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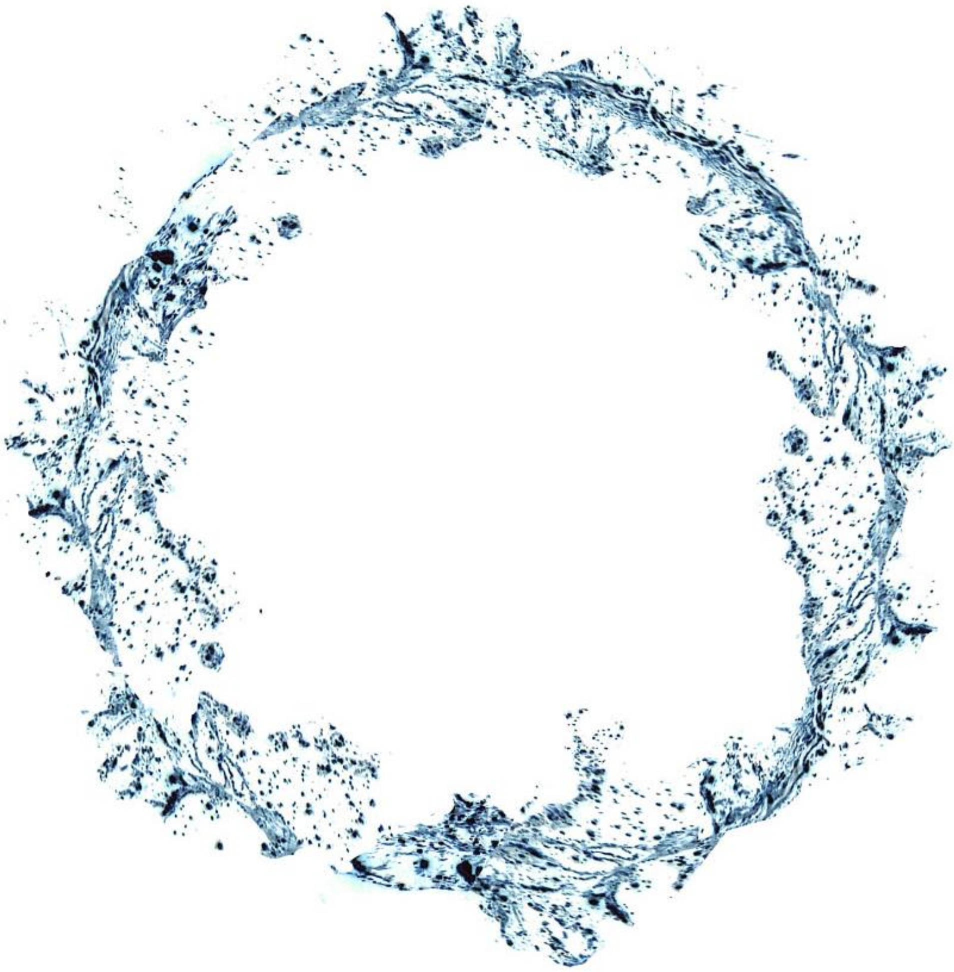


City of Westminster Pension Fund

Investment Performance Report to 30 September 2018

Deloitte Total Reward and Benefits Limited
November 2018

Contents

1 Market Background

Three and twelve months to 30 September 2018

After performing strongly over the 3 months to 30 June 2018, the UK equity market fell over the third quarter of 2018. The FTSE All Share Index delivered a return of -0.8% with heightened Brexit uncertainty, as the risk of a 'no deal' scenario increased, and a further escalation of trade tensions weighing on investors. These factors were partly offset by encouraging UK employment and wage growth data, and further weakening of sterling. The FTSE 100 Index fell by 0.7% while the FTSE 250 lost 1.8% over the quarter as smaller more UK-centric companies proving more exposed to Brexit related uncertainty. At the sector level, Health Care was the best performing sector returning 4.7%, while Telecommunications was the worst performing sector delivering a return of -6.6%.

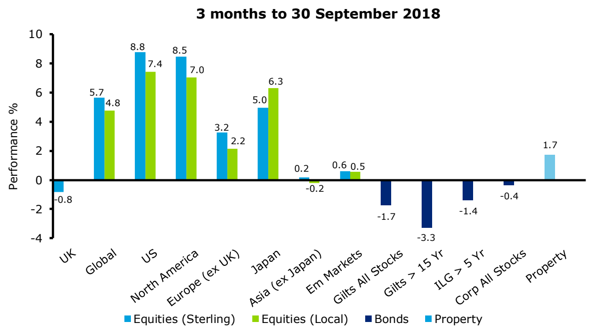
Global equity markets performed positively over the third quarter driven by the US, which continued to report strong earnings and robust economic data, despite a backdrop of geopolitical tensions and the escalating trade war. Other regions fared less well, particularly the Asia Pacific region and Emerging Markets which were disproportionally impacted by US tariffs. Overall, global equities outperformed UK equities in both local currency terms (4.8%) and sterling terms (5.7%). The weakening of sterling over the quarter meant that currency hedging detracted over the quarter. The US (8.8%) was the best performing region in local terms while the worst performing region, other than the UK, was Asia Pacific ex Japan which delivered a marginally negative return of -0.2%.

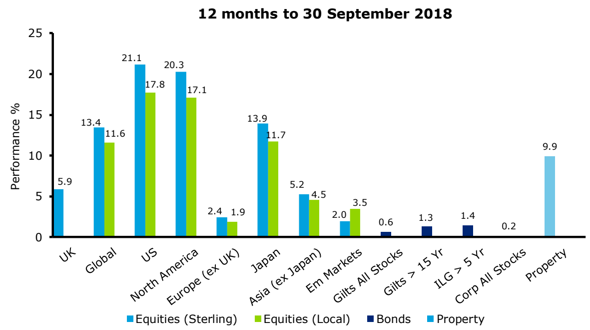
Nominal gilt yields increased across the curve as inflation expectations increased and the Bank of England raised the base rate from 0.5% to 0.75%. The All Stocks Gilts Index subsequently delivered a return of -1.7% over the quarter. Real yields fell at the very short end but increased for mid- and longer-dated maturities. The overall increase in real yields resulted in the Over 5 Year Index-Linked Gilts Index delivering a negative return of -1.4% over the period. Credit spreads narrowed over the third quarter, and the iBoxx All Stocks Non Gilt Index subsequently outperformed gilts of an equivalent duration falling by a more modest 0.4%.

Over the 12 months to 30 September 2018, the FTSE All Share delivered a positive return of 5.9%, which was attributable to the relatively stable global economic environment, and sterling weakness over the year boosting the value of overseas earnings. There was a wide dispersion of returns at the sector level over the 12-month period. Oil & Gas (19.4%) was the best performing sector as oil prices significantly increased over the period, while Telecommunications (-21.1%) was the poorest performing sector. Global equity markets outperformed the UK in both local (11.6%) and sterling terms (13.4%), representative of the relatively stronger economic environment overseas in the absence of Brexit related uncertainty.

UK nominal gilts delivered positive returns over the 12 months to 30 September 2018 as yields fell across most of the curve (there was an increase in yields at shorter maturities). The All Stocks Gilts Index returned 0.6% and the Over 15 Year Gilts Index returned 1.3%. UK index-linked gilts also delivered positive returns as real yields fell, with the Over 5 Year Index-Linked Gilts Index returning 1.4%. Credit spreads widened over the year to 30 September 2018 and corporate bonds underperformed gilts over the year, delivering a broadly flat return of 0.2%.

