



Arlingclose Ltd:  
Independent treasury management services

# Suffolk County Council Audit Committee

Mark Horsfield

12<sup>th</sup> June 2013

# Agenda

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1 Economic Outlook & Credit Crunch

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2 Suffolk CC's Portfolio

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3 Investment Benchmarking

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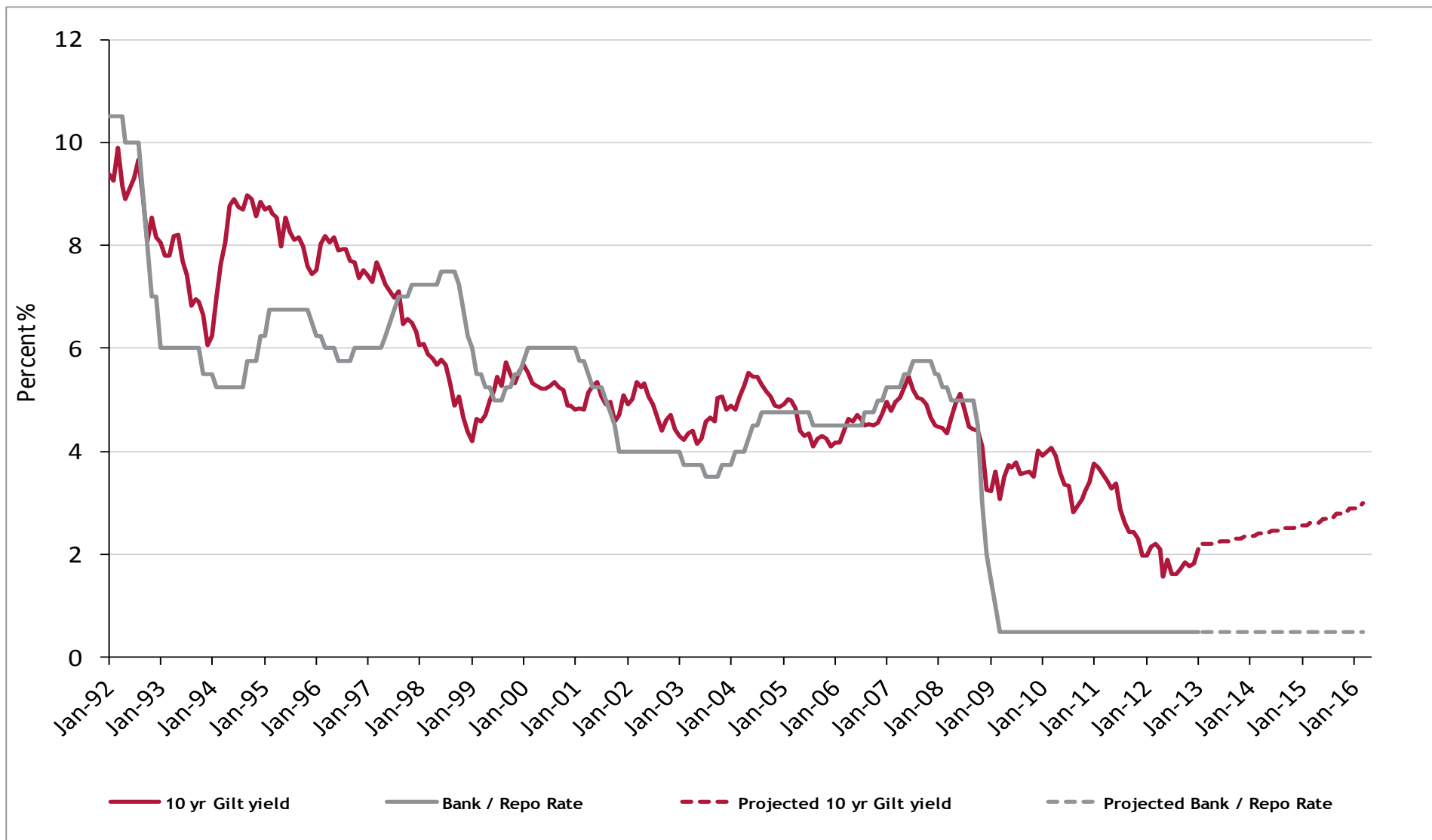
4 Counterparty Considerations

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5 Questions

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# Treasury Management in Context



# 3 month OIS vs. LIBOR

<HELP> for explanation.

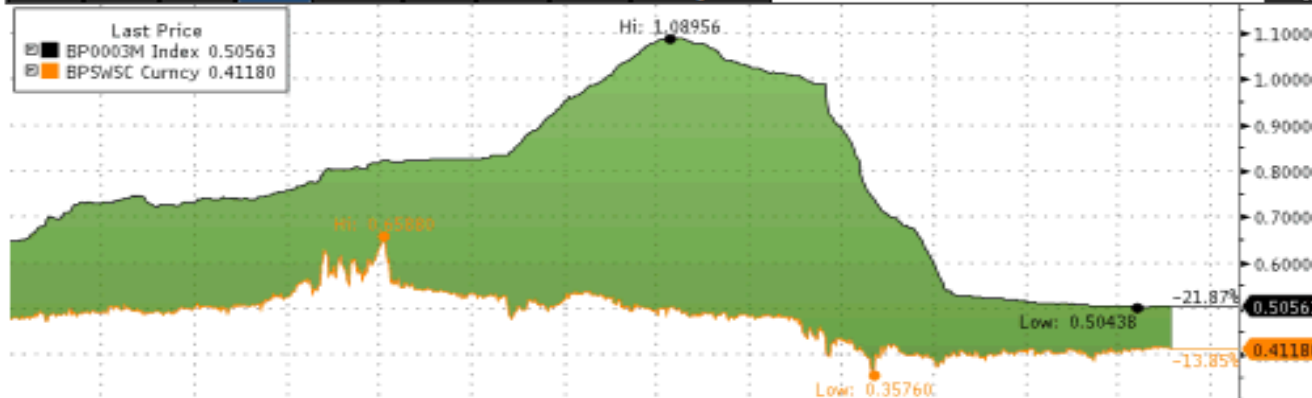
1<Go> to View Spread, 11<Go> to Save as Index, 12<Go> to View Regression

Buy BP0003M Index - Sell BPSWSC CMPL Cu 90 Actions 97 Edit Spread Analysis

Data Field Last Price Data Field Last Price 04/01/2010 - 05/22/2013 Regression Corr. 120

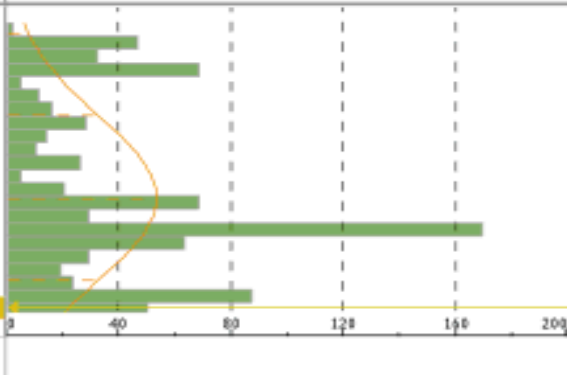
Mult. 1.0 Constant 0.0 Mult. 1.0 Constant 0.0 Normalize by Factor 100.0 Calc. Percent Local CCY

1D 3D 1M 6M YTD 1Y 5Y Max Daily Security/Study Event



**SPREAD SUMMARY**

Last	0.09383
Mean	0.29652
Off Avg	-0.20269
Median	0.24003
StDev	0.15477
StDev from mean	-1.30967
Percentile	2.80488
High 01/10/12	0.60363
Low 05/10/13	0.08753

