HYMANS ROBERTSON
The Spirit of Independence

Suffolk County Council Pension Fund

Review of Investment Managers' Performance for the Fourth Quarter of 2013

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For and on behalf of Hymans Robertson LLP

February 2014

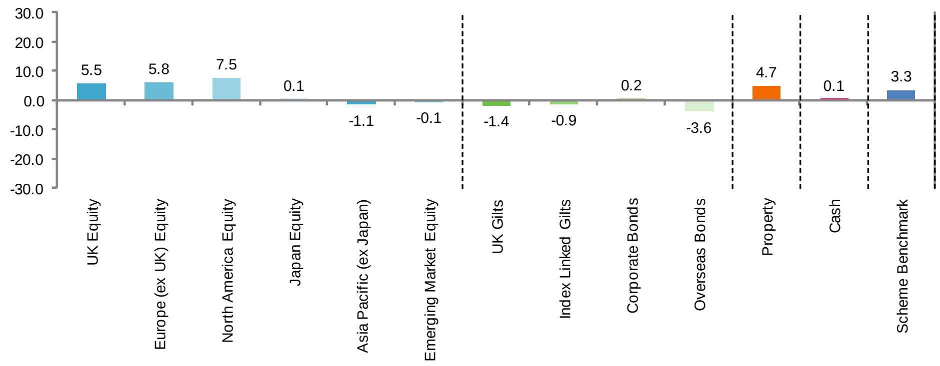
Real people. Real skills. Real results.

Contents

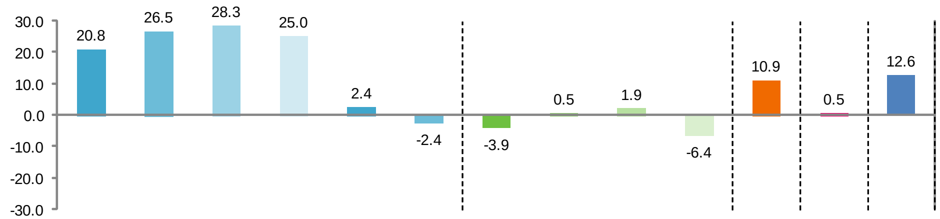
Please note the value of investments, and income from them, may fall as well as rise. This includes equities, government or corporate bonds, and property, whether held directly or in a pooled or collective investment vehicle. Further, investment in developing or emerging markets may be more volatile and less marketable than in mature markets. Exchange rates may also affect the value of an investment. As a result, an investor may not get back the amount originally invested. Past performance is not necessarily a guide to future performance.

Historic Returns for World Markets to 31 December 2013

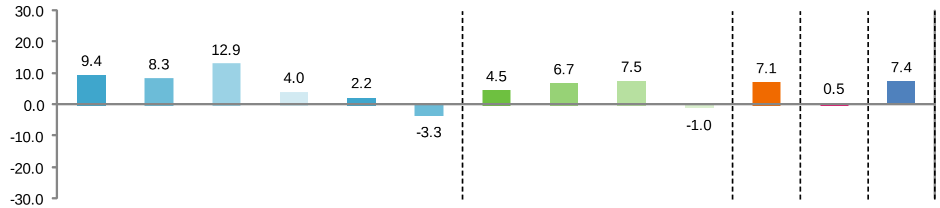
3 Months (%)



12 Months (%)



3 Years (% p.a.)



Historic Returns - Comment

The quarter to end December 2013 started with the ‘shutdown’ of the US government over the failure to agree a federal budget. Concerns over whether the federal debt ceiling would be renewed, and the possibility of the US defaulting on its sovereign debt, created a sense of crisis. World financial markets responded with caution to these events.

On the economic front, news was very mixed. Forecasts for global economic growth for 2013 and 2014 were revised down by a number of credible agencies. Weakness in emerging markets was cited as one of the main contributory factors. The UK was an exception, with forecasts for economic growth revised upwards for 2013 and 2014. In the December autumn statement, the Chancellor of the Exchequer claimed that the country is heading in the ‘right direction’, although the Office for Budget Responsibility emphasised that it viewed the recent improvement as a cyclical boost rather than a structural improvement.

In December, and after much speculation, the US central bank announced a scaling back of its monthly asset buying program, from $85bn to $75bn a month. This is likely to be phased out entirely during 2014 but official guidance indicates no rise in interest rates until there is clear evidence of sustainable economic growth. In contrast to US policy, the European central bank provided further monetary easing through a reduction in short-term interest rates, as inflation in the Eurozone dipped below 1% p.a.

Key events during the quarter were:

Global Economy

· Forecasts for UK economic growth were revised upwards by the Office for Budget Responsibility;
· Global economic growth forecasts were revised down by the IMF;
· Strong economic growth in UK and US contrasted sharply with slow growth in the Eurozone;
· Short-term interest rates were unchanged in UK and US and cut, from 0.50% to 0.25%, in the Eurozone;
· UK inflation (CPI) fell to a four year low (2.1%) in November.

Equities

· The best performing sectors relative to the ‘All World’ Index were Technology (+4.2%) and Industrials (+1.5%); the worst were Utilities (-4.8%) and Basic Materials (-2.5%);
· Shares in Royal Mail rise strongly against issue price of 330p.

Bonds and Currencies

· UK government bonds yields drifted higher on rising optimism about economic outlook;
· Sterling’s trade weighted index closed 2013 at its highest level for over 4 years.

Market Conditions

General

In Q4 of 2013, the trends already in place continued. The annual return for global equities of 21% is well above median returns for the last 100 plus years, particularly remarkable as it was not rebounding from a low base. The returns were focussed in (mainly Western) developed markets. Emerging Markets and Asia performed much less well. The economic picture in the West was reinforcing. The year was also noticeable from an absence of unexpected events, although concerns around tapering of the Fed's asset purchase programme in Q2 precipitated rises in bond yields and led to accelerated global investor outflows from emerging markets. Sterling strength against major currencies continued over the quarter, depressing overseas market returns to sterling based investors.

