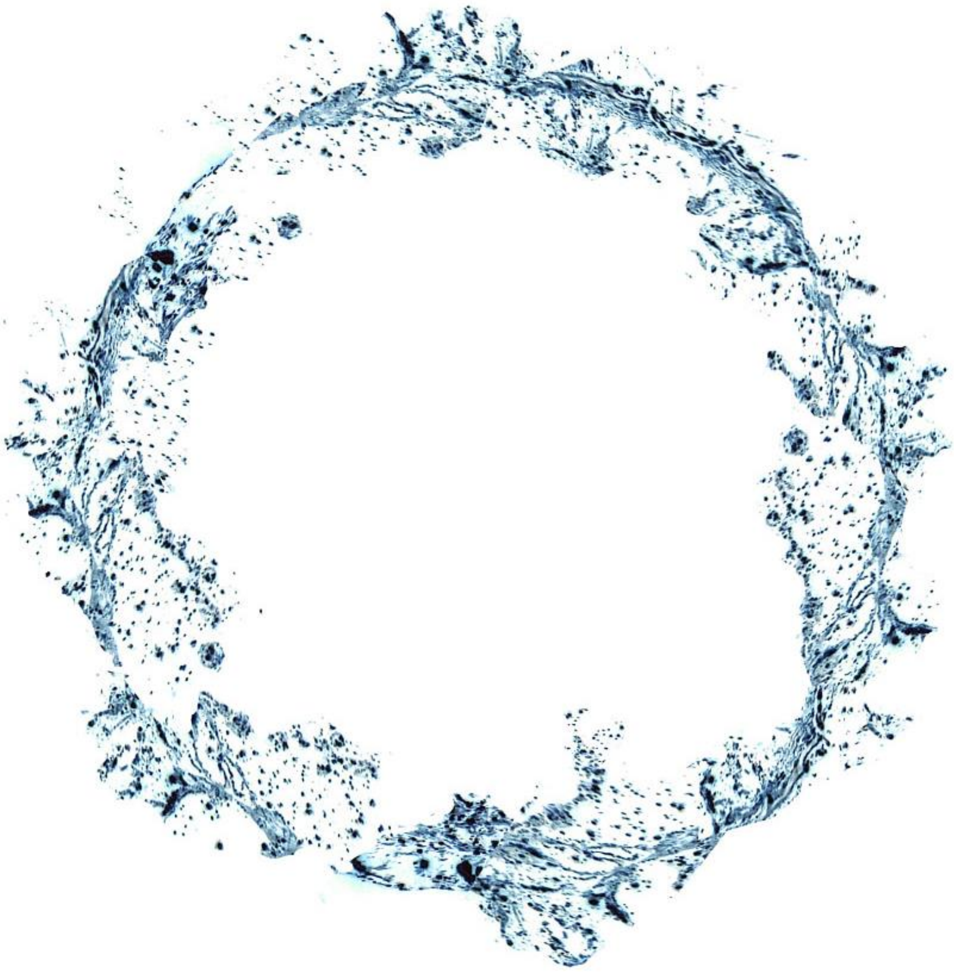


City of Westminster Pension Fund

Investment Performance Report to 30 September 2017

Deloitte Total Reward and Benefits Limited
November 2017

Contents

1 Market Background

Three and twelve months to 30 September 2017

The UK equity markets made further gains over the third quarter of 2017, with the FTSE All Share returning 2.1%. However these gains masked a negative return of 0.4% for September as the Bank of England indicated an increase in interest rates was likely in the near future.

Smaller UK companies outperformed larger companies over the quarter, with the FTSE Small Cap Index returning 3.0% while the FTSE 100 Index returned 1.8%. At a sector level, there was also a dispersion of returns. Basic Materials (12.1%), Oil & Gas (9.8%) and Technology (5.5%) made substantial gains, while Health Care (-6.3%) and Telecommunications (-4.2%) suffered losses.

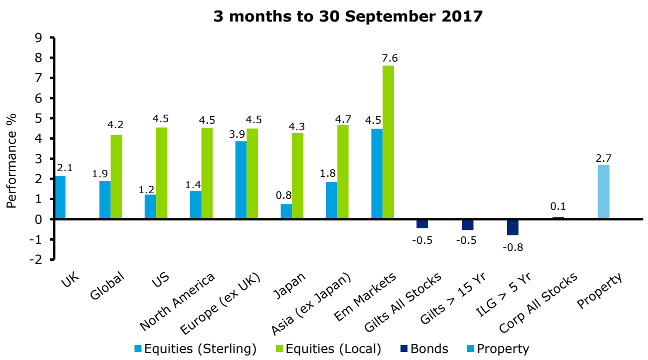
Global equity markets outperformed UK equities in local currency terms (4.2%) as the UK economic prospects continue to lag behind other developed markets following the growing uncertainty over Brexit. However global equities lagged UK equities in sterling terms (1.9%) as Sterling strengthened over the quarter, with currency hedging therefore benefitting investors. All geographic regions delivered positive returns in local currency terms. Emerging Markets (7.6%) was the best performing region in local terms, continuing their recovery, with Japan (4.3%) being the poorest performing region outside the UK, in local currency terms.

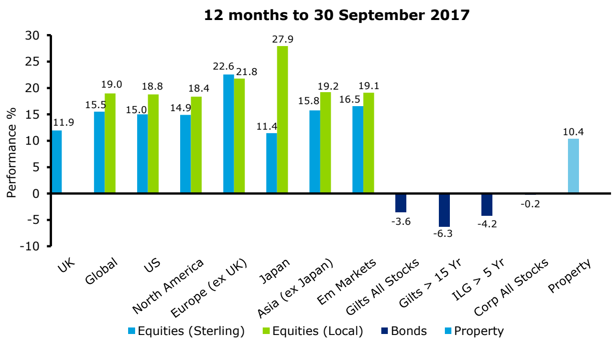
Nominal gilt yields marginally increased over the third quarter as a whole, but falling yields over July and August disguised what was a significant rise in yields during September following renewed expectations of a rise in the UK base rate. This led to the All Stocks Gilts Index delivering a negative return of -0.5% over the quarter. Real yields followed a similar path to nominal yields over the quarter as inflation expectations were broadly unchanged there was a negative return of -0.8% on the Over 5 Year Index-Linked Gilts Index over the period. There was a marginal narrowing of credit spreads over the third quarter, and the iBoxx All Stocks Non Gilt Index delivered a small positive return of 0.1% over the period.

Over the 12 months to 30 September 2017, the FTSE All Share Index delivered a positive return of 11.9% helped by an increasingly positive global economic picture. This was partly offset by the increasing uncertainty caused by Brexit, and UK equities lagged their European and global local currency equivalents. At a sector level, returns have been mixed. Basic Materials (28.3%) was the best performing sector while Utilities (-14.4%) was the poorest performing sector. Global equity markets outperformed the UK in both sterling (15.5%) and local (19.0%) currency terms, with currency hedging beneficial over the year.

UK nominal gilts delivered negative returns over the 12 months to 30 September 2017, with the All Stocks Gilts Index returning -3.6% and the Over 15 year Gilts Index returning -6.3%. UK index-linked gilts also delivered negative returns over the same period, with the Over 5 Year Index-Linked Gilts Index returning -4.2%. Credit spreads narrowed over the year to 30 September 2017, partly offsetting the rise in gilt yields, and the iBoxx All Stocks Non Gilt Index delivered a small negative return of -0.2%.

The IPD UK Monthly Property Index returned 2.7% over the quarter and 10.4% over the year to 30 September 2017, as the market continued to rebound after the bounce back from the negative reaction to the EU referendum. The search for yield has contributed to the increased demand for UK property, which is still viewed as a "safe haven" by some overseas investors - foreign demand remains strong despite the uncertainty surrounding Brexit.





