Agenda Item 9

Suffolk County Council Pension Fund

REVIEW OF PERFORMANCE
FOURTH QUARTER OF CALENDAR YEAR 2012

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For and on behalf of Hymans Robertson LLP
February 2013

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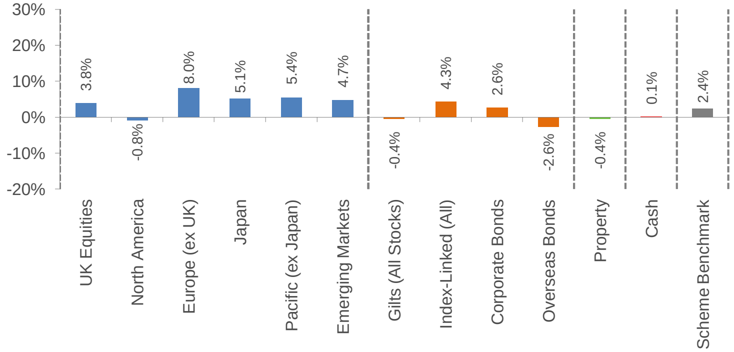
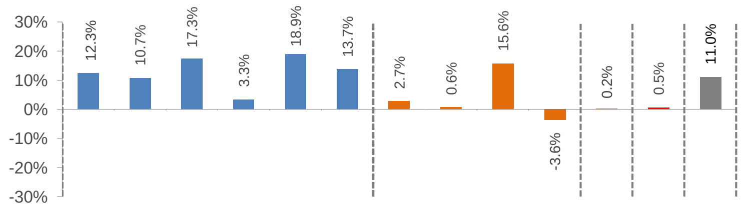
Markets - Historic Returns for World Markets to 31 December 2012

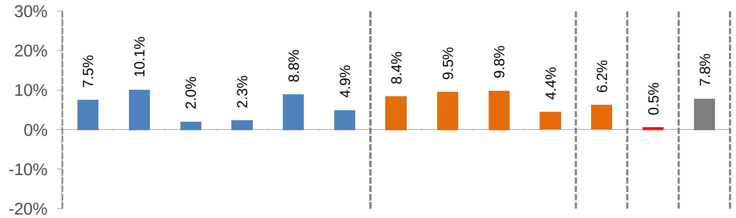
3 Months



12 Months



3 Years



Despite unresolved difficulties associated with the financial crisis, in particular the debt 'overhang' in the US and Europe, equity markets performed well during the quarter. This positive tone contrasted with notes of caution regarding the global economy.

Forecasts for global economic growth in 2013 were cut by a number of respected agencies. Policy makers made conciliatory comments and prepared for the worst. In the US, the central bank announced its intention to keep short-term interest rates at close to zero until specific economic criteria are met and extended the programme of asset purchases which started in November 2008.

In the UK, Chancellor George Osborne presented the autumn statement in early December. Due to lower than expected economic growth, austerity measures were prolonged to 2018 and the timescale for debt reduction extended. During the quarter, both the Bank of England and the Office for Budget Responsibility cut their forecasts for economic growth for both 2012 and 2013. The Governor of the Bank of England forecast a period of persistently low economic growth, citing problems in the Euro zone as a contributory factor.

Key events during the quarter were:

Global Economy
UK emerged from recession, as economy expanded during three months to end September;
Euro zone returned to recession as economy contracted for two consecutive quarters;
Pace of growth of Chinese economy edged higher after nearly two years of slowdown;
Short-term interest rates in UK, US and Euro zone were held at record lows;
European finance ministers agreed new supervisory regime for Euro zone banks;
Standard and Poors placed UK's AAA credit rating on negative outlook.

Equities
Rosneft (Russia) replaced Exxon Mobil as the world's largest publicly traded oil producer;
The strongest sectors relative to the 'All World' Index were Financials (+5.4%) and Industrials (+2.9%); the weakest were Telecommunications (-6.7%) and Technology (-6.0%).

Bonds
The ECB announced a bond purchase programme to assist countries struggling to raise funds;
Index linked gilts (+4.3%) outperformed fixed interest gilts (-0.4%) by a significant margin.

In the US, the administration has avoided the immediate threat posed by fiscal 'cliff' but difficult budget negotiations lie ahead. Spending cuts are inevitable and will be decided by a complex mix of political and economic criteria.

