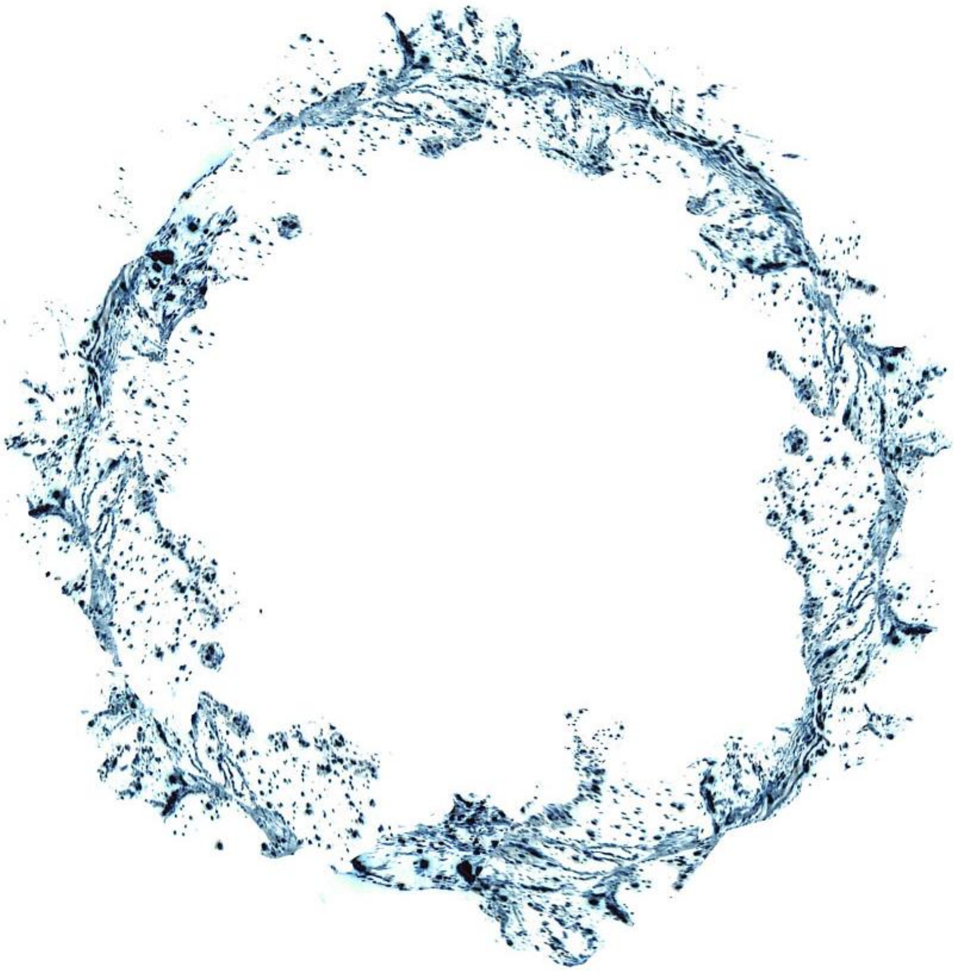


City of Westminster Pension Fund

Investment Performance Report to 31 March 2018

Deloitte Total Reward and Benefits Limited
May 2018

Contents

1 Market Background

Three and twelve months to 31 March 2018

The UK equity market experienced a sharp decline in the first quarter of 2018, following a sustained period of gains in 2017. The FTSE All Share Index fell by 6.9% with rising inflation earlier in the quarter raising concerns in the market that interest rates may rise faster than expected, increasing the cost of capital for UK companies. Later in the quarter markets were impacted by protectionist fears as a potential trade war between the US and China gathered steam.

The FTSE 100 Index decreased by 5.0% while the FTSE Small Cap Index fell by 4.2% over the quarter as larger, more internationally focused companies underperformed smaller domestic focused UK companies as the pound strengthened, reducing the sterling value of overseas revenues. All sectors suffered negative absolute returns albeit to differing degrees. Technology was the worst hit (-27.4%) due to the threat of increased regulation and taxes amid a number of company specific setbacks. Meanwhile Health Care was the best performing sector, which experienced a relatively small loss of 1.1%.

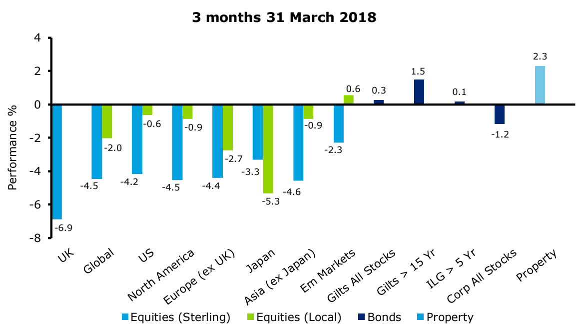
Global equity markets outperformed UK equities in local currency terms (-2.0%) and sterling terms (-4.5%), with the UK's sluggish growth forecasts continuing to lag the stronger macroeconomic environment overseas. Sterling strengthened slightly over the quarter, with currency hedging therefore benefitting investors. All geographic regions delivered negative returns in local currency terms except for Emerging Markets which returned 0.6%. Both Europe (ex UK) and Japan, the worst performing regions in local terms, were hit particularly hard by protectionist fears given their reliance on exports.

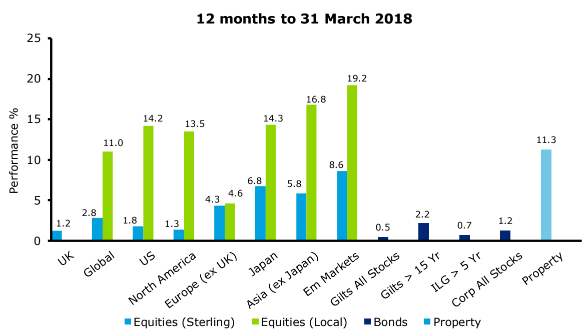
Nominal gilt yields rose at the short end of the curve as inflation fears led the market to anticipate rate rises at a faster rate over the short to medium term. However, nominal gilt yields fell at longer durations, perhaps as a reflection of the longer term economic outlook. Overall, the All Stocks Gilts Index delivered a return of 0.3% over the quarter. Real yields similarly increased at the short end, but were broadly unchanged at the long end, reflecting the marginally lower inflation expectations over the longer term. Therefore, index-linked gilts' performance was broadly flat with the Over 5 Year Index-Linked Gilts Index returning 0.1% over the period. Credit spreads widened over the first quarter reflecting the volatility within equity markets. The iBoxx All Stocks Non Gilt Index delivered a negative return of -1.2%.

