Suffolk County Council Pension Fund

REVIEW OF PERFORMANCE
FOURTH QUARTER OF CALENDAR YEAR 2011

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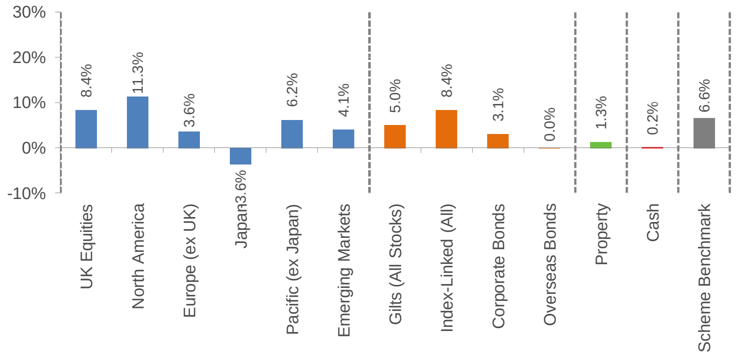
For and on behalf of Hymans Robertson LLP
February 2012

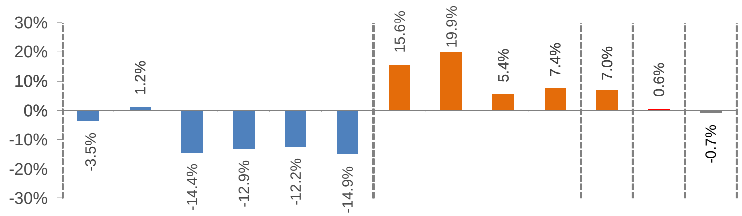
Contents

Markets - Historic Returns for World Markets to 31 December 2011

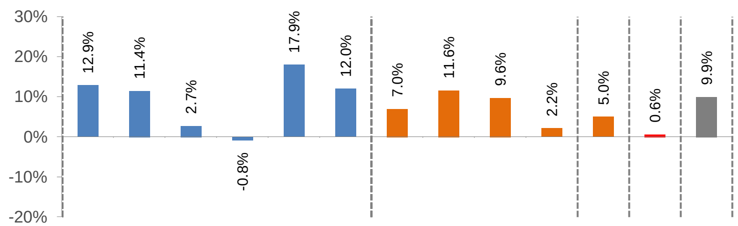
3 Months



12 Months



3 Years



The European debt crisis was the dominant theme in financial markets during the final three months of 2011. The drama continued unabated. At times, it came close to stretching the credibility of the Euro project to its limit. Politicians struggled to agree a suitable policy response, as political priorities and allegiances clashed with the needs of monetary union. The Prime Ministers of Greece and Italy were casualties of the pressures placed on Euro member states struggling with substantial and unsustainable levels of debt.

In the UK, the Chancellor presented his autumn statement in November. As expected, the essential message was one of continuing 'austerity'; sluggish economic growth, public sector pay restraint and painful spending cuts. The Chancellor also announced that it will take two years longer than first proposed to eliminate the structural deficit. The Office of Budget responsibility cut its forecast of economic growth for 2011, to just 0.9% (from 1.7% in March) and to 0.7% for 2012.

Despite all the negative news, equities and bonds each produced strongly positive returns. In the UK, the FTSE All Share index advanced 8.4% during the quarter; fixed interest government bonds returned 5.0% and index linked issues 8.4%. Of the major equity markets, only Japan produced negative returns.

Key events during the quarter:

Global Economy

The Bank of England injected an additional £75bn into the economy through quantitative easing (after earlier stimulus of £200bn).
The UK declined to participate in a plan for closer fiscal union across the European Union.
Short-term interest rates unchanged in UK and US; reduced, in two stages, in the Euro zone.
US central bank lowered the cost of short-term $ loans to European Central Bank, to ease liquidity concerns.
Economic growth in major Asian markets impaired by weak external demand.

Equities

Strong rebound after sharp falls during preceding quarter.
The strongest sectors relative to 'All World' Index were Oil & Gas (+7.0%) and Industrials (+2.0%); the weakest were Utilities (-4.4%) and Telecoms (-3.5%).

Bonds

Long dated UK bond yields fell to levels not seen for 60 years as investors sought 'safety'.
Italian ten year bond yield rose above 7% (highest level of Euro era) as debt concerns escalated.

High levels of debt in Europe and in the US threaten the stability of the global economy. Further tough and unpopular action is required to resolve the difficulties. In the meantime, no country is immune from the consequences of a failure to take decisive action.

