City of Westminster Pension Fund

Investment Performance Report
to 31 March 2016 – Executive Summary

Deloitte Total Reward and Benefits Limited
May 2016

Contents

1 Market Background

Three and twelve months to 31 March 2016

The first quarter of 2016 was another volatile period for equity markets, driven by ongoing concerns around the strength of the global economy. During the quarter the Bank of Japan cut interest rates into negative territory, the ECB cut bank deposit rates and announced an extension of its asset purchasing programme. Such actions by global policymakers combined with the depreciation of the Chinese yuan impacted markets such that by the middle of February global equity markets were down by almost 10% since the start of the year. However, the subsequent rally experienced in the second half of the quarter disguised the volatility experienced with the UK equity market ending the period in much the same place as it started with the FTSE All Share Index delivering a marginally negative return of -0.4%.

Large UK companies outperformed smaller companies over the first quarter, with the FTSE 100 Index returning 0.1%. There was a wide variety of returns experienced at the sector level. In contrast to last quarter, the top performing sectors were Basic Materials (18.3%) and Oil & Gas (8.0%) benefiting from a rebound in the price of oil from its low of $28 a barrel in January. The poorest performing sector was Financials (-11.1%) as the profitability of the banking sector is expected to be impacted by negative deposit rates increasing the cost of reserves and the increased regulatory constraints.

Global equity markets outperformed the UK in sterling terms (3.0%) but underperformed the UK in local currency terms (-1.4%) over the first quarter. Currency hedging was therefore detrimental as sterling depreciated against a basket of global currencies, most significantly against the Japanese yen and the euro. At the regional level, emerging markets achieved the highest return, delivering 8.8% in sterling terms and 3.3% in local currency terms. Japan was the poorest performing region, returning -4.3% in sterling terms and -12.8% in local currency terms.

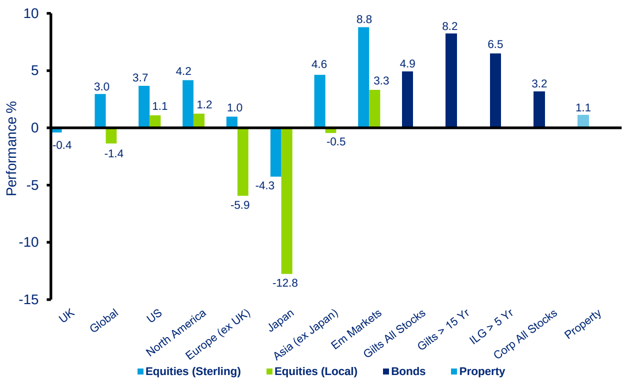
UK nominal gilts delivered positive returns over the first quarter, with the All Stocks Gilts Index returning 4.9%, as yields fell across all maturities. Real yields on UK index-linked gilts also fell over the period with the Over 5 Year Index-linked Gilts Index returning 6.5%. Credit spreads widened over the first quarter of 2016. However, the fall in gilt yields more than offset this, resulting in positive performance for corporate bonds. For example, the iBoxx All Stocks Non Gilt Index returned 3.2% over the period.

Over the 12 months to 31 March 2016, the FTSE All Share Index delivered a negative return of -3.9%. Performance was volatile over the year and varied significantly across sectors. Basic Materials was the poorest performer (-29.6%) as the sector was adversely affected by falling commodity prices throughout 2015. The Consumer Goods sector delivered the highest return to investors (14.0%). Global equity markets outperformed the UK in sterling terms (-0.5%) and performed in line with the UK in local currency terms (-3.9%). Currency hedging was detrimental over the year.

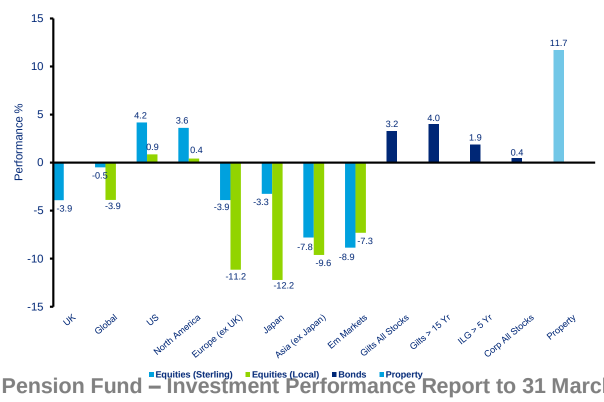
UK nominal gilts delivered positive returns over the year, with the All Stocks Gilts Index returning 3.2% and the Over 15 Year Gilts Index retuning 4.0%. Positive returns were driven by coupon payments as gilt yields only fell marginally over the period. Real yields also fell slightly, with the Over 5 Year Index Linked Gilts Index returning 1.9%. Despite credit spreads widening over the year, corporate bonds in general delivered marginally positive returns due to the positive impact of coupon payments, although returns for longer dated issues were negative. The iBoxx All Stocks Non Gilt Index returned 0.4% over the period.

The pace of growth within the UK property market continued to slow, delivering a return of 1.1% over the quarter and 11.7% over the year to 31 March 2016. While the pace of capital growth slowed, property continued to offer an attractive income.

3 months to 31 March 2016



12 months to 31 March 2016



2 Total Fund

2.1 Investment Performance to 31 March 2016

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	-0.1	-0.2	-0.4	-5.8	-6.2	-3.9	7.0	6.7	3.7	9.3	9.0	5.2
LGIM	Global Equity	-1.3	-1.4	-1.4	-4.6	-4.7	-4.6	8.3	8.2	8.3	10.7	10.6	10.6
Baillie Gifford	Global Equity	0.4	0.3	2.9	-0.2	-0.6	-0.6	n/a	n/a	n/a	9.2	8.8	8.8
Longview	Global Equity	6.5	6.4	2.2	4.6	4.0	-0.3	n/a	n/a	n/a	12.0	11.4	5.9
Insight	Gilts	2.8	2.8	2.9	2.7	2.6	2.8	2.4	2.3	2.4	5.2	5.1	5.3
	Non Gilts	2.4	2.4	2.5	1.2	1.0	1.2	4.6	4.4	4.2	5.7	5.5	5.3
Hermes	Property	1.9	1.8	1.2	13.5	13.1	11.0	15.7	15.3	13.3	10.1	9.7	9.1
Standard Life	Property	1.4	1.2	5.4	7.3	6.8	5.3	n/a	n/a	n/a	9.8	9.3	8.7
Total		1.0	0.9	1.1	-1.0	-1.3	-0.9	8.0	7.7	7.1	5.7	5.4	5.3

