



1st Quarter, 2010

London Borough of Hillingdon

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Executive Report

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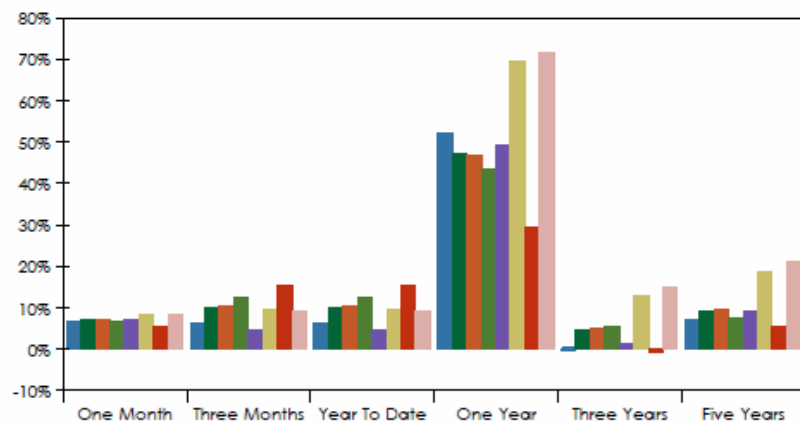
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Equity Index Performance (in GBP)

Performance History



Performance Returns%

| | One Month | Three Months | Year To Date | One Year | Three Years | Five Years |
|-------------------------------|-----------|--------------|--------------|----------|-------------|------------|
| ■ FTSE All Share | 6.8 | 6.4 | 6.4 | 52.3 | -0.2 | 7.2 |
| ■ FT: World | 6.9 | 9.9 | 9.9 | 47.1 | 4.8 | 9.2 |
| ■ FT: World ex UK | 6.9 | 10.3 | 10.3 | 46.8 | 5.2 | 9.4 |
| ■ FT: World North America | 6.6 | 12.5 | 12.5 | 43.2 | 5.4 | 7.6 |
| ■ FT: World Europe | 7.1 | 4.6 | 4.6 | 49.5 | 1.4 | 9.1 |
| ■ FT: Developed Asia Pac x Jp | 8.1 | 9.8 | 9.8 | 69.7 | 12.9 | 18.4 |
| ■ FT AW: Japan | 5.5 | 15.4 | 15.4 | 29.6 | -0.7 | 5.5 |
| ■ MSCI Emerging Markets GD | 8.5 | 9.1 | 9.1 | 71.6 | 14.9 | 21.2 |

All index returns are in GBP terms unless stated otherwise.

The first quarter of 2010 has seen the global economic recovery continue along two lines, the distinction being between the developed and emerging markets. Governments and central banks in the developed world continue with supporting measures amid lingering fears of a double dip recession, sovereign debt crises and currency depreciation. The emerging markets and particularly Latin America, China and India have enjoyed strong recoveries and are now removing fiscal easing policy in order to avoid currency appreciation and consumer price inflation. Strength of balance sheets is the key differentiator; there is less debt in the emerging economies, the memory of the financial crises of the 90s deterred those nations from participating in the credit bubble that engulfed the west in the last decade. One year regional index returns are hovering around the 50% mark with Japan at the low end of the range and Emerging Markets still outperforming all other regions. The OECD has predicted a slowing in the rate of US GDP growth in the first 2 quarters of this year to 2.4% and 2.3% from the 5.6% witnessed in Q4 2009. It expects a continuation of growth in the UK and a slowing in Japan. Gold prices ended March up marginally from December at \$1,124 per ounce. The price of crude oil finished Q1 up again at \$86 per barrel, an 18 month high. Commodities related shares with links to the emerging markets remain attractive to most strategists as growth exerts upward pressure on prices. The FTSE World was up 9.9% (GBP) in quarter 1 2010.

The FTSE 100 returned 6% over Q1 mirroring the last 3 months of 2009. March showed solid performance from the All Share index, raw materials were among the best sectors while telecoms lagged and large cap outperformed their mid and small cap counterparts. RPI for March was up to 3.4% following a February rise after the January VAT increase and higher petrol costs. The Nationwide house price index saw its first fall in 10 months. Total unemployment levels continue to fall although the official measure remained the same as December at 7.8%. Retail sales figures continued to drop from Q4 and industrial production remains low when compared with 2008. The latest revision of Q4 GDP has taken the number back up from 0.1% to 0.4%, the original estimate heralded as a moderate sign of exit from recession. The BoE persevered with the all time low base rate of 0.5% and it looks very likely that the bond buy back programme will be put on hold while the fragile recovery is nurtured. The FTSE All Share was up 6.4% (GBP) over the first quarter.

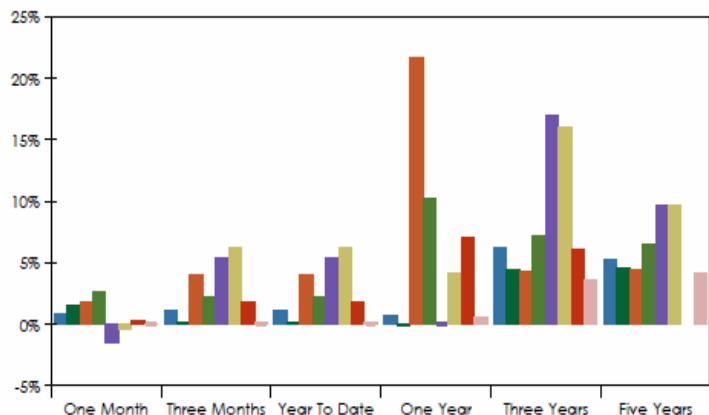
The FTSE Europe ex UK index returned 4% (GBP) over Q1. Spain, Greece, Portugal and Ireland remain in crisis, their economies heavily dependant on government stimulus. Germany, France and the IMF have come together to support Greece despite some national dissent. Overall Eurozone recovery is now threatened by the ties that bind despite France and Germany leading the way with growth in 2009. However the IFO business sentiment index moved up again and remains confident about the next 6 months. Exports continue to benefit from the weak Euro. The Healthcare sector performed well as appetite for risk dropped off. Unemployment increased across the Eurozone and has now reached 10%. Eurozone CPI inflation ended March up from 2009 at 1.4%, remaining below the ECB's 2% ceiling. The ECB left its main rate unchanged at 1%.

The US surged ahead of most regional counterparts over the first 3 months of 2010. Manufacturing is on the rise and vehicle sales are expected to exceed 11 million units, up from a year ago but 5 million short of 2008 levels. Most sectors gained led by the defensive industrials and consumer discretionary. The passing of healthcare legislation and the pact signed with Russia to cut the nuclear arsenals of both nations marked a historic quarter for President Obama. Given that healthcare for 40 million uninsured Americans will cost significant money, the trillion dollars spent on 2 wars since 2000 will not be able to be maintained. US unemployment has declined to 9.7% from 10% at the end of 2009. Stronger consumer spending and the beginnings of private sector job creation infer that the recovery is moving in line with hopes and predictions. During the quarter sales of new houses fell by 11% to the lowest level recorded in the measure's 50 year history. US 4th quarter GDP was 5.6% at the most recent estimate although final sales came in at a more reasonable 1.4%. The federal funds target rate was maintained at its all time low of 0-0.25% in the hopes of sustaining recovery. The FT: World North America index was up 12.5% (GBP) over the first quarter of 2010 beaten only by Japan over the same 3 months. Japanese equities outstripped all contemporaries over the first 3 months of 2010 despite a fall in GDP of -0.1%. Exports have bounced back strongly from their low a year ago but are still 20% below 2008 levels. Deflation persists, the CPI was down 1.1% on the year to February and full time jobs continue to decline as part time employment increases. The government is pressuring the central bank to counter falling prices. Most of the big names forecast profits but the main story continues to be Toyota's alleged negligence regarding the safety of its vehicles. The FTSE Japan returned 15.4% (GBP) for Q1; the FTSE Asia Pacific ex Japan returned 9.8% (GBP). Trade within the Asia region, driven in the main by China's stimulus policy has boosted the ongoing recovery. In contrast to Japan, inflation is positive and currency appreciation is being forecast by many commentators. Latin America has never suffered with deflation but encouragingly here inflation has been kept within manageable levels, Brazil being the key success story. Ongoing growth in the region is tied to successful exports of commodities which in turn relies upon continuing appetite coming from Western Markets and Asia. The target 8-10% growth in the region in 2010 still seems reasonable. MSCI Emerging Markets index returned 9.1% (GBP) for the first quarter.



Fixed Income Index Performance (in GBP)

Performance History



Performance Returns%

| | One Month | Three Months | Year To Date | One Year | Three Years | Five Years |
|-------------------------------|-----------|--------------|--------------|----------|-------------|------------|
| FTSE All Stock Index | 0.8 | 1.1 | 1.1 | 0.8 | 6.1 | 5.2 |
| FTSE All Stock > 15 Yr. Gilts | 1.5 | 0.2 | 0.2 | -0.2 | 4.4 | 4.5 |
| ML STG Non-Gilts | 1.8 | 4.0 | 4.0 | 21.7 | 4.3 | 4.4 |
| FTSE Index Linked | 2.6 | 2.2 | 2.2 | 10.3 | 7.2 | 6.6 |
| JPM GBI Global | -1.5 | 5.3 | 5.3 | 0.0 | 16.9 | 9.6 |
| BC Global Aggregate | -0.4 | 6.2 | 6.2 | 4.2 | 16.0 | 9.6 |
| BC Global Aggregate Hedged | 0.2 | 1.8 | 1.8 | 7.0 | 6.1 | - |
| 1 Month Sterling LIBOR | 0.0 | 0.1 | 0.1 | 0.6 | 3.5 | 4.1 |

All index returns are in GBP terms unless stated otherwise.



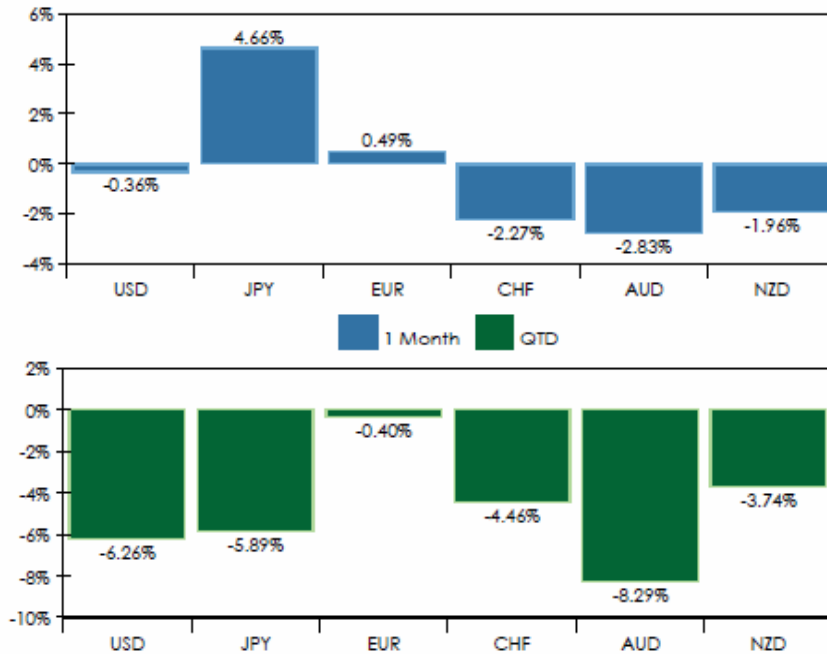
In spite of concerns over sustainability, the global economic recovery gathered pace over Q1 with emerging Asia leading the way. China continues to expand strongly – by 10.7% in the year to Q4 2009, while India's economic prospects look healthy with real (inflation adjusted) GDP projected to have grown by 6.5% in 2009. Both countries are beginning to tighten monetary policy in response to building inflationary pressures. China has raised bank reserve requirements twice in recent months, by 50bps each time to 16.5% for larger banks and 14.5% for smaller. India raised official interest rates in March by 25bps taking the reverse repo to 3.5% and the repo rate to 5%. Among and unlike the other developed economies Australia has not experienced the same severity of deterioration in credit conditions and it continues to benefit from the resource hungry expansion in the Asia Pacific region, especially China. One of the first developed economies to raise its policy rate following the global recession, the Reserve Bank of Australia (RBA) increased the cash rate from 3.75% to 4% in March. The main financial market themes over the quarter have been monetary policy exit strategies in terms of timing and sovereign credit risk, in particular that of Greece and its impact on the euro zone stability. The Bank of England (BoE) left the base rate unchanged at 0.5% and suspended its Asset Purchase Facility (APF) at £200bn in February partly due to concerns over the inflation outlook as the CPI peaked at 3.5% in January, although Governor King stressed that it is "far too soon to conclude" that no further asset purchases will be required. Government bond yields rose again through February as worries over rising public debt intensified on the news that the UK government ran a budget deficit of £4.3bn in January, a month where inflows of tax receipts are at their peak. It is the first time January has posted a deficit since figures started compiling on a monthly basis in 1993. The magnitude of the deficit led to calls for the Chancellor to go much further in tightening fiscal policy in the 2010 Budget. However the Budget was notably lacking in detail on how half the planned £78bn reduction in government borrowing, from £167bn in the current financial year to a deficit of £89bn in 2013/14 would be achieved. UK GDP growth in Q4 2009 was revised upwards from 0.3% to 0.4% quarter on quarter. Business confidence appears to have improved with the manufacturing and service sector PMIs now both well above the 50 level consistent with economic expansion; however with corporate debt levels at a historically high level, many companies are continuing to de-leverage rather than take on new investment. The upcoming UK general election in May and the prospect of a "hung" Parliament where no party has an outright majority, appears to be causing further uncertainty in the government bond market. UK Gilt 10 year yields ended the quarter at 3.95% down from 4% at the end of December. The FTSE All Stock Gilts closed up at 1.1% (GBP) for the quarter, while the ML All Non-Gilts index returned 4.0% (GBP).

The European Central Bank (ECB) maintained its main refinancing rate at 1.0% with the economic outlook for growth uncertain, but continues to unwind "unconventional" policy stimulus measures with the March 6-month tender, the last. In Europe the euro-zone fixed income markets have been dominated by worries over the weak public sector finances particularly that of Greece but also for other peripheral euro zone countries as fears of contagion spread. Greece's fiscal consolidation plan announced in March and successful bond issues initially saw the spread of 10 year Greek government bond yields narrow over comparable German bonds to about 290bps from over 350bps at the end of February. However the markets remain nervous, as Greece saw continued pressure from the ratings agencies. Additionally the emergency financial support facility struck between euro-zone members and the IMF is believed to be less a back-stop and more likely a reality with the cost of refinancing some €55bn of debt perhaps proving too much. The Greek 10 year government bond yields closed the quarter at 6.53%, 333 bps higher than the benchmark German bund yield of 3.09%. The unemployment rate across the 16-nation euro zone hit 10% in February, the first time it has reached double figures since the euro was introduced. The iTraxx Europe 5yr index, representative of 125 investment grade entities across 6 sectors saw spreads widen from 75.86 at the end of last year to a high of 93.79 at the beginning of February before Greece announced further fiscal consolidation measures, to narrow back down to 75.19 at quarter end. The JPM European Govt Bond index returned 2.33% (EUR) and the Barclay Capital Euro Aggregate Corporate bond index returned 3.27% (EUR) for Q1 2010.

The Federal Reserve open committee (FOMC) continues to hold the target rate at 0-0.25%, reiterating their view that the current uncertain US economic climate continues to warrant "exceptionally low levels of the federal funds rate for an extended period". However as global financial conditions have improved, central banks including the Federal Reserve are starting to unwind their special liquidity measures to avoid potential price pressures build-up. The Fed raised its discount rate – at which it lends directly to commercial banks – by 0.25% to 0.75% in February. The Fed has also ended a number of special liquidity facilities including the Term Securities Lending Facility. January's FOMC minutes indicated that asset sales, notably agency mortgage backed securities (MBS) and debt would take place at the appropriate time, although with the fragility of the housing market this formal reversal of the Fed's quantitative easing strategy is some way off. Concerns about Greece's debt situation initially saw a flight to quality however stronger economic indicators over the quarter including the March increase by 164,000 in non-farm employment pushed yields back up. The 10 year Treasury yield closed the quarter at 3.84% unchanged from the end of Q4. For the quarter, the JPM US Govt Bond index returned 1.15% (USD) and the Barclay Capital Global Aggregate Corporate Bond index returned 0.44% (USD).



Currency Performance (in GBP)



The first quarter of 2010 saw extended downward pressure on the Euro on several fronts. The Greek public finance crisis continued to plague the currency with similar sovereign debt concerns spreading across the Eurozone's weaker economies, namely Portugal, Ireland, and Spain and to some extent Italy. In the UK, the prospect of a hung parliament in the upcoming 6th of May general election injected further uncertainty as the markets reacted unfavourably to the lack of direction in addressing the country's budget deficit. The US Dollar appreciated against both the Euro and Pound with investors seeking a 'safer-bet'.

The Chinese Yuan came into heightened focus over the quarter as US officials rallied for a revaluation of the currency. China had overtaken Germany as the world's biggest exporter and a certainty to surpass Japan as second biggest global economy in 2010. Over in the Middle East, markets responded positively to Dubai's restructuring plan for Dubai World to recapitalise its USD 23.5 billion of debt whilst Moody downgraded a string of government related entities in Abu Dhabi.

Over Q1, the US Dollar appreciated against most major developed currencies, gaining 6.3%, 5.9% and 0.4% in USD terms vs. the Pound, Euro and Yen respectively. The exception was the Australian Dollar against which it lost -2.0% as the Reserve Bank of Australia lifted interest rate to 4.0%. Strength in the US dollar stemmed from positive data on manufacturing PMI hitting its highest level of 55.9 since April 2006, an increase in industrial production and strong unexpected sales. The negative sentiments on the Eurozone and UK also contributed to the dollar's support. Risk aversion caused investors to take flight to safety from risky investments with US Treasury assets receiving demand despite the US government's forecast of a USD 1,566 billion budget deficit for 2010. The Fed Funds rate was unchanged and remained between 0%-0.25%.

The European Central Bank commenced withdrawal of its stimulus package for the financial markets and left interest rates unchanged at 1% as at end of March 2010. Recovery in the Eurozone stumbled as doubts surfaced on sustainability of the economic activity into 2010 with broad PMI data suffering a first overall drop since February 2009. In addition, Greek sovereign debt continued to decimate confidence in the Eurozone as investors were sceptical on the country emerging unscathed through the crisis. The single zone currency fluctuated as events on Greece's bailout unfolded over the three month period. The Euro was put under further duress as Portugal's sovereign bond auction had to be scaled back, casting further doubts on other Eurozone high-borrowing member states needing bailouts to prevent default. Fitch also downgraded Portugal from AA to AA- sending European markets into decline. With flat growth from H2 2009 GDP and unemployment reaching double digits for the very first time since introduction of the single currency, the Euro depreciated by -5.9% in EUR terms against the US Dollar over Q1 and -5.5% vs. the Japanese Yen, but enjoyed a marginal +0.4% gain vs. the Pound.

After pumping GBP 200 billion into the UK economy, the Bank of England temporarily halted its quantitative easing programme in Q1 with possibility of a reintroduction pending on health of the economy. The interest rate was left at the historical low of 0.5%. Favourable news of a stronger than initially estimated final Q4 09 GDP figure of +0.4% proved a welcome relief. However, the spectre of "double-dipped" recession remained a real concern with persistent weakness in housing market, poor winter sales, increased unemployment and the release of disappointing data showing business sentiments suffering the biggest fall in over 40 years down 24% for 2009; manufacturing investments down by 36% for the year and service sector down by 30% over 12 months to Dec 09. Amidst a backdrop of political worries, Sterling closed the quarter down against the US Dollar by -6.3%, Euro by -0.4% and Yen by -5.9% in GBP terms.

On the back of consumer price inflation reaching its highest level in 17 months and strong industrial production figures, the Chinese central bank raised the deposits reserve threshold for banks twice over the first quarter. The surprise tightening hit high yielding and commodity based currencies such as the AUD, CAD and NZD. Bank of Japan kept rates at the ultra low level of 0.1% and increased financial aid to local banks to support its economic recovery. Oil prices surged to an 18 month high as a result of strong global manufacturing growth and China's insatiable appetite.

Currency Returns%

| | One Month | Quarter To Date | Year To Date | One Year | Three Years | Five Years |
|----------------------|-----------|-----------------|--------------|----------|-------------|------------|
| United States dollar | -0.36 | -6.26 | -6.26 | 5.67 | -8.56 | -4.39 |
| Japanese yen | 4.66 | -5.89 | -5.89 | 0.12 | -16.35 | -7.09 |
| European Union euro | 0.49 | -0.40 | -0.40 | 3.77 | -9.10 | -5.20 |
| Swiss franc | -2.27 | -4.46 | -4.46 | -2.06 | -13.50 | -6.88 |
| Australian dollar | -2.83 | -8.29 | -8.29 | -22.18 | -12.81 | -7.81 |
| New Zealand dollar | -1.96 | -3.74 | -3.74 | -16.10 | -8.30 | -4.30 |



Scheme Performance

During the first quarter of 2010 London Borough of Hillingdon underperformed the Total Plan Benchmark by -0.58% (relative), returning 6.35% vs. 6.97%. Asset allocation (-0.28%) and the passive currency effect (-0.65%) were the primary sources of this underperformance. Japanese Equities and Cash were the main asset detractors from the Fund, while Asia Pacific ex Japan, Governments Bonds and Real Estate all contributed a positive effect.

Over the longer period of 1 year the underperformance of -1.26% is driven by a currency effect of -0.86% and asset allocation of -0.53%. Stock selection redeemed a positive 0.26% basis points over this period. Cash (-1.49%) and Europe ex UK Equities (-0.54%) were the main negative contributors. Real Estates (0.57%), Fixed Income (0.38%) and Japanese Equity (0.32%) being the main positive contributors.

Of the seven current managers, three managers, 23.82% of the portfolio, have marginally outperformed during the quarter. Their relative outperformance ranged from 0.09% to 0.46%.

Relative performance for the remaining managers ranged from -0.01% to -1.20%.