Market Conditions to 31 December 2011

General

Following the sharp sell-off in equities in Q3, markets had a healthy rebound in Q4, although most delivered negative returns over the calendar year. At the same time, the rally in safe haven government bonds (principally US, Germany and UK) extended over Q4. Turmoil continued in the bonds of weaker Euro zone countries. The general tone was “risk on”, notwithstanding risks arising from the European debt crisis and the slowing pace of growth in Asian markets. Economic statistics in the US were ahead of expectations, providing some offset to other concerns. The Euro weakened over the period to the lower bound of its trading range.

Global Equities

North American equities delivered the strongest returns (+10.8% in local currency), followed by the UK (+8.4%). Only Japanese equities suffered a negative return (-4% in local currency) because of the enduring impact of the earthquake and slowing Asian growth. Over the calendar year, there was a substantial variance in returns. The only region in positive territory was North America (+0.7%). UK equities returned -3.5%. Europe and Asia Pacific both returned approximately -13% in local terms. Japan returned -18% in local terms but Yen strength improved the returns to a sterling based investor to -12%. The laggard was emerging market equities which has suffered an extended sell-off over 2011, returning -18.4% to a sterling-based investor.

At a sector level, Oil & Gas performed strongly (+7%) in Q4. Utilities (-4.4%) was the major underperforming sector. Over 2011, defensive sectors performed most strongly, lead by Health Care (+19%), Consumer Goods and Services (+8.2% and +9.4% respectively) and Telecoms (+8%). The weakest sectors were Basic Materials (-16.6%) and Financials (-11.9%). There was no strong bias to either growth or value styles.

UK Equities

Large cap stocks (FTSE 100) returned 9.4%, significantly outpacing the FTSE 250 (mid cap stocks) which returned 3.5% and Small Cap returning -1.3%. Over the calendar year, large cap (-2.2%) is well ahead of mid cap (-10.1%) and small cap (-12.5%). Value stocks in the UK performed more strongly than growth, both in Q4 and over the year as a whole, which is at variance with global equities. At a sector level, the strongest sector over Q4 was Oil & Gas (+8.3% relative), driven particularly by the two Oil majors. The weakest sectors were Utilities (-7.4%) and Financials (-6.3%).

Royal Dutch Shell and BP both returned just over 10% over the quarter. Royal Dutch now comprises 8.4% of the entire FTSE All-Share index (for comparison purposes, this is almost 4 times as large as the entire Small Cap (274 stocks) and 2/3rds of the size of the entire FTSE 250 which comprises 12.5% of the FTSE All-Share. The star performers among FTSE 100 stocks were cyclical – Wolseley (+24.6%), Weir Group (+21.6%) and Antofagasta (+21%). The weakest performers included financials – Admiral (-37.8%), Lloyds (-31.4%) – and Essar Energy (-37%).

Market Conditions to 31 December 2011 (continued)

Bonds

Gilts performed strongly, viewed internationally as safe haven assets. Long dated (over 15 years) gilts returned 9.6% (26.3% over the calendar year). The All Stocks gilts index returned 5% over the quarter (15.6% over the year). Index linked gilts returned 8.4% (19.9% over the year) with longer-dated issues performing more strongly. Investment grade credit returned 3.1% (5.4% over the year), with AA-rated bonds delivering the best performance. Index-linked gilts have been the strongest performing major asset class over 5 and 10 years, closely followed by nominal gilts. Both were outpaced only by Asia Pacific and Emerging Market equities.

Property

The 12-month return on the IPD Monthly index was 8.1%; this is a gross return, which was substantially ahead of the 5.9% which was the weighted average return (net of fees) of the All Balanced Pooled Property Funds index. Over Q4, the IPD Monthly return was 1.6% and the pooled fund average was 1.3%. The performance was largely driven by rental income with some evidence of a softening in capital values as 2011 drew to a close. The major question for 2012 will be whether investors will drive the price of prime properties higher or rotate into pockets of value in other parts of the market.

Generic Commentary on Active Managers

Among 60 global equity managers we follow, the median return over the fourth quarter was -0.3% relative to benchmark. Over the calendar year, the median return was -2.6% relative to benchmark; the interquartile range of outcomes, i.e. excluding the top and bottom quartile, was from flat to -5.2% relative to benchmark over 2011. Over 3 years, the median return was +0.75% p.a. relative to benchmark. Managers with a value style bias represent the bulk of the bottom quartile of performance.