Over the 12 months to 31 March 2018, the FTSE All Share Index delivered a positive return of 1.2% as the gains in 2017 from the improving economic environment globally were partly offset by the losses at the start of 2018. Basic Materials (11.2%) was the best performing sector while Utilities (-22.6%) was the poorest performing sector. The continuing uncertainty caused by Brexit and productivity issues are still weighing on the UK, and all overseas markets generated superior returns, with the FTSE All World Index returning 11.0% in local terms over the period. The strengthening of sterling over the period will have damped UK equity markets over the period and suggests that currency hedging has been beneficial.

UK nominal gilts delivered positive returns over the 12 months to 31 March 2018, with the All Stocks Gilts Index returning 0.5% and the Over 15 year Gilts Index returning 2.2%. UK index-linked gilts also delivered positive returns over the same period, with the Over 5 Year Index-Linked Gilts Index returning 0.7%. Credit spreads were broadly unchanged over the year to 31 March 2018. Consequently, corporate bonds yielded a return slightly above gilts of 1.2%.

The IPD UK Monthly Property Index returned 2.3% over the quarter and 11.3% over the year to 31 March 2018, following continued strong demand for UK property as investors search for yield, and significant demand from overseas investors, despite the continued uncertainty over Brexit.





2 Total Fund

2.1 Investment Performance to 31 March 2018

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

Manager	Asset Class	Last Quarter (%)			Last Year (%)			Last 3 Years (% p.a.)[1]			Since inception (% p.a.)[1]		
		Fund		B'mark	Fund		B'mark	Fund		B'mark	Fund		B'mark
		Gross	Net[1]		Gross	Net[1]		Gross	Net[1]		Gross	Net[1]	
Majedie	UK Equity	-6.4	-6.5	-6.9	-2.7	-3.3	1.3	4.8	4.2	5.9	11.8	11.2	9.9
LGIM	Global Equity	-2.3	-2.3	-2.4	9.8	9.7	9.7	7.3	7.3	7.3	12.1	12.1	12.1
Baillie Gifford	Global Equity	-0.9	-1.0	-4.5	13.0	12.7	2.4	14.5	14.2	10.2	15.8	15.4	12.2
Longview	Global Equity	-4.2	-4.4	-4.8	1.3	0.6	1.3	10.5	9.9	10.0	13.1	12.4	11.5
Insight Gilts	Gilts	-0.8	-0.9	-0.7	-0.8	-0.9	-0.9	1.5	1.4	1.6	2.3	2.2	2.3
Insight Non Gilts	Non Gilts	-1.1	-1.1	-1.1	1.7	1.4	1.0	3.5	3.2	3.0	6.7	6.4	5.7
Hermes	Property	1.9	1.8	2.0	11.3	10.9	10.7	9.9	9.5	9.0	10.3	9.9	8.9
Aberdeen Standard	Property	1.7	1.5	0.8	10.4	9.9	2.4	8.1	7.6	5.4	9.2	8.7	6.8
Total		**-2.7**	**-2.7**	**-3.3**	**5.3**	**4.9**	**3.8**	**8.0**	**7.6**	**6.9**	**n/a**	**n/a**	**n/a**

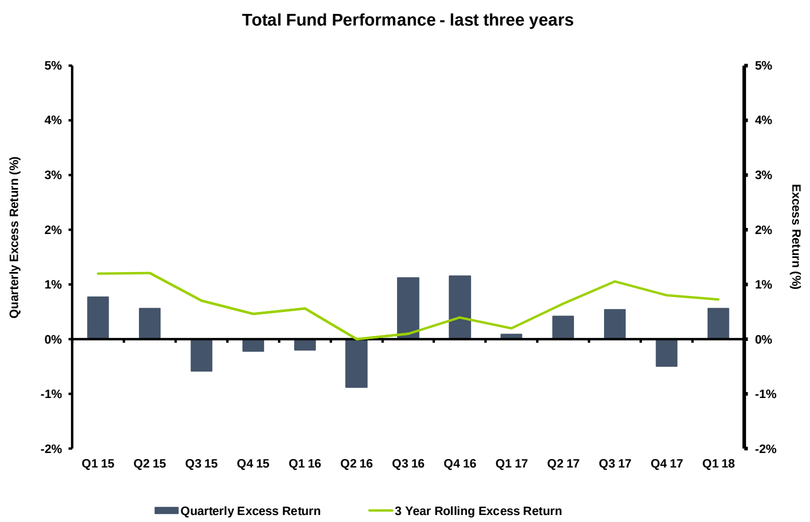
Source: Northern Trust

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

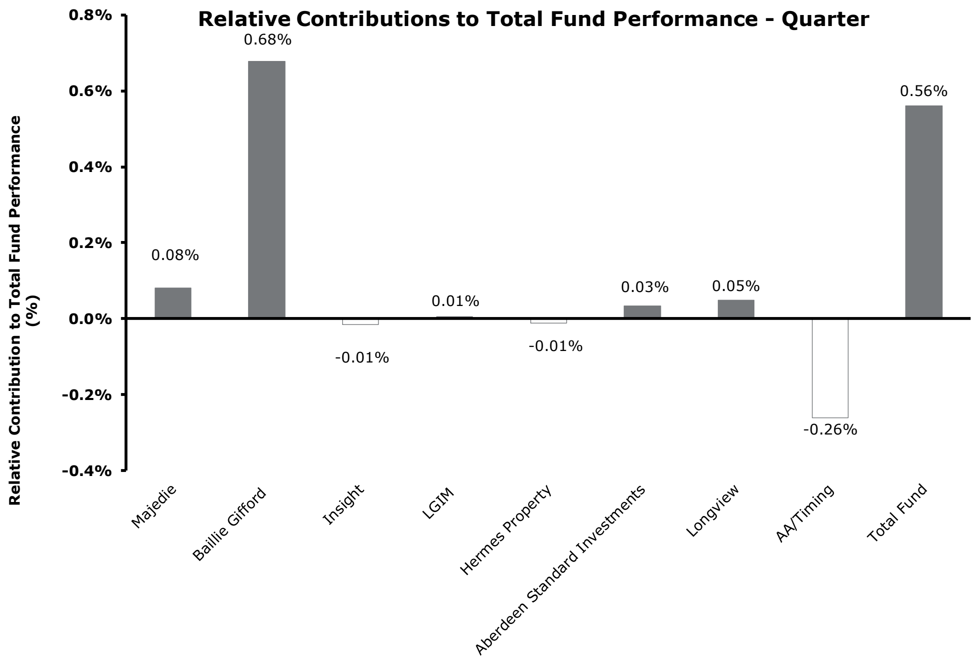
See appendix 1 for more detail on manager fees and since inception dates

The Fund outperformed its benchmark by 0.6%, 1.1% and 0.7% p.a. net of fees over the quarter, one year and three years to 31 March 2018 respectively. The outperformance over the quarter was mainly driven by the positive relative returns from Baillie Gifford, Hermes and Aberdeen Standard.

