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INSURANCE

According to the AA British Insurance Premium Index, the cost of car insurance fell again. The average Shoparound quote for an annual comprehensive car policy dropped from £559.21 to £533.35, a fall of 4.6% for the quarter (over the year the drop was 14.1%, which is the biggest fall recorded by the index). For an annual non-comprehensive car policy, the average Shoparound quote fell from £789.88 to £741.92, a drop of 6.1% over the quarter. Young motorists aged between 17 and 22 saw the biggest drop in premiums over the final quarter (a drop of 5.4%, with their average Shoparound premium now £1,187). Motorists aged between 60 and 69 were offered the cheapest Shoparound premium at £302. The fall has been attributed to the fiercely competitive nature of the market and expectations that more bogus whiplash claims will be weeded out.

Motor insurance premiums are expected to fall further as the government plans to put all driving records online. 'My License,' a joint insurance industry and DVLA initiative, is expected to be launched in March and the migration is expected to be complete by mid 2015. It will end the need for the 'paper counterpart' document that drivers have to keep with their license. As part of the scheme, drivers will provide their driving license number when they apply for insurance. Insurers and car companies will then be able to view drivers' driving history online, which, as it should be accurate, will greatly help insurers price the risks. It is estimated that, as a result of the new streamlined process, average premiums will fall by up to £15 a year and will save around £1.2 billion by the end of 2015.

In December 2013, the Competition Commission raised concerns that the cost of car insurance was too high. After studying the private insurance market for more than a year, following a referral from the Office of Fair Trading, the Commission concluded that drivers were paying up to £200m too much for car insurance every year because of the inflated cost of settling not-at-fault claims. Following accidents, the costs of repairs and replacement cars were being inflated and consequently premiums were being increased, as the Commission found that post-accident repairs were substandard. Furthermore, the Commission believes motorists find it hard to identify the best value products because they have limited information about the various add-on insurance products. The Commission also raised concerns about the relationship between price comparison websites and insurers, as exclusive deals meant that competition was reduced and insurers did not have to offer cheaper premiums elsewhere. The Commission has suggested that compulsory audits of repair quality could be introduced and called for clearer information on price comparison websites. Were these changes to be introduced, it is thought that they could result in average premiums being reduced by £6 to £8.

According to research from the British Insurance Brokers' Association (BIBA), between 2012 and 2013, the number of live telematics motor insurance policies increased in the UK by around 60%. In 2012 the number of live policies was 180,000 while in 2013 the number of live policies was 296,000, an increase of 116,000. BIBA believes that behaviour-based policies could offer savings on motor insurance of around 25%, with some young drivers being able to save up to £1,000. Although there is still much debate about the optimal method of data capture (e.g., black boxes versus smartphones), it is understood that some car companies are experimenting with inbuilt telematics capable of capturing insurance relevant data. Experts believe that the connected car is the future and will offer the opportunity for insurers to strike deals with car manufacturers.

According to the AA British Insurance Premium Index, home insurance premiums continued to fall in the final quarter of 2013. The average Shoparound quote for a buildings policy fell from £128.19 to £124.89 (a 2.6% fall over the quarter with a 8.3% fall over the year) while the average Shoparound quote for a contents policy fell from £66.71 to £65.34 (a 2.0% fall over the quarter with a 6.6% fall over the year). For a combined policy, the average Shoparound quote fell from £170.54 to £165.34 (a 3.0% fall over the quarter and an 8.5% fall over the year). Although 2013 started with a prolonged spell of very cold weather and concluded with an extremely wet December, over the year the number and cost of severe weather claims are, according to some estimates, about 12% lower than in 2012. Over the past two years, in every quarter, home insurance premiums have decreased or at worst remained static.

COMMENTS

Over the past three months, the UK has experienced severe weather and many homes have felt the full force of the elements. Heavy rain at the start of 2014 has led to extreme flooding in many parts of the country, which resulted in insurance companies receiving 174,000 claims for damages to homes, cars and businesses between 23 December and 8 January. Insurance claims relating to December and January alone are estimated to have hit almost £500m so far and, with more rain and high winds in February, insurance experts have warned that the cost of clearing up the floods could rise to £1bn. However, the costs would be less than the costs of the great storm of October 1987 (which cost insurance companies £2bn) or the summer 2007 floods (which cost insurance companies more than £3bn). The St. Jude's storm in October cost insurance companies £130m. Industry experts believe that insurers may consider raising premiums to cover the cost. After the 2010 freeze, premiums rose by around 5% to cover the cost, and that sort of rise would add £10 to £15 to the average annual household insurance policy.

With the recent flooding it is important that the new government legislation, Flood Re, ensures that the maximum numbers of homes are protected. Flood Re, which is due to be introduced in mid-2015 and funded by a levy equivalent to £10 on all residential insurance premiums, will see a fund set up to provide payouts on properties that insurers are unwilling to cover. Those in flood-prone areas will pay up to £540 a year for the flood insurance element of their cover. However, under the proposal, certain properties wouldn't be eligible for cheaper cover, including properties built since 2009 (although this is not a new exclusion, as they were not covered by the previous flood insurance agreement), properties in council tax band H (as they are deemed able to pay for insurance themselves), leasehold properties, small to medium-sized enterprises, housing association homes and the private-rented sector. Consequently, thousands of homes situated in particularly vulnerable areas (e.g., the Thames Valley and Somerset Levels) would be affected by these exclusions. It has been argued that if a property is at risk, regardless of its status, then it needs to be able to be insured affordably against disaster.

There have also been concerns that a shortfall in government funding on key environmental issues such as flood defences will mean that a quarter of a million more homes will be expected to face significant flooding by 2035. The Committee on Climate Change believes that the government is not increasing spending in line with projected climate changes and that local contributions to flood defences will need to increase, and keep increasing, to make up the shortfall. The Department for Environment, Food and Rural Affairs commented that £2.3bn is currently being spent on flood defences and that, from 2015, £370m will be spent on building new flood defences, rising to more than £400m in 2021.

ECONOMY

During 2013 the UK economy grew by 1.9%, its strongest rate since the financial crisis while in the final quarter of 2013 the economy grew by 0.7% (down from 0.8% in the previous quarter). This meant that the economy grew in every quarter, according to the Office for National Statistics, which provided a significant boost for the Chancellor and his economic plan. However, the economy is still 1.3% below its pre-recession peak. The growth in the last quarter was helped by the dominant services sector, which rose by 0.8% and matched its performance from the third quarter. The services sector is now 1.3% above its pre-recession level. British manufacturing increased by 0.9% (but it is still 8.2% off its pre-recession level), with industrial production up by 0.7%, while agricultural output increased by 0.5%. However, there was a 0.3% fall in the construction sector, despite the recent recovery in the housing market, which contributed to the slightly slower growth in the quarter. The sector is still 11.2% off its pre-recession level. The independent Office for Budget Responsibility is now forecasting growth of 2.4% for 2014.

The Eurozone performed slightly stronger than expected and recorded growth of 0.3% in the final quarter of 2013, up from 0.1% in the previous quarter. It is the third consecutive period of growth for the Eurozone after an 18-month recession. Over the whole of 2013, though, the Eurozone contracted by 0.4% and the economy is still 2.7% below the peak it reached in 2008. The growth in the Eurozone was helped by German, French and Italian growth. The German economy was expected to increase by 0.3%, but actually increased by 0.4% as exports grew much more strongly than imports. There was positive news in Italy, which recorded its first expansion since the third quarter of 2011. The Italian economy grew by 0.1% in the quarter while in the third quarter the 0.1% contraction was revised to a neutral position.

China has recorded its slowest economic growth since 1999 as, during 2013, its economy registered flat growth of 7.7%. Over the quarter, the economy grew by 1.8%, but this was below the expected growth of 2.0% and down from the 2.2% growth in the third quarter. China is trying to rebalance its economy and wants to move away from an investment-led growth model to one driven by domestic consumption. China's leaders are also concerned about the country's financial system, including government debt and 'shadow banking.'

The US economy grew at an annualised rate of 3.2% in the final quarter of 2013, which was higher than the 3.0% annualised growth economists had predicted, but lower than the 4.2% annualised growth in the third quarter. Over the year, the US economy grew by 1.9%, down from the 2.8% growth in 2012, although this is due to a very weak first half of the year. Many economists predict that 2014 will produce the strongest growth since the end of the US recession in mid-2009. The fourth-quarter numbers were helped by personal consumption expenditures (which makes up more than two-thirds of GDP), which rose by an annual rate of 3.3%, the strongest pace in three years.

MARKETS

During the fourth quarter, UK equities performed well, continuing the trend from the third quarter. The FTSE 100 recorded growth of 5.1%, the FTSE All Share grew by 5.5% while the FTSE Small Cap and FTSE 250 recorded growth of 6.0% and 7.5%, respectively. Internationally, there was a mixture of results. North America recorded strong growth of 7.5% while European equities recorded good growth of 5.8%. On the other hand, the Emerging Markets contracted by 0.7%, with Japan recording a very modest growth of 0.1%. In contrast to the third quarter, fixed interest assets had a poor quarter, with the majority of major bonds contracting. The Corporate (AAA) bond decreased by 1.0%, the Corporate (A) bond decreased by 0.3% and the Corporate (AA) bond decreased by 0.2%. The Corporate (BBB) bond managed to record positive growth of 0.9%.