Market Conditions to 31 December 2012

General

The calendar year ended on a positive note for risk markets. Over Q4, equity markets delivered positive (or, in the case of the US, flat returns). To emphasise the "risk-on" nature of investors, yields on secure government bonds (US, Germany and the UK) all rose. 2012 will go down as a year when return-seeking assets successfully scaled a "wall of worry" principally coming from three sources - the growing US budget deficit, a slowdown in China and a series of Eurozone rescue operations. Equity market returns were generally in the teens, while UK investment grade corporate bonds returned a rather surprising 15.6% return.

Global Equities

In sterling terms, global equities returned -3.6% over Q4 (as measured by the FTSE All World index). The weakest market in local currency terms was US (flat). Europe (ex UK) returned 8.1%, Asia Pacific ex Japan returned 4.4% and Japan (where the Yen fell sharply) returned 17.6%, all in local currency terms; the FTSE All-Share returned 3.8%. Over the quarter, sterling strengthened against most currencies other than the Euro; the impact was most notable in respect of Japanese equities, with a sterling-based return of 5.1%. Over the calendar year, Asia Pacific ex Japan returned almost 19% in sterling terms, Europe ex UK returned almost 18%, Emerging Markets returned 13.7%, US returned 10.7% and Japan returned 3.3%. UK equities delivered 12.3%.

Over Q4, the strongest relative return came from Financials (+5.4% relative) followed by Industrials (+2.9%). The weakest relative returns came from Telecoms (-6.7% relative) and Technology (-6% relative). Oil & Gas (-4.9% relative) was also weak. Growth stocks underperformed value stocks by approximately 1.5% over the quarter; over the calendar year, growth stocks outperformed value stocks by approximately 0.7%.

UK Equities

Large cap stocks (FTSE 100) returned 3.4%, underperforming the FTSE 250 (mid cap stocks) which returned 6% and Small Cap which returned 7.1%. Over the calendar year, the FTSE 100 returned 10% significantly underperforming the FTSE 250 (+26.1%) and Small Cap (27.8%). Value stocks outperformed growth stocks by almost 3% over Q4 and by 6% over the year. At a sector level, the strongest sector was Technology (+8% relative) almost exclusively due to ARM Holdings (see below); Financials (+7.8% relative) also outperformed driven principally by the banks. The weakest UK sectors were Telecoms (-11% relative, with Vodafone a major component), Oil & Gas (-7.3% relative) and Healthcare (-6.4% relative).

The strongest performing stock in the FTSE 100 over Q4 was ARM Holdings (+28.7% relative). Three of the major UK clearing banks (Royal Bank of Scotland, Lloyds and Barclays) figured in the top 10 outperformers. The weakest performing stock was Aggreko (-27.5%); there was no clear sector bias or collective feature among the underperformers.

Market Conditions to 31 December 2012 (continued)

Bonds

Prices of conventional government bonds softened over Q4 (yields rose). Index-linked gilts returned 4.3%, rebounding after a soft Q3 following the announcement of the consultation on the calculation of RPI conducted by the Office of National Statistics. UK investment grade credit returned 2.6% with the weaker BBB issues proving the strongest returns (+4.3%). Overseas bonds returned -2.6% over Q4, largely due to sterling strength. Over the calendar year, returns from gilts were subdued with modest capital losses. By contrast, investment grade corporate bonds performed strongly, delivering returns of 15.6%, with a-rated issues returning 14.2% and BBB-rated issues returning 19.5%.

Property

The IPD Monthly index return for Q4 of 2012 was +0.5% (this represents the return on directly held property). The sector returns were +0.8% for Industrial, +1.2% for Offices and -0.1% for Retail. The income component of returns is positive but capital growth is negative in all three market segments. The weighted average return of All Balanced Pooled Property Funds was -0.4%, with a distribution yield (after fees) of 2.7%. Two pooled funds (Rockspring Hanover and UBS Triton) are suffering from heavy levels of redemption requests and their values were marked down aggressively over the quarter in the expectation of substantial sales. If we exclude their impact, the return on the All Balanced Pooled Property Funds index would have been flat for Q4. Performance remains polarised between primary property, particularly in London and the South East, which is performing adequately, and everything else.