Equities

In broad terms, equity markets continued to rise over Q4, with the FTSE All World index returning 5.0% in sterling terms. Denominated in sterling, the strongest return came from North America (+7.5%) followed by UK and Europe ex UK (both +5.5%). Japan was virtually flat (+0.1%), Emerging Markets returned -0.1% and Asia Pacific ex Japan returned -1.1%. Sterling continued to strengthen against major currencies, most noticeably against Japan, which returned 9.7% in local currency. Over the 12 month period ending 31 December 2013, the strongest returns (sterling denominated) came from North America (28.3%) followed by Europe ex UK (25.2%) and Japan (+25.0%). UK equities returned 20.8%. The laggards were Asia Pacific (2.4%) and Emerging Markets (-2.4%). Over Q4, the variation in global sector returns was quite muted, other than for Technology (+4.2% relative to the All World index) and Utilities (-4.8% relative). Over 12 months, the strongest sector returns relative to the All World index came from Healthcare (+9.9% relative), followed by Consumer Services (+8.4% relative). The weakest sector return came from Basic Materials (-19.3% relative). Utilities (-9.7% relative) were also weak. A gradual transformation in the pattern of growth in China, from capital investment to consumption, has damaged performance in the Basic Materials sector. Style variation over both 3 month and 12 month periods was not particularly strong. Growth and value styles returned close to 5% stocks over Q4 and 21% over the calendar year.

UK equities

Large cap stocks (FTSE 100) returned 5.1% over the quarter, with FTSE 250 (mid cap stocks) returning +7.5% and Small Cap returning +6.0%. Over the 12 month period ending 31 December 2013, the FTSE 100 returned +18.7% significantly underperforming the FTSE 250 (+32.3%) and Small Cap (+32.8%). Growth stocks outperformed value stocks by 0.9% over the quarter; growth was ahead of value by 5.0% over 12 months. At a sector level, the strongest sector was Telecoms (+6.2% relative to the FTSE All-Share). The weakest sector was Basic Materials (-4.8% relative), followed by Utilities (-4.2% relative). Over 12 months, the strongest sector was Telecoms (+34.1%). The weakest sector over 12 months were Basic Materials (-25.9% relative). The two strongest performing stocks in the FTSE 100 over Q4 were related to asset management. Hargreaves Lansdown returned +31.1% relative to the FTSE All-Share and Aberdeen Asset Management returned +27.9% relative. Three travel companies – Carnival, Easyjet and International Consolidated Airlines Group (the former BA) were among the top 10 performers. The weakest performer was RSA Insurance (-28.3%). Mining stocks Fresnillo, Randgold, Anglo American and Glencore Xstrata were among the bottom 10 performers.

Bonds

Prices of conventional gilts fell over the final quarter, with the All-Stocks index returning -1.4% after taking account of income. The long-dated index fared worse, returning -1.8%. The return on the All Index Linked index was -0.9%. Corporate bond prices performed a little better, with UK investment grade credit returning +0.2% over the quarter. BBB issues continue to produce the strongest returns (+0.9%). All other investment grade bonds had negative returns. Overseas bonds returned -1.3% in local terms but -3.6% when translated into sterling. Over the 12 month period ending 31 December 2013, the All-Stocks gilts index returned -3.9% and index-linked gilts delivered +0.5%. Corporate bonds returned +1.9% over 12 months with BBB-rated issues producing the strongest returns (+4.0%).

Property

The IPD Monthly index return for Q4 of 2013 was +4.7% (this represents the return on directly held property). The sector returns were +6.4% for Industrial, +6.1% for Offices and 3.2% for Retail. There was capital growth in each sector; this was modest in Retail but relatively strong in Industrial and Office segments. For pooled funds, the weighted average return (net of manager fees) for All Balanced Pooled Property Funds was 4.3%, with a distribution yield (after fees) of 2.7%.

Market Conditions (Ctd)

Active managers performance

Global equities

Among 60 global equity managers we follow, the median return over the final quarter of 2013 was +0.19% relative to benchmark. There was no particular style that dominated. Over the 12 month period ending 31 December 2013, the median return was +1.2% relative to benchmark; the interquartile range of outcomes, excluding the top and bottom quartile, was from +3.3% to -1.2% relative to benchmark. A number of the best performing funds over 12 months had a strong value bias, but other approaches were equally successful; there were several income focussed and higher dividend funds among the weaker performers. Over the 3 year period ending 31 December 2013, the median return was essentially flat relative to benchmark. The interquartile range was from +1.4% p.a. to -1.1% p.a. The strongest managers outperformed by at least 3% p.a. while the weakest underperformed by at least 2% p.a. The performance of managers with a value style bias has been gradually improving but remains behind median over three years. The performance of income-focussed managers is above median over this three year period.

UK equities

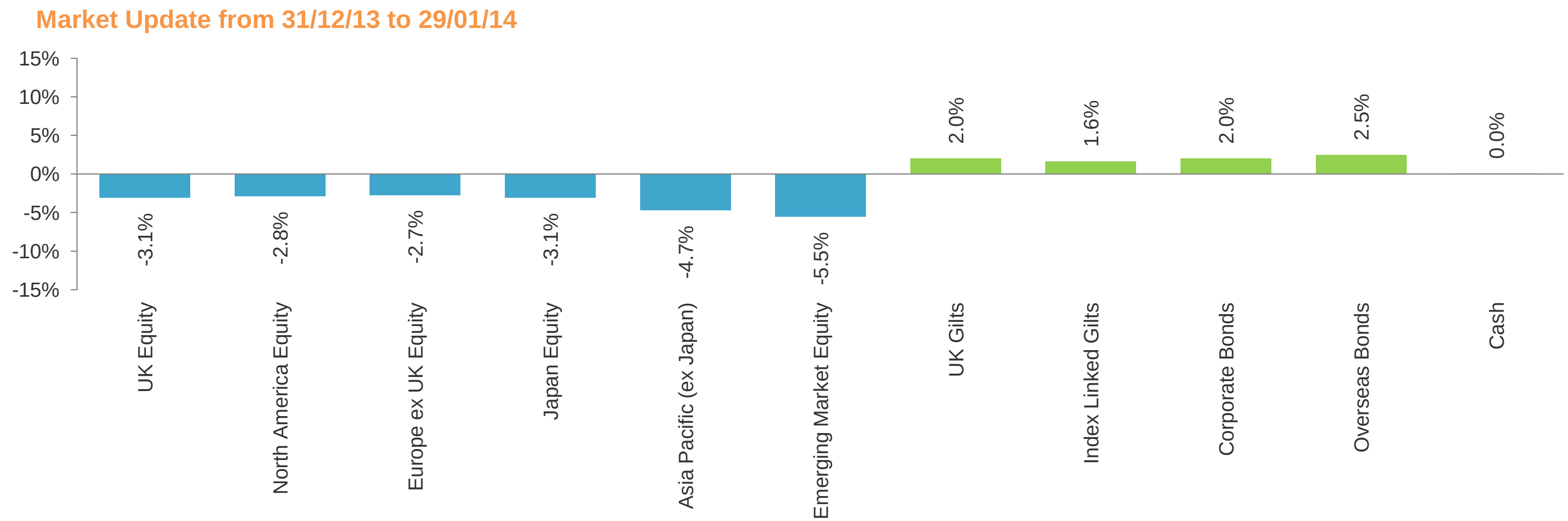
Among 28 UK equity managers' funds we follow, the median return over the final quarter of 2013 was 1.2% ahead of benchmark. Over the 12 months ending 31 December 2013, the median return was +5.1% relative to benchmark; the interquartile range of outcomes was from +8.2% to +1.6% relative to benchmark. The dispersion of returns was very wide. There was a variety of approaches among the more successful managers, but they would generally hold underweight positions in mega cap stocks and overweight positions in mid and small cap. Core managers and those with an income focus were among the weaker performers. Over 3 years, the median return was +2.0% p.a. relative to benchmark. The interquartile range was from +4.0% p.a. to +1.0% p.a. The strongest managers outperformed by at least 5% p.a. while only the weakest managers underperformed the benchmark.

