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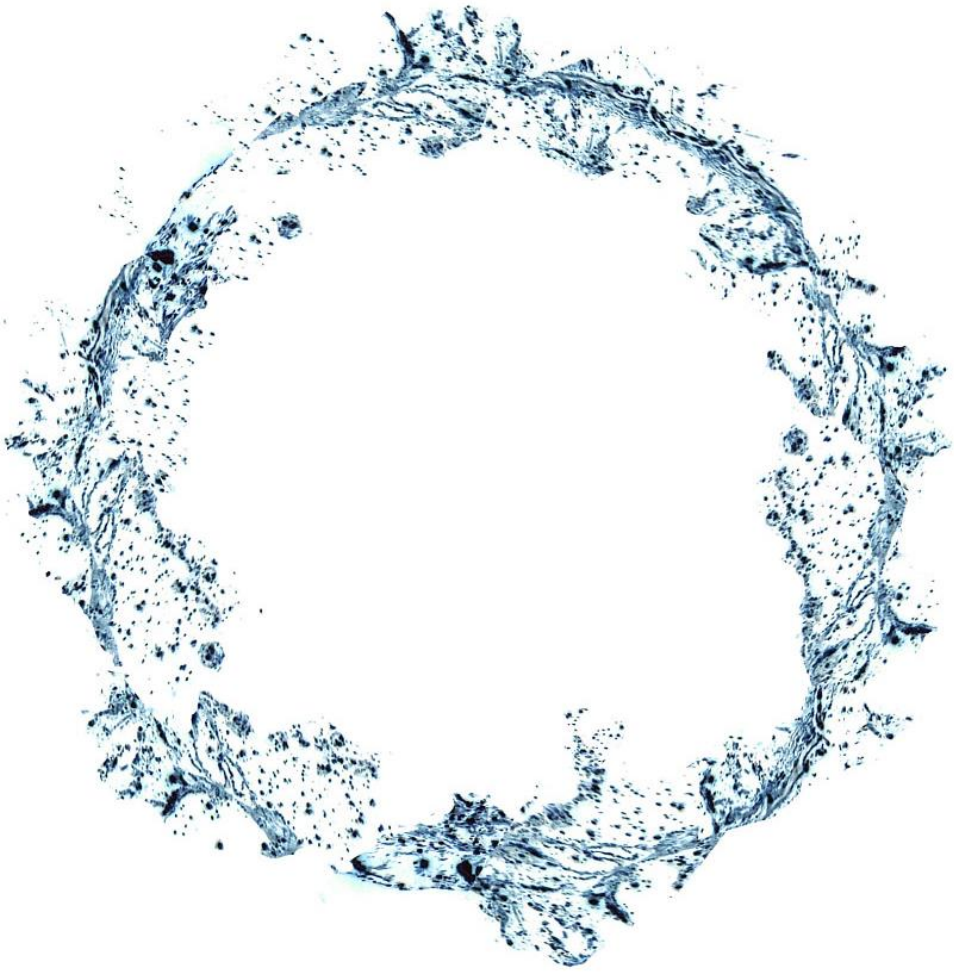


City of Westminster Pension Fund

Investment Performance Report to 31 December 2018

Deloitte Total Reward and Benefits Limited
March 2019

Contents

1 Market Background

Three and twelve months to 31 December 2018

Global equity markets experienced a sharp downturn over the fourth quarter with economic data signalling a slowdown in economic activity across all global regions, fuelling fears of declining global growth. In addition, the potentially detrimental impact of monetary tightening, particularly in the US, and the ongoing US-China trade war continue to weigh on investors.

The UK equity market also fell over the fourth quarter as the FTSE All Share Index delivered a negative return of -10.2%. As well as the aforementioned global slowdown and trade war fears, UK markets were also impacted by further uncertainty over Brexit as the Prime Minister struggled to gain support from MPs for her deal and the risk of a 'cliff-edge' no deal Brexit became more pronounced.

The FTSE 100 Index fell by 9.6% while the FTSE 250 lost 13.3% over the quarter as smaller more UK-centric companies suffered most from the Brexit related uncertainty, whilst larger international companies benefitted, to some extent, from sterling weakness which boosted the value of their overseas revenues. At the sector level, Health Care was the best performing sector returning -3.2%, while Industrials was the worst performing sector delivering a return of -17.5%.

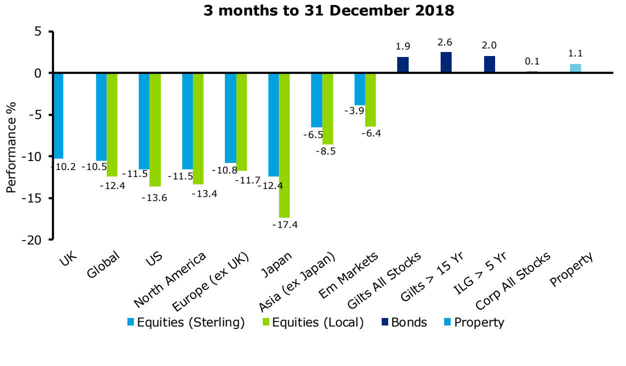
Global markets as a whole underperformed UK equities in both local currency terms (-12.4%) and sterling terms (-10.5%). The weakening of sterling over the quarter meant that currency hedging detracted from returns delivered to investors over the quarter. All regions experienced negative returns, with Japan (-17.4%) and the US (-13.6%) the worst performers when measured in local currency terms.

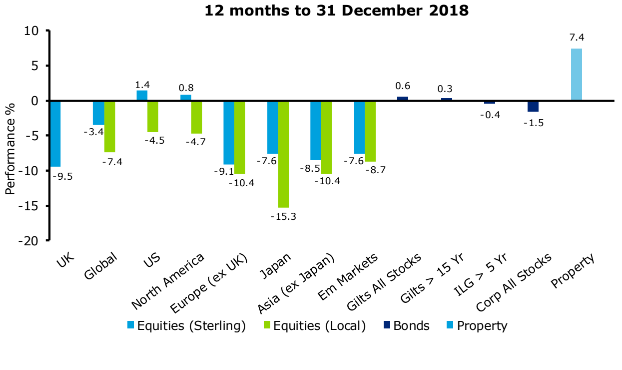
Nominal gilt yields fell across the curve and the All Stocks Gilts Index delivered a positive return of 1.9% over the fourth quarter. Real yields also fell with the Over 5 Year Index-Linked Gilts Index delivering a return of 2.0% over the same period. Credit spreads widened by around 30 bps over the fourth quarter, offsetting the effect of falling gilt yields. Corporate bond returns were broadly flat with the iBoxx All Stocks Non Gilt Index returning 0.1% over the quarter.

Over the 12 months to 31 December 2018, the FTSE All Share delivered a negative return of -9.5% following the sharp falls over the fourth quarter. At the sector level, all sectors experienced a negative absolute return with the exception of Health Care which returned 9.4%, whilst Telecommunications was the poorest performing sector delivering a negative return of -28.2%. Global equity markets outperformed the UK in both local (-7.4%) and sterling terms (-3.4%), driven by particularly strong performance in the US prior to the last 3 months of the year.