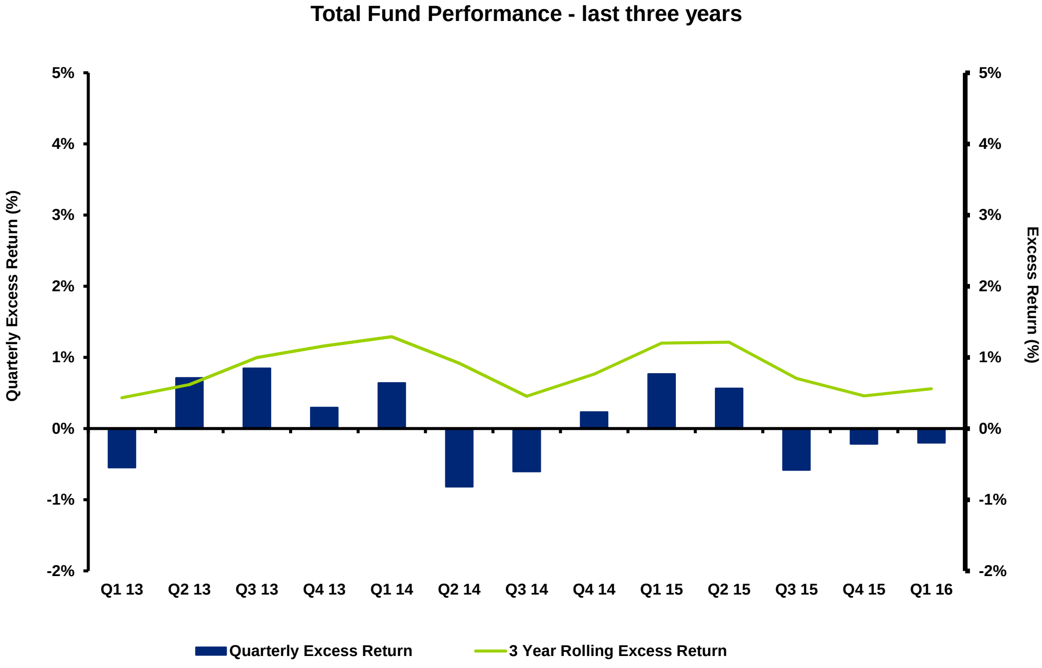
Source: Investment Managers

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

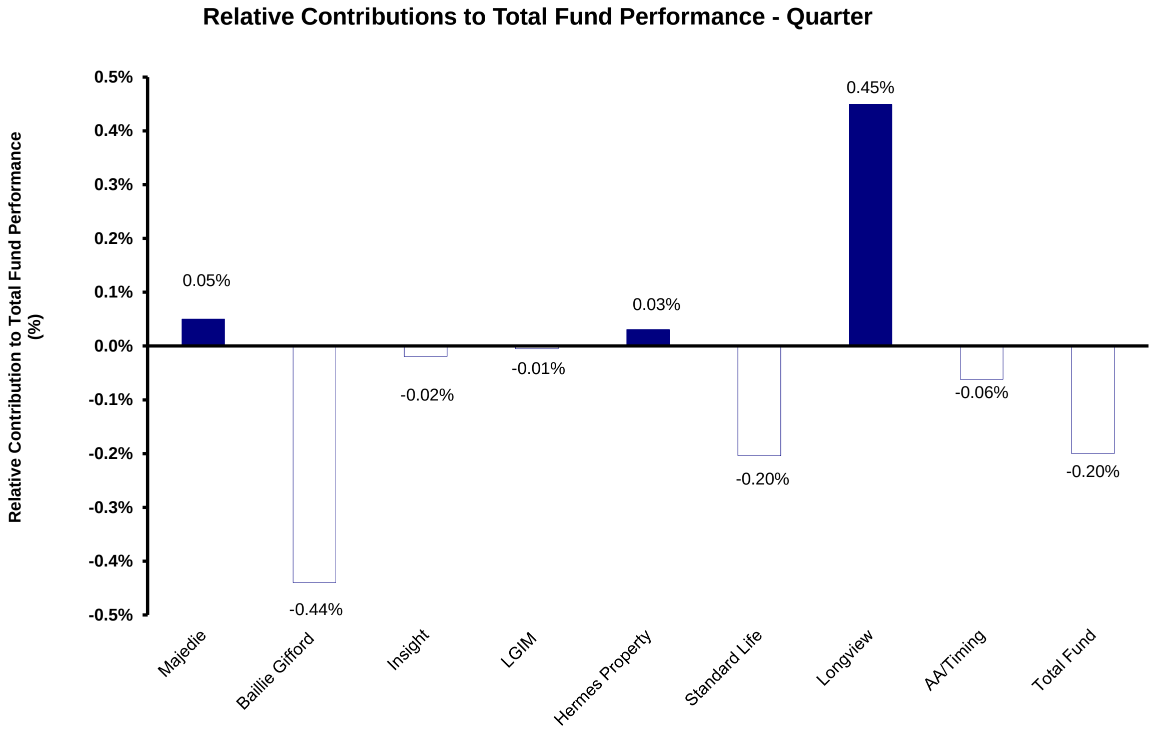
See appendix 1 for more detail on manager fees and since inception dates

Over the quarter the Fund underperformed its benchmark, mostly due to the underperformance of the active equity manager, Baillie Gifford, and the property manager, Standard Life.

The chart below shows the performance of the Fund over the last three years, highlighting that the rolling three-year performance remains in positive territory – despite the recent run of disappointing quarterly returns. Key drivers to the positive performance have been Majedie and Hermes. Please note that performance is shown net of fees versus the benchmark.

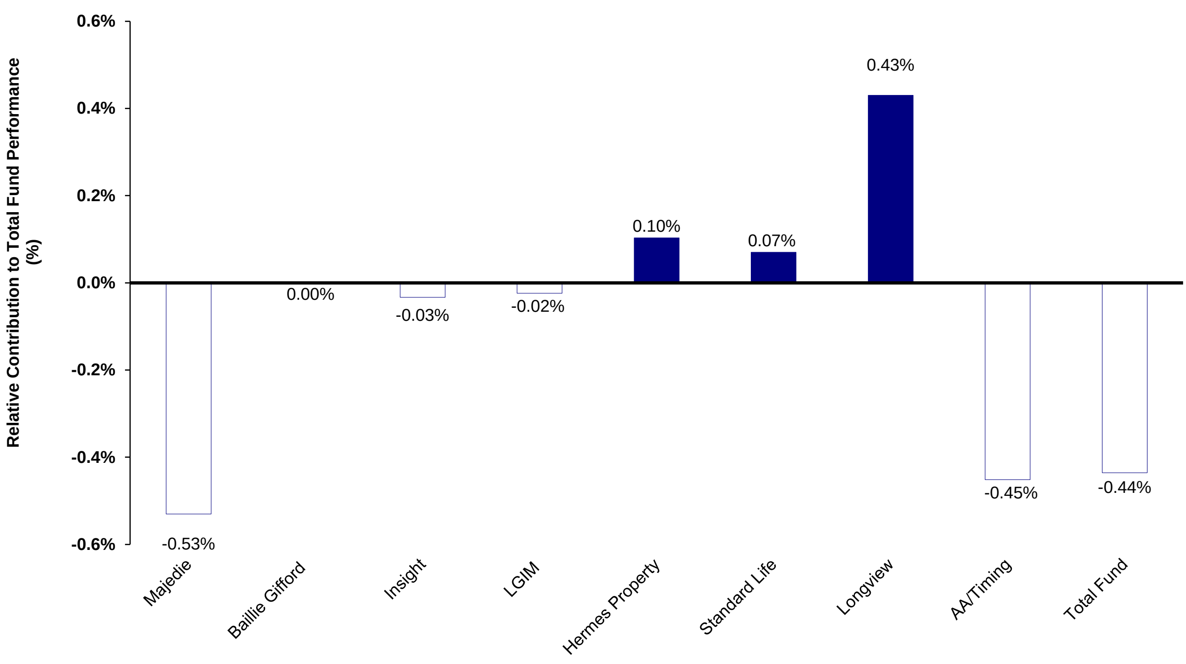


2.2 Attribution of Performance to 31 March 2016



The Fund underperformed its composite benchmark by 0.2% over the first quarter of 2016, largely as a result of weak performances from Baillie Gifford and Standard Life, albeit the drag on performance from Baillie Gifford was offset by a strong contribution from Longview. In addition, the Fund's underweight position to bonds (at the expense of the overweight position to equities) also contributed to the underperformance.

Relative Contributions to Total Fund Performance - Annual



The Fund underperformed over the year, largely due to underperformance from Majedie. The AA/Timing bar largely reflects the fact that the actual allocation has differed from the benchmark. The average underweight allocation to Hermes and Standard Life and overweight allocation to Majedie over the year have contributed to the negative contribution from AA/Timing.

Asset Allocation as at 31 March 2016

The table below shows the assets held by manager and asset class as at 31 March 2016.

Manager	Asset Class	End Dec 2015 (£m)	End Mar 2016 (£m)	End Dec 2015 (%)	End Mar 2016 (%)	Benchmark Allocation* (%)
Majedie	UK Equity	241.8	241.5	23.1	22.8	22.5
LGIM	Global Equity (Passive)	243.2	239.9	23.2	22.7	22.5
Baillie Gifford	Global Equity	178.1	178.9	17.0	16.9	25
Longview	Global Equity	107.1	113.9	10.2	10.8	
	Total Equity	**770.2**	**774.2**	**73.5**	**73.2**	**70**
Insight	Fixed Interest Gilts (Passive)	17.9	18.4	1.7	1.7	20
Insight	Sterling Non-Gilts	154.7	158.5	14.8	15.0	
	Total Bonds	**172.6**	**176.9**	**16.5**	**16.7**	**20**
Hermes	Property	54.9	55.4	5.2	5.2	5
Standard Life	Property	50.5	51.1	4.8	4.8	5
To be Determined	Property / Infrastructure	-	0.0	-	0.0	-
	Total Property	**105.4**	**106.5**	**10.1**	**10.1**	**10**
	Total	**1,048.2**	**1,057.6**	**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 increased by c. £9.4m, largely as a result of the positive returns from the Fund's bond and property holdings along with the performance of Longview.

