HYMANS ROBERTSON

Suffolk County Council Pension Fund

Review of Investment Managers' Performance for the Fourth Quarter of 2014

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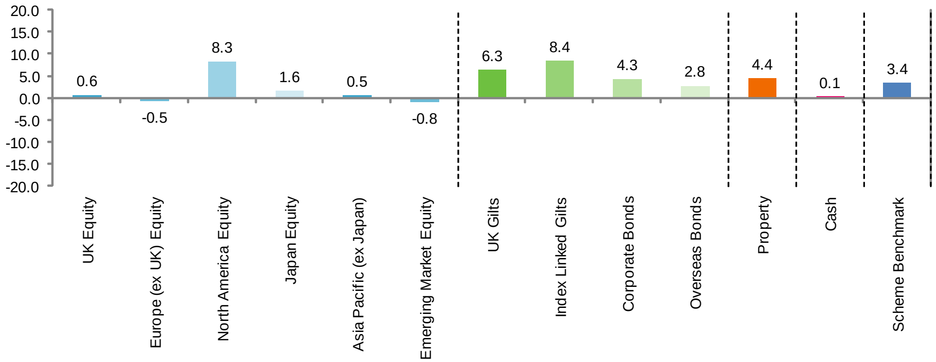
For and on behalf of Hymans Robertson LLP
February 2015

Contents

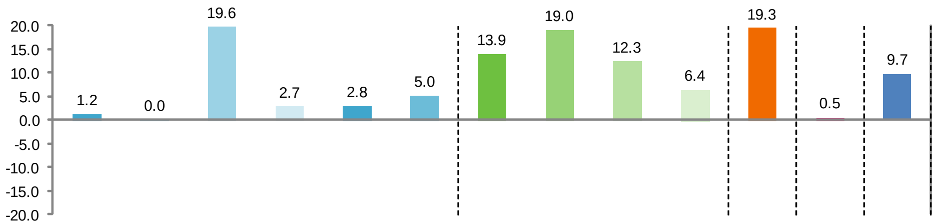
Please note the value of investments, and income from them, may fall as well as rise. This includes equities, government or corporate bonds, and property, whether held directly or in a pooled or collective investment vehicle. Further, investment in developing or emerging markets may be more volatile 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 2014

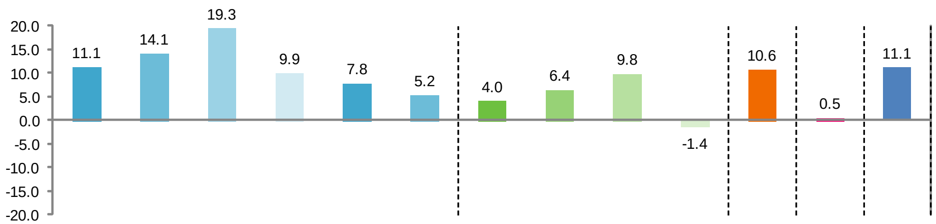
3 Months (%)



12 Months (%)



3 Years (% p.a.)



Historic Returns - Comment

The quarter was one of sharp contrasts in terms of economic growth. Data published during the quarter indicated both the US and UK are speeding ahead of a struggling Eurozone. Japan moved back into a recession, while China's economy decelerated, albeit from a very high rate. Whilst the recent oil price plunge may have thrown big exporters like Russia into disarray, the IMF indicated that a prolonged price slump could boost global economic growth by between 0.3% and 0.7% in 2015.

Short term interest rates in the UK, US and Eurozone were unchanged during the quarter. In the US, expectations of a rate rise in the immediate future were curbed by the central bank, the Federal Reserve, which said it can be patient over any decision to raise rates. In the UK, the general consensus is that there will be no increase in short-term interest rates until the second half of 2015 at the very earliest. No such expectation of a rate rise in the Eurozone, where the European Central Bank (ECB) initiated an asset buying programme, to stimulate the region's flagging economy and to fend off deflationary pressures.

In general, equity markets rose, albeit by modest amounts, over the quarter despite some volatility in early October and sharp falls in December on concerns over the immediate impact of falling oil prices.

Global Economy

• UK Chancellor's autumn statement indicated further significant austerity measures to come;
• The price of oil hit a five year low (and down by half since June 2014);
• UK inflation (CPI) fell to a 12 year low of 1% (v. target of 2%) in November;
• Eurozone inflation rate fell to 0.3% in November, from 0.4% in October;
• Russia increased short term interest rates from 10.5% to 17.0%;
• Japan's central bank increased its asset buying programme to stimulate the economy.

