

Suffolk County Council Pension Fund

REVIEW OF PERFORMANCE
THIRD QUARTER OF CALENDAR YEAR 2011






John Hastings - Partner
David Walker - Investment Consultant
David Millar - Investment Analyst
For and on behalf of Hymans Robertson LLP
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Suffolk County Council Pension Fund

Hymans Robertson LLP

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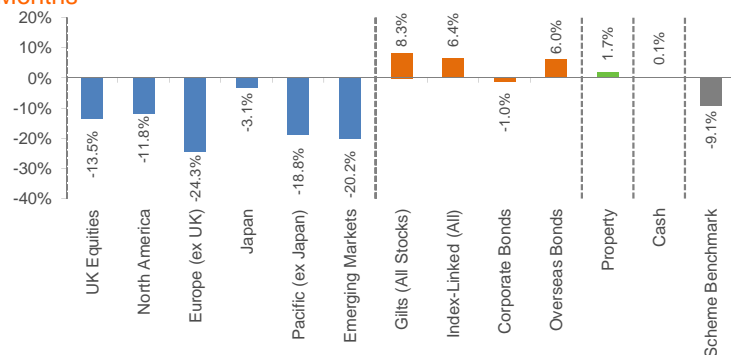
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Markets - Historic Returns for World Markets to 30 September 2011

3 Months

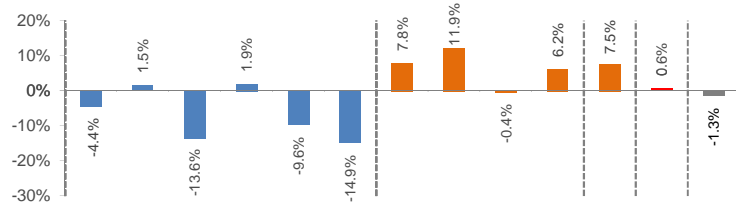


During the quarter a number of major threats to the global economic and financial system eroded investor confidence. Although the Greek debt crisis dominated the headlines, concerns over the level of sovereign debt extended to other countries, including, Spain, Italy, and even the US. In July, the world witnessed the unedifying spectacle of US coming close to 'default', as politicians clashed over whether and how to extend the country's debt ceiling. In early August, a major credit rating agency downgraded US sovereign debt, a move, at this stage, with more symbolic than real significance.

The sovereign debt crisis was accompanied by evidence of a slowdown in global economic growth and talk of a 'double dip' recession. Downgrades to economic forecasts became the order of the day, culminating, in September, with a warning from the International Monetary Fund that the global economy had entered a 'dangerous new phase'. The Fund's prognosis for developed economies is one of weak and bumpy expansion, with recession a possibility if issues relating to the US and euro-zone economies are not dealt with.

Investor caution was expressed by a preference for 'safety'. Equity markets fell sharply during the quarter; in contrast, government bonds of countries spared the worst of the debt crisis (e.g. UK, US, Germany) fared well. The price of gold and other precious metals rose steeply. Key events during the quarter were:

12 Months



Global Economy

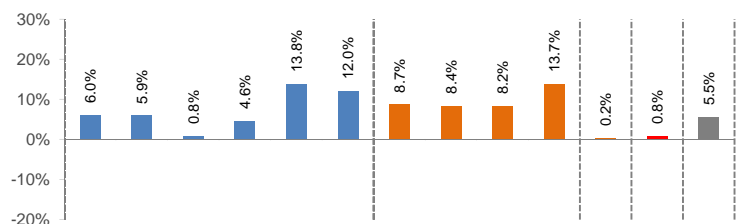
Published data pointed to decelerating economic growth in UK, US, euro-zone and Japan. The US central bank launched 'operation twist', in an effort to stimulate economic growth. Short-term interest rates were raised in euro-zone to counter inflationary pressures. No change in UK and US.

Disharmony amongst Euro-zone members over Greek debt crisis led to criticism by US. Emergency liquidity was provided by leading central banks to support banking sector.

Equities

Bank shares fell sharply on concerns over exposure to 'at risk' sovereign debt. The strongest sectors relative to 'All World' Index were Technology and Health Care (both +9.4%) and Telecommunications (+8.8%); the weakest were Basic Materials (-10.4%) and Industrials (-7.1%).