Generic Commentary on Active Managers

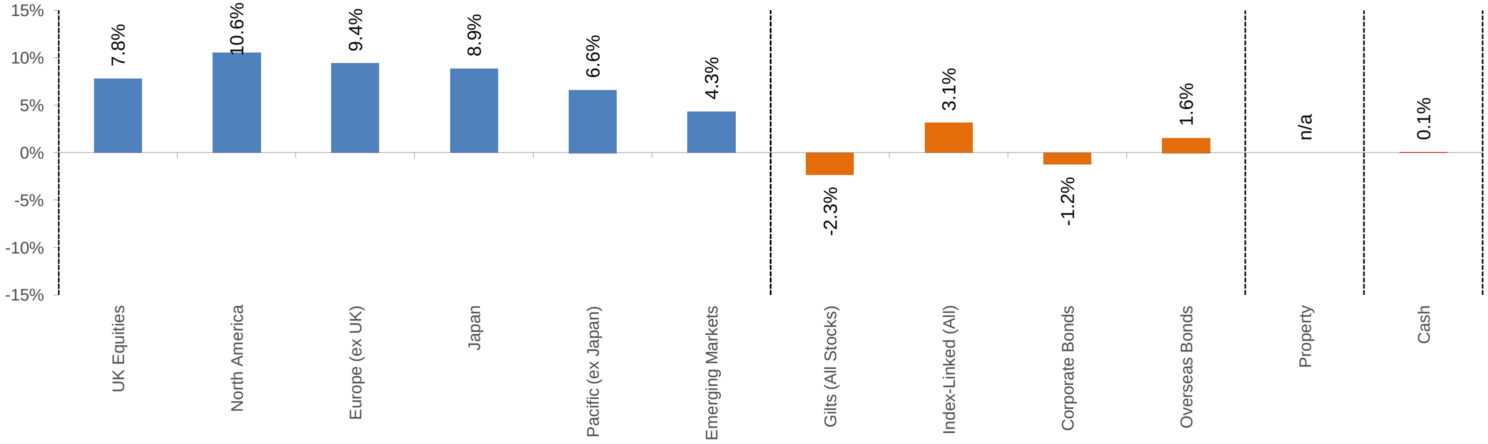
Among 58 global equity managers we follow, the median return over the final quarter of 2012 was +1.0% relative to benchmark. Value managers had strong performance although other style factors were influencing relative returns. Over the calendar year, the median return was +1.3% relative to benchmark; the interquartile range of outcomes, i.e. excluding the top and bottom quartile, was from +2.8% to flat relative to benchmark over 2012. The strong value style recovery in Q4 was insufficient to drag value style managers out of the bottom quartile for the year. The strongest managers, which outperformed over the 12 months by 4% or more, typically held focused portfolios, with a strong emphasis on improving earnings. Over 3 years, the median return was flat relative to benchmark. The interquartile range was from +1.6% p.a. to -1.0% p.a. The strongest managers outperformed by at least 3% p.a. while the weakest underperformed by at least 2% p.a. Managers with a value style bias dominate the bottom quartile of performance over 3 years.

Among 27 UK equity managers' funds we follow, the median return over the final quarter of 2012 was 0.6% ahead of benchmark. UK equity income funds were the weakest performers. Over the calendar year, the median return was +1.7% relative to benchmark; the interquartile range of outcomes was from +4.4% to 0.5% relative to benchmark. The strongest performers were special situation funds and the weakest were income focussed and value style funds. Over 3 years, the median return was +1% p.a. relative to benchmark. The interquartile range was from +2.9% p.a. to +0.1% p.a. The strongest managers outperformed by at least 3% p.a. while the weakest underperformed by at least 0.5% p.a. As with global equities, managers with a value style bias are at the foot of the performance table over this 3-year period.

Among 59 bond managers' funds we follow, the median return over the final quarter of 2012 was +0.4% relative to benchmark. Over the calendar year, the median return was +1.35% relative to benchmark; the interquartile range of outcomes was from +2.3% to +0.7% relative to benchmark over this period. The strong level of outperformance is perhaps not that surprising in a year when government bond yields were very low and credit performed very strongly (most managers were overweight credit relative t o benchmark). Over 3 years, the median return was +0.6% p.a. relative to benchmark. The interquartile range was from +1.4% p.a. to +0.3% p.a. The strongest managers outperformed by at least 1.8% p.a. while the weakest typically delivered returns marginally behind benchmark. There is significant dispersion of absolute returns over the three year period (calenda r years 2010-2012). Corporate bonds were cheaply valued and credit spreads were extended in March 2009, but the bonds performed strongly over the remainder of 2009. The surprise over the next two years was the sharp fall in nominal and real government bond yields in the US, Germany and the UK. Many bond managers were short of gilts and short of duration over this period; although credit performed strongly in 2012, it was insufficient to make up lost ground over government bonds, so funds focussed largely on gilts and index linked gilts (especia lly those benchmarked against longer duration indices) dominate the top of the table of absolute returns over the last three years.

