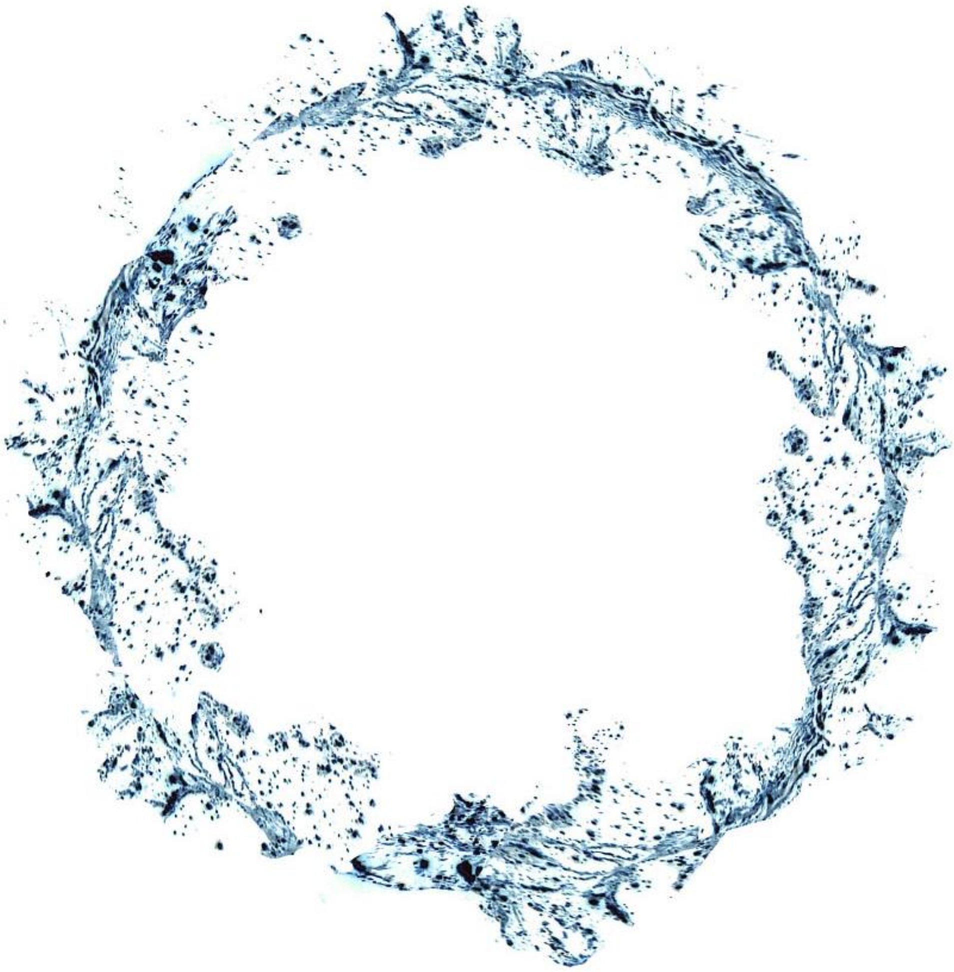
Deloitte.



City of Westminster Pension Fund

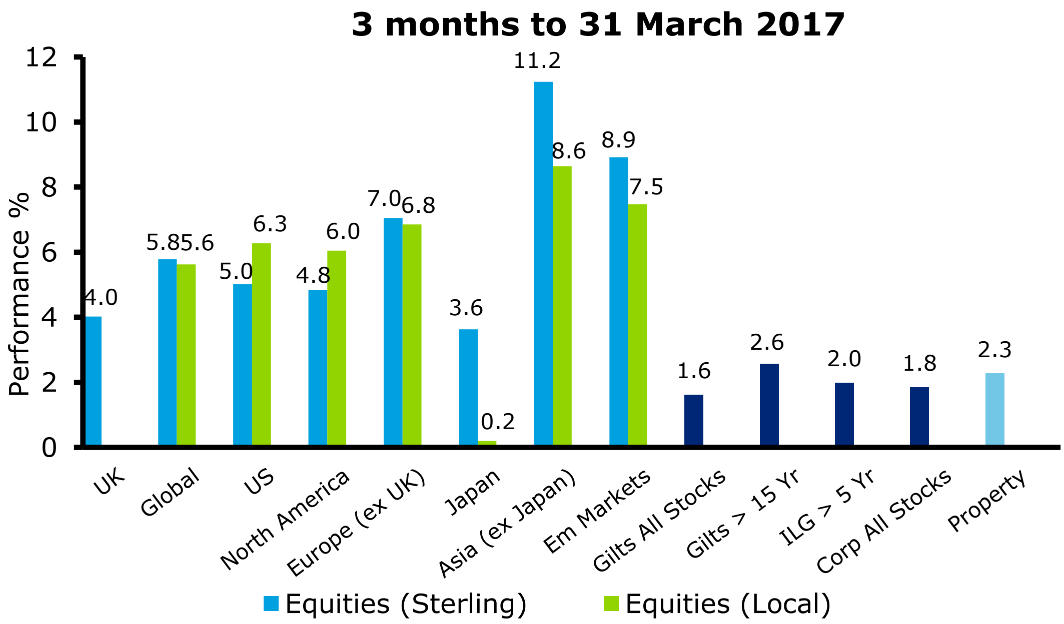
Investment Performance Report to 31 March 2017

Deloitte Total Reward and Benefits Limited
March 2017

Contents

1 Market Background

Three months to 31 March 2017



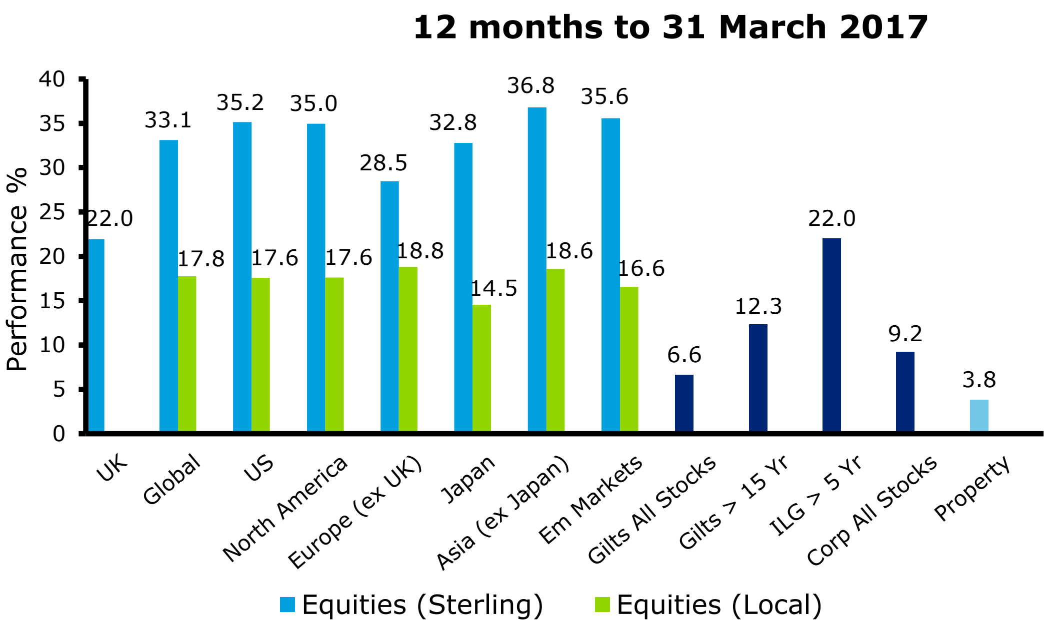
The UK equity market rose over the first quarter of 2017, with the FTSE All Share Index delivering a return of 4.0%. President Trump's promises to provide a fiscal stimulus and ease the regulatory burden have led to higher growth expectations and driven global equity markets higher. In the UK, economic data has remained broadly positive, also contributing to recent gains.

