Suffolk County Council Pension Fund

REVIEW OF PERFORMANCE
FIRST QUARTER OF CALENDAR YEAR 2012

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For and on behalf of Hymans Robertson LLP
May 2012

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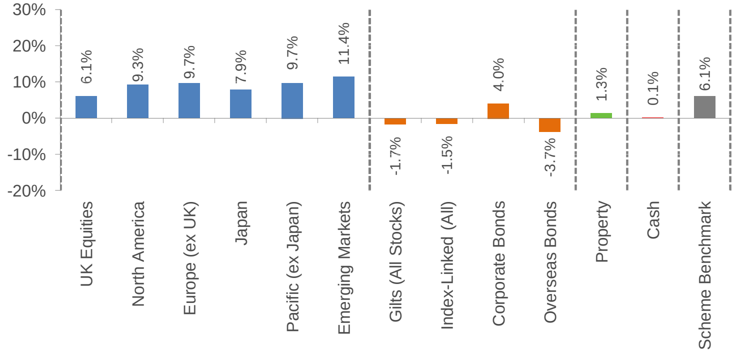
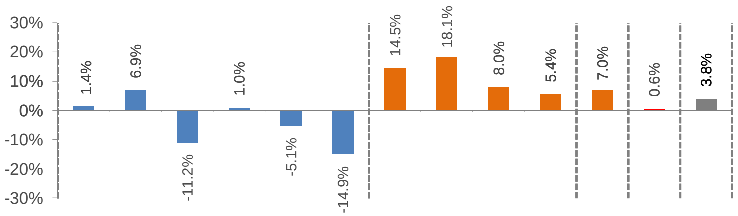
Markets - Historic Returns for World Markets to 31 March 2012

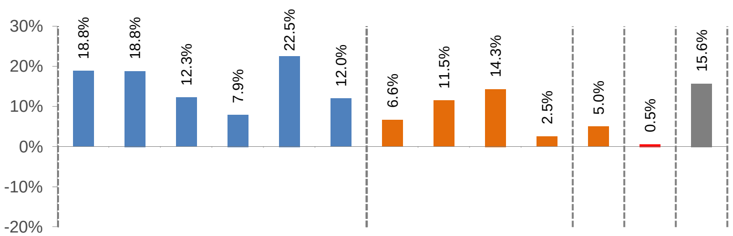
3 Months



12 Months



3 Years



Equity markets performed well during the first quarter of 2012, adding to the gains made over the closing months of 2011. Investor sentiment was mildly optimistic and it is interesting to reflect on the reasons for this. The United States is a good first 'port of call'. The economy is expanding, unemployment is falling and policy makers have made some optimistic comments in their public pronouncements. In Europe, the immediate sense of crisis in the Eurozone passed, as Greece secured a second bailout (€130bn) after prolonged and intense negotiations. In addition, there were indications of some stability in the global banking sector.

Notwithstanding the more positive tone in markets, central bankers warned of continuing downside risks to the global economic outlook. If events prove them to be correct, the current regime of loose monetary policy and record low interest rates is likely to persist throughout 2012 and well into 2013. Many commentators made the point that the European debt crisis is not so much resolved as deferred, as further remedial action will be required.

In the UK, the downward revision to economic growth during the final quarter of 2011, announced in late March 2012, highlighted the challenges faced by the government and provided ammunition to critics of the coalition's austerity measures.

Key events during the quarter:

Global Economy

UK and European central banks provided further liquidity to money markets.
Moody's and Fitch placed the UK's top credit rating on negative outlook.
Short-term interest rates were unchanged in the UK, US and Eurozone.
Chinese economic growth slowed on weaker demand from overseas markets.
The price of oil rose to record levels on concerns over possible supply interruptions.
The US was the only 'major' to report growth during Q4 2011; all others (UK, Eurozone and Japan) contracted.

Equities

US Dow Jones Industrial Average index moved above 13,000 for first time since May 2008.
The strongest sectors relative to 'All World' Index were Technology (+7.9%) and Financials (+4.7%); the weakest were Telecoms (-8.3%) and Utilities (-7.8%).

