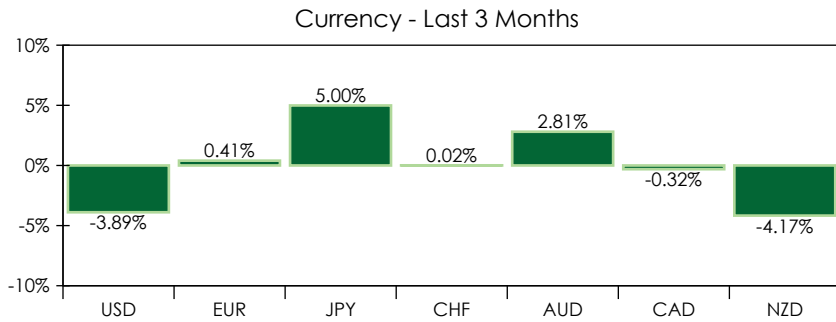
The UK remained one of the fastest growing G7 economies in 2014, despite a downward revision of annual GDP late in December. Quarter three GDP was confirmed at 0.7%, down from quarter two's growth rate of 0.9%, and the original year-on-year growth figure of 3% was revised down to 2.6%, indicating the recovery is perhaps beginning to run out of steam. The Markit/CIPS UK Manufacturing Purchasing Managers' Index (PMI) finished the year at a three-month low of 52.5. UK interest rates were held at their emergency 0.5% level for the seventieth consecutive month in December, and anticipation of any pre-summer 2015 hike seems to have disappeared far over the horizon. Lower fuel prices pushed December's rate of inflation down to a twelve-year low of 1%, and the Bank of England has forecast that the rate will fall further still. As a result of the inflation rate fall to 1%, the Office for National Statistics confirmed that regular pay exceeded inflation for the first time since September 2009. Unemployment numbers continue to move in the right direction, although the monthly falls are becoming less. The jobless rate, however, of 6% matches the lowest level in six years. Following the revisions to the official GDP data, yields fell and the benchmark 10-year gilt yield settled at 1.76% at the end of the quarter, down from 2.42% at the end of Q3. The FTSE All Stock Gilt Index returned 6.3% for the quarter and 13.9% year to date while the ML Sterling Non Gilts Index returned 4.3% and 12.3% (all GBP) over the same periods.

Macroeconomic data from the eurozone bloc continued to indicate subdued levels of growth. Weak quarter three GDP of 0.2% was guardedly welcomed following the zero expansion witnessed in Q2. November's inflation figure fell to 0.3% from 0.4% the prior month. The Markit composite purchasing managers' (PMI) index rose in December, but the reading of 51.4 indicates a pace of expansion as one of the weakest seen over the last year. Germany's own PMI for December fell to its lowest reading in 18 months, and the Bundesrepublik avoided falling into recession by only a hair, with growth in Q3 of a single basis point. In France, the number of people seeking work has soared to a record high of 9.9%, a 5.8% increase in 2014 alone. Away from the single currency union, the Russian central bank lofted interest rates to 17% in an endeavour to support the crumbling rouble as sanctions imposed by western governments start to bite and has seen the Russian economy contract for the first time in five years. The flip-side of the rouble's woes has seen investors seek solace in the Swiss franc, the rise of which has forced Switzerland's National Bank to introduce negative interest rates, forcing investors to pay a fee for hoarding cash in the nation's numerous bank vaults. The iTraxx Europe 5yr CDS index, representative of 125 investment grade entities across 6 sectors, tightened over the quarter, from 49.15 at the end of September, closing the year at 40.95. The JPM European Government Bond Index returned 3.6% and 15.1% for Q4 and the year to date respectively, while the Barclay Capital Euro Aggregate Credit Index was up at 1.6% and 8.4% (all EUR) for the same periods.

The measure of economic growth - Gross Domestic Product - is starting to shift into high gear in the United States. The economy grew at an annual rate of 5% in the third quarter, the fastest recorded pace in eleven years. The US consumer is the driving force, with spending growing at an annual pace of 3.2%, an acceleration not seen since the fourth quarter of 2013. Consumer confidence was measured at a seven-year-high in October, with the Conference Board's index rising to 94.5. Firms are now more confident about taking on employees than at any time since the subprime mortgage crisis; business investment rose 8.9% in the third quarter. November's US Non-Farm Payrolls registered the biggest monthly increase in almost three years and the overall unemployment rate held steady through the quarter at a six-year low of 5.8%. The Markit US Manufacturing PMI remains in expansionary territory, but eased for the fourth consecutive month with December's reading of 53.9. The Federal Reserve held good on the promise to bring the curtain down on the six-year old quantitative easing program with confirmation that the final tranche of bonds would be bought in December. Despite this move, Chair Janet Yellen moved to calm markets in saying the US central bank would remain "patient" in its approach to bumping borrowing costs higher. The benchmark 10-year US Treasury yield, which had suffered a dramatic, intra-day "flash-crash" in mid-October and saw yields plunge to a low of 1.86%, finished the quarter down at 2.17% from an opening 2.49%. The JPM US Government Bond Index was up for the quarter and for the year at 2.3% and 6.1% respectively, while the Barclay Capital US Aggregate Corporate Bond Index returned 1.8% over the quarter and 7.5% for the year (all USD).



### Currency Performance (in GBP)



	Three Months	Year To Date	One Year	Three Years	Five Years
United States dollar	-3.89	-6.04	-6.04	0.11	-0.70
European Union euro	0.41	6.96	6.96	2.45	2.70
Japanese yen	5.00	7.13	7.13	14.88	4.36
Swiss franc	0.02	5.05	5.05	2.13	-1.49
Australian dollar	2.81	2.88	2.88	7.62	1.19
Canadian dollar	-0.32	2.59	2.59	4.40	1.29
New Zealand dollar	-4.17	-0.87	-0.87	0.05	-2.13

The fourth quarter of 2014 saw the Dollar strengthen against the Yen, Euro and Sterling. It was a very different picture for the Russian Rouble. The Rouble plummeted during December as Russia announced its economy had shrunk for the first time in more than five years. Russia's GDP shrank by 0.5% year-on-year in November, the first fall since October 2009. The announcement sent the Rouble plummeting. Falling oil prices and Western sanctions over Ukraine continued to take their toll on Russia, whose wealthier citizens look to place their money in more stable investments abroad. The ministry chalked up the negative growth to a slowdown in a number of sectors including services, agriculture and construction. Inflation also grew rapidly. Amid the Roubles collapse, Russia's central bank raised interest rates to 17% from 10.5% to prop up the economy. Russians also snapped up imported goods ahead of expected price rises. The Yen also saw significant losses this quarter. Japan's government approved a 3.5 trillion (\$29 bn) fiscal stimulus package to boost the economy after the April sales tax hike caused consumption to fall. The measures include shopping vouchers, subsidised heating fuel for the poor and low interest loans for small businesses. Unexpected falls in output and retail sales in November underscored the continued weakness in the economy. With little sign of a rebound in domestic demand, getting growth back on a recovery track is a priority for Prime Minister Shinzo Abe.

In the UK, Q4 2014 saw Sterling strengthen against the Euro and Yen, but weakened against the Dollar. At its December 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. The Consumer Price index fell to 1.0% in November compared to 1.3% in October. It is the lowest rate since September 2002. One factor keeping inflation low has been the 25% fall in the oil price since the summer, which has cut fuel prices at the pumps for motorists. Fierce competition between supermarkets has also meant cheaper food for customers. British manufacturing expanded more slowly than expected in December after new orders from overseas clients failed to pick up. Despite the December slowdown, growth remained solid, with the latest figures extending the unbroken period of expansion in production and new orders to 22 months. The UK jobs market continued to improve in the three months to October with the number of people out of work falling by 63,000 to 1.96 million. This brings the unemployment rate down to 6.0%, matching the lowest level in six years. According to the Nationwide building society, the annual pace of house price growth is now at its slowest for a year at 7.2% in December, down from 8.5% in November. The average house price in the UK now sits at £188,559. Sterling closed the quarter up against the Euro and Yen by 0.41% and 5.00% respectively. It weakened against the Dollar by 3.89%.

In the US, the Dollar gained significant ground on the Euro, Sterling and Yen. US inflation, based upon the consumer price index, declined to 1.3% in November. Food prices have jumped by 3.2% over the past 12 months. More important for consumers' wallets, gasoline prices were down 10.5% from the same time last year. Economists are slashing US inflation forecasts for 2015 as oil prices tumble. Federal Reserve policymakers said they could begin raising interest rates before inflation starts to pick up, according to minutes in their December meeting. However, the Fed officials added that they "would want to be reasonably confident that inflation will move back" toward the Fed's annual 2% target over time. The assertion provides another signal that the Fed is prepared to begin raising its benchmark rate within months, even if inflation remains unusually low. US consumer confidence rose in December, bolstered by a brightening jobs situation that left perceptions about economic conditions at a high not seen since February 2008. The US un-employment rate dropped to 5.6% in December and is the lowest recorded since July 2008. Employers added 252,000 jobs in December. The number of unemployed was 8.7 million. The big drop in unemployment highlights the strength of the US economy relative to feeble growth in Europe and slowing growth in China. The US trade deficit dropped to \$39bn in November from a revised \$42.3bn in October. It is the lowest deficit since December 2013 supported by a fall in crude oil imports. In November, imports declined by 2.2% to \$235bn and exports declined by 1% to \$196bn. The Dollar strengthened against the Euro, Sterling and Yen by 4.30%, 3.89% and 8.89% 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 fourth quarter 2014 financial news was dominated by the tumbling price of oil. Newly uncovered oil fields, weakening global demand and an easing in geopolitical tensions in the Middle East has sent oil prices significantly downwards. The increase in supply and the decline in global demand should create a boost for the global economy; according to estimates this could increase global output by 0.5% and strongly benefit consumers. Globally Consumer Services and Technology were the best performing sectors over quarter four. Oil & Gas lost most value over the quarter followed by Basic Materials. The UK remained one of the fastest growing G7 economies in 2014 despite a downward revision of annual GDP late in December. UK interest rates were held at their 0.5% level and anticipation of any pre summer 2015 hike seems to have disappeared. UK Inflation reached a 12 year low of 1% in the main due to the falling oil prices. Globally Corporate Bonds continue to outperform Government Bonds. Against this backdrop the London Borough of Hillingdon returned 2.16% which leads to an underperformance of 11 basis points against the Total Plan benchmark of 2.27%. In monetary terms this is a growth in assets of £16.4 million, including the small contribution into the scheme this quarter and the value of the combined scheme now stands at £764.8 million as at 31st December 2014. This period the Barings mandate was terminated and the £64 million was transferred to the new GMO mandate, while £23 million was taken from JP Morgan with £5 million used to fund the creation of Premira Credit and the remained placed with the UBS Tactical mandate. Looking further into the analysis the results seen were driven by the underperformance of Kempen (-39 bps), Private Equity (-12 bps) and M&G (-8 bps) although this was offset by the positive impact of Ruffer (+34 bps) and the new GMO fund (+17 bps). While in allocation terms most mandates are in line with the neutral position, so effects are minimal.

This means that the Scheme finished the year behind target by posting a return of 6.46%, which is relatively -32 basis points below the total benchmark of 6.79%. Similar to the quarter the largest impact comes from Kempen (-73 bps) this time coupled with UBS (-21 bps) and Newton (-14 bps), while the biggest positive effects were once again Ruffer (+63 bps) combined with Adam Street (+31 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 9.83% over three year versus 9.10%, while for 5 years we see figures of 8.06% versus 7.42% per annum. Then since inception in September 1995, the Fund remains ahead of target by 4 basis points with an annualised return of 6.81% against 6.77%.

## Manager Performance

### AEW UK

In the fourth quarter the AEW UK property mandate posted a return of 4.13% which falls short of the IPD UK PFI All Balanced Funds index figure of 4.6%. Then in the six months since inception in June 2014, the fund return increases to 8.54%, although this is still below the IPD figure of 8.78%, which translates as an underperformance of -22 basis points.

### Barings

During this quarter the Barings mandate was terminated.

### JP Morgan

During the latest quarter JP Morgan produced a 0.69% return which was 19 basis points below the 0.88% target for the 3 Month LIBOR + 3% p.a. This means over 2014, they fall -1.67% short of the yardstick generated by figures of 1.83% against 3.56%. They have now been investing for just over 3 years and in that time since November 2011 they post a return of 3.81% versus 3.66%, which is 0.14% on a relative annualised basis.

### Kempen

Once again the Kempen mandate posted the largest underperformance of the quarter at -3.47% caused by a return of 1.98% compared to the 5.65% posted by the MSCI All World Index +2%. This means all time periods show underperformance, with 5.79% vs 14.29% for the calendar year and culminating in a return since inception in January 2013 of 6.07% versus the benchmark of 16.92%; which is a relative return of -9.29%.

### Macquarie

Once again Macquarie posted one of the highest absolute returns in Q4 with 4.23%, leading to the highest relative return of 3.32%, when compared to the 0.88% for the 3 Month LIBOR +3% p.a. This more than offsets the losses seen in the first half of 2014 and lead to a one year growth in assets of 6.87% which is 3.20% ahead of the benchmark of 3.56%; although since inception they've delivered ten negative quarterly relative returns, leading to an annualised loss of -3.78% against the target of 3.71%. Although the since inception Internal Rate of Return for this portfolio closes the gap with a figure of 1.83% against the comparator of 3.54%.

### M&G Investments

Investments in M&G fell for the first time in ten quarters, posting a -0.70% return, which against the 3 Month LIBOR +4% pa return of 1.13% translates as an underperformance of -1.81%. However outperformance is seen in all longer periods, over the year the account registers 6.03% against 4.56%, the 3 year return falls to 5.72% and then falls slightly more since inception ( May 2010) to 5.21% pa whilst the benchmark is 4.72% pa. Although the since inception Internal Rate of Return for this portfolio moves further ahead of the target with a figure of 5.70% opposed to the comparator of 4.51%.



## Manager Performance

### Newton

During the final quarter of 2014 investments with Newton grew 3.55%, however compared to the FTSE World Index +2% return of exactly 5% this leads to an underperformance of -1.39%. With seven consecutive quarters of underperformance all longer periods are in the red, for 1 year the relative return is -3.87%, which is similar to the inception to date (January 2013) figure of -3.83% coming from a fund return of 10.38% against the benchmark of 14.78%.

### Ruffer

The Ruffer portfolio grew 3.27% over the last three months against 0.14% for LIBOR 3 Month GBP, an outperformance of 3.13%. With only 4 quarters in the red during the four and a half years they've been funded they demonstrate positive absolute returns and outperformance across all periods, culminating in since inception (May 2010) figures of 6.34% versus 0.71% per annum, which translates as a relative return of 5.59%.

### Private Equity

The private equity assets, consisting of funds with Adam Street and LGT, continued to grow through 2014 with Q4 figures of 4.28% and 2.27% respectively, leading to rolling one year figures of 26.30% and 7.51%. Over the longer periods, the outlook over which private equity investments should be measured, returns remain positive. Over three years, Adam Street posts 14.13% and LGT 7.74% on an annualised basis, with both seeing increases over 5 years to 14.41% and 9.48% respectively. Then since their respective inceptions in January 2005 and May 2004, Adam Street drops to 4.02% pa, while LGT sees a slight dip to 8.22%

At present no benchmark has been applied to these mandates.

### SSGA

The SSGA passively managed portfolio produced a return of 2.62% in the quarter which was just 10 basis points above the benchmark; further analysis confirms the passive nature with all categories aligned with their respective indices. So over the year they produce a 6.30% return, which is 6 basis points ahead of target, while over 3 years the per annum return increases to 11.25% which is just 6 basis points behind the benchmark. Since inception (November 2008) a return of 12.29% pa is just above the benchmark, but the passive nature is best demonstrated by the 3 year R squared and beta figures of 1, while the tracking error is just 0.12.

### UBS

UBS UK Equity investments increased 1.18% over the last quarter, compared to the FTSE All Share figure of 0.58%, translating as an outperformance of 0.60%. Looking into the attribution analysis, the most significant effect was selection in Oil & Gas (+68 bps) coupled with Consumer Services (+48 bps), while the only negative selection effect was in Utilities (-27 bps). Whilst within allocation most effects were negative the most notable was the overweight of Oil & Gas (-59 bps), partly offset by the overweight of Consumer Services (+32 bps). This is not enough to overturn the 1 year deficit, with a figure of -0.23% over the last twelve months leading to a relative return of -1.40%. This underperformance is attributable to allocation, with the underweight of Consumer Goods (-0.83%) and overweight of Oil & Gas (-0.51%) being the stand-out effects. While in selection the results in Health Care (-1.07%) were more than offset by Oil & Gas (0.84%) and Consumer Services (0.57%). Due to the previous good results UBS maintain outperformance over the longer time periods, translating as a since inception return of 10.18% versus 8.89% on an annualised basis.

### UBS Property

The UBS Property portfolio posted the highest absolute return at 4.40% over the latest quarter, although this was 20 basis points below the IPD UK PFI All Balanced Funds index figure of 4.6%. Driven by Q2 2014, outperformance is seen over one, three and five years, with relative returns of 0.73%, 0.12% and 0.11% respectively. However, since inception, in March 2006, the fund still falls short with 2.08% per annum while the benchmark shows 2.35% return, translating as an underperformance of -26 basis points.

### UBS Tactical

During the current quarter the UBS Tactical mandate posts a return of 1.99% which relatively is -2.15% as the Barclays US Inflation Linked Index returned 4.23%. However, driven by the first two quarters of 2014 they end the year with both high absolute and relative returns, with figures of 19.89 versus 10.93%. Since the inception of the fund the return falls to 1.07%, although this still compares favourably to the index figure of 0.01%, leading to an outperformance of 1.06%.



## Active Contribution

## By Manager

	Portfolio	Benchmark	Excess Return	Relative Return	Active Contribution 10/14	Portfolio	Benchmark	Excess Return	Relative Return	Active Contribution 11/14	Portfolio	Benchmark	Excess Return	Relative Return	Active Contribution 12/14	Active Contribution 4Q 2014
Adam Street	1.34	-	1.34	-	282,347.85	1.52	-	1.52	-	326,819.37	1.37	-	1.37	-	293,267.28	902,434.51
AEW UK	-0.80	1.46	-2.26	-2.23	-359,349.62	1.73	1.32	0.41	0.41	64,576.47	3.18	1.75	1.43	1.41	232,905.72	-61,867.42
Barings	-0.51	-	-0.51	-	0.00	0.00	-	0.00	-	0.00	0.00	-	0.00	-	0.00	0.00
Cash	20.88	0.03	20.85	20.84	227.06	0.40	0.03	0.37	0.37	0.00	0.00	0.03	-0.03	-0.03	0.00	227.07
GMO Global	1.04	-0.19	1.22	1.23	783,112.49	1.48	-0.39	1.86	1.87	1,200,093.19	-1.28	-0.32	-0.96	-0.97	-629,993.76	1,353,211.93
JP Morgan	0.33	0.29	0.04	0.04	22,299.14	0.18	0.29	-0.11	-0.11	-51,233.88	0.18	0.29	-0.12	-0.12	-44,253.19	-73,187.93
Kemper	0.38	2.18	-1.79	-1.75	-1,457,996.61	3.57	4.42	-0.85	-0.82	-712,442.65	-1.90	-0.98	-0.93	-0.94	-760,338.49	-2,930,777.75
LGT	1.19	-	1.19	-	168,779.89	1.51	-	1.51	-	207,838.49	-0.42	-	-0.42	-	-57,428.20	319,190.19
M&G Investments	-1.01	0.37	-1.38	-1.38	-457,684.19	0.00	0.37	-0.37	-0.37	-122,286.38	0.31	0.37	-0.07	-0.07	-22,018.92	-601,989.49
Macquarie	3.26	0.29	2.97	2.96	223,087.57	1.75	0.29	1.45	1.45	112,768.31	-0.79	0.29	-1.09	-1.08	-84,986.94	250,868.94
Newton	0.71	2.21	-1.50	-1.47	-377,662.07	3.84	4.07	-0.23	-0.22	-59,782.39	-0.99	-1.29	0.30	0.30	76,354.39	-361,090.07
Pasco Currency Ov	0.06	-	0.06	-	690.26	0.16	-	0.16	-	410.30	-0.09	-	-0.09	-	-0.00	1,100.55
Pemira Credit	-	-	-	-	0.00	-	-	-	-	0.00	0.00	0.23	-0.23	-0.23	-12,266.02	-12,266.02
Ruffer	0.95	0.05	0.89	0.89	781,179.24	2.51	0.05	2.47	2.46	2,174,124.50	-0.20	0.05	-0.25	-0.25	-222,335.11	2,732,968.62
SSGA	0.45	0.44	0.00	0.00	5,658.39	3.34	3.33	0.02	0.02	28,058.59	-1.14	-1.22	0.08	0.08	115,151.12	148,868.62
UBS	-0.30	-0.69	0.39	0.39	437,451.00	2.53	2.92	-0.39	-0.38	-457,247.08	-1.02	-1.60	0.59	0.59	670,414.49	650,618.41
UBS Property	1.37	1.46	-0.09	-0.09	-54,907.68	1.10	1.32	-0.21	-0.21	-133,078.12	1.86	1.75	0.11	0.10	67,243.92	-120,741.88
UBS Tactical	1.64	2.32	-0.68	-0.66	-97,120.54	1.71	2.47	-0.76	-0.74	-256,364.49	-1.34	-0.59	-0.76	-0.76	-251,228.89	-604,713.93

Total Fund Market Value at Qtr End: £764.8 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	764.8	100.00	2.16	2.27	-0.11	-0.11	6.46	6.79	-0.34	-0.32	6.46	6.79	-0.34	-0.32

## By Manager

	Market Value £m	% of Fund	Portfolio	Benchmark	Excess Return	Relative Return	Portfolio	Benchmark	Excess Return	Relative Return	Portfolio	Benchmark	Excess Return	Relative Return
Adam Street	21.7	2.84	4.28	-	-	-	26.30	-	-	-	26.30	-	-	-
AEW UK	16.5	2.16	4.13	4.60	-0.47	-0.45	-	-	-	-	-	-	-	-
Barings	0.0	0.00	-0.51	-	-	-	1.07	-	-	-	1.07	-	-	-
GMO Global	64.9	8.48	-	-	-	-	-	-	-	-	-	-	-	-
JP Morgan	37.9	4.96	0.69	0.88	-0.19	-0.19	1.83	3.56	-1.73	-1.67	1.83	3.56	-1.73	-1.67
Kempen	81.1	10.61	1.98	5.65	-3.67	-3.47	5.79	14.29	-8.50	-7.43	5.79	14.29	-8.50	-7.43
LGT	13.7	1.79	2.29	-	-	-	7.53	-	-	-	7.53	-	-	-
M&G Investments	32.4	4.24	-0.70	1.13	-1.83	-1.81	6.03	4.56	1.47	1.41	6.03	4.56	1.47	1.41
Macquarie	7.7	1.01	4.23	0.88	3.35	3.32	6.87	3.56	3.31	3.20	6.87	3.56	3.31	3.20
Newton	25.5	3.34	3.55	5.00	-1.46	-1.39	9.11	13.50	-4.39	-3.87	9.11	13.50	-4.39	-3.87
Pemira Credit	5.3	0.69	-	-	-	-	-	-	-	-	-	-	-	-
Ruffer	90.2	11.79	3.27	0.14	3.13	3.13	6.37	0.54	5.83	5.79	6.37	0.54	5.83	5.79
SSGA	152.5	19.94	2.62	2.52	0.10	0.10	6.30	6.23	0.07	0.06	6.30	6.23	0.07	0.06
UBS	115.2	15.07	1.18	0.58	0.61	0.60	-0.23	1.18	-1.41	-1.40	-0.23	1.18	-1.41	-1.40
UBS Property	63.0	8.24	4.40	4.60	-0.20	-0.20	18.04	17.19	0.85	0.73	18.04	17.19	0.85	0.73
UBS Tactical	33.0	4.31	1.99	4.23	-2.24	-2.15	19.89	10.93	8.96	8.07	19.89	10.93	8.96	8.07