2 Total Fund

2.1 Investment Performance to 30 September 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	2.4	2.2	2.1	12.1	11.5	11.9	9.0	8.4	8.5	13.7	13.1	11.2
LGIM	Global Equity	3.8	3.8	3.8	18.1	18.1	18.1	9.1	9.0	9.1	12.8	12.8	12.8
Baillie Gifford	Global Equity	3.8	3.8	1.8	21.4	21.1	14.9	19.2	18.9	14.4	16.9	16.5	14.0
Longview	Global Equity	1.0	0.8	1.5	14.9	14.2	14.4	n/a	n/a	n/a	16.1	15.4	13.9
Insight Gilts	Gilts	-0.2	-0.2	-0.3	-1.4	-1.5	-1.6	3.0	2.9	3.0	2.5	2.4	2.5
Insight Non Gilts	Non Gilts	0.4	0.3	0.2	1.5	1.3	0.9	5.6	5.3	4.9	7.1	6.9	6.1
Hermes	Property	2.5	2.4	2.4	10.5	10.1	9.7	11.5	11.1	9.8	10.2	9.8	8.7
Standard Life	Property	2.7	2.6	0.1	10.7	10.2	-1.6	7.9	7.4	7.6	9.1	8.6	6.8
Total		**2.5**	**2.5**	**1.9**	**13.6**	**13.3**	**10.8**	**10.8**	**10.5**	**9.4**	**n/a**	**n/a**	**n/a**

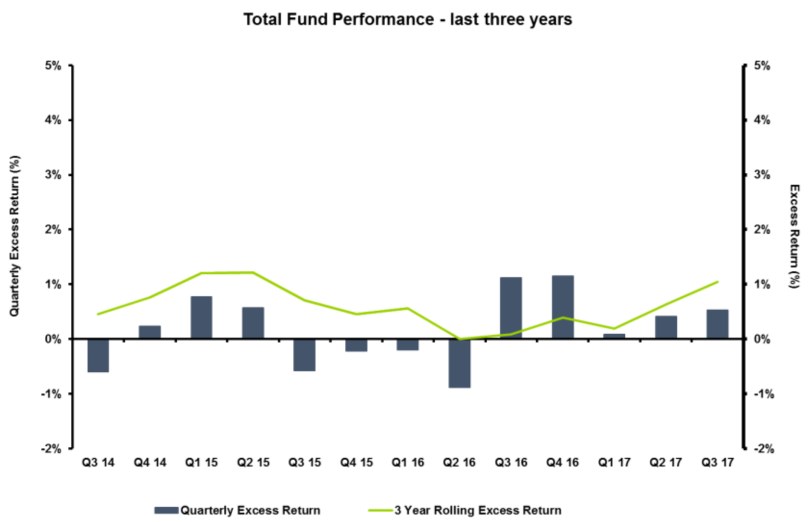
Source: Northern Trust

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

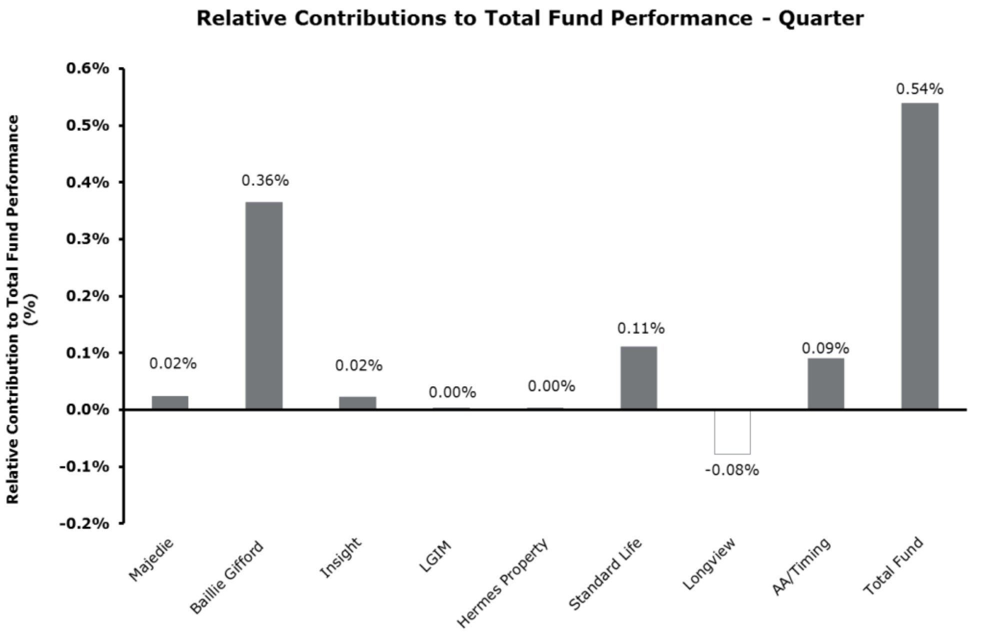
See appendix 1 for more detail on manager fees and since inception dates

Over the quarter the Fund outperformed its benchmark by 0.6% net of fees, with the outperformance of Baillie Gifford and Standard Life offsetting the underperformance from Longview. The Fund has outperformed its benchmark over the last year and three years by 2.5% and 1.1% p.a.

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.

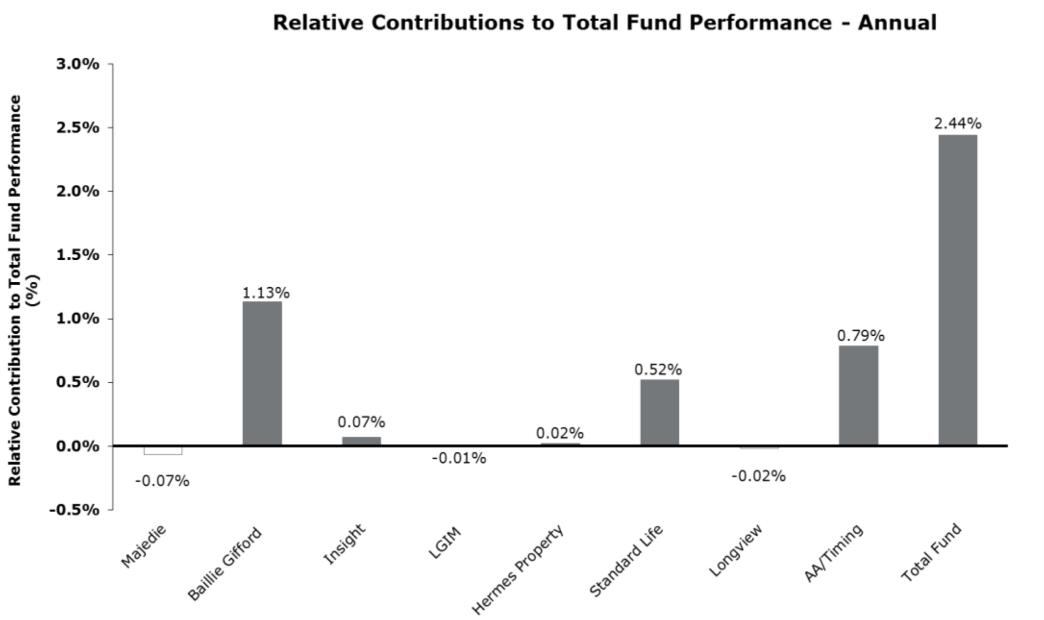


2.2 Attribution of Performance to 30 September 2017



On a net of fees performance basis, the Fund outperformed its benchmark by 0.5% over the third quarter, largely as a result of outperformance from Baillie Gifford and Standard Life.

Over the year the Fund outperformed the benchmark by 2.4% with Baillie Gifford and Standard Life being the largest contributors once again. The positive contribution shown by the "AA/Timing" bar was primarily driven by the Fund having an overweight allocation to equities.



2.3 Asset Allocation as at 30 September 2017

The table below shows the assets held by manager and asset class as at 30 September 2017.

Manager	Asset Class	End June 2017 (£m)	End Sept 2017 (£m)	End June 2017 (%)	End Sept 2017 (%)	Benchmark Allocation* (%)
Majedie	UK Equity	302.8	310.1	23.5	23.5	22.5
LGIM	Global Equity (Passive)	290.9	302.0	22.6	22.9	22.5
Baillie Gifford	Global Equity	244.6	254.0	19.0	19.2	25
Longview	Global Equity	142.8	144.1	11.1	10.9	
	Total Equity	**981.1**	**1,010.2**	**76.2**	**76.6**	**70**
Insight	Fixed Interest Gilts (Passive)	18.8	18.7	1.5	1.4	20
Insight	Sterling Non-Gilts	171.9	172.5	13.4	13.1	
	Total Bonds	**190.7**	**191.2**	**14.8**	**14.5**	**20**
Hermes	Property	58.8	60.3	4.6	4.6	5
Standard Life	Property	56.3	57.8	4.4	4.4	5
To be determined	Property / Infrastructure	0.0	0.0	0.0	0.0	
	Total Property	**115.1**	**118.1**	**8.9**	**9.0**	**10**
	Total	**1,286.9**	**1,319.5**	**100**	**100**	**100**

Source: Northern Trust 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. £32.6m, with positive absolute returns from all of the Fund's managers excluding Insight's Fixed Interest Gilts Fund, which reduced in market value by c. £0.1m.

