



2nd Quarter, 2011

London Borough of Hillingdon

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Executive Report

3	International Overview
6	Plan Commentary
8	Scheme & Manager Performance
11	Balance Sheet
12	Combined Fund Performance
13	Component Returns
16	Regional Attribution
18	Asset Allocation By Region
19	Manager Fund Performance

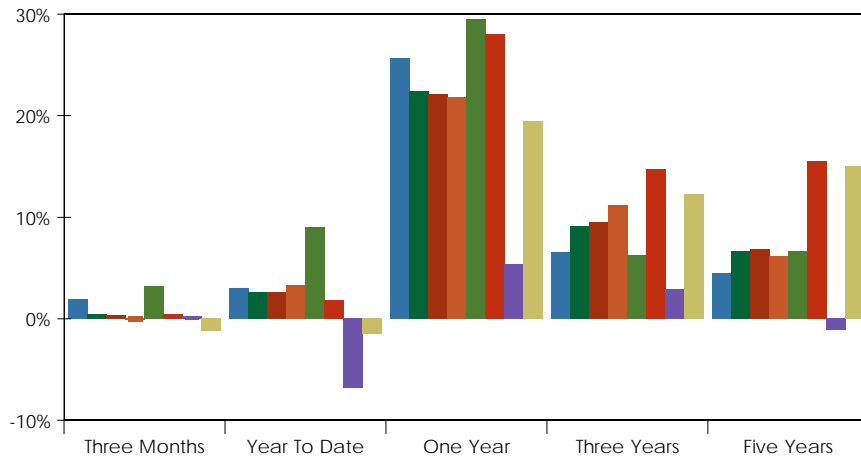
Appendix

41	Benchmarks
42	Glossary of Risk Formulae
43	Glossary of Risk Formulae contd
44	Glossary of Equity Characteristics
45	Glossary of Fixed Income Characteristics
46	Disclaimer



Equity Index Performance (in GBP)

Performance History



Performance Returns%

	Three Months	Year To Date	One Year	Three Years	Five Years
■ FTSE All Share	1.9	3.0	25.6	6.6	4.5
■ FT: World	0.4	2.6	22.4	9.2	6.6
■ FT: World ex UK	0.3	2.6	22.1	9.5	6.8
■ FT AW: United States	-0.0	3.3	21.8	11.2	6.1
■ FT: Developed Europe ex UK	3.2	9.0	29.4	6.3	6.6
■ FT AW: Japan	0.2	-6.7	5.4	2.9	-1.1
■ FT: Developed Asia Pac ex Jp	0.4	1.9	28.0	14.7	15.5
■ MSCI Emerging Markets GD	-1.2	-1.5	19.4	12.3	15.0

Crisis within the Eurozone has dominated headlines once again throughout the second quarter of 2011. The Bank for International Settlement (BIS) warned that none of the problems that contributed to the financial crisis have yet been solved and that global growth must slow to curb inflation. Rising food and energy prices, concerns about fiscal tightening and a challenging environment for banks to lend in have all slowed the momentum of the world economy which continues to expand, just not at a very rapid rate. The growth economies China, Brazil and India are slowing due to deliberate pressure from policy makers that fear inflation and global recovery is based on their energy. The International Energy Agency offset the loss of oil production from Libya with the release of 60 million barrels prompting a drop of 7% on Brent Crude prices. A new generation of tech stocks came to market including Renren (China's Facebook) with a valuation of 72 times sales. While most equity indices still proved positive over the second quarter the Emerging Markets remained in the red and were joined there by North America. Oil & Gas and Financials stocks were the weaker sectors over the quarter, Health Care and Consumer Goods posted the biggest gains. Gold continued its ascent, up again quarter on quarter at \$1,500 per ounce but the price of crude oil futures dropped to \$111 per barrel. The FTSE World was up by 0.4% (GBP) over quarter two 2011 and remains ahead over one year, now by 22.4% (GBP).

The BIS also noted that even though the UK inflation target had been missed for more than 40 months interest rates had not yet been raised. Household income is falling in real terms and has been for some time now. Hundreds of shops are set to close over the summer as High streets struggle with weaker retail sales. The Office for Budget Responsibility still predicts a 2011 growth of GDP of 1.7% but many economists fear that is overstated. George Osborne's public spending plan relies on the OBR being right. UK manufacturing growth fell to its lowest rate for 21 months. Inflation was up quarter on quarter to 4.5%. Unemployment fell again to 2.43 million people (7.7%) at the end of April. UK GDP grew by 0.5% in the first quarter of 2011 negating the 0.5% contraction of quarter four and early predictions for the second quarter are of a 0.2% shrinkage. Health Care and Consumer Goods were the leading sectors over quarter two with Utilities just behind. Oil & Gas and Financials suffered weaker quarters. The FTSE All Share was up 1.9% (GBP) over the second quarter and by 25.6% (GBP) over the year.

New austerity measures scraped through in Greece despite violent demonstration, opening the way for a further 12 billion Euros aid to delay a sovereign default. Widespread tax evasion and feeble bureaucracy inspires little confidence to encourage investment from abroad. Greek strife makes the headlines but it represents just 2.5% of Eurozone GDP. Contagion to Spain or Italy at 11.6% and 16.8% respectively would mean catastrophe, Spain has twice the amount of government debt outstanding and Italy even more again. Food prices pulled Eurozone inflation to its highest level since December 2008, despite the rising ECB policy rate. Manufacturing growth fell to an 18 month low as both export and domestic demand slowed. Eurozone unemployment increased quarter on quarter to 9.9%. The declining value of the Euro hit all Euro denominated equity indices. Only Utilities, Health Care and Consumer Goods posted gains in Euro. The FTSE Developed Europe ex UK index returned 3.2% (GBP) over quarter two and 29.4% (GBP) over the year.

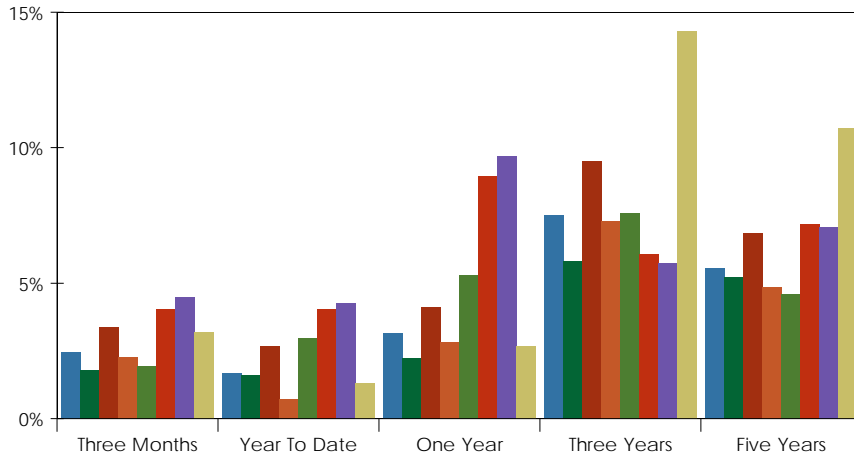
US financial stocks dropped off after disappointing jobs and manufacturing data showed that the economic slowdown rolls on. The Fed cut its US growth forecasts for 2011 but remains hopeful about 2012. It also signalled that interest rates would remain low in contrast to the warnings from the BIS. US GDP grew by 1.9% in quarter one following the third revised estimate made available. US retail sales fell in May for the first time in a year due mainly to a sharp drop in car sales. Corn futures fell which could boost the economy by reducing inflation and food prices generally. US house prices fell again in April, declining 4% year on year but the pace of that decline is slowing. Wall Street tumbled following news that the unemployment rate had risen again to 9.2%. Healthcare and Utilities made gains, the biggest losses were in Oil & Gas and Financials. The FTSE AW North America index returned 0% (GBP) over the second quarter and 21.8% (GBP) for the year.

The Japanese government estimates that the March 11th disaster caused \$211 billion in damage to infrastructure. Sentiment turned negative towards the end of the second quarter as the supply chain slowly recovers and power shortages continue. A 0.9% fall in GDP was reported for Q1 but there is a feeling that Japanese securities are undervalued. The impact on the global supply chain of Japanese production may have been underestimated; it may prove that its return to normality coincides with improved global growth through the third quarter. The FTSE Japan returned 0.2% (GBP) for quarter two; the FTSE Developed Asia Pacific ex Japan returned 0.4% (GBP). Manufacturing output in China hit a 28 month low in June as inflation hit a 3 month high, a recurrent theme across most of Asia. High raw material costs from commodity price inflation have limited purchasing power across the BRICs. Australia is having to raise interest rates to prevent the economy overheating as they export their commodities to Asia. MSCI Emerging Markets index returned -1.2% (GBP) for the second 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	2.5	1.7	3.1	7.5	5.6
■ FTSE All Stock 0-5 Yr. Gilts	1.8	1.6	2.2	5.8	5.2
■ FTSE All Stock 5-15 Yr. Gilts	3.4	2.7	4.1	9.5	6.9
■ FTSE All Stock > 15 Yr. Gilts	2.3	0.7	2.8	7.3	4.8
■ ML STG N-Gilts All Stocks	1.9	2.9	5.3	7.6	4.6
■ FTSE Index Linked	4.0	4.0	8.9	6.1	7.2
■ FTSE Index Linked 5+ yrs	4.5	4.3	9.7	5.7	7.0
■ JPM GBI Global	3.2	1.3	2.6	14.3	10.7

Global economic growth has slowed as evidenced by the majority of the world's June purchasing manager indices (PMI) with the exception of the US, confirming that global manufacturing growth slowed sharply in Q2. Confidence has weakened from the first quarter particularly in the developed economies as the impact of national austerity measures start to take hold while inflation concerns dominate central bank decisions on interest rate setting. Uncertainty in the global markets fostered by the widening euro zone deficit crisis, generally weak economic data and escalating inflation has seen diverging policy decisions. In the G10, policy makers have generally considered higher inflation as transitory as commodity prices have eased and the supply chain disruptions following the Japanese earthquake slowly return to normality. The exception has been the European Central Bank (ECB) which has raised interest rates twice this year in spite of the intensifying sovereign debt crisis. In the emerging economies GDP growth is still strong however elevated inflation arising from the soaring commodity prices earlier this year as well as the weather related sharp increases in food prices, remains their key challenge. China's inflation rate came in at 6.4% in June - a three year high while in India the wholesale price index increased to 9.4%, the eighth month in the last nine that it has been above 9%. In response both China and India have raised their interest rates - China for the 3rd time this year to 6.56% and India to 7.5%.

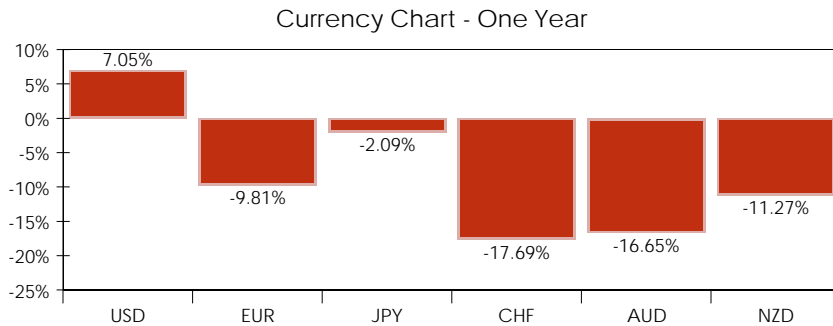
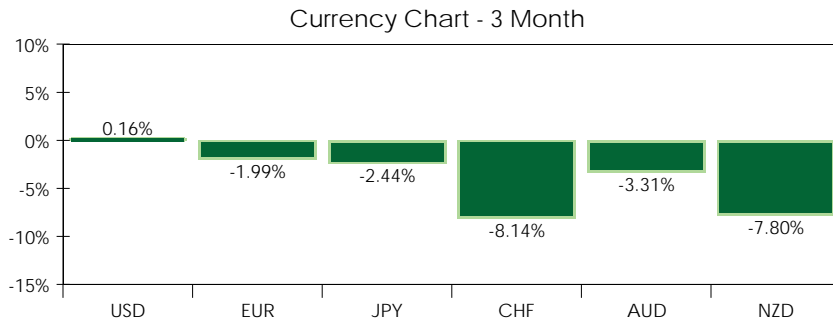
Compared to the end of Q1 where a 25bp increase in the UK Bank rate was fully priced in for May, there has been a sharp shift in the market interest rate expectations as disappointing economic data has pushed any policy tightening back towards the end of 2011. Real household disposable income continues to shrink, falling by 0.8% q/q in Q1 2011 due to cost push inflation from rising global commodity prices and a weaker STG exchange rate. Some of the decline in production is attributed to the extra Royal wedding bank holiday and the cumulative effect of that coming close to the Easter weekend and May Day holiday. UK CPI held at 4.5% for the year to May, its highest level since October 2008. Confidence is falling as the June manufacturing PMI edged down to 51.3 from 52 in May - a 21 month low, as weak export orders and job growth undermined activity. With the spur from overseas demand slowing plus the impact of the pending fiscal squeeze, the Bank of England (BoE) continues to hold the base rate at 0.5% as concerns over the UK recovery remain higher than that for inflation. The benchmark 10 year gilt yield closed the quarter at 3.38%, down from 3.69% for the end of March. The FTSE All Stock Gilts returned +2.5% (GBP) while the ML Sterling Non Gilts gained +1.9% (GBP) for the second quarter of 2011.

In Europe, concerns of the real possibility of a sovereign default by Greece dominated the headlines through the quarter. The credit insurance markets priced in a nearly 80% chance of default at the end of June despite the Greek parliament vote in favour of the 5 year EUR28bn austerity package. This enabled the release of EUR12bn from the EU/IMF bailout package allowing Greece to meet debt commitments for July and August. Procrastination among EU policy makers on the issue of how to 'roll over' Greek government debt saw the 'contagion' spread from the euro periphery area to core countries Italy and Spain. 10-year government bond yields in Spain have risen above 6% for the first time since 1997. The negative market reaction was further compounded by ratings agency Moody's downgrading Portugal's debt to sub-investment grade. Portugal's 10-year government bond yield soared 205bp to a record 13.07% following the agency announcement. Euro zone inflation data was unchanged at 2.7% for June however the ECB still raised its key refinancing rate a further 25bps to 1.5% in July, focussing on maintaining price stability. The iTraxx Europe 5 yr index, representative of 125 investment grade entities across 6 sectors was volatile over the quarter. Following the ECB's earlier 25bp rate increase in April the index contracted to a low of 94.27 but reached a high of 115.49 ahead of the passing of the Greek austerity package vote before closing June at 105.75. The JPM European Govt Bond index returned +1.4% (EUR) while the Barclay Capital Global Aggregate Credit index delivered +1.6% (EUR) for the 2nd quarter.

In the US, the pace of economic growth has slowed. Annualised GDP growth was 1.9% in the first quarter, while the rise in commodity prices and impact of the Japanese earthquake on supply chains particularly in the auto sector has hit activity hard in Q2 2011. The unemployment rate rose to a 6 month high of 9.2% reversing the earlier improvement in the labour market. Hanging over the US economic outlook is the stalemate ahead of the August 2nd deadline to increase the \$14,300bn debt limit, with Republican opposition to tax increases proposed by the Democrats. The US Federal Reserve made its final purchase of Treasury bonds under the \$600bn bond purchase program, known as QE2. Members of the rate-setting Federal Open Market Committee (FOMC) are divided on whether further stimulus would be appropriate if economic growth remains weak. The 10-year benchmark Treasury yield has fallen from 3.45% at the end of March to a year to date low of 2.86% in late June benefiting from flight to safety flows due to concerns over the euro zone sovereign credit risks. For the quarter the JPM US Govt Bond index returned +2.5% (USD) while the Barclay Capital Global Aggregate Corporate Bond index returned +2.6% (USD).



Currency Performance (in GBP)



	Three Months	Year To Date	One Year	Three Years	Five Years
United States dollar	0.16	2.51	7.05	-7.16	-2.83
European Union euro	-1.99	-5.25	-9.81	-4.39	-5.34
Japanese yen	-2.44	2.08	-2.09	-16.23	-9.77
Swiss franc	-8.14	-7.66	-17.69	-13.51	-10.32
Australian dollar	-3.31	-1.84	-16.65	-10.81	-10.13
New Zealand dollar	-7.80	-3.05	-11.27	-9.88	-8.88

There used to be an array of currencies vying for haven status, the dollar and the yen to name just two. Now there seems to be just one, the Swiss franc. Amid heightened fears over the Eurozone sovereign debt and increasing concerns about the health of the US economy, investors have flocked to the safety of the Swiss currency. With the Federal Reserve's loose monetary policy stance, investors are being scared away from the dollar, while the prospect that Tokyo might intervene to limit the strength of the yen has also deterred speculators from betting on further gains in the Japanese currency. The Swiss franc has also benefited from the increasing signs that the Swiss economy is thriving because of its close ties to the resurgent Germany. The strength of the yen this quarter was partially underpinned by the absence of the expected surge in the yen inflows and repatriation of funds by Japanese companies after the tsunami in March. The strong yen has hit the Japanese exports hard this quarter. The Australian dollar remains strong on the back of commodities and the stronger than expected employment results. Chinese trade figures for June provided fresh evidence of its economy slowing even as inflation hit a three-year high. Weaker Chinese imports point toward a slowing domestic economy. With the surge in exports and the slump in imports of commodities and raw materials, China's trade surplus for Q2 2011 came in at \$46.7bn.

In the UK, fears over the slow pace of Britain's economic recovery has been the biggest factor behind sterling's recent poor performance. This has been influenced by the Bank of England's decision to keep interest rates at 0.5%. Sterling has stumbled down to a 16 month low against the Euro and a 5 month low versus the dollar. This has made sterling much more attractive for currency traders, raising their bets against the pound to the highest level in a year. One bit of good news was the improving CPI inflation coming in at 4.2% in June, an improvement on the 4.5% last quarter. The labour market recovery is weakening in spite of a fourth successive monthly fall in the jobless total. UK unemployment rate improved slightly, sitting at 7.7% compared to 7.8% at the end of March 2011. The dip in unemployment was caused entirely by more young people going into full time education instead of seeking work. The Nationwide house price index was up by 0.3% for the second quarter of 2011, but year-on-year, house prices are 1.1% below where they were in June 2010. First-time buyers in the UK are still struggling to get on the property ladder with the average deposit required being far higher than it ever was, totaling 20% of the purchase price. This drop in demand can also be seen in the drop in the value of construction work on new housing dropping by one third during the first six months of the year. Sterling closed the quarter down against the Euro by 2.0% and the Yen by 2.4%, however it gained against the Dollar by 0.2%.

Core consumer prices in the US rose at an annual rate of 1.6% in June, this pickup in inflation gives the Federal Reserve little scope to stimulate the economy. Core inflation continued to climb faster than expected as Americans paid more for cars, clothing and rent. Even though the Fed expects the rise in CPI to fade away, it is highly unlikely to launch another round of quantitative easing while inflation is heading upwards. Unemployment has seen a small rise to 9.1% (as of May 2011) and 9.2% (as of June 2011), up from the 8.8% of March 2011. Though this is high by US standards, it is still well down from the 9.6% of August 2010. The jobs figures have raised the stakes in the already tense negotiations over an increase in the country's borrowing limit ahead of the early August deadline. A survey from the National Association of Home Builders, released during June, showed confidence in the housing market fell to its lowest level in nine months. In May, The US trade deficit jumped to its highest level since October 2008 as soaring oil prices lifted imports as exports fell back from a record high. The trade gap widened by 15% to \$50.2bn from \$43.6bn in April. The Dollar closed the quarter down against Sterling, Euro and Yen by 0.2%, 2.1% and 2.6% respectively.

In the Euro area, despite the "peripheral" sovereign debt worries, the single currency has outperformed sterling this quarter. This is largely driven by the European Central Bank raising its interest rates to 1.5% in a tightening cycle compared to the Bank of England standing still at 0.5%. The Eurozone inflation remained steady at 2.7% at the end of June 2011, higher than the 2% target for the seventh consecutive month. The downgrading of Portuguese government debt sparked fresh concerns over the financial contagion from the Eurozone debt crisis. The unemployment rate in the Eurozone was stable for the third month running in May. The jobless rate remained at 9.9%, a one year low. Unemployment is expected to stay elevated in the coming months as major fiscal consolidation is introduced. In particular public sector job cuts will put upward pressure on the European jobless rate. With the new Greek austerity measures introduced, it is expected that the pressure to reduce public sector jobs will put upward pressure on its already high unemployment rate. Greek unemployment at 15% is the fourth highest in the European Union after Spain (20.9%), Lithuania (16.3%) and Latvia (16.2%). The Euro ended the quarter gaining against the US Dollar by 2.1% and Sterling by 2.0%, however it was down compared to the Yen by 0.4%.



Scheme Performance

The 2nd Quarter was characterised by uncertainty in the global markets fostered by the widening Euro zone deficit crisis, generally weak economic data as the impact of national austerity measures start to take hold and escalating inflation dominating central bank decisions on interest rate setting. Against this backdrop, the London Borough of Hillingdon returned 1.64% for the quarter which translates as an outperformance of 3 basis points when compared to the Total Plan composite benchmark. The main driver this period is allocation decisions, with the 7% exposure to Private Equity adding 19 basis points, while selection in Continental Europe was the largest negative effect, slightly offset by positive currency effects. The contributions from Fixed Income, Real Estate and Cash were fairly neutral overall, with one exception being the overweight in Index Linked Gilts adding 11 basis points to the allocation effect.

Over the one year period, the Plan still underperforms with a return of 16.26% compared to 19.30% for its benchmark. The relative return of -2.55% can be largely attributed to negative stock selection within equities (-3.17%) similar to previously reported Continental Europe (-1.69%) and the UK (-0.94%) are still the main detractors. Negative effects are also demonstrated in allocation decisions, with the overweighting of Corporates, Index Linked Gilts and Cash notable impacts, these effects are slightly offset by the positive currency effects seen in Europe and the US.

With the Plan bettering its composite benchmark in just one other quarter in the last four years, the London Borough of Hillingdon shows underperformance over all the longer time frames. Since inception in October 1995, the Plan has returned 6.43% relative to 7.00% for Total Plan benchmark.

Manager Performance

Alliance Bernstein

During the current period, the Alliance Bernstein global equity portfolio was terminated with the majority of the assets moving to the Ruffer mandate.

Fauchier

Fauchier's investments fell -0.06% in the current quarter relative to their target benchmark, LIBOR 3 month + 5% which returned 1.43%. The fund has now been invested for one year and over that period produce a figure of 2.84% compared to 5.81% for the benchmark, a relative return of -2.81%.

Goldman Sachs

In contrast to last quarter the Goldman Sachs bond portfolio beats its composite benchmark for Q2 returning 2.78% versus 2.68%, a relative outperformance of 10 basis points. Allocation effects amounted to -9 bps with the decision to underweight index linked gilts, however the main driver of outperformance was fixed income selection, adding 21 bps. Since the middle of 2009 the fund demonstrates outperformance in most periods, however underperformance prior to this continues to drag down the longer time periods. Resulting in a one year figure that is 37 basis points ahead (6.98% vs. 6.58%), again selection effects in Fixed Income is the main factor, while since inception (December 2001) post figures of 5.91% compared to 6.47% for the benchmark on an annualised basis.

Macquarie

Over the last three months the Macquarie fund returned -0.16% in absolute terms; the large negative return seen in the previous quarter dominates the since inception (September 2010) return of -5.39%.

At present no benchmark has been applied to this mandate.

Marathon

For the 2nd quarter of 2011, the Marathon portfolio beat its benchmark the MSCI World index by 1.46% returning 1.77% versus 0.31%. The fund outperforms in all time periods measured with a since inception (June 2010) return of 21.13% compared to 16.66% for the index on an annualised basis.