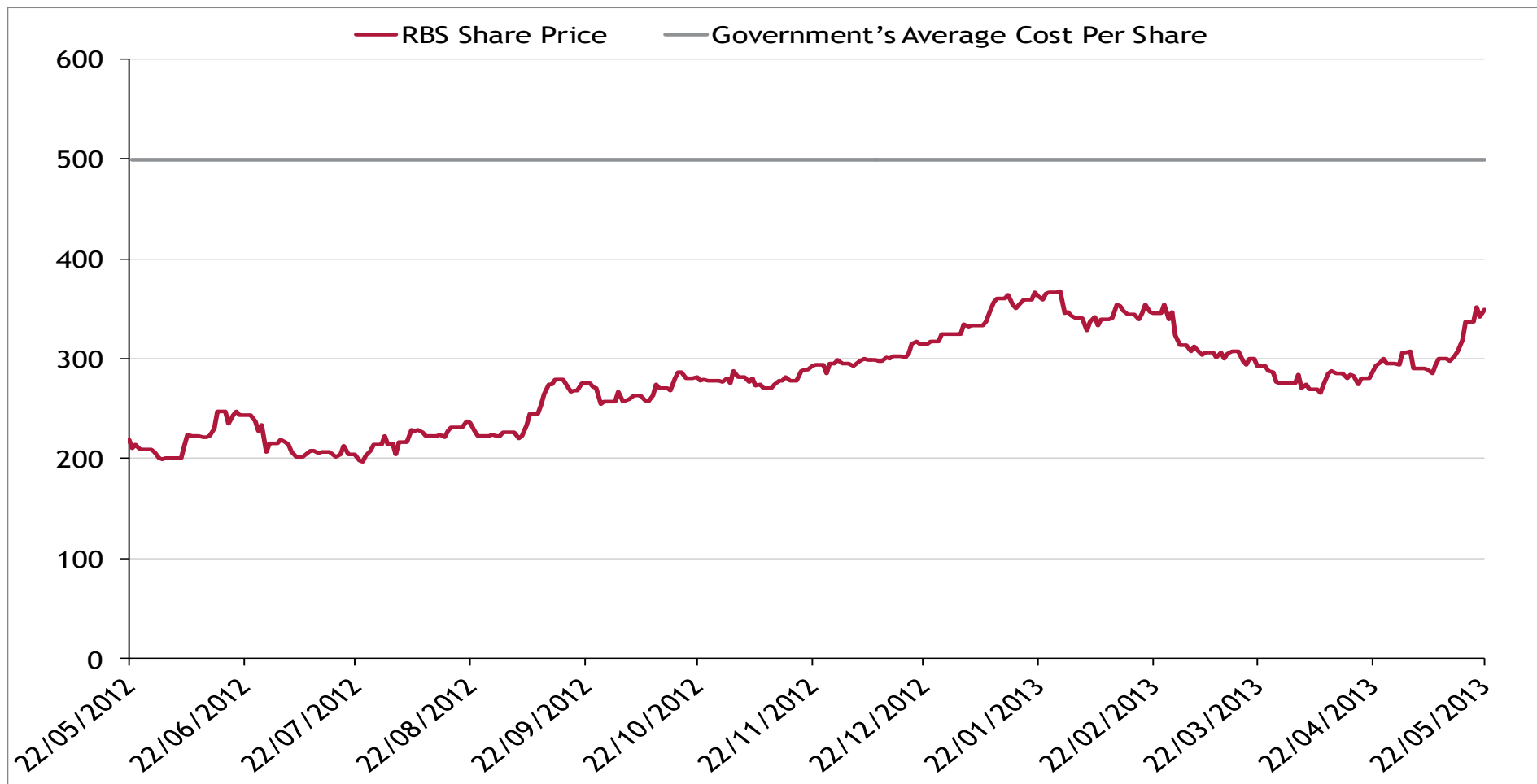


Australia 61 2 9777 8600 Brazil 5511 3048 4500 Europe 44 20 7330 7500 Germany 49 69 9204 1210 Hong Kong 852 2977 6000  
Japan 81 3 3201 8900 Singapore 65 6212 1000 U.S. 1 212 318 2000  
SN 731757 BST GMT+1:00 H441-3779-1 22-May-2013 12:04:35

# RBS Share Price YoY

The Government's investment in RBS has been made in three different tranches. Taking into account fees received, the net cost of the Government's investment in RBS is £45,222 million, equivalent to an average of 49.89p per share (now x10).

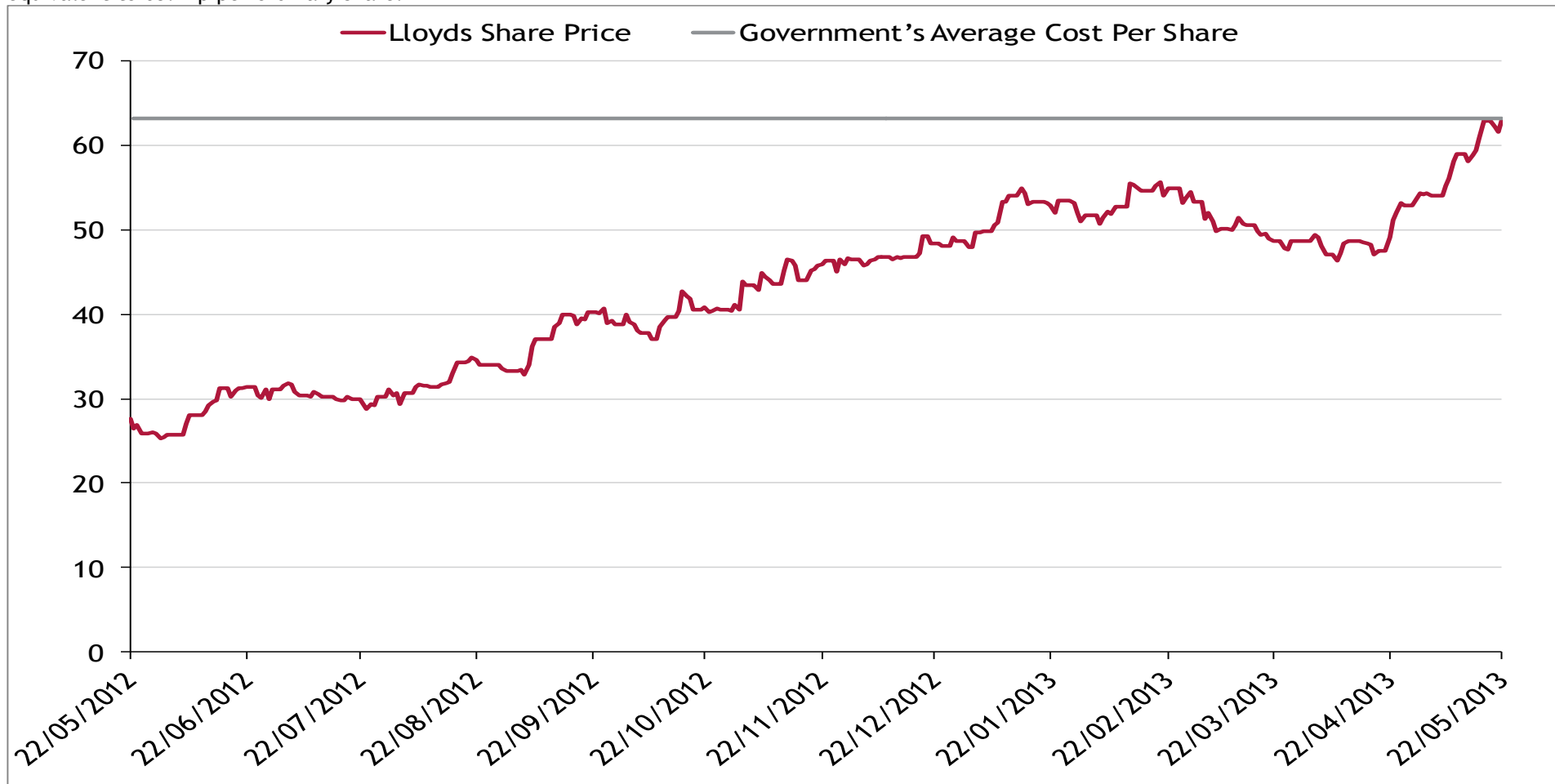
RBS Share Price			
Current Value	349.90	Maximum	367.80
Date	22/05/2013	Date	28/01/2013
Average	277.44	Minimum	196.60
YoY % Change	59.41%	Date	24/07/2012



# Lloyds Share Price YoY

The Government's investment in Lloyds has been made in three different tranches. The gross cost of these investments is £20,313 million, at an average cost per share of 73.58p. Taking into account the fees received from Lloyds, including £2.5 billion in relation to the implicit capital support provided by the APS in 2009, the net cost is £17,433 million, equivalent to 63.14p per ordinary share.

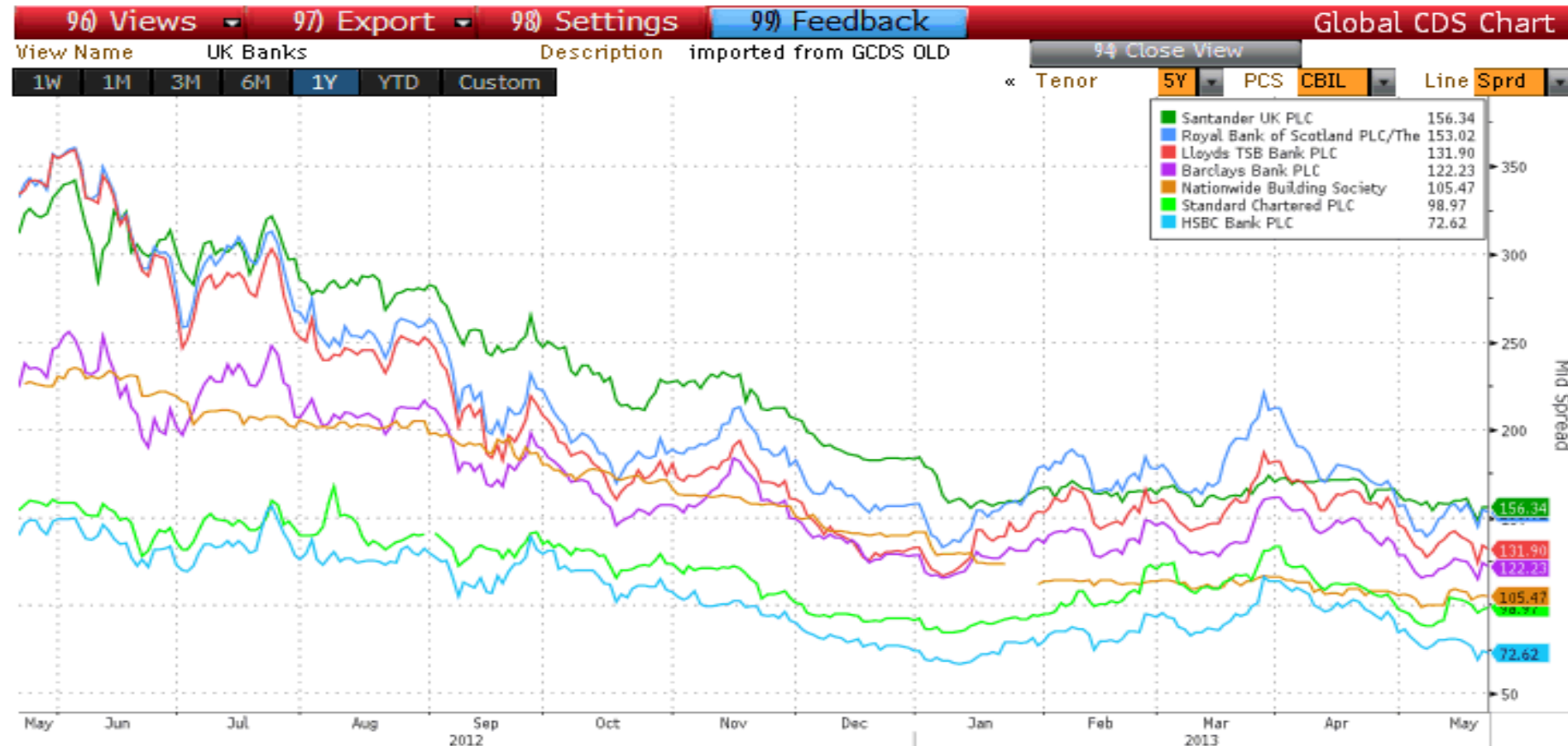
Lloyds Share Price			
Current Value	62.88	Maximum	62.88
Date	22/05/2013	Date	22/05/2013
Average	42.95	Minimum	25.30
YoY % Change	127.70%	Date	30/05/2012



# UK Bank CDS

<HELP> for explanation.