As at 30 September 2017, the Fund was 6.6% overweight equities when compared with the amended benchmark allocation and underweight bonds and property by c. 5.5% and 1.0% respectively.

2.4 Yield analysis as at 30 September 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 30 September 2017
Majedie	UK Equity	3.11%
Baillie Gifford	Global Equity	0.73%
Insight Fixed Interest Gilts	Fixed Interest Gilts (Passive)	0.80%
Insight Sterling Non-Gilts	Sterling Non-Gilts	2.10%
LGIM	Global Equity (Passive)	0.24%*
Hermes Property	Property	5.20%
Standard Life Long Lease	Property	4.27%
Longview	Global Equity	2.23%
	Total	**1.89%**

*Benchmark yield 2.4%

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
Aberdeen Standard Investments	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 30 September 2017, the London CIV had 9 sub-funds and assets under management of £5,556m, an increase of c. £600m over the quarter, with one new sub-fund added (Longview global equity) and one investor being added to the Ruffer sub-fund.

Personnel

Early in the quarter it was announced that Jill Davys was leaving the CIV – Jill was responsible for liaising and monitoring the managers on the platform. Post quarter end it was announced that Hugh Grover, CEO of the London CIV, had resigned from his role and that Mark Hyde-Harrison, former chief of the Barclays UK Retirement Fund and current head of defined contribution strategy at Willis Towers Watson, would step in as interim CEO while a permanent replacement is sought.

On a more positive note, the CIV has hired individuals to lead on the fixed income and equity areas – both reporting into Julian Pendock, the CIO. We also understand that a replacement for Jill Davys has been appointed.

Deloitte view – The London CIV is still at a relatively early stage in terms of building out its offerings to the London boroughs and we continue to monitor the developments, 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 and their advisors. We see recent turnover of key staff as being a concern, adding to the concerns about the slow pace of progress.

3.2 Majedie

Business

The total assets under management for Majedie was c. £14.5bn as at 30 September 2017, an increase of £300m over the quarter. This was largely down to positive market movements rather than new asset flows.

The latest Tortoise Fund capacity has been filled and the fund is now closed again.

Personnel

One graduate trainee joined the UK Equity Fund team over the quarter. No other personnel changes were noted.

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

3.3 Baillie Gifford

Business

Total assets under management as at 30 September 2017 was c. £173bn, up from c. £167bn as at 30 June 2017. The AUM for the Global Alpha Fund was £32.6bn as at 30 September 2017, an increase of £1bn over the quarter. The increase in assets under management have been due to a combination of improving market conditions and outperformance by key funds. These effects mask the net investor outflows over the quarter which continue, due to a combination of de-risking and rebalancing following the recent gains made in equity markets.

Personnel

Three partner retirements were announced during the quarter, although none directly impact the Global Alpha fund:

- Sarah Whitley. Head of the Japanese team since 2001, will retire after 37 years at Baillie Gifford, and her role will be taken over by fellow partner Donald Farquharson;
- Stephen Roger, Head of Credit, will retire after 17 years at the firm. Gregory Turnbull Schwartz will take over the Investment Grade portfolios while Rob Baltzer will continue as head of High Yield Credit; and
- Ken Barker, Client Director, will retire after 16 years at Baillie Gifford, and plans are being put in place to transition his client relationships to other personnel.

These retirements will each take effect in April 2018.

Deloitte view: We continue to rate Baillie Gifford positively for its diversified growth capabilities.

3.4 LGIM

Business

As at 30 June 2017, Legal & General Investment Management ("LGIM") had total assets under management of £951bn, an increase of £57bn since 31 December 2016, with the largest increases seen in the Solutions and Multi-Asset parts of the business. Note, Legal & General now report asset growth figures on a semi-annual reporting timetable and the next updated figures (December 2017) will be released by March 2018.

Personnel

At the Index team level, there was one new joiner over the quarter, Joseph LaPorta, previously at Northern Trust, who joined as a Portfolio Manager. There were no leavers over the quarter.

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

3.5 Longview

Business

Assets under management increased over the quarter by c. £1.0bn to c. £18.9bn as at 30 September, as a result of inflows and market movements.

The Fund has now reached its capacity limit of $25bn and is closed to new investors, with Longview currently operating a waiting list. There is limited capacity for existing clients but this is being monitored closely by Longview.

The Fund is now operational on the London CIV, with c. $1.5bn of capacity reserved for CIV clients.

Personnel

There have been no changes to the Longview team over the third quarter of 2017.

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

3.6 Insight

Business

Total assets under management remained broadly unchanged over the quarter at c. £550bn. Insight won 6 new client mandates totalling £0.7bn over the quarter, but lost one client (£1.9bn).

Total assets in Insight's Bonds Plus Fund were £3,627m as at 30 September 2017.

Insight will be changing the Bonds Plus 200 and Bonds Plus 400 to daily dealing in Q4 2017 – currently the funds are weekly dealt.

Personnel

Insight made no changes to their Bonds Plus team over the quarter, however:

- Chris Brown has been promoted to head of Money Market, replacing Colin Cave who left at the end of Q2.
- James McKerrow joined as part of the Money Market Team in July 2017 with a focus on repo trading and gilt financing. James previously spent 9 years at LCH Limited as a Portfolio Manager.
- Drago Dimitrov joined as a Credit Analyst in July 2017 in the New York investment team. His focus will be on the evaluation of leveraged loans in the primary and secondary markets. Drago previously spent 2 years as a Credit Analyst at ZAIS Group.
- There will be 3 new joiners in the Secured Finance team in Q4 due to increased client demand.
- After Howard Kearns and Heather Porter joined in Q2, Michael Scott has joined the Modelling and hedge design team in Q3. Michael has a PHD in Mathematics and Statistics.
- Jack Rowett has joined the Financial Solutions Discovery team. Jos Vermeulen has been promoted to Head of Solution Design, with Paul Richmond supporting.
- Steve Aukett has taken a career break and will be returning in January; he will be taking the role of Client Lead on his return.

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

3.7 Hermes

Business

Total assets under management decreased by c. £0.7bn over the third quarter to £30.1bn as at 30 September 2017. Over the quarter, assets under management within the HPUT increased slightly to c. £1.5bn as at 30 September 2017 from c. £1.4bn as at 30 June 2017.

Personnel

There were no changes to the HPUT team over the quarter.

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

3.8 Aberdeen Standard Investments – Long Lease Property

Business

During the third quarter, the merger between Standard Life and Aberdeen Asset Management was completed. The new combined business is called Standard Life Aberdeen plc, with the investment business operating under the name Aberdeen Standard Investments.

The Fund's assets under management increased to £1.95bn over the third quarter, following positive performance, with no significant inflows or outflows over the quarter.

Personnel

Following the quarter end, the leadership team for Aberdeen Standard Investments Real Estate Division was announced. The team will report to David Paine and Pertti Vanhanen, Global Co-Heads of Real Estate and will be:

- Andrew Allen – Global Head of Investment Research
- Anne Breen – Global Head of Investment Process and Strategy
- Andrew Creighton – Heading of Continental European Real Estate
- Claire George – Global COO (Platform and Operations)
- Mike Hannigan – Head of Real Estate UK
- Paolo Alonzi – Global COO (Finance and Strategy)
- Puay-Ju Kang – Global Head of Real Estate Multi Manager and Head of Real Estate Asia Pacific

The integration of the underlying team structures is expected to take place through Q1 2018. The only senior departure to date will be Russel Chaplin, from the Aberdeen side, which will take place over the next 4 to 5 months.

There has been no change to Richard Marshall's role and he will continue to be the Fund Manager on the Long Lease Property Fund.

Deloitte View – We are still waiting further details on the longer-term implications of the deal, although it is expected that there will be rationalisation across both businesses from both front and back office functions and we are aware that in some areas the required "consultation process" has been started.