As at 31 March 2016, the Fund was overweight equities by c. 3.2% when compared with the amended benchmark allocation, with overweight allocations to UK equities and both passive and active global equities. As a result of these overweight positions, the Fund was underweight bonds by c. 3.3% while the allocation to property was broadly in line with benchmark.

Yield analysis as at 31 March 2016

The table below shows the yield on each of the Fund's investments.

Manager	Asset Class	Yield as at 31 March 2016
Majedie	UK Equity	3.35%
LGIM	Global Equity (Passive)	0.27%**
Baillie Gifford	Global Equity	0.00%*
Longview	Global Equity	2.07%
Insight	Fixed Interest Gilts (Passive)	0.89%
Insight	Sterling Non-Gilts	2.98%
Hermes	Property	3.80%
Standard Life	Property	4.45%
	Total	**1.92%**

* Baillie Gifford does not quote a yield for the Global Alpha strategy – the yield on the benchmark index was 2.8%.
**LGIM have provided the NDIP payment yield, as opposed to the running yield. The yield of the benchmark is c. 2.5%

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	1
Standard Life	Property	Richard Marshall leaving the business or ceasing to be actively involved in the Fund without having gone through an appropriate hand-over A build up within the Fund of holdings with remaining lease lengths around 10 years	1

Majedie UK Equity

Business

Majedie is continuing discussions with the London Boroughs regarding the CIV. Majedie values the business of the London Boroughs and the wider LGPS clients and has agreed to take a further haircut on the annual management charge and have a cap on total fees. We expect to hear more over the coming months.

Total assets under management for Majedie as at 31 March 2016 was £11.4bn.

Personnel

No changes to the team managing the UK Equity Fund.

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

Baillie Gifford

Business

Total assets under management remained broadly unchanged over the first quarter of 2016 and were c. £123bn as at 31 March 2016. There were net client inflows over the quarter with Baillie Gifford winning and losing clients across a variety of strategies – however the Global Alpha strategy remains closed to new business.

Baillie Gifford launched its new Multi-Asset Growth Fund in December 2015 as an alternative to the Diversified Growth Fund which has been closed to new investors for some time. The Multi-Asset Growth Fund had assets under management of c. £51m as at 31 March 2016 with 4 institutional investors and a further c. £24m due to invest over the coming months.

Personnel

Gerald Smith, Chairman of the ACWI ex US Alpha Portfolio Construction Group and Head of Multi Asset & Fixed Income will take a three month sabbatical from April 2016 until the end of June 2016. Baillie Gifford encourages long standing senior investors to take sabbaticals if they so wish. Gerald was not directly involved in the day to day management of the Global Alpha strategy.

As mentioned last quarter, two new partners (investment manager, John MacDougall and Client Director, Tim Garratt) will be appointed from 1 May 2016 and one partner (Client Director, Peter Hadden) will retire. This will bring the total number of partners to 41.

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

LGIM

Business

As at 31 December 2015, Legal & General Investment Management ("Legal & General") had total assets under management of c. £746bn (including derivative overlays and advisory assets). As at 31 December, the asset under management in equities amounted to c. £307bn.

Personnel

There were no key personnel changes to the team responsible for the management of the global equity assets over the first quarter of 2016.

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

Longview

Business

Assets under maangement at the end of March 2016 were £13.7bn, which is largely unchanged from December. As a result of UK corporate pension schemes de-risking, there has been an outflow of a client's entire holding and notice from another to disinvest a further sizable account. Over the quarter, some of the capacity in the strategy was recycled to Australian and American investors.

Longview is one of the latest managers to join the London CIV. Both parties have agreed in principal on a fee and capacity structure and are working through the finer detail. We expect the CIV to make a formal announcement over the coming months.

Personnel

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

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 were £407bn as at 31 March 2016.

Personnel

There were no material changes to the Fixed Income Group over the fourth quarter. Tamara Burnell joined as a credit analyst to focus on emerging market financials. There was a further recruit, joining the Money Markets team. The integration of the Cutwater team in the US appears to have progressed smoothly, giving Insight further capacity across a number of credit focused strategies.

Deloitte view – We continue to rate Insight positively for its Fixed Income capabilities.

Hermes

Business

Over the quarter, assets under management within the HPUT remained relatively stable at c.£1.3bn as at 31 March 2016. The interest from prospective unit holders continues to be strong and the Trust Managers continue to operate a waiting list for new investment.

The size of the committed queue is currently in the region of £15m.

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 Fund's assets under management increased slightly to £1.6bn over the first quarter, following positive performance, with no significant inflows or outflows over the quarter. The Fund's investment queue has risen to £75m over the quarter, with 2 new investors looking to join the Fund and top ups from several existing clients.

Whilst performance of the Long Lease Property Fund has been disappointing relative to wider property markets in the recent past, we expect the Fund to outperform over the next few years in a property market where returns are driven by rising rental income and less about capital appreciation.

Personnel

There were no changes to the team over the quarter.

Deloitte View: We rate SLI positively for its long lease property capabilities but will continue to engage with the manager and monitor the supermarket exposure within the Long Lease Property Fund.

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 31 March 2016

	Last Quarter (%)	Last Year (%)	Last 3 Years (% p.a.)	Since Inception (% p.a.)
Baillie Gifford - Gross of fees	0.4	-0.2	n/a	9.2
Net of fees[1]	0.3	-0.6	n/a	8.8
MSCI AC World Index	2.9	-0.6	n/a	8.8
Relative (net of fees)	-2.6	0.0	n/a	0.0

Source: Baillie Gifford

(1) Estimated by Deloitte

See appendix 1 for more detail on manager fees

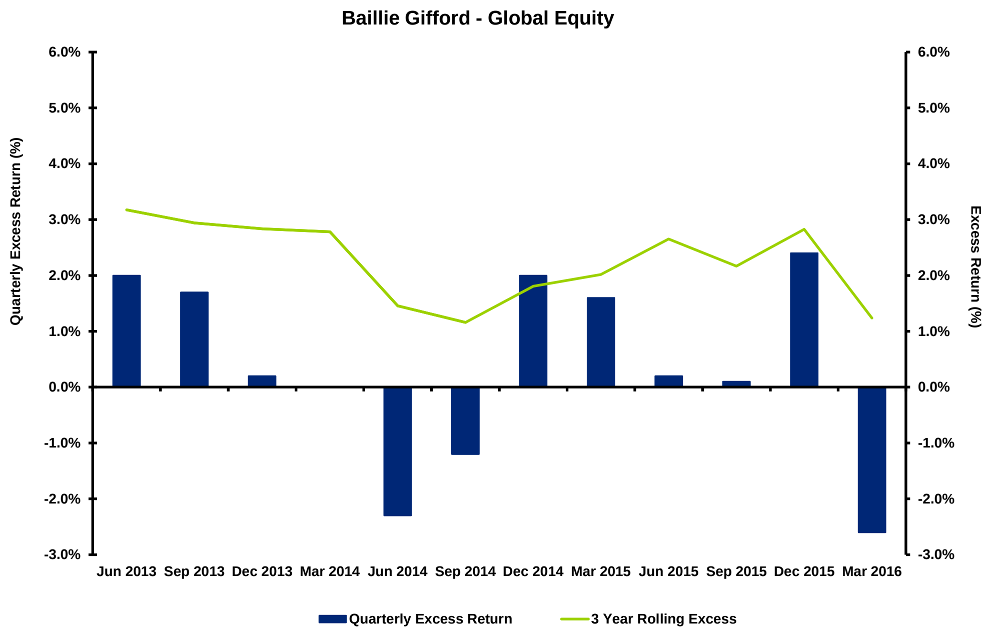
Inception date taken as 18 March 2014

The Baillie Gifford Global Equity Alpha Fund underperformed its benchmark over the first quarter of 2016. Since Inception (March 2014), the Fund has performed in line with the benchmark, on a net of fees basis.

