



4th Quarter, 2010

London Borough of Hillingdon

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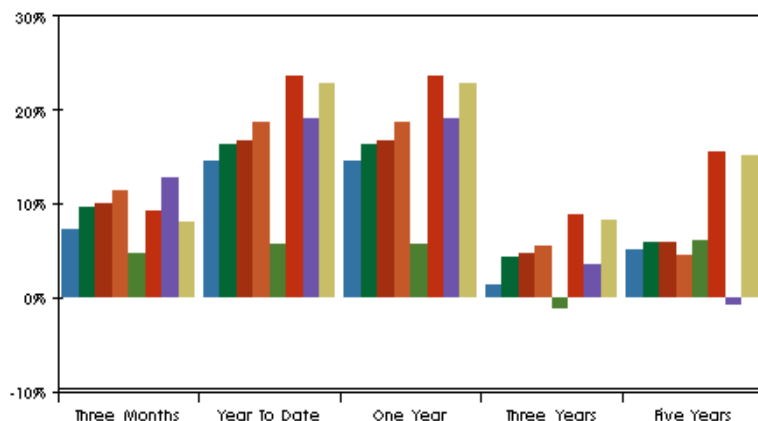
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Equity Index Performance(in GBP)

Performance History



Performance Returns%

	Three Months	Year To Date	One Year	Three Years	Five Years
■ FTSE All Share	7.4	14.5	14.5	1.4	5.1
■ FT: World	9.7	16.3	16.3	4.4	5.8
■ FT: Worldex: UK	10.0	16.7	16.7	4.8	5.9
■ FT A/W: United States	11.5	18.8	18.8	5.6	4.5
■ FT: Developed Europe ex UK	4.7	5.7	5.7	-1.1	6.1
■ FT A/W: Japan	12.8	19.0	19.0	3.5	-0.8
■ FT: Developed Asia Pac x Jp	9.3	23.7	23.7	8.9	15.7
■ MSCI Emerging Markets GD	8.1	22.9	22.9	8.3	15.2

All index returns are in GBP terms unless stated otherwise.

2010 finished on a strong quarter and although all equity indexes remain firmly in the black the year was not as strong as 2009. Fortunately, fears of a double-dip recession proved unfounded with global growth of 3.9% for 2010. One must look to the three year returns to find equity market losses; here the echoes of 2008 continue to haunt balance sheets. The global economy remains divided; in the developed world sovereign debt, damaged banking systems and fiscal austerity make recovery uncertain. 2010 Industrial Economies GDP came in at 2.4%. In the emerging markets; can wage and price inflation be managed? Asian and South American markets are booming, providing the demand the global economy needs. 2010 Emerging Markets GDP came in at 7%. Despite the divide global stocks are hitting their best levels in more than 2 years. The latest global growth estimate from the World Bank is 3.3% for 2011. Mining and manufacturing stocks produced the strongest gains while defensive companies tended to underperform. Demand from emerging economies and investors seeking an alternative haven for wealth saw gold and copper prices rise by 29% and 31% respectively. The price of crude oil finished Q4 up at \$92 per barrel. The FTSE World was up by 9.7% (GBP) over quarter 4 2010 and remains ahead over 1 year, now by 16.3% (GBP).

UK Domestic demand proved stronger than expected over 2010 despite higher taxes as consumers boosted spending. This sentiment faltered towards the end of the year as UK consumer confidence fell to a 20 month low and VAT increased. The jobs market showed signs of recovery with vacancies rising, that statistic lives in the shadow of half a million public sector jobs due to be cut over four years and the same predicted for the private sector. Despite the proposed cuts the government is planning to lend £7bn to the Irish Republic due to its importance to the UK economy. GDP increased by 0.7% in the third quarter of 2010 in a downward revision but that remains 2.7% higher than the third quarter of 2009. House prices unexpectedly posted their first small gain in 7 months. Oil & Gas and Basic Materials continued to outstrip all other sectors over Q4 with Telecoms just behind. Financials and Health Care suffered weaker quarters. CPI finished the year at 3.7% on an upward trend. The FTSE All Share was up 7.4% (GBP) over the fourth quarter and by 14.5% (GBP) over the year.

The German economy expanded by its greatest rate (+3.6%) since the 1990 reunification. Increased domestic demand on the high street and in investments is encouraging but has only partly reversed the contraction of 2009. The German policy of keeping the Eurozone afloat while minimising the exposure of German taxpayers looks set to continue. Emergency financing will still be an option for deficit countries but they will face high interest rates and be forced into rapid and brutal adjustments. Ireland and Greece remain mired in recession following their respective bail outs while Portugal and Belgium slipped in the same direction. Q3 Eurozone GDP was revised down from 0.4% to 0.3% and inflation surpassed the 2% threshold for the first time in more than 2 years at 2.2%. Defensive stocks finished the year on stronger notes while Financials and Telecoms struggled to the end of 2010. Unemployment increased slightly to 10.1%. The ECB has left its main rate unchanged at 1% since May 2009. The FTSE Europe ex UK index returned 4.6% (GBP) over quarter four and 5.8% (GBP) over the year 2010.

The S&P 500 run continued from Q3 to complete a solid six months to the end of 2010 but the US economy remains under pressure. US economic indicators have failed to convince all year; the unemployment rate fell but that was largely due to a decline in participation. Many commentators are predicting a double-dip downturn in the housing market as millions of homes stand empty; mortgage applications are down despite a decline in prices. The second wave of quantitative easing is due to be completed in June 2011. Better news sees US corporations posting record 4th quarter results as Apple Inc. and companies across sectors benefit from increased demand. All equity sectors gained; the largest increases coming in Materials, Oil & Gas and Industrials. Financials fared better than they did in Q3 while Utilities lagged behind. Third quarter GDP came in at 2.6% and the Federal Funds target rate has been maintained at its all time low of 0-0.25%. The FTSE North America index was up 11.6% (GBP) over the fourth quarter and by 19.1% (GBP) for 2010.

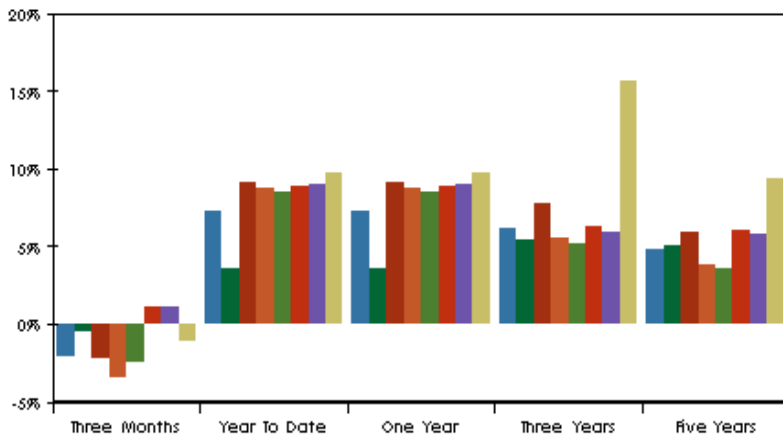
Japanese equity markets enjoyed a much stronger quarter and look set to benefit further as carmakers look forward to recovering demand in the US for their products. Third quarter GDP was up from Q2 at 1.1%. The FTSE Japan returned 12.8% (GBP) for Q4; the FTSE Asia Pacific ex Japan returned 10.8% (GBP). Asia Pacific markets were left unfazed by the frenzied threats the Koreans were making. The Brisbane flood waters did not rise to predicted levels although the natural disaster will be felt across Australia. Worryingly for developing nations the US food stocks forecast could presage a food price surge following on from the Russian drought. Mexico and Argentina finished 2010 in particularly strong fashion. Latin American equities remain strong but concern is growing in the region as commodity exports grow at the expense of manufacturing. History tells us that after the boom has moved on a damaged manufacturing sector may no longer be able to provide where it once did. MSCI Emerging Markets index returned 8.1% (GBP) for the fourth quarter.





Fixed Income Index Performance (in GBP)

Performance History



Performance Returns%

	Three Months	Year To Date	One Year	Three Years	Five Years
FISE All Stock Index	-2.1	7.2	7.2	6.1	4.8
FISE All Stock 0-5 Yr. Gilts	-0.5	3.6	3.6	5.4	5.1
FISE All Stock 5-15 Yr. Gilts	-2.3	9.1	9.1	7.7	5.9
FISE All Stock > 15 Yr. Gilts	-3.5	8.8	8.8	5.6	3.9
ML STG N-Gilts All Stocks	-2.4	8.4	8.4	5.1	3.6
FISE Index Linked	1.1	8.9	8.9	6.3	6.0
FISE Index Linked 5+ yrs	1.1	9.0	9.0	5.9	5.8
JPMI GBI Global	-1.1	9.8	9.8	15.6	9.3

2010 was a turbulent year for the financial markets with the sovereign debt crisis in Europe, the housing crisis and persistent unemployment in the US, the anticipation and in some cases implementation of QEII and the policy tightening in China. There was a strong correlation and the “risk on / risk off” theme dominated most asset classes. However global economic recovery has taken hold, although there are distinct growth differences between the faster growing emerging economies and the slower growing developed economies. In the emerging markets, upwards pressure from soaring commodity prices is beginning to show in inflation and prices data. The additional stimulus package announced in Q4 by the US Federal Reserve will help with growth, however it remains to be seen if this will be sufficient to reduce the unemployment rate. At the same time concerns are growing over the size of the US balance sheet, at the end of December it reached \$2.4trn as the Fed began its second round of bond purchases. In the UK and Eurozone growth in 2011 is expected to be subdued as austerity measures start to take effect.

At the beginning of the 4th quarter, discussions concerning a potential return to Quantitative Easing (QE) by the Bank of England (BoE) dominated the market however the surprising strength of preliminary Q3 GDP of 0.8% sharply reduced that probability. Although later revised down to 0.7%, this is still 2.7% higher than the 3rd quarter for 2009. The UK manufacturing purchasing manager survey (PMI) closed 2010 with a 16 year high of 58.3 (53.4 in Sept.) with output growth, export orders and employment rising rapidly for the sector. However input prices are also rising, while rising food prices, petrol and utility price rises saw the CPI rise to 3.7% in the year to December well above the BoE’s target level of 2%. The MPC kept the base rate on hold at 0.5% during the quarter, however December’s meeting minutes specifically noted the possibility that the CPI could reach 4% by the spring, considering the impact of the rise in the VAT rate to 20% prompting speculation of a rate increase. However the MPC will likely refrain until the effects of the austerity measures both domestically and in the euro zone can be assessed. The extension of the US fiscal stimulus program triggered a broad sell off over the quarter which saw the 10 year UK gilt yields rise from 2.95% at the end of September to close at 3.46%. Despite the sovereign debt concerns, some government bonds were rewarded, with longer term UK Gilts returning over 8% and some index linked returns rising as high as 12% due to uncertainty about inflation. The FTSE All Stock Gilts closed down at -2.1% (GBP) for the quarter, while the ML Sterling Non Gilts lost -2.4% (GBP).

The Euro area economic activity continues to be led by robust expansion in Germany but conditions in the euro area government bond markets remain difficult. The recovery is looking polarised as the ongoing strength of Germany and France is not matched by the periphery. This is highlighted by Spain and Ireland both contracting again, while Italy shows slowing growth. Ten year government bond yield spreads for Greece, Ireland and Spain over German bunds have risen further over the quarter. Ireland in particular, having received an €85bn EU-IMF bailout package in November saw spreads widen from 445bps at the end of September to 689bps in November before falling back as the ECB accelerated the pace of its bond purchases in early December. Major concerns remain over the health of the peripheral economies as a key issue for 2011 is the large funding requirement for euro governments this year – estimated at over €300bn. Europe’s economy expanded less than initially estimated in the 3rd quarter, as GDP was revised down to an increase of 0.3% on the 2nd quarter instead of 0.4%. Inflation rose 2.2% year on year in December, exceeding the ECB’s target for the first time in two years. The iTraxx Europe 5 yr index, representative of 125 investment grade entities across 6 sectors saw spreads contract from 111.04 at the end of September to 104.955 at the end of December. The JPM European Govt Bond index returned -3.1% (EUR) while the Barclay Capital Global Aggregate Credit index returned -0.01% (EUR) for the 4th quarter.

Following an assessment that progress towards its objectives of price stability and maximum employment has been “disappointingly slow”, the US Federal Reserve announced that it would purchase an additional \$600bn in longer-term Treasury securities by end of Q2, 2011. December saw agreement between President Obama and Congressional Republicans to extend the Bush-era tax cuts and other measures expected to cost \$800bn over the next two years. Yields have increased across the curve over the quarter with the 10 yr US Treasury rising from 2.52% at the end of September, peaking mid December at 3.53% before closing at 3.37%. Data coming in for December indicates the recovery in the US economy is picking up momentum. The ISM manufacturing report for December showed growth expanding for the 17th consecutive month with the index at 57, up from 56.6 in November. Unemployment has fallen to 9.4%, the lowest since May 2009 and down from 9.8% in November. This is tempered however by a drop in the number of workers hired and a large number of people giving up looking for work. For the quarter the JPM US Govt Bond index returned -2.7% (USD) while the Barclay Capital US Aggregate Corporate Bond index returned -1.6% (USD).

All index returns are in GBP terms unless stated otherwise.





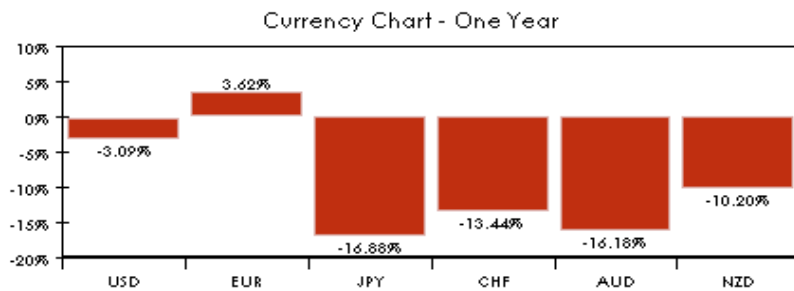
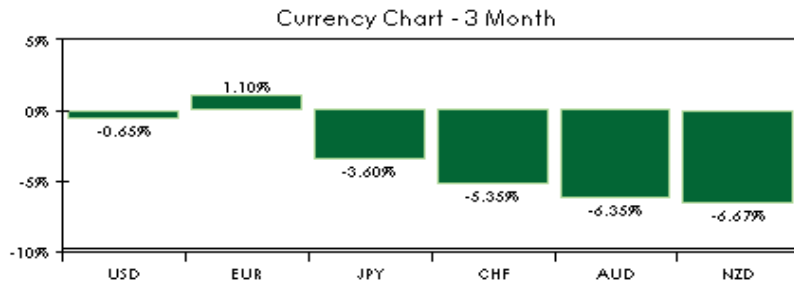
Currency Performance (in GBP)

The US dollar was a strong performer during Q4 2010 as investors sought a safe haven from the uncertainties caused by the Eurozone crisis in Ireland and Portugal. The Australian Dollar and New Zealand Dollar both strengthened during Q4 2010. As the best performing currency by far in 2010, the Australian dollar has enjoyed an impressive rally on the back of strong economic growth. The Reserve Bank of Australia is the only central bank in the developed world to aggressively hike interest rates. The New Zealand dollar continues to outperform on the back of strong performances of commodities like agriculture and livestock. One of the key currency factors this quarter was the continued bickering between the US and China where the US argued that China was keeping the value of the Yuan low to help its exporters at the expense of overseas competitors. The stronger yen has meant demand for exports has weakened, fuelling concerns for the recovery of the Japanese economy, the world's second largest.

In the UK, The pound came under pressure this quarter as fears over the health of the UK economy resurfaced. Investors questioned the building optimism surrounding sterling as figures showed UK unemployment and inflation were both rising, while consumer confidence was falling sharply. The UK unemployment rate is sitting at 7.9%, and there were 2.5 million unemployed people. Adding to the pressure on the pound was a report from the Bank of England in December, which confirmed the central bank was concerned that the UK financial system was vulnerable to further turmoil in the euro zone. The UK housing market has been a tale of two halves in 2010, with growth in the first half of the year followed by a period of stagnation as concerns over the economic outlook grew. The pound has suffered due to this deterioration of the UK housing market contributing to the fall against the USD. Sterling closed the quarter down against the US Dollar by -0.6% and the Yen by -3.6%, however was up against the Euro by 1.1%.

In the US, America's central bank announced that it would pump an additional \$600bn (£372bn) into the ailing US economy over the next eight months in an attempt to accelerate growth and cut unemployment. Expressing concern at the sluggish recovery, the Federal Reserve said it would buy \$75bn of long-term Treasury bills each month until the middle of next year. The expansion of the Fed's quantitative easing program was accompanied by a pledge to keep interest rates at ultra-low levels for an extended period. Housing prices and consumer confidence fell by more than expected, emphasising the risk that a weak housing market will harm domestic demand and undermine the US economic recovery. The trade deficit declined by 13.2 per cent to \$38.7bn. That was its lowest level since January. The Dollar closed the quarter gaining against the Pound by 0.6% and Euro by 1.7%, however was down against the Yen by 3.0%.

In the Euro area, apart from Ireland, Portugal and Spain, where financial market tensions have risen of late, the economic recovery in the Eurozone remains on track on the back of the continued soft U.S. economic data. Ireland has tested the Eurozone's firefighting capabilities but in macroeconomic terms it is, so far, a small explosion within the Eurozone with no real consequences in the Euro region as a whole. Ireland's credit rating has been downgraded by five notches from Aa2 to Baa1 and put on negative outlook by Moody's. Moody's said the negative outlook reflected concerns that the government's financial position could deteriorate. The jobless rate in the Eurozone reached a record 10.1 per cent. Germany's domestic unemployment indicator dropped to 7.5 per cent, its lowest level in 18 years, highlighting the chasm between Germany's healthy economy and the cloudier picture for Eurozone countries such as Greece and Ireland. Whereas Germany's unemployment rate is down 0.4 per cent in the past 12 months, joblessness has risen 1.7 per cent in Spain, where it stands at 20.7 per cent. The Euro ended the quarter falling against the US Dollar, Sterling and Yen at 1.7%, 1.1% and 4.7% respectively.



Currency Returns%

	Three Months	Year To Date	One Year	Three Years	Five Years
United States dollar	-0.65	-3.09	-3.09	-8.00	-1.84
European Union euro	1.10	3.62	3.62	-5.13	-4.41
Japanese yen	-3.60	-16.88	-16.88	-18.66	-9.34
Swiss franc	-5.35	-13.44	-13.44	-14.47	-8.77
Australian dollar	-6.35	-16.18	-16.18	-13.15	-8.53
New Zealand dollar	-6.67	-10.20	-10.20	-8.50	-4.58

All index returns are in GBP terms unless stated otherwise.



Scheme Performance

In the final quarter of the year continued growth in equity markets helped the London Borough of Hillingdon to a 5.13% return, however against the Total Plan benchmark return of 6.08% this equates to a relative underperformance of -0.89%. As with last quarter underweighting equity markets was the main detriment to performance, with the most notable decision in North America (28 of the negative 50 basis points). While in bonds the largest single negative effect was overweighting Corporate Bonds (-29 bps) and while Index Linked instruments did see growth in this quarter, it was not as much as the equity markets so again an overweight position led to -17 basis points. Stock selection on the other hand was mostly positive, with the most significant effect coming from stock-picking in Continental Europe.

This means that the Scheme finishes the year with a healthy 10.82% growth in assets, however on a relative basis it's exactly 3% below the target set by the blended benchmark. Looking at the 2010 results stock selection seems to be the main cause of this underperformance with an effect of -1.74%, the biggest factor in this time period is stock picking in the UK, which has an impact of -1.57%. This picture is repeated in selection effects across all equity segments, accumulating in the Overseas group detracting -0.86%, which is only slightly offset by some good selection of Corporate Bonds producing positive 0.76% effect. Asset Allocation is not affecting the results much with the gains made in equity more than offset by the overweighting of Corporate Bonds and Index linked Gilts. Meanwhile, currency effects also had a negative impact over the year, with the two main factors being within Corporate Bonds (-0.81%) and underweighting one of the strongest currencies in 2010, the Yen (-0.46%).

For longer periods still 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 6.52% is 47 basis points behind the benchmark of 7.03%.

Manager Performance

Alliance Bernstein

During the 4th quarter Alliance Bernstein achieved a 9.06% versus the benchmark of 9.19%, giving a relative return of -12 basis points. Despite some good stock-picking in North America, Asia Pacific and Europe (adding 37, 36 & 23 basis points respectively) this was countered by selection decisions in Emerging Markets and Japan (-59 & -19 basis points). While also contributing to the underperformance was an allocation to cash (-23 bps) and some slightly negative currency effects (totaling -9 basis points). Underperformance is seen in all the longer time periods, with a 2010 calendar year performance of 7.41% against a benchmark of 12.41% while over 3 years the underperformance rises to -5.57% on a relative basis. Since inception (2nd Quarter 2006) the fund is now back in positive territory with a 0.28% return, but this still falls short of the benchmark by -3.73%.

Goldman Sachs

Falling bond markets lead to Goldman Sachs posting a -1.18% return, however this was still 14 basis points ahead of their benchmark return of -1.32%. Now over the last twelve months the fund's return of 9.08% is up 43 basis points on a relative basis; with the fund staying close to its 70/30 split this outperformance can be attributed to fixed income selection. Despite this now making it 6 positive quarters from the last 7, the underperformance seen prior to 2nd quarter 2009 continues to drag down longer timeframes, with the relative underperformance of -0.97%, -0.69% and -0.55% for the 3 year, 5 year and since inception periods respectively.

SSGA

During the final quarter of 2010 SSGA returned 6.36% exactly the same as the balanced benchmark they are measured against, giving them one year figure of 14.18%, only 2 basis points ahead of the index. Looking within these results shows us the manager maintains a neutral weighting position while matching the regional indices. The same is seen since the inception of the fund, with the return since November 2008 of 21.52% versus the benchmark of 21.46%.

SSGA Drawdown

For the first time the SSGA Drawdown fund fell short of its benchmark with a -1.34% quarterly return versus -1.17%, -0.17% in relative terms. In spite of this the fund remains ahead of target for 2010 with their 4.79% return outperforming relatively by 39 basis points. A similar story is seen in the inception to date period, with the return of 6.59% being 37 basis points ahead of its benchmark on a relative basis.