Markets - Historic Returns for World Markets Update

Period from 31/12/12 to 12/02/13



Equity markets have enjoyed strong gains in the first quarter of 2013, with all major regional markets posting positive returns in sterling terms. Bond performance has been more mixed with gilts and corporate bonds falling back but index-linked gilts and overseas government bonds posting positive returns.

Managers

The Suffolk Fund returned an estimated 2.5% over Q4 of 2012 outperforming its estimated benchmark by 0.1%. It is 0.2% ahead of benchmark over the last 12 months returning 11.2% versus a benchmark return of 11.0%. Longer term numbers lag the total fund benchmark. Relative returns are 0.8% p.a. behind benchmark over 3 years and 1.2% p.a. behind over 5 years.

Alliance Bernstein: Alliance Bernstein outperformed their benchmark over Q4 of 2012 by 0.2%. They are 0.9% behind the benchmark over 12 months and 3.7% p.a. behind benchmark since inception on 10 June 2005.

BlackRock: BlackRock outperformed their benchmark by 0.4% over Q4. Their portfolio is 0.2% ahead of benchmark over 12 months and 2.2% p.a. ahead of benchmark over 5 years.

Newton: Newton underperformed their benchmark over Q4 of 2012 by 1.7%. They are 3.3% ahead of benchmark over 12 months and in line with benchmark since inception (on 27 July 2007).

Millennium: Millennium outperformed their LIBOR cash benchmark by 4.1% (net of fees) over Q4. They are 2.7% p.a. behind benchmark (net of fees) over 12 months and 4.4% p.a. behind since the mandate commenced on 1 April 2008.

Schroder (Property): Schroder’s No 1 portfolio returned 0.6% (net of fees) over Q4. This was 1.0% ahead Schroder's benchmark (IPD All balanced Property index) which returned -0.4%. Over 12 months, Schroder's net return was 0.8%, 0.6% ahead of their benchmark. Over 3 years, Schroder returned 6.3% p.a. (net) which was 0.1% p.a. ahead of their benchmark return of 6.2% p.a. (benchmark is the IPD All Balanced Property index since 31 March 2011 chainlinked with the IPD Other Balanced Fund index for longer term periods).

Pyrford: Pyrford returned 0.0% over Q4. We have used a provisional benchmark of LIBOR+5% p.a. The Fund's internal target is RPI +5% p.a.

Winton: Winton returned -0.2% over Q4. Over the same period, cash returned 0.1%.

BlueCrest: BlueCrest returned 1.4% over Q4. Over the same period, cash returned 0.1%.

MANAGER SUMMARY

Mandate	Manager	Value £M 30-Sep-12	Value £M 31-Dec-12	Actual Allocation 31-Dec-12
Multi Asset Passive	Legal & General	673.9	698.2	43.0%
UK Equities	AllianceBernstein	117.2	122.0	7.5%
UK Equities	BlackRock	146.0	152.2	9.4%
Global Equities	JP Morgan	0.1	0.0	0.0%
Global Equities	Newton	216.2	217.7	13.4%
Property	Schroder	155.8	156.8	9.7%
Currency Active	Millennium	32.9	34.3	2.1%
Private Equity	Private Equity	82.3	82.3	5.1%
Absolute Return	Pyrford	97.1	95.1	5.9%
Hedge Fund	Winton	31.9	31.8	2.0%
Hedge Fund	BlueCrest	31.9	32.3	2.0%
Total Invested Assets		**1,585.3**	**1,622.6**	**100.0%**

