APPENDIX B

Performance Report - Quarterly Update
30 September 2012

London Borough of Barnet Superannuation Fund

JLT INVESTMENT CONSULTING

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November 2012

Section One – Market Update

Introduction

The tables below summarise the various market returns to 30 September 2012, to relate the analysis of your Scheme's performance to the global economic and market background.

Market statistics

Market Returns Growth Assets	3 Mths %	1 Year %
UK Equities	4.7	17.2
Overseas Equities	3.9	17.4
USA	3.3	25.6
Europe	6.6	12.5
Japan	-3.6	-5.2
Asia Pacific (ex Japan)	6.7	16.2
Emerging Markets	4.6	11.8
Property	0.6	3.5
Hedge Funds	3.4	6.8
Commodities	8.3	8.8
High Yield	2.7	15.9
Cash	0.1	0.5

Market Returns Bond Assets	3 Mths %	1 Year %
UK Gilts (>15 yrs)	1.1	13.0
Index-Linked Gilts (>5 yrs)	-3.2	5.0
Corporate Bonds (>15 yrs AA)	4.3	16.4
Non-Gilts (>15 yrs)	6.3	15.4

Change in Sterling	3 Mths %	1 Year %
Against US Dollar	3.0	3.7
Against Euro	1.6	8.1
Against Yen	0.4	4.6

Yields as at 30 September 2012	% p.a.
UK Equities	3.64
UK Gilts (>15 yrs)	2.90
Real Yield (>5 yrs ILG)	0.09
Corporate Bonds (>15 yrs AA)	4.02
Non-Gilts (>15 yrs)	4.25

Absolute Change in Yields	3 Mths %	1 Year %
UK Gilts (>15 yrs)	0.0	-0.6
Index-Linked Gilts (>5 yrs)	0.2	-0.1
Corporate Bonds (>15 yrs AA)	-0.2	-1.1
Non-Gilts (>15 yrs)	-0.4	-0.8

Change in inflation Indices	3 Mths %	1 Year %
Price Inflation - RPI	1.0	2.6
Price Inflation - CPI	1.0	2.2
Earnings Inflation *	0.3	2.1

* is subject to 1 month lag

<table>
<tr><th rowspan="2">Asset Class</th><th colspan="2">What Happened?</th></tr>
<tr><th>Positive Factors</th><th>Negative Factors</th></tr>
<tr><td rowspan="3">UK Equities</td><td>• The UK Bank Rate was held at 0.5% over the quarter whilst QE measures were held at £375bn, providing some stability to markets.</td><td>• The demise of JJB Sports, closely followed by Optical Express, although long expected in the former's case, is another indication that the UK economy is not out of the woods yet.</td></tr>
<tr><td>• CPI inflation remained within the Bank of England's target range over the quarter. The latest Office of National Statistics figure showed CPI at 2.2% in September.</td><td>• Unemployment was high through the quarter maintaining levels seen previously.</td></tr>
<tr><td>• The recession we have been experiencing has been marked by a lower-than-usual rate of insolvency amongst companies. Corporate profits held up well in large parts of the economy (ex the service sector), driven mainly by exports.</td><td>• The latest Purchasing Managers Index (PMI) registered 52.2 as at August. This is above the 50.0 (no change) point and represents slightly increasing confidence in the economic situation.</td></tr>
<tr><td>Overseas Equities</td><td></td><td></td></tr>
<tr><td rowspan="2">North America</td><td>• US GDP growth remained in positive territory over the quarter. It is currently stated at 1.3% for Q2 2012 down from the initial estimates of 1.7%. US unemployment fell to its lowest level since January 2009 over Q3. The percentage of US unemployment is now 7.8% down from 8.1% last quarter.</td><td>• Companies are likely to remain cautious in their spending and hiring decisions ahead of the upcoming US election and potential 'fiscal cliff' through the simultaneous expiry of tax cuts and imposition of spending cuts in 2013 that could occur.</td></tr>
<tr><td>• The US Fed launched QE3 (even QE3+) during the quarter. This latest programme consists of the Fed promising to purchase $40bn of assets each month until the labour market significantly improves. This provided a welcome boost for markets towards the end of the quarter.</td><td>• The likely Presidential election outcome has reached a new peak of uncertainty with the first of the televised debates. These have proved to be a source of worry for markets.</td></tr>
</table>