Manager Performance

UBS

During the latest quarter UBS again achieved a positive relative return, with a return of 7.55% against the FTSE All Share's 7.38%. Within allocation decisions, again underweighting Basic Materials detracted from performance (-63 bps), but offset by the underweight position in Financials (51 bps). The driver of the good performance this quarter was the stock selection, with the notable sectors being Industrials, Basic Materials and Consumer Goods, adding 51, 36 and 24 basis points respectively, although slightly countered by the Financial stocks held (-60 bps).

However, predominantly due to the 2nd quarter figures they finish 2010 with their 12.29% return being -1.94% down on the index in relative terms. The 1 year result can be mostly explained by stock selection, despite the positive 1.38% coming from Industrials, the sectors Consumer Goods (-1.24%) and Services (-0.65%) were the most significant negative effects, while the most notable asset allocation decision was still underweighting Basic Materials (-0.64%).

In longer time periods the underperformance is still seen in the 3 and 5 year figures, with relative returns of -1.37% and -1.96% respectively. However, the inception to date return of 10.23% outperforms by 0.96%, when compared to the benchmark of 9.18% for the same period.

UBS Property

UBS Property produced 1.36% growth during the 4th quarter, but against the benchmark return of 1.90% means a 53 basis point underperformance. Property markets, like equity, were strong in 2010 and the fund finishes the year with an 11.05% return, however this is still below the IPD benchmark of 12.19%. Over longer time periods it's still the figures seen in the fourth quarter 2009 that drives the underperformance; with a 3 year relative return of -1.17%. Since inception in April 2007 the return from property investments is -2.99% per annum versus -2.16% an underperformance of the benchmark by 85 basis points on a relative basis.

Manager Performance

M&G Investments

Over the last three months M&G Investments achieved a 0.45% return on an absolute basis, while since the end of May 2010, this leads to a 1.8% absolute return.

At present no benchmark has been applied to this mandate.

Ruffer

Ruffer posted a 5.77% return which is a long way above it's proxy benchmark of the LIBOR 3 Month GBP, which returned 0.18%. This now means since May 2010 their 6.5% return is 6.04% ahead of the LIBOR.

Marathon

During the 4th quarter Marathon underperformed relatively by -1.26%, with their figure of 8.28% versus the benchmark of 9.66%. However, since inception in early June 2010, the fund has obtained a 17.86% return against 14.63 for the benchmark resulting in an outperformance of 2.81% in relative terms.

Fauchier

Fauchier returned 2.08% in the latest quarter against the benchmark of 1.42%, a relative return of 65 basis points, however they still underperform since inception in July 2010, with a 0.86% return being -1.94% relative to the benchmark of 2.85%.



Active Contribution

By Manager

	10/10					11/10					12/10					Active Contribution 4Q 2010
	Portfolio	Benchmark	Excess Return	Relative Return	Active Contribution	Portfolio	Benchmark	Excess Return	Relative Return	Active Contribution	Portfolio	Benchmark	Excess Return	Relative Return	Active Contribution	
Alliance Bernstein	2.90	2.03	0.87	0.85	503,647.14	-0.84	-0.18	-0.66	-0.66	-383,583.78	6.88	7.21	-0.33	-0.31	-204,667.83	-84,604.48
Goldman Sachs	-0.62	-0.73	0.11	0.11	71,170.67	-1.32	-1.51	0.19	0.19	122,016.61	0.77	0.93	-0.17	-0.16	-108,694.40	84,492.88
SSGA	1.64	1.64	-0.00	-0.00	-348.36	-1.29	-1.27	-0.02	-0.02	-16,723.08	6.02	6.00	0.02	0.01	17,008.02	-63.42
SSGA Drawdown	-0.21	-0.19	-0.03	-0.03	-5,367.52	-1.34	-0.98	-0.36	-0.36	-73,277.85	0.22	-0.00	0.22	0.22	41,396.87	-37,248.51
UBS	2.62	2.53	0.09	0.08	91,989.88	-2.54	-2.26	-0.28	-0.29	-294,371.84	7.53	7.14	0.39	0.37	434,994.22	232,612.26
UBS Property	0.46	0.65	-0.19	-0.19	-86,351.14	0.93	0.68	0.26	0.25	116,062.11	-0.04	0.56	-0.60	-0.60	-274,759.75	-245,048.77
M&G Investments	0.00	-	-	-	0.00	-0.00	-	-	-	0.00	0.45	-	0.45	-	13,976.54	13,976.54
Ruffer	0.69	0.06	0.63	0.63	317,085.37	1.20	0.06	1.13	1.13	579,107.29	3.80	0.06	3.75	3.74	1,934,347.05	2,830,539.70
Marathon	1.70	2.24	-0.54	-0.52	-291,644.55	0.69	0.45	0.25	0.25	133,831.05	5.74	6.78	-1.04	-0.98	-606,888.07	-764,701.57
Fauchier	1.10	0.47	0.63	0.63	155,775.27	0.78	0.47	0.31	0.31	77,990.64	0.18	0.47	-0.29	-0.29	-72,818.37	160,947.54

Total Fund Market Value at Qtr End: £555.0 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	555.0	100.00	5.13	6.08	-0.94	-0.89	10.82	14.25	-3.43	-3.00	10.82	14.25	-3.43	-3.00

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	61.7	11.13	9.06	9.19	-0.13	-0.12	7.41	12.41	-5.00	-4.45	7.41	12.41	-5.00	-4.45
Goldman Sachs	65.7	11.84	-1.18	-1.32	0.13	0.14	9.08	8.61	0.47	0.43	9.08	8.61	0.47	0.43
SSGA	113.1	20.38	6.36	6.36	-0.00	-0.00	14.18	14.16	0.02	0.02	14.18	14.16	0.02	0.02
SSGA Drawdown	18.8	3.38	-1.34	-1.17	-0.16	-0.17	4.79	4.38	0.41	0.39	4.79	4.38	0.41	0.39
UBS	110.8	19.96	7.55	7.38	0.17	0.16	12.29	14.51	-2.22	-1.94	12.29	14.51	-2.22	-1.94
UBS Property	45.6	8.21	1.36	1.90	-0.54	-0.53	11.05	12.19	-1.14	-1.02	11.05	12.19	-1.14	-1.02
M&G Investments	3.1	0.56	0.45	-	-	-	-	-	-	-	-	-	-	-
Ruffer	53.6	9.65	5.77	0.18	5.59	5.58	-	-	-	-	-	-	-	-
Marathon	57.6	10.37	8.28	9.66	-1.38	-1.26	-	-	-	-	-	-	-	-
Fauchier	25.0	4.51	2.08	1.42	0.66	0.65	-	-	-	-	-	-	-	-
Nomura	0.1	0.02	18.41	-	-	-	15.05	-	-	-	15.05	-	-	-

Total Fund Market Value at Qtr End: £555.0 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	-0.15	2.93	-3.08	-2.99	2.92	5.38	-2.46	-2.33	6.52	7.03	-0.51	-0.47

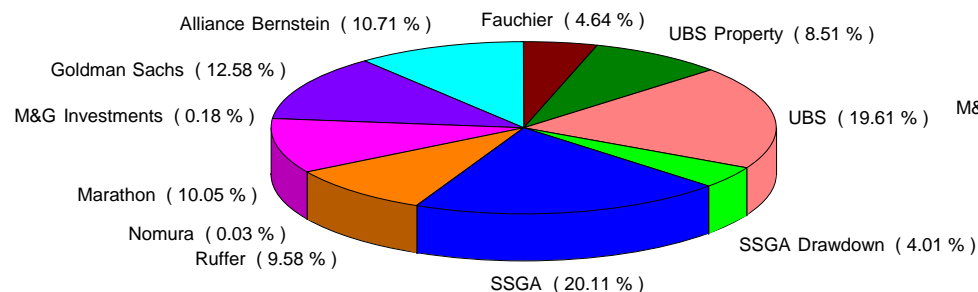
By Manager

	Portfolio	Benchmark	Excess Return	Relative Return	Portfolio	Benchmark	Excess Return	Relative Return	Inception Date	Portfolio	Benchmark	Excess Return	Relative Return
Alliance Bernstein	-3.58	2.11	-5.69	-5.57	-	-	-	-	31/03/06	0.28	4.16	-3.88	-3.73
Goldman Sachs	5.78	6.81	-1.03	-0.97	5.81	6.55	-0.74	-0.69	31/12/01	5.87	6.46	-0.58	-0.55
SSGA	-	-	-	-	-	-	-	-	30/11/08	21.52	21.46	0.06	0.05
SSGA Drawdown	-	-	-	-	-	-	-	-	30/06/09	6.59	6.19	0.40	0.37
UBS	2.70	4.12	-1.42	-1.37	3.92	6.00	-2.08	-1.96	31/12/88	10.23	9.18	1.05	0.96
UBS Property	-6.83	-5.72	-1.11	-1.17	-	-	-	-	31/03/06	-2.99	-2.16	-0.83	-0.85
M&G Investments	-	-	-	-	-	-	-	-	27/05/10	1.80	-	-	-
Ruffer	-	-	-	-	-	-	-	-	28/05/10	6.50	0.43	6.07	6.04
Marathon	-	-	-	-	-	-	-	-	09/06/10	17.86	14.63	3.23	2.81
Fauchier	-	-	-	-	-	-	-	-	30/06/10	0.86	2.85	-1.99	-1.94
Nomura	-	-	-	-	-	-	-	-	31/07/09	15.79	-	-	-

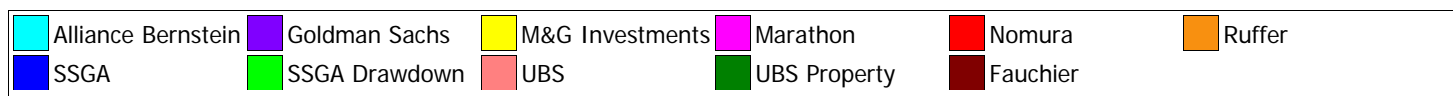
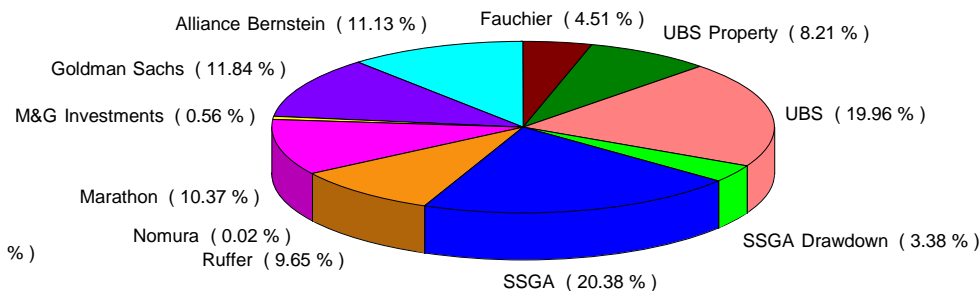
Total Fund Market Value at Qtr End: £555.0 M



Weighting at Beginning of Period



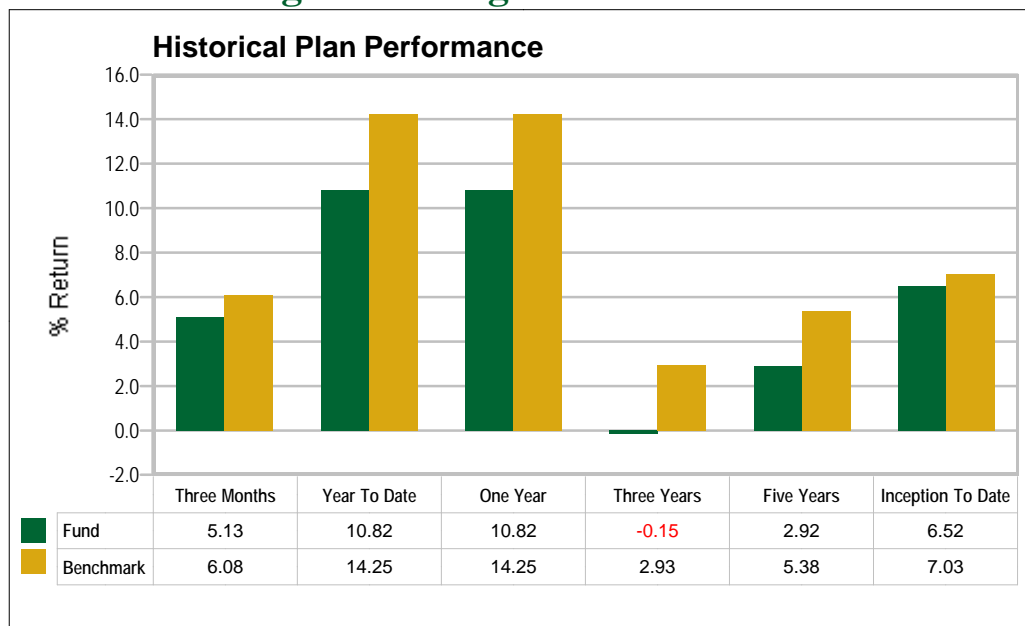
Weighting at End of Period



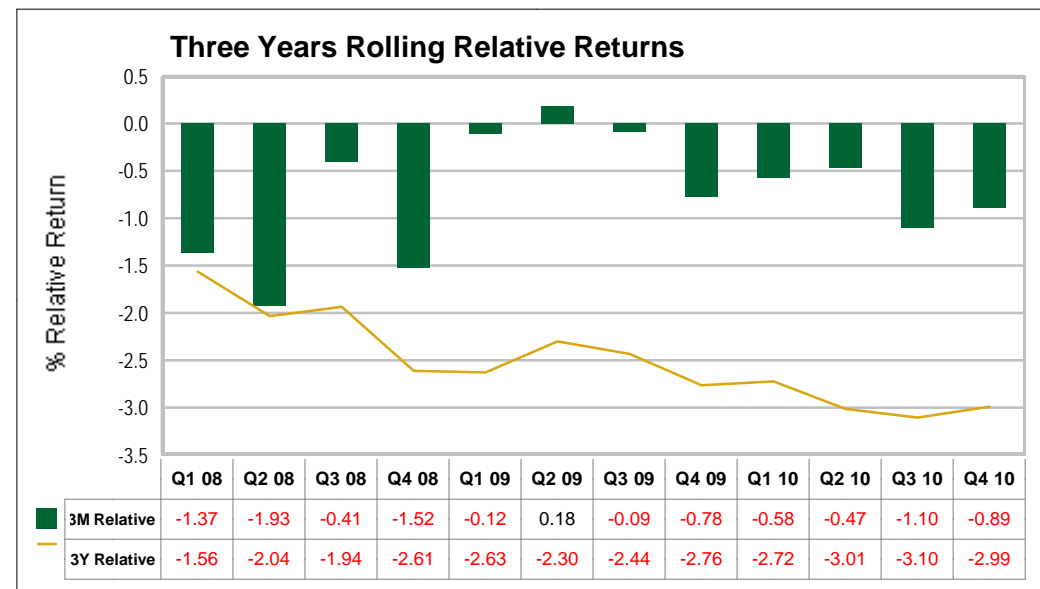
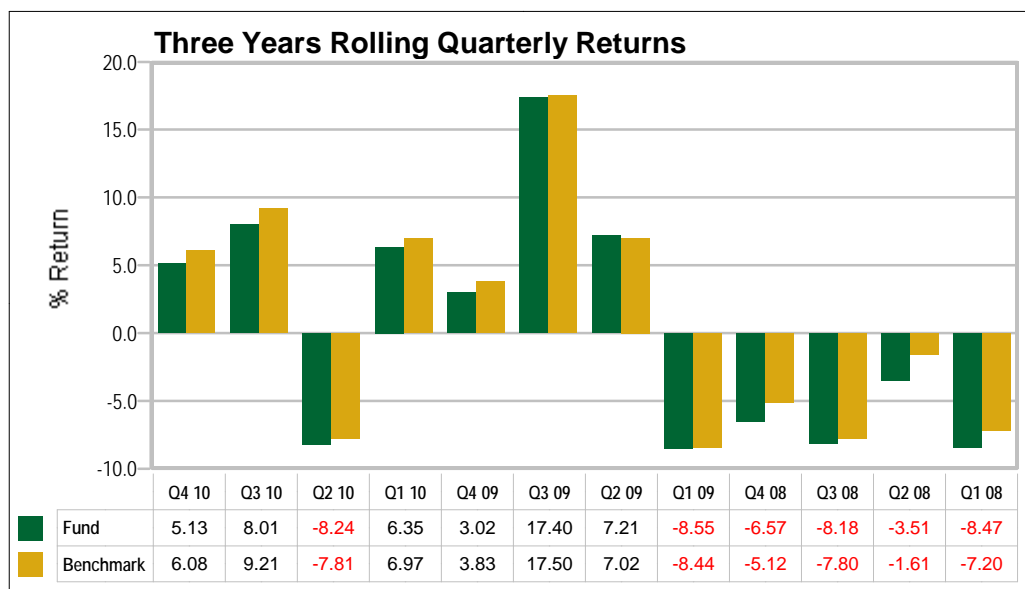
	Opening Market Value £(000)	% of Fund	Net Investment £(000)	Appreciation £(000)	Income Received £(000)	Closing Market Value £(000)	% of Fund
London Borough of Hillingdon	528,641	100.00	-744	25,500	1,596	554,992	100.00
Alliance Bernstein	56,621	10.71	-6	4,928	202	61,744	11.13
Fauchier	24,504	4.64		509		25,013	4.51
Goldman Sachs	66,483	12.58		-863	76	65,695	11.84
M&G Investments	934	0.18	2,143	30		3,107	0.56
Marathon	53,155	10.05		4,401		57,556	10.37
Nomura	151	0.03	-81	8	12	89	0.02
Ruffer	50,653	9.58		2,762	159	53,574	9.65
SSGA	106,334	20.11		6,765		113,099	20.38
SSGA Drawdown	21,185	4.01	-2,143	-286	-0	18,756	3.38
UBS	103,659	19.61	-658	7,067	718	110,785	19.96
UBS Property	44,963	8.51		180	430	45,573	8.21



London Borough of Hillingdon

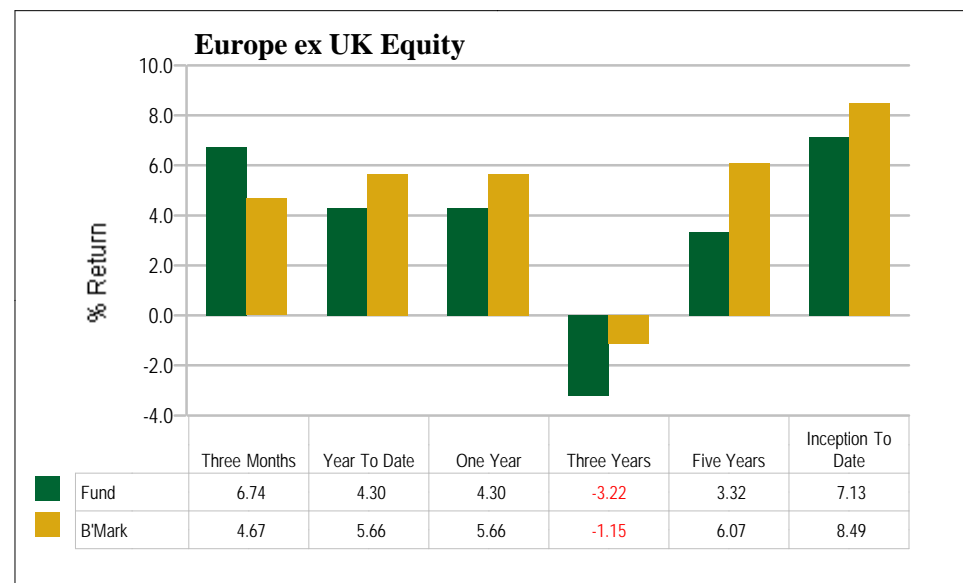
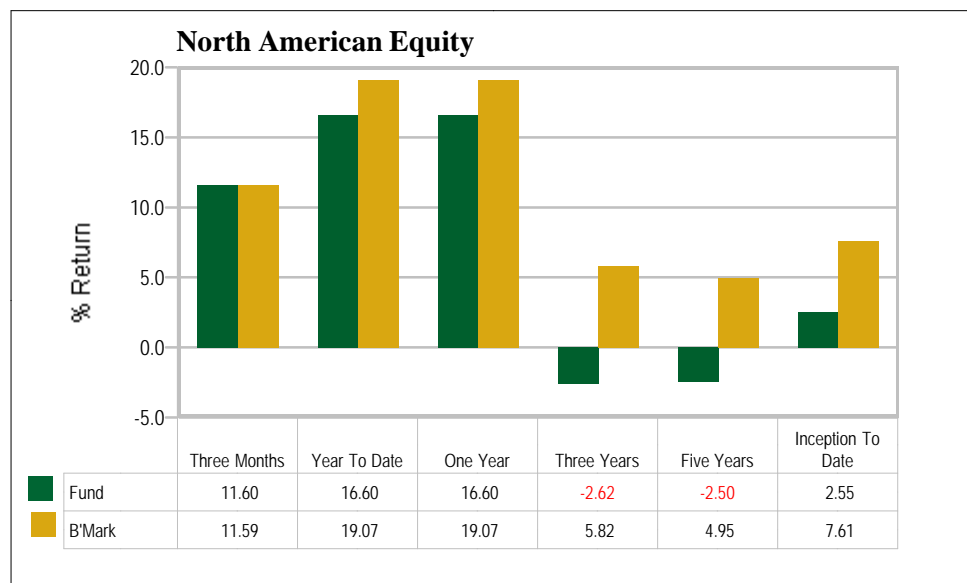
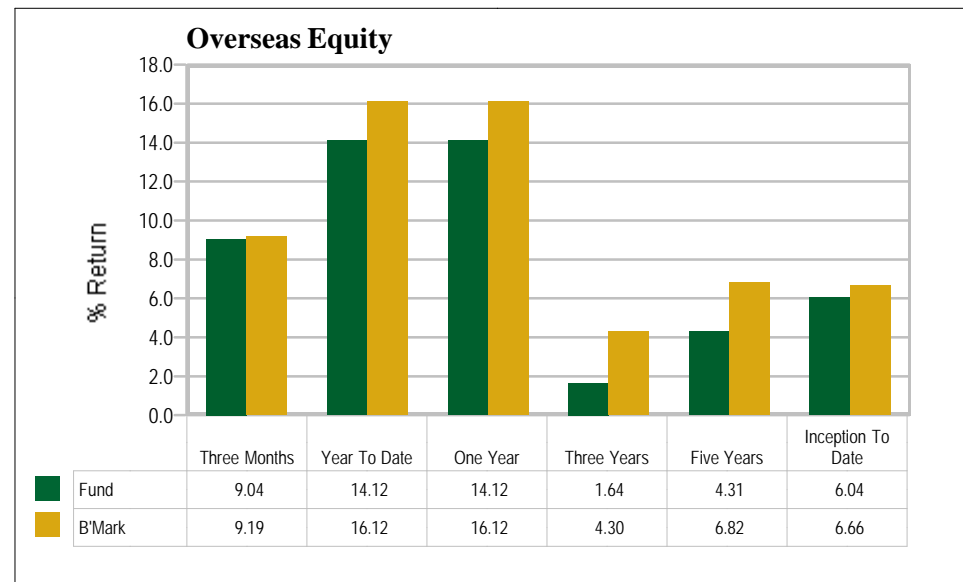
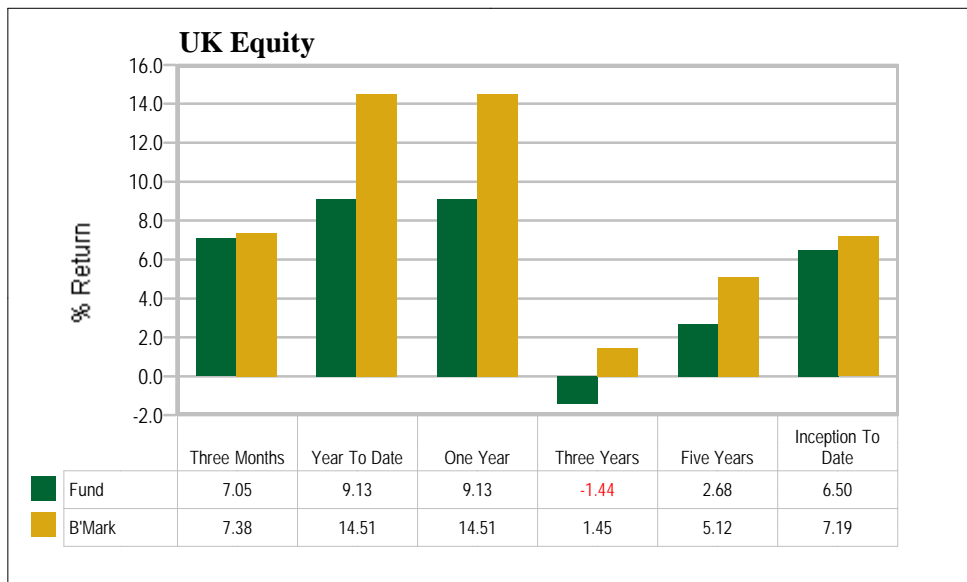


