NORTH YORKSHIRE COUNTY COUNCIL

PENSION FUND COMMITTEE

24 SEPTEMBER 2009

PERFORMANCE OF THE FUND'S PORTFOLIO FOR THE QUARTER AND YEAR ENDING 30 JUNE 2009

Report of the Treasurer

1.0 PURPOSE OF REPORT

1.1 To report the investment performance of the overall Fund, and of the individual Fund Managers, for the Quarter to 30 June 2009 and the twelve months ending on that same date.

2.0 PERFORMANCE REPORT

2.1 The report (**enclosed as a separate document**) produced by Mellon Analytical Solutions (MAS) provides a complete performance analysis of the North Yorkshire Pension Fund for the quarter and year ending 30 June 2009.

2.2 Using the format prepared by MAS the report highlights the performance of the total Fund by asset class against the customised Fund benchmark. In addition, there is an analysis of the performance of each manager against their specific benchmark and a comparison of performance levels over time.

2.3 Also enclosed as separate documents are the individual reports submitted by the fund managers.

3.0 PERFORMANCE OF THE FUND

3.1 The performance of the various managers against their benchmarks for the Quarter ended 30 June 2009 is detailed on **pages 5 / 7** of the MAS report. This performance is measured on a time-weighted basis and expressed as a +/- variation to their benchmark.

3.2 **The absolute overall return for the quarter (15.5%) was above the customised benchmark (9.4%) by 6.1%.**

3.3 **Over the rolling year the Fund performance was 14.2% below the customised benchmark. The 12 month absolute return of -22.8% is a significant, and welcome, improvement on the figure for the 12 months ended 31 March 2009 (-35.1%).**

3.4 There was a significant improvement in performance over the quarter however performance for the year is still disappointing. To understand why it is essential to analyse the extent to which this is due to all, or a combination of

- the turbulence in the financial markets
- the investment strategy (which is clearly designed to operate in "normal" financial market conditions)
- the performance of individual fund managers

It is also critical to understand the timescale over which any or all of these factors have and/or may continue to impact on the performance of the Fund.

3.5 With this in mind the usual tables/Appendices used in this report have been reformatted / revised so as to present a fuller picture of the reasons behind the recent investment performance.

3.6 The content of these tables/Appendices is now as follows.

Table in paragraph 4.1	A table that summarises the performance of individual managers over the last four consecutive quarters relative to their specific benchmark. The figures are expressed on a quarterly and rolling 12 months (ending in that quarter) basis. Also included is an indicative figure for the +/- impact (ie £m) that the performance of the manager has had on the Fund, relative to the benchmark, for the year to 30 June 2009.
Appendix 1	Performance of NYPF relative to other LGPS Funds
Appendix 2	Solvency position (in % and £ terms) since the 2001 Triennial Valuation this Appendix also shows in absolute terms the +/- in the value of assets and liabilities of the Fund
Appendix 3	Solvency graph – this shows the key figures from **Appendix 2** in a simple graphical format
Appendix 4	Comparison of Fund performance as against the Least Risk Portfolio
Appendix 5	Relative movements of investment performance relative to the Least Risk Portfolio and the Solvency level
Appendix 6	Details of Rebalancing @ 30/06/09

3.8 The separate reports of the Investment Adviser and Investment Consultant explain what has been happening in the financial markets, and what may happen in the future, both short, medium and longer term.

3.9 An understanding and assessment of the market factors and their relative impact on the various asset classes was an essential ingredient to discussions at the series of four Workshops held between July and September 2009. These Workshops -

- reviewed the recent performance of the Investment Strategy (in terms of the asset allocation)

- reviewed the performance of individual fund managers (relative to their benchmarks)

- considered prospects for going forward in the light of the current (and projected) economic circumstances, and thereby

- assessed whether the asset allocation is therefore still appropriate, and finally

- considered if the fund managers and / or their benchmarks needed to be reviewed

The outcomes are described in detail within **Agenda Item 7**, **Fund Manager Matters report**.

4.0 ANALYSIS OF PERFORMANCE

4.1 The table below presents summary details of the performance over the last four quarters by each fund manager.

4.0 ANALYSIS OF THE PERFORMANCE OF INDIVIDUAL MANAGERS

4.1 The quarterly and annual returns for each manager relative to their particular benchmark were:

	% relative returns for the quarter ended				% rolling relative returns for the year ended				Annual performance related funding change for the year to 30.06.09 relative to the benchmark £m	Explanatory text
	30.09.08	31.12.08	31.03.09	30.06.09	30.09.08	31.12.08	31.03.09	30.06.09		
Global Equity Managers										
Baillie Gifford Global Equities	(3.6)	(4.6)	3.4	2.2	0.3	(4.4)	(1.8)	(2.5)	(4.6)	see report of Investment Adviser and reports submitted by individual fund managers
Baillie Gifford LTGG	(7.8)	(6.8)	8.5	2.7	(3.4)	(9.8)	(3.0)	(3.7)	(4.4)	
Global (ex-UK) Equity Managers										
Barclays Global Investors	(3.5)				(2.7)				-	
Fidelity (6 months figures only)			0.0	(0.5)				(0.4)	(0.4)	
UK Equity Managers										
Standard Life Investments	(3.4)	(1.4)	(4.6)	3.1	(5.8)	(4.9)	(8.3)	(6.4)	(15.4)	
Yorkshire & Humber Equity Fund	12.2	10.2	9.1	(10.9)	24.8	32.4	31.8	20.5	0.2	
Niche										
Hermes European Focus Fund	(11.3)	(13.7)	(6.6)	(1.4)	(13.3)	(20.6)	(21.0)	(25.7)	(4.8)	
Hermes UK Focus Fund	3.0	(3.9)	9.3		(9.2)	(5.5)	3.8	-	-	
Equity Sub-Total (a)	(4.0)	(3.0)	(0.6)	1.6	(3.5)	(6.4)	(7.1)	(4.1)	(29.4)	
Global Fixed Income Managers										
European Credit Management	(12.3)	(40.3)	(13.0)	25.1	(25.6)	(54.6)	(51.3)	(42.9)	(57.9)	
Credit Agricole	0.0	3.4	1.0	1.7	(7.8)	(1.1)	1.4	6.0	9.5	
Fixed Income Sub-Total (b)	(5.7)	(16.5)	(7.8)	9.5	(16.0)	(25.2)	(27.6)	(16.5)	(48.4)	
Global Tactical Asset Allocation										
UBS **(c)**	(9.1)	(59.2)	(21.6)	40.5	(21.6)	(56.4)	(62.6)	(54.4)	(23.4)	
Private Equity										
R C Brown **(d)**	(4.6)	(6.2)	3.6	8.0	(7.4)	(8.0)	(5.1)	(1.4)	-	
Total Fund excl cash (a+b+c+d)	(5.5)	(8.6)	(2.8)	4.2	(8.4)	(14.5)	(14.3)	(7.0)	(101.2)	

4.2 In monetary terms the positive absolute return of 15.5% in the Quarter increased the invested value of the Fund by £127.3m, however taking into account new money, the value of the Fund increased by £140.6m. In absolute terms this movement is primarily attributable to capital gains made by Standard Life (£37.5m), Baillie Gifford (£20m) and ECM (£17.2m).

4.3 Positive absolute performance was achieved by all managers with some achieving double digit relative returns for the quarter as the effects of exceptional market conditions continue to be felt. This and other issues are further discussed in the report of the Investment Adviser.

Overseas Equities

4.4 Over the first 6 months **Fidelity** performed, in relative terms, well in difficult market conditions. Volatility in currency markets has contributed to significant swings in foreign investment values since commencement. The portfolio was up 7.1% in absolute terms in the quarter and performance since inception against the benchmark has been broadly neutral (0.4%).

4.5 The two **Baillie Gifford** Funds returned to strong positive returns reversing some of the losses suffered over the preceding 9 months. The one year return for the LTGG fund was below the benchmark by 3.7% and for the Global Equity fund 2.5% although both Funds performed much more strongly in the first 6 months of 2009, ahead of their respective benchmarks by 11.7% and 5.7% respectively.

4.6 The quarterly result for the Baillie Gifford LTGG fund should be considered in the light of its long term (5-10 years) investment horizon. The FTSE All World index is used to measure performance however the manager does not use this as a basis for the fund profile. The improving performance for this quarter reflected improvements in companies demonstrating continued growth, particularly outside of the developed Western economies. The manager’s opinion is that the structure of the portfolio remains appropriate to deliver the long term goals.

4.7 The recovery in performance of the Baillie Gifford Global Alpha fund has been broadly based, but stocks in areas perceived as “riskier” have rallied the strongest, such as banks and emerging market listed companies.

4.8 All but £3.5m of the **Hermes European Focus Fund** had been liquidated by the end of the quarter.

UK Equities

4.9 **Standard Life** produced a positive relative return (3.1%) in the quarter against a FTSE 350 equally weighted benchmark positive return of 19.7%. The FTSE All share produced a positive return of 10.9%. SLI had struggled over the year to March 2009 to match its previous levels of sustained positive returns, substantially due to the overweight position held in financials. The recent positive performance has been fuelled by a strong recovery particularly in financials, automobiles and industrials.

4.10 Although macro economic signals continue to be mixed, initial indications are that SLI’s performance for July and August is equally strong.

4.11 The ethical equity portfolio operated by **R C Brown** performed well (8.0%) however is still negative over the rolling 12 month period (-1.4%).

Fixed Income

4.12 **ECM** recovered well during the quarter albeit against a very low base, returning 25.1% against the benchmark. **Credit Agricole** again performed well (+1.7%) this time against a positive benchmark.

4.13 Credit spreads have narrowed significantly although still nowhere near their 2006 levels. This has contributed to ECM's increased valuation levels through the gradual reduction of liquidity discounts the fund has endured. Positive performance was exhibited across the portfolio; valuations for European ABS improved for the first time since the beginning of the economic crisis.

4.14 These results give a combined performance in global fixed income of 9.5% in the quarter repairing some of the damage sustained over the previous 12 months.

Tactical Asset allocation

4.15 The **UBS GTAA portfolio** rebounded well in the quarter from the extreme losses suffered over the previous 12 months. In the quarter the market fund (MARS) performed very well (61.4%) and the currency fund (CARS) produced a modest positive return (3.2%) but over the 12 month period the MARS fund has really struggled (-85.7%), only partially offset by the currency fund (+89%). These two funds are in the ratio 2:1 MARS to CARS.

Performance relative to other LGPS Funds

4.16 **Appendix 1** shows the **performance of NYPF relative to other Funds in the LGPS universe.** Whilst the last 12 months have been disappointing, NYPF has shown a strong correlation to the performance of other LGPS funds over the last 20 years. The two exceptions were a disappointing December 2008 quarter, when the combination of strong negative performance from several managers conspired against the Fund, and the dramatic recovery in the June 2009 quarter (see **paragraph 4.1**) when the NYPF performed better than any other local authority fund.

5.0 RISK INDICATORS

5.1 As reported to the May 2009 PFC meeting, the Mellon Performance Report (**page 14**) includes three long-term risk indicators.

5.2 The Fund's annualised **Standard Deviation** for the rolling three year period to June 2009 (16.9%) remains significantly higher than the average over the three year period to June 2008 (9.0%). This shows an unprecedented level of volatility of the Fund's return which is not surprising given the recent market conditions.

5.3 The **Tracking Error** figure is a consolidation of the difference between each Fund Manager's actual return versus their respective benchmark. The unprecedented increase over the last six months in this measure reflects huge market volatility and the most difficult financial market environment ever to face the Fund (and its investment managers).

5.4 The **Information Ratio** is a measure of manager skill and has been volatile over recent years. The figure has fallen to a negative number which reflects the significant levels of under-performance in the three year period to June 2009 by most managers.