The IPD UK Monthly Property Index returned 1.7% over the quarter and 9.9% over the year to 30 September 2018, following continued strong demand for UK property despite the heightened uncertainty over Brexit.





2 Total Fund

2.1 Investment Performance to 30 September 2018

The following table summarises the performance of the Fund's managers.

Manager	Asset Class	Last Quarter (%)			Last Year (%)			Last 3 Years (% p.a.)[1]			Since inception (% p.a.)[1]		
		Fund		B'mark	Fund		B'mark	Fund		B'mark	Fund		B'mark
		Gross	Net[1]		Gross	Net[1]		Gross	Net[1]		Gross	Net[1]	
Majedie	UK Equity	-2.6	-2.8	-0.8	3.5	2.9	5.9	10.2	9.6	11.5	12.1	11.5	10.4
LGIM	Global Equity	5.1	5.1	5.1	11.1	11.1	11.1	13.5	13.5	13.5	12.5	12.5	12.5
Baillie Gifford	Global Equity	3.0	2.9	5.6	15.0	14.6	12.9	23.6	23.3	19.2	16.5	16.1	13.7
Longview	Global Equity	8.6	8.4	6.3	17.0	16.4	14.4	19.8	19.2	19.4	16.3	15.7	14.0
Insight	Buy and Maintain	-0.1	-0.1	-0.2	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Hermes	Property	2.7	2.6	1.7	11.0	10.6	9.7	9.2	8.8	8.1	10.3	9.9	8.8
Aberdeen Standard	Property	1.9	1.8	-1.2	8.8	8.3	2.6	8.1	7.6	5.0	9.1	8.6	6.0
Total		**2.3**	**2.2**	**2.4**	**9.0**	**8.6**	**7.9**	**13.1**	**12.7**	**11.7**	**n/a**	**n/a**	**n/a**

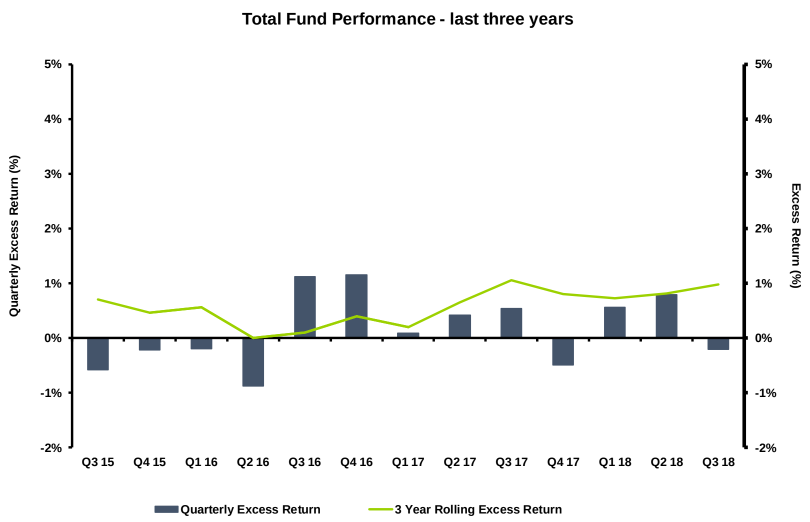
Source: Northern Trust

(1) Estimated by Deloitte when manager data is not available

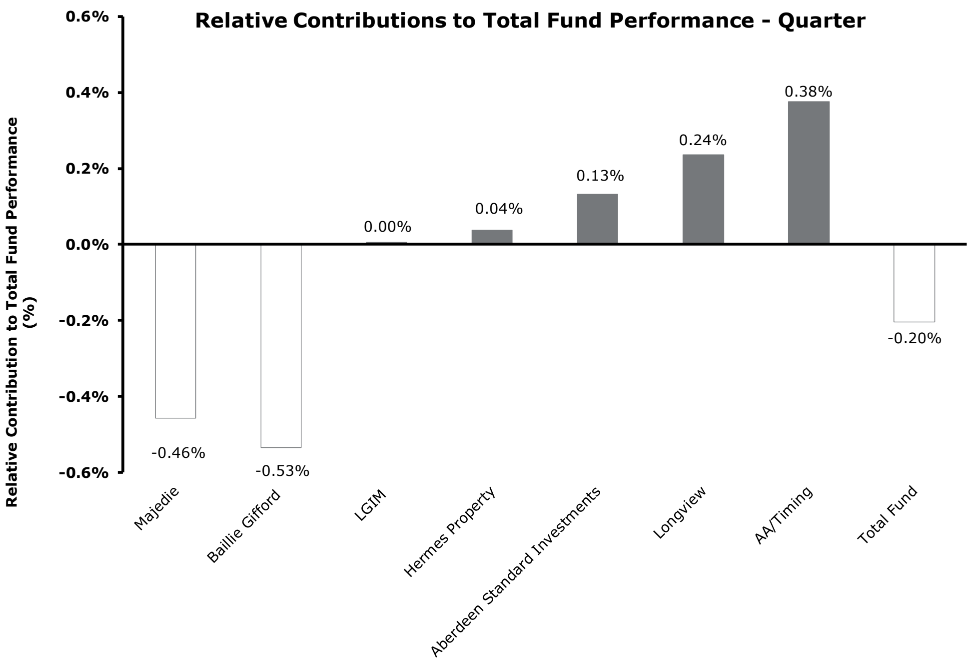
See appendix 1 for more detail on manager fees and since inception dates

The Fund underperformed its benchmark by 0.2% on a net of fees basis over the quarter to 30 September 2018. Over the one year and three year periods to 30 September 2018, the Fund outperformed its benchmark by 0.7% and 1.0% p.a. net of fees respectively.

The chart below shows the relative performance of the Fund over the quarter and last three years, highlighting that the rolling three-year performance is ahead of the benchmark. Please note that performance is shown net of fees versus the benchmark.

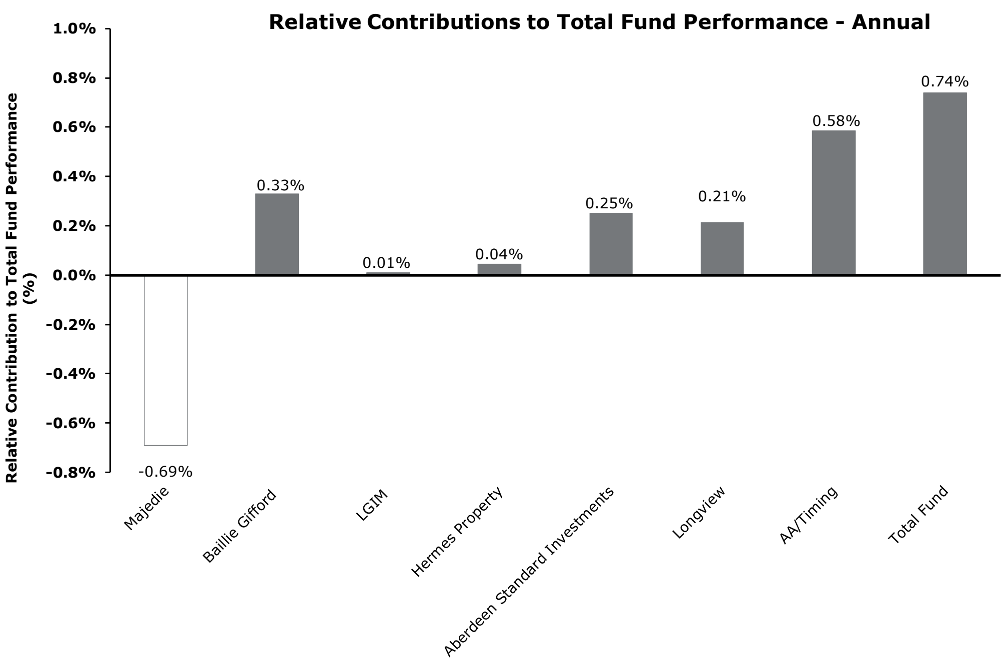


2.2 Attribution of Performance to 30 September 2018



On a net of fees performance basis, the Fund underperformed its benchmark by 0.2% over the third quarter of 2018. This was largely as a result of underperformance from Majedie and Baillie Gifford.