Bonds

Long bond yields in 'secure' government markets rose from record lows, reflecting investors' tentative move from 'risk free' assets.
Corporate issues (in aggregate) outperformed government bonds.
The legacy of the financial crisis remains a legitimate concern and still has the capacity to deliver 'shocks' to the system. The economic outlook is, at best, uncertain and policy makers have a fine line to tread between 'austerity' and expansionary measures.

Market Conditions to 31 March 2012

General

The recovery in equity markets which took place in Q4 of 2011 extended into Q1 of 2012, with several markets achieving their highest levels since before the credit turmoil commenced in late 2007. Support came from financial stimulus in the US and Europe. Economic growth, especially in North America, benefited from a particularly mild winter. In conditions that favoured risk-taking, bond prices softened, particularly among long-dated safe haven government bonds which had performed strongly over 2011.

Global Equities

In local currency terms, North American equities returned 12.2%, with Emerging Markets and Asia Pacific equities returning 11.4% and Europe returning 9.8%. Japanese equities returned 18.6% in local currency terms but sharp Yen weakness reduced the return to 7.9% when denominated in sterling. All regional international equity markets produced sterling denominated returns that exceeded UK equity returns. The 100 largest global stocks outperformed the broad index by 1.2% over Q1 and by approximately 3% over 12 months. Over the 12 months ending 31 March 2012, North American equities returned almost 7% in sterling terms, UK equities delivered 1.4% but other regional markets delivered negative returns with Europe and Emerging Markets suffering most.

Over Q1, the Technology sector had the strongest relative returns (+7.9%), followed by Financials (+4.7%). The weakest relative returns came from Telecoms (-8.3%) and Utilities (-7.8%). The Oil & Gas sector was also weak (-5.7% relative). Growth stocks outperformed value stocks by approximately 2.4% over the quarter.

UK Equities

Large cap stocks (FTSE 100) returned 4.8%, significantly less than the FTSE 250 (mid cap stocks) which returned 14.7% and Small Cap returning 14.8%. This reversed the leadership compared with Q4 of 2011. Over the 12 months ending 31 March 2012, there was very little difference in the returns of the three size components, although mid cap and small cap are about 6% p.a. ahead of large cap for the 3-year period which began in March 2009, close to the equity market low following the credit turmoil. Reflecting the sector performance in global equities, Financials and Technology delivered the strongest relative returns. Industrials were also strong (+6.8% relative). The weakest UK sectors were Healthcare (-8.8%), Oil & Gas (-6.8%) and Telecoms (-5.8%). Healthcare remains among the strongest performing sectors over 12 months, despite the recent setback. Growth stocks outperformed Value stocks over the quarter.

Four of the five largest UK stocks, Royal Dutch Shell, BP, Vodafone and GlaxoSmithKline underperformed the FTSE All Share by 8% on average. The second largest stock, HSBC, outperformed by just over 8%. This reflects global sector trends over Q1. Five of the ten strongest performing stocks in the FTSE 100 were financials, including Royal Bank of Scotland, Barclays and Lloyds. The ten weakest FTSE 100 stocks included Tesco and Morrison, BSkyB and cruise liner Carnival. The price setbacks were due to earnings statements (particularly Tesco) and news stories (BSkyB and Carnival). Several stocks with strong price moves (both up and down), e.g. Admiral, the banks and Weir group, reversed the similarly strong price changes that occurred in Q4 of 2011.

Market Conditions to 31 March 2012 (continued)

Bonds

In a quarter that was kind to risk assets, corporate bonds performed well. Investment grade credit returned 4% in aggregate with BBB-rated credit returning 5.7% and A-rated credit returning 3.6%. AA-rated credit returned a more modest 1.3% and AAA bonds -1.3%. Unsurprisingly, gilts weakened with All Gilts returning -1.7%, and the over 15 year gilts index returning -4.4%. Index-linked gilt stocks returned -1.5%. This follows a period of very strong gilt returns over calendar year 2011.

