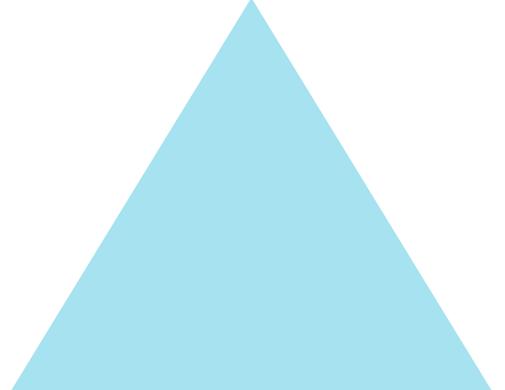
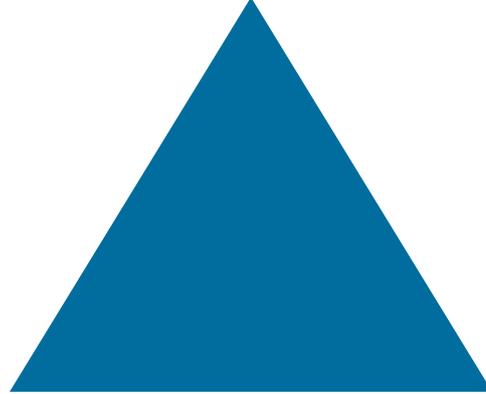
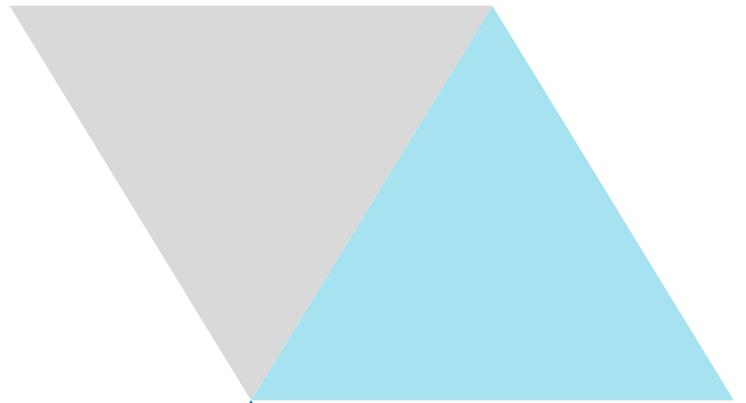


**CLWYD PENSION FUND**  
**INVESTMENT STRATEGY AND**  
**MANAGER SUMMARY**  
**PERIOD ENDING 30 SEPTEMBER 2019**



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# 1 IMPACT ON CLWYD PENSION FUND INVESTMENT STRATEGY

This report is produced by JLT Benefit Solutions ("JLT") to assess the performance and risks of the investment managers of the Clwyd Pension Fund (the "Fund"), and of the Fund as a whole. The report does not comment on the Fund's Liability Driven Investment ("LDI") portfolio, as information in respect of this is produced separately by another team in Mercer.

## OVERALL

Over the 3 months to 30 September 2019, the Fund's total market value increased by £39.2m to £1,996,472,456.

Over the quarter, total Fund assets returned 2.0%, ahead of its target of 1.7%. Total Fund (ex LDI) returned 1.5%, also ahead of its target of 1.3%.

All strategies posted positive returns; In-House assets rose by 2.0% followed by the Tactical Allocation Portfolio which gained 1.9%. Total equities rose 1.4%, whilst the Managed Account Platform and Total Credit rose by 1.2% and 0.1%.

In relative terms, Total Fund assets were ahead of their target by 0.3%, mainly attributable to the Best Ideas Portfolio which outperformed its target by 1.8%, adding 0.2% to total relative performance.

Total Equities returned 1.4% underperforming its target by 0.2%, whilst Total Credit fell short of its target by 0.5%, returning 0.1% against a target of 0.6%. Both sections made a neutral contribution to total relative returns.

Managed Futures and Hedge Funds increased by 1.1%, performing in line with its target.

In-House assets returned 2.0% against a target of 1.3%. All the sub-portfolios contributed positively to total relative performance, with the exception of the Property assets which declined by 0.1%.

Insight's LDI portfolio increased by 3.6% over the quarter, due to a combination of falling yields and rising equity markets. Overall, the overweight allocation to the LDI portfolio added 0.1% to relative performance.

