



3rd Quarter, 2010

London Borough of Hillingdon

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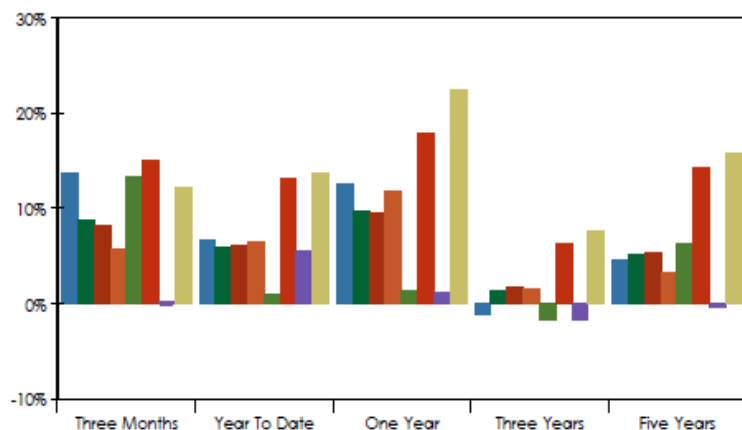
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Equity Index Performance (in GBP)

Performance History



Performance Returns%

	Three Months	Year To Date	One Year	Three Years	Five Years
■ FTSE All Share	13.6	6.6	12.5	-1.0	4.5
■ FT: World	8.7	6.0	9.7	1.4	5.2
■ FT: World ex UK	8.2	6.1	9.5	1.6	5.3
■ FT AW: United States	5.7	6.5	11.8	1.5	3.3
■ FT: Developed Europe ex UK	13.4	0.9	1.4	-1.7	6.4
■ FT AW: Japan	0.1	5.5	1.2	-1.7	-0.4
■ FT: Developed Asia Pac x Jp	15.0	13.1	17.8	6.4	14.2
■ MSCI Emerging Markets GD	12.2	13.8	22.3	7.6	15.7

All index returns are in GBP terms unless stated otherwise.

Following the August swoon of markets after economic “double-dip” and inflation concerns, equities finished quarter three with a strong September to regain the value lost in the second quarter. Perhaps the bears and bulls are both wrong and instead we can look forward to a “muddle-along” economy and the gradual recovery of key indicators. Non-financial corporate debt is back to a normal ratio with profits but those profits are at record levels and are bound to fall. Cash reserves as a proportion of assets are at record levels but they have to be in order to service the enormous debt. Opinions are polarised. A 2011 of decelerating economic growth when return expectations should be kept in check seems to be the safe bet. The two main headlines of the third quarter are whether or not we will soon see the second round of quantitative easing led by the US Federal Reserve and the rumbling disquiet that threatens to become all out international foreign exchange rate war. Markets remain preoccupied with the health of Eurozone economies as further damning data emerged regarding sovereign debt. Despite this, given how bad things could be the global economy has responded reasonably well on the developed side to financial stimulus and on the developing side to strong intra-regional trade. Inflationary pressures are generally weak and so a continuation of loose monetary policy remains viable. One year regional index returns remain black and largely double digit. Gold prices ended the quarter up again at a record high topping \$1,300 per ounce. The price of crude oil finished Q3 up at \$80 per barrel. The FTSE World was up by 8.7% (GBP) over quarter 3 2010 and remains ahead over 1 year, now by 9.7% (GBP).

The FTSE 100 returned 13.8% (GBP) over Q3 in stark contrast to the -12.6% return of Q2. Despite generally positive corporate earnings figures the outlook for consumer spending in the second half of the year remains uncertain. The Chancellor announced prior to his emergency budget that he is seeking unconfined growth for the future of the British Isles stating that Britain should never again hitch “its entire fortunes to the City of London”. Adam Posen, adviser to the BoE warned that the UK faces years of sluggish growth, high unemployment and falling prices unless further stimulus is provided soon. The Bank of England MPC voted 8:1 to hold interest rates at current lows and unanimously to maintain quantitative easing at £200 billion. GDP forecasts for Q3 were revised down as well as forecasts for 2011 as UK exports have not rallied on the back of the weaker pound to the extent predicted. Oil & Gas and Basic Materials were the top performers over the quarter. RPI increased from Q2 and unemployment showed a marginal decrease. The FTSE All Share was up 13.6% (GBP) over the third quarter.

The FTSE Developed Europe ex UK index returned 13.4% (GBP) over quarter 3. The Euro continued to lose ground on foreign exchange, benefiting exports where demand prevails. Final Q2 GDP figures varied greatly across the continent; Germany impressed coming in above the original estimate, France and Italy expanded, Spain and Portugal stagnated and Greece contracted. Sovereign debt concerns still dominate the European economy. Ireland was downgraded by S&P following the emergency aid provided to Anglo Irish Bank described by Finance minister Brian Lenihan as “too big to fail”. Defensive stocks continue to outperform other sectors in down months; industrials, financials and technology stocks are not as robust. Unemployment remained stable at 10% and inflation slowed to 1.6% after a small increase mid quarter. The ECB left its main rate unchanged at 1%.

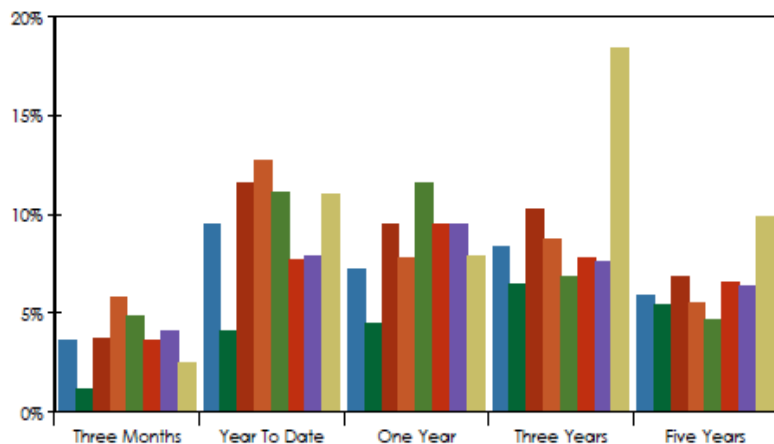
The S&P 500 recovered some of the value lost in May but equity markets are still under pressure. US economic indicators continue to disappoint; the housing market remains troubled and consumer demand unconvincing as weak figures on personal income proliferate. Despite this there was some remarkable M&A activity in the IT sector, Intel made a \$7.6 billion bid for McAfee. The second round of quantitative easing is expected soon, Ben Bernanke pledged that the central bank would provide more reviving stimulus if necessary while stating that he and his peers cannot alone address the world’s economic challenges. All sectors gained; the largest increases coming in Materials, Telecoms and Industrials. Financials fared the least well of the sectors. The US unemployment rate held steady at 9.6% while 2nd quarter GDP was revised down from 2.4% to 1.6%. The federal funds target rate was maintained at its all time low of 0-0.25%. The FTSE US index was up 5.7% (GBP) over the third quarter of 2010.

Japanese equity markets posted the weakest results by far over the third quarter following a relatively strong first 6 months of 2010 as the Yen hit a 15 year high vs the US \$. Corporate profit outlooks were good though, especially from automotive companies and financials. Second quarter GDP was confirmed at a disappointing 0.4%. The FTSE Japan returned 0.1% (GBP) for Q3; the FTSE Developed Asia Pacific ex Japan returned 15% (GBP). The Chinese economy overtook Japan’s to become the second largest in the world, despite a slowing of growth and rising inflation. Rates of GDP growth came in above expectations in a number of countries across the Asia Pacific region. However, investor confidence towards the emerging markets group is dropping on the fear of a double dip recession and lessening demand from the US, although most managers remain overweight in the asset class. Russia’s worst drought in 50 years brought about higher food prices, inflation estimates jumped from 6% to 8%. Latin American equities again led the way; Chile, Argentina and Colombia all performing strongly. MSCI Emerging Markets index returned 12.2% (GBP) for the third quarter.



Fixed Income Index Performance (in GBP)

Performance History



Performance Returns%

	Three Months	Year To Date	One Year	Three Years	Five Years
■ FTSE All Stock Index	3.6	9.5	7.3	8.4	5.9
■ FTSE All Stock 0-5 Yr. Gilts	1.1	4.1	4.5	6.4	5.4
■ FTSE All Stock 5-15 Yr. Gilts	3.7	11.6	9.5	10.2	6.8
■ FTSE All Stock > 15 Yr. Gilts	5.8	12.7	7.8	8.8	5.6
■ ML STG N-Gilts All Stocks	4.8	11.1	11.6	6.8	4.7
■ FTSE Index Linked	3.6	7.7	9.5	7.8	6.5
■ FTSE Index Linked 5+ yrs	4.1	7.9	9.5	7.6	6.4
■ JPM GBI Global	2.5	11.0	7.9	18.5	9.8

All index returns are in GBP terms unless stated otherwise.



The third quarter ended with the theme of a second phase of quantitative easing looking increasingly likely. In the US, the US Federal Reserve indicated more stimulus in the form of additional asset purchases due to continuing concerns – the fragile housing market, unemployment and the continuing downward trend in core prices raising fears of deflation. While in the UK, overall weak economic data for Q3, 2010 is of concern as the Coalition Government is set to outline £83bn of cuts in its Spending Review in October. With fiscal policy being tightened and interest rates already very low, QE is the remaining option for loosening policy. The continuing strength of the yen despite the Bank of Japan's (BoJ) intervention in the FX markets, coupled with Japan's desire to eliminate deflation saw the BoJ announce a "comprehensive monetary easing" package at the end of the quarter. The overnight call rate has been lowered to a range of 0.0% to 0.1% while planning to push down longer term interest rates through a ¥5trn asset purchase programme. By way of contrast in Europe, the ECB's strategy seems to be one of gradual exit from its accommodative policy stance over the next year.

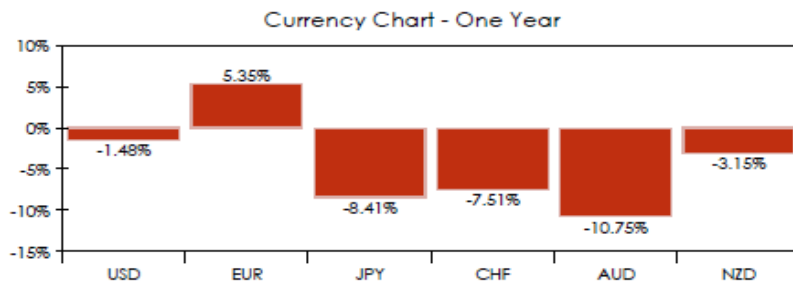
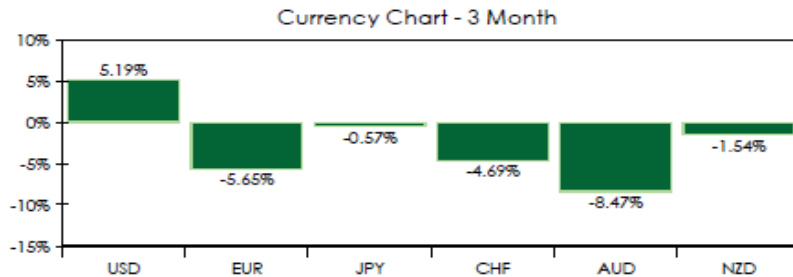
In the UK following the emergency budget in June, the forthcoming government Spending Review in October which will detail £83bn of public spending cuts has weighed on business confidence. The UK manufacturing purchasing manager survey (PMI) for September indicates slowing growth at 53.4, the weakest level of growth since September 2009. The National Institute of Economics & Social Research (NIESR) estimate of quarterly GDP came in at 0.5%, considerably down from 1.2% for the June quarter. The BoE quarterly inflation report in August revised downwards its forecasts for UK growth citing that constrained bank lending and questions about recovery in the economies of Britain's main trading partners posed risks to growth while also raising its forecast for inflation over the same period. Unsurprisingly the Bank of England (BoE) continues to maintain the base rate at 0.5% and the Asset Purchasing Facility (APF) at £200bn, however the September MPC meeting minutes noted that 'the probability that further action would become necessary to stimulate the economy...had increased'. Fading confidence in the global recovery saw the 10 year gilt yields drop sharply in August to a 16 month low of 2.68 down from 3.35 at the start of Q3, closing September at 2.95. The FTSE All Stock Gilts closed up at 3.6% (GBP) for the quarter, while the ML Sterling Non Gilts returned 4.8% (GBP).

In the euro-zone, concerns about the health of the banking sector and the weak fiscal positions of some peripheral countries under focus have caused volatility in government bond markets. In Ireland, the need to inject additional government bail-out funds into banks along with continued fears over the health of the economy, lead to a substantial widening in the 10 yr government bond spread over the benchmark German 10 yr bund, from 300bps at the end of Q2 to 445bps at the end of September. Economic indicators for the euro-zone are mixed. Boosted by exports and investment, the euro-area GDP for Q2 rose by 1.0%, led by Germany with an exceptional 2.2% and France (0.6%). Both the GfK consumer and the Ifo business confidence surveys in Germany rose over the quarter, evidence that the strength of the country's industrial export-led recovery was feeding through into the consumer sector. Unemployment in Germany has fallen to its lowest level since 1994, however deficit economies like Greece, Ireland, Portugal and Spain have seen unemployment jump into double digits in the past year. Unemployment for the euro-zone as a whole has remained stubbornly at 10.1% since May. As fiscal consolidation plans and austerity measures start to kick in, growth in the second half of 2010 is expected to be considerably slower than that indicated in Q2. As a result the ECB is expected to hold the main refinancing rate at 1.0% well into 2011. The iTraxx Europe 5yr index, representative of 125 investment grade entities across 6 sectors saw spreads contract from 128.71 at the beginning of July to 105.68 at quarter end. The JPM European Govt Bond index returned 1.8% (EUR) while the Barclay Capital Global Aggregate Credit index returned -3.0% (EUR) for the 3rd quarter.

The meeting of the Federal Reserve Open Market Committee (FOMC) in September highlighted a shift in focus from growth and unemployment and toward deflation. The main change in the Fed's outlook was that its view was that inflation was now "at a level somewhat below that desired" and that more quantitative easing was possible. The interest rates target was held at 0 – 0.25%. Inflation in the US fell slightly, to an annual 1.1% in August, from 1.2% in July. The September Manufacturing ISM report reported a PMI reading of 54.5, still expanding but at a slower rate compared to August's reading of 56.3. Expectations of more credit easing measures saw gains across the US Treasury yield curve. The 10 year Treasury yield closed the quarter at 2.52% down from 2.96% the previous quarter. For the quarter, the JPM US Govt Bond index returned 2.8% (USD) while the Barclay Capital US Aggregate Corporate Bond index returned 4.7% (USD).



Currency Performance (in GBP)



Currency Returns%

	Three Months	Year To Date	One Year	Three Years	Five Years
United States dollar	5.19	-2.45	-1.48	-8.56	-2.31
European Union euro	-5.65	2.52	5.35	-7.19	-4.80
Japanese yen	-0.57	-13.28	-8.41	-19.20	-8.41
Swiss franc	-4.69	-8.10	-7.51	-14.51	-7.86
Australian dollar	-8.47	-9.83	-10.75	-11.55	-7.06
New Zealand dollar	-1.54	-3.53	-3.15	-7.66	-3.49

All index returns are in GBP terms unless stated otherwise.



The Chinese government has taken some steps to address its currency policy. In June, China pledged to let the yuan trade more freely against the dollar. Since then it has advanced about 2% against the US currency. The US has pressed for China to do more to allow the yuan to appreciate. The House of Representatives voted 349 to 79 in favour of a bill that treats undervalued currencies as illegal export subsidies, which could pave the way for trade sanctions on China. At nearly 70 per cent of GDP, consumption in the US is very high. The US needs fiscal stimulus enhancing competitiveness rather than quantitative easing that puts upward pressure on all currencies other than the renminbi. The yen pulled back from a 15-year high against the dollar, notching up its biggest daily fall this year as Tokyo surprised investors by intervening to stem gains in its currency for the first time since 2004. The eurozone sovereign debt crisis and fears of a double-dip recession in the US have driven recent haven demand for the yen. The VIX volatility index ended the quarter at 23.70, down from 34.54 at the beginning of the quarter showing a shift towards risk aversion.

In the UK, the consumer price index has remained above 3% for the 6th consecutive month and has continued to sit above the Bank of England's 2% target for almost a year. This has prompted David Miles, the Bank of England's rate setter to warn that inflation was uncomfortably high. Recent economic data has proved disappointing with the purchasing managers' index (PMI) showing a slowdown while public spending cuts are expected to curb activity and economic growth. Opinion is split, but some in the Bank of England's Monetary Policy Committee are in favour of further quantitative easing if Britain is to avoid a Japanese-style stagnation.

In the UK, despite the worst recession of the postwar period, employment has deteriorated by much less than in the downturns of the 1980s or 1990s.

Sterling closed the quarter down against the Euro by -5.7% and the Yen by -0.6%, however was up against the US dollar by 5.2%

In the US, the housing market continues its weak state with new home sales flat and prices falling in a worrying sign for the economy. The US sees unemployment close to its postwar high. It has shed over 200,000 jobs since June 2010. Even though there has been an increase in private sector jobs, this was more than offset by the laying off of government workers. The unemployment rate holds steady at 9.6%. Consumer confidence, as measured by the Conference Board, tumbled far more than expected this month, from 53.2 in August to 48.5 in September, its lowest level since February 2010. The rise in the US trade deficit to \$289bn during January to July compared with \$204bn during the same period in 2009 was largely due to a worsening trade position with China.

USD had fallen to under 82YEN during the quarter (for the first time since 1995) and closed the quarter at 83.5YEN. The dollar closed the quarter falling against the Pound, Yen and Euro by 5.2%, 5.8% and 10.8% respectively.

In the Euro area, consumer confidence was up slightly with the German consumer confidence hitting the highest levels for more than two years as the country's economic recovery broadens beyond its export-led industrial sector. Germans have become less worried about unemployment than at any time in the past two years, triggering a surge in consumer confidence in Europe's largest economy that could help the continent withstand a slowdown in global growth.

The European Central Bank is still looking to phase out emergency support for the eurozone financial system, Jean-Claude Trichet, its president, has made clear. The rising currency makes it even more painful for Europe's troubled states to control their finances. The Bank said there is still a risk that the Eurozone's debt problems could again spill over into the financial sector and that many institutions still rely too much on funding from the ECB.

At the end of the quarter, ratings agency Moody's cut Spain's credit to Aa1 from AAA, removing the last of its highly-valued triple-A ratings but saying it did not expect to cut again soon thanks to efforts at fiscal reform. Spain and Ireland have seen sharp increases in unemployment while the jobless in France and Italy have increased much less.

The Euro ended the quarter gaining against the US dollar, Sterling and Yen at 10.8%, 5.7% and 5.1% respectively.



Scheme Performance

During the third quarter of 2010 due to equity market rallies and continued gains in fixed income instruments London Borough of Hillingdon managed to re-coup most of the previous quarter's losses with a 8.01% return, however on a relative basis this was still -1.10% behind the Total Plan benchmark return of 9.21%.

Despite effective currency management providing a positive effect of 1.06%, mainly down to underweighting the weak US Dollar (adding 95 basis points) and overweighting the strong Euro (accruing 42 basis points), this was dragged down by both asset allocation (-0.41%) and Stock selection (-1.83%) effects. For the allocation decisions, this time underweighting North America led to the biggest single loss of 71 basis points as in local terms the US markets performed well. The UK market also had a good quarter and again a slight underweight caused a relative loss to the fund of 30 basis points, these effects couldn't be turned around by the overweighting of Continental Europe (contributing 58 basis points), which like most equity markets was also a good performer. Within the selection effect the main driver was decisions in Europe ex UK (-0.98%), while stock picking in the UK market (-0.50%) also detracted from the performance.

With this quarter being the fifth in a row for underperforming, year to date (-2.13%) and 1 year (-2.89%) figures are behind their targets in relative terms. Looking at the one year results stock selection seems to be the main cause of this underperformance with an effect of -2.32%, combined with a detrimental effect for currency of -1.06%, while asset allocation redeemed 49 basis points. By far the biggest factor in this time period is stock picking in the UK, the Funds return of 5.90% against the market of 12.49% coupled with the fact that a third of the portfolio is invested in this segment, this leads to an effect of -2.03%. This picture is repeated in selection effects across all equity segments, accumulating in the Overseas group detracting -1.14%, which is only slightly offset by some good selection of Corporate Bonds producing positive 1.04% effect. However it is this segment that is the main factor in the negative currency effect with -1.38%. For longer periods with just one quarter outperforming in the last three years, the Fund remains below the Total Plan benchmark in all time frames, which means since 4th quarter 1995 the Fund's return of 6.28% is 42 basis points behind the benchmark of 6.73%.

Manager Performance

Alliance Bernstein

During the first quarter since the restructure Alliance Bernstein returned 8.58% versus the benchmark of 8.75%, giving a relative return of -0.15%. The overriding factor behind this underperformance is the stock selection within the Continental Europe region detracting -0.54%, which could not be rectified by the underweighting of the poor performing Japanese market (+0.28%) and the overweighting of the Emerging Markets (+0.21%). Underperformance is seen in all the longer time periods, with relative returns of -4.77% and -5.81% in the 1 and 3 year time periods respectively. Since inception (2nd Quarter 2006) the fund has generated a -1.62% return, while correspondingly the benchmark achieves 2.38% for the same period.

Goldman Sachs

For the latest quarter the Goldman Sachs portfolio achieved 4.88% beating the benchmark return of 4.59% by 0.28%. This makes it 5 out of the last 6 quarters that the fund has demonstrated outperformance, meaning the year to date and 1 year time periods remain ahead of the benchmark. However, the run of underperformance between 1st quarter 2008 and 1st quarter 2009 continues to drag longer time periods, with the since inception return of 6.19% being 58 basis points below the benchmark target.

SSGA

SSGA returned 10.06% over the last three months which is slightly below the benchmark return of 10.13%, giving a relative return of negative 6 basis points. Longer time periods show the fund tracking the index almost exactly, with the return since November 2008 of 20.67% showing a relative return 6 basis points above the benchmark.

SSGA Drawdown

During the 3rd quarter the SSGA Drawdown fund beat its benchmark by 34 basis points, achieving a 2.81% return versus 2.47%. This continues the series of five quarters of outperformance leading to the inception to date return of 9.13% being 0.58% ahead of its benchmark on a relative basis.



Manager Performance

UBS

After three quarters of underperformance UBS were able to generate a positive relative return of 0.93% by achieving 14.69% against the FTSE All Share's 13.63%. Despite underweighting one of the better performing sectors Basic Materials (-0.22%), the main factors behind the good performance this quarter were the stock picking in Oil & Gas (0.69%), Financials (0.54%), Industrials (0.49%) and Health Care (0.40%).