Bonds

We record the performance of 72 bond managers' funds. Of these, 18 are benchmarked against gilts, 10 against index-linked gilts, 25 are benchmarked against corporate bonds, 13 are aggregate bond funds and 6 are absolute return bond funds benchmarked against cash. Over the final quarter of 2013, only corporate bond funds and absolute return funds delivered positive returns. For managers benchmarked against gilts, the scope to outperform is relatively constrained unless managers include corporate bond exposure. For managers of corporate bond funds, the median absolute return over the calendar year was 1.6%, 0.7% ahead of benchmark. Over 3 years, the median return was 8.0% p.a. in absolute terms, 1.0% ahead of benchmark. The interquartile range was from +8.4% p.a. to +7.6% p.a. The strongest managers outperformed by at least 1.4% p.a. relative while the weakest typically delivered returns around the benchmark. This suggests managers in aggregate were overweight in more lowly rated credit which performed strongly over this 3 year period.

For the managers benchmarked against the broad market, the median absolute return over calendar year 2013 was in line with benchmark at -1.4%. Most of the 13 managers we follow delivered absolute returns in the range from -0.5% to -2.5%, bracketing the benchmark return of -2.1%. Over the 3 year period ending 31 December 2013, the median return of the managers benchmarked against the broad market was 6.4% p.a., which was 0.7% p.a. ahead of benchmark. Managers with the strongest performance outperformed benchmark by approximately 1.4% p.a. Those with the weakest performance delivered returns about 0.1% behind benchmark.

Markets - Historic Returns for World Market Update



Equity markets have posted negative returns in sterling terms since quarter end, in contrast to the strong growth seen to the end of 2013. Bond performance has been encouraging, with all types of bonds delivering positive returns (in sterling terms).

Source: [i] DataStream

Portfolio Summary

Manager Valuations [1]

Manager	Value (£m) Q3 2013	Q4 2013	Actual Proportion %	Target Proportion %	Difference %
Newton - Global Equity	257.9	268.6	14.4	13.5	0.9
Alliance Bernstein - UK Equity	143.8	152.6	8.2	7.5	0.7
BlackRock - UK Equity	172.0	183.3	9.8	9.5	0.3
BlueCrest Hedge Fund	32.0	32.9	1.8	2.0	-0.2
Legal & General - Multi Asset	744.5	760.4	40.8	42.5	-1.7
Pyrford - Absolute Return	99.7	103.9	5.6	6.0	-0.4
Winton - Hedge Fund	32.7	34.6	1.9	2.0	-0.1
M&G Debt Opportunities Fund	21.2	21.2	1.1	0.0	1.1
Schroders - Property	174.0	189.7	10.2	10.0	0.2
Private Equity	97.3	97.3	5.2	5.0	0.2
Suffolk Internal Cash	20.2	20.2	1.1	2.0	-0.9
Total	**1795.3**	**1864.7**	**100.0**	**100.0**	0.0

Manager Summary

Manager	Investment Style	Date Appointed	Benchmark Description	Performance Target (% p.a.)	Rating *				
Newton - Global Equity	Global Thematic	23 Jul 2007	MSCI AC World	Outperform by 2.5% p.a. over 3 and 5 years					●
Alliance Bernstein - UK Equity	Value	10 Jun 2005	FTSE All Share	Outperform by 2% p.a. over rolling 3 year periods		●			
BlackRock - UK Equity	Active	19 Jul 2007	FTSE All Share	Outperform by 2%					●
BlueCrest Hedge Fund	Credit	30 Sep 2012	3M LIBOR +5%	-					●
Legal & General - Multi Asset	Passive	31 Mar 2004	Composite	Track Benchmark					●
Pyrford - Absolute Return	Absolute Return	31 Aug 2012	3M LIBOR +5%	-					●
Winton - Hedge Fund	Momentum	30 Sep 2012	3M LIBOR +5%	-					●
M&G Debt Opportunities Fund	Distressed Debt	30 Jun 2012	Absolute Return of 15% p.a.	-					●
Schroders - Property	-	31 Mar 2001	IPD All Balanced Funds Wtd Ave	Outperform by 0.75% p.a. over rolling 3 year period				●	

* For information on our manager ratings, see individual manager pages

Key:- - Replace - On-Watch - Retain

[1] At the time of preparation of this report, valuations sourced from WM are not available (M&G Debt Opportunities Fund, Private Equity and Internal Cash). We have shown valuations from the previous quarter end.

Asset Allocation

Asset Class	Values (£m) Q3 2013	Q4 2013	Actual Proportion %	Target Proportion %	Difference %
UK Equity	334.9	364.1	19.5	18.1	1.4
North American Equity	235.1	254.8	13.7	13.8	-0.1
Europe (ex UK) Equity	181.8	190.0	10.2	9.0	1.2
Japanese Equity	65.3	61.2	3.3	3.1	0.2
Pacific Basin (ex Japan) Equity	61.8	58.3	3.1	3.6	-0.5
Emerging Market Equity	71.0	71.0	3.8	4.4	-0.6
UK Corporates	220.0	220.0	11.8	12.5	-0.7
UK Gilts	37.3	36.7	2.0	2.1	-0.2
Emerging Market Debt	36.2	34.9	1.9	2.1	-0.3
UK Index-Linked Gilts	74.6	73.9	4.0	4.3	-0.3
Property	174.1	189.7	10.2	10.0	0.2
Private Equity	97.3	97.3	5.2	5.0	0.2
Absolute Return Funds	164.4	171.5	9.2	10.0	-0.8
Cash	20.2	20.2	1.1	2.0	-0.9
Absolute Return Bonds	21.2	21.2	1.1	0.0	1.1
Total Client	**1795.3**	**1864.7**	**100.0**	**100.0**	