Asset Class	What Happened?	
	Positive Factors	**Negative Factors**
Europe	• The ECB maintained interest rates over the quarter and announced a series of asset purchases over the quarter in an attempt to provide liquidity and increase confidence in markets.	• Unemployment remains high - particularly in peripheral Eurozone countries as austerity measures impact on confidence. Some areas are seeing unemployment in certain sections of the population in excess of 50%.
	• These increased bailout funds are seen as proof of the political class's commitment to the Euro. Despite the recent 'relief' rally on the back of Mario Draghi's comments, equity markets are still a long way from their previous highs.	• Spanish debt costs rose with investor confidence declining as investors doubted Spain's ability to repay its debt. Civil unrest on the street of major Spanish cities increased as austerity budgets continued to reduce the population's standard of living.
Japan	• Valuations still look cheap relative to the rest of the region, particularly as the rebuilding work continues. However, performance has been stymied in Sterling terms as a result of exchange rate movements.	• Politics in both China and Japan seem to have helped escalate the long running dispute over the Senkaku Islands, enough to spook investors. China is a very important market for Japan, both as a customer and as a base for manufacture. Exports to China are now higher than to the USA and recent protests are undermining investor confidence.
Asia Pacific	• Most central banks held their interest rate strategy, helping market confidence. The exceptions were as in Q2, with cuts in Australia as they expect more challenging times ahead and in China, which is trying to stimulate growth.	• Asian Equities have largely moved sideways in recent months, weighed down by concerns over Europe (and the effect on exports) and, more significantly, China, where the economic outlook has worsened.
		• In China manufacturing data has fallen to a nine-month low. The economic slowdown in China is being complicated by the leadership transition in early November, already providing much negative publicity.
Emerging Markets	• Global Emerging Markets have had a volatile quarter. The weak global economy provides major headwinds to growth in the developing world.	• Stagnant commodity prices but rising food prices are also a concern in the short term.
	• Although Global Emerging Markets experienced slower GDP growth over the quarter, this was still significantly higher than that experienced by the developed markets.	• Political instability is the main investor concern at present with the political leadership of China changing and the continued uncertainties in the middle eastern regions proving a drag to growth.

Asset Class	What Happened?	
	Positive Factors	**Negative Factors**
Gilts	• In a repeat of Q2 the demand for Gilts has proved resilient. Government bond yields remain at near record lows, as the UK continued its 'safe haven' status among sovereign debt issuers. However expensive Gilts may look, until the European Debt crisis is resolved, this situation may continue.	• CPI inflation remained within the Bank of England's target range over the quarter. The latest Office of National Statistics figure showed CPI at 2.2% in September. • The recent German Constitutional Court judgement appeared to take some risk off the table for markets however, there is still a high degree of uncertainty surrounding this asset class and the 10 year+ remains particularly vulnerable to market shocks.
Index Linked Gilts	• Demand for Index Linked Gilts remains as limited supply supports the price and investors continue to seek protection against inflation.	• Yields turned slightly positive in Q3. With a review underway by the Office of National Statistics into the calculation of RPI, markets seem to have assumed that the calculation basis will change to bring RPI closer to CPI.
Corporate Bonds	• Sterling Corporate Bonds had high positive returns. Markets also approved of the Eurozone's efforts to support the sovereign bond markets.	• The Corporate Bond Market is currently suffering from a lack of liquidity meaning that trading is becoming more difficult.
Property	• Tier 1 prime assets continue to outperform secondary and tertiary properties, as they have done throughout 2012.	• The well established trend of overall void levels increasing in tandem with the lowering of capital values as well as falling rental yields continued through Q3.

Section Two – Total Scheme Performance

Manager	Fund	Start of Quarter Value £	Start of Quarter Proportion of Total %	Net New Money £	End of Quarter Value £	End of Quarter Proportion of Total %
Newton Investment Management Limited (Newton)	Real Return	230,644,847	32.2	-	240,437,389	32.1
Schroder Investment Management Limited (Schroder)	Diversified Growth	216,903,474	30.3	-	224,871,995	30.0
Legal and General Investment Management (L&G)	World (ex UK) Equity Index	32,956,378	4.6	-	34,250,574	4.6
Newton	Corporate Bond	111,066,646	15.5	-241,432	117,822,476	15.7
Schroder	All Maturities Corporate Bond	103,423,975	14.4	-	109,281,817	14.6
L&G	Active Corporate Bond – All Stocks	15,563,025	2.2	-	16,456,231	2.2
Schroders	Cash	418,753	0.1	-	428,159	0.1
Internal	Cash	5,640,289	0.7		5,264,306	0.7
ASSET SPLIT						
Growth assets		486,563,741	67.9	-	505,252,423	67.5
Bond assets		230,053,646	32.1	-	243,560,524	32.5
TOTAL		**716,617,387**	**100.0**	**-241,432**	**748,812,947**	**100.0**

Source: Investment managers, bid values. Please note that the Internal Cash is assumed to have earned no interest over the quarter. The Schroders Cash is assumed to be held in respect of the Growth portfolio.

Total Scheme Performance

	Portfolio Return Q3 2012 %	Benchmark Return Q3 2012 %
Total Scheme	4.7	-0.6
Growth Portfolio		
Growth v Global Equity	4.1	4.4
Growth v RPI+5% p.a.	4.1	2.2
Growth v LIBOR + 4% p.a.	4.1	1.1
Bond Portfolio		
Bond v Over 15 Year Gilts	6.0	1.1
Bond v Index-Linked Gilts (> 5 yrs)	6.0	-3.2

The Growth portfolio excludes L&G equities. The global equity benchmark is 60% FTSE All Share Index, 40% FTSE AW All-World (ex UK) Index. *Liability benchmark (see page 17).

The Bond portfolio excludes L&G corporate bond fund.

The total scheme return is shown against the liability benchmark return (see page 17). The Growth portfolio return is the combined Newton and Schroder DGF portfolios and is shown against a notional 60/40 global equity benchmark and the underlying benchmarks of each fund for comparison purposes. The Bond portfolio is the combined Newton and Schroder corporate bond portfolios and is shown against the Over 15 Year Gilts Index and Index Linked (Over 5 years) Index.