UK nominal gilts achieved modest returns over the 12 months to 31 December 2018, with income offsetting the slight increase in yields. The All Stocks Gilts Index returned 0.6% and the Over 15 Year Gilts Index returned 0.3% over the year. UK index-linked gilts delivered negative returns as the real yield curve steepened over the year. Real yields fell at shorter durations but rose at longer maturities with the Over 5 Year Index-Linked Gilts Index returning -0.4%. Corporate bonds underperformed gilts over the year to 31 December 2018 as credit spreads widened. The iBoxx All Stocks Non Gilt Index delivered a negative return of -1.5% over the year.

The IPD UK Monthly Property Index returned 1.1% for the quarter and 7.4% over the year to 31 December 2018. Whilst demand for UK property from both UK and overseas investors remains, and was the main driver behind the strong 12 month returns, the weaker performance in the fourth quarter suggests the property market is beginning to cool in light of Brexit uncertainty and a slowing UK economy.





2 Total Fund

2.1 Investment Performance to 31 December 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	-10.4	-10.5	-10.3	-9.5	-10.1	-9.5	5.7	5.1	6.1	10.0	9.4	8.4
LGIM	Global Equity	-13.0	-13.0	-13.0	-8.2	-8.2	-8.2	6.3	6.3	6.3	9.5	9.4	9.5
Baillie Gifford	Global Equity	-12.3	-12.4	-10.7	-4.0	-4.4	-3.8	13.8	13.5	11.9	12.4	12.0	10.3
Longview	Global Equity	-7.9	-8.1	-11.4	4.2	3.6	-3.0	14.6	13.9	11.6	12.8	12.2	9.7
Insight	Buy and Maintain	0.0	0.0	0.3	n/a	n/a	n/a	n/a	n/a	n/a	5.9	5.8	5.1
Hermes	Property	1.0	0.9	1.3	8.1	7.7	7.5	8.5	8.1	7.5	10.1	9.7	8.7
Aberdeen Standard	Property	1.7	1.6	2.4	7.5	7.0	2.6	8.2	7.7	6.1	9.0	8.5	6.2
CQS[2]	Multi Asset Credit	-1.9	-2.1	0.8	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Total		**-8.7**	**-8.8**	**-7.7**	**-4.0**	**-4.4**	**-4.3**	**8.2**	**7.8**	**7.2**	**n/a**	**n/a**	**n/a**

Source: Northern Trust

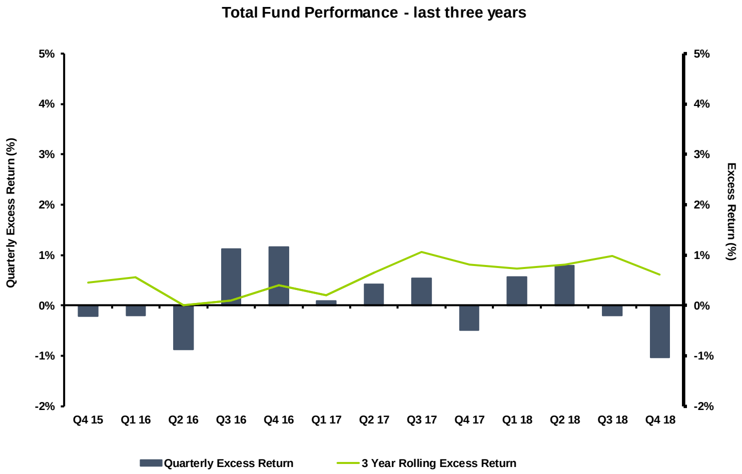
(1) Estimated by Deloitte when manager data is not available

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

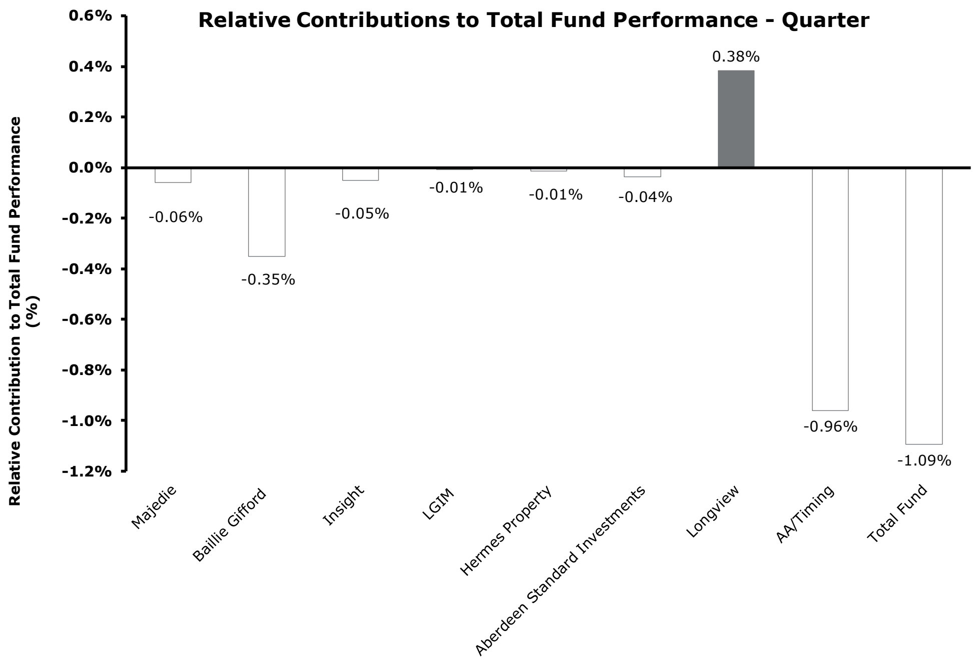
(2) CQS Fund date of inception of 30 October 2018. Returns and benchmark returns reflect CQS Multi Asset Credit Fund and benchmark returns from date of inception until end of quarter

Over the quarter to 31 December 2018, the Fund underperformed its benchmark by 1.1% on a net of fees basis. Over the 12 month period to 31 December 2018, the Fund marginally underperformed its benchmark on a net of fees basis by 0.1% whilst the Fund has outperformed its benchmark by 0.6% p.a. over the longer three year period.

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.