The positive effects this quarter were not enough to correct the year to date and 1 year figures, despite positive returns of 4.41% and 7.97%, they were still -2.10% and 4.02% behind the benchmark on a relative basis. The 1 year result can be mostly explained by stock selection in Consumer Goods (-0.94%) & Services (-1.43%), Financials (-0.78%) and Health Care (-0.52%), while the most notable asset allocation decision was underweighting Basic Materials (-0.64%) which has been one of the best performing sectors of the last 12 months.

In longer time periods the underperformance is still seen in the 3 and 5 year figures, with relative returns of -1.91% and -2.10% respectively. However, the inception to date return of 9.98% outperforms by 0.96%, when compared to the benchmark of 8.93% for the same period.

UBS Property

UBS Property attained a 2.06% over the latest quarter, which against the benchmark of 1.90% delivers a 16 basis point outperformance. The relative return in the fourth quarter 2009 (-3.74%) is still the main driver for the underperformance of the fund over all the longer time periods. Since inception the return from property investments is -3.44% versus -2.69% an underperformance of the benchmark by 78 basis points on a relative basis.

Manager Performance

M&G Investments

For the third quarter M&G Investments obtained a 1.09% return on an absolute basis. At present no benchmark has been applied to this mandate.

Ruffer

For the first full quarter of investment Ruffer produced a 3.47% return which is an outperformance of 3.28% against its assigned benchmark of the LIBOR 3 Month GBP, which returned 0.18%.

Marathon

For the latest quarter Marathon has achieved an outperformance of 3.74% returning 12.07% against its benchmark of 8.02%.

Fauchier

During the third quarter Fauchier returned -1.19% against the benchmark of 1.41%, as a consequence they were the largest underperforming portfolio showing a -2.57% relative return.



Active Contribution

By Manager

	Portfolio	Benchmark	Excess Return	Relative Return	Active Contribution 7/10	Portfolio	Benchmark	Excess Return	Relative Return	Active Contribution 8/10	Portfolio	Benchmark	Excess Return	Relative Return	Active Contribution 9/10	Active Contribution 3Q 2010
Alliance Bernstein	3.48	3.35	0.14	0.13	74,039.84	-2.50	-1.78	-0.73	-0.74	-384,835.69	7.62	7.13	0.49	0.46	277,483.94	-33,311.91
Goldman Sachs	0.17	0.10	0.07	0.07	42,651.09	4.42	4.47	-0.05	-0.04	-30,373.75	0.27	0.01	0.26	0.26	172,676.49	184,953.82
SSGA	4.16	4.18	-0.02	-0.02	-24,447.54	0.15	0.19	-0.04	-0.04	-40,109.71	5.51	5.51	0.00	0.00	1,509.01	-63,048.24
SSGA Drawdown	0.53	0.47	0.06	0.06	12,459.96	2.40	2.10	0.29	0.29	62,355.31	-0.12	-0.11	-0.01	-0.01	-2,841.27	71,974.00
UBS	7.96	6.89	1.07	1.00	1,029,353.92	-0.66	-0.22	-0.44	-0.44	-424,859.83	6.94	6.54	0.40	0.38	413,850.45	1,018,344.54
UBS Property	0.59	0.79	-0.20	-0.20	-88,765.61	1.07	0.68	0.39	0.39	174,210.90	0.40	0.42	-0.03	-0.03	-12,845.07	72,600.21
M&G Investments	0.00	-	-	-	0.00	0.00	-	-	-	0.00	1.09	-	-	-	0.00	0.00
Ruffer	-0.04	0.06	-0.10	-0.10	-49,644.77	0.46	0.07	0.39	0.39	190,880.73	3.04	0.06	2.98	2.98	1,466,994.38	1,608,230.34
Marathon	3.25	3.28	-0.03	-0.03	-13,983.44	0.35	-1.90	2.25	2.29	1,081,450.60	8.17	6.63	1.54	1.45	807,257.01	1,874,724.17
Fauchier	-1.48	0.47	-1.95	-1.94	-486,272.51	0.20	0.47	-0.27	-0.27	-66,954.77	0.09	0.47	-0.37	-0.37	-91,664.30	-644,891.57

Total Fund Market Value at Qtr End: £528.6 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	528.6	100.00	8.01	9.21	-1.20	-1.10	5.41	7.70	-2.30	-2.13	8.59	11.82	-3.23	-2.89

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
Alliance Bernstein	56.6	10.71	8.58	8.75	-0.16	-0.15	-1.51	2.95	-4.46	-4.33	1.91	7.01	-5.10	-4.77
Goldman Sachs	66.5	12.58	4.88	4.59	0.30	0.28	10.39	10.06	0.32	0.29	11.77	10.93	0.83	0.75
SSGA	106.3	20.11	10.06	10.13	-0.07	-0.06	7.35	7.33	0.02	0.02	10.98	10.99	-0.01	-0.01
SSGA Drawdown	21.2	4.01	2.81	2.47	0.34	0.34	6.21	5.62	0.59	0.56	6.48	5.87	0.61	0.58
UBS	103.7	19.61	14.69	13.63	1.06	0.93	4.41	6.65	-2.24	-2.10	7.97	12.49	-4.52	-4.02
UBS Property	45.0	8.51	2.06	1.90	0.16	0.16	9.56	10.10	-0.54	-0.49	13.79	18.80	-5.00	-4.21
M&G Investments	0.9	0.18	1.09	-	-	-	-	-	-	-	-	-	-	-
Ruffer	50.7	9.58	3.47	0.18	3.28	3.28	-	-	-	-	-	-	-	-
Marathon	53.2	10.05	12.07	8.02	4.05	3.74	-	-	-	-	-	-	-	-
Fauchier	24.5	4.64	-1.19	1.41	-2.61	-2.57	-	-	-	-	-	-	-	-
Nomura	0.2	0.03	6.88	-	-	-	-2.84	-	-	-	-3.84	-	-	-

Total Fund Market Value at Qtr End: £528.6 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	-2.18	0.95	-3.13	-3.10	3.06	5.21	-2.16	-2.05	6.28	6.73	-0.45	-0.42

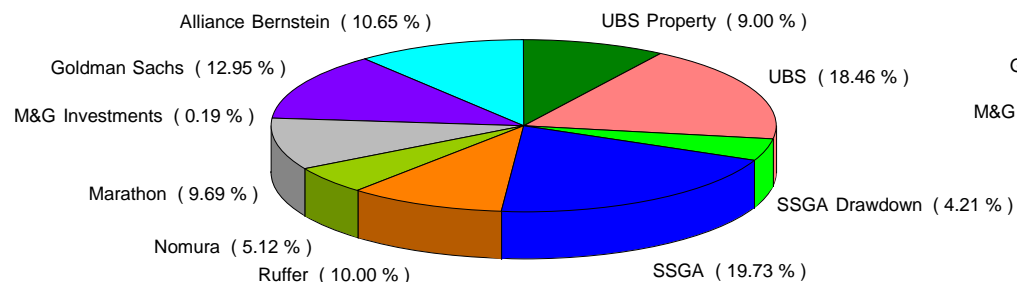
By Manager

	Portfolio	Benchmark	Excess Return	Relative Return	Portfolio	Benchmark	Excess Return	Relative Return	Inception Date	Portfolio	Benchmark	Excess Return	Relative Return
Alliance Bernstein	-6.48	-0.72	-5.77	-5.81	-	-	-	-	31/03/06	-1.62	2.38	-4.00	-3.91
Goldman Sachs	7.73	8.75	-1.02	-0.93	7.24	7.84	-0.60	-0.55	31/12/01	6.19	6.81	-0.62	-0.58
SSGA	-	-	-	-	-	-	-	-	30/11/08	20.67	20.60	0.07	0.06
SSGA Drawdown	-	-	-	-	-	-	-	-	30/06/09	9.13	8.50	0.63	0.58
UBS	0.02	1.96	-1.95	-1.91	3.40	5.61	-2.22	-2.10	31/12/88	9.98	8.93	1.05	0.96
UBS Property	-9.64	-8.98	-0.66	-0.72	-	-	-	-	31/03/06	-3.44	-2.69	-0.76	-0.78
M&G Investments	-	-	-	-	-	-	-	-	27/05/10	1.34	-	-	-
Ruffer	-	-	-	-	-	-	-	-	28/05/10	0.69	0.25	0.44	0.44
Marathon	-	-	-	-	-	-	-	-	09/06/10	8.85	4.54	4.31	4.12
Fauchier	-	-	-	-	-	-	-	-	30/06/10	-1.19	1.41	-2.61	-2.57
Nomura	-	-	-	-	-	-	-	-	31/07/09	3.38	-	-	-

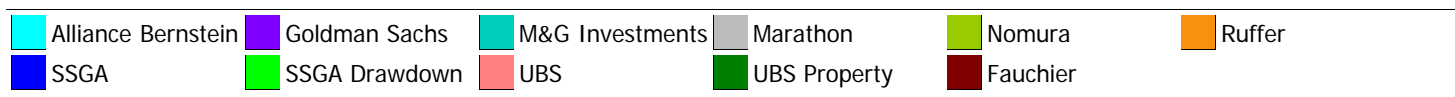
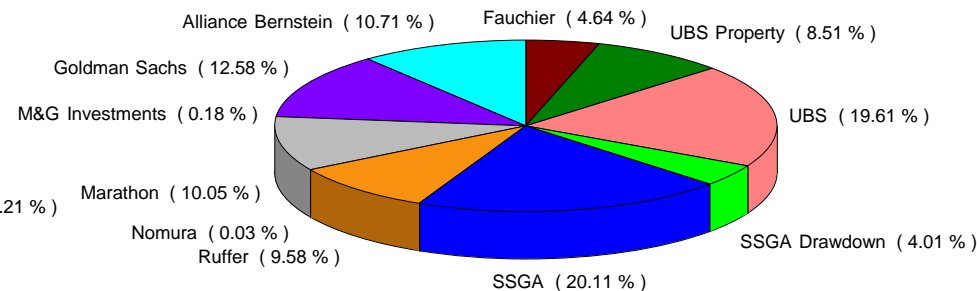
Total Fund Market Value at Qtr End: £528.6 M



Weighting at Beginning of Period



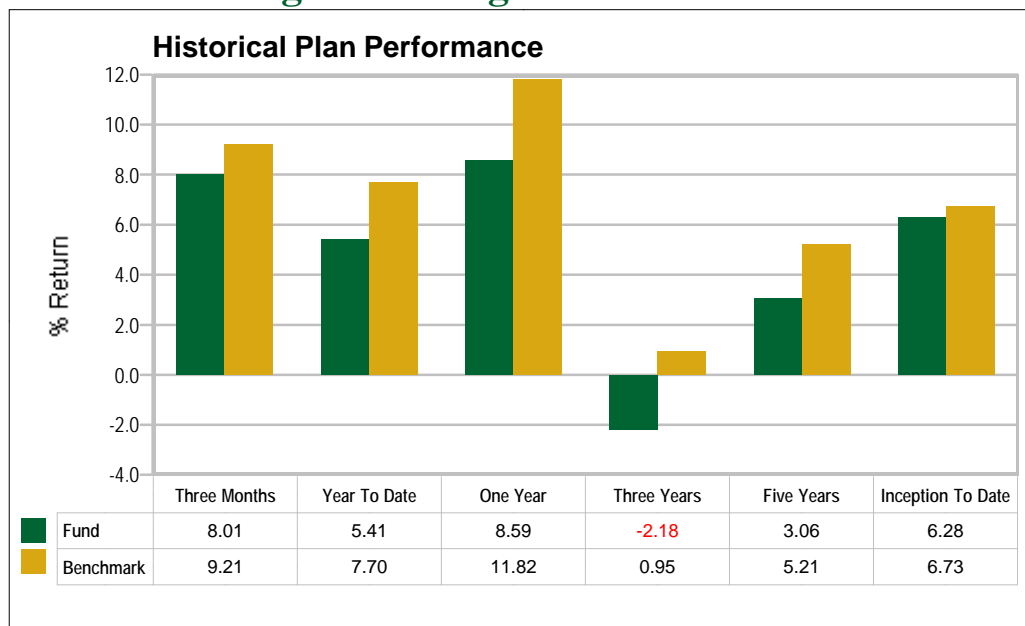
Weighting at End of Period



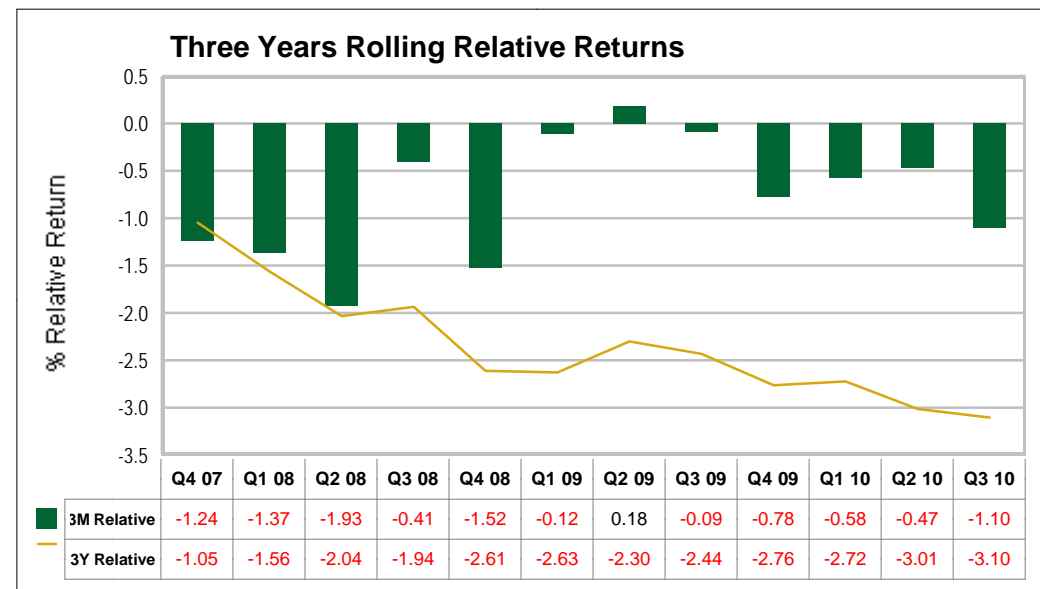
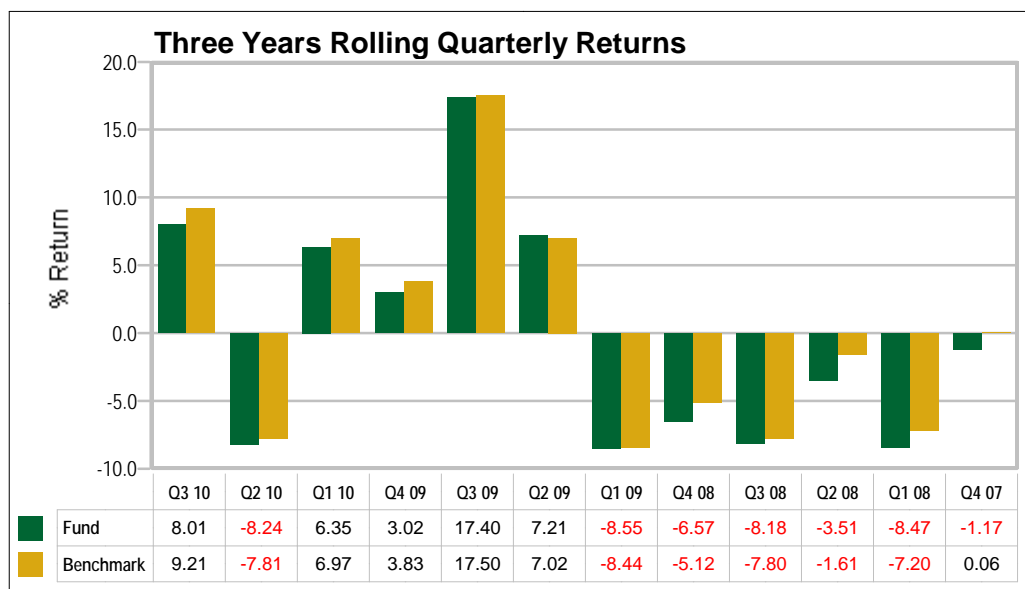
	Opening Market Value £(000)	% of Fund	Net Investment £(000)	Appreciation £(000)	Income Received £(000)	Closing Market Value £(000)	% of Fund
London Borough of Hillingdon	489,582	100.00	-154	37,421	1,791	528,641	100.00
Alliance Bernstein	52,145	10.65	-0	4,225	250	56,621	10.71
Fauchier		0.00	24,800	-296		24,504	4.64
Goldman Sachs	63,388	12.95		3,020	74	66,483	12.58
M&G Investments	924	0.19		10		934	0.18
Marathon	47,432	9.69		5,723		53,155	10.05
Nomura	25,085	5.12	-24,954	14	5	151	0.03
Ruffer	48,955	10.00		1,477	220	50,653	9.58
SSGA	96,613	19.73		9,721		106,334	20.11
SSGA Drawdown	20,605	4.21		580		21,185	4.01
UBS	90,380	18.46		12,496	783	103,659	19.61
UBS Property	44,054	9.00	-0	451	458	44,963	8.51



London Borough of Hillingdon

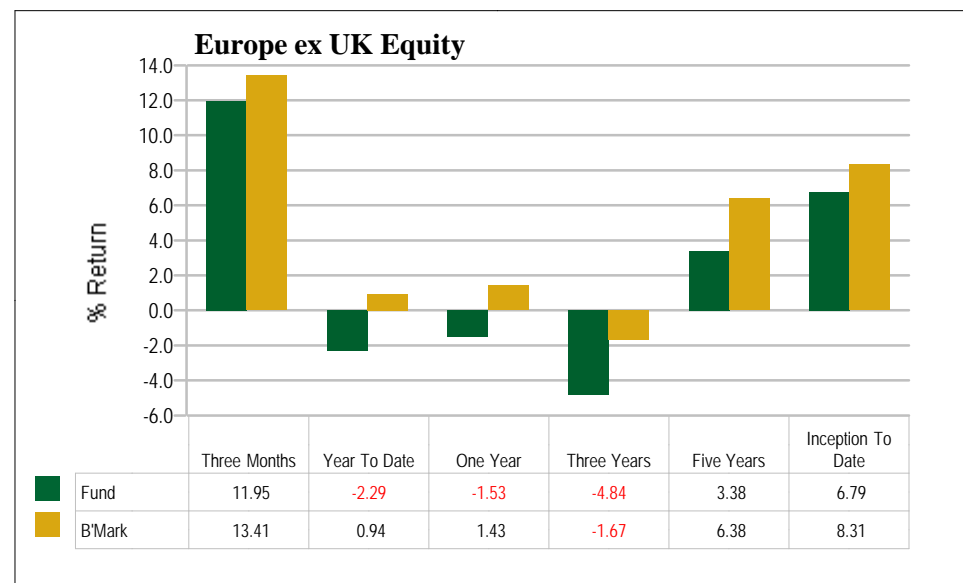
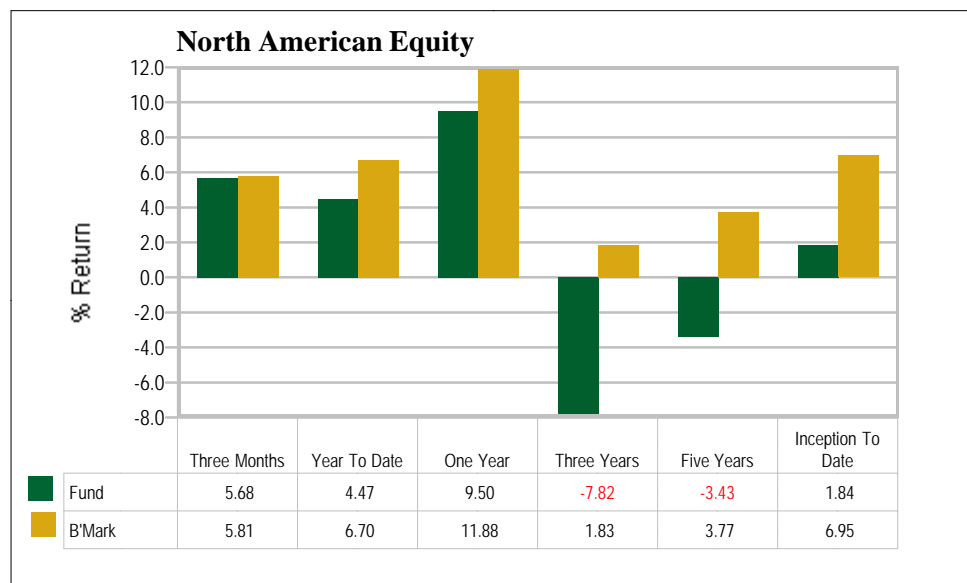
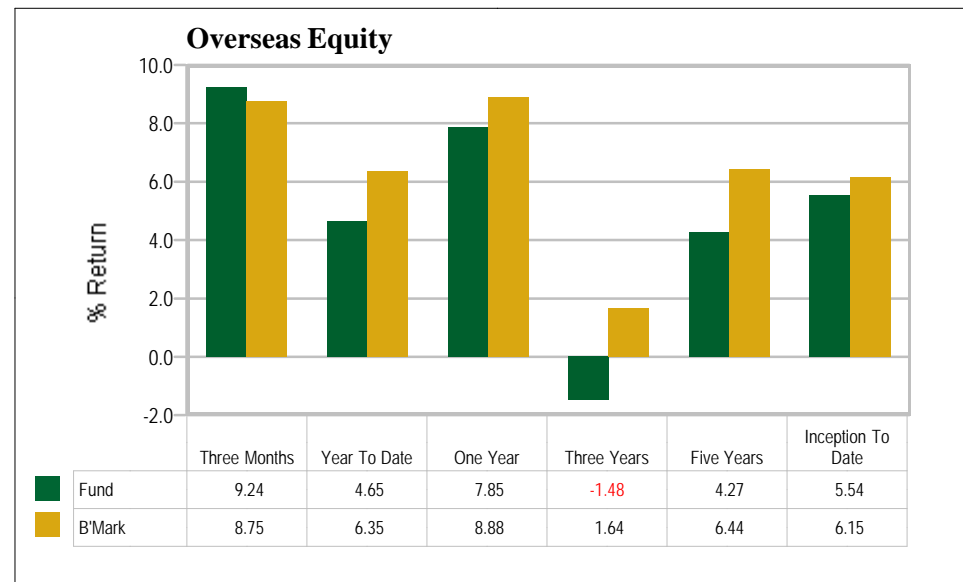
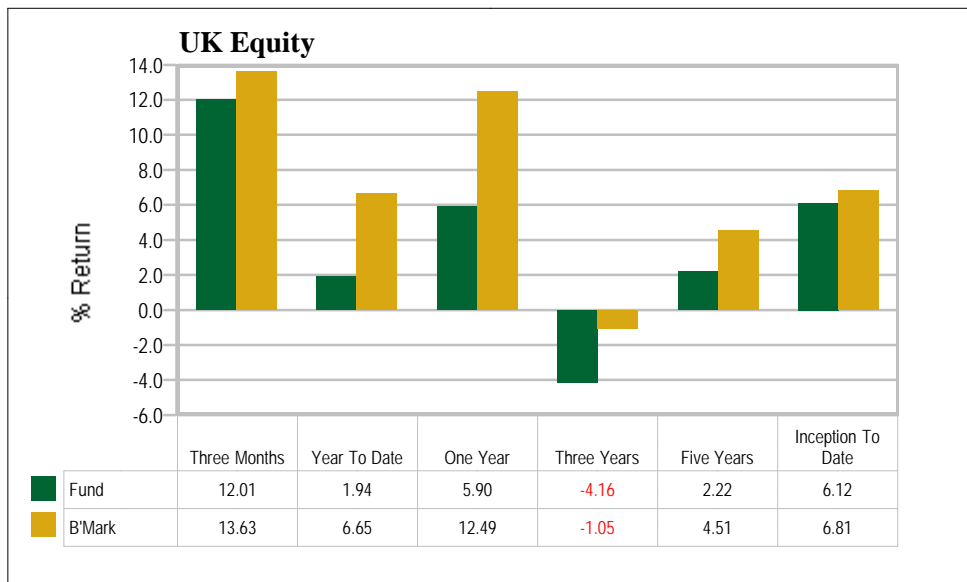