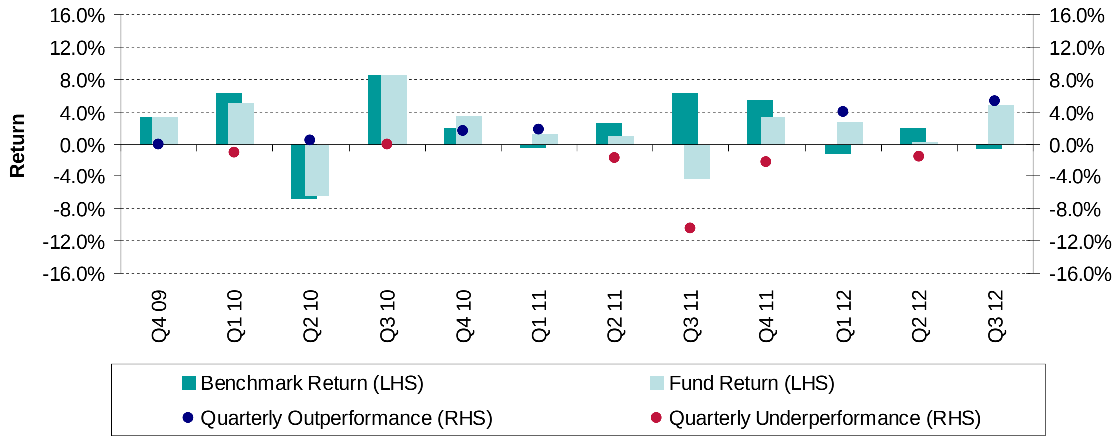
Individual Manager Performance

Manager/Fund	Portfolio Return Q3 2012 %	Portfolio Benchmark Q3 2012 %
Newton Real Return	4.2	1.1
Schroder Diversified Growth	3.9	2.2
L&G – Overseas Equity	3.9	3.9
Newton Corporate Bond	6.3	6.6
Schroder Corporate Bond	5.7	5.6
L&G – Corporate Bond	5.7	5.7

Source: Investment managers, Thomson Reuters. Performance is money-weighted.

The previous table shows the breakdown of the individual manager/portfolio returns against their underlying benchmarks.

Total Scheme - performance relative to liability benchmark



Source: Investment managers, Thomson Reuters.

The Scheme achieved a return of 4.7% over the quarter and outperformed the liability benchmark return by 5.3%. This was due to a combination of rebounding equity markets, good corporate bond returns and an expected fall in the estimated value of the liabilities.

The chart above shows the historical returns against the WM Universe for information. The new strategy against the liability benchmark is effective from 1 January 2011.

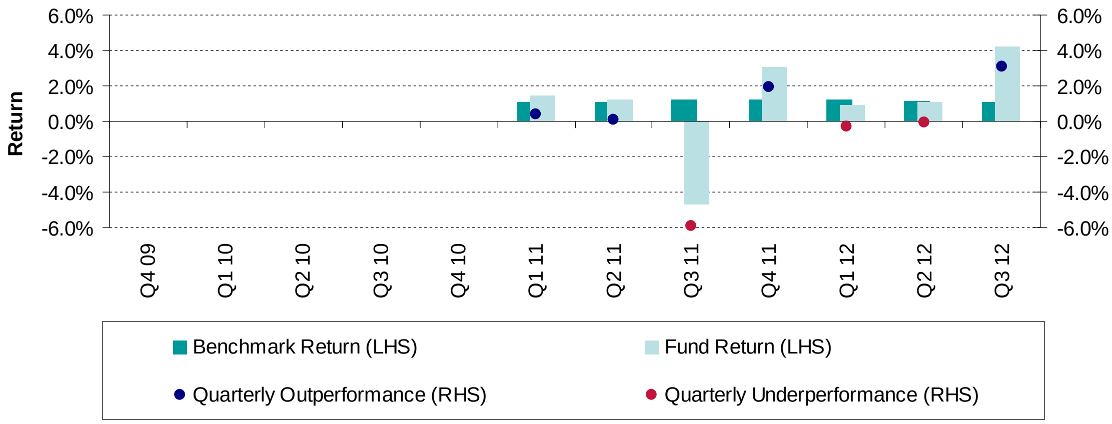
The Scheme generated a positive absolute return as all the underlying funds generated positive absolute return. On a relative basis, only the Newton Corporate Bond Fund underperformed its own benchmark.

The Growth Portfolio, comprising the two DGF funds, underperformed the notional 60/40 global equity benchmark, by 0.3%, as the equity markets performed well compared to the DGF funds. It is usual to expect DGF funds to underperform equities in rising markets. The Growth portfolio returned more than both of the LIBOR +4% and the RPI +5% target returns of the respective DGF funds.

The Bond Portfolio, comprising the two corporate bond portfolios managed by Newton and Schroder, outperformed the Over 15 Year Gilts Index (by 4.9%) and outperformed the Over 5 Years Index Linked Gilts Index (by 9.2%).

Section Three – Manager Performance

Newton - Real Return Fund- performance relative to portfolio benchmark



Source: Investment manager.