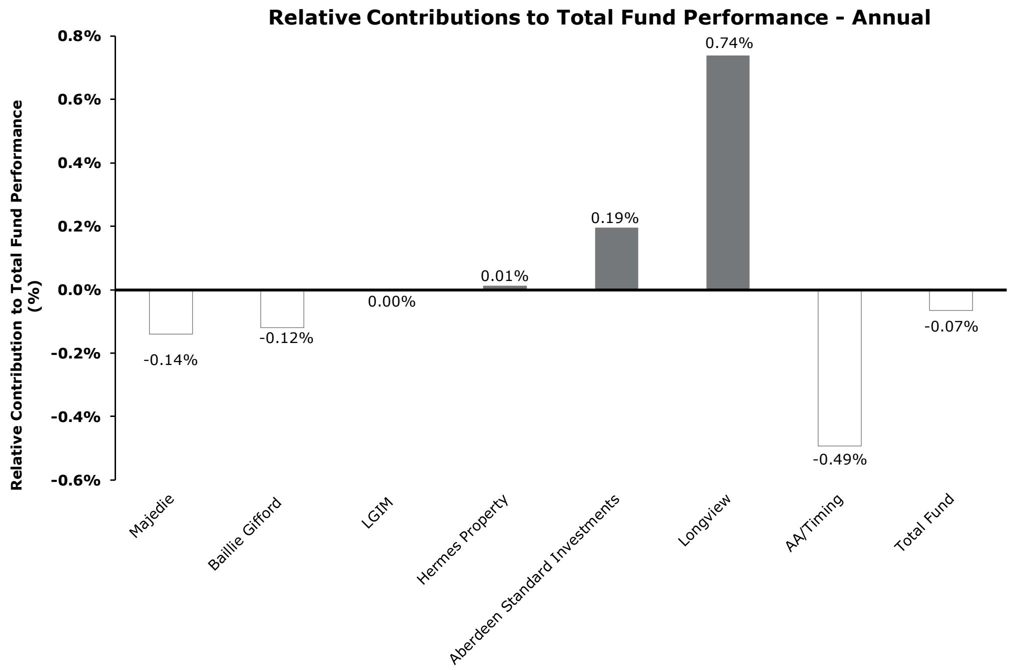


2.2 Attribution of Performance to 31 December 2018



Over the fourth quarter of 2018, the Fund underperformed its composite benchmark by 1.1% on a net of fees basis. Underperformance was largely as a result of partially disinvesting from Longview during a period of relative outperformance, this is represented by the "AA/Timing" bar. Considerable underperformance from Baillie Gifford further added to the underperformance of the Fund.

The Fund underperformed its benchmark by 0.1% over the year to 31 December 2018 with outperformance from Longview and Aberdeen Standard only partially offsetting the relative underperformance driven by Majedie, Baillie Gifford and partially disinvesting from Longview during a period of relative outperformance.



2.3 Asset Allocation as at 31 December 2018

The table below shows the assets held by manager and asset class as at 31 December 2018.

Manager	Asset Class	End Sept 2018 (£m)	End Dec 2018 (£m)	End Sept 2018 (%)	End Dec 2018 (%)	Benchmark Allocation* (%)
Majedie	UK Equity	320.9	287.6	22.3	21.9	22.5
LGIM	Global Equity (Passive)	335.4	291.8	23.4	22.3	22.5
Baillie Gifford	Global Equity	292.0	256.0	20.3	19.5	25.0
Longview	Global Equity	168.7	65.3	11.7	5.0	
	Total Equity	**1,117.0**	**900.7**	**77.8**	**68.7**	**70.0**
Insight	Buy and Maintain	191.2	191.2	13.3	14.6	13.5
CQS	Multi Asset Credit	0.0	89.3	0.0	6.8	6.5
	Total Bonds	**191.2**	**280.5**	**13.3**	**21.4**	**20**
Hermes	Property	64.9	65.6	4.5	5.0	5
Aberdeen Standard	Property	62.9	64.0	4.4	4.9	5
	Total Property	**127.8**	**129.6**	**8.9**	**9.9**	**10**
	Total	**1,436.0**	**1,310.8**	**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 over the fourth quarter of 2018 to better align the benchmark performance calculation with the allocation and performance of the Fund.

The market value of the assets decreased by c. £125.2m over the quarter to 31 December 2018, largely as a result of negative returns from the Fund's equity investments.

As at 31 December 2018, the Fund was 1.3% underweight to equities and 1.4% overweight to bonds compared with the amended benchmark allocation. The Fund was broadly in line with the benchmark property allocation as at 31 December 2018.

At the end of October 2018, the Fund made a 6.5% allocation to CQS' Multi Asset Credit Fund. This was funded from the Longview mandate and the benchmark allocation has been adjusted to reflect this.

2.4 Yield analysis as at 31 December 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 31 December 2018
Majedie	UK Equity	4.15%**
Baillie Gifford	Global Equity	1.41%**
LGIM	Global Equity (Passive)	0.27%*
Longview	Global Equity	2.31%
Insight	Buy and Maintain	2.88%
Hermes Property	Property	4.10%
Aberdeen Standard Investments	Long Lease Property	4.14%
CQS	Secure Income	5.80%
	Total	**2.30%**

*Benchmark yield is 2.8% (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.

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
CQS	Multi Asset Credit	Significant changes to the investment team responsible for the Fund	1

3.1 London CIV

Business
As at 31 December 2018, the London CIV had 14 sub-funds and assets under management of £7,447m. The total assets under oversight (which includes passive investments held outside of the CIV platform) increased by c. £0.2bn over the quarter to £17.5bn.

Personnel
Following quarter end, it was announced that Mike O'Donnell has been appointed as the London CIV's Chief Executive, subject to FCA approval with the intention to start the role on 4 March 2019. Mike is a senior finance professional and non-executive director with a background in local government finance, including twelve years as Executive Director responsible for Finance at LB Camden and nine month seconded to Birmingham City Council. He has chaired LFAC and been president of SLT the representative group for London s151 officers.

This appointment allows the London CIV to move forward with the recruitment of a CIO. Mark Hyde-Harrison, interim CEO, will work with Mike to ensure a smooth transition and will leave his role at the end of March.

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. £11.8bn as at 31 December 2018, a decrease of c. £2.3bn over the fourth quarter of 2018. This large decrease in assets under management is attributable to a combination of some clients de-risking and a number of councils transferring into different pools, in addition to the fall in UK equity markets

Personnel

There were no significant team or personnel changes over the quarter to 31 December 2018.

In January 2019, a decision has been taken to replace Richard Staveley, manager of the Smaller Companies element of the UK Equity Fund. This represents c. 7% of UK Equity strategy client portfolios. Majedie felt that performance of this element of the portfolio has been disappointing and a change of manager is now appropriate. Management of the other 93% of the strategy assets remains unchanged. The UK Focus strategy is unaffected. A replacement is being sought, with Majedie stating that they will keep clients and consultants appraised with the progress on this front.

Deloitte view – We recently met with Majedie regarding recent performance and team changes. Please see Majedie UK Equity Fund Review provided by Deloitte.

3.3 Baillie Gifford

Business

Total assets under management as at 31 December 2018 was c. £173.3bn, a decrease of c. £22.7bn over the quarter. This considerable change in AuM was attributable to performance, with net cash flows positive over the period.

Personnel

There have been no significant team or personnel changes over the quarter to 31 December 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

Over the quarter, Roger Bartley, Vice Chairman of Investments, retired and Kaye Maguire, Chief Resourcing & Legal Officer also left. Neil Perry who had previously been HR Director replaced Kaye.

Following quarter end, Siobhan Boylan, Chief Financial Officer, left the firm and has been subsequently replaced by Richard Lee. Richard was the Group Performance Director and had previously held the positions of CFO and CRO for Legal & General Retirement.

Also, following quarter end, Will Riley was appointed Head of Solutions and Sonja Laud was appointed Deputy CIO. Will held a number of senior portfolio management roles at BlackRock before joining and Sonja joins from Fidelity International, where she was head of equity.

At the Index team level, there were no new joiners or leavers.

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

3.5 Longview

Business

As at 31 December 2018, Longview managed c. $24.5bn on behalf of its clients.

Over the fourth quarter of 2018, net flows out of the firm amounted to c. $541m including existing client flows due to continued de-risking among UK Corporate DB Pension Schemes.

Personnel

At the end of December 2018, Ramzi Rishani, Co-CEO, CIO and Founder of Longview Partners, retired from his executive role in the business. In January 2019, Marina Lund was appointed as sole CEO following her period as Co-CEO with Ramzi since 2014. Alistair Graham was appointed as CIO at the start of October 2018. Alistair had previously held the role of Head of Research.

