Appendix 5

Suffolk County Council Pension Fund

Review of Investment Managers' Performance for the Third Quarter of 2015

Prepared By:

Matt Woodman - Senior Investment Consultant
David Millar - Senior Investment Analyst

For and on behalf of Hymans Robertson LLP
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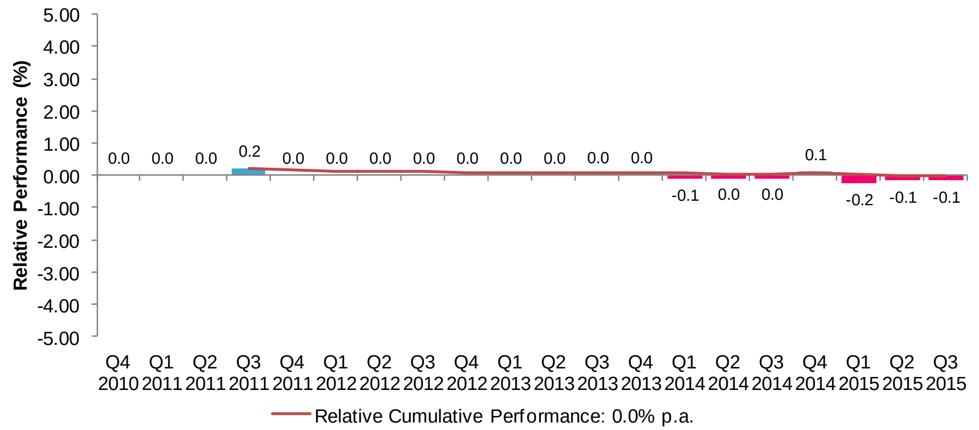
Contents

Legal & General (Passive Multi-Asset)

HR View Comment & Rating

Since our comment in last quarter's report on senior management changes at LGIM, there have been no further significant changes affecting the management of the Fund's assets and we continue to rate L&G as one of the top passive managers in the market.

Relative Quarterly and Relative Cumulative Performance [i]



Recent News Comment

Both the component funds and overall portfolio continue to track their benchmarks within the expected tolerances.

Performance Summary - Table

	3 Months (%)	12 Months (%)	3 Years (% p.a.)	Since Inception* (% p.a.)
Fund	-6.2	-0.7	6.4	7.4
Benchmark	-6.1	-0.5	6.5	7.4
Relative	-0.1	-0.3	-0.1	0.0

* Inception date 31 Mar 2004.

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

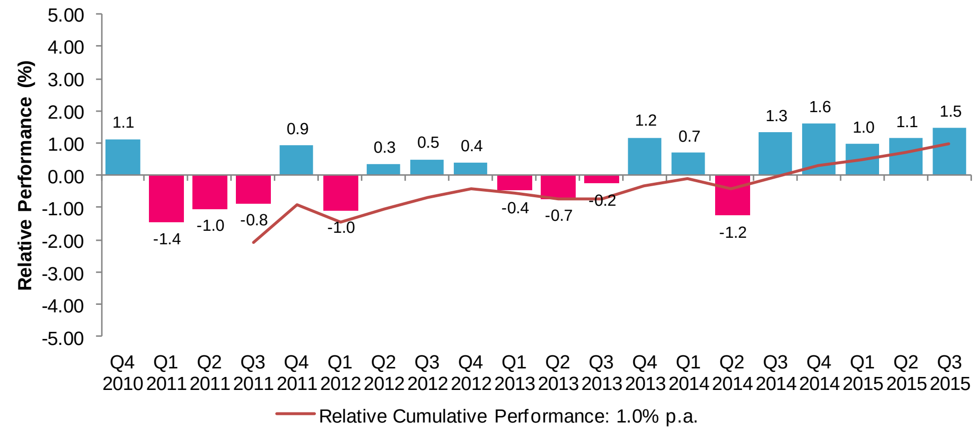
BlackRock - UK Equity

Recent News & Rating

Rating				
Replace		On Watch		Retain ●

There have been no significant changes since our last report and we continue to rate BlackRock highly.