Total Fund Market Value at Qtr End: £764.8 M



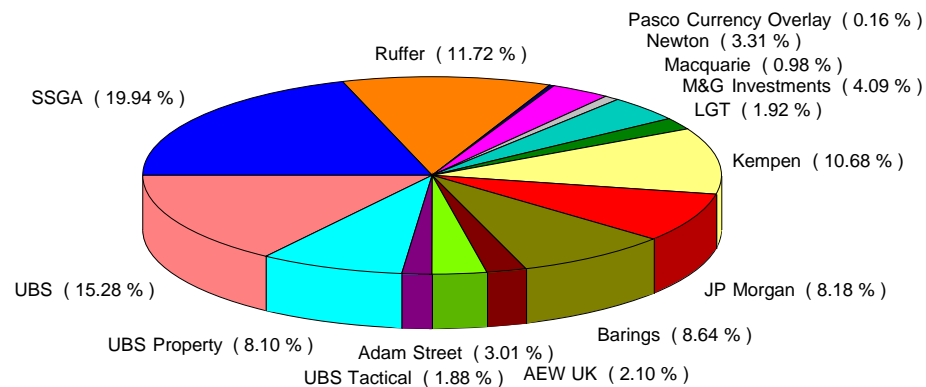
## Scheme Performance

	<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	9.83	9.10	0.74	0.67	8.06	7.42	0.64	0.60	30/09/95	6.81	6.77	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	14.13	-	-	-	14.41	-	-	-	31/01/05	4.02	-	-	-
AEW UK	-	-	-	-	-	-	-	-	30/06/14	8.54	8.78	-0.24	-0.22
Barings	-	-	-	-	-	-	-	-	24/04/13	1.95	-	-	-
GMO Global	-	-	-	-	-	-	-	-	31/10/14	0.18	-0.70	0.88	0.88
JP Morgan	3.80	3.65	0.15	0.14	-	-	-	-	08/11/11	3.81	3.66	0.15	0.14
Kempen	-	-	-	-	-	-	-	-	31/01/13	6.07	16.92	-10.86	-9.29
LGT	7.75	-	-	-	9.48	-	-	-	31/05/04	8.23	-	-	-
M&G Investments	5.72	4.65	1.07	1.02	-	-	-	-	31/05/10	5.21	4.72	0.49	0.47
Macquarie	-1.76	3.65	-5.41	-5.22	-	-	-	-	30/09/10	-3.78	3.71	-7.50	-7.23
Newton	-	-	-	-	-	-	-	-	24/01/13	10.38	14.78	-4.40	-3.83
Pemira Credit	-	-	-	-	-	-	-	-	30/11/14	0.00	0.23	-0.23	-0.23
Ruffer	6.99	0.68	6.31	6.27	-	-	-	-	28/05/10	6.34	0.71	5.63	5.59
SSGA	11.25	11.32	-0.06	-0.06	9.01	9.00	0.01	0.01	30/11/08	12.29	12.26	0.02	0.02
UBS	15.49	11.14	4.36	3.92	10.37	8.70	1.67	1.54	31/12/88	10.18	8.89	1.29	1.18
UBS Property	8.75	8.62	0.13	0.12	8.97	8.85	0.12	0.11	31/03/06	2.08	2.35	-0.26	-0.26
UBS Tactical	-	-	-	-	-	-	-	-	30/06/13	1.07	0.01	1.06	1.06

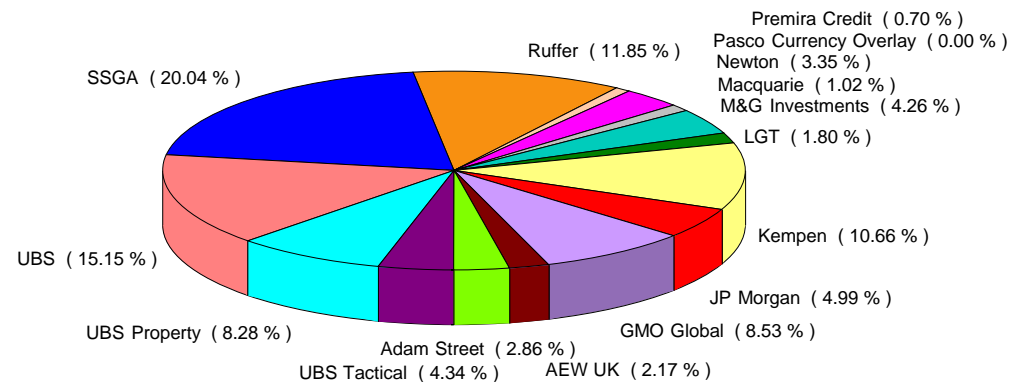
Total Fund Market Value at Qtr End: £764.8 M



Weighting at Beginning of Period



Weighting at End of Period





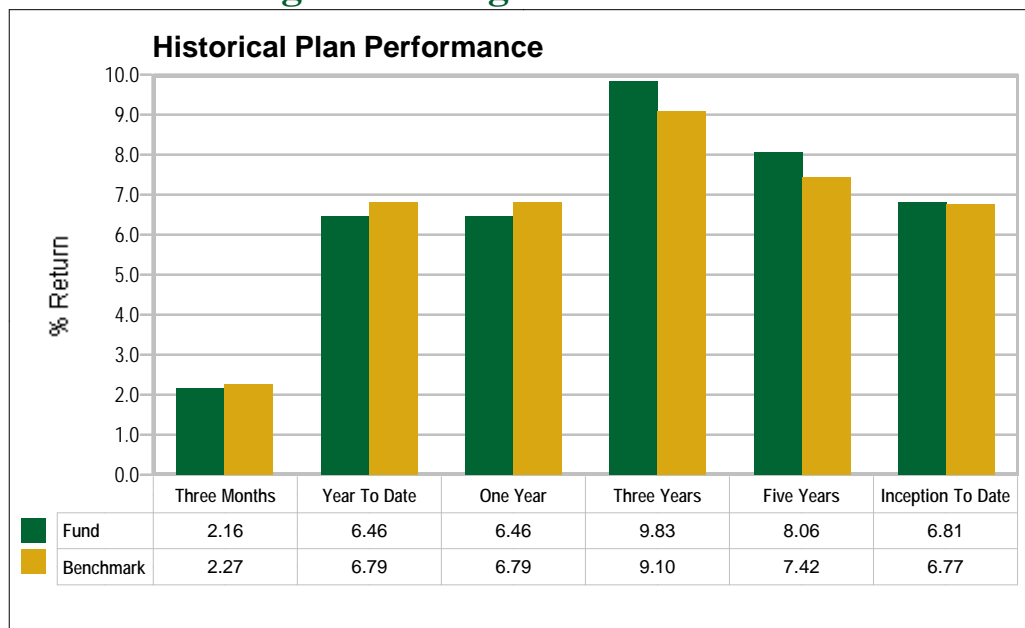
4th Quarter, 2014

London Borough of Hillingdon

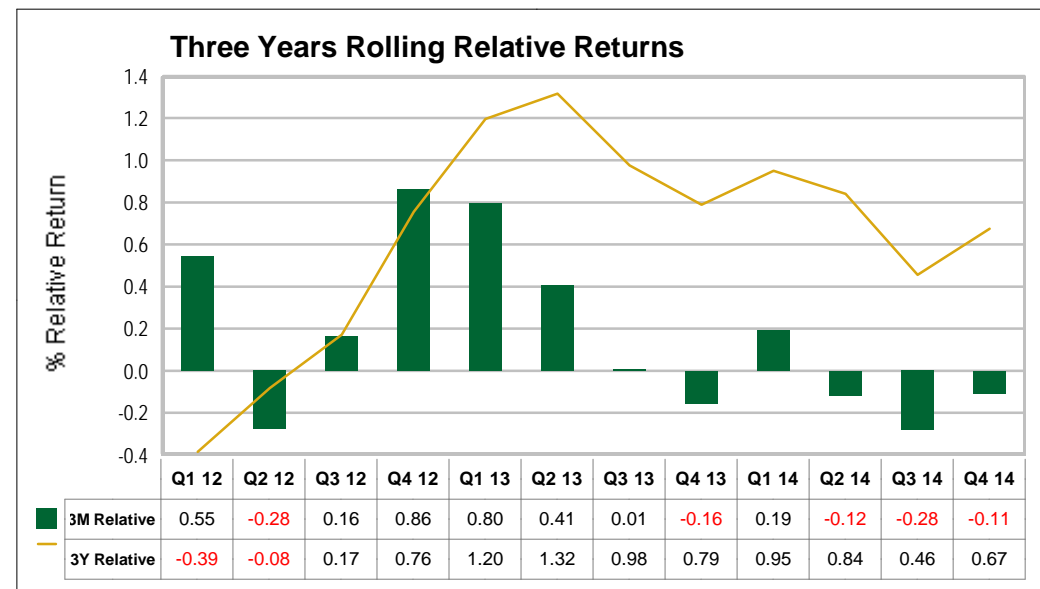
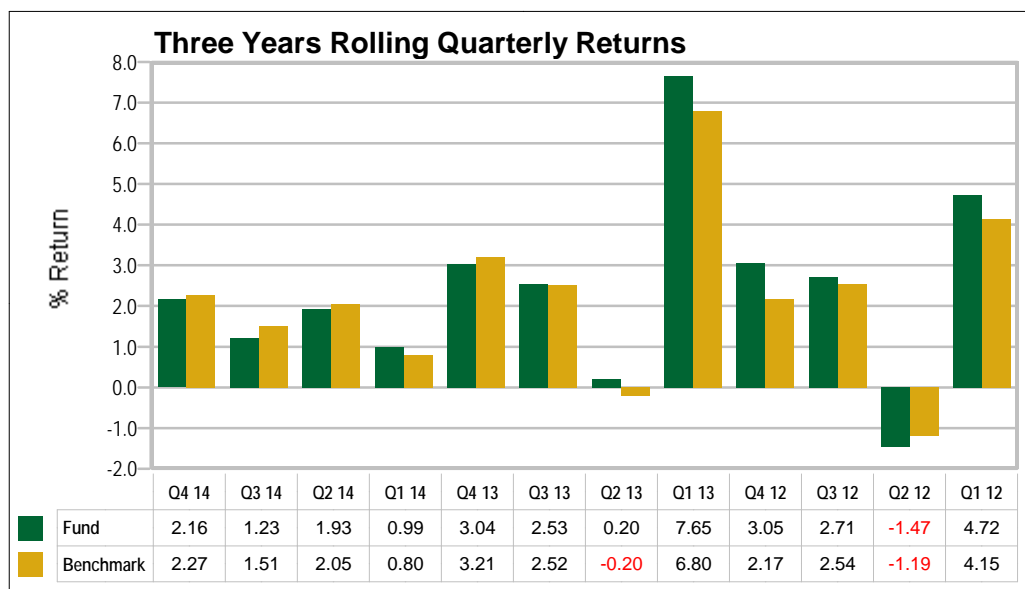
	Opening Market Value £(000)	% of Fund	Net Investment £(000)	Appreciation £(000)	Income Received £(000)	Closing Market Value £(000)	% of Fund
London Borough of Hillingdon	748,405	100.00	254	13,807	2,326	764,791	100.00
Adam Street	22,428	3.00	-1,617	917	0	21,728	2.84
AEW UK	15,640	2.09	208	336	316	16,500	2.16
Barings	64,403	8.61	-64,077	-326	0	0	0.00
GMO Global	-	-	64,078	774	3	64,856	8.48
JP Morgan	60,963	8.15	-23,300	280	-2	37,941	4.96
Kempen	79,555	10.63	-5	1,460	119	81,129	10.61
LGT	14,314	1.91	-917	323	0	13,720	1.79
M&G Investments	30,481	4.07	2,143	-420	212	32,416	4.24
Macquarie	7,302	0.98	125	314	-0	7,741	1.01
Newton	24,643	3.29	0	874	0	25,517	3.34
Pasco Currency Overlay	1,191	0.16	-1,193	2	0	0	0.00
Pemira Credit	-	-	5,300	0	0	5,300	0.69
Ruffer	87,306	11.67	0	2,668	191	90,164	11.79
SSGA	148,587	19.85	0	3,893	0	152,480	19.94
UBS	113,883	15.22	0	373	973	115,229	15.07
UBS Property	60,373	8.07	0	2,148	506	63,027	8.24
UBS Tactical	14,010	1.87	18,880	98	7	32,995	4.31



## London Borough of Hillingdon

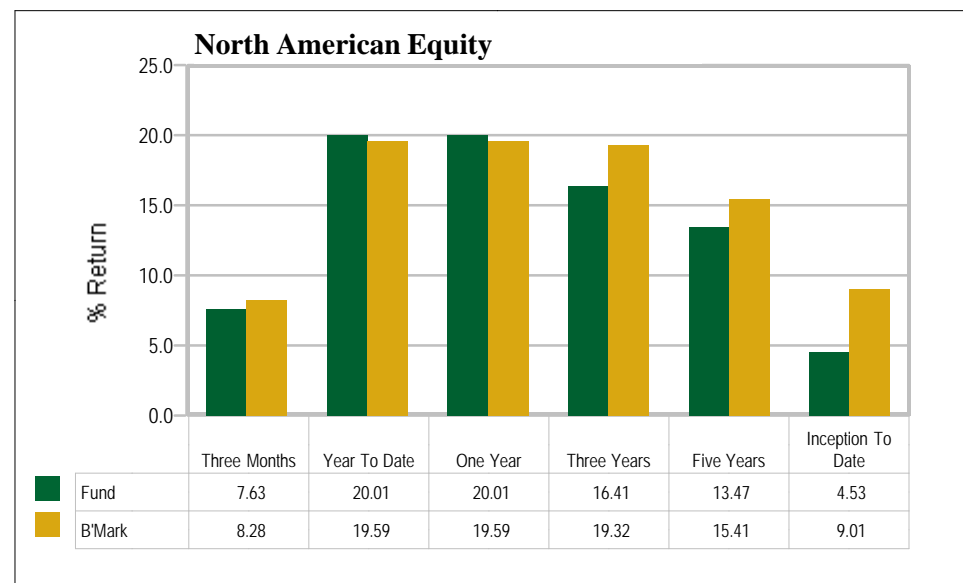
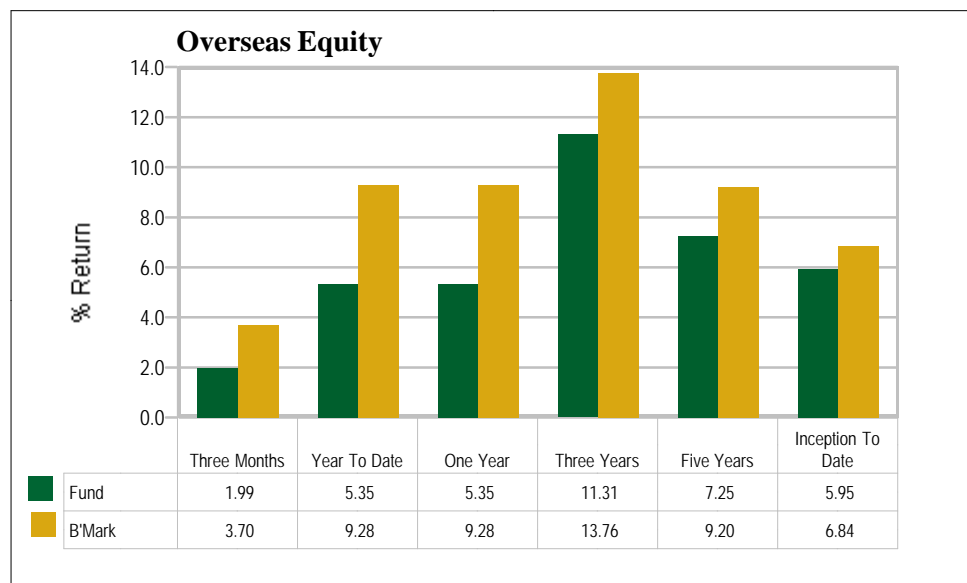
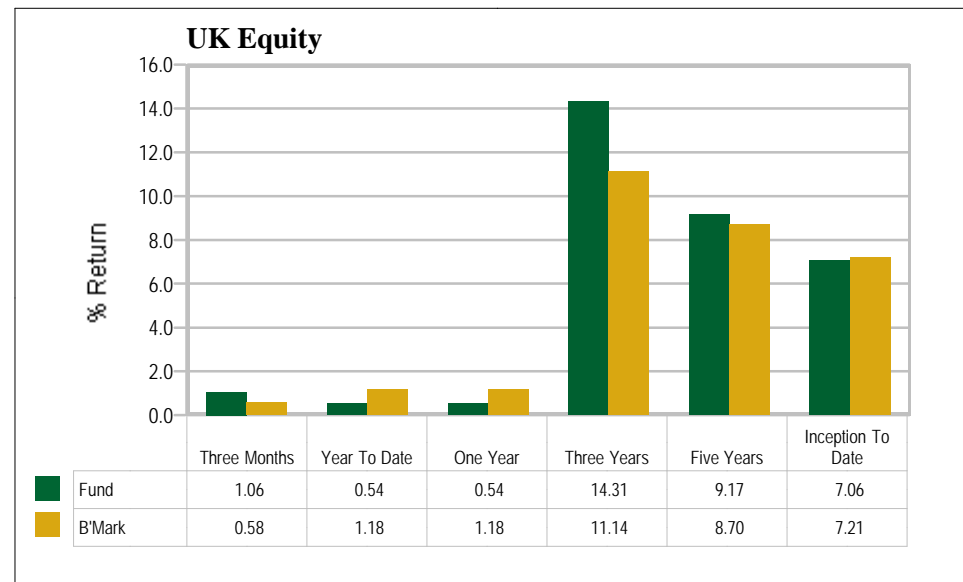
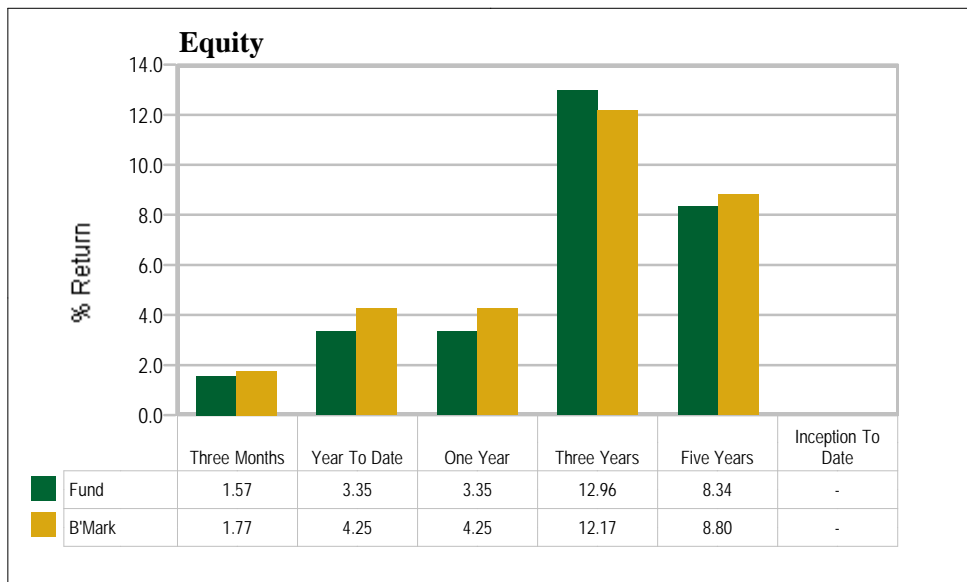


Risk Statistics - 3 years	Fund	B'mark
Performance Return	9.83	9.10
Standard Deviation	5.13	4.84
Relative Return	0.67	
Tracking Error	0.94	
Information Ratio	0.78	
Beta	1.04	
Alpha	0.35	
R Squared	0.97	
Sharpe Ratio	1.75	1.70
Percentage of Total Fund	100.0	
Inception Date	Sep-1995	
Opening Market Value (£000)	748,405	
Net Investment (£000)	254	
Income Received (£000)	2,326	
Appreciation (£000)	13,807	
Closing Market Value (£000)	764,791	



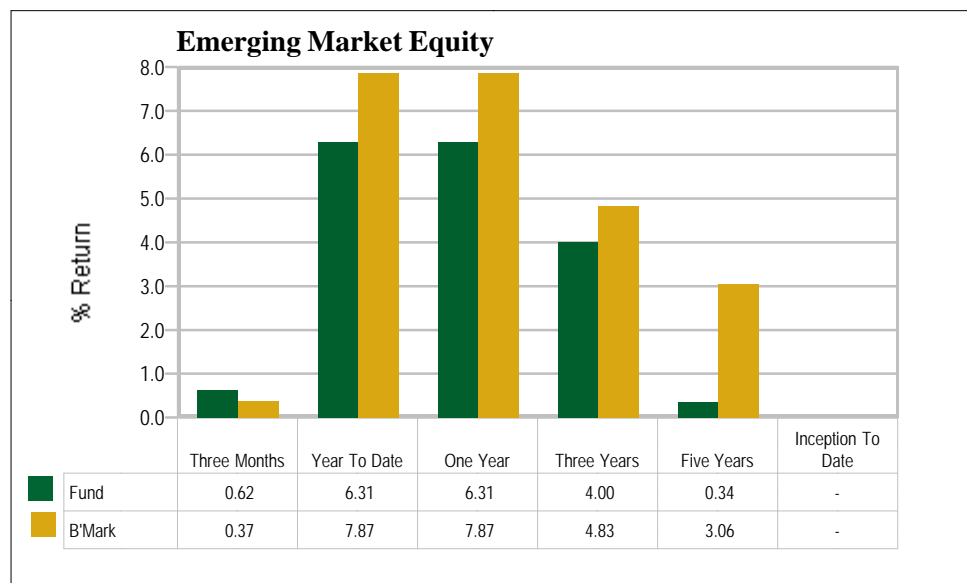
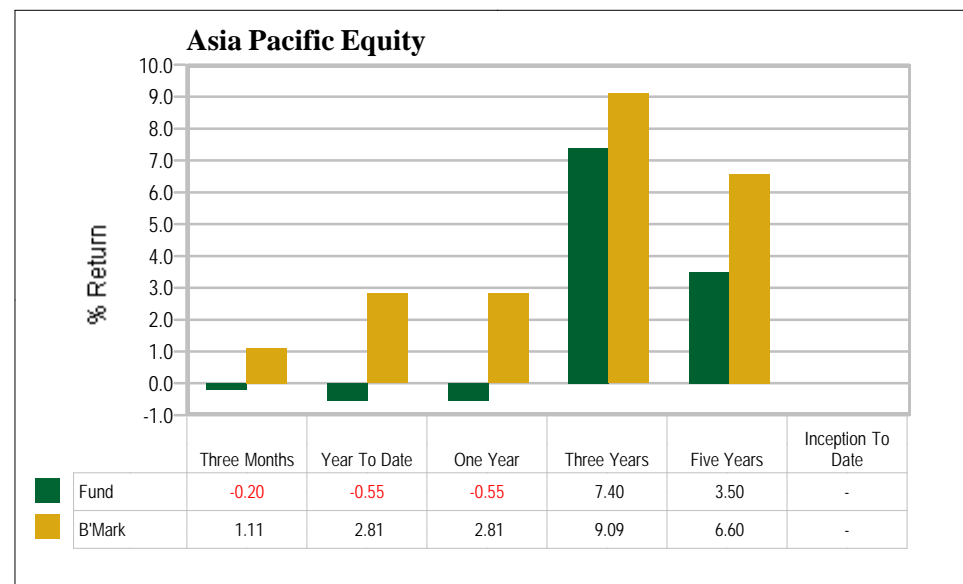
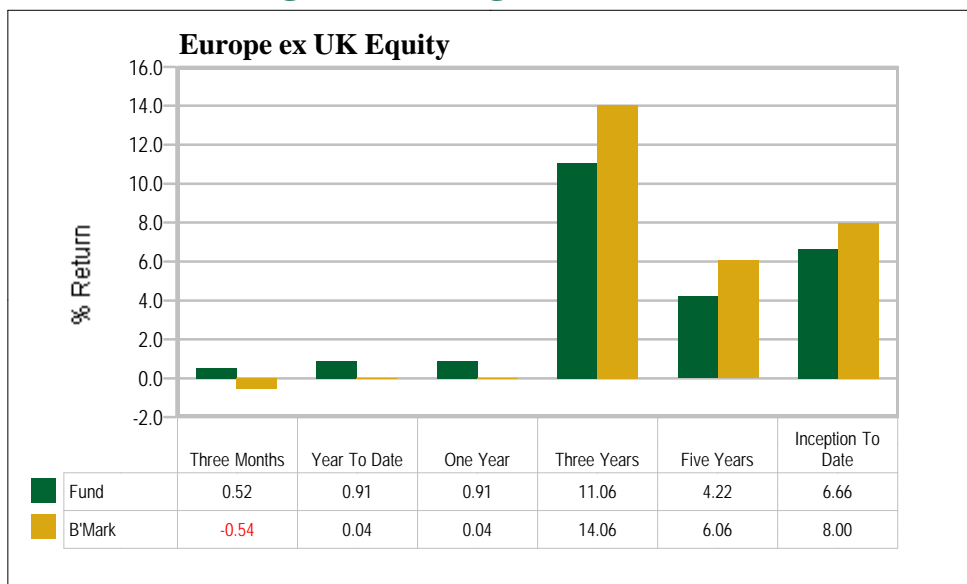