Deloitte view – The departure of Ramzi Rishani means that both of Longview's founding partners are no longer involved in the business. This is a significant departure given Ramzi's previous 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, with the Longview investment used to fund a 6.5% allocation to the new fixed income strategy, managed by CQS, and remaining proceeds to be invested in a new infrastructure strategy, managed by Pantheon.

3.6 Insight

Business

Insight's total AuM at 31 December 2018 was c. £621bn, an increase from the previous quarter (c. £604bn). The Insight Buy and Maintain fund held assets under management of c. £2.2bn as at 31 December 2018, an increase of c. £0.1bn over the quarter.

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

As at 31 December 2018, Hermes had total assets under management of c. £36.0bn, an increase of c. £0.7bn over the quarter. Within the HPUT, total assets under management remained relatively constant at c. £1.6bn at quarter end.

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. £2.4bn as at 31 December 2018.

Personnel

There were no team changes for either the Long Lease Property Fund over the fourth quarter of 2018.

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 continue to rate Aberdeen Standard Investments positively for its long lease property capabilities.

3.9 CQS – Multi Asset Credit

Business

As at 31 December 2018, CQS held assets under management of c. $17.7bn, with the Credit Multi Asset Fund managing $7.6bn of assets.

Personnel

During December 2018, it was announced that Xavier Rolet would join CQS as CEO effective 14 January 2018. Xavier had previously held the position of CEO for the London Stock Exchange, with Sir Michael Hintze, CQS' founder, taking on the role as Senior Investment Officer. The move will allow Xavier to focus on the growth of CQS' business whilst Sir Michael can continue to oversee investment management. Both have previously worked together at Goldman Sachs and believe that their long-term relationship will have a positive impact at CQS.

There were no specific team/personnel changes to the Credit Multi Asset Fund team over the quarter.

Deloitte View - We continue to rate CQS positively for its multi asset capabilities.

4 London CIV

4.1 Investment Performance to 31 December 2018

As at 31 December 2018, the London CIV had 14 sub-funds and assets under management of £7,447m. The total assets under oversight (which includes passive investments held outside of the CIV platform) increased by c. £0.2bn over the quarter to £17.5bn.

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 September 2018 (£m)	Total AuM as at 31 December 2018 (£m)	Number of London CIV clients	Inception Date
LCIV UK Equity	UK Equity	Majedie	526	467	3	18/05/17
LCIV Global Equity Alpha	Global Equity	Allianz Global Investors	120	106	1	02/12/15
LCIV Global Alpha Growth	Global Equity	Baillie Gifford	2,371	2,092	12	11/04/16
LCIV Global Equity	Global Equity	Newton	616	557	3	22/05/17
LCIV Global Equity	Global Equity	Longview Partners	683	700	5	17/07/17
LCIV Equity Income	Global Equity	Epoch Investment Partners	235	222	2	08/11/17
LCIV Emerging Market Equity	Global Equity	Henderson Global Investors	186	276	6	11/01/18
LCIV Sustainable Equity Fund	Global Equity	RBC Global Asset Management (UK)	283	249	2	18/04/18
LCIV Global Total Return	Diversified growth fund	Pyrford	315	308	5	17/06/16
LCIV Diversified Growth	Diversified growth fund	Baillie Gifford	637	627	8	15/02/16
LCIV Absolute Return	Diversified growth fund	Ruffer	912	854	10	21/06/16
LCIV Real Return	Diversified growth fund	Newton	194	182	2	16/12/16
LCIV MAC	Fixed Income	CQS	492	639	9	31/5/18
LCIV Global Bond	Fixed Income	PIMCO	-	167	2	30/11/18
Total			**7,572**	**7,447**		

The London CIV launched its second Fixed Income sub fund over the quarter to 31 December 2018. The initial investment in the Global Bond sub-fund is to be managed by PIMCO. Over the quarter, the Emerging Market Equity sub-fund (managed by Henderson) and the Multi Asset Credit sub-fund (managed by CQS) both added three new London Boroughs 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.

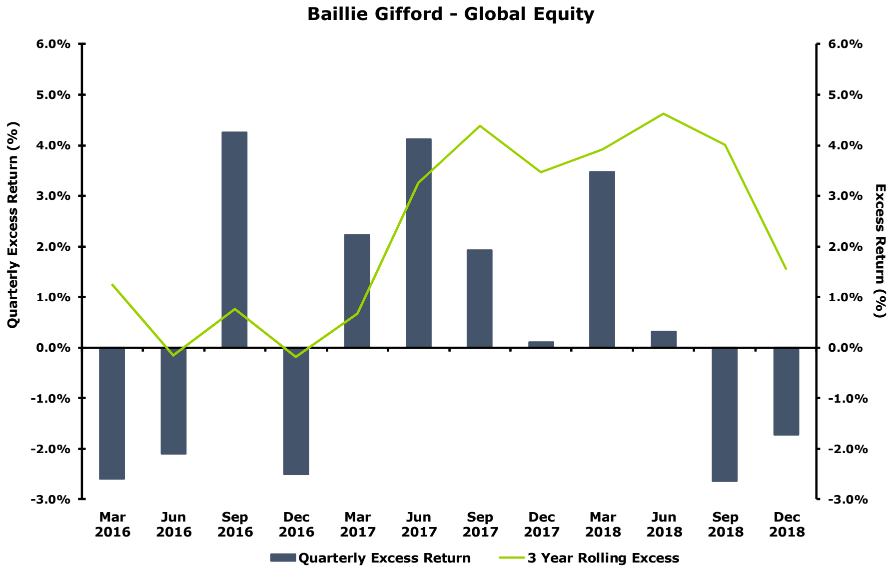
5.1 Global Equity – Investment performance to 31 December 2018

	Last Quarter (%)	Last Year (%)	Last 3 Years (% p.a.)	Since Inception (% p.a.)
Baillie Gifford – Gross of fees	-12.3	-4.0	13.8	12.4
Net of fees	-12.4	-4.4	13.5	12.0
MSCI AC World Index	-10.7	-3.8	11.9	10.3
Relative (net of fees)	-1.7	-0.6	1.6	1.7

Source: Northern Trust and estimated by Deloitte.
See appendix 1 for more detail on manager fees
Inception date taken as 18 March 2014

Over the quarter to 31 December 2018, the Baillie Gifford Global Equity Alpha Fund underperformed its benchmark by 1.7% on a net of fees basis. The Fund underperformed its benchmark by 0.6% net of fees over the 12 month period.

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 has outperformed the benchmark by 1.6% p.a. but has dropped below the outperformance target of +2% p.a.



5.2 Performance Analysis

The top 10 holdings in the portfolio account for c. 25.7% of the Fund and are detailed below.

Top 10 holdings as at 31 December 2018	Proportion of Baillie Gifford Fund
Naspers	3.9%
Amazon	3.7%
Anthem	2.9%
Prudential	2.6%
AIA	2.3%
Alphabet	2.1%
Mastercard	2.1%
Moody's	2.1%
Alibaba	2.0%
Visa	2.0%
Total	**25.7%**

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

The tables below show the top 5 and bottom 5 contributors to performance over the quarter to 31 December 2018.

Top 5 contributors as at 31 December 2018	Contribution (%)
Banco Bradesco	+0.45
Tesla	+0.29
ICICI Bank Limited	+0.25
ICICI Bank Limited - Sponsor	+0.24
Brasil Bolsa Balcao	+0.21

General underperformance across the portfolio was partially offset through Baillie Gifford's emerging market exposure, particularly ICICI and Banco Bradesco.