Corporate activity within the asset management industry is difficult and tends to result in a period of uncertainty for both clients and the in-house teams. While we will monitor developments closely and keep the Committee informed of any changes impacting the teams managing the long lease fund, we are less concerned about the potential implications given the long(er) term nature of the underlying investments.

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

4 London CIV

4.1 Investment Performance to 30 September 2017

As at 30 September 2017, the London CIV had 9 sub-funds and assets under management of £5,556m, increased from £4,940m as at 30 June 2017. This growth was attributable to a new sub-fund added over the quarter, which added c. £376m to the platform, as well as positive investment performance.

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 30 June 2017 (£m)	Total AuM as at 30 September 2017 (£m)	Number of London CIV clients	Inception Date
LCIV MJ UK Equity	UK Equity	Majedie	510	523	3	18/05/17
LCIV Global Equity Alpha	Global Equity	Allianz Global Investors	691	715	3	02/12/15
LCIV BG Global Alpha Growth	Global Equity	Baillie Gifford	1,674	1,742	9	11/04/16
LCIV NW Global Equity	Global Equity	Newton	659	661	3	22/05/17
LCIV LV Global Equity	Global Equity	Longview Partners	n/a	376	3	17/07/17
LCIV PY Total Return	Diversified growth fund	Pyrford	225	223	3	17/06/16
LCIV Diversified Growth	Diversified growth fund	Baillie Gifford	362	434	5	15/02/16
LCIV RF Absolute Return	Diversified growth fund	Ruffer	473	539	6	21/06/16
LCIV NW Real Return	Diversified growth fund	Newton	346	343	3	16/12/16
Total			**4,940**	**5,556**	**19**	

During the quarter, the Longview sub-fund was added. Longview and the London CIV are working together to plan the transition for the relevant funds. The London CIV is expecting to add the following three sub-funds over the coming months:

- Epoch Investment Partners – Global equity income sub-fund.
- RBC – Sustainable equity sub-fund.
- Janus Henderson – Emerging market equity sub-fund.

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.

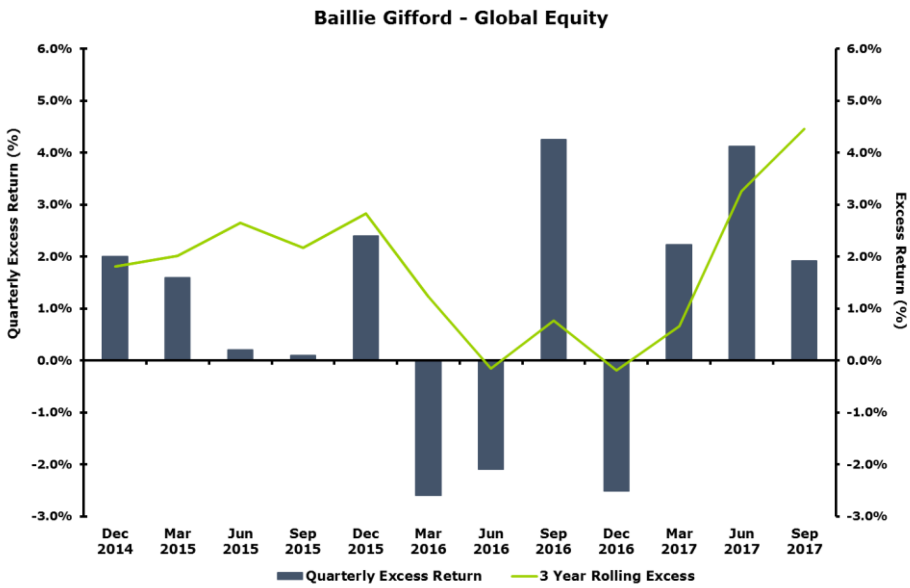
5.1 Global equity – Investment performance to 30 September 2017

	Last Quarter (%)	Last Year (%)	Last 3 Years (% p.a.)	Since Inception (% p.a.)
Baillie Gifford – Gross of fees	3.8	21.4	19.2	16.9
Net of fees	3.8	21.1	18.9	16.5
MSCI AC World Index	1.8	14.9	14.4	14.0
Relative (net of fees)	2.0	6.2	4.5	2.5

Source: Northern Trust 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 2.0% net of fees over the quarter and by 6.2% over the year to 30 September 2017.

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 ahead of the target (+2% p.a.) having outperformed the benchmark by 4.5% p.a.

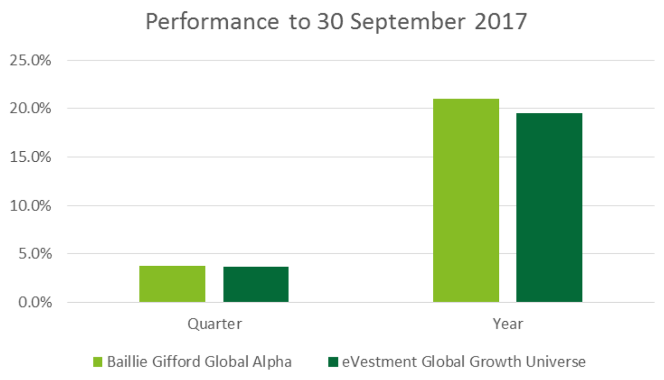


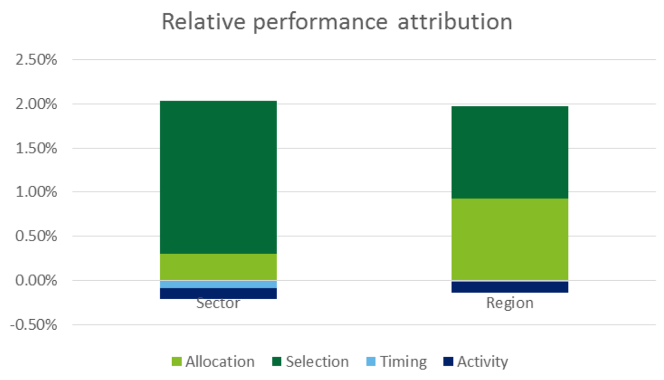
5.2 Performance Analysis

When analysing the performance of an active equity manager, it is important to understand the 'style' of the strategy and assess the performance and attribution with this in mind. One way to do this is to compare the performance with other products of similar style.

The Global Alpha fund has a growth bias, meaning the manager looks for stocks with potential for earning growth resulting in capital gains as opposed to dividend income. The analysis below compares the Global Equity Fund with a universe of global growth equity products. The universe is provided by eVestment and contains 90 products from 62 firms.

The chart below compares the performance of Baillie Gifford with the peer group (gross of fees).





Source: eVestment

Baillie Gifford's Global Alpha Fund has outperformed its peer group by 0.1% over the quarter and 1.6% over the year. The chart above to the right shows the attribution of relative performance to the peer group, broken down into allocation, selection, activity and timing. The full definitions of each category can be found in the appendix.

Baillie Gifford's outperformance relative to the peer group over the quarter can be again largely attributable to superior selection (bottom-up skill). The main contributions were from companies that had reported strong operating results as the market appeared to revert back from moving on market sentiment and political rhetoric to stock fundamentals.

The top 10 holdings in the portfolio account for c. 28.0% of the Fund and are detailed below.