The main detractors over the quarter were the Fund's holdings in Royal Caribbean Cruises, Amazon, Tripadvisor and Seattle Genetics (a biotech/pharmaceuticals company). Baillie Gifford reduced its position with Royal Caribbean Cruises at the end of last year following a run of good performance, which limited the impact of the fall in price over the first quarter. Baillie Gifford believes that the other detractors suffered from market sentiment, rather than fundamentals of the specific companies held, during what was a particularly volatile quarter.

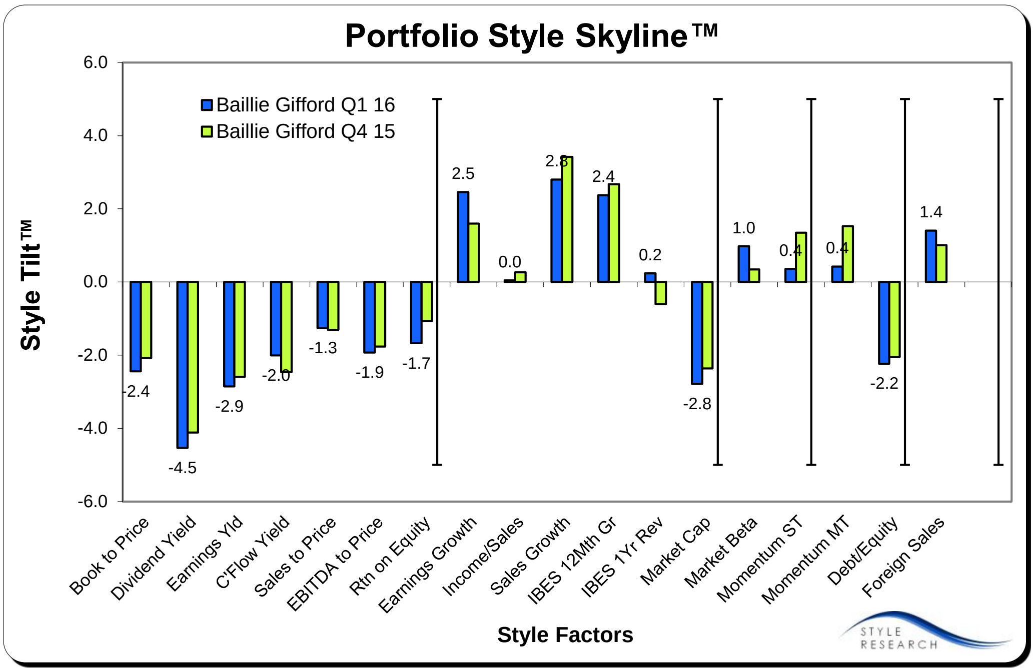
The main contributors to performance this quarter were companies benefitting from improvements in the US economy. This included Martin Marietta (a US supplier of building materials) and CH Robinson (a provider of transportation services).

The graph below shows the net quarterly returns and the rolling three year excess returns relative to the benchmark. Note that Westminster only invested in this strategy from 18th March 2014 and previous periods are shown for information only. The Fund's current thee year excess return is behind the target (+2% p.a.) having outperformed the benchmark by 1.2% p.a.



4.2 Style analysis

We have analysed the Style of Baillie Gifford's Global Alpha portfolio as at 31 March 2016, the results of which 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 manager's stated investment approach. This is a similar position to last quarter.

The top 10 holdings in the portfolio account for c. 27.8% of the Fund and are detailed below.

Top 10 holdings as at 31 March 2016	Proportion of Baillie Gifford fund
Amazon	3.6%
Royal Caribbean Cruises	3.4%
Naspers	3.1%
Prudential	3.0%
Taiwan Semicon	2.7%
CRH	2.6%
SAP	2.6%
Alphabet	2.5%
Anthem	2.2%
Markel	2.1%
Total	**27.8%**

Baillie Gifford	31 December 2015	31 March 2016
Total Number of holdings	99	100
Active risk	4.1%	4.2%
Coverage	7.6%	6.8%
Top 10 holdings	28.5%	27.8%

As at 31 March 2016, Baillie Gifford held 100 stocks, with an overlap with the FTSE All World index of 6.8%. The active risk, as at 31 March 2016, was 4.2% - a marginal increase from the previous quarter although most of this can be attributed to a continued general increase 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 31 March 2016

	Last Quarter (%)	Last Year (%)	Last 3 Years (% p.a.)	Since Inception (% p.a.)
LGIM - Gross of fees	-1.3	-4.6	8.3	10.7
Net of fees[1]	-1.4	-4.7	8.2	10.6
FTSE World GBP Hedged	-1.4	-4.6	8.3	10.6
Relative (net of fees)	0.0	-0.1	-0.1	0.0

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.

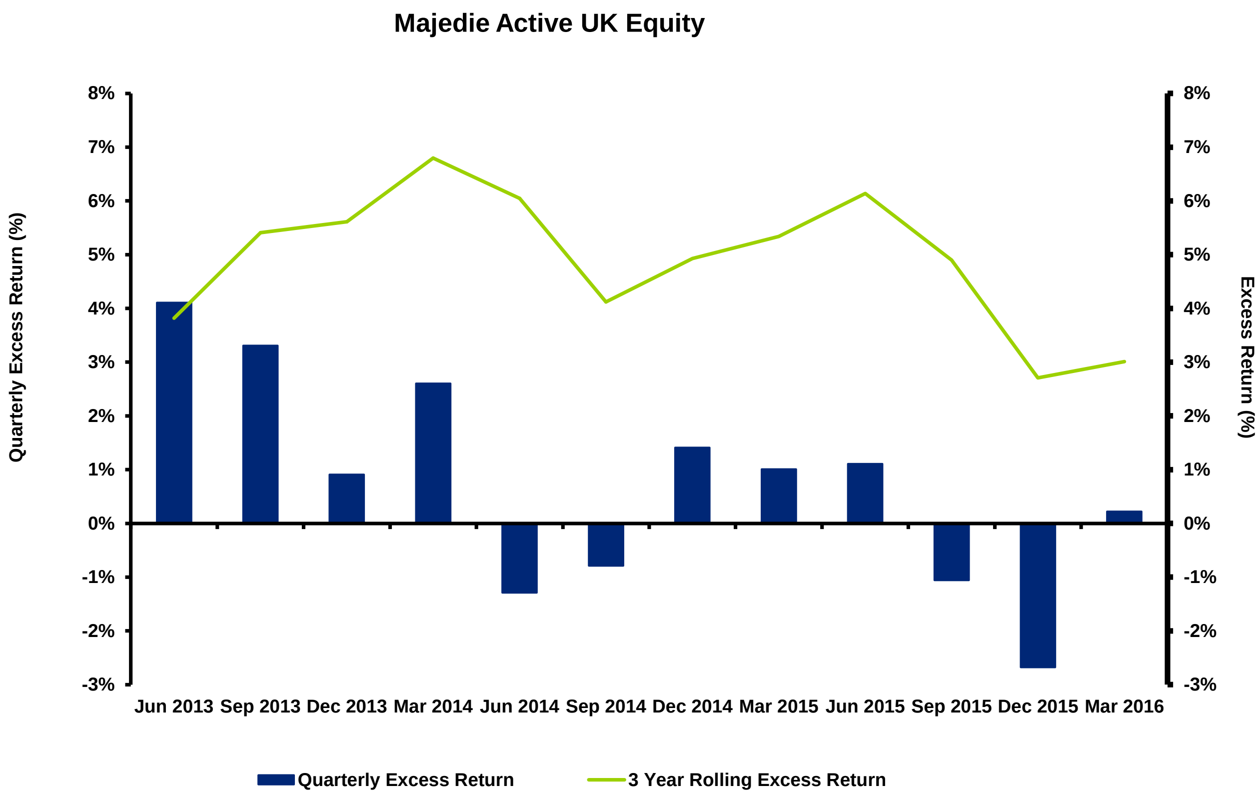
Work is ongoing looking at the options for how this mandate should be moved on to the London CIV platform in the most cost effective way. Analysis is being carried out to consider the restructuring and rebalancing costs, particularly relating to the Fund’s emerging markets exposure where in specie transfers are not permitted 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	-0.1	-5.8	7.0	9.3
Net of base fees[1]	-0.2	-6.2	6.7	9.0
FTSE All-Share Index	-0.4	-3.9	3.7	5.2
Relative (net of fees)	0.2	-2.3	3.0	3.8

Source: Majedie
See appendix 1 for more detail on manager fees
Inception date taken as 31 May 2006.



