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APPENDIX 5

Suffolk County Council Pension Fund

Review of Investment Managers' Performance for the First Quarter of 2016

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For and on behalf of Hymans Robertson LLP
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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.

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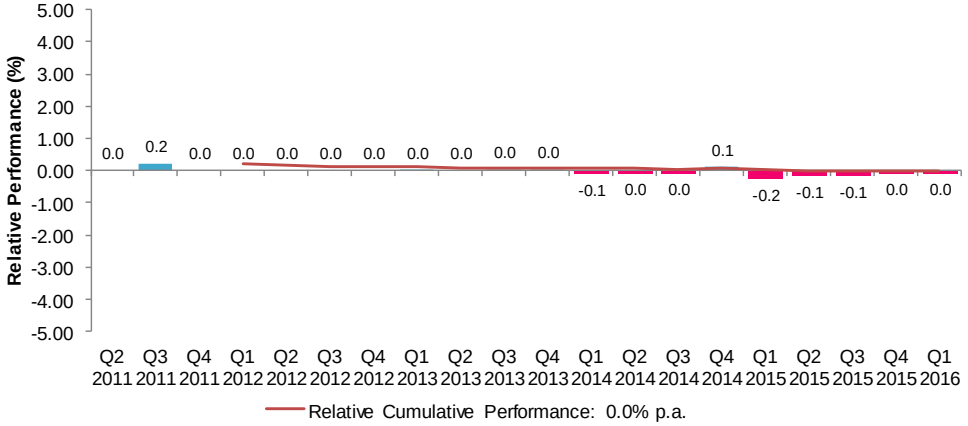
Legal & General (Passive Multi-Asset)

HR View Comment & Rating

We rate Legal and General Investment Management's market cap and fundamental index-tracking equity capability at '5 – Preferred strategy'. In February LGIM announced that Simon Thompson, Chief Operating Officer ('COO') with responsibility for Investment Operations, Trading and IT functions, was leaving the firm to take a sabbatical from corporate life and focus on his family and other interests. Robert Moore, Chief Executive Officer of LGIM America and who has previous COO experience, will take on Thompson's in addition to his existing responsibilities. This does seem a potential 'stretch' for Moore but at this stage we see no reason to expect a diminution in LGIM's index tracking capability.

We continue to rate L&G as one of the top passive managers in the market and they remain rated '5 – Preferred strategy'.

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	2.3	-3.7	5.3	7.8
Benchmark	2.3	-3.5	5.4	7.7
Relative	-0.0	-0.3	-0.1	0.0

* Inception date 31 Mar 2004.

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

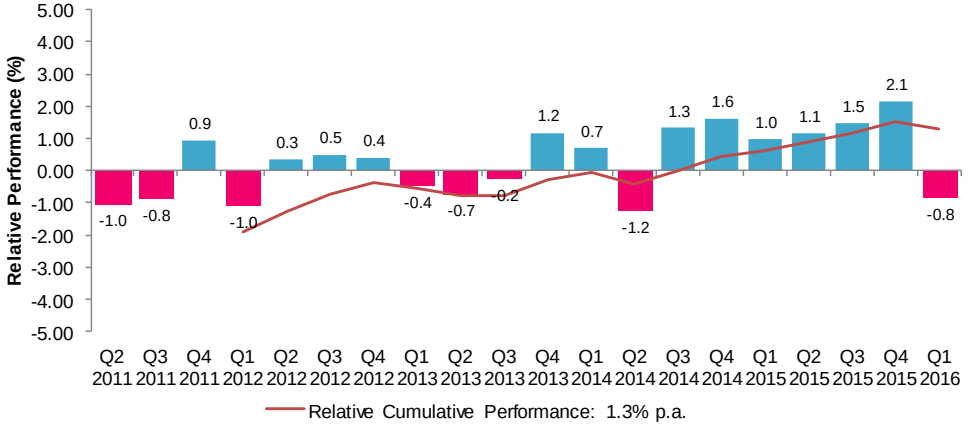
BlackRock - UK Equity

Recent News & Rating

We rate BlackRock's main UK Equity +2% strategy at '5 - Preferred strategy'. Although assets under management have fallen, this remains a well resourced team under the joint leadership of James Macpherson and Luke Chappell. Relatively concentrated portfolios are seeing a gradual shift from style neutral to a moderate quality/growth bias. Following a period of significant reorganisation the team is now more settled and although Q1 2016 saw BlackRock give back some of the very strong 2015 relative returns through exposure to banks and smaller companies, we remain supportive.