## EQUITIES

Markets rose for the third straight quarter despite the uncertainty around global economic growth. Geopolitical tensions rose over the quarter as further tariffs were imposed in the US-China trade war on both sides. The US moved first, by imposing tariffs on \$112bn of Chinese imports. This was the first move in President Trump's latest plan to implement 15% duties on \$300bn of Chinese imports by the end of 2019. China retaliated by introducing measures targeting \$75bn worth of US goods, and also resuming 25% tariffs imposed on US cars and auto parts, set to take effect in December this year.

In Developed Markets, Japan led regional equity performance (+6.6%) followed by North America (+4.9%). Europe (ex UK) posted gains of 1.6% whilst UK equities rose by 1.3%. Asia Pacific (ex Japan) declined by 1.6% over the quarter.

Over the last 12 months, all Developed Equity markets posted positive returns. North America gained the most, increasing by 10.4% over the period. Japan was the weakest performer, rising by 0.3% whilst UK equities gained 2.7%.

Emerging Markets and Frontier Markets declined, returning -0.5% and -7.0%, respectively, over the quarter. Over the last 12 months, Emerging Markets returned 7.1% whilst Frontier Markets rose by just 0.2%.

Total Equity assets returned 1.4% compared to a composite target of 1.6%. Wellington Emerging Market (Core) outperformed its target returning 0.8% over the quarter against a target of -0.7%. BlackRock World Multifactor also exceeded its target by 0.1%, returning 2.6%. Russell WPP Global Opportunities Fund returned 3.4% against a target of 3.8%, whereas Wellington Emerging Market (Local) generated a negative return of -2.1% against a target of -0.5%.

In the Emerging Markets portfolio, stock selection in Taiwan, Brazil and South Korea and within the Information Technology sector drove relative performance. Stock selection in Utilities and Industrials also proved to be beneficial. This was partially offset by poor stock selection and asset allocation in the Materials and Financials sectors.

Both the Wellington Emerging Market equity funds were behind their 3 year performance objectives at quarter end.

## CREDIT

Credit markets rose substantially over the quarter as central banks deployed more accommodative policies in response to ongoing trade wars and weaker global growth data.

The US Federal Reserve's Open Market Committee (FOMC) cut its interest rates twice over the quarter. The first rate cut in July put the benchmark rate in the target range of 2.0% to 2.25%. The second rate cut in September moved the target range to 1.75% to 2.0%. Both reductions in rates are an attempt by the FOMC to prevent economic expansion from slowing down amid the global slowdown. The ECB also cut its key deposit rate to a new record low of minus 0.5%, and announced the resumption of its quantitative easing programme, with the purchase of assets worth €20bn a month for an indefinite period starting in November. In the UK, the Bank of England indicated that it was prepared to lower rates in the event of a no-deal Brexit.

Over the quarter, Long Dated Conventional Gilts, Index-Linked Gilts and UK Corporate Bonds increased by 11.0%, 8.7% and 8.5%, respectively. Emerging Market Local Currency Debt and Emerging Market Hard Currency Debt returned 1.3% and 4.7%, respectively. Global High Yield increased by 0.9% over the period.

Total Credit returned 0.1% over the quarter, 0.5% behind of its target. The Private Credit sub-portfolio (which remains in its commitment phase) delivered a return of 2.4% against a target of 1.6%.

Permira Credit Solutions III (European mandate) and BlackRock Middle Market Senior (North American mandate) were c.88% and c.37% funded respectively at the end of September as capital deployment continues for both funds.

In Investment Grade Credit, the best performing sectors were Gaming, Packaging and Building Materials, whilst the worst performing sectors were Independent Energy, Transportation Services and Midstream.

US High Yield generated a positive return over the quarter, due to a dovish US Federal Reserve and positive retail flows. Over the quarter, 27 out of the 34 industry sectors outperformed the benchmark.

In Emerging Market Debt, 8 out of 19 benchmark countries posted positive returns in Q3, with the majority of gains coming in September. Falling domestic bond yields supported returns for most countries except Argentina, South Africa and Uruguay; yields declined the most in Turkey.