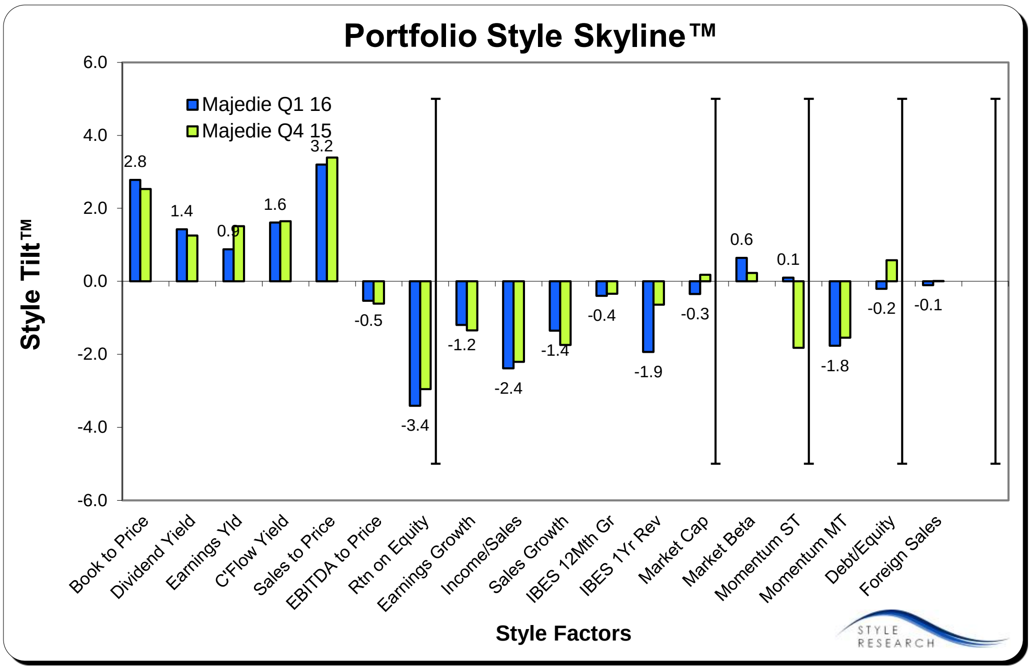
Majedie outperformed its benchmark over the quarter by 0.2% but has underperformed over the year by 2.3% on a net of fees basis. Over the longer timeframes of three years and since inception, the manager has outperformed its benchmark on a net basis by 3.0% p.a. and 3.8% p.a. respectively and therefore remains ahead of target.

Over the quarter, the top performer was Anglo American, with Majedie's conviction of a recovery in mining companies' coming to fruition. In contrast to last quarter, Tesco and Morrisons also performed well with some food inflation coming through amid fears of Brexit. In addition, Tesco has reduced its prices on "basics" to encourage shoppers in, which appears to be working.

Poorer performances came from RBS and Barclays, with investors still nervous about this sector. Majedie remains convinced about these banks, with their shrinking loan book, increased capital holdings and very low valuations.

6.1 Style analysis

We have analysed the Style of Majedie as at 31 March 2016. When considering the analysis it should be borne in mind that any figures in excess of +/- 1 are considered to be meaningful.



The portfolio continues to show a modest positive bias to value factors and a modest negative bias to growth factors. Given the approach, we would not be surprised to see this change over time with the style skyline 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 31 March 2016	Proportion of Majedie fund
HSBC	6.0%
BP	5.9%
Royal Dutch Shell	5.7%
Vodafone	5.0%
Orange	3.7%
Tesco	3.5%
GlaxoSmithKline	2.9%
Barclays	2.7%
Rentokil	2.6%
Telecom Italia	2.4%
Total	**40.5%**

Majedie	31 December 2015	31 March 2016
Total Number of holdings	167	152
Active risk	2.8%	3.5%
Coverage	39.5%	38.5%
Top 10 holdings	42.4%	40.5%

As at 31 March 2016, Majedie held 152 stocks in total, with an overlap with the FTSE All Share index of 38.5%. 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 31 March 2016, has increased to 3.5%.

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	6.5	4.6	n/a	12.0
Net of base fees[1]	6.4	4.0	n/a	11.4
MSCI World Index	2.2	-0.3	n/a	5.9
Relative (net of fees)	4.2	4.3	n/a	5.5

Source: Longview

(1) Estimated by Deloitte

See appendix 1 for more detail on manager fees

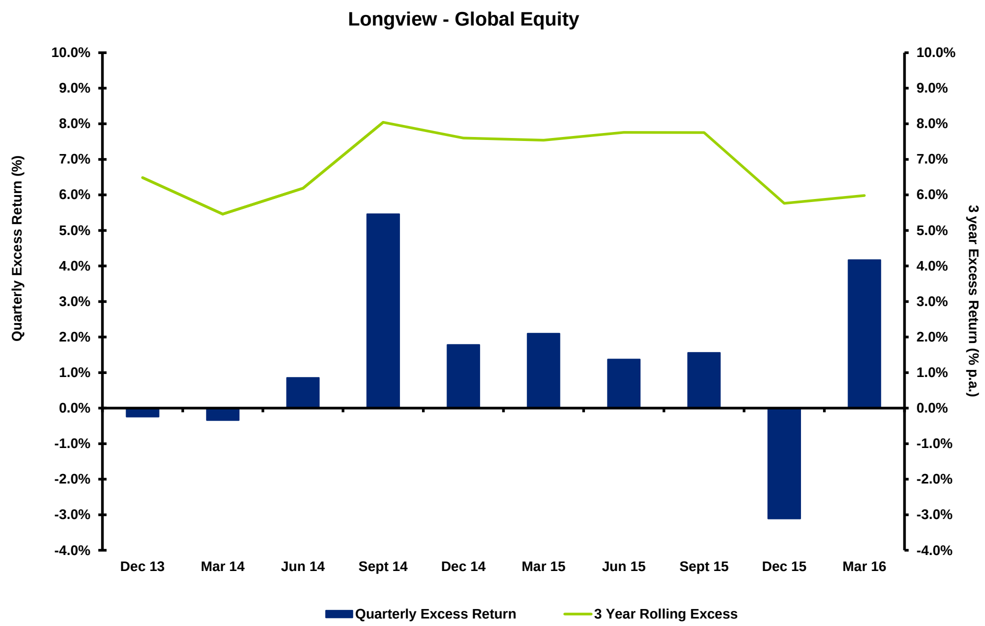
Longview outperformed the benchmark by 4.2% on a net of fees basis, over the first quarter of 2016, and by 4.3% over the year. Since inception, the Fund has outperformed by 5.5% and therefore is ahead of target.

AON was the top contributor over the quarter, with continued good results showing strong revenue and margin performance. Longview still believes AON is undervalued with potential for growth. Industrials such as WW Grainger, Emerson Electric and Parker Hannifin also contributed, benefitting from the stabilisation in the market.

Longview sold its holdings in ADT due to the company receiving and accepting a bid which was below Longview's fair market value for the stock. Although the stock performed well over the quarter, Longview did receive less than it had been looking for in relation to the sale.

