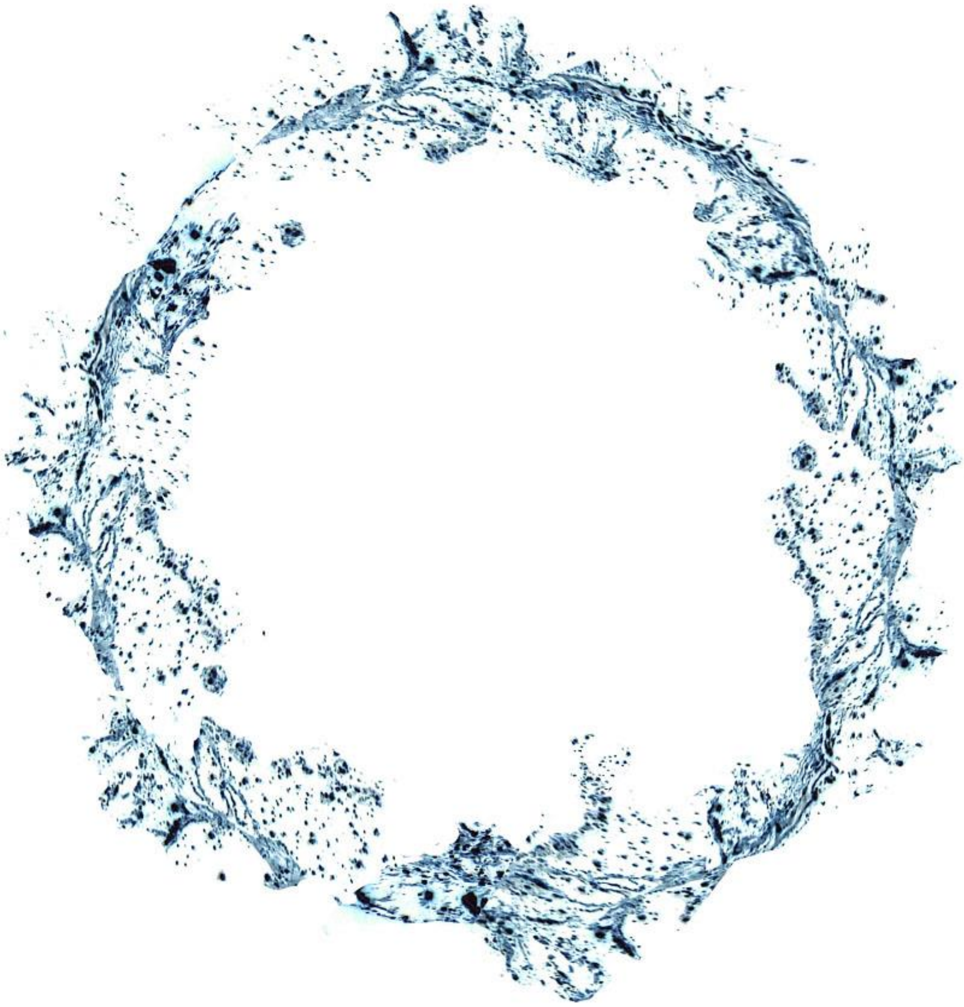
Deloitte.



London Borough of Hammersmith & Fulham Pension Fund

Investment Performance Report to 30 September 2017

Deloitte Total Reward and Benefits Limited
November 2017

Contents

1 Market Background

1.1 Three months and twelve months to 30 September 2017

The UK equity market made further gains over the third quarter of 2017, with the FTSE All Share returning 2.1%. However these gains mask a negative return of 0.4% for September, partially in response to the Bank of England indicating an increase in interest rates was likely in the near future.

Smaller UK companies outperformed larger companies over the quarter, with the FTSE Small Cap Index returning 3.0% while the FTSE 100 Index returned 1.8%. At a sector level, there was also a dispersion of returns. Basic Materials (12.1%), Oil & Gas (9.8%) and Technology (5.5%) made substantial gains, while Health Care (-6.3%) and Telecommunications (-4.2%) suffered losses.

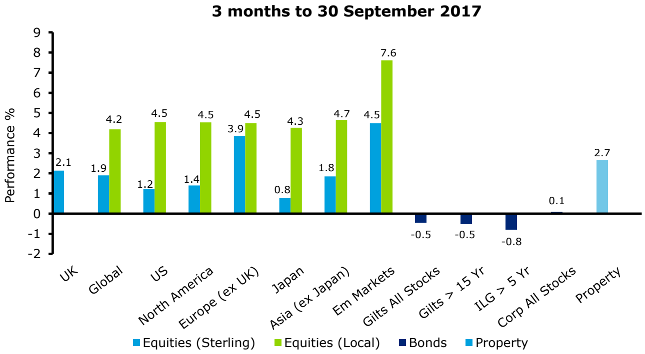
Global equity markets outperformed UK equities in local currency terms (4.2%) as the UK economic growth prospects continue to lag behind other developed markets following the growing uncertainty over Brexit. However global equities lagged UK equities in sterling terms (1.9%) as Sterling strengthened over the quarter, with currency hedging therefore benefitting investors. All geographic regions delivered positive returns in local currency terms. Emerging Markets (7.6%) was the best performing region in local terms, continuing their recovery, with Japan (4.3%) being the poorest performing region outside the UK, in local currency terms.

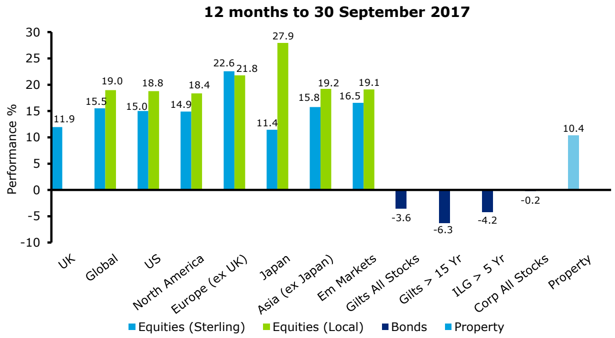
Nominal gilt yields marginally increased over the third quarter as a whole, but falling yields over July and August disguised what was a significant rise in yields during September following renewed expectations of a rise in the UK base rate. This led to the All Stocks Gilts Index delivering a negative return of -0.5% over the quarter. Real yields followed a similar path to nominal yields over the quarter as inflation expectations were broadly unchanged. There was a negative return of -0.8% on the Over 5 Year Index-Linked Gilts Index over the period. There was a marginal narrowing of credit spreads over the third quarter, and the iBoxx All Stocks Non Gilt Index delivered a small positive return of 0.1% over the period.

Over the 12 months to 30 September 2017, the FTSE All Share Index delivered a positive return of 11.9%, helped by an increasingly positive global economic picture. This was partly offset by the increasing uncertainty caused by Brexit, with UK equities lagging their European and global local currency equivalents. At a sector level, returns have been mixed. Basic Materials (28.3%) was the best performing sector while Utilities (-14.4%) was the poorest performing sector. Global equity markets outperformed the UK in both sterling (15.5%) and local (19.0%) currency terms, with currency hedging beneficial over the year.

UK nominal gilts delivered negative returns over the 12 months to 30 September 2017, with the All Stocks Gilts Index returning -3.6% and the Over 15 year Gilts Index returning -6.3%. UK index-linked gilts also delivered negative returns over the same period, with the Over 5 Year Index-Linked Gilts Index returning -4.2%. Credit spreads narrowed over the year to 30 September 2017, partly offsetting the rise in gilt yields, and the iBoxx All Stocks Non Gilt Index delivered a small negative return of -0.2%.

The IPD UK Monthly Property Index returned 2.7% over the quarter and 10.4% over the year to 30 September 2017, as the market continued to rebound after the bounce back from the negative reaction to the EU referendum. The search for yield has contributed to the increased demand for UK property, which is still viewed as a "safe haven" by some overseas investors - foreign demand remains strong despite the uncertainty surrounding Brexit.





2 Performance Overview

2.1 Investment Performance to 30 September 2017

Breakdown of Fund Performance by Manager as at 30 Sept 2017		3	1	2 year	3 year	5 year
Fund	Manager	month	year	p.a.	p.a.	p.a.
Equity Mandate						
	Majedie	2.0	13.0	12.7	9.1	13.2
FTSE All Share		2.1	11.7	14.2	8.4	9.9
Difference		-0.1	1.3	-1.5	0.7	3.3
	LGIM Global Equity	1.9	14.8	17.8	11.5	6.8
FTSE All World*		1.9	15.0	17.9	11.6	6.8
Difference		0.0	-0.1	-0.1	-0.1	0.0
Dynamic Asset Allocation Mandates						
	Ruffer	-1.5	-0.5	5.5	5.1	6.4
3 Month Sterling LIBOR + 4% p.a.		1.1	4.3	4.4	4.5	4.5
Difference		-2.5	-4.9	1.0	0.7	1.8
	Insight	-0.3	0.4	n/a	n/a	n/a
3 Month Sterling LIBOR + 2% p.a.		0.6	2.3	n/a	n/a	n/a
Difference		-0.9	-1.9	n/a	n/a	n/a
Private Equity						
	Invesco	-3.1	0.0	6.7	13.0	15.5
	Unicapital	-1.0	6.1	14.1	11.6	9.1
Secure Income						
	Partners Group MAC	2.3	6.2	n/a	n/a	n/a
3 Month Sterling LIBOR + 4% p.a.		1.1	4.3	n/a	n/a	n/a
Difference		1.2	1.9	n/a	n/a	n/a
	Oak Hill Advisors	0.9	5.0	n/a	n/a	n/a
3 Month Sterling LIBOR + 4% p.a.		1.1	4.3	n/a	n/a	n/a
Difference		-0.1	0.6	n/a	n/a	n/a
	Partners Group Infra	-4.1	-7.7	n/a	n/a	n/a
3 Month Sterling LIBOR + 8% p.a.		2.0	8.3	n/a	n/a	n/a
Difference		-6.1	-16.0	n/a	n/a	n/a
Inflation *Protection*						
	M&G	2.3	2.7	n/a	n/a	n/a
RPI + 2.5% p.a.		1.6	6.3	n/a	n/a	n/a
Difference		0.7	-3.6	n/a	n/a	n/a
	Standard Life	2.6	10.2	n/a	n/a	n/a
FT British Government All Stocks		0.1	-1.6	n/a	n/a	n/a
Difference		2.5	11.8	n/a	n/a	n/a
Total Fund		1.3	8.4	11.6	9.7	10.9
*Benchmark**		1.5	8.2	10.9	7.3	5.7
Difference		-0.1	0.1	0.7	2.4	5.3
Northern Trust Benchmark		1.6	8.5	n/a	9.1	8.8

Source: Northern Trust (Custodian). Figures are quoted net of fees and estimated by Deloitte. Differences may not tie due to rounding.
(*) The Total Assets benchmark is the weighted average performance of the target asset allocation.