Unfortunately, these negative returns accounted for the remaining 76.18% of the portfolio, with 2 of the 3 largest weightings returning the largest negative returns (UBS 19.73% -0.48%) and (Alliance 21.23% -1.20%).

Historically, the Fund shows a pattern of underperformance with ten of the last twelve quarters having negative relative returns. Consequently, the Fund underperforms over all short and long term periods.

Manager Performance

Alliance Bernstein

Alliance Bernstein continued to underperform returning 6.77% compared to the benchmarks 8.07%. Asset Allocation (-0.40%), Stock selection (-0.36%) and currency impact (-0.39%) all combined to make a relative underperformance of -1.20%. Only UK Equities returned a positive contribution over the period.

Over the longer time period of 1 year, UK Equities (-2.60%) is by far the biggest driver of the relative underperformance of -3.57%. This was the eleventh consecutive quarter of below benchmark returns. The manager continues to underperform over all time periods. Since Inception Alliance now underperform their benchmark by -3.61% on a relative annualized basis.

Goldman Sachs

Goldman Sachs outperformed their benchmark for the fourth consecutive quarter 3.84% vs. 3.36%. This continued outperformance extends the managers one year performance to 20.04% vs. 14.18%. However, the run of underperformance between q1 08 and q1 09 continues to drag the longer time periods of 3yrs, 5yrs and since inception into underperformance.

UBS

During the first quarter of 2010, UBS underperformed the FTSE All Share 5.91% vs. 6.42%. In Stock selection (+0.31%), Industrials (+0.88%) added the main positive contribution with Consumer Goods (-0.47%) being the main detractor. Asset Allocation of -0.79% was in the main driven by Common Stock Funds (-0.19% UBS Smaller Companies), Basic Materials (-0.26%) and Health Care (-0.20%).

Over the last year, the manager now shows two quarters of underperformance q1 10 and q4 09 preceded by two quarters of outperformance q1 09 and q2 09, this enables UBS to be ahead of the benchmark over this period. However, over the longer time periods 3yrs and 5yrs, the manager underperforms by -2.05% and -2.00% respectively on a relative basis. Since inception in December 1988, UBS returns 10.30% vs. 9.14% on an annualised basis.

UBS Property

UBS Property outperformed their benchmark (5.03% vs. 4.80%). This reverses the trend of two previous quarters of underperformance. The Fund remains underperforming over all the longer time periods, with the since inception return now standing at -4.88% vs. -4.21% an underperformance of -0.70 basis points on a relative basis.



Manager Performance

SSGA

As one would expect, all asset classes returned performance in line with their benchmark. Asset allocation is back in line to within 10 basis points.

SSGA Drawdown

The fund slightly outperformed its benchmark by 10 basis points. Over the inception to date period the fund is now 26 basis points ahead of its benchmark on a relative basis.

SSGA Temporary

The fund returned performance in line with its benchmark.



Active Contribution

By Manager

| | Active Contribution Q1 10 | | | | | Active Contribution 3/10 | | | | | Active Contribution 2/10 | | | | | Active Contribution 1/10 |
|--------------------|---------------------------|-----------|-----------|---------------|-----------------|--------------------------|-----------|-----------|---------------|-----------------|--------------------------|-----------|-----------|---------------|-----------------|--------------------------|
| | | Portfolio | Benchmark | Excess Return | Relative Return | | Portfolio | Benchmark | Excess Return | Relative Return | | Portfolio | Benchmark | Excess Return | Relative Return | |
| Goldman Sachs | 289,340.05 | 2.23 | 2.23 | -0.00 | -0.00 | -52.78 | -0.38 | -0.43 | 0.05 | 0.05 | 33,610.35 | 1.97 | 1.55 | 0.42 | 0.41 | 255,782.49 |
| UBS | -452,532.30 | 7.03 | 6.76 | 0.27 | 0.25 | 282,482.46 | 2.73 | 3.37 | -0.64 | -0.62 | -639,402.48 | -3.67 | -3.57 | -0.10 | -0.10 | -95,612.28 |
| Alliance Bernstein | -1,169,450.13 | 7.46 | 6.87 | 0.59 | 0.55 | 664,956.90 | 3.93 | 4.77 | -0.84 | -0.80 | -895,298.44 | -4.40 | -3.48 | -0.91 | -0.95 | -939,108.60 |
| UBS Property | 109,190.60 | 2.36 | 1.26 | 1.11 | 1.09 | 474,836.38 | 1.91 | 1.87 | 0.04 | 0.03 | 14,920.73 | 0.68 | 1.59 | -0.91 | -0.89 | -380,566.51 |
| SSGA | -35,306.80 | 5.92 | 5.93 | -0.01 | -0.01 | -8,970.18 | 3.56 | 3.60 | -0.03 | -0.03 | -34,297.52 | -2.59 | -2.60 | 0.01 | 0.01 | 7,960.90 |
| SSGA Drawdown | 20,321.20 | 1.01 | 0.94 | 0.07 | 0.07 | 14,136.69 | -0.14 | -0.11 | -0.03 | -0.03 | -6,732.83 | 1.24 | 1.18 | 0.06 | 0.06 | 12,917.34 |
| SSGA Temporary | -9,319.05 | 7.14 | 7.14 | -0.00 | -0.00 | -2,624.76 | 6.36 | 6.35 | 0.01 | 0.01 | 8,632.84 | -3.76 | -3.74 | -0.02 | -0.02 | -15,327.13 |

Total Fund Market Value at Qtr End: £535.7 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 | 535.7 | 100.00 | 6.35 | 6.97 | -0.62 | -0.58 | 6.35 | 6.97 | -0.62 | -0.58 | 37.90 | 39.66 | -1.76 | -1.26 | | |

By Manager

| | 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 | Portfolio | Benchmark | Excess Return | Relative Return |
| Goldman Sachs | 62.9 | 11.74 | 3.84 | 3.36 | 0.48 | 0.46 | 3.84 | 3.36 | 0.48 | 0.46 | 20.04 | 14.18 | 5.86 | 5.13 | | |
| UBS | 105.7 | 19.73 | 5.91 | 6.42 | -0.51 | -0.48 | 5.91 | 6.42 | -0.51 | -0.48 | 53.89 | 52.30 | 1.59 | 1.04 | | |
| Alliance Bernstein | 113.7 | 21.23 | 6.77 | 8.07 | -1.30 | -1.20 | 6.77 | 8.07 | -1.30 | -1.20 | 44.99 | 50.36 | -5.37 | -3.57 | | |
| UBS Property | 43.3 | 8.09 | 5.03 | 4.80 | 0.24 | 0.23 | 5.03 | 4.80 | 0.24 | 0.23 | 7.39 | 11.64 | -4.25 | -3.81 | | |
| SSGA | 106.4 | 19.87 | 6.85 | 6.89 | -0.03 | -0.03 | 6.85 | 6.89 | -0.03 | -0.03 | 42.80 | 42.68 | 0.13 | 0.09 | | |
| SSGA Drawdown | 21.4 | 3.99 | 2.12 | 2.02 | 0.10 | 0.09 | 2.12 | 2.02 | 0.10 | 0.09 | - | - | - | - | | |
| SSGA Temporary | 81.9 | 15.30 | 9.67 | 9.68 | -0.02 | -0.01 | 9.67 | 9.68 | -0.02 | -0.01 | - | - | - | - | | |

Total Fund Market Value at Qtr End: £535.7 M



Scheme Performance

| | <u>Three Years</u> | | | | <u>Five Years</u> | | | | <u>Inception 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 | -0.64 | 2.14 | -2.78 | -2.72 | 5.61 | 7.77 | -2.16 | -2.01 | 6.57 | 6.93 | -0.36 | -0.34 |

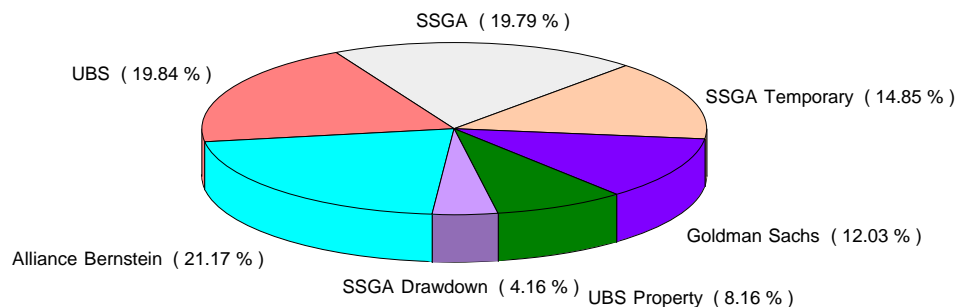
By Manager

| | Portfolio | Benchmark | Excess Return | Relative Return | Portfolio | Benchmark | Excess Return | Relative Return | Inception Date | Portfolio | Benchmark | Excess Return | Relative Return |
|--------------------|-----------|-----------|---------------|-----------------|-----------|-----------|---------------|-----------------|----------------|-----------|-----------|---------------|-----------------|
| Goldman Sachs | 6.06 | 6.94 | -0.88 | -0.82 | 8.41 | 8.97 | -0.55 | -0.51 | 31/12/01 | 5.79 | 6.42 | -0.63 | -0.59 |
| UBS | 1.01 | 3.12 | -2.11 | -2.05 | 5.90 | 8.05 | -2.16 | -2.00 | 31/12/88 | 10.30 | 9.14 | 1.16 | 1.06 |
| Alliance Bernstein | -2.12 | 2.68 | -4.80 | -4.68 | - | - | - | - | 31/03/06 | 0.18 | 3.93 | -3.75 | -3.61 |
| UBS Property | -10.46 | -10.26 | -0.19 | -0.22 | - | - | - | - | 31/03/06 | -4.88 | -4.21 | -0.67 | -0.70 |
| SSGA | - | - | - | - | - | - | - | - | 30/11/08 | 29.03 | 28.97 | 0.06 | 0.04 |
| SSGA Drawdown | - | - | - | - | - | - | - | - | 30/06/09 | 7.24 | 6.96 | 0.28 | 0.26 |
| SSGA Temporary | - | - | - | - | - | - | - | - | 30/06/09 | 39.15 | 38.99 | 0.17 | 0.12 |

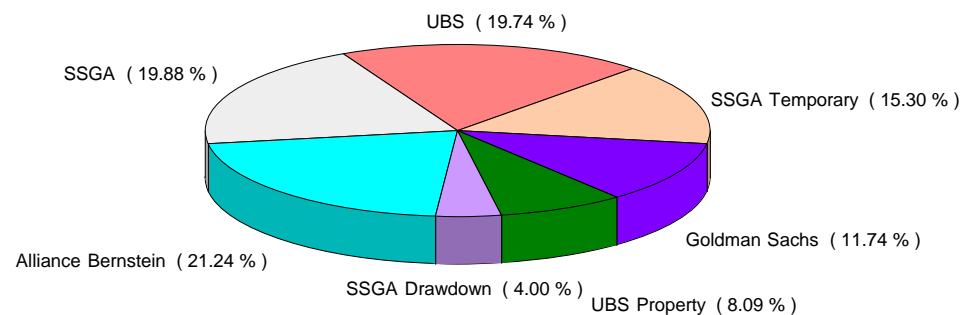
Total Fund Market Value at Qtr End: £535.7 M



Weighting at Beginning of Period



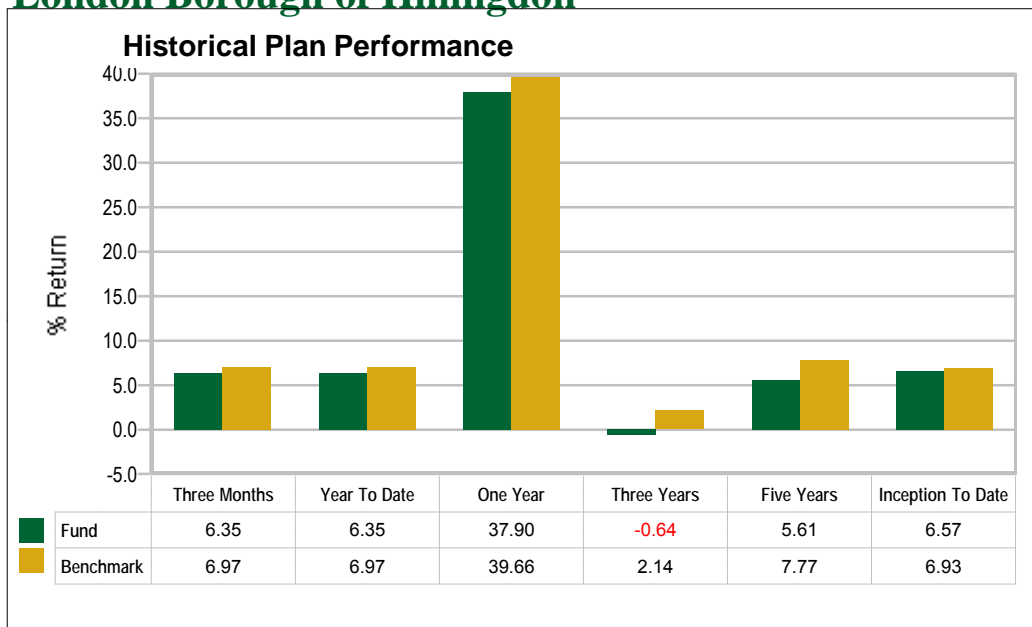
Weighting at End of Period



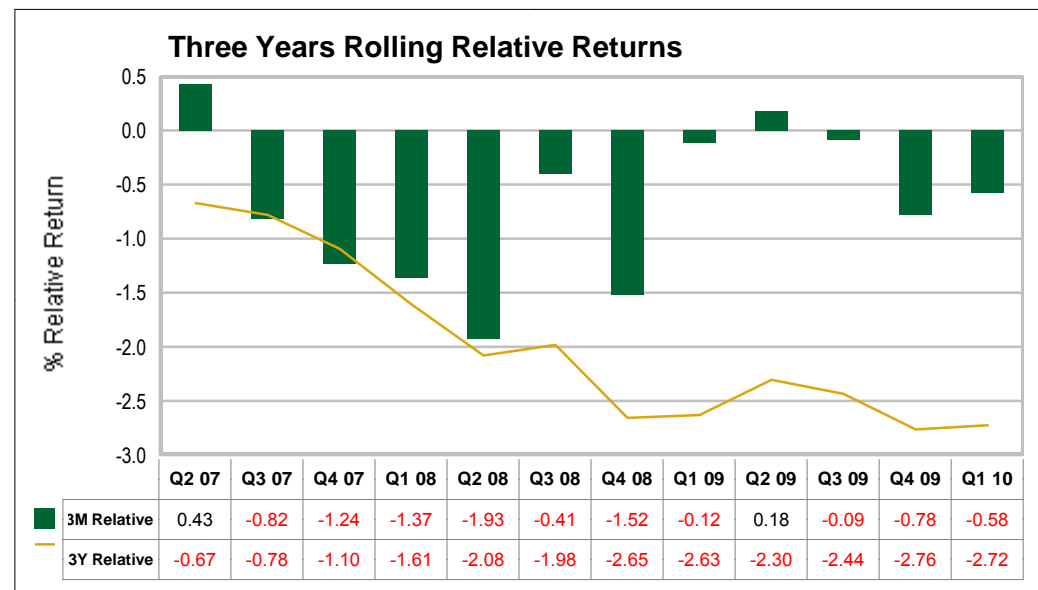
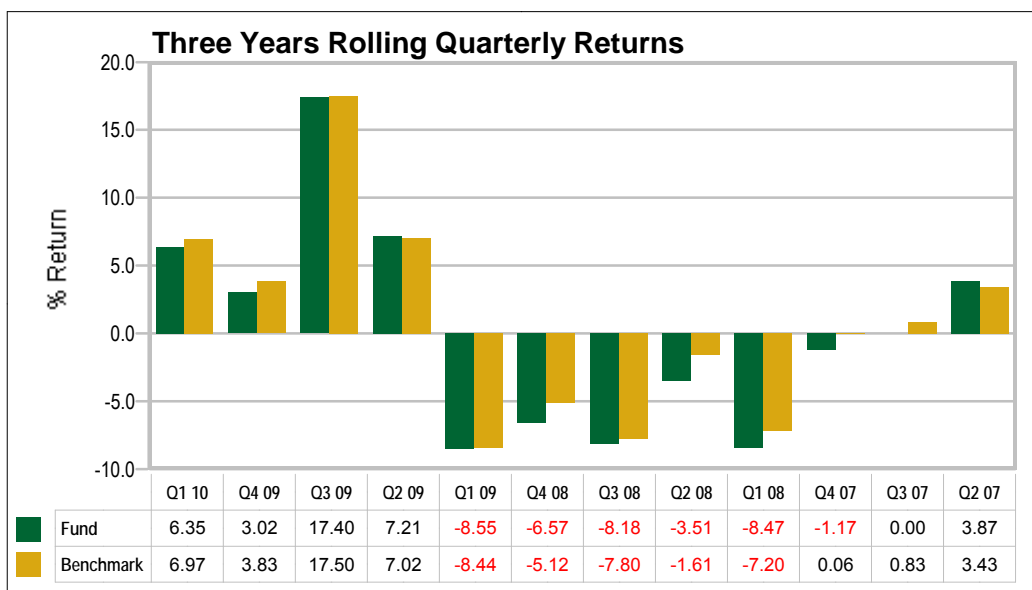
| | Opening Market Value £(000) | % of Fund | Net Investment £(000) | Appreciation £(000) | Income Received £(000) | Closing Market Value £(000) | % of Fund |
|------------------------------|--------------------------------|-----------|--------------------------|------------------------|---------------------------|--------------------------------|-----------|
| London Borough of Hillingdon | 505,693 | 100.00 | -2,004 | 29,958 | 2,018 | 535,665 | 100.00 |
| Capital International | 30 | 0.01 | -1 | -27 | -2 | | 0.00 |
| Goldman Sachs | 60,803 | 12.02 | -261 | 2,253 | 76 | 62,871 | 11.74 |
| UBS | 100,251 | 19.82 | -435 | 5,192 | 701 | 105,710 | 19.73 |
| Alliance Bernstein | 106,992 | 21.16 | -469 | 6,564 | 643 | 113,731 | 21.23 |
| UBS Property | 41,256 | 8.16 | -2 | 1,488 | 589 | 43,331 | 8.09 |
| SSGA | 100,021 | 19.78 | -430 | 6,824 | 0 | 106,415 | 19.87 |
| SSGA Drawdown | 21,041 | 4.16 | -92 | 444 | | 21,393 | 3.99 |
| SSGA Temporary | 75,029 | 14.84 | -315 | 7,219 | | 81,933 | 15.30 |
| Nomura | 270 | 0.05 | 1 | 1 | 10 | 282 | 0.05 |



London Borough of Hillingdon

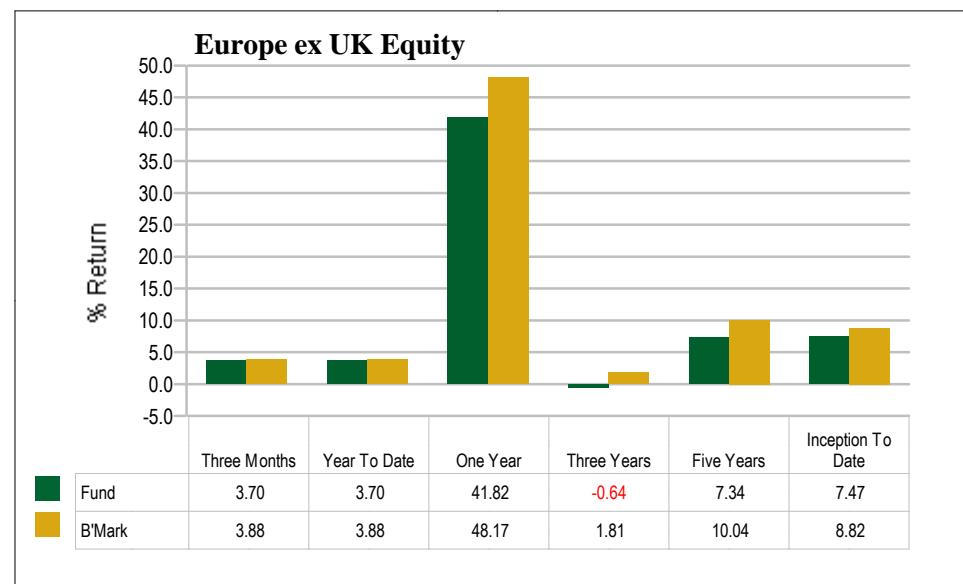
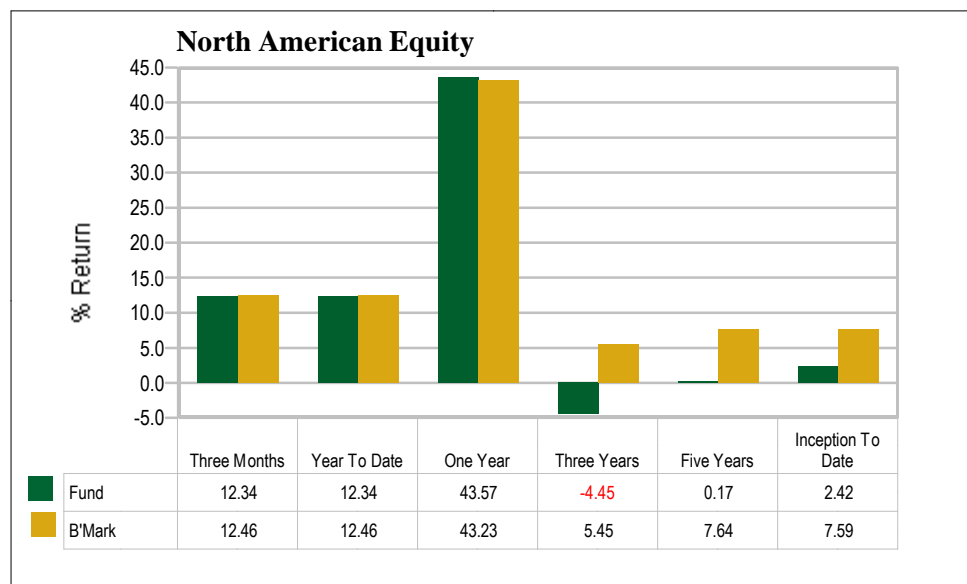
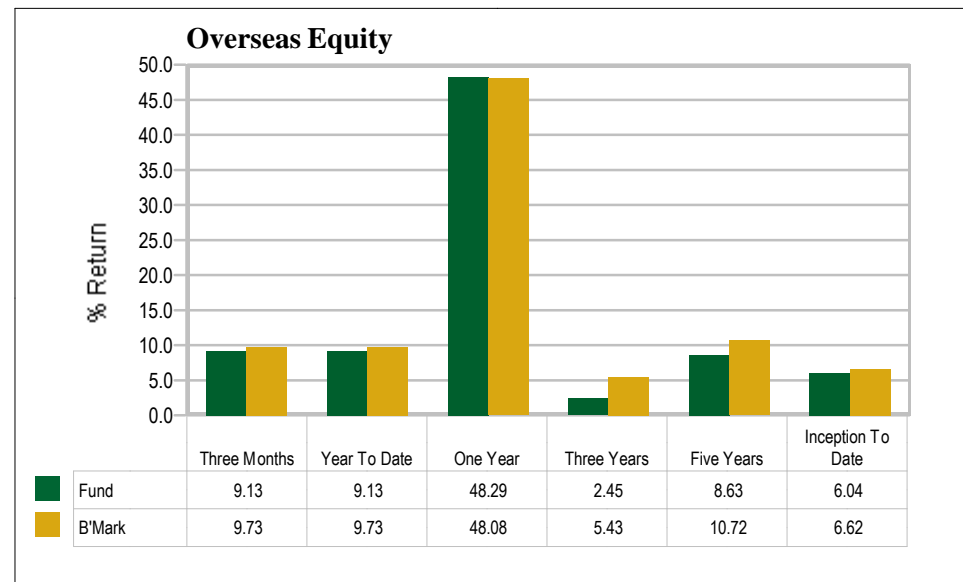
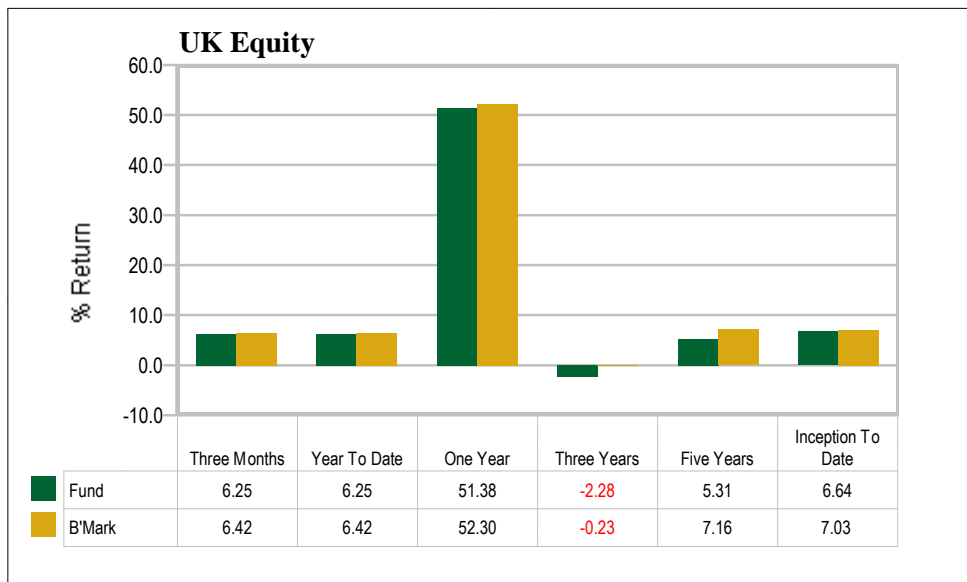