3 Years



Bonds

The yield on 10 year US Treasuries fell below 2%, the lowest since the early 1940s. Greece moved closer to defaulting on sovereign debt, despite rescue packages.

The outlook for the global economy remains unclear, with more risk apparent on the 'downside' than the 'upside'. Further monetary stimulus is on the agenda but the immediate priority is the sovereign debt crisis that brings the very future of the Euro into question.



Market Conditions to 30 September 2011

General

Over Q3, markets experienced a “risk off” environment. This was driven largely by the macro economic environment. In July, there was the unedifying spectacle of the US coming close to ‘default’, as politicians clashed over how and indeed whether to extend the country’s debt ceiling. Nevertheless, the main concerns came from Europe with Greek debt problems, which are significant but containable, threatening to spread to other Mediterranean countries. This has created additional problems for the global banking sector, which was already suffering from undercapitalisation, greater regulation and the need to demonstrate additional solvency. The quarter was also marked by deepening economic gloom as data pointed to widespread slowdown in both developed and developing economies. While corporate margins are at all time highs, companies are sitting on cash hoards rather than investing because of economic uncertainty. This is compounding a problem of a lack of aggregate demand with consumers still paying down debt and governments pursuing austerity programmes. The major debate relates to whether this is a near term soft landing for the global economy or whether a more serious slowdown is on the horizon.

Global Equities

Equity markets suffered sharp falls over Q3 in most regions other than Japan. The FTSE All World index returned -15%. The sharpest falls were in Europe which fell 20% in local currency terms and just over 24% expressed in sterling. Emerging market equities were off 20% while Asia Pacific fell 15% expressed in local currency and by almost 19% expressed in sterling. North American equities held up a little better, falling 12% in local terms (14% expressed in sterling). Because of its sectoral allocation, North American equities are typically more defensive. The UK equity market returned -13.5%. Japan fell by just over 10% expressed in Yen but the strengthening currency reduced that to -3% when expressed in sterling. The weakest sectors were Basic Materials (down 10.4% relative), Industrials (down 7.1% relative) and Financials down 6.9% relative. The relative outperforming sectors were largely defensive (Healthcare +9.4%), Telecommunications and Utilities (+8.8% and +8.6% respectively), and the Consumer sectors (+6.5%). Technology (+9.4%) was also a strong relative outperformer. This sectoral picture reflects the overall picture for the last 12 months, although the quarter-by-quarter picture varies.

UK Equities

Relative sector performance in the UK mirrored that in global equities. Mid-cap stocks fell by 17%, 3½% more than the broad market. This was less due to size and more due to a higher sectoral allocation to cyclical areas such as manufacturing. Value shares fell 4% less than growth shares in the UK (although there was little of this style bias in global markets). Sector concentration affected index returns. Industrial metals lost one third of their value and Mining stocks fell almost 20%. The strongest sector performance came from Tobacco, although Gas, Water and Multi-Utilities and Food Producers were also strong.

At a stock level, the strongest FTSE100 performer was Autonomy rising by almost 50% following a successful bid by Hewlett Packard. Randgold (a gold miner) and Fresnillo (a silver miner) were both strongly positive; paradoxically, however, underperformers were led by three industrial metal mining stocks (Vedanta, Kazakhmys and Xstrata). Royal Bank of Scotland and Barclays were also weak.



Market Conditions to 30 September 2011 (continued)

Bonds

Bonds experienced a strong quarter with gilts a feature as investors sought security. Long-dated gilts returned 14.4%, reflecting falls in secure government bond yields in Germany and the US, best exploited at long duration. The UK All Stocks index returned 8.3%. Index-linked gilts (all stocks) returned 6.4%. Corporate bonds returned -1.0% at the aggregate level, with AAA issues returning almost 5%, AA issues returning 1.2% and A and BBB issues in negative territory. There was significant activity in the Eurozone with sharp rises in the credit spreads of weaker countries (principally Greece, but also Portugal, Spain and Italy). Among other areas of credit, high yield bond prices were sharply lower, following strong gains earlier in the year. Emerging market (EM) debt was less affected. EM government bonds denominated in hard currencies fell 1.8% (in US\$ terms) over Q3 while that issued in local currencies rose by 2%.

