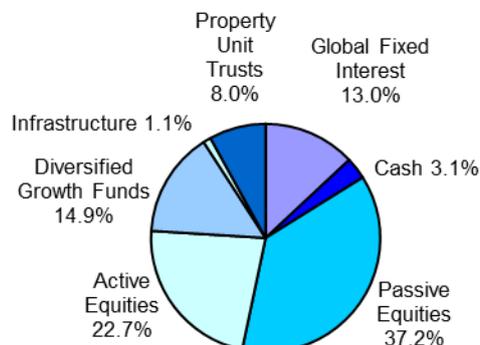


Investment Update

Performance for the year to 31 March 2013

Sector	Fund Value as at 30.09.12	Fund Return
	£m	%
Global Fixed Interest	391.0	+8.0
Cash (inc Foreign Currency)	94.3	-3.2
Passive Equities	1,120.0	+16.6
Active Equities	681.5	+17.8
Diversified Growth Funds	447.5	+11.5
Infrastructure	34.0	+20.6
Property	238.1	+0.9
Total Fund	3,006.4	+12.3

Asset Allocation



The total Fund return for the year was 1.9% ahead of the Fund's customised benchmark. The customised benchmark was revised for the current year to reflect the Fund's current asset allocation targets, to provide a better indication of how the Fund is performing against its current strategy. The rolling three year return is 7.5%, 0.5% ahead of benchmark, while the rolling 5 year figure is 5.8%, in line with the benchmark.

The current year performance figures for the Total Fund will take into account the impact of the transition process, involving the liquidation of the Fund's previous multi-asset mandate and its re-investment into the DGFs. Taking this into account the current performance against benchmark can be considered a good result.

Asset Allocation

The asset allocation reflects the target allocation contained in the September 2012 revision of the Statement of Investment Principles. This is shown in the table below:

	Target allocation	Fund asset allocation at 30.06.12
	%	%
Fixed Interest and Cash	18.0	16.1
Equities	55.0	59.9
Diversified Growth Funds	15.0	14.9
Property and Infrastructure	12.0	9.1
Total Fund	100.0	100.0

- The Fund's equity holdings were significantly above their target allocation of 55% at 31 March. Following consultation with the Fund's investment adviser it was agreed that £40 million be transferred from the emerging market equity mandate into the underweight property allocation.
- The Investment and Pension Fund also agreed to increase the target allocation to Infrastructure from 2% to 4% (Property and Infrastructure combined to 14%) by reducing the allocation to Fixed Interest and Cash to 16%, and will examine proposed new investments in Infrastructure in the Autumn.