Deloitte.

City of Westminster Pension Fund
Investment Performance Report
to 30 September 2015 – Executive Summary

Deloitte Total Reward and Benefits Limited
November 2015

Contents

1 Market Background

Three and twelve months to 30 September 2015

UK equities delivered a negative return over the 3 months to 30 September 2015 (FTSE All Share Index: -5.7%). Markets were volatile over the third quarter amid concerns about a slowdown in Chinese economic growth and corresponding extreme bouts of volatility in Chinese stocks markets, with uncertainty over US interest rate rises adding to investors' concerns.

Mid and small cap companies outperformed the largest UK firms over the third quarter, with the FTSE 250 and FTSE Small Cap indices returning -4.2% and -3.4% respectively. At the sector level, Consumer Goods was the strongest performing sector (4.2%), in stark contrast to the poorest performing sector over the quarter, Basic Materials (-27.9%), which was particularly impacted by the fears over an economic slowdown in China and the corresponding effect on commodity prices

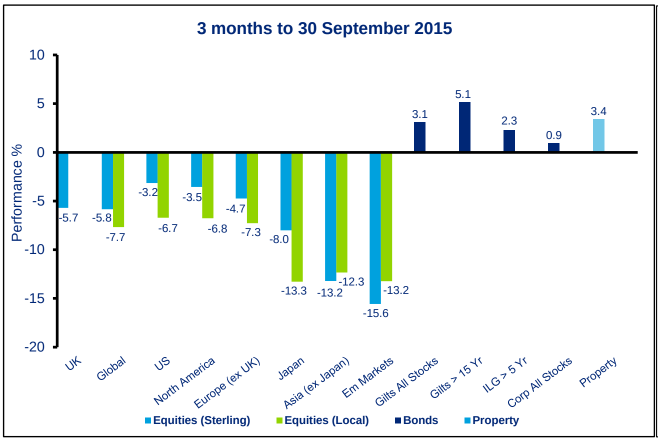
Global equity markets underperformed the UK in both local currency terms (-7.7%) and marginally underperformed the UK in sterling terms (-5.8%) as sterling depreciated against the dollar, euro and yen. As such, currency hedging was detrimental to sterling investors over the quarter. At the regional level, the US offered the highest return of -3.2% in sterling terms and -6.7% in local currency terms. Emerging markets was the poorest performing region over the quarter, returning -15.6% in sterling terms and -13.2% in local currency terms.

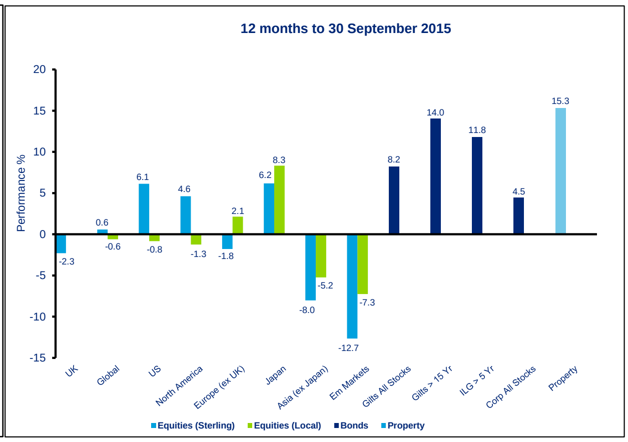
UK nominal gilts delivered positive returns over the third quarter as yields fell across all maturities, with the All Stocks Gilt Index returning 3.1%. Real yields on UK index-linked gilts also fell over the period, with the Over 5 Year Index-linked Gilt Index returning 2.3%. Corporate bonds also delivered positive returns over the quarter, with the iBoxx All Stocks Non Gilt Index returning 0.9%. Returns lagged gilts as credit spreads widened.

Over the 12 months to 30 September 2015, the FTSE All Share Index returned -2.3%. At the sector level, in a continuing trend, Technology delivered the highest return (14.9%) whilst Basic Materials was the poorest performing sector (-31.5%). Global equity markets outperformed the UK in both sterling and local currency terms respectively, with the FTSE All World Index returning 0.6% and -0.6% respectively.

UK nominal gilts delivered positive returns over the year to 30 September 2015 as gilt yields fell across all but the shortest maturities. The All Stocks Gilt Index returned 8.2% over the 12 month period and the Over 15 Year Gilt Index returned 14.0%. Real yields also fell over the year, with Over 5 year Index-linked Gilt Index returning 11.8%. Corporate bond returns were positive, with the iBoxx All Stocks Non Gilt Index returning 4.5% over the 12 months to 30 September 2015, again lagging gilts as credit spreads widened.

The UK property market performed strongly over both periods, returning 3.4% over the quarter and 15.3% over the year to 30 September 2015.





2 Total Fund

2.1 Investment Performance to 30 September 2015

The following table summarises the performance of the Fund's managers.

Manager	Asset Class	Last Quarter (%)			Last Year (%)			Last 3 Years (% p.a.)[1]			Since inception (% p.a.)[1]		
		Fund		B'mark	Fund		B'mark	Fund		B'mark	Fund		B'mark
		Gross	Net[1]		Gross	Net[1]		Gross	Net[1]		Gross	Net[1]	
Majedie	UK Equity	-6.7	-6.8	-5.7	0.4	0.0	-2.3	12.5	12.1	7.2	9.7	9.3	5.1
LGIM	Global Equity	-8.1	-8.1	-8.1	-1.4	-1.5	-1.4	n/a	n/a	n/a	11.0	10.8	10.9
Baillie Gifford	Global Equity	-5.7	-5.8	-5.9	4.6	4.2	0.4	n/a	n/a	n/a	4.9	4.5	4.4
Longview	Global Equity	-3.2	-3.4	-4.9	n/a	n/a	n/a	n/a	n/a	n/a	2.2	1.7	-3.3
Insight	Gilts	1.8	1.7	1.8	4.7	4.6	4.8	1.7	1.6	1.7	5.3	5.2	5.4
	Non Gilts	0.9	0.9	0.9	4.2	3.9	4.3	5.2	4.9	4.7	5.7	5.5	5.3
Hermes	Property	3.9	3.8	3.2	17.2	16.8	14.8	14.6	14.2	11.8	9.9	9.5	9.2
Standard Life	Property	2.0	1.9	3.6	8.9	8.4	10.4	n/a	n/a	n/a	10.8	10.3	8.5
Total		-4.5	-4.5	-4.0	2.6	2.2	1.3	10.0	9.7	9.0	6.1	5.8	5.7

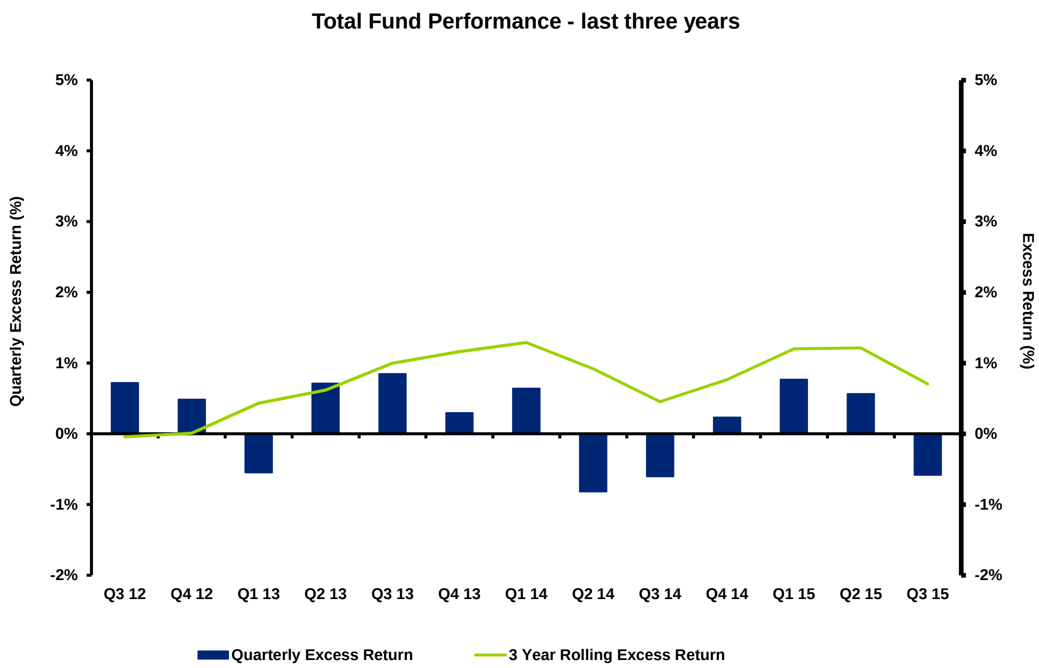
Source: Investment Managers

(1) Estimated by Deloitte when manager data is not available.