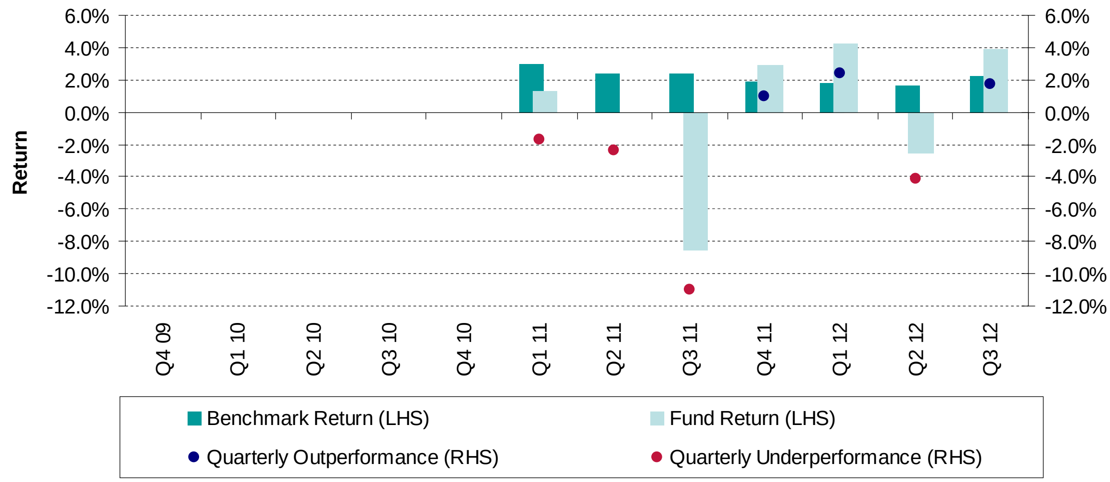
The portfolio return was 4.2% compared to its LIBOR + 4% p.a. benchmark return of 1.1% outperforming by 3.1%. In comparison to a notional 60/40 global equity benchmark return the fund underperformed by 0.2%.

The Newton Real Return Fund produced a positive absolute return during a quarter that proved positive for risk assets. Gold mining equities and exposure to physical gold (via gold mining equities and direct exposure via the gold ETC) produced the largest contributions to overall return.

Corporate bonds, particularly of lower-rated companies, benefited from market optimism as investors sought risk assets, with peripheral European holdings such as Lottomatica, the international lottery operator and Wind Acquisition Finance, the subsidiary of Italian telecommunications operator Wind Telecomunicazioni proving positive. German chemical industry leader Bayer and US telecommunications and technology provider Sprint Nextel were beneficial. The short position against the Australian dollar was positive as China showed signs of slowing. The main driver within currencies was the protective short position against the euro. The direct protection in place represented a small cost, as risk assets rose.

Over the 12 month period, the Fund returned 9.6% versus the benchmark return of 4.7%. In comparison to a notional 60/40 global equity benchmark return the fund underperformed by 7.7%.

Schroder - Diversified Growth Fund - performance relative to portfolio benchmark



Source: Investment manager.

The portfolio return was 3.9% compared to its RPI + 5% p.a. portfolio benchmark return of 2.2%, outperforming by 1.7%. In comparison to a notional 60/40 global equity benchmark return the fund underperformed by 0.5%.

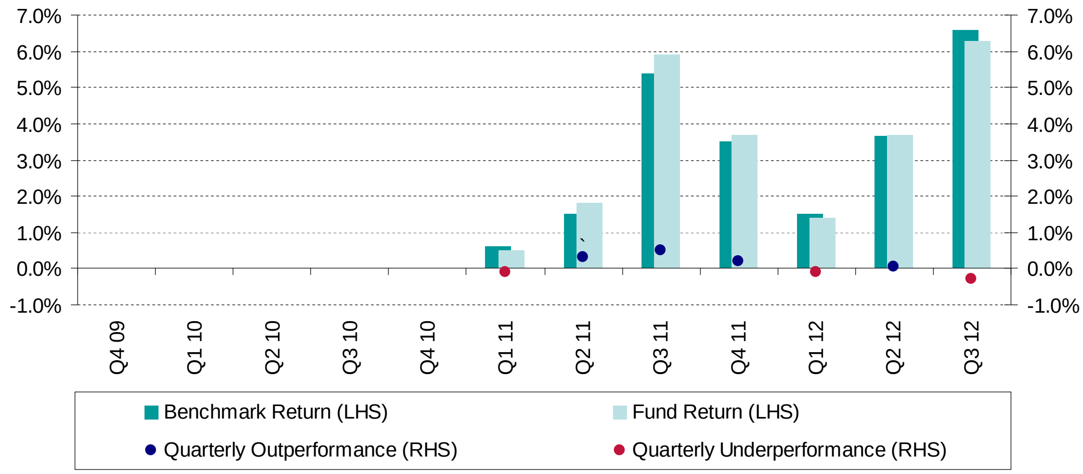
Like the Newton Real Return Fund, the Schroder DGF underperformed global equities (60% FTSE All Share and 40% FTSE World ex UK) which was positive 4.4% over the quarter. After a downturn in the second quarter, market sentiment improved with most risk assets producing positive returns. The Fund increased the exposure to equity over the year which was positive. Investments in high yield debt, investment grade debt and high quality equities were also positive contributors. The exposure to hedge funds was a drag on performance due to a defensive positioning of the underlying managers.