3 Total Fund

3.1 Investment Performance to 30 September 2017

	Last Quarter (%)	One Year (%)	Two Years (% p.a.)	Three Years (% p.a.)	Five Years (% p.a.)
Total Fund – Gross of fees	1.5	8.8	12.1	10.2	11.3
Net of fees(1)	1.3	8.4	11.6	9.7	10.9
Benchmark(2)	1.5	8.2	10.9	7.3	5.7
Net performance relative to benchmark	-0.1	0.1	0.7	2.4	5.3

Source: Northern Trust. Relative performance may not sum due to rounding.

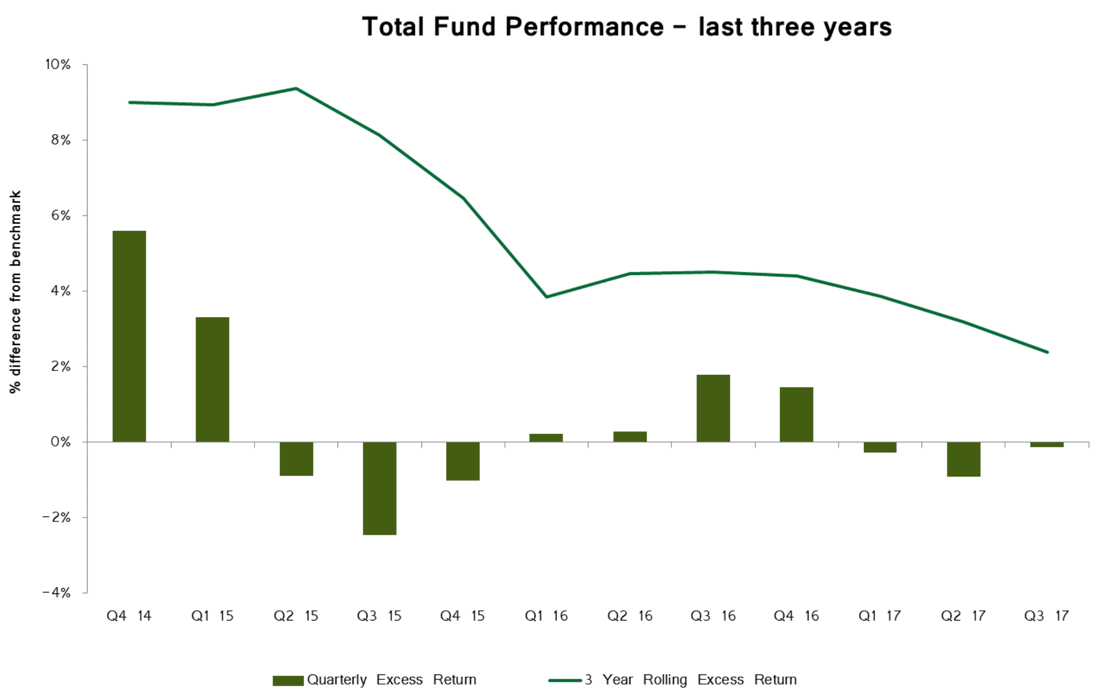
(1) Estimated by Deloitte

(2) Average weighted benchmark

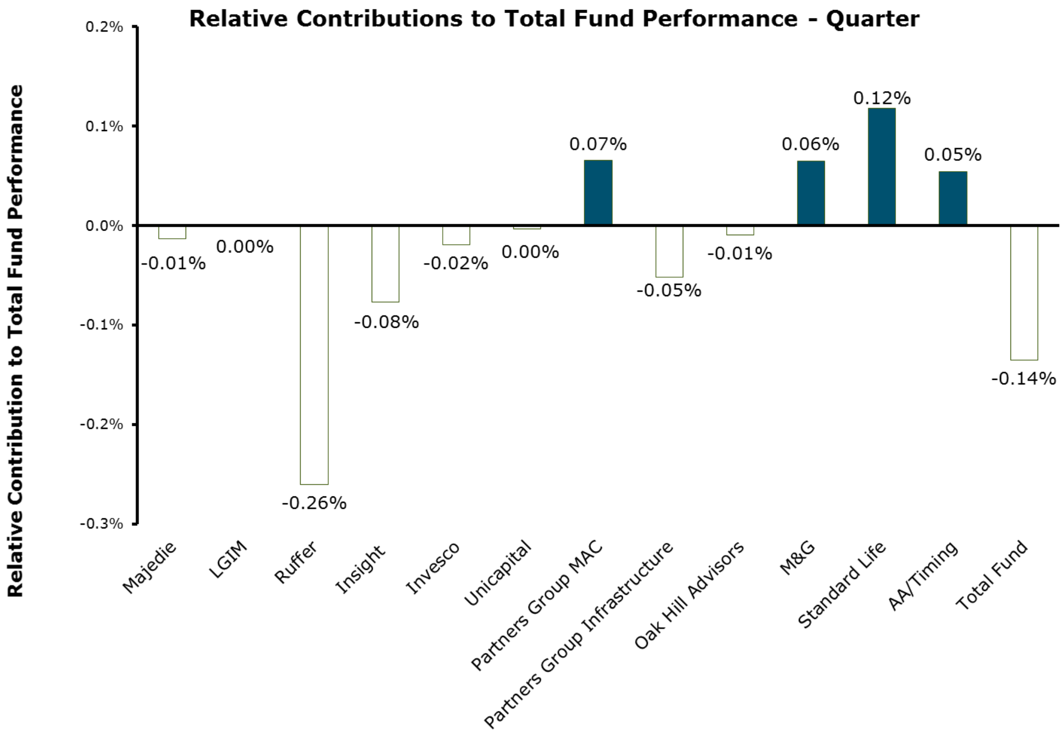
Over the quarter, the Total Fund underperformed its fixed weight benchmark by 0.1% on a net of fees basis.

Over the 12 month period, the Fund delivered a net return of 8.4%, outperforming the benchmark by 0.1%. The Fund remains ahead of the benchmark over the three and five year periods by 2.4% p.a. and 5.3% p.a. respectively.

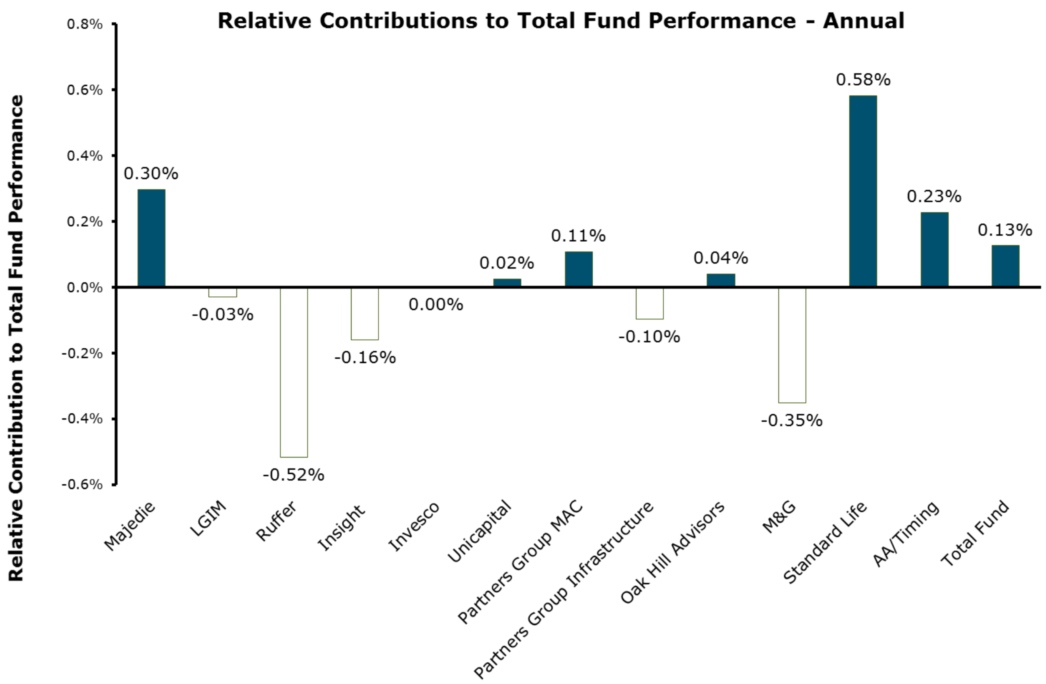
The chart below compares the net performance of the Fund relative to the fixed weight benchmark over the three years to 30 September 2017, highlighting the strong relative returns in the fourth quarter of 2014 and early 2015 – much of which can be attributed to the outperformance achieved by Majedie. Despite the Fund delivering positive relative returns in all four quarters of 2016, with the third and fourth quarter being particularly strong, the rolling 3 year returns are likely to decline as the impact of Q4 2014 and Q1 2015 drop out of the calculations.