Manager Performance

M&G Investments

The value of the M&G investments now stands at just below £8 million, the majority of this increase was due to the transfer into the fund of £2.6 million while the return for the last three months was 0.68%. Since inception at the end of May 2010, the portfolio achieves a 2.27% annualised absolute return.

At present no benchmark has been applied to this mandate.

Private Equity

As at 30th June the value of the Private Equity investments was £36.8 million, appreciating by £1.8million, which translates as an absolute return of 5.08%. Since inception in September 2008, the portfolio achieves a 5.46% return on an annualised basis.

At present no benchmark has been applied to this mandate.

Ruffer

The Ruffer portfolio reversed the losses seen in the previous quarter by returning 1.39% compared to the proxy benchmark return for LIBOR 3 Month GBP of 0.20% in the current period. With the transfer in on the Alliance Bernstein investments, the Ruffer account is now valued at £114.2 million and makes up 19% of the total scheme. Since inception May 2010, the portfolio has outperformed its benchmark by 5.88% on a relative basis, posting 6.66% versus 0.74% per annum.

SSGA

The passively managed SSGA portfolio produced a figure of 1.69%, which was 6 basis points below the benchmark; this result filters into the year to date and 1 year relative returns. Over these periods most of the underlying funds matched their benchmarks, with the exception of Continental Europe and Emerging Markets, which slightly underperformed their targets. Since inception of the fund in November 2008, SSGA is marginally ahead of the benchmark returning 18.33% versus 18.30%.

Manager Performance

SSGA Drawdown

For the 2nd quarter, the SSGA Drawdown fund was ahead of the custom benchmark returning 1.20% compared to 1.03%, the fund has bettered its benchmark in 6 of the 8 quarters since inception. Since inception (June 2009) SSGA Drawdown has returned 5.81% p.a. against 5.44% p.a. for the benchmark; further analysis shows that the Corporate bond fund tracks its benchmark while the cash fund has slightly bettered its respective benchmark in all time periods.

UBS

The UBS UK Equity portfolio returned 2.46% in the latest quarter, beating the FTSE All Share return of 1.91% by 54 basis points on a relative basis. Attribution analysis shows that both allocation and selection effects contributed to this outcome; with underweighting Consumer Goods (-27 bps) more than offset by overweighting Health Care (+20 bps) and underweighting Financials (+19 bps), while stock picking in Oil & Gas and Consumer Services contributed 67 and 58 basis points respectively. A similar result is seen over the one year period, posting 26.32% against 25.63%, again underweighting Financials was a key decision (+73%), however this period selection in Consumer Services is the largest negative effect (-1.11%), while Oil & Gas (81 bps), Industrials (58 bps) and Health Care (57 bps) were the most notable positive impacts. Over the three and five year periods underperformance is still evident with relative returns of -0.11% and -1.81% respectively, however since inception (December 1988) the portfolio has outperformed returning 10.11% against the benchmark return of 9.11%.

UBS Property

The UBS Property portfolio has beaten the IPD UK PPFI All Balanced Funds index in the 2nd quarter of 2011, returning 2.12% versus 1.80% for the benchmark. This is the 8th consecutive quarter of positive absolute returns, following the downturn in 2008 through to Q2, 2009. The fund now demonstrates outperformance over the one year period with figures of 7.89% against 7.71% for the benchmark, 16 basis points on a relative basis. For the longer time periods underperformance is largely attributable to the Q4 2009 results, with the 3 and 5 year relative returns at -1.17% and -0.51% respectively, while since inception in March 2006 returns of -1.93% versus -1.27 p.a. are seen.



Active Contribution

By Manager

	Active Contribution 04/11					Active Contribution 05/11					Active Contribution 06/11					Active Contribution 2Q 2011
	Portfolio	Benchmark	Excess Return	Relative Return	Active Contribution	Portfolio	Benchmark	Excess Return	Relative Return	Active Contribution	Portfolio	Benchmark	Excess Return	Relative Return	Active Contribution	Active Contribution
Fauchier	0.00	0.47	-0.47	-0.47	-121,020.55	0.55	0.48	0.07	0.07	17,503.52	-0.61	0.48	-1.08	-1.08	-279,201.50	-382,718.53
Goldman Sachs	2.27	2.13	0.14	0.14	93,231.70	1.13	1.01	0.11	0.11	78,361.81	-0.62	-0.47	-0.15	-0.15	-99,040.73	72,552.78
M&G Investments	0.92	-	0.92	-	61,167.39	0.01	-	0.01	-	981.12	-0.26	-	-0.26	-	-20,744.79	41,403.71
Marathon	0.08	0.19	-0.11	-0.11	-63,541.09	0.30	-0.77	1.07	1.08	622,879.03	1.39	0.90	0.49	0.48	290,615.47	849,953.42
Macquarie	-3.89	-	-3.89	-	-49,687.12	1.33	-	1.33	-	16,378.24	2.52	-	2.52	-	31,324.18	-1,984.70
Nomura	-	-	-	-	0.00	-	-	-	-	0.00	-3.75	-	-3.75	-	-11,663.76	-11,663.76
Private Equity	-0.73	-	-0.73	-	-256,710.34	0.31	-	0.31	-	108,600.74	5.53	-	5.53	-	1,926,324.09	1,778,214.49
Ruffer	0.66	0.07	0.59	0.59	314,480.13	-0.13	0.07	-0.20	-0.20	-106,557.68	0.86	0.07	0.79	0.79	896,599.87	1,104,522.32
SSGA	1.93	1.97	-0.04	-0.04	-42,527.34	-0.51	-0.48	-0.02	-0.03	-28,946.43	0.27	0.26	0.01	0.01	6,696.83	-64,776.93
SSGA Drawdown	1.25	1.09	0.17	0.17	26,136.30	0.37	0.06	0.31	0.31	36,010.36	-0.42	-0.11	-0.31	-0.31	-32,196.11	29,950.55
UBS	3.17	3.11	0.06	0.06	70,829.41	0.03	-0.72	0.74	0.75	842,569.97	-0.72	-0.45	-0.27	-0.27	-303,908.88	609,490.50
UBS Property	0.68	0.67	0.01	0.01	4,906.67	0.97	0.69	0.28	0.27	130,194.51	0.45	0.42	0.03	0.03	13,649.50	148,750.69

Total Fund Market Value at Qtr End: £601.4 M



Scheme Performance

	Market Value £m	% of Fund	<u>Three Months</u>				<u>Year To Date</u>				<u>One Year</u>			
			Portfolio	Benchmark	Excess Return	Relative Return	Portfolio	Benchmark	Excess Return	Relative Return	Portfolio	Benchmark	Excess Return	Relative Return
London Borough of Hillingdon	601.4	100.00	1.64	1.61	0.03	0.03	2.81	2.98	-0.17	-0.16	16.26	19.30	-3.05	-2.55

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
Fauchier	25.5	4.24	-0.06	1.43	-1.50	-1.48	1.96	2.88	-0.92	-0.89	2.84	5.81	-2.97	-2.81
Goldman Sachs	67.8	11.27	2.78	2.68	0.11	0.10	3.22	3.27	-0.05	-0.05	6.98	6.58	0.40	0.37
M&G Investments	8.0	1.33	0.68	-	-	-	0.68	-	-	-	2.24	-	-	-
Marathon	59.8	9.94	1.77	0.31	1.46	1.46	3.91	2.68	1.24	1.20	26.10	21.62	4.47	3.68
Macquarie	1.3	0.21	-0.16	-	-	-	-6.96	-	-	-	-	-	-	-
Nomura	0.3	0.05	-	-	-	-	-	-	-	-	-	-	-	-
Private Equity	36.8	6.12	5.08	-	-	-	12.55	-	-	-	18.54	-	-	-
Ruffer	114.2	18.99	1.39	0.20	1.19	1.18	0.74	0.38	0.36	0.36	10.25	0.75	9.50	9.43
SSGA	116.4	19.35	1.69	1.75	-0.06	-0.06	2.90	2.96	-0.06	-0.06	20.46	20.61	-0.15	-0.12
SSGA Drawdown	10.3	1.70	1.20	1.03	0.17	0.16	1.74	1.59	0.15	0.15	3.20	2.87	0.33	0.32
UBS	113.5	18.86	2.46	1.91	0.55	0.54	2.41	2.96	-0.55	-0.54	26.32	25.63	0.69	0.55
UBS Property	47.5	7.90	2.12	1.80	0.32	0.31	4.29	3.73	0.56	0.54	7.89	7.71	0.18	0.16

Total Fund Market Value at Qtr End: £601.4 M



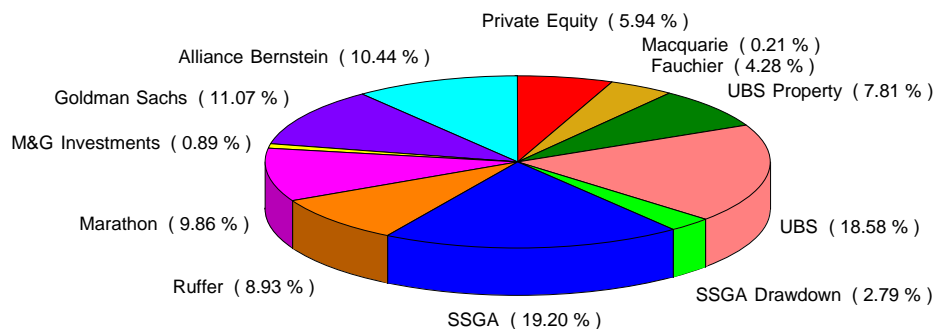
Scheme Performance

	<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	4.70	7.15	-2.45	-2.29	2.86	5.37	-2.51	-2.38	6.43	7.00	-0.57	-0.53	
<u>By Manager</u>													
	Portfolio	Benchmark	Excess Return	Relative Return	Portfolio	Benchmark	Excess Return	Relative Return	Inception Date	Portfolio	Benchmark	Excess Return	Relative Return
Fauchier	-	-	-	-	-	-	-	-	30/06/10	2.84	5.81	-2.97	-2.81
Goldman Sachs	7.80	8.28	-0.48	-0.44	5.88	6.36	-0.48	-0.45	31/12/01	5.91	6.47	-0.56	-0.52
M&G Investments	-	-	-	-	-	-	-	-	27/05/10	2.27	-	-	-
Marathon	-	-	-	-	-	-	-	-	09/06/10	21.13	16.66	4.46	3.83
Macquarie	-	-	-	-	-	-	-	-	30/09/10	-5.39	-	-	-
Nomura	-	-	-	-	-	-	-	-	31/05/11	-3.75	-	-	-
Private Equity	-	-	-	-	-	-	-	-	30/09/08	5.46	-	-	-
Ruffer	-	-	-	-	-	-	-	-	28/05/10	6.66	0.74	5.92	5.88
SSGA	-	-	-	-	-	-	-	-	30/11/08	18.33	18.30	0.02	0.02
SSGA Drawdown	-	-	-	-	-	-	-	-	30/06/09	5.81	5.44	0.37	0.36
UBS	8.42	8.54	-0.12	-0.11	4.25	6.17	-1.92	-1.81	31/12/88	10.11	9.11	1.00	0.91
UBS Property	-3.41	-2.27	-1.14	-1.17	-2.81	-2.31	-0.50	-0.51	31/03/06	-1.93	-1.27	-0.66	-0.67

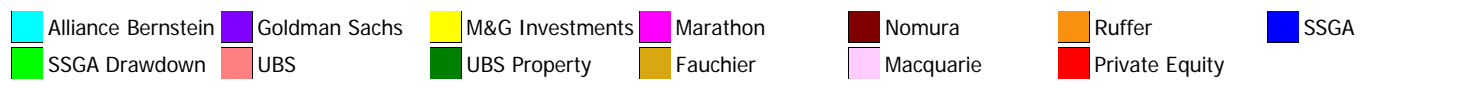
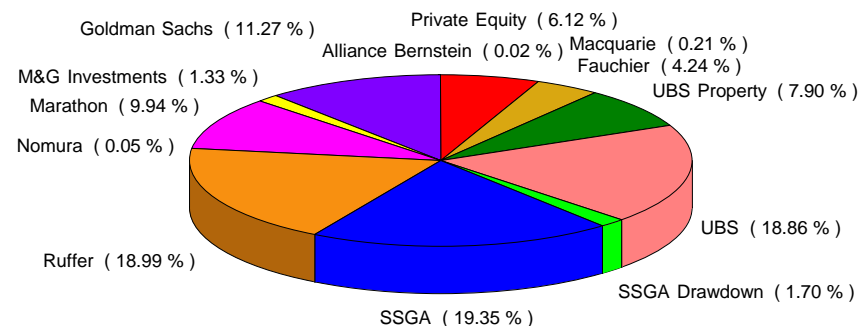
Total Fund Market Value at Qtr End: £601.4 M



Weighting at Beginning of Period



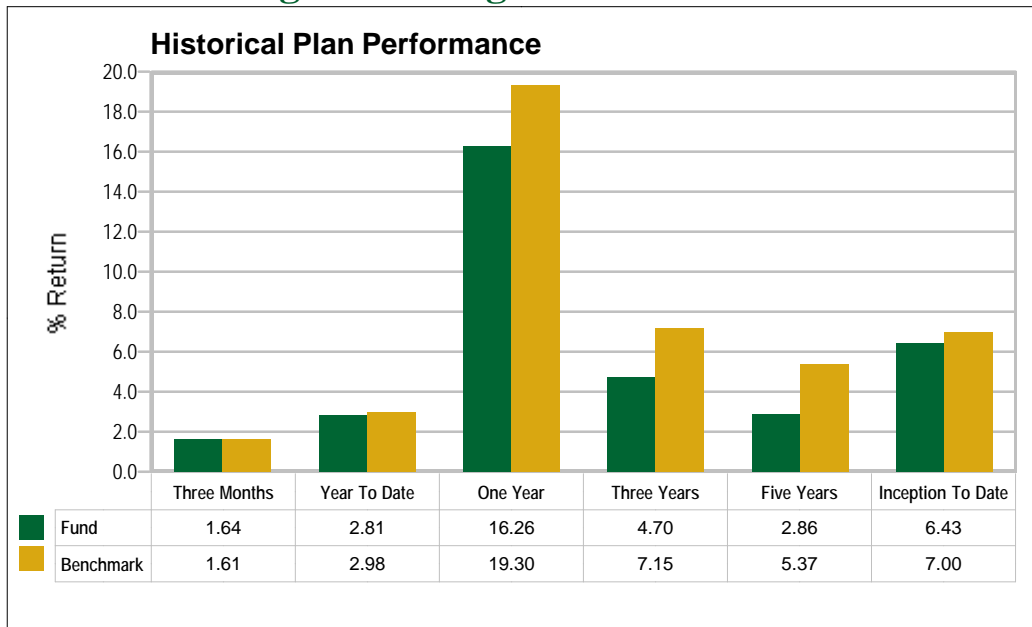
Weighting at End of Period



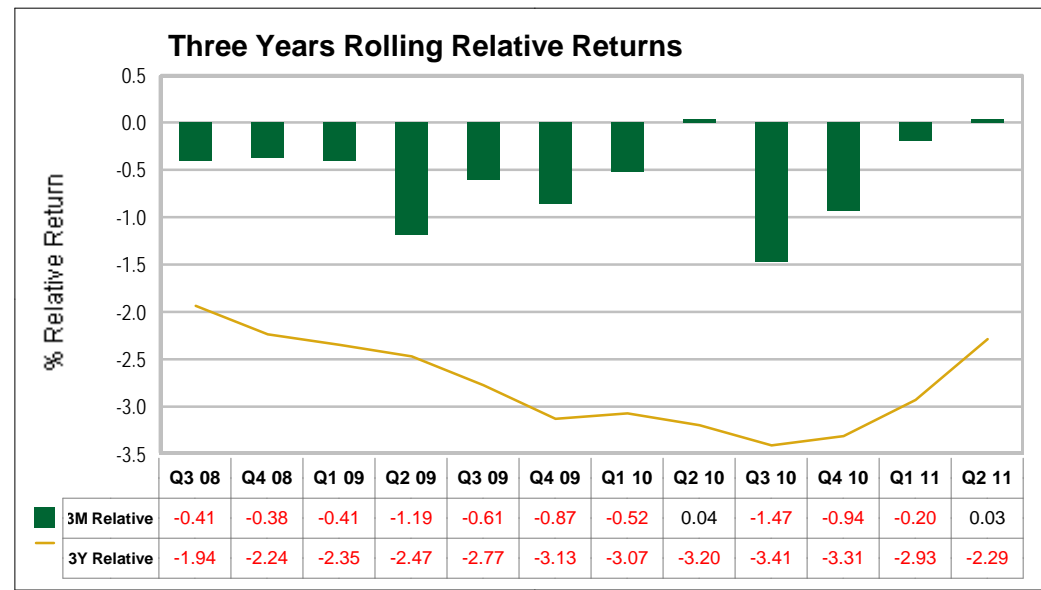
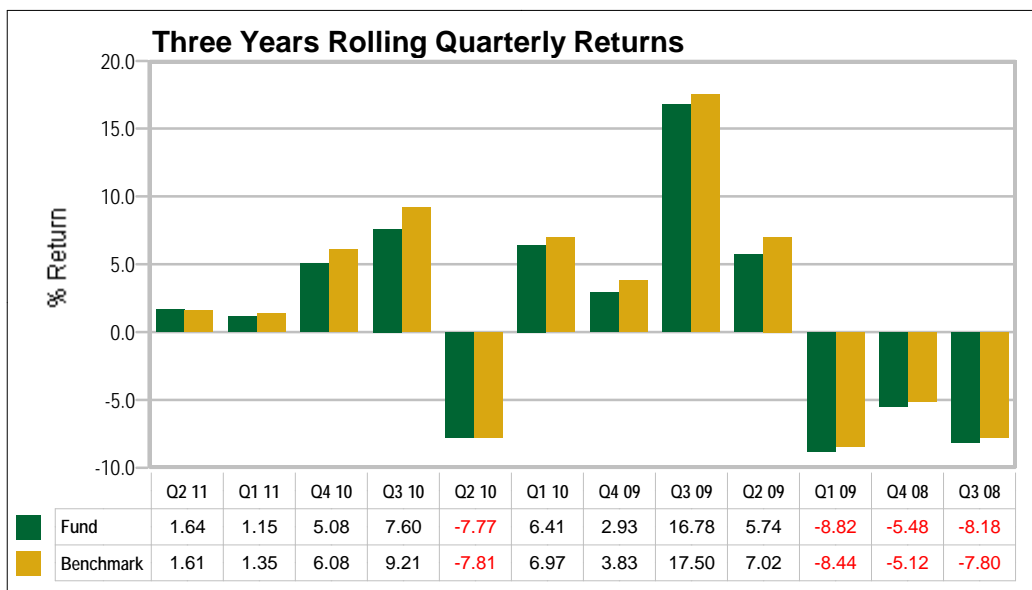
	Opening Market Value £(000)	% of Fund	Net Investment £(000)	Appreciation £(000)	Income Received £(000)	Closing Market Value £(000)	% of Fund
London Borough of Hillingdon	596,047	100.00	-4,383	7,062	2,723	601,449	100.00
Alliance Bernstein	62,220	10.44	-60,670	-1,896	477	131	0.02
Fauchier	25,519	4.28	0	-16	0	25,503	4.24
Goldman Sachs	65,974	11.07	0	1,759	78	67,811	11.27
M&G Investments	5,314	0.89	2,597	71	0	7,983	1.33
Macquarie	1,277	0.21	0	-2	0	1,275	0.21
Marathon	58,767	9.86	0	1,042	0	59,809	9.94
Nomura	-		1,310	-978	-32	300	0.05
Private Equity	35,393	5.94	-380	1,777	0	36,790	6.12
Ruffer	53,233	8.93	59,360	1,226	416	114,235	18.99
SSGA	114,447	19.20	0	1,934	0	116,381	19.35
SSGA Drawdown	16,634	2.79	-6,597	217	-0	10,254	1.70
UBS	110,729	18.58	0	1,375	1,349	113,453	18.86
UBS Property	46,541	7.81	-3	551	435	47,524	7.90



London Borough of Hillingdon

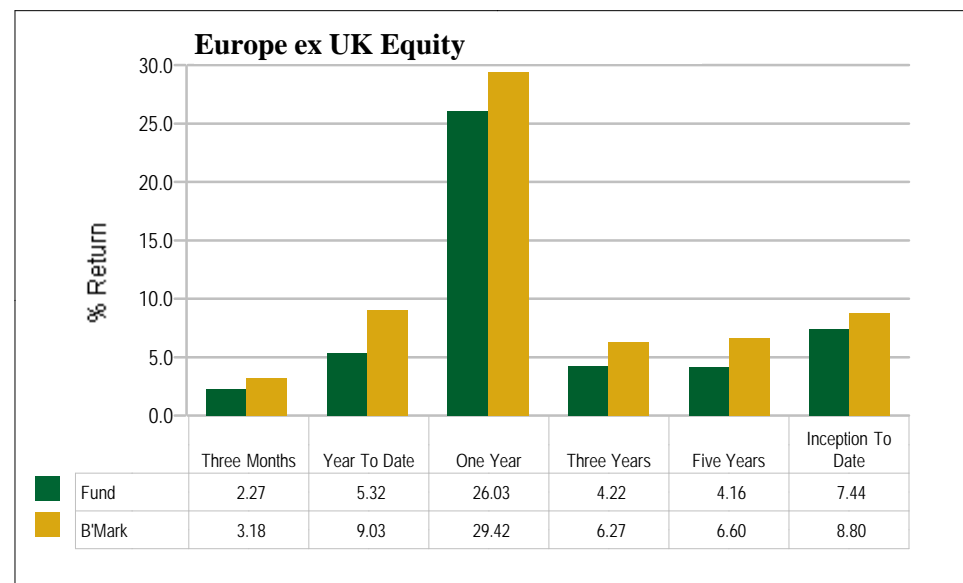
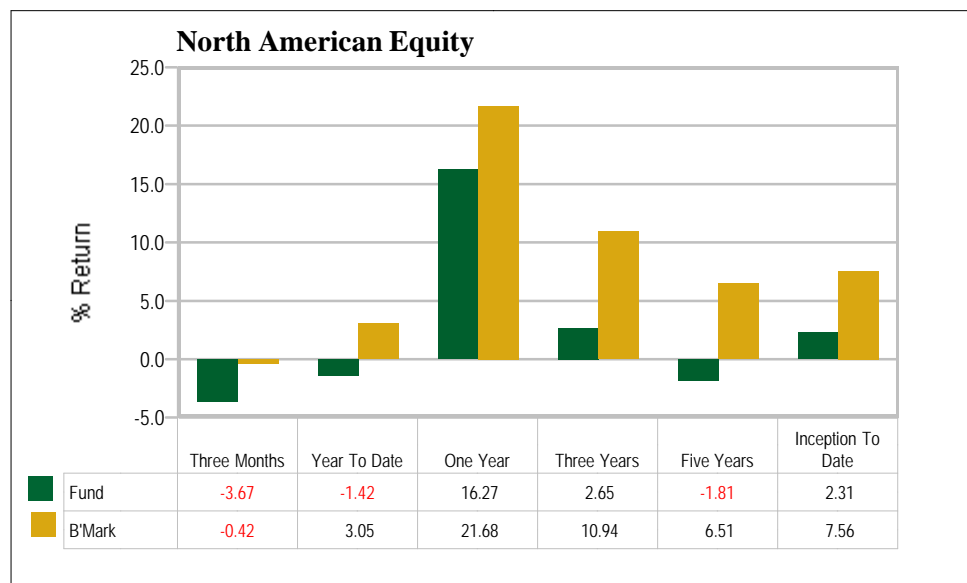
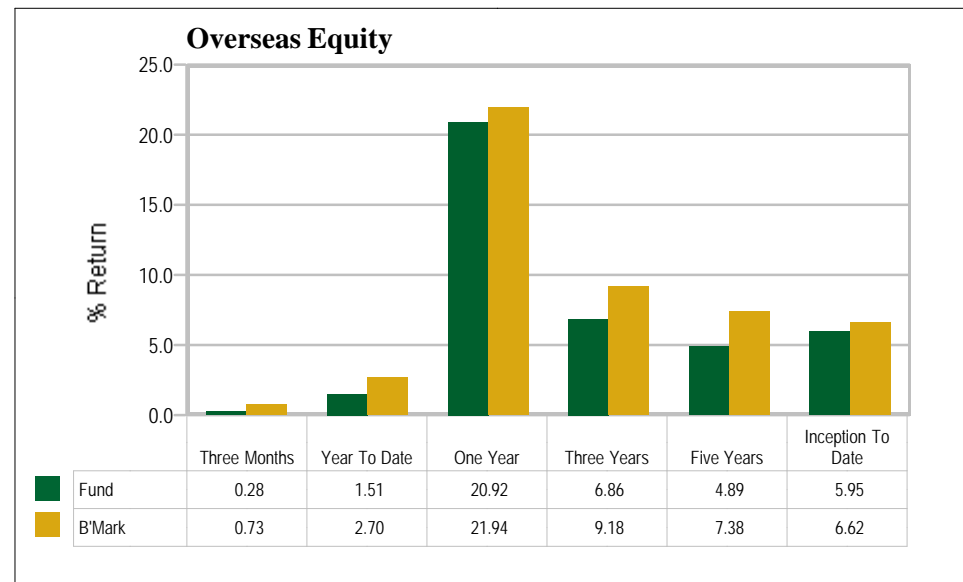
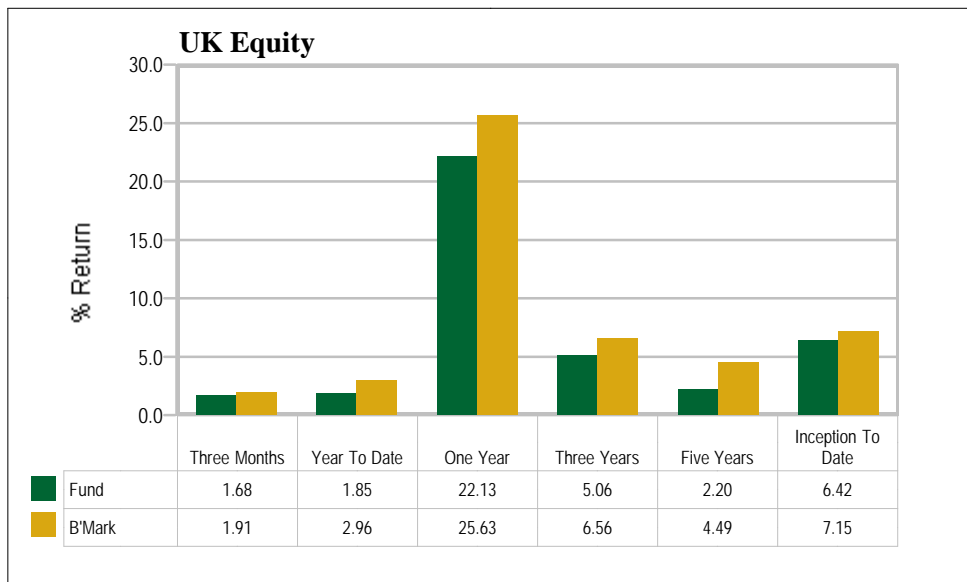