Property

UK commercial property returned 1.9% gross over Q3. In line with the previous quarter, most of the return on the IPD Monthly Index came from income with capital growth subdued at +0.2%. Total returns from the average balanced pooled funds were slightly lower at 1.7%, as a result of management fees. Curiously, the pooled funds experienced a lower income return (0.6% in Q3) and higher capital growth (1.1% in Q3), reflecting a different asset mix and a greater proportion of prime properties in the flagship funds. Offices continue to lead the recovery in rental values; rents have begun to push up in offices just outside Central London. An increase in stock in the Central London Office market since the end of Q3 could put some pressure on valuations for the first time in 2 years. Rents in the retail sector remain flat despite some recovery from supermarkets, prime retail parks and prime Central London locations.

Generic Commentary on Active Managers

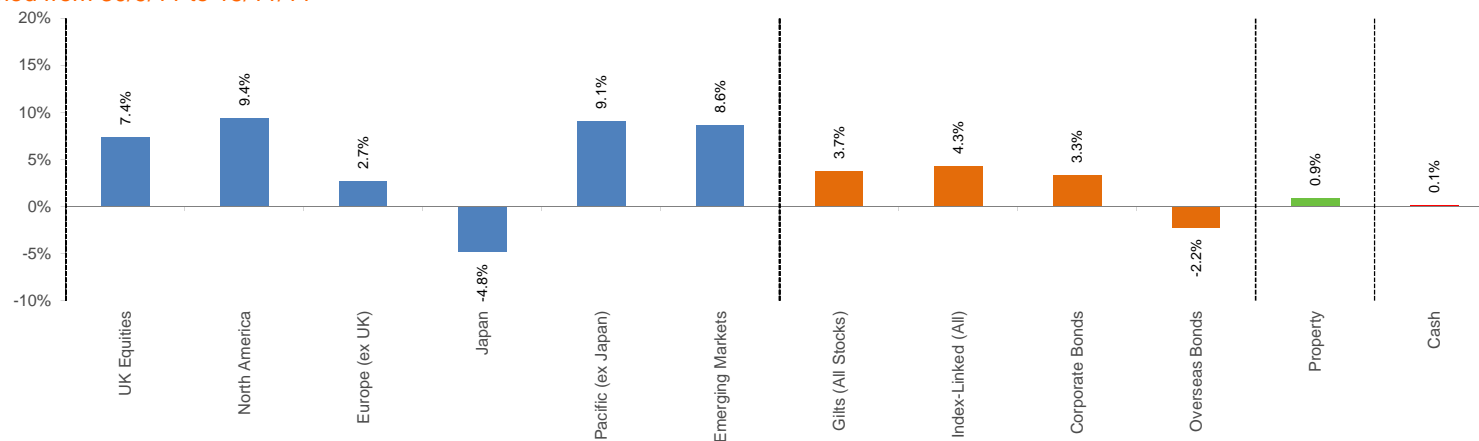
Within global equities, the median manager underperformed benchmark by approximately 1.5% over the quarter. Only just over one quarter of the near 60 managers we follow managed to outperform and fewer than half of those offered more than 1% outperformance. Funds which were defensively positioned generally did best. Funds with high stock specific risk, including "value style" funds generally performed poorly. Only 6 out of 27 UK equity funds outperformed by more than 1%. The other 21 funds were at best marginally positive; the majority underperformed with the median fund underperforming by over 1%. Dispersion of returns was lower than for global equities.

Within bonds, the median return over Q3 of 2011 was 1% behind benchmark. Only four of 33 funds we monitor managed to outperform, the fourth fund by a whisker. Dispersion of returns was not particularly large with approximately three quarters of managers within plus or minus 1% of the median return. Managers were generally caught out by asset allocation, through being underweight gilts and duration.



Markets - Historic Returns for World Markets Update

Period from 30/9/11 to 15/11/11



Equity markets have recovered strongly from end-September levels. This does reflect some better economic data, particularly from the US, and, inevitably, continuing shifts in sentiment about the Eurozone crisis. The period since the sharp fall in equities in the first half of August has been marked by relative short and sharp rises and falls in markets and global indices remain within the trading range of the last three months. Japan has missed out on the rally; the impact of currency strength on corporate profits has been a concern here. Bond markets have continued to take a more gloomy view of the economic outlook, although recent strength has also been helped by a resumption of central bank bond purchases in the US and UK. A combination of sterling strength and weakness in Eurozone bond markets has depressed the return from overseas bonds.