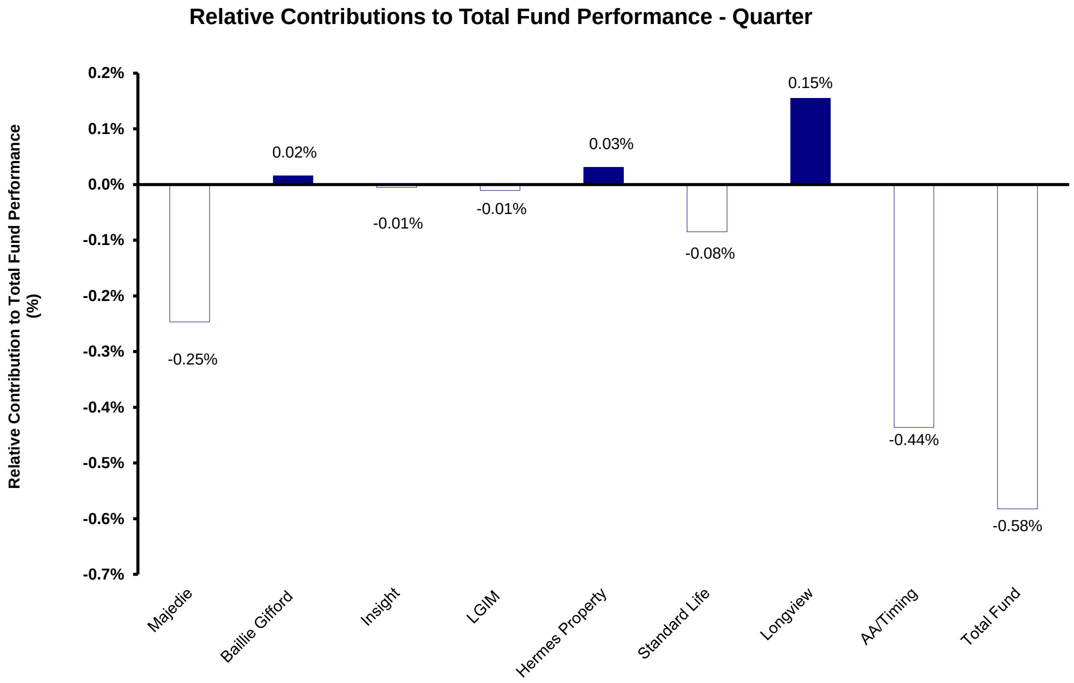
See appendix 1 for more detail on manager fees and since inception dates

Over the quarter the Fund underperformed its benchmark, mostly due to the underperformance of the active equity manager Majedie.

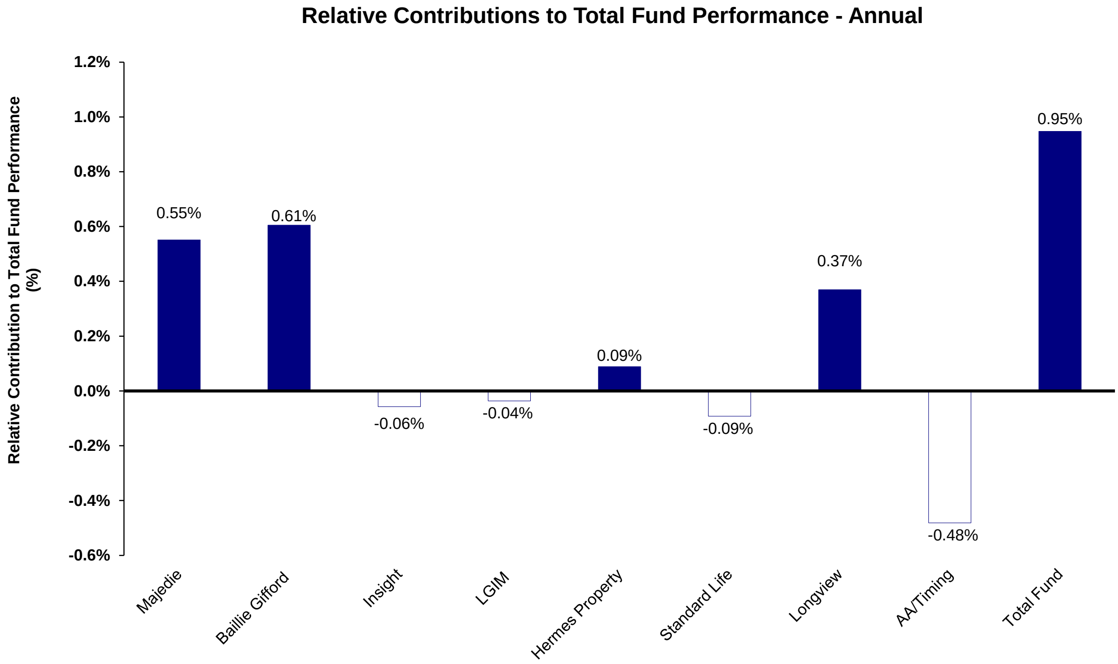
The chart below shows the performance of the Fund over the last three years, highlighting that the rolling three-year performance has been positive since 2013, with Majedie, Baillie Gifford and Hermes contributing positively. Please note that performance is shown net of fees versus the benchmark.



2.2 Attribution of Performance to 30 September 2015



The Fund underperformed its composite benchmark by 58bps over the third quarter of 2015, largely as a result of weak performance from the active equity manager Majedie and being overweight in equities in general, which performed poorly over the quarter.



The Fund outperformed over the year, largely due to strong performance from Majedie, Baillie Gifford and Longview. The AA/Timing bar largely reflects the fact that the actual allocation has differed from the benchmark. The average underweight allocation to Hermes and Longview over the year have contributed to the negative contribution from AA/Timing above.

Asset Allocation as at 30 September 2015

The table below shows the assets held by manager and asset class as at 30 September 2015.

Manager	Asset Class	End Jun 2015 (£m)	End Sep 2015 (£m)	End Jun 2015 (%)	End Sep 2015 (%)	Benchmark Allocation* (%)
Majedie	UK Equity	255.6	238.5	23.8	23.3	22.5
LGIM	Global Equity (Passive)	275.5	253.2	25.7	24.7	22.5
Baillie Gifford	Global Equity	170.6	161.0	15.9	15.7	25
Longview	Global Equity	105.2	101.7	9.8	9.9	
	Total Equity	**806.9**	**754.4**	**75.2**	**73.6**	**70**
Insight	Fixed Interest Gilts (Passive)	17.6	17.9	1.6	1.7	20
Insight	Sterling Non-Gilts	152.5	153.9	14.2	15.0	
	Total Bonds	**170.1**	**171.8**	**15.9**	**16.8**	**20**
Hermes	Property	47.1	48.9	4.4	4.8	5
Standard Life	Property	48.9	49.8	4.6	4.9	5
To be Determined	Property / Infrastructure	-	-	-	-	-
	Total Property	**96.0**	**98.7**	**8.9**	**9.6**	**10**
	Total	**1,073.0**	**1,024.9**	**100**	**100**	**100**

Source: Investment Managers

Figures may not sum to total due to rounding

* The benchmark allocation has been set to 70% equity, 20% bonds and 10% property to better align the benchmark performance calculation with the allocation and performance of the Fund. The Fund's long term strategic benchmark includes a 5% allocation to Property / Infrastructure, which will be funded from the equity portfolio.

Over the quarter the market value of the assets fell by c. £48.1m as a result of the fall in equity markets.

As at 30 September 2015, the Fund is overweight to equity by c. 3.6% when compared with the amended benchmark allocation, with overweight allocations to UK equities and both passive and active global equities. As a result of this overweight position, the Fund is underweight bonds and property by c. 3.2% and c. 0.4% respectively.

3 Summary of Manager Ratings

The table below summarises Deloitte’s ratings of the managers employed by the Fund and triggers against which managers should be reviewed.

Manager	Mandate	Triggers for Review	Rating*
Majedie	UK Equity	Further turnover within the core investment team Re-opening the UK equity products with no clear limits on the value of assets that they would take on	1
Baillie Gifford	Global Equity	Loss of key personnel Change in investment approach Lack of control of asset growth	1
Longview	Global Equity	Loss of key personnel Change in investment approach Lack of control in growth of assets under management	1
LGIM	Global Equity (passive)	Major deviation from benchmark returns Significant loss of assets under management	1
Insight	Sterling Non-Gilts	Departure of any of the senior members of the investment team Steps to broaden their product offering beyond the current UK and European focus without first bringing in the additional expertise	1
Insight	Fixed Interest Gilts (Passive)		n/a
Hermes	Property	Significant growth in the value of assets invested in the fund Changes to the team managing the mandate	2
Standard Life	Property	Further significant growth in the value of the Long Lease Property Fund resulting in an erosion in the quality and yield of the underlying assets Departure of the fund manager	1

* The Provisional rating is applied where we have concerns over changes to an investment manager

Majedie UK Equity

Business

While the UK Equity Fund remains closed, Majedie looks to recycle any capacity that becomes available, with continued interest coming from the high net worth market. Majedie continues to see steady growth in the Global Equity and Focus Funds.

Majedie is having discussions with the London CIV regarding its products, specifically the UK Equity Strategy, which 3 of the London Boroughs invest in. Majedie is open to making the Fund available through this platform, assuming it can agree terms which will benefit the current London LGPS investors, however are not any further forward with negotiations at this stage.

Personnel

There were 4 new joiners over the quarter although the team managing the UK Equity Fund remains unchanged.

Deloitte view – We continue to rate Majedie positively for its UK equity capabilities.