Risk Statistics - 3 years	Fund	B'mark
Performance Return	4.70	7.15
Standard Deviation	14.25	14.87
Relative Return	-2.29	
Tracking Error	1.58	
Information Ratio	-1.55	
Beta	0.95	
Alpha	-2.14	
R Squared	0.99	
Sharpe Ratio	0.16	0.31
Percentage of Total Fund	100.0	
Inception Date	Sep-1995	
Opening Market Value (£000)	596,047	
Net Investment (£000)	-4,383	
Income Received (£000)	2,723	
Appreciation (£000)	7,062	
Closing Market Value (£000)	601,449	



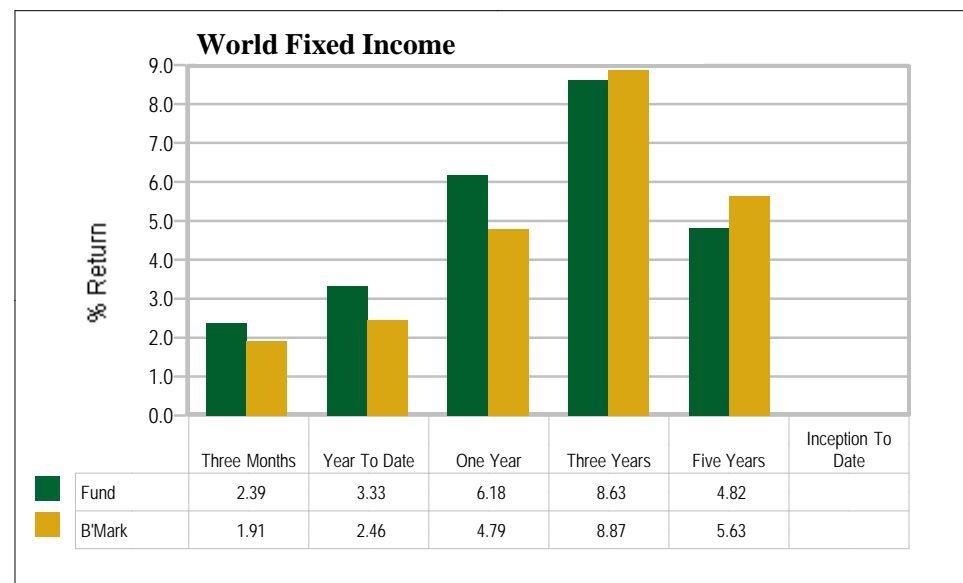
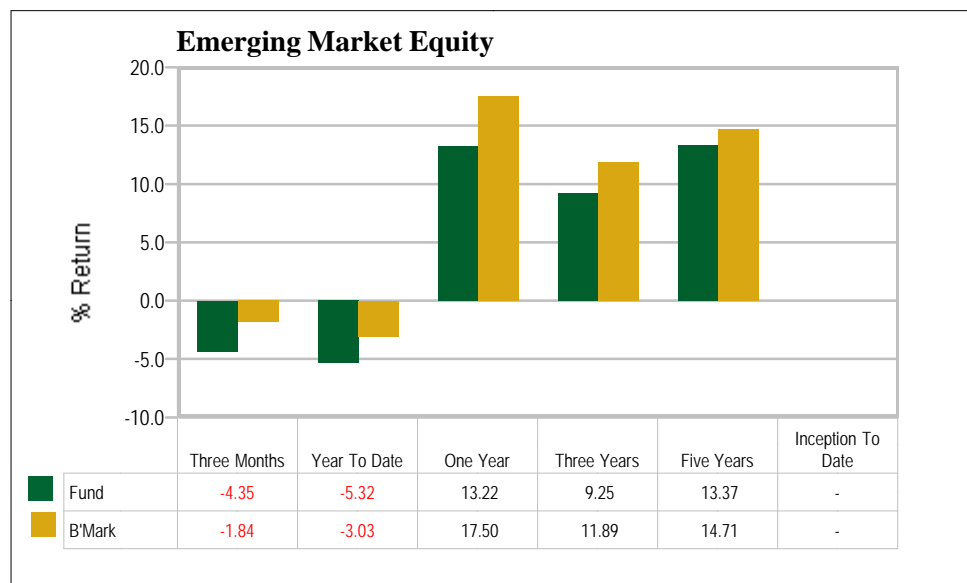
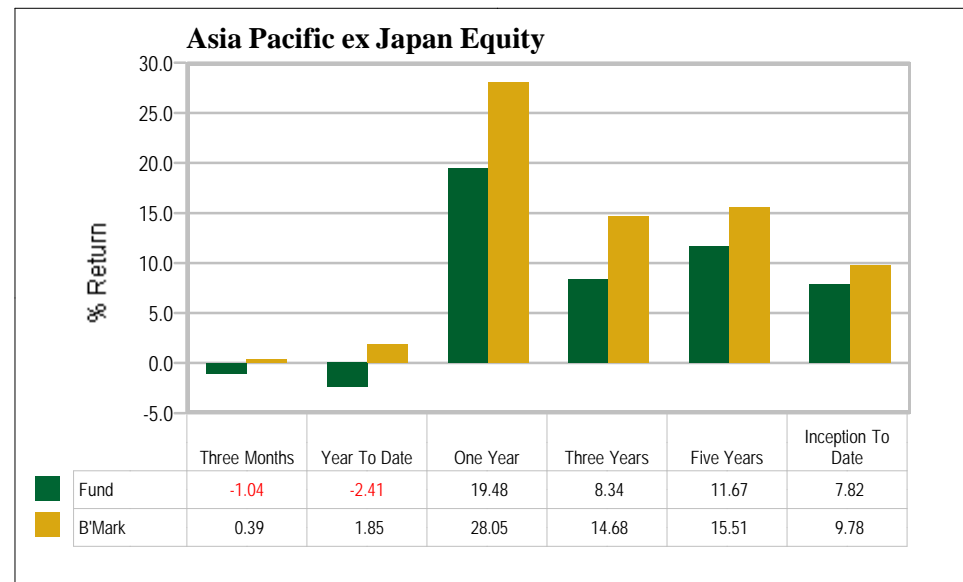
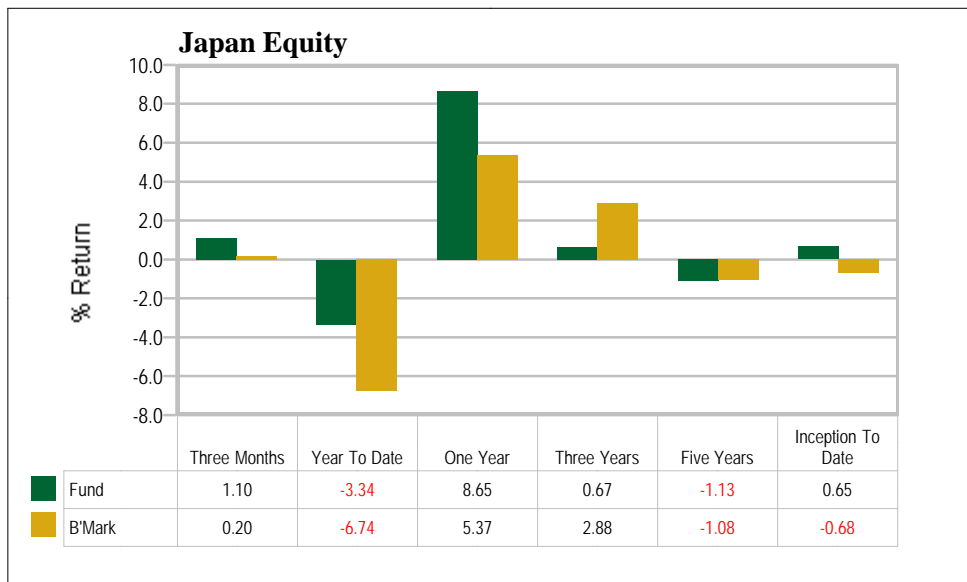


London Borough of Hillingdon



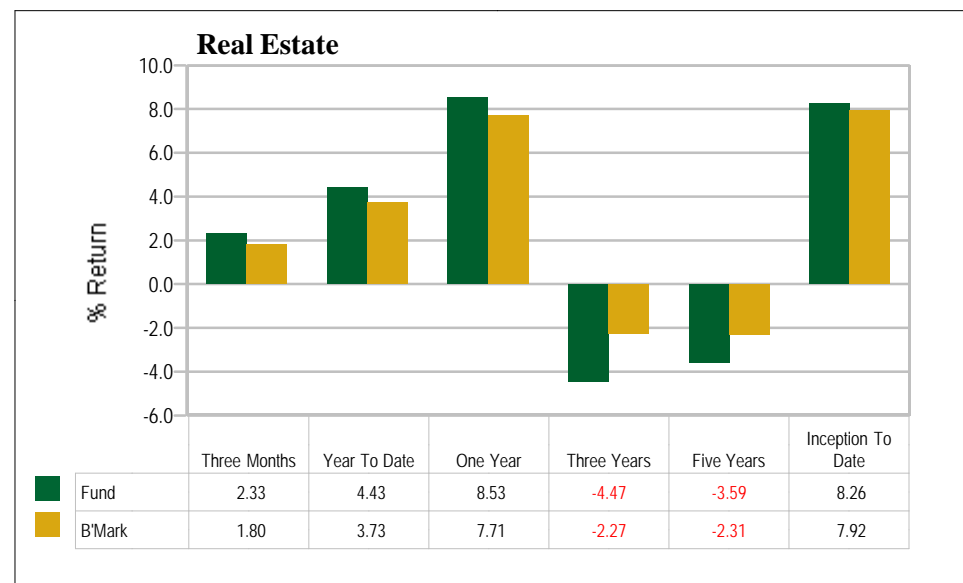
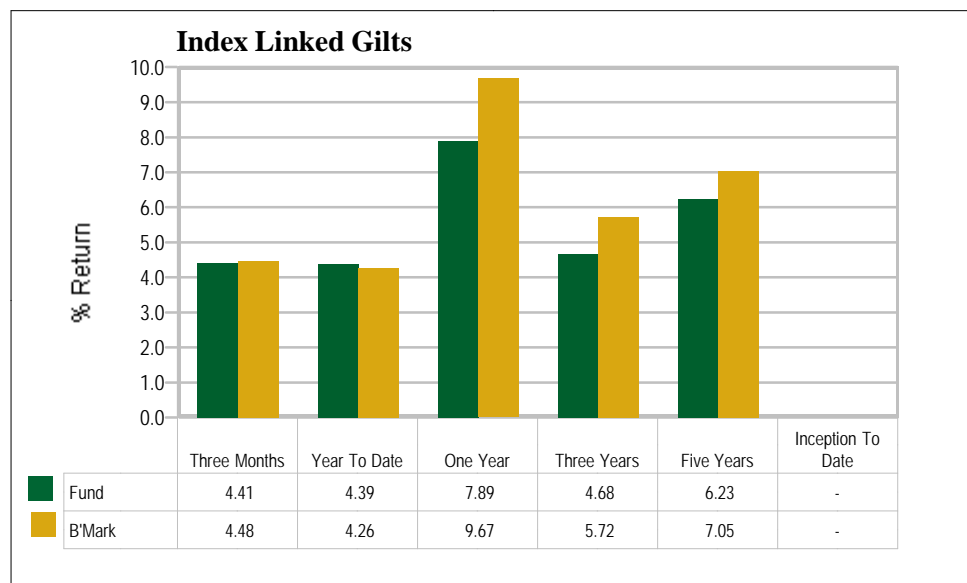
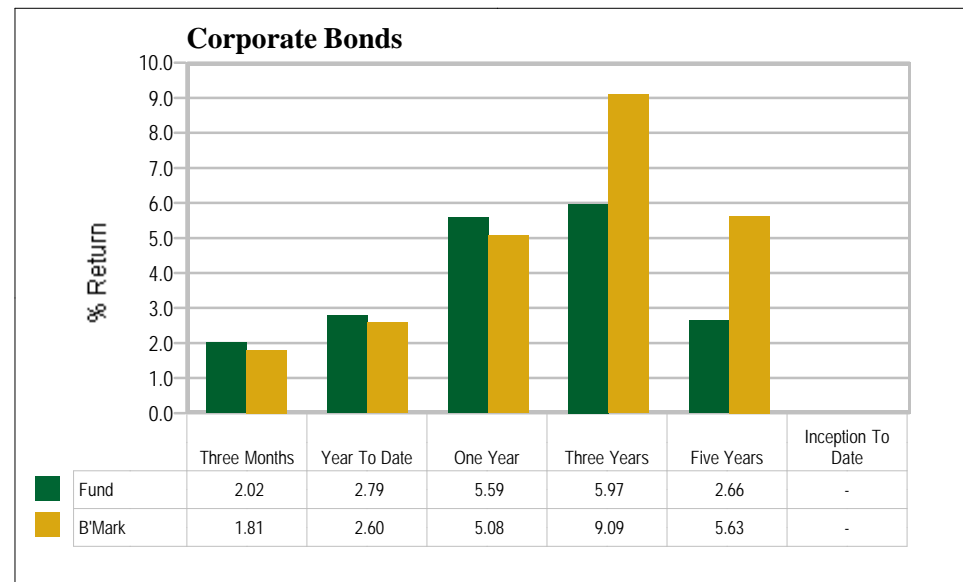
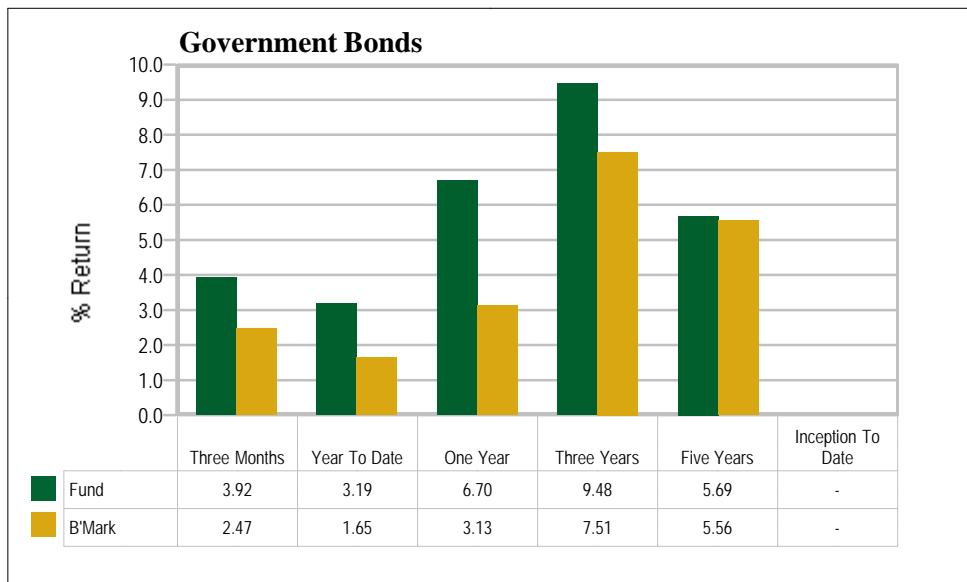


London Borough of Hillingdon





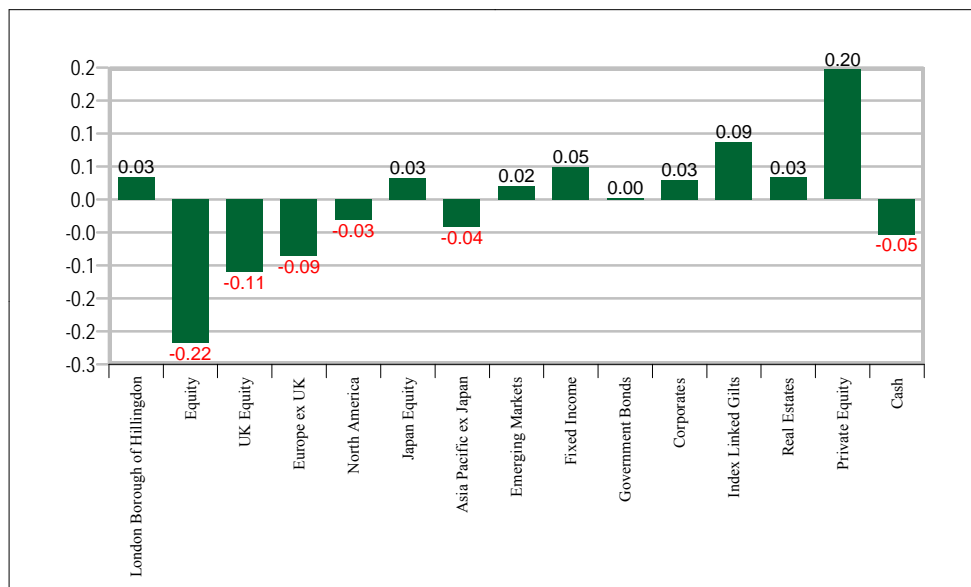
London Borough of Hillingdon



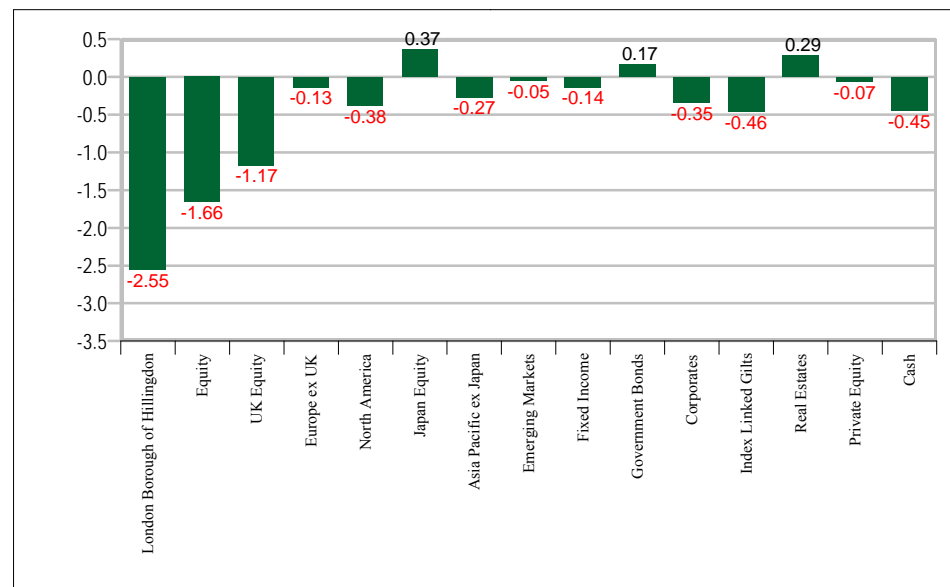


London Borough of Hillingdon

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	1.64	1.61	0.03	-0.05	0.19	0.52	-0.61	0.03
Equity	0.91	-	0.91	0.00	0.21	0.23	-0.66	-0.22
UK Equity	1.68	1.91	-0.23	0.00	-0.00	-0.03	-0.08	-0.11
Europe ex UK	2.27	3.18	-0.88	0.00	0.25	0.06	-0.40	-0.09
North America	-3.67	-0.42	-3.26	0.00	-0.00	0.11	-0.14	-0.03
Japan Equity	1.10	0.20	0.91	0.00	-0.06	0.07	0.03	0.03
Asia Pacific ex Japan	-1.04	0.39	-1.42	0.00	0.02	-0.01	-0.05	-0.04
Emerging Markets	-4.35	-1.84	-2.56	0.00	0.02	0.03	-0.02	0.02

	Return	B'mark	Relative Return	Hedging Effect	Currency Effect	Asset Allocation	Stock Selection	Relative Contribution
London Borough of Hillingdon	16.26	19.30	-2.55	-0.03	1.81	-1.16	-3.09	-2.55
Equity	21.48	-	21.48	0.00	1.89	-0.32	-3.17	-1.66
UK Equity	22.13	25.63	-2.78	0.00	0.02	-0.26	-0.94	-1.17
Europe ex UK	26.03	29.42	-2.62	0.00	1.26	0.32	-1.69	-0.13
North America	16.27	21.68	-4.45	0.00	0.54	-0.58	-0.34	-0.38
Japan Equity	8.65	5.37	3.12	0.00	-0.05	0.31	0.11	0.37
Asia Pacific ex Japan	19.48	28.05	-6.69	0.00	0.08	-0.08	-0.28	-0.27
Emerging Markets	13.22	17.50	-3.64	0.00	0.04	-0.03	-0.05	-0.05