Relative Quarterly and Relative Cumulative Performance [i]



Comment

Although posting a negative absolute return, the BlackRock UK Equity portfolio outperformed the falling market over the quarter by 1.5%. This continued their strong run of relative performance; the fund has outperformed its benchmark by 5.3% over 12 months and by 2.1% p.a. over 3 years.

The biggest contributor to outperformance was a zero holding of mining stock GlenCore which added 0.75% to relative performance on its own. The mining sector fared poorly over the quarter and GlenCore in particular. The next best contributor was the funds holding of Reed Elsevier (the publisher, now called RELX) which rebounded on strong results and more favourable investor sentiment towards defensive companies. This holding added 0.46% to relative performance. BlackRock's allocation to their Smaller Companies Fund was again a contributor to outperformance over the quarter as small companies outperformed the All Share Index.

BlackRock remain reasonably positive on the outlook for UK equities although they expect a higher than normal level of volatility. They remain overweight in higher quality cyclical stocks and also continue to look for companies with strong "self-help" credentials (which are able to perform strongly independent of any external factors) and which are less reliant on a specific macroeconomic outcome.

Performance Summary - Table[ii]

	3 Months (%)	12 Months (%)	3 Years (% p.a.)	5 Years (% p.a.)
Fund	-4.3	2.9	9.5	7.7
Benchmark	-5.7	-2.3	7.2	6.7
Relative	1.5	5.3	2.1	1.0

3 Year Relative Return

Actual % p.a.	Target % p.a.
2.1	2.0

3 Year Tracking Error

Actual % p.a.	Target % p.a.
1.9	-

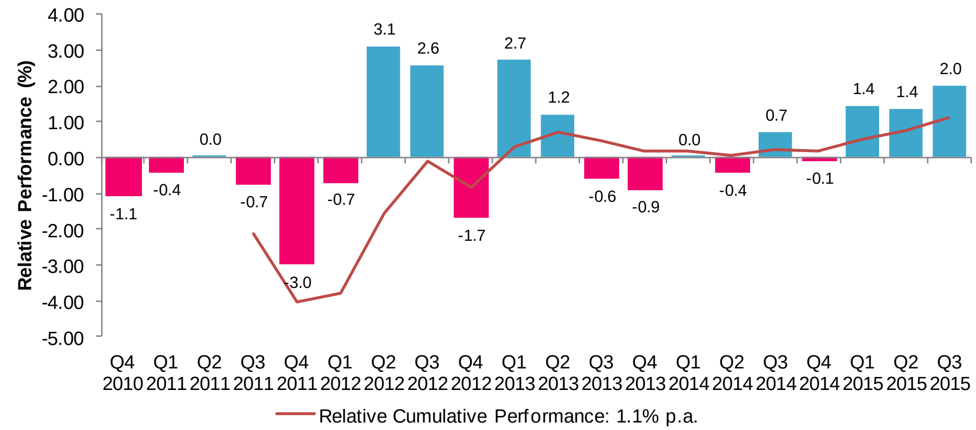
Source: [i] DataStream, Fund Manager, Hymans Robertson, [ii] DataStream, Fund Manager, Hymans Robertson

Newton - Global Equity

Recent News & Rating

In July Newton announced that portfolio manager, Raj Shant (12 years at Newton) will relinquish his Pan European portfolio management role in order to concentrate on global equities. Shant was already sitting in on global equity team meetings. This will have no impact on Jeff Munroe's role as Head of Global Equities. Another global equity portfolio manager, Paul Markham, will continue to lead on European and Asian mandates and will move from alternate to lead manager for the Pan European portfolios except for the Newton Continental European Fund where the lead role will be taken by Emma Mogford, a portfolio manager on the UK equity / multi-asset team. Mogford will also sit in on global equity meetings. We have some concerns over the constant diet of change at Newton but are broadly supportive of the changes made in recent years; we will look to meet Raj Shant in due course, and our rating remains at '5 – Preferred Manager'.