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.

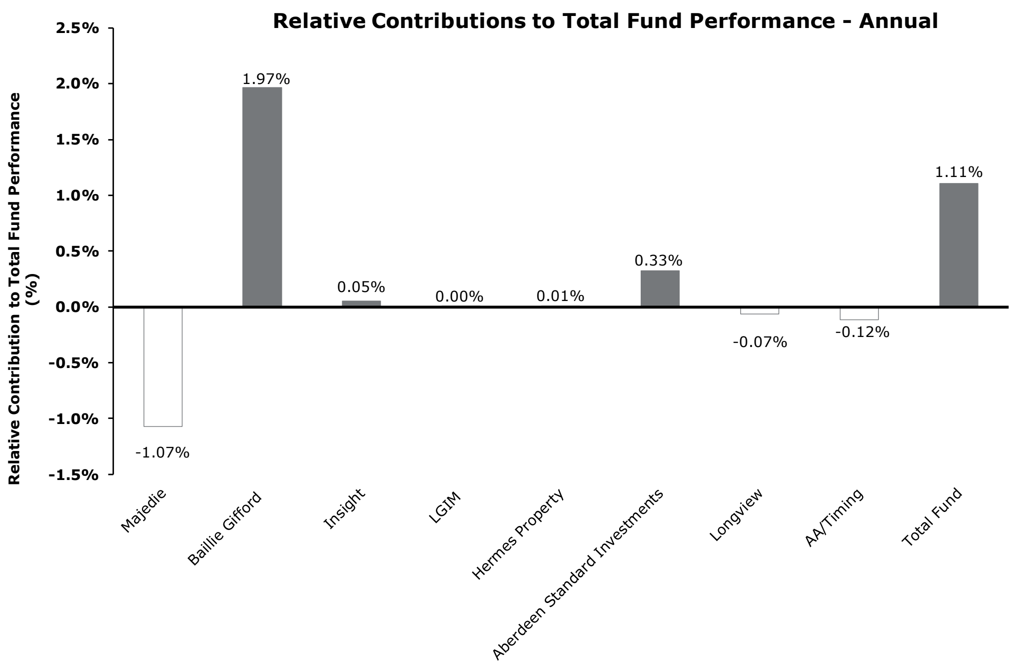


2.2 Attribution of Performance to 31 March 2018



On a net of fees performance basis, the Fund outperformed its benchmark by 0.6% over the first quarter of 2018, largely as a result of outperformance from Baillie Gifford. The negative contribution shown by the "AA/Timing" bar was primarily driven by the Fund having an overweight allocation to equities, with equity markets falling over the quarter.

Over the year the Fund outperformed the benchmark by 1.1% with Baillie Gifford being the largest contributor once again, offsetting underperformance from Majedie.



2.3 Asset Allocation as at 31 March 2018

The table below shows the assets held by manager and asset class as at 31 March 2018.

Manager	Asset Class	End Dec 2017 (£m)	End Mar 2018 (£m)	End Dec 2017 (%)	End Mar 2018 (%)	Benchmark Allocation* (%)
Majedie	UK Equity	317.8	297.5	23.2	22.3	22.5
LGIM	Global Equity (Passive)	317.9	310.4	23.2	23.3	22.5
Baillie Gifford	Global Equity	266.8	264.3	19.5	19.9	25
Longview	Global Equity	149.0	142.8	10.9	10.7	
	Total Equity	**1,051.5**	**1,015.0**	**76.9**	**76.2**	**70**
Insight	Fixed Interest Gilts (Passive)	18.9	18.7	1.4	1.4	20
Insight	Sterling Non-Gilts	175.4	173.5	12.8	13.0	
	Total Bonds	**194.3**	**192.2**	**14.2**	**14.4**	**20**
Hermes	Property	62.6	63.7	4.6	4.8	5
Aberdeen Standard	Property	59.5	60.5	4.3	4.5	5
To be determined	Property / Infrastructure	0.0	0.0	0.0	0.0	
	Total Property	**122.1**	**124.2**	**8.9**	**9.3**	**10**
	Total	**1,367.8**	**1,331.4**	**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 decreased by c. £36.5m, with negative absolute returns from the equity and corporate bond investments.

As at 31 March 2018, the Fund was 6.2% overweight to equities when compared with the amended benchmark allocation and underweight bonds and property by c. 5.6% and 0.7% respectively.

2.4 Yield analysis as at 31 March 2018

The table below shows the yield as reported by the managers on each of the Fund's investments. Insight were unable to provide yields as at 31 March given the portfolio restructure and transition to the Insight Buy and Maintain Fund.

Manager	Asset Class	Yield as at 31 March 2018
Majedie	UK Equity	1.60%**
Baillie Gifford	Global Equity	0.70%**
LGIM	Global Equity (Passive)	0.24%*
Longview	Global Equity	2.38%
Insight Fixed Interest Gilts	Fixed Interest Gilts (Passive)	-
Insight Sterling Non-Gilts	Sterling Non-Gilts	-
Hermes Property	Property	5.00%
Aberdeen Standard Investments	Long Lease Property	4.20%
	Total	**1.23%**

*Benchmark yield is 2.5% (represents the income that would be generated).

** Majedie and Baillie Gifford yields are provided by the London CIV and are historic yields, reflecting the distributions declared over the past 12 months as a percentage of average market value.

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	Under review
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 31 March 2018, the London CIV had 11 sub-funds and assets under management of £6,175m. The total assets under oversight (which includes passive investments held outside of the CIV platform) was just under £15bn, representing c. 40% of the 32 London Borough's total AuM. A further £1bn has been committed for transitioning in Q2, which will take the total number of London Borough Pension Fund's with assets on the CIV to 30.

A new range of fixed income funds will soon be launched, with four managers being appointed to run four different fixed income strategies:

- Multi Asset Credit Fund, managed by CQS.
- Long/Short Multi Asset Credit Fund, managed by MidOcean.
- Global Bonds Fund, managed by Pimco.
- Global Liquid Loans Fund, managed by Ares.

Deloitte view – There has been high turnover of personnel at the London CIV, with the recent departures of Hugh Grover, CEO, and Julian Pendock, CIO, being of significant loss. It is crucial that steps are taken to rebuild the senior management team and an appropriate strategy agreed for taking the pool forward, getting "buy-in" from the shareholders.

3.2 Majedie

Business

The total assets under management for Majedie was c. £13.8bn as at 31 March 2018, a decrease of c. £0.7bn over the first quarter of 2018.

Personnel

Alastair Johnston, an analyst within the investment team, left at the end of February to pursue an equity analyst opportunity elsewhere.