The Fund's exposure to US, UK and Ireland detracted from performance due to disappointing earnings growth projections causing a mass sell-off in the market. Long duration stocks such as GrubHub and Amazon were also particularly affected over the quarter. The strategy's holding in energy related companies, particularly Apache and EOG, detracted from performance in line with a declining oil price.

Top 5 detractors as at 31 December 2018	Contribution
Distribuidora Internacional De Alimentacion	-0.51
Apache	-0.43
GrubHub	-0.43
Advanced Micro Devices	-0.39
Stericycle Steel Dynamics	-0.36

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 31 December 2018

	Last Quarter (%)	Last Year (%)	Last 3 Years (% p.a.)	Since Inception (% p.a.)
LGIM - Gross of fees	-13.0	-8.2	6.3	9.5
Net of fees[1]	-13.0	-8.2	6.3	9.4
FTSE World (GBP Hedged) Index	-13.0	-8.2	6.3	9.5
Relative (net of fees)	0.0	0.0	0.0	-0.1

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 31 December 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 31 December 2018

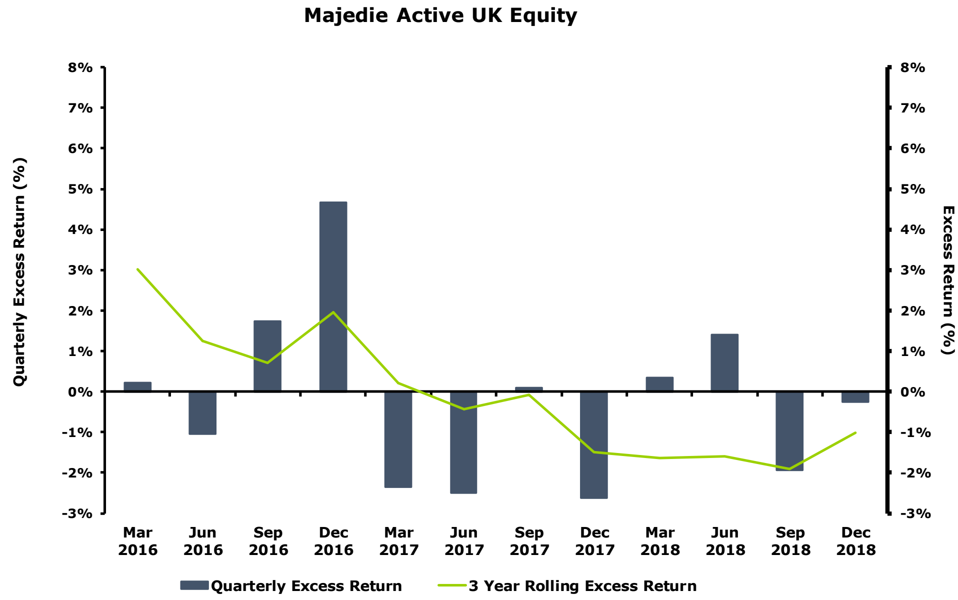
	Last Quarter (%)	Last Year (%)	Last 3 Years (% p.a.)	Since Inception (% p.a.)
Majedie - Gross of fees	-10.4	-9.5	5.7	10.0
Net of fees[1]	-10.5	-10.1	5.1	9.4
MSCI AC World Index	-10.3	-9.5	6.1	8.4
Relative (on a net basis)	-0.2	-0.6	-1.0	1.0

Source: Northern Trust

(1) Estimated by Deloitte

See appendix 1 for more detail on manager fees

Inception date taken as 31 May 2006



The Majedie UK Equity Fund underperformed its benchmark on a net of fees basis by 0.2% over the quarter to 31 December 2018. Over the one year and three year periods to 31 December 2018, the Fund underperformed its MSCI based benchmark by 0.6% and 1.0% 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. 48.4% of the Fund and are detailed below.

Top 10 holdings as at 31 December 2018	Proportion of Majedie Fund
Royal Dutch Shell	8.1%
BP	7.8%
Majedie Asset Management Special	7.6%
Tesco	4.8%
GlaxoSmithKline	4.6%
HSBC	3.4%
Orange	3.3%
WM Morrison	3.3%
Centrica	3.0%
Pearson	2.6%
Total	**48.4%**

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

The tables below show the top 5 and bottom 5 contributors to performance over the quarter to 31 December 2018.

Top 5 contributors as at 31 December 2018	Contribution (bps)
Gold Fields	+0.49
Acacia Mining	+0.38
Barrick Gold Corp	+0.26
Agnico Eagles Mines	+0.21
Koninklijke Kpn NV	+0.13

Top 5 detractors as at 31 December 2018	Contribution (bps)
Ensco	-0.57
Oceaneering	-0.55
Diamond Offshore Drilling	-0.52
William Hill	-0.37
Tullow Oil	-0.32

The Fund's holdings in Ensco plc, Oceaneering International and Diamond Offshore Drilling Inc provided the largest detractions to performance over the quarter to 31 December 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 31 December 2018

	Last Quarter (%)	Last Year (%)	Last 3 Years (% p.a.)	Since Inception (% p.a.)
Longview - Gross of fees	-7.9	4.2	14.6	12.8
Net of fees[1]	-8.1	3.6	13.9	12.2
MSCI World Index	-11.4	-3.0	11.6	9.7
Relative (on a net basis)	3.3	6.6	2.3	2.5

Source: Northern Trust

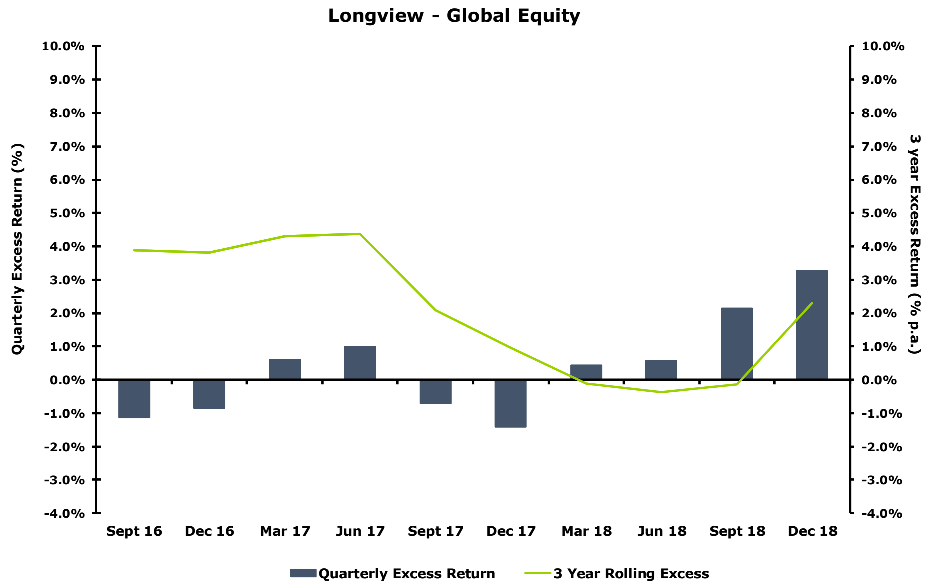
(1) Estimated by Deloitte

See appendix 1 for more detail on manager fees

Inception date 15 January 2015

Longview outperformed its benchmark over the fourth quarter of 2018 by 3.3% on a net of fees basis. Over the longer one year and three year periods to 31 December 2018, Longview outperformed its benchmark by 6.6% and 2.3% p.a. on a net of fees basis.