Risk Statistics - 3 years	Fund	B'mark
Performance Return	-2.18	0.95
Standard Deviation	16.14	15.80
Relative Return	-3.10	
Tracking Error	1.35	
Information Ratio	-2.32	
Beta	1.02	
Alpha	-3.02	
R Squared	0.99	
Sharpe Ratio	-0.37	-0.18
Percentage of Total Fund	100.0	
Inception Date	Sep-1995	
Opening Market Value (£000)	489,582	
Net Investment (£000)	-154	
Income Received (£000)	1,791	
Appreciation (£000)	37,421	
Closing Market Value (£000)	528,641	



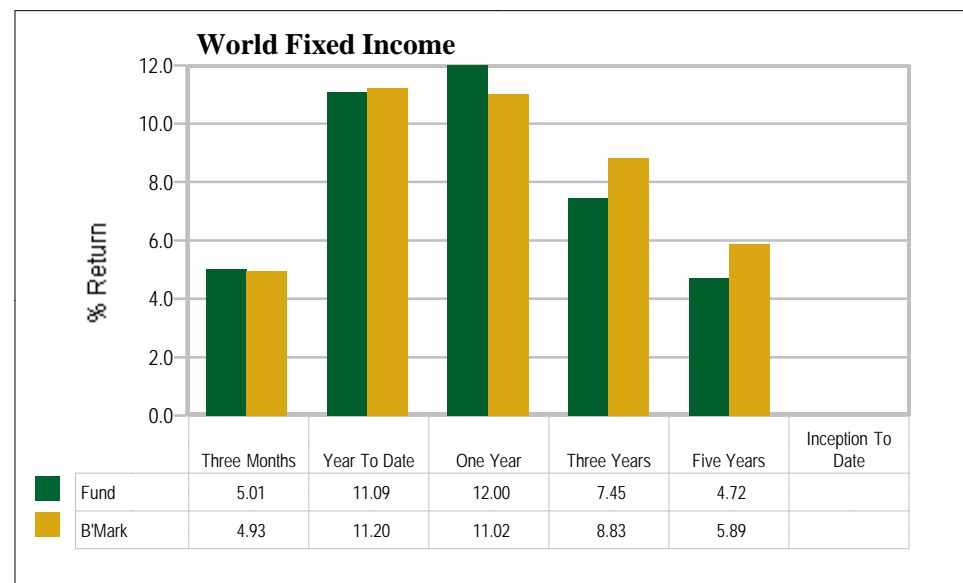
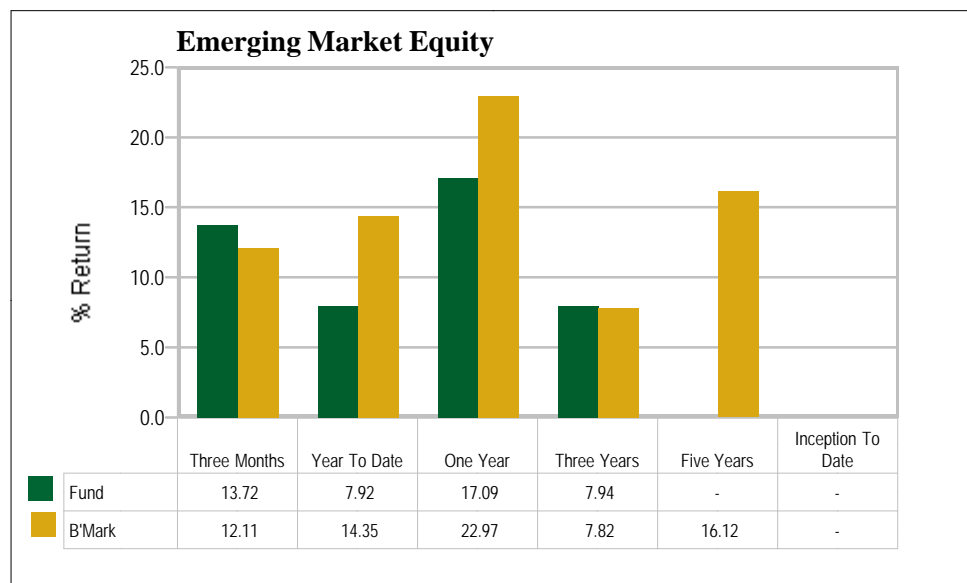
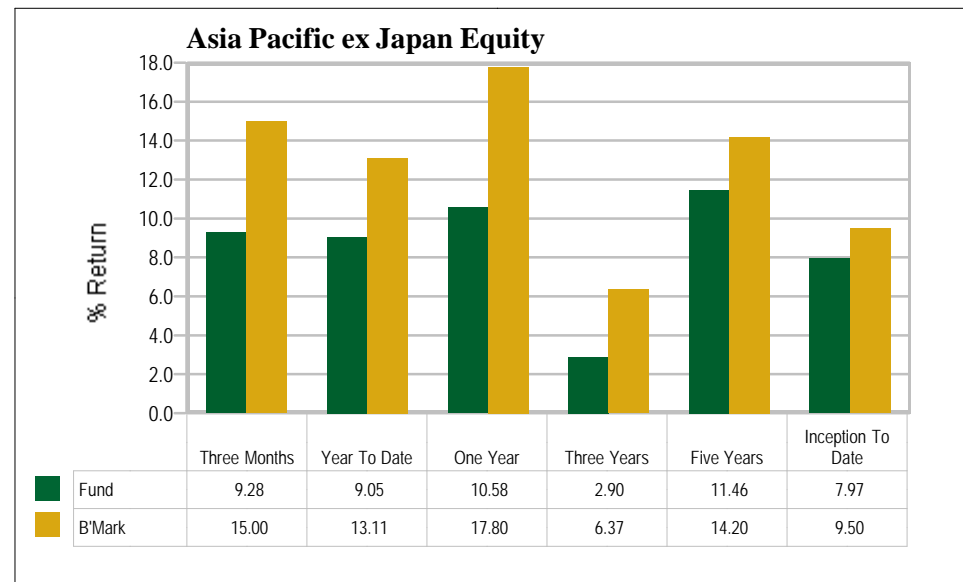
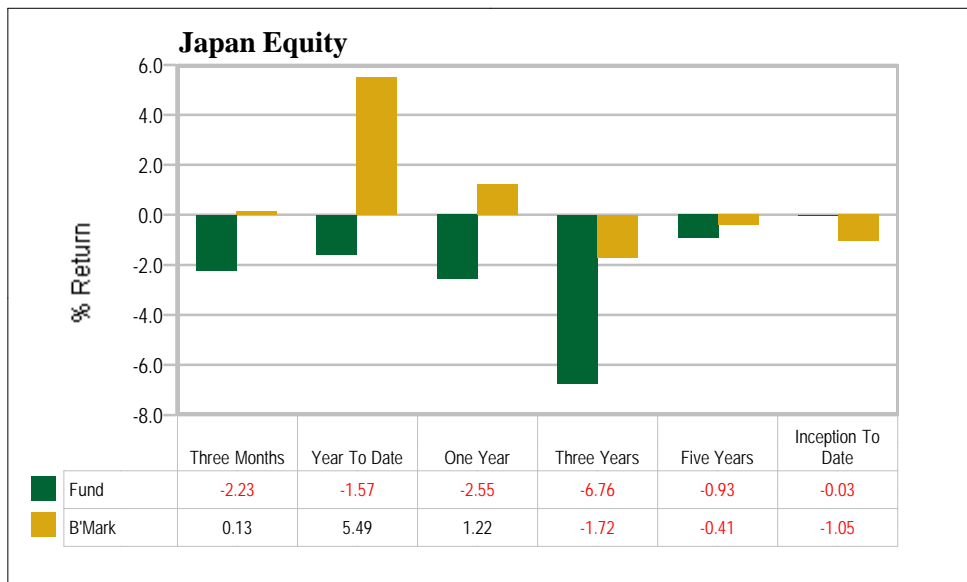


London Borough of Hillingdon



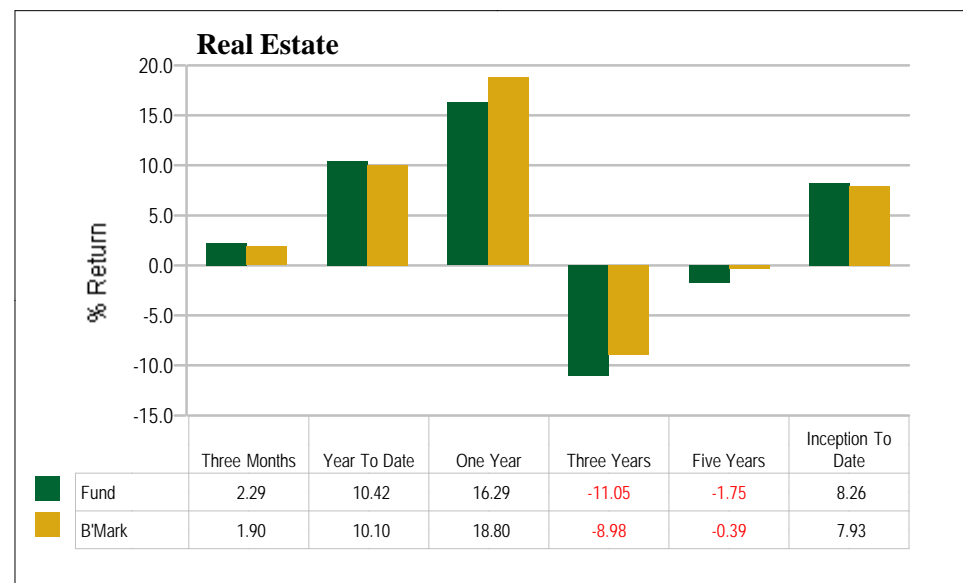
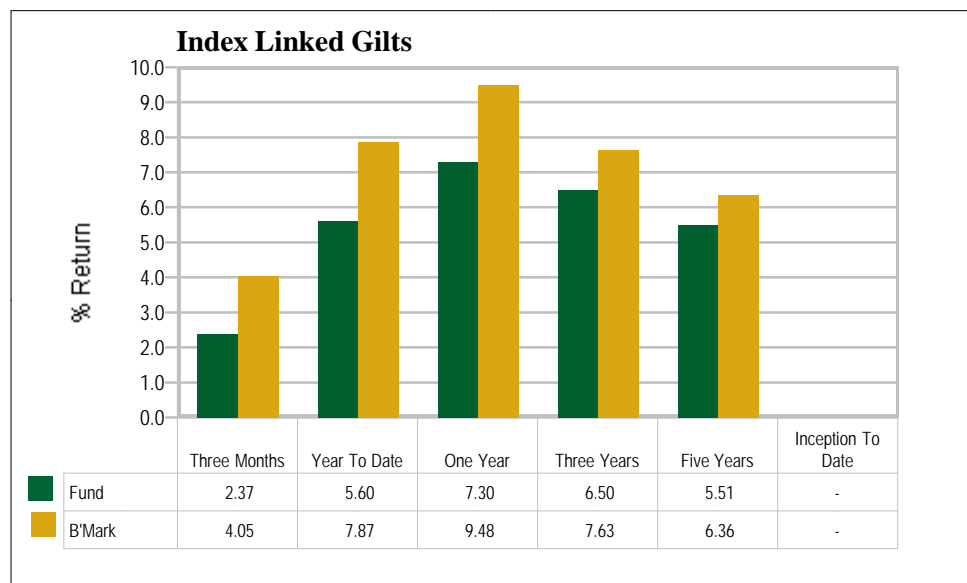
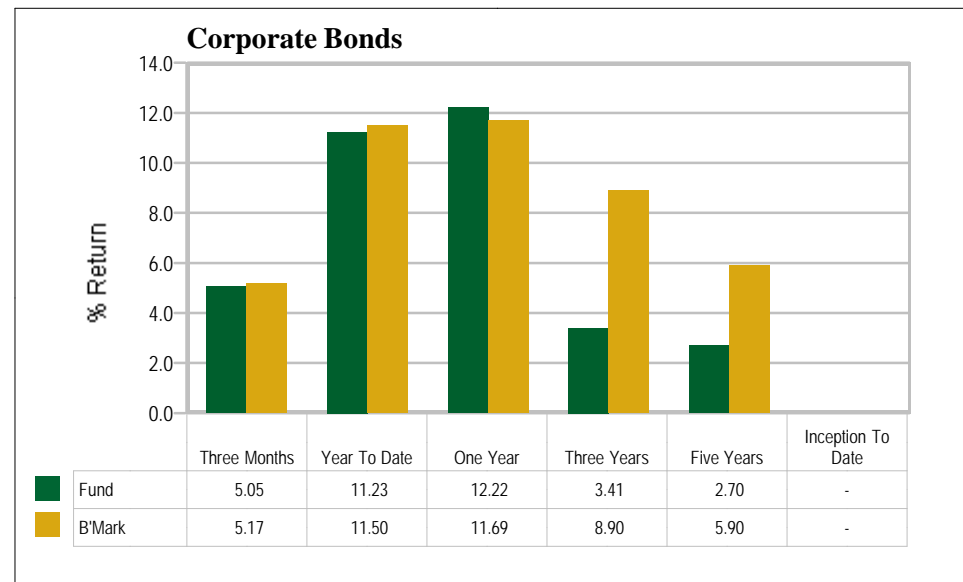
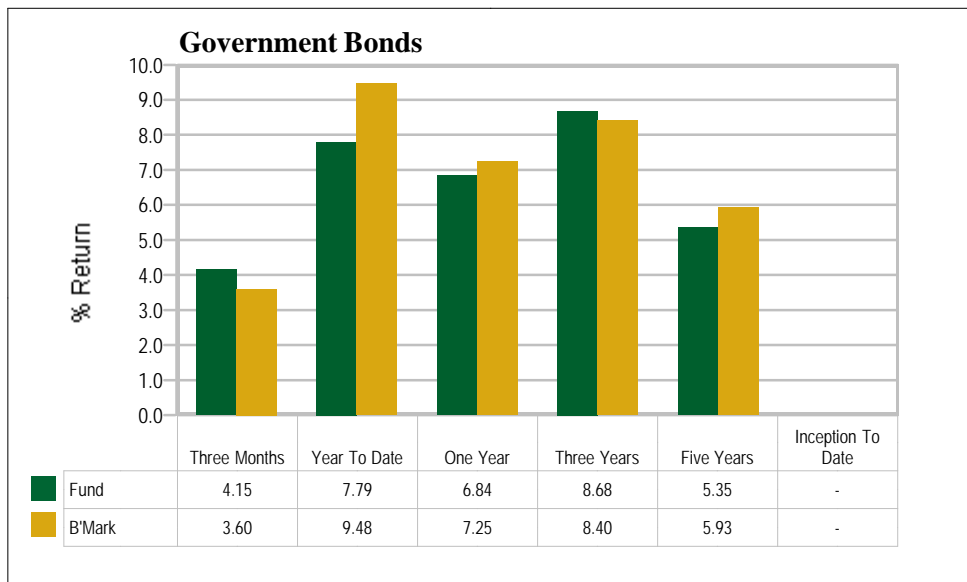


London Borough of Hillingdon





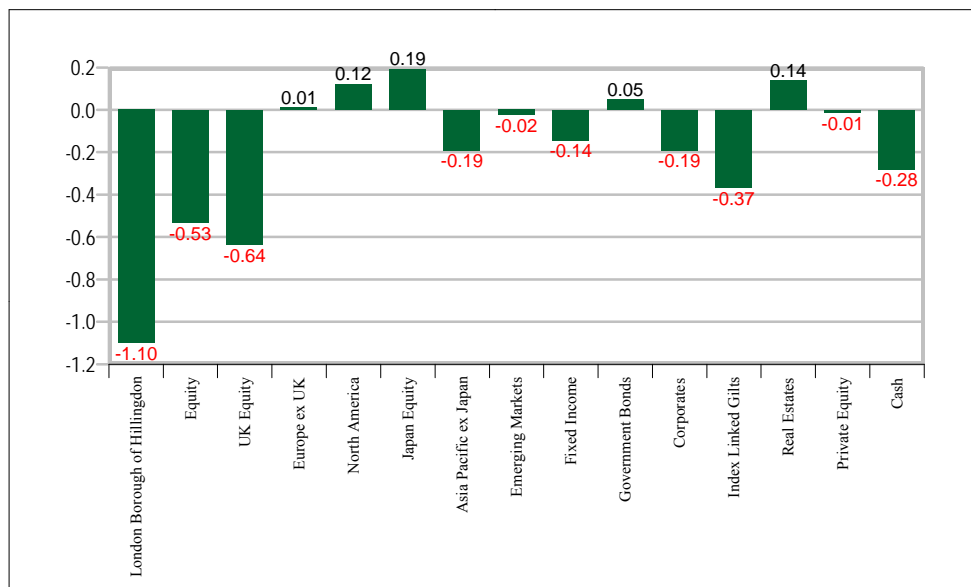
London Borough of Hillingdon



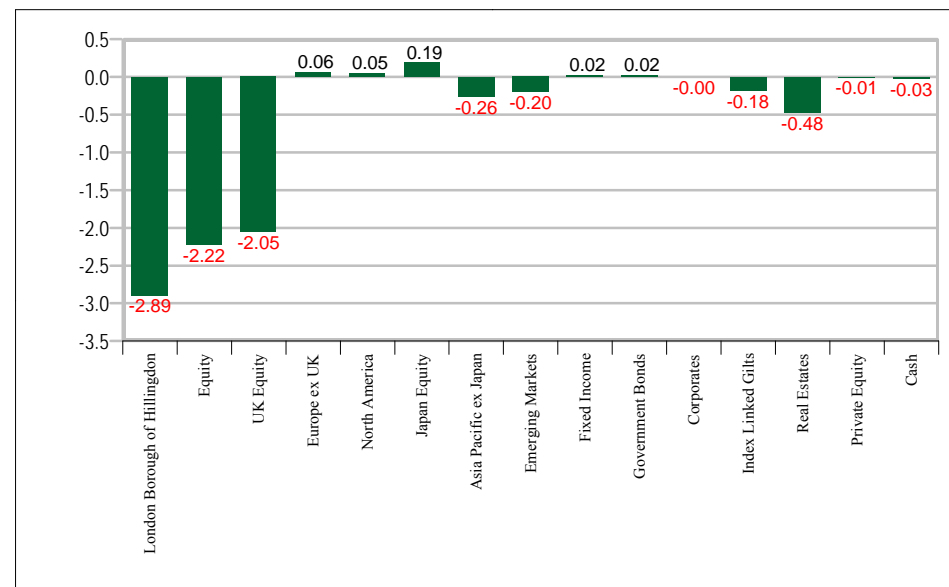


London Borough of Hillingdon

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	8.01	9.21	-1.10	0.03	1.06	-0.41	-1.83	-1.10
Equity	10.72	-	10.72	0.00	1.99	-0.70	-1.79	-0.53
UK Equity	12.01	13.63	-1.42	0.00	0.17	-0.30	-0.50	-0.64
Europe ex UK	11.95	13.41	-1.29	0.00	0.42	0.58	-0.98	0.01
North America	5.68	5.81	-0.13	0.00	0.95	-0.71	-0.11	0.12
Japan Equity	-2.23	0.13	-2.35	0.00	0.24	0.01	-0.05	0.19
Asia Pacific ex Japan	9.28	15.00	-4.97	0.00	0.09	-0.09	-0.19	-0.19
Emerging Markets	13.72	12.11	1.43	0.00	0.11	-0.18	0.05	-0.02

	Return	B'mark	Relative Return	Hedging Effect	Currency Effect	Asset Allocation	Stock Selection	Relative Contribution
London Borough of Hillingdon	8.59	11.82	-2.89	-0.03	-1.06	0.49	-2.32	-2.89
Equity	6.84	-	6.84	0.00	0.93	0.03	-3.15	-2.22
UK Equity	5.90	12.49	-5.86	0.00	0.11	-0.13	-2.03	-2.05
Europe ex UK	-1.53	1.43	-2.92	0.00	-0.15	0.75	-0.53	0.06
North America	9.50	11.88	-2.13	0.00	0.73	-0.61	-0.07	0.05
Japan Equity	-2.55	1.22	-3.73	0.00	0.02	0.22	-0.06	0.19
Asia Pacific ex Japan	10.58	17.80	-6.13	0.00	0.05	-0.06	-0.25	-0.26
Emerging Markets	17.09	22.97	-4.78	0.00	0.17	-0.15	-0.22	-0.20