Risk Statistics - 3 years	Fund	B'mark
Performance Return	-0.15	2.93
Standard Deviation	16.23	15.98
Relative Return	-2.99	
Tracking Error	1.44	
Information Ratio	-2.13	
Beta	1.01	
Alpha	-2.96	
R Squared	0.99	
Sharpe Ratio	-0.21	-0.02
Percentage of Total Fund	100.0	
Inception Date	Sep-1995	
Opening Market Value (£000)	528,641	
Net Investment (£000)	-744	
Income Received (£000)	1,596	
Appreciation (£000)	25,500	
Closing Market Value (£000)	554,992	



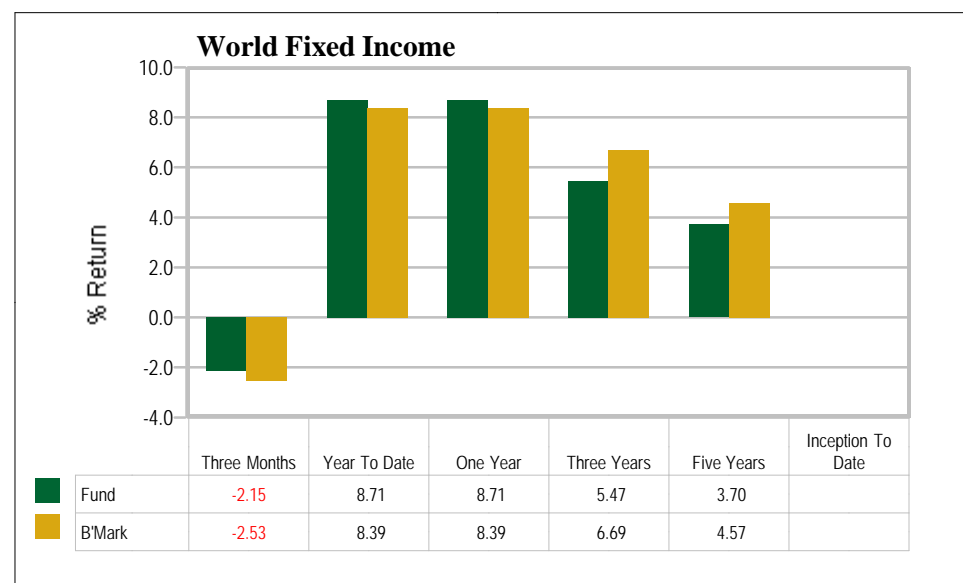
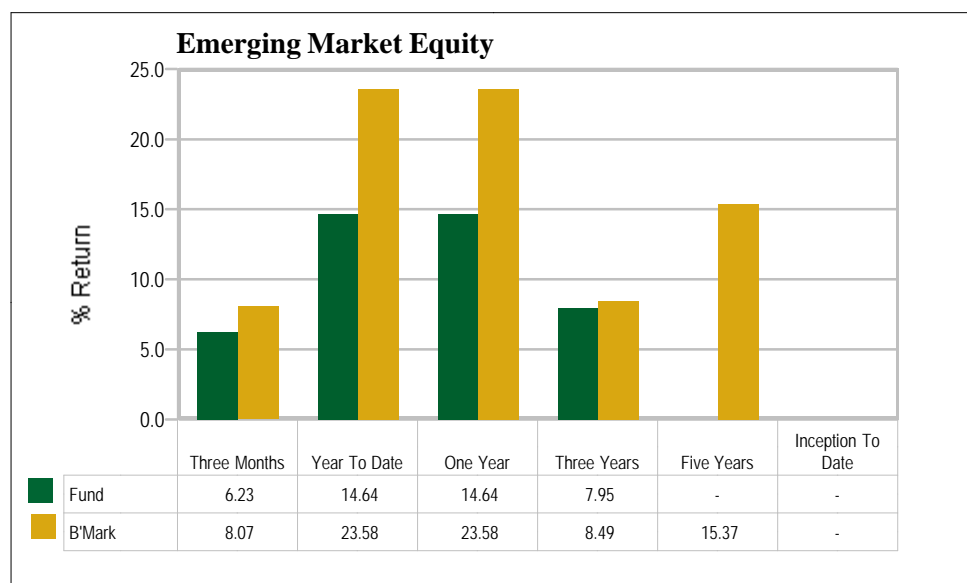
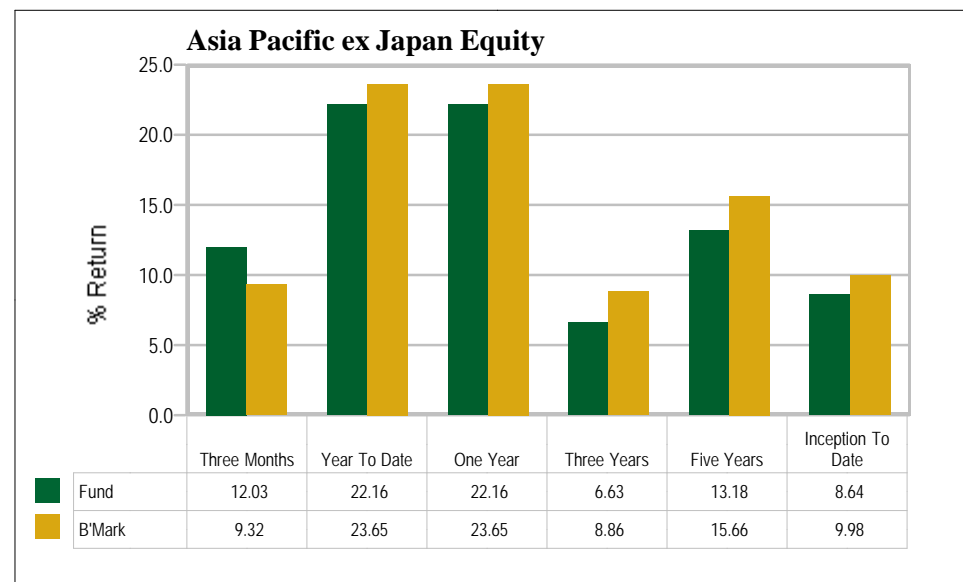
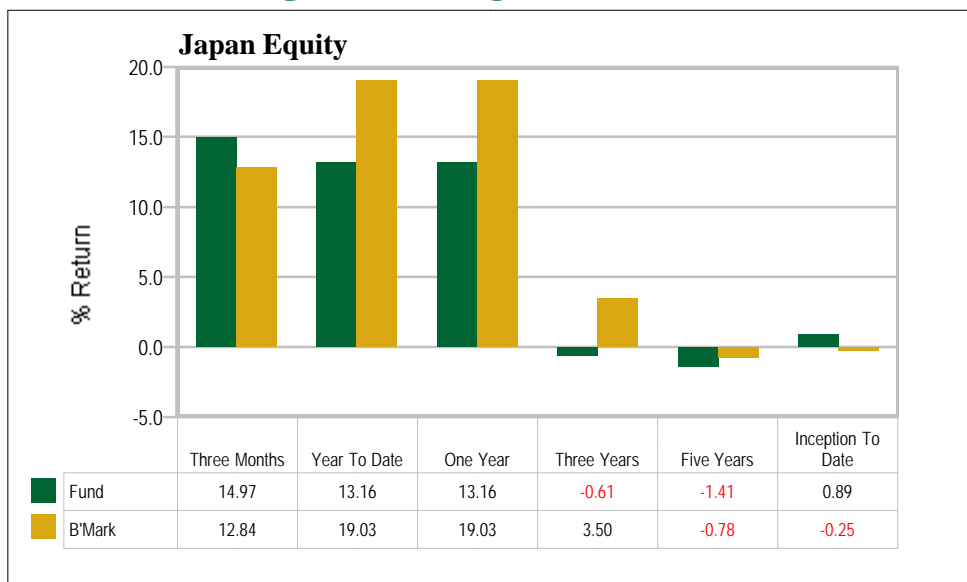


London Borough of Hillingdon



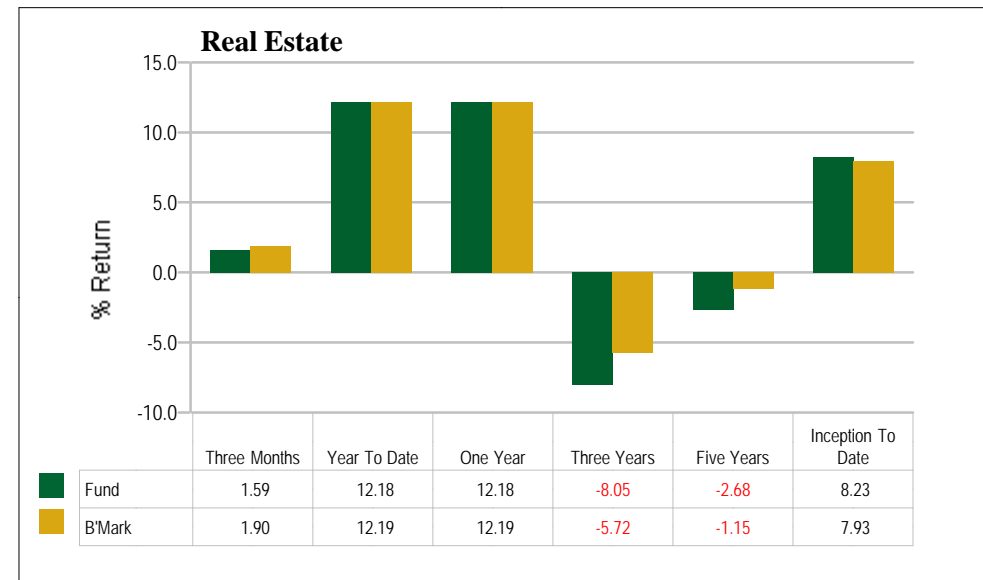
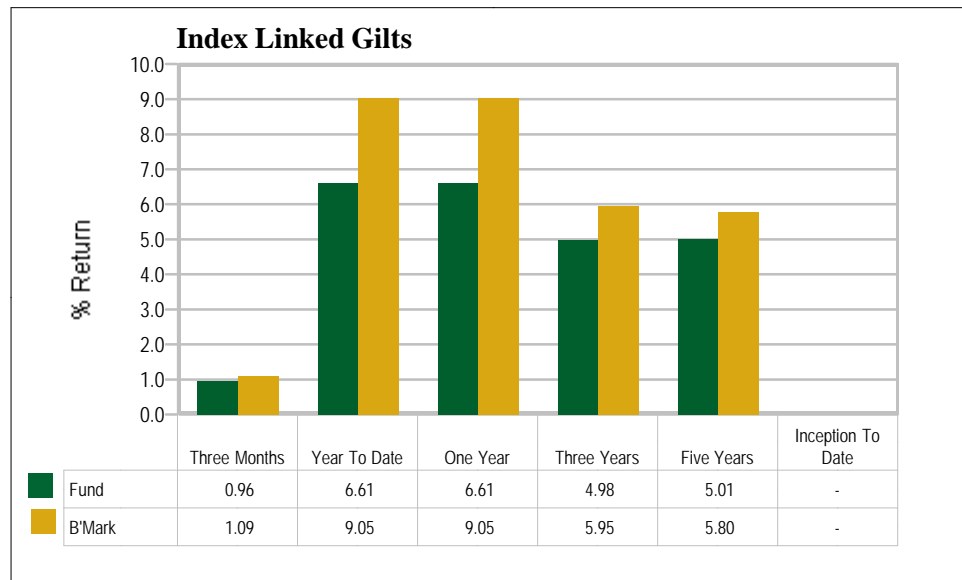
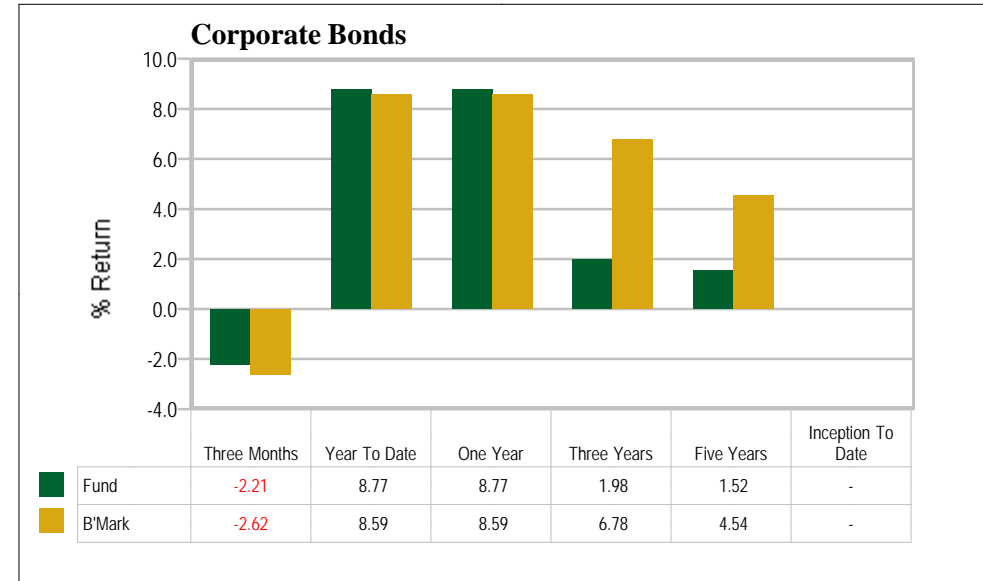
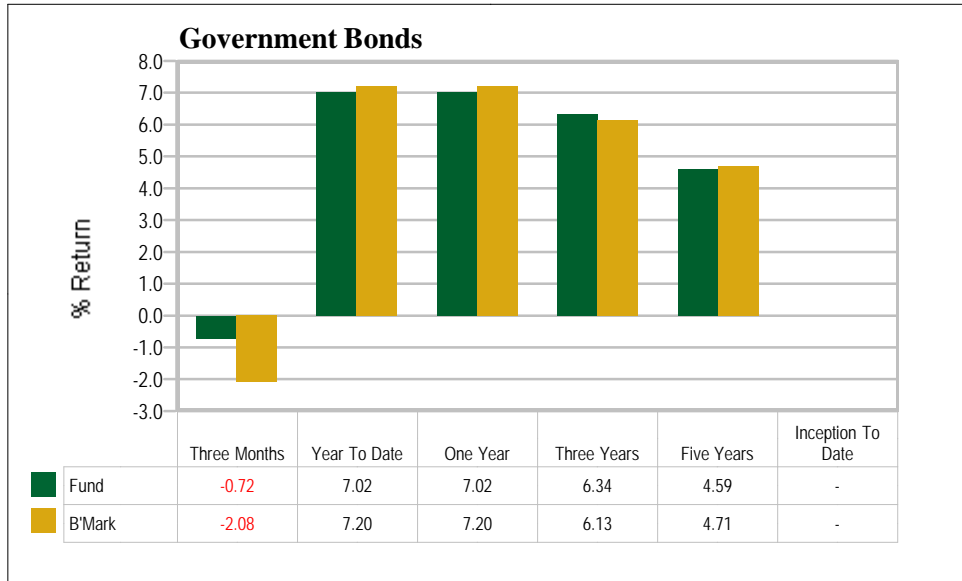


London Borough of Hillingdon





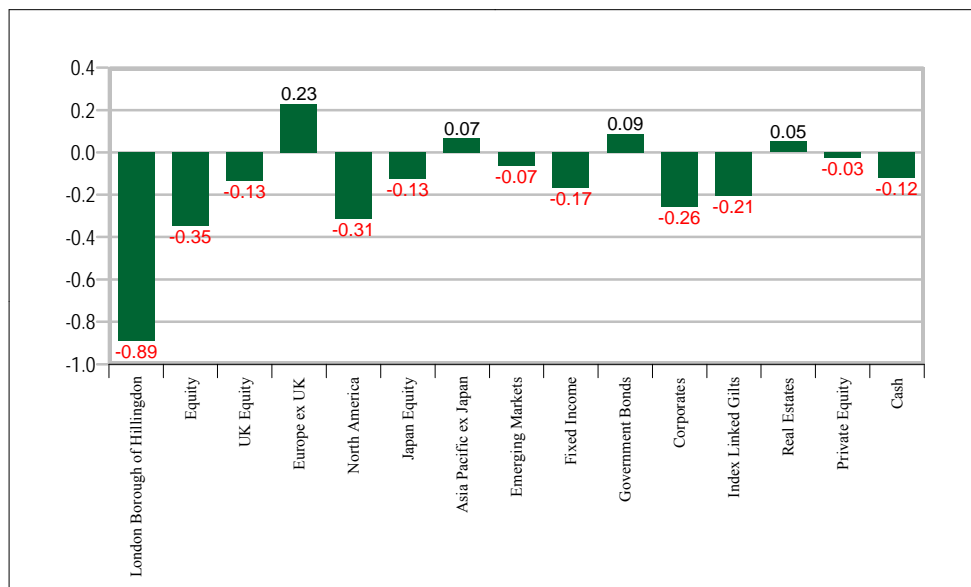
London Borough of Hillingdon



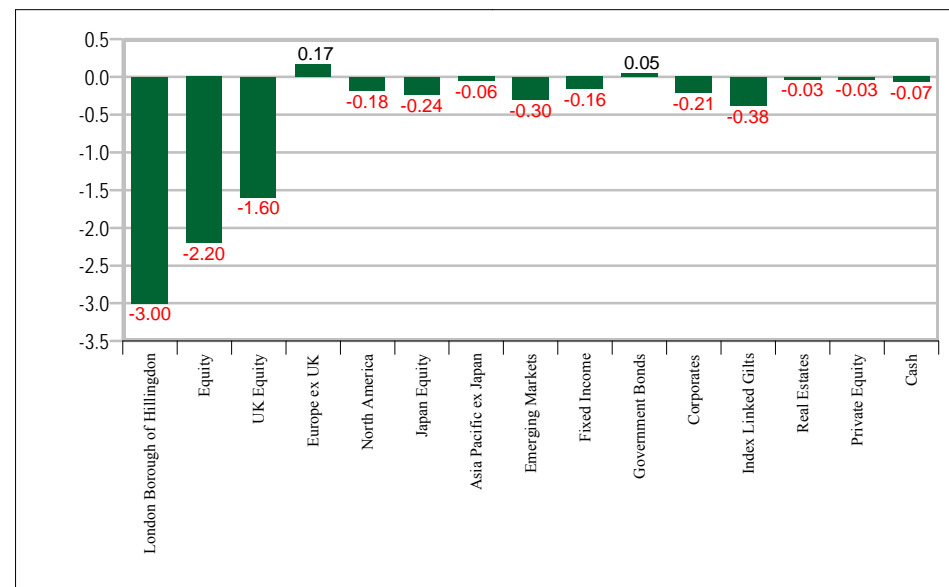


London Borough of Hillingdon

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	5.13	6.08	-0.89	-0.05	-0.22	-0.96	0.37	-0.89
Equity	7.98	-	7.98	0.00	-0.20	-0.50	0.35	-0.35
UK Equity	7.05	7.38	-0.30	0.00	0.01	-0.03	-0.11	-0.13
Europe ex UK	6.74	4.67	1.98	0.00	-0.15	-0.04	0.43	0.23
North America	11.60	11.59	0.01	0.00	-0.06	-0.28	0.03	-0.31
Japan Equity	14.97	12.84	1.88	0.00	-0.08	-0.09	0.05	-0.13
Asia Pacific ex Japan	12.03	9.32	2.48	0.00	0.04	-0.02	0.04	0.07
Emerging Markets	6.23	8.07	-1.71	0.00	0.05	-0.04	-0.08	-0.07