Smaller UK companies outperformed larger UK companies over the quarter, with both delivering positive returns. The FTSE Small Cap Index returned 6.1%, while the FTSE 100 Index returned 3.7%. There was a wide spread of returns at the sector level. The top performing sector was Consumer Goods which returned 11.6% whilst the poorest performing sector was Oil & Gas which delivered a negative return of -8.2% as oil prices came under pressure following a resurgence in US shale production.

Global equity markets outperformed UK equities in both sterling (5.8%) and local currency terms (5.6%) over the first quarter. Returns were positive across all geographic regions, with Asia Pacific ex Japan leading the way (11.2% sterling and 8.6% local currency returns), while Japan lagged in relative terms (3.6% sterling and 0.2% local currency returns).

Nominal gilt yields fell during the first quarter of 2017 (in contrast to the steep rises seen at the end of 2016) and, as a result, the All Stocks Gilts Index returned 1.6%. Real yields also fell, with the Over 5 Year Index-Linked Gilts Index returning 2.0% over the same period. Credit spreads remained broadly unchanged over the first quarter. The iBoxx All Stocks Non Gilt Index returned 1.8% over the period.

Twelve months to 31 March 2017



Over the 12 months to 31 March 2017, the FTSE All Share Index delivered a positive return of 22.0%. Whilst returns have been very strong, buoyed by the sharp depreciation of sterling, performance was volatile (due to high levels of political uncertainty during the year) and varied significantly across sectors. The cyclical Basic Materials sector was the strongest performer (64.1%) while Technology also did well, returning 31.8%. In contrast, Telecommunications (-14.2%) was the poorest performing sector and the only sector to deliver a negative return over the 12 month period. Global equity markets underperformed the UK in local currency terms (17.8%) but outperformed the UK in sterling terms (33.1%) due to the significant depreciation of sterling following the EU referendum. Currency hedging therefore detracted from performance over the year.

UK nominal gilts delivered positive returns over the 12 months to 31 March 2017, with the All Stocks Gilts Index delivering a return of 6.6% and the Over 15 Year Gilts Index returning 12.3% as nominal gilt yields fell significantly across all maturities. Real yields also fell significantly over the year, with the Over 5 Year Index Linked Gilts Index returning 22.0%. The narrowing of credit spreads over the year, coupled with the fall in gilt yields, resulted in positive corporate bond returns. The iBoxx All Stocks Non Gilt Index returned 9.2%.

The IPD UK Monthly Property Index returned 2.3% over the quarter as the UK property market continued its recovery following the negative performance experienced after the EU referendum. Over the 12 months to 31 March 2017, the same property index returned 3.8%.

2 Total Fund

2.1 Investment Performance to 31 March 2017

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	1.8	1.7	4.0	25.7	25.4	22.0	8.3	7.9	7.7	10.7	10.4	6.6
LGIM	Global Equity	5.7	5.6	5.7	18.0	17.9	18.1	8.6	8.5	8.7	12.4	12.2	12.3
Baillie Gifford	Global Equity	7.7	7.6	5.4	34.3	33.9	31.6	16.9	16.6	15.9	16.3	16.0	15.9
Longview	Global Equity	5.9	5.7	5.1	29.0	28.3	31.9	n/a	n/a	n/a	19.4	18.8	17.0
Insight Gilts	Gilts	0.8	0.8	0.9	2.8	2.7	2.9	4.1	4.0	4.1	4.9	4.8	5.0
Insight Non Gilts	Non Gilts	1.9	1.8	1.6	7.7	7.5	6.9	6.3	6.0	5.9	5.9	5.7	5.5
Hermes	Property	1.9	1.8	2.1	6.9	6.5	4.6	13.2	12.8	10.7	9.6	9.2	8.4
Standard Life	Property	2.8	2.7	2.1	7.6	7.1	8.8	8.2	7.7	10.0	9.2	8.7	8.7
Total		**4.2**	**4.1**	**4.0**	**20.8**	**20.5**	**18.7**	**10.5**	**10.2**	**10.0**	**7.5**	**7.1**	**7.0**

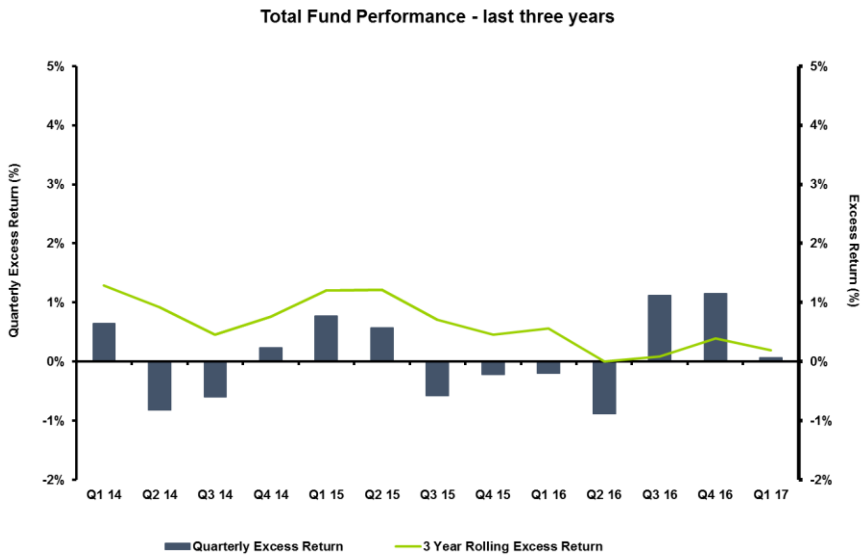
Source: Investment Managers

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

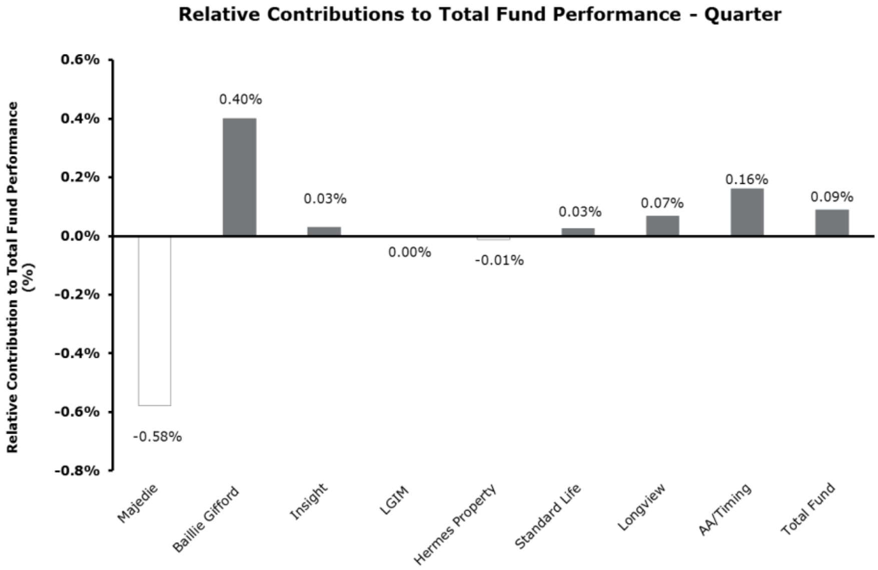
See appendix 1 for more detail on manager fees and since inception dates

Over the quarter the Fund outperformed its benchmark by 0.1% net of fees, with the outperformance of Baillie Gifford, Longview and Standard Life offsetting the underperformance from Majedie. The Fund has outperformed its benchmark over the last year, three years and since inception by 1.8%, 0.2% p.a. and 0.1% p.a. respectively.

The chart below shows the relative performance of the Fund over the quarter and last three years, highlighting that the rolling three-year performance is ahead of the benchmark. Please note that performance is shown net of fees versus the benchmark.