Equities

• The strongest sectors relative to the FTSE ALL World Index were Consumer Services (+6.3%) and Technology (+2.7%); the weakest were Oil & Gas (-16.0%) and Basic Materials (-7.0%);
• US equities rose to a record high. The Dow Jones index reached18,000 for the first time.

Bonds and currencies

• Long dated gilt yields fell to 2.5%, below the 3% floor prevailing over the last three years;
• The US $ rose against Sterling, the Euro and Yen. Russian Rouble fell sharply as the oil price collapsed and western sanctions took hold.

Asset Structure

Asset Structure (at Target and at Quarter End) [i]

Portfolio Value **£2,069,838,383**

Asset	Value £m	Quarter end %	Target %	Difference %
Equity	1,066.51	51.5	45.0	6.5
Bonds & Cash	393.61	19.0	19.0	0.0
Alternatives	609.71	29.5	36.0	-6.5
Total	2,069.84	100.0	100.0	

Mandate	Manager	Value £m	Current %	Target %	Difference %
Equity					
UK	BlackRock	189.66	9.2	9.0	0.2
	Alliance Bernstein	156.46	7.6	7.0	0.6
Regional	L&G	422.75	20.4	16.0	4.4
Global	Newton	297.65	14.4	13.0	1.4
Bonds					
Gilts	L&G	46.16	2.2	2.0	0.2
Corporate	L&G	250.70	12.1	12.0	0.1
Index Linked	L&G	88.60	4.3	4.0	0.3
Cash	Internal	8.15	0.4	1.0	-0.6
Alternative					
Private	Pantheon	66.86	3.2	5.0	-1.8
	Wilshire				
Targeted	Pyrford	114.44	5.5	6.0	-0.5
	BlueCrest	35.10	1.7	2.0	-0.3
	Winton	39.52	1.9	2.0	-0.1
Emerging Mkt Debt	L&G	40.55	2.0	2.0	0.0
Distressed Debt	M&G	40.21	1.9	2.0	-0.1
Infrastructure	KKR	33.46	1.6	2.5	-0.9
	Partners	8.99	0.4	2.5	-2.1
Timberland	Brookfield	6.18	0.3	2.0	-1.7
Property	Schroder	224.42	10.8	10.0	0.8
Total		2,069.84			

Comment

The targets shown are those in place as at 31 December 2014. These will be modified following the restructuring of the assets (including the removal of Bernstein and the adjustment of the L&G mandate to include the RAFI equity portfolio) during January.

On the face of it, the Fund's equity allocation appears significantly overweight (at 51.5%). However, when combined with the alternatives allocation, the Fund's other growth asset allocation designed to diversify the equity allocation, the total allocation to growth assets is only marginally overweight (81% actual versus 80% target) and we do not view this as a particular concern (especially given the alternatives allocation is still being drawn).

Source: [i] Fund Manager, WM/State Street

Performance Summary

Performance Summary [1] [i]

Period	Measure	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	4.3	2.6	2.2	0.9	4.4	2.1	12.0	1.4	4.3	4.1
	Benchmark	4.4	0.6	0.6	1.4	4.3	1.4	1.4	1.9	4.6	3.4
	Relative	-0.1	2.0	1.6	-0.5	0.1	0.7	10.4	-0.5	-0.2	0.7
12 Months (%)	Absolute	10.9	2.5	3.6	6.7	12.3	4.7	14.3	6.6	18.1	10.6
	Benchmark	10.6	1.2	1.2	5.7	12.3	5.7	5.7	8.0	17.2	9.7
	Relative	0.3	1.3	2.4	1.0	0.0	-0.9	8.1	-1.2	0.8	0.8
3 Years (% p.a.)	Absolute	16.2	12.6	12.0	4.4	11.3	4.4	10.0	9.8	9.6	11.4
	Benchmark	14.0	11.1	11.1	5.6	11.3	5.6	5.6	8.0	8.6	11.1
	Relative	2.0	1.3	0.8	-1.2	0.0	-1.1	4.1	1.7	0.9	0.3
5 Years (% p.a.)	Absolute	10.0	7.7	9.8	N/A	8.9	N/A	N/A	N/A	9.4	8.9
	Benchmark	9.9	8.7	8.7	N/A	8.9	N/A	N/A	N/A	8.9	9.1
	Relative	0.0	-0.9	1.0	N/A	0.0	N/A	N/A	N/A	0.5	-0.2

[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

Comment

The Suffolk Fund returned 4.1% over Q4 of 2014 which was ahead of its benchmark return of 3.4%. It is 0.8% ahead its benchmark over the last 12 months returning 10.6% versus a benchmark return of 9.7%.