ASSET ALLOCATION

Asset Class	Fund (£m) 30/09/2012	Fund (£m) 31/12/2012	Interim Benchmark (%)	Fund (%) 30/09/2012	Benchmark (%)	Fund (%) 31/12/2012	Relative to Strategic Benchmark (%) 30/09/2012	Relative to Strategic Benchmark (%) 31/12/2012
UK Equities	**272.2**	**290.3**	**17.8**	**17.2**	**17.8**	**17.9**	-0.6	0.1
Overseas Equities	**538.7**	**554.2**	**33.4**	**34.0**	**33.4**	**34.2**	0.6	0.8
North America	207.4	210.5	13.5	13.1	13.5	13.0	-0.4	-0.5
Europe ex UK	152.3	158.3	8.8	9.6	8.8	9.8	0.8	1.0
Japan	45.8	52.6	2.8	2.9	2.8	3.2	0.1	0.4
Pacific ex Japan	59.9	60.4	3.4	3.8	3.4	3.7	0.4	0.3
Other	73.3	72.4	4.9	4.6	4.9	4.5	-0.3	-0.4
British Govt Bonds	**33.0**	**32.9**	**2.1**	**2.1**	**2.1**	**2.0**	0.0	-0.1
Corporate Bonds	**198.9**	**203.2**	**12.5**	**12.5**	**12.5**	**12.5**	0.0	0.0
Index-Linked	**64.5**	**67.8**	**4.3**	**4.1**	**4.3**	**4.2**	-0.2	-0.1
E.M. Govt Bonds	**33.4**	**34.5**	**2.1**	**2.1**	**2.1**	**2.1**		0.0
Alternatives	**276.0**	**275.9**	**17.2**	**17.4**	**17.2**	**17.0**	0.2	-0.2
Private Equity	82.3	82.3	4.6	5.2	4.6	5.1	0.6	0.5
Active Currency	32.9	34.3	2.6	2.1	2.6	2.1	-0.5	-0.5
Absolute Return / Hedge	160.9	159.3	10.0	10.1	10.0	9.8		-0.2
Property	**153.1**	**156.5**	**10.6**	**9.7**	**10.6**	**9.6**	-0.9	-1.0
Cash	**15.5**	**7.5**	**0.0**	**1.0**	**0.0**	**0.5**	1.0	0.5
Total Invested Assets	**1,585.3**	**1,622.6**	**100.0**	**100.0**	**100.0**	**100.0**		

Manager Allocation - Global Equity Benchmarks

Asset Class	Newton Relative %	Target %
UK Equities	1.2	8.4
Overseas Equities	-2.3	91.6
North America	-3.5	*49.8*
Europe	4.0	*15.9*
Japan	1.0	*7.4*
Asia Pacific	1.1	*5.2*
Emerging Markets	-5.0	*13.3*
Total Equities	-1.1	100.0
Property	-	-
Total Fixed Interest		-
Cash & Alternatives	1.1	-
Total		**100.0**

Comments

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, and a corresponding overweight to Europe ex UK. The underweight position to Emerging Markets increased over the quarter and they have also moved modestly overweight UK.

Sector Allocation - Global Equity Benchmarks

Sector	Target %	Newton Relative %
Energy	10.6	-3.2
Materials	7.6	0.4
Industrials	10.4	-1.5
Consumer Discretionary	10.7	-0.9
Consumer Staples	10.4	4.4
Healthcare	9.3	8.4
Financials	21.1	-6.1
Information Technology	12.1	-0.9
Telecommunication	4.3	0.1
Utilities	3.5	-2.1
Cash & Others	-	1.5
Total	**100.0**	

Comments

Newton's themes remain similar to last quarter and sector positions also remain similar. The underweight position to the Financials sector was once again detrimental to performance - the sector performed well due to loosening monetary policy in the US and Japan and European Central bank moves to support sovereign bond markets. Newton maintain their underweight stance based on their theme of "deleverage" and increased regulation.

Alliance Bernstein - UK Equity Mandate

Overview

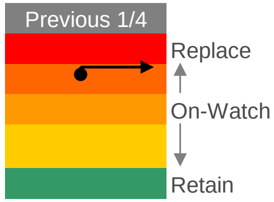
Comments

Once again, sector positioning had a large impact on portfolio positioning. Strong stock selection within sectors was almost entirely wiped out by the negative impact of sector performance . In the fourth quarter, stock selection added 1% to relative performance but sector selection took away 0.8% leaving the portfolio modestly ahead of benchmark (+0.2%). Similarly, over twelve months, stock selection added 1.9% but sector selection took away 2.9%. Over the quarter the underweighting to the Financials sector continued to hurt performance as did overweights to medical and industrial commodities. The Telecoms overweight also hurt in Q4.

Stock selection was particularly strong in Financials and this was the largest contributor to relative performance (Barclays and Lloyds Banking Group improved on better sector sentiment and ECB actions, as well as stock specific events). Rio Tinto was the biggest individual contributor to performance over Q4 with anticipated rises in iron ore prices boosting share price performance.