3rd Quarter, 2010

London Borough of Hillingdon

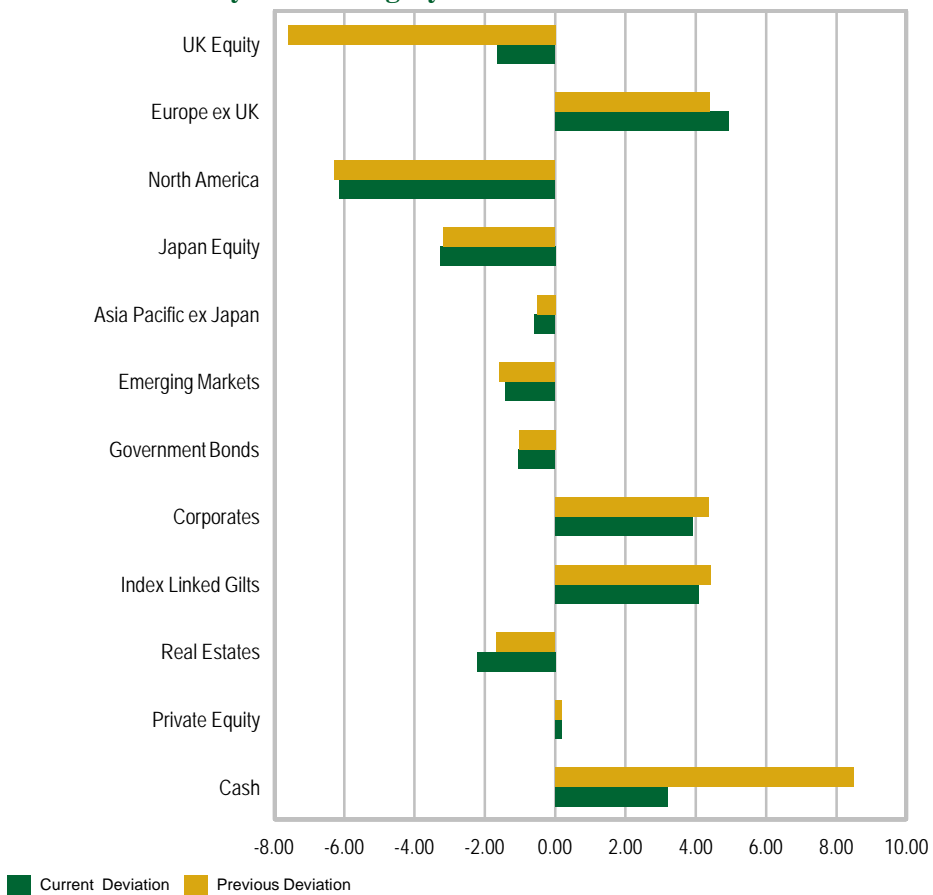
	Return	B'mark	Relative Return	Hedging Effect	Currency Effect	Asset Allocation	Stock Selection	Relative Contribution
Fixed Income	5.01	4.93	0.07	0.00	-0.29	0.17	-0.02	-0.14
Government Bonds	4.15	3.60	0.53	0.00	0.08	-0.04	0.00	0.05
Corporates	5.05	5.17	-0.12	0.00	-0.38	0.20	-0.02	-0.19
Index Linked Gilts	2.37	4.05	-1.61	0.00	-0.47	0.16	-0.06	-0.37
Real Estates	2.29	1.90	0.38	0.00	0.14	-0.03	0.03	0.14
Private Equity	1.05	-	1.05	0.00	-0.02	0.00	0.00	-0.01
Cash	0.12	-	0.12	0.00	-0.28	0.00	0.00	-0.28

	Return	B'mark	Relative Return	Hedging Effect	Currency Effect	Asset Allocation	Stock Selection	Relative Contribution
Fixed Income	12.00	11.02	0.88	0.00	-1.29	0.29	1.04	0.02
Government Bonds	6.84	7.25	-0.39	0.00	0.09	-0.07	-0.00	0.02
Corporates	12.22	11.69	0.47	0.00	-1.38	0.35	1.04	-0.00
Index Linked Gilts	7.30	9.48	-2.00	0.00	-0.53	0.37	-0.03	-0.18
Real Estates	16.29	18.80	-2.11	0.00	0.14	-0.47	-0.15	-0.48
Private Equity	1.28	-	1.28	0.00	-0.01	0.01	0.00	-0.01
Cash	0.39	-	0.39	0.00	-0.29	0.27	0.00	-0.03



London Borough of Hillingdon

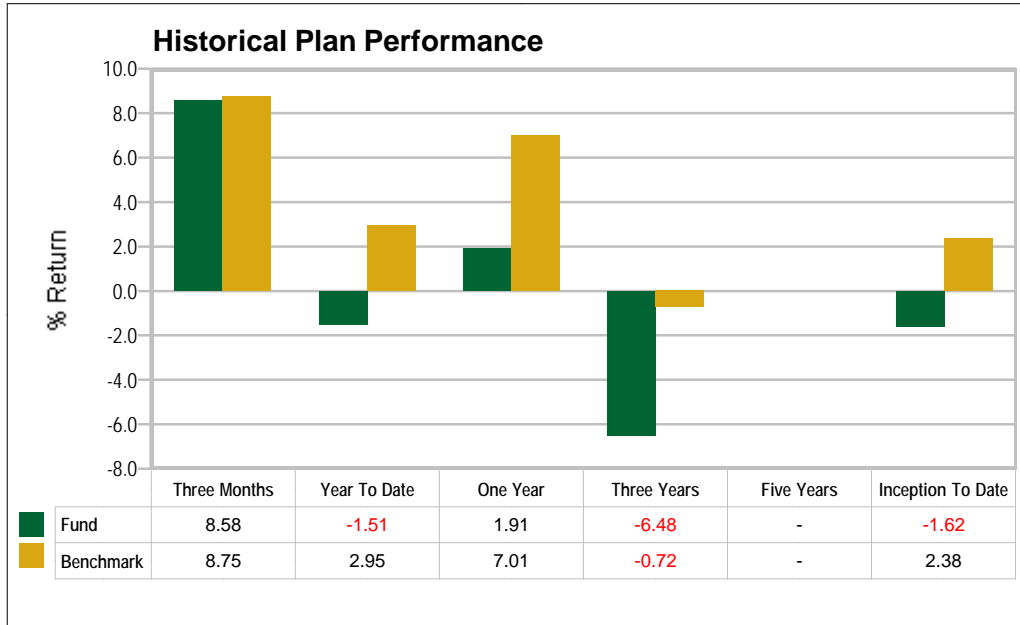
By Asset Category



	Current Qtr	Previous Qtr	Current Benchmark	Current Deviation	Previous Benchmark	Previous Deviation
UK Equity	35.19	29.24	36.84	-1.65	36.84	-7.60
Europe ex UK	15.99	15.46	11.06	4.93	11.06	4.40
North America	6.77	6.62	12.90	-6.13	12.90	-6.28
Japan Equity	2.26	2.36	5.53	-3.27	5.53	-3.17
Asia Pacific ex Japan	3.09	3.16	3.68	-0.59	3.68	-0.52
Emerging Markets	2.27	2.10	3.68	-1.41	3.68	-1.58
Government Bonds	0.54	0.55	1.58	-1.04	1.58	-1.03
Corporates	12.86	13.29	8.94	3.92	8.94	4.35
Index Linked Gilts	9.34	9.69	5.26	4.08	5.26	4.43
Real Estates	8.31	8.86	10.53	-2.22	10.53	-1.67
Private Equity	0.18	0.20		0.18		0.20
Cash	3.22	8.47		3.22		8.47

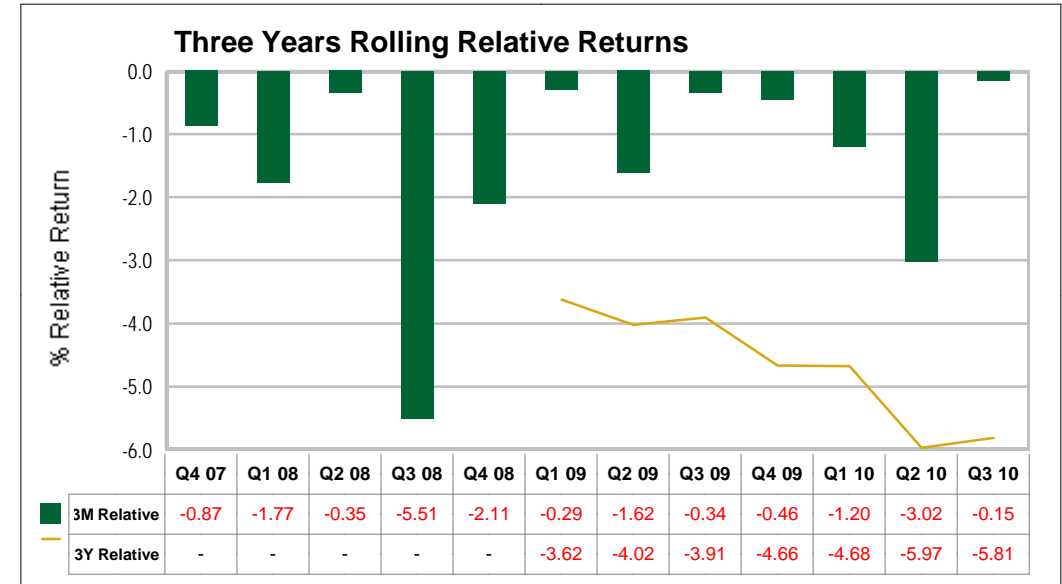
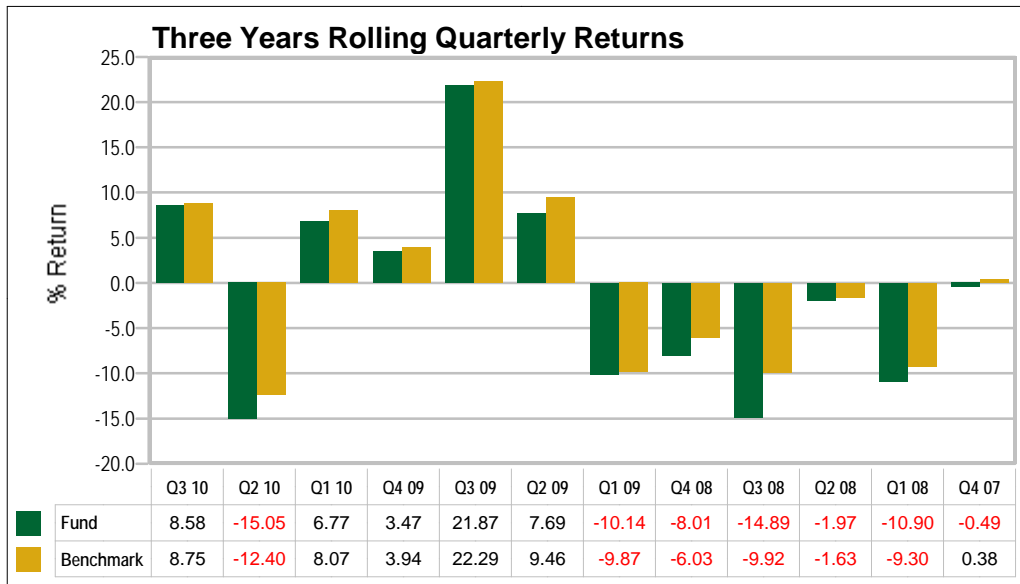


Alliance Bernstein



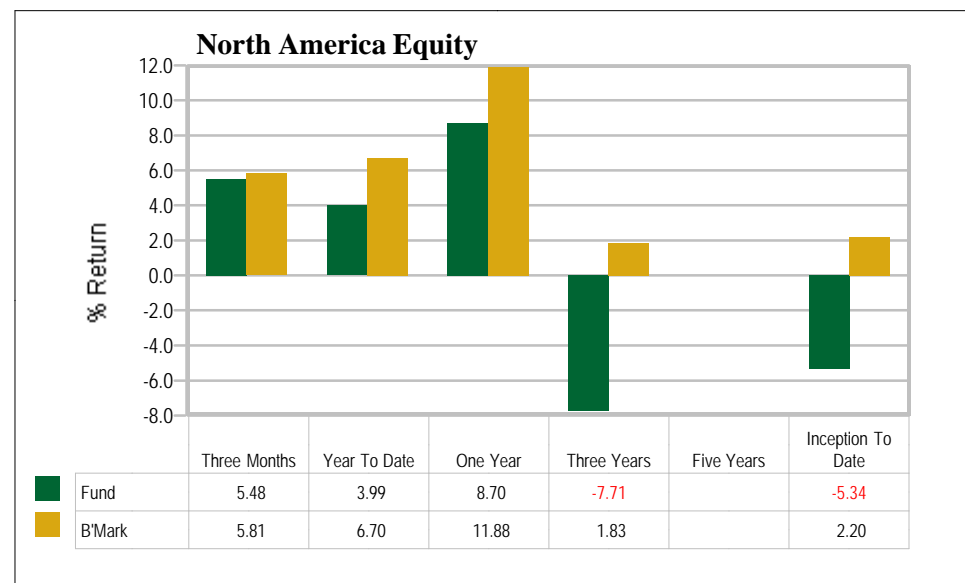
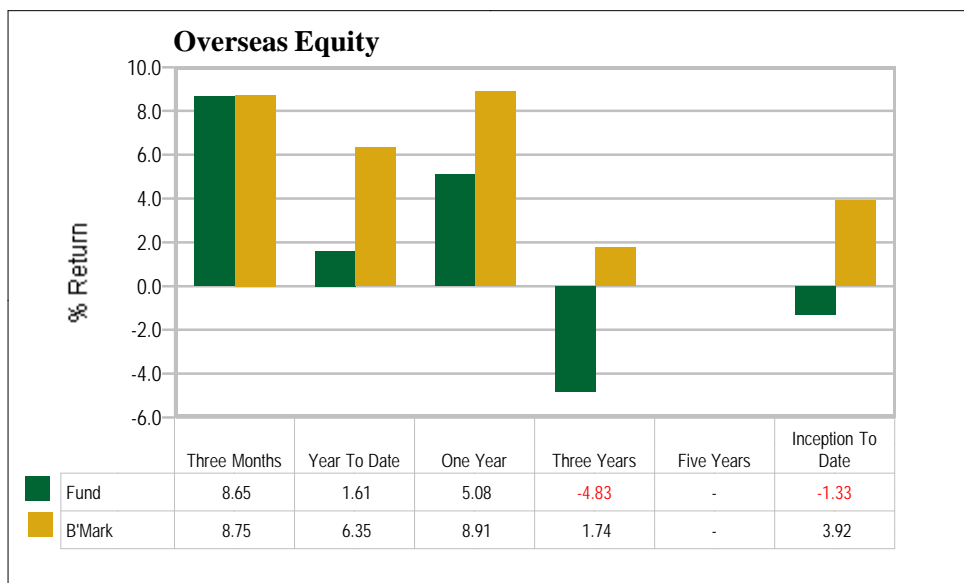
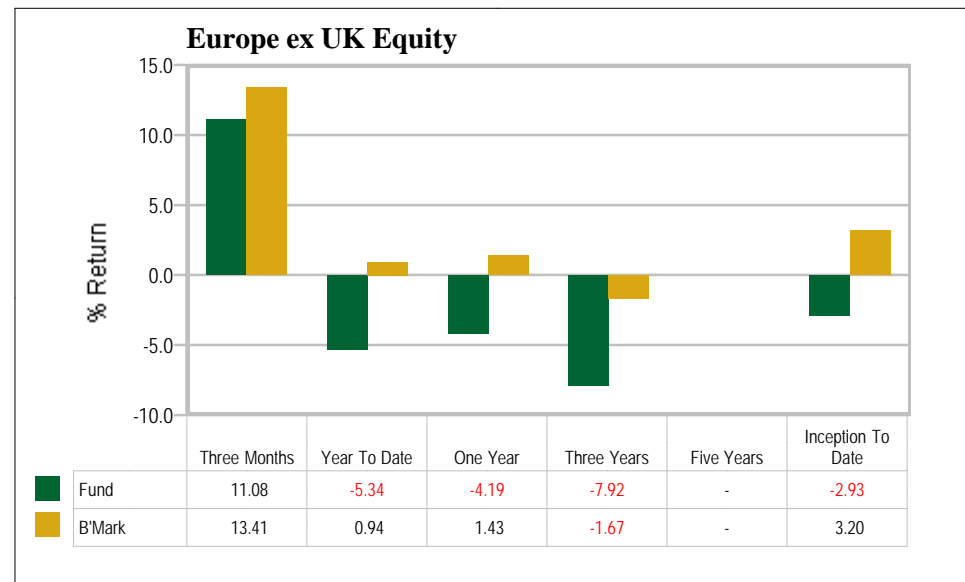
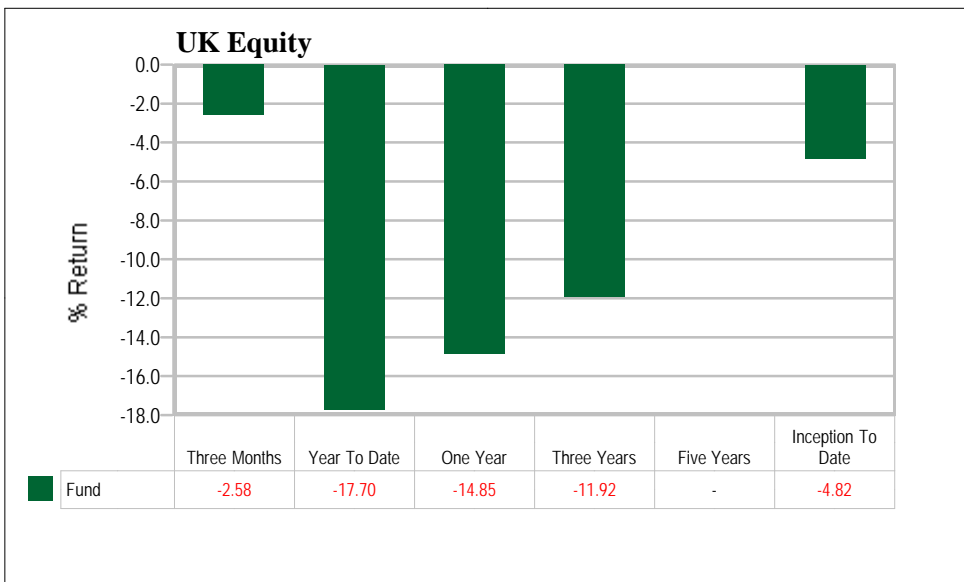
Risk Statistics - 3 years

	Fund	B'mark
Performance Return	-6.48	-0.72
Standard Deviation	21.57	20.50
Relative Return	-5.81	
Tracking Error	2.13	
Information Ratio	-2.71	
Beta	1.05	
Alpha	-5.47	
R Squared	0.99	
Sharpe Ratio	-0.48	-0.22
Percentage of Total Fund	10.7	
Inception Date	Mar-2006	
Opening Market Value (£000)	52,145	
Net Investment £(000)	-0	
Income Received £(000)	250	
Appreciation £(000)	4,225	
Closing Market Value (£000)	56,621	



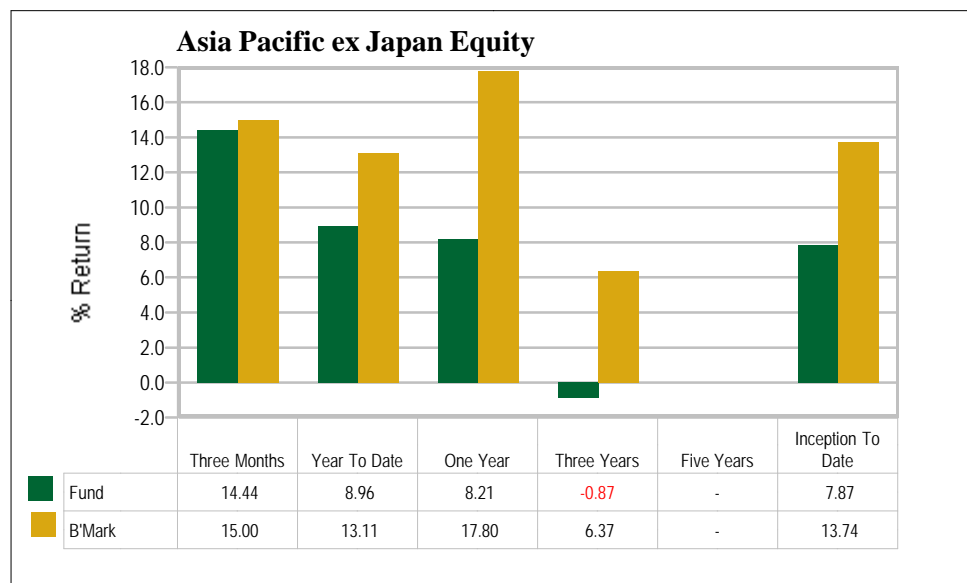
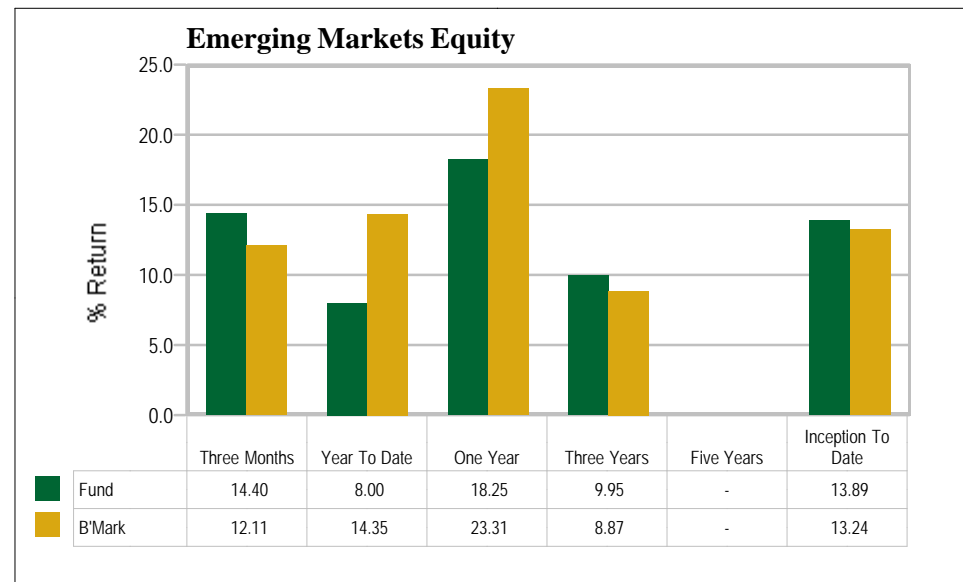
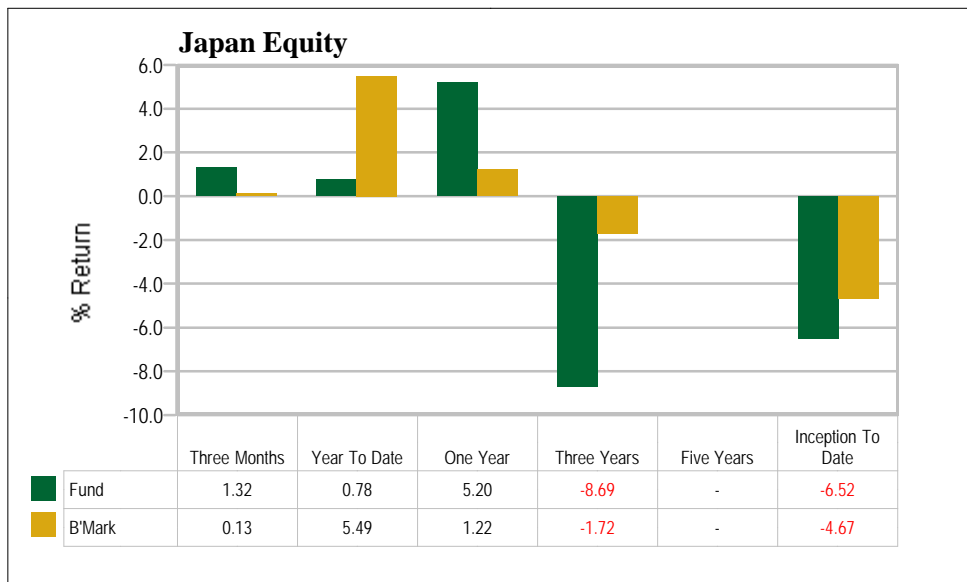