Baillie Gifford

Business

Total assets under management decreased over the third quarter of 2015 from c. £121.0bn as at 30 June 2015 to c. £110.6bn as at 30 September 2015 largely due to negative market returns rather than outflows.

Baillie Gifford closed the Global Alpha Fund to new investors at the start of the 2015 and will only accept inflows from existing clients subject to capacity remaining available.

Personnel

Tom Coutts, Head of European equities will become the Chair of the EAFE Alpha Portfolio Construction Group in addition to his current role.

Scott Lothian joined the Multi Asset team in September as an experienced hire. In addition, 6 new graduates joined the investment team in September.

There has been some internal re-arranging of teams, replacing the Diversified Growth Review Group with a new Multi Asset and Fixed Income Review Group that will be responsible for reviewing the portfolios managed by the Multi Asset, Credit, and Rates & Currency teams. Gerald Smith will chair this new Review Group as well as the newly created Multi Asset and Fixed Income Business Group, who aim to guide the strategy for client service and marketing.

Deloitte view – We continue to rate Baillie Gifford positively for its global equity capabilities.

LGIM

Business

As at 30 June 2015, Legal & General Investment Management ("Legal & General") had total assets under management of c. £507bn.

Personnel

Chad Rakvin has been appointed Global Head of Index Funds. Chad joined LGIM in 2013, from Northern Trust Global Investments, where he was Global Equity Index Director. Since joining LGIM, Chad has led the US index fund management business. Chad will report to Aaron Meder, Head of Investments, in his new role and will be based in London. In conjunction with this appointment, Shaun Murphy, Director of Index Funds at LGIM, has been appointed as Chad's successor as Head of US Index Funds and will continue to work closely with Chad as part of the global team.

Earlier this year, Ali Toutounchi, Global Head of Index Funds, signalled his plans to retire at the end of 2015, and has been working closely with Aaron to appoint his successor. Over the coming months, Ali will work with Chad to transition his responsibilities and will continue to be involved with LGIM after his retirement in a strategic and advisory capacity, enabling LGIM and its clients to benefit from his significant expertise and experience as well as providing guidance to Chad as he takes our Index business forward.

Julian Harding left LGIM over the quarter. As a result, Colm O'Brien will take responsibility for the UK-based Equity Index Fund team as Head of Index Equities and International Index Developments. Colm joined LGIM in 2012 from Irish Life Investment Managers, where he was Head of Indexation.

Eve Finn has been appointed Head of Portfolio Solutions. In Eve's new role within the Solutions Group, she will expand her responsibility from engaging with LGIM's major LDI clients on de-risking solutions.

Deloitte View: We continue to rate Legal & General positively for its passive capabilities.

Longview

Business

There have been no changes to the team over the quarter.

As at 30 September 2015, Longview had AUM of c. £13.0bn. Longview lost one client and gained another of a similar size over the quarter, with the fall in AUM due primarily to market movements.

Deloitte view – We continue to rate Longview for its global equity capabilities.

Insight

Business

Insight continued to see a strong inflow of assets over the quarter. Assets under management was £383bn as at the end of June 2015, with £90bn invested in Fixed Income products (non-LDI). Insight noted that its Bonds Plus Fund continues to see interest from investors, with the strategy re-opened for selective new business on the grounds of additional capacity becoming available following the integration of the former Cutwater credit team in the UK. Insight has also seen new business flow into its Buy and Maintain products with assets coming from active corporate bond and passive index portfolios.

There were no changes to the Fixed Income Group over the third quarter.

Insight notes the need for London LGPS to save fees and governance through asset pooling and is hoping to work with the London CIV in the near future. Insight is meeting the London CIV in Q4 2015 to discuss products which it hopes will be available through this platform.

Deloitte view – We continue to rate Insight positively for its bond and LDI capabilities.

Hermes

Business

The total value of the Trust increased over the quarter to c. £1.22bn at the end of September 2015 with interest from prospective unit holders continuing to be strong with Hermes operating a waiting list for new investment of c. £200m.

Personnel

There were no changes to the team over the quarter.

Deloitte view – We continue to rate the team managing HPUT.

Standard Life

Business

The Long Lease Property fund's assets under management increased slightly to £1.59bn over the third quarter following positive performance. There were no investor in/out flows over the period and there is currently no investment queue.

Richard Marshall, the Head of Secure Real Estate, is relocating from Edinburgh to London for personal reasons. There have been no other significant joiners or leavers over the quarter.

Deloitte View: We continue to rate SLI positively for its long lease property capabilities.

4 Baillie Gifford – Global Equity

Baillie Gifford was appointed to manage an active Global Equity mandate from 18 March 2014. The manager is remunerated on an asset based fee, reflecting the total value of assets invested in the strategy across the Tri-borough. The target is to outperform the benchmark of 2% p.a.

4.1 Global equity – Investment performance to 30 September 2015

	Last Quarter (%)	Last Year (%)	Last 3 Years (% p.a.)	Since Inception (% p.a.)
Baillie Gifford - Gross of fees	-5.7	4.6	n/a	4.9
Net of fees[1]	-5.8	4.2	n/a	4.5
MSCI AC World Index	-5.9	0.4	n/a	4.4
Relative (net of fees)	0.1	3.8	n/a	0.1

Source: Baillie Gifford

(1) Estimated by Deloitte

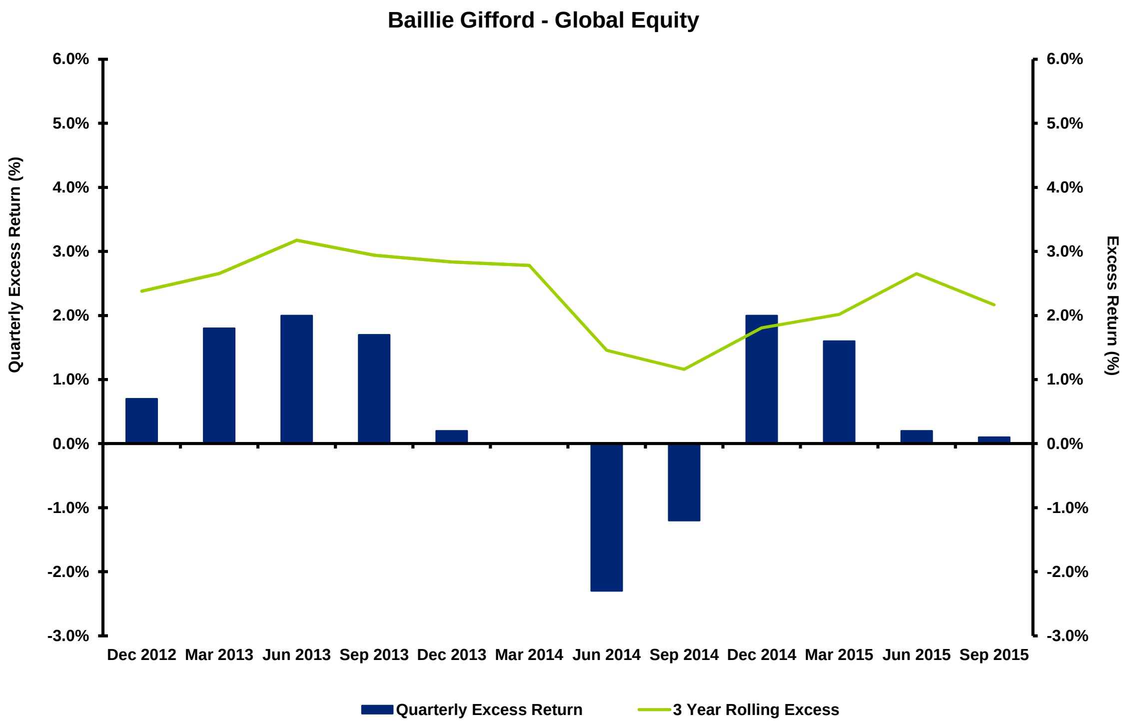
See appendix 1 for more detail on manager fees

Inception date taken as 18 March 2014

The Baillie Gifford Global Equity fund has outperformed its benchmark over the quarter, the year and period since inception. The main contributors to the marginal outperformance over the quarter were the Fund's holdings in Royal Caribbean Cruises, Amazon.com and Ryanair.

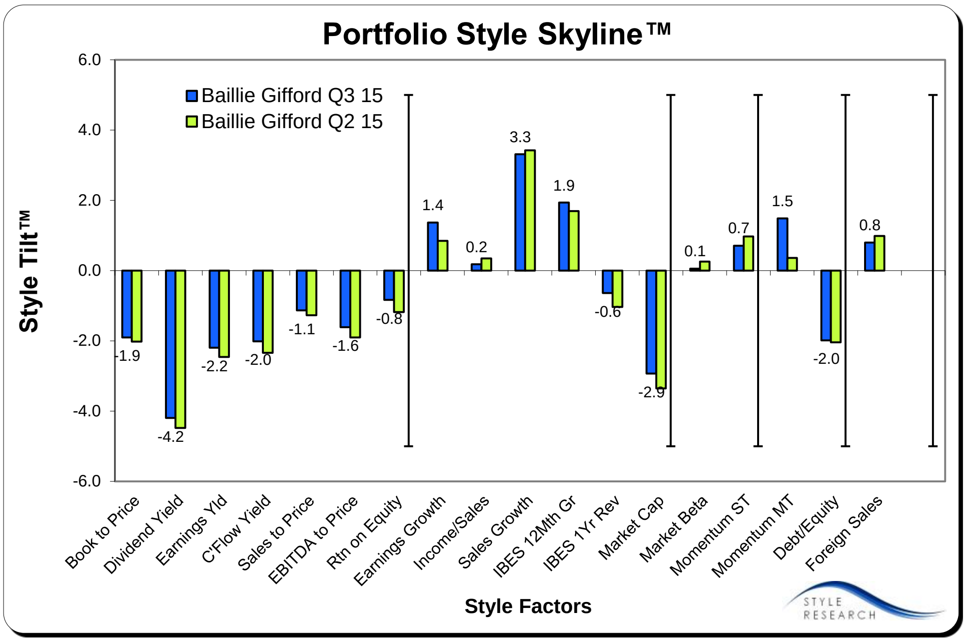
The main detractors over the quarter were the overweight positions in Naspers (the media company), and Chinese companies Baidu.com and Alibaba, who all delivered negative returns over the period.