	Return	B'mark	Relative Return	Hedging Effect	Currency Effect	Asset Allocation	Stock Selection	Relative Contribution
London Borough of Hillingdon	10.82	14.25	-3.00	-0.09	-1.01	-0.14	-1.74	-3.00
Equity	11.46	-	11.46	0.00	-0.04	0.26	-2.42	-2.20
UK Equity	9.13	14.51	-4.70	0.00	-0.06	0.03	-1.57	-1.60
Europe ex UK	4.30	5.66	-1.28	0.00	0.24	0.27	-0.34	0.17
North America	16.60	19.07	-2.08	0.00	0.14	-0.28	-0.04	-0.18
Japan Equity	13.16	19.03	-4.93	0.00	-0.46	0.31	-0.08	-0.24
Asia Pacific ex Japan	22.16	23.65	-1.20	0.00	0.02	-0.01	-0.06	-0.06
Emerging Markets	14.64	23.58	-7.24	0.00	0.09	-0.05	-0.34	-0.30



4th Quarter, 2010

London Borough of Hillingdon

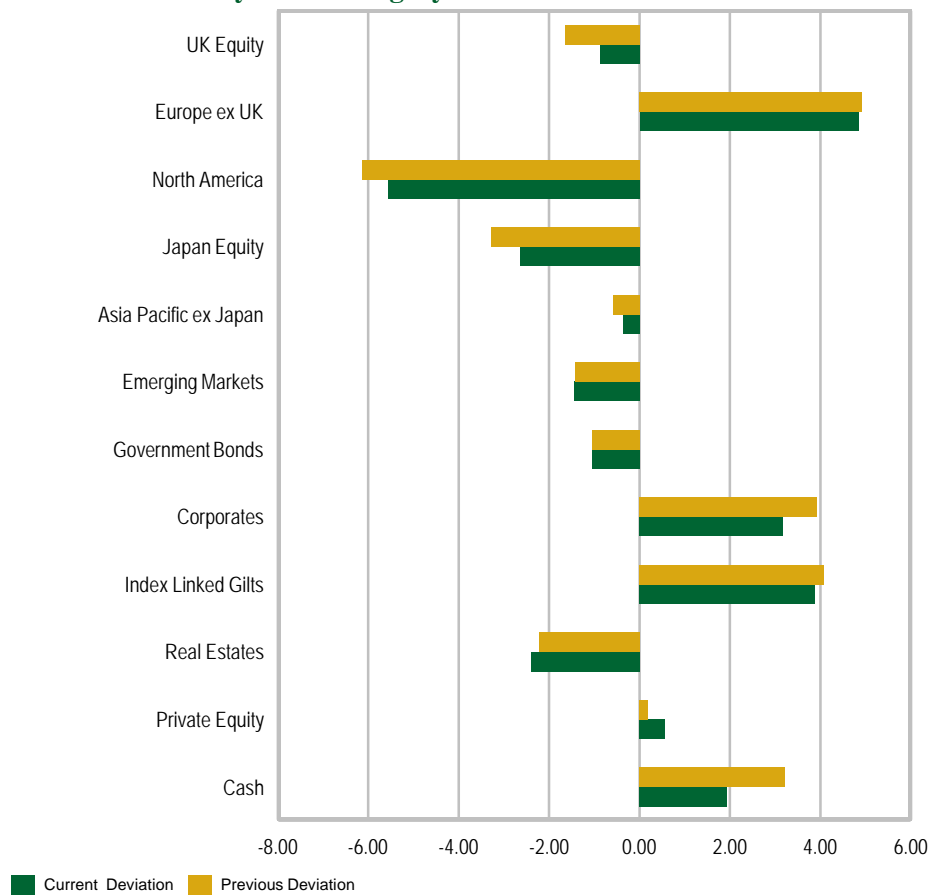
	Return	B'mark	Relative Return	Hedging Effect	Currency Effect	Asset Allocation	Stock Selection	Relative Contribution
Fixed Income	-2.15	-2.53	0.40	0.00	-0.01	-0.22	0.06	-0.17
Government Bonds	-0.72	-2.08	1.39	0.00	0.01	0.08	0.01	0.09
Corporates	-2.21	-2.62	0.42	0.00	-0.02	-0.29	0.05	-0.26
Index Linked Gilts	0.96	1.09	-0.14	0.00	-0.01	-0.17	-0.02	-0.21
Real Estates	1.59	1.90	-0.30	0.00	0.01	0.07	-0.02	0.05
Private Equity	1.00	-	1.00	0.00	-0.00	-0.02	0.00	-0.03
Cash	0.29	-	0.29	0.00	-0.01	-0.12	0.00	-0.12

	Return	B'mark	Relative Return	Hedging Effect	Currency Effect	Asset Allocation	Stock Selection	Relative Contribution
Fixed Income	8.71	8.39	0.30	0.00	-0.79	-0.12	0.76	-0.16
Government Bonds	7.02	7.20	-0.17	0.00	0.02	0.03	-0.00	0.05
Corporates	8.77	8.59	0.17	0.00	-0.81	-0.16	0.76	-0.21
Index Linked Gilts	6.61	9.05	-2.23	0.00	-0.17	-0.15	-0.06	-0.38
Real Estates	12.18	12.19	-0.01	0.00	0.05	-0.08	-0.00	-0.03
Private Equity	2.29	-	2.29	0.00	-0.00	-0.03	0.00	-0.03
Cash	0.23	-	0.23	0.00	-0.06	-0.01	0.00	-0.07



London Borough of Hillingdon

By Asset Category



	Current Qtr	Previous Qtr	Current Benchmark	Current Deviation	Previous Benchmark	Previous Deviation
UK Equity	35.97	35.19	36.84	-0.87	36.84	-1.65
Europe ex UK	15.90	15.99	11.06	4.84	11.06	4.93
North America	7.33	6.77	12.90	-5.57	12.90	-6.13
Japan Equity	2.90	2.26	5.53	-2.63	5.53	-3.27
Asia Pacific ex Japan	3.32	3.09	3.68	-0.36	3.68	-0.59
Emerging Markets	2.22	2.27	3.68	-1.46	3.68	-1.41
Government Bonds	0.53	0.54	1.58	-1.05	1.58	-1.04
Corporates	12.10	12.86	8.94	3.16	8.94	3.92
Index Linked Gilts	9.13	9.34	5.26	3.87	5.26	4.08
Real Estates	8.14	8.31	10.53	-2.39	10.53	-2.22
Private Equity	0.56	0.18		0.56		0.18
Cash	1.94	3.22		1.94		3.22



Alliance Bernstein

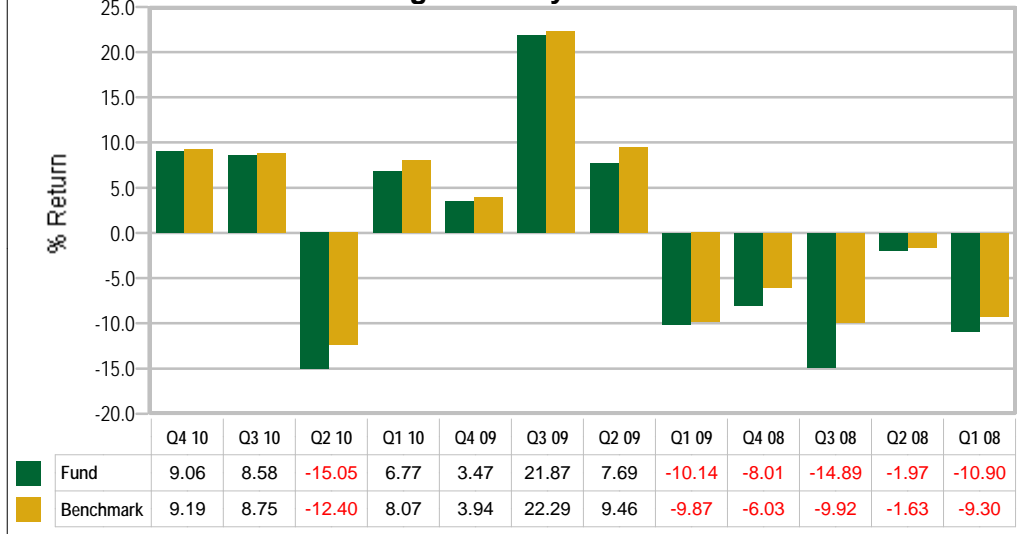
Historical Plan Performance



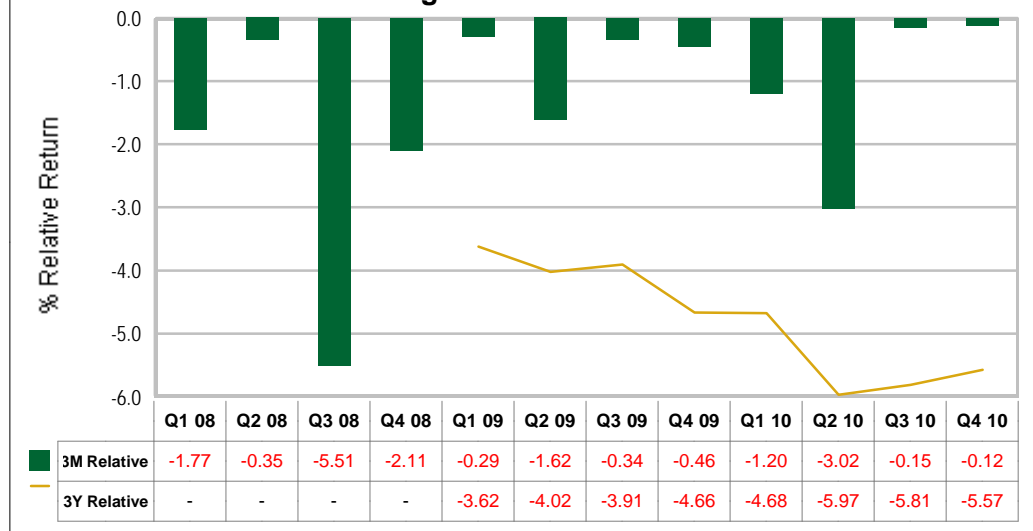
Risk Statistics - 3 years

	Fund	B'mark
Performance Return	-3.58	2.11
Standard Deviation	21.81	20.72
Relative Return	-5.57	
Tracking Error	2.24	
Information Ratio	-2.54	
Beta	1.05	
Alpha	-5.39	
R Squared	0.99	
Sharpe Ratio	-0.32	-0.06
Percentage of Total Fund	11.1	
Inception Date	Mar-2006	
Opening Market Value (£000)	56,621	
Net Investment (£000)	-6	
Income Received (£000)	202	
Appreciation (£000)	4,928	
Closing Market Value (£000)	61,744	

Three Years Rolling Quarterly Returns

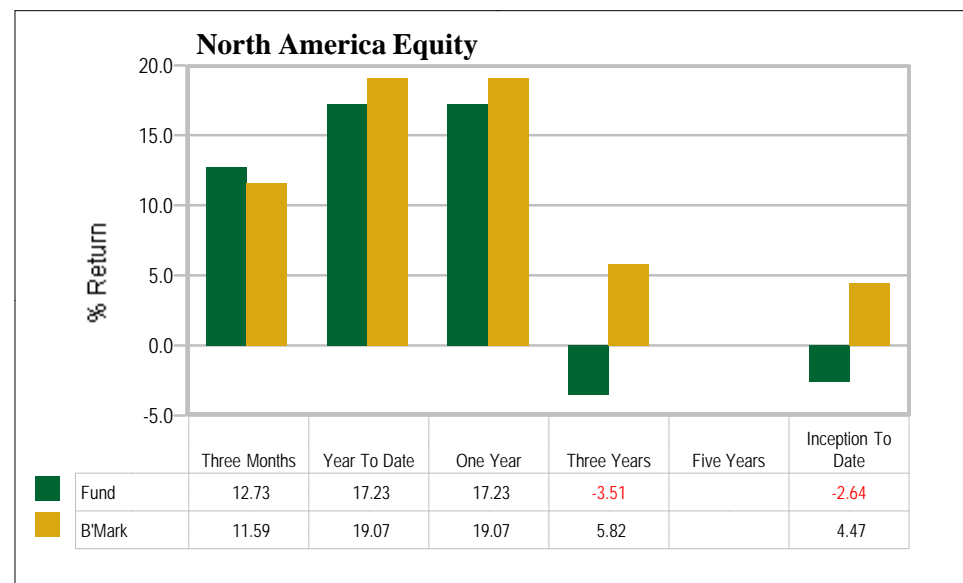
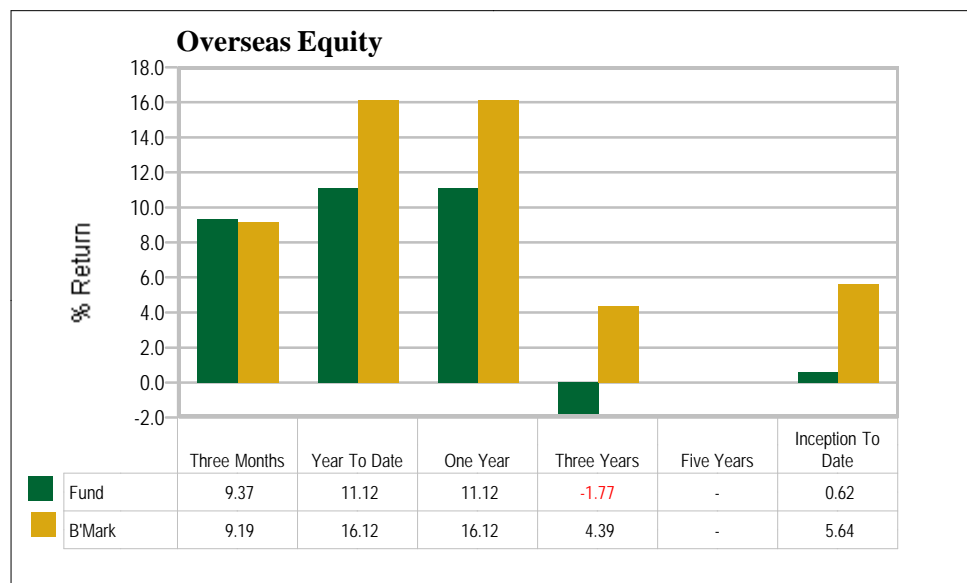
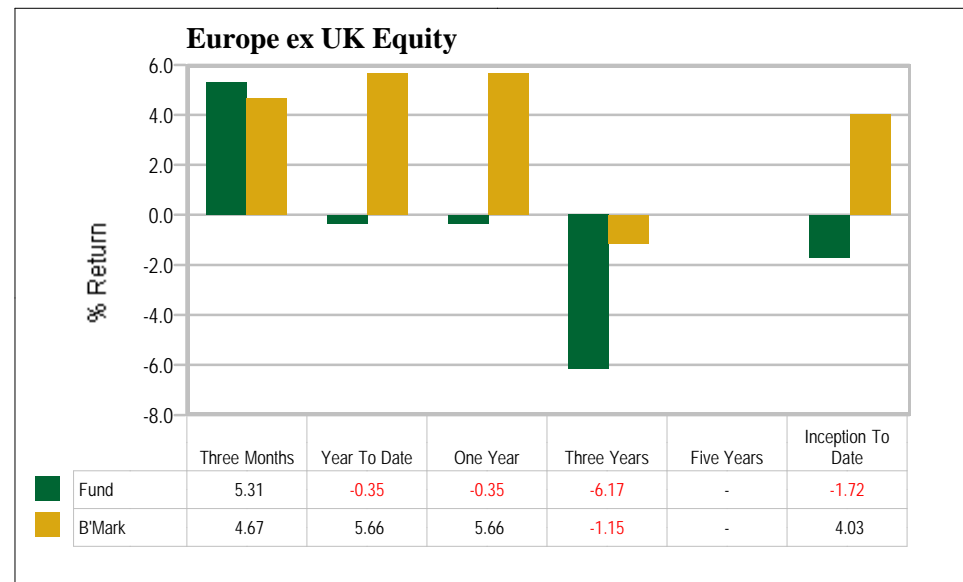
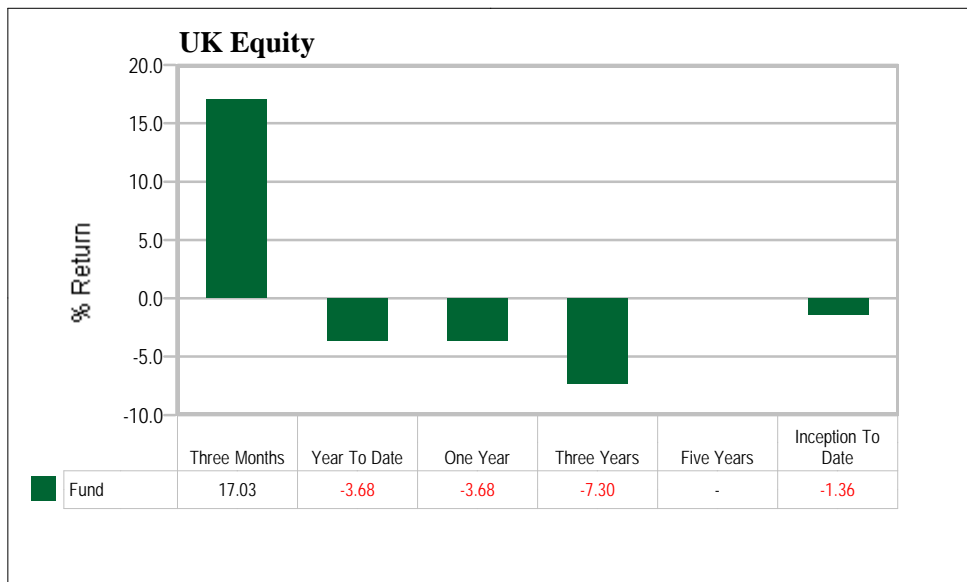


Three Years Rolling Relative Returns



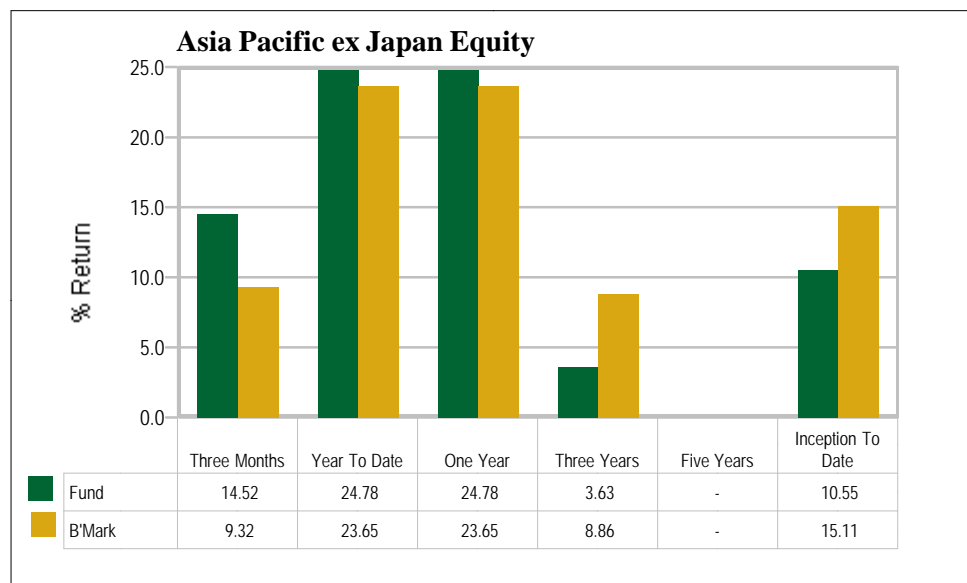
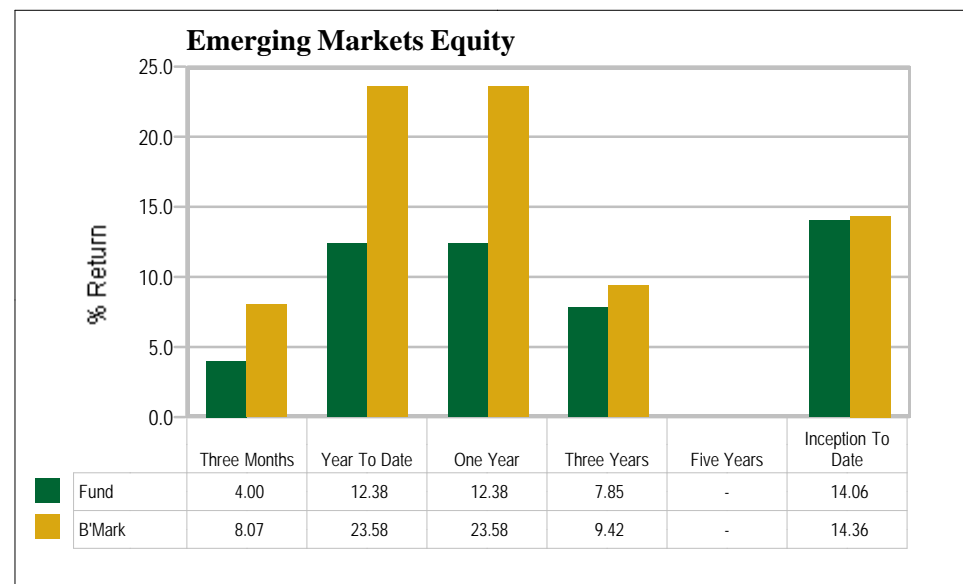
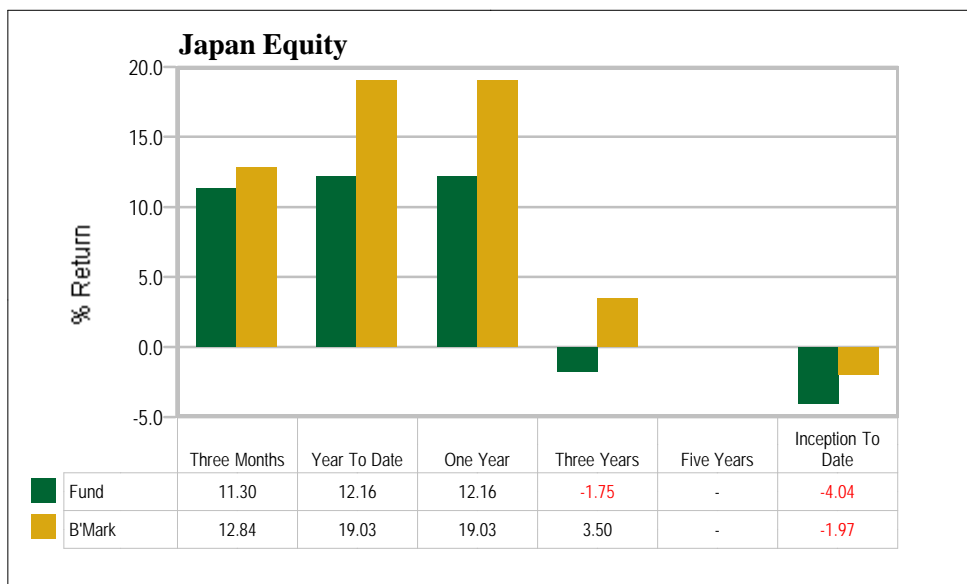