Property

The IPD Monthly index return for Q1 was +0.9%. The net return from All Balanced pooled funds was +0.8%. Voids continue at a relatively high level, putting pressure on rents so this is a market favouring tenants over investors. There is little prospect for rental growth and capital prices are under modest pressure. The two tier market is continuing, with the strongest returns coming from prime property in Central London locations and little evidence of a “value” recovery outside this area.

Generic Commentary on Active Managers

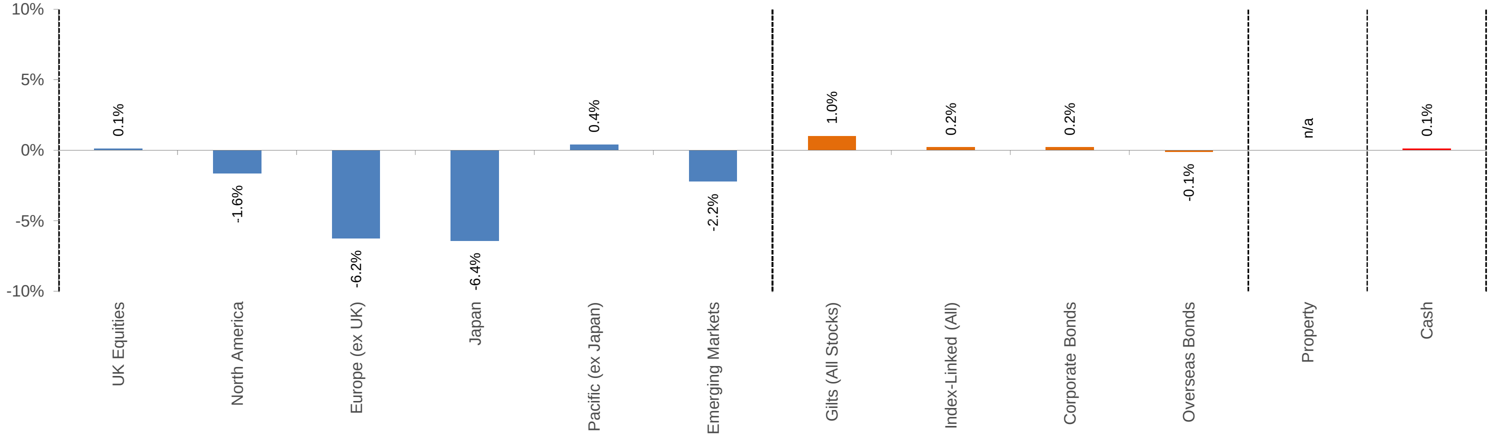
Among 60 global equity managers we follow, the median return over the first quarter was +0.9% relative to benchmark. Over the calendar year, the median return was -0.7% relative to benchmark; the interquartile range of outcomes, i.e. excluding the top and bottom quartile, was from +1.6% to -3% relative to benchmark over the 12 months ending 31 March 2012. Over 3 years, the median return was +0.2% p.a. relative to benchmark. Over 12 months, managers with a value style bias represent a sizeable proportion of the underperforming managers. Among 27 UK equity managers, the median return over the first quarter was 1% ahead of benchmark. Over the 12 month period ending March 2012, the median return was 0.5% ahead to benchmark with the interquartile range of outcomes from +4% to -1.1% relative to benchmark. Over 3 years, the median return was just behind benchmark.

Among 30 bond managers, the median return over the first quarter was +0.74% relative to benchmark. Over the 12 month period ending 31 March 2012, the median return was -0.29% relative to benchmark with the interquartile range of outcomes from +0.7% to -0.8% relative to benchmark over 2011. Over 3 years, the median return was +2.3% 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; most of this recovery occurred early in the three year period. Managers have been persistently overweight credit which tends to result in outperformance when momentum favours risk taking and underperformance when risk aversion has the upper hand.