Newton marginally underperformed their benchmark over Q4 of 2014 by -0.1%. They are 0.3% ahead of benchmark over 12 months. Stock selection detracted over the quarter but was largely offset by sector allocation.

Alliance Bernstein performed ahead of their benchmark over Q4 of 2014 by 2.0%. They are ahead of their benchmark over 12 months but remain behind since inception. Stock selection added value over the quarter.

BlackRock outperformed their benchmark by 1.6% over Q4. Their portfolio is 2.4% ahead of benchmark over 12 months. Broad selection of holdings contributed positively including new additions Carnival and Hays.

BlueCrest returned 0.9% over Q4. Their diversified range of hedge fund strategies performed well over the last 12 months although performance was more varied in Q4.

Pyrford returned 2.1% over Q4. Their defensive positioning has been detrimental over the last 12 months

Winton returned 12.0% over Q4. Their overall outperformance over 12 months has arisen due to their ability to tactically allocate to attractive parts of the market. Over the quarter, a short oil position helped significantly.

Schroder's portfolio returned 4.3% (net of fees) over Q4. Their specialist funds in particular have added value.

L&G performed in line with expectations.

M&G Debt Opportunities Fund has produced a positive absolute return but is modestly behind it's benchmark of an absolute return of 8% p.a. The Fund has not seen any defaults and there appears to be some disagreement between M&G and their independent performance providers leading to performance volatility. The Officers and Advisers have reviewed the portfolio and remain comfortable that it is well positioned and performing.

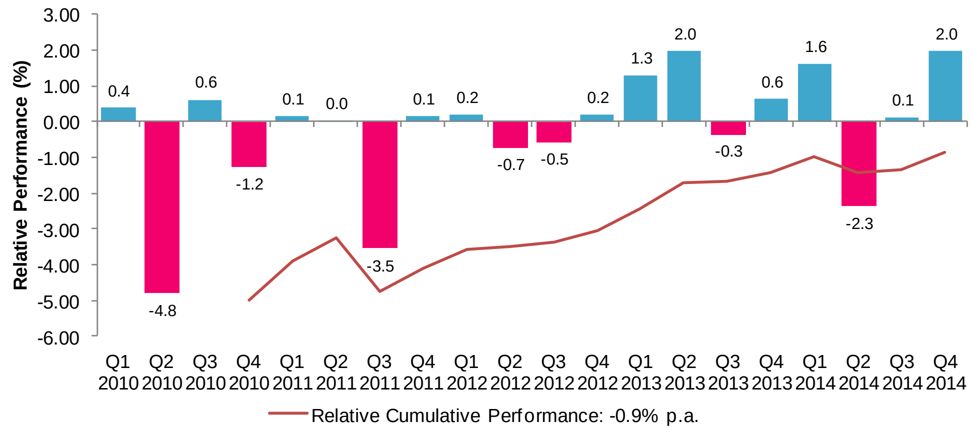
Alliance Bernstein - UK Equity

Recent News & Rating

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

Bernstein have been informed of the decision to terminate their mandate and assets were removed in Q1'15.

Relative Quarterly and Relative Cumulative Performance [i]



Comment

Bernstein significantly outperformed their benchmark over the quarter bringing performance over the last 12 months also ahead of benchmark. Longer term returns since inception remain negative relative to benchmark. Since inception the portfolio has returned 4.6% p.a. versus the benchmark return of 7.2% p.a. Over the quarter, outperformance was driven entirely by stock selection. The largest contributor to outperformance was Vodafone with improving revenue trends. Merger and acquisition activity also helped the portfolio, boosting returns from holdings such as Liberty Global (which acquired a Dutch cable company and confirmed its intention not to buy ITV) and insurer Caitlin which was the subject of a bid. Avoiding negative performers also helped, particularly BHP Billiton which underperformed the weak mining sector. Energy holdings BG Group and Shell were, unsurprisingly in light of oil price falls, major detractors from performance although Bernstein retain conviction in these holdings.