2nd Quarter, 2011

London Borough of Hillingdon

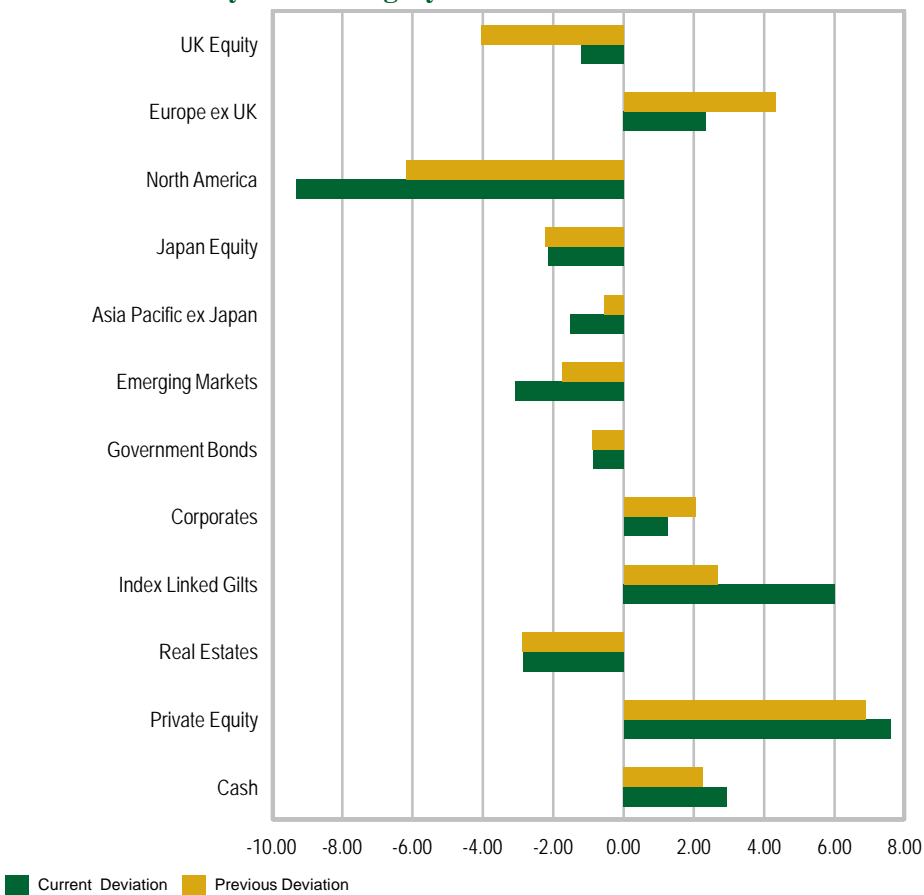
	Return	B'mark	Relative Return	Hedging Effect	Currency Effect	Asset Allocation	Stock Selection	Relative Contribution
Fixed Income	2.39	1.91	0.47	0.00	-0.01	0.03	0.03	0.05
Government Bonds	3.92	2.47	1.42	0.00	0.00	-0.01	0.01	0.00
Corporates	2.02	1.81	0.21	0.00	-0.00	0.01	0.02	0.03
Index Linked Gilts	4.41	4.48	-0.06	0.00	0.00	0.11	-0.03	0.09
Real Estates	2.33	1.80	0.52	0.00	0.02	-0.02	0.04	0.03
Private Equity	4.33	-	4.33	0.00	0.01	0.19	0.00	0.20
Cash	-0.52	-	-0.52	0.00	-0.04	-0.02	0.00	-0.05

	Return	B'mark	Relative Return	Hedging Effect	Currency Effect	Asset Allocation	Stock Selection	Relative Contribution
Fixed Income	6.18	4.79	1.33	0.00	-0.02	-0.20	0.08	-0.14
Government Bonds	6.70	3.13	3.46	0.00	0.01	0.14	0.02	0.17
Corporates	5.59	5.08	0.49	0.00	-0.02	-0.38	0.05	-0.35
Index Linked Gilts	7.89	9.67	-1.63	0.00	-0.13	-0.29	-0.05	-0.46
Real Estates	8.53	7.71	0.75	0.00	0.03	0.20	0.06	0.29
Private Equity	16.09	-	16.09	0.00	0.09	-0.15	0.00	-0.07
Cash	1.11	-	1.11	0.00	-0.05	-0.40	0.00	-0.45



London Borough of Hillingdon

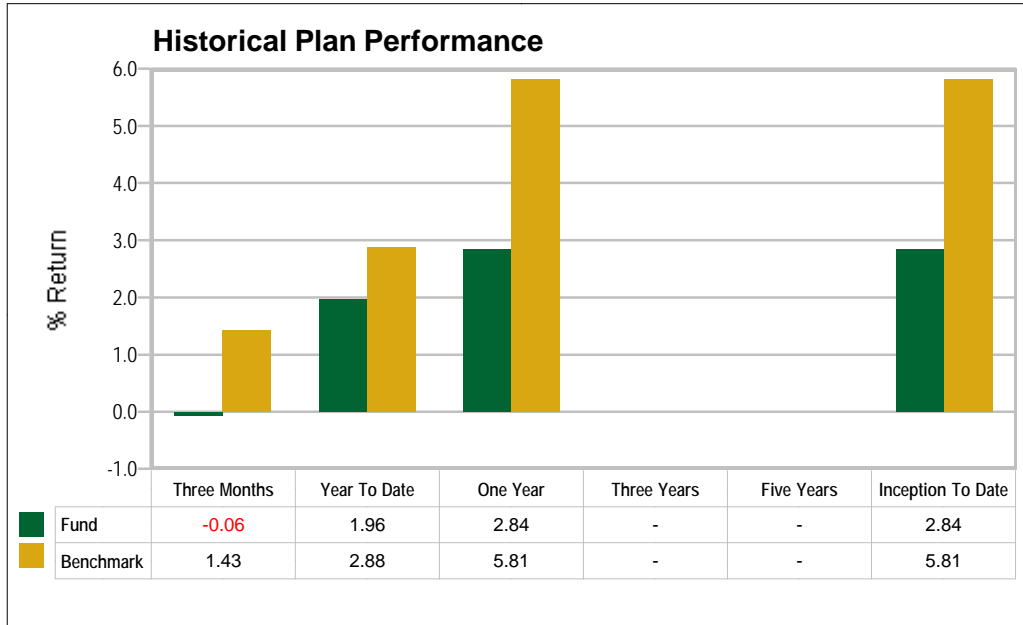
By Asset Category



	Current Qtr	Previous Qtr	Current Benchmark	Current Deviation	Previous Benchmark	Previous Deviation
UK Equity	35.63	32.80	36.84	-1.21	36.84	-4.04
Europe ex UK	13.41	15.38	11.06	2.35	11.06	4.32
North America	3.60	6.71	12.90	-9.30	12.90	-6.19
Japan Equity	3.38	3.29	5.53	-2.15	5.53	-2.24
Asia Pacific ex Japan	2.15	3.13	3.68	-1.53	3.68	-0.55
Emerging Markets	0.59	1.93	3.68	-3.09	3.68	-1.75
Government Bonds	0.71	0.70	1.58	-0.87	1.58	-0.88
Corporates	10.19	10.98	8.94	1.25	8.94	2.04
Index Linked Gilts	11.28	7.93	5.26	6.02	5.26	2.67
Real Estates	7.67	7.65	10.53	-2.86	10.53	-2.88
Private Equity	7.60	6.89		7.60		6.89
Cash	2.94	2.26		2.94		2.26

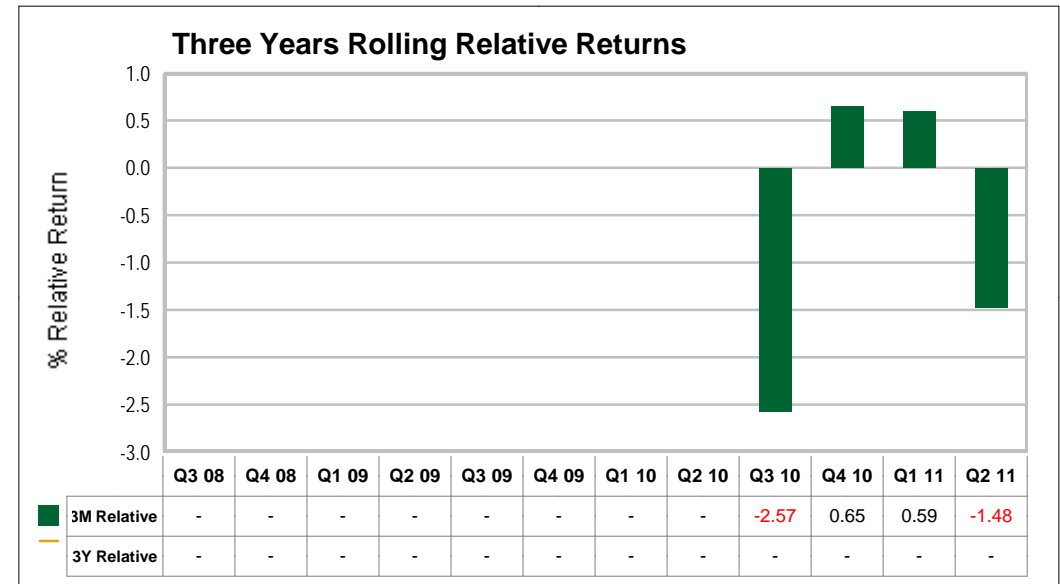
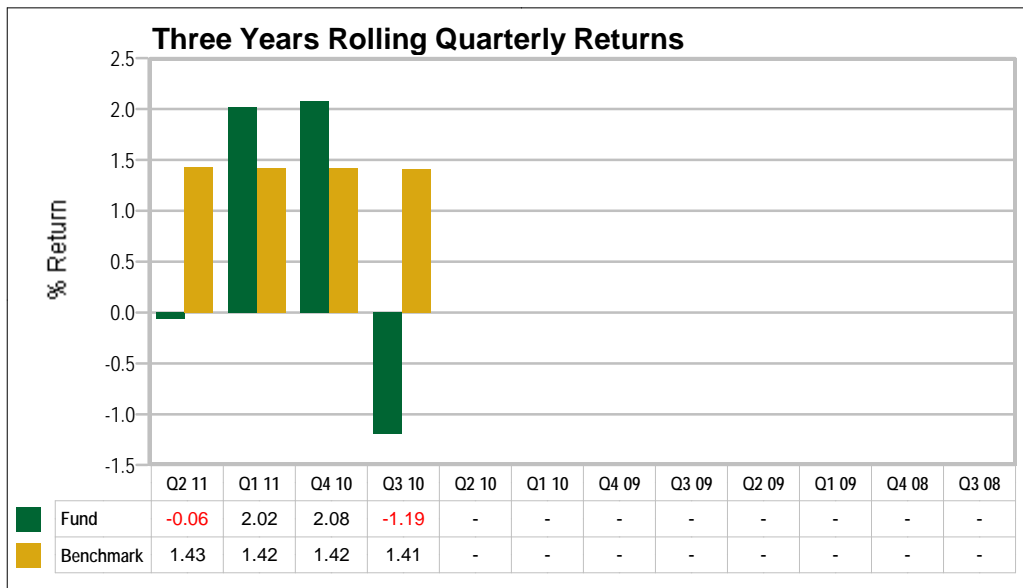


Fauchier



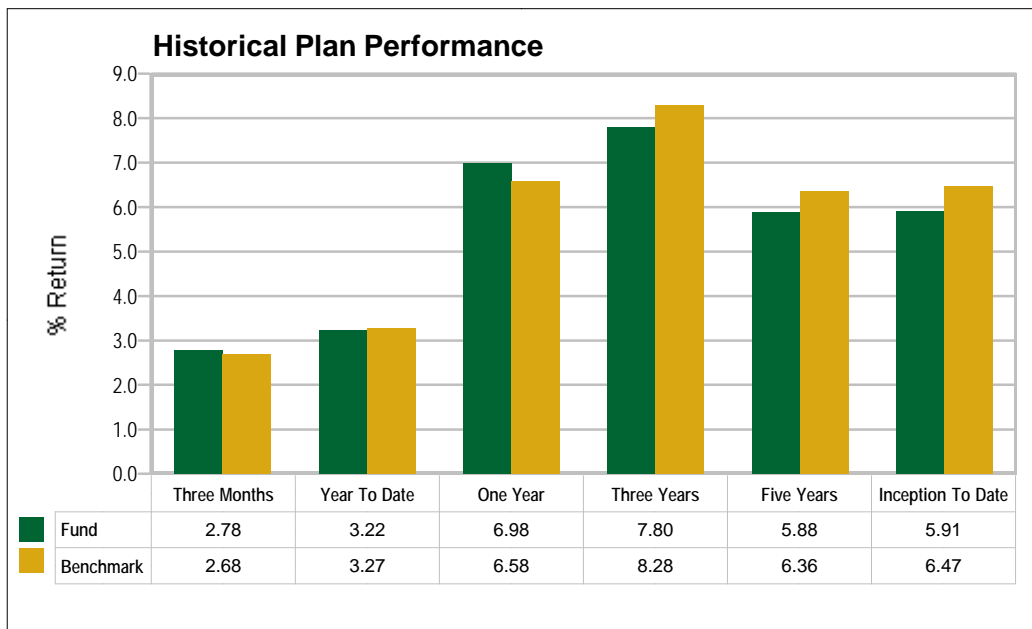
Risk Statistics - 3 years

	Fund	B'mark
Performance Return	-	-
Standard Deviation	-	-
Relative Return	-	-
Tracking Error	-	-
Information Ratio	-	-
Beta	-	-
Alpha	-	-
R Squared	-	-
Sharpe Ratio	-	-
Percentage of Total Fund	4.2	
Inception Date	Jun-2010	
Opening Market Value (£000)	25,519	
Net Investment £(000)	0	
Income Received £(000)	0	
Appreciation £(000)	-16	
Closing Market Value (£000)	25,503	

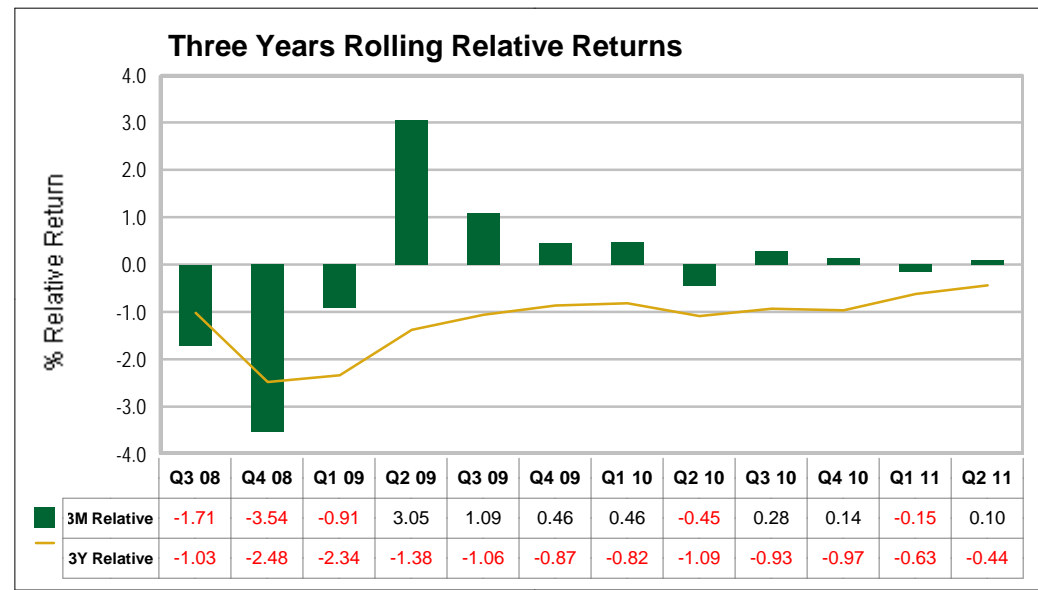
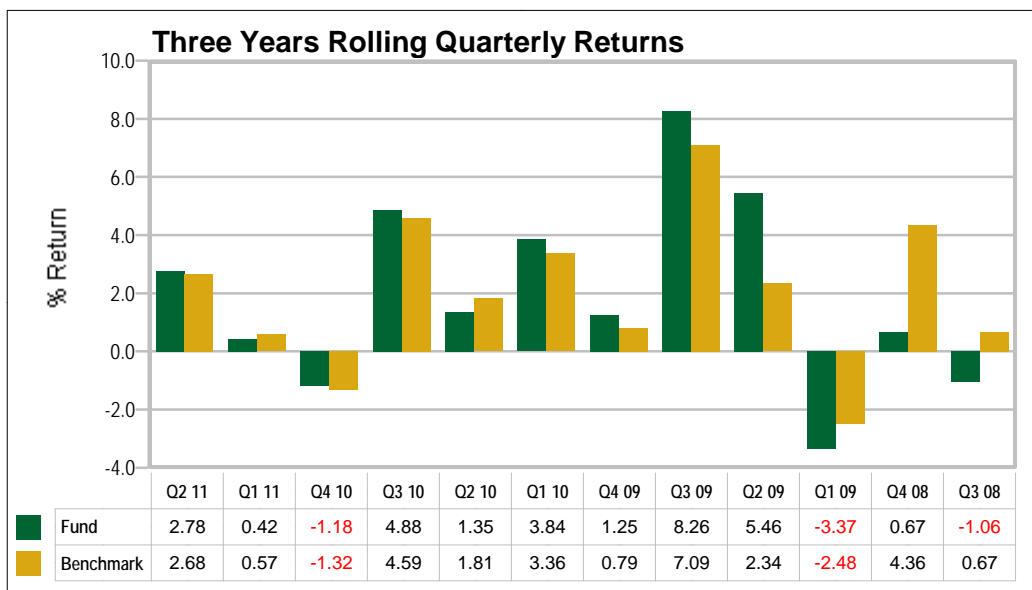




Goldman Sachs

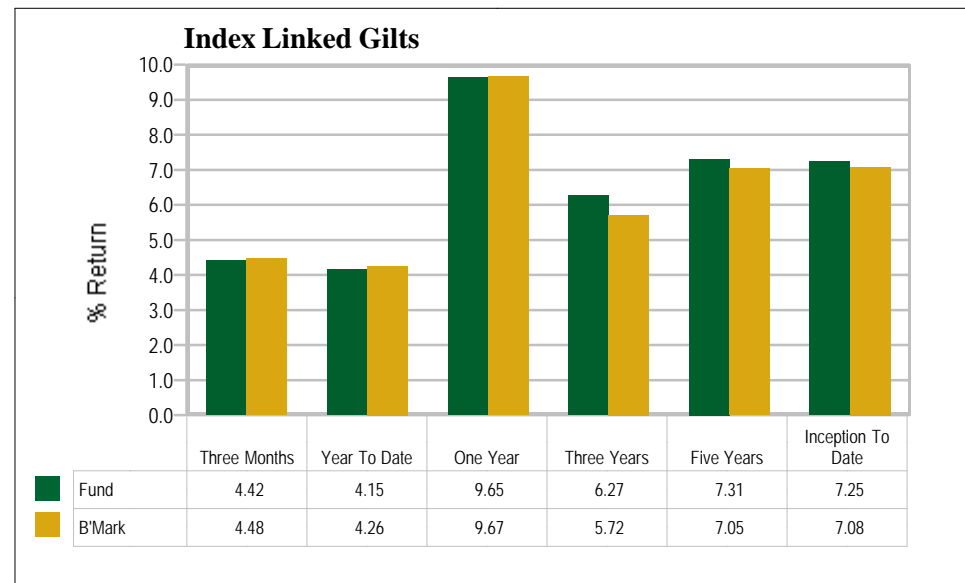
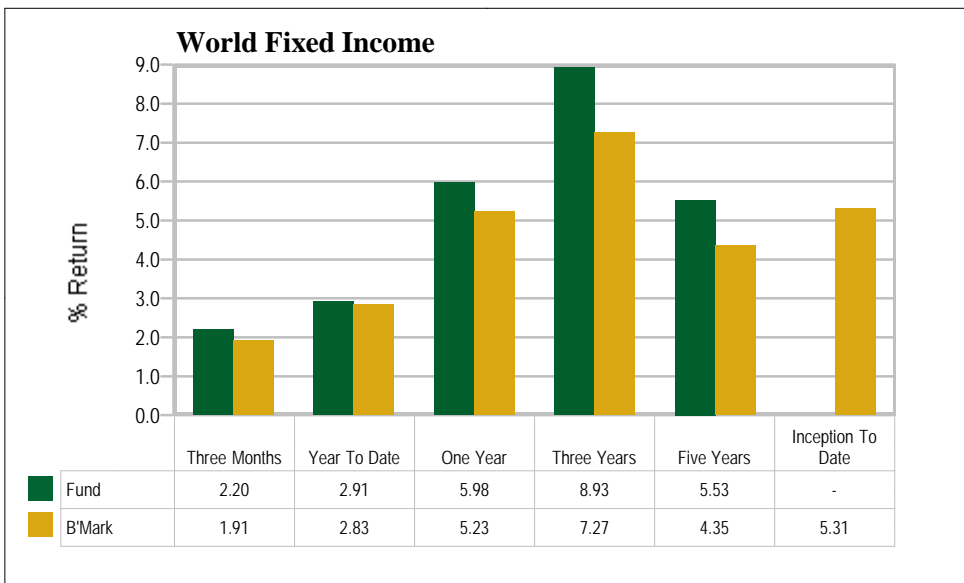


Risk Statistics - 3 years	Fund	B'mark
Performance Return	7.80	8.28
Standard Deviation	7.52	6.99
Relative Return	-0.44	
Tracking Error	2.05	
Information Ratio	-0.23	
Beta	1.05	
Alpha	-0.70	
R Squared	0.93	
Sharpe Ratio	0.71	0.83
Percentage of Total Fund	11.3	
Inception Date	Dec-2001	
Opening Market Value (£000)	65,974	
Net Investment (£000)	0	
Income Received (£000)	78	
Appreciation (£000)	1,759	
Closing Market Value (£000)	67,811	