93<Go> to save current screen as default



Show normalized chart

Australia 61 2 9777 8600 Brazil 5511 3048 4500 Europe 44 20 7330 7500 Germany 49 69 9204 1210 Hong Kong 852 2977 6000  
 Japan 81 3 3201 8900 Singapore 65 6212 1000 U.S. 1 212 318 2000  
 SN 731757 BST GMT+1:00 H441-3779-1 22-May-2013 12:07:44 Copyright 2013 Bloomberg Finance L.P.

# Arlingclose Response

- On 14/03/12 advised extension of maximum investment durations for UK and non-European banks following stabilisation of credit indicators.
- On 03/05/12 advised reduction in maximum investment duration with RBS, NatWest, Lloyds TSB and Bank of Scotland.
- On 18/05/12 advised reduction in maximum investment with Santander UK.
- On 01/06/12 advised further reduction in maximum investment with RBS, NatWest, Lloyds TSB and Bank of Scotland.
- On 30/07/12 we are now comfortable with the extension in duration limits with a number of investment counterparties in the UK, Australia and Canada. Additionally, we have reintroduced the strongest banks in the stronger European sovereigns onto our approved lending list.
- On 31/10/12 we advised further extension in duration limits and reintroduced the remaining European banks that had previously been suspended to our approved lending list.

## Current Advice:

**Where 2012/13 Treasury Strategy permits, Arlingclose are comfortable with deposits in the following institutions:**

- 100 days: Close Brothers, Santander UK, ING Bank NV, Credit Suisse, BNP Paribas, Credit Agricole CIB, Credit Agricole SA and Societe Generale, Pohjola Bank, DBS Bank Ltd, Oversea-Chinese Banking Corporation and United Overseas Bank.
- 6 Months: Royal Bank of Scotland, National Westminster, Lloyds TSB and Bank of Scotland.
- 12 months: Barclays Bank, HSBC, Nationwide Building Society, Standard Chartered, Bank Nederlandse Gemeeten N.V., Deutsche Bank AG, Nordea Bank, Rabobank and Svenska Handelsbanken and Approved Australian, Canadian and US Banks.



# Suffolk CC's Portfolio

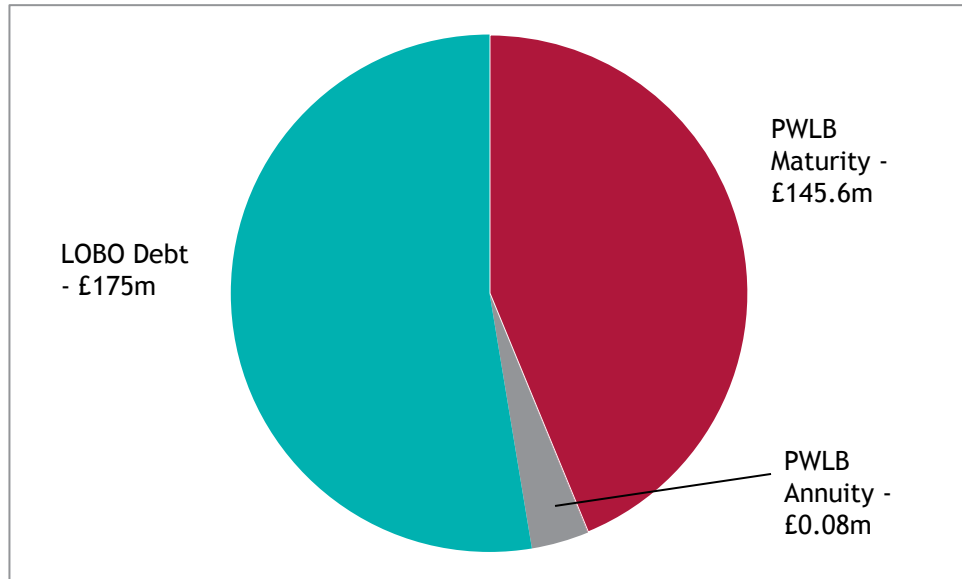
# What is this telling us?

Balance Sheet Summary:							
							£000s
Usable Reserves							166,693
Overdraft & Investments							-6,599
Net Debtors/ -Creditors							-48,727
					£000s		-55,326
CFR				594,495			
External Borrowing & Other Long Term Liabilities				-372,476			
Internal Borrowing/ -Borrowing in excess of CFR							222,019
							166,693

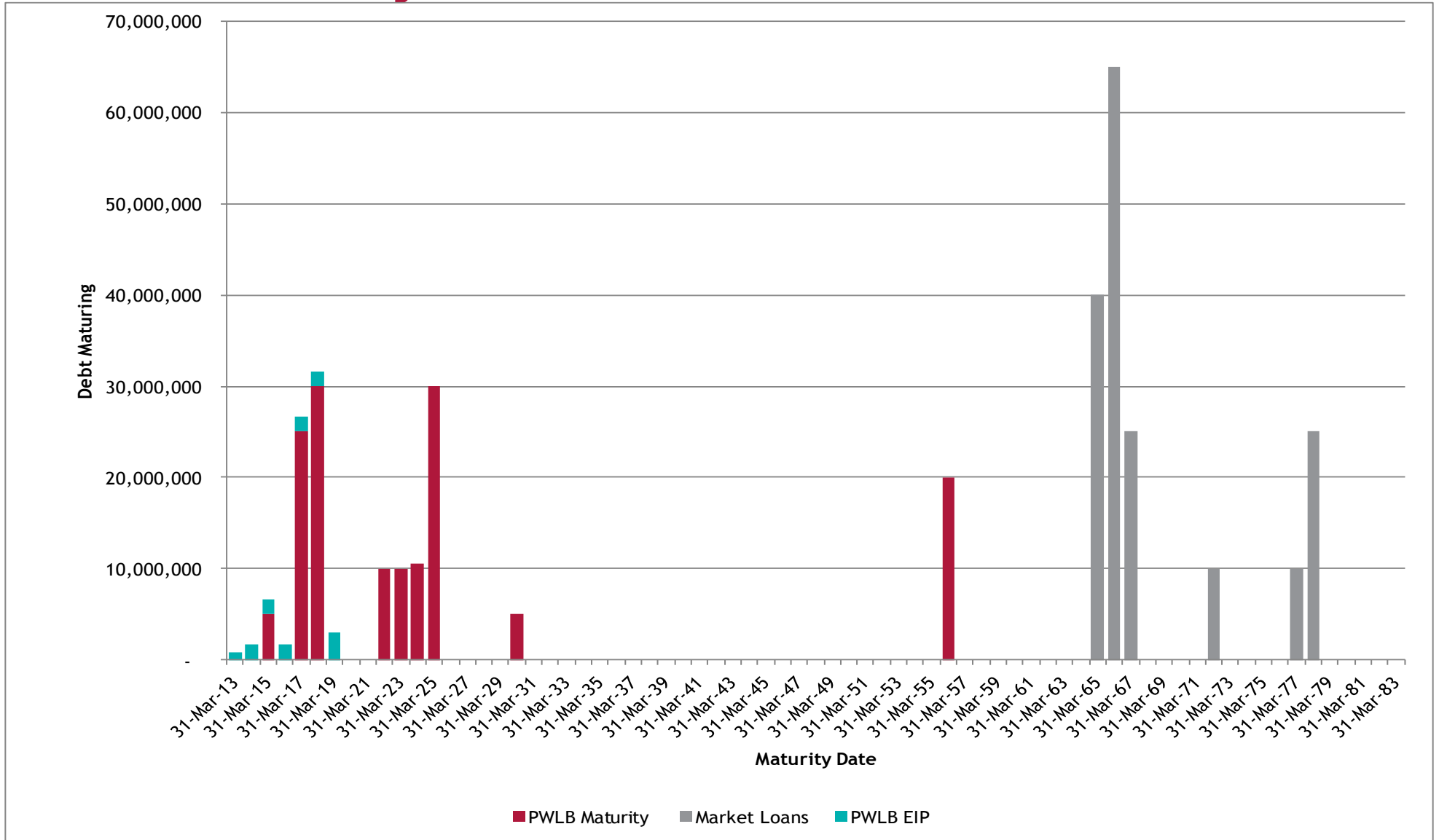
- Unfinanced capital expenditure of £594m resulting in a CFR
- External Debt (borrowing & other long-term liabilities) of £372m:
  - Internal Borrowing of £222m
- Balances and Reserves of £167m
- Cash flow surplus of £49m
- Investments of £23m; overdraft of £30m
- Internal borrowing being funded entirely from usable reserves and cash flow surplus
- No further internal borrowing capacity; net borrowing requirement of £55m

# Debt Portfolio - Total

Type of Loan	Actual Years to Maturity	Principle	Interest Rate
PWLB Maturity	12.24	145,600,000	3.637%
PWLB Annuity	3.69	83,150	5.250%
PWLB EIP	7.37	11,890,244	4.546%
LOBO	55.01	175,000,000	3.892%
<b>Total</b>	<b>34.57</b>	<b>332,573,394</b>	<b>3.804%</b>



# Debt Maturity Profile



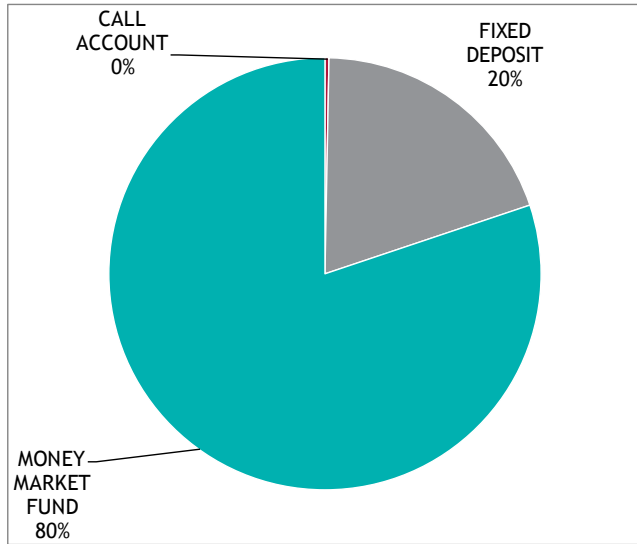
# Credit Profile - 20/05/2013

Rating Scale	
1	AAA
2	AA+
3	AA
4	AA-
5	A+
6	A
7	A-
8	BBB+
9	BBB
10	BBB-
11	BB+
12	BB
13	BB-
14	B+
15	B
16	B-
17	CCC+
18	CCC
19	CCC-
20	CC+
21	CC
22	CC-
23	C+
24	C
25	C-
26	D