Performance Summary - Table[ii]

	3 Months (%)	12 Months (%)	3 Years (% p.a.)	5 Years (% p.a.)
Fund	2.6	2.5	12.6	7.7
Benchmark	0.6	1.2	11.1	8.7
Relative	2.0	1.3	1.3	-0.9

3 Year Relative Return

Actual % p.a.	Target % p.a.
1.3	2.0

3 Year Tracking Error

Actual % p.a.	Target % p.a.
2.5	3-5

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

BlackRock - UK Equity

Recent News & Rating

We rate BlackRock's main UK Equity +2% strategy at '5 - Preferred strategy'. This remains a well resourced team despite the departures of portfolio managers Hugo Tudor (c.12 months ago) and Simon Young more recently. Core and Specialist teams have merged under the joint leadership of James Macpherson and Luke Chappell but there is still an element of performance dispersion between individual portfolio managers. Relatively concentrated portfolios are seeing a gradual shift from style neutral to moderate quality/growth bias. Active share is relatively low at c.60%.

In October 2014 BlackRock announced the unexpected departure of experienced portfolio manager Simon Young with equally experienced Nick McLeod-Clarke taking over his main responsibilities. Given that the BlackRock UK equity team is still 19 strong, we do not see Young's departure as a critical loss. Nonetheless, 2013/14 has seen changes in structure and some aspects of the investment process as well as two senior departures. With assets run by the team falling by a quarter in an 18 month period (partly structural, partly weaker performance) we are keen to see more stability in 2015.

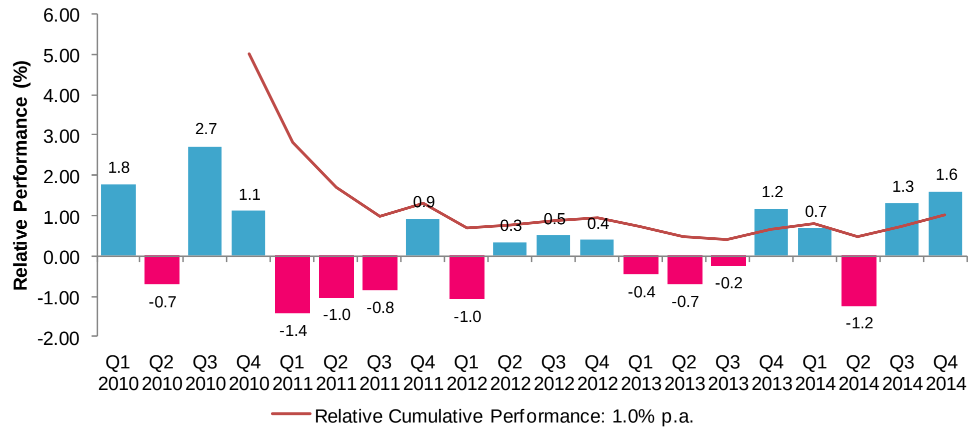
Comment

BlackRock outperformed over the quarter resulting in a positive year for relative fund performance. A broad selection of holdings have contributed positively including Reed Elsevier, Wolseley, 3i, Prudential, Johnson Matthey and new purchases Carnival and Hays. The common factor linking these companies across their diverse sectors is that they have met or exceeded investor expectations for earnings growth at a time when global economic growth remains modest and interest rates low.

Cruise ship operator Carnival has performed well since purchase company results show early signs of improved pricing across Carnival's brands, which if sustained, should lead to a rapid improvement in earnings from very depressed levels. The shares have also responded to lower oil prices. Recruitment specialist Hays also performed well following results that demonstrated profits in the UK business are accelerating from depressed levels, whilst the company's balance sheet is strong and improving such that the group may end the year with little net debt.

Elsewhere, Friends Life rose following an agreed offer from Aviva. The main detractors to returns included oil and mining companies following the fall in commodity prices, whilst the underweight to Vodafone also detracted.

Relative Quarterly and Relative Cumulative Performance [i]



Performance Summary - Table[ii]

	3 Months (%)	12 Months (%)	3 Years (% p.a.)	5 Years (% p.a.)
Fund	2.2	3.6	12.0	9.8
Benchmark	0.6	1.2	11.1	8.7
Relative	1.6	2.4	0.8	1.0