3.2 Attribution of Performance to 30 September 2017



On a net of fees performance basis, the Fund underperformed the composite benchmark by 0.1% over the third quarter of 2017, largely as a result of underperformance from Ruffer, as well as negative contributions from Insight and Partners Group Infrastructure.



Over the year the Fund outperformed the composite benchmark by 13bps following strong positive contributions from Majedie, Partners Group MAC and Standard Life. The main detractors to performance over the year to 30 September 2017 were Ruffer, Insight and M&G, albeit absolute returns for the Insight and M&G funds were still positive. The positive contribution shown by the "AA/Timing" bar was primarily driven by the Fund having an overweight allocation to equities.

3.3 Asset Allocation

The table below shows the assets held by each manager as at 30 September 2017 alongside the Target Benchmark Allocation.

Manager	Asset Class	Actual Asset Allocation 30 June 2017 (£m)	30 Sept 2017 (£m)	30 June 2017 (%)	30 Sept 2017 (%)	Benchmark Allocation (%)
Majedie	UK Equity (Active)	223.8	228.0	22.4	22.5	22.5
LGIM	Global Equity (passive)	296.1	301.8	29.6	29.8	22.5
	Total Equity	**519.9**	**529.8**	**51.9**	**52.4**	**45.0**
Ruffer	Absolute Return	101.2	99.9	10.1	9.9	10.0
Insight	Bonds Plus	88.9	88.8	8.9	8.8	10.0
	Total Dynamic Asset Allocation	**190.1**	**188.7**	**19.0**	**18.6**	**20.0**
Invesco	Private Equity	4.9	4.8	0.5	0.5	0.0
Unicapital	Private Equity	2.7	2.7	0.3	0.3	0.0
	Total Private Equity	**7.7**	**7.5**	**0.8**	**0.7**	**0.0**
Partners Group	Multi Asset Credit	53.1	52.9	5.3	5.2	7.5
Oak Hill Advisors	Diversified Credit Strategy	71.2	72.0	7.1	7.1	7.5
Partners Group	Direct Infrastructure	5.9	4.1	0.6	0.4	5.0
	Secure Income	**130.2**	**129.0**	**13.0**	**12.7**	**20.0**
M&G	Inflation Opportunities	94.2	96.5	9.4	9.5	10.0
Standard Life	Long Lease Property	48.3	49.6	4.8	4.9	5.0
	Total Inflation Protection	**142.6**	**146.1**	**14.2**	**14.4**	**15.0**
LGIM	Liquidity Fund	10.8	10.8	1.1	1.1	0.0
	Total	**1,001.3**	**1,011.9**	**100.0**	**100.0**	**100.0**

Source: Northern Trust (Custodian) and have not been independently verified

Figures may not sum to total due to rounding

The Fund remains overweight Equities by 7.4% and underweight Secure Income by 7.3%. The Sub-Committee decided to make a £30m investment to the Aviva's Infrastructure Income Fund ("AIIF") which will be funded from the Fund's Majedie holdings. This investment along with the undrawn Partners Group Infrastructure investment should rebalance the Fund back to the benchmark weights, once both products have been fully drawn down.

3.4 Yield Analysis as at 30 September 2017

The following table shows the running yield on the Fund's investments:

Manager	Asset Class	Yield as at 30 September 2017
Majedie	UK Equity	3.10%
LGIM	Global Equity	0.23%*
Ruffer	Dynamic Asset Allocation	1.56%
Insight	Dynamic Asset Allocation	2.34%
Partners Group MAC	Secure Income	3.26%
Oak Hill Advisors	Secure Income	6.36%
M&G	Inflation Protection	2.53%
Standard Life	Inflation Protection	4.27%
	Total	**2.20%**

*Represents yield available from NDIP. Benchmark yield was 2.4%.

4 Summary of Manager Ratings

The table below summarises Deloitte's ratings of the managers employed by the Fund and triggers against which managers should be reviewed.

Manager	Mandate	Triggers for Review	Rating
Majedie	UK Equity	Further turnover within the core investment team Re-opening the UK equity products with no clear limits on the value of assets that they would take on	1
LGIM	Global Equities	Major deviation from the benchmark return Significant loss of assets under management	1
Ruffer	Absolute Return	Departure of either of the co-portfolio managers from the business Any significant change in ownership structure	1
Insight	Bonds Plus	A significant increase or decrease to the assets under management with no set limits Significant changes to the team managing the Fund	1
Partners Group	Multi Asset Credit	Significant changes to the investment team responsible for the Fund *Note the mandate is subject to a 7 year lock-up period	1
	Direct Infrastructure	Significant changes to the investment team responsible for the Fund. *Note the mandate is subject to a 10 year lock-up period	1
Oak Hill Partners	Diversified Credit Strategy	Significant changes to the investment team responsible for the Fund. Significant changes to the liquidity of underlying holdings within the Fund.	1
M&G	Inflation Opportunities	If the Fund's portfolio manager Gary Parker was to leave the business or cease to be actively involved in the Fund, this would trigger a review of the Fund. Failure to find suitable investments within the initial two year funding period.	1
Aberdeen Standard Investments	Long Lease Property	Richard Marshall leaving the business or ceasing to be actively involved in the Fund without having gone through an appropriate hand-over. A build up within the Fund of holdings with remaining lease lengths around 10 years.	1

4.1 London CIV

Business

As at 30 September 2017, the London CIV had 9 sub-funds and assets under management of £5,556m, an increase of c. £600m over the quarter, with one new sub-fund added (Longview global equity) and one investor being added to the Ruffer sub-fund.

Personnel

Early in the quarter it was announced that Jill Davys was leaving the CIV – Jill was responsible for liaising and monitoring the managers on the platform. Post quarter end it was announced that Hugh Grover, CEO of the London CIV, had resigned from his role and that Mark Hyde-Harrison, former chief of the Barclays UK Retirement Fund and current head of defined contribution strategy at Willis Towers Watson, would step in as interim CEO while a permanent replacement is sought.

On a more positive note, the CIV has hired individuals to lead on the fixed income and equity areas – both reporting into Julian Pendock, the CIO. We also understand that a replacement for Jill Davys has been appointed.

Deloitte view – The London CIV is still at a relatively early stage in terms of building out its offerings to the London boroughs and we continue to monitor the developments, particularly with regards to the building of the Fixed Income and Alternative sub funds. To achieve its goals, the CIV will need to recruit further personnel to the investment team and look at how it communicates effectively with the boroughs and their advisors. We see recent turnover of key staff as being a concern, adding to the concerns about the slow pace of progress.

4.2 Majedie

Business

The total assets under management for Majedie was c. £14.5bn as at 30 September 2017, an increase of £300m over the quarter. This was largely down to positive market movements rather than new asset flows.

The latest Tortoise Fund capacity has been filled and the fund is now closed again.

Personnel

One graduate trainee joined the UK Equity Fund team over the quarter. No other personnel changes were noted.

Deloitte view – We continue to rate Majedie positively for its UK Equity capabilities.

4.3 LGIM

Business

As at 30 June 2017, Legal & General Investment Management ("LGIM") had total assets under management of £951bn, an increase of £57bn since 31 December 2016, with the largest increases seen in the Solutions and Multi-Asset parts of the business. Note, Legal & General now report asset growth figures on a semi-annual reporting timetable and the next updated figures (December 2017) will be released by March 2018.

Personnel

At the Index team level, there was one new joiner over the quarter, Joseph LaPorta, previously at Northern Trust, who joined as a Portfolio Manager. There were no leavers over the quarter.

Deloitte View – We continue to rate Legal & General positively for its passive capabilities.

4.4 Ruffer

Business

Total assets under management was £21.7bn as at 30 September 2017, an increase from £21.3bn at the 30 June 2017. There was c. £0.5bn of new flows into the Fund over the third quarter of 2017.

Personnel

There were no significant personnel changes over the quarter.

Deloitte view – The Ruffer product is distinctive within the universe of diversified growth managers with the manager willing to take contrarian, long term positions, where necessary drawing on the expertise of external funds. We particularly like the capital preservation perspective that is used in constructing the strategy.

4.5 Insight

Business

Total assets under management remained broadly unchanged over Q3, at c. £550bn. Insight won 6 new client mandates totalling £0.7bn over the quarter, but lost one client (£1.9bn).

Total assets in Insight's Bonds Plus Fund were £3,627m as at 30 September 2017.

Insight will be changing the Bonds Plus 200 and Bonds Plus 400 to daily dealing in Q4 2017 – currently the funds are weekly dealt.

Personnel

Insight made no changes to their Bonds Plus team over the quarter, however:

- Chris Brown has been promoted to head of Money Market, replacing Colin Cave who left at the end of Q2.
- James McKerrow joined as part of the Money Market Team in July 2017 with a focus on repo trading and gilt financing. James previously spent 9 years at LCH Limited as a Portfolio Manager.
- Drago Dimitrov joined as a Credit Analyst in July 2017 in the New York investment team. His focus will be on the evaluation of leveraged loans in the primary and secondary markets. Drago previously spent 2 years as a Credit Analyst at ZAIS Group.
- There will be 3 new joiners in the Secured Finance team in Q4 due to increased client demand.
- After Howard Kearns and Heather Porter joined in Q2, Michael Scott has joined the Modelling and hedge design team in Q3. Michael has a PHD in Mathematics and Statistics.
- Jack Rowett has joined the Financial Solutions Discovery team. Jos Vermeulen has been promoted to Head of Solution Design, with Paul Richmond supporting.

- Steve Aukett has taken a career break and will be returning in January; he will be taking the role of Client Lead on his return.

Deloitte view – We rate Insight positively for its Fixed Income capabilities but continue to monitor how growth is being managed across the business.