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 31 December 2018.

Top 5 contributors as at 31 December 2018	Contribution
Willis Towers Watson	+0.65
Dollar General	+0.45
Pfizer	+0.44
Sanofi	+0.43
Omnicom	+0.36

The Fund's holdings in Willis Towers Watson, Dollar General and Pfizer were amongst the largest contributors to performance over the fourth quarter of 2018.

State Street were the largest detractor to performance over the quarter following an earnings miss in the previous quarter.

Top 5 detractors as at 31 December 2018	Contribution
State Street	-0.37
WPP	-0.36
Emerson Electric	-0.31
Allergan	-0.24
Zimmer Biomet	-0.24

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 31 December 2018

	Last Quarter (%)
Insight IBAM - Gross of fees	0.0
Net of fees[1]	0.0
iBoxx £ Non-Gilt 1-15 Yrs Index	0.3
Relative (on a net basis)	-0.3

Source: Northern Trust

(1) Estimated by Deloitte

See appendix 1 for more detail on manager fees

Inception date taken as 12 April 2018.

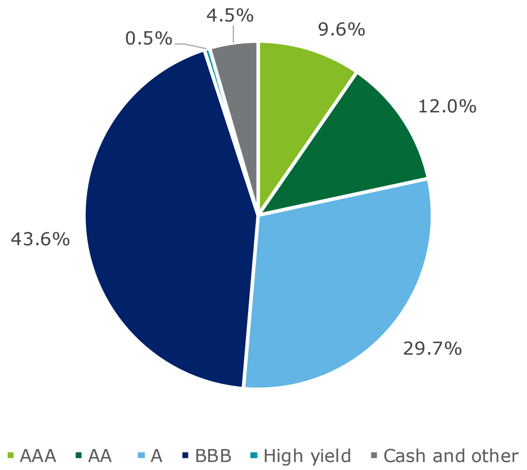
Over the quarter to 31 December 2018 the Insight Buy and Maintain Fund slightly underperformed its temporary iBoxx non-gilt benchmark on a net of fees basis.

9.2 Performance Analysis

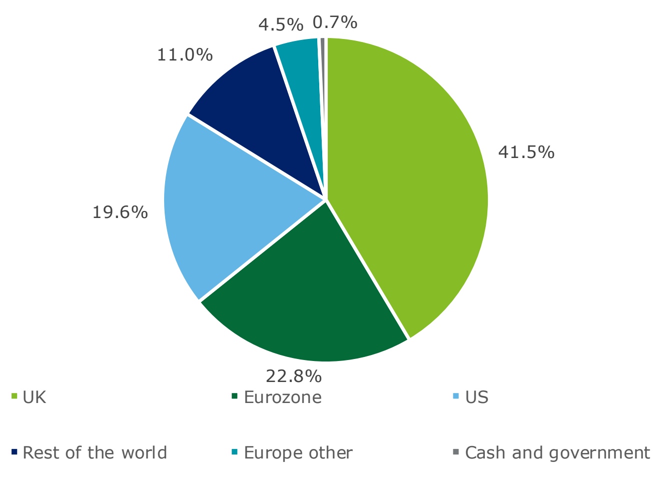
The table below summarises the Buy and Maintain portfolio's key characteristics as at 31 December 2018.

	31 Dec 2018
Yield	2.9
No. of issuers	158
Modified duration (years)	8.1
Spread duration (years)	7.6
Government spread (bps)	167
Swaps spread (bps)	155
Largest issuer (%)	1.4
10 largest issuers (%)	11.1

The graph below shows the split of the Buy and Maintain portfolio by credit rating. The Fund's investment grade holdings made up c. 94.9% of the portfolio as at 31 December 2018, with the fund predominantly invested in BBB and A rated bonds.

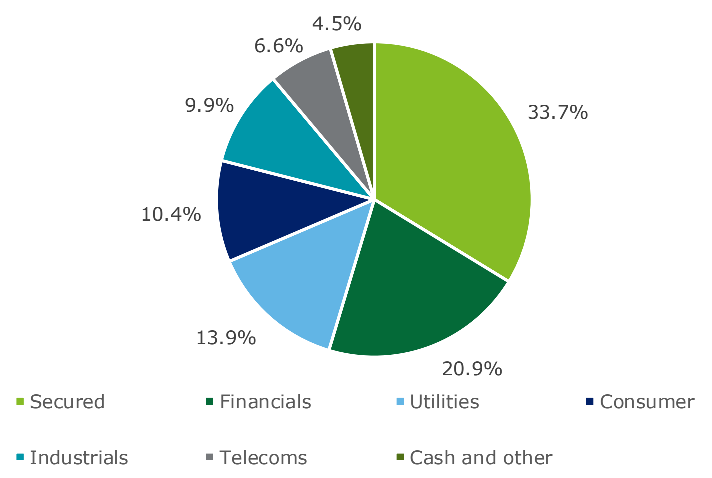


The graph below shows the split of the Buy and Maintain portfolio by country.



As at 31 December 2018, the Fund's UK and Eurozone holdings made up c. 64.3% of the portfolio.

The graph below shows the split of the Buy and Maintain portfolio by sector as at 31 December 2018.



The table below shows the top 10 issuers by market value as at 31 December 2018.

Issuer name	Rating*	Holding (%)
Center Parcs	BBB	1.42
Income Contingent Student Loan	A	1.17
Westpac	AAA/AA	1.16
Prudential	BBB	1.15
Volkswagen	BBB	1.14
Santander	A/BBB	1.11
ESB Finance	A/BBB	1.07
American Airlines	AA	1.02
Daimler	A	1.01
Equity Release Fund	AA	1.01

*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 31 December 2018

	Last Quarter (%)	Last Year (%)	Last 3 Years (% p.a.)	Since Inception (% p.a.)
Hermes - Gross of fees	1.0	8.1	8.5	10.1
Net of fees[1]	0.9	7.7	8.1	9.7
Benchmark	1.3	7.5	7.5	8.7
Relative (on a net basis)	-0.4	0.2	0.6	1.0