6.0 SOLVENCY

6.1 The **solvency position** is presented in **Appendices 2 and 3**. The figures from 31 March 2007 have been restated in line with the figures presented by the Actuary. As at 30 June 2009 the solvency had increased from 35% to 40%.

6.2 The assets of the Fund increased by 17.5% in the Quarter (including new money), whilst liabilities (as modelled by the Actuary), increased by 3% hence the 5% improvement in solvency in the Quarter. After a reversal in early 2009 strong liability growth has returned in the June quarter reflected by falling yields on long-dated gilts which are used as the proxy discount rate to value liabilities. Hence lower yields result in higher liability values and vice versa.

6.3 The relative position, over time, between liabilities and assets is shown very clearly in **Appendix 3** which is a simple graph using data from **Appendix 2**. It is clear from this graph that

(a) "liability growth" was matched by "asset growth" for the period March 2004 to March 2007 (hence the steady improvement in solvency from 59% to 67% over that period)

(b) that since March 2007 "liability value" has accelerated and "asset value" has fallen, and thereby has had

(c) a significant and consequential impact on solvency – there is a point where the asset and deficit lines cross - this is effectively the 50% funding point

(d) during the first quarter of 2009 changes in assumptions on inflation and bond yields resulted in a fall in the valuation of liabilities. However this has been largely reversed in the second quarter.

6.4 What this analysis illustrates very clearly is that the Fund has no control over "liability growth" because it is effectively generated by market conditions. The Fund must therefore concentrate on the performance of its assets.

6.5 The table at **Appendix 4** is an ongoing **comparison of Fund performance as against the Least Risk Portfolio**. This shows that the latest total 3 year annualised return has now under-performed the Least Risk portfolio by -13.9% pa which is an improvement from -17.2% pa as at 31 March 2009. Just as importantly, the quarterly rolling return (which covers the period since the Triennial Valuation date) is 11.5% ahead of the Least Risk Portfolio.

6.6 The graphs at **Appendix 5** have been produced by MAS and they provide an insight into the impact of the relative movements of the assets and liabilities on the Fund's solvency position.

6.7 The graphs show that only where the Total Fund return (red line) exceeds the Least Risk Portfolio (LRP = proxy measure for the liabilities) plus the target outperformance assumption of 1.4% (blue line) does the solvency position (green line) improve.

6.8 An additional line has now been included (pink) to **Appendix 5** which is the revised investment target arising from the adoption of the Investment Offset in the 2007 Triennial Valuation. Again the aim is for the Total fund return (red) to exceed this target over the 3 year valuation period.

7.0 REBALANCING

7.1 The latest round of rebalancing the Fund's assets took place in July 2009 based upon the position at the end of June 2009. Details are provided in the spreadsheet at **Appendix 6**.

7.2 Although the volatility in the markets has contributed to dramatic swings in equity returns and fixed income returns the portfolio has not drifted very significantly from its strategic benchmark allocations at the end of the quarter. Notwithstanding the significant daily fluctuations in equity and bond markets there has been no further rebalancing necessary other than as described in **paragraph 7.3**.

7.3 Over the 3 months to July 2009 £35m was moved to Credit Agricole (to maintain the overall allocation to Fixed Income). This was funded by a recovery in the strength of Sterling during May to July generating £11.1m on the currency hedge account, £10.1m from liquidated investments in the Hermes European Focus Fund and supplemented by the Funds positive cash flow over the quarter.

8.0 PROXY VOTING

8.1 Enclosed as a separate document is the report from PIRC summarising the proxy voting activity in the period April to June 2009. This report covers the votes cast on behalf of NYPF at all relevant company AGM's in the period and includes an analysis of voting recommendations at selected meetings and responses to company engagement.

9.0 **RECOMMENDATION**

9.1 Members are asked to note the investment performance of the Fund for the Quarter and 12 months ending 30 June 2009.

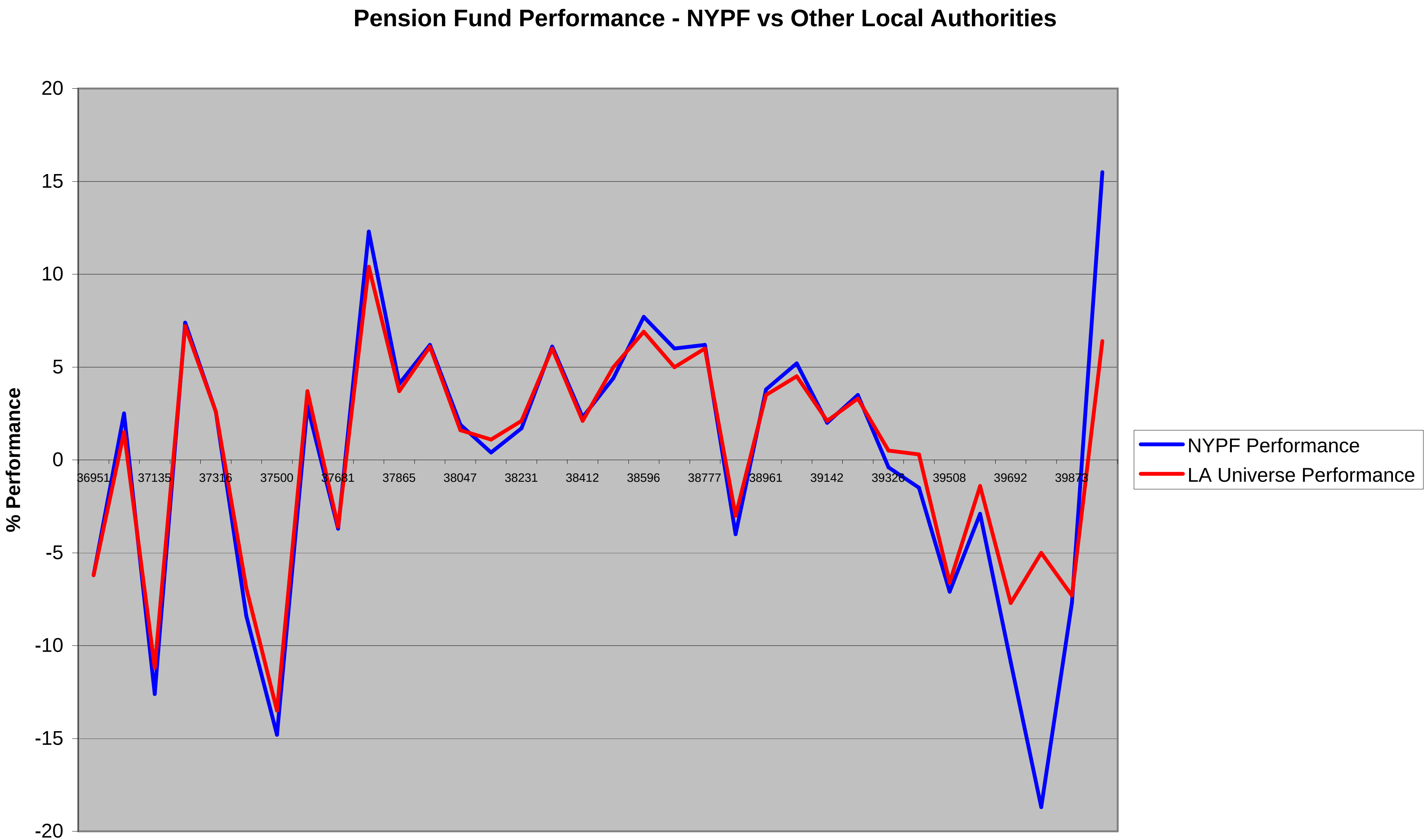
JOHN MOORE
Treasurer

Finance and Central Services
County Hall
Northallerton

14 September 2009

Background documents: None

APPENDIX 1

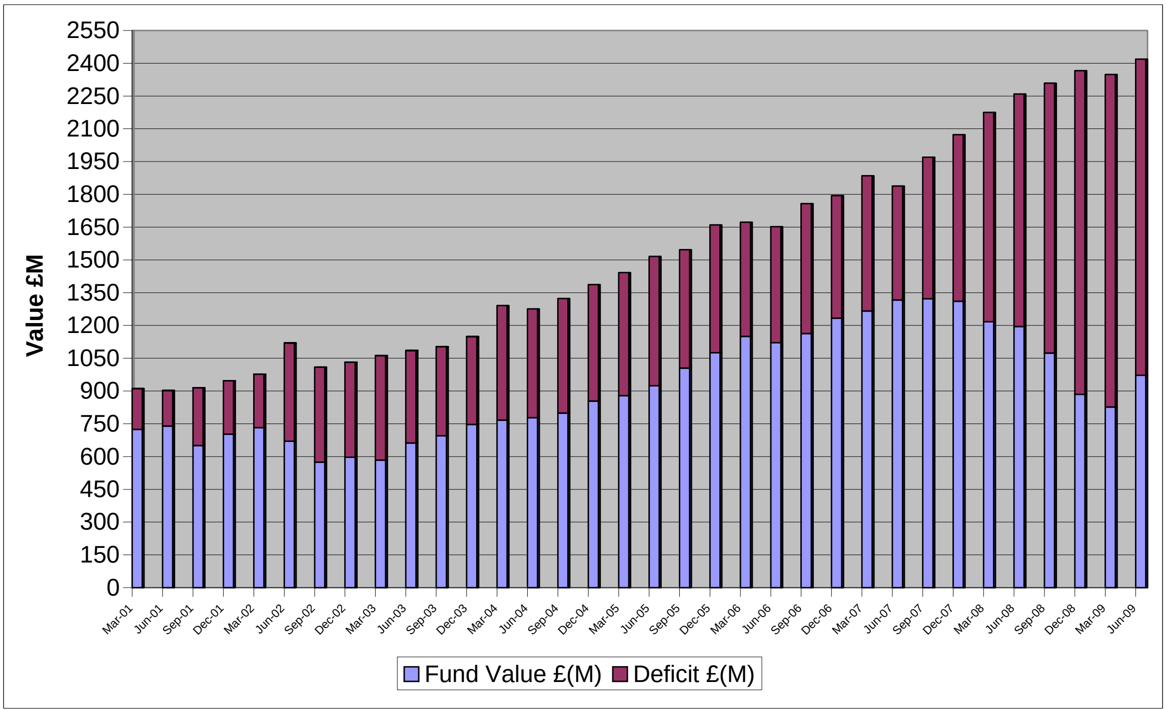

Pension Fund Performance - NYPF vs Other Local Authorities
% Performance
20
15
10
5
0
-5
-10
-15
-20
36951
37135
37316
37500
37681
37865
38047
38231
38412
38596
38777
38961
39142
39326
39508
39692
39873
NYPF Performance
LA Universe Performance