Following the quarter end Majedie announced that Chris Reid, a Portfolio Manager on the UK Equity Income and Focus Fund and one of Majedie's founding partners, would be leaving the firm at the end of June to pursue a postgraduate degree in finance.

Majedie also announced that Mark Wharrier and Imran Sattar will be joining the firm as Portfolio Managers. Mark joins from Troy Asset Management and will lead manage the UK Income Fund. Mark was previously at BlackRock for four years where he managed the BlackRock UK Income Fund. Imran joins from BlackRock and will co-manage the Majedie UK Focus Fund alongside existing managers James de Uphaugh, Chris Field and Matthew Smith. Imran was a fund manager on BlackRock's UK Equity Fund.

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 2018 was c. £178bn, down from c. £180bn as at 31 December 2017.

Personnel

Andrei Kiselev, a Portfolio Manager in Baillie Gifford's US Equity team left the firm over the quarter.

From 1 May 2018, five new partners will be appointed with Sarah Whitley, Head of Japanese equities; Stephen Rodger, Head of Credit; Ken Barker, Client Service Director and Pet Cooke, Client Service Director all retiring.

Deloitte view: The retiring partners do not directly affect the Global Alpha fund, however we will continue to monitor developments at Baillie Gifford and the appointment of new partners. We continue to rate Baillie Gifford positively for its equity capabilities.

3.4 LGIM

Business

As at 31 December 2017, Legal & General Investment Management ("Legal & General") had total assets under management ("AuM) of £983bn, an increase of £32bn since 30 June 2017.

Personnel

At the Index team level, there was one new joiner and one leaver over the first quarter of 2018. Craig Parker joined as Portfolio Management Analyst and Russell Carswell left as Index Funds Analyst.

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

3.5 Longview

Business

Assets under management remained relatively stable over the quarter at c. £19.7bn as at 31 March 2018. The Fund has reached its capacity limit of $25bn and is now closed to new investors, with a waiting list in operation.

There is limited capacity available for existing clients but this is being monitored closely by Longview.

Personnel

In March, Longview announced that Ramzi Rishani, Co-CEO, CIO and Founder of Longview Partners, would be retiring from his role in the business as of 31 December 2018. Marina Lund (currently Co-CEO with Ramzi) will become CEO with effect from 1 January 2019 and Alistair Graham (currently Head of Research) will become CIO by the fourth quarter of 2018.

Deloitte view – The departure of Ramzi Rishani will mean that both of Longview's founding partners are no longer involved in the business. This is a significant departure given Ramzi's current role and involvement in the success of the business to date. As a result, Longview Partners is currently 'under review'.

3.6 Insight

Business

Total AuM has increased level over Q1, with over £580bn in assets under management, an increase from £552bn in Q4. Total headcount across the business has grown from 730 to 757 over the quarter.

Personnel

Insight made no changes to their credit team over the quarter.

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 increased by c. £2.2bn over the first quarter to £33.0bn. Assets under management within the HPUT increased by c. £0.1bn to c. £1.6bn as at 31 March 2018.

Over the quarter it was announced that Federated Investors, a large investment manager in the US, will acquire a majority stake (60%) in Hermes Fund Managers Limited for c. $350m from BT Pension Scheme (BTPS). BTPS will retain a c. 30% share in Hermes with the final 10% being retained by members of Hermes' management team.

Personnel

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

Deloitte view – We are closely monitoring the business development over the quarter and will provide an update of our views following further review. We continue to rate the team managing HPUT and at this stage, see no reason to change this.

3.8 Aberdeen Standard Investments – Long Lease Property

Business

The Fund's assets under management increased by c. £0.1bn to c. £2.2bn over the quarter to 31 March 2018.

ASI announced that from 1 April 2018 the fee rate being charged on the Long Lease Property Fund will be changing from the flat fee of 0.5% on assets invested to the following sliding fee scale:

- 0.5% on first £25m of assets invested;
- 0.4% on assets in the range of £25m-£50m; and
- 0.3% on assets over £50m.

This will benefit the Fund which had c. £60.5m invested in the Fund as at 31 March 2018. Fee reductions will be achieved through a management charge rebate in the form of either increasing the number of units held by the Fund or through a cash payment made monthly to the Fund bank account.

Personnel

Aberdeen Standard Investments had previously announced the leadership team for Aberdeen Standard Investments Real Estate Division, which will be led by Global Co-Heads of Real Estate, David Paine and Pertti Vanhanen, with Mike Hannigan appointed as Head of Real Estate UK. In March 2018 Mike Hannigan announced his integrated UK management team: Richard Marshall (Head of UK Secure, Residential and Alternative Funds), Cameron Murray (Head of UK Institutional Funds), Mark Watt (Head of UK Wholesale Funds and Investment Trusts), Nick Ireland (Head of UK Segregated Funds), Simon Moscow (Head of Portfolio Management), Rob Cass (Head of Transaction Management) and James Stevens (Head of UK Development).

It was also confirmed that Richard Marshall would remain as Fund Manager of both the SLI Long Lease Property Fund and SLI Ground Rent Fund.

Process

Since the two businesses merged, ASI has put in place a formal process where all potential transactions are reviewed and an "allocation policy" applied where interest is expressed in the investment by more than one fund/client portfolio.

Deloitte View – We continue to monitor ASI post-merger with the organisation currently in the midst of the integration. ASI has been keen to stress that the management of the Long Lease Property Fund is unaffected by the merger and developments over the quarter appear to reinforce this view.

4 London CIV

4.1 Investment Performance to 31 March 2018

As at 31 March 2018, the London CIV had 11 sub-funds and assets under management of £6,175m. The total assets under oversight (which includes passive investments held outside of the CIV platform) was just under £15bn.

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 December 2017 (£m)	Total AuM as at 31 March 2018 (£m)	Number of London CIV clients	Inception Date
LCIV MJ UK Equity	UK Equity	Majedie	531	494	3	18/05/17
LCIV Global Equity Alpha	Global Equity	Allianz Global Investors	742	720	3	02/12/15
LCIV BG Global Alpha Growth	Global Equity	Baillie Gifford	1,826	1,808	9	11/04/16
LCIV NW Global Equity	Global Equity	Newton	641	531	3	22/05/17
LCIV LV Global Equity	Global Equity	Longview Partners	442	425	3	17/07/17
LCIV EP Income Equity	Global Equity	Epoch Investment Partners	140	212	2	08/11/17
LCIV HN Emerging Market Equity	Global Equity	Henderson Global Investors	-	76	1	11/01/18
LCIV PY Total Return	Diversified growth fund	Pyrford	359	274	4	17/06/16
LCIV Diversified Growth	Diversified growth fund	Baillie Gifford	477	480	6	15/02/16
LCIV RF Absolute Return	Diversified growth fund	Ruffer	834	826	10	21/06/16
LCIV NW Real Return	Diversified growth fund	Newton	344	331	3	16/12/16
Total			**6,336**	**6,175**		