Over the year the Fund outperformed the benchmark by 0.7% driven by ouperformance from Baillie Gifford, Lonview and Aberdeen Standard.



2.3 Asset Allocation as at 30 September 2018

The table below shows the assets held by manager and asset class as at 30 September 2018.

Manager	Asset Class	End June 2018 (£m)	End Sept 2018 (£m)	End June 2018 (%)	End Sept 2018 (%)	Benchmark Allocation* (%)
Majedie	UK Equity	329.5	320.9	23.4	22.3	22.5
LGIM	Global Equity (Passive)	319.1	335.4	22.7	23.4	22.5
Baillie Gifford	Global Equity	283.4	292.0	20.2	20.3	25
Longview	Global Equity	155.4	168.7	11.1	11.7	
	Total Equity	**1,087.4**	**1,117.0**	**77.4**	**77.8**	**70**
Insight	Buy and Maintain	191.4	191.2	13.6	13.3	20
	Total Bonds	**191.4**	**191.2**	**13.6**	**13.3**	**20**
Hermes	Property	65.2	64.9	4.6	4.5	5
Aberdeen Standard	Property	61.7	62.9	4.4	4.4	5
To be determined	Property / Infrastructure	0.0	0.0	0.0	0.0	
	Total Property	**126.9**	**127.8**	**9.0**	**8.9**	**10**
	Total	**1,405.7**	**1,436.0**	**100**	**100**	**100**

Source: Northern Trust Figures may not sum due to rounding

* The benchmark allocation has been set to 70% equity, 20% bonds and 10% property to better align the benchmark performance calculation with the allocation and performance of the Fund. The Fund's long term strategic benchmark allocation includes a 5% allocation to Property / Infrastructure, which will be funded from the equity portfolio.

Over the quarter the market value of the assets increased by c. £30.3m, largely as a result of positive returns from the Fund's global equity investments.

As at 30 September 2018, the Fund was 7.8% overweight to equities when compared with the amended benchmark allocation and underweight bonds and property by c. 6.7% and 1.1% respectively.

In August 2018, the decision was taken to make a 6.5% allocation to CQS' Multi Asset Credit fund which is to be funded from the Longview mandate.

2.4 Yield analysis as at 30 September 2018

The table below shows the yield as reported by the managers on each of the Fund's investments.

Manager	Asset Class	Yield as at 30 September 2018
Majedie	UK Equity	2.90%**
Baillie Gifford	Global Equity	0.80%**
LGIM	Global Equity (Passive)	0.22%*
Longview	Global Equity	2.11%
Insight	Buy and Maintain	2.79%
Hermes Property	Property	4.10%
Aberdeen Standard Investments	Long Lease Property	4.05%
	Total	**1.47%**

*Benchmark yield is 2.4% (represents the income that would be distributed).
** Majedie and Baillie Gifford yields are provided by the London CIV and are historic yields, reflecting the distributions declared over the past 12 months as a percentage of average market value.
Majedie and BAiliie Gifford data is as at 30 June 2018.

3 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
Baillie Gifford	Global Equity	Loss of key personnel Change in investment approach Lack of control in growth of assets under management	1
Longview	Global Equity	Loss of key personnel Change in investment approach Lack of control in growth of assets under management	2
LGIM	Global Equity (Passive)	Major deviation from benchmark returns Significant loss of assets under management	1
Insight	Buy and Maintain	Departure of any of the senior members of the investment team	1
Hermes	Property	Significant growth in the value of assets invested in the fund Changes to the team managing the mandate	1
Aberdeen Standard Investments	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

3.1 London CIV

Business
As at 30 September 2018, the London CIV had 12 sub-funds and assets under management of £7.6bn. The total assets under oversight (which includes passive investments held outside of the CIV platform) increased over the quarter from c. £16.2bn to c. £17.3bn and represents c. 47% of the 32 London Borough's total AuM.

Personnel
The LCIV hired two new investment analysts over the quarter (Umer Nazir and Pruthvi Odedra) as well as welcoming back Maggie Abrahams as Deputy Chief Operating Officer. Will McBean also joined the client team over the quarter.

Deloitte view – It is crucial that steps are taken to rebuild the senior management team and an appropriate strategy agreed for taking the pool forward, getting "buy-in" from the shareholders. We are continuing to monitor developments on the business side as well as the new fund launches.

3.2 Majedie

Business
The total assets under management for Majedie was c. £14.1bn as at 30 September 2018, a decrease of c. £0.9bn over the third quarter of 2018.

Personnel
There were no significant team or personnel changes over the quarter to 30 September 2018.

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

3.3 Baillie Gifford

Business

Total assets under management as at 30 September 2018 was c. £196bn, an increase of c. £3bn from 30 June 2018.

Personnel

There have been no significant team or personnel changes over the quarter to 30 September 2018.

Deloitte view - We continue to rate Baillie Gifford positively for its equity capabilities.

3.4 LGIM

Business

As at 30 June 2018, Legal & General Investment Management ("Legal & General") had total assets under management ("AuM) of £985bn, an increase of £2bn since 31 December 2017.

Personnel

At a firm level, LGIM announced in July that Mark Zinkula, CEO of LGIM (UK), would be retiring on 31 August 2019. The announcement had been expected to an extent, as Mark had always made clear his period based in the UK would be finite and that he planned to return to the US. The 13-month notice period is expected to give LGIM sufficient time to appoint a replacement and ensure a smooth transition.

In August, LGIM announced that Siobhan Boylan, Chief Financial Officer, would be leaving at the end of the year. In October, LGIM announced that Richard Lee would be taking on the CFO role from November. Richard, currently Group Performance Director, was previously CFO and Chief Risk Officer for Legal & General Retirement.

At the Index team level, there were no new joiners but one leaver over the third quarter of 2018, as Harvey Sidhu left his role as Head of Index Plus.

At the LDI team level, LGIM announced that Simon Wilkinson, Head of Solutions Portfolio Management, will be leaving the firm to pursue other interests. Guy Whitby-Smith, previously Co-Head of LDI Portfolio Construction, was promoted to replace Simon as Head of Solutions Portfolio Manager with effect from October 2018. Guy has worked closely with Simon and has played a leading role in his previous position in evolving LGIM's business beyond traditional LDI strategies into a wider range of holistic risk management solutions. LGIM have confirmed they will shortly be announcing two further senior appointments in the investment team.