| Risk Statistics - 3 years | Fund | B'mark |
|-----------------------------|----------|--------|
| Performance Return | -0.64 | 2.14 |
| Standard Deviation | 15.74 | 15.27 |
| Relative Return | -2.72 | |
| Tracking Error | 1.30 | |
| Information Ratio | -2.14 | |
| Beta | 1.03 | |
| Alpha | -2.62 | |
| R Squared | 0.99 | |
| Sharpe Ratio | -0.34 | -0.16 |
| Percentage of Total Fund | 100.0 | |
| Inception Date | Sep-1995 | |
| Opening Market Value (£000) | 505,693 | |
| Net Investment £(000) | -2,004 | |
| Income Received £(000) | 2,018 | |
| Appreciation £(000) | 29,958 | |
| Closing Market Value (£000) | 535,665 | |



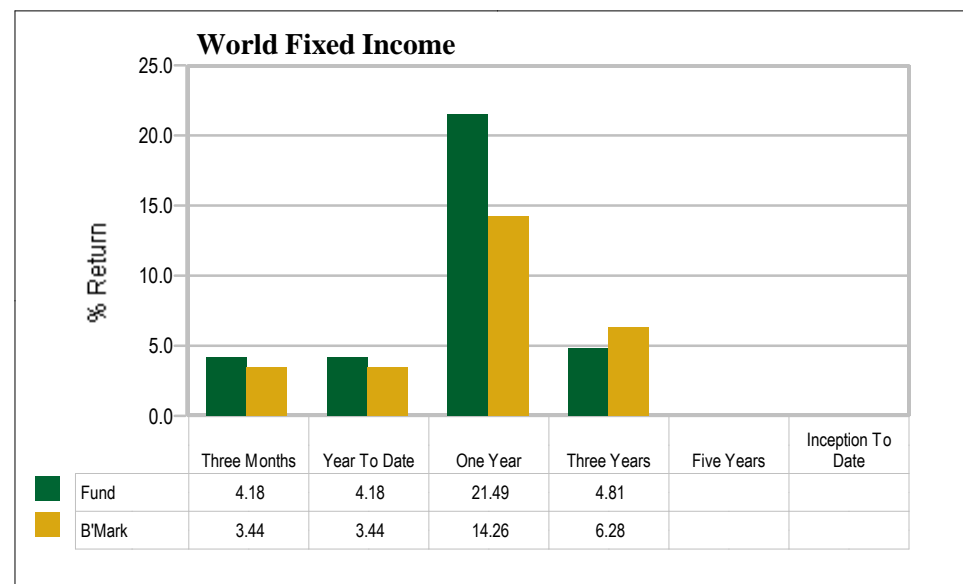
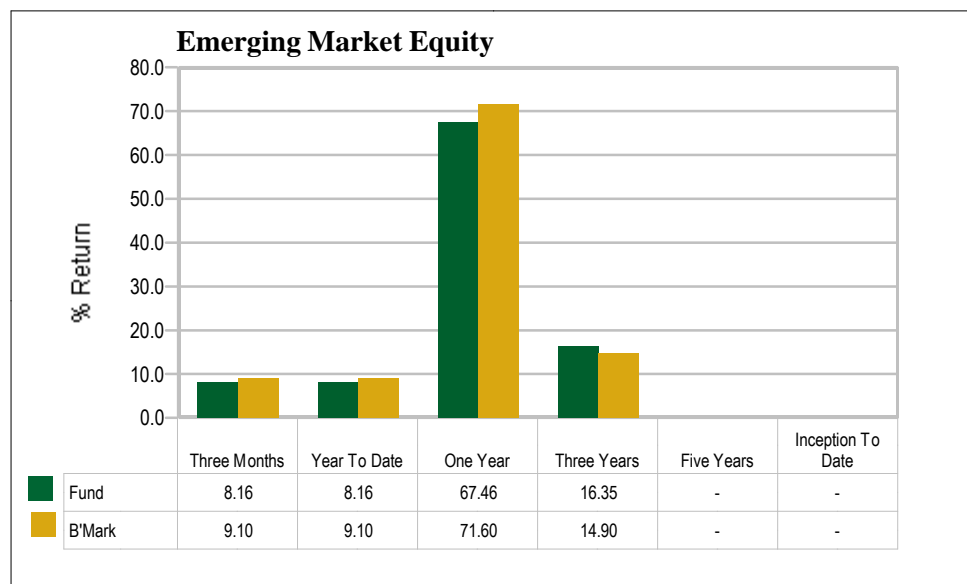
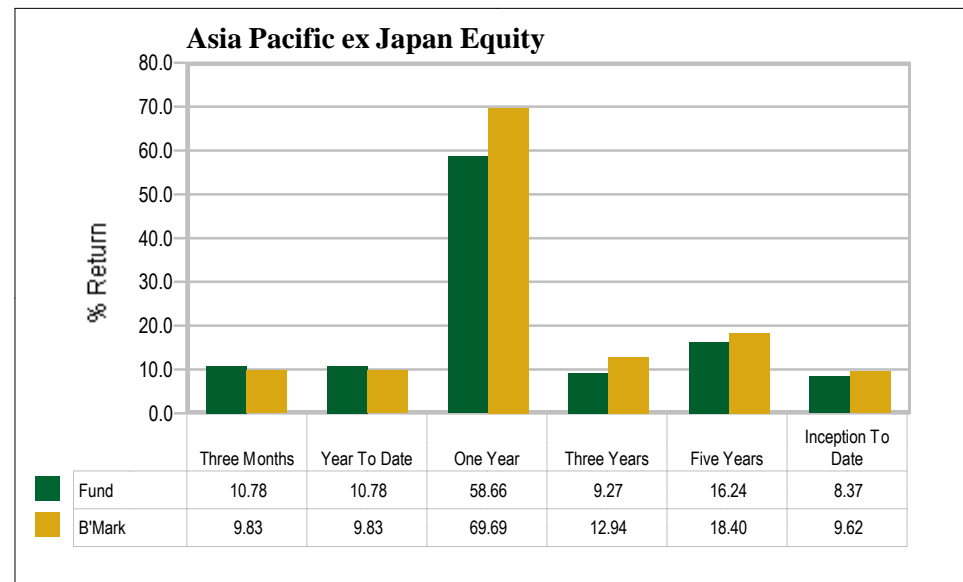
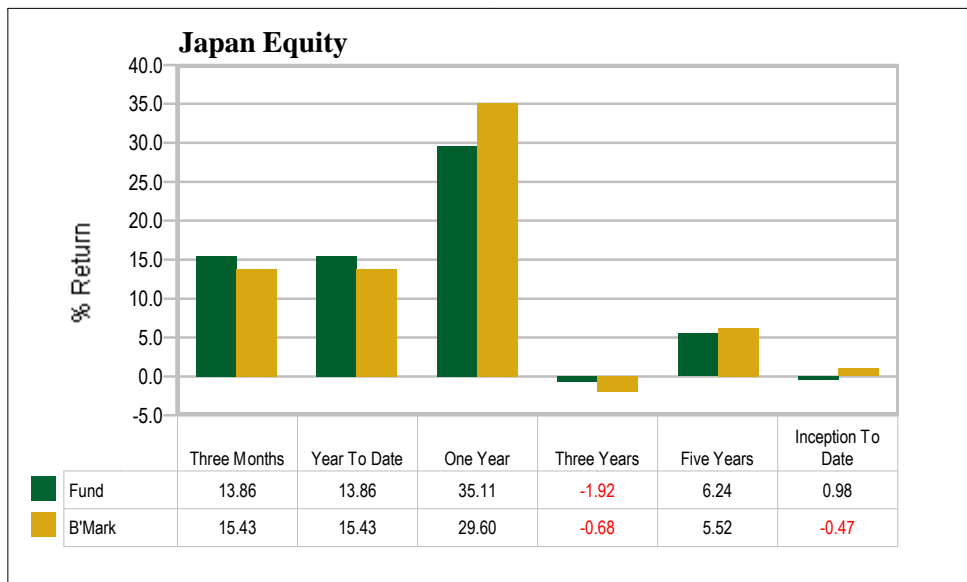


London Borough of Hillingdon



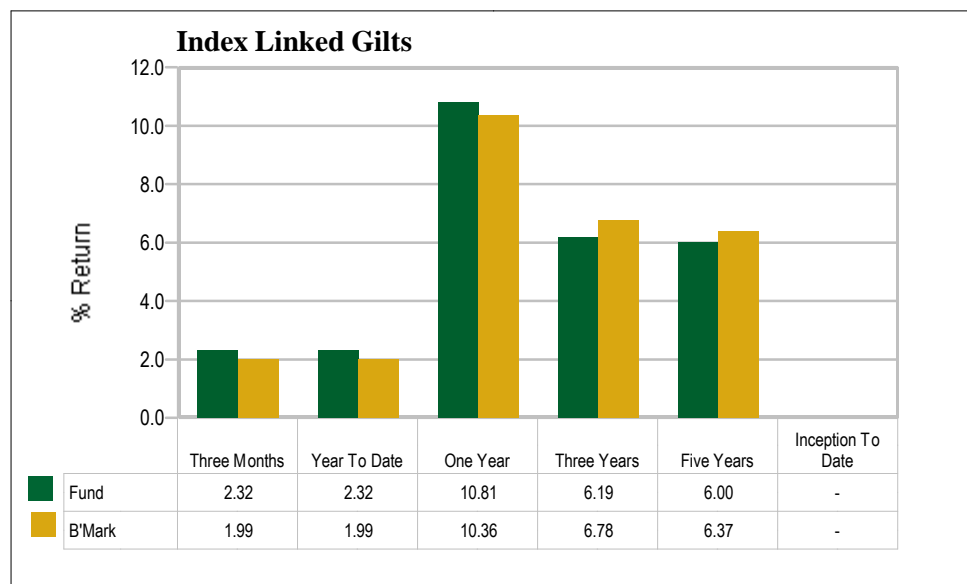
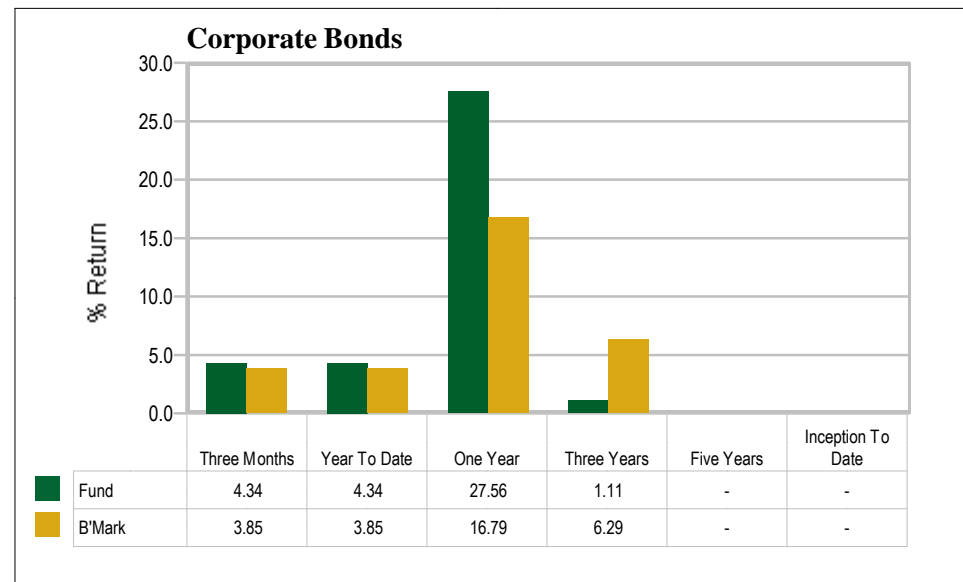
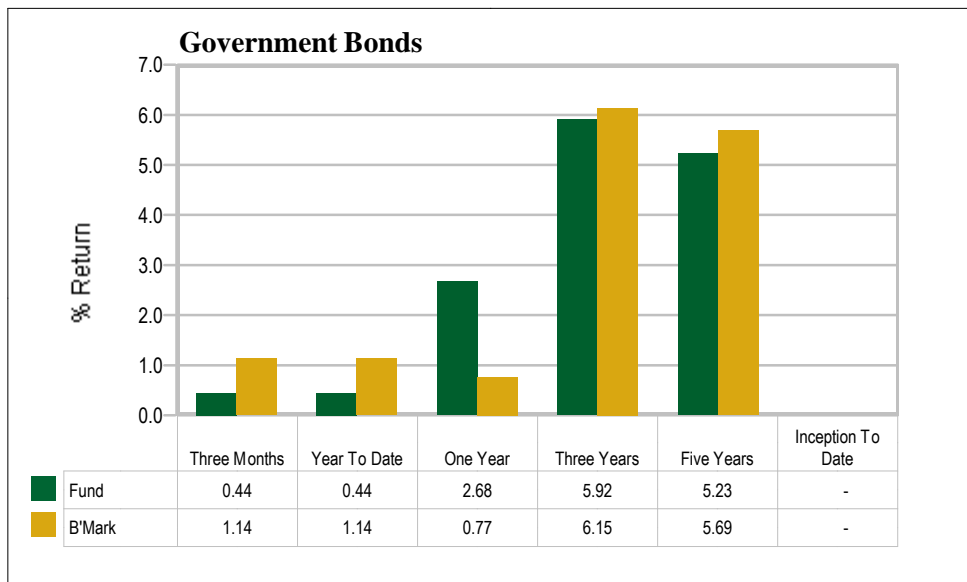


London Borough of Hillingdon





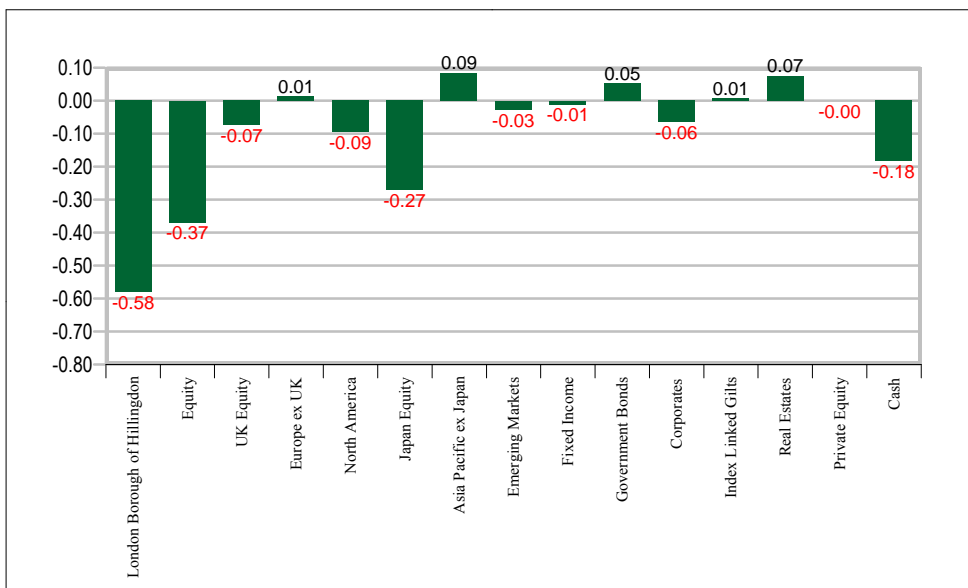
London Borough of Hillingdon



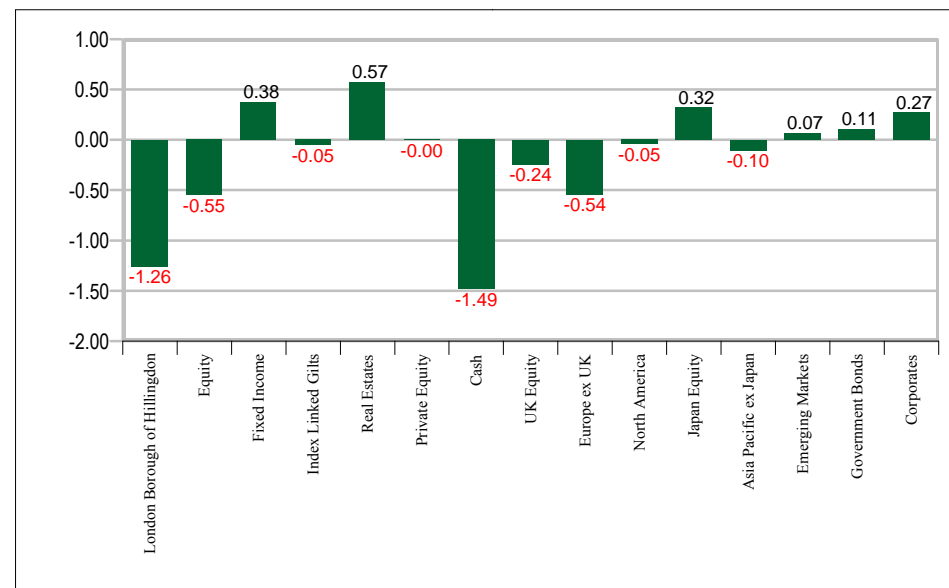


London Borough of Hillingdon

Relative Contribution - Three Months



Relative Contribution - One Year



| | Return | B'mark | Relative Return | Hedging Effect | Currency Effect | Asset Allocation | Stock Selection | Relative Contribution |
|------------------------------|--------|--------|-----------------|----------------|-----------------|------------------|-----------------|-----------------------|
| London Borough of Hillingdon | 6.35 | 6.97 | -0.58 | -0.08 | -0.65 | -0.28 | 0.45 | -0.58 |
| Equity | 7.58 | - | 7.58 | 0.00 | -0.61 | -0.12 | 0.37 | -0.37 |
| UK Equity | 6.25 | 6.42 | -0.15 | 0.00 | -0.02 | 0.00 | -0.06 | -0.07 |
| Europe ex UK | 3.70 | 3.88 | -0.18 | 0.00 | -0.07 | 0.03 | 0.05 | 0.01 |
| North America | 12.34 | 12.46 | -0.10 | 0.00 | -0.24 | -0.01 | 0.15 | -0.09 |
| Japan Equity | 13.86 | 15.43 | -1.36 | 0.00 | -0.12 | -0.11 | -0.04 | -0.27 |
| Asia Pacific ex Japan | 10.78 | 9.83 | 0.87 | 0.00 | -0.25 | -0.05 | 0.38 | 0.09 |
| Emerging Markets | 8.16 | 9.10 | -0.86 | 0.00 | 0.09 | 0.01 | -0.13 | -0.03 |

| | Return | B'mark | Relative Return | Hedging Effect | Currency Effect | Asset Allocation | Stock Selection | Relative Contribution |
|------------------------------|--------|--------|-----------------|----------------|-----------------|------------------|-----------------|-----------------------|
| London Borough of Hillingdon | 37.90 | 39.66 | -1.26 | 0.06 | -0.86 | -0.53 | 0.26 | -1.26 |
| Equity | 49.75 | - | 49.75 | 0.00 | -0.83 | 0.29 | -0.00 | -0.55 |
| UK Equity | 51.38 | 52.30 | -0.61 | 0.00 | -0.02 | 0.02 | -0.25 | -0.24 |
| Europe ex UK | 41.82 | 48.17 | -4.28 | 0.00 | -0.13 | -0.02 | -0.39 | -0.54 |
| North America | 43.57 | 43.23 | 0.24 | 0.00 | 0.02 | -0.16 | 0.09 | -0.05 |
| Japan Equity | 35.11 | 29.60 | 4.25 | 0.00 | -0.03 | 0.25 | 0.11 | 0.32 |
| Asia Pacific ex Japan | 58.66 | 69.69 | -6.50 | 0.00 | -0.33 | 0.06 | 0.17 | -0.10 |
| Emerging Markets | 67.46 | 71.60 | -2.41 | 0.00 | -0.35 | 0.15 | 0.27 | 0.07 |