Managers

The Suffolk Fund returned -9.9% over Q3 of 2011, underperforming its benchmark by 0.9%. It is 1.5% behind benchmark over the last 12 months (-2.8% versus a benchmark return of -1.3%). Longer term numbers lag the total fund benchmark with relative returns of -1.5% p.a. over 3 years and -0.9% p.a. over 5 years.

Aberdeen: Aberdeen underperformed by 2.3% over Q3 of 2011. They are 1.7% behind benchmark over 12 months and 0.6% p.a. behind benchmark over 3 years. The disappointing last quarter had a marked impact on longer term returns.

Alliance Bernstein: Alliance Bernstein underperformed their benchmark over Q3 of 2011 by 3.5%. They are 4.5% behind the benchmark over 12 months and 4.3% p.a. behind benchmark since inception on 10 June 2005.

BlackRock: BlackRock underperformed their benchmark by 0.8% over Q3. Their portfolio is 2.1% behind benchmark over 12 months. Although the last year has been disappointing they are 3.4% p.a. ahead of benchmark over the period since inception (on 19 July 2007).

JP Morgan: JP Morgan underperformed by 4.7% over Q3 of 2011. They are behind benchmark over the last 12 months by 2.2% and are behind benchmark by 0.9% p.a. since inception (on 20 July 2007).

Newton: Newton underperformed their benchmark over Q3 of 2011 by 0.7%. They are 2.1% behind benchmark over the last 12 months and are in-line with benchmark since inception (on 27 July 2007).

Millennium: Millennium underperformed their LIBOR cash benchmark by 0.5% (net of fees) over Q3. They are 6.7% p.a. behind benchmark (net of fees) over 12 months and -4.5% p.a. behind since the mandate commenced on 1 April 2008.

Schroder (Property): Schroder's No 1 portfolio returned 1.3% (net of fees) over Q3. This was 0.4% behind Schroder's benchmark (Balanced PUT index) which returned 1.7%; the All-Balanced Funds index which we consider more representative, had a similar return (1.7%). Over 12 months, Schroder's net return of 7.4% was 0.3% behind their benchmark and 0.1% behind the All Balanced Fund index. Over 3 years, Schroder returned -1.4% p.a. (net) which was 0.7% p.a. behind their benchmark return of -0.7%p.a. and a more significant 1.6% p.a. behind the IPD All Balanced Funds index return of 0.2% p.a.



MANAGER SUMMARY

Mandate	Manager	Value £M	Value £M	Actual Allocation
		30-Jun-11	30-Sep-11	30-Sep-11
Multi Asset Passive	Legal & General	437.2	394.5	28.6%
UK Equities	Alliance Bernstein	174.3	145.4	10.5%
UK Equities	BlackRock	144.3	123.8	9.0%
Global Equities	JP Morgan	216.0	175.2	12.7%
Global Equities	Newton	215.2	181.7	13.2%
Bonds	Aberdeen	102.3	105.1	7.6%
Property	Schroder	150.7	152.8	11.1%
Currency Active	Millennium	34.1	34.0	2.5%
Private Equity	Private Equity	64.8	67.2	4.9%
Total Invested Assets		1,538.9	1,379.7	100.0%

ASSET ALLOCATION

Asset Class	Fund (£m)		Strategic Benchmark (%)	Fund (%)		Relative to Strategic Benchmark (%)	
	30/06/2011	30/09/2011		30/06/2011	30/09/2011	30/06/2011	30/09/2011
UK Equities	359.9	300.3	22.8	23.4	21.8	0.6	-1.0
Overseas Equities	628.4	528.2	38.2	40.8	38.3	2.6	0.1
North America	260.4	224.3	15.1	16.9	16.3	1.8	1.2
Europe ex UK	154.6	127.8	10.5	10.0	9.3	-0.5	-1.2
Japan	55.7	50.6	6.2	3.6	3.7	-2.6	-2.5
Pacific ex Japan	59.4	49.7	3.6	3.9	3.6	0.3	0.0
Other	98.4	75.8	2.8	6.4	5.5	3.6	2.7
British Govt Bonds	52.8	53.2	4.0	3.4	3.9	-0.6	-0.1
Corporate Bonds	169.5	166.7	10.4	11.0	12.1	0.6	1.7
Index-Linked	66.1	63.2	4.3	4.3	4.6	0.0	0.3
Alternatives	98.8	101.2	8.2	6.4	7.3	-1.8	-0.9
Private Equity	64.8	67.2	5.0	4.2	4.9	-0.8	-0.1
Active Currency	34.1	34.0	3.2	2.2	2.5	-1.0	-0.7
Property	147.7	148.1	12.0	9.6	10.7	-2.4	-1.3
Cash	15.7	18.9	0.0	1.0	1.4	1.0	1.4
Total Invested Assets	1,538.9	1,379.7	100.0	100.0	100.0		