Over the 12 month period, the Fund returned a strong absolute return of 8.5% versus the benchmark return of 7.8%. In comparison to a notional 60/40 global equity benchmark return the fund underperformed by 8.8%.

Asset allocation for growth managers: movement over the quarter

	Q3 '12 Newton %	Q3 '12 Schroder %	Q2 '12 Newton %	Q2 '12 Schroder %
UK Equities	13.2	2.2	13.3	2.2
Overseas Equities	39.0	46.1	37.2	38.1
Fixed Interest	10.0	-	9.8	-
Corporate Bonds	9.8	6.4	9.7	6.1
High Yield	-	18.7	-	22.8
Private Equity	-	1.1	-	1.2
Commodities	3.9	6.3	3.6	7.0
Absolute Return	-	6.4	-	9.1
Index-Linked	4.4	-	3.3	-
Property	-	4.0	-	4.5
Cash/Other	19.7	8.8	23.1	9.0
TOTAL	**100.0**	**100.0**	**100.0**	**100.0**

Newton - Corporate Bond portfolio - performance relative to portfolio benchmark

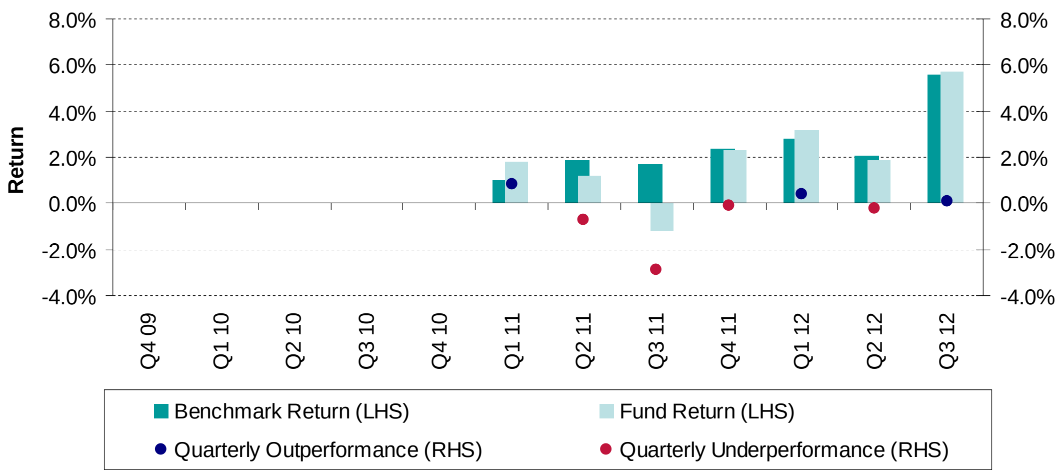


Source: Investment manager.

The Newton Corporate Bond portfolio marginally underperformed its benchmark, returning 6.3% versus the benchmark return of 6.6%. The underperformance was attributable to the Fund's cautious stance particularly as investors sought riskier assets following Mario Draghi's comments, in mid July, to improve the situation. A lack of exposure to peripheral eurozone corporate and financials detracted from performance. Holdings in Telephonica and BNP were among the best performers.

Over the 12 month period, the Fund returned 15.9% versus the benchmark return of 16.2%.

Schroder - All Maturities Corporate Bond portfolio - performance relative to portfolio benchmark

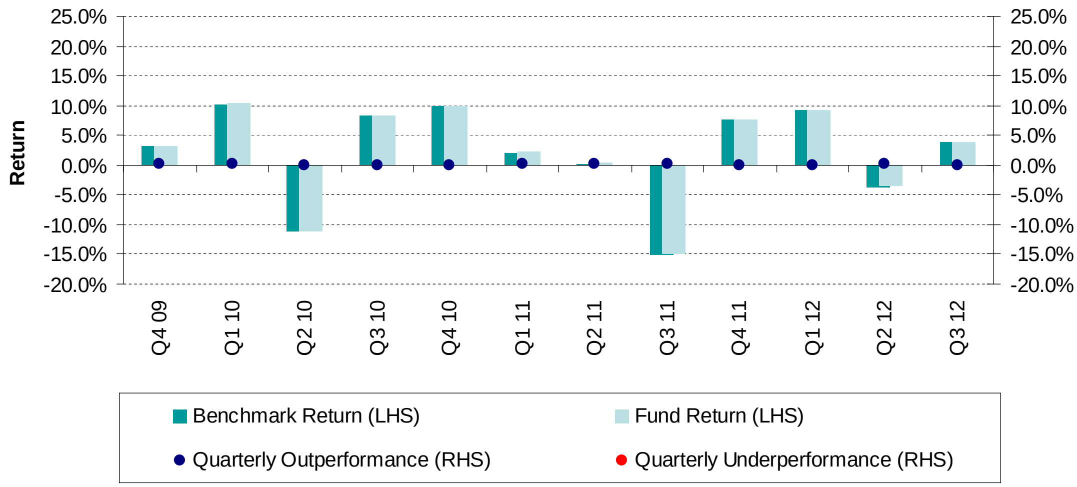


Source: Investment manager.