Over the quarter, the Global Equity Income sub fund (managed by Epoch Investment Partners) and the Absolute Return sub fund (managed by Ruffer) both added another London Borough to their client list. The Henderson Emerging Market Equity sub fund was seeded in January by one London Borough 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 31 March 2018

	Last Quarter (%)	Last Year (%)	Last 3 Years (% p.a.)	Since Inception (% p.a.)
Baillie Gifford – Gross of fees	-0.9	13.0	14.5	15.8
Net of fees	-1.0	12.7	14.2	15.4
MSCI AC World Index	-4.5	2.4	10.2	12.2
Relative (net of fees)	3.5	10.3	4.0	3.2

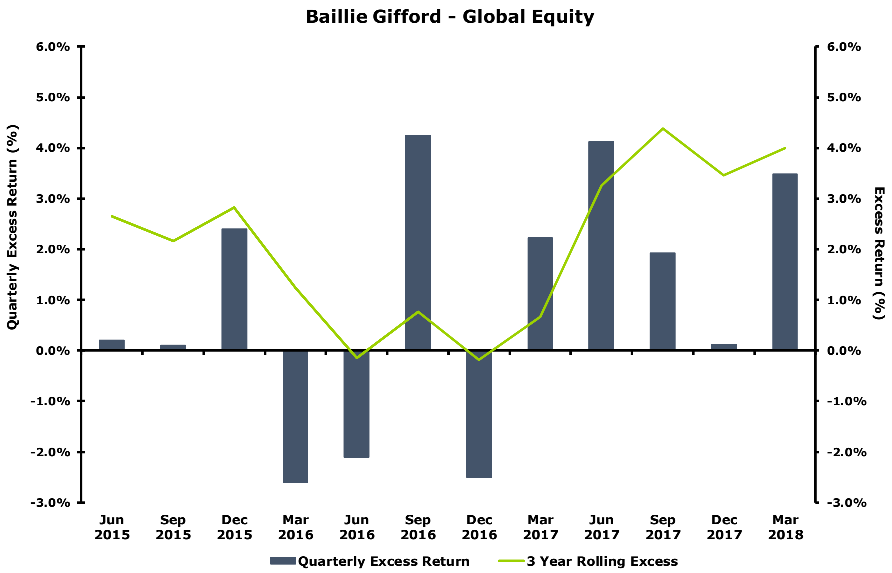
Source: Northern Trust and estimated by Deloitte.

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 3.5% and 10.3% net of fees over the quarter and one year to 31 March 2018 respectively.

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 4.0% p.a.



5.2 Performance Analysis

The top 10 holdings in the portfolio account for c. 28.4% of the Fund and are detailed below.

Top 10 holdings as at 31 March 2018	Proportion of Baillie Gifford Fund
Amazon	4.6%
Naspers	4.0%
Prudential	3.3%
Taiwan Semiconductor Manufacturing	3.1%
Alibaba	2.5%
Moody's	2.3%
Anthem	2.3%
SAP	2.3%
AIA	2.1%
Alphabet	1.9%
Total	**28.4%**

Note: The numbers in this table may not sum due to rounding.
Source: London CIV.

The tables below shows the top 5 and bottom 5 contributors to performance over the quarter to 31 March 2018.

Top 5 contributors as at 31 March 2018	Contribution (%)
Amazon	+0.70
GrubHub	+0.28
Abiomed	+0.24
NVIDIA	+0.18
Mastercard	+0.18

The Fund’s holdings in Amazon contributed the most over the quarter as the company saw strong and accelerating sales figures – more new paid members joined Amazon Prime in 2017 than in any previous year. GrubHub, an online and mobile food-ordering company, and Abiomed, a manufacturer of medical implant devices, also produced positive contributions over the quarter. GrubHub secured an exclusive partnership with YUM! Brands to be the takeout and delivery provider for KFC and Taco Bell in the US.

Top 5 detractors as at 31 March 2018	Contribution
Naspers	-0.70
ICICI Bank	-0.28
SAP	-0.25
Prudential	-0.18
Facebook	-0.18

6 LGIM – Global Equity (Passive)

Legal and General Investment Manager ("LGIM") was appointed to manage a global equity portfolio with the objective of replicating the performance of the FTSE All World Index benchmark. The manager is remunerated on a tiered fixed fee based on the value of assets.

6.1 Passive Global Equity – Investment Performance to 31 March 2018

	Last Quarter (%)	Last Year (%)	Last 3 Years (% p.a.)	Since Inception (% p.a.)
LGIM - Gross of fees	-2.3	9.8	7.3	12.1
Net of fees[1]	-2.3	9.7	7.3	12.1
FTSE World (GBP Hedged) Index	-2.4	9.7	7.3	12.1
Relative (net of fees)	0.1	0.0	0.0	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 outperformed its benchmark by 0.1% over the quarter to 31 March 2018. The Fund performed in line with its benchmark over the one year and three year periods respectively.

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 2018

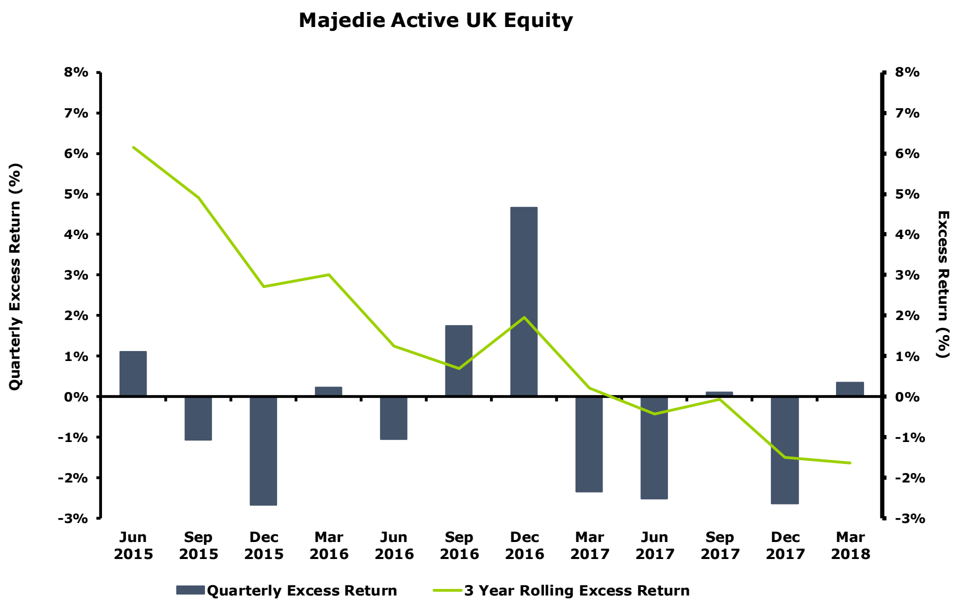
	Last Quarter (%)	Last Year (%)	Last 3 Years (% p.a.)	Since Inception (% p.a.)
Majedie - Gross of fees	-6.4	-2.7	4.8	11.8
Net of fees[1]	-6.5	-3.3	4.2	11.2
MSCI AC World Index	-6.9	1.3	5.9	9.9
Relative (on a net basis)	0.4	-4.6	-1.7	1.3

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 quarter to 31 March 2018, Majedie outperformed its benchmark by 0.4% but underperformed its benchmark over one year and three years by 4.6% and 1.7% p.a. respectively on a net of fees basis.