Alliance Bernstein





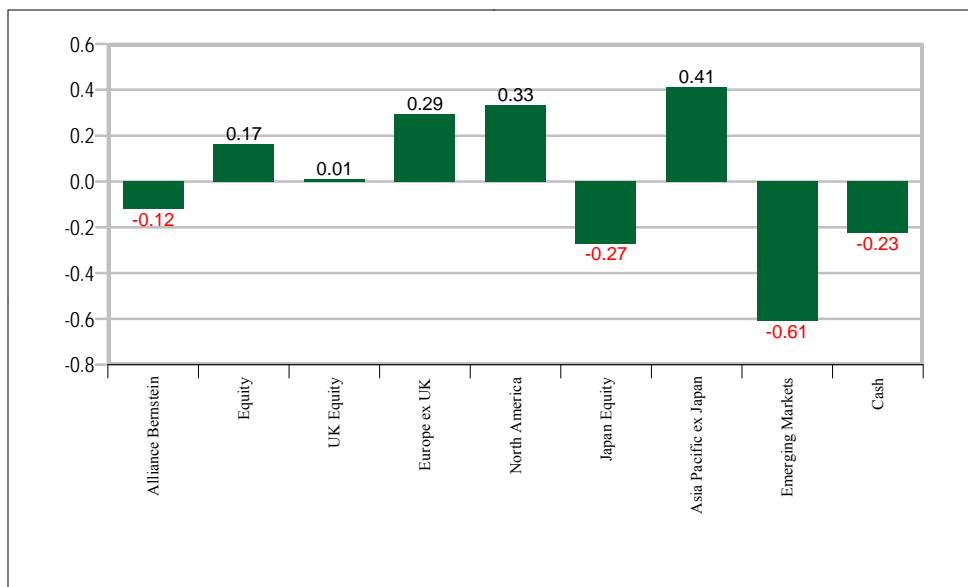
Alliance Bernstein





Alliance Bernstein

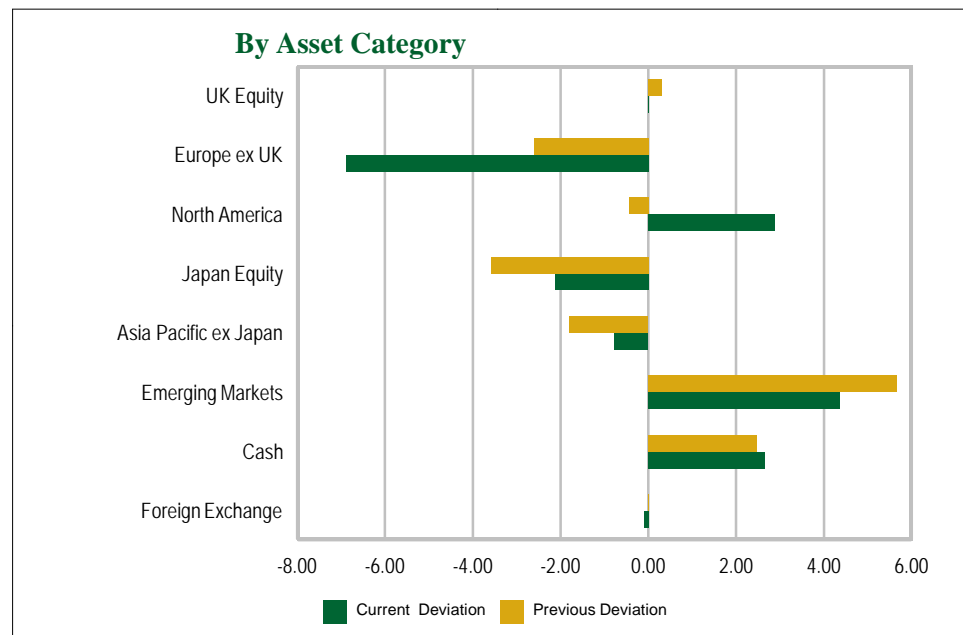
Relative Contribution - Three Months



	Return	B'mark	Relative Return	Hedging Effect	Currency Effect	Asset Allocation	Stock Selection	Relative Contribution
Alliance Bernstein	9.06	9.19	-0.12	-0.07	-0.09	-0.15	0.18	-0.12
Equity	9.38	-	9.38	0.00	-0.09	0.08	0.18	0.17
UK Equity	17.03	-	17.03	0.00	0.00	0.01	0.00	0.01
Europe ex UK	5.31	4.67	0.61	0.00	-0.07	0.13	0.23	0.29
North America	12.73	11.59	1.02	0.00	-0.05	0.02	0.37	0.33
Japan Equity	11.30	12.84	-1.37	0.00	-0.06	-0.02	-0.19	-0.27
Asia Pacific ex Japan	14.52	9.32	4.75	0.00	0.03	0.03	0.36	0.41
Emerging Markets	4.00	8.07	-3.77	0.00	0.07	-0.09	-0.59	-0.61
Cash	1.63	-	1.63	0.00	-0.00	-0.23	0.00	-0.23



Alliance Bernstein



	Current Qtr	Previous Qtr	Current Benchmark	Current Deviation	Previous Benchmark	Previous Deviation
UK Equity	0.00	0.30		0.00		0.30
Europe ex UK	23.11	27.39	30.00	-6.89	30.00	-2.61
North America	37.89	34.55	35.00	2.89	35.00	-0.45
Japan Equity	12.87	11.41	15.00	-2.13	15.00	-3.59
Asia Pacific ex Japan	9.22	8.20	10.00	-0.78	10.00	-1.80
Emerging Markets	14.36	15.66	10.00	4.36	10.00	5.66
Cash	2.66	2.47		2.66		2.47
Foreign Exchange	-0.11	0.02		-0.11		0.02



Goldman Sachs

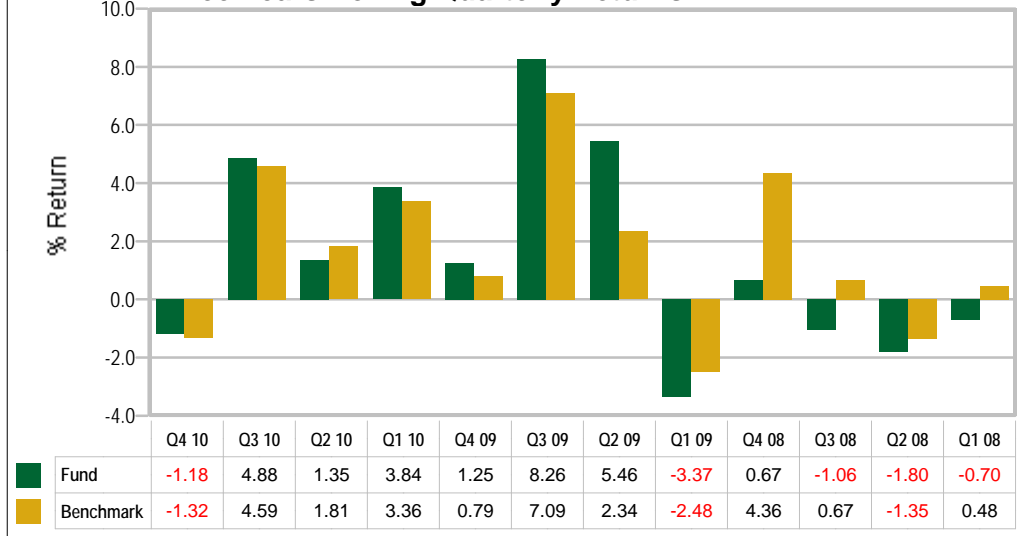
Historical Plan Performance



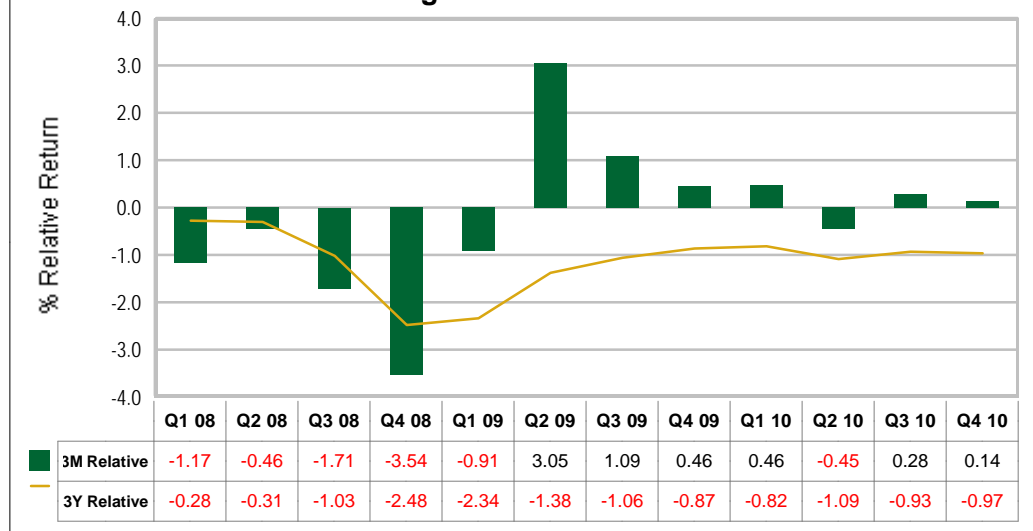
Risk Statistics - 3 years

	Fund	B'mark
Performance Return	5.78	6.81
Standard Deviation	7.47	6.94
Relative Return	-0.97	
Tracking Error	2.14	
Information Ratio	-0.48	
Beta	1.05	
Alpha	-1.11	
R Squared	0.92	
Sharpe Ratio	0.33	0.50
Percentage of Total Fund	11.8	
Inception Date	Dec-2001	
Opening Market Value (£000)	66,483	
Net Investment (£000)	0	
Income Received (£000)	76	
Appreciation (£000)	-863	
Closing Market Value (£000)	65,695	

Three Years Rolling Quarterly Returns

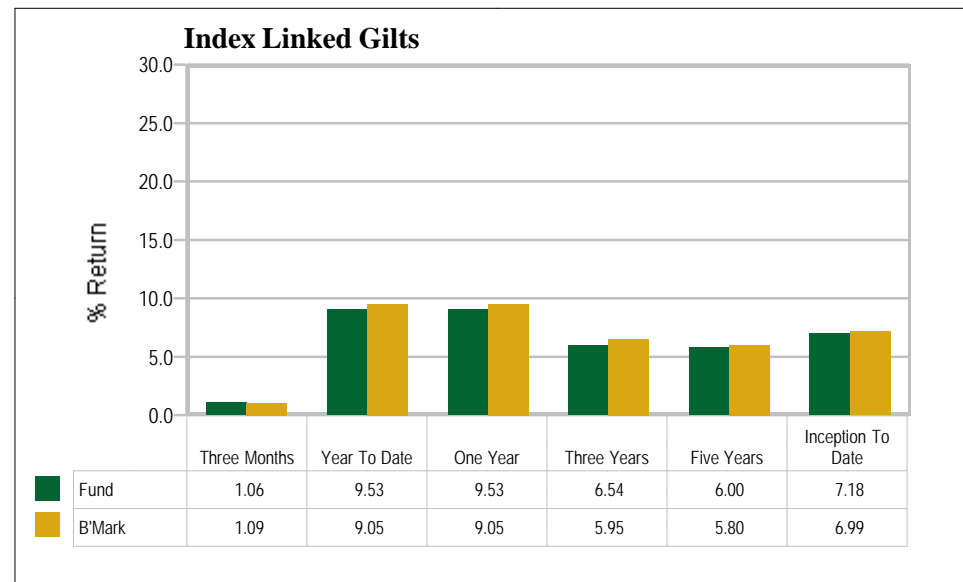
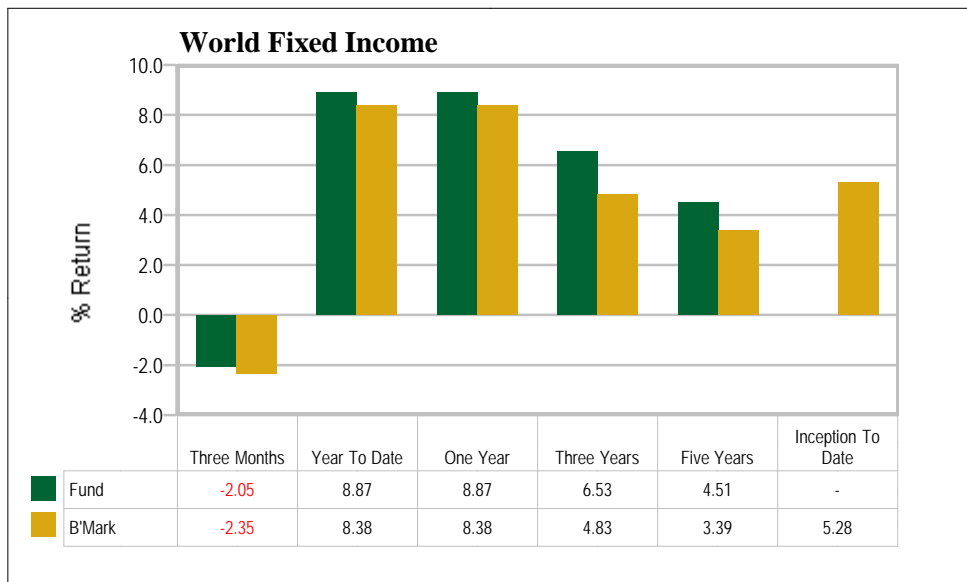


Three Years Rolling Relative Returns



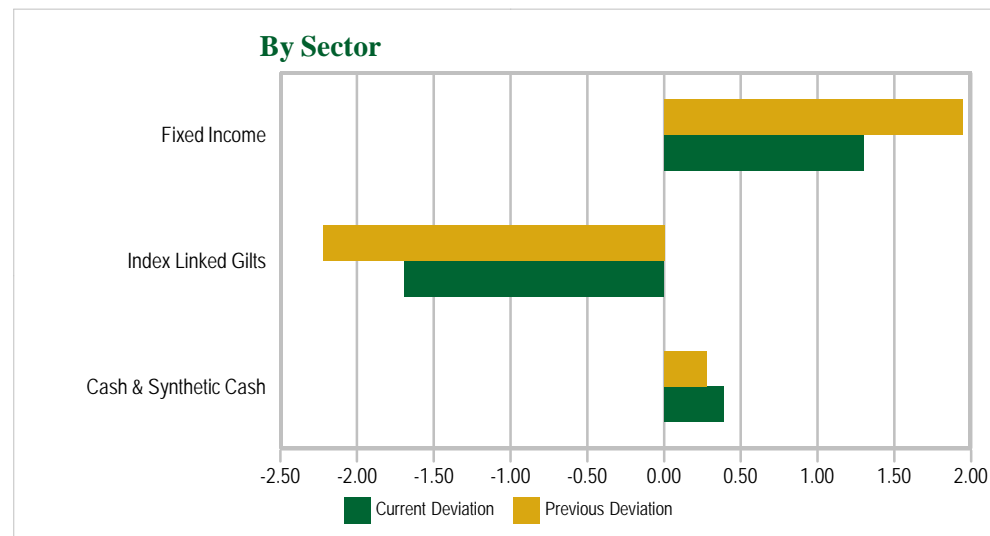


Goldman Sachs





Goldman Sachs

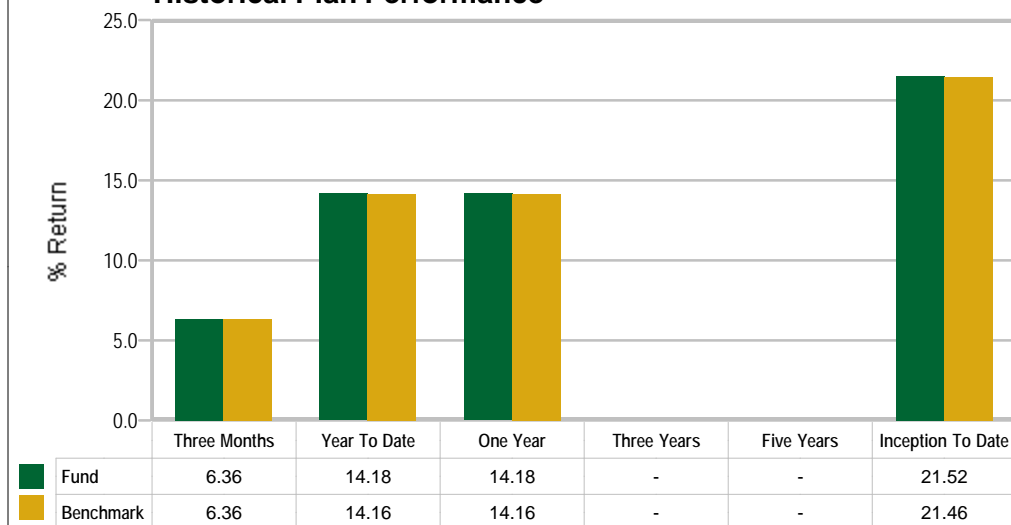


	Current Qtr	Previous Qtr	Current Benchmark	Current Deviation	Previous Benchmark	Previous Deviation
Fixed Income	71.30	71.94	70.00	1.30	70.00	1.94
Index Linked Gilts	28.31	27.78	30.00	-1.69	30.00	-2.22
Cash & Synthetic Cash	0.39	0.28		0.39		0.28



SSGA

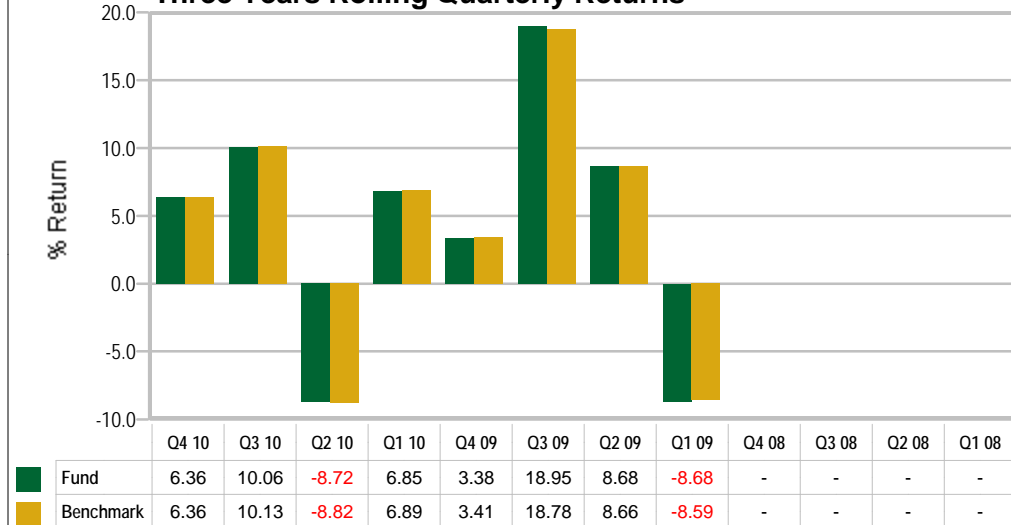
Historical Plan Performance



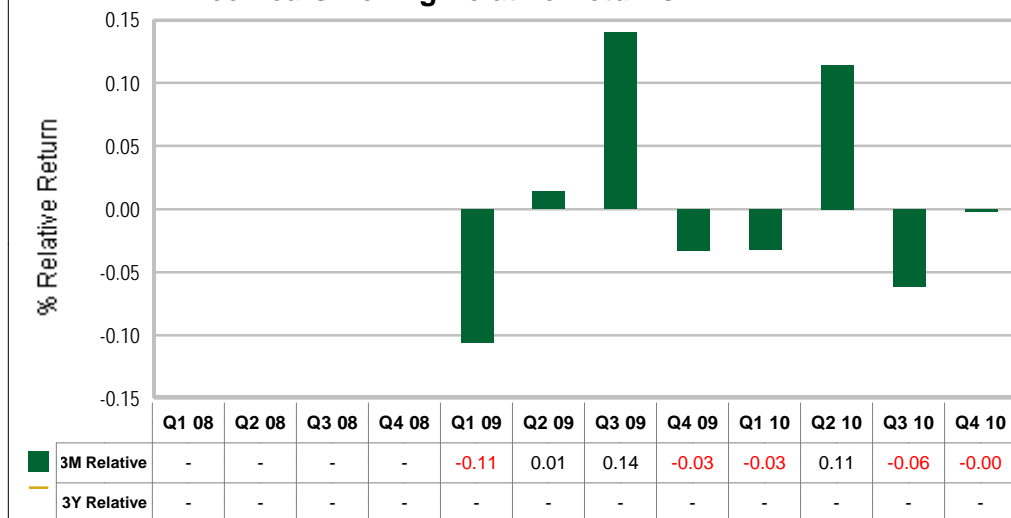
Risk Statistics - 3 years

	Fund	B'mark
Performance Return	-	-
Standard Deviation	-	-
Relative Return	-	-
Tracking Error	-	-
Information Ratio	-	-
Beta	-	-
Alpha	-	-
R Squared	-	-
Sharpe Ratio	-	-
Percentage of Total Fund	20.4	
Inception Date	Nov-2008	
Opening Market Value (£000)	106,334	
Net Investment £(000)	0	
Income Received £(000)	0	
Appreciation £(000)	6,765	
Closing Market Value (£000)	113,099	