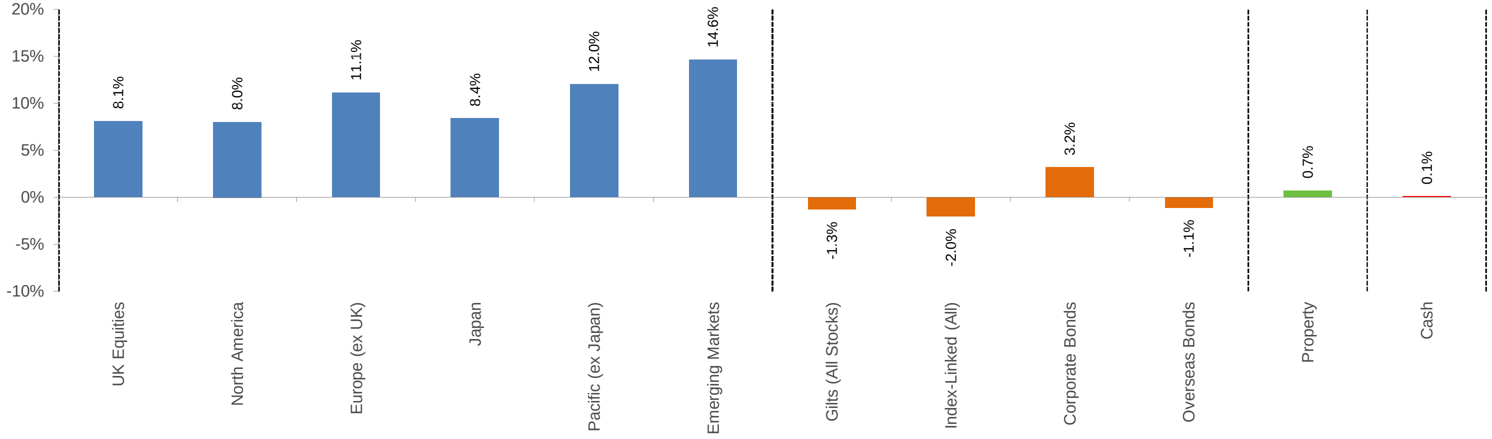
Among 27 UK equity managers, the median return over the fourth quarter was essentially in line with benchmark. Over the calendar year, the median return was -1.9% relative to benchmark; the interquartile range of outcomes was from +15% to -12% relative to benchmark over 2011; the +15% outperformance from Invesco's income fund was almost 10% ahead of the second best performer. Over 3 years, the median return was +0.26% p.a. relative to benchmark. Interestingly, Invesco's stunning 2011 outperformance still left them almost 0.6% p.a. behind benchmark over 3 years; this shows how the pattern of delivery of returns can vary. As with global equities, managers with a value style bias represent the bulk of the bottom quartile of performance.

Among 30 bond managers, the median return over the fourth quarter was +0.24% relative to benchmark. Over the calendar year, the median return was -0.22% relative to benchmark; the interquartile range of outcomes was from +2.1% to -3.1% relative to benchmark over 2011. Over 3 years, the median return was +1.7% p.a. relative to benchmark. The 3-year return captures a strong yield spread reduction in corporate bonds and recovery from weak results during the credit turmoil in 2008. However, managers tend to be persistently overweight credit and this tends to result in underperformance when gilt markets are particularly strong, as in Q3 of 2011.

We believe the institutional manager constituencies we track provide representative data and information applicable to the wider active management universes.

Markets - Historic Returns for World Markets Update

Period from 31/12/11 to 23/2/12



Equity markets have performed strongly in the early part of 2012 as economic indicators have looked more favourable and investors have become more optimistic, or, at least, have become inured to issues such as Greece. In contrast, government bonds, both conventional and index-linked have fallen back.

Managers

The Suffolk Fund returned 5.9% over Q4 of 2011, underperforming its benchmark by 0.7%. It is 1.6% behind benchmark over the calendar year (-2.3% versus a benchmark return of -0.7%). Longer term numbers lag the total fund benchmark with relative returns of -1.4% p.a. over 3 years and -1.3% p.a. over 5 years. The average Local Authority fund delivered 5.2% over Q4, and -1.5% over 12 months (1% behind benchmark).

Aberdeen: Aberdeen underperformed by 0.2% over Q4 of 2011. They are 2.4% behind benchmark over 12 months but 0.6% p.a. ahead of benchmark over 3 years. Longer term relative performance has been impacted by the significant underperformance in Q3 of11.