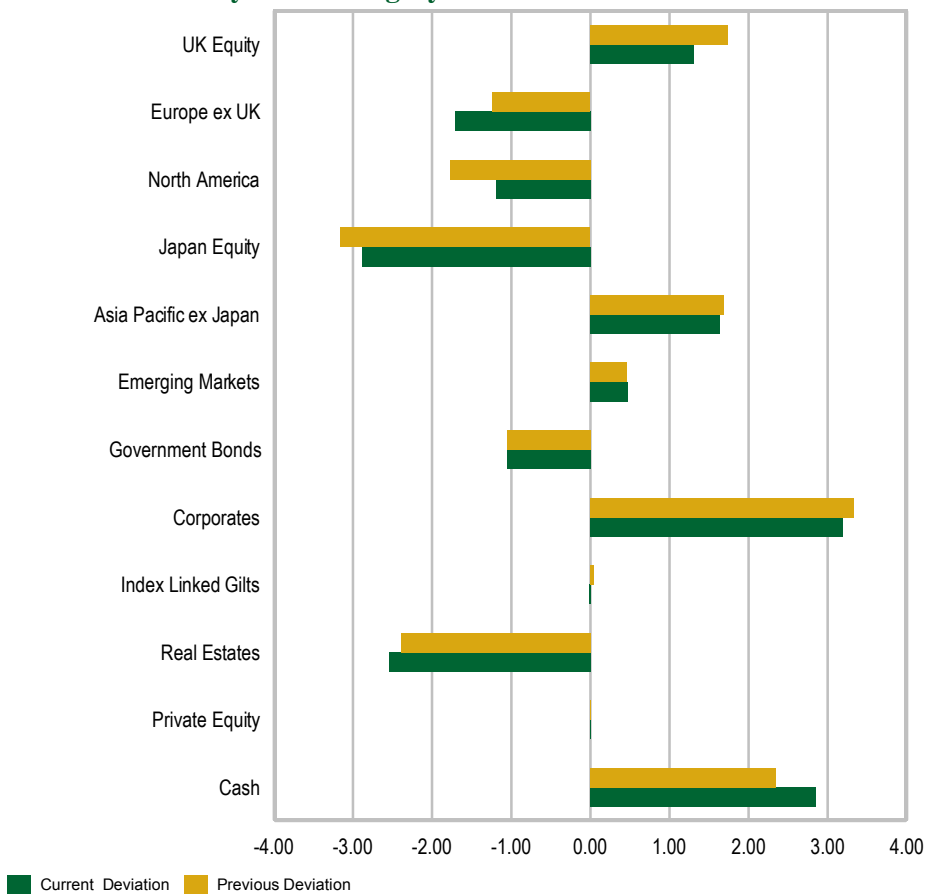
| | Return | B'mark | Relative Return | Hedging Effect | Currency Effect | Asset Allocation | Stock Selection | Relative Contribution |
|--------------------|--------|--------|-----------------|----------------|-----------------|------------------|-----------------|-----------------------|
| Fixed Income | 4.18 | 3.44 | 0.72 | 0.00 | -0.03 | -0.01 | 0.03 | -0.01 |
| Government Bonds | 0.44 | 1.14 | -0.69 | 0.00 | 0.02 | 0.04 | -0.00 | 0.05 |
| Corporates | 4.34 | 3.85 | 0.47 | 0.00 | -0.05 | -0.05 | 0.04 | -0.06 |
| Index Linked Gilts | 2.32 | 1.99 | 0.32 | 0.00 | -0.00 | -0.01 | 0.02 | 0.01 |
| Real Estates | 5.35 | 4.80 | 0.52 | 0.00 | 0.04 | -0.01 | 0.04 | 0.07 |
| Private Equity | 0.00 | - | 0.00 | 0.00 | -0.00 | -0.00 | 0.00 | -0.00 |
| Cash | 0.26 | - | 0.26 | 0.00 | -0.05 | -0.13 | 0.00 | -0.18 |

| | Return | B'mark | Relative Return | Hedging Effect | Currency Effect | Asset Allocation | Stock Selection | Relative Contribution |
|--------------------|--------|--------|-----------------|----------------|-----------------|------------------|-----------------|-----------------------|
| Fixed Income | 21.49 | 14.26 | 6.33 | 0.00 | 0.13 | -0.16 | 0.41 | 0.38 |
| Government Bonds | 2.68 | 0.77 | 1.89 | 0.00 | 0.11 | -0.02 | 0.02 | 0.11 |
| Corporates | 27.56 | 16.79 | 9.22 | 0.00 | 0.02 | -0.14 | 0.39 | 0.27 |
| Index Linked Gilts | 10.81 | 10.36 | 0.41 | 0.00 | -0.01 | -0.07 | 0.02 | -0.05 |
| Real Estates | 9.24 | 11.64 | -2.15 | 0.00 | 0.02 | 0.73 | -0.18 | 0.57 |
| Private Equity | 0.00 | - | 0.00 | 0.00 | 0.00 | -0.00 | 0.00 | -0.00 |
| Cash | -2.18 | - | -2.18 | 0.00 | -0.17 | -1.31 | 0.00 | -1.49 |



London Borough of Hillingdon

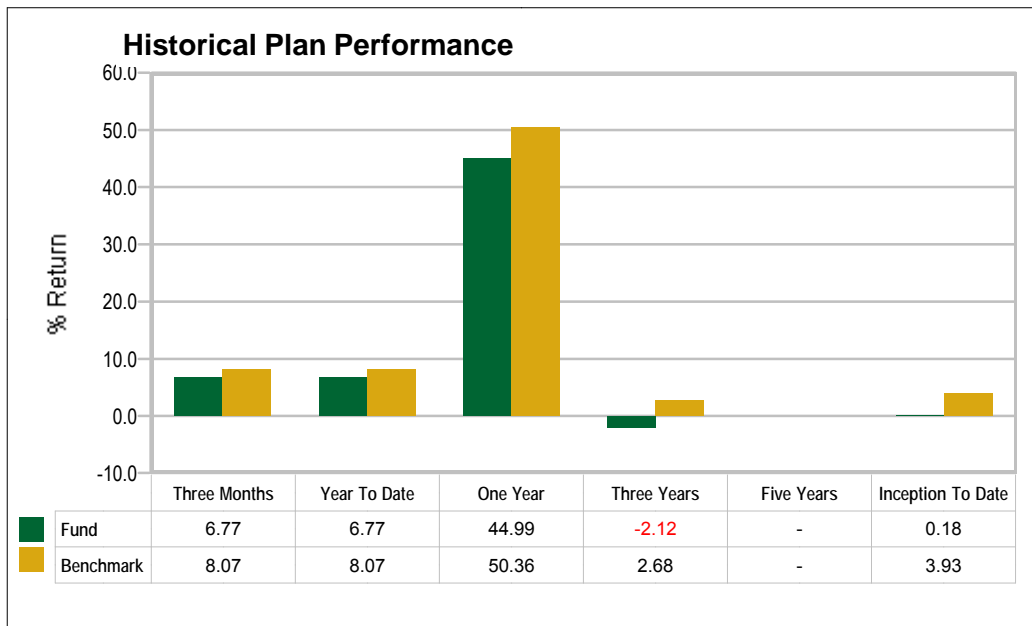
By Asset Category



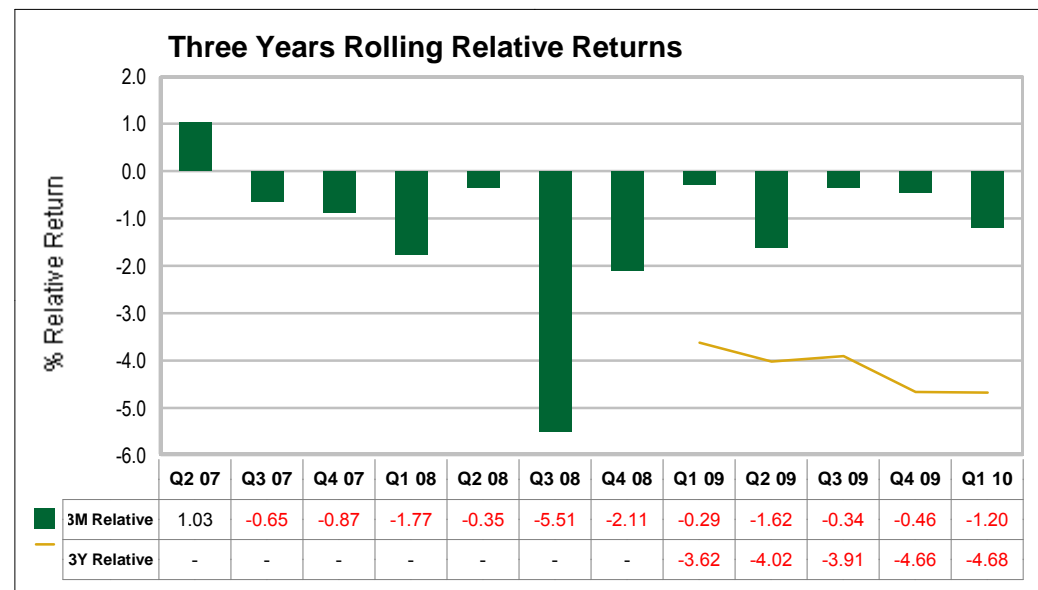
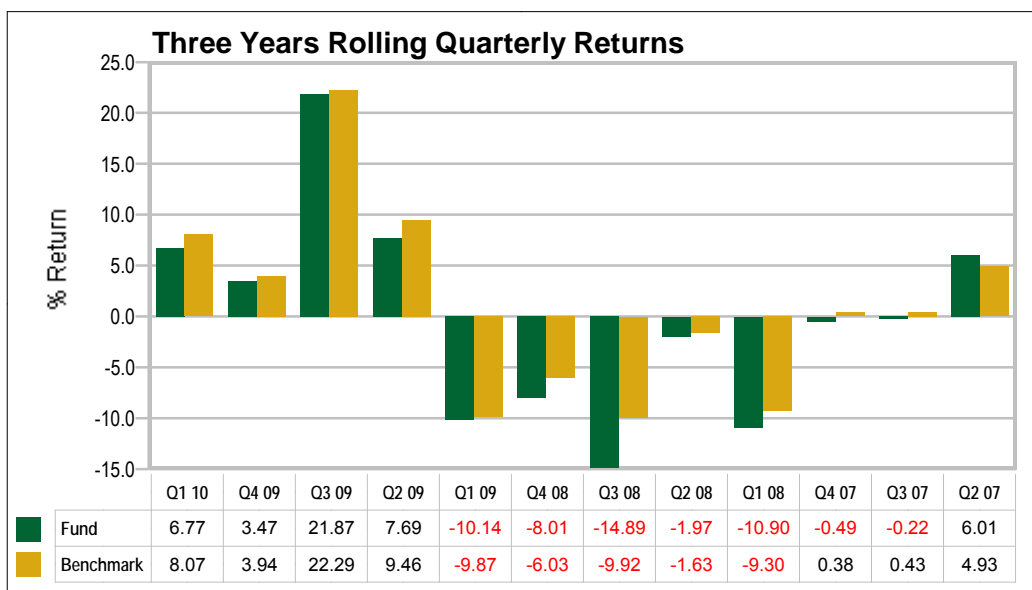
| | Current Qtr | Previous Qtr | Current Benchmark | Current Deviation | Previous Benchmark | Previous Deviation |
|-----------------------|-------------|--------------|-------------------|-------------------|--------------------|--------------------|
| UK Equity | 38.15 | 38.58 | 36.84 | 1.31 | 36.84 | 1.74 |
| Europe ex UK | 9.35 | 9.82 | 11.06 | -1.71 | 11.06 | -1.24 |
| North America | 11.71 | 11.13 | 12.90 | -1.19 | 12.90 | -1.77 |
| Japan Equity | 2.64 | 2.37 | 5.53 | -2.89 | 5.53 | -3.16 |
| Asia Pacific ex Japan | 5.32 | 5.37 | 3.68 | 1.64 | 3.68 | 1.69 |
| Emerging Markets | 4.15 | 4.14 | 3.68 | 0.47 | 3.68 | 0.46 |
| Government Bonds | 0.52 | 0.52 | 1.58 | -1.06 | 1.58 | -1.06 |
| Corporates | 12.13 | 12.27 | 8.94 | 3.19 | 8.94 | 3.33 |
| Index Linked Gilts | 5.24 | 5.31 | 5.26 | -0.02 | 5.26 | 0.05 |
| Real Estates | 7.99 | 8.14 | 10.53 | -2.54 | 10.53 | -2.39 |
| Private Equity | 0.01 | 0.01 | | 0.01 | | 0.01 |
| Cash | 2.85 | 2.35 | | 2.85 | | 2.35 |



Alliance Bernstein

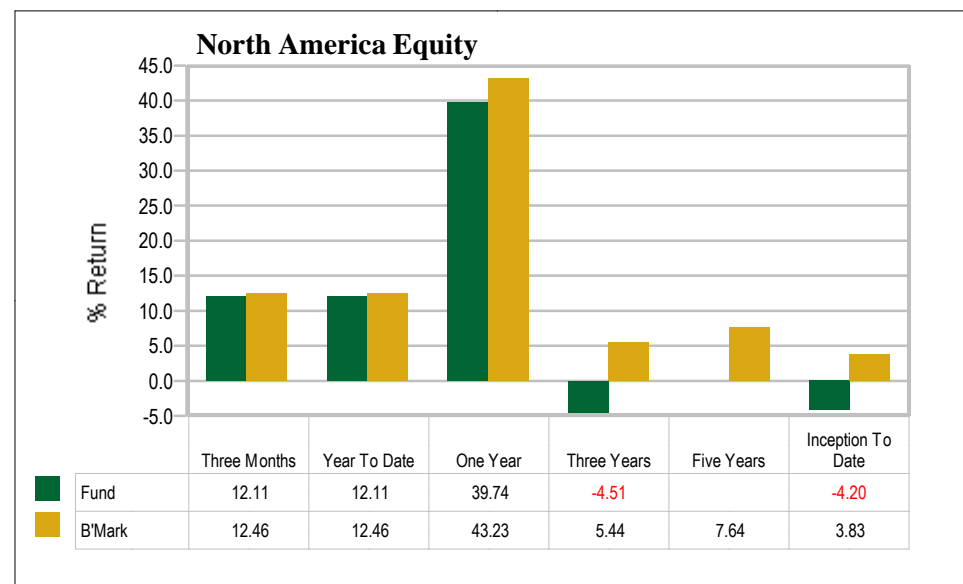
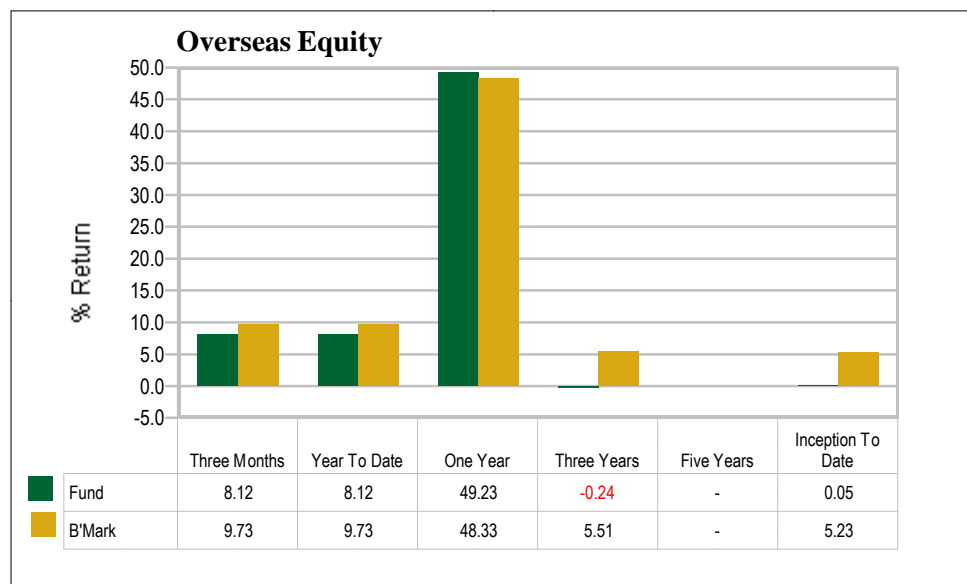
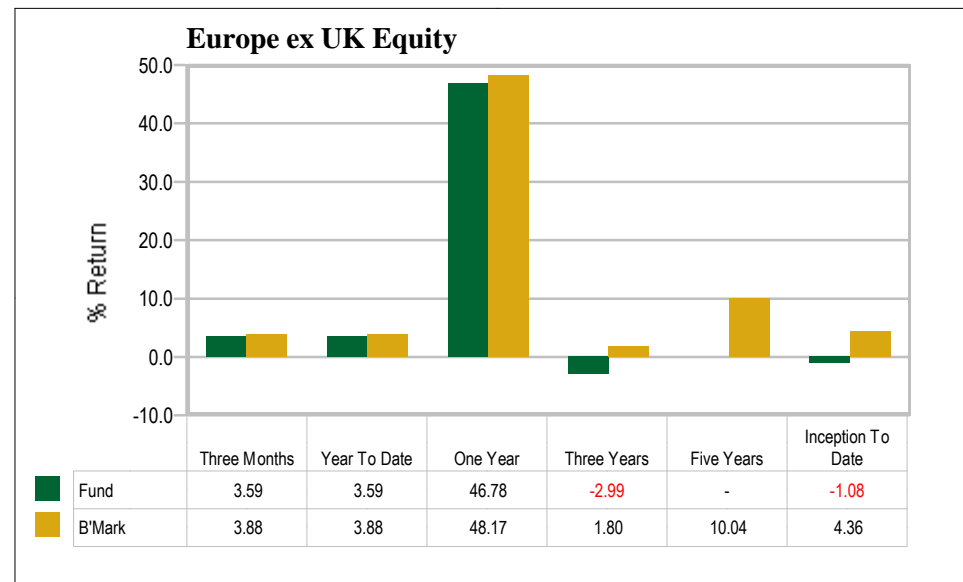
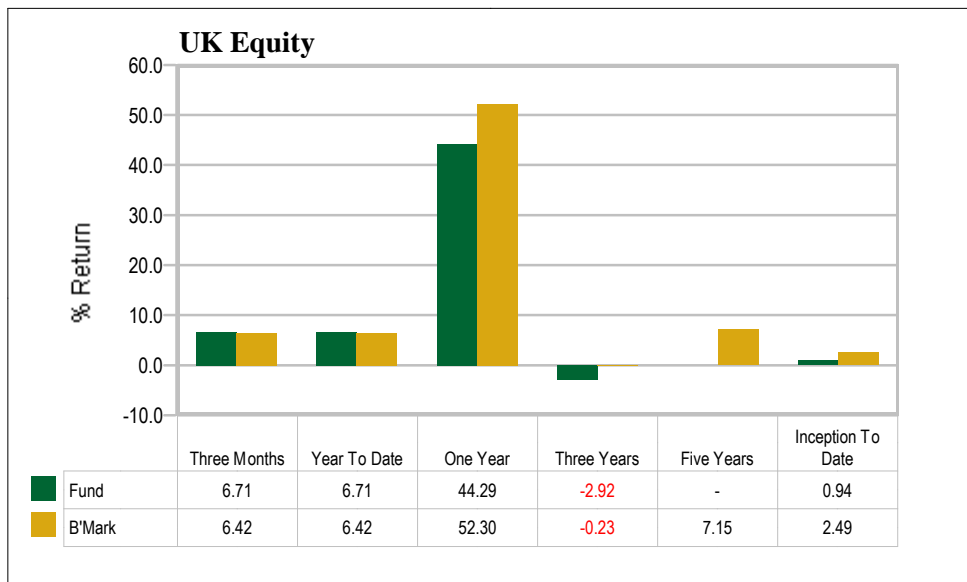


| Risk Statistics - 3 years | Fund | B'mark |
|-----------------------------|----------|--------|
| Performance Return | -2.12 | 2.68 |
| Standard Deviation | 20.60 | 19.66 |
| Relative Return | -4.68 | |
| Tracking Error | 2.21 | |
| Information Ratio | -2.18 | |
| Beta | 1.04 | |
| Alpha | -4.49 | |
| R Squared | 0.99 | |
| Sharpe Ratio | -0.33 | -0.10 |
| Percentage of Total Fund | 21.2 | |
| Inception Date | Mar-2006 | |
| Opening Market Value (£000) | 106,992 | |
| Net Investment £(000) | -469 | |
| Income Received £(000) | 643 | |
| Appreciation £(000) | 6,564 | |
| Closing Market Value (£000) | 113,731 | |