Alliance Bernstein





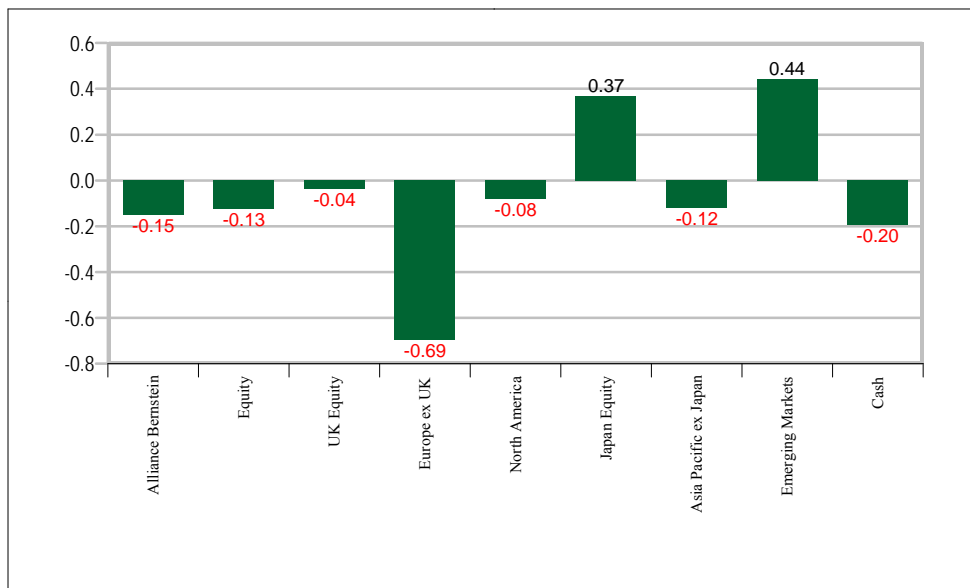
Alliance Bernstein





Alliance Bernstein

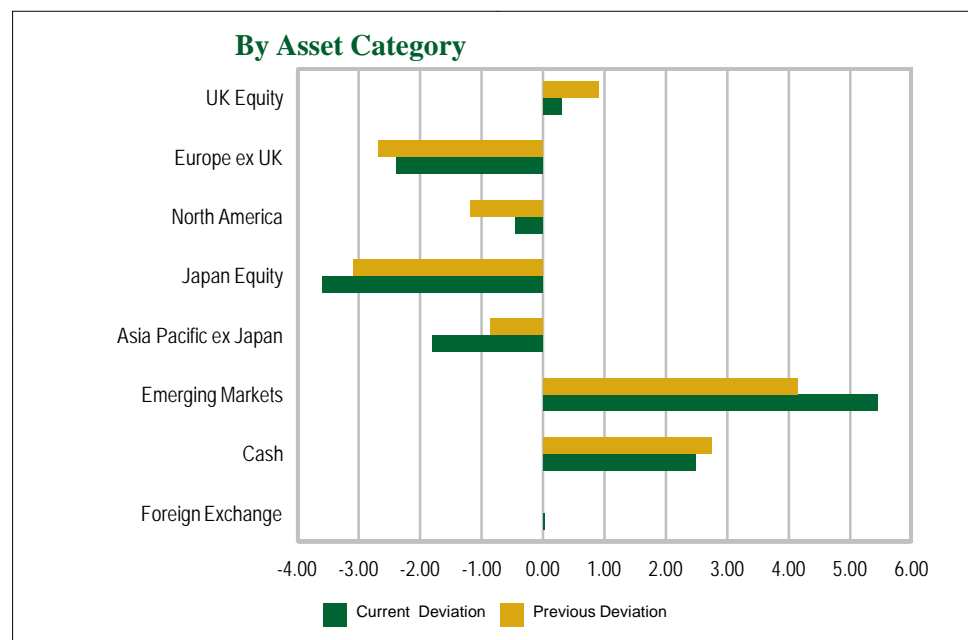
Relative Contribution - Three Months



	Return	B'mark	Relative Return	Hedging Effect	Currency Effect	Asset Allocation	Stock Selection	Relative Contribution
Alliance Bernstein	8.58	8.75	-0.15	0.17	-0.23	0.22	-0.31	-0.15
Equity	8.61	-	8.61	0.00	-0.23	0.42	-0.31	-0.13
UK Equity	-2.58	-	-2.58	0.00	-0.00	-0.04	0.00	-0.04
Europe ex UK	11.08	13.41	-2.05	0.00	-0.19	0.03	-0.54	-0.69
North America	5.48	5.81	-0.32	0.00	0.03	-0.02	-0.09	-0.08
Japan Equity	1.32	0.13	1.19	0.00	-0.04	0.28	0.13	0.37
Asia Pacific ex Japan	14.44	15.00	-0.49	0.00	0.04	-0.03	-0.12	-0.12
Emerging Markets	14.40	12.11	2.04	0.00	-0.07	0.21	0.31	0.44
Cash	0.24	-	0.24	0.00	0.00	-0.20	0.00	-0.20



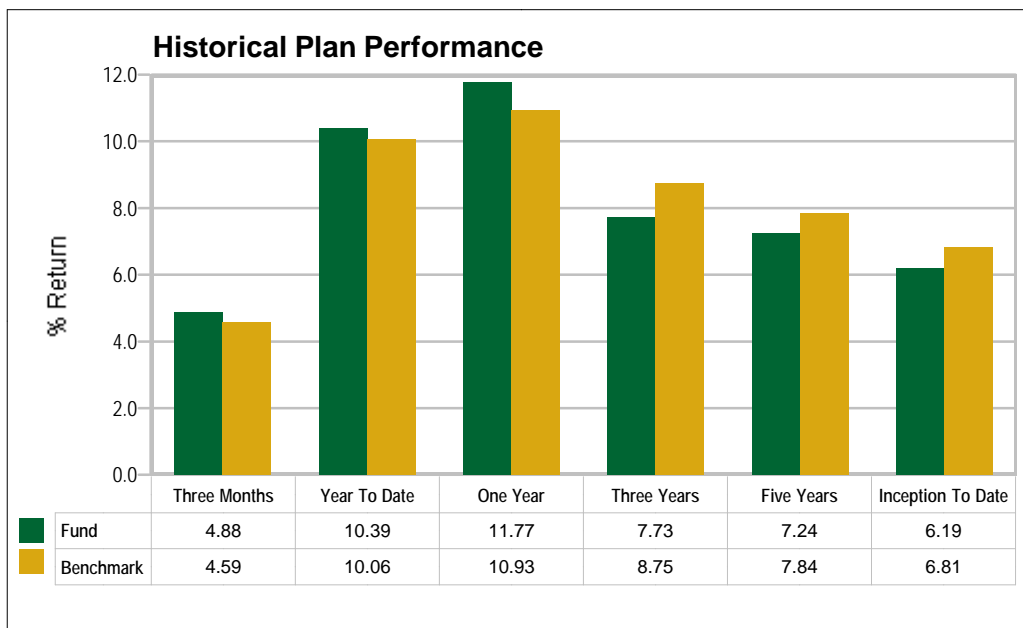
Alliance Bernstein



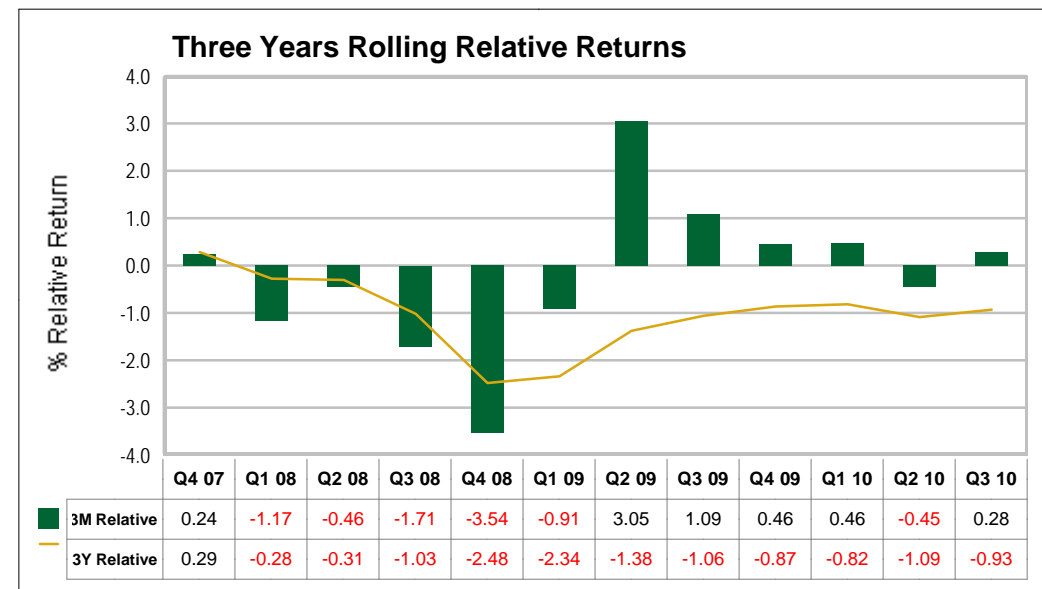
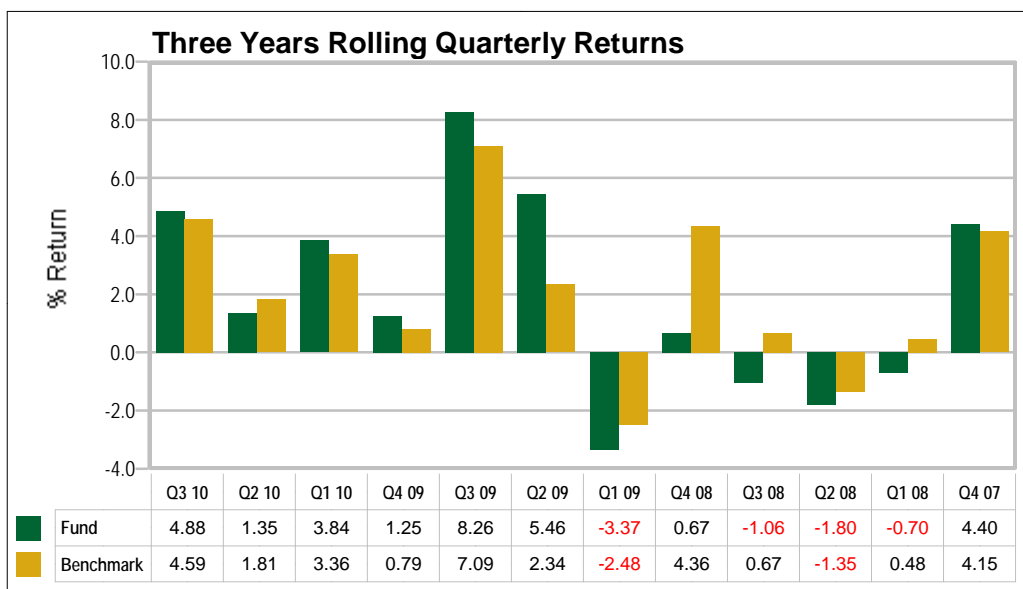
	Current Qtr	Previous Qtr	Current Benchmark	Current Deviation	Previous Benchmark	Previous Deviation
UK Equity	0.30	0.91		0.30		0.91
Europe ex UK	27.61	27.33	30.00	-2.39	30.00	-2.67
North America	34.55	33.83	35.00	-0.45	35.00	-1.17
Japan Equity	11.41	11.91	15.00	-3.59	15.00	-3.09
Asia Pacific ex Japan	8.20	9.14	10.00	-1.80	10.00	-0.86
Emerging Markets	15.44	14.14	10.00	5.44	10.00	4.14
Cash	2.47	2.74		2.47		2.74
Foreign Exchange	0.02	-0.00		0.02		-0.00



Goldman Sachs

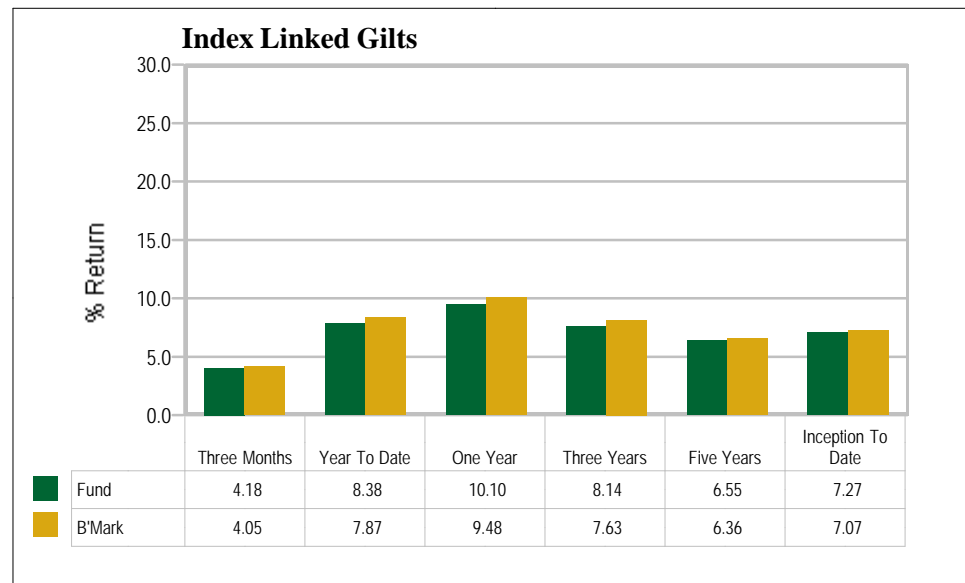
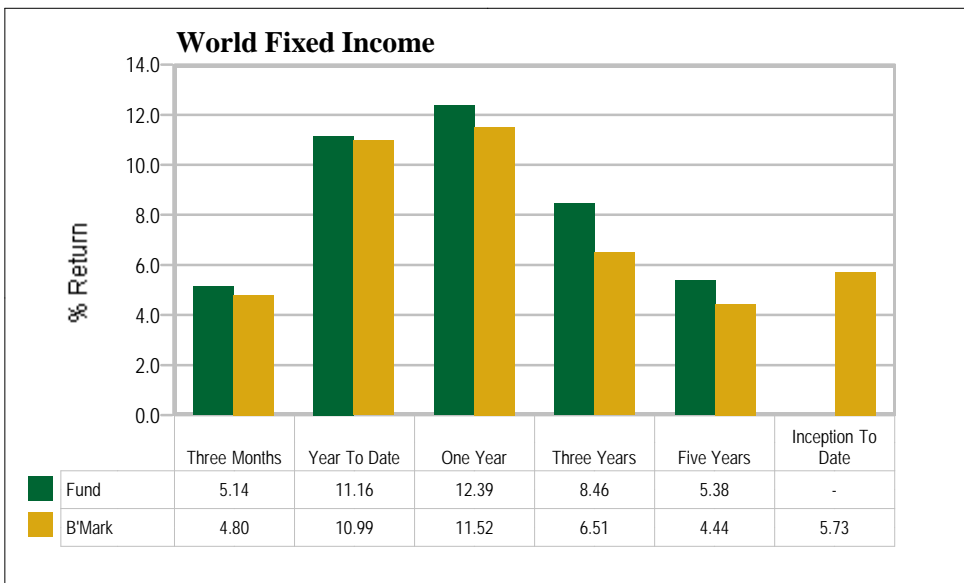


Risk Statistics - 3 years	Fund	B'mark
Performance Return	7.73	8.75
Standard Deviation	7.43	6.83
Relative Return	-0.93	
Tracking Error	2.14	
Information Ratio	-0.47	
Beta	1.06	
Alpha	-1.18	
R Squared	0.92	
Sharpe Ratio	0.53	0.72
Percentage of Total Fund	12.6	
Inception Date	Dec-2001	
Opening Market Value (£000)	63,388	
Net Investment (£000)	0	
Income Received (£000)	74	
Appreciation (£000)	3,020	
Closing Market Value (£000)	66,483	



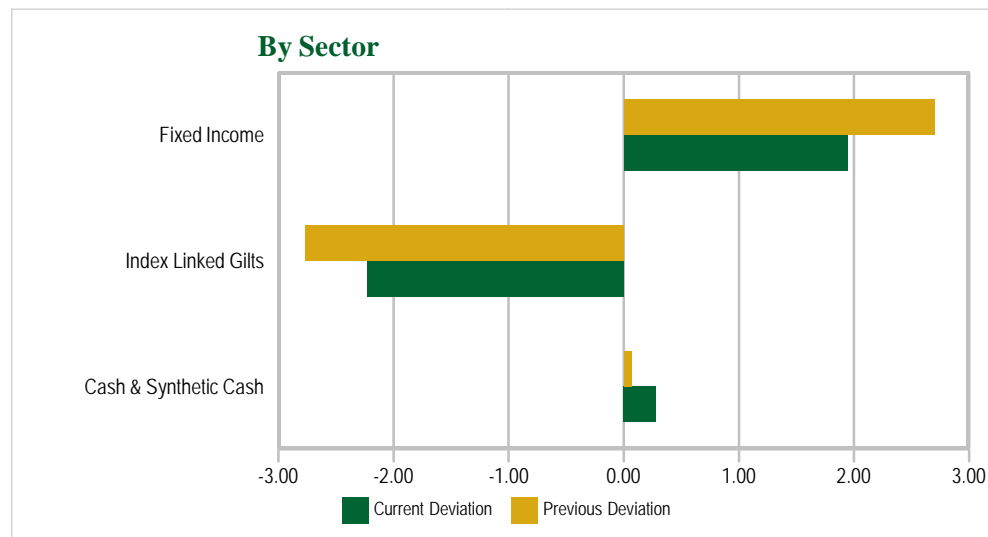


Goldman Sachs





Goldman Sachs

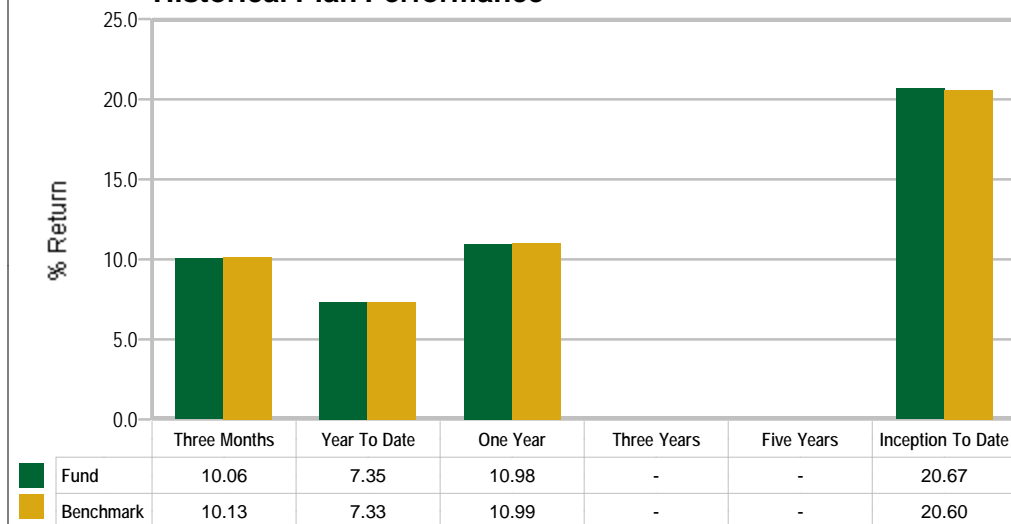


	Current Qtr	Previous Qtr	Current Benchmark	Current Deviation	Previous Benchmark	Previous Deviation
Fixed Income	71.94	72.70	70.00	1.94	70.00	2.70
Index Linked Gilts	27.78	27.23	30.00	-2.22	30.00	-2.77
Cash & Synthetic Cash	0.28	0.07		0.28		0.07



SSGA

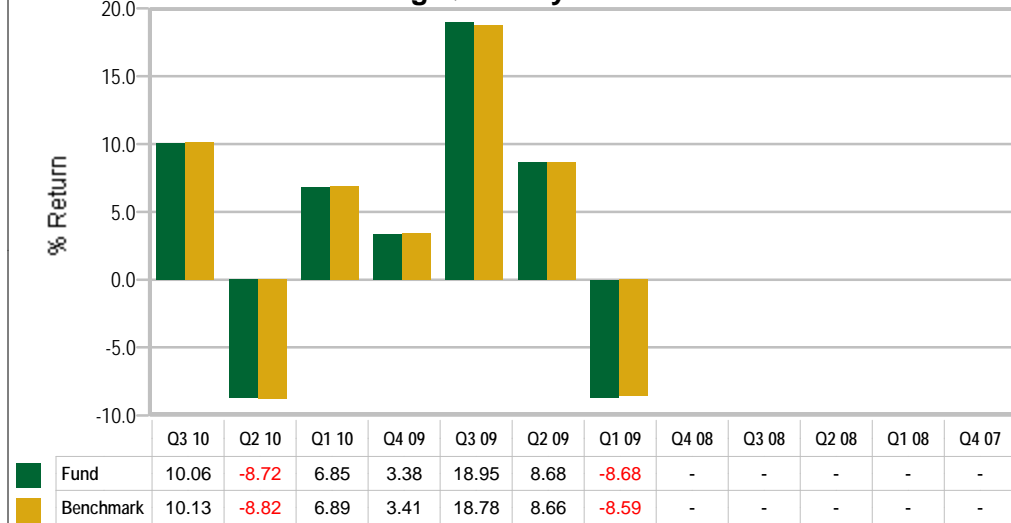
Historical Plan Performance



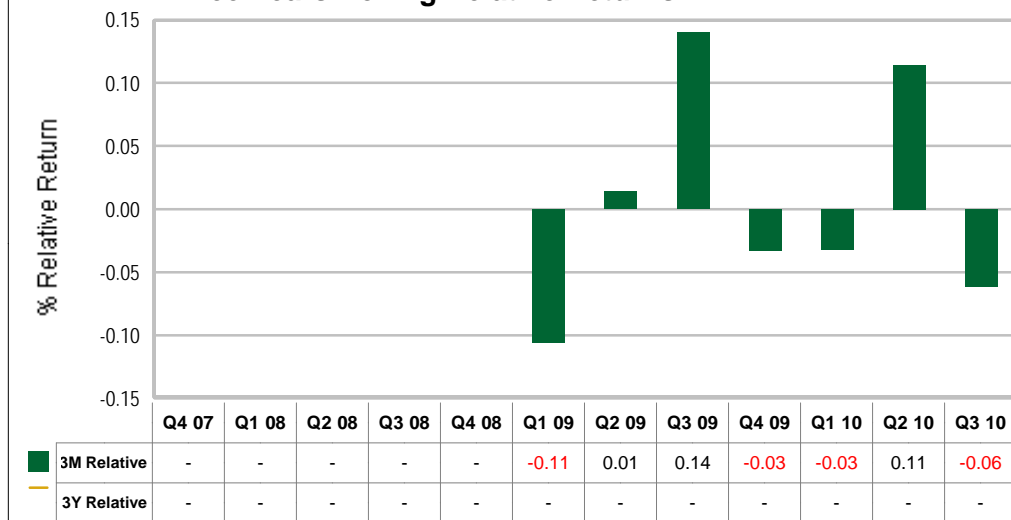
Risk Statistics - 3 years

	Fund	B'mark
Performance Return	-	-
Standard Deviation	-	-
Relative Return	-	-
Tracking Error	-	-
Information Ratio	-	-
Beta	-	-
Alpha	-	-
R Squared	-	-
Sharpe Ratio	-	-
Percentage of Total Fund	20.1	
Inception Date	Nov-2008	
Opening Market Value (£000)	96,613	
Net Investment £(000)	0	
Income Received £(000)	0	
Appreciation £(000)	9,721	
Closing Market Value (£000)	106,334	