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 31/03/12 to 02/05/12



Equity markets (particularly Europe and Japan) have fallen back in the second quarter of 2012. UK fixed interest gilts have posted a modest rise with other bond markets broadly flat.

Managers

The Suffolk Fund returned 5.5% over Q1 of 2012 underperforming its benchmark by 0.6%. It is 2.0% behind benchmark over the last 12 months (1.7% versus a benchmark return of 3.8%). Longer term numbers lag the total fund benchmark. Relative returns are 2.1% p.a. behind benchmark over 3 years and 1.4% p.a. behind over 5 years.

Aberdeen: Aberdeen outperformed by 1.0% over Q1 of 2012. They are 1.8% behind benchmark over 12 months but 1.3% p.a. ahead of benchmark over 3 years. Longer term relative performance has been impacted by the significant underperformance in Q3 of11; they are 0.2% p.a. ahead since inception.

Alliance Bernstein: Alliance Bernstein outperformed their benchmark over Q1of 2012 by 0.2%. They are 3.2% behind the benchmark over 12 months and 4.0% p.a. behind benchmark since inception on 10 June 2005.

BlackRock: BlackRock underperformed their benchmark by 1.0% over Q1. Their portfolio is 1.9% behind benchmark over 12 months. Although the last year has been disappointing they are 3.0% p.a. ahead of benchmark over the period since inception (on 19 July 2007).

JP Morgan: JP Morgan outperformed by 1.3% over Q1 of 2012. They are behind benchmark over the last 12 months by 1.8% and are behind benchmark by 0.5% p.a. since inception (on 20 July 2007).

Newton: Newton underperformed their benchmark over Q1 of 2012 by 0.7%. They are 4.3% behind benchmark over the 12 months and 0.8% p.a. behind benchmark since inception (on 27 July 2007). Relative performance has been negatively impacted by three successive poor quarters.

Millennium: Millennium outperformed their LIBOR cash benchmark by 0.7% (net of fees) over Q1. They are 4.9% 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 0.4% (net of fees) over Q1. This was 0.4% behind Schroder's benchmark (Balanced PUT index) which returned 0.8%; the All-Balanced Funds index which we consider more representative, had a similar return (0.8%). Over 12 months, Schroder's net return of 5.3% was 0.4% behind their benchmark and 0.4% behind the All Balanced Fund index. Over 3 years, Schroder returned 7.4% p.a. (net) which was 1.1% p.a. behind their benchmark return of 8.6% p.a. and 1.3% p.a. behind the IPD All Balanced Funds index return of 8.8% p.a.

MANAGER SUMMARY

Mandate	Manager	Value £M 31-Dec-11	Value £M 31-Mar-12	Actual Allocation 31-Mar-12
Multi Asset Passive	Legal & General	418.5	445.1	28.9%
UK Equities	Alliance Bernstein	157.9	167.8	10.9%
UK Equities	BlackRock	135.3	142.1	9.2%
Global Equities	JP Morgan	190.1	209.5	13.6%
Global Equities	Newton	189.7	204.6	13.3%
Bonds	Aberdeen	109.4	111.4	7.2%
Property	Schroder	155.1	155.8	10.1%
Currency Active	Millennium	33.1	33.4	2.2%
Private Equity	Private Equity	68.1	68.0	4.4%
Total Invested Assets		**1,457.3**	**1,537.7**	**100.0%**