Relative Quarterly and Relative Cumulative Performance [i]



Comment

The Fund outperformed a negative return from its benchmark over the quarter. At a regional level, the Fund's underweight to Emerging Markets was a significant positive contributor (Emerging Markets being the poorest performing equity region, particularly impacted by concerns over China). In sector terms, Information Technology was the top contributor with Google the portfolio's best performing stock. The underweight to the poorly performing energy sector was also beneficial. Conversely an underweight to utilities (and particularly holding Centrica) was detrimental.

Performance over the longer term remains ahead of benchmark, with the last 12 months being particularly strong at +4.8% relative to benchmark – the defensive positioning has helped, keeping absolute returns in positive territory despite the benchmark posting a marginally negative return over 12 months.

Performance Summary - Table[ii]

	3 Months (%)	12 Months (%)	3 Years (% p.a.)	5 Years (% p.a.)
Fund	-4.1	4.7	11.4	8.9
Benchmark	-6.0	-0.1	9.3	7.7
Relative	2.0	4.8	1.9	1.1

3 Year Relative Return

Actual % p.a.	Target % p.a.
1.9	2.5

3 Year Tracking Error

Actual % p.a.	Target % p.a.
2.6	5-7

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

Schroder - Property Fund of Funds

Recent News & Rating

Neil Turner who has been Head of Indirect Investment and Research, with overall responsibility for both listed and unlisted strategies has joined the senior management team. He was originally involved in the development of the multi-manager business in 2005, working alongside the then Head of Multi-Manager, Jenny Buck. Turner currently also chairs the indirect investment committee and hence has knowledge of portfolio strategy although he does not yet have the detailed knowledge of the underlying vehicles. Schroder has also sought to broaden the role of the remaining members of the team. Patrick Bone and Gianlorenzo Polella, who both have 8 years investment experience, are to be given fund management responsibilities. Schroder is recruiting for both Senior and Junior Analyst roles, Jeremy Marsh, currently Head of UK Real Estate Research, is to provide senior analyst support on an interim basis.
Given the underlying illiquidity of the assets – indirect property portfolios do not change quickly – we believe that the risk to clients arising from the changes is relatively low. We have previously downgraded (and now maintain) our rating of Schroder's indirect property management capabilities to "3: On Watch" due to management changes, although we do not believe clients need do more than monitor the position at the current time.

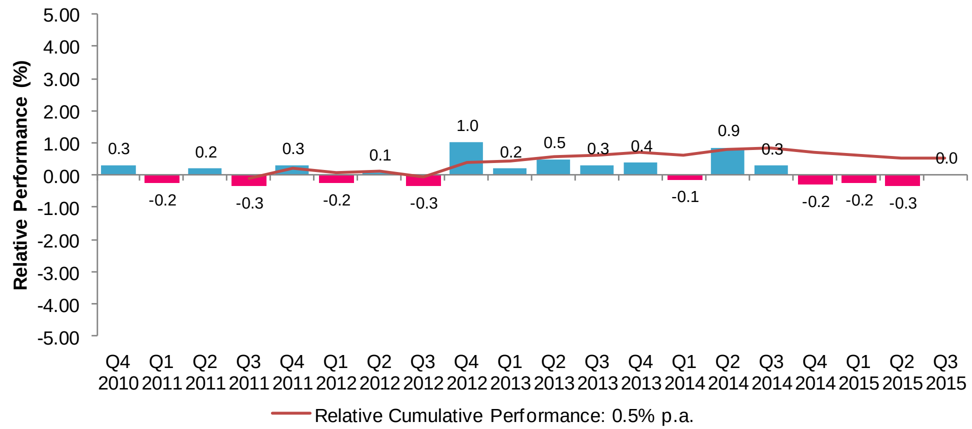
Comment

The Schroder property portfolio continued to produce a positive absolute return over the quarter (3.0%), in line with its benchmark (3.0%). 12 month returns remain strong although marginally below benchmark. Longer term, over 3 and 5 years, performance is ahead of benchmark and is strongly positive in absolute terms.

Over the quarter, both core and value added funds marginally outperformed the benchmark, with cash holdings bringing the overall return back in-line with the benchmark. Industrial holdings contributed positively to relative returns. Over the longer term, the added value has come from the non core properties. Over 12 months, the underperformance can be almost exclusively attributed to the cash holding (core funds marginally underperformed as well but cash impact was -0.8%).