During the third quarter of 2018, there were two new joiners to the LDI team and three leavers. Two new solutions portfolio managers – Fiona Wu and Camille Paret – were hired, while Jeremy Rideau (Portfolio Solutions Pooled Fund Manager), Azeem Malik (Quantitative Modelling Analyst) and Natalie Stimpson (Solutions Strategist) left their respective roles.

Deloitte View - We continue to rate Legal & General positively for its passive and LDI capabilities. We feel the changes to the LDI team, particularly the departure of Simon Wilkinson, are significant given Simon's status. While we do not have any major concerns at this stage, we will continue to monitor updates of LGIM's succession plan.

3.5 Longview

Business

As at 30 September 2018, Longview managed c. £21.4bn on behalf of its clients.

During the third quarter of 2018, net flows out of the firm amounted to c. $315m due to continued de-risking among UK Corporate DB Pensions Schemes.

Personnel

There were no changes to the Investment Team over the third quarter of 2018.

Deloitte view – The departure of Ramzi Rishani in March means that both of Longview's founding partners are no longer involved in the business. This is a significant departure given Ramzi's current role and involvement in the success of the business to date. Taking these factors into account, we would not put this strategy forward for new business. The decision has been taken to disinvest from the strategy however given the current overweight to equities, the proceeds are to be invested in a new fixed income strategy (CQS) and infrastructure strategy.

3.6 Insight

Business

Insight's total AuM remained broadly unchanged over the quarter, with over £600bn in assets under management, as at 30 September 2018. The Insight Buy and Maintain fund held assets under management of c. £2.1bn as at 30 September 2018.

Personnel

Insight made no changes to their Buy and Maintain fund team over the quarter.

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

3.7 Hermes

Business

Total assets under management increased by c. £2.0bn to £35.3bn over the third quarter of 2018. Assets under management within the HPUT remained relatively constant at c. £1.6bn over the quarter to 30 September 2018.

Personnel

There were no changes to the HPUT team over the quarter.

Deloitte view –We continue to rate the team managing HPUT and at this stage, see no reason to change this.

3.8 Aberdeen Standard Investments – Long Lease Property

Business

The Fund's assets under management increased by £0.1bn to c. £2.3bn as at 30 September 2018

Personnel

There were no team changes for the Long Lease Property Fund over the third quarter.

Process

Since the two businesses merged, ASI has put in place a formalised process where all potential transactions are reviewed and an "allocation policy" applied where interest is expressed in the investment by more than one fund/client portfolio.

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

4 London CIV

4.1 Investment Performance to 30 September 2018

As at 30 September 2018, the London CIV had 12 sub-funds and assets under management of £7,572m. The total assets under oversight (which includes passive investments held outside of the CIV platform) increased over the quarter from c. £16.2bn to £17.3bn.

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 2018 (£m)	Total AuM as at 30 September 2018 (£m)	Number of London CIV clients	Inception Date
LCIV MJ UK Equity	UK Equity	Majedie	546	526	3	18/05/17
LCIV Global Equity Alpha	Global Equity	Allianz Global Investors	114	120	1	02/12/15
LCIV BG Global Alpha Growth	Global Equity	Baillie Gifford	2,183	2,371	12	11/04/16
LCIV NW Global Equity	Global Equity	Newton	575	616	3	22/05/17
LCIV LV Global Equity	Global Equity	Longview Partners	516	683	4	17/07/17
LCIV EP Income Equity	Global Equity	Epoch Investment Partners	225	235	2	08/11/17
LCIV HN Emerging Market Equity	Global Equity	Henderson Global Investors	105	186	3	11/01/18
LCIV RBC Sustainable Equity Fund	Global Equity	RBC Global Asset Management (UK)	269	283	2	18/04/18
LCIV PY Total Return	Diversified growth fund	Pyrford	312	315	5	17/06/16
LCIV Diversified Growth	Diversified growth fund	Baillie Gifford	507	637	8	15/02/16
LCIV RF Absolute Return	Diversified growth fund	Ruffer	902	912	10	21/06/16
LCIV NW Real Return	Diversified growth fund	Newton	338	194	2	16/12/16
LCIV MAC Fund	Multi Asset Credit	CQS	343	492	6	31/5/18
Total			**6,937**	**7,572**		

Over the quarter, the NW Real Return sub fund (managed by Newton) lost one London Boroughs from its client list. Whereas the MAC sub fund (managed by CQS) added two new London Boroughs to its client list and each of the Global Alpha Growth (managed by Baillie Gifford), Global Equity (managed by Longview Partners), Emerging Market Equity (managed by Henderson Global Investors) and Diversified Growth (managed by Baillie Gifford) sub funds each added another London Borough to their client list.

5 Baillie Gifford – Global Equity

Baillie Gifford was appointed to manage an active Global Equity mandate from 18 March 2014. The manager is remunerated on an asset based fee, reflecting the total value of assets invested in the strategy across the Tri-borough. The target is to outperform the benchmark of 2% p.a.

5.1 Global equity – Investment performance to 30 September 2018

	Last Quarter (%)	Last Year (%)	Last 3 Years (% p.a.)	Since Inception (% p.a.)
Baillie Gifford – Gross of fees	3.0	15.0	23.6	16.5
Net of fees	2.9	14.6	23.3	16.1
MSCI AC World Index	5.6	12.9	19.2	13.7
Relative (net of fees)	-2.7	1.7	4.1	2.4

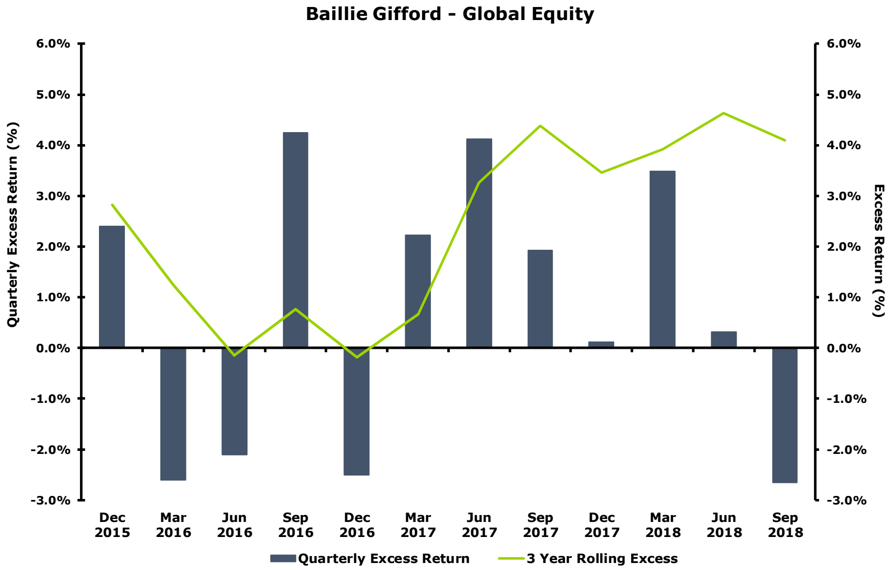
Source: Northern Trust and estimated by Deloitte.

See appendix 1 for more detail on manager fees

Inception date taken as 18 March 2014

The Baillie Gifford Global Equity Alpha Fund underperformed its benchmark by 2.7% over the quarter to 30 September 2018 on a net of fees basis. Over the year the Fund outperformed the benchmark by 1.7% net of fees.