3 Year Relative Return

Actual % p.a.	Target % p.a.
0.8	2.0

3 Year Tracking Error

Actual % p.a.	Target % p.a.
1.8	-

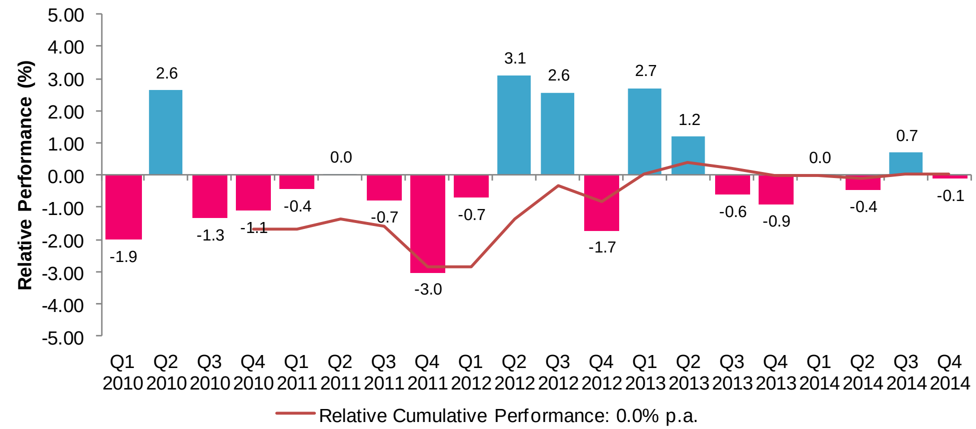
Source: [i] DataStream, Fund Manager, Hymans Robertson, [ii] DataStream, Fund Manager, Hymans Robertson

Newton - Global Equity - Summary

Recent News & Rating

We rate Newton's Global Equity strategy at '5 – Preferred manager'. Since Jeff Munroe took over as lead manager at the end of 2011, portfolio rationalisation, a subtle shift in emphasis towards stable growth businesses and a greater weight on analyst recommendations has been rewarded with a consistent improvement in performance.

Relative Quarterly and Relative Cumulative Performance [i]



Comment

The portfolio marginally underperformed its benchmark over the quarter but is modestly ahead over 12 months and more significantly ahead of benchmark over 3 years. Over the quarter, stock selection had a negative impact (detracting 0.5% from relative performance) whilst this was offset by a positive contribution from sector selection.

Although stock selection was in aggregate a negative factor, it was positive in the Industrials sector with Brenntag and United Technologies performing well. Also, stock selection in financials was positive (a recurring theme from last quarter). The holding of Sprint (US Telecoms) and its holding company Softbank were negative contributors, Sprint's share price fell on concerns regarding its latest results and increased competition in the US mobile telecoms market. The biggest negative impacts from stock selection were in the Energy, Information Technology and Utilities sectors. The fall in the oil price hurt holdings such as Total, Marathon Oil, Royal Dutch Shell and Centrica.

The underweight position to the materials sector and overweight to healthcare were the main positive contributors to performance. Although stock selection was in aggregate a negative factor, it was positive in the Industrials sector with Brenntag (specilaity chemicals) and United Technologies performing well.

Newton remain cautious of financial markets, looking to harness stock specific opportunities while managing risk.

Performance Summary - Table[ii]

	3 Months (%)	12 Months (%)	3 Years (% p.a.)	5 Years (% p.a.)
Fund	4.3	10.9	16.2	10.0
Benchmark	4.4	10.6	14.0	9.9
Relative	-0.1	0.2	2.0	0.0

3 Year Relative Return

Actual % p.a.	Target % p.a.
2.0	2.5

3 Year Tracking Error

Actual % p.a.	Target % p.a.
3.2	5-7

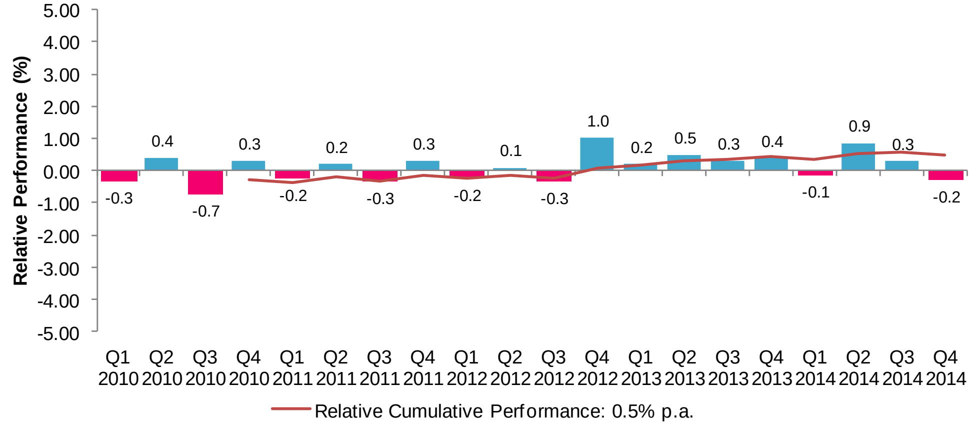
Source: [i] DataStream, Fund Manager, Hymans Robertson, [ii] DataStream, Fund Manager, Hymans Robertson