## HEDGE FUNDS

Hedge Funds had a positive third quarter, as all strategies posted gains in Sterling terms. Overall, Hedge Funds returned 2.9% in Sterling terms and -0.4% in US dollar terms. Global Macro strategies were the best performing strategies, returning 4.8% (Sterling) and 1.5% (US dollar). Emerging Market strategies were once again the worst performing strategies over the quarter, returning 1.3% (Sterling) and -2.0% (US dollar).

Over the last 12 months, all strategies advanced in Sterling terms whereas most advanced in US dollar terms with the exception of Equity Hedge and Event Driven strategies. Global Macro strategies were the best performing strategies over 12 months, posting 10.1% in Sterling terms and 4.0% in US dollar terms.

ManFRM's Managed Futures & Hedge Funds strategy grew by 1.1%, in-line with its target. ManFRM Hedge Funds (Legacy) assets, which only consist of Liongate assets, returned 3.3% over the quarter, outperforming its target of 1.1%, although this was attributable to the strengthening of Sterling against the US dollar over the period.

## TACTICAL ALLOCATION PORTFOLIO

### *DIVERSIFIED GROWTH*

Total Diversified Growth assets increased by 0.4% over the quarter, underperforming its target of 1.6%.

Pyrford returned 0.9%, below its target by 0.7%. Growth was mainly due to UK equities, and to some extent bonds as positions in UK and overseas bonds added to performance, capitalising from the substantial fall in yields over the quarter.

Investec returned -0.1%, below its target by 1.7%. Both 'Growth' and 'Defensive' strategies contributed positively to performance, whilst 'Uncorrelated' strategies detracted from performance. Exposure to US Treasuries were beneficial to the fund's performance as yields fell sharply over the quarter. Additionally, exposure to gold was positive as prices rallied over fears of global economic slowdown. Short positions in US equities detracted, eroding some of the above gains.

### *BEST IDEAS PORTFOLIO*

The Best Ideas Portfolio returned 3.1% over the quarter, ahead of its target by 1.9%. Portfolio returns over 12 months and 3 years were above the target by 2.7% and 2.5% p.a., respectively.

Most of the sub-funds within the portfolio posted positive gains with the exception of BlackRock Emerging Market Equities and Investec Global Natural Resources which declined 0.9% and 0.6%, respectively. LGIM Global Real Estate Equities and BlackRock US Opportunities led performance, returning 8.0% and 7.3%, respectively.

In July, c. £14.6m was disinvested from the BlackRock European Equities (Unhedged) Fund. The proceeds were split equally between the PIMCO Emerging Market Debt and BlackRock Emerging Market Equity Funds. Additionally, holdings in the BlackRock Japanese Equities (Unhedged) were switched into the BlackRock Japanese Equities (Hedged) Fund.

In August, £20m was transferred from the LGIM Sterling Liquidity Fund to the LGIM Global Corporate Bond Fund.

## IN-HOUSE ASSETS

Total In-House assets returned 2.0%, ahead of its target by 0.7%. Overall this contributed 0.2% towards total relative performance. The two sub-sections of the In-House assets; the Real Assets Portfolio and the Private Markets Portfolio returned 0.9% and 3.2%, respectively.

All assets within the Private Markets Portfolio rose over the quarter; Private Equity increased by 4.0%, ahead of its target of 1.4%, Opportunistic assets also increased, returning 0.6%, underperforming its target by 0.8%.

Within the Real Assets Portfolio, Infrastructure and Timber/ Agriculture generated positive returns; Infrastructure returned 2.4%, outperforming its target by 0.9%, whereas Timber/ Agriculture returned 0.8% against a target of 1.4%. Property assets decreased by 0.1% over the quarter, underperforming its target by 0.7%.