Alliance Bernstein: Alliance Bernstein outperformed their benchmark over Q4 of 2011 by 0.1%. They are 3.2% behind the benchmark over 12 months and 4.1% p.a. behind benchmark since inception on 10 June 2005.

BlackRock: BlackRock outperformed their benchmark by 0.9% over Q4. Their portfolio is 2.3% behind benchmark over 12 months. Although the last year has been disappointing (despite the outperformance in Q4) they are 3.4% p.a. ahead of benchmark over the period since inception (on 19 July 2007).

JP Morgan: JP Morgan outperformed by 1.0% over Q4 of 2011. However, they are behind benchmark over the calendar year by 2.7% and are behind benchmark by 0.7% p.a. since inception (on 20 July 2007).

Newton: Newton underperformed their benchmark over Q4 of 2011 by 3.0%. They are 4.0% behind benchmark over the calendar year and 0.7%p.a. behind benchmark since inception (on 27 July 2007). Relative performance has been negatively impacted by two successive poor quarters.

Millennium: Millennium underperformed their LIBOR cash benchmark by 2.7% (net of fees) over Q4. They are 6.7% p.a. behind benchmark (net of fees) over 12 months and 4.9% p.a. behind since the mandate commenced on 1 April 2008.

Schroder (Property): Schroder's No 1 portfolio returned 1.5% (net of fees) over Q4. This was 0.2% ahead of Schroder's benchmark (Balanced PUT index) which returned 1.3%; the All-Balanced Funds index which we consider more representative, had a similar return (1.3%). Over 12 months, Schroder's net return of 6.7% was 0.3% behind their benchmark and 0.1% behind the All Balanced Fund index. Over 3 years, Schroder returned 4.3% p.a. (net) which was 0.7% p.a. behind their benchmark return of 5.0% p.a. and a more significant 1.2% p.a. behind the IPD All Balanced Funds index return of 5.6% p.a.

MANAGER SUMMARY

Mandate	Manager	Value £M 30-Sep-11	Value £M 31-Dec-11	Actual Allocation 31-Dec-11
Multi Asset Passive	Legal & General	394.5	418.5	28.7%
UK Equities	Alliance Bernstein	145.4	157.9	10.8%
UK Equities	BlackRock	123.8	135.3	9.3%
Global Equities	JP Morgan	175.2	190.1	13.0%
Global Equities	Newton	181.7	189.7	13.0%
Bonds	Aberdeen	105.1	109.4	7.5%
Property	Schroder	152.8	155.1	10.6%
Currency Active	Millennium	34.0	33.1	2.3%
Private Equity	Private Equity	67.2	68.1	4.7%
Total Invested Assets		**1,379.7**	**1,457.3**	**100.0%**

ASSET ALLOCATION

Asset Class	Fund (£m)		Strategic Benchmark (%)	Fund (%)		Relative to Strategic Benchmark (%)	
	30/09/2011	31/12/2011		30/09/2011	31/12/2011	30/09/2011	31/12/2011
UK Equities	**300.3**	**321.7**	**22.8**	**21.8**	**22.1**	-1.0	-0.7
Overseas Equities	**528.2**	**569.1**	**38.2**	**38.3**	**39.1**	0.1	0.9
North America	224.3	246.3	15.1	16.3	16.9	1.2	1.8
Europe ex UK	127.8	143.1	10.5	9.3	9.8	-1.2	-0.7
Japan	50.6	48.4	6.2	3.7	3.3	-2.5	-2.9
Pacific ex Japan	49.7	52.3	3.6	3.6	3.6	0.0	0.0
Other	75.8	78.9	2.8	5.5	5.4	2.7	2.6
British Govt Bonds	**53.2**	**53.4**	**4.0**	**3.9**	**3.7**	-0.1	-0.3
Corporate Bonds	**166.7**	**172.6**	**10.4**	**12.1**	**11.8**	1.7	1.4
Index-Linked	**63.2**	**66.4**	**4.3**	**4.6**	**4.6**	0.3	0.3
Alternatives	**101.2**	**101.2**	**8.2**	**7.3**	**6.9**	-0.9	-1.3
Private Equity	67.2	68.1	5.0	4.9	4.7	-0.1	-0.3
Active Currency	34.0	33.1	3.2	2.5	2.3	-0.7	-0.9
Property	**148.1**	**151.1**	**12.0**	**10.7**	**10.4**	-1.3	-1.6
Cash	**18.9**	**21.7**	**0.0**	**1.4**	**1.5**	1.4	1.5
Total Invested Assets	**1,379.7**	**1,457.3**	**100.0**	**100.0**	**100.0**		