There were no relevant business issues reported over the period.

Relative Quarterly and Relative Cumulative Performance [i]



Comment

During 2015, the portfolio benefitted from the significant fall in resource company share prices (the underweight to the sector was beneficial). BlackRock have retained this position believing that supply will continue to outweigh weaker demand due to low global economic growth (including slowing Chinese economic growth). However, the share price in these companies reversed strongly in Q1 which hurt the portfolio's relative performance.

Despite the weaker performance over the quarter, BlackRock's performance remains significantly ahead of benchmark over the longer term. Performance over 12 months and 3 years exceeds their outperformance target of +2% p.a. The underperformance in Q1, was the first quarter of underperformance in almost 2 years.

Performance Summary - Table[ii]

	3 Months (%)	12 Months (%)	3 Years (% p.a.)	5 Years (% p.a.)
Fund	-1.2	-0.1	6.3	7.1
Benchmark	-0.4	-3.9	3.7	5.7
Relative	-0.8	4.0	2.5	1.3

3 Year Relative Return

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

3 Year Tracking Error

Actual % p.a.	Target % p.a.
2.2	-

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

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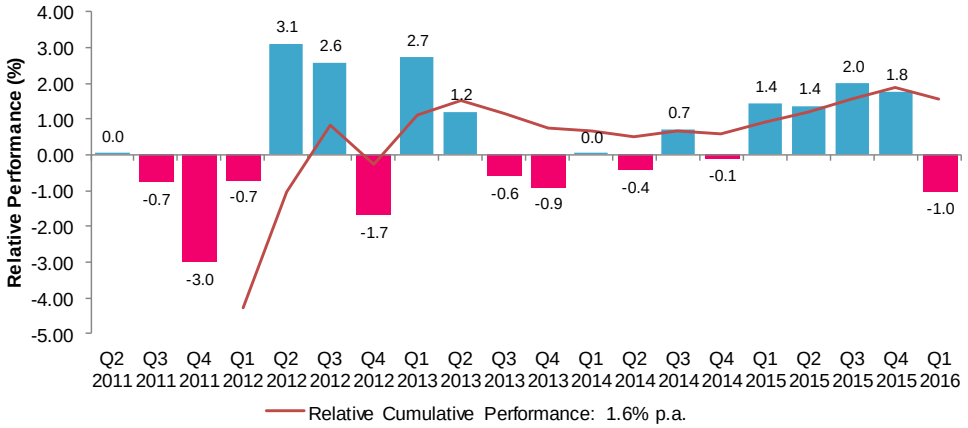
Newton - Global Equity

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 fund underperformed its benchmark over the quarter. The fund's overweight to the healthcare sector was the largest detractor from performance. Underweights to the energy, materials and telecoms sectors also detracted as these sectors recovered following recent weak performance. In contrast, the large underweight to financials was beneficial to performance. Despite the weaker quarter, performance remains significantly ahead of benchmark over the longer term.

Newton continue to favour a cautious approach in a market which they see as distorted by central bank actions. They favour safe haven investments with a bias towards "higher quality", seeking out investments with solid cash flows, robust balance sheets and sustainable dividends.

Performance Summary - Table[ii]

	3 Months (%)	12 Months (%)	3 Years (% p.a.)	5 Years (% p.a.)
Fund	1.8	2.9	9.5	9.2
Benchmark	2.8	-1.2	7.5	7.5
Relative	-1.0	4.2	1.9	1.6