Top 10 holdings as at 30 September 2017	Proportion of Baillie Gifford Fund
Naspers	3.8%
Amazon	3.3%
Prudential	3.3%
Royal Caribbean Cruises	3.1%
Taiwan Semiconductor Manufacturing	2.8%
SAP	2.5%
Alibaba	2.4%
Alphabet	2.4%
Anthem	2.2%
Moody's	2.1%
Total	**28.0%**

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

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 30 September 2017

	Last Quarter (%)	Last Year (%)	Last 3 Years (% p.a.)	Since Inception (% p.a.)
LGIM - Gross of fees	3.8	18.1	9.1	12.8
Net of fees[1]	3.8	18.1	9.0	12.8
FTSE World (GBP Hedged) Index	3.8	18.1	9.1	12.8
Relative (net of fees)	0.0	0.0	-0.1	0.0

Source: Northern Trust

(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 tracked the benchmark over the quarter and year to 30 September 2017. However, the Fund has underperformed the benchmark by 0.1% p.a. over the last three years whilst tracking the benchmark since the inception of the mandate. This slight underperformance over the last three years 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 30 September 2017

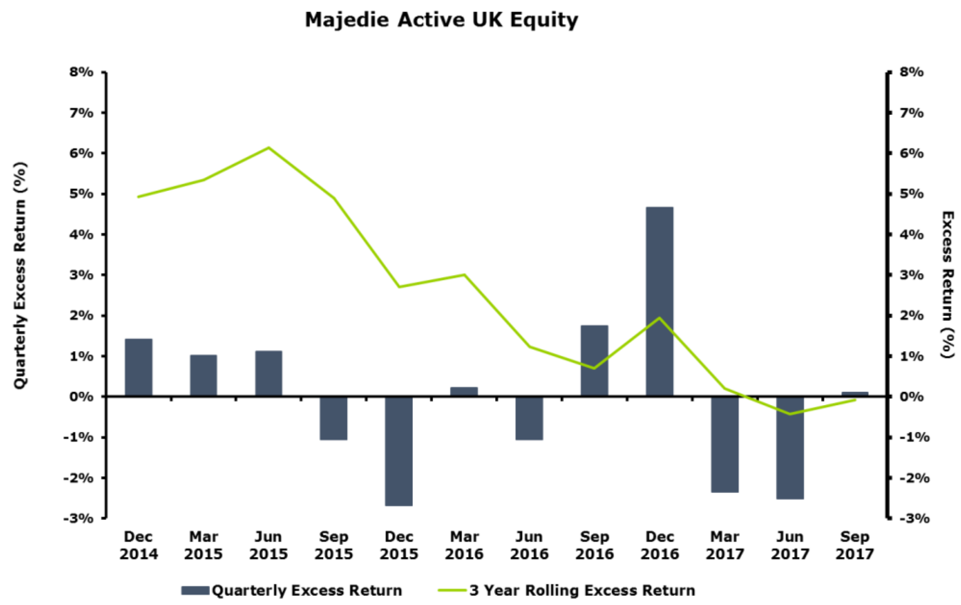
	Last Quarter (%)	Last Year (%)	Last 3 Years (% p.a.)	Since Inception (% p.a.)
Majedie - Gross of fees	2.4	12.1	9.0	13.7
Net of fees[1]	2.2	11.5	8.4	13.1
MSCI AC World Index	2.1	11.9	8.5	11.2
Relative (on a net basis)	0.1	-0.4	-0.1	1.9

Source: Northern Trust

(1) Estimated by Deloitte

See appendix 1 for more detail on manager fees

Inception date taken as 31 May 2006

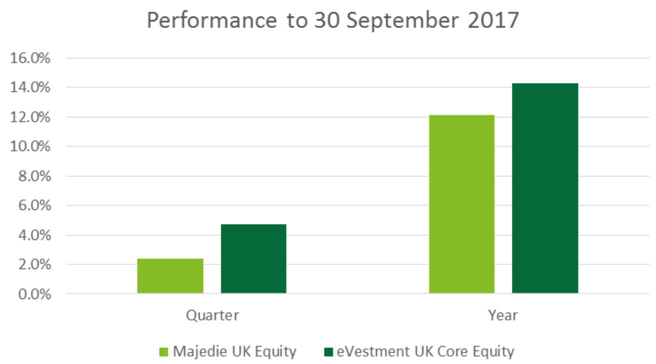


Majedie outperformed its benchmark over the quarter by 0.1% but has underperformed its benchmark over the year by 0.4% on a net of fees basis. Over the three years the manager has underperformed its benchmark on a net of fees basis by 0.1% p.a.

7.2 Performance analysis

The UK Equity Fund uses a multi-manager approach with 4 fund managers responsible for their own portfolios within the strategy. Each manager has a slightly different management style and therefore the Fund can, at times, display a bias to a certain style depending on the current market environment. The analysis below compares the UK Equity Fund to a universe of core UK equity managers, allowing us to analyse Majedie's chosen style drift as well as sector positioning and stock selection, versus this universe. The universe is provided by eVestment and contains 78 products across 38 firms.

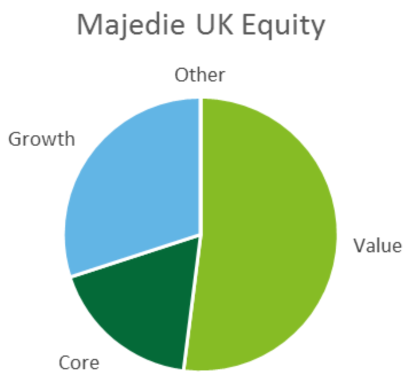
The chart below compares the performance of Majedie with its peer group (gross of fees).

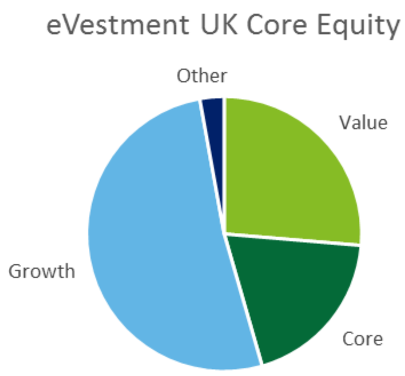


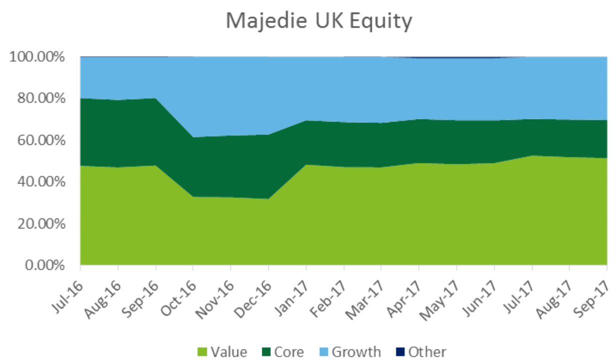
Majedie has underperformed the core equity universe by 2.3% over the quarter and by 2.2% over the year to 30 September 2017. Over the past year Majedie has had a value tilt in the portfolio (52% allocation versus average 26% across the peer group), reflecting concerns that the broader market is overvalued and, if there were to be a correction, the more cyclical value stocks would perform better in such an environment.

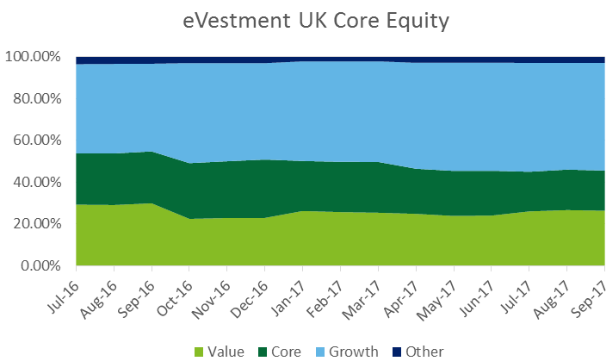
Source: eVestment.

The charts below show Majedie's style allocation over the quarter and year compared to the average allocation across the peer group.









Source: eVestment.

Majedie has had an overweight allocation to value and underweight to growth stocks over the past 6 months, relative to its peers and helps illustrate Majedie's concerns on markets, representing a relatively defensive position should there be a market correction.