INSURANCE

THE AA'S BRITISH INSURANCE PREMIUM INDEX

		Buildings	Contents	Combined	Motor Comp	Motor Non-Comp		Buildings	Contents	Combined	Motor Comp	Motor Non-Comp	
1994	Q1						2004	Q1	158.1	109.5	586.0	713.4	
	Q2	156.5	103.4		308.4	364.5		Q2	158.1	110.0	573.1	706.6	
	Q3	157.1	103.7		309.5	366.1		Q3	158.0	108.8	567.9	708.1	
	Q4	157.0	102.3		305.5	365.3		Q4	158.3	108.7	570.7	712.3	
	Annual							Annual	0.1%	-0.1%	-2.8%	-0.1%	
1995	Q1	151.0	98.5		297.4	353.5	2005	Q1	156.9	108.1	566.6	710.8	
	Q2	149.5	99.4		302.2	355.8		Q2	153.9	106.4	571.5	717.1	
	Q3	147.6	98.8		295.1	355.3		Q3	155.7	108.7	578.0	734.0	
	Q4	140.0	96.3		281.0	350.0		Q4	156.9	108.2	575.6	736.6	
	Annual	-10.8%	-5.8%		-8.0%	-4.2%		Annual	-0.9%	-0.4%	0.9%	3.4%	
1996	Q1	137.2	93.3		281.0	349.7	2006	Q1	157.9	109.3	572.6	749.4	
	Q2	133.9	92.9		286.6	351.1		Q2	157.1	109.5	575.9	747.3	
	Q3	135.5	92.9		303.6	366.0		Q3	156.6	106.6	583.0	781.8	
	Q4	138.8	94.9		308.1	371.2		Q4	158.6	106.0	608.4	782.8	
	Annual	-0.8%	-1.4%		9.6%	6.1%		Annual	1.1%	-2.0%	5.7%	6.3%	
1997	Q1	140.8	96.2		320.1	384.3	2007	Q1	159.8	107.4	605.9	777.9	
	Q2	140.5	96.0		324.0	387.8		Q2	156.8	106.0	621.0	788.2	
	Q3	140.9	95.7		330.5	387.2		Q3	161.5	108.4	629.4	816.4	
	Q4	140.9	96.1		337.3	402.1		Q4	163.8	108.8	640.8	844.4	
	Annual	1.5%	1.3%		9.5%	8.3%		Annual	3.3%	2.6%	5.3%	7.9%	
1998	Q1	139.9	96.3		342.5	409.0	2008	Q1	163.5	109.9	637.6	836.6	
	Q2	140.0	96.9		352.1	420.5		Q2	164.3	110.1	247.5	656.9	882.0
	Q3	139.5	96.8		361.2	430.5		Q3	167.3	105.4	242.8	677.2	877.1
	Q4	139.9	96.3		368.5	440.5		Q4	176.1	103.7	246.3	696.8	907.2
	Annual	-0.7%	0.2%		9.2%	9.6%		Annual	7.5%	-4.7%	8.7%	7.4%	
1999	Q1	139.9	96.8		373.8	449.4	2009	Q1	176.5	106.5	248.0	706.1	901.6
	Q2	142.3	97.8		389.8	462.8		Q2	180.9	103.1	252.9	731.1	943.1
	Q3	141.9	98.0		402.3	476.0		Q3	183.7	105.0	252.8	771.7	1031.2
	Q4	142.5	98.5		426.1	503.7		Q4	194.6	111.7	273.0	827.3	1122.7
	Annual	1.9%	2.2%		15.7%	14.3%		Annual	10.5%	7.7%	10.8%	18.7%	23.8%
2000	Q1	144.0	98.9		451.4	521.9	2010	Q1	198.1	108.8	282.4	800.9	1072.5
	Q2	144.0	98.9		471.3	554.3		Q2	203.1	110.3	284.1	897.7	1241.6
	Q3	144.5	99.4		487.7	574.8		Q3	202.4	110.3	275.3	1002.4	1362.9
	Q4	145.7	99.5		505.9	601.8		Q4	213.0	111.8	282.2	1068.5	1587.9
	Annual	2.2%	1.1%		18.7%	19.5%		Annual	9.5%	0.1%	3.3%	29.1%	41.4%
2001	Q1	148.0	100.9		528.2	639.2	2011	Q1	214.9	110.2	281.5	1135.9	1711.9
	Q2	149.3	102.5		532.9	655.2		Q2	209.7	112.1	281.6	1153.5	1652.0
	Q3	149.7	103.2		542.9	667.2		Q3	213.2	112.3	285.9	1162.9	1654.4
	Q4	151.3	104.3		552.9	677.4		Q4	218.6	116.8	293.5	1169.8	1694.0
	Annual	3.9%	4.8%		9.3%	12.6%		Annual	2.6%	4.5%	4.0%	9.5%	6.7%
2002	Q1	153.0	105.3		557.9	686.7	2012	Q1	217.4	114.2	294.8	1170.3	1716.3
	Q2	154.0	105.8		562.7	688.3		Q2	211.8	112.4	288.0	1194.7	1738.4
	Q3	154.8	106.4		567.7	692.5		Q3	216.1	113.5	290.0	1161.1	1666.6
	Q4	155.1	106.7		572.8	700.5		Q4	219.8	115.1	293.9	1115.6	1625.1
	Annual	2.5%	2.3%		3.6%	3.4%		Annual	0.6%	-1.4%	0.1%	-4.6%	-4.1%
2003	Q1	156.4	107.5		577.0	706.2	2013	Q1	215.3	110.5	289.0	1080.6	1556.8
	Q2	156.8	108.0		579.1	705.9		Q2	208.1	104.6	277.9	1009.1	1382.6
	Q3	157.1	108.4		585.7	714.6		Q3	199.6	102.5	268.3	952.2	1290.2
	Q4	158.2	108.9		587.1	713.3		Q4	198.8	101.5	266.1	926.3	1239.7
	Annual	2.0%	2.0%		2.5%	1.8%		Annual	-9.6%	-11.9%	-9.5%	-17.0%	-23.7%

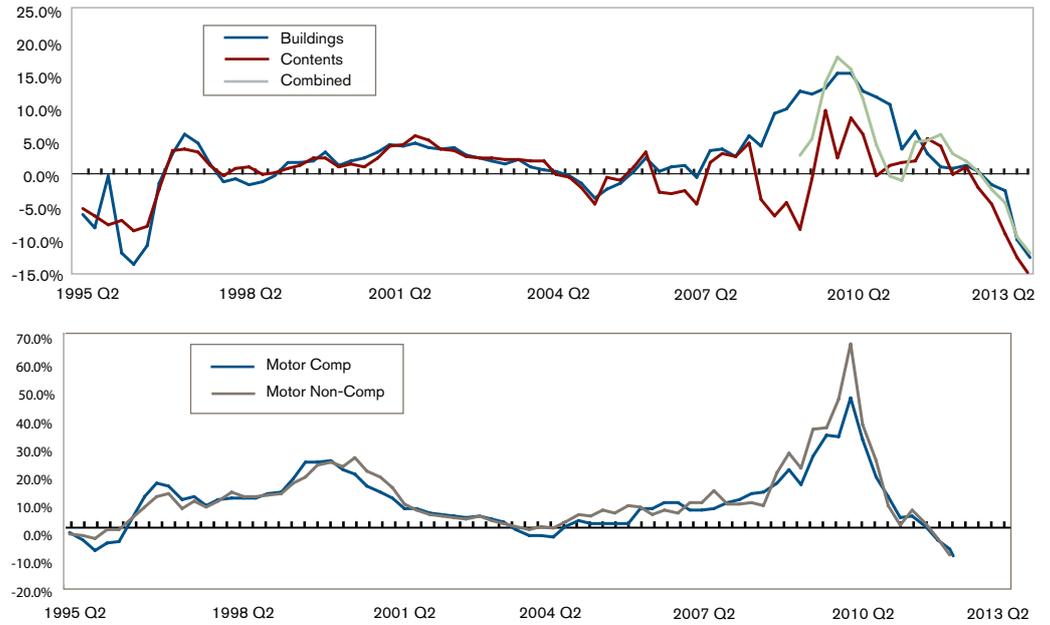
INSURANCE

INSURANCE PREMIUM INDEX-SHOPAROUND AVERAGE PREMIUM

		Buildings	Contents	Combined	Motor Comp	Motor Non-Comp			Buildings	Contents	Combined	Motor Comp	Motor Non-Comp
1994	Q1						2004	Q1					
	Q2							Q2				379.7	328.4
	Q3							Q3	102.5	81.8		373.1	337.8
	Q4							Q4	102.3	80.3		365.7	331.5
	Annual							Annual					
1995	Q1						2005	Q1	101.9	78.8		365.5	330.6
	Q2							Q2	102.7	77.1		369.4	331.2
	Q3							Q3	106.6	78.6		368.9	336.8
	Q4							Q4	106.4	78.1		372.8	347.1
	Annual							Annual	4.1%	-2.7%		1.9%	4.7%
1996	Q1						2006	Q1	108.2	79.4		374.4	358.1
	Q2							Q2	106.9	78.1		373.6	359.0
	Q3							Q3	106.6	77.5		368.6	353.2
	Q4							Q4	109.8	77.0		375.8	362.0
	Annual							Annual	3.2%	-1.4%		0.8%	4.3%
1997	Q1						2007	Q1	108.4	77.6		373.3	370.4
	Q2							Q2	104.7	75.0		381.3	374.2
	Q3							Q3	110.8	75.6		379.3	383.5
	Q4							Q4	122.3	73.5		394.0	391.9
	Annual							Annual	11.4%	-4.5%		4.8%	8.2%
1998	Q1						2008	Q1	122.0	73.7	178.4	389.4	398.1
	Q2							Q2	127.6	75.9	187.2	404.1	423.0
	Q3							Q3	124.8	73.0	180.5	412.3	428.0
	Q4							Q4	123.9	70.2	178.6	422.5	441.1
	Annual							Annual	1.3%	-4.5%		7.2%	12.6%
1999	Q1						2009	Q1	129.0	73.6	183.7	425.7	453.3
	Q2							Q2	134.4	69.9	186.2	444.3	477.3
	Q3							Q3	131.6	69.6	186.2	465.7	516.8
	Q4							Q4	138.2	73.3	195.1	518.2	588.5
	Annual							Annual	11.5%	4.4%	9.2%	22.6%	33.4%
2000	Q1						2010	Q1	137.7	74.8	197.7	521.4	614.9
	Q2							Q2	139.1	76.5	204.2	581.4	712.8
	Q3							Q3	141.4	80.0	198.7	648.5	798.7
	Q4							Q4	152.3	79.4	204.6	690.2	1011.4
	Annual							Annual	10.2%	8.3%	4.9%	33.2%	71.9%
2001	Q1						2011	Q1	156.4	83.7	203.8	730.6	1119.5
	Q2							Q2	155.5	82.8	206.9	756.7	1066.1
	Q3							Q3	161.6	84.6	210.0	754.6	1062.9
	Q4							Q4	166.7	88.3	216.1	795.6	1088.3
	Annual							Annual	9.5%	11.2%	5.6%	15.3%	7.6%
2002	Q1						2012	Q1	167.5	86.8	219.4	787.0	1097.0
	Q2							Q2	166.1	86.8	222.7	820.9	1124.8
	Q3							Q3	170.1	87.4	225.1	796.8	1104.7
	Q4							Q4	170.4	87.9	223.8	773.5	1117.5
	Annual							Annual	2.2%	-0.5%	3.6%	-2.8%	2.7%
2003	Q1						2013	Q1	166.1	85.1	221.6	777.9	1157.5
	Q2							Q2	162.0	84.6	216.3	740.9	1086.3
	Q3							Q3	155.7	82.0	208.3	701.1	1037.2
	Q4							Q4	156.3	81.2	206.1	679.7	959.6
	Annual							Annual	-8.3%	-7.6%	-7.9%	-12.1%	-14.1%

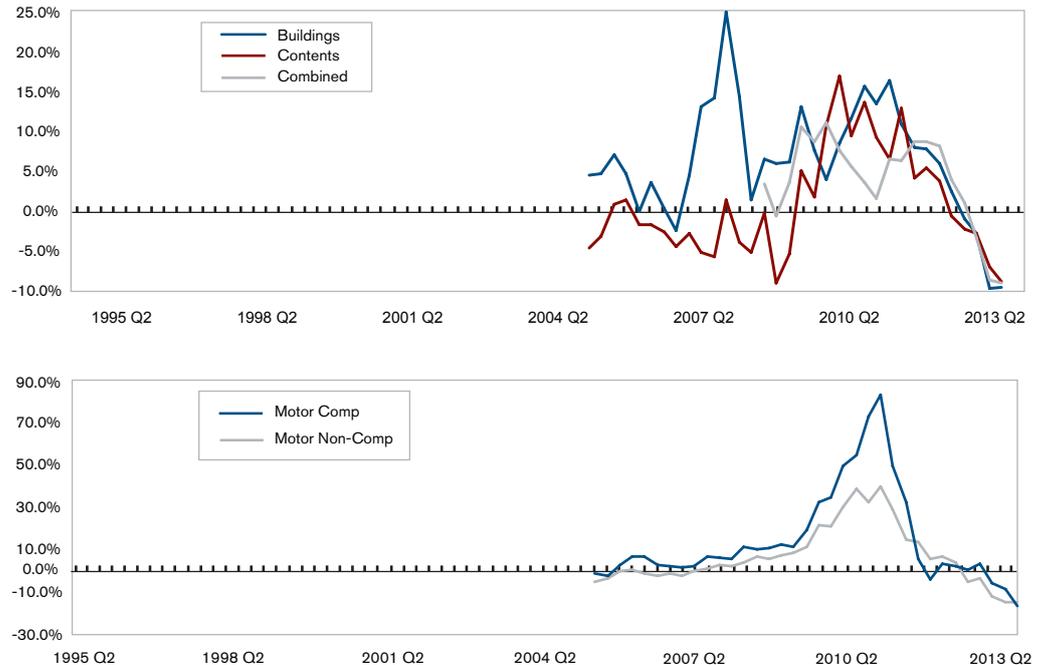
INSURANCE

MARKET AVERAGE PREMIUMS-ROLLING ANNUAL INCREASE ON A QUARTERLY BASIS



The Shoparound index incorporates the five cheapest premiums aggregated from premiums from both the direct/broker channel and price comparison sites.