4.6 Partners Group

Business - Multi Asset Credit

The net asset value of the MAC Fund was £256m as at 30 September 2017. The investment period for the 2014 MAC vintage finished at the end of July 2017.

The Multi-Asset Credit 2016 Fund, launched in July 2016, held a final close on 18 April 2017 with commitments of c. £535m. A successor MAC 2017 vintage was launched in October 2017, with commitments to date of c.£500m. A first close of the Fund is expected in January 2017. Partners Group has a "soft cap" on the Fund of £1bn with a "hard cap" of £1.5bn..

Business - Direct Infrastructure

Total commitment value as at 30 September 2017 was c. €1,080m, an increase of c. €375m over the quarter as the Fund held two further closes.

The Fund was c. 7.7% drawn as at 30 September.

Personnel

There were no significant personnel changes to the senior management team during the quarter.

Deloitte View - We continue to rate Partners Group for its private market capabilities.

4.7 Oak Hill Advisors – Diversified Credit Strategy (DCS)

Business

The total assets under management was approximately $31.8bn as at 1 August 2017, increasing by c. $1.1bn from 30 June 2017, with total assets in the DCS Fund at c. $5.4bn, an increase of c. $0.3bn over the quarter.

OHA are in the process of launching a closed-ended private debt fund, the OHA Credit Solutions Fund. This fund will be US and EUR denominated, focussing on private and non-syndicated debt, along with illiquid, large cap investments.

Personnel

Doug Henderson, co-head of European Credit, will be leaving his role to transition to a new role in the US. Doug will be taking on a senior advisor role within Oak Hill and is moving to be closer to his family. Alexandra Jung is to become sole head of European Credit.

Deloitte view – We are comfortable with how the strategy is being managed and the level of risk within the strategy. We believe that the move to a single head of European Credit will have no impact on the management of the DCS strategy.

4.8 M&G – Inflation Opportunities Fund

Business

Assets invested in the Inflation Opportunities Fund V Fund as at 30 September 2017 were c. £488m, down from c. £530m the previous quarter as one investor trimmed its investment. The Fund has reduced its exposure to Index-linked gilts over the quarter but still the primary component of the portfolio at c. 40%, with long lease property at c. 31%, income strips at c. 21% and ground rents at c. 8%.

Personnel

Following the quarter end, M&G announced that Alex Jeffrey will be stepping down as Chief Executive of M&G Real Estate in Q2 2018 to take up a new role as Head of Asia for all M&G's business in the region. Simon Pilcher, Chief Executive, Fixed Income, will assume accountability at board level for M&G Real Estate.

Deloitte view –The strategy has a high allocation to ILGs and has not managed to source as many 'inflation opportunities' as originally expected given the change in market conditions. The manager expects to increase the allocation to long lease property and, while we are positive on this asset class, it does create overlap with the Fund's Long Lease Property mandate with Standard Life Investments. As such, the Committee may wish to consider whether there are alternative options that could be considered for all or part of the allocation in this strategy which offer at least a degree of "inflation proofing".

4.9 Aberdeen Standard Investments – Long Lease Property

Business

During the third quarter, the merger between Standard Life and Aberdeen Asset Management was completed. The new combined business is called Standard Life Aberdeen plc, with the investment business operating under the name Aberdeen Standard Investments.

The Fund's assets under management increased to £1.95bn over the third quarter, following positive performance, with no significant inflows or outflows over the quarter.

Personnel

Following the quarter end, the leadership team for Aberdeen Standard Investments Real Estate Division was announced. The team will report to David Paine and Pertti Vanhanen, Global Co-Heads of Real Estate and will be:

- Andrew Allen – Global Head of Investment Research
- Anne Breen – Global Head of Investment Process and Strategy
- Andrew Creighton – Heading of Continental European Real Estate
- Claire George – Global COO (Platform and Operations)
- Mike Hannigan – Head of Real Estate UK
- Paolo Alonzi – Global COO (Finance and Strategy)
- Puay-Ju Kang – Global Head of Real Estate Multi Manager and Head of Real Estate Asia Pacific

The integration of the underlying team structures is expected to take place through Q1 2018. The only senior departure to date will be Russel Chaplin, from the Aberdeen side, which will take place over the next 4 to 5 months.

There has been no change to Richard Marshall's role and he will continue to be the Fund Manager on the Long Lease Property Fund.

Deloitte View – We are still waiting further details on the longer-term implications of the deal, although it is expected that there will be rationalisation across both businesses from both front and back office functions and we are aware that in some areas the required "consultation process" has been started.

Corporate activity within the asset management industry is difficult and tends to result in a period of uncertainty for both clients and the in-house teams. While we will monitor developments closely and keep the Committee informed of any changes impacting the teams managing the long lease fund, we are less concerned about the potential implications given the long(er) term nature of the underlying investments.

We remain positive on long lease property given the long-term, inflation-linked nature of the contractual cash-flows which arise from this type of investment.

5 London CIV

5.1 Investment Performance to 30 September 2017

As at 30 September 2017, the London CIV had 9 sub-funds and assets under management of £5,556m, an increase from £4,940m as at 30 June 2017. This growth was attributable to a new sub-fund added over the quarter, which added c. £376m to the platform, as well as positive investment performance.

The table below provides an overview of the sub-funds currently available on the London CIV platform.

Sub-fund	Asset Class	Manager	Total AuM as at 30 June 2017 (£m)	Total AuM as at 30 September 2017 (£m)	Number of London CIV clients	Inception Date
LCIV MJ UK Equity	UK Equity	Majedie	510	523	3	18/05/17
LCIV Global Equity Alpha	Global Equity	Allianz Global Investors	691	715	3	02/12/15
LCIV BG Global Alpha Growth	Global Equity	Baillie Gifford	1,674	1,742	9	11/04/16
LCIV NW Global Equity	Global Equity	Newton	659	661	3	22/05/17
LCIV LV Global Equity	Global Equity	Longview Partners	n/a	376	3	17/07/17
LCIV PY Total Return	Diversified growth fund	Pyrford	225	223	3	17/06/16
LCIV Diversified Growth	Diversified growth fund	Baillie Gifford	362	434	5	15/02/16
LCIV RF Absolute Return	Diversified growth fund	Ruffer	473	539	6	21/06/16
LCIV NW Real Return	Diversified growth fund	Newton	346	343	3	16/12/16
Total			**4,940**	**5,556**	**19**	

During the quarter, the Longview sub-fund was added. Longview and the London CIV are working together to plan the transition for the relevant funds. The London CIV is expecting to add the following three sub-funds over the coming months:

- Epoch Investment Partners – Global equity income sub-fund.
- RBC – Sustainable equity sub-fund.
- Janus Henderson – Emerging market equity sub-fund.

6 Majedie – UK Equity

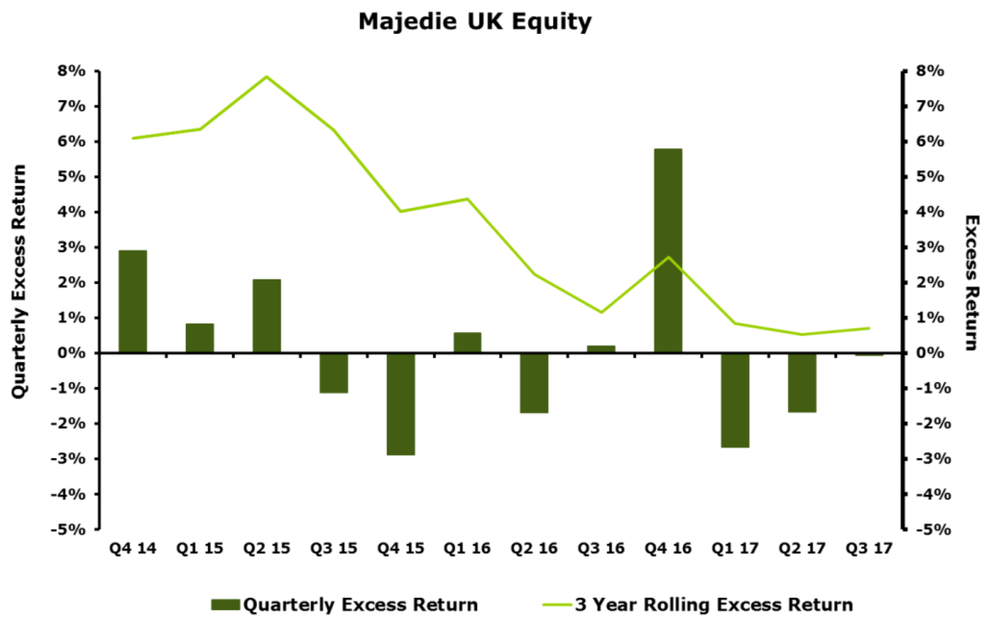
Majedie was appointed to manage an actively managed segregated UK equity portfolio. The manager's remuneration is a combination of a tiered fixed fee, based on the value of assets and a performance related fee of 20% of the outperformance which is payable when the excess return over the FTSE All Share +2% p.a. target benchmark over a rolling three year period. The investment with Majedie comprises a combination of the UK Equity Fund (no more than 30%), the UK Focus Fund and a holding in Majedie's long/short equity fund, Tortoise (no more than 10%).