Schroder - Property Fund of Funds

Recent News & Rating

Schroders informed clients in December 2014 that the name of its property business was changing to Schroder Real Estate (from Schroder Property) with immediate effect. Schroders believes the new name better conveys the wide variety of products and services it offers. Some fund names may change as a result in due course. More recently the multi manager business has also changed its name to Schroder Real Estate Capital Partners. This reflects the new name of the broader real estate business and also describes how the team now operates and sources investment opportunities. Jeremy Marsh joined Schroders as Head of UK Real Estate Research in January 2015 following Patrick Bone's move to the multi manager team in the summer of 2014.

Relative Quarterly and Relative Cumulative Performance [i]



Comment

The Schroder property portfolio continued to perform strongly in absolute terms over the quarter although its return of 4.3% was marginally below the benchmark. Performance marginally trailed the benchmark over the quarter because of the level of cash in the portfolio (7%) which is committed to new investments. Performance over the longer term is ahead of benchmark particularly due to the performance of sector specialist funds (like the Industrial Property Investment Trust) and Central London property funds. Schroders are now intending to take profits from the Central London sector. Core Funds have been producing returns in line with the benchmark.

Opportunistic funds have been returning capital and Schroders have been re-allocating to Core Funds for medium tern returns as well as short term income and performance. Schroders favoured sectors are Industrials and Alternatives where they see attractive yields and favourable supply and demand. They are also looking to increase regional exposure where there is evidence of a strengthening economic picture. Of the current cash (£15m), this is fully committed with the aim of increasing Industrial and Alternative property exposure to enhance the income credentials of the portfolio. To reduce London and Shopping Centre exposure, redemptions have been served on West End of London of London PUT and Standard Life UK Shopping Centre Trust.

Performance Summary - Table[ii]

	3 Months (%)	12 Months (%)	3 Years (% p.a.)	5 Years (% p.a.)
Fund	4.3	18.1	9.6	9.4
Benchmark	4.6	17.2	8.6	8.9
Relative	-0.2	0.8	0.9	0.5

3 Year Relative Return

Actual % p.a.	Target % p.a.
0.9	0.75

3 Year Tracking Error

Actual % p.a.	Target % p.a.
0.9	-

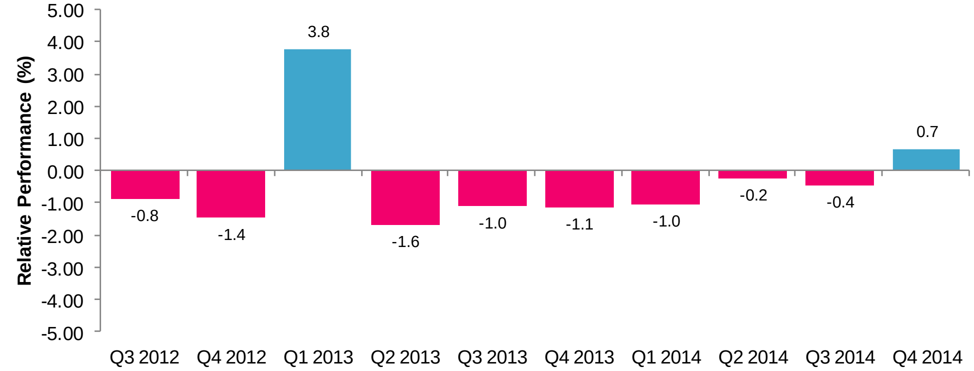
Source: [i] Fund Manager, Hymans Robertson, Investment Property Databank Limited, [ii] DataStream, Fund Manager, Hymans Robertson

Pyrford - Absolute Return

Recent News & Rating

We rate Pyford '4-Retain'. We are generally supportive of Pyrford's relatively straightforward approach to absolute return multi-asset investing. The fund has produced a consistent absolute return since its inception and has been particularly successful in protecting capital during periods of market stress, such as the financial crisis in 2008. However with low return expectations for equities and government bonds we are concerned that the fund may struggle to meet its target return of LIBOR +3%. There were no significant changes to report over the quarter to 31st December 2014.