Three Years Rolling Quarterly Returns

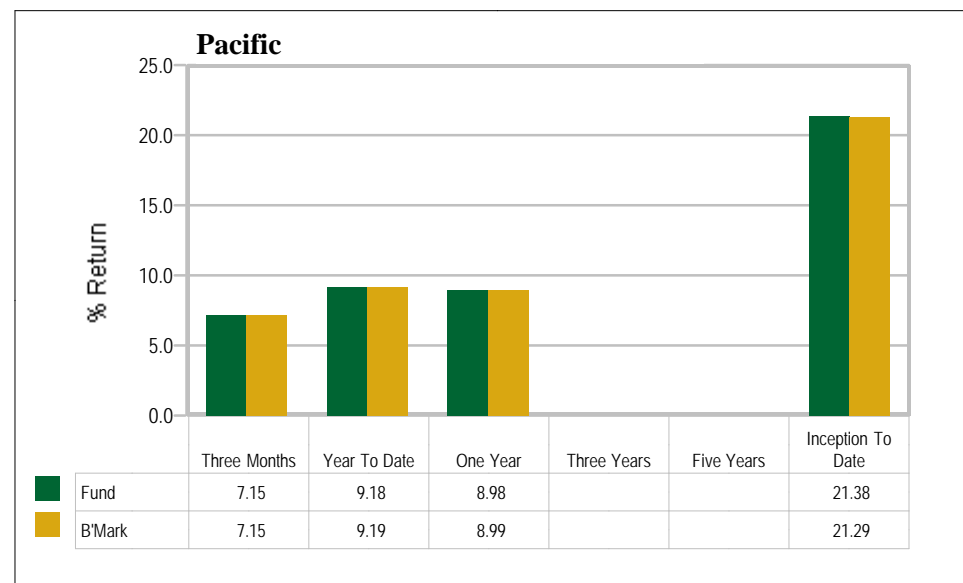
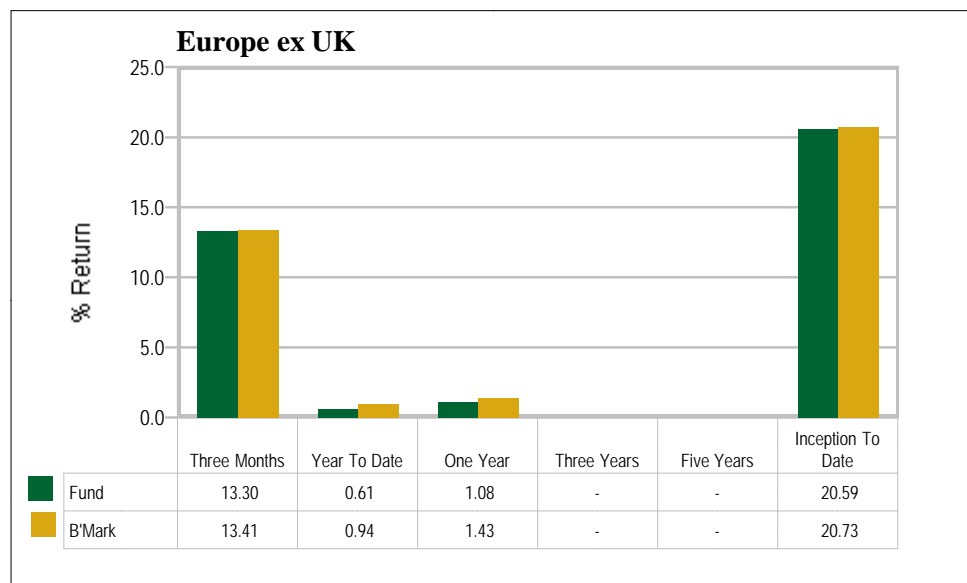
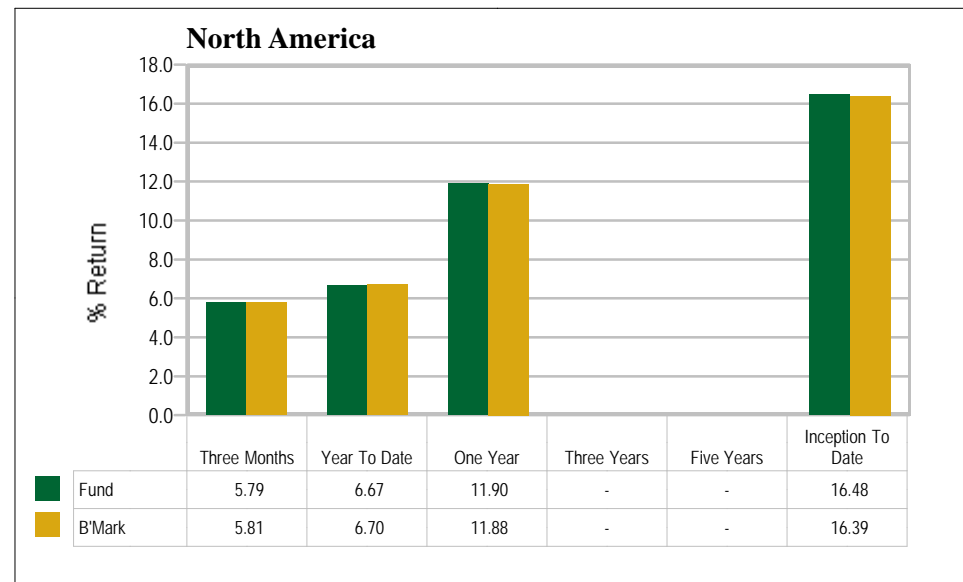
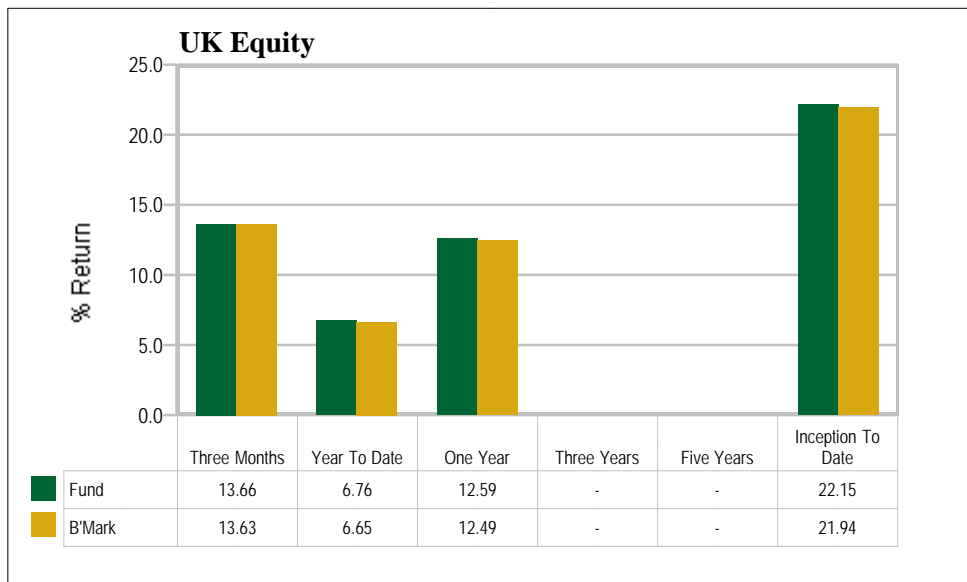


Three Years Rolling Relative Returns



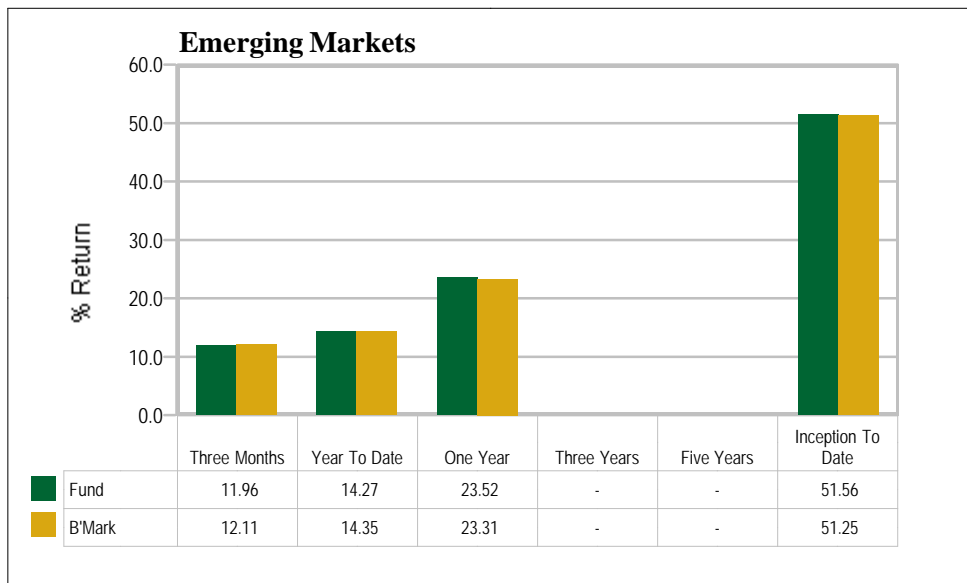


SSGA



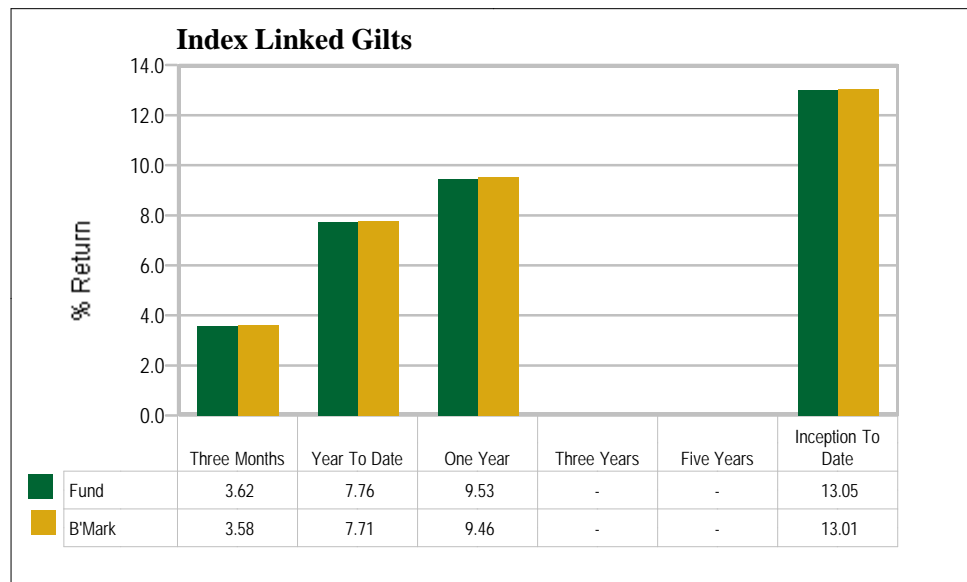
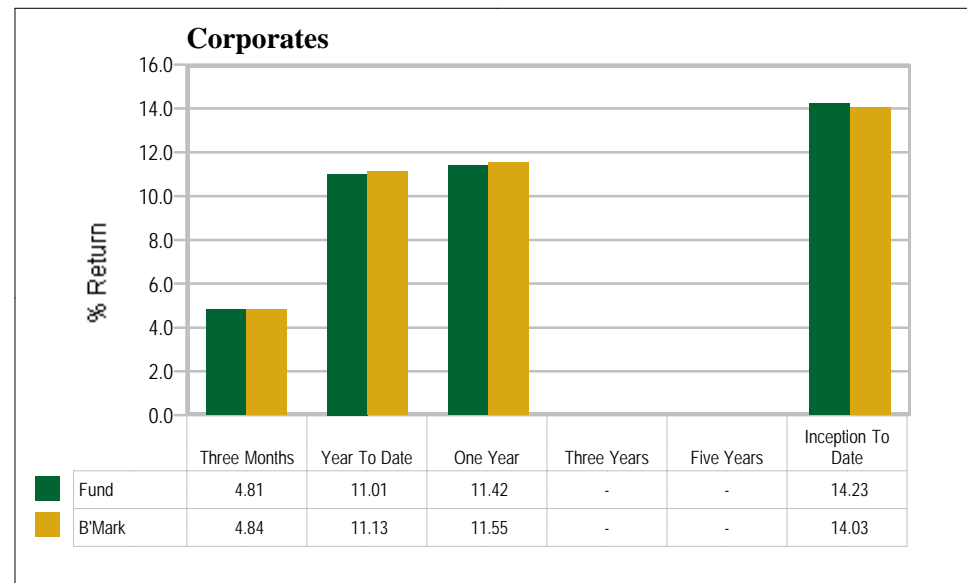
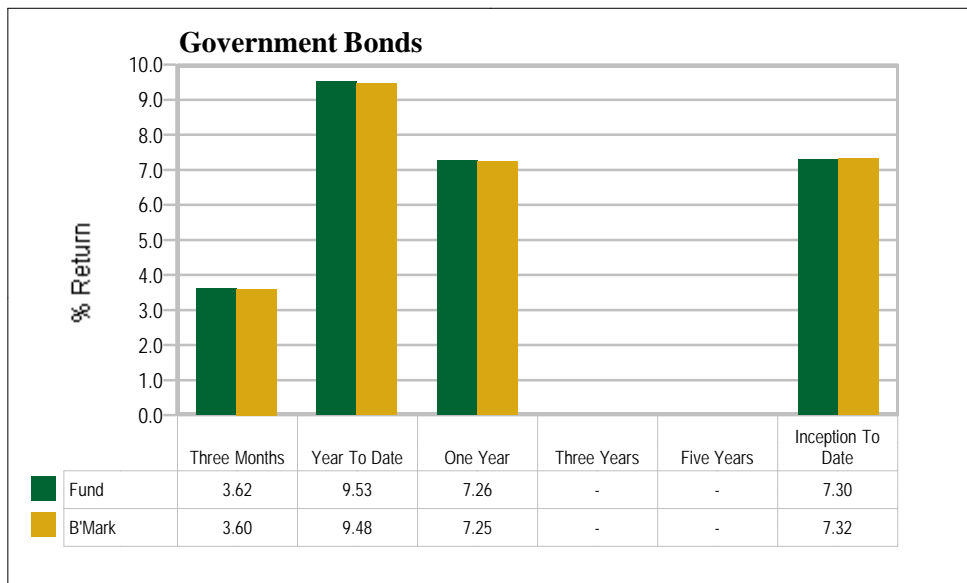


SSGA



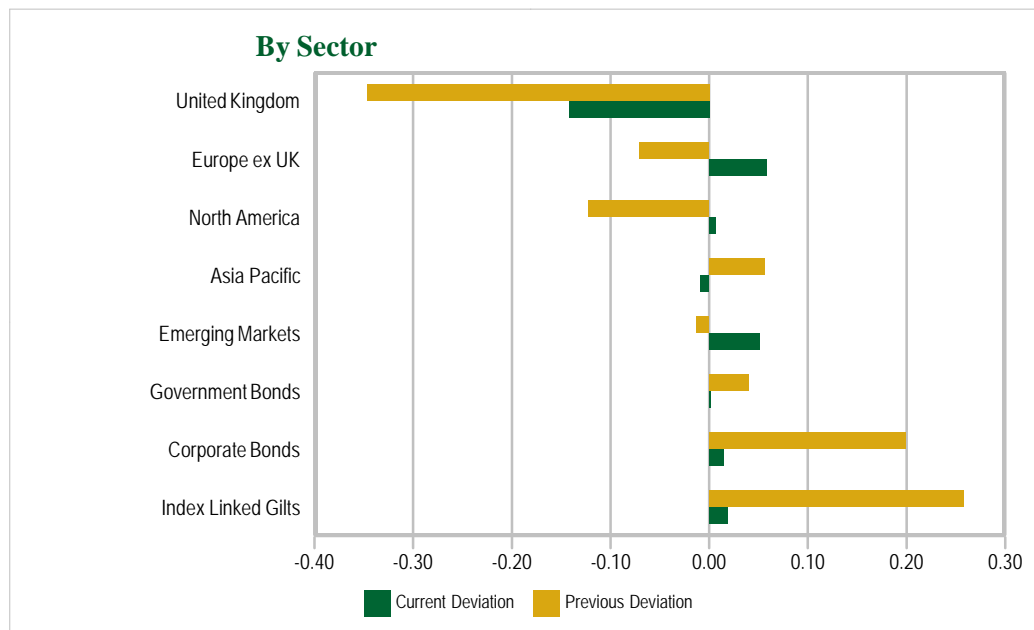


SSGA





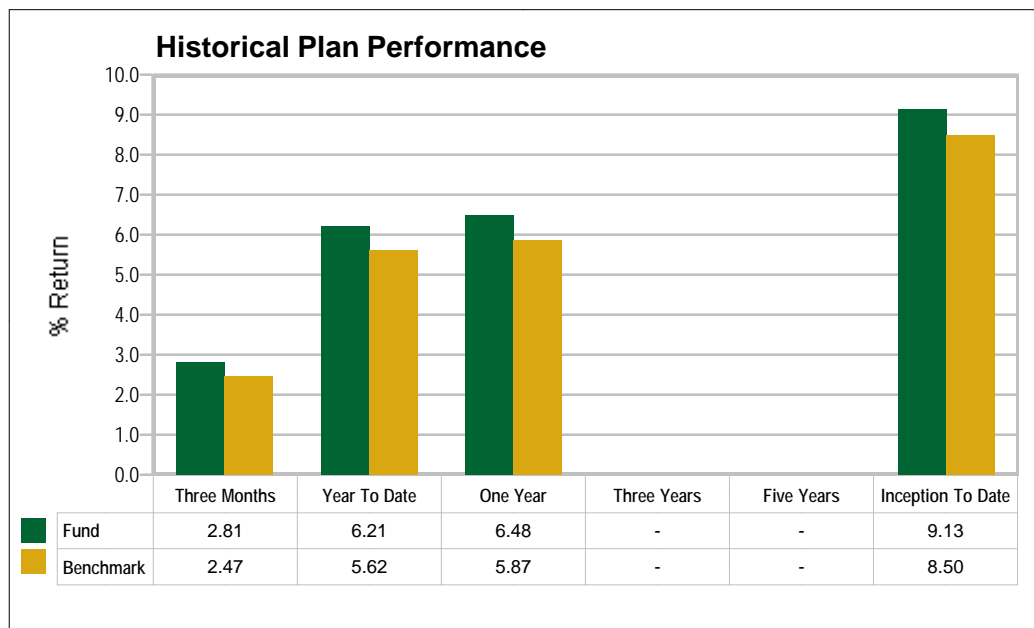
SSGA



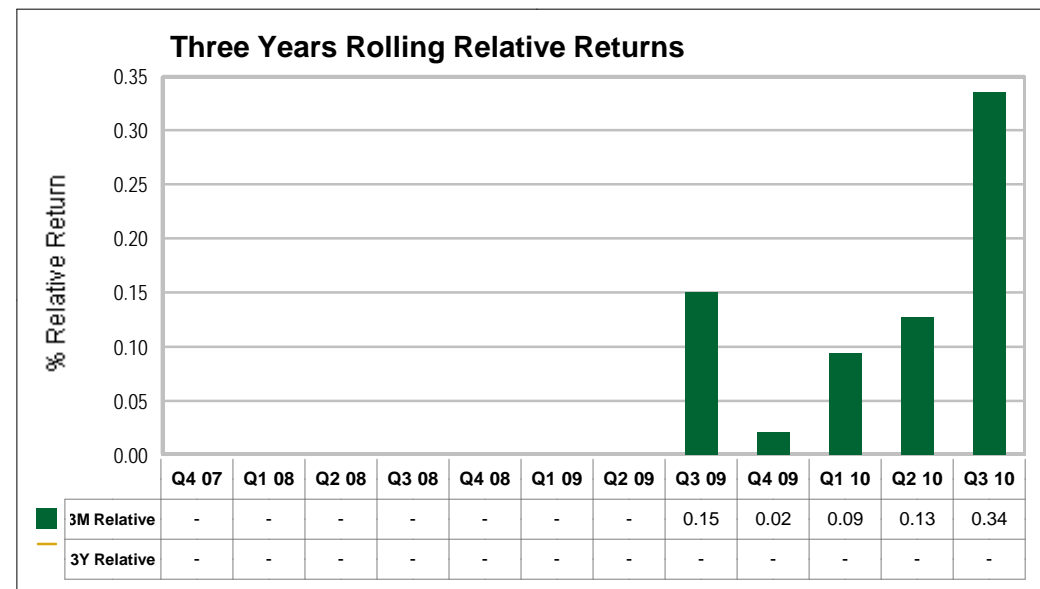
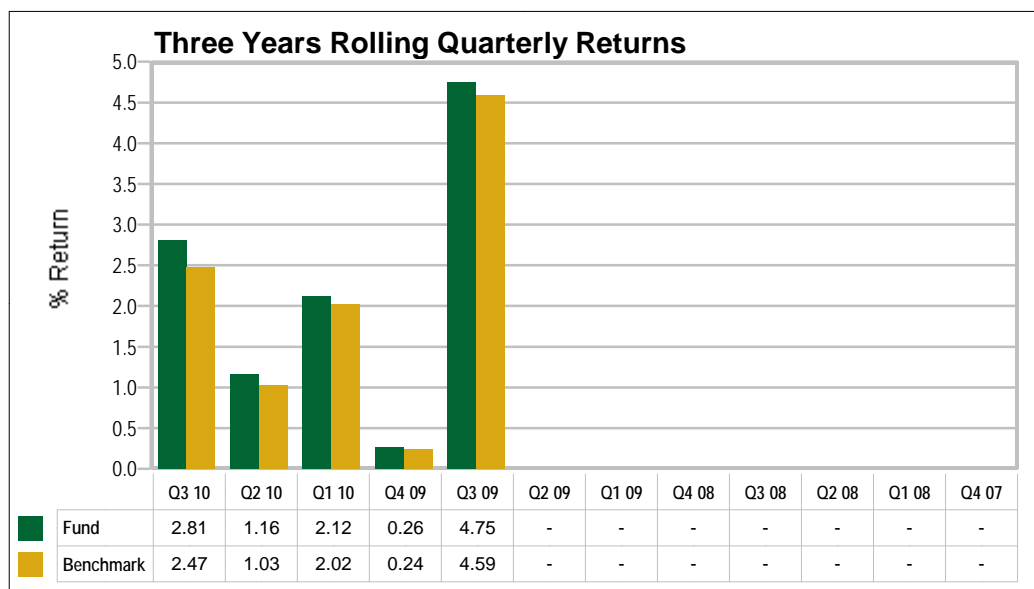
	Current Qtr	Previous Qtr	Current Benchmark	Current Deviation	Previous Benchmark	Previous Deviation
Equity	79.96	79.50		79.96		79.50
United Kingdom	43.86	43.65	44.00	-0.14	44.00	-0.35
Europe ex UK	11.06	10.93	11.00	0.06	11.00	-0.07
North America	11.01	10.88	11.00	0.01	11.00	-0.12
Asia Pacific	10.99	11.06	11.00	-0.01	11.00	0.06
Emerging Markets	3.05	2.99	3.00	0.05	3.00	-0.01
Fixed Income	10.02	10.24		10.02		10.24
Government Bonds	1.50	1.54	1.50	0.00	1.50	0.04
Corporate Bonds	8.51	8.70	8.50	0.01	8.50	0.20
Index Linked Gilts	10.02	10.26	10.00	0.02	10.00	0.26