Detractors from performance this quarter were:

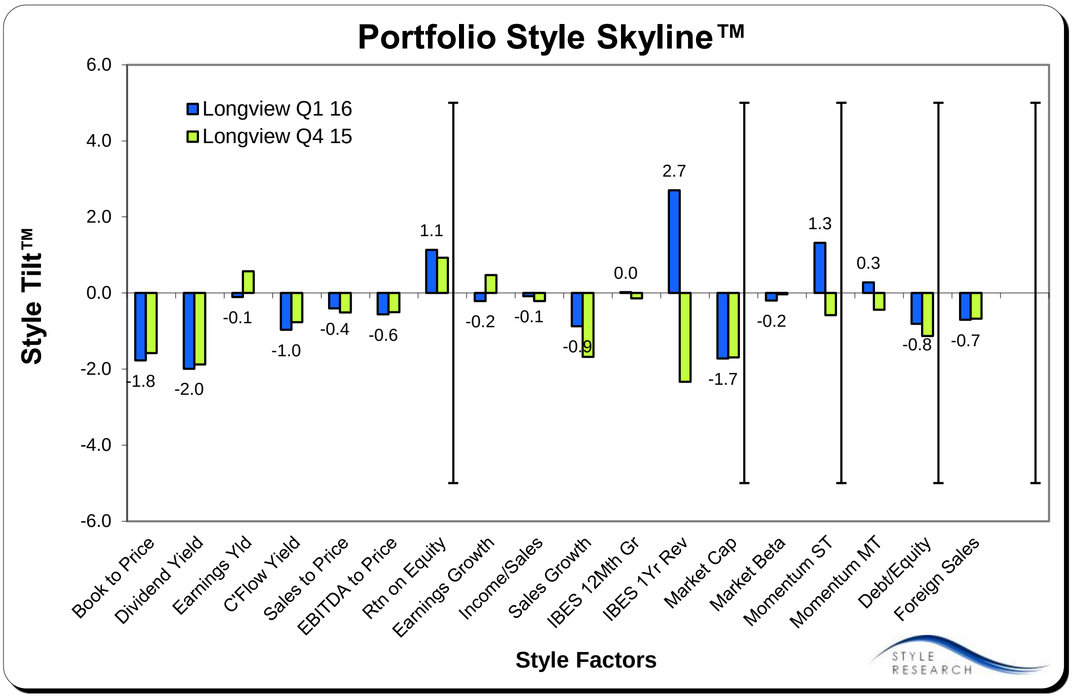
Auto-part companies Delphi Automotive and Continental suffered over concerns for the global auto market and suspicions that the US market had peaked. Longview remains comfortable with these stocks as it believes that demand will continue at current levels.



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 31 March 2016 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. 37% of the fund and are detailed below.

Top 10 holdings as at 31 March 2016	Proportion of Longview fund
AON	4.5%
Fiserv	3.7%
Accenture	3.7%
Oracle	3.7%
Progressive	3.6%
Emerson Electric	3.6%
WW Grainger	3.5%
Thermo Fisher Scientific	3.5%
United Health	3.5%
Zimmer Biomet Holdings	3.5%
Total	**36.7%**

Longview	31 December 2015	31 March 2016
Total Number of holdings	35	32
Active risk	4.1%	4.6%
Coverage	4.4%	4.3%
Top 10 holdings	35.8%	36.7%

As at 31 March 2016, Longview held 32 stocks in total, with an overlap with the FTSE All World index of only 4.3%. This coverage is low due to the high conviction investing that Longview undertakes, which also leads to an active risk of 4.6% as at 31 March 2016.

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 31 March 2016

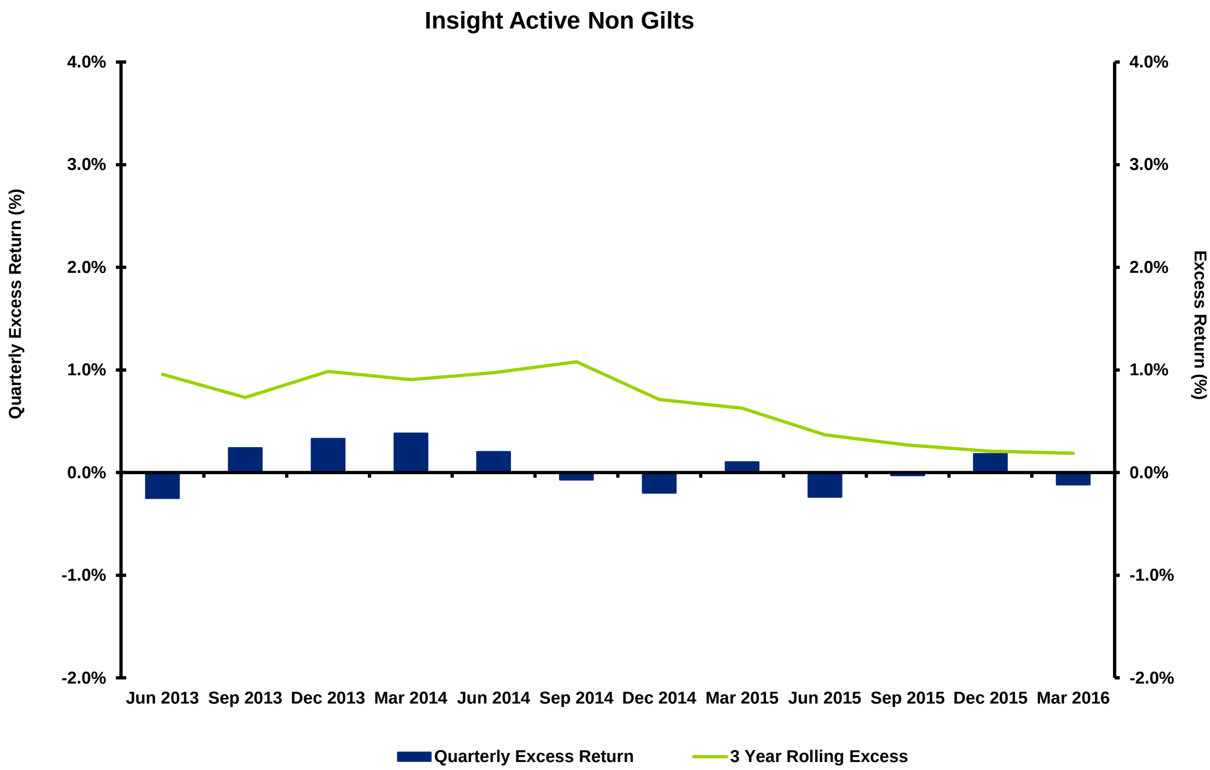
	Last Quarter (%)	Last Year (%)	Last 3 Years (% p.a.)	Since Inception (% p.a.)
Insight (Non-Gilts) - Gross of fees	2.4	1.2	4.6	5.7
Net of fees[1]	2.4	1.0	4.4	5.5
iBoxx £ Non-Gilt 1-15 Yrs Index	2.5	1.2	4.2	5.3
Relative (net of fees)	-0.1	-0.2	0.2	0.2

Source: Insight

(1) Estimated by Deloitte

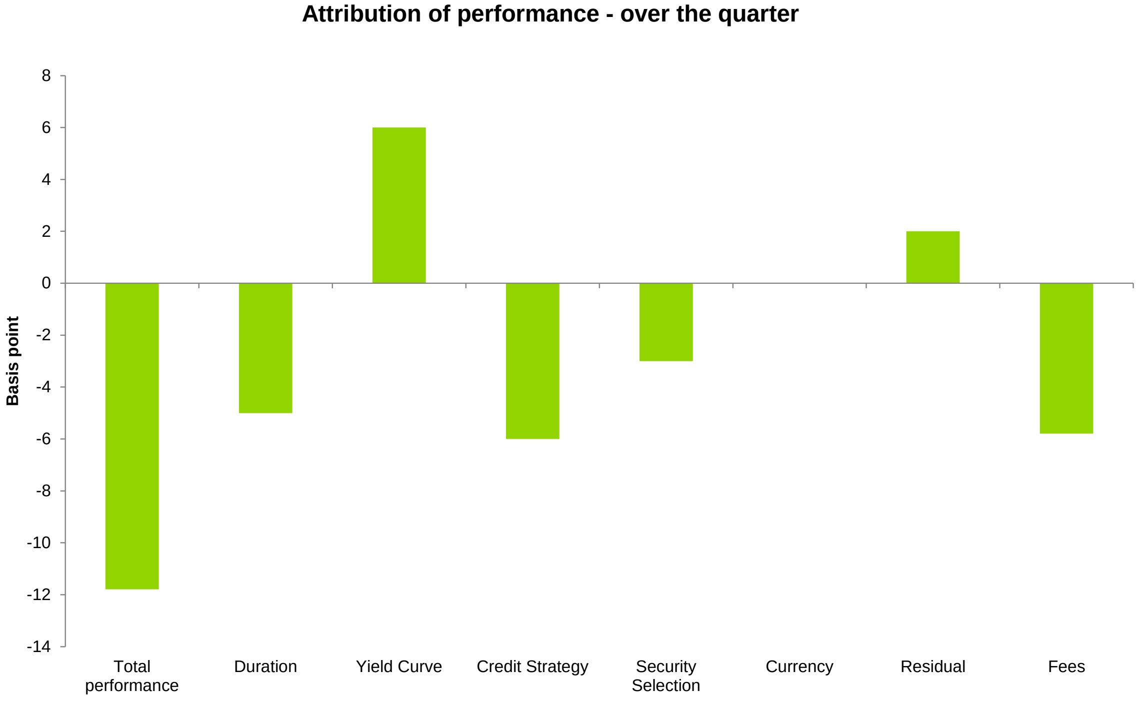
See appendix 1 for more detail on manager fees

Inception date taken as 31 May 2006.