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 30 September 2017

	Last Quarter (%)	Last Year (%)	Last 3 Years (% p.a.)	Since Inception (% p.a.)
Longview - Gross of fees	1.0	14.9	n/a	16.1
Net of fees[1]	0.8	14.2	n/a	15.4
MSCI World Index	1.5	14.4	n/a	13.9
Relative (on a net basis)	-0.7	-0.2	n/a	1.5

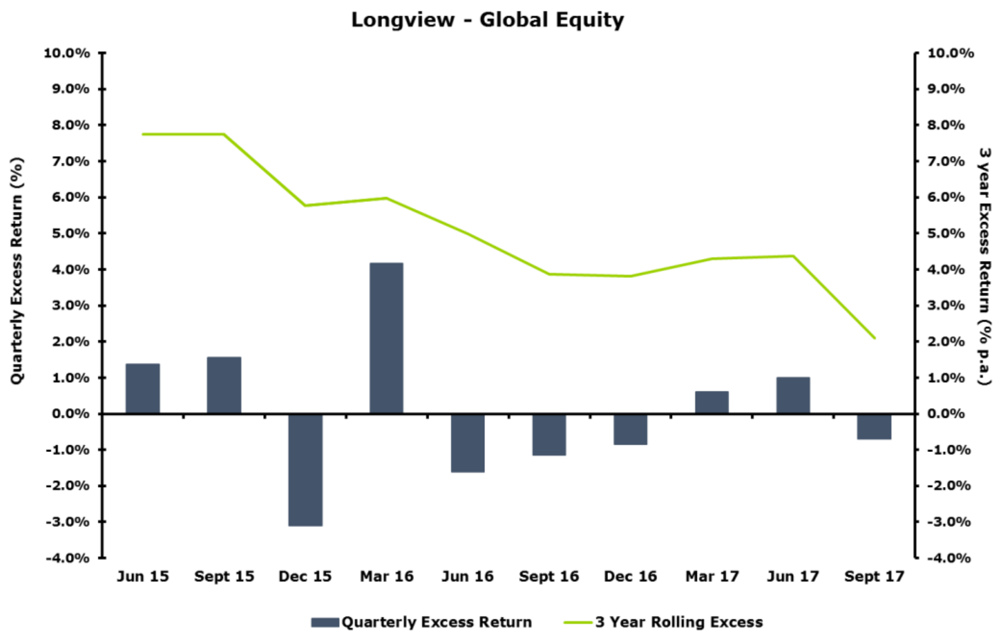
Source: Northern Trust

(1) Estimated by Deloitte

See appendix 1 for more detail on manager fees

Inception date 15 January 2015

Longview underperformed the benchmark by 0.7% on a net of fees basis over the third quarter of 2017. Over the year the Fund is behind the benchmark (net of fees) by 0.2% but above benchmark since inception by 1.5% p.a. The Fund targets an outperformance of 3% p.a. over a three year period. The chart below shows the quarter and rolling three year returns although note, the Fund has only been invested in Longview from January 2015, therefore longer term performance is illustrative only.



8.2 Performance analysis

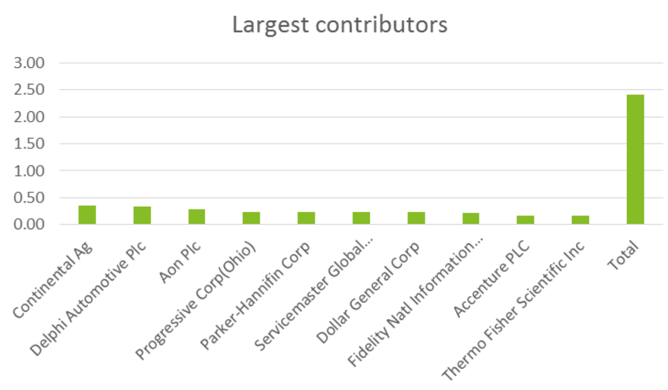
Longview runs a very concentrated core equity portfolio. The manager places high conviction in a small number of stocks (30-35), looking to add value through bottom up security selection. Therefore the most appropriate measure to monitor performance is to look at the stocks in the portfolio and understand where the performance is coming from. It is also important to understand the reasons a stock has been retained as well as why the manager has made a purchase or sale.

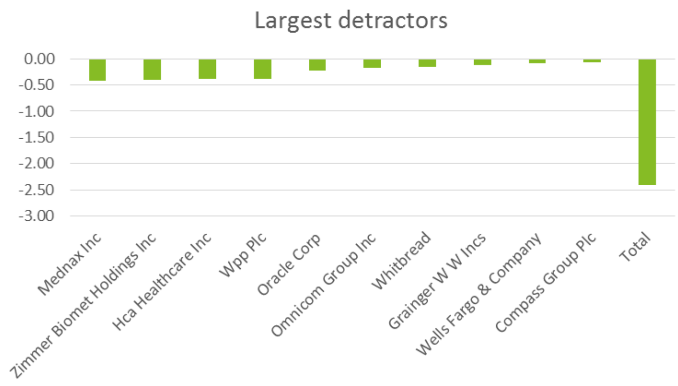
Stock	Average quarter weight	Performance
Aon Plc	4.37%	6.60%
Progressive Corp(Ohio)	3.87%	6.11%
Delphi Automotive Plc	3.81%	8.63%
UnitedHealth Group Inc	3.68%	2.33%
Bank of New York Mellon Corp	3.67%	0.98%
Parker-Hannifin Corp	3.63%	6.37%
Fidelity Natl Information Services	3.55%	5.85%
Quintiles Ims Holdings Inc	3.51%	2.41%
Oracle Corp	3.43%	-6.39%
Zimmer Biomet Holdings Inc	3.40%	-11.87%

*Largest contributors, largest detractors.
Source: eVestment

Eight of Longview's top 10 weighted stocks performed positively over the quarter, with five being among the highest contributors to performance. Aon Plc continues to be a strong performing stock, with Longview having held the stock for over 5 years. One of the largest contributors was Delphi Automotive, an automotive parts manufacturer, who are undertaking a de-merger of their business to split out the engine and safety/electronics focused areas of the business which has generated excitement in the market. Longview believes that the restructuring may be value destructive and are watching this stock closely.

WPP, an advertising and public relations company, was one of the biggest detractors over the quarter. Digital makes up 40% of WPP's revenue and there are concerns that this is being impacted by the disruptive presence of providers such as Google. Longview does not subscribe to this belief and does not see a structural issue within the industry. Longview believes that WPP face challenges with one of its biggest clients (Unilever) cutting advertising costs, but is comfortable maintaining the position in the stock for the time being. Longview still has a relatively high cash allocation of 4.44%.





Source: eVestment.

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 30 September 2017

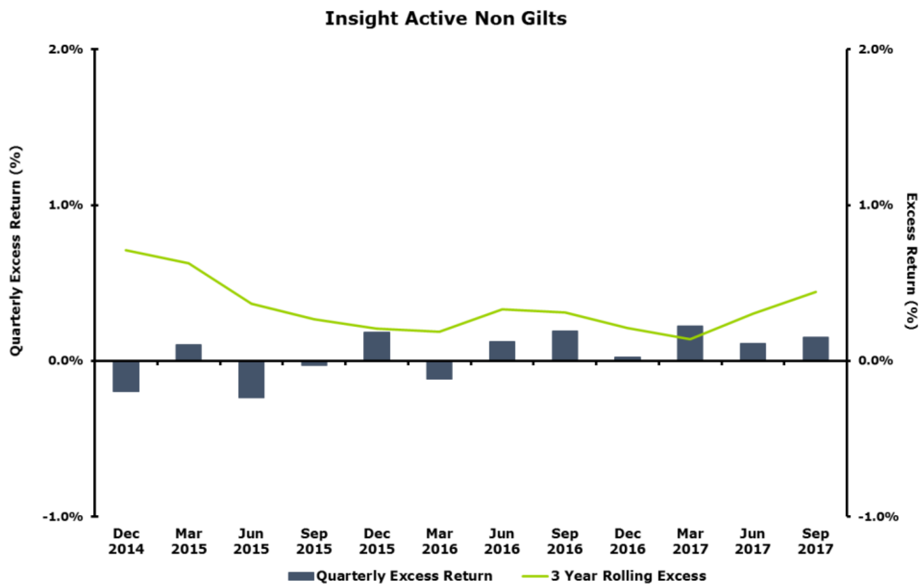
	Last Quarter (%)	Last Year (%)	Last 3 Years (% p.a.)	Since Inception (% p.a.)
Insight Non Gilts - Gross of fees	0.4	1.5	5.6	7.1
Net of fees[1]	0.3	1.3	5.3	6.9
iBoxx £ Non-Gilt 1-15 Yrs Index	0.2	0.9	4.9	6.1
Relative (on a net basis)	0.1	0.4	0.4	0.8

Source: Northern Trust

(1) Estimated by Deloitte

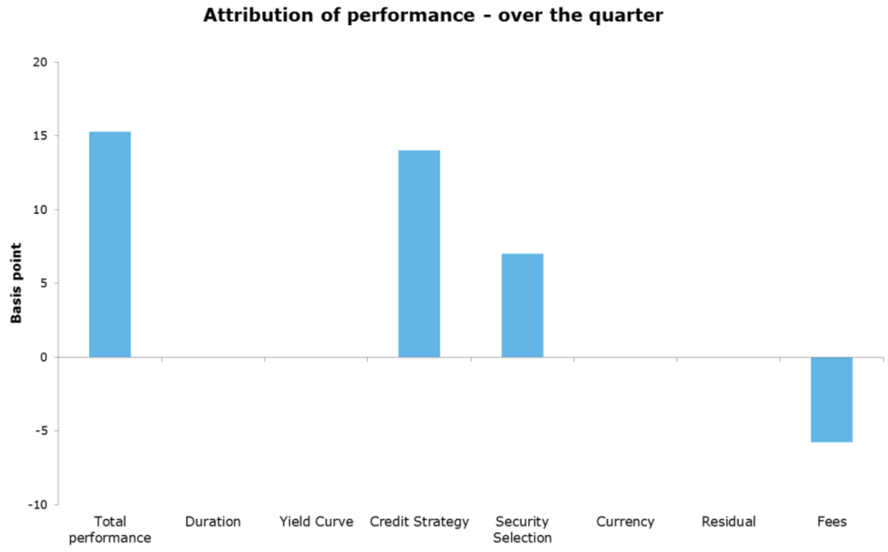
See appendix 1 for more detail on manager fees

Inception date taken as 31 May 2006.