### London Borough of Hillingdon



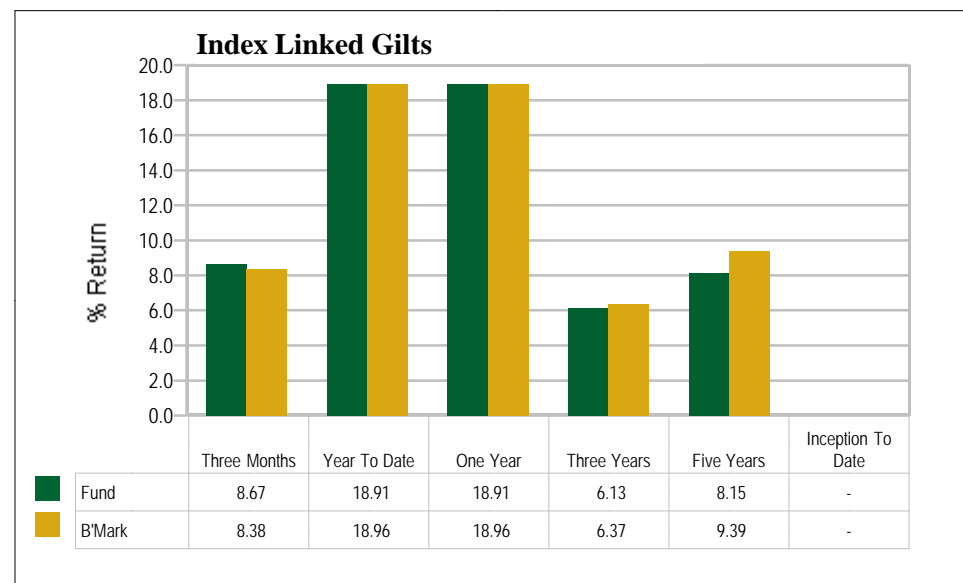
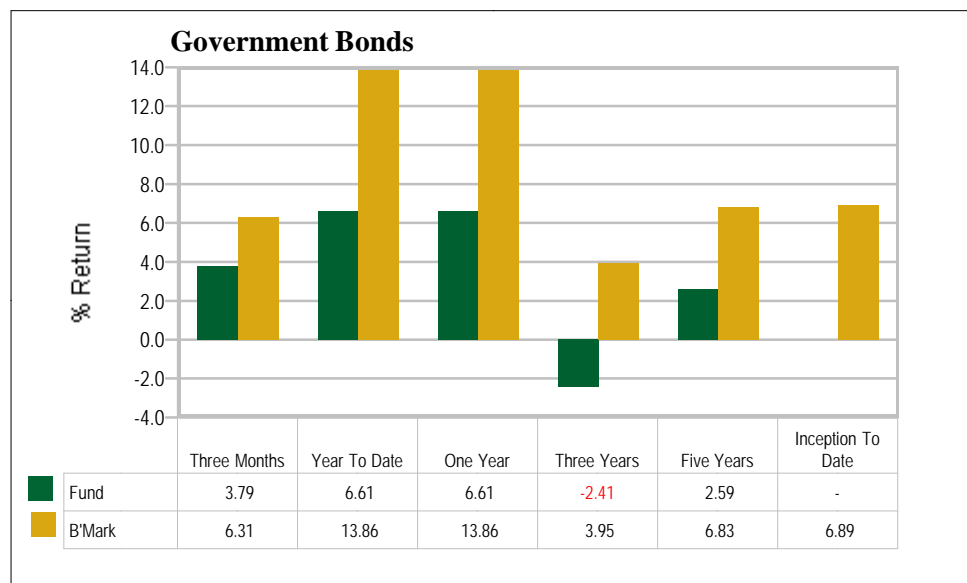
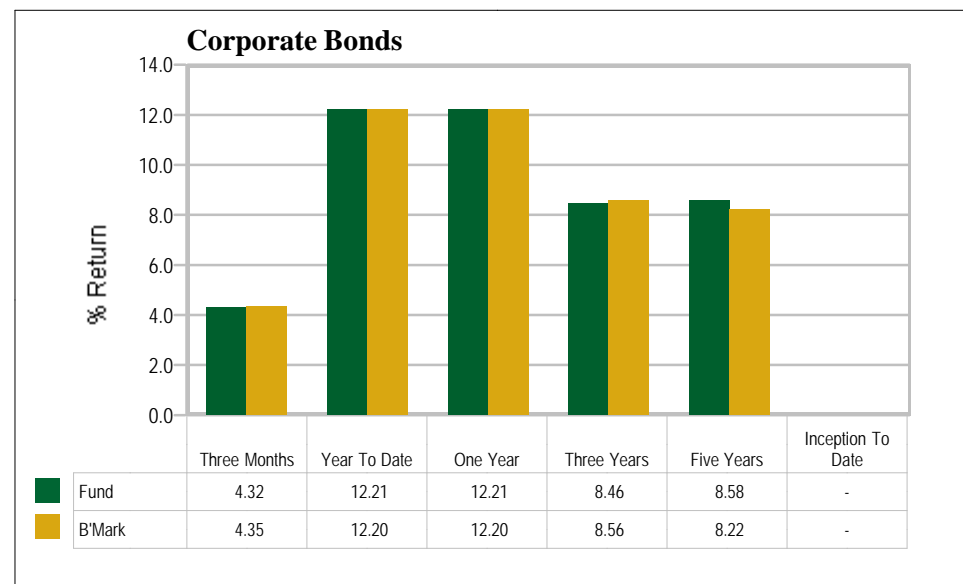
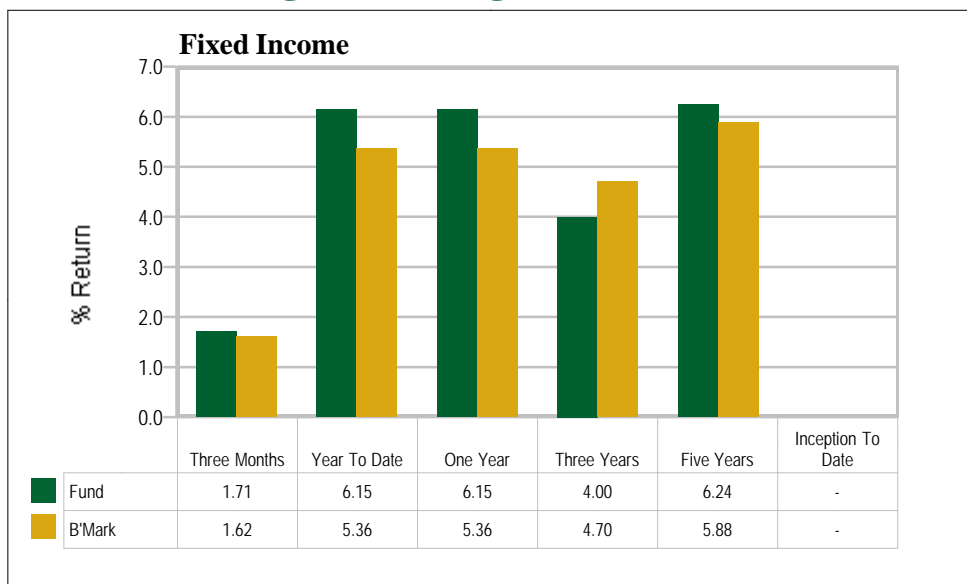


## London Borough of Hillingdon





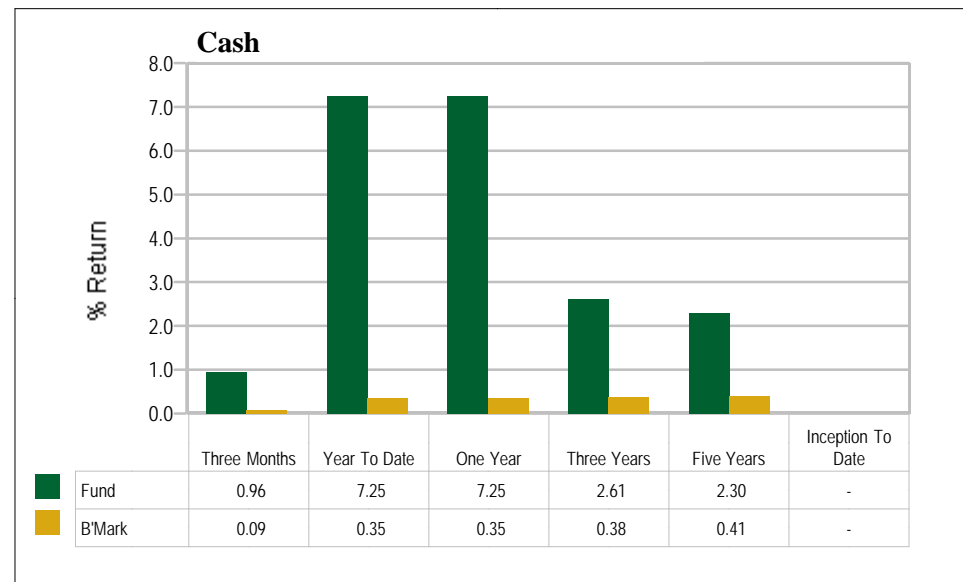
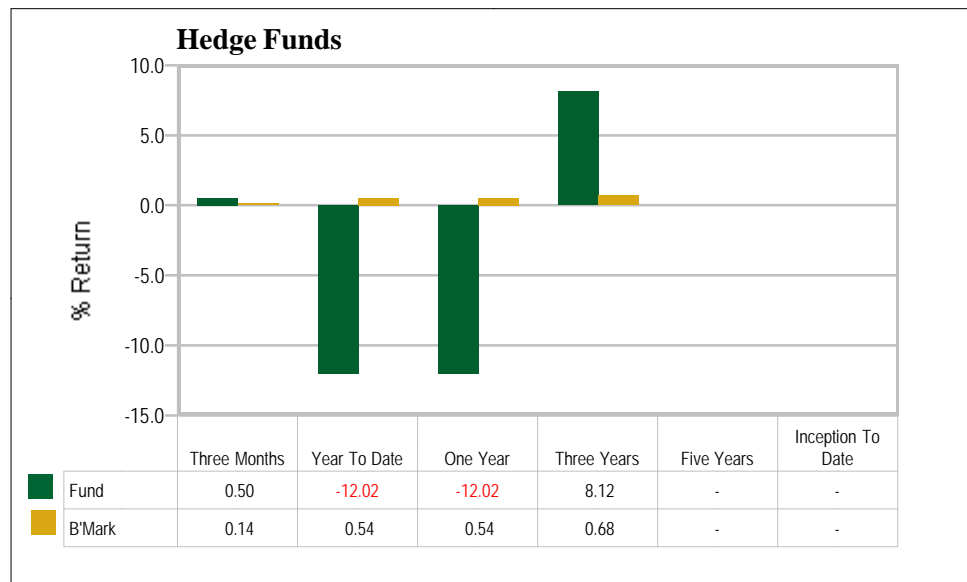
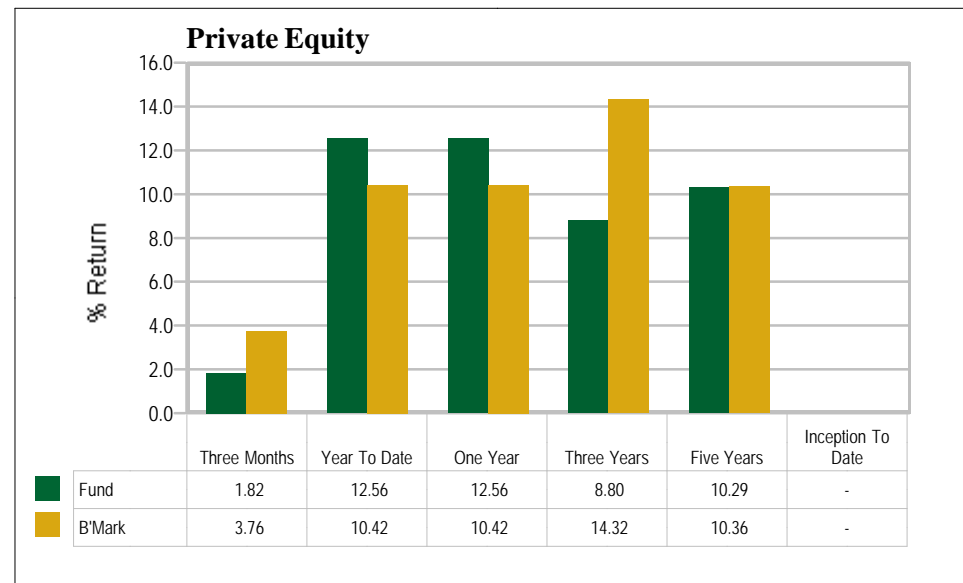
### London Borough of Hillingdon





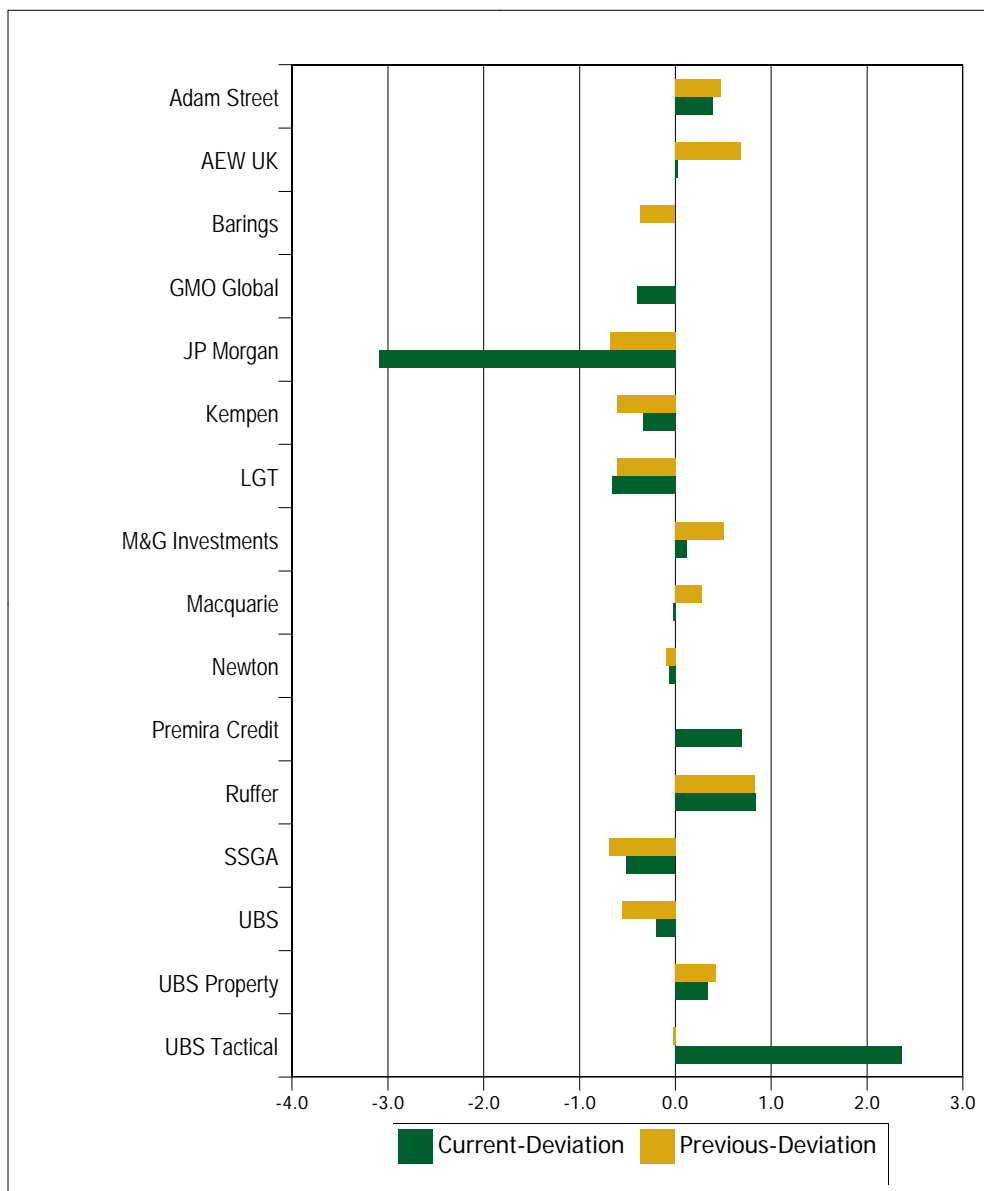


### London Borough of Hillingdon





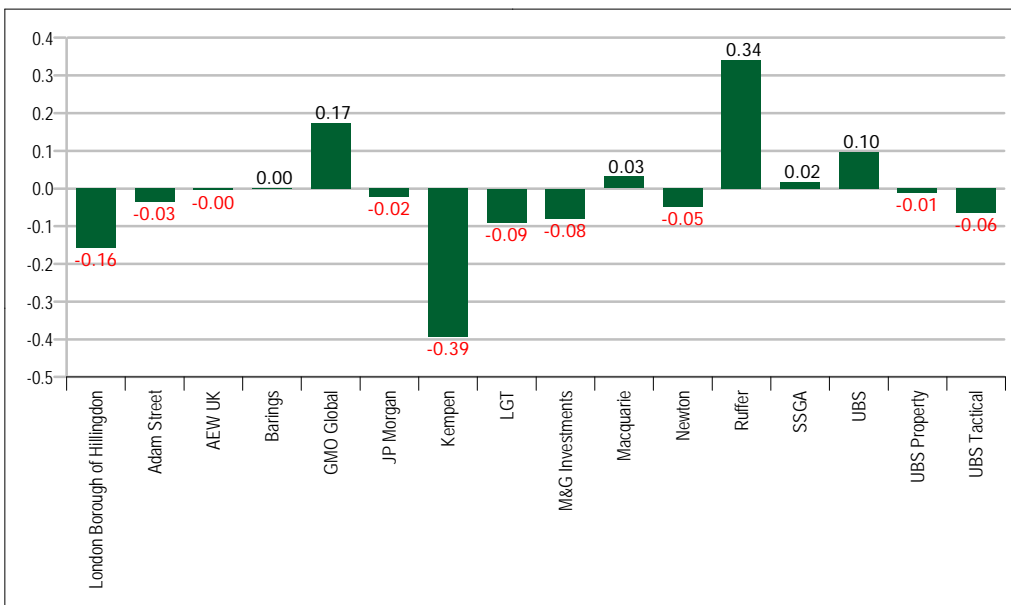
# Manager Allocation



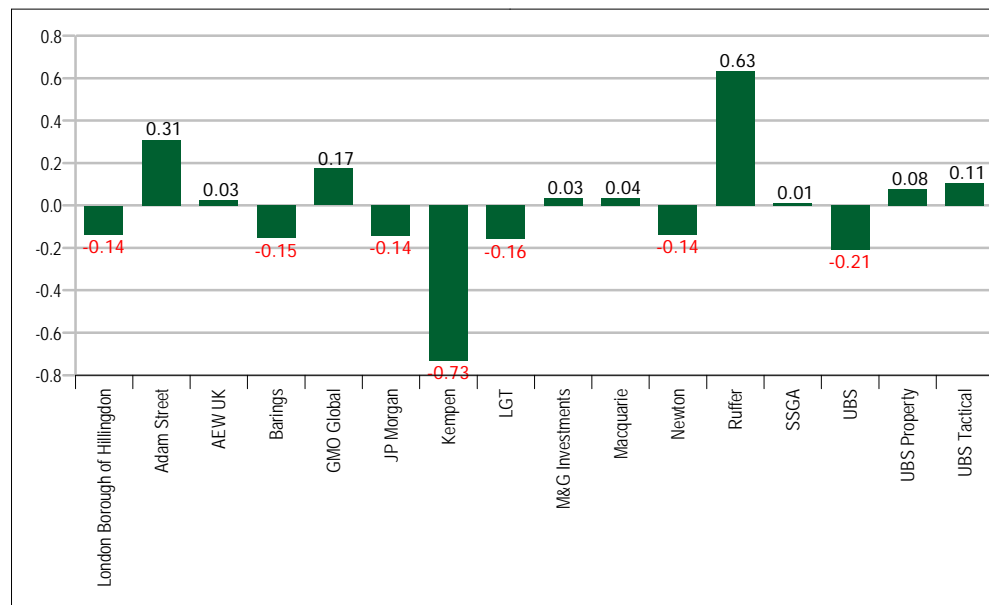
	Current Quarter	Previous Quarter	Current Benchmark	Current Deviation	Previous Benchmark	Previous Deviation
Adam Street	2.84	3.00	2.45	0.39	2.52	0.48
AEW UK	2.16	2.09	2.13	0.03	1.40	0.69
Barings	0.00	8.61	0.00	0.00	8.97	-0.36
GMO Global	8.48	0.00	8.88	-0.40	0.00	0.00
JP Morgan	4.96	8.15	8.05	-3.09	8.83	-0.68
Kempen	10.61	10.63	10.95	-0.34	11.24	-0.61
LGT	1.79	1.91	2.46	-0.67	2.52	-0.61
M&G Investments	4.24	4.07	4.12	0.12	3.57	0.50
Macquarie	1.01	0.98	1.04	-0.03	0.70	0.28
Newton	3.34	3.29	3.40	-0.06	3.39	-0.10
Premira Credit	0.69	0.00	0.00	0.69	0.00	0.00
Ruffer	11.79	11.67	10.95	0.84	10.84	0.83
SSGA	19.94	19.85	20.45	-0.51	20.55	-0.70
UBS	15.07	15.22	15.27	-0.20	15.78	-0.56
UBS Property	8.24	8.07	7.90	0.34	7.65	0.42
UBS Tactical	4.31	1.87	1.95	2.36	1.90	-0.03