Manager Allocation - Global Equity Benchmarks

Asset Class	Target %	JP Morgan Relative %	Target %	Newton Relative %
UK Equities	8.6	3.4	8.6	-2.2
Overseas Equities	91.4	-5.3	91.4	0.4
North America	*50.5*	-1.7	*50.5*	-11.2
Europe	*15.2*	1.1	*15.2*	6.7
Japan	*8.0*	-2.9	*8.0*	1.5
Asia Pacific	*4.9*	-1.5	*4.9*	4.0
Emerging Markets	*12.8*	-0.3	*12.8*	-0.6
Total Equities	100.0	-1.9	100.0	-1.8
Property	-	-	-	-
Total Fixed Interest	-		-	
Cash & Alternatives	-	1.8	-	1.8
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 3.4% 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. Over the quarter they have moved underweight the UK and increased their European holdings. Their most significant current position remains the underweighting of North America, the largest geographical component of the index. This position detracted from performance over the quarter.

Sector Allocation - Global Equity Benchmarks

Sector	Target %	JP Morgan Relative %	Newton Relative %
Energy	12.1	0.1	-2.5
Materials	8.0	-2.5	0.2
Industrials	10.5	0.4	-4.4
Consumer Discretionary	10.0	3.8	-1.1
Consumer Staples	10.7	-0.3	3.7
Healthcare	9.3	3.3	7.7
Financials	18.4	-2.7	-5.4
Information Technology	12.2	0.8	-0.9
Telecommunication	5.0	-0.3	2.6
Utilities	3.9	-2.7	-2.1
Cash & Others	-	-	2.4
Total	**100.0**		

Comments

Overall, JP Morgan's sector allocations have remained broadly unchanged. They are less underweight the consumer staples sector and have moved further overweight healthcare stocks. They have reduced exposure to financials and have increased exposure to industrial stocks. Sector selection contributed modestly to outperformance (+0.2%) over the quarter.

Newton's thematic views are continuing to dictate their underweight position in Western banks (the underweight position to Financials) and overweight to healthcare (which they also like because of their cautious/defensive economic outlook). Sector allocation was modestly negative over the quarter (-0.2% of relative performance) but the bulk of underperformance came from stock selection (-2.8%).

Alliance Bernstein - UK Equity Mandate

Overview

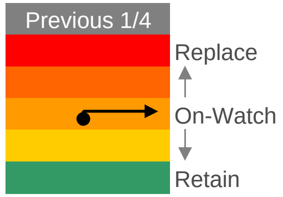
Comments

Alliance Bernstein marginally outperformed over the quarter but remain significantly behind benchmark over the longer term.

The underweight to consumer staples has been a big detractor over the year but their underweight to the underperforming utility sector helped in Q4. The portfolio's holdings in oil majors Royal Dutch Shell and BP were significant contributors in the quarter. Several mining holdings also did well. Detractors in Q4 were Lloyds Banking Group (where uncertainties over top management added to previous woes) and Premier Foods with weaker than expected earnings. Bernstein still see upside in Lloyds but exited Premier Foods.

They have not made major shifts in the sector positioning of the portfolio in recent quarters. Rather, their bottom-up company research seeks to identify opportunities. They have rotated some non-UK holdings. They sold holdings in computer-maker Dell in the fourth quarter after strong performance and have opened a position in Tyson Foods, which they see as an attractively valued US chicken producer which adds exposure in the consumer staples sector. Other additions have been in areas of the market exposed to the economic cycle, but where they feel investors have understated companies' specific advantages.

Hymans Robertson View



Recent News

Alliance Bernstein remains "On Watch", reflecting concerns over continued personnel departures, ongoing organisational restructuring and a re-assessment of the manager's approach and the outlook for their process to generate outperformance going forward.

In December, Alliance Bernstein announced the departure of their Global Chief Operating Officer and UK Chief Executive, David Steyn. Steyn had only assumed the role in July 2011, when Claude Chene left to join Ignis Asset Management. The manager has since announced that Timothy Ryan will become the new Chief Executive of the UK business in March. Ryan is currently Chief Executive of Alliance Bernstein in Japan and will be relocating from Tokyo to London to assume his new role. In February 2012 they also announced some changes mainly effecting growth portfolios .