Over the third quarter the Non-Gilt portfolio outperformed the benchmark by 0.1%. Over the year to 30 September 2017, the portfolio has outperformed the benchmark by 0.4%, by 0.4% p.a. over the 3 years to 30 September 2017 and by 0.8% p.a. since inception. Performance 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 excess performance from the portfolio's duration positioning, yield curve or currency.

9.2 Insight – Government Bonds

9.2.1 Investment Performance to 30 September 2017

	Last Quarter (%)	Last Year (%)	Last 3 Years (% p.a.)	Since Inception (% p.a.)
Insight Gilts - Gross of fees	-0.2	-1.4	3.0	2.5
Net of fees[1]	-0.2	-1.5	2.9	2.4
FTSE A Gilts up to 15 Yrs Index	-0.3	-1.6	3.0	2.5
Relative (on a net basis)	0.1	0.1	-0.1	-0.1

Source: Northern Trust

(1) Estimated by Deloitte

See appendix 1 for more detail on manager fees

Inception date taken as 30 June 2008.

The gilt portfolio aims to track the benchmark and has performed broadly in-line, or within acceptable tracking levels, over all periods to 30 September 2017.

9.3 Duration of portfolios

	30 June 2017		30 September 2017	
	Fund (Years)	Benchmark (Years)	Fund (Years)	Benchmark (Years)
Non-Government Bonds (Active)	5.7	5.6	5.5	5.5
Government Bonds (Passive)	4.5	5.0	4.7	5.0

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 30 September 2017

	Last Quarter (%)	Last Year (%)	Last 3 Years (% p.a.)	Since Inception (% p.a.)
Hermes - Gross of fees	2.5	10.5	11.5	10.2
Net of fees[1]	2.4	10.1	11.1	9.8
Benchmark	2.4	9.7	9.8	8.7
Relative (on a net basis)	0.0	0.4	1.3	1.1

Source: Hermes

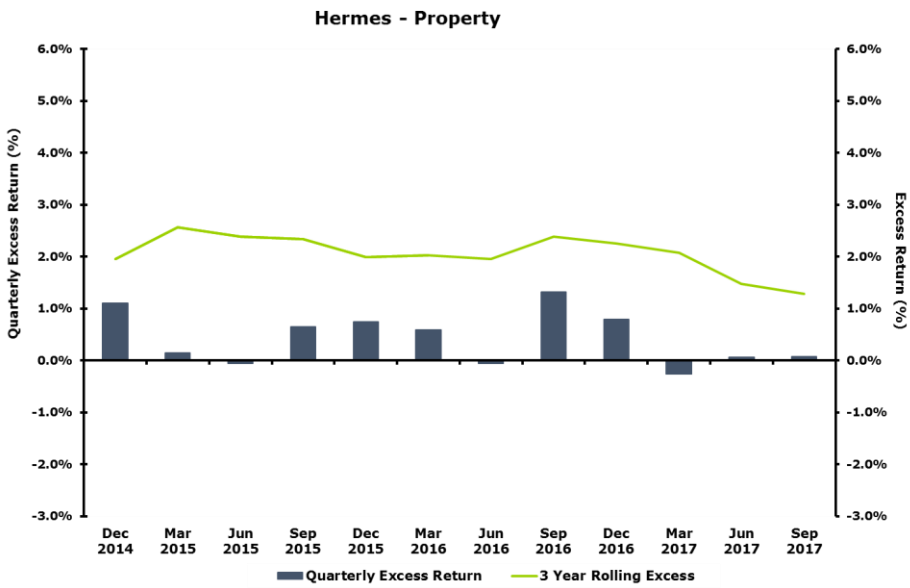
(1) Estimated by Deloitte

See appendix 1 for more detail on manager fees

Inception date is taken as 26 October 2010

Hermes performed in line with the benchmark over the quarter, returning 2.4% in absolute terms. The strategy remains ahead of its benchmark over the year, three years and since inception to 30 September 2017 by 0.4%, 1.3% p.a. and 1.1% p.a. respectively. The strategy is ahead of target (to outperform the benchmark by 0.5% p.a.) across all periods bar the one year to 30 September 2017.

Key contributors to the performance over the quarter came from properties in the Industrial sector and the Rest of UK Offices sector. The main detractors over the quarter were the Trust's holdings in City Offices and West End Offices, with City Office delivering a marginally negative return over the quarter.



10.2 Sales and Purchases

There was one acquisition and no disposals during the third quarter of 2017.

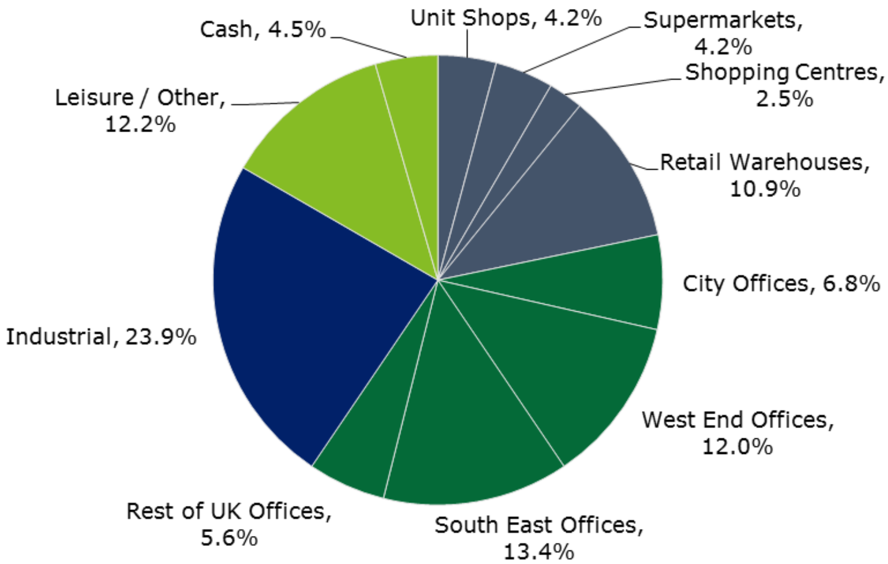
The acquisition was a small freehold shop located in Croydon with residential accommodation for a price of c. £2.7m. The property is adjacent to an existing HPUT asset and the purchase of this investment adds to the Trust's existing holing of four units.

Asset management is ongoing at the following properties:

- B&Q, Clifton Moor, York: The lease with B&Q expired at the end of May 2017 and a new lease has been completed on a 10 year term until May 2027. The new 10 year lease with B&Q is at a passing rent of c. £775,000, a reduction of 10% compared to the previous lease but 15% higher than the estimated rental value.
- Citygate, 47/57 Mosley Street, Manchester: The Trust secured a new letting to the Secretary of State for Communities and Local Government over four floors, beginning at the end of September 2017. The term of the lease will be 15 years, providing the Trust with c. £700,000 rent passing per annum. The tenant has break options in years 5 and 10, as well as an option to take the vacant fifth floor. This let removes a significant void from the portfolio as it had been vacant since refurbishment of the site completed in early 2016.

10.3 Portfolio Summary as at 30 September 2017

The Hermes Property Unit Trust invests across retail, offices, industrials and other sectors, with the split as at 30 September 2017 shown below.