# 2 STRATEGIC ASSET ALLOCATION

## 30 SEPTEMBER 2019

### Allocation by underlying asset class

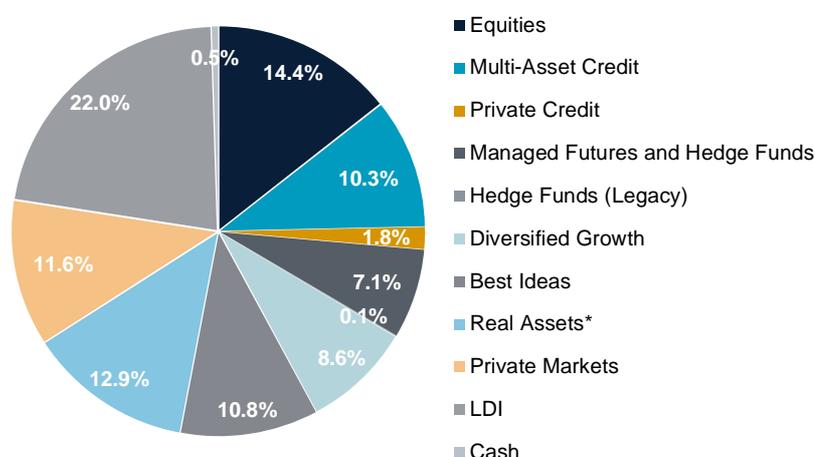
Asset Class	Market Value £	Weight %	Strategic Allocation %	Relative %	Strategic Range %
Global Equities	164,205,892	8.2	8.0	+0.2	5.0 – 10.0
Emerging Market Equities	122,457,808	6.1	6.0	+0.1	5.0 – 7.5
Multi-Asset Credit	205,351,507	10.3	12.0	-1.7	10.0 – 15.0
Private Credit <sup>2</sup>	35,180,138	1.8	3.0	-1.2	2.0 – 5.0
Managed Futures and Hedge Funds	141,779,037	7.1	9.0	-1.9	7.0 – 11.0
Hedge Funds (Legacy) <sup>1</sup>	1,199,708	0.1	0.0	+0.1	–
Diversified Growth	170,916,378	8.6	10.0	-1.4	8.0 – 12.0
Best Ideas	216,548,681	10.8	11.0	-0.2	9.0 – 13.0
Property	122,649,673	6.1	4.0	+2.1	2.0 – 6.0
Infrastructure / Timber / Agriculture	135,100,164	6.8	8.0	-1.2	5.0 – 10.0
Private Equity / Opportunistic	230,944,898	11.6	10.0	+1.6	8.0 – 12.0
LDI & Synthetic Equities	439,416,016	22.0	19.0	+3.0	10.0 – 30.0
Cash	10,722,557	0.5	0.0	+0.5	0.0 – 5.0
<b>TOTAL CLWYD PENSION FUND</b>	<b>1,996,472,456</b>	<b>100.0</b>	<b>100.0</b>	<b>0.0</b>	

Notes: <sup>1</sup> Hedge Funds (Legacy) includes the Liongate portfolios and is provided by ManFRM. <sup>2</sup> The Private Credit allocations are not yet fully funded. Totals may not sum due to rounding.

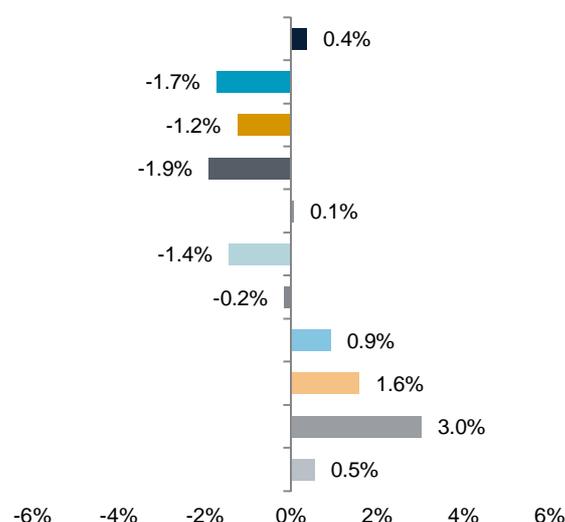
### Points to note

- Permira Credit Solutions III (European mandate) and BlackRock Middle Market Senior (North American mandate) were c.88% and c.37% funded at the end of September 2019.
- The total allocation to LDI remains overweight by 3.0% relative to its strategic allocation.

### Strategic Asset Allocation as at 30 September 2019



### Deviation from Strategic Allocation



Notes: Totals may not sum due to rounding. \* In-House Property, Infrastructure and Timber/Agriculture portfolios.