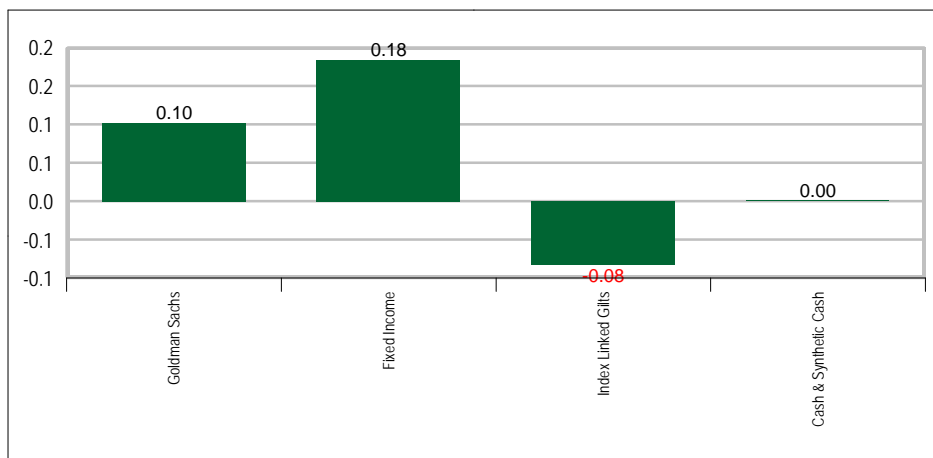
Goldman Sachs



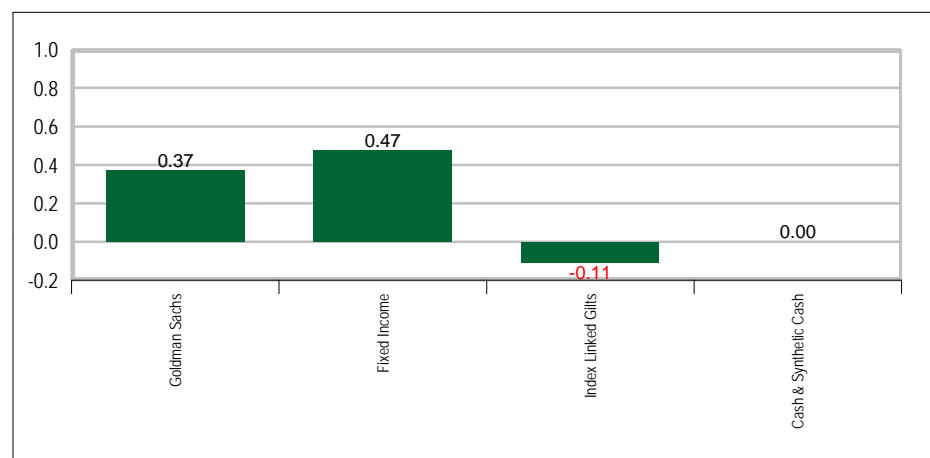


Goldman Sachs

Relative Contribution - Three Months



Relative Contribution - One Year

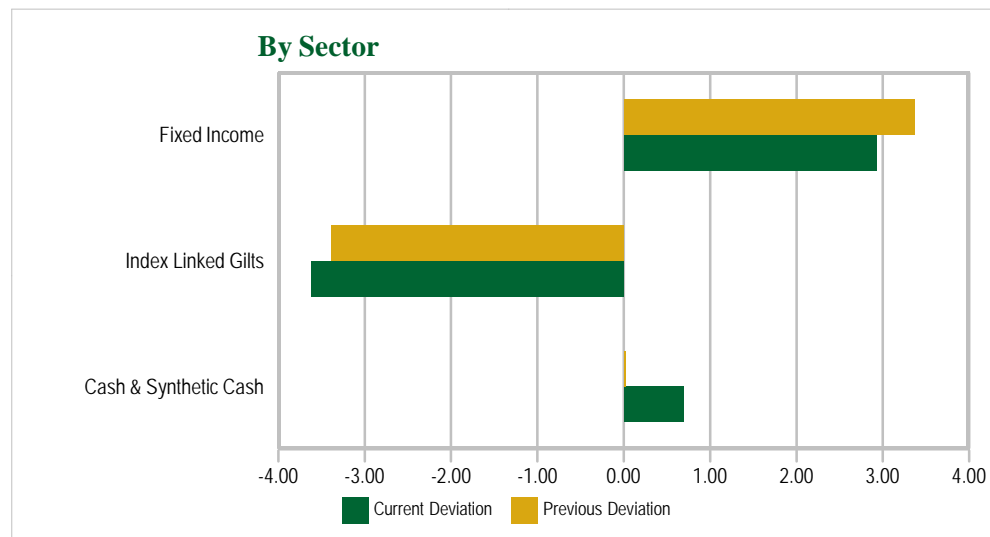


	Return	Benchmark	Relative Return	Asset Allocation	Stock Selection	Currency Effect	Relative Contribution
Goldman Sachs	2.78	2.68	0.10	-0.09	0.19	-0.00	0.10
Fixed Income	2.20	1.91	0.28	-0.02	0.21	0.00	0.18
Index Linked Gilts	4.42	4.48	-0.06	-0.07	-0.02	0.00	-0.08
Cash & Synthetic Cash	-0.11	-	-0.11	0.00	0.00	-0.00	0.00

	Return	Benchmark	Relative Return	Asset Allocation	Stock Selection	Currency Effect	Relative Contribution
Goldman Sachs	6.98	6.58	0.37	-0.14	0.51	-0.00	0.37
Fixed Income	5.98	5.23	0.71	-0.05	0.51	0.01	0.47
Index Linked Gilts	9.65	9.67	-0.02	-0.09	-0.01	-0.02	-0.11
Cash & Synthetic Cash	0.01	-	0.01	-0.00	0.00	0.00	0.00



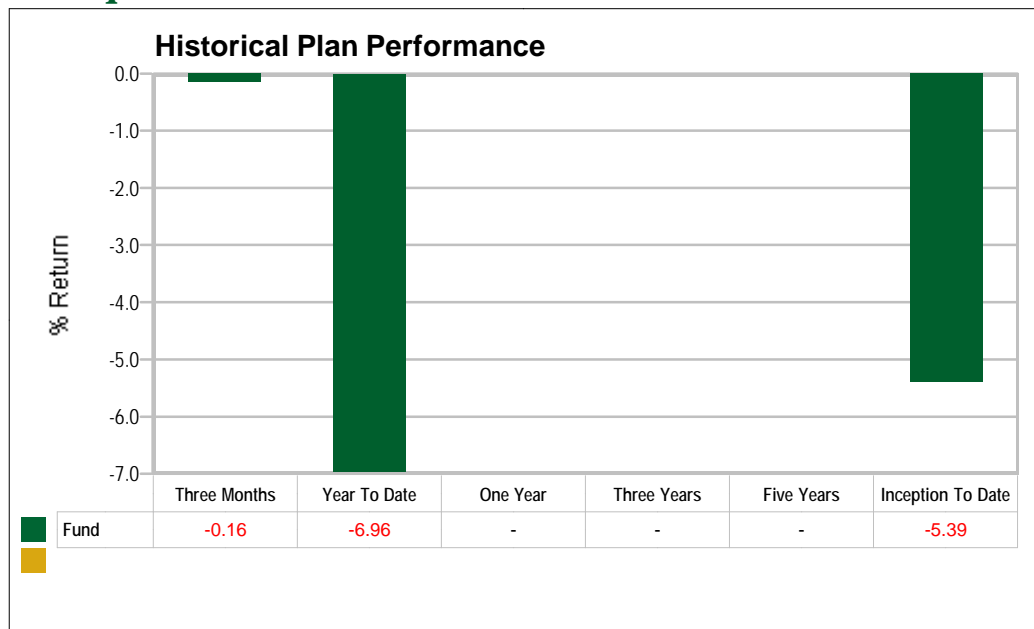
Goldman Sachs



	Current Qtr	Previous Qtr	Current Benchmark	Current Deviation	Previous Benchmark	Previous Deviation
Fixed Income	72.93	73.36	70.00	2.93	70.00	3.36
Index Linked Gilts	26.38	26.62	30.00	-3.62	30.00	-3.38
Cash & Synthetic Cash	0.69	0.02		0.69		0.02



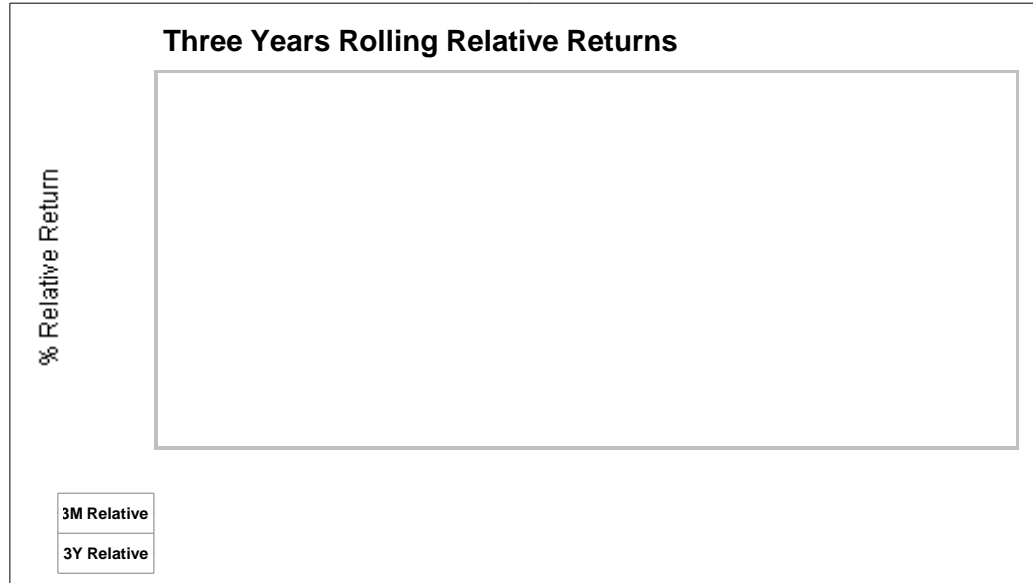
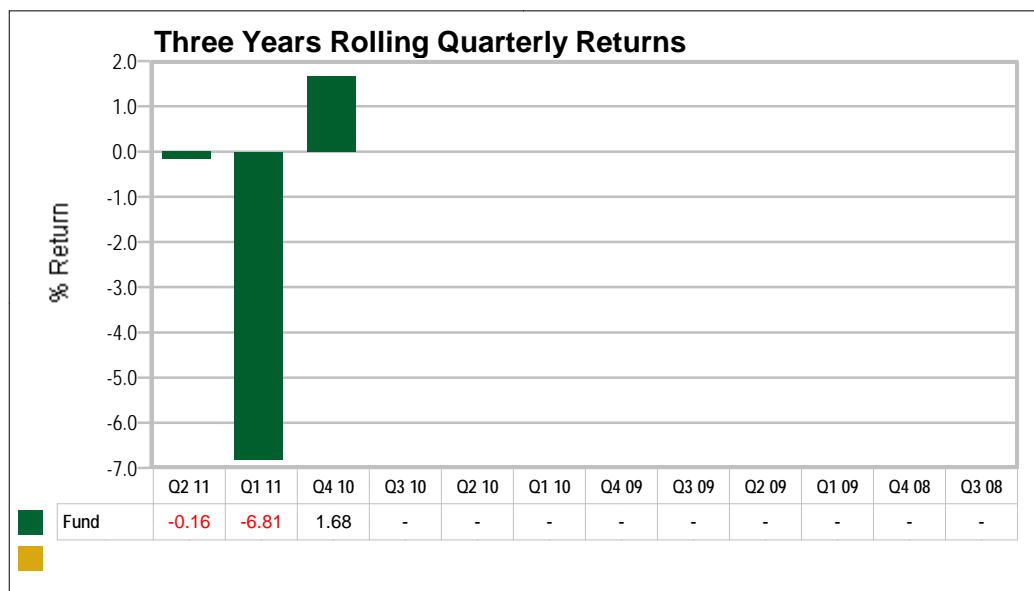
Macquarie



Risk Statistics - 3 years

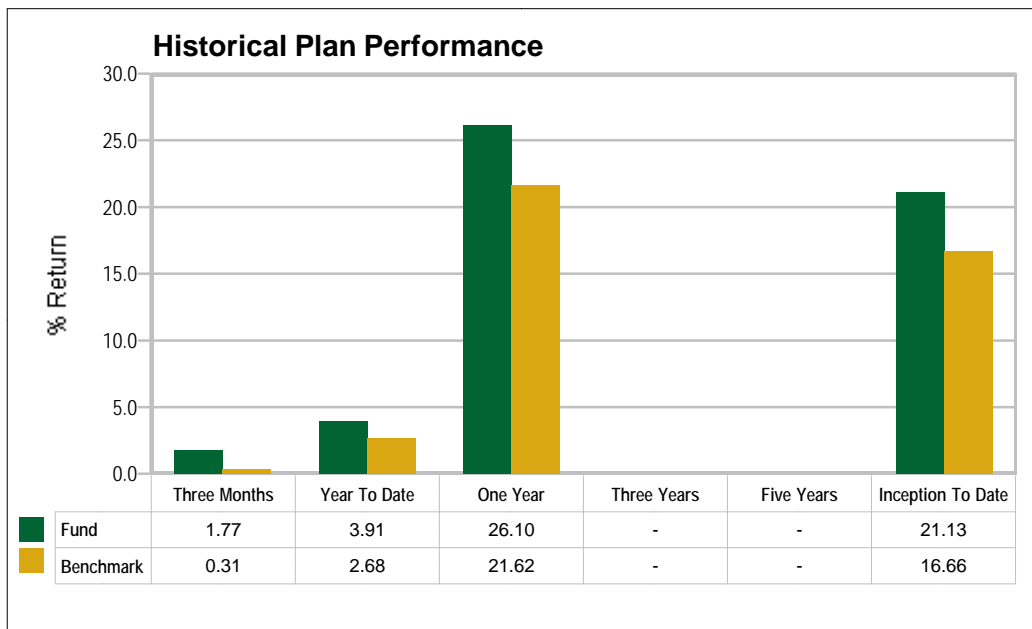
Fund B'mark

Performance Return	
Standard Deviation	
Relative Return	
Tracking Error	
Information Ratio	
Beta	
Alpha	
R Squared	
Sharpe Ratio	
Percentage of Total Fund	0.2
Inception Date	Sep-2010
Opening Market Value (£000)	1,277
Net Investment (£000)	0
Income Received (£000)	0
Appreciation (£000)	-2
Closing Market Value (£000)	1,275

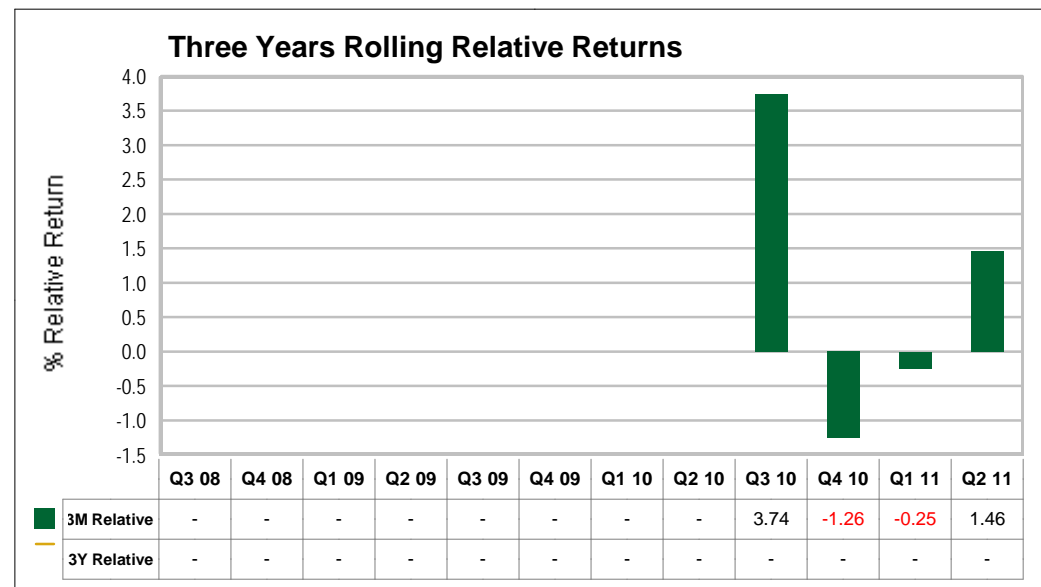
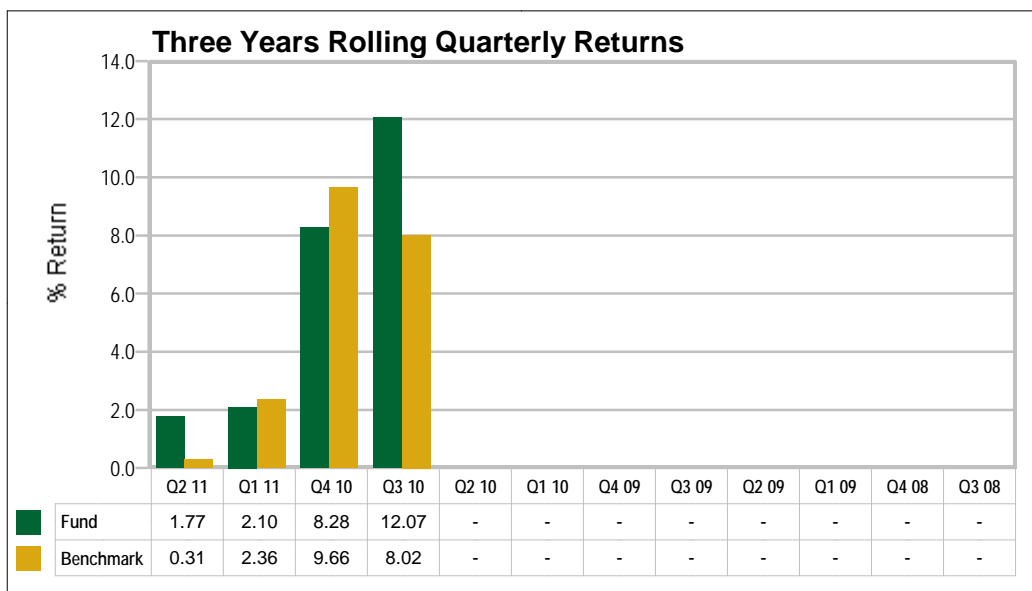




Marathon



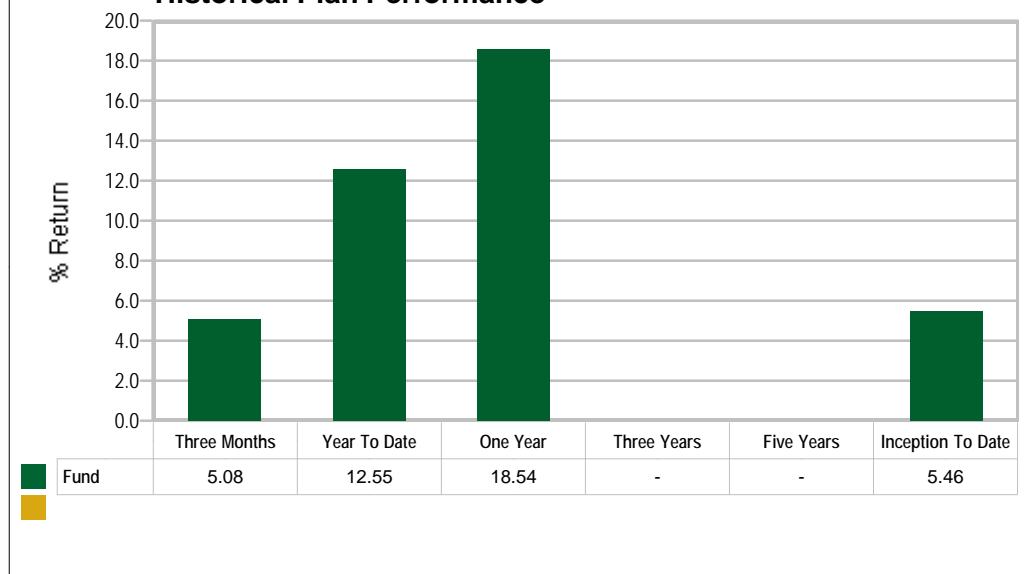
Risk Statistics - 3 years	Fund	B'mark
Performance Return	-	-
Standard Deviation	-	-
Relative Return	-	-
Tracking Error	-	-
Information Ratio	-	-
Beta	-	-
Alpha	-	-
R Squared	-	-
Sharpe Ratio	-	-
Percentage of Total Fund	9.9	
Inception Date	Jun-2010	
Opening Market Value (£000)	58,767	
Net Investment (£000)	0	
Income Received (£000)	0	
Appreciation (£000)	1,042	
Closing Market Value (£000)	59,809	





Private Equity

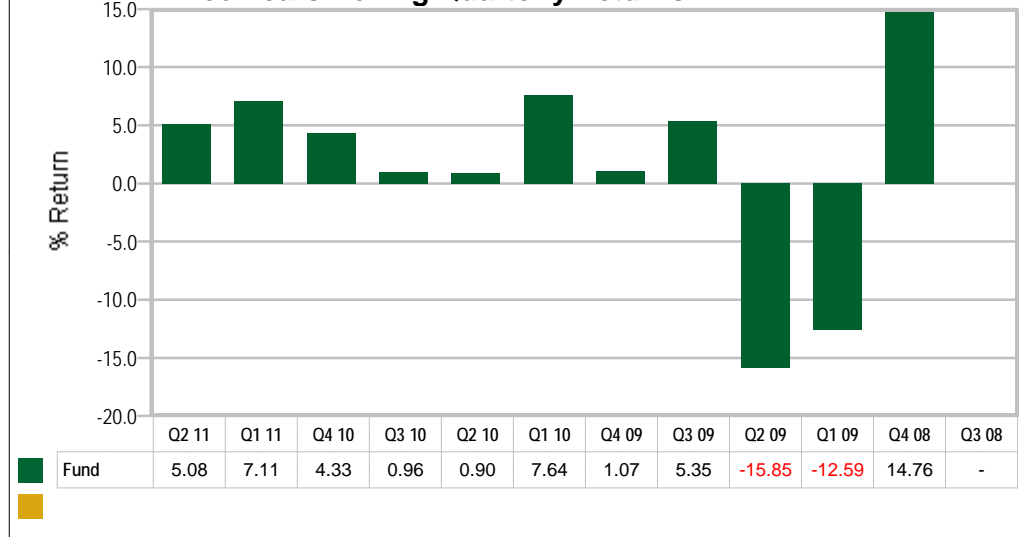
Historical Plan Performance



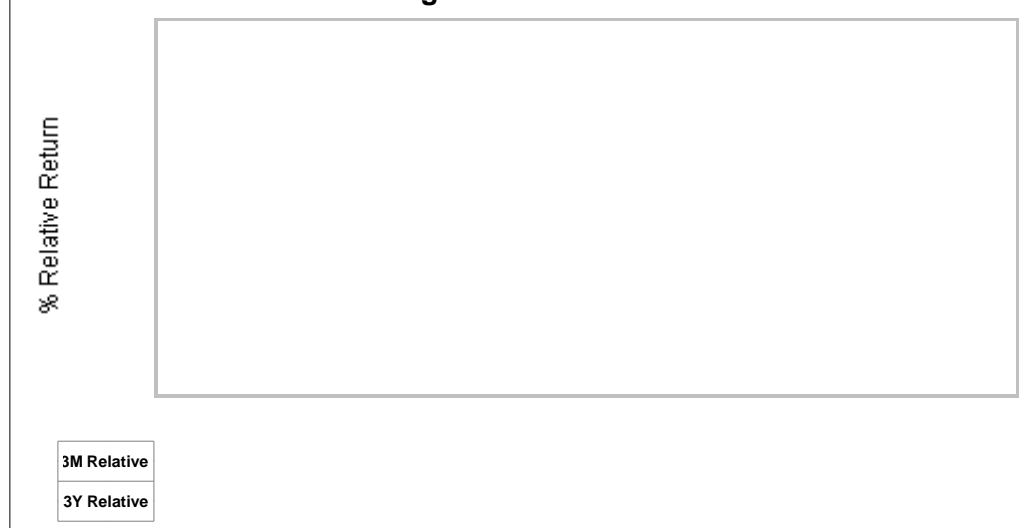
Risk Statistics - 3 years

	Fund	B'mark
Performance Return		
Standard Deviation		
Relative Return		
Tracking Error		
Information Ratio		
Beta		
Alpha		
R Squared		
Sharpe Ratio		
Percentage of Total Fund	6.1	
Inception Date	Sep-2008	
Opening Market Value (£000)	35,393	
Net Investment (£000)	-380	
Income Received (£000)	0	
Appreciation (£000)	1,777	
Closing Market Value (£000)	36,790	