Performance Summary

	Current 1/4 %	1 Year %	3 Years % p.a.	Inception % p.a.
Fund	8.6	-6.6	6.9	1.1
Benchmark	8.4	-3.5	12.9	5.5
Relative	0.1	-3.2	-5.3	-4.1

3 Year Relative Return

Actual % p.a.	Target % p.a.
-5.3	1.5

3 Year Tracking Error

Actual	Target
3.7	3-5%

BlackRock - UK Equity Mandate

Overview

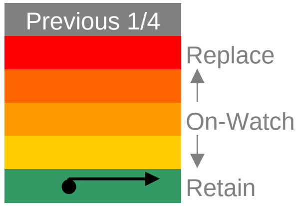
Comments

The portfolio bounced back from disappointing performance (absolute and relative) in Q3 with a positive Q4, posting a strong positive and absolute return. Relative performance over 12 months is disappointing. However, performance over the longer term remains well ahead of benchmark.

Outperformance during the quarter was driven by the addition, over recent months, of companies which have been able to grow earnings in this difficult economic environment, as investors increasingly sought out shares with these characteristics. Stocks which helped included Wolseley which benefitted from strong results, and from improvements in both its own operational performance and in sentiment towards the US, whilst Compass and Sage also did well. Weir rose 30% after BlackRock purchased from an oversold position, and mining shares rebounded following the sharp falls of Q3, with Antofagasta rising over 30% on stabilising copper prices and on the announcement of a new copper project, adding to its growth prospects.

Trading activity was modest during the period. BlackRock have continued to add to companies whose strong balance sheets and business models should withstand any further period of global economic weakness arising from the issues in the eurozone.

Hymans Robertson View



Recent News

No significant news on the equity side of the business.

Performance Summary

	Current 1/4 %	1 Year %	3 Years % p.a.	Inception % p.a.
Fund	9.4	-5.7	15.7	2.9
Benchmark	8.4	-3.5	12.9	-0.5
Relative	0.9	-2.3	2.5	3.4

3 Year Relative Return

Actual % p.a.	Target % p.a.
2.5	1.5

3 Year Tracking Error

Actual	Target
3.6	

JP Morgan - Global Equity Mandate

Overview

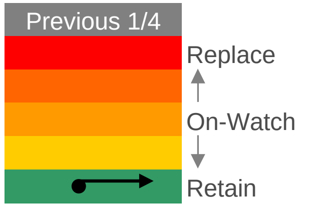
Comments

Following the significant underperformance in the third quarter, the portfolio enjoyed a recovery in performance in the fourth quarter, outperforming its benchmark by 1.0%, calendar year performance is still impacted by the poor third quarter.

Many of the style characteristics that had performed poorly in the third quarter rebounded as market returns recovered to a certain extent. Stock selection in the Energy, Financials and Materials sectors contributed positively to returns. Exposure to small cap stocks also helped in the quarter as did the portfolio's value style bias. However, stock selection was poor in the consumer discretionary sector as fears surrounding the European economy and worries of a China slowdown impacted a number of luxury, retail and media stocks.

JP Morgan are adapting to the change in market conditions. . The overall exposure to volatility and momentum has fallen and the weight in larger companies has increased. The portfolio's exposure to stable growth has increased and they now have a larger overweight in stocks with high return on equity. They have increased exposure to industrial stocks.

Hymans Robertson View



Recent News

JP Morgan has announced that John Stainsby, Client Portfolio Manager, is moving across to become Head of the UK Institutional Team which is effectively a business development role. Whilst his views were undoubtedly of value within the equity teams, he has never had any direct responsibility for portfolio decisions; he was embedded in the teams so that he had in depth knowledge of the processes and portfolio positioning. We are therefore confident that his move will have no direct impact on the investment approach or implementation of JP Morgan’s equity strategies.

Nonetheless, Stainsby generally had a high profile and it is important that JP Morgan finds a capable successor. We are happy to maintain our rating of Retain.

Performance Summary

	Current 1/4 %	1 Year %	3 Years % p.a.	Inception % p.a.
Fund	8.5	-9.2	9.3	0.4
Benchmark	7.4	-6.7	9.2	1.1
Relative	1.0	-2.7	0.2	-0.7

3 Year Relative Return

Actual % p.a.	Target % p.a.
0.2	1.5

3 Year Tracking Error

Actual	Target
3.4	

Newton - Global Equity Mandate

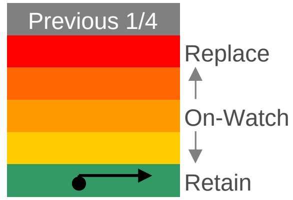
Overview

Comments

The portfolio again suffered a poor quarter, significantly underperforming the benchmark. The Technology sector was the main detractor, with the portfolio losing 1% of performance from stock selection in that sector. Newton stated that performance of stocks such as HTC (mobile phones) and DeNA (games), which Newton describe as "long term structural growth" companies was held back by short term factors. There was also a negative contribution from telecoms, with Sprint Nextel underperforming on news of cashflow reduction and longer debt repayment. Despite concerns about the effect of austerity programs on economic growth rates, Newton's limited exposure to the energy sector was also detrimental as oil prices were buoyed by supply concerns relating to political and social uncertainty in a number of oil-exporting countries. Stock selection was also negative in that sector.