The graph below shows the net quarterly returns and the rolling three year excess returns relative to the benchmark. The Fund's current three year excess return is ahead of the target (+2% p.a.) having outperformed the benchmark by 4.1% p.a.



5.2 Performance Analysis

The top 10 holdings in the portfolio account for c. 25.9% of the Fund and are detailed below.

Top 10 holdings as at 30 September 2018	Proportion of Baillie Gifford Fund
Amazon	4.4%
Naspers	3.0%
Prudential	2.8%
Anthem	2.6%
Apache	2.4%
Taiwan Semiconductor Manufacturing	2.3%
SAP	2.1%
Mastercard	2.1%
AIA	2.1%
Moody’s	2.1%
Total	**25.9%**

Note: The numbers in this table may not sum due to rounding.
Source: London CIV.

The tables below shows the top 5 and bottom 5 contributors to performance over the quarter to 30 September 2018.

Top 5 contributors as at 30 September 2018	Contribution (%)
Amazon	+0.88
Taiwan Semiconductor Manufacturing	+0.50
Advanced Micro Devices	+0.50
Anthem	+0.40
Grubhub	+0.33

Positive attribution was dominated by technology and internet-enabled businesses, including Amazon, Taiwas Semiconductor Manufacturing, Advanced Micro Devices and Grubhub. Baillie Gifford has since reduced positions in all four of these stocks and has deployed capital in earlier stage opportunities.

Naspers provided the largest negative contribution to performance over the quarter to 30 September 2018, after providing strong positive returns over the previous quarter. This follows the Chinese government’s announcement that they would temporarily freeze license approvals on new games, with a significant proportion of Naspers’ revenues coming from Tencent.

Top 5 detractors as at 30 September 2018	Contribution
Naspers	-0.47
Zillow	-0.27
Alibaba	-0.23
Ryanair	-0.21
Facebook	-0.20

6 LGIM – Global Equity (Passive)

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.

6.1 Passive Global Equity – Investment Performance to 30 September 2018

	Last Quarter (%)	Last Year (%)	Last 3 Years (% p.a.)	Since Inception (% p.a.)
LGIM - Gross of fees	5.1	11.1	13.5	12.5
Net of fees[1]	5.1	11.1	13.5	12.5
FTSE World (GBP Hedged) Index	5.1	11.1	13.5	12.5
Relative (net of fees)	0.0	0.0	0.0	0.0

Source: Northern Trust

(1) Estimated by Deloitte

See appendix 1 for more detail on manager fees

Inception date taken as 1 November 2012 (prior to that the mandate was an active equity mandate). The portfolio aims to track the benchmark.

The investment objective of the Fund is to track the performance of the FTSE AW-World Index (less withholding tax if applicable) - GBP Hedged (with the exception of advanced emerging markets) to within +/-0.5% p.a. for two years out of three.

The LGIM Fund successfully tracked its benchmark over the quarter to 30 September 2018. The Fund also performed in line with its benchmark over the one year and three year periods respectively.

7 Majedie – UK Equity

Majedie was appointed to manage an active UK equity mandate. The manager's remuneration is a combination of a fixed fee based on the value of assets and a performance related fee which is payable when the excess return of the portfolio over a rolling 3 year period is more than 1% p.a. The target is to outperform the benchmark by 2% p.a.

7.1 Active UK Equity – Investment Performance to 30 September 2018

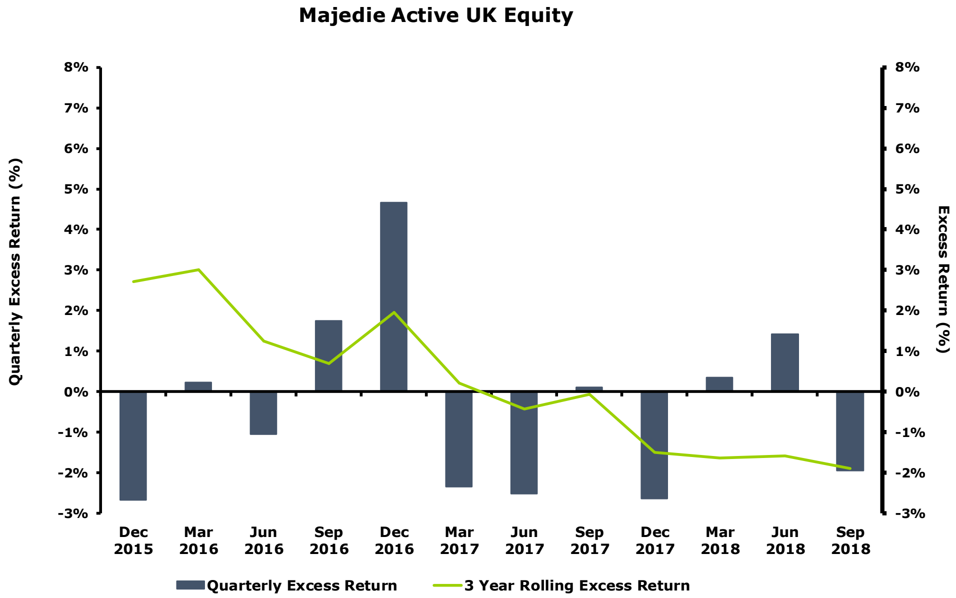
	Last Quarter (%)	Last Year (%)	Last 3 Years (% p.a.)	Since Inception (% p.a.)
Majedie - Gross of fees	-2.6	3.5	10.2	12.1
Net of fees[1]	-2.8	2.9	9.6	11.5
MSCI AC World Index	-0.8	5.9	11.5	10.4
Relative (on a net basis)	-2.0	-3.0	-1.9	1.1

Source: Northern Trust

(1) Estimated by Deloitte

See appendix 1 for more detail on manager fees

Inception date taken as 31 May 2006



Over the quarter to 30 September 2018, Majedie underperformed its benchmark by 2.0% net of fees. The Majedie fund also underperformed its benchmark over one year and three years to 30 September 2018 by 3.0% and 1.9% p.a. respectively on a net of fees basis.

7.2 Performance Analysis

The top 10 holdings in the UK Equity strategy account for c. 49.7% of the Fund and are detailed below.

Top 10 holdings as at 30 September 2018	Proportion of Majedie Fund
Majedie Asset Management Special	8.7%
BP	8.2%
Royal Dutch Shell	8.2%
Tesco	5.4%
GlaxoSmithKline	4.2%
WM Morrison	3.6%
HSBC	3.4%
Centrica	3.0%
Orange	2.8%
Vodafone	2.2%
Total	**49.7%**

Note: The numbers in this table may not sum due to rounding.
Source: London CIV.

The tables below shows the top 5 and bottom 5 contributors to performance over the quarter to 30 September 2018.

Top 5 contributors as at 30 September 2018	Contribution (bps)
BP	+0.27
WM Morrison	+0.14
BT	+0.14
Ensco	+0.14
JLT	+0.14

Top 5 detractors as at 30 September 2018	Contribution (bps)
Majedie Asset Management Special	-0.45
Tesco	-0.36
Vodafone	-0.26
Ryanair	-0.25
Kaz Minerals	-0.23

The Fund’s holdings in the Majedie Asset Management Special, Tesco plc and Vodafone Group plc provided the biggest detractions to performance over the quarter to 30 September 2018.