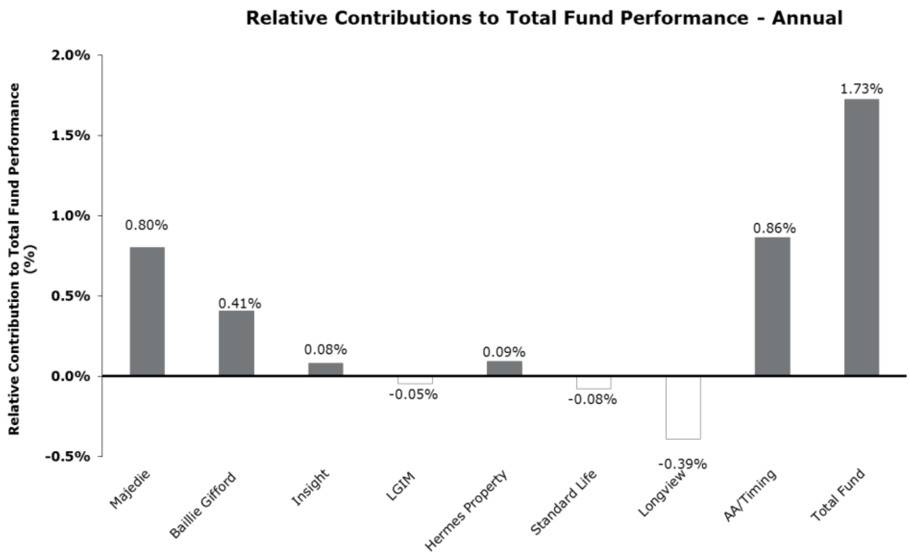


2.2 Attribution of Performance to 31 March 2017



Outperformance by Baillie Gifford and Longview, with a further boost from being overweight in equities helped to counteract the impact of the underperformance from Majedie.

Baillie Gifford's longer term performance contributed to the Fund's outperformance over the year, however Majedie provided the largest contribution to outperformance, outperforming its benchmark by 0.80% over the last 12 months.



2.3 Asset Allocation as at 31 March 2017

The table below shows the assets held by manager and asset class as at 31 March 2017.

Manager	Asset Class	End Dec 2016 (£m)	End Mar 2017 (£m)	End Dec 2016 (%)	End Mar 2017 (%)	Benchmark Allocation* (%)
Majedie	UK Equity	298.4	303.6	24.6	24.0	22.5
LGIM	Global Equity (Passive)	267.7	283.0	22.1	22.4	22.5
Baillie Gifford	Global Equity	217.0	233.8	17.9	18.5	25
Longview	Global Equity	133.3	141.0	11.0	11.2	
	Total Equity	**916.4**	**961.4**	**75.6**	**76.1**	**70**
Insight	Fixed Interest Gilts (Passive)	18.7	18.9	1.5	1.5	20
Insight	Sterling Non-Gilts	167.5	170.6	13.8	13.5	
	Total Bonds	**186.2**	**189.5**	**15.4**	**15.0**	**20**
Hermes	Property	56.2	57.3	4.6	4.5	5
Standard Life	Property	53.3	54.8	4.4	4.3	5
To be determined	Property / Infrastructure	0.0	0.0	0.0	0.0	
	Total Property	**109.5**	**112.1**	**9.0**	**8.9**	**10**
	Total	**1,212.1**	**1,263.0**	**100**	**100**	**100**

Source: Investment Managers Figures may not sum 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 allocation 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. £50.9m, with positive absolute returns from all of the Fund's managers.

As at 31 March 2017, the Fund was 6.1% overweight equities when compared with the amended benchmark allocation and underweight bonds and property by c. 5.0% and c. 1.1% respectively.

2.4 Yield analysis as at 31 March 2017

The table below shows the yield as reported by the managers on each of the Fund's investments.

Manager	Asset Class	Yield as at 31 March 2017
Majedie	UK Equity	2.90%
Baillie Gifford	Global Equity	1.20%
Insight Fixed Interest Gilts	Fixed Interest Gilts (Passive)	0.50%
Insight Sterling Non-Gilts	Sterling Non-Gilts	2.10%
LGIM	Global Equity (Passive)	0.22%
Hermes Property	Property	5.30%
Standard Life Long Lease	Property	4.40%
Longview	Global Equity	1.98%
	Total	**1.93%**

*Benchmark yield 2.48%

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 in growth of assets under management	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 Fixed Interest Gilts (Passive)	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
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

3.1 London CIV

Business
As at 31 March 2017, the London CIV had 6 sub-funds and assets under management of £3.6bn which had increased from £3.3bn as at the 31 December 2016. There were no new fund launches over the quarter to 31 March 2017, but the CIV has been working on putting in place a number of different global equity mandates for the boroughs to choose from.

Deloitte view – The London CIV is still at relatively early stages and we continue to monitor the development, particularly with regards to the building of the Fixed Income and Alternative sub funds. To achieve its goals, the CIV will need to recruit further personnel to the investment team and look at how it communicates effectively with the boroughs.

3.2 Majedie UK Equity

Business
Over the first quarter of 2017, Majedie had a net inflow of £170m. As at 31 March 2017, capacity was available in the UK Equity, UK Focus and Tortoise Funds.

Total AUM for Majedie as at 31 March 2016 was £14.0bn, an increase of £0.4bn from last quarter.

Personnel
There have been no personnel changes to the Majedie team.

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

3.3 Baillie Gifford

Business

Total assets under management as at 31 March 2017 was c. £158bn, an increase from c. £145bn as at 31 December 2016. This increase was mainly due to the market movements. Baillie Gifford continued to suffer net capital outflows, across of range of different strategies, with clients continuing to de-risk.

Having undertaken a similar project in relation to its diversified growth funds and bond funds, Baillie Gifford is in the process of moving its equity investors from investing through its life company into an OEIC structure.

Personnel

There were no significant changes to the portfolio management staff over the quarter. Three new partners will be appointed in May 2017, whilst one will retire in the same month thereby increasing the total number of partners at the firm to 43:

- Incoming: Eleanor McKee – clients department director, for MAG and DG clients, joined in 1998;
- Incoming: Donald Farquharson – investment manager in Japanese equity team, 28 years' experience;
- Incoming: John Carnegie – director in clients department as a global alpha specialist, joined in 2006;
- Retiring: Elaine Morrison - retiring after 28 years from the clients' department Asian business sector.

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

3.4 LGIM

Business

As at 31 December 2016, Legal & General Investment Management ("LGIM") had total assets under management of £894bn, an increase of £52bn since 30 June 2016, with the largest increases seen in Global Fixed Income and Multi-Asset.

Personnel

Anton Meder's previously announced move to become CEO of LGIM America ('LGIMA'), and Colin Reedie's move from Head of Euro Credit to replace Anton as Co-Head of Global Fixed Income, became effective after the quarter-end on 1 April 2017. These both represent internal hires who maintain the same LGIM philosophies and therefore LGIM doesn't expect there to be any significant strategy changes as a result.

During the quarter, on 30 January 2017, LGIM released a press statement announcing the appointment of Helena Morrissey as LGIM Head of Investment Relations, joining from her previous role as CEO of Newton. Helen is part of the "30% Club" aiming for 30% female board representation and is known for her views of promoting opportunities for female and young investors.

LGIM has also continued to build out its pooled fund solutions team over the first three months of 2017, with 8 new joiners in the team during the quarter, including Mehdi Guissi (Head of European Bespoke Solutions) and Anna Troup (Head of UK Bespoke Solutions), with 5 of the other 6 new joiners being product specialists, brought in to serve the increase in demand in this area.

Deloitte View – We do not see these structural changes to the team as having a negative impact on the business or funds, given the portfolio management teams for index equity and index fixed income remain intact, however we will continue to closely monitor any further developments. We continue to rate Legal & General positively for its passive capabilities.

3.5 Longview

Business

Assets under management as at 31 March 2017 stood broadly unchanged at c. £17.0bn.

Over the quarter Longview lost one significant account (c. £1.4bn) as the investor moved to passive equities. There were c. £800m of new investments from existing relationships and c. £500m from new clients which made up for the majority of the losses.

Personnel

There were no personnel changes over the first quarter of 2017.