3 Year Relative Return

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

3 Year Tracking Error

Actual % p.a.	Target % p.a.
2.2	5-7

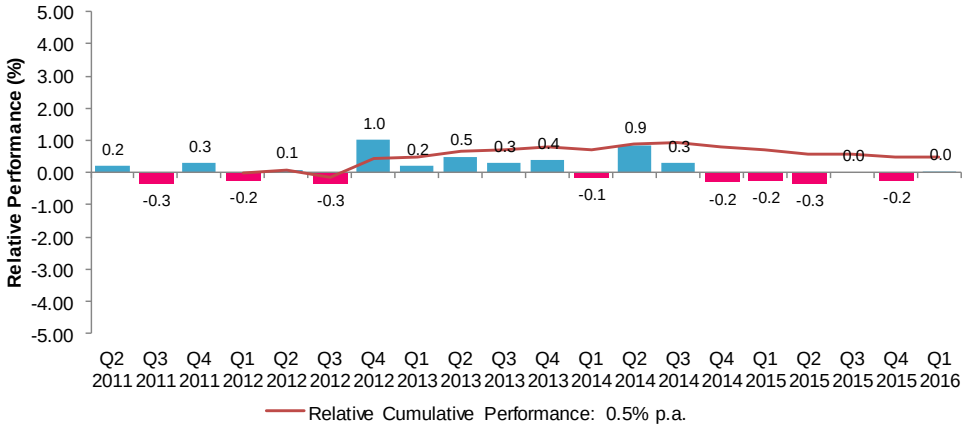
Source: [i] DataStream, Fund Manager, Hymans Robertson, [ii] DataStream, Fund Manager, Hymans Robertson

Schroder - Property Fund of Funds

Recent News & Rating

During the quarter, Schroder RECaP (Real Estate Capital Partners) announced the recruitment of Naomi Green who joined the firm in April 2016. This completes the restaffing of the RECaP team following the departures experienced in the second half of 2015. The rating of Schroder RECaP currently remains at '3: On Watch' although our review of Schroder and this rating will be completed during Q2, 2016.

Relative Quarterly and Relative Cumulative Performance [i]



Comment

The Schroder property portfolio continued to produce a positive absolute return over the quarter (1.1%), which was in-line with its benchmark (1.1%). 12 month returns remain strong although modestly below benchmark. Longer term, over 3 and 5 years, performance is ahead of benchmark and is strongly positive in absolute terms.

Following on from the significant transaction activity, Q1'16 was quiet in terms of transaction activity with investments of £1.5m to a London property fund (Mayfair PUT) and £0.9m to the Regional Office PUT. Of the £5.3m of cash held in the fund, £4.5m represents an undrawn commitment to the Regional Office PUT. Regional Offices are one of Schroders favoured strategies and the commitment is aimed at bringing the portfolio's weighting to this sector in line with the House view.

Schroders are citing evidence that the property market is cooling and looking ahead they are forecasting returns of around 5% p.a., much lower than the recent very strong returns from property. With some pooled funds trading at a discount, Schroders intend to use that as an opportunity to acquire favoured funds to reposition the portfolio.

Performance Summary - Table[ii]

	3 Months (%)	12 Months (%)	3 Years (% p.a.)	5 Years (% p.a.)
Fund	1.1	10.1	13.5	9.3
Benchmark	1.1	10.6	13.0	8.8
Relative	0.0	-0.5	0.4	0.5

3 Year Relative Return

Actual % p.a.	Target % p.a.
0.4	0.75

3 Year Tracking Error

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

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

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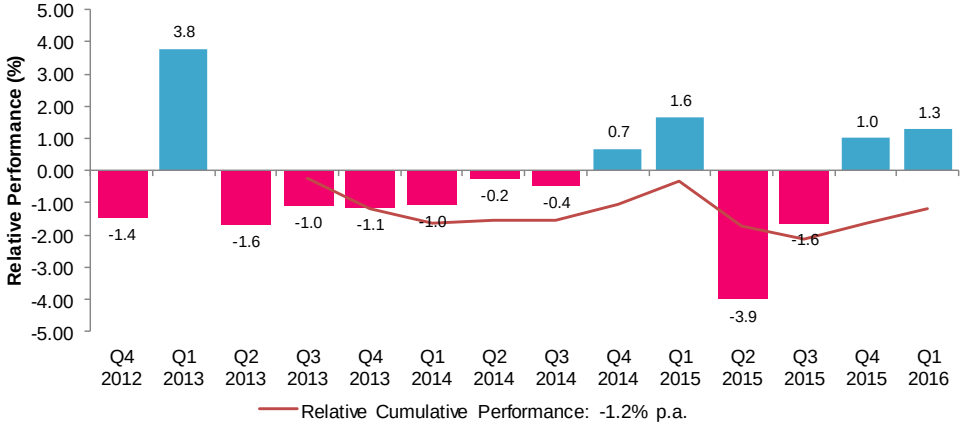
Pyrford - Absolute Return

Recent News & Rating

We continue to rate the fund as '3 - On watch'. There were no further significant updates during the first quarter of 2016. We are generally supportive of Pyrford's relatively straightforward approach to absolute return multi-asset investments. 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 expectations for equity and government bonds returns, we are concerned that the fund will struggle to meet its target return of RPI+5% and therefore downgraded the fund from '4 - Retain' to '3 - On Watch' in Q2 2015. We will continue to monitor the situation closely and will update our views accordingly.