# 3 VALUATION AND ASSET ALLOCATION

## AS AT 30 SEPTEMBER 2019

Manager	Fund	Market Value £	Weight %	Strategic Allocation %	Strategic Range %
Russell	WPP Global Opportunities	87,065,892	4.4	4.0	5.0 – 10.0
BlackRock	ACS World Multifactor Equity	77,140,000	3.9	4.0	
Wellington	Emerging Markets (Core)#	59,767,257	3.0	3.0	5.0 – 7.5
Wellington	Emerging Markets (Local)#	62,690,551	3.1	3.0	
<b>Total Equity</b>		<b>286,663,700</b>	<b>14.4</b>	<b>14.0</b>	
Stone Harbor	LIBOR Multi-Strategy	131,939,846	6.6	12.0	10.0 – 15.0
Stone Harbor	Multi-Asset Credit	73,411,661	3.7		
<b>Multi-Asset Credit Portfolio</b>		<b>205,351,507</b>	<b>10.3</b>	<b>12.0</b>	<b>10.0 – 15.0</b>
Permira	Credit Solutions III	27,257,421	1.4	1.8	2.0 – 5.0
BlackRock	Middle Market Senior	7,922,717	0.4	1.2	
<b>Private Credit Portfolio</b>		<b>35,180,138</b>	<b>1.8</b>	<b>3.0</b>	<b>2.0 – 5.0<sup>(1)</sup></b>
<b>Total Credit</b>		<b>240,531,645</b>	<b>12.0</b>	<b>15.0</b>	<b>10.0 – 20.0</b>
ManFRM	Managed Futures & Hedge Funds	141,779,037	7.1	9.0	7.0 – 11.0
ManFRM	Hedge Funds (Legacy)*	1,199,708	0.1	0.0	–
<b>Managed Account Platform</b>		<b>142,978,745</b>	<b>7.2</b>	<b>9.0</b>	<b>7.0 – 11.0</b>
Pyrford	Global Total Return	85,192,359	4.3	5.0	8.0 – 12.0
Investec	Diversified Growth	85,724,019	4.3	5.0	
<b>Diversified Growth Portfolio</b>		<b>170,916,378</b>	<b>8.6</b>	<b>10.0</b>	<b>8.0 – 12.0</b>
BlackRock	US Opportunities	19,611,453	1.0		
BlackRock	Emerging Markets Equities	27,796,833	1.4		
Investec	Global Natural Resources	20,790,277	1.0		
LGIM	Infrastructure Equities MFG (Hedged)	30,687,645	1.5		
LGIM	Global Real Estate Equities	30,638,706	1.5		
LGIM	Sterling Liquidity	10,069,434	0.5	11.0	9.0 – 13.0
LGIM	North American Equities (Unhedged)	14,037,914	0.7		
PIMCO	Emerging Market Debt Local	28,348,267	1.4		
BlackRock	Japanese Equities (Hedged)	14,997,978	0.8		
LGIM	Global Corporate Bonds	19,570,174	1.0		
<b>Best Ideas Portfolio</b>		<b>216,548,681</b>	<b>10.8</b>	<b>11.0</b>	<b>9.0 – 13.0</b>
<b>Tactical Allocation Portfolio</b>		<b>387,465,059</b>	<b>19.4</b>	<b>21.0</b>	<b>15.0 – 25.0</b>
In-House	Property	122,649,673	6.1	4.0	2.0 – 6.0
In-House	Infrastructure	111,228,371	5.6		
In-House	Timber / Agriculture	23,871,793	1.2	8.0	5.0 – 10.0
<b>Real Assets Portfolio</b>		<b>257,749,837</b>	<b>12.9</b>	<b>12.0</b>	<b>10.0 – 15.0</b>
In-House	Private Equity	179,698,241	9.0		
In-House	Opportunistic	51,246,657	2.6	10.0	8.0 – 12.0
<b>Private Markets Portfolio</b>		<b>230,944,898</b>	<b>11.6</b>	<b>10.0</b>	<b>8.0 – 12.0</b>
<b>Total In-House Assets</b>		<b>488,694,735</b>	<b>24.5</b>	<b>22.0</b>	
Insight	LDI Portfolio	439,416,016	22.0	19.0	10.0 – 30.0
<b>Total Liability Hedging</b>		<b>439,416,016</b>	<b>22.0</b>	<b>19.0</b>	<b>10.0 – 30.0</b>
Trustees	Cash	10,722,557	0.5	-	0.0 – 5.0
<b>TOTAL CLWYD PENSION FUND</b>		<b>1,996,472,456</b>	<b>100.0</b>	<b>100.0</b>	

Notes: \* ManFRM Hedge Funds (Legacy) valuation includes the Liongate portfolios and is provided by ManFRM. # Valuations for the BlackRock Middle Market Senior, Wellington Emerging Markets Core and Wellington Emerging Markets Local funds have been converted from US Dollar to Sterling using the WM/Reuters closing price exchange rates. <sup>1</sup> The Private Credit allocation is not yet fully funded.