6.1 UK Equity – Investment Performance to 30 September 2017

	Last Quarter (%)	One Year (%)	Two Years (% p.a.)(1)	Three Years (% p.a.)	Five Years (% p.a.)
Majedie – Gross of fees	2.2	13.5	13.2	9.5	13.6
Net of fees(1)	2.0	13.0	12.7	9.1	13.2
Benchmark	2.1	11.7	14.2	8.4	9.9
Target	2.6	13.7	16.2	10.4	11.9
Net performance relative to Benchmark	-0.1	1.3	-1.5	0.7	3.3

Source: Northern Trust

(1) Estimated by Deloitte



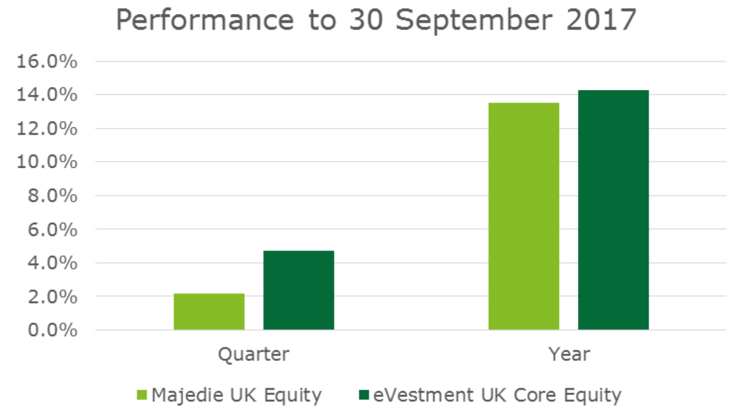
The Fund returned -2.0% net of fees over the quarter against a benchmark return of 2.1%, taking the annual performance net of fees to 13.0% versus the benchmark return of 11.7%. Over both the three year and five year periods, the Fund is ahead of the benchmark, albeit behind the stated outperformance target over the three year period.

6.2 Performance analysis

When analysing the performance of an active equity manager, it is important to understand the 'style' of the strategy and assess the performance and attribution with this in mind. One way to do this is to compare the performance with other products with a similar style.

The UK Equity Fund uses a multi-manager approach with 4 fund managers responsible for their own portfolios within the strategy. Each manager has a slightly different management style and therefore the Fund can, at times, display a bias to a particular style depending on the current market environment and the strength of views being expressed by the managers. The analysis below compares the UK Equity Fund to a universe of core UK equity managers, allowing us to analyse Majedie's chosen style drift as well as sector positioning and stock selection, versus this universe. The universe is provided by eVestment and contains 78 products across 38 firms.

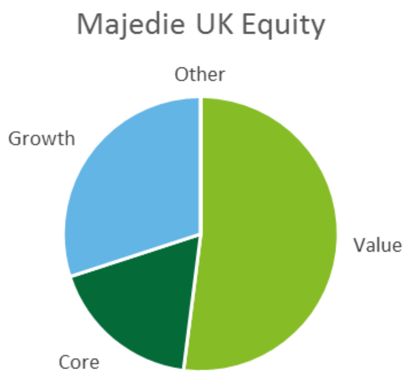
The chart below compares the performance of Majedie with its peer group (gross of fees).

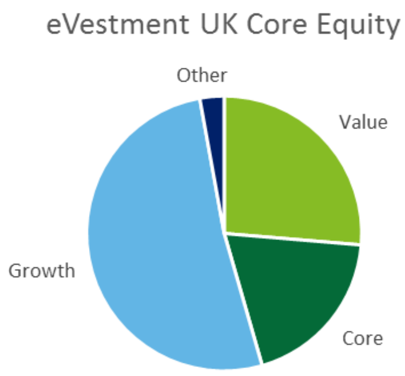


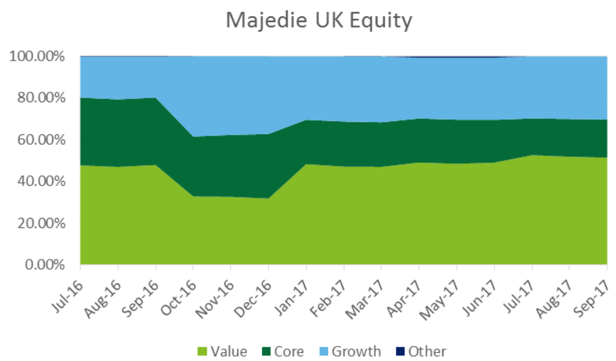
Majedie has underperformed the core equity universe by 2.5% over the quarter and by 0.8% over the year to 30 September 2017. Over the past year Majedie has had a value tilt in the portfolio (52% allocation versus average 26% across the peer group), reflecting concerns that the broader market is overvalued and, if there were to be a correction, the more cyclical value stocks would perform better in such an environment.

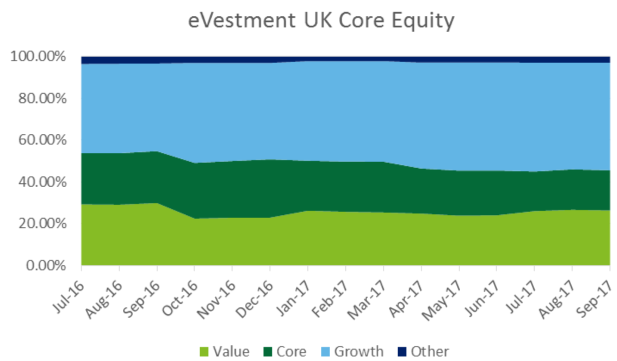
Source: eVestment.

The charts below show Majedie's style allocation over the quarter and year compared to the average allocation across the peer group.









Source: eVestment.

Majedie has had an overweight allocation to value and underweight to growth stocks over the past 6 months, relative to its peers. This illustrates Majedie's concerns on markets and represents a relatively defensive position should there be a market correction.

7 Legal and General – Global Equity

Legal and General Investment Manager ("LGIM") was appointed to manage a global equity portfolio with the objective of replicating the performance of the FTSE All World Index benchmark. The manager is remunerated on a tiered fixed fee based on the value of assets.

7.1 Global Equity – Investment Performance to 30 September 2017

	Last Quarter (%)	One Year (%)
LGIM – Gross of fees	1.9	15.0
Net of fees[1]	1.9	14.8
Benchmark	1.9	15.0
Net Performance relative to Benchmark	0.0	-0.1

Source: LGIM. Relative performance may not tie due to rounding.
(1) Estimated by Deloitte

The Fund performed in line with the benchmark over the quarter and slightly underperformed the benchmark over the year to 30 September 2017.

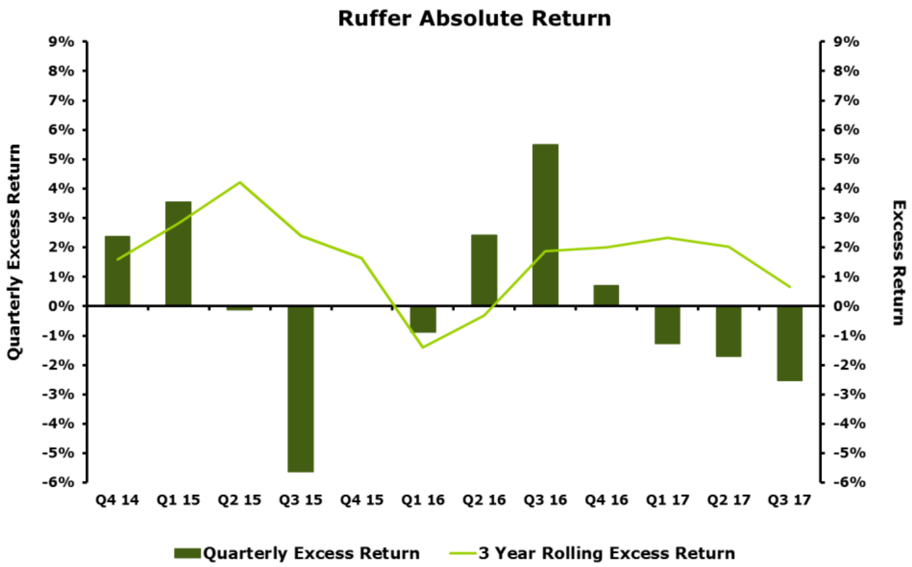
8 Ruffer – Absolute Return

Ruffer was appointed to manage an absolute return mandate with the aim of outperforming the 3 month Sterling LIBOR benchmark by 4% p.a. The manager has a fixed fee based on the value of assets.

8.1 Dynamic Asset Allocation – Investment Performance to 30 September 2017

	Last Quarter (%)	One Year (%)	Two Years (% p.a.)(1)	Three Years (% p.a.)	Five Years (% p.a.)
Ruffer - Gross of fees	-1.3	0.3	6.3	6.0	7.2
Net of fees(1)	-1.5	-0.5	5.5	5.1	6.4
Benchmark / Target	1.1	4.3	4.4	4.5	4.5
Net performance relative to Benchmark	-2.5	-4.9	1.0	0.7	1.8

Source: Northern Trust. Relative performance may not tie due to rounding.
(1) Estimated by Deloitte



Ruffer underperformed its Libor +4% p.a. target over the first quarter by 2.5% net of fees. This takes the 12 month and three year relative performance to -4.9% and 0.7% p.a. respectively.

A combination of a rally in sterling and a fall in expected UK inflation led to the negative performance of the Fund's index-linked bonds. Continued low volatility in equity markets also detracted from performance as the Fund's VIX options fell in value.

Ruffer's holdings in western equities had the largest contribution to portfolio return. Rising oil prices provided an increased return for BP over the quarter, meanwhile the strong performance of the music industry produced an increase in Vivendi's share price over the quarter.

Ruffer sees financial stocks as good value relative to the rest of the equity market. Ruffer believes their value is still largely based on historic events and feel these stocks also offer benefits in a reflationary environment. With c. 11% of the portfolio in financials, Ruffer will look to cut this position in the short term to capture gains.

The Fund's sterling allocation has reduced slightly over the quarter from 74% to 72%, with the sterling risk still remaining from the outcome of the election and Brexit uncertainties.