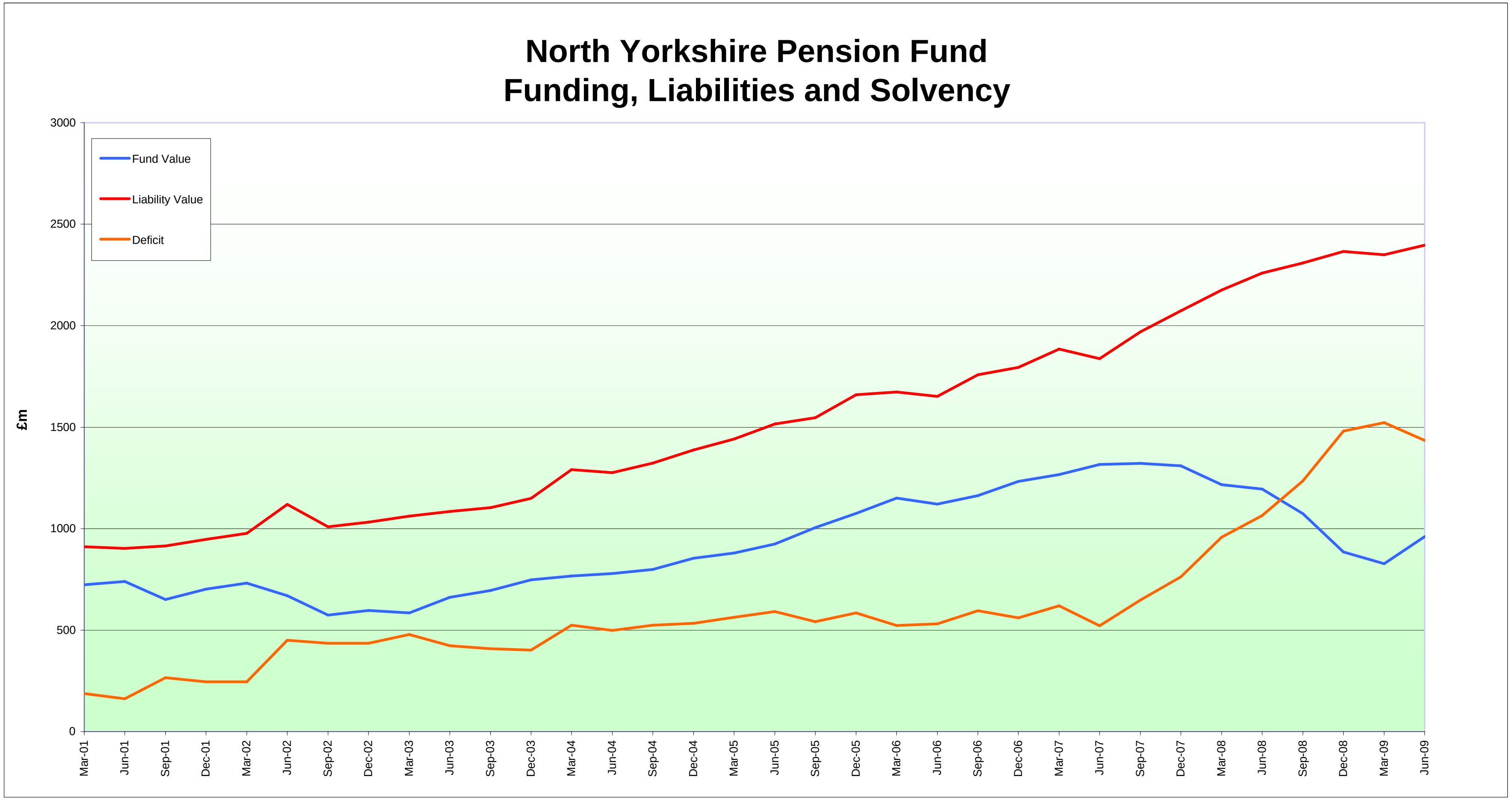
Actuarial Model of Quarterly Solvency Position

Date	Solvency	Deficit £(M)	Fund Value £(M)	FTSE 100
March 31, 2001	79%	187	724	5,634
June 30, 2001	82%	162	740	5,643
September 30, 2001	71%	265	650	4,903
December 31, 2001	74%	245	702	5,217
March 31, 2002	75%	245	732	5,272
June 30, 2002	60%	450	670	4,656
September 30, 2002	56%	435	574	3,722
December 31, 2002	58%	435	597	3,940
March 31, 2003	55%	478	584	3,613
June 30, 2003	61%	423	662	4,031
September 30, 2003	63%	408	695	4,091
December 31, 2003	65%	402	747	4,477
March 31, 2004	59%	524	767	4,386
June 30, 2004	61%	498	778	4,464
September 30, 2004	60%	524	799	4,571
December 31, 2004	62%	533	854	4,814
March 31, 2005	61%	563	879	4,894
June 30, 2005	61%	592	924	5,113
September 30, 2005	65%	542	1005	5,478
December 31, 2005	65%	585	1075	5,619
March 31, 2006	69%	523	1150	5,965
June 30, 2006	68%	531	1121	5,833
September 30, 2006	66%	595	1163	5,961
December 31, 2006	69%	561	1233	6,221
March 31, 2007	67%	619	1266	6,308
June 30, 2007	72%	522	1316	6,608
September 30, 2007	67%	648	1322	6,467
December 31, 2007	63%	763	1310	6,457
March 31, 2008	56%	958	1217	5,702
June 30, 2008	53%	1064	1195	5,625
September 30, 2008	47%	1235	1074	4,902
December 31, 2008	37%	1481	885	4,434
March 31, 2009	35%	1522	827	3,926
June 30, 2009	40%	1447	972	4,249

Triennial valuation results highlighted in yellow

Movement in Assets and Liabilities





North Yorkshire Pension Fund
Funding, Liabilities and Solvency
£m
3000
2500
2000
1500
1000
500
0
Fund Value
Liability Value
Deficit
Mar-01
Jun-01
Sep-01
Dec-01
Mar-02
Jun-02
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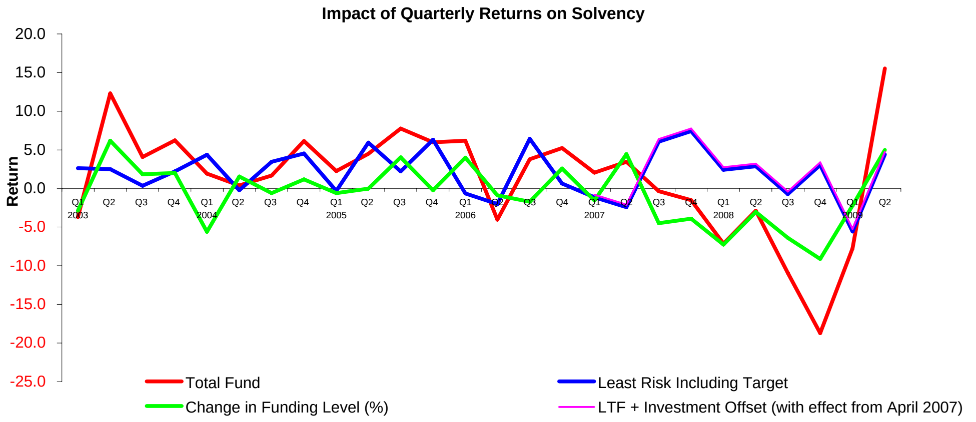
Jun-09

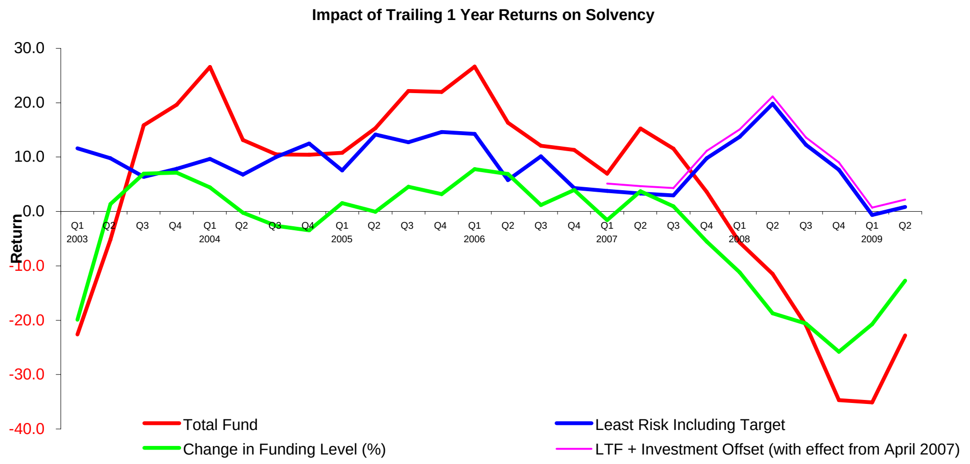
Appendix 3

Comparison of Actual Performance vs the Least Risk Portfolio *

Quarter/ Rolling Year	Total Fund Return	Total Fund Custom Benchmark	Relative +/-	Total Fund Return	85% Index, 15% Fixed	Relative +/-
Q1 2002	2.60	2.10	0.50	2.60	0.40	2.20
Rolling 12 Months 2001/2002	**-1.28**	**-1.71**	**0.43**	**-1.28**	**2.10**	**-3.38**
Q2 2002	-8.40	-7.70	-0.70	-8.40	3.90	-12.30
Q3 2002	-14.80	-14.40	-0.40	-14.80	3.30	-18.10
Q4 2002	2.90	4.50	-1.60	2.90	0.40	2.50
Q1 2003	-3.68	-3.83	0.15	-3.68	2.30	-5.98
Rolling 12 Months 2002/2003	**-22.65**	**-20.60**	**-2.05**	**-22.65**	**10.24**	**-32.88**
Q2 2003	12.31	11.23	1.08	12.31	2.17	10.14
Q3 2003	4.09	3.87	0.22	4.09	0.02	4.07
Q4 2003	6.23	6.18	0.05	6.23	1.85	4.38
Q1 2004	1.94	1.42	0.52	1.94	4.04	-2.10
Rolling 12 Months 2003/2004	**26.60**	**24.41**	**2.19**	**26.60**	**8.28**	**18.33**
Q2 2004	0.39	1.25	-0.87	0.39	-0.59	0.97
Q3 2004	1.67	1.75	-0.08	1.67	3.12	-1.45
Q4 2004	6.14	5.70	0.44	6.14	4.19	1.95
Q1 2005	2.27	1.80	0.47	2.27	-0.64	2.91
Rolling 12 Months 2004/2005	**10.79**	**10.85**	**-0.07**	**10.79**	**6.12**	**4.67**
Q2 2005	4.48	5.03	-0.55	4.48	5.60	-1.12
Q3 2005	7.74	7.24	0.50	7.74	1.85	5.89
Q4 2005	5.96	5.75	0.21	5.96	5.98	-0.02
Q1 2006	6.19	5.37	0.82	6.19	-0.97	7.16
Rolling 12 Months 2005/2006	**26.67**	**25.52**	**1.15**	**26.67**	**12.88**	**13.79**
Q2 2006	-4.03	-3.57	-0.46	-4.03	-2.35	-1.68
Q3 2006	3.78	4.16	-0.38	3.78	6.09	-2.31
Q4 2006	5.23	4.72	0.51	5.23	0.31	4.92
Q1 2007	2.04	2.13	-0.09	2.04	-1.50	3.54
Rolling 12 Months 2006/2007	**3.62**	**5.53**	**-1.91**	**3.62**	**8.41**	**-4.79**
Q2 2007	3.46	1.78	1.68	3.46	-2.77	6.24
Q3 2007	-0.36	0.84	-1.20	-0.36	5.69	-6.05
Q4 2007	-1.49	0.68	-2.17	-1.49	7.10	-8.59
Q1 2008	-7.15	-5.49	-1.66	-7.15	2.06	-9.20
Rolling 12 Months 2007/2008	-5.71	-2.34	-3.37	-5.71	12.32	-18.03
Q2 2008	-2.88	-2.75	-0.13	-2.88	2.51	-5.39
Q3 2008	-10.93	-5.42	-5.51	-10.93	-1.07	-9.86
Q4 2008	-18.71	-5.22	-13.49	-18.71	2.69	-21.40
Q1 2009	-7.74	-6.81	-0.93	-7.74	-5.91	-1.83
Rolling 12 Months 2008/2009	**-35.12**	**-2.02**	**-18.75**	-35.12	-2.02	-33.11
Q2 2009	15.54	-8.57	24.11	15.54	4.04	11.49
3 Year Annualised Return	**-7.65**	**-1.10**	**-6.55**	**-7.65**	**6.28**	**-13.93**

* As a proxy for such a portfolio the performance of the Fund is compared above, from 1 April 2001, with an Index comprising 85% Index Linked Gilts (over 15 years Total Return) and 15% Fixed Interest Gilts (over 15 years).