Performance Summary

Performance Summary [1] [i]

Period		Newton - Global Equity	Alliance Bernstein - UK Equity	BlackRock - UK Equity	BlueCrest Hedge Fund	Legal & General - Multi Asset	Pyrford - Absolute Return	Winton - Hedge Fund	M&G Debt Opportunities Fund	Schroders - Property	Total Fund
3 Months (%)	Absolute	4.0	6.1	6.7	2.7	2.1	0.3	5.9	2.5	4.7	3.5
	Benchmark	5.0	5.5	5.5	1.4	2.1	1.4	1.4	1.4	4.3	3.3
	Relative	-0.9	0.6	1.2	1.3	0.0	-1.1	4.5	1.1	0.4	0.2
12 Months (%)	Absolute	23.5	25.1	20.7	1.9	8.9	5.6	8.7	8.4	10.7	12.8
	Benchmark	20.7	20.8	20.8	5.6	8.8	5.6	5.6	5.6	9.2	12.6
	Relative	2.3	3.6	-0.1	-3.6	0.1	-0.1	2.9	2.6	1.4	0.2
3 Years (% p.a.)	Absolute	8.3	9.2	8.6	2.6	7.4	4.2	6.7	11.9	6.0	6.8
	Benchmark	7.7	9.4	9.4	5.6	7.3	5.5	5.6	5.7	5.3	7.4
	Relative	0.5	-0.2	-0.7	-2.9	0.1	-1.3	1.0	5.9	0.7	-0.6
5 Years (% p.a.)	Absolute	11.5	11.2	16.0	N/A	10.3	N/A	N/A	N/A	4.8	9.8
	Benchmark	11.7	14.3	14.3	N/A	10.3	N/A	N/A	N/A	4.8	10.6
	Relative	-0.2	-2.7	1.5	N/A	0.0	N/A	N/A	N/A	0.1	-0.7

Comment

The Suffolk Fund returned 3.5% (estimated as WM Report not yet available) over Q4 of 2013 outperforming its benchmark return of 3.3%. It is 0.2% ahead of benchmark over the last 12 months returning 12.8% versus a benchmark return of 12.6%. Longer term numbers lag the total fund benchmark. Relative returns are 0.6% p.a. behind benchmark over 3 years and 0.7% p.a. behind over 5 years.

Alliance Bernstein: Alliance Bernstein outperformed their benchmark over Q4 of 2013 by 0.6%. They are 3.6% ahead of the benchmark over 12 months. Despite recent stronger performance, they remain marginally behind benchmark over 3 years (-0.2% p.a.) and they are -2.9% p.a. behind benchmark since inception on 10 June 2005.

BlackRock: BlackRock outperformed their benchmark by 1.2% over Q4. Their portfolio is 0.1% behind benchmark over 12 months and 1.5% p.a. ahead of benchmark over 5 years.

Newton: Newton underperformed their benchmark over Q4 of 2013 by 0.9%. They are 2.3% ahead of benchmark over 12 months. They are 0.2% p.a. behind benchmark over 5 years.

Schroder (Property): Schroder's portfolio returned 4.7% (net of fees) over Q4. This was 0.4% ahead Schroder's benchmark (IPD All balanced Property index) which returned 4.3%. Over 12 months, Schroder's net return was 10.7%, 1.4% ahead of their benchmark. Over 3 years, Schroder returned 6.0% p.a. (net) which was 0.7% p.a. ahead of their benchmark return of 5.3% p.a.

Pyrford: Pyrford returned 0.3 % over Q4. Over the same period, the cash +5% p.a. benchmark returned 1.4%. Pyrford have returned 4.2% p.a. since inception (31 August 2012) compared to the cash +5% p.a. return of 5.5% p.a. over that period.

Winton: Winton returned 5.9% over Q4. Over the same period, the cash +5% p.a. benchmark returned 1.4%. Winton have returned 6.7% p.a. since inception (30 September 2012) compared to the cash +5% p.a. return of 5.6% p.a. over that period.

BlueCrest: BlueCrest returned 2.7% over Q4. Over the same period, the cash +5% p.a. benchmark returned 1.4%. BlueCrest have returned 2.6% p.a. since inception (30 September 2012) compared to the cash +5% p.a. return of 5.6% p.a. over that period.

[1] 3 Year Returns are since inception for M&G (30 June 2012), Pyrford (31 August 2012) and BlueCrest & Winton (both 30 September 2012).

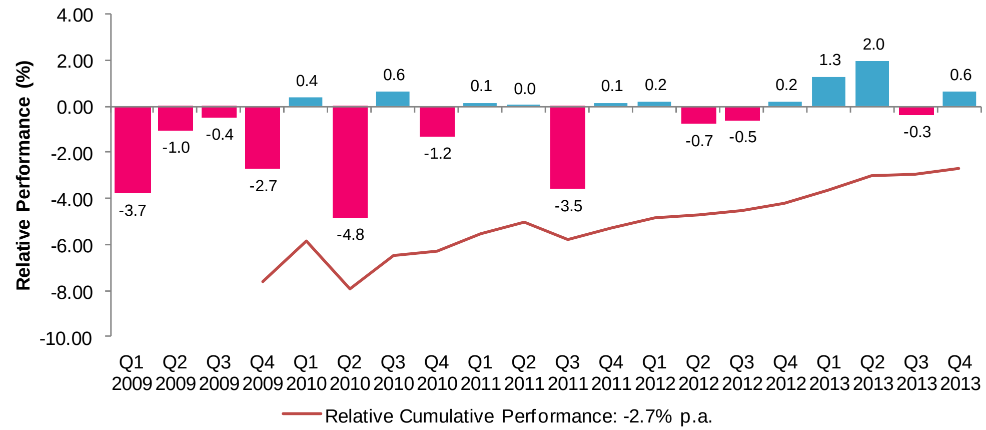
Source: [i] DataStream, Fund Manager, Hymans Robertson, Investment Property Databank Limited, WM/State Street

Alliance Bernstein - UK Equity

Recent News & Rating

No significant news to report this quarter. There were no changes to the UK Value team or process.

Relative Quarterly and Relative Cumulative Performance [i]



Comment

The fund outperformed the FTSE All-Share Index by 0.6% over the quarter. Over the longer term the fund has outperformed by 3.6% over the year to 31 December 2013, but marginal underperformance remains over the 3 year period to 31 December 2013 (-0.2% p.a.).