Three Months



One Year

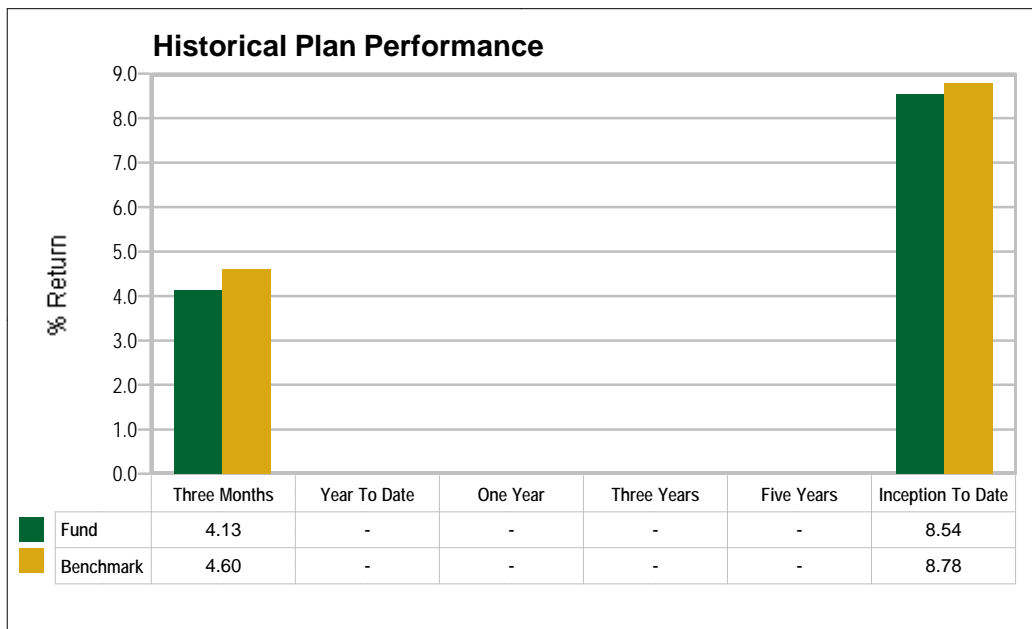


	Fund Return	Index Return	Relative Return	Asset Allocation	Stock Selection	Relative Contribution
London Borough of Hillingdon	2.16	2.32	-0.16	-0.02	-0.11	-0.16
Adam Street	4.28	6.04	-1.66	0.01	-0.05	-0.03
AEW UK	4.13	4.60	-0.45	0.00	-0.01	-0.00
Barings	-	-	0.00	0.03	-0.02	0.00
GMO Global	1.21	-0.89	2.12	0.04	0.13	0.17
JP Morgan	0.69	0.88	-0.19	-0.01	-0.01	-0.02
Kempen	1.98	5.65	-3.47	-0.02	-0.38	-0.39
LGT	2.29	6.04	-3.54	-0.02	-0.07	-0.09
M&G Investments	-0.70	1.13	-1.81	-0.00	-0.07	-0.08
Macquarie	4.23	0.88	3.32	-0.00	0.03	0.03
Newton	3.55	5.00	-1.39	-0.00	-0.05	-0.05
Ruffer	3.27	0.14	3.13	-0.02	0.36	0.34
SSGA	2.62	2.52	0.10	-0.00	0.02	0.02
UBS	1.18	0.58	0.60	0.01	0.09	0.10
UBS Property	4.40	4.60	-0.20	0.00	-0.02	-0.01
UBS Tactical	1.99	4.23	-2.15	-0.00	-0.06	-0.06

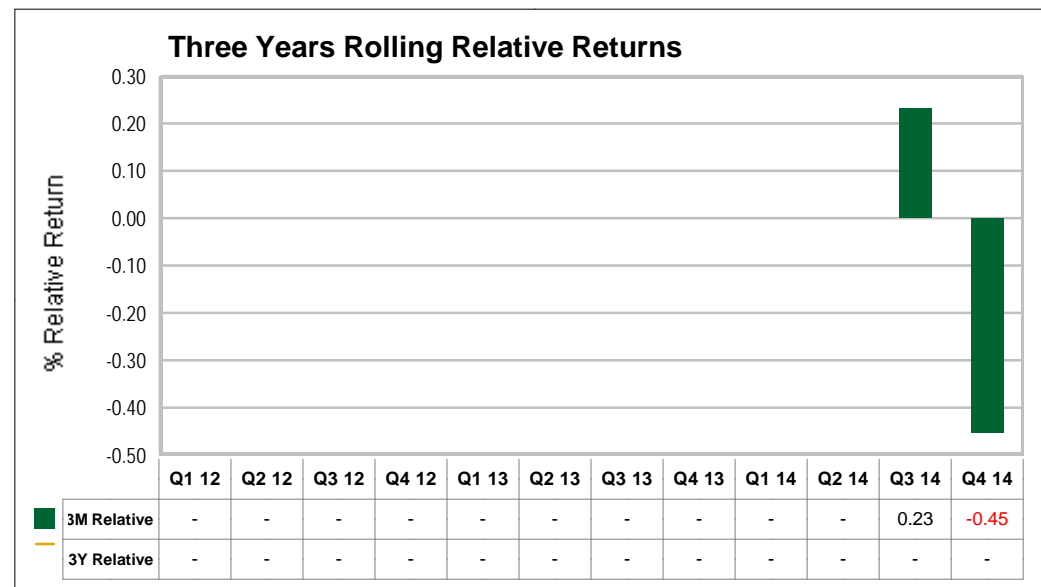
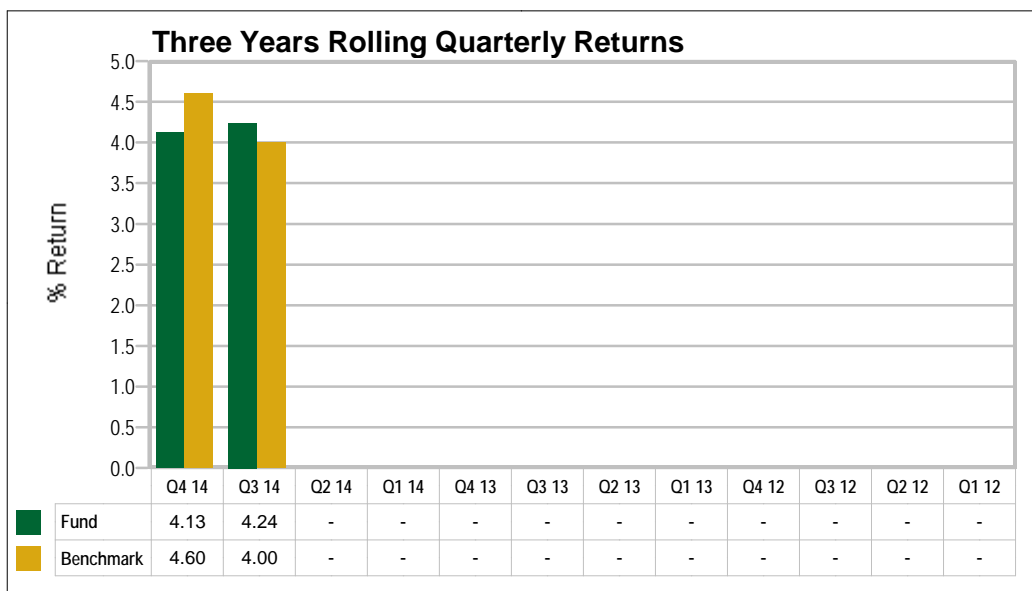
	Fund Return	Index Return	Relative Return	Asset Allocation	Stock Selection	Relative Contribution
London Borough of Hillingdon	6.46	6.60	-0.14	0.18	-0.19	-0.14
Adam Street	26.30	14.21	10.59	0.02	0.29	0.31
AEW UK	-	-	0.00	0.04	-0.01	0.03
Barings	-	-	0.00	0.03	-0.18	-0.15
GMO Global	-	-	0.00	0.04	0.13	0.17
JP Morgan	1.83	3.56	-1.67	-0.01	-0.13	-0.14
Kempen	5.79	14.29	-7.43	0.07	-0.80	-0.73
LGT	7.53	14.21	-5.84	-0.04	-0.12	-0.16
M&G Investments	6.03	4.56	1.41	-0.01	0.05	0.03
Macquarie	6.87	3.56	3.20	0.00	0.03	0.04
Newton	9.11	13.50	-3.87	-0.01	-0.13	-0.14
Ruffer	6.37	0.54	5.79	-0.01	0.65	0.63
SSGA	6.30	6.23	0.06	-0.00	0.01	0.01
UBS	-0.23	1.18	-1.40	-0.06	-0.15	-0.21
UBS Property	18.04	17.19	0.73	0.02	0.06	0.08
UBS Tactical	19.89	10.93	8.07	-0.01	0.12	0.11



AEW UK

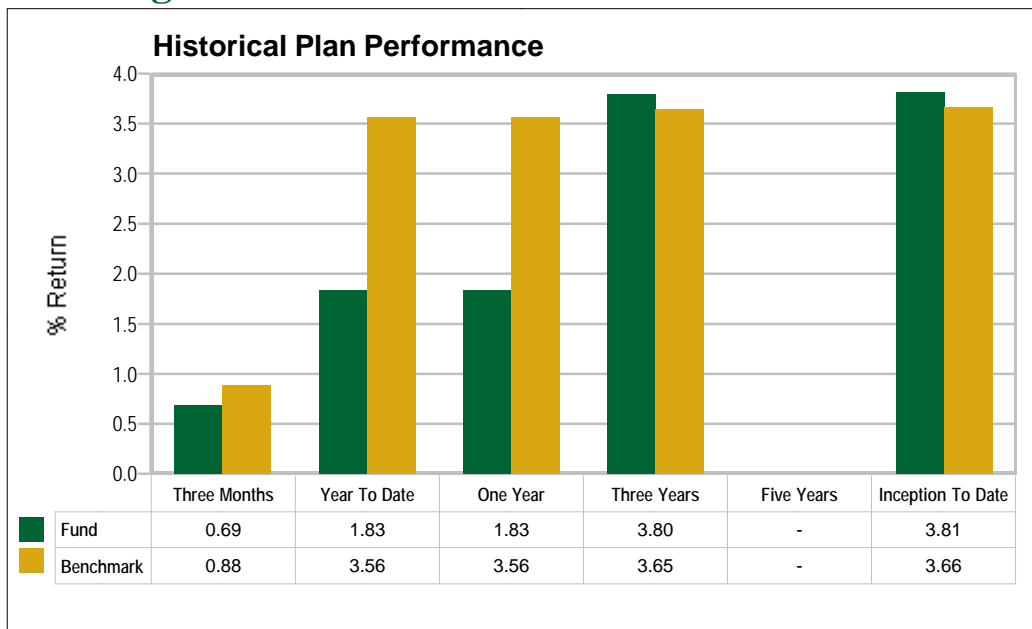


Risk Statistics - 3 years	Fund	B'mark
Performance Return		
Standard Deviation		
Relative Return		
Tracking Error		
Information Ratio		
Beta		
Alpha		
R Squared		
Sharpe Ratio		
Percentage of Total Fund	2.2	
Inception Date	Jun-2014	
Opening Market Value (£000)	15,640	
Net Investment £(000)	208	
Income Received £(000)	316	
Appreciation £(000)	336	
Closing Market Value (£000)	16,500	



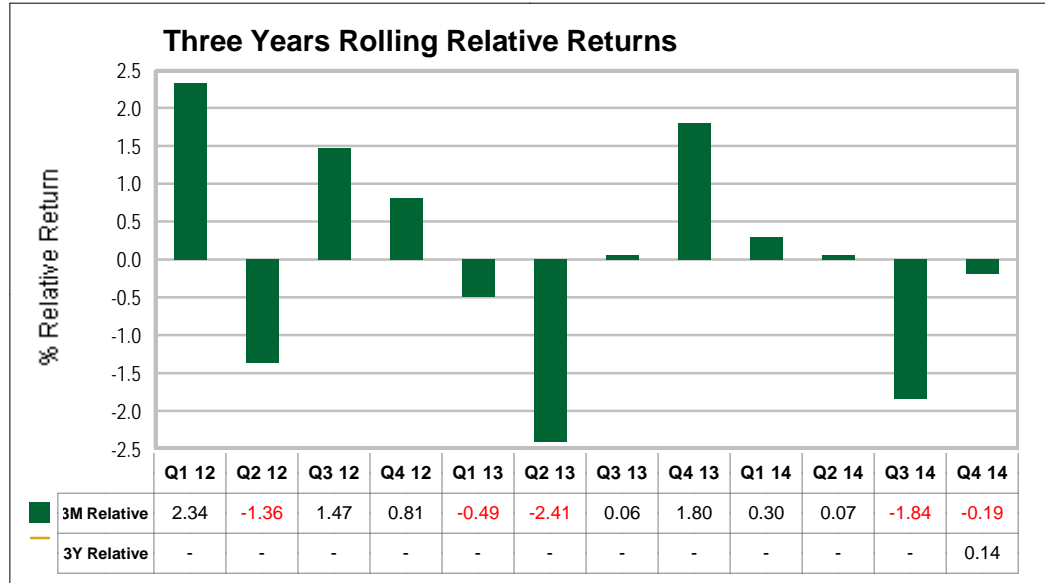
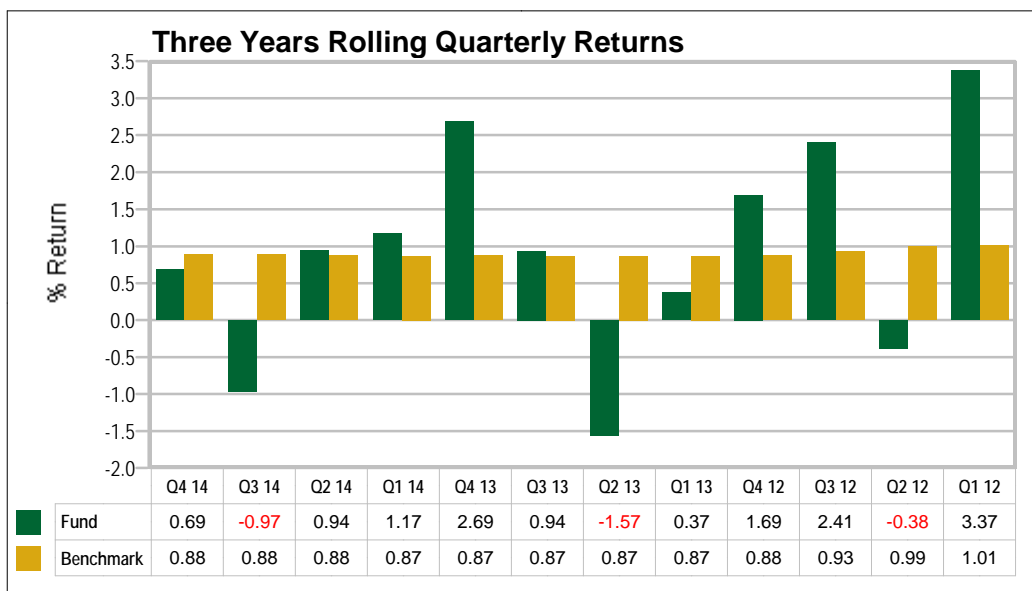


JP Morgan



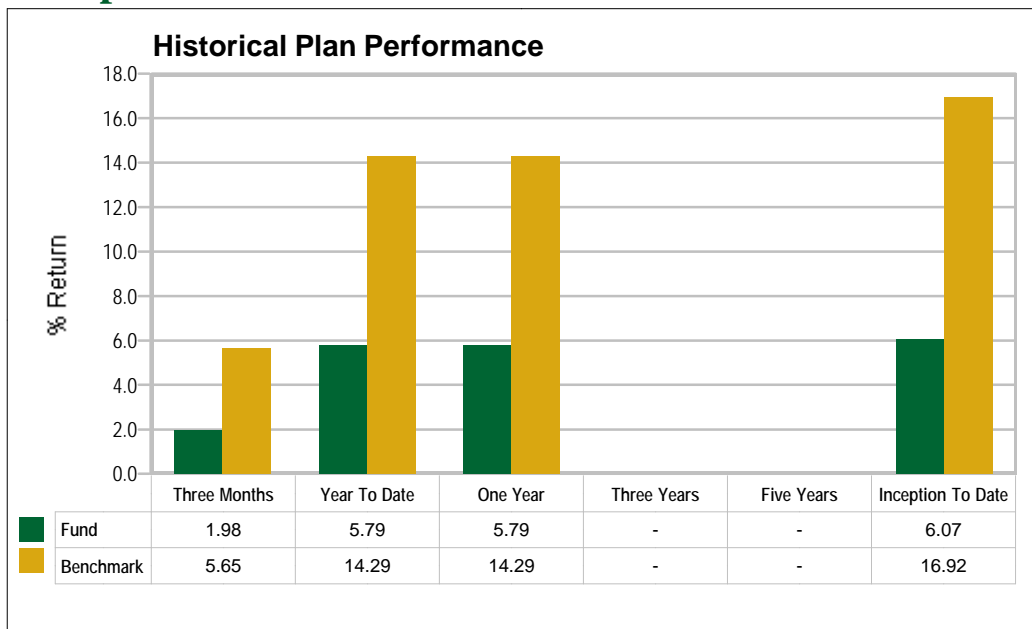
### Risk Statistics - 3 years

	Fund	B'mark
Performance Return	3.80	3.65
Standard Deviation	2.95	0.05
Relative Return	0.14	
Tracking Error	2.94	
Information Ratio	0.05	
Beta	-7.41	
Alpha	25.87	
R Squared	0.04	
Sharpe Ratio	1.00	51.10
Percentage of Total Fund	5.0	
Inception Date	Nov-2011	
Opening Market Value (£000)	60,963	
Net Investment (£000)	-23,300	
Income Received (£000)	-2	
Appreciation (£000)	280	
Closing Market Value (£000)	37,941	

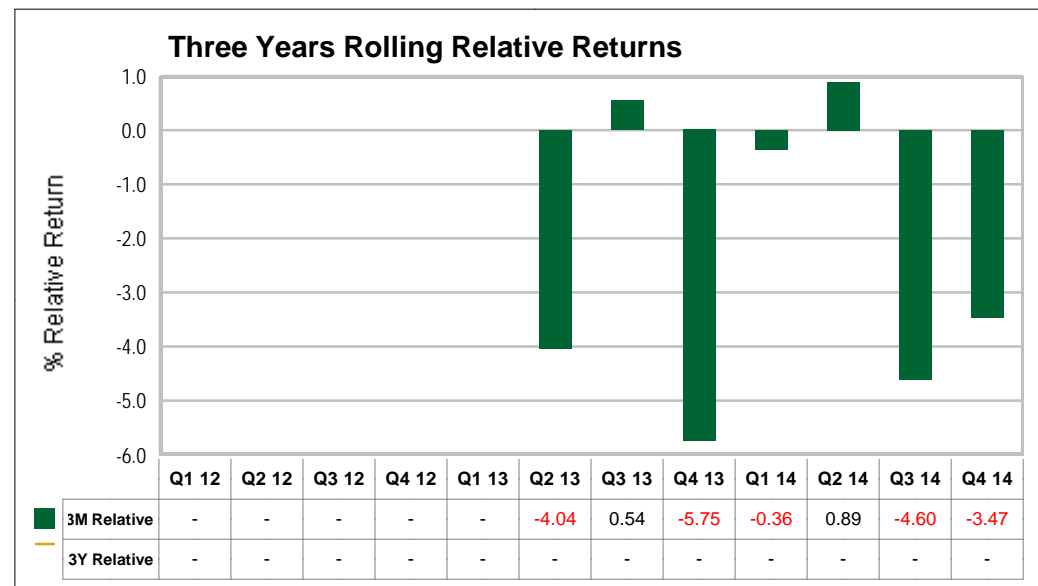
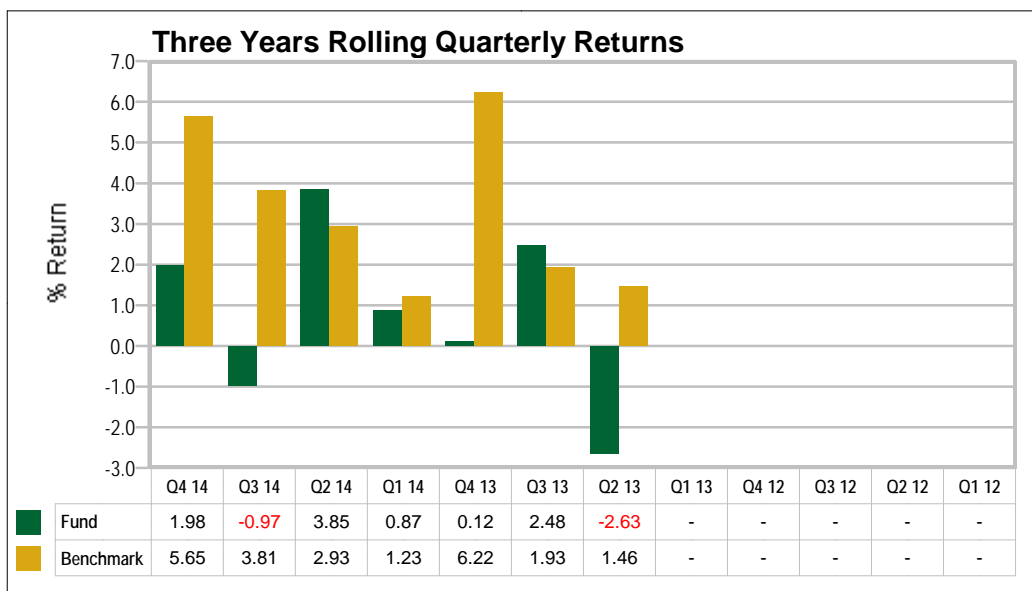




### Kempen



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)	79,555	
Net Investment (£000)	-5	
Income Received (£000)	119	
Appreciation (£000)	1,460	
Closing Market Value (£000)	81,129	