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

3.6 Insight

Business

Insight continued to see an inflow of assets over the quarter, with assets under management growing beyond £523bn. Insight lost 3 clients over the first quarter, one to another consultant's fiduciary offering and two were lost in a competitive tender. Several larger clients increased hedge ratios over the quarter and Insight is seeing clients across the board looking to reduce leverage in their portfolios. In the larger picture (over the past 6 months) Insight has won 18 new clients, totalling £2.6bn, and lost 3, totalling £1.3bn. Over the same period, 30 existing clients extended their LDI mandates, totalling £9.1b.

Personnel

Insight made a couple of new hires over the quarter:

- Darren Louis joined Insight's EM Debt Team as a portfolio manager, having spent 20 years trading emerging market hard currency debt as well as other money market products for Deutsche Bank, UBS and most recently Morgan Stanley.
- Fernando Andrades joined Insight's Insurance team having spent 8 years at Willis Towers Watson as an investment consultant, providing investment advice to insurance companies and pension schemes.
- Oliver Thompson joined Insight's Fixed Income Group as a credit analyst focussing on bank loans. Oliver joined from KeyBanc Capital Markets.

Deloitte view – We continue to rate Insight positively for its Fixed Income capabilities and continue to monitor how growth is being managed across the business.

3.7 Hermes

Business

Total assets under management decreased by £0.1bn over the quarter, to £28.5bn for the business as a whole as at 31 March 2017. Over the quarter, assets under management within the HPUT remained relatively stable, ending the period at c. £1.4bn. The interest from prospective unit holders continues to be strong and the Trust Managers continue to hold subscriptions for new investment.

Personnel

There were no changes to the team over the quarter.

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

3.8 Standard Life

Business

The Fund's assets under management increased slightly to £1.78bn over the first quarter, following positive performance, with no significant inflows or outflows over the quarter.

Personnel

There were no personnel changes over the first quarter of 2017.

Deloitte View – We remain positive on long lease property given the long-term, inflation-linked nature of the contractual cashflows which arise from this type of investment.

Merger of Standard Life with Aberdeen Asset

During the quarter it was announced that Standard Life and Aberdeen Asset Management would merge in an effort to deliver cost savings in an increasingly cost sensitive industry. We are still waiting further details on the implications of the deal, although it is expected that there will be rationalisation across both businesses from both front and back office functions. Corporate activity within the asset management industry is difficult, usually causing uncertainty for investors and the respective businesses. We will monitor developments closely and keep the Trustee informed of any changes impacting the teams managing the Fund's assets.

4 London CIV

4.1 Investment Performance to 31 March 2017

As at 31 March 2017, the London CIV had 6 sub-funds and assets under management of £3,573m, increased from £3,336m as at the 31 December 2016. This growth was attributable to a combination of sub-fund openings, market moves and subscriptions.

The table below provides an overview of the sub-funds currently available on the London CIV platform.

Sub-fund	Asset Class	Manager	Total AuM as at 31 Mar 2017 (£m)	Total AuM as at 31 Dec 2016 (£m)	Number of London CIV clients	Inception Date
LCIV Global Equity Alpha	Global Equity	Allianz Global Investors	667	625	3	02/12/15
LCIV BG Global Alpha Growth	Global Equity	Baillie Gifford	1,602	1,489	9	11/04/16
LCIV PY Total Return	Diversified growth fund	Pyrford	204	201	3	17/06/16
LCIV Diversified Growth	Diversified growth fund	Baillie Gifford	355	346	6	15/02/16
LCIV RF Absolute Return	Diversified growth fund	Ruffer	413	347	5	21/06/16
LCIV NW Real Return	Diversified growth fund	Newton	332	326	3	16/12/16
Total			**3,573**	**3,336**	**18**	

There were no new subscriptions or fund launches over the quarter to 31 March 2017.

5 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.

5.1 Global equity – Investment performance to 31 March 2017

	Last Quarter (%)	Last Year (%)	Last 3 Years (% p.a.)	Since Inception (% p.a.)
Baillie Gifford – Gross of fees	7.7	34.3	16.9	16.3
Net of fees	7.6	33.9	16.6	16.0
MSCI AC World Index	5.4	31.6	15.9	15.9
Relative (net of fees)	2.2	2.3	0.7	0.1

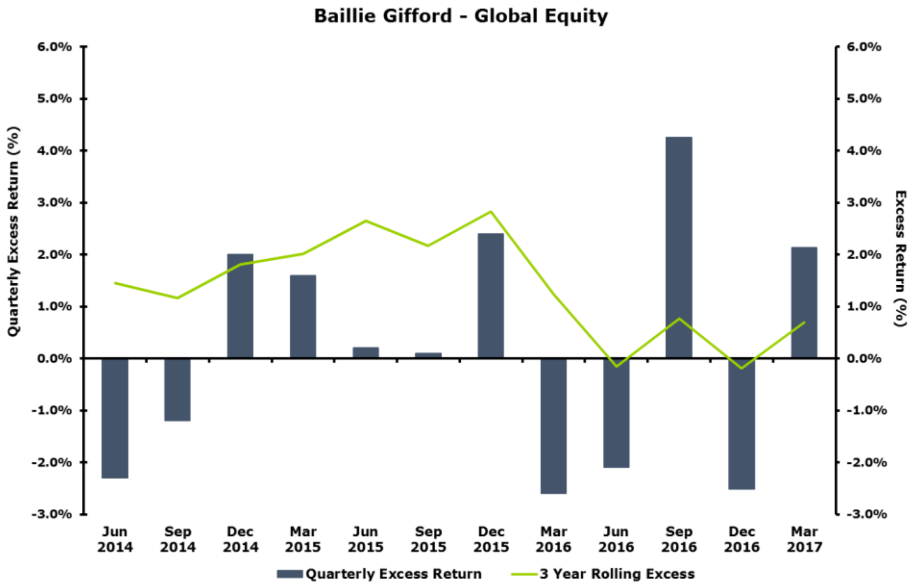
Source: Baillie Gifford, via London CIV and estimated by Deloitte

See appendix 1 for more detail on manager fees

Inception date taken as 18 March 2014

The Baillie Gifford Global Equity Alpha Fund has outperformed its benchmark by 2.2% net of fees over the quarter and by 2.3% over the year to 31 March 2017. Over the last three years, the Fund has outperformed its benchmark by 0.7% p.a. and is 0.1% p.a. ahead of benchmark since inception.

The graph below shows the net quarterly returns and the rolling three year excess returns relative to the benchmark. The Fund's current three year excess return is behind the target (+2% p.a.) having outperformed the benchmark by 0.7% p.a.

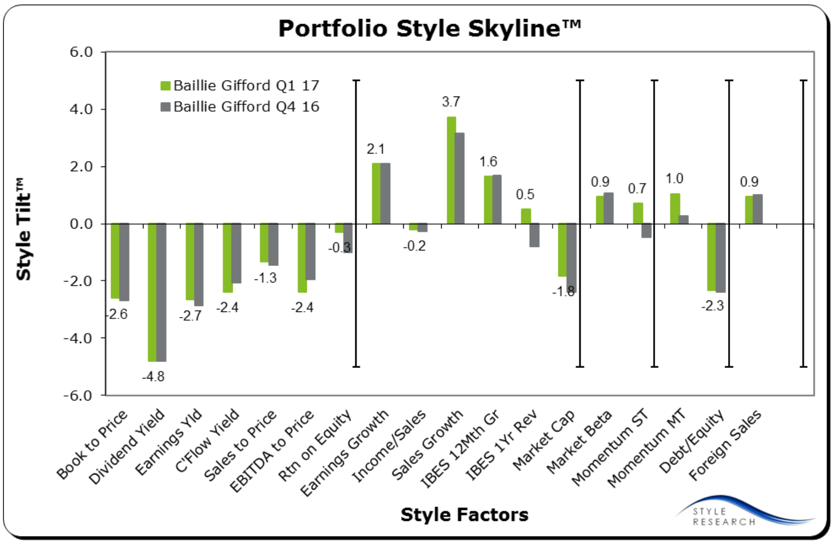


The main contributor over the first quarter and year was the Fund's holding in Amazon, on the back of its continuing strong results and aggressive investment strategy. It is also notable that companies with a strong exposure to the Chinese economy, such as Alibaba and Royal Caribbean, performed better than expected over the quarter with suspected weak Chinese demand not amounting to much. Poorer performers include American exposed oil and gas companies such as Apache and EOG.