Quarter Returns

	Least Risk BM	Least Risk Including Target	LTF + Investment Offset	Relative	Total Fund
Q1 2005	-0.64	-0.29		2.56	2.27
Q2	5.60	5.95		-1.47	4.48
Q3	1.85	2.20		5.54	7.74
Q4	5.98	6.33		-0.37	5.96
Q1 2006	-0.97	-0.62		6.81	6.19
Q2	-2.35	-2.00		-2.03	-4.03
Q3	6.09	6.44		-2.66	3.78
Q4	0.31	0.66		4.57	5.23
Q1 2007	-1.50	-1.15		3.19	2.04
Q2	-2.77	-2.42	-2.09	5.89	3.46
Q3	5.69	6.04	6.37	-6.40	-0.36
Q4	7.10	7.44	7.78	-8.94	-1.49
Q1 2008	2.06	2.41	2.74	-9.55	-7.15
Q2	2.51	2.86	3.19	-5.74	-2.88
Q3	-1.07	-0.72	-0.39	-10.21	-10.93
Q4	2.69	3.04	3.37	-21.75	-18.71
Q1 2009	-5.91	-5.56	-5.23	-2.18	-7.74
Q2	4.04	4.39	4.72	11.14	15.54

Trailing 1 Year Returns

	Least Risk BM	Least Risk Including Target	LTF + Investment Offset	Relative	Total Fund
Q1 2005	6.12	7.52		3.27	10.79
Q2	12.72	14.12		1.18	15.30
Q3	11.34	12.74		9.45	22.19
Q4	13.25	14.65		7.33	21.98
Q1 2006	12.88	14.28		12.39	26.67
Q2	4.38	5.78		10.57	16.35
Q3	8.73	10.13		1.94	12.07
Q4	2.91	4.31		6.98	11.30
Q1 2007	2.37	3.77		3.18	6.94
Q2	1.92	3.32	4.67	11.97	15.29
Q3	1.54	2.94	4.29	8.62	11.56
Q4	8.41	9.81	11.16	-6.19	3.62
Q1 2008	12.32	13.72	15.07	-19.43	-5.71
Q2	18.42	19.82	21.17	-31.31	-11.49
Q3	10.84	12.24	13.59	-33.12	-20.88
Q4	6.28	7.68	9.03	-42.39	-34.71
Q1 2009	-2.02	-0.62	0.73	-34.51	-35.12
Q2	-0.55	0.85	2.20	-23.67	-22.82

REBALANCING OF NYPF ASSETS AS AT 30 JUNE 2009

Asset Class	Benchmark Proportion	Mandate Type
Equity + Cash	77%	Global Equity
Fixed Income	23%	Global Fixed Income

After Rebalancing	
74.5%	708.73
23.9%	227.26
1.6%	14.76
100.0%	950.75

		30-Jun-09 Value £m	%	Target	+/- Allocation £m	Rebalanced £m	%	97% 3% Tolerance Min %	Min £m	103% Max %	Max £m	Under	Over					memo 31/07/2009 Value £m	% actual %
Global Equity Managers																			
Baillie Gifford Global Alpha		154.41	16.2%	14.9%	-16.7	137.68	14.5%	14.5%	137.41	15.3%	145.91	0.00	-8.50	0.00	154.41	16.2%		167.93	16.1%
Baillie Gifford Global Growth		98.59	10.4%	9.0%	-15.4	83.16	8.7%	8.7%	83.00	9.3%	88.13	0.00	-10.46	0.00	98.59	10.4%		107.03	10.3%
	(a)	253.00	26.6%	23.9%	-32.2	220.8	23.2%		220.41		234.05			0.00	253.00	26.6%		274.96	26.4%
Global (ex UK) Equity Managers																			
Fidelity		222.14	23.4%		-4.8	217.4	22.9%							0.00	222.14			238.94	22.9%
Hermes Europe		3.48	0.4%		0	3.5	0.4%							0.00	3.48			2.56	0.2%
	(b)	225.62	23.7%	23.9%	-4.8	220.8	23.2%	23.2%	220.41	24.6%	234.05	0.00	0.00	0.00	225.62	23.7%		241.5	23.2%
UK Equity Managers																			
Standard Life		212.87	22.4%		16.0	228.9	24.1%							0.00	212.87			241.57	23.2%
Hermes UK		0.00	0.0%		0	0.0	0.0%							0.00	0.00			0	0.0%
Yorkshire Forward		1.21	0.1%		0	1.2	0.1%							0.00	1.21			1.21	0.1%
	(c)	214.08	22.5%	*24.9%*	16.0	230.1	24.2%	24.2%	229.63	25.6%	243.84	15.55	0.00	0.00	214.08	22.5%		242.78	23.3%
Global Tactical Asset Allocation																			
UBS	(d)	16.03	1.7%	*4.0%*	20.9	37.0	3.9%	3.9%	36.89	4.1%	39.17	20.86	0.00	0.00	16.03	1.7%		0	0.0%
Equity sub-total	(a+b+c+d)=(e)	708.73	74.5%	**76.7%**	0.0	708.73	**74.5%**	74.4%	707.35	79.0%	751.10	0.00	0.00	0.00	708.73	74.5%		759.24	72.9%
Global Fixed Income Managers																			
ECM		76.23	8.0%			76.2	8.0%							0.00	76.23			82.61	7.9%
CAAM		126.03	13.3%		25.0	151.0	15.9%							25.00	151.03			164.91	15.8%
Fixed Income sub-total	(f)	202.26	21.3%	**22.9%**	25.0	227.26	**23.9%**	22.2%	211.19	23.6%	224.25	8.93	0.00	25.00	227.26	23.9%		247.52	23.8%
Cash																	UBS	19.48	
Internal Cash		18.45			-25.0	-6.55								-13.50	4.95			4.13	
Currency Hedge Cash		21.31			0.0	21.31								-11.50	9.81			10.82	
Cash sub-total	(g)	39.76	4.2%	**0.4%**	-25.0	14.76	1.6%	0.4%	3.69	0.4%	3.92	0.00	-35.84	-25.00	14.76	1.6%		34.43	3.3%
	(e+f+g)=(h)	**950.75**	**100.0%**	**100.0%**	**0.0**	**950.75**	**100.0%**											1041.19	
RC Brown	(j)	1.46																1.56	
	(h+j)=(k)	952.21																1042.75	**100.0%**

NORTH YORKSHIRE PENSION FUND

Meeting: 24th September 2009

1. *INVESTMENT RETURNS*

The table below shows total returns, expressed in sterling, on the major asset classes for the two months to 31st August, the three months to 31st March 2009 and for the year to 31st March 2009.

	Market Returns		
	1st July to 31st August 2009 %	3 months to 30th June 2009 %	12 months to 30th June 2009 %
FTSE All-Share	16.8	10.9	-20.5
FTSE World Ex UK	14.2	5.9	-12.8
FTSE N. America	12.6	1.9	-11.0
FTSE Europe Ex UK	20.4	9.8	-20.1
FTSE Japan	9.4	7.0	-6.5
FTSE Asia-Pacific Ex Japan	15.0	13.6	-10.1
FTSE Emerging Markets	12.5	18.4	-11.8
UK Gilts	2.9	-1.3	12.9
Overseas Bonds	4.8	-10.9	27.6
UK Index Linked	2.7	2.9	0.5
Cash	0.1	0.2	2.7

UK base rate was reduced three times in the March quarter to 0.5% and was maintained at this at the April meeting. This is, by some margin, the lowest rate since the establishment of The Bank of England in 1694. In addition to this unprecedented action The Bank announced in March a £75bn. programme of asset purchases, designed to add liquidity to those banks tendering assets. This facility, colloquially known as "quantitative easing", was subsequently increased to £125bn., with the Treasury making provision for a further £25bn. should the Bank require it. After the June meeting the Bank revealed that £93bn. of assets had been purchased. After the August meeting the MPC announced a decision to increase the programme to £175bn. There will be a reduced rate of purchase of assets before the new target is reached around the end of October. The August Inflation Report may throw more light on the reasons for this decision.

The Monetary Policy Committee (MPC) remains focused on the anticipation of a sharp decline in consumer price inflation and fears of deflation by the second half of 2009. In this context it should be noted that Retail Prices, which include mortgage and rental costs and Council Tax, have already begun to fall.

The global banking and credit crisis is far from over. A key UK policy objective – reviving bank lending to the domestic corporate sector – has not yet been achieved. HMG, which has substantial stakes in Royal bank of Scotland and Lloyds HBOS, is constantly urging the banks to do more, particularly for small and medium sized enterprises, but as yet little has happened. The government appears reluctant to intervene more vigorously in the management of these institutions.

During the June quarter, gilt edged securities fell in value and exhibited extreme volatility. The yield on 10-year conventional gilts rose by 0.5% to 3.7%, having reached 4.0% during June. The yield on 30-year gilts rose by 0.2% to 4.4%, having reached 4.7% in June. Since 30th June, conditions have remained volatile and yields rose further across the maturity spectrum in July and declined following the announcement of additional quantitative easing.

Index linked securities have also been extraordinarily volatile. The real yield on 10-year index-linked gilts ended virtually unchanged on the quarter at 0.9%, but had recorded a range of 0.7% to 1.3% in the June quarter alone. The real yield on 30-year index linked gilts ended 0.2% lower at 0.7%. Here too, yields have rose again in July and fell in August. Expressed in price terms the 2037 dated Index-linked stock has traded over a 20% range since the beginning of March 2009. This extreme volatility is worrying, given that the valuation of The Fund's liabilities is very sensitive to these movements.

UK equities gave a total return of 10.9% in the quarter as measured by the FTSE All Share Index, and have made a further gain in July. Volatility was slightly reduced compared with the previous six months. Once again there has been a wide dispersion of returns from different sectors. The best performers were Financials and Technology, both up around 25%, while the worst were Telecomms and Oil & Gas, both roughly unchanged on the quarter.

In the US, the Federal Reserve Open Market Committee (FOMC) maintained its target range for Fed. Funds of 0% to ¼%. Meanwhile, the Fed continues to provide massive support to the financial system. It is worth quoting from the Fed's 24th June press release:-

"As previously announced, to provide support to mortgage lending and housing markets and to improve overall conditions in private credit markets, the Federal Reserve will purchase a total of up to $1.25 trillion of agency mortgage-backed securities and up to $200 billion of agency debt by the end of the year. In addition, the Federal Reserve will buy up to $300 billion of Treasury securities by autumn. The Committee will continue to evaluate the timing and overall amounts of its purchases of securities in light of the evolving economic outlook and conditions in financial markets. The Federal Reserve is monitoring the size and composition of its balance sheet and will make adjustments to its credit and liquidity programs as warranted."

These are large numbers. The final sentence of the paragraph above is intended to reassure those who wonder if the authorities have a coherent exit strategy from the current policy of emergency monetary support. Reassurance is perhaps needed, as the yield on 10-year US Treasury bonds rose by 0.9% in the June quarter.

US economic data releases are not encouraging; GDP is estimated to have fallen in the first quarter by an annualised rate of 6.4%. The preliminary estimate for the second quarter shows a further decline of 1.0%. Furthermore extensive revisions to past estimates mean that growth in 2008 has been revised down from 1.1% to 0.4%. Unemployment is running at 9.5% and non-farm payrolls were down 467,000 in June. Consumer spending and confidence, which had briefly revived fell again in July.

Other global equity markets all rose. It is becoming apparent that China and India are coping better with the global crisis than the heavily indebted western economies. This is also benefiting the Pacific Basin and emerging markets.

2. ***INVESTMENT PERFORMANCE***

The first table below shows performance at the aggregate total fund level for NYPF.

The most recent quarter has produced results which are much more encouraging than the previous 9 months. In some critical asset categories, the rebound in performance is very sharp. The results are examined in more detail below.

NYPF Total Fund Performance to June 2009

	3 months total return %	Rolling12 months total return %
NYPF	15.5	-22.8
Composite Benchmark	9.4	-8.6

The marked improvement in performance coincides with a strong rally in all “risky” assets. This has favoured the style of most of the equity managers and of the bond managers, notably ECM.