Relative Quarterly and Relative Cumulative Performance [1]



Comment

Most of the fund's performance was driven by the overseas equity portfolio with strong returns in Canada, Taiwan and Malaysia. Within the equity portfolio, UK equities remain the largest allocation and this position produced an absolute return of +0.5%, despite the FTSE All-Share returning -0.4% over the quarter. As Brexit concerns continued to steer sterling depreciation, the fund's overseas bonds portfolio returned +5.3% over Q1. Although UK bonds were positive, they underperformed relative to the broader UK bonds market in the falling yield environment, due to the fund's short-dated positioning.

Over Q1, the team increased the equity allocation by 5% to 35%, following sharp falls in global and UK equity markets. Although the team do not believe that equities are fairly valued and the fund remains defensively positioned, the team's investment process requires the team to buy equities as 'value' emerges. The equity portfolio continues to hold a zero weighting to UK and European banks and limited exposure to cyclical sectors. Fixed income now represents 62% of the portfolio with the remaining 3% in cash. Within the fixed income portfolio, the team continue to focus on short-dated securities in an effort to protect the fund from future rate rises. The duration of the fixed income portfolio has been reduced over the quarter by 0.2 to 1.3 years.

Performance Summary - Table [i]

	3 Months (%)	12 Months (%)	3 Years (% p.a.)	Since Inception* (% p.a.)
Fund	2.7	2.3	3.5	4.4
Benchmark	1.4	5.7	5.7	5.6
Relative	1.3	-3.3	-2.1	-1.2

* Inception date 31 Aug 2012.

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

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

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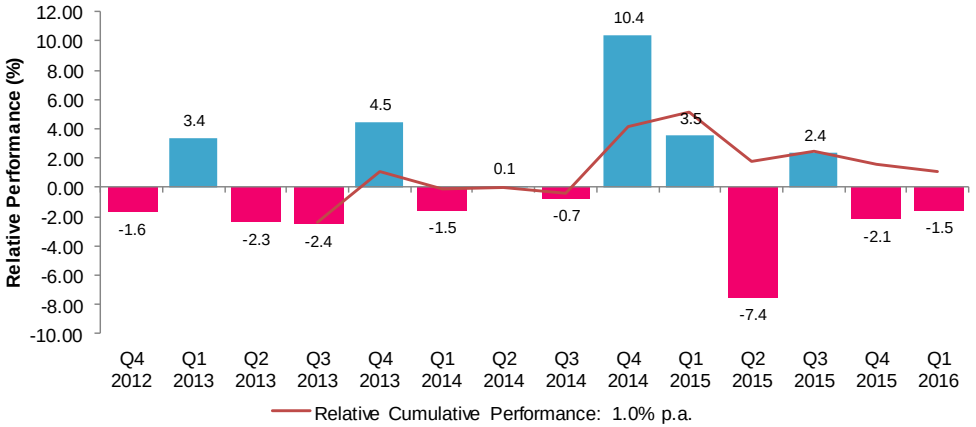
Winton - Futures Fund

Recent News & Rating

We rate Winton a 5-preferred manager. This is one of the most established and long-running managed futures funds, with the firm being founded by David Harding in 1997. The firm continues to review capacity but at this stage does not believe this is an issue due to the depth of the markets and the instruments it uses to trade. There were no significant changes over the first quarter of 2016.

Relative Quarterly and Relative Cumulative Performance [i]



Comment

The fund posted a return close to zero over the quarter. This was categorised by gains from fixed income driving performance in January and February – with Eurobor and Bunds future prices recovering in the early part of the year. Japanese bonds also contributed positively in February. Short Crude oil positions also made strong gains in the early part of the year. The positive returns in January and February were then offset by a losses in currencies and fixed income in March. The strengthening euro and strengthening sterling v US dollar detracted. As well as giving up some of its earlier fixed income gains, the short crude oil position also detracted in March as the oil price rose, reducing the gains made from this position earlier in the quarter. The short exposure to stock index and crop futures also meant the portfolio failed to profit from upward equity markets and agricultural prices.