Suffolk County Council Pension Fund

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Manager Allocation - Global Equity Benchmarks

Asset Class	Target %	JP Morgan Relative %	Target %	Newton Relative %
UK Equities	8.5	4.4	8.5	-0.3
Overseas Equities	91.5	-4.9	91.5	-1.1
North America	48.9	-1.3	48.9	-11.1
Europe	15.7	0.5	15.7	2.5
Japan	8.8	-1.9	8.8	1.8
Asia Pacific	5.0	-1.7	5.0	5.0
Emerging Markets	13.1	-0.5	13.1	0.7
Total Equities	100.0	-0.5	100.0	-1.4
Property	-	-	-	-
Total Fixed Interest	-	-	-	-
Cash & Alternatives	-	0.4	-	1.4
Total	100.0		100.0	

Comments

Overall, JP Morgan's regional tilts have remained broadly unchanged. Their biggest positions remain the overweight to the United Kingdom and underweighting of Japan and North America. Their positioning is slightly more aggressive than normal for them but their deviations from benchmark are modest by comparison with many managers (their largest divergence from benchmark is the 4.4% overweighting of UK).

Newton's regional positioning remains broadly similar to last quarter (driven by their thematic views). In the past, they have typically taken more aggressive asset allocation positions than shown above. Their most significant current position remains the underweighting of North America, the largest geographical component of the index.

Sector Allocation - Global Equity Benchmarks

Sector	Target %	JP Morgan Relative %	Newton Relative %
Energy	11.2	0.2	-3.3
Materials	8.2	-1.7	1.6
Industrials	10.2	-0.2	-2.2
Consumer Discretionary	10.1	5.0	0.2
Consumer Staples	10.6	-2.8	1.1
Healthcare	9.3	2.2	4.5
Financials	18.9	-1.2	-4.4
Information Technology	12.3	1.8	0.5
Telecommunication	5.1	-0.3	2.6
Utilities	4.1	-2.9	-2.5
Cash & Others	-	-	2.1
Total	100.0		

Comments

Overall, JP Morgan's sector allocations have remained broadly unchanged. They have moved further overweight Healthcare stocks. Within the Consumer sectors they remain overweight Discretionary and underweight Staples. The portfolio has retained its pro-cyclical bias.

Newton's thematic views are continuing to dictate their underweight position in Western banks (the underweight position to Financials). This was beneficial to performance. Asset allocation was positive over the quarter. The other large position, overweight in Healthcare, also added value. Stock selection detracted from the gains from asset allocation.

Alliance Bernstein - UK Equity Mandate

Overview

Comments

Alliance Bernstein underperformed significantly over the quarter. Deep value stocks were badly hit in a flight to safety (and Bernstein argue that the impact was disproportionate). Stock selection within the cyclically exposed Finance, Capital Equipment and Consumer Cyclical sectors was the main source of underperformance. The portfolio's underweight position in the defensive Consumer Staples sector was also a major detractor.

Mining stocks were a source of underperformance (Xstrata and Rio Tinto); these stocks were hit by investors selling in an attempt to reduce cyclical risk exposure. Not holding other commodity names help alleviate the losses from the sector. Another area of underperformance was a group of volatile consumer stocks - Enterprise Inns and Premier Foods - which suffered as investors grew concerned by the companies' debt levels.

Bernstein believe that many investors have overreacted, increasing the potential return from undervalued stocks they hold. They believe that, as risk aversion subsides and investors focus more on company fundamentals rather than macro economic concerns, their portfolio should capture substantial outperformance.