# 4 PERFORMANCE SUMMARY

## PERIODS ENDING 30 SEPTEMBER 2019

Manager	Fund	3 months %		12 months %		3 years % p.a.		3 Yr Performance vs Objective	
		Fund	Target	Fund	Target	Fund	Target		
n/a	<b>Russell</b>	WPP Global Opportunities	3.4	3.8	n/a	n/a	n/a	n/a	n/a
n/a	<b>BlackRock</b>	World Multifactor Equity Tracker	2.6	2.5	2.5	2.1	n/a	n/a	n/a
●	<b>Wellington</b>	Emerging Markets (Core) <sup>#</sup>	0.8	-0.7	6.8	5.1	8.2	9.3	Target not met
●	<b>Wellington</b>	Emerging Markets (Local) <sup>#</sup>	-2.1	-0.5	9.1	6.1	7.9	10.4	Target not met
<b>Total Equity</b>			1.4	1.6	5.2	6.0	10.1	11.7	
●	<b>Stone Harbor</b>	LIBOR Multi-Strategy	-0.4	0.4	0.5	1.7	2.1	1.5	Target met
n/a	<b>Stone Harbor</b>	Multi-Asset Credit	-0.2	0.4	3.9	1.7	n/a	n/a	n/a
<b>Multi-Asset Credit Portfolio</b>			-0.3	0.4	1.7	1.7	2.1	1.5	
n/a	<b>Permira</b>	Credit Solutions III	2.3	1.5	6.8	6.0	n/a	n/a	n/a
n/a	<b>BlackRock</b>	Middle Market Senior	2.4	2.2	n/a	n/a	n/a	n/a	n/a
<b>Private Credit Portfolio</b>			2.4	1.6	6.2	6.4	n/a	n/a	
<b>Total Credit</b>			0.1	0.6	2.3	2.3	2.6	1.8	
●	<b>ManFRM</b>	Managed Futures & Hedge Funds	1.1	1.1	-0.9	4.4	-0.7	4.1	Target not met
n/a	<b>ManFRM</b>	Hedge Funds (Legacy) <sup>*</sup>	3.3	1.1	-65.1	4.4	-40.2	4.1	n/a
<b>Managed Account Platform</b>			1.2	1.1	-2.4	4.4	-2.2	4.1	
●	<b>Pyrford</b>	Global Total Return	0.9	1.6	2.6	7.0	1.8	7.9	Target not met
●	<b>Investec</b>	Diversified Growth	-0.1	1.6	4.0	6.4	2.2	7.1	Target not met
<b>Total Diversified Growth</b>			0.4	1.6	3.3	6.7	2.0	7.5	
●	<b>Best Ideas Portfolio</b>		3.1	1.2	7.4	4.7	7.9	5.4	Target met
<b>Tactical Allocation Portfolio</b>			1.9	1.2	5.6	4.7	5.1	5.5	
●	<b>In-House</b>	Property	-0.1	0.6	6.6	2.9	7.2	7.8	Target not met
●	<b>In-House</b>	Infrastructure	2.4	1.5	9.1	5.9	12.6	5.7	Target met
●	<b>In-House</b>	Timber / Agriculture	0.8	1.4	2.9	5.9	2.8	5.6	Target not met
<b>Real Assets</b>			0.9	1.2	6.9	4.8	7.9	6.2	
●	<b>In-House</b>	Private Equity	4.0	1.4	10.6	5.9	13.7	5.6	Target met
●	<b>In-House</b>	Opportunistic	0.6	1.4	2.6	5.9	8.4	5.7	Target met
<b>Private Markets Portfolio</b>			3.2	1.4	8.8	5.9	12.9	5.6	
<b>Total In-House Assets</b>			2.0	1.3	7.9	5.3	10.3	6.0	
n/a	<b>Insight</b>	LDI Portfolio	3.6	3.6	7.1	7.1	11.3	11.3	n/a
<b>Total (ex LDI)</b>			1.5	1.3	4.8	5.0	6.3	6.1	
<b>TOTAL CLWYD PENSION FUND</b>			2.0	1.7	5.4	5.4	7.5	7.0	
<b>Strategic Target (CPI +4.1%)</b>			1.6		6.3		6.3		
<b>Actuarial Target (CPI +2.0%)</b>			1.1		4.2		4.2		