SHOPAROUND AVERAGE PREMIUMS-ROLLING ANNUAL INCREASE ON A QUARTERLY BASIS



Source for pages 4-6: AA British Insurance Premium Index

BANK BASE RATES

Effective Date	%	Effective Date	%	Effective Date	%
1992 5th May	10.0	1998 4th June	7.5	2004 5th February	4.0
22nd September	9.0	8th October	7.25	6th May	4.25
16th October	8.0	5th November	6.75	10th June	4.5
13th November	7.0	10th December	6.25	5th August	4.75
Annual Average	9.6	Annual Average	7.2	Annual Average	4.4
1993 26th January	6.0	1999 7th January	6.0	2005 4th August	4.5
23rd November	5.5	4th February	5.5	Annual Average	4.6
Annual Average	6.0	10th June	5.0	2006 3rd August	4.75
1994 8th February	5.25	8th September	5.25	9th November	5.0
12th September	5.75	4th November	5.5	Annual Average	4.6
7th December	6.25	Annual Average	5.3	2007 11th January	5.25
Annual Average	5.5	2000 13th January	5.75	10th May	5.5
1995 3rd February	6.75	10th February	6.0	5th July	5.75
13th December	6.5	Annual Average	6.0	6th December	5.5
Annual Average	6.7	2001 8th February	5.75	Annual Average	5.5
1996 18th January	6.25	5th April	5.5	2008 7th February	5.25
8th March	6.0	10th May	5.25	10th April	5.0
6th June	5.75	2nd August	5.0	8th October	4.5
30th October	6.0	18th September	4.75	6th November	3.0
Annual Average	6.0	4th October	4.5	4th December	2.0
1997 6th May	6.25	8th November	4.0	Annual Average	4.7
9th June	6.5	Annual Average	5.1	2009 8th January	1.5
10th July	6.75	2002 Annual Average	4.0	5th February	1.0
7th August	7.0	2003 6th February	3.75	5th March	0.5
6th November	7.25	10th July	3.5	Annual Average	0.7
Annual Average	6.6	6th November	3.75	2010 Annual Average	0.5
		Annual Average	3.7	2011 Annual Average	0.5
				2012 Annual Average	0.5
				2013 Annual Average	0.5

ECONOMICS

STERLING EXCHANGE RATES

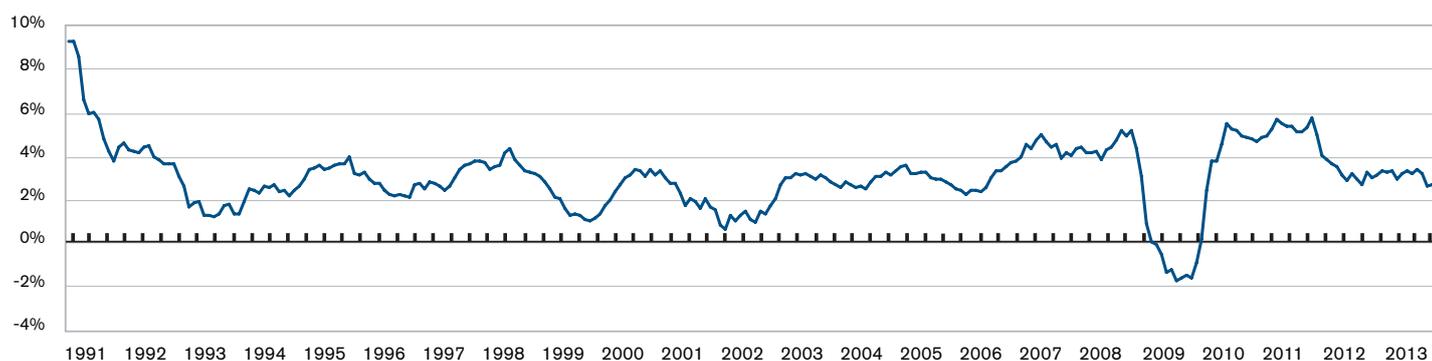
		US\$	DM	YEN			US\$	EURO*	YEN			US\$	EURO	YEN
1989	Q1	1.69	3.20	224	1999	Q1	1.61	1.50	191	2009	Q1	1.43	1.08	142
	Q2	1.55	3.03	223		Q2	1.58	1.53	191		Q2	1.65	1.17	159
	Q3	1.62	3.02	226		Q3	1.65	1.55	175		Q3	1.60	1.09	143
	Q4	1.61	2.73	232		Q4	1.61	1.61	165		Q4	1.61	1.13	150
1990	Q1	1.65	2.78	259	2000	Q1	1.60	1.67	164	2010	Q1	1.52	1.12	142
	Q2	1.74	2.90	266		Q2	1.51	1.58	160		Q2	1.50	1.22	132
	Q3	1.87	2.94	259		Q3	1.48	1.68	160		Q3	1.57	1.16	131
	Q4	1.93	2.89	262		Q4	1.49	1.59	171		Q4	1.56	1.16	127
1991	Q1	1.74	2.97	246	2001	Q1	1.42	1.61	178	2011	Q1	1.61	1.13	133
	Q2	1.62	2.94	223		Q2	1.41	1.66	175		Q2	1.61	1.11	130
	Q3	1.75	2.92	233		Q3	1.47	1.61	175		Q3	1.56	1.16	120
	Q4	1.87	2.84	234		Q4	1.46	1.64	191		Q4	1.55	1.20	120
1992	Q1	1.74	2.86	231	2002	Q1	1.42	1.63	189	2012	Q1	1.60	1.21	129
	Q2	1.90	2.90	240		Q2	1.52	1.54	183		Q2	1.57	1.24	125
	Q3	1.78	2.52	214		Q3	1.57	1.59	191		Q3	1.61	1.25	126
	Q4	1.51	2.45	189		Q4	1.61	1.54	191		Q4	1.63	1.23	141
1993	Q1	1.51	2.43	173	2003	Q1	1.58	1.45	187	2013	Q1	1.52	1.19	143
	Q2	1.49	2.55	160		Q2	1.65	1.44	198		Q2	1.52	1.16	151
	Q3	1.50	2.45	159		Q3	1.66	1.43	186		Q3	1.60	1.20	158
	Q4	1.48	2.57	165		Q4	1.79	1.42	192		Q4	1.66	1.20	174
1994	Q1	1.49	2.48	153	2004	Q1	1.84	1.50	191					
	Q2	1.54	2.46	152		Q2	1.81	1.49	198					
	Q3	1.58	2.45	156		Q3	1.81	1.46	199					
	Q4	1.57	2.43	156		Q4	1.92	1.42	197					
1995	Q1	1.63	2.23	141	2005	Q1	1.89	1.45	202					
	Q2	1.59	2.02	135		Q2	1.79	1.48	199					
	Q3	1.58	2.25	156		Q3	1.77	1.47	201					
	Q4	1.53	2.22	160		Q4	1.72	1.46	203					
1996	Q1	1.53	2.25	163	2006	Q1	1.73	1.44	205					
	Q2	1.55	2.37	170		Q2	1.84	1.44	211					
	Q3	1.56	2.39	174		Q3	1.87	1.48	221					
	Q4	1.71	2.64	199		Q4	1.96	1.49	233					
1997	Q1	1.64	2.74	203	2007	Q1	1.96	1.47	232					
	Q2	1.66	2.90	190		Q2	2.01	1.48	248					
	Q3	1.62	2.85	195		Q3	2.04	1.44	234					
	Q4	1.65	2.96	214		Q4	1.99	1.36	222					
1998	Q1	1.67	3.10	223	2008	Q1	1.99	1.25	198					
	Q2	1.67	3.01	232		Q2	1.99	1.26	211					
	Q3	1.70	2.84	231		Q3	1.78	1.27	189					
	Q4	1.66	2.77	188		Q4	1.44	1.03	130					

* Euro from Q1 1999

RETAIL PRICES INDEX

	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Annual Increase
1987	100.0	100.4	100.6	101.8	101.9	101.9	101.8	102.1	102.4	102.9	103.4	103.3	
1988	103.3	103.7	104.1	105.8	106.2	106.6	106.7	107.9	108.4	109.5	110.0	110.3	6.8%
1989	111.0	111.8	112.3	114.3	115.0	115.4	115.5	115.8	116.6	117.5	118.5	118.8	7.7%
1990	119.5	120.2	121.4	125.1	126.2	126.7	126.8	128.1	129.3	130.3	130.0	129.9	9.3%
1991	130.2	130.9	131.4	133.1	133.5	134.1	133.8	134.1	134.6	135.1	135.6	135.7	4.5%
1992	135.6	136.3	136.7	138.8	139.3	139.3	138.8	138.9	139.4	139.9	139.7	139.2	2.6%
1993	137.9	138.8	139.3	140.6	141.1	141.0	140.7	141.3	141.9	141.8	141.6	141.9	1.9%
1994	141.3	142.1	142.5	144.2	144.7	144.7	144.0	144.7	145.0	145.2	145.3	146.0	2.9%
1995	146.0	146.9	147.5	149.0	149.6	149.8	149.1	149.9	150.6	149.8	149.8	150.7	3.2%
1996	150.2	150.9	151.5	152.6	152.9	153.0	152.4	153.1	153.8	153.8	153.9	154.4	2.5%
1997	154.4	155.0	155.4	156.3	156.9	157.5	157.5	158.5	159.3	159.5	159.6	160.0	3.6%
1998	159.5	160.3	160.8	162.6	163.5	163.4	163.0	163.7	164.4	164.5	164.4	164.4	2.8%
1999	163.4	163.7	164.1	165.2	165.6	165.6	165.1	165.5	166.2	166.5	166.7	167.3	1.8%
2000	166.6	167.5	168.4	170.1	170.7	171.1	170.5	170.5	171.7	171.6	172.1	172.2	2.9%
2001	171.1	172.0	172.2	173.1	174.2	174.4	173.3	174.0	174.6	174.3	173.6	173.4	0.7%
2002	173.3	173.8	174.5	175.7	176.2	176.2	175.9	176.4	177.6	177.9	178.2	178.5	2.9%
2003	178.4	179.3	179.9	181.2	181.5	181.3	181.3	181.6	182.5	182.6	182.7	183.5	2.8%
2004	183.1	183.8	184.6	185.7	186.5	186.8	186.8	187.4	188.1	188.6	189.0	189.9	3.5%
2005	188.9	189.6	190.5	191.6	192.0	192.2	192.2	192.6	193.1	193.3	193.6	194.1	2.2%
2006	193.4	194.2	195.0	196.5	197.7	198.5	198.5	199.2	200.1	200.4	201.1	202.7	4.4%
2007	201.6	203.1	204.4	205.4	206.2	207.3	206.1	207.3	208.0	208.9	209.7	210.9	4.0%
2008	209.8	211.4	212.1	214.0	215.1	216.8	216.5	217.2	218.4	217.7	216.0	212.9	0.9%
2009	210.1	211.4	211.3	211.5	212.8	213.4	213.4	214.4	215.3	216.0	216.6	218.0	2.4%
2010	217.9	219.2	220.7	222.8	223.6	224.1	223.6	224.5	225.3	225.8	226.8	228.4	4.8%
2011	229.0	231.3	232.5	234.4	235.2	235.2	234.7	236.1	237.9	238.0	238.5	239.4	4.8%
2012	238.0	239.9	240.8	242.5	242.4	241.8	242.1	243.0	244.2	245.6	245.6	246.8	3.1%
2013	245.8	247.6	248.7	249.5	250.0	249.7	249.7	251.0	251.9	251.9	252.1	253.4	2.7%