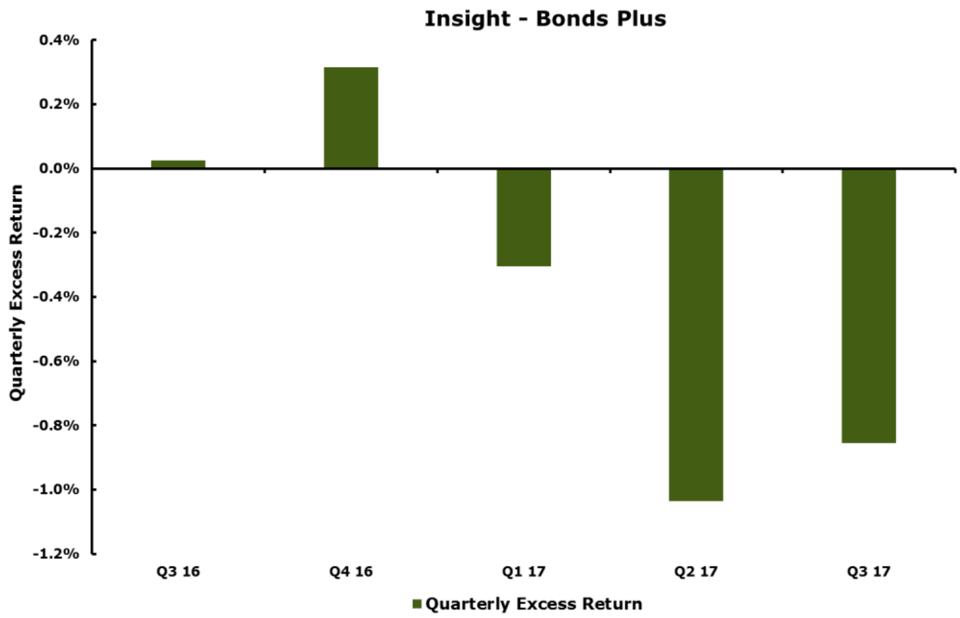
9 Insight – Bonds Plus

Insight was appointed to manage an active bond portfolio with an aim of outperforming the 3 Month Sterling LIBOR by 2% over a rolling three year period. The fees are based on the value of assets invested in the fund.

9.1 Absolute Return – Investment Performance to 30 September 2017

	Last Quarter (%)	One Year (%)
Insight - Gross of fees	-0.2	0.9
Net of fees(1)	-0.3	0.4
Benchmark / Target	0.6	2.3
Net performance relative to Benchmark	-0.9	-1.9

Source: Northern Trust. Relative performance may not tie due to rounding
(1) Estimated by Deloitte



Insight underperformed its target over the third quarter by 0.9% net of fees. Over the year to 30 September 2017, the Fund has underperformed its target by 1.9% net of fees.

The Fund's duration positioning was a detractor over the quarter, mainly due to tactical long positions in Germany and short positions in the UK.

Small positive contributions were achieved via the yield curve, investment grade credit and ABS with Insight's US short 10 year versus long 30 year positions benefitting from the US yield curve flattening, and the continued tightening of spreads.

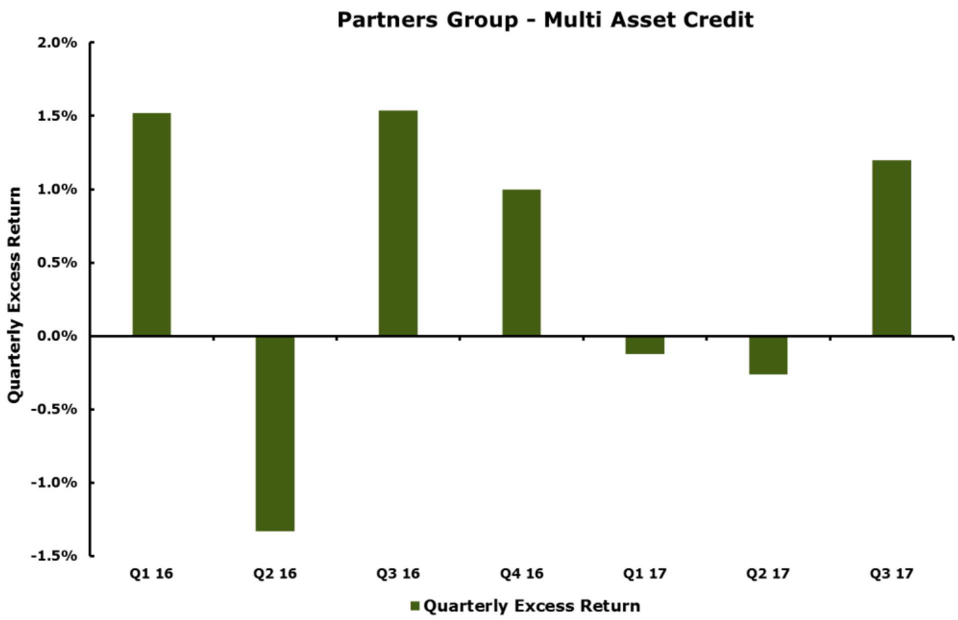
10 Partners Group – Multi Asset Credit

Partners Group was appointed to manage a multi asset credit mandate with the aim of outperforming the 3 month Sterling LIBOR benchmark by 4% p.a. The manager has an annual management fee and performance fee.

10.1 Multi Asset Credit - Investment Performance to 30 September 2017

	Last Quarter (%)	One Year (%)
Partners Group MAC - Gross of fees	2.5	7.1
Net of fees(1)	2.3	6.2
Benchmark / Target	1.1	4.3
Net performance relative to Benchmark	1.2	1.9

Source: Northern Trust. Relative performance may not tie due to rounding.

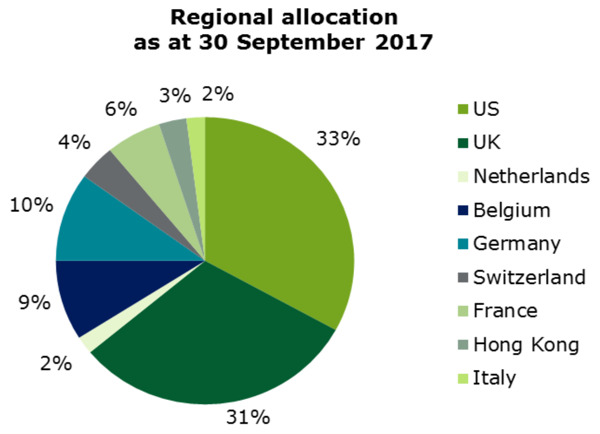


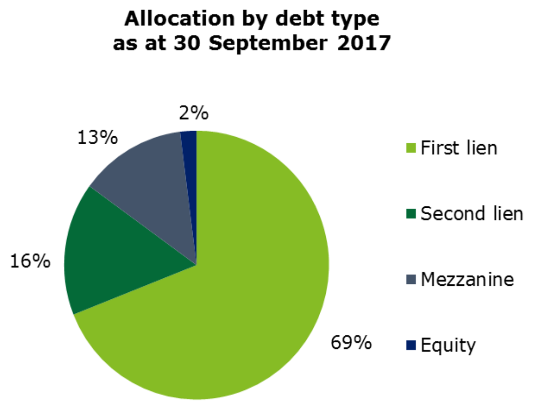
The Fund outperformed its benchmark over the quarter, net of fees, by 1.2% in absolute terms.

Over the 12 month period to 30 September 2017, the Fund returned 7.1%, net of fees, outperforming the benchmark by 1.9%.

10.2 Asset Allocation

The charts below show that the majority of the Fund is invested in senior secured debt.





Note: Based on information provided by Partners Group.

The table below shows details of the Fund's five largest holdings based on net asset value as at 30 September 2017.

Investment	Description	Type of Debt	Tranche	Maturity Date	Current IRR (%)	NAV (£m)	% of NAV
Mirion Technologies, Inc.	US Electronic company.	Corporate	First Lien	31 Mar 2022	6.1	8.2	5.8%
		Corporate	Second Lien	31 Mar 2023	8.3	6.5	
AS Adventure	Large European specialist multi-brand outdoor retail group.	Corporate	First lien	28 Apr 2022	5.0	14.2	5.6%
Advanced Computer Software	UK software developer.	Corporate	First lien	20 Mar 2022	6.8	13.4	5.3%
Motor Fuel Group	UK petrol station chain	Corporate	First Lien	15 July 2022	4.8	12.5	5.0%
Springer Science + Business Media	Large European global science & business publishing company.	Corporate	First Lien	14 Aug 2020	9.0	9.9	4.3%
		Corporate	Mezzanine	14 Aug 2021	4.7	0.8	

Note: Information provided by Partners Group. Current IRR is net of cost and fees of the investment partner but gross of Partners Group fees. For investments with a holding period less than 12 months, the IRR is not annualised.

10.3 Fund Activity

To date, the Fund has made investments in 54 companies, of which 18 have been fully realised. The 3 year investment period ended in July and the Fund is now in its realisation period. Partners Group will not make any new investments or replace assets if an existing asset is refinanced or repaid early. Any investments realised will be repaid to investors. As a result, Partners Group expects the distribution rate to increase.

Transactions over the quarter include:

- VFS Global Services – an operator of 2,300 visa application centres across 129 different countries. Partners Group provided c. £9.4m first and second lien senior debt as part of a refinancing plan of the company's capital structure. This was the final transaction prior to the end of the investment period.
- Bureau Van Dijk – Partners Group fully realised its investment, resulting in an IRR of 5.4% and investment multiple of 1.14x. This was one of the first investments made in the Fund in 2014.