Source: Hermes

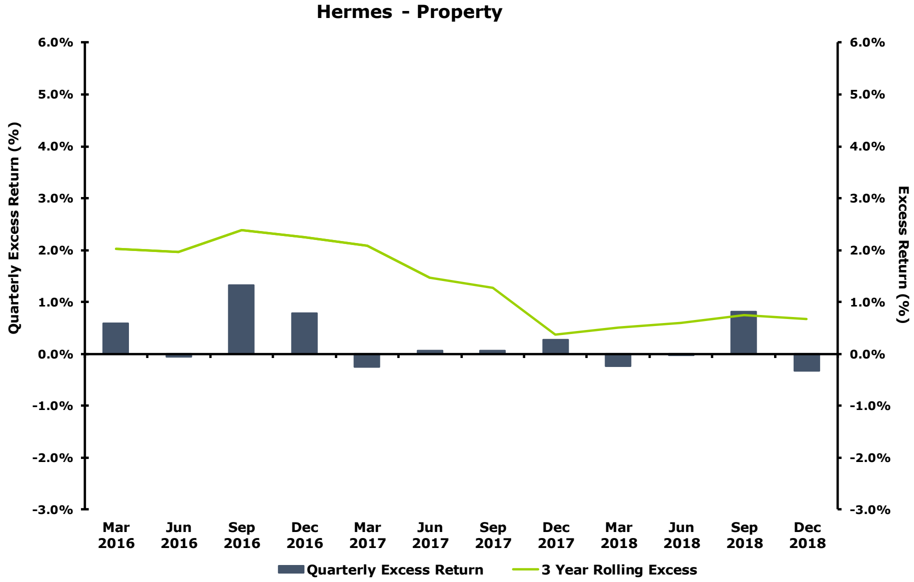
(1) Estimated by Deloitte

See appendix 1 for more detail on manager fees

Inception date is taken as 26 October 2010

Over the quarter to 31 December 2018, Hermes underperformed its benchmark by 0.4% on a net of fees basis. The strategy outperformed its benchmark over both the one year and three year periods to 31 December 2018 by 0.2% and 0.6% p.a. respectively. The Fund remains above its target since inception, to outperform the benchmark by 0.5% p.a., outperforming its benchmark by 1.0% p.a. over this period.

Key contributors to the performance over the quarter came from properties in the Industrial sector, delivering the highest contribution, 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 weak occupier demand in the retail sector.



10.2 Sales and Purchases

In November 2018, the Trust exchanged contracts to sell its Charlton Gate industrial property with a delayed sale to be completed in January 2019 so that the Trust can maximise rental income. The value of the sale is £48.5m, an 8% premium to the September valuation. This reflects an initial net yield of 3.0% and an equivalent yield of 3.85%. Despite the strong demand for Greater London industrial investments, the Trust believes that several planning risks were likely to impact expected returns.

In October 2018, the Trust sold its Sainsbury's property in Cheltenham for a price of £20.7m, reflecting a net initial yield of 5.0% and an equivalent yield of 4.5%. The agreed sale price reflects a small premium over the latest valuation by Knight Frank of £20.1m. Although the asset is let to a strong tenant for another 20 years, the property is over-rented and the tenant is able to break its lease in 2028. Both the investment value and market liquidity of this asset are likely to fade as the period to the break reduces.

Over the quarter, the Trust secured two important lettings in two vacant units of the Summit Centre industrial estate in Heathrow covering a total area of almost 71,000 sq. ft. that will generate rental income of c. £650,000 per annum for the Trust after tenant incentives. The new tenant, MS International, will take units 5 and 6 on 20 year leases with tenant break options at year 15 and with 15 months' rent free. The lettings were facilitated by capital works to the units of £1.5m.

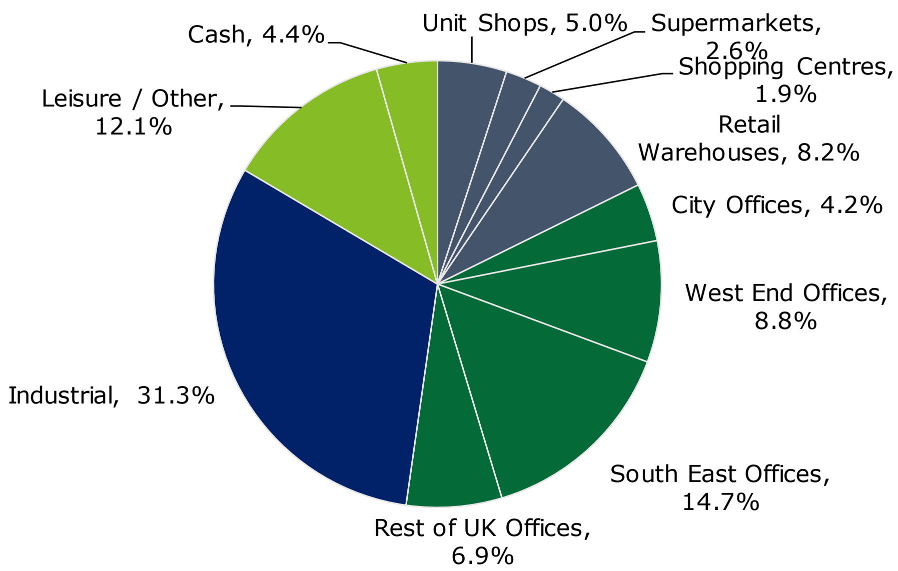
At the end of February 2018 the tenant Maplin, occupying a 7,000 sq. ft. unit, went into administration and vacated the Broadway premises in Wimbledon at the end of June 2018. The unit is situated in a good retail pitch opposite Wimbledon railway station. In November 2018 the Trust completed a new lease with Rymans to take over the unit for a 10 year term at £160,000 per annum after tenant incentives (3 months rent free). The term of the lease remains separate to the top floor of the unit which will allow the Manager to enable the possible development of a rooftop cinema and bar.

In December 2018 the Chamber of Commerce, already occupying 20,000 sq. ft in the Elliot House building in Manchester, completed a lease for the remaining vacant space (6,700 sq. ft. at the second floor and 1,500 sq. ft. at basement level) for a term until September 2029. The new leases will secure annual rental income of £160,000 per annum (£23 per sq. ft.) after tenant incentives. As part of the transaction, the tenant only break clauses due in 2024 were removed for the remaining existing leases in the building, resulting in a lease term certain until 2029 and a total rental income of £442,000 per annum. The property is now fully let.

In November 2018, the Trust completed a new lease with Bircham Dyson Bell for The Anchorage in Reading for a 7 year period which will expire in December 2025, including a tenant break option in November 2023. The lease completed will secure annual rental income of c. £170k (£27.50 per sq. ft.) after tenant incentives.

10.3 Portfolio Summary as at 31 December 2018

The Hermes Property Unit Trust invests across retail, offices, industrials and other sectors, with the split as at 31 December 2018 shown below.



The table below shows the top 10 directly held assets in the Fund as at 31 December 2018, representing c. 32.1% of the Fund.

Asset	Sub-sector	Value (£m)
Maybird Shopping Park, Stratford-upon-Avon	Retail Warehouses	86.3
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	49.2
Charlton Gate, London	Industrials	48.5
27 Soho Square, London W1	Offices	46.3
Broken Wharf House, London	Leisure/Other	44.3
Sainsbury's, Beaconsfield	Supermarket	42.0
Jurys Inn Hotel, Liverpool	Leisure/Other	40.8
Round Foundry & Marshalls Mill, Leeds	Offices	40.5
Total		**517.9**

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 31 December 2018

	Last Quarter (%)	Last Year (%)	Last 3 Years (% p.a.)	Since Inception (% p.a.)
Aberdeen Standard - Gross of fees	1.7	7.5	8.2	9.0
Net of fees[1]	1.6	7.0	7.7	8.5
Benchmark	2.4	2.6	6.1	6.2
Relative (on a net basis)	-0.8	4.4	1.6	2.3