Three Years Rolling Quarterly Returns

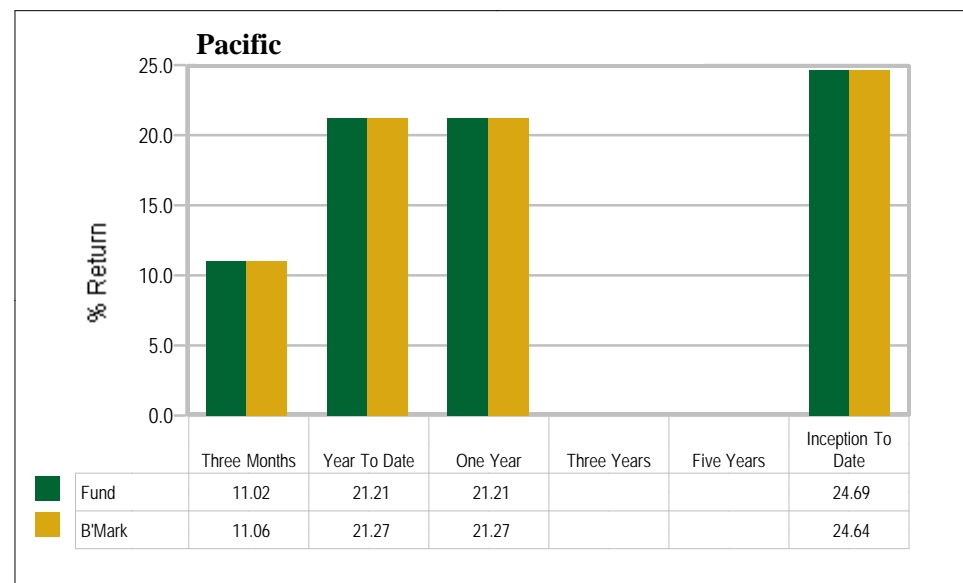
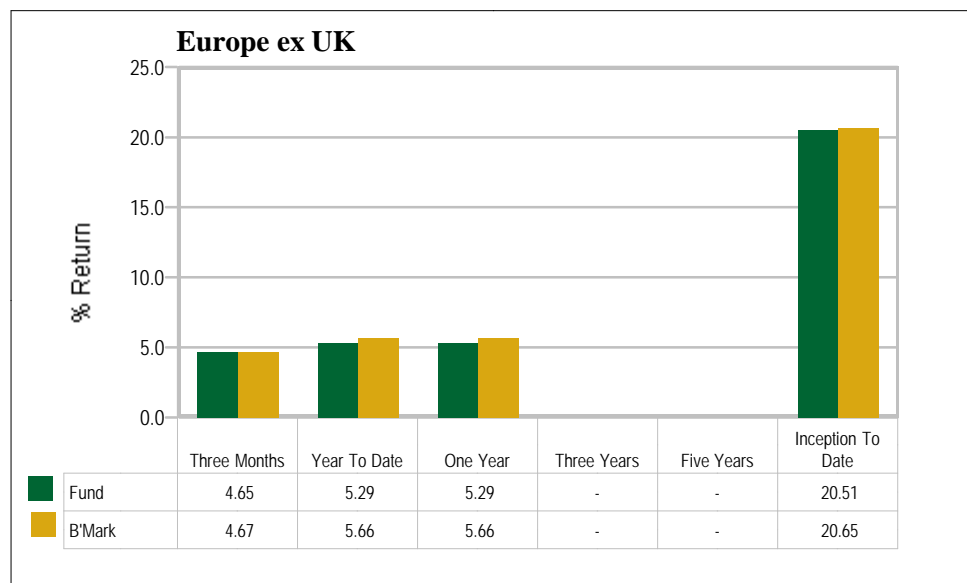
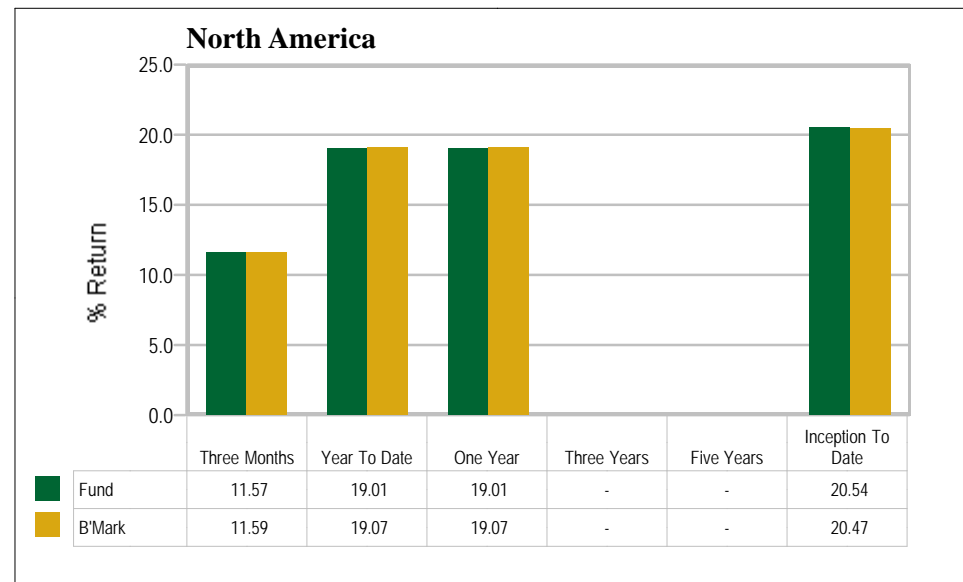
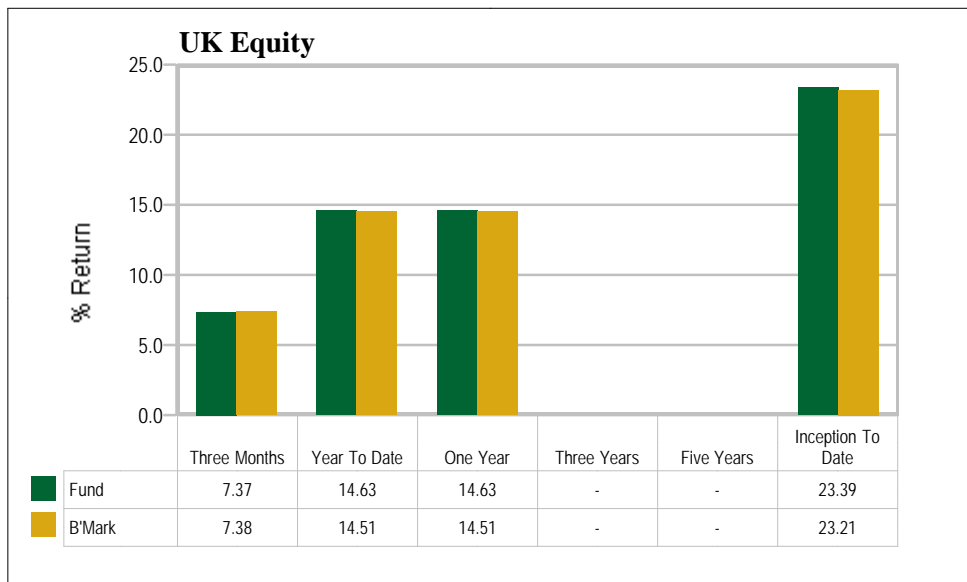


Three Years Rolling Relative Returns



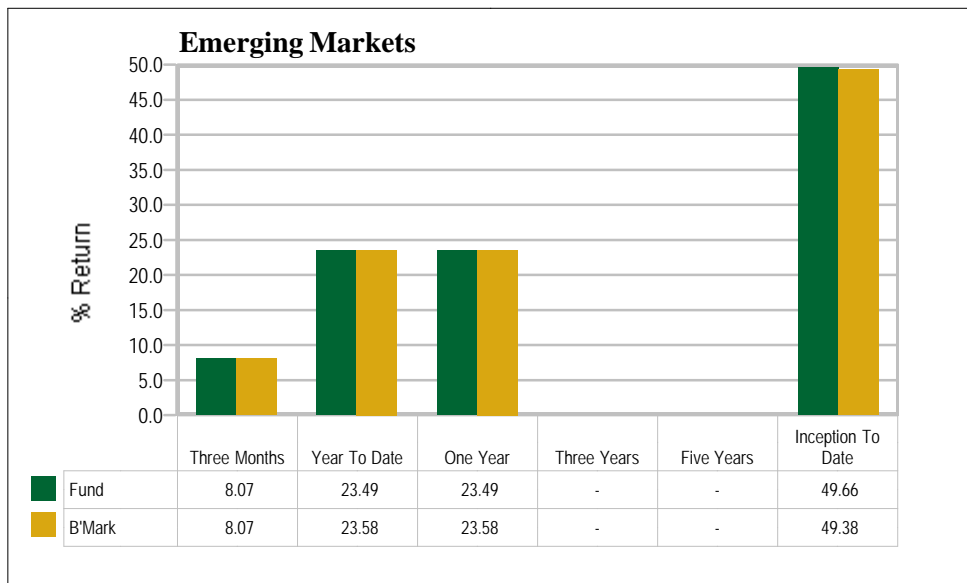


SSGA



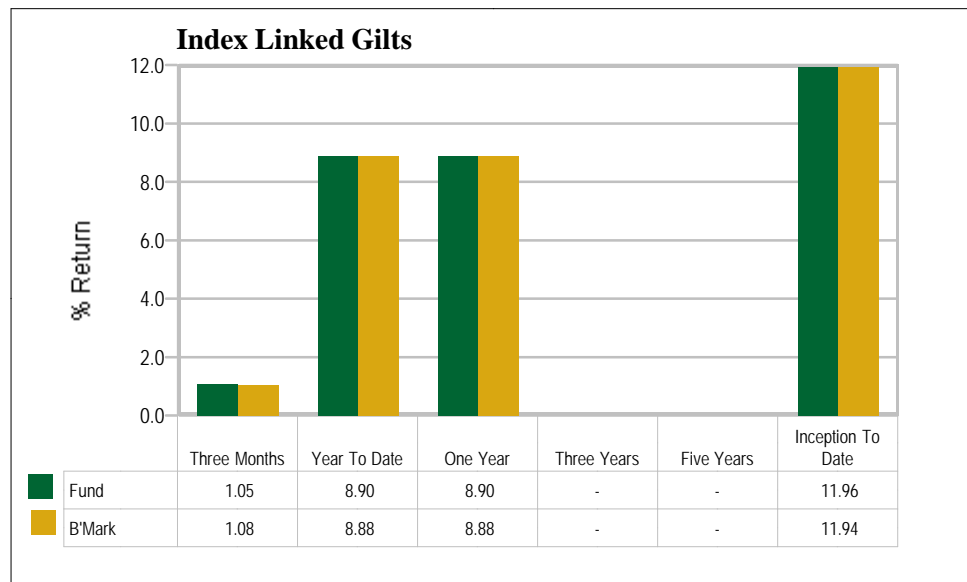
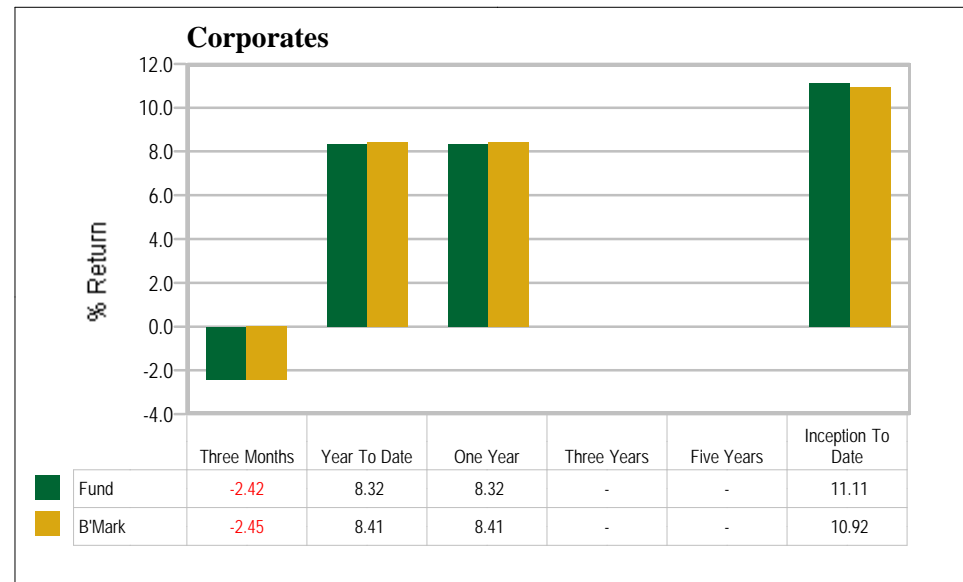
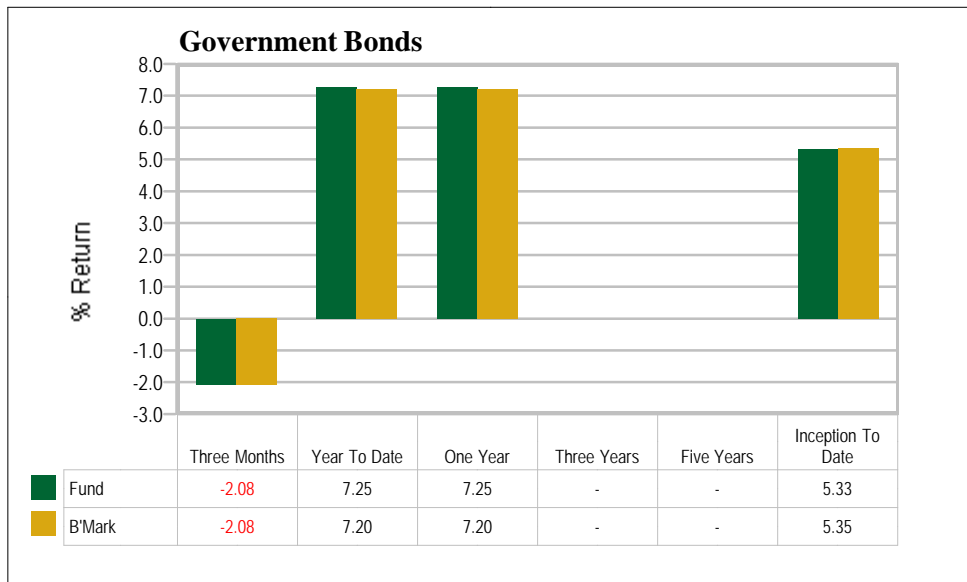


SSGA



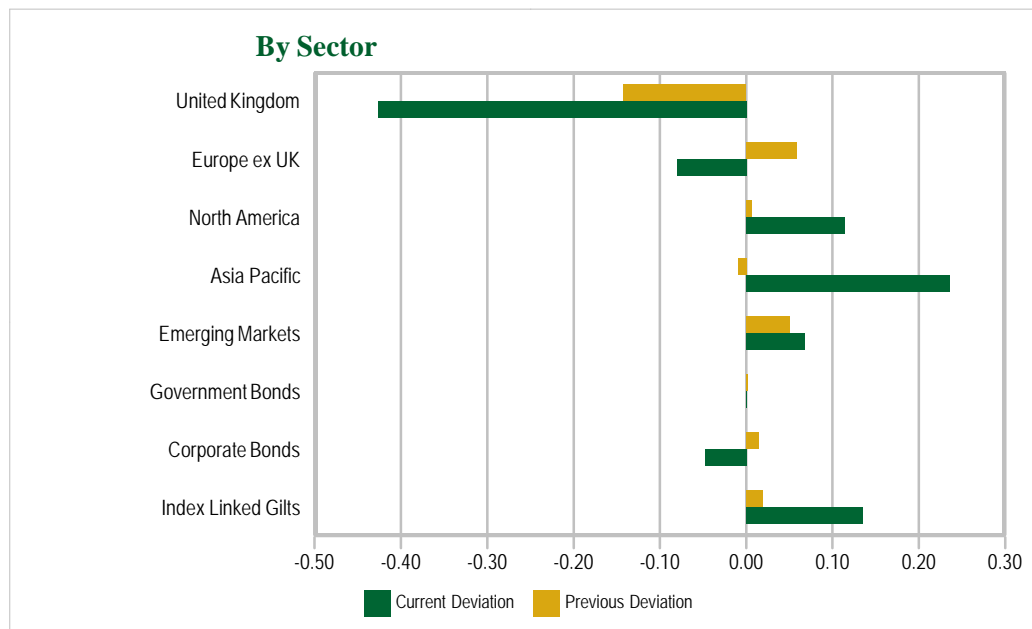


SSGA





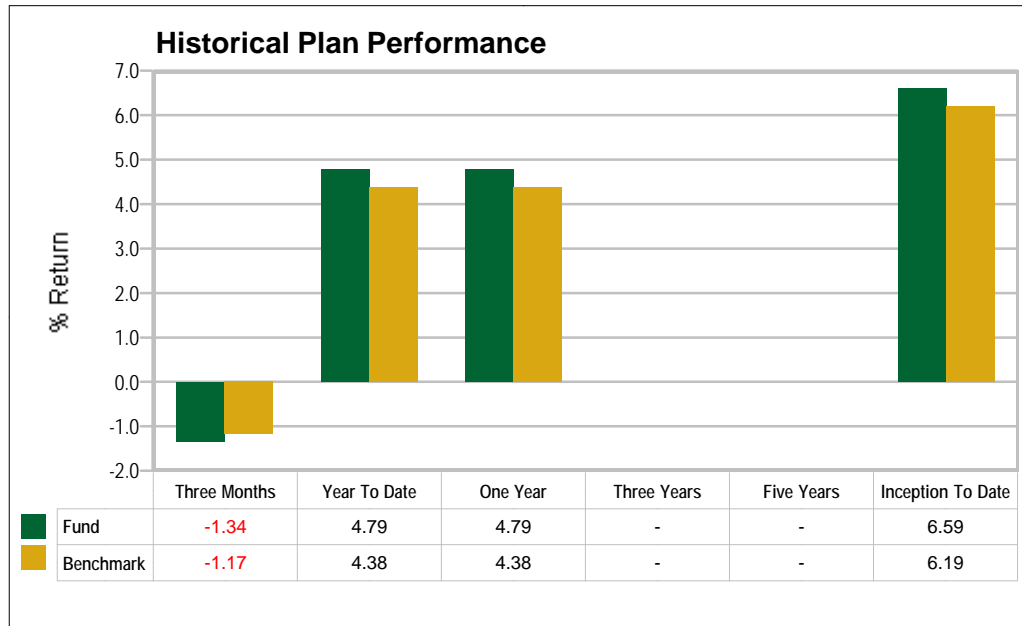
SSGA



	Current Qtr	Previous Qtr	Current Benchmark	Current Deviation	Previous Benchmark	Previous Deviation
Equity	79.91	79.96		79.91		79.96
United Kingdom	43.57	43.86	44.00	-0.43	44.00	-0.14
Europe ex UK	10.92	11.06	11.00	-0.08	11.00	0.06
North America	11.11	11.01	11.00	0.11	11.00	0.01
Asia Pacific	11.24	10.99	11.00	0.24	11.00	-0.01
Emerging Markets	3.07	3.05	3.00	0.07	3.00	0.05
Fixed Income	9.95	10.02		9.95		10.02
Government Bonds	1.50	1.50	1.50	0.00	1.50	0.00
Corporate Bonds	8.45	8.51	8.50	-0.05	8.50	0.01
Index Linked Gilts	10.14	10.02	10.00	0.14	10.00	0.02

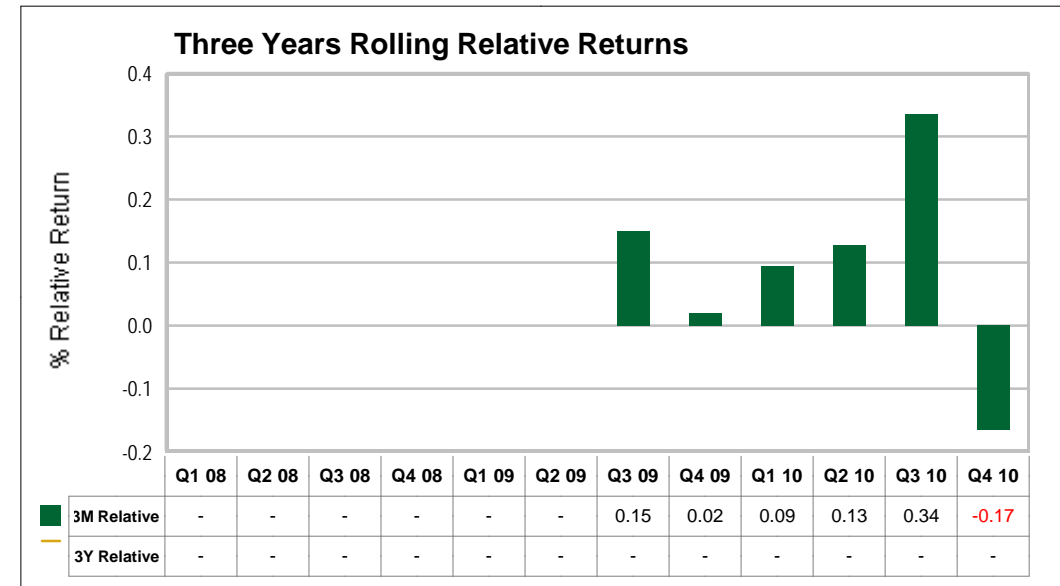
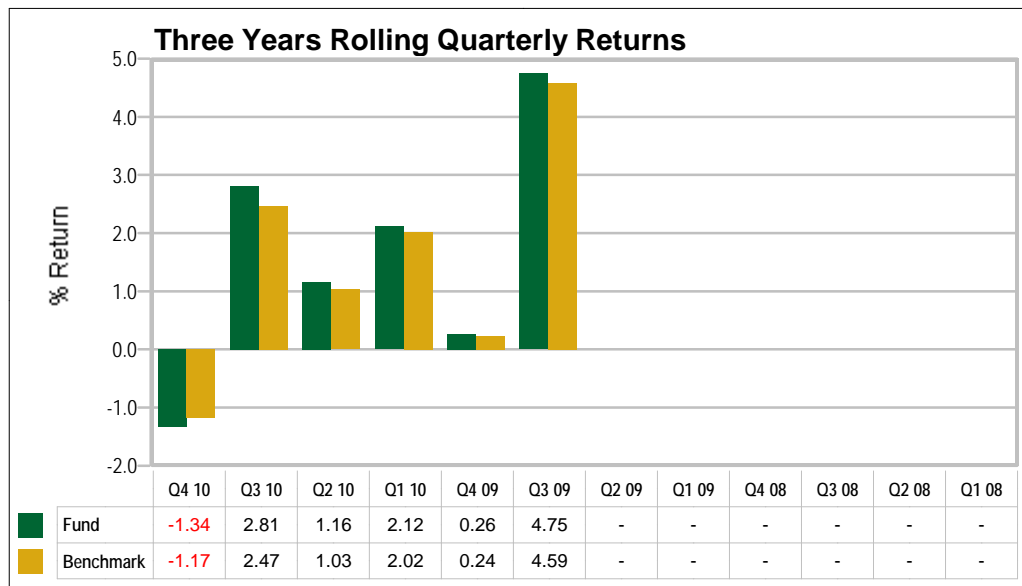