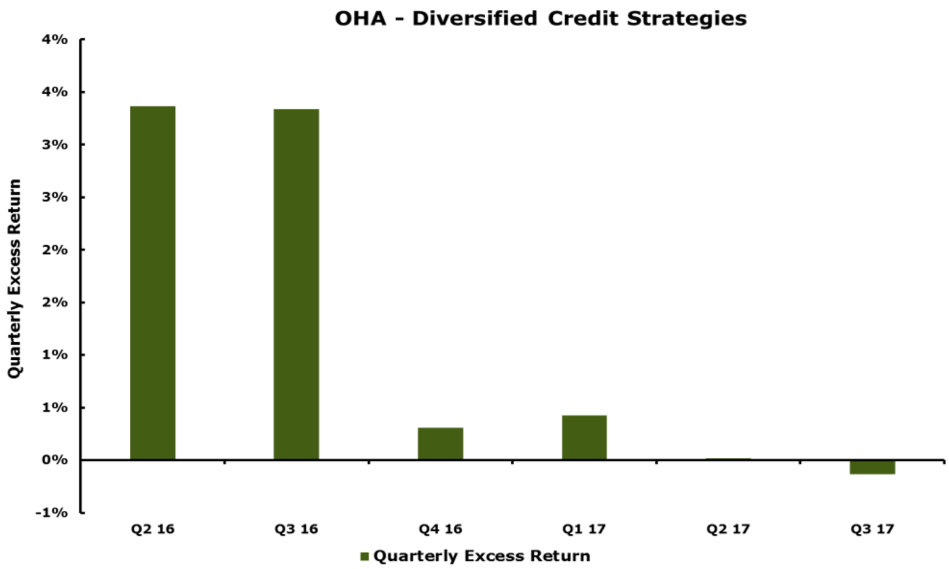
11 Oak Hill Advisors – Diversified Credit Strategies Fund

Oak Hill Advisors was appointed to manage a multi asset credit mandate with the aim of outperforming the 3 month Sterling LIBOR benchmark by 4% p.a. The manager has an annual management fee and performance fee.

11.1 Diversified Credit Strategies - Investment Performance to 30 September 2017

	Last Quarter (%)	One Year (%)
OHA – Gross of fees	1.1	5.7
Net of fees(1)	0.9	5.0
Target	1.1	4.3
Net Performance relative to Benchmark	-0.1	0.6

Source: Northern Trust. Relative performance may not tie due to rounding.



Over the quarter the Diversified Credit Strategies Fund delivered 0.9% net of fees, underperforming its target by 0.1%. Valeant Pharmaceuticals was the best performing holding over the quarter, which has been a core holding in the fund for some time. Ardagh Glass Finance posted strong results following its IPO earlier this year, and Brand Energy & TIBCO Software was also among the key holdings contributing to the positive performance.

On a sector basis, structured finance and healthcare, education & childcare were among the strongest performers. The oil & gas sector was the only sector to deliver a considerable negative return on a relative basis over the quarter (even though OHA only have a small exposure to this sector), utilities delivered a negligibly negative return with all other sectors yielding at least a small positive return.

Over the longer 12 months period to 30 September 2017, the Fund has returned 5.0% net of fees, outperforming its target by 0.6%. Oak Hill's outlook is of a high risk / high volatility market environment with a variety of geopolitical risk sources in 2017 such as the increased tension in the Korean peninsula, President Trump and risks to the recoveries of the US and Chinese economies. The Diversified Credit Strategies Fund is therefore intentionally defensively positioned, holding a high cash allocation which it holds as "dry powder" so that it can take advantage of any future volatility which is expected to cause price drops in the market.

12 Partners Group – Direct Infrastructure

Partners Group was appointed to manage a global infrastructure mandate with the aim of outperforming the 3 month Sterling LIBOR benchmark by 8% p.a. The manager has an annual management fee and performance fee.

12.1 Direct Infrastructure - Investment Performance to 30 September 2017

Activity

In August 2017, the Fund made a $945m investment in United States Infrastructure Corporation. The Corporation provides ground pipeline detection services for utility and construction companies. Partners Group note that the Corporation has a stable income stream characterised by long term contracts with highly rated utility companies.

Following quarter end, Partners Group has decided to sell one if its original investments in the Fund, Japan Solar General Partner. This is a solar platform that funds the construction and operation of utility-scale solar plants across the Japan. This has only recently been announced and we await further details from Partners Group on the sale, however initial suggestion is that it should realise a 3x money multiple. We will follow up with further details in due course.

Capital Calls

10 July

- The Fund issued a 10th closing notice taking commitments from 14 new investors, totalling c. €250m.
- The Fund also issued a Temporary Return of Capital to existing investors in order to equalise the Fund.
- Total Commitment after the close was €964m.

21 August

- The Fund issued an 11th closing notice and 11th capital call.
- The close added 6 new investors with commitments of c. €125m, taking the total Fund to c. €1,080m.

6 October (post quarter end)

- The Fund issued its 12th capital call, drawing down an additional c. 5.1% (€55m).
- Total drawn down following this call was c. 12.8%

Pipeline

The Fund is approximately half way through its investment period. The Fund has committed c. 40% to new investments and is expected to be c. 40% invested at the end of the year. The manager is at an advanced stage with a number of assets in its pipeline in each of the Europe, Americas and Asia-Pacific regions. These include a wind farm platform in Germany, two data centres in North America and an Australian urban toll road.

Investments Held

The table below shows a list of the investments held by the Partners Group Direct Infrastructure Fund as at 30 September 2017.

Investment	Description	Type	Sector	Country	Commitment Date
Fermaca	Gas infrastructure operator based in Mexico.	Lead	Energy	Mexico	July 2015
Japan Solar General Partner	Solar platform based in Japan	Joint-lead	Solar Power	Japan	July 2015
Silicon Ranch	Solar platform based in US	Lead	Solar Power	USA	April 2016
Axia NetMedie	Internet and data network provider based in Canada and France	Lead	Communication	Canada & France	July 2016
Merkur Offshore	Wind farm based in German North Sea.	Lead	Wind Power	Germany	August 2016
Green Island Renewable Solar Platform	Solar power platform in Taiwan.	Lead	Solar Power	Taiwan	September 2016
High Capacity Metro Trains PPP	Delivery and maintenance of rolling stock for Australian State government.	Lead	Transportation	Australia	November 2016
Raven	Midstream clean energy processing facility in Texas.	Lead	Energy	USA	December 2016
Sapphire Wind Farm	Onshore windfarm in Australia.	Lead	Wind Power	Australia	December 2016
USIC	Utility location services	Lead	Utilities	USA	August 2017

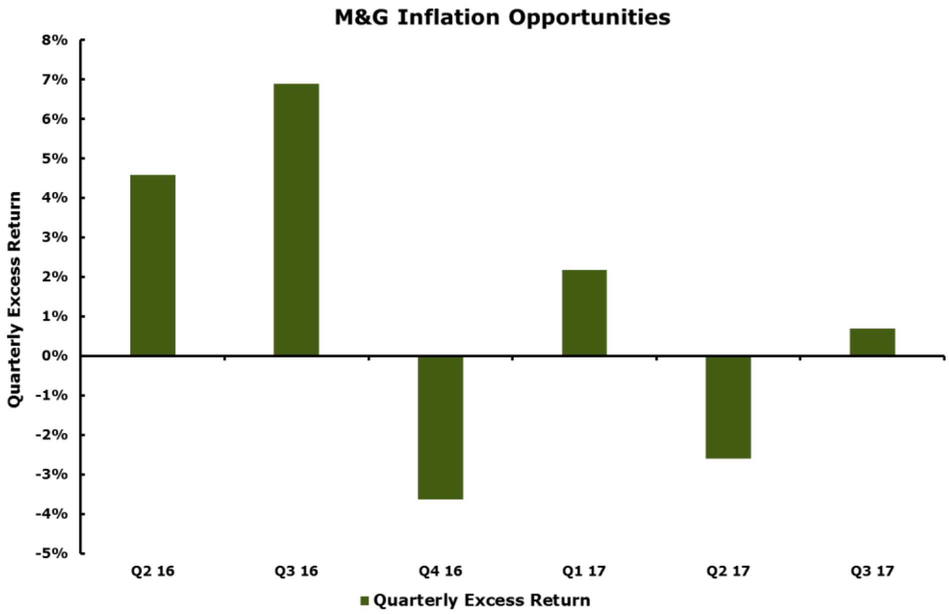
13 M&G – Inflation Opportunities

M&G was appointed to manage an inflation opportunities mandate with the aim of outperforming the RPI benchmark by 2.5% p.a. The manager has an annual management fee which is calculated based on the underlying assets

13.1 M&G Inflation Opportunities - Investment Performance to 30 September 2017

	Last Quarter (%)	One Year (%)
M&G Inflation Opportunities – Gross of fees	2.4	3.1
Net of fees(1)	2.3	2.7
Target	1.6	6.3
Net Performance relative to Benchmark	0.7	-3.6

Source: Northern Trust. Relative performance may not tie due to rounding.



Over the third quarter of 2017 the Fund returned 2.3% net of fees, outperforming the target by 0.7%. Over the longer 12 month period to 30 September 2017, the Fund has delivered a return of 2.7% net of fees, underperforming its target by 3.6%.

The Fund's positive performance over the quarter was driven by income strips and long lease property, cushioning the underperformance of index-linked gilts.

13.2 Activity

- The Fund made no new acquisitions over the third quarter of 2017.
- The Secured Property Income Fund ("SPIF") has recently undergone an interview to purchase a c. £250m asset for refurbishment, which the Fund is hopeful will have been successful. This purchase would make a considerable dent to the queue, which currently sits at c. £740m and looks to be increasing.
- The Secured Lease Income Fund ("SLIF") has a number of potential investments under consideration, including a transaction involving a local authority. The manager feels there is room in the portfolio for a higher degree of exposure to high quality credit, which this transaction would provide.

14 Aberdeen Standard Investments – Long Lease Property

Aberdeen Standard Investments was appointed to manage a long lease property mandate with the aim of outperforming the FT British Government All Stocks Index benchmark by 2.0% p.a. The manager has an annual management fee.