Schroder continue to favour office and industrial sectors in the regions. Undrawn commitments reflect this with undrawn subscriptions remaining to Multi-Let Industrial PUT (£6.8m), Mayfair Capital PUT (4.4m) and Threadneedle PUT (£4.8m), the latter two are balanced funds with high regional office and industrial exposure). Cash at end quarter in the portfolio was £16.4m (6.7%), but of this only £0.42m is uncommitted. Schroder is also finalising a new Regional Office PUT in which they intend to allocate capital to reduce underweight exposure to regional offices.

Relative Quarterly and Relative Cumulative Performance [i]



Performance Summary - Table[ii]

	3 Months (%)	12 Months (%)	3 Years (% p.a.)	5 Years (% p.a.)
Fund	3.0	13.5	12.7	9.4
Benchmark	3.0	14.4	11.7	8.8
Relative	0.0	-0.7	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

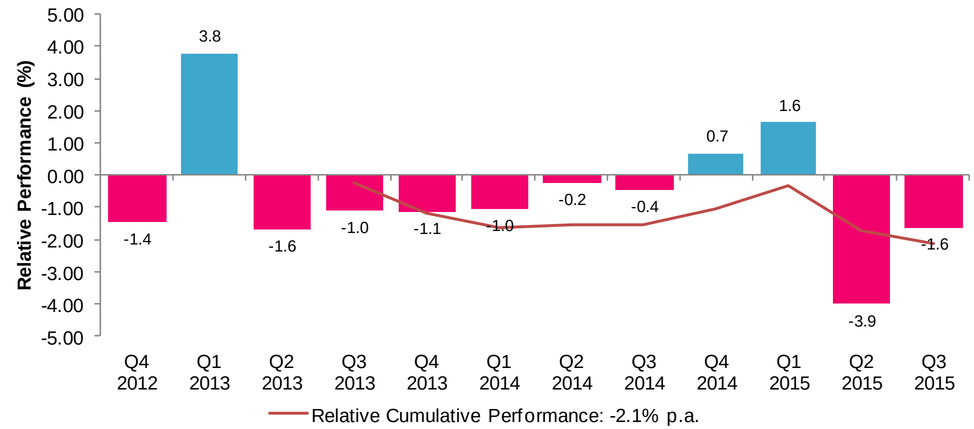
Hymans Robertson LLP

Pyrford - Absolute Return

Recent News & Rating

In Q2 we downgraded the Global Absolute Return Strategy from 4 – “Retain” to 3 -“On-Watch”. 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 will struggle to meet its target return of RPI +4% and we therefore believe it prudent to put the fund “On-Watch”. We are monitoring the situation closely and met with the manager during Q3 as part of this process. We continue to keep the fund on-watch. There were no further significant updates during the third quarter to end of September 2015.

Relative Quarterly and Relative Cumulative Performance [1]



Comment

The fund generated a marginally negative net return of -0.2% over the quarter which provided a good level of protection relative to the equity market (which Pyrford's mandate is designed to partially protect). Returns were mixed across the sub-asset classes. The VIX – an index which measures investor expectations of volatility – jumped to a 6 year high in August and global equities suffered one of its worst months since the financial crisis. There was dispersion on a regional basis with Emerging markets down -14.6% over the quarter. The US and Europe drawdowns were more muted but still negative. The portfolio remains defensively positioned with no exposure to UK and EU banks and limited exposure to cyclical sectors. The fund’s allocation to UK equities added to performance despite the FTSE All Share falling by 5.7% over the period. However, overseas equities detracted from performance with Asian stocks (including Malaysia, Australia and Singapore) showing particular weakness following the slow-down in China. The fund continues to adopt a cautious position by holding a short duration bond portfolio in order to protect the capital value from the anticipated interest rate rises. This meant that the portfolio lagged behind the UK and overseas government bond markets as these were less sensitive to the rise in yields over the quarter. However, sterling weakness over the quarter meant that overseas currency exposure contributed to performance.