Relative Quarterly and Relative Cumulative Performance [1]



Comment

The fund returned 2.1% over the fourth quarter and finished 2014 up over 4.0%. Pyrford started the year with the view that monetary easing had elevated equities and long-dated government bonds to levels where prices were not supported by fundamentals. Therefore the fund mainly held defensive securities in 2014, which held back returns as risk assets continued to post strong returns. Two thirds of the portfolio was held in short-dated government bonds. The UK bond portfolio did not fully participate in the sovereign bond rally, as it only holds short duration government bonds which are less sensitive to yield changes. The UK equities portfolio has outperformed the FTSE All Share index during the past 3 and 12 months by a wide margin. Outperformance was driven by security selection and underweight exposure to oil producers. The fund's overseas equity holdings lagged their benchmark during the quarter and year, mainly because of being underweight US equities which had strong returns.

Pyrford did not make any changes to the portfolio's holdings during the fourth quarter, after reducing equity exposure during the previous quarter. The fund's target allocations remain 30% equities, 67% bonds and 3% cash. These are the same asset class weights which the fund had back in 2008 when it was able to generate a positive return during the financial crisis. The manager remains focused on capital preservation and the fund continues to hold mainly defensive securities. In the equity portfolio, the manager avoids holding stocks of cyclical companies, which it believes are more sensitive to macro uncertainty. The bond portfolio comprises short-term sovereign bonds from the UK, US and Canada. The manager expects interest rates to rise in 2015 and short-dated bonds would hold their value better than long-term bonds if rates rise.

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

Performance Summary - Table [i]

	3 Months (%)	12 Months (%)	Since Inception* (% p.a.)
Fund	2.1	4.7	4.4
Benchmark	1.4	5.7	5.6
Relative	0.7	-0.9	-1.1

* Inception date 31 Aug 2012.

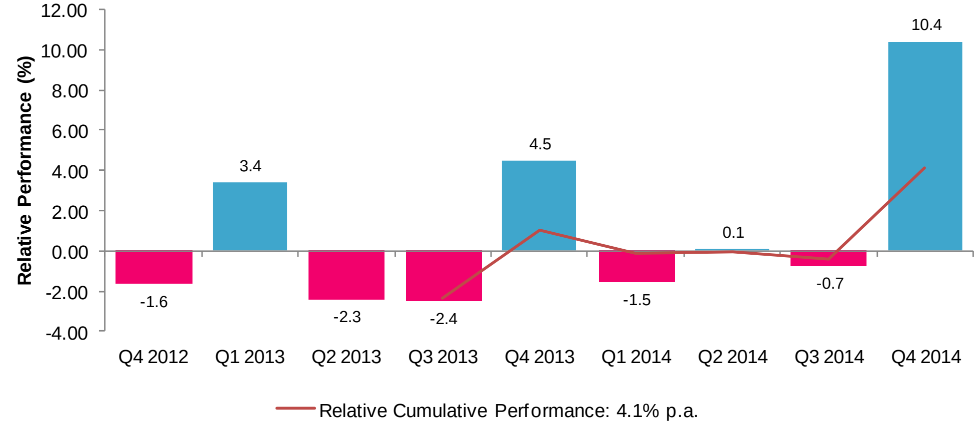
Source: [i] DataStream, Fund Manager, Hymans Robertson

Winton - Futures Fund

Recent News & Rating

There were no significant changes to report over the quarter to 31st December 2014.

Relative Quarterly and Relative Cumulative Performance [i]



Comment

The fund returned 12.0% over the quarter to finish the year up 14.3%. Several trends in the fourth quarter enabled the fund to produce a strong return and the majority of asset classes contributed positive returns. A short oil position had a significant positive impact on performance over the quarter as the price of oil plunged. The fund's long position in bonds was again a positive contributor as bond prices continued to go up; long exposure to German bunds in particular was profitable as rates fell due to deflation fears in Europe. Within the currency sector, the fund benefitted from the euro weakness against the US dollar, while a long position in the Russian rouble hurt performance as the currency depreciated. Stock indices were a detractor, mainly due to weak returns in the European equity markets. The fund's cash equities strategy, which trades individual companies, rebounded in the fourth quarter after being down in the first nine months of 2014. The strategy's returns were driven by a net short exposure to energy companies, which saw the share prices slashed as a result of the falling oil price.