Rolling Annual Increase on a Monthly Basis



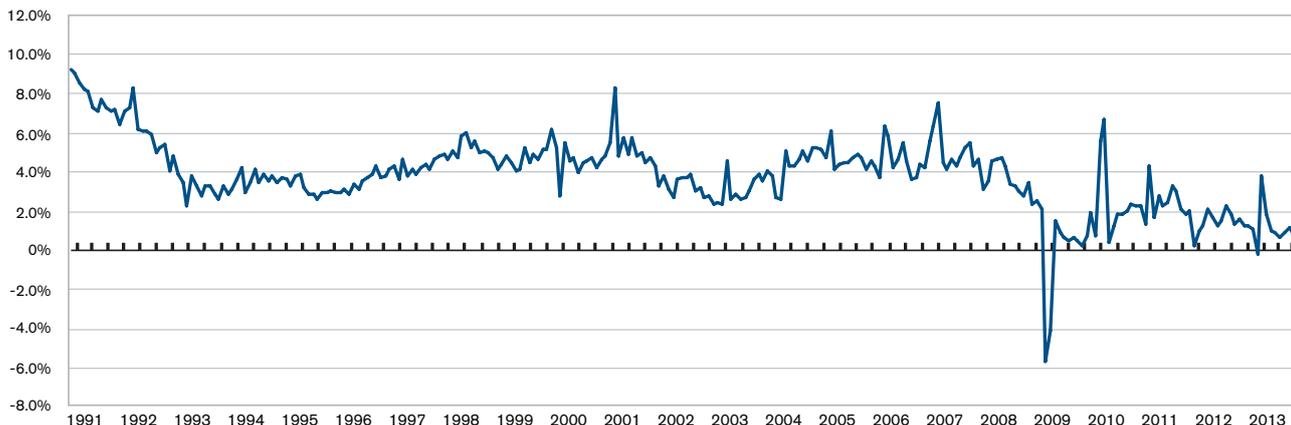
ECONOMICS

AVERAGE EARNINGS INDEX FOR ALL EMPLOYEES

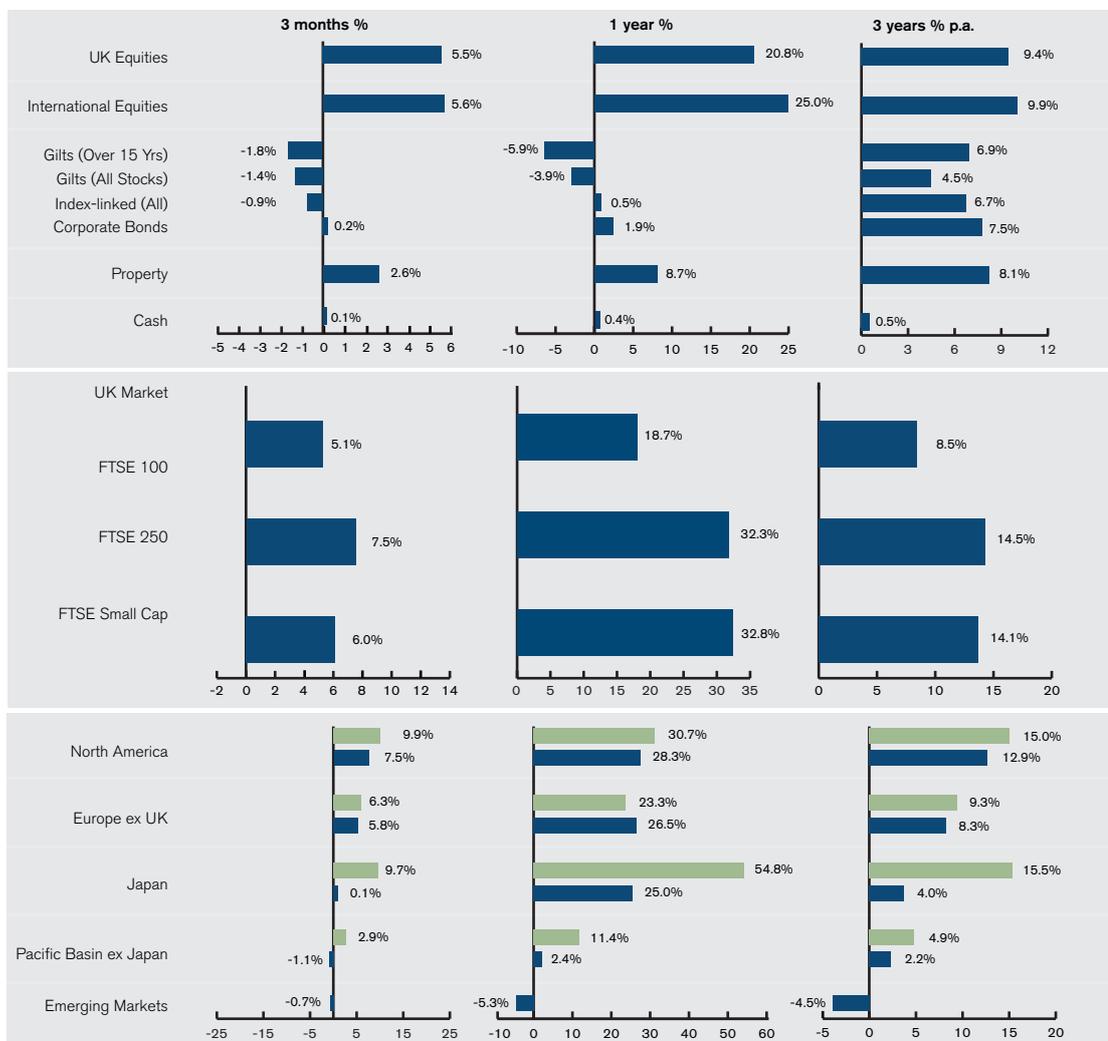
	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Annual Increase
1989													
1990	61.0	61.4	61.4	62.6	63.2	64.0	64.4	64.7	65.2	65.6	66.3	66.6	
1991	66.7	67.0	66.7	67.8	68.4	68.7	69.0	69.7	70.0	70.3	71.1	70.9	6.5%
1992	71.5	71.9	72.3	72.0	72.6	72.9	73.1	73.2	73.7	74.1	74.0	74.3	4.8%
1993	74.3	74.4	73.9	74.7	75.0	74.9	75.5	75.6	75.8	76.0	76.4	76.4	2.8%
1994	76.6	77.1	77.0	76.9	77.6	78.0	78.1	78.5	78.5	78.9	79.0	79.2	3.7%
1995	79.4	79.6	79.9	79.9	80.1	80.2	80.3	80.5	80.8	81.2	81.4	81.5	2.9%
1996	81.7	82.1	82.2	82.6	82.6	83.0	83.3	83.6	84.3	84.2	84.5	84.9	4.2%
1997	85.2	85.1	86.0	85.7	86.0	86.2	86.8	87.3	87.8	88.1	88.6	89.1	4.9%
1998	89.2	89.4	90.1	90.7	91.2	90.7	91.7	91.7	92.3	92.5	92.8	92.8	4.2%
1999	93.1	93.7	94.1	94.4	95.0	95.5	95.8	96.2	96.6	97.3	97.6	98.6	6.3%
2000	98.0	96.3	99.3	98.7	99.5	99.3	100.1	100.6	101.2	101.4	102.1	103.4	4.9%
2001	103.4	104.4	104.1	104.4	104.4	105.0	104.9	105.6	105.7	106.2	106.5	106.8	3.3%
2002	107.3	107.6	106.9	108.2	108.3	108.9	109.0	108.8	109.1	109.0	109.4	109.3	2.3%
2003	109.9	110.1	111.8	111.0	111.4	111.7	111.9	112.1	113.0	113.2	113.3	113.7	4.0%
2004	114.1	113.0	114.7	116.6	116.2	116.5	117.1	117.8	118.2	119.2	119.3	119.6	5.2%
2005	119.5	119.9	119.4	121.7	121.4	121.7	122.6	123.6	123.8	124.1	124.7	124.8	4.3%
2006	123.9	127.6	126.4	126.8	127.0	128.4	128.2	128.1	128.4	129.5	130.0	131.8	5.6%
2007	131.8	137.3	132.1	132.0	132.9	133.9	134.3	134.8	135.5	135.1	136.1	135.9	3.1%
2008	136.5	143.6	138.3	138.2	138.6	138.4	138.7	138.9	139.2	139.8	139.3	139.3	2.5%
2009	139.3	135.2	132.4	140.2	139.8	139.2	139.3	139.7	139.8	140.0	140.3	141.9	1.9%
2010	140.3	142.8	141.3	140.7	141.5	141.7	141.8	142.5	143.0	143.1	143.4	143.7	1.3%
2011	146.3	145.1	145.2	143.9	144.9	146.3	146.1	145.4	145.6	146.2	146.3	146.5	1.9%
2012	146.5	146.4	146.9	146.9	147.3	148.0	148.2	148.6	148.2	148.1	148.6	148.3	1.2%
2013	148.2	147.9	146.5	152.5	150.0	149.4	149.4	149.5	149.5	149.8	149.7	150.5	1.5%

The National Average Earnings Index was discontinued as of September 2010, with the last data being supplied for July 2010. From August 2010, data from the National Weekly Earnings Index replaces the National Average Earning index. Subsequently, measures of past performance incorporating data from both indices can only be regarded as estimations. For more information regarding this change, please refer to the Office of National Statistics.

Rolling Annual Increase on a Monthly Basis



MARKETS AT A GLANCE



Local currency = local currency

MARKETS

ASSET	3 Months %	1 Year % p.a.	2 Years % p.a.	3 Years % p.a.	4 Years % p.a.	5 Years % p.a.	10 Years % p.a.
EQUITIES							
FTSE All Share	5.5%	20.8%	16.5%	9.4%	10.7%	14.3%	8.8%
FTSE 100	5.1%	18.7%	14.2%	8.5%	9.5%	12.9%	8.0%
FTSE 250	7.5%	32.3%	29.2%	14.5%	17.6%	23.6%	13.7%
FTSE Small Cap	6.0%	32.8%	30.3%	14.1%	15.4%	22.3%	8.7%
INTERNATIONAL							
North America	7.5%	28.3%	19.2%	12.9%	14.4%	14.5%	8.6%
Europe ex UK	5.8%	26.5%	21.8%	8.3%	7.6%	10.0%	9.2%
Japan	0.1%	25.0%	13.6%	4.0%	7.6%	4.7%	5.0%
Pacific Basin ex Japan	-1.1%	2.4%	10.3%	2.2%	7.2%	14.8%	13.1%
Emerging Markets	-0.7%	-5.3%	3.3%	-4.5%	1.9%	11.9%	12.7%
World (FTSE All World)	5.0%	21.0%	16.4%	8.2%	10.3%	12.4%	8.8%
World ex UK (Developed)	5.6%	25.0%	18.3%	9.9%	11.5%	12.3%	8.5%
PROPERTY							
	2.6%	8.7%	2.4%	8.1%	14.5%	2.2%	18.9%
BONDS & CASH							
UK Gilts (Over 15 Years)	-1.8%	-5.9%	-1.6%	6.9%	7.4%	4.8%	5.9%
UK Gilts (All Stocks)	-1.4%	-3.9%	-0.7%	4.5%	5.1%	3.9%	5.2%
UK Index-linked (All)	-0.9%	0.5%	0.6%	6.7%	7.2%	7.1%	6.8%
Cash	0.1%	0.4%	0.5%	0.5%	0.5%	0.5%	2.7%
Corporate (All Inv Grade)	0.2%	1.9%	8.6%	7.5%	7.8%	9.2%	5.1%
Corporate (AAA)	-1.0%	-1.8%	2.4%	4.4%	5.1%	3.6%	3.7%
Corporate (AA)	-0.2%	0.3%	9.8%	9.1%	7.0%	9.2%	6.2%
Corporate (A)	-0.3%	0.6%	14.2%	4.7%	8.3%	11.6%	6.5%
Corporate (BBB)	0.9%	4.0%	19.5%	4.3%	10.6%	31.7%	7.3%
OTHER							
Retail Price Index	0.6%	2.7%	2.9%	3.5%	3.8%	3.5%	3.3%
National Average Earnings	0.7%	1.5%	1.4%	1.6%	1.5%	1.6%	2.9%