ASSET ALLOCATION

Asset Class	Fund (£m)		Strategic Benchmark (%)	Fund (%)		Relative to Strategic Benchmark (%)	
	31/12/2011	31/03/2012		31/12/2011	31/03/2012	31/12/2011	31/03/2012
UK Equities	**321.7**	**341.5**	**22.8**	**22.1**	**22.2**	-0.7	-0.6
Overseas Equities	**569.1**	**625.1**	**38.2**	**39.1**	**40.7**	0.9	2.5
North America	246.3	270.5	15.1	16.9	17.6	1.8	2.5
Europe ex UK	143.1	157.2	10.5	9.8	10.2	-0.7	-0.3
Japan	48.4	52.0	6.2	3.3	3.4	-2.9	-2.8
Pacific ex Japan	52.3	57.7	3.6	3.6	3.8	0.0	0.2
Other	78.9	87.7	2.8	5.4	5.7	2.6	2.9
British Govt Bonds	**53.4**	**51.4**	**4.0**	**3.7**	**3.3**	-0.3	-0.7
Corporate Bonds	**172.6**	**179.5**	**10.4**	**11.8**	**11.7**	1.4	1.3
Index-Linked	**66.4**	**65.5**	**4.3**	**4.6**	**4.3**	0.3	0.0
Alternatives	**101.2**	**101.4**	**8.2**	**6.9**	**6.6**	-1.3	-1.6
Private Equity	68.1	68.0	5.0	4.7	4.4	-0.3	-0.6
Active Currency	33.1	33.4	3.2	2.3	2.2	-0.9	-1.0
Property	**151.1**	**150.0**	**12.0**	**10.4**	**9.8**	-1.6	-2.2
Cash	**21.7**	**23.2**	**0.0**	**1.5**	**1.5**	1.5	1.5
Total Invested Assets	**1,457.3**	**1,537.7**	**100.0**	**100.0**	**100.0**		

Manager Allocation - Global Equity Benchmarks

Asset Class	Target %	JP Morgan Relative %	Target %	Newton Relative %
UK Equities	8.2	3.9	8.2	-2.3
Overseas Equities	91.8	-4.9	91.8	-0.1
North America	*50.5*	-3.2	*50.5*	-9.9
Europe	*15.4*	0.9	*15.4*	6.9
Japan	*7.9*	-2.7	*7.9*	1.4
Asia Pacific	*4.8*	-0.7	*4.8*	3.8
Emerging Markets	*13.2*	0.8	*13.2*	-2.3
Total Equities	100.0	-1.0	100.0	-2.3
Property	-	-	-	-
Total Fixed Interest	-		-	
Cash & Alternatives	-	1.0	-	2.3
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 3.9% overweighting of UK). Positive contributions to relative returns came from stock selection across all regions with the exception of Japan.

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	11.4	-1.1	-3.0
Materials	7.9	-1.7	-0.0
Industrials	10.5	0.6	-2.5
Consumer Discretionary	10.5	4.2	-1.6
Consumer Staples	10.2	-0.4	4.8
Healthcare	8.9	1.8	7.5
Financials	19.5	-2.0	-6.7
Information Technology	13.1	2.2	-1.5
Telecommunication	4.5	-0.7	1.6
Utilities	3.7	-3.0	-1.6
Cash & Others	-	-	3.0
Total	**100.0**		

Comments

Overall, JP Morgan's sector allocations have remained broadly unchanged. The overweight to the Consumer Discretionary sector added value (0.9% of relative performance). The other largest sector position (overweight to Healthcare) detracted (-0.2% relative performance).

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 negative over the quarter (-0.9% of relative performance) with stock selection neutral. Underweighting of banks and overweighting of healthcare detracted.

Alliance Bernstein - UK Equity Mandate

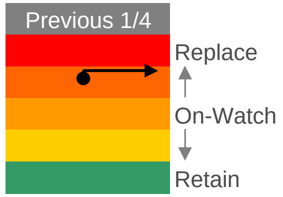
Overview

Comments

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

The first quarter of 2012 saw a reversal of many of the key stock-market trends of 2011. Many of the more cyclical names and sectors that did poorly last year rebounded. This is reflected in Bernstein's performance, with several of last year's biggest detractors among the first quarter's largest contributors, and some more defensive names that held up better last year among the leading first-quarter detractors. Banks and engineering companies outperformed. Portfolio holdings Renault, Cookson Group, Barclays and Lloyds TSB did well. Defensive holdings that did less well and detracted included large companies such as GlaxoSmithKline, AstraZeneca and Shell. First Group also detracted with fuel costs impacting profit expectations. Bernstein highlight that volatility has fallen and value spreads within the UK remain well above their long-term average, indicating the potential opportunity in the most undervalued companies. In this improving environment the manager trimmed outperformers and added back to stocks with weaker performance where valuations have become more attractive. Relative sector positions have changed little since the start of the year. New purchases have emphasized stock-specific factors (eg National Grid and Rexam).