Despite the recent underperformance, Newton remain resolute in the view that the thematic issues driving their portfolio remain in place. They have made no substantial changes to the portfolio. Amid what are likely to remain challenging investment conditions they are focussed on the more stable market sectors, which have greater scope to grow regardless of the broader macroeconomic backdrop.

Hymans Robertson View



Recent News

Newton has announced a reshuffle of roles in its global equity team. The headline change is that Jon Bell, Chair of the Global Equity Model Group and lead manager of the International Growth Fund, will move across to work with Iain Stewart on multi-asset portfolios. Jeff Munroe, Bell's boss and Newton's Chief Investment Officer, will take over Bell's role on a permanent basis. Newton has explicitly linked this change with recent disappointing performance. As we had suspected, the catalyst for the restructuring was the failure of the core equity strategies to benefit consistently from Newton's cautious macro stance, crucially during the market sell-off in Q3 2011. Therefore, perhaps the key personnel change in terms of Newton's intent to address the balance of stock specific risk, is the re-introduction of James Harries to the Global Equity Model Group. His specific role will be to introduce more stable income/absolute return ideas and thinking to the Model Group. We are supportive of this shift in emphasis but will continue to monitor the manager closely.

Performance Summary

	Current 1/4 %	1 Year %	3 Years % p.a.	Inception % p.a.
Fund	4.3	-10.4	6.7	0.6
Benchmark	7.4	-6.7	9.1	1.3
Relative	-3.0	-4.0	-2.2	-0.7

3 Year Relative Return

Actual % p.a.	Target % p.a.
-2.2	1.5

3 Year Tracking Error

Actual	Target
6.6	5-7%

Aberdeen - Bond Mandate

Overview

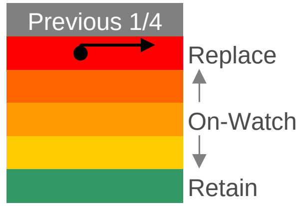
Comments

Aberdeen underperformed the benchmark by 0.2% over the quarter leaving performance over the calendar year 2011 significantly behind benchmark.

Gilts continued to perform well over the quarter due to growing unrest in the economy and further quantitative easing from the Bank of England. The fund held a short duration position in gilts over the quarter which contributed negatively to performance. The effect of this was offset to a degree by credit selection. The failure of politicians to make positive steps to resolve the sovereign debt crisis and stabilise the banking system resulted in credit spreads widening, with financials being hit particularly hard. The fund maintained its overweight position in credit over the quarter, in line with their long-term positive view. Strong stock selection more than offset the dual negative impacts of widening spreads and an overweight to the underperforming financial sector.

Going forward, the portfolio is positioned defensively (short duration). Within credit, they are positioned for a recovery in sentiment towards the EU and continue to be overweight Financials.

Hymans Robertson View



Recent News

Aberdeen has announced the departure of Charles McKenzie, Deputy Head of Fixed Income, who reports into Paul Griffiths, Global Head of Fixed Income. McKenzie's responsibilities lay in having a number of teams reporting into him, including the Sterling and European Fixed Income teams, Convertible, European High Yield and LDI teams and as a client portfolio manager. McKenzie sat within the investment team to gain full insight into how portfolios are positioned, but had no input into the investment management of portfolios. We therefore do not view McKenzie's departure as significant from an investment perspective. However, his departure is another in a long list of senior departures from Aberdeen's Fixed Income business in recent years. It again raises questions over the firm's ability to retain key Fixed Income individuals and the long term stability of the Fixed Income team – our overall manager rating is "sell".