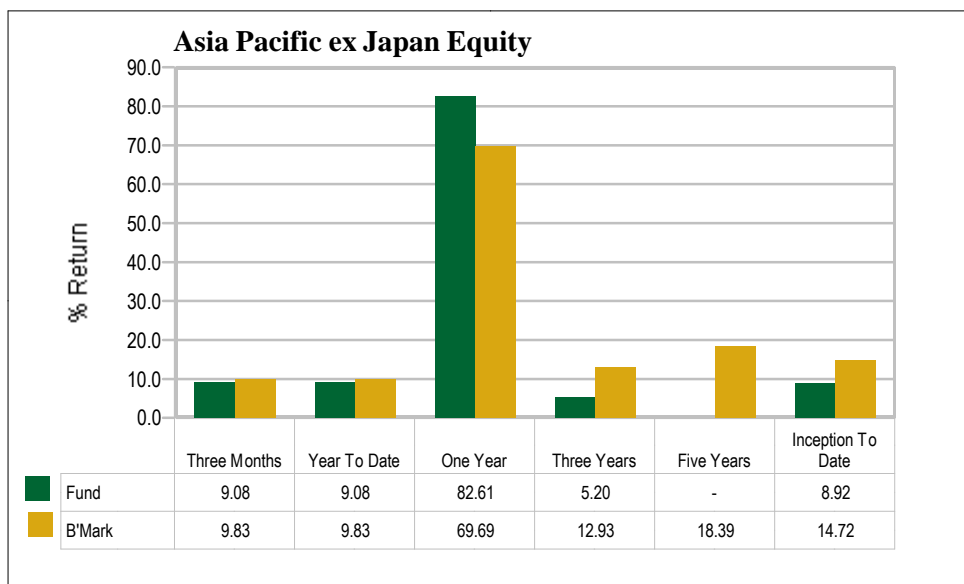
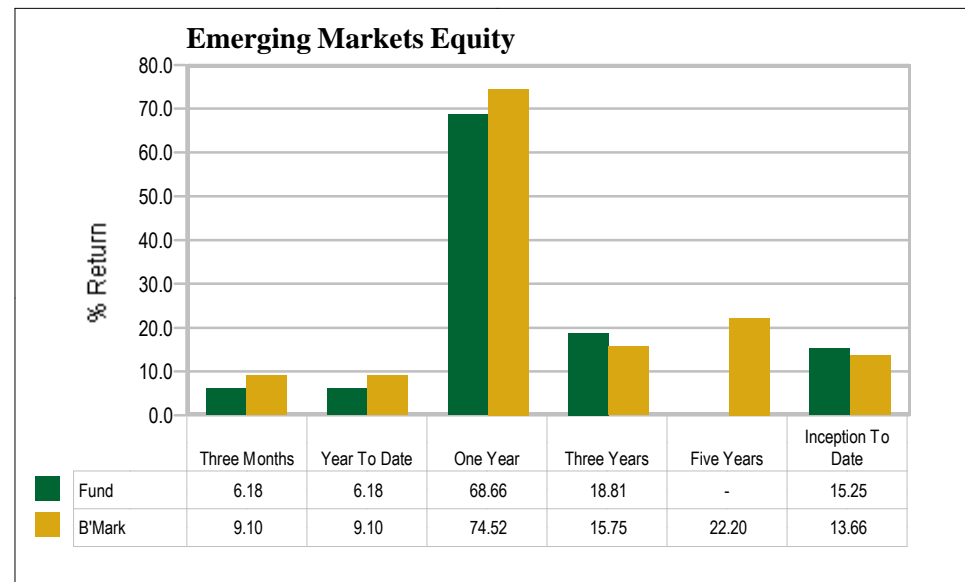
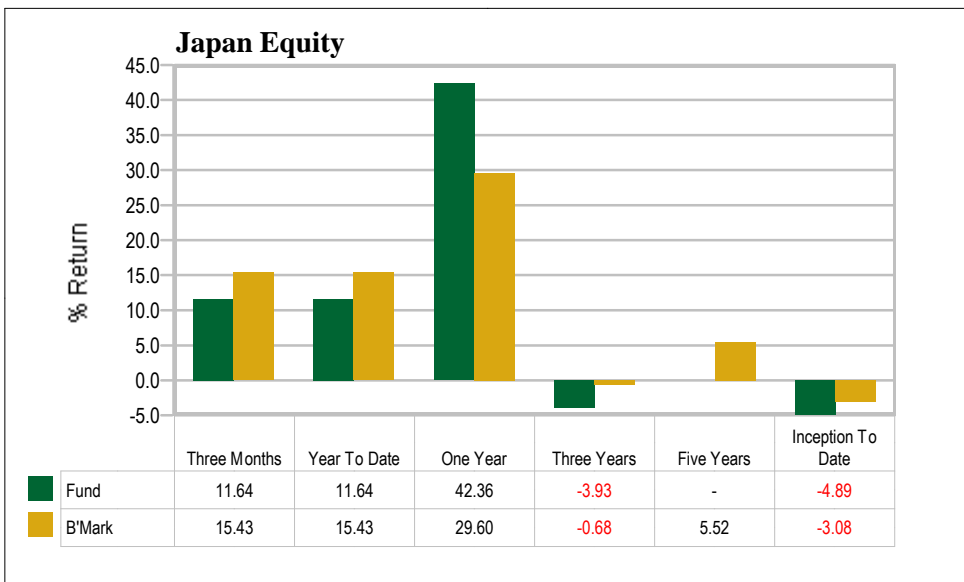


Alliance Bernstein





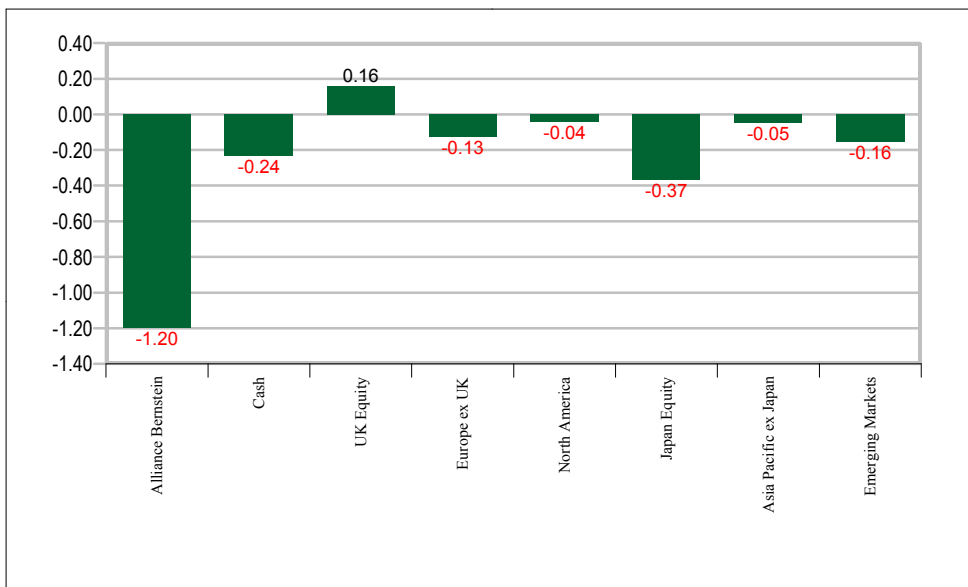
Alliance Bernstein



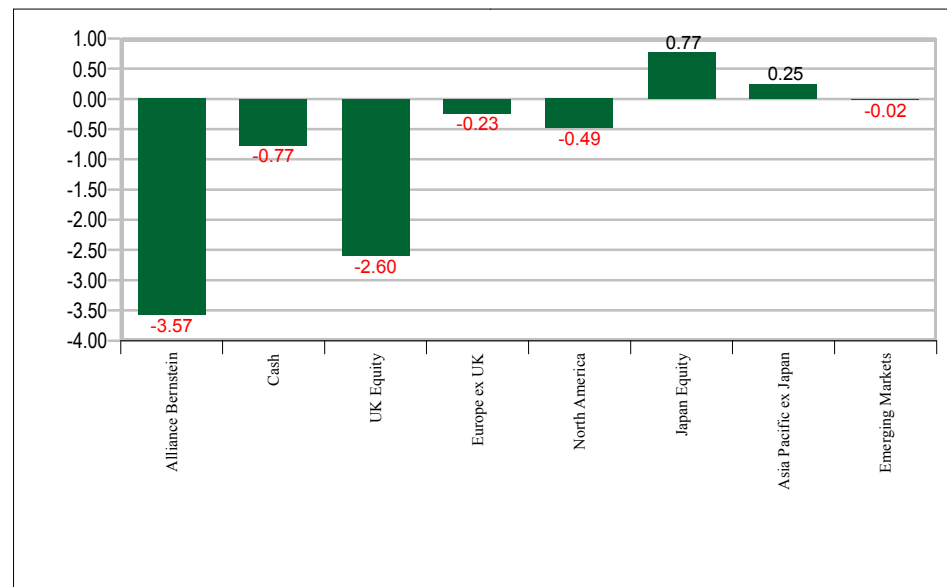


Alliance Bernstein

Relative Contribution - Three Months



Relative Contribution - One Year

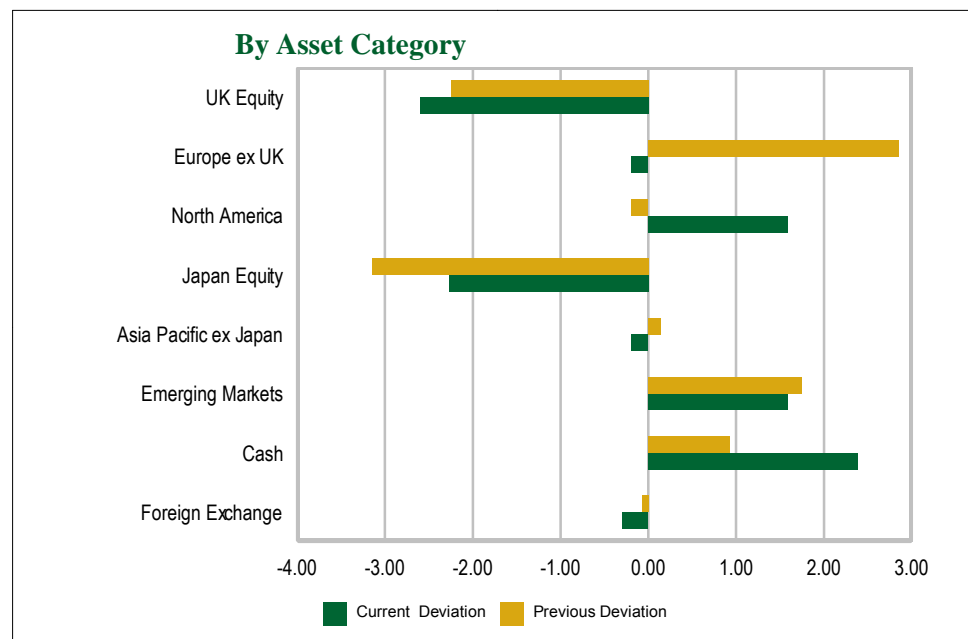


| | Return | B'mark | Relative Return | Hedging Effect | Currency Effect | Asset Allocation | Stock Selection | Relative Contribution |
|-----------------------|--------|--------|-----------------|----------------|-----------------|------------------|-----------------|-----------------------|
| Alliance Bernstein | 6.77 | 8.07 | -1.20 | -0.39 | -0.06 | -0.40 | -0.36 | -1.20 |
| UK Equity | 6.71 | 6.42 | 0.28 | 0.00 | 0.07 | -0.03 | 0.12 | 0.16 |
| Europe ex UK | 3.59 | 3.88 | -0.28 | 0.00 | -0.07 | -0.02 | -0.03 | -0.13 |
| North America | 12.11 | 12.46 | -0.31 | 0.00 | 0.02 | -0.01 | -0.05 | -0.04 |
| Japan Equity | 11.64 | 15.43 | -3.28 | 0.00 | -0.10 | -0.09 | -0.17 | -0.37 |
| Asia Pacific ex Japan | 9.08 | 9.83 | -0.68 | 0.00 | 0.00 | -0.00 | -0.05 | -0.05 |
| Emerging Markets | 6.18 | 9.10 | -2.67 | 0.00 | 0.07 | -0.05 | -0.17 | -0.16 |
| Cash | 0.47 | - | 0.47 | 0.00 | -0.04 | -0.19 | 0.00 | -0.24 |

| | Return | B'mark | Relative Return | Hedging Effect | Currency Effect | Asset Allocation | Stock Selection | Relative Contribution |
|-----------------------|--------|--------|-----------------|----------------|-----------------|------------------|-----------------|-----------------------|
| Alliance Bernstein | 44.99 | 50.36 | -3.57 | -0.54 | 0.41 | -0.44 | -3.05 | -3.57 |
| UK Equity | 44.29 | 52.30 | -5.26 | 0.00 | -0.01 | -0.01 | -2.58 | -2.60 |
| Europe ex UK | 46.78 | 48.17 | -0.94 | 0.00 | -0.00 | -0.05 | -0.18 | -0.23 |
| North America | 39.74 | 43.23 | -2.44 | 0.00 | -0.02 | -0.04 | -0.43 | -0.49 |
| Japan Equity | 42.36 | 29.60 | 9.84 | 0.00 | 0.01 | 0.36 | 0.40 | 0.77 |
| Asia Pacific ex Japan | 82.61 | 69.69 | 7.62 | 0.00 | 0.37 | -0.05 | -0.08 | 0.25 |
| Emerging Markets | 68.66 | 74.52 | -3.36 | 0.00 | 0.06 | 0.12 | -0.20 | -0.02 |
| Cash | 1.63 | - | 1.63 | 0.00 | 0.01 | -0.78 | 0.00 | -0.77 |



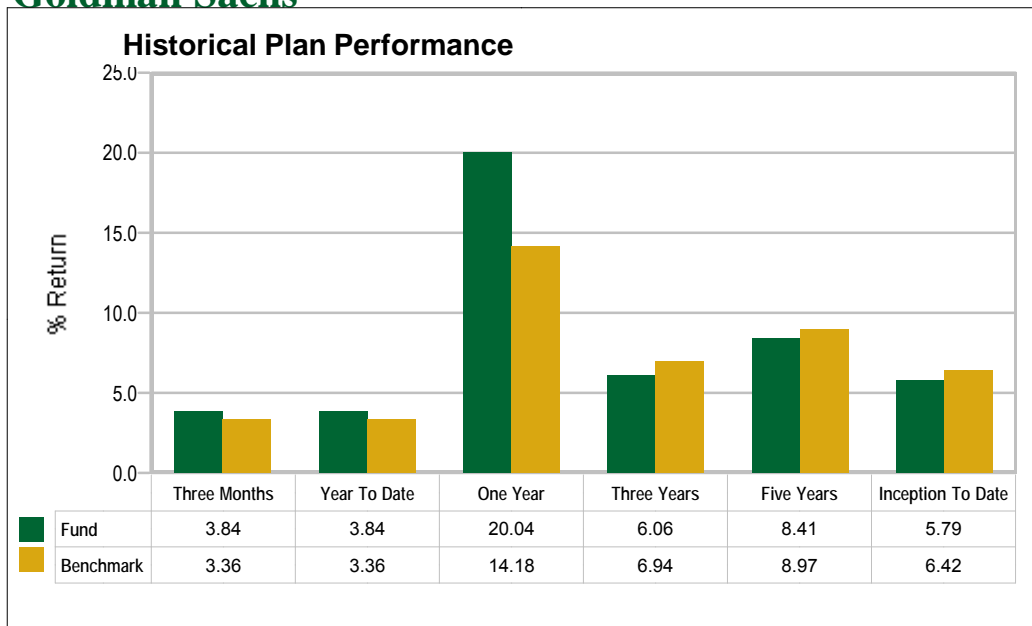
Alliance Bernstein



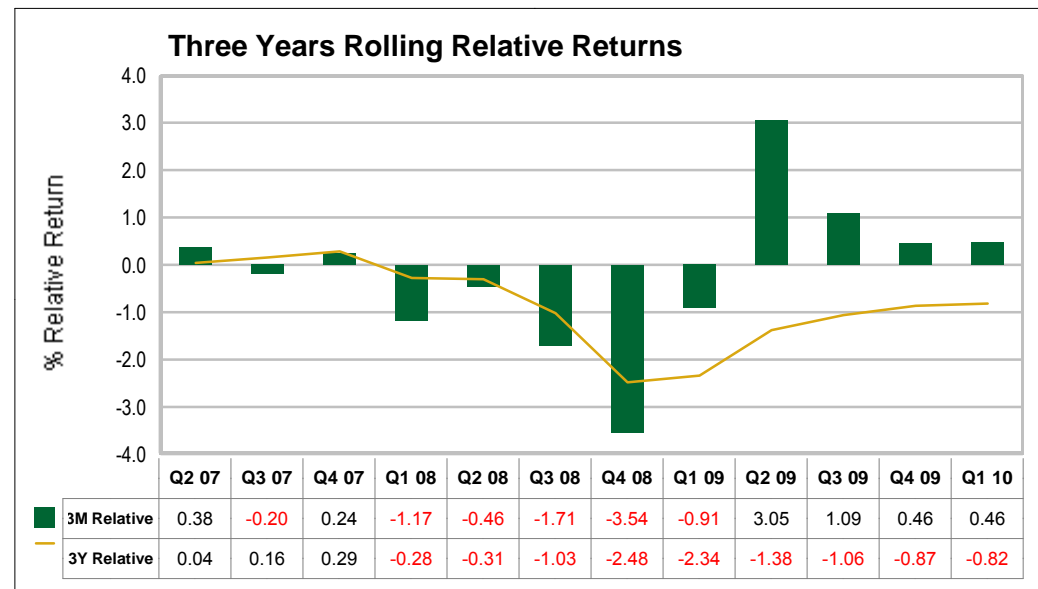
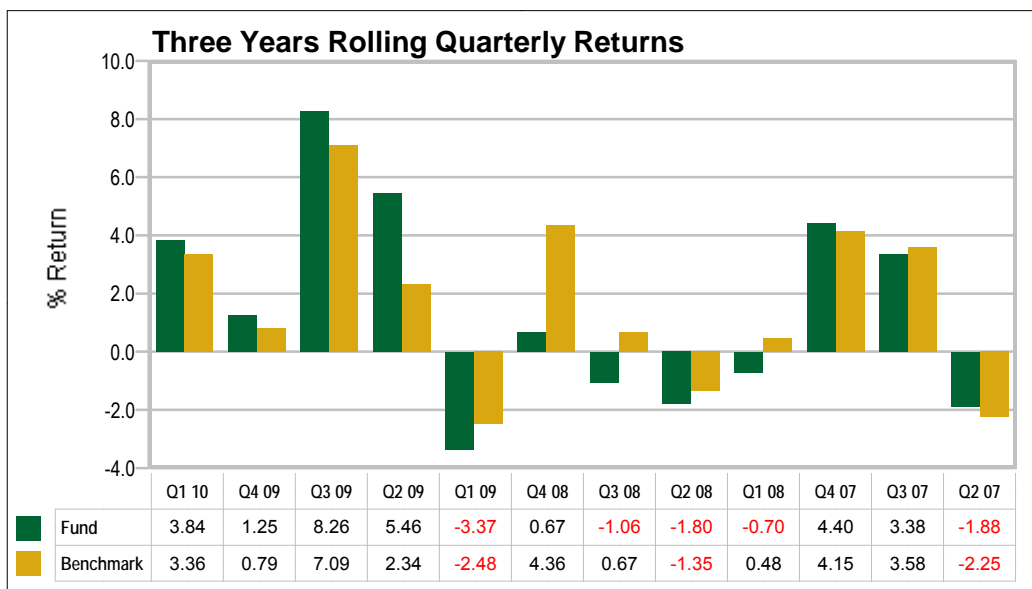
| | Current Qtr | Previous Qtr | Current Benchmark | Current Deviation | Previous Benchmark | Previous Deviation |
|-----------------------|-------------|--------------|-------------------|-------------------|--------------------|--------------------|
| UK Equity | 47.40 | 47.75 | 50.00 | -2.60 | 50.00 | -2.25 |
| Europe ex UK | 14.81 | 17.85 | 15.00 | -0.19 | 15.00 | 2.85 |
| North America | 19.09 | 17.30 | 17.50 | 1.59 | 17.50 | -0.20 |
| Japan Equity | 5.23 | 4.35 | 7.50 | -2.27 | 7.50 | -3.15 |
| Asia Pacific ex Japan | 4.81 | 5.14 | 5.00 | -0.19 | 5.00 | 0.14 |
| Emerging Markets | 6.59 | 6.74 | 5.00 | 1.59 | 5.00 | 1.74 |
| Cash | 2.38 | 0.92 | | 2.38 | | 0.92 |
| Foreign Exchange | -0.30 | -0.07 | | -0.30 | | -0.07 |