Three Years Rolling Quarterly Returns



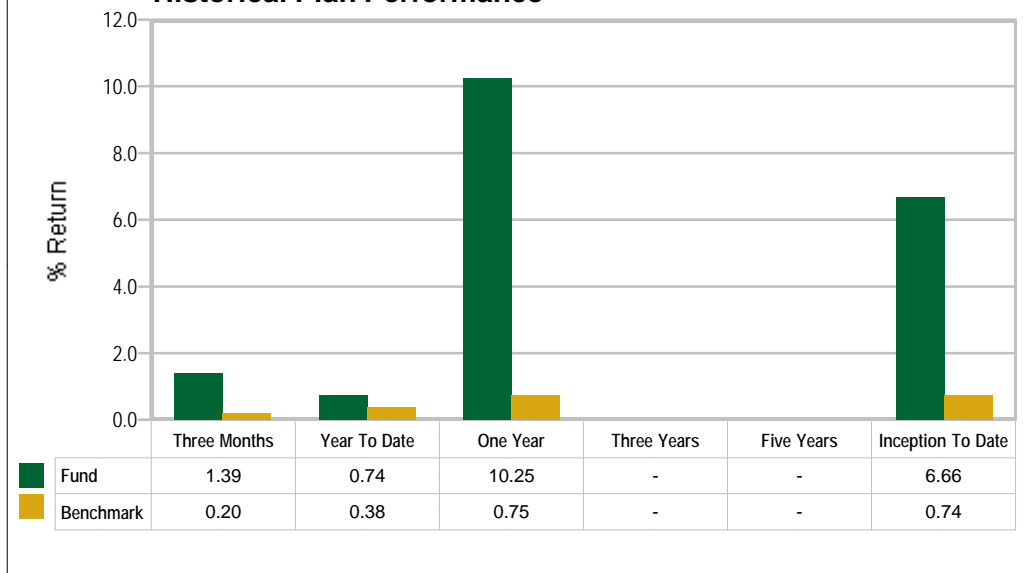
Three Years Rolling Relative Returns





Ruffer

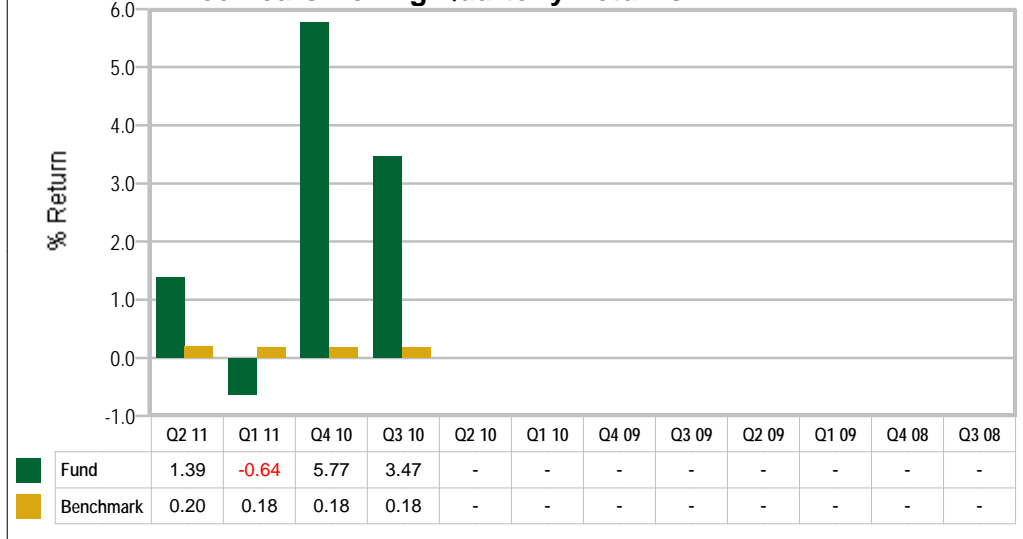
Historical Plan Performance



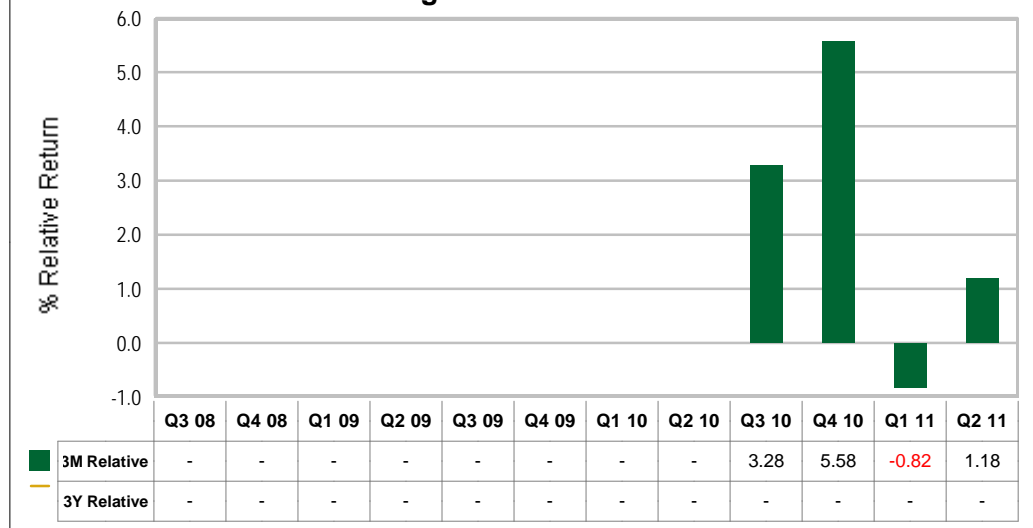
Risk Statistics - 3 years

	Fund	B'mark
Performance Return	-	-
Standard Deviation	-	-
Relative Return	-	-
Tracking Error	-	-
Information Ratio	-	-
Beta	-	-
Alpha	-	-
R Squared	-	-
Sharpe Ratio	-	-
Percentage of Total Fund	19.0	-
Inception Date	May-2010	-
Opening Market Value (£000)	53,233	-
Net Investment £(000)	59,360	-
Income Received £(000)	416	-
Appreciation £(000)	1,226	-
Closing Market Value (£000)	114,235	-

Three Years Rolling Quarterly Returns

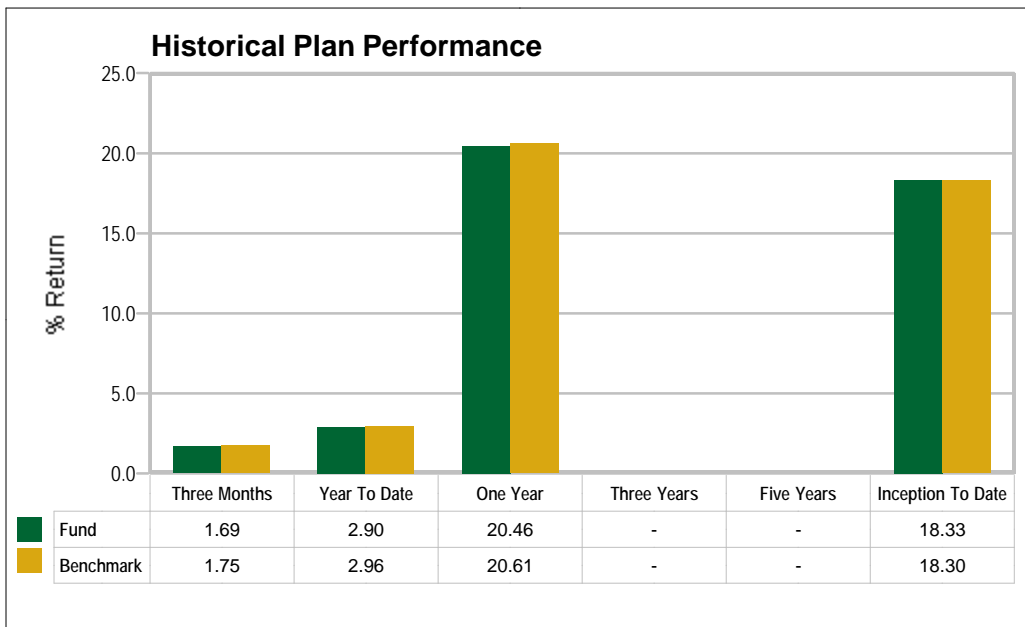


Three Years Rolling Relative Returns



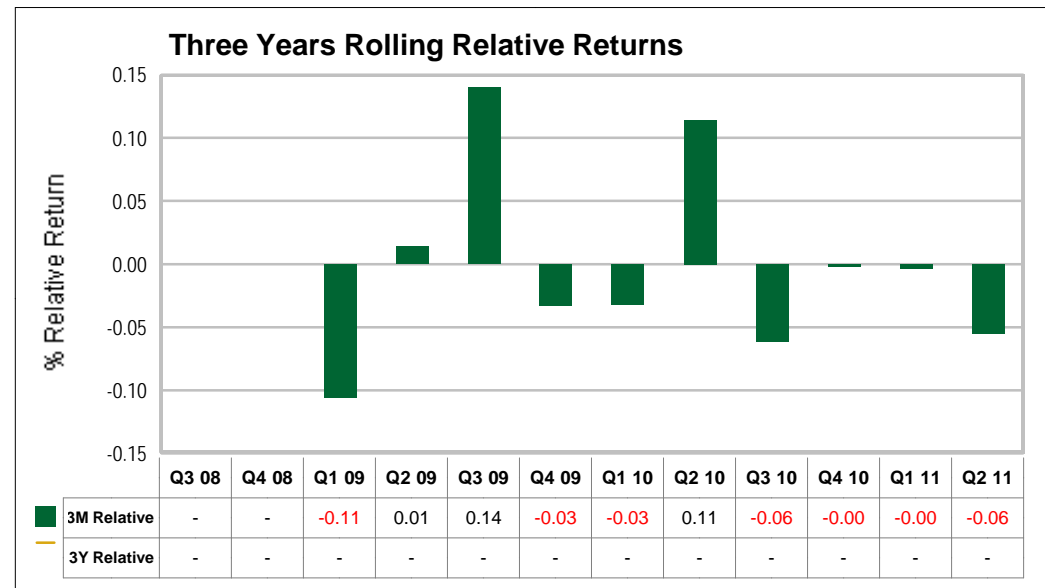
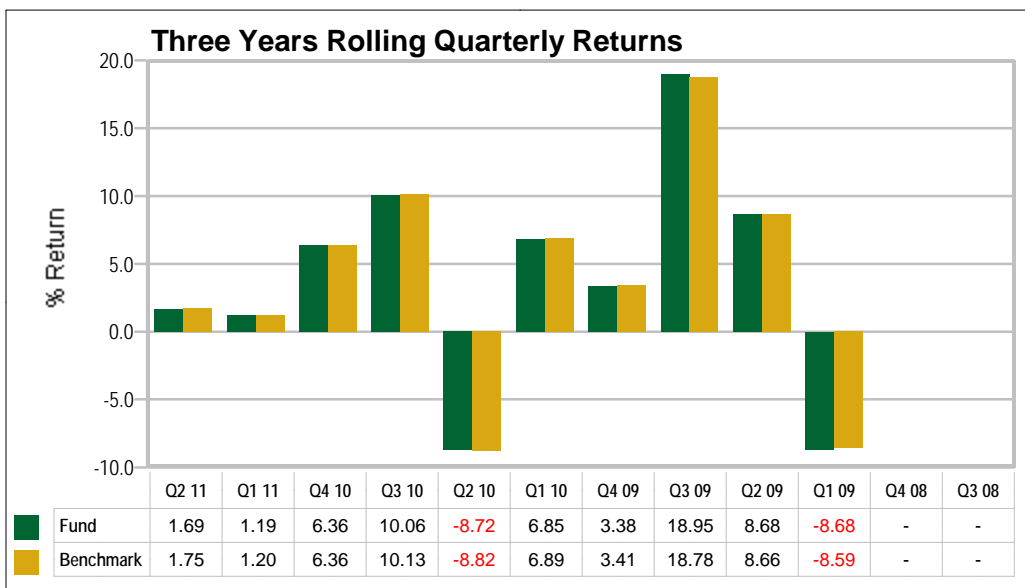


SSGA



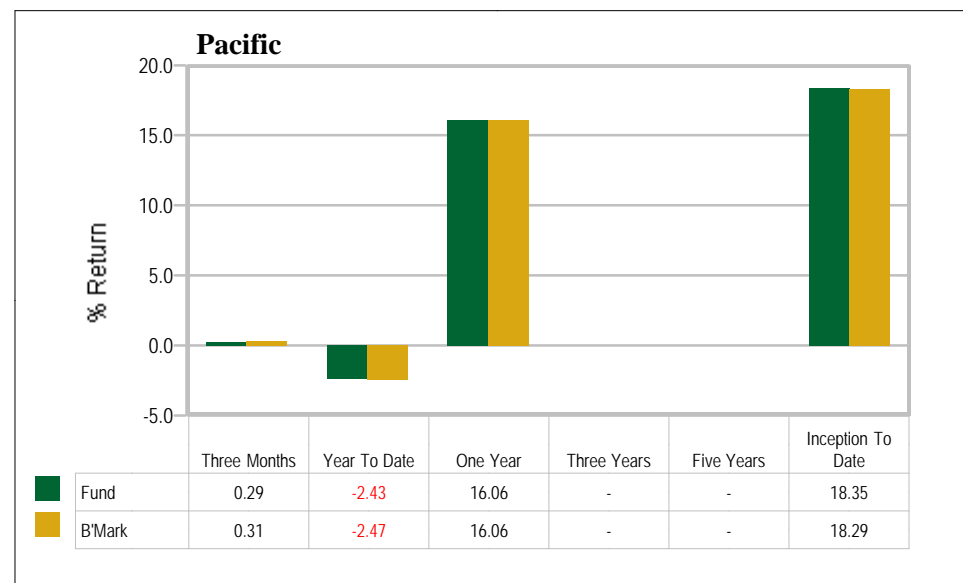
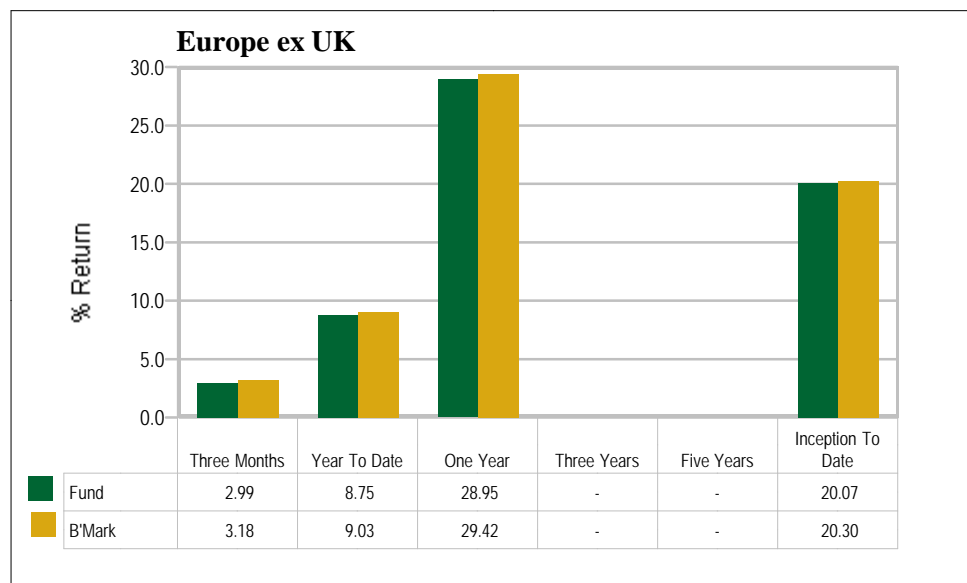
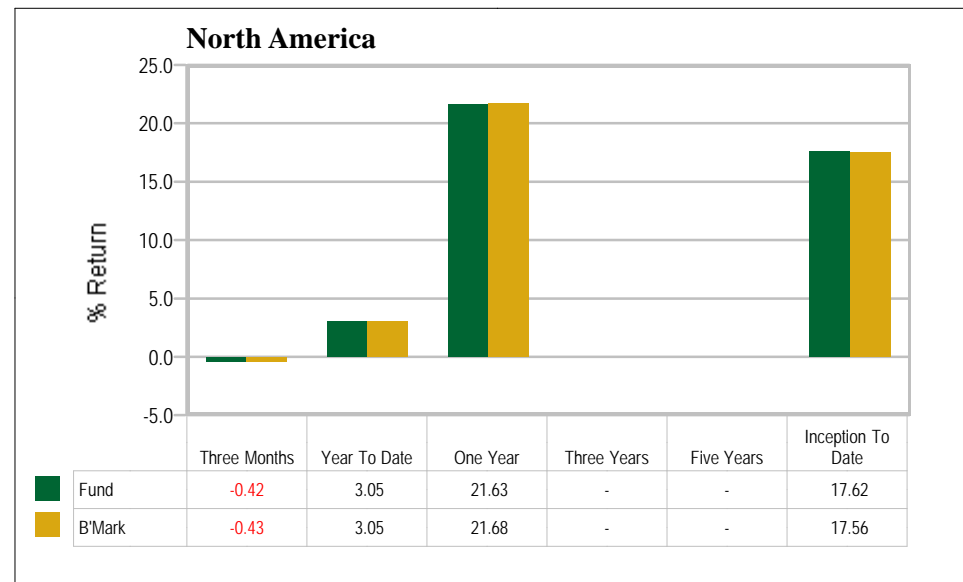
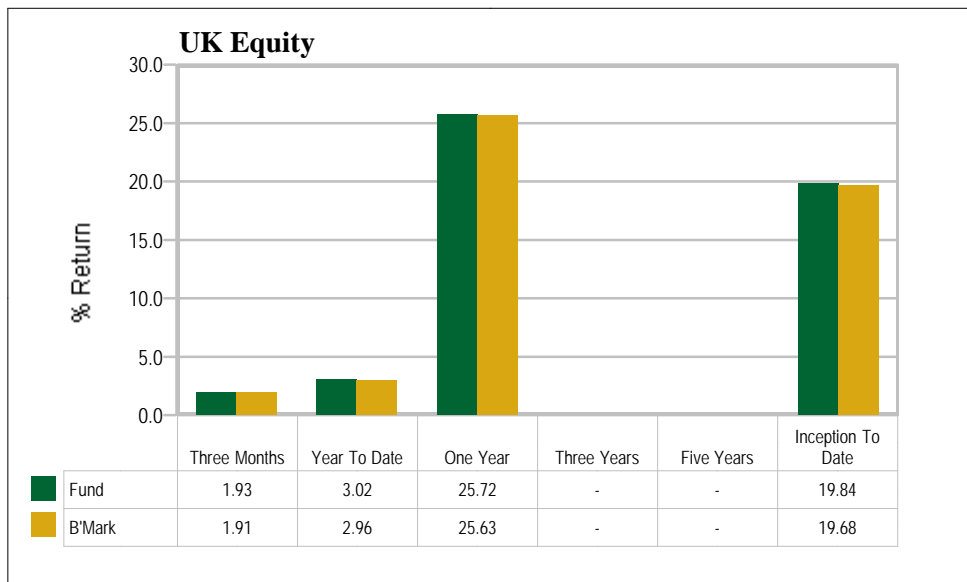
Risk Statistics - 3 years

	Fund	B'mark
Performance Return	-	-
Standard Deviation	-	-
Relative Return	-	-
Tracking Error	-	-
Information Ratio	-	-
Beta	-	-
Alpha	-	-
R Squared	-	-
Sharpe Ratio	-	-
Percentage of Total Fund	19.4	
Inception Date	Nov-2008	
Opening Market Value (£000)	114,447	
Net Investment £(000)	0	
Income Received £(000)	0	
Appreciation £(000)	1,934	
Closing Market Value (£000)	116,381	



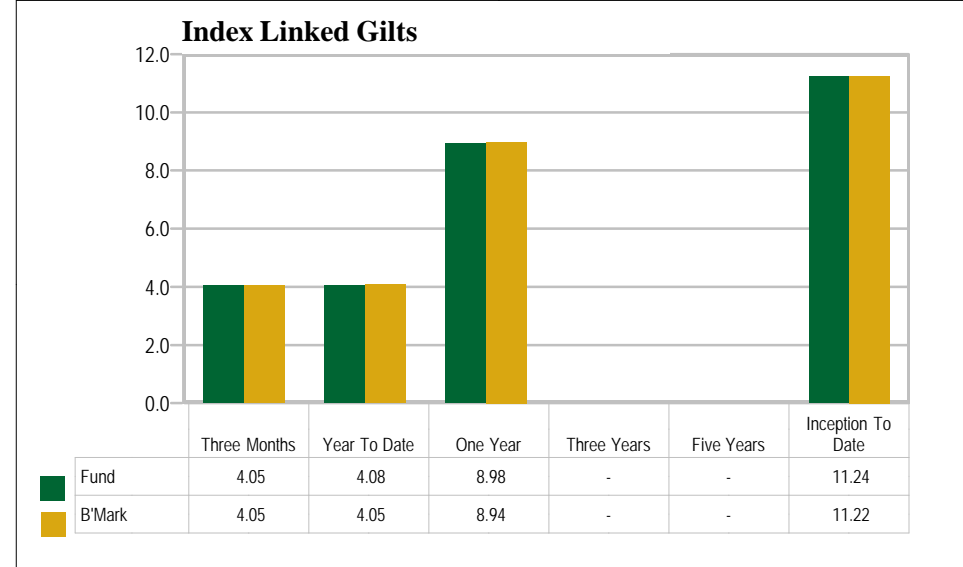
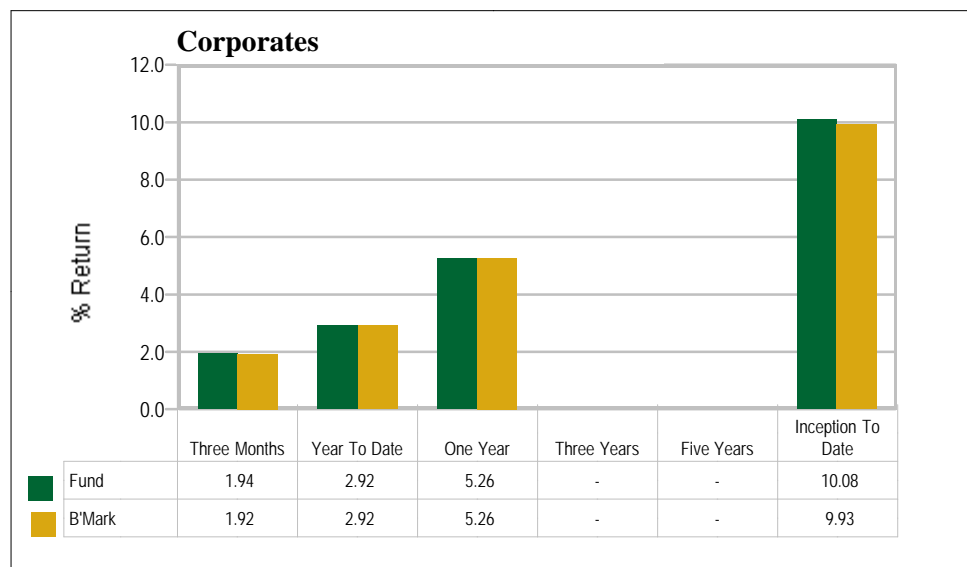
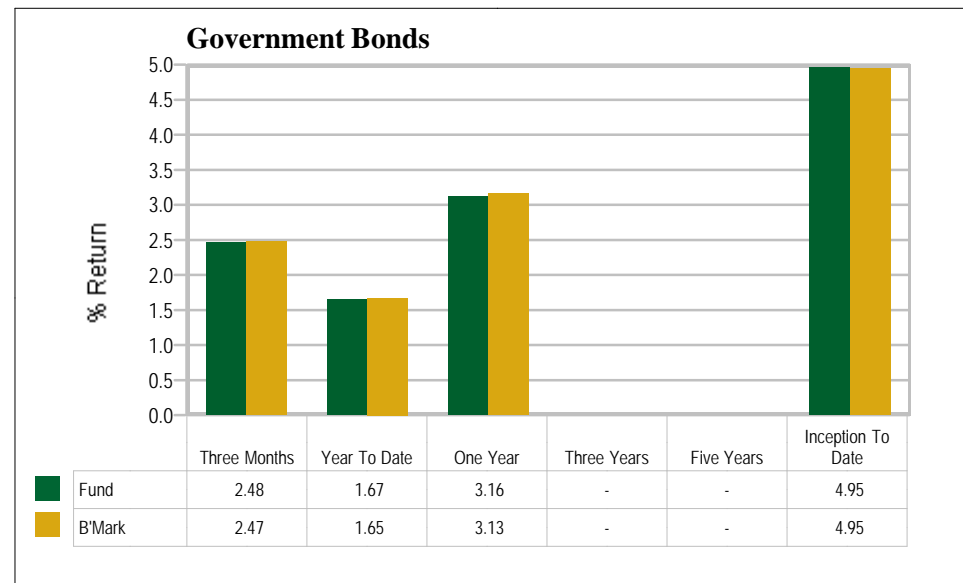
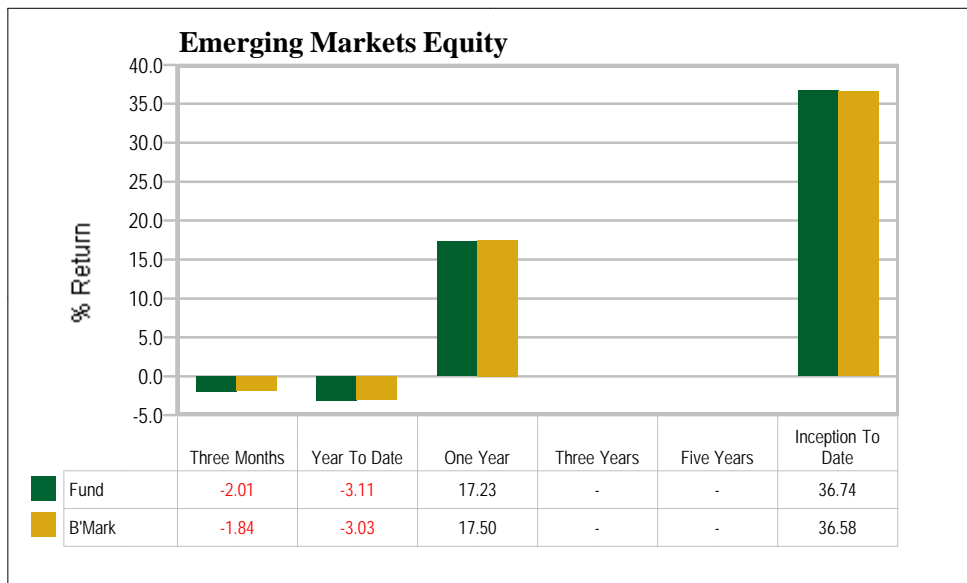