The graph below shows the net quarterly returns and the rolling 3 year excess returns relative to the benchmark. Note that the Fund only invested in this fund from 18th March 2014 and previous periods are shown for information only.



4.2 Style analysis

We have analysed the Style of Baillie Gifford's Global Alpha portfolio as at 30 September 2015, the results can be seen in the below graph. When considering the analysis it should be borne in mind that any figures in excess of +/- 1 are considered to be meaningful.



As can be seen, Baillie Gifford has a marked negative bias to value related factors and a positive bias to growth factors which is consistent with the stated investment approach. This is a similar position to last quarter.

The top 10 holdings in the Baillie Gifford fund account for c. 27.6% of the fund and are detailed below.

Top 10 holdings as at 30 September 2015	Proportion of Baillie Gifford fund
Royal Caribbean	4.42%
Prudential	3.59%
Amazon.com	3.19%
Naspers	2.91%
Ryanair Holdings	2.80%
Anthem	2.30%
Taiwan Semi	2.24%
Alphabet	2.16%
Markel	2.04%
First Republic Bank	1.98%
Total	**27.63%**

Baillie Gifford	30 June 2015	30 September 2015
Total Number of holdings	98	97
Active risk	3.8%	4.0%
Coverage	6.9%	7.2%
Top 10 holdings	25.12%	27.63%

As at 30 September 2015, Baillie Gifford held 97 stocks, with an overlap with the FTSE All World index of 7.2%. The active risk, as at 30 September 2015, was 4.0% - a marginal increase from the previous quarter although most of this can be attributed to a general pick-up in market volatility.

5 LGIM – Global Equity (Passive)

LGIM was appointed to manage a passive global equity mandate from the 31 October 2012.The manager is remunerated on a fixed fee based on the value of assets. The target is to deliver performance in line with the stated benchmarks.

5.1 Passive Global Equity – Investment Performance to 30 September 2015

	Last Quarter (%)	Last Year (%)	Last 3 Years (% p.a.)	Since Inception (% p.a.)
LGIM - Gross of fees	-8.1	-1.4	n/a	11.0
Net of fees[1]	-8.1	-1.5	n/a	10.8
FTSE World GBP Hedged	-8.1	-1.4	n/a	10.9
Relative (net of fees)	0.0	-0.1	n/a	-0.1

Source: LGIM

(1) Estimated by Deloitte

See appendix 1 for more detail on manager fees

Inception date taken as 1 November 2012 (prior to that the mandate was an active equity mandate). The portfolio aims to track the benchmark.

The investment objective of the Fund is to track the performance of the FTSE AW-World Index (less withholding tax if applicable) - GBP Hedged (with the exception of advanced emerging markets) to within +/-0.5% p.a. for two years out of three.

The LGIM Fund has performed broadly in line with the benchmark over the quarter, one year and since the inception of the mandate.

Deloitte is currently working with LGIM with regards to the Fund's mandate, looking at the options for how this should be moved on to the London CIV platform, as and when this is launched, in the most cost effective way. Analysis is being carried out to consider the restructure and rebalancing costs, particularly relating to the Fund's emerging markets exposure, and a formal proposal will be discussed once this has been finalised.

6 Majedie – UK Equity

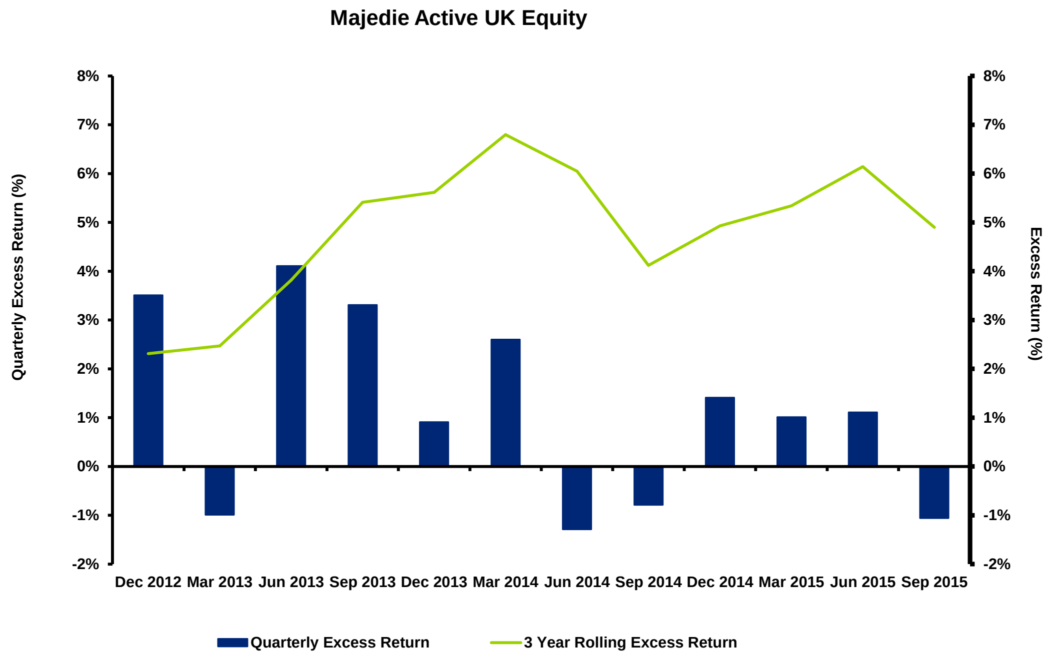
Majedie was appointed to manage an active UK equity mandate. The manager's remuneration is a combination of a fixed fee based on the value of assets and a performance related fee which is payable when the excess return of the portfolio over a rolling 3 year period is more than 1% p.a. The target is to outperform the benchmark by 2% p.a.

	Last Quarter (%)	Last Year (%)	Last 3 Years (% p.a.)	Since Inception (% p.a.)
Majedie - Gross of base fees	-6.7	0.4	12.5	9.7
Net of base fees[1]	-6.8	0.0	12.1	9.3
FTSE All-Share Index	-5.7	-2.3	7.2	5.1
Relative (net of fees)	-1.1	2.3	4.9	4.2

Source: Majedie

See appendix 1 for more detail on manager fees

Inception date taken as 31 May 2006.



Majedie underperformed its benchmark over the quarter by 1.1% on a net of fees basis. However, over the longer timeframes of one year, three years and since inception the manager has comfortably outperformed its benchmark on a net basis by 2.3%, 4.9% p.a. and 4.2% p.a. respectively.

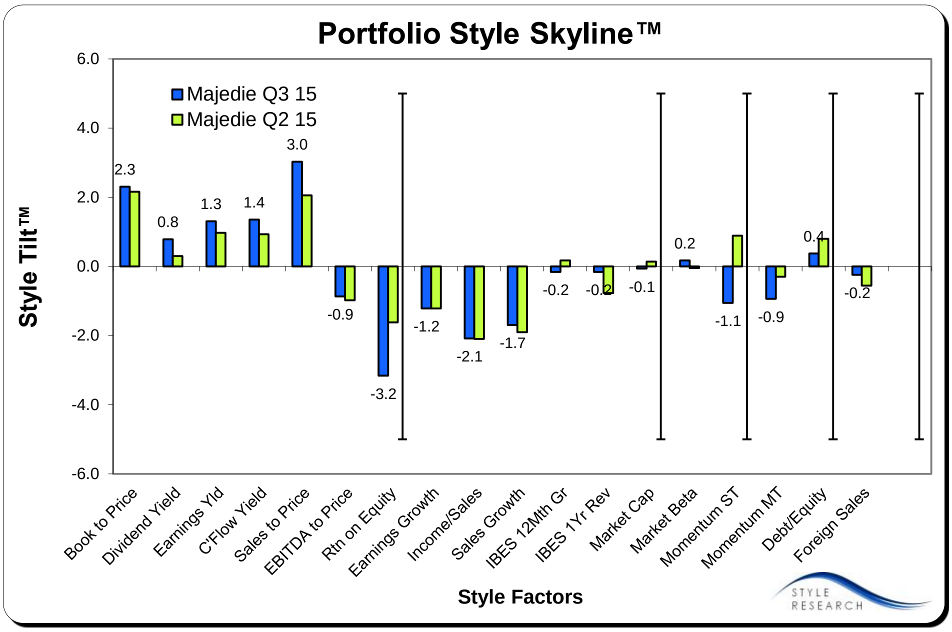
One of the main detractors from performance was Majedie's nil holding in Imperial Tobacco, SABMiller and British American Tobacco, believing that they were overpriced. These shares performed well over the quarter.