The Schroders Corporate Bond portfolio marginally outperformed the benchmark by 0.1%, returning 5.7%. The performance was driven by the overweight exposures to lower-rated credit securities and financials.

Over the 12 month period, the Fund returned 13.7% versus the benchmark return of 13.5%.

L&G – Overseas Equities



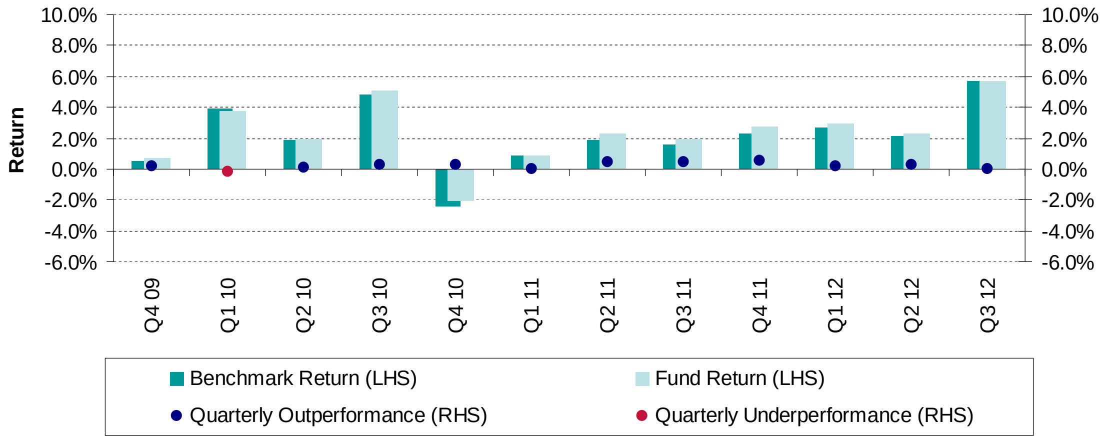
Source: Investment manager.

Over the third quarter of 2012, the Fund tracked its benchmark and generated positive absolute return of 3.9%.

Over the 12 month period, the Fund return was 17.8%, outperforming the benchmark return by 0.4%.

The Fund has performed broadly in line with its benchmark over the 3 year period.

L&G – Active Corporate Bond - All Stocks - Fund



Source: Investment manager.

Over the quarter the Fund tracked its benchmark and generated positive absolute return of 5.7%.

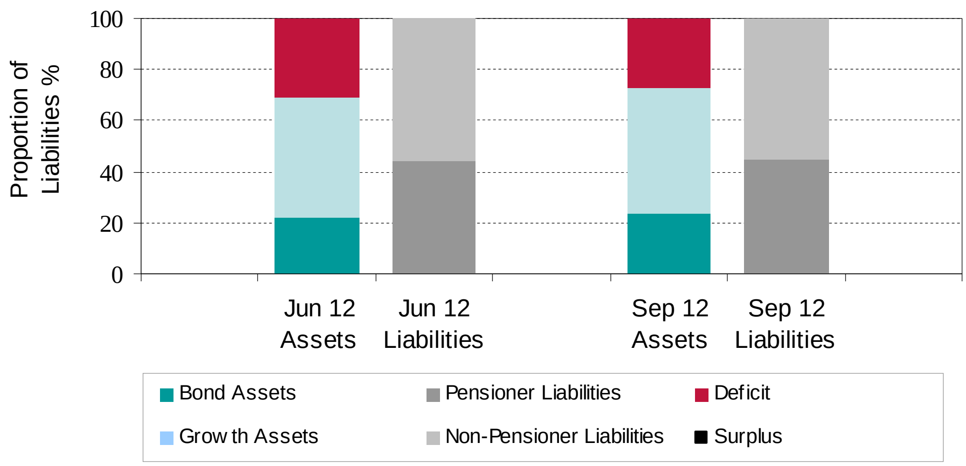
Stock selection and sector exposures were the main positive drivers of performance, although holding a cautious bias was a drag on performance as riskier assets performed strongly. Exposure to financials, particularly banks and insurers at the lower tier 2 level, was positive.

Over the 12 month period, the Fund has performed well with a return of 14.4% compared with the benchmark return of 13.3%.

Section Four – Consideration of Funding Level

This section of the report considers the funding level of the Scheme. Firstly, it looks at the Scheme asset allocation relative to its liabilities. Then it looks at market movements, as they have an impact on both the assets and the estimated value placed on the liabilities