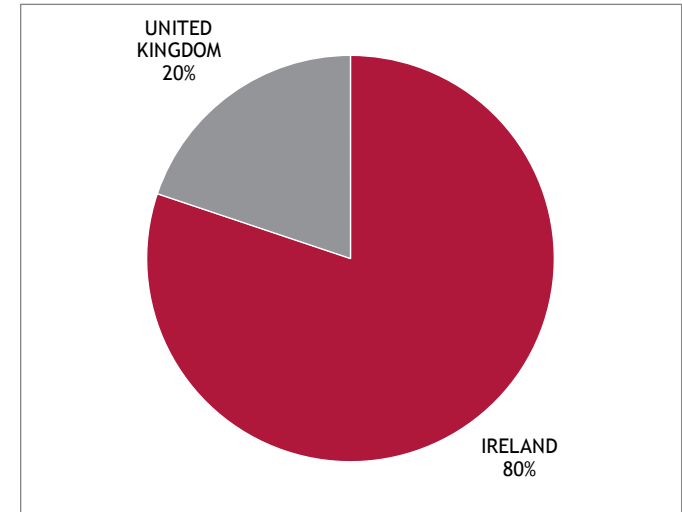
Internal Investments at:	20/05/2013									
SUFFOLK COUNTY COUNCIL	Type of Investment	Principal	Start Date	Effective Maturity	Rate	Days to Maturity	Lowest Credit Rating - equivalent rating, (source Bloomberg)	Average Credit Risk Score	Country	
BARCLAYS BK PLC-ADR C	FIXED DEPOSIT	£5,000,000	15/05/2013	29/05/2013	0.35%	9	A	5.67	UNITED KINGDOM	
DEBT MANAGEMENT OFFICE	FIXED DEPOSIT	£16,386,000	20/05/2013	28/05/2013	0.25%	8	AA+	1.67	UNITED KINGDOM	
DEBT MANAGEMENT OFFICE	FIXED DEPOSIT	£4,106,000	22/05/2013	23/05/2013	0.25%	3	AA+	1.67	UNITED KINGDOM	
NATIONWIDE BUILDING SOCIETY	FIXED DEPOSIT	£5,000,000	22/05/2013	22/07/2013	0.42%	63	A	5.33	UNITED KINGDOM	
DB ADVISORS (DEUTSCHE)	MONEY MARKET FUND	£25,000,000	20/05/2013	21/05/2013	0.24%	1	A+	4.56	IRELAND	
GOLDMAN SACHS ASSET MANAGEMENT	MONEY MARKET FUND	£25,000,000	20/05/2013	21/05/2013	0.37%	1	AA-	3.78	IRELAND	
INSIGHT INVESTMENTS	MONEY MARKET FUND	£25,000,000	20/05/2013	21/05/2013	0.35%	1	A+	4.51	IRELAND	
LLOYDS TSB BANK PLC	CALL ACCOUNT	£465,000	20/05/2013	21/05/2013	0.60%	1	A	6.00	UNITED KINGDOM	
RBS ASSET MANAGEMENT	MONEY MARKET FUND	£25,000,000	20/05/2013	21/05/2013	0.32%	1	AA-	4.23	IRELAND	
SWIP ASSET MANAGEMENT	MONEY MARKET FUND	£25,000,000	20/05/2013	21/05/2013	0.28%	1	AA-	4.48	IRELAND	
<b>Total - Internal Investments</b>		<b>£ 155,957,000</b>			<b>0.31%</b>	<b>24/05/2013</b>	<b>AA-</b>	<b>4.05</b>	<b>Value Weighted Average</b>	
<b>Number of Investments</b>		<b>10</b>				<b>4</b>	<b>A+</b>	<b>4.86</b>	<b>Time Weighted Average</b>	
<b>Average Investment Size</b>		<b>£ 15,595,700</b>								