UK MARKET RETURNS

		Equities	Property	Gilts	Corporate Bonds	Index-linked	Cash
1998	Q1	16.5%	3.3%	6.3%	3.6%	3.1%	1.8%
	Q2	-0.8%	3.8%	3.4%	1.9%	4.8%	1.8%
	Q3	-13.9%	2.8%	11.6%	3.2%	3.1%	1.9%
	Q4	14.5%	1.7%	5.7%	5.6%	7.6%	1.8%
	Annual	13.9%	12.2%	29.7%	15.0%	19.9%	7.3%
1999	Q1	9.1%	2.1%	-1.4%	1.3%	1.9%	1.3%
	Q2	2.3%	3.7%	-1.4%	-1.4%	-0.1%	1.3%
	Q3	-3.4%	3.7%	-1.5%	-1.7%	-2.2%	1.3%
	Q4	15.1%	4.0%	4.0%	1.9%	4.8%	0.9%
	Annual	24.2%	14.1%	-0.4%	0.1%	4.4%	4.8%
2000	Q1	-3.4%	3.1%	2.0%	1.9%	0.3%	1.5%
	Q2	-2.1%	2.6%	1.4%	-0.1%	2.9%	1.5%
	Q3	0.6%	2.3%	-0.9%	3.5%	-1.5%	1.5%
	Q4	-1.1%	2.1%	5.3%	4.2%	2.5%	1.2%
	Annual	-5.9%	10.5%	8.0%	9.8%	4.3%	5.7%
2001	Q1	-8.4%	1.8%	-2.1%	1.7%	-2.7%	1.5%
	Q2	1.2%	1.7%	-4.3%	0.0%	0.1%	1.2%
	Q3	-13.5%	1.5%	4.4%	2.9%	1.0%	1.2%
	Q4	8.2%	1.9%	1.2%	2.6%	1.1%	1.1%
	Annual	-13.3%	7.1%	-0.9%	7.3%	-0.5%	5.0%
2002	Q1	2.3%	1.9%	-2.6%	1.1%	1.0%	0.8%
	Q2	-11.0%	2.9%	4.8%	2.4%	3.4%	0.9%
	Q3	-19.6%	2.9%	7.8%	4.2%	2.0%	0.9%
	Q4	5.6%	2.4%	-0.2%	1.1%	1.5%	1.0%
	Annual	-22.7%	10.5%	9.9%	9.0%	8.2%	3.8%
2003	Q1	-7.2%	2.0%	0.2%	1.5%	3.1%	1.0%
	Q2	14.5%	2.7%	1.2%	4.1%	2.5%	0.9%
	Q3	3.9%	2.8%	-0.6%	0.9%	-0.5%	0.9%
	Q4	9.4%	3.3%	0.4%	0.8%	1.3%	0.9%
	Annual	20.9%	11.2%	1.2%	7.5%	6.6%	3.6%
2004	Q1	0.6%	3.5%	1.8%	0.5%	2.8%	1.0%
	Q2	2.2%	4.9%	-1.7%	-1.1%	-0.4%	1.1%
	Q3	2.9%	4.3%	4.0%	3.7%	2.7%	1.2%
	Q4	6.7%	4.9%	4.2%	3.4%	3.2%	1.2%
	Annual	12.8%	18.9%	8.4%	6.6%	8.5%	4.5%
2005	Q1	3.0%	2.7%	-1.0%	0.5%	-0.1%	1.2%
	Q2	5.0%	4.5%	6.7%	4.5%	4.1%	1.2%
	Q3	8.2%	4.4%	0.3%	1.0%	1.4%	1.1%
	Q4	4.3%	6.1%	4.7%	2.6%	3.4%	1.2%
	Annual	22.0%	18.8%	11.0%	8.8%	9.0%	4.7%

Highest Market Return in Year
Across Major Asset Classes

MARKETS

UK MARKET RETURNS

		Equities	Property	Gilts	Corporate Bonds	Index-linked	Cash
2006	Q1	8.1%	4.4%	-1.2%	-0.7%	-0.7%	1.1%
	Q2	-1.8%	5.1%	-2.7%	-1.1%	-0.7%	1.2%
	Q3	3.6%	3.7%	4.9%	2.4%	4.0%	1.2%
	Q4	6.2%	3.8%	-0.8%	0.3%	0.2%	1.3%
	Annual	16.8%	18.1%	0.0%	0.8%	2.9%	4.8%
2007	Q1	2.9%	2.3%	-2.3%	-0.2%	-0.5%	1.3%
	Q2	4.5%	2.1%	-4.8%	-2.1%	-1.5%	1.4%
	Q3	-1.8%	-1.0%	4.6%	1.1%	5.1%	1.5%
	Q4	-0.3%	-8.5%	5.6%	1.7%	5.4%	1.4%
	Annual	5.3%	-5.5%	2.7%	0.4%	8.5%	5.7%
2008	Q1	-9.9%	-3.4%	-0.1%	-4.4%	3.7%	1.3%
	Q2	-1.4%	-2.7%	-4.0%	-0.1%	1.1%	1.3%
	Q3	-12.2%	-4.8%	4.0%	-4.8%	-0.3%	1.4%
	Q4	-10.2%	-13.5%	13.9%	-0.9%	-0.7%	0.5%
	Annual	-29.9%	-22.5%	13.6%	-9.9%	3.7%	4.5%
2009	Q1	-9.1%	-7.1%	-4.5%	-8.2%	-1.3%	0.2%
	Q2	10.9%	-2.7%	-1.6%	11.3%	2.9%	0.1%
	Q3	22.4%	3.3%	5.9%	11.5%	3.1%	0.1%
	Q4	5.5%	9.4%	-4.3%	1.0%	1.6%	0.1%
	Annual	30.1%	2.2%	-4.8%	15.1%	6.4%	0.5%
2010	Q1	6.4%	5.7%	0.2%	4.6%	2.2%	0.1%
	Q2	-11.8%	3.6%	6.4%	1.0%	1.7%	0.1%
	Q3	13.6%	2.2%	5.8%	5.5%	3.6%	0.1%
	Q4	7.4%	2.2%	-3.5%	-2.6%	1.1%	0.1%
	Annual	14.5%	14.5%	8.8%	8.7%	8.9%	0.4%
2011	Q1	1.0%	2.3%	-1.5%	1.5%	0.0%	0.1%
	Q2	1.9%	2.1%	2.3%	1.7%	4.0%	0.2%
	Q3	-13.5%	1.9%	14.4%	-1.0%	6.4%	0.2%
	Q4	8.4%	1.6%	9.6%	3.1%	8.4%	0.2%
	Annual	-3.5%	8.1%	26.3%	5.4%	19.9%	0.6%
2012	Q1	6.1%	0.9%	-4.4%	4.0%	-1.5%	0.2%
	Q2	-2.6%	0.3%	6.7%	1.7%	0.6%	0.2%
	Q3	4.7%	0.4%	1.1%	6.5%	-2.6%	0.1%
	Q4	3.8%	0.7%	-0.2%	2.6%	4.3%	0.1%
	Annual	12.3%	2.4%	2.9%	15.6%	0.6%	0.6%
2013	Q1	10.3%	0.7%	0.5%	1.8%	7.9%	0.1%
	Q2	-1.7%	2.2%	-5.9%	-2.8%	-6.5%	0.1%
	Q3	5.6%	2.9%	1.3%	2.8%	0.6%	0.1%
	Q4	5.5%	2.6%	-1.8%	0.2%	-0.9%	0.1%
	Annual	20.8%	8.7%	-5.9%	1.9%	0.5%	0.4%

■ Highest Market Return in Year
Across Overseas Markets

INTERNATIONAL MARKET

		World ex UK	North America	Europe ex UK	Japan	Pacific Basin ex Japan	Emerging Markets
1998	Q1	11.8%	12.0%	19.5%	1.0%	1.0%	6.1%
	Q2	2.8%	3.4%	8.3%	-4.9%	-20.7%	-24.1%
	Q3	-14.0%	-12.3%	-17.9%	-15.6%	-6.7%	-22.4%
	Q4	25.1%	24.7%	23.8%	30.0%	26.8%	22.2%
	Annual	23.7%	26.8%	31.5%	5.4%	-5.3%	-23.5%
1999	Q1	6.5%	8.2%	-1.9%	14.7%	10.0%	13.0%
	Q2	8.6%	9.6%	3.1%	11.2%	19.0%	30.2%
	Q3	-5.4%	-10.3%	-2.0%	15.4%	-9.9%	-7.7%
	Q4	19.3%	17.9%	20.8%	20.8%	22.5%	28.5%
	Annual	30.6%	25.4%	19.7%	77.7%	44.5%	74.4%
2000	Q1	3.0%	4.6%	0.9%	1.0%	-5.4%	0.3%
	Q2	2.3%	2.4%	5.0%	-2.7%	4.3%	-6.0%
	Q3	-1.2%	1.9%	-5.8%	-6.9%	-2.4%	-10.5%
	Q4	-7.3%	-8.9%	2.1%	-16.2%	-1.3%	-13.7%
	Annual	-3.5%	-0.5%	1.8%	-23.4%	-5.0%	-27.2%
2001	Q1	-8.8%	-8.4%	-12.0%	-5.1%	-7.5%	2.2%
	Q2	4.6%	7.0%	-1.8%	2.9%	9.0%	7.0%
	Q3	-19.0%	-18.6%	-18.4%	-22.2%	-23.1%	-24.6%
	Q4	10.7%	11.8%	13.3%	-4.5%	20.1%	27.7%
	Annual	-14.4%	-10.8%	-20.0%	-27.4%	-6.7%	5.2%
2002	Q1	2.5%	2.3%	2.3%	3.7%	5.2%	14.9%
	Q2	-15.2%	-19.3%	-9.2%	-0.5%	-7.9%	-14.2%
	Q3	-20.8%	-19.5%	-28.7%	-14.3%	-15.0%	-19.2%
	Q4	5.3%	6.0%	10.2%	-7.3%	2.2%	6.7%
	Annual	-27.5%	-29.5%	-27.0%	-18.0%	-15.8%	-15.1%
2003	Q1	-2.8%	-1.1%	-7.7%	-5.8%	1.4%	-4.3%
	Q2	12.3%	10.7%	20.4%	7.3%	10.6%	17.9%
	Q3	4.3%	2.0%	3.4%	21.2%	10.9%	13.8%
	Q4	5.6%	4.2%	12.9%	0.4%	5.7%	7.8%
	Annual	20.2%	16.4%	29.7%	23.0%	31.4%	38.5%
2004	Q1	0.4%	-0.7%	-2.6%	12.3%	3.2%	8.0%
	Q2	2.3%	2.8%	4.4%	-2.4%	-3.5%	-8.3%
	Q3	-1.0%	-1.1%	0.7%	-7.6%	10.0%	8.1%
	Q4	5.5%	3.1%	11.2%	6.5%	9.8%	11.4%
	Annual	7.2%	4.1%	13.8%	7.9%	20.4%	19.3%
2005	Q1	0.4%	0.0%	1.5%	-0.4%	2.0%	2.8%
	Q2	6.5%	7.6%	4.8%	1.8%	10.8%	10.1%
	Q3	8.4%	5.9%	9.8%	19.9%	11.4%	19.5%
	Q4	6.5%	5.4%	6.2%	15.0%	2.6%	11.6%
	Annual	23.5%	20.2%	24.1%	39.7%	29.1%	51.1%