Going forward, Winton are positioned long fixed income and stock indices and short energies.

Although trailing their Cash +5% p.a. target over 12 months, Winton have exceeded that target over 3 years and the period since inception.

Performance Summary - Table [ii]

	3 Months (%)	12 Months (%)	3 Years (% p.a.)	Since Inception* (% p.a.)
Fund	-0.1	-3.3	6.3	6.8
Benchmark	1.4	5.7	5.7	5.7
Relative	-1.5	-8.6	0.6	1.0

* Inception date 30 Sep 2012.

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

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BlueCrest - AllBlue Mandate

Recent News & Rating

BlueCrest announced on 1st December its intention to return the capital managed across all of its funds to investors from all its funds. The firm's intention is to manage capital solely on behalf of the firm's partners and employees with no third-party money. As a result investors in AllBlue were effectively redeemed from the fund as of 4th January 2016.

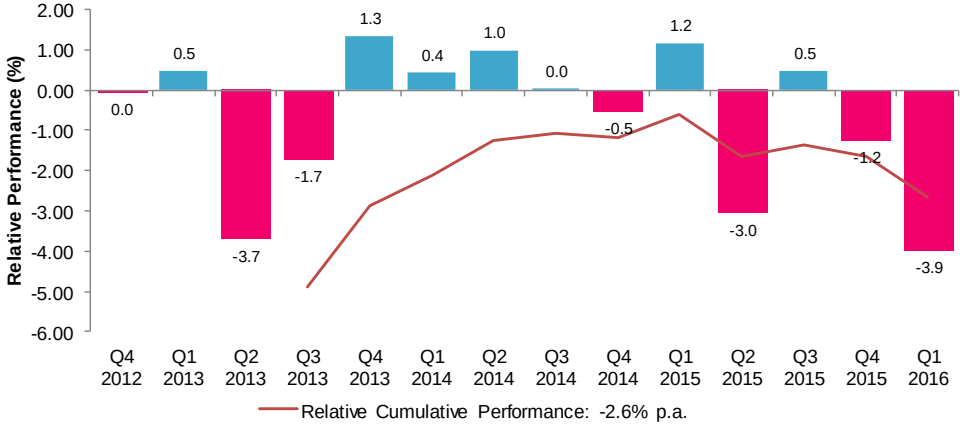
In October we had formally reviewed our rating for BlueCrest's AllBlue fund as a result of several changes made to the fees on the underlying funds in which All Blue invests. It was our view that the fees for the BlueCrest Equity Strategies Fund were too high, and in particular BlueCrest were receiving a disproportionate share of any investment return. As a result we downgraded our manager rating on BlueCrest's AllBlue Fund from '5'-preferred manager to '2'-sell – review options.

Given the redemption terms of the fund it would not have been possible to redeem any earlier than the 4th January which was the next available redemption date.

Comment

Distributions of £21.4m were made over Q1'16. The end March valuation was £7.5m.

Relative Quarterly and Relative Cumulative Performance [i]



Performance Summary - Table [ii]

	3 Months (%)	12 Months (%)	3 Years (% p.a.)	Since Inception* (% p.a.)
Fund	-2.6	-2.3	2.3	2.9
Benchmark	1.4	5.7	5.7	5.7
Relative	-3.9	-7.5	-3.2	-2.6

* Inception date 30 Sep 2012.

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

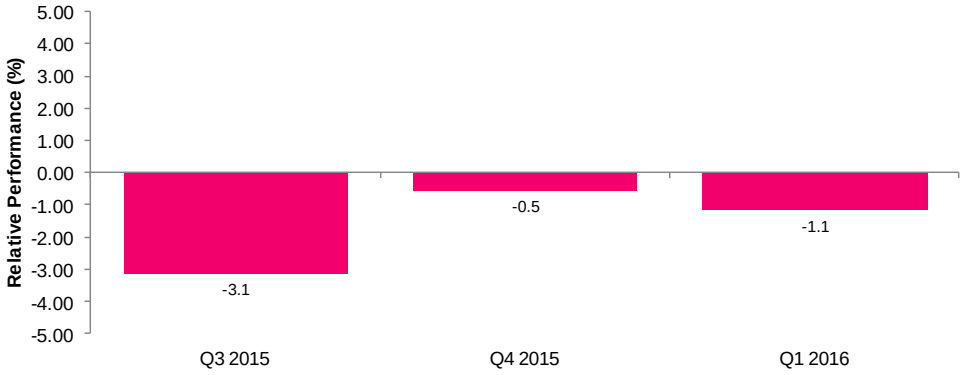
M&G Alpha Opportunities

HR View Comment & Rating

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

No significant changes to report over the quarter to end March 2016.