Allocation to Bond and Growth assets against estimated liability split

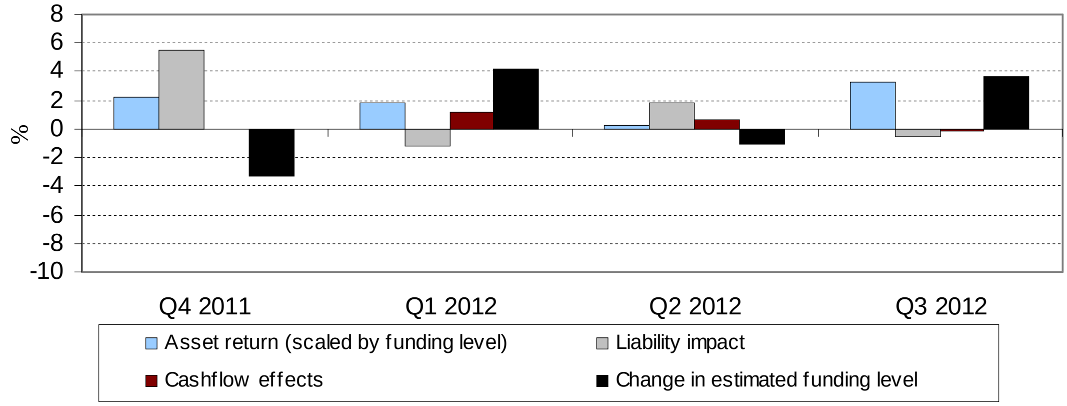


The chart above shows the allocation of the Scheme to Bond and Growth assets (see Glossary of Terms for definition) against the estimated liability split, which is based on changes in gilt yields underlying the Scheme Actuary's calculation of liabilities. The reference yield for the liabilities is the over 15-year gilt yield, as shown in the Market Statistics table in Section 2. These calculations do not take account of unexpected changes to Scheme membership and should not be construed as an actuarial valuation. However, by showing approximations to these liabilities, this chart should assist the Panel in making informed decisions on asset allocation.

Over the quarter, the funding position improved by 3.8%, led by the decrease in the estimated value of the liabilities by £8.6 million coupled with £32.2 million increase in the value of assets. The Scheme was approximately 73% funded as at 30 September 2012.

The split between non-pensioner and pensioner liabilities is estimated to have remained fairly stable over the quarter. The Scheme remains very underweight to Bond assets relative to its estimated pensioner liabilities; a mismatch that leaves the Scheme exposed to interest rate risk.

Scheme performance relative to estimated liabilities



The above chart shows, for each quarter, how changes in the value of the assets and the liabilities, combined with the cashflow of the Scheme, have affected the funding level. As detailed earlier, the value of the liabilities has been estimated with reference to changes in the gilt yields underlying the Scheme Actuary's calculation of liabilities, as shown in the Market Statistics table.

Over the quarter, the estimated funding level increased by 3.8%, from 69.2% to stand at 73.0%, due to a fall in the expected value of the liabilities coupled with an increase in the assets due to the positive absolute returns.

Therefore, based on movements in the investment markets alone, this quarter has seen an increase in the Scheme's estimated funding position with a decrease in the funding deficit.

Overall, Q3 2012 has been a positive quarter for the Scheme in terms of the funding level.

Section Five – Summary

Overall this has been a good quarter for the Scheme in improving equity markets.

In absolute terms, the Scheme's assets produced a return of 4.7% over the quarter. All the growth and bond portfolios produced positive absolute returns.

In relative terms, the Scheme outperformed the liability benchmark return (see page 17) by 5.3%. Of the funds, the Schroders portfolios and Newton Real Return outperformed their respective benchmark and the LGIM funds tracked their benchmarks, however, the exception was the Newton Bond portfolio which underperformed the benchmark by 0.3%.

The combined Growth portfolio underperformed a notional 60/40 global equity return but produced a positive return of 4.1%, outperforming the benchmarks which are cash-based.

The combined Bond Portfolio outperformed the Over 15 Year Gilts Index by 4.9% and outperformed the Index Linked Gilts (>5 Years) Index by 9.2%.

Over the quarter it is anticipated, all other things being equal, that investment conditions had a positive impact (3.8%) on the Scheme's estimated funding level which was 73.0% as at 30 September 2012.

Appendix

Liability benchmarking

An assessment of Scheme liabilities and how they change would require details of membership changes and actuarial valuation calculations to be carried out. However, by considering the changes in value of a suitable notional portfolio, based on your own liabilities, we can obtain an approximation to the changes in liabilities which will have occurred as a result of investment factors. In this report, when we refer to “liabilities” we mean the notional portfolio representing the actuarial liabilities disclosed in the actuarial valuation report dated 31 March 2010, adjusted approximately to reflect changes in investment factors. This will, therefore, not reflect any unanticipated member movements since the actuarial valuation. However, as a broad approximation it will allow more informed decisions on investment strategy. When we refer to the "liability benchmark" we mean the estimated impact on the liabilities (as referred to above) based on market movements alone.

Summary of current funds

Manager	Fund	Date of Appointment	Management Style	Monitoring Benchmark	Target
Newton Investment Management Limited (Newton)	Real Return	December 2010	Active, pooled	1 month LIBOR plus 4% p.a.	To achieve significant real rates of return in sterling terms predominantly from a portfolio of UK and international securities and to outperform the benchmark over rolling 5 years
Newton	Corporate Bond	December 2010	Active, pooled	Merrill Lynch Sterling Non Gilt Over 10 Years Investment Grade Index	To outperform the benchmark by 1% p.a. over rolling 5 years
Schroder Investment Management Limited (Schroder)	Diversified Growth	December 2010	Active, pooled	Retail Price Index plus 5% p.a.	To outperform the benchmark over a market cycle (typically 5 years)
Schroder	All Maturities Corporate Bond	December 2010	Active, pooled	Merrill Lynch Sterling Non-Gilts All Stocks Index	To outperform the benchmark by 0.75% p.a. (gross of fees) over rolling 3 years
Legal and General Investment Management (L&G)	World (ex UK) Equity Index Fund	September 2008	Passive, pooled	FTSE AW World (ex UK) Index	Track within +/- 0.5% p.a. the index for 2 years in every 3