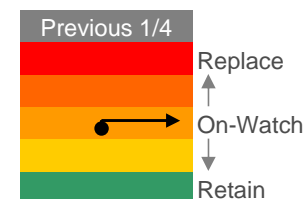
Recent News

Alliance Bernstein remains "On Watch" as a result of ongoing poor performance and recent management changes.

The manager is in advanced talks with State Street regarding the transfer of some post-trade functions to them, including settlements, portfolio accounting, client reporting and performance measurement. If the deal proceeds then some of Alliance Bernstein's existing staff will transfer across to State Street. Any transfer of responsibilities will be carefully staged over a two year period to avoid any disruption to clients.

We are comfortable with this approach by the manager and view it is a sensible move to increase efficiency.

Hymans Robertson View



Performance Summary

	Current 1/4 %	1 Year %	3 Years % p.a.	Inception % p.a.
Fund	-16.5	-8.7	-0.6	-0.1
Benchmark	-13.5	-4.4	6.0	4.4
Relative	-3.5	-4.5	-6.2	-4.3

3 Year Relative Return

Actual % p.a.	Target % p.a.
-6.2	1.5

3 Year Tracking Error

Actual	Target
3.7	3-5%



Suffolk County Council Pension Fund

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BlackRock - UK Equity Mandate

Overview

Comments

The portfolio underperformed the benchmark and fell in absolute terms. Holdings with perceived sensitivity to weaker global economic growth were among the hardest hit stocks. Mining companies Rio Tinto and Xstrata fell, as did fluid control specialist IMI and recruitment specialist Michael Page. BlackRock's underweight position in a number of the larger defensive names in the market also detracted from relative returns. Within Financials, 3i Group disappointed the market as their prospects for growth is likely to be more muted following market movements. British American Tobacco and Shire outperformed, benefitting from the flight to companies with predictable and resilient earnings. Whitbread and Next performed well after both reported sales growth ahead of expectations, whilst Tullow Oil made a significant oil discovery. Elsewhere, as bank shares fell, the Fund's underweight position contributed to returns.

Over the third quarter, BlackRock reduced exposure to stocks with a greater sensitivity to global growth and added more defensive names that should be able to grow earnings despite the tougher economic outlook.

Despite a poor 12 month period, longer term performance remains ahead of benchmark.

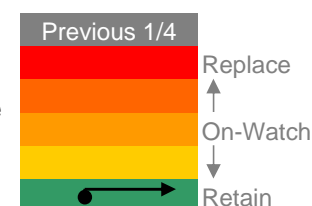
Recent News

No significant news on the equity side of the business.

BlackRock are proposing to merge their two UK life assurance businesses, the largest of which is the former BGI passive business, which became part of BlackRock as a result of the 2009 merger between BlackRock and BGI.

The Suffolk Fund will not be affected by this change.

Hymans Robertson View



Performance Summary

	Current 1/4 %	1 Year %	3 Years % p.a.	Inception % p.a.
Fund	-14.2	-6.4	8.5	0.9
Benchmark	-13.5	-4.4	6.0	-2.4
Relative	-0.8	-2.1	2.4	3.4

3 Year Relative Return

Actual % p.a.	Target % p.a.
2.4	1.5

3 Year Tracking Error

Actual	Target
3.6	



Suffolk County Council Pension Fund

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JP Morgan - Global Equity Mandate

Overview

Comments

The portfolio significantly underperformed the benchmark in the third quarter. The manager notes that the trends that benefited performance in previous quarters detracted from returns as there was a sharp rotation into high quality, defensive stocks. Stock selection detracted from returns across all sectors and no region contributed positively to performance (although the underweight position in Pacific ex Japan had a positive asset allocation effect). Selection in Financials was the biggest detractor and small and mid cap stocks also did badly.

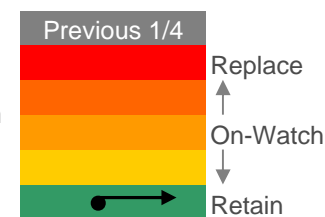
The portfolio has a pro-cyclical balance and this was a significantly negative factor - high volatility stocks suffered over the quarter. The portfolio's value tilt also detracted over the quarter. The "volatility" stocks in the portfolio have been the biggest detractor over 12 months, with other sources of return (such as momentum and value) remaining positive over this period.