Highest Market Return in Year
Across Overseas Markets

MARKETS

INTERNATIONAL MARKET

		World ex UK	North America	Europe ex UK	Japan	Pacific Basin ex Japan	Emerging Markets
2006	Q1	5.6%	3.4%	11.3%	5.7%	6.1%	11.1%
	Q2	-6.9%	-7.5%	-4.5%	-10.4%	-3.4%	-10.2%
	Q3	3.8%	4.3%	5.6%	-1.8%	4.0%	4.2%
	Q4	3.3%	1.9%	7.0%	-0.4%	11.8%	12.4%
	Annual	5.4%	1.7%	20.1%	-7.4%	19.2%	16.8%
2007	Q1	2.2%	0.8%	4.2%	2.7%	7.1%	2.4%
	Q2	4.4%	4.3%	7.0%	-2.7%	8.5%	13.0%
	Q3	1.3%	1.1%	0.8%	-3.1%	13.6%	11.6%
	Q4	0.2%	-0.6%	3.0%	-3.4%	2.0%	6.5%
	Annual	8.3%	5.6%	15.7%	-6.4%	34.6%	37.4%
2008	Q1	-8.8%	-9.1%	-7.4%	-7.2%	-13.3%	-10.0%
	Q2	-2.0%	-1.6%	-5.2%	2.3%	0.5%	-1.1%
	Q3	-4.1%	1.3%	-11.2%	-7.8%	-16.9%	-17.5%
	Q4	-2.1%	-4.4%	-2.2%	12.9%	-4.7%	-11.1%
	Annual	-16.0%	-13.3%	-23.8%	-1.1%	-31.0%	-34.8%
2009	Q1	-11.5%	-9.8%	-15.9%	-16.1%	-2.1%	1.6%
	Q2	5.2%	1.8%	9.7%	7.0%	16.2%	18.4%
	Q3	21.1%	19.3%	29.4%	9.3%	27.7%	25.2%
	Q4	2.8%	4.8%	0.5%	-4.0%	4.1%	7.8%
	Annual	15.9%	14.8%	19.9%	-5.8%	51.2%	62.5%
2010	Q1	10.4%	12.5%	3.9%	15.4%	9.8%	9.1%
	Q2	-11.1%	-10.3%	-14.3%	-8.7%	-10.4%	-6.5%
	Q3	7.7%	5.8%	13.4%	0.1%	15.0%	12.1%
	Q4	9.9%	11.6%	4.7%	12.8%	9.3%	8.1%
	Annual	16.2%	19.1%	5.7%	19.0%	23.7%	23.6%
2011	Q1	2.6%	3.5%	5.7%	-6.9%	1.5%	-1.2%
	Q2	0.5%	-0.4%	3.2%	0.2%	0.4%	-1.8%
	Q3	-14.5%	-11.8%	-24.2%	-3.1%	-18.8%	-19.2%
	Q4	7.6%	11.3%	3.6%	-3.6%	6.2%	4.2%
	Annual	-5.1%	1.2%	-14.4%	-12.9%	-12.3%	-18.1%
2012	Q1	9.2%	9.3%	9.7%	7.9%	9.7%	10.6%
	Q2	-3.2%	-1.4%	-7.1%	-5.5%	-4.4%	-7.3%
	Q3	3.8%	3.5%	6.6%	-3.6%	7.4%	4.6%
	Q4	2.0%	-0.8%	8.0%	5.1%	5.4%	5.1%
	Annual	12.0%	10.7%	17.3%	3.3%	18.9%	13.0%
2013	Q1	15.6%	17.7%	10.2%	19.3%	10.8%	5.4%
	Q2	1.1%	2.2%	1.2%	4.5%	-10.3%	-7.5%
	Q3	1.2%	-0.8%	7.3%	0.1%	4.3%	-2.2%
	Q4	5.6%	7.5%	5.8%	0.1%	-1.1%	-0.7%
	Annual	25.0%	28.3%	26.5%	25.0%	2.4%	-5.0%

■ Highest Market Return in Year
Across Overseas Markets

HISTORIC RETURNS FOR UK MARKETS
EQUITIES
 (FTSE ALL-SHARE)

	Year on Year Inflation	Annual	Inflation Adjusted	Rolling 5-Yr Real Return p.a.	Rolling 10-Yr Real Return p.a.	Rolling 25-Yr Real Return p.a.
1975	24.9%	149.6%	99.8%	-4.7%	-0.1%	5.0%
1976	15.1%	-1.0%	-14.0%	-12.7%	-0.7%	4.5%
1977	12.1%	57.2%	40.2%	-8.9%	-0.3%	6.1%
1978	8.4%	8.4%	0.0%	0.5%	-3.1%	5.3%
1979	17.2%	11.4%	-4.9%	18.0%	-2.0%	3.6%
1980	15.1%	35.2%	17.5%	6.1%	0.6%	4.0%
1981	12.0%	13.6%	1.4%	9.7%	-2.2%	4.6%
1982	5.4%	29.2%	22.6%	6.8%	-1.4%	5.7%
1983	5.3%	29.1%	22.6%	11.2%	5.7%	5.0%
1984	4.6%	31.8%	26.0%	17.7%	17.9%	4.1%
1985	5.7%	20.7%	14.2%	17.0%	11.4%	4.7%
1986	3.7%	27.2%	22.7%	21.5%	15.5%	5.7%
1987	3.7%	8.4%	4.6%	17.7%	12.1%	6.0%
1988	6.8%	11.5%	4.4%	14.0%	12.6%	5.5%
1989	7.7%	36.1%	26.4%	14.1%	15.9%	6.9%
1990	9.3%	-9.7%	-17.4%	6.9%	11.9%	5.8%
1991	4.5%	20.8%	15.6%	5.7%	13.3%	6.8%
1992	2.6%	20.5%	17.4%	8.2%	12.8%	6.2%
1993	1.9%	28.4%	26.0%	12.3%	13.2%	6.0%
1994	2.9%	-5.8%	-8.5%	5.3%	9.6%	6.3%
1995	3.2%	23.9%	20.0%	13.4%	10.1%	7.5%
1996	2.5%	16.7%	13.8%	13.1%	9.3%	6.8%
1997	3.6%	23.4%	19.1%	13.4%	10.8%	7.0%
1998	2.8%	13.9%	10.8%	10.5%	11.4%	9.6%
1999	1.8%	24.2%	22.0%	17.1%	11.0%	14.3%
2000	2.9%	-5.9%	-8.6%	10.9%	12.2%	10.8%
2001	0.7%	-13.3%	-13.9%	4.9%	8.9%	10.8%
2002	2.9%	-22.7%	-24.9%	-4.4%	4.1%	8.1%
2003	2.8%	20.9%	17.6%	-3.2%	3.4%	8.8%
2004	3.5%	12.8%	9.0%	-5.4%	5.3%	9.4%
2005	2.2%	22.0%	19.4%	-0.2%	5.2%	9.5%
2006	4.4%	16.8%	11.8%	5.2%	5.0%	9.9%
2007	4.0%	5.3%	1.2%	11.6%	3.3%	9.0%
2008	0.9%	-29.9%	-30.6%	0.4%	-1.4%	6.6%
2009	2.4%	30.1%	27.1%	3.6%	-1.0%	6.6%
2010	4.8%	14.5%	9.3%	1.8%	0.8%	6.4%
2011	4.8%	-3.5%	-7.9%	-2.1%	1.5%	5.2%
2012	3.1%	12.3%	8.9%	-0.7%	5.3%	5.4%
2013	2.7%	20.8%	17.7%	10.4%	5.3%	5.9%

MARKETS

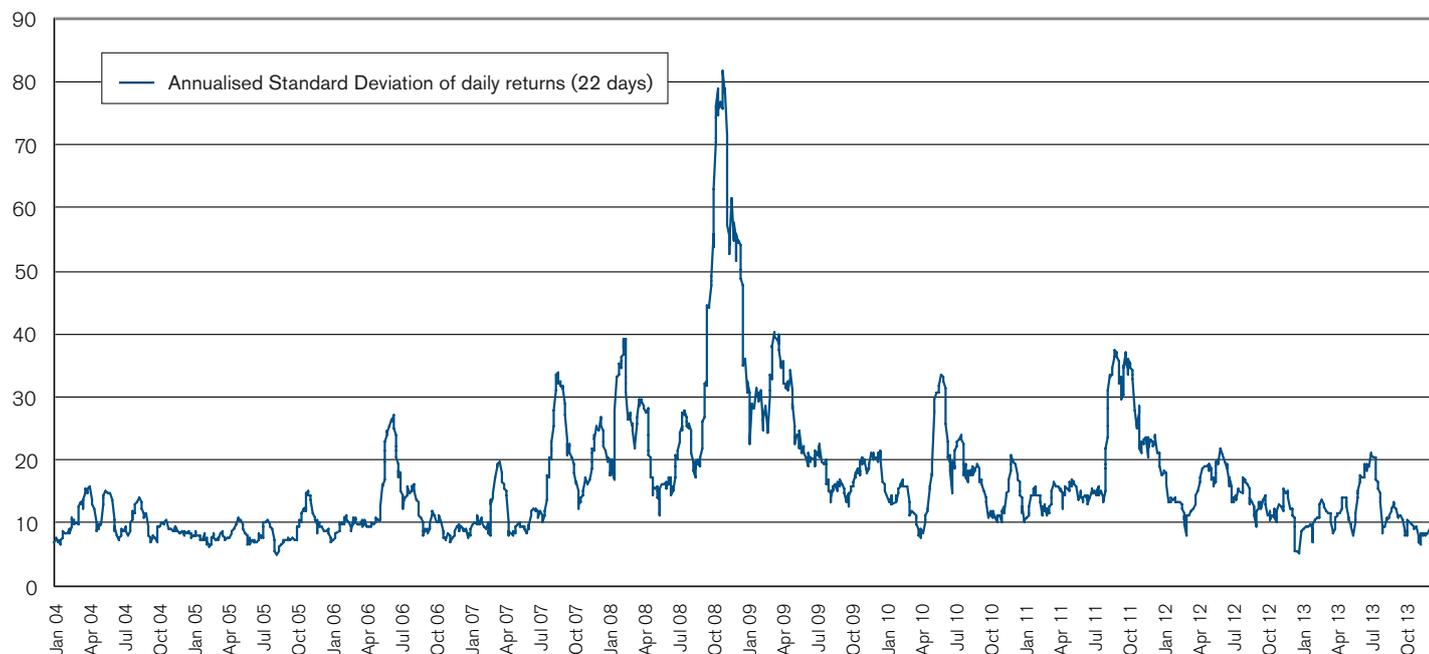
GILTS (15 Years)

CASH (One-week deposit)