Baillie Gifford is monitoring the performance of the companies with exposure to the healthcare sector. Baillie Gifford is aware that these have underperformed and is analysing whether the pricing pressure in the sector is likely to be short term or if there are more structural reasons for the poor performance.

5.2 Style Analysis

We have analysed the Style of Baillie Gifford's Global Alpha portfolio as at 31 March 2017, 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, the portfolio continues to show a marked negative bias to value related factors and a positive bias to growth factors – this is consistent with the manager's stated investment approach and is a similar position to last quarter.

The top 10 holdings in the portfolio account for c. 28.7% of the Fund and are detailed below.

Top 10 holdings as at 31 March 2017	Proportion of Baillie Gifford Fund
Amazon	4.6%
Prudential	3.4%
Royal Caribbean Cruises	3.4%
Naspers	3.2%
Taiwan Semiconductor Manufacturing	2.9%
SAP	2.6%
Alphabet	2.4%
Anthem	2.2%
CRH plc	2.0%
Moody's	2.0%
Total	**28.7%**

Note: The numbers in this table may not sum due to rounding

Baillie Gifford	31 December 2016	31 March 2017
Total Number of holdings	97	96
Active risk	4.0%	3.9%
Coverage	6.7%	7.1%

As at 31 March 2017, the number of holdings within the portfolio decreased by 1. The overlap with the FTSE All World index increased by 0.4% and the active risk figure dropped slightly.

6 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.

6.1 Passive Global Equity – Investment Performance to 31 March 2017

	Last Quarter (%)	Last Year (%)	Last 3 Years (% p.a.)	Since Inception (% p.a.)
LGIM - Gross of fees	5.7	18.0	8.6	12.4
Net of fees[1]	5.6	17.9	8.5	12.2
FTSE World (GBP Hedged) Index	5.7	18.1	8.7	12.3
Relative (net of fees)	-0.1	-0.2	-0.2	-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 underperformed the benchmark by 0.1% over the quarter, by 0.2% p.a. over the year and last three years, and by 0.1% p.a. since the inception of the mandate. This underperformance is not unexpected given the cost of hedging.

7 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.

7.1 Active UK Equity – Investment Performance to 31 March 2017

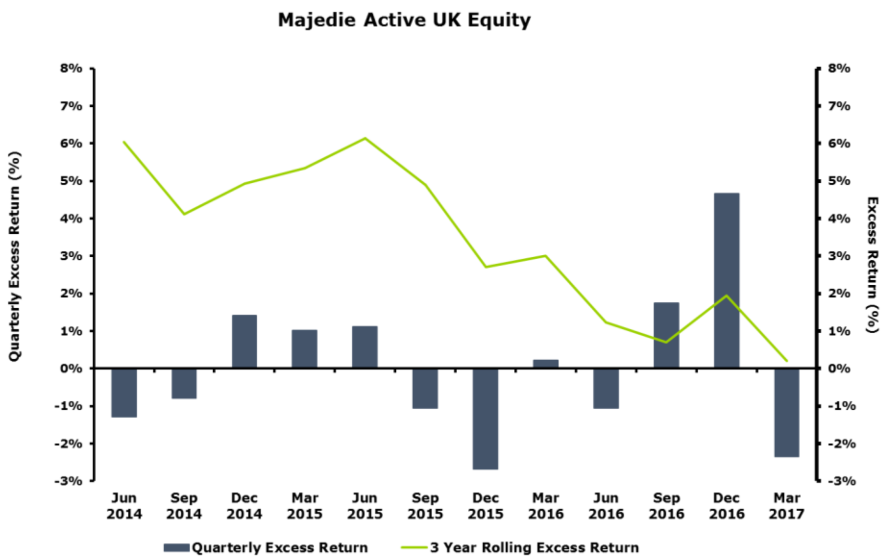
	Last Quarter (%)	Last Year (%)	Last 3 Years (% p.a.)	Since Inception (% p.a.)
Majedie - Gross of fees	1.8	25.7	8.3	10.7
Net of fees[1]	1.7	25.4	7.9	10.4
MSCI AC World Index	4.0	22.0	7.7	6.6
Relative (on a net basis)	-2.3	3.4	0.2	3.8

Source: Majedie

(1) Estimated by Deloitte

See appendix 1 for more detail on manager fees

Inception date taken as 31 May 2006

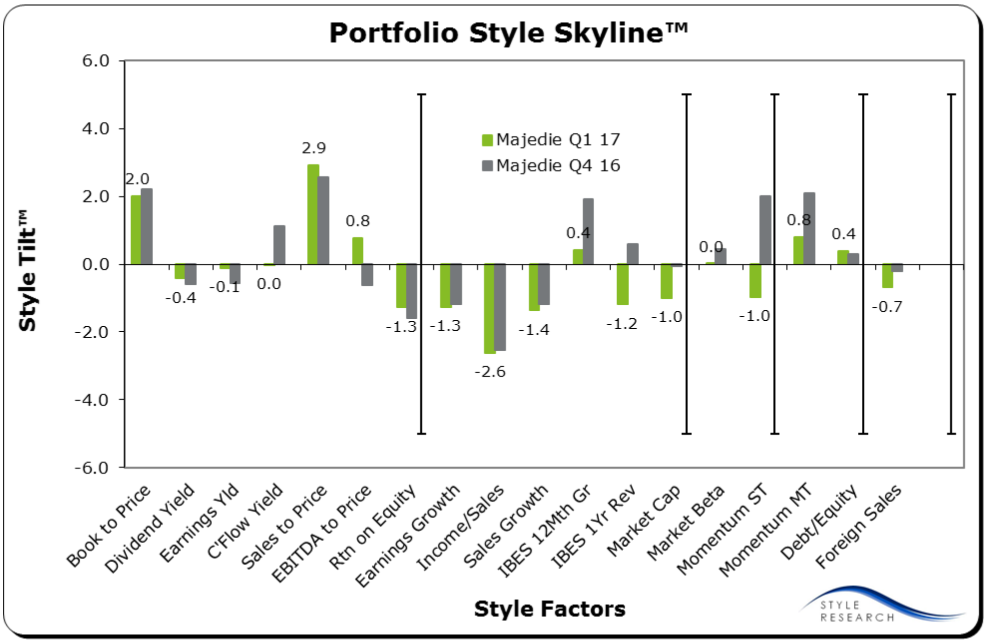


Majedie underperformed its benchmark over the quarter by 2.3% but outperformed its benchmark over the year by 3.4% on a net of fees basis. Over the longer timeframes of three years and since inception, the manager has outperformed its benchmark on a net of fee basis by 0.2% p.a. and 3.8% p.a. respectively.

Majedie's overweight exposure to the oil and gas sector contributed negatively over the quarter, detracting c. 70bps from performance. Majedie still believes this sector has value. Majedie remains very negative on consumer staples and feels there could be a price correction in this sector following the rise in valuations.

7.2 Style analysis

We have analysed the Style of Majedie as at 31 March 2017. 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 where the portfolio is managed by 4 different individuals, 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. 39.0% of the fund and are detailed below.

Top 10 holdings as at 31 March 2017	Proportion of Majedie Fund
Royal Dutch Shell	7.0%
BP	5.9%
HSBC	5.1%
Tesco	3.6%
GlaxoSmithKline	3.4%
Vodafone	3.3%
WM Morrison	3.0%
Barclays	2.8%
Anglo American	2.6%
Centrica	2.3%
Total	**39.0%**

Majedie	31 December 2016	31 March 2017
Total Number of holdings	151	151
Active risk	3.8%	3.0%
Coverage	36.8%	36.0%

As at 31 March 2017, Majedie held 151 stocks in total, with an overlap with the FTSE All Share index of 36.0%. 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 2017, decreased to 3.0%.