Stock selection was the main driver of outperformance over the quarter and year with Bernstein indicating that stock specific factors have been more significant than macro factors in driving stock price performance. Sector positions, which are driven by individual stock positions, also contributed positively most notably the overweight to telecoms. Some non UK names also added to performance such as Valeo (French car parts supplier) and Hewlett-Packard. Vodafone was the year's best single contributor boosted by news of the sale of their stake in Verizon Wireless.

Trading in the portfolio has been mainly rotation within Cyclical holdings, particularly shifting out of supermarket chains Tesco and Wm Morrison due to intensifying competition and also switching from Ladbrokes to rival William Hill following a profit warning. Bernstein believe that valuation differences between the cheapest and most expensive stocks remain wide, leaving more potential for excess returns from their value investing style.

Performance Summary - Table[ii]

	3 Months (%)	12 Months (%)	3 Years (% p.a.)	5 Years (% p.a.)
Fund	6.1	25.1	9.2	11.2
Benchmark	5.5	20.8	9.4	14.3
Relative	0.6	3.6	-0.2	-2.7

3 Year Relative Return

Actual % p.a.	Target % p.a.
-0.2	2.0

3 Year Tracking Error

Actual % p.a.	Target % p.a.
2.6	3-5

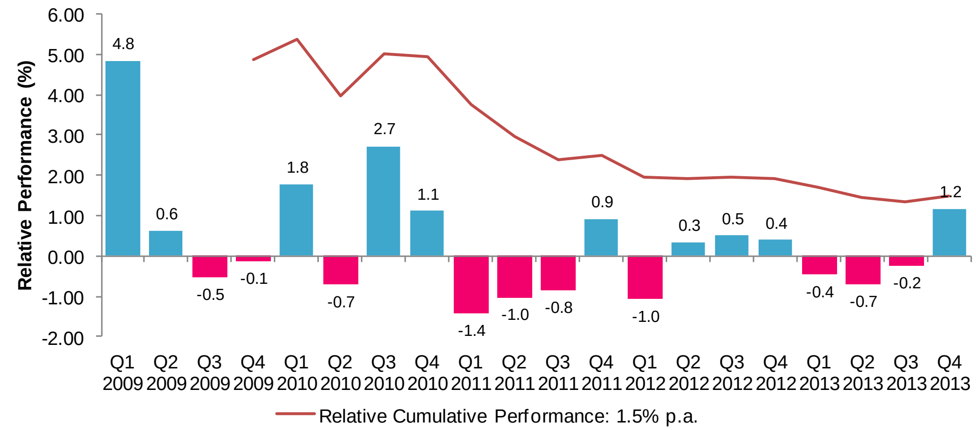
Source: [i] DataStream, Fund Manager, Hymans Robertson, [ii] DataStream, Fund Manager, Hymans Robertson

BlackRock - UK Equity

Recent News & Rating

No significant news to report this quarter

Relative Quarterly and Relative Cumulative Performance [i]



Comment

The portfolio outperformed its benchmark over the fourth quarter, compensating for the previous three consecutive quarters of negative relative performance. Performance marginally trails the benchmark by over 12 months. Longer term returns remain ahead of benchmark although performance over 3 years is still negative relative to the benchmark.

Stock picking in industrial and consumer service-related sectors was positive for portfolio returns with holdings capitalising on the economic improvement in developed countries, whilst underweight exposure to ‘bond proxies’ such as utilities was also beneficial, given the prospect of reduced quantitative easing in the US. Notably, one of the portfolios more recent additions Whitbread (Premier Inns and Costa Coffee) made a significant contribution with the stock rising 27%. Positioning of the portfolio away from basic resources again added to performance.

The portfolio saw some changes with the addition of the pharmaceutical company AstraZeneca (management changes and the price now discounting patents expiry) and the removal of counterpart Diageo (weak sales growth and targets). Other new holdings are Reckitt Benckiser which announced a review of its pharmaceutical business and St James Place where financial market changes should help asset inflow.

Performance Summary - Table[ii]

	3 Months (%)	12 Months (%)	3 Years (% p.a.)	5 Years (% p.a.)
Fund	6.7	20.7	8.6	16.0
Benchmark	5.5	20.8	9.4	14.3
Relative	1.2	-0.1	-0.7	1.5

3 Year Relative Return

Actual % p.a.	Target % p.a.
-0.7	2.0

3 Year Tracking Error

Actual % p.a.	Target % p.a.
1.7	-

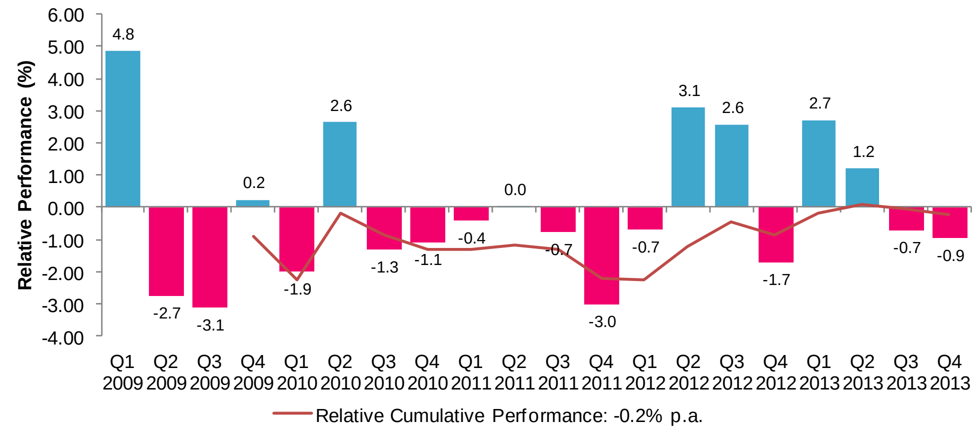
Source: [i] DataStream, Fund Manager, Hymans Robertson, [ii] DataStream, Fund Manager, Hymans Robertson

Newton - Global Equity - Summary

Recent News & Rating

There were no significant developments at Newton that affect the management of the Scheme's assets.

Relative Quarterly and Relative Cumulative Performance [i]



Comment

Newton underperformed their benchmark over the quarter (and also in quarter three) but still remain ahead of benchmark over 12 months thanks to a strong first half of 2013.