# Credit Profile Analysis - 20/05/2013

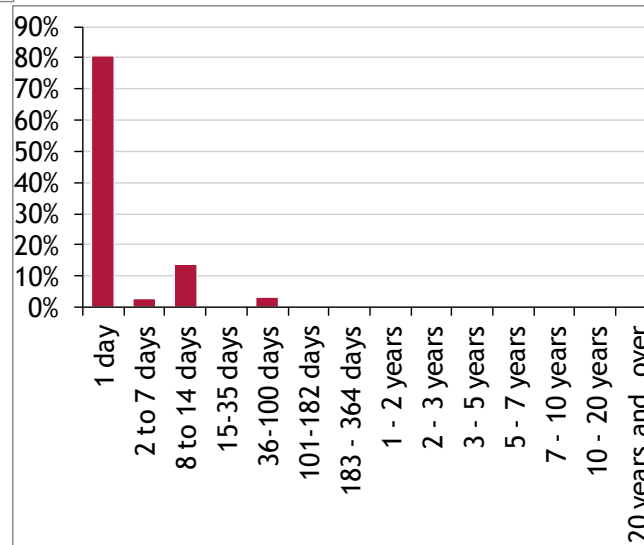
## Type of Investment



## Country



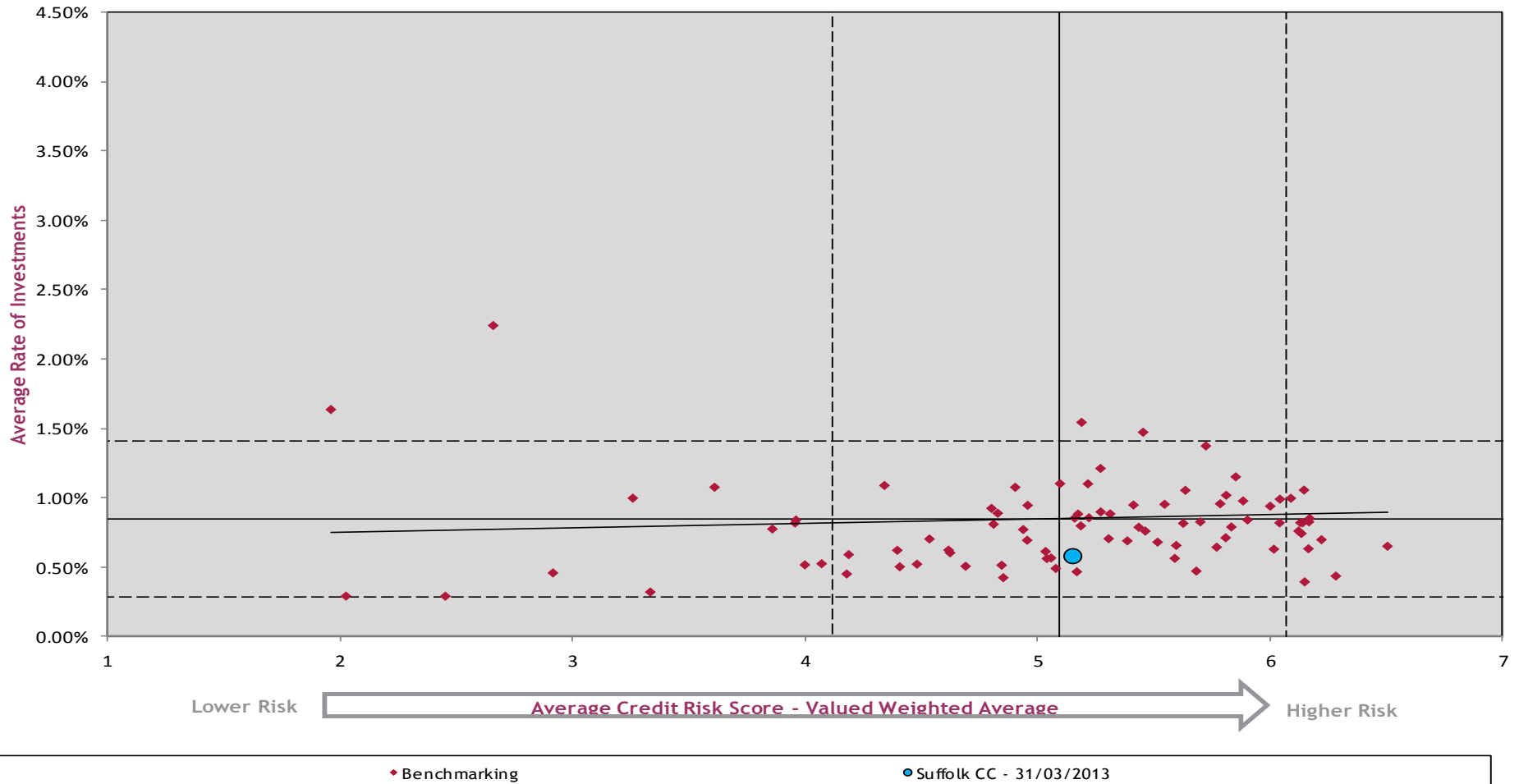
## Duration



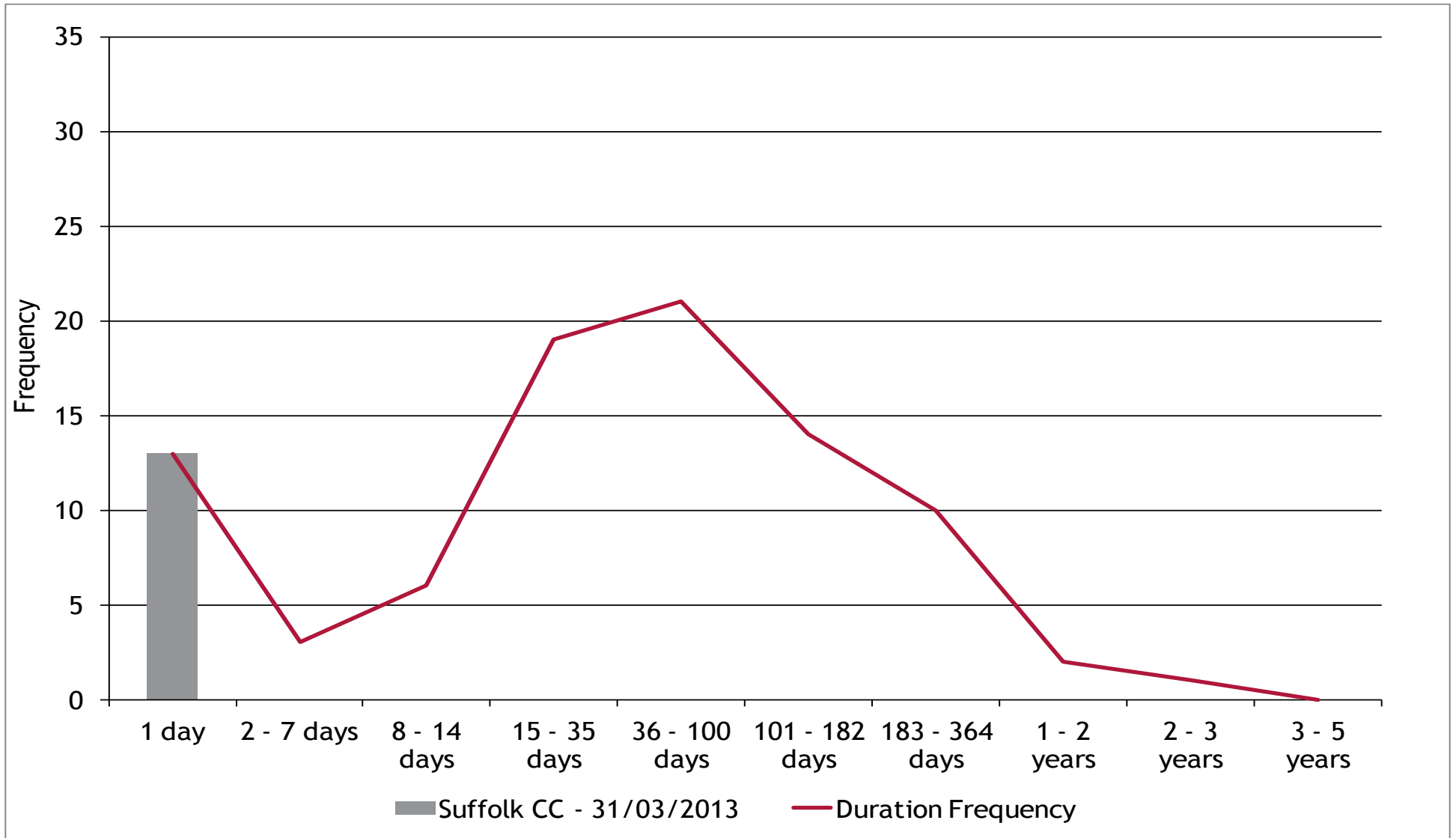
N.B. MMFs domiciled in do not represent sovereign credit risk

# Value Weighted Average Vs Return - 31/03/2013

## Arlingclose Client Benchmarking



# Duration Frequency - 31/03/2013





# Counterparty Considerations

# Managing Credit Risk







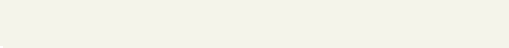





Organisations should clearly specify the **minimum acceptable credit quality** of its counterparties.

Authorities should not rely on credit ratings alone... It is important to recognise that they do have limitations.

Organisations are advised to have regard to the ratings issued by all three main agencies - Fitch, Moody's and Standard & Poor's - and to **make their decisions based on all ratings**

CIPFA Treasury Management Code  
2011

# Managing Credit Risk

AAA		Extremely Strong
AA		Very Strong
A		Strong
BBB		Adequate
BB		Speculative
B		
CCC		Low Grade
CC		
C		
D		In Default

Ratings Equivalent			
	Fitch	Moody's	S&P
<b>Long-term investment grade</b>	AAA	Aaa	AAA
	AA+	Aa1	AA+
	AA	Aa2	AA
	AA-	Aa3	AA-
	A+	A1	A+
	A	A2	A
	A-	A3	A-
	BBB+	Baa1	BBB+
	BBB	Baa2	BBB
	BBB-	Baa3	BBB-
<b>Long-term Speculative grade</b>	BB+	Ba1	BB+
	BB	Ba2	BB
	BB-	Ba3	BB-
	B+	B1	B+
	B	B2	B
	B-	B3	B-
	CCC+	Caa1	CCC+
	CCC	Caa2	CCC
	CCC-	Caa3	CCC-
	CC+	Ca1	CC+
	CC	Ca2	CC
	CC-	Ca3	CC-
	C+	C1	C+
	C	C2	C
	C-	C3	C-
	D		D or SD

**CIPFA advises:**  
**Have regard to ratings and make decisions based on all ratings**

# Key Questions on Treasury Management (Scrutiny)

- What has changed since Treasury Strategy for the year was determined?
- Impact on treasury portfolio?
  - Risks?
  - The Council's response?
  - Future outlook?
- Sufficient liquidity for day-to-day activity?
- Availability of funding for capital financing?
- How are investment priorities (security, liquidity, yield) managed?
  - What investment instruments are used?
  - Diversified ?
  - Awareness and understanding of risks?
- Any market intelligence/concern which heightens risk?
- Conflicts of interest in advice given?
- Performance (return): **What is driving it?** Why is it poor? **WHY IS IT SO GOOD?**

# Appendix

# Economic and Interest Rate Forecast

## April 2013

### Underlying assumptions:

- The outlook for growth remains subdued. The stimulus from QE and the Funding for Lending Scheme (FLS) are likely to support gradual recovery. Recent data and surveys have been cautiously optimistic, but GDP is unlikely to return to trend (2.5%) for the foreseeable future. Q1 2013 GDP may be positive, but only by the narrowest of margins.
- Public sector spending remains the main driver of economic growth despite widespread media coverage of spending cuts. Uncertainty and the weak outlook appear to be weighing on household and business spending and investment. The weak global economy has also stifled foreign demand, despite the competitive advantage from the decline in the relative value of sterling.
- CPI was 2.8% in March. The effect of sterling's depreciation and import price inflation are expected to push CPI to 3% in mid 2013, but the MPC will look through this protracted period of higher than target inflation.
- The recent rise in employment has placed little upward pressure on earnings growth (0.8% in February), indicating a continuing decline in real earnings growth. A sustained recovery in household spending appears unlikely given this backdrop.
- The UK fiscal outlook remains challenging. Gross gilt issuance of £151bn will have to be absorbed in 2013/14, an absence of more QE may put some upward pressure on gilt yields as will the hunt for yield pushing investors out of government bonds and into riskier assets.
- The revised MPC remit has formalised the flexibility of policy options. The Funding for Lending Scheme (FLS) is having its intended transmission effect through lower mortgage loan rates; its continued economic effectiveness as an alternate policy tool may make it a preferred tool for further monetary easing.
- The European backstop mechanisms have lowered the risks of catastrophic meltdown. Financial markets' reaction to events in Cyprus were relatively muted. However, the Eurozone recession is deepening and is now affecting the core, non-crisis economies.
- Despite poor March non-farm payroll data, US economic recovery appears on course. The unresolved political deadlock over tax rises and spending cuts have the potential to derail business confidence and investment.

	Jun-13	Sep-13	Dec-13	Mar-14	Jun-14	Sep-14	Dec-14	Mar-15	Jun-15	Sep-15	Dec-15	Mar-16	Jun-16
<b>Official Bank Rate</b>													
<b>Upside risk</b>				0.25	0.25	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
<b>Central case</b>	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
<b>Downside risk</b>		-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25
<b>3-month LIBID</b>													
<b>Upside risk</b>	0.25	0.25	0.50	0.50	0.50	0.50	0.50	0.75	0.75	0.75	0.75	0.75	0.75
<b>Central case</b>	0.40	0.40	0.45	0.45	0.50	0.50	0.50	0.55	0.55	0.55	0.60	0.60	0.60
<b>Downside risk</b>	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.30	-0.30	-0.30
<b>1-yr LIBID</b>													
<b>Upside risk</b>	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.75	0.75	0.75	0.75	0.75	0.75
<b>Central case</b>	0.80	0.80	0.85	0.90	0.90	0.90	0.90	1.00	1.00	1.00	1.00	1.00	1.00
<b>Downside risk</b>	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.35	-0.35	-0.35	-0.35	-0.35	-0.35
<b>5-yr gilt</b>													
<b>Upside risk</b>	0.50	0.50	0.50	0.75	0.75	0.75	0.75	1.00	1.00	1.00	1.00	1.00	1.00
<b>Central case</b>	0.85	1.00	1.10	1.15	1.20	1.25	1.30	1.40	1.50	1.60	1.70	1.80	1.85
<b>Downside risk</b>	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.55	-0.60	-0.60	-0.60	-0.65	-0.75	-0.75
<b>10-yr gilt</b>													
<b>Upside risk</b>	0.50	0.50	0.50	0.50	0.50	0.50	0.75	0.75	1.00	1.00	1.00	1.00	1.00
<b>Central case</b>	2.00	2.10	2.25	2.35	2.40	2.40	2.50	2.60	2.70	2.80	2.90	3.00	3.00
<b>Downside risk</b>	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.55	-0.60	-0.60	-0.60	-0.65	-0.75	-0.75
<b>20-yr gilt</b>													
<b>Upside risk</b>	0.50	0.50	0.50	0.75	0.75	0.75	0.75	1.00	1.00	1.00	1.00	1.00	1.00
<b>Central case</b>	2.90	3.00	3.10	3.20	3.30	3.35	3.40	3.45	3.55	3.60	3.70	3.80	3.90
<b>Downside risk</b>	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.55	-0.60	-0.60	-0.60	-0.65	-0.75	-0.75
<b>50-yr gilt</b>													
<b>Upside risk</b>	0.50	0.50	0.50	0.75	0.75	0.75	0.75	1.00	1.00	1.00	1.00	1.00	1.00
<b>Central case</b>	3.30	3.40	3.50	3.60	3.70	3.75	3.80	3.90	4.00	4.10	4.20	4.30	4.30
<b>Downside risk</b>	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.55	-0.60	-0.60	-0.60	-0.65	-0.70	-0.70

The following PWLB rates are at a margin above the gilt:

- Standard PWLB rate 1% - Certainty rate 0.8% -

- The weak UK outlook suggests that Bank Rate will remain steady at 0.5% for the foreseeable future anchoring the shorter end of the yield curve. The Funding for Lending Scheme and low interest rate expectations will maintain the downward pressure on short term market rates.
- After a somewhat upbeat first quarter, global growth is expected to be subdued and uneven for the rest of the year. The medium-term outlook is clouded by doubts over US' and Japan's deficit reduction and the continuing impact of the Eurozone's debt crisis. These will keep government bond yields volatile.