The next table below shows the performance of the UK equity portfolios. It should be borne in mind that RC Brown are measured against a different benchmark index from that applying to Standard Life Investments (SLI).

UK Equity Performance to June 2009

	3 months % Total Return		Rolling 12 months % Total Return	
	Portfolio	Benchmark	Portfolio	Benchmark
Standard Life	22.8	19.7	-17.8	-11.4
RC Brown	18.9	10.9	-21.9	-20.5

SLI delivered a very strong quarter’s performance relative to their non-standard benchmark, and it is notable that the NYPF benchmark outperformed the standard FTSE All Share Index by a full 7.9% (using the geometric method for this calculation – see previous reports). In the 6 months to June the bespoke SLI benchmark has outperformed the All Share Index by a remarkable 18.2%. This makes the latest quarter's performance the more encouraging, though evidently there is the risk that volatility in performance could continue, to the potential detriment of The Fund.

Turning to overseas equities, the next table below shows the performance of the overseas equity portfolios. Barclays Global Investors were replaced by Fidelity at the end of October 2008 and therefore the Fidelity performance is for 6 months only. Fidelity and Baillie Gifford operate to differing mandates, which are detailed in the footnotes to the table.

Overseas Equity Performance to June 2009

	3 months % Total Return		Rolling 12 months % Total Return	
	Portfolio	Benchmark	Portfolio	Benchmark
Fidelity	7.1	7.6	-4.4*	-4.0*
Baillie Gifford Global Alpha	8.4	6.2**	-16.2	-13.7**
Baillie Gifford LTGG	8.9	6.2**	-17.4	-13.7**

* 6 months only Benchmark Index: Bespoke, global ex-UK. Performance Target +2%

** Benchmark Index: FTSE All World. Performance Target +3%

Baillie Gifford's portfolios are concentrated, Long Term Global Growth especially so. Hence it is particularly unwise to attach too much significance to short term performance. Baillie Gifford's portfolios tend to be positively correlated with optimism about growth in economies and earnings. It is therefore no surprise that performance has turned positive as markets have recovered. This is not to decry Baillie Gifford's efforts – after all, their performance started to improve before the markets turned. The key question will be whether Baillie Gifford's processes can identify long term gainers in the difficult climate which may rule in the aftermath of the financial crisis.

Fidelity, who are a recent appointee, performed slightly below the benchmark in the June Quarter and are a little below the benchmark after 6 months. It is still much too early to offer any meaningful comment on Fidelity's performance.

The next table below shows the performance of the global fixed income managers for the quarter and for 12 months to 30th June 2009.

Global Bond Performance - to June 2009

	3 months % Total Return	12 months % Total Return
European Credit Management	29.1	-43.4
Credit Agricole Asset Management	5.7	5.5
NYPF Least Risk Benchmark	4.0	-0.5

Nowhere is the change in fortunes of the North Yorkshire Fund more apparent than in the performance of European Capital Management. Clearly there is a long road to travel to recover the destruction of value suffered since the autumn of 2007, but the rally in ECM's funds since the March 2009 low point is a start.

Three points are worth observing. First, the spreads between credit instruments and government bonds have narrowed sharply, driving capital appreciation. There are variations between various categories and quality of bonds, but in most cases spreads are still substantially above long term historical averages. The history is probably a poor guide to the future and the recent rate of improvement is unlikely to be maintained, but there is scope for further progress. Secondly, liquidity in the secondary market has improved, so that independent valuation of instruments is less hazardous. This has contributed further to an improvement in mark to market prices. Finally, although ECM's gearing, at about 127% of underlying value, is lower than it was in the earlier stages of the crisis, it has enhanced the recovery in values.

ECM have enjoyed further positive performance of about 13% in July and August.

CAAM achieved solid performance in the June quarter and the 12 month performance is now very good, recovering from a disappointing period in early 2008. All the positions taken by CAAM contributed to the positive result for the quarter. In particular, there was a 0.9% contribution from their positions in credit instruments.

<u>Global Tactical Asset Allocation Performance to May 2009</u>

The table below shows the performance of the component parts of the GTAA portfolio compared with the indices against which each is benchmarked

	3 months % Total Return		12 months % Total Return	
	Portfolio	Benchmark	Portfolio	Benchmark
UBS MARS Fund	61.4	0.1[1]	-85.7	2.9[1]
UBS CARS Fund	3.2	0.1[1]	89.0	2.9[1]
Combined MARS/CARS portfolio	41.3	0.1[1]	-49.6	2.9[1]
Equity Derivatives	4.8	5.4[2]	-15.2	-13.6[2]

[1] 1 month sterling deposits [2] FTSE All World Developed Equities

The GTAA mandate, which was terminated in July, invests in the UBS Market Absolute Return Strategy (MARS) and the UBS Currency Absolute Return Strategy (CARS) in the ratio 2:1 respectively. Together with these positions equity derivative futures are held to replicate global equity exposure on the underlying portfolio.

During the quarter, the market based strategy maintained its long positions in equities and corporate bonds, balanced by the short position in long-dated index-linked. With equities rallying strongly this resulted in a sharp recovery in performance.

After a strong period of performance in which the CARS fund exploited the unwinding of "carry" trades, positions were scaled back early in 2009, reducing the risk and scope for relative performance. UBS judge that most of the misalignments of currency value have now been corrected.

During the 12 months of very poor performance up to March 2009 the GTAA portfolio, which started as 4% of The Fund, has shrunk considerably. This is because The Fund has not "reinforced failure" by rebalancing to the original allocation. Hence although the June quarter is strongly positive it applies to a much lower base value.

3. ECONOMIC AND MARKET OUTLOOK

I summarise my views as follows:-

Economic background

- Economies are giving mixed signals. Manufacturing industry is enjoying a slight rebound in activity and confidence after a vicious inventory contraction. However, employment and consumer activity indicators suggest that final demand will remain subdued for some time to come.

- Markets are focussed on the future for the various schemes put in place by Central Banks to support their financial systems. In the UK the principal tool of this nature has been so called "quantitative easing", in which the Bank of England buys quoted securities with newly created money.

- There is some evidence from market behaviour in recent weeks that financial markets as a whole i.e. not just the bond markets have become dependent on this source of support. As The Bank's purchases decelerate and the £175bn. allocation approaches its limit, markets may become more nervous and volatile.

- Politicians in the UK and elsewhere are urging banks (in which the state may well have a stake) to lend more to domestic enterprises. The problem is that the rapid deleveraging of banks has reduced their aggregate capacity to lend. This is particularly the case in the UK, where banks became, to an unhealthy extent, reliant on wholesale funding from overseas depositors.

- **It remains the case that the downturn in real economic activity is likely to be longer than most forecasters expect.**

Government Bonds

- The UK continues to expand the national debt at an unprecedented pace. This is regardless of the future for the "quantitative easing" scheme (see p.1 above). The risk is that the markets find themselves "overfed" with UK gilts, driving yields sharply higher.

Non-government Bonds

- There has been a strong recovery in non-government bonds, particularly high quality corporate bonds. Despite the negative outlook for gilts, further good returns can be expected from non-governments.

Equities

- Equity markets have rebounded strongly since early March 2009. This has coincided with the trough in a pronounced inventory cycle and has been reinforced by government action to support financial systems.

- However, at the consumer level the recession is only just beginning to bite. The kind of strong economic recovery projected by some commentators and governments is far from assured.

- This may not mean that equities are, in general, overvalued but the steep rise in the shares of distressed companies, as opposed to sounder ones, may be overdone.

P.J. Williams

8th September 2009

BNY MELLON
ASSET SERVICING

North Yorkshire Pension Fund

Summary Performance Report to 30 June 2009

Ref. 13956/433393

BNY Mellon Asset Servicing
Performance & Risk Analytics
1 Whitehall Riverside
Leeds LS1 4BN

T: +44(0) 113 233 8400
F: +44(0) 113 233 8401
E: masuk.info@mellon.com

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BNY MELLON
ASSET SERVICING

Contents	Page

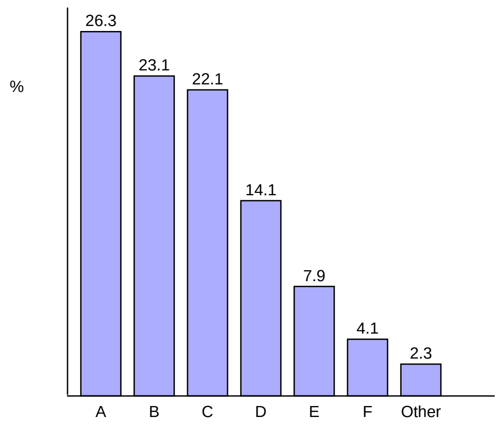
Manager Structure to 30 June 2009

The illustrations below show manager and portfolio weights relative to the fund's total market value. Portfolio details are shown in the tables.

Two different points in time are highlighted: as at report end date, and as at 31 March 2009.

All monetary values are quoted in millions.

Managers as at 30 June 2009

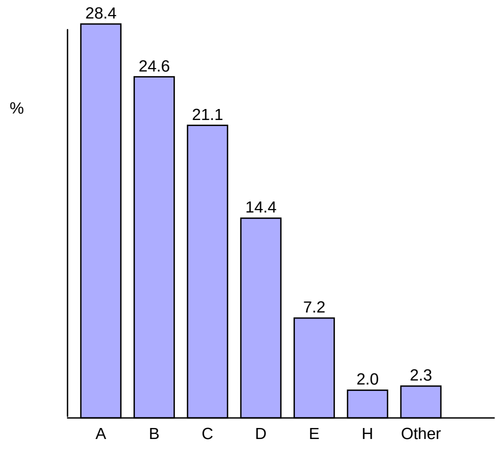


Manager	Brief	End Market Value
(B) FIL Inv Ser UK	Global Equities	222.141
(C) Standard Life	UK Equities	212.875
(A) Baillie Gifford	Global Equities	154.407
(D) Credit Agricole AM	Global Bonds	135.735
(A) Baillie Gifford	LTGG	98.586
(E) European Credit Mgmt	Global Bonds	76.227
(F) Internal	Hedged	21.330
(F) Internal	Cash	18.448
UBS	Global Tactical Asset Allocation	16.026
(H) Hermes Investment	European Equities	3.479
(I) RC Brown Investment	UK Equities	1.458
(J) Yorkshire & Humber	UK Equities	1.208
Fund	**Multi-Asset**	**961.921**