Performance Summary - Table [i]

	3 Months (%)	12 Months (%)	Since Inception* (% p.a.)
Fund	-0.2	2.3	3.4
Benchmark	1.4	5.7	5.6
Relative	-1.6	-3.2	-2.1

* Inception date 31 Aug 2012.

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

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

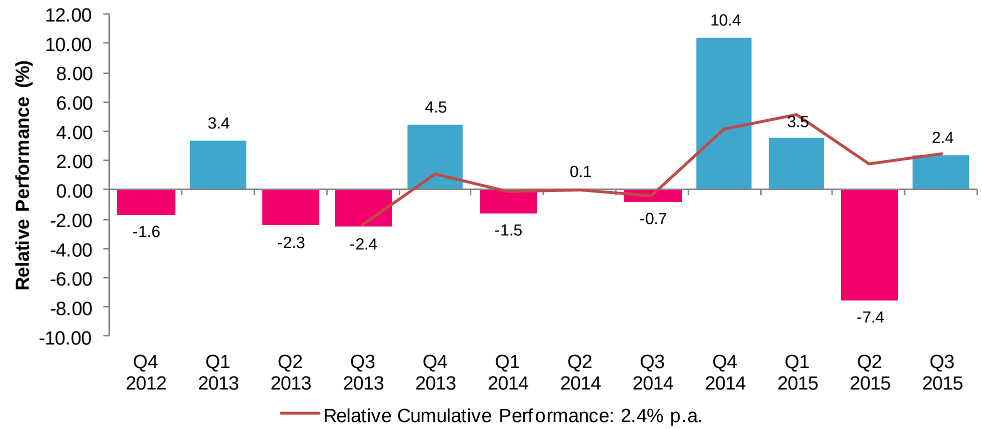
Winton - Futures Fund

Recent News & Rating

Following the departure of the firm's CEO in 2014, Tony Feitter-Lao, David Harding assumed his responsibility as CEO. At the time he was also Chairman of the board of directors. To improve governance and independent oversight, Winton Capital recently appointed Sir David Walker as Chairman. Walker joins from the Chairman position at Barclays which he has held since 2012 and started in July.

The firm continues to expand its global presence and has hired two investor relations personnel to the Shanghai office which opened January.

Relative Quarterly and Relative Cumulative Performance [i]



Comment

The fund returned 3.8 over the quarter, as performance recovered in September following losses in August. The fund was well hedged over the course of the initial stock market fall in August. As concerns over the slowdown in China's growth led to wide spread risk aversion, fixed income markets were the beneficiary. Developed market government bonds were a key contributor to performance for the strategy in Q3 as talk of a Fed rate rise September turned out to be for nothing as concerns over global growth led to policy makers expressing intentions to hold off on any rate rise for longer. As a result US yields drifted lower benefitting those funds with long exposure to government bonds. UK and European government bonds also saw yields fall and in Canada the central bank announced a surprise rate cut in July.

The general decline in commodity prices also provided good trend following opportunities in the third quarter, although there were some events that led to reversals in specific markets. Energy markets continued to trend lower. In particular natural gas fell to a five-month low during the third quarter as forecasts of mild weather in the US dashed hopes of early heating demand. As a result of the recent VW scandal involving their diesel vehicles, platinum continued to fall but palladium reversed its trend and rallied in September. Catalytic converters in diesel vehicles use platinum whereas those in petrol cars use palladium.

Performance Summary - Table [ii]

	3 Months (%)	12 Months (%)	Since Inception* (% p.a.)
Fund	3.8	14.5	8.3
Benchmark	1.4	5.7	5.7
Relative	2.4	8.4	2.4

* Inception date 30 Sep 2012.