SSGA Drawdown



Risk Statistics - 3 years

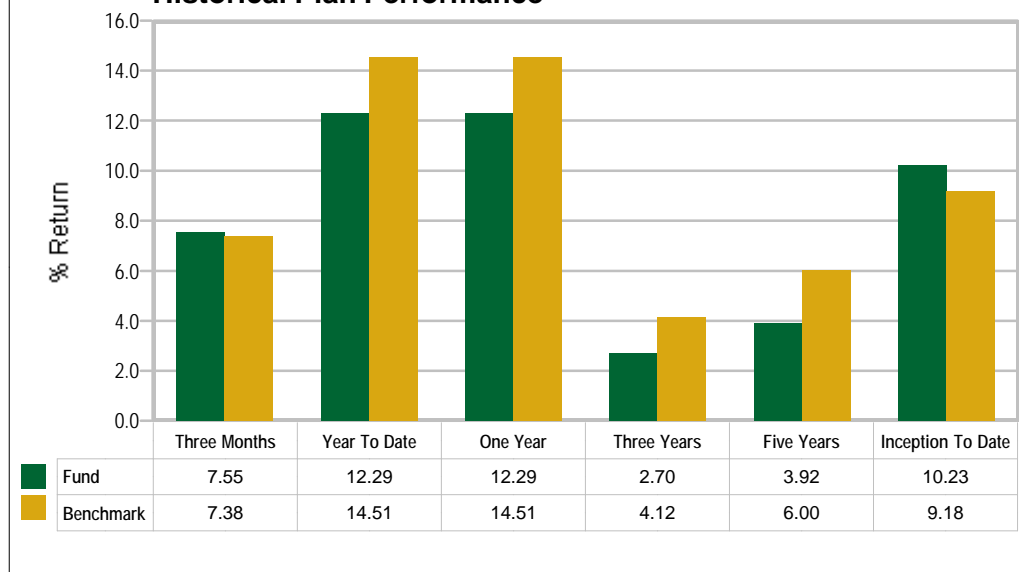
	Fund	B'mark
Performance Return	-	-
Standard Deviation	-	-
Relative Return	-	-
Tracking Error	-	-
Information Ratio	-	-
Beta	-	-
Alpha	-	-
R Squared	-	-
Sharpe Ratio	-	-
Percentage of Total Fund	3.4	
Inception Date	Jun-2009	
Opening Market Value (£000)	21,185	
Net Investment £(000)	-2,143	
Income Received £(000)	-0	
Appreciation £(000)	-286	
Closing Market Value (£000)	18,756	





UBS

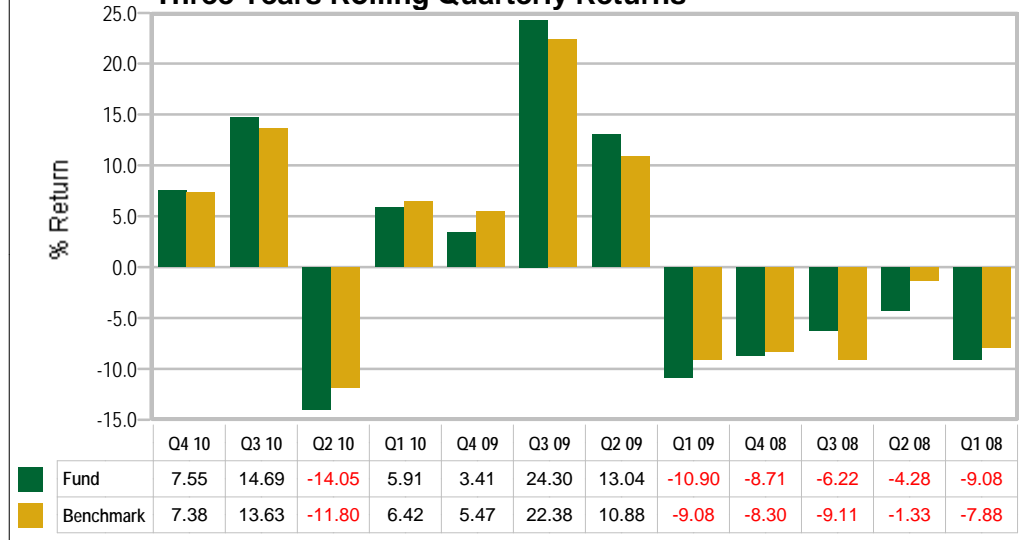
Historical Plan Performance



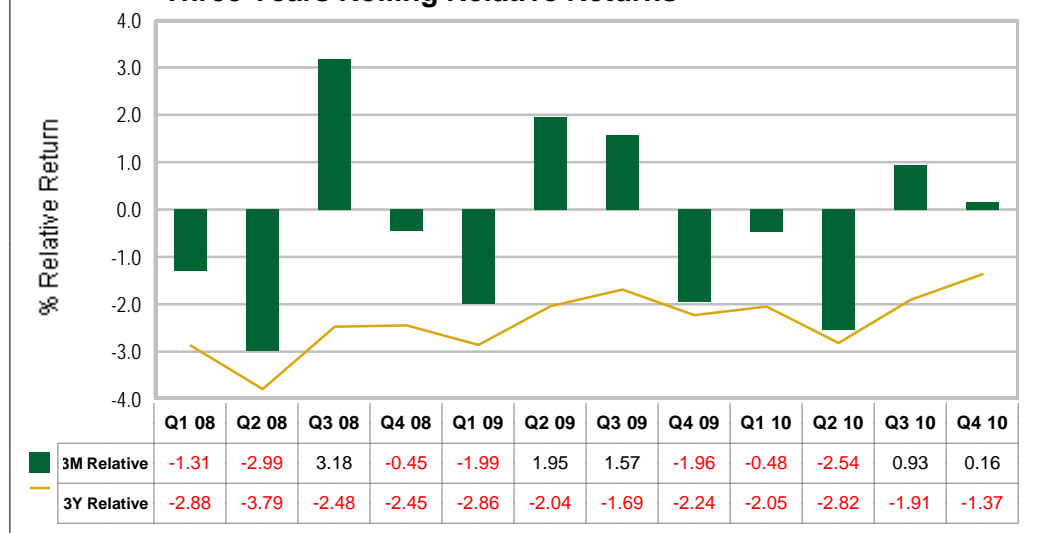
Risk Statistics - 3 years

	Fund	B'mark
Performance Return	2.70	4.12
Standard Deviation	21.07	18.91
Relative Return	-1.37	
Tracking Error	4.46	
Information Ratio	-0.32	
Beta	1.09	
Alpha	-1.19	
R Squared	0.96	
Sharpe Ratio	-0.03	0.04
Percentage of Total Fund	20.0	
Inception Date	Dec-1988	
Opening Market Value (£000)	103,659	
Net Investment (£000)	-658	
Income Received (£000)	718	
Appreciation (£000)	7,067	
Closing Market Value (£000)	110,785	

Three Years Rolling Quarterly Returns

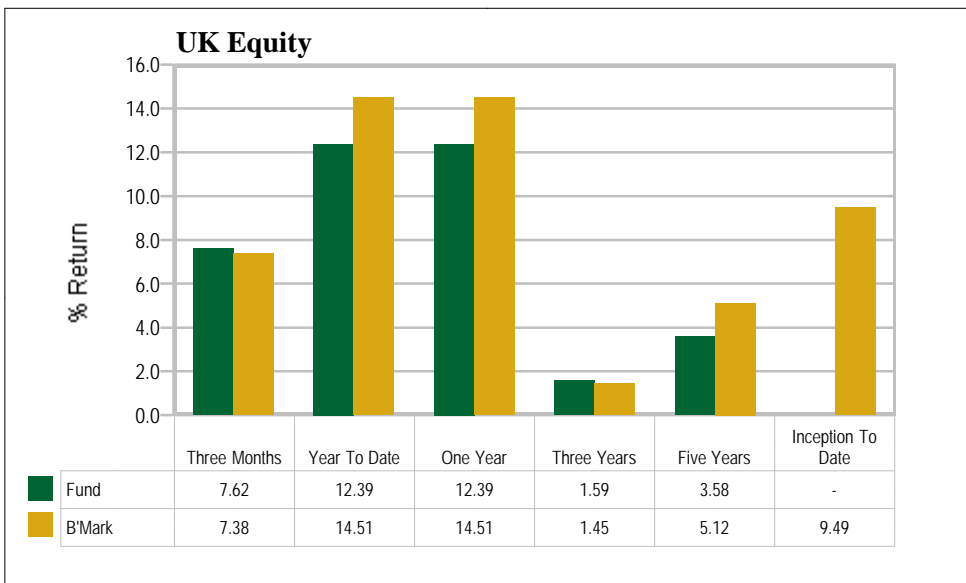


Three Years Rolling Relative Returns





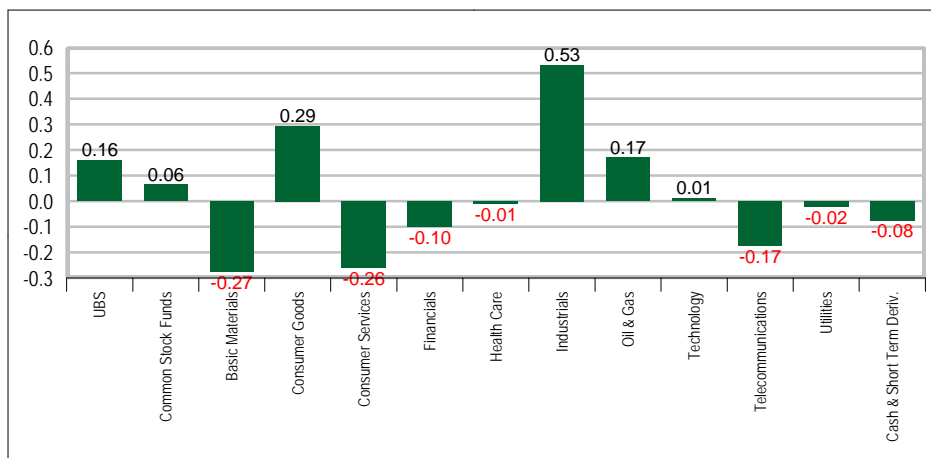
UBS



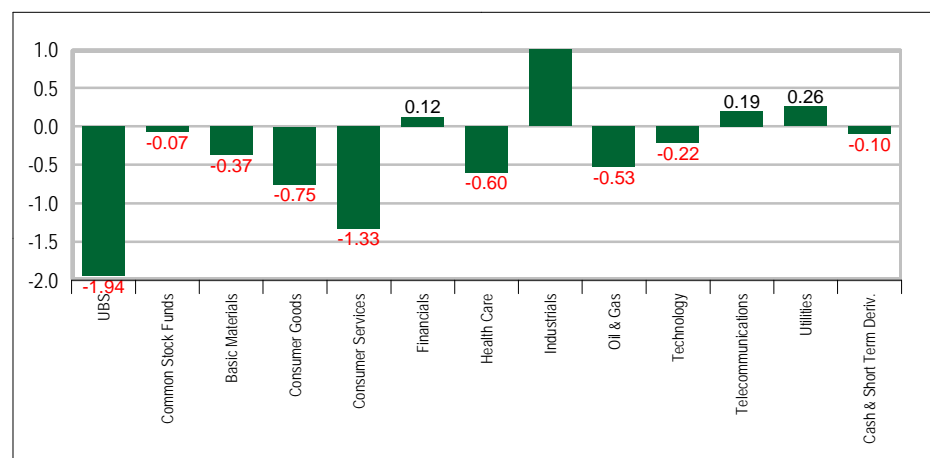


UBS

Relative Contribution - Three Months



Relative Contribution - One Year

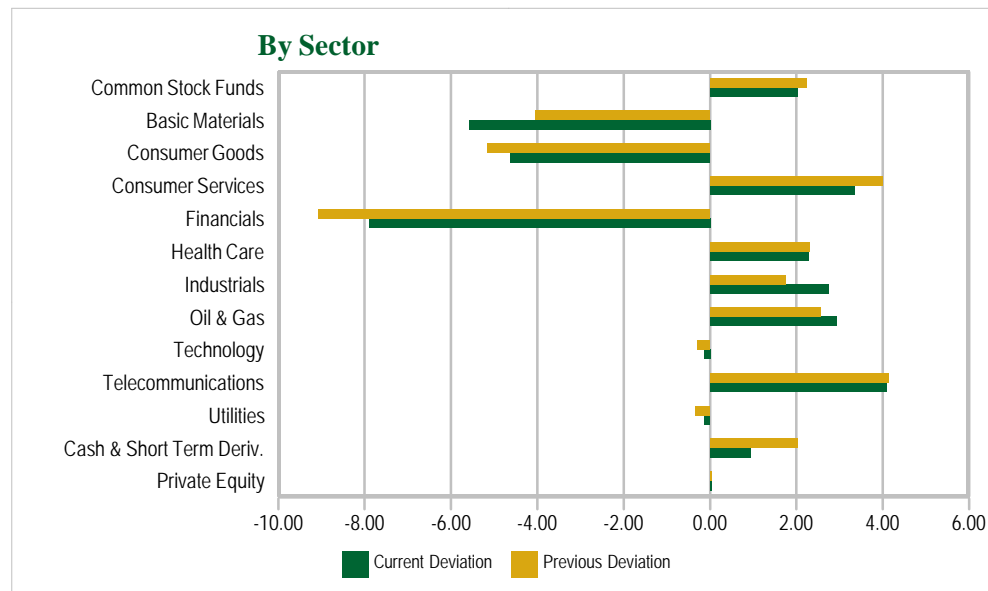


	Return	Benchmark	Relative Return	Asset Allocation	Stock Selection	Relative Contribution
UBS	7.55	7.38	0.16	-0.14	0.29	0.16
Common Stock Funds	10.75	-	10.75	0.06	0.00	0.06
Basic Materials	27.58	22.34	4.28	-0.63	0.36	-0.27
Consumer Goods	10.02	6.33	3.46	0.05	0.24	0.29
Consumer Services	3.40	4.84	-1.37	-0.09	-0.17	-0.26
Financials	-3.08	0.96	-4.00	0.51	-0.60	-0.10
Health Care	0.12	-1.87	2.03	-0.20	0.19	-0.01
Industrials	14.18	8.25	5.48	0.02	0.51	0.53
Oil & Gas	12.08	11.78	0.27	0.12	0.05	0.17
Technology	2.99	3.23	-0.23	0.01	-0.00	0.01
Telecommunications	6.66	9.19	-2.32	0.07	-0.25	-0.17
Utilities	5.42	6.16	-0.70	0.01	-0.03	-0.02
Cash & Short Term Deriv.	0.02	-	0.02	-0.08	0.00	-0.08

	Return	Benchmark	Relative Return	Asset Allocation	Stock Selection	Relative Contribution
UBS	12.29	14.51	-1.94	-0.65	-1.36	-1.94
Common Stock Funds	12.89	-	12.89	-0.07	0.00	-0.07
Basic Materials	35.10	31.03	3.11	-0.64	0.27	-0.37
Consumer Goods	7.28	17.78	-8.91	-0.11	-0.65	-0.75
Consumer Services	4.22	14.64	-9.09	-0.09	-1.24	-1.33
Financials	5.02	7.99	-2.76	0.46	-0.34	0.12
Health Care	1.33	3.69	-2.27	-0.24	-0.36	-0.60
Industrials	51.57	28.20	18.23	0.07	1.38	1.45
Oil & Gas	2.91	5.03	-2.02	-0.22	-0.31	-0.53
Technology	17.24	34.67	-12.94	-0.05	-0.17	-0.22
Telecommunications	21.26	22.22	-0.79	0.28	-0.08	0.19
Utilities	23.91	15.56	7.23	0.08	0.18	0.26
Cash & Short Term Deriv.	0.03	-	0.03	-0.10	0.00	-0.10



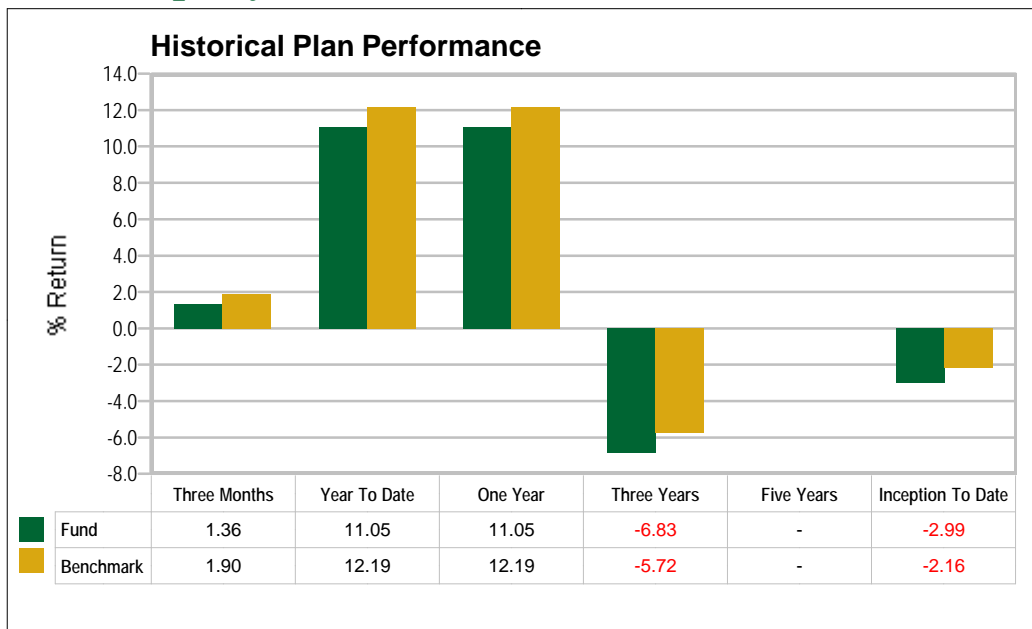
UBS



	Current Qtr	Previous Qtr	Current Benchmark	Current Deviation	Previous Benchmark	Previous Deviation
Common Stock Funds	2.03	2.23		2.03		2.23
Basic Materials	8.50	8.20	14.08	-5.58	12.24	-4.04
Consumer Goods	6.69	6.37	11.32	-4.62	11.53	-5.16
Consumer Services	13.02	13.88	9.67	3.35	9.88	4.00
Financials	14.69	14.66	22.59	-7.90	23.72	-9.06
Health Care	9.20	9.93	6.91	2.28	7.63	2.31
Industrials	10.03	9.02	7.29	2.74	7.27	1.75
Oil & Gas	19.78	18.76	16.86	2.92	16.20	2.55
Technology	1.42	1.50	1.57	-0.15	1.79	-0.30
Telecommunications	10.11	10.13	6.02	4.09	5.99	4.14
Utilities	3.55	3.40	3.69	-0.13	3.74	-0.34
Cash & Short Term Deriv.	0.94	2.02		0.94		2.02
Private Equity	0.04	0.04		0.04		0.04