Goldman Sachs

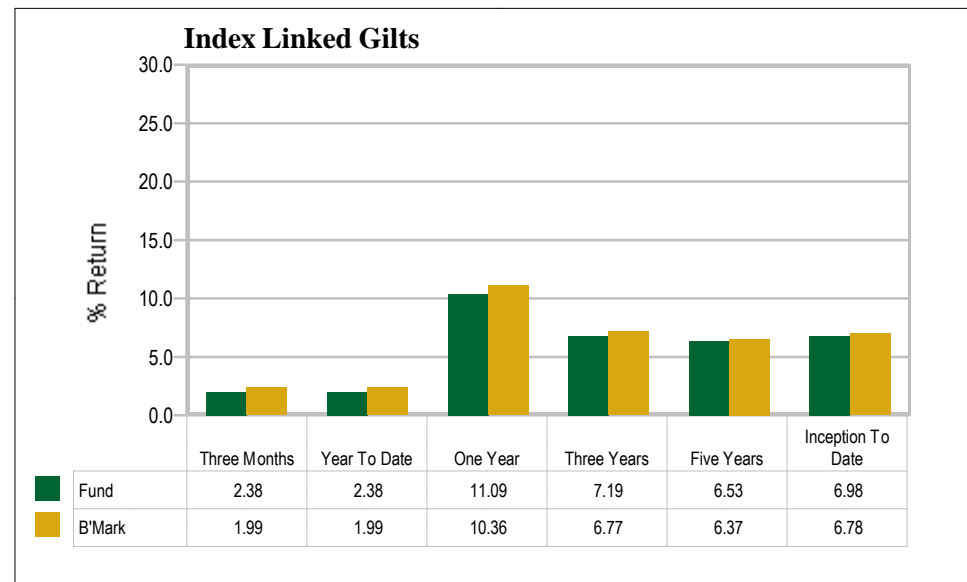
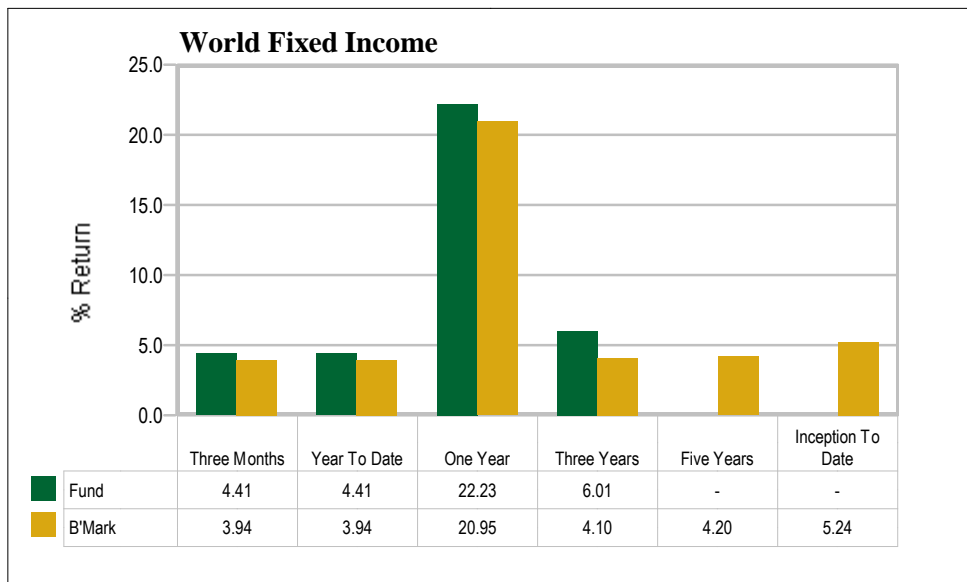


| Risk Statistics - 3 years | Fund | B'mark |
|-----------------------------|----------|--------|
| Performance Return | 6.06 | 6.94 |
| Standard Deviation | 7.22 | 6.66 |
| Relative Return | -0.82 | |
| Tracking Error | 2.14 | |
| Information Ratio | -0.41 | |
| Beta | 1.05 | |
| Alpha | -0.91 | |
| R Squared | 0.92 | |
| Sharpe Ratio | 0.19 | 0.34 |
| Percentage of Total Fund | 11.7 | |
| Inception Date | Dec-2001 | |
| Opening Market Value (£000) | 60,803 | |
| Net Investment (£000) | -261 | |
| Income Received (£000) | 76 | |
| Appreciation (£000) | 2,253 | |
| Closing Market Value (£000) | 62,871 | |



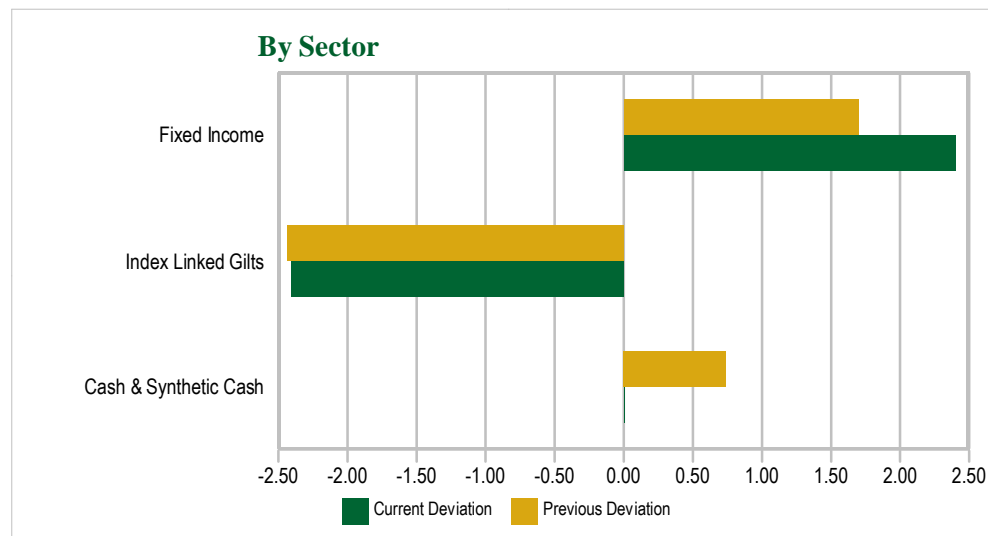


Goldman Sachs





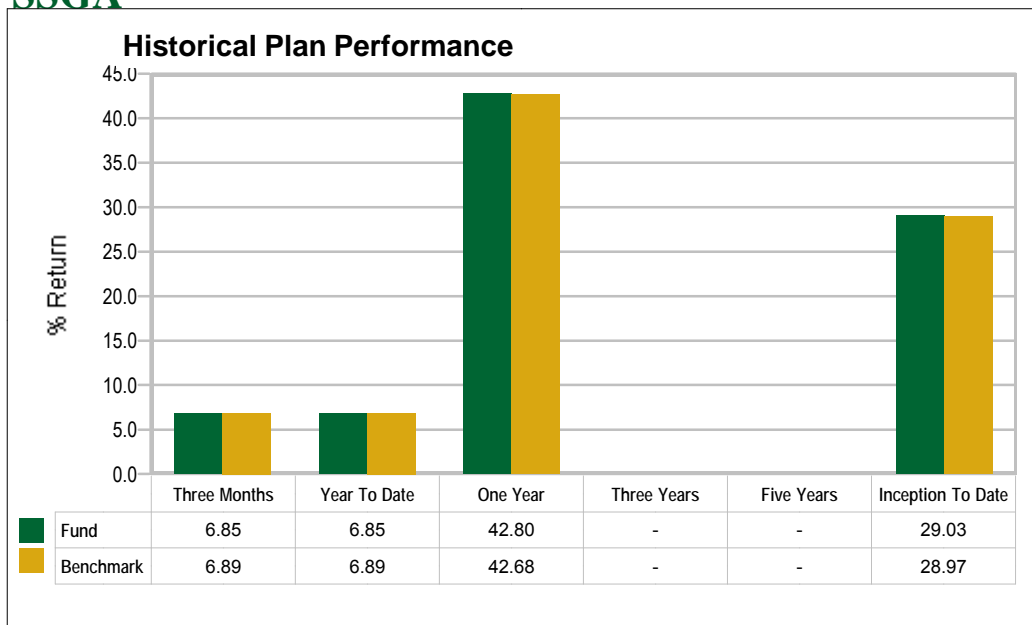
Goldman Sachs



| | Current Qtr | Previous Qtr | Current Benchmark | Current Deviation | Previous Benchmark | Previous Deviation |
|-----------------------|-------------|--------------|-------------------|-------------------|--------------------|--------------------|
| Fixed Income | 72.40 | 71.70 | 70.00 | 2.40 | 70.00 | 1.70 |
| Index Linked Gilts | 27.59 | 27.56 | 30.00 | -2.41 | 30.00 | -2.44 |
| Cash & Synthetic Cash | 0.01 | 0.74 | | 0.01 | | 0.74 |

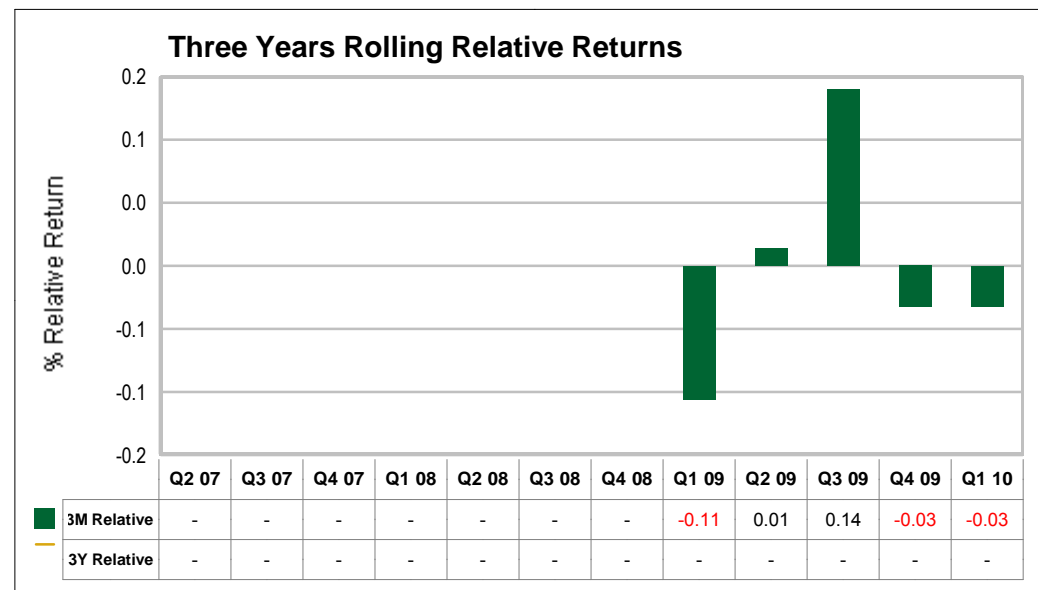
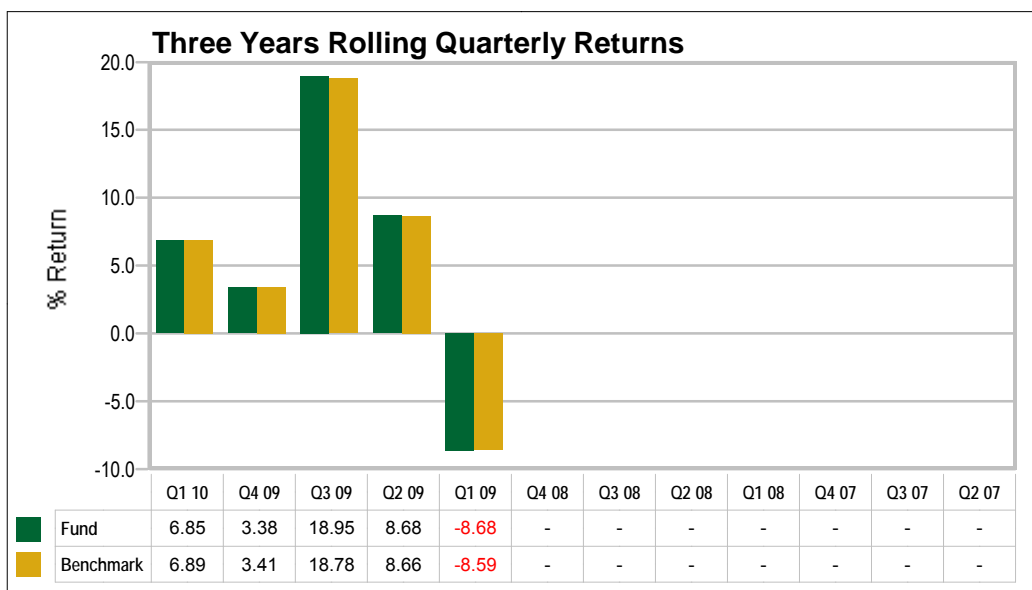


SSGA



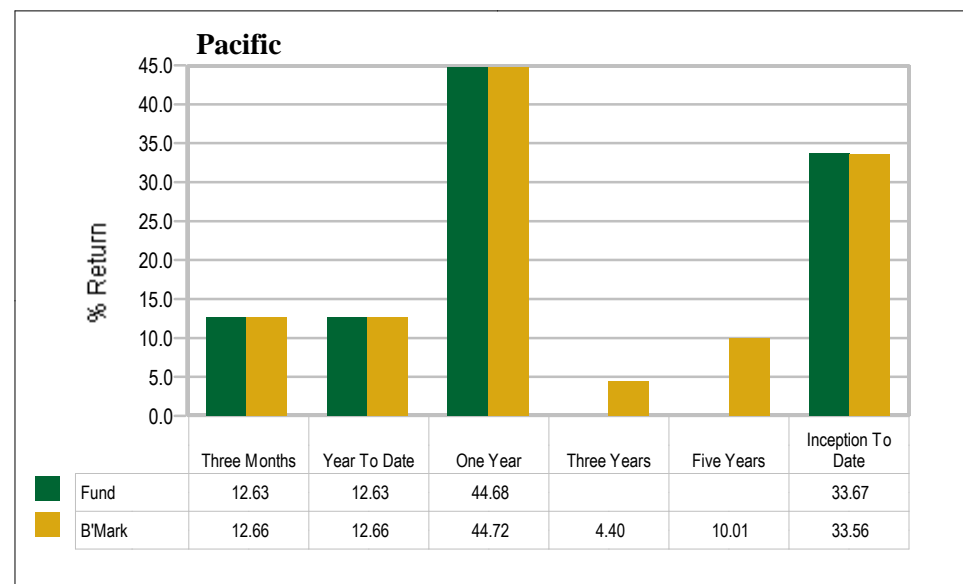
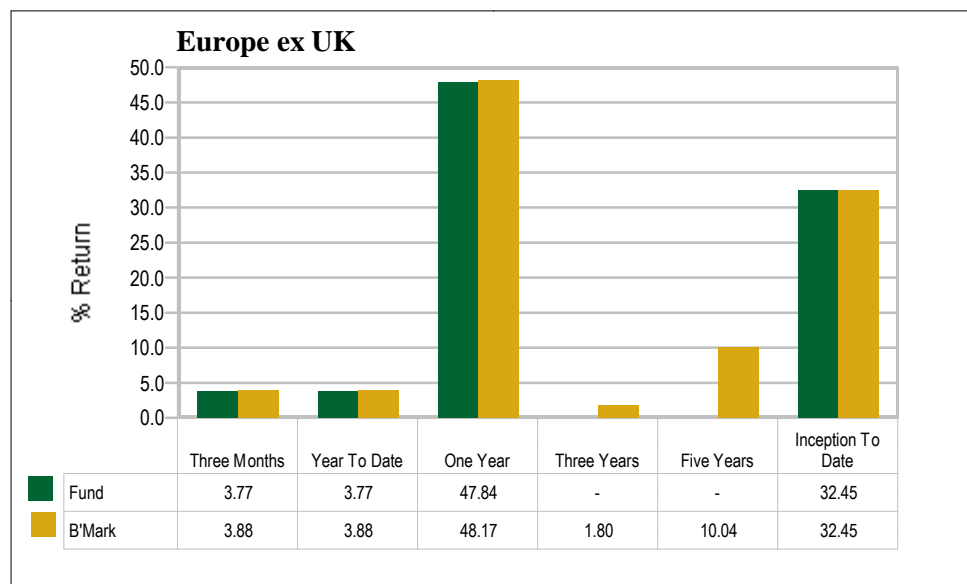
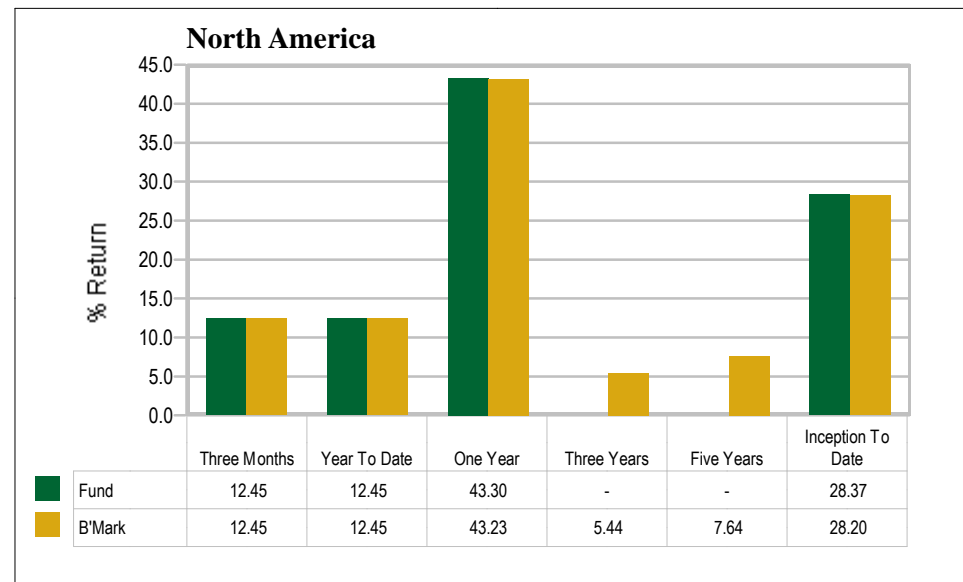
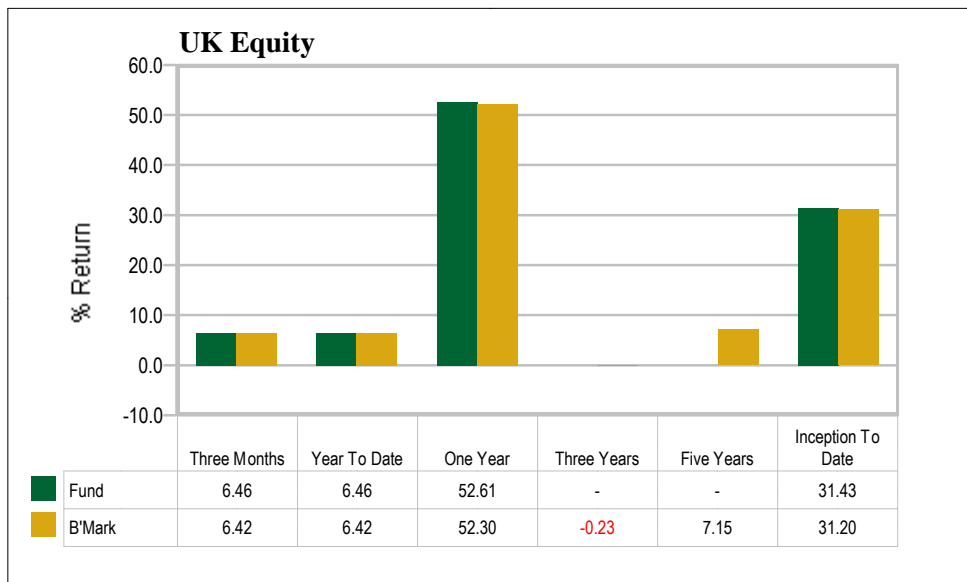
Risk Statistics - 3 years

| | Fund | B'mark |
|-----------------------------|----------|--------|
| Performance Return | - | - |
| Standard Deviation | - | - |
| Relative Return | - | - |
| Tracking Error | - | - |
| Information Ratio | - | - |
| Beta | - | - |
| Alpha | - | - |
| R Squared | - | - |
| Sharpe Ratio | - | - |
| Percentage of Total Fund | 19.9 | |
| Inception Date | Nov-2008 | |
| Opening Market Value (£000) | 100,021 | |
| Net Investment £(000) | -430 | |
| Income Received £(000) | 0 | |
| Appreciation £(000) | 6,824 | |
| Closing Market Value (£000) | 106,415 | |