Sector positions are driven by bottom up stock selection and not macro views. Bernstein remain content with their holdings. They increased weightings held in some stocks which had underperformed in 2012 (Royal Dutch Shell, Rio Tinto and Vodafone). Other activity involved reducing positions in stocks that had performed well, and adding to stocks they perceive as more attractively valued).

Hymans Robertson View



Recent News

Alliance Bernstein have decided not to appoint a separate Director of Research for UK/European Value Equities (as had been planned). Instead the role will be combined with that of CIO (UK/European Value Equities) so Tahwid Ali, the new CIO for UK/European Value Equities will retain his existing role as Director of Research as well. Bernstein point out that this will function well with the Director of Research (International Value) re-locating to London, helping to enable dialogue between the directors and also with Avi Lavi (Global Director of Value Research).

Performance Summary

	Current 1/4 %	1 Year %	3 Years % p.a.	Inception % p.a.
Fund	4.0	11.3	4.2	2.4
Benchmark	3.8	12.3	7.5	6.4
Relative	0.2	-0.9	-3.0	-3.7

3 Year Relative Return

Actual % p.a.	Target % p.a.
-3.0	1.5

3 Year Tracking Error

Actual	Target
3.4	3-5%

BlackRock - UK Equity Mandate

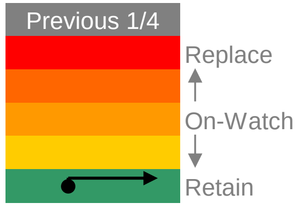
Overview

Comments

The portfolio outperformed over the quarter. It is ahead of benchmark (although below its outperformance target of +2% p.a.) over 12 months and 3 years. It has exceeded its target over 5 years. BlackRock's holding of mining company Rio Tinto was a major contributor to outperformance (adding +0.4%). The fund's positioning in Financials was helpful, particularly the holdings of Standard Life, Lloyds and Aberdeen Asset Management. However, underweight positions in Barclays and HSBC detracted from performance.

BlackRock re-purchased a holding in Barclays during the quarter (although it remains underweight relative to the benchmark position), having exited the position earlier in 2012, . BlackRock think its valuation, the settlement of PPI and LIBOR issues and the loose monetary environment make the stock more attractive than it was before. However, they believe their concerns regarding regulatory changes on capital requirements still warrant an underweight position. The other new position in the quarter is DIY business, Kingfisher, where they are attracted by a strong balance sheet and good profit growth from operational efficiencies.

Hymans Robertson View



Recent News

No significant news to report this quarter

Performance Summary

	Current 1/4 %	1 Year %	3 Years % p.a.	5 Years % p.a.
Fund	4.2	12.5	8.5	4.8
Benchmark	3.8	12.3	7.5	2.5
Relative	0.4	0.2	0.9	2.2

3 Year Relative Return

Actual % p.a.	Target % p.a.
0.9	1.5

3 Year Tracking Error

Actual	Target
2.5	

Newton - Global Equity Mandate

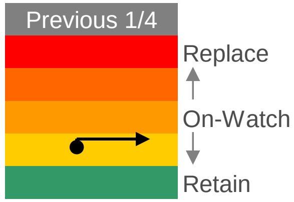
Overview

Comments

Although Newton posted a positive absolute return over the quarter, it underperformed its benchmark by 1.7%. The portfolio maintains an underweight exposure to Financials (on the grounds of increased regulation and continuing deleverage). However, the sector outperformed due to looser monetary policy in the US and Japan and ECB action to support sovereign bonds. Newton has taken new positions in Standard Chartered and Citigroup; the former is well-positioned to benefit from positive trends across Asian markets, relating to consumer spending and demographics. Despite the monetary expansion, the gold price fell and this meant the holding of a number of gold mining stocks within the materials sector was detrimental to performance.

In terms of portfolio positioning, Newton continue to look for attractive characteristics like sustainable cash flows and yields which can be found in stable growth areas such as Food, Beverage and Tobacco companies. They also seek structural growth especially linked to key themes such as innovation (in health care and technology sectors). They also favour areas likely to perform well in the event of higher inflation.

Hymans Robertson View



Recent News

There were no significant changes over the quarter. Our rating remains at a notch below “retain” until we are satisfied that the changes implemented in 2012 to the global equity and multi-asset teams have fully settled down. Indications so far are at the new team structure is now functioning well.