SSGA





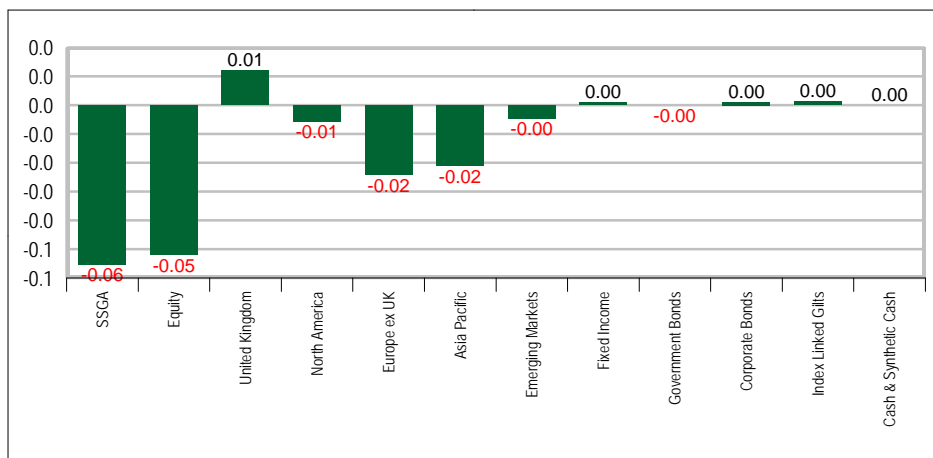
SSGA



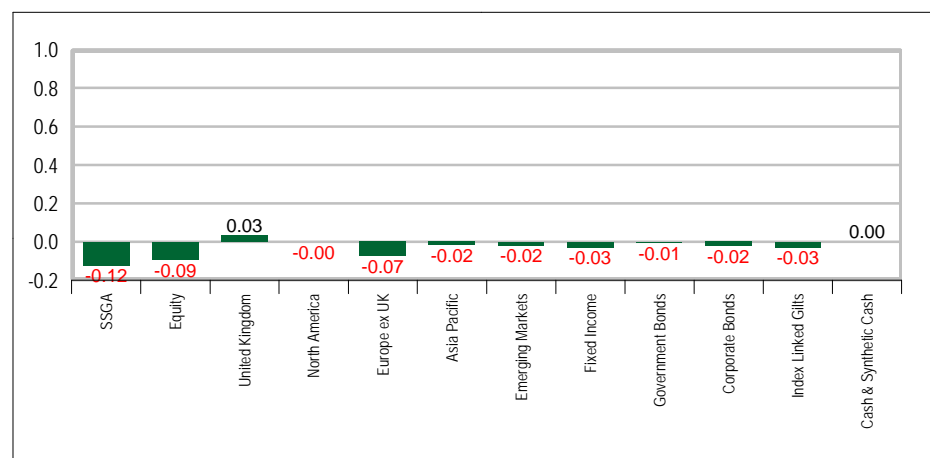


SSGA

Relative Contribution - Three Months



Relative Contribution - One Year

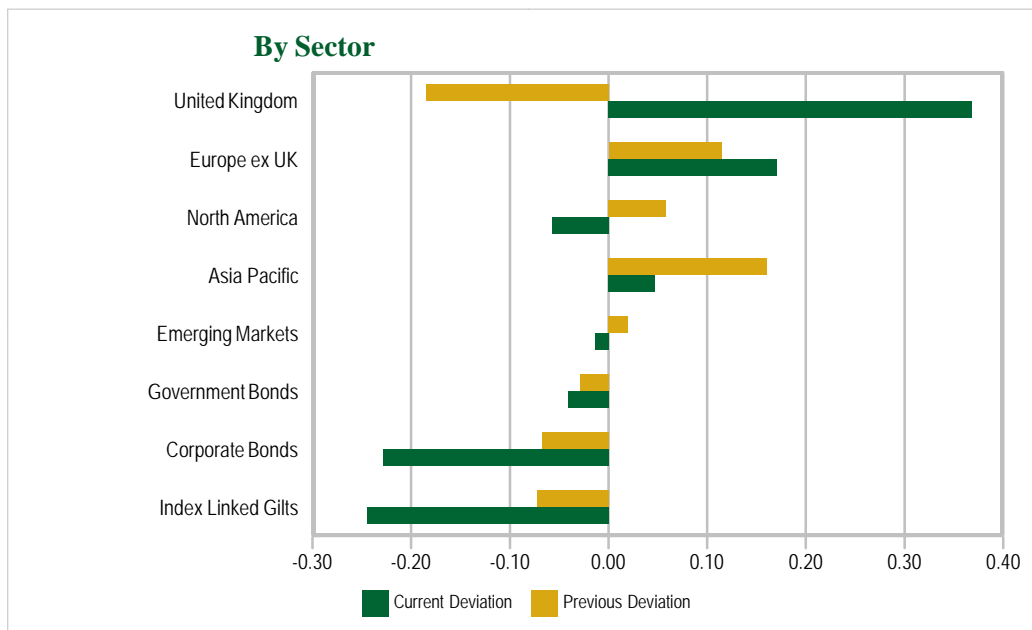


	Return	Benchmark	Relative Return	Asset Allocation	Stock Selection	Currency Effect	Relative Contribution
SSGA	1.69	1.75	-0.06	0.01	0.56	-0.62	-0.06
Equity	1.36	-	1.36	0.01	0.56	-0.62	-0.05
United Kingdom	1.93	1.91	0.02	0.00	0.01	0.00	0.01
North America	-0.42	-0.43	0.00	0.00	-0.01	0.00	-0.01
Europe ex UK	2.97	3.18	-0.20	-0.00	0.30	-0.32	-0.02
Asia Pacific	0.14	0.31	-0.17	0.01	0.24	-0.26	-0.02
Emerging Markets	-2.01	-1.84	-0.18	0.00	0.03	-0.03	-0.00
Fixed Income	2.02	-	2.02	-0.00	0.00	0.00	0.00
Government Bonds	2.48	2.47	0.01	-0.00	0.00	0.00	-0.00
Corporate Bonds	1.94	1.92	0.02	-0.00	0.00	-0.00	0.00
Index Linked Gills	4.05	4.05	-0.00	0.00	0.00	-0.00	0.00
Cash & Synthetic Cash	-	-	0.00	0.00	0.00	0.00	0.00

	Return	Benchmark	Relative Return	Asset Allocation	Stock Selection	Currency Effect	Relative Contribution
SSGA	20.46	20.61	-0.12	-0.08	1.16	-1.21	-0.12
Equity	24.00	-	24.00	-0.01	1.13	-1.20	-0.09
United Kingdom	25.72	25.63	0.07	-0.00	0.03	0.00	0.03
North America	21.66	21.68	-0.01	0.00	-0.68	0.68	-0.00
Europe ex UK	28.93	29.42	-0.38	-0.02	1.25	-1.29	-0.07
Asia Pacific	15.91	16.06	-0.13	0.01	0.53	-0.56	-0.02
Emerging Markets	17.27	17.50	-0.19	-0.01	0.02	-0.03	-0.02
Fixed Income	5.06	-	5.06	-0.03	0.01	-0.01	-0.03
Government Bonds	3.16	3.13	0.04	-0.01	0.00	-0.00	-0.01
Corporate Bonds	5.26	5.26	-0.00	-0.02	0.01	-0.00	-0.02
Index Linked Gills	8.98	8.94	0.03	-0.04	0.01	-0.00	-0.03
Cash & Synthetic Cash	-	-	0.00	0.00	0.00	0.00	0.00



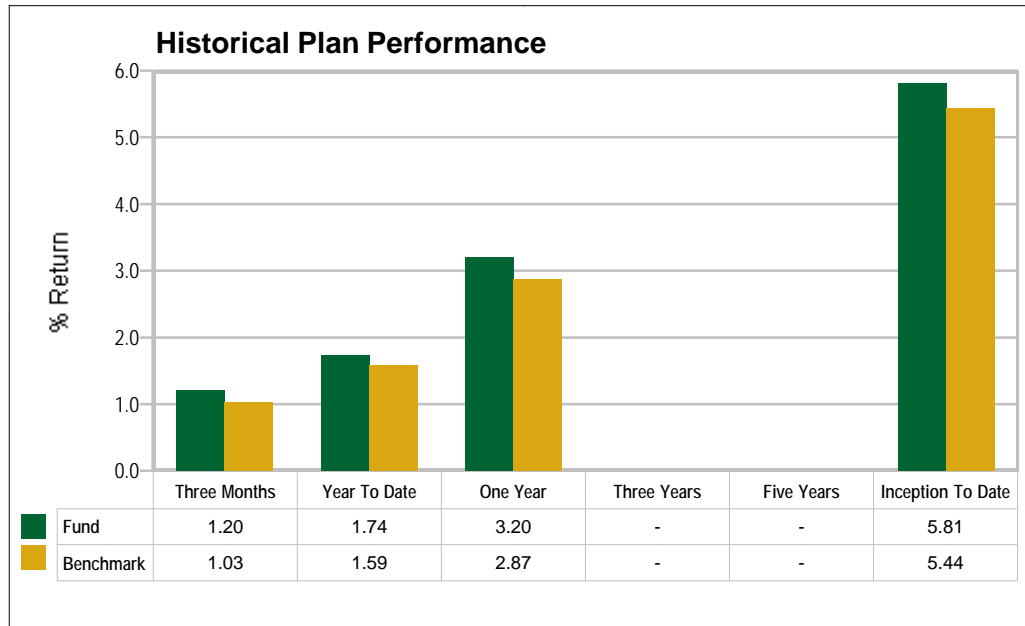
SSGA



	Current Qtr	Previous Qtr	Current Benchmark	Current Deviation	Previous Benchmark	Previous Deviation
Equity	80.52	80.17		80.52		80.17
United Kingdom	44.37	43.82	44.00	0.37	44.00	-0.18
Europe ex UK	11.17	11.11	11.00	0.17	11.00	0.11
North America	10.94	11.06	11.00	-0.06	11.00	0.06
Asia Pacific	11.05	11.16	11.00	0.05	11.00	0.16
Emerging Markets	2.99	3.02	3.00	-0.01	3.00	0.02
Fixed Income	9.73	9.90		9.73		9.90
Government Bonds	1.46	1.47	1.50	-0.04	1.50	-0.03
Corporate Bonds	8.27	8.43	8.50	-0.23	8.50	-0.07
Index Linked Gilts	9.75	9.93	10.00	-0.25	10.00	-0.07

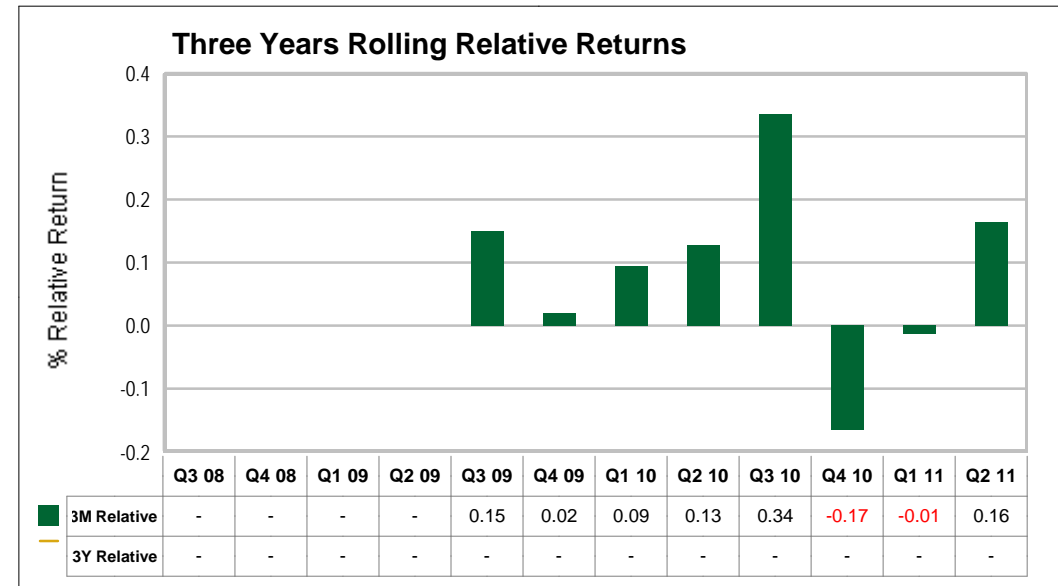
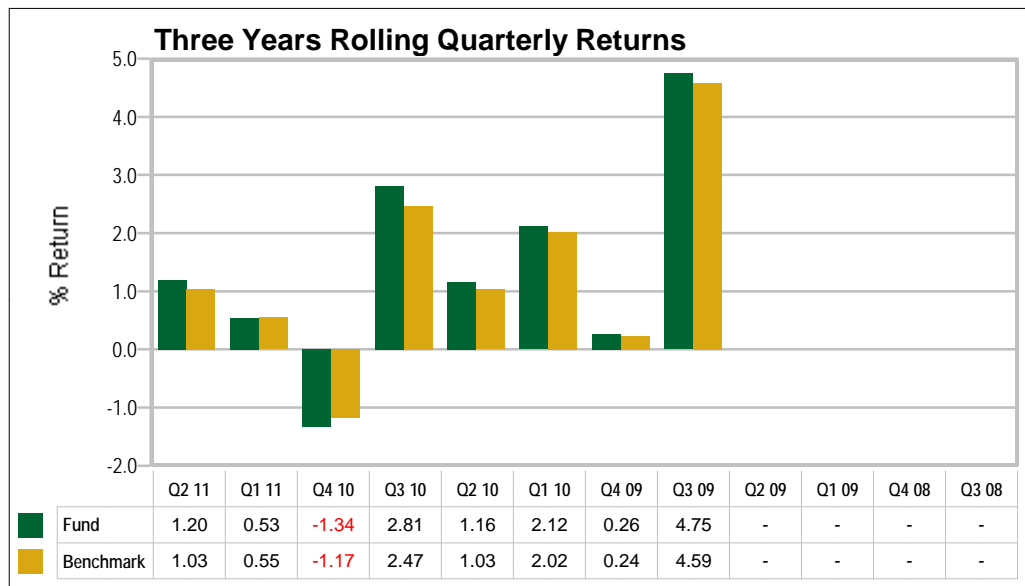


SSGA Drawdown



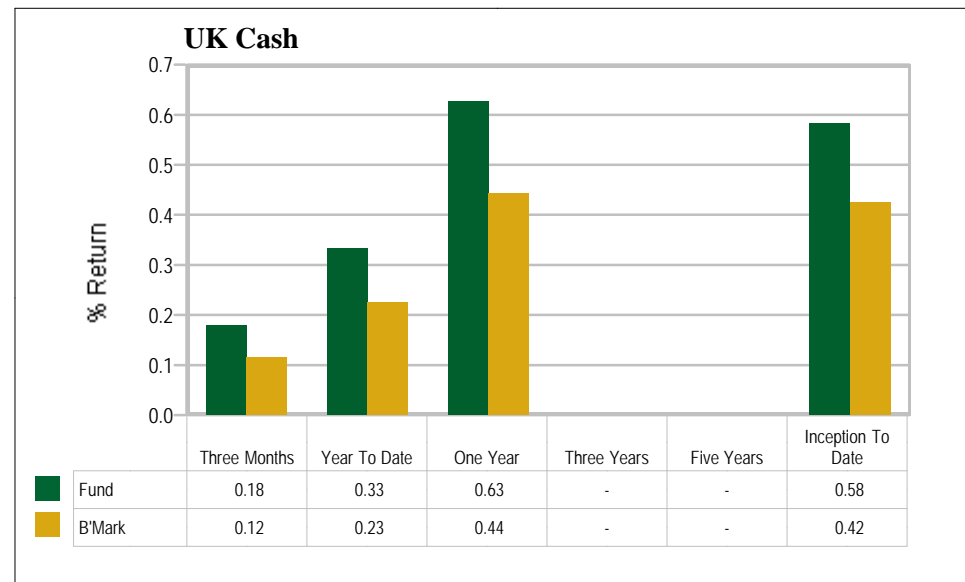
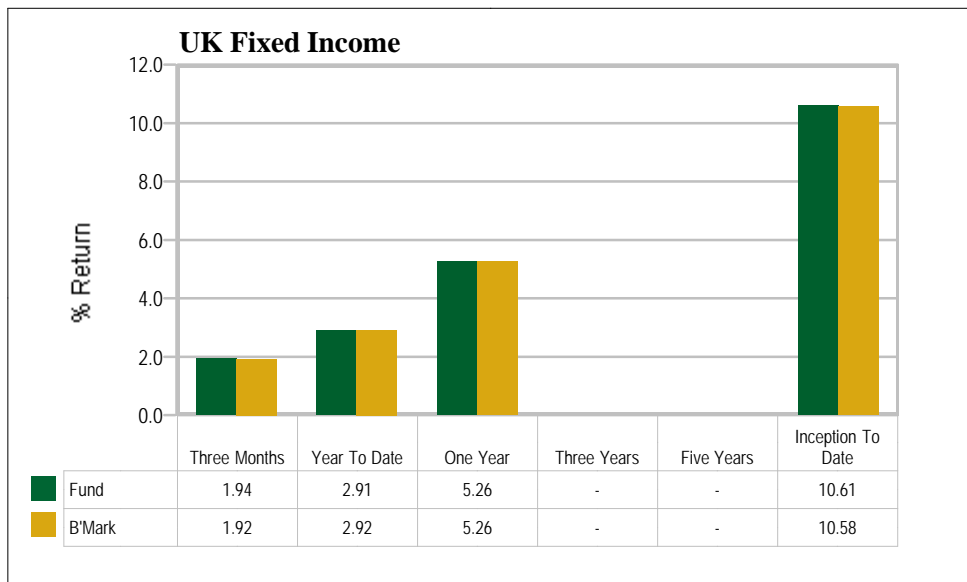
Risk Statistics - 3 years

	Fund	B'mark
Performance Return	-	-
Standard Deviation	-	-
Relative Return	-	-
Tracking Error	-	-
Information Ratio	-	-
Beta	-	-
Alpha	-	-
R Squared	-	-
Sharpe Ratio	-	-
Percentage of Total Fund	1.7	
Inception Date	Jun-2009	
Opening Market Value (£000)	16,634	
Net Investment (£000)	-6,597	
Income Received (£000)	-0	
Appreciation (£000)	217	
Closing Market Value (£000)	10,254	



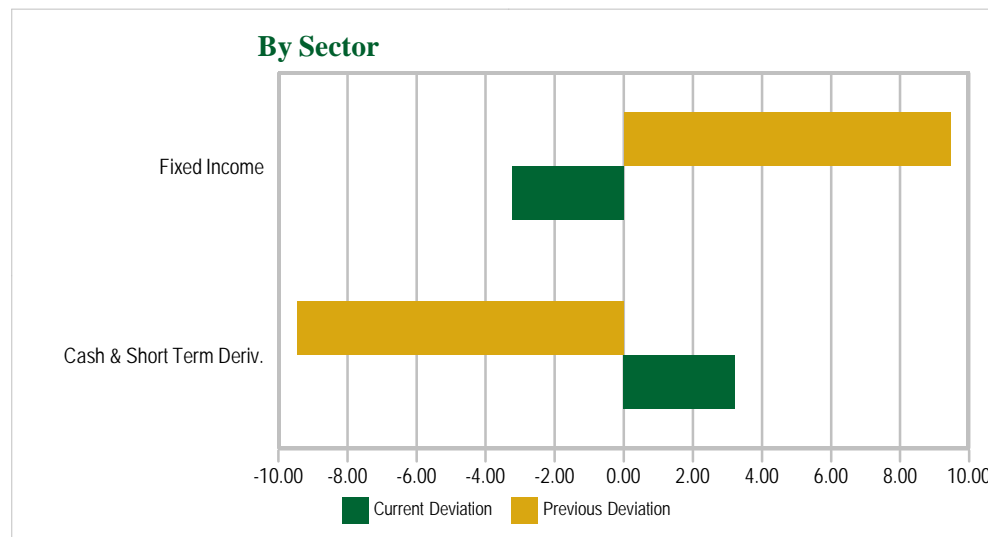


SSGA Drawdown





SSGA Drawdown

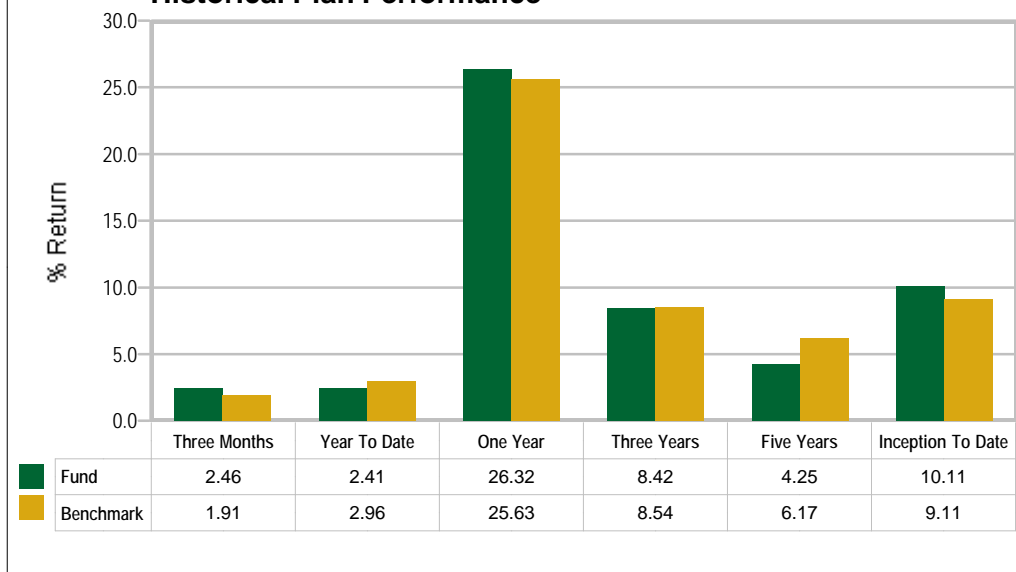


	Current Qtr	Previous Qtr	Current Benchmark	Current Deviation	Previous Benchmark	Previous Deviation
Fixed Income	46.78	59.46	50.00	-3.22	50.00	9.46
Cash & Short Term Deriv.	53.22	40.54	50.00	3.22	50.00	-9.46