7.2 Performance Analysis

The top 10 holdings in the portfolio account for c. 49.5% of the Fund and are detailed below.

Top 10 holdings as at 31 March 2018	Proportion of Majedie Fund
Majedie Asset Management Special	9.6%
Royal Dutch Shell	7.4%
BP	7.0%
Tesco	5.0%
HSBC	4.7%
GlaxoSmithKline	4.0%
Vodafone	3.2%
WM Morrison	3.1%
Orange	2.8%
Centrica	2.7%
Total	**49.5%**

Note: The numbers in this table may not sum due to rounding.
Source: London CIV.

The tables below shows the top 5 and bottom 5 contributors to performance over the quarter to 31 March 2018.

Top 5 contributors as at 31 March 2018	Contribution
GlaxoSmithKline	+0.23
Anglo American	+0.14
Centrica	+0.09
Barclays	+0.07
Telecom Italia	+0.06

Top 5 detractors as at 31 March 2018	Contribution
HSBC	-0.61
Royal Dutch Shell	-0.59
Vodafone	-0.58
Majedie Asset Management Special	-0.47
BP	-0.45

The Fund’s holdings in HSBC, Royal Dutch Shell and Vodafone provided the biggest detractions to performance over the quarter to 31 March 2018.

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 2018

	Last Quarter (%)	Last Year (%)	Last 3 Years (% p.a.)	Since Inception (% p.a.)
Longview - Gross of fees	-4.2	1.3	10.5	13.1
Net of fees[1]	-4.4	0.6	9.9	12.4
MSCI World Index	-4.8	1.3	10.0	11.5
Relative (on a net basis)	0.4	-0.7	-0.1	0.9

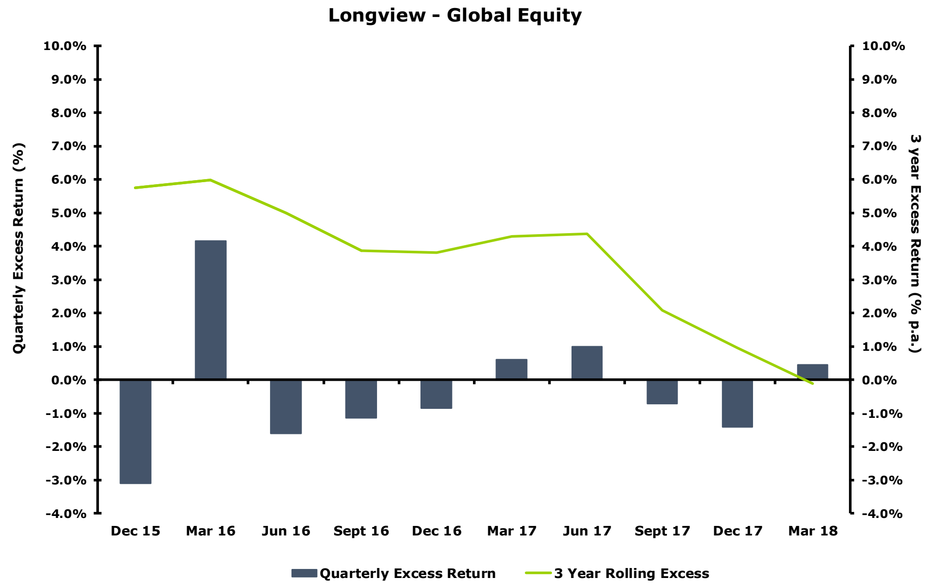
Source: Northern Trust

(1) Estimated by Deloitte

See appendix 1 for more detail on manager fees

Inception date 15 January 2015

Longview outperformed its benchmark by 0.4% over the quarter to 31 March 2018 while underperforming it by 0.7% and 0.1% p.a. on a net of fees basis over the year and three year periods respectively. 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.



8.2 Performance Analysis

The tables below represent the top 5 and bottom 5 contributors to performance over the quarter to 31 March 2018.

Top 5 contributors as at 31 March 2018	Contribution
WW Grainger	+0.95
HCA Healthcare	+0.53
Thermo Fisher Scientific	+0.38
Fiserv	+0.29
AON	+0.27

The Fund's holdings in WW Grainger, an industrial supply company founded in Chicago, produced the greatest contribution to performance over the quarter, with HCA Healthcare and Thermo Fisher Scientific also providing strong contributions. WW Grainger has also been the largest contributor over the 12 month period, contributing 1.26%.

Top 5 detractors as at 31 March 2018	Contribution
WPP	-0.50
Wells Fargo	-0.40
Sodexo	-0.40
Parker Hannifin	-0.35
Zimmer Biomet Holdings	-0.26

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 Investment Performance to 31 March 2018

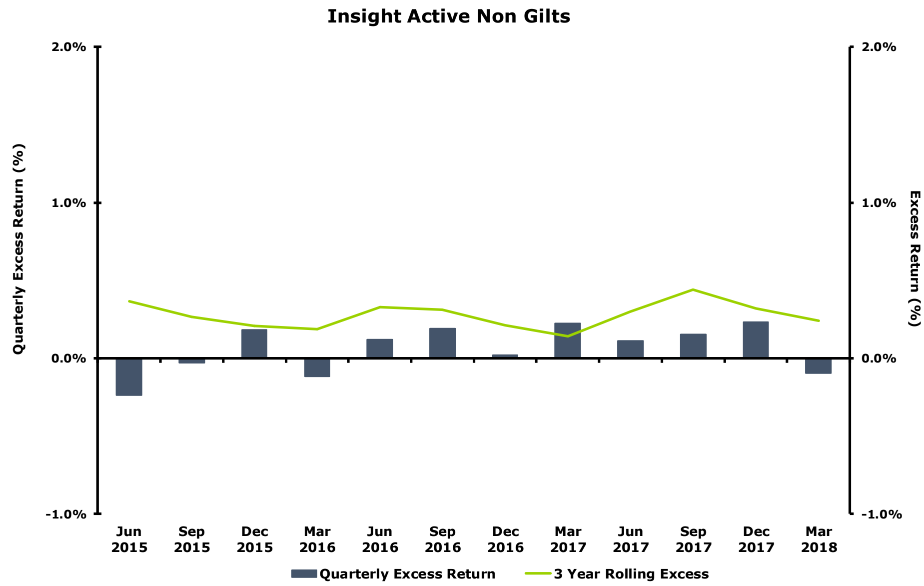
	Last Quarter (%)	Last Year (%)	Last 3 Years (% p.a.)	Since Inception (% p.a.)
Insight Non Gilts - Gross of fees	-1.1	1.7	3.5	6.7
Net of fees[1]	-1.1	1.4	3.2	6.4
iBoxx £ Non-Gilt 1-15 Yrs Index	-1.1	1.0	3.0	5.7
Relative (on a net basis)	0.0	0.4	0.2	0.7