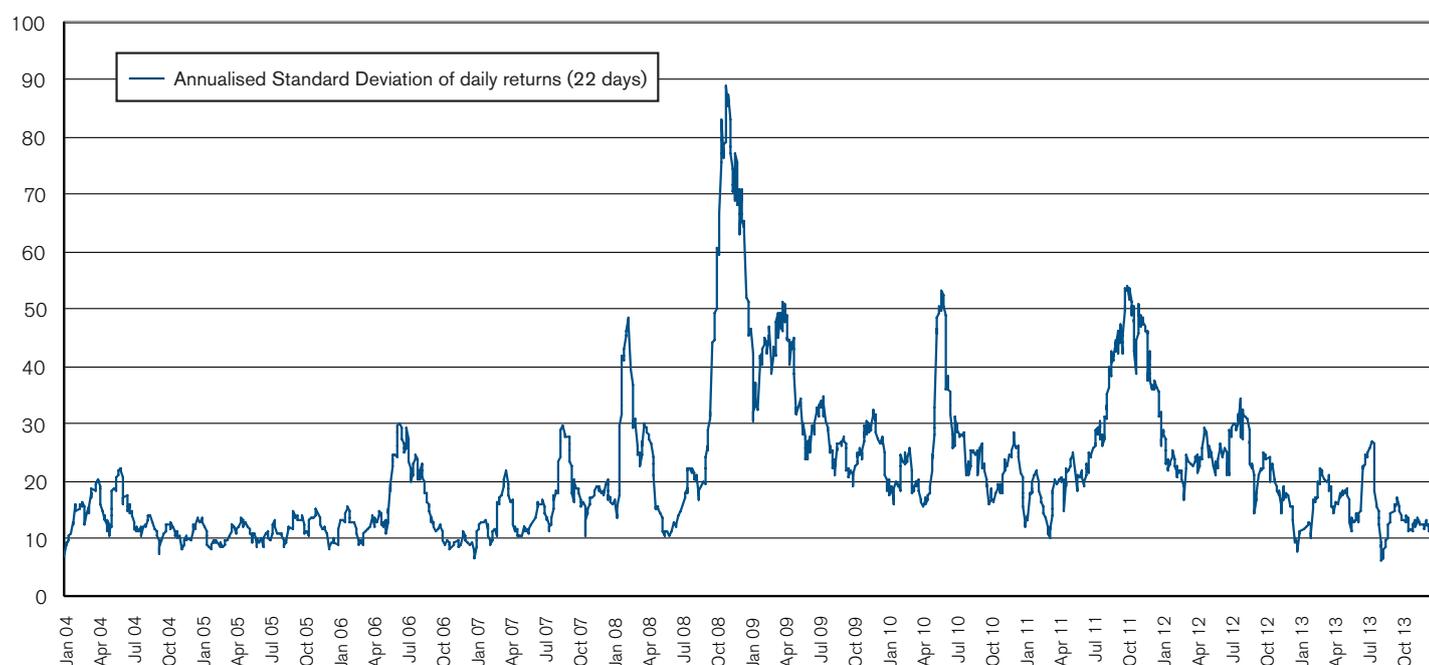
	Annual	Inflation Adjusted	Rolling 5-Yr Real Return p.a.	Rolling 10-Yr Real Return p.a.	Rolling 25-Yr Real Return p.a.	Annual	Inflation Adjusted	Rolling 5-Yr Real Return p.a.	Rolling 10-Yr Real Return p.a.	Rolling 25-Yr Real Return p.a.
1975	36.8%	9.5%	-7.7%	-5.4%	-3.8%	10.7%	-11.4%	-4.7%	-1.4%	-0.6%
1976	13.8%	-1.1%	-10.7%	-5.6%	-3.0%	11.3%	-3.3%	-4.8%	-2.0%	-0.3%
1977	44.8%	29.2%	-3.9%	-3.2%	-1.7%	9.4%	-2.4%	-4.9%	-2.5%	-0.2%
1978	-2.7%	-10.2%	-2.2%	-3.4%	-2.6%	8.9%	0.5%	-4.5%	-2.6%	-0.2%
1979	4.6%	-10.8%	2.3%	-4.1%	-3.1%	14.7%	-2.1%	-3.8%	-3.1%	-0.2%
1980	20.7%	4.9%	1.4%	-3.2%	-2.3%	18.5%	3.0%	-0.9%	-2.8%	0.0%
1981	1.6%	-9.3%	-0.3%	-5.7%	-2.5%	14.4%	2.1%	0.2%	-2.3%	0.0%
1982	53.6%	45.7%	2.1%	-0.9%	-0.5%	12.9%	7.1%	2.1%	-1.5%	0.2%
1983	16.4%	10.5%	6.5%	2.0%	-0.7%	10.3%	4.7%	2.9%	-0.9%	0.3%
1984	7.2%	2.5%	9.4%	5.8%	-0.6%	10.0%	5.2%	4.4%	0.2%	0.4%
1985	11.2%	5.2%	9.5%	5.4%	-0.1%	12.9%	6.8%	5.2%	2.1%	0.5%
1986	11.5%	7.5%	13.3%	6.3%	0.7%	11.3%	7.3%	6.2%	3.2%	0.7%
1987	16.3%	12.2%	7.5%	4.8%	0.4%	10.1%	6.2%	6.0%	4.0%	0.9%
1988	9.4%	2.4%	5.9%	6.2%	0.4%	9.9%	2.9%	5.7%	4.3%	0.9%
1989	5.6%	-1.9%	5.0%	7.2%	0.6%	14.1%	5.9%	5.8%	5.1%	1.2%
1990	4.0%	-4.8%	2.9%	6.1%	0.4%	15.9%	6.0%	5.7%	5.4%	1.4%
1991	18.7%	13.6%	4.0%	8.6%	0.9%	12.7%	7.8%	5.8%	6.0%	1.6%
1992	16.9%	13.9%	4.3%	5.9%	1.4%	10.1%	7.3%	6.0%	6.0%	1.7%
1993	34.5%	32.0%	9.8%	7.8%	2.9%	6.1%	4.1%	6.2%	6.0%	1.8%
1994	-12.2%	-14.7%	6.8%	5.9%	2.4%	5.1%	2.1%	5.5%	5.6%	1.8%
1995	17.3%	13.7%	10.6%	6.7%	3.1%	6.3%	3.0%	4.9%	5.3%	1.9%
1996	9.0%	6.3%	9.2%	6.6%	2.7%	6.1%	3.5%	4.0%	4.9%	2.2%
1997	22.8%	18.5%	10.0%	7.2%	3.9%	6.6%	2.9%	3.1%	4.6%	2.4%
1998	29.7%	26.2%	9.1%	9.4%	5.7%	7.4%	4.5%	3.2%	4.7%	2.6%
1999	-0.4%	-2.2%	12.1%	9.4%	7.1%	4.8%	2.9%	3.4%	4.4%	3.0%
2000	8.0%	4.9%	10.3%	10.5%	6.9%	5.7%	2.7%	3.3%	4.1%	3.6%
2001	-0.9%	-1.6%	8.6%	8.9%	6.9%	5.0%	4.3%	3.5%	3.7%	3.9%
2002	9.9%	6.8%	6.4%	8.2%	6.0%	3.8%	0.8%	3.0%	3.1%	4.0%
2003	1.2%	-1.6%	1.2%	5.1%	6.4%	3.6%	0.8%	2.3%	2.7%	4.1%
2004	8.4%	4.7%	2.6%	7.2%	7.1%	4.5%	1.0%	1.9%	2.6%	4.2%
2005	11.0%	8.6%	3.3%	6.8%	7.3%	4.7%	2.4%	1.9%	2.6%	4.2%
2006	0.0%	-4.2%	2.8%	5.6%	7.5%	4.8%	0.3%	1.1%	2.3%	4.1%
2007	2.7%	-1.3%	1.1%	3.7%	5.8%	5.7%	1.6%	1.2%	2.1%	3.9%
2008	13.6%	12.6%	3.9%	2.5%	5.9%	4.5%	3.6%	1.8%	2.0%	3.8%
2009	-4.8%	-7.1%	1.4%	2.0%	5.5%	0.5%	-1.8%	1.2%	1.5%	3.5%
2010	8.8%	3.8%	0.5%	1.9%	5.4%	0.4%	-4.1%	-0.1%	0.9%	3.1%
2011	26.3%	20.5%	5.2%	4.0%	5.9%	0.6%	-4.0%	-1.0%	0.0%	2.6%
2012	2.9%	-0.2%	5.5%	3.3%	5.4%	0.6%	-2.4%	-1.8%	-0.3%	2.3%
2013	-5.9%	-8.4%	1.2%	2.6%	5.0%	0.4%	-2.2%	-2.9%	-0.6%	2.1%

VOLATILITY OF MARKETS

FTSE 100



FTSE AW Europe ex UK

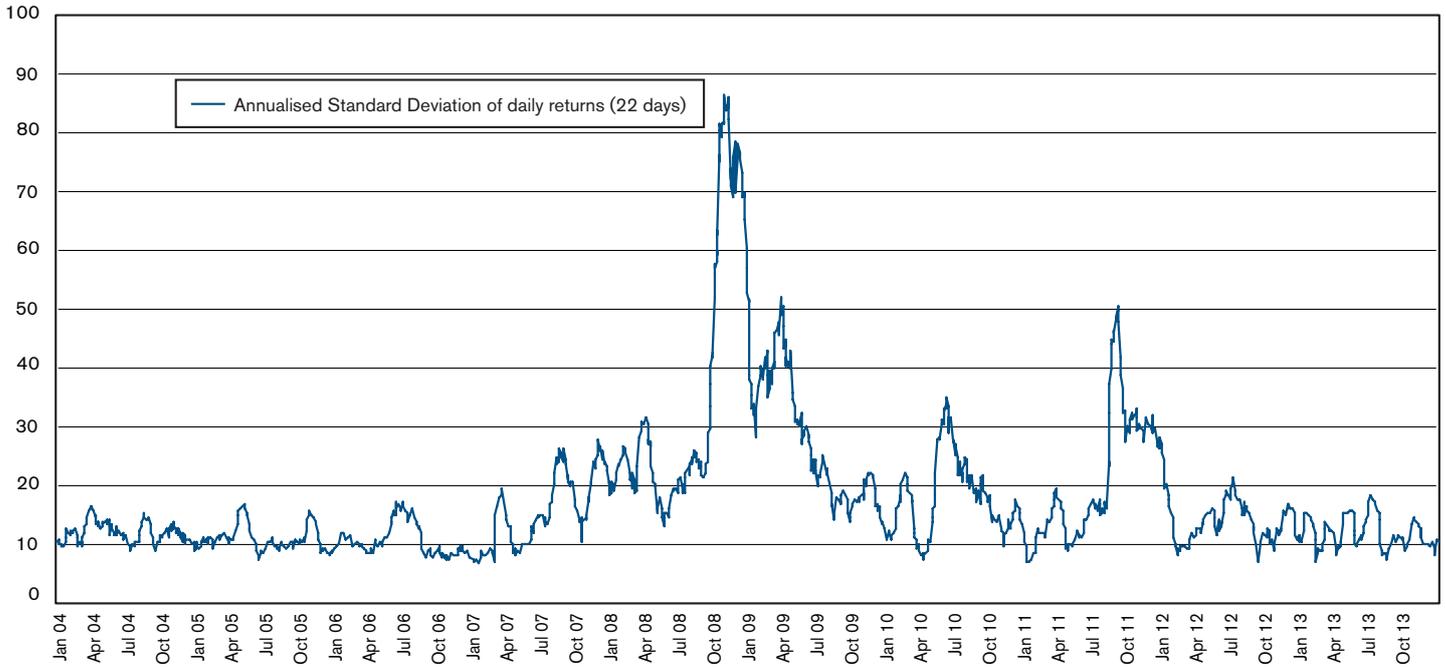


The annualised standard deviation of daily returns provides a measure of how volatile the market has been over the past month. High levels of volatility are associated with periods when prices have moved sharply from day to day.