BNY MELLON
ASSET SERVICING

Manager Structure to 30 June 2009

Managers as at 31 March 2009



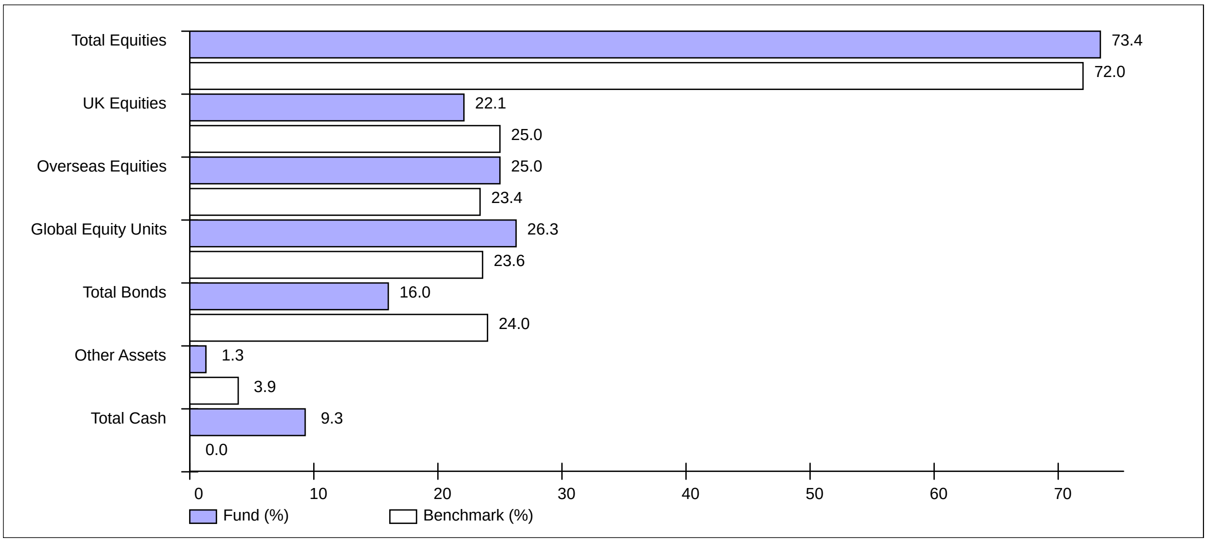
Manager	Brief	End Market Value
(B) FIL Inv Ser UK	Global Equities	201.776
(C) Standard Life	UK Equities	173.293
(A) Baillie Gifford	Global Equities	142.410
(D) Credit Agricole AM	Global Bonds	118.563
(A) Baillie Gifford	LTGG	90.502
(E) European Credit Mgmt	Global Bonds	59.052
(H) Hermes Investment	European Equities	16.069
UBS	Global Tactical Asset Allocation	10.968
(F) Internal	Cash	2.961
(F) Internal	Hedged	2.638
(J) Yorkshire & Humber	UK Equities	1.208
(I) RC Brown Investment	UK Equities	1.167
(H) Hermes Investment	UK Equities	0.709
Fund	**Multi-Asset**	**821.318**

Benchmark Summary to 30 June 2009

The current benchmark for the fund is described below. It has been in place since 1 January 2009 and is rebalanced monthly.

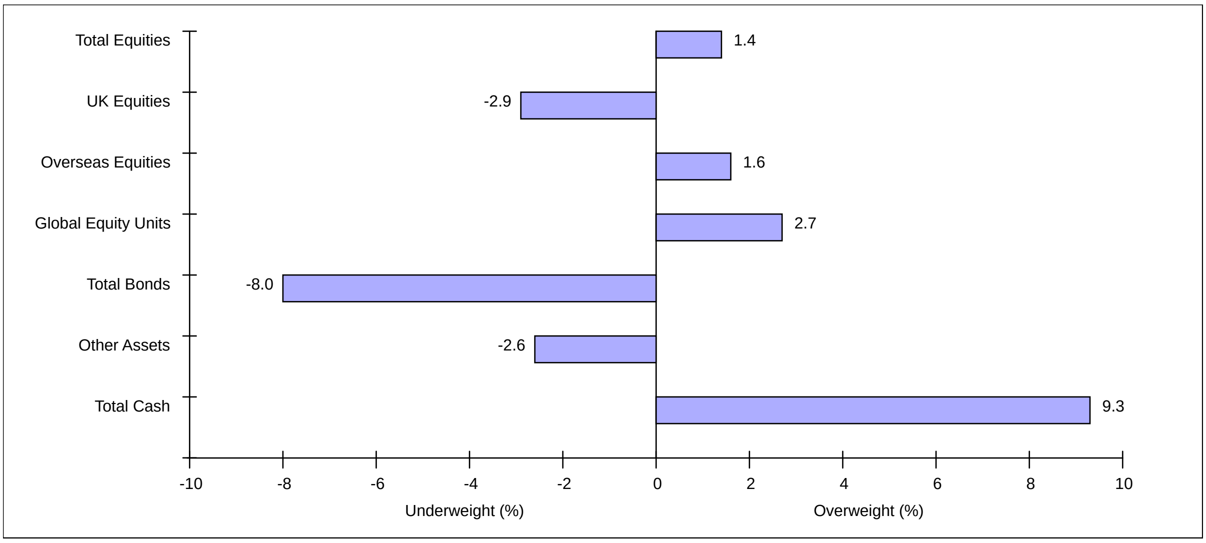
Sector	Weight (%)	Comparison Basis
UK Equities	24.540	FTSE 350 Equally Weighted
Global Equity Units	24.000	FTSE-W World
Total Bonds	23.000	NYPF Least Risk Portfolio
European Equities	8.210	MSCI Europe ex UK NDR
North American Equities	8.210	MSCI North America NDR
Other Assets	4.000	FTSE-AWDev World
Emerging Market Equities	3.520	MSCI EMF (Emerg Mkts Free) NDR
Pacific Basin Equities	3.520	MSCI Pacific NDR
Pan European Equities	0.540	FTSE-W Europe
UK Equities	0.460	FTSE All-Share

The chart below compares the asset distribution of the fund to the benchmark as at 30 June 2009.



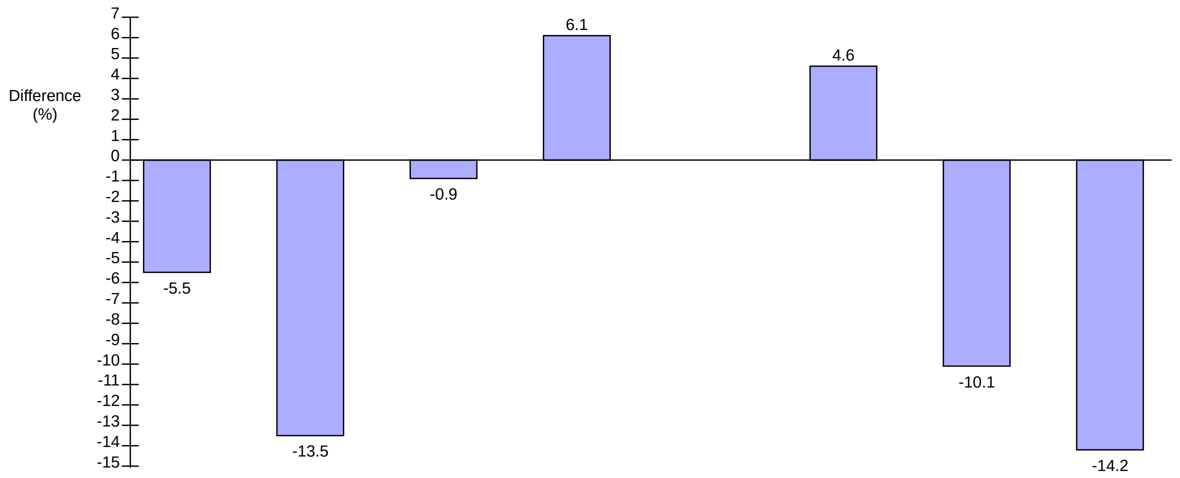
Benchmark Summary to 30 June 2009

The following chart shows the fund's under/overweight position relative to the benchmark as at 30 June 2009.



Short-term Overview to 30 June 2009

The fund's returns, relative to the benchmark, are shown in the diagram below.



	Individual quarters ending				Periods to 30 June 2009		
	30 Sep 08	31 Dec 08	31 Mar 09	30 Jun 09	6 Months	9 Months	12 Months
Fund	-10.9	-18.7	-7.7	15.5	6.6	-13.4	-22.8
Benchmark	-5.4	-5.2	-6.8	9.4	2.0	-3.3	-8.6

Returns for the fund's portfolios and their benchmarks are shown in the following table.

	Individual quarters ending				Periods to 30 June 2009		
	30 Sep 08	31 Dec 08	31 Mar 09	30 Jun 09	6 Months	9 Months	12 Months
BGI : Global ex UK Equities							
Portfolio	-7.6	-	-	-	-	-	-
Benchmark	-4.1	-	-	-	-	-	-
Difference	-3.5	-	-	-	-	-	-
Baillie Gifford : Global Equities							
Portfolio	-9.5	-7.9	-7.3	8.4	0.5	-7.4	-16.2
Benchmark	-5.9	-3.3	-10.7	6.2	-5.2	-8.3	-13.7
Difference	-3.6	-4.6	3.4	2.2	5.7	0.9	-2.5
Baillie Gifford : LTGG							
Portfolio	-13.7	-10.1	-2.2	8.9	6.5	-4.2	-17.4
Benchmark	-5.9	-3.3	-10.7	6.2	-5.2	-8.3	-13.7
Difference	-7.8	-6.8	8.5	2.7	11.7	4.1	-3.7
Credit Agricole AM : Global Bonds							
Portfolio	-1.1	6.1	-4.9	5.7	0.5	6.7	5.5
Benchmark	-1.1	2.7	-5.9	4.0	-2.1	0.5	-0.5
Difference	0.0	3.4	1.0	1.7	2.6	6.2	6.0

Short-term Overview to 30 June 2009

	Individual quarters ending				Periods to 30 June 2009		
	30 Sep 08	31 Dec 08	31 Mar 09	30 Jun 09	6 Months	9 Months	12 Months
European Credit Mgmt : Global Bonds							
Portfolio	-13.4	-37.6	-18.9	29.1	4.7	-34.7	-43.4
Benchmark	-1.1	2.7	-5.9	4.0	-2.1	0.5	-0.5
Difference	-12.3	-40.3	-13.0	25.1	6.8	-35.2	-42.9
FIL Inv Ser UK : Global Equities							
Portfolio	-	-	-10.7	7.1	-4.4	-	-
Benchmark	-	-	-10.7	7.6	-4.0	-	-
Difference	-	-	0.0	-0.5	-0.4	-	-
Hermes Investment : European Equities							
Portfolio	-22.5	-16.2	-21.1	8.3	-14.6	-28.4	-44.5
Benchmark	-11.2	-2.5	-14.5	9.7	-6.2	-8.5	-18.8
Difference	-11.3	-13.7	-6.6	-1.4	-8.4	-19.9	-25.7
Hermes Investment : UK Equities							
Portfolio	-9.2	-14.1	0.2	-	-	-	-
Benchmark	-12.2	-10.2	-9.1	-	-	-	-
Difference	3.0	-3.9	9.3	-	-	-	-
Internal : Cash							
Portfolio	1.5	0.0	-0.3	0.4	0.1	0.2	1.6
Benchmark	1.2	0.8	0.2	0.1	0.3	1.2	2.5
Difference	0.3	-0.8	-0.5	0.3	-0.2	-1.0	-0.9
Internal : Hedged							
Portfolio	-361.6	-80.8	-60.4	1199.8	415.0	-1.1	-358.8
Benchmark	1.2	0.8	0.2	0.1	0.3	1.2	2.5
Difference	-362.8	-81.6	-60.6	1199.7	414.7	-2.3	-361.3
Internal : MTMS Account							
Portfolio	-	-	-	-	-	-	-
Benchmark	-	-	-	-	-	-	-
Difference	-	-	-	-	-	-	-
RC Brown Investment : UK Equities							
Portfolio	-16.8	-16.4	-5.5	18.9	12.4	-6.1	-21.9
Benchmark	-12.2	-10.2	-9.1	10.9	0.8	-9.5	-20.5
Difference	-4.6	-6.2	3.6	8.0	11.6	3.4	-1.4
Standard Life : UK Equities							
Portfolio	-13.5	-19.9	-3.5	22.8	18.6	-5.0	-17.8
Benchmark	-10.1	-18.5	1.1	19.7	21.0	-1.4	-11.4
Difference	-3.4	-1.4	-4.6	3.1	-2.4	-3.6	-6.4

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Short-term Overview to 30 June 2009