Performance Summary

	Current 1/4 %	1 Year %	3 Years % p.a.	Inception % p.a.
Fund	4.1	9.5	9.7	5.9
Benchmark	4.4	12.2	9.1	5.9
Relative	-0.2	-2.4	0.5	0.0

3 Year Relative Return

Actual* % p.a.	Target** % p.a.
0.5	0.75

3 Year Tracking Error

Actual	Target
2.4	1.5

* gross of fees ** net of fees

Schroder - Property Fund of Funds

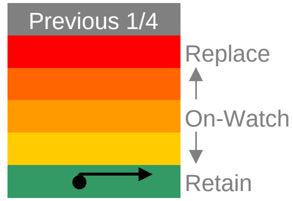
Overview

Comments

The portfolio outperformed over the quarter driven by strong performance from value added holdings. These funds have also performed well over 12 months. Funds invested in central London offices such as West End of London Property Unit Trust performed strongly with returns boosted by gearing. More recent purchases such as Columbus UK Real Estate Unit Trust and Threadneedle Strategic Property Fund IV have also begun to deliver outperformance, having recouped their initial set up and asset purchase costs. Core Funds have had mixed returns with purchase costs still impacting on the Mayfair Capital PUT. SEPUT has had a strong 12 months driven by asset sales and strong performance from the London office sector. Schroder indicate that although rebalancing costs continue to hinder portfolio performance in the near term, the impact on performance is reducing as the restructure is largely complete and the portfolio is now well positioned to deliver future growth.

Schroders believe the income component of return is crucial in the current environment and their search for income extends beyond the mainstream sectors. They see attractive opportunities in niche retail, healthcare, residential and other property. There is currently £1.5 million un-allocated cash in the portfolio. They plan to direct this, plus income generated over this year, towards increasing existing core fund holdings. This will help to maintain open ended funds in the portfolio above the 60% guideline.

Hymans Robertson View



Recent News

Schroders announced the completion of its appointment to manage investment portfolios on behalf of the Invista Foundation Property Trust (IFPT) and the Equitable Life Assurance Society (ELAS). The combined gross asset value of the two portfolios is approximately £600 million. A team of 8 property professionals from Invista has joined the Schroder Property team in January 2012. Schroders currently manages a number of investment trusts and they have stated that adding a property investment trust to the range has been a business objective for some time. From an investment perspective, we view this development as a 'bolt-on' portfolio and property team acquisition for the firm. Accordingly, we believe this will have a minimal impact on how the existing property teams within Schroders currently invest and operate. Our view on Schroders' property team remains unchanged.

Performance Summary (No 1 Fund)

	Current 1/4 %	1 Year %	3 Years % p.a.	5 Years % p.a.
Fund	1.5	6.7	4.3	-4.2
Benchmark	1.3	7.0	5.0	-4.1
Relative	0.2	-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

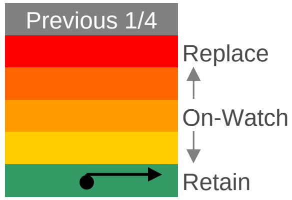
Millennium - Active Currency

Overview

Comments

Despite a positive start to the quarter, up 0.43% in October, the fund suffered in November and December, finishing Q4 down -2.5%. This brought calendar year performance for 2011 to -5.2%. The fund is positioned short the Euro against a range of currencies including US Dollar, Australian Dollar, Japanese Yen and Swiss Franc. Despite the ongoing concerns over Eurozone stability and the potential break-up of the Euro, the currency has not weakened significantly as expected. This hurt the portfolio in December as the Euro strengthened against AUD, CHF and JPY. The Euro did weaken against the USD as investors sought safety in the US currency and this provided the only notable positive contribution to performance. Elsewhere in the portfolio the Dollar's strength was a detractor from performance as it was held short against the Singapore Dollar, Mexican Peso and Japanese Yen, all of which weakened relative to it in December. The portfolio remains positioned for further Euro weakness as the crisis in Europe continues to unfold.

Hymans Robertson View



Recent News

Millennium manages approximately £8 billion in currency assets for 26 major institutions around the world, including over £1 billion for eight UK Local Authority and corporate pension funds. The firm continues to develop its quantitative research team, although it did suffer the departure of its product strategist, who had been developing the dynamic hedging programme, in Q4 2011 after only a year at the firm. The firm also suffered some reputational damage last year, firstly as a result of an SEC investigation into an ex-employee of the firm who managed a hedge fund at Millennium and has since been charged for fraudulent activity. Secondly the firm used the now failed MF Global as a clearing broker on behalf of some of its clients who are still awaiting proceeds following its collapse. Although neither of these issues directly impact the active currency fund, it does raise concerns over the adequacy of the due diligence the firm carries out on its counterparties.

Performance Summary (absolute return)

	Current 1/4 %	1 Year %	3 Years % p.a.	Inception % p.a.
Fund	-2.5	-5.9	-4.3	-3.2

* 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