Hymans Robertson View



Recent News

Alliance Bernstein communicated a number of changes to the roles of investment professionals at the firm. These changes are being promoted as an increase in the focus of global equity strategies and strengthening the portfolio construction process. They reduced research resource mainly on the Growth side of the business.

There is no change to the team managing the UK Value strategies.

The changes are not of direct relevance to the Suffolk mandate but are reflective of Bernstein's difficulties in recent times.

Performance Summary

	Current 1/4 %	1 Year %	3 Years % p.a.	Inception % p.a.
Fund	6.3	-1.8	14.1	2.0
Benchmark	6.1	1.4	18.8	6.2
Relative	0.2	-3.2	-4.0	-4.0

3 Year Relative Return

Actual % p.a.	Target % p.a.
-4.0	1.5

3 Year Tracking Error

Actual	Target
3.5	3-5%

BlackRock - UK Equity Mandate

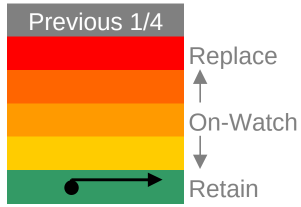
Overview

Comments

The portfolio underperformed the benchmark over the quarter. In contrast to 2011, companies with defensive earnings characteristics lagged the market rally including Vodafone and Imperial Tobacco despite reporting good operational performances. BSkyB was weaker over the quarter as concerns mounted around increasing competition for content, including movies and Premier League football. Shire fell following a disappointing drug trial, whilst strong profit growth at Weir Group was overshadowed by investor concerns over the sustainability of margins. Tesco fell sharply on the unexpected announcement of disappointing UK sales over the Christmas period, and the initial underweight positioning in Banks detracted as the sector rallied.

BlackRock's concerns over the macro environment have receded over recent months as data from the USA and Developing world suggests that economic weakness is currently largely confined to Europe. During the quarter, they therefore reduced the defensive tilt introduced in Q3 2011. To increase cyclical exposure, they purchased new positions in WPP, Hargreaves Lansdown and Babcock International, and added and adjusted some existing holdings whilst selling entire holdings of Tesco, Reed and Imperial Tobacco.

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	5.0	-0.6	19.5	3.8
Benchmark	6.1	1.4	18.9	0.8
Relative	-1.0	-1.9	0.5	3.0

3 Year Relative Return

Actual % p.a.	Target % p.a.
0.5	1.5

3 Year Tracking Error

Actual	Target
2.6	

JP Morgan - Global Equity Mandate

Overview

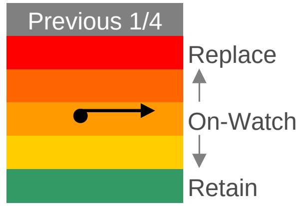
Comments

JP Morgan produced a second consecutive quarter of outperformance but poor results for quarter 3 of 2011 still impacts on 12 month performance.

The style environment was supportive. Many of the style characteristics that performed poorly last year continued to rebound as risk appetite was strong over the quarter. Stock selection in the consumer discretionary sector was a significant positive contributor. In the financials sector, stock selection continued to contribute positively. Stock selection in mid and small cap stocks was good. Stock selection within high volatility stocks was a strong positive for the portfolio over the quarter but JP Morgan's exposure to economically sensitive companies meant that high volatility was the largest negative style factor over 12 months.

Their positioning is broadly unchanged since the start of the year. The portfolio's exposure to growth has increased, reflecting greater exposure to some of the highest-growth companies in the market. The weighting in larger companies has also increased. JP Morgan believe that Value and Growth style trends both continue to offer attractive investment opportunities across the market cap spectrum in both economically sensitive and stable growth sectors.