M&G Investments

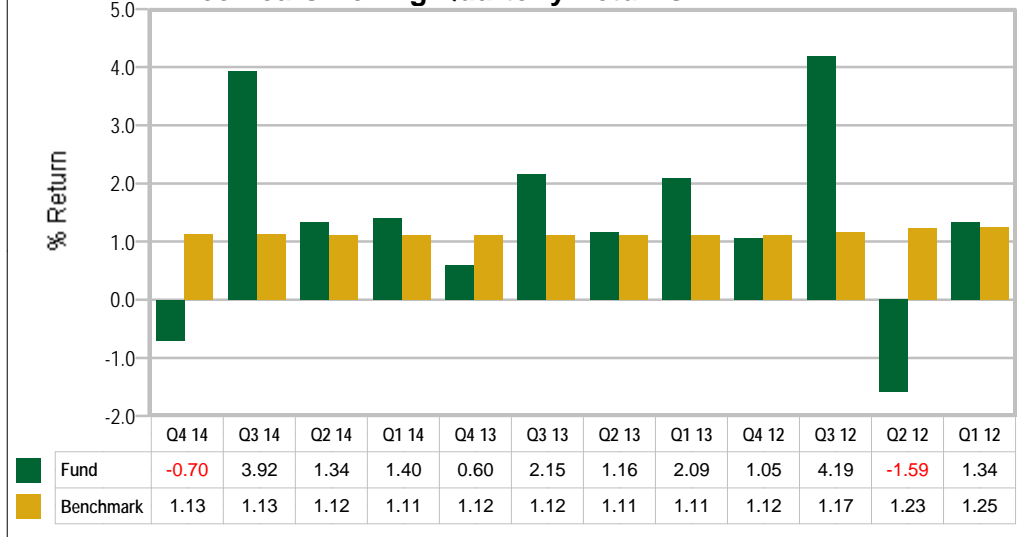
Historical Plan Performance



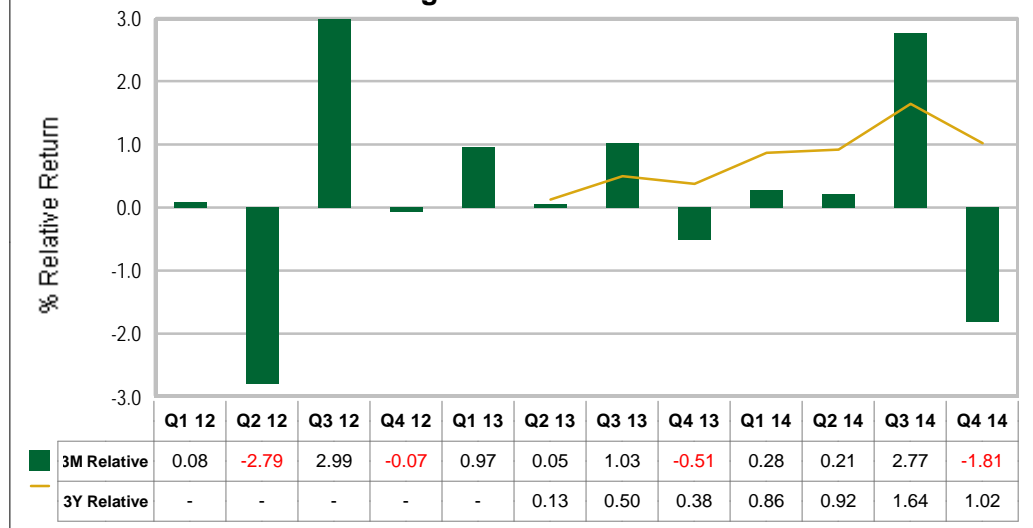
Risk Statistics - 3 years

	Fund	B'mark
Performance Return	5.72	4.65
Standard Deviation	3.33	0.05
Relative Return	1.02	
Tracking Error	3.33	
Information Ratio	0.32	
Beta	2.20	
Alpha	-3.33	
R Squared	0.00	
Sharpe Ratio	1.46	69.56
Percentage of Total Fund	4.2	
Inception Date	May-2010	
Opening Market Value (£000)	30,481	
Net Investment £(000)	2,143	
Income Received £(000)	212	
Appreciation £(000)	-420	
Closing Market Value (£000)	32,416	

Three Years Rolling Quarterly Returns

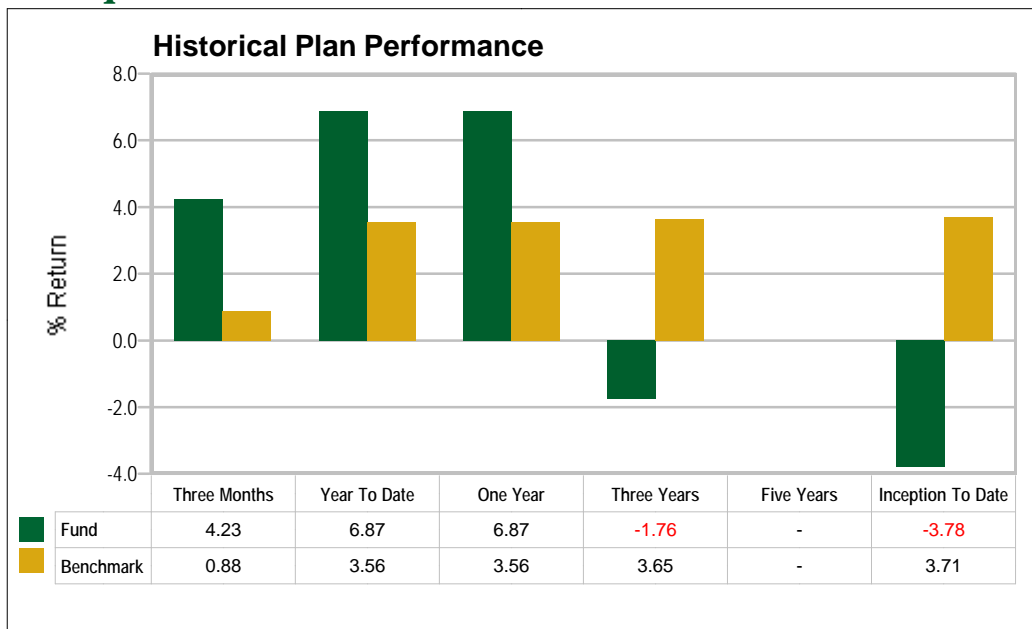


Three Years Rolling Relative Returns

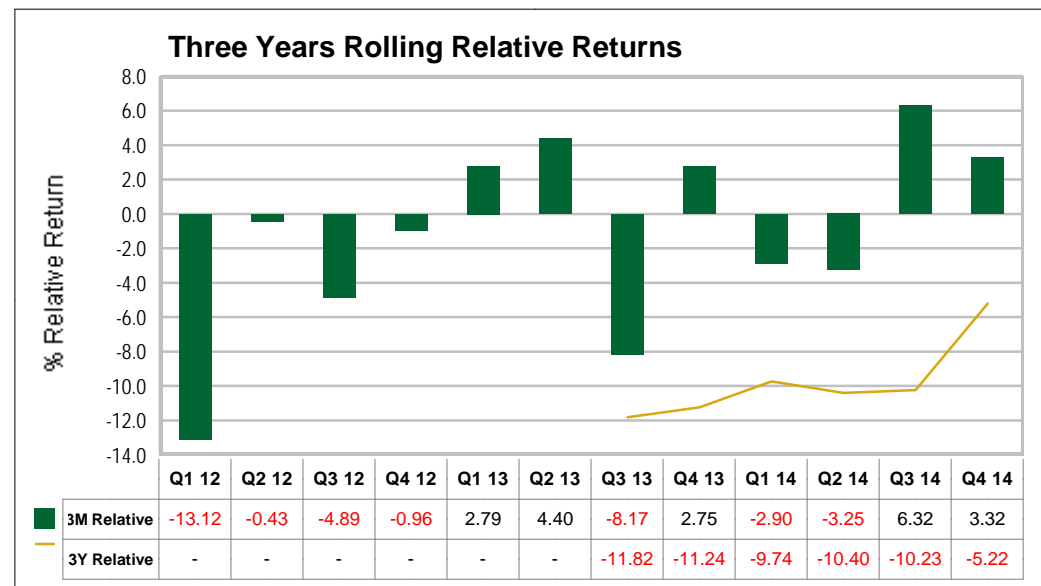
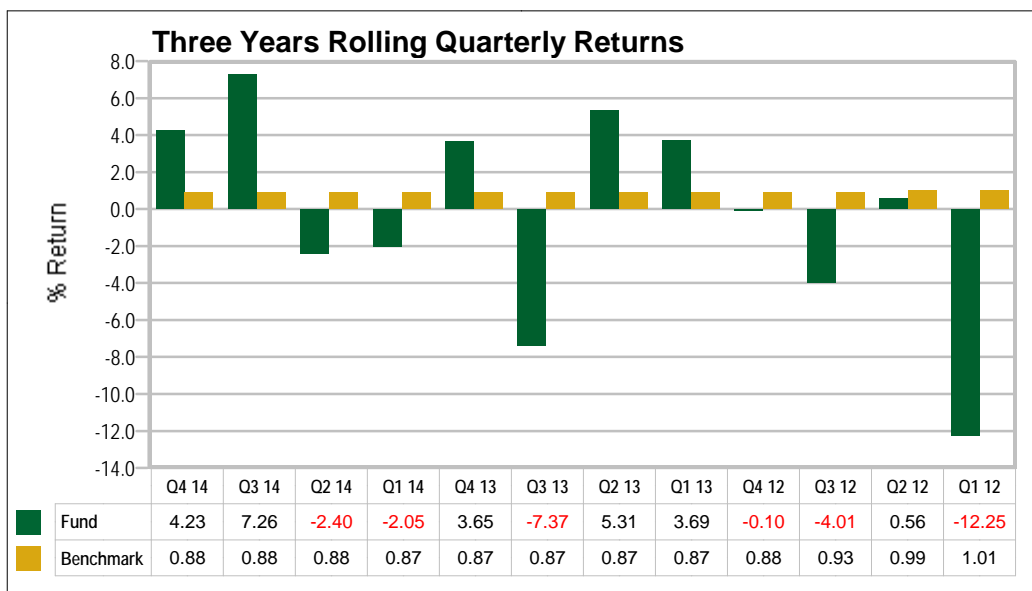




Macquarie



Risk Statistics - 3 years	Fund	B'mark
Performance Return	-1.76	3.65
Standard Deviation	10.24	0.05
Relative Return	-5.22	
Tracking Error	10.25	
Information Ratio	-0.53	
Beta	40.68	
Alpha	-69.68	
R Squared	0.10	
Sharpe Ratio	-0.25	51.10
Percentage of Total Fund	1.0	
Inception Date	Sep-2010	
Opening Market Value (£000)	7,302	
Net Investment (£000)	125	
Income Received (£000)	-0	
Appreciation (£000)	314	
Closing Market Value (£000)	7,741	

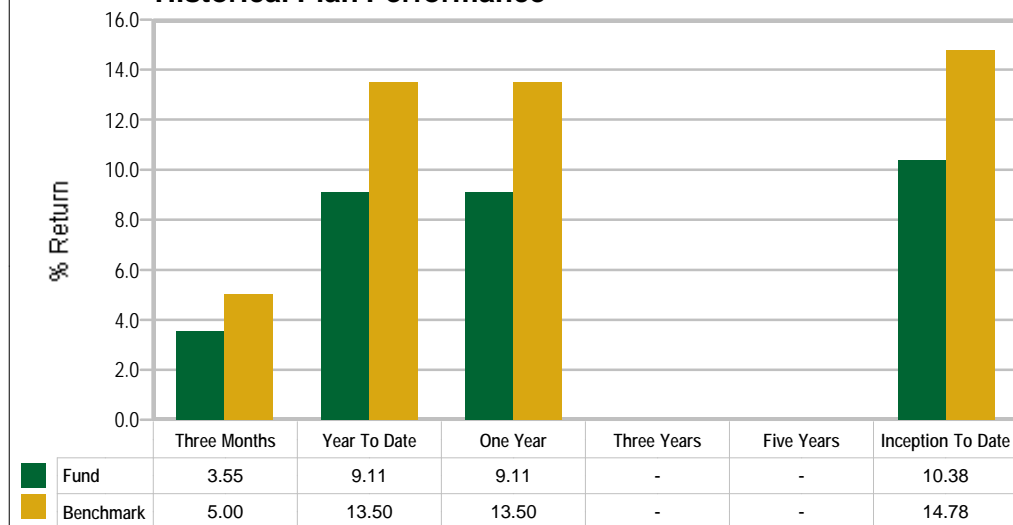






Newton

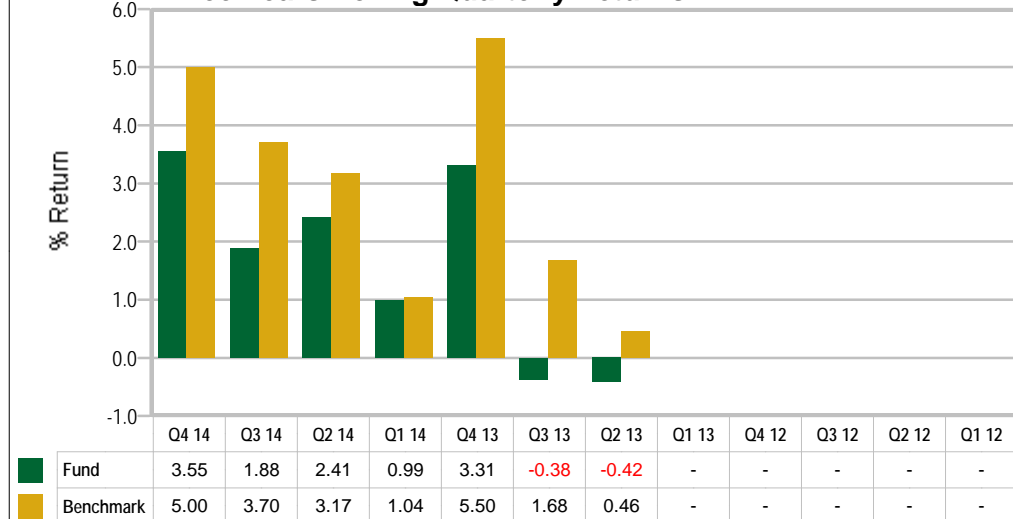
Historical Plan Performance



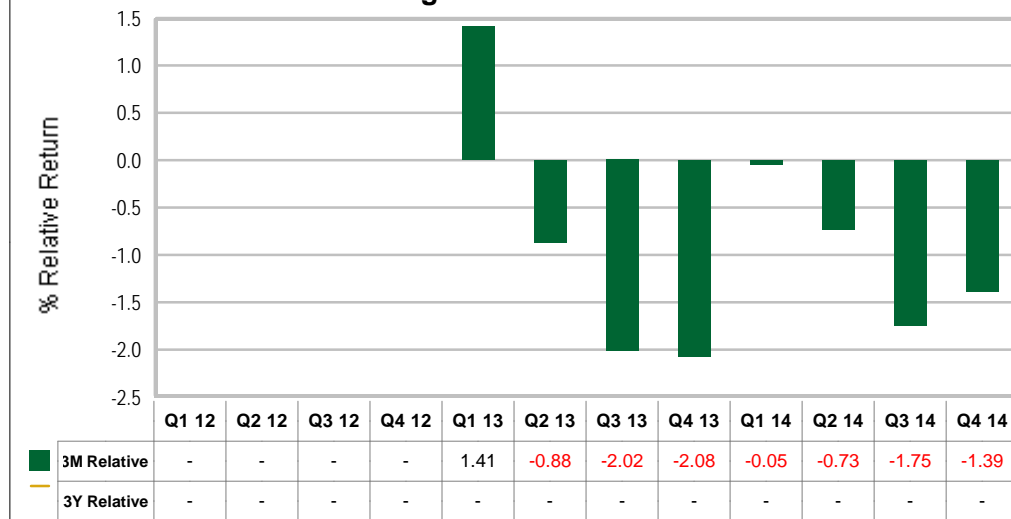
Risk Statistics - 3 years

	Fund	B'mark
Performance Return	-	-
Standard Deviation	-	-
Relative Return	-	-
Tracking Error	-	-
Information Ratio	-	-
Beta	-	-
Alpha	-	-
R Squared	-	-
Sharpe Ratio	-	-
Percentage of Total Fund	3.3	
Inception Date	Jan-2013	
Opening Market Value (£000)	24,643	
Net Investment £(000)	0	
Income Received £(000)	0	
Appreciation £(000)	874	
Closing Market Value (£000)	25,517	

Three Years Rolling Quarterly Returns



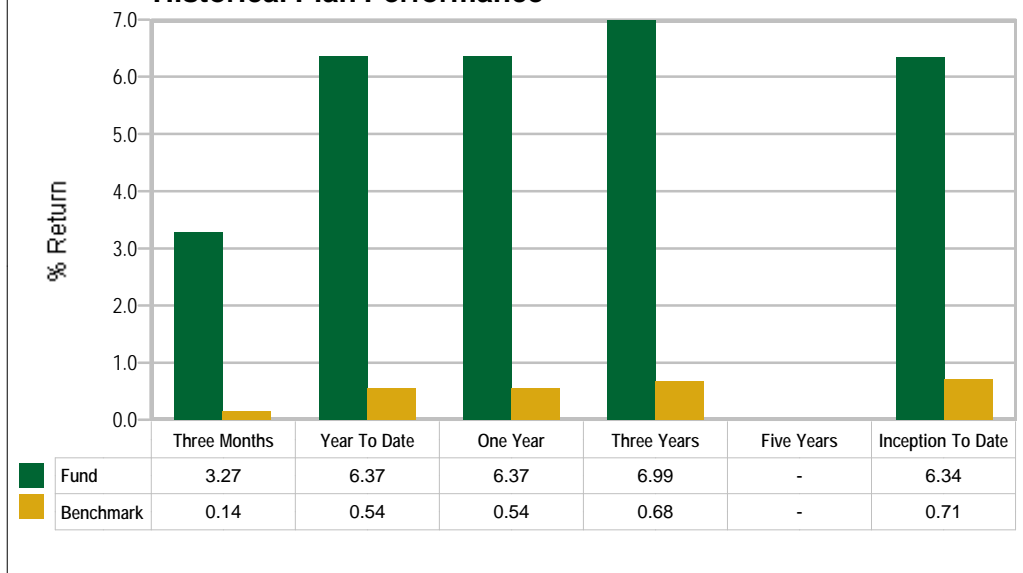
Three Years Rolling Relative Returns





Ruffer

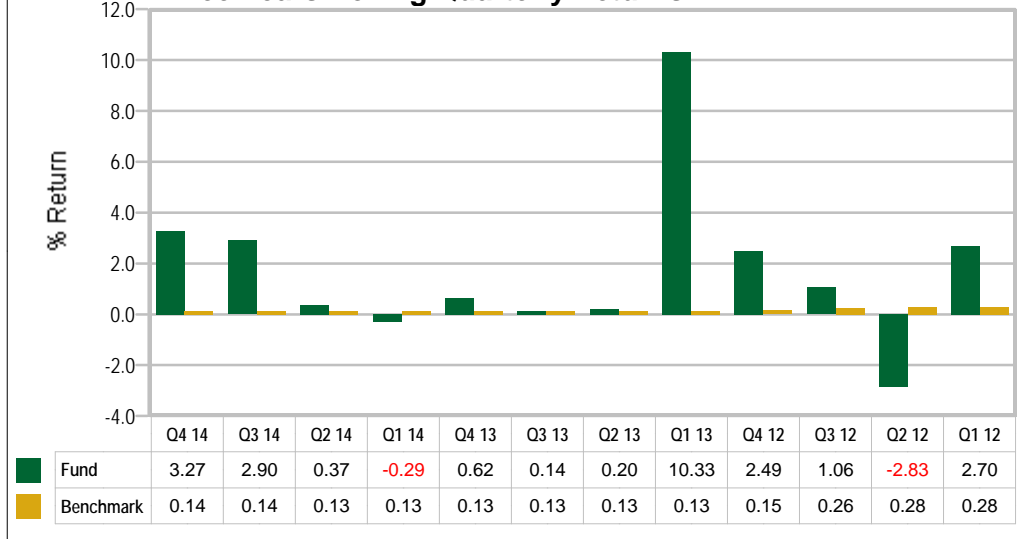
Historical Plan Performance



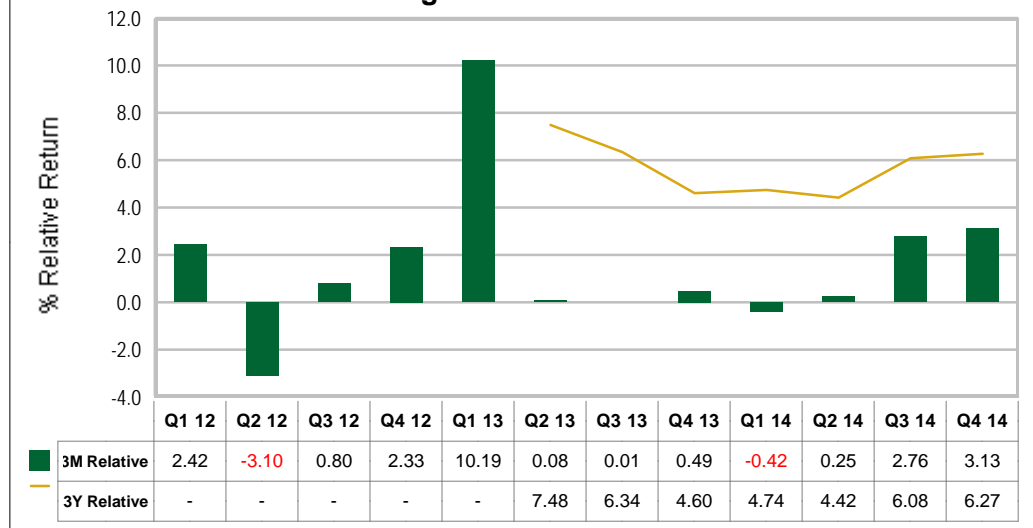
Risk Statistics - 3 years

	Fund	B'mark
Performance Return	6.99	0.68
Standard Deviation	4.98	0.07
Relative Return	6.27	
Tracking Error	4.99	
Information Ratio	1.26	
Beta	22.71	
Alpha	10.43	
R Squared	0.08	
Sharpe Ratio	1.23	-2.41
Percentage of Total Fund	11.8	
Inception Date	May-2010	
Opening Market Value (£000)	87,306	
Net Investment (£000)	0	
Income Received (£000)	191	
Appreciation (£000)	2,668	
Closing Market Value (£000)	90,164	