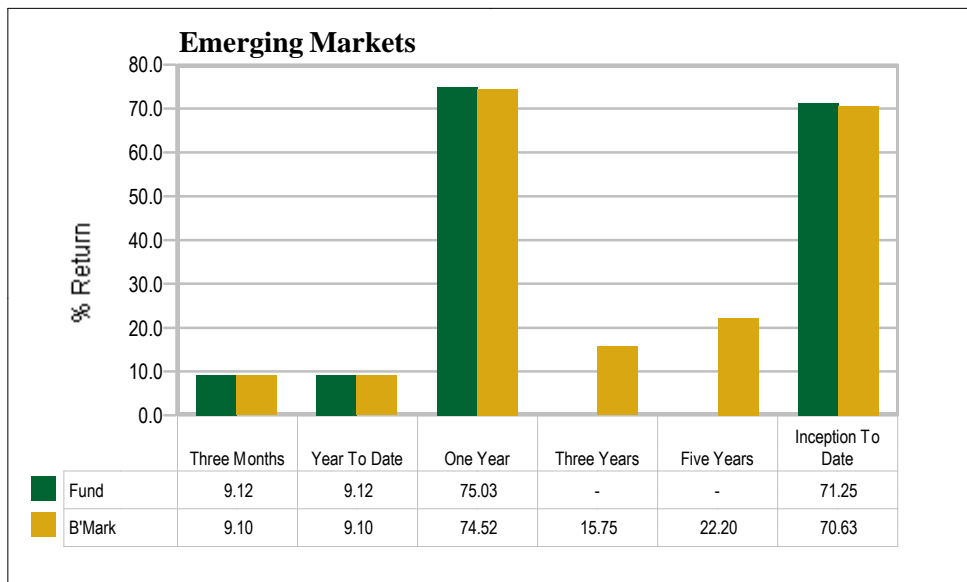


SSGA



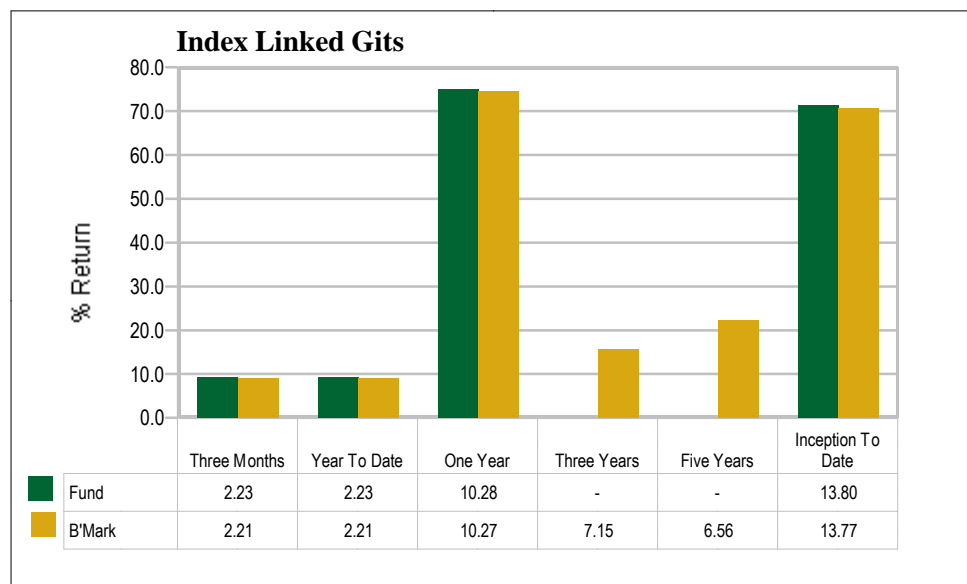
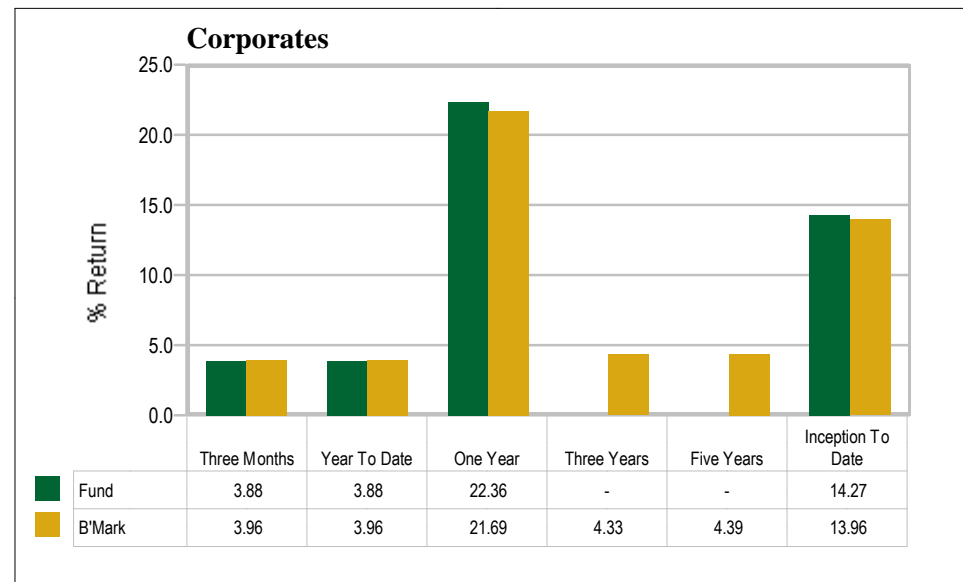
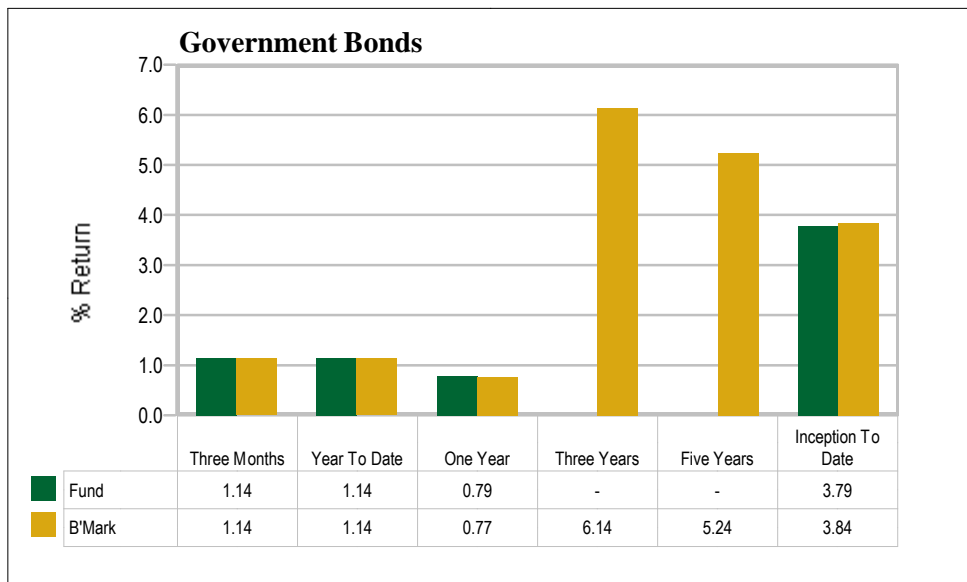


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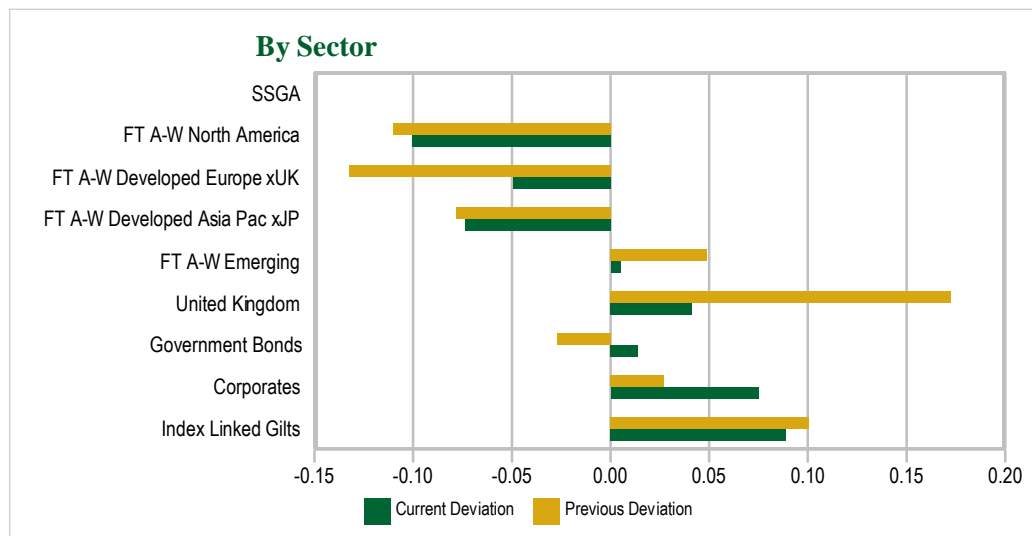


SSGA





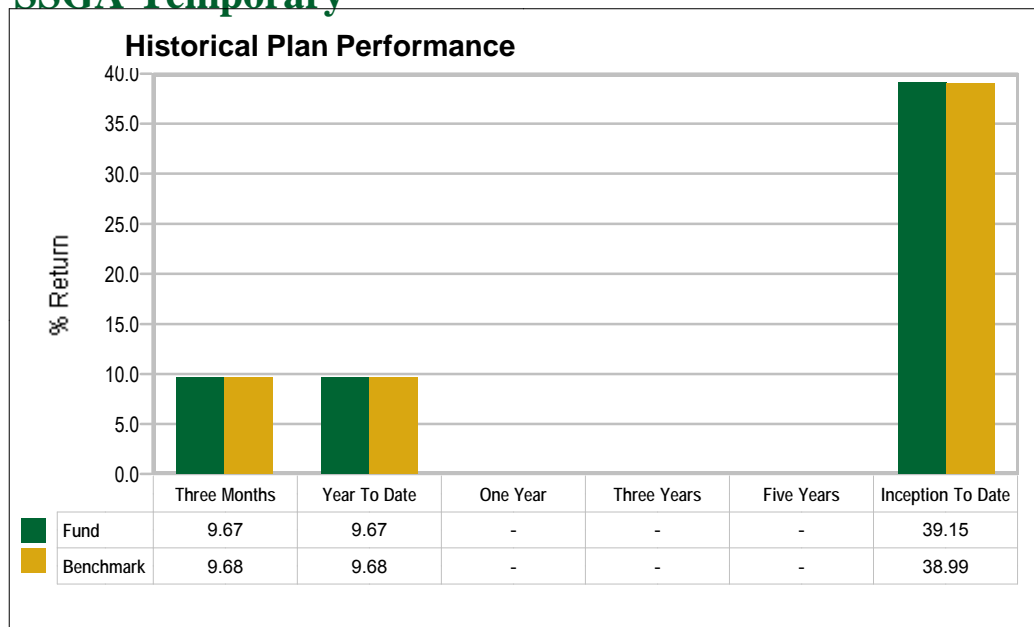
SSGA



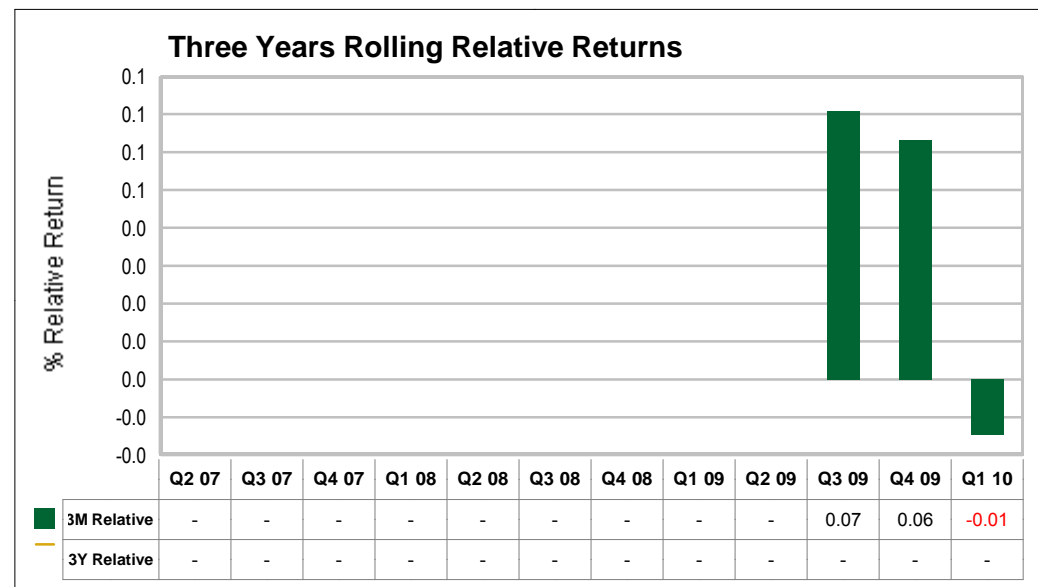
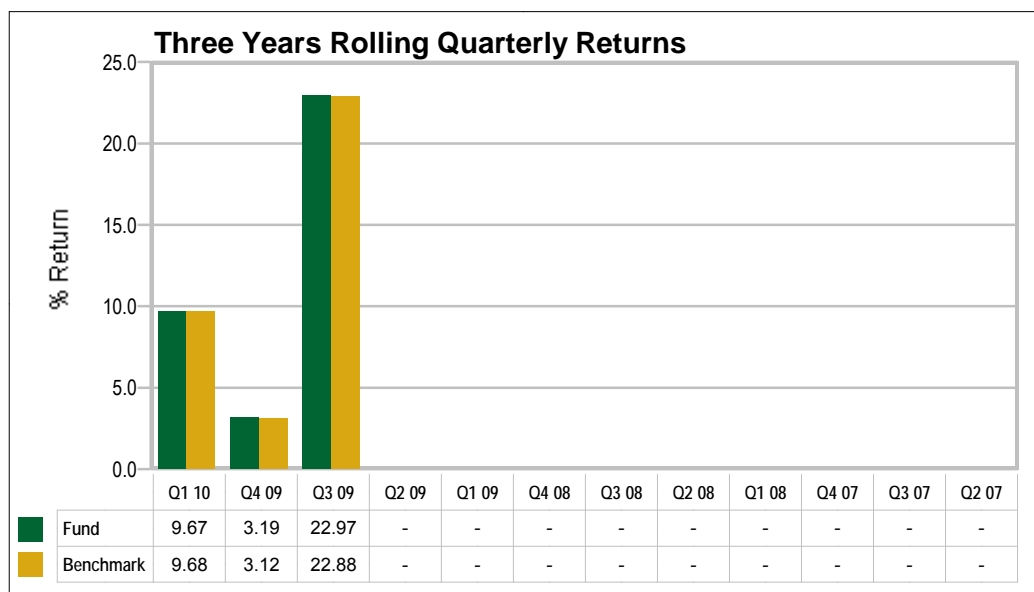
| | Current Qtr | Previous Qtr | Current Benchmark | Current Deviation | Previous Benchmark | Previous Deviation |
|-------------------------------|-------------|--------------|-------------------|-------------------|--------------------|--------------------|
| SSGA | 100.00 | 100.00 | 100.00 | | 100.00 | |
| Equity | 79.82 | 79.90 | | 79.82 | | 79.90 |
| FT A-W North America | 10.90 | 10.89 | 11.00 | -0.10 | 11.00 | -0.11 |
| FT A-W Developed Europe xUK | 10.95 | 10.87 | 11.00 | -0.05 | 11.00 | -0.13 |
| FT A-W Developed Asia Pac xJP | 10.93 | 10.92 | 11.00 | -0.07 | 11.00 | -0.08 |
| FT A-W Emerging | 3.01 | 3.05 | 3.00 | 0.01 | 3.00 | 0.05 |
| United Kingdom | 44.04 | 44.17 | 44.00 | 0.04 | 44.00 | 0.17 |
| Fixed Income | 10.09 | 10.00 | | 10.09 | | 10.00 |
| Government Bonds | 1.51 | 1.47 | 1.50 | 0.01 | 1.50 | -0.03 |
| Corporates | 8.57 | 8.53 | 8.50 | 0.07 | 8.50 | 0.03 |
| Index Linked Gilts | 10.09 | 10.10 | 10.00 | 0.09 | 10.00 | 0.10 |



SSGA Temporary

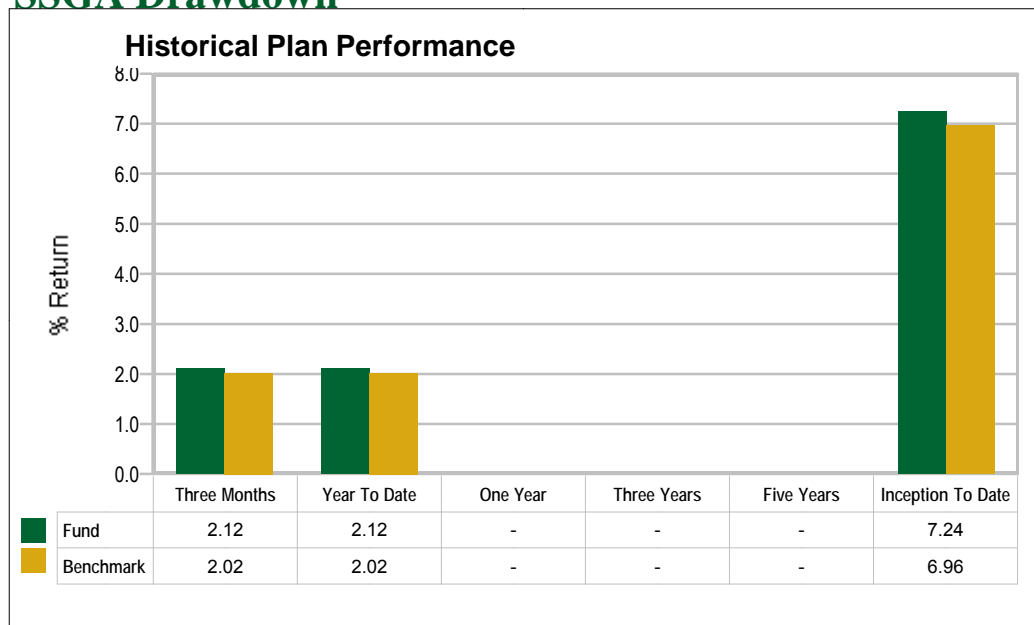


| Risk Statistics - 3 years | Fund | B'mark |
|-----------------------------|----------|--------|
| Performance Return | - | - |
| Standard Deviation | - | - |
| Relative Return | - | - |
| Tracking Error | - | - |
| Information Ratio | - | - |
| Beta | - | - |
| Alpha | - | - |
| R Squared | - | - |
| Sharpe Ratio | - | - |
| Percentage of Total Fund | 15.3 | |
| Inception Date | Jun-2009 | |
| Opening Market Value (£000) | 75,029 | |
| Net Investment £(000) | -315 | |
| Income Received £(000) | 0 | |
| Appreciation £(000) | 7,219 | |
| Closing Market Value (£000) | 81,933 | |



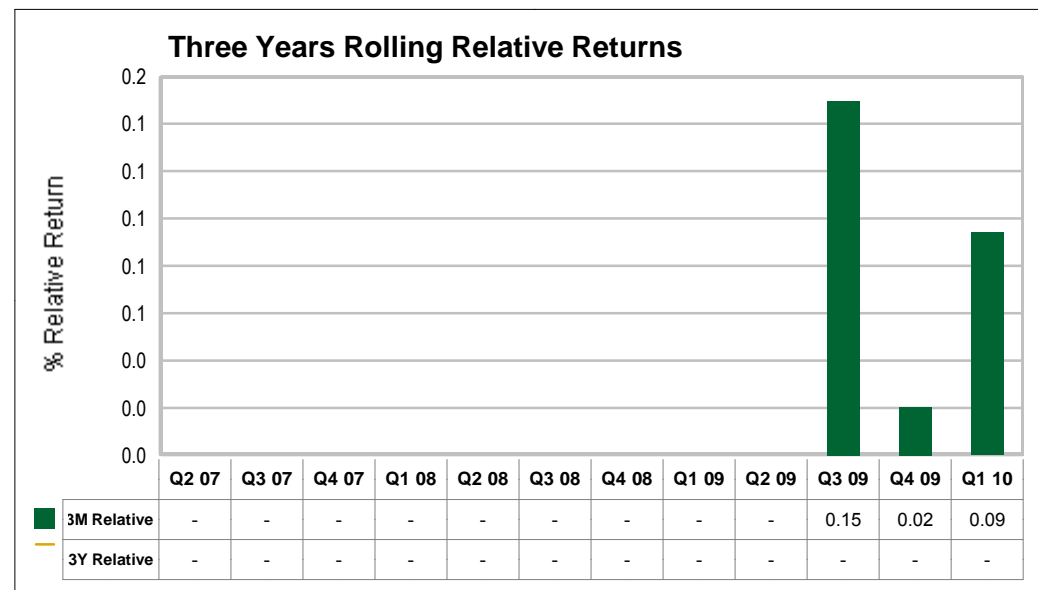
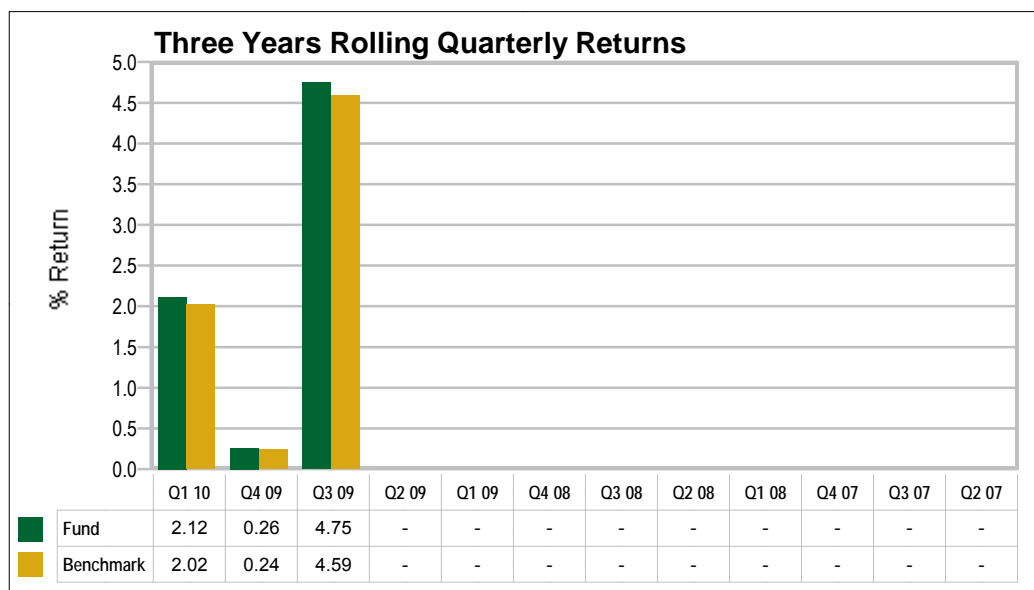


SSGA Drawdown



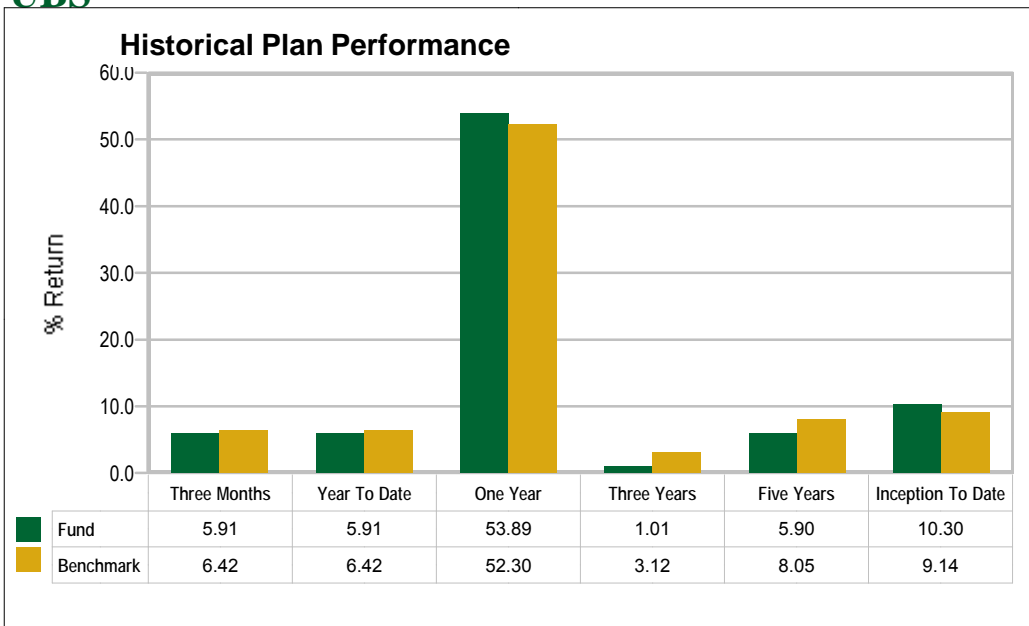
Risk Statistics - 3 years

| | Fund | B'mark |
|-----------------------------|----------|--------|
| Performance Return | - | - |
| Standard Deviation | - | - |
| Relative Return | - | - |
| Tracking Error | - | - |
| Information Ratio | - | - |
| Beta | - | - |
| Alpha | - | - |
| R Squared | - | - |
| Sharpe Ratio | - | - |
| Percentage of Total Fund | 4.0 | - |
| Inception Date | Jun-2009 | - |
| Opening Market Value (£000) | 21,041 | - |
| Net Investment £(000) | -92 | - |
| Income Received £(000) | 0 | - |
| Appreciation £(000) | 444 | - |
| Closing Market Value (£000) | 21,393 | - |