Summary of current funds (continued)

Manager	Fund	Date of Appointment	Management Style	Monitoring Benchmark	Target
L&G	Active Corporate Bond – All Stocks	December 2008	Active, pooled	iBoxx Sterling Non-Gilts All Stocks Index	Outperform by 0.75% p.a. (before fees) over rolling 3 years
Internal	Property	N/a	Active, property unit trust portfolio	UK IPD Property Index	Outperform the index
Newton Investment Management Limited (Newton)	Balanced	April 2006	Active, segregated	WM Local Authority Weighted Average	Outperform by 1% p.a over rolling 3 years, and not to underperform by 3% in any rolling 12 month period
Schroder Investment Management Limited (Schroder)	Balanced	1994	Active, segregated	WM Local Authority Weighted Average ex property, Japan and other international equities	Outperform by 1% p.a over rolling 3 years, and not to underperform by 3% in any rolling 12 month period

Glossary of Terms

Term	Definition
Absolute return	The overall return on a fund.
Bond asset	Assets held in the expectation that they will exhibit a degree of sensitivity to yield changes. The value of a benefit payable to a pensioner is often calculated assuming the invested assets in respect of those liabilities achieve a return based on UK bonds.
Growth asset	Assets held in the expectation that they will achieve more than the return on UK bonds. The value of a benefit payable to a non-pensioner is often calculated assuming the invested assets in respect of those liabilities achieve a return based on UK bonds plus a premium (for example, if holding equities an equity risk premium may be applied). The liabilities will still remain sensitive to yields although the Growth assets may not.
Duration	The average time to payment of cashflows (in years), calculated by reference to the time and amount of each payment. It is a measure of the sensitivity of price/value to movements in yields.
Funded liabilities	The value of benefits payable to members that can be paid from the existing assets of the scheme (i.e. those liabilities that have assets available to meet them).
Market stats indices	The following indices are used for asset returns: UK Equities: FTSE All-Share Index Overseas Equities: FTSE World Index Series (and regional sub-indices) UK Gilts: FTSE-A Gilt >15 Yrs Index Index Linked Gilts: FTSE-A ILG >5 Yrs Index Corporate Bonds: iBoxx Corporate Bonds (AA) Over 15 Yrs Index Non-Gilts: iBoxx Non-Gilts Over 15 Yrs Index Property: IPD Property Index High Yield: ML Global High Yield Index Commodities: S&P GSCI GBP Index Hedge Funds: CSFB/Tremont Hedge Fund Index Cash: 7 day London Interbank Middle Rate Price Inflation: Retail Price Index (excluding mortgages), RPIX Earnings Inflation: Average Earnings Index

Market volatility	The impact of the assets producing returns different to those assumed within the actuarial valuation basis, excluding the yield change impact.
Money-Weighted rate of return	The rate of return on an investment including the amount and timing of cashflows.
Non-Pensioner liability	The value of benefits payable to those who are yet to retire, including active and deferred members.
Pensioner liability	The value of benefits payable to those who have already retired, irrespective of their age.
Portfolio benchmark	The benchmark return of the each manager/fund.
Relative return	The return on a fund compared to the return on another fund, index or benchmark. For IMAGE purposes this is defined as: Return on Fund *less* Return on Index or Benchmark.
Scheme investments	Refers only to the invested assets, including cash, held by your investment managers.
Standard deviation	A statistical measure of volatility. We expect returns to be within one standard deviation of the benchmark 2 years in every 3. Hence as the standard deviation increases so does the risk.
Surplus/Deficit	The estimated funding position of the Scheme. This is not an actuarial valuation and is based on estimated changes in liabilities as a result of bond yield changes, asset movements and, if carried out, output from an asset liability investigation (ALI). If no ALI has been undertaken the estimate is less robust.
Time-Weighted rate of return	The rate of return on an investment removing the effect of the amount and timing of cashflows.
Unfunded liabilities	The value of benefits payable to members that cannot be paid from the existing assets of the Scheme (i.e. those liabilities that have no physical assets available to meet them). These liabilities are effectively the deficit of the Scheme.
Yield (gross redemption yield)	The return expected from a bond if held to maturity. It is calculated by finding the rate of return that equates the current market price to the discounted value of future cashflows.
3 Year return	The total return on the fund over a 3 year period expressed in percent per annum.

JLT Manager Research Tier Rating System

Tier	Definition
BUY	Significant probability that the manager will meet the client's objectives.
HOLD	Reasonable probability that the manager will meet the client's objectives. This fund will not be put forward for new investments but there is no intention to sell existing holdings.
REVIEW	The manager may reach the client's objectives but a number of concerns exist. The JLT Manager Research Team are currently reviewing this fund.
SELL	There is a reasonable probability that the manager will fail to meet the client's objective due to a number of key concerns and therefore we recommend clients to redeem their assets.

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