Long term trend-following was the key driver of returns in 2014. Although Winton has diversified the fund, through the inclusion of strategies such as the cash equities, the trend-following strategy still remains the core of the portfolio. Winton expects to continue to diversify the fund as it anticipates risk-adjusted returns from trend-following to be lower in the future.

Performance Summary - Table [ii]

	3 Months (%)	12 Months (%)	Since Inception* (% p.a.)
Fund	12.0	14.3	10.0
Benchmark	1.4	5.7	5.6
Relative	10.4	8.1	4.1

* Inception date 30 Sep 2012.

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

BlueCrest - AllBlue Mandate

Recent News & Rating

BlueCrest Capital Management Limited (“BlueCrest”) announced in Q3 2014 its intention to spin-off its systematic trading strategies group into a new independent business named Systematica Investments (“Systematica”). The new business launched on the 1st January 2015 and is led by Leda Braga, previously BlueCrest’s Head of Systematic Trading. Systematica is majority owned by Braga and her team, with BlueCrest retaining a minority interest in the firm.

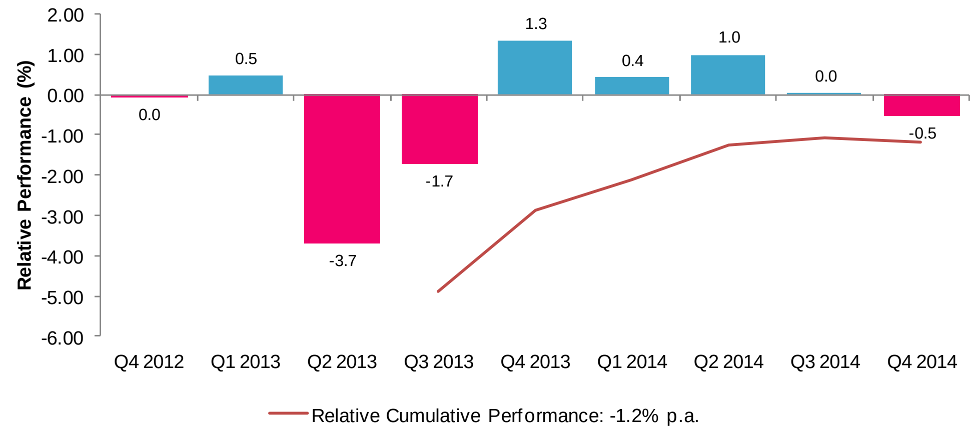
The key changes for All Blue are that Leda Braga’s departure reduces the asset allocation committee from 7 to 8 members. The committee is responsible for determining AllBlue’s allocation to each of the underlying funds. In addition BlueCrest will now invest in a third-party manager which previously it has only invested in internal funds. This will not have any impact on the fee as the fees paid to Systematica will remain the same. Due to the systematic nature of the BlueTrend fund we do not take the view that this corporate change will have an impact on the strategy.

Comment

The fund was up 0.9% in the fourth quarter to bring the annual performance to a positive 6.7% net of fees with a very low volatility of 2.1%. Multi-strategy credit generated solid positive performance. The greatest profits were made from Long/Short and Relative Value strategies, particularly from US credit index trading, with more modest gains made in European. Convertible Arbitrage and High Yield strategies also delivered a small positive return.
BlueCrest Capital International, the flagship discretionary macro strategy, led by BlueCrest’s founder Michael Platt was disappointing this year, adding just 10bps to AllBlue. It detracted over the fourth quarter as it positioned with a short bias and therefore hurt by the strength of bond markets in Europe and the US. Since the quarter end the fund has suffered further as Platt (who trades the largest amount of capital for the fund) had long Euro vs Short Swiss Franc trade on which suffered as the Swiss National Bank removed the currency peg and the CHF appreciate 30% on the day against the Euro. The fund was down -4% on that day. However for All Blue these losses were offset by gains from other strategies.

All underlying strategies contributed positively in 2014, with Quantitative equity, BlueTrend and Multi-Strategy credit driving the performance of the fund overall.

Relative Quarterly and Relative Cumulative Performance [i]



Performance Summary - Table [ii]

	3 Months (%)	12 Months (%)	Since Inception* (% p.a.)
Fund	0.9	6.7	4.4
Benchmark	1.4	5.7	5.6
Relative	-0.5	1.0	-1.2

* Inception date 30 Sep 2012.

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

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 8% p.a.	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

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.