Majedie has started to increase the portfolio's allocation to mining and oil companies. These stocks also detracted from performance over the quarter, although Majedie still has a high conviction in these stocks and sectors, albeit it believes it may have called the position too early.

On a more positive note, holding European telecom companies such as Orange and Telecom Italia contributed positively to performance, with European infrastructure for 4G getting more investment over the quarter.

6.1 Style analysis

We have analysed the Style of Majedie as at 30 September 2015. When considering the analysis it should be borne in mind that any figures in excess of +/- 1 are considered to be meaningful.



While the portfolio is currently showing a modest positive bias to value factors, it is not particularly strong and we would not be surprised to see this change over time depending on where Majedie finds appropriate opportunities.

The top 10 holdings in the Majedie fund account for c. 40% of the fund and are detailed below.

Top 10 holdings as at 30 September 2015	Proportion of Majedie fund
HSBC	6.50%
Royal Dutch Shell	4.94%
Vodafone	4.87%
BP	4.85%
Barclays	3.86%
Orange	3.12%
Tesco	3.03%
RBS	2.92%
GlaxoSmithKline	2.84%
BT Group	2.73%
Total	**39.66%**

Majedie	30 June 2015	30 September 2015
Total Number of holdings	208	196*
Active risk	2.4%	2.7%
Coverage	41.5%	40.7%
Top 10 holdings	39.71%	39.66%

*includes 120 stocks in the Majedie UK Smaller Companies Fund, which the fund invests in.

As at 30 September 2015, Majedie held 196 stocks in total, with an overlap with the FTSE All Share index of 40.7%. This coverage is significantly higher than both Baillie Gifford and Longview, reflecting to an extent the multi manager approach. Majedie's active risk, as at 30 September 2015, was 2.7%.

7 Longview – Global Equity

Longview was appointed on 15 January 2015 to manage an active global equity mandate. The manager's remuneration is based on the value of assets invested across the Tri-borough. The expectation is that the fund will outperform the benchmark by 3% p.a.

	Last Quarter (%)	Last Year (%)	Last 3 Years (% p.a.)	Since Inception (% p.a.)
Longview - Gross of base fees	-3.2	n/a	n/a	2.2
Net of base fees[1]	-3.4	n/a	n/a	1.7
MSCI World Index	-4.9	n/a	n/a	-3.3
Relative (net of fees)	1.5	n/a	n/a	5.0

Source: Longview

(1) Estimated by Deloitte

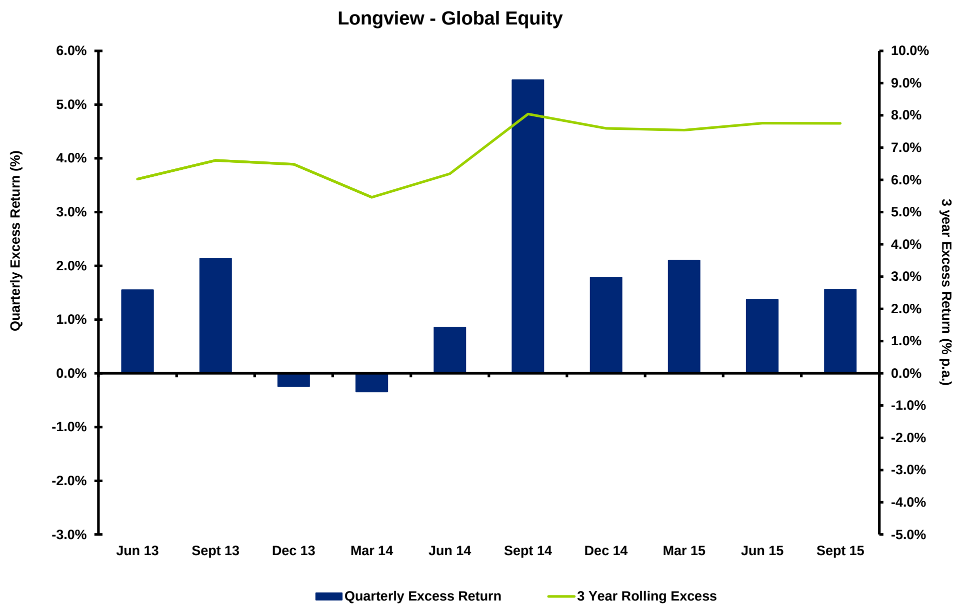
See appendix 1 for more detail on manager fees

Longview outperformed the benchmark by 1.5% on a net basis, over the third quarter of 2015.

Top contributor this quarter came from the Fund's holding in Fidelity National Information Services, who sell software and outsourcing solutions for the banking sector, which posted good results, benefitting from banks reducing their cost base. Imperial Tobacco performed well over the quarter with Longview believing this stock is nearing fair value. Imperial Tobacco is a defensive company and the recent acquisition of Reynolds was viewed positively by the market.

The top detractors from performance came from the entertainment sector with Viacom and Time Warner performing poorly. Falling cable and satellite subscribers meant that Disney posted slightly lower than expected profits which knocked the whole sector, including Time Warner despite the business posting good results this quarter. Viacom's ratings for children's channels such as Nickelodeon fell, resulting in lower revenue from advertising in the US.

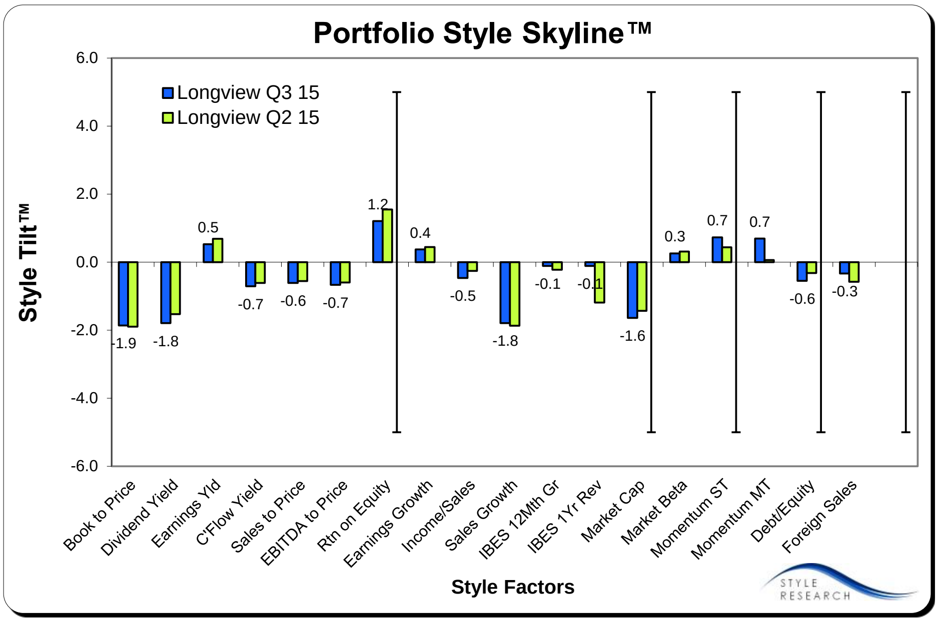
HCA Holdings (largest owner of private US hospitals) suffered as pharmaceuticals were hit by bad press over the quarter. Some companies were in the limelight for acquiring the rights to certain drugs before multiplying the price. Speeches made by US presidential candidates hit out at the pharmaceutical sector, promising this type of business would be "clamped down".



For information purposes we have included the longer run performance history for the strategy.

7.1 Style analysis

The Style "skyline" for Longview's global equity portfolio as at 30 September 2015 is shown below graph. When considering the analysis it should be borne in mind that any figures in excess of +/- 1 are considered to be meaningful.



As can be seen from the above, Longview does not currently have a strong bias to either value or growth factors, showing little change from the previous quarter's "skyline".

The top 10 holdings in the Longview fund account for c. 35.5% of the fund and are detailed below.

Top 10 holdings as at 30 September 2015	Proportion of Longview fund
Delphi Automotive	4.08%
AON	4.06%
Bank of New York Mellon	3.56%
Accenture	3.52%
WPP	3.47%
Yum! Brands	3.45%
Oracle	3.42%
Fidelity National Info Services	3.41%
Lloyds	3.29%
Wells Fargo	3.28%
Total	**35.54%**

Longview	30 June 2015	30 September 2015
Total Number of holdings	34	36
Active risk	4.4%	4.2%
Coverage	4.4%	4.7%
Top 10 holdings	38.57%	35.54%

As at 30 September 2015, Longview held 36 stocks in total, with an overlap with the FTSE All World index of only 4.7%. This coverage is low due to the high conviction investing that Longview undertakes; which also leads to a an active risk of 4.2% as at 30 September 2015.

8 Insight – Bonds

Insight was appointed to manage two bond portfolios – an actively managed corporate bond (non – Gilt) portfolio and a passively managed gilt portfolio. The manager's fee is based on the value of assets. The target of the Non-Gilt portfolio is to outperform the benchmark by 0.9% p.a.