Underperformance in the final quarter arose from weaker performance of Newton’s financial stocks. In particular Bangkok Bank lost ground with political tensions unsettling the sector and also the Thai currency. The portfolio’s Japanese stocks also detracted with Toyota and Japan Tobacco being the main underperformers with yen depreciation against sterling further exacerbating the disappointing return for sterling investors. Compenasting positive holdings came from strong performers in the telecoms sector (Sprint), Google and Associated British Foods (which owns Primark)

Newton continue to believe that a cautious outlook is justified. They are sceptical of the “economic normalisation” story. They remain doubtful of a sustained cyclical upswing but believe opportunities remain in their more cautious approach exploring themes like ageing demographics and generally investments with sustainable and predictable growth.

Performance Summary - Table[ii]

	3 Months (%)	12 Months (%)	3 Years (% p.a.)	5 Years (% p.a.)
Fund	4.0	23.5	8.3	11.5
Benchmark	5.0	20.7	7.7	11.7
Relative	-0.9	2.3	0.5	-0.2

3 Year Relative Return

Actual % p.a.	Target % p.a.
0.5	2.5

3 Year Tracking Error

Actual % p.a.	Target % p.a.
3.7	5-7

Source: [i] DataStream, Fund Manager, Hymans Robertson, [ii] DataStream, Fund Manager, Hymans Robertson

Newton - Global Equity

Asset Allocation [i]

Asset Class	Benchmark %	Fund %	Difference %
UK Equities	6.5	10.4	3.9
North America	53.1	47.3	-5.8
Europe	17.1	23.1	5.9
Japan	7.9	8.4	0.5
Asia Pacific	4.9	4.0	-0.9
Emerging Markets	10.6	5.8	-4.7
Property	0.0	0.0	0.0
Total Fixed Interest	0.0	0.0	0.0
Cash & Alternatives	0.0	1.1	1.1
Total	**100.0**	**100.0**	-0.0

Sector Allocation [ii]

Asset Class	Benchmark %	Fund %	Difference %
Energy	9.6	8.3	-1.3
Materials	6.1	4.1	-2.0
Industrials	11.0	9.5	-1.5
Consumer Discretionary	12.0	12.9	1.0
Consumer Staples	9.8	12.9	3.1
Healthcare	10.3	17.9	7.6
Financials	21.5	13.8	-7.7
Information Technology	12.5	13.8	1.3
Telecommunication	4.2	4.6	0.5
Utilities	3.1	1.1	-2.0
Cash & Others	0.0	1.1	1.1
Total	**100.0**	**100.0**	0.0

Comment

The direction of Newton's regional positioning remains broadly similar to last quarter (driven by their thematic views). Their most significant current positions remain the underweighting of North America, the largest geographical component of the index, and a corresponding overweight to Europe ex UK. They retain their underweight to Emerging Markets. Regional allocation had a modestly positive impact over the quarter, particularly the underweight to Emerging Markets.

Comment

Newton's themes remain similar to last quarter and sector positions also remain similar. They continue to be overweight more defensive areas of the market such as Healthcare (tieing in with their wide theme of the “unstoppable ageing demography of populations in the developed world”) and Consumer Staples (sectors which have greater certainty of earnings and steady growth as opposed to more cyclical sectors). Sector allocation modestly enhanced performance over the quarter particularly the overweight allocation to healthcare.

Source: [i] Fund Manager, [ii] Fund Manager

Schroder - Property Fund of Funds

Recent News & Rating

As reported last quarter, Duncan Owen has been appointed as Head of Property. He succeeded William Hill with immediate effect. Hill will remain as an Adviser to the manager on property matters, to assist in smoothing the handover to Owen. Owen was formerly Head of Property Investment at the firm. Hill's role on the investment Committee will be taken by Nick Montgomery, Head of UK Investment and Tony Smedley, Head of Continental European Investment.

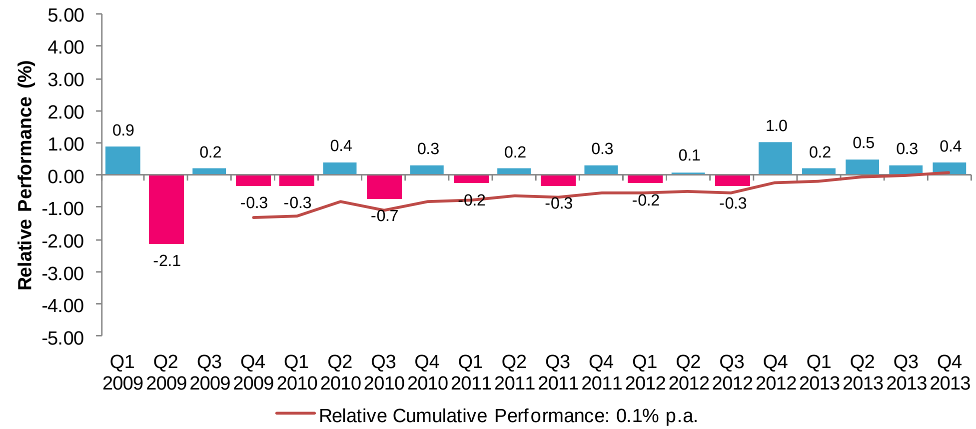
There were also a number of changes to the management of the Schroder UK Property Fund (SPF) which is one of the underlying funds held in the portfolio. James Lass is to take sole responsibility for SPF whilst Ian Mason is moving on to the role of Fund Advisor on the West End of London Property Unit Trust and Hercules Unit Trust (sector specialist funds run by Schroders and also held in the Suffolk portfolio). This change follows the resignation of Jane Gravestock who was responsible for UK specialist funds. Lass has been Fund Manager of SPF for the past year while Mason directed the strategy. Lass will now be solely responsible for both framing and the implementation of SPF's strategy, overseen by Schroders' Investment Committee. Mason will continue to lead the ongoing projects in Bracknell and Croydon on behalf of SPF.

Comment

The Property portfolio continues to perform ahead of its benchmark and to perform strongly in absolute terms. Over the last quarter, performance was driven predominantly by the "value add" funds with core and balanced funds delivering returns in line with the benchmark. The strongest contributing funds over the quarter were West End of London PUT and Industrial Property Investment Fund. Over 12 months and 3 years, it is value add funds that have added the bulk of the outperformance in particular Central London specialist funds.

Funds with a retail focus have generally been the weaker performers. Once such fund is the Hercules Unit Trust, where Schroders have added to their holding. They consider that the valuation has stabilised and that with its high distribution yield will deliver strong returns. They also acquired the additional units at a discount. As well as this opportunistic purchase of the Hercules UT, Schroders invested a total of £8.5m over the quarter, focussing on maintaining the core fund exposure over 60%, adding to BlackRock UK Property Fund, Standard Life Pooled Pension Fund and the Schroder UK property Fund.