Hymans Robertson View



Recent News

No significant news to report.

Performance Summary

	Current 1/4 %	1 Year %	3 Years % p.a.	Inception % p.a.
Fund	10.2	-2.3	17.1	2.4
Benchmark	8.8	-0.5	16.5	2.9
Relative	1.3	-1.8	0.6	-0.5

3 Year Relative Return

Actual % p.a.	Target % p.a.
0.6	1.5

3 Year Tracking Error

Actual	Target
3.5	

Newton - Global Equity Mandate

Overview

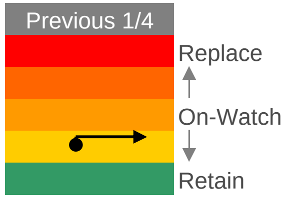
Comments

Despite a strong absolute return the portfolio underperformed its benchmark, failing to participate fully in the global equity rally which resulted from increased investor risk appetite. The two major relative performance detractors were the underweight position in financials and the overweight position in healthcare. The financial sector benefited from central bank action to improve liquidity in financial markets. Newton view state interventions as offering some short-term respite rather than being a longer term cure. The healthcare sector's more defensive characteristics meant that it lagged the broader equity market rally.

The energy sector was an area of strength for the portfolio, as the benefit from the holding in Sakari Resources and underweight positions in oil majors outweighed underperformance from investments in US natural gas.

Following the team changes that were announced in January, and a subsequent review of all holdings, the portfolio became more concentrated over the course of the quarter with the number of stocks reduced. The portfolio focus has moved even further towards those stocks that mirror Newton's themes, that have clarity of longer-term earnings and that are attractively priced.

Hymans Robertson View



Recent News

Hyman's Manager Research team met with Newton in January 2012 following the reorganisation of personnel (involving Jeff Munro and James Harries). We are supportive of the moves. The changes have been made to focus on better implementation and the manager's team approach should limit disruption. We remain comfortable supporting Newton as an active global equity manager.

Simon Pryke has been appointed as Chief Investment Officer (CIO). Pryke has spent 15 years at Newton, including six years as Head of Research and, more recently, two years as Head of Private Clients and Charities.

Performance Summary

	Current 1/4 %	1 Year %	3 Years % p.a.	Inception % p.a.
Fund	8.1	-4.7	11.9	2.3
Benchmark	8.8	-0.4	16.5	3.1
Relative	-0.7	-4.3	-3.9	-0.8

3 Year Relative Return

Actual % p.a.	Target % p.a.
-3.9	1.5

3 Year Tracking Error

Actual	Target
9.8	5-7%

Aberdeen - Bond Mandate

Overview

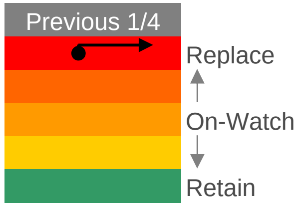
Comments

The portfolio returned 1.9% over the quarter, outperforming the benchmark by 1.0% over the quarter. The short duration position in gilts added value. Gilt yields rose over the quarter, albeit modestly, from the historic lows reached in late 2011. The fund holds an underweight position to interest rate duration, and benefitted from the yield rise.

The corporate bond portfolio added most value - the overweight to subordinated financials in particular added to performance. Within the credit fund, Aberdeen remained long of risk, positioned for the core view of a recovery in EU sentiment and a realisation of the value built up in credit markets. At sector level, they favoured an overweight to subordinated financials which remained cheap on a valuation basis versus cyclical non-financials.

As credit spreads have rallied, Aberdeen have trimmed the position in subordinated financials. The gilt portfolio retains its underweight exposure to UK government bonds (lower interest rate sensitivity) with a small overweight to longer dated bonds. Aberdeen has a long position at the front end of the European yield curve.

Hymans Robertson View



Recent News

No significant news to report.