Three Years Rolling Quarterly Returns

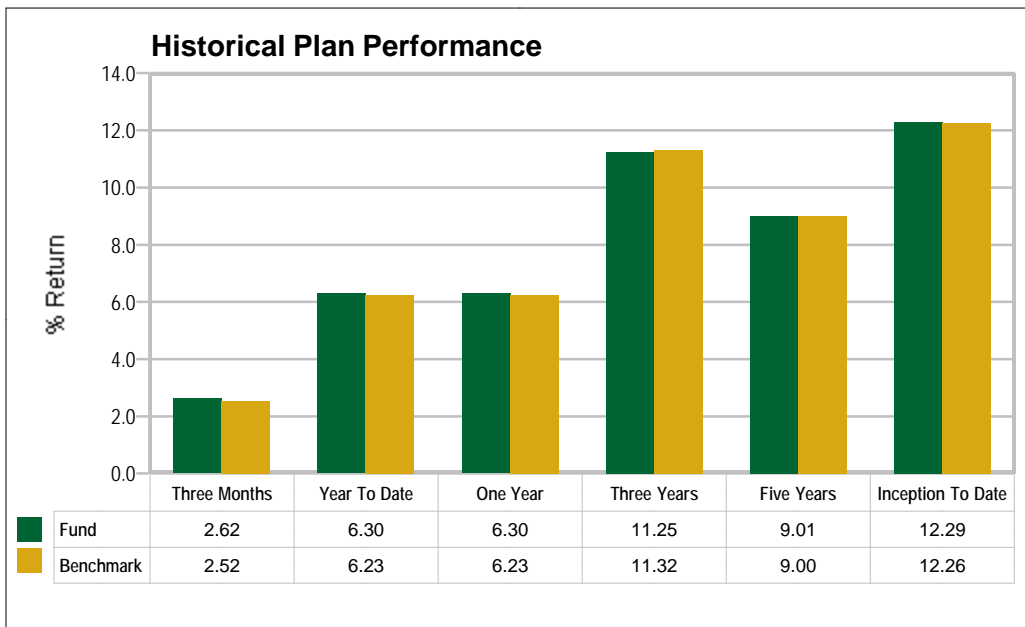


Three Years Rolling Relative Returns



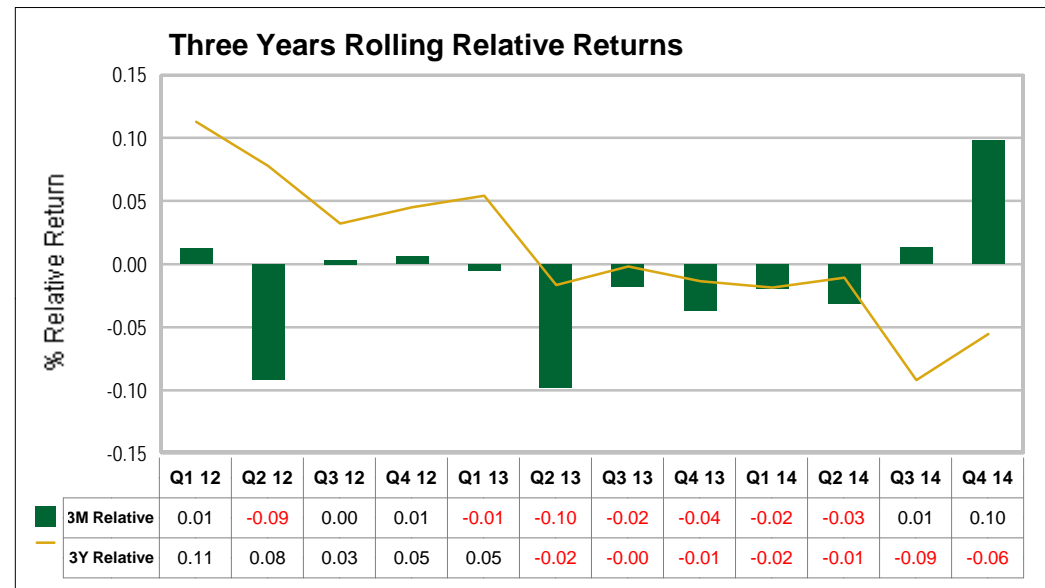
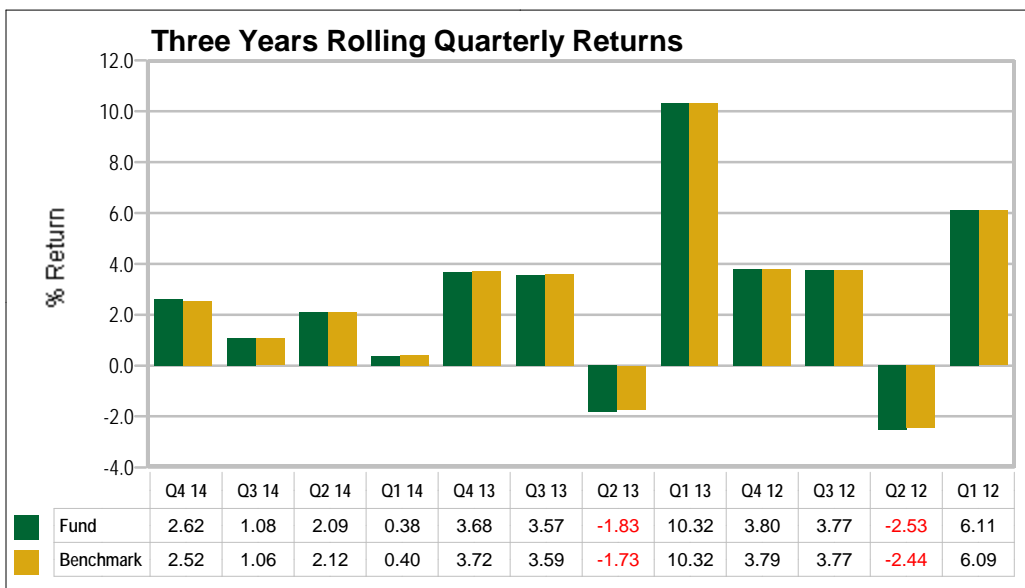


SSGA



### Risk Statistics - 3 years

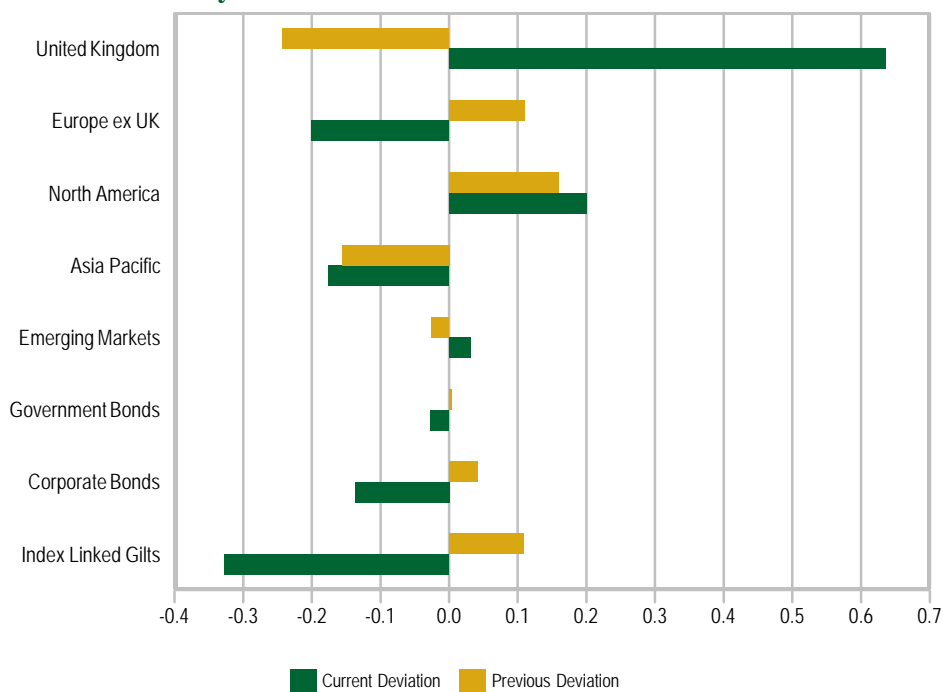
	Fund	B'mark
Performance Return	11.25	11.32
Standard Deviation	7.83	7.88
Relative Return	-0.06	
Tracking Error	0.12	
Information Ratio	-0.52	
Beta	0.99	
Alpha	0.01	
R Squared	1.00	
Sharpe Ratio	1.33	1.33
Percentage of Total Fund	19.9	
Inception Date	Nov-2008	
Opening Market Value (£000)	148,587	
Net Investment (£000)	0	
Income Received (£000)	0	
Appreciation (£000)	3,893	
Closing Market Value (£000)	152,480	





SSGA

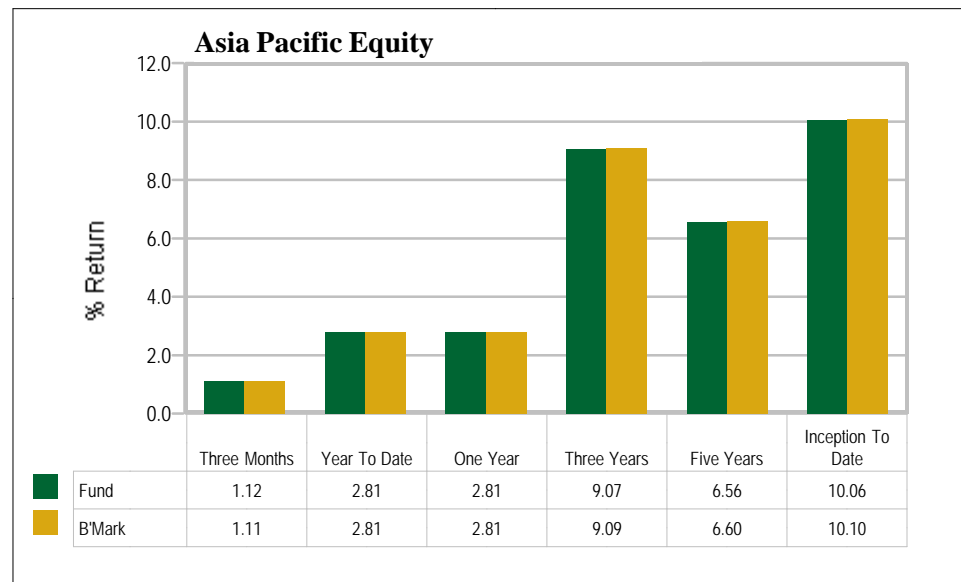
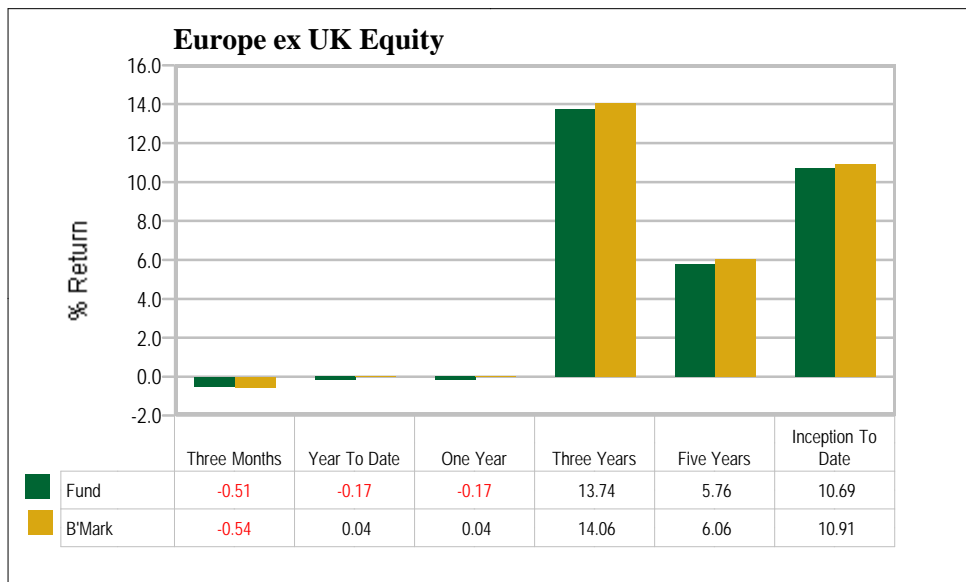
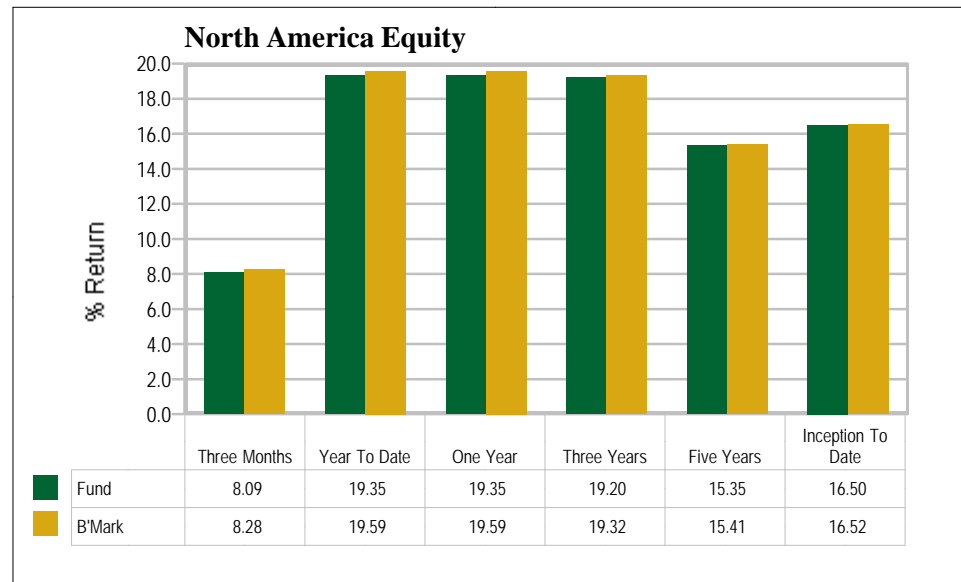
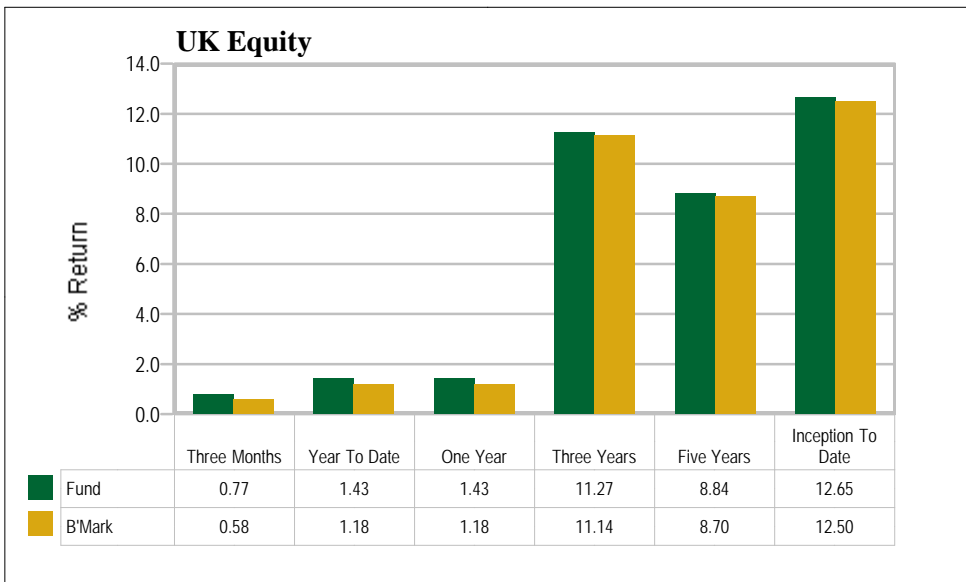
By Sector



	Current Quarter	Previous Quarter	Current Benchmark	Current Deviation	Previous Benchmark	Previous Deviation
United Kingdom	44.79	43.91	44.15	0.64	44.15	-0.24
Europe ex UK	10.75	11.06	10.95	-0.20	10.95	0.11
North America	11.16	11.12	10.96	0.20	10.96	0.16
Asia Pacific	10.84	10.86	11.02	-0.18	11.02	-0.16
Emerging Markets	3.02	2.96	2.99	0.03	2.99	-0.03
Government Bonds	1.47	1.50	1.50	-0.03	1.50	0.00
Corporate Bonds	8.33	8.51	8.47	-0.14	8.47	0.04
Index Linked Gilts	9.63	10.07	9.96	-0.33	9.96	0.11

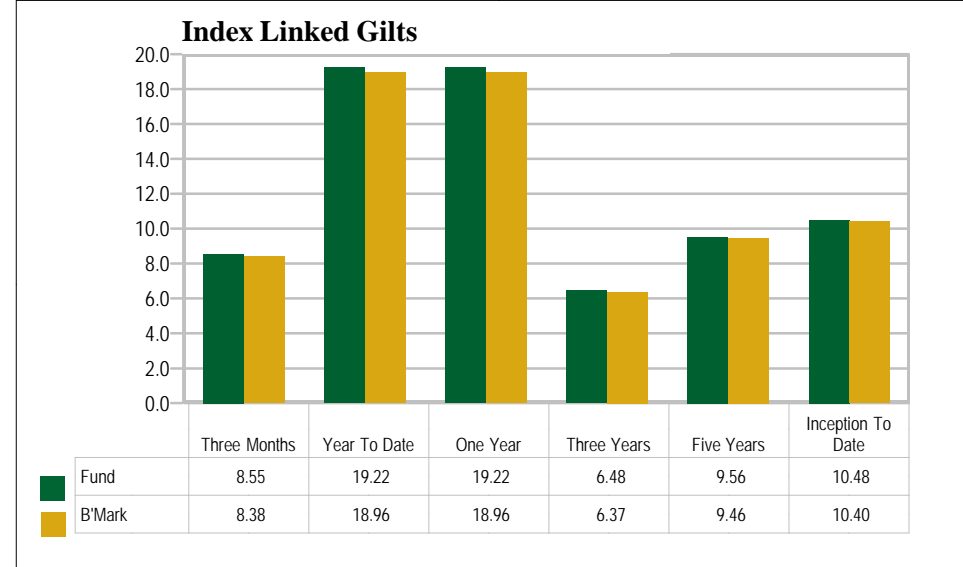
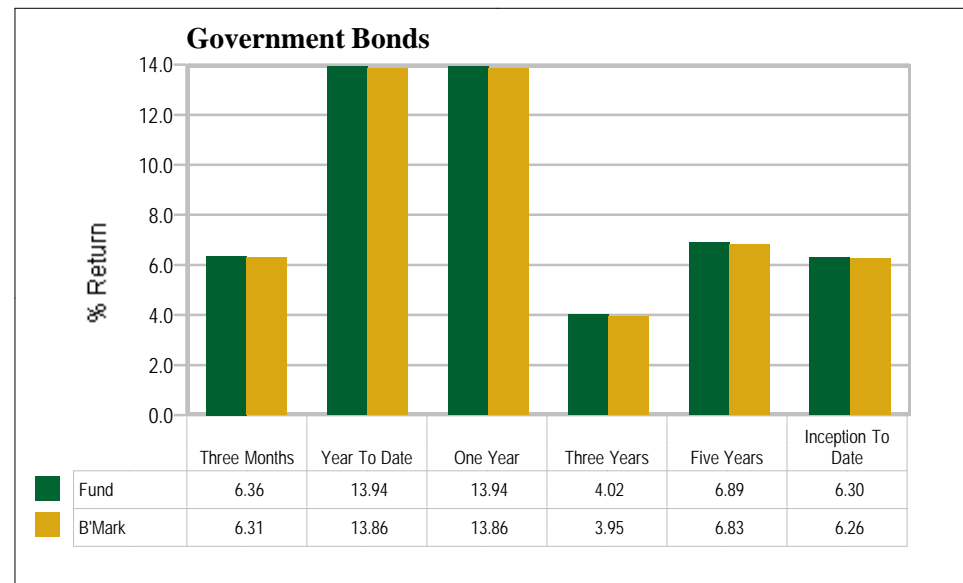
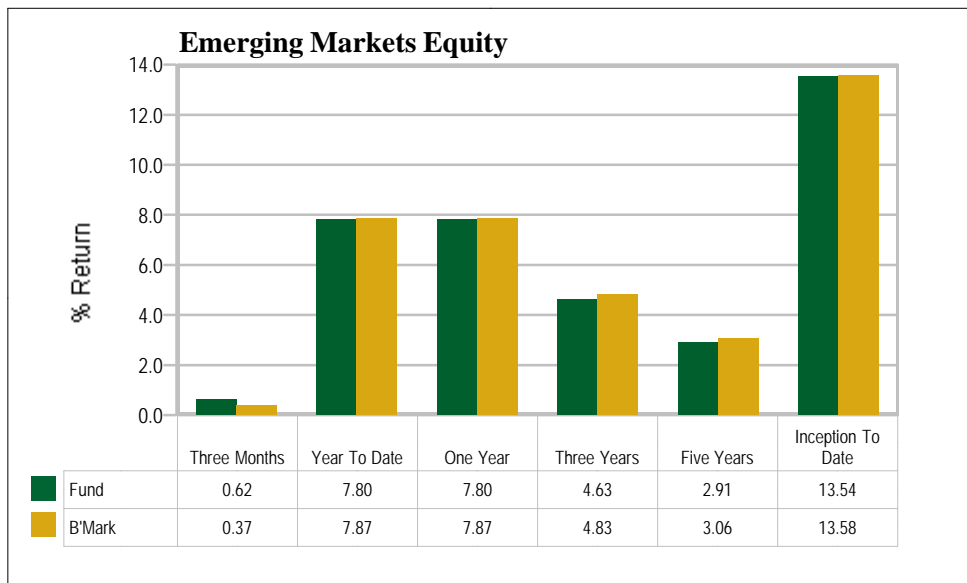


### SSGA





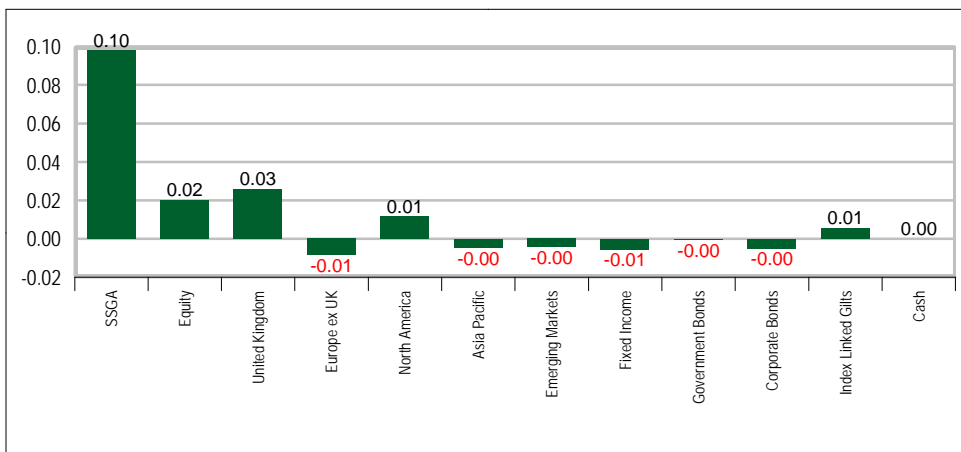
SSGA





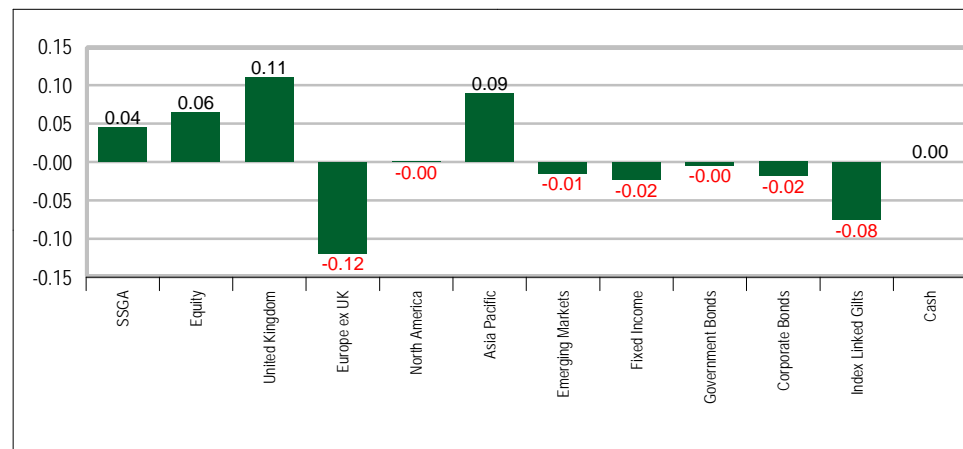
# SSGA

## Relative Contribution - Three Months



	Return	Benchmark	Relative Return	Asset Allocation	Stock Selection	Relative contribution
SSGA	2.62	2.52	0.10	0.01	0.01	0.10
Equity	1.65	-	1.65	0.01	0.01	0.02
United Kingdom	0.62	0.58	0.05	0.01	0.02	0.03
Europe ex UK	-0.52	-0.54	0.02	-0.01	0.00	-0.01
North America	8.24	8.28	-0.04	0.02	-0.00	0.01
Asia Pacific	1.07	1.11	-0.04	-0.00	-0.00	-0.00
Emerging Markets	0.35	0.37	-0.02	-0.00	-0.00	-0.00
Fixed Income	4.62	-	4.62	-0.01	-0.00	-0.01
Government Bonds	6.32	6.31	0.01	-0.00	0.00	-0.00
Corporate Bonds	4.32	4.32	-0.01	-0.00	-0.00	-0.00
Index Linked Gilts	8.40	8.38	0.02	0.00	0.00	0.01
Cash	-	-	0.00	0.00	0.00	0.00