8 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.

8.1 Active Global Equity – Investment Performance to 31 March 2017

	Last Quarter (%)	Last Year (%)	Last 3 Years (% p.a.)	Since Inception (% p.a.)
Longview - Gross of fees	5.9	29.0	n/a	19.4
Net of fees[1]	5.7	28.3	n/a	18.8
MSCI World Index	5.1	31.9	n/a	17.0
Relative (on a net basis)	0.6	-3.6	n/a	1.8

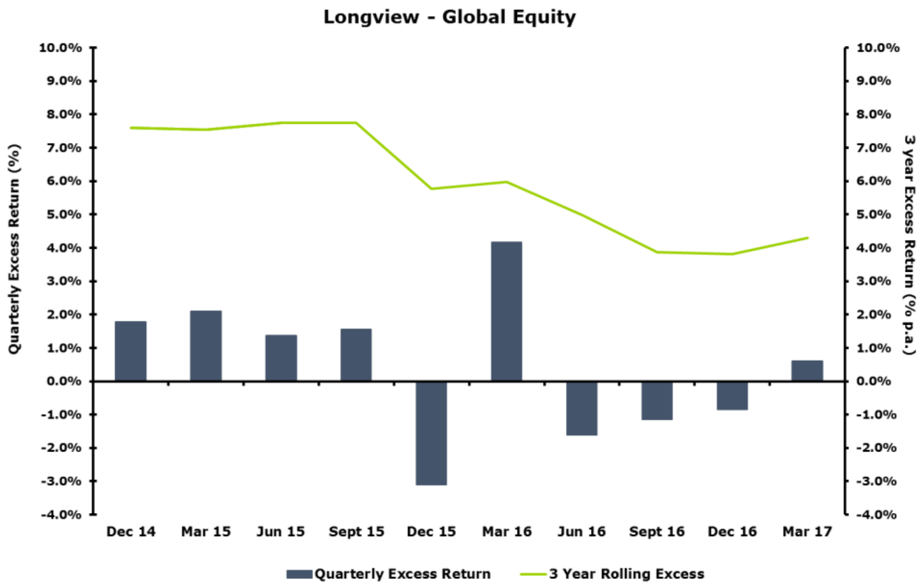
Source: Longview

(1) Estimated by Deloitte

See appendix 1 for more detail on manager fees

Inception date 15 January 2015

Longview outperformed the benchmark by 0.6% on a net of fees basis over the first quarter of 2017. Over the year and since inception, the Fund is behind the benchmark (net of fees) by 3.6% but above benchmark by 1.8% p.a. respectively. The Fund targets an outperformance of 3% p.a. over a three year period.



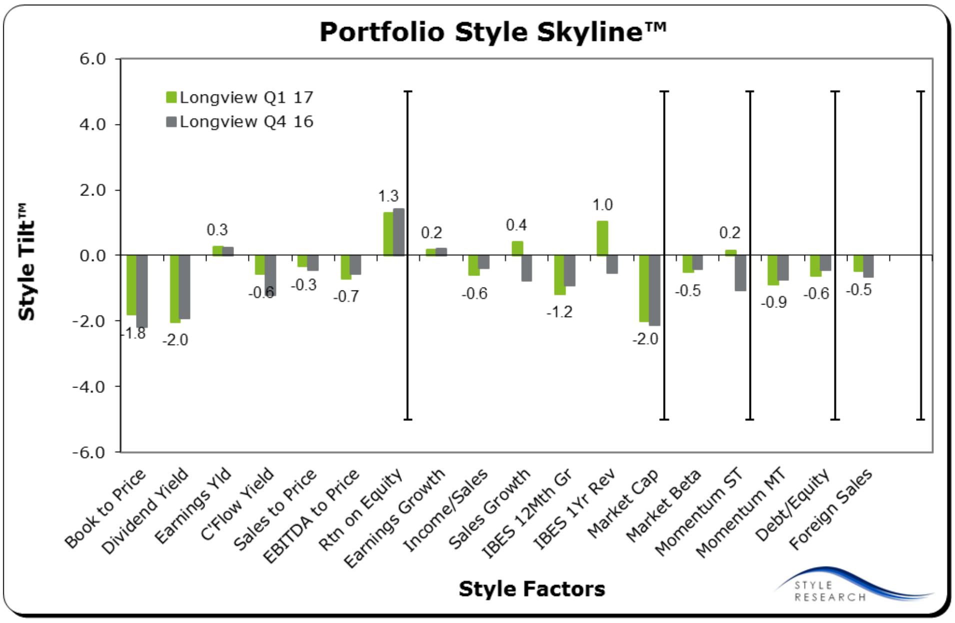
Delphi Automotive was the top performer over the first quarter of 2017, with Continental (also in the auto sector) also making it into the top 10 contributors; both reported higher than expected earnings. There had been some concern in the auto industry about the influence of weak demand from the US market, however the global market remained strong, buoyed by demand from China and the EU.

The healthcare sector was hit by the US presidential election result in Q4 last year, however the market appeared to overreact as healthcare companies HCA Holdings and Zimmer Biomet were some of the top contributors over the last quarter.

Next was the poorest performer over the quarter detracting 75bps from performance. Competitors experienced c. 20% growth from online businesses over the quarter while Next hardly saw any. Longview believes the company was unable to keep up with fierce competition and was losing out by keeping very high profit margins. Longview has now sold out of its Next holding following the poor results.

8.2 Style analysis

The Style "skyline" for Longview's global equity portfolio as at 31 March 2017 is shown 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.



The portfolio shows a modest negative bias to value factors and growth factors.

The top 10 holdings in the Longview fund account for c. 36.2% of the fund and are detailed below.

Top 10 holdings as at 31 March 2017	Proportion of Longview Fund
AON	4.5%
Parker Hannifin	3.8%
SAP	3.6%
Delphi Automotive	3.5%
Bank of New York Mellon	3.5%
Fidelity	3.5%
Oracle	3.5%
Progressive	3.5%
HCA Holdings	3.4%
Zimmer Biomet Holdings	3.4%
Total	**36.2%**

Longview	31 December 2016	31 March 2017
Total Number of holdings	37	35
Active risk	4.8%	4.6%
Coverage	4.4%	4.4%

As at 31 March 2017, Longview held 35 stocks in total, with an overlap with the FTSE All World index of only 4.4%. 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 2017.

9 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.

9.1 Insight – Active Non Gilts

9.1.1 Investment Performance to 31 March 2017

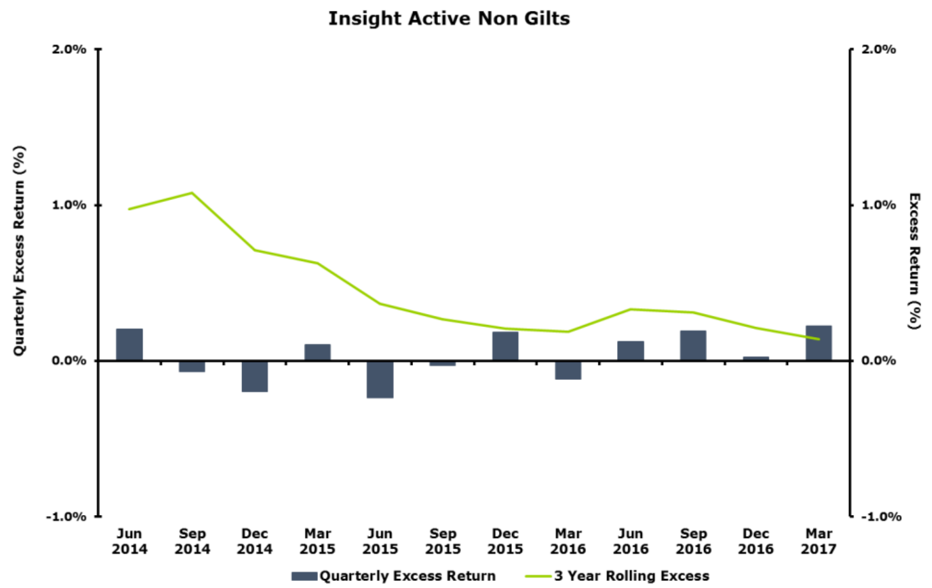
	Last Quarter (%)	Last Year (%)	Last 3 Years (% p.a.)	Since Inception (% p.a.)
Insight Non Gilts - Gross of fees	1.9	7.7	6.3	5.9
Net of fees[1]	1.8	7.5	6.0	5.7
iBoxx £ Non-Gilt 1-15 Yrs Index	1.6	6.9	5.9	5.5
Relative (on a net basis)	0.2	0.6	0.1	0.2