Performance Summary

	Current 1/4 %	1 Year %	3 Years % p.a.	Inception % p.a.
Fund	1.9	10.8	12.7	6.0
Benchmark	0.9	12.9	11.3	5.8
Relative	1.0	-1.8	1.3	0.1

3 Year Relative Return

Actual* % p.a.	Target** % p.a.
1.3	0.75

3 Year Tracking Error

Actual	Target
2.2	1.5

* gross of fees ** net of fees

Schroder - Property Fund of Funds

Overview

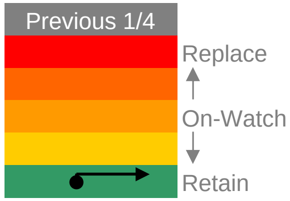
Comments

The portfolio returned 0.4% over the quarter, with underperformance relative to benchmark driven predominantly by disappointing returns from core funds and valuation adjustments on assets held by Threadneedle Strategic Property Fund IV following a strong Q4 2011. Twelve month performance is also 0.4% behind the benchmark.

Over the twelve month period funds invested in the central London office sector have contributed most to performance. These include West End of London Property Unit Trust, Columbus UK Real Estate Fund and Threadneedle Strategic Property Fund IV where returns are also augmented by gearing. Of the core funds, Lothbury Property Trust and Hermes Property Unit Trust have also been strong contributors to performance; both of these have relatively prime portfolios with a South East portfolio bias. Following the portfolio's significant phase of restructuring, new investments are beginning to recoup their initial set up costs and contribute positively to relative performance. The restructuring impact is still evident in 3 year performance. The portfolio's exceptional turnover of over 80% coupled with cash holdings reduced returns by 0.9% per annum.

Schroders' strategy is to have a balanced portfolio of properties and managers which on average will outperform the broad market. On a five year view, they see the balance of risk and reward skewed towards average grade property with attractive initial yields and active management opportunities. Over this period, they think that low yielding 'secure income' properties may be exposed to the risk of capital loss should gilt yields rise.

Hymans Robertson View



Recent News

Schroders is proposing that SEPUT, one of the portfolio's holdings (circa 10%) and a fund also managed by Schroders, is converted to a new structure called a "PAIF" (Property Authorised Investment Fund). This would open the fund to a wider investor basis improving liquidity.

At the time of writing, the details provided by Schroders are provisional and may change. On balance, we are supportive of the proposals that we have seen so far.

Performance Summary (No 1 Fund)

	Current 1/4 %	1 Year %	3 Years % p.a.	5 Years % p.a.
Fund	0.4	5.3	7.4	-4.7
Benchmark	0.8	5.7	8.6	-4.4
Relative	-0.4	-0.4	-1.1	-0.3

3 Year Relative Return

Actual % p.a.	Target % p.a.
-1.1	1.5

3 Year Tracking Error

Actual	Target
1.3	n/a

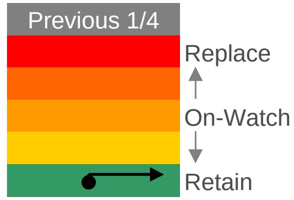
Millennium - Active Currency

Overview

Comments

The Global Currency Fund finished the quarter positively, up 0.9%. The fund was relatively flat in January with losses both from a short Euro vs. USD position and long USD vs. JPY, as the US Dollar weakened on the back of a relatively downcast statement from the Federal Reserve. However, these losses were adequately offset by gains from short USD positions against the Singapore Dollar, Brazilian Real and Mexican Peso. The most significant contribution to performance over the quarter came from being long USD vs. Japanese Yen. This benefitted from the fall in Japan's currency in February when the Bank of Japan announced an explicit inflation target and a quantitative easing program. This position contributed 1.7% to the fund's performance in February and 0.7% in March. The fund was down almost 1% in March with short USD positions against a range of currencies posting losses as the US Dollar strengthened despite the weak macro picture in the US.

Hymans Robertson View



Recent News

No significant news to report.

Performance Summary (absolute return)

	Current 1/4 %	1 Year %	3 Years % p.a.	Inception % p.a.
Fund	0.9	-4.0	-4.1	-2.8

* 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