Over the quarter the portfolio marginally underperformed the benchmark by 0.1% net of fees. Over the year to 31 March 2016, the Fund has underperformed the benchmark by 0.2% but outperformed by 0.2% p.a. over the 3 years and since inception.

8.1.2 Attribution of Performance



Source: Estimated by Insight

Insight's underperformance this quarter has been driven by security selection, credit strategy and duration positioning, with the yield curve positioning working to offset some of this underperformance.

8.2 Insight – Government Bonds

8.2.1 Investment Performance to 31 March 2016

	Last Quarter (%)	Last Year (%)	Last 3 Years (% p.a.)	Since Inception (% p.a.)
Insight (Passive Bonds) - Gross	2.8	2.7	2.4	5.2
Net of fees[1]	2.8	2.6	2.3	5.1
FTSE A Gilts up to 15 Yrs Index	2.9	2.8	2.4	5.3
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 performed broadly in line with its benchmark over the quarter, the year and the longer periods to 31 March 2016.

8.3 Duration of portfolios

	31 Dec 2015		31 Mar 2016	
	Fund (Years)	Benchmark (Years)	Fund (Years)	Benchmark (Years)
Non-Government Bonds (Active)	5.6	5.3	5.5	5.4
Government Bonds (Passive)	4.4	4.9	4.7	5.0

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	1.9	13.5	15.7	10.1
Net of fees[1]	1.8	13.1	15.3	9.7
Benchmark	1.2	11.0	13.3	9.1
Relative (net of fees)	0.6	2.1	2.0	0.6

Source: Hermes

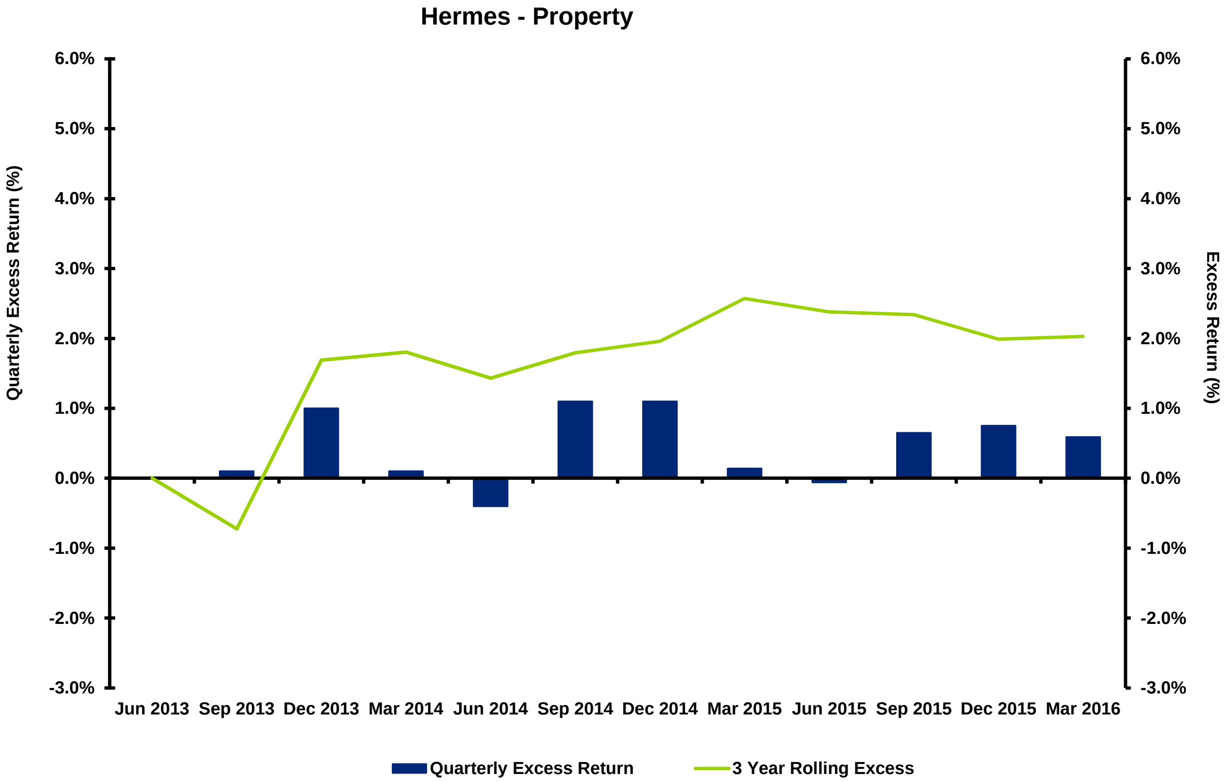
(1) Estimated by Deloitte

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 and target.

Outperformance over the quarter was driven primarily by the Trust's holdings in Industrial and Offices (principally outside of London). Over the year to 31 March 2016, the Trust's investments in the office sector (West End, City and Rest of UK) have performed well.



9.2 Sales and Purchases

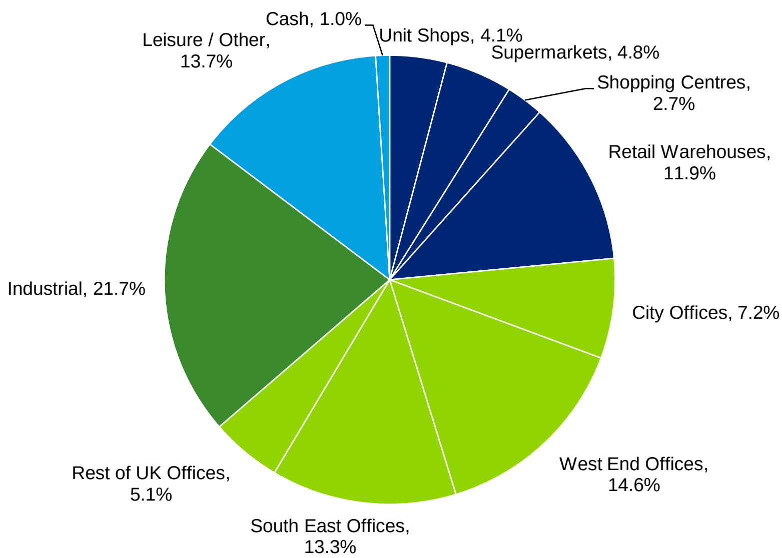
The team completed three purchases over the quarter:

- Eagle Park, Warrington: a £10.65m industrial use investment with initial income yield of 6.5%. This estate is very well located, fully let and taking advantage of low supply of competing modern industrial space in the area. It has strong prospects for rental growth in the short to medium term with long term leases.
- Park Avenue Industrial Estate, Luton: a £9.1m freehold multi-let industrial estate with an initial yield of 7.1%. This estate is located in an area that will benefit from the openings of a new junction on to the M1 therefore improving connectivity and suitability for industrial occupiers.
- Erdington Industrial Park, Birmingham: a £15.07m multi-let industrial estate with an initial yield of 5.7%. This estate will benefit from its established location directly opposite Jaguar land Rover's production plant and used by Jaguar as its car park for their cars. This property currently has a high void rate but Hermes has seen occupier interest in the void units.