SSGA Drawdown



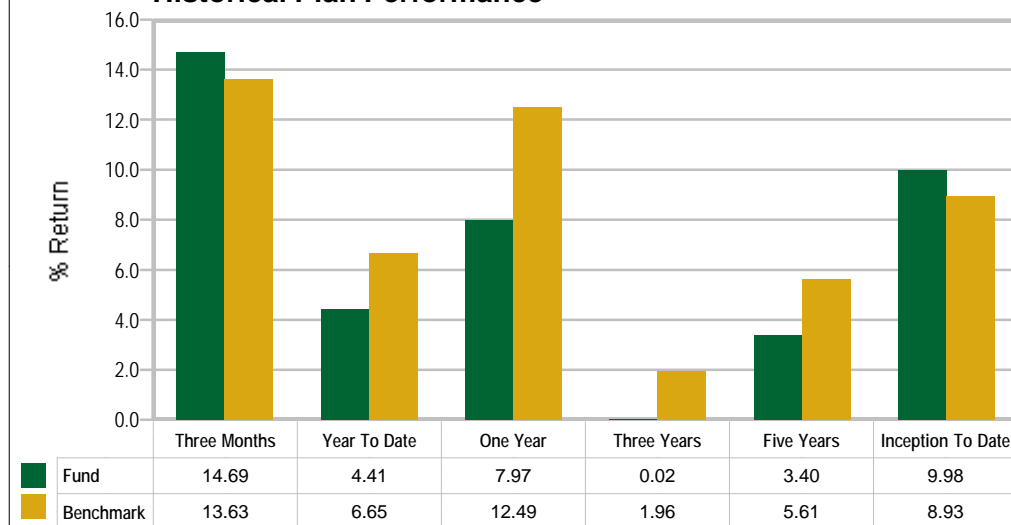
Risk Statistics - 3 years	Fund	B'mark
Performance Return	-	-
Standard Deviation	-	-
Relative Return	-	-
Tracking Error	-	-
Information Ratio	-	-
Beta	-	-
Alpha	-	-
R Squared	-	-
Sharpe Ratio	-	-
Percentage of Total Fund	4.0	-
Inception Date	Jun-2009	-
Opening Market Value (£000)	20,605	-
Net Investment £(000)	0	-
Income Received £(000)	0	-
Appreciation £(000)	580	-
Closing Market Value (£000)	21,185	-





UBS

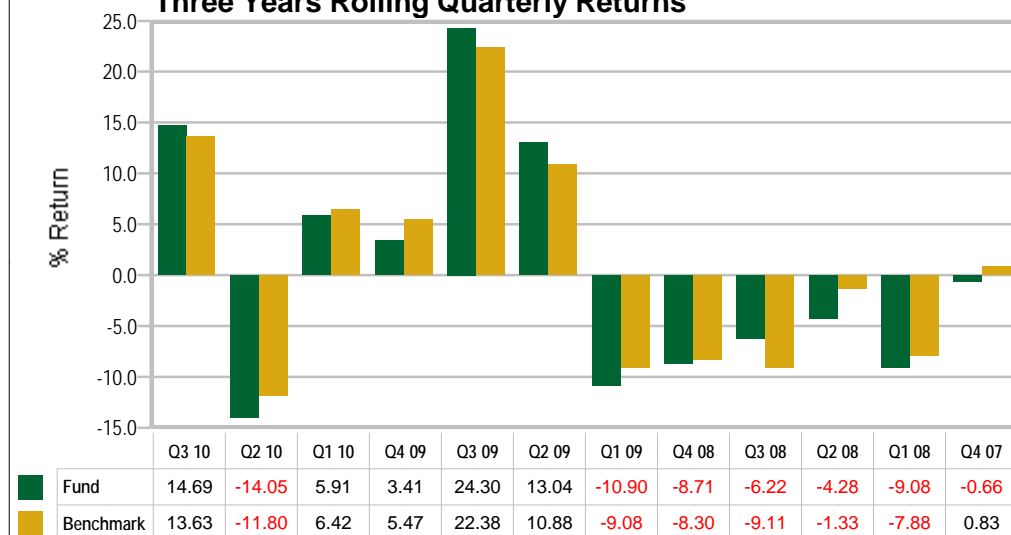
Historical Plan Performance



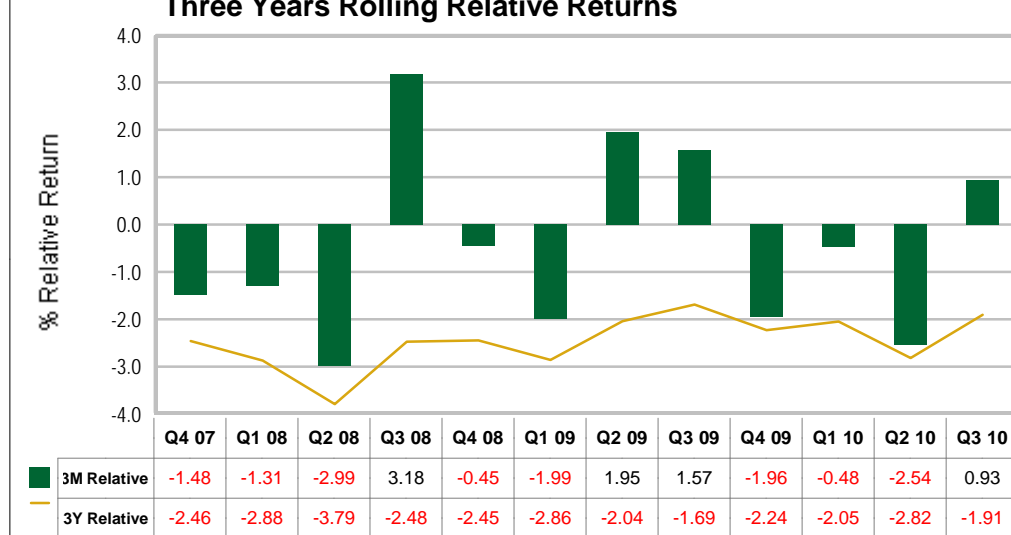
Risk Statistics - 3 years

	Fund	B'mark
Performance Return	0.02	1.96
Standard Deviation	20.68	18.59
Relative Return	-1.91	
Tracking Error	4.48	
Information Ratio	-0.43	
Beta	1.09	
Alpha	-1.51	
R Squared	0.96	
Sharpe Ratio	-0.18	-0.10
Percentage of Total Fund	19.6	
Inception Date	Dec-1988	
Opening Market Value (£000)	90,380	
Net Investment £(000)	0	
Income Received £(000)	783	
Appreciation £(000)	12,496	
Closing Market Value (£000)	103,659	

Three Years Rolling Quarterly Returns

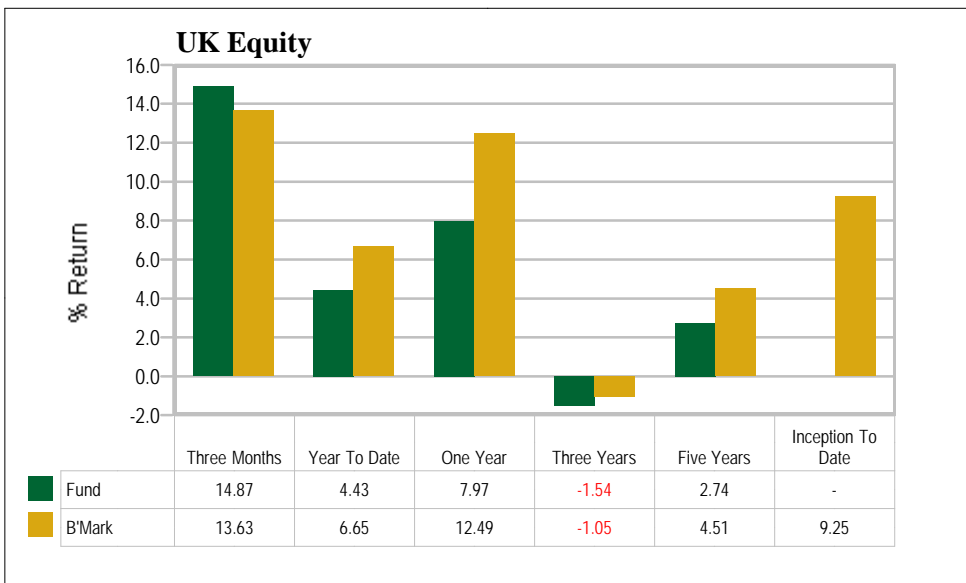


Three Years Rolling Relative Returns





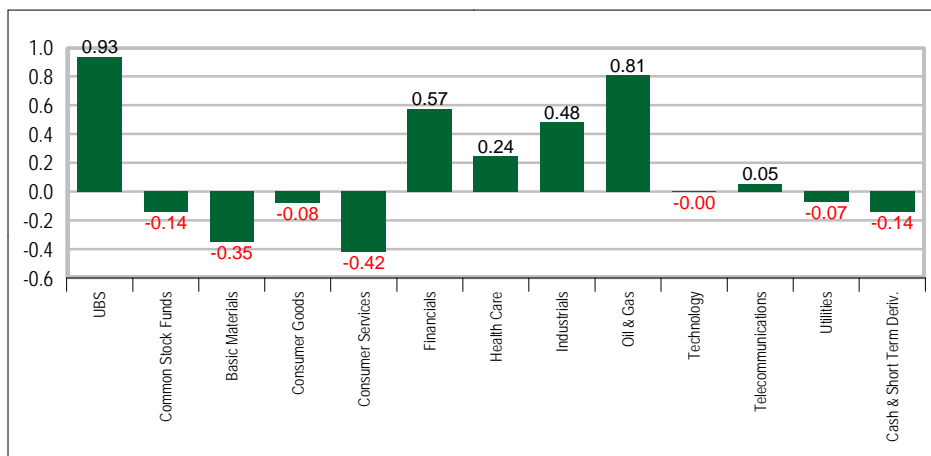
UBS



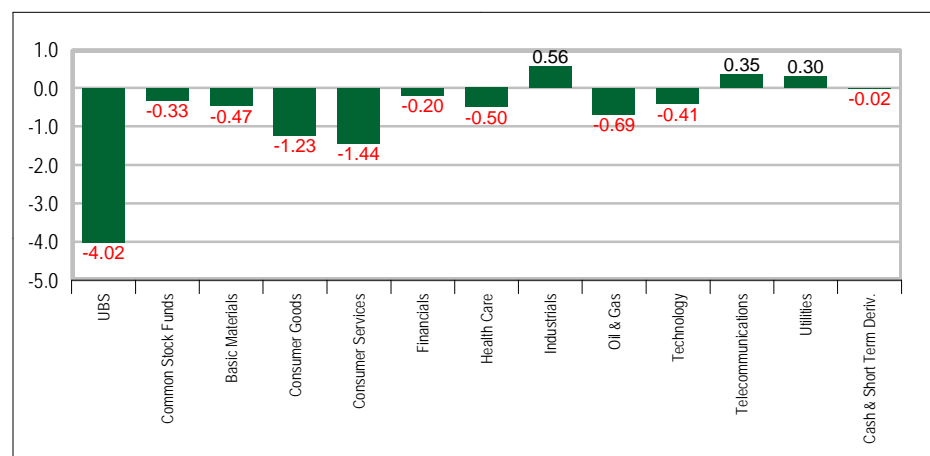


UBS

Relative Contribution - Three Months



Relative Contribution - One Year

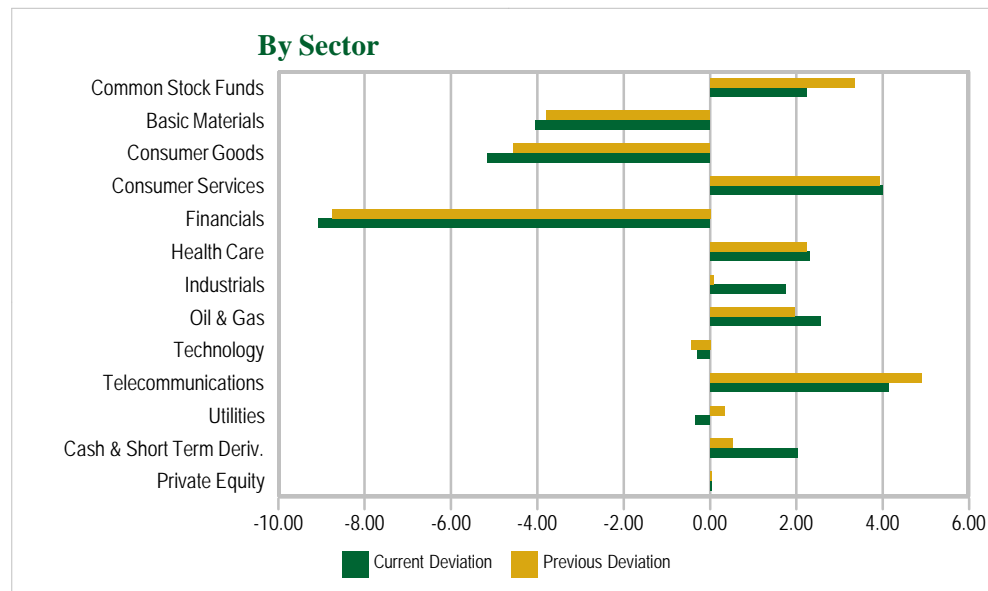


	Return	Benchmark	Relative Return	Asset Allocation	Stock Selection	Relative Contribution
UBS	14.69	13.63	0.93	-0.57	1.50	0.93
Common Stock Funds	8.27	-	8.27	-0.14	0.00	-0.14
Basic Materials	18.58	20.46	-1.57	-0.22	-0.13	-0.35
Consumer Goods	5.40	9.77	-3.98	0.18	-0.26	-0.08
Consumer Services	8.18	10.59	-2.18	-0.12	-0.30	-0.42
Financials	17.03	13.11	3.47	0.03	0.54	0.57
Health Care	11.07	6.84	3.96	-0.15	0.40	0.24
Industrials	18.18	11.94	5.57	-0.01	0.49	0.48
Oil & Gas	24.73	20.20	3.77	0.11	0.69	0.81
Technology	19.04	18.36	0.58	-0.01	0.01	-0.00
Telecommunications	12.62	11.04	1.43	-0.11	0.16	0.05
Utilities	8.03	10.35	-2.10	0.00	-0.08	-0.07
Cash & Short Term Deriv.	0.07	-	0.07	-0.14	0.00	-0.14

	Return	Benchmark	Relative Return	Asset Allocation	Stock Selection	Relative Contribution
UBS	7.97	12.49	-4.02	-0.82	-3.27	-4.02
Common Stock Funds	1.36	-	1.36	-0.33	0.00	-0.33
Basic Materials	36.09	32.01	3.09	-0.64	0.17	-0.47
Consumer Goods	4.88	20.10	-12.67	-0.29	-0.94	-1.23
Consumer Services	2.58	14.99	-10.80	-0.01	-1.43	-1.44
Financials	-3.08	1.73	-4.73	0.58	-0.78	-0.20
Health Care	8.57	13.13	-4.03	0.02	-0.52	-0.50
Industrials	31.03	23.77	5.87	0.05	0.50	0.56
Oil & Gas	-1.31	0.94	-2.23	-0.34	-0.35	-0.69
Technology	-0.26	33.02	-25.02	-0.06	-0.35	-0.41
Telecommunications	19.28	17.57	1.45	0.19	0.16	0.35
Utilities	31.37	18.57	10.79	0.04	0.26	0.30
Cash & Short Term Deriv.	2.17	-	2.17	-0.02	0.00	-0.02



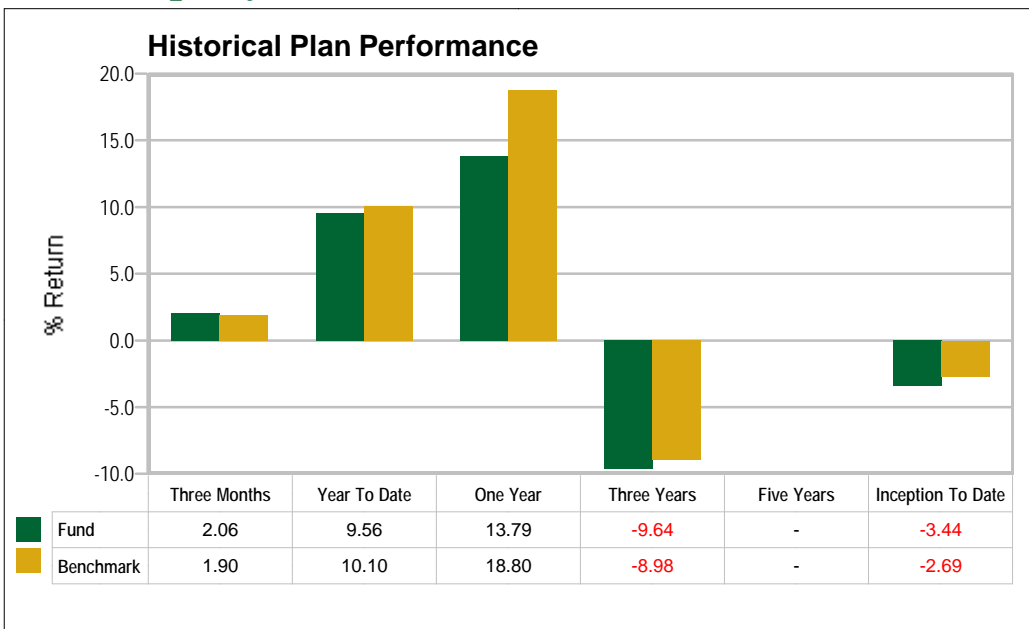
UBS



	Current Qtr	Previous Qtr	Current Benchmark	Current Deviation	Previous Benchmark	Previous Deviation
Common Stock Funds	2.23	3.35		2.23		3.35
Basic Materials	8.20	7.73	12.24	-4.04	11.53	-3.80
Consumer Goods	6.37	7.46	11.53	-5.16	12.01	-4.55
Consumer Services	13.88	14.09	9.88	4.00	10.15	3.94
Financials	14.66	14.62	23.72	-9.06	23.38	-8.76
Health Care	9.93	10.39	7.63	2.31	8.15	2.24
Industrials	9.02	7.75	7.27	1.75	7.66	0.08
Oil & Gas	18.76	17.37	16.20	2.55	15.41	1.96
Technology	1.50	1.27	1.79	-0.30	1.72	-0.45
Telecommunications	10.13	11.03	5.99	4.14	6.11	4.91
Utilities	3.40	4.21	3.74	-0.34	3.86	0.34
Cash & Short Term Deriv.	2.02	0.51		2.02		0.51
Private Equity	0.04	0.05		0.04		0.05