Source: Insight

(1) Estimated by Deloitte

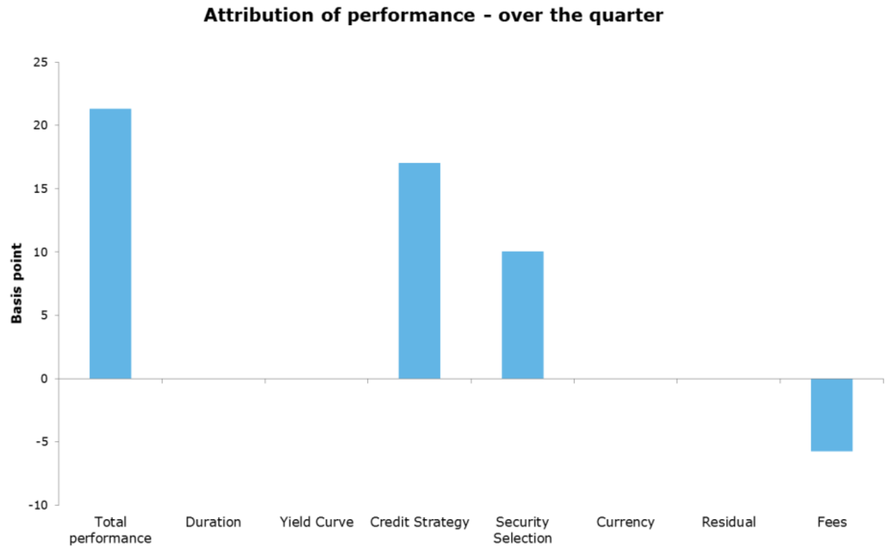
See appendix 1 for more detail on manager fees

Inception date taken as 31 May 2006.



Over the quarter the portfolio outperformed the benchmark by 0.2%. Over the year to 31 March 2017, the Fund has outperformed the benchmark by 0.6%. The Fund has outperformed the benchmark by 0.1% p.a. over the 3 years to 31 March 2017 and by 0.2% p.a. since inception. Performance therefore remains below the outperformance target of 0.9% p.a. across all periods.

9.1.2 Attribution of Performance



Source: Estimated by Insight

Insight's outperformance this quarter has been driven by its credit strategy and security selection, with there being no underperformance or outperformance from the Fund's duration positioning, yield curve or currency.

9.2 Insight – Government Bonds

9.2.1 Investment Performance to 31 March 2017

	Last Quarter (%)	Last Year (%)	Last 3 Years (% p.a.)	Since Inception (% p.a.)
Insight Gilts - Gross of fees	0.8	2.8	4.1	4.9
Net of fees[1]	0.8	2.7	4.0	4.8
FTSE A Gilts up to 15 Yrs Index	0.9	2.9	4.1	5.0
Relative (on a net basis)	-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 underperformed its benchmark over all periods shown.

9.3 Duration of portfolios

	31 December 2016		31 March 2017	
	Fund (Years)	Benchmark (Years)	Fund (Years)	Benchmark (Years)
Non-Government Bonds (Active)	5.7	5.4	4.7	5.6
Government Bonds (Passive)	4.7	5.0	4.5	4.8

Source: Insight

10 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.

10.1 Property – Investment Performance to 31 March 2017

	Last Quarter (%)	Last Year (%)	Last 3 Years (% p.a.)	Since Inception (% p.a.)
Hermes - Gross of fees	1.9	6.9	13.2	9.6
Net of fees[1]	1.8	6.5	12.8	9.2
Benchmark	2.1	4.6	10.7	8.4
Relative (on a net basis)	-0.3	1.9	2.1	0.8

Source: Hermes

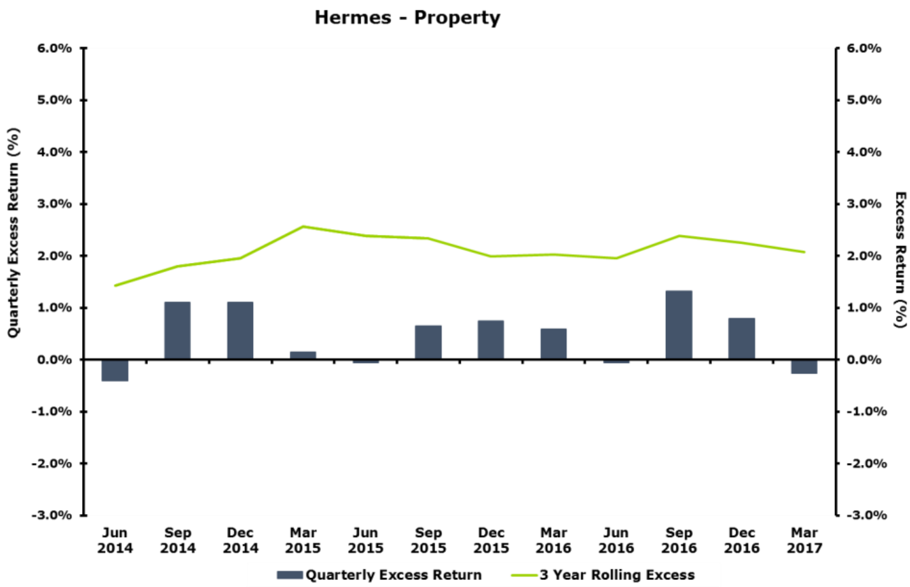
(1) Estimated by Deloitte

See appendix 1 for more detail on manager fees

Inception date is taken as 26 October 2010

Hermes underperformed its benchmark by 0.3% over the quarter, but remains ahead of its benchmark over the year, three years and since inception to 31 March 2017 by 1.9%, 2.1% p.a. and 0.8% p.a. respectively. The Fund's target is to outperform the benchmark by 0.5% p.a.

Key contributors to the performance over the quarter were the Industrial sector and "Other" (comprising of pubs, hotels etc.). The main detractors over the quarter were the Trust's holdings in Retail Warehouses and West End Offices, both sectors having a fairly muted (albeit positive) quarter.



10.2 Sales and Purchases

There were no acquisitions or disposals completed over the quarter.

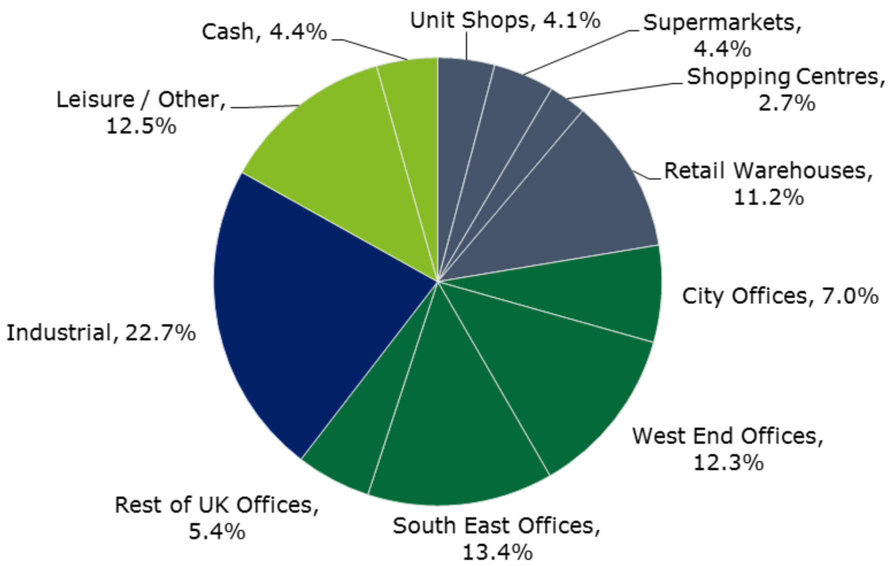
Asset management is ongoing at the following properties:

- 1/7 Sekforde Street, London: the existing lease to Future Cities Catapult Ltd has been renegotiated to a new 10 years and 3 months lease starting from 25 March 2017 with 13 months rent free and an annual rent of £1.325m to reflect £62.50 per sq ft. on the main office space.
- Black Horse Tower, Cockfosters: an estate of three 1960's office buildings totalling 110,000 sq ft. Planning permission has been granted to double the space to c. 230,000 sq ft for mixed use including apartments, a hotel and commercial space.