8 Longview – Global Equity

Longview was appointed on 15 January 2015 to manage an active global equity mandate. The manager's remuneration is based on the value of assets invested across the Tri-borough. The expectation is that the fund will outperform the benchmark by 3% p.a.

8.1 Active Global Equity – Investment Performance to 30 September 2018

	Last Quarter (%)	Last Year (%)	Last 3 Years (% p.a.)	Since Inception (% p.a.)
Longview - Gross of fees	8.6	17.0	19.8	16.3
Net of fees[1]	8.4	16.4	19.2	15.7
MSCI World Index	6.3	14.4	19.4	14.0
Relative (on a net basis)	2.1	2.0	-0.2	1.7

Source: Northern Trust

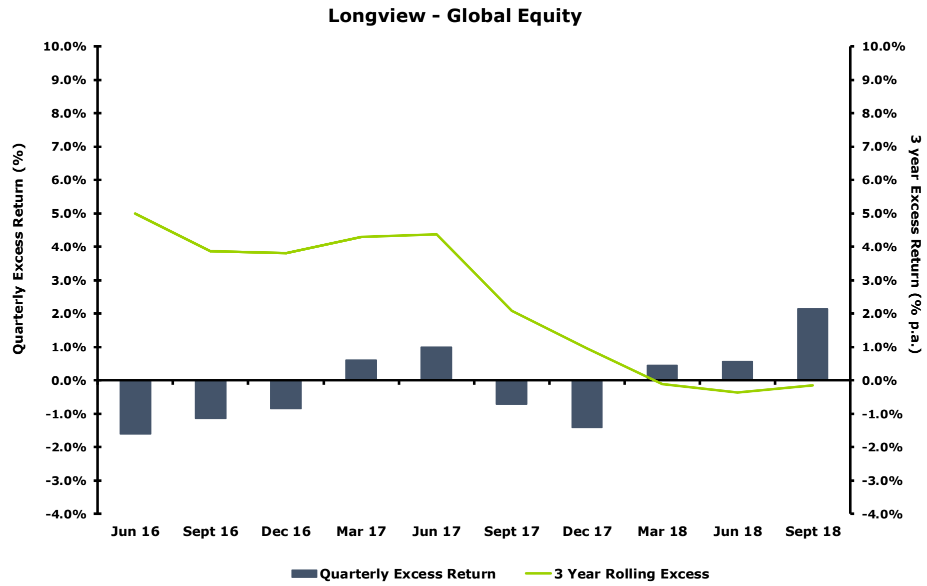
(1) Estimated by Deloitte

See appendix 1 for more detail on manager fees

Inception date 15 January 2015

Longview outperformed its benchmark by 2.1% over the quarter to 30 September 2018 and by 2.0% over the year to 30 September 2018 net of fees basis. Although Longview underperformed its benchmark by 0.2% p.a. over the three years to 30 September 2018.

The Fund targets an outperformance of 3% p.a. over a three year period. The chart below shows the quarter and rolling three year returns.



8.2 Performance Analysis

The tables below represent the top 5 and bottom 5 contributors to performance over the quarter to 30 September 2018.

Top 5 contributors as at 30 September 2018	Contribution
HCA Healthcare	+1.14
IQVIA	+0.91
Pfizer	+0.59
WW Grainger	+0.46
Henry Schein	+0.45

The Fund's holdings in HCA Healthcare, IQVIA and Pfizer were amongst the largest contributors to performance over the third quarter of 2018. In addition, WW Grainger continued to see positive results from its strategic price cuts last year.

Continental were the largest detractor to performance over the quarter for the second quarter in succession.

Top 5 detractors as at 30 September 2018	Contribution
Continental	-0.99
Henkel	-0.49
State Street	-0.47
Willis Towers Watson	-0.42
Bank of NY Mellon	-0.38

9 Insight – Buy and Maintain

Insight was appointed to manage a buy and maintain credit portfolio. The fund aims to invest in predominantly investment grade credit which the manager believes can be held to maturity. The manager's fee is based on the value of assets.

9.1 Buy and Maintain Fund - Investment Performance to 30 September 2018

	Last Quarter (%)
Insight IBAM - Gross of fees	-0.1
Net of fees[1]	-0.1
iBoxx £ Non-Gilt 1-15 Yrs Index	-0.2
Relative (on a net basis)	0.1

Source: Northern Trust

(1) Estimated by Deloitte

See appendix 1 for more detail on manager fees

Inception date taken as 12 April 2018.

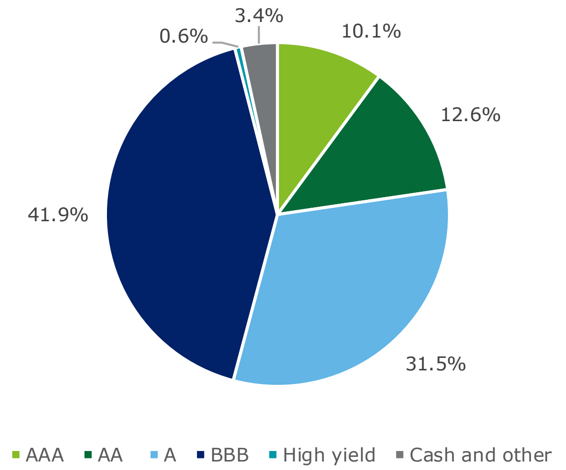
Over the quarter to 30 September 2018 the Insight Buy and Maintain Fund performed in line with its temporary iBoxx non-gilt benchmark on a net of fees basis.

9.2 Performance Analysis

The table below summarises the Buy and Maintain portfolio's key characteristics as at 30 September 2018.

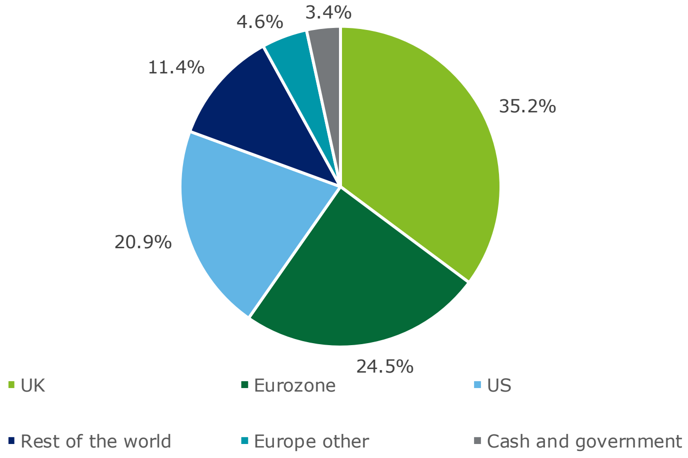
	30 Sept 2018
No. of issuers	157
Modified duration (years)	8.2
Spread duration (years)	7.9
Government spread (bps)	135
Largest issuer (%)	1.4
10 largest issuers (%)	11.4

The graph below shows the split of the Buy and Maintain portfolio by credit rating.