8.1 Insight – Active Non Gilts

8.1.1 Investment Performance to 30 September 2015

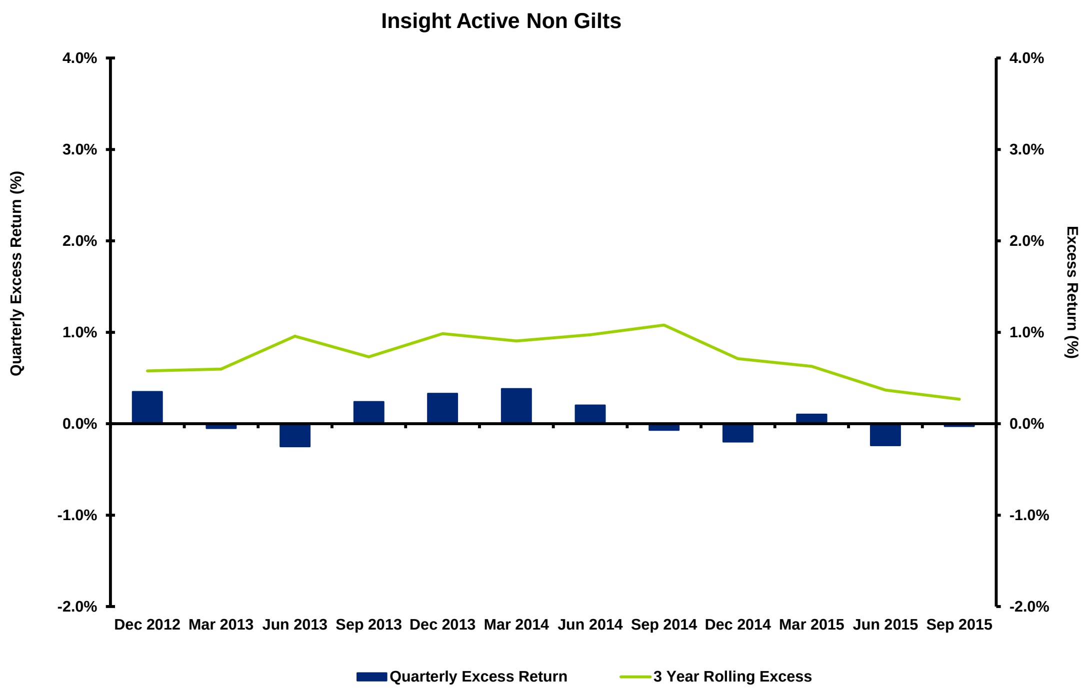
	Last Quarter (%)	Last Year (%)	Last 3 Years (% p.a.)	Since Inception (% p.a.)
Insight (Non-Gilts) - Gross of fees	0.9	4.2	5.2	5.7
Net of fees[1]	0.9	3.9	4.9	5.5
iBoxx £ Non-Gilt 1-15 Yrs Index	0.9	4.3	4.7	5.3
Relative (net of fees)	0.0	-0.4	0.2	0.2

Source: Insight

(1) Estimated by Deloitte

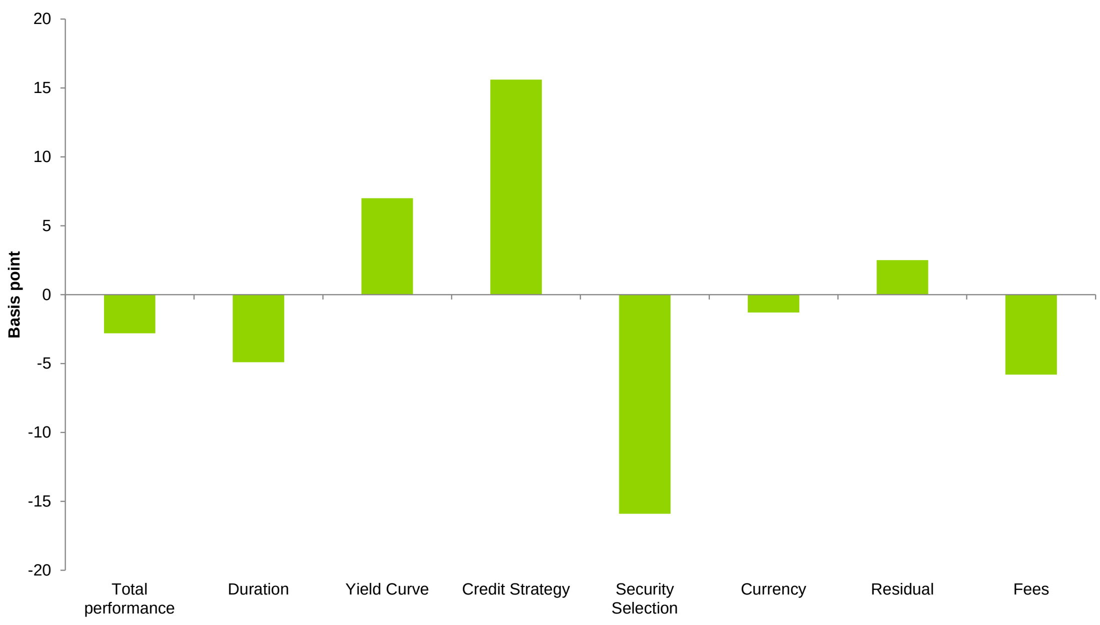
See appendix 1 for more detail on manager fees

Inception date taken as 31 May 2006.



Over the quarter the portfolio performed in line with the benchmark returning 0.9% on a net of fees basis. Over the year to 30 September 2015, the fund has underperformed the benchmark by 0.4% net of fees. Over the longer time periods of 3 years and since inception, Insight has outperformed the benchmark, net of fees, both by 0.2% p.a..

8.1.2 Attribution of Performance



Source: Estimated by Insight

Insight's underperformance this quarter has been driven by security selection and the duration positioning offsetting gains on the gains from the positioning on the yield curve and the credit strategy.

8.2 Insight – Government Bonds

8.2.1 Investment Performance to 30 September 2015

	Last Quarter (%)	Last Year (%)	Last 3 Years (% p.a.)	Since Inception (% p.a.)
Insight (Passive Bonds) - Gross	1.8	4.7	1.7	5.3
Net of fees[1]	1.7	4.6	1.6	5.2
FTSE A Gilts up to 15 Yrs Index	1.8	4.8	1.7	5.4
Relative (net of fees)	-0.1	-0.2	-0.1	-0.2

Source: Insight

(1) Estimated by Deloitte

See appendix 1 for more detail on manager fees

Inception date taken as 30 June 2008.

The gilt portfolio has marginally underperformed its benchmark over the quarter, one and three year period to 30 September 2015.

8.3 Duration of portfolios

	End Jun 2015		End Sep 2015	
	Fund (Years)	Benchmark (Years)	Fund (Years)	Benchmark (Years)
Non-Government Bonds (Active)	5.5	5.5	5.5	5.3
Government Bonds (Passive)	4.5	4.5	4.3	4.7

Source: Insight

9 Hermes – Property

Hermes was appointed to manage a core UK property portfolio. The manager is remunerated on a fixed fee based on the value of assets. The target is to outperform the benchmark by 0.5% p.a.

9.1 Portfolio Monitoring Summary

	Last Quarter (%)	Last Year (%)	Last 3 Years (% p.a.)	Since Inception (% p.a.)[1]
Hermes - Gross of fees	3.9	17.2	14.6	9.9
Net of fees[1]	3.8	16.8	14.2	9.5
Benchmark	3.2	14.8	11.8	9.2
Relative (net of fees)	0.6	2.0	2.4	0.3

Source: Hermes

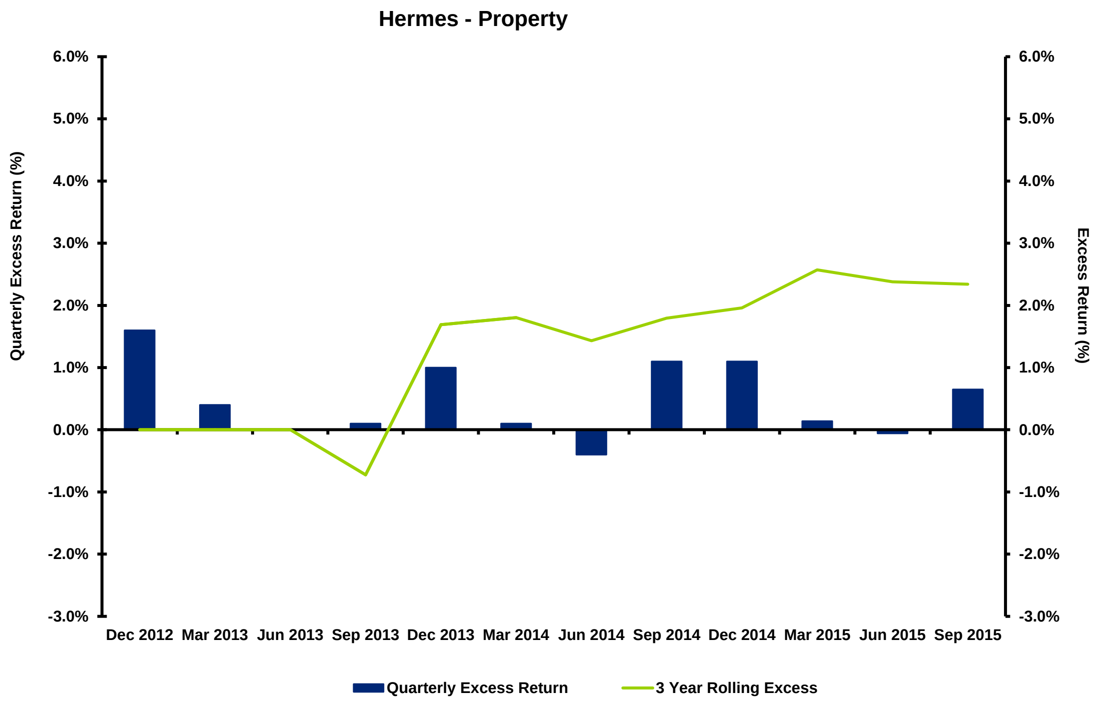
(1) Estimated by Deloitte

See appendix 1 for more detail on manager fees

Inception date is taken as 26 October 2010

Hermes outperformed its benchmark by 0.6% over the quarter with longer term performance also ahead of benchmark.