- Plantation Wharf, Battersea: planning permission obtained to demolish existing buildings, extend Trade Tower and redevelop the site. The proposed new floor space will include industrial units, office space, retail/restaurant space and Education and Health use. HPUT are likely to sell this property with the planning permission, rather than develop the site themselves.

10.3 Portfolio Summary as at 31 March 2017

The Hermes Property Unit Trust invests across retail, offices, industrials and other sectors, with the split as at 31 March 2017 shown below.



The table below shows the top 10 directly held assets in the Fund as at 31 March 2017, representing c.36.7% of the Fund.

Asset	Sub-sector	Value (£m)
Maybird Shopping Park, Stratford-upon-Avon	Retail Warehouses	109.3
8/10 Great George Street, London SW1	Offices	62.0
27 Soho Square, London W1	Offices	43.8
Sainsbury's, Maxwell Road, Beaconsfield	Supermarkets	41.2
Polar Park, Bath Road, Heathrow	Industrial	40.9
Hythe House, Hammersmith	Offices	38.5
2 Cavendish Square, London W1	Offices	38.3
Christopher Place, St Albans	Shopping Centre	37.4
Camden Works, Oval Road, London NW1	Offices	37.1
Boundary House, 91/93 Charterhouse St, London EC1	Offices	34.5
Total		**482.9**

11 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.

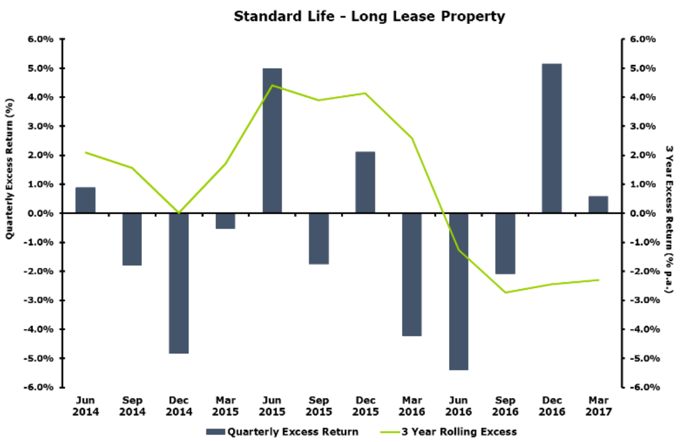
11.1 Long Lease Property – Investment Performance to 31 March 2017

	Last Quarter (%)	Last Year (%)	Last 3 Years (% p.a.)	Since Inception (% p.a.)
Standard Life - Gross of fees	2.8	7.6	8.2	9.2
Net of fees[1]	2.7	7.1	7.7	8.7
Benchmark	2.1	8.8	10.0	8.7
Relative (on a net basis)	0.6	-1.7	-2.3	0.0
*Aviva Lime Property Fund**	*1.2*	*7.1*	*7.8*	
*M&G Secured Property Income Fund**	*2.5*	*5.5*	*7.6*	
*LGIM LPI Property Income Fund**	*2.0*	*6.3*	*7.1*	

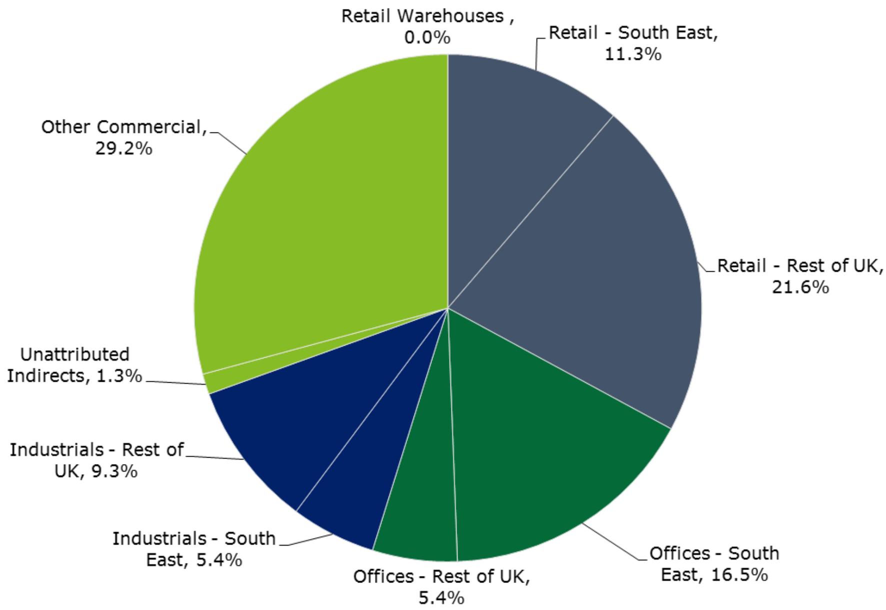
Source: Standard Life
(1) Estimated by Deloitte
See appendix 1 for more detail on manager fees
Since inception: 14 June 2013
*For illustrative purposes only

The SLI Long Lease Property Fund returned 2.7% net of fees over the first quarter of 2017, outperforming the benchmark of the FTSE Gilt All Stocks Index + 2% by 0.6% net of fees. SLI reported higher rates of capital growth over the period with investors attracted to long dated leases secured by strong covenants.

Over the year the Fund remains behind the benchmark by 2.0% on a net of fees basis. However in absolute terms, the Fund performed strongly with the Fund's focus on prime assets proving beneficial in a challenging time for the UK property market following the EU referendum. The table above shows the performance of alternative long lease property funds that we monitor – as shown, SLI's product has delivered the strongest performance of this group. Net of fees performance of the Long Lease Fund is shown below.



The sector allocation in the Long Lease Property Fund as at 31 March 2017 is shown in the graph below.



The Fund remains underweight in the office sector (21.9% compared to 33.8%) and remains underweight in the industrial sector (14.7% compared to 22.1%) at the end of the first quarter of 2017. The Fund is also overweight the retail sector (32.9% compared to 36.4%).

The Fund continues to be significantly overweight the "Other" sector (30.5% compared to 7.7%) 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	Total Rent £m p.a.	% Net Income
Tesco	7.9	10.2
Whitbread	5.2	6.7
Sainsbury's	4.9	6.4
Marston's	4.6	5.9
Asda	4.4	5.7
QVC	4.0	5.2
Salford University	3.7	4.8
Save The Children	3.7	4.7
Poundland	3.60	4.7
Glasgow City Council	3.1	4.0
Total	**45.0**	**58.5***

*Total may not equal sum of values due to rounding

The top 10 tenants contribute 58.3% of the total net income into the Fund. Supermarkets continue to dominate with Tesco, Sainsbury's and Asda contributing 22.3% to the Fund's total net rental income as at 31 March 2017.

The Fund's average unexpired lease term decreased slightly over the quarter from 25.7 years to 25.4 years.

11.2 Sales and Purchases

There was one sale over the quarter:

- The Fund sold its student accommodation asset at Hamwic Hall, Southampton due to a falling lease length.

There were no purchases over the quarter however the trade distribution warehouse in Enfield was re-geared, resulting in a 5 year lease extension and an increase in value of 4%.

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	36bps 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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