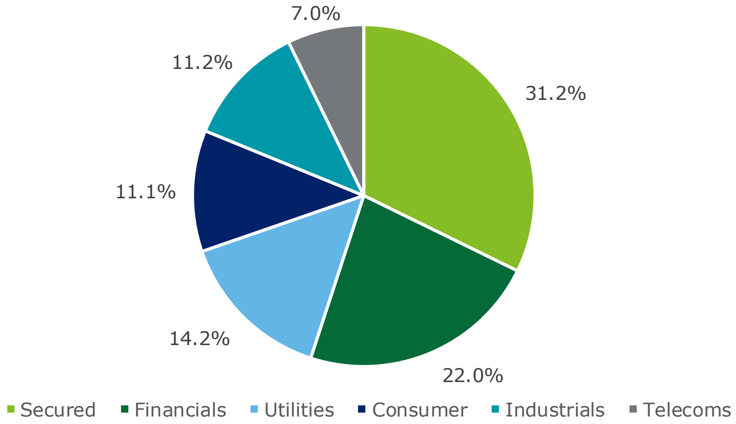
The Fund's investment grade holdings made up c. 96.1% of the portfolio as at 30 September 2018, with the fund predominantly invested in AA and A rated bonds.

The graph below shows the split of the Buy and Maintain portfolio by country.



As at 30 September 2018, the Fund's UK and Eurozone holdings made up c. 59.7% of the portfolio.

The graph below shows the split of the Buy and Maintain portfolio by sector as at 30 September 2018.



The table below shows the top 10 issuers by market value as at 30 September 2018.

Issuer name	Rating*	Holding (%)
Prudential	BBB+	1.36
Volkswagen	BBB+	1.26
Corp	AA-	1.25
Santander	AAA	1.19
Nie Finance	A-	1.12
Daimler	A	1.07
Western Power	A-	1.06
United Airlines	A+	1.04
Equity Release Fund	A	1.04
American Airlines	AA+	1.04

*Ratings provided by Insight.

10 Hermes – Property

Hermes was appointed to manage a core UK property portfolio. The manager is remunerated on a fixed fee based on the value of assets. The target is to outperform the benchmark by 0.5% p.a.

10.1 Property – Investment Performance to 30 September 2018

	Last Quarter (%)	Last Year (%)	Last 3 Years (% p.a.)	Since Inception (% p.a.)
Hermes - Gross of fees	2.7	11.0	9.2	10.3
Net of fees[1]	2.6	10.6	8.8	9.9
Benchmark	1.7	9.7	8.1	8.8
Relative (on a net basis)	0.9	0.9	0.7	1.1

Source: Hermes

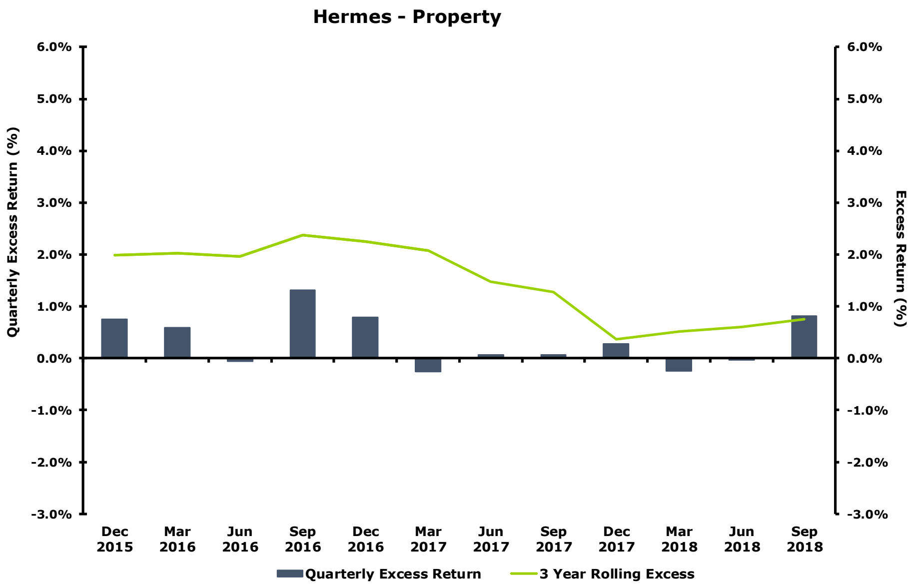
(1) Estimated by Deloitte

See appendix 1 for more detail on manager fees

Inception date is taken as 26 October 2010

Hermes outperformed the benchmark by 0.9% over the quarter on a net of fees basis, returning 2.7% in absolute terms. The strategy outperformed its benchmark by 0.9% and 0.7% p.a. (net of fees) respectively over the year and three years to 30 September 2018. The Fund has outperformed its benchmark by 1.1% p.a. since inception, and hence is ahead of the target (to outperform the benchmark by 0.5% p.a.) over the period since inception to 30 September 2018.

Key contributors to the performance over the quarter came from properties in the Industrial sector, with the "Other" and Leisure sectors also contributing positively to performance. The Retail Warehouses sector was a detriment to performance over the quarter with valuation declines reflecting poor investor sentiment for retail assets generally, and a number of tenant administrations specifically within HPUT's portfolio.



10.2 Sales and Purchases

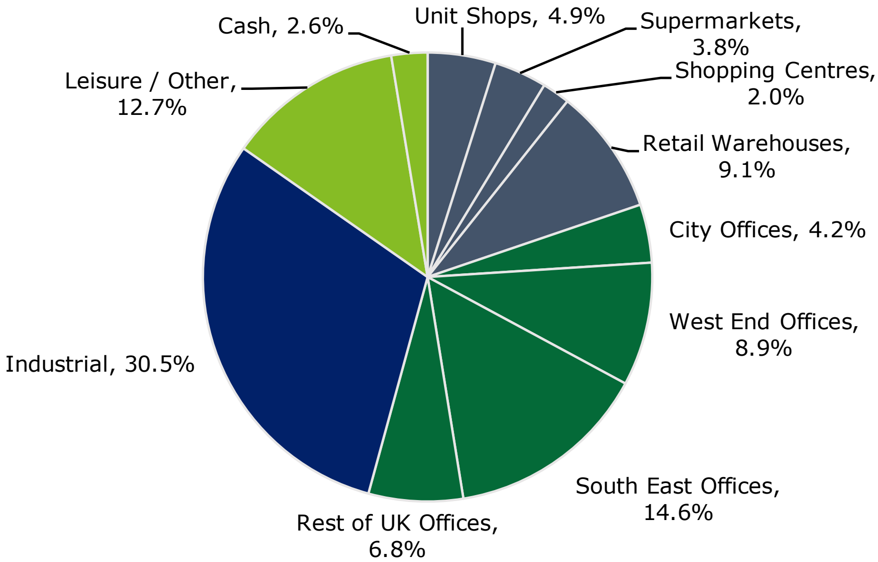
In July 2018, the Trust purchased a multi-let industrial estate located in the South Eastern industrial market for £27.5 million, reflecting an initial yield of 4.85% (including rental guarantees), an equivalent yield of 4.80%, and a capital value per sq.ft. of £145. There is a strong occupier interest for the four newly developed, but vacant, industrial units which are subject to 12 month rental guarantees. The principal tenant is SPX which occupies 109,739 sq. ft. on a lease expiring in 2026 (tenant break in 2021).

In September 2018, the Trust exchanged for the sale of the Yarnfield Park Training & Conference Centre property, with completion in December 2018 for £16.0 million reflecting a net initial yield of 6.3% and a premium to valuation as at end of August 2018 of 9.5% (purchased in June 2015 for £9.5 million). The delayed completion will provide the Trust with additional rental income.