# Balance Sheet Projections

Suffolk County Council					
Gross to Net Borrowing Requirement (TMSS)					
	31-Mar-12	31-Mar-13	31-Mar-14	31-Mar-15	31-Mar-16
	£000s	£000s	£000s	£000s	£000s
Gross CFR	594,495	594,000	623,000	613,000	591,000
Less: Deferred Liabilities (nominal value)	-22,389	-22,389	-22,389	-22,389	-22,389
<b>Borrowing CFR</b>	<b>572,106</b>	<b>571,611</b>	<b>600,611</b>	<b>590,611</b>	<b>568,611</b>
Less: External Borrowing (nominal value)	-350,087	-334,914	-332,584	-325,254	-322,924
<b>Gross Borrowing Requirement/Internal Borrowing</b>	<b>222,019</b>	<b>236,697</b>	<b>268,027</b>	<b>265,357</b>	<b>245,687</b>
Less: Usable Reserves	-166,693	-166,693	-166,693	-166,693	-166,693
<b>Net Borrowing Requirement/(Additional Internal Borrowing Capacity)</b>	<b>55,326</b>	<b>70,004</b>	<b>101,334</b>	<b>98,664</b>	<b>78,994</b>

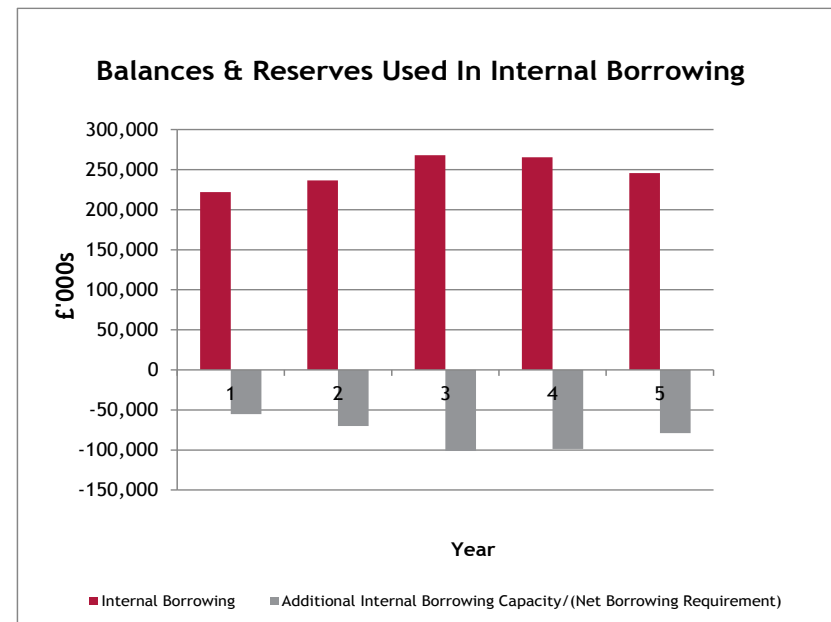
Internal Borrowing cannot be maintained from Balances and Reserves.

The net borrowing requirement rises from £55m to £101m by 31/03/2014, before falling again to £79m by 31/03/16.

Is CFR forecast robust?

Will maturing debt be replaced?

Cash flow surpluses may be available but is cash flow forecast robust enough to rely upon?



# Money Market Fund Ratings - 28/02/2013

Money Market Funds	Place of Domicile	Moody's Credit Rating (source Bloomberg)	Fitch Credit Rating (source Bloomberg)	S&P Credit Rating (source Bloomberg)	Data as of:	Rate	Value Weighted Average	Value Weighted Average - Score	Risk/Return Conversion Ratio	Risk/Return Conversion Ratio Rank	Rating Scale	
											1	AAA
ABERDEEN ASSET MANAGEMENT	LX	Aaa		AAA	28/02/2013	0.35%	AA-	4.11	0.085%	7	2	AA+
AVIVA INVESTORS	IR	Aaa		AAA	28/02/2013	0.26%	A+	4.55	0.057%	19	3	AA
BLACKROCK	IR	Aaa		AAA	28/02/2013	0.32%	AA	2.87	0.112%	1	4	AA-
BNP PARIBAS ASSET MANAGEMENT	LX	Aaa		AAA	28/02/2013	0.23%	A+	4.59	0.050%	21	5	A+
BNY MELLON ASSET MANAGEMENT	IR	Aaa		AAA	28/02/2013	0.31%	AA-	4.16	0.074%	9	6	A
CCLA - PSDF	GB		AAA		28/02/2013	0.32%	A+	4.98	0.064%	16	7	A-
DB ADVISORS (DEUTSCHE)	IR	Aaa		AAA	28/02/2013	0.24%	A+	4.56	0.053%	20	8	BBB+
FEDERATED PRIME RATE CAPITAL MANAGE/GB		Aaa	AAA	AAA	28/02/2013	0.40%	A+	4.56	0.088%	5	9	BBB
FIDELITY INTERNATIONAL	IR	Aaa		AAA	28/02/2013	0.33%	A+	4.62	0.071%	10	10	BBB-
GOLDMAN SACHS ASSET MANAGEMENT	IR	Aaa	AAA	AAA	28/02/2013	0.37%	AA-	3.78	0.098%	2	11	BB+
HSBC ASSET MANAGEMENT	IR	Aaa		AAA	28/02/2013	0.28%	A+	4.73	0.059%	18	12	BB
IGNIS ASSET MANAGEMENT	IR		AAA	AAA	28/02/2013	0.40%	AA-	4.44	0.090%	4	13	BB-
INSIGHT INVESTMENTS	IR	Aaa	AAA	AAA	28/02/2013	0.31%	A+	4.51	0.069%	11	14	B+
INVESCO AIM	IR	Aaa	AAA	AAA	28/02/2013	0.31%	A+	4.99	0.062%	17	15	B
J.P.MORGAN ASSET MANAGEMENT	LX	Aaa	AAA	AAA	28/02/2013	0.29%	AA-	4.35	0.067%	13	16	B-
LEGAL & GENERAL INVESTMENT MANAGEM	IR		AAA	AAA	28/02/2013	0.31%	A+	4.52	0.069%	12	17	CCC+
MORGAN STANLEY INVESTMENT MANAGEM	IR	Aaa	AAA	AAA	28/02/2013	0.40%	AA-	4.35	0.092%	3	18	CCC
NORTHERN TRUST ASSET MANAGEMENT	IR	Aaa		AAA	28/02/2013	0.29%	AA-	4.38	0.066%	14	19	CCC-
RBS ASSET MANAGEMENT	IR	Aaa	AAA	AAA	28/02/2013	0.33%	AA-	4.23	0.078%	8	20	CC+
STATE STREET GLOBAL ADVISORS ASSET MIR		Aaa	AAA	AAA	28/02/2013	0.37%	AA-	4.26	0.087%	6	21	CC
SWIP ASSET MANAGEMENT	IR	Aaa	AAA	AAA	28/02/2013	0.29%	AA-	4.48	0.065%	15	22	CC-
AVIVA INVESTORS GOV	IR	Aaa		AAA	28/02/2013	0.22%	AAA	1.00			23	C+
BLACKROCK GOV	IR	Aaa		AAA	28/02/2013		AAA	1.00			24	C
GOLDMAN SACHS ASSET MANAGEMENT GOV	IR	Aaa	AAA	AAA	28/02/2013		AAA	1.00			25	C-
JP MORGAN ASSET MANAGEMENT GOV	LX	Aaa	AAA	AAA	28/02/2013		AAA	1.00			26	D
NORTHERN TRUST ASSET MANAGEMENT GC	IR			AAA	28/02/2013		AAA	1.00				
RBS ASSET MANAGEMENT GOV	IR			AAA	28/02/2013		AAA	1.00				