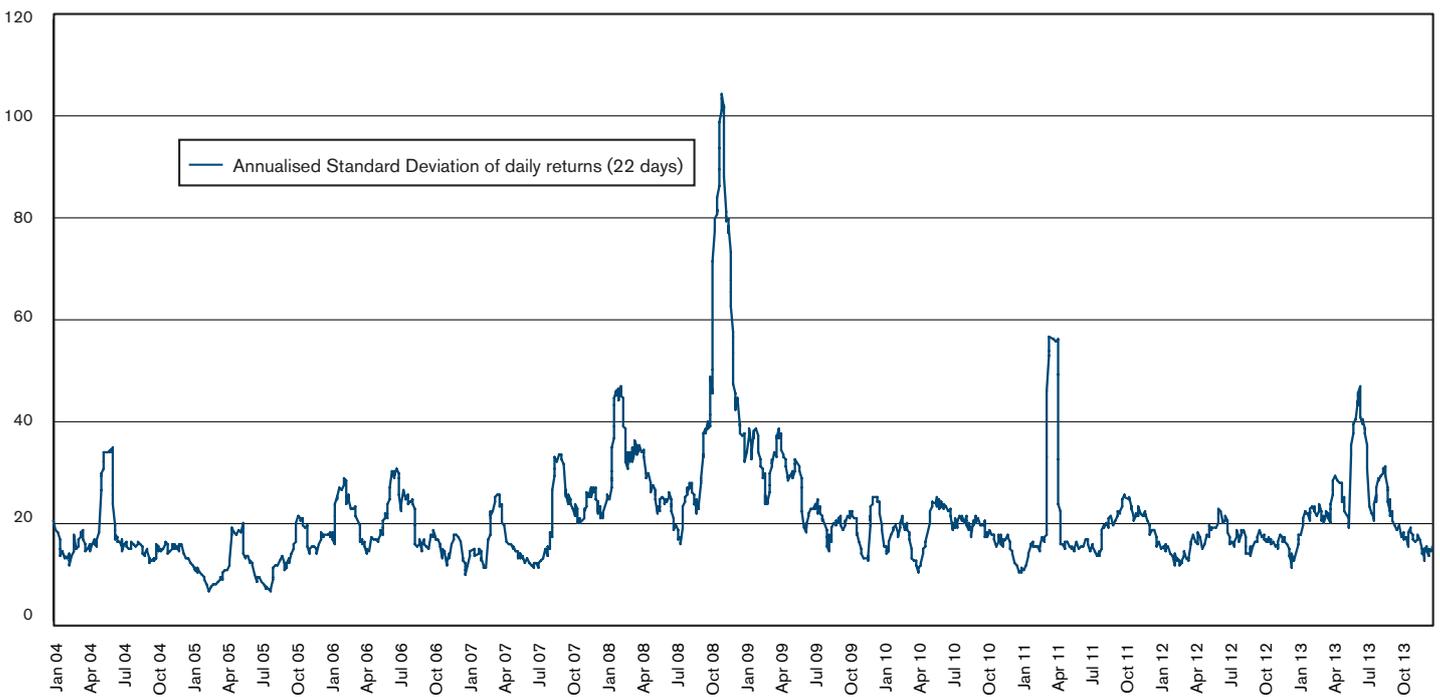
MARKETS

VOLATILITY OF MARKETS

S&P 500



TOPIX (Japan)



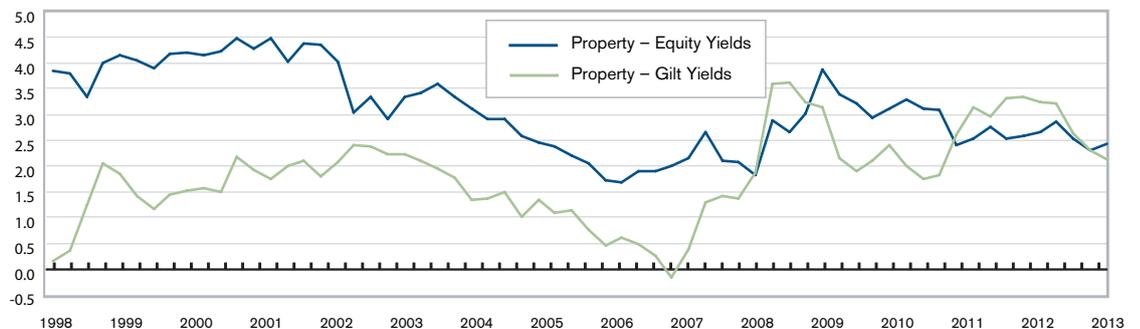
QUARTERLY INVESTMENT YIELDS

		UK Equities %	Overseas Equities %	Gilts %	Index -linked %	Corporate Bonds %	Cash %	UK Property %
1998	Q1	2.36	1.49	5.96	2.85		7.20	6.20
	Q2	2.41	1.54	5.75	2.65		7.20	6.20
	Q3	2.84	1.72	4.89	2.47		7.60	6.20
	Q4	2.50	1.44	4.40	1.94		7.20	6.50
1999	Q1	2.34	1.39	4.60	1.76		5.25	6.50
	Q2	2.26	1.50	4.82	1.90		5.06	6.30
	Q3	2.41	1.38	5.06	2.13		5.38	6.30
	Q4	2.12	1.17	4.80	1.80		3.44	6.30
2000	Q1	2.11	1.15	4.71	1.87		5.81	6.30
	Q2	2.16	1.22	4.68	1.83		5.88	6.30
	Q3	2.17	1.22	4.85	2.02		6.06	6.40
	Q4	2.23	1.28	4.48	1.92		4.88	6.70
2001	Q1	2.53	1.49	4.82	2.24		6.00	6.80
	Q2	2.42	1.44	5.10	2.41		4.91	6.90
	Q3	2.87	1.76	4.85	2.37		4.97	6.90
	Q4	2.63	1.58	4.84	2.30		4.31	7.00
2002	Q1	2.66	1.58	5.15	2.28		3.38	7.00
	Q2	2.98	1.82	4.87	2.14		3.75	7.00
	Q3	3.73	2.22	4.36	2.01	5.11	3.75	6.80
	Q4	3.55	2.12	4.47	2.02	5.16	4.19	6.90
2003	Q1	3.87	2.27	4.53	1.85	5.06	3.81	6.80
	Q2	3.43	1.99	4.52	1.76	5.06	3.63	6.80
	Q3	3.36	1.92	4.65	1.84	5.17	3.44	6.80
	Q4	3.10	1.78	4.71	1.83	5.18	3.50	6.70
2004	Q1	3.13	1.83	4.66	1.67	5.22	3.98	6.50
	Q2	3.16	1.86	4.88	1.87	5.42	4.50	6.30
	Q3	3.16	1.95	4.67	1.71	5.23	4.75	6.10
	Q4	3.05	1.87	4.45	1.54	4.98	4.74	6.00
2005	Q1	3.09	1.98	4.60	1.61	5.08	4.76	5.70
	Q2	3.10	2.03	4.20	1.39	4.83	4.79	5.60
	Q3	2.99	1.94	4.25	1.33	4.82	4.53	5.40
	Q4	2.95	1.92	4.00	1.09	4.48	4.67	5.20
2006	Q1	2.91	1.87	4.15	1.19	4.62	4.56	5.00
	Q2	3.11	2.08	4.35	1.43	4.87	4.60	4.90
	Q3	3.06	2.03	4.11	1.16	4.59	4.84	4.80
	Q4	2.86	1.96	4.23	1.23	4.71	5.12	4.80

MARKETS

		UK Equities %	Overseas Equities %	Gilts %	Index -linked %	Corporate Bonds %	Cash %	UK Property %
2007	Q1	2.84	2.00	4.46	1.38	4.92	5.36	4.80
	Q2	2.75	3.46	4.86	1.67	5.37	5.75	4.80
	Q3	2.89	2.41	4.63	1.33	5.44	5.90	5.10
	Q4	3.02	2.56	4.35	1.00	5.36	5.65	5.70
2008	Q1	3.76	2.98	4.42	0.81	5.60	5.38	5.90
	Q2	4.08	2.70	4.77	0.86	5.90	5.15	6.20
	Q3	4.61	3.10	4.57	0.96	5.95	5.75	6.50
	Q4	4.49	3.90	3.80	0.97	5.40	1.88	7.40
2009	Q1	5.12	4.20	4.16	1.01	4.68	0.70	7.80
	Q2	4.56	3.18	4.34	0.84	4.67	0.45	7.60
	Q3	3.33	2.59	4.04	0.69	4.46	0.48	7.20
	Q4	3.20	2.35	4.40	0.68	4.69	0.48	6.60
2010	Q1	3.16	2.21	4.46	0.64	4.70	0.40	6.40
	Q2	3.34	2.52	4.14	0.67	4.36	0.48	6.30
	Q3	3.17	2.41	3.85	0.48	4.11	0.41	6.30
	Q4	2.89	2.26	4.14	0.49	4.38	0.50	6.20
2011	Q1	2.96	2.28	4.30	0.63	4.52	0.55	6.10
	Q2	2.99	2.46	4.22	0.48	4.47	0.60	6.10
	Q3	3.66	2.95	3.45	0.16	3.66	0.65	6.10
	Q4	3.52	2.79	2.94	-0.25	3.55	0.70	6.10
2012	Q1	3.45	2.58	3.26	-0.11	3.61	0.65	6.25
	Q2	3.69	2.74	2.92	-0.10	3.29	0.60	6.25
	Q3	3.64	2.66	2.90	0.09	3.27	0.57	6.25
	Q4	3.57	2.73	3.00	-0.07	3.34	0.48	6.25
2013	Q1	3.35	2.54	3.02	-0.43	3.76	0.48	6.25
	Q2	3.53	2.60	3.43	-0.03	4.19	0.43	6.10
	Q3	3.41	2.49	3.41	-0.04	4.07	0.43	5.75
	Q4	3.28	2.31	3.58	0.03	4.17	0.41	5.75

Property -x- Equities & Gilts
Historic Yield Differences (Quarterly)



SOURCES OF INVESTMENT STATISTICS

UK			
Equities	Return & Yield	1990	FTSE All-Share Index
Gilts	Return	1998	FTSE Actuaries Govt. Securities Over 15 Years Gilt Index
	Yield	1998	FTSE Actuaries Govt. Securities Over 15 Years Gilt Index
Index-linked	Return		FTSE Actuaries Index-linked All Stock Index
	Yield	1986	FTSE Actuaries Index-linked Over 5 Years Index, 5% Inflation
Corporate Bonds	Return		Bloomberg (iboxx)
	Yield	Q3 2002	Bloomberg (GBP EURO AAA Bond Index)
Cash	Return & Yield		Bloomberg
Property	Return		Bloomberg (Investment Property Databank (IPD) Index)
	Yield		Bloomberg (CB Richard Ellis Quarterly Rent & Yield Monitor)

Overseas			
Equities	Return & Yield	1998	FTSE World and All World Series Indices Local and Sterling Based
Emerging	Return		FTSE All World Series Emerging

OTHER SOURCES

Insurance			
Market Average Premium		1994-	The AA British Insurance Premium Index
Shoparound Average Premium		2004-	The AA British Insurance Premium Index

Economic			
Retail Prices Index			Office for National Statistics
National Average Earnings			Crown copyright material is reproduced with the permission of the Controller of HMSO and the Queen's Printer for Scotland

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