Performance Summary

	Current 1/4 %	1 Year %	3 Years % p.a.	Inception % p.a.
Fund	0.5	14.7	5.5	3.1
Benchmark	2.2	11.0	6.4	3.0
Relative	-1.7	3.3	-0.8	0.0

3 Year Relative Return

Actual % p.a.	Target % p.a.
-0.8	1.5

3 Year Tracking Error

Actual	Target
3.9	5-7%

Schroder - Property Fund of Funds

Overview

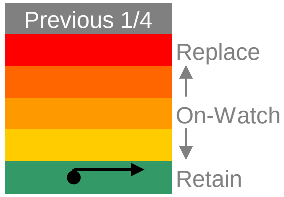
Comments

The portfolio outperformed the benchmark significantly over the quarter and also has outperformed over 12 months against the re-stated benchmark (see comment below). Holdings in core funds have contributed most to performance, especially those funds with an above average quality bias such as the Schroder UK property Fund and Lothbury Property Trust, both of which also have a geographical bias to the South East. Outperformance has also been sourced from valued added funds such as West End of London Property Unit Trust and income focussed funds such as Columbus UK Real Estate and the (Schroder) Real Income Fund. The income component of returns has been crucial given the weak or even negative capital growth in recent times. Schroders expect capital values to continue to fall and will focus on growth sectors of the market less correlated to the economic cycle and which are benefitting from structural growth.

One holding which was has been a drag on performance (the RREEF UK Office Fund) merged into the BlackRock UK Property Fund – its values were marked down ahead of the merger. It continued to hold back performance over the quarter. The holding continues in the merged form within the portfolio as the BlackRock UK Property Fund.

IPD benchmark: IPD have re-calculated their benchmark for the UK Pooled Property All Balanced Funds index (weighted average); they removed long-lease funds from the index. These funds had performed strongly over the last 2 years so their removal his resulted in a reduction in index values for Schroder's benchmark over the last 2 years.

Hymans Robertson View



Recent News

There were no significant changes to the Schroders' property team or process over the quarter. The benchmark for the Fund has been re-stated by the benchmark provider (IPD) to reflect the removal of some funds from the universe (as they were targeting different objectives from the other constituents) and to include some data amendments (reporting some funds gross as opposed to net). These changes have tended to reduce the benchmark return particularly over 12 months.

Performance Summary

	Current 1/4 %	1 Year %	3 Years % p.a.	5 Years % p.a.
Fund	0.6	0.8	6.3	-3.2
Benchmark	-0.4	0.2	6.2	-3.1
Relative	1.0	0.6	0.1	-0.1

3 Year Relative Return

Actual % p.a.	Target % p.a.
0.1	1.5

3 Year Tracking Error

Actual	Target
1.0	n/a

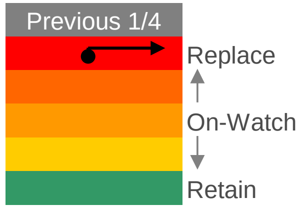
Millennium - Active Currency

Overview

Comments

In Q4 2012 the fund returned 4.3%. Although this is strong performance, it can be attributed almost entirely to a single decision, the long US$ / Short Yen trade, which contributed 4.67% over the quarter. At the end of October 2012, the Yen reached a post-war high against the dollar. This led to Japanese intervention at the start of November to weaken the Yen. The Bank of Japan has confirmed that it will take necessary measures to ensure the Yen better reflects fundamentals going forward. The Yen has weakened considerably since, down 15.3% against the Dollar over the 3 months to end of January 2013. This level of assurance from Japan's central government to intervene to weaken its currency has provided an easy trade for Millennium to exploit. It does not however equate to a particularly high level of manager skill since the intentions and consequent impact on the currency were clearly signalled.
Millennium targets a performance of LIBOR + 10-15% at a target volatility of 15% per annum. Performance has disappointed over the four-year life of the Fund's investment in Millennium's Global Currency Program, with the manager returning -1.79% p.a. since inception in 2008.

Hymans Robertson View



Recent News

Millennium saw relatively significant net outflows from its Global Currency Programme in 2012. As at end of December 2012 their pooled fund (in which Suffolk invests) had assets under management of £60.9m, down from £125.8m as at end of July 2012. The rationale for investors' redemptions may be the disappointing performance of the fund combined with a lack of confidence in the strategy going forward. Many institutional investors have also been strategically shifting away from active currency management towards broader management of currency risk.