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 quarter to 31 March 2018 the Non-Gilt portfolio performed in line with its benchmark on a net of fees basis. It outperformed the benchmark by 0.4% and 0.2% p.a. (net of fees) respectively over the year and three years to 31 March 2018. Performance remains below the outperformance target of 0.9% p.a. across all periods.

9.2 Insight – Government Bonds Investment Performance to 31 March 2018

	Last Quarter (%)	Last Year (%)	Last 3 Years (% p.a.)	Since Inception (% p.a.)
Insight Gilts - Gross of fees	-0.8	-0.8	1.5	2.3
Net of fees[1]	-0.9	-0.9	1.4	2.2
FTSE A Gilts up to 15 Yrs Index	-0.7	-0.9	1.6	2.3
Relative (on a net basis)	-0.2	0.0	-0.2	-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 31 March 2018.

9.3 Insight – Buy and Maintain Fund

Over the quarter to 31 March 2018, the Insight mandate was restructured and transitioned to the Insight Buy and Maintain Fund, therefore Insight have been unable to provide the usual performance analysis.

Please refer to the Post Transition Report for details regarding this transition.

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 2018

	Last Quarter (%)	Last Year (%)	Last 3 Years (% p.a.)	Since Inception (% p.a.)
Hermes - Gross of fees	1.9	11.3	9.9	10.3
Net of fees[1]	1.8	10.9	9.5	9.9
Benchmark	2.0	10.7	9.0	8.9
Relative (on a net basis)	-0.2	0.2	0.5	1.0

Source: Hermes

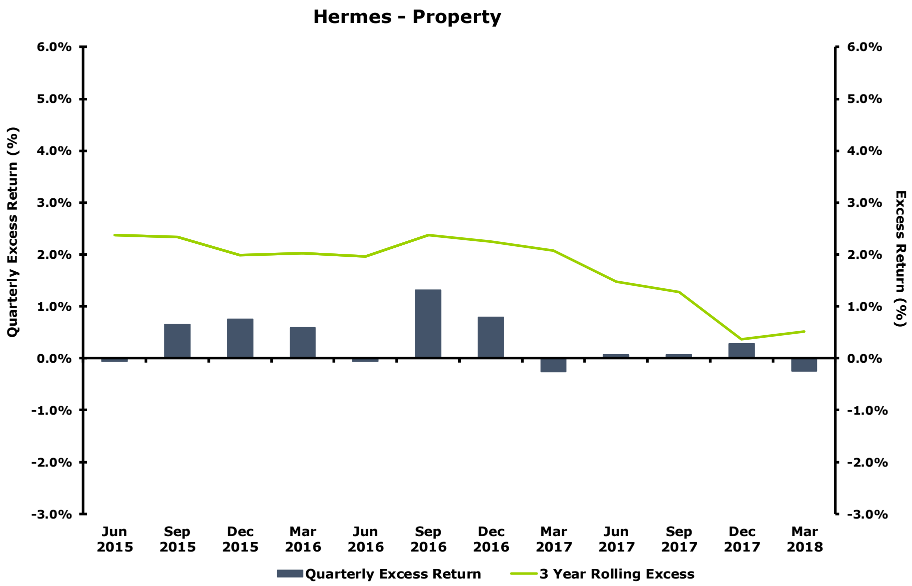
(1) Estimated by Deloitte

See appendix 1 for more detail on manager fees

Inception date is taken as 26 October 2010

Hermes underperformed the benchmark by 0.2% over the quarter on a net of fees basis, returning 1.8% in absolute terms. The strategy outperformed its benchmark by 0.2% and 0.5% p.a. (net of fees) respectively over the year and three years to 31 March 2018. It outperformed the benchmark by 1.0% p.a. since inception, and hence is ahead of the target (to outperform the benchmark by 0.5% p.a.) over the period since inception to 31 March 2018.

Key contributors to the performance over the quarter came from properties in the Industrial sector and the "Other" sector, with Rest of UK Offices also contributing positively to performance. The main detractors were the Trust's holdings in Retail Warehouses and West End Offices.



10.2 Sales and Purchases

There were no acquisitions or disposals over the first quarter of 2018.

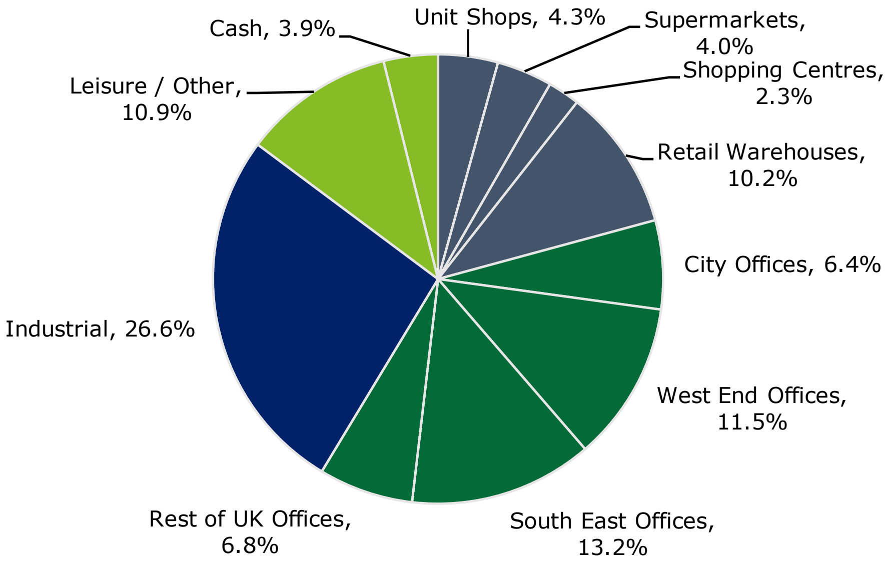
In January 2018, the Trust completed the letting of DHL Global (UK) Ltd's 38,000 sq. ft. unit at Polar Park, Bath Road, Heathrow for a 5 year term. This new lease is at a passing rent of £426,000 per annum, equating to £11.25 per sp. ft. The deal includes a tenant incentive equivalent to 50% rent reduction in 2019 with a tenant break option in 2021 on a 6 month notice.