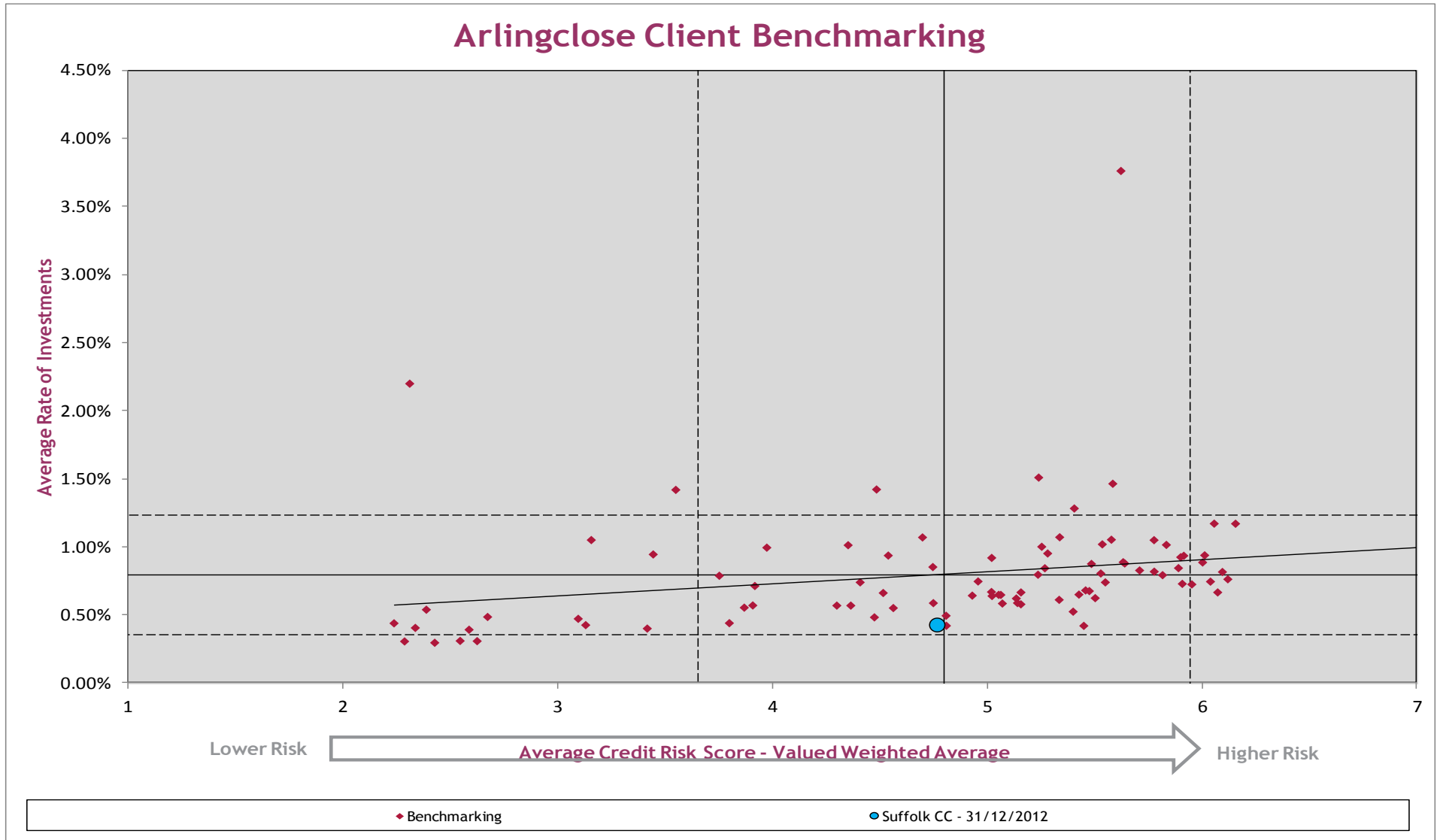
# Complete Credit List

Complete Credit List As at: 11/03/2013

Name	COUNTRY	Moody's Long-Term Ratings	Moody's Short Term Rating	Moody's Financial Strength Rating	Moody's Outlook	Fitch Long-Term Rating	Fitch Short Term Rating	Fitch Viability Rating	Fitch Support Rating	Fitch Outlook	S&P Long-Term Rating	S&P Short-term	S&P Outlook	Banking Group	Artingclose Maximum Recommended Duration	Notes
<b>UNITED KINGDOM - OTHER INSTITUTIONS</b>																
CO-OPERATIVE BANK PLC	GB	A3	P-2	C- *		BBB+ *	F2 *	bbb+ *	3	*+						Banking purposes only
DEBT MANAGEMENT OFFICE	GB	Aa1			STABLE	AAA	F1+			NEG	AAAu	A-1+u	NEG			UK government - DMADF Account
<b>GOVERNMENT AGENCIES, MULTI-LATERAL AND SUPRANATIONAL BANKS</b>																
NORDIC INVESTMENT BANK	FI	Aaa	P-1		STABLE						AAA	A-1+	STABLE			
COUNCIL OF EUROPE DEVELOPMNT	FR	Aaa	P-1		NEG	AA+	F1+			STABLE	AA+	A-1+	STABLE			
EUROPEAN BANK FOR RECONSTRUC	GB	Aaa	P-1		STABLE	AAA	F1+			STABLE	AAA	A-1+	STABLE			
KREDITANSTALT FUER WIEFERAUF	GE	Aaa	P-1		NEG	AAA	F1+		1	STABLE	AAA	A-1+	STABLE			
EUROPEAN INVESTMENT BANK	LX	Aaa	P-1		NEG	AAA	F1+			NEG	AAA	A-1+	NEG			
INTER-AMERICAN DEV BANK	US	Aaa	(P)P-1		STABLE	AAA	F1+			STABLE	AAA	A-1+	STABLE			
INTL BANK RECON & DEV	US	Aaa	(P)P-1		STABLE	AAA	F1+			STABLE	AAA	A-1+	STABLE			

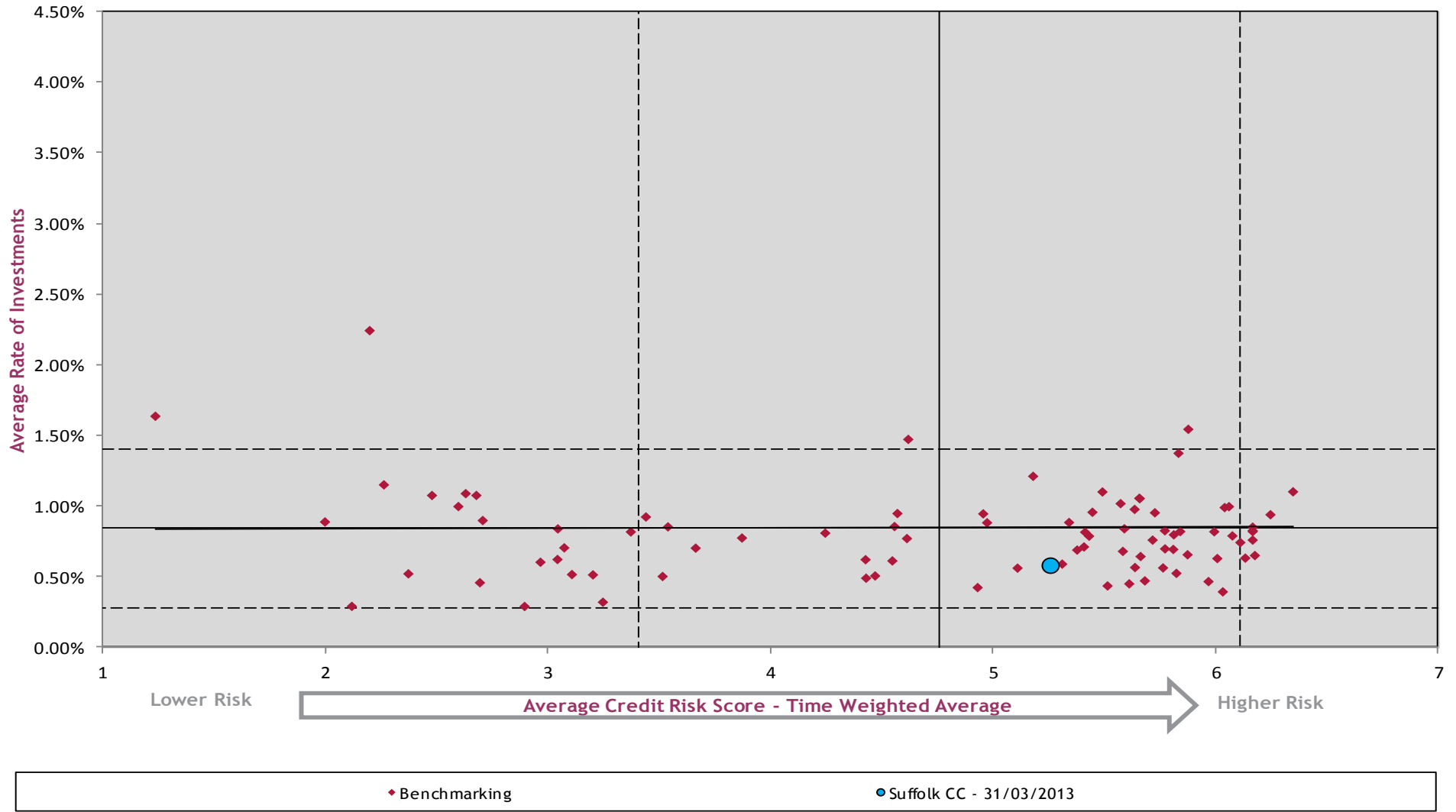
# Value Weighted Average Vs Return - 31/12/12