Notes: 'n/a' against the objective is for funds that have been in place for less than three years.

\* ManFRM Hedge Funds (Legacy) valuation includes the Liongate portfolios and is provided by ManFRM. # Wellington Emerging Markets Core and Wellington Emerging Markets Local data has been converted from US Dollar to Sterling using the WM/Reuters closing price exchange rates for the respective dates.

Strategic and Actuarial targets derived from the latest JLT Market Forecast Group assumptions (Q2 2019 forecasts based on conditions at 30 June 2019).

Current long term 10 year CPI assumption is 2.2% p.a.

● Fund has met or exceeded its performance target    ● Fund has underperformed its performance target

# 5 STRATEGIC ASSET CLASSES

## PERFORMANCE TO 30 SEPTEMBER 2019

Strategy	3 months %	12 months %	3 years % p.a.
<b>Total Equities</b>	<b>1.4</b>	<b>5.2</b>	<b>10.1</b>
Composite Objective	1.6	6.0	11.7
Composite Benchmark	1.5	5.1	10.1
<b>Total Credit</b>	<b>0.1</b>	<b>2.3</b>	<b>2.6</b>
Objective	0.6	2.3	1.8
Benchmark	0.4	1.4	0.9
<b>Managed Account Platform</b>	<b>1.1</b>	<b>-0.9</b>	<b>-0.7</b>
Objective	1.1	4.4	4.1
Benchmark	1.1	4.4	4.1
<b>Total Hedge Funds (Legacy)</b>	<b>3.3</b>	<b>-65.1</b>	<b>-40.2</b>
Composite Objective	1.1	4.4	4.1
Composite Benchmark	1.1	4.4	4.1
<b>Total Diversified Growth</b>	<b>0.4</b>	<b>3.3</b>	<b>2.0</b>
Composite Objective	1.6	6.7	7.5
Composite Benchmark	1.6	6.7	7.5
<b>Best Ideas Portfolio</b>	<b>3.1</b>	<b>7.4</b>	<b>7.9</b>
Objective	1.2	4.7	5.4
Benchmark	1.2	4.7	5.4
<b>Total In-House Assets</b>	<b>2.0</b>	<b>7.9</b>	<b>10.3</b>
Composite Objective	1.3	5.3	6.0
Composite Benchmark	1.3	5.3	6.0
<b>Total LDI Portfolio</b>	<b>3.6</b>	<b>7.1</b>	<b>11.3</b>
Composite Objective	3.6	7.1	11.3
Composite Benchmark	3.6	7.1	11.3
<b>Total (ex LDI)</b>	<b>1.5</b>	<b>4.8</b>	<b>6.3</b>
<b>Composite Objective</b>	<b>1.3</b>	<b>5.0</b>	<b>6.1</b>
<b>Composite Benchmark</b>	<b>1.2</b>	<b>4.7</b>	<b>5.6</b>
<b>Total Clwyd Pension Fund</b>	<b>2.0</b>	<b>5.4</b>	<b>7.5</b>
<b>Composite Objective</b>	<b>1.7</b>	<b>5.4</b>	<b>7.0</b>
<b>Composite Benchmark</b>	<b>1.6</b>	<b>5.2</b>	<b>6.7</b>

Source: Performance is calculated by JLT Employee Benefits based on data provided by the managers and is only shown for complete periods of investment.

Notes: Objective performance includes the funds' outperformance targets above the relevant underlying benchmarks, as shown in the Appendix. Benchmark performance is based on the underlying benchmarks without the explicit outperformance targets for the relevant funds within the Equity and Multi-Asset Credit portfolios.