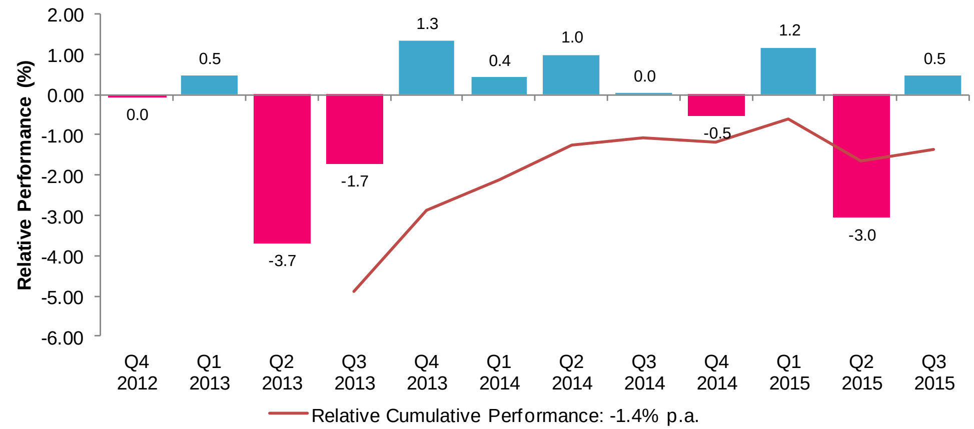
Source: [i] DataStream, Fund Manager, Hymans Robertson, [ii] DataStream, Fund Manager, Hymans Robertson

BlueCrest - AllBlue Mandate

Recent News & Rating

We have downgraded BlueCrest's rating to "sell". This is due to a number of management changes and a change to their fee scale. The details are discussed in the separate strategy paper.

Relative Quarterly and Relative Cumulative Performance [i]



Comment

The fund generated a positive return of 1.9% for the third quarter and is now up 3.7% over 12 months. This return was achieved with a correlation to global equities of 0.19 and annualised volatility of 4.3%. BlueTrend was the key positive contributor to performance over the second quarter, contributing 1% to the total return. The strategy once again demonstrated that it can perform particularly well during equity market downturns as the ability to exploit both upward and downward trends in markets enabled BlueTrend to benefit from the increase in volatility across equity, commodity and currency markets in third quarter. Fixed income markets benefitted from the widespread risk aversion and as equity markets fell, bond markets rose. Talk of a Fed rate rise in September turned out to be for nothing as concerns over global growth led to policy makers expressing intentions to hold off on any rate rise for longer. Against this backdrop BlueCrest Capital International, where the team focus on fixed income and currency trading, made a positive return over the third quarter with gains in European rates and the US yield curve. The VIX – an index which measures investor expectations of volatility – jumped to a 6 year high in August . The BlueCrest Equity Strategies was able to exploit the dispersion in individual securities through its long short approach to trading equities and generated a positive return over the quarter. From 1 July 2015, exposure to the BlueTrend strategy has been gained through BlueTrend 2x Leveraged which enables BlueCrest to access the same level of exposure but with half the capital. This has been redeployed to BlueCrest Capital International.

Performance Summary - Table [ii]

	3 Months (%)	12 Months (%)	Since Inception* (% p.a.)
Fund	1.9	3.7	4.2
Benchmark	1.4	5.7	5.7
Relative	0.5	-1.9	-1.4

* Inception date 30 Sep 2012.

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

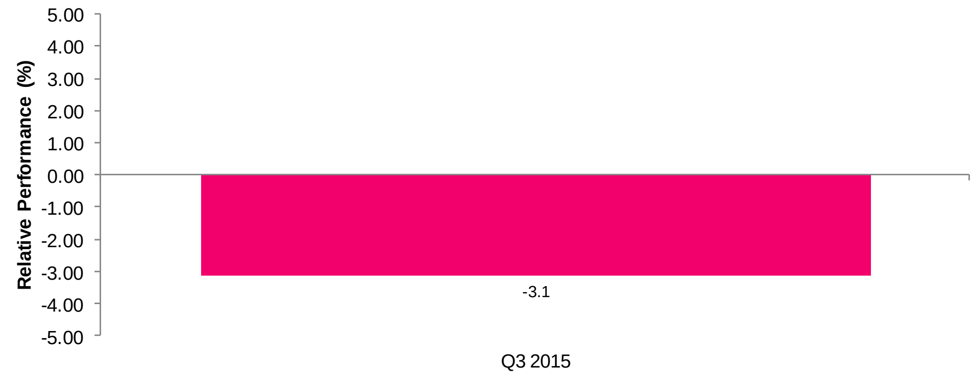
M&G Alpha Opportunities

HR View Comment & Rating

M&G is rated "5 - preferred provider" for global bonds.