The table below shows the top 10 directly held assets in the Fund as at 30 September 2017, representing c.33.4% of the Fund.

Asset	Sub-sector	Value (£m)
Maybird Shopping Park, Stratford-upon-Avon	Retail Warehouses	108.5
8/10 Great George Street, London SW1	Offices	62.3
Polar Park, Bath Road, Heathrow	Industrial	44.7
27 Soho Square, London W1	Offices	44.4
Sainsbury's, Maxwell Road, Beaconsfield	Supermarkets	41.2
Hythe House, Hammersmith	Offices	40.0
2 Cavendish Square, London W1	Offices	37.9
Camden Works, Oval Road, London NW1	Offices	37.7
Christopher Place, St Albans	Shopping Centre	36.3
Boundary House, 91/93 Charterhouse St, London EC1	Offices	35.0
Total		**487.9**

11 Aberdeen Standard Investments – Long Lease Property

Aberdeen Standard Investments was appointed to manage a long lease property mandate with the aim of outperforming the FT British Government All Stocks Index benchmark by 2.0% p.a. The manager has an annual management fee.

11.1 Long Lease Property – Investment Performance to 30 September 2017

	Last Quarter (%)	Last Year (%)	Last 3 Years (% p.a.)	Since Inception (% p.a.)
Standard Life - Gross of fees	2.7	10.7	7.9	9.1
Net of fees[1]	2.6	10.2	7.4	8.6
Benchmark	0.1	-1.6	7.6	6.8
Relative (on a net basis)	2.5	11.8	-0.2	1.8

Source: Standard Life

(1) Estimated by Deloitte

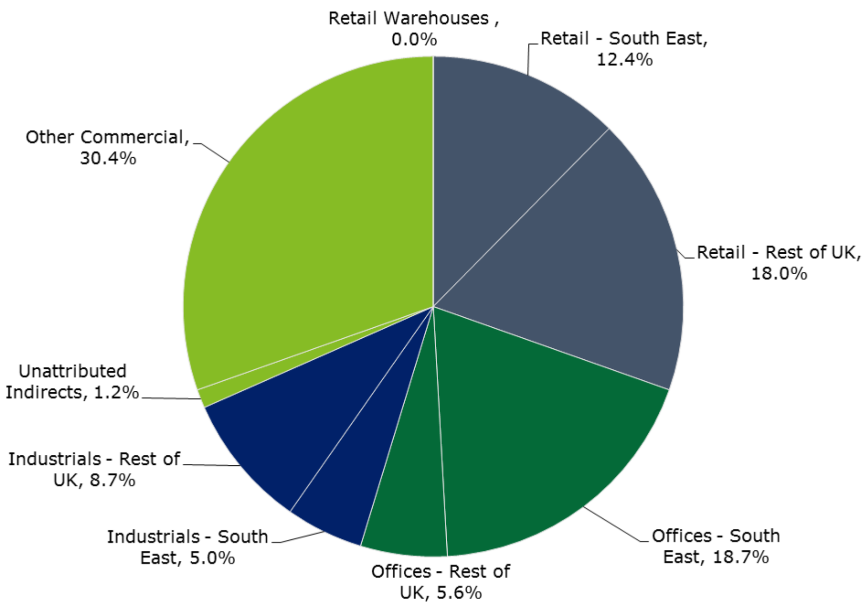
See appendix 1 for more detail on manager fees

Since inception: 14 June 2013

The ASI Long Lease Property Fund returned 2.6% net of fees over the third quarter of 2017, outperforming the benchmark of the FTSE Gilt All Stocks Index + 2% by 2.5% net of fees.

11.2 Portfolio Holdings

The sector allocation in the Long Lease Property Fund as at 30 September 2017 is shown in the graph below.



The Fund's holdings in the office sector have decreased slightly from 24.4% as at 30 June 2017 to 24.3% as at 30 September 2017. Furthermore, the Fund's retail sector holdings have reduced significantly from 32.8% as at 30 June 2017 to 30.4%.

Throughout the quarter, the Fund's industrial weight has reduced from 13.9% to 13.7%, while the "other" weighting has increased from 28.9% to 31.6%, following the purchase of two assets in the healthcare and hotel sectors.

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	8.1	9.9
Whitbread	6.4	7.8
Sainsbury's	4.9	6.1
Marston's	4.6	5.7
Asda	4.4	5.4
QVC	4.0	4.9
Salford University	3.9	4.7
Save The Children	3.7	4.5
Steinhoff	3.6	4.4
Glasgow City Council	3.5	4.3
Total	**47.0**	**57.7***

*Total may not equal sum of values due to rounding

The top 10 tenants contribute 57.7% of the total net income into the Fund. Supermarkets continue to dominate with Tesco, Sainsbury's and Asda contributing 21.4% to the Fund's total net rental income as at 30 September 2017.

The Fund's average unexpired lease term decreased slightly over the quarter from 25.1 years to 24.7 years.

11.3 Sales and Purchases

There were three purchases over the quarter:

- The Fund made its second investment in the healthcare sector during the quarter, with the purchase of two-interconnected properties at 95 and 97 Harley Street, London, for £37.5m. Both buildings are let until 2040 with five-yearly rent reviews or minimum fixed increases. The lease is guaranteed by HCA international, part of the world's largest private hospital group.
- The Fund bought a 152-bed Premier Inn in Birmingham for £26.5m reflecting an initial yield of 4.14%. Originally brought to the market with an unexpired lease term of 13 years, the Fund subsequently completed the purchase on an extended 20-year lease term. Whitbread plc guarantees the lease, with five-yearly rent reviews linked to CPI at a cap and collar of 5% and 0%.

There were no sales during the quarter.

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	
Aberdeen Standard Investments	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 – eVestment Attribution

eVestment Attribution provides holdings-based portfolio analysis tool, allowing deeper insight into how portfolio returns are generated, active returns to be de-composed and value-add from sector, style and regional effects to be quantified.

eVestment collects data directly from the investment managers. The calculations are based on holdings and may differ slightly from those provided by the manager.

Definitions

Allocation: Allocation effect captures the value added by the manager relative to the benchmark or peer group from active allocation to sectors, regions and styles. The Allocation effect isolates the manager's active weighting decisions relative to the benchmark or average allocations across a peer group. This captures the manager's 'top-down' skill.

Selection: Selection effect captures the value added by the manager relative to the benchmark or peer group from overweighting or underweighting specific stocks. The Selection effect isolates the manager's active stock selection decisions rather than holding the same securities as the benchmark or peer group. This captures the manager's 'bottom-up' skill.

Activity: This tracks the difference between the linked actual monthly returns and buy-and-hold monthly returns. This captures intra-period trading.

Timing: This measures the combined effects of compounding and changes in allocations and holdings through time.

Limitations

- Attribution analysis is available for a minimum period of one quarter and maximum period of 5 years.
- Only equity products are eligible for attribution analysis (this includes institutional, SMA, and ETF products).
- Holdings data is collected on a quarterly basis. Adjustments are made to account for intra-quarter trading activity.
- Managers are not permitted to view the holdings page for products other than those managed by their firm.

Universe construction

On an ongoing basis, all eVestment Universes are updated & scrubbed approximately 45 days after quarter-end, where several factors are considered, including:

- Screening of fundamental portfolio characteristics vs universe medians; emphasis on outliers, data trends and accuracy;
- Analysis of sector allocations vs existing eVestment style universes; emphasis on significant over/under-exposures to key "style" sectors (technology, financials, etc.);
- Statistical performance and risk screening versus appropriate benchmarks and universe medians, such as returns, standard deviation, tracking error and correlation coefficients over trailing and rolling time periods;
- Review of product narratives detailing a manager's investment strategy, screening process, portfolio construction methodologies and buy/sell disciplines;
- Manager reported capitalisation and style emphasis, or duration, quality and style emphasis and product benchmark.

Security eligibility and weight threshold requirements for individual portfolios apply to universe construction as well. After this process is complete, the eVestment team will collectively review preliminary classifications on new universe entrants and any suggested reclassifications of existing products. Following final agreement among the eVestment team, products are added or moved and new universes are promoted to the live eVestment system for use by all eVestment clients.

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.

Our advice will be specific to your current circumstances and intentions and therefore will not be suitable for use at any other time, in different circumstances or to achieve other aims or for the use of others. Accordingly, you should only use the advice for the intended purpose.

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