# 6 SUMMARY OF MANDATES

Manager	Fund	Strategic Asset Class	Performance Objective (Net of Fees)	Strategic Allocation
<b>Russell</b>	WPP Global Opportunities	Global Developed Equities	MSCI AC World Index NDR +2.0% p.a.	4.0%
<b>BlackRock</b>	World Multifactor Equity Tracker	Global Developed Equities	MSCI World Diversified Multiple-factor Index Midday Net	4.0%
<b>Wellington</b>	Emerging Market (Core)	Emerging Markets Equities	MSCI Emerging Markets Index +1.0% p.a.	3.0%
<b>Wellington</b>	Emerging Market (Local)	Emerging Markets Equities	MSCI Emerging Markets Index +2.0% p.a.	3.0%
<b>Total Equity</b>			<b>Composite Weighted Index</b>	<b>14.0%</b>
<b>Stone Harbor</b>	LIBOR Multi-Strategy	Multi-Asset Credit	1 Month LIBOR Index +1.0% p.a. <sup>(1)</sup>	12.0%
<b>Stone Harbor</b>	Multi-Asset Credit	Multi-Asset Credit	1 Month LIBOR Index +1.0% p.a.	
<b>Permira</b>	Credit Solutions III	Private Credit	Absolute Return 6.0% p.a.	1.8%
<b>BlackRock</b>	Middle Market Senior	Private Credit	Absolute Return 9.0% p.a.	1.2%
<b>Total Credit</b>			<b>Composite Weighted Index</b>	<b>15.0%<sup>(4)</sup></b>
<b>ManFRM</b>	Managed Futures & Hedge Funds	Managed Account Platform	3 Month LIBOR Index +3.5% p.a.	9.0% <sup>(3)</sup>
<b>Managed Account Platform</b>			<b>3 Month LIBOR Index +3.5% p.a.</b>	<b>9.0%</b>
<b>Pyrford</b>	Global Total Return	Diversified Growth	UK Retail Price Index +4.5% p.a. <sup>(2)</sup>	5.0%
<b>Investec</b>	Diversified Growth	Diversified Growth	UK Consumer Price Index +4.6% p.a.	5.0%
<b>Best Ideas</b>	Best Ideas	Best Ideas Portfolio	UK Consumer Price Index +3.0% p.a.	11.0%
<b>Tactical Allocation Portfolio</b>			<b>UK Consumer Price Index +3.0% p.a.</b>	<b>21.0%</b>
<b>In-House</b>	Private Equity	Private Markets	3 Month LIBOR Index +5.0% p.a.	8.0%
<b>In-House</b>	Opportunistic	Private Markets	3 Month LIBOR Index +5.0% p.a.	2.0%
<b>In-House</b>	Property	Property	MSCI UK Monthly Property Index	4.0%
<b>In-House</b>	Infrastructure	Infrastructure	3 Month LIBOR Index +5.0% p.a.	6.0%
<b>In-House</b>	Timber / Agriculture	Infrastructure	3 Month LIBOR Index +5.0% p.a.	2.0%
<b>Total In-House</b>			<b>Composite Weighted Index</b>	<b>22.0%</b>
<b>Insight</b>	LDI Portfolio	LDI & Synthetic Equities	Composite Liabilities & Synthetic Equity	19.0%
<b>Total Liability Hedging</b>			<b>Composite Liabilities &amp; Synthetic Equity</b>	<b>19.0%</b>

Notes: <sup>1</sup> FTSE A Gilts All Stocks Index until 31 March 2014. <sup>2</sup> UK Retail Price Index +4.4% p.a. until 31 March 2015. <sup>3</sup> Strategic Allocation represents the composite benchmark for the Managed Account Platform. <sup>4</sup> Committed but uninvested element of the Private Credit strategic allocation is represented by 1 Month LIBOR Index +1.0% p.a.

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It is important to understand that this is a snapshot, based on market conditions and gives an indication of how we view the entire investment landscape at the time of writing. Not only can these views change quickly at times, but they are, necessarily, generic in nature. As such, these views do not constitute advice as individual client circumstances have not been taken into account. Please also note that comparative historical investment performance is not necessarily a guide to future performance and the value of investments and the income from them may fall as well as rise. Changes in rates of exchange may also cause the value of investments to go up or down. Details of our assumptions and calculation methods are available on request.

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