No significant changes to report over the quarter to end September 2015.

Relative Quarterly and Relative Cumulative Performance [1] [i]



Recent News Comment

The M&G Alpha Opportunities Fund returned -1.7% over the quarter, underperforming the cash benchmark by 1.6%. This performance is behind its target of LIBOR plus 3%-5% p.a. Credit markets suffered during the quarter, due to concerns over the Greek bailout, the Chinese economy, falling commodity prices and company specific issues. The Fund underperformed its cash benchmark during this weakness in credit markets. The manager sought to take advantage of what he perceived to be an emotional response of markets to these risk events to buy into weakness and find opportunities, particularly in longer dated credits. The manager increased the fund's exposure to US dollar securities, due to perceived attractive valuations. The manager also purchased several Portuguese Residential Mortgage Backed Securities and the subordinated debt of insurance companies, with a view to take advantage of volatility induced by the concerns surrounding Greece. The manager sold some of the more defensive holdings in the portfolio to quickly take advantage of opportunities in the market, including purchasing the debt of housing associations, and exposure to Volkswagen and Glencore. The manager believes that volatility will continue for the rest of the year, and that a 'risk-off' regime has been introduced which should benefit long term investors of well researched and secure bonds.

Performance Summary - Table [ii]

	3 Months (%)	12 Months (%)	3 Years (% p.a.)	Since Inception* (% p.a.)
Fund	-1.7	N/A	N/A	-2.9
Benchmark	1.4	N/A	N/A	2.3
Relative	-3.1	N/A	N/A	-5.1

* Inception date 28 Apr 2015.

[1] Excludes part quarter to 30 Jun 2015

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

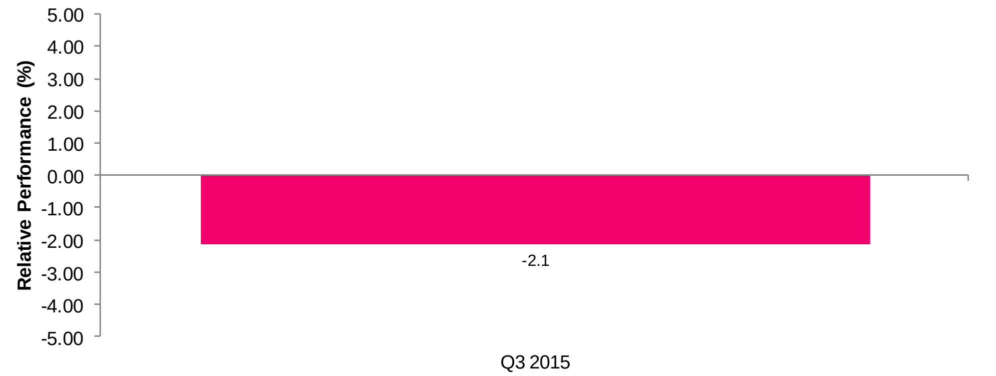
BlackRock Fixed Interest Global Opportunities

HR View Comment & Rating

BlackRock is rated "5 - preferred provider" for global bonds.

No significant changes to report over the quarter to end September 2015.

Relative Quarterly and Relative Cumulative Performance [1] [i]



Recent News Comment

The fund fell by 0.7% over the quarter, with markets driven by concerns over China and uncertainty over the timing and magnitude of tightening by the Fed. The Fund remains defensively positioned focussed on maintaining liquidity to protect downside and preserve flexibility. BlackRock do not think there is ample compensation for additional risk at this time. They believe that current volatility will persist and will only look to add exposure to sectors incrementally when they see value.

Performance Summary - Table [ii]

	3 Months (%)	12 Months (%)	3 Years (% p.a.)	Since Inception* (% p.a.)
Fund	-0.7	N/A	N/A	-1.0
Benchmark	1.4	N/A	N/A	1.8
Relative	-2.1	N/A	N/A	-2.7

* Inception date 04 Jun 2015.

[1] Excludes part quarter to 30 Jun 2015

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