Performance Summary (absolute return)

	Current 1/4 %	1 Year %	3 Years % p.a.	Inception % p.a.
Fund	4.3	3.6	-0.3	-1.8

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

3 Year Relative Return

Actual % p.a.	Target % p.a.
-0.3	n/a

3 Year Tracking Error

Actual	Target
4.7	n/a

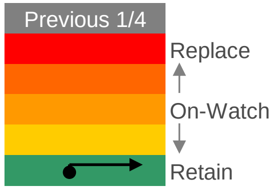
Pyrford - Absolute Return Mandate

Overview

Comments

The fund delivered a flat return over the quarter in absolute terms. The positive contributors were Euro-zone equities, Swiss equities and Japanese equities. Holdings in UK equities, UK bonds and Canadian bonds detracted from performance. The asset allocation of the portfolio remained unchanged with 35% held in equities, 62% in fixed income and 3% in cash. The equity portfolio remains defensively positioned with a nil weighting in UK and European banks and limited exposure to more cyclical sectors such as Capital Goods and Materials. The focus of the portfolio is on balance sheet strength, profitability, earnings visibility and value. The Australian dollar, Canadian dollar and Swiss franc exposures within the portfolio remain fully hedged. Pyrford believes that these currencies are highly overvalued versus sterling and their hedging position insulates the portfolio against any fall in the value of the currencies. Pyrford continues to adopt a defensive stance by owning short duration government securities in order to protect the capital value of the portfolio from a generalised rise in yields. There were no changes to the geographical allocation of the fixed income portion of the portfolio during the quarter.

Hymans Robertson View



Recent News

No significant news to report

Performance Summary

(provisional benchmark LIBOR+5%)

	Current 1/4 %	1 Year %	3 Years % p.a.	Inception % p.a.
Fund	0.0			
Benchmark	1.4			
Relative	-1.4			

3 Year Relative Return

Actual % p.a.	Target % p.a.

3 Year Tracking Error

Actual	Target

Winton - Futures Fund

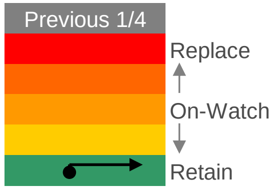
Overview

Comments

The fund delivered a modestly negative return over the quarter. The negative contributors were spread across a range of markets (S&P 500, Euro / US Dollar, US 10 Year Bonds, Brent Crude, Corn). Exceptions were the short aluminium position which made a positive return and holdings in physical equities which performed strongly.

Winton point out that markets are showing short term (i.e. fast) mean reversion and that this is a difficult environment for trend-following managers. Winton acknowledge that the Fund has been in “drawdown” (i.e. losing value) for some time. This follows quickly after a previous period of drawdown. This has led Winton to recognise that their estimate for trend-following strategy returns have to be revised down.

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	-0.2			
Benchmark	0.1			
Relative	-0.4			

3 Year Relative Return

Actual % p.a.	Target % p.a.

3 Year Tracking Error

Actual	Target

BlueCrest - Hedge Fund Mandate

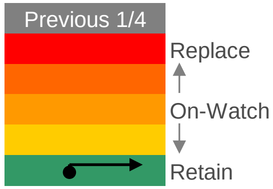
Overview

Comments

The portfolio is spread across six different BlueCrest strategies. Over Q4, the main driver of the positive return of 1.4% came from the Emerging Markets Strategy which represents 16% of the Fund. Only two of the six strategies detracted. One of these was the BlueCrest Alignment strategy, a trend fund that invests across a range of markets including equities, bonds, currency and commodities; this was because several markets suffered sharp reversals.

The other strategy that detracted was the BlueMatrix Fund which is a market neutral equity fund using fundamental and technical inputs. After recent research, BlueCrest have enhanced the set of signals from which the Fund generates returns. BlueCrest have increased the allocation to this fund by 2% (to 5%) reducing the BlueCrest Capital International Fund to 37%. The BlueCrest Capital International Fund is a global macro fund (it contributed positively over the quarter with yield curve trading adding value). Other fund allocations remained unchanged.

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	1.4			
Benchmark	0.1			
Relative	1.2			

3 Year Relative Return

Actual % p.a.	Target % p.a.

3 Year Tracking Error

Actual	Target