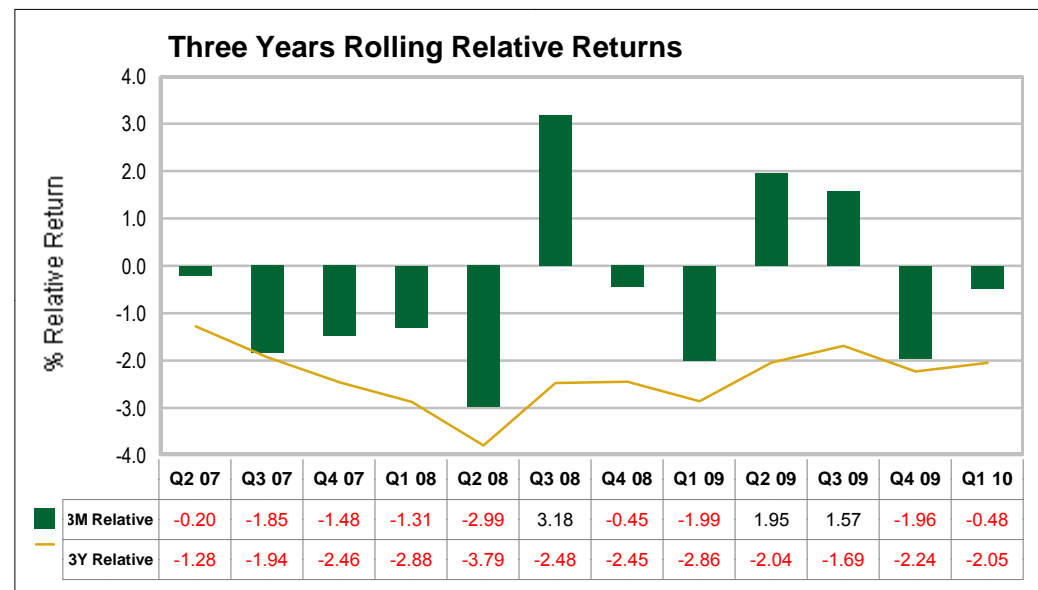
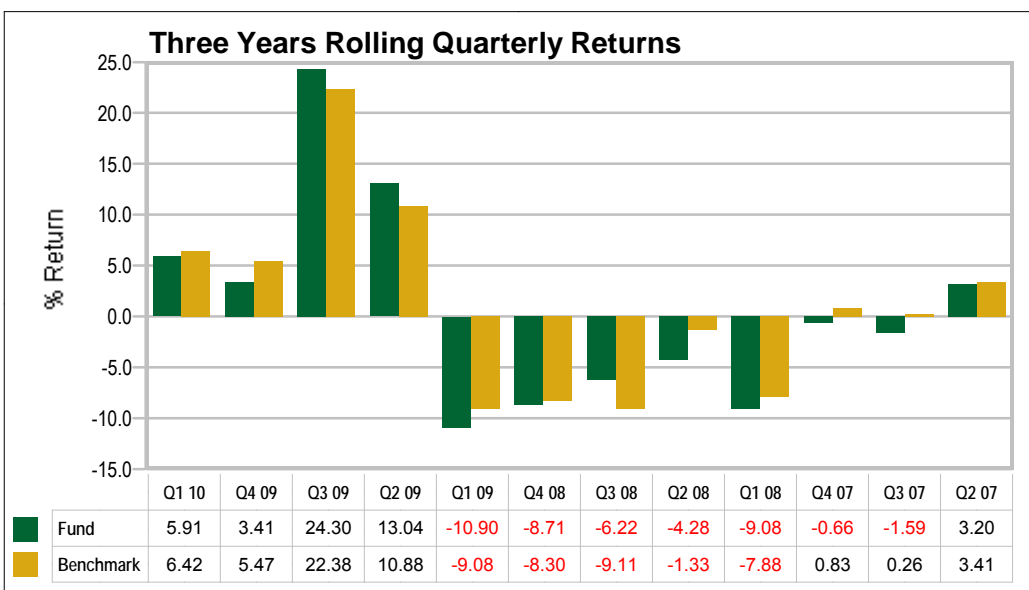


UBS



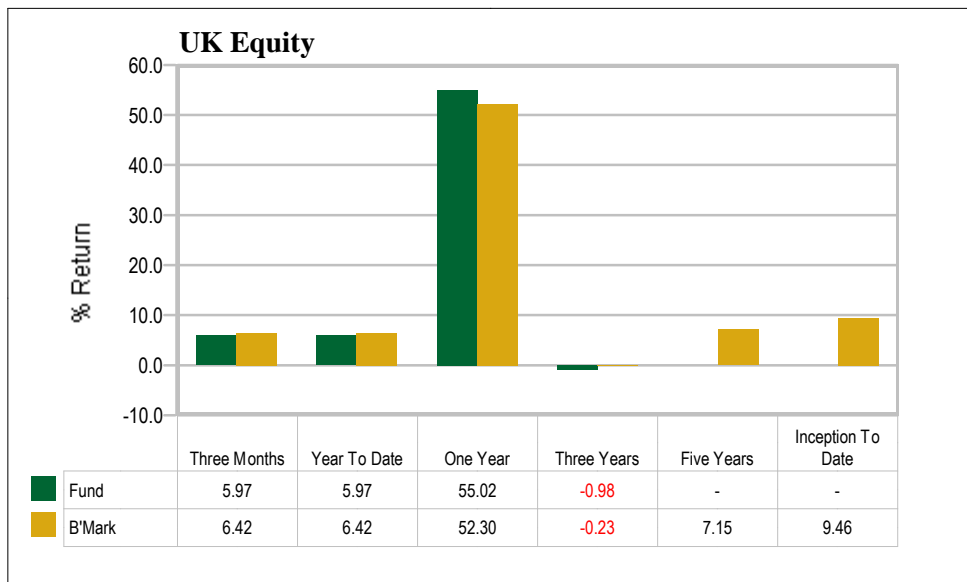
Risk Statistics - 3 years

| | Fund | B'mark |
|-----------------------------|----------|--------|
| Performance Return | 1.01 | 3.12 |
| Standard Deviation | 19.10 | 17.35 |
| Relative Return | -2.05 | |
| Tracking Error | 4.18 | |
| Information Ratio | -0.51 | |
| Beta | 1.08 | |
| Alpha | -1.76 | |
| R Squared | 0.96 | |
| Sharpe Ratio | -0.19 | -0.09 |
| Percentage of Total Fund | 19.7 | |
| Inception Date | Dec-1988 | |
| Opening Market Value (£000) | 100,251 | |
| Net Investment (£000) | -435 | |
| Income Received (£000) | 701 | |
| Appreciation (£000) | 5,192 | |
| Closing Market Value (£000) | 105,710 | |





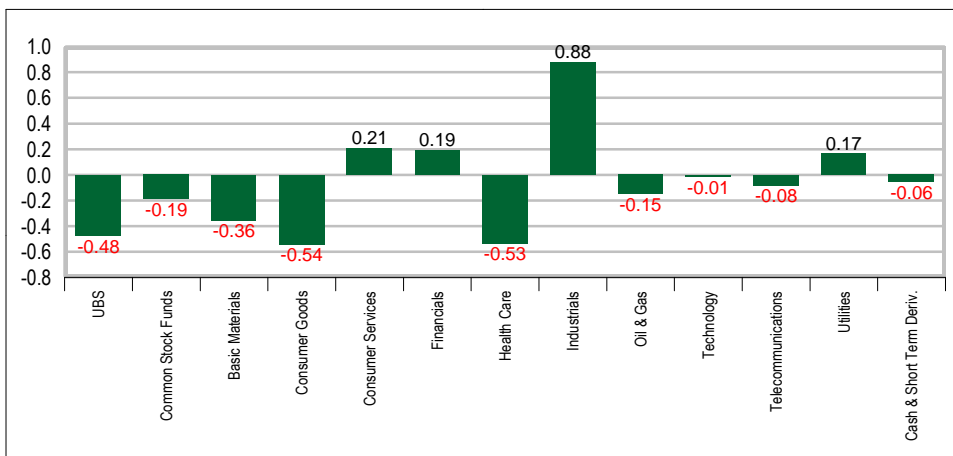
UBS



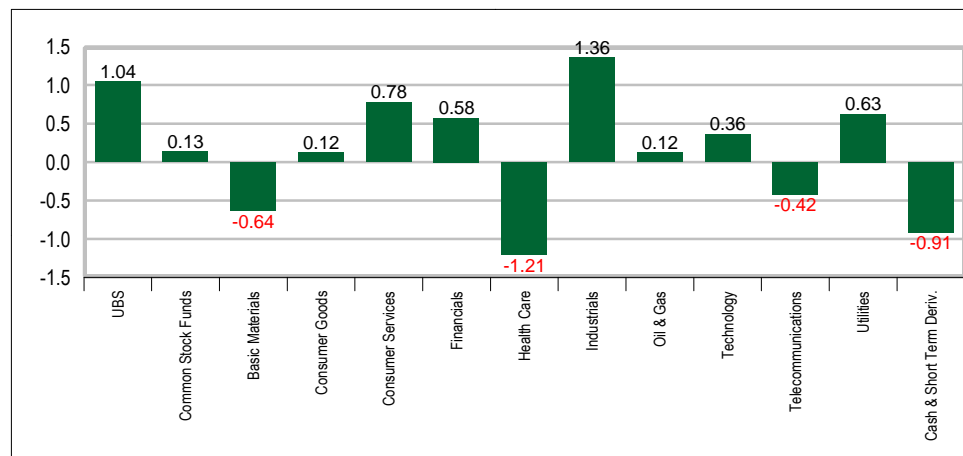


UBS

Relative Contribution - Three Months



Relative Contribution - One Year

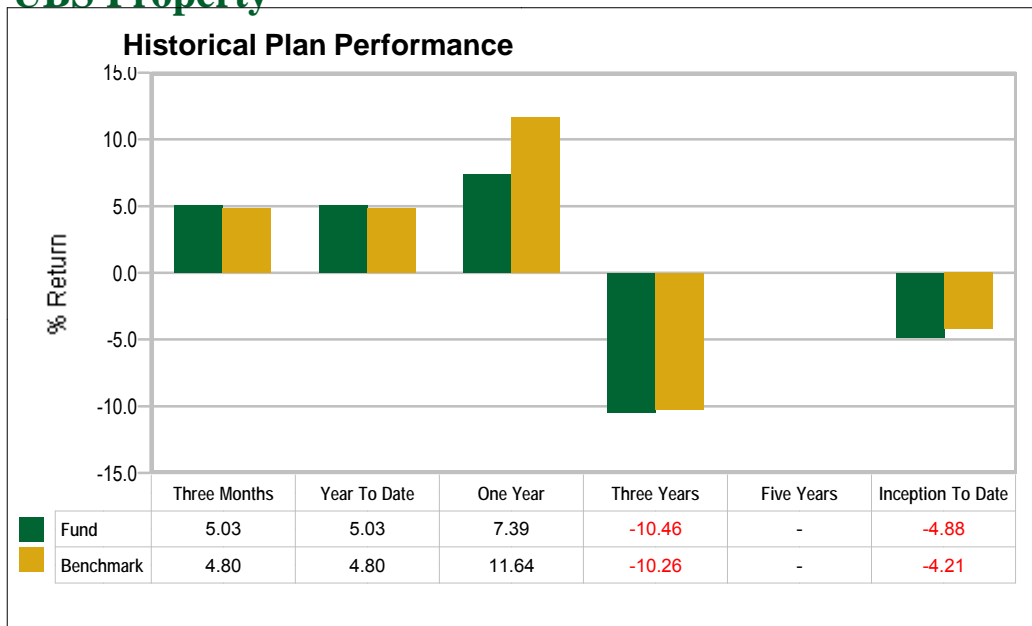


| | Return | Benchmark | Relative Return | Hedging Effect | Passive Currency | Asset Allocation | Stock Selection Effect | Relative contribution |
|--------------------------|--------|-----------|-----------------|----------------|------------------|------------------|------------------------|-----------------------|
| UBS | 5.91 | 6.42 | -0.48 | 0.00 | 0.00 | -0.79 | 0.31 | -0.48 |
| Common Stock Funds | 0.16 | - | 0.16 | 0.00 | 0.00 | -0.19 | 0.00 | -0.19 |
| Basic Materials | 10.92 | 12.48 | -1.39 | 0.00 | 0.00 | -0.26 | -0.09 | -0.36 |
| Consumer Goods | 0.87 | 7.84 | -6.46 | 0.00 | 0.00 | -0.07 | -0.47 | -0.54 |
| Consumer Services | 9.73 | 7.96 | 1.64 | 0.00 | 0.00 | 0.01 | 0.20 | 0.21 |
| Financials | 5.90 | 5.24 | 0.62 | 0.00 | 0.00 | 0.08 | 0.11 | 0.19 |
| Health Care | -1.47 | 1.22 | -2.66 | 0.00 | 0.00 | -0.20 | -0.33 | -0.53 |
| Industrials | 25.02 | 10.62 | 13.02 | 0.00 | 0.00 | -0.00 | 0.88 | 0.88 |
| Oil & Gas | 3.41 | 3.99 | -0.56 | 0.00 | 0.00 | -0.04 | -0.11 | -0.15 |
| Technology | 15.98 | 15.21 | 0.67 | 0.00 | 0.00 | -0.02 | 0.01 | -0.01 |
| Telecommunications | 4.41 | 4.30 | 0.10 | 0.00 | 0.00 | -0.09 | 0.01 | -0.08 |
| Utilities | 4.55 | 0.14 | 4.40 | 0.00 | 0.00 | 0.06 | 0.10 | 0.17 |
| Cash & Short Term Deriv. | 0.10 | - | 0.10 | 0.00 | 0.00 | -0.06 | 0.00 | -0.06 |

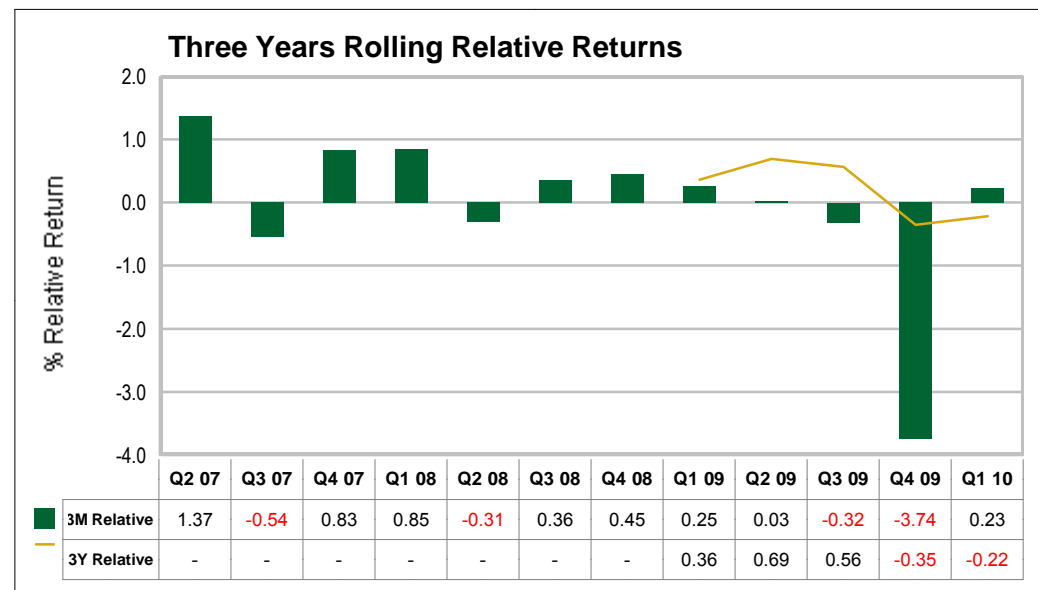
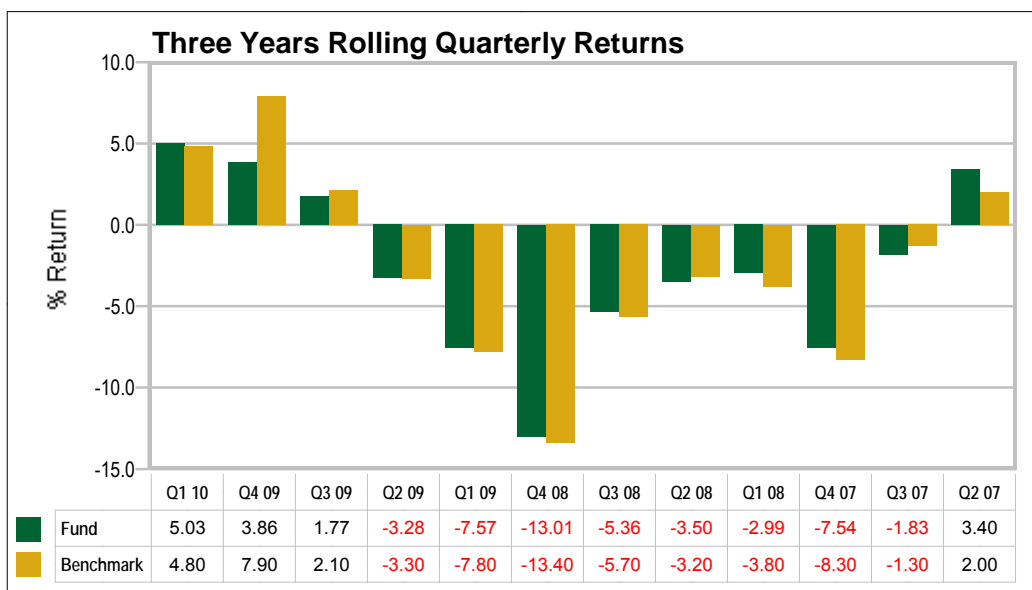
| | Return | Benchmark | Relative Return | Hedging Effect | Passive Currency | Asset Allocation | Stock Selection Effect | Relative contribution |
|--------------------------|--------|-----------|-----------------|----------------|------------------|------------------|------------------------|-----------------------|
| UBS | 53.89 | 52.30 | 1.04 | -0.00 | -0.00 | -3.34 | 4.23 | 1.04 |
| Common Stock Funds | 57.30 | - | 57.30 | 0.00 | 0.00 | 0.13 | 0.00 | 0.13 |
| Basic Materials | 134.74 | 107.14 | 13.33 | 0.00 | 0.00 | -1.29 | 0.67 | -0.64 |
| Consumer Goods | 56.45 | 52.70 | 2.46 | 0.00 | 0.00 | 0.03 | 0.09 | 0.12 |
| Consumer Services | 54.53 | 45.61 | 6.13 | 0.00 | 0.00 | -0.08 | 0.86 | 0.78 |
| Financials | 81.70 | 71.92 | 5.69 | 0.00 | 0.00 | -0.46 | 1.04 | 0.58 |
| Health Care | 22.79 | 27.56 | -3.74 | 0.00 | 0.00 | -0.75 | -0.46 | -1.21 |
| Industrials | 88.85 | 58.95 | 18.82 | 0.00 | 0.00 | -0.03 | 1.39 | 1.36 |
| Oil & Gas | 33.13 | 32.76 | 0.27 | 0.00 | 0.00 | 0.08 | 0.05 | 0.12 |
| Technology | 116.68 | 80.97 | 19.74 | 0.00 | 0.00 | -0.01 | 0.37 | 0.36 |
| Telecommunications | 35.43 | 34.58 | 0.63 | 0.00 | 0.00 | -0.48 | 0.06 | -0.42 |
| Utilities | 36.85 | 25.29 | 9.23 | 0.00 | 0.00 | 0.43 | 0.20 | 0.63 |
| Cash & Short Term Deriv. | 3.56 | - | 3.56 | 0.00 | -0.00 | -0.91 | 0.00 | -0.91 |



UBS Property



| Risk Statistics - 3 years | Fund | B'mark |
|-----------------------------|----------|--------|
| Performance Return | -10.46 | -10.26 |
| Standard Deviation | 6.61 | 6.80 |
| Relative Return | -0.22 | |
| Tracking Error | 2.88 | |
| Information Ratio | -0.07 | |
| Beta | 0.89 | |
| Alpha | -1.82 | |
| R Squared | 0.85 | |
| Sharpe Ratio | -2.29 | -2.20 |
| Percentage of Total Fund | 8.1 | |
| Inception Date | Mar-2006 | |
| Opening Market Value (£000) | 41,256 | |
| Net Investment £(000) | -2 | |
| Income Received £(000) | 589 | |
| Appreciation £(000) | 1,488 | |
| Closing Market Value (£000) | 43,331 | |





Total Plan Benchmark

- 36.8 FTSE All Share
- 12.9 FTSE AW North America
- 11.1 FTSE AW Developed Europe ex UK
- 5.5 FTSE AW Japan
- 3.7 FTSE AW Developed Asia Pacific ex Japan
- 3.7 AWI Emerging Markets
- 1.6 FTSE All Stock
- 8.9 iBox £ Non-Gilts (82.35%) / iBox £ Non-Gilt 15+ (17.65%)
- 5.3 FTSE Index Linked 5+yrs
- 10.5 UBS Property Index

Alliance Bernstein

- 50.0 FTSE All Share
- 15.0 FT AW Developed Europe ex UK
- 17.5 FT AWI North America
- 7.5 FT AW Japan
- 5.0 FT AW Developed Asia Pacific ex Japan
- 5.0 MSCI Emerging Markets

Goldman Sachs

- 70.0 ML Sterling Broad Market
- 30.0 FTSE Index Linked 5+ yrs

SSGA

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

SSGA Drawdown

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

SSGA Temporary

- 26.0 FT AW Developed Europe ex UK
- 36.0 FT AW North America
- 10.0 FT AW Japan
- 14.0 FT Developed Asia Pacific ex Japan
- 14.0 FT AWI Emerging

UBS

- 100.0 FTSE All Share

UBS Property

- 100.0 HSBC All Balanced Funds

**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} 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)

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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