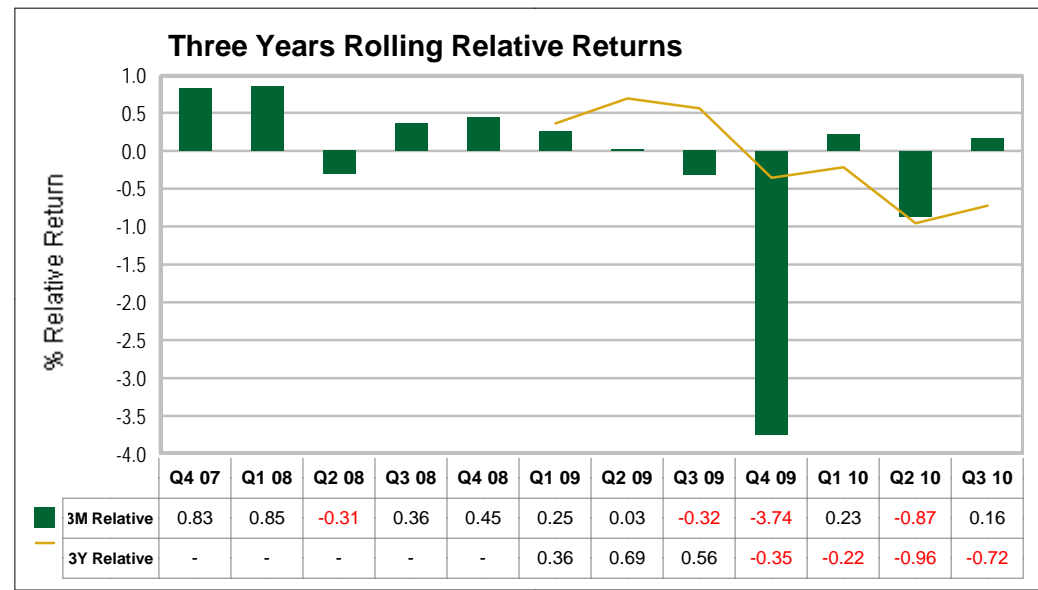
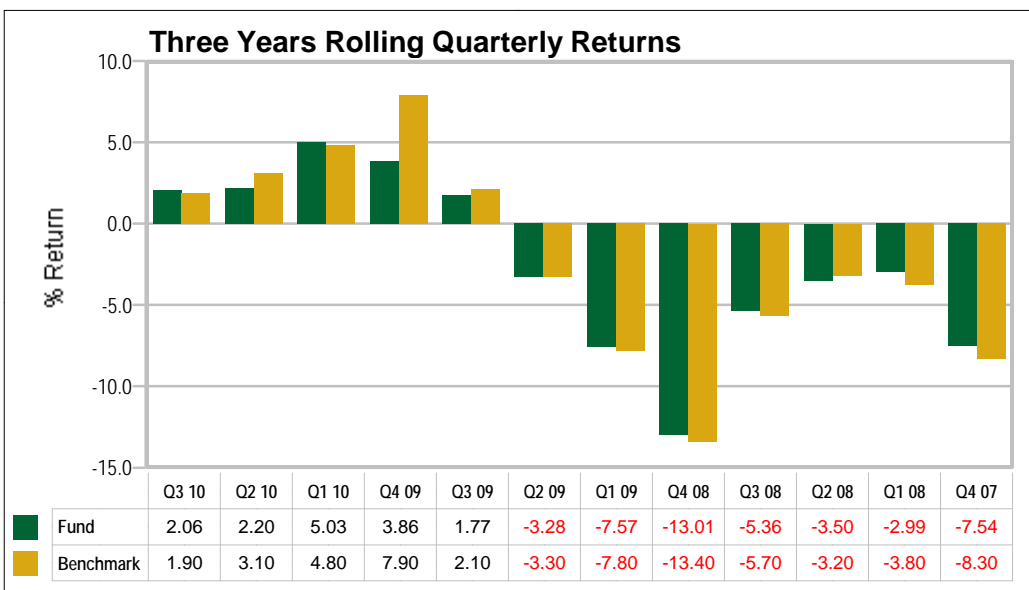


UBS Property



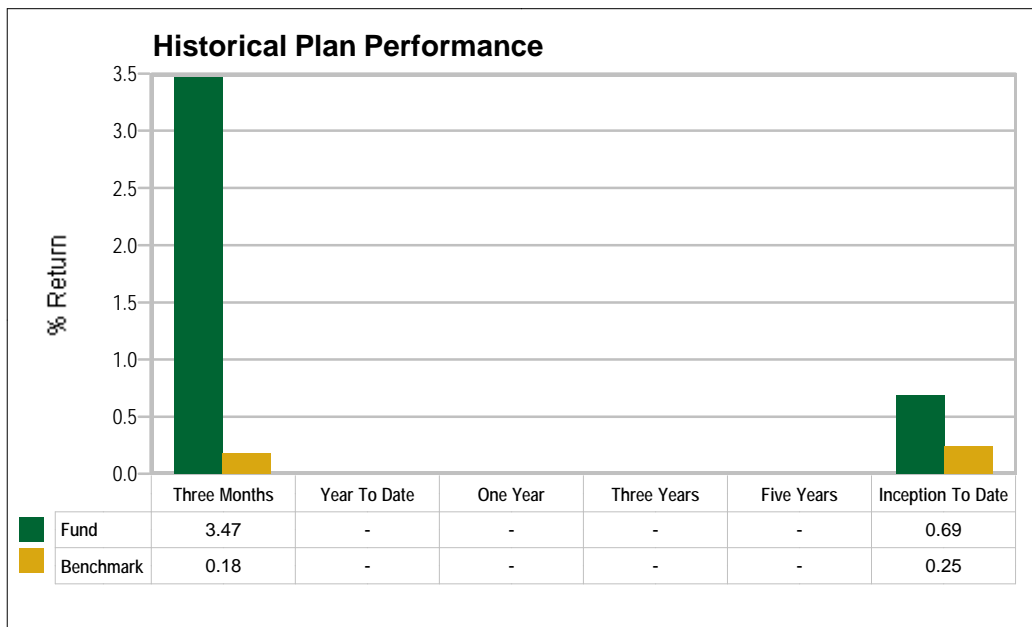
Risk Statistics - 3 years

	Fund	B'mark
Performance Return	-9.64	-8.98
Standard Deviation	6.65	7.04
Relative Return	-0.72	
Tracking Error	2.77	
Information Ratio	-0.24	
Beta	0.88	
Alpha	-2.22	
R Squared	0.87	
Sharpe Ratio	-2.02	-1.82
Percentage of Total Fund	8.5	
Inception Date	Mar-2006	
Opening Market Value (£000)	44,054	
Net Investment (£000)	-0	
Income Received (£000)	458	
Appreciation (£000)	451	
Closing Market Value (£000)	44,963	

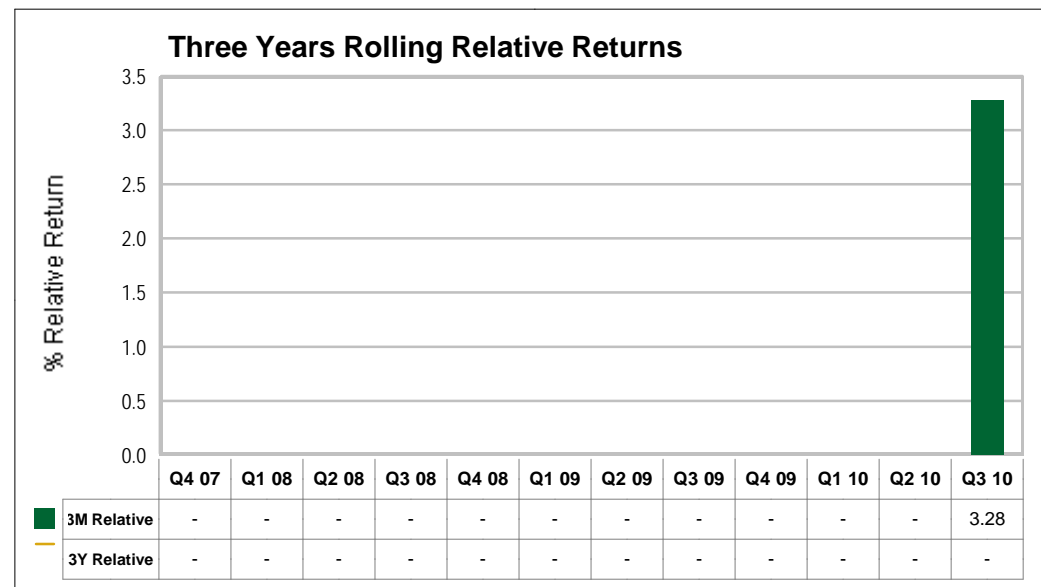
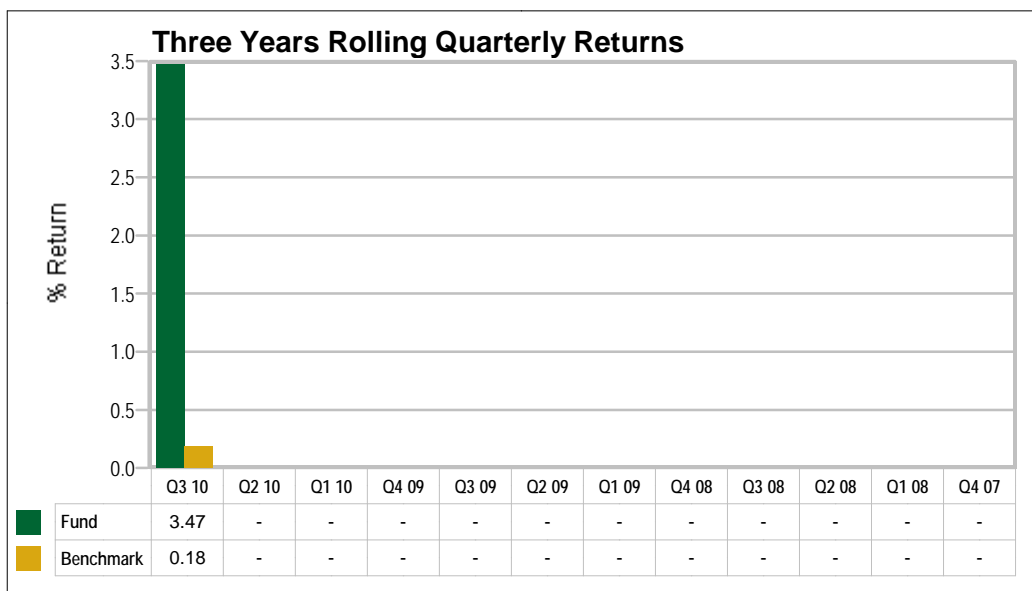




Ruffer

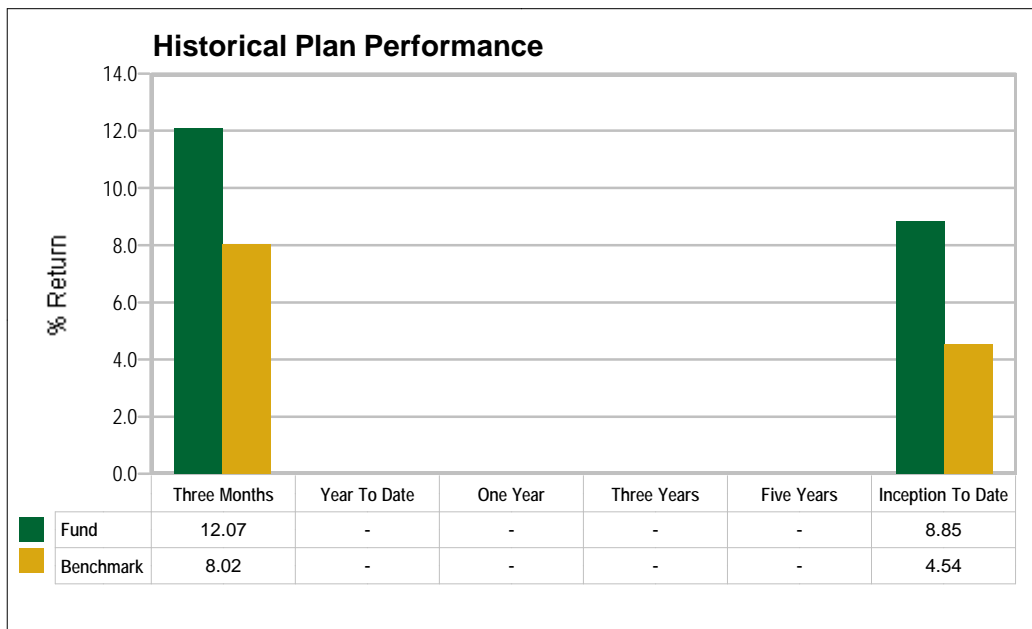


Risk Statistics - 3 years	Fund	B'mark
Performance Return	-	-
Standard Deviation	-	-
Relative Return	-	-
Tracking Error	-	-
Information Ratio	-	-
Beta	-	-
Alpha	-	-
R Squared	-	-
Sharpe Ratio	-	-
Percentage of Total Fund	9.6	
Inception Date	May-2010	
Opening Market Value (£000)	48,955	
Net Investment (£000)	0	
Income Received (£000)	220	
Appreciation (£000)	1,477	
Closing Market Value (£000)	50,653	

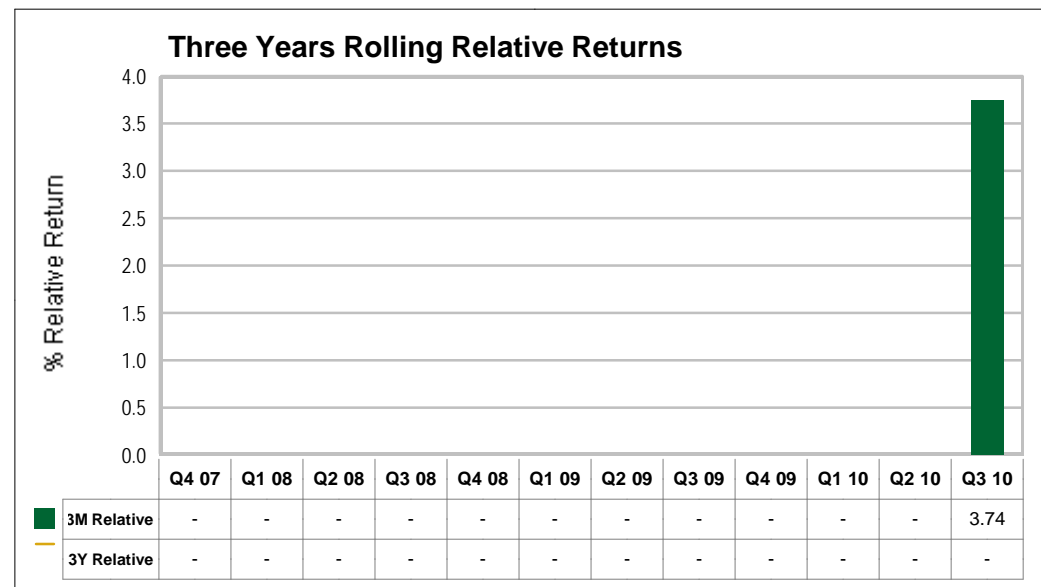
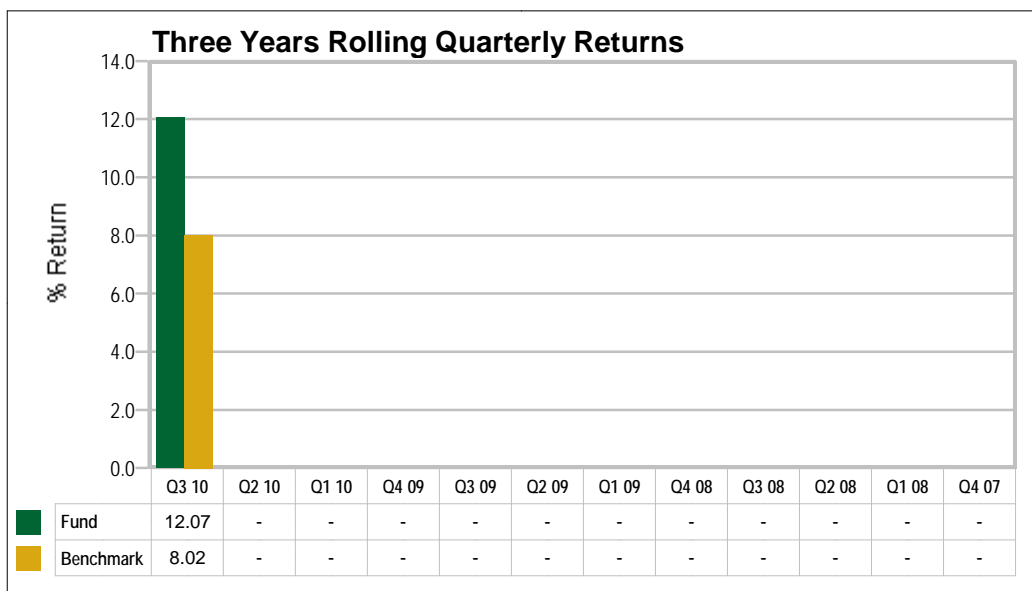




Marathon

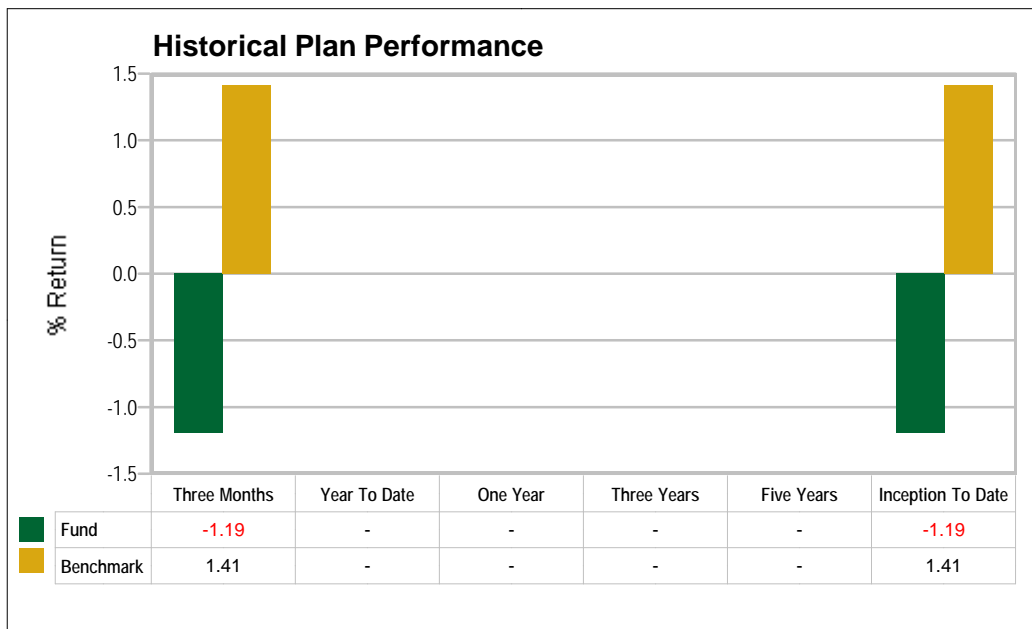


Risk Statistics - 3 years	Fund	B'mark
Performance Return	-	-
Standard Deviation	-	-
Relative Return	-	-
Tracking Error	-	-
Information Ratio	-	-
Beta	-	-
Alpha	-	-
R Squared	-	-
Sharpe Ratio	-	-
Percentage of Total Fund	10.1	-
Inception Date	Jun-2010	-
Opening Market Value (£000)	47,432	-
Net Investment £(000)	0	-
Income Received £(000)	0	-
Appreciation £(000)	5,723	-
Closing Market Value (£000)	53,155	-

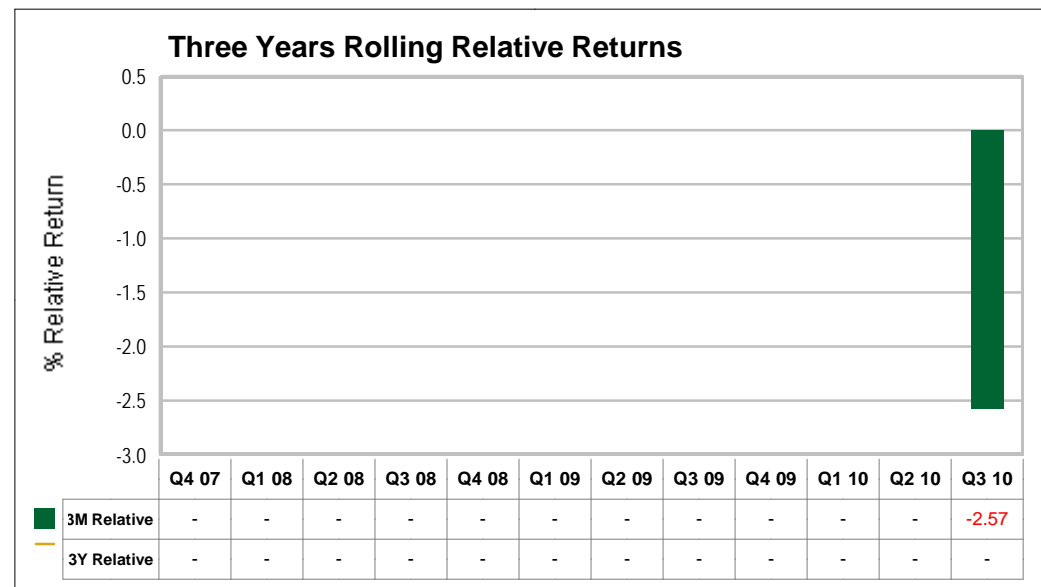
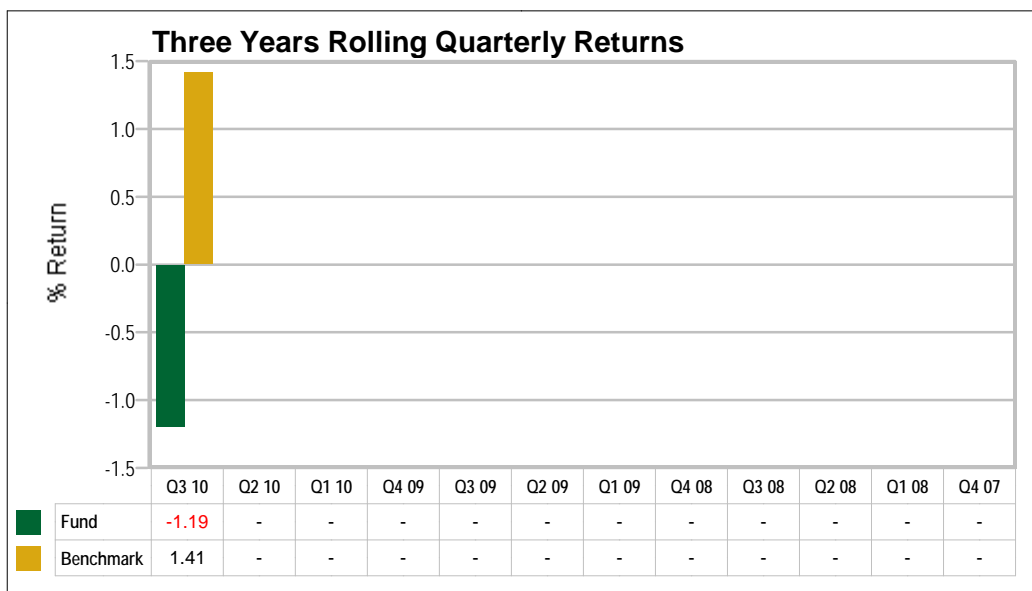




Fauchier



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	4.6	
Inception Date	Jun-2010	
Opening Market Value (£000)	0	
Net Investment £(000)	24,800	
Income Received £(000)	0	
Appreciation £(000)	-296	
Closing Market Value (£000)	24,504	





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 FTSE AW 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 Gilts 5+ Yrs
- 10.5 UBS Property Index

SSGA

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

SSGA Drawdown

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

Alliance Bernstein

- 30.0 FTSE AW Developed Europe ex UK
- 35.0 FTSE AW North America
- 15.0 FTSE AW Japan
- 10.0 FTSE AW Developed Asia Pac ex Japan
- 10.0 FTSE AW Emerging Markets

Goldman Sachs

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

UBS

- 100.0 FTSE All Share

UBS Property

- 100.0 HSBC All Balanced Funds

Ruffer

- 100.0 LIBOR 3 Month GBP

Marathon

- 100.0 MSCI World

Fauchier

- 100.0 LIBOR 3 Month +5%



Previous Benchmark

Alliance Bernstein

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

**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)

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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