## Relative Contribution - One Year

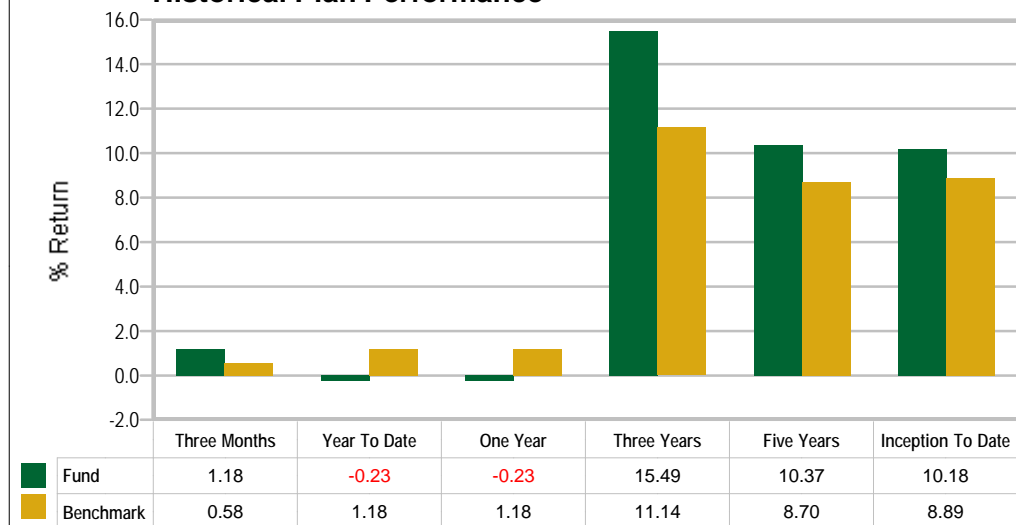


	Return	Benchmark	Relative Return	Asset Allocation	Stock Selection	Relative contribution
SSGA	6.28	6.23	0.04	-0.02	-0.01	0.04
Equity	4.14	-	4.14	-0.02	0.09	0.06
United Kingdom	1.46	1.18	0.28	-0.01	0.12	0.11
Europe ex UK	-0.90	0.04	-0.94	-0.02	-0.10	-0.12
North America	19.40	19.59	-0.15	0.02	-0.02	-0.00
Asia Pacific	3.65	2.81	0.81	-0.00	0.09	0.09
Emerging Markets	7.75	7.87	-0.11	-0.01	-0.00	-0.01
Fixed Income	12.29	-	12.29	-0.01	-0.02	-0.02
Government Bonds	13.70	13.86	-0.14	-0.00	-0.00	-0.00
Corporate Bonds	12.04	12.23	-0.17	-0.00	-0.01	-0.02
Index Linked Gilts	18.01	18.96	-0.80	0.01	-0.08	-0.08
Cash	-	-	0.00	0.00	0.00	0.00



UBS

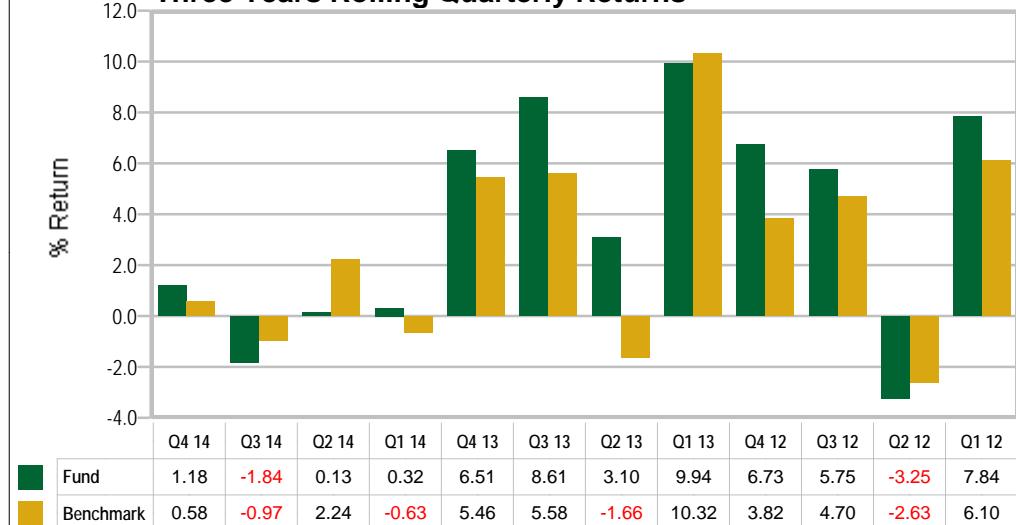
Historical Plan Performance



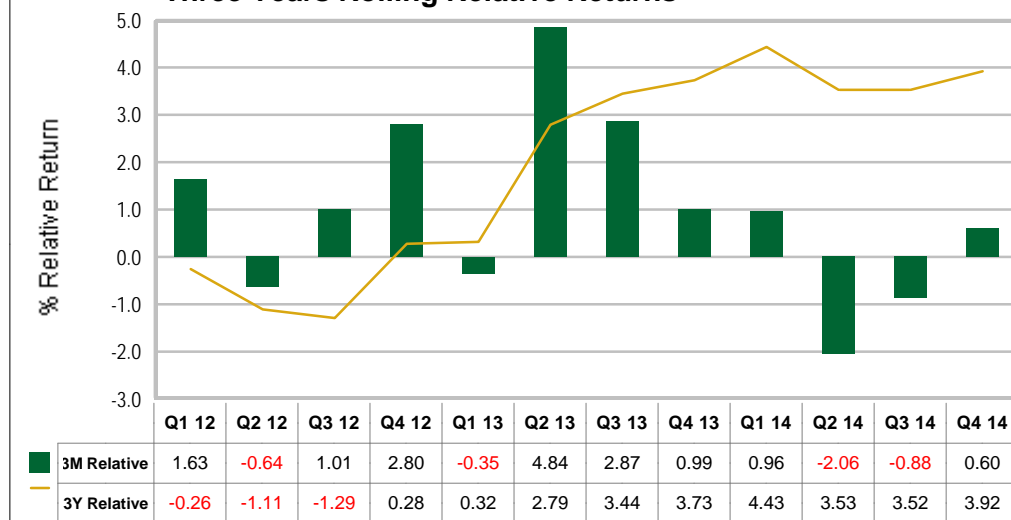
Risk Statistics - 3 years

	Fund	B'mark
Performance Return	15.49	11.14
Standard Deviation	10.63	10.16
Relative Return	3.92	
Tracking Error	3.30	
Information Ratio	1.32	
Beta	1.00	
Alpha	4.06	
R Squared	0.90	
Sharpe Ratio	1.38	1.01
Percentage of Total Fund	15.1	
Inception Date	Dec-1988	
Opening Market Value (£000)	113,883	
Net Investment £(000)	0	
Income Received £(000)	973	
Appreciation £(000)	373	
Closing Market Value (£000)	115,229	

Three Years Rolling Quarterly Returns



Three Years Rolling Relative Returns

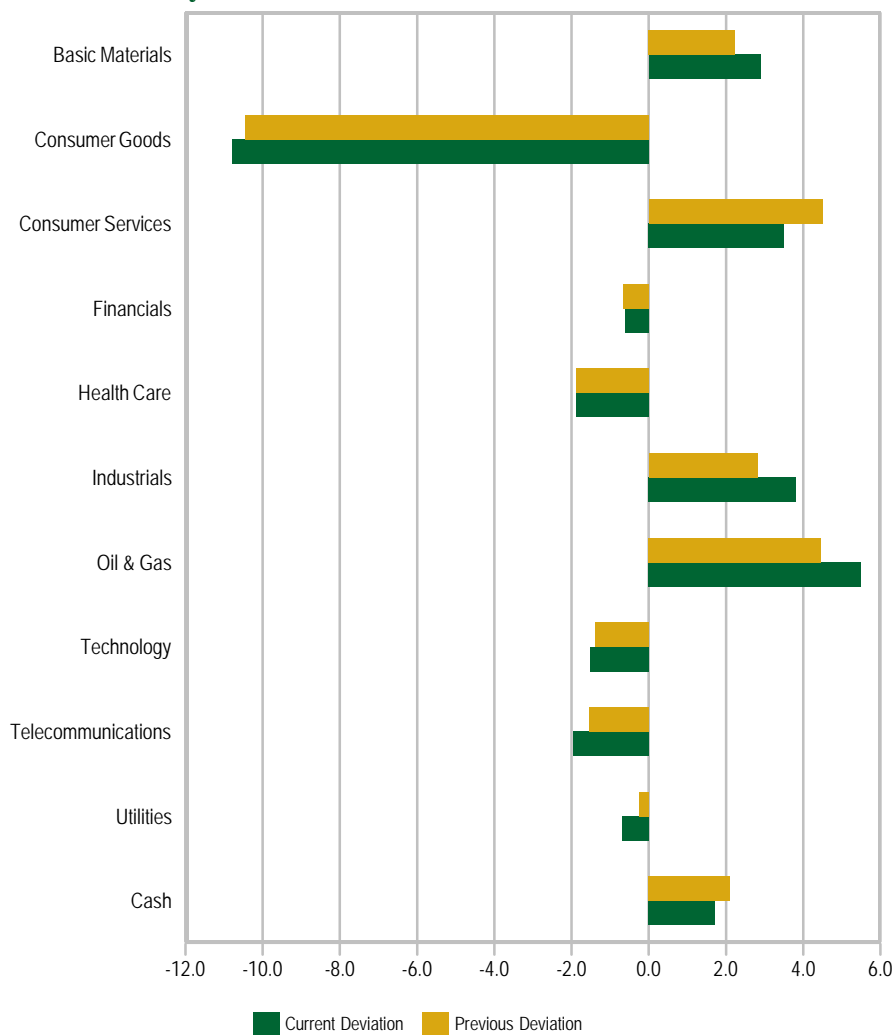






UBS

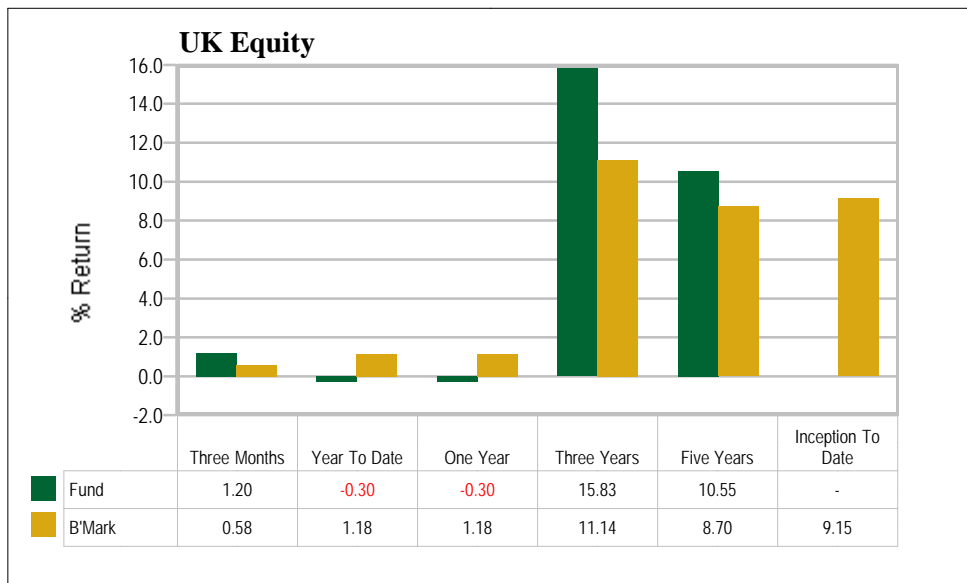
By Sector



	Current Quarter	Previous Quarter	Current Benchmark	Current Deviation	Previous Benchmark	Previous Deviation
Basic Materials	10.08	10.07	7.19	2.89	7.84	2.23
Consumer Goods	3.69	3.61	14.49	-10.80	14.06	-10.44
Consumer Services	14.77	14.76	11.27	3.50	10.26	4.50
Financials	25.04	24.35	25.64	-0.60	25.01	-0.66
Health Care	6.64	6.74	8.53	-1.89	8.61	-1.87
Industrials	13.64	12.58	9.83	3.81	9.77	2.82
Oil & Gas	18.22	19.09	12.72	5.50	14.64	4.46
Technology			1.52	-1.52	1.39	-1.39
Telecommunications	2.89	2.99	4.86	-1.97	4.52	-1.54
Utilities	3.27	3.65	3.96	-0.69	3.91	-0.26
Cash	1.71	2.12		1.71		2.12



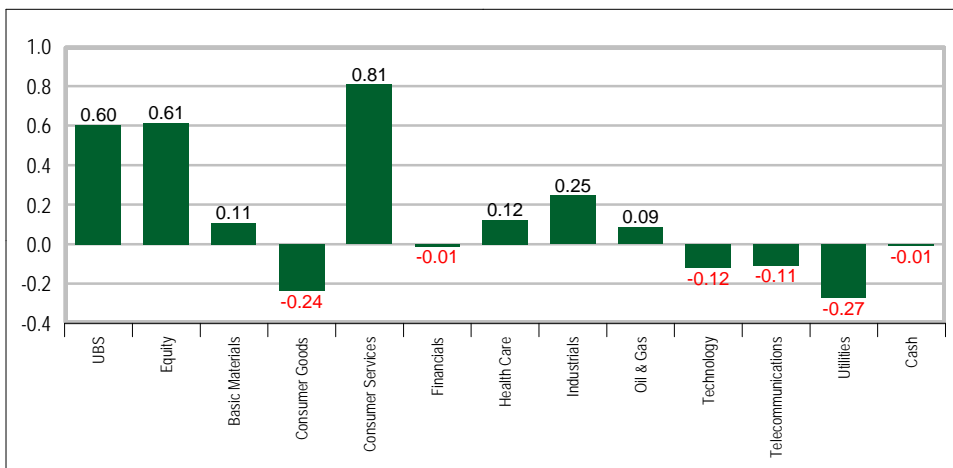
### UBS





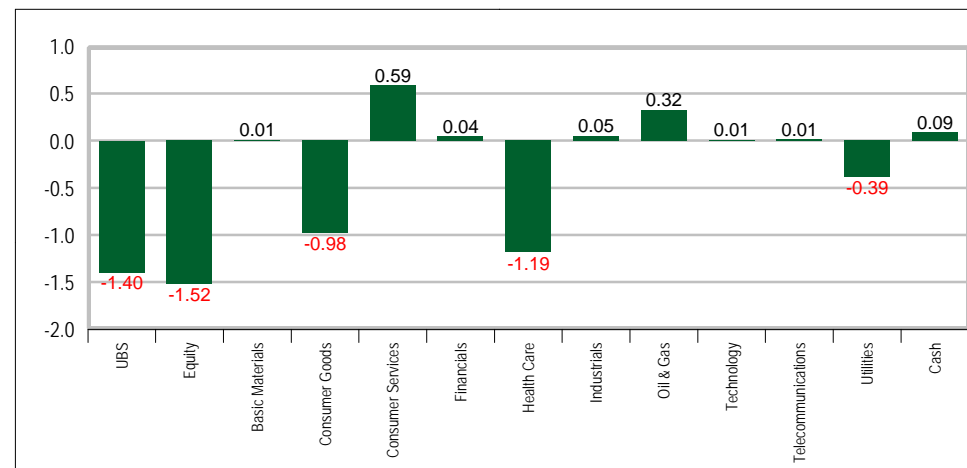
# UBS

## Relative Contribution - Three Months



	Return	Benchmark	Relative Return	Asset Allocation	Stock Selection	Relative contribution
UBS	1.18	0.58	0.60	-0.96	1.58	0.60
Equity	1.20	0.58	0.62	-0.95	1.58	0.61
Basic Materials	-4.80	-7.76	3.20	-0.20	0.31	0.11
Consumer Goods	5.81	3.59	2.14	-0.31	0.08	-0.24
Consumer Services	12.65	9.12	3.24	0.32	0.48	0.81
Financials	2.82	2.81	0.01	-0.02	0.00	-0.01
Health Care	0.72	-0.72	1.45	0.03	0.10	0.12
Industrials	3.48	2.05	1.40	0.06	0.18	0.25
Oil & Gas	-8.50	-11.89	3.85	-0.59	0.68	0.09
Technology	-	9.09	-8.33	-0.12	0.00	-0.12
Telecommunications	9.65	9.16	0.45	-0.12	0.02	-0.11
Utilities	-5.19	2.41	-7.42	-0.00	-0.27	-0.27
Cash	0.17	-	0.17	-0.01	0.00	-0.01

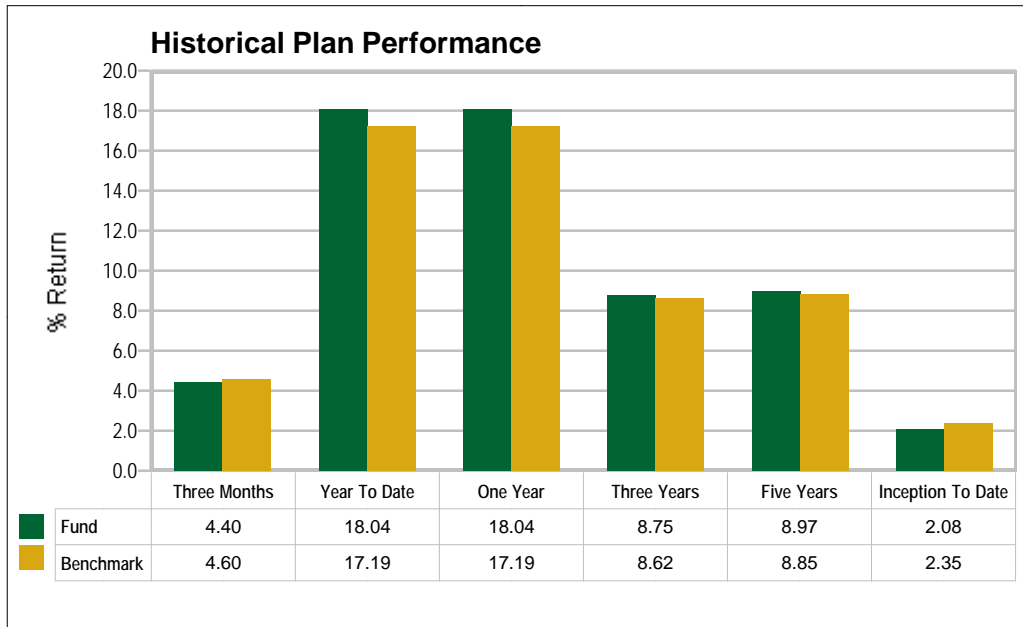
## Relative Contribution - One Year



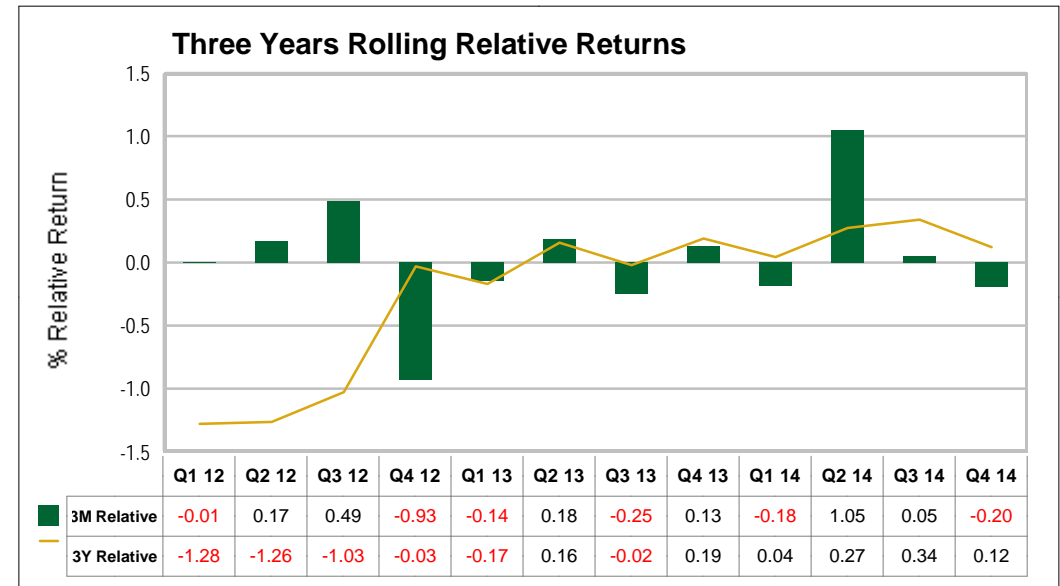
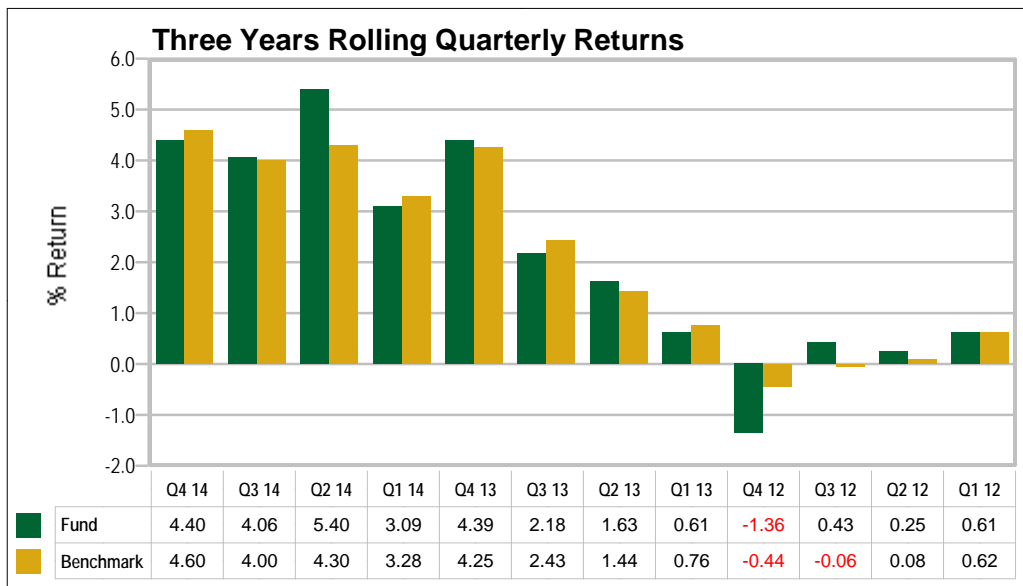
	Return	Benchmark	Relative Return	Asset Allocation	Stock Selection	Relative contribution
UBS	-0.23	1.18	-1.40	-1.56	0.13	-1.40
Equity	-0.36	1.18	-1.52	-1.65	0.13	-1.52
Basic Materials	-6.43	-8.67	2.45	-0.24	0.25	0.01
Consumer Goods	8.01	9.65	-1.49	-0.83	-0.15	-0.98
Consumer Services	5.29	1.76	3.47	0.02	0.57	0.59
Financials	3.38	3.24	0.13	-0.02	0.06	0.04
Health Care	-1.49	14.88	-14.25	-0.12	-1.07	-1.19
Industrials	-3.60	-4.68	1.13	-0.09	0.14	0.05
Oil & Gas	-5.69	-10.24	5.08	-0.51	0.84	0.32
Technology	-	0.89	-0.88	0.01	0.00	0.01
Telecommunications	-3.25	-1.40	-1.88	0.07	-0.06	0.01
Utilities	0.41	13.20	-11.30	0.04	-0.42	-0.39
Cash	0.84	-	0.84	0.09	0.00	0.09