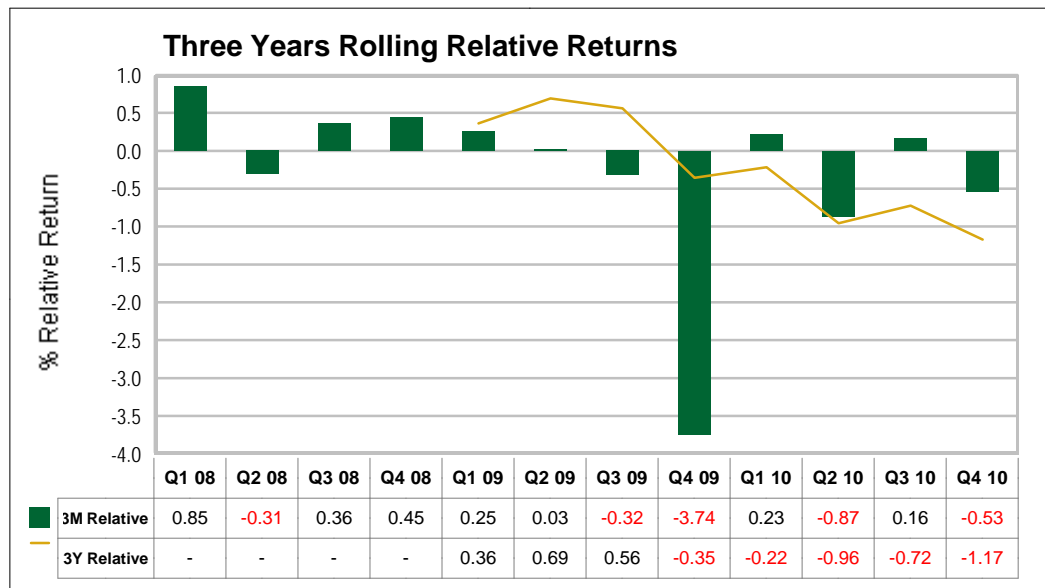
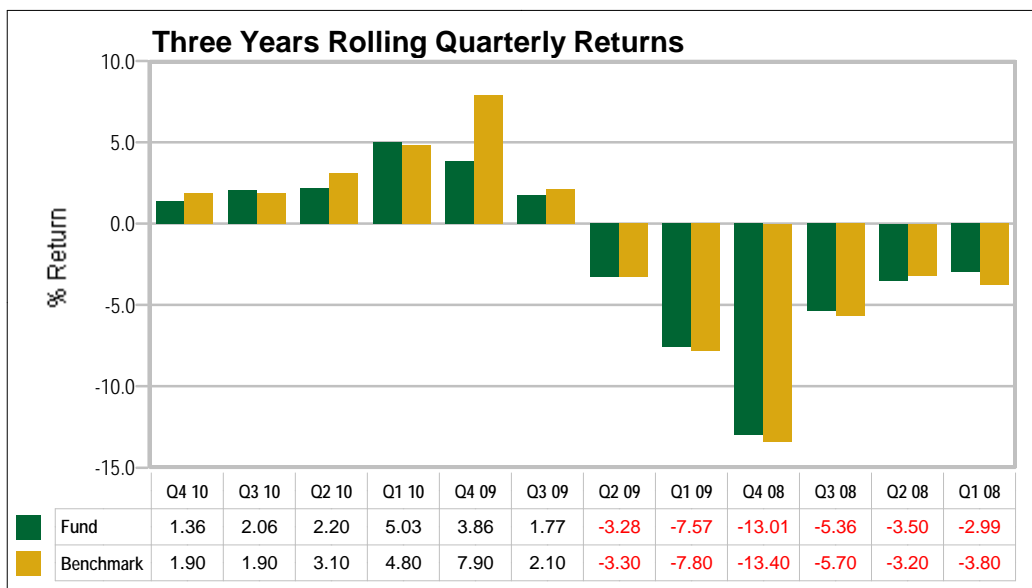


UBS Property



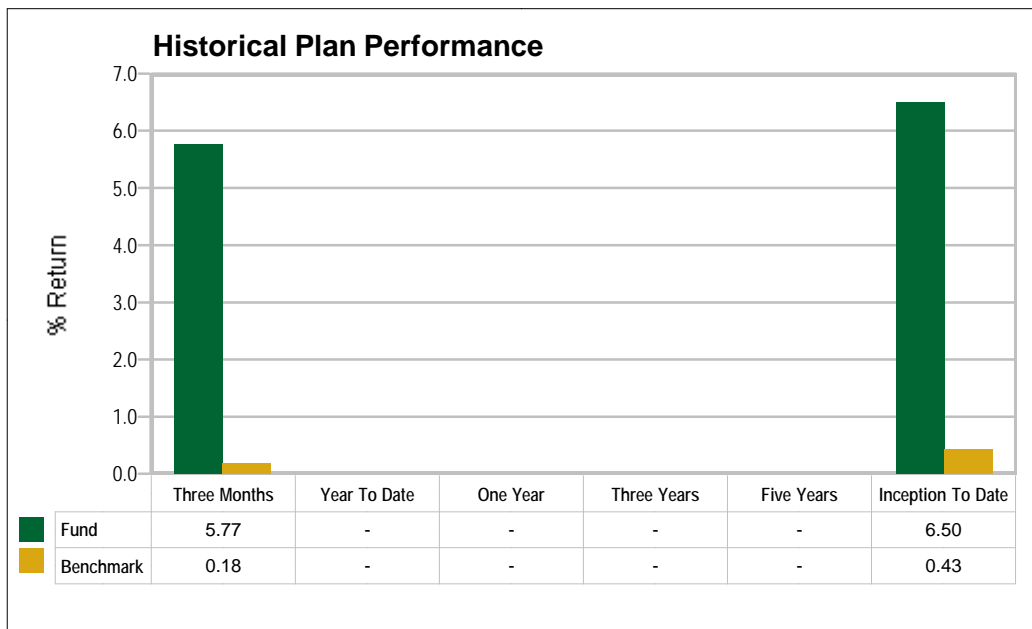
Risk Statistics - 3 years

	Fund	B'mark
Performance Return	-6.83	-5.72
Standard Deviation	6.42	6.79
Relative Return	-1.17	
Tracking Error	2.60	
Information Ratio	-0.42	
Beta	0.89	
Alpha	-2.17	
R Squared	0.88	
Sharpe Ratio	-1.58	-1.33
Percentage of Total Fund	8.2	
Inception Date	Mar-2006	
Opening Market Value (£000)	44,963	
Net Investment (£000)	0	
Income Received (£000)	430	
Appreciation (£000)	180	
Closing Market Value (£000)	45,573	



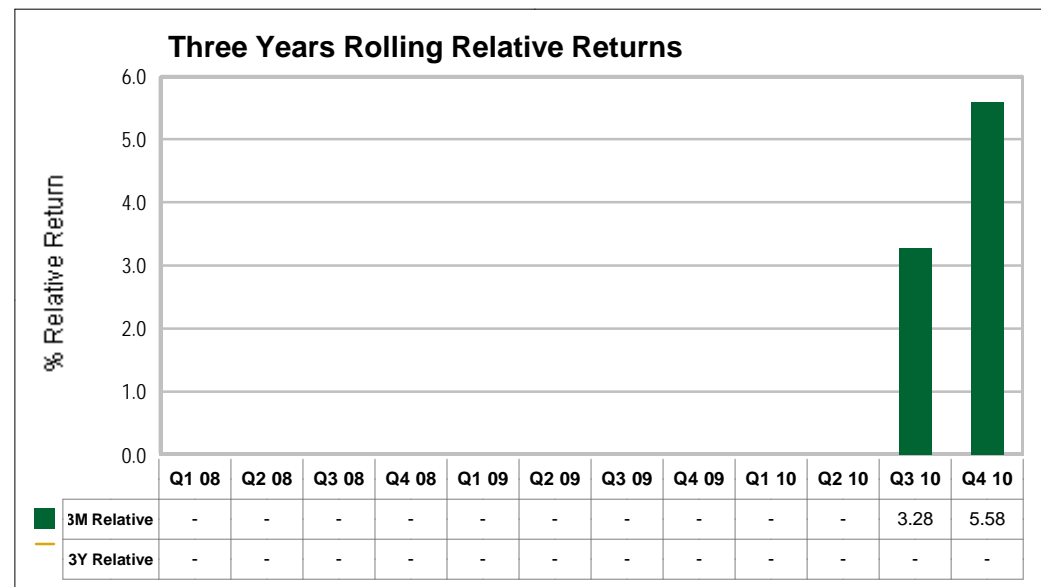
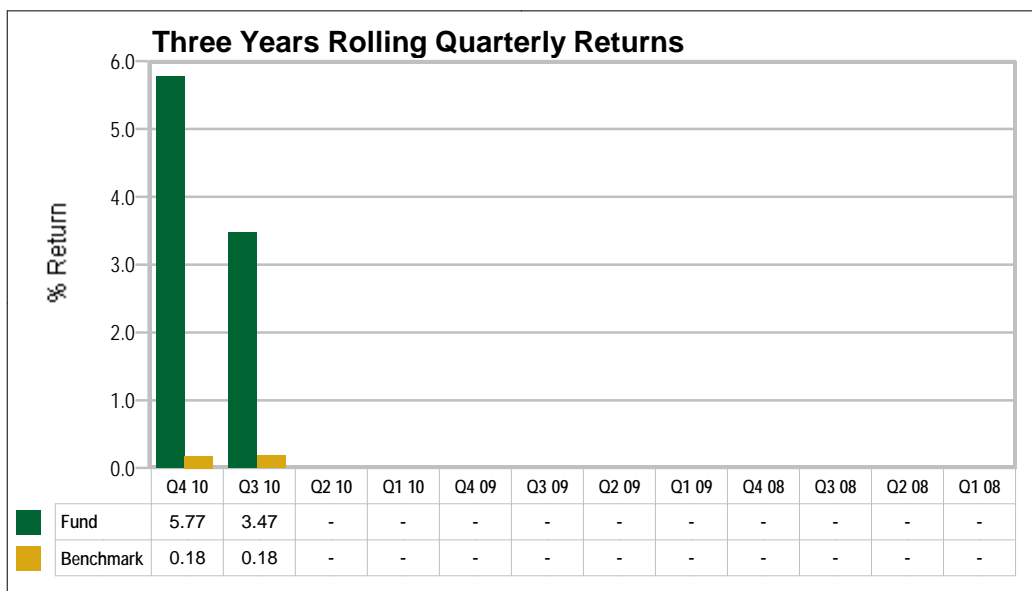


Ruffer



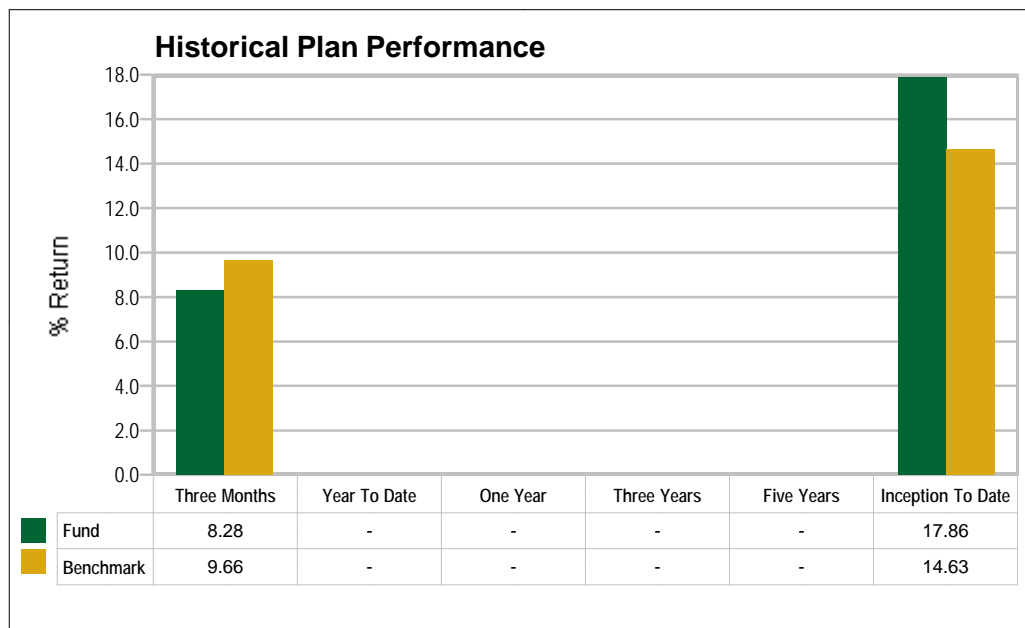
Risk Statistics - 3 years

	Fund	B'mark
Performance Return	-	-
Standard Deviation	-	-
Relative Return	-	-
Tracking Error	-	-
Information Ratio	-	-
Beta	-	-
Alpha	-	-
R Squared	-	-
Sharpe Ratio	-	-
Percentage of Total Fund	9.7	-
Inception Date	May-2010	-
Opening Market Value (£000)	50,653	-
Net Investment £(000)	0	-
Income Received £(000)	159	-
Appreciation £(000)	2,762	-
Closing Market Value (£000)	53,574	-

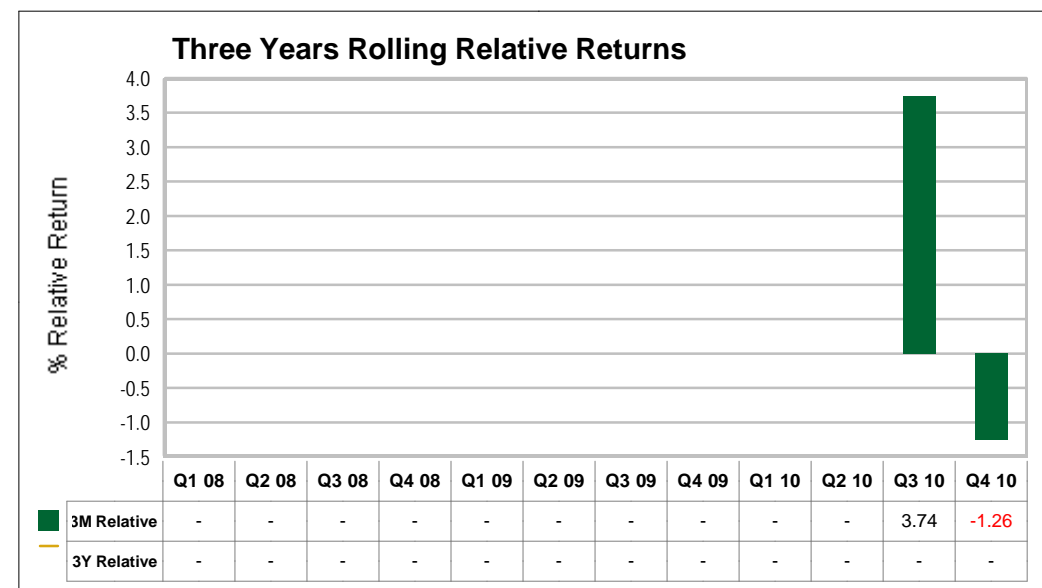
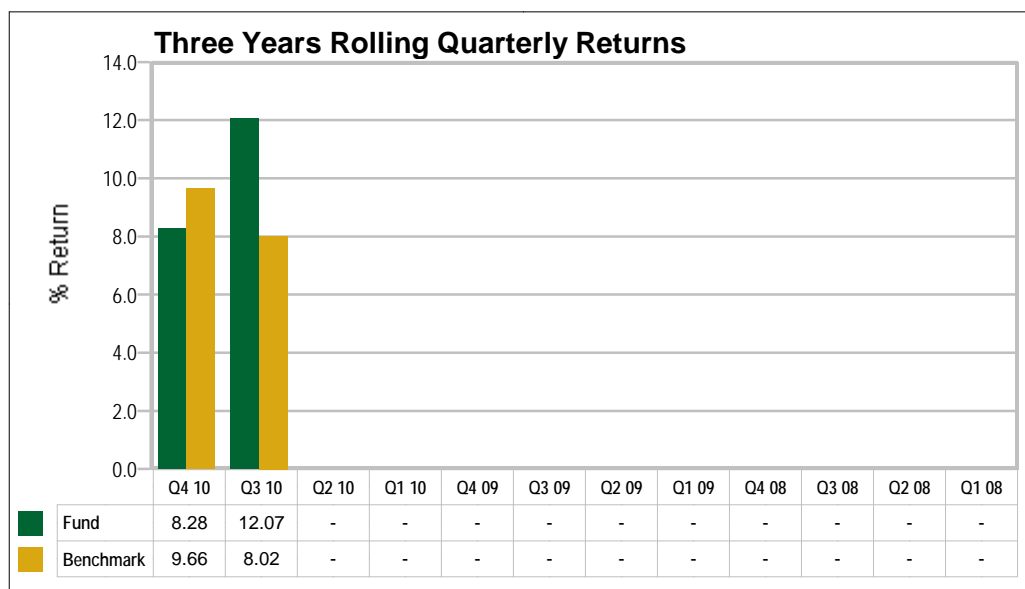




Marathon

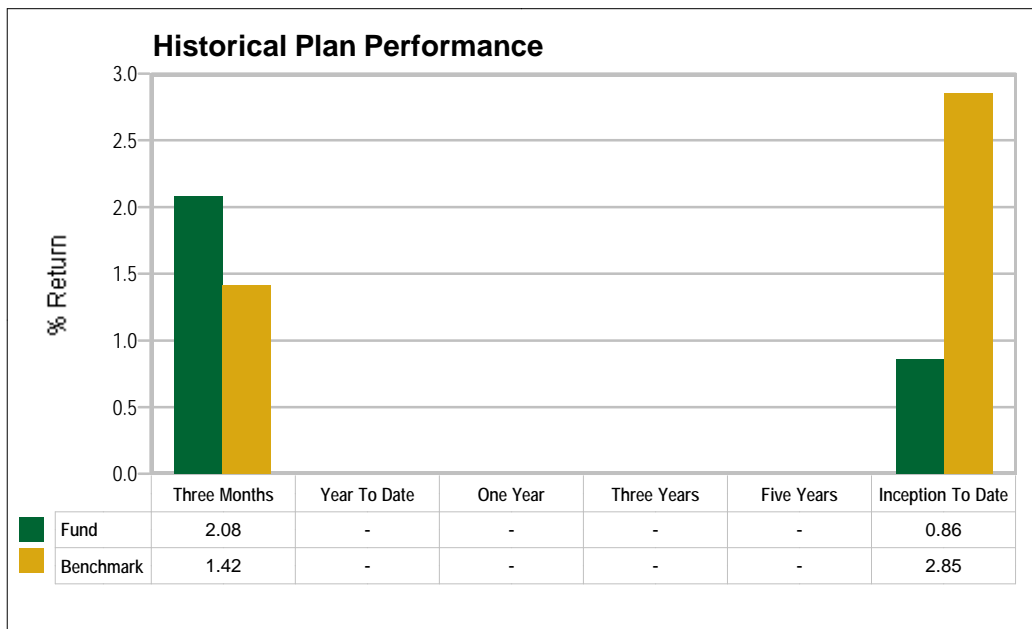


Risk Statistics - 3 years	Fund	B'mark
Performance Return	-	-
Standard Deviation	-	-
Relative Return	-	-
Tracking Error	-	-
Information Ratio	-	-
Beta	-	-
Alpha	-	-
R Squared	-	-
Sharpe Ratio	-	-
Percentage of Total Fund	10.4	-
Inception Date	Jun-2010	-
Opening Market Value (£000)	53,155	-
Net Investment £(000)	0	-
Income Received £(000)	0	-
Appreciation £(000)	4,401	-
Closing Market Value (£000)	57,556	-



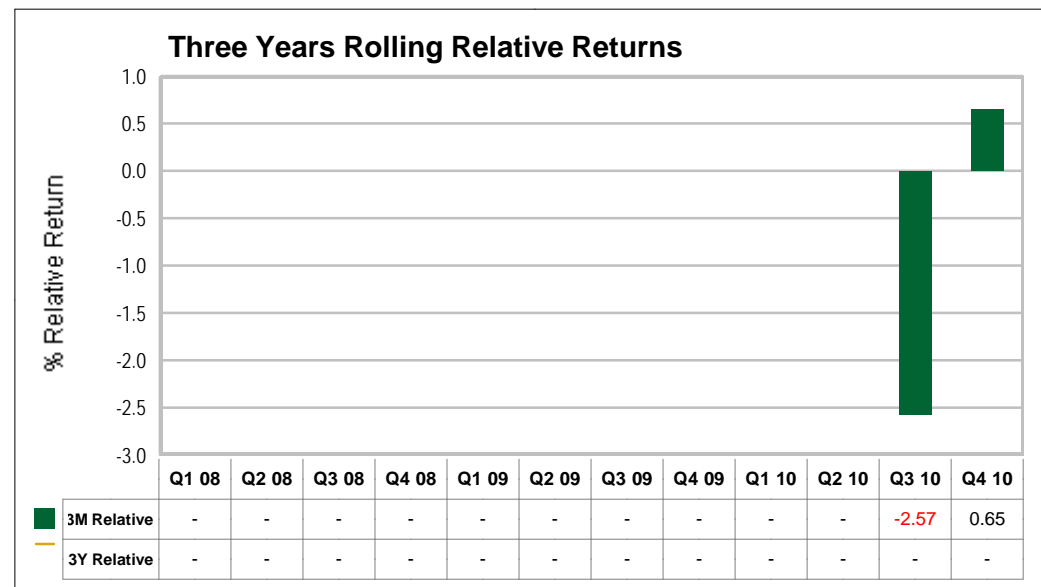
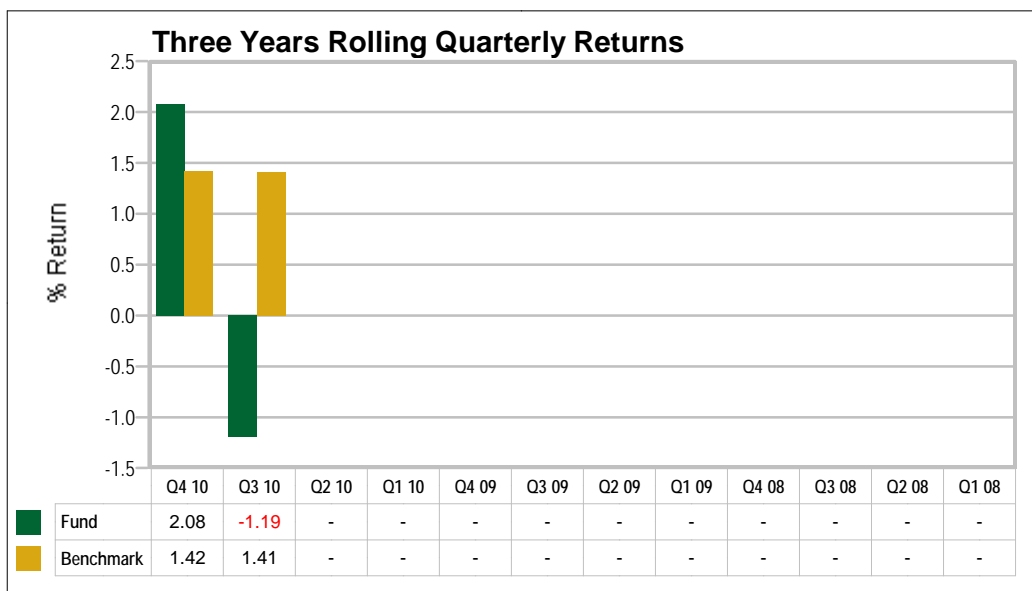


Fauchier



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	4.5	
Inception Date	Jun-2010	
Opening Market Value (£000)	24,504	
Net Investment £(000)	0	
Income Received £(000)	0	
Appreciation £(000)	509	
Closing Market Value (£000)	25,013	





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 IPD UK PPFI All Balanced Funds Index

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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