Relative Quarterly and Relative Cumulative Performance [i]



Performance Summary - Table[ii]

	3 Months (%)	12 Months (%)	3 Years (% p.a.)	5 Years (% p.a.)
Fund	4.7	10.7	6.0	4.8
Benchmark	4.3	9.2	5.3	4.8
Relative	0.4	1.4	0.7	0.1

3 Year Relative Return

Actual % p.a.	Target % p.a.
0.7	0.75

3 Year Tracking Error

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

Source: [i] Fund Manager, Hymans Robertson, Investment Property Databank Limited, [ii] DataStream, Fund Manager, Hymans Robertson

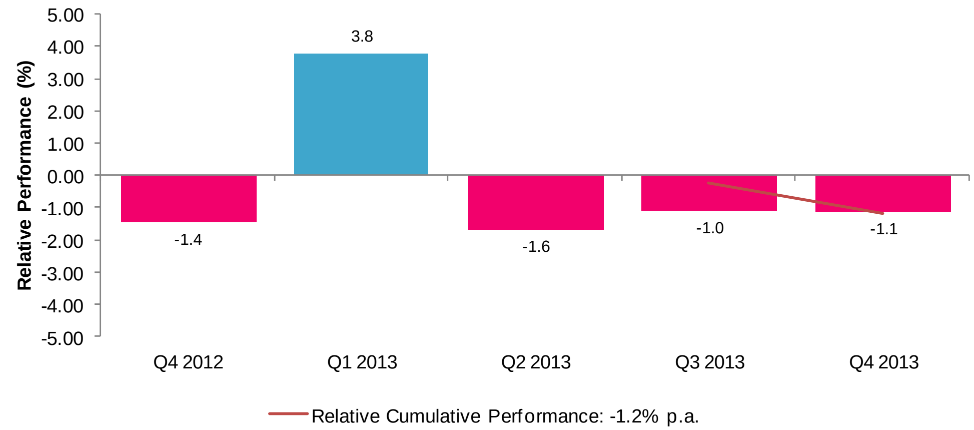
Pyrford - Absolute Return

Recent News & Rating

Rating				
				●
Replace ←		On Watch		→ Retain

Following the end of the quarter, Pyrford announced that Tony Cousins (current CIO & CEO) will expand his role to act as CEO for both Pyrford and Lloyd George Management (LGM), both part of BMO Global Asset Management.The two firms already share BMO's infrastructure for areas such as finance and HR, and before this announcement we were aware that Pyrford would move to new offices in London this year. Following a discussion with Pyrford regarding this announcement they have confirmed that LGM's London team will also move to the same office which should be easier logistically for Cousins to manage his dual role. Drew Newman, COO of Pyrford, has been appointed as COO of LGM in addition to his current role.Our initial concerns relate to Tony Cousins time management and we seek assurance that he will still commit the majority of his time to his role as CEO and CIO of Pyrford. Pyrford say they will continue to monitor the development of this role to ensure that it is not to the detriment of Pyrford's business and his input to the Global Total Return Strategy. We expect limited impact on the Strategy but will continue to closely monitor both the fund and the manager.

Relative Quarterly and Relative Cumulative Performance [1]



Comment

The portfolio return was positive 0.3% during the third quarter of 2013 but underperformed its RPI+5% performance target. Over the quarter the portfolio's UK equities produced a positive return of +3.7% although overseas equities were negative (-0.3%). Both UK Bonds (-0.5%) and overseas Bonds (-2.7%) performed poorly over the final quarter of the year as yields continued to rise. Performance over the year and since inception both remain positive in absolute terms but behind the RPI+5% target. During the quarter the asset allocation of the portfolio remained unchanged. The portfolio continues to be very defensively positioned with an asset allocation of: equities 35%, fixed income 62% and cash 3%. This reflects Pyrford's view that there is very little fundamental value in either equities or longer duration quality sovereign bonds and that capital market valuations do not discount the significant structural economic problems and material risks that exist. The equity portfolio remains defensively positioned with a zero weighting in UK and European banks and limited exposure to more cyclical sectors such as capital goods and materials. High quality sovereign bond yields continued to rise over the quarter. The portfolio's fixed income holdings as a result produced a negative return but by owning short duration bonds the portfolio was protected from the worst of the capital erosion caused by rising yields. Pyrford continues to adopt a defensive stance by owning short duration securities. There were no changes to the geographical allocation of the fixed income portion of the portfolio during the quarter. Currency management contributed positively to the portfolio's return over the final quarter.

Performance Summary - Table [i]

	3 Months (%)	12 Months (%)	Since Inception* (% p.a.)
Fund	0.3	5.6	4.2
Benchmark	1.4	5.6	5.5
Relative	-1.1	-0.1	-1.3

* Inception date 31 Aug 2012.

[1] Excludes initial part quarter (1 month to 30/9/12)

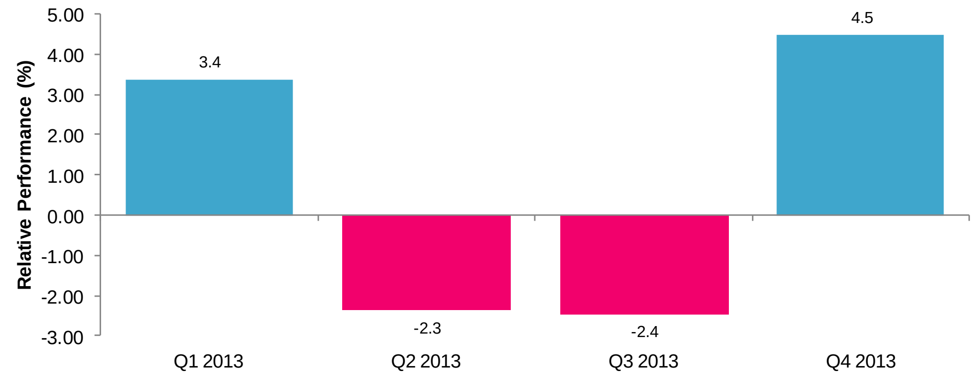
Source: [i] DataStream, Fund Manager, Hymans Robertson

Winton - Futures Fund

Recent News & Rating

Alex Sloane resigned from his position as a director of Winton Futures Fund Ltd. on 13 January 2014. Our research team met with them in January and discussed this. Our view is that this change isn't significant. He wasn't on the Board of Directors for the firm itself, only as a non-executive director for the fund and his departure should have little impact on the Fund. More generally, In summary of the wider developments at Winton, the firm continues to grow, adding 18 people to the research team in 2013, to bring the total employee number to 303 across London, Oxford, Zurich and Hong Kong. As of January 1st 2014 the firm has moved to new offices in Hammersmith, London which will integrate trading, research, back office and client relations teams. The futures fund remains the firm's core strategy with assets under management of £15bn. The firm continues to seek to diversify its business and its long-only equities strategy now has assets under management of approximately £600m.
We continue to rate Winton and performance has been better than many of its peers over the last 12 months. Much of this performance was driven by their cash equity programme, a model which is unique to Winton.