As per last quarter, the return this quarter was primarily driven by the fund's Office investments in both the West End of London and the Rest of the UK.



9.2 Sales and Purchases

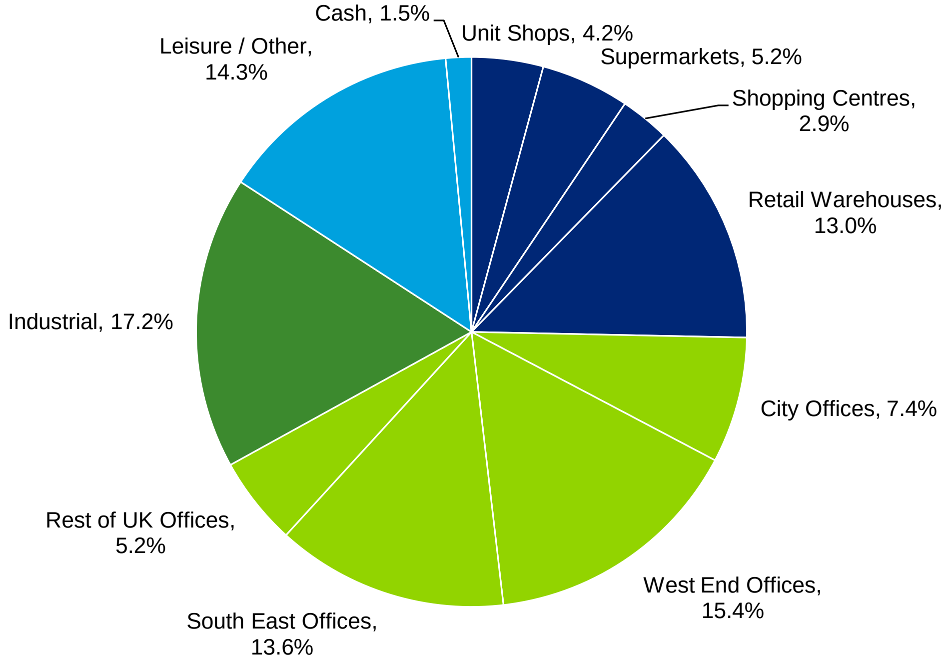
Over the quarter, Hermes sold part of its Plantation Wharf property in Battersea to a residential developer. As part of this deal, Hermes receives a 10% p.a. income stream on the agreed purchase price of £15m until the units have been developed. The purchase price is then received by Hermes once the units are finalised, along with any overage payment should the units be sold for more than an agreed amount.

Over the quarter Hermes also made two acquisitions, namely:

- The B&Q unit adjacent to the Maybird Shopping Park in Stratford upon Avon (which is already within the fund) was purchased for £9.5m. This was purchased partly as a defensive move, to maintain a certain level of tenant around the entrance to the shopping centre and partly to set up for a potential move for NEXT which has a small unit in Maybird with a lease expiry coming up.
- Round Foundry & Marshalls Mill in Leeds was purchased for £31.5m. These are old mills which have been converted into non-traditional office blocks which have been favoured by PR and marketing firms. The initial yield on this property is 7.8%, expected to raise to 8.2% once lettings of three vacant units have been agreed.

9.3 Portfolio Summary as at 30 September 2015

The Hermes Property Unit Trust invests across retail, offices, industrials and other sectors, with the split as at 30 September 2015 shown below.



The table below shows the top 10 directly held assets in the fund as at 30 September 2015.

Asset	Sub-sector	Value (£m)
Maybird Shopping Park, Stratford-upon-Avon	Retail Warehouses	111.0
8/10 Great George Street, London	West End Offices	56.0
27 Soho Square, London	West End Offices	43.7
Sainsbury’s, Maxwell Road, Beaconsfield	Supermarkets	42.9
2 Cavendish Square, London	West End Offices	41.5
Christopher Place, St Albans	Shopping Centres	35.2
Hythe House, Hammersmith	Standard Offices SE	33.6
Broken Wharf House, London	City Offices	32.3
Camden Works, London	Standard Offices SE	32.3
Round Foundry & Marshalls Mill, Leeds	Standard Offices RUK	32.0
Total		**460.4**

10 Standard Life – Long Lease Property

Standard Life Investments ("SLI") was appointed to manage a UK property portfolio investing in core assets where the focus is on properties with long leases let to high quality tenants. The manager is remunerated on a fixed fee based on the value of assets. The target is to outperform the benchmark by 0.5% p.a.

10.1 Portfolio Monitoring Summary

	Last Quarter (%)	Last Year (%)	Last 3 Years (% p.a.)	Since Inception (% p.a.)
Standard Life - Gross of fees	2.0	8.9	n/a	10.8
Net of fees[1]	1.9	8.4	n/a	10.3
Benchmark	3.6	10.4	n/a	8.5
Relative (net of fees)	-1.7	-2.0	n/a	1.8

Source: Standard Life

(1) Estimated by Deloitte

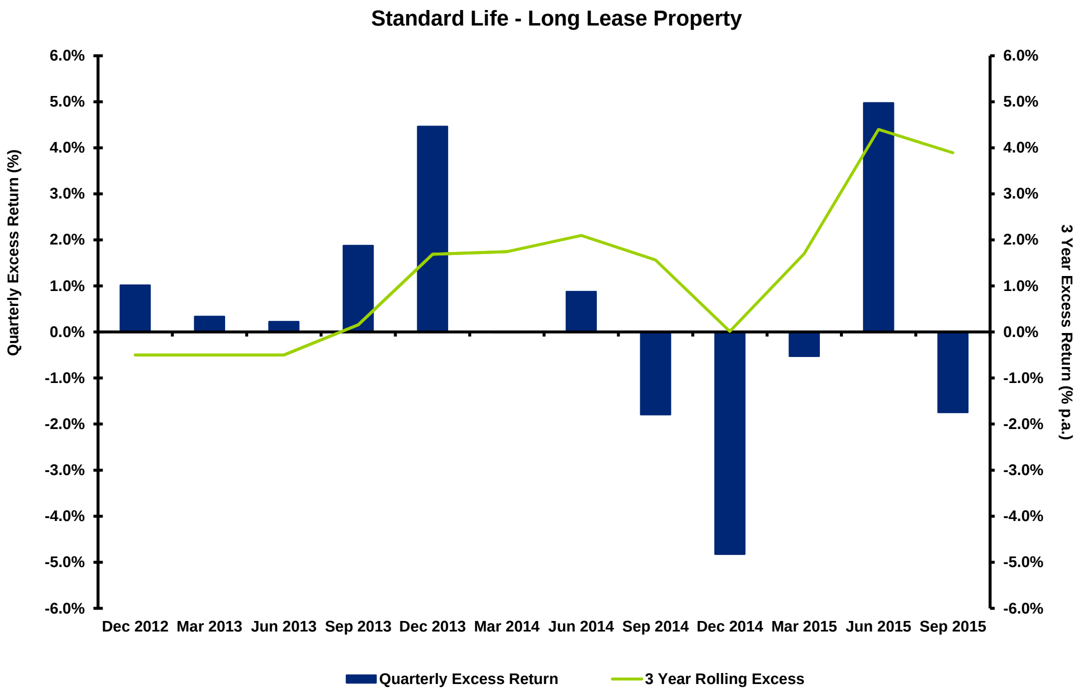
See appendix 1 for more detail on manager fees