14.1 Long Lease Property - Investment Performance to 30 September 2017

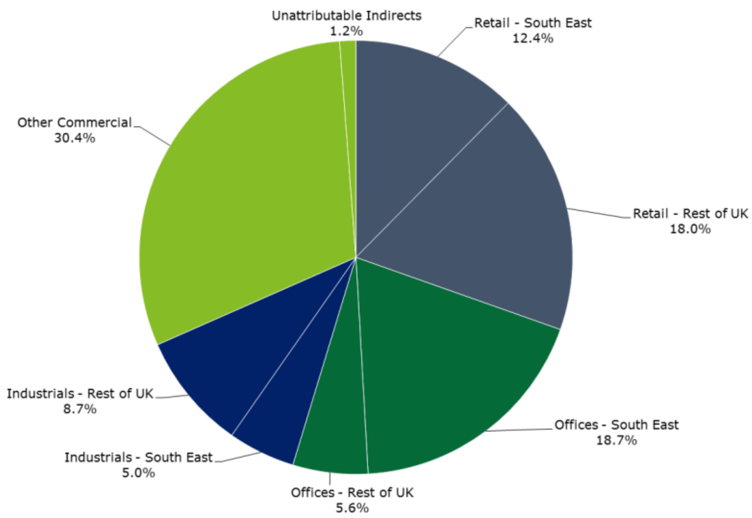
	Last Quarter (%)	One Year (%)
ASI Long Lease Property – Gross of fees	2.7	10.7
Net of fees(1)	2.6	10.2
Target	0.1	-1.6
Net Performance relative to Benchmark	2.5	11.8

Source: Northern Trust. Relative performance may not tie due to rounding.

The ASI Long Lease Property Fund returned 2.6% net of fees over the third quarter of 2017, outperforming the benchmark of the FTSE Gilt All Stocks Index + 2% by 2.5% net of fees.

14.2 Portfolio Holdings

The sector allocation in the Long Lease Property Fund as at 30 September 2017 is shown in the graph below.



The Fund's holdings in the office sector have decreased slightly from 24.4% as at 30 June 2017 to 24.3% as at 30 September 2017. Furthermore, the Fund's retail sector holdings have reduced significantly from 32.8% as at 30 June 2017 to 30.4%.

Throughout the quarter, the Fund's industrial weight has reduced from 13.9% to 13.7%, while the "other" weighting has increased from 28.9% to 31.6%, following the purchase of two assets in the healthcare and hotel sectors.

The table below shows details of the top ten tenants in the Fund measured by percentage of net rental income:

Tenant	Total Rent £m p.a.	% Net Income
Tesco	8.1	9.9
Whitbread	6.4	7.8
Sainsbury's	4.9	6.1
Marston's	4.6	5.7
Asda	4.4	5.4
QVC	4.0	4.9
Salford University	3.9	4.7
Save The Children	3.7	4.5
Steinhoff	3.6	4.4
Glasgow City Council	3.5	4.3
Total	**47.0**	**57.7***

*Total may not equal sum of values due to rounding

The top 10 tenants contribute 57.7% of the total net income into the Fund. Supermarkets continue to dominate with Tesco, Sainsbury's and Asda contributing 21.4% to the Fund's total net rental income as at 30 September 2017.

The Fund's average unexpired lease term decreased slightly over the quarter from 25.1 years to 24.7 years.

14.3 Sales and Purchases

There were three purchases over the quarter:

- The Fund made its second investment in the healthcare sector during the quarter, with the purchase of two-interconnected properties at 95 and 97 Harley Street, London, for £37.5m. Both buildings are let until 2040 with five-yearly rent reviews or minimum fixed increases. The lease is guaranteed by HCA international, part of the world's largest private hospital group.
- The Fund bought a 152-bed Premier Inn in Birmingham for £26.5m reflecting an initial yield of 4.14%. Originally brought to the market with an unexpired lease term of 13 years, the Fund subsequently completed the purchase on an extended 20-year lease term. Whitbread plc guarantees the lease, with five-yearly rent reviews linked to CPI at a cap and collar of 5% and 0%.

There were no sales during the quarter.

Appendix 1 – Fund and Manager Benchmarks

The tables in this Appendix detail the benchmarks and outperformance targets, for the Total Fund and each individual manager.

Total Fund

Inception: 31 December 1999.

Manager	Asset Class	Allocation	Benchmark	Inception Date
Majedie	UK Equity	22.5%	FTSE All-Share Index +2% p.a. over three year rolling periods	31/08/05
LGIM	Global Equity	22.5%	FTSE All World Index	30/11/15
Ruffer	Dynamic Asset Allocation	10.0%	3 Month Sterling LIBOR +4% p.a.	31/07/08
Insight	Bonds Plus	10.0%	3 Month Sterling LIBOR +2% p.a.	30/09/15
Invesco	Private Equity	0.0%	n/a	30/09/09
Unicapital	Private Equity	0.0%	n/a	30/09/09
Partners Group	Multi Asset Credit	7.5%	3 Month Sterling LIBOR +4% p.a.	28/01/15
Oak Hill Advisors	Multi Asset Credit	7.5%	3 Month Sterling LIBOR +4% p.a.	01/05/15
Partners Group	Infrastructure Fund	5.0%	3 Month Sterling LIBOR +8% p.a.	31/08/2015
M&G	Inflation Opportunities	10.0%	RPI +2.5%	01/05/15
Aberdeen Standard Investments	Long Lease Property	5.0%	FT British Government All Stocks Index +2.0%	09/04/15
	Total	**100.0%**		

Note, for the benchmark performance calculation, we assume a 10% allocation to Partners Group MAC and Oak Hill Advisors MAC, and 0% allocation to Partners Group Infrastructure. This will be re-weighted as the Infrastructure Fund is drawn down.

Appendix 2 – Manager Ratings

Based on our manager research process, we assign ratings to the investment managers for specific products or services. The ratings are based on a combination of quantitative and qualitative factors, where the inputs for the qualitative factors come from a series of focused meetings with the investment managers. The ratings reflect our expectations of the future performance of the particular product or service, based on an assessment of:

- The manager's business management;
- The sources of ideas that go to form the portfolio ("alpha generation");
- The process for including the ideas into the portfolio ("alpha harnessing"); and
- How the performance is delivered to the clients.

On the basis of the research and analysis, managers are rated from 1 (most positive) to 4 (most negative), where managers rated 1 are considered most likely to deliver outperformance, net of fees, on a reasonably consistent basis. Managers rated 1 will typically form the basis of any manager selection short-lists.

Where there are developments with an investment manager that cause an element of uncertainty we will make the rating provisional for a short period of time, while we carry out further assessment of the situation.

Appendix 3 – eVestment Attribution

eVestment Attribution provides holdings-based portfolio analysis tool, allowing deeper insight into how portfolio returns are generated, active returns to be de-composed and value-add from sector, style and regional effects to be quantified.

eVestment collects data directly from the investment managers. The calculations are based on holdings and may differ slightly from those provided by the manager.

Definitions

Allocation: Allocation effect captures the value added by the manager relative to the benchmark or peer group from active allocation to sectors, regions and styles. The Allocation effect isolates the manager's active weighting decisions relative to the benchmark or average allocations across a peer group. This captures the manager's 'top-down' skill.

Selection: Selection effect captures the value added by the manager relative to the benchmark or peer group from overweighting or underweighting specific stocks. The Selection effect isolates the manager's active stock selection decisions rather than holding the same securities as the benchmark or peer group. This captures the manager's 'bottom-up' skill.

Activity: This tracks the difference between the linked actual monthly returns and buy-and-hold monthly returns. This captures intra-period trading.

Timing: This measures the combined effects of compounding and changes in allocations and holdings through time.

Limitations

- Attribution analysis is available for a minimum period of one quarter and maximum period of 5 years.
- Only equity products are eligible for attribution analysis (this includes institutional, SMA, and ETF products).
- Holdings data is collected on a quarterly basis. Adjustments are made to account for intra-quarter trading activity.
- Managers are not permitted to view the holdings page for products other than those managed by their firm.

Universe construction

On an ongoing basis, all eVestment Universes are updated & scrubbed approximately 45 days after quarter-end, where several factors are considered, including:

- Screening of fundamental portfolio characteristics vs universe medians; emphasis on outliers, data trends and accuracy;
- Analysis of sector allocations vs existing eVestment style universes; emphasis on significant over/under-exposures to key "style" sectors (technology, financials, etc.);
- Statistical performance and risk screening versus appropriate benchmarks and universe medians, such as returns, standard deviation, tracking error and correlation coefficients over trailing and rolling time periods;
- Review of product narratives detailing a manager's investment strategy, screening process, portfolio construction methodologies and buy/sell disciplines;
- Manager reported capitalisation and style emphasis, or duration, quality and style emphasis and product benchmark.

Security eligibility and weight threshold requirements for individual portfolios apply to universe construction as well. After this process is complete, the eVestment team will collectively review preliminary classifications on new universe entrants and any suggested reclassifications of existing products. Following final agreement among the eVestment team, products are added or moved and new universes are promoted to the live eVestment system for use by all eVestment clients.

Appendix 4 – Risk warnings & Disclosures

- Past performance is not necessarily a guide to the future.
- The value of investments may fall as well as rise and you may not get back the amount invested.
- Income from investments may fluctuate in value.
- Where charges are deducted from capital, the capital may be eroded or future growth constrained.
- Investors should be aware that changing investment strategy will incur some costs.
- Any recommendation in this report should not be viewed as a guarantee regarding the future performance of the products or strategy.

Our advice will be specific to your current circumstances and intentions and therefore will not be suitable for use at any other time, in different circumstances or to achieve other aims or for the use of others. Accordingly, you should only use the advice for the intended purpose.

Our advice must not be copied or recited to any other person than you and no other person is entitled to rely on our advice for any purpose. We do not owe or accept any responsibility, liability or duty towards any person other than you.

Deloitte Total Reward and Benefits Limited is authorised and regulated by the Financial Conduct Authority.