UBS Property



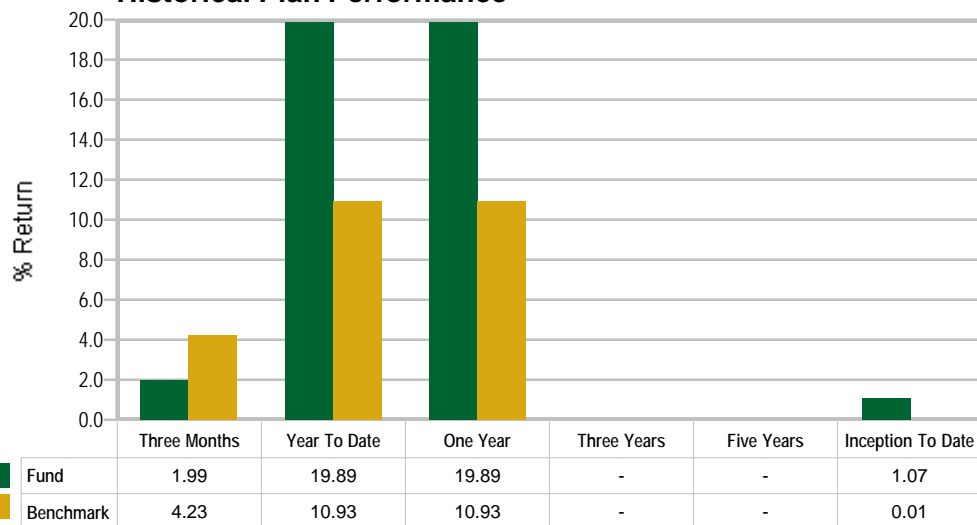
Risk Statistics - 3 years	Fund	B'mark
Performance Return	8.75	8.62
Standard Deviation	2.77	2.21
Relative Return	0.12	
Tracking Error	1.34	
Information Ratio	0.10	
Beta	1.09	
Alpha	-0.55	
R Squared	0.78	
Sharpe Ratio	2.85	3.52
Percentage of Total Fund	8.2	
Inception Date	Mar-2006	
Opening Market Value (£000)	60,373	
Net Investment (£000)	0	
Income Received (£000)	506	
Appreciation (£000)	2,148	
Closing Market Value (£000)	63,027	





UBS Tactical

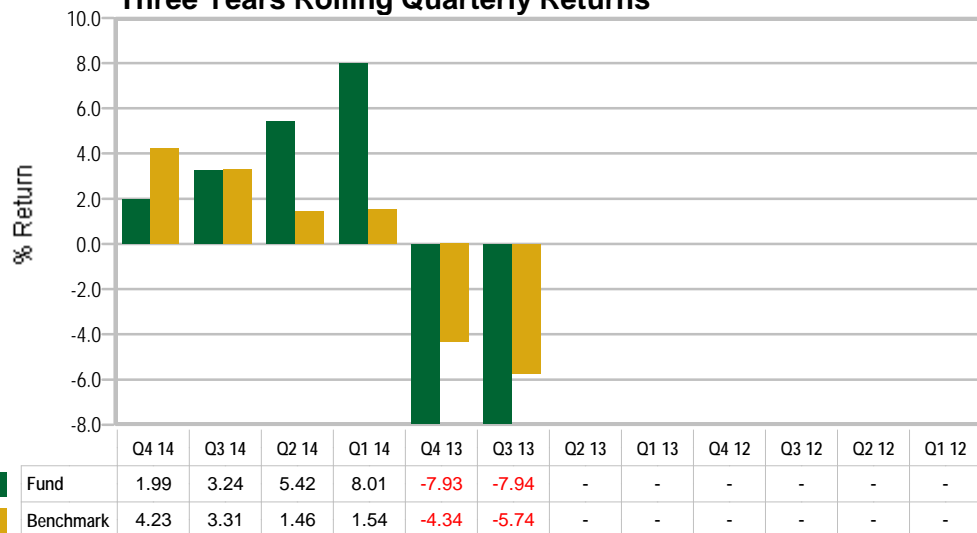
Historical Plan Performance



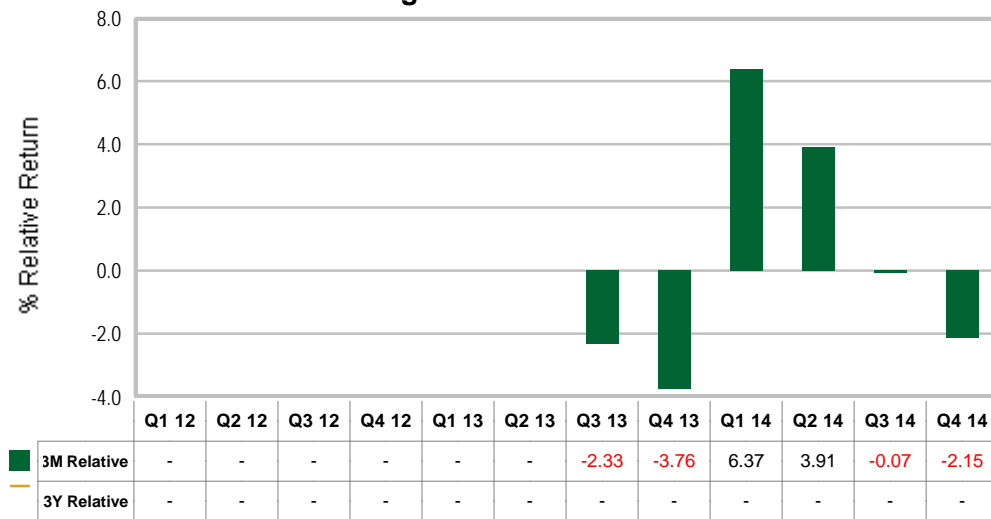
Risk Statistics - 3 years

	Fund	B'mark
Performance Return	-	-
Standard Deviation	-	-
Relative Return	-	-
Tracking Error	-	-
Information Ratio	-	-
Beta	-	-
Alpha	-	-
R Squared	-	-
Sharpe Ratio	-	-
Percentage of Total Fund	4.3	
Inception Date	Jun-2013	
Opening Market Value (£000)	14,010	
Net Investment £(000)	18,880	
Income Received £(000)	7	
Appreciation £(000)	98	
Closing Market Value (£000)	32,995	

Three Years Rolling Quarterly Returns

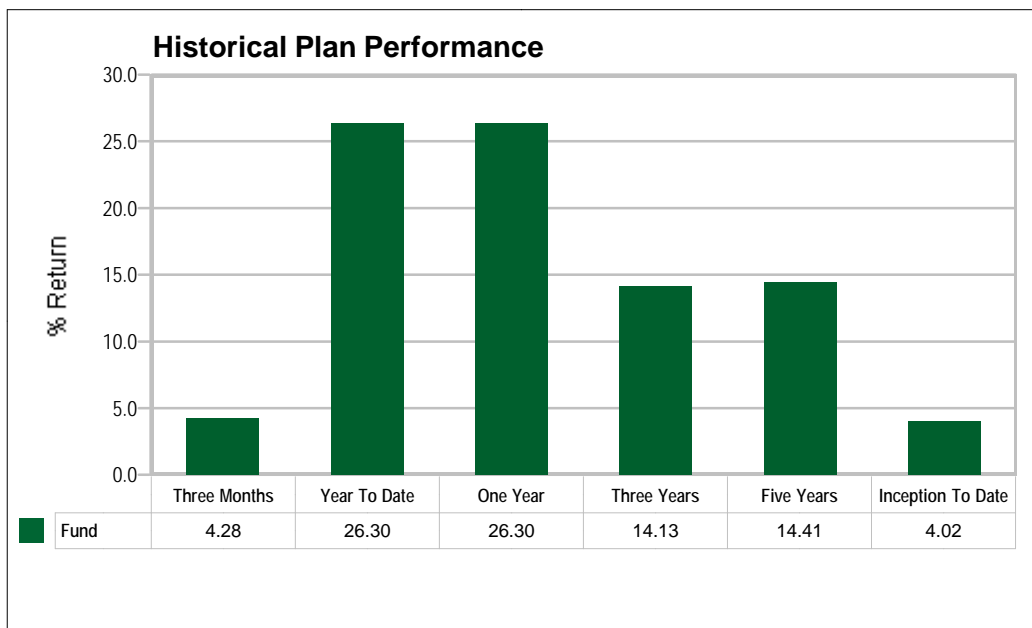


Three Years Rolling Relative Returns

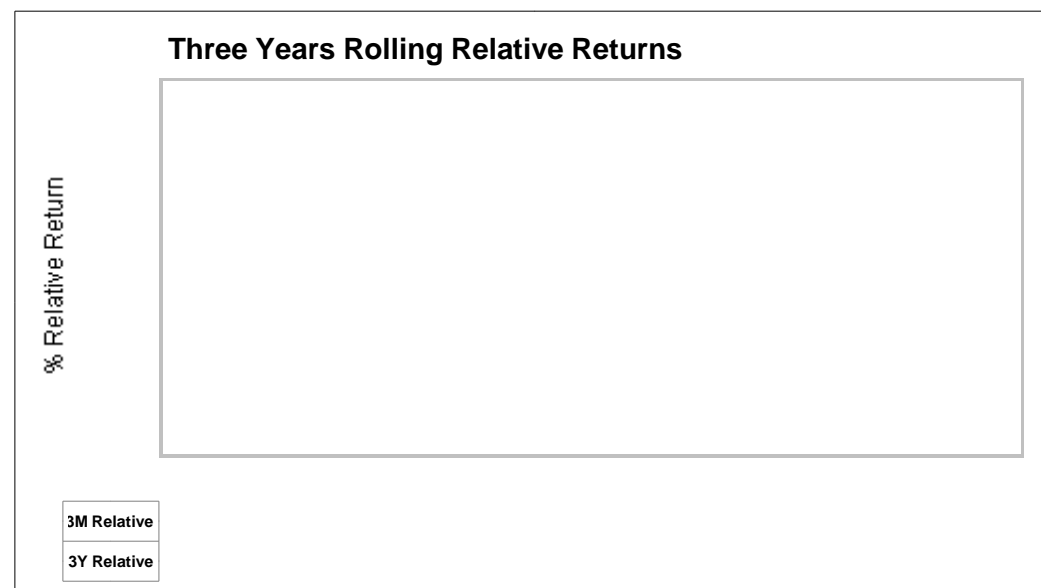
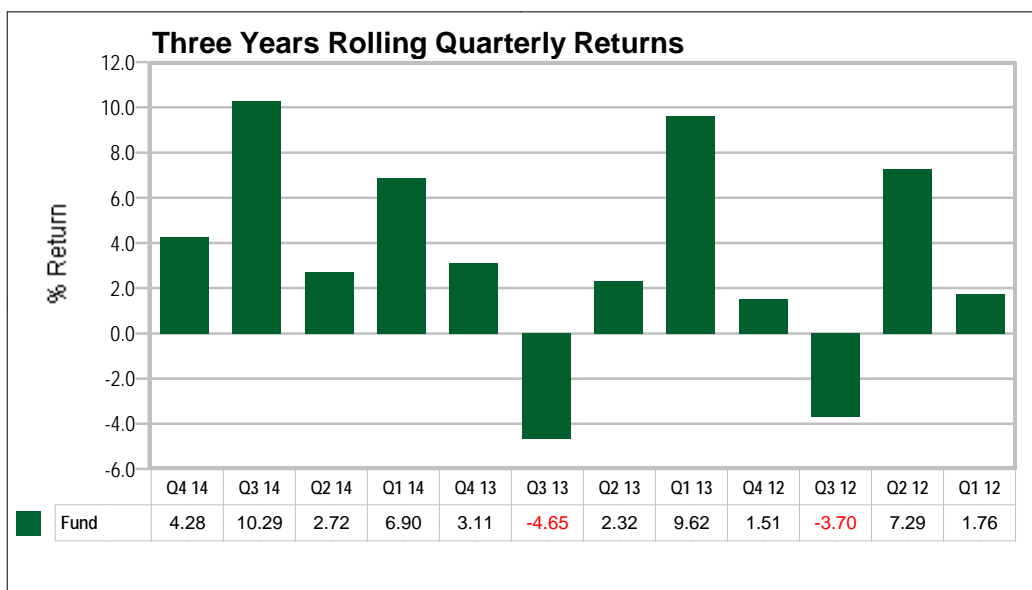




Adam Street



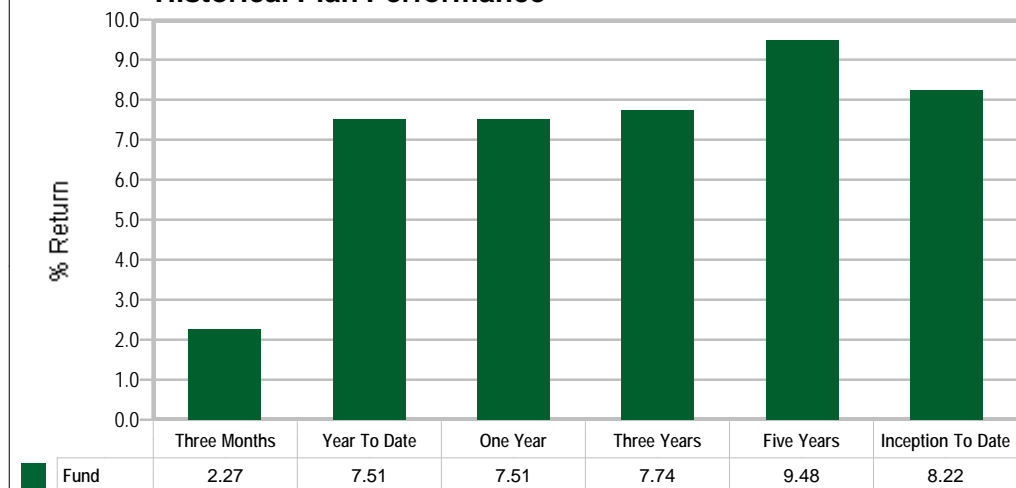
Risk Statistics - 3 years	Fund	B'mark
Performance Return	14.13	
Standard Deviation	8.46	
Relative Return	3.75	
Tracking Error	8.46	
Information Ratio	0.49	
Beta	3.54	
Alpha	-16.64	
R Squared	0.00	
Sharpe Ratio	1.57	
Percentage of Total Fund	2.8	
Inception Date	Jan-2005	
Opening Market Value (£000)	22,428	
Net Investment (£000)	-1,617	
Income Received (£000)	0	
Appreciation (£000)	917	
Closing Market Value (£000)	21,728	





LGT

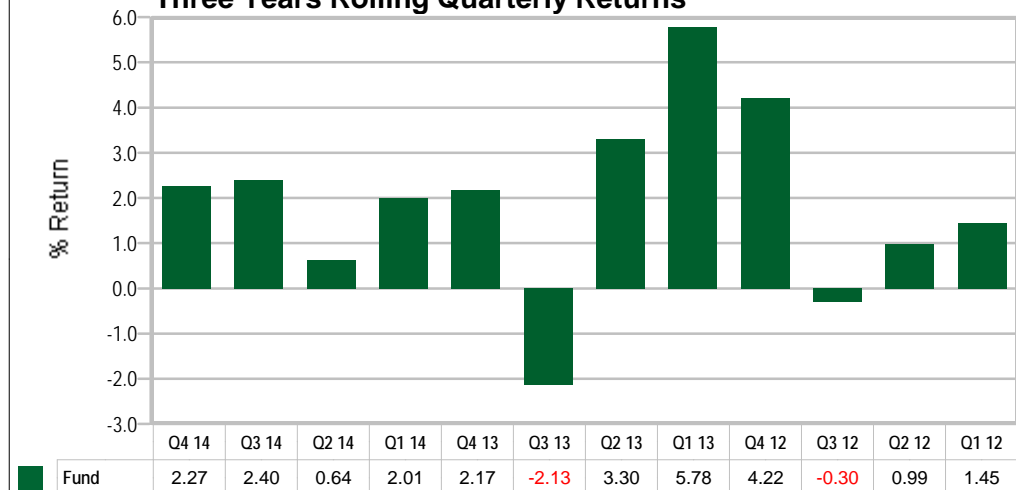
Historical Plan Performance



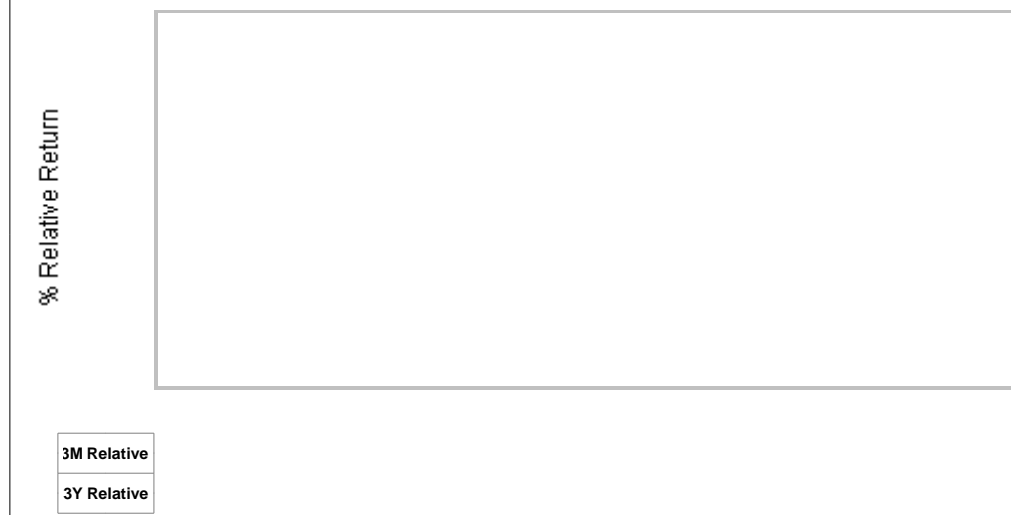
Risk Statistics - 3 years

	Fund	B'mark
Performance Return	7.74	
Standard Deviation	5.33	
Relative Return	-6.80	
Tracking Error	7.33	
Information Ratio	-1.07	
Beta	0.35	
Alpha	1.88	
R Squared	0.34	
Sharpe Ratio	1.29	
Percentage of Total Fund	1.8	
Inception Date	May-2004	
Opening Market Value (£000)	14,314	
Net Investment £(000)	-917	
Income Received £(000)	0	
Appreciation £(000)	323	
Closing Market Value (£000)	13,720	

Three Years Rolling Quarterly Returns



Three Years Rolling Relative Returns





### Total Plan Benchmark

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

### AEW UK

- 100.0 IPD UK PPFi All Balanced Funds Index

### Barings

- 100.0 LIBOR 3 Month + 4%

### GMO Global

- 100.0 OECD CPI G7 (GBP) Index

### JP Morgan

- 100.0 LIBOR 3 Month + 3%

### Kempen

- 100.0 MSCI All World Index +2%

### M&G Investments

- 100.0 LIBOR 3 Month + 4%

### Macquarie

- 100.0 LIBOR 3 Month + 3%

### Newton

- 100.0 FTSE World Index +2%

### Permira Credit

- 100.0 LIBOR 3 Month + 4%

### Ruffer

- 100.0 3 Month Sterling LIBOR

### SSGA

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

### SSGA Drawdown

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

### 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.



The Global Industry Classification Standard ("GICS") was developed by and is the exclusive property and a service mark of Morgan Stanley Capital International Inc. ("MSCI") and Standard & Poor's, a division of The McGraw-Hill Companies, Inc. ("S&P") and is licensed for use by The Northern Trust Corporation and its wholly owned subsidiaries. Neither MSCI, S&P, nor any other party involved in making or compiling the GICS or any GICS classifications makes any express or implied warranties or representations with respect to such standard or classification (or the results to be obtained by the use thereof), and all such parties hereby expressly disclaim all warranties of originality, accuracy, completeness, merchantability and fitness for a particular purpose with respect to any of such standard or classification. Without limiting any of the foregoing, in no event shall MSCI, S&P, any of their affiliates or any third party involved in making or compiling the GICS or any GICS classifications have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages.

The Dow Jones Wilshire Indexes<sup>SM</sup> are calculated, distributed and marketed by Dow Jones & Company, Inc. pursuant to an agreement between Dow Jones and Wilshire and have been licensed for use. All content of the Dow Jones Wilshire Indexes<sup>SM</sup> © 2005 Dow Jones & Company, Inc. & Wilshire Associates Incorporated. Standard and Poor's including its subsidiary corporations ("S&P") is a division of the McGraw-Hill Companies, Inc. Reproduction of S&P Index Alerts in any form is prohibited except with the prior written permission of S&P. Because of the possibility of human or mechanical error by S&P sources, S&P or others, S&P does not guarantee the accuracy, adequacy, completeness or availability of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. S&P gives not express or implied warranties, including, but not limited to, any warranties or merchantability or fitness for a particular purpose or use. In no event shall S&P be liable for any indirect, special or consequential damages in connection with subscriber's or others' use of S&P Index Alerts. All MSCI equity characteristic results except for Dividend Yield, Price to Book Value, Price to Cash Earnings and Price Earnings Ratio were calculated by The Northern Trust Company.

FTSE ® is a trade mark of London Stock Exchange Plc and The Financial Times Limited and is used by FTSE under license. All rights in the FTSE Indices vest in FTSE and/or its licensors. Neither FTSE nor its licensors accept any liability for any errors or omissions in the FTSE Indices or underlying data.

The Merrill Lynch Indices are used with permission. Copyright 2007, Merrill Lynch, Pierce, Fenner & Smith Incorporated. All rights reserved. The Merrill Lynch Indices may not be copied, used, or distributed without Merrill Lynch's prior written approval.

IRS CIRCULAR 230 NOTICE: To the extent that this message or any attachment concerns tax matters, it is not intended to be used and cannot be used by a taxpayer for the purpose of avoiding penalties that may be imposed by law. For more information about this notice, see

<http://www.northerntrust.com/circular230>

Please note that this report has been prepared using best available data. This report may also contain information provided by third parties, derived by third parties or derived from third party data and/or data that may have been categorized or otherwise reported based upon client direction - Northern Trust assumes no responsibility for the accuracy, timeliness or completeness of any such information. If you have questions regarding third party data or direction as it relates to this report, please contact your Northern Trust relationship team.