The stocks remain largely unchanged, retaining overweight exposure to momentum and value stocks. The portfolio does now have less of a size bias, with additions to large cap Technology and Healthcare stocks.

Recent News

No significant news to report.

Hymans Robertson View



Performance Summary

	Current 1/4 %	1 Year %	3 Years % p.a.	Inception % p.a.
Fund	-18.9	-7.0	4.8	-1.5
Benchmark	-14.9	-4.9	5.2	-0.6
Relative	-4.7	-2.2	-0.4	-0.9

3 Year Relative Return

Actual % p.a.	Target % p.a.
-0.4	1.5

3 Year Tracking Error

Actual	Target
3.4	



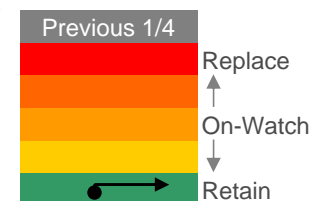
Newton - Global Equity Mandate

Overview

Comments

The portfolio lost ground in September amidst market turbulence. Newton attribute stability of earnings as being the key to relative success over the quarter and Technology as being the main area of underperformance. Despite strong relative performance from the portfolio's holdings in Microsoft and Intel, nil positions in a number of other outperforming US companies, such as IBM and Apple, negatively impacted stock selection. Stock-specific issues held back performance in the consumer sectors, as did the overweight exposure to Brazil (where there was a currency impact as well). Stock selection in Telecoms was negative. Sprint Nextel, one of the largest positive contributors in the preceding period, suffered a reversal in the latest quarter which more than offset the strong performance from the investments in Advanced Info Service and China Mobile. More positively, Financials positioning was beneficial and the position in gold miners was helpful for most of the quarter (albeit losing some ground at the end). Newton continue to emphasise strong business franchises, defensive sectors such as healthcare, telecommunications and noncyclical consumer areas such as food producers. They are also identifying strong franchises with attractive characteristics in areas such as the Technology sector. They also believe investors need to take more "risk" (market volatility as opposed to permanent

Hymans Robertson View



Recent News

No significant news / changes to report impacting the Suffolk fund. However, Newton has announced some planned mergers of some of their UK fund range.

Performance Summary

	Current 1/4 %	1 Year %	3 Years % p.a.	Inception % p.a.
Fund	-15.5	-6.9	3.8	-0.4
Benchmark	-14.9	-4.9	5.2	-0.4
Relative	-0.7	-2.1	-1.3	0.0

3 Year Relative Return

Actual % p.a.	Target % p.a.
-1.3	1.5

3 Year Tracking Error

Actual	Target
5.6	5-7%



Aberdeen - Bond Mandate

Overview

Comments

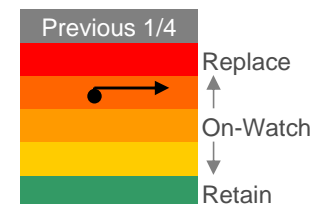
Aberdeen underperformed the benchmark by 2.3% over the quarter. This has dragged relative performance behind benchmark over most longer term periods. The main underperformance over Q3 came from Aberdeen's positioning in short maturity bonds which would have protected the portfolio if bond yields had risen. With tensions in the Eurozone being a dominant feature, the UK gilt market was viewed as a safe haven, resulting in UK bond yields falling by 1%, a very significant move, so the strongest performance came from long-dated bonds. As part of the risk aversion in the market, corporate bonds, where Aberdeen were overweight, underperformed gilts. Aberdeen's out of benchmark holding in Emerging Markets debt (EMD) also suffered as investors reduced risk.

Over the quarter, Aberdeen reduced their short duration position. They maintained their overweight to credit, with a focus on financials including subordinated insurance issues. They are underweight in cyclical non financials. They have no exposure to high yield bonds (which would be another "out of benchmark" asset), but maintained the allocation to EMD.

Recent News

No significant news / changes to report.