Relative Quarterly and Relative Cumulative Performance [i]



Comment

The fund was up 5.9% over the fourth quarter with 12 month performance of 8.7% (ahead of the cash +5% target).

The largest contributor to performance this year has been equities with a return of 10.6% gross, with both the cash equities and equity index futures contributing positively to performance as equity markets have rallied. A quarter of this year's performance came from Winton's cash equity programme, models unique to Winton. This may explain some of the fund's outperformance compared to its peer group. The cash equities program can trade a universe of 500 large-cap US stocks with equal long and short positions to ensure it almost entirely market neutral. The programme assesses stocks on the basis of momentum, value, size and quality and is not therefore pure trend-following. The cash equities program is assigned 2.5% of the fund's risk budget.

Due to the fund's long exposure to equities through its trend-following models (not the cash equities program) the fund's sensitivity to equity markets is currently at a very high level. Winton's sensitivity analysis indicates that if the MSCI World drops by 1.0% the fund will lose -0.87% given its current level of long exposure to equity markets.

Performance Summary - Table [ii]

	3 Months (%)	12 Months (%)	Since Inception* (% p.a.)
Fund	5.9	8.7	6.7
Benchmark	1.4	5.6	5.6
Relative	4.5	2.9	1.0

* Inception date 30 Sep 2012.

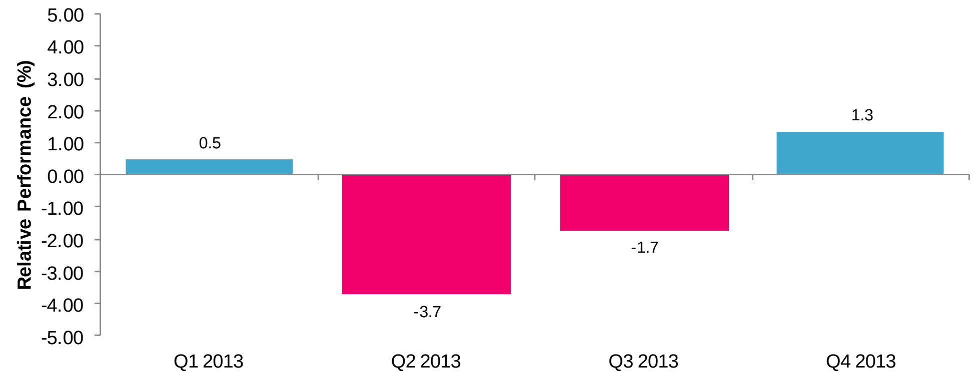
Source: [i] DataStream, Fund Manager, Hymans Robertson, [ii] DataStream, Fund Manager, Hymans Robertson

BlueCrest - AllBlue Mandate

Recent News & Rating

No significant news to report over the quarter. We maintain our rating. for the firm’s absolute return strategy at ‘5’ (Preferred strategy).

Relative Quarterly and Relative Cumulative Performance [i]



Comment

The portfolio gains exposure to a number of different BlueCrest strategies. The overall fund returned 2.7% over the quarter with all the underlying strategies posting positive returns. The largest contributions came from BlueMatrix (global systematic market neutral equity strategy) and Multi Strategy Credit. Both were also the strongest contributors over 2013 as a whole where the portfolio returned 1.9%. The allocation to Blue Matrix was increased by 3.5% over the quarter (standing at 16% at quarter end).

The allocation to BlueTrend (trend following fund) has been reduced over the last year and was further reduced by 2% over the quarter (to 15%). This strategy has had a disappointing return over the last 12 months (-11.3%) Without making any significant changes to the strategy the team have sought to make incremental adjustments to reflect the view that the current regime of government intervention – one of the factors widely cited as impacting current trend-following performance – is expected to continue. This has involved reviewing all the strategy’s current models in an attempt to identify those which are relatively less sensitive to the current accommodative monetary policy and position the portfolio with a bias towards those which should perform better in the current environment.

Performance Summary - Table [ii]

	3 Months (%)	12 Months (%)	Since Inception* (% p.a.)
Fund	2.7	1.9	2.6
Benchmark	1.4	5.6	5.6
Relative	1.3	-3.6	-2.9

* Inception date 30 Sep 2012.

Source: [i] DataStream, Fund Manager, Hymans Robertson, [ii] DataStream, Fund Manager, Hymans Robertson

Performance Calculation

Geometric vs Arithmetic Performance

Hymans Robertson are among the investment professionals who calculate relative performance geometrically as follows:

((1 + Fund Performance) / (1 + Benchmark Performance)) - 1

Some industry practitioners use the simpler arithmetic method as follows:

Fund Performance - Benchmark Performance

The following example illustrates the shortcomings of the arithmetic method in comparing short term relative performance with the longer term picture:

	Arithmetic Method			Geometric Method			Difference
Period	Fund Performance	Benchmark Performance	Relative Performance	Fund Performance	Benchmark Performance	Relative Performance	
Quarter 1	7.00%	2.00%	5.00%	7.00%	2.00%	4.90%	**0.10%**
Quarter 2	28.00%	33.00%	-5.00%	28.00%	33.00%	-3.76%	**-1.24%**
Linked 6 months			-0.25%			0.96%	**-1.21%**
6 Month Performance	36.96%	35.66%	1.30%	36.96%	35.66%	0.96%	**0.34%**

Using the arithmetic method

If fund performance is measured quarterly, there is a relative underperformance of 0.25% over the six month period.
If fund performance is measured half yearly, there is a relative outperformance of 1.30% over the six month period.

Using the geometric method

If fund performance is measured quarterly, there is a relative outperformance of 0.96% over the six month period.
If fund performance is measured half yearly, an identical result is produced.

The geometric method therefore makes it possible to directly compare long term relative performance with shorter term relative performance.