There were no sales in the first quarter of 2016.

9.3 Portfolio Summary as at 31 March 2016

The Hermes Property Unit Trust invests across retail, offices, industrials and other sectors, with the split as at 31 March 2016 shown below.



The table below shows the top 10 directly held assets in the Fund as at 31 March 2016.

Asset	Sub-sector	Value (£m)
Maybird Shopping Park, Stratford-upon-Avon	Retail Warehouses	111.3
8/10 Great George Street, London	West End Offices	59.5
27 Soho Square, London	West End Offices	46.3
Sainsbury's, Maxwell Road, Beaconsfield	Supermarkets	42.5
2 Cavendish Square, London	West End Offices	41.1
Hythe House, Hammersmith	Standard Offices SE	38.8
Christopher Place, St Albans	Shopping Centres	36.4
Polar Park, Heathrow	Standard Industrial	34.5
Camden Works, London	Standard Offices SE	34.1
Boundary House, London	City Offices	34.0
Total		**478.2**

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 FT British Government All Stocks Index benchmark +2.0% p.a. 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	1.4	7.3	n/a	9.8
Net of fees[1]	1.2	6.8	n/a	9.3
Benchmark	5.4	5.3	n/a	8.7
Relative (net of fees)	-4.2	1.5	n/a	0.6

Source: Standard Life

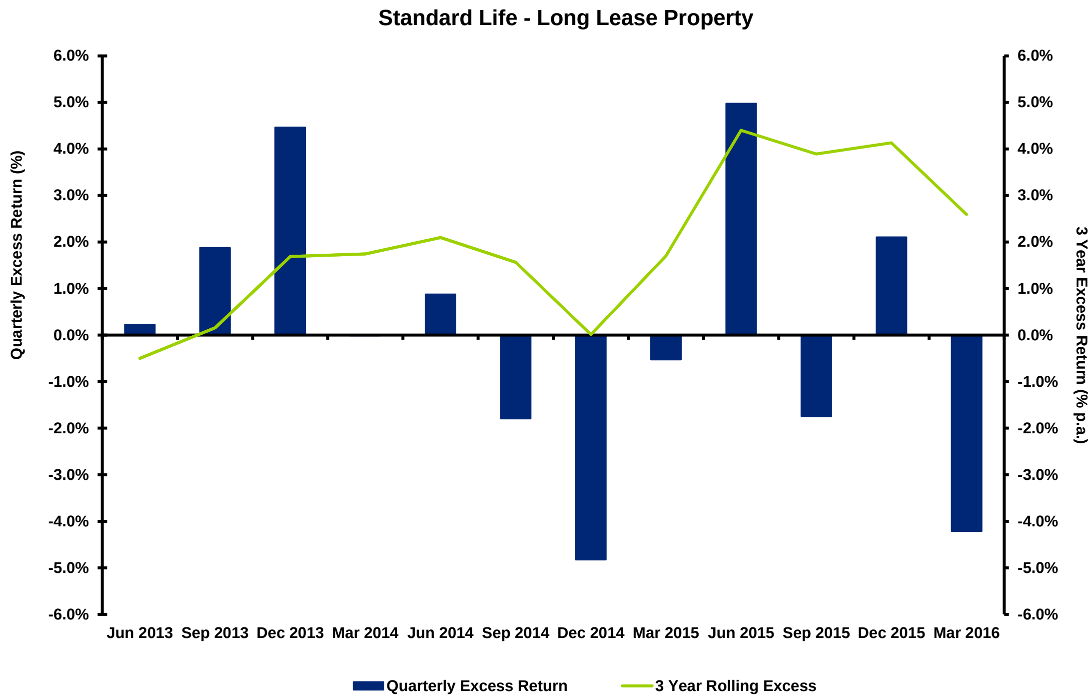
(1) Estimated by Deloitte

See appendix 1 for more detail on manager fees

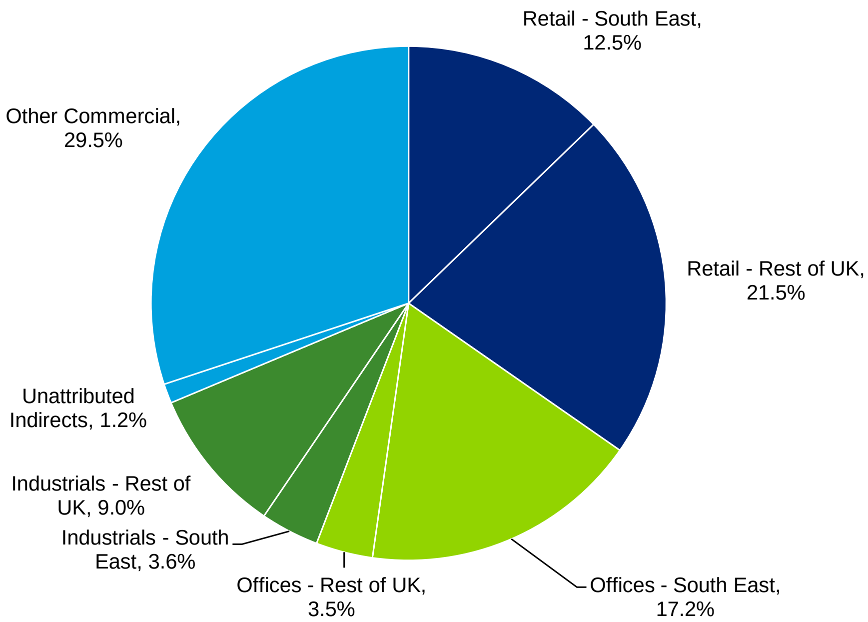
Since inception: 14 June 2013

The SLI Long Lease Property Fund returned 1.2% over the first quarter of 2016, underperforming the benchmark of the FTSE Gilt All Stocks Index + 2% by 4.2% net of fees. The Fund continues to lag the wider property market, which returned 11.7% over the year to 31 March 2016, but returns remain attractive from an absolute perspective.

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 31 March 2016 is shown in the graph below.



The Fund remains underweight the office sector (20.7% compared to 34.4%) and remains underweight the industrial sector (12.6% compared to 19.7%) at the end of the first quarter of 2016. The Fund is also slightly underweight the retail sector (36.0% compared to 39.4%) which is dominated by supermarkets and contains no shopping centres and only a small allocation to retail warehouses which form a significant part of the IPD universe (c. 16%).

The Fund continues to be significantly overweight the "Other" sector (30.8% compared to 5.8%) 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	10.7
Premier Inn Limited	Fountainbridge	5.1	6.9
Sainsbury's Supermarkets	Various	4.9	6.6
Asda Stores Limited	Various	4.4	6.0
University of Salford	Peel Park Campus	3.7	5.0
Marstons PLC	Various	3.6	5.0
Save the Children Fund	1 St Johns Lane, London	3.6	4.9
WM Morrisons Supermarkets	Various	3.5	4.8
Glasgow City Council	Various	3.1	4.2
Travis Perkins (Properties)	Various	3.0	4.1
Total		**42.7**	**58.2**

The top 10 tenants contribute 58.2% of the total net income into the Fund. Supermarkets continue to dominate with Tesco, Sainsbury's, Asda and Morrison's contributing 28.1% to the Fund's total net rental income.

The Fund's average unexpired lease term increased over the quarter from 25.9 years to 26.3 years.

The proportion of the Fund invested in assets with fixed, part-fixed, CPI or RPI-linked rental increases increased slightly over the quarter from 90.3% to 90.6%.

10.2 Sales and Purchases

During the quarter, the Fund acquired a student accommodation asset let to Glasgow School of Art, for £17.4m, representing an initial yield of 5%. The 24.5 year lease has annual RPI-linked rent reviews subject to a cap of 3.5% and a floor of 1.5%.

The development of a flagship Volkswagen showroom in West London was completed during February. Volkswagen will be on a 25 year lease with annual RPI linked increases.

The Fund is also close to completing the acquisition of another asset with a 30 year lease subject to annual RPI increases with a cap of 4% and a floor of 2%. The lease will involve a new tenant for the Fund.

There were no disposals during the first quarter of 2016.

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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