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



Recent News Comment

At the start of the quarter, spreads widened across all developed corporate bond markets, as the slowdown in China continued to unnerve investors, alongside the erratic oil price and geopolitical uncertainty in both developed and emerging markets. As long term value-based investors, the manager believes that it is these periods of price volatility which provide the best opportunities to achieve the highest returns, as it is during these periods where bond valuations become significantly stretched and misaligned with the actual underlying fundamentals of the issuing companies. The key drivers of returns over the quarter were securities that had been purchased cheaply in January and February, and sold at a profit after performing strongly in March, when spreads tightened. This was particularly effective in the basic industrials and insurance sector. A more strategic shift by the manager was to substitute some of the existing bond future interest rate hedges for interest rate swap hedges. A market imbalance has led to the interest rate hedging of longer dated bonds using swaps becoming significantly cheaper than using bond futures. The fund remains positioned to benefit from further normalisation of markets, although the manager maintains additional defensive assets which could be sold in the event of further market weakness.

Performance Summary - Table [ii]

	3 Months (%)	12 Months (%)	3 Years (% p.a.)	Since Inception* (% p.a.)
Fund	0.3	N/A	N/A	-1.7
Benchmark	1.4	N/A	N/A	5.2
Relative	-1.1	N/A	N/A	-6.6

* 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

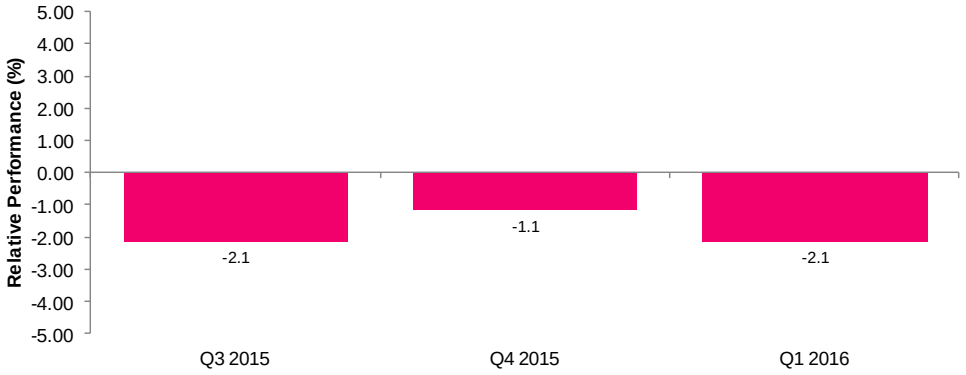
BlackRock Fixed Interest Global Opportunities

HR View Comment & Rating

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

No significant changes to report over the quarter to end March 2016.

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



Recent News Comment

The fund produced a negative absolute return of -0.7% over the quarter. Over the period, exposure to securitised assets detracted from returns. These bonds to date have lagged the recovery, but BlackRock believe they present an attractive opportunity and maintain their conviction that the sector will rebound. US investment grade credit and European credit, in particular subordinated financial bonds, were also negative. Currency also proved detrimental to performance, a long emerging-market foreign exchange versus US dollar basket trade and long sterling versus euro position underperformed.

BlackRock believe the risk of a profound shock is now reduced, with China unlikely to devalue its currency dramatically, while oil-related stress and fears about growth are also moderating. They have, therefore, selectively and deliberately increased risk and the carry of the Fund. In particular, they believe that securitised assets and selective higher-yielding credit exposure represent an opportunity from a relative value, carry and total return potential. They are also finding pockets of value in emerging markets, where they think abating global headwinds and improving fundamentals should support these markets further.

Performance Summary - Table [ii]

	3 Months (%)	Since Inception* (% p.a.)
Fund	-0.7	-1.4
Benchmark	1.4	4.7
Relative	-2.1	-5.8

* 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