Also, in January 2018, the Trust completed the new letting with Mountain Warehouse for a 5 year term to occupy the 5,500 sq. ft. high street unit at The Broadway, Wimbledon. The terms of the new lease with

Mountain Warehouse are at passing rent of £140,000 per annum equating to circa £160 per sq. ft. The lease include 6 month rent free tenant incentive, starting in January 2018 and a tenant break in the third year to be served with 6 months' notice, subject to a 6 month penalty.

10.3 Portfolio Summary as at 31 March 2018

The Hermes Property Unit Trust invests across retail, offices, industrials and other sectors, with the split as at 31 March 2018 shown below.



The table below shows the top 10 directly held assets in the Fund as at 31 March 2018, representing c.32.9% of the Fund.

Asset	Sub-sector	Value (£m)
Maybird Shopping Park, Stratford-upon-Avon	Retail Warehouses	107.5
8/10 Great George Street, London SW1	Offices	65.3
Polar Park, Bath Road, Heathrow	Industrial	51.9
27 Soho Square, London W1	Offices	44.6
Horndon Industrial Park, West Horndon, CM13	Industrials	43.8
Sainsbury's, Maxwell Road, Beaconsfield	Supermarkets	41.2
Hythe House, Hammersmith	Offices	40.8
Camden Works, Oval Road, London NW1	Offices	39.6
2 Cavendish Square, London W1	Offices	38.1
Jurys Inn Hotel, 31, Keel Wharf, Liverpool, L3 4FN	Leisure/Other	37.3
Total		**510.0**

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 31 March 2018

	Last Quarter (%)	Last Year (%)	Last 3 Years (% p.a.)	Since Inception (% p.a.)
Aberdeen Standard - Gross of fees	1.7	10.4	8.1	9.2
Net of fees[1]	1.5	9.9	7.6	8.7
Benchmark	0.8	2.4	5.4	6.8
Relative (on a net basis)	0.7	7.5	2.2	1.9

Source: Aberdeen Standard Investments

(1) Estimated by Deloitte

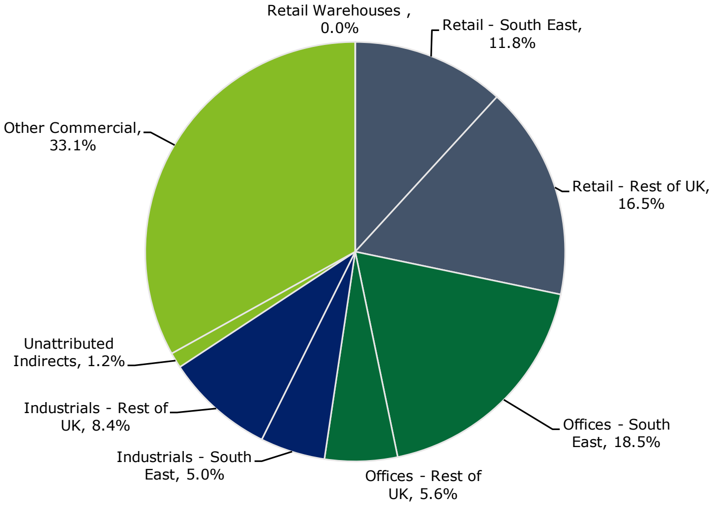
See appendix 1 for more detail on manager fees

Since inception: 14 June 2013

The ASI Long Lease Property Fund returned 1.5% net of fees over the quarter to 31 March 2018, outperforming the benchmark of the FTSE Gilt All Stocks Index + 2% by 0.7% net of fees.

11.2 Portfolio Holdings

The sector allocation in the Long Lease Property Fund as at 31 March 2018 is shown in the graph below.



The Fund’s holdings in the office sector have increased slightly from 24.0% as at 30 December 2017 to 24.1% as at 31 March 2018.

Throughout the quarter, the Fund’s industrial weight has increased from 13.2% to 13.4%, while the “other” weighting has decreased from 34.4% to 34.3%.

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	8.2	8.9
Whitbread	6.4	7.0
Sainsbury's	5.0	5.4
Marston's	4.9	5.3
Asda	4.4	4.8
QVC	4.0	4.4
Salford University	3.9	4.2
Save The Children	3.8	4.1
Steinhoff	3.6	3.9
Glasgow City Council	3.5	3.8
Total	**47.7**	**51.7 ***

*Total may not equal sum of values due to rounding

The top 10 tenants contribute 51.7% of the total net income into the Fund. Supermarkets continue to dominate with Tesco, Sainsbury's and Asda contributing 19.1% to the Fund's total net rental income as at 31 March 2018.

The Fund's average unexpired lease term decreased over the quarter from 27.0 years to 26.7 years.

The Fund continues to have a high level of inflation-linkage, with the vast majority of income linked to RPI, CPI or fixed increases in rent.

11.3 Sales and Purchases

The first quarter of 2018 was a relatively quiet period for activity with the purchase of two data centers and no sales:

- The Fund acquired two linked data centers in the London Docklands area in an off market transaction for a combined purchase price of £56.5m, representing an initial yield of 4.2%. The properties are let to US data center operator, Digital Realty Trust, on a 30 year lease with 2.5% p.a. rent increases compounded every 5 years. The fund manager was attracted to this investment by its strong covenant and diversification benefits it brings to the wider portfolio. The assets also have an attractive location, and the nature of the buildings offers potential to convert to alternative uses which should support its future realisable value.

- ASI are also pursuing a strong pipeline with a number of transactions currently going through the legal review stage, and the fund manager hopes to make progress on these over the next 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 on first £25m, 40bps on next £25m, 30bps thereafter	
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 – MiFID II Cost Summary

On 3 January 2018, the Markets in Financial Instruments Directive II ("MiFID II") was introduced. A key component of this legislation is for fund managers to disclose all costs incurred, with the view to increasing transparency.

Annual disclosure is required; however we propose monitoring this on a quarterly basis. As at the date of this report, some managers were unable to provide a full breakdown of finalised monetary costs and therefore the table below has not been populated. Once we have received information from all managers, we will follow up with this and will include this level of detail in future reporting.

Fund management costs	AMC p.a.	Other expenses p.a.	TER p.a.	Performance fees* p.a.	Total Costs over quarter GBP
Majedie					
LGIM					
Baillie Gifford					
Longview					
Insight Buy and Maintain					
Hermes					
Aberdeen Standard Investments					
Deloitte					
Total					

*Performance fees are estimated by managers on an annual basis.

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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