Hymans Robertson View



Performance Summary

	Current 1/4 %	1 Year %	3 Years % p.a.	Inception % p.a.
Fund	2.7	2.8	8.7	5.5
Benchmark	5.1	4.6	9.4	5.5
Relative	-2.3	-1.7	-0.6	0.0

3 Year Relative Return

Actual* % p.a.	Target** % p.a.
-0.6	0.75

* gross of fees ** net of fees

3 Year Tracking Error

Actual	Target
3.2	1.5



Schroder - Property Fund of Funds

Overview

Comments

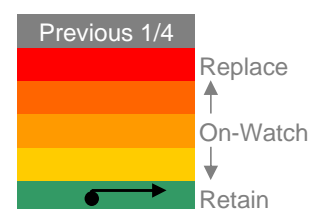
Over the quarter portfolio return was below benchmark, held back by transaction costs. Over the last year, the core and value added property investments in the portfolio have outperformed, but returns have been held back by the impact of transactions. The portfolio's re-investment phase is now largely complete. Cash levels, albeit fairly modest, have also hurt returns - cash has been held to meet drawdowns. The West End of London PUT has been the most positive contributor, reflecting a strong increase in value in central London office markets. Of the core funds, Lothbury and SEPUT have added value. On the flip side, Mayfair Capital PUT and the Real Income Fund have been underperforming the benchmark as they have not started fully distributing income.

In selecting funds, Schroders' focus remains on the quality of the underlying property, a detailed understanding of the managers' debt management strategy and an assessment of the ability of the management team to add value in the current economic environment. Their strategy is to keep core funds close to 60% of the portfolio, to trim the overweight retail sector position and to add to the Real Income Fund in order to increase exposure to alternative property sectors and to enhance portfolio income.

Recent News

There were no significant changes to the Schroder property team during the quarter. In the coming months, Schroders will be asking unitholders to consider the conversion of one of the Fund's core holdings, Schroder Exempt Property Unit Trust – SEPUT – into a Property Authorised Investment Fund (PAIF), a new type of fund structure. Subject to final approval being received from the Financial Services Authority, an EGM is expected in Q1 2012 at which unit-holders will be asked to approve the conversion. We have no immediate concerns with this, but will be meeting with Schroders in the near future to understand their rationale for the change.

Hymans Robertson View



Performance Summary (No 1 Fund)

	Current 1/4 %	1 Year %	3 Years % p.a.	5 Years % p.a.
Fund	1.3	7.4	-1.4	-3.7
Benchmark	1.7	7.7	-0.7	-3.6
Relative	-0.4	-0.3	-0.7	-0.1

3 Year Relative Return

Actual % p.a.	Target % p.a.
-0.7	1.5

3 Year Tracking Error

Actual	Target
1.5	n/a



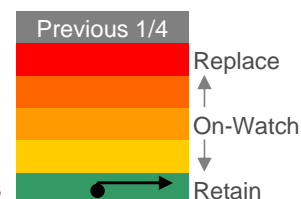
Millennium - Active Currency

Overview

Comments

Millennium delivered a modest negative return over Q3 (albeit relatively better than some of its peers). Over the most recent 12 months, they are down approximately 6%. This has been a difficult environment for currency managers due to volatile markets and global macro activity often driven by politics rather than fundamentals. It is easy in these conditions for managers to be closed out of positions, leading to deeper losses. The core strategic themes hurt the portfolio, the negative bias on Sterling suffered as the currency strengthened as concerns over the Euro continued to dominate markets. A short EUR vs.USD provided a significant positive contribution to performance in September as the Dollar strengthened against the Euro. In light of the current environment the fund is more heavily weighted towards short term tactical positions than its long-term strategic fundamental positions.

Hymans Robertson View



Their main positions at present include short AUD against CAD, NZD and USD as they now believe the AUD is overvalued. They continue to be short EUR against a number of currencies, namely USD, GBP, AUD, NOK, CHF and short USD against GBP, CHF and CAD.

Recent News

No significant news / changes to report. James Peoples, a client relationship manager, has left Millennium Global Investments to pursue other interests.

Performance Summary (absolute return)

	Current 1/4 %	1 Year %	3 Years % p.a.	Inception % p.a.
Fund	-0.3	-6.0	-3.2	-2.7

* Inception - 1 April 2008, performance shown is absolute return net of fees

Inception Return

Actual % p.a.	Target % p.a.
n/a	n/a

Inception Tracking Error

Actual	Target
n/a	n/a