Since inception: 14 June 2013

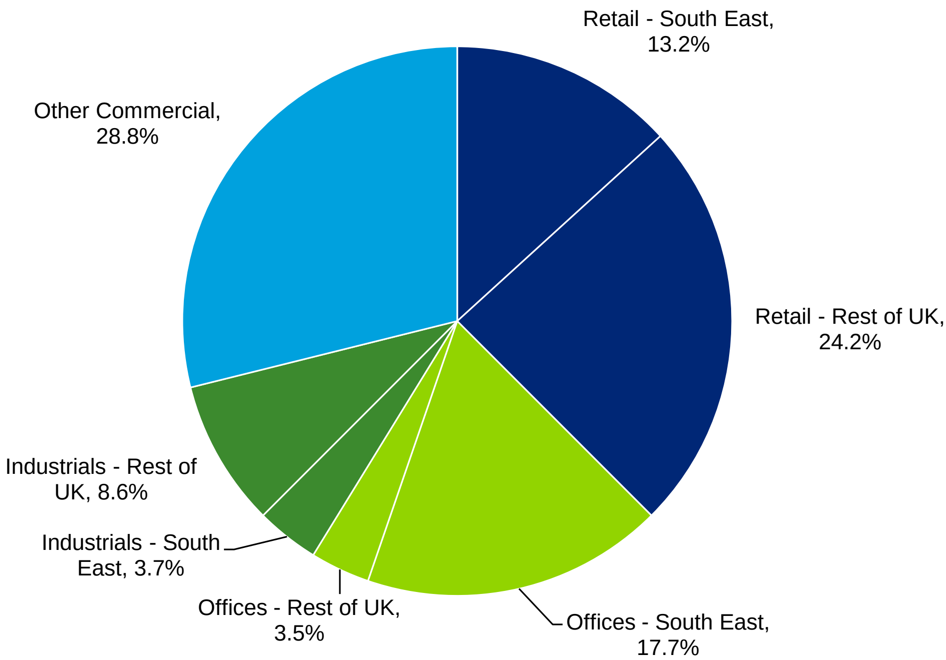
The SLI Long Lease Property Fund returned 1.9% over the third quarter of 2015, underperforming the benchmark of the FTSE Gilt All Stocks Index + 2% by 1.7% net of fees. Over the 12 months the Fund has underperformed the benchmark and has also lagged the broader property market by 2.0% and 6.9% respectively.

We would not expect a long lease property fund to keep track with the core property market, and similarly would not expect the fund to keep pace with a gilts based benchmark in such extreme low yielding environments. In absolute terms, over the medium to longer term the fund has performed in line with our expectations.

Net performance of the Long Lease Fund is shown below. Please note that the Fund only invested in this fund from June 2013 and previous periods are shown for information only.



The sector allocation in the Long Lease Property Fund as at 30 September 2015 is shown in the graph below.



When compared to an IPD benchmark, the Fund remains underweight in the office sector (21.2% compared to 29.8%) and remains underweight the industrial sector (12.3% compared to 18.4%).

The Fund continues to be significantly overweight in the “Other” sector (28.8% compared to 9.2%) as a result of its holdings in a range of car parks, student accommodation, hotels, medical centres and law courts, as well as its indirect holding in the Standard Life Investments Commercial Ground Rent Fund.

The table below shows details of the top ten tenants in the Fund measured by percentage of net rental income:

Tenant	Property/Location	Total Rent £m p.a.	% Net Income
Tesco Stores Limited	Various	7.8	10.9
Premier Inn Limited	Fountainbridge	5.1	7.1
Sainsbury’s Supermarkets	Various	4.8	6.8
Asda Stores Limited	Various	4.4	6.2
University of Salford	Peel Park Campus	3.7	5.2
Save the Children Fund	Various	3.5	4.9
WM Morrisons Supermarkets	1 St Johns Lane, London	3.5	4.9
Marstons PLC	Various	3.4	4.7
Glasgow City Council	Various	3.1	4.4
Travis Perkins (Properties)	Various	3.0	4.2
Total		**42.3**	**59.4**

The top 10 tenants contribute 59.4% of the total net income into the Fund. Supermarkets continue to dominate the Fund, with Tesco, Sainsbury’s, Asda and Morrison’s contributing 28.8% to the Fund’s total net rental income.

The Fund’s average unexpired lease term has increased slightly over the quarter to 26.2 years.

The proportion of the Fund invested in assets with fixed, part-fixed, CPI or RPI-linked rental increases rose from 89.9% to 90.4% over the third quarter of 2015.

10.2 Sales and Purchases

During the quarter the fund completed a 45 year £7.5m lease on a 104 room student accommodation facility in Salford.

The fund undertook a £30m development with Poundland on the M6, with a 20 year lease and a running yield of 5.1%.

The fund is also currently considering a possible future investment in a 30 year hotel lease.

Appendix 1 – Fund and Manager Benchmarks

The tables in this Appendix detail the benchmarks and outperformance targets, for the Total Fund and each individual manager.

Total Fund

Inception: 1 June 2006. Current benchmark allocation effective from 25 March 2015.

Manager	Asset Class	Long Term Strategic Benchmark Allocation	Benchmark	Outperformance Target	Inception Date	Fees (p.a.)	Tracking Error p.a.
Majedie	UK Equity	20.0	FTSE All-Share Index	+2.0 p.a. (net of fess)	31/05/06	c.35bps base fees +20 performance fee on 1 outperformance over 3 year rolling	2.0-6.0
LGIM	Global Equity	20.0	FTSE World GBP Hedged	Passive	01/11/12	13bps base fees	+/- 0.5
Baillie Gifford	Global Equity	25.0	MSCI AC World Index	+2.0 p.a. (net of fess)	18/03/14	40bps base fee	
Longview	Global Equity		MSCI World (GBP) Index	To outperform the benchmark over a market cycle	15/01/15	75bps base fees minus a rebate dependent on fund size	
Insight	Fixed Interest Gilts	-	FTSE GILTS up to 15 Yrs Index	Passive	31/05/06	10bps base fees	
	Non-Gilts	20.0	iBoxx £ Non-Gilt 1-15 Yrs Index	+ 0.90 p.a. (gross fees)	31/05/06	c.24bps base fee	0 - 3.0
Hermes	Property	5.0	IPD UK PPFI Balanced PUT Index	+0.5 p.a. (net of fess)	26/10/10	40bps base fee	
Standard Life	Property	5.0	FTSE Gilts All Stocks Index +2% p.a.	+0.5 p.a. (net of fess)	14/06/13	50bps base fee	
To be determined	Property / Infrastructure	5.0					
	Total	**100.0**					

For the purposes of our performance calculations we have assumed the 5% awaiting allocation to property / infrastructure is split evenly between Majedie and LGIM.

Appendix 2 – Manager Ratings

Based on our manager research process, we assign ratings to the investment managers for specific products or services. The ratings are based on a combination of quantitative and qualitative factors, where the inputs for the qualitative factors come from a series of focused meetings with the investment managers. The ratings reflect our expectations of the future performance of the particular product or service, based on an assessment of:

- The manager's business management;
- The sources of ideas that go to form the portfolio ("alpha generation");
- The process for including the ideas into the portfolio ("alpha harnessing"); and
- How the performance is delivered to the clients.

On the basis of the research and analysis, managers are rated from 1 (most positive) to 4 (most negative), where managers rated 1 are considered most likely to deliver outperformance, net of fees, on a reasonably consistent basis. Managers rated 1 will typically form the basis of any manager selection short-lists.

Where there are developments with an investment manager that cause an element of uncertainty we will make the rating provisional for a short period of time, while we carry out further assessment of the situation.

Appendix 3 – Style analysis

The Style Skylines are designed to answer the question "How significantly different is the portfolio from the benchmark?" in respect of Style factors which are important and relevant in equity markets.

In each Style Skyline, the first six bars from the left are Value factors (shown as blue bars in the output). The next six bars are the Growth factors (green bars) and include four current/historic measures as well as two forward-looking Growth factors (incorporating IBES consensus earnings estimates and earnings revisions). The remaining bars on the right cover Size, Beta, Momentum, Gearing/Leverage and Foreign Sales.

As a general rule of thumb, for any individual Style tilt (Standard or Adjusted):

- Style tilts less than -0.5 or more than +0.5 indicate a tilt is observable.
- Style tilts less than -1 or more than +1 are statistically significant.
- Style tilts less than -2 or more than +2 are statistically very significant.

There is a further interpretation when we compare across similar factors such as the Value factors (blue bars in the Style Skyline) or the Growth factors (green bars). If most of the Value factors are positive and, say, between 0.4 to 0.6 this suggests that there is a significant Value tilt even though no individual tilt is very significant i.e. multiple tilts in a similar direction within Value or within Growth can reinforce our interpretation of a Style orientation.

It is possible that more extreme tilts can be produced when portfolios and benchmarks are themselves narrowly defined against the market e.g. it is not unusual for Small Cap portfolios to show tilts of 3, 4 or even much larger in magnitude against a Small Cap benchmark. In these cases the significance of the tilts should not be overemphasized.

There is little purity of definition, but in general the various Value and Growth tilt possibilities can be initially interpreted as follows:

Value Factors	Growth Factors	Interpretation
Positive	Negative	Traditional Value
Positive	Positive	Growth at the Right Price
Negative	Positive	Traditional Growth
Negative	Negative	Popular Recovery Situations

Appendix 4 – Risk warnings & Disclosures

- Past performance is not necessarily a guide to the future.
- The value of investments may fall as well as rise and you may not get back the amount invested.
- Income from investments may fluctuate in value.
- Where charges are deducted from capital, the capital may be eroded or future growth constrained.
- Investors should be aware that changing investment strategy will incur some costs.
- Any recommendation in this report should not be viewed as a guarantee regarding the future performance of the products or strategy.

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