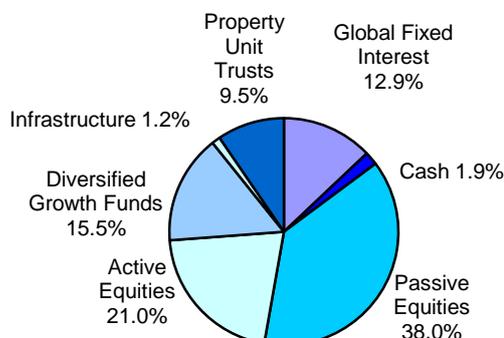


# Investment Update

## Performance for the quarter to 30 June 2013

Sector	Fund Value as at 30.06.13	Fund Return
	£m	%
Global Fixed Interest	380.0	-3.8
Cash (inc Foreign Currency)	55.6	+2.4
Passive Equities	1,121.5	-0.1
Active Equities	621.8	-3.3
Diversified Growth Funds	456.9	-2.1
Infrastructure	34.1	+1.3
Property	278.7	+1.7
<b>Total Fund</b>	<b>2,948.6</b>	<b>-1.4</b>

## Asset Allocation



The Fund value had dropped below £3 billion following a negative quarter. The Fund return for the first quarter was 1.3% below the Fund's customised benchmark. This was a disappointing result for the Fund, but should be considered in the context of a difficult period for world markets. Pension fund investment management is a long term business, and performance should be judged on that basis.

## Asset Allocation

The asset allocation reflects the current asset allocation targets, including the adjustment to the infrastructure and fixed interest targets agreed at the June meeting of the Investment and Pension Fund Committee. This is shown in the table below:

	Target allocation	Fund asset allocation at 30.06.12
	%	%
Fixed Interest and Cash	16.0	14.8
Equities	55.0	59.0
Diversified Growth Funds	15.0	15.5
Property and Infrastructure	14.0	10.7
<b>Total Fund</b>	<b>100.0</b>	<b>100.0</b>

- £40 million of equities were sold from the emerging market mandate during the quarter, but the Fund's equity holdings still remained significantly above their target allocation of 55% at 30 June.
- Further investments in infrastructure were agreed by the Committee, and will bring the allocation to that asset class up to target over time. There will be insufficient cash available to fund the new investments in their entirety, and it is anticipated that funding the agreed allocation to infrastructure is likely to encompass the sale of equities, in order to bring the allocation of equities back in line with target.