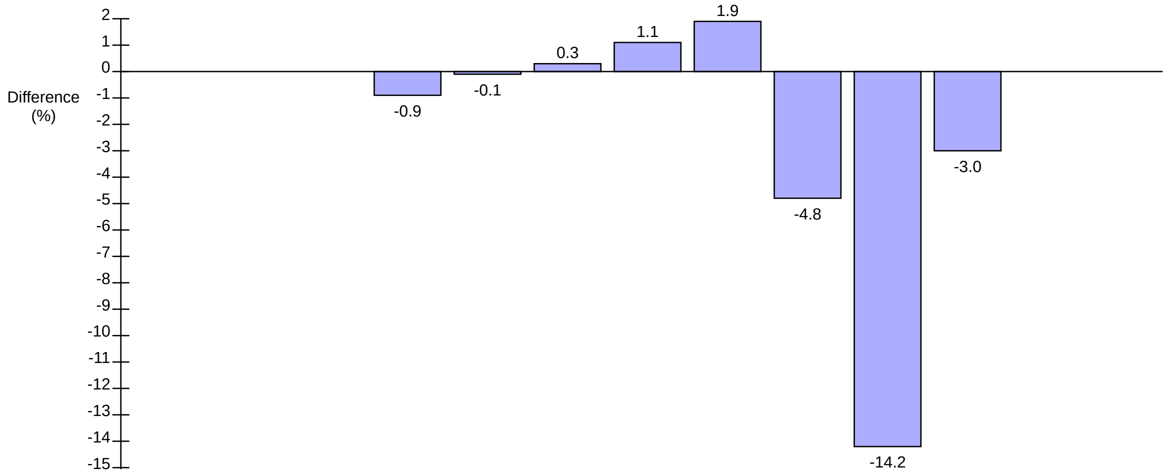
	Individual quarters ending				Periods to 30 June 2009		
	30 Sep 08	31 Dec 08	31 Mar 09	30 Jun 09	6 Months	9 Months	12 Months
UBS : Global Tactical Asset Allocation							
Portfolio	-14.0	-62.0	-33.1	46.1	-2.2	-62.9	-68.0
Benchmark	-4.9	-2.8	-11.5	5.6	-6.5	-9.1	-13.6
Difference	-9.1	-59.2	-21.6	40.5	4.3	-53.8	-54.4
Yorkshire & Humber : UK Equities							
Portfolio	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Benchmark	-12.2	-10.2	-9.1	10.9	0.8	-9.5	-20.5
Difference	12.2	10.2	9.1	-10.9	-0.8	9.5	20.5

Market values and cash flows for the fund are shown below for the quarter ending 30 June 2009.
All monetary figures are quoted in millions.

	Start Value	%	Net Invest.	Income	Capital gain/loss	End Value	%
Baillie Gifford : Global Equities	142.410	17.3	0.000	0.000	11.997	154.407	16.1
Baillie Gifford : LTGG	90.502	11.0	0.000	0.000	8.084	98.586	10.2
Credit Agricole AM : Global Bonds	118.563	14.4	26.762	4.126	-9.590	135.735	14.1
European Credit Mgmt : Global Bonds	59.052	7.2	0.000	0.000	17.175	76.227	7.9
FIL Inv Ser UK : Global Equities	201.776	24.6	10.992	2.594	9.373	222.141	23.1
Hermes Investment : European Equities	16.069	2.0	-8.965	6.265	-3.625	3.479	0.4
Internal : Cash	2.961	0.4	30.936	0.035	-15.449	18.448	1.9
Internal : Hedged	2.638	0.3	8.505	0.003	10.187	21.330	2.2
RC Brown Investment : UK Equities	1.167	0.1	0.065	0.011	0.226	1.458	0.2
Standard Life : UK Equities	173.293	21.1	2.103	2.168	37.479	212.875	22.1
UBS : Global Tactical Asset Allocation	10.968	1.3	0.502	0.001	4.556	16.026	1.7
Yorkshire & Humber : UK Equities	1.208	0.1	0.000	0.000	0.000	1.208	0.1
Other	0.711	0.2	-0.745	-	0.035	-	-
Fund	**821.318**	**100.0**	**70.155**	**15.205**	**70.448**	**961.921**	**100.0**

Long-term Overview to 30 June 2009

The fund's returns, relative to the benchmark, are shown in the diagram below.



	Individual years ending 30 June 2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	7 years
Fund	-	-	-	-5.2	13.2	15.3	16.3	15.3	-11.5	-22.8	1.8
Benchmark	-	-	-	-4.3	13.3	15.0	15.2	13.4	-6.7	-8.6	4.8

Returns for the fund's portfolios and their benchmarks are shown in the following table.

	Individual years ending 30 June 2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	7 years
BGI : Global ex UK Equities											
Portfolio	-	-	-	-	-	-	-	-	-10.6	-	-
Benchmark	-	-	-	-	-	-	-	-	-9.4	-	-
Difference	-	-	-	-	-	-	-	-	-1.2	-	-
Baillie Gifford : Global Equities											
Portfolio	-	-	-	-	-	-	-	-	-5.1	-16.2	-
Benchmark	-	-	-	-	-	-	-	-	-8.6	-13.7	-
Difference	-	-	-	-	-	-	-	-	3.5	-2.5	-
Baillie Gifford : LTGG											
Portfolio	-	-	-	-	-	-	-	-	0.8	-17.4	-
Benchmark	-	-	-	-	-	-	-	-	-8.6	-13.7	-
Difference	-	-	-	-	-	-	-	-	9.4	-3.7	-
Credit Agricole AM : Global Bonds											
Portfolio	-	-	-	-	-	-	6.6	1.7	8.3	5.5	-
Benchmark	-	-	-	-	-	-	4.4	1.9	18.4	-0.5	-
Difference	-	-	-	-	-	-	2.2	-0.2	-10.1	6.0	-

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Long-term Overview to 30 June 2009

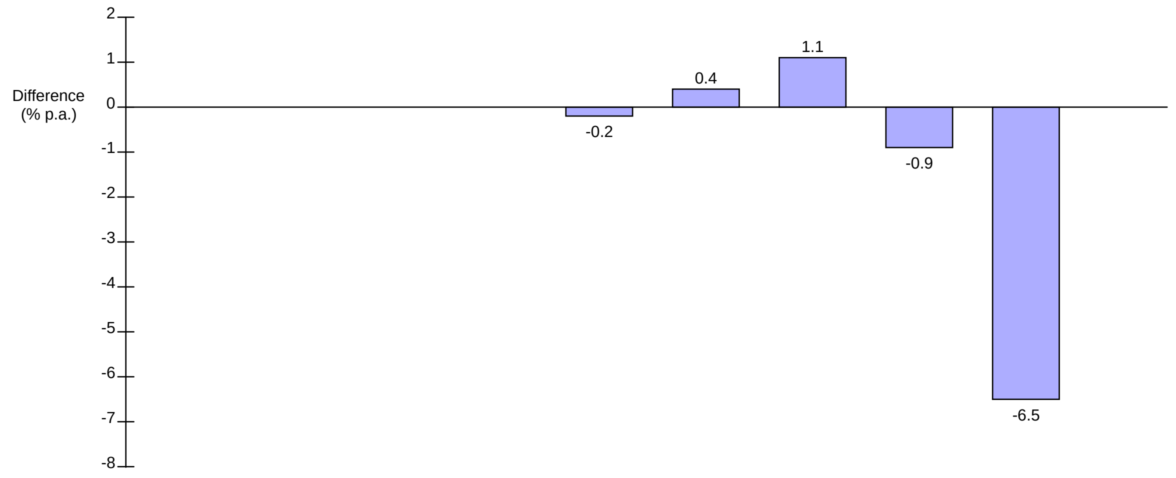
	Individual years ending 30 June										
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	7 years
European Credit Mgmt : Global Bonds											
Portfolio	-	-	-	-	-	-	5.6	4.8	-0.9	-43.4	-
Benchmark	-	-	-	-	-	-	4.4	1.9	18.4	-0.5	-
Difference	-	-	-	-	-	-	1.2	2.9	-19.3	-42.9	-
Hermes Investment : European Equities											
Portfolio	-	-	-	-	15.0	29.8	28.3	33.6	-17.2	-44.5	-
Benchmark	-	-	-	-	18.8	19.1	24.0	25.1	-9.3	-18.8	-
Difference	-	-	-	-	-3.8	10.7	4.3	8.5	-7.9	-25.7	-
Hermes Investment : UK Equities											
Portfolio	-	-	-	-	19.2	15.9	12.8	27.1	-30.3	-	-
Benchmark	-	-	-	-	16.9	18.7	19.7	18.4	-13.0	-	-
Difference	-	-	-	-	2.3	-2.8	-6.9	8.7	-17.3	-	-
Internal : Cash											
Portfolio	-	-	-	-	3.6	4.8	4.7	40.4	-21.0	1.6	-
Benchmark	-	-	-	-	3.7	4.7	4.5	5.1	5.5	2.5	-
Difference	-	-	-	-	-0.1	0.1	0.2	35.3	-26.5	-0.9	-
Internal : Hedged											
Portfolio	-	-	-	-	-	-	-	-	-	-358.8	-
Benchmark	-	-	-	-	-	-	-	-	-	2.5	-
Difference	-	-	-	-	-	-	-	-	-	-361.3	-
Internal : MTMS Account											
Portfolio	-	-	-	-	-	-	-	-	-	-	-
Benchmark	-	-	-	-	-	-	-	-	-	-	-
Difference	-	-	-	-	-	-	-	-	-	-	-
RC Brown Investment : UK Equities											
Portfolio	-	-	-	-	-	-	13.3	19.4	-18.5	-21.9	-
Benchmark	-	-	-	-	-	-	19.7	18.4	-13.0	-20.5	-
Difference	-	-	-	-	-	-	-6.4	1.0	-5.5	-1.4	-
Standard Life : UK Equities											
Portfolio	-	-	-	-	-	-	-	-	-24.9	-17.8	-
Benchmark	-	-	-	-	-	-	-	-	-22.2	-11.4	-
Difference	-	-	-	-	-	-	-	-	-2.7	-6.4	-
UBS : Global Tactical Asset Allocation											
Portfolio	-	-	-	-	-	-	-	-	-28.7	-68.0	-
Benchmark	-	-	-	-	-	-	-	-	-9.6	-13.6	-
Difference	-	-	-	-	-	-	-	-	-19.1	-54.4	-

Long-term Overview to 30 June 2009

	Individual years ending 30 June										
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	7 years
Yorkshire & Humber : UK Equities											
Portfolio	-	-	-	-	0.0	0.0	0.0	0.0	2.5	0.0	-
Benchmark	-	-	-	-	16.9	18.7	19.7	18.4	-13.0	-20.5	-
Difference	-	-	-	-	-16.9	-18.7	-19.7	-18.4	15.5	20.5	-

Long-term Overview to 30 June 2009

Annualised returns, relative to the fund's benchmark, are shown in the diagram below.



Rolling three year periods to 30 June	2002	2003	2004	2005	2006	2007	2008	2009
Fund	-	-	-	7.4	14.9	15.6	5.9	-7.6
Benchmark	-	-	-	7.6	14.5	14.5	6.8	-1.1

Annualised returns for the fund's portfolios and their benchmarks are shown in the following table.