Source: Aberdeen Standard Investments

(1) Estimated by Deloitte

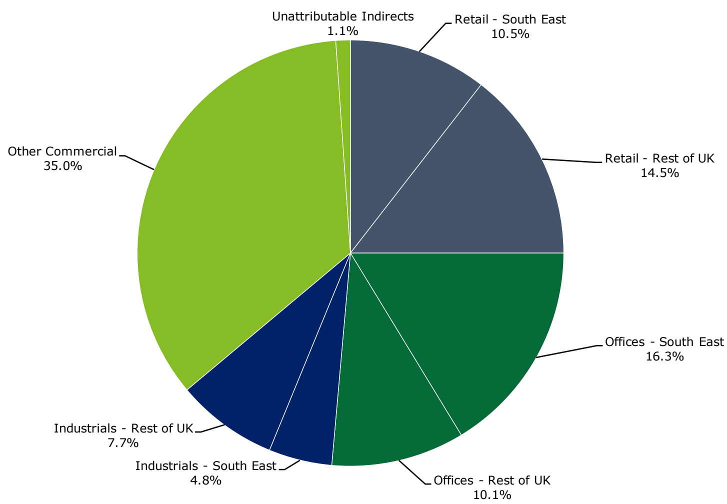
See appendix 1 for more detail on manager fees

Since inception: 14 June 2013

The ASI Long Lease Property Fund has delivered a net of fees return of 1.6% over the fourth quarter of 2018, underperforming the FTSE Gilt All Stocks Index + 2% benchmark by 0.8%.

11.2 Portfolio Holdings

The sector allocation in the Long Lease Property Fund as at 31 December 2018 is shown in the graph below.



The Fund's allocation to the office sector increased over the quarter from 24.3% as at 30 September 2018 to 26.4% as at 31 December 2018. Over the same period the holdings in the retail sector fell by 0.9% to 25.0% and other commercial also fell by 1.1% to 35% as at the end of the fourth quarter.

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	8.4	8.2
Whitbread	6.4	6.3
Marston's	5.0	4.9
Sainsbury's	5.0	4.9
Asda	4.4	4.3
Salford University	4.0	4.0
QVC	4.0	3.9
Lloyds Bank	3.9	3.8
Save The Children	3.8	3.7
Park Holidays UK Limited	3.6	3.5
Total	**48.6**	**47.4 ***

*Total may not equal sum of values due to rounding

The top 10 tenants contribute 47.4% 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 17.4% to the Fund's total net rental income as at 31 December 2018.

The Fund's average unexpired lease term decreased over the quarter from 26.7 years to 26.4 years.

11.3 Sales and Purchases

Over the fourth quarter of 2018:

- The Fund completed the purchase of Lloyds Bank Plc, Chester, for c. £67m. Representing a net initial yield of 5.4% with an unexpired term of 25 years.

- The Fund also completed on three holiday parks in Suffolk and Kent operated by Park Holidays UK Limited for c. £25m, reflecting a net initial yield of 3.0%. 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.

Following quarter end, the Fund exchanged on a 20 year unexpired term office for c. £47m. The purchase of St James Place, Cirencester, will provide a net initial yield of 4.0%.

12 CQS – Multi Asset Credit

CQS was appointed to manage a multi asset credit mandate in October 2018 with the aim of outperforming the 3 month Sterling LIBOR benchmark by 4% p.a. An annual fee covers the manager's and the London CIV platform management fees.

12.1 Multi Asset Credit – Investment Performance to 31 December 2018

	Last Quarter (%)
CQS – MAC – Gross of fees	-2.0
3 Month Libor + 4%	1.2
Relative (on a net basis)	-3.2

Source: CQS

(1) Estimated by Deloitte

See appendix 1 for more detail on manager fees

Please note that the CQS Multi Asset Credit Fund date of inception is 30 October 2018, hence the performance figures quoted above are for illustrative purposes only.

The CQS Multi Asset Credit Fund underperformed its benchmark by 3.2% on a net of fees basis over the quarter to 31 December 2018. Underperformance has been attributed to mark-to-market losses and not defaults. Hedging costs were a further detriment to performance over the quarter.

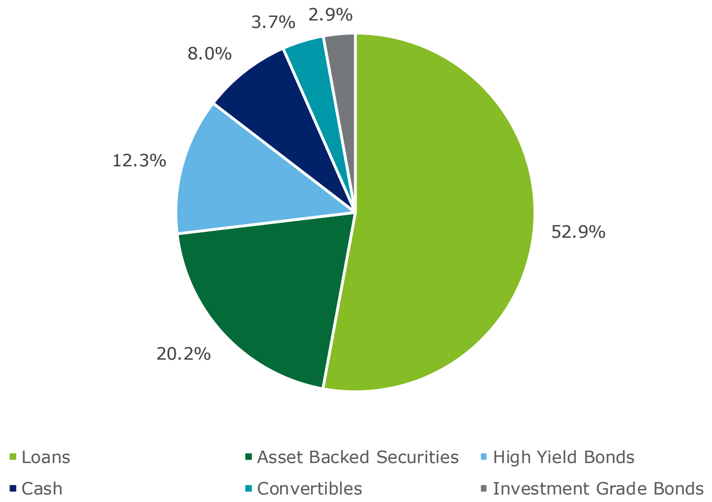
12.2 Portfolio Analysis

The table below summarises the Multi Asset Credit portfolio's key characteristics as at 31 December 2018.

	31 Dec 2018
Weighted Average Bond Rating	B+
Long Bond Equivalent Exposure with Public Rating (%)	84.5
Investment with Public Rating (%)	83.7
Yield to Maturity (%)	5.8
Spread Duration	4.1
Interest Rate Duration	1.3

12.3 Asset Allocation

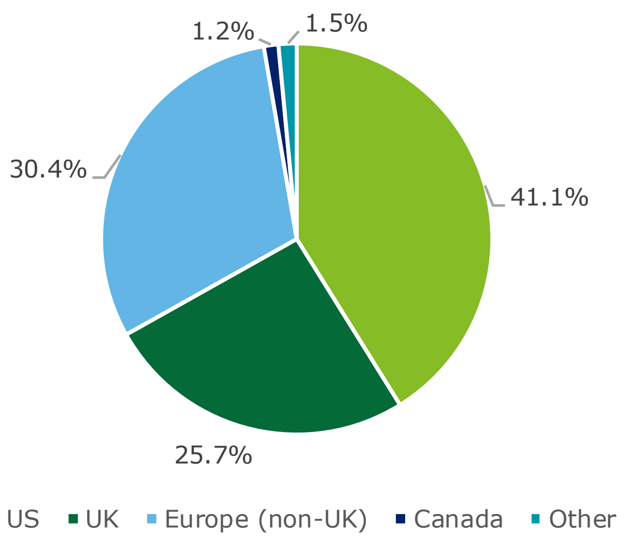
The asset allocation split of the Multi Asset Credit Fund as at 31 December 2018 is shown below.



The portfolio's largest exposure is to loans, which provided a net contribution of -0.62% to the portfolio's performance over the quarter to 31 December 2018. The Fund also holds large allocations to ABS and high yield bonds which contributed -0.40% and -0.46% to performance respectively over the quarter.

12.4 Country Allocation

The graph below shows the regional split of the CQS Multi Asset Credit Fund as at 31 December 2018.



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	22.5	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	22.5	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	13.5	Insight Custom Benchmark	n/a	12/04/18	9.5bps base fees	
Hermes	Property	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 fees)	14/06/13	50bps on first £25m, 40bps on next £25m, 30bps thereafter	
CQS	Multi Asset Credit	6.5	3 Month Libor	+ 4% p.a. (net of fees)	30/10/18	40bps base fees	
	Total	**100.0**					

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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