## Arlingclose Client Benchmarking

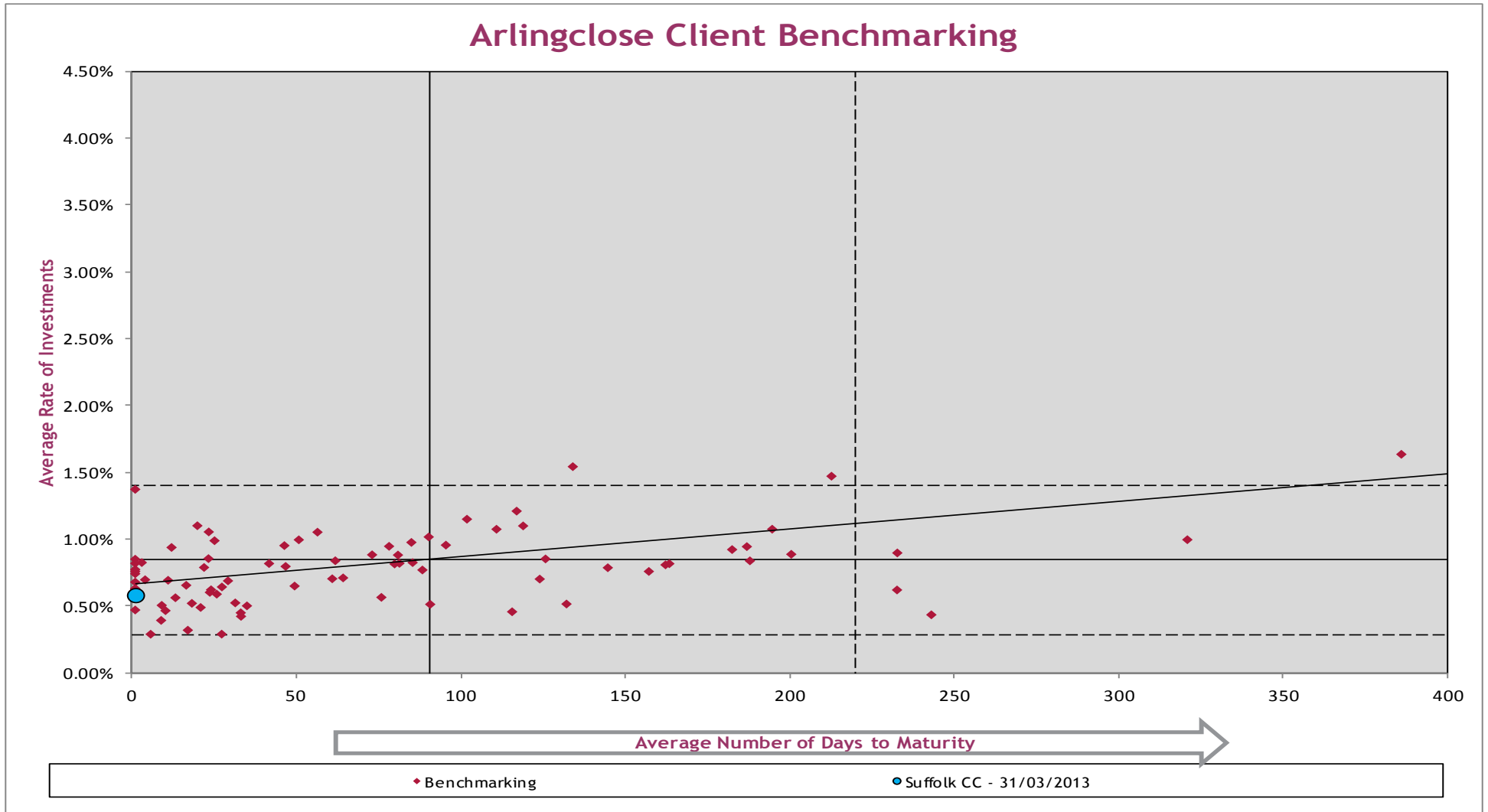


# Time Weighted Average Vs Return - 31/03/13

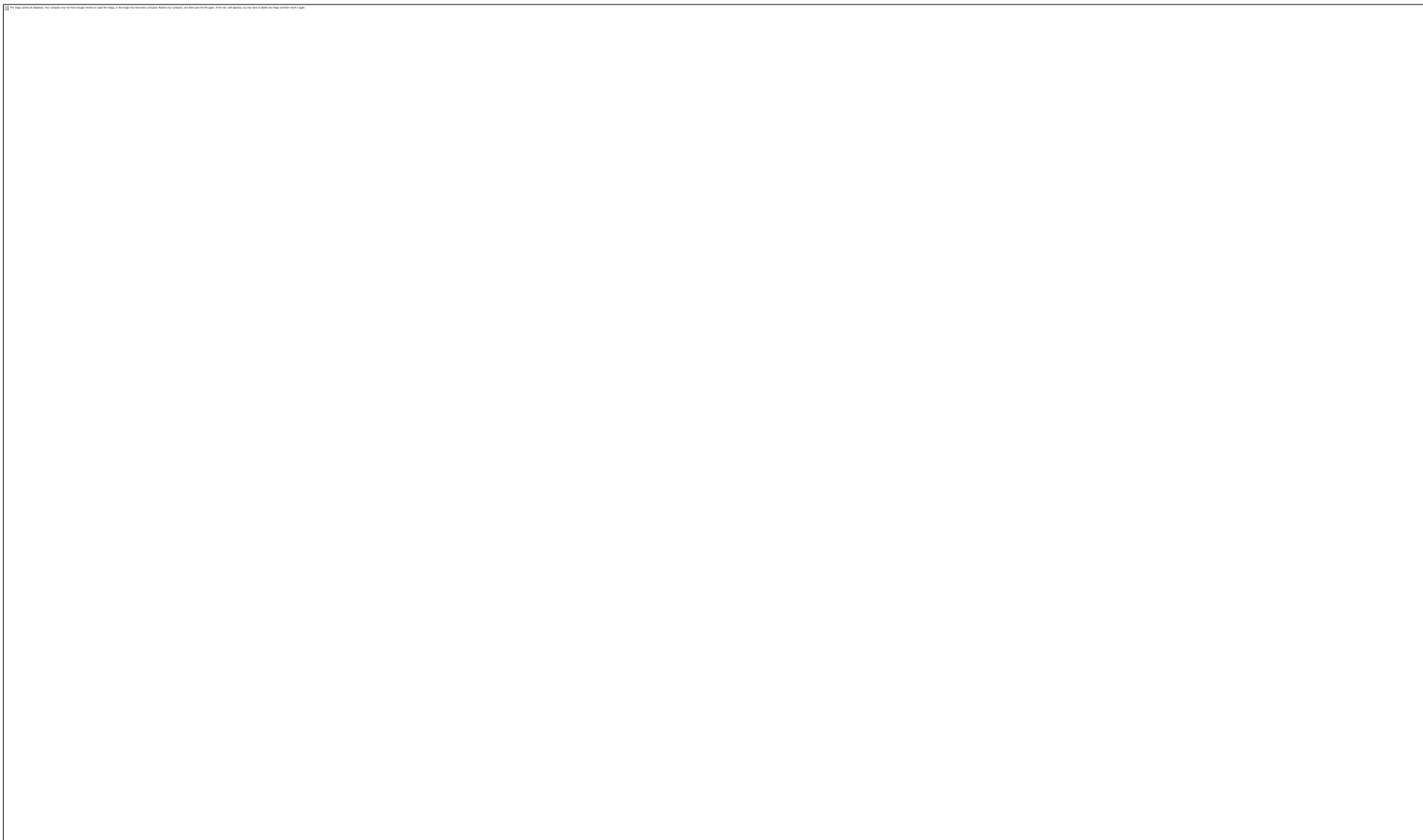
## Arlingclose Client Benchmarking



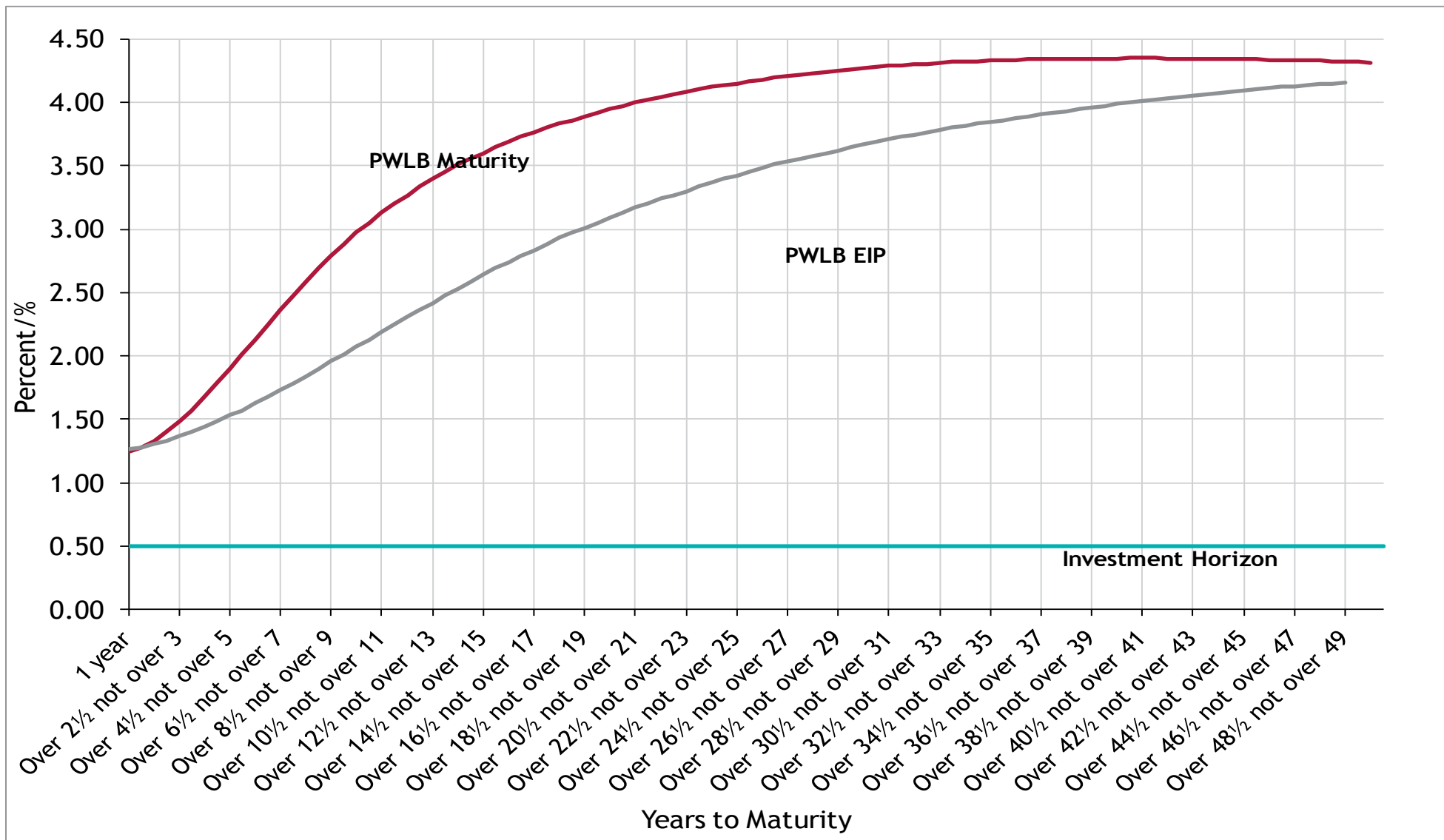
# Average No. of Days to Maturity Vs Credit Risk - 31/03/13



# PWLB Spreads



# Cost of Carry



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