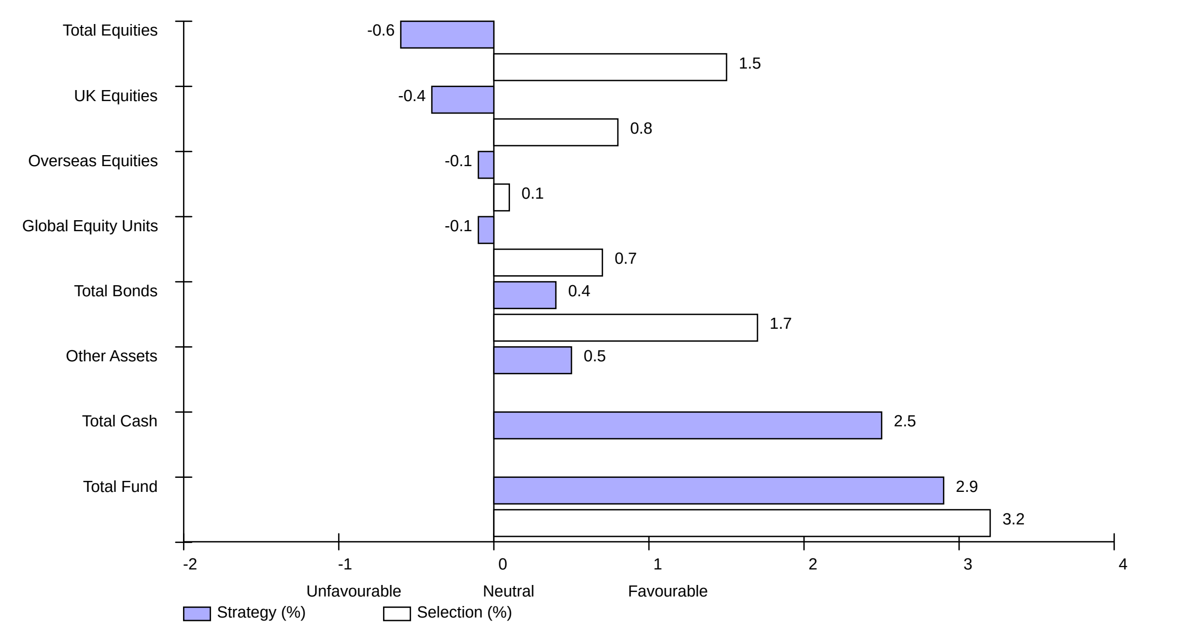
Rolling three year periods to 30 June	2002	2003	2004	2005	2006	2007	2008	2009
Credit Agricole AM : Global Bonds								
Portfolio	-	-	-	-	-	-	5.5	5.1
Benchmark	-	-	-	-	-	-	8.0	6.3
Difference	-	-	-	-	-	-	-2.5	-1.2
European Credit Mgmt : Global Bonds								
Portfolio	-	-	-	-	-	-	3.1	-16.2
Benchmark	-	-	-	-	-	-	8.0	6.3
Difference	-	-	-	-	-	-	-4.9	-22.5
Hermes Investment : European Equities								
Portfolio	-	-	-	-	24.2	30.5	12.4	-15.0
Benchmark	-	-	-	-	20.6	22.7	12.1	-2.7
Difference	-	-	-	-	3.6	7.8	0.3	-12.3
Hermes Investment : UK Equities								
Portfolio	-	-	-	-	15.9	18.4	0.0	-
Benchmark	-	-	-	-	18.4	18.9	7.2	-
Difference	-	-	-	-	-2.5	-0.5	-7.2	-

Long-term Overview to 30 June 2009

Rolling three year periods to 30 June	2002	2003	2004	2005	2006	2007	2008	2009
Internal : Cash								
Portfolio	-	-	-	-	4.4	15.5	5.1	4.1
Benchmark	-	-	-	-	4.3	4.7	5.0	4.3
Difference	-	-	-	-	0.1	10.8	0.1	-0.2
RC Brown Investment : UK Equities								
Portfolio	-	-	-	-	-	-	3.3	-8.7
Benchmark	-	-	-	-	-	-	7.2	-6.5
Difference	-	-	-	-	-	-	-3.9	-2.2
Yorkshire & Humber : UK Equities								
Portfolio	-	-	-	-	0.0	0.0	0.8	0.8
Benchmark	-	-	-	-	18.4	18.9	7.2	-6.5
Difference	-	-	-	-	-18.4	-18.9	-6.4	7.3

Attribution Analysis to 30 June 2009

Analysis of the factors leading to the fund's out-performance of 6.1% relative to its benchmark, over the period since 31 March 2009, is set out below.



The following table compares the fund with its benchmark, over the period since 31 March 2009.

Sector	Fund Start Weight (%)	BM Start Weight (%)	Fund End Weight (%)	BM End Weight (%)	Fund Return (%)	BM Return (%)	Strategy (%)	Selection (%)
Total Equities	77.0	73.0	73.4	72.0	12.3	11.2	**-0.6**	**1.5**
-UK Equities	21.1	25.2	22.1	25.0	23.1	19.5	**-0.4**	**0.8**
-Overseas Equities	27.6	23.8	25.0	23.4	7.9	7.6	**-0.1**	**0.1**
-Global Equity Units	28.4	24.0	26.3	23.6	8.6	6.2	**-0.1**	**0.7**
Total Bonds	15.6	23.0	16.0	24.0	14.8	4.0	**0.4**	**1.7**
Other Assets	1.0	4.0	1.3	3.9	41.2	5.6	**0.5**	**-**
Total Cash	6.4	-	9.3	-	48.9	-	**2.5**	**-**
Total Fund Ex Property	100.0	100.0	100.0	100.0	15.5	9.4	**-**	**-**
Timing							**0.1**	
Total Fund	**100.0**	**100.0**	**100.0**	**100.0**	**15.5**	**9.4**	**2.9**	**3.2**

Risk to 30 June 2009

The following table shows the standard deviation, tracking error and information ratio for the fund to the last five quarter end dates. Each period covers three years and is calculated using quarterly observations.

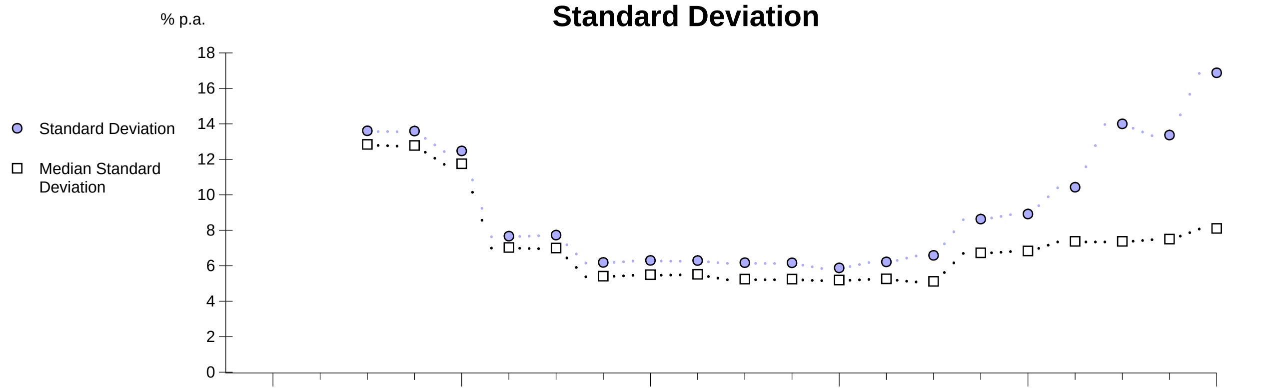
Statistical information has been included to provide a basis for comparison. Information ratio statistics are for the upper quartile as the median information ratio will tend towards zero.

Total Fund	**3 Year Periods Ending:**				
	30 Jun 2008 % p.a.	**30 Sep 2008 % p.a.**	**31 Dec 2008 % p.a.**	**31 Mar 2009 % p.a.**	**30 Jun 2009 % p.a.**
Combined Management : Multi-Asset					
Standard Deviation	8.97	10.47	14.05	13.41	16.93
Median Standard Deviation	6.88	7.42	7.42	7.55	8.15
Tracking Error	2.11	3.81	8.67	8.67	9.35
Median Tracking Error	1.20	1.39	1.58	1.61	1.58
Information Ratio	-0.45	-0.81	-0.90	-0.92	-0.70
Upper Quartile Information Ratio	0.65	0.36	0.42	0.47	0.37
Fund Return	5.89	-0.62	-9.02	-13.19	-7.65
Benchmark Return	6.84	2.45	-1.22	-5.18	-1.10
CAPS Fund Median	6.30	2.04	-0.65	-4.32	-1.20

Long-Term Rolling Risk to 30 June 2009

The following graphs show the rolling annualised standard deviation, tracking error and information ratio for the fund.

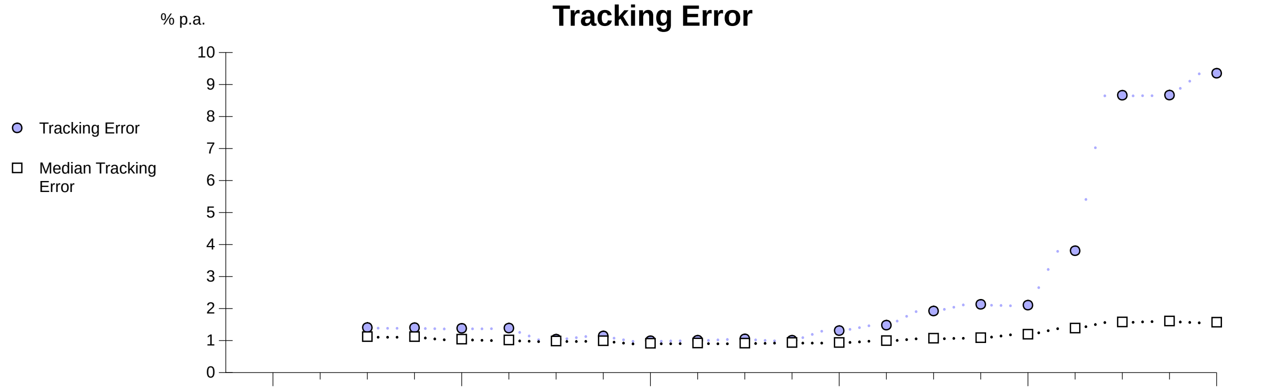
Standard Deviation



Three Year Periods ending

	30 Jun 2004	30 Jun 2005	30 Jun 2006	30 Jun 2007	30 Jun 2008	30 Jun 2009
Standard Deviation	-	12.52	6.34	5.93	8.97	16.93
Median SD	-	11.79	5.54	5.24	6.88	8.15

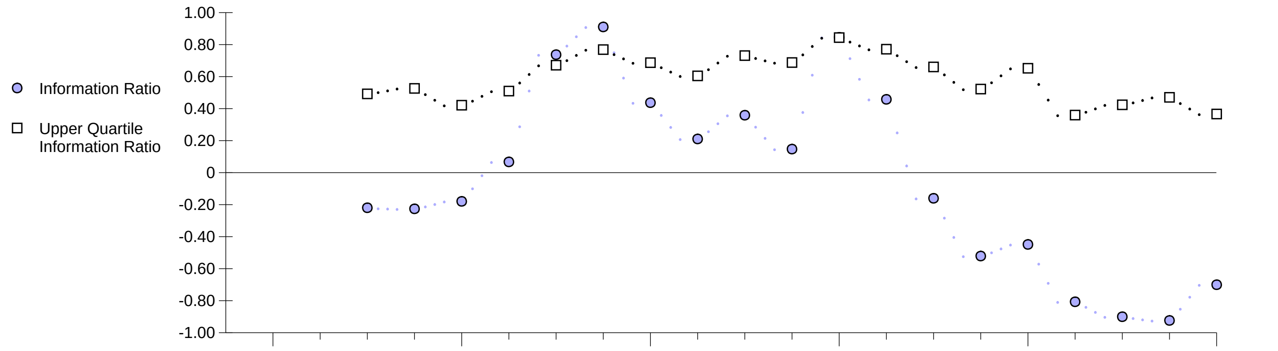
Tracking Error



Three Year Periods ending

	30 Jun 2004	30 Jun 2005	30 Jun 2006	30 Jun 2007	30 Jun 2008	30 Jun 2009
Tracking Error	-	1.38	1.00	1.31	2.11	9.35
Median Tracking Error	-	1.04	0.91	0.94	1.20	1.58

Information Ratio



Three Year Periods ending

	30 Jun 2004	30 Jun 2005	30 Jun 2006	30 Jun 2007	30 Jun 2008	30 Jun 2009
Information Ratio	-	-0.18	0.44	0.85	-0.45	-0.70
Upper Quartile IR	-	0.42	0.69	0.84	0.65	0.37