A long lease of The Porter Building, Slough, was sold to a developer in 2015 with the developer under an obligation to redevelop the office property. The Trust retained the freehold and a capital payment (on the sale of the lease to the developer) was deferred until completion of the project. In August 2018 the investment was sold and the Trust's deferred payment was settled, and the Trust received an excess payment to reflect the strong investment returns delivered by the project. This investment delivered a total return of 32.8% during Q3.

10.3 Portfolio Summary as at 30 September 2018

The Hermes Property Unit Trust invests across retail, offices, industrials and other sectors, with the split as at 30 September 2018 shown below.



The table below shows the top 10 directly held assets in the Fund as at 30 September 2018, representing c.32.5% of the Fund.

Asset	Sub-sector	Value (£m)
Maybird Shopping Park, Stratford-upon-Avon	Retail Warehouses	97.0
8/10 Great George Street, London SW1	Offices	65.3
Polar Park, Bath Road, Heathrow	Industrial	54.7
Horndon Industrial Park, West Horndon, CM13	Industrials	49.1
27 Soho Square, London W1	Offices	46.3
Charlton Gate, London	Industrials	45.0
Broken Wharf House, London	Leisure/Other	42.0
Sainsbury's, Beaconsfield	Supermarket	41.2
Hythe House, Hammersmith	Offices	40.0
Camden Works, Oval Road, London NW1	Offices	39.7
Total		**520.3**

11 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.

11.1 Long Lease Property – Investment Performance to 30 September 2018

	Last Quarter (%)	Last Year (%)	Last 3 Years (% p.a.)	Since Inception (% p.a.)
Aberdeen Standard - Gross of fees	1.9	8.8	8.1	9.1
Net of fees[1]	1.8	8.3	7.6	8.6
Benchmark	-1.2	2.6	5.0	6.0
Relative (on a net basis)	3.0	5.7	2.6	2.6

Source: Aberdeen Standard Investments

(1) Estimated by Deloitte

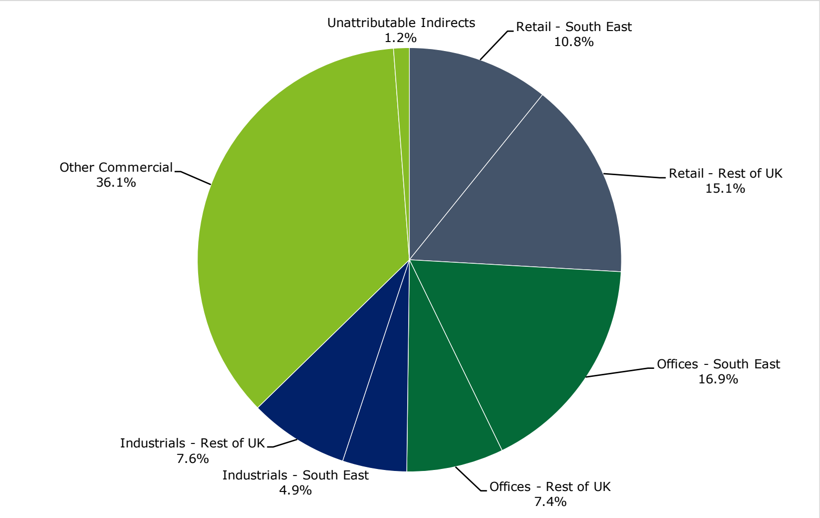
See appendix 1 for more detail on manager fees

Since inception: 14 June 2013

The ASI Long Lease Property Fund returned 1.8% net of fees over the quarter to 30 September 2018, outperforming the benchmark of the FTSE Gilt All Stocks Index + 2% by 3.0% net of fees.

11.2 Portfolio Holdings

The sector allocation in the Long Lease Property Fund as at 30 September 2018 is shown in the graph below.



The Fund’s holdings in the office sector has increased slightly from 22.9% as at 30 June 2018 to 24.3% as at 30 September 2018.

Throughout the third quarter, the Fund's industrial weight decreased from 12.9% to 12.5%, while the "other" weighting has increased slightly from 37.2% to 37.3%.

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	8.2	8.4
Whitbread	6.4	6.6
Sainsbury's	5.0	5.1
Marston's	4.9	5.1
Asda	4.4	4.5
QVC	4.0	4.1
Salford University	4.0	4.1
Save The Children	3.8	3.9
Park Holidays UK Limited	3.6	3.7
Steinhoff	3.6	3.7
Total	**48.1**	**49.2 ***

*Total may not equal sum of values due to rounding

The top 10 tenants contribute 49.2% of the total net income into the Fund. Supermarkets continue to make up a significant part of the fund with Tesco, Sainsbury's and Asda contributing 18.0% to the Fund's total net rental income as at 30 September 2018.

The Fund's average unexpired lease term increased over the quarter from 26.5 years to 26.7 years.

The proportion of the Fund's income with fixed, CPI or RPI rental increases increased from 93.7% to 94.0% over the quarter.

11.3 Sales and Purchases

Over the third quarter of 2018:

- The Fund finalised the sale and leaseback of an office asset in Bristol for £51.9m, representing a net initial yield of 4.5%. This 85,000 sq. ft. Grade A office was let to Imperial Brands on a 20 year lease. The lease has five-yearly, upward-only reviews, CPI-linked with a cap and collar of 4% and 0% p.a.

- The Fund also purchased a further three holiday parks in Suffolk and Kent operated by Park Holidays UK Limited for £21.8m, reflecting a net initial yield of 3.1%. This was an off-market transaction given ASI's previous relationship with the company, acquiring another portfolio in 2017. The transaction was structured on a ground rent basis with a lease term of 99 years and annual rent set at 12% of the underlying earnings for each park.

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: 1 June 2006. Current benchmark allocation effective from 25 March 2015.

Manager	Asset Class	Long Term Strategic Benchmark Allocation	Benchmark	Outperformance Target	Inception Date	Fees (p.a.)	Tracking Error p.a.
Majedie	UK Equity	20.0	FTSE All-Share Index	+2.0 p.a. (net of fess)	31/05/06	c.35bps base fees +20 performance fee on 1 outperformance over 3 year rolling	**2.0-6.0**
LGIM	Global Equity	20.0	FTSE World GBP Hedged	Passive	01/11/12	13bps base fees	**+/- 0.5**
Baillie Gifford	Global Equity	25.0	MSCI AC World Index	+2.0 p.a. (net of fess)	18/03/14	36bps base fee	
Longview	Global Equity		MSCI World (GBP) Index	To outperform the benchmark over a market cycle	15/01/15	75bps base fees minus a rebate dependent on fund size	
Insight	Buy and Maintain	20.0	Insight Custom Benchmark	n/a	12/04/18	9.5bps base fees	
Hermes		5.0	IPD UK PPFI Balanced PUT Index	+0.5 p.a. (net of fess)	26/10/10	40bps base fee	
Aberdeen Standard Investments	Property	5.0	FTSE Gilts All Stocks Index +2% p.a.	+0.5 p.a. (net of fess)	14/06/13	50bps on first £25m, 40bps on next £25m, 30bps thereafter	
To be determined	Property / Infrastructure	5.0					
	Total	**100.0**					

For the purposes of our performance calculations we have assumed the 5% awaiting allocation to property / infrastructure is split evenly between Majedie and LGIM.

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 – 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.

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