UBS

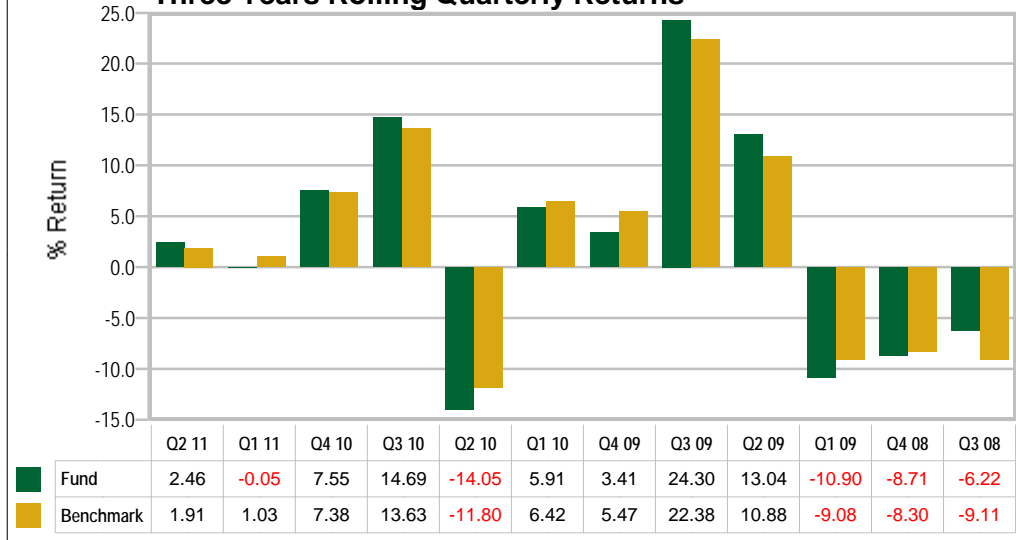
Historical Plan Performance



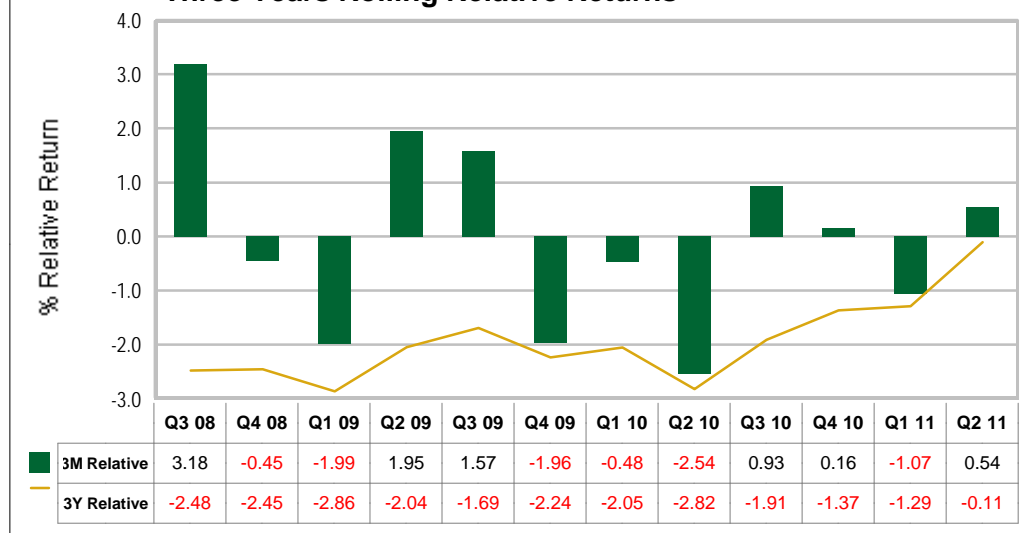
Risk Statistics - 3 years

	Fund	B'mark
Performance Return	8.42	8.54
Standard Deviation	19.97	17.86
Relative Return	-0.11	
Tracking Error	4.41	
Information Ratio	-0.03	
Beta	1.09	
Alpha	-0.40	
R Squared	0.96	
Sharpe Ratio	0.30	0.34
Percentage of Total Fund	18.9	
Inception Date	Dec-1988	
Opening Market Value (£000)	110,729	
Net Investment £(000)	0	
Income Received £(000)	1,349	
Appreciation £(000)	1,375	
Closing Market Value (£000)	113,453	

Three Years Rolling Quarterly Returns

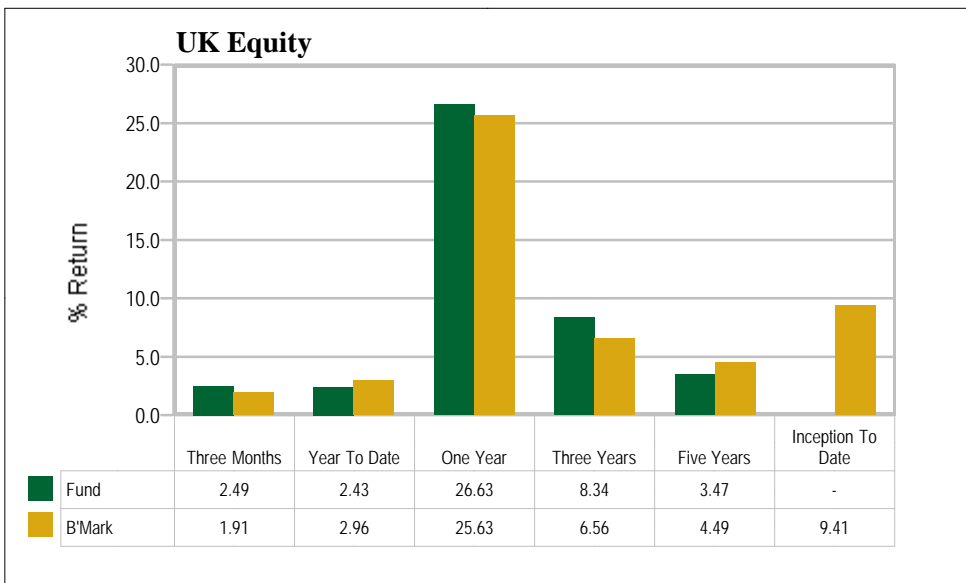


Three Years Rolling Relative Returns





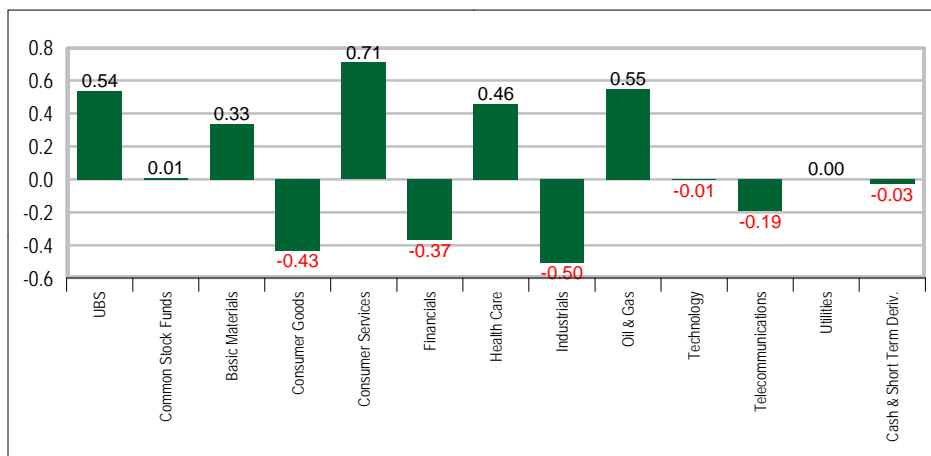
UBS



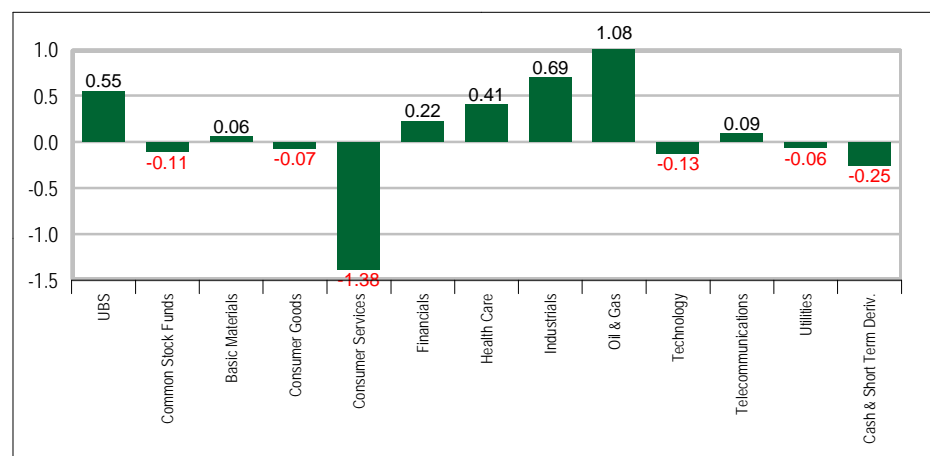


UBS

Relative Contribution - Three Months



Relative Contribution - One Year

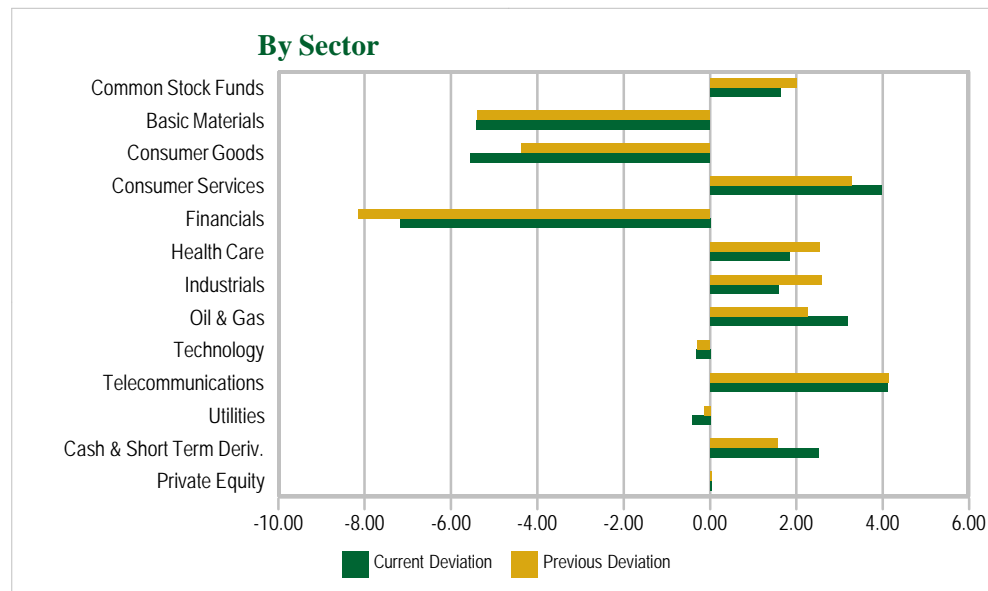


	Return	Benchmark	Relative Return	Asset Allocation	Stock Selection	Relative Contribution
UBS	2.46	1.91	0.54	0.20	0.32	0.54
Common Stock Funds	2.14	-	2.14	0.01	0.00	0.01
Basic Materials	0.72	-1.41	2.15	0.17	0.16	0.33
Consumer Goods	4.79	7.42	-2.44	-0.27	-0.16	-0.43
Consumer Services	10.64	5.95	4.42	0.13	0.58	0.71
Financials	-4.34	-0.73	-3.64	0.19	-0.55	-0.37
Health Care	13.32	10.27	2.76	0.20	0.25	0.46
Industrials	-1.29	4.78	-5.79	0.07	-0.57	-0.50
Oil & Gas	1.00	-2.29	3.36	-0.12	0.67	0.55
Technology	3.74	3.83	-0.08	-0.01	-0.00	-0.01
Telecommunications	-1.89	-1.32	-0.58	-0.13	-0.06	-0.19
Utilities	7.89	7.28	0.57	-0.02	0.02	0.00
Cash & Short Term Deriv.	0.16	-	0.16	-0.03	0.00	-0.03

	Return	Benchmark	Relative Return	Asset Allocation	Stock Selection	Relative Contribution
UBS	26.32	25.63	0.55	-0.17	0.68	0.55
Common Stock Funds	21.27	-	21.27	-0.11	0.00	-0.11
Basic Materials	49.41	40.46	6.37	-0.44	0.50	0.06
Consumer Goods	23.50	25.42	-1.53	0.01	-0.08	-0.07
Consumer Services	7.15	17.12	-8.51	-0.27	-1.11	-1.38
Financials	10.32	14.54	-3.68	0.73	-0.50	0.22
Health Care	22.78	16.37	5.50	-0.16	0.57	0.41
Industrials	38.09	29.51	6.63	0.11	0.58	0.69
Oil & Gas	45.70	39.55	4.41	0.27	0.81	1.08
Technology	26.66	37.04	-7.57	-0.02	-0.11	-0.13
Telecommunications	26.46	25.38	0.86	-0.01	0.10	0.09
Utilities	26.08	27.86	-1.40	-0.01	-0.05	-0.06
Cash & Short Term Deriv.	0.87	-	0.87	-0.25	0.00	-0.25



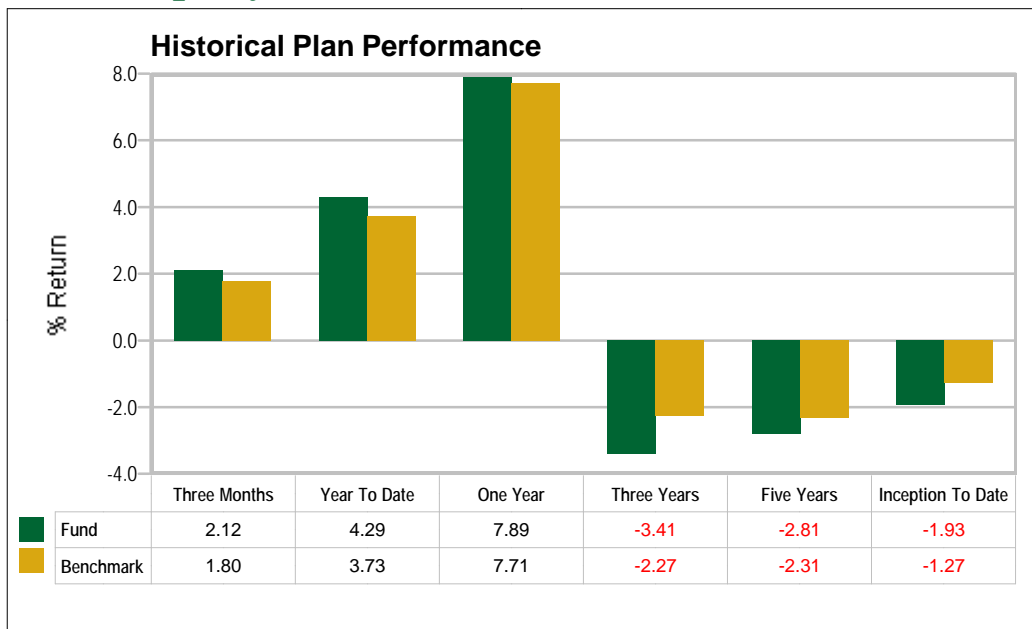
UBS



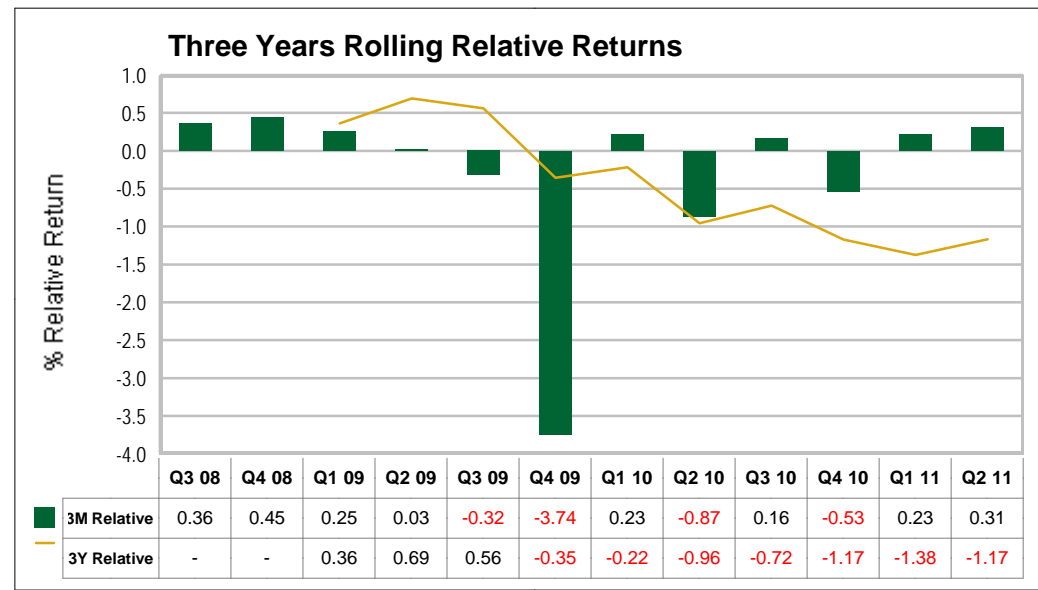
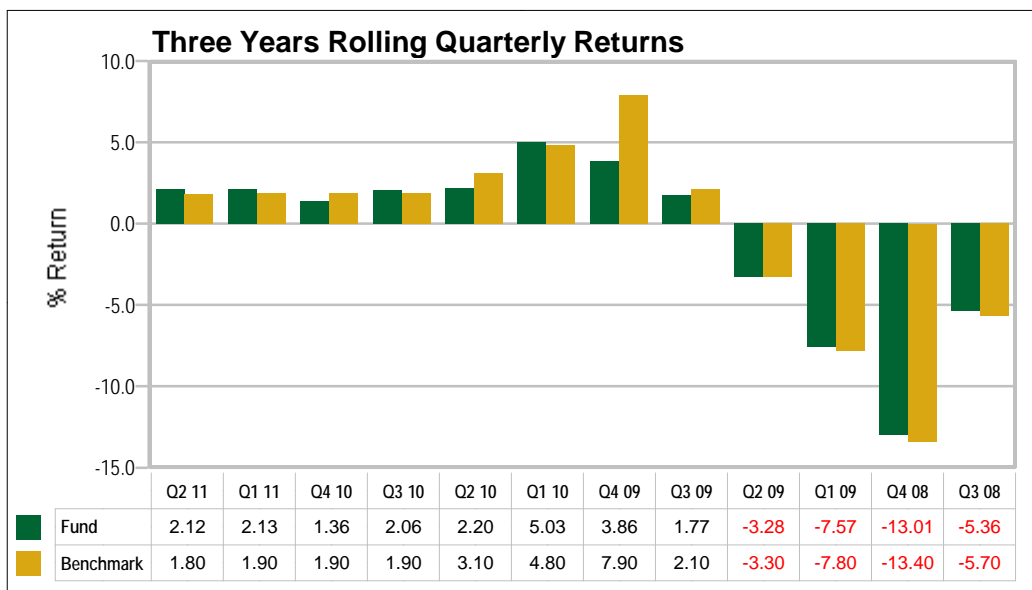
	Current Qtr	Previous Qtr	Current Benchmark	Current Deviation	Previous Benchmark	Previous Deviation
Common Stock Funds	1.63	2.01		1.63		2.01
Basic Materials	7.83	8.10	13.25	-5.42	13.48	-5.39
Consumer Goods	6.22	6.77	11.76	-5.55	11.13	-4.37
Consumer Services	13.56	12.59	9.59	3.97	9.30	3.29
Financials	14.96	14.41	22.14	-7.18	22.55	-8.14
Health Care	9.11	9.27	7.27	1.85	6.74	2.53
Industrials	9.16	10.00	7.57	1.60	7.41	2.59
Oil & Gas	20.23	20.00	17.05	3.18	17.73	2.27
Technology	1.41	1.42	1.75	-0.34	1.72	-0.30
Telecommunications	9.96	10.40	5.85	4.11	6.26	4.14
Utilities	3.36	3.53	3.78	-0.42	3.67	-0.14
Cash & Short Term Deriv.	2.51	1.56		2.51		1.56
Private Equity	0.04	0.04		0.04		0.04



UBS Property



Risk Statistics - 3 years	Fund	B'mark
Performance Return	-3.41	-2.27
Standard Deviation	6.55	6.81
Relative Return	-1.17	
Tracking Error	2.56	
Information Ratio	-0.45	
Beta	0.90	
Alpha	-1.61	
R Squared	0.88	
Sharpe Ratio	-0.90	-0.70
Percentage of Total Fund	7.9	
Inception Date	Mar-2006	
Opening Market Value (£000)	46,541	
Net Investment (£000)	-3	
Income Received (£000)	435	
Appreciation (£000)	551	
Closing Market Value (£000)	47,524	





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

Fauchier

- 100.0 LIBOR 3 Month +5%

Goldman Sachs

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

Marathon

- 100.0 MSCI World

Ruffer

- 100.0 LIBOR 3 Month GBP

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

UBS

- 100.0 FTSE All Share

UBS Property

- 100.0 IPD UK PPFI All Balanced Funds Index

**Tracking Error**

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

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

Where Equals

ER Excess return (Portfolio Return minus Benchmark Return)

\overline{ER} Arithmetic average of excess returns (Portfolio Return minus Benchmark Return)

T Number of observations

p Periodicity (number of observations per year)

The tracking error measures the extent to which a portfolio tracks its benchmark. The higher the tracking error, the higher the variability of the portfolio returns around the benchmark. The tracking error will always be greater than zero, unless the portfolio is exactly tracking the benchmark.

Information Ratio

$$\text{Information Ratio} = \frac{\overline{ER}}{\sigma_{ER}}$$

$$\text{Annualised Information Ratio} = \text{Information Ratio} \times \sqrt{p}$$

Where Equals

\overline{ER} Arithmetic average of excess returns (Portfolio Return minus Benchmark Return)

T Number of observations

p Periodicity (number of observations per year)

The information ratio is a measure of risk adjusted return. The higher the information ratio, the higher the risk adjusted return.

Alpha

$$\alpha = \frac{\sum R_{yi}}{n} - \beta \frac{\sum R_{xi}}{n}$$

Where Equals

R_{xi} Market / Benchmark excess return (Benchmark return minus Risk Free Proxy return)

R_{yi} Portfolio excess